


INFRONEER Medium-term Vision 2024

Questions received after the timely disclosure on October 1 and answers to them



October 14, 2021

REVISION October 20, 2021

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INFRONEER Medium-
term Vision 2024

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Q1. What is Important Measures in Medium-term Vision? When will they show effects? (1)

- **Red-letter measures below** starts from phase of establishing foundations.
- Other measures below also aiming to starts from phase of establishing foundations.

Time of showing effects

3 Core Strategies	Important Measures	ESG	Concrete Measures	FY22	FY23	FY24	NEXT
Productivity Reform	Maximize added value	ES	Enhance competitiveness in existing business fields by gathering achievements and knowhow of infrastructure operation business				
		ES	Reinforce business foundation by using the group company's networks (including global expansion)				
		ES	Reduce costs for materials and equipment by group joint procurement and centralized purchasing				
		S	Secure stable and good-qualified supply through cooperation with subcontractor companies				
		S	Maximize productivity in all business fields through promoting digital technology across the whole group				
		ES	Accelerating research and development speed by gathering our strengths				
		G	Investment for growth considering capital investment efficiency and profitability				
	Optimization of costs	G	Relocate workforce to high added-value business by integrating overlapping departments				
		S	Optimizing and streamlining workloads through accumulation and centralized management of big data and development of digital tools				
		EG	Optimization of fixed costs by effective utilization (consolidation) of group assets				
	Promote group finance strategies	G	Reduce capital cost by managing group finance				

Q1. What is Important Measures in Medium-term Vision? When will they show the effects? (2)

- **Red-letter measures below** starts from phase of establishing foundations
- Other measures below also aiming to starts from phase of establishing foundations

