

Maeda Corporation



MAEDA

# 2021 ANNUAL REPORT

For the year ended March 31, 2021

# 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.



Corporate Motto, enacted in January 1968

技意誠  
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.

## Contents

02	The History of Maeda Corporation
04	Top Message
07	Review of Operations
09	Overseas Operations
11	Special Feature
16	Corporate Governance
19	Financial Section
19	Consolidated Financial Highlights
20	Consolidated Balance Sheets
22	Consolidated Statements of Income
23	Consolidated Statements of Comprehensive Income
24	Consolidated Statements of Changes in Net Assets
25	Consolidated Statements of Cash Flows
26	Notes to the Consolidated Financial Statements
61	Report of Independent Certified Public Accountants
69	Corporate Information

### 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.

# The History of Maeda Corporation



**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 1,985,000m<sup>3</sup> 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 8,462m<sup>3</sup>.



**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 14.7km 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

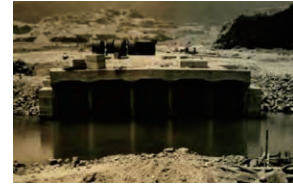
The retractable dome roof, made of three fan-shaped panels, is 220m in diameter and 84m high and takes only about 20 minutes to open or close. The key to achieving the functionality of the retractable dome was construction of the complexly shaped track for the trolleys that move the dome, which is shaped 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.

## 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.

1955

**Kwai Chung Development Project**  
Hong Kong



1963

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.

1972

1982

**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 m<sup>3</sup> 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 0.3m thick steel-reinforced concrete facing by moving slip forms at a speed of 2.5 to 3.5 meters per hour.

1991

**Trans-Tokyo Bay Highway**  
Chiba



1995

Maeda was responsible for construction of Kisarazu Artificial Island (Umihotaru, photo), and the northern (eastbound) tunnel from Umihotaru to Kawasaki Artificial Island on the 15.1km 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.



### 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 498,000m<sup>2</sup> 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 298m 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.

1998

### 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 36m 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.

2005

2007

### 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.

2014

2019

# 2021

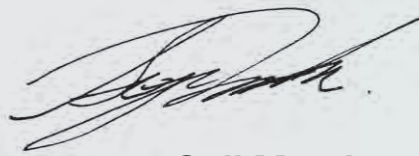
On October 1, 2021, Maeda Corporation, Maeda Road Construction Co., Ltd., and Maeda Seisakusho Co., Ltd. established a joint holding company and conducted a business integration by means of a joint share transfer.

With significant changes in the future business environment, we believe that in order to unify the whole group and achieve continuous growth, it is essential to maximize our synergies as a group, such as by further strengthening coordination among the three companies, creating a strong management base capable of responding to changes in the environment, and appropriately allocating management resources.

The holding company's name is INFRONEER Holdings Inc., and has the goal of achieving continuous growth for the whole group, with the aim to become an "integrated infrastructure service company" by carrying out one-stop management ranging from infrastructure planning proposals through to operation, maintenance, and management.



# Aiming For Sustainable Growth by Driving Transformation as an Integrated Infrastructure Service Company that Contributes to Solving Social Issues



**Soji Maeda**

President and  
Representative Director

The construction industry experienced a turbulent 2020, challenged by continuing structural change and the spreading impact of COVID-19. Faced with these rapid changes, Maeda Corporation decided to establish a new holding company with Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. This new

structure will take effect from October 2021.

Soji Maeda, President and Representative Director of Maeda Corporation, talks about the strategic path that will enable Maeda to move forward through this period of transition as a company that continues to enjoy the trust of society.

## The Impact of COVID-19

In fiscal 2020, the global spread of the COVID-19 pandemic had a profound impact on people's lives and social and economic activities. I would like to express my sincere condolences to the families of those who have lost their lives, and my best wishes for a speedy recovery to those currently affected by the disease.

Maeda Corporation has implemented various measures in response to the pandemic, including the early introduction and subsequent expansion of a teleworking system for office workers. Through my own experience of teleworking, I found that productivity was higher than expected. I also experienced the effectiveness of communicating in groups of around 100. I believe that teleworking has contributed to workstyle innovation. However, attendance at work sites is unavoidable for those employed in the contracting business, and the situation prompted a review of industry guidelines.

The impact of COVID-19 on our financial performance was smaller than anticipated. This was

especially true of the infrastructure management (concession) business, which is based on long-term contracts spanning decades. The occurrence of infectious diseases was factored into these contracts from the outset as a force majeure that can be assumed in the same way as natural disasters. We were also able to reap the benefits of past reforms targeted toward the creation of reliable income streams, including the expansion of orders from regular customers, and the improvement of design and construction efficiency. As a result, the consolidated group achieved growth in both sales and profit in fiscal 2020.

**WE SUPPORT**



Maeda supports The Ten Principles of the UN Global Compact in the areas of human rights, labor, the environment, and anti-corruption, and is working to realize a sustainable society.

## Meeting the Challenge of Change and Enhancing Our Capacity to Address Social Issues through De-contracting

Throughout its long history, Maeda Corporation has contributed to society by maintaining high quality standards, meeting promised completion dates, and supporting essential lifeline infrastructure. However, in an era in which values are changing and infrastructure demands diversify, we can no longer meet society's expectations solely through our contracting business. Therefore, we adopted our "de-contracting" strategy in 2011 with the aim of deepening our understanding of social issues from the viewpoint of business owners, and enhancing our capacity to offer solutions. Since then, we have built a track record in the areas of public-private partnership concessions and renewable energy.

By engaging in both contracting and de-contracting activities, we believe that we can build a stable profit base that will be better able to withstand changes in the external environment.

We see de-contracting as a way to address a wider range of social issues through business creation centering on infrastructure, and the expansion and strengthening of both upstream and downstream activities, such as operation and management. In recent years there has been a growing focus on the

Sustainable Development Goals (SDGs). There is a close affinity between this trend and our initiatives, since the SDGs represent an extension of the directions in which we are working. In July 2021, we further aligned our activities with global priorities by signing the United Nations Global Compact.

We are currently stepping up our efforts to address climate change, including the acquisition of Science Based Targets (SBT) certification in 2019. Participation from the development and design stage under our de-contracting philosophy is an essential part of our efforts to monitor and reduce CO<sub>2</sub> emissions across supply chains and lifecycles. To ensure that suppliers of wood pellets used in our developing biomass power generation business do not engage in illegal logging, child labor, or forced labor, the acquisition of Chain of Custody (CoC) certification from the Forest Stewardship Council (FSC) was an absolute requirement. Continued efforts are also needed to strengthen awareness of human rights among our partners that directly accept foreign technical intern trainees, many of whom are active in the construction industry.

## Establishment of New Holding Company

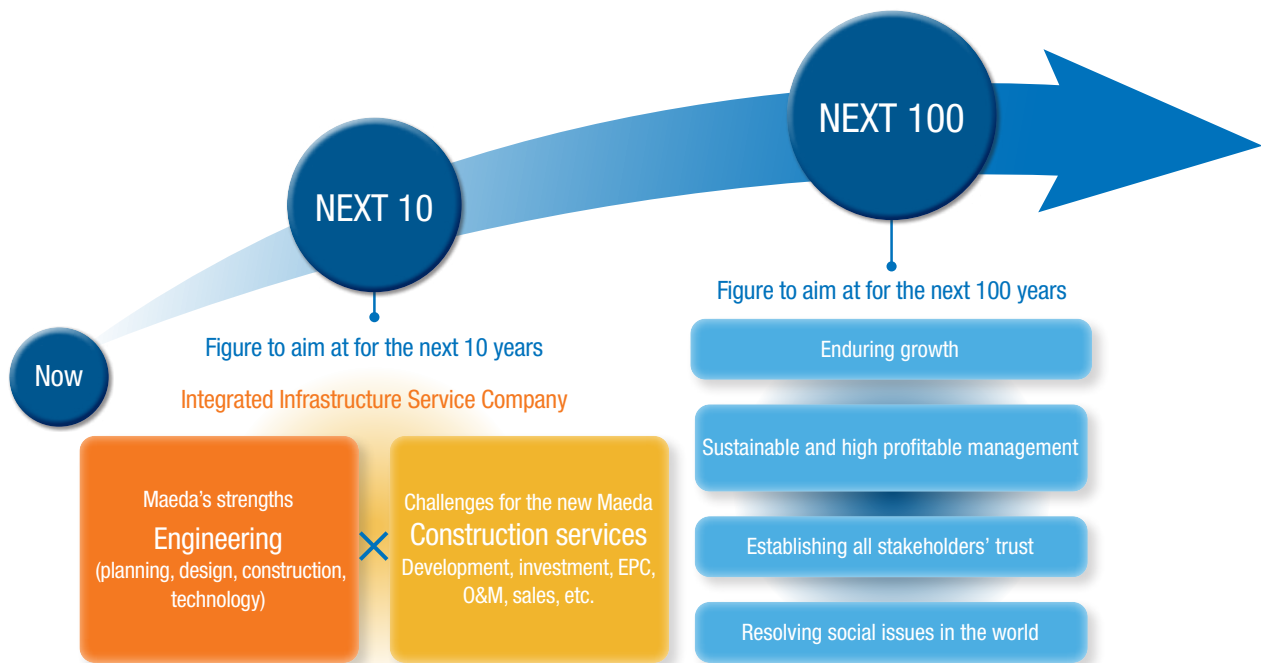
In 2021, Maeda Corporation decided to establish a new holding company with Maeda Road Construction Co., Ltd. and Maeda Seisakusho Co., Ltd. This extremely significant decision was taken with the aim of building a robust management base so that we can adapt to far-reaching changes in our business environment, including declines in Japan's population and birthrate, demographic aging, the deterioration of social infrastructure, labor shortages, and the increasing use of digital technology.

