

**Consolidated Financial Results**  
**for the Six Months Ended September 30, 2021**  
**[Japanese GAAP]**



November 15, 2021

Company name: INFRONEER Holdings Inc. (for MAEDA ROAD CONSTRUCTION CO., LTD.)

Stock exchange listing: Tokyo Stock Exchange

Code number: 5076

URL: <https://www.infroneer.com>

Representative: Kazunari Kibe, Representative Executive Officer and President

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Scheduled date of filing quarterly securities report: —

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)**

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2021	106,427	2.2	4,278	(54.4)	4,432	(54.4)	4,275	(46.2)
Six months ended September 30, 2020	104,116	(4.2)	9,375	21.2	9,721	20.0	7,953	(32.1)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥2,759 million [(66.2)%]

Six months ended September 30, 2020: ¥8,166 million [(23.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	51.87	-
Six months ended September 30, 2020	96.50	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	209,195	160,409	76.0
As of March 31, 2021	222,930	163,560	72.7

(Reference) Equity: As of September 30, 2021: ¥159,088 million

As of March 31, 2021: ¥162,178 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen -	Yen -	Yen -	Yen 70.00	Yen 70.00
Fiscal year ending March 31, 2022	-	-			

### \* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021 (Changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Application of accounting methods specific to quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):  
September 30, 2021: 82,419,092 shares  
March 31, 2021: 89,159,453 shares
  - 2) Total number of treasury shares at the end of the period:  
September 30, 2021: -  
March 31, 2021: 6,740,228 shares
  - 3) Average number of shares during the period (cumulative):  
Six months ended September 30, 2021: 82,419,173 shares  
Six months ended September 30, 2020: 82,419,879 shares

\* These quarterly consolidated financial results are outside of the scope of quarterly review by certified public accountants or an audit firm.

### \* Explanation of the proper use of financial results forecast and other notes

On October 1, 2021, MAEDA ROAD CONSTRUCTION CO., LTD., Maeda Corporation, and MAEDA SEISAKUSHO CO., LTD. established a holding company, INFRONEER Holdings Inc., through a joint share transfer.

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## 1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2021

### (1) Explanation of Operating Results

During the six months ended September 30, 2021, in the environment surrounding MAEDA ROAD CONSTRUCTION CO., LTD. (the “Company”) and its group companies (collectively, the “Group”), public investment held firm at a high level, while corporate earnings and corporate capital investment, both of which declined due to the impact of the novel coronavirus disease, are recovering. However, owing to the uncertain outlook for raw material prices, such as soaring crude oil prices, the economic conditions continued to be harsh.

Amid this environment, the Group, in the construction business, made efforts to secure the amount of received construction contracts, while in the manufacturing and sales business, strived to retain sales volume and maintain profitability by conducting the recycling-oriented business on an ongoing basis through recycling of construction waste, etc.

For the six months ended September 30, 2021, net sales amounted to ¥106,427 million, up 2.2% year on year, and operating profit amounted to ¥4,278 million, down 54.4% year on year. Ordinary profit came to ¥4,432 million, down by 54.4% year on year, and profit attributable to owners of parent was ¥4,275 million, down 46.2% year on year.

The Group is affected by seasonal factors, and of the net sales for a fiscal year, the second half weighs larger.

The results by segment are as follows:

#### **Construction business**

In the construction business, the amount of received construction contracts for the six months ended September 30, 2021 was ¥79,650 million, down 3.6% year on year, amount of completed construction contracts was ¥73,500 million, up 3.3% year on year, and operating profit was ¥3,883 million, down 30.8% year on year.

#### **Manufacturing and sales business**

In the manufacturing and sales business, net sales of asphalt mixture and other products for the six months ended September 30, 2021 amounted to ¥32,647 million, down 0.1% year on year, while operating profit amounted to ¥2,831 million, down 54.1% year on year.

#### **Others**

Net sales of other businesses for the six months ended September 30, 2021 amounted to ¥279 million, down 3.8% year on year, while operating profit amounted to ¥107 million, down 9.1% year on year.

## (2) Explanation of Financial Position

### (Assets)

Current assets decreased by ¥10,326 million compared to the end of the previous fiscal year to ¥91,308 million, mainly due to a decrease in notes receivable, accounts receivable from completed construction contracts and other resulting from collection.

Non-current assets decreased by ¥3,408 million compared to the end of the previous fiscal year to ¥117,887 million, mainly due to a decrease in investment securities resulting from sales.

As a result, total assets decreased by ¥13,735 million compared to the end of the previous fiscal year to ¥209,195 million.

