



Integrated Report 2024

INFRONEER's Challenge:
Creating Value with Society and
Paving the Way to the Future





Challenge the status quo

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

The INFRONEER Group 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.

This is why we have accelerated relevant efforts to help resolve such issues through close collaboration with co-creation partners while making effective use of technical capabilities and know-how cultivated for over a century and shifting to the holding company structure.

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.

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Editorial Policy

We regard this Integrated Report as an important communication tool between our stakeholders and ourselves, as well as among our stakeholders. We aim through this Integrated Report to help our stakeholders understand our enduring value creation process and the value we provide to the community and society, and build up stakeholder engagement to contribute thereby to the enhancement of social and corporate value. Specifically, we hope to help all stakeholders understand and empathize with (1) the urgent social issues surrounding infrastructure, (2) the Group's approach and initiatives (business model) for solving these issues, and (3) the future (vision) to be realized through these initiatives. We also aim to strengthen relations with, and gain the trust of, stakeholders working together to challenge the status quo for the future of our infrastructure.

This Integrated Report describes Group synergies, including those with Japan Wind Development Co., Ltd., which joined the Group in January 2024, in connection with our growth strategy.

In addition, the report provides a fuller description of each segment and the strategies the Group is implementing to create new value. Also included in this report are our sustainability strategies and Sustainability Statement, which describe our vision for 2050 and the actions we are taking to achieve it.

Target period: Covers activities of the INFRONEER Group from April 1, 2023 to March 31, 2024, including some previous initiatives and recent activities. Charts and tables in this Integrated Report present information as of March 31, 2024 and FY2023 unless otherwise noted.

Reference guidelines: “International Integrated Reporting Framework” by the International Financial Reporting Standards (IFRS) Foundation, “Guidance for Collaborative Value Creation” by the Ministry of Economy, Trade and Industry, GRI Standards, and ISO 26000



Thoughts Embodied in the Cover

On the road to making the Group an integrated infrastructure service company, its Group companies are moving forward in concert, working with a variety of partners to create new value and demonstrate their determination to move into the future together.

INFRONEER Holdings will continue taking on the challenge of solving social issues in infrastructure and infrastructure services as Japan's first integrated infrastructure service company.



Established in 2021

MAEDA CORPORATION
(MAEDA CORP.)
Founded in 1919

MAEDA ROAD CONSTRUCTION Co., Ltd.
(MAEDA ROAD)
Established in 1930

MAEDA SEISAKUSHO CO., LTD.
(MAEDA SEISAKUSHO)
Founded in 1962

Japan Wind Development Co., Ltd.
(JWD)
Established in 1999

•Civil engineering
•Building construction
•Infrastructure management

•Road civil engineering

•Machinery

•Infrastructure management

The construction industry, which has traditionally been run mainly through "construction (or outsourced contracting)," has been tossed about by economic waves numerous times and has had to overcome severe challenges. Japan's socio-economic structure is now changing day by day, and we are entering an era of uncertainty and unpredictability.

Furthermore, the infrastructure we support is facing critical issues that could undermine the safety and comfort of many communities. In looking for solutions to the social issues surrounding this infrastructure, we have found a way forward in the infrastructure business that involves the maintenance and renewal of infrastructure through the renewable energy business and public-private partnership projects. In 2011, with the goal of "de-construction," we began taking on the challenge of a new business that will expand and strengthen our business domains upstream and downstream with infrastructure construction as our core strength.

In addition to securing profits from "construction," we need to build a stable revenue base to ensure the Group achieves

sustainable growth and creates value for society in the future. We are striving to put in place a new business model as an integrated infrastructure service company by combining the engineering capabilities we have cultivated to date through "construction" with new "de-construction" infrastructure services.

To create a new global corporate group that transcends the boundaries of the conventional construction industry, we transitioned to a holding company structure in 2021, with INFRONEER Holdings as the joint holding company and MAEDA CORPORATION, MAEDA ROAD CONSTRUCTION, and MAEDA SEISAKUSHO as business companies. Japan Wind Development Co., Ltd. joined our Group in January 2024, and we are ready to expand our sustainable business and open the way to the future.

The INFRONEER Group will mobilize its creativity in an ever-changing society and actively exercise leadership to realize better societies and our vision for the future: a world where there's no limit to what can be asked from and what can be delivered by infrastructure services.

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

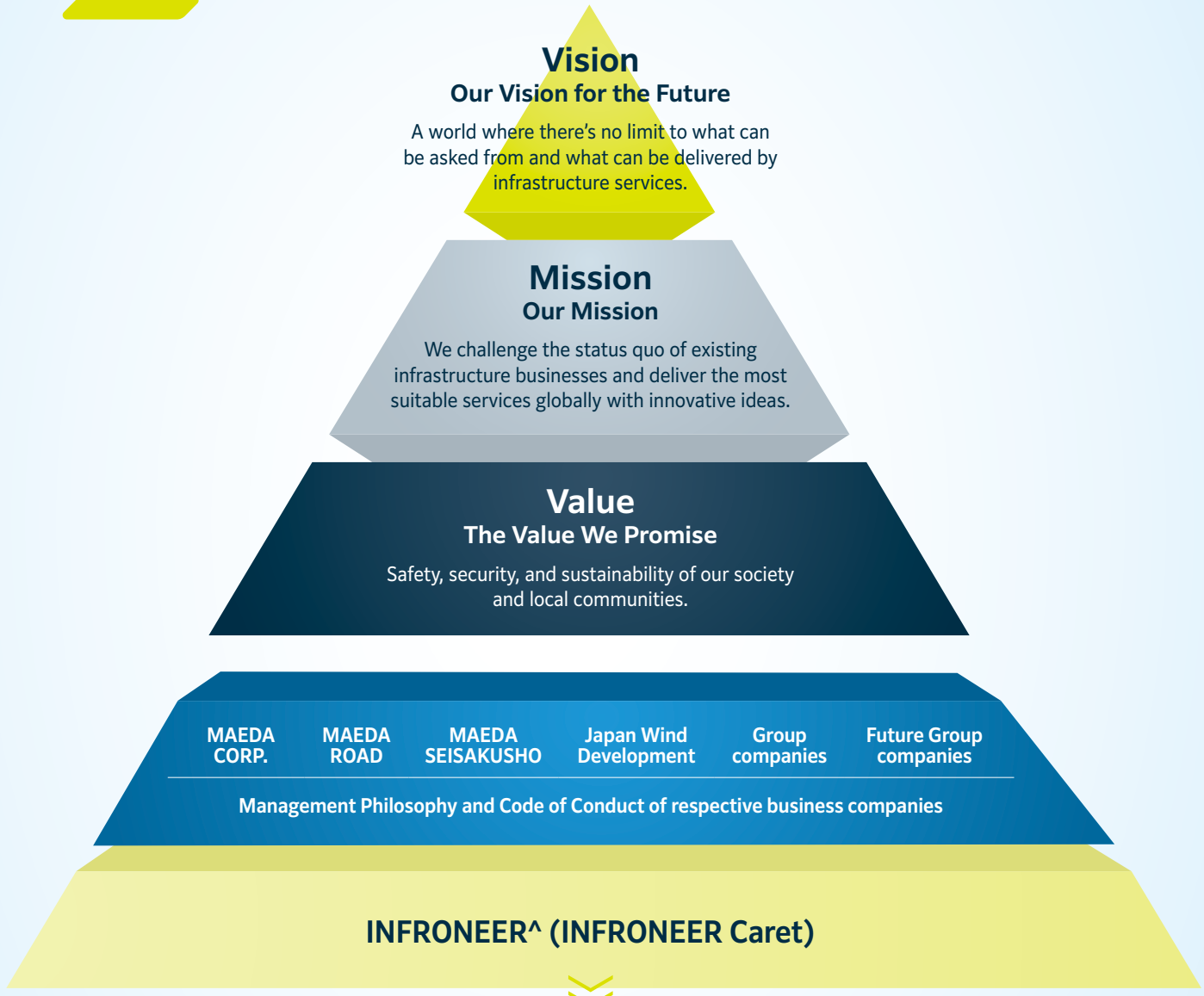
By "de-construction," we mean our commitment to going beyond the "construction" business and taking on project risks as a business operator while continuing with the conventional "construction" business. The term also implies the philosophical concept of "deconstruction" proposed by philosopher Jacques 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 23.

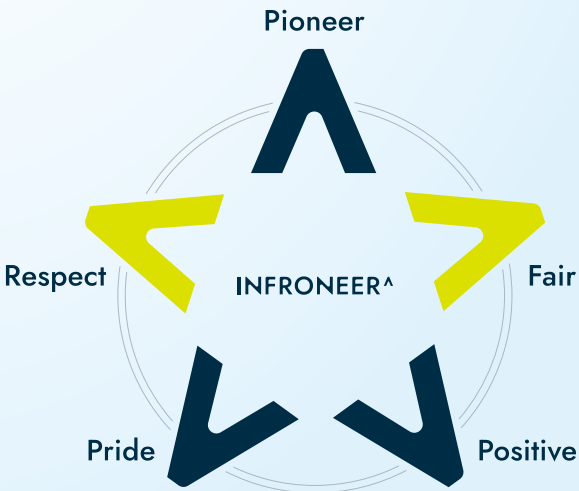
Our Vision for the Future

We have established the following management philosophy and code of conduct to realize "a world where there's no limit to what can be asked from and what can be delivered by infrastructure services."



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.

- Pioneer** It is okay to make mistakes. Taking initiatives into uncharted territory.
- Respect** It is okay to meet deadends. 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.



Continue to Create Future Value by Aiming to Become an Integrated Infrastructure Service Company That No One Has Ever Seen

Three years have passed since INFRONEER Holdings Inc. was established in October 2021. After shifting to a holding company structure with MAEDA CORPORATION (MAEDA CORP.), MAEDA ROAD CONSTRUCTION Co., Ltd. (MAEDA ROAD), and MAEDA SEISAKUSHO CO., LTD. (MAEDA SEISAKUSHO) as business companies, we welcomed Japan Wind Development Co., Ltd. (JWD), to the Group in January 2024 and, together with our new colleagues, we will continue taking on the challenge of becoming a new and unprecedented integrated infrastructure service company.

We have hoisted the banner of “de-construction,” an approach in which “construction” is not the ultimate goal as a solution to the major social issue of how to maintain and preserve the infrastructure* that underpins our society into the future. We strive to go beyond conventional thinking to create future value on our own. To realize our vision, we will take on the challenge of expanding our business domain, including aggressive M&A and global expansion, aiming to achieve sustainable growth for the INFRONEER Group.

► For details on “de-construction,” please see page 23.
* Refer to the glossary on page 84.



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.

Continued Growth Aiming to Become an Integrated Infrastructure Service Company

Our goal of becoming an integrated infrastructure service company entails providing comprehensive and efficient services in various infrastructure fields to communities, local governments, and society as a whole.

Behind this business model is our desire to solve social issues surrounding infrastructure. Our lives and society are supported by such physical infrastructure as roads, airports, and water supply and sewerage systems. New infrastructure was developed during the postwar period of rapid economic growth, society began enjoying greater convenience, and life became much more comfortable than before.

Once built, however, this infrastructure must continue to be maintained and renewed for the next 20 to 30 years. With birthrates declining and society aging, Japan is today at the crossroads of a shrinking population. In addition to a lack of financial resources for construction investment due to declining tax revenues, many regions are faced with situations in which existing infrastructure cannot be inspected and maintained due to a lack of infrastructure providers and its deterioration poten-

tially jeopardizes the safety and comfort of society. We believe that the INFRONEER Group, as an integrated infrastructure service company that provides one-stop management of all types of infrastructure from upstream to downstream, has much to contribute to solving these social issues.

The private sector is indispensable in maintaining a high level of infrastructure, an asset belonging to the nation as a whole that supports society. Accordingly, infrastructure must be made into a business that can generate proper profits over the long term. We hope to add value to the infrastructure we own and operate, in some cases recycling capital and thereby revitalizing the infrastructure investment market.

Such corporate concepts and business models are not well established in Japan. The Group is proud to be a leading company that envisions future value from a medium- to long-term financial perspective and creates new markets on its own.

► For details on our business model, see page 23.

Strengthening “De-construction” to Achieve Integrated Infrastructure Services

Since 2011, MAEDA CORP., one of our core business companies, has made “de-construction” a pillar of its management strategy alongside “construction.” Becoming an integrated infrastructure service company has been our vision since that time. For the Group to continue growing, a stable revenue base must be built and profits secured in the traditional “construction” business, but we see the INFRONEER Group’s future in the new “de-construction” business, primarily in infrastructure services*1.

With the transition to a holding company structure, the three business companies—MAEDA CORP., MAEDA ROAD, and MAEDA SEISAKUSHO—are sharing customer information and creating synergies by improving their technological capabilities, enhancing their order competitiveness, and refining their working budgets and construction plans, all the while establishing a structure for growth as a Group. JWD newly joined the Group in January 2024.

► For more details on synergies, see page 40. For details on JWD, see page 41.



We believe this acquisition has given us an opportunity to accelerate our renewable energy business, one of the pillars of our “de-construction” efforts. In the renewable energy business, we are seeking to shift to a business model in which we earn profits by investing in and operating infrastructure projects until we are ready to exit by selling, at which time we will recycle the capital (capital recycling), and we can expect to earn profits from the sale of wind farms developed by JWD and revenues from the operation of wind farms. One of our strengths is JWD’s extremely high success rate of 95% for projects that have reached the feasibility assessment process. Furthermore, since JWD also has development, operation, and maintenance divisions that will complement MAEDA CORP.’s design and construction divisions, we will be able to handle the entire life cycle of wind power generation projects.

Solar, wind, biomass, and other renewable energy generation technologies are being developed and widely deployed in striving for society-wide carbon neutrality, but neither the speed of implementation nor the scale of power generated is quite sufficient to meet society’s needs. Demand for environmental value is increasing both in Japan and abroad, and we believe that renewable energy projects as a sustainable business will drive the improvement of the Group’s overall corporate value.

The announcement that we were going to acquire JWD was met with surprise both inside and outside the company. Much of this surprise stemmed from the speed at which this acquisition was carried out, but it was by no means a spur-of-the-moment or hasty decision. Just as we had been considering group management through a holding company structure for nearly 20

years, the truth is that MAEDA CORP. had been considering M&A to expand its renewable energy business for quite some time.

MAEDA CORP. and JWD originally had an order placement/receipt relationship, and they have a track record of developing projects together. We decided to acquire JWD because we believe it is one of the leading wind power development companies in Japan and a very potent company in terms of our strategy. One advantage of this approach is that it is easier to create synergy as a Group sooner with JWD, whose competencies and capabilities are understood, rather than with a company whose business potential and prospects are unknown. We believe that the purpose of M&A is to enhance the value of the Group rather than simply to pursue sales and profits. M&A must create synergies among business companies by having them work together with the acquired company so that the entire INFRONEER Group can evolve.

Another pillar of “de-construction” is public-private partnership projects such as concessions*2. The systematic operation and maintenance of public and other facilities over extended periods should not only help establish a stable revenue base for the Group but also have the synergistic effect of promoting regional revitalization through projects that incorporate ideas unique to the private sector and boost added value.

In June 2024, MAEDA CORP. won the bid for the “Toyama City General Gymnasium R Concession Project” as the representative company for a consortium. The purpose of this project is to make the facility profitable and extend its service life. It is also intended to transform it into a source of dynamism as a core facility for new community development in fulfillment of the compact city strategy being promoted by Toyama City.

MAEDA CORP. is steadily building a track record of success, evidenced by its status as a key member of the “Operation and Maintenance Management Project of the Japan National

Stadium” (representative company: NTT DOCOMO, Inc.) and the “TOYOHASHI Next Park Group” (representative company: Starts Corporation), which is a consortium for the “Multipurpose Indoor Facility and Toyohashi Park East Side Area Development and Operation Project” that includes the Toyohashi Arena.

“De-construction” cannot be transformed for the future unless we set out major goals to be accomplished from a long-term perspective and then backcast our business operations from there. We will always look 10 years into the future and address business issues by stepping up our “de-construction” business to accomplish our goals for the next decade.

We are also continuing to pursue digital transformation (DX), a driver for accelerating the Group’s growth. Based on our digital strategy to support business growth and efficiency, we took steps in FY2023 to expand Group synergies and create a new business model by enhancing Group IT infrastructure, building information security systems, developing generative AI infrastructure, and promoting Group data management. One new challenge of particular note was our conclusion of an exclusive development license agreement for the Remaining Useful Life System for a water pipe network owned by Fracta, Inc. (headquartered in Silicon Valley, California) with our water concession/water PPP business in mind. In addition to sharing the development of technology for the Remaining Useful Life System through a combination of AI and big data, we also undertook human resource development initiatives such as sending data scientists from the Group to study at Fracta’s sites. We will continue taking on the challenge of changing the rules of the game using digital technology.

► For more information on drivers for accelerated growth, see page 59.
For *1 to *2, refer to the glossary on page 84.

Arena concession projects now being strategically acquired

INFRONEER Group’s aims

- Become a pioneer in the stadium/arena business, which is expected to expand across Japan in the future
- Combine sports and entertainment and take on challenges in new markets
- Build a regional network using stadiums and arenas as footholds and link this network to infrastructure operations in each region

Create an ecosystem for regional revitalization using stadiums/arenas as a catalyst

Provide knowledge and structure projects aligned with local government needs

Leverage established local networks for infrastructure operations

Conduct sales activities and maintain facilities in cooperation with local companies

Create bustling communities with stadiums/arenas at their cores

Type 1 Large city x Global/large-scale events

Operation and Maintenance Management Project of the Japan National Stadium and other facilities
Renovation: April to December 2024 (under discussion)
Operation: April 2025 to March 2055 (30 years)

Type 2 Major metropolitan area x Domestic/medium-scale events

Toyohashi Multipurpose Indoor Facility and Toyohashi Park East Side Area Development and Operation Project
Renovation: September 2025 to June 2027
Operation: October 2027 to September 2057 (30 years)

Type 3 Local metropolitan area x Local community-based events

Toyama City General Gymnasium R Concession Project
Renovation: October 2024 to September 2026
Operation: October 2026 to September 2039 (13 years)

Creating a Paradigm Shift in Business to Realize the Business Plan

Steadily achieving our medium-term business plan is key to achieving our vision. The current medium-term business plan ending in FY2024 sets a business profit target of ¥59 billion, and the entire Group is working together to achieve this goal.

INFRONEER Vision 2030 (Medium- to Long-Term Business Plan) further establishes performance targets of ¥100 billion or more in business profit, ¥70 billion or more in net income, and 12% ROE for FY2030. Given the difficulty of achieving these goals with our current business structure, we need to aggressively invest in growth and expand our business through M&A and alliances to continue creating value for society through a paradigm shift in our business.

► For an overview of the INFRONEER Vision 2030, see page 35.

Our conventional approaches to doing business in Japan will not work in expanding our operations globally. Since our competitors are not just Japanese companies, we will consider global expansion from a long-term perspective rather than pursue short-term business results. Fundraising must also be considered from a global perspective.

It is incumbent on us to approach our business with future value in mind, starting at the development stage, by taking risks, investing capital in businesses with growth potential ahead of our competition, and adding more ideas that will increase the future value of these businesses.

Human Capital Management as the Key to Group Transformation

Human capital is the most important factor in propelling the Group's transformation. I believe that human resources basically grow on their own rather than being nurtured. To this end, we recognize the need for our company to provide the environment and systems for employees to grow further. Accordingly, we offer employees opportunities to broaden their experience by holding internal training programs matched to the growth challenges faced at various career tiers and sending participants to outside cross-industry exchange training programs.

Also important for employees is the ability to conceptualize. Since April 2024, we have created opportunities for employees to read philosophy, sociology, and other liberal arts books not directly related to their work and to engage in discussions with each other to hone their resourcefulness.

Going forward, we are also considering implementing Group-wide training programs. Although personal exchanges among employees of business companies centered on INFRONEER

By investing aggressively and building a business foundation ahead of other companies, we can gain a first-mover advantage when the market grows and matures. While it is possible for the second mover to emulate the first mover's methods, there are certain things visible only to the first company to jump in as well as advantages such as being able to set the rules as the first mover.

We have chosen to adopt a management structure of a company with a nominating committee, etc., because it enables us to take on these business challenges, and outside directors serve as the chairperson of the Board of Directors as well as the chairpersons of the Nominating, Compensation, and Audit committees. By clearly separating the supervision of management and the execution of business operations to establish the most rigorous corporate governance structure, we are pursuing corporate management and business execution with a sense of urgency.

The Nominating Committee has prepared a succession plan that went into effect as of April 2024. The compensation system for executives has been designed to emphasize profit growth by setting a high ratio of variable compensation linked to business performance. To further strengthen corporate governance, the internal control system also provides for quarterly reporting and monitoring.

► For the outside directors roundtable, see page 11.
For details on governance, see page 65.

have seen progress, we would like to share or jointly implement training programs currently being conducted by Group companies on their own in order to foster a greater sense of unity within the Group. We are also considering the introduction of a common talent management system for the Group. We would like to build a platform to visualize the Group's human capital and link it to measures promoting human resource development and personnel transfers.

► For details on human capital, see page 75.

In April 2024, we introduced the Group Employee Stock Ownership Plan (J-ESOP) as an incentive plan to provide all Group employees with shares of our company's stock. The dual purposes of this plan are to enhance a sense of togetherness through the medium of INFRONEER stock reflecting the Group's corporate value and to increase a sense of ownership as a member of the Group, namely, to reinforce "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."

Town meetings have been held at 13 business locations nationwide, management meetings have been live-streamed, and board meeting minutes have been made available to all employees since the Company was established. These steps are expected to help foster Group awareness, improve engagement, and create synergies.

► For details on the Employee Stock Ownership Plan (J-ESOP), see page 36.

Deepen the "Construction × De-construction" Business

We are sometimes asked if we are reducing our "construction" business as we pursue "de-construction," and this question stems from a misunderstanding. While our "construction" business may decrease as a percentage of the whole as a result of increasing our "de-construction" business, we do not envision reducing our "construction" business itself at all. "Construction" and "de-construction" are not binary opposites; the only differences, broadly speaking, are whether "construction" involves only construction work or includes subsequent operations, and whether it entails investment.

What I am looking for in employees is an attitude of approaching business with the idea of creating new value on their own. I want them to go beyond the conventional concept of "construction" and carry out their respective duties without forgetting that boosting "construction" is a means of maximizing the returns from "de-construction" and that a virtuous cycle of "construction" and "de-construction" will generate profits.

We have focused to date on changing the mindset of our



employees to free them from preconceived notions and conventional ways of doing things, and we genuinely feel the mindset of the entire Group is gradually shifting. Our employees are also striving for a new future as an integrated infrastructure service company with a sense of urgency.

To the Investors Who Support the INFRONEER Group

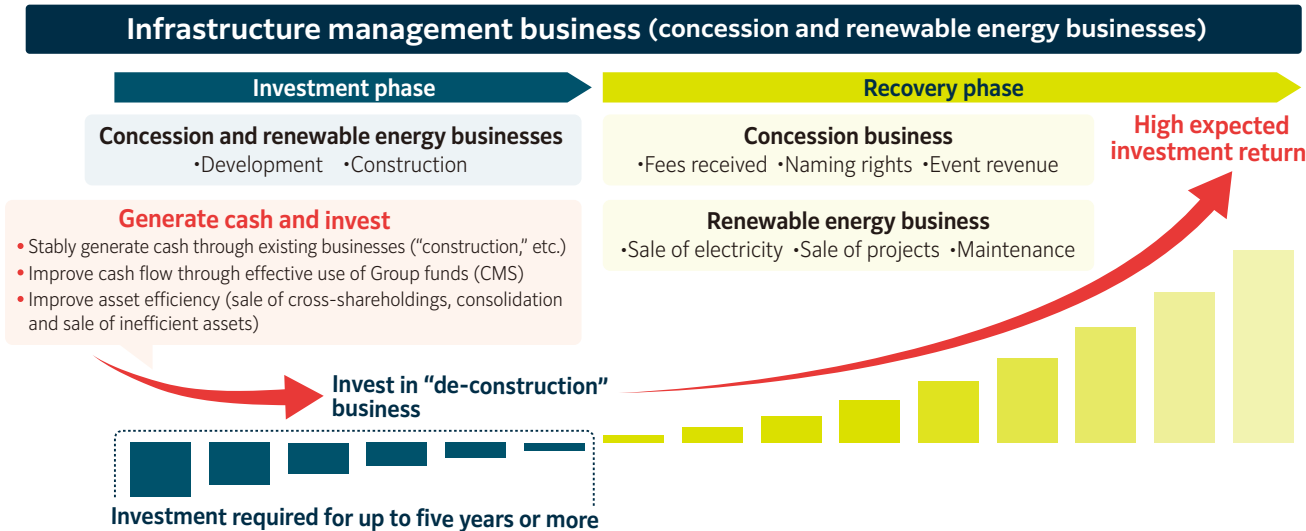
The Group saw a significant year-on-year increase in both sales and profit in FY2023 (ended March 31, 2024). We believe that the reason we have been able to maintain our strong performance amid rising material and labor costs and a clear polarization in the construction industry between companies doing well and those doing poorly is that our current situation is an extension of past reforms—including tighter ordering discipline and price negotiations with customers based on relationships of trust—that we have been undertaking for more than 10 years.

Three years after the establishment of the Company with the goal of transforming ourselves with an unprecedented business model into an integrated infrastructure service company, we are convinced that our vision is correct.

On that basis, we would like our stakeholders to understand that the business model we are pursuing is that of a business requiring upfront investment. The infrastructure business in-

volves business risk and can involve large investments. We place the value of our business endeavors in the future, calculate the value that these endeavors will generate in the future, and make upfront investments based on backcasting. In addition, we are seeking to minimize risk and generate large returns by leveraging the engineering capabilities and financial know-how we have cultivated over the years.

We will continue communicating our vision and enhancing opportunities for mutual understanding and disclosure with investors and stakeholders to meet market demands for long-term profitability, cash flow generation, capital distribution, and shareholder returns. We hope you will follow our progress in taking on these enormous challenges and appreciate our efforts. Our executives and employees are committed to working in concert to ensure the INFRONEER Group's sustainable growth meets your expectations.



One of the town meetings held at 13 offices across Japan

Outside Directors Roundtable



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

Supporting the Group's Rapid Growth

Outside directors reflect on the three years since the establishment of INFRONEER

INFRONEER's History and Prospects Redefining Business Domains to Create Innovation

Hashimoto: Since its establishment in October 2021, INFRONEER has made steady progress toward becoming an integrated infrastructure service company. To take on challenges in uncharted territory, we chose to become the first firm in the construction industry to adopt the institutional design of a company with a nominating committee, etc., and we have worked to ensure appropriate risk management through a sophisticated governance structure. The clear separation between corporate management by directors and business execution by executive officers has led to faster decision-making in management. We outside directors along with other directors are able to concentrate on discussing important management decisions.

Delisting the three business companies and at the same time listing the holding company was aimed to create a structure that would enhance the holding company's centripetal force while allowing the business companies the freedom to exert centrifugal force. In addition to active dialogues between management and employees, personnel exchanges between the holding company and business companies were encouraged to generate synergies as a Group in improving our profitability and technological capabilities and expanding our customer base.

Yonekura: The INFRONEER Vision 2030 (Medium- to Long-term Business Plan) sets out management targets of ¥100 billion in business profit, ¥70 billion in net income, and 12% ROE for FY2030. These figures would be difficult to achieve if we were to focus on the conventional "construction" business. It is important to manage from a long-term perspective rather than let ourselves get caught up in short-term results. While many Japanese companies tend to narrowly define their business domains, the INFRONEER Group has boldly taken on the challenge of changing its business domain from "general contractor" to "integrated infrastructure service company" and has declared

that we will make the leap to the global level. To achieve this, we will first need to develop human resources from a long-term perspective and expand our business with a sense of speed.

If the value created by the Group is positioned not within the conventional framework of a general contractor but instead within the context of infrastructure development encompassing both hardware and software, we can indeed become a savior in developing countries as well as in regions devastated by war and conflict.

Moriya: The speed with which we established a holding company—six months instead of the normal one or two years—was exceptional. Although there were some challenges at the beginning, we have spent three years putting in place a group management structure, and we are now at a critical point for growth.

To achieve our goal of ¥100 billion in business profit in FY2030, even outside directors must know what is happening on the front lines. I myself come from a manufacturing background, so whenever I have the opportunity, I try to get a better understanding of operations by listening to the views of frontline employees. Visiting the front lines in person lets me see what is lacking and what issues need to be addressed. I believe it is the role of directors to ascertain the issues troubling on-site personnel and then resolve them from a management perspective.

Pursuing Dialogue with the Market and Striving to Improve PBR

Murayama: I come from a financial background and have been watching the construction and real estate sectors as an analyst. Based on that experience, the past three and a half years since the decision to establish a holding company have produced a series of positive surprises. The construction sector is typically viewed as having a lockstep mentality and comprising conservative companies dependent on domestic demand, but the INFRONEER Group hopes to grow beyond the general contractor framework.

Our 2030 targets will be pipe dreams if we remain in the general contractor business. However, we are getting closer to realizing the targets by having taken up the challenge of changing our business domain with a sense of speed that we could not have imagined when we established the Company, extending our reach beyond civil engineering, building construction, road civil engineering, and machinery into infrastructure operation and even adding Japan Wind Development Co., Ltd. (JWD) to our Group. Our employees are taking on really tough challenges, and I would like to encourage them to believe that we are doing such a great job in terms of changing business domains in an old-fashioned industry that we may be featured as a case study in a future issue of a highly respected business magazine.

Takagi: Although we achieved record profits for FY2023 (ended March 31, 2024), a sense of crisis has crept into the minds of outside directors and the rest of the management team overseeing company operations. Our stock price, somewhere in the 900-yen range when the Company was founded, is now in the 1,200-yen range (as of the date of the roundtable), but the PBR is around 0.8, well below 1.0, meaning that INFRONEER's performance has not sufficiently met with the market's approval. We need to reach our numerical targets step by step to achieve our goals for FY2030 and increase our corporate value. We must seek out dialogue with the market through IR activities and other approaches and actively communicate the Group's initiatives.

Welcoming JWD into the Group JWD Is an Important Piece in Our Future Growth

Hashimoto: JWD became a new addition to the INFRONEER Group in January 2024. We felt that JWD would play an important role in our Group's future growth. The acquisition cost of over ¥200 billion elicited a variety of opinions but, in the end, the directors unanimously approved the acquisition. It is no easy thing for a single business company to realize an M&A of this scale, which was only made possible by the entire Group's financial strength.

The addition of JWD has dramatically increased the options available in our quest to become an integrated infra-

structure service company. I would like to see the Board of Directors discuss how best to allocate management resources for the Group's growth.

Takagi: Speaking from my experience as an analyst in the construction industry, what I want to convey to investors is that valuations in the construction business cannot be raised by pursuing design, procurement, and construction. The renewable energy business will be an important piece in raising long-term valuations, and we believe that the acquisition of JWD was an absolutely necessary investment for our quest to become an integrated infrastructure service company.

Yonekura: The 21st century is an era of SDGs in which companies are required to achieve both global environmental conservation and sustainable growth. Continuing to grow as a company while protecting the global environment and contributing to the growth of developing countries is an area where Japanese companies can demonstrate their strengths.

I didn't expect we would make a move to acquire JWD, but in view of the difficulty of creating a new business model for an infrastructure business from scratch, this M&A was truly about buying time (speed) and environmental technology. When carrying out M&A, it is important to integrate corporate cultures and climates after the acquisition. We feel that our Group, with its diverse lineup of companies, will be able to make this integration work.

Murayama: From the perspective of risk and return, I think there is, of course, some risk involved in this large-scale acquisition. However, as the saying goes, "No risk, no reward." In the big picture of integrated infrastructure services, JWD is an element that has never existed in our Group before, and I felt we should acquire the company even if it was a risky move.

The ability to minimize M&A risks and maximize integration benefits depends on post-merger integration. The scope of integration covers all processes related to integration, including management, operations, and mindset. I believe as a director that management must consciously consider with a strong sense of urgency how best to integrate JWD into the Group.

Listening to the views of its employees has made me realize that JWD is a very diverse company. The majority of its employees are mid-career hires with a variety of abilities and experiences. I look forward to JWD increasing our Group's diversity in the future.

Highlighting to the Market the Future Growth Potential of Our Expanded Business Domain

Moriya: The acquisition of JWD is not an end but a beginning. The key to success lies in rolling up and improving the corporate value of not only JWD but of the INFRONEER Group as a whole. We must raise funds for new M&A and other growth strategies by enhancing corporate value and generating cash. M&A will become increasingly important when breaking into the global market. In this sense, determining how best to grow JWD will be the first touchstone. The current stock price shows me that we have not yet conveyed to investors the corporate value of JWD, and we need to prove that we were right by delivering robust results to achieve our goals for FY2030. It is vital that we explain more concretely to investors that JWD is a key element in our growth as an integrated infrastructure service company and that it will ensure the generation of operating profit and cash, thereby increasing the corporate value of the entire Group. For example, we must show how long it will take to recover the ¥200 billion invested in the acquisition. **Takagi:** I myself have a different take on the stock price. The Company's stock price slumped after it issued convertible bonds (CBs), but the stock price did not react negatively when we made JWD a wholly owned subsidiary. The stock price was probably affected by concerns about a dilution of earnings per share from future increases in the number of stocks to finance the acquisition through CBs. I believe the market has given a reasonable assessment of the M&A. Institutional investors review their investments on a quarterly basis even when holding stocks for the long term, and they really cannot wait three or five years for an acquisition to pay off. Nevertheless, we are aiming to become an integrated infrastructure service company with a longer-term time frame. We need to communicate this message by engaging in dialogue with the market carefully and repeatedly while making steady profits.

Initiatives to Strengthen Governance
Strengthening Group Governance via an Internal Control System

Hashimoto: From my standpoint as Chairperson of the Board of Directors and concurrently Chairperson of the Audit Committee, I can say that monitoring through the internal control system is first and foremost of utmost importance for group management. For this reason, we conduct annual reviews of the internal control system itself and constantly strive to improve it. While speedy management is crucial, it is also important not to delegate so much authority to the executive side that management cannot get an overall picture of the business. It is essential to monitor whether business operations are being managed strictly within the defined scope. From this perspective, we switched during FY2023 to a system in which the Corporate Audit Department double-checks the business execution reports of executive officers. I do not think many companies have adopted such a system. **Yonekura:** At Nominating Committee meetings, the topic of how to develop human resources comes up before discussions of who will become the next management executive. I also

think it is a good point that the Company is able to discuss return as well as risk in its strategy for the future rather than simply emphasizing and containing risk via auditing. I believe that a spirit of company loyalty, in other words "the camaraderie of being in the same boat," is an extremely important factor in the growth of a company. The introduction of the Employee Stock Ownership Plan (J-ESOP) as a mechanism for employees to share in the fruits of their contributions as reflected in the stock price is thus a positive initiative for enhancing employee engagement.

