



Integrated Report

Integrated Report 2023

Making steady progress as an integrated
infrastructure service company

Brand Slogan

Challenge the status quo

Challenge the Status Quo of Existing Infrastructure Businesses and Open up Limitless Possibilities

INFRONEER supports the infrastructure that underpins people's everyday lives. Infrastructure is something familiar to all of us, but its significance is often difficult to grasp as we take it for granted while it operates safely and reliably. However, in the event of a disaster, infrastructure can suffer severe damage and impact extensive areas of our lives. This is the business we are engaged in.

We are aiming to create “a world where there's no limit to what can be asked from and what can be delivered by infrastructure services.” This vision for the future will not be achieved in a short period of time by a single entity, be it an individual, a business, a company, or a local or national government.

In recent years, infrastructure has become a major social issue, with various problems regarding operation, maintenance, and renewal as well as new construction arising, and this is beginning to affect the normal life of people. With the objective of addressing this situation, we have shifted to the holding company structure to be able to accelerate relevant efforts by working closely with co-creation partners and making effective use of technical capabilities and know-how cultivated for over a century.

This integrated report presents our approaches to the future vision, hoping that many people will understand and support our endeavors and become willing to join us in working to solve social issues.



Kazunari Kibe

Director, Representative Executive Officer, President, and CEO, INFRONEER Holdings Inc.

In October 2021, **INFRONEER Holdings Inc.** was incorporated as a joint holding company. We are aiming to expand our business areas by promoting active M&A strategies.

Company name	INFRONEER Holdings Inc.			
	MAEDA CORPORATION (MAEDA CORP.)	MAEDA ROAD CONSTRUCTION Co., Ltd. (MAEDA ROAD)	MAEDA SEISAKUSHO CO., LTD. (MAEDA SEISAKUSHO)	Related businesses
Business category	Civil engineering Building construction Infrastructure management	Road civil engineering	Machinery	Facility management and renewal (FBS) Comprehensive facility management and maintenance (JM) Manufacturing (secondary concrete products) (Fujimi Koken), etc.

Philosophy



Management Philosophy and Code of Conduct of each business company

INFRONEER^ (INFRONEER Caret)

Group's common philosophical guidepost (action guidelines)

PIONEER	It is okay to make mistakes. Taking initiatives into uncharted territory.
RESPECT	It is okay to meet dead ends. Building trust through.
PRIDE	It is okay to be proud. Let everyone witness your skills and knowledge.
POSITIVE	There is no such thing as a worthless experience. Whatever happens, everything will be for our future.
FAIR	It is not just for us. Judging from the regional and social perspective.

A world where there's no limit to what can be asked of and what can be delivered by infrastructure services.

We challenge the status quo of existing infrastructure businesses and deliver the most suitable services globally with innovative ideas.

Safety, security, and sustainability of our society and local communities.

INFRONEER^ (INFRONEER Caret) is a source of new value creation and a path to care for, through the power (Caret) of the diverse strengths of INFRONEER believers.

► For details on INFRONEER Caret dissemination activities, see page 56.

Contents

This integrated report describes our perpetual value creation process and the value we offer to communities and society. The related descriptions are contained in the top message and other chapters. The following provides a list of key words related to each chapter.

Key Words by Chapter	Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6
Value/long-term vision	●	●				
Business model	●	●	●			
Risks and opportunities		●	●		●	
Governance	●	●			●	
Synergies of INFRONEER Holdings		●	●	●		
INFRONEER Vision 2030 (Medium- to Long-term Business Plan)		●		●		
ESG strategy	●	●			●	
Initiatives to address social issues		●			●	
Growth strategy (human resources/DX)		●		●	●	
Stakeholder dialogue		●	●			
KPIs and results			●			●

• Target period: Covers activities of the INFRONEER Group from April 1 to March 31, 2023, 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, and ISO 26000

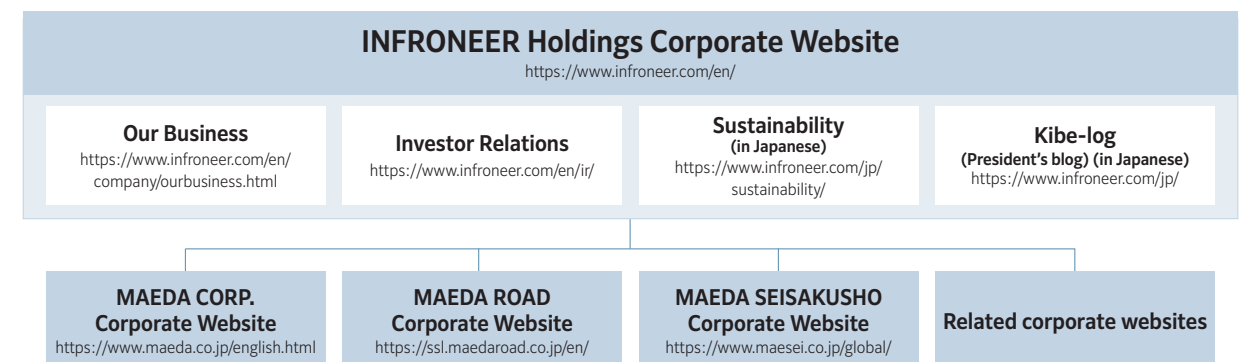
“De-construction,” the Key to Becoming an Integrated Infrastructure Service Company

By “de-construction,” we mean our commitment to going beyond the “construction” business and taking on project risks as a business operator while continuing with the conventional “construction” business. The term also implies the philosophical concept of “deconstruction” proposed by philosopher Jacques Derrida, which means to dismantle and rebuild the existing system. “De-construction” is not simply about creating something, but also about covering the full scope of a project from investment to operation and EXIT, including PPP projects and renewable energy projects.

► For “construction × de-construction,” see page 21.

Related Websites

The following websites offer information about various activities of the INFRONEER Group.



Social Challenges
Surrounding Japan's Infrastructure

Japan is at a crucial juncture, facing a formidable challenge in the form of multiple critical situations that are—with increasing urgency—threatening sustainability on both a national and local level. These situations include an unprecedented rate of population decline; an accelerated pace of the declining birthrate and the aging population; a heightening risk of large-scale disasters; rapidly aging infrastructure; climate change impacts; and damage to biodiversity.

Of particular note, many rural and regional areas are suffering from ongoing population decline and outflow, especially among young people, which is having an immeasurable impact on people's lives. Other problems are related to structural transformations that are occurring in regional communities, such as weakening and declining public services, the decay of local industries, depopulation of hilly and mountainous areas, and the hollowing-out of urban centers, in addition to the deterioration of land previously hailed for its beauty and rich natural environment. These issues in combination pose the risk of creating a vicious cycle of community erosion, and the problem is only getting worse.

Current Status of Japan's Infrastructure

Insufficient financial resources

Japan's infrastructure stock in 2019 Approx. ¥800 trillion	Construction investment ratio in gross domestic expenditures in 2021 -7.7% FY2021: 12.2% FY1980: 19.9%	Maintenance and repair work ratio in construction investments in 2021 +9.7% 2021: 30.7% 2001: 21.0%	Maintenance and renewal expenses incurred through breakdown maintenance until 2048 Approx. ¥12.3 trillion
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[Source] Digital Construction Hand Book by the Japan Federation of Construction Contractors; "Estimated Future Maintenance and Repair Costs of Social Capital under the Jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism" by Ministry of Land, Infrastructure, Transport and Tourism; "Social Capital Stock Estimation Data" by Cabinet Office

Aging infrastructure

Percentage of road bridges that are 50 years old or older by 2040 Approx. 75%	Percentage of port quay walls that are 50 years old or older by 2040 Approx. 66%	Percentage of tunnels that are 50 years old or older by 2040 Approx. 53%	Percentage of sewer pipes that are 50 years old or older by 2040 Approx. 35%
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[Source] White Paper on Land, Infrastructure, Transport and Tourism in Japan, 2022

What solutions are there
to the various social challenges faced by Japan?

CLICK!

Declining birthrate and aging
population and regional challenges

Total population decline from
peak period
in 2050
Approx. 23.39 million people
Peak (2008): 128.08 million people
2050: 104.69 million people

Number of cities that are
feared to disappear
by FY2040
896 municipalities

Targets set by the Japanese
government in FY2020
RE50-based **renewable energy**
usage rate in FY2030
19.8%

Energy self-sufficiency among
the 38 countries of the OECD
member countries
in FY2020
Worst 2nd
(37th out of 38 countries)
Self-sufficiency rate: 11.3%

[Source] Related data of the National Land Formation Plan (nationwide plan) by Ministry of Land, Infrastructure, Transport and Tourism; "Future National Land Transport Strategies Geared to 'The Age of Disappearing Regions,'" a theme of the Study Session for Policy Issues held by Policy Research Institute for Land, Infrastructure, Transport and Tourism

[Source] Japan's Energy 2022 Edition "10 Questions for Understanding the Current Energy Situation" by Agency for Natural Resources and Energy of Ministry of Economy, Trade and Industry

Abnormal weather

Average temperature rise
in 2027 compared to pre-industrial
revolution
+1.5°C

Frequency of heavy rainfall
per year
in 2013–2022 compared to
1976–1985
(1 hour precipitation of 50 mm or more)
Approx. 1.8 times

[Source] "Global temperatures set to reach new records in next five years" by World Meteorological Organization; "Changes to Date in Extreme Meteorological Phenomena Such as Heavy Rainfall and Intense Heatwaves" by Japan Meteorological Agency

Safe towns and easy living

Municipalities that require
measures for people who
have trouble going shopping
in 2022
883 municipalities

Vacant home rate
in 2018
13.6%
8,489,000 vacant homes

[Source] "Results of the National Municipal Questionnaire on 'Food Access Problems'" by Ministry of Agriculture, Forestry and Fisheries; 2018 Housing and Land Survey by Statistics Bureau of Japan

Shortage of workers

Reduced number of engineers
from the peak period
in 2022
1.59 million people
Peak (FY1997): 4.64 million people

Percentage of construction
workers aged 55 and over
in 2022
Aging rate of workers 36%

[Source] Digital Construction Hand Book by Japan Federation of Construction Contractors

Diversity

Ratio of female workers in
construction compared to the
entire industry
in 2022
Approx. 1/3
Compared to 45.0% in the entire industry,
construction is 17.7%
(of that, skilled workers are 2.5%)

Ratio of females in managerial
position in the construction
industry
in 2022
6.4%

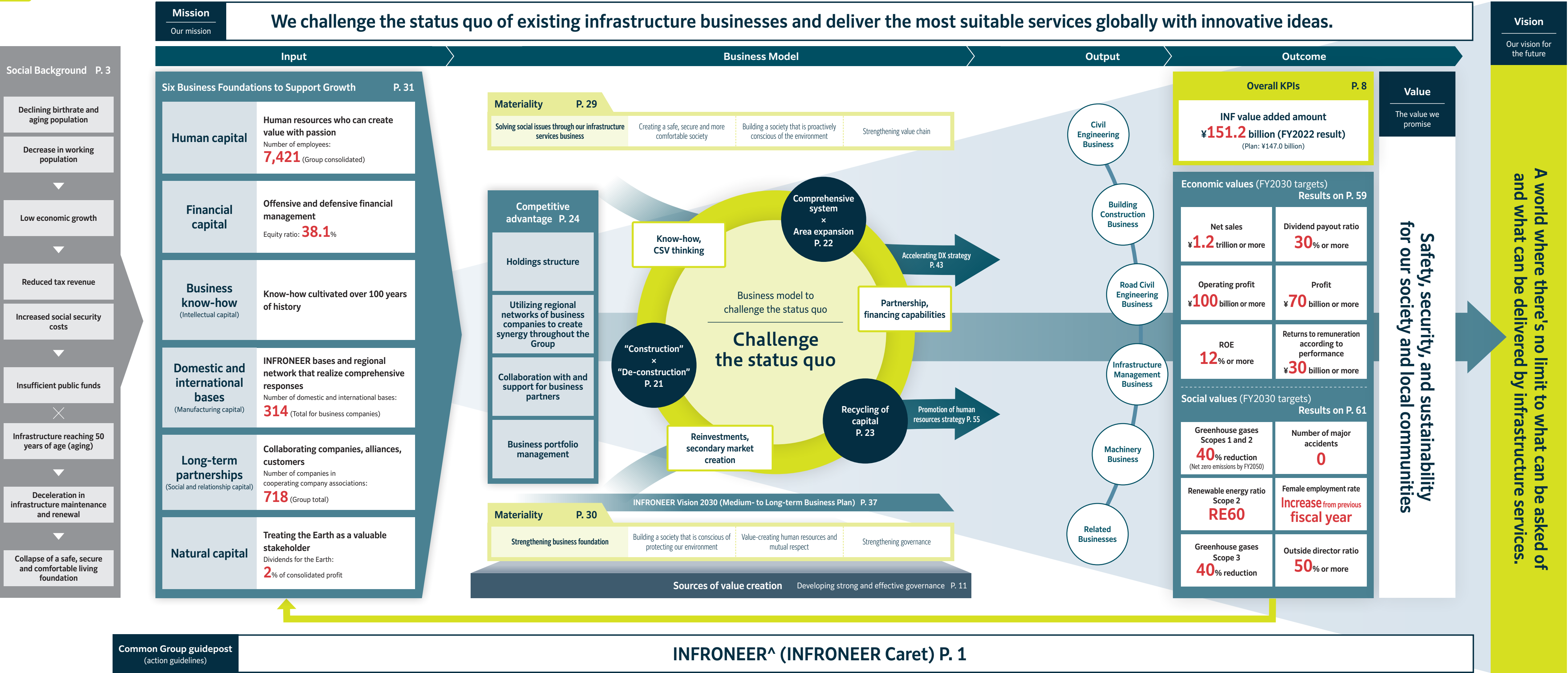
[Source] Digital Construction Hand Book by Japan Federation of Construction Contractors; Survey of corporate attitudes towards promotion of women (2022) by Teikoku Databank

CLICK!

For details of activities conducted
by INFRONEER Holdings, please turn the page.

* Some of the data was calculated by INFRONEER based on source data.

Value Creation Process



Value Added Considered by INFONEER

The INFONEER Group is working to maximize added value, which it defines in the INFONEER Vision 2030 (Medium- to Long-term Business Plan). In comparison with Discounted Cash Flow (DCF) and other valuation methods used to determine corporate value in the market, INFONEER's method views corporate value as comprising not only the market capitalization value but also the value distributed to our business base and all stakeholders. To become an integrated infrastructure service company, we believe it is essential to build a framework that encourages all our stakeholders, including society at large, the company, and our employees and shareholders, to move toward a common goal. Such a framework must also enable various corporate activities related to social contribution, financial performance, employee remuneration, shareholder return, and others to link together and make progress together, rather than leaving each to advance independently.

In line with this theory, we quantify and define certain portions of corporate value as "INF value added amount" and "INF value added productivity," which are positioned as overall KPIs and included in the list of management indicators.

Overall KPIs

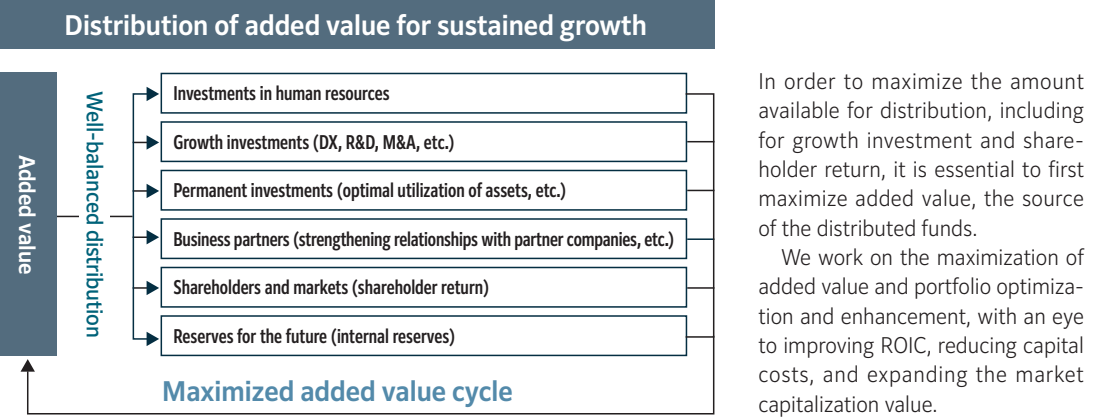
Value added considered by INFONEER: INF value added amount

=Σ (Total labor expenses + R&D expenses + Operating profit + Depreciation expenses)

Initiatives to improve expectations for future value creation *Initiatives to improve value accumulation for the future*

"INF value added productivity" = INF value added amount / Total number of employees

Initiatives to increase the speed and acceleration of value creation



Incorporating overall KPIs into executive remuneration systems

INFONEER aims to be proactive in terms of its remuneration systems, with executive remuneration designed in such a way that the variable portion exceeds the fixed portion. For variable remuneration, single-year profit attributable to owners of parent is set as the KPI for the annual incentive, and a non-payment provision is included to create a link with INF value-added productivity. For medium- to long-term incentives, the value-added amount is set as a KPI. By incorporating INF added value into executive remuneration systems as an overall KPI, we aim to incentivize efforts to improve corporate value from a medium- to long-term perspective. Going forward, we will consider a plan to adopt non-financial indicators as KPIs for bonus payments.

Representative executive officer and president

Other directors (excluding outside directors) and executive officers

[Fixed remuneration]

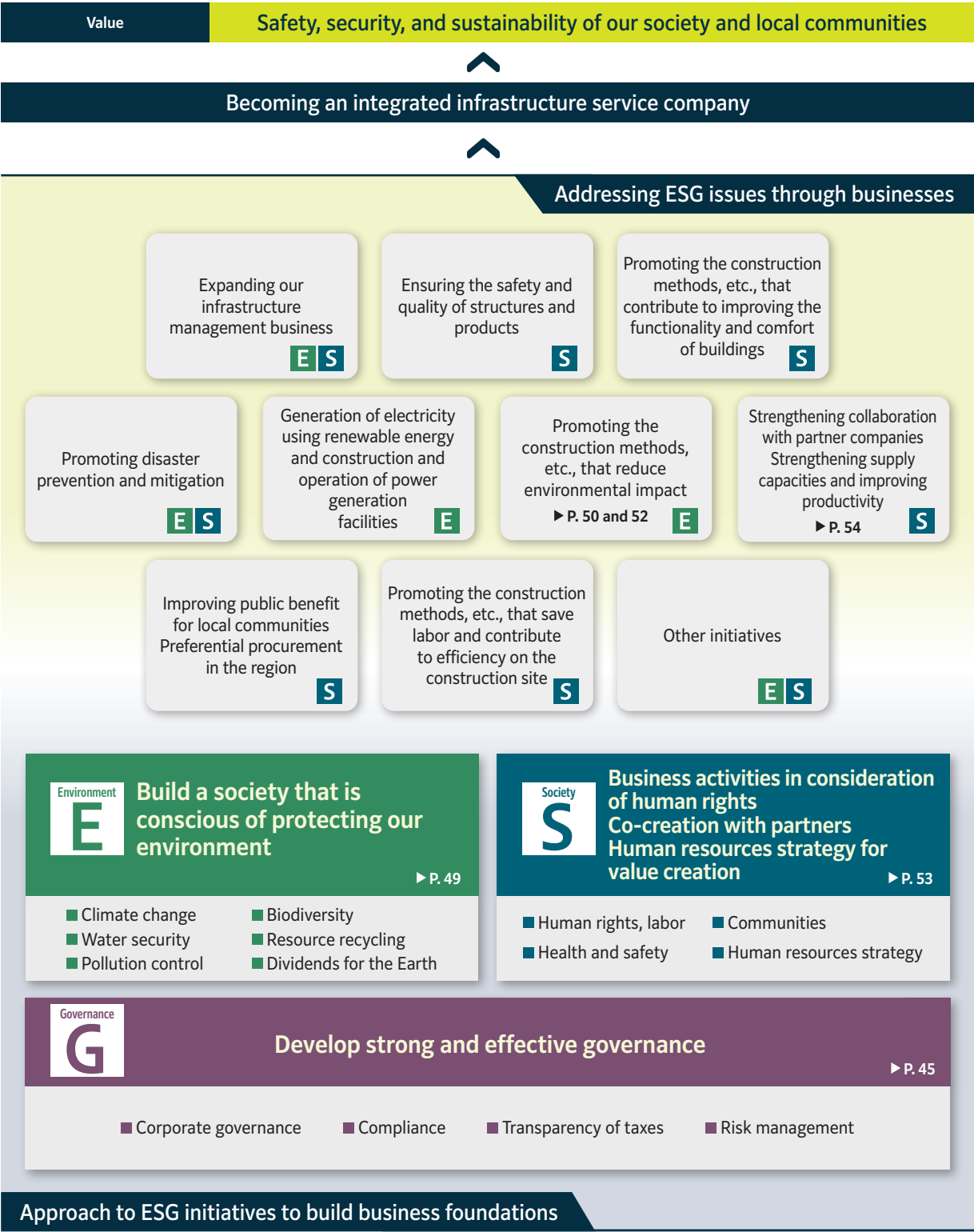
- Base remuneration

[Variable remuneration]

- Annual incentives
- Medium- to long-term incentives
- Shares with restricted transfers

Promoting ESG Strategies for Creating Sustainable Value

INFRONEER pursues ESG strategies to build an essential foundation for becoming an integrated infrastructure service company. We are committed to achieving safety, security, and sustainability in our society and local communities, which constitutes the value we promise, in pursuit of this aim. This means that our business activities are designed to be conducive to achieving sustainability and creating sustainable value.



Sustainability Policies

INFRONEER envisions becoming an integrated infrastructure service company that will contribute to society by working to solve social issues surrounding infrastructure services, grow its businesses, improve its corporate value, provide quality infrastructure services, and improve its social value.

Society is facing a number of issues. Among them, those related to the environment (E) and society (S) are often linked together and should indeed be addressed in unison. Recognizing this, our Group will address issues in these two areas comprehensively within the scope of its business activities. To ensure that such activities are carried out effectively and meet the envisioned purpose of becoming an integrated infrastructure service company, we are establishing strong governance (G) based on high standards and an appropriate risk management framework. In other words, we believe our aim of becoming an integrated infrastructure service company through business activities (meaning addressing ESG issues) will lead to achieving sustainability.

Sustainability Committee

INFRONEER's Sustainability Committee has the objective of steering the company's sustainable development in response to risks and opportunities as well as social issues that may affect our corporate value over the medium to long term. Conclusions reached by the Committee are then reflected in the Group's management plans. The Committee is chaired by INFRONEER Holding's Representative Executive Officer and President, with other seats filled by executive officers of the company and officers in charge of CSR and the environment at each business company. The Committee meets semi-annually in principle and met twice in FY2022. Its activities are subject to the supervision of the Board of Directors, which receives an activity report from the Committee on a regular basis.



Sustainability Committee meeting

The Committee's primary agenda is as follows:

- (1) Formulation and revision of sustainability- and ESG-related policies and goals
- (2) Selection of climate change scenarios and formulation of a transition plan in line with the TCFD guidance (equipment/development investment)
- (3) Stakeholder engagement as a complementary step to the measures (1) and (2) above

Signing the UN Global Compact

In April 2022, the company signed the United Nations Global Compact (UNGC) and was registered as a corporate participant in the international initiative. In conjunction with this, we joined the Global Compact Network Japan, a group of Japanese UNGC participants.

Going forward, we will expand our sustainability activities to the entire INFRONEER Group and adopt a global perspective to respond to the requirements and expectations of various international stakeholders. At the same time, we will remain committed to socially responsible management and building a sustainable society.

Collaboration with an external organization

Expectations for Industry-Government-Academia Collaboration Aimed at Achieving a Sustainable Society

Kyushu University's Urban Institute, an active promoter of joint research projects with various corporations, engages in tripartite sustainability research activities involving industry, government, and academia and is working on developments and implementations for real-life purposes in society.

aiESG, Inc., a startup originating from Kyushu University, performs retrospective ESG evaluation analyses of product and service supply chains in a joint research project with Harvard University, with INFRONEER's infrastructure business included among the subjects. The major targets of analysis are the efficiency of infrastructure management; health and safety promotion; and economic value to local communities. We look forward to watching INFRONEER advance its ESG initiatives across the entire value chain, aiming for the sustainable development of regional communities.



Shunsuke Managi
Distinguished Professor and
Director of the Urban Institute,
Kyushu University
Lead author for the United
Nation's Inclusive Wealth Report
Representative director of
aiESG, Inc.

Developing Strong and Effective Governance

INFRONEER, which aims to become an integrated infrastructure service company, considers it essential to build a strong governance system that emphasizes the monitoring function to supervise the execution of duties. The company thus adopts the form of a company with a nominating committee, the majority of which consists of outside directors. The aim is to raise the quality of governance by incorporating external viewpoints in addition to those of internal directors in making investment decisions and management assessment. Also, the Board of Directors is selected to achieve a good overall balance of knowledge, experience, and abilities required to fulfill their roles and responsibilities effectively. It is structured in a way that balances an appropriate size with diversity in terms of gender, internationalism, career history, age, and other background factors.

► For details on governance, see page 45.

Messages from Outside Directors

The chairperson for each of the Nominating Committee, Compensation Committee, and Audit Committee as well as for the Board of Directors is elected from among outside directors. The following are comments made by the current five outside directors on activities promoted in FY2022 with the objective of becoming Japan's first integrated infrastructure service company and improving corporate value. They also share their views on their roles in invigorating board meeting discussions and describe key points for the discussion of future agenda items.

Roles and Expertise Items Expected of Outside Directors

Company management / M&A	Business strategy / Industry insights	Financial / Accounting	Sales / Marketing
Internal control / Risk management	Human resource training / Development / Labor management	Engineering / R&D / Quality / Safety	
Global / Overseas business management	IT / DX	ESG / Sustainability	

Ensure Transparency of Governance and Contribute to Improved Effectiveness of the Board

Keiichiro Hashimoto

Chairperson of the Board of Directors / Chairperson of the Audit Committee / Nominating Committee Member

Company management Business strategy Financial / Accounting Internal control Overseas IT / DX ESG



I had worked for a financial institution for about 30 years and engaged in the management of several corporations in Japan and other countries when I was invited to serve on the board of INFRONEER Holdings at its establishment. I was then appointed to chair the Board of Directors and Audit Committee meetings. One of the most important functions of the Board of Directors of the company with a nominating committee is to perform rigorous monitoring. To this end, I believe, it is essential to upgrade internal control systems and effectively monitor the execution of duties by directors and executive officers.

For strengthening internal control systems, in order to do more than simply apply existing rules to enable audits to be performed in a way better suited to the company's situation, we have revised the scope of business companies subject to the J-SOX audit, which provides a basis for judgment criteria. Regarding the effective monitoring of the status of executive officers in executing their duties, we have set up rules to allow all minutes of Board of Executive Officers meetings to be

shared among the board members. This will facilitate transparency of governance and information sharing among the directors. It will also provide opportunities to seek out new business plans with a good rationale for future development, while putting the brakes on risky plans as necessary. Identifying and supporting good plans is one of the important responsibilities of outside directors.

Ahead of starting the voluntary application of IFRS from the FY2023 year-end reporting, we will create an opportunity for directors and Audit Committee members to increase their understanding of the standards. The Board of Directors has a multiplicity of urgent tasks to tackle, including enhancing cybersecurity measures for ensuring information confidentiality and preventing data breaches. I will strive to fulfill the commitment of improved governance and increased effectiveness of the Board of Directors while supporting the implementation of growth strategies for becoming an integrated infrastructure service company and improving corporate value.

Facilitate Added Value Creation through Promoting Innovation and Human Resources Exchange

Seiichiro Yonekura

Nominating Committee Member / Compensation Committee Member / Audit Committee Member

Business strategy Human resources / Labor management Overseas ESG



I empathize with President Kibe's strong commitment to becoming a global "integrated infrastructure service company" and to changing business domains by promoting the "de-construction" business. This is why I accepted the offer to assume the position of outside director.

I think the primary reason for my appointment is my career as a researcher in the field of corporate innovation. My basic theory about innovation is that it should not be an end unto itself but rather a means of generating added value. In the case of INFRONEER, business innovations should be pursued by promoting concessions, alliances, M&As, and other partnerships for the purpose of carrying out plans for establishing a solid position in the highly competitive global infrastructure business.

In Japan, the national population will continue to shrink. To grow sustainably despite this, the company needs to consider advancing to Africa and other regions with strong growth

potential while also moving into maintenance and management. As an option for investing in human capital, the company should examine the possibility of creating systems to take on students from overseas and give them construction and civil engineering techniques and know-how developed in Japan, with an eye to forming future partnerships for global business expansion through networks with such students after they return to their home countries.

I also offered advice when formulating INFRONEER Car-et, a set of common values and action guidelines intended to instill a sense of unity across the entire workforce of the Group with an eye to future growth. I will commit to helping the company build capabilities to offer high added value to stakeholders through promoting innovation and human resources exchange.

