

Maeda Corporation



M A E D A

ANNUAL REPORT 2020

For the year ended March 31, 2020

Building and Civil Engineering for the World

Maeda Corporation Profile

Maeda Corporation is a comprehensive building and civil engineering contractor founded in Japan in 1919 and operating internationally since 1963. With accumulated expertise and know-how in areas such as cost reduction, functional enhancement, and risk avoidance, Maeda serves complete project needs, from planning and design through construction to maintenance.

Now with over 4,000 employees, Maeda has built a portfolio of civil engineering projects around the world, from dams, railways, subways, tunnels, and subterranean works to highways and bridges, from water supply systems to hydro, thermal, and nuclear power stations. Maeda also constructs public and commercial buildings such as schools, office buildings, and hospitals, along with other related services.

In addition, founded upon its conventional construction business, Maeda is expanding into a broader range of businesses that include electricity generation from renewable energy and infrastructure management for airport, toll road, and exhibition projects.



Contents

02	The History of Maeda Corporation	18	Consolidated Balance Sheets
04	Top Message	20	Consolidated Statements of Income
07	Review of Operations	21	Consolidated Statements of Comprehensive Income
09	Overseas Operations	22	Consolidated Statements of Changes in Net Assets
12	Special Feature	23	Consolidated Statements of Cash Flows
14	Corporate Governance	24	Notes to the Consolidated Financial Statements
17	Financial Section	56	Report of Independent Certified Public Accountants
17	Consolidated Financial Highlights	59	Corporate Information

Corporate Motto, enacted in January 1968

誠意
技術
欲実

“Integrity”

As long as a company remains in business, it has to produce a profit. However, focusing only on profit prevents the company from continuing. Only when the company has integrity and interacts with clients, will the business last and develop.

Integrity is fundamental to a business.

“Willingness”

Work, it requires a strong self-discipline.

Without confidence that we are the best in technology, pricing and scheduling and without willingness to push ourselves to overcome difficulties, any work could not be completed.

The point is willingness.

Willingness to work strengthens our minds and is indispensable to both our business and personal life.

“Technology”

Maeda features its technology.

We are strongly hoping that our workmanship instantly reveals that the work was done by Maeda.

It is our technology that others want to learn from Maeda and not that Maeda has learned from others.

This is our advantage.



Forward-looking statements

This annual report contains forward-looking statements regarding the Maeda Corporation future plans and strategies, as well as its results, estimates, and forecasts. These statements are not based on historical fact, but represent management's assumptions and beliefs based on information currently available, and involve certain risks and uncertainties. Potential risks and uncertainties include, but are not limited to, intense competition, market demand, and various regulations relevant to the construction industry. Actual results and business performance may differ materially from these statements. Accordingly, investors are cautioned not to base investment decisions exclusively on forward-looking statements.

1919

Maeda's history began with the construction of a hydroelectric power plant in 1919. Just about 100 years later, Maeda is today broadly active internationally in construction of dams, tunnels, and high-rise buildings, with demonstrated capabilities and an earned reputation for reliability.

Kwai Chung Development Project

Hong Kong

In 1963, Maeda, having established a strong track record in Japan, won an order in international competitive bidding for the Kwai Chung Development Project in Hong Kong. The objective for what was phase two of construction in the comprehensive development of the Kwai Chung district, decided upon by the Government of Hong Kong, was the creation of industrial and residential land through reclamation of Gin Drinkers Bay with spoil obtained by leveling the hills on the Lai Chi Kok Peninsula to the east of the bay and the Texaco Peninsula to the west. Although construction was plagued by a continuous onslaught of typhoons and other difficulties, Maeda completed the project by the contract deadline, an accomplishment considered unusual in Hong Kong at the time. Maeda subsequently made Hong Kong a base for expansion of its overseas business activities into Southeast Asia.

Batang Ai Project

Malaysia

In the Batang Ai hydroelectric project, Maeda built a main dam and three saddle dams with a height of 85m, length of 810m, and volume of 4 million m³ on Malaysia's Sarawak Island. All four dams are concrete-face rockfill dams, a type of dam of which there were few construction examples in Japan at the time. For the main dam (the Batang Ai Dam), Maeda built a 0.3-m thick steel-reinforced concrete facing by moving slip forms at a speed of 2.5 to 3.5 meters per hour.



1955

1963

1972

1982 1991



Tagokura Dam

Fukushima

Tagokura Dam, a concrete gravity dam located in an upstream area of the Tadami River, was completed in November 1960. The dam height of 145m and volume of 1,985,000m³ made it the largest dam in Asia at the time. This was an enormous, make-or-break project for Maeda Corporation, which had not long before been reorganized and established as a joint-stock company in 1946, after the Second World War. The project attracted considerable attention in Japan, even becoming the subject of several novels. Maeda set a world record for concrete volume poured per day of 8,462m³.



Seikan Tunnel

Hokkaido

The 53.85-km Seikan Tunnel, which travels beneath the Tsugaru Strait and links Honshu and Hokkaido, is the world's longest undersea railway tunnel. Maeda was responsible for construction of the 14.7-km Yoshioka section, the deepest portion of the undersea section of the tunnel, located near the Hokkaido end. Construction began in 1972, and the main tunnel breakthrough occurred in March 1985 after the overcoming of problems of soft ground and water inflow at the incredible rate of 80 tons per minute.



Fukuoka Dome

Fukuoka

The retractable dome roof, made of three fan-shaped panels, is 220m in diameter and 84-m high and takes only about 20 minutes to open or close. The key to achieving the functionality of the retractable dome was construction of the complexly shaped track for the trolleys that move the dome, which is shaped like a gutter with a three-dimensional curved surface. To build the track, Maeda used a construction method adapted from tunneling technology involving the use of a large sliding frame.

Trans-Tokyo Bay Highway

Chiba

Maeda was responsible for construction of Kisarazu Artificial Island (Umihotaru, photo), and the northern (eastbound) tunnel from Umihotaru to Kawasaki Artificial Island on the 15.1-km Trans-Tokyo Bay Highway, also known as the Tokyo Bay Aqua-Line, and often called the final large construction project of the 20th century. The large-diameter shield tunneling machine used for the project, the world's largest at the time, was 14.14m in outer diameter and 13.5m in length and weighed 3,200 tons. Leading-edge technologies were applied to segment assembly and direction control, including underground docking of two shield machines under the seabed.



Upper Kotmale Hydropower Project

Sri Lanka

Maeda's involvement in the Upper Kotmale Hydropower Project in Sri Lanka started in September 2005 with Lot 01 Preparatory Work followed by Lot 02 Main Civil Work, which started construction on January 1, 2007, and was completed on February 25, 2014. The project consists of a 36-m high dam, a headrace tunnel with a total length of 15km, and total power capacity of 150MW (two turbines generating 75MW each). In honor of the 60th anniversary of diplomatic relations between Japan and Sri Lanka, a commemorative coin engraved with an image of this dam was issued.



Iidabashi Station West Exit Type I Urban Development Project

Tokyo

Near to where it was founded, Maeda has erected a 30 storey office and commercial tower with a two level basement together with a 40 storey residential tower also with a two level basement. The design of the two towers express and combine Japanese "iki" (stylishness) through silver grey vertical louvers that face the outer moat of the Imperial Palace and the "esprit" of the area's Western culture through champagne gold horizontal louvers that face the Palace. Both buildings are designed and equipped for high-level emergencies. Maeda's headquarters are located on the 11th and 12th floors of the office tower.



1995 1998

2005 2007

2014 2019



Hong Kong International Airport Passenger Terminal Building

Hong Kong

A five-member consortium of British, Chinese, and Japanese companies including Maeda won the order from the Airport Authority Hong Kong for construction of a passenger terminal building with a total floor area of 498,000m² on a 1,248-hectare artificial island. Hong Kong International Airport is an international hub airport that has consistently been selected as the world's best airport since 2001 by an aviation-related research firm in the U.K. Maeda has subsequently continued to win orders for projects such as area expansion construction.



Stonecutters Bridge

Hong Kong

Stonecutters Bridge, which straddles Rambler Channel between Tsing Yi and Cheung Sha Wan, is a component of Route 8, which links Hong Kong International Airport and Sha Tin in Kowloon. It is one of the world's largest cable-stayed bridges: 1,596m in total length, with 298-m high towers, and a main span of 1,018m.



ICI Center

Ibaraki

The ICI Center, which was established as one of Maeda Corporation's 100th anniversary projects, is an institute consisting of two main facilities: the ICI Lab which facilitates research and development of innovative technology as well as developing business with various partners, and ICI Camp which is designed to promote personnel development and interactions amongst visitors which would contribute to the creation of new value.

The Exchange Building, a building located within the ICI Lab, is a high performance, state-of-the-art office building which has become the first structure in Japan to be certified with the Platinum Rating under the BD+C (New Construction) category of the LEED v4, which is the internationally recognized environmental performance evaluation system for buildings.

Contributing to the Creation of a Sustainable Society as an Integrated Infrastructure Service Company



Soji Maeda

President and
Representative Director

Steady Progress in a Time of Change

I would like to begin by offering my sincere condolences to the families of those who have lost their lives due to COVID-19, and my best wishes to those currently affected by the disease.

The rapid global expansion of the COVID-19 pandemic has triggered serious social and economic repercussions, including major impacts in Japan such as the one-year postponement of the Tokyo Olympic and Paralympic Games.

The transformation of society is accelerating under

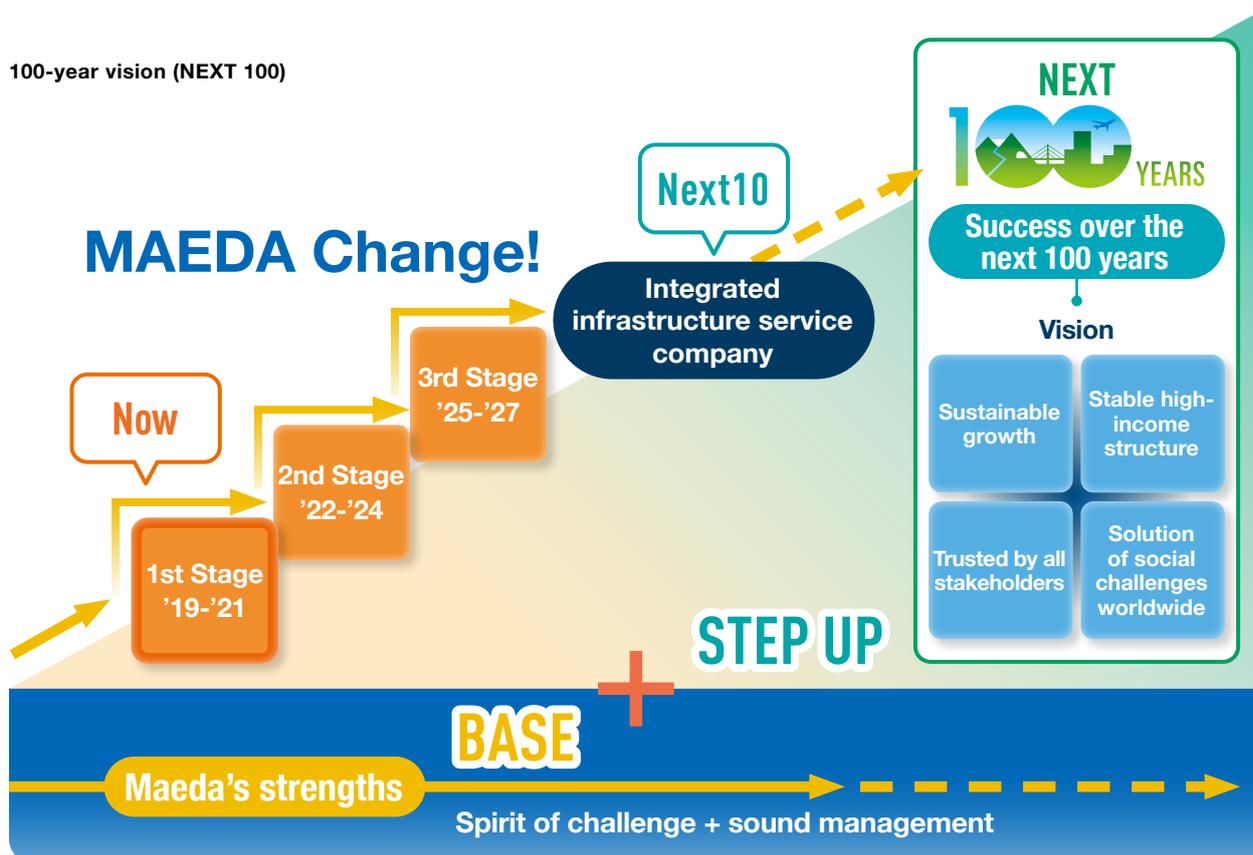
the impact of technological advances and changes in social structures. Responses to the COVID-19 pandemic are also driving shifts in values and perceptions of normality at a pace and on a scale that would have been unimaginable in the past.

Our priority in this time of uncertainty is to move forward steadily toward the realization of our vision, while maintaining a healthy sense of crisis and endeavoring to analyze the situation and forecast the future as accurately as possible.

The Next 100 Years

We recently marked the 100th anniversary of the founding of Maeda Corporation by adopting a vision for the next 100 years (see diagram on the next page). Under this NEXT 100 vision, we want Maeda Corporation to achieve sustainable growth by continuing to provide value to society, and to earn the trust of society as a company that is seen as essential by all stakeholders. We also formulated the NEXT 10 plan, a package of medium- to long-term reforms to be implemented over the 10 years leading up to the first milestone under this vision. Through the NEXT 10 plan, we aim to create a new business model as an integrated infrastructure service company by merging our contracting business with our “de-contracting” activities.

We will combine the construction technologies and engineering capabilities we have accumulated through our contracting business with the development, investment, maintenance, management, and operational skills we have built through our efforts to diversify into de-contracting areas such as infrastructure management. The multiplying effect of this combination will drive our evolution as a company capable of providing solutions for a wide spectrum of social issues. Our roadmap toward the NEXT 100 vision and our evolution as an integrated infrastructure service company are both based on our “Creating Shared Value” (CSV)*¹ philosophy.



We can no longer fulfill our role in society solely through our contracting business as a key player in infrastructure development. Values are also becoming more diverse in this transitional phase. As a company, we will need to redefine our reason for existence in society, and to implement reforms leading to a sustainable future for Maeda Corporation. Our commitment to diversifying beyond contracting will require determined efforts to address social change and social issues, and to propose and create new value.

In recent years there has been an increasing global focus on the Sustainable Development Goals (SDGs)*2. We believe that our aspiration to become an integrated

infrastructure service company aligns perfectly with efforts to achieve the SDGs, and our efforts to address social issues through this aspiration will contribute to the achievement of many of the SDGs, while also leading to future growth for Maeda Corporation.

At first glance, the goal of achieving growth as a company may seem incompatible with the realization of a sustainable society. The tools, which will allow us to reconcile these goals, are our commitment to becoming an integrated infrastructure service company, and our NEXT 100 vision. We see the integrated infrastructure service company concept as a sustainable business model.

Achievements under the “Maeda Change 1st stage 2019–2021” Plan

We have plotted a course to the realization of the NEXT 10 plan by defining three milestones set three years apart from each other and formulating specific measures for the achievement of those goals. Fiscal 2019 was the first year of the NEXT 10 period and our medium-term business plan, “Maeda Change 1st stage 2019–2021.” Our focus at this stage was the discussion and sharing of strategies.

In August last year, we took an important first step toward the diversification of our de-contracting business with the opening of Aichi Sky Expo, Japan’s fourth largest exhibition facility. We began to manage the event areas at this facility with the French

company, GL events, using the concession system for the first time in Japan.

In November 2019, we opened the ICI Camp*3, a training and accommodation complex housed in a former elementary school. The ICI Camp and the ICI Lab, which was opened in February of that year, are now fully operational as the ICI Center. This facility will play a pivotal role in our management reforms through its use not only for technology development and implementation, and human resource development, but also as a symbol of change in our mindsets and corporate culture.

Key Topics in Fiscal 2019

A major event in fiscal 2019 was the release of our movie, *Maeda Corporation Fantasy Marketing Department*. This movie is based on in-house projects launched by young employees in 2003. At that time, public perceptions of general construction contractors were very critical, and we took up the *Maeda Corporation Fantasy Marketing Department* challenge with the aim of enhancing public understanding about our work and the dreams that motivate us. Approval levels among those who viewed the movie were high, and we were deeply moved by the many favorable comments received.

Another significant development in fiscal 2019 was the strengthening of our capital relationship with Maeda Road Construction Co., Ltd. To achieve growth and success in this time of change, we need to enhance our competitiveness as a Group by pursuing synergies with Group companies, and by strengthening governance. This approach also helps to enhance the competitiveness of individual companies, allowing them to turn risks into opportunities by moving forward with their own transformations.

Outlook

The reinforcement of capital relationships within the Group and the creation of the *Maeda Corporation Fantasy Marketing Department* movie are both significant steps forward and represent our readiness to take up challenges based on our belief that the path to the future is opened up through actions leading to transformation.

Throughout its long history, Maeda Corporation has remained alert to change and has taken up the challenge of self-transformation with courage and without fear of risks. This spirit has been handed down to the present day and remains a key source of strength for Maeda.

In fiscal 2020, we will reach the action stage of our strategy and move forward with various initiatives targeted toward transformation. Those initiatives will include innovative organizational changes designed to ensure the steady implementation of our reforms. We have made major changes to our organization and established a dedicated unit to carry out the reforms.

We have also commenced a major transition to a new personnel system as part of our structural reform initiatives. We want our employees to draw on the unique strengths of the Maeda Group so they can



take the initiative in moving forward boldly with new challenges. We have created systems to foster our corporate culture by developing people and organizations with this mindset throughout the company. These organizational reforms and the transition to a new personnel system are expected to lead to mindset changes.

Productivity reforms are a key part of our strategy under the NEXT 10 plan. We see digital transformation (DX) as a vital tool for driving productivity improvement, which has become a major priority in the present era. We are using DX to achieve revolutions in knowledge and production through business process innovation. In addition to pursuing synergies with our Group companies and partners, we will also work to maximize the added value we create for society across our entire Group.

