

Translation

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**Consolidated Financial Results
for the Six Months Ended September 30, 2023
(Based on Japanese GAAP)**

November 10, 2023

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
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 Scheduled date to file Quarterly Securities Report: November 10, 2023
 Scheduled date to commence dividend payments: December 11, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	353,124	12.6	19,917	35.6	20,888	30.2	13,541	1.9
Six months ended September 30, 2022	313,490	—	14,693	—	16,047	—	13,292	—

(Note) Comprehensive income: Six months ended September 30, 2023: ¥27,682 million [111.8%]

Six months ended September 30, 2022: ¥13,071 million [—%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	53.75		—	
Six months ended September 30, 2022	50.65		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	978,710	373,412	37.2
As of March 31, 2023	926,563	362,315	38.1

(Reference) Equity: As of September 30, 2023: ¥363,659 million

As of March 31, 2023: ¥352,692 million

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, 2023	—	0.00	—	55.00	55.00
Fiscal year ending March 31, 2024	—	25.00			
Fiscal year ending March 31, 2024 (Forecast)			—	30.00	55.00

(Note) Revision to the forecast of dividends announced most recently: No

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Business profit		Operating profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
[IFRS] Full year	768,200	–	48,100	–	48,000	–	31,700	–	126.74

	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
[Japanese GAAP] Full year	762,900	7.5	41,300	2.0	42,500	1.8	27,500	(23.3)	109.95

- (Notes)
- Revision to the forecast of consolidated financial results announced most recently: Yes
 - Since the Company has decided to voluntarily adopt International Financial Reporting Standards (hereinafter “IFRS”) effective from the consolidated financial statements for the fiscal year ending March 31, 2024, figures calculated based on IFRS have been disclosed in addition to the consolidated financial results forecast based on Japanese accounting standards. Year-on-year changes from the fiscal year ended March 31, 2023, for which Japanese standards have been applied, are not stated.
 - Business profit is a profit indicator that measures the performance of the Company’s recurring businesses, calculated by deducting cost of sales and selling, general and administrative expenses from net sales, and adding share of loss (profit) of entities accounted for using equity method.

* Notes

- Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- Application of special accounting methods for preparing quarterly consolidated financial statements: No
- Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
 - Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(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, 2023	274,845,024 shares	As of March 31, 2023	274,845,024 shares
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2) Number of treasury shares at the end of the period

As of September 30, 2023	23,826,389 shares	As of March 31, 2023	22,329,791 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, 2023	251,912,127 shares	Six months ended September 30, 2022	262,454,907 shares
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- (Notes)
- 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 (2,630,500 shares at the end of the six months ended September 30, 2023, and 3,267,300 shares at the end of the fiscal year ended March 31, 2023). 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 (2,971,900 shares at the end of the six months ended September 30, 2023, and 3,958,600 shares at the end of the six months ended September 30, 2022).
 - The Company’s shares held by Board Benefit Trust (BBT) are included in the number of treasury shares at the end of the period (2,806,300 shares at the end of the six months ended September 30, 2023, and 377,500 shares at the end of the fiscal year ended March 31, 2023). 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 (1,071,443 shares at the end of the six months ended September 30, 2023, and 577,500 shares at the end of the six months ended September 30, 2022).
 - The Company’s shares held by the Stock Benefit Trust (J-ESOP) are included in the number of treasury shares at the end of the period (2,967,300 shares at the end of the six months ended September 30, 2023). The Company’s shares held by the Stock Benefit Trust (J-ESOP) are included in the number of treasury shares deducted in the calculation of the average number of shares during the period (847,800 shares at the end of the six months ended September 30, 2023).

* 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 forecasts. 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

(1) Explanation of Operating Results

During the six months ended September 30, 2023, the Japanese economy generally and moderately recovered in corporate earnings, employment, and personal consumption, as normalization of economic and social activities progressed following the reclassification of the status of the novel coronavirus infection (COVID-19) to “Class 5,” despite persisting concerns about rising prices due to a steep rise in resource prices and the depreciation of the yen putting downward pressure on the Japanese economy in the context of the continued monetary tightening across the globe, among other situations.

In the construction industry, while housing construction is slowing, public investment remained firm, and capital investment picked up on the back of the solid corporate earnings and other factors.

Under these circumstances, with the objective of the entire group achieving sustained 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” with one-stop style management from upstream to downstream of infrastructure operations, 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.