Bring an Outside Perspective to Support the Building of a Solid Management Foundation

Koichi Moriya

Chairperson of the Nominating Committee / Compensation Committee Member / Audit Committee Member

Company management Sales Internal control Human resources / Labor management Overseas IT / DX ESG



I come from the manufacturing sector and have no experience in the construction business, but I have been engaged for many years in global business management in Asia. In Japan, I experienced hardships due to the challenging management environment. My principal role at INFRONEER is to get an overview of the business environment to identify essential issues and offer advice based on my expertise.

In order to enter the global arena as an integrated infrastructure services provider, the company must first become a leader in the domestic market. I will strive to provide appropriate advice on the management resources—human and otherwise—the company will need to become a market leader, with the aim of contributing to the continued improvement of corporate value. Regarding overseas expansion, it is crucial to offer well-considered opinions about plans to enter highly competitive overseas markets. I recognize this as my first and foremost role as an outside director.

My thinking in regard to the essential nature of business

management goes as follows: manage business in a down-to-earth manner by ensuring compliance, maintaining transparency, communicating with stakeholders, and assuming accountability while making management decisions in a timely manner to achieve sustained growth. This holds true for all industries and business categories.

With the objective of creating a new business model as Japan's first integrated infrastructure service company and establishing these types of businesses as its growth engine, the company has adopted the structure of a company with a nominating committee, marking a first in the construction industry, and has ambitiously built strong governance systems. I will make every possible effort to essentially advance these robust systems and ensure they will not be reduced to a mere formality.

Promote Diversity as a Source of Future Competitiveness

Rie Murayama

Nominating Committee Member / Compensation Committee Member

Business strategy Financial / Accounting Sales Overseas



I have worked for foreign securities firms and built a career as an analyst in the field of construction and residential real estate. I have also drawn on this experience to serve as an outside director of a number of companies. I received an invitation to become an outside director of the company from President Kibe when MAEDA CORP. was making a takeover bid for MAEDA ROAD CONSTRUCTION CO., Ltd. I was deeply impressed by the company's ambitious approach to "de-construction" and therefore decided to accept the offer.

For the company to achieve its aim of becoming Japan's first integrated infrastructure service company, one of the most urgent issues to address is diversity. In the past year, I worked on launching a diversity network across business companies, and participated in formulating the Diversity, Equity & Inclusion Policy, a tool to foster a culture of embracing diversity throughout the Group. Lack of diversity may result

in slower personnel recruitment activities and undermine the company's international competitiveness. I will continue to advocate for the importance of diversity as a component of efforts to support the implementation of growth strategies.

I'd like to see the company become the first choice of stakeholders. To this end, it is essential to prepare a powerful equity story to facilitate stakeholder communication and convey the company's comprehensive capabilities, its primary competitive advantage. I will endeavor to support management by contributing my perspective as a former analyst and exercise my capabilities developed over many years spent engaging in capital markets to facilitate the transformation of the company.

Make Use of Analytical Expertise to Contribute to Increasing Market Capitalization

Atsushi Takagi

Chairperson of the Compensation Committee / Nominating Committee Member / Audit Committee Member

Business strategy Financial / Accounting Internal control Overseas



I worked as an analyst at several securities firms, observing the construction industry for over 20 years from the early 1990s. Back then, it was considered that MAEDA CORP. suffered from a low market valuation (PBR and PER) and its shares had low liquidity (share price x volume traded). This issue is likely to be effectively addressed by the transition to a holding company system. The shift will help the company improve its corporate value in the way that President Kibe expects, namely, by bringing it a higher valuation, resulting in an increased market capitalization.

Having moved to the holding company system, the company is more able to promote the Group's overall business strategies from a medium- to long-term perspective. Under the new corporate system, the three business companies are capitalizing on their long-established strengths to develop the concession business, a growth segment, and increasing equity spread by promoting the "de-construction" business. It is important to break away from the conventional attitude of many Japanese business managers, who pay scant attention

to share price performance—saying it is a matter for market participants rather than a matter for business operators—and focus only on business operations. Businesses should instead consider taking a proactive approach to stock price data, studying it for the purpose of increasing their performance. I believe such attitudes will give employees, customers, and suppliers alike more confidence in the company.

The company's slogan of "challenge the status quo" represents its commitment to challenge the existing infrastructure business model. I will fulfill my role in supporting the company to advance toward becoming Japan's first integrated infrastructure service company by offering rigorous evaluations and recommendations regarding not only business management but also governance, remuneration, and nomination of successors. To do this, I will draw on my experience related to the construction industry without being a slave to convention, and will obtain insights from capital markets as a representative of minority shareholders.

Directors



Director/Executive Officer
Masaaki Shioiri

Director (Outside)
Koichi Moriya

Chairperson of the Nominating Committee

Director (Outside)
Seiichiro Yonekura

Director (Outside)
Keiichiro Hashimoto

Chairperson of the Board of Directors and
Chairperson of the Audit Committee

Director (Outside)
Atsushi Takagi

Chairperson of the Compensation
committee

Director
Yasuhiko Imaizumi

Representative Executive Officer,
President and CEO
Kazunari Kibe

Chairman of the Company
Soji Maeda

Director (Outside)
Rie Murayama

► For director profiles, visit our website at: <https://www.infroneer.com/en/company/outline.html>

Skill Matrix

Name Position in the company	Expected roles and expertise items									
	Company management M&A	Business strategy Industry insights	Financial Accounting	Sales Marketing	Internal control Risk management	Human resource training Development Labor management	Engineering R&D Quality / Safety	Global Overseas business management	IT DX	ESG Sustainability
Soji Maeda Chairman of the Company Compensation Committee Member	●	●		●				●	●	
Kazunari Kibe Director Representative Executive Officer, President and CEO Nominating Committee Member Compensation Committee Member	●	●		●		●	●		●	●
Yasuhiko Imaizumi Director Nominating Committee Member Compensation Committee Member	●	●		●			●	●		
Masaaki Shioiri Director Executive Officer Nominating Committee Member	●	●		●			●			
Keiichiro Hashimoto Outside Director Chairperson of the Board of Directors Chairperson of the Audit Committee Nominating Committee Member	●	●	●		●			●	●	●
Seiichiro Yonekura Outside Director Nominating Committee Member Compensation Committee Member Audit Committee Member		●				●		●		●
Koichi Moriya Outside Director Chairperson of the Nominating Committee Compensation Committee Member Audit Committee Member	●			●	●	●		●	●	●
Rie Murayama Outside Director Nominating Committee Member Compensation Committee Member		●	●	●				●		
Atsushi Takagi Outside Director Chairperson of the Compensation committee Nominating Committee Member Audit Committee Member		●	●		●			●		

Note: The above list does not represent the complete expertise of each officer.

Continuing to Be a Reformer in the Infrastructure Business and Taking On the Challenge of Building a Sustainable Society as an Integrated Infrastructure Service Company

The infrastructure^{*1} that underpins our daily lives and the foundations of society is facing issues that could jeopardize safety and comfort in many locales. Society can no longer function simply by continuing to build and maintain infrastructure as in the past, so the idea of infrastructure itself stands at a crossroads.

Recognizing such issues, MAEDA CORPORATION (MAEDA CORP.), MAEDA ROAD CONSTRUCTION Co., Ltd., and MAEDA SEISAKUSHO CO., LTD., in October 2021 established a joint holding company—INFRONEER Holdings Inc.—to support and take up the challenge of infrastructure services^{*2}. Approaches that go beyond preconceived notions will be needed to address the major issue of how to maintain and sustain the infrastructure on which our social foundations rest, and one approach to achieving this is “de-construction.”

To become the integrated infrastructure service company we aspire to be, we will change our own mindset and work styles and continue to grow as a company while constantly transforming ourselves.

Kazunari Kibe
Director, Representative Executive Officer,
President, and CEO
INFRONEER Holdings Inc.

Joined MAEDA CORPORATION in 1986; served as a Managing Officer in 2014; served as a Director and General Manager of the Management Innovation Division from 2016; in October 2021, became the Director, Representative Executive Officer, President, and CEO of INFRONEER Holdings.



What We Aim for as an Integrated Infrastructure Service Company

Our goal as an integrated infrastructure service company is to provide comprehensive and efficient services to towns, cities, and society as a whole by expanding our business into various infrastructure sectors such as roads, airports, and water supply and sewage systems, and by engaging in multiple sectors through combined endeavors by our subsidiaries, alliance companies, and business partners. The infrastructure that supports society remains an integral part of people's lives over extended periods of time. For example, bridges and roads will continue to be used for 20 to 30 years after they are built, thus requiring periodic inspection and maintenance.

We no longer live in a high economic growth period where new infrastructure is being built up continuously, so we need to focus instead on maintaining the value of existing infrastructure.

We need to provide good services in the eyes of the public whilst making our business profitable over the long term to maintain our corporate operations.

Infrastructure is an asset belonging to the nation as a whole that supports society over the long term, and we believe it is a good match for pension funds and other entities that invest from a long-term perspective. To improve capital efficiency, it is necessary to undertake capital recycling, in which owned and operated infrastructure is transferred to a pension fund and other financial institutions that cannot take on construction risk to recover the invested capital so that ultimately we as a company can suitably enjoy profits while increasing the capital of society as a whole.

► For details on capital recycling, see page 23.

As an integrated infrastructure service company, we will pursue a growth strategy of both maximizing added value throughout infrastructure lifecycles and value chains and maintaining and expanding our own revenue base by integrating all aspects of the infrastructure lifecycle, encompassing planning, proposal, construction, operation, and maintenance. In addition to growing our own and our partner companies' core businesses, we will actively engage in M&A and alliances to expand our overall scope of business.

Achieving Integrated Infrastructure Services

To realize the integrated infrastructure services that the INFRONEER Group is aiming for, we must be firmly committed to transcending the construction industry's conventional wisdom and promote digital transformation (DX) to revolutionize the entire industry and even industries with which we have had no previous association. We must continue making a variety of efforts to raise citizens' awareness of infrastructure as an asset for society as a whole.

One of the new challenges we have taken up with our partners is the TEKKON co-creation initiative. In 2023, we invested a total of ¥2 billion in the Whole Earth Foundation (headquartered in Singapore), which developed the popular-participatory TEKKON data collection app. The establishment of a new company to provide infrastructure management services utilizing various infrastructure data collected by the Foundation is also part of our DX transformation vision for integrated infrastructure services.

► For details on our DX strategy, see page 43.
For information on TEKKON, see page 38 or visit our website at: https://www.infroneer.com/pdf/en/company/topblog/kibelog_en_vol9.pdf

It is also imperative to keep pace with our dramatically changing digital society, as exemplified by the emergence of Chat-GPT, a generative AI that has been the focus of much attention lately. In Japan, where the birthrate is declining and the population is aging rapidly, DX is a prerequisite for companies to survive in terms of improving labor productivity and increasing added value. I believe the essence of DX lies in the "X (transformation)," necessitating rule changes using digital technology.

In a concession^{*3} project, the public entity retains ownership of the facility while the private operator assumes the right to operate the facility. Data-driven operation and maintenance management are important in this regard as well. This approach should prove effective for all social and public infrastructures that INFRONEER is involved in operating, such as airports, water supply and sewage systems, exhibition halls, and arenas.

If we can achieve "X" in operating, maintaining, and managing infrastructure, the benefits will spread to existing businesses, leading to the expansion of our business domain and the creation of a new revenue base.

At the root of our various challenges is INFRONEER's unwavering commitment to resolving the issues faced by Japan's infrastructure. With the establishment of INFRONEER Holdings, we announced our strategy for putting this commitment into practice in our INFRONEER Vision 2030, a medium- to long-term business plan that has three strategic pillars: productivity reforms, establishing a new revenue base, and strengthening and improving our corporate culture. The INFRONEER Group will continue to do what has always been important to it and, as a means of attaining these, we are expanding the areas we have been working on, taking on the challenges of "de-construction," and creating added value for local communities.

► For details of our medium- to long-term business plan, see page 37 or visit our IR information website at: <https://www.infroneer.com/en/ir/>

To bolster our internal structures in support of these initiatives and to develop DX talents, we are also in the process of reforming our personnel system to ensure it will motivate employees to take on new challenges. In financial terms, we will continue investing in human capital to further increase added value. We place the utmost importance on enhancing our added value as a

company by investing in human resources as much as in R&D for future business growth.

► For details on our human resources strategy, see pages 43 and 55.

Thoughts and Resolve Underlying "Construction x De-construction"

We in the infrastructure business have always asked ourselves what genuine value we can provide to society, and one of the conclusions we have reached is the idea of "de-construction." MAEDA CORP. has made "de-construction" a pillar of its management strategy for the past 10 years.

"Construction" is a type of contract arrangement in which a contractor promises to complete a project and is paid by the commissioning entity for the outcome of the work. In the construction industry, this means that the client places an order for construction work, and the contractor receiving the order—the main contractor—brings together specialized construction companies to guarantee the completion of the construction work for the client.

The symbolic term "de-construction" as used by the INFRONEER Group does not mean that we do not engage in the "construction" business; instead, it indicates that we are not bound by, and are actively going beyond, the conventional business model of "construction."

"De-construction" also implies that the INFRONEER Group is willing to take on the business risk of projects.

For example, it means that the INFRONEER Group will not only be involved in construction contracting but also acquire the rights to operate social infrastructure, such as airports and water supply and sewage systems, and toll roads, and handle the entire infrastructure life cycle, including construction, operation, maintenance, and management.

The infrastructure business involves business risks and sometimes large investments but, by leveraging the engineering capabilities^{*4} and financial expertise we have cultivated, we can minimize risks and generate large returns.

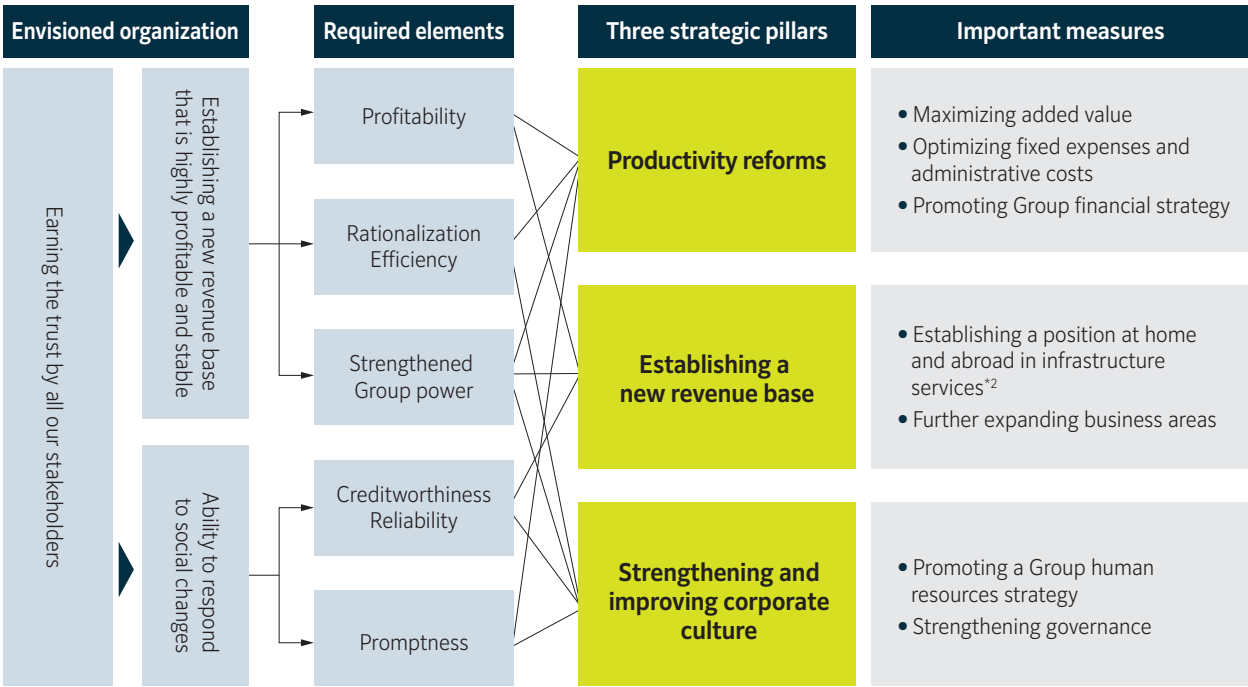
This is where I envision the future of the INFRONEER Group. It is not just about changing the way we do business itself. It entails changing the way we think and work as a company.

As the "construction" business requires us to build to the specifications demanded by the client, there is not much room for exercising our own imagination. If we are going to pursue "de-construction" and take risks in our business, we need to switch to a "de-construction" mindset that lets us properly communicate our opinions to the client from the standpoint of a business partner, and work together to build robust infrastructure. I believe that we will consequently be able to realize the vision of the INFRONEER Group as an integrated infrastructure service company.

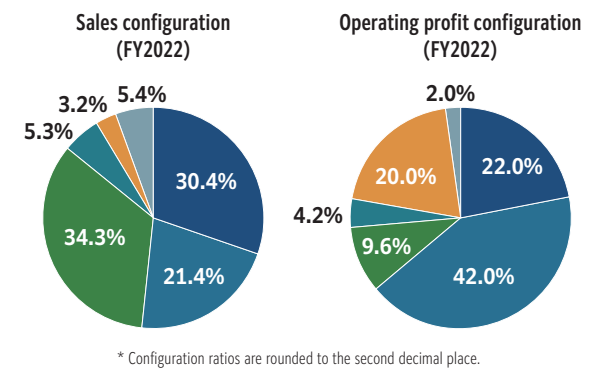
► For more details on our business model, see page 21.

Three Strategic Pillars and Important Measures

To achieve our envisioned organization, we have formulated key measures for each strategy with productivity reforms, establishing a new revenue base, and strengthening and improving our corporate culture as the three pillars of our strategy.



Comparison of "Construction" and "De-construction"



Net sales: ¥709.6 bil.	Operating profit: ¥40.5 bil.
Building construction: ¥215.5 bil.	Building construction: ¥8.9 bil.
Civil engineering: ¥152.0 bil.	Civil engineering: ¥17.0 bil.
Road civil engineering: ¥243.7 bil.	Road civil engineering: ¥3.9 bil.
Machinery: ¥37.3 bil.	Machinery: ¥1.7 bil.
Infrastructure management: ¥22.5 bil.	Infrastructure management: ¥8.1 bil.*
Related businesses: ¥38.6 bil.	Related businesses: ¥0.8 bil.

* Operating profit ratio between "construction" and "de-construction"
Target for FY2030: 50:50
Result of FY2022: 80:20

Out-of-the-box Change of Mindset

Our business performance since the establishment of INFRONEER Holdings has been in line with or exceeded expectations. Even in the face of significant negative market changes, such as soaring crude oil prices and the weakening of the yen against other currencies, our business has generally proceeded as expected. For more than a decade now, our Group has been working out ways through our business activities to avoid getting caught up in price competition within the construction industry. We believe that our Group's concerted efforts to produce better infrastructure while generating adequate profits as a company are bearing fruit. While there is a clear divide between companies with favorable and unfavorable performance within the construction industry, our Group is one of the few companies that have been able to advance their business according to plan.

The INFRONEER Group is a group of three listed companies, and we were concerned when transitioning to a holding company structure that there would be adverse effects both vertically and horizontally on the ways we conduct business and work. In general, the more a company pursues its own interests and convenience, the more likely it is to be vertically divided, while "authoritarian" companies tend to be horizontally divided. However, there was no need to worry about this. Numerous employees have been working hard to eliminate these negative effects. Since the founding of INFRONEER Holdings, we have been bolstering our organizational structure to eliminate information inequalities throughout the Group and to enable each

employee to work with a sense of ownership and independence by, for example, live-streaming management meetings for all employees to see and making the minutes of Board of Directors meetings available. We have also held town meetings for executives and mid-level employees of our business companies. Rather than simply providing one-way explanations of the direction INFRONEER Holdings seeks to take and of specific achievements, these meetings are intended to encourage communication and stimulate growth throughout the Group by enabling two-way exchanges of opinions. We hope these efforts will help create further synergies.



In FY2022, I visited 13 offices across Japan twice to hold town meetings, engaging with approximately 7,000 employees over a period of 26 days.

► For details of dialogues with stakeholders, see page 25.

To create synergy, we are also reforming our internal systems and our approach to allocating human resources. To foster employees' sense of identification and unity with the Group as well as to motivate employees to improve our stock price and our Group's performance, we hold workshops to disseminate INFRONEER's VMV (Vision, Mission, Value) philosophy and its Group-wide roadmap (action agenda) and working to foster a corporate culture and improve engagement.

We have also introduced a stock benefit trust (J-ESOP) as an incentive plan that provides shares to all Group employees as well as contract employees and others who meet certain requirements. Approximately 8,000 persons are expected to be eligible for participation in this plan.

In addition to providing performance-linked shares besides current compensation, the program also grants points for childbirth and other benefits. The purpose of this is to give employees a sense of participation in the management of the company, particularly in the management of the INFRONEER Holdings Group as a whole. We will be providing detailed explanations to employees in the future, and we hope this program will provide additional motivation for our employees to improve our performance.

Additionally, we try to mix employees from the three business companies as much as possible across divisions and companies to emphasize diversity when launching new projects. The percentage of female employees in the construction industry is still low. At

INFRONEER Holdings on a non-consolidated basis, however, we are boosting the percentage to approximately 30%. Also, we have been promoting younger employees. Going forward, we seek to promote such initiatives throughout the Group to change our corporate culture and conventional thinking.

Our challenge is to create a business model that is uncharted in the Japanese construction industry. It is important to change our mindset in a way that transcends preconceived notions and goes beyond conventional ways of doing things while striking a balance between freedom and discipline. I believe this is the first step toward increasing our corporate value.

► For details of VMV, see page 1. For stock benefit trust (J-ESOP), see page 38.

INFRONEER's Concept of Corporate Value

Generally speaking, corporate value (approximated by market capitalization) is the present value of the cash flow that a company will generate in the future discounted by the cost of capital. It is my belief that the satisfaction of all stakeholders will lead to medium- to long-term improvements in corporate value (as measured by market capitalization). I think that sustainability management improves stakeholder satisfaction and contributes to higher corporate value. With the increasing emphasis on ESG (environment, social, and governance) factors, it is imperative to focus on the global environment, human resources, and human rights in our business activities. As such, we will further accelerate our investment in these sustainable initiatives.

In terms of our governance structure, we have adopted a "Company with Nominating Committee" system. This is because a sophisticated governance system that emphasizes the monitoring function of supervising business execution is indispensable for the INFRONEER Group, which is looking to enter a new domain as an integrated infrastructure service company. We believe that enhancing the effectiveness of this governance system is the key factor to increase corporate value in the future.

Overseas strategies also play an important part in increasing corporate value. The adoption of International Financial Reporting Standards (IFRS) from FY2023 is intended to ensure that accounting standards do not become a hindrance in the pursuit of a business model that can be used globally in the future. IFRS-based financial statements will enable us to compare ourselves with other companies in the same industry around the world. We can also expect smooth post-merger integration when merging and acquiring companies from overseas. We believe the adoption of IFRS will be highly beneficial in realizing our vision of "A world where there's no limit to what can be asked from and what can be delivered by infrastructure services"^{*5}.

To Our Investors

Our results for FY2022 (the fiscal year ended March 31, 2023), the first full-year financial results since the establishment of INFRONEER Holdings, show that both sales and profits increased year on year and that net income reached a record high (compared with MAEDA CORP's consolidated profit). On the whole, all segments performed well, and we expect further increases in sales and profits in FY2023.

The integrated report plays a major role in carefully explaining our management indicators, the introduction of IFRS into our financial strategy, and the concept of return on invested capital (ROIC) so that our stakeholders can better understand the steps we are taking to enhance our corporate value.

I have been exchanging views with numerous investors both in Japan and overseas through investor relations (IR) endeavors since the latter half of the 1990s. I learned at our most recent IR meeting overseas that there was great interest in our integrated report, giving me an opportunity to reaffirm the importance of disclosing information through the integrated report and other means.

Going ahead, we intend to further augment our venues for information disclosure and engagement, seek the opinions of investors and external stakeholders as well as Group employees, and find the best ways of realizing and manifesting these opinions.

We are committed to engaging more than ever with investors and enhancing our corporate value to help reinforce their optimism about the future of the INFRONEER Group. We look forward to your continued support and encouragement.



For *1 to *5, refer to the glossary on page 64.

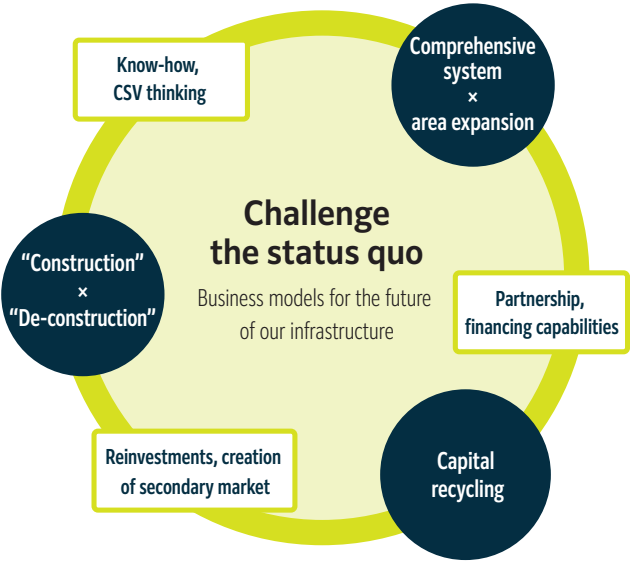
Three Business Models That are Challenging the Future of Our Infrastructure

The INFRONEER Group is focusing on three business models to solve infrastructure challenges through its business while also maintaining business growth and aiming to achieve a world where there's no limit to what can be asked of and what can be delivered by infrastructure services.

Overview of Business Models

INFRONEER is focusing on three business models to deal with each of the following themes: "construction × de-construction," "comprehensive system × area expansion," and "capital recycling."

In pursuit of establishing business models that enable sustained growth unaffected by external factors such as the economy and policies, we will aggressively promote the integrated infrastructure service company model, which offers a comprehensive range of infrastructure management services from upstream to downstream, as the Group's overall priority strategy while capitalizing on the strengths of the three business companies. The Group's robust business capabilities are applicable to approaching various fields by utilizing expertise accumulated over many years of engaging in business development and operations; professionals possessing diverse and rich knowledge and experience; and financial competence based on minimization of life-cycle costs and accurate risk assessment. With these advantages, we intend to maximize our competitiveness while creating a highly profitable and stable revenue base.



"Construction" × "De-construction"

Reinforce strength, create opportunities, and expand revenues

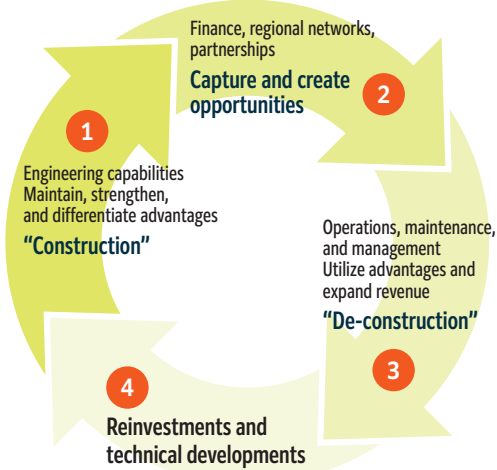
While aiming to stabilize and expand our own revenue, we will take business risks and improve our corporate value through the creation of added value and the continuous provision of infrastructure services to society that can be realized because we are an integrated infrastructure service company.

"De-construction"

By leveraging the engineering capabilities and financial expertise we have cultivated, "de-construction" business enables us to minimize risks and generate large returns. Specifically, it involves concession projects of acquiring the right to construct, operate, maintain, and manage public infrastructures such as airports, water supply and sewerage systems, and toll roads. It also includes such businesses as renewable energy projects of making investments in everything from business development and construction to maintenance, management, operation, and sales.

"Construction"

The "construction" business represents a pillar of INFRONEER and its key strength. The robust engineering capabilities built up over many years will provide us an essential advantage for promoting the "de-construction" business for reducing business risks and reducing costs. In this sense, strong "construction" business capabilities are important for maximizing returns from engaging in "de-construction" businesses.



For details of each business segment, visit our website at: https://www.infroneer.com/jp/company/integrated_report/segment/index.html (in Japanese)

Comprehensive System × Area Expansion

Alliance companies × Group companies × Cooperating companies = ∞

Comprehensive system

Taking the entire life cycle of the infrastructure, including planning proposals, construction, operation, maintenance, management, and reinvestments, we strive to achieve consistency, maximize the value added throughout the infrastructure life cycle and the value chain, and maintain and expand the Company's revenue base.

