

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 14, 2022

Company name: INFRONEER Holdings Inc.
 Stock exchange listing: Tokyo
 Stock code: 5076 URL <https://www.infroneer.com>
 Representative: Representative Executive Officer and Kazunari Kibe
 President
 Inquiries: General Manager of Financial Strategy Kazutaka Deguchi TEL 03-6380-8253
 Scheduled date to file Quarterly Securities Report: February 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	482,288	–	17,557	–	17,980	–	10,703	–
Nine months ended December 31, 2020	–	–	–	–	–	–	–	–

(Note) Comprehensive income: Nine months ended December 31, 2021: ¥1,089 million [–%]

Nine months ended December 31, 2020: ¥– million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	37.59	–
Nine months ended December 31, 2020	–	–

(Notes) 1. The Company was established by joint share transfer on October 1, 2021; therefore, there are no year-on-year quarterly results.

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 of Maeda Corporation, the former parent company, which has become a wholly-owned subsidiary of the Company resulting from the share transfer, and figures for the nine months ended December 31, 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 December 31, 2021	924,451	357,254	37.7
As of March 31, 2021	–	–	–

(Reference) Equity: As of December 31, 2021: ¥348,296 million

As of March 31, 2021: ¥– million

(Notes) 1. The Company was established by joint share transfer on October 1, 2021; therefore, there are no year-on-year quarterly results.

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 of Maeda Corporation, the former parent company, which has become a wholly-owned subsidiary of the Company resulting from the share transfer, and figures as of December 31, 2021, 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	–	–	–	–	–
Fiscal year ending March 31, 2022	–	–	–	–	–
Fiscal year ending March 31, 2022 (Forecast)				40.00	40.00

(Notes) 1. Revision to the forecast of dividends announced most recently: Yes

2. The Company was established by joint share transfer on October 1, 2021; therefore, there are no results for the preceding period or through the six months ended September 30, 2021.

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

(Note) Revision to the forecast of consolidated financial results announced most recently: No

* Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 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 (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 11 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 December 31, 2021	291,070,502 shares	As of March 31, 2021	– shares
-------------------------	--------------------	----------------------	----------

2) Number of treasury shares at the end of the period

As of December 31, 2021	11,305,691 shares	As of March 31, 2021	– shares
-------------------------	-------------------	----------------------	----------

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	284,753,178 shares	Nine months ended December 31, 2020	– shares
-------------------------------------	--------------------	-------------------------------------	----------

(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 deducted in the calculation of the average number of shares during the period (23,860 shares at the end of the nine months ended December 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 nine months ended December 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 nine months ended December 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 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 these forecast. Actual results may differ significantly from those presented herein as a result of numerous factors.
- The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. (hereinafter “Maeda Road”) and Maeda Seisakusho Co., Ltd. (hereinafter “Maeda Seisakusho”) by means of a joint share transfer. Prior to the business integration, Maeda Road and Maeda Seisakusho were consolidated subsidiaries of Maeda Corporation, and as there has been no substantial change in the scope of consolidation of the Company due to the integration, the business results of the Company will be calculated based on full-year consolidated business results of the former Maeda Corporation.
- The current quarterly consolidated accounting period is the Company’s first quarterly consolidated accounting period, but it has been recorded as the nine months ended December 31, 2021.

○ Table of Contents

1. Qualitative Information on Quarterly Financial Results	5
(1) Explanation of Operating Results	5
(2) Explanation of Financial Position.....	6
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	6
2. Quarterly Consolidated Financial Statements and Primary Notes	7
(1) Quarterly Consolidated Balance Sheet.....	7
(2) Quarterly Consolidated Statement of Income and Comprehensive Income	9
(3) Notes to Quarterly Consolidated Financial Statements.....	11
(Notes on going concern assumption)	11
(Notes in the case of significant changes in amount of shareholders' equity).....	11
(Additional information)	11
(Changes in accounting policies).....	11
(Segment information)	13
(Business combination)	14
(Significant subsequent event)	15
3. Supplementary Information.....	16
(1) (Building Construction Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog ..	16
(2) (Civil Engineering Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog	16
(3) (Road Civil Engineering Segment) Classified by Type: Orders Received, Net Sales and Backlog	17
(4) Summary of Forecast of Consolidated Financial Results	18
(Reference) Maeda Corporation: Supplementary Information	19