For the six months ended September 30, 2023, net sales increased by ¥39.6 billion (12.6%) year on year to ¥353.1 billion. Operating profit increased by ¥5.2 billion (35.6%) year on year to ¥19.9 billion, ordinary profit increased by ¥4.8 billion (30.2%) year on year to ¥20.8 billion, and profit attributable to owners of parent increased by ¥0.2 billion (1.9%) year on year to ¥13.5 billion.

Performance results by business segment are as follows.

[Building Construction]

In the building construction business, net sales increased by ¥20.0 billion (23.1%) year on year to ¥106.9 billion and segment loss was ¥2.1 billion (a loss of ¥0.2 billion in the same period of the previous fiscal year).

[Civil Engineering]

In the civil engineering business, net sales increased by ¥14.1 billion (20.6%) year on year to ¥82.6 billion and segment profit increased by ¥9.4 billion (115.7%) year on year to ¥17.5 billion.

[Road Civil Engineering]

In the road civil engineering business, net sales increased by ¥7.3 billion (6.7%) year on year to ¥116.4 billion and segment profit was ¥3.3 billion (a loss of ¥1.7 billion in the same period of the previous fiscal year).

[Machinery]

In the machinery business, net sales increased by ¥3.0 billion (18.6%) year on year to ¥19.3 billion and segment profit increased by ¥0.4 billion (80.1%) year on year to ¥1.0 billion.

[Infrastructure Management]

In the infrastructure management business, net sales decreased by ¥6.4 billion (43.5%) year on year to ¥8.3 billion and segment loss was ¥0.1 billion (a profit of ¥7.4 billion in the same period of the previous fiscal year).

[Others]

In the others business segment, net sales increased by ¥1.5 billion (8.5%) year on year to ¥19.3 billion and segment profit decreased by ¥0.1 billion (39.7%) year on year to ¥0.2 billion.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of September 30, 2023 were ¥978.7 billion, an increase of ¥52.1 billion (5.6%) from the end of the previous fiscal year, mainly due to an increase in costs on construction contracts in progress. Liabilities stood at ¥605.2 billion, an increase of ¥41.0 billion (7.3%) from the end of the previous fiscal year, mainly due to an increase in short-term borrowings. Net assets amounted to ¥373.4 billion, an increase of ¥11.0 billion (3.1%) from the end of the previous fiscal year. As a result of the above, equity, which is net assets minus non-controlling interests, amounted to ¥363.6 billion, and the equity ratio declined from 38.1% at the end of the previous fiscal year to 37.2%.

2) Cash flows

Net cash used in operating activities in the six months ended September 30, 2023 was ¥13.0 billion (¥68.4 billion provided in the same period of the previous fiscal year), mainly due to a decrease in trade payables of ¥34.6 billion, despite the recording of ¥21.2 billion in profit before income taxes. Net cash used in investing activities amounted to ¥33.6 billion (¥6.7 billion used in the same period of the previous fiscal year), primarily due to ¥22.6 billion of purchase of investment securities. Net cash provided by financing activities amounted to ¥48.5 billion (¥49.1 billion used in the same period of previous fiscal year), mainly due to increases in short-term borrowings and long-term borrowings. As a result of the above, the balance of cash and cash equivalents at the end of the six months ended September 30, 2023 amounted to ¥88.2 billion, an increase of ¥2.2 billion from ¥86.0 billion at the end of the previous fiscal year.

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

Based on financial results for the six months ended September 30, 2023, the financial results forecast announced at the time of the financial results announcement on May 11, 2023 was revised as follows.

1. Revision to forecast of the consolidated financial results

for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

[IFRS]

(Millions of yen)

	Net sales	Business profit	Operating profit	Profit attributable to owners of parent	Earnings per share (Yen)
Previously announced forecast (A)	745,000	44,900	44,900	30,000	120.09
Revised forecast (B)	768,200	48,100	48,000	31,700	126.74
Difference (B-A)	23,200	3,200	3,100	1,700	
Increase/decrease (%)	3.1	7.1	6.9	5.7	

[Japanese GAAP]

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (Yen)
Previously announced forecast (A)	740,000	38,300	39,200	25,200	100.87
Revised forecast (B)	762,900	41,300	42,500	27,500	109.95
Difference (B-A)	22,900	3,000	3,300	2,300	
Increase/decrease (%)	3.1	7.8	8.4	9.1	
[Reference] Results for the fiscal year ended March 31, 2023	709,641	40,495	41,768	35,870	138.39

2. Reasons for the revision to the financial results forecast

Net sales are projected to increase by ¥22.9 billion to ¥762.9 billion, mainly due to steady construction progress.