The three companies are all engaged in different business areas, but we share a core commitment to the solution of social issues through infrastructure development. Using our core business operations as a hub to link the upstream and downstream areas of our value chains, we will create a one-stop management structure for an integrated infrastructure service company encompassing all stages from the proposal of infrastructure plans to operation, maintenance, and management. After careful deliberations, the three companies decided to name the new company INFRONEER Holdings Inc., which combines the words "infrastructure" and "pioneer" to symbolize our

determination to take up continual new challenges as an infrastructure pioneer.

To ensure transparent governance and timely decision-making, we will separate management and executive functions for the new company. It will be structured as a company with a nomination committee, etc., and the majority of seats on the Board of Directors will be held by outside directors. Candidates for positions as directors and executive officers of the new company were interviewed and selected by a provisional Nomination Committee made up of external directors and corporate auditors from the three companies. I believe that this process has helped to foster the perspective of looking at the entire Group from a medium- to long-term perspective.

The shift to a holding company structure will also expand opportunities for employees to succeed and contribute. We have already implemented human resource reforms across the barriers between traditional business segments. The new company will provide even greater flexibility and freedom to enable individual employees to achieve their full potential.



## The Next 100 Years—Growth in Partnership with Our Employees

The history of Maeda Corporation since its founding over a century ago was built on the achievements of previous generations. While looking back in gratitude at their accomplishments, we of the present generation must also take responsibility for building a bright future over the next 100 years. In order to add value to an increasingly diverse and complex society, we need to offer not only capabilities and quality, but also social, cultural, artistic values and sensibilities. We also believe that to attract people and inspire them to work with us, we need to boldly meet the challenges of further changes and innovations.

Under this new structure, we will work toward the realization of Goal 17 of the SDGs: Partnerships for the goals, by further deepening our partnerships, not only within the Group, but throughout the industry and across multiple sectors. Our philosophy of open innovation is symbolized in the ICI Center, which we established in 2019 in Toride City, Ibaraki Prefecture, to gain new knowledge from external sources and accelerate technological development. Since its opening, it has been the starting point for approximately 45 co-creation projects.

Our employees are vital stakeholders in our efforts to increase value-added benefits through our business activities. Therefore, in addition to improving profits, we need to ensure that annual income rises and provide educational opportunities. Obviously we cannot be satisfied with good outcomes just for Maeda Corporation, and we aim to achieve growth in partnership with our many supporting companies, including *Zenyukai* members, by helping them to address their challenges.

We need our employees to be fully aware that we

are in the midst of a major transition. We are about to establish a new framework in the form of a holding company, but our business operations depend on the efforts of individual employees, and it is they who will create the content for that framework. Going forward, we will continue to preserve the spirit of Maeda Corporation by resolutely accepting the challenge of change as we work together to build a company of which we can feel proud of in the next 100 years.





## Building Projects



### New Construction for the Ariake Kita 3-1 District (B-2 Block/C-Block Parking Structure)

This large-scale commercial facility is located within the Ariake Garden Project, a composite development scheme in the Tokyo Bay area. It is close to facilities developed for the Tokyo Olympics.

The project consists of a five-story commercial building with a one-level basement, and a seven-story parking structure, also with a one-level basement, for a total floor area of 114,550.66m<sup>2</sup>. Work started on November 1, 2017, and the first stage of the project was completed and delivered after approximately 27 months on January 31, 2020. A grand opening was held for the commercial facility on June 17, 2020.

The new buildings form part of a development scheme for the Ariake district in Tokyo's Koto City, which has been designated as a National Strategic

## 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.



Special Zone. In addition to a commercial complex with over 200 stores, the scheme also features open parks and plazas that will help to invigorate the area and contribute to the development of the new community. The natural environment has been further enriched by large-scale wall greening.

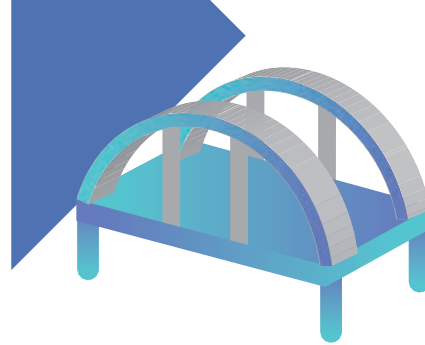
### “Knowledge Center” Regeneration Condominium Project on Former Hiroshima University Site

Maeda Corp. has constructed hitoto Hiroshima The Tower, a condominium building with a seismic isolation structure, on an expansive 20,000m<sup>2</sup> site formerly occupied by Hiroshima University, which once flourished as a knowledge center. With 665 units on 53 floors, the condominium is the tallest building, based on total floor count, across the Chugoku, Shikoku, and Kyushu regions.



The exterior of the base section of the building is covered with custom-made tiles with a motif based on Hiroshima University's former Science Building No. 1, an atomic bomb-damaged building that stands as a memorial in neighboring Higashisenda Park. The layered structure of the tower section creates a sense of uplift, while contrasts among shadows, glass, and structural elements provide a variegated appearance. Within the site, the building is surrounded by the Hibiki Biotope for Human-Nature Harmony. This green area, which covers over 3,500m<sup>2</sup> of land, has been certified by the Association for Business Innovation in harmony with Nature and Community (ABINC). The early commencement of landscaping work was a priority from the start of the project. We achieved this by scheduling work on the main residential building on a six-day cycle and improving productivity in order to shorten the construction period.

## Civil Engineering Projects



### Floodgate Engineering Work to Repair Damaged Unosumai District around the Unosumai River

(a B-Class river) (No.23-647)

The Great East Japan Earthquake of March 11, 2011, triggered an unprecedented tsunami along the coastline of the Tohoku region. Unosumai, a residential district in Kamaishi City, Iwate Prefecture, was almost completely devastated, and large numbers of residents were killed, injured, or reported missing. The purpose of this project, which is part of the post-disaster reconstruction process, is to support the development of safe and secure communities in this region. It involved the construction of a floodgate measuring 14.5m high and 180m wide (5 spans) in the Unosumai River estuary to form a line of defense that protects lives from tsunamis. The floodgate also forms part of a seawall designed to protect the coast of Katagishi in Kamaishi City.

The Unosumai River has a rich natural environment and is a spawning ground for salmon and sweetfish.

The river flows into Otsuchi Bay, which is an important area for fisheries, including scallop and seaweed farming. Care was taken to protect the environment and these regional characteristics during construction.



### Kakihara Tunnel Project for the Hokuriku Shinkansen Line

The Hokuriku Shinkansen Line sector between Kanazawa and Tsuruga covers a total length of 125km. The project is moving forward under an extremely challenging schedule that requires the line to be opened by the end of fiscal year 2023. Maeda Corporation built the Kakihara Tunnel and undertook other work over a distance of 2,570m between Kaga

Onsen Station and Awara Onsen Station. The main task was the construction of a 2,530m tunnel with 20m abutments at each end. A key feature of this extremely complex tunneling project was the need to tunnel through unconsolidated sand with high water content for about one-third of the distance from the starting point. We used the latest support, measurement, and control methods to cope with the small overburden embankment and prevent ground destabilization. In the central one-third of the tunnel where the overburden was less than 10m, we carried out excavation and ground improvement measures to stabilize the area before digging the tunnel. The final one-third of the tunnel was constructed in relatively stable ground but was situated under a golf course that is currently in use. The tunnel project, which was completed without accidents in December 2020, also resulted in contributions to the local community, including the use of excavated material as landfill to form fields for agriculture.





Overseas  
Operations

## Vietnam

### Containerboard Mill Project in Ba Ria-Vung Tau Province

This project involves the construction of a containerboard manufacturing plant. The order for construction work was placed by Kraft of Asia Paperboard & Packaging Co., Ltd., a wholly owned subsidiary of Marubeni Corporation. The plant begins commercial operations in fiscal 2021 and will have an annual production capacity of 400,000 tons when it becomes fully operational in 2022. The site is located in the Phu My 3 Specialized Industrial Park in Bà Rịa-Vũng Tàu Province, Vietnam, which is 60km from Ho Chi Minh City, and 4km from the Port of Cai Mep.



Buildings with a total floor area of 85,165m<sup>2</sup>, including offices, factories, storage facilities for finished products and used paper, and ancillary buildings, will be built on a site of approximately 150,000m<sup>2</sup>. Construction began on February 25, 2019 and the facilities has been delivered on March 10, 2021.

## Vietnam

### Construction of Cold Rolling Mill for Maruichi Steel Tube in Binh Duong Province



This project sees Maruichi Sun Steel Joint Stock Company (SUNSCO), a subsidiary of Maruichi Steel Tube Ltd., introduce a second cold rolling mill (No.2 CRM) designed for the production of thinner building materials. The project site is located in Binh Duong Province in Vietnam. The reinforced concrete and steel constructed three-story site is 294,419.7m<sup>2</sup> and has a total floor area of 2,993.9m<sup>2</sup>. Construction began on November 1, 2019 and was completed on August 31, 2020.

## Thailand

### New Warehouse and Noise Test Building for Fujitsu General

Owned by Fujitsu General (Thailand) Co., Ltd., the Thai subsidiary of Fujitsu General Limited., this project resulted in the construction of a new product storage facility and noise test building. The construction site is located in Laem Chabang Industrial Estate in Chonburi Province, about 120km southeast of Bangkok. Construction of the storage facility involved the



expansion of an existing building to create a single-story steel building with a floor area of 12,915m<sup>2</sup>. The noise test building is a two-story reinforced concrete structure adjoining an existing building with a total floor area of 432m<sup>2</sup>. Construction began on December 16, 2019 and was completed on October 15, 2020.

