

Translation

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Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 15, 2021

Company name: INFRONEER Holdings Inc. (for Maeda Corporation)
 Stock exchange listing: Tokyo
 Stock code: 5076 URL <https://www.infroneer.com>
 Representative: Representative Executive Officer and Kazunari Kibe
 President
 General Manager of Financial Strategy
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 Division, Maeda Corporation
 Scheduled date to file Quarterly Securities Report: November 15, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	308,155	2.3	9,136	(47.7)	9,156	(52.1)	4,762	(53.1)
Six months ended September 30, 2020	301,243	26.9	17,470	(3.1)	19,112	(7.4)	10,160	(36.1)

(Note) Comprehensive income: Six months ended September 30, 2021: ¥6,082 million [(68.2)%]
 Six months ended September 30, 2020: ¥19,143 million [54.7%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	25.34		–	
Six months ended September 30, 2020	54.87		–	

(Notes) 1. In the fiscal year ended March 31, 2021, the Company finalized provisional accounting treatment for business combinations, etc., and figures for the six months ended September 30, 2020, reflect the details of the finalization of the provisional accounting treatment.

2. The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc., has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, and figures for the six months ended September 30, 2021, are based on the application of this Accounting Standard, etc.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2021	905,665		363,657		29.5	
As of March 31, 2021	928,889		367,527		29.1	

(Reference) Equity: As of September 30, 2021: ¥267,603 million
 As of March 31, 2020: ¥270,023 million

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2022, and figures for the second quarter of the fiscal year ending March 31, 2022, are based on the application of this Accounting Standard, etc.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	–	–	38.00	38.00
Fiscal year ending March 31, 2022	–	–			
Fiscal year ending March 31, 2022 (Forecast)			–	–	–

(Notes) 1. Revision to the forecast of dividends announced most recently: No

2. The forecast of dividends for the fiscal year ending March 31, 2022, is the forecast of dividends of INFRONEER Holdings Inc. Although the amounts are undetermined at this time, the dividend payout ratio is planned to be 30% or more in accordance with the returns policy of the Medium Term Business Plan.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	710,000	–	40,000	–	39,700	–	25,400	–	87.49

(Notes) 1. Revision to the forecast of consolidated financial results announced most recently: No

2. The above is the forecast of consolidated financial results of INFRONEER Holdings Inc. for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022). Earnings per share was calculated based on the projected average number of shares during the period during the fiscal year ending March 31, 2022 on a consolidated basis.

* Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: No
- 3) Changes in accounting estimates: No
- 4) Restatement of prior period financial statements: No
- (Note) Please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 15 for details.

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	194,447,713 shares	As of March 31, 2021	194,608,482 shares
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2) Number of treasury shares at the end of the period

As of September 30, 2021	5,348,097 shares	As of March 31, 2021	7,348,884 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	187,941,728 shares	Six months ended September 30, 2020	185,196,145 shares
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(Notes) 1. The Company’s shares held by the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan Trust are included in the number of treasury shares at the end of the period (0 shares at the end of the six months ended September 30, 2021, and 92,000 shares at the end of the fiscal year ended March 31, 2021). The Company’s shares held by the Stock Benefit Trust Disposition-Type Employee Stock Ownership Plan Trust are included in the number of treasury shares deducted in the calculation of the average number of shares during the period (34,086 shares at the end of the six months ended September 30, 2021, and 281,454 shares at the end of the fiscal year ended March 31, 2021).

2. The Company’s shares held by Board Benefit Trust (BBT) are included in the number of treasury shares at the end of the period (657,500 shares at the end of the six months ended September 30, 2021, and 657,500 shares at the end of the fiscal year ended March 31, 2021). The Company’s shares held by Board Benefit Trust (BBT) are included in the number of treasury shares deducted in the calculation of the average number of shares during the period (657,500 shares at the end of the six months ended September 30, 2021, and 657,500 shares at the end of the fiscal year ended March 31, 2021).

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit corporations.

* Explanation of the proper use of performance forecast and other notes

- The Company has established a holding company, INFRONEER Holdings Inc., with Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. by means of a joint share transfer on October 1, 2021.
- The above forecasts are based on assumptions in light of information available as of the date of announcement of this material and factors of uncertainty that may possibly impact the future results of operation. These statements do not indicate that the Company pledges to realize such statements. Actual results may differ significantly from those presented herein as a result of numerous factors.

(Reference) Forecast of non-consolidated financial results of Maeda Corporation for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	386,000	5.4	29,500	(0.7)	36,600	(19.1)	27,000	(25.5)	139.35

(Note) Revision to the forecast of non-consolidated financial results announced most recently: Yes

Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” on page 8 for details.

* Explanation of the proper use of performance forecast and other notes

The above forecasts are based on assumptions in light of information available as of the date of announcement of this material and factors of uncertainty that may possibly impact the future results of operation. These statements do not indicate that the Company pledges to realize such statements. Actual results may differ significantly from those presented herein as a result of numerous factors.

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1. Qualitative Information on Quarterly Financial Results

INFRONEER Holdings Inc. was established on October 1, 2021, as a wholly-owning parent company by means of a joint share transfer between Maeda Corporation, Maeda Road Construction Co., Ltd., and Maeda Seisakusho Co., Ltd. Prior to the business integration, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. were consolidated subsidiaries of Maeda Corporation, and as there has been no substantial change in the scope of consolidation of INFRONEER Holdings Inc. due to the integration, the full-year consolidated business results for the fiscal year ending March 31, 2022 of INFRONEER Holdings Inc. will be calculated based on the consolidated business results of the former Maeda Corporation. Additionally, full-year forecasts for the fiscal year ending March 31, 2022 indicate full-year result forecasts of INFRONEER Holdings Inc.