Operating profit is expected to increase by ¥3.0 billion to ¥41.3 billion and exceed the results for the fiscal year ended March 31, 2023. This is mainly because profit margin on large construction contracts in progress at the beginning of the fiscal year improved significantly in the civil engineering business.

As a result of the foregoing, ordinary profit is expected to increase by ¥3.3 billion to ¥42.5 billion, and profit attributable to owners of parent is expected to increase by ¥2.3 billion to ¥27.5 billion.

The Group has decided to voluntarily adopt International Financial Reporting Standards (hereinafter “IFRS”) effective from the consolidated financial statements for the fiscal year ending March 31, 2024. For the fiscal year ending March 31, 2024, consolidated financial results forecast calculated based on IFRS is for net sales to increase by ¥23.2 billion to ¥768.2 billion, business profit to increase by ¥3.2 billion to ¥48.1 billion, operating profit to increase by ¥3.1 billion to ¥48.0 billion, and profit attributable to owners of parent to increase by ¥1.7 billion to ¥31.7 billion.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	88,800	90,885
Notes receivable, accounts receivable from completed construction contracts and other	296,088	296,119
Securities	30	–
Real estate for sale	1,894	1,894
Merchandise and finished goods	2,341	2,807
Costs on construction contracts in progress	30,003	41,357
Raw materials and supplies	3,815	4,328
Other	51,900	46,908
Allowance for doubtful accounts	(140)	(163)
Total current assets	474,732	484,136
Non-current assets		
Property, plant and equipment	156,264	156,940
Intangible assets		
Right to operate public facilities	105,144	102,128
Assets related to replacement investment to operate public facilities	27,158	32,385
Goodwill	13,159	9,907
Other	13,651	13,489
Total intangible assets	159,113	157,910
Investments and other assets		
Investment securities	100,429	143,512
Deferred tax assets	1,077	1,213
Retirement benefit asset	16,567	17,301
Other	18,621	17,917
Allowance for doubtful accounts	(268)	(269)
Total investments and other assets	136,428	179,675
Total non-current assets	451,805	494,526
Deferred assets	24	47
Total assets	926,563	978,710

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	25,752	15,908
Account payable for works in progress and other	116,170	91,478
Short-term borrowings	36,688	78,649
Current portion of non-recourse loans	922	724
Current portion of bonds payable	10,000	5,000
Income taxes payable	10,272	7,988
Advances received on construction contracts in progress	37,807	47,892
Provision for loss on construction contracts	342	313
Other provisions	9,989	9,128
Liabilities related to right to operate public facilities	4,664	4,691
Liabilities related to replacement investment to operate public facilities	1,030	1,472
Other	44,634	36,877
Total current liabilities	298,273	300,125
Non-current liabilities		
Bonds payable	48,000	43,000
Long-term borrowings	54,886	89,051
Non-recourse loans	3,893	3,497
Deferred tax liabilities	10,018	16,392
Retirement benefit liability	17,055	17,106
Other provisions	169	1,103
Liabilities related to right to operate public facilities	99,590	97,268
Liabilities related to replacement investment to operate public facilities	28,225	33,782
Other	4,134	3,971
Total non-current liabilities	265,974	305,173
Total liabilities	564,248	605,298
Net assets		
Shareholders' equity		
Share capital	20,000	20,000
Capital surplus	106,455	108,061
Retained earnings	234,129	233,582
Treasury shares	(18,395)	(22,376)
Total shareholders' equity	342,189	339,266
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,850	21,612
Deferred gains or losses on hedges	(453)	1,544
Foreign currency translation adjustment	191	216
Remeasurements of defined benefit plans	915	1,018
Total accumulated other comprehensive income	10,502	24,392
Non-controlling interests	9,622	9,752
Total net assets	362,315	373,412
Total liabilities and net assets	926,563	978,710