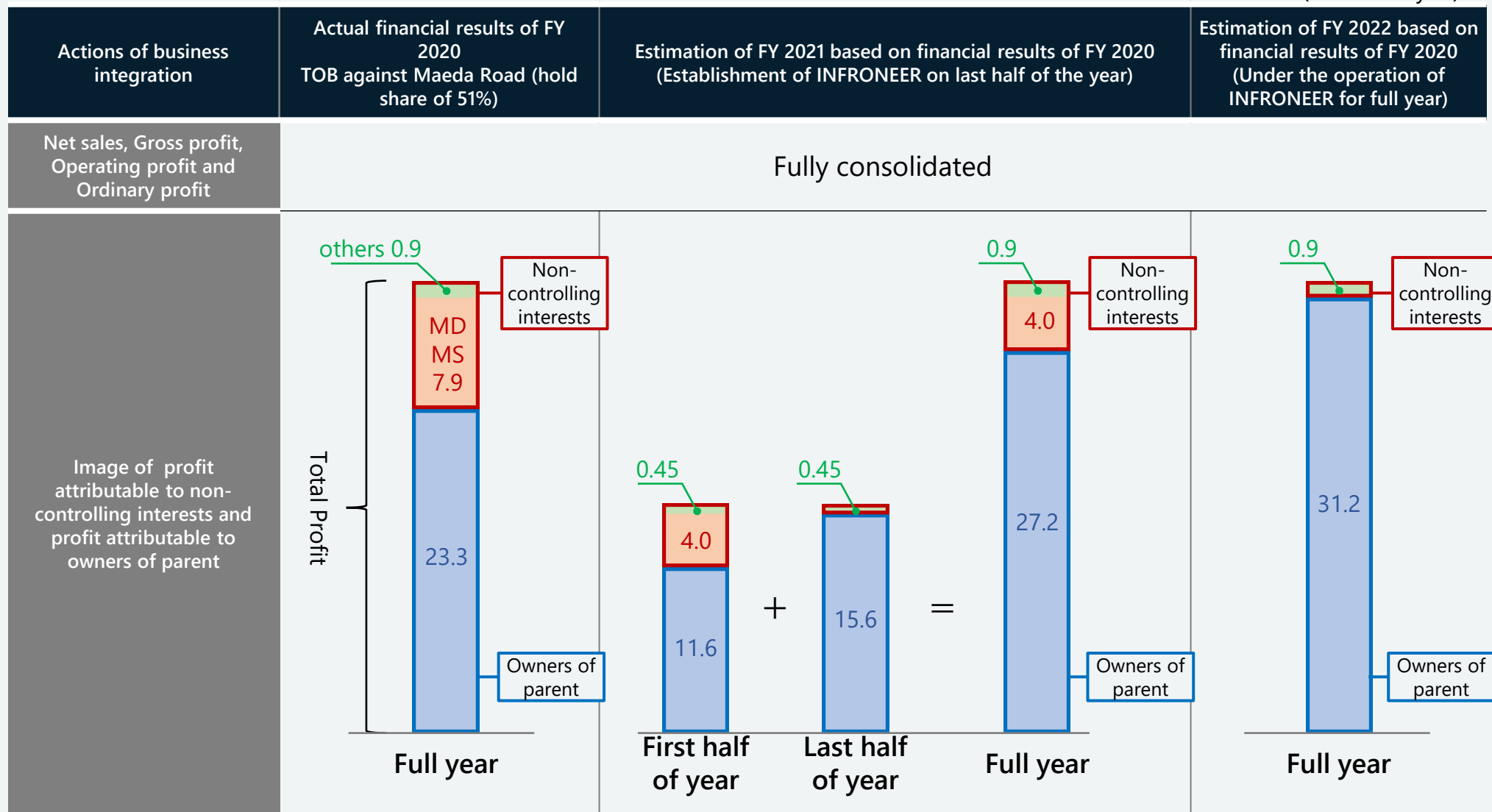
Time of showing effects

3 Core Strategies	Important Measures	ESG	Concrete Measures	FY22	FY23	FY24	NEXT
Create New Revenue Bases	Enhance competitiveness in infrastructure operating business globally	ES	Enhance competitiveness in infrastructure operating business by mutually sharing management resources				
		SG	Global business expansion of infrastructure operation business with our overseas networks				
	Expansion of business fields	ES	Reinforce renewable energy business that leads to a carbon free society and sustainable urban development				
		ES	Expand business fields by sharing our various (engineering technology, know-how, network, etc.) strengths				
		ESG	Expand into new fields of business by mergers and acquisitions				
		ESG	Active recruitment of specialist human resources				
Strengthen and Improve Corporate Culture	Promote group human resources strategies	SG	Carry out employee engagement surveys to improve employee's motivation				
		SG	Improve employees' motivation thorough investment for education and improvement of human resources system				
		ESG	Establishment of CSV thinking and dissemination of management philosophy through joint training and discussion with executives				
		S	Promote sustainable development of company and employees through strategic recruiting and education				
	Strengthen corporate governance	G	Implementation of management that realizes transparent, fair, speedy and decisive decision making				
		ESG	Improve compliance awareness by continuous training				
		SG	Improve corporate value by strengthening corporate governance				
		SG	Fostering a corporate culture in which diverse human resources can play an active role				

Q2. What is the difference between consolidated financial results of INFRONEER Holdings and Maeda Corporation ?