## Vietnam

### 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

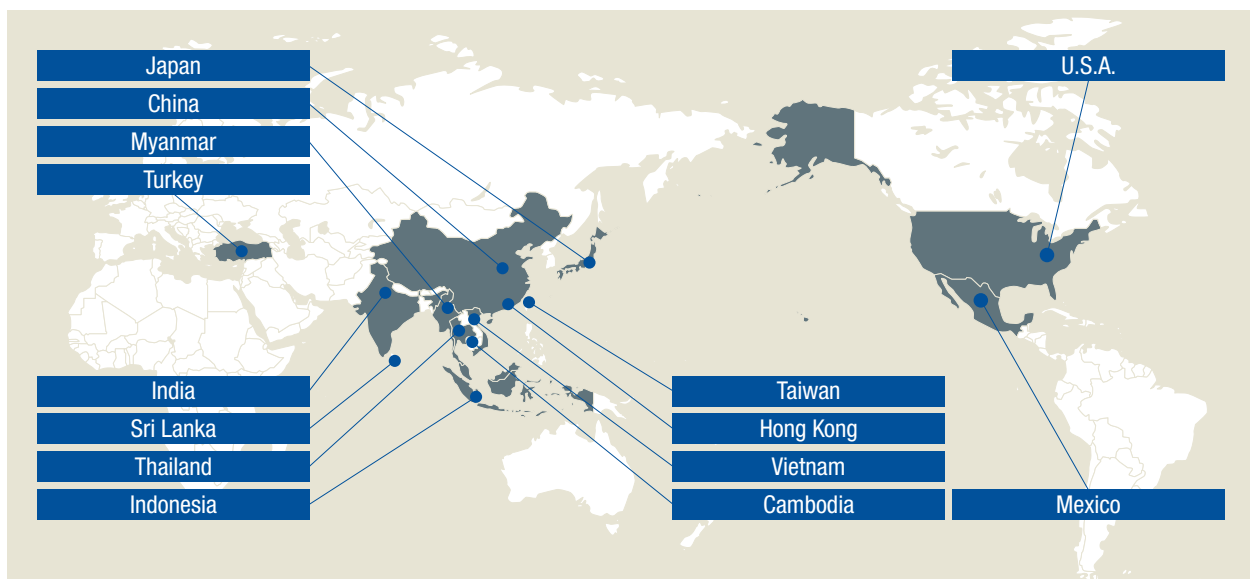
and mechanical.

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 2022, with Line 1 operational by 2023.



## Overseas Operations





Special  
Feature

## De-Contracting Business

## Based On Our “Creating Shared Value”

## Management Philosophy

In 2019, we marked the 100th anniversary of our founding by adopting a vision for the next 100 years and set up the NEXT 100, which we aim to achieve through continuous CSV management.

This special feature discusses the concession business and the comprehensive outsourcing of regional infrastructure management services as specific examples of CSV management.



## Social Issues and Background

### Regional Issues Facing Contemporary Japan

A falling birthrate, the resulting population decline, and demographic aging are causing a range of social issues in Japan. Particularly serious is the pressure on central and regional government finances due to the combined impact of shrinking tax revenues caused by a decline in the working-age population aged between 15 and 64, and the inexorable expansion of social security expenditure, including the cost of healthcare for the elderly and child welfare.

Another problem will be the rapidly expanding cost of maintaining or replacing the vast amount of infrastructure developed during Japan's high-growth era in the 1950s and 1960s. If infrastructure is allowed to deteriorate with age, standards of living could be impacted by the increasing difficulty of maintaining

even the present level of services.

Japan faces a dilemma posed by worsening central and regional government finances and the need to meet the massive cost of maintaining and replacing aging infrastructure. Another issue is an increasingly serious shortage of local government employees with technical skills.

The high-quality infrastructure services that Japan enjoys today cannot be sustained using existing systems and methods. We need to solve this problem by extending facility life spans, centralizing and integrating infrastructure, and improving efficiency through the introduction of new approaches, such as PPP and PFI, and advanced technologies.



## ► Special Feature Social Issues and Background

### Enhancing our Capacity to Respond to Social Issues through De-Contracting

In its early years, Maeda specialized in civil engineering projects in mountainous regions. Since then, we have extended the scope of our activities to include urban civil engineering, construction, overseas projects, and the retail sector. However, the business model based on civil engineering and construction contracting has repeatedly left us exposed to economic fluctuations and resulted in disappointing experiences.

Japan has entered an era of unpredictability characterized by continual change in social and economic structures and uncertainty about the future. We need to ensure that Maeda can continue to return value to society by combining our efforts to secure income through contracting, with the creation of a sustainable income base. We see de-contracting as a way to integrate the engineering expertise that we have developed through our contracting activities with new construction services based on our new business model as an integrated infrastructure service company.

An integrated infrastructure service company aims for an approach that encompasses business creation centering on infrastructure, business expansion and enhancement in downstream areas, such as operation and management, and engagement in all project phases from an owner's perspective. Through these initiatives, we will play a proactive role in society by identifying society's needs and problems so that we can create and offer new value.

Maeda has already built an extensive track record of achievements based on the de-contracting approach, including the concession business and renewable energy projects. We will continue to take up the challenge of creating solutions for regional issues by leveraging our engineering expertise and our regionally based business activities to form strong

links with regional communities. Going forward, we will use our community based local offices as starting points for the realization of a regional strategy targeted toward the solution of issues affecting a wider range of infrastructure and public facilities. Our approach to this strategy will always be guided by our understanding of local issues and visions for the future.

In Special Feature 1, we will introduce our new arena concession business based at a new gymnasium in Aichi Prefecture. We have taken up the challenge of moving into the expanding sport and entertainment market by using a new scheme based on a Build Transfer (BT) + Concession model to provide high-quality services through initiatives that contribute to regional development and value improvement.

Special Feature 2 focuses on our regional strategy for the comprehensive outsourcing of regional infrastructure management services under public-private partnerships. Over the past few years an increasing number of local government bodies have chosen this approach, which is one of the solutions that we offer for the maintenance and management of regional infrastructure. Through these initiatives, Maeda is accumulating a wide range of problem-solving expertise, which we will use to contribute to regional revitalization by providing solutions for issues in a broad spectrum of fields. Our goal is to build Win-Win-Win relationships by working in partnership with governments, local residents, and private sector companies to address these regional issues.



Maeda is taking up  
new challenges in the entertainment  
and sport markets  
through an arena concession  
business based on a new model

The environment for the arena business is entering a transitional phase characterized by the growing popularity of sports leagues, such as the B-League, in Japan, as well as the evolution of entertainment in anticipation of the post-COVID-19 era. With the sports business booming as a new form of entertainment, there have been moves throughout Japan to harness this trend as a driving force for regional revitalization, and central government is also supporting this approach. In anticipation of further market expansion, Maeda took its first step into the arena concession business when it acquired the business covering the construction and operation of the Aichi Arena.

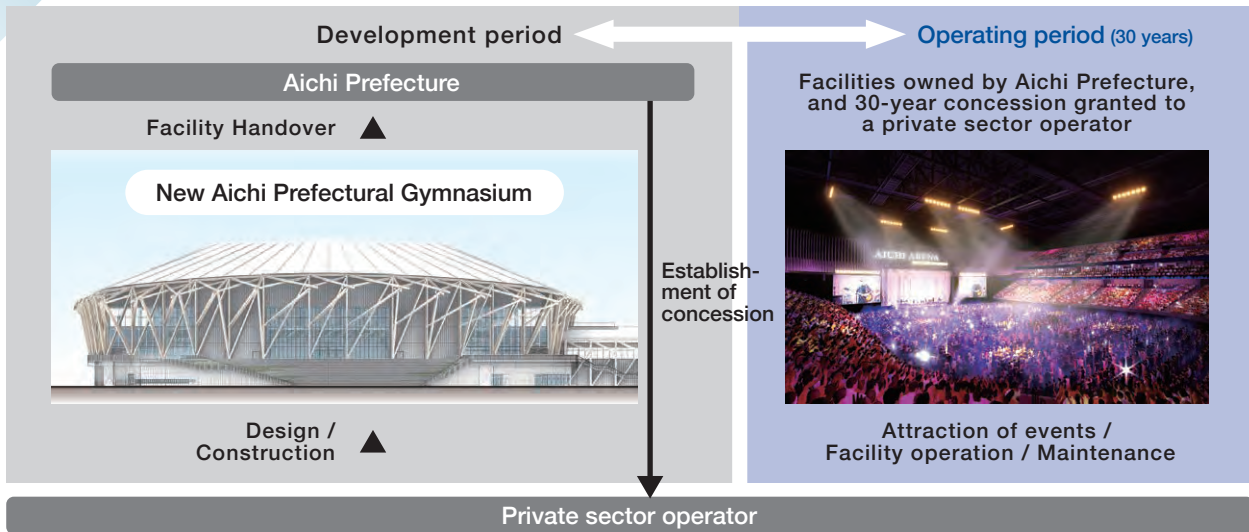
A new type of public-private partnership was used for the first time for this business. It will allow Maeda to make optimal use of its engineering capabilities and de-contracting know-how. In addition to building and operating a world-class facility with a variety of partners, Maeda also aims to contribute to regional activity and prosperity by attracting visitors to the facility.

### New Concession Scheme

This project is the first in Japan based on a BT + Concession scheme, which combines the Build Transfer (BT) model with the granting of concessions to operate public facilities and other assets.

Up to now, the concession businesses have involved the establishment of operating rights for existing facilities and have provided limited scope for the application of private sector creativity and innovation. With this scheme, however, there will be private sector involvement from the construction stage. By combining construction and operation into a single business, it is possible to design the facility in anticipation of future operational, maintenance, and management requirements, resulting in the provision of high-quality services, while enabling the operator to ensure profitability and provide maximum value in return for the operating rights. Through this project, we will be able to create a Win-Win-Win situation with significant benefits for the public sector, local residents, and private sector companies. The project is attracting considerable interest in Japan, and other local governments are considering the adoption of similar business schemes.

## ▶ BT + Concession Scheme



### Tackling Climate Change through Eco-Friendly Design

Action against climate change, including social decarbonization through the reduction of CO<sub>2</sub> emissions, is a global priority. One of the KPIs included in Aichi Prefecture's SDG-based Future Urban Plan calls for the reduction of greenhouse gas (CO<sub>2</sub>) emissions by 26% from the 2013 level by 2030. For this project, we will contribute to the reduction of CO<sub>2</sub> emissions by installing natural energy systems, including solar power and rainwater utilization, and by managing energy efficiently through the adjustment of water, light, and heat utilization according to facility operations.