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statement of income

Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales		
Net sales of completed construction contracts	170,946	206,097
Sales in other businesses	142,543	147,026
Total net sales	313,490	353,124
Cost of sales		
Cost of sales of completed construction contracts	148,688	174,206
Cost of sales in other businesses	121,977	127,619
Total cost of sales	270,666	301,826
Gross profit		
Gross profit on completed construction contracts	22,258	31,890
Gross profit - other business	20,565	19,407
Total gross profit	42,824	51,298
Selling, general and administrative expenses	28,130	31,380
Operating profit	14,693	19,917
Non-operating income		
Interest income	126	150
Dividend income	1,218	1,010
Foreign exchange gains	1,089	590
Share of profit of entities accounted for using equity method	294	430
Other	230	161
Total non-operating income	2,959	2,343
Non-operating expenses		
Interest expenses	1,121	1,083
Other	484	289
Total non-operating expenses	1,606	1,372
Ordinary profit	16,047	20,888
Extraordinary income		
Gain on sale of non-current assets	60	49
Gain on sale of investment securities	2,930	410
Other	140	170
Total extraordinary income	3,131	630
Extraordinary losses		
Loss on retirement of non-current assets	96	216
Loss on valuation of investment securities	190	-
Other	48	12
Total extraordinary losses	335	228
Profit before income taxes	18,843	21,289
Income taxes - current	5,009	7,239
Income taxes - deferred	(79)	303
Total income taxes	4,930	7,542
Profit	13,912	13,746
Profit attributable to non-controlling interests	620	205
Profit attributable to owners of parent	13,292	13,541

Quarterly consolidated statement of comprehensive income
Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	13,912	13,746
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,108)	11,743
Deferred gains or losses on hedges	238	2,001
Foreign currency translation adjustment	(179)	43
Remeasurements of defined benefit plans, net of tax	194	91
Share of other comprehensive income of entities accounted for using equity method	13	56
Total other comprehensive income	(841)	13,936
Comprehensive income	13,071	27,682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,429	27,431
Comprehensive income attributable to non-controlling interests	641	251

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	18,843	21,289
Depreciation	12,277	12,399
Amortization of goodwill	3,366	3,294
Increase (decrease) in allowance for doubtful accounts	39	23
Increase (decrease) in provision for loss on construction contracts	(338)	(28)
Increase (decrease) in retirement benefit liability	(500)	(603)
Interest and dividend income	(1,344)	(1,160)
Interest expenses	1,121	1,083
Foreign exchange losses (gains)	(495)	(327)
Share of loss (profit) of entities accounted for using equity method	(294)	(430)
Loss (gain) on sale of short-term and long-term investment securities	(2,930)	(408)
Loss (gain) on valuation of short-term and long-term investment securities	190	–
Loss (gain) on sale of non-current assets	(60)	(49)
Loss on retirement of non-current assets	96	216
Decrease (increase) in trade receivables	79,728	36
Decrease (increase) in costs on construction contracts in progress	(12,714)	(11,070)
Decrease (increase) in inventories	(394)	(978)
Decrease (increase) in consumption taxes refund receivable	(7,215)	(7,484)
Increase (decrease) in trade payables	(11,776)	(34,659)
Increase (decrease) in advances received on construction contracts in progress	7,481	9,874
Increase (decrease) in deposits received	2,591	(3,425)
Other, net	(10,232)	7,995
Subtotal	77,438	(4,414)
Interest and dividends received	1,760	1,568
Interest paid	(833)	(1,084)
Income taxes paid	(9,929)	(9,130)
Net cash provided by (used in) operating activities	68,436	(13,059)
Cash flows from investing activities		
Proceeds from redemption of securities	–	30
Purchase of property, plant and equipment and intangible assets	(8,105)	(8,619)
Purchase of rights to operate public facilities	(2,102)	(2,127)
Payments for replacement investment to operate public facilities	(726)	(107)
Proceeds from sale of property, plant and equipment and intangible assets	153	51
Purchase of investment securities	(38)	(22,690)
Proceeds from sale and redemption of investment securities	4,835	948
Purchase of shares of subsidiaries and associates	(48)	(1,272)
Loan advances	(36)	(0)
Proceeds from collection of loans receivable	19	21
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(145)
Other, net	(661)	251
Net cash provided by (used in) investing activities	(6,710)	(33,660)