One of the key strengths of the Maeda Group is our spirit of challenge. We are determined to take that spirit forward through the next 100 years, and to contribute to the creation of a sustainable society by working to solve various social issues as an integrated infrastructure service group committed to CSV management in this new era.

*1 “Creating shared value” (CSV) is a concept first put forward by the American economist Michael E. Porter. According to this approach, companies should simultaneously work to create economic and social value by addressing social needs and challenges.

*2 The Sustainable Development Goals (SDGs) were adopted at the 2015 United Nations Summit. They consist of 17 goals and 169 targets that we need to address in order to create a sustainable world by 2030.

*3 “ICI” stands for “Incubation x Cultivation x Innovation.”

Review of Operations: Completed Works

Maeda is one of the leading companies in Japan's construction industry. Here are the track records of major works completed in the past year.



Building Projects

City Towers Tokyo Bay

City Towers Tokyo Bay is a condominium complex consisting of three towers located within the Ariake Garden, a large-scale composite development scheme designated as a National Strategic Special Zone (developer: Sumitomo Realty & Development Co., Ltd.). The set of triple towers, which contains over 1,500 condominiums, is the largest project to date for which Maeda has been solely responsible for design and construction.

The five-building complex consists of three, 33-story residential towers, each built using the pillar base seismic isolation structure, together with a certified childcare building (with the capacity for 280 children), and a parking structure.

Overall, the project took six years to completion. Two years were spent on planning and estimation, one year was spent on preparatory construction work on infrastructure and other elements, and three years for the construction of the main buildings. There were major achievements in terms of both labor

productivity and construction quality, due to improvements in the efficiency of the vast logistics operations involved, and the use of labor-saving technologies to shorten the construction period.



Halekulani Okinawa

Halekulani Okinawa is the second luxury beach resort established by Halekulani Hotel, one of Hawaii's premier luxury hotels. Located in Onna Village, Okinawa, it was opened on July 26, 2019.

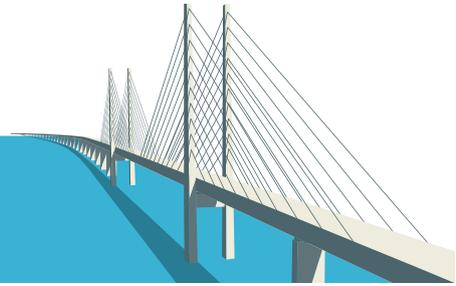


The hotel was built to take advantage of the local landscape, including a coastline spanning 1.7km, and 129,000m² of the Okinawa Kaigan Quasi-National Park and its rich, natural vegetation.

Among the many facilities available at the hotel, there are four restaurants and bars, a spa, a fitness center, conference and banqueting facilities, and five swimming pools. There are 360 guest rooms, including 47 suites and five villas. All of the guest rooms have an area of at least 50m² and ocean views. From the windows, guests can enjoy the spectacular views of the sparkling, emerald green sea and white sandy beaches.

Halekulani Okinawa has already gained an excellent international reputation and is the third hotel in Japan to be selected for membership of The Leading Hotels of the World, an exclusive marketing organization limited to the world's most authentic and exceptional luxury hotels.

Civil Engineering Projects



Diversion Project for the New Maruyama Dam (Fiscal Year 2016)

The New Maruyama Dam Construction Project is a redevelopment scheme that will add 20 meters to the height of the existing dam structure in Yaotsu-cho, Kamo District, Gifu Prefecture. This will increase the dam's total storage capacity by 51.8 million m³, while maintaining flood control capacity and normal flow functions, and increasing power generation capacity.

In fiscal 2016, a river diversion project was carried out as part of this redevelopment scheme. This involved the construction of a temporary diversion tunnel and associated facilities to redirect river water so that construction work could be carried out on the dam structure. The aim of this project was to maintain the functionality of the existing Maruyama Dam, while allowing construction work on the dam structure to be carried out safely.

Excavation work for the temporary diversion tunnel and earthwork for constructing upstream intake and downstream discharge points was carried out in 2016. Earthwork on the intake point was implemented and managed by use of i-construction technology. Meanwhile, as the tunnel excavation site was adjacent to the existing Maruyama Dam structure, care was taken to prevent vibrations from

the excavation work which could affect the dam. Various steps were taken during the construction work to protect the environment, including the treatment of contaminated water produced from construction work. Because the project was close to residential areas, care was also taken to minimize noise and vibration through the installation of sound barriers.



Phase 1 of Tsunami Reconstruction Project in Five Districts of Otsuchi-cho



On March 11, 2011, a 9.0 magnitude earthquake occurred off Japan's northeast coast, triggering a tsunami of unprecedented size. The town of Otsuchi-cho in the Kamihei District of Iwate Prefecture was inundated by the wave. Over 1,200 people lost their lives, as over 4,000 buildings, including the town hall, train stations, schools, the fire station, hospitals, and other important structures, were destroyed.

This project was part of a reconstruction scheme for Otsuchi-cho. It included land development (in five districts of Namiita, Kirikiri, Akahama, Awato, and Komakura-Noborimatsu), disaster prevention through the mass-relocation of residential areas, and the enhancement of disaster-prevention systems in local fishing settlements. The restoration construction management (CM) method was used to provide integrated management of surveys, measurement, design, and construction work.



Overseas Operations

United States

Construction of New Plant for Harmonic Drive

In Japan, Harmonic Drive Systems manufactures precision gearing equipment at its plant in Hotaka, Nagano Prefecture. This project involved the construction of a new plant for Harmonic Drive LLC in Beverly, Massachusetts, which is located about one hour northeast of Boston. Located on a 19,600m²

site, the complex has a footprint of 6,242m² and a floor area of 9,048m². It consists of a single-story manufacturing facility and a three-story office facility. Construction started in July 2018 and was completed in November 2019.



United States

Plant Expansion Project for Toyo USA

Toyo USA Manufacturing Inc. commissioned this project with the aim of expanding its existing plant in Bloomington, Illinois. Toyo USA Manufacturing is affiliated with Toyoseiki Co., Ltd., which is based on Toyota City, Aichi Prefecture. The expansion project added 4,864m² to the complex, of which 4,534m² is used for production, and the remainder for employee lounges, restrooms, storage, and other purposes. The existing plant manufactures automotive hub-bearings. Construction started in July 2019 and was completed in May 2020.



Mexico

E&H Precision De Mexico, S.A. de C.V.

This project resulted in the construction of a new plant in the Sante Fe Techno industrial park in Jesus Maria, in the State of Aguascalientes, as the Mexican manufacturing base for E&H Precision. E&H Precision supplies parts for automobiles, motorcycles, medical equipment, and other products from its three precision machining and assembly plants in Thailand, India, and Mexico. The project involves the construction of offices and inspection and production areas with a floor area of approximately 4,800m² on a site covering around 30,000m². Construction began in August 2019. The new facilities were handed over in June 2020, allowing the company to commence production after relocating from its present rental plant and conducting trial operations in July 2020.



Thailand

Phase 4 Plant Construction for Toyodenso



This project was commissioned by Thai Toyodenso Co., Ltd., a subsidiary of Toyodenso Co., Ltd., as the fourth phase of its plant construction project. The plant is located in the High-Tech Kabin Industrial Estate in Thailand's Prachin Buri Province.

With a site area of approximately 96,000m² and a floor area of approximately 12,800m², the new plant includes production areas, storerooms, and a hazardous products storage facility. Construction started in August 2019 and was completed in May 2020.

Vietnam

Gunze Factory Project

This project resulted in the construction of a factory to manufacture plastic film. Gunze Limited established Gunze Plastics & Engineering of Vietnam Co., Ltd. as a wholly owned subsidiary to meet global demand for plastic film. It will focus in particular on the ASEAN area, where demand growth has been extremely rapid. The new factory is located 46km from Ho Chi Minh City in the VSIP 2 Expansion Industrial Park in Binh Duong Province in the Socialist Republic of Vietnam.

The steel-reinforced concrete steel-frame building is located on a 8,370m² site and has a total floor area of 9,875m². Construction started in November 2018, and the facilities were handed over in August 2019.



Ho Chi Minh City Urban Railway, Line 1, Underground Railway Project

Ho Chi Minh City is the largest commercial center and the key economic region of Southern Vietnam. With a population of over 9 million people, this increasingly affluent city has experienced a significant increase in the ownership of personal vehicles, which has led to increased traffic congestion and road safety accidents. In an effort to alleviate the fundamental problems resulting from increased road traffic, the People's Committee of Ho Chi Minh City has master planned a modern, urban railway system, which includes eight subway lines and three aboveground tram lines (or monorails) to cover the city.

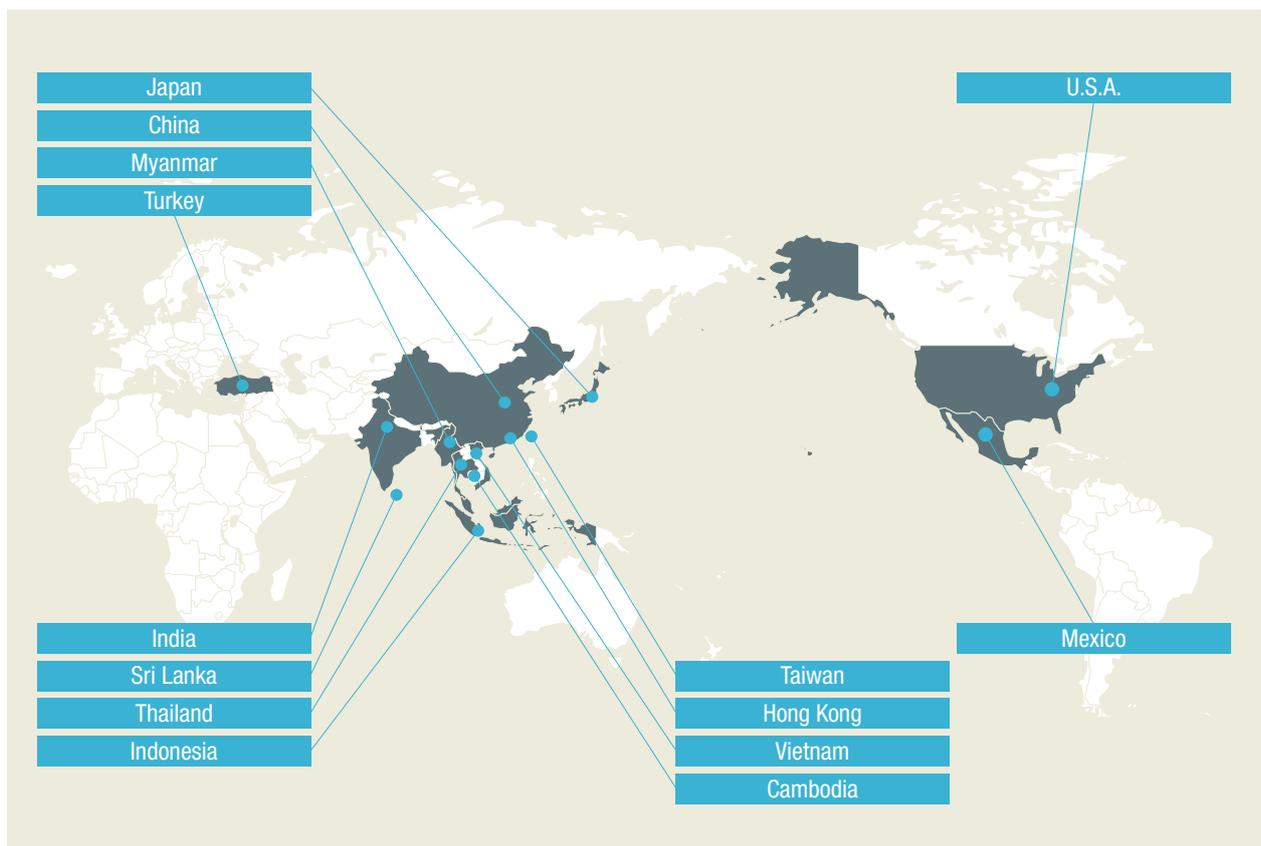
Line 1 is the first metro project in Ho Chi Minh City. This has a total length of 19.7km, is comprised of fourteen stations (three underground and eleven elevated), and will connect the city center with the eastern districts of the city. This Line 1 project is subdivided into four separate contract packages: two underground, one elevated, and one electrical and mechanical.

Maeda is responsible for Contract Package 1b, which has a total linear length of 1,745m, and comprises the design and construction of two

underground stations, a twin shield tunnel, a cut and cover tunnel, and a transition structure with the neighboring elevated section. The project is being carried out jointly with Shimizu Corporation. The completion of Line 1 will mark the first subway in Vietnam. Contract Package 1b is scheduled to be completed in 2021, with Line 1 operational by 2022.



Overseas Operations



A Place to Pursue Dreams whether Asleep or Awake

The ICI Center in Toride City, Ibaraki Prefecture is a Maeda Corporation facility dedicated to the realization of our corporate philosophy of “Creating Satisfactory Value Shared by Stakeholders” (CSV-SS). Within the ICI Center, we have established the ICI Camp as a place to develop and enhance our human resources.

Transitioning to a Sustainable Business Model

We recognize the key social challenges listed in the diagram below as factors that could have a major impact on the sustainable development of Maeda Corporation. To address and overcome these

challenges, we aim to transition to a sustainable business model that will not be vulnerable to external uncertainties by transforming Maeda Corporation into an integrated infrastructure service company.

Creating Innovation

We are working toward this transformation into an integrated infrastructure service company through priority measures under the NEXT 10 plan, including productivity reforms, a de-contracting business, and the improvement of our corporate fundamentals.

Given the accelerating pace of social change, we need human resources capable of responding to all of the situations that could arise as we work to find solutions to social challenges. To achieve this, we have modified our corporate structures and culture to create an environment in which our employees, who are the foundation for our business activities, can achieve growth leading to innovation.

Initially we have prioritized changes to our corporate structures by reforming our personnel systems to reflect social change and our strategic

direction as a company. In the medium- to long-term future, we aim to create a corporate culture based on recognition of the importance of individuals and a generalized corporate commitment to the development of individual potential. We also aim to build human resources, teams, and organizations characterized by a commitment to new initiatives and the acceptance of challenges.

We also created the ICI Camp as a base and environment for the development and enhancement of these human resources. Positioned as an open education facility, it will be used to train a wide range of personnel, including not only Maeda employees, but also people from various partners and venture companies, in line with our commitment to the proactive provision of educational opportunities.

The Role of the ICI Center as a Multipurpose Facility

The ICI Center consists of the ICI Lab and the ICI Camp. The ICI Lab is a base for the development of advanced technologies and the creation of new businesses through co-creation with a wide range of partners under our open innovation philosophy. The ICI Camp was created as a training and networking venue for people with the potential to contribute to the creation of new value.

The ICI Center has been created and developed as a nerve center for management planning and initiatives toward the three core areas under the

NEXT 10 plan: productivity reform, company-wide promotion of de-contracting business activities, and improvement of corporate structure. We are working to consolidate these changes as part of our corporate culture.

The ICI Lab was first opened in February 2019 as a hub for new value creation through knowledge networking based on the fusion of venture companies, society, and the economy. The ICI Camp will be a base for the development of human resources capable of contributing to new value

creation through a networked approach, which will also encompass cultural and artistic exchange with local governments, universities, companies, residents, and other participants.

In 2019, we initiated a new stage in the development of the ICI Center as a platform for the continual creation of innovation. Venture companies, universities, local governments, local communities and others will work together to create innovative businesses, and to contribute to the sustainable

Features of the ICI Camp

We used three- and four-story reinforced concrete buildings vacated after the closure of the Toride Municipal Shiroyamanishi Elementary School in March 2016 to create the ICI Center. After seismic retrofitting, the East and West School Buildings were converted to provide workshop spaces for 170 people.

A rapidly falling birthrate and dramatic population decline have become social issues in Japan, and many communities face serious social challenges due to the closure of elementary and junior high schools built during Japan's high-growth era. We approached the development of the ICI Center as a model project designed to restore the usefulness of these unused public facilities by applying the planning and implementation capabilities of the private sector.

We saw school buildings, which had been used for many years as places for growth and learning, as the ideal structures in which to create a human resource development facility. Alongside the East and West School Buildings, we built a new two-story wood and steel pavilion. An example of Maeda Corporation's new approach to the construction of large-scale wooden buildings, this structure houses a

Challenges for the ICI Center

From the concept stage, the ICI Center was developed as a hub to link remote locations across the real-virtual barrier, and priority was given to the creation of a space to accommodate diverse values and work styles. The need for and potential of this facility has become apparent during the current COVID-19 crisis, when countless people have adopted diverse ways to work and play remotely through networks and virtual spaces.

In May, we held the ICI Innovation Awards for technologies and services relating to COVID-19. Almost 70 ideas were submitted in the "Versus COVID-19" and "With and After COVID-19" categories. We are now working with a sense of urgency to verify which ideas are practical in order to bring them to market as quickly as possible.

Since the establishment of the ICI Lab, Maeda Corporation has been using the facility for a variety of purposes, including the development of new

development of all stakeholders by also enhancing the capabilities of next-generation innovators to ensure the continuity of these new businesses.

The ICI Center is Japan's first integrated innovation platform. Maeda Corporation aims to use this unique facility to build a foundation of growth for its next 100 years by working with various partners to find solutions to social challenges, create new businesses, and accelerate the growth of new human resources.

wide-span space, which can be used as a seminar room or dining area with capacity for 200 people.

Another feature of the complex is the Shiroyama Terrace, a spacious wooden deck that serves as an approach route for people visiting the ICI Camp from the ICI Lab. It also functions as a community space for random encounters among people moving between the facilities. As the "main street" in an interwoven network of paths linking the various facilities, it has become a highly energized area filled with unlimited potential.

Like the neighboring ICI Lab, the ICI Camp combines both new and old structures to create a learning platform for the transfer of technology and the creation of new value. The ICI Camp functions not only as a training facility for employees of contractors working with the Maeda Group, but also as place for networking with our partners in open innovation. It is also configured as a disaster prevention center for the local community in times of emergency. We believe that the effective utilization of these facilities will contribute both to regional revitalization, and to the creation of satisfactory value (CSV).

ventures, and proof-of-concept testing. To date, we have obtained information about over 4,000 ventures and have met with about 500 of them. We have signed confidentiality agreements with over 200 of those companies, and we engaged in co-creation activities with more than 100 companies. The distance between Maeda Corporation and venture companies is steadily narrowing, and we have reached a stage at which we can further expand this network.