Developing Core Talent Using the Succession Plan

Moriya: I serve as the Chairperson of the Nominating Committee. The committee's principal roles are to (1) deliberate and report on the selection and dismissal of directors, representative executive officers, and executive officers, and (2) prepare and implement a succession plan. A succession plan formulated over the past fiscal year was put into effect in April 2024. A company's first priority is to develop its human resources. I try to attend as many in-house training sessions as possible to talk with potential candidates for the next Board of Directors. A company's growth depends on how many core personnel it can retain. I hope that the Company will make good use of the succession plan to nurture the next group of executive candidates and that these candidates will learn management skills while maintaining their sense of loyalty to the Company. On the other hand, we are also opening up external routes to acquire human resources who are in short supply within the Company. We will continue pursuing human resource development and even explore the possibility of allowing new hires outside to take on management responsibilities in the future. **Murayama:** We are changing our compensation system to a performance-based system to incentivize outstanding human resources, and we will continue reforming the system to motivate employees. Young executive officers and general managers are emerging, and we are adopting a system that allows employees of the same age to receive different salaries based on their work performance. A plan for human resource development centered on the Nominating Committee has been put together, and the entire Company is working together to develop the next generation of executive candidates. We have put considerable effort into creating a system in which employees can take the initiative to change the Company. Nevertheless, we feel that employee diversity is still lacking. The ratio of female managers is low at 8.3% (non-consolidated). The construction sector has always had few women but I expect this will change with more active external recruitment and intra-Group exchanges, and we will continue to focus on promoting diversity. **Takagi:** The Compensation Committee that I chair recognizes that fostering a profit growth mindset among the management team is a key issue. To foster such a mindset, we have considerably reduced the ratio of fixed compensation and increased that of variable compensation. Few companies in terms of company size and profit scale have total compensation packages featuring such a high proportion of variable compensation. The same holds true for the compensation of employees as well as management. I hope our

committee will continue examining our compensation system in greater depth.

Initiatives Necessary for the Group to Ensure Perpetual Growth
Charging Ahead under the Banner of Creating the Future of Infrastructure

Hashimoto: Our Group has truly taken on numerous challenges. I see my role as an outside director as being to make sound judgments on whether to support or restrain management in what it seeks to do. Management is all about how to allocate people, goods, and money. Auditing is an important anchor in corporate management. The Audit Committee is discussing the creation of a system that enables management audits as well as operational audits designed to improve operations. We need to strike a balance so that we can step on the accelerator as well as the brake. A major change from the past relates to cybersecurity. If something goes wrong, the Company could suffer harm and the entire Board of Directors could even be charged with a breach of its duty of care. The time has come for audit organizations to bring on people familiar with computer systems. **Yonekura:** Now that we have hoisted the banner for becoming Japan's first integrated infrastructure service company, we should commit to this goal and create the future of infrastructure. Entering the global market will also become a necessity. For example, Japan's world-class sewerage systems are the envy of many countries. The same is true of concession projects in countries where demand for funds is tight. The human resources needed to compete globally and the ways we recruit them will change completely. For example, ChatGPT generative AI is more revolutionary for its wide range of applications than for its own functions. The construction and infrastructure industries also need a large number of people who can apply new knowledge, and companies that fail to continue being attractive to such people will find themselves

unable to secure quality human resources. We must continue raising our banner in the direction we are seeking to advance so that we can attract human resources from all over the world who share INFRONEER's philosophy. **Moriya:** As we aim to ensure permanent growth for our Group, what we as outside directors who have been with the company since its establishment can do is lay the foundations and make preparations for the next step in growth. Our next goal should be to make JWD's business a success and increase our value as a Group; if we invest the cash generated in M&A and other activities in Japan and overseas to further increase the Group's corporate value, we will be able to clear the path for our growth strategy. I believe it is our job to pass on such achievements to the next generation. **Murayama:** We must undertake the transformation of business domains with an eye to growth and tie this effort to increased corporate value. This will necessitate having a diversity of people who can actively exchange opinions, making it important most of all to foster a corporate culture in which a diverse workforce can thrive. **Takagi:** This year marks the 10th anniversary of the publication of the "ITO Review," a proposal by Professor Kunio Ito of Hitotsubashi University to improve the value of Japanese companies. Some companies were previously managed with no consideration for such indicators as PER, PBR, and ROE, and I feel that the approaches taken by corporate management have changed dramatically over the past 10 years. I believe that the role of outside directors is to enhance corporate value. While each stakeholder has a different view of corporate value, we cannot overlook the fact that our PBR is well below 1.0. We need to engage more with investors so that our company can be evaluated as a completely new type of company offering integrated infrastructure services.



Social Challenges Surrounding Japan's Infrastructure

Changes in the demographic structure due to the declining birthrate and aging population have given rise to a lack of financial resources, labor shortages and accompanying social issues. This has in turn led to the aggravation of social issues such as the decline and deterioration of various infrastructural functions that support local livelihoods.

It is also urgent to respond to the increase in extreme weather events due to climate change and ensure the stability of energy supplies in our daily lives. Pursuing decarbonization efforts and expanding renewable energy use are essential to resolving these issues.

We at the INFRONEER Group are seeking to solve social issues surrounding such infrastructure through our business activities.

Current Status of Japan's Infrastructure

Insufficient financial resources

Japan's infrastructure stock
in FY2020

Approx. **¥800 trillion**



Construction investment ratio in gross
domestic expenditures

in FY1980–2023

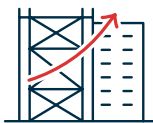
-7.6% FY2023: 12.3%
FY1980: 19.9%



Maintenance and repair work ratio in
construction investments

in FY2001–2021

+9.6% FY2001: 21.0%
FY2022: 30.6%



Maintenance and renewal expenses
incurred through breakdown
maintenance

in FY2048

Approx. **¥12.3 trillion**
FY2018: Approx. ¥5.2 trillion



[Source] "Social Capital Stock Estimation Data" by Cabinet Office; "Digital Construction Hand Book" by 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

Aging infrastructure

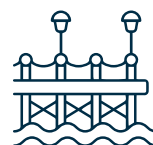
Percentage of road bridges that are
50 years old or older
by 2040

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%**



[Source] "White Paper on Land, Infrastructure, Transport and Tourism in Japan, 2022" by Ministry of Land, Infrastructure, Transport and Tourism

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 is feared to
disappear

by FY2040 **896 municipalities**



[Source] "Related data of the Third 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

Energy

Ratio of renewable energy to
electricity generated

in FY2021 **20.3%**



Energy self-sufficiency among the 38
countries of the OECD member countries

in FY2021 **2nd Worst** (37th out of 38 countries)
Self-sufficiency rate: 13.3%



[Source] Japan's Energy 2023 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

between 1850–1900 and 2011–2020

+1.1°C



Frequency of heavy
rainfall per year

in 2014–2023 compared to 1976–1985

Number of instances per year of 150 mm
or more in precipitation in a 3-hour span **Approx. 1.8 times**



[Source] "Sixth Assessment Report (AR6) Summary for Policymakers" by Japan Meteorological Agency; "Emissions Gap Report 2022" by United Nations Environment Programme; "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 2023 **971 municipalities**

89.7% of the 1,083 municipalities that responded to the survey by Ministry of Agriculture, Forestry and Fisheries



Vacant home rate

in 2023 **13.8%**

9 million vacant homes



[Source] "2023 Results of the National Municipal Questionnaire on 'Food Access Problems'" by Ministry of Agriculture, Forestry and Fisheries; "2023 Housing and Land Survey" by Statistics Bureau of Japan

Shortage of workers

Reduced number of engineers from the peak period

in 2023 **1.57 million people**

Peak (1997): 4.64 million people
2023: 3.07 million people



Aging rate of construction workers
(aged 55 and over)

in 2023 **36.6%**



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

Diversity

Ratio of female workers in construction
compared to all industries

in 2023 **Approx. 1/3**

All industries: 45.2%
Construction: 18.2% (of that, skilled workers are 2.7%)



Ratio of females in managerial position in the
construction industry

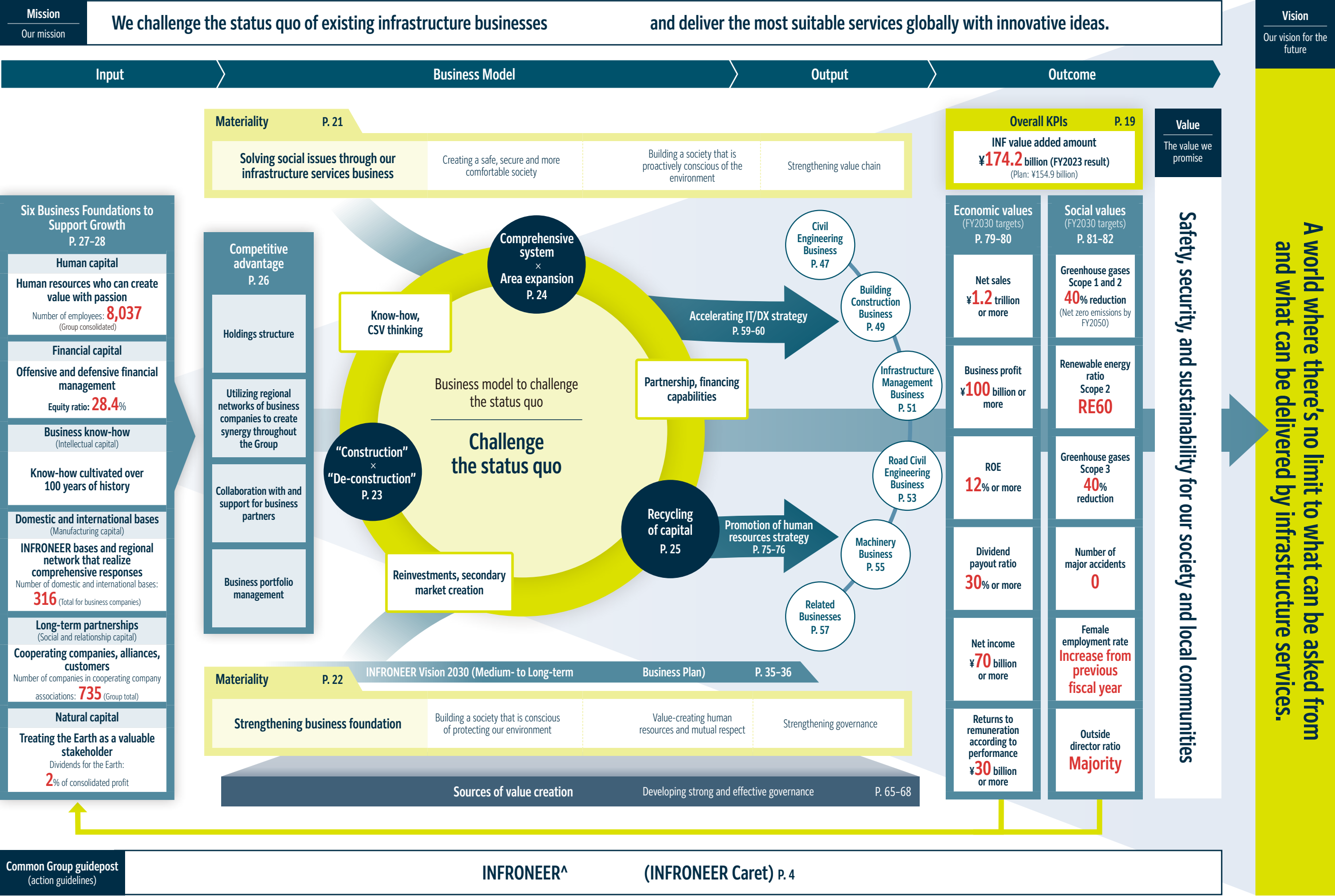
in 2023 **6.2%**

All industries: 9.8%



[Source] "Digital Construction Hand Book" by Japan Federation of Construction Contractors; Survey of corporate attitudes towards promotion of women (2023) by Teikoku Databank

Value Creation Process



Efforts to Achieve Overall KPIs

The INFRONEER Group is working to maximize added value, which it defines in the INFRONEER 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, INFRONEER'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. In FY2023, the actual amount was ¥174.2 billion compared with the planned amount of ¥154.9 billion.

In addition, we are striving to increase corporate value from a medium- to long-term perspective by introducing the overall KPI "INF value added amount" as an evaluation indicator for executive compensation.

Overall KPIs

Value added considered by INFRONEER: 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

Distribution of Added Value for Sustained Growth

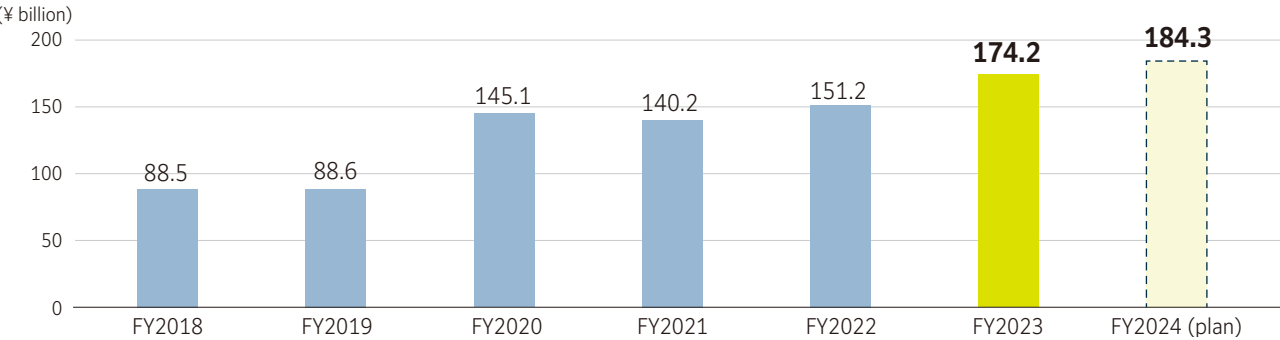


Our policy is to distribute added value in a balanced manner among employee returns, growth investment, shareholder return, and preparation for the future (internal reserves, etc.).

In order to maximize the amount available for distribution for these categories, including for growth investment and shareholder return, it is essential to first maximize added value, the source of the distributed funds.

We work on the maximization of added value and portfolio optimization and enhancement, with an eye to improving ROIC, reducing capital costs, and expanding the market capitalization value.

Overall KPIs—INF Value Added Amount



Materiality and KPIs

The Group has 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

Strengthening value chain

Value-creating human capital and mutual respect
- Building a society that is proactively conscious of the environment

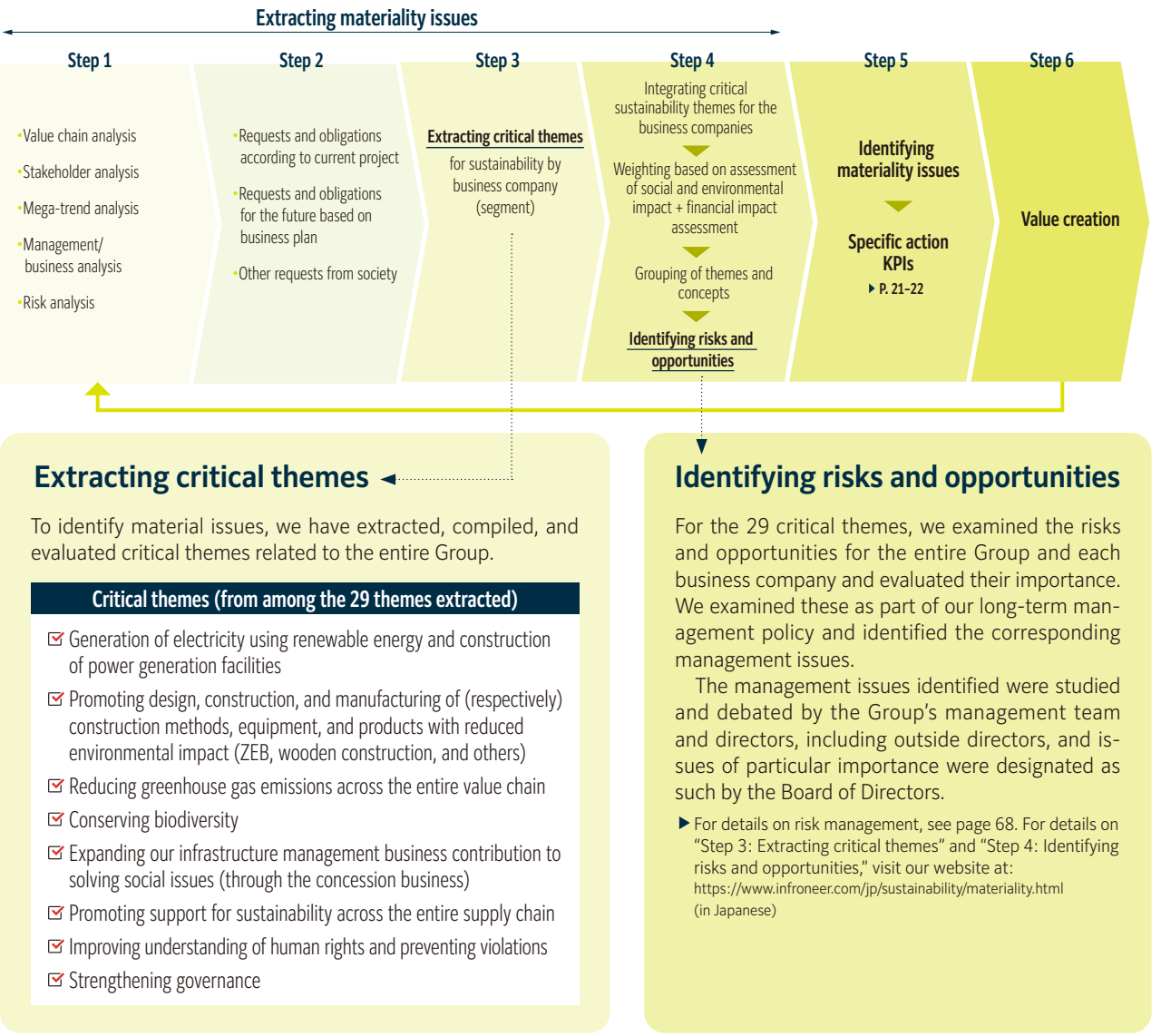
Building a society that is conscious of protecting our environment

Strengthening governance

Identifying Issues for Our Materiality Assessment




To add to discussions undertaken by management and by the Board of Directors after transitioning to a holding company structure comprising business companies, committee members, who work in a variety of fields at the business companies, discussed solutions to social issues and identified 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 Group's activities, 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 discuss and review the issues that are material to our business through discussion at the Sustainability Committee. With JWD joining the Group in January 2024, we are currently revising some of the materiality and KPI. The tables on the following pages are based on the materiality and KPIs as of April 2023.



Materiality & KPIs

Three Strategic Pillars	Materiality	Sub-issues	2030 Medium- to Long-term Goals (Achievement Vision)	KPIs (Targets for FY2030) * Set in 2022	KPI Values	FY2023 Results
Establishing a new revenue base P. 36	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	102:-2 * Operating profit from "de-construction" was lower in FY2023 due to the strategic postponement of infrastructure sales.
	Building a society that is proactively conscious of the environment	<ul style="list-style-type: none">Generating electricity using renewable energy sources and construction and operation of power generation facilitiesPromoting design, construction, and manufacturing of (respectively) construction methods, products, and equipment that reduce environmental impacts (ZEB, wooden construction, and others)	<ul style="list-style-type: none">Grow businesses involved in renewable energyStrengthen efforts for design and construction facilities that contribute to realizing carbon neutrality	Cumulative total power capacity developed	1 million MWh/year (1,000 GWh/year)	546,000 MWh/year (546 GWh/year)
Solving social issues through our infrastructure services business	Strengthening value chain	<ul style="list-style-type: none">Improving public benefit for local communities/preferential in-region procurementStrengthening collaboration with cooperating 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 cooperating 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	Design and construction ratio	70% (3-year average)	63.29% (3-year average)
				Amount of carbon fixed by adopting wooden structures and buildings	2,000 t-CO ₂ /year	496 t-CO ₂ /year
Productivity reforms P. 35	Strengthening governance P. 65	<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 Nominating Committee, Compensation Committee, and Audit CommitteePromote 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	Rate of local employment in SPC employees hired for concession projects operated by MK	64.6%	56.4%
				Construction career advancement system site registration rate for FY2023	100%	Business registration rate: 75% Registration rate of technicians: 75% Registration rate at the registration site: 100%
				Net sales of completed construction contracts per person	¥137 million/person ¥153 million/person	¥107 million/person ¥125 million/person
				ROIC	In preparation	4.0%
				Early formulation of certified technical standards	In preparation	—

Three Strategic Pillars	Materiality	Sub-issues	2030 Medium- to Long-term Goals (Achievement Vision)	KPIs (Targets for FY2030) * Set in 2022	KPI Values	FY2023 Results
Strengthening and improving our corporate culture P. 36	Building a society that is conscious of protecting our environment P. 69 	<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 materialsEstablish 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	29% reduction
				Scope 2 Utilization rate of renewable energy (electrical power)	RE60 in FY2030 RE100 in FY2050	62%
				Scope 3	40% reduction by FY2030	47% reduction
				Waste discharge	Improve compared with previous fiscal year	Total amount: Under compilation MK: 510,000 t (160,000 t decrease YoY) MD: 310,000 t (20,000 t decrease YoY) MS: Under compilation
				Usage rate of recycled materials	Improve compared with previous fiscal year	Asphalt: 78% (2% increase YoY) Concrete: 32% (10% increase YoY) Steel: 58% (10% increase YoY)
				Amount of dividends for the Earth to contribute to maintaining biodiversity and ecosystem service	Increase from previous fiscal year	¥8 million (¥3 million increase YoY)
	Value-creating human capital and mutual respect P. 73 	<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	16.0% (1.3% decrease YoY)
				Zero major accidents Reduce frequency rate	Keep frequency rate below 0.6 up to FY2030 (MK)	Frequency rate: 0.50 Strength rate: 0.02
				Implement human resource training to improve individual skills		
Participation in required training				100%	94.6%	
Strengthening governance P. 65 	<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 Nominating Committee, Compensation Committee, and Audit CommitteePromote 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 Nominating Committee into the company system			
			Outside director ratio	Majority	55.5% (5 people/9 people)	
			Appoint independent outside directors as chairpersons of the Board of Directors and of the Nominating, Compensation, and Audit Committees		Appoint independent outside directors as chairpersons of the Board of Directors and of the Nominating, Compensation, and Audit Committees	
			Implement PDCA under a Sustainability Committee led by the president		Number of Sustainability Committee meetings held: 4	

MK: MAEDA CORPORATION MD: MAEDA ROAD CONSTRUCTION Co., Ltd. MS: MAEDA SEISAKUSHO CO., LTD.
* With JWD joining the Group in January 2024, we are currently revising some of the materiality and KPI. The tables above are based on the materiality and KPIs as of April 2023.

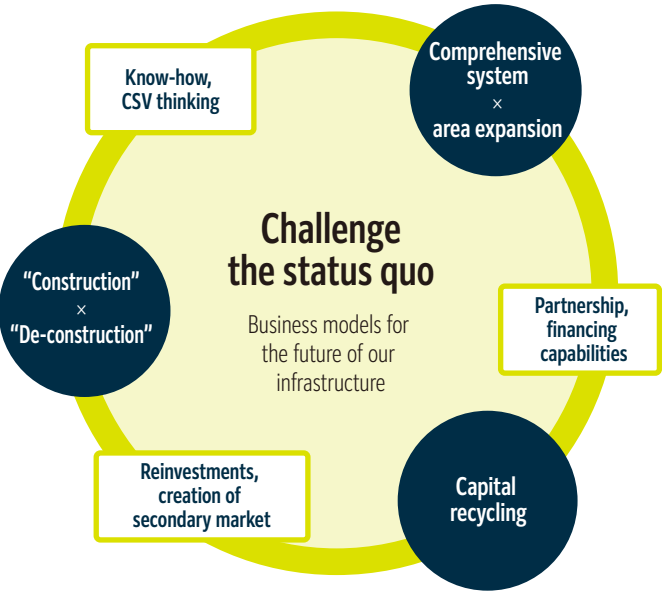
INFRONEER Group's Three Business Models

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 from and what can be delivered by infrastructure services.

Overview of Business Models

The INFRONEER Group 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 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"

Achieving a virtuous growth cycle by strengthening "construction" and expanding "de-construction"

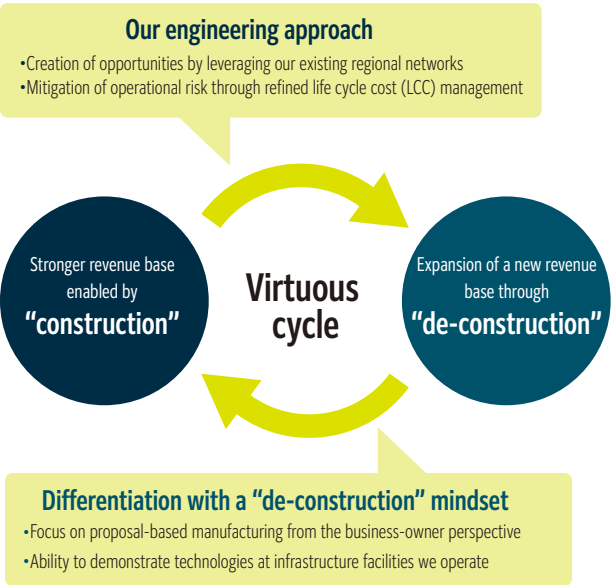
While aiming to stabilize and expand our own revenue, we will take business risks and improve our corporate value through the creation of added value and the continuous provision of infrastructure services to society that can be realized because we are an integrated infrastructure service company.

"Construction"

The "construction" business represents a pillar of the Company and its key strength. The robust engineering capabilities and regional networks 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.

"De-construction"

By leveraging the engineering capabilities and financial expertise we have cultivated in the "construction" business, the "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 that make investments in everything from business development and construction to operation, maintenance, management, and sales. We will be able to differentiate our "construction" business by applying the know-how we have accumulated through "de-construction" and leveraging opportunities to demonstrate technologies at infrastructure facilities that we operate.



For details on each business segment, see page 45 or visit our website at: <https://www.infroneer.com/jp/sustainability/segment/> (in Japanese)

Comprehensive System × Area Expansion

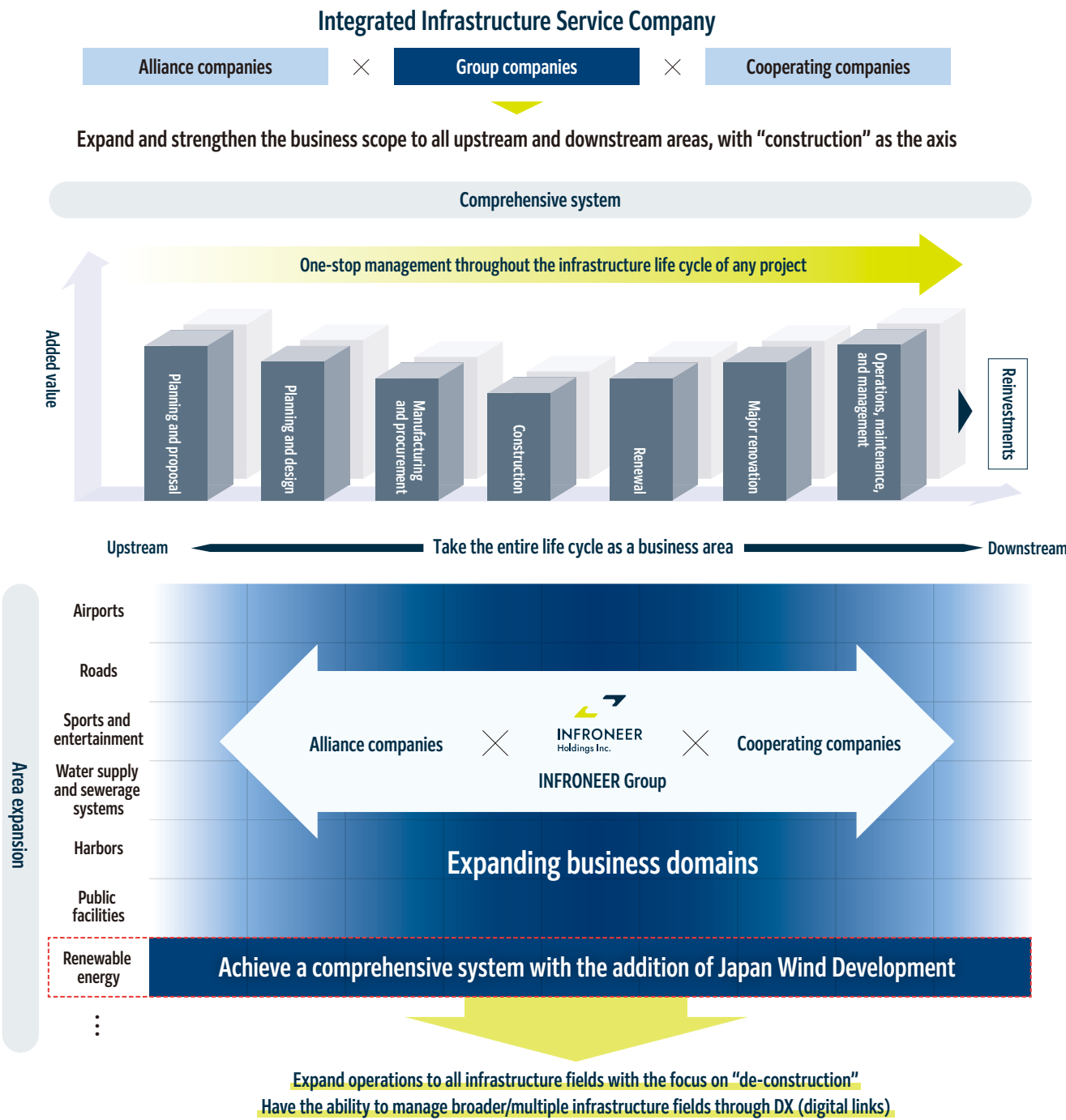
Alliance companies × Group companies × Cooperating companies = ∞

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.



Capital Recycling

Creation of Added Value through Capital Recycling

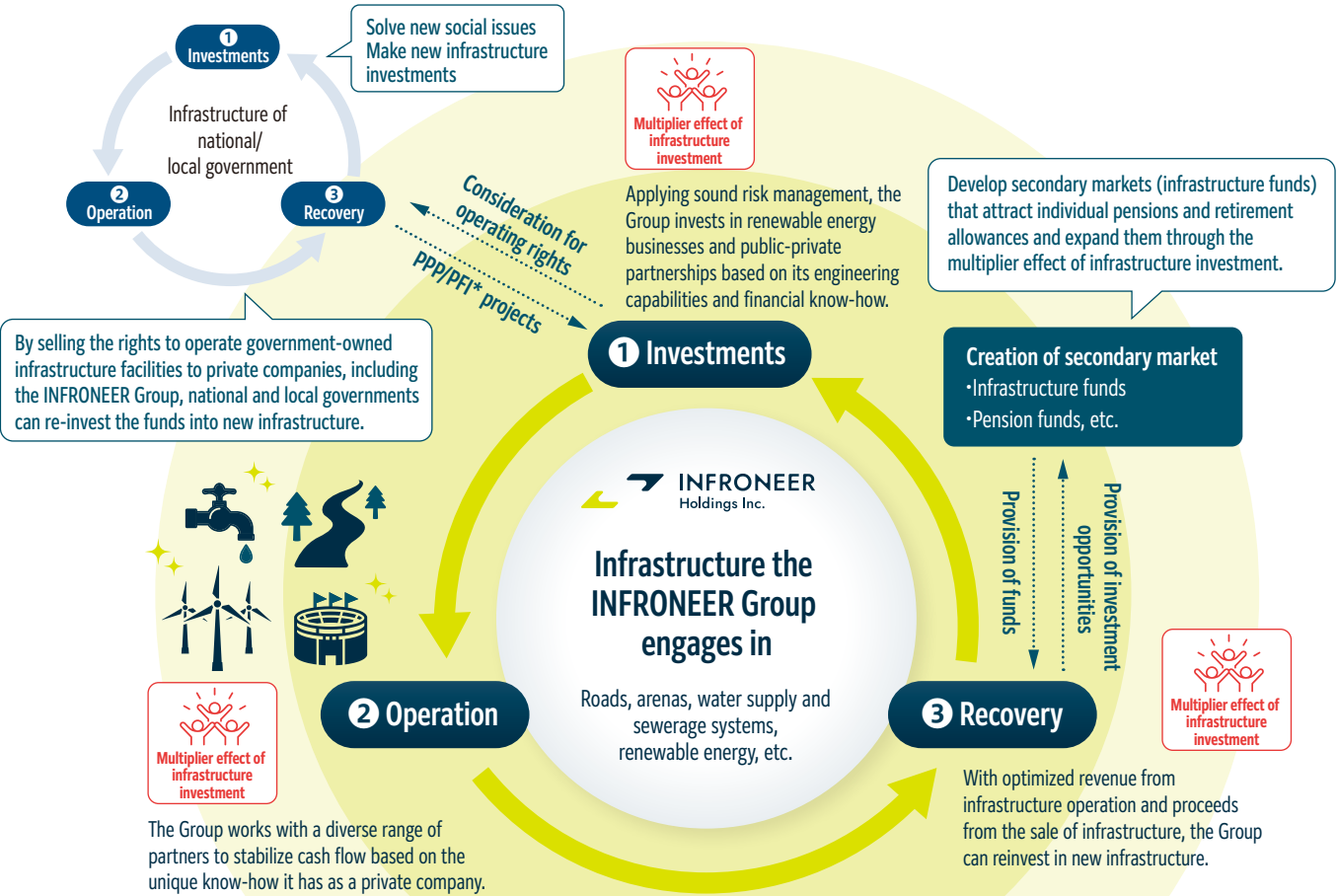
Capital recycling represents the business model of utilizing our engineering capabilities cultivated over many years and the financial know-how we have acquired through forming domestic and international business partnerships, with the goal of promoting reinvestments and creating secondary markets.

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.

▶ Global Infrastructure Management Co., Ltd., in which INFRONEER and Tokyu Corporation are joint shareholders, is building a new infrastructure business platform and creating a secondary market. For details on Global Infrastructure Management, visit their website at: <https://www.gimc.jp/> (in Japanese)

Take on new challenges to address social issues through capital recycling



* For PPP/PFI, refer to the glossary on page 84.

The multiplier effect of infrastructure investment is the economic magnification effect of infrastructure investment. It means investment in public infrastructure creates direct employment and economic activity, which in turn creates a positive ripple effect in the form of broader economic growth and revitalization of regional communities. This is expected to improve the fiscal position of national and local governments while also having a positive impact on individual pensions and retirement allowances.

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 issues surrounding infrastructure.