We will also work closely with other facilities around the construction site in Meijo Park. By developing the new arena as a hub facility for the local community, we will enhance the usability of the entire park and contribute to community revitalization.

### Future Goals and Outlook

As a result of the Aichi Arena project, which we aim to complete in time for opening in the summer of 2025, we have added arenas to the concession business, airports, roads, and exhibition centers as a new mainstay for our de-contracting business.

We see the arena business as a new regional value creation model. Events in world-class arenas attract visitors from around the world. This raises the region's profile and creates an economic ripple effect that contributes to regional revitalization.

Like airports and roads, Aichi Arena will be part of the region's infrastructure. For this project, we have adopted a philosophy of creating a Win-Win-Win situation for the public sector, local residents, and private sector companies. We regard arenas as a category with the potential for major growth through contribution to shared regional prosperity.

### Win-Win-Win Benefits from the Aichi Arena Project

- The public sector's partial payment of the construction costs becomes an investment that will improve the region's profile while expanding returns in the form of increased tax revenues.
- Local residents benefit from development across the entire region, and from the economic ripple effects.
- Private sector companies are able to move into new markets by taking over the construction and operation of regional infrastructure, which have previously been handled by the public sector.

We aim to use world-class facility construction and operation know-how accumulated through this project to play an active role in projects that are

planned for the future in Japan, and to create new value for regional communities through our concession businesses.





## Comprehensive Outsourcing of Regional Infrastructure Management Services

The Maeda Group is actively engaged in public-private collaboration in the area of infrastructure management, which is seen as a solution to the problem of maintaining and managing regional infrastructure. We provide comprehensive infrastructure management for Joso City, Ibaraki Prefecture, and Higashimurayama City, Tokyo, and comprehensive road management for Fuchu City, Tokyo.

This project uses digital technology and other private sector expertise to provide highly efficient infrastructure maintenance and management services. By using data to monitor the infrastructure use and identify deterioration, we are able to provide appropriate management of infrastructure assets.

There was concern that the partial transfer of infrastructure services previously handled by local governments to the Maeda Group would reduce business opportunities for local companies. However,

the Maeda Group only provides management services, with local companies continuing to handle actual operations. Collaboration with local companies is essential because infrastructure management depends on the ability to provide a timely response to problems, including disasters.

Efficient infrastructure management requires productivity improvement initiatives based on close collaboration among local governments as managers, local companies as providers of actual services, and the Maeda Group, which has new technology and advanced management expertise. The aim of this approach is to achieve Win-Win-Win outcomes by solving the issues confronting local governments, while also helping local companies to improve their technology and achieve sustainable management, and improving satisfaction among residents as infrastructure users.

## Comprehensive Management of Roads, etc., in Fuchu City (Eastern Area)

The Maeda Group began to provide comprehensive management of roads and other infrastructure in Fuchu City in April 2021 as a joint business involving Maeda Road Construction Co., Ltd., Maeda Corporation, and six other companies. The management services provided include inspection, cleaning, and maintenance for 182km of roads in the eastern district of Fuchu City.

Fuchu City has been working actively with private sector companies in the area of infrastructure management for some time. This scheme is attracting interest as a rare example of a comprehensive road management project in Japan. The private sector is able to offer services that will

improve the safety and reliability of roads previously managed by local governments, including the use of information technology to inspect roads and provide a timely response to problems reported by residents.

Maeda Road Construction Co., Ltd. will work with the Maeda Group to provide high-quality services by combining its road engineering expertise with Maeda Corporation's infrastructure management know-how.



Road maintenance on Keyaki Namiki-dori Avenue in front of Fuchu Station

# Corporate Governance

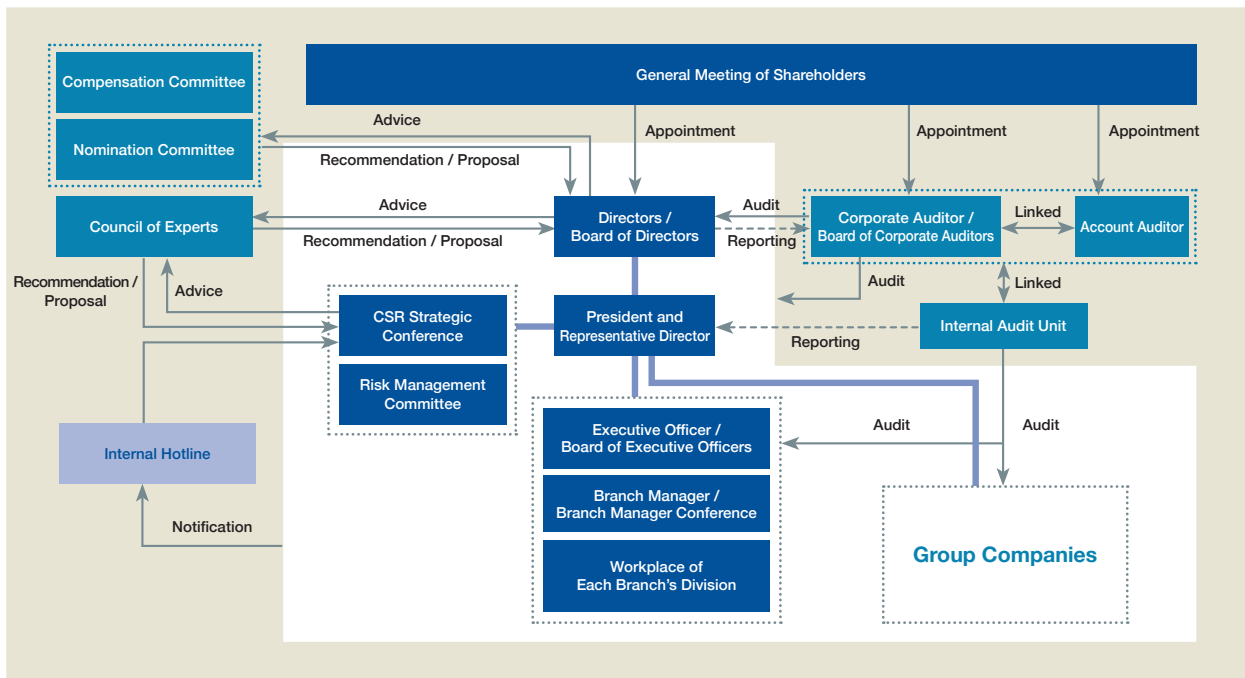
## Policies and Approach

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 outlooking 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 2021, various changes have been implemented, which included the adoption of the corporate auditor system, the establishment of one-year terms of office for directors, the appointment of four outside directors out of a total of 10 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 is well-balanced, consisting of members with extensive experience and insights in various fields, and outside directors make up over one-third of the Board. 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.

## Audit Activities

### (1) Audits by Corporate Auditors

Maeda Corporation is structured as a company with a Board of Corporate Auditors. 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 members of the Corporate Auditor Office and Board of Corporate Auditors.

The Corporate Auditor Office normally meets once a month, however extraordinary meetings are held as required. At the 15 meetings held in the fiscal year

### (2) Internal Audits

Internal audits fall within the responsibility of the Safety, Quality, & Environment Audit Department and 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

### (3) Accounting Audits

- a. Accounting audits are performed by Ernst & Young ShinNihon LLC.
- b. Continuous audit period of 59 years
- c. The names of the Chartered Public Accountants involved were Makoto Suzuki and Takehiro Ametani.
- d. They were assisted by a total of seven Chartered Public Accountants and 22 other staff.

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

ended March 31, 2021, 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, 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 Directors. The reports are also available for inspection by the relevant corporate officers.

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 Internal Audit Unit 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.

## Compensation for Officers

Compensation for directors is 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. Our basic policy is to ensure that the compensation system functions effectively as an incentive to achieve continuous improvement in corporate value by linking compensation to shareholder returns. Compensation for individual directors is set at a level that is appropriate for each person's responsibilities. The policy governing decisions concerning compensation

and other conditions for individual directors was approved at a meeting of the Board of Directors held on February 24, 2021.

As an overview of our compensation policy, compensation for executive directors consists of basic compensation paid in a fixed monthly amount, a yearly bonus, and share-based compensation linked to business performance. Compensation for outside directors consists of only basic compensation (in the form of restricted shares) to ensure their independence from Maeda Corporation.

## 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."

## 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 Conference" and a "Risk Management Committee" that is chaired by the President and

operates at the executive level. In addition, Maeda has established an "Internal Audit Unit" that conducts audits independently from the executing divisions. These components serve to increase the effectiveness of Maeda's internal control system.

### Compliance Hotline (Internal and External Contact Points)

The Company has established a whistleblowing system under the supervision of the directors responsible for CSR and environmental matters. The Compliance Hotline 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. The Internal Hotline was established to allow employees to submit reports and seek advice on regulatory breaches, harassment, and other issues through an independent body outside of the Company. The points of contact for this service have been posted on the Company-wide bulletin board on the company Intranet.

Although the number of whistleblowing cases is only increasing little by little, we believe that this gradual rise can be attributed to measures designed to eradicate harassment, as well as training and e-learning activities intended to raise employee awareness and inform them about the use of the whistleblowing system.

In addition to the 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.