1. Qualitative Information on Quarterly Financial Results

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. (hereinafter “Maeda Road”) and Maeda Seisakusho Co., Ltd. (hereinafter “Maeda Seisakusho”) by means of a joint share transfer. Prior to the business integration, Maeda Road and Maeda Seisakusho were consolidated subsidiaries of Maeda Corporation, and there has been no substantial change in the scope of consolidation of the Company due to the integration. However, as the current nine months ended December 31, 2021 are the first quarterly consolidated accounting period since the establishment of the Company, no comparison with the previous consolidated fiscal year or the nine months ended December 31, 2020 has been done.

(1) Explanation of Operating Results

During the nine months ended December 31, 2021, the Japanese economy continued to face difficult conditions due to an uncertain future because of concern over the spread of the novel coronavirus infection (COVID-19) due to variants, although it showed signs of recovery owing to the relaxation of restrictions placed on socioeconomic activities due to the effect of the spread of COVID-19 worldwide, thanks to vaccinations and various policies.

In the construction industry, although public investment remained at high levels due to the execution of related budgets, the area weakened, and a standstill was seen in signs of recovery shown for housing construction and capital investment.

Under these circumstances, the Company was established on October 1, 2021, as a wholly-owning parent company of the three companies of Maeda Corporation, Maeda Road, and Maeda Seisakusho by means of a joint share transfer. With the objective of the entire group achieving growth under the Company, the Company will strive to be a “company trusted by all stakeholders” by determining to aim for the mid- to long-term state of being an “integrated infrastructure service company,” establishing a “highly profitable and stable revenue base” without being influenced by external factors, operating expeditiously and appropriately, such as by building an effective governance structure and promoting digital transformation, and strengthening the ability to deal with social changes.

In addition, the Company received the results of the initial assessment regarding the new market segments from the Tokyo Stock Exchange, Inc. on October 1, 2021 and confirmed that it meets the listing criteria for the Prime Market.

Based on these results, the Company resolved at the Board of Directors’ Meeting held on December 16, 2021 to select the Prime Market in the new market segments of the Tokyo Stock Exchange, Inc., to which transition is scheduled on April 4, 2022, applied for selection in accordance with the prescribed procedure, and has been accepted.

For the nine months ended December 31, 2021, net sales were about ¥482.2 billion. For profit and loss, operating profit was about ¥17.5 billion, ordinary profit was about ¥17.9 billion, and profit attributable to owners of parent was about ¥10.7 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 fiscal year ending March 31, 2022 of Maeda Corporation, the former parent company, which has become a wholly-owned subsidiary of the Company resulting from the share transfer. Please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” for details.

Performance results by business segment are as follows.

[Building Construction]

Although the amount for work-on-hand construction contracts remained steady in the building construction due to orders such as for large-scale construction of indoor sports facilities, and orders from the previous period such as large-scale construction of redevelopments, regarding construction work in Japan, net sales were about ¥152.5 billion and segment profit was about ¥2.6 billion because volume showed little growth in the period due to the starting period of construction.

[Civil Engineering]

Net sales were about ¥99.2 billion, and segment profit was about ¥8.8 billion in civil engineering due to factors such as a decrease in large-scale completed construction contracts and cancellation of work-on-hand construction contracts from the beginning of the period.

[Road Civil Engineering]

Although construction work pertaining to pavement construction, etc., and production and sales of asphalt mixture, etc., remained strong in road civil engineering, net sales were about ¥167.2 billion and segment profit was about ¥1.2 billion due to a rise in the cost of sales accompanying a steep rise in oil prices because of sustainment of a coordinated production cut policy in oil-producing countries.

[Machinery]

For machinery, net sales were about ¥24.9 billion, and segment profit was about ¥1.1 billion due to sales of products related to construction machinery, etc., remaining strong and recovery from the impact of COVID-19 also in sales of products related to industrial machinery, etc.

[Infrastructure Management]

For infrastructure management, net sales were about ¥11.8 billion, and segment profit was about ¥1.7 billion due to facility operation profit of consolidated subsidiaries, centered on Aichi Road Concession Co., Ltd.