### (Liabilities)

Current liabilities decreased by ¥10,284 million compared to the end of the previous fiscal year to ¥41,406 million, mainly due to a decrease in notes payable, accounts payable for construction contracts and other resulting from payments, and decreases in income taxes payable and accrued consumption taxes resulting from tax payments.

Non-current liabilities decreased by ¥299 million compared to the end of the previous fiscal year to ¥7,379 million, mainly due to a decrease in deferred tax liabilities.

As a result, total liabilities decreased by ¥10,584 million compared to the end of the previous fiscal year to ¥48,785 million.

### (Net assets)

Total net assets decreased by ¥3,150 million compared to the end of the previous fiscal year to ¥160,409 million, mainly due to a decrease in shareholders' equity resulting from dividend payments and a decrease in valuation difference on available-for-sale securities on account of the sale of investment securities.

2. Quarterly Consolidated Financial Statements and Primary Notes  
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	45,523	43,611
Notes receivable, accounts receivable from completed construction contracts and other	46,849	36,631
Securities	30	30
Costs on construction contracts in progress	7,754	9,944
Other	1,564	1,169
Allowance for doubtful accounts	(86)	(78)
<b>Total current assets</b>	<b>101,635</b>	<b>91,308</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,177	18,278
Machinery and vehicles, net	14,569	14,499
Land	56,203	56,283
Other, net	2,128	2,502
<b>Total property, plant and equipment</b>	<b>91,079</b>	<b>91,563</b>
Intangible assets	907	789
Investments and other assets		
Investment securities	19,399	15,321
Retirement benefit asset	8,124	8,502
Other	1,784	1,709
<b>Total investments and other assets</b>	<b>29,307</b>	<b>25,534</b>
<b>Total non-current assets</b>	<b>121,295</b>	<b>117,887</b>
<b>Total assets</b>	<b>222,930</b>	<b>209,195</b>

(Million yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	28,102	24,192
Income taxes payable	4,554	1,944
Advances received on construction contracts in progress	4,767	5,837
Provision for bonuses	3,443	3,554
Provisions	361	393
Other	10,462	5,484
<b>Total current liabilities</b>	<b>51,691</b>	<b>41,406</b>
Non-current liabilities		
Retirement benefit liability	4,489	4,585
Provision for loss on Anti-Monopoly Act	64	64
Other	3,125	2,729
<b>Total non-current liabilities</b>	<b>7,678</b>	<b>7,379</b>
<b>Total liabilities</b>	<b>59,370</b>	<b>48,785</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	19,350	19,350
Capital surplus	23,273	23,145
Retained earnings	125,821	114,389
Treasury shares	(10,043)	—
<b>Total shareholders' equity</b>	<b>158,402</b>	<b>156,885</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,470	3,801
Foreign currency translation adjustment	(161)	(162)
Remeasurements of defined benefit plans	(1,532)	(1,436)
<b>Total accumulated other comprehensive income</b>	<b>3,776</b>	<b>2,202</b>
Non-controlling interests	1,381	1,321
<b>Total net assets</b>	<b>163,560</b>	<b>160,409</b>
<b>Total liabilities and net assets</b>	<b>222,930</b>	<b>209,195</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six months ended September 30, 2021

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Net sales	104,116	106,427
Cost of sales	89,106	96,174
Gross profit	15,010	10,252
Selling, general and administrative expenses	5,635	5,974
Operating profit	9,375	4,278
Non-operating income		
Interest income	2	0
Dividend income	393	353
Foreign exchange gains	—	15
Other	85	77
Total non-operating income	481	446
Non-operating expenses		
Foreign exchange losses	38	—
Commission expenses	33	209
Other	62	83
Total non-operating expenses	134	292
Ordinary profit	9,721	4,432
Extraordinary income		
Gain on sale of non-current assets	40	71
Gain on sale of investment securities	1,981	2,087
Other	29	164
Total extraordinary income	2,050	2,324
Extraordinary losses		
Loss on sale and retirement of non-current assets	133	141
Loss on disaster	—	83
Other	71	24
Total extraordinary losses	205	249
Profit before income taxes	11,566	6,506
Income taxes	3,530	2,174
Profit	8,036	4,332
Profit attributable to non-controlling interests	82	57
Profit attributable to owners of parent	7,953	4,275

Quarterly Consolidated Statements of Comprehensive Income  
Six months ended September 30, 2021

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Profit	8,036	4,332
Other comprehensive income		
Valuation difference on available-for-sale securities	(118)	(1,668)
Foreign currency translation adjustment	30	(0)
Remeasurements of defined benefit plans, net of tax	218	95
Total other comprehensive income	130	(1,573)
Comprehensive income	8,166	2,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,084	2,701
Comprehensive income attributable to non-controlling interests	82	57