(1) Explanation of Operating Results

During the six months ended September 30, 2021, the Japanese economy continued to face difficult conditions in general due to an uncertain future with regard to the end of the novel coronavirus infection (COVID-19), although it continued to show signs of recovery owing to the promotion of vaccinations and the effects of various policies, despite restrictions placed on many socioeconomic activities due to the effect of the prolonged spread of COVID-19 worldwide.

In the construction industry, public investment remained firm at high levels due to the execution of related budgets, and housing construction and capital investment also remained firm, showing some signs of recovery.

Under these circumstances, the Company has been working on the three key measures in the Medium Term Business Plan “Maeda Change 1st Stage 2019-2021,” which ends in the current fiscal year: “productivity reform” to build a foundation for productivity improvement in terms of added value, “company-wide promotion of de-contracting business activities” to take on the challenge of moving forward to a new stage, and “internal reform” to build a foundation for transformation into a new corporate culture.

In addition, the Company conducted a business integration by means of a joint share transfer with Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. and became a wholly-owned subsidiary of INFRONEER Holdings Inc. on October 1, 2021.

For the six months ended September 30, 2021, net sales increased by 2.3% year-on-year to about ¥308.1 billion. For profit and loss, operating profit decreased by 47.7% year-on-year to about ¥9.1 billion, ordinary profit decreased by 52.1% year-on-year to about ¥9.1 billion, and profit attributable to owners of parent decreased by 53.1% year-on-year to about ¥4.7 billion.

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., has been applied from the beginning of the first quarter of the current fiscal year, and as a result, operating profit increased by ¥18 million, as net sales and cost of sales for the six months ended September 30, 2021, increased by ¥2,702 million and ¥2,684 million, respectively. Due to an increase of ¥90 million in non-operating income, ordinary profit and profit before income taxes both increased by ¥108 million. In addition, the balance of retained earnings at the beginning of the current period decreased by ¥177 million. Please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” for details.

Performance results by business segment are as follows.

[Building Construction]

Net sales increased by 4.0% year-on-year to about ¥115.8 billion and segment profit decreased by 22.9% year-on-year to about ¥1.4 billion.

[Civil Engineering]

Net sales decreased by 14.7% year-on-year to about ¥60.9 billion and segment profit decreased by 55.3% year-on-year to about ¥4.3 billion.

[Road Civil Engineering]

Net sales increased by 11.1% year-on-year to about ¥105.4 billion and segment loss was about ¥0.0 billion (about ¥3.3 billion of segment profit in the same period of the previous fiscal year).

[Manufacturing]

Net sales increased by 4.8% year-on-year to about ¥16.1 billion and segment profit increased by 59.4% year-on-year to about ¥0.8 billion.

[Infrastructure Management]

Net sales increased by 6.3% year-on-year to about ¥7.7 billion and segment profit decreased by 6.0% year-on-year to about ¥1.4 billion.

[Others]

Net sales increased by 147.9% year-on-year to about ¥1.9 billion and segment profit increased by 263.4% year-on-year to about ¥1.0 billion.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of September 30, 2021, were about ¥905.6 billion, a decrease of about ¥23.2 billion compared to the previous fiscal year, mainly due to a decrease in notes receivable, accounts receivable from completed construction contracts and other. Liabilities decreased by about ¥19.3 billion to about ¥542.0 billion compared to the previous fiscal year, mainly due to a decrease in account payable for works in progress and other. Net assets decreased about ¥3.8 billion compared to the previous fiscal year to about ¥363.6 billion. As a result of the above, equity, which is net assets minus non-controlling interests, amounted to about ¥267.6 billion, and equity ratio was 29.5%, up from 29.1% in the previous fiscal year.

2) Cash flows

Cash flows from operating activities for the six months ended September 30, 2021, were about ¥(7.8) billion, mainly due to a decrease in deposits received of about ¥16.3 billion. Cash flows from investing activities were about ¥(11.5) billion, mainly due to the purchase of property, plant and equipment and intangible assets of about ¥8.7 billion. Cash flows from financing activities were about ¥19.2 billion, due to about ¥41.9 billion in net increase in short-term borrowings. As a result of the above, the balance of cash and cash equivalents as of September 30, 2021, decreased about ¥0.1 billion compared to the previous fiscal year to about ¥98.8 billion.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

On October 1, 2021, through a joint share transfer with Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd., the Company established INFRONEER Holdings Inc., which became the wholly-owning parent company of the three companies. The following forecast is the full-year financial results forecast of INFRONEER Holdings Inc. announced on November 15, 2021.

The fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022) INFRONEER Holdings Inc.

Forecast of consolidated financial results

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (Yen)
Full year	710,000	40,000	39,700	25,400	87.49

Based on financial results for the six months ended September 30, 2021, the forecast of non-consolidated financial results of Maeda Corporation for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022) announced on May 14, 2021, was revised as follows.

The fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022) Maeda Corporation

Revision to forecast of non-consolidated financial results

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit	Earnings per share (Yen)
Previously announced forecast (A)	393,000	31,000	33,400	25,000	129.20
Revised forecast (B)	386,000	29,500	36,600	27,000	139.35
Difference (B-A)	(7,000)	(1,500)	3,200	2,000	
Increase/decrease (%)	(1.8)	(4.8)	9.6	8.0	
[Reference] Results for the fiscal year ended March 31, 2021	366,086	29,722	45,241	36,247	187.33

Although net sales and operating profit are expected to decrease by ¥7.0 billion and ¥1.5 billion, respectively, compared to the previous forecast, ordinary profit is expected to increase by ¥3.2 billion, and profit is expected to increase by ¥2.0 billion due to the sales of shares held for strategic purposes.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	100,687	100,526
Notes receivable, accounts receivable from completed construction contracts and other	263,430	252,702
Securities	30	30
Real estate for sale	2,371	1,987
Merchandise and finished goods	1,597	1,426
Costs on construction contracts in progress	18,729	15,633
Raw materials and supplies	2,602	2,894
Other	43,895	39,348
Allowance for doubtful accounts	(153)	(133)
Total current assets	433,190	414,416
Non-current assets		
Property, plant and equipment	165,558	164,753
Intangible assets		
Right to operate public facilities	114,424	112,087
Assets related to replacement investment to operate public facilities	23,845	23,327
Goodwill	26,639	23,257
Other	15,693	15,577
Total intangible assets	180,603	174,250
Investments and other assets		
Investment securities	131,063	132,821
Deferred tax assets	745	787
Retirement benefit asset	10,345	11,861
Other	8,876	8,212
Allowance for doubtful accounts	(1,674)	(1,523)
Total investments and other assets	149,357	152,159
Total non-current assets	495,519	491,163
Deferred assets	179	85
Total assets	928,889	905,665

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	7,837	6,237
Account payable for works in progress and other	109,917	97,377
Short-term borrowings	18,315	57,072
Current portion of non-recourse loans	1,381	1,375
Current portion of bonds payable	5,000	–
Income taxes payable	11,957	3,374
Advances received on construction contracts in progress	36,961	37,590
Provision for loss on construction contracts	629	665
Other provisions	9,662	9,471
Liabilities related to right to operate public facilities	4,501	4,528
Liabilities related to replacement investment to operate public facilities	4,819	3,873
Other	56,133	33,291
Total current liabilities	267,118	254,858
Non-current liabilities		
Bonds payable	45,000	45,000
Non-recourse bonds	20	20
Long-term borrowings	64,165	60,738
Non-recourse loans	15,864	15,139
Deferred tax liabilities	18,481	18,539
Retirement benefit liability	16,579	16,637
Other provisions	504	64
Liabilities related to right to operate public facilities	108,398	106,127
Liabilities related to replacement investment to operate public facilities	20,833	20,961
Other	4,394	3,920
Total non-current liabilities	294,242	287,148
Total liabilities	561,361	542,007
Net assets		
Shareholders' equity		
Share capital	28,463	28,463
Capital surplus	37,549	38,072
Retained earnings	178,526	175,826
Treasury shares	(2,833)	(2,020)
Total shareholders' equity	241,706	240,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,218	27,898
Deferred gains or losses on hedges	(19)	(19)
Foreign currency translation adjustment	2	(13)
Remeasurements of defined benefit plans	(883)	(603)
Total accumulated other comprehensive income	28,317	27,261
Non-controlling interests	97,504	96,054
Total net assets	367,527	363,657
Total liabilities and net assets	928,889	905,665

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly consolidated statements of income
Six months ended September 30, 2020 and 2021

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales		
Net sales of completed construction contracts	182,849	176,851
Sales in other businesses	118,393	131,304
Total net sales	301,243	308,155
Cost of sales		
Cost of sales of completed construction contracts	158,499	157,069
Cost of sales in other businesses	101,542	115,484
Total cost of sales	260,042	272,553
Gross profit		
Gross profit on completed construction contracts	24,350	19,781
Gross profit - other business	16,850	15,819
Total gross profit	41,201	35,601
Selling, general and administrative expenses	23,730	26,464
Operating profit	17,470	9,136
Non-operating income		
Interest income	73	128
Dividend income	3,222	1,235
Foreign exchange gains	-	76
Share of profit of entities accounted for using equity method	-	0
Other	192	233
Total non-operating income	3,488	1,674
Non-operating expenses		
Interest expenses	1,284	1,236
Foreign exchange losses	16	-
Share of loss of entities accounted for using equity method	79	-
Other	465	418
Total non-operating expenses	1,846	1,654
Ordinary profit	19,112	9,156
Extraordinary income		
Gain on sale of non-current assets	31	85
Gain on sale of investment securities	3,244	2,880
Other	24	247
Total extraordinary income	3,300	3,213
Extraordinary losses		
Loss on retirement of non-current assets	152	168
Loss on valuation of investment securities	270	-
Loss on disaster	-	83
Other	99	50
Total extraordinary losses	522	302
Profit before income taxes	21,890	12,068
Income taxes - current	9,188	4,081
Income taxes - deferred	(2,065)	692
Total income taxes	7,122	4,773
Profit	14,767	7,294
Profit attributable to non-controlling interests	4,606	2,531
Profit attributable to owners of parent	10,160	4,762