However, while technologies have been developed, they have not yet been used in society. Under the CSV concept, newly developed technologies do not yield co-created value until they are actually used in society. Going forward, we will need to maintain a clear focus on the utilization of new technologies by creating a standardized process leading from development to commercialization. We will work to solve social issues while enhancing the economic value.

Corporate Governance

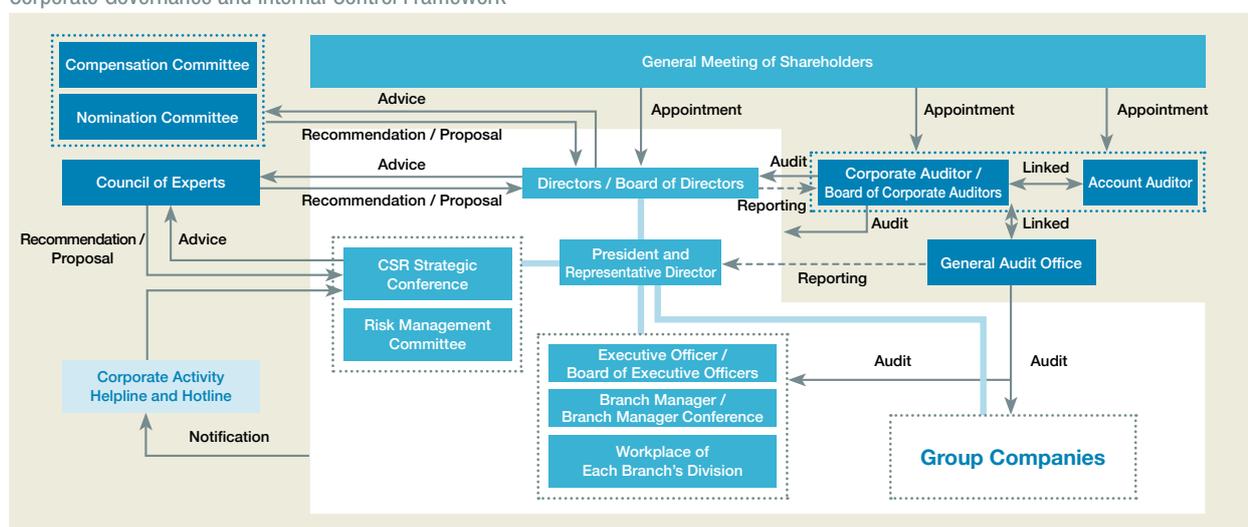
Policies and Approach

Maeda—with its corporate motto, “Integrity, Willingness, and Technology,” and its founding philosophy “Gaining customers’ trust by doing a good job”—has established its basic philosophy of management: offering quality, which provides our customers and our local communities with a sense of trust, security and satisfaction based on the principles of outstanding quality and putting its customers first. So as to continually contribute to society through our business, we have set out the Maeda Corporate Conduct Charter and the Maeda Code of Conduct which are the sources for the outlook management

system essential in gaining our shareholders’ and customers’ trust and understanding.

The Maeda Group’s approach to corporate governance calls for the continual enhancement of internal control systems as the basis for sustained improvement in the corporate value of the entire Group. We also view the role of the various committees that advise the Board of Directors as an essential part of corporate management. We are continually enhancing our corporate structures to be in line with our strong commitment to improve management efficiency, reliability, and transparency.

Corporate Governance and Internal Control Framework



Structure and Role of the Board of Directors

Maeda Corporation has made various enhancements to its management structure with the aim of improving business activity accountability, management efficiency, reliability, and transparency. As of June 2020, various changes have been implemented, which included the introduction of the executive officer system, the establishment of one-year terms of office for directors, the appointment of four outside directors out of a total of 11 Board members, and the appointment of three outside corporate auditors out of a total of five corporate auditors. We have also enhanced our risk management and internal control systems. The Board of Directors has a diverse and well-balanced structure. For instance, outside directors make up over one-third of the Board, and one female director has been appointed. In addition to the Board of Directors, we have also appointed executive officers and established the Board of Executive Officers for the purposes of hastening management decision making and clarifying where responsibilities for the business execution lies.

We have also taken the initiative to establish various committees on a voluntary basis. In September

1988, we formed the Compensation Committee to formulate policies for compensation for directors and executive officers, and to report to the Board of Directors concerning the compensation packages for individuals. In September 2006, we established the Council of Experts, which consists of outside experts who provide recommendations and proposals concerning every aspect of Maeda Corporation’s role in society, including compliance and CSR, for the purposes of strengthening governance. In April 2019, we established the Nomination Committee as an advisory body for the Board of Directors. Its role is to strengthen audit functions and further enhance corporate governance structures by ensuring objectivity and transparency in processes relating to the nomination of directors and corporate auditors, and the appointment and dismissal of representative directors and executive directors.

Our interest and commitment to improve corporate governance has never been stronger. In this context, Maeda will continue to improve its corporate governance systems is working toward the goal of becoming the leading company in terms of “creating satisfactory value for stakeholders” (CSV).

Audit Activities

(1) Audits by Corporate Auditors

Maeda Corporation is structured as a company with a Corporate Auditor Office. The Corporate Auditor Office consists of five corporate auditors, including one full-time outside corporate auditor who acts as chairperson, two full-time corporate auditors appointed from within the Company, and two part-time outside corporate auditors, together with one full-time assistant. One of the outside corporate auditors has extensive experience working for an audit firm as a Chartered Accountant, while the full-time outside corporate auditor has vast experience in the processing and administration of government taxation services. Both have extensive knowledge of finance and accounting. The full-time assistant works under the direction of the Corporate Auditor Office providing support to the Corporate Auditor Office and its members.

The Corporate Auditor Office normally meets once a month, however extraordinary meetings are held as

required. At the 17 meetings held in fiscal 2019, corporate auditors formulated audit policies, plans, and reports, and considered related matters, such as the appropriateness of the audit methods used by the accounting auditors, and the results of audits.

Corporate auditors attend meetings of the Board of Directors and provide input as required. They also hold regular meetings with the CEO and the outside directors. The full-time corporate auditors attend all meetings of the Board of Executive Officers. They also liaise with the directors and other officers, to obtain information, and analyze relevant documents to be circulated for approval. In addition, on-site audits of the Company's operations are conducted each fiscal year in the head office, branch offices, and subsidiaries in accordance with audit policies and plans. This work is shared by the three full-time corporate auditors, who report the results of their audits to the Board of Corporate Auditors. The reports are also available for inspection by the relevant corporate officers.

(2) Internal Audits

Internal audits fall within the responsibility of the five members of the General Audit Office, who report directly to the President. They draw up audit plans for each fiscal year and conduct on-site surveys of head office units, branches, subsidiaries, and other units on the basis of risk assessments carried out from the stakeholders' perspective. Audit results are reported to the President and the standing auditors. Where necessary the Corporate Audit Department also offers recommendations to the units concerned.

The Board of Corporate Auditors facilitates

communication and collaboration relating to internal audits, and accounting audits by convening liaison meetings with the accounting auditors and internal auditors, and joint meetings with both. These meetings enable reciprocal cooperation by providing opportunities for information sharing concerning the audit policies and plans of the Corporate Audit Department and the accounting auditors, audit results, and other related matters. If necessary, recommendations based on audit results are provided to the units responsible for internal control systems.

(3) Accounting Audits

- a. Accounting audits are performed by Ernst & Young ShinNihon LLC.
- b. The names of the Chartered Public Accountants involved were Makoto Suzuki and Takehiro Ametani.
- c. They were assisted by a total of seven Chartered Public Accountants and 17 other staff.

Compensation for Officers

Compensation for directors are determined through resolutions of the Board of Directors, based on deliberations by and reports from the Compensation Committee, within the limits set out in the resolutions at the General Meeting of Shareholders.

Compensation for directors other than outside

directors (hereinafter referred to as "executive officers") consists of basic compensation paid in a fixed monthly amount, a yearly bonus, share-based compensation (restricted shares) linked to services provided and rank, and share based compensation linked to business performance under the Board Benefit Trust (BBT) plan.

- a. The level of basic compensation for executive officers is determined according to each officer's position. The standard amount consists of a fixed portion (70%) and a variable portion. The variable portion to be paid is determined according to each executive officer's business and management capabilities, performance, and results and may fall between 0 and 60% of the standard amount.

b. Bonuses are linked to business performance. The amount to be paid to each executive director is calculated by multiplying basic yearly compensation by a predetermined ratio. The resulting amount is then multiplied by a ratio linked to the extent to which a business performance indicator was achieved. The performance indicator used to calculate bonuses is net income as stated in the Consolidated Statements of Income. This item was selected as the performance indicator because all persons involved in management need to be focused on net income attributable to shareholders.

c. Share-based compensation (restricted stocks) based on services provided is allocated to executive officers not only as an incentive to achieve continuous improvement in corporate value, but also to heighten the sharing of values between directors and shareholders. The number of shares allocated to each executive director is determined by multiplying the basic annual compensation by a predetermined ratio (20% prior to the introduction of a performance-linked share-based compensation system described in d. below, and 10% thereafter) and issuing an equivalent amount of monetary compensation rights, for which shares in Maeda Corporation are allocated.

d. The Board Benefit Trust (BBT) plan was introduced to heighten the sharing of values with shareholders by further clarifying the relationship between compensation for executive directors and the Company's business performance and share price.

The standard amount is first determined by multiplying each officer's basic compensation by a predetermined ratio (20%). Points are then allocated to each executive director according to the extent to which

performance targets for individual fiscal years and the Medium-term Business Plan have been achieved and other factors. Shares and monetary compensation are allocated according to the number of points.

Risk Management

Policies and Approach

With ongoing changes in the social environment, which encompasses corporations, we are reviewing risks and taking appropriate actions to adapt to these changes. As these actions are taken to ensure sound business activity and are premised on fulfilling our social responsibilities towards our stakeholders, we manage risks that hinder the execution of the "Maeda Corporate Conduct Charter" based upon the "Maeda Risk Management Policy" and the "Risk Management

Regulations."

The General Audit Office is enhancing internal control systems through various activities, including audits based on risk assessments, and the provision of recommendations concerning improvements to the relevant units. In fiscal 2018, audits were carried out covering all head office units and branches in Japan, 22 other business sites in Japan and overseas, and three group companies.

Internal Control

To continually promote the corporate value of the entire Group, we recognize that fully developing the internal control function is essential for corporate management. We therefore aim to improve management effectiveness, soundness, and transparency as we lay the groundwork for a management framework.

Internal Control Systems

To ensure a thorough and consistent system of internal controls, Maeda has declared a policy for internal control systems. To this end, Maeda has established a "CSR Strategy Committee" and a "Risk Management Committee" that is chaired by the President and operates at the executive level. In

addition, Maeda has established a "Corporate Audit Department" that conducts audits independently from the executing divisions. These components serve to increase the effectiveness of Maeda's internal control system.

Internal Reporting System (Business-Conduct Helpline and Hotline)

The Internal Reporting System is a very important mechanism for early detection, rectification, and action against unethical behavior and for achieving secure and improved compliance and ethics throughout the Company. In addition to the Internal

Reporting System, the Company has created links on its website for reporting on related organizations outside the Company, such as business partners, and includes the assurance of anonymity.

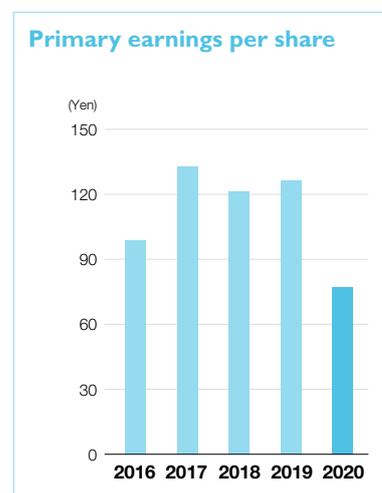
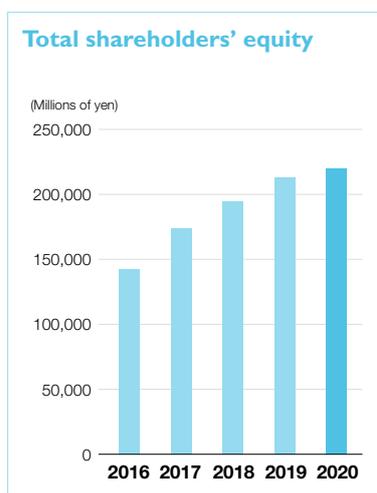
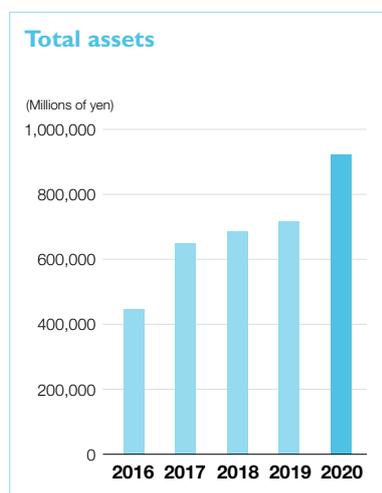
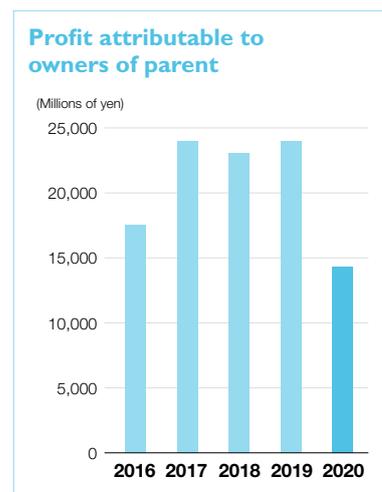
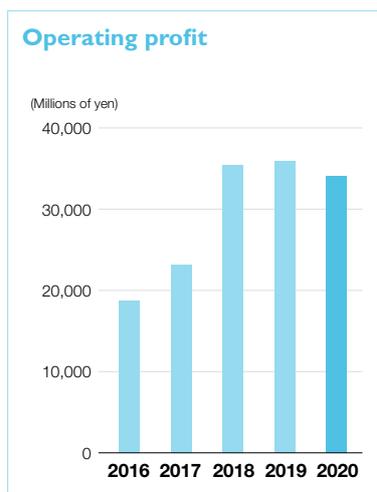
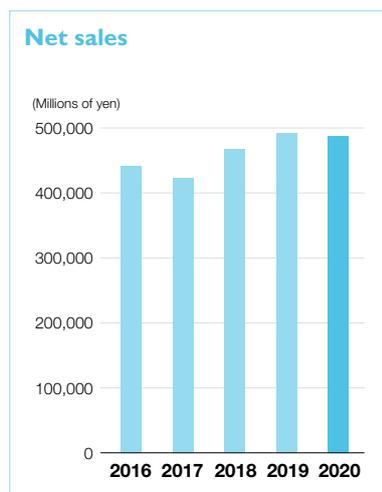
Consolidated Financial Highlights

Maeda Corporation and its consolidated subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2019	2020	2020
For the year:			
Net sales	¥492,087	¥487,856	\$4,482,735
Operating profit	35,945	34,045	312,827
Profit attributable to owners of parent	23,952	14,342	131,783
At year-end:			
Total assets	717,631	920,787	8,460,783
Total shareholders' equity	213,207	219,955	2,021,088

	Yen	U.S. dollars
Per share:		
Primary earnings	126.14	77.24
Cash dividends	20.00	20,00
		0.18

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of at ¥108.83 = U.S.\$1.00, the exchange rate prevailing on March 31, 2020.



Consolidated Balance Sheets

Maeda Corporation and Subsidiaries
As of March 31

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
Current assets:			
Cash and time deposits (Notes 4 & 9)	¥ 57,950	¥ 119,198	\$ 1,095,268
Trade receivables: (Notes 4 & 9)			
Notes	8,779	6,960	63,953
Accounts	209,110	249,532	2,292,860
Allowance for doubtful accounts	(40)	(136)	(1,250)
	217,849	256,356	2,355,563
Marketable securities (Notes 4 & 5)	260	3,330	30,598
Inventories (Notes 8 & 9)	11,858	30,639	281,531
Other current assets (Note 9)	48,458	46,079	423,404
Total current assets	336,375	455,602	4,186,364
Investments and other assets:			
Investments in securities (Notes 4, 5 & 9)	93,891	90,866	834,935
Investments in and advances to unconsolidated subsidiaries and affiliates	61,059	22,468	206,450
Deferred tax assets (Note 12)	564	702	6,450
Right to operate public facilities	124,344	118,933	1,092,833
Assets related to replacement investment to operate public facilities	25,314	24,613	226,160
Goodwill	—	48,690	447,395
Other intangible fixed assets	3,165	6,429	59,074
Long-term loans receivable	2,590	5,489	50,436
Claims provable in bankruptcy and other	376	310	2,848
Asset for retirement benefits	—	6,285	57,751
Other investments	4,988	7,236	66,490
Allowance for doubtful accounts	(2,004)	(4,115)	(37,811)
Total investments and other assets	314,287	327,906	3,013,011
Property and equipment, at cost (Notes 9, 19 & 23):			
Buildings and structures	57,325	98,972	909,418
Machinery and equipment	49,961	132,785	1,220,114
Vehicles	2,659	9,053	83,185
Tools, furniture and fixtures	8,635	14,950	137,370
Land	20,542	59,576	547,423
Construction in progress	1,357	1,244	11,431
Leased assets	2,148	1,565	14,380
	142,627	318,145	2,923,321
Accumulated depreciation	(76,261)	(181,252)	(1,665,460)
Property and equipment, net	66,366	136,893	1,257,861
Deferred assets	603	386	3,547
TOTAL ASSETS	¥717,631	¥ 920,787	\$ 8,460,783

The accompanying notes are an integral part of the statements.