Area expansion

In order to increase corporate value through our growth strategy, we will expand our business through M&A and alliances, in addition to the growth of our own business and that of cooperating companies. By expanding our business into a variety of infrastructure fields, including roads, airports, water supply and sewerage concession, and combining multiple fields, we will be able to provide more comprehensive and efficient services to towns and cities, and to all of society. As a result, we will contribute extensively to solving various problems faced by the government, local governments, and private business owners.

Integrated Infrastructure Service Company

Alliance companies × Group companies × Cooperating companies

Expand and strengthen the business scope to all upstream and downstream areas, with "construction" as the axis

For details of infrastructure management projects, visit our websites at: <https://www.infroneer.com/en/company/ourbusiness.html>

Capital Recycling

Creation of Added Value through Capital Recycling

Capital recycling represents the business model by utilizing our engineering capabilities cultivated over many years and the financial know-how we have acquired through forming domestic and international business partnership, with the goal of promoting reinvestments and creating secondary markets.

Reinvestments

Based on our engineering capabilities and financial know-how, reinvestments entail creating a capital flow from taking risks to invest in an infrastructure development project, constructing facilities, and managing the project to be able to generate long-term returns. The project is then transferred principally to pension funds, which pursue stable investment performance, with the goal of using gains on the transfer of the project to invest in new projects.

Secondary market creation

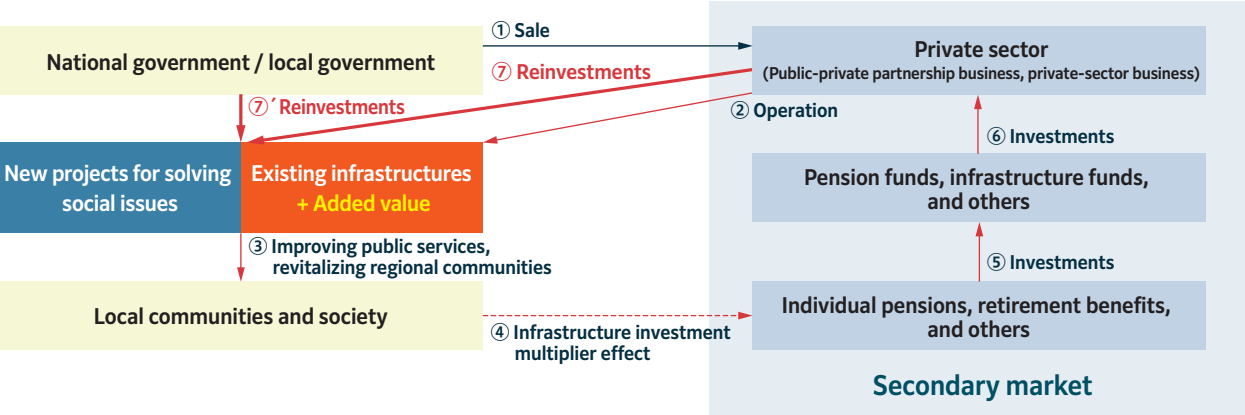
We transfer equity stakes to pension funds and other investors while continuing to engage in the operation, maintenance, and management of infrastructure that increases its added value over time and generates stable returns, with the aim of revitalizing the infrastructure investment market.

- ▶ For details on secondary market creation projects, visit the following websites:
Building new infrastructure business platforms <https://www.infroneer.com/jp/news-article/2022/07/05/524.html> (in Japanese)
Structuring equity income funds for the infrastructure investment market in Japan <https://www.infroneer.com/jp/news-article/2022/07/05/523.html> (in Japanese)

We are aiming to establish business as an integrated infrastructure service company to implement these business models effectively and ensure a highly profitable and stable revenue base, with an eye to addressing social issues associated with infrastructure while achieving our sustained growth.

We believe this will enable us to contribute to solving social challenges relating to the entire nation, such as pension financing, in addition to infrastructure-related issues.

Take on new challenges to address social issues through capital recycling



INFRONEER will promote the strategy of taking investment risks to develop infrastructure projects to generate long-term returns based on its engineering capabilities for building and infrastructure construction by engaging in a comprehensive range of processes from planning, design, construction, operation, maintenance, and management. This strategy is expected to produce a number of benefits as follows in alignment with the chart above.

- 1 National and local governments sell the rights to operate government-owned infrastructure facilities to private companies, including INFRONEER, to undertake necessary maintenance and renewal work. By purchasing the operating rights, private companies take business risks. INFRONEER draws on its engineering capabilities and financial know-how to mitigate such risks and reduce costs.
- 2 Right-holding companies operate the infrastructure facilities under the agreement, drawing on the business know-how of the private sector while expertly demonstrating engineering capabilities to implement renewal work (for added value).
- 3 The infrastructure renewal is expected to raise the quality and comfort of living in the local communities, encouraging population inflow and regional revitalization.
- 4 Infrastructure investment multiplier effect is expected to improve the fiscal position of the national and local governments. It also brings additional benefits, such as employment creation and building a stable basis of livelihood, as well as having a positive ripple effect on individual pensions and retirement benefits.
- 5 Through pension funds and infrastructure funds, individual pension and retirement plans are targeted as a primary investment destination, which basically pursue long-term stable investment performance.
- 6 INFRONEER transfers equity stakes chiefly to pension funds, which basically pursue stable investment performance, while continuing to engage in the operation, maintenance, and management of the infrastructure in order to provide sustainable and optimal infrastructure services.
- 7 Private companies can take on new projects to solve social issues based on profits earned from infrastructure transfer gains as well as maintenance and renewal.
- 7* The national and local governments can use gains on the transfer of the operating rights acquired in the process ① to invest in new projects for solving social issues.

INFRONEER's Competitive Advantages

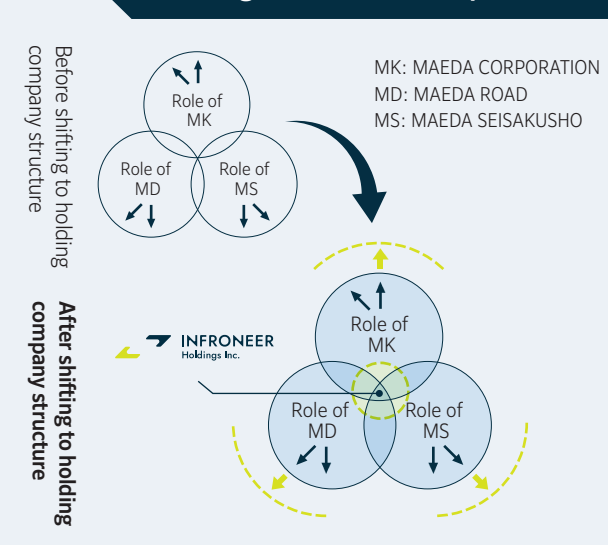
To achieve perpetual growth of the entire Group, we have set the medium- to long-term goal of becoming an integrated infrastructure service company. Toward this end, we are taking on the challenge of transforming to a business model that enables us to maintain stable and high profitability continuously by expanding business areas while leveraging the strengths of the three business companies in operating existing businesses. We are promoting this endeavor with Group companies, cooperating companies, and co-creation partners, with the aim of realizing our vision of creating “a world where there's no limit to what can be asked from and what can be delivered by infrastructure services.”

Holding Company Structure

Previously, the major business companies of the INFRONEER Group faced constraints, particularly related to resource efficiency, when tackling social challenges individually. To remedy this situation, the three companies decided to shift to the holding company structure so that MAEDA CORP., MAEDA ROAD, MAEDA SEISAKUSHO, and INFRONEER Holdings could demonstrate team synergy throughout the Group.

INFRONEER is responsible for medium- to long-term strategy planning for the entire Group, ensuring stable capital through IR activities, and enhancing our business portfolio through effective capital allocation. Furthermore, with a focus on business management based on growth and capital profitability, we aim to build a system that achieves Group-wide added value and ROE goals through timely decision-making. In addition to being able to focus on their own core businesses as well as operating autonomously, the companies will accelerate collaborative participation in high-compatibility business areas that had previously been difficult for individual companies, and improve corporate value for the entire Group.

Synergy = Expansion x Centralization (centrifugal force and centripetal force)



Utilizing Regional Networks of Business Companies to Create Synergy throughout the Group

Making use of domestic and international sales offices and local business networks built by the Group's individual business companies in various regions, we facilitate the sharing of sales information and referral of customers between companies, seeking out new business opportunities.

We use the existing networks of Group companies to obtain a foothold in carrying out global business development in new regions, ensuring efficient market expansion with minimized risks.



Collaboration with and Support for Business Partners

In addition to internal strengthening through M&A and the like, we will accelerate problem-solving in a wider range of areas through business alliances to supplement areas in which we are deficient, collaborative and joint technical development with partner companies that share our strategies, and investment in business partners that understand our strategies. In addition to establishing long-term partnerships by enhancing our economic and human resources as well as technical support for cooperating companies, we will proactively develop future partners through investment in promising venture companies.

Business Portfolio Management

In pursuing the enhancement and utilization of the strengths of “construction” and “de-construction” as well as promoting the expansion of segments and areas (enrichment), we intend to accelerate reforms through strict business portfolio management by INFRONEER Holdings and through DX. We will evaluate each business by combining market growth potential with ROIC, and optimize the allocation of management resources based on timely and rational judgments and decision-making.

Stakeholder Dialogue

To achieve our goal of creating “a world where there’s no limit to what can be asked from and what can be delivered by infrastructure services,” it is important to conduct appropriate information disclosure and stakeholder dialogues. We have had dialogues and communication with stakeholders in various ways, and will continue to do so to maintain good and smooth relationships and build relationships of trust with stakeholders. Based on such relationships, we will encourage joint efforts to pursue common benefits and create long-term value, thus contributing to generating social value.

▶ For other articles on stakeholder dialogues and opinions in addition to the following, visit the sustainability page of our website at: <https://www.infroneer.com/jp/sustainability/> (in Japanese)

Major Dialogues

Local Community (Municipality)

FBS and MAEDA CORP. formed a joint venture to undertake a contract for comprehensive management services, including maintenance and mandatory inspections, for public facilities owned by Joso City, Ibaraki Prefecture, and started operations in April 2020. Subsequently, the joint venture and the Joso City Office had a number of study sessions on the management of public facilities and infrastructure. As a result, INFRAFRONTIER Holdings and Joso City signed a comprehensive cooperation agreement in September 2022 to improve civil services by utilizing public facilities and infrastructure functions. We will continue with dialogues with the city office with the objective of offering value in terms of a safe and secure social and local environment and sustainability.



Local Community (University)

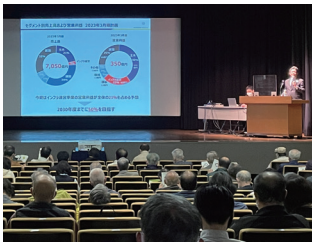
In commemoration of our first issue of the integrated report in FY2022, we held a discussion inviting Professor Shoichi Tsumuraya from Hitotsubashi University's Graduate School of Business Administration to talk about the essential purpose and appropriate systems of corporate information disclosure. To improve our corporate value utilizing objective evaluations of experts, we aim to increase stakeholders' understanding and engagement by presenting our views and directions. The company's website posts past dialogue sessions with experts, which are made available from the corporate communications archive Infroneer AtoZ.

▶ Visit the Infroneer AtoZ page at: <https://www.infroneer.com/en/company/atoz/>



Investors

We hosted seminars for individual investors in Tokyo, Osaka, and Nagoya, the three major cities in Japan, attracting a total of 521 participants over three days. The seminar gave a one-hour presentation on the earnings summary and future strategies of INFRAFRONTIER. We provide IR information to individual investors in a meticulous way to correct information asymmetry and aim to increase the appetite of such investors, which constitutes a driver for stabler and higher share prices.



Employees

We organized the national conference of female employees in the construction sector, which was attended by 158 female employees. The event ran a number of programs, such as reports on employment situations and company systems; briefings on duties and career paths of various job categories, given by representatives of each job category; a panel discussion; and lectures by Outside Director Murayama to discuss on the theme of “what should be aimed at by diversity and inclusion initiatives.” We will continue working to create a workplace environment befitting a diversity-orientated employer.



Stakeholder Remarks

Investors

As an investment management firm, we at Marathon Asset Management have maintained regular meetings with MAEDA Corp. at their respective offices in London and Tokyo since before the company became INFRAFRONTIER Holdings. We have high regard for INFRAFRONTIER as one of the Japanese companies that are evolving with an eye on the future, including management's focus on the growth areas of concessions/PPP and renewables. The most recent news that the company is starting a group-wide Employee Share Ownership Plan is a progressive initiative.

Simon Somerville
Portfolio manager of Japanese equities
Marathon Asset Management LP (U.K.)



INFRAFRONTIER's Primary Stakeholder Communication Channels

In recent years, there has been a rise in public expectations for businesses to address social issues, which have been increasingly becoming complicated and severe. To accurately understand these social expectations and promote initiatives aimed at achieving a sustainable society, we strive to ensure effective communication with stakeholders while building relationships of trust. The following is an excerpted list of our major means of communication with stakeholders.

Stakeholder	Policy (INFRAFRONTIER's responsibilities, stakeholders' expectations)	Major engagement opportunities	Reflection in management processes and business activities
Investors, ratings agencies (loyal shareholders) outer	Ensure sustainable growth and medium- to long-term improvement in corporate value by holding constructive dialogues and reflecting their requests in management.	<ul style="list-style-type: none">Investor presentation — QuarterlyIssuance of financial reporting/quarterly reporting — QuarterlyIssuance of the integrated report — AnnualCorporate governance report — As neededInformation disclosure on the IR website — As neededInformation disclosure to ESG ratings agencies — As neededVisiting and having individual interviews with institutional investors in and outside of Japan — As neededSmall meeting with investors — As neededOrdinary general meeting of shareholders — AnnualIssuance of the investor newsletter — Semiannual	<ul style="list-style-type: none">Ensuring transparency of management processes, enhancing governanceTimely and appropriate information disclosureAppropriate shareholder returnsImprovement in corporate valueBuilding relationships of trust through proactive dialogues
Local communities	Be aware of being a member of the local community, have communication with each community on an ongoing basis, and carry out various activities to solve social and regional issues. Form partnerships with NPOs and NGOs to promote collaborative projects to contribute to solving social issues.	<ul style="list-style-type: none">Cooperation with economic organizations and trade organizations — As neededDialogues with NPOs and NGOs — As neededCooperation with international initiatives — As neededDialogues with municipalities and local communities — As neededTown meeting with local residents — As neededOffering site/facility tours — As neededInformation distribution via industrial newspaper and other media — As neededCooperation/sponsorship for social contribution activities — As neededSupport to post-disaster reconstruction efforts — As neededSponsorship and hosting events for sports promotion, regional revitalization, and SDGs-related activities — As needed	<ul style="list-style-type: none">Contribution to local communities, mutually beneficial relations with local communitiesSolutions to issues faced by each communityImproving employees' awareness of CSR through encouraging their participation in social contribution activities
Customers	Accurately grasp needs of customers, challenge conventional infrastructure business models, and offer optimal services and innovative solutions to customers around the world, thereby winning the trust of society.	<ul style="list-style-type: none">Customer satisfaction survey (construction performance evaluation score) — As neededDay-to-day sales activities — As neededRegular meetings (for construction projects) — PeriodicalInspection of buildings — PeriodicalTrade exhibitions and events — As neededIssuance of PR magazines, etc. — As neededInformation disclosure through the website — As neededCollecting user feedback via telephone and website — As neededIssuance of the integrated report — Annual	<ul style="list-style-type: none">Provision of optimal infrastructure servicesSafe and secure social and local environmentSustainable social and local developmentSolutions to issues faced by customersAppropriate management of customer information
New hires and their families (recruitment)	Implement Group-wide human resources recruitment and development strategies, with the aim of promoting sustained growth of individuals and organizations. Proactively recruit industry-ready professionals and enter new business areas in a timely manner.	<ul style="list-style-type: none">Information distribution via “talentbook” and Instagram (Group common) — At least twice a monthOffering company tours, site tours, and internship programs for students (jointly by three business companies) — As neededProviding student loan repayment support programs as a way to increase employee engagement (MAEDA ROAD) — Up to 120,000 yen per annumProviding scholarship programs for overseas students of civil engineering (MAEDA ROAD) — Every yearJoint research with local schools and support through support groups (MAEDA ROAD and MAEDA SEISAKUSHO) — As needed	<ul style="list-style-type: none">Improving the quality and quantity of the recruiting base through increased name recognition and understanding of the INFRAFRONTIER Group among existing and potential job seekersOffering a solution to the social issue of outstanding student loans while providing economic support to applicable employees of the company and increasing their engagementTackling workforce shortages in the construction industry and ensuring recruitment and development of engineers for the companyPromoting industry-academia collaborative R&D and emphasizing the significance of this activity when carrying out recruiting activities to arouse the interest of students in the company
Cooperating companies, alliance partners	Promote activities jointly to address issues related to health and safety as well as quality while fostering partnerships and building relationships of trust. Make joint efforts to secure employment of future workers. Engage in free and equitable competition and fair business transactions while promoting efforts to solve environmental and social issues throughout the entire supply chain, thereby solidifying relationships of trust.	<ul style="list-style-type: none">Awards program for cooperating companies — As neededOn-site safety education — As neededStudy sessions on quality management for cooperating companies — As neededSuccessor training programs — As neededSupport for recruitment activities — As neededWebsite operation of and support for Team-Z (network of cooperating companies) — As neededHolding online exhibitions — As neededMaking facilities of ICI Center available for public use — As neededConducting supplier evaluations on an ongoing basis — As neededSetting up whistle-blowing channels — As needed	<ul style="list-style-type: none">Implementing measures to achieve a safe workplace (including those for foreign national workers [multilingual safety education programs and multilingual posts])Fair evaluation of technical skills and for career development (career path program; internal technical qualification program)Development of future workersPromotion of co-creation projectsAddressing issues related to legal compliance, human rights, and the environment throughout the supply chain
Employees and their families inner	Respect the individuality of each employee and create an appropriate workplace environment and company systems to promote diversity and increase job satisfaction. Develop mindsets for challenging the conventional way of thinking and having an out-of-the-box way of viewing things to make changes as a way to achieve corporate growth.	<ul style="list-style-type: none">Holding town meetings (at 13 locations) — AnnualHolding philosophy dissemination sessions — As neededConducting joint new employee orientations — AnnualSelf-evaluation and reporting — SemiannualConducting ES surveys and publishing survey results — AnnualSetting up whistle-blowing channels — As neededCollection and distribution of management information via the Group website — As neededOnline distribution of investor presentations to all officers and employees — QuarterlyINFRAFRONTIER Group's group newsletter — AnnualExpanding the lineup of benefits eligible for employees' families — As needed	<ul style="list-style-type: none">Development and utilization of human resourcesAppropriate personnel evaluations (revision of evaluation systems)Improving corporate culture (promoting teleworking, introducing free-seating office)Providing diverse workstyle options, supporting work-life balanceCreating a safe and comfortable workplace environmentHealth promotion and maintenance of employees, prevention of mental health disordersLegal compliance, respect for human rights, etc.
Earth	View the Earth as an important stakeholder and work to support people's rich and safe lifestyles through infrastructure service, aiming for sustainable development of the company and society.	<ul style="list-style-type: none">Regularly disclosing data on environmental impact (issuance of integrated report, etc.) — AnnualDevelopment of ecological technologies and products — As neededActivities and donations through “dividends for the Earth” - As neededCooperation/sponsorship for social contribution activities — As neededDialogues with NPOs and NGOs — As neededInternal eco point system “Me-pon” — As needed	<ul style="list-style-type: none">Compliance with environmental laws and regulationsResponse to climate changeBuilding a circular societyBiodiversity conservationProvision of ecological products (LEAB, bio heavy oil, etc.)

Materiality and KPIs

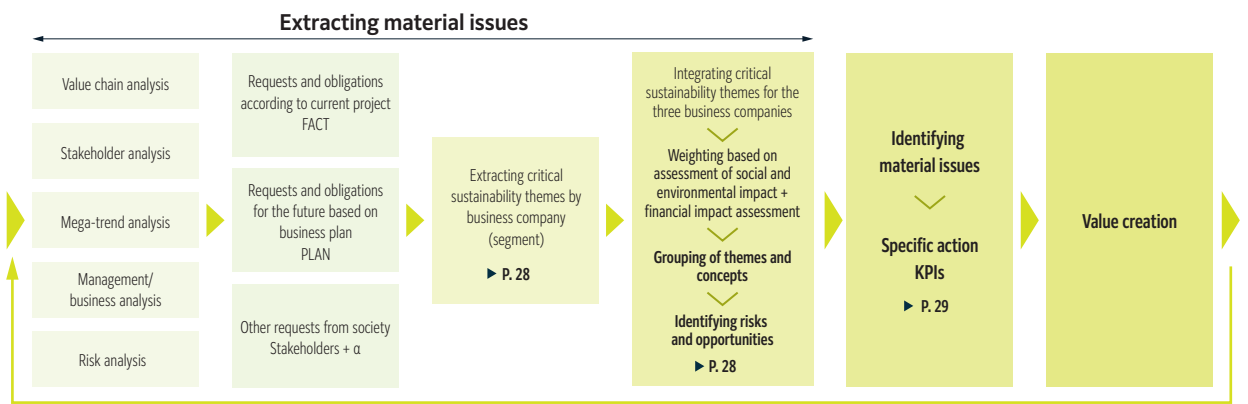
We have identified the following six materiality issues to quickly promote and implement initiatives to solve social issues as well as to improve corporate value and contribute to society as a whole permanently by pursuing and offering added value on an ongoing basis.

- Creating a safe, secure, and more comfortable society
- Building a society that is proactively conscious of the environment
- Strengthening value chain
- Building a society that is conscious of protecting our environment
- Value-creating human capital and mutual respect
- Strengthening governance

Identifying Issues for Our Materiality Assessment

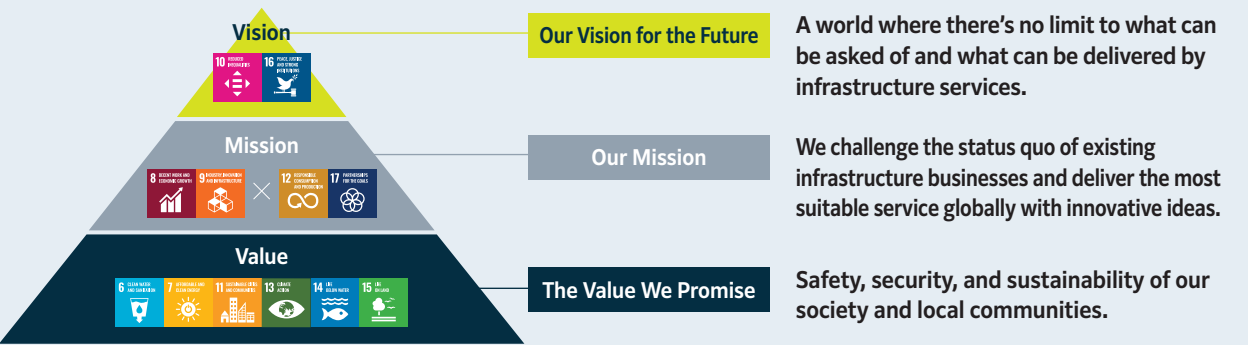
In FY2022, after transitioning to a holding company structure, INFRONEER set up a Sustainability Committee comprised of representatives of the three business companies. To add to discussions undertaken by management and by the Board of Directors, INFRONEER asked committee members, who work in a variety of fields at the three business companies, to discuss solutions to social issues and identify specific material issues that should be addressed over a period of roughly six months.

To give our stakeholders a broader understanding of the challenges surrounding infrastructure and the activities of INFRONEER, the material issues have been summarized in the form of simple and easy-to-understand expressions. We have also been careful to clarify the links between our business plan, each business segment, and the priority issues. In view of changes in the environment and the views and expectations of our stakeholders, we will continue to review and identify the issues that are material to our business through discussion.



Implementing SDGs and VMV

In addition to the relationship between individual material issues and the SDGs, INFRONEER, as a provider of infrastructure services, also links its own VMV to the SDGs. Our mission (MISSION) is to create value directly and indirectly through initiatives, business content, domains, and value chains (VALUE), as well as to identify what society as a whole can achieve through our initiatives and businesses (VISION).



Important Themes

To identify material issues, we have extracted, compiled, and evaluated important themes related to the entire Group.

Important Themes	
<input checked="" type="checkbox"/> Generation of electricity using renewable energy and construction of power generation facilities	<input checked="" type="checkbox"/> Strengthening collaboration with partner companies/strengthening of supply capacities and improving productivity
<input checked="" type="checkbox"/> Promoting design, construction, and manufacturing of (respectively) construction methods, equipment, and products with reduced environmental impact (ZEB, wooden construction, geothermal, and others)	<input checked="" type="checkbox"/> Improving public benefit for local communities/preferential in-region procurement
<input checked="" type="checkbox"/> Reducing greenhouse gas emissions across the entire value chain	<input checked="" type="checkbox"/> Improving the working environment and conditions of workers/promoting safety and health
<input checked="" type="checkbox"/> Reducing use of raw materials derived from fossil resources	<input checked="" type="checkbox"/> Promoting diversity in the workplace and expanding career opportunities
<input checked="" type="checkbox"/> Reducing the environmental impact of manufacturing plants	<input checked="" type="checkbox"/> Prevention of illegal work/forced labor (support for foreign laborers)
<input checked="" type="checkbox"/> Conserving biodiversity	<input checked="" type="checkbox"/> Improving understanding of human rights and preventing violations
<input checked="" type="checkbox"/> Improving the utilization rate of recycled materials and working to achieve zero waste	<input checked="" type="checkbox"/> Enhancement and promotion of education and training
<input checked="" type="checkbox"/> Management and proper disposal of hazardous substances	<input checked="" type="checkbox"/> Promoting disaster prevention and mitigation
<input checked="" type="checkbox"/> Appropriate management of water resources	<input checked="" type="checkbox"/> Strengthening governance
<input checked="" type="checkbox"/> Reducing emissions of harmful substances into the atmosphere	<input checked="" type="checkbox"/> Observance of compliance and prevention of unfair competition and corruption
<input checked="" type="checkbox"/> Management of specific chemicals in building materials	<input checked="" type="checkbox"/> Information security
<input checked="" type="checkbox"/> Promoting construction methods and the development, sales, and construction of products that contribute to improving functionality and comfort (buildings, bridges, tunnels, roads, dams, and others)	<input checked="" type="checkbox"/> Customer privacy
<input checked="" type="checkbox"/> Promoting design, construction/development, and manufacturing of (respectively) construction methods, technologies, and products that save labor and contribute to efficiency on the construction site	<input checked="" type="checkbox"/> Promoting support for ESG across the entire supply chain
<input checked="" type="checkbox"/> Expanding our infrastructure management business contribution to solving social issues (through the concession business)	<input checked="" type="checkbox"/> Strengthening of risk management
<input checked="" type="checkbox"/> Ensuring the safety and quality of buildings, structures, and products	

Risks and Opportunities

For the 29 important themes, we examined the risks and opportunities for the entire Group and each business company and evaluated their importance. We examined these as part of our long-term management policy and identified the corresponding management issues.

The management issues identified were studied and debated by the Group's management team and directors, including outside directors, and issues of particular importance were designated as such by the Board of Directors.