Quarterly consolidated statements of comprehensive income
Six months ended September 30, 2020 and 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	14,767	7,294
Other comprehensive income		
Valuation difference on available-for-sale securities	4,096	(1,447)
Deferred gains or losses on hedges	(16)	0
Foreign currency translation adjustment	(0)	(34)
Remeasurements of defined benefit plans, net of tax	274	241
Share of other comprehensive income of entities accounted for using equity method	21	27
Total other comprehensive income	4,376	(1,212)
Comprehensive income	19,143	6,082
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,704	3,706
Comprehensive income attributable to non-controlling interests	4,439	2,375

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	21,890	12,068
Depreciation	11,449	11,718
Amortization of goodwill	3,289	3,382
Increase (decrease) in allowance for doubtful accounts	(83)	(171)
Increase (decrease) in provision for loss on construction contracts	(94)	38
Increase (decrease) in retirement benefit liability	(1,069)	(1,064)
Interest and dividend income	(3,295)	(1,363)
Interest expenses	1,284	1,236
Foreign exchange losses (gains)	143	10
Share of loss (profit) of entities accounted for using equity method	79	(0)
Loss (gain) on sale of short-term and long-term investment securities	(3,202)	(2,880)
Loss (gain) on valuation of short-term and long-term investment securities	270	–
Loss (gain) on sale of non-current assets	(31)	(80)
Decrease (increase) in trade receivables	25,846	16,361
Decrease (increase) in costs on construction contracts in progress	1,927	(3,189)
Decrease (increase) in inventories	(987)	261
Decrease (increase) in consumption taxes refund receivable	(7,988)	(5,216)
Increase (decrease) in trade payables	(23,335)	(14,134)
Increase (decrease) in advances received on construction contracts in progress	(4,871)	663
Increase (decrease) in deposits received	(4,064)	(16,359)
Other, net	(456)	2,311
Subtotal	16,701	3,591
Interest and dividends received	3,578	1,764
Interest paid	(1,246)	(918)
Income taxes paid	(8,977)	(12,298)
Net cash provided by (used in) operating activities	10,055	(7,861)
Cash flows from investing activities		
Proceeds from sale of beneficial interests in trust	4,300	–
Purchase of property, plant and equipment and intangible assets	(9,225)	(8,718)
Purchase of rights to operate public facilities	(2,053)	(2,078)
Payments for replacement investment to operate public facilities	(191)	(885)
Proceeds from sale of property, plant and equipment and intangible assets	90	109
Purchase of investment securities	(2,608)	(4,266)
Proceeds from sale of investment securities	5,393	4,033
Purchase of shares of subsidiaries and associates	(275)	(417)
Loan advances	(502)	(5)
Proceeds from collection of loans receivable	346	122
Other, net	723	599
Net cash provided by (used in) investing activities	(4,002)	(11,507)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(21,600)	41,900
Repayments of long-term borrowings	(445)	(6,219)
Decrease in non-recourse payable	(1,025)	(731)
Proceeds from issuance of bonds	19,888	–
Redemption of bonds	–	(5,000)
Repayments of finance lease obligations	(122)	(146)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	509	1,690
Dividends paid	(3,640)	(7,144)
Dividends paid to non-controlling interests	(44,870)	(5,222)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	–	160
Other, net	(61)	(33)
Net cash provided by (used in) financing activities	(51,367)	19,254
Effect of exchange rate change on cash and cash equivalents	(70)	(16)
Net increase (decrease) in cash and cash equivalents	(45,384)	(130)
Cash and cash equivalents at beginning of period	121,912	98,976
Cash and cash equivalents at end of period	76,527	98,845

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Standard"), etc., has been applied from the beginning of the first quarter of the current fiscal year, and revenue is recognized at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

Previously, the Company Group applied the percentage-of-completion method for construction projects for which the outcome of construction activity is deemed certain during the course of the activity, and the completed-contract method for other projects. From the beginning of the first quarter of the current fiscal year, for construction projects for which the degree of completion pertaining to the satisfaction of performance obligations can be reasonably estimated, the Company Group recognizes revenue over a certain period of time as performance obligations are satisfied. The Company Group primarily applies the input method based on the cost incurred as a method of estimating the degree of completion pertaining to the satisfaction of performance obligations. Except for the initial stage of a contract, the Company Group recognizes revenue using the cost recovery method for construction projects for which the degree of completion pertaining to the satisfaction of performance obligations cannot be reasonably estimated but for which the Company Group expects to recover the costs incurred. For construction contracts with a very short period between the commencement date of the transaction in the contract and the date when the performance obligations are expected to be fully satisfied, the Company Group recognizes revenue when the performance obligations are fully satisfied.

For the application of the Revenue Recognition Standard, etc., the Company Group has followed the transitional treatment prescribed in the proviso to Paragraph 84 of the Revenue Recognition Standard, and the cumulative effect of retroactively applying the new accounting policies prior to the beginning of the first quarter of the current fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policies have been applied from the balance at the beginning of said period. However, the Company Group has applied the method prescribed in Paragraph 86 of the Revenue Recognition Standard and has not applied the new accounting policies retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year. In addition, the Company Group has applied the method prescribed in Paragraph 86, Subparagraph 1 of the Revenue Recognition Standard to account for contract changes made prior to the beginning of the first quarter of the current fiscal year based on the contract terms after reflecting all contract changes, and has added or subtracted its cumulative effect to retained earnings at the beginning of the first quarter of the current fiscal year.