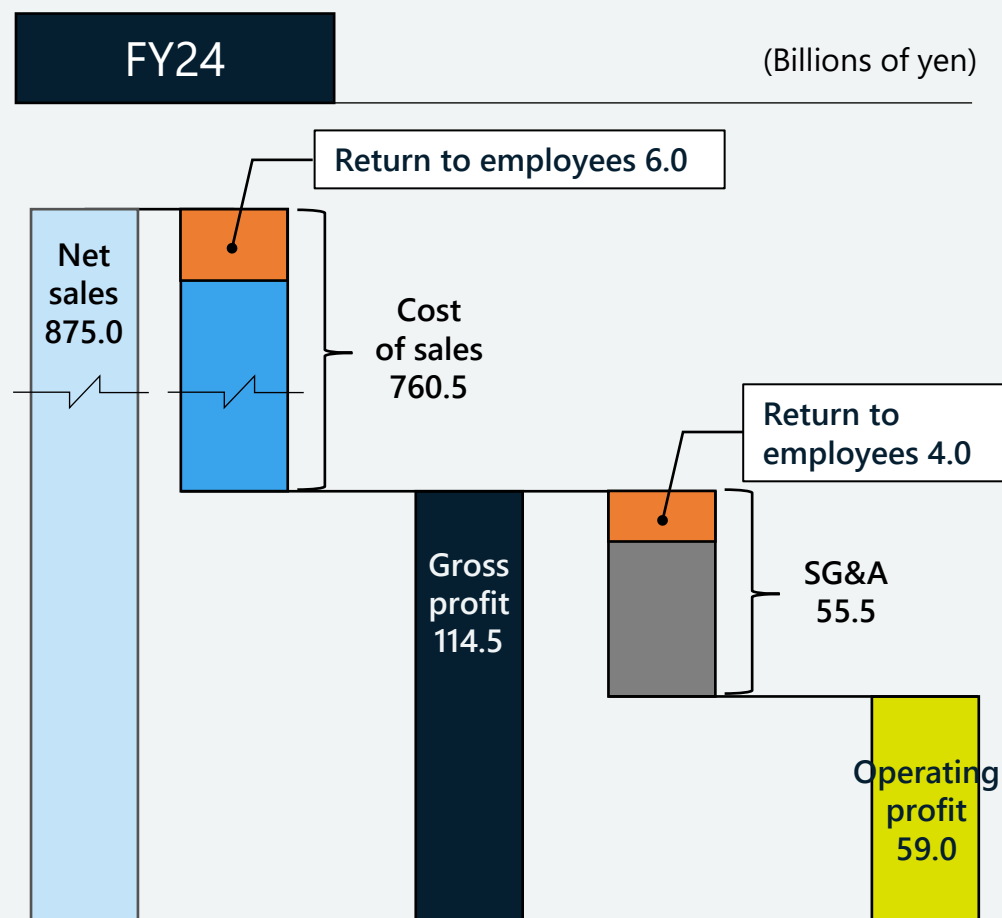
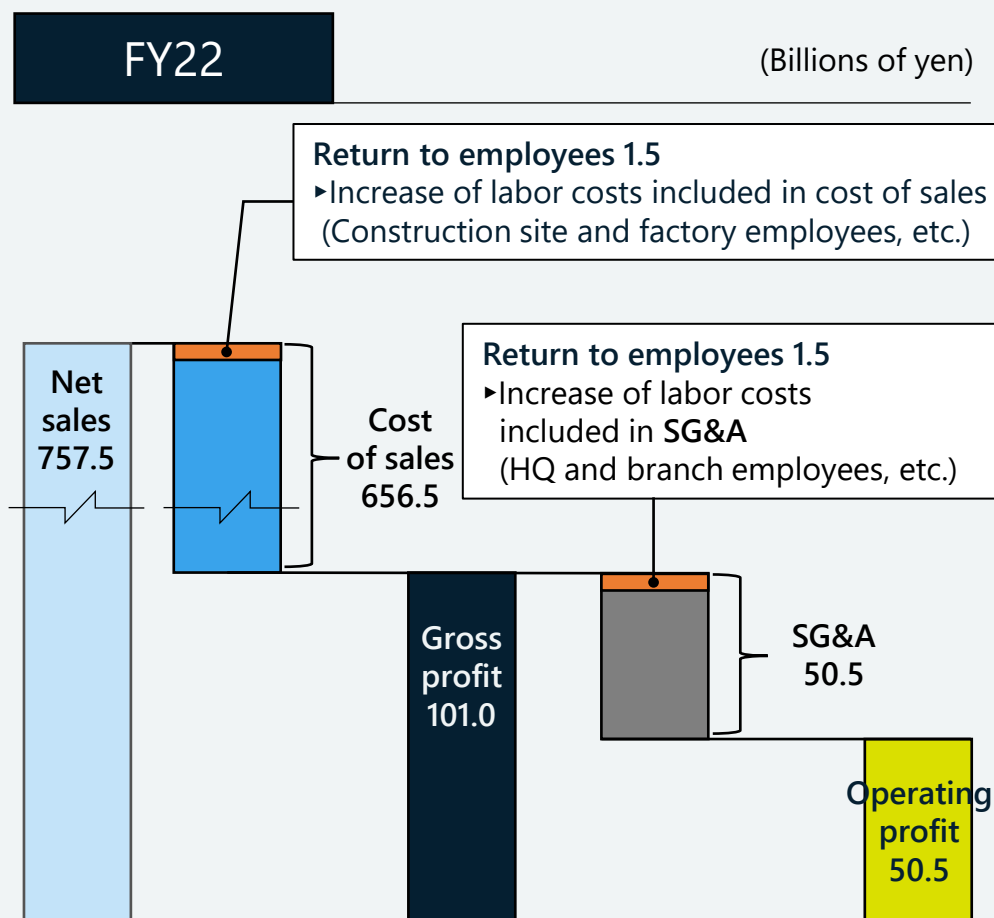
- TOB against Maeda Road Construction and establishment of INFRONEER Holdings effected profit attributable to non-controlling interests
- Estimation of change of profit attributable to non-controlling interests based on financial results of financial year of 2020 as below

(Billions of yen)



Q3. What is the return to employees according to business performance?