▶ For details on risk management, see page 47.
For risks and opportunities, visit our website at: https://www.infroneer.com/jp/company/integrated_report/materiality.html (in Japanese)

Materiality & KPIs

	Three Strategic Pillars	Materiality	Sub-issues	2030 Medium- to Long-term Goals (Achievement Vision)	KPIs (Targets for FY2030)	FY2022 Results
Solving social issues through our infrastructure services business	Establishing a new revenue base P. 38	Creating a safe, secure, and more comfortable society	<ul style="list-style-type: none">Expanding our infrastructure management business contributing to solving social issues (through the concession business)Ensuring the safety and quality of construction (buildings, bridges, tunnels, roads, dams, and others)Promoting construction methods and the development, sales, and construction of products that contribute to improving functionality and comfort (buildings, bridges, tunnels, roads, dams, and others)Promoting disaster prevention and mitigation	<ul style="list-style-type: none">Enhance portfolio and increase profitabilityEarn high ratings from customers (quality, safety, functionality, comfort, and value-added proposals)	Operating profit ratio between "construction" and "de-construction": 50:50	80:20
					<Building construction> Customer satisfaction survey: 80 points or higher out of 100 points	Survey started from FY2023
					<Civil engineering> Construction performance rating: 80 points or higher out of 100 points	82.4 points
					<Road civil engineering> Customer satisfaction survey: 80 points or higher out of 100 points	Construction: 88.0 Product: 85.5
					<Machinery> Customer satisfaction survey: 4 or higher on a 5-point scale	3.4
	Productivity reforms P. 37	Strengthening value chain	<ul style="list-style-type: none">Improving public benefit for local communities/preferential in-region procurementStrengthening collaboration with partner companies/strengthening of supply capacities and improving productivity (hiring and training of workers)Promoting design, construction/development and manufacturing of (respectively) construction methods, technologies, and products that save labor and contribute to efficiency on the construction site	<ul style="list-style-type: none">Expand local recruitment rate of locally based employees and intra-regional ordersImprove the supply capacity of partner companies and train workersEnhance labor productivity, efficiency, and optimization on the construction siteAppropriate allocation of management resources by maximizing operational efficiency and minimizing SG&A expenses through economies of scaleAccelerate development of certified technologies and products that save labor and contribute to an efficient construction site	Active employment of local human resources	Rate of local employment in SPC employees hired for concession projects operated by MK 56.5%
					Construction career advancement system site registration rate for FY2023: 100%	Business registration rate: 73% Registration rate of technicians: 71% Registration rate at the registration site: 100%
					Net sales of completed construction contracts per person ¥137 million/person (civil engineering) ¥153 million/person (building construction)	¥106 million/person (civil engineering) ¥105 million/person (building construction)
					ROIC is being formulated	5.3%
					Early formulation of certified technical standards In preparation * To be completed by September 2024	—

	Three Strategic Pillars	Materiality	Sub-issues	2030 Medium- to Long-term Goals (Achievement Vision)	KPIs (Targets for FY2030)	FY2022 Results
Strengthening and improving our corporate culture P. 38	Strengthening business foundation	Building a society that is conscious of protecting our environment P. 49	<ul style="list-style-type: none">Reducing greenhouse gas emissions across the entire value chainReducing use of raw materials derived from fossil resourcesImproving the utilization rate of recycled materials to achieve zero wasteConserving biodiversity	<ul style="list-style-type: none">Reduce greenhouse gas emissions across the entire value chainIntroduce non-fossil fuel certificates to the entire companyReduce greenhouse gas emissions from plantsReduce waste in new construction projectsReduce waste at plants significantlyImprove the utilization rate of recycled materials in new construction projectsEstablish a management system for biodiversity conservationDevelop preservation technology for biodiversityContinue forestry activities and development	Reduce greenhouse gases (Compared to FY2018)	
					Scopes 1 and 2 40% reduction by FY2030 Substantially zero emissions by FY2050	-15.7%
					Scope 2 Utilization rate of renewable energy (electrical power) RE60 in FY2030 RE100 in FY2050	55.4%
					Scope 3 40% reduction by FY2030	-47.6%
					Waste discharged from new construction projects Improve compared with previous fiscal year/total amount basis	▶ See page 61 for results in previous fiscal year.
					Usage rate of recycled materials in new construction projects Improve compared with previous fiscal year/total amount basis	
	Value-creating Human Capital and Mutual Respect P. 53		<ul style="list-style-type: none">Education for the Group's human resources strategy (increasing and improving training)Improving the working environment and conditions of workers/promoting safety and healthPromoting diversity in the workplace and expanding career opportunities/improving understanding of human rights and preventing violationsPrevention of illegal work/forced labor (support for foreign laborers)	<ul style="list-style-type: none">Give each employee the full training requiredImprove rate of leave utilization for family reasons and the likeEnsure appropriate working hoursMaintain physical and mental health of workersCreate an attractive workplaceImprove the employment rate of persons with disabilities, female employees, and skilled female employeesEnsure that all employees respect human rights and can make appropriate decisions and take appropriate actionsContinue to ensure legitimate working conditions for all foreign workers employed on construction sites	Improve employee engagement by building a corporate culture and system in which diverse personnel play an active role	
					Strengthen our advantages and create more room for us to grow (weaknesses) (Feedback and implementation of measures)	
					Improve the employment rate of female employees Increase from previous fiscal year	17.3%
					Zero major accidents Reduce frequency rate Keep frequency rate below 0.6 up to FY2030 (MK)	Frequency rate: 0.56 Strength rate: 0.42
					Implement human resource training to improve individual skills 100% participation in required training	97.9%
	Strengthening Governance P. 45		<ul style="list-style-type: none">Building an effective governance systemObservance of compliance and prevention of unfair competition and corruptionInformation securityCustomer privacyStrengthening of risk management	<ul style="list-style-type: none">Form a Board of Directors with a majority of outside directorsOperate the Nomination Committee, Compensation Committee, and Audit CommitteePromote ESG initiatives under the leadership of the Sustainability CommitteeBuild a governance system that can be trusted by stakeholdersReduce the number of serious legal violations to zeroEliminate serious information security breachesEliminate customer data breachesOperate an effective risk management system	Strengthen the governance function by introducing a Nomination Committee into the company system	Outside director ratio: 50%
					Appoint independent outside directors as chairpersons of the Board of Directors and of the Nomination, Compensation, and Audit Committees	Appoint independent outside directors as chairpersons of the Board of Directors and of the Nomination, Compensation, and Audit Committees
					Implement PDCA under a Sustainability Committee led by the president	Number of Sustainability Committee meetings held: 2

Six Business Foundations to Support Growth

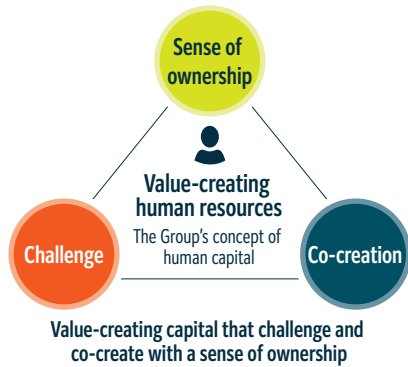
Among the various types of business foundations that constitute a source of value creation, we attach particular importance to the following six types: human capital; financial capital; business know-how; domestic and international bases; long-term partnerships; and natural capital. While enhancing each of these business foundations built up over many years, we are promoting their efficient and effective combination with the objective of facilitating sustainable development of society and the Earth as well as the Group's sustained growth.

1 Human Capital

Human resources who can create value through passion

We are working on the continuous production of value-creating human resources who can attain professional growth through autonomous learning activities and various experiences and take the initiative in co-creation with various partners in pursuit of business success. We are also striving to promote workplace diversity and engagement by improving our recruitment competitiveness, nurturing human resources through various opportunities, and fostering an employee-oriented corporate culture that pursues higher work motivation and satisfaction.

► For details of value-creating human resources, see page 55.

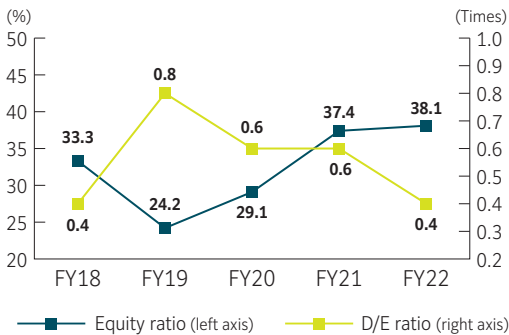


2 Financial Capital

Offensive and defensive financial management

As a challenger to the status quo for the future of our infrastructure, we will promote aggressive, occasionally even risk-taking, investment policies. For investments in new businesses, increasing financial leverage, principally through borrowings, is expected to raise a return on investment in comparison with equity. At the same time, we need to secure a sound financial base in order to ensure ongoing investment activities. For this purpose, we will manage our D/E ratio, equity ratio and other financial indicators, while conducting financing activities appropriately according to the situation based on good relationships with our financial institutions and investors.

► For specific financial data, see page 59.



3 Business Know-how (Intellectual Capital)

Consolidation and upgrading know-how accumulated by individual companies

For 100 years, the three businesses companies of the INFRONEER Group have been involved in infrastructure businesses that support the growth and development of regional communities and society. To anticipate and respond quickly to the diverse infrastructure needs that are changing with the times, each company has cultivated its engineering capabilities and expertise and acquired financial know-how through engaging in challenging new projects. Enhancing these strengths, we have pursued mutual growth with regional communities and society while improving our corporate value. Going forward, while endeavoring to further reinforce the major business domains—civil engineering, building construction, road civil engineering, infrastructure management, and machinery—we will realize synergistic effects across the Group as an integrated infrastructure service company in a bid to challenge the status quo for the infrastructure.

► For details of each business segment, see our website at: <https://www.infroneer.com/en/company/ourbusiness.html>

4 Domestic and International Bases (Manufacturing Capital)

INFRONEER bases and regional network that realize comprehensive responses

In addition to the headquarters of each business company in Japan and overseas, INFRONEER has its own base and regional network that realize comprehensive responses such as our sales offices for MAEDA ROAD and the satellites (franchise companies) of JM (a 100% subsidiary of MAEDA CORP.). We aim further to strengthen our business base and ensure our competitive advantage by utilizing and collaborating with this regional network.

MAEDA CORP.	44 domestic bases (16 head office and branches, 28 sales offices) 15 overseas bases
MAEDA ROAD	226 domestic bases (13 head office and branches, 112 sales offices, 101 plants) No overseas base
MAEDA SEISAKUSHO	28 domestic bases (1 head office, 27 branches, sales offices, and plants) 1 overseas base, 55 dealers
JM	14 domestic bases (34 satellite offices) 3 overseas bases

(As of March 2023)

5 Long-term Partnerships (Social and Relationship Capital)

Partnerships for establishing business as an integrated infrastructure service company

In the major segments of civil engineering, building construction, and road civil engineering, we form partnerships with many specialized construction companies. For this purpose, we mobilize our large network of cooperating companies, which are known for their established track record and trust and are capable of stable and high-quality performance. In the infrastructure operation segment, we expand our business areas both upstream and downstream through forming international alliances with leading players in the relevant fields. In the process, we have earned the trust of the client base, including government agencies, real estate companies, transportation infrastructure operators, and energy developers.

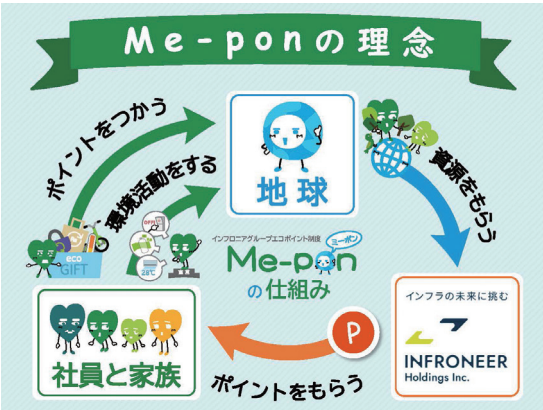
Cooperating companies (number of member companies)	Civil engineering and building construction segment: Zenyu-kai (567 companies) Road civil engineering segment: Kyoei-kai (95 companies), Rekiyu-kai (56 companies)
Alliance partners	Nippon Telegraph and Telephone Corporation, Tokyu Corporation, Accenture Japan Ltd, Fukuoka Jisho Co., Ltd., GL events, AEG, Suez, Whole Earth Foundation, Macquarie Group Limited, and others
Customers	Government agencies, real estate companies, transportation infrastructure companies, energy companies, and others

6 Natural Capital

Treating the Earth as a valuable stakeholder

Because we are conducting business activities with the benefits provided by the Earth's resources, we set aside 2% of our consolidated net income as "dividends for the Earth" in the same concept as we pay dividends to our shareholders. We do not simply contribute funds as a company but we also promote activities that actively involve our employees and their families while collaborating with local communities and NPOs. We also administer the in-house eco point system "Me-pon" to visualize individual environmental activities.

► For details on "Me-pon," see page 52 or visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)



Message from Chief Financial Officer

Meeting Capital Demand for Future Growth Investment to Establish Japan’s First Integrated Infrastructure Service Company

Ryuji Endo

Executive Officer responsible for Financial Strategy

Joined MAEDA ROAD CONSTRUCTION Co., Ltd. in 1986; served as the Manager of the Accounting Section at the Head Office and the General Manager of the Accounting Department; in April 2019, became the Executive Officer, Deputy General Manager of the Administration Division and the General Manager of the Accounting Department. In October 2021, became Executive Officer of INFRONEER Holdings.



Implementing Appropriate Fund Procurement to Respond to High Levels of Demand for Capital

The most important task I am committed to as the executive officer responsible for finance is to ensure appropriate financial management to support the achievement of the ongoing INFRONEER Medium-term Vision 2024 and thus ultimately improve corporate value. I place particular emphasis on advancing the implementation of the capital policy and return policy as planned to meet our commitment to our stakeholders.

In FY2022, our business performed well, chiefly owing to the completion of large projects, orders received for design changes, and the sale of the wind power business, resulting in increased sales and profit year on year. Full-year net income for INFRONEER and

MAEDA CORP. combined set a record high. As such, INFRONEER Holdings has seen its business perform solidly since its establishment.

In FY2023, while we are adopting IFRS reporting for year-end settlement, we are expecting to see an increase in operating profit from FY2022 under the Japanese GAAP standard.

One major financial challenge is accommodating the high levels of demand for capital for an array of investment programs planned for this fiscal year and onward. Such programs include new business creation, human resources development, and IT implementation for the digital transformation of business processes. In response, we are pursuing appropriate fund procurement to reduce capital costs. I am especially looking at reducing liability costs by making use of low-interest loans as a measure to ensure stable financing operations in the future.

In the financing sector, demand for ESG-linked corporate bonds and borrowing products has recently been increasing. The INFRONEER Group has already been engaged in ESG initiatives, having issued its first green bond in 2022. Going forward, we will positively consider the possibility of various sustainable financing options, including green bonds, with a view to slashing liability costs.

We strive to maintain an optimal portfolio and balance sheet to be able to respond to high levels of demand for funds while also working to increase asset efficiency as stated in the INFRONEER Medium-term Vision 2024. In FY2022, we worked vigorously to sell off our cross-shareholdings, completing the divestment worth more than ¥20 billion. As a result, cross-shareholdings as a proportion of net assets declined to 19.8%, achieving the target of 20% or less set in the INFRONEER Medium-term Vision 2024 two years ahead of schedule. We will continue to work on reducing cross-shareholdings while also conducting validity reviews.

We also address issues related to the efficiency of owned assets, particularly the sale of assets. In FY2022, we sold off two properties owned by MAEDA CORP. In FY2023, we will continue with relevant activities for examining the validity of our owned assets including holdings of other business companies to identify inefficient assets and take appropriate disposal steps, including sell-off.

With respect to the shareholder return policy, we acquired ¥10 billion of treasury shares in FY2022, following a ¥20 billion acquisition in FY2021. In FY2023, we are

planning an additional purchase of ¥10 billion.

As described above, results in FY2022 exceeded initial plans for each area of capital efficiency, shareholder return, and asset efficiency. Based on these strong results, we will strive to maintain the momentum for sustainable growth, promoting group-wide efforts in order to ensure an optimal portfolio and balance sheet.

Pursuing Offensive and Defensive Investment Strategies to Maximize Added Value

Recognizing the importance of financial discipline, we adopt the optimal capital structure as the key financial soundness indicator and have set our target for equity ratio at 30% or more and for the D/E ratio at 0.6 times or less, in accordance with the INFRONEER Medium-term Vision 2024. In FY2022, results for the above indicators were 38.1% and 0.4 times, respectively, achieving the target for each. Furthermore, return on equity (ROE) in FY2022 was 10.3%, which more than achieved the target of 9.5% set under the INFRONEER Medium-term Vision 2024.

INFRONEER Vision 2030 (Medium- to Long-term Business Plan) includes growth-phase targets of operating profit of ¥100 billion or more, net profit of ¥70 billion or more, and ROE of 12% or more, to be achieved by FY2030.

The Finance Strategy Department has formulated four key policies to facilitate productivity reforms by max-

Capital Strategy and Return Policy / FY2022 Results and Forecasts

INFRONEER Medium-term Vision 2024 (Medium-term business plan until fiscal year ending March 31, 2025)			FY2022 results	Notes
Capital efficiency	ROE	9.5%	10.3%	—
Optimal capital structure	Equity ratio	30% or more	38.1%	—
	D/E ratio	0.6 times or less	0.4 times	
Shareholder returns	Dividend payout ratio	30% or more	39.7%	Annual dividend per share of ¥55 for FY2022
	Purchase of treasury shares	¥40 billion or more by FY2024	¥30 billion by FY2021 and FY2022	Expected to purchase ¥10 billion in FY2023
	Total return ratio	—	69.5%	FY2022: Dividend payout ratio (39.7%) + Purchase of treasury shares (27.8%) + Dividends for the Earth (2.0%) Intend to pay interim dividends from FY2023
Asset efficiency	Cross-shareholdings / net asset ratio	20% or lower	19.8%	Approximately ¥8 billion sold in 4Q for a total of ¥21.3 billion sold for the full year in FY2022 FY2022 3Q: 22.6% → FY2022 4Q: 19.8%
	Sale of owned assets	Carefully examine the status of use of the Group's owned assets and the like, and consider selling or integrating inefficient assets		

imizing added value, optimizing administrative costs, and promoting Group financial strategies.

The first policy is to ensure financial soundness by maintaining the financial discipline to attain ROE targets, and to examine methods for increasing financial leverage by making effective use of interest-bearing debt.

The second is to compile the financial plans of individual business companies to create and manage an overall financial plan for the entire Group. As a cost-cutting measure, we will apply CMS efficiently to raise the efficiency of fund operations while reducing external borrowings to reduce add-on interest rates.

The third is to consider a number of subjects based on a summary of major accounting issues and practical operation guidelines, which were completed in FY2022 ahead of the shift to IFRS reporting. Business process reviews and system improvement for overall operations, including those of business companies, as well as preparation of financial statements and disclosure policy are the targets of such consideration.

The fourth is to dispose of surplus properties by working together with business companies to identify inefficient assets and arrange selling processes where possible. Our intention is to reduce total assets through appropriate sell-offs, with an eye to curtailing administrative costs, including general administrative expenses and fixed expenses, thus helping to improve corporate value.

Following these four policies, we will proceed with operations to contribute to achieving the goals of the INFRONEER Vision 2030.

For the purpose of achieving the goals for FY2030, we are promoting the dual-approach investment strategy—"proactive" growth investment and "reactive" permanent investment—to maximize added value, with a view to additional enhancement. Specific plans have been laid out to invest in a broad range of areas such as the creation of new revenue bases, aggressive M&A, IT and DX strategies, production facilities, and R&D. In the INFRONEER Medium-term Vision 2024, concrete plans were presented for two areas defined as the source of our competitiveness, with the schedule and scale specified: spending of ¥36 billion in the infrastructure management business and ¥50 billion in M&A projects, over the course of three years for each.

Our basic strategy for business portfolio development is to expand the infrastructure business. We will help enhance the portfolio by ensuring effective capital allocation to facilitate personnel transfer to the infrastructure management segment and promote M&A and alliance projects. One key approach is to use profits from existing segments to invest in expanding businesses in the infrastructure field, aiming to become an integrated infrastructure service company.

Commitment to Sustainable Finance

Calls for business enterprises to address ESG issues are growing more insistent. In line with this trend, business-

es are expected to place more emphasis on improving ESG and other non-financial performance in addition to their pursuit of economic growth such as net sales and profit—to rethink, in other words, their attitude toward corporate value enhancement. Recognizing this situation, our Group has already been engaged in addressing environmental and social issues through business activities, as exemplified by efforts to develop the renewable energy business.

We will continue with these efforts and seek to improve our corporate value by promoting and expanding businesses conducive to creating a decarbonized society and building sustainable and autonomous local communities. This is our way of achieving the sustainable development of business and society, and we will pursue sustainable finance in earnest to this end.

Sustainable finance represents the set of financial mechanisms and initiatives set up to encourage efforts to solve environmental and social challenges. In 2022, INFRONEER Holdings issued its first green bond, which received a "Green 1(F)," the highest grade under the JCR Green Finance Framework Evaluation, conducted by Japan Credit Rating Agency, Ltd. (JCR).

The purpose of issuing the green bond was bigger than simply lowering the cost of financing. Rather, we are also pursuing sustainable finance as an essential financial strategy, based on the Group's policy on promoting ESG activities.

Introducing ROIC as a Value Creation Indicator

While adopting various financing methods, we are considering the introduction of ROIC as a measure of our profitability relative to the amount of capital invested by shareholders as well as the amount of value created in addition to the possible effective use of the indicator.

One major challenge with using ROIC is that certain areas of the Group's business, such as construction and civil engineering, have a funding structure that makes them unsuitable for segment-based analysis, making it difficult to apply unified rules conducive to using the indicator for the overall business. We are therefore considering the need to invent what would be called the INFRONEER ROIC, a scheme specific to our company, which takes into account added value. For this purpose, we are studying calculation standards and methods to determine those best suited to the Group and analyzing study results to adopt an efficient mathematical formulation model.

To implement the INFRONEER ROIC, the Finance Strategy Department needs to work with other related departments to create opportunities to explain the reasons and purposes for introducing the new indicator to the business companies as well as all officers and employees to ensure a full understanding of all those concerned. The first and foremost objective is to raise ROE, one of the major goals stated in the INFRONEER Medium-term Vision 2024. I believe that the INFRONEER

ROIC would be a useful indicator that could help business companies carry out management strategies to achieve the ROE goal. I would also suggest that ROIC be used as a key indicator for achieving INFRONEER Holdings' goal of improved capital, and that it be taken into account when considering plans for new M&A projects and entry into new fields.

Contributing to Improving Corporate Value through Implementing Financial Strategies

By carrying out plans and strategies as described above, I believe INFRONEER Holdings will be able to receive a higher evaluation from shareholders and investors. The Tokyo Stock Exchange recently issued a request for its listed companies with a below-par PBR to disclose and implement improvement measures. In response, we are striving to address the immediate issue of attaining targets for financial indicators while also adhering to the policies on capital efficiency and shareholder returns. The Group has raised its PBR to above one*. We will continue working to achieve targets for key performance indicators, including ROE, with a view to improving the equity spread.

* As of August 31, 2023

As one of the return policy measures, we have set the goal of acquiring at least ¥40 billion of treasury shares by FY2024. At present, an acquisition worth ¥30 billion has been completed and we have announced the plan to complete an additional purchase of ¥10 billion within FY2023, one year ahead of schedule. As in the past, we will continue to carry out the shareholder return policy of proactively offering payouts to the extent possible according to the situation. I believe this will allow us to obtain greater investor support and approval.

The dividend payout ratio target has been set at 30% or more. Recent past ratios have been remarkably high at 42.2% in FY2021 and 39.7% in FY2022. The ratio for FY2023 is planned to surpass the past figures at around 45.8%.

In October 2021, when INFRONEER Holdings was established, the company announced to stakeholders its plan to start the voluntary application of IFRS from the FY2023 year-end reporting. The primary objective of adopting IFRS is to boost the structural efficiency and maintain the quality of financial reporting related to the Group's business management as well as to increase suitability for comparative analysis of financial information in international capital markets.

One major advantage of adopting the IFRS is, in general terms, that it will make it easier for businesses to procure funds from overseas and establish cross-border corporate partnerships. In addition, the shift away from the Japanese GAAP will likely be accompanied by an expansion in the scope of the balance sheet due to an increase in the number of consolidated subsidiaries and the application of new lease accounting standards, which will cause a substantial impact on ROE and other

financial indicator figures. Currently, we are engaged in transition work to prepare the IFRS balance sheet format, and are moving forward with the required tasks while considering the relevant impacts on financial indicators and steps to take to address the issues.

Financial statements based on the IFRS framework will make it easier to conduct a comparative analysis of the global competitive situation, attract buy-and-hold investors from overseas, gain higher market confidence, and reduce liability costs as a result.

I believe the transition to IFRS reporting will also have a notably beneficial role in promoting a global mindset to underpin our corporate vision—"A world where there's no limit to what can be asked from and what can be delivered by infrastructure services"—and raising the consciousness of all officers and employees. On the financial front, IFRS rules require that a goodwill impairment test be performed annually without necessarily implying that amortization be conducted on a regular basis. This, I think, may have a favorable effect on our business results.

I am firmly committed to carrying out financial strategies to achieve the INFRONEER Medium-term Vision 2024 and INFRONEER Vision 2030, our promise to all our stakeholders. I will thus endeavor to wisely and proactively accommodate high levels of demand for capital for various programs, such as enforcing the capital policy and return policy, creating new businesses, developing human resources, promoting M&A projects, and implementing IT and DX initiatives.

To support the INFRONEER Group in accomplishing the aim of becoming Japan's first integrated infrastructure service company, I will make all-out efforts in my capacity as chief financial officer while engaging in solving social and environmental challenges through business activities.



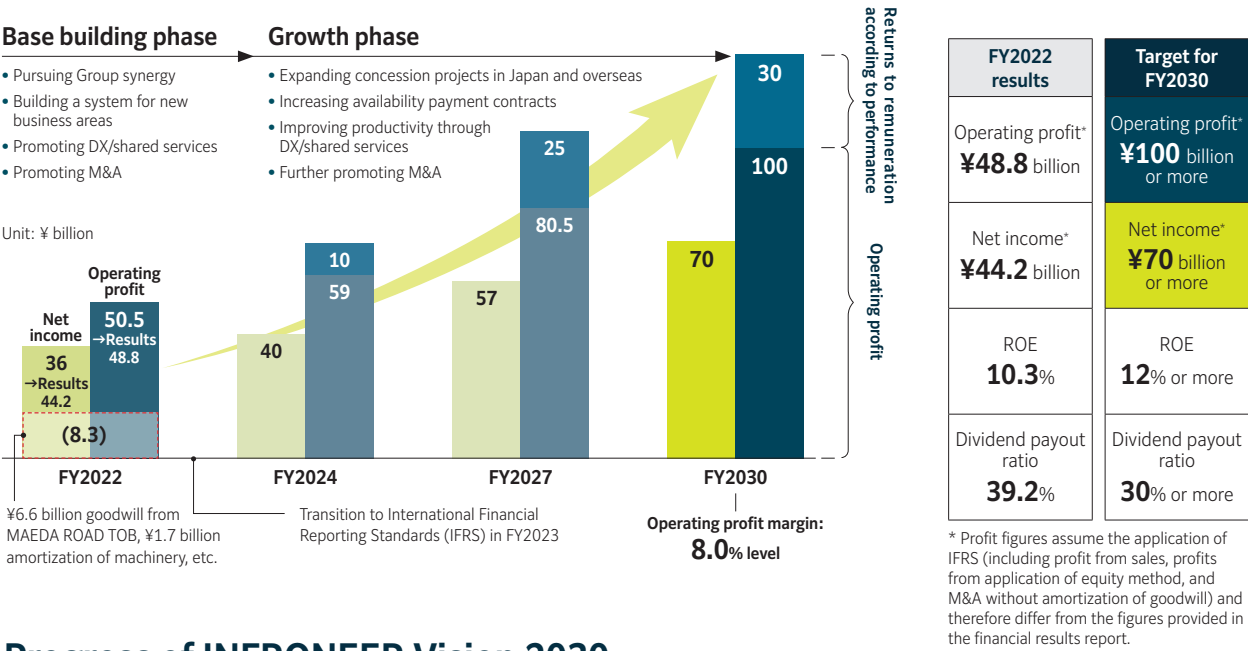
Together with members of the Finance Strategy Department

Overview and Progress of INFRONEER Vision 2030

(Medium- to Long-term Business Plan)

Overview of INFRONEER Vision 2030

INFRONEER aims to become an integrated infrastructure service company that provides one-stop infrastructure management services covering the entire process from upstream to downstream. To this end, we are promoting group-wide strategies, centering on the three strategic pillars to address “productivity reform,” “establishing a new revenue base,” and “strengthening and improvement of corporate culture.” The vision contains the phase for building bases for growth from FY2025 onward, setting out a range of targeted and specific initiatives for pursuing Group synergy, building a system for entering new business domains, promoting DX and shared services, and promoting M&A. According to this vision, we have set financial targets for FY2030 as follows: net sales of ¥1.2 trillion or more; operating profit of ¥100 billion or more (operating profit margin of 8.0% level); net income of ¥70 billion or more; and ROE of 12% or more.



Progress of INFRONEER Vision 2030

Productivity Reforms

Maximizing added value

Since INFRONEER Holdings was launched, we have won a growing number of contracts through concerted sales efforts of the three business companies. One such contract was undertaken jointly by MAEDA CORP. and MAEDA ROAD for the relocation of Asahi Breweries' plant in Fukuoka (scheduled to reopen in Tosu City, Saga Prefecture, in 2026). This project constitutes a part of the new industrial area development project led by Tosu City aiming for employment creation and economic promotion in the region. We will encourage the three companies to share their knowledge with each other and ramp up concerted sales efforts to maximize added value.

At the same time, we will consider the possibility of global expansion, targeting regions where INFRONEER is likely to have the opportunity to make effective use of its strengths to suitably respond to local needs.

Optimizing fixed expenses and administrative costs

In pursuit of promoting shared services, we have established INFRONEER Digital Solutions Inc. (IDS) to improve business process efficiency and outsource accounting and personnel affairs. While optimizing fixed costs and administrative expenses, we aim to create an environment where employees previously engaged in these operations can be shifted to undertake more productive tasks.