LIABILITIES & NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
Current liabilities:			
Short-term debt (Notes 4 & 9)	¥ 36,425	¥108,497	\$ 996,940
Trade payables (Note 4)	96,839	108,411	996,150
Lease obligations	469	245	2,251
Advances on construction work in progress	27,246	39,339	361,472
Accrued income taxes	3,848	7,187	66,039
Allowance for repairs and warranty	706	448	4,117
Accrued bonuses for employees	4,023	7,268	66,783
Accrued bonuses for directors	140	241	2,214
Reserve for defects on completed works	984	1,270	11,670
Allowance for loss on construction contracts (Note 17)	217	311	2,858
Liabilities related to right to operate public facilities	4,397	4,449	40,880
Liabilities related to replacement investment to operate public facilities	2,093	3,443	31,637
Other current liabilities (Note 4)	51,765	58,573	538,206
Total current liabilities	229,152	339,682	3,121,217
Long-term liabilities:			
Long-term debt (Notes 4 & 9)	62,982	69,720	640,632
Lease obligations	875	753	6,919
Liability for retirement benefits (Note 11)	18,139	21,423	196,848
Deferred tax liabilities (Note 12)	9,267	6,646	61,068
Reserve for share-based remuneration	—	102	937
Reserve for loss on guarantees	—	212	1,948
Reserve for loss on Anti-Monopoly Act	—	64	588
Liabilities related to right to operate public facilities	117,350	112,901	1,037,407
Liabilities related to replacement investment to operate public facilities	23,400	22,479	206,552
Other long-term liabilities	3,884	3,215	29,541
Total long-term liabilities	235,897	237,515	2,182,440
Commitments & contingent liabilities (Note 14)			
Net Assets (Note 21)			
Shareholders' equity:			
Common stock	28,463	28,463	261,536
Additional paid-in capital	36,798	36,680	337,039
Retained earnings	152,170	158,908	1,460,149
Treasury stock, at cost	(4,224)	(4,096)	(37,636)
Total shareholders' equity	213,207	219,955	2,021,088
Accumulated other comprehensive income:			
Unrealized gain on investments in securities	33,092	15,337	140,926
Foreign currency translation adjustments	18	0	0
Retirement benefits liability adjustments	(7,092)	(6,880)	(63,218)
Deferred loss on hedges	(17)	(17)	(156)
Total accumulated other comprehensive income	26,001	8,440	77,552
Non-controlling interests	13,374	115,195	1,058,486
Total net assets	252,582	343,590	3,157,126
TOTAL LIABILITIES & NET ASSETS	¥717,631	¥920,787	\$8,460,783

The accompanying notes are an integral part of the statements.

Consolidated Statements of Comprehensive Income

Maeda Corporation and Subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
Profit	¥25,668	¥ 16,282	\$ 149,609
Other comprehensive income:			
Unrealized gain (loss) on investments in securities	¥ 360	¥(16,996)	\$(156,170)
Foreign currency translation adjustments	25	(39)	(358)
Retirement benefits liability adjustments	(1,470)	(269)	(2,472)
Share of other comprehensive income of companies accounted for by equity method	(101)	(478)	(4,392)
Deferred gain (loss) on hedges	(17)	0	0
Total other comprehensive income (loss) (Note 20)	(1,203)	(17,782)	(163,392)
Total comprehensive income	¥24,465	¥ (1,500)	\$ (13,783)
Total comprehensive income attributable to:			
Owners of parent	¥23,059	¥ (3,219)	\$ (29,578)
Non-controlling interests	1,406	1,719	15,795

The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

Maeda Corporation and Subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost (Note 21)	Total shareholders' equity	Unrealized gain on investments in securities	Deferred loss on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 11)	Total accumulated other comprehensive income		
Balance at April 1, 2018	¥28,463	¥36,723	¥131,454	¥(2,441)	¥194,199	¥ 32,552	¥(27)	¥ 6	¥(5,636)	¥ 26,895	¥ 13,296	¥234,390
Changes during the year:												
Cash dividends paid at ¥16.0 per share	—	—	(3,040)	—	(3,040)	—	—	—	—	—	—	(3,040)
Profit attributable to owners of parent	—	—	23,952	—	23,952	—	—	—	—	—	—	23,952
Acquisition of treasury stock	—	—	—	(1,831)	(1,831)	—	—	—	—	—	—	(1,831)
Sale of treasury stock	—	75	—	48	123	—	—	—	—	—	—	123
Change in equity attributable to parent arising from transactions with non-controlling interests	—	0	—	—	0	—	—	—	—	—	—	0
Change in scope of consolidation	—	—	(196)	—	(196)	—	—	—	—	—	—	(196)
Net changes other than shareholders' equity	—	—	—	—	—	540	10	12	(1,456)	(894)	78	(816)
Total changes during the year	—	75	20,716	(1,783)	19,008	540	10	12	(1,456)	(894)	78	18,192
Balance at April 1, 2019	¥28,463	¥36,798	¥152,170	¥(4,224)	¥213,207	¥ 33,092	¥(17)	¥ 18	¥(7,092)	¥ 26,001	¥ 13,374	¥252,582
Changes during the year:												
Cash dividends paid at ¥20.0 per share	—	—	(3,771)	—	(3,771)	—	—	—	—	—	—	(3,771)
Profit attributable to owners of parent	—	—	14,343	—	14,343	—	—	—	—	—	—	14,343
Acquisition of treasury stock	—	—	—	(3,983)	(3,983)	—	—	—	—	—	—	(3,983)
Sale of treasury stock	—	(13)	—	395	382	—	—	—	—	—	—	382
Cancellation of treasury stock	—	(61)	(3,655)	3,716	—	—	—	—	—	—	—	—
Change in equity attributable to parent arising from transactions with non-controlling interests	—	(44)	—	—	(44)	—	—	—	—	—	—	(44)
Change in scope of consolidation	—	—	(180)	—	(180)	—	—	—	—	—	—	(180)
Net changes other than shareholders' equity	—	—	—	—	0	(17,755)	0	(18)	212	(17,561)	101,821	84,260
Total changes during the year	—	(118)	6,737	128	6,747	(17,755)	0	(18)	212	(17,561)	101,821	91,007
Balance at March 31, 2020	¥28,463	¥36,680	¥158,908	¥(4,096)	¥219,955	¥ 15,337	¥(17)	¥ 0	¥(6,880)	¥ 8,440	¥115,195	¥343,590

	Thousands of U.S. dollars (Note 3)											
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost (Note 21)	Total shareholders' equity	Unrealized gain on investments in securities	Deferred loss on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 11)	Total accumulated other comprehensive income		
Balance at April 1, 2019	\$261,536	\$338,124	\$1,398,236	\$(38,813)	\$1,959,083	\$ 304,071	\$(156)	\$ 165	\$(65,166)	\$ 238,914	\$ 122,889	\$2,320,886
Changes during the year:												
Cash dividends	—	—	(34,650)	—	(34,650)	—	—	—	—	—	—	(34,650)
Profit attributable to owners of parent	—	—	131,793	—	131,793	—	—	—	—	—	—	131,793
Acquisition of treasury stock	—	—	—	(36,599)	(36,599)	—	—	—	—	—	—	(36,599)
Sale of treasury stock	—	(120)	—	3,630	3,510	—	—	—	—	—	—	3,510
Cancellation of treasury stock	—	(561)	(33,584)	34,145	—	—	—	—	—	—	—	—
Change in equity attributable to parent arising from transactions with non-controlling interests	—	(404)	—	—	(404)	—	—	—	—	—	—	(404)
Change in scope of consolidation	—	—	(1,646)	—	(1,646)	—	—	—	—	—	—	(1,646)
Net changes other than shareholders' equity	—	—	—	—	—	(163,145)	0	(165)	1,948	(161,362)	935,597	774,235
Total changes during the year	—	(1,085)	61,913	1,176	62,004	(163,145)	0	(165)	1,948	(161,362)	935,597	836,239
Balance at March 31, 2020	\$261,536	\$337,039	\$1,460,149	\$(37,637)	\$2,021,088	\$ 140,926	\$(156)	\$ 0	\$(63,218)	\$ 77,552	\$1,058,486	\$3,157,126

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

Maeda Corporation and Subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
Cash Flows from Operating Activities:			
Profit before income taxes	¥ 36,212	¥ 26,430	\$ 242,856
Depreciation	13,492	14,741	135,450
Impairment loss on fixed assets	2,658	1,191	10,944
Increase (decrease) in allowance for doubtful accounts	(2,536)	(88)	(809)
Increase (decrease) in allowance for loss on construction contracts	25	14	129
Increase (decrease) in liability for retirement benefits	(2,865)	(964)	(8,858)
Interest and dividend income	(1,627)	(1,952)	(17,936)
Interest expenses	2,194	2,285	20,996
Foreign exchange loss (gain)	(183)	196	1,801
Gain on equity method investment	(3,397)	(4,846)	(44,528)
Loss (gain) on sales of short-term and long-term investment securities	(6)	(174)	(1,599)
Loss (gain) on sale of stocks of affiliates	(1,031)	567	5,210
Loss (gain) on valuation of short-term and long-term investment securities	—	1,128	10,365
Loss (gain) on valuation of stocks of affiliates	474	—	—
Loss (gain) on sale of fixed assets	(27)	(116)	(1,066)
Loss on step acquisitions	—	7,640	70,201
Increase (decrease) in trade receivables	(54,341)	6,524	59,947
Increase (decrease) in construction work in progress	88	(11,538)	(106,019)
Increase (decrease) in other inventories	(8)	(285)	(2,619)
Increase (decrease) in consumption tax receivables	(12,317)	10,749	98,769
Increase (decrease) in trade payables	18,810	(14,769)	(135,707)
Increase (decrease) in advances on construction work in progress	(2,477)	8,210	75,439
Increase (decrease) in deposits	910	2,583	23,734
Other	2,946	(8,097)	(74,401)
Sub-total	(3,006)	39,429	362,299
Receipt of interest and dividend income	3,047	3,633	33,382
Payment of interest expenses	(2,200)	(2,284)	(20,987)
Payment of income taxes	(15,262)	(8,407)	(77,248)
Cash flows provided by (used in) operating activities	(17,421)	32,371	297,446
Cash Flows from Investing Activities:			
Proceeds from sale and redemption of marketable securities	—	30	276
Acquisition of property and equipment and intangible assets	(18,677)	(13,050)	(119,912)
Acquisition of concession-based private finance initiative right	(4,024)	(4,071)	(37,407)
Acquisition of replacement investment in concession-based private finance initiative	(1,444)	(1,181)	(10,852)
Proceeds from sale of property and equipment and intangible assets	102	231	2,123
Proceeds from subsidy income	219	46	423
Acquisition of investments in securities	(5,888)	(8,975)	(82,468)
Proceeds from sale and redemption of investments in securities	301	806	7,406
Acquisition of stocks of subsidiaries and affiliates	(184)	(1,539)	(14,141)
Proceeds from sales of stocks of subsidiaries and affiliates	1,260	375	3,446
Acquisition of subsidiaries' stocks resulting in change in scope of consolidation	—	(12,584)	(115,630)
Lending of long-term loans receivable	(3,369)	(2,141)	(19,673)
Collection of long-term loans receivable	2,958	3,254	29,900
Other	(68)	249	2,287
Cash flows provided by (used in) investing activities	(28,814)	(38,550)	(354,222)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans	11,485	88,205	810,484
Increase in long-term loans	10,500	2,500	22,972
Repayment of long-term loans	(10,783)	(14,811)	(136,093)
Increase in non-recourse loans	7,068	—	—
Repayment of non-recourse loans	(11,256)	(1,820)	(16,723)
Proceeds from issuance of bonds	—	14,910	137,003
Repayment of bonds	—	(10,000)	(91,886)
Payment of finance lease obligations	(329)	(386)	(3,547)
Acquisition of treasury stock	(1,795)	(2,205)	(20,261)
Payment of cash dividends	(3,040)	(3,771)	(34,650)
Payment of cash dividends to non-controlling shareholders	(1,298)	(739)	(6,790)
Acquisition of subsidiaries' stocks not resulting in change in scope of consolidation	—	(150)	(1,378)
Others	(66)	(66)	(609)
Cash flows provided by (used in) financing activities	486	71,667	658,522
Exchange difference of cash and cash equivalents	60	(146)	(1,342)
Increase (decrease) in cash and cash equivalents	(45,689)	65,342	600,404
Cash and cash equivalents at beginning of the year	101,886	56,570	519,802
Increase due to inclusion in consolidation	373	—	—
Cash and cash equivalents at end of the year (Note 22)	¥ 56,570	¥121,912	\$1,120,206

The accompanying notes are an integral part of the statements.

Notes to the Consolidated Financial Statements

Maeda Corporation and Subsidiaries

01 Basis of Presenting Consolidated Financial Statements

(1) Accounting principles and presentation

Maeda Corporation (the "Company") and its consolidated subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and, its foreign subsidiaries maintain their books of account in conformity with those countries of domicile.

Effective April 1, 2008, the Company adopted the "Practical Solution to Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No.18)." In accordance with PITF No.18, the accompanying consolidated financial statements for the years ended March 31, 2019 and 2020 have been prepared by using, the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items. Until March 31, 2008, the accompanying consolidated financial statements had been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with accounting principles generally accepted in their countries of domicile.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

(2) Scope of consolidation

The Company has sixty (60) subsidiaries ("controlled companies," wherein the decision-making body of entity is controlled) as of March 31, 2020. The accompanying consolidated financial statements include the accounts of the Company and twelve (12) significant subsidiaries, controlled directly or indirectly by the Company, as listed below:

Consolidated subsidiaries:

Name of subsidiary	Segment (Main business)	Equity ownership percentage	March 31, 2020	
			Thousands of Millions of yen	U.S. dollars
Maeda Road Construction Co., Ltd	Civil Engineering (Road construction and others)	51.3% *{26.5}	¥19,350	\$177,800
Maeda Seisakusho Co., Ltd.	Manufacturing (Manufacturing, sales and rental of construction machinery and others)	47.7% *{2.9} **{7.7}	3,160	29,036
Aichi Road Concession Co., Ltd.	Infrastructure Operation (Maintenance and management of roads)	50.0 *{-}	480	4,411
Anonymous Association- Aichi Road Concession	Infrastructure Operation (Maintenance and management of roads)	— *{-}	—	—
JM Corporation	Building	100.0 *{-}	350	3,216
Fujimi Koken Co., Ltd.	Manufacturing (Production and sales of construction materials)	50.0 *{-}	250	2,297
FBS Miyama Inc.	Building and Civil Engineering	75.0 *{25.0}	100	919
Thai Maeda Corporation Ltd.	Building	45.0 *{-}	***20	614
Anonymous Association- Goyozan Solar Power	Infrastructure Operation (Electricity generation and sales from solar power)	— *{-}	—	—
Anonymous Association- Mine Solar Power	Infrastructure Operation (Electricity generation and sales from solar power)	— *{-}	—	—
Anonymous Association- Happo Wind Development	Infrastructure Operation (Electricity generation and sales from wind power)	— *{-}	—	—
The other subsidiary	—	— *{-}	—	—

- * The corresponding figures represent the indirect ownership percentage included in "Equity ownership percentage."
- ** The corresponding figure represents the ownership percentage of those closely related or with ties to the Company not included in "Equity ownership percentage."
- *** The amount is presented as millions of Thai Baht.

Note: FBS Miyama Inc. changed its company name to FBS Co., Ltd. on April 1, 2020. Maeda Comprehensive Infrastructure Co., Ltd. was established during the year and newly included in the scope of consolidation. Maeda Road Construction Co., Ltd., which was previously accounted for by the equity method was included in the scope of consolidation, due to the additional acquisition of the common stock by Maeda Comprehensive Infrastructure Co., Ltd.

The accounts of the other forty-eight (48) subsidiaries have not been consolidated with the Company because of the insignificant amount of total assets, net sales, net profit and retained earnings, but one (1) of the unconsolidated subsidiaries is accounted for by the equity method.

(3) Consolidation and elimination

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Company and its consolidated subsidiaries have been eliminated, and the portion thereof attributable to non-controlling interests is charged to non-controlling interests.

Differences between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries and in companies which are accounted for by the equity method are amortized by the straight-line method over periods not exceeding 5 years. However, immaterial amounts of goodwill are charged to profit or loss in the year of acquisition.

(4) Investments in unconsolidated subsidiaries and affiliates

As of March 31, 2020, the Company has twenty-two (22) affiliates ("influenced companies", wherein the financial and operating or business decision-making body of an entity that is not a subsidiary can be influenced to a material degree).

Investments in one (1) unconsolidated subsidiary and five (5) affiliates are accounted for by the equity method, under which the Company's share of profit of these affiliates is included in profit or loss with appropriate elimination of inter-company profit as of March 31, 2020, and for the year then ended. The remaining investments in unconsolidated subsidiaries and affiliates are stated at cost since the investments do not have a material effect on consolidated net profit and retained earnings in the consolidated financial statements.

Major unconsolidated subsidiary accounted for by the equity method;
J. City Corporation

Major affiliates accounted for by the equity method;
Toyo Construction Co., Ltd.

Major unconsolidated subsidiary not accounted for by the equity method;
Chiba City Consumer Life PFI Service Co., Ltd.

Major affiliate not accounted for by the equity method;
Toyota City Eastern School Lunch Center Co., Ltd.

02 Summary of Significant Accounting Policies

(1) Revenue recognition

Sales are recognized by the percentage-of-completion method for the construction contracts, whose profit/loss and stage of completion of the contracts can be estimated reliably at the balance sheet date, and by the completed-contract method for the other construction contracts.

Sales for the year ended March 31, 2020 include ¥376,784 million (\$3,462,134 thousand) of sales based on the percentage-of-completion method.

(2) Financial instruments

1) Securities

Bonds held to maturity: Amortized cost method

Other securities:

Securities with market value:

Market price method based on the market value as of the balance sheet date (Net unrealized gains or losses on these securities are reported as a separate item in net assets at a net-of-tax amount, and sales costs are calculated based on the moving average cost method).

Securities without market value: Moving average cost method

2) Derivatives

All derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as “hedging instruments.”

Gains or losses arising from changes in fair value of the derivatives designated as “hedging instruments” are deferred as assets or liabilities and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest rate swaps and forward foreign exchange contracts. The related hedged items are trade accounts receivable and payable, long-term bank loans, and debt securities issued by the Company.