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(57,310)	41,932
Proceeds from long-term borrowings	15,000	40,000
Repayments of long-term borrowings	(3,474)	(5,205)
Decrease in non-recourse payable	(323)	(594)
Proceeds from issuance of bonds	12,937	–
Redemption of bonds	–	(10,000)
Repayments of finance lease liabilities	(249)	(85)
Purchase of treasury shares	(4,695)	(3,258)
Dividends paid	(10,770)	(14,087)
Dividends paid to non-controlling interests	(252)	(130)
Other, net	(33)	(33)
Net cash provided by (used in) financing activities	(49,172)	48,537
Effect of exchange rate change on cash and cash equivalents	495	327
Net increase (decrease) in cash and cash equivalents	13,048	2,144
Cash and cash equivalents at beginning of period	76,018	86,015
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	96	92
Cash and cash equivalents at end of period	89,163	88,252

(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 scope of consolidation and application of equity method)

Significant changes in scope of consolidation

From the first quarter of the current fiscal year, SEKI CO., LTD and KANEIKOGYO CO., LTD, whose shares were newly acquired, as well as Miura Sewerage & Concession Co., Ltd., the importance of which increased, were included in the scope of consolidation.

Significant changes in scope of application of equity method

From the first quarter of the current fiscal year, BVN THANH CHUONG JOINT STOCK COMPANY, whose shares were newly acquired, was included in the scope of application of equity method.

(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 the Company and Group employees to increase corporate value.

1. Descriptions of transactions

In March 2022, 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 the 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, Custody Bank of Japan, Ltd. (hereinafter the "Trust Account E"). The Trust Account E acquires shares of the Company that the Maeda Corporation Employee Stock Holding Partnership, the Maeda Road Employee Stock Holding Partnership, and the Maeda Seisakusho Employee Stock Holding Partnership (hereinafter collectively the "Stock Holding Partnership"), is expected to obtain over five 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 the 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.

2. Company's shares remaining in trust

The Company's shares remaining in trust were recorded as treasury shares in the net assets section at the book value in trust (excluding the amount as ancillary expenses). At the end of the previous fiscal year, the book value and number of shares of the relevant treasury shares were ¥3,355 million and 3,267 thousand shares, respectively. As of September 30, 2023, the book value and number of shares of the relevant treasury shares were ¥2,701 million and 2,630 thousand shares, respectively.

3. Book value of borrowings recorded using the gross method

Borrowings at the end of the previous fiscal year amounted to ¥3,621 million and as of September 30, 2023 amounted to ¥2,787 million.

(2) Board Benefit Trust (BBT)

The Company introduced a performance-based stock compensation plan called “Board Benefit Trust” (hereinafter “BBT”) for directors (excluding outside directors) and executive officers of the Company, as well as directors and executive officers of three business companies (Maeda Corporation, Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd.) (hereinafter the “Eligible Directors”), in order to clarify a linkage among the Eligible Directors’ rewards, the Company’s financial results, and the value of stock, and to enhance their motivation to contribute to the improvement of mid- to long-term business performance and the increase in corporate value by making them share not only the benefits of higher share prices, but also the risks of lower share prices with shareholders.

1. Descriptions of transactions

The BBT is a performance-based stock compensation plan under which the Company’s shares are acquired through a trust (hereinafter the trust that is established based on the BBT is referred to as the “Trust”), using money contributed by the Company as the source of funds, and the Eligible Directors are provided with the Company’s shares and an amount of money equivalent to the market value of the Company’s shares (hereinafter the “Company’s Shares, etc.”) through the Trust in accordance with the Regulations on Stock Benefits for Officers stipulated by the Company. The Eligible Directors shall receive the Company’s Shares, etc. at a certain time after the end of each period of the Company’s Medium Term Business Plan (an initial applicable period and each three consecutive fiscal years following the initial applicable period), in principle.

2. The Company’s shares remaining in trust

The Company’s shares remaining in trust are recorded as shares in the net assets section at the book value in trust (excluding the amount as ancillary expenses). At the end of the previous fiscal year, the book value and number of shares of the relevant treasury shares were ¥303 million and 377 thousand shares, respectively. As of September 30, 2023, the book value and number of shares of the relevant treasury shares were ¥3,577 million and 2,806 thousand shares, respectively.