INFRONEER Group's Competitive Advantages

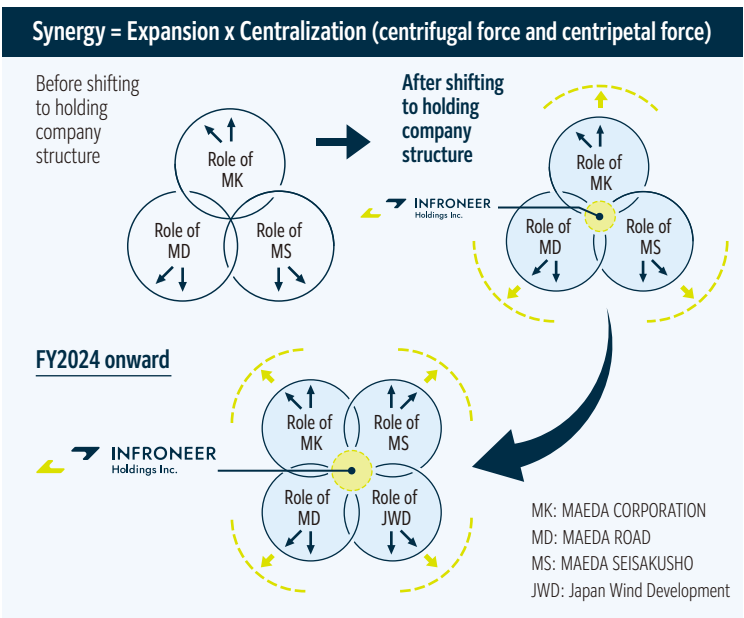
To achieve the perpetual growth of the entire Group, INFRONEER has set the medium- to long-term goal of becoming an integrated infrastructure service company. Toward this end, we are taking on the challenge of transforming to a business model that enables us to maintain stable and high profitability continuously by expanding business areas while leveraging the strengths of the business companies in operating existing businesses. We are promoting this endeavor with Group companies, alliance companies, cooperating companies, and other 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 Group faced constraints, particularly related to resource efficiency, when individually tackling social challenges surrounding infrastructure. To remedy this situation, the three companies decided to shift to the holding company structure in October 2021 so that each Group company, including MAEDA CORP., MAEDA ROAD, and MAEDA SEISAKUSHO, can demonstrate team synergy throughout the Group. In January 2024, Japan Wind Development Co., Ltd. joined the Group to create further synergies.

The Company 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 enables the entire Group to achieve perpetual growth through timely decision-making.

In addition to being able to better 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 alone, and improve corporate value for the entire Group.



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

Making use of local business networks built mainly through each business company's domestic and international sales offices and dealers (sales representatives), 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. 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

To enhance and utilize the strengths of "construction" and "de-construction" as well as promote the expansion of business domains, we intend to accelerate reforms through business portfolio management by the Company as the holding company and utilization of DX. We will evaluate each business by combining market growth potential with ROIC and other capital efficiency indicators and optimize the allocation of management resources based on timely and rational judgments and decision-making.

Six Business Foundations to Support Growth

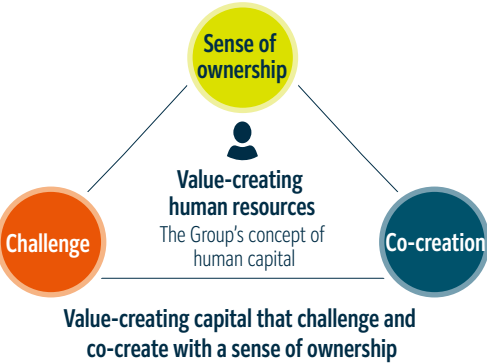
Among the various types of business foundations that constitute a source of value creation, we attach particular importance to the following six types: human capital; financial capital; business know-how; domestic and international bases; long-term partnerships; and natural capital. While enhancing each 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 INFRONEER Group's sustained growth.

01 Human Capital

Human resources who can create value with 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 on value-creating human resources, see page 75.

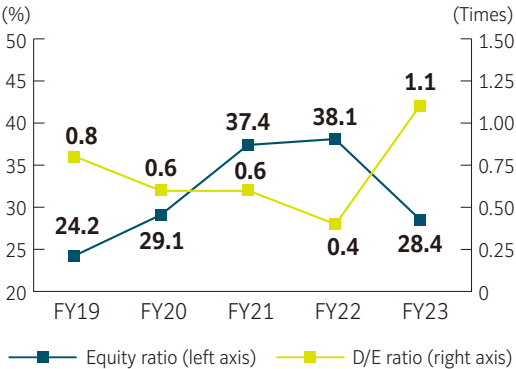


02 Financial Capital

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 initiatives on capital strategy, see page 31; for specific financial data, see page 79.



03 Business Know-how (Intellectual Capital)

Consolidating and upgrading know-how accumulated by each business company

For many years, each business company of the Group has 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, infrastructure management, road civil engineering, 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 on each business segment, see page 45; for details on each business, visit our website at: <https://www.infroneer.com/jp/sustainability/segment/> (in Japanese)

04 Domestic and International Bases (Manufacturing Capital)

INFRONEER bases and regional network that realize comprehensive responses

In addition to the headquarters and branch offices in Japan and overseas, the INFRONEER Group has its own base and regional network that realize comprehensive responses such as the satellite sales offices (franchise companies) of MAEDA ROAD. We aim further to strengthen our business base and ensure our competitive advantage by utilizing and collaborating with this regional network.

MAEDA CORP.	38 domestic bases (4 head offices, 12 branches, 22 sales offices) 16 overseas bases
MAEDA ROAD	224 domestic bases (13 branches, 108 sales offices, 103 plants)
MAEDA SEISAKUSHO	28 domestic bases, 8 dealers 1 overseas base, 65 dealers
Japan Wind Development	9 domestic bases (3 branches, 6 offices)

05 Long-term Partnerships (Social and Relationship Capital)

Partnerships for establishing business as an integrated infrastructure service company

In the major business 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 management segment, we expand our business domains 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.

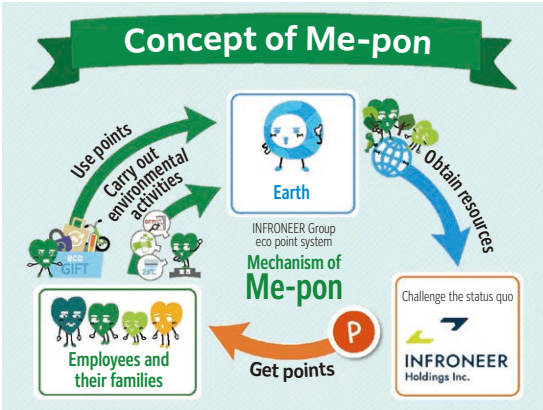
Cooperating companies (number of member companies)	Civil engineering and building construction segment: Zenyu-kai (584 companies) Road civil engineering segment: Kyoei-kai (95 companies), Rekiyu-kai (56 companies)
Alliance partners	Nippon Telegraph and Telephone Corporation, Tokyu Corporation, Accenture 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

06 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 "dividends for the Earth," see page 62 or visit our website at: <https://www.infroneer.com/jp/sustainability/dividend.html> (in Japanese)



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. INFRONEER has 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 major communication channels and dialogues in addition to the following, visit our website at: <https://www.infroneer.com/jp/sustainability/stakeholder.html> (in Japanese)

INFRONEER'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, the INFRONEER Group strives 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	Major engagement opportunities	Reflection in management processes and business activities
<div>outer</div> <div>Investors, ratings agencies, shareholders</div>	<div><div>Investor presentation</div><div>Issuance of securities reports/quarterly securities reports</div><div>Issuance of reports/Information disclosure on the website</div><div>Individual meetings with investors in Japan and overseas</div><div>Ordinary general meeting of shareholders</div></div> <div>Quarterly</div> <div>Quarterly</div> <div>As needed</div> <div>As needed</div> <div>Annual</div>	We will ensure management transparency, strengthen governance, and build relationships of trust through active dialogue and timely and appropriate information disclosure. We will also strive to provide appropriate shareholder returns and enhance corporate value.
Local communities	<div><div>Cooperation with economic organizations and trade organizations</div><div>Dialogues with NPOs and NGOs</div><div>Dialogues with municipalities and local communities</div><div>Cooperation/sponsorship for social contribution activities/Support to post-disaster reconstruction efforts</div><div>Offering site/facility tours</div></div> <div>As needed</div> <div>As needed</div> <div>As needed</div> <div>As needed</div> <div>As needed</div>	We will aim to resolve the issues faced by individual communities by contributing to and co-existing with local communities. We will also seek to raise CSR awareness among employees through social contribution activities.
Customers	<div><div>Customer satisfaction survey</div><div>Day-to-day sales activities</div><div>Inspection and maintenance of buildings and products</div><div>Trade exhibitions and events</div><div>Information disclosure through PR magazines and the website</div></div> <div>As needed</div> <div>As needed</div> <div>Periodical</div> <div>As needed</div> <div>As needed</div>	We will take customer feedback seriously and provide optimal infrastructure services around the world, thereby helping resolve customer issues and ensure the safety, security, and sustainability of societies and local communities. We will also manage customer information appropriately.
New hires and their families (recruitment)	<div><div>Information distribution via “talentbook” and Instagram (Group common)</div><div>Offering company tours, site tours, and internship programs for students (business companies common)</div><div>Providing student loan repayment support (MAEDA ROAD)</div><div>Joint research with local schools and support through support groups (MAEDA ROAD and MAEDA SEISAKUSHO)</div></div> <div>At least twice a month</div> <div>As needed</div> <div>Every year</div> <div>As needed</div>	We will enhance the quality and quantity of our recruitment population through increased visibility and understanding. We will work to resolve the shortage of construction industry personnel and secure and develop our own technical personnel. We will aim to resolve the social issue of unrepaid student loans, provide financial support to employees, and improve their engagement.
Cooperating companies, alliance partners	<div><div>Awards program for cooperating companies</div><div>Study sessions and education programs with cooperating companies (safety, quality, successor training)</div><div>Making facilities of ICI Center available for public use</div><div>Conducting supplier evaluations on an ongoing basis</div><div>Setting up whistle-blowing channels</div></div> <div>As needed</div> <div>As needed</div> <div>As needed</div> <div>As needed</div> <div>As needed</div>	We will work together on safety, health, and quality initiatives to achieve safe workplaces and make the necessary accommodations for foreign workers. We will pursue the development of the next generation of leaders as well as co-creation projects. We will work to incorporate legal compliance, human rights, and environmental considerations throughout our supply chains.
Employees and their families	<div><div>Holding town meetings (at 13 locations)</div><div>Holding philosophy dissemination sessions</div><div>Joint new employee orientations</div><div>Employee engagement survey</div><div>Use of the Group website and Group newsletters</div></div> <div>Annual</div> <div>As needed</div> <div>Annual</div> <div>Annual</div> <div>As needed</div>	We will work to realize well-being by conducting appropriate personnel evaluations, developing and utilizing human resources, improving our corporate culture, achieving work-life balance, maintaining and improving physical and mental health, complying with laws and regulations, and respecting human rights.
Earth	<div><div>Regularly disclosing data on environmental impact</div><div>Development of ecological technologies and products</div><div>Activities and donations through “dividends for the Earth”</div><div>Cooperation/sponsorship for social contribution activities</div><div>Internal eco point system “Me-pon”</div></div> <div>Annual</div> <div>As needed</div> <div>As needed</div> <div>As needed</div> <div>As needed</div>	We will comply with environmental laws and regulations. We will aim for sustainable development together with societies, and commit to addressing climate change, building circular societies, and conserving biodiversity. We will also provide products with reduced environmental impact.
<div>inner</div>		

Major Dialogues

Investors

IR Day 2024

We held our first IR Day for the purpose of deepening the understanding of our businesses. The executives of each business company presented the strengths and future strategies of each segment and engaged in discussions with analysts. We aim to enhance our corporate value by pursuing active dialogue and carefully disseminating IR information.



Analyst comment

I believe that the stock market has gained a deeper understanding of INFRONEER through detailed explanations by the president himself, IR Day initiatives, and site tours. I hope the company will continue undertaking proactive IR activities, disclosing information on concessions and renewable energy, and sharing its vision for profit growth.

Yugo Hamakawa, Construction Sector Analyst
Equity Research Dept., Nomura Securities Co.,Ltd.



Investors (Overseas)

Overseas IR activities

We have been actively exchanging opinions not only with domestic investors but with overseas investors. Last year saw us carry out IR efforts in North America, Europe, and Asia, directly communicating our strengths and strategy to overseas investors and receiving their feedback. We will continue our aggressive overseas IR activities to deepen the understanding of our company among both Japanese and global stock market participants.

Analyst comment

I am looking forward to seeing how investments in new business fields, such as renewable energy and concessions that lie outside the conventional framework of the construction industry, will play out to enhance corporate value in the future. I anticipate further evolution of the company's IR activities to deepen mutual understanding with investors.

Aiko Hemmi, Research Analyst
Equities, AllianceBernstein Japan Ltd.



Local Community (School)

Exchange of views on the environment with Ageo Higashi Junior High School students

As a result of interest in MAEDA CORP.'s “Let's build something made of wood” website, we exchanged views with six second-year students from Ageo Higashi Junior High School in Saitama Prefecture on general environmental issues and our vision for the future, focusing on the problems of deforestation and marine pollution. This proved to be an opportunity to learn from each other while encouraging a greater understanding of the construction industry and raising environmental awareness.



Comments from Ageo Higashi Junior High School students

We received comments such as “I was able to learn about the relationship between tree-planting activities and the construction industry,” “I learned that the ocean and forests are closely related and that, if we take care of forests, both living creatures and humans can thrive,” and “I want to better understand forests and take better care of them.”

Local Community (NPO)

Symposium on forestation

MAEDA CORP. spoke at a symposium on forestation entitled “Expanding Forestation Nationwide through Collaboration!” Under the theme of collaborative forestation by companies, local governments, NPOs, and citizens, the company's representatives offered presentations and participated in a panel discussion on their forest maintenance activities aimed at providing “dividends for the Earth.” We will continue engaging in dialogue with people with various perspectives and reflecting on the outcomes in our initiatives.



Comment from collaborating NPOs

We have been partners with MAEDA CORP. in solving social issues since the “MAEDA Forest” activities in 2011. There exists a clear relationship between the company's management philosophy and its CSR approaches, and the company has demonstrated a solid and long-term commitment to such efforts.

Hideonobu Takegaki, Representative Director
NPO The Life style Research Institute of Forests

Employees

MAEDA SEISAKUSHO Women's Workshop

In view of survey results showing a lack of opportunities for female employees to share concerns about their careers, a Women's Workshop was held with the attendance of a total of 87 participants, including female employees from across the company. In addition to offering explanations of company programs and engaging in panel discussions, the speakers talked about childcare, careers, and support for male employees on paternity or administrative leave. We will continue our efforts to create workplace environments where all employees can demonstrate their individuality and abilities.



Comments from Women's Workshop participants

The training gave the participants a sense of togetherness and provided a chance to think about their own careers. Many expressed remarks such as, “Actually meeting my colleagues in person will make my work easier,” “I felt closer to the company,” “It offered me tips for my private life as well as my work,” and “It gave me hope that I could take on a managerial position while raising my children.”

Financial Strategy

Summary of Financial Results and Business Plan

Conditions in FY2023 remained uncertain due to a number of factors, including global monetary tightening, fluctuations in foreign exchange rates, a steep rise in the cost of raw materials and energy, and rising commodity prices. Nevertheless, our initiatives with a focus on gross profit margin produced a successful outcome, and sales and profit significantly increased from the previous fiscal year across the Group. We posted net sales of ¥793.3 billion (up 11.4% year over year), gross profit of ¥111.8 billion (up 14.4%), business profit of ¥51.5 billion (up 10.8%), and EBITDA of ¥84.5 billion (up 4.9%). Furthermore, gross profit, business profit, and EBITDA each reached a record high.

For FY2024, which is the final year of the INFRONEER Medium-term Vision 2024, we expect to achieve the Group-wide target of ¥59.0 billion in business profit. With respect to the shareholder return policy, we introduced an interim dividend and increased the year-end dividend by ¥5 per share. The total dividends paid during FY2023 amounted to ¥60 per share, achieving the dividend payout ratio of 46%, which is above the target set in the Medium-term Vision. Furthermore, as we acquired ¥10 billion of treasury shares in FY2023, the total amount of treasury shares purchased during the period from FY2021 to FY2023 reached ¥40 billion. As a result, we achieved the target set in the Medium-term Vision one year ahead of schedule.

	FY2023 results	FY2024 plan
Net sales	¥793.3 billion	¥839.9 billion
Gross profit	¥111.8 billion	¥125.1 billion
Business profit	¥51.5 billion	¥59.0 billion
EBITDA	¥84.5 billion	¥92.1 billion

Initiatives Related to Capital Strategy

As of the end of FY2023, the equity ratio and D/E ratio were 28.4% and 1.1 times, respectively, significantly deviating from the targets for the optimal capital structure. The main reason for this deviation was the large-scale investment made to acquire Japan Wind Development Co., Ltd. (JWD) and turn it into a subsidiary. Although the financial structure of the INFRONEER Group has significantly changed as a result of this investment, we consider it to be a proactive move from the long-term perspective of revenue expansion in the renewable energy business.

As we expect to continue making investments in the renewable energy business and other businesses to expand our revenue, we will work on “securing our funding capacity” and “minimizing funding costs” as part of our capital strategy, with an eye to improving the equity ratio and D/E ratio to contribute to the achievement of targets set in the INFRONEER Medium- to Long-term Vision.

For the time being, we will work on building an optimal capital structure by converting short-term borrowings for the acquisition of JWD into a long-term loan.

INFRONEER Medium-term Vision 2024 (Medium-term business plan until fiscal year ending March 31, 2025)			As of the end of FY2022	FY2023 results	Notes
Capital efficiency	ROE	9.5%	9.4%	8.6%	The ratio temporarily declined due to the increase in treasury shares; however, we will improve business profit by continuing to make proactive investments.
	Equity ratio	30% or more	37.0%	28.4%	While interest-bearing debt increased due to financing for the acquisition of JWD, we intend to improve these ratios through bond-type class shares, etc., and thereby maintain our credit ratings.
Optimal capital structure	D/E ratio	0.6 times or less	0.4 times	1.1 times	
Shareholder returns	Dividend payout ratio	30% or more	42.5%	46.0%	Annual dividend per share of ¥60 for FY2023
	Purchase of treasury shares	¥40 billion or more by FY2024	¥30 billion in FY2021 and FY2022	¥10 billion in FY2023 ¥40 billion from FY2021 to FY2023	We achieved the targets set in the Medium-term Vision.
	Total return ratio	—	69.5%	78.4%	FY2023: Dividend payout ratio (46.0%) + Purchase of treasury shares (30.4%) + Dividends for the Earth (2.0%) Started paying interim dividends from FY2023
Asset efficiency	Cross-shareholdings / net asset ratio	20% or lower	19.8%	25.8%	We sold approximately ¥3.9 billion of cross-shareholdings in FY2023. The shareholding ratio nevertheless rose due to increases in the stock prices of our cross-shareholdings FY23 3Q 24.1% → FY23 4Q 25.8%
	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			

Funding Strategy in Connection to the Acquisition of JWD

With respect to converting the short-term borrowings for the acquisition of JWD into a long-term loan, we considered various funding methods by taking into account the securement of a financial base and improvement of capital efficiency.

The first method is the issuance of bond-type class shares as capital raising. The main target of bond-type class shares is individual investors. These shares do not become diluted as they do not bear voting rights and conversion rights, therefore the impact on financial indicators is limited, and they are recorded as capital for accounting purposes.

Following the amendment to the articles of incorporation that was approved at the general meeting of shareholders held in June, we issued Series 1 Bond-Type Class Shares in the amount of ¥100 billion on August 1, 2024. They were listed on the Prime Market of the Tokyo Stock Exchange.

The second method is the Zero Coupon Convertible Bonds (Green CBs), which is debt financing. We resolved the issuance of the bonds in the amount of ¥60 billion at the Board of Directors’ meeting held on March 21, 2024 and completed the payment on April 8. This mechanism addresses concerns about the dilution of share value of existing shareholders by keeping conversion to a minimum through conversion restriction clauses.



Ceremony for the listing of Series 1 Bond-Type Class Shares

Sustainable Finance

We have established the value of “safety, security, and sustainability of our society and local communities” for the Group’s business activities. We are striving to ensure the sustainable use of and our harmonious coexistence with natural capital, which forms the foundation of our business. Adopting a long-term perspective, we are actively addressing issues such as climate change, resource recycling, biodiversity, pollution control, and water security. Currently, we are proactively leveraging sustainable finance to promote these initiatives.

We announced the Green Finance Framework in August 2022. We amended the framework in March 2024 to add onshore and offshore wind power generation to the scope of use of procured funds.

We issued green bonds (¥10 billion) in September 2022 and Green CBs due 2029 (¥60 billion) in April 2024. Our Series 1 Bond-Type Class Shares issued in August 2024 are the first green bond-type class shares issued in Japan.

We believe that the Group’s future vision of becoming an integrated infrastructure service company is highly compatible with the purpose of sustainable finance. We will therefore continue to actively take advantage of sustainable finance in the future.

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

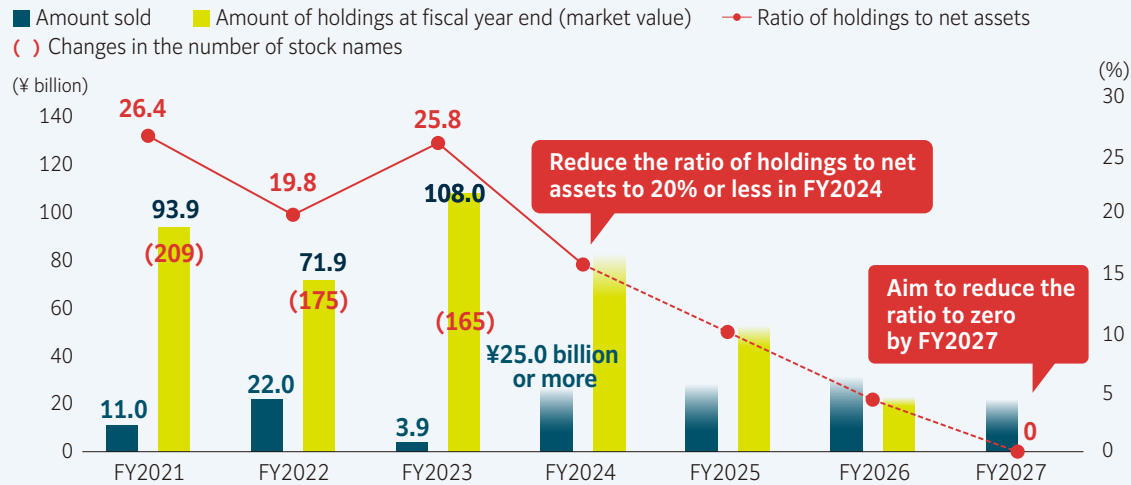
Reducing the Group’s cross-shareholdings to zero by FY2027

While we continued to sell off our cross-shareholdings in FY2023, the ratio of cross-shareholdings to net assets increased to 25.8% due to higher stock prices.

To further improve capital efficiency, we announced in August 2024 the policy to reduce the Group’s cross-shareholdings to zero by FY2027.

In FY2024, we are aiming to sell over ¥25 billion of our holdings in MAEDA CORP. to bring down the ratio of cross-shareholdings to net assets to 20% or less.

Changes in the amount of the INFRONEER Group’s cross-shareholdings sold and ratio of holdings to net assets





Message from Chief Financial Officer

Our Financial Strategy Is Entering a New Stage with the Addition of Japan Wind Development

Providing financial support for the development of a renewable energy business network

Masashi Shimojo

Executive Officer responsible for financial strategy

Joined Japan Wind Development Co., Ltd. in October 2015; served as Corporate Officer and Chief Financial Officer; in June 2024, became the Executive Officer responsible for Financial Strategy of INFRONEER Holdings

Strengthening both Our Financial Base and Shareholder Return to Achieve Further Business Growth

I was appointed to serve as the Executive Officer responsible for financial strategy of INFRONEER at the Board of Directors' meeting held on June 25, 2024. I have long worked in the financial industry, serving in various positions including financial officer for overseas and domestic asset management companies as well as investee companies of funds. Since I joined Japan Wind Development Co., Ltd. (JWD) in October 2015, I have been serving as the Corporate Officer and Chief Financial Officer. I am confident that the experience I have gained as both an investee and investor will become quite useful in executing the financial strategy of the Company.

We invested approximately ¥200 billion to acquire JWD. It was a large-scale M&A transaction with the acquisition

amount equivalent to approximately twice the Group's gross profit or approximately six times its net income. As we strive to become an integrated infrastructure service company by shifting to "de-construction," JWD will play a central role in developing renewable energy infrastructure in the Group.

As I continue to serve as the Corporate Officer and Chief Financial Officer of JWD while concurrently serving as the Executive Officer responsible for financial strategy of the Company, I believe I am in a good position to facilitate closer communication between the holding company and the business companies.

In addition, collaboration with the Group companies will be further enhanced. For example, we will develop an end-to-end business value chain where JWD develops renewable energy projects with MAEDA CORP. building the infrastructure. JWD will then undertake operation, management, and maintenance of the infrastructure as well as the sale of

electricity. As JWD had developed wind farms in a joint effort with MAEDA CORP. even before it joined the Group, the two companies already understand each other to some extent. As a result, the post-merger integration (PMI) is progressing successfully, and it will not take long for Group synergies to take effect. I am confident that this M&A was the best way to expand the renewable energy business of the Group.

The business model for the renewable energy business, including wind power generation, requires investment in advance from a long-term perspective, as it takes time to generate revenues. It is important to promote the development of projects by efficiently procuring funds at an early stage before setting up project financing.

At the same time, we must maintain financial discipline and increase our capital efficiency as a Group-wide effort. With JWD becoming a member of the Group, I believe we have entered a new phase in terms of the business and financial dimensions. Going forward, the Group will increase its business profit by actively making growth investments, while increasing its capital efficiency by maintaining an optimal balance of equity and debt. The Company procured ¥200 billion to acquire JWD through a temporary bank loan. Its D/E ratio is expected to improve, however, through the accumulation of profits from the existing businesses and diversification of funding methods.

We will maintain our credit ratings while building a stable and secure financial base that contributes to growth and appropriate shareholder returns and avoiding share dilution as much as possible.

Increasing Our Corporate Value by Promoting Capital Recycling While Maximizing Capital Efficiency

The Group recorded a significant year-over-year increase in sales and profits in FY2023, with gross profit, operating profit (business profit under IFRS), and EBITDA reaching record highs.

With rising geopolitical risks in the current international situation and higher raw material costs and resource prices due to exchange rate fluctuations, the environment surrounding the construction industry is not necessarily a favorable one. The fact that the Group was able to report very strong financial results in FY2023 under these circumstances proves that it is taking the right path.

Furthermore, for FY2024, which is the final year of our Medium-term Vision, we have set the following targets: business profit of ¥59 billion, ROE of 9.5%, and an equity ratio of 30%.

On the other hand, in terms of evaluation in the stock market, we are facing a new challenge as our stock prices fell after the execution of the M&A, with PBR remaining below 1.0x. To achieve PBR of 1.0x or higher, in the new phase with the addition of JWD, we need to once again clearly explain to our stakeholders how we will navigate this challenge not only via our growth strategy but also our financial strategy to achieve the targets set in the INFRONEER Vision 2030 (Medium- to Long-term Business Plan). In order to increase asset efficiency, we plan to reduce the Group's cross-shareholdings to zero by FY2027 to generate cash. To this end, we intend to

sell off ¥25 billion or more of our holdings in MAEDA CORP. in FY2024 to bring down the ratio of cross-shareholdings to net assets to 20% or less.

For the renewable energy infrastructure business, such as wind power generation projects that take longer to recover the cost of investment, we will use a combination of methods to accelerate the recovery of investment costs. For example, this could include selling a part of the investment. We will recycle capital by allocating proceeds from sales to new investments while reducing our assets and borrowings.

In order to promote a financial strategy that leads to increased corporate value, it is important to have a global perspective. The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) since FY2023. As we strive to establish a business model that can be used globally, we have thus made it possible to compare our financial statements with those of other companies in the same industry around the world and ensure that accounting standards do not become a hindrance. Going forward, we will put efforts into ensuring that our overseas stakeholders see us as a corporate group that is worth investing in to attract a diverse array of overseas investors. Moreover, we can expect a smooth integration process if we decide to merge with or acquire an overseas company in the future if the two companies are using the same accounting standards.

To increase medium- to long-term corporate value, it is important to steadily implement initiatives set out in INFRONEER Vision 2030. I believe the role of finance is to expand the revenue base through new businesses while strengthening the existing businesses, and to provide investment support from the funding side to achieve growth.

In doing so, we are considering introducing an "INFRONEER ROIC" unique to the Group to increase added value. As the Executive Officer responsible for financial strategy, I will maintain close communications with our shareholders and investors to promote a better understanding of the future potential of the Group.



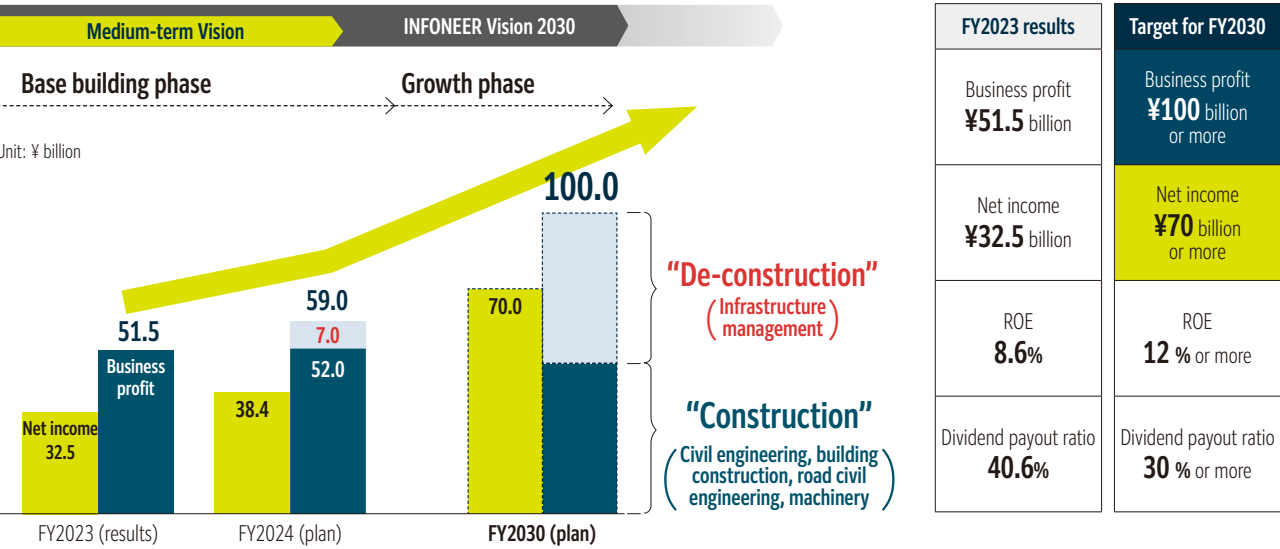
Overview and Progress of INFRONEER Vision 2030

(Medium- to Long-term Business Plan)

Overview of INFRONEER Vision 2030

The INFRONEER Group 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 synergies, 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: business profit of ¥100 billion or more (business profit margin of 8.0% level); net income of ¥70 billion or more; and ROE of 12% or more.

In FY2025, we plan to announce a new Medium-term Business Plan for FY2027.



Progress of INFRONEER Vision 2030 <Three Strategic Pillars>

Productivity Reforms

Maximizing added value

Furthering profit margin management

We have sought to secure industry-high profit margins and maximize added value in our building construction and civil engineering segments by starting from the upstream of these businesses and by enhancing our ordering discipline/processes, quality, and cost management capabilities. This approach has been applied to MAEDA ROAD's road civil engineering business since the establishment of INFRONEER Holdings, and profit margins have improved by setting standards for profit margins on orders received based on construction project contract amounts and by pursuing thorough management. Profit margins have also improved in our manufacturing and sales business through transparent price negotiations despite the impact of soaring raw material prices.

Providing high value-added products that meet customer needs

In our machinery business, we provide high-quality products in and outside Japan by taking advantage of our capability to handle design, manufacturing, sales, rental, and after-sales service in an integrated manner. In response to customer needs to address carbon neutrality, we have focused on developing and manufacturing hydraulic excavators with electric specifications. We will continue maximizing added value through the development and manufacture of high value-added products that meet customer needs.

Optimizing fixed expenses and administrative costs

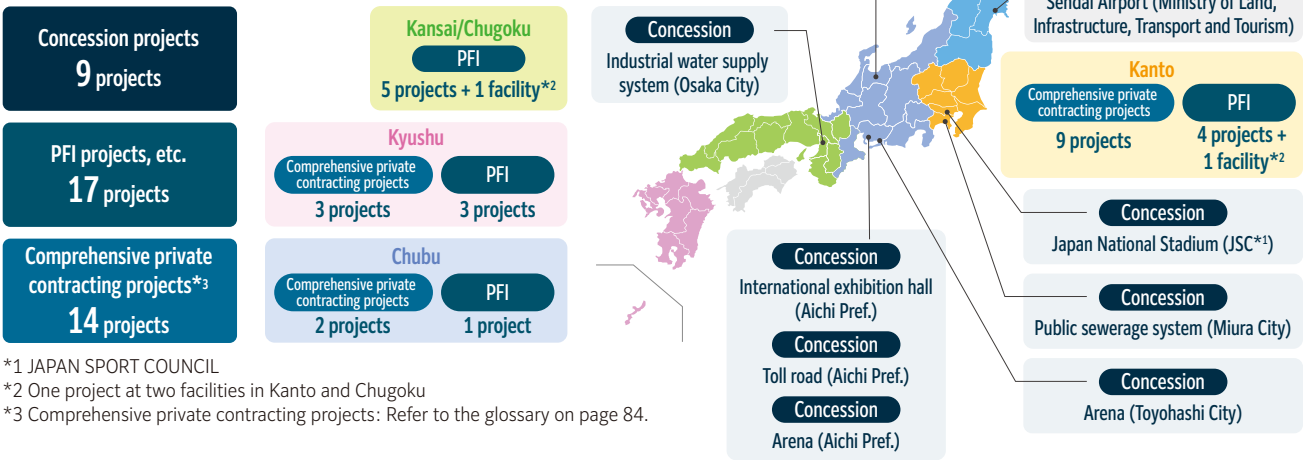
- MAEDA CORP. has been working to streamline and outsource back-office operations. In FY2023, approximately 50 employees were reassigned from back-office departments to civil engineering, building construction, and infrastructure management business units, which produce added value, with the aim of adding value throughout the company.
- We are examining efficient management methods and effective utilization of assets owned by Group companies. Specifically, we are considering the sale of inefficient assets and value-enhancement measures to optimize fixed costs.

Establishing a New Revenue Base

Establishing a position at home and abroad in infrastructure services

A new Group-wide sales structure was established to centrally manage information after the transition to a holding company structure. We have steadily increased our pipelines to local governments, and our track record of initiatives for public-private partnerships is expanding.

In FY2023, we were awarded two new PFI and other projects and six new comprehensive private contracting projects, as well as three new concession projects in early FY2024.



*1 JAPAN SPORT COUNCIL
*2 One project at two facilities in Kanto and Chugoku
*3 Comprehensive private contracting projects: Refer to the glossary on page 84.