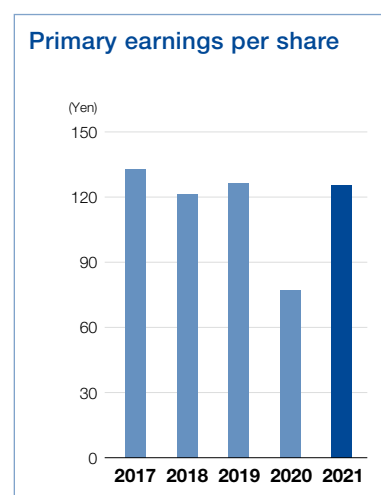
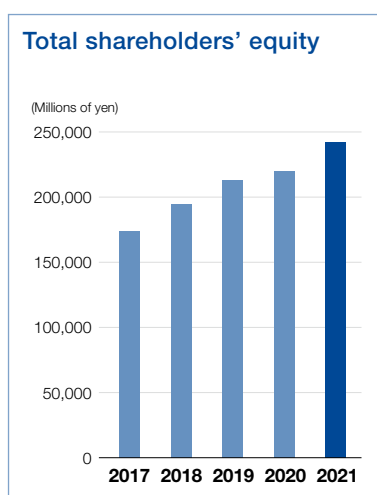
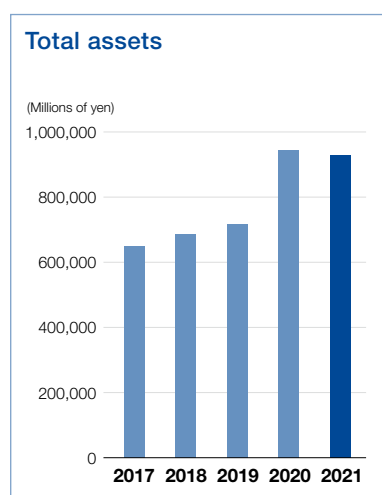
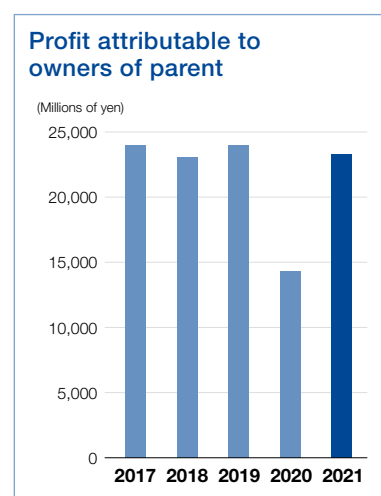
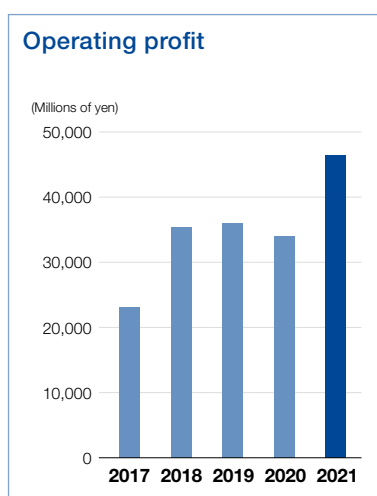
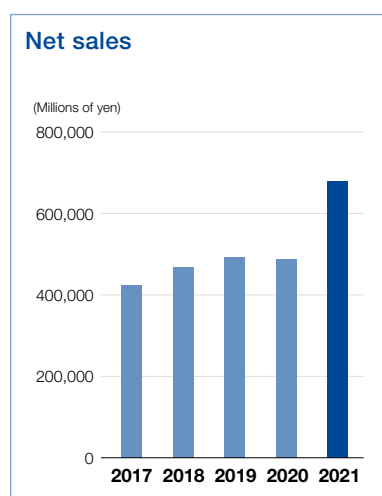
## Consolidated Financial Highlights

Maeda Corporation and its consolidated subsidiaries  
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note)
	2020	2021	2021
<b>For the year:</b>			
Net sales	¥487,856	<b>¥678,059</b>	<b>\$6,124,641</b>
Operating profit	34,045	<b>46,344</b>	<b>418,607</b>
Profit attributable to owners of parent	14,342	<b>23,275</b>	<b>210,234</b>
<b>At year-end:</b>			
Total assets	942,925	<b>928,889</b>	<b>8,390,290</b>
Total shareholders' equity	219,955	<b>241,706</b>	<b>2,183,236</b>

<b>Per share:</b>	Yen		U.S. dollars
Primary earnings	77.24	<b>125.27</b>	<b>1.13</b>
Cash dividends	20.00	<b>38.00</b>	<b>0.34</b>

Note: U.S. dollar amounts in the financial statements are translated from yen, for convenience only, at the rate of at ¥110.71 = U.S.\$1.00, the exchange rate prevailing on March 31, 2021.



## Consolidated Balance Sheets

Maeda Corporation and Subsidiaries  
As of March 31

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2021	2021
<b>Current assets:</b>			
Cash and time deposits (Notes 4 & 9)	¥ 119,198	¥ 100,687	\$ 909,466
Trade receivables: (Notes 4 & 9)			
Notes	6,960	13,483	121,787
Accounts	249,532	249,948	2,257,682
Allowance for doubtful accounts	(136)	(154)	(1,391)
	256,356	263,277	2,378,078
Marketable securities (Notes 4 & 5)	3,330	30	271
Inventories (Notes 8 & 9)	30,639	25,300	228,525
Other current assets (Note 9)	46,079	43,896	396,495
Total current assets	455,602	433,190	3,912,835
<b>Investments and other assets:</b>			
Investments in securities (Notes 4, 5 & 9)	97,680	112,385	1,015,130
Investments in and advances to unconsolidated subsidiaries and affiliates	22,468	18,678	168,711
Deferred tax assets (Note 12)	702	745	6,729
Right to operate public facilities	118,933	114,424	1,033,547
Assets related to replacement investment to operate public facilities	24,613	23,846	215,392
Goodwill	32,899	26,640	240,629
Other intangible fixed assets	14,908	15,693	141,749
Long-term loans receivable	5,489	2,562	23,142
Claims provable in bankruptcy and other	310	232	2,096
Asset for retirement benefits	6,285	10,346	93,451
Other investments	7,177	6,084	54,953
Allowance for doubtful accounts	(4,115)	(1,674)	(15,121)
Total investments and other assets	327,349	329,961	2,980,408
<b>Property and equipment, at cost:</b> (Notes 9, 19 & 24)			
Buildings and structures	98,977	102,849	928,995
Machinery and equipment	138,236	145,194	1,311,480
Vehicles	9,053	9,653	87,192
Tools, furniture and fixtures	14,950	16,328	147,484
Land	76,815	82,458	744,811
Construction in progress	1,244	1,447	13,070
Leased assets	1,565	1,536	13,874
	340,840	359,465	3,246,906
Accumulated depreciation	(181,252)	(193,907)	(1,751,485)
Property and equipment, net	159,588	165,558	1,495,421
<b>Deferred assets</b>	386	180	1,626
<b>TOTAL ASSETS</b>	¥ 942,925	¥ 928,889	\$ 8,390,290

The accompanying notes are an integral part of the statements.

LIABILITIES & NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2021	2021
<b>Current liabilities:</b>			
Short-term debt (Notes 4 & 9)	¥ 108,497	¥ 24,698	\$ 223,087
Trade payables (Note 4)	108,411	109,918	992,846
Lease obligations	245	188	1,698
Advances on construction work in progress	39,339	36,962	333,863
Accrued income taxes	7,187	11,958	108,012
Allowance for repairs and warranty	448	300	2,710
Accrued bonuses for employees	7,268	7,874	71,123
Accrued bonuses for directors	241	266	2,403
Reserve for defects on completed works	1,270	1,222	11,038
Allowance for loss on construction contracts (Note 18)	311	629	5,682
Liabilities related to right to operate public facilities	4,449	4,502	40,665
Liabilities related to replacement investment to operate public facilities	3,443	4,820	43,537
Other current liabilities (Note 4)	58,573	63,782	576,117
Total current liabilities	339,682	267,119	2,412,781
<b>Long-term liabilities:</b>			
Long-term debt (Notes 4 & 9)	69,720	125,051	1,129,537
Lease obligations	753	673	6,079
Liability for retirement benefits (Note 11)	21,423	16,580	149,761
Deferred tax liabilities (Note 12)	13,787	18,481	166,932
Reserve for share-based remuneration	102	228	2,059
Reserve for loss on guarantees	212	212	1,915
Reserve for loss on Anti-Monopoly Act	64	64	578
Liabilities related to right to operate public facilities	112,901	108,399	979,126
Liabilities related to replacement investment to operate public facilities	22,479	20,834	188,185
Other long-term liabilities	3,215	3,720	33,601
Total long-term liabilities	244,655	294,242	2,657,773
<b>Commitments &amp; contingent liabilities (Note 14)</b>			
<b>Net Assets (Note 23)</b>			
<b>Shareholders' equity:</b>			
Common stock	28,463	28,463	257,095
Additional paid-in capital	36,680	37,550	339,174
Retained earnings	158,908	178,526	1,612,555
Treasury stock, at cost	(4,097)	(2,833)	(25,588)
Total shareholders' equity	219,954	241,706	2,183,236
<b>Accumulated other comprehensive income:</b>			
Unrealized gain on investments in securities	15,337	29,218	263,915
Foreign currency translation adjustments	0	2	18
Retirement benefits liability adjustments	(6,880)	(883)	(7,976)
Deferred loss on hedges	(17)	(20)	(181)
Total accumulated other comprehensive income	8,440	28,317	255,776
<b>Non-controlling interests</b>	130,193	97,505	880,724
Total net assets	358,588	367,528	3,319,736
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	¥ 942,925	¥ 928,889	\$ 8,390,290

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2021	2021
<b>Profit</b>	¥ 16,282	¥32,089	\$289,847
<b>Other comprehensive income:</b>			
Unrealized gain (loss) on investments in securities	(16,996)	15,068	136,103
Foreign currency translation adjustments	(39)	9	81
Retirement benefits liability adjustments	(269)	6,409	57,890
Share of other comprehensive income of companies accounted for by equity method	(478)	112	1,012
Deferred gain (loss) on hedges	0	(7)	(63)
Total other comprehensive income (loss) (Note 22)	(17,782)	21,591	195,023
<b>Total comprehensive income</b>	(1,500)	53,680	484,870
<b>Total comprehensive income attributable to:</b>			
Owners of parent	(3,219)	43,152	389,775
Non-controlling interests	¥ 1,719	¥10,528	\$ 95,095