The Company has a policy of utilizing the above hedging instruments in order to reduce the Company's exposure to the risks of interest rate and exchange rate fluctuations. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(3) Inventories

Construction work in progress is stated at the specific identification cost.

Real estate held for sale, merchandise and finished products, project costs for development and others and materials in stock are stated at the specific identification cost (write-down according to decreased profitability method).

(4) Property and equipment

Depreciation costs of property and equipment are computed by the declining balance method over the estimated useful lives of respective assets except for buildings (not including facilities annexed to buildings) acquired on or after April 1, 1998, and facilities and structures acquired on or after April 1, 2016 whose depreciation costs are computed by the straight-line method over the estimated useful lives of respective assets.

Useful lives and residual values of property and equipment are in accordance with the Corporation Tax Act of Japan.

Depreciation costs of certain tangible assets held by certain consolidated subsidiaries are computed by the straight-line method over the estimated useful life or in the proportion that production for a period relates to management's estimate of production.

(5) Intangible fixed assets and long-term prepaid expense

The straight-line method is adopted. Rights to operate public facilities, etc. and assets related to replacement investment in the public facilities, etc. operating project are amortized in the proportion that production for a period relates to management's estimate of production. Software for the Company is amortized by the straight-line method over 5 years, the useful life set by the Company.

(6) Leased assets

The leased assets under finance lease contracts that transfer ownership to the lessee are depreciated by the same method applicable to the Company's own fixed assets, but the leased assets that do not transfer ownership are fully depreciated to a zero residual value by the straight-line method over the period of the lease contract.

(7) Bond issuance expenses

Bond issuance expenses are fully amortized at the time of issuance.

(8) Other deferred assets

Other deferred assets are amortized on a straight-line basis over 5 years.

(9) Allowance for doubtful accounts

The Company and consolidated subsidiaries provide the allowance for doubtful accounts by the method which uses the percentage of its own actual experience of bad debt loss written off against the balance of total receivables plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

(10) Allowance for repairs and warranty

An allowance for repair costs of heavy machinery has been provided based on an estimated cost as of the end of the fiscal year.

(11) Accrued bonuses for employees

Accrued bonuses for employees represent the estimated amount of bonuses to employees attributable to their services rendered within the period.

(12) Accrued bonuses for directors

Accrued bonuses for directors represent the estimated amount of bonuses to directors attributable to their services rendered within the period.

(13) Reserve for defects on completed works

A reserve has been provided based on the previous fiscal year's experience in respect of the expenses for defect liabilities of the completed works.

(14) Allowance for loss on construction contracts

An allowance for loss on construction contracts has been provided based on an estimate of the total losses which can be anticipated for the future and beyond in respect of construction contracts on which eventual losses are deemed inevitable and amounts thereof can reasonably be estimated.

(15) Reserve for share-based remuneration

A reserve has been provided based on an estimate of the future share-based remuneration to directors in accordance with the director stock benefit regulations.

(16) Reserve for loss on guarantees

A reserve has been provided based on an estimate of the loss incurred in the event a liability exists at the time of termination of the "Stock Benefit Trust Disposition-type Employee Stock Ownership Plan."

(17) Reserve for loss on Anti-Monopoly Act

A reserve has been provided based on estimated losses as of the end of the fiscal year.

Notes to the Consolidated Financial Statements

(18) Reserve for retirement benefits

The accrued retirement benefit represents the estimated present value of projected benefit obligations and plan assets for the employees. Unrecognized actuarial differences are amortized on a straight-line basis over 10 to 15 years from the following fiscal year.

Unrecognized prior service costs are amortized on a straight-line basis over 10 to 15 years.

(19) Amortization of goodwill

Goodwill is amortized on a straight-line basis over 5 years. However, if the amount is not significant, goodwill is expensed as incurred.

(20) Cash and cash equivalents

For the preparation of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts, all highly liquid investments with maturities of three (3) months or less and commercial paper.

(21) Consumption tax

Consumption tax payable or receivable is excluded from each account in the consolidated statements of income.

(22) Accounting standards issued but not yet effective

Accounting Standard for Fair Value Measurement and Related Implementation Guidance

On July 4, 2019, the Accounting Standards Board of Japan (ASBJ) issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30) and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31) along with related updates to "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) and "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10).

1) Overview

The ASBJ has developed an "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively, the "Fair Value Measurement Standard"), which provide guidance for fair value measurement in order to improve comparability with internationally recognized accounting standards. The Fair Value Measurement Standard is applied with respect to the fair value of the following items:

- I. Financial instruments defined in "Accounting Standard for Financial Instruments"
- II. Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

2) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

3) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections

On March 31, 2020, the ASBJ issued the revised "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24).

1) Overview

This accounting standard has been released to provide an outline of the applicable accounting principles and procedures in cases where directly relevant accounting standards are not available.

2) Schedule date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

Accounting Standard for Disclosure of Accounting Estimates

On March 31, 2020, the ASBJ issued the revised "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31).

1) Overview

This accounting standard has been released to provide guidance on disclosure of information that deepens the understanding of users of the financial statements about estimates that embody a risk of a significant impact on the financial statements of the following accounting period.

2) Schedule date of adoption

The Company expects to adopt the accounting standard from the end of the fiscal year ending March 31, 2021.

(23) Additional information

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

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

1) Description of transactions

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

To initiate the ESOP, the Company concluded the "Stock Benefit Trust (disposition-type ESOP) Agreement" (the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. ("Trustee"). In addition, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee, Trust & Custody Services Bank, Ltd. ("Trust Account E").

The Trust Account E acquires shares of the Company that the Maeda Corporation Employee Stock Holding Partnership ("Stock Holding Partnership") is expected to obtain over 3 years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company's shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to Stock Holding Partnership enrollees that meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee that enable the Trust Account E to acquire Company's shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company's shares up until termination of the ESOP Trust.

2) Company's shares remaining in trust

The Company's shares remaining in trust are recorded as treasury stock under net assets at the book value in trust (excluding ancillary expenses). The book value and number of shares of such treasury stock totaled ¥562 million (\$5,164 thousand) and 496 thousand shares, respectively, as of March 31, 2020.

3) Book value of related borrowings recorded using the gross method

Related borrowings amounted to ¥678 million (\$6,230 thousand) and ¥943 million as of March 31, 2020 and 2019, respectively.

Notes to the Consolidated Financial Statements

Board Benefit Trust (BBT)

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

1) Descriptions of transactions

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

2) Company's shares remaining in trust

The Company's shares remaining in trust are recorded as treasury stock under net assets at the book value in trust (excluding ancillary expenses). The book value and number of shares of such treasury stock totaled ¥549 million (\$5,045 thousand) and 657 thousand shares, respectively, as of March 31, 2020.

Impact of COVID-19 on accounting estimates

The spread of the COVID-19 pandemic is expected to negatively impact the Japanese economy, such as causing an increase in unemployment, etc. Based on discussions with clients, the Company suspended construction activity and closed job sites nationwide from April 25 to May 10, 2020; however, as this period mostly overlapped with public holidays in Japan, the Company expects that the impact of COVID-19 on its financial results for the fiscal year ending March 31, 2021 will be immaterial. Furthermore, while certain subsidiaries estimate there will be decrease in net sales and profit, the Company also expects the impact of COVID-19 on its consolidated financial results will be immaterial. The Company has made estimates of net sales, allowance for loss on construction contracts, and impairment of goodwill, etc. during the fiscal year ended March 31, 2020 based on the abovementioned assumption.

03 U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at $¥108.83 = \text{U.S.}\$1.00$, the approximate rate of exchange in effect on March 31, 2020. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

04 Financial Instruments

(1) Financial instruments

1) Policy of financial instruments

The Company and its group raise funds mainly necessary for construction business according to its financial planning by means of borrowings from banks and bonds.

Temporary surplus funds are managed by means of safe and secured financial instruments. The Company has a policy of utilizing derivative transactions in order to avoid the Company's exposure to the risks mentioned below, but not for trading or speculative purposes.

2) Financial instruments, risks and risk management

Notes and accounts of trade receivables are exposed to the credit risks of the clients. The Company attempts to reduce the risks of disability or delay in collection of debt by the routine confirmation of the debt balances and examination of credit standing of each client in accordance with the project award control procedures, the accounting rules and other rules of the Company. The consolidated subsidiaries manage the risks according to the Company's regulations. Marketable securities and investments in securities include mainly the securities of subsidiaries, affiliates, and business partners. Marketable securities of the business partners are exposed to the stock market fluctuation risks, and the Company, examining the fair values and financial status of such companies, makes continuous review of the possession situation, by taking the market situation and the relationship with such companies into consideration.

Trade payables, electronically recorded monetary claims, and others as liabilities are to be paid mostly within one year. Certain foreign currency trade payables are exposed to the foreign exchange market fluctuation risks, but they are constantly maintained within the amount of the same foreign currency trade receivables. Forward foreign exchange contracts are utilized against the payment for part of the amount fixed by the long-term contract in order to hedge the exchange rate fluctuation risks.

Loans and bonds are utilized for the purpose of operating funds (mainly from short-term debt) and investments in facilities and others (mainly from long-term debt). Variable interest loans are exposed to interest rate fluctuation risks. Regarding part of long-term debt, interest rate swap transactions are utilized per each contract in order to hedge the interest rate fluctuation risks and fix interest payments. Forward foreign exchange contracts are utilized in order to hedge the exchange rate fluctuation risks against part of foreign currency loans.

Liabilities related to rights to operate public facilities, etc. are the accounts payable for rights to operate public facilities, etc. and they will be paid over the operating period. The accompanying interest payments are fixed.

The risks in funding liquidity are managed and controlled by monitoring and maintaining the funding liquidity in hand, and by preparing and reviewing the financial planning timely by the department in charge based on the reports from the subsidiaries, affiliates and the branches of the Company. Cash Management System (CMS) is operated among the consolidated subsidiaries and affiliates in order to promote mutual exploitation of surplus funds within the Company's group. It enhances efficiency of funding, and is useful for the maintenance and management of the funding liquidity in hand.

The derivative transactions are conducted and managed in accordance with the Company's regulations for authority for approval, and such transactions are conducted only with highly-rated financial institutions in order to reduce the credit risks.

The explanation for hedging instruments, hedged items, policy for hedge accounting and evaluation of effectiveness of hedging activities are provided in aforementioned "2) Derivatives" of "(2) Financial instruments" in Note "2. Summary of Significant Accounting Policies."

3) Supplemental explanation on fair value of financial instruments

The fair values of financial instruments are based on the fair market value. The financial instruments without market value, are evaluated by reasonable assessment, and such evaluations based on variable factors may change in line with the adoption of new assumptions.

Notes to the Consolidated Financial Statements

(2) Fair value of financial instruments

Fair values of financial instruments, except for those for which the fair value is recognized as extremely difficult to determine, as of March 31, 2019 and 2020 are summarized as follows:

March 31, 2019	Millions of yen		
	Book value	Fair value	Difference
(a) Cash and time deposits	¥ 57,950	¥ 57,950	¥ —
(b) Trade receivables	217,889	217,794	(95)
(c) Marketable securities and investments in securities	144,509	140,969	(3,540)
Total assets	¥420,348	¥416,713	(3,635)
(a) Electronically recorded monetary claims	¥ 12,193	¥ 12,193	¥ —
(b) Trade payables	96,839	96,839	—
(c) Short-term loans	24,606	24,606	—
(d) Short-term non-recourse loans	1,820	1,820	—
(e) Short-term corporate bonds	10,000	10,000	—
(f) Current liabilities related to rights to operate public facilities, etc.	4,397	4,397	—
(g) Corporate bonds	15,000	15,046	46
(h) Non-recourse corporate bonds	20	21	1
(i) Long-term loans	28,863	28,836	(27)
(j) Long-term non-recourse loans	19,099	19,197	98
(k) Long-term liabilities related to rights to operate public facilities, etc.	117,350	125,292	7,942
Total liabilities	¥330,187	¥338,247	¥ 8,060
(a) Derivative transactions*	¥ (36)	¥ (36)	¥ —

March 31, 2020	Millions of yen		
	Book value	Fair value	Difference
(a) Cash and time deposits	¥119,198	¥119,198	¥ —
(b) Trade receivables	256,492	256,350	(142)
(c) Marketable securities and investments in securities	99,590	97,391	(2,199)
Total assets	¥475,280	¥472,939	¥(2,341)
(a) Electronically recorded monetary claims	¥ 10,328	¥ 10,328	¥ —
(b) Trade payables	108,411	108,411	—
(c) Short-term loans	106,881	106,881	—
(d) Short-term non-recourse loans	1,617	1,617	—
(e) Short-term corporate bonds	—	—	—
(f) Current liabilities related to rights to operate public facilities, etc.	4,449	4,449	—
(g) Corporate bonds	30,000	29,740	(260)
(h) Non-recourse corporate bonds	20	22	2
(i) Long-term loans	22,217	22,316	99
(j) Long-term non-recourse loans	17,482	17,586	104
(k) Long-term liabilities related to rights to operate public facilities, etc.	112,901	122,444	9,543
Total liabilities	¥414,306	¥423,794	¥ 9,488
(a) Derivative transactions*	¥ (36)	¥ (36)	¥ —

	Thousands of U.S. dollars		
March 31, 2020	Book value	Fair value	Difference
(a) Cash and time deposits	\$1,095,268	\$1,095,268	\$ —
(b) Trade receivables	2,356,813	2,355,509	(1,305)
(c) Marketable securities and investments in securities	915,097	894,891	(20,206)
Total assets	\$4,367,178	\$4,345,668	\$(21,511)
(a) Electronically recorded monetary claims	\$ 94,900	\$ 94,900	\$ —
(b) Trade payables	996,150	996,150	—
(c) Short-term loans	982,091	982,091	—
(d) Short-term non-recourse loans	14,858	14,858	—
(e) Short-term corporate bonds	—	—	—
(f) Current liabilities related to rights to operate public facilities, etc.	40,880	40,880	—
(g) Corporate bonds	275,659	273,270	(2,389)
(h) Non-recourse corporate bonds	184	202	18
(i) Long-term loans	204,145	205,055	910
(j) Long-term non-recourse loans	160,636	161,592	956
(k) Long-term liabilities related to rights to operate public facilities, etc.	1,037,407	1,125,094	87,687
Total liabilities	\$3,806,910	\$3,894,092	\$ 87,182
(a) Derivative transactions*	\$ (331)	\$ (331)	\$ —

*The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Notes: 1. Method of determining the fair values of financial instruments, securities and derivatives

Assets:

(a) Cash and time deposits

Cash and time deposits are stated at book value since all time deposits are short term and their fair value is almost equivalent to the book value.

(b) Trade receivables - Notes and Accounts

Each trade receivable is evaluated by the present value discounted by the rate in consideration of the maturity period of each trade receivable classified by period and credit risk of each debtor.

(c) Marketable securities and investments in securities

The fair values of stocks are based on market value, and the fair values of bonds are based on market value or the values provided by corresponding financial institutions.

Liabilities:

(a) Electronically recorded monetary claims, (b) Trade payables, (c) Short-term loans, (d) Short-term non-recourse loans, (e) Short-term corporate bonds and (f) Current liabilities related to rights to operate public facilities, etc. These liabilities are stated at book value since they are settled in a short term and their fair value is almost equivalent to the book value.

(g) Corporate bonds

The fair values of bonds are based on market value.

(h) Non-recourse corporate bonds

The fair values of non-recourse corporate bonds are evaluated by the present value discounted by the expected rate applied to similar new debt instruments.

(i) Long-term loans and (j) Long-term non-recourse loans

Long-term loans with floating interest rates are stated at book value since the market rates are reflected in a short term and their fair value is almost equivalent to the book value.

Long-term loans with fixed interest rates are evaluated by the present value discounted by the expected rate applied to similar new loans.

Long-term loans hedged by interest rate swaps transactions are evaluated by the present value accounted for together with the interest rate swaps discounted by the estimated rate applied to the similar new loans.

(k) Long-term liabilities related to rights to operate public facilities, etc.

The fair values of long-term liabilities related to rights to operate public facilities, etc. are evaluated by the present value that is estimated by discounting future cash flow, at the rate based on the yield on Japanese government bonds with maturities corresponding to the payment period.

Derivative transactions;

(a) Derivative transactions

Forward foreign exchange contracts are based on information provided by the financial institutions.

The fair values of interest rate swaps transactions designated as "hedging instruments" are included in the fair values of long-term loans and non-recourse loans since the fair values are accounted for together with the hedged long-term loans and non-recourse loans.

2. Financial instruments for which the fair value is recognized as extremely difficult to determine

Unlisted stocks and others of ¥10,701 million as of March 31, 2019 at book value were not included in "Marketable securities and investment in securities" since their fair values are recognized as extremely difficult to determine without market value and their future cash flows cannot be estimated.

Unlisted stocks and others of ¥17,075 million (\$156,896 thousand) as of March 31, 2020 at book value are not included in "Marketable securities and investment in securities" since their fair values are recognized as extremely difficult to determine without market value.

Notes to the Consolidated Financial Statements

3. Repayment schedule of trade receivables, marketable securities and investments in securities with maturities and other

March 31, 2019	Millions of yen			
	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	¥ 57,950	¥ —	¥ —	¥ —
(2) Trade receivables—Notes and accounts	200,361	16,048	827	653
(3) Investments in securities:				
Held-to-maturity securities				
National/Municipal bonds	20	—	—	—
Other securities w/maturities				
National/Municipal bonds	201	130	20	—
Corporate bonds	30	—	88	—
Total	¥258,562	¥16,178	¥935	¥653

March 31, 2020	Millions of yen			
	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	¥119,198	¥ —	¥ —	¥ —
(2) Trade receivables—Notes and accounts	222,224	33,234	438	596
(3) Investments in securities:				
Other securities w/maturities				
National/Municipal bonds	130	—	20	—
Corporate bonds	—	30	87	—
Joint management designated money trust	3,200	—	—	—
Total	¥344,752	¥33,264	¥545	¥596

March 31, 2020	Thousands of U.S. dollars			
	Within 1 year	Over 1 year within 5 yrs	Over 5 years within 10 yrs	Over 10 years
(1) Cash and time deposits	\$1,095,268	\$ —	\$ —	\$ —
(2) Trade receivables—Notes and accounts	2,041,937	305,375	4,025	5,476
(3) Investments in securities:				
Other securities w/maturities				
National/Municipal bonds	1,195	—	184	—
Corporate bonds	—	276	799	—
Joint management designated money trust	29,404	—	—	—
Total	\$3,167,803	\$305,651	\$5,008	\$5,476

4. Repayment schedule of corporate bonds, long-term debt and lease obligations

Repayment schedule of corporate bonds, long-term loans and lease obligations is presented in "9. Short-term Debt, Long-term Debt and Lease Obligations."