As a result, operating profit increased by ¥18 million, as net sales and cost of sales for the six months ended September 30, 2021, increased by ¥2,702 million and ¥2,684 million, respectively. Due to an increase of ¥90 million in non-operating income, ordinary profit and profit before income taxes both increased by ¥108 million. In addition, the balance of retained earnings at the beginning of the current period decreased by ¥177 million.

In accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the six months ended September 30, 2020, is not presented.

Application of Accounting Standard for Fair Value Measurement, etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Accounting Standard"), etc., has been applied from the beginning of the first quarter of the current fiscal year, and the new accounting policies prescribed by the Fair Value Accounting Standard, etc., will be prospectively applied in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The effect of the application of the Fair Value Accounting Standard, etc., on the quarterly consolidated financial statements is immaterial.

(Additional information)

Transactions to offer the Company's shares to employees, etc. through trust

(1) Stock Benefit Trust Disposition-type Employee Stock Ownership Plan

The Company conducts transactions to offer the Company's shares to the employee stock ownership plan through trust, with the aim of enhancing employees' benefits and providing incentives for employees to increase the corporate value of the Company.

1. Descriptions of transactions

In March 2019, the Company introduced a "Stock Benefit Trust Disposition-type Employee Stock Ownership Plan" (hereinafter the "ESOP").

To initiate the ESOP, the Company concluded the "Stock Benefit Trust (disposition-type ESOP) Agreement" (hereinafter the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (hereinafter the "Trustee"). In addition, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee, Trust & Custody Services Bank, Ltd. (hereinafter the "Trust Account E"). The Trust Account E acquires shares of the Company that the Maeda Corporation Employee Stock Holding Partnership (hereinafter the "Stock Holding Partnership") is expected to obtain over three years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company's shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to Stock Holding Partnership enrollees that meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee that enable the Trust Account E to acquire Company's shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company's shares up until termination of the ESOP Trust. The ESOP Trust was terminated as of the end of the six months ended September 30, 2021.

2. Company's shares remaining in trust

Although the Company's shares remaining in trust were recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses), as all shares held by the trust were sold during the six months ended September 30, 2021, there are no treasury shares remaining in the trust. The book value and number of shares of the relevant treasury shares were ¥104 million and 92 thousand shares as of March 31, 2021.

3. Book value of borrowings recorded by using the gross method

There is no book value of borrowings recorded by using the gross method during the six months ended September 30, 2021. Related borrowings amounted to ¥351 million as of March 31, 2021.

(2) Board Benefit Trust (BBT)

The Company conducts transactions to offer the Company's shares to directors (excluding outside directors) and executive officers (hereinafter collectively the "Directors") through trust, in order to clarify a linkage among the Directors' rewards, the Company's financial result, and the value of the Company's stock, and to strengthen incentives to the Directors aiming to increase the corporate value of the Company for the purposes of sharing values with stockholders.

1. Descriptions of transactions

The Company introduced a performance-based stock compensation plan called "Board Benefit Trust" (hereinafter the "BBT") by the resolution approved at the 74th general shareholders meeting held on June 21, 2019.

Under the BBT, in accordance with the Regulations on Stock Benefits for Officers (hereinafter the "Regulations") stipulated by the Company, points will be granted to the Directors according to the standards prescribed by the Company based on the degree of achievement of business results, etc., and on a certain date immediately after the end of the Medium Term Business Plan period, the Company's shares will be granted to the Directors who satisfy the requirements for the beneficiaries set forth in the Regulations (hereinafter the "Beneficiaries") in proportion to the number of points granted to the Beneficiaries. However, if the Beneficiaries satisfy the requirements set forth in the Regulations, cash equivalent to the fair value of the Company's shares will be provided for a certain percentage of the points.

2. Company's shares remaining in trust

The Company's shares remaining in trust are recorded as treasury shares in the part of net assets at the book value

in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥549 million and 657 thousand shares as of March 31, 2021, and September 30, 2021.

Accounting estimates concerning COVID-19

There are no significant changes in the assumptions regarding the impact of COVID-19 described in the additional information section of the Annual Securities Report for the previous fiscal year.

(Segment information)

(Segment information)

I. For the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment						Others (Note 1)	Total	Adjust- ment (Note 2)	Amount recorded in quarterly consol- idated statements of income (Note 3)
	Building Construc- tion	Civil Engi- neering	Road Civil Engi- neering	Manufac- turing	Infra- structure Manage- ment	Total				
Net sales										
Net sales to outside customers	111,383	71,466	94,901	15,444	7,245	300,441	801	301,243	–	301,243
Inter-segment net sales or transfers	423	79	1,076	1,221	–	2,801	17	2,818	(2,818)	–
Total	111,806	71,545	95,978	16,666	7,245	303,242	819	304,062	(2,818)	301,243
Segment profit (loss)	1,907	9,818	3,379	503	1,530	17,139	279	17,418	52	17,470

(Notes) 1. “Others” is the segment which is not included in reportable segments, namely the real estate business.

2. Adjustment of segment profit includes inter-segment transactions of ¥52 million.

3. Adjustments are made to reconcile segment profit to operating profit reported on the quarterly consolidated statements of income.

4. In accordance with the significant revision of the initial allocation of acquisition cost described in the “Note (Business combination),” figures after the revision are shown.