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, 2020 and 2021

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 23)	Total shareholders' equity	Unrealized gain on investments in securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 11)	Total accumulated other comprehensive income		
<b>Balance at April 1, 2019</b>	¥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	—	—	—	—	—	(17,755)	0	(18)	212	(17,561)	116,818	99,258
Total changes during the year	—	(118)	6,737	128	6,747	(17,755)	0	(18)	212	(17,561)	116,818	106,005
<b>Balance at April 1, 2020</b>	¥28,463	¥36,680	¥158,908	¥(4,096)	¥219,955	¥15,337	¥(17)	¥0	¥(6,880)	¥8,440	¥130,193	¥358,587
Changes during the year:												
Cash Dividends	—	—	(3,640)	—	(3,640)	—	—	—	—	—	—	(3,640)
Profit attributable to owners of parent	—	—	23,275	—	23,275	—	—	—	—	—	—	23,275
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Sale of treasury stock	—	865	(16)	1,264	2,113	—	—	—	—	—	—	2,113
Cancellation of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Change in equity attributable to parent arising from transactions with non-controlling interests	—	4	—	—	4	—	—	—	—	—	—	4
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Net changes other than shareholders' equity	—	—	—	—	—	13,881	(3)	2	5,997	19,877	(32,689)	(12,811)
Total changes during the year	—	869	19,619	1,264	21,752	13,881	(3)	2	5,997	19,877	(32,689)	8,941
<b>Balance at March 31, 2021</b>	¥28,463	¥37,549	¥178,527	¥(2,832)	¥241,707	¥29,218	¥(20)	¥2	¥(883)	¥28,317	¥97,504	¥367,528

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 23)	Total shareholders' equity	Unrealized gain on investments in securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 11)	Total accumulated other comprehensive income		
<b>Balance at April 1, 2020</b>	\$257,095	\$331,316	\$1,435,354	\$(36,998)	\$1,986,767	\$138,533	\$(154)	\$—	\$(62,144)	\$76,235	\$1,175,982	\$3,238,976
Changes during the year:												
Cash Dividends	—	—	(32,879)	—	(32,879)	—	—	—	—	—	—	(32,879)
Profit attributable to owners of parent	—	—	210,233	—	210,233	—	—	—	—	—	—	210,233
Acquisition of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Sale of treasury stock	—	7,813	(144)	11,418	19,087	—	—	—	—	—	—	19,087
Cancellation of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Change in equity attributable to parent arising from transactions with non-controlling interests	—	36	—	—	36	—	—	—	—	—	—	36
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Net changes other than shareholders' equity	—	—	—	—	—	125,382	(27)	18	54,169	179,541	(295,267)	(115,717)
Total changes during the year	—	7,849	177,210	11,418	196,477	125,382	(27)	18	54,169	179,541	(295,267)	80,760
<b>Balance at March 31, 2021</b>	\$257,095	\$339,165	\$1,612,564	\$(25,580)	\$2,183,245	\$263,915	\$(181)	\$18	\$(7,976)	\$255,776	\$880,715	\$3,319,736

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020	2021	2021
<b>Cash Flows from Operating Activities:</b>			
Profit before income taxes	¥ 26,430	¥ 48,551	\$ 438,542
Depreciation	14,741	31,194	281,763
Impairment loss on fixed assets	1,191	206	1,861
Increase (decrease) in allowance for doubtful accounts	(88)	(108)	(976)
Increase (decrease) in allowance for loss on construction contracts	14	209	1,888
Increase (decrease) in liability for retirement benefits	(964)	(3,554)	(32,102)
Interest and dividend income	(1,952)	(2,169)	(19,592)
Interest expenses	2,285	2,613	23,602
Foreign exchange loss (gain)	196	(99)	(894)
Gain on equity method investment	(4,846)	(1,096)	(9,900)
Loss (gain) on sales of short-term and long-term investment securities	(174)	(4,129)	(37,296)
Loss (gain) on sale of stocks of affiliates	567	—	—
Loss (gain) on valuation of short-term and long-term investment securities	1,128	313	2,827
Loss (gain) on valuation of stocks of affiliates	—	—	—
Loss (gain) on sale of fixed assets	(116)	43	388
Loss on retirement of fixed assets	18	662	5,980
Loss on step acquisitions	7,640	—	—
Increase (decrease) in trade receivables	6,524	(2,501)	(22,591)
Increase (decrease) in construction work in progress	(11,538)	6,868	62,036
Increase (decrease) in other inventories	(285)	(875)	(7,904)
Increase (decrease) in consumption tax receivables	10,749	(6,743)	(60,907)
Increase (decrease) in trade payables	(14,769)	(4,619)	(41,722)
Increase (decrease) in advances on construction work in progress	8,210	(2,839)	(25,644)
Increase (decrease) in deposits	2,583	6,192	55,930
Other	(8,115)	7,050	63,683
Sub-total	39,429	75,169	678,972
Receipt of interest and dividend income	3,633	2,467	22,283
Payment of interest expenses	(2,284)	(2,631)	(23,765)
Payment of income taxes	(8,407)	(15,232)	(137,574)
Cash flows provided by (used in) operating activities	32,371	59,773	539,906
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sale and redemption of marketable securities	30	—	—
Proceeds from sale of Beneficial interests in trust	—	4,300	38,840
Acquisition of property and equipment and intangible assets	(13,050)	(21,075)	(190,362)
Acquisition of concession-based private finance initiative right	(4,071)	(4,120)	(37,214)
Acquisition of replacement investment in concession-based private finance initiative	(1,181)	(577)	(5,212)
Proceeds from sale of property and equipment and intangible assets	231	398	3,595
Proceeds from subsidy income	46	23	208
Acquisition of investments in securities	(8,975)	(2,703)	(24,415)
Proceeds from sale and redemption of investments in securities	806	7,404	66,877
Acquisition of stocks of subsidiaries and affiliates	(1,539)	(320)	(2,890)
Proceeds from sales of stocks of subsidiaries and affiliates	375	—	—
Acquisition of subsidiaries' stocks resulting in change in scope of consolidation	(12,584)	—	—
Lending of long-term loans receivable	(2,141)	(882)	(7,967)
Collection of long-term loans receivable	3,254	2,210	19,962
Other	249	1,361	12,293
Cash flows provided by (used in) investing activities	(38,550)	(13,981)	(126,285)
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term loans	88,205	(102,600)	(926,746)
Increase in long-term loans	2,500	59,398	536,519
Repayment of long-term loans	(14,811)	(3,690)	(33,330)
Increase in non-recourse loans	—	—	—
Repayment of non-recourse loans	(1,820)	(1,853)	(16,737)
Proceeds from issuance of bonds	14,910	19,887	179,631
Repayment of bonds	(10,000)	—	—
Payment of finance lease obligations	(386)	(328)	(2,963)
Proceeds from sale of treasury stocks	—	1,836	16,584
Acquisition of treasury stock	(2,205)	(0)	(0)
Payment of cash dividends	(3,771)	(3,641)	(32,888)
Payment of cash dividends to non-controlling shareholders	(739)	(44,870)	(405,293)
Acquisition of subsidiaries' stocks not resulting in change in scope of consolidation	(150)	—	—
Others	(66)	(93)	(840)
Cash flows provided by (used in) financing activities	71,667	75,954	686,063
<b>Exchange difference of cash and cash equivalents</b>	(146)	128	1,157
<b>Increase (decrease) in cash and cash equivalents</b>	65,342	(30,034)	(271,285)
<b>Cash and cash equivalents at beginning of the year</b>	56,570	121,912	1,101,183
<b>Increase due to inclusion in consolidation</b>	—	7,098	64,113
<b>Cash and cash equivalents at end of the year (Note 24)</b>	¥121,912	¥ 98,976	\$ 894,011

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, 2020 and 2021 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 fifty-nine (59) subsidiaries ("controlled companies", wherein the decision-making body of entity is controlled) as of March 31, 2021. The accompanying consolidated financial statements include the accounts of the Company and twenty-six (26) 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, 2021	
			Thousands of Millions of yen	U.S. dollars
Maeda Road Construction Co., Ltd	Civil Engineering (Road construction and others)	51.3% *{-}	¥19,350	\$174,781
Maeda Seisakusho Co., Ltd.	Manufacturing (Manufacturing, sales and rental of construction machinery and others)	47.7% *{2.9} **{7.7}	3,160	28,543
Aichi Road Concession Co., Ltd.	Infrastructure Operation (Maintenance and management of roads)	50.0 *{-}	480	4,336
Anonymous Association- Aichi Road Concession	Infrastructure Operation (Maintenance and management of roads)	- *{-}	-	-
JM Corporation	Building	100.0 *{-}	350	3,161
Fujimi Koken Co., Ltd.	Manufacturing (Production and sales of construction materials)	50.0 *{-}	250	2,258
FBS Co., Ltd.	Building and Civil Engineering	75.0 *{25.0}	100	903
Thai Maeda Corporation Ltd.	Building	45.0 *{-}	***20	640
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)	- *{-}	-	-
15 other subsidiaries	-	- *{-}	-	-

- \* 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: Nichiyuu Co., Ltd., Fujidoboku Co., Ltd., Miyatakensetsu Co., Ltd., Riascon Co., Ltd., Aonokensetsu Co., Ltd., Aoisangyo Co., Ltd., Tokaiascon Co., Ltd., Sowasangyo Co., Ltd., Funadadoboku Co., Ltd., Sunamachiascon Co., Ltd., Shineikensetsu Co., Ltd., Keihinrecyclecenter Co., Ltd., Ecocenter Osaka Co., Ltd., R-tecconsultant Co., Ltd., and Maeda Pacific Corporation were included in the scope of consolidation because of an increase in significance. Maeda Comprehensive Infrastructure Co., Ltd., was excluded in the scope of consolidation because it was merged to the Company.

The accounts of the other thirty-three (33) 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, 2021, the Company has twenty-three (23) 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 equity in the net profit of these affiliates is included in consolidated profit with appropriate elimination of inter-company profit as of March 31, 2021, 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.