[Others]

Net sales were about ¥26.4 billion, and segment profit was about ¥1.1 billion.

(2) Explanation of Financial Position

Total assets as of December 31, 2021 were about ¥924.4 billion. Liabilities were about ¥567.1 billion. Net assets were about ¥357.2 billion. As a result of the above, equity, which is net assets minus non-controlling interests, amounted to about ¥348.2 billion, and equity ratio was 37.7%.

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

Based on financial results for the nine months ended December 31, 2021, the forecast of dividends for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022), determined pending on November 15, 2021, was announced.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

As of December 31, 2021

Assets	
Assets	
Current assets	
Cash and deposits	85,565
Notes receivable, accounts receivable from completed construction contracts and other	283,547
Securities	30
Real estate for sale	1,987
Merchandise and finished goods	1,830
Costs on construction contracts in progress	18,103
Raw materials and supplies	3,039
Other	52,403
Allowance for doubtful accounts	(135)
Total current assets	446,372
Non-current assets	
Property, plant and equipment	166,248
Intangible assets	
Right to operate public facilities	110,838
Assets related to replacement investment to operate public facilities	23,082
Goodwill	21,574
Other	15,342
Total intangible assets	170,838
Investments and other assets	
Investment securities	121,878
Deferred tax assets	747
Retirement benefit asset	12,618
Other	5,967
Allowance for doubtful accounts	(295)
Total investments and other assets	140,916
Total non-current assets	478,002
Deferred assets	75
Total assets	924,451

(Millions of yen)

As of December 31, 2021

Liabilities	
Current liabilities	
Electronically recorded obligations - operating	7,231
Account payable for works in progress and other	97,443
Short-term borrowings	93,225
Current portion of non-recourse loans	1,375
Income taxes payable	1,247
Advances received on construction contracts in progress	35,420
Provision for loss on construction contracts	707
Other provisions	4,720
Liabilities related to right to operate public facilities	4,528
Liabilities related to replacement investment to operate public facilities	3,604
Other	34,513
Total current liabilities	284,019
Non-current liabilities	
Bonds payable	45,000
Non-recourse bonds	20
Long-term borrowings	57,858
Non-recourse loans	15,139
Deferred tax liabilities	17,126
Retirement benefit liability	16,871
Liabilities related to right to operate public facilities	106,127
Liabilities related to replacement investment to operate public facilities	21,030
Other	4,002
Total non-current liabilities	283,176
Total liabilities	567,196
Net assets	
Shareholders' equity	
Share capital	20,000
Capital surplus	134,121
Retained earnings	182,407
Treasury shares	(7,882)
Total shareholders' equity	328,647
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	20,150
Deferred gains or losses on hedges	(5)
Foreign currency translation adjustment	(37)
Remeasurements of defined benefit plans	(459)
Total accumulated other comprehensive income	19,648
Non-controlling interests	8,958
Total net assets	357,254
Total liabilities and net assets	924,451

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly consolidated statement of income

Nine months ended December 31, 2021

(Millions of yen)

	Nine months ended December 31, 2021
Net sales	
Net sales of completed construction contracts	274,153
Sales in other businesses	208,134
Total net sales	<u>482,288</u>
Cost of sales	
Cost of sales of completed construction contracts	241,524
Cost of sales in other businesses	182,406
Total cost of sales	<u>423,930</u>
Gross profit	
Gross profit on completed construction contracts	32,628
Gross profit - other business	25,728
Total gross profit	<u>58,357</u>
Selling, general and administrative expenses	<u>40,800</u>
Operating profit	<u>17,557</u>
Non-operating income	
Interest income	174
Dividend income	2,049
Share of profit of entities accounted for using equity method	311
Other	482
Total non-operating income	<u>3,017</u>
Non-operating expenses	
Interest expenses	1,889
Other	705
Total non-operating expenses	<u>2,594</u>
Ordinary profit	<u>17,980</u>
Extraordinary income	
Gain on sale of non-current assets	126
Gain on sale of investment securities	3,321
Other	319
Total extraordinary income	<u>3,767</u>
Extraordinary losses	
Loss on retirement of non-current assets	287
Other	136
Total extraordinary losses	<u>423</u>
Profit before income taxes	<u>21,324</u>
Income taxes - current	5,294
Income taxes - deferred	2,665
Total income taxes	<u>7,959</u>
Profit	<u>13,364</u>
Profit attributable to non-controlling interests	<u>2,661</u>
Profit attributable to owners of parent	<u>10,703</u>