II. For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Information on net sales and profit (loss) by reportable segment and income breakdown

(Millions of yen)

	Reportable segment						Others (Note 1)	Total	Adjust- ment (Note 2)	Amount recorded in quarterly consol- idated statements of income (Note 3)
	Building Construc- tion	Civil Engi- neering	Road Civil Engi- neering	Manufac- turing	Infra- structure Manage- ment	Total				
Net sales										
Goods transferred at a point in time	15,476	549	82,270	11,889	7,672	117,859	1,147	119,006	–	119,006
Goods transferred over time	100,397	60,427	23,068	2,489	–	186,382	–	186,382	–	186,382
Income from contracts with customers	115,874	60,977	105,339	14,378	7,672	304,241	1,147	305,389	–	305,389
Other income	–	–	82	1,812	31	1,926	839	2,766	–	2,766
Net sales to outside customers	115,874	60,977	105,422	16,191	7,704	306,168	1,986	308,155	–	308,155
Inter-segment net sales or transfers	907	45	1,004	2,900	–	4,858	12	4,870	(4,870)	–
Total	116,781	61,022	106,427	19,091	7,704	311,026	1,999	313,026	(4,870)	308,155
Segment profit (loss)	1,471	4,393	(76)	802	1,438	8,029	1,014	9,043	93	9,136

(Notes) 1. “Others” is the segment which is not included in reportable segments, namely the real estate business.

2. Adjustment of segment profit (loss) includes inter-segment transactions of ¥93 million.

3. Adjustments are made to reconcile segment profit (loss) to operating profit reported on the quarterly consolidated statements of income.

(Business combination)

Finalization of provisional accounting treatment associated with business combination and significant revision of initial allocation of acquisition cost in comparative information

Regarding the business combination between the Company and Maeda Road Construction Co., Ltd. on March 19, 2020, although the Company applied a provisional accounting treatment for the fiscal year ended March 31, 2020, the Company finalized it for the fiscal year ended March 31, 2021.

Associated with this confirmation of the provisional accounting treatment, a consequential revision is reflected in the initial allocation of acquisition cost included in the quarterly consolidated financial statements for the six months ended September 30, 2021.

As a result, operating profit, ordinary profit, and profit before income taxes in the quarterly consolidated statements of income for the six months ended September 30, 2020 all increased by ¥27 million, and profit attributable to owners of parent increased by ¥1,026 million.

(Significant subsequent event)

Establishment of a holding company through joint share transfer

On October 1, 2021, the Company, Maeda Road Construction Co., Ltd. (hereinafter “Maeda Road”) and Maeda Seisakusho Co., Ltd. (hereinafter “Maeda Seisakusho”; the Company, Maeda Road, and Maeda Seisakusho will be collectively referred to as the “Three Companies”) conducted a business integration (hereinafter the “Business Integration”) by establishing INFRONEER Holdings Inc. (hereinafter the “Holding Company”), which became the wholly-owning parent company of the Three Companies, through a joint share transfer (hereinafter the “Share Transfer”).

1. Purpose of the Share Transfer

In order for the entire group to work together to achieve sustainable growth in the face of significant changes in the business environment in the future, we believe it is essential for the Three Companies to work more closely together than ever before, and to maximize synergies for the entire group by building a solid management base that can respond to changes in the business environment and optimally allocating management resources. We firmly believe that carrying out group strategies in an integrated manner by transitioning to a holding company structure through the Business Integration will contribute to the enhancement of the corporate value of the Three Companies and the group as a whole.

2. Overview of the Share Transfer

(1) Method of the Share Transfer

The method of the Share Transfer was a joint share transfer where the Three Companies became wholly owned subsidiaries resulting from the Share Transfer and the joint holding company became the wholly-owning parent company.

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

	The Company	Maeda Road	Maeda Seisakusho
Share transfer ratio	1.00	2.28	0.58

(Note 1) Share allocation ratio

1.00 share of common stock of the Holding Company was allotted for each share of common stock of the Company, 2.28 shares of common stock of the Holding Company were allotted for each share of common stock of Maeda Road, 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 unit of shares of the Holding Company is 100 shares.

(Note 3) Number of new shares to be delivered by the Holding Company

Common stock: 391,539,797 shares

(3) Outline of the company to be established through the Share Transfer

Name	INFRONEER Holdings Inc.
Location	2-10-2, Fujimi, Chiyoda-ku, Tokyo
Name and Titles of representative	Kazunari Kibe, Representative Executive Officer and President
Business description	Provision of a full range of infrastructure services, including planning and proposal, design, construction, and operation and maintenance of infrastructure, as well as management of subsidiaries engaged in construction (civil engineering and building), road civil engineering, and manufacturing and sales of construction machinery under its control and the group, and all other businesses associated or related thereto.
Share capital	¥20,000 million
Fiscal year end	March 31

(4) Outline of accounting treatment in connection with the Share Transfer

The Share Transfer falls under “common control transactions, etc.” in the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019).