(3) The Stock Benefit Trust (J-ESOP)

The Company introduced the “Stock Benefit Trust (J-ESOP)” (hereinafter “J-ESOP”), an incentive plan to provide all employees of the Company and its subsidiaries who satisfy certain requirements with shares in the Company, in order to foster a sense of unity throughout the Group and enhance employees’ motivation and morale to contribute to the increase in the Company’s share price and the improvement of the Group’s consolidated business performance by further linking the Company’s share price and business performance with employee compensation in such a way that employees share economic interests with shareholders.

1. Descriptions of transactions

The J-ESOP is a trust-type plan modeled on the Employee Stock Ownership Plan (ESOP) in the United States. Under this plan, the Company provides employees with its shares in accordance with the Regulations on Stock Benefits prescribed by the Company and its subsidiaries that satisfy certain requirements (hereinafter, collectively with the Company, the “Eligible Companies”).

The Eligible Companies grant points to employees based on the Group’s consolidated performance and other factors for each fiscal year, and provide them with the Company’s shares equivalent to the points granted when they acquire the right to receive benefits under certain conditions. Shares to be granted to employees, including those to be granted in the future, shall be acquired by money established in advance as a trust and separately managed as trust assets.

2. The Company’s shares remaining in trust

The Company’s shares remaining in trust are recorded as treasury shares in the net assets section at the book value in trust (excluding the amount as ancillary expenses). As of September 30, 2023, the book value and number of shares of the relevant treasury shares were ¥3,999 million and 2,967 thousand shares, respectively.

(Segment information)

I For the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

Information on sales, profit or loss by reportable segment and decomposition of income

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Building Construction	Civil Engineering	Road Civil Engineering	Machinery	Infrastruc- ture Manage- ment	Total				
Net sales										
Goods transferred at a point in time	3,404	439	85,508	14,013	7,806	111,172	11,842	123,014	—	123,014
Goods transferred over time	82,541	68,113	23,520	96	—	174,271	6,011	180,283	—	180,283
Income from contracts with customers	85,945	68,553	109,029	14,109	7,806	285,443	17,853	303,297	—	303,297
Other income	971	—	82	2,211	6,928	10,192	—	10,192	—	10,192
Net sales to outside customers	86,916	68,553	109,111	16,320	14,734	295,636	17,853	313,490	—	313,490
Inter-segment net sales or transfers	1,326	25	2,109	1,029	—	4,491	5,802	10,293	(10,293)	—
Total	88,243	68,578	111,220	17,350	14,734	300,127	23,655	323,783	(10,293)	313,490
Segment profit (loss)	(201)	8,129	(1,727)	600	7,498	14,298	480	14,778	(85)	14,693

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

2. Adjustment of segment profit (loss) includes inter-segment transactions of ¥ (85) million.

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

II For the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

Information on sales, profit or loss by reportable segment and decomposition of income

(Millions of yen)

	Reportable Segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Building Construction	Civil Engineering	Road Civil Engineering	Machinery	Infrastruc- ture Manage- ment	Total				
Net sales										
Goods transferred at a point in time	3,628	757	88,868	16,867	8,329	118,451	15,151	133,602	—	133,602
Goods transferred over time	102,529	81,925	27,469	22	—	211,947	4,211	216,158	—	216,158
Income from contracts with customers	106,158	82,683	116,337	16,889	8,329	330,399	19,362	349,761	—	349,761
Other income	810	—	88	2,462	—	3,362	—	3,362	—	3,362
Net sales to outside customers	106,969	82,683	116,426	19,352	8,329	333,761	19,362	353,124	—	353,124
Inter-segment net sales or transfers	642	5	1,815	845	—	3,307	5,534	8,842	(8,842)	—
Total	107,611	82,688	118,241	20,198	8,329	337,069	24,897	361,966	(8,842)	353,124
Segment profit (loss)	(2,186)	17,533	3,376	1,081	(177)	19,626	289	19,916	1	19,917

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

2. Adjustment of segment profit (loss) includes inter-segment transactions of ¥1 million.

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

(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)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Public Works	24,175	21.8%	13,769	9.3%	(10,405)	(43.0) %
Private Works	85,978	77.7%	132,383	88.9%	46,405	54.0%
Overseas	523	0.5%	2,696	1.8%	2,172	415.2%
Total	110,677	100.0%	148,849	100.0%	38,172	34.5%