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	11,566	6,506
Depreciation	3,773	4,120
Increase (decrease) in allowance for doubtful accounts	(11)	(7)
Increase (decrease) in provision for bonuses	103	111
Increase (decrease) in retirement benefit liability	127	115
Decrease (increase) in retirement benefit asset	(55)	(260)
Interest and dividend income	(395)	(354)
Foreign exchange losses (gains)	38	(15)
Loss (gain) on sale of non-current assets	(40)	(71)
Loss on retirement of non-current assets	133	141
Loss (gain) on sale of investment securities	(1,939)	(2,087)
Decrease (increase) in trade receivables	12,915	10,223
Decrease (increase) in costs on construction contracts in progress	(2,933)	(2,190)
Increase (decrease) in trade payables	(5,723)	(3,910)
Increase (decrease) in advances received on construction contracts in progress	2,342	1,069
Other, net	(2,056)	(4,109)
Subtotal	17,844	9,280
Interest and dividends received	396	354
Income taxes paid	(4,621)	(4,254)
Net cash provided by (used in) operating activities	13,619	5,380
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,800)	(5,081)
Proceeds from sale of property, plant and equipment	64	97
Proceeds from redemption of beneficial interests in trust	4,300	—
Purchase of investment securities	(28)	(8)
Proceeds from sale and redemption of investment securities	4,006	3,775
Payments into time deposits	(994)	(1,021)
Proceeds from withdrawal of time deposits	1,393	873
Other, net	2	(163)
Net cash provided by (used in) investing activities	3,943	(1,529)
<b>Cash flows from financing activities</b>		
Dividends paid	(61,815)	(5,773)
Dividends paid to non-controlling interests	(369)	(70)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(70)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(62,185)	(5,914)
Effect of exchange rate change on cash and cash equivalents	(5)	3
Net increase (decrease) in cash and cash equivalents	(44,628)	(2,059)
Cash and cash equivalents at beginning of period	80,669	44,324
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	10	—
Cash and cash equivalents at end of period	36,050	42,265

#### (4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes on significant changes in shareholders' equity)

For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

At the Extraordinary General Meeting of Shareholders held by the Company on April 14, 2020, the agenda item regarding payment of dividends from surplus with the record date of March 6, 2020 (the "Special Dividend") was approved as originally proposed. As a result, retained earnings decreased by ¥53,573 million for the six months ended September 30, 2020, and retained earnings as of September 30, 2020 amounted to ¥117,025 million.

Details of the Special Dividend are as follows.

Resolution	Class of shares	Total amount of dividend (Million yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
April 14, 2020 Extraordinary General Meeting of Shareholders	Common stock	53,573	650	March 6, 2020	May 12, 2020	Retained earnings

For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

There is no relevant information.

(Segment information)  
[Segment information]

For the six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	71,153	32,673	103,826	289	104,116	—	104,116
Inter-segment net sales or transfers	33	14,126	14,159	528	14,688	(14,688)	—
Total	71,186	46,799	117,986	818	118,805	(14,688)	104,116
Segment income	5,611	6,171	11,783	117	11,901	(2,526)	9,375

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment income of ¥(2,526) million includes elimination of inter-segment transactions of ¥(29) million and corporate expenses not allocated to each reportable segment of ¥(2,496) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

For the six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Construction business	Manufacturing and sales business	Total				
Net sales							
Net sales to outside customers	73,500	32,647	106,148	279	106,427	—	106,427
Inter-segment net sales or transfers	56	15,308	15,364	603	15,968	(15,968)	—
Total	73,557	47,955	121,512	882	122,395	(15,968)	106,427
Segment income	3,883	2,831	6,715	107	6,822	(2,544)	4,278

(Notes)

1. “Other” incorporates operations not included in reportable segments, including leasing, insurance agency and consultancy services, etc.
2. The adjustment for segment income of ¥(2,544) million includes elimination of inter-segment transactions of ¥(26) million and corporate expenses not allocated to each reportable segment of ¥(2,518) million. Corporate expenses are general and administrative expenses that are not attributable to reportable segments.
3. Segment income is adjusted to the operating profit in the quarterly consolidated statements of income.