Further expanding business areas

In January 2024, we made Japan Wind Development Co., Ltd. a wholly owned subsidiary to accelerate the expansion of our renewable energy business, one of the key pillars of our infrastructure operation business that sits at the heart of our growth strategy.

By complementing and mutually utilizing our capabilities and strengths, including know-how, technologies, and networks pertinent to the wind power generation business, we will become the one and only group capable of widely developing its renewable energy business in a consistently integrated manner and helping resolve all social issues toward achieving carbon neutrality.

Strengthening and Improvement of Corporate Culture

Promoting a Group human resources strategy

—introduction of Group Employee Stock Ownership Plan 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. Our rationale behind this is as follows: shares of INFRONEER are an embodiment of the shared entity of the entire 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. 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.”

After introduction of Group Employee Stock Ownership Plan		Type	Target personnel	Details	Timing of stock-based compensation
Current salary	Add to salary	(1) Payment upon retirement	All Group employees (approximately 8,000)	2% of the Group's consolidated net income each year allocated in points equally	Accumulated amount paid out at retirement (more tax-advantageous than Type 2)
		(2) In-service payments		2% of the Group's consolidated net income each year allocated in points equally	At the end of each Medium-term Business Plan
		(3) Perpetual continuous payments	Employees who have worked for the Group for a stipulated period of time	500 points awarded for every 10 years working for the Group (10th year, 20th year, 30th year, 40th year...)	For each period of 10 years
		(4) Child allowance payments	Employees who have had children	500 points awarded for each child born according to the number of dependent children (1st child x 500 pts) (e.g.: 3rd child x 500 pts = 1,500 pts)	Each time a child is born

1 point = 1 share

Strengthening governance

► For details on enhancing governance, see page 65.



Pursue both “Construction” and “De-construction” as a Core Group Company

Soji Maeda
President and Representative Director
MAEDA CORPORATION

Joined MAEDA CORPORATION in 1997; served as a Director and Managing Officer from June 2002; became the President and Representative Director (current) of the company in 2016; in October 2021, became the Director and Chairman (current) of INFRONEER Holdings.

MAEDA CORPORATION

Reinforce the Foundations of Construction and Increasing Earnings from “De-construction”

MAEDA CORP.'s non-consolidated financial results for the fiscal year ended March 31, 2024 saw record highs in both gross profit and operating profit. We have been able to maintain our strong performance despite rising material and labor costs. Two factors contributed to the performance. One is the payoffs from our strategy of tighter ordering discipline, which we have been working on for more than a decade to avoid relying on cost competition in the construction business. And the other is our strategy of participating in projects from upstream points and working with project owners to formulate projects from the early stages. This is reflected in the fact that our provision for construction losses is by far the smallest in the industry. While construction demand is strong in both the public and private sectors, the construction industry is under increasing pressure as the 2024 issue*1—the strict enforcement of a legal cap on overtime hours—makes itself fully felt, sparking concerns about its impact on construction schedules, costs, and systems. It is important not to allow construction sites to carry risk burdens all by themselves, and we are looking to create an open environment where information is shared promptly from construction sites to branch offices and the head office so that the entire company can work together to deal with the situation. We are also stepping up cooperation with members of our Zenyu-kai association of partner companies.

We believe that upgrading our supervisor capabilities in this context is the key to our human resource strategy. We provide not only current supervisors but also executive candidates and mid-level employees with opportunities to receive solid training in the knowledge, abilities, responsibilities, and judgment required of supervisors, thereby laying the groundwork for developing human resources as well as preventing harassment.

More than 10 years have passed since we declared our “de-construction” policy even before INFRONEER existed, and we are finally getting a sense that it is gaining traction within the company. Several years ago, we established in-house organizations at our head office and branch offices dedicated to pursuing regional projects to strengthen public-private partnerships (PPP/PFI*2).

The needs of local governments have risen since these organizations were first created, and we expect the market to grow in the years to come. Currently, there are about 30 concession projects in Japan, and the INFRONEER Group is participating in one-third of them. We are also working together with MAEDA CORP.'s Group companies FBS and JM in the comprehensive private construction projects of public facilities*3 to identify the needs of a wide range of local governments and develop medium- to long-term projects, albeit on a smaller scale than concessions.

Create Added Value through the “De-construction” Approach

Collaboration with Group companies has become closer since INFRONEER was founded, enabling the smooth implementation of sales, construction, technological development, information security, group finance, and other measures. In the “de-construction” business, we are seeing an expansion in the range of proposals that take advantage of Group synergies, one of these being the successful bid placed in June 2024 for Toyohashi City's Arena BT Concession Project*4, in which we joined with MAEDA ROAD in the bidding process. The renewable energy business, another pillar of our “de-construction” business, is expected to generate synergies with Japan Wind Development that will further accelerate development. As development progresses, we will have the option of transferring projects with increased added value to the secondary market, producing a profit base for the “de-construction” business. Such value-added creation through capital recycling is MAEDA CORP.'s strength that other companies in the industry lack.

I believe that Japanese companies should try to shift to business models that secure revenue through value-added proposals and distribute it to stakeholders rather than seek to expand market share by lowering prices. We are currently stepping up our sales activities in the construction business by entering the business from the upstream and making value-added proposals based on a “de-construction” mindset. We will strike a balance between “construction” and “de-construction” services as we fulfill our responsibility as the INFRONEER Group's core company to contribute to the Group's growth.

*1 2024 issue: Strict enforcement of a legal cap on overtime hours in certain industries, such as construction and transportation, from April 2024. These industries are required to improve operational efficiency and the working environment. For *2 to *4, refer to the glossary on page 84.

► For the full version of the interview, visit our website at: <https://www.infroneer.com/jp/sustainability/topics/comany3-top-message.html> (in Japanese)



Aim to Be the Number One Company in the Road Construction Industry

Yasuhiko Imaizumi
President and CEO
MAEDA ROAD CONSTRUCTION Co., Ltd.

Joined MAEDA CORPORATION in 1981; served as a Director, Executive Officer, and other managerial positions from 2010; became President and CEO (current) of MAEDA ROAD CONSTRUCTION Co., Ltd. in June 2020; became Director (current) of INFRONEER Holdings Inc. in June 2023.

MAEDA ROAD CONSTRUCTION Co., Ltd.

A Turning Point for the Road Construction Industry

MAEDA ROAD's two main business pillars are the construction business, which involves road construction and building landscape work, and the manufacturing and sales business, which involves the production and sale of asphalt mixture.

The road industry faces a challenge in not being able to easily pass on prices, even under very difficult conditions, as material prices soar due to higher crude oil prices and the impact of foreign exchange rates. Shipments of asphalt mixture have also been declining year by year, falling from 80 million tons 30 years ago to the 36-million-ton level in FY2023. While new road construction is expected to decline, maintenance and repair work will likely continue.

Despite a challenging market environment, we achieved year-on-year increases in both revenues and profits for the fiscal year ended March 31, 2024 with net sales of ¥256.0 billion and operating profit of ¥16.2 billion. We recognize that these results are in great part attributable to our efforts to shift our management orientation from sales to profits over the past two years or so. Specifically, our construction business secured a profit margin on orders received, and our manufacturing and sales business was successful in passing on higher raw material costs to sales prices in a timely manner. We will continue contributing to the overall performance of the INFRONEER Group by leveraging our strengths of community-based networks and high quality.

Foster a Corporate Culture That Does Not Fear Failure

The company is at a turning point requiring it to establish a third pillar of business that stands alongside the construction business and manufacturing and sales business to sustain growth into the future. In FY2023, we primarily took on two new businesses.

First, we established JAPAN BIO FUEL Co.,Ltd. to use waste animal and vegetable oils and fats to produce an alternative fuel to heavy oil as a business designed to help bring about society-wide carbon neutrality, and we have begun manufacturing biofuel for in-house use. We hope eventually to grow this business to the point where its biofuel products can be sold to outside parties. In addition, approximately 95% of the INFRONEER Group's CO₂

For *1 to *2, refer to the glossary on page 84.

► For the full version of the interview, visit our website at: <https://www.infroneer.com/jp/sustainability/topics/comany3-top-message.html> (in Japanese)

emissions are generated during the production of our asphalt mixtures, meaning that the road construction industry has a significant impact on the environment and making carbon neutrality an urgent priority. We would like to play a leading role in the Group's efforts to create a sustainable environment by expanding the use of biofuels.

The second project involves the PPP/PFI*1 and comprehensive private contracting*2 businesses in which the Group is united in its determination to become an integrated infrastructure service company. In FY2023, we participated in the Toyohashi Arena concession project together with MAEDA CORP. We expect the number of projects in which we can take advantage of our strengths to continue rising in the future.

We will carry out M&A and other initiatives that contribute to management from a long-term perspective and establish a third business pillar. Aggressive investment is essential for our continued growth. We will invest in facilities, technological development, and people, with a particular emphasis on “investment in people” at this critical juncture. In addition to enhancing benefits and welfare, we would like to actively arrange personnel exchanges with the INFRONEER Group as well as opportunities for taking on challenges. We will also introduce a career development system to create environments in which employees can maximize their potential. We will foster a corporate culture that makes employees unafraid of change or failure and willing to take on a variety of challenges.

Our goal of being the number one company in the road construction industry does not just concern performance. We are also focused on comfortable working conditions for our employees. We intend to maximize the abilities of all employees, to realize a company where everyone can thrive, and to improve our brand power to the extent that we can establish an image of MAEDA ROAD as a fascinating road construction company.

Accelerate Sales Reinforcement and Overseas Development within the Group by Leveraging Manufacturing Capabilities Cultivated over Many Years

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 and in other managerial positions in the company from 2008; served as President and Representative Director (current) of the company from April 2013; became the Director (current) and Executive Officer responsible for Capital Investment Strategy of INFRONEER Holding in October 2021.

MAEDA SEISAKUSHO CO., LTD.

Achieve Growth on the Strength of the Manufacturing of Cranes Developed by Employing Custom-made Planning and Design

MAEDA SEISAKUSHO utilizes its unique technologies to provide a full gamut of services—from product planning to design—on a custom-made basis for special vehicles, factory equipment, and other ordered products widely used at construction sites and public facilities.

Prominent among these products are our crane products, including our signature spider cranes and crawler cranes, which have evolved over a long history since we started manufacturing them in 1968.

Our current challenge is to further expand sales of our products by leveraging the expertise we have accumulated over the years. Since the establishment of INFRONEER, we have manufactured construction machinery in small quantities and in many varieties and provided them to MAEDA CORP. and MAEDA ROAD. We are preparing and sharing case studies and introductory videos so that our technologies and products can be further utilized throughout the Group. We also intend to encourage sharing customer bases within the Group.

We are also aggressively expanding overseas, with our first overseas subsidiary—MAEDA AMERICA—established in 2022 in North America. The expansion of our distributor network in the U.S. has boosted sales of our spider cranes. In April 2024, we exhibited our new battery-powered knuckle-boom cranes and spider cranes at INTERMAT 2024, an international exhibition of equipment, machinery, and technologies for the construction and materials industries held in Paris, France. To our great satisfaction, these were very well received by visitors.

In the fiscal year ended March 31, 2024, sales of our own prod-

ucts such as crawler cranes and the Komatsu products we handle remained strong, resulting in year-on-year increases in both sales and profits. Although the cost of raw materials soared due to global inflation, we were able to absorb the higher costs through price increases and secured a crawler crane market share of more than 90%. We have also taken steps to prepare for fluctuations in business performance, such as promoting in-house production of electrical infrastructure to remain unaffected by supply chain disruptions.

Work on the EV Conversion of Cranes and the Development of Other Innovative Technologies

We intend to further develop the strengths of our products to achieve further business growth. Specifically, we will proactively work on new technological development in collaboration with MAEDA CORP.'s ICI Center, an innovation creation hub, and enhance our system to provide machinery and equipment related to our infrastructure service business, including fleet maintenance and management of machinery. We will also promote the electric vehicle (EV) conversion of spider cranes to reduce environmental footprint.

Human resource strategies are key to further growth. To improve employee retention and productivity, we are focusing on reforming work styles and empowering women. We have created an environment that makes it easy to take leave, and we hold a Women's Workshop to encourage female employees to share information and resolve any problems they may have at work.

We hope through these measures to step up our performance as a percentage of Group sales and contribute to the Group's growth.

Synergy Topics

To become an integrated infrastructure service company, it is essential that MAEDA CORP., MAEDA ROAD, MAEDA SEISAKUSHO, and other companies cooperate with each other and maximize their synergy as the INFRONEER Group. The following are efforts being made to deepen Group synergies through, for example, the infrastructure management business and personnel exchange mainly among the three companies.

We aim to further expand Group synergies, including those with Japan Wind Development, which joined the INFRONEER Group in January 2024.

TOPIC
1

Toyohashi Arena: MAEDA CORP. and MAEDA ROAD participate in consortium

In June 2024, a group in which MAEDA CORP. and MAEDA ROAD were participants signed a basic project operation agreement with Aichi Prefecture's Toyohashi City during the public solicitation procedures for the "Multipurpose Indoor Facility and Toyohashi Park East Side Area Development and Operation Project." Utilizing the INFRONEER Group's expertise in construction and infrastructure management, we will help create a bustling town with the arena at its core by rebuilding the aging municipal gymnasium and improving the surrounding park in an integrated manner and by taking on the long-term management of the project for a 30-year period.

This was MAEDA ROAD's first foray into the concession business. By taking on the challenge of arena projects for local governments—an area of endeavor expected to expand in the future—we will further demonstrate Group synergies and help lead the way to resolving social issues.



Exterior image of Toyohashi Arena

* This is an artist's rendering at the planning stage and may be subject to change based on future discussions.

TOPIC
2

Steady progress in personnel exchange and collaboration leading to Group-wide growth

Personnel exchanges, including secondments from business companies to INFRONEER and among business companies themselves, are becoming increasingly common. Being involved in Group-wide operations has in turn had a positive effect on the operations of business companies by broadening their perspectives and giving them access to knowledge not available to business companies on their own.

Transfers between business companies are also expected to lead to greater sharing of know-how in sales, design, and other areas, thereby raising the overall level of the Group.

We are also increasing the number of mid-career hires at the INFRONEER Group. Utilizing the experience and expertise of a diverse collection of people will lead to the growth of the Group as a whole.

TOPIC
4

First INFRONEER Group-wide Technology R&D Discussion held

The first Technology R&D Discussion for the entire INFRONEER Group was held in July 2024. To advance the creation of Group synergies and accelerate the development of new technologies and services in the R&D departments of our business companies, the executive officers of INFRONEER and the heads of the business and technology departments of all business companies gathered to identify research issues and engage in lively discussions on possibilities for joint research.

Going forward, we will enhance the quality and frequency of information sharing to strengthen cooperation among technology departments to create synergies as quickly as possible.



Technology R&D Discussion

Message from the President of Japan Wind Development

Taking on the Challenge of Further Expanding the Renewable Energy Business, from the Development to the Operation and Maintenance of Wind Power Generation that Contributes to Strengthening Our Profitability and Solving Social Issues



Masayoshi Fujitani
President & CEO, Japan Wind Development Co., Ltd.

Joined MAEDA CORPORATION in 1996; served as the Executive Officer in charge of business strategy at the Management Innovation Division and the Managing Officer of Management Innovation Division, Strategic Business Development (current) in 2023; served as a director of Japan Wind Development in January 2024; became President (current) of the company in June 2024

Strengthening Governance is a Top Priority
Establishing a Compliance System

In June 2024, I was appointed President & CEO of Japan Wind Development (JWD), which joined the INFRONEER Group in January 2024. Having promoted the renewable energy business at MAEDA CORP. for years, I am very excited to take on the important responsibility of leading a business company in the Group.

Wind power generation is a core renewable energy source to achieve carbon neutrality across society. MAEDA CORP. has participated in the renewable energy business by taking advantage of its strengths in design and construction. With the addition of the JWD Group, which engages in all aspects of wind power generation from development to operation and maintenance, the INFRONEER Group has become the only corporate group capable of implementing wind power projects from upstream to downstream in a one-stop service.

The renewable energy business is the most critical initiative for the INFRONEER Group, which aims to be an integrated infrastructure service company. I am confident that the entire Group will grow as JWD takes on the core role of pursuing the renewable energy business and contributing to solving pressing social issues, including achieving carbon neutrality, while expanding its profitability.

To foster synergy in business, it is crucial to enhance the governance of JWD. The former president was indicted without arrest for bribery. In October 2023, it received administrative guidance from the Ministry of Economy, Trade and Industry, including establishing a compliance system. We sincerely apologize for any inconvenience or concern caused to our stakeholders.

Recognizing that the top priority for the entire JWD Group is to prevent a recurrence of this incident and restore trust, we will implement four initiatives to achieve governance reform.

The first initiative is a complete replacement of the management team. The Nominating Committee of INFRONEER has appointed the new management team, including me.

The second is the restructuring of the internal organization. We have newly established a Legal and Compliance Department and formulated a code of conduct to prevent



Atsumi Wind Farm

corruption. We are also working to improve employee compliance awareness through education, human resources development, and reviewing our employee evaluation system.

The third initiative is reforming business processes to prevent inappropriate transactions. We reviewed our regulations on decision-making authority and clarified which matters should be referred to the Management Strategy Meeting and the Board of Directors of JWD and which matters should be referred to INFRONEER. To prevent inappropriate transactions, the Legal and Compliance Department and the Accounting Department check the contents of contracts in advance.

The fourth is strengthening the surveillance function. The newly established Internal Audit Department and the company's auditors conduct audits, respectively. In addition, INFRONEER's Corporate Audit Department will also conduct an audit to strengthen the check function. We have also established a whistle-blowing system for employees to report internal misconduct and a Compliance Committee consisting of two outside lawyers and me to implement governance reform.

These initiatives are reported to the Ministry of Economy, Trade and Industry and published on our website. We will make sure to implement specific measures under these initiatives to prevent a recurrence of misconduct.

► Report to the Ministry of Economy, Trade and Industry
<https://www.jwd.co.jp/info/経済産業省への報告について/> (in Japanese)

Prioritizing Coexistence and Prosperity with the Local Community by Implementing the Renewable Energy Business with a Long-term Perspective

The mainstream business model for renewable energy has been to generate stable income by utilizing the FIT system*1. With the transition to the FIP system*2, companies need to address a wide range of business areas in addition to power generation, including trading of power under a CPPA*3. Like thermal and nuclear power, renewable energy is increasingly seen as a long-term infrastructure business.

In this respect, renewable energy businesses in the future will be limited to a handful of companies with the ability to carry out solid business operations, like JWD, which can coexist with the local community and plan their business from a long-term perspective.

Amid the increasing difficulty of project formation, we will utilize the INFRONEER Group's resources to enhance our ability to form projects in the upstream stage, expand our business domain to include not only power generation but also power trading and aggregation businesses and further refine the development capabilities of JWD and the operation and maintenance

(O&M) know-how accumulated over many years by its subsidiary, EOS Engineering & Services, thereby enhancing the corporate value of JWD.

It is also essential to create more opportunities for collaboration within the INFRONEER Group to create synergies from JWD's participation in the Group. Concrete dialogues have already begun, including discussions with MAEDA CORP. about joint business development and technical matters, discussions with MAEDA ROAD about utilizing human resources, and discussions with MAEDA SEISAKUSHO about crane technology. These are great stimuli for each company, and we expect them to lead to the creation of new added value.

JWD is an organization of employees, each with a high level of ability and the ambition to work in the wind power business. On the other hand, however, there are some teamwork issues. I believe that when every employee aligns in the same direction to demonstrate organizational unity, we can achieve greater strength. This is a part where management skills are tested, and we should bring out the strengths of our employees while respecting their individuality.

Even in the current difficult business environment, we still see growing demand for the use of renewable energy. The JWD Group has made a fresh start. We believe that the management's and employees' confidence and pride in their work will lead to the company's success and growth.

With a deep sense of mission to lead the renewable energy business, which is at the core of the integrated infrastructure service company that the INFRONEER Group aims to become, I will lead this business company with determination.

*1 Short for Feed-in Tariff, FIT is a system under which electricity from renewable energy sources is purchased for a certain period of time at a fixed price set by the government.

*2 Short for Feed-in Premium, FIP is a system for purchasing renewable energy electricity at a premium to the market price.

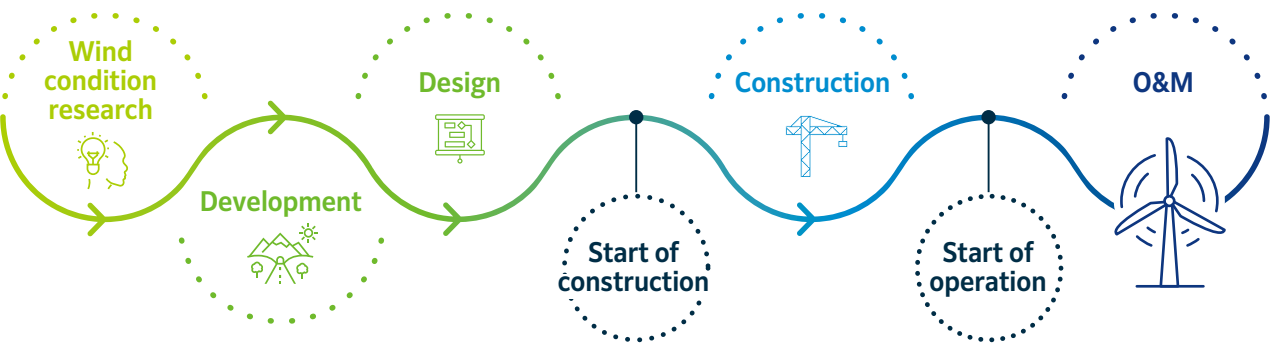
*3 Short for Corporate Power Purchase Agreement, under which a company purchases renewable energy electricity from a power generation company for a long period of time.

At a roundtable talk with employees



Japan Wind Development

Here are the activities of JWD, which joined the INFRONEER Group in January 2024, with comments from employees.



Wind condition research

Researching Whether the Wind Is Suitable for Power Generation

The development of wind power generation begins with researching the wind conditions at the candidate site over at least one year in all four seasons to determine its suitability for power generation. Wind conditions include the state and characteristics of the wind, mainly speed and direction, their frequency of occurrence, and turbulence intensity. The annual power volume is predicted by analyzing the observed wind conditions and the impact of the development area's topography. For accurate wind condition analysis, it is important to observe wind conditions at representative locations of the development area close to the planned wind turbine installation site at an altitude close to the height of the turbine blades and to obtain data with no missing values or abnormal values.



Wind observation tower

Development (Understanding of the local community)

Implementing Community-rooted Development Projects

The development period for a wind power plant generally takes eight years or longer, and the project period extends as long as 20 years. For a wind power generation project that takes many years, it is essential to gain an understanding of the local community and to coexist with them throughout the development stage. For this reason, we carry out a development plan while carefully considering the living environment and ecosystem. We also hold briefing sessions and other events to carefully explain the project to the local community members and engage in dialogue with them.

Comment from employees

The development of a wind power plant involves a wide range of tasks, including researching and selecting suitable locations for wind power generation facilities, explaining the project to local governments in and near the installation area, negotiating with landowners, responding to FIP bids, and negotiating with contractors. There are challenges in carrying out these extensive tasks, but the words of encouragement we receive from local governments and community members are what drive us. Hokkaido has a very high potential for wind power generation, so by formulating a new project, I would like to contribute to building a foundation that will give future generations a sense of living in peace.



Hiroyasu Sato, Manager Development Dept., Development Div. (Works at the Hokkaido Branch) Japan Wind Development Co., Ltd.

Development (Environmental assessment)

Implementing Environmental Impact Assessments and Measures to Conserve the Local Environment

When implementing a project, it is essential to coordinate it with the local community, including applying for permission to install observation towers necessary for wind condition analysis and feasibility studies. Once the necessary coordination with the local community has been completed, an environmental impact assessment will be carried out, and environmental conservation measures will be taken for the neighboring areas. The research covers the location's current status and prediction of the impact of the construction work and the power plant's operation. The assessment items include flora and fauna, noise and infrasound, water quality, sediment, and landscape. Field research will be conducted to assess the impact of the power plant's development and operation on the ecosystem and water environment, the risk of noise generation, and the landscape changes.



Briefing session for community members

Design and construction

Constructing Wind Power Plants Utilizing Our Advanced Experience

Japan experiences many earthquakes and is also frequently hit by large typhoons. For this reason, wind power plants are designed to resist earthquakes, strong winds, and other conditions comparable to those required under the design standards for skyscrapers. Land preparation must also be planned to withstand heavy rainfall and other natural disasters. Therefore, we spend more than two years designing a plant and commence construction only after obtaining the necessary permits and approvals.

The latest onshore wind turbines, which are mainly 160 meters high, are constructed using the largest cranes in Japan. The blades, the main component of wind turbines, are approximately 60 meters long, which is more than twice the length of a single car of the Shinkansen (bullet train) (the wingspan of a Boeing 787 is 60.1 meters). They are transported safely on public roads in special vehicles and then installed high up in the air using the large crane vehicle referred to above. Because we select locations with strong winds, our top-class engineers pay the utmost attention during the construction. We aim to build wind power plants that are accepted by the local community, considering the surrounding environment in terms of tree planting and slope construction.



Constructing a windmill

O&M

Achieving Stable and Safe Operation of Power Plants through Maintenance and Inspection

Maintenance and inspection of wind power plants include remote surveillance of the operation, semi-annual or annual regular maintenance, irregular maintenance for troubleshooting and parts replacement, large-scale repairs to replace or repair main components (parts), facility diagnosis including non-destructive testing, and maintenance of receiving and transforming facilities. Through this maintenance and inspection, we diagnose the condition of the facilities and detect and prevent malfunctions at an early stage. In some cases, we respond to sudden problems and replace parts and components to achieve stable and safe operation of power plants.



Courtesy of EOS Engineering & Service Co., Ltd. (EES)



Engineers conducting maintenance work

Comment from employees

Our role is to maintain the performance of the wind power plants at an optimal level at all times and prevent severe accidents by detecting signs of deterioration or malfunction in the components through regular maintenance and inspection. The work requires me to brush up on my knowledge of electricity and machinery for wind power generation daily. Still, the most rewarding moment is when the knowledge and experience I have worked hard to gain are reflected directly in the project. As the market expands, I would like to focus on building an education system to develop future business leaders, in addition to improving my own skills.



Kohei Ichise Atsumi Office, O&M Department EOS Engineering & Service Co., Ltd.

Remote surveillance

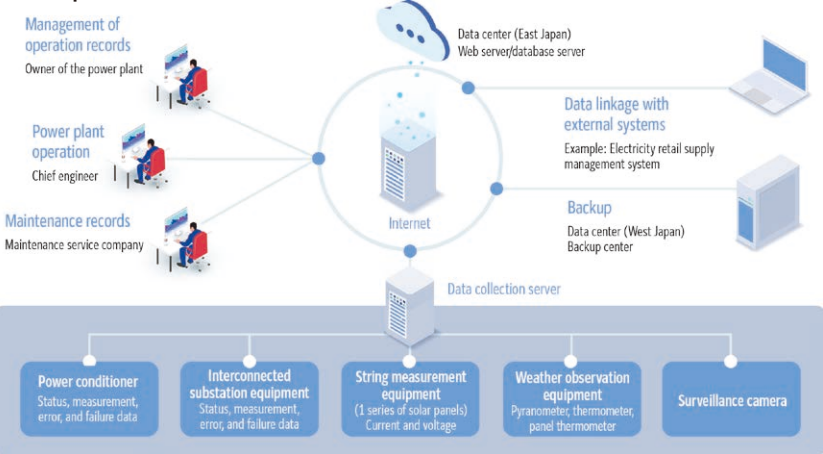
Surveillance and Control of Power Plants



Courtesy of EOS Energy Management Co., Ltd. (EEM)

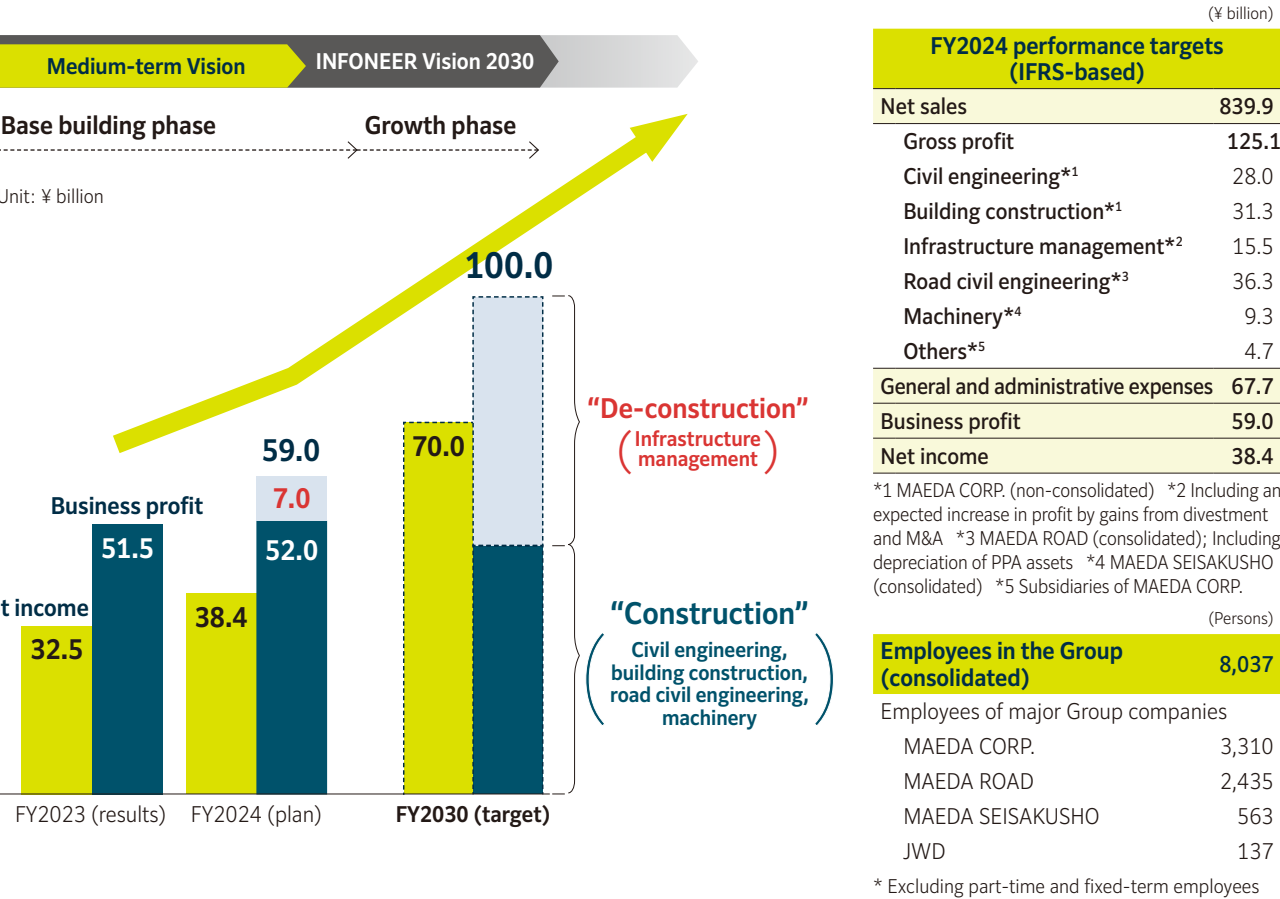
EOS Energy Management (EEM), a member of the JWD Group, develops, manufactures, and sells remote surveillance systems for power plants. The company provides cloud services for remote surveillance of solar and wind power plants with a capacity of over 2 GW. It has also started online power plant control and automated document creation to improve the efficiency of our customers' power plant operations.

Example of access control



Introduction to the Businesses of the INFRONEER Group

Breaking out of the shell of a construction company, we as an integrated infrastructure service company implement a business model that provides one-stop management of infrastructure from upstream to downstream. MAEDA CORP., which celebrated its 100th anniversary in 2019, MAEDA ROAD, and MAEDA SEISAKUSHO established INFRONEER in October 2021. In January 2024, Japan Wind Development (JWD) joined the Group. The following outlines the wide-ranging businesses of the INFRONEER Group.

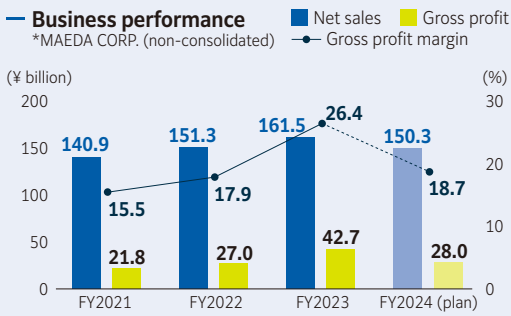


Major Group companies

Segment	As of March 2024	Strengths and characteristics
Civil engineering	MAEDA CORP. civil engineering business (including real estate business)	• Highest profit margins in the industry through "project formation from the upstream side" and "order discipline/management of process, quality and cost"
Building construction	MAEDA CORP. building construction business (including real estate business)	• Almost no provision for construction losses • Highest-ever backlog of highly profitable construction contracts
Infrastructure management	MAEDA CORP. infrastructure management business Japan Wind Development (consolidated) Aichi Road Concession Aichi road concession (anonymous association) Miotsukushi Industrial Water Concession Miura Sewerage Concession	• Growth areas that no other companies possess, focusing on public-private partnership projects and renewable energy projects • One-stop management of infrastructure from upstream to downstream • Extensive experience and development know-how in the wind power generation business • A special team dedicated to the operation and maintenance of wind power generation projects to maximize the generation volume
Road civil engineering	MAEDA ROAD (consolidated)	• Top share in the industry both for road civil engineering work and asphalt mixture sales • Regional network with more than 220 locations in Japan
Machinery	MAEDA SEISAKUSHO (consolidated)	• Komatsu's largest distributor in Japan • Strong presence overseas with distinctive products such as spider cranes
Others	JM Thai Maeda Corporation Limited FBS Fujimi Koken	• Retailing business, construction materials manufacturing and sales, building management, real estate business, and other businesses

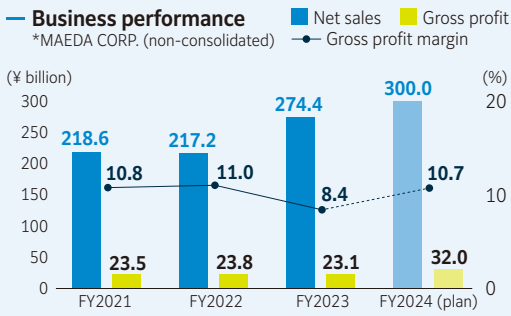
Civil Engineering Business P. 47

The Civil Engineering Business engages in construction work, mainly dams and tunnels, and related ancillary activities, and is expanding the range of work including urban civil engineering, the design and construction of nuclear power plants, and defense-related construction. We have built long-term relationships of trust with our key clients by leveraging our strengths in sales, including proposals backed by our technological prowess and a high level of customer satisfaction in construction completion schedule, quality, and safety.