2. Net Sales

(Millions of yen)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Public Works	12,702	14.4%	20,850	19.4%	8,147	64.1%
Private Works	75,131	85.1%	86,552	80.4%	11,420	15.2%
Overseas	408	0.5%	184	0.2%	(224)	(55.0) %
Total	88,243	100.0%	107,587	100.0%	19,343	21.9%

3. Backlog

(Millions of yen)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Public Works	90,713	21.7%	94,581	19.7%	3,867	4.3%
Private Works	326,110	78.1%	384,011	79.8%	57,901	17.8%
Overseas	474	0.1%	2,628	0.5%	2,153	454.1%
Total	417,298	100.0%	481,220	100.0%	63,922	15.3%

(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)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Public Works	21,023	61.9%	33,717	57.1%	12,694	60.4%
Private Works	12,906	38.0%	25,242	42.7%	12,336	95.6%
Overseas	54	0.2%	97	0.2%	42	76.7%
Total	33,985	100.0%	59,057	100.0%	25,072	73.8%

2. Net Sales

(Millions of yen)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Public Works	36,680	54.1%	42,208	51.1%	5,528	15.1%
Private Works	31,200	46.0%	40,054	48.5%	8,854	28.4%
Overseas	(55)	(0.1) %	271	0.3%	327	—%
Total	67,824	100.0%	82,534	100.0%	14,710	21.7%

3. Backlog (Millions of yen)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Public Works	129,997	44.9%	125,022	49.0%	(4,974)	(3.8) %
Private Works	158,970	54.9%	129,727	50.9%	(29,243)	(18.4) %
Overseas	671	0.2%	312	0.1%	(359)	(53.5) %
Total	289,639	100.0%	255,062	100.0%	(34,577)	(11.9) %

(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)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Pavement Construction	71,868	59.5%	75,045	59.0%	3,177	4.4%
Civil Engineering Works	14,397	11.9%	15,596	12.3%	1,198	8.3%
Manufacturing/Sales	34,156	28.3%	36,213	28.5%	2,056	6.0%
Other	287	0.2%	327	0.3%	39	13.7%
Total	120,710	100.0%	127,182	100.0%	6,472	5.4%

2. Net Sales (Millions of yen)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Pavement Construction	62,467	56.2%	67,108	56.8%	4,641	7.4%
Civil Engineering Works	14,308	12.9%	14,592	12.3%	283	2.0%
Manufacturing/Sales	34,156	30.7%	36,213	30.6%	2,056	6.0%
Other	287	0.3%	327	0.3%	39	13.7%
Total	111,220	100.0%	118,241	100.0%	7,021	6.3%

3. Backlog (Millions of yen)

	Six months ended September 30, 2022		Six months ended September 30, 2023		YoY change	
	Amount	%	Amount	%	Amount	%
Pavement Construction	55,555	81.0%	61,292	84.1%	5,737	10.3%
Civil Engineering Works	12,989	19.0%	11,614	15.9%	(1,375)	(10.6) %
Manufacturing/Sales	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	68,545	100.0%	72,907	100.0%	4,361	6.4%

(Note) Net sales include inter-segment transactions.

(4) Summary of Forecast of Consolidated Financial Results

[IFRS]	(Millions of yen)
	Fiscal year ending March 31, 2024
	Full-year forecast
Net sales	768,200
Building Construction	242,100
Civil Engineering	165,000
Road Civil Engineering	242,400
Machinery	39,300
Infrastructure Management	31,600
Other	47,800
Gross profit	107,200
	14.0%
Building Construction	24,200
	10.0%
Civil Engineering	38,900
	23.6%
Road Civil Engineering	27,700
	11.4%
Machinery	8,400
	21.4%
Infrastructure Management	3,300
	10.4%
Other	4,700
	9.8%
Selling, general and administrative expenses	60,300
Share of loss (profit) of entities accounted for using equity method	1,200
Business profit	48,100
Operating profit	48,000
Profit attributable to owners of parent	31,700

(Note) Percentages in the lower row of gross profit indicate profit margin.