Promoting Group financial strategy

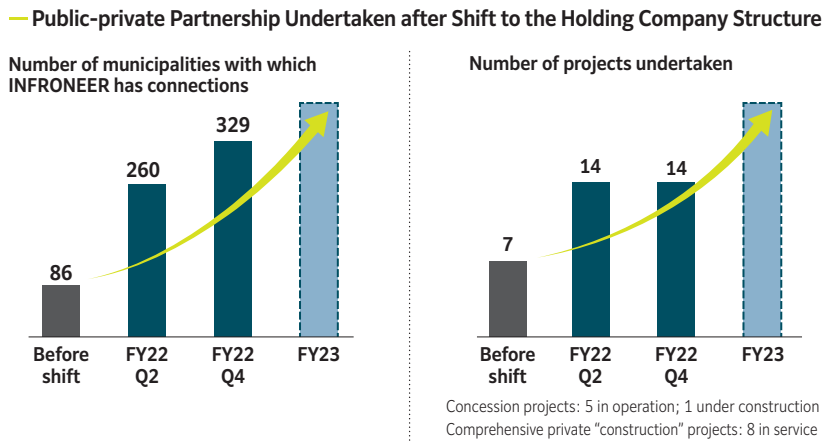
We have introduced a group-wide cash management system (CMS), which has enabled us to improve efficiency in working capital management within the Group, bringing about a year-on-year reduction of ¥48 billion in short-term borrowings. Also, taking advantage of possessing the highest financial rating in the Group, INFRONEER undertakes the Group's overall operations for raising external funds to reduce financing costs. We will continue striving for efficient fund management within the Group.

Establishing a New Revenue Base

Establishing a position at home and abroad in infrastructure services

Since the establishment of INFRONEER Holdings, we have begun to win a growing number of contracts for public-private partnership projects. As opposed to the past practice of MAEDA CORP., MAEDA ROAD, MAEDA SEISAKUSHO, and other Group companies conducting sales activities separately, the new group-wide sales operation system organized under the holding company structure has led to an increased number of municipalities with which the whole Group has business connections, resulting in a growing number of public-private partnership projects being undertaken by the Group.

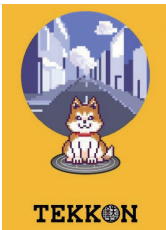
Meanwhile, the Japanese government defines public-private partnership (PPP/PFI) as a key element of its “new capitalism” economic policy and has announced its plan to expand the related framework significantly in the coming 10 years, increasing the budget from ¥20 trillion to ¥30 trillion and the target number of projects from 70 to 575. We will take advantage of this favorable opportunity to accelerate our efforts to achieve further growth and solidify our market position.



Further expanding business areas

We have launched a new data-driven infrastructure management business by investing a total of ¥2.0 billion in Whole Earth Foundation, which has developed the user-based data collection app TEKKON. Our aim is to utilize infrastructure-related data collected by the tool and build a new ecosystem connecting general citizens, infrastructure companies, and local governments through the app and cryptocurrency.

User-based data collection app TEKKON is available for download from the following site at:



Strengthening and Improvement of Corporate Culture

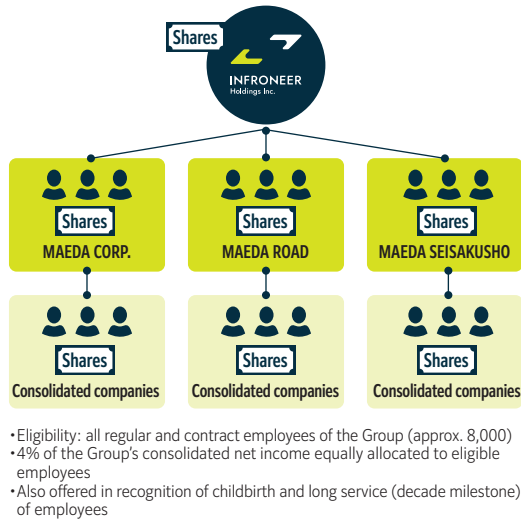
Promoting a Group human resources strategy—introduction of trust-type stock compensation to foster Group engagement

We have decided to introduce a new stock benefit trust (J-ESOP) to grant our entire workforce of around 8,000—all regular and contract employees of INFRONEER Holdings and Group companies—the right to acquire shares of the company. This compensation will be offered in addition to current salary, starting from FY2024. The new plan represents one of the many incentive plans being considered to encourage employees to undertake highly challenging tasks aiming to achieve lofty visions and goals as well as reward their performance. Our rationale behind this is as follows: shares of INFRONEER Holdings are an embodiment of the shared entity of the Group and its corporate value, and by being offered to employees, they will play a catalyst role in increasing the centripetal force of the organization and fostering a sense of belonging to the same organization or a sense of unity. To be more specific, we are looking to nurture employees' mindset in the following areas: “a sense of emotional attachment and closeness to the Group,” “interest in business management,” “interest in the stock market,” and “consciousness of the Group's profit.”

► For more details, visit our website at:
<https://www.infroneer.com/jp/news-article/2023/05/11/662.html> (in Japanese)

Strengthening governance

► For details of enhancing governance, see page 45.



Management Roundtable among Three Business Companies

Maximizing Group Synergies through Three-way Collaboration and Making Strides as an Integrated Infrastructure Service Company

It has been roughly 18 months since INFRONEER Holdings was founded. In Japan, the environment surrounding the infrastructure industry is becoming increasingly challenging due to a shortage of engineers, weakening of local government revenues, and aging infrastructure. Meanwhile, it is giving rise to a number of social issues, including the need for how infrastructure should be managed, maintained, and operated. Against this background, the company is being put to the test in its efforts to establish business as an integrated infrastructure service company that engages in the entire range of infrastructure development processes from upstream to downstream. To respond effectively to social needs while achieving the Group's continued growth, it is imperative that all Group companies work closely together to increase its comprehensive capabilities. This section presents a report on a talk session held by the presidents of the INFRONEER Group's three business companies. They share their views on the future direction their organizations will take as members of the Group and the effect and synergies of the management integration.



Yasuhiko Imaizumi

President and CEO
MAEDA ROAD CONSTRUCTION Co., Ltd.

Joined MAEDA CORPORATION in 1981; served as an Executive Officer and General Manager of the Planning Promotion Department of the Building Division from 2010; became Director and Senior Managing Officer and General Manager of the Building Division of the company in 2017; became President and CEO of MAEDA ROAD CONSTRUCTION Co., Ltd. in June 2020; became Director of INFRONEER Holdings Inc. in June 2023.

Soji Maeda

President and Representative Director
MAEDA CORPORATION

Joined MAEDA CORPORATION in 1997; served as a Director and Managing Officer from 2002; served as a General Manager of the Building Division and was in charge of Sales Promotion; served as President and Representative Director of the company in 2016; in October 2021, became the Director and Chairman of INFRONEER Holdings.

Masaaki Shioiri

President and Representative Director
MAEDA SEISAKUSHO CO., LTD.

Joined MAEDA SEISAKUSHO CO., LTD. in 1981; served as an Executive Officer and General Manager of Machinery Sales Department, Industrial Machinery Division in the company from 2008; served as President and Representative Director of the company from 2013; became the Director and Executive Officer responsible for Capital Investment Strategy of INFRONEER Holding in October 2021.

Synergistic Effect from Transition to the Holding Company System

Maeda: MAEDA CORPORATION ("MAEDA CORP.") has been aiming to establish its business as an integrated infrastructure services provider since even before the founding of INFRONEER Holdings ("Holdings").

Specifically, we have been pursuing "de-construction" businesses such as concession projects and renewable energy development, while at the same continuing to engage in "construction" business. It is my view that MAEDA CORP. should assume significant roles and responsibilities in promoting cooperation among the three companies for the provision of integrated infrastructure services.

The "construction" business, a major segment of the building construction business, is susceptible to economic fluctuations and external factors. Establishing a business model that ensures stable profitability has been our long-term issue. For this reason, we have expanded into other areas related to renewable energy development, infrastructure operation, PPP^{*1}/concession^{*2}, and comprehensive management services.

One major benefit of integrating the management under Holdings is related to finance. The overall corporate size has become sufficiently large to achieve economies of scale so that we can delegate our entire financing operations to Holdings.

Imaizumi: The concept of an integrated infrastructure



service company as envisioned by Holdings represents an ambitious undertaking. I anticipate that the Group will be expanding in the future from the current structure composed largely of the three business companies. Each business company must work to fulfill our commitment to performance goals and achieve growth.

Among the three companies, MAEDA ROAD CONSTRUCTION ("MAEDA ROAD") has benefited most from the synergies generated. We receive support from MAEDA CORP. for securing human resources and IT system implementation. We also receive assistance with sales operations, such as referral of customers and information sharing, which has led to a significant increase in orders received.

MAEDA ROAD will be able to make substantial contributions to the Group by utilizing our well-established regional offices in more than 200 locations around Japan. In particular, we can provide a strong advantage to Holdings for undertaking PPP/PFI^{*3} projects by drawing on our strengths in promoting locally based development strategies. Sharing our strengths among the four companies, including Holdings, should increase the possibilities for creating new value and new businesses.

Shioiri: MAEDA SEISAKUSHO, a machine manufacturer, boasts strong technical capabilities to deliver novel and specialty machines, as opposed to ready-made machinery, by offering customized proposals from product planning to design. We are leveraging this strength to respond to orders from MAEDA CORP. and MAEDA ROAD for high-mix low-volume production of specialty machines to be used on construction sites. We are ramping up proposal-based sales activities to increase orders received while considering the future possibility of manufacturing machines related to infrastructure management services.

In my view, the starting point for generating synergies will be personnel exchanges. This involves not only cooperation with Holdings through personnel transfer but also cooperation and information sharing between the business companies. As a result, we have already received new project orders.

For *1, *2, and *3, refer to the glossary on page 64.

INFRONEER Group's Unique Strength Derived from Networks and Comprehensive Capabilities

Maeda: MAEDA CORP. is receiving increasing orders

for large-scale concession and PPP projects as well as comprehensive management services for buildings and facilities under the control of municipalities. As a comprehensive management services provider, we send representatives of the Local Business Promotion Department to municipalities to learn about their infrastructure-related problems and propose solutions. In this area, demand is rising due to the rapidly worsening engineer shortage and facility aging, giving us a larger number of orders for projects across Japan than before Holdings was established. The number of municipalities we serve has also increased. For such projects, we can leverage the strengths of MAEDA ROAD and MAEDA SEISAKUSHO based on the individual and organizational networks they have built with local governments and enterprises through regional-oriented business development.

► For "Establishing a position at home and abroad in infrastructure services," see page 38.

Imaizumi: In future phases, it is vitally important that MAEDA ROAD strive to expand its business areas, utilizing information to be shared under the integrated structure. As part of such efforts, we are currently engaged in a project to provide services for the comprehensive management of roads and other facilities in Fuchu City (East District), which was launched in April 2021 by the consortium formed by MAEDA ROAD, MAEDA CORP., and six other companies. Going forward, we will put more focus on this business area, seeking to develop it into the third pillar of our business along with construction and manufacturing. We are also looking to increase our chances of winning a contract by cooperating with MAEDA CORP. to offer joint proposals.

Shioiri: MAEDA SEISAKUSHO is also promoting technical capabilities development in cooperation with MAEDA CORP.'s ICI Center. We are strongly aware of the need to proactively adopt new technologies to be able to provide the machinery and equipment required for comprehensive management and other forms of infrastructure services.

Maeda: As a successful demonstration of comprehensive capabilities by the three companies, we jointly undertook a project to build a private driving course in Minamiboso City in 2022. While the project could not have been undertaken by a single company, we provided deliverables with superior work quality and a shortened delivery time, which was only possible by taking full advantage of the three companies' engineering capabilities. Going forward, we will endeavor to build a substantial track record in collaborative undertakings by enhancing our comprehensive capabilities, thus moving closer to becoming an integrated infrastructure service company.

Group's Common Cultural Principle INFRONEER[^] Provides a Guidepost for Post-integration Development

Maeda: The Group's common philosophy INFRONEER[^] ("INFRONEER Caret") plays an important role in enabling the three companies to work together to promote business.

Shioiri: Contained in INFRONEER Caret is the phrase “Respect: Building trust through acknowledging each other.” I am glad this idea is permeating throughout the entire Group and serving to “power” the diverse strengths of employees to generate new value. I truly hope that every one of us has built a mindset based on this idea.

Maeda: MAEDA CORP. is committed to the philosophy represented by RESPECT, an element of INFRONEER Caret, which is to be applied not only to its employees but also to society, customers, and partner companies. The entire statement will serve an important function by acting as a common language that connects the business companies.

One notable benefit from the establishment of Holdings is that it has caused a valuable change in the mindset of individual employees at Group companies, who are now more aware of the importance of cooperation. We have also increased synergistic effects by sharing information. Specifically, sales and customer information owned by individual business companies is shared at regular Marketing Strategy Meetings held by executive officers at Holdings.

MAEDA CORP. has begun to refer its customers to MAEDA ROAD for a road-related civil engineering project, and MAEDA CORP. receives an order for land development from a customer of MAEDA ROAD. These are actual examples indicating the significant effect of the establishment of Holdings.

Imaizumi: I have noticed a remarkable effect in terms of personnel exchange. Previously, although they were members of the same corporate group and shared the name MAEDA, there was not enough cooperation between the companies. We should have been more active in promoting inter-company sharing of our strong technical and business resources to put them to more effective use. Although MAEDA ROAD’s understanding this situation at the time was not the best, there was also the fact that there was a sense of rivalry, in a good way, as they did not want to lose to MAEDA CORP. as a group company. Therefore they missed some opportunity to collaborate with MAEDA CORP.

Through such history, the three companies are now positioned on an equal footing under Holdings. This structure has encouraged each company to pursue personnel exchange while maintaining its own corporate culture, which exposes employees to different ways of thinking and viewing things and fosters mutual respect for the culture of the other companies, thus achieving inclusion. This is very significant. In these rapidly changing times, if the Group is reduced to a homogenized organization with minimal diversity, it may undermine our organizational strength.

Maeda: As personnel transfer to Holdings is increasing, I hope to see a growing number of employees broaden their perspective to take on a viewpoint that includes the entire Group.

Shioiri: I am sure that the structural shift to the holding company system will produce desirable effects slowly but steadily. I noticed a related sign the other day when the three companies set up a joint exhibition booth

for the Highway Techno Fair, a trade show for highway construction and maintenance technologies. I observed employees from each company start to interact with one another, which, along with the expanded scale of the booth, gave me a solid sense of team unity. I hope the Group’s corporate culture and employee mindset will continue to advance according to the guideposts provided by INFRONEER Caret.

Group-wide Sustainability Initiatives

Maeda: Climate change is posing a major challenge to the construction industry.

Imaizumi: Within the INFRONEER Group, MAEDA ROAD is the largest CO₂ emitter, principally due to its asphalt mix materials manufacturing business. We are committed to carbon neutrality as an urgent issue to be tackled to achieve sustained growth. As part of related efforts, we have set up Japan Biofuel Co., Ltd., a subsidiary that will use animal and plant fat and oil waste to manufacture a fuel alternative to heavy oil. We are scheduled to start producing biofuel in September 2023. The product will be supplied not only for use within MAEDA ROAD but also by other Group companies and later offered for sale in the external marketplace. Our plan is to grow the biofuel project into a mainstay business as well as make it a driving force for the Group’s CO₂ emissions reduction initiatives.

Maeda: MAEDA CORP. entered the renewable energy business early on. While undertaking solar and wind power development projects, we also take on challenges to adapt to advanced energy-saving technologies, such as for meeting ZEB/ZEH-M* standards, and develop wood building techniques. We are also discussing the possibility of applying these technical capabilities to support the biofuel business of MAEDA ROAD. In a similar fashion, we adopt environmentally friendly products made by MAEDA ROAD, including LEAB. It’s an asphalt mixture that has a lower mixing temperature and therefore generates less CO₂ emissions and also produces a more durable pavement, for improved quality. At MAEDA CORP., LEAB is on the list of items for standard use in pavement construction work. In addition to internal use, we are also proposing to environmentally conscious customers at the design planning stage that they



* ZEB/ZEH-M: stands for “Net Zero Energy Building & Net Zero Energy House Mansion,” which refers to buildings and housing with a net zero or negative level of primary energy consumption.

Demonstration of synergy created by the three companies

Asia’s first members-only driving course (Minamiboso City, Chiba Prefecture)

This project was implemented within a 400,000 m² development area located in a mountainous district of Minamiboso. The project involved the construction of the full-scale driving course and six different facilities for delivery to the client, Japan’s first private driving club. The project was the manifestation of INFRONEER’s comprehensive capabilities, with MAEDA CORP. responsible for building and civil engineering construction, MAEDA ROAD for construction of the course, and MAEDA SEISAKUSHO for offering working prototypes of purpose-built machinery.

► For a report of the discussion held by project members, visit our website at: <https://www.infroneer.com/jp/sustainability/topics/minamiboso.html> (in Japanese)



adopt the product for standard use.

Shioiri: To reduce CO₂ emissions, MAEDA SEISAKUSHO is developing battery-powered machines and broadening the product lineup. In Europe, the world leader in promoting environmental initiatives, demand for electrically operated construction machinery is rising, and I anticipate that this trend will arrive in Japan before very long. MAEDA SEISAKUSHO will work to contribute to reducing CO₂ emissions from the Group as a whole.

Imaizumi: I take note of the benefit of the formation of Holdings for the purpose of recruiting employees for the business companies. At MAEDA ROAD, I tell new hires about the future possibility of working with employees from MAEDA CORP. and MAEDA SEISAKUSHO to launch a new business project and the chance to engage in various businesses as they choose.

Maeda: Some people may feel anxious about the fact that MAEDA CORP. was delisted as a result of the integration. The delisting may affect recruitment results. However, I believe such anxiety will be diminished by effective communication of the fact that INFRONEER Holdings is newly listed and of the Group’s holistic status. Appropriate communication to the public to communicate the growth of the INFRONEER Group will improve public expectations for MAEDA CORP.

Shioiri: MAEDA SEISAKUSHO, based in Nagano Prefecture, is having difficulties recruiting employees in other prefectures, where the company has a lower profile. A particularly challenging issue is hiring mechanics for service engineering. We visit vocational schools for mechanics to hold recruiting sessions, but many students prefer to be employed by automakers. As members of the INFRONEER Group, we will now utilize nationwide networks, in addition to regional networks in Nagano, to promote recruiting activities with an emphasis on MAEDA SEISAKUSHO’s appeal as an employer. We hope we will have better results.

Taking on Future Challenges as an Integrated Infrastructure Service Company

Shioiri: MAEDA SEISAKUSHO has been committed to



developing a strong reputation for technical prowess. Maintaining this commitment, we will aim to play a role in building public infrastructure by providing MAEDA CORP. and MAEDA ROAD with machines to increase their productivity and worksite safety. At the same time, we will endeavor to enhance employee engagement and motivation.

Imaizumi: My long-held aspiration is to make MAEDA ROAD a leading road construction firm, which is now within reach. We will strive to enhance our technological capabilities and workplace environment as well as our business performance and to offer appropriate returns to employees and shareholders, which in turn will create a virtuous cycle that will take us to where we aim to be.

Maeda: Since the launch of Holdings, a synergistic effect has begun to take place in a favorable way. MAEDA CORP. is bracing itself to play a leading role in promoting efforts toward the provision of integrated infrastructure services, primarily by building a robust track record as a business company.

The whole world has begun adapting to the new “living with COVID” environment. And labor shortages are threatening various industries. On the other hand, the market is expanding rapidly and generating many more business opportunities, which is likely to provide a favorable environment for us to meet the needs of society and grow our business. To develop the INFRONEER Group as an integrated infrastructure services provider, and contribute to society, the three business companies will work together more closely.

INFRONEER's Growth Driver

Two Strategies for Accelerating Advancement toward Integrated Infrastructure Service Company

Culture and people are the key to the growth of INFRONEER, and we are therefore committed to strong human resources and DX strategies. To realize our vision of becoming an integrated infrastructure service company, we need to challenge the conventional infrastructure business model. To this end, it is essential to promote transformation at the organizational and individual levels, and to expedite this process, we pursue digital transformation (DX), a form of "rule change" driven by digital technology. By implementing DX strategies, INFRONEER seeks to effect business process innovation as well as organizational and individual innovation, which is more than simply digitizing work processes. Based on this thinking, we are promoting culture- and people-driven growth while building a unique sense of teamwork to challenge the status quo.

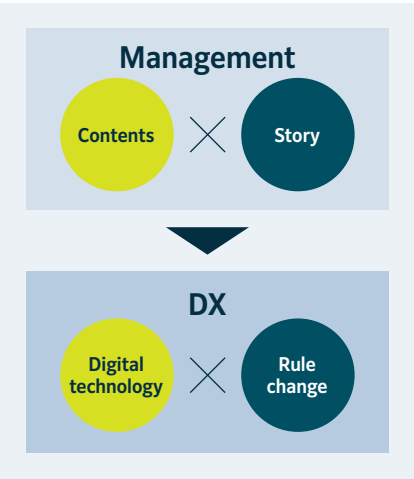
► For details on human resources strategies, see page 55.

INFRONEER's Approach to DX

As part of its management strategies, INFRONEER defines DX as a digital technology-enabled function for transforming itself into an integrated infrastructure service company. If rule changes in all infrastructure areas are described as the "story" of the management, then digital technology corresponds to the "content" of the management.

As an integrated infrastructure service company, INFRONEER holds huge datasets relating to various types of infrastructure facilities that cover every phase of the life cycle. INFRONEER aims to maximize the utilization of these datasets to offer effective solutions to many social issues associated with infrastructure, and DX will play a crucial role for this purpose.

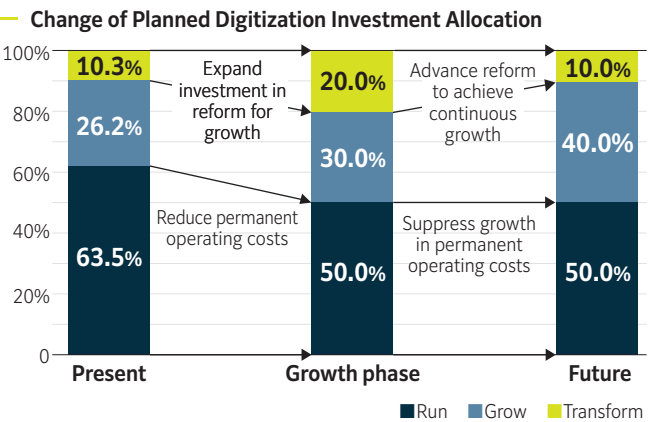
Take an example from construction production. Production processes and procurement prices vary according to the environment around the construction site, weather conditions, and many other factors. On-site operations develop knowledge for assessing the impact of such factors on production and taking appropriate responses, and previously, such knowledge was usually retained only in an implicit form and within individual projects. Seeking to turn such implicit knowledge into explicit knowledge, we are presently collecting and analyzing data on production processes and procurement prices. Then, we plan to use the explicit knowledge to achieve data-driven, precise cost simulation processing to create a function for optimizing construction costs in a true sense, thereby offering appropriate stakeholder returns.



INFRONEER Group's Medium-term IT/DX Strategies

In the past, DX strategies were developed for each business segment according to the specific situation, and digitization investments were discussed by each business company independently. However, to utilize datasets on infrastructure collected from every phase of the life cycle to facilitate business growth, standardized IT and data utilization platforms must be prepared.

Therefore, we have decided to create the Group's comprehensive digitization strategy by adopting the enterprise architecture^{*1} framework and setting up the basic policy by layer to achieve the Group's total optimization. In this process, we are planning to create a platform that contains the Group's overall directions, IT/DX strategies pursued by each business, and each individual initiative in complete alignment. We also recognize the importance of defining the Group's overall enterprise architecture and achieving total optimization when promoting M&A, one of the Group's key growth strategies and facilitating post-merger integration processes.



In the growth phase we will enter before long, we will run the Group's common IT platform to drive transformation toward the establishment of the integrated infrastructure service business. At the same time, we will engage in governance reform initiatives to support the defined enterprise architecture. To ensure the Group's ongoing growth, we will reform digitization investment structures, suppress growth in permanent operating costs, and expand investment allocation to priority areas to advance reform for growth. (See the chart for Change of Planned Digitization Investment Allocation on page 43.)

We will endeavor to enhance information security, primarily by providing information security education to the management team as well as officers and employees to improve their awareness while implementing measures to prevent information leakage and fend off cyberattacks throughout the Group. As one of such countermeasures, the Group's CSIRT^{*2} will be set up to promptly detect a case and take appropriate action in the event of a cyberattack.

^{*1} Enterprise architecture refers to a business tool concerned with a corporation's organizational structures and roles as well as information systems supporting its operations, which provides a framework for working out an overall optimal system design for all the above functions, considering the two different timeframes of the present and future.
^{*2} CSIRT stands for "computer security incident response team" and refers to a dedicated function for responding to information system security incidents.

Building Structures and Developing Human Resources for Implementing IT/DX Strategies

At INFRONEER, the IT/DX Strategy Office is tasked with formulating and managing the Group's overall policies under the leadership of the responsible executive officer, while at each business company, the respective Business Reform Department and Information System Department work together to promote each company's IT/DX strategies. Especially, MAEDA CORP. takes the lead in implementing various initiatives by mobilizing its abundant information system professionals and a dedicated DX team.

Specifically, MAEDA CORP. performs DX skills assessments for all employees and management team members to develop DX professionals across the organization. The assessments were made based on the two criteria of digital skills and work process reform capabilities to be acquired by March 2024, and MAEDA CORP. provided support to all employees for achieving target scores for each of the two criteria and improving skills individually according to their levels. As a result, the target achievement rate rose from 38% in the first evaluation (July 2022) to 78.5% in the third evaluation (August 2023), indicating an obvious improvement across the organization. Additionally, the in-house Data Science & AI Center has been established under the leadership of technical and information professionals, which engages in planning for data analysis and utilization aligned with business needs as well as internal implementation of generative AI and other cutting-edge technologies.

Going forward, we will ramp up structure building efforts for the entire INFRONEER Group.

DX Initiatives Promoted by Each Company

MAEDA CORP. Data-driven evolution of "construction" and "de-construction" businesses

In the "construction" business, MAEDA CORP. is making company-wide efforts to collect and analyze data related to construction production, principally construction costs. The purpose of these efforts is to systematize construction processes and know-how, which have been developed on an individual worker and on-site operation basis, into codified knowledge through data analysis. In the infrastructure management ("de-construction") business, the company develops optimal repair plans by utilizing inspection and repair data, in addition to prediction programs for road pavement aging. In this way, MAEDA CORP. plans to combine data on construction production and facility management to precisely simulate the lifecycle of infrastructure.

MAEDA ROAD Combining road civil engineering service know-how with big data technology to contribute to better public services

MAEDA ROAD boasts a wealth of experience as a long-time contractor of comprehensive private contracting road construction projects, including one launched by Tokyo's Fuchu City in 2014, which became Japan's first to introduce the relevant contract scheme and where the company served as a lead manager. In an effort to continuously contribute to municipal road management, the company is developing and offering database systems that take advantage of its strengths: its extensive experience in the area of comprehensive private contracting road construction; expertise it has built up as a road civil engineering contractor; and big data such as for daily road maintenance and vehicle traffic.



MAEDA SEISAKUSHO Launching the internal program "Full-power DX 100" to produce new activities

MAEDA SEISAKUSHO has formed the DX Promotion Team, comprising members selected from each business division and the Information System Department. The team aims to accomplish the target of creating and implementing 100 plans for DX promotion in five years under the slogan "Full-power DX 100." The team is working on four DX-themed activities: data-driven marketing; manufacturing (smart factory); development of digital technology professionals; and improvement of organizational culture. Among them, data-driven marketing DX is a priority subject of discussions for exploring approaches to achieving rule changes to enable the use of data to generate added value.