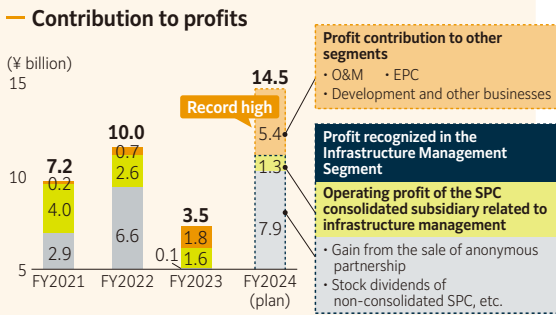
Building Construction Business P. 49

The Building Construction Business engages in construction work, mainly large-scale projects such as redevelopment projects, high-rise condominiums, and related ancillary businesses. The business continues to grow through a wide range of projects, including the construction of office buildings, factories, laboratories, and large logistics facilities. The Building Construction Business also focuses on new initiatives that leverage its construction technology know-how, such as concession projects for arenas, stadiums, and other sports and entertainment facilities in collaboration with the Infrastructure Management Business and participating in luxury hotel projects.



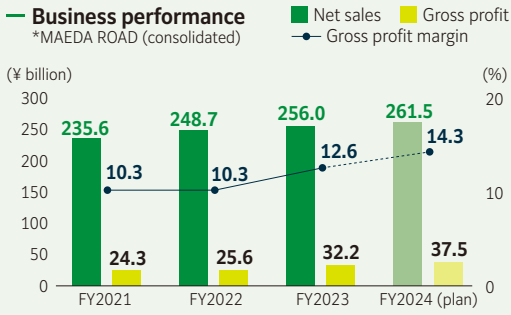
Infrastructure Management Business P. 51

The Infrastructure Management Business mainly engages in renewable energy businesses that invest in the development, construction, operation, maintenance, management, and sale of solar and wind power generation projects as well as public-private partnership projects that acquire the operating rights in public infrastructure projects and construct, operate, maintain, and manage them. Taking advantage of the engineering capabilities cultivated as a construction company, we have succeeded in starting businesses in a variety of fields of renewable energy business, including solar power, wind power, and biomass. In public-private partnership projects in Japan, we operate, as a pioneer in this field, with a variety of projects under management, including airports, roads, and industrial water supply facilities.



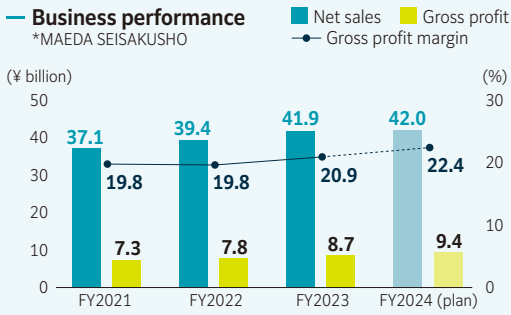
Road Civil Engineering Business P. 53

The Road Civil Engineering Business engages in road civil engineering work and manufactures and sells asphalt mixtures. With over 220 locations throughout Japan, the business provides community-based attentive services, with the top share in the industry both for road civil engineering work and asphalt mixture sales. In the road civil engineering industry, we were quick to emphasize the use of low-carbon asphalt mixtures in sales negotiations. We also visualize CO2 reductions using our original action reports, which help our clients promote their own environmental policies.



Machinery Business P. 55

The Machinery Business manufactures, sells, and rents construction machinery and provides after-sales services. The business is the largest distributor in Japan for Komatsu, the largest manufacturer of construction machinery in Japan. In addition, it has strength in the development, manufacture, sales, and after-sales service of its own distinctive products, such as spider cranes. The number of units sold overseas is also increasing thanks to the expansion of the overseas model lineup and the establishment of sales networks in Asia, Europe, and the United States.





Southern Tochigi Agricultural Water Supply Project: Yora River Integrated Drainage Pump Station Construction Project / Oyama City, Tochigi Prefecture

Civil Engineering Business: Continuing to be the backbone supporting companies and society

Our civil engineering business began with the construction of a hydro-electric power plant in 1919. Ever since, we have expanded to include a wide range of work, including dams, tunnels, shield tunneling, urban civil engineering, the design and construction of nuclear power plants, and defense-related facilities. Recently, we have also been actively working on highway renovation projects and renewable energy-related construction projects. We also participate in super large-scale projects such as the Linear Chuo Shinkansen and the Tokyo Outer Ring Road, leveraging our latest automation, DX, and labor-saving technologies.

Under the General Manager's Policy to "implement work style reforms and build an attractive organization by developing diverse human resources," we take pride in our work, respect each other, and work hard every day to improve our individual abilities.

We will expand our business domain to meet new values and needs to strongly support the INFRONEER Group's vision to be an integrated infrastructure service company.



Tadahiko Tofuku
General Manager of the Civil Engineering Division
Senior Managing Officer
MAEDA CORPORATION

Market Trends and Social Issues

The market for civil engineering is expected to continue to see strong public investment due to the government's Fundamental Plan for National Resilience, the recovery from the Noto Peninsula Earthquake, and the reinforcement of defense facilities. On the other hand, the infrastructure facilities built during the period of rapid economic growth are now reaching the end of their useful lives, and the percentage of renovation work is increasing year by year. Due to the increasing typhoons, heavy rainfall, and other natural disasters caused by climate change and the growing concern about global environmental issues, the introduction of renewable energy that does not rely on fossil fuels is also increasing to achieve a decarbonized society.

MAEDA CORP. has participated in projects related to renewable energy, including wind and solar power. With the addition of Japan Wind Development (JWD) to the Group, we expect that the percentage of this field in our business portfolio will increase in the future.

On the supply side, meanwhile, construction materials and

energy prices remain high and labor costs are rising. The worker shortage due to the declining birthrate and aging population is becoming more apparent. As the construction of large-scale production facilities related to semiconductors and other cutting-edge technologies has been increasing recently, there is a shortage of labor even in rural areas. In 2024, restrictions on overtime work in the construction industry were enforced. Consequently, the labor shortage may worsen among cooperating companies, not just general contractors. Enhancing productivity and ensuring construction schedules are met are now crucial issues.

To solve these issues and ensure a sustainable business environment, we strive to improve productivity on the construction site, secure workers at cooperating companies, and maintain and improve technical levels. Specifically, we provide support to cooperating companies for recruitment advertisements, support for foremen training, and develop technology in collaboration with cooperating companies to improve our productivity.

Strengths and Differentiation Strategy

Our strengths in carrying out civil engineering projects lie in our superior abilities demonstrated on the construction site based on the "Principle of Three Actuals" (see the actuals on the actual site to understand the actual state) and our pursuit of technology that embodies our company policy (integrity, motivation, and technology). Our other advantage is that we are a highly flexible organization with strong collaboration and speedy information sharing between the head office, branches, and work sites, as well as the ability to make quick decisions and responses.

Our strengths in sales are the ability to make proposals backed up by our technological prowess and the high level of customer satisfaction in construction scheduling, quality, and safety. These strengths have enabled us to demonstrate our competitiveness in government construction bids and led to long-term relationships of trust with electric power companies, our existing key clients.

To deepen these strengths, we strive to strengthen our

human resource management, particularly the leadership of the managers. Recognizing the importance of supervisors' roles in exercising organizational strength and developing subordinates, we provide two-day training sessions with a wealth of practical content for branch and head office managers as well as construction site managers. In FY2024, we are also implementing the MAEDA Civil Engineering 3M Campaign under the slogans: "Communicate and listen to the objectives," "Laugh and listen with a smile," and "Say and accept the truth even if it is unpleasant to hear" to build an attractive and stronger organizational structure.



Leadership training

Progress of the Three Strategic Pillars

Regarding "productivity reforms," we have implemented various measures on construction sites for years, including the use of ICT. With the restrictions on overtime work, we now focus on the effective use of engineering work centers to reduce work hours at construction sites. To reduce the workload of on-site staff members, the engineering work centers at the branch offices handle paperwork, photo filing, and other routine tasks. Local staff in Vietnam also perform on-site support work to improve productivity at the construction sites in the country.

Concerning "establishing a new revenue base," alongside the traditional construction service, we now have a new revenue source in Vietnam: a biomass pellet manufacturing and sales business. Furthermore, we expect to create new synergies by combining our engineering capabilities with the development

capabilities of JWD, which joined the Group in FY2023. We expect further opportunities in the conventional renewable energy business area.

As for "strengthening and improving our corporate culture," we promote the aforementioned leadership enhancement in human resource management. In addition, in response to the enforcement of the regulation setting the maximum working hours, each employee manages their working hours with a common understanding that "MAEDA CORP. does not accept the workplace climate of tolerating legal violations." We make the most of our construction review meetings to learn from past incidents and prevent work-related accidents, environmental accidents, and quality issues.

Future Issues

The construction industry faces a shortage of current and future workforce. On top of this, the regulation to set the maximum working hours, which applies to the construction industry, was enforced this year. In response, it is crucial to make the construction industry an attractive workplace by further improving the working environment and implementing a work style reform that strikes a balance between work and family life. To this end, we are improving the working environment by standardizing the specifications and equipment of workers' dormitories, implementing technological innovation by ICT and DX, and adopting diverse working styles and human resources.

As the scope of business expands to include areas other than construction, such as concessions, we must not only im-

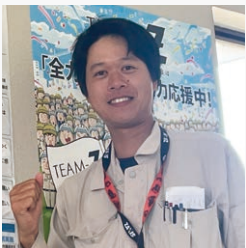
prove and pass on the conventional construction techniques but also secure human resources who can handle these areas. It is crucial to increase the number of experienced workers by training and systemic job rotations, leveraging our experience as a construction contractor.

Quality problems and large-scale industrial accidents have been making headlines, and these are seen as major risks that could damage a company's reputation. To prevent such problems, we ensure the proper operation of our safety, quality, and environmental management systems. We also strengthen information sharing and collaboration between the head office, branches and construction sites to prevent problems as a unified organization.

Comment from employees

After joining MAEDA CORP., I gained experience as a construction manager in various types of construction work, including dams, large-scale land development, tunnels, expressway renovations, and road improvement. I am currently working on a road improvement project in the suburbs of Kobe City, a project to build a bypass on the Daini-Shinmei Road, which will help ease traffic congestion in the area.

MAEDA CORP. is said to have an open corporate culture. In fact, at every site, it puts the site first (the Principle of Three Actuals), responds sincerely to all parties involved, including clients, internal related parties, and cooperating companies, and listens to the opinions of the younger members. I feel that this "openness" has promoted my growth. Although there are issues of a worker shortage and long working hours, I want to pass on this corporate culture (mindset) along with our technical skills to future generations.



Junki Hirano
Hasetani Construction Site,
MAEDA CORPORATION



New office building constructed on the former Fukuoka Higashi General Prefectural Office building site / Fukuoka City, Fukuoka Prefecture

Building Construction Business: Implementing growth as an equal partner in one group

The Building Construction Business continues to grow through a wide range of initiatives, including redevelopment projects, large-scale construction of high-rise condominiums, office buildings, factories, research facilities, large-scale logistics facilities, and one of the largest arenas in Japan. Our growth has been supported by the technical capabilities and know-how we have cultivated over many years. However, with the recent push for work style reform, we need to reconsider our conventional approach, given the current situation where it is difficult to set aside time for training in know-how and skills and time for trial and error. I am confident that further technological innovation will be achieved by combining the strengths of the highly skilled, experienced employees with those of the younger, digital-native employees respecting each other.

We will contribute to the growth of the INFRONEER Group by emphasizing the importance of technological capabilities and ensuring that our refined technological capabilities are passed on to the next generation.



Hitoshi Wakiya
General Manager of the Building Division
Director and Senior Managing Officer
MAEDA CORPORATION

Market Trends and Social Issues

After the COVID-19 pandemic, private investment in the construction industry has been strong. The number of foreign tourists visiting Japan has recovered to around 80% of the 2019 level. At a cabinet meeting, the government decided on the New Tourism Nation Promotion Basic Plan. The demand for building accommodation facilities for workation and long-term stays as well as luxury hotels is increasing as growth is expected in the number of foreign tourists visiting Japan, the money spent per tourist, and the revitalization of tourism in regional areas.

In addition, with the return of manufacturing to Japan and increased investment in Japan by overseas companies, the industrial facilities sector, particularly semiconductor factories and data centers, is booming. As a result, there is a labor shortage in the equipment installation industry for electrical, air conditioning, and information and communications systems.

In the public interest area, the government promotes public-private partnerships (PPP/PFI*), emphasizing the construction of stadiums and arenas to promote and revitalize sports and the local economy. Furthermore, the construction of Self-Defense Force facilities was added as a priority area as the "PPP Ministry of Defense version" in the government's budget. Also, local governments around the scheduled stations of the

Linear Chuo Shinkansen project are proceeding with town planning.

While these movements are a tailwind for the construction industry, it has been significantly affected by the sharp rise in material prices that began in 2021. Material prices have increased by 31% compared to 2021, and although the pace is slowing, they are continuing to rise. The sharp rise in labor costs is also remarkable, with an 11% increase in the last two years. In particular, the hike was significant in equipment installation work. As restrictions on overtime work were enforced in 2024, distribution costs are also expected to increase and we must keep a close eye on further price rises.

The aging of skilled workers and the shortage of workers are significant issues for the construction industry. Technological innovation through collaboration between construction companies and IT engineers is highly expected, such as using digital technology to improve productivity and using robots to solve the worker shortage. The way that general contractors work also needs to change, and the whole construction industry is expected to take action.

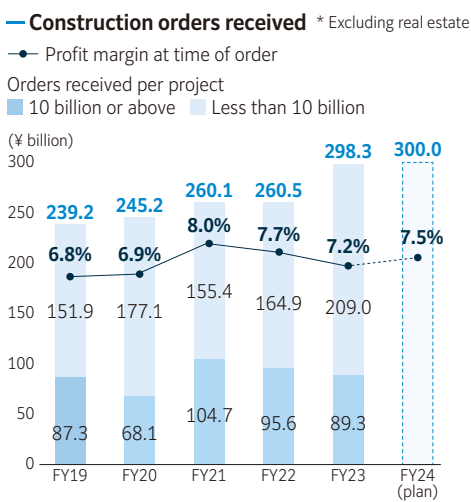
* For PPP/PFI, refer to the glossary on page 84.

Strengths and Differentiation Strategy

MAEDA CORP.'s Building Construction Business has strengths in its design and construction technology for high-rise condominiums with top-class technical capabilities and know-how in Japan. In addition to providing stable quality through the standardization of details, we can plan and execute rational construction processes. Thus, this is an area where we have shifted from reliance on individuals' knowledge and skills to knowledge management. We have many medium- to long-term projects scheduled, including redevelopment (housing) and construction of high-rise condominiums, which will remain the main focus of our medium- to long-term strategy for the Building Construction Business.

We also work on concession projects for sports and entertainment facilities such as arenas and stadiums in collaboration with the Infrastructure Management Business. In concession projects, we can apply the construction know-how and technical capabilities MAEDA CORP. has cultivated over the years from the upstream stage. We can offer proposals with minimal running costs while maintaining design and functionality. We also can realize BT concession* projects with appropriate construction periods and prices. These are the major points that significantly differentiate us from our competitors.

* For BT concession, refer to the glossary on page 84.



Progress of the Three Strategic Pillars

In the Building Construction Business, improving profit margin at the time of order receipt is also a key measure in the Medium-to Long-term Business Plan. Since FY2021, we have set a control value at 7% on average. In FY2024, we set 7.5% as a target value. These values will be increased gradually as planned. In addition to profit margin, physical productivity and profit per capita are also used as evaluation metrics, using past data by structure type and building use purpose for proper construction site management.

For "establishing a new revenue base," we established the New Business Planning Office, which exclusively implements "de-construction" measures, in November 2023. Currently, we participate in a luxury hotel project from the upstream stage. By standing on the side of the business owner, we can make the most of MAEDA CORP.'s know-how and technical capabilities. By investing as joint business owners and sharing the risk, we assume more responsibility for the project's success and can expect further increases in the business value. We aim to create profits from businesses other than "construction" by completing projects that bring together the knowledge of partner companies.

As for "strengthening and improving our corporate culture," we are committed to developing human resources. In addition to training and developing know-how and technical skills in construction technology, it is essential to instill in many employees the "de-construction" mindset necessary for developing new businesses. This "de-construction" mindset is also crucial for creating added value in the existing "construction" business and for viewing entire projects from the perspective of a business owner. In 2024 and onwards, we plan to develop and begin a training program specialized in this area.

We are developing technologies to improve productivity, including "ATARE," a BIM system that automatically generates a rebar model from structural calculations, and "Rebar 360" that fuses BIM and the construction site to shorten the time required to take pictures of construction work and enable semi-automated report creation.

► For details on "ATARE" BIM system, visit our website at: <https://www.maeda.co.jp/news/2022/08/23/5329.html> (in Japanese)

For details on "Rebar 360," visit our website at: <https://www.maeda.co.jp/news/2024/02/19/5479.html> (in Japanese)

Future Issues

The Building Construction Business must establish a stable revenue base that is unaffected by market competition. The New Business Planning Office addresses these issues by conducting business development that combines investment and "construction" work. As the speed of commercialization is the key, we strive to build a flexible team and develop and appropriately allocate human resources.

We also need to improve both productivity and technical skills as the restrictions on overtime work have been enforced.

Comment from employees

I was appointed as the original member of the department that would implement "de-construction" measures for the Building Construction Business in November 2023. We participate in high-profile projects, such as the 2025 Osaka Expo, and development projects involving our investment in the business, including hotels. When considering investing in a project, we fully leverage the strengths of MAEDA CORP. as a construction company, such as construction cost control and project schedule management. It's been about a year since the department was established. Although our task is challenging, including the difficulty of building consensus within and outside the company, I also feel the joy of constantly taking on new challenges through each project. As many of our projects are long-term, it will take some time to generate profits, but we will continue to actively work on creating new value.



Kyohei Akata
Business Planning Group,
New Business Planning Office,
Building Division,
MAEDA CORPORATION

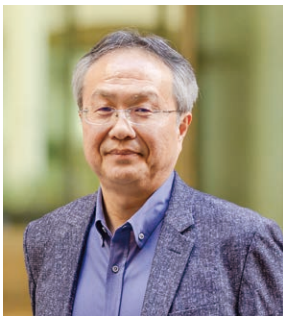


Ozu Biomass Power Generation Project / Ozu City, Ehime Prefecture (Operation began on August 1, 2024)

Infrastructure Management Business: Leading the “de-construction” business and moving to create more value

The Infrastructure Management Business is steadily progressing as a driving force for an integrated infrastructure service company, particularly in public-private partnerships and renewable energy projects. In FY2023, we started the operation of the Miura City Public Sewerage Management Business under the concession method in April. We provide high-quality, sustainable infrastructure services by fully utilizing MAEDA CORP's accumulated expertise in infrastructure management.

In January 2024, Japan Wind Development (JWD) joined the INFRONEER Group, enhancing our capability to manage the renewable energy business comprehensively. In the context of the global movement toward carbon neutrality, the Group companies will collaborate to address social issues, which is our mission as an integrated infrastructure service company.



Motoi Higashiyama
Managing Officer
Deputy General Manager of
the Management Innovation
Division (responsible for
Business Strategy)
MAEDA CORPORATION

Market Trends and Social Issues

Trends in the Public-Private Partnership Market
In June 2024, the Japanese government released the revised PPP/PFI* Action Plan for FY2024. Overall, the government has made steady progress toward achieving the 10-year targets in the priority fields set out in the plan, with 25% of the targets achieved by FY2023 (the second year).

In the 2024 revised plan, the target number of PPP/PFI projects has been increased with an aim to resolve social issues—the tight fiscal situation, the declining working-age population, and aging infrastructure—and to drive a growth-oriented economy. The Action Plan was revised mainly in the following four points: (1) form cross-sector, wide-area PPP/PFI; (2) create an environment in which private sector businesses can earn appropriate profits through their efforts and ingenuity; (3) increase the 10-year target for the number of PPP/PFI projects and expand the fields in which PPP/PFI is applied; and (4) spread small concessions and other forms of PPP/PFI.

Trends in the Renewable Energy Market
The Sixth Strategic Energy Plan formulated by the Japanese government promotes the maximum introduction of renewable energy, setting a target of 36–38% as the ratio of renewable energy in the power source mix in 2030. One issue that needs

to be addressed to further promote renewable energy is output control, which temporarily suppresses power generation when the generated electricity exceeds demand. Output control may disrupt the balance of supply and demand for electricity and cause a large-scale power outage. To promote decarbonization, it is crucial to use up all generated renewable energy, whose volume is easily affected by weather and other conditions.

Electricity storage is gaining attention as a way to efficiently utilize renewable energy. In particular, the 2022 revision of the Electricity Business Act has opened the way for the grid energy storage business to directly connect to power lines for charge and discharge. From FY2024, the market for receiving fees for adjusting the supply and demand of electricity has been fully deregulated. Unlike storage batteries installed alongside renewable energy sources, grid-scale batteries are directly connected to the grid and are used to respond to changes in supply and demand across the entire power system, rather than changes in the output from specific power sources. The government promotes the introduction of the batteries from the aspect of the system and budgets by revising the related laws. The importance of storage batteries is expected to increase further as the use of renewable energy expands.

* For PPP/PFI, refer to the glossary on page 84.

Strengths and Differentiation Strategy

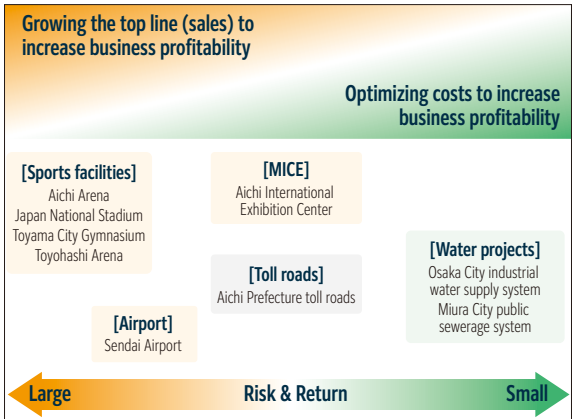
MAEDA CORP's advantages in public-private partnership projects are the experience, know-how, and data accumulated through its work in various fields as a pioneer company. In addition to cost reductions through the use of digital technology and accumulated data, our other strength is the ability to propose measures that will increase users. We are proud to be able to improve the efficiency and profitability of many projects that would be difficult for other companies. We have also built strong partnerships with domestic and global companies. Especially in the arena and stadium operations, we work with these partners to provide the most advanced entertainment spaces in Japan.

In the renewable energy business, we have succeeded in commercializing projects in a wide range of fields, including the development and operation of biomass power generation, in addition to solar and wind power generation. The addition of JWD to the INFRONEER Group has strengthened our structure for implementing wind power generation projects from upstream through downstream, leveraging the strengths of each Group company.

We aim to create synergies by combining the engineering capabilities developed through our “construction” business with the financial capabilities (ability to deal with business risks) developed through our experience in managing a wide

range of infrastructure and our extensive business track record. By doing so, we will enhance the value of the Infrastructure Management Business and provide society with sustainable infrastructure services with high profitability.

Experience in managing various infrastructure



Progress of the Three Strategic Pillars

Regarding “productivity reforms,” we aim to increase productivity in infrastructure management and link it to new business development. To this end, we will develop models and management techniques that will enable more advanced and efficient infrastructure businesses, utilizing our experience in business planning and management as well as the fields in which we are currently operating.

Concerning “establishing a new revenue base,” we will promote the “de-construction” business by utilizing our know-

how accumulated to date to develop and commercialize new business models for public-private partnership projects and renewable energy projects.

As for “strengthening and improving our corporate culture,” we will develop and strengthen managers and prospective managers who can handle projects by leveraging the unified efforts of employees in the head office and branch offices in engaging in business proposals and operations.

Future Issues

To achieve strong sales and profits stably through the “de-construction” business, it is necessary to increase the number of projects undertaken and win more projects. As such, it is essential to implement the Three Strategic Pillars. We recognize the issues of declining profitability due to cost increases arising from the recent labor shortage and rising prices, the number of PPP projects announced by local governments, and the delay in the expansion of projects with high flexibility that allows private businesses to demonstrate their ingenuity.

In the renewable energy business, many projects, especially

wind power projects, take a long time to commercialize. We believe there is room for improvement in the structure and speed of implementation.

To overcome these issues, we will thoroughly implement the Three Strategic Pillars. We will also focus on creating more projects in an efficient and stable manner by further improving productivity in project formulation and management and by demonstrating MAEDA CORP's achievements and strengths to local governments and other organizations at an early stage before commercialization.

Comment from employees

I am currently engaged in the Osaka City Industrial Water Supply Specified Management Business. It is a 10-year concession project where a special purpose corporation (SPC) (Miotsukushi Industrial Water Concession) funded by four companies, including MAEDA CORP., operates Osaka City's industrial water business. I participated in the project from the proposal stage. After the SPC was formed, I became a member and am managing the “live” operations. We have experienced problems that were not anticipated when we first proposed the project. However, the days spent discussing with the SPC members and searching for solutions have been very stimulating. When we solve a problem, we feel a very strong sense of achievement. I am always keenly aware of the responsibility of managing important water infrastructure that supports local industrial activities by supplying industrial water to our customers in a stable and sustainable manner. As a member of the INFRONEER Group who will continue to take on infrastructure management projects, I would like to diligently work on my tasks with a commitment to always question how infrastructure should be managed.



Shinpei Fukutomi
Miotsukushi Industrial Water
Concession Co. Ltd.
(temporarily transferred from
MAEDA CORP.)



Okuma District Paved Road Repair Work / Okuma Town, Fukushima Prefecture

Road Civil Engineering Business: A spirit of working hard and taking on challenges

MAEDA ROAD was founded in 1925 as Takanogumi Co., Ltd., and we will be celebrating its 100th anniversary in 2025. Since its founding, the company has expanded its sales by focusing on the Road Civil Engineering Business (construction business) and the Manufacturing and Sales of Asphalt Mixtures Business (manufacturing and sales business). It has now grown to have approximately 200 sales offices and factories nationwide. We continue to provide safety and comfort in people's lives by leveraging the technical capabilities cultivated since our founding and our nationwide network, remaining close to the local community. To achieve further growth in the Road Civil Engineering Business, we will strengthen our foundation by securing labor and improving our technical capabilities, as well as taking on new challenges, including DX, observational construction control systems, and decarbonization.



Kazuhiro Nishiyori
General Manager of the Engineering Division
Director and Managing Officer
MAEDA ROAD CONSTRUCTION Co., Ltd.

Market Trends and Social Issues

Trends in the Construction Market

Although the number of new road construction projects is declining, the number of maintenance and repair projects for aging roads is expected to increase. Overall, the number of projects is expected to remain flat. As the COVID-19 pandemic has ended, private-sector investment is expected to remain steady, and we expect the same for completed projects. On the other hand, labor shortage due to the aging of workers is a significant issue.

Trends in the Manufacturing and Sales Market

The amount of asphalt mixtures produced nationwide has been decreasing year on year. It reached a record low of around 36 million tons in FY2023. We expect that the decline will continue to a certain level. The cost of raw materials keeps rising due to the continued weakening of the yen and high oil prices. We expect these changes will continue in the future, considering the uncertain outlook of the global situation. In our industry, it is difficult to pass on the cost increases to sales prices.

As a social issue, the road industry recognizes that the transition to decarbonization is the most crucial issue. The road industry significantly impacts the environment, and large amounts of CO₂ are emitted during the production of asphalt mixtures. We predict that environmental value will increase as we move toward achieving carbon neutrality by 2050. We will be required to implement stronger measures, including introducing CO₂-free electricity in compliance with RE100 and expanding the number of factories that can ship "ecole*1," our environmentally friendly medium-temperature asphalt mixture.

There are also other social issues, such as the declining birthrate and aging population, a shortage of workers, and depopulation in rural areas. We predict that comprehensive private contracting projects*2 for road maintenance and management through collaboration between the government and private sector will be promoted to solve these issues.

*1: "ecole" refers to low-carbon, medium-temperature asphalt mixture manufactured using a mechanical foaming technology.
*2: For comprehensive private contracting projects, refer to the glossary on page 84.

Strengths and Differentiation Strategy

MAEDA ROAD's strengths lie in our nationwide network and high mobility. Shifting our focus from sales to profit, we conducted order-taking activities that emphasized the profit margin at the time of order receipt, passed on cost increases to sales prices in response to the external environment, and took other measures to improve profits. As a result, our performance improved in FY2023. We expect the external environment to continue changing rapidly, but we will respond flexibly by leveraging our strengths.

As a strategy for differentiation, in the construction business, we will strive to increase orders for government construction projects and private-sector prime contracts. As for government construction projects, we hold technical proposal study meetings and post-bid review sessions with MAEDA CORP. to discuss the improvement of our technical score and technical proposal ranking. In March and April 2024, we succeeded in obtaining two consecutive orders for construction work from

NEXCO East Japan, which contributed to breaking our record for the highest order amount received. With projects from other customers as well, our efforts are steadily bearing fruit. Regarding private-sector prime contracting, we will work to win orders by strengthening ties with existing customers, seeking new customers, sharing information between Group companies, and actively engaging in referral marketing.

In the manufacturing and sales business, we will emphasize the benefits of low-carbon mixtures in our sales activities. Low-carbon mixtures are manufactured with less CO₂ emissions than normal asphalt mixtures, and our factories across Japan can manufacture and sell the product. We also visualize CO₂ reductions using our unique action reports, which help customers appeal their own environmental actions. We strive to play our role in achieving carbon neutrality for the entire society by selling our value-added products.

Progress of the Three Strategic Pillars

Regarding "productivity reforms," we have been working to manage profit margins at the time of order receipt and consolidate and eliminate sales offices and sites. Starting from FY2024, we have also strengthened our measures to manage the neighboring sites as a Group. Through this measure, we aim to make better use of human resources within the Group and further improve the efficiency of our construction work.

Concerning "establishing a new revenue base," we emphasize the biofuel oil production business of our subsidiary, JAPAN BIO FUEL Co., Ltd. We have started deliveries of biofuel to 18 factories, mainly in western Japan. In the future, we will expand into eastern Japan and establish a sales structure for external customers, promoting its growth as a third pillar of our business. We also strive to expand sales of our product, the cold asphalt mixture mild patch. Although we have sold the product through the BtoB channel, we are exploring the BtoC market through new channels such as e-commerce and teleshopping. We will accumulate sales data and use them to explore new needs.

As for "strengthening and improving our corporate culture,"

we strive to realize a five-day workweek by developing technologies that contribute to IT, DX, and labor-saving, including renovating our core system. We have also revised our personnel system, which will allow employees to thrive. We are committed to creating an environment where every employee can grow by reviewing our training system and providing support for acquiring qualifications.



JAPAN BIO FUEL

Future Issues

As the construction industry is facing a serious shortage of workers, MAEDA ROAD must become more attractive to be chosen by prospective employees. Based on the idea that "people are the company's greatest asset," we will work to create attractive workplace environments and invest in human resources as a leading company in the industry. To this end,

we must deepen our profit-oriented mindset even further and secure profits so that we can continue to make sufficient investments.

We will continue to work with all stakeholders to create a path that will lead us into the future.

Comment from employees

With the motto "A value lies dormant in a single drop," every employee puts their heart and soul into their work. My job is to inspect whether each of the various processes to treat raw materials derived from plants and animals is being carried out correctly. At first, I was confused by all the unfamiliar work. However, as I continued, I acquired a wide range of skills and techniques, and I began to feel fascinated and interested in the possibilities of biofuel oil. I feel fulfilled in delivering bio-heavy oil, which has a low environmental impact, to MAEDA ROAD's asphalt plant, and I feel happy when I see asphalt pavement made from bio-heavy oil on the street. I will continue to do my best to develop this business, which I can proudly say is an important job that will change the future of the Earth.



Hiroyuki Maeda
Manager, JAPAN BIO FUEL Co., Ltd.
(Temporarily transferred from MAEDA ROAD)



Forwarder FC560S, forwarder for forestry (launched in September 2023)
▶ For details, visit the website at: <https://www.maesei.co.jp/products/forwarder/>

Machinery Business: Contributing to the development of social infrastructure by integrating the technologies accumulated over the years with leading-edge technologies

In September 2023, MAEDA SEISAKUSHO launched “Forwarder,” applying the technology it had cultivated over many years in the development of its products. Forests are essential for realizing carbon neutrality and protecting biodiversity. However, Japan’s forestry industry faces many challenges, including safety issues and a shortage of workers. MAEDA SEISAKUSHO continues to support the forestry industry in Japan by expanding its product lineup.

MAEDA SEISAKUSHO also boasts top-class sales in Japan as the master distributor for Komatsu Ltd. To solve issues such as the serious shortage of construction workers and improve safety at construction sites, we will introduce Smart Construction to a wide range of construction sites. Together with our customers, we will strive to resolve a diversity of social issues.



Masayoshi Ito
Managing Director
Executive General Manager of
the Research and Development
Headquarters
MAEDA SEISAKUSHO CO., LTD.

Market Trends and Social Issues

Demand for construction machinery varies from region to region and country to country, but the construction industry is expected to grow worldwide. The demand for construction machinery is especially increasing in emerging and developing countries as infrastructure development and urbanization progress. Even in developed countries, demand for construction machinery remains stable, driven by the renovation or repair of aged infrastructure and recovery from disasters.

The Asia-Pacific region is anticipated to emerge as a major market in the future because of the increasing government investment in infrastructure development and the promotion of capital investment in the region.

However, some construction projects are still delayed in some regions due to the prolonged impact of the COVID-19 pandemic. The demand for construction machinery changes every year as the global demand for environmental consciousness and energy conservation is growing. We must pay close attention to trends and policies in each country to accurately grasp demand fluctuations and respond flexibly.

Needs for used and rental machinery are also growing because of the increasing number of construction projects, re-

placement demand, and rising new machine prices. Although this growing demand may have an impact on new machine sales, the used machinery and rental businesses have the potential to become new sources of revenue.

In recent years, compliance with environmental regulations has become a social issue. Initiatives to address environmental issues, such as exhaust gas, climate change, and pollution, have a significant impact on the construction machinery industry worldwide. Governments around the world implement various measures to mitigate the negative impact of construction machinery on the environment. Manufacturers are also developing eco-friendly products to flexibly respond to strict environmental regulations.

Another social issue is the labor shortage due to the decreasing working-age population. In particular, the shortage of skilled workers is severe, causing construction delays and cost increases. To address this labor shortage, we must improve work efficiency and safety by integrating digital technologies such as GPS and AI and taking labor-saving measures such as automation and remote control.

Strengths and Differentiation Strategy

One of MAEDA SEISAKUSHO’s strengths is its technological capabilities, which allow us to handle all processes from design and manufacturing to sales, rental, and after-sales service. Our engineers visit construction sites in Japan and overseas to research the market and develop products that reflect global needs. We ensure customer satisfaction by providing original products such as spider cranes and crawler cranes, developing made-to-order products that meet the diversifying customer needs, offering rental proposals, and providing machine maintenance and other after-sales services.

As companies have been required to respond to environmental concerns and the declining working-age population in recent years, we develop products that meet customers’ needs through this one-stop structure. We also strive to expand our market share by building relationships, responding to customers’ needs quickly and accurately, and providing high-quality products.