[Japanese GAAP]

(Millions of yen)

	Six months ended September 30, 2023			Fiscal year ending March 31, 2024		
	Results for the previous period	Results for the current period	YoY change	Full-year forecast	YoY change	Progress
Net sales	313,490	353,124	39,633	762,900	53,258	46.3%
Building Construction	86,916	106,969	20,052	259,650	44,184	41.2%
Civil Engineering	68,553	82,683	14,129	165,200	13,167	50.1%
Road Civil Engineering	109,111	116,426	7,315	243,000	(697)	47.9%
Machinery	16,320	19,352	3,031	39,400	2,059	49.1%
Infrastructure Management	14,734	8,329	(6,404)	17,550	(4,956)	47.5%
Other	17,853	19,362	1,508	38,100	(498)	50.8%
Gross profit	42,824	51,298	8,474	107,000	8,875	47.9%
	13.7%	14.5%	0.9%	14.0%	0.2%	
Building Construction	7,382	6,878	(504)	24,900	1,174	27.6%
	8.5%	6.4%	(2.1) %	9.6%	(1.4) %	
Civil Engineering	13,687	23,752	10,065	39,000	10,454	60.9%
	20.0%	28.7%	8.8%	23.6%	4.8%	
Road Civil Engineering	8,122	13,974	5,852	27,900	3,792	50.1%
	7.4%	12.0%	4.6%	11.5%	1.6%	
Machinery	3,360	4,082	722	8,400	641	48.6%
	20.6%	21.1%	0.5%	21.3%	0.5%	
Infrastructure Management	8,586	1,098	(7,487)	2,800	(7,290)	39.2%
	58.3%	13.2%	(45.1) %	16.0%	(28.9) %	
Other	1,684	1,510	(173)	4,000	102	37.8%
	9.4%	7.8%	(1.6) %	10.5%	0.4%	
Selling, general and administrative expenses	28,130	31,380	3,249	65,700	8,071	47.8%
Operating profit	14,693	19,917	5,224	41,300	804	48.2%
Ordinary profit	16,047	20,888	4,841	42,500	731	49.1%
Profit attributable to owners of parent	13,292	13,541	248	27,500	(8,370)	49.2%

(Note) Percentages in the lower row of gross profit indicate profit margin.

(Reference) Maeda Corporation: Supplementary Information

1) Summary of non-consolidated financial results forecast

(Millions of yen)

	Six months ended September 30, 2023			Fiscal year ending March 31, 2024		
	Results for the previous period	Results for the current period	YoY change	Full-year forecast		Progress
					YoY change	
Net sales	163,082	190,123	27,041	425,700	49,824	44.7%
Construction Total	155,097	189,311	34,214	423,300	56,504	44.7%
Building Construction	87,272	106,776	19,504	258,300	42,921	41.3%
Civil Engineering	67,824	82,534	14,710	165,000	13,582	50.0%
Infrastructure Management	7,013	1	(7,012)	700	(6,524)	0.2%
Real Estate	971	810	(160)	1,700	(155)	47.7%
Gross profit	27,506	30,682	3,175	64,700	5,788	47.4%
	16.9%	16.1%	(0.7) %	15.2%	(0.5) %	
Construction Total	20,037	30,391	10,354	63,290	12,465	48.0%
	12.9%	16.1%	3.1%	15.0%	1.1%	
Building Construction	6,981	6,636	(345)	24,290	1,380	27.3%
	8.0%	6.2%	(1.8) %	9.4%	(1.2) %	
Civil Engineering	13,055	23,755	10,699	39,000	11,085	60.9%
	19.2%	28.8%	9.5%	23.6%	5.2%	
Infrastructure Management	7,008	(3)	(7,012)	700	(6,485)	(0.5) %
	99.9%	(276.5) %	(376.4) %	100.0%	0.5%	
Real Estate	460	294	(166)	710	(190)	41.5%
	47.4%	36.3%	(11.1) %	41.8%	(6.8) %	
Selling, general and administrative expenses	14,217	16,145	1,927	33,600	4,598	48.1%
Operating profit	13,289	14,536	1,247	31,100	1,189	46.7%
Ordinary profit	15,528	16,312	783	33,100	826	49.3%
Profit	14,491	11,520	(2,970)	25,300	(4,906)	45.5%

(Note) Percentages in the lower row of gross profit indicate profit margin.

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

(Millions of yen)

	Fiscal year ending March 31, 2024		Six months ended September 30, 2023	
	Full-year forecast	YoY change	Results for the current period	Progress
Building Construction	280,000	7.5%	148,849	53.2%
Civil Engineering	163,000	53.1%	59,057	36.2%
Total	443,000	20.7%	207,907	46.9%