05 Fair Value Information on Marketable Securities and Investments in Securities

Fair value information on marketable securities and investments in securities as of March 31, 2019 and 2020 are summarized as follows:

(1) Held-to-maturity securities

March 31, 2019	Millions of yen		
	Book value	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National/ Municipal bonds	¥20	¥20	¥ 0
Corporate bonds	—	—	—
Sub-total	¥20	¥20	¥ 0
Securities with fair value that does not exceed book value			
National/ Municipal bonds	¥—	¥—	¥—
Corporate bonds	—	—	—
Sub-total	¥—	¥—	¥—
Total	¥20	¥20	¥ 0

For the year ended March 31, 2020: Not applicable

(2) Other securities

March 31, 2019	Millions of yen		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	¥86,100	¥39,538	¥46,562
Bonds			
National/ Municipal bonds	381	351	30
Other	—	—	—
Other	103	96	7
Sub-total	¥86,584	¥39,985	¥46,599
Other securities with book value that does not exceed acquisition cost			
Stocks	¥ 1,469	¥ 1,915	¥ (446)
Bonds			
National/ Municipal bonds	—	—	—
Other	—	—	—
Other	74	89	(15)
Sub-total	¥ 1,543	¥ 2,004	¥ (461)
Total	¥88,127	¥41,989	¥46,138

Note: Unlisted stocks and others of ¥6,005 million at book value were not included in the "(2) Other securities" since their fair values were recognized as extremely difficult to determine without market quotations available.

March 31, 2020	Millions of yen		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	¥53,593	¥23,397	¥30,196
Bonds			
National/ Municipal bonds	150	150	0
Other	—	—	—
Other	114	104	10
Sub-total	¥53,857	¥23,651	¥30,206
Other securities with book value that does not exceed acquisition cost			
Stocks	¥31,170	¥36,020	¥ (4,850)
Bonds			
National/ Municipal bonds	—	—	—
Other	—	—	—
Other	3,271	3,287	(16)
Sub-total	¥34,441	¥39,307	¥ (4,866)
Total	¥88,298	¥62,958	¥25,340

Notes to the Consolidated Financial Statements

March 31, 2020	Thousands of U.S. dollars		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	\$492,447	\$214,987	\$277,460
Bonds			
National/ Municipal bonds	1,378	1,378	0
Other	—	—	—
Other	1,048	956	92
Sub-total:	\$494,873	\$217,321	\$277,552
Other securities with book value that does not exceed acquisition cost			
Stocks	286,410	330,975	(44,565)
Bonds			
National/ Municipal bonds	—	—	—
Other	—	—	—
Other	30,056	30,203	(147)
Sub-total	\$316,466	\$361,178	\$ (44,712)
Total	\$811,339	\$578,499	\$232,840

Note: Unlisted stocks and others of ¥5,899 million (\$54,204 thousand) at book value are not included in the "(2) Other securities" since their fair values are recognized as extremely difficult to determine without market quotations available.

(3) "Other securities" sold

Year ended March 31, 2019	Millions of yen		
	Proceeds	Gain	Loss
Stocks	¥ 98	¥ 6	¥ 0
Bonds			
National/Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	203	—	—
Total	¥301	¥ 6	¥ 0

Year ended March 31, 2020	Millions of yen		
	Proceeds	Gain	Loss
Stocks	¥811	¥175	¥ 1
Bonds			
National/ Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	30	—	—
Other	—	—	—
Total	¥841	¥175	¥ 1

Year ended March 31, 2020	Thousands of U.S. dollars		
	Proceeds	Gain	Loss
Stocks	\$7,452	\$1,608	\$ 9
Bonds			
National/ Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	276	—	—
Other	—	—	—
Total	\$7,728	\$1,608	\$ 9

(4) Impairment loss on other securities

Impairment loss on securities amounted to ¥474 million including ¥474 million of affiliates' stocks for the year ended March 31, 2019.

Impairment loss on securities amounted to ¥1,128 million (\$10,365 thousand) including ¥562 million (\$5,164 thousand) of stocks with market value in other securities, ¥562 million (\$5,164 thousand) of stocks without market value in other securities, and ¥4 million (\$37 thousand) of affiliates' stocks for the year ended March 31, 2020.

06 Derivative Financial Instruments

Derivative financial instruments as of March 31, 2019 and 2020 are summarized as follows:

(1) Derivative transactions not designated as “hedging instruments”

Currency-related transactions

For the year ended March 31, 2019: Not applicable

For the year ended March 31, 2020: Not applicable

(2) Derivative transactions designated as “hedging instruments”

Currency-related transactions

March 31, 2019	Millions of yen			Fair value
	Hedged item	Contract amount	Contract amount over 1 year	
Deferral accounting as “hedging instruments”				
Foreign exchange forward contract —Buy Euro	Forecasted foreign currency transactions	¥216	¥—	(1) See Note

Note: Fair value of derivative transactions is determined based on prices quoted by financial institutions.

For the year ended March 31, 2020: Not applicable

Interest-rate-related transactions

March 31, 2019	Millions of yen			Fair value
	Hedged item	Contract amount	Contract amount over 1 year	
Deferral accounting as “hedging instruments”				
Interest rate swap transactions —Variable interest received and fixed interest paid	Long-term loans Non-recourse loans	¥19,023	¥12,693	See Note 1
Interest rate swap transactions —Variable interest received and fixed interest paid	Non-recourse Loans	¥7,684	¥7,015	(35) See Note 2

March 31, 2020	Millions of yen			Fair value
	Hedged item	Contract amount	Contract amount over 1 year	
Deferral accounting as “hedging instruments”				
Interest rate swap transactions —Variable interest received and fixed interest paid	Long-term loans Non-recourse Loans	¥14,693	¥14,386	See Note 1
Interest rate swap transactions —Variable interest received and fixed interest paid	Non-recourse loans	¥7,015	¥6,208	(36) See Note 2

March 31, 2020	Thousands of U.S. dollars			Fair value
	Hedged item	Contract amount	Contract amount over 1 year	
Deferral accounting as “hedging instruments”				
Interest rate swap transactions —Variable interest received and fixed interest paid	Long-term loans Non-recourse loans	\$135,009	\$132,188	See Note 1
Interest rate swap transactions —Variable interest received and fixed interest paid	Non-recourse loans	\$64,458	\$57,043	(331) See Note 2

Notes: 1. Fair value of interest rate swap transactions designated as “hedging instruments” is included in the fair values of the long-term loans and non-recourse loans and under the special hedge accounting method for interest rate swaps.
2. Fair value that counterparties to the transactions is evaluated based on the price etc. provided by financial institutions etc.

Notes to the Consolidated Financial Statements

07 Impairment Loss on Fixed Assets

Fixed assets for business use are grouped by business, and fixed assets for rent, golf courses and the fixed assets to be disposed are grouped based on an individual asset basis.

Impairment loss of ¥2,658 million for the year ended March 31, 2019 is recorded since the book values of the properties have been reduced to the recoverable values due to the productivity decline in the value of fixed assets for rent and other.

The recoverable amounts of the fixed assets are their net realizable values based on amounts determined by valuations made in accordance with real estate appraisal standards or publicly-assessed land values and other for the year ended March 31, 2019.

Impairment loss of ¥1,191 million (\$10,944 thousand) for the year ended March 31, 2020 is recorded since the book values of the properties have been reduced to the recoverable values due to the profitability decline in the value of fixed assets for rent and other.

The recoverable amounts of the fixed assets are their net realizable values based on amounts determined by valuations made in accordance with real estate appraisal standards or publicly-assessed land values and other for the year ended March 31, 2020.

Impairment losses on fixed assets for the years ended March 31, 2019 and 2020 are summarized as follows:

Years ended March 31			Millions of yen		Thousands of U.S. dollars
			2019	2020	2020
Location	Type of assets	Use			
Tokyo	Land, building and other	For rent	¥2,480	¥1,190	\$10,935
Nagano	Land, building and other	For rent and other	137	—	—
Chiba	Building and other	For rent and other	33	—	—
Other	Land, building and other	For rent and other	9	1	9
Total			¥2,659	¥1,191	\$10,944

08 Inventories

Inventories as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Real estate held for sale	¥ 1,948	¥ 1,987	\$ 18,258
Merchandise and finished products	725	970	8,913
Construction work in progress	8,114	25,496	234,274
Materials in stock	1,071	2,186	20,086
Total	¥11,858	¥30,639	\$281,531

Notes: 1. Inventories are written down based on the decreased profitability and ¥1 million and ¥0 million (\$0 thousand) of losses on write-downs of inventories for the years ended March 31, 2019 and 2020, respectively, are included in "Cost of Sales" in the consolidated statements of income.

2. The amount of construction work in progress is not offset by the allowance for losses on construction contracts and both are presented. The amount of construction work in progress for which an allowance for losses on construction contracts is provided is ¥72 million (\$662 thousand) for the year ended March 31, 2020.

09 Short-term Debt, Long-term Debt and Lease Obligations

Short-term debt and lease obligations due within one year as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Bank loans bearing interest with an average rate of 0.6% per annum	¥17,795	¥106,000	\$973,996
Current portion of long-term loans	6,811	881	8,095
Current portion of non-recourse loans	1,820	1,617	14,858
Liabilities related to rights to operate public facilities, etc.	4,396	4,448	40,871
Total short-term debt	¥30,822	¥112,946	\$1,037,820
Lease obligations due within one year	¥ 469	¥245	\$2,252
Total	¥30,353	¥113,191	\$1,040,072

Long-term debt and lease obligations as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Corporate bonds			
—Issued by Maeda Corporation			
0.28% 23rd series bonds due in 2024	¥ 10,000	¥ 10,000	\$ 91,886
0.15% 24th series bonds due in 2022	5,000	5,000	45,943
0.31% 25th series bonds due in 2030	—	10,000	91,886
0.15% 26th series bonds due in 2025	—	5,000	45,943
Corporate bonds			
—Issued by Anonymous Association			
—Goyozan Solar Power			
3.00% 1st series bonds due in 2036	20	20	185
Sub-total	¥ 25,020	¥ 30,020	\$ 275,843
Long-term loans due in between 2020–2026 bearing interest with an average rate of 0.7% per annum	¥ 35,673	¥ 23,098	212,239
Long-term non-recourse loans	20,919	19,099	175,494
	¥ 56,592	¥ 42,197	\$ 387,733
Less—Portion due within one year	(8,630)	(2,497)	(22,944)
Total	¥ 47,962	¥ 39,700	\$ 364,789
Lease obligations due after one year	¥ 875	¥ 753	\$ 6,919
Liabilities related to rights to operate public facilities, etc. due after one year	¥117,350	¥112,901	\$1,037,407
Total	¥166,187	¥153,354	\$1,409,115

Note: Average rates of interest are calculated by the weighted average method using the interest rates and the loan balance as of the year end. Average rates of interest of lease obligations are omitted since the balance of lease obligations in the balance sheets includes the interests thereof.

Notes to the Consolidated Financial Statements

The annual maturities of short-term debt, corporate bonds, long-term debt, and liabilities related to rights to operate public facilities, etc. as of March 31, 2019 and 2020 are as follows:

Millions of yen					
March 31, 2019					
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt	Liabilities related to rights to operate public facilities, etc.
2020	¥17,795	¥10,000	¥ 6,811	¥ 1,820	¥ 4,397
2021	—	—	730	1,617	4,449
2022	—	5,000	9,036	1,397	4,502
2023	—	—	5,395	1,706	4,555
2024	—	10,000	9,285	1,798	4,609
2025 and thereafter	—	20	4,416	12,581	99,235
Total	¥17,795	¥25,020	¥35,673	¥20,919	¥121,747

Millions of yen					
March 31, 2020					
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt	Liabilities related to rights to operate public facilities, etc.
2021	¥106,000	¥ —	¥ 881	¥ 1,617	¥ 4,449
2022	—	5,000	9,136	1,397	4,502
2023	—	—	1,179	1,706	4,555
2024	—	10,000	9,386	1,798	4,609
2025	—	5,000	2,374	1,785	4,664
2026 and thereafter	—	10,020	142	10,796	94,571
Total	¥106,000	¥30,020	¥23,098	¥19,099	¥117,350

Thousands of U.S. dollars					
March 31, 2020					
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt	Liabilities related to rights to operate public facilities, etc.
2021	\$973,996	\$ —	\$ 8,095	\$ 14,858	\$ 40,880
2022	—	45,943	83,947	12,837	41,367
2023	—	—	10,833	15,676	41,854
2024	—	91,886	86,245	16,521	42,350
2025	—	45,943	21,814	16,402	42,856
2026 and thereafter	—	92,071	1,305	99,200	868,979
Total	\$973,996	\$275,843	\$212,239	\$175,494	\$1,078,287

Note: Corporate bonds as of March 31, 2020 include ¥20 million (\$185 thousand) of non-recourse corporate bonds.

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Securities	¥ 230	¥ —	\$ —
Other investments	70	271	2,490
Buildings and structures	439	411	3,777
Land	61	61	560
Investments in securities	1,799	1,321	12,138
Total	¥2,599	¥2,064	\$18,965

The secured liabilities as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Short-term loans	¥3,777	¥3,505	\$32,206
Long-term loans	2,395	2,090	19,204
Total	¥6,172	¥5,595	\$51,410

The assets pledged as collateral for non-recourse debt as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash and bank deposits	¥ 14,641	¥ 16,332	\$ 150,069
Trade receivables	1,887	1,638	15,051
Inventories	20	24*	221
Buildings and structures	116	100*	919
Other fixed assets	12,839	12,132*	111,476
Rights to operate public facilities, etc.	124,344	118,933	1,092,833
Total	¥153,847	¥149,159	\$1,370,569

*¥24 million (\$221 thousand) of inventories, ¥100 million (\$919 thousand) of buildings and structures and ¥12,132 million (\$111,476 thousand) of other fixed assets are pledged as a revolving mortgage for factory foundation of a consolidated subsidiary.

The Company entered into committed loan facility agreements in the total amount of ¥20,000 million (\$183,773 thousand) with 5 banks. There is no outstanding balance under those agreements as of March 31, 2020.

10 Lease Transactions

Finance lease contracts: (as lessee)

Finance lease contracts that do not transfer ownership

Leased assets include:

tangible assets, which mainly consist of machinery for rent in the construction machinery sales and related service business of a consolidated subsidiary, Maeda Seisakusho Co., Ltd.

Depreciation cost of leased assets is computed by:

the straight-line method over the lease term of the leased assets with a zero residual value.

Operating lease contracts:

Outstanding minimum lease payments under non-cancelable operating lease contracts

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
(As lessee)			
Minimum lease payments			
Within one year	¥ 151	¥ 160	\$ 1,470
Over one year	2,895	2,800	25,728
Total	¥3,046	¥2,960	\$27,198
(As lessor)			
Minimum lease payments			
Within one year	¥ 575	¥ 533	\$ 4,898
Over one year	6,577	6,018	55,297
Total	¥7,152	¥6,551	\$60,195

Notes to the Consolidated Financial Statements

11 Retirement Benefit Plans

The Company and its consolidated subsidiaries have a corporate pension plan and an employees' pension plan as a defined benefit pension plan, in addition to a defined contribution pension plan and a lump sum payment plan.

The Company and its consolidated subsidiaries may provide extra severance payments, which are not subject to the pension obligation calculated in accordance with the retirement benefit accounting, to employees upon retirement and in other circumstances.

As of March 31, 2020, the Company and its consolidated subsidiaries, as a Group, have 2 corporate pension funds and a single employees' pension fund, and 8 companies of the Group have the lump sum payment plan.

Defined benefit plans

The changes in the retirement benefit obligation for the years ended March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the year	¥51,519	¥51,860	\$476,523
Service cost	1,643	1,761	16,181
Interest cost	106	23	211
Actuarial gain and loss	1,072	(740)	(6,800)
Retirement benefit paid	(2,480)	(2,273)	(20,886)
Increase resulting from change in scope of consolidation	—	19,926	183,093
Balance at the end of the year	¥51,860	¥70,557	\$648,323

The changes in plan assets for the years ended March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the year	¥33,457	¥33,720	\$309,841
Expected return on plan assets	335	337	3,097
Actuarial gain and loss	(892)	(1,414)	(12,993)
Contributions by the Company	2,573	2,568	23,596
Retirement benefit paid	(1,753)	(1,720)	(15,805)
Increase resulting from change in scope of consolidation	—	21,928	201,489
Balance at the end of the year	¥33,720	¥55,419	\$509,225

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2019 and 2020 for the Company's and the consolidated subsidiaries' defined benefit plans:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Funded retirement benefit obligation	¥ 39,695	¥ 54,033	\$ 496,490
Plan assets at fair value	(33,720)	(55,419)	(509,225)
	5,975	(1,386)	(12,736)
Unfunded retirement benefit obligation	12,165	16,524	151,833
Net liability for retirement benefits in the balance sheets	18,140	15,138	139,098
Liability for retirement benefits	18,140	21,423	196,848
Asset for retirement benefits	—	(6,285)	(57,751)
Net liability for retirement benefits in the balance sheets	¥ 18,140	¥ 15,138	\$ 139,098

The components of retirement benefit expense for the years ended March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Service cost	¥1,643	¥1,761	\$16,181
Interest cost	106	23	211
Expected return on plan assets	(335)	(337)	(3,097)
Amortization of actuarial gain and loss	1,043	953	8,757
Amortization of prior service cost	(548)	(549)	(5,045)
Retirement benefit expense	¥1,909	¥1,851	\$17,008

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Prior service cost	¥ (549)	¥(549)	\$(5,045)
Actuarial gain and loss	(921)	279	2,564
Total	¥(1,470)	¥(269)	\$(2,472)

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Unrecognized prior service cost	¥ 901	¥ 352	\$ 3,234
Unrecognized actuarial gain and loss	(7,295)	(7,016)	(64,468)
Total	¥(6,394)	¥(6,664)	\$(61,233)

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2019 and 2020 are as follows:

March 31	2019	2020
Bonds	55.4%	54.7%
Stocks	28.3%	21.0%
Cash on hand in banks	2.2%	1.5%
Other	14.1%	22.8%
Total	100.0%	100.0%

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans are as follows:

March 31	2019	2020
Discount rates*1	0.02%	0.16%
Discount rates of a subsidiary*2	0.6%	0.6%
Expected rates of return on plan assets	1.0%	1.0%
Expected rates of salary increase	5.2%	5.1%
Expected rates of salary increase of a subsidiary	1.2%–1.9%	1.2%–1.9%

Notes: 1. The rates are presented based on the benefit formula method, using a weighted-average discount rate reflecting the expected timing and amount of benefit payments.