3. Supplementary Information

(1) (Reference) Maeda Corporation Quarterly Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	34,345	32,948
Notes receivable, accounts receivable from completed construction contracts and other	199,139	200,725
Real estate for sale	2,371	1,987
Costs on construction contracts in progress	11,404	5,912
Other	38,181	37,345
Allowance for doubtful accounts	(99)	(261)
Total current assets	285,342	278,657
Non-current assets		
Property, plant and equipment	46,845	46,534
Intangible assets	7,504	7,957
Investments and other assets		
Investment securities	211,400	213,430
Other	4,557	4,822
Allowance for doubtful accounts	(214)	(214)
Total investments and other assets	215,743	218,038
Total non-current assets	270,093	272,529
Total assets	555,436	551,186

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	7,933	6,385
Account payable for works in progress	72,266	64,072
Short-term borrowings	14,280	53,720
Current portion of bonds payable	5,000	–
Income taxes payable	6,660	806
Advances received on construction contracts in progress	30,850	28,363
Provision for loss on construction contracts	406	395
Other provisions	5,145	4,935
Other	52,099	31,250
Total current liabilities	194,641	189,928
Non-current liabilities		
Bonds payable	45,000	45,000
Long-term borrowings	62,711	59,560
Deferred tax liabilities	8,489	8,423
Provision for retirement benefits	8,725	8,779
Other provisions	440	–
Other	2,152	2,103
Total non-current liabilities	127,518	123,866
Total liabilities	322,159	313,794
Net assets		
Shareholders' equity		
Share capital	28,463	28,463
Capital surplus	36,587	36,587
Retained earnings	141,340	146,402
Treasury shares	(799)	(549)
Total shareholders' equity	205,591	210,904
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	27,685	26,487
Total valuation and translation adjustments	27,685	26,487
Total net assets	233,276	237,392
Total liabilities and net assets	555,436	551,186

(Note) The quarterly non-consolidated balance sheets are prepared in accordance with the Regulation on Quarterly Financial Statements and presented in accordance with the Regulation for Enforcement of the Construction Business Act, but are not subject to review under statutory disclosure.

(2) (Reference) Maeda Corporation Quarterly Non-Consolidated Statements of Income

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales		
Net sales of completed construction contracts	168,689	162,776
Sales in other businesses	1,401	2,565
Total net sales	<u>170,091</u>	<u>165,342</u>
Cost of sales		
Cost of sales of completed construction contracts	145,384	144,479
Cost of sales in other businesses	443	838
Total cost of sales	<u>145,827</u>	<u>145,317</u>
Gross profit		
Gross profit on completed construction contracts	23,305	18,297
Gross profit - other business	957	1,727
Total gross profit	<u>24,263</u>	<u>20,025</u>
Selling, general and administrative expenses	12,001	13,620
Operating profit	<u>12,261</u>	<u>6,404</u>
Non-operating income		
Interest income	197	121
Dividend income	16,688	7,534
Foreign exchange gains	-	71
Other	68	137
Total non-operating income	<u>16,954</u>	<u>7,863</u>
Non-operating expenses		
Interest expenses	560	552
Foreign exchange losses	10	-
Other	204	187
Total non-operating expenses	<u>775</u>	<u>740</u>
Ordinary profit	<u>28,440</u>	<u>13,527</u>
Extraordinary income		
Gain on sale of non-current assets	14	13
Gain on sale of investment securities	1,565	1,791
Gain on extinguishment of tie-in shares	1,686	-
Other	2	73
Total extraordinary income	<u>3,269</u>	<u>1,879</u>
Extraordinary losses		
Loss on retirement of non-current assets	24	36
Loss on valuation of investment securities	270	-
Loss on support to subsidiaries and associates	239	163
Other	2	5
Total extraordinary losses	<u>536</u>	<u>205</u>
Profit before income taxes	<u>31,173</u>	<u>15,202</u>
Income taxes	6,536	2,424
Profit	<u>24,636</u>	<u>12,778</u>

(Note) The quarterly non-consolidated statements of income are prepared in accordance with the Regulation on Quarterly Financial Statements and presented in accordance with the Regulation for Enforcement of the Construction Business Act, but are not subject to review under statutory disclosure.

(3) Maeda Corporation Orders Received, Net Sales and Backlog (Non-Consolidated)

1. Orders Received

(Millions of yen)

	Six months ended September 30, 2020		Six months ended September 30, 2021		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Public Works	19,990	15.2	62,424	35.6	42,433	212.3
Private Works	58,753	44.7	61,960	35.4	3,207	5.5
Overseas	36	0.0	22	0.0	(14)	(38.4)
Building Construction	78,781	60.0	124,407	71.0	45,626	57.9
Public Works	33,037	25.2	20,192	11.5	(12,845)	(38.9)
Private Works	18,062	13.8	27,735	15.8	9,672	53.6
Overseas	29	0.0	239	0.1	210	704.5
Civil Engineering	51,130	38.9	48,166	27.5	(2,963)	(5.8)
Public Works	53,028	40.4	82,616	47.2	29,587	55.8
Private Works	76,815	58.5	89,695	51.2	12,879	16.8
Overseas	66	0.1	262	0.1	195	294.0
Construction Total	129,911	98.9	172,574	98.5	42,663	32.8
Infrastructure Management	582	0.4	566	0.3	(16)	(2.8)
Real Estate	831	0.6	2,013	1.1	1,181	142.1
Total	131,325	100.0	175,154	100.0	43,829	33.4

2. Net Sales

(Millions of yen)