- Construction and manufacturing industries, the labor costs will be allocated to cost of sales and selling, general and administrative expenses (SG&A)
- "Return to employees according to business performance" means increase of labor costs in both cost of sales and SG&A



Q4. What is the rate of winning 1st place which is our strength in civil engineering segment?

【How to bid public works construction】

- The company with the highest evaluation score (=technical evaluation score divided by bidding price) takes the order

$$\text{Evaluation score} = \frac{\text{Technical evaluation score}}{\text{Bidding price}}$$

Higher technical evaluation score can reverse bidding price placing.
As our actual results, we took orders more than 50% of bid which we evaluated highest technical evaluation score

Bidding prices has not so much difference between competitors

➡ If the technical evaluation is higher, it is possible to receive orders even if the bidding price is higher
(Technical evaluation is more important)

(Image of evaluation : In the case of a tunnel construction of ¥3 billion)

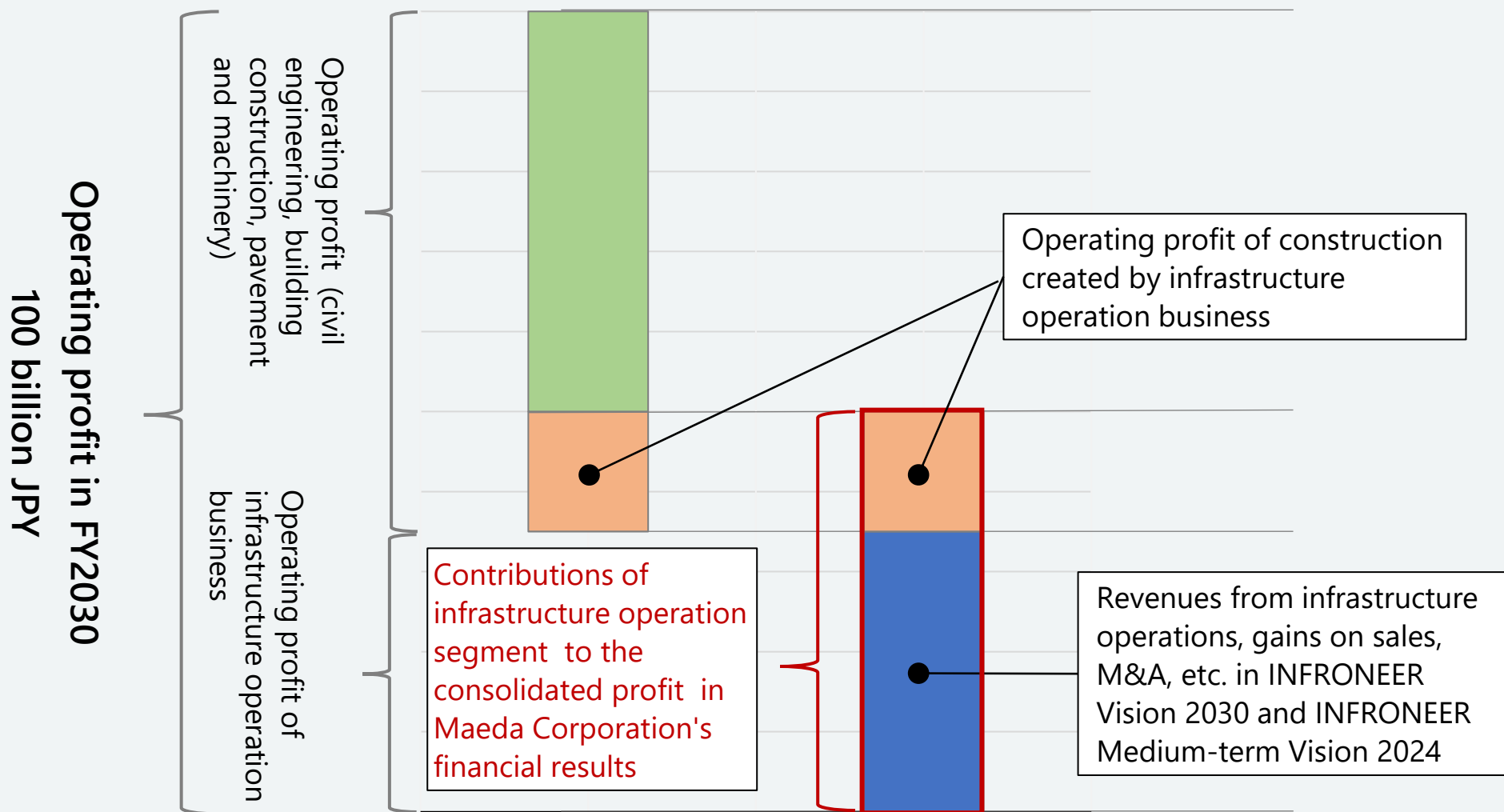
	Company A	Evaluation	Company B
Technical evaluation score	160	>	130
Bidding price	¥3 billion	<	¥2.5 billion
Evaluation score	5.333	>	5.200
Winning company	○		×