Quarterly consolidated statement of comprehensive income
Nine months ended December 31, 2021

(Millions of yen)

	Nine months ended December 31, 2021
Profit	13,364
Other comprehensive income	
Valuation difference on available-for-sale securities	(12,019)
Deferred gains or losses on hedges	29
Foreign currency translation adjustment	(31)
Remeasurements of defined benefit plans, net of tax	(289)
Share of other comprehensive income of entities accounted for using equity method	35
Total other comprehensive income	<u>(12,275)</u>
Comprehensive income	<u>1,089</u>
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,829
Comprehensive income attributable to non-controlling interests	(739)

(3) 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)

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. by means of a joint share transfer (hereinafter the "Share Transfer"). Due to the Share Transfer, share capital was ¥20,000 million, capital surplus was ¥134,121 million, and treasury shares were negative ¥7,882 million for the nine months ended December 31, 2021.

(Additional information)

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. by means of a joint share transfer.

The Company, wholly-owning parent company by share transfer, has inherited the quarterly consolidated financial statements of Maeda Corporation, former parent company which has become a wholly-owned subsidiary of the Company resulting from the share transfer, for creating the Company's quarterly financial statements.

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

Board Benefit Trust (BBT)

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

1. Descriptions of transactions

Maeda Corporation 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 Maeda Corporation, points will be granted to the Directors according to the standards prescribed by Maeda Corporation 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. The Company's shares remaining in trust

The Company's shares remaining in trust are recorded as treasury shares in the consolidated balance sheet 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 December 31, 2021.

Accounting estimates concerning COVID-19

It is still unclear when the COVID-19 pandemic will end, but although a decrease in net sales and corresponding decrease in profit are expected to a certain extent in some group companies, the impact accompanying the spread of COVID-19 on the Company Group's performance is expected to be immaterial. Taking this into overall consideration for the nine months ended December 31, 2021, net sales of completed construction contracts have been calculated on the assumption that there will be no significant effect on estimates as of the end of the period, and goodwill has been valued, etc., in accounting estimates.

(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 ¥32 million, as net sales and cost of sales for the nine months ended December 31, 2021, increased by ¥4,163 million and ¥4,130 million, respectively. Due to an increase of ¥128 million in non-operating income, ordinary profit and profit before income taxes both increased by ¥161 million. In addition, the balance of retained earnings at the beginning of the current period decreased by ¥177 million.

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.

(Segment information)

I. For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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 statement of income (Note 3)
	Building Construc- tion	Civil Engi- neering	Road Civil Engi- neering	Machinery	Infra- structure Manage- ment	Total				
Net sales										
Goods transferred at a point in time	5,388	1,779	129,719	16,976	11,815	165,679	18,805	184,484	–	184,484
Goods transferred over time	145,921	97,466	37,361	3,871	–	284,622	7,664	292,286	–	292,286
Income from contracts with customers	151,310	99,246	167,080	20,848	11,815	450,302	26,469	476,771	–	476,771
Other income	1,281	–	123	4,058	52	5,516	–	5,516	–	5,516
Net sales to outside customers	152,592	99,246	167,204	24,907	11,867	455,819	26,469	482,288	–	482,288
Inter-segment net sales or transfers	1,231	822	1,895	1,045	–	4,995	11,035	16,030	(16,030)	–
Total	153,824	100,068	169,100	25,953	11,867	460,814	37,504	498,319	(16,030)	482,288
Segment profit	2,684	8,859	1,210	1,171	1,713	15,638	1,193	16,832	725	17,557

(Notes) 1. “Others” is the segment which is not included in reportable segments, namely businesses operated by some subsidiaries.

2. Adjustment of segment profit includes inter-segment transactions of ¥725 million.

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

2. Matters concerning changes in reportable segments

From the nine months ended December 31, 2021, business segments have been reviewed and determined to be the five reportable segments of building construction, civil engineering, road civil engineering, machinery, and infrastructure management because of the transition to a holding company structure due to joint share transfer.