Our extensive sales and service network, which extends from Japan to overseas, is also an advantage. In 2022, we established

a subsidiary in Houston in the United States to expand sales in North America, the largest construction machinery market in which we have struggled to compete. We will continue to expand our business domains by taking advantage of the business know-how and the regional networks we have built up to date.



Automatic spraying and plastering carriage

Progress of the Three Strategic Pillars

Regarding “productivity reforms,” we have further improved value-added productivity and expanded earnings through business reforms, which have led to the expansion of our rental business domain, fewer total working hours through the introduction and utilization of DX, and an increase in maintenance orders. We will continue to aim to maximize productivity and improve profitability through innovation by strengthening our ICT system, implementing business reforms that utilize DX, and conducting proposal-based sales that leverage the superiority of MAEDA products.

Concerning “establishing a new revenue base,” we worked to expand our overseas market and increase revenue through collaboration within the Group. Overseas sales volumes increased as we expanded the product lineup, including U.S.-specification

models, and built sales networks in Asia and South America. We will continue our effort to expand our business domain, creating synergies by building a global network and strengthening collaboration within the Group.

As for “strengthening and improving our corporate culture,” we have been implementing various measures to achieve zero accidents, creating an environment where diverse human resources can thrive, and working to improve corporate value through ESG management. As a result, employees’ safety awareness has increased and CO₂ emissions have been reduced through the introduction of hybrid products. We will continue strengthening our corporate structure by ensuring safety, health, and compliance.

Future Issues

In recent years, demand for used machinery has been on the rise due to an increase in the number of construction projects and the capture of replacement demand. In addition, we face a labor shortage due to the declining working-age population and must comply with environmental regulations. MAEDA SEISAKUSHO will introduce products to the market that fully utilize electrification and IoT technology to achieve carbon neutrality and reduce work processes and manpower at worksites.

We also strive to expand sales by building a system for recycling used construction machinery. We will also capture new demand by expanding into emerging and developing countries, particularly in Asia. To this end, we aim to accurately grasp the characteristics and needs of the market, develop products that meet those needs, build partnerships with local companies, expand our sales network, and achieve our business plan.

Comment from employees

I am working in sales to general contractors using my experience working at a dam construction site for MAEDA CORP. I listen to the needs and requests of customers who order custom-made machinery and equipment for civil engineering and building construction sites and handle comprehensive tasks, including proposal, development, design, production, construction, and maintenance.

I am working on developing and operating an integrated maintenance and management system for machinery owned by business companies in the INFRONEER Group, with the aim of creating further synergy between the business companies. We are also working with MAEDA CORP. to develop machines that will make tunnel renovation work more efficient and save labor. Because each custom-made product is different, making proposals is hard work. However, I feel happy and proud when it is completed and highly evaluated. We will further strengthen the collaboration between business companies through personnel exchanges and technology sharing. At the same time, we will continue to strive to use MAEDA SEISAKUSHO’s engineering and mechanical capabilities to contribute to better proposals and products.



Makoto Uchiyama
Deputy General Manager,
Sales Div. 2 / Domestic Sales
Division, Industrial Machinery
Headquarters
MAEDA SEISAKUSHO CO., LTD.

Key Related Businesses (FBS, Japan Management, Fujimi Koken)

The key related businesses include the retail business, manufacturing and sale of construction materials, building management, and real estate business. This segment recorded net sales of ¥59.0 billion and segment profit (business profit) of ¥2.2 billion.

FBS CO., LTD.



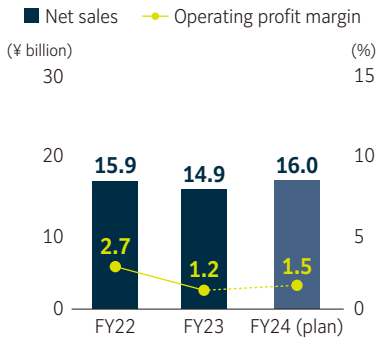
Outline of Business

- Building management (Building management and operation, equipment inspection, security, etc.)
- Construction (New construction, repair, seismic reinforcement, renovation, etc.)
- Civil engineering* (Soil improvement, reinforcement of structures, etc.)

* Fujimi Koken succeeded the civil engineering business as of March 31, 2024.

Strengths

- Comprehensive capabilities to provide one-stop service in everything from design and construction to building management
- Ability to make proposals to increase asset values with an eye to future values



TOPIC

Contributing to sustainable communities and safety/security through comprehensive management

Here are some examples of the comprehensive management services we provided during FY2023. First, we started providing our service to Koga City, Ibaraki Prefecture. We maintain and manage the city's facilities with an emphasis on preventive maintenance, while working closely with city officials on the management and repair of the city's main facilities. In addition, we have obtained a preferential right to negotiate with Fukutsu City, Fukuoka Prefecture on the provision of a comprehensive management service (to start in April 2024). This is a joint project with SUNLIFE Co., Ltd., a group company of Fukuoka Jisho Co., Ltd. We believe we won this project because the city recognized a synergy effect between the hometown advantages of SUNLIFE and our own track record in providing comprehensive management services.

We will continue to work on increasing our corporate value by providing safe, secure, and sustainable facility services to community residents.



Sowa Office
(Koga City, Ibaraki Prefecture)



Fukutsu City Office
(Fukutsu City, Fukuoka Prefecture)

Fujimi Koken Co., Ltd.

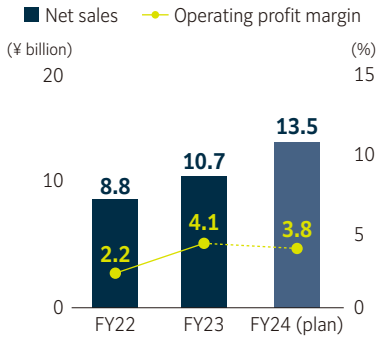


Outline of Business

- Manufacturing and sales of secondary concrete products, such as building components made of concrete segments and precast concrete, and SEED form*1

Strengths

- Differentiation from other companies with its unique technologies (SEED form, REED construction method*2, one-pass joints)
- Nationwide business through alliance factories (SEED form, REED construction method)
- Stable and continuous supply of manufacturing services to other major construction companies (precast for construction)



*1 The SEED form refers to a precast formwork that significantly increases the durability and crack dispersibility of building structures by mixing reinforcing vinylon fiber into the base material of high-strength concrete with a low water-cement ratio. *2 The REED construction method refers to a structural form and construction method of steel concrete composite structure bridge piers using H-shaped steel beams with projections and SEED form.

Japan Management (JM)

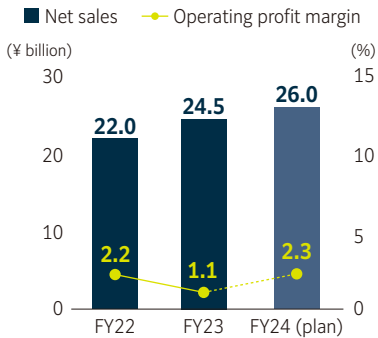


Outline of Business

- Upkeep and maintenance of buildings/equipment
- Buildings/equipment life cycle management
- Energy management
- Regional revitalization
- Comprehensive management of municipal facilities

Strengths

- Nationwide network with franchises across the country
- Local professionals who can help companies increase their work efficiency by utilizing IT
- Know-how accumulated through maintenance and management of 210,000 facilities



TOPIC

Operation and management of river stations along the Kano river basin in Kannami Town and Izunokuni City, Shizuoka Prefecture

In 2019, we started the operation and management of River Station Izu Gateway Kannami in Kannami Town, Shizuoka Prefecture and launched an initiative for the effective use of parks as part of our regional revitalization business. In October 2023, we also started a management and operation service for River Station Izu Joyama (Park-PFI) in Izunokuni City.

JM collaborates with local companies to solve local issues based on the principle of "the more, the merrier" and create communities that are deeply rooted in the region by working side by side with local governments.

Going forward, we will also work on solving issues surrounding the operation and management of urban parks, which place a heavy financial burden on local governments.



Hot-air balloon event held at River Station Izu Gateway Kannami

TOPIC

Taking on a challenge to manufacture prestressed concrete floor slabs

With rapid changes such as soaring material prices and a drop in large-scale segment projects affecting the business environment over the past few years, we have installed new manufacturing equipment and started making prototypes to manufacture prestressed concrete floor slabs. This is the first step in our plan to fully modify our factories, and we intend to continue to promote our manufacturing business by adapting to the times.

We will undergo a major transformation, such as the unification of our manufacturing and construction at factories other than the Namegawa factory with the integration of the former FBS's civil engineering division. It also includes the expansion of our market to the Chubu and Kansai regions through the M&A of Nihon Segment Kogyo Co., Ltd. As a newly reborn company, Fujimi Koken will add more value to its products and construction services and enhance its technical capabilities.



Making prototypes of prestressed concrete floor slabs

Drivers for Accelerated Growth <IT and DX Strategies>

Overall Policy

The INFRONEER Group's growth strategy truly embodies digital transformation (DX) as it weaves the Group's digital strategy into its business strategy with the goal of creating "a world where there's no limit to what can be asked from and what can be delivered by infrastructure services."

First, under the "Business × IT Strategy," we aim to create an ecosystem of business activities covering the entire infrastructure service value chain by supplementing and expanding the Group's diverse engineering capabilities with digital technology. We will proceed with the strategy in an integrated manner through initiatives such as increasing the productivity of both front- and back-office operations in each segment, sharing and utilizing information across different business domains, and developing BI tools that support optimized personnel allocation and fast decision-making.

Second, the "Data Utilization Strategy" has been formulated to promote and ensure the utilization of data across the Group by treating data as an important Group asset. We believe one important key to differentiating ourselves from other companies is to maximize the value of our data through the infrastructure service value chain. We will develop an integrated data platform for the entire Group and establish data utilization rules and a system to operate them. At the same time, we will create a framework to provide specialized training and support with an aim to increase the data literacy of all employees and to cultivate and develop human resources equipped with data analysis skills.

Third, the "Digital Infrastructure Strategy" sets out the fundamental policy to integrate the Group's IT infrastructure, such as its information security, communication and file-sharing tools, device procurement and operation, ID authentication, and networks. It aims to create flexible and safe IT infrastructure that can quickly respond to business needs. This IT infrastructure will support the growth and sustainability of our business while continuing to incorporate the latest technologies.

These three medium-term digital strategies form the backbone of the overall enterprise architecture* of the Group.

* Enterprise architecture refers to a framework that visualizes the organizational structure and roles of a company and the information system that supports them at two points in time, the present and the future, and is used to examine overall optimization.

Initiatives to Increase Productivity and Expand Group Synergies

Creating the Group's IT infrastructure

INFRONEER is working on developing IT infrastructure to maximize synergies across the Group while leveraging the strengths of business companies. While it is important to integrate our IT infrastructure to increase efficiency and promote data utilization, we are not integrating everything in a uniform manner. Instead, we are maintaining our flexibility and adaptability by taking into account the business activities of each business company and the loose coupling of necessary components.

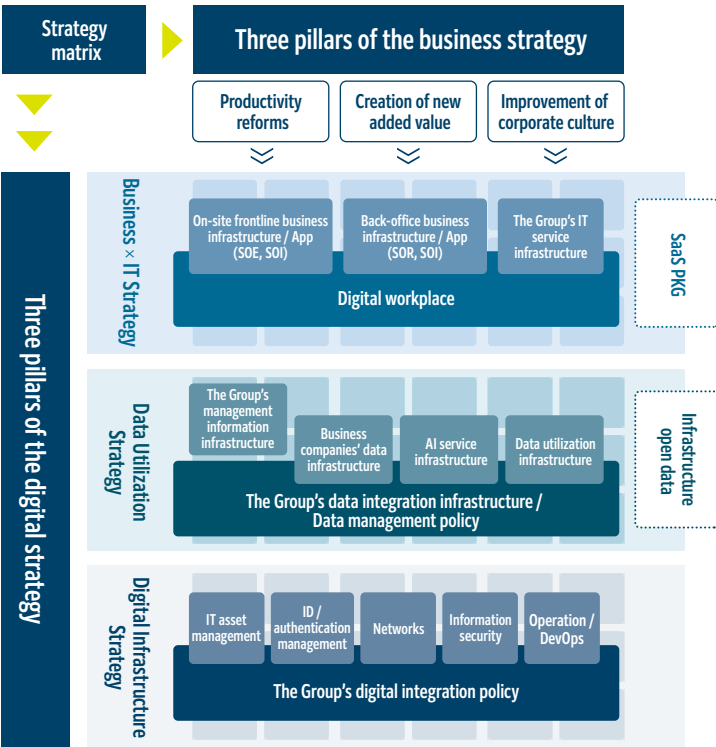
Specifically, we are sequentially implementing initiatives to achieve the optimal state of our Group infrastructure in each domain. It involves, for example, facilitating information-sharing through the Group's communication platforms and optimizing costs through joint procurement of PCs and other devices within the Group.

Security Initiatives

Developing the Group's information security system

We consider the enhancement of our information security to be an important management issue and are developing a security system that is consistent across the Group. We have established a cross-Group Computer Security Incident Team (CSIRT) to strengthen our ability to respond to security incidents. In addition, we are conducting security risk assessments at each of our Group companies, organizing and analyzing information related to threats to organizations such as cyberattacks, and promoting initiatives such as employee training to increase our security level. Through these initiatives, we will support the sound and sustainable growth of the Group's business.

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



Initiative to Utilize Generative AI and Evolve toward New Business Models

Developing generative AI infrastructure

We are focusing on utilizing AI and have worked on adopting generative AI at an early stage. We developed an internal AI chat service (Duck Chat) in April 2023 and deployed it across Group companies, thereby enabling Group employees to use AI technology in safe and secure manner. We also provide training programs to Group employees to increase their AI literacy.

For our next challenge, we are working on developing our own small language model (SLM) to train generative AI on Group knowledge so that it can provide support for highly specialized work and help us increase productivity.

Rather than just adopting a solution provided by AI, we test and assess various technologies and accumulate knowledge over time so that we can quickly deliver value in response to advances in technology and the needs of our businesses. This is another advantage that the Group wields in its utilization of AI.

Generative AI	2023			2024			2025		
	Safe and secure use of generative AI			Use of generative AI that is linked to tools			Use of generative AI that has been trained on the Group's data		
	Duck Chat 1.0			Duck Chat 2.0			Duck Chat 3.0		
	Input			Input			Input		
	•Text			•Text •Audio, video •Internal documents			•Text •Audio, video •Internal documents		
	Output			Output			Output		
	•Text chat			•Text chat •Task-specific tool Create minutes Generate images Provide automated responses, etc.			•Text chat •Task-specific tool •Highly specialized tool Support the creation of construction plans Support the creation of various proposals, etc.		
	AI engine			AI engine			AI engine		
	•GPT-3.5 → GPT-4 Turbo			•GPT-4o + RAG			+ Our own SLM for Group data		

Promoting the Group's data management

We regard data as our strategic information asset and promote initiatives to strengthen Group-wide data management. We have established an organization whose mission is to achieve Group-wide data management. Also, we are verifying hypotheses in business as a data utilization practice while establishing rules and policies for data handling. Currently, this initiative is led by the IT/DX Department. Going forward, we will work on establishing a structure and system infrastructure to enable each division to make business improvements and create new value by leveraging data.

In order to effectively implement this initiative, it is important to create an environment where necessary data is systematically gathered and easily accessible to anyone who needs it. To achieve this, our future challenge is to increase the data literacy of business divisions and create an easily comprehensible data catalog and concierge service.

Diagnosing the remaining useful life of water pipes using AI and environmental big data

In 2023, we obtained an exclusive development license for water supply concession projects for a "Remaining Useful Life (RUL) Diagnosis System" designed for water pipes. The system was developed by Fracta, Inc.

In the water supply business in Japan, the number of pipes exceeding the statutory useful life of 40 years is rapidly increasing. It will therefore be vital to determine the replacement timing of these pipes based on the degree of deterioration. The RUL technology leads to optimizing the pipeline renewal plan over the medium to long term by diagnosing the remaining useful life of pipes using environmental big data covering the entire nation and a statistical AI method. We are focused on actively leveraging cutting-edge technologies, including the RUL Diagnosis System, and developing the skills of engineers responsible for the development of such technologies, with an aim to establish new business models such as achieving the operation of infrastructure based on performance specifications. As part of this effort, I spent time at the head office of Fracta in Silicon Valley in the United States and learned about the mechanism, basic statistics, and development methods of this technology. Leveraging the experience I gained in the U.S., I will work on advancing our initiatives so that this will become one of the core technologies of the infrastructure management business.



Fumihito Nakamura
Integrated Infrastructure
Services Strategy Department
INFRONEER Holdings, Inc.

► For more details on exclusive development license contract with Fracta, Inc., visit our website at: <https://www.infroneer.com/jp/news-article/2023/11/16/765.html> (in Japanese)

Participation of citizens and utilization of digital tools—TEKKON game app for collecting infrastructure data

In 2023, we established infoInf Inc. to conduct various activities under the theme of "Learn, Collect, and Use" with the vision of "Making people more familiar with infrastructure." It seeks to develop new ways of managing infrastructure through the participation of citizens and the use of digital capabilities. For example, infoInf uses the TEKKON game app to collect infrastructure-related big data with the cooperation of everyday people, shares information on its website, and plans and hosts events to promote participation and help people gain a better understanding of infrastructure and infrastructure services.

TEKKON is an infrastructure data collection game that promotes social good. Users can earn points by posting photographs of infrastructure such as manholes and power poles. Collected data is used in the maintenance and management of infrastructure.



► For more information on infoInf Inc., visit their website at: <https://www.infoinf.com/jp/> (in Japanese)

Sustainability Strategies

Sustainability Policies

The INFRONEER Group 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 will lead to achieving sustainability.

Given these circumstances, the Board of Directors on May 22, 2024, resolved to formulate an INFRONEER Group Sustainability Statement. Its purpose is to enhance the INFRONEER Group's long-term corporate value, and it is intended to be shared with various internal and external stakeholders. For details, see page 63.

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'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 four times in FY2023. Its activities are subject to the supervision of the Board of Directors, which receives an activity report from the Committee on a regular basis.

The key agenda items for FY2023 are as follows.



Sustainability Committee meeting

Society

Diversity

Formulate Group Diversity Policy
▶ See page 75

Respect for human rights

Formulate human rights risk map
▶ See page 73

Environment

Decarbonization

Set GX League targets and report on CO₂ emissions results

Biodiversity

Participate in the 30 by 30 Alliance for Biodiversity
▶ See page 71

Management strategy

Formulate Sustainability Statement
▶ See page 63

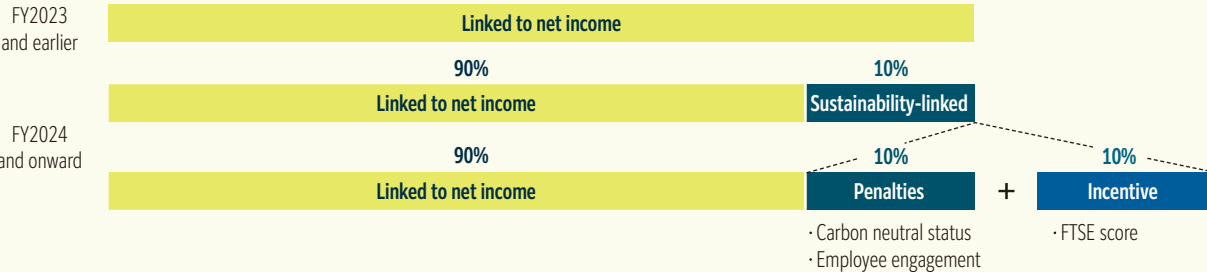
Link sustainability indicators to executive remuneration
▶ See the diagram below.

Social contributions

Report on the results of "Dividends for the Earth" and revise the system
▶ See page 62.

Case example Executive Remuneration

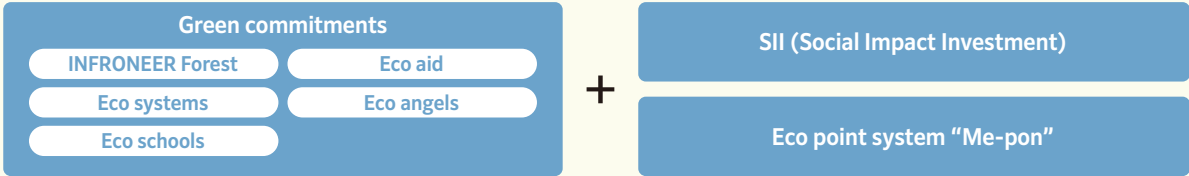
A resolution was passed at the Compensation Committee meeting held on March 18, 2024, to link sustainability indicators to executive remuneration. Three evaluation indicators—external evaluation (FTSE score), carbon neutrality, and employee engagement—will be reflected in such compensation. Sustainability-linked compensation will be reflected in FY2024 initiatives.



Case example Dividends for the Earth

Since we conduct our business activities while benefiting from the Earth's resources, we are undertaking various activities to provide "Dividends for the Earth" based on the idea of returning a portion of business profits to the Earth as an investor in the same way that dividends are paid out to shareholders. These "Dividends for the Earth" have been set at approximately 2% of consolidated net income.

■Composition of "Dividends for the Earth"



■Initiative for "Dividends for the Earth": forest maintenance activities in the INFRONEER Forest (MAEDA Forest)

The MAEDA Forest Fukui is a forest maintenance activity that has been ongoing for 13 years. The forest is located near the Masutani Dam constructed by MAEDA CORP., and the Fukui Office and NPOs cooperate in planting trees and cutting grass every year. The entire Group will continue promoting these activities.

▶ For more details on "Dividends for the Earth," visit our website at: <https://www.infroneer.com/jp/sustainability/dividend.html> (in Japanese)



Group photo at MAEDA Forest

Initiatives Important to the INFRONEER Group

We participate in the following initiatives and others to achieve a sustainable society through our business activities.

United Nations Global Compact

WE SUPPORT
UN GLOBAL COMPACT

Task Force on Climate-related Financial Disclosures (TCFD)

TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

RE100

RE100
CLIMATE GROUP

CDP

CDP

▶ For information on other initiatives, visit our website at: <https://www.infroneer.com/jp/sustainability/evaluation.html> (in Japanese)

External Evaluations

Through our sustainability initiatives, we have been included in the following four of the six ESG investment indices used by the Government Pension Investment Fund (GPIF), one of the world's largest pension fund management organizations.

Particularly noteworthy is the fact that we were newly added to the MSCI Japan ESG Select Leaders Index and the FTSE Blossom Japan Sector Relative Index in FY2023. We will be accelerating our sustainability efforts with the aim of becoming a constituent of the remaining indices as well.

—Indices that include INFRONEER



Sustainability Statement

Achieving Sustainability for All Stakeholders of the INFRONEER Group and Our Planet by Providing Optimal Infrastructure Services

In view of the ways in which society is changing, the INFRONEER Group has formulated the INFRONEER Group Sustainability Statement (IGSS). The IGSS is our compass, showing our vision for society and the social value we can deliver and guiding us along a path toward achieving them. It describes INFRONEER's vision, mission, and value (VMV) for the future in specific terms.

As an integrated infrastructure service company, we provide a diverse range of services across the globe, which enables us to contribute to solving issues in various settings, create value, and achieve sustainability.

We know it is difficult to predict the future, which is why we depict a future vision for society and incorporate it into our medium- to long-term strategies.

But we cannot realize the kind of society INFRONEER envisions alone. We will therefore find more allies who support the IGSS and work together to take on challenges.

- 1

We strive to realize a symbiotic society where we can coexist with the planet and its people.
- 2

We strive to simultaneously pursue three types of social value, namely, "functional value," "environmental value," and "convivial value*" in addition to economic value through a virtuous cycle of applying INFRONEER's strengths.
- 3

We will enhance our execution capabilities by refining our growth drivers that bolster INFRONEER's strengths to create social value.

* Conviviality is a term that means "a state of festivity and liveliness." It is a concept introduced by Austrian philosopher Ivan Illich (1926–2002). The term has the meaning of creating and enjoying together a society where people can express their inherent abilities in a creative manner through relationships with others and nature.

INFRONEER's Vision for Society

As an integrated infrastructure service company, INFRONEER will provide optimal infrastructure services across the globe and work with its stakeholders to realize a symbiotic society like the following.

with the Earth

A society in which there are no trade-offs between the global environment and economic activities and that is in harmony with nature

It is a society that can achieve the goals of both environmental conservation and economic development at the same time, instead of sacrificing the environment in the pursuit of economic growth, and complements each other. By achieving harmony with nature, an abundant natural environment and economic opportunities can be provided to both present and future generations.

with Society

A society where individual diversity is respected and personal well-being is achieved

It is a society where people with diverse characteristics and values can enjoy good mental and physical health throughout their lives while acknowledging each other's differences. We strive to create a society where people support and cooperate with each other to create more prosperous and healthy communities, which will lead to the sustainable development of society.

INFRONEER's Growth Strategy and Vision for Society



Social Value Created by INFRONEER

By operating businesses that contribute to the sustainable development of society, INFRONEER can deliver three types of value to society as a whole.

- **Functional value that enables the safe, secure, and sustainable use of infrastructure**

<Examples of social issues to be solved> Aging infrastructure, insufficient financial resources, energy supply instability (self-sufficiency rate, renewable energy adoption rate), shortage of workers
- **Environmental value provided to communities through the circulation and development of natural resources**

<Examples of social issues to be solved> Abnormal weather, stable energy supply, destruction of biodiversity, achievement of carbon neutrality
- **Convivial value of respecting the joys of each other's lives and enjoying life together**

<Examples of social issues to be solved> Declining birthrate and aging population, regional challenges, promotion of safe towns and comfortable living, diversity

Growth Drivers to Create Social Value

INFRONEER's infrastructure service business creates new value for the future by taking an out-of-the-box approach. We believe infrastructure can play a part in transforming lifestyles and culture, depending on how it is managed and operated. INFRONEER strives to create "functional value," "environmental value," and "convivial value" by leveraging its strengths to achieve further growth.

Governance

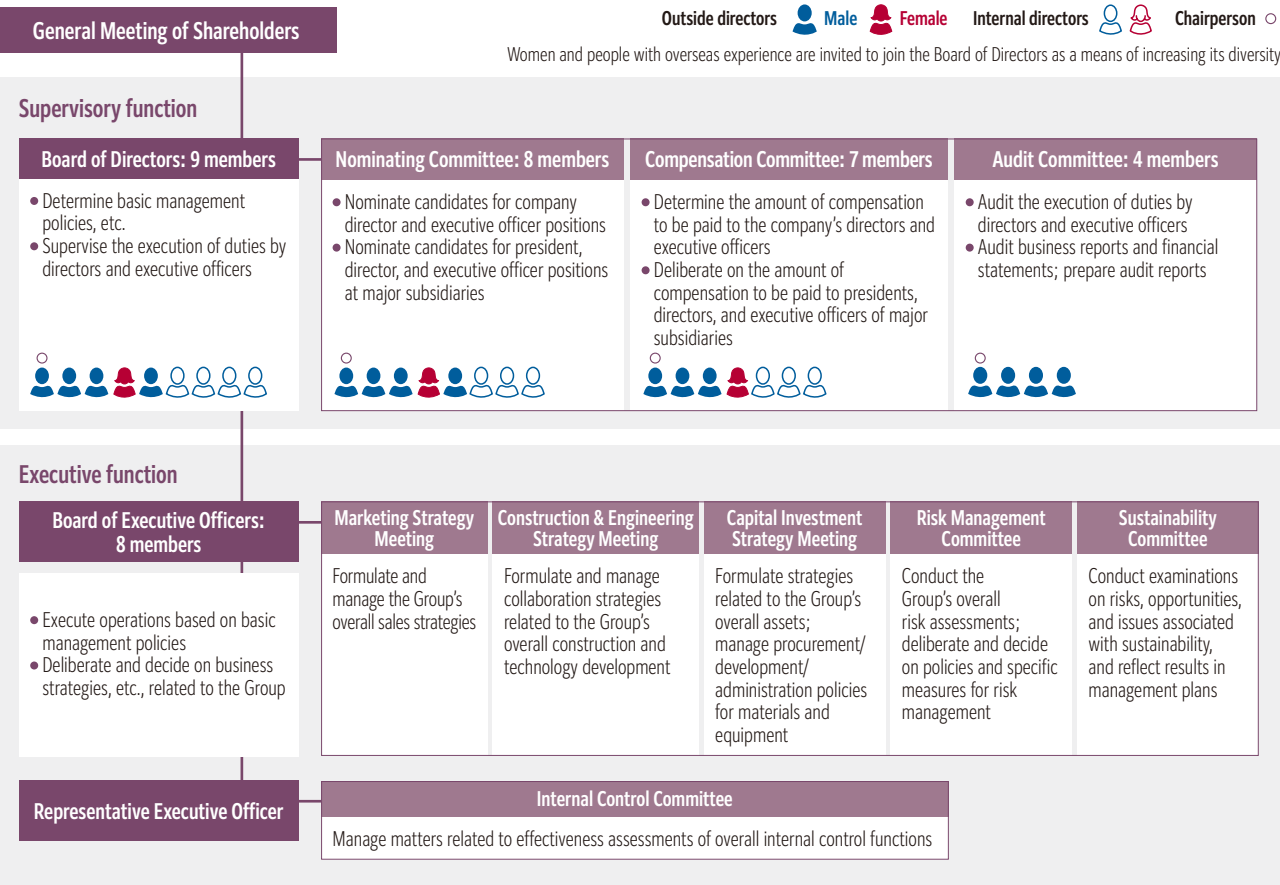
Basic Approach

INFRONEER respects the rights of all its stakeholders and ensures the fairness and transparency of management by clearly separating its supervisory function from the business execution function. At the same time, the Company promotes appropriate information disclosure and dialogue with stakeholders to maintain good, smooth relationships while building relationships of trust with them, with the objective of co-creating common benefits and long-term value and thereby contributing to generating social value.

Corporate Governance

- Major features of the Company's corporate governance structure are summarized as follows:
- Company with a nominating committee, etc.
 - Majority of the Board members composed of outside directors with sufficient independence and neutrality
 - Board of Directors chaired by an outside director
 - Majority of the members of the Nominating Committee, Compensation Committee, and Audit Committee each composed of outside directors
 - Nominating Committee, Compensation Committee, and Audit Committee each chaired by an outside director

Corporate governance structure



Evaluation of effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors as a whole every year in order to maintain and improve its functionality on an ongoing basis. In FY2023, to evaluate the effectiveness of the Board as a whole, a third-party service was employed to perform self-evaluation questionnaires of directors, and the results of responses analyzed by the service were used by the Board in making evaluations.

The results of the evaluation for FY2023 are summarized as follows: issues were identified concerning the appropriateness of the composition of the Board of Directors, including for the development of future management team members. Also, minor problems were pointed out in association with the advance provision and explanation of materials for each committee meeting. However, the effectiveness of the Board as a whole was confirmed to be sufficient in general. Going forward, we will address the issues identified by the recent evaluation to further improve the Board's supervisory and decision-making functions and enhance the corporate value of the Company.

► For details on evaluation processes and results, read our Corporate Governance Report, which is available at: <https://www.infroneer.com/jp/ir/governance/> (in Japanese)

System and policy for determining executive remuneration

The Company's Compensation Committee ensures a high degree of independence for making decisions in the executive remuneration system and follows the operating process established with particular emphasis on objectivity and transparency. The Committee verifies the validity of basic policies and compensation levels based on objective and sufficient information related to the recent status of establishing executive remuneration systems and related discussion trends, comparable systems of other companies, and other factors. It also collects and uses information and advice from external remuneration consultants for this purpose.

The Company's executive remuneration comprises base remuneration, performance-linked remuneration, and non-monetary remuneration. Performance-linked remuneration contains two types of incentives: the annual incentive linked to the single-year achievement of Company-wide performance goals; and the medium- to long-term incentive linked to the degree of achievement made over three business years against the performance targets set in the INFRONEER Medium-term Vision. Non-monetary remuneration consists of stock remuneration for the purpose of ensuring a shared interest with shareholders. The evaluation criteria for the annual incentive have been altered to include sustainability performance indicators, effective as of FY2024.

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



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 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.

Compliance

Anti-corruption

On April 1, 2023, INFRONEER established the Anti-Corruption Policy. Both in Japan and abroad, the prevention of corrupt practices including bribery of public officials, those to be treated as equivalent to public officials according to laws and regulations (including politicians and political organizations), and all stakeholders involved in the INFRONEER Group's corporate activities, 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. 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/>

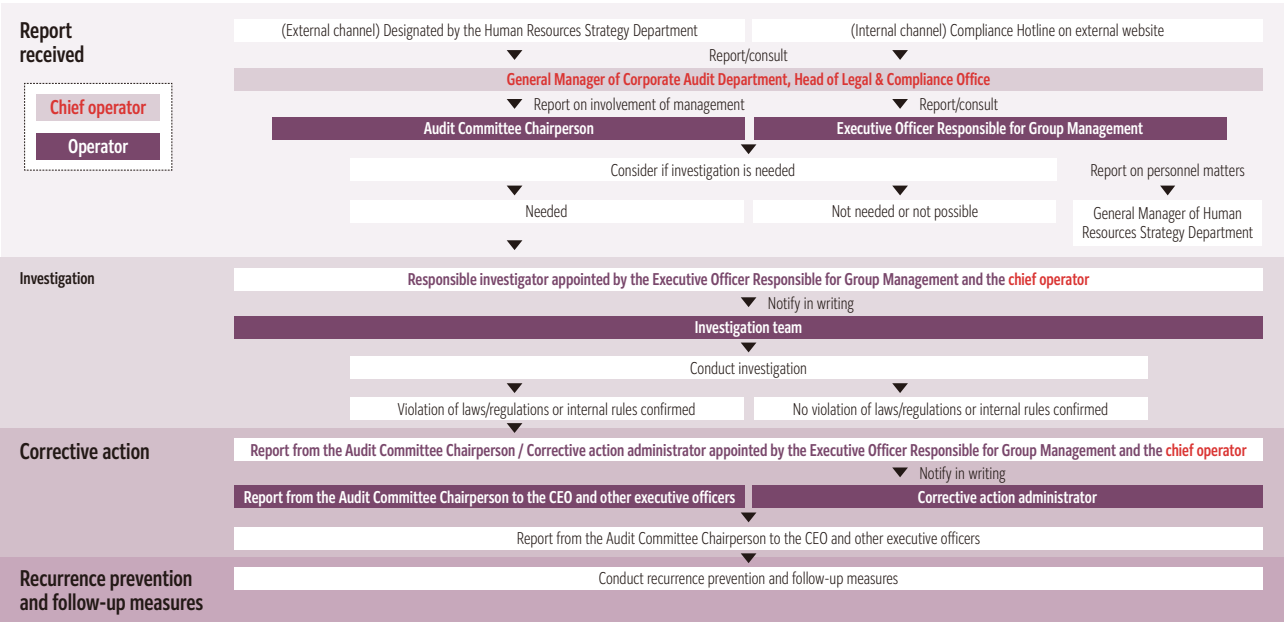
Whistle-blowing system

The Group has established a whistle-blowing system to identify any act that does or may constitute a legal violation through employees or officers noticing such an act and reporting to or seeking consultation with their supervisors or the department in charge of compliance (Corporate Audit Department, Legal & Compliance Office) as well as other whistle-blowers, in order to prevent or detect as early as possible an illegal act and address reported cases. Also, we take measures to prevent those who have reported or sought consultation and whistle-blowers from suffering disadvantages because of their actions.