Company A with high evaluation value wins the order

(The price is high, but Company A reverses in the technical evaluation)

Q5. What is the difference between the contributions of infrastructure operation segment to the consolidated profit and operating profit of financial statement?

- Operating profit of each segment (civil engineering, building construction, pavement, and machinery) is as follows
 Operating profit of each segment + construction profit created by infrastructure operation business



Q6. What is acquisition and cancellation of treasury shares and share buy-back (more than 40 billion yen until FY2024)of “Medium-term Vision” ?

【Process of acquisition and cancellation of treasury shares】

- INFRONEER will acquire approximately 100 million shares of INFRONEER stocks held by Maeda Corporation and Maeda Road
- Cash (approx. 100 billion) held by our group will be spent for acquisition of treasury shares
- Acquired treasury shares will be cancelled (No changes in total net assets)

【Image of BS】

BS Before establishment of INFRONEER
(1st Quarter of FY2021)

Consolidated balance sheets of Maeda Corporation (Millions of yen)			
Total assets	880,608	Total liabilities	524,603
Cash and deposits	97,267	Total net assets	356,005
Total non-current assets	492,361	Total shareholder's equity	234,880
Good will	24,948	Share capital	28,463
Other assets	290,980	Capital surplus	37,682
		Retained earnings	171,376
		Treasury shares	△2,641
		Total accumulated other comprehensive income	26,214
		Non-controlling interests	94,909

BS at establishment of INFRONEER
(Rough amount)

Consolidated balance sheets of INFRONEER Holdings (Millions of yen)			
Total assets	930,000	Total liabilities	560,000
Cash and deposits	90,000	Total net assets	370,000
Total non-current assets	496,000	Total shareholder's equity	332,000
Good will	23,000	Share capital	20,000
Other assets	344,000	Capital reserve	5,000
		Capital surplus	217,000
		Retained earnings	190,000
		Treasury shares	△100,000
		Total accumulated other comprehensive income	29,000
		Non-controlling interests	9,000

BS After cancellation of treasury shares
(Rough amount)

Consolidated balance sheets of INFRONEER Holdings (Millions of yen)			
Total assets	930,000	Total liabilities	560,000
Cash and deposits	90,000	Total net assets	370,000
Total non-current assets	496,000	Total shareholder's equity	332,000
Good will	23,000	Share capital	20,000
Other assets	344,000	Capital reserve	5,000
		Capital surplus	117,000
		Retained earnings	190,000
		Treasury shares	0
		Total accumulated other comprehensive income	29,000
		Non-controlling interests	9,000

【Schedule】

FY21	22	23	24
Acquisition and cancellation of reciprocal share holding (end of Nov.)			
Share buy-back from market (more than 40 billion yen)			