(Material subsequent events)  
 (Establishment of a holding company through a joint share transfer)

The Company, Maeda Corporation (hereinafter “Maeda Corporation”) and MAEDA SEISAKUSHO CO., LTD. (hereinafter “Maeda Seisakusho”; and the Company, Maeda Corporation, and Maeda Seisakusho shall be collectively referred to as the “Three Companies”), have on October 1, 2021 established INFRONEER Holdings Inc. (the “Holding Company”), which will become the wholly owning parent company of the Three Companies through a joint share transfer (the “Share Transfer”), and the Three Companies conducted a business integration (the “Business Integration”).

1. Purpose of the Share Transfer

We believe that in order to unify the whole Group and achieve continuous growth in a business environment that will be subject to significant future changes, it is essential to maximize our synergies as a group, such as by further strengthening coordination among the Three Companies, creating a strong management base capable of responding to changes in the environment, and appropriately allocating management resources. It is our firm belief that transitioning to a holding company structure through the Business Integration to execute a unified group strategy will serve to heighten value not only of the Three Companies, but for the Group as a whole.

2. Outline of the Share Transfer

(1) Method of the Share Transfer

It will be a joint share transfer with the Three Companies becoming wholly owned subsidiaries, and the Holding Company becoming the wholly owning parent company.

(2) Details of allotment in the Share Transfer (share transfer ratio)

	Maeda Corporation	The Company	Maeda Seisakusho
Share Transfer Ratio	1.00	2.28	0.58

(Note 1) Share allotment ratio

One share of common stock of the Holding Company was allotted for each share of common stock of Maeda Corporation, 2.28 shares of common stock of the Holding Company were allotted for each share of common stock of the Company, and 0.58 shares of common stock of the Holding Company were allotted for each share of common stock of Maeda Seisakusho.

(Note 2) The number of shares constituting one share unit of the Holding Company will be 100 shares of stock.

(Note 3) The number of new shares delivered by the Holding Company  
 Common stock: 391,539,797 shares

(3) Overview of the new company established through the Share Transfer

Name	INFRONEER Holdings Inc.
Location	2-10-2, Fujimi, Chiyoda-ku, Tokyo
Name and Title of representative	Kazunari Kibe, Representative Executive Officer and President
Content of business	Infrastructure services ranging from infrastructure business planning and design to construction, operation, maintenance and management as well as management of, and operation of associated or related businesses of, subsidiaries and other group companies engaging in general construction services (both civil engineering and building construction), paving services, and manufacturing and sales of construction machinery
Capital	¥20,000 million
Fiscal year end	March 31

### 3. Complementary Information

#### Amount of Orders Received, Net Sales and Amount Carried Forward to Next Period by Business (Consolidated)

(Million Yen; %)

			For the six months ended September 30, 2020		For the six months ended September 30, 2021		Year-on-year change		(Reference) For the fiscal year ended March 31, 2021	
			Amount	Composition rate	Amount	Composition rate	Amount	Change rate	Amount	Composition rate
Orders received	Construction business	Pavement works	68,032	58.8	64,732	57.5	(3,299)	(4.8)	133,941	55.9
		Civil engineering works	14,629	12.7	14,917	13.3	287	2.0	31,640	13.2
		Subtotal	82,662	71.5	79,650	70.8	(3,012)	(3.6)	165,582	69.1
	Manufacturing and sales business		32,673	28.3	32,647	29.0	(25)	(0.1)	73,523	30.7
	Others		289	0.2	279	0.2	(10)	(3.8)	574	0.2
	Total		115,625	100.0	112,576	100.0	(3,048)	(2.6)	239,680	100.0
Net sales	Construction business	Pavement works	59,618	57.2	59,699	56.1	81	0.1	133,385	56.8
		Civil engineering works	11,535	11.1	13,801	13.0	2,265	19.6	27,129	11.6
		Subtotal	71,153	68.3	73,500	69.1	2,346	3.3	160,514	68.4
	Manufacturing and sales business		32,673	31.4	32,647	30.7	(25)	(0.1)	73,523	31.3
	Others		289	0.3	279	0.2	(10)	(3.8)	574	0.3
	Total		104,116	100.0	106,427	100.0	2,310	2.2	234,612	100.0
Amount carried forward to next period	Construction business	Pavement works	54,536	83.2	51,711	79.2	(2,824)	(5.2)	46,678	78.9
		Civil engineering works	11,033	16.8	13,566	20.8	2,533	23.0	12,450	21.1
		Subtotal	65,569	100.0	65,278	100.0	(291)	(0.4)	59,128	100.0
	Manufacturing and sales business		—	—	—	—	—	—	—	—
	Others		—	—	—	—	—	—	—	—
	Total		65,569	100.0	65,278	100.0	(291)	(0.4)	59,128	100.0

(Note) Amounts of less than one million yen are rounded down.