In FY2023, a total of 52 cases were reported across the entire Group.

► For details on the whistle-blowing system, visit our website at: <https://www.infroneer.com/jp/sustainability/governance/compliance.html> (in Japanese)

Whistle-blowing system workflow (excerpt)



Transparency of taxes

The Group complies with tax laws and regulations and other related rules applicable in countries where Group companies operate business. At the same time, we aim to perform appropriate tax procedures in response to standards issued by international organizations and changes in tax administration policies. In order to ensure compliance with tax laws and regulations and other related rules, we provide opportunities for responsible employees to keep themselves updated on relevant information and assign them to appropriate positions while utilizing external expertise to achieve a fair level of tax payment. Although we consider using tax advantages and incentives within the scope of normal corporate activities, we will never pursue unfair tax avoidance schemes.

Moreover, we work to maintain proper relationships with the tax authorities, provide timely and appropriate tax information to them, and respond with integrity in an effort to ensure transparency in tax-related matters and form relationships of trust.

Prohibition of anti-competitive acts

Each business company has 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.

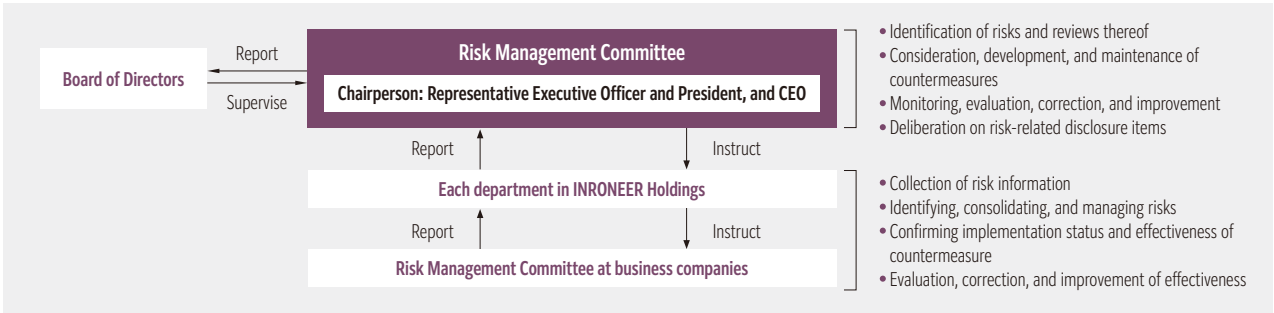
► For details on compliance training, visit our website at: <https://www.infroneer.com/jp/sustainability/social/human-develop.html> (in Japanese)

Risk Management

Major potential risk factors associated with the Group's business development are examined and evaluated by the Risk Management Committee.

For example, the Risk Management Committee at each major subsidiary collects risk information, identifies risks, and deliberates on the effectiveness of countermeasures. Then, the results of these discussions at the Company and major subsidiaries are brought up together at INFRONEER's Risk Management Committee for a comprehensive review to identify risk factors, which are classified in terms of frequency and impact level. For those classified into high-risk areas, the Committee discusses specific steps to be taken to reduce risks and implements monitoring, evaluation, correction, and other processes by following a PDCA cycle to reduce the degree of risks.

Risk management system



In FY2024, our assessments identified "M&A" as a particularly critical risk factor among those in high-risk areas.

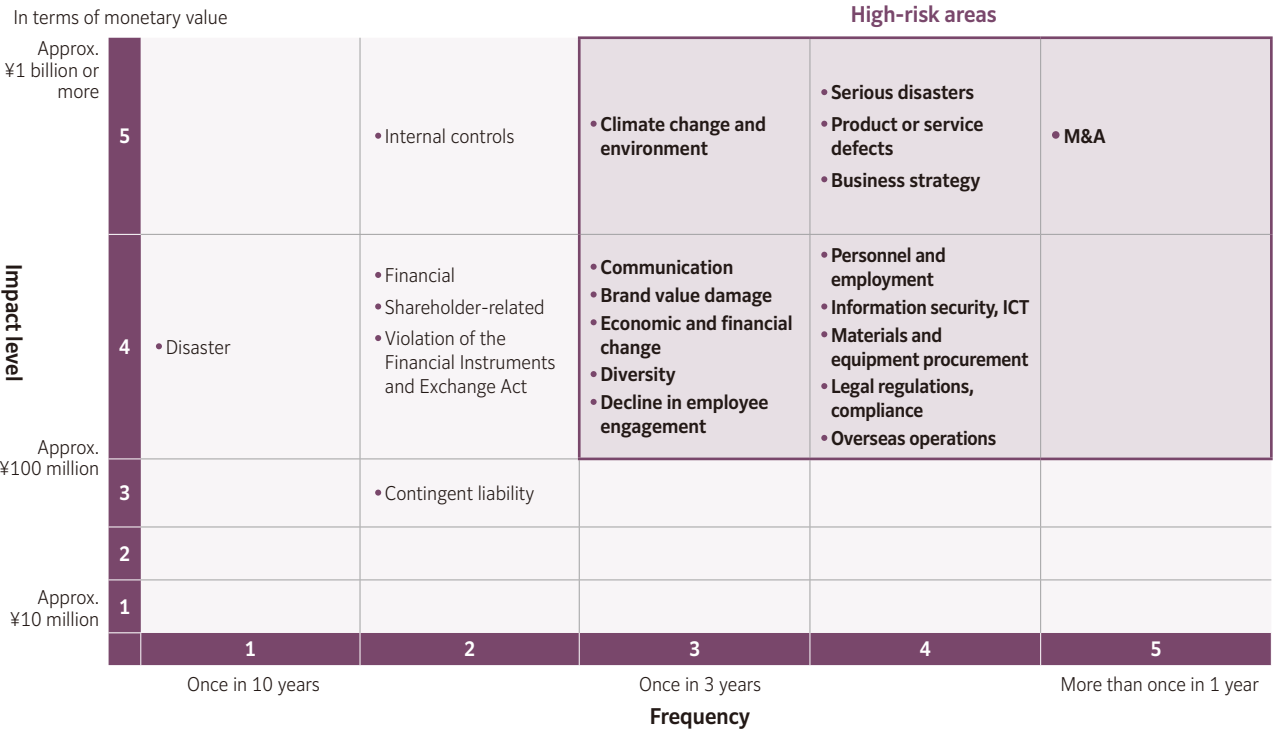
Aiming to establish itself as an infrastructure services provider in domestic and global markets, the Group is striving to expand its business domains. To this end, we pursue M&A as an effective means to reinforce weaker areas and functions. When developing M&A plans, we conduct research and prepare reviews in advance on market trends and the target company's financial standing and technical advantages. Despite such careful preparations, we still need to note the possibility of the plan failing to produce adequate effects as initially expected, which in turn could severely affect the Group's financial situation and business performance.

We adopted the International Financial Reporting Standards (IFRS) in the year ended March 31, 2024 on a voluntary basis. Although IFRS does not require straight-line amortization of goodwill, it should be noted that if the acquired company should underperform and show a sign of impairment loss, causing the recoverable value to fall below the book value of goodwill, the acquiring company would have to recognize an impairment loss on goodwill.

In order to address this risk, we conduct careful research and prepare reviews on various issues, such as the consistency with the Group's growth strategies, the synergistic effects to be created in the Group's the business domains, and business plans of the target company. We place overriding importance on the confirmed prospect of the target company fully understanding and strongly sympathizing with our growth strategies and heading in the same direction with shared eagerness. After the acquisition, we work on post-merger integration (PMI)* and governance issues appropriately in a bid to minimize risks.

* PMI is an integration process performed after an M&A deal is concluded in order to maximize the effect of integration.

Risk map



Environment

Basic Approach

The INFRONEER Group, as an integrated infrastructure service company, strives to deliver optimal infrastructure services around the world, with the aim of achieving the sustainability of all stakeholders of the Company and the Earth.

The environment must not be sacrificed in the process of pursuing economic growth. Rather, environmental conservation and economic development should be able to be pursued at the same time and in a mutually beneficial way. Aiming to create such a society, we are endeavoring to achieve harmony with nature and provide rich natural environments and economic opportunities to the present and future generations alike. Accordingly, we have been engaging in initiatives from a long-term perspective by addressing issues related to climate change, circular economy, biodiversity, pollution prevention, and water security. In addition, we are promoting activities through the Group's own "Dividends for the Earth."

Environmental Management

The Group recognizes environmental challenges, such as climate change, as a key management issue. While viewing it as a major risk with a strong sense of threat, we also see it as an opportunity and implement concrete initiatives to solve issues and achieve sustainability in line with the INFRONEER Medium- to Long-term Vision.

In FY2023, the Sustainability Committee discussed matters such as the results and monitoring of the status of CO₂ emissions and the goal setting in the GX League, which are then reported to the Board of Directors. The relevant department (sustainability, CSR, environment) of each Group company reflects decisions made by the Committee in their respective policies and plans and promotes related activities.

Board of Directors

Report

Supervision and guidance

Sustainability Committee

Report

Instruction

Responsible departments in INFRONEER
(Corporate Strategy Department, Human Resources Strategy Department, etc.)

Report

Instruction

Respective departments of each INFRONEER Group company

Environmental laws and regulations compliance status

In FY2023, we reported zero cases of violations of environmental laws and regulations.

► For more details, visit our website at: <https://www.infroneer.com/jp/sustainability/ESG-data.html#environment> (in Japanese)

Climate Change

Policies and philosophy regarding climate change

The Group recognizes climate change as one of the key management issues. We anticipate that the market for carbon neutral initiatives will expand more 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. Also, we are preparing to apply for science-based targets (SBT) certification. The purpose of this application is to make more ambitious efforts to attain GHG emissions reduction targets set in conformity with the Paris Agreement's goal to be achieved by the end of this century, which is to keep the rise in global surface temperature to well below 2°C, preferably below 1.5°C, above pre-industrial levels.

Climate-related information disclosure based on the TCFD Framework

We identify risks and opportunities and implement appropriate measures to reduce our emissions and enhance resilience while achieving business growth at the same time.

► For more details on climate-related information disclosure based on the TCFD Framework, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/climate.html> (in Japanese)

Governance

The Group recognizes climate change as one of the key management issues and a major risk. 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.

Targets and metrics

The Group has set the target of reducing GHG emissions by 40% by 2030 compared to FY2018 levels, aiming to achieve carbon neutrality by 2050. In FY2023, we promoted the introduction of "ecole*¹," proactive utilization of renewable energy resources (including

non-fossil fuel certificates), and other activities. As a result, we recorded around 2,740 kt-CO₂*² (down 280 kt-CO₂ year on year). With respect to GHG emissions reduction targets, we attained a 29% reduction for Scopes 1 and 2 combined and a 47% reduction for Scope 3 (Categories 1 and 11) compared to FY2018 levels.

We will enhance the function to perform embodied carbon assessments*³ as a measure to reduce emissions across the entire value chain. In the infrastructure management business, we aim to build a one-stop service platform to reduce environmental footprint by creating a mechanism for exchanging and sharing information among suppliers and stakeholders in the value chain to increase the effectiveness of GHG emissions reduction.

As of September 2024, we received a third-party verification for our FY2023 GHG emissions calculation reports.

*¹ "ecole" is a low carbon (medium temperature) asphalt mixture using mechanical foamed technology *² Total value for Scopes 1, 2, and 3 (Categories 1 and 11) *³ Embodied carbon assessments refer to total amount of CO₂ emissions from building structures and materials related to all stages of their life cycle.

Risk management and strategy

The identification of risks and opportunities is conducted chiefly by the responsible department at each business company, with the scope covering the entire Group. Identification results are brought together and analyzed in terms of financial impact by the Sustainability Promotion Office. Major risks and opportunities identified through this process are examined by the Sustainability Committee and then reported to the Board of Directors, which discusses measures to mitigate and control such risks as needed. Moreover, these results are shared with the Risk Management Committee at its quarterly meeting so that discussions on risks and their management will be conducted in the Group's overall risk management framework.

Premises for scenario analysis

Climate-related risks and opportunities can be grouped into two categories: risks related to the transition to a decarbonized society (policies and regulations) and risks related to the physical impacts of climate change (occurrence of natural disasters). We performed analyses for the two categories based on two scenarios, namely, the 1.5°C scenario (good progress) where good action is taken to mitigate climate change, and the 4°C scenario (slow progress) where little action is taken to combat climate change, maximizing physical risks. For each scenario, analyses were conducted on the premises defined in reference to future climate predictions published by various international institutions based on two timeframes of short- to medium-term (to 2030) and medium- to long-term (to 2050).

Results of the analyses have found that the Group's strategies, at present, will have no critical impacts with respect to both transition and physical risks.

Financial impact assessment related to risks and opportunities and countermeasures

The results of the financial impact assessment related to major risks and opportunities identified by the scenario analyses are summarized in the table below. For risks and opportunities associated with procurement, wind and flood disasters, and outsourcing cost increases, relevant information is posted on our website.

Financial Impact	Positive	Negative
Large (¥10 billion or more)	↑↑↑	↓↓↓
Medium (¥5 to ¥10 billion)	↑↑	↓↓
Small (Less than ¥5 billion)	↑	↓

— Risks and opportunities

Category	Risks/ opportunities	Event	Financial impact assessment (operating profit)				Counter- measures		
			1.5°C scenario		4°C scenario				
			2030	2050	2030	2050			
Transition	Policies and regulations	Risks	Increased tax burden related to CO ₂ emissions from business operations as a result of carbon taxes being introduced and raised		↓↓	↓↓↓	↓	↓	I
	Markets	Opportunities	Increased demand for ZEB, ZEH, energy-saving renovation, and wooden construction; expanded market of innovative construction machinery (EV, etc.)		↑	↑	—	—	III
Physical	Chronic	Risks	Increased costs of recruiting and outsourcing as a result of accelerating labor shortages due to deterioration of work environments		↓	↓↓	↓↓	↓↓↓	II, III
	Acute	Opportunities	Increased markets for building national resilience against disasters (including infrastructure maintenance, management, inspection, etc.)		↑↑	↑↑↑	↑↑	↑↑↑	III, IV

— Countermeasures

Countermeasures		Details	Financial impact assessment (operating profit)			
			Risk reduction and recovery			
			1.5°C scenario		4°C scenario	
			2030	2050	2030	2050
I	Reduce CO ₂ emissions from business operations	Reduce CO ₂ emissions from production activities at each business company; especially, increase sales of low-carbon asphalt mixture, such as "ecole" (loss to be posted in 2030 due to the initial investment and depreciation), etc.	↓	↑↑↑	—	—
II	Implement decarbonization measures across the entire supply chain	Procure low-carbon materials in cooperation with suppliers; expand and diversify the supply chain to disperse risks; promote BCP, etc.	↑↑	↑↑↑	↑↑	↑↑↑
III	Respond to markets related to carbon neutrality and national resilience against disasters	Make proactive human and physical investments in decarbonization-related businesses; promote partially or fully unmanned work for more construction sites by utilizing ICT technologies, etc.	↑	↑	↑	↑
IV	Promote research related to decarbonized or low-carbon economy	Promote research and development to support decarbonized or low-carbon economy (cost of research and development investment to be turned into benefits from initiatives implemented)	↓	↓	—	—

Circular Economy

Policies and philosophy

A circular economy refers to a socioeconomic system that aims to keep creating new value while using and recycling resources (including products and parts) on a continuous basis. In May 2024, the ISO 59000 series, a set of international standards for the circular economy, was made available, which will likely spur related discussions.

The INFRONEER Group operates the comprehensive infrastructure business that handles the entire infrastructure life cycle ranging from planning and proposal to construction, operation, maintenance, and management. Taking advantage of this business format, we reduce resource input and alleviate or avoid environmental impacts as an initiative to promote environmentally friendly design through the product life cycle.

For the operation, maintenance, and management of public facilities, we work to extend the service life of such structures by implementing well-planned inspection and maintenance programs.

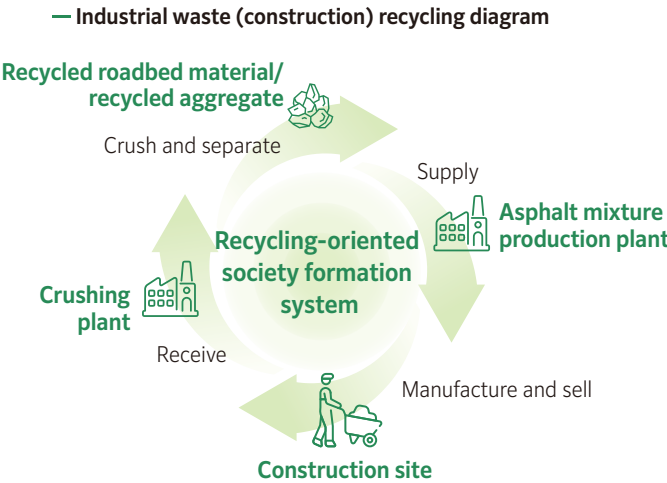
Goals

The Group participated in the Circular Partners in December 2023 and became the first in the industry to join the Circular Economy Association and the Blue Plastics Salon in May 2024. Using opportunities given by these partnership platforms, we will engage in discussions with related parties and set goals for circular economy initiatives, aiming to announce them by the end of FY2024.

Recycling construction by-products and long-term resource recycling initiatives

MAEDA ROAD accepts debris, mainly asphalt clumps and concrete clumps, that are waste material from our construction sites, and processes them for recycling. Approximately 3 million tons of recycled aggregate are sold as a recycled roadbed construction material. At the same time, we are promoting initiatives to diminish the usage of natural resources and develop petroleum substitutes.

For more details on circular economy, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/circular-economy.html> (in Japanese)



Biodiversity

Policies and philosophy

Aiming to help accomplish the goals of nature positivity—a concept of conducting efforts to help nature recover, such as halting and reversing biodiversity loss—the Group is committed to “building a society that is conscious of protecting our environment,” including biodiversity conservation, which is defined as one of its material issues.

The Group is committed to conserving biodiversity and the sustainable use of resources in all business domains, including procurement, construction, 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.

Goals

The Group will endeavor to alleviate the impacts caused by its business on biodiversity and contribute to biodiversity conservation through businesses and environmental conservation social contribution activities. Also, we will continue to support activities conducive to biodiversity conservation and maintenance of ecosystem services through its original program, “Dividends for the Earth.”

Initiatives

In November 2023, the Group participated in the 30by30 Alliance for Biodiversity, a platform hosted by Japan’s Ministry of the Environment. Its goal is to contribute to achieving the global target of designating at least 30% of the Earth’s land and sea area as protected areas by 2030. As part of the related activities, we are preparing to have the biotope created in MAEDA CORP’s ICI Center certified as a Natural Symbiosis Site and registered for OECM*.

* Short for Other Effective area-based Conservation Measures, OECM refers to land or areas where biodiversity is being conserved through management and protection efforts by companies and individuals, and which are not registered as national nature conservation areas.

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

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

For details on the ICI Center, visit their website at: <https://www.ici-center.jp/en/>

Pollution Prevention

Policies and philosophy

The Group appropriately manages hazardous substances in all stages of its operations, such as civil engineering, building construction, road civil engineering, crushing stones, mixture manufacturing, and construction machinery manufacturing, 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.

* Short for Pollutant Release and Transfer Register, PRTR refers to a system in which businesses handling chemical substances potentially hazardous to human health and ecosystems are required to estimate the amounts of such substances released into the environment (atmosphere, water, soil) and transferred in waste and report the data to the government. The national government then compiles the submitted data and estimates the release and transfer amounts and makes the results public.

Related Projects Aquatic PFOS/PFOA adsorption treatment system

MAEDA CORP. has developed a water treatment system to remove PFOS and PFOA (organofluorine compounds) from wastewater and has been engaging in treatment activities. 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.

Water treatment system installed

For details on pollution prevention and other projects, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/pollution.html> (in Japanese)

Water Security

Policies and philosophy

The Group undertakes water supply and sewerage system projects as part of its infrastructure business and recognizes the conservation of water resources as an important environmental issue. As such, we are committed to securing safe water resources—a factor in ensuring local residents’ sense of security—by increasing water usage efficiency, recycling water through proper treatment, and reducing water usage. In July 2024, we formulated the INFRONEER Group Sustainability Procurement Policy and the INFRONEER Group Sustainability Procurement Guidelines. We have requested cooperating companies and business partners to manage water resources appropriately and are working to build a collaborative structure.

Goals

In all its business operations, the Group will work to reduce water usage and promote appropriate management of water sources while managing the discharge (or release) of wastewater by presenting its characteristics as needed and conducting monitoring, control, and treatment. For this purpose, we will implement water consumption and intake reduction plans, collect and analyze data, and consider standardization based on the analysis findings.

Related Projects Water loss prevention

MAEDA CORP. takes part in the Osaka City Industrial Water Supply Specified Management Business. The project involves conducting measures to prevent major water leaks (unwanted water loss), installing water leak sensors, and a monitored maintenance system that uses satellite image analysis technology. In FY2023, no major water leaks were recorded. In the Miura City Public Sewerage (for East Area Treatment District) Management Business, we set voluntary standards that are higher than the legal standards for managing the quality of water to be released into public waters.

The management values we set for major indicators are: 15 mg/l for COD*1 against the legal value of 25 mg/l; 10 mg/l for SS*2 against a legal 40 mg/l; and 6.0–8.0 for pH against the legal range of 5.8–8.6. In FY2023, all our measurements satisfied the voluntary standards for each indicator.

*1 Short for Chemical Oxygen Demand, COD is an indicator for water pollution levels used chiefly for lake and sea water.

*2 Short for Suspended Solids, SS refers to insoluble particles less than 2 mm in diameter suspended in water.

For other projects related to water security, visit our website at: <https://www.infroneer.com/jp/sustainability/environment/water.html> (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 nurture and assign 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

Policies and philosophy regarding human rights

We have established the INFRONEER Group's Human Rights Policy (the "Policy") and will act accordingly in all the processes of business operations while fulfilling our responsibility of "respecting the intrinsic rights of humans." The Group will provide all our officers and employees with appropriate training and education to ensure that the Policy is observed fully by the Group and all business partners and implemented effectively in all corporate activities. At the same time, we will identify and assess negative impacts on human rights and implement measures to prevent and reduce such risks in a bid to increase stakeholders' trust in the Group. Furthermore, we will regularly disclose information on our activities to respect human rights through the Company's website, integrated report, and other tools.

Human rights initiatives

We conducted human rights due diligence to identify and assess negative impacts on human rights, and based on the findings, we created the INFRONEER Group Human Rights Risk Map, which was approved at a Sustainability Committee meeting held in March 2024. The mapped high-risk factors associated with human rights at the Group and measures to be taken to prevent and reduce such risks are compiled in the following table. Going forward, the Sustainability Committee will evaluate the effectiveness of these measures under the supervision of the Board of Directors. As a remediation measure for all stakeholders, we have set up a whistle-blowing channel to receive human rights-related consultation and reports from inside and outside the Group.

High-risk factors associated with human rights		Measures to prevent and reduce risks
Accidents E S	E	Provide safety training and education
	S	Provide safety education
Harassment E S	E	Provide training and education and conduct fact-finding questionnaire surveys
	S	Monitor and evaluate the implementation status related to transactions
Environmental issues (all stakeholders)	E	Provide training and education
	S	Monitor and evaluate the implementation status related to transactions; perform on-site sample fact-finding surveys
Overtime work E	E	Manage working hours using digital attendance sheets; promote other workstyle reforms
Physical and mental health management E	E	Provide training and education and conduct fact-finding questionnaire surveys
Personal information and privacy S C	E	Provide training and education; Require submission of a written pledge
	S C	Set up whistle-blowing channel

► For more details on our human rights-related initiatives, promotion structure, and human rights risk map, visit our website at: <https://www.infroneer.com/jp/sustainability/social/human-rights.html> (in Japanese)

Supply Chain Management

Policies and philosophy regarding sustainability procurement

In July 2024, the Group established the INFRONEER Group Sustainability Procurement Policy and the INFRONEER Group Sustainability Procurement Guidelines. These help us build amicable relationships with our direct and indirect business partners based on mutual respect and a strong sense of partnership while working together with the entire supply chain to create added value. The Guidelines describe the Group's sustainability policies and initiatives so that all its business partners can understand the details in addition to relevant standards with which we expect them to comply.

► For more details on our Sustainability Procurement Policy and Sustainability Procurement Guidelines, visit our website at: <https://www.infroneer.com/en/news-article/2024/10/07/917.html>

Labor Standards

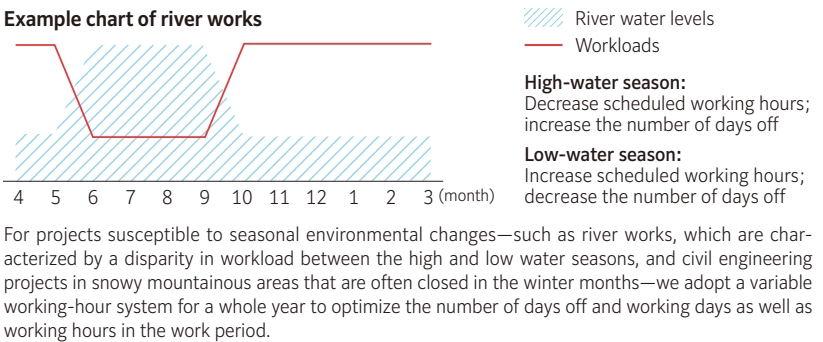
Basic approach toward labor standards

The INFRONEER Group's Human Rights Policy states: "Working hours and wages: Respect the principle of equal pay for equal work, pay appropriate wages above the minimum wage and the living wage, and form responsible labor practices through proper working hour management." The issue has become particularly important in Japan recently, as tightened overtime limits were applied to the construction sector starting in April 2024, posing a pressing challenge for the industry to reduce overtime. At the Group, we are carrying out various measures to address this challenge, such as expanding personnel and technical support using engineering work centers of branches and companies responsible for supervising site safety and health, promoting efficient operation of morning and evening sessions and other meetings, and optimizing work patterns.

Promoting flexible five-day work week

With the previous work pattern, in which all workers in principle worked every weekday and got every other Saturday off, it was difficult to allow every worker to get two days off every week. To address this situation, we have developed a flexible work shift system that enables a work pattern with two days off in a week across the board, without compromising the quality of work by ensuring adequate information sharing and smooth work handover between workers. This system is operated in a flexible way to make arrangements as needed according to the situation at each worksite, including for the attendance of the entire workforce on a specified day.

Variable working-hour system in accordance with the specifics of the work



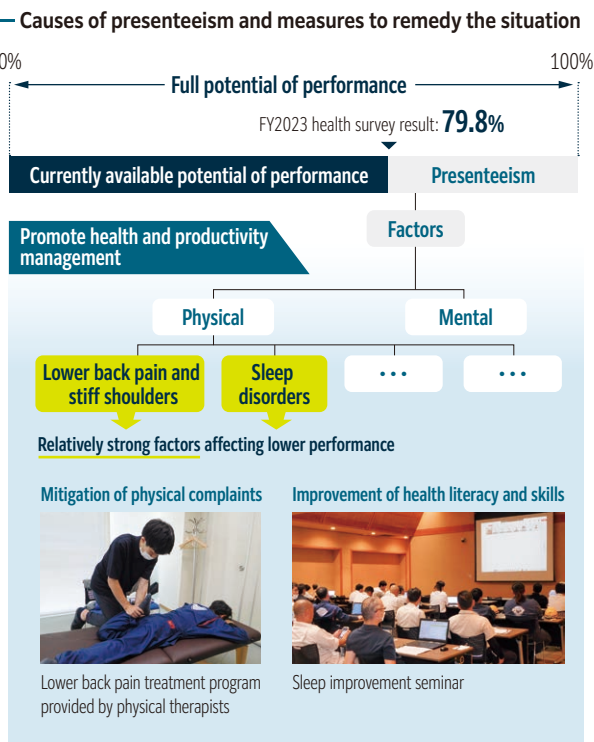
Health and Safety

Formulating the Health & Productivity Management Policy and addressing health issues

Group companies have carried out various activities to address health and productivity management issues based on the related policies and approaches. Recently, however, we are facing an aging population with a declining birthrate and increasingly serious labor shortages. We have recognized that it is essential to take steps to enhance the health of employees, all partners, and those supporting our business in order to fulfill our mission to "challenge the status quo of existing infrastructure businesses and deliver the most suitable service globally with innovative ideas." For this reason, we formulated the Group Health & Productivity Management Policy in December 2023. In September 2023, we performed the Group employee health survey. Using survey results, we are implementing health promotion programs based on different characteristics by business company and work type in order to improve work performance and productivity, thereby reducing presenteeism*. At the same time, we are working to address health issues found to be relatively strong factors affecting lower performance, such as lower back pain, stiff shoulders, and sleep disorders. We strive to improve employees' health literacy by providing lower back pain treatment programs conducted by physical therapists and sleep improvement seminars.

* Presenteeism is a situation in which employees come to work but have reduced productivity levels due to health problems.

► For Group Health & Productivity Management Policy, visit our website at: https://www.infroneer.com/jp/blog_assets/attachments/711/20231211_2.pdf (in Japanese)



Local Communities

Revitalize the community and support partners

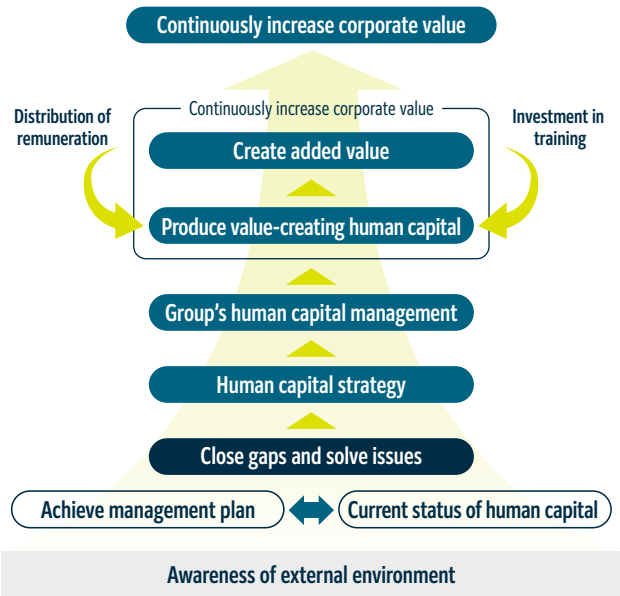
We will work to resolve social issues and promote regional revitalization by participating in public-private partnership projects such as concession projects and others, and we will introduce initiatives that will contribute to improving the stability and productivity of the management of cooperating 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.

Human Capital Strategy

Policies and approach to human resources

The INFONEER Group's human capital strategy is based on the following concept: Establish a cycle for maximizing added value and increasing corporate value in the medium to long term by continuously producing value-creating human capital—which is essential to achieving management plans—and allocating and investing the earnings gained through added value generated by such personnel to further enhance human capital. The Group's business companies engage in different business domains and carry out their own personnel initiatives suited to the specific characteristics of their business. Meanwhile, INFONEER's Human Resources Strategy Department takes a holistic approach to overseeing the Group and works to integrate certain aspects of human resources development from the perspective of achieving overall synergy while providing support to the activities of each business company.

Overall view of the INFONEER Group's human capital strategy



Overall view of the Group human capital strategy

Based on the INFONEER[^] (INFONEER Caret) and the growth drivers described in the INFONEER Group Sustainability Statement (IGSS), we have set the definitions of the required individual and organizational capabilities. We are implementing key initiatives to enhance human capital by simultaneously boosting individual and organizational capabilities to effectively address the Group's management and business issues.

► For the Sustainability Statement, see page 63.

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 is a 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

Producing human resources required by the INFONEER Group (Enhancing individual capabilities)

The concept of human resources required by the Group is described as value-creating human resources that will embrace challenges and engage in co-creation with a sense of ownership while aiming to realize a society defined in our VMV and IGSS. More specifically, officers and employees act on their own initiative to solve issues in view of total optimization and with a sense of ownership, take on challenges to achieve rule changes unbound by preconceptions, and pursue co-creation of value in partnership with stakeholders involved in developing markets for integrated infrastructure services. We are working to acquire and develop value-creating human capital with the above-described mindsets and capacity of action and assign them appropriately to encourage employees to fulfill their potential and promote their professional growth.

Implementing the Diversity, Equity & Inclusion (DE&I) Policy (Enhancing organizational capabilities)

In order to realize a symbiotic society defined in the IGSS, we need to continuously take on challenges to resolve difficult issues by encouraging out-of-the-box thinking. For this purpose, it is essential to establish a corporate culture that enables various individual participants in co-creation activities to fully bring into play their diverse abilities to generate innovative and creative ideas. Based on this recognition, we decided to promote DE&I as part of our key management strategies and formulated the Diversity, Equity & Inclusion Policy in FY2023. Going forward, we will increase training opportunities on this subject within the Group in an effort to develop an organizational culture that joins forces with diverse partners to solve various social issues.

► For details on DE&I, visit our website at: <https://www.infoneer.com/jp/sustainability/social/human-develop.html> (in Japanese)

Initiatives based on human capital strategy

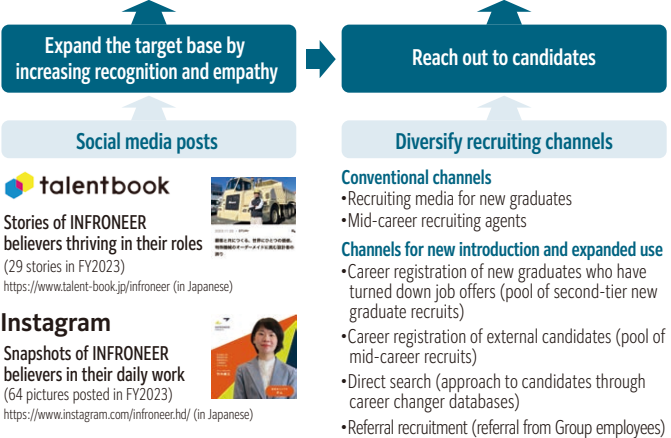
Based on the INFONEER[^] (INFONEER Caret) and the growth drivers described in the IGSS, we have set the definitions of the required individual and organizational capabilities. We are implementing key initiatives to enhance human capital by simultaneously boosting individual and organizational capabilities to effectively address the Group's management and business issues.

Strengthening competitiveness in acquiring human resources

We have been utilizing social media and recruitment tools since FY2023 as a means to acquire the diverse workforce that is essential to realizing our vision of becoming an integrated infrastructure service company. More specifically, we continuously distribute information on the real, thrilling work life of INFONEER believers challenging the status quo in a bid to convey the appeal of the Group to the target base. In addition, we are expanding recruiting channels to target potential mid-career hires by launching programs for career registration, referral recruitment*, and direct searches. We also approach good candidates who sufficiently meet our requirements.