2. The subsidiary employs the benefit formula method, using a single weighted-average discount rate reflecting the expected timing and amount of benefit payments.

Notes to the Consolidated Financial Statements

The Company and its consolidated subsidiaries contributions for the years ended March 31, 2019 and 2020 were ¥475 million and ¥475 million (\$4,365 thousand), respectively, to the defined contribution pension plans.

The subsidiary participates in a multi-employer pension plan. The funded status of the multi-employer pension plan for the years ended March 31, 2019 and 2020, for which contributions are recorded as net periodic retirement benefit costs, is as follows.

Contributions made to the multi-employer pension plan for the years ended March 31, 2019 and 2020 were ¥20 million and ¥21 million (\$193 thousand), respectively.

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Fair value of plan assets	¥18,029	¥18,280	\$167,968
Total amount of actuarial loss on past service liability and minimum actuarial reserve	16,080	16,466	151,300
Difference	¥ 1,949	¥ 1,814	\$ 16,668

The subsidiary's contribution ratios for the multi-employer pension plan for the years ended March 31, 2018 and 2019 were 2.76% and 2.71%, respectively.

The above difference for the year ended March 31, 2020 is due to the reserve of ¥1,814 million (\$16,668 thousand).

The multi-employer pension fund was dissolved with the government's permission on September 30, 2016. There is no additional cost due to the dissolution. As a result, the Company and its consolidated subsidiaries have shifted to the succeeding pension fund, the "National construction association pension fund."

12 Income Taxes

Significant components of deferred tax assets and liabilities as of March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Deferred tax assets:			
Net loss carried forward	¥ 863	¥ 743	\$ 6,827
Liability for retirement benefits	3,727	6,705	61,610
Write-down of inventories and other	4,386	4,413	40,549
Impairment loss on fixed assets	4,312	4,597	42,240
Allowance for doubtful accounts	620	1,324	12,166
Allowance for losses on construction contracts	71	90	827
Unrealized inter-company profit of fixed assets	657	627	5,761
Other	9,018	10,348	95,085
Total	23,654	28,847	265,065
Less—Valuation allowance	(18,277)	(20,015)	(183,911)
Deferred tax assets	5,377	8,832	81,154
Deferred tax liabilities:			
Unrealized gain on investment in securities	(13,591)	(9,406)	(86,428)
Asset for retirement benefits	-	(1,917)	(17,615)
Retained earnings of affiliates	(209)	(2,729)	(25,076)
Other	(280)	(724)	(6,652)
Total deferred tax liabilities	(14,080)	(14,776)	(135,771)
Net deferred tax liabilities	¥ (8,703)	¥ (5,944)	\$ (54,617)

The details of the difference between the statutory tax rate and effective income tax rate for the years ended March 31, 2019 and 2020 are as follows:

March 31	2019	2020
Statutory tax rate	—	30.6%
Changes in the tax rate resulting from:		
Non-deductible expenses	—	1.4
Non-taxable income	—	(0.7)
Per capita levy	—	0.7
Special deductible income taxes	—	(2.4)
Retained earnings of affiliates	—	9.5
Loss on step acquisitions	—	8.9
Gain on equity method investments	—	(5.6)
Less-Valuation allowance and other	—	(4.0)
Effective income tax rate	—	38.4%

Since the difference between the statutory tax rate and effective income tax rate is less than or equal to 5%, disclosure of the difference for the year ended March 31, 2019 is omitted.

13 Business Combination **Business combination through acquisition**

The Company and its wholly owned subsidiary company Maeda Comprehensive Infrastructure Co., Ltd. each determined at their respective board of directors' meetings held on January 20, 2020 to acquire the common shares of Maeda Road Construction Co., Ltd., a major equity-method affiliate, through a tender offer pursuant to the Financial Instruments and Exchange Act. As a result of the tender offer, Maeda Road Construction Co., Ltd. became a consolidated subsidiary of the Company on March 19, 2020.

1) Overview

1. Name of acquiree and business description

Company name:

Maeda Road Construction Co., Ltd.

Business description:

Contracting, designing, supervising, producing and selling of various materials for civil engineering and building works, and any businesses incidental to those specified in any of the above items

2. Reason for business combination

The Company considers the enhancement of corporate value to be crucial not only for the acquiree but also for the Maeda Group by i) becoming a “comprehensive infrastructure services group” through business expansion in all sorts of infrastructure services under a business environment marked by aging infrastructure and rapid digitalization; and ii) realizing the reforms of corporate and business management by strengthening the acquiree’s compliance and corporate governance systems.

3. Date of business combination

March 19, 2020 (date of acquisition of shares)

March 31, 2020 (date of estimated completion of acquisition)

4. Legal form of business combination

Acquisition of shares

5. Company name after business combination

No change

Notes to the Consolidated Financial Statements

6. Percentage of voting rights acquired
 24.7% (voting rights held immediately before acquisition)
 26.5% (additional voting rights acquired on the date of business combination)
 51.3% (voting rights after acquisition of shares)
7. Main basis for determining the acquirer
 Maeda Comprehensive Infrastructure Co., Ltd., a wholly owned subsidiary company, acquired shares with cash.

2) **Period of operating results of the acquiree included in the consolidated financial statements**

Since March 31, 2020 was regarded as the date of estimated completion of acquisition and the Company only consolidated the balance sheet of the acquired company, the operating results of the acquiree were not included. The operating results between April 1, 2019 to March 31, 2020 have been accounted for by the equity method as the acquiree was a major equity-method affiliate, whose fiscal year-end was March 31, 2020.

3) **Acquisition cost and breakdown**

¥41,349 million (\$379,941 thousand) (Fair value price before the business combination)
 ¥86,155 million (\$791,648 thousand) (Fair value price as of March 19, 2020)
 ¥127,504 million (\$1,171,589 thousand) (Acquisition cost in total)

4) **Major acquisition-related costs and nature**

Advisory fees and charges
 ¥1,036 million (\$9,519 thousand)

5) **Difference between acquisition cost of the acquired company and the total cost of stock acquisition transactions**

¥7,640 million (\$70,201 thousand) (Loss on step acquisitions)

6) **Amount, reason, amortization method and amortization period of acquired goodwill**

1. Amount of goodwill
 ¥48,689 million (\$447,386 thousand)
2. Reason for goodwill
 The acquisition cost exceeded the net assets of the acquiree as of the date of business combination.
3. Amortization method
 Straight-line amortization over 5 years

7) **Major assets acquired and liabilities assumed on the date of business combination**

March 31	Millions of yen	Thousands of U.S. dollars
Assets:		
Current assets	¥131,229	\$1,205,816
Fixed assets	99,589	915,088
Total	230,818	2,120,904
Liabilities:		
Current liabilities	45,493	418,019
Non-current liabilities	6,345	58,302
Total	51,838	476,321

*The above amounts are included in the consolidated balance sheet.

8) Acquisition cost allocation

The Company has accounted for this transaction for the fiscal year ended March 31, 2020 using provisional amounts based on currently available information since specifying and determining fair values of identifiable assets and liabilities, as well as acquisition cost allocation as of March 19, 2020 have not yet been finalized.

9) Approximate amounts and calculation method of impact on the consolidated statement of income for the fiscal year ended March 31, 2020, assuming that the business combination was completed at the beginning of the fiscal year

March 31	Millions of yen	Thousands of U.S. dollars
Net sales	¥217,157	\$1,995,378
Operating profit	7,305	67,123
Profit before income taxes	3,342	30,708
Profit	8,984	82,551
Profit (loss) attributable to owners of parent	(4,820)	(44,289)

Calculation method of approximate amounts

The approximate amounts of the impact were determined based on the difference between the information on net sales and profit or loss calculated assuming that the business combination was completed at the beginning of the fiscal year and information on net sales and profit or loss stated in the acquiree's consolidated statement of income. In addition, the Company excluded its share of profit or loss of the acquiree accounted for by the equity method, and accounted for goodwill and loss on step acquisitions recognized on the date of the business combination based on the assumption that the business combination occurred at the beginning of the fiscal year. This information is not subject to audit certification.

14 Shareholders' Equity

The Corporation Law of Japan provides that an amount equivalent to 10% of the amount of the deduction from surplus as a result of the payment of dividends of surplus be recorded as capital reserves or retained earnings reserves, until the sum of the capital reserves and the retained earnings reserves equals 25% of the capital stock amount. Such a distribution of dividends of surplus can be made by resolution of a shareholders meeting, or by the Board of Directors if certain conditions are met.

15 Commitments and Contingent Liabilities

The contingent liabilities of the Company as of March 31, 2019 and 2020 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Endorsed trade notes receivable	¥2,797	¥10,641	\$ 97,776
Guarantees on securitized trade notes receivable	1,429	2,299	21,126
Loan guarantee for			
Asai Construction Co., Ltd.	1,065	965	8,867
Izumon Retailing Co., Ltd.	62	55	505
Letters of guarantee for affiliates			
Toyo Construction Co., Ltd.	657	309	2,839
Maeda Vietnam Co., Ltd.	221	149	1,369
Total	¥6,231	¥14,418	\$132,482

Notes to the Consolidated Financial Statements

16 Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses in the consolidated statements of income for the years ended March 31, 2019 and 2020 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Salaries to employees	¥10,701	¥11,278	\$103,630
Experimental research costs	4,230	6,134	56,363
Retirement benefit expenses	634	682	6,267
Provision for bonuses for employees	1,631	1,758	16,154
Provision for doubtful accounts	(145)	(13)	(119)
Provision for bonuses for directors	143	159	1,461

17 Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses and manufacturing costs for the years ended March 31, 2019 and 2020 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Research and development expenses	¥3,995	¥5,531	\$50,822

18 Allowance for Loss on Construction Contracts

Provision of allowance for loss on construction contracts included in cost of sales for the years ended March 31, 2019 and 2020 amounted to ¥216 million and ¥230 million (\$2,113 thousand), respectively.

19 Gain on Sale of Fixed Assets

The details of gain on sale of fixed assets for the years ended March 31, 2019 and 2020 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Land	¥ 1	¥122	\$1,121
Buildings	20	—	—
Others	—	1	9
Total	¥21	¥123	\$1,130

20 Reduction Entry Resulting from Government Subsidy

Deferred tax assets excluded from the acquisition cost of tangible fixed assets due to receiving government subsidies for the years ended March 31, 2019 and 2020 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Building and structure	¥218	¥264	\$2,426
Machinery, equipment, vehicles, tools, furniture, and fixtures	559	559	5,136
Total	¥777	¥823	\$7,562

21 Consolidated Statements of Comprehensive Income

The reclassification adjustments and tax effects associated with other comprehensive income for the years ended March 31, 2019 and 2020 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Unrealized gain (loss) on investments in securities			
Recognized amount for the year	¥ 663	¥(24,323)	\$(223,495)
Amount of reclassification adjustments	(4)	269	2,472
Before tax effect adjustment	¥ 659	¥(24,054)	\$(221,023)
Amount of tax effect	(298)	7,058	64,853
Sub-total	¥ 361	¥(16,996)	\$(156,170)
Deferred gain (loss) on hedges			
Recognized amount for the year	¥ (4)	¥ 0	\$ 0
Amount of reclassification adjustments	—	—	—
Before tax effect adjustment	¥ (4)	¥ 0	\$ 0
Amount of tax effect	(13)	(0)	(0)
Sub-total	¥ (17)	¥ 0	\$ 0
Foreign currency translation adjustments			
Recognized amount for the year	¥ 25	¥ (39)	\$ (358)
Amount of reclassification adjustments	—	—	—
Sub-total	¥ 25	¥ (39)	\$ (358)
Retirement benefits liability adjustments			
Recognized amount for the year	¥(1,964)	¥ (674)	\$ (6,193)
Amount of reclassification adjustments	494	405	3,721
Before tax effect adjustment	¥(1,470)	¥ (269)	\$ (2,472)
Amount of tax effect	—	—	—
Sub-total	¥(1,470)	¥ (269)	\$ (2,472)
Share of other comprehensive income of companies accounted for by equity method			
Recognized amount for the year	¥ (205)	¥ (672)	\$ (6,175)
Amount of reclassification adjustments	103	194	1,783
Sub-total	¥ (102)	¥ (478)	\$ (4,392)
Total other comprehensive income	¥(1,203)	¥(17,782)	\$(163,392)

22 Consolidated Statements of Changes in Net Assets

(I) Type and number of outstanding stock and treasury stock

	Type	Thousands of shares	
		Outstanding stock	Treasury stock
		Common stock	
Number of shares as of April 1, 2018		197,956	7,952
Increase during the year		—	1,594
Decrease during the year		—	99
Number of shares as of March 31, 2019		197,956	9,446

Note: The increase in treasury stock includes 33 thousand shares held by the ESOP Trust.

The increase in treasury stock of 1,594 thousand shares is consisted of 33 thousand due to the acquisition of shares by the ESOP Trust, 1,562 thousand due to the acquisition of shares based on a resolution of the board of directors' meeting, 0 thousand due to the purchase of less-than-one-unit shares, and 0 thousand due to the change of the Company's equity holdings in subsidiaries and affiliates.

The decrease in treasury stock of 99 thousand shares is due to the sale of shares as restricted stock compensation.

Notes to the Consolidated Financial Statements

Type	Thousands of shares	
	Outstanding stock	Treasury stock
	Common stock	
Number of shares as of April 1, 2019	197,956	9,446
Increase during the year	—	4,123
Decrease during the year	3,348	3,697
Number of shares as of March 31, 2020	194,608	9,872

Note: The decrease in common stock of 3,348 shares resulted from the cancellation of treasury stock based on the resolution of board directors' meeting.

The number of treasury stock as of April 1, 2019 includes 33 thousand shares held by the ESOP Trust.

The increase in treasury stock of 4,123 thousand shares is consisted of 744 thousand due to the acquisition of shares by the ESOP Trust, 658 thousand due to the acquisition of shares by the BBT Trust, 2,006 thousand due to the acquisition of shares based on a resolution of the board of directors' meeting, 15 thousand due to the gratis acquisition of restricted stock, 0 thousand due to the purchase of less-than-one-unit shares, and 700 thousand due to the change of the Company's equity holdings in subsidiaries and affiliates.

The decrease in treasury stock of 3,697 thousand shares is consisted of 279 thousand shares due to the sale of shares to the Stock Holding Partnership by ESOP, 70 thousand shares due to the sale of shares as restricted stock compensation, and 3,348 thousand shares due to the cancellation of treasury stock based on the resolution of board directors' meeting.

The number of treasury stock as of March 31, 2020 includes 497 thousand shares held by the ESOP Trust and 658 thousand shares held by the BBT Trust.

(2) Dividends

Cash dividends distributed during the year ended March 31, 2019

Cash dividends of ¥16.0 per common share at March 31, 2018 in a total amount of ¥3,040 million out of retained earnings were distributed to shareholders subject to the resolution of the general shareholders meeting held on June 22, 2018.

Cash dividends distributed during the year ended March 31, 2020

Cash dividends of ¥20.0 (\$0.18) per common share at March 31, 2019 in a total amount of ¥3,770 million (\$34,641 thousand) out of retained earnings were distributed to shareholders subject to the resolution of the general shareholders meeting held on June 21, 2019.

Cash dividends to be distributed during the year ending March 31, 2021

Cash dividends of ¥20.0 (\$0.18) per common share at March 31, 2020 in a total amount of ¥3,718 million (\$34,163 thousand) out of retained earnings are to be distributed to shareholders subject to the resolution of the general shareholders meeting held on June 23, 2020.

Note: The total amounts of cash dividends are after deduction of the dividends to the stocks held by the affiliates.

The total amounts of cash dividends dissolved at the general shareholders meeting held on June 21, 2019 includes the dividend in the amount of ¥0 million to the ESOP Trust.

The total amounts of cash dividends dissolved at the general shareholders meeting held on June 23, 2020 includes the dividends in the amount of ¥10 million (\$92 thousand) to the ESOP Trust and in the amount of ¥13 million (\$119 thousand) to the BBT Trust.

23 Consolidated Statements of Cash Flows

(1) Cash and cash equivalents at year end

The balances of "Cash and time deposits" in the consolidated balance sheets are reconciled to "Cash and cash equivalents at end of the year" in the consolidated statements of cash flows for the years ended March 31, 2019 and 2020 as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
"Cash and time deposits"	¥57,950	¥119,198	\$1,095,268
Less—Time deposits over 3 months	(420)	(420)	(3,859)
Marketable securities redeemed within 3 months	—	3,200	29,404
Less—Trust separate deposit	(960)	(66)	(607)
Cash and cash equivalents at end of the year	¥56,570	¥121,912	\$1,120,206

24 Investment and Rental Properties

The Company and its consolidated subsidiaries own rental properties such as office buildings, complex facilities and others in Tokyo, Fukuoka, and the other major cities throughout Japan. Profit on rental properties of ¥890 million and ¥692 million (\$6,359 thousand), profit on sale of fixed assets of ¥22 million and ¥122 million (\$1,121 thousand) and impairment loss on fixed assets of ¥1,787 million and ¥1,181 million (\$10,852 thousand) have been recognized for the years ended March 31, 2019 and 2020, respectively.