### (5) Fiscal year

The account settlement date of Maeda Pacific Corporation is December 31. The Company consolidates the subsidiary based on the financial statement with the actual settlement of accounts on the consolidated account settlement date of March 31, and makes adjustments in case there are significant events between January 1 and March 31.

## 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, 2021 include ¥408,779 million (\$3,692,340 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 total losses in case a liability related to trust property is left when "Stock Benefit Trust Disposition-type Employee Stock Ownership Plan" ends.

#### (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. Certain consolidated subsidiaries apply the simplified method in which the retirement benefit amount required for voluntary termination at year-end is deemed a projected benefit obligation for the calculation of liability associated with retirement and retirement benefit expenses.

### (19) Amortization of goodwill

Goodwill is amortized on a straight-line basis over 5 years.

In case the amount is not significant, goodwill is, however, expensed immediately.

### (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) Other policies

1) Accounting policies applied when related accounting standards are not clear  
Accounting method related to joint ventures among construction companies

Assets, liabilities, profit or loss and expenses are recognized based on investment ratio in the entity.

2) Consumption tax

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

### (22) Accounting estimates

1) Revenue recognized using the percentage-of-completion method

(1) The amounts of revenues recognized using the percentage-of-completion as of March 31, 2021 are as follows;

	Millions of yen	Thousands of U.S. dollars
Construction contracts	¥356,864	\$3,223,413
Other contracts	¥ 51,915	\$ 468,928

(2) Information on calculation method and accounting estimates related to revenue

i) Calculation method

The percentage-of-completion method is applied in calculating revenue for the projects where the Company can reliably estimate the costs as of March 31, 2021.

ii) Information on accounting estimates

The revenues recognized using the percentage-of-completion method is calculated based on the following assumption:

#### Revenues

The Company sometimes allocates amounts of unrealized change orders, which are agreed to by the clients but are not yet finalized during the course of the projects, as a part of revenues (hereinafter called "unrealized revenues"). The Company continuously reviews "unrealized revenues" as the amounts could change due to the progress of negotiations with clients or the final acceptance of the amounts.



## Costs

The Company continuously reviews total costs as construction projects are unique with their own specifications and contents of work, and moreover there are periodic changes, unexpected costs, fluctuation risk of material and labor costs, and unexpected change orders by subcontractors.

As mentioned above, recognizing revenues using the percentage-of-completion method requires reliable estimates that involve uncertainty and proper judgment by project managers. In case there are any changes in estimates, therefore, it could affect the revenues in the consolidated financial statements in the following fiscal year.

## 2) Valuation of goodwill

(1) Goodwill as of March 31, 2021 is as follows;

	Millions of yen	Thousands of U.S. dollars
Goodwill	¥26,640	\$240,629

(2) Information on calculation method and accounting estimates related to goodwill

### i) Calculation method

Goodwill was recognized when the Company merged with Maeda Road Construction Co., Ltd. on March 19, 2020, and the Company has made reasonable estimates of the amount and amortization period of the goodwill. Related information is included in Note 13 "Business combination."

### ii) Information on accounting estimates

Regarding impairment loss on goodwill resulting from investment activities, the comparison between the expected gross profit estimated at the time of merging with Maeda Road Construction Co., Ltd. and actual profit was analyzed, and there were no indications of impairment loss as of March 31, 2021.

An impairment loss on goodwill could be recognized on the consolidated statement of income in future fiscal years in the event of unforeseen slowdown in economic activity that could result in actual gross profit in the future differing from expected gross profit.

## (23) 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 effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements is not currently identified.

### **Accounting Standard and Implementation Guidance on Revenue Recognition**

On March 31, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30).

#### 1) Overview

This is a comprehensive accounting standard addressing revenue recognition. Specially, the accounting standard established the following five-step model that will apply to revenue from contracts with customers;

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

#### 2) Schedule of date of adoption

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

#### 3) Impact of adoption of accounting standard and implementation guidance

The effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements is to be minor.

### **Accounting Standard for 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.

### **(24) 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) Descriptions 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 shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥104 million (\$939 thousand) and 92 thousand shares as of March 31, 2021.

3) Book value of loans payable recorded by using the gross method

Related borrowings amounted to ¥351 million (\$3,170 thousand) and ¥678 million as of March 31, 2021 and 2020, respectively.

**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 performance-based stock compensation plan called “Board Benefit Trust” (“BBT”) 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 shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥549 million (\$4,959 thousand) and 657 thousand shares as of March 31, 2021.

**Accounting estimates related to COVID-19**

Whereas it is still uncertain when the outbreak of COVID-19 is fully contained, the Company expects that the impact of COVID-19 on its financial position will be minor. While certain subsidiaries expect a decrease in sales and profits, the Company expects the impact of COVID-19 on its consolidated financial position to be minor as well. The Company recognized net sales and allowance for loss on construction contracts, and estimates for the valuation of goodwill, etc., for the fiscal year ended March 31, 2021, 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 ¥110.71 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2021. 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 for 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 risks 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 M&A, 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."

The Company reflects on the significant revisions of the acquisition cost allocation for the finalization of provisional accounting treatment associated with business combination in the consolidated financial statements as of March 31, 2021.

#### 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.

## (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, 2020 and 2021 are summarized as follows:

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)
<b>Total assets</b>	<b>¥475,280</b>	<b>¥472,939</b>	<b>¥(2,341)</b>
(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
<b>Total liabilities</b>	<b>¥414,306</b>	<b>¥423,794</b>	<b>¥ 9,488</b>
(a) Derivative transactions*	¥ (36)	¥ (36)	¥ —

March 31, 2021	Millions of yen		
	Book value	Fair value	Difference
(a) Cash and time deposits	¥100,687	¥100,687	¥ —
(b) Trade receivables	263,431	263,216	(214)
(c) Marketable securities and investments in securities	111,696	117,279	5,582
<b>Total assets</b>	<b>¥475,814</b>	<b>¥481,182</b>	<b>¥ 5,367</b>
(a) Electronically recorded monetary claims	¥ 7,837	¥ 7,837	¥ —
(b) Trade payables	109,918	109,918	—
(c) Short-term loans	18,316	18,316	—
(d) Short-term non-recourse loans	1,382	1,382	—
(e) Short-term corporate bonds	5,000	5,000	—
(f) Current liabilities related to rights to operate public facilities, etc.	4,502	4,502	—
(g) Corporate bonds	45,000	44,840	(160)
(h) Non-recourse corporate bonds	20	22	2
(i) Long-term loans	64,166	64,338	172
(j) Long-term non-recourse loans	15,865	15,968	103
(k) Long-term liabilities related to rights to operate public facilities, etc.	108,399	118,991	10,592
<b>Total liabilities</b>	<b>¥380,404</b>	<b>¥391,113</b>	<b>¥10,709</b>
(a) Derivative transactions*	¥ (43)	¥ (43)	¥ —

## Notes to the Consolidated Financial Statements

March 31, 2021	Thousands of U.S. dollars		
	Book value	Fair value	Difference
(a) Cash and time deposits	\$ 909,466	\$ 909,466	\$ —
(b) Trade receivables	2,379,469	2,377,527	(1,942)
(c) Marketable securities and investments in securities	1,008,906	1,059,335	50,429
Total assets	\$4,297,841	\$4,346,328	\$48,487
(a) Electronically recorded monetary claims	\$ 70,789	\$ 70,789	\$ —
(b) Trade payables	992,846	992,846	—
(c) Short-term loans	165,441	165,441	—
(d) Short-term non-recourse loans	12,483	12,483	—
(e) Short-term corporate bonds	45,163	45,163	—
(f) Current liabilities related to rights to operate public facilities, etc.	40,665	40,665	—
(g) Corporate bonds	406,467	405,022	(1,445)
(h) Non-recourse corporate bonds	181	199	18
(i) Long-term loans	579,586	581,140	1,554
(j) Long-term non-recourse loans	143,302	144,233	931
(k) Long-term liabilities related to rights to operate public facilities, etc.	979,126	1,074,799	95,673
Total liabilities	\$3,436,040	\$3,532,770	\$96,730
(a) Derivative transactions*	\$ (388)	\$ (388)	\$ —

\*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 ¥23,888 million as of March 31, 2020 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 ¥19,398 million (\$175,215 thousand) as of March 31, 2021 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.

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

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	—	—	—
<b>Total</b>	<b>¥344,752</b>	<b>¥33,264</b>	<b>¥545</b>	<b>¥596</b>

March 31, 2021	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	¥100,687	¥ —	¥ —	¥ —
(2) Trade receivables – Notes and accounts	214,244	48,298	349	539
(3) Investments in securities:				
Held-to-maturity securities				
Corporate bonds	30	—	—	—
Other securities w/maturities				
National/Municipal bonds	—	—	20	—
Corporate bonds	—	30	86	—
<b>Total</b>	<b>¥314,961</b>	<b>¥48,328</b>	<b>¥455</b>	<b>¥539</b>

March 31, 2021	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	\$ 909,466	\$ —	\$ —	\$ —
(2) Trade receivables – Notes and accounts	1,935,182	436,257	3,152	4,869
(3) Investments in securities:				
Held-to-maturity securities				
Corporate bonds	271	—	—	—
Other securities w/maturities				
National/Municipal bonds	—	—	181	—
Corporate bonds	—	271	777	—
<b>Total</b>	<b>\$2,844,919</b>	<b>\$436,528</b>	<b>\$4,110</b>	<b>\$4,869</b>

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."