* Referral recruitment is a practice by which companies ask current employees to recommend candidates from among their acquaintances.

Enhance competitiveness in acquiring human resources for the entire Group



Strategic investment in human resources development

In an effort to enhance the performance of value-creating human capital, we are increasing off-site skill-building opportunities, including offering internal courses to address growth-specific issues corresponding to each job level and sending employees to external cross-industrial exchange sessions. Starting from FY2023, we are holding a Group-wide joint welcoming ceremony and orientation sessions for new employees in order to help them develop the mindsets of INFONEER believers and increase a sense of belonging within the Group. In addition, we provide personnel engaged in strategic businesses with opportunities to broaden their work experience by transferring them to venture companies and government agencies. Going forward, we are planning to formulate the Group's common human resource development systems, with a focus on producing professionals with management perspectives and specialist knowledge.

Major training themes

Off-site learning (training)	• Keys to demonstrating and embracing diversity as a building block of co-creation • Mindset for addressing social challenges: how to think and act • Broadening perspective and building thinking skills through liberal arts-style learning
Practical experience (external transfer)	• Approach to social implementation of advanced schemes and technologies • Paradigm shift in thinking to challenge the status quo; co-creation partnership formation



Group-wide joint welcoming ceremony and orientation sessions

► For documentary video of the welcoming ceremony, visit the following website at: https://www.youtube.com/watch?v=_FKjweX9PUM (in Japanese)

Optimal human resources assignment

In order to ensure optimal personnel assignment in a timely manner for implementing management strategies, it is urgent to create an appropriate talent management framework to enable the visualization of personnel information and efficient personnel mobilization in the entire Group. Based on this awareness, the Nominating Committee has initiated talent reviews of candidate executives. We have also taken steps to raise Group-wide physical recognition of personnel by transferring employees from business companies to INFONEER. At the same time, we have started to work on resolving issues associated with internal systems for intra-Group personnel relocations.

Pursue ease of work and value of work

We are working on various issues with a focus on improving employee engagement and promoting diversity. The aim is to encourage employees to empathize with the management philosophy, business strategies, and goals and to motivate them to maximize their potential and take on challenges to improve the corporate value of the Group as a whole.

We have continuously been promoting activities to increase the ease of work and value of work. We have set key subjects to address based on the common and specific issues of business companies identified through Group-wide liaison meetings and the engagement survey* that has been conducted throughout the Group on an ongoing basis since the founding of the Company.

* To encourage the management team's commitment to improving employee engagement, the engagement indicator has been incorporated into the criteria for calculating executive remuneration of the Company from FY2024.

Group common key subjects	Measures	Aims
Group-wide sense of togetherness	Hold company philosophy dissemination sessions (2023-)	Inspire a sense of ownership regarding the Group vision and code of conduct
Attachment to and pride in the Company	Introduce Employee Stock Ownership Plan (2024-)	Improve employees' interest in the Group's business performance and motivation to contribute to it
Relationships between employees at different job levels and in different organizations	Provide DE&I training (2024-)	Promote good teamwork activities by taking advantage of the diverse workforce

Financial Statements

Unit: Millions of yen

Consolidated Statement of Financial Position	FY2022	FY2023
Assets		
Current assets		
Cash and cash equivalents	91,938	113,421
Trade and other receivables	147,789	145,514
Contract assets	186,836	245,485
Inventories	9,747	12,575
Other financial assets	3,662	4,447
Other current assets	28,048	29,592
Subtotal	468,024	551,036
Assets held for sale	—	—
Total current assets	468,024	551,036
Non-current assets		
Property, plant and equipment	173,314	217,564
Right-of-use assets	18,612	18,107
Goodwill	19,891	159,046
Intangible assets	154,595	243,007
Investment property	25,469	26,752
Investments accounted for using equity method	17,581	22,470
Other financial assets	85,425	149,603
Deferred tax assets	1,296	955
Retirement benefit asset	—	—
Other non-current assets	13,853	22,013
Total non-current assets	510,039	859,520
Total assets	978,063	1,410,557
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	272,121	273,792
Contract liabilities	32,200	54,162
Bonds and borrowings	57,419	342,063
Lease liabilities	9,356	9,328
Income taxes payable	10,282	11,873
Other financial liabilities	5,619	5,428
Provisions	2,880	5,543
Other current liabilities	22,629	27,102
Subtotal	412,509	729,294
Liabilities directly associated with assets held for sale	—	—
Total current liabilities	412,509	729,294
Non-current liabilities		
Bonds and borrowings	109,495	139,482
Lease liabilities	13,638	13,408
Other financial liabilities	5,675	2,524
Retirement benefit liability	16,014	15,599
Provisions	34,579	36,355
Deferred tax liabilities	11,705	54,344
Other non-current liabilities	358	375
Total non-current liabilities	191,465	262,089
Total liabilities	603,974	991,383
Equity		
Share capital	20,000	20,000
Capital surplus	106,542	111,467
Treasury shares	(18,395)	(28,626)
Retained earnings	242,570	255,671
Other components of equity	11,061	41,411
Total equity attributable to owners of parent	361,778	399,923
Non-controlling interests	12,310	19,249
Total equity	374,088	419,173
Total liabilities and net assets	978,063	1,410,557

Unit: Millions of yen

Consolidated Statement of Profit or Loss	FY2022	FY2023
Net sales	711,810	793,264
Cost of sales	(614,069)	(681,379)
Gross profit	97,740	111,885
Selling, general and administrative expenses	(52,340)	(62,097)
Share of profit of investments accounted for using equity method	1,029	1,673
Business profit	46,429	51,461
Other income	1,474	1,710
Other expenses	(3,488)	(2,111)
Operating profit	44,415	51,060
Finance income	2,939	3,045
Finance costs	(2,615)	(4,665)
Profit before tax	44,739	49,439
Income tax expense	(10,441)	(16,444)
Profit	34,297	32,995
Profit attributable to		
Owners of parent	33,487	32,571
Non-controlling interests	809	424
Profit	34,297	32,995
Earnings per share		
Basic earnings per share (Yen)	129.35	130.51
Diluted earnings per share (Yen)	129.13	130.17

Unit: Millions of yen

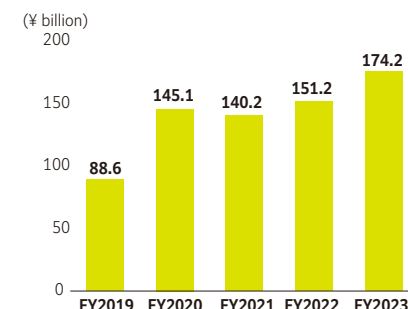
Consolidated Statement of Comprehensive Income	FY2022	FY2023
Profit	34,297	32,995
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(1,165)	(427)
Financial assets measured at fair value through other comprehensive income	(621)	28,421
Share of other comprehensive income of investments accounted for using equity method	100	263
Total of items that will not be reclassified to profit or loss	(1,686)	28,257
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	76	107
Cash flow hedges	(828)	6,838
Share of other comprehensive income of investments accounted for using equity method	(0)	—
Total of items that may be reclassified to profit or loss	(752)	6,945
Total other comprehensive income	(2,438)	35,203
Comprehensive income	31,859	68,198
Comprehensive income attributable to		
Owners of parent	31,547	64,024
Non-controlling interests	311	4,174
Comprehensive income	31,859	68,198

* The Group has voluntarily adopted International Financial Reporting Standards (IFRS) effective from the consolidated financial statements for the fiscal year ended March 31, 2024. Financial figures for the previous fiscal year are also presented in accordance with IFRS.

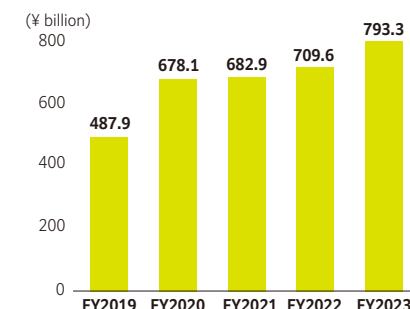
Financial and Non-financial Highlights

Financial Highlights

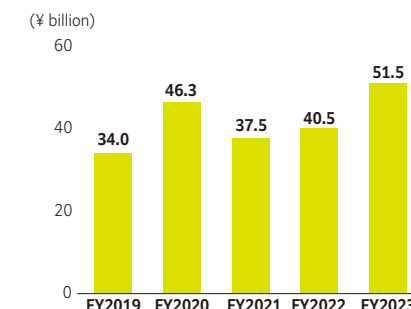
INF Added Value Amount



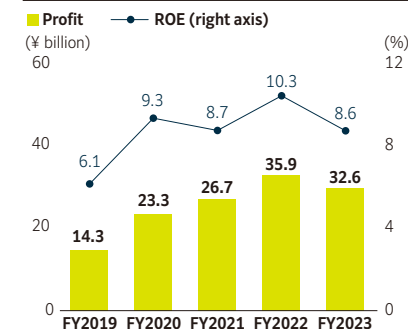
Net Sales



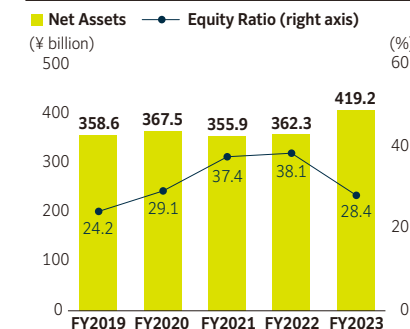
Operating Profit/Business Profit*1



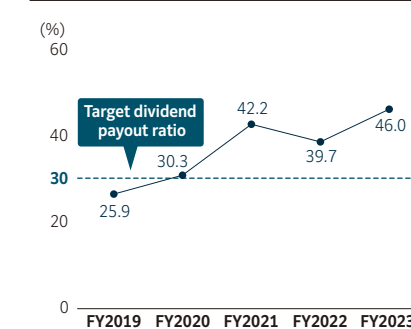
Profit Attributable to Owners of Parent and ROE



Net Assets and Equity Ratio

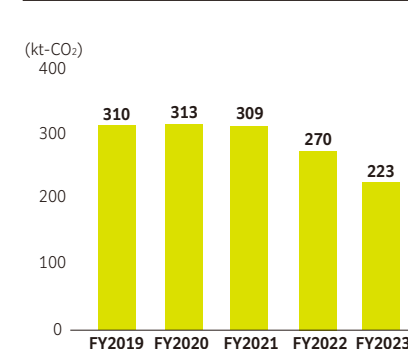


Dividend Payout Ratio

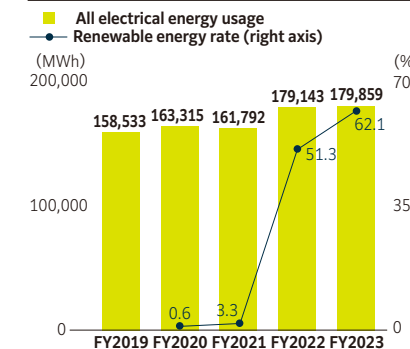


Non-financial Highlights

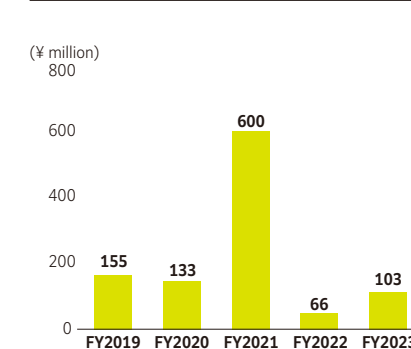
GHG Emissions (Scopes 1 and 2)



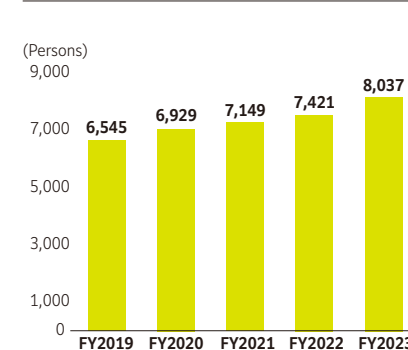
Renewable Energy Rate*2



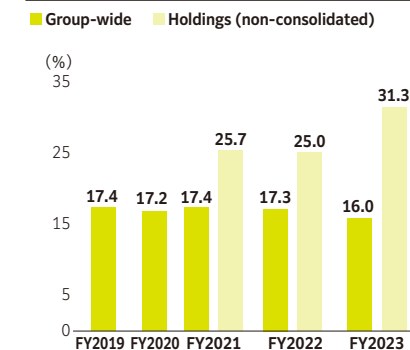
Contributed Amounts in Dividends for the Earth



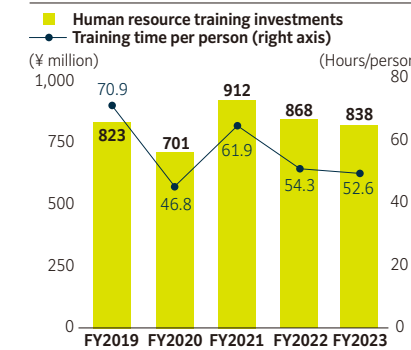
Number of Employees*3



Female Employment Rate



Human Resource Training Investments and Training Time Per Person*4,*5



*1 IFRS business profit from FY2023 *2 Purchased 600MWh of green power certificates annually prior to FY2019 *3 Consolidated number of employees of the INFRONEER Group (excluding part-time and fixed-term employees) *4 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 *5 Training time per person: The total number of training hours divided by the average number of all employees during the period

5-Year Financial Summary

	MAEDA CORPORATION (MK)					MAEDA ROAD (MD)					MAEDA SEISAKUSHO (MS)					Japan Wind Development (JWD)*2	INFRONEER (INF)		
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2023	2021	2022	2023
Operating Results (Billions of Yen)																			
Orders Received	395.6	408.8	423.4	368.8	450.4	165.0	165.6	162.1	175.1	186.2	—	—	—	—	—	—	—	—	—
Net Sales	387.3	366.1	365.8	375.9	436.1	237.8	234.6	235.6	248.7	256.0	37.0	33.5	37.1	39.5	41.9	1.5	682.9	709.6	793.3
Operating Profit / Business Profit*1	28.6	29.7	27.3	29.9	31.7	19.6	20.7	11.7	11.5	16.2	1.9	1.4	1.8	1.7	2.2	(0.3)	37.5	40.5	51.5
Ordinary Profit	29.8	45.2	35.2	32.3	34.0	19.9	21.1	12.2	11.9	16.6	1.9	1.5	1.9	1.8	2.4	(0.2)	38.0	41.8	—
Profit Attributable to Owners of Parent	21.4	36.2	28.5	30.2	25.5	18.8	16.8	9.6	9.4	11.4	1.3	1.0	1.2	1.5	1.7	(0.5)	26.7	35.9	32.6
Depreciation	5.1	4.7	5.4	5.5	10.8	8.4	8.5	8.8	9.0	11.3	1.5	1.4	1.4	1.5	1.7	0.2	31.6	31.3	33.1
Capital Investment	11.5	7.5	7.1	7.4	6.2	8.2	11.2	11.8	7.0	12.5	1.9	1.5	2.0	3.2	3.1	—	21.7	18.4	45.0
EBITDA	33.7	34.4	32.7	35.4	42.6	28.0	29.2	20.5	20.5	27.5	3.3	2.8	3.2	3.2	3.9	(0.1)	69.1	71.8	84.5
R&D Cost	5.2	4.3	4.2	3.3	3.2	0.7	0.9	1.1	1.2	1.4	0.3	0.3	0.4	0.4	0.6	0	5.7	4.9	5.1
Labor Expenses	41.6	41.4	42.3	42.6	47.4	28.7	29.6	29.3	30.1	32.5	4.0	4.1	4.8	5.1	6.1	0.4	81.4	83.6	94.6
Financial Condition (Billions of Yen)																			
Total Assets	519.6	555.4	482.4	475.0	587.5	264.1	222.9	218.9	237.1	248.4	29.4	31.2	30.7	35.8	40.3	49.8	926.4	926.6	1,410.6
Net Assets	187.7	233.3	245.3	248.1	276.4	206.9	163.6	164.5	165.6	171.3	12.1	14.0	14.8	16.4	18.1	14.5	355.9	362.3	419.2
Equity	187.7	233.3	245.3	248.1	276.4	205.3	162.2	163.1	164.2	169.8	12.1	14.0	14.8	16.4	18.1	11.8	346.9	352.7	399.9
Interest-bearing Debt	149.2	127.0	73.2	47.2	103.8	0	0	0	0	0	5.8	5.6	2.7	5.0	5.9	24.0	193.5	154.4	481.5
Retained Earnings	109.0	141.3	162.1	171.9	172.6	170.9	125.8	119.7	122.7	126.2	8.5	9.3	10.3	11.8	13.0	(1.0)	198.3	234.1	255.7
Cash Flows (Billions of Yen)																			
Cash Flows from Operating Activities	22.7	39.4	(34.7)	37.4	(17.2)	2.6	25.6	10.3	25.4	22.6	2.5	3.4	2.1	0.7	4.2	—	(16.3)	71.0	38.9
Cash Flows from Investing Activities	(106.5)	(5.0)	(5.9)	7.5	(4.3)	21.6	0.2	(24.7)	(11.9)	(7.5)	(1.8)	(2.4)	(2.0)	(2.9)	(3.0)	—	(22.5)	(5.3)	(279.3)
Cash Flows from Financing Activities	73.8	(25.7)	33.3	(41.7)	26.9	(16.0)	(62.2)	(5.9)	(6.4)	(8.1)	(1.4)	(0.7)	(3.3)	2.1	0.3	—	15.3	(56.4)	261.3
Free Cash Flows	(83.8)	34.3	(40.7)	44.9	(21.5)	24.2	25.8	(14.4)	13.5	15.0	0.7	1.0	0.2	(2.2)	1.2	—	(38.9)	65.7	(240.3)
Cash and Cash Equivalents at End of Period	24.9	33.9	26.6	30.0	35.7	80.7	44.3	24.0	24.3	38.5	5.2	5.6	2.5	2.4	3.9	6.0	76.0	86.0	113.4
Stock Information																			
Total Number of Shares Issued (in Thousands)	194,608	194,608	194,448	194,448	194,448	89,159	89,159	82,419	82,419	82,419	16,100	16,100	15,822	15,822	15,822	—	291,071	274,845	274,845
Average Number of Shares During the Period (In Thousands)	193,540	193,499	194,079	194,448	194,448	84,416	82,420	82,419	82,419	82,419	15,968	15,891	15,845	15,822	15,822	—	281,729	259,197	249,578
Ending Number of Shares (In Thousands)	193,254	193,713	194,448	194,448	194,448	82,420	82,419	82,419	82,419	82,419	15,875	15,873	15,822	15,822	15,822	—	264,376	252,515	246,981
Dividend (Yen)	20	38	—	—	—	750	70	—	—	—	10	10	—	—	—	—	40	55	60
Dividend Payout Ratio (%)	18.1	20.3	—	—	—	336.3	34.4	—	—	—	12.5	15.9	—	—	—	—	42.2	39.7	46.0
EPS (Earnings Per Share) (Yen)	110.36	187.33	146.91	155.34	131.31	223.02	203.23	116.47	114.60	138.15	79.97	62.80	75.01	94.20	109.88	—	94.73	138.39	130.51
BPS (Book Value Per Share) (Yen)	971.52	1,204.24	1,261.60	1,275.76	1,421.25	2,490.89	1,967.73	1,979.32	1,992.44	2,060.67	764.04	880.30	934.81	1,035.62	1,142.05	—	1,312.19	1,396.72	1,619.25
Management Index																			
ROIC (%)	6.6	5.9	5.6	6.8	6.5	6.6	7.8	4.9	4.8	6.7	7.2	5.2	6.6	6.2	6.8	—	4.7	5.3	4.0
ROE (%)	11.3	17.2	11.9	12.2	9.7	9.1	9.1	5.9	5.8	6.8	10.8	7.6	8.3	9.6	10.1	—	8.7	10.3	8.6
ROA (%)	4.4	6.7	5.5	6.3	4.8	6.8	6.9	4.3	4.1	4.7	4.2	3.3	3.8	4.5	4.6	—	5.8	3.9	2.7
D/E Ratio (Times)	0.79	0.54	0.30	0.19	0.38	0.00	0.00	0.00	0.00	0.00	0.48	0.40	0.18	0.30	0.33	—	0.56	0.44	1.10
Operating Profit to Net Sales (%)	7.4	8.1	7.5	8.0	7.3	8.2	8.8	5.0	4.6	6.3	5.0	4.2	4.8	4.4	5.3	—	5.5	5.7	6.5
Equity Ratio (%)	36.1	42.0	50.9	52.2	47.0	77.7	72.7	74.5	69.3	68.4	41.2	44.9	48.1	45.7	44.8	—	37.4	38.1	28.4
Overseas Sales Ratio (%)*MS Only	—	—	—	—	—	—	—	—	—	—	5.26	3.34	6.28	4.81	6.02	—	—	—	—

*1 IFRS business profit from FY2023
*2 Figures for Japan Wind Development for FY2023 are for the period from January 31 to March 31, 2024, after the acquisition of shares.

5-Year Non-financial Summary

	MAEDA CORPORATION (MK)					MAEDA ROAD (MD)					MAEDA SEISAKUSHO (MS)					Japan Wind Development (JWD)	INFRONEER (INF)*9		
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2023	2021	2022	2023
Environment*1																			
GHG Emissions: Scopes 1 (t-CO ₂)*2	4,168	3,439	3,256	3,271	3,765	228,793	232,618	232,378	225,943	204,241	1,056	1,159	1,193	1,121	1,862	Under compilation	236,827	230,335	209,869
GHG Emissions: Scope 2 Market-based (t-CO ₂)	22,625	20,282	17,365	3,700	3,171	52,888	54,634	53,664	34,773	10,210	1,458	1,428	1,319	1,427	202	Under compilation	72,348	39,930	13,636
GHG Emissions: Scope 2 Location-based (t-CO ₂)	—	19,952	17,793	26,454	28,798	—	50,397	50,669	49,607	46,096	—	1,491	1,507	1,741	1,598	Under compilation	69,969	77,831	76,552
GHG Emissions: Scope 3 total (t-CO ₂)*2	3,017,885	3,348,164	3,264,500	2,540,591	2,257,217	—	—	300,867	327,220	363,469	—	175,796	184,396	187,128	199,598	Under compilation	3,749,763	3,054,939	2,820,284
GHG Emissions: Scope 3 Category 1 (t-CO ₂)	489,954	1,097,138	708,078	658,044	705,750	—	154,010	206,554	239,380	273,476	—	—	—	—	—	Under compilation	914,632	897,424	979,226
GHG Emissions: Scope 3 Category 11 (t-CO ₂)	2,400,821	3,162,592	2,361,404	1,673,013	1,342,308	—	—	—	—	—	—	175,796	184,396	187,128	199,598	Under compilation	2,545,800	1,860,141	1,541,906
Energy: Total Energy Consumption (MWh)*3	331,291	236,688	287,636	270,866	372,933	1,010,400	1,025,265	1,106,589	1,284,116	1,313,386	8,769	7,639	8,295	4,466	13,195	Under compilation	1,402,520	1,559,448	1,699,514
Energy: Power Consumption (MWh)	40,333	44,823	41,079	61,142	63,985	114,590	115,377	117,019	114,566	112,090	3,610	3,115	3,694	3,435	3,649	Under compilation	161,792	179,143	179,859
Waste: Total Emissions (t)	579,133	388,124	532,883	677,275	514,768	367,599	406,653	507,590	343,107	318,622	188	201	963	385	Under compilation	Under compilation	1,041,436	1,020,767	833,390
Waste: Final Disposal Amount (t)	20,768	17,117	31,973	13,115	31,870	12,165	12,215	17,356	11,237	7,380	—	—	—	50	Under compilation	Under compilation	49,329	24,402	39,250
Water Intake (m ³)*4	466,493	388,529	455,576	571,993	472,244	—	—	273,171	302,315	335,645	19,856	16,789	18,771	18,667	309,900	Under compilation	747,518	892,975	1,117,789
Water Discharge (m ³)*4	455,336	417,315	476,625	438,707	553,748	—	—	273,171	302,315	335,645	19,856	16,789	18,771	18,667	309,900	Under compilation	768,567	759,689	1,199,293
Contributed Amounts in Dividends for the Earth (Millions of Yen)	155	133	600	—	—	—	—	—	—	—	—	—	—	—	—	—	600	66	103
Society																			
Number of Employees (Persons)*5	3,683	3,719	3,771	3,798	3,839	2,215	2,196	2,233	2,428	2,435	589	596	592	589	588	145	6,597	6,818	7,014
Female Employment Rate (%)	16.4	16.5	16.6	16.4	13.0	20.6	19.9	20.1	19.9	20.1	11.2	11.7	12.3	12.7	13.5	25.5	17.4	17.3	16.0
Employment Rate of Persons with Disabilities (%)	2.06	2.21	1.83	2.11	2.27	2.26	2.00	1.85	2.33	2.68	1.86	1.60	1.18	1.35	2.16	1.43	—	—	—
Annual Paid Leave Rate (%)	56.6	56.1	60.5	67.2	66.6	48.3	55.4	57.8	58.8	61.4	72.0	70.0	70.0	67.8	74.5	67.8	59.4	65.5	65.6
Number of Bases (Locations)	61	58	57	59	54	230	230	227	226	224	25	25	29	29	29	9	313	314	316
Number of Cooperating Companies (Companies)	533	545	561	567	584	156	155	155	151	151	—	—	—	—	—	—	716	718	735
Frequency Rate*6	0.90	0.80	0.51	0.56	0.50	1.06	0.55	2.34	1.36	0.80	0.87	4.21	0.00	0.00	0.00	1.32	—	—	—
Average Employee Salary (Thousands of Yen)*7	9,061	9,287	9,272	9,322	9,767	7,865	8,069	8,465	8,561	9,033	5,794	5,918	6,184	6,543	6,949	9,617	9,830	9,671	10,992
Ratio of Females in Managerial Position (%)	—	—	—	0.6	0.8	—	—	—	0.7	0.2	—	—	—	4.2	5.3	9.2	1.6	1.3	1.6
Male Parental Leave Acquisition Rate (%)	—	—	11.6	6.3	20.4	—	—	0.0	5.6	1.9	—	—	11.1	33.3	26.7	100	7.4	8.6	16.0
Gender Pay Gap among All Workers	—	—	—	48.4	47.5	—	—	—	44.2	48.9	—	—	—	87.4	81.4	51.6	—	—	—
Governance																			
Internal Directors (Persons)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4	4	4
Outside Directors (Persons)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	5	5
Board of Directors Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	99.0	95.8	100.0
Audit Committee Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100.0	97.4	94.7
Nominating Committee Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	92.9	95.9	97.1
Compensation Committee Attendance Rate (%)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	97.2	91.0	97.0
Number of Serious Legal Violations: Compliance*8	—	—	3	1	0	1	0	0	0	0	0	0	0	1	0	—	3	2	0

*1 Environmental values may change as accuracy improves. *2 MAEDA changed the categories of Scopes 1 and 3 in FY2020. For numerical values from before FY2019, view the MAEDA CORPORATION website. MAEDA ROAD changed the aggregate range of Scope 3 in FY2021. *3 The numerical values from before FY2020 for MAEDA ROAD are calculated using estimated values based on FY2021 results. *4 Numerical values for MAEDA SEISAKUSHO before FY2022 are results of the head office only. Company-wide results are presented from FY2023. *5 Persons who have labor contracts with INFRONEER, MAEDA CORPORATION,

MAEDA ROAD, MAEDA SEISAKUSHO, and Japan Wind Development. *6 MAEDA ROAD changed the method of calculating total working hours from FY2020; Calculated based on four or more days of lost worktime from FY2022. *7 Non-consolidated figures for each business company *8 Number of legal violations discovered through whistle-blowing for MAEDA CORPORATION and MAEDA SEISAKUSHO; Number of administrative and criminal penalties for MAEDA ROAD. *9 Figures for INFRONEER are totals for the entire Group, with some exceptions.

Company Overview and Stock-related Information

Company Overview

Trade Name	INFRONEER Holdings Inc.	Paid-in Capital	¥20 billion
Headquarters	2-10-2 Fujimi, Chiyoda-ku, Tokyo	Net Sales (Fiscal Year Ended March 31, 2024)	¥793.3 billion
Established	October 1, 2021	Consolidated Number of Employees	8,037
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	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

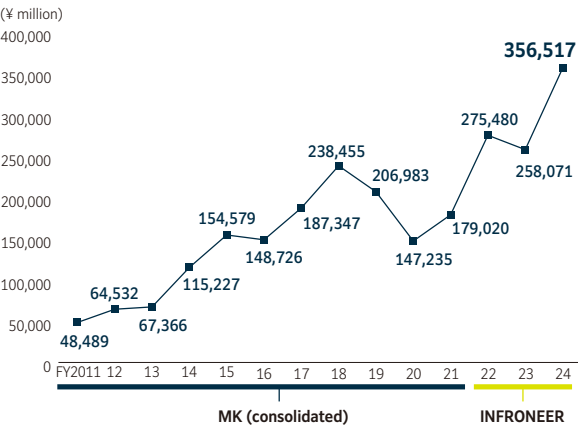
Group Companies

- MAEDA CORPORATION
 - MAEDA ROAD CONSTRUCTION Co., Ltd.
 - MAEDA SEISAKUSHO CO., LTD.
 - Japan Wind Development Co. Ltd.
- Aichi Road Concession Co., Ltd.
 - Japan Management
 - Fujimi Koken Co., Ltd.
 - FBS CO., LTD.
- Thai Maeda Corporation Ltd.
 - Miotsukushi Industrial Water Concession Co., Ltd.
 - Miura Sewerage & Concession Co., Ltd.
- 129 other companies

▶ For an overview of other Group companies, visit our website at: <https://www.infroneer.com/en/company/outline.html>

Stock-related Information

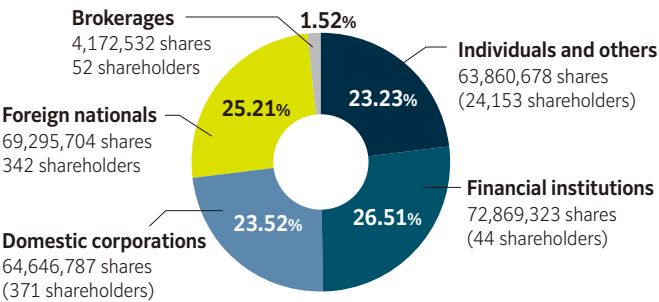
Changes in Market Capitalization



Stock Information

Total Number of Shares Authorized	1,200,000,000 shares
Total Number of Shares Issued	274,845,024 shares
Number of Shareholders	24,962

Status by owner



Major Shareholders (Top 10)

Shareholder Name	Number of Shares Held (In Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,284	12.37
Hikarigaoka Corporation	26,274	10.07
Custody Bank of Japan, Ltd. (Trust Account)	11,169	4.28
INFRONEER Employee Shareholding Association	8,695	3.33
Sumitomo Realty & Development Co., Ltd.	8,695	3.33
Custody Bank of Japan, Ltd. (Trust E Account)	7,919	3.03
STATE STREET BANK AND TRUST COMPANY 505001	4,557	1.75
Sumitomo Mitsui Banking Corporation	3,061	1.17
Mizuho Bank, Ltd.	3,002	1.15
MAEDA CORPORATION Business Partner Shareholding Association	2,948	1.13

*1 The Company holds 13,889,496 treasury shares, but is excluded from the above list of major shareholders. *2 The shareholding ratio is calculated by deducting treasury shares (13,889,496 shares).

Dividend Per Share and Dividend Payout Ratio

	FY2023	Plans for FY2024
Dividend	60 yen (including interim dividend)	60 yen (including interim dividend)
Dividend Payout Ratio	46.0%	39.0%

IR Activities

- Briefing for analysts (president in attendance): Held quarterly
- IR DAY held for the first time
- Overseas IR events: 4 times held in person
- Total participants of seminars for individual investors (held four times in Tokyo, Ichinomiya, Hiroshima, and Fukuoka): 431 persons
- Work site/facility tours: 2 times
- Media appearances and social media (YouTube) streaming: 3 times

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

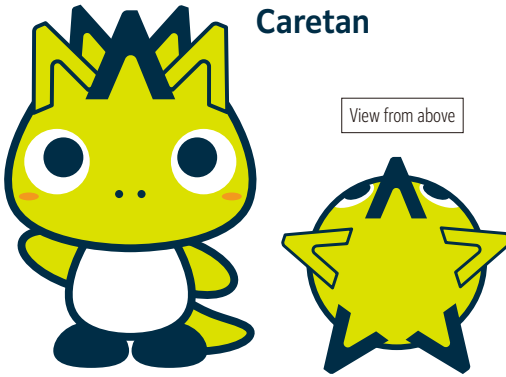


Corporate Mascot

We created a corporate mascot called “Caretan” as a spokesperson to share information about issues and initiatives related to infrastructure with a broad audience and engage them.

Profile

Name	Caretan
Scientific name	Infrosaurus
Birthday	October 1 (Founding anniversary of INFRONEER)
Date of employment	April 1, 2024
Special skill	Ability to communicate with infrastructure
Motto	INFRONEER^ (INFRONEER Caret) ▶ For INFRONEER Caret, see page 4.
Attractive feature	Horns: When Caretan is happy, its horns open to form the shape of a caret-star (☆) when viewed from above
Birthplace	Earth



Concept

Caretan is a dinosaur that nodded off in prehistoric times and woke up in the modern world to help us solve our big, broad, and deep-seated infrastructure issues. The word “dinosaur” is a compound that comes in part from the Greek term “deinos,” meaning “terribly big.” Caretan reflects our aspiration to maintain, increase, and convey the appeal of sustainable infrastructure, much like we continue to be captivated by dinosaurs as one of the largest, strongest, and longest-existing creatures ever to walk the Earth.

▶ For details on Caretan, visit our website at: <https://www.infroneer.com/jp/caretan> (in Japanese)

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 the INFRONEER Group's present situation as well as plans for and path to the future. In this report, we also expressed our determination as an integrated infrastructure service company to challenge the status quo for the future of infrastructure, a feat that no one else has ever attempted to accomplish. And we introduced various initiatives (= our path) that we have been taking along the way.

This is the third edition of our integrated report. As our vision for the future gradually becomes clearer, we hope that readers of this report will identify with it. We will continue to blaze a path forward toward our desired future.

I would like to express my deepest appreciation for all the stakeholders and employees at our business companies who have cooperated with us in preparing this report, for the contributions of our predecessors to the Group's long history of business, and for the members of the Integrated Report Editorial Team. We hope this report will serve as an effective communication tool. We appreciate your continued support and cooperation.

September 2024

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 INFRONEER Vision
Infrastructure	Constructed structures, such as schools, medical facilities, prisons, stadiums and the like, and civil structures, such as roads, water supply and sewerage 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. * A concession scheme that includes everything up to construction is referred to as a BT (build transfer) concession.
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.
Comprehensive private contracting project	Comprehensive outsourcing of multiple operations and facilities so that the private operator entrusted with the management and operation of public facilities can carry out the management and operation efficiently and effectively through the use of its ingenuity and know-how.