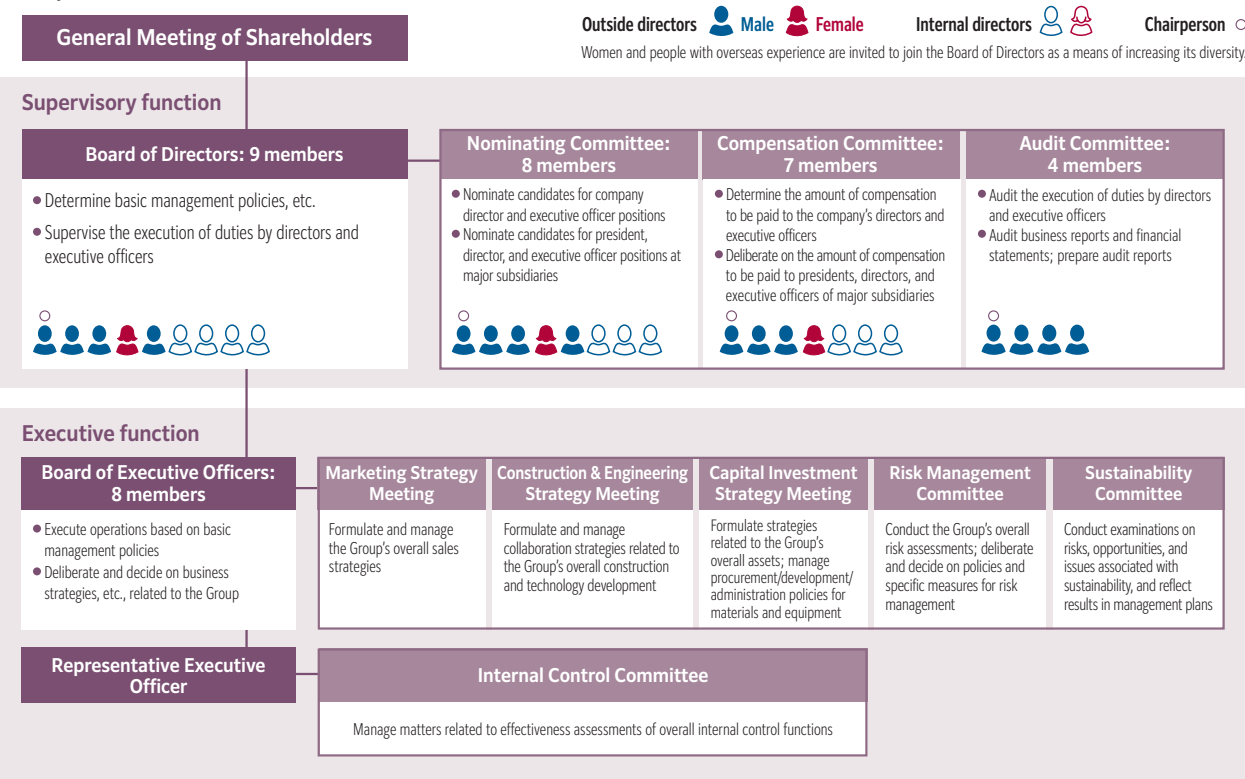
Governance

Basic Approach

The INFRAONEER Group is committed to strong governance as an essential mechanism for promoting sound risk-taking and taking on the challenge of entering new business fields. To realize our vision of becoming an integrated infrastructure service company, we need to take on an array of challenges to enter new areas related to various upstream and downstream infrastructure management processes while continuing to pursue the Group's existing businesses. Venturing into fields unknown to us will pose substantial risks. The company therefore needs to establish systems to enable management to conduct appropriate risk assessments and promote sound risk-taking. Such advanced governance systems designed to ensure appropriate risk management will allow business managers to take risks appropriately when making decisions and embrace the challenges of entering unknown fields. We will commit to taking on these challenges to achieve the objective of becoming an integrated infrastructure service company. This is the core of our approach to governance. Accordingly, we have adopted the system of a company with a nominating committee to further enhance governance.

Corporate Governance

Corporate Governance Structure



System and Policy for Determining Executive Remuneration

Matters related to the remuneration of the company's directors and executive officers are determined by the Compensation Committee. The Committee ensures a high degree of fairness and transparency in the decision-making process and verifies compensation levels, collecting information and providing advice by utilizing external remuneration consultants. In FY2021, the company began to apply its basic policies for the executive remuneration system as well as the remuneration system itself. From FY2023, the scope of application of the basic policies and the rollout of the executive remuneration system has been expanded to include major subsidiaries. Executive remuneration comprises base remuneration, performance-linked remuneration, and non-monetary remuneration. Performance-linked remuneration contains a number of incentives linked to the achievement of company-wide performance goals and targets laid out in the INFRAONEER Medium-term Vision. Non-monetary remuneration consists of stock remuneration for the purpose of ensuring a shared interest with shareholders. With an eye to improving corporate value, executive remuneration is designed so that the proportion of performance-linked remuneration increases in accordance with the level of responsibility.

► For details of executive remuneration, etc., read our securities reports, which are available at: https://www.infroneer.com/jp/ir/security_report/ (in Japanese)

Message from chairperson for each committee

Chairperson of the Audit Committee
Keiichiro Hashimoto Outside Director / Chairperson of the Board of Directors

The Audit Committee is composed of four members, all of whom are appointed from among the five outside directors. The Committee is striving to upgrade organizational audit functions using internal control systems. Toward becoming an integrated infrastructure services company, INFRAONEER will undertake a larger number of group-wide business collaborations, often involving infrastructure-related special purpose companies (SPCs). Anticipating such a situation, we have worked on the structural alteration of auditors at business companies in conjunction with the shift to the holding company system. The Audit Committee will promote closer cooperation with auditors of business companies, aiming to boost the Group's overall governance.

Chairperson of the Nominating Committee
Koichi Moriya Outside Director

We have been discussing succession plans, taking into account diversity and anticipating changes expected to occur in the business environment over the coming five or 10 years. The plans will be carried out from the next fiscal year. When chairing the meeting, I work to create an open atmosphere that encourages a frank exchange of opinions. Going forward, we will ramp up discussions in order to establish governance systems that are fully functional.

Chairperson of the Compensation Committee
Atsushi Takagi Outside Director

We have submitted aggressive compensation design plans that benchmark leading companies in and outside of Japan and are primarily aimed at fostering a growth-oriented mindset. To achieve our aim, we believe remuneration systems must be designed to powerfully incentivize the entire workforce to aim for growth. With an eye to improving corporate value (discounted cash flow, market capitalization), we are committed to developing strong remuneration systems that help secure excellent talents and elevate employee motivation.

Compliance

Anti-corruption

On April 1, 2023, the INFRAONEER Group established the Anti-Corruption Policy. Both in Japan and abroad, the prevention of corrupt practices including bribery of public officials or stakeholders, giving and receiving excessive entertainment and gifts, collusive relationships, embezzlement and trespassing is positioned as one of the most important issues in ensuring compliance. In our "Code of Ethics," we have committed ourselves not to conduct acts that are illegal or that could be misconstrued by society, and to maintain a healthy and appropriate relationship with public officials and political organizations. We provide appropriate training for employees. Also, we have signed the UN Global Compact and we support and affirm the principles related to anti-corruption.

► For the Anti-Corruption Policy, visit our website at: <https://www.infroneer.com/en/anti-corruption/>

Prohibition of Anti-competitive Acts

The company has set forth provisions in the Code of Ethics for compliance with competition law and other related regulations, and business companies have set out a bid rigging prevention policy, in an effort to avoid the practice more effectively. The policies and provisions have been revised to require employees and officers to abide by highly effective bid rigging prevention rules. For example, we have clarified the rules governing leaving a meeting that apply when an employee suspects a bid rigging is being discussed at a meeting with another company in the same industry. We also fully implement compliance training.

► For details on compliance training, visit our website at: <https://www.infroneer.com/jp/sustainability/social/> (in Japanese)

Transparency of Taxes

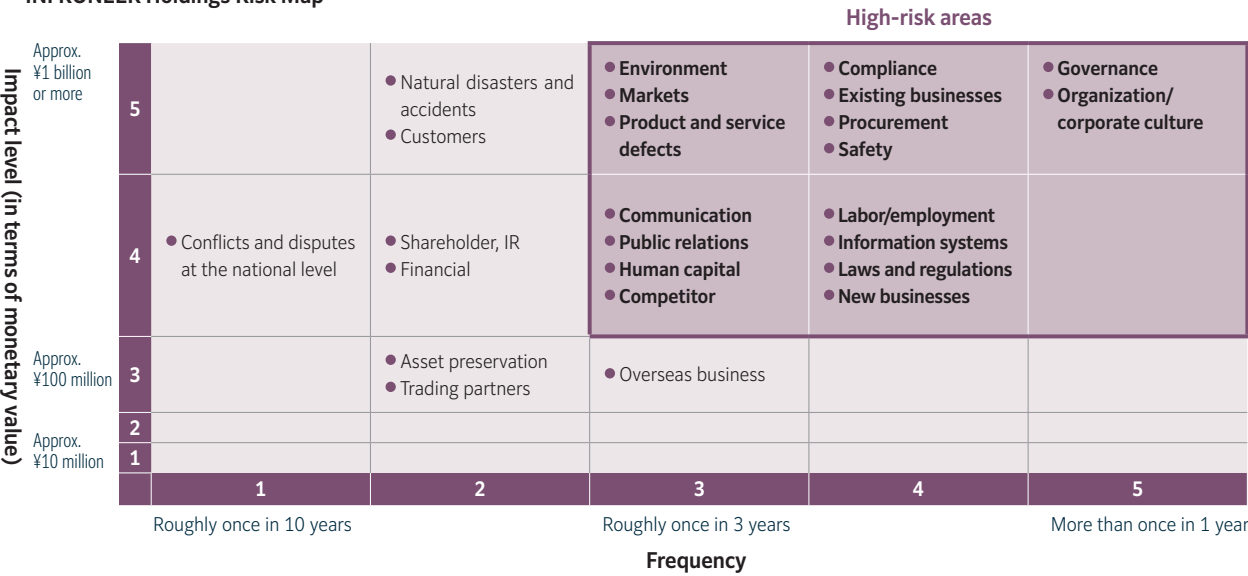
We will respond appropriately to changes in local laws and regulations and provide timely and appropriate tax information to ensure transparency. Furthermore, we are working to build trust with the tax authorities in each country and region, such as by responding honestly to tax investigations and ensuring transparency and reliability in tax-related matters. We use appropriate and effective measures to reduce our tax burden, and if the tax risk is assumed to be high, we will seek advice and guidance from tax experts to reduce tax risks when necessary.

We will strengthen the internal restraint mechanism and we will establish an internal audit system to ensure that these are implemented. Furthermore, we will always clarify the difference between public and private, correct our own attitude, and respond to the trust of society by staying close to our management philosophy.

Risk Management

INFRONEER has established procedures for managing major potential risk factors associated with its business development as follows. First, the risk management committee at each business company collects risk-related information, identifies issues, and deliberates on the effectiveness of measures. Relevant results of such discussions at each business company and INFRONEER are brought up at the quarterly INFRONEER Risk Management Committee meeting for a comprehensive review to identify risk factors. Identified factors are classified in terms of frequency and impact level, and those classified into high risk groups are discussed with regard to specific steps that can be taken to increase the effectiveness of risk reduction measures, and necessary processes are implemented following the PDCA cycle.

— INFRONEER Holdings Risk Map



In FY2023, our assessments identified “governance” and “organization/corporate culture” as critical factors with high risk.

For governance-related risks, we particularly note potential risks arising from inadequacies in the Group's overall internal control functions as a result of M&As, and conduct measures to reduce such risks. Specifically, we will ensure the effective monitoring of the implementation status of initiatives promoted to accomplish targets set for the INFRONEER Vision 2030 (Medium- to Long-term Business Plan) by holding regular discussions with the management teams of business companies and performing ongoing monitoring via the business execution supervision function of INFRONEER's directors.

For organization/corporate culture, we will take steps to mitigate risks posed by organizational/cultural differences between business companies. Our plan is to foster a shared sense of unity throughout the Group and reduce risks by carrying out corporate culture promotion activities at town meetings, where the president personally explains management policies to employees, and disseminating VMV statements and the Group's common guidepost (action guidelines) INFRONEER^ (“INFRONEER Caret”) (see page 1).

— Risk Management System



Overview of the Operational Status of the Structure to Ensure Our Business is Appropriate

INFRONEER has built and operates an internal control system to ensure the execution of appropriate administrative orders in the Group and efficient business execution, and audit systems to respond to changes in the business environment quickly and flexibly with good risk management, and compliance.

1. System required for the execution of the instructions of the Audit Committee

The Audit Committee Office, a dedicated organization that assists the Audit Committee in its functions, comprises four employees. To enhance the effectiveness of the audits carried out by the Audit Committee, we hold regular meetings with outside directors and accounting auditors, as well as the presidents of subsidiaries, auditors and internal audit departments to exchange information and opinions.

2. Information storage and management system

All documents related to executive officers' execution of their duties, such as minutes of the Board of Executive Officers meetings and requests for approval, are appropriately stored and managed by relevant departments in an easily searchable state based on relevant laws and regulations and relevant internal regulations, and the status of execution of executive officers' duties is regularly reported to the Board of Directors.

3. Risk management system for the management of risk

We established the risk management regulations and established a Risk Management Committee, the highest-level body related to risk management, on a quarterly basis to establish risk management regulations and implement cross-cutting risk management across the entire Group.

4. Compliance system

We disseminate our Code of Ethics, which defines the social roles and responsibilities our company must fulfill, to all employees via our internal intranet to ensure business ethics and compliance. We have also established an internal reporting system and set up methods of contact including a workplace hotline telephone and a compliance hotline. We will work to prevent and detect fraud at an early stage. We have also established and operate a system that ensures the confidentiality and anonymity of users and related parties to protect them against adverse treatment. In FY2022, a total of 52 cases were reported across the entire Group.

► For details, visit our website at: <https://www.infroneer.com/jp/sustainability/governance/> (in Japanese)

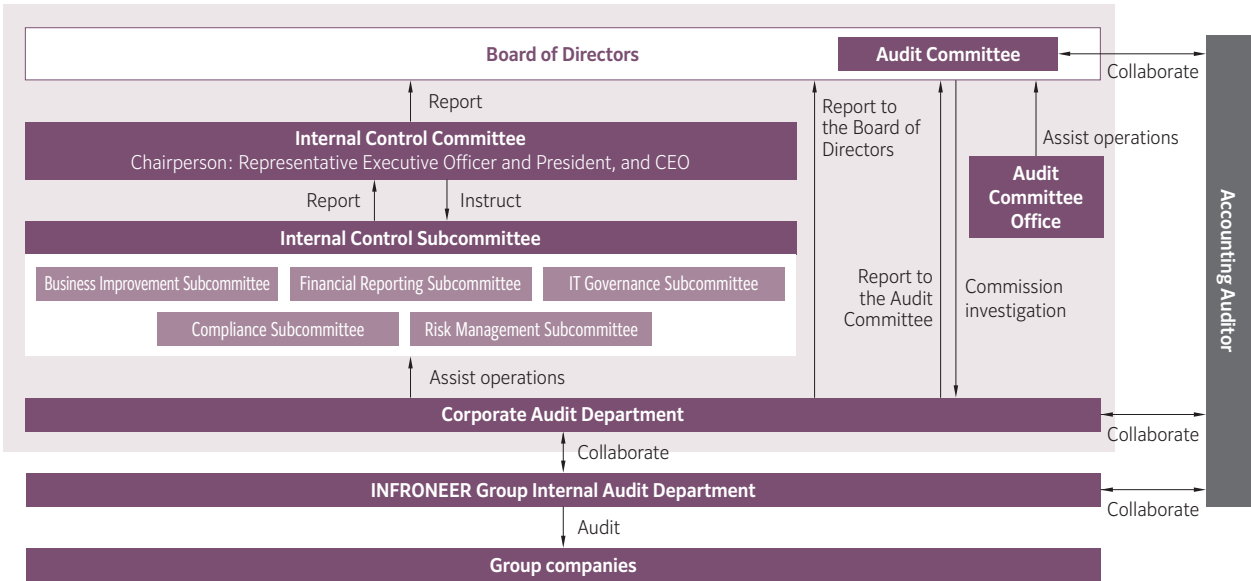
5. Group management system

To ensure that our subsidiaries carry out their business adequately, we have developed a risk management system, a compliance system, a system to eliminate anti-social forces and a system to ensure that documents and other information related to financial calculations relating to Article 24, 4(4) of the Financial Instruments and Exchange Act are kept. These systems receive the approval of the Board of Executive Officers or executive officers according to the level of importance, based on the rules of affiliated companies prescribed by the Company.

6. Internal audit system

The Company has established a Corporate Audit Department that is responsible for conducting internal audits for the entire Group. During an audit, we use a risk approach that reviews the reliability of financial reports, effectiveness of operations, and compliance with laws and regulations. We have also established an internal audit department at each of our main subsidiaries that is linked with the Corporate Audit Department to strengthen the Group's internal audit function.

— Internal Control System



Environment

Basic Approach

The INFONEER Group is moving forward with initiatives from a long-term perspective, focusing on climate change, resource recycling, biodiversity, pollution prevention, and water security, to enable the sustainable use of and symbiosis with natural capital, which is our business base. In addition, we are promoting activities through INFONEER's own "Dividends for the Earth."

Climate Change

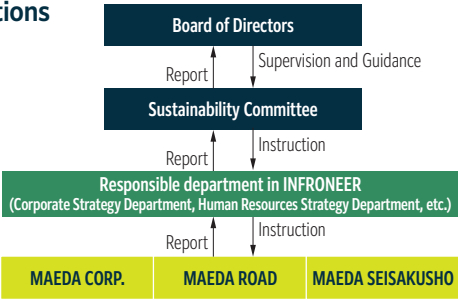
Policies and Philosophy Regarding Climate Change

The Group recognizes climate change as one of the key management issues. We anticipate that the new market for carbon neutral initiatives will expand rapidly in the maintenance, management, repair, renewal and new construction infrastructure fields through public-private partnerships. We have set out a target value for CO₂ emissions at net zero by 2050. At the same time, we are strengthening our initiatives to tackle climate change while reducing and increasing the efficiency of energy usage.

Disclose Climate-related Information Based on TCFD Recommendations

Governance

The Group recognizes climate change as one of the key management issues and a major risk. While we have a strong sense of crisis, we also view it as an opportunity and will implement concrete initiatives to achieve our INFONEER Medium- to Long-term Vision. Our basic policies and issues related to climate change are regularly reviewed by the Sustainability Committee, and we have a structure in place to ensure proper oversight by the Board of Directors.



Strategy

The Group recognizes climate change as a major risk factor that can significantly affect its business. In FY2022, based on the results of TCFD's financial analysis, we identified priority issues related to energy cost, effect of low-carbon building materials, and response to new markets, and started discussing related action plans and financial evaluation models. As a large energy consumer, we have incorporated the internal carbon pricing mechanism into investment indices to promote the adoption of scalable renewable energy supply systems. In the fields of public-private partnerships promoting infrastructure projects for maintenance, management, repair, renewal and new construction, new markets related to carbon neutral initiatives will bring added value to regional economies. We will give the value a tangible form, looking to enhance stakeholder engagement while expanding the market.

Risk Management

This indicates risks, opportunities, and responses related to migration and physical changes based on the assumed climate change scenarios for 2030. For details on risk management, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)

Targets and Metrics

CO ₂ Reduction Targets		
Subject	Targets (Compared to FY2018)	Metrics
Scope 1 and 2 emissions	Net zero emissions by FY2050	Disclose graph of results in emissions
	40% reduction by FY2030	
Scope 2 emissions Utilization rate of renewable energy (electrical power)	RE100 in FY2050	Disclose graph of usage rate of renewable energy (electrical power)
	RE60 in FY2030	
Scope 3 emissions (Category 1: Commissioned construction, purchased materials)	40% reduction by FY2030	Disclose emissions from commissioned construction and calculable purchased materials
Scope 3 emissions (Category 11: Emissions associated with the use of our constructions and products)	40% reduction by FY2030	Disclose emissions * The service period of buildings is calculate with the LCCO ₂ method with CASBEE

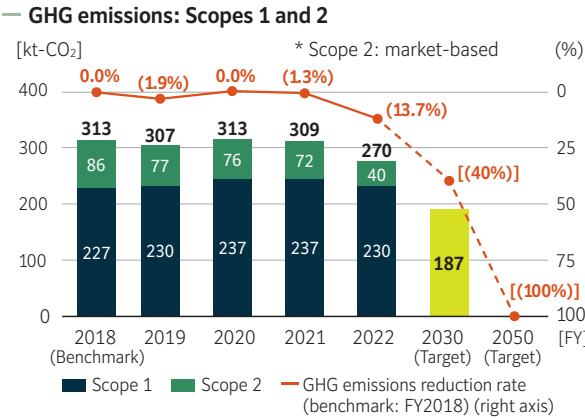
* The calculation standard for Group emissions is in accordance with the GHG protocol (obtained third-party assurance in March 2023).

For details on the obtained third-party assurance, visit our website at: <https://www.infroneer.com/jp/sustainability/evaluation.html> (in Japanese)

Reduce Greenhouse Gas (GHG) Emissions across the Entire Value Chain

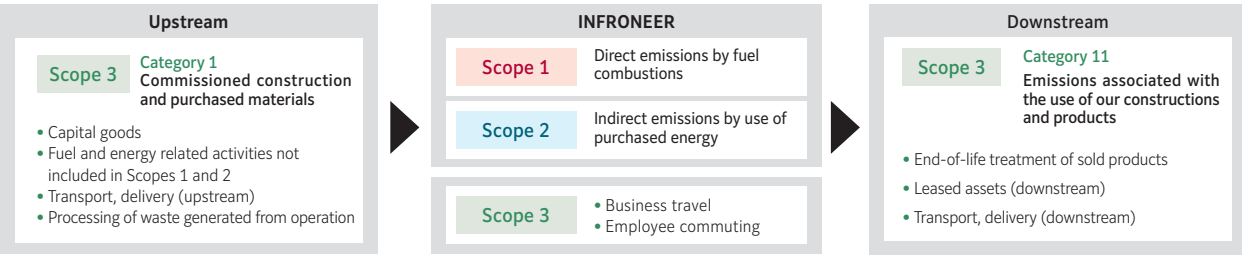
The Group is moving toward "carbon neutral 2050" by enhancing the function to perform embodied carbon* assessments as a measure to reduce emissions across the entire value chain. Going forward, in the infrastructure management business, we aim to build a one-stop management to reduce environmental impact by building a mechanism for exchanging and sharing information to increase the effectiveness of GHG emissions reductions among our suppliers and stakeholders in the value chain. In FY2022, we received third-party assurance for our GHG emissions calculation reports (INFONEER Holdings supply chain emissions in FY2021).

* Embodied carbon: Total amount of carbon emissions from building structures and materials related to all stages of their life cycle



For the chart for Scope 3, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)

Main CO₂ Emissions in Our Upstream and Downstream Business Activities



Scope	Content of initiatives
Scope 1	<ul style="list-style-type: none">Streamline work and use leading-edge construction machineryPromote the above initiatives with the cooperating companies as the main entitiesReduce emissions during asphalt mixture production (promote foamed asphalt technology and sell low-carbon mixtures)
Scope 2	<ul style="list-style-type: none">Conserve energy at each business officeOffset with non-fossil fuel certificates and the likeDevelop infrastructure for climate change countermeasures through the renewable energy businessReduce emissions during asphalt mixture production
Scope 3	<p>[Category 1: Commissioned construction, purchased materials]</p> <ul style="list-style-type: none">Accelerate technical development with open innovation centered on ICI for resource recycling and decarbonizationAchieve environmentally friendly procurement through the visualization of Scope 3 emissions and resource recycling rates in the infrastructure management business, and promote DX <p>[Category 2: Capital goods]</p> <ul style="list-style-type: none">Contribute to reducing GHG in the supply chain when procuring asphalt mixtures <p>[Category 11: Emissions from our construction projects and products during use]</p> <ul style="list-style-type: none">Submit customer proposals for added value including for the environment, health, and productivity through W ZEB (double ZEB) for new construction projects and renovation and promote wooden structures and buildings.Expand the use of EV construction machinery in the machinery business

Related Projects

Bio Heavy Oil

MAEDA ROAD previously used a large amount of heavy oil to manufacture asphalt mixture. As a solution, the company decided to switch from fossil fuels to an animal and plant oil derived alternative that can reduce CO₂ emissions from burning to net zero, and set up Japan Biofuel Co., Ltd., a bio heavy oil manufacturer. The company has strong processing techniques to support various types of raw materials, including a by-product from refining kitchen oil (oil residue), skimmed oil, waste oil, and fat products in addition to waste kitchen oil.

In September 2023, the new company started operations at its factory in Hiroshima, allowing MAEDA ROAD to take its first step of the emissions reduction plan by addressing its Scope 1 emissions and Scope 3 emissions from users of the asphalt mixture, then move to the next step to sell the bio heavy oil to external marketplaces, with an eye to contributing to decarbonizing society at large.



New factory in Hiroshima

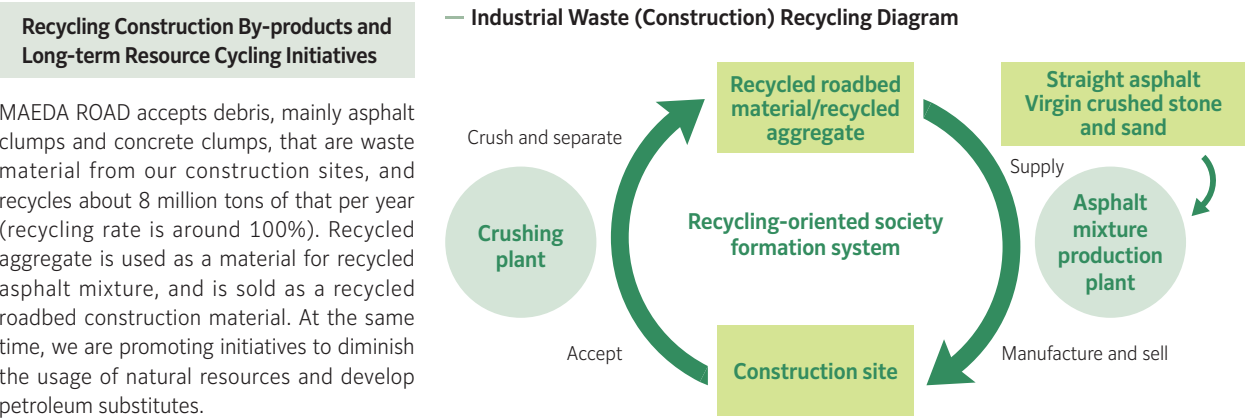
For other projects related to GHG emissions reduction, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)

Sustainability Finance

In September 2022, INFONEER issued its first green bond. In FY2023, we are planning to apply for positive impact finance programs. We will continue to commit to sustainability finance going forward.

Resource Recycling

There is a need to respond to international developments, including conversion to a circular business model, the business model that results in a circular economy. From a comprehensive perspective as infrastructure operators (ordering parties), emitters, and processors, the INFRONEER Group is introducing designs for products that are environmentally friendly throughout their life cycle, thereby diminishing the usage of resources and alleviating and avoiding the negative impact of resource usage, in order to contribute to a circular economy. Almost all of the recycled asphalt mixture and recycled roadbed materials used in our construction business use products recycled and processed at our crushing plant in our road civil engineering business. As a one-stop management system for infrastructure operations from upstream to downstream, we aim to centralize resources and by-product logistics (Scope 3) data, improve productivity, and build a social implementation model.



Biodiversity

The Earth's environment is an indispensable foundation for achieving “a world where there's no limit to what can be asked from and what can be delivered by infrastructure services,” which is one of our goals. The Group is committed to conserving biodiversity and the sustainable use of resources in all business areas, including procurement, operation and renewal, to increase social and community safety, security, and sustainability. In addition, we are introducing green infrastructure that uses the functions of the natural environment to solve various issues in society. In the civil engineering, building construction and road civil engineering businesses, we are committed to the use of building materials with low environmental impact and the construction of a resource circulation model, especially because it requires a great deal of natural capital input. In addition, during development, we conduct environmental assessments to help preserve ecosystems and the like. We are committed to protecting endangered species and protecting local ecosystems. In the machinery business, R&D in the forestry and processing machinery sectors contributes to the recycled use of forest resources. In the infrastructure management business, we are promoting the conservation of biodiversity with the use of sustainable resources.

Related Projects

Ogasawara Environmental Education Project: Bonin Infrastructure Initiative

In FY2022, MAEDA ROAD launched an environmental education project on the Ogasawara Islands where its sales office is located. This is an industry-academia collaboration project organized to give students aspiring to be engineers an opportunity to learn about the “coexistence of biodiversity and infrastructure,” with a view to building future plans. Participants attended four advanced study sessions and visited the islands to experience the abundant nature and listen to lectures from local experts on local environmental conservation activities and infrastructure development. The program was designed to help students gain an in-depth understanding of a diverse range of topics relating to biodiversity and the business of MAEDA ROAD. We received comments from participants expressing their stronger awareness of the importance of developing sincere attitudes toward addressing issues that have a large impact on the environment as well as aspiration for engaging in environmental conservation through building careers in the relevant fields. In FY2023 for its second event of the program, the company offers an upgrade by inviting external experts to give lectures at advance study sessions. MAEDA ROAD will utilize knowledge gained from this environmental education project in order to enhance its activities to contribute to society as a “road builder friendly to the environment and people.”