	Six months ended September 30, 2020		Six months ended September 30, 2021		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Public Works	11,858	7.0	16,356	9.9	4,498	37.9
Private Works	85,324	50.2	84,899	51.3	(425)	(0.5)
Overseas	461	0.3	2	0.0	(459)	(99.5)
Building Construction	97,644	57.4	101,258	61.2	3,614	3.7
Public Works	44,248	26.0	35,734	21.6	(8,513)	(19.2)
Private Works	26,289	15.5	25,550	15.5	(739)	(2.8)
Overseas	507	0.3	233	0.1	(274)	(54.1)
Civil Engineering	71,045	41.8	61,518	37.2	(9,527)	(13.4)
Public Works	56,106	33.0	52,091	31.5	(4,014)	(7.2)
Private Works	111,613	65.6	110,449	66.8	(1,164)	(1.0)
Overseas	969	0.6	235	0.1	(734)	(75.7)
Construction Total	168,689	99.2	162,776	98.4	(5,912)	(3.5)
Infrastructure Management	582	0.3	566	0.3	(16)	(2.8)
Real Estate	819	0.5	1,999	1.2	1,180	144.1
Total	170,091	100.0	165,342	100.0	(4,748)	(2.8)

3. Backlog

(Millions of yen)

	Six months ended September 30, 2020		Six months ended September 30, 2021		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Public Works	53,925	9.3	90,106	13.5	36,180	67.1
Private Works	248,831	43.1	284,272	42.7	35,441	14.2
Overseas	28	0.0	32	0.0	3	13.4
Building Construction	302,785	52.4	374,410	56.2	71,625	23.7
Public Works	120,637	20.9	144,348	21.7	23,711	19.7
Private Works	152,919	26.5	146,186	22.0	(6,733)	(4.4)
Overseas	1,066	0.2	673	0.1	(392)	(36.8)
Civil Engineering	274,622	47.5	291,207	43.7	16,585	6.0
Public Works	174,562	30.2	234,454	35.2	59,891	34.3
Private Works	401,750	69.5	430,458	64.6	28,707	7.1
Overseas	1,094	0.2	705	0.1	(388)	(35.5)
Construction Total	577,407	99.9	665,618	100.0	88,210	15.3
Infrastructure Management	—	—	—	—	—	—
Real Estate	314	0.1	314	0.0	(0)	(0.1)
Total	577,722	100.0	665,932	100.0	88,210	15.3

(4) Maeda Corporation Non-Consolidated Forecast of Orders Received for the Construction Business

(Millions of yen)

	Fiscal year ending March 31, 2022		Six months ended September 30, 2021	
	Full-year forecast	%	Results for the current period	Progress (%)
Building Construction	260,000	6.0	124,407	47.8
Civil Engineering	160,000	(2.2)	48,166	30.1
Total	420,000	2.7	172,574	41.1

(Note) Percentages indicate year-on-year changes.

(5) Summary of Financial Result Forecast

The fiscal year ending March 31, 2022

Summary of Maeda Corporation non-consolidated financial results forecast

(Millions of yen)

	Six months ended September 30, 2021			Fiscal year ending March 31, 2022		
	Results for the previous period	Results for the current period	YoY Change	Full-year forecast	YoY Change	Progress
Net sales	170,091	165,342	(4,748)	386,000	19,913	42.8%
Construction Total	168,689	162,776	(5,912)	375,750	12,711	43.3%
Building Construction	97,644	101,258	3,614	226,400	12,006	44.7%
Civil Engineering	71,045	61,518	(9,527)	149,350	705	41.2%
Infrastructure Management	582	566	(16)	7,500	6,076	7.6%
Real Estate	819	1,999	1,180	2,750	1,125	72.7%
Gross profit	24,263	20,025	(4,238)	56,000	2,329	35.8%
	14.3%	12.1%	(2.2)%	14.5%	(0.2)%	
Construction Total	23,305	18,297	(5,008)	47,020	(4,506)	38.9%
	13.8%	11.2%	(2.6)%	12.5%	(1.7)%	
Building Construction	8,743	8,795	51	24,250	3,418	36.3%
	9.0%	8.7%	(0.3)%	10.7%	1.0%	
Civil Engineering	14,561	9,501	(5,059)	22,770	(7,924)	41.7%
	20.5%	15.4%	(5.1)%	15.2%	(5.4)%	
Infrastructure Management	569	565	(3)	7,500	6,090	7.5%
	97.7%	99.8%	2.1%	100.0%	1.0%	
Real Estate	388	1,162	773	1,480	744	78.5%
	47.5%	58.1%	10.6%	53.8%	8.6%	
Selling, general and administrative expenses	12,001	13,620	1,618	26,500	2,552	51.4%
Operating profit	12,261	6,404	(5,857)	29,500	(222)	21.7%
Ordinary profit	28,440	13,527	(14,912)	36,600	(8,641)	37.0%
Profit	24,636	12,778	(11,858)	27,000	(9,247)	47.3%

(Note) Percentages indicate ratio of gross profit to net sales.

(Reference) Summary of Forecast of Consolidated Financial Results of INFRONEER Holdings Inc. for the Fiscal Year Ending March 31, 2022

(Millions of yen)

	Fiscal year ending March 31, 2022 (Forecast)
Net sales	710,000
Building Construction	227,200
Civil Engineering	150,300
Road Civil Engineering	238,000
Machinery	33,700
Infrastructure Management	23,000
Other	37,800
Gross profit	95,600
	13.5%
Building Construction	24,900
	11.0%
Civil Engineering	23,500
	15.6%
Road Civil Engineering	24,900
	10.5%
Machinery	7,400
	22.0%
Infrastructure Management	10,300
	44.8%
Other	4,600
	12.2%
Selling, general and administrative expenses	55,600
Operating profit	40,000
Ordinary profit	39,700
Profit attributable to owners of parent	25,400

(Note) Percentages indicate ratio of gross profit to net sales.

(Note) The above segment information is for the period from October 1, 2021.