(Business combination)

1. Common control transactions, etc.

(1) Descriptions of transactions

1) Name of combined business and details of operations

Wholly-owned subsidiaries by share transfer: Maeda Corporation (civil engineering and construction contracts, design, and operation of public infrastructure, etc.)
Maeda Road Construction Co., Ltd. (construction, manufacturing, and sales)
Maeda Seisakusho Co., Ltd. (sales, service, rental, etc. of construction materials and products)

2) Business combination date

October 1, 2021

3) Legal form of business combination

Establishment of a holding company by joint share transfer

4) Name of business after combination

Wholly-owning parent company by share transfer: INFRONEER Holdings Inc.

5) Other matters concerning descriptions of transactions

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 Maeda Corporation, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. (hereinafter 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 combination will contribute to the enhancement of the corporate value of the Three Companies and the group as a whole.

(2) Descriptions of implemented accounting treatment

Based on the “Accounting Standard for Business Combinations” and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” transactions are treated as transactions with non-controlling interests, under common control transactions, etc.

(3) Matters concerning additional acquisition of subsidiary shares

Breakdown of acquisition cost and consideration by type

Fair value of the Company’s common stock issued on the business combination date	¥94,203 million
Acquisition cost	¥94,203 million

(4) Transfer ratio by share type, calculation method thereof, and number of issued shares

1) Transfer ratio by share type

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

2) Calculation method of share transfer ratio

Calculation of the share transfer ratio was commissioned to several financial advisors, and the ratio has been calculated upon discussion between the parties concerned based on the reports submitted from the advisors.

3) Number of issued shares

391,539,797 shares

2. Common control transactions, etc.

(1) Descriptions of transactions

1) Name of subject operations and details of those operations

Name of operations: Management of bonds pertaining to issue by the Company's wholly-owned subsidiary Maeda Corporation

Details of operations: Operations pertaining to bonds issued by Maeda Corporation

2) Business combination date

December 20, 2021

3) Legal form of business combination

Absorption-type company split making Maeda Corporation the split company and the Company the succeeding company

4) Name of business after combination

No change.

5) Other matters concerning descriptions of transactions

The Company was established on October 1, 2021, as a wholly-owning parent company of Maeda Corporation, Maeda Road and Maeda Seisakusho by means of a joint share transfer. The business combination centralizes the Company Group's bond management operations in the Company through the Company's inheritance of the rights and obligations for bond management of Maeda Corporation, the Company's wholly-owned subsidiary.

(2) Descriptions of implemented accounting treatment

Based on the "Accounting Standard for Business Combinations" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," transactions are treated as transactions under common control.

(Significant subsequent event)

Not applicable.

3. Supplementary Information

(1) (Building Construction Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog

1. Orders Received (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Public Works	65,751	36.3
Private Works	115,312	63.6
Overseas	133	0.1
Total	181,197	100.0

2. Net Sales (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Public Works	26,538	17.3
Private Works	127,274	82.7
Overseas	10	0.0
Total	153,824	100.0

3. Backlog (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Public Works	83,251	22.0
Private Works	295,549	78.0
Overseas	134	0.0
Total	378,935	100.0

(Note) Net sales include inter-segment transactions.

(2) (Civil Engineering Segment) Classified by Public and Private: Orders Received, Net Sales and Backlog

1. Orders Received (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Public Works	23,471	31.2
Private Works	50,252	66.9
Overseas	1,397	1.9
Total	75,122	100.0

2. Net Sales (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Public Works	56,469	56.4
Private Works	42,138	42.1
Overseas	1,461	1.5
Total	100,068	100.0

3. Backlog (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Public Works	126,893	45.4
Private Works	152,115	54.4
Overseas	603	0.2
Total	279,612	100.0

(Note) Net sales include inter-segment transactions.

