

Challenge the status quo

Challenge the status quo

INFRONEER Holdings will continue to be Japan's first integrated infrastructure service company to solve social issues relating to infrastructures and infrastructure services.

Happiness exists naturally. Today, that happiness is in peril. This issue is related to the existing infrastructure in many regions, a declining birthrate and an aging population, a diminishing workforce, and a declining industry. As local finances grow increasingly strict, it is no longer easy for municipalities alone to maintain their aging infrastructures and public service. Damage to the safety and comfort of our infrastructure is a vicious circle that reduces the attractiveness of a region and the value of living there. INFRONEER Holdings is an integrated infrastructure service company created to reverse such a negative spiral.

INFRONEER Holdings breaks down established market concepts with free ideas that cannot be captured using the

production and building methods that have been applied until now. It is implementing changes in the rules by, for example, building infrastructure services that bring together public and private entities. It reduces excessive construction costs and reviews revenues and operating models. INFRONEER Holdings will continue to increase and protect the value of our infrastructure as a sustainable solution. It aims to create a society in which the government, region and people who live there can choose the optimal infrastructure services for the era in which they live. We are INFRONEER Holdings, a pioneer in infrastructures. We bring together the technological capabilities of the Japanese concept of *monozukuri* (manufacturing), which has been developed for over a century, and diverse partnerships from across industries. (Source: The INFRONEER brand story)



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Social Issues Surrounding Infrastructures and Their Solutions



[Source: Some of the data was calculated by our company based on source data]
Current Status and Future of Aging Social Capital—Infrastructure Maintenance Information published by the Ministry of Land, Infrastructure and Transport and Tourism (<https://www.mlit.go.jp/en/index.html>)
Construction Industry Handbook 2021 (Japan Federation of Construction Contractors)
Statistics Bureau of Japan "Population Estimate," Japan Policy Council "Cities at Risk of Disappearing," Japan Meteorological Agency "Climate Change in Japan," Ministry of Economy, Trade and Industry "Support for Measures for People Who Cannot Go Shopping"
"Future National Land Transport Strategies With a View to 'The Age of Disappearing Regions,'" a theme of the "Study Session for Policy Issues" held by the Policy Research Institute for Land, Infrastructure, Transport and Tourism (<https://www.mlit.go.jp/en/index.html>), FY2014 Materials
Renewable Energy | Japan's Energy 2020 Edition "10 questions for understanding the current energy situation" | Public Relations Brochure | Agency for Natural Resources and Energy (<https://www.mlit.go.jp/en/index.html>)

Status of the Infrastructure Japan is Facing

Due to decreasing tax revenues and increasing social security-related expenses caused by Japan's declining birthrate, aging population, and a decreasing population, the finances of the government and local governments are becoming increasingly stressed. Conversely, an enormous number of infrastructures that were setup during the period of high economic growth is reaching a time for a major renewal; the maintenance and renewal costs are expected to increase dramatically in the future. Against a backdrop, the shortage of infrastructure industry workers is also becoming increasingly acute. If we continue on the path and continue to use the methodology we've relied upon up to now, it will be difficult to maintain even the current level of infrastructure services. Disruptions could begin to affect people's lives. Furthermore, Japan is a major energy consumer and importer; the impact of the global situation on our industries and lives is incalculable.

Social Issues Requiring Attention in Japan

By accelerating our renewal and optimization of our infrastructure for which Japan has greatly fallen behind, we will provide services that lead to our overall safety and security, and to the development of the local economies and society. Furthermore, we will contribute to the optimization of infrastructure services worldwide by exporting Japanese technologies and know-how developed in Japan.

Challenges Our Company Will Address

In order rapidly to promote and to resolve the social issues described above, we will take the lead, continuously pursue and provide added value, improve corporate value, and contribute to society as a whole in a lasting manner.