The book value, increase or decrease in book value during the year, and fair value of rental properties for the years ended March 31, 2019 and 2020 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Book value as of March 31, 2018	¥ 9,949		
Increase (decrease) during the year	1,502		
Book value as of March 31, 2019	¥11,451	¥11,451	\$105,219
Increase (decrease) during the year		17,550	161,262
Book value as of March 31, 2020		¥29,001	\$266,480
Fair value as of the year end	¥25,152	¥40,906	\$375,871

- Notes: 1. Book value represents the acquisition cost less accumulated depreciation cost and cumulative impairment loss.
 2. Increase in book value results mainly from the purchase of rental condominium in the amount of ¥838 million, and from the transfer from common assets to rental building in the amount of ¥2,699 million. Decrease in book value results mainly from the impairment loss in the amount of ¥1,787 million for the year ended March 31, 2019.
 Increase in book value results mainly from change in scope of consolidation in the amount of 13,038 (\$119,802 thousand), and from the purchase of rental building in the amount of ¥2,822 million (\$25,930 thousand), and from the renovation of rental building in the amount of ¥2,039 million (\$18,736 thousand). Decrease in book value results mainly from the impairment loss in the amount of ¥1,811 million (\$16,641 thousand) for the year ended March 31, 2020.
 3. Fair values of main properties are based on real property appraisal from independent real estate appraisers.

25 Segment Information

(I) Segment information

1) Summary of reportable segments:

The reportable segments of the Company's group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors of the Company to make decisions about resource allocation and assess performance.

The operations of the Company's group consist of the business and services operated by the operational divisions of the Company and consolidated subsidiaries, and are composed of four operating segments as follows:

Building	Contract work for building and other related services
Civil engineering	Contract work for civil engineering and other related services
Manufacturing	Production and sales of construction machinery and concrete secondary products, and other related services
Infrastructure management...	Renewable energy and concession operations, and other related services

Notes to the Consolidated Financial Statements

2) Net sales, profit (loss), and other by segment

The accounting policies of the reportable operating segments are substantially the same as those described in "Summary of Significant Accounting Policies." Profit (loss) of reportable segments is evaluated based on operating profit (loss). Inter-segment sales are among the consolidated subsidiaries, and are recorded at the same prices used in transactions with third parties.

3) Reportable segments information

Year ended March 31, 2019	Millions of yen						Consolidated statements of income
	Building	Civil engineering	Manufacturing	Infrastructure management	Other	Adjustment	
Net sales							
Sales to outside customers	¥287,164	¥149,100	¥36,485	¥17,773	¥1,565	¥ —	¥492,087
Inter-segment sales	1,108	5,789	6,444	—	14	(13,355)	—
Total	288,272	154,889	42,929	17,773	1,579	(13,355)	492,087
Profit (loss) by segment	¥ 14,463	¥ 16,027	¥ 2,044	¥ 3,340	¥ 642	¥ (571)	¥ 35,945
Other							
Depreciation	¥ 2,450	¥ 1,522	¥ 2,248	¥ 7,086	¥ 15	¥ (57)	¥ 13,264

- Notes: 1. "Other", which represents real estate, is not included in reportable segments.
2. "Adjustment" of "Profit (loss) by segment" includes ¥571 million of inter-segment transactions.
3. "Profit (loss) by segment" is adjusted in accordance with operating profit (loss) of consolidated statements of income.
4. The amount of assets in each segment is not listed since corporate assets were not allocated to each segment.

Year ended March 31, 2020	Millions of yen						Consolidated statements of income
	Building	Civil engineering	Manufacturing	Infrastructure management	Other	Adjustment	
Net sales							
Sales to outside customers	¥265,076	¥154,773	¥38,147	¥18,665	¥11,194	¥ —	¥487,856
Inter-segment sales	3,161	461	3,807	—	14	(7,442)	—
Total	268,237	155,234	41,954	18,665	11,208	(7,442)	487,856
Profit (loss) by segment	¥ 8,955	¥ 18,709	¥ 1,942	¥ 4,027	¥ 355	¥ 58	¥34,045
Other							
Depreciation	¥ 3,041	¥ 2,090	¥ 1,966	¥ 7,359	¥ 147	¥ (120)	¥14,483

Year ended March 31, 2020	Thousands of U.S. dollars						Consolidated statements of income
	Building	Civil engineering	Manufacturing	Infrastructure management	Other	Adjustment	
Net sales							
Sales to outside customers	\$2,435,689	\$1,422,154	\$350,519	\$171,506	\$102,858	\$ —	\$4,482,735
Inter-segment sales	29,045	4,236	34,981	—	129	(68,382)	—
Total	2,464,734	1,426,390	385,500	171,506	102,986	(68,382)	4,482,735
Profit (loss) by segment	\$ 82,284	\$ 171,910	\$ 17,844	\$ 37,003	\$ 3,262	\$ 533	\$ 312,827
Other							
Depreciation	\$ 27,943	\$ 19,204	\$ 18,065	\$ 67,619	\$ 1,351	\$ (1,103)	\$ 133,079

- Notes: 1. "Other", which represents real estate, etc., is not included in reportable segments.
2. "Adjustment" of "Profit (loss) by segment" includes ¥58 million (\$533 thousand) of inter-segment transactions.
3. "Profit (loss) by segment" is adjusted in accordance with operating profit (loss) of consolidated statements of income.
4. The amount of assets in each segment is not listed since corporate assets were not allocated to each segment.

(2) Related information

1) Products and services segment information

Description is omitted since it is described previously in (1) Segment information.

2) Geographic segment information

(a) Sales

The disclosure of geographic segment information is omitted since the amount of sales to outside customers in Japan for the years ended March 31, 2019 and 2020 exceeds 90% of the sales in the consolidated statements of income.

(b) Fixed assets

The disclosure of geographic segment information is omitted since the amount of fixed assets in Japan as of March 31, 2019 and 2020 exceeds 90% of fixed assets in the consolidated balance sheets.

3) Major customer segment information

The disclosure of major customer segment information is presented as follows;

For the year ended March 31, 2019

Name of customer	Millions of yen	
	Net sales	Related segment
Sumitomo Realty & Development Co., Ltd	¥67,102	Building

For the year ended March 31, 2020

The disclosure of major customer segment information is omitted since there were no sales to any single customer for the year ended March 31, 2020 accounting for more than 10% of sales to outside customers in the consolidated statement of income.

(3) Impairment loss on fixed assets by segment

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Building	¥ —	¥ —	\$ —
Civil engineering	—	—	—
Manufacturing	145	1	9
Infrastructure management	—	—	—
Other	2,513	1,190	10,934
Adjustment	—	—	—
Total	¥2,658	¥1,191	\$11,943

Notes: "Other" represents real estate.

(4) Amortization and residual value of goodwill information

Segment information of amortization and residual value of goodwill is omitted since the amount is nil or immaterial.

(5) Gain on negative goodwill information

Segment information of gain on negative goodwill is omitted since the amount is immaterial.

Notes to the Consolidated Financial Statements

26 Related Party Information

(1) Related party transactions

Transactions with a related party for the years ended March 31, 2019 and 2020 are as follows:

For the year ended March 31, 2019:

Not applicable

For the year ended March 31, 2020:

Not applicable

(2) Major affiliate

Maeda Road Construction Co., Ltd. is a major affiliate as of March 31, 2019 and 2020, and a summary of its financial statements as of March 31, 2019 and 2020 and for the years then ended is as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Total current assets	¥155,881	¥ —	\$ —
Total non-current assets	126,125	—	—
Total current liabilities	¥ 51,218	¥ —	\$ —
Total long-term liabilities	27,529	—	—
Total net assets	¥203,259	¥ —	\$ —
Net sales	¥211,347	¥219,663	\$2,018,405
Profit before income taxes	16,471	22,797	209,473
Net profit	11,066	17,532	161,095

Note: A balance sheet summary as of March 31, 2020 was omitted because Maeda Road Construction Co., Ltd. has been included in the scope of consolidation since March 19, 2020.

27 Per Share Information

March 31	Yen		U.S. dollars
	2019	2020	2020
Net assets per share	¥1,268.95	¥1,236.32	\$11.36
Earnings per share	126.14	77.24	0.71
Diluted earnings per share	—	—	—

Note: Diluted earnings per share for the year ended March 31, 2019 and 2020 are omitted because there were no diluted shares.

The above information is calculated based on the following:

March 31	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Profit attributable to owners of parent	¥23,952	¥14,342	\$131,783
Amount not attributable to common shareholders	—	—	—
Net profit attributable to common shareholders	¥23,952	¥14,342	\$131,783

	Thousands of shares	
	For the years ended March 31	
	2019	2020
Average number of shares	189,891	185,693

28 Operations for Public Facilities, etc.

Aichi Road Concession Co., Ltd., a consolidated subsidiary, has been selected as a management company, and it runs operations for public facilities as follows:

1. Summary of operations for public facilities

Descriptions of public facilities		Toll Road Operation Management in Aichi Prefecture				
4 Roads in Chita Area consisting Minami Chita Road, Chita Hanto Road, Chita Odan Road, and Access Road to Chubu Centrai Int'l Airport		Sanage Green Road	Kinuura Tunnel	Kinuura Toyota Road	Nagoya Seto Road	
Rights are made on above-mentioned roads respectively						
Terms of payments		Pay in lump sum as rights are obtained, and the remaining balances are paid annually				Pay in full as right is obtained
Duration of rights	Start	October 1, 2016	October 1, 2016	October 1, 2016	October 1, 2016	October 1, 2016
	End	March 31, 2046	June 22, 2029	November 29, 2029	March 5, 2034	November 26, 2044
Remaining duration of rights	Start	April 1, 2020	April 1, 2020	April 1, 2020	April 1, 2020	April 1, 2020
	End	March 31, 2046	June 22, 2029	November 29, 2029	March 5, 2034	November 26, 2044
Summary of profit-share clause		<p>Increased and decreased revenues belong to or are compensated as follows, provided that the revenue amounts of each fiscal-year end are increased or decreased compare to the scheduled revenue amounts;</p> <ul style="list-style-type: none"> · With in 6% of increase (decrease) Belong to Aichi Road Concession Co., Ltd. · Above 6% of increase 6% or less of increase belongs to Aichi Road Concession Co., Ltd. 6% or above of increase belongs to Aichi Prefectural Road Public Corporation · Above 6% of decrease 6% or less of decrease belongs to Aichi Road Concession Co., Ltd. 6% or above of decrease belongs to Aichi Prefectural Road Public Corporation 				

2. Amortization method of rights to operate public facilities

Unit-of-production method based on traffic volume.

3. Information on replacement investments

(1) Descriptions and scheduled dates

(4 roads in Chita Area)

Descriptions of replacement investments	Scheduled dates		
Lanes for Electronic Toll Collection System ("ETC")	March 31, 2029	thru	March 31, 2032
	March 31, 2045	thru	March 31, 2046
Lanes for Ordinary Toll Collection Machines	March 31, 2021	thru	March 31, 2022
	March 31, 2033	thru	March 31, 2036
	March 31, 2024	thru	March 31, 2029
Main computer system of "ETC"	March 31, 2031		
	March 31, 2041		
Guardrails	March 31, 2021	thru	March 31, 2023
	March 31, 2028	thru	March 31, 2030
	March 31, 2033	thru	March 31, 2035

(2) Method of allocating assets and liabilities regarding replacement investments

In regards to a part of capital expenditure for replacement investments, which is limited to that owned by Aichi Prefectural Road Public Corporation, the Company estimates the total amount of expenditure and expected period during which the management rights are held, and allocates the present value of the total expenditure under liabilities when rights to operate the public facilities are acquired. In addition, the Company allocates the corresponding amount of the present value of the total expenditures under assets.

(3) Amortization method of assets in replacement investment

Unit-of-production method based on traffic volume.

Independent Auditor's Report

The Board of Directors
Maeda Corporation

Opinion

We have audited the accompanying consolidated financial statements of Maeda Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan
June 23, 2020

/s/Makoto Suzuki
Designated Engagement Partner
Certified Public Accountant

/s/Takehiro Ametani
Designated Engagement Partner
Certified Public Accountant

Corporate Information

Outline of the Corporation

(As of March 31, 2020)

Name in English Maeda Corporation	Registered Address 2-10-2, Fujimi, Chiyoda-ku, Tokyo 102-8151, Japan Tel: (81)-3-3265-5551 Fax: (81)-3-5276-5220 URL: http://www.maeda.co.jp/	Number of Employees 3,161 (Non-consolidated)
Establishment In January 1919	Company Registration No. 40100-01-008789 (With Tokyo Legal Affairs Bureau)	Paid-in Capital ¥28,463 million
Incorporation In November 1946		Stock Listing On the First Section of the Tokyo Stock Exchange

Directors

(As of June 23, 2020)



President and Representative Director
Soji Maeda



Representative Director and Senior Managing Officer
Takao Nakanishi



Director and Senior Managing Officer
Shogo Sekimoto



Director and Senior Managing Officer
Seiichi Kondo



Director and Senior Managing Officer
Kazunari Kibe



Director and Senior Managing Officer
Naoya Okawa



Director and Senior Managing Officer
Yuji Hatakama



Outside Director
Akio Dobashi



Outside Director
Hideo Makuta



Outside Director
Rie Murayama



Outside Director
Atsushi Takagi

Audit & Supervisory Board Members

(As of June 23, 2020)

Audit & Supervisory Board Members

Masanori Ito
Yoshitaka Ooshima
Shiro Ogasahara
Motohiro Sato
(Outside Audit & Supervisory Board Member)
Ren Shino
(Outside Audit & Supervisory Board Member)

Executive Officers

(As of June 23, 2020)

Managing Officers

Shigemi Shoji
Youichi Kawashima
Tetsuji Nishimoto
Masamori Nagashige
Toshimasa Suwa
Yasuyuki Ishiguro
Satoru Tahara
Makoto Tagawa

Executive Officers

Akira Fujiwara
Michio Yamada
Tetsuya Mishima
Akio Suzuki
Hisanari Yamada
Hitoshi Wakiya
Tadanobu Anzai
Motoi Higashiyama
Makoto Otsukeno
Hiroaki Tezuka
Tadahiko Tofuku
Shinya Sakaguchi

Directory Overseas

Hong Kong Office

Unit 11, 17F, 9 Wing Hong Street,
Cheung Sha Wan, Kowloon,
Hong Kong
Tel: 852-2369-9267
Fax: 852-2724-4046

Taiwan Office

Rm. 4, 2F., No. 22, Sec. 1,
Yanping N. Rd., Datong Dist.
Taipei City 103, Taiwan
Tel: 886-2-2558-6380
Fax: 886-2-2558-6390

Asia Regional Sales & Marketing Department / Hanoi Office

7F, 45 Trieu Viet Vuong Street,
Hai Ba Trung Dist., Hanoi, Vietnam
Tel: 84-4-3943-6311/2
Fax: 84-4-3943-6314

Phnom Penh Office

#53 E0 E1 E2, Street 01A,
Touk Thlar Village, Touk Thlar Commune,
Khan Sen Sok, Phnom Penh, Cambodia
Tel: 855-23-884-456/7
Fax: 855-23-884-458

Bangkok Office

18th Floor Thaniya Plaza Building,
52 Silom Road, Suriyawong, Bangrak,
Bangkok 10500, Thailand
Tel: 66-2-231-2470/2
Fax: 66-2-231-2473

Yangon Office

Room 601, Wizaya Plaza, Corner of
Dhammazedi Street & U Wisara Road,
Bahan Township, Yangon, Myanmar
Tel: 95-1-513-758
Fax: 95-1-513-758

Jakarta Office

18 Office Park, 22nd Floor,
Suite E, F&G, Jl. TB.
Simatupang No.18,
Jakarta 12520, Indonesia
Tel: 62-21-8064-1815

Sri Lanka Office

No.71/6, Barns Place, Colombo 07,
Sri Lanka
Tel: 94-11-269-7041
Fax: 94-11-452-8260

U.S.A. Office

39209 Six Mile Road, Suite 204,
Livonia, Michigan, 48152-2660, U.S.A.
Tel: 1-734-462-2230
Fax: 1-734-462-2232

Mexico Office

Av. Las Americas #1701-D50,
Piso 7 Oficina 7, El Dorado,
Aguascalientes, Ags. Cp20235, Mexico
Tel: 52-449-140-5917

Principal Subsidiaries and Affiliates

Overseas:

MAEDA VIETNAM CO., LTD.

Room 9 (Area B), 19th Floor,
Vincor Center, 72 Le Thanh Ton Street,
Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam
Tel: 84-8-3936-9000/9132/9133
Fax: 84-8-3936-9111

THAI MAEDA CORPORATION LTD.

18th Floor Thaniya Plaza Building,
52 Silom Road, Suriyawong, Bangrak,
Bangkok 10500, Thailand
Tel: 66-2-231-2470/2
Fax: 66-2-231-2473

MAEDA CORPORATION INDIA PRIVATE LTD.

7th Floor, Unit No. 702,
DLF South Court,
Saket, New Delhi-017, India
Tel: 91-11-4973-8888
Fax: 91-11-4973-8899

GKMC CONSTRUCTION AND CONSULTING INC.

Tekstilkent Koza Plaza A Blok K:34
34235 Esenler/Istanbul, Turkey
Tel: 90-212-467-2901/2902
Fax: 90-212-438-2409/2410

MAEDA THIEN DUC CO., LTD.

Floor 9, Block 6, Vista Building 628C
Hanoi Highway Residential Zone 4,
An Phu Ward, Dist. 2,
Ho Chi Minh City, Vietnam
Tel: 84-8-6258-6611
Fax: 84-9-0995-1067

Domestic:

- MAEDA ROAD CONSTRUCTION CO., LTD.
- TOYO CONSTRUCTION CO., LTD.
- MAEDA SEISAKUSHO CO., LTD.
- HIKARIGAOKA CORPORATION
- FUJIMI KOKEN CO., LTD.
- FBS CO., LTD.
- JM CORPORATION
- KOHO CO., LTD.



Maeda Corporation

2-10-2, Fujimi, Chiyoda-ku,
Tokyo 102-8151, Japan

Tel: (81)-3-3265-5551 Fax: (81)-3-5276-5220

<http://www.maeda.co.jp/>