► For other projects related to biodiversity, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)
► For timeline of our past biodiversity actions, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/biodiversity.html> (in Japanese)

Pollution Prevention

■ Management of Hazardous Substances

The Group manages operations for building, civil engineering, pavement construction, crushing stone, mixture manufacturing, building machinery manufacturing, and others, appropriately in compliance with applicable laws and regulations. Major issues under management are related to monitoring the usage of PRTR-listed chemical substances; proper processing of wastewater to be discharged; and prevention of soil contamination and alleviating and avoiding negative impacts in case of contamination. Recognizing that inappropriate management poses reputational risks that can result in a lost business opportunity, we will ensure appropriate management on a constant basis.

Related Projects

Development of Aquatic PFOS/PFOA Adsorption Treatment System

MAEDA CORP. has developed a water treatment system to remove organofluorine compounds (PFOS, PFOA) from wastewater. The system, composed of two types of units, each for the clarifier and ion-exchange resin, is suitable for transportation on a general-purpose vehicle. The clarifier unit removes free-floating substances and the ion-exchange resin unit removes PFOS and PFOA. Anticipating an increase in the amount of detected PFOS and PFOA nationwide in the future, we are planning to aggressively market this technology.

Clarifier unit

Ion-exchange resin unit

■ Environmental Laws and Regulations Compliance Status

In FY2022, we reported three cases of violations of environmental laws and regulations.
► For more details, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)

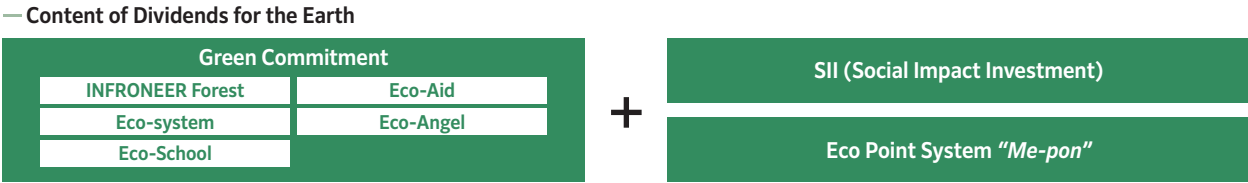
Water Security

■ Policies and Philosophy Regarding Water Security

The Group recognizes the conservation of water resources as one of the key environmental issues and is committed to reducing water usage by increasing usage efficiency and promoting recycling as well as securing safe water resources, a factor for ensuring local residents' sense of security. We promote related efforts through our overall businesses, particularly water and sewage concession projects, exemplified by those for managing industrial water supply systems in Osaka City and a public sewer system concession in Miura City (for east area treatment).

Dividends for the Earth

Because we are conducting business activities with the benefits provided by the Earth's resources, we are introducing “Dividends for the Earth” to return a portion of the business profits to our investor Earth in the same concept as we pay dividends to our shareholders. Based on this idea, we set the amount of “Dividends for the Earth” at 2% of our consolidated profit.



- **Green Commitment**
This is mainly a mechanism to support activities designed to solve social issues related to the environment. Each issue is categorized, and the content is carefully reviewed and supported for each of these activities.
 - **SII (Social Impact Investment)**
We provide support through investments in businesses, technologies, and venture companies with ideas that contribute to solving social issues.
 - **Eco Point System “Me-pon”**
This is an eco-point system designed to support employees and their families who proactively engage in environmental activities in their daily lives. Through our dedicated website, the company awards points to employees and their families for any voluntary environmental activities they are involved in outside of their work.
- For details on “Dividends for the Earth,” visit our website at: <https://www.infroneer.com/jp/sustainability/environment/> (in Japanese)

Society

Basic Approach

The INFRONEER Group recognizes that investments in human capital are the starting point for improving corporate value, because our human resources are the driving force for maximizing added value. To realize our vision of becoming an integrated infrastructure service company, we are proactively promoting investments so that we can not only continuously produce value-creating human capital that will embrace challenges and engage in co-creation with a sense of ownership but also improve corporate value. In addition, aiming to take on the challenge of building future infrastructure together with all our partners, we have been promoting initiatives throughout the entire supply chain by establishing a human rights policy, a bedrock for solid business operations, while pursuing diversity and ensuring occupational health and safety.

Human Rights and Labor

Human Rights Policy

We take the impact that risks and opportunities related to human rights have on companies seriously. We have implemented the INFRONEER Group Human Rights Policy (hereinafter referred to as the "Human Rights Policy"). We recognize that our business activities may directly and indirectly affect human rights. We will provide all our officers and employees with appropriate training and education to ensure that our Human Rights Policy permeates INFRONEER and the Group and is implemented effectively across all of our corporate activities. Furthermore, we will regularly disclose our commitment to respect human rights on our website and in our integrated reports.

▶ For details of the Human Rights Policy, visit our website at: https://www.infroneer.com/jp/blog_assets/attachments/314/HumanRightsPolicy.pdf (in Japanese)

Basic Approach toward Labor Standards

The INFRONEER Group respects the freedom of association and rights to collective bargaining protected by laws and regulations applicable in each country and region where we conduct business, as stated in our Human Rights Policy. Also, the policy describes that in countries and regions where the freedom of association and rights to collective bargaining are restricted by local laws and regulations that do not meet international human rights standards, we will pursue appropriate ways to respect these rights by establishing alternative means for having a dialogue with local employees.

In the INFRONEER Group, labor unions are promoting activities to improve working conditions, such as wages and working hours, with the aim of maintaining and improving the employment conditions and increasing the economic status of workers. Some details of such activities are provided below.

MAEDA ROAD CONSTRUCTION Labor Union

We have 1,840 members, representing a majority of the entire applicable workforce. We conduct an annual survey to monitor chronological changes in membership satisfaction and use the survey results to plan activities to raise the motivation of members. Also, we hold constructive labor-management consultation sessions several times a year, seeking to improve working conditions and the employment environment.

Yoshihito Ryuo
Chairperson of Central Executive Committee
MAEDA ROAD CONSTRUCTION Labor Union



Activities and initiatives carried out in FY2022	
April	Labor-management consultations regarding wages and systems
April-June	Spring headquarters union organizing campaign (32 sessions)
September	Labor-management consultations regarding reduction of internal documentation work
September-November	Autumn headquarters union organizing campaign (23 sessions)
October-November	Branch labor-management consultations (11 branches)
November	Membership satisfaction survey

Japan Metal, Manufacturing, Information and Telecommunication Workers' Union (JMITU)
MAEDA SEISAKUSHO Branch

Despite its small size with 30 members, our labor union promotes activities to improve working conditions, including bonus negotiations as well as spring and autumn wage negotiations. Our other important activities include preparing a summary of the concerns and fears of employees about the introduction of new systems and submitting the summary to the company, looking to build a better labor-management relationship and contribute to the sustained development of society.

Kazuhiko Miyazaki
Chairperson of MAEDA SEISAKUSHO Labor Union



Activities and initiatives carried out in FY2022	
June	Collective bargaining (summer bonus)
September	Annual conference, collective bargaining (autumn wage negotiation)
November	Collective bargaining (year-end bonus)
March	Collective bargaining (spring wage negotiation)

Health and Safety

Approach to Health and Safety

At the INFRONEER Group, officers, employees, and other related parties act together according to health and safety management systems, following not only laws and regulations but also relevant rules and standards. Each person carries out disaster prevention measures effectively and works to ensure health, safety, and security when engaging in business activities. The Group's workplace accident report for FY2022 (workers employed by INFRONEER only) presents 14 accidents accompanied by lost work time, out of which eight cases involved four or more days of absence and no case was fatal.

Also, based on the recognition that the physical and mental health of employees serves as a basis of business activities and a driver of the development of the Group, we implement various measures to support employees' health.

Certified as a Health & Productivity Management Outstanding Organization

MAEDA CORP. was certified as a Health & Productivity Management Outstanding Organization 2023 (large enterprise) under a Japanese government program to recognize large enterprises and SMEs for the outstanding practice of health and productivity management to deal with health issues effectively and engage in health-promoting activities recommended by the Nippon Kenko Kaigi.

◎ Previous certification: MAEDA CORP., MAEDA SEISAKUSHO (2020)



All Employees to Have an Interview with a Public Health Nurse (MAEDA ROAD)

MAEDA ROAD runs a program to allow all its employees to have an interview with a public health nurse once a year for the management of their physical and mental health. The interviews are held at the head office and 11 branch offices across Japan according to the annual schedule set for each office. Individual employees make an appointment from the dedicated website according to their own schedule and have an online interview with one of the six nurses. The nurses are qualified for privacy management and provide guidance and advice on various health topics, including recommendations for re-examination, health promotion, self-care for mental health, and smoking cessation, using the employee's latest health check-up results.

◎ Program use rate in FY2022: 98%



Local Communities

Revitalize the Community and Support Partners

We will work to resolve social issues and promote regional revitalization by participating in public-private partnership projects such as concession projects and others, and we will introduce initiatives that will contribute to improving the stability and productivity of the management of cooperating companies, who are our partners nationwide and who are indispensable in sustaining growth in our company. From FY2023, MAEDA CORP. has started to budget for supporting cooperating companies, chiefly in areas related to human resources development, establishment of construction structures, and development of technical capabilities for improving productivity, to accelerate efforts for these purposes. Also, as steps to provide support with cash management, the company has abolished the use of electronically recorded monetary claims and begun to make all-cash payments.

Major activities to support cooperating companies

Support for securing and training human resources

Securing and training skilled construction workers will make the construction industry more attractive and lead to the development of a more developed social infrastructure. As part of efforts to assist the recruiting activities of cooperating companies, MAEDA CORP. makes budgets for enhancing the brand image of TEAM-Z, the recruitment website of Zenyu-kai, the network of MAEDA CORP.'s cooperating companies, principally by employing services for content creation and branding item development. The company also prepares budgets for providing extensive personnel training programs for cooperating companies, such as rank-based upskilling and training courses for employees, managers, engineers and candidates for management team members.

▶ For details of TEAM-Z, visit our website at: <https://team-z.jp/> (in Japanese)

Support for technical capabilities development in consideration of needs of cooperating companies

Improvement of cooperating companies' technical capabilities is a crucial issue not only for the purpose of increasing their profitability but also for adequately securing and developing human resources, a challenge that requires more focused attention in the future. MAEDA CORP. sets aside budgets for development projects based on suggestions submitted by cooperating companies to deal with their needs in order to maintain and improve their construction capabilities.

Local contribution activities

INFRONEER is an SDGs partner to the professional basketball team LEVANGA HOKKAIDO based on the partnership agreement signed in October 2022. The company sponsors the team's SDGs project LEVANGA ACTION, specifically for donating basketballs to local elementary schools, in a bid to contribute to community revitalization through promoting sports activities. Going forward, we will engage in communication with regional communities through social contribution activities.

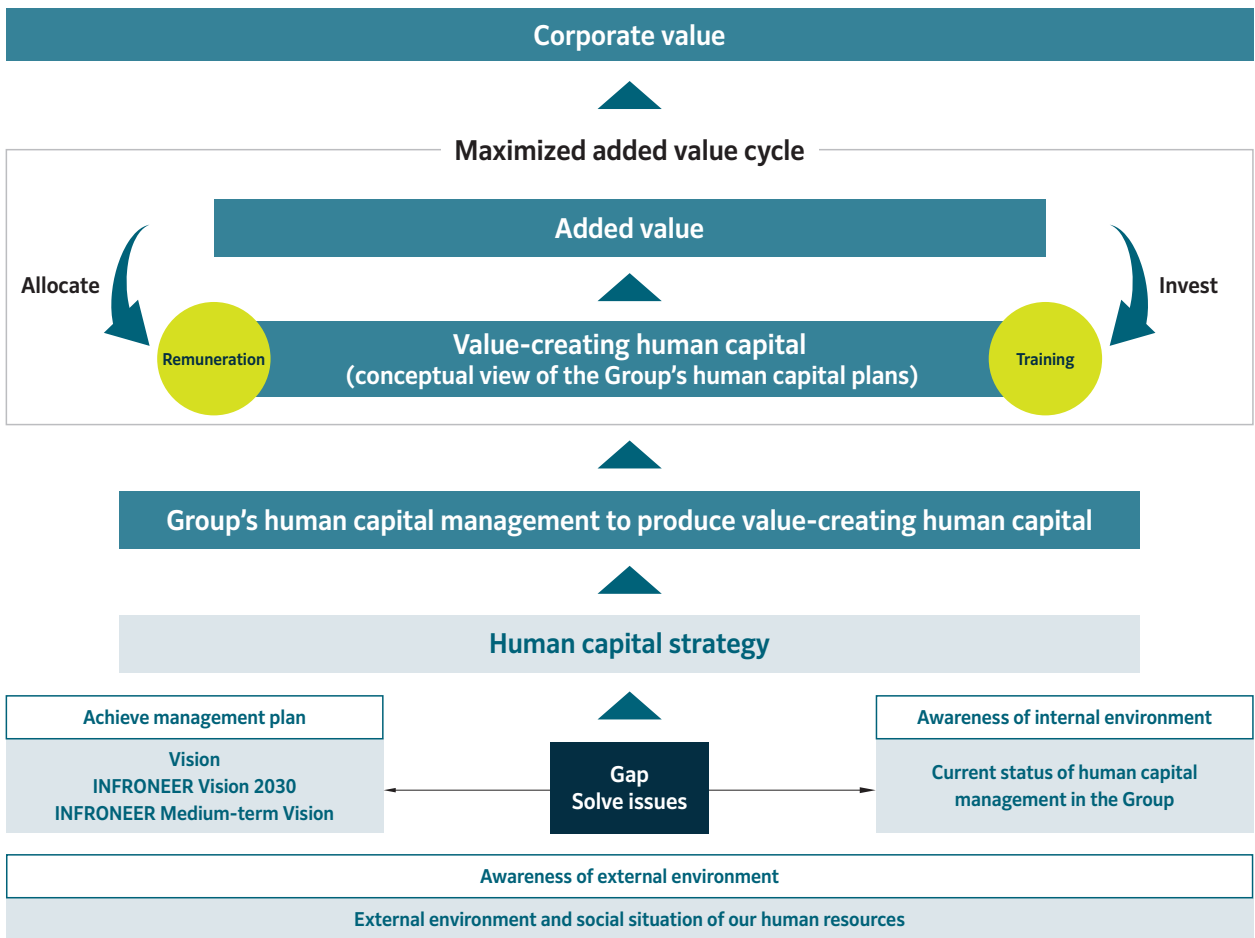


Human Capital Strategy

■ Policies and Approach to Human Resources

The INFONEER Group has formulated an INFONEER Vision 2030 (Medium- to Long-term Business Plan) and an INFONEER Medium-term Vision policy to increase added value and improve our corporate value through continuous production of value-creating human capital. Based on this, we formulated a Group human capital strategy based on social conditions, how people work, changes to how to value our work, and the current status of human capital management in the Group.

— Overall View of the Group's Human Capital Strategy



● Group Human Capital Strategy

To prioritize issues that are important in managing the Group's human capital to continuously create value, we will formulate key measures and invest through the four pillars of our medium- to long-term human capital strategy.

Conceptual view of required human capital	Human capital management	Strategy pillar	Specific measures
Value-creating human capital	Challenges	Recruitment	Strengthen competitiveness in acquiring human resources Ensure diversity in recruitment branding
	Sense of ownership	Training	Invest in strategic training of human resources Train managers and executives systematically Improve basic skills of entire Group
		Assignment	Assign human resources optimally Group talent management*
	Co-creation	Evaluations and remuneration	Pursue ease of work and value of work Improve engagement Establish Group human resources system

* Talent management: A management method that manages information such as employee abilities, qualities, and experience values centrally; it is useful for the strategic development and allocation of human resources

● Strengthening Competitiveness in Acquiring Human Resources

To create value through a diverse and productive workforce, the INFONEER Group promotes recruitment activities to raise the recognition and understanding of the Group in the labor market. For this purpose, we run "talentbook," a website to present stories of INFONEER believers performing their work, as well as our official Instagram account that focuses on the talent of people involved in infrastructure services and attention-grabbing situations occurring in day-to-day operations. Using these tools, we aim to raise awareness and arouse the interest and empathy of more people in the company, seeking to attract many new members to join our Group.



► For more details, visit our website at: <https://www.talent-book.jp/infoneer> (in Japanese)

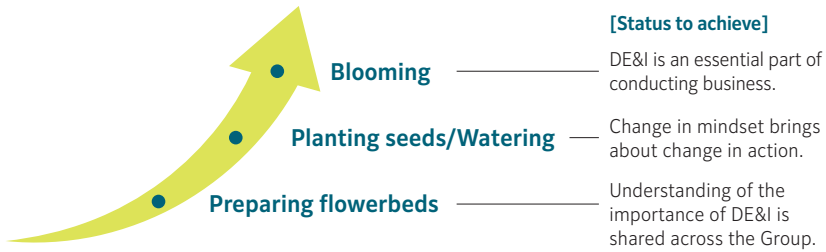
● Pursue Ease of Work and Value of Work

We build a system and corporate culture in which diverse human resources can work together productively with a sense of unity and fulfillment, by implementing a performance-based remuneration system, proactively investing in employee engagement improvement measures, promoting health & productivity management, supporting work-life balance, and introducing flexible working styles. Since FY2022, we have been promoting activities at each business site of Group companies to instill the Group's management philosophy and the common philosophical guidepost (action guidelines). We will continue with these activities with unabated eagerness, with a focus on improving employee engagement in and motivation for group-wide activities and increasing productivity.

Formulating Diversity, Equity & Inclusion Policy

To continue providing infrastructure services to an increasingly diverse society, it is important to ensure that each employee with diverse values, attributes, skills, and other background factors fully demonstrates their abilities to generate new value. Based on this recognition, we have formulated our Diversity, Equity & Inclusion Policy. Going forward, we will implement all the initiatives according to the related roadmap and strive to achieve sustained growth and improvement of our corporate value over the medium to long term.

— Diversity, Equity & Inclusion (DE&I) Roadmap



- Give training for change in mindset to make the understanding of the importance of DE&I shared across the Group.
- Bring the change in mindset to the phase of change in action by implementing appropriate personnel exchange and personnel systems.
- Achieve results from the change in action (practice DE&I policy)

► For details of the Policy, visit our website at: https://www.infoneer.com/jp/blog_assets/attachments/583/20230622.pdf (in Japanese)

Philosophy Dissemination Workshop

In FY2022, we started holding workshops for disseminating the Group's common philosophical guidepost INFONEER^ (INFONEER Caret) for realizing the Vision, Mission, and Value. The workshops were attended by a total of roughly 900 employees in managerial positions. In FY2023, they are organized at business sites across Japan in sequence, targeting a total of 5,000 non-managerial employees. Through teamwork activities transcending companies and departments, the workshops are designed to foster mutual understanding and a sense of unity while increasing an understanding of the Group's vision and direction as well as actions to take to approach them, with an eye to increasing employee engagement.

► For details of the philosophy, see page 1.



Problem-solving teamwork activity at a philosophy dissemination workshop

Financial Statements

Unit: Millions of yen

Consolidated Balance Sheet	FY2021	FY2022
Assets		
Current assets		
Cash and deposits	78,035	88,800
Notes receivable, accounts receivable from completed construction contracts and other	310,801	296,088
Securities	30	30
Real estate for sale	1,987	1,894
Merchandise and finished goods	1,573	2,341
Costs on construction contracts in progress	13,698	30,003
Raw materials and supplies	3,444	3,815
Other	43,149	51,900
Allowance for doubtful accounts	(117)	(140)
Total current assets	452,602	474,732
Non-current assets		
Property, plant and equipment		
Buildings and structures	107,476	107,958
Machinery, vehicles, tools, furniture and fixtures	171,647	175,106
Land	83,599	81,241
Leased assets	1,334	1,513
Construction in progress	2,550	3,850
Accumulated depreciation	(203,029)	(213,407)
Total property, plant and equipment	163,578	156,264
Intangible assets		
Right to operate public facilities	109,721	105,144
Assets related to replacement investment to operate public facilities	24,122	27,158
Goodwill	19,891	13,159
Other	14,988	13,651
Total intangible assets	168,724	159,113
Investments and other assets		
Investment securities	120,123	100,429
Long-term loans receivable	221	267
Distressed receivables	354	220
Deferred tax assets	840	1,077
Retirement benefit asset	14,907	16,567
Other	5,418	18,133
Allowance for doubtful accounts	(402)	(268)
Total investments and other assets	141,464	136,428
Total non-current assets	473,767	451,805
Total assets	926,432	926,563
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	6,933	25,752
Account payable for works in progress and other	110,997	116,170
Short-term borrowings	84,492	36,688
Current portion of non-recourse loans	1,194	922
Current portion of bonds payable	—	10,000
Lease liabilities	236	133
Accounts payable - other	9,614	8,875
Income taxes payable	10,896	10,272
Advances received on construction contracts in progress	34,862	37,807
Provision for repairs	181	154
Provision for bonuses	8,080	8,264
Provision for bonuses for directors (and other officers)	406	488
Provision for share awards	379	—
Provision for warranties for completed construction	1,083	1,082
Provision for loss on construction contracts	836	342
Liabilities related to right to operate public facilities	4,555	4,664
Liabilities related to replacement investment to operate public facilities	1,016	1,030
Other	23,468	35,625
Total current liabilities	299,236	298,273
Non-current liabilities		
Bonds payable	45,000	48,000
Long-term borrowings	52,851	54,886
Non-recourse loans	9,947	3,893
Lease liabilities	451	413
Deferred tax liabilities	14,305	10,018
Retirement benefit liability	16,767	17,055
Provision for share awards	—	169
Liabilities related to right to operate public facilities	103,843	99,590
Liabilities related to replacement investment to operate public facilities	24,588	28,225
Other	3,573	3,721
Total non-current liabilities	271,330	265,974
Total liabilities	570,566	564,248
Net assets		
Shareholders' equity		
Share capital	20,000	20,000
Capital surplus	134,117	106,455
Retained earnings	198,273	234,129
Treasury shares	(24,342)	(18,395)
Total shareholders' equity	328,048	342,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,275	9,850
Deferred gains or losses on hedges	3	(453)
Foreign currency translation adjustment	(95)	191
Remeasurements of defined benefit plans	680	915
Total accumulated other comprehensive income	18,863	10,502
Non-controlling interests	8,953	9,622
Total net assets	355,865	362,315
Total liabilities and net assets	926,432	926,563

Unit: Millions of yen

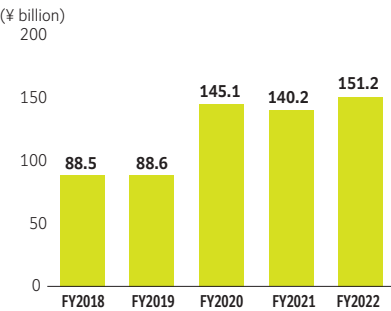
Consolidated Statement of Income	FY2021	FY2022
Net sales		
Net sales of completed construction contracts	390,678	400,937
Sales in other businesses	292,234	308,703
Total net sales	682,912	709,641
Cost of sales		
Cost of sales of completed construction contracts	338,718	345,862
Cost of sales in other businesses	252,583	265,654
Total cost of sales	591,302	611,517
Gross profit		
Gross profit on completed construction contracts	51,959	55,075
Gross profit - other business	39,651	43,049
Total gross profit	91,610	98,124
Selling, general and administrative expenses	54,120	57,628
Operating profit	37,489	40,495
Non-operating income		
Interest income	221	241
Dividend income	2,253	2,193
Foreign exchange gains	543	112
Share of profit of entities accounted for using equity method	652	1,032
Other	407	683
Total non-operating income	4,078	4,264
Non-operating expenses		
Interest expenses	2,571	2,264
Other	960	726
Total non-operating expenses	3,531	2,990
Ordinary profit	38,036	41,768
Extraordinary income		
Gain on sale of non-current assets	331	609
Gain on sale of investment securities	7,808	11,700
Other	320	163
Total extraordinary income	8,460	12,473
Extraordinary losses		
Loss on retirement of non-current assets	529	425
Loss on valuation of investment securities	686	258
Impairment losses	494	1,461
Other	261	291
Total extraordinary losses	1,972	2,436
Profit before income taxes	44,524	51,805
Income taxes - current	14,649	15,762
Income taxes - deferred	95	(778)
Total income taxes	14,744	14,983
Profit	29,779	36,821
Profit attributable to non-controlling interests	3,089	951
Profit attributable to owners of parent	26,689	35,870

Consolidated Statement of Comprehensive Income	FY2021	FY2022
Profit	29,779	36,821
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,080)	(8,414)
Deferred gains or losses on hedges	46	(451)
Foreign currency translation adjustment	(71)	305
Remeasurements of defined benefit plans, net of tax	1,322	253
Share of other comprehensive income of entities accounted for using equity method	42	(6)
Total other comprehensive income	(9,739)	(8,313)
Comprehensive income	20,039	28,508
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,029	27,510
Comprehensive income attributable to non-controlling interests	3,010	998

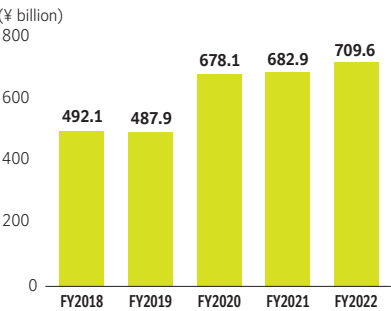
Financial and Non-financial Highlights

Financial Highlights

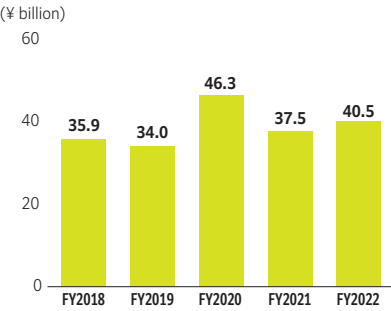
INF Added Value Amount



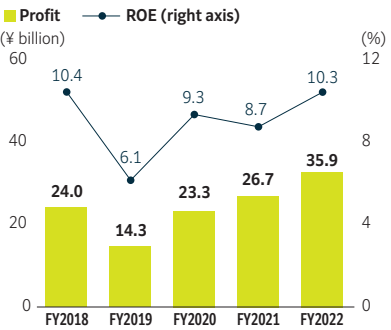
Net Sales



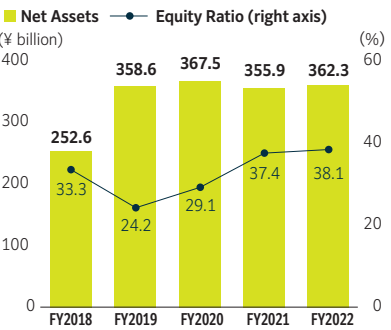
Operating Profit



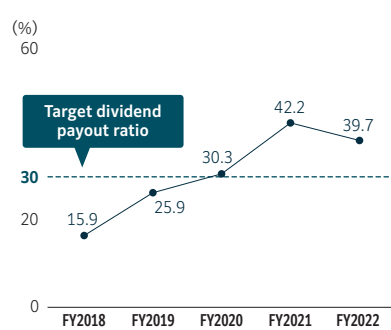
Profit Attributable to Owners of Parent and ROE



Net Assets and Equity Ratio

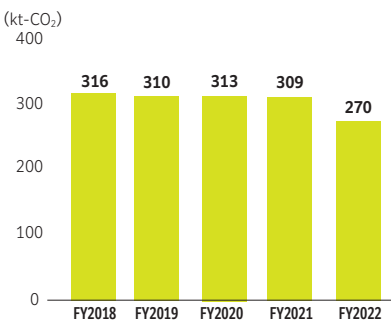


Dividend Payout Ratio

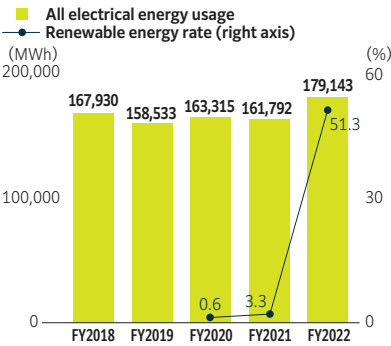


Non-financial Highlights

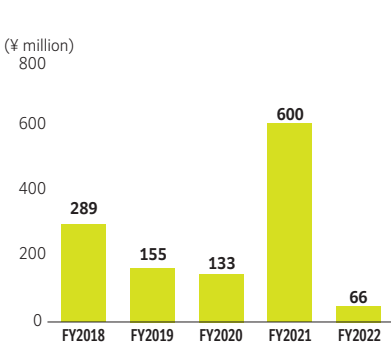
CO₂ Emissions (Scopes 1 and 2)