Solutions to Issues

In addition to maximizing the strength and utilization of conventional technologies and know-how, we will implement radical reforms of our methods and systems, such as increasing the longevity, aggregation, and complexity of our facilities, expanding PPP/PFI businesses, developing a renewable energy business, introducing the latest technologies, and increasing efficiency through DX and many others.

Stable Supply | Japan's Energy 2021 Edition "10 questions for understanding the current energy situation" | Public Relations Brochure | Agency for Natural Resources and Energy (<https://www.mlit.go.jp/en/index.html>)
Regarding the publication of the results of the National Municipal Questionnaire on "Food Access Problems" in FY2021
Changes to date (extreme phenomena) such as heavy rains and intensely hot weather (Japan Meteorological Agency) (<https://www.jma.go.jp/jma/indexe.html>)
Action Programs Toward Promoting Women in the Workplace, 3rd Edition, published August 2022 (Fund for Construction Industry Promotion)
Executive Summary of Emissions Gap Report 2021: The Heat Is On—A World of Climate Promises Not Yet Delivered released by The United Nations Environment Programme (UNEP)

➤ **VISION: "A world where there's no limit to what can be asked from and what can be delivered by infrastructure services."**

INFRONEER support the infrastructure that underpins our everyday lives. If something happens, even though it is something with which we are quite familiar, it can lead to severe damages and have widespread effects. We take it quite for granted when it is safe and maintains quality. However, its significance and image are difficult to grasp. Such infrastructure is our business area.

The future we aim for is "a world where there's no limit to what can be asked from and what can be delivered by infrastructure services." This is not achieved in a short period of time by an individual, a business, a company, a municipality, or even an entire country.

On the other hand, an infrastructure is not only new construction, but its maintenance, operation and even renewal are in a difficult state, and it is beginning to have a direct effect on our normal lives. It is for that reason that we have taken a step forward together with our collaborative innovation partners to accelerate that by gathering the technical capabilities and know-how cultivated for over a century and shifting to a holding company structure.

In addition to showing the future that INFRONEER is aiming for in this integrated report, we hope that with the empathy of more people, we will work together to solve those issues.



First Step	Second Step	Next	A world where there's no limit to what can be asked from and what can be delivered by infrastructure services
Seawall maintenance River/coastal embankments (disaster recovery) Water and sewer equipment	Water and sewage concession <ul style="list-style-type: none"> Osaka City industrial water Page 86 Miura City public sewer Page 86 Projects for building national resilience <ul style="list-style-type: none"> Hamamatsu seawall Page 58, Page 74 Yamasubaru power plant dam Page 74 	For example, you can sense how families are living from the amount of water they use.	
Transportation (roads, airports and railways) Tunnels Bridges	Transportation concession <ul style="list-style-type: none"> Aichi Prefecture toll road Page 83 Sendai International Airport¹ 	For example, you can get a one-stop transportation service even when you go to places you have never visited before.	
Commercial, sports and leisure facilities Hotels and lodging facilities	Arena concession <ul style="list-style-type: none"> Aichi Arena Page 78 Aichi Sky Expo² Super city <ul style="list-style-type: none"> Vision Hotels page 78 	For example, your cheers move the game without missing any special plays.	
Production, research and logistics facilities Educational and cultural facilities	Special construction and re-development projects <ul style="list-style-type: none"> Redevelopment of the western area of Harumi 5-chome Page 78 New government building, Yatsushiro City, Kumamoto Prefecture³ Tenjin Business Center Page 67 	For example, process management and worker health management lead to a safe work site and peace of mind for the family.	
Condominiums and housing complexes Offices	Comprehensive management work <ul style="list-style-type: none"> Konosu City Page 91 Joso City Comprehensive road management work <ul style="list-style-type: none"> Fuchu City Page 81 	For example, draw future living from spatial data and 3D technology to build a comfortable city.	
Energy and waste related facilities Machinery Mountains and forests	Decarbonization projects (Renewable energy and others) <ul style="list-style-type: none"> Wood biomass power generation Page 86 Solar-power generation (Tsukuba) Page 94 Multi-axis machining Page 94 	For example, grasp the state of the forest environment, and achieve a world that recycles.	