(3) (Road Civil Engineering Segment) Classified by Type: Orders Received, Net Sales and Backlog

1. Orders Received (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Pavement Construction	99,353	57.0
Civil Engineering Works	21,710	12.5
Manufacturing/Sales	52,877	30.3
Other	419	0.2
Total	174,361	100.0

2. Net Sales (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Pavement Construction	94,783	56.1
Civil Engineering Works	21,019	12.4
Manufacturing/Sales	52,877	31.3
Other	419	0.2
Total	169,100	100.0

3. Backlog (Millions of yen)

	Nine months ended December 31, 2021	
	Amount	%
Pavement Construction	51,249	79.6
Civil Engineering Works	13,141	20.4
Manufacturing/Sales	—	—
Other	—	—
Total	64,390	100.0

(Note) Net sales include inter-segment transactions.

(4) Summary of Forecast of Consolidated Financial Results

(Millions of yen)

	Nine months ended December 31, 2021	Fiscal year ending March 31, 2022	
	Results for the current period	Full-year forecast	Progress
Net sales	482,288	710,000	67.9%
Building Construction	152,592	227,200	67.2%
Civil Engineering	99,246	150,300	66.0%
Road Civil Engineering	167,204	238,000	70.3%
Machinery	24,907	33,700	73.9%
Infrastructure Management	11,867	23,000	51.6%
Other	26,469	37,800	70.0%
Gross profit	58,357	95,600	61.0%
	12.1%	13.5%	
Building Construction	14,313	24,900	57.5%
	9.4%	11.0%	
Civil Engineering	16,814	23,500	71.6%
	16.9%	15.6%	
Road Civil Engineering	15,662	24,900	62.9%
	9.4%	10.5%	
Machinery	5,315	7,400	71.8%
	21.3%	22.0%	
Infrastructure Management	2,967	10,300	28.8%
	25.0%	44.8%	
Other	3,283	4,600	71.4%
	12.4%	12.2%	
Selling, general and administrative expenses	40,800	55,600	73.4%
Operating profit	17,557	40,000	43.9%
Ordinary profit	17,980	39,700	45.3%
Profit attributable to owners of parent	10,703	25,400	42.1%

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

(Reference) Maeda Corporation: Supplementary Information

1) Summary of non-consolidated financial results forecast

(Millions of yen)

	Nine months ended December 31, 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	262,698	254,814	(7,884)	386,000	19,913	66.0%
Construction Total	260,516	251,588	(8,928)	375,750	12,711	67.0%
Building Construction	153,856	152,542	(1,314)	226,400	12,006	67.4%
Civil Engineering	106,660	99,046	(7,613)	149,350	705	66.3%
Infrastructure Management	965	796	(168)	7,500	6,076	10.6%
Real Estate	1,216	2,429	1,212	2,750	1,125	88.3%
Gross profit	37,056	32,402	(4,653)	56,000	2,329	57.9%
	14.1%	12.7%	(1.4)%	14.5%	(0.2)%	
Construction Total	35,544	30,247	(5,297)	47,020	(4,506)	64.3%
	13.6%	12.0%	(1.6)%	12.5%	(1.7)%	
Building Construction	14,057	13,992	(64)	24,250	3,418	57.7%
	9.1%	9.2%	0.1%	10.7%	1.0%	
Civil Engineering	21,487	16,254	(5,232)	22,770	(7,924)	71.4%
	20.1%	16.4%	(3.7)%	15.2%	(5.4)%	
Infrastructure Management	950	791	(159)	7,500	6,090	10.6%
	98.5%	99.3%	0.8%	100.0%	1.0%	
Real Estate	560	1,363	802	1,480	744	92.1%
	46.1%	56.1%	10.0%	53.8%	8.6%	
Selling, general and administrative expenses	17,916	20,749	2,833	26,500	2,552	78.3%
Operating profit	19,140	11,652	(7,487)	29,500	(222)	39.5%
Ordinary profit	34,870	19,341	(15,528)	36,600	(8,641)	52.8%
Profit	29,632	14,713	(14,919)	27,000	(9,247)	54.5%

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

2) Non-consolidated forecast of orders received for the construction business

(Millions of yen)

	Fiscal year ending March 31, 2022		Nine months ended December 31, 2021	
	Full-year forecast	%	Results for the current period	Progress (%)
Building Construction	260,000	6.0	179,915	69.2
Civil Engineering	160,000	(2.2)	73,975	46.2
Total	420,000	2.7	253,890	60.5

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