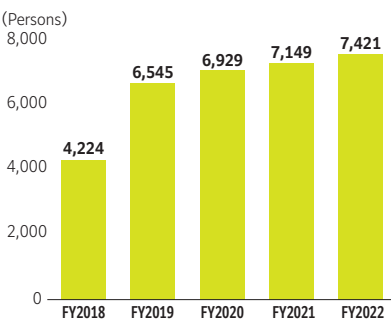
Renewable Energy Rate^{*1}



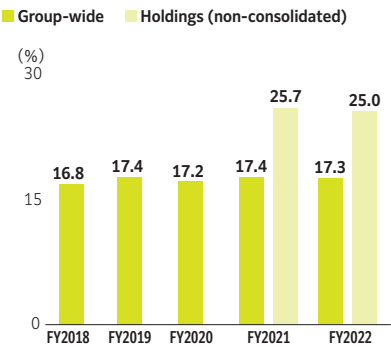
Contributed Amounts in Dividends for the Earth



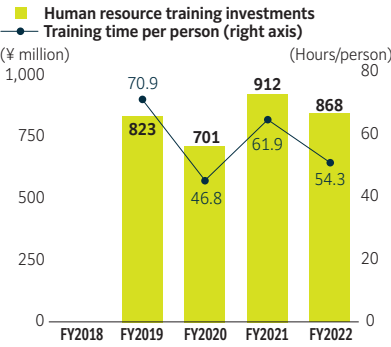
Number of employees^{*2}



Female Employment Rate



Human Resource Training Investments and Training Time Per Person^{*3,*4}



^{*1} Purchased 600MWh of green power certificates annually prior to FY2019 ^{*2} Consolidated number of employees of the INFRONEER Group

^{*3} Human resource training investments: Total amount of training materials, outsourced instructor fees, system costs, and total statutory welfare expenses for salary and bonuses for the human resource development department

^{*4} Training time per person: The total number of training hours divided by the average number of all employees during the period

11-Year Financial Summary

	MAEDA (MK)												MAEDA ROAD (MD)										MAEDA SEISAKUSHO (MS)														INFRONEER (INF)	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2021	2022			
Operating Results (Billions of Yen)																																						
Orders Received	307.7	316.8	367.8	369.8	448.1	369.6	425.6	395.6	408.8	423.4	368.8	134.2	143.6	156.6	157.0	153.1	162.4	157.2	165.0	165.6	162.1	175.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Net Sales	301.2	323.9	331.3	372.6	338.1	374.2	401.3	387.3	366.1	365.8	375.9	213.2	230.1	233.0	232.7	233.1	234.4	223.8	237.8	234.6	235.6	248.7	25.3	32.6	33.8	35.0	35.4	36.7	36.5	37.0	33.5	37.1	39.5	682.9	709.6			
Operating Profit	(8.7)	5.3	8.2	15.6	17.5	27.9	29.8	28.6	29.7	27.3	29.9	16.7	20.0	23.7	28.8	26.6	23.4	17.1	19.6	20.7	11.7	11.5	0.6	1.4	1.5	1.4	1.8	1.9	1.7	1.9	1.4	1.8	1.7	37.5	40.5			
Ordinary Profit	(8.0)	5.7	9.3	16.5	19.4	29.4	32.2	29.8	45.2	35.2	32.3	17.8	20.8	24.5	29.3	27.0	23.8	17.6	19.9	21.1	12.2	11.9	0.6	1.4	1.5	1.4	1.8	1.9	1.8	1.9	1.5	1.9	1.8	38.0	41.8			
Profit Attributable to Owners of Parent	(8.6)	5.5	7.3	12.9	19.0	19.0	20.4	21.4	36.2	28.5	30.2	10.1	12.6	13.4	17.5	17.9	9.2	11.5	18.8	16.8	9.6	9.4	0.6	0.9	1.1	0.9	1.3	1.3	0.9	1.3	1.0	1.2	1.5	26.7	35.9			
Depreciation	2.3	2.2	2.4	3.0	2.6	2.6	3.7	5.1	4.7	5.4	5.5	7.3	7.2	7.6	7.0	7.2	7.5	8.0	8.4	8.5	8.8	9.0	1.6	1.3	1.3	1.5	1.6	1.7	1.6	1.5	1.4	1.4	1.5	31.6	31.3			
Capital Investment	2.6	2.0	5.7	1.7	3.0	7.9	13.5	11.5	7.5	7.1	7.4	8.5	10.2	8.2	9.9	15.0	11.6	10.1	8.2	11.2	11.8	7.0	2.6	2.2	1.8	1.6	1.3	1.5	1.9	1.9	1.5	2.0	3.2	21.7	18.4			
EBITDA	(6.4)	7.4	10.6	18.6	20.2	30.5	33.6	33.7	34.4	32.7	35.4	24.0	27.3	31.3	35.8	33.8	30.9	25.2	28.0	29.2	20.5	20.5	2.2	2.7	2.8	2.9	3.4	3.6	3.3	3.3	2.8	3.2	3.2	69.1	71.8			
R&D Cost	1.5	1.1	1.4	1.7	1.8	2.1	3.6	5.2	4.3	4.2	3.3	0.4	0.5	0.4	0.4	0.5	0.4	0.5	0.7	0.9	1.1	1.2	0.2	0.5	0.4	0.3	0.3	0.4	0.4	0.3	0.3	0.4	0.4	5.7	4.9			
Labor Expenses	31.2	33.4	33.2	34.6	36.7	39.1	39.8	41.6	41.4	42.3	42.6	24.3	25.7	27.3	26.9	26.4	26.3	26.3	28.7	29.6	29.3	30.1	3.7	3.9	3.9	4.1	3.8	4.3	4.4	4.0	4.1	4.8	5.1	81.4	83.6			
Financial Condition (Billions of Yen)																																						
Total Assets	341.0	351.2	363.3	359.4	384.3	411.3	455.7	519.6	555.4	482.4	475.0	199.6	215.6	227.8	247.1	258.0	287.0	290.0	264.1	222.9	218.9	237.1	22.3	25.3	26.2	27.4	28.9	30.7	31.4	29.4	31.2	30.7	35.8	926.4	926.6			
Net Assets	90.0	100.1	118.8	125.4	151.2	173.6	190.1	187.7	233.3	245.3	248.1	141.8	150.2	164.7	173.7	194.4	202.0	207.7	206.9	163.6	164.5	165.6	5.0	5.8	7.5	7.9	9.6	11.2	11.5	12.1	14.0	14.8	16.4	355.9	362.3			
Equity	90.0	100.1	118.8	125.4	151.2	173.6	190.1	187.7	233.3	245.3	248.1	141.6	149.8	164.3	172.6	193.3	200.8	206.2	205.3	162.2	163.1	164.2	5.0	5.8	7.5	7.9	9.6	11.2	11.5	12.1	14.0	14.8	16.4	346.9	352.7			
Interest-bearing Debt	84.7	83.7	73.6	84.9	60.0	57.0	69.9	149.2	127.0	73.2	47.2	0	0	0	0	0	0	0	0	0	0	0	5.8	5.9	6.2	7.1	7.1	6.9	6.5	5.8	5.6	2.7	5.0	193.5	154.4			
Retained Earnings	21.8	26.0	33.5	44.7	61.7	78.0	95.2	109.0	141.3	162.1	171.9	102.9	113.3	124.2	138.2	151.4	155.8	162.6	170.9	125.8	119.7	122.7	1.1	2.0	3.4	4.2	5.4	6.6	7.4	8.5	9.3	10.3	11.8	198.3	234.1			
Cash Flows (Billions of Yen)																																						
Cash Flows from Operating Activities	9.7	(13.4)	18.3	(9.5)	56.0	33.8	(28.9)	22.7	39.4	(34.7)	37.4	19.0	16.2	22.8	27.1	28.6	28.7	17.8	2.6	25.6	10.3	25.4	2.8	2.3	2.9	1.3	2.6	3.6	3.7	2.5	3.4	2.1	0.7	(16.3)	71.0			
Cash Flows from Investing Activities	(0.7)	0.4	(4.7)	(0.6)	(7.6)	(10.3)	(16.8)	(106.5)	(5.0)	(5.9)	7.5	(15.8)	(16.5)	(14.1)	(18.0)	(21.7)	(11.4)	(5.0)	21.6	0.2	(24.7)	(11.9)	(1.8)	(2.1)	(1.9)	(1.8)	(1.0)	(1.3)	(1.9)	(1.8)	(2.4)	(2.0)	(2.9)	(22.5)	(5.3)			
Cash Flows from Financing Activities	(6.4)	(2.3)	(10.4)	9.4	(16.0)	(4.4)	10.0	73.8	(25.7)	33.3	(41.7)	(1.8)	(2.2)	(2.6)	(4.0)	(4.8)	(4.8)	(4.3)	(16.0)	(62.2)	(5.9)	(6.4)	(0.9)	(0.2)	(0.3)	0.2	(0.7)	(0.9)	(1.0)	(1.4)	(0.7)	(3.3)	2.1	15.3	(56.4)			
Free Cash Flows	9.0	(13.1)	13.7	(10.1)	48.4	23.5	(45.7)	(83.8)	34.3	(40.7)	44.9	3.2	(0.4)	8.8	9.1	6.8	17.3	12.8	24.2	25.8	(14.4)	13.5	1.0	0.2	1.1	(0.5)	1.6	2.3	1.9	0.7	1.0	0.2	(2.2)	6.2	76.2			
Cash and Cash Equivalents at End of Period	31.9	16.8	20.4	19.4	51.8	70.7	35.0	24.9	33.9	26.6	30.0	40.4	37.9	44.1	49.1	51.0	63.6	72.2	80.7	44.3	24.0	24.3	2.1	2.2	3.0	2.8	3.7	5.1	6.0	5.2	5.6	2.5	2.4	76.0	86.0			
Stock Information																																						
Total Number of Shares Issued (in Thousands)	185,214	185,214	185,214	185,214	197,956	197,956	197,956	194,608	194,608	194,448	194,448	94,159	94,159	94,159	94,159	94,159	94,159	94,159	89,159	89,159	82,419	82,419	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	15,822	15,822	291,071	274,845				
Average Number of Shares During the Period (in Thousands)	185,096	185,093	185,088	185,085	188,381	197,820	197,707	193,540	193,499	194,079	194,448	86,428	86,245	86,235	86,258	86,306	86,299	86,334	84,416	82,420	82,419	82,419	16,064	16,056	16,048	16,042	16,041	16,039	16,062	15,968	15,891	15,845	15,822	281,729	259,197			
Ending Number of Shares (in Thousands)	185,095	185,090	185,087	185,084	197,823	197,819	196,324	193,254	193,713	194,448	194,448	86,259	86,229	86,248	86,310	86,302	86,295	86,421	82,420	82,419	82,419	82,419	16,063	16,052	16,045	16,041	16,040	16,039	16,073	15,875	15,873	15,822	15,822	264,376	252,515			
Dividend (Yen)	7	7	9	11	14	16	20	20	38	—	—	25	30	40	55	55	55	70	750	70	—	—	6	7	7	7	7	9	10	10	10	—	—	40	55			
Dividend Payout Ratio (%)	—	23.6	22.9	15.8	13.9	16.6	19.4	18.1	20.3	—	—	21.4	20.6	25.7	27.2	26.5	51.6	52.6	336.3	34.4	—	—	17.4	12.4	9.8	12.9	8.7	10.8	17.1	12.5	15.9	—	—	42.2	39.7			
EPS (Earnings Per Share) (Yen)	(46.53)	29.64	39.33	69.60	100.99	96.23	103.31	110.36	187.33	146.91	155.34	116.71	145.71	155.86	202.46	207.67	106.62	133.00	223.02	203.23	116.47	114.60	34.55	56.43	71.41	54.29	80.92	83.42	58.65	79.97	62.80	75.01	94.20	94.73	138.39			
BPS (Book Value Per Share) (Yen)	486.22	540.90	641.91	677.29	764.24	877.66	968.15	971.52	1,204.24	1,261.60	1,275.76	1,641.75	1,737.80	1,905.13	1,999.39	2,239.97	2,326.81	2,386.55	2,490.89	1,967.73	1,979.32	1,992.44	313.14	359.45	465.19	494.23	600.76	695.37	714.88	764.04	880.30	934.81	1035.62	1,312.19	1,396.72			
Management Index																																						
ROIC (%)	(3.0)	1.8	2.8	5.2	5.8	8.7	8.4	6.6	5.9	5.6	6.8	7.5	8.5	9.7	11.4	10.0	8.2	5.8	6.6	7.8	4.9	4.8	3.7	7.8	7.7	6.6	7.7	7.5	6.5	7.2	5.2	6.6	6.2	4.7	5.3			
ROE (%)	(9.4)	5.8	6.7	10.6	13.8	11.7	11.2	11.3																														

11-Year Non-financial Summary

	MAEDA (MK)											MAEDA ROAD (MD)											MAEDA SEISAKUSHO (MS)											INFRAFRONTIER (INF)*			
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2021	2022		
Environment																																					
CO ₂ Emissions: Scopes 1 (t-CO ₂)* ¹	—	—	—	—	—	—	4,165	4,168	3,439	3,256	3,271	267,393	285,049	268,396	246,329	246,462		243,880	225,575	228,793	232,618	232,378	225,943	1,324	1,256	1,167	1,162	1,050	1,029	1,035	1,056	1,159	1,193	1,070	236,827	230,284	
CO ₂ Emissions: Scope 2 Market Standards (t-CO ₂)	—	—	—	—	—	—	26,478	22,625	20,282	17,365	3,700	51,322	57,444	56,830	68,201	60,592		64,054	57,922	52,888	54,634	53,664	34,773	1,485	1,583	1,552	1,484	1,501	1,478	1,444	1,458	1,428	1,400	1,302	72,429	39,775	
CO ₂ Emissions: Scope 2 Location Criteria (t-CO ₂)	—	—	—	—	—	—	—	—	19,952	17,791	26,454	—	—	—	—	—		—	—	—	50,397	50,669	49,607	—	—	—	—	—	—	—	—	1,491	1,599	1,487	70,059	77,548	
CO ₂ Emissions: Scope 3 total (t-CO ₂)* ¹	—	—	—	—	—	—	4,547,168	3,017,885	3,348,164	3,264,500	2,569,857	—	—	—	—	—		—	—	—	—	300,867	327,220	—	—	—	—	—	—	—	175,796	184,396	187,456	3,749,763	3,084,533		
CO ₂ Emissions: Scope 3 Category 1 (t-CO ₂)	—	—	—	—	—	—	918,593	489,954	1,097,138	708,078	658,044	—	—	—	—	—		—	—	—	—	206,554	239,380	—	—	—	—	—	—	—	—	—	—	—	914,632	897,424	
CO ₂ Emissions: Scope 3 Category 11 (t-CO ₂)	—	—	—	—	—	—	3,492,141	2,400,821	2,109,691	2,340,981	1,702,279	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	175,796	184,396	187,456	2,525,377	1,889,735		
Energy: Total Energy Consumption (MWh)* ²	218,263	312,547	287,539	343,166	264,294	262,506	338,875	331,291	236,688	287,636	270,866	1,167,537	1,193,873	1,131,037	1,096,318	885,489		1,092,581	1,006,652	1,010,400	1,025,265	1,106,589	1,284,116	—	9,776	8,805	8,693	8,649	8,101	8,250	8,769	7,639	8,295	4,466	1,402,520	1,559,448	
Energy: Power Consumption (MWh)	35,211	51,732	44,076	62,075	40,165	38,136	46,710	40,333	44,823	41,079	61,142	119,809	122,896	122,959	122,554	122,302		125,359	117,613	114,590	115,377	117,019	114,566	—	3,914	3,757	3,635	3,695	3,531	3,607	3,610	3,115	3,694	3,435	153,722	179,143	
Waste: Total Emissions (t)	512,126	614,364	566,392	586,118	560,127	593,102	539,370	579,133	388,124	532,883	677,275	—	—	—	—	—		—	—	367,599	406,653	507,590	343,107	—	77	88	104	115	145	168	188	201	963	—	1,041,436	1,020,382	
Waste: Final Disposal Amount (t)* ³	45,000	31,000	19,000	30,000	26,000	20,000	15,000	20,768	17,117	31,973	13,115	—	—	—	—	—		—	—	12,165	12,215	17,356	11,237	—	—	—	—	—	—	—	—	—	—	—	49,329	24,352	
Water Intake (m³)	267,773	609,691	347,714	471,112	399,090	459,493	424,611	466,493	388,529	455,576	571,993	—	—	—	—	—		—	—	—	—	273,171	302,315	—	—	—	—	—	—	19,856	16,789	18,771	18,667	747,518	892,975		
Water Discharge (m³)	265,002	758,805	391,168	557,773	455,740	256,753	496,800	455,336	417,315	476,625	438,707	—	—	—	—	—		—	—	—	—	273,171	302,315	—	—	—	—	—	—	19,856	16,789	18,771	18,667	768,567	759,689		
Contributed Amounts in Dividends for the Earth (Millions of Yen)	40	46	52	90	200	603	289	155	133	600	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	600	66		
Society																																					
Number of Employees (Persons)* ⁴	2,666	2,790	2,942	3,023	3,152	3,304	3,526	3,683	3,719	3,771	3,798	2,140	2,201	2,246	2,247	2,223		2,219	2,231	2,215	2,196	2,233	2,428	539	533	556	578	590	591	588	589	596	592	589	6,597	6,818	
Female Employment Rate (%)	10.7	11.5	12.0	12.5	13.2	14.4	15.8	16.4	16.5	16.6	16.4	19.0	19.6	20.0	20.2	19.9		20.1	19.9	20.6	19.9	20.1	19.9	10.6	10.3	10.8	10.7	10.5	10.8	11.4	11.2	11.7	12.3	12.7	17.4	17.3	
Employment Rate of Persons with Disabilities (%)	1.91	1.83	1.89	2.18	1.98	2.01	2.39	2.06	2.21	1.83	2.11	1.85	2.29	2.05	1.88	1.91		1.79	2.07	2.26	2.00	1.85	2.33	1.55	1.74	1.68	1.63	1.86	2.32	2.36	1.86	1.60	1.18	1.35	—	—	
Annual Paid Leave Rate (%)	17.8	16.9	20.2	24.1	36.9	42.6	46.0	56.6	56.1	60.5	67.2	31.8	29.8	31.0	32.1	35.2		38.3	38.2	48.3	55.4	57.8	58.8	48.8	40.6	51.8	52.6	57.8	69.7	67.7	72.0	70.0	70.0	67.8	—	—	
Number of Bases (Locations)	61	65	59	60	62	62	62	61	58	57	59	232	232	233	233	236		235	233	230	230	227	226	33	33	27	27	28	28	26	25	25	29	29	313	314	
Number of Cooperating Companies (Companies)	478	473	475	507	522	524	525	533	545	561	567	129	138	149	151	154		154	156	156	155	155	151	—	—	—	—	—	—	—	—	—	—	—	—	718	
Frequency Rate* ⁵	1.28	1.38	0.97	0.59	0.75	0.57	0.44	0.90	0.80	0.51	0.56	8.00	13.00	11.00	4.46	3.31		2.19	3.56	1.06	1.41	4.13	1.75	1.00	1.00	1.05	1.01	0.00	0.90	0.00	0.87	4.21	0.00	0.00	0.51	0.56	
Average Employee Salary (Thousands of Yen)* ⁶	7,521	7,403	7,405	7,770	8,088	8,600	8,819	9,061	9,287	9,272	9,322	8,388	7,850	7,863	7,780	7,678		7,643	7,632	7,865	8,069	8,465	8,561	4,703	4,822	5,151	5,238	5,393	5,660	5,731	5,794	5,918	6,184	6,543	9,830	9,671	
Governance																																					
Internal Directors (Persons)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4	4	
Outside Directors (Persons)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	5	
Board of Directors Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	99.0	95.8	
Audit Committee Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100	97.4	
Nomination Committee Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	92.9	95.9
Compensation Committee Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	97.2	91.0
Number of Serious Legal Violations: Compliance* ⁷	—	—	—	—	—	—	—	—	—	—	3	1	—	—	—	0	2		1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3	2

*1 MAEDA has changed the categories of Scope 1 and 3 in 2020. For numerical values from before 2019, view the MAEDA CORPORATION website. MAEDA ROAD has changed the aggregate range of Scope 3 since 2021.
*2 The numerical values from before FY2020 for MAEDA ROAD are calculated using estimated values based on FY2021 results. *3 Numerical values for MAEDA CORPORATION before 2018 are estimates only.
*4 Persons who have labor contracts with INFRAFRONTIER, MAEDA CORPORATION, MAEDA ROAD, and MAEDA SEISAKUSHO (excluding sub-subsidiary companies). *5 Based on four or more days of lost worktime for MAEDA ROAD from FY2022.
*6 Based on individual company figures. *7 Number of legal violations discovered through whistle-blowing for MAEDA CORPORATION and MAEDA SEISAKUSHO; Number of administrative and criminal penalties for MAEDA ROAD.

*Figures for INFRAFRONTIER are totals for the entire Group, with some exceptions.

Company Overview and Stock-related Information

Company Overview

(As of March 31, 2023)

Trade Name	INFRONEER Holdings Inc.
Headquarters	2-10-2 Fujimi, Chiyoda-ku, Tokyo
Established	October 1, 2021
Business Category	Management of the entire Group including provision of all sorts of infrastructure services from planning to design, construction, and operation & maintenance of infrastructures
Paid-in Capital	¥20 billion
Net Sales (Fiscal Year Ended March 31, 2023)	¥709.6 billion
Number of Employees	7,421
Listed Stock Exchange	Prime Market, Tokyo Stock Exchange (Stock Code: 5076)

Administrator of the Shareholder Registry	Mizuho Trust & Banking Co., Ltd.
Number of Shares Per Unit	100 shares

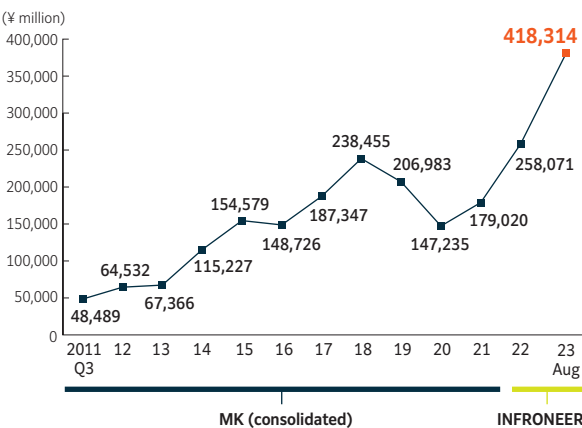
Group Companies

- MAEDA CORPORATION
- MAEDA ROAD CONSTRUCTION Co., Ltd.
- MAEDA SEISAKUSHO CO., LTD.
- Aichi Road Concession Co., Ltd.
- Japan Management
- FUJIMI KOKEN Co., Ltd.
- FBS CO., LTD.
- 75 other companies

Share-related Information

(As of March 31, 2023)

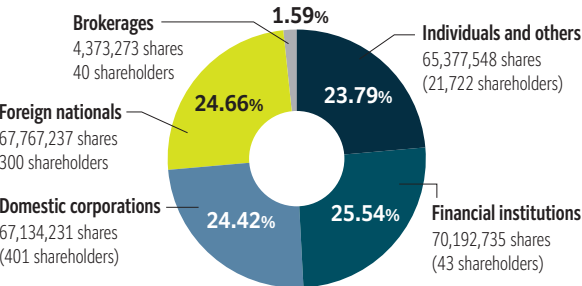
Changes in Market Capitalization (As of July 2023)



Stock Information (As of March 31, 2023)

Total Number of Shares Authorized	1,200,000,000 shares
Total Number of Shares Issued	274,845,024 shares
Number of Shareholders	22,506

Status by Owner



Major Shareholders (Top 10)*1

Shareholder Name	Number of Shares Held (In Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,736	12.10
Hikarigaoka Corporation	26,274	10.02
Custody Bank of Japan, Ltd. (Trust Account)	13,203	5.04
Sumitomo Realty & Development Co., Ltd.	8,695	3.32
INFRONEER Employee Shareholding Association	8,352	3.19
STATE STREET BANK AND TRUST COMPANY 505001	5,634	2.15
STATE STREET BANK AND TRUST COMPANY 505103	3,807	1.45
Custody Bank of Japan, Ltd. (Trust E Account)	3,644	1.39
KIA FUND 147-TOKIO MARINE	3,102	1.18
Sumitomo Mitsui Banking Corporation	3,061	1.17

*1 The shareholding ratio is calculated by deducting treasury shares (12,629,496 shares).

*2 The Company holds 12,629,496 treasury shares, but is excluded from the above list of major shareholders.

Dividend Per Share and Dividend Payout Ratio

(Fiscal Year Ended March 31, 2023)

	FY2022	Plans for Fiscal Year Ending March 31, 2024
Dividend (Yen)	55	55 (including interim dividend)
Dividend Payout Ratio (%)	39.7	45.8

IR Activities

- Quarterly briefing for analysts (president in attendance)
- Individual IR and small meetings (held 99 times)
- Seminars for individual investors (held three times in Tokyo, Osaka, and Nagoya; 521 participants)
- Work site/facility tours (held twice)
- YouTube streaming (distributed three times)

► For more information on our IR activities, visit <https://www.infroneer.com/en/ir/>



Initiatives Valued by the INFRONEER Group

UN Global Compact

We support the 10 principles related to human rights, labor, environment and anti-corruption, and will continue our efforts to achieve a sustainable society.



TCFD (Task Force on Climate-related Financial Disclosures)

Recognizing climate change as one of our key management issues, we will continue our efforts to achieve carbon neutrality.



RE100

We aim to procure 100% of the electricity we use in our business activities from renewable energy sources.



Editorial Notes and Glossary

On Completing the Integrated Report

Thank you for reading this report to the end.

The mission of this integrated report is to present INFRONEER's present situation and future plans as well as the approach to the future so that our stakeholders will better understand and support our thoughts and activities. In addition to this tool, with its limited capacity to offer everything we would like, we utilize other media and opportunities to communicate our thoughts and activities on an ongoing basis according to our stakeholder dialogue policy.

Having shifted to the holding company system in October 2021, about two years ago, the company has taken only its earliest steps on the path toward becoming an integrated infrastructure service company. We have a myriad of challenges to overcome to implement future plans, as described in this report by the presidents of INFRONEER Holdings and the three business companies, as well as outside directors and the chief financial officer.

These challenges are formidable and cannot be solved by the company alone, nor even overcome by a selected few within the company. The essential thing is cooperation of all stakeholders. We would like you to join our journey toward drawing a "future," traveling a "path," and creating "a world where there's no limit to what can be asked from and what can be delivered by infrastructure services." Taking this opportunity, I would like to express my deepest appreciation to all the people who have extended cooperation to us in preparing this integrated report as well as our predecessors who have contributed to the Group's long history of business. And I want to thank the members of the Integrated Report Editorial Team, who have worked to overcome many challenges by making persistent efforts to negotiate and discuss with various people concerned.

We hope this report will serve its role as a stakeholder communication tool in encouraging many people to join us in challenging the status quo for the future of our infrastructure. We appreciate your continued support and cooperation.

Mitsuhiro Okazaki
Representative of the Integrated Report Editorial Team
Head of the Sustainability Promotion Office, Corporate Strategy Dept.

Glossary

The definitions of the key terms used in this integrated report and the INFRONEER Vision 2030 are shown below.

Term	Definitions in Management Plan
Infrastructure	Constructed structures, such as schools, medical facilities, prisons, stadiums and the like, and civil structures, such as roads, water supply and sewer systems, airports, ports, and renewable energy facilities and the like; indicates tangible (hard) facilities of all social infrastructures. Note: An intangible (soft) infrastructure other than the above is indicated separately as XX infrastructure. (e.g., "information infrastructure")
Infrastructure service	The operation, maintenance, and management of the above infrastructure and services provided directly and indirectly through the infrastructure; indicates "soft" as opposed to "infrastructure" that indicates a tangible (hard) facility.
A world of boundless infrastructure services	A status of providing unrestricted services beyond the established mechanisms, regulations and rules of the infrastructure industry and market. As a result, a state making it possible for the beneficiaries to make "optimal choices."
Engineering capabilities	A construction technology capability that demonstrates the strengths of each business company of INFRONEER in the "construction" business. This includes not only technical capabilities at the construction stage, but also sales capabilities, design and proposal capabilities, technical development capabilities and others.
Concession	A PFI project in which a private business operator acquires the right to operate a public facility or the like (the right to operate a public facility or the like owned by the public and to receive usage fees of the facility as its own income) based on the PFI Act (Act on Promotion of Private Finance Initiative). This enables private business operators to operate, maintain, and manage public facilities and the like in a stable manner over the long term, making it easier to demonstrate private ingenuity.
PPP/PFI	PPP (Public Private Partnership): A partnership between the public administration and the private sector in the construction, maintenance, management, and operation of public facilities to achieve efficient use of financial funds and administrative efficiency by utilizing the ingenuity of the private sector. PFI (Private Finance Initiative): Based on the PFI Act, utilize private funding, management capabilities, and technical capabilities for the construction, time, and operation of public facilities and the like.