INFRONEER Vision Movie

https://youtu.be/QJEUuIL_6vM



1. Sendai International Airport <https://www.sendai-airport.co.jp/en/>

2. Aichi Sky Expo <https://www.aichiskyexpo.com/?lang=en>

3. Let's build with wood. <https://kidetatetemiyou.com/projects/>

All Our Initiatives Will Lead to Solving Social Issues and Improving Corporate Value

We regard this integrated report as an important communication tool between us and our stakeholders, as well as facilitating communications among such stakeholders. Through this integrated report, we hope that readers will understand our continuing value creation process and the values that we offer to communities and to society. We aim to improve social value and corporate value through close engagement with our stakeholders. Specifically, we aim to gain the understanding and empathy of all our stakeholders concerning (1) urgent social issues related to the infrastructure, (2) INFRONEER's concepts and initiatives (business model) toward solving such issues, and (3) the future (VISION) realized through our initiatives. We also aim to develop firm relationships with stakeholders who are willing to "challenge the status quo for the future of our infrastructure together." We have edited the first integratedreport for this fiscal year as described on the right.

- Target period: Covers activities of each Group company from April 1 to September 30, 2021, and activities of INFRONEER from October 1, 2021 to March 31, 2022, including some previous initiatives and recent activities.
- Reference guidelines: International Integrated Reporting Council (IIRC) "International Integrated Reporting Framework," Ministry of Economy, Trade and Industry "Value Creation Guidance," GRI Standards

Initiatives to Achieve Comprehensive KPIs

We show the comprehensive KPIs linked to the overall growth story of the INFRONEER Group, which is not just an extension or a simple aggregation of the affiliated business's conventional KPIs. We introduce our initiatives to achieve those KPIs in each chapter.

Common Recognition and Clarification of Growth Stories in Capital Markets

The method of calculating corporate value in the market includes the DCF method. However, the corporate value considered by INFRONEER (INF*) is not only the overall market value, but also the value obtained by our business base and all stakeholders.

We quantify what can be quantified, which is a part of our corporate value, and share it with our employees as an "added value amount."