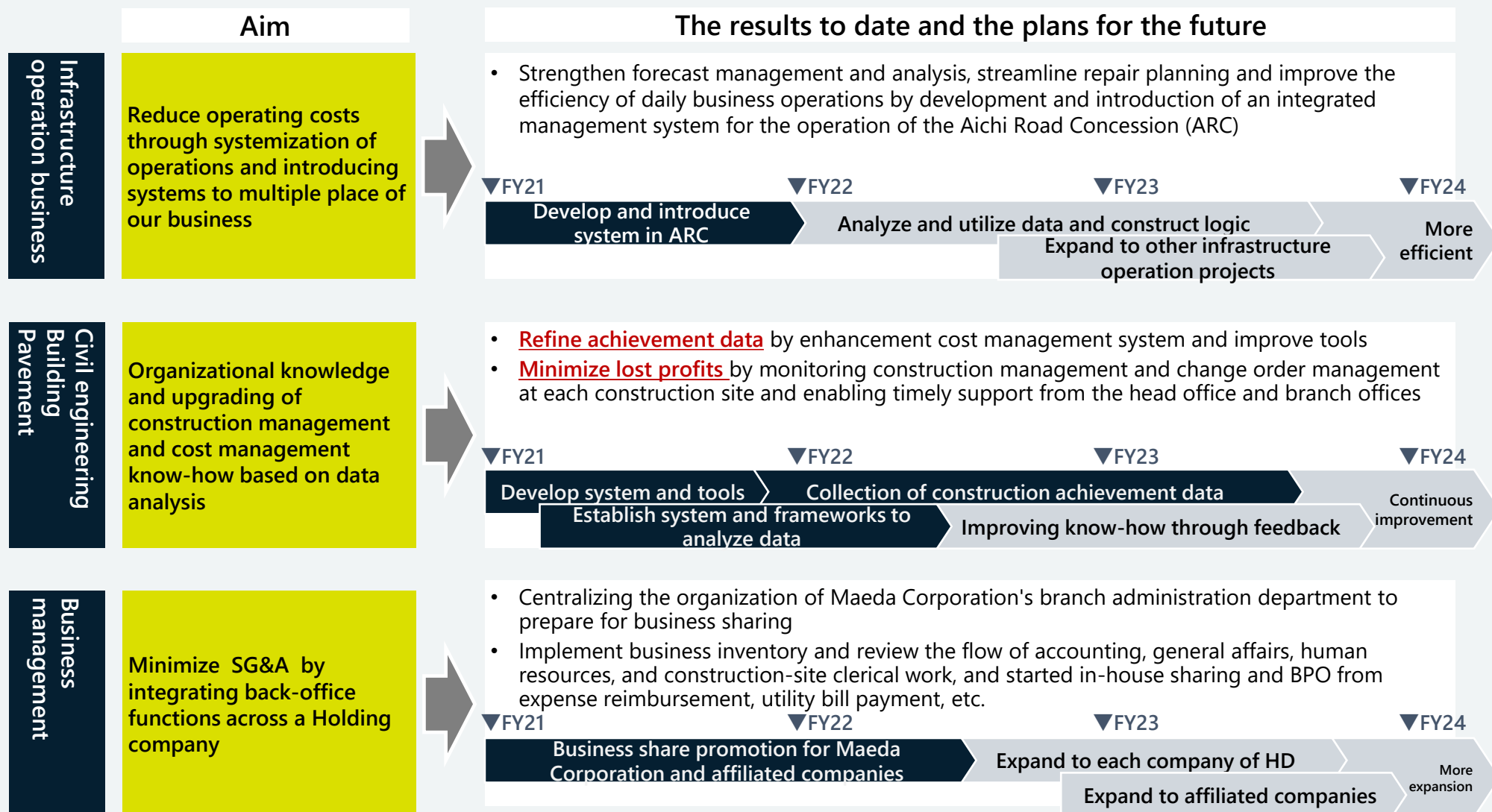
Shares of INFRONEER to be held as a result of the share transfer (approx. 100 million shares)

Offset cancelled treasury shares with capital surplus (no changes in total net assets)

Q7. What are the results of IT and DX and what are the plans for the future?

Basic policy

- DX department has been established since FY20 and is working with Accenture on this initiative
- Promote the creation of systems and frameworks that enable rapid and data-driven decision-making at all levels of management and business operations



Challenge the status quo

 **INFRONEER Holdings Inc.**