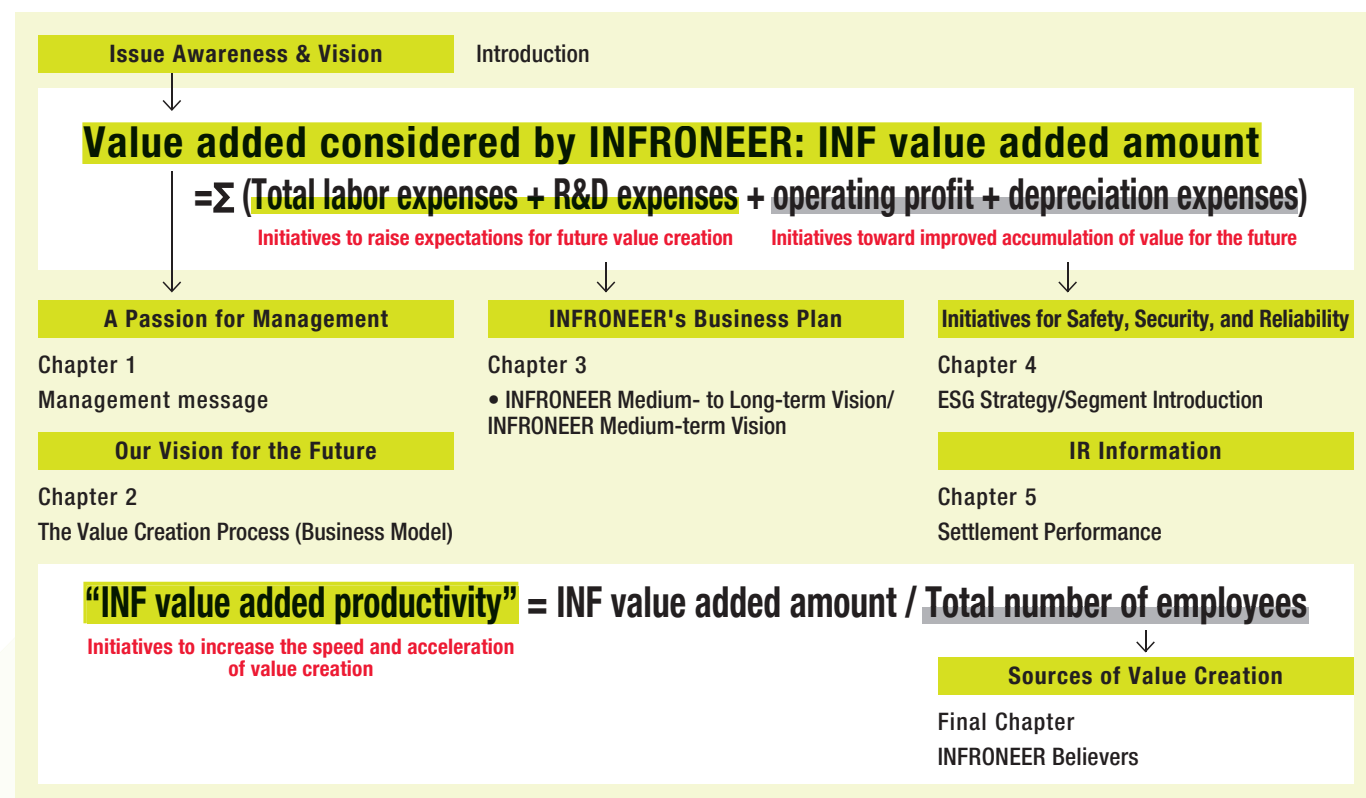
In this integrated report, "INF value added amount" and "INF value added productivity" are positioned as the overall KPIs of INFRONEER. They are defined as shown below so that they can be commonly recognized and clarified with all stakeholders.

Defines the Corporate Value that Considered by INFRONEER

Maximize corporate value ➡ Maximize added value ➡ Optimize and enrich the portfolio

... As a result, it leads to the improvement of ROIC, the reduction of capital costs, and the expansion of the market capitalization

*INF: Abbreviation of INFRONEER Holdings Inc.



[Company Abbreviation]

INFRONEER Holdings Inc. (INFRONEER/INF)

07 MAEDA CORPORATION (MAEDA/MK), MAEDA ROAD CONSTRUCTION Co., Ltd. (MAEDA ROAD/MD), MAEDA SEISAKUSHO Co., Ltd. (MAEDA SEISAKUSHO/MS)

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[Chapter 1]	Page 09	A Passion for Management	Messages from the management of INFRONEER Holdings and its three business companies—Challenge the status quo for the future of our infrastructure
[Chapter 2]	Page 23	Our Vision for the Future	Introduction to our business through the value creation process and materiality recognized by our company (key issues)
[Chapter 3]	Page 41	INFRONEER's Business Plan	Group strategy as an "integrated infrastructure service company," that offers one-stop management across all infrastructure operations from upstream to downstream
[Chapter 4]	Page 51	Initiatives for Safety, Security, and Reliability	Initiatives for ESG to solve infrastructure problems Segment strategies and related initiatives
[Chapter 5]	Page 95	IR Information	Highlights of our financial and non-financial information
[Final Chapter]	Page 105	Sources of Value Creation	The passions and talents of INFRONEER believers

Associating the Integrated Report (booklet edition) content with the web version

We have released a web version that complements the annual booklet edition.

In the future, we will provide additional information and updates as necessary.