## Notes to the Consolidated Financial Statements

### 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, 2020 and 2021 are summarized as follows:

#### (1) Held-to-maturity securities

For the year ended March 31, 2020: Not applicable

March 31, 2021	Millions of yen		
	Book value	Fair value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National/ Municipal bonds	¥—	¥—	¥—
Corporate bonds	—	—	—
Sub-total	¥—	¥—	—
Securities with fair value that does not exceed book value			
National/Municipal bonds	¥—	¥—	¥—
Corporate bonds	30	28	(1)
Sub-total	¥30	¥28	¥ (1)
Total	¥30	¥28	¥ (1)

#### (2) Other securities

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

Note: Unlisted stocks and others of ¥5,899 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, 2021	Millions of yen		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	¥ 97,588	¥49,225	¥48,363
Bonds			
National/ Municipal bonds	20	20	0
Other	—	—	—
Other	112	97	15
Sub-total	¥ 97,720	¥49,342	¥48,378
Other securities with book value that does not exceed acquisition cost			
Stocks	¥ 8,502	¥10,320	¥ (1,818)
Bonds			
National/Municipal bonds	—	—	—
Other	—	—	—
Other	75	86	(11)
Sub-total	¥ 8,577	¥10,406	¥ (1,829)
Total	¥106,297	¥59,748	¥46,549



March 31, 2021	Thousands of U.S. dollars		
	Book value	Acquisition cost	Unrealized gain (loss)
Other securities with book value that exceeds acquisition cost			
Stocks	\$881,474	\$444,630	\$436,844
Bonds			
National/ Municipal bonds	181	181	0
Other	—	—	—
Other	1,011	876	135
Sub-total:	\$882,666	\$445,687	\$436,979
Other securities with book value that does not exceed acquisition cost			
Stocks	\$ 76,796	\$ 93,217	\$ (16,421)
Bonds			
National/ Municipal bonds	—	—	—
Other	—	—	—
Other	677	777	(100)
Sub-total	\$ 77,473	\$ 93,994	\$ (16,521)
Total	\$960,139	\$539,681	\$420,458

Note: Unlisted stocks and others of ¥6,089 million (\$55,000 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, 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, 2021	Millions of yen		
	Proceeds	Gain	Loss
Stocks	¥7,407	¥4,403	¥274
Bonds			
National/ Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	¥7,407	¥4,403	¥274

Year ended March 31, 2021	Thousands of U.S. dollars		
	Proceeds	Gain	Loss
Stocks	\$66,905	\$39,771	\$2,474
Bonds			
National/ Municipal bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Other	—	—	—
Total	\$66,905	\$39,771	\$2,474

### (4) Impairment loss on other securities

Impairment loss on securities amounted to ¥1,128 million including ¥562 million of stocks with market value in other securities, ¥562 million of stocks without market value in other securities, and ¥4 million of affiliates' stocks for the year ended March 31, 2020.

Impairment loss on securities amounted to ¥313 million (\$2,827 thousand) including ¥44 million (\$397 thousand) of stocks with market value in other securities, ¥269 million (\$2,430 thousand) of stocks without market value in other securities for the year ended March 31, 2021.

## Notes to the Consolidated Financial Statements

### 06 Derivative Financial Instruments

Derivative financial instruments as of March 31, 2020 and 2021 are summarized as follows:

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

Currency-related transactions

For the year ended March 31, 2020: Not applicable

For the year ended March 31, 2021: Not applicable

#### (2) Derivative transactions designated as “hedging instruments”

Currency-related transactions

For the year ended March 31, 2020: Not applicable

For the year ended March 31, 2021: Not applicable

Interest-rate-related transactions

March 31, 2020	Millions of yen			
	Hedged item	Contract amount	Contract amount over 1 year	Fair value
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, 2021	Millions of yen			
	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Deferral accounting as “hedging instruments”				
Interest rate swap transactions —Variable interest received and fixed interest paid	Long-term loans Non-recourse Loans	¥49,956	¥44,623	See Note 1
Interest rate swap transactions —Variable interest received and fixed interest paid	Non-recourse loans	¥6,208	¥5,662	(43) See Note 2

March 31, 2021	Thousands of U.S. dollars			
	Hedged item	Contract amount	Contract amount over 1 year	Fair value
Deferral accounting as “hedging instruments”				
Interest rate swap transactions —Variable interest received and fixed interest paid	Long-term loans Non-recourse loans	\$451,233	\$403,062	See Note 1
Interest rate swap transactions —Variable interest received and fixed interest paid	Non-recourse loans	\$56,074	\$51,143	(388) 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.

## 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 ¥1,191 million 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 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, 2020.

Impairment loss of ¥206 million (\$1,861 thousand) for the year ended March 31, 2021 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, 2021.

Impairment losses on fixed assets for the years ended March 31, 2020 and 2021 are summarized as follows:

Years ended March 31			Millions of yen		Thousands of U.S. dollars
			2020	2021	2021
Location	Type of assets	Use			
Tokyo	Land, building and other	For rent	¥1,190	¥111	\$1,003
Gunma	Building and other	For rent and other	—	48	434
Aichi	Building and other	For rent and other	—	34	307
Other	Building and other	For rent and other	1	13	117
Total			¥1,191	¥206	\$1,861

## 08 Inventories

Inventories as of March 31, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Real estate held for sale	¥ 1,987	¥ 2,372	\$ 21,425
Merchandise and finished products	970	1,597	14,425
Construction work in progress	25,496	18,729	169,172
Materials in stock	2,186	2,602	23,503
Total	¥30,639	¥25,300	\$228,525

Notes: 1. Inventories are written down based on the decreased profitability and ¥75 million (\$677 thousand) of loss on write-downs of inventories for the year ended March 31, 2021, is 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 ¥43 million (\$388 thousand) for the year ended March 31, 2021.

## Notes to the Consolidated Financial Statements

### 09 Short-Term Debt, Long-Term Debt and Lease Obligations

Short-term debt and lease obligations due within one year as of March 31, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Bank loans bearing interest with an average rate of 0.4% per annum	¥106,000	¥ 3,400	\$ 30,711
Corporate bond	—	5,000	45,163
Current portion of long-term loans	881	14,916	134,730
Current portion of non-recourse loans	1,617	1,382	12,483
Liabilities related to rights to operate public facilities, etc.	4,448	4,501	40,656
Total short-term debt	¥112,946	¥29,199	\$263,743
Lease obligations due within one year	¥ 245	¥ 188	\$ 1,698
Total	¥113,191	¥29,387	\$265,441

Long-term debt and lease obligations as of March 31, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Corporate bonds			
-Issued by Maeda Corporation			
0.28% 23rd series bonds due in 2024	10,000	10,000	90,326
0.31% 25th series bonds due in 2030	10,000	10,000	90,326
0.15% 26th series bonds due in 2025	5,000	5,000	45,163
0.48% 27th series bonds due in 2031	—	10,000	90,326
0.22% 28th series bonds due in 2026	—	10,000	90,326
Corporate bonds			
-Issued by Anonymous Association-Goyozan Solar Power			
3.00% 1st series bonds due in 2036	20	20	181
Sub-total	¥ 25,020	¥ 45,020	\$ 406,648
Long-term loans due in between 2021–2027 bearing interest with an average rate of 0.8% per annum	23,098	79,082	714,317
Long-term non-recourse loans	19,099	17,247	155,785
	¥ 42,197	¥ 96,329	\$ 870,102
Less -Portion due within one year	(2,497)	(16,298)	(147,213)
Total	¥ 39,700	¥ 80,031	\$ 722,889
Lease obligations due after one year	¥ 753	673	6,079
Liabilities related to rights to operate public facilities, etc. due after one year	¥112,901	¥108,399	\$ 979,126
Total	¥153,354	¥189,103	\$1,708,094

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.

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, 2020 and 2021 are as follows:

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

Millions of yen					
March 31, 2021					
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt	Liabilities related to rights to operate public facilities, etc.
2022	¥3,400	¥ 5,000	¥14,916	¥ 1,382	¥ 4,502
2023	—	—	8,859	1,691	4,555
2024	—	10,000	19,042	1,783	4,609
2025	—	5,000	12,030	1,769	4,664
2026	—	10,000	9,799	1,940	4,719
2027 and thereafter	—	20,020	14,436	8,681	89,852
Total	¥3,400	¥50,020	¥79,082	¥17,246	¥112,901

Thousands of U.S. dollars					
March 31, 2021					
Year ending March 31	Short-term debt	Corporate bonds	Long-term debt	Non-recourse debt	Liabilities related to rights to operate public facilities, etc.
2022	\$30,711	\$ 45,163	\$134,730	\$ 12,483	\$ 40,665
2023	—	—	80,020	15,274	41,144
2024	—	90,326	171,999	16,105	41,631
2025	—	45,163	108,662	15,979	42,128
2026	—	90,326	88,511	17,523	42,625
2027 and thereafter	—	180,833	130,395	78,412	811,598
Total	\$30,711	\$451,811	\$714,317	\$155,776	\$1,019,790

Note: Corporate bonds as of March 31, 2021 include ¥20 million (\$181 thousand) of non-recourse corporate bonds.

The assets pledged as collateral for short-term debt and long-term debt as of March 31, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Other investments	¥ 271	¥ 401	\$ 3,622
Buildings and structures	411	384	3,469
Land	61	61	551
Investments in securities	1,321	2,072	18,716
Total	¥2,064	¥2,918	\$26,358

The secured liabilities as of March 31, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Short-term loans	¥3,505	¥4,036	\$36,456
Long-term loans	2,090	1,454	13,133
Total	¥5,595	¥5,490	\$49,589

## Notes to the Consolidated Financial Statements

The assets pledged as collateral for non-recourse debt as of March 31, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Cash and bank deposits	¥ 16,332	¥ 13,853	\$ 125,129
Trade receivables	1,638	1,589	14,353
Inventories	24	24*	217
Buildings and structures	100	83*	750
Other fixed assets	12,132	11,426*	103,207
Rights to operate public facilities, etc.	118,933	114,424	1,033,547
Total	¥149,159	¥141,399	\$1,277,202

\*¥24 million (\$217 thousand) of inventories, ¥83 million (\$750 thousand) of buildings and structures and ¥11,426 million (\$103,207 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 ¥30,000 million (\$270,978 thousand) with 5 banks. There is no outstanding balance under those agreements as of March 31, 2021.

### 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
	2020	2021	2021
(As lessee)			
Minimum lease payments			
Within one year	¥ 160	¥ 157	\$ 1,418
Over one year	2,800	2,666	24,081
	¥2,960	¥2,823	\$25,499
(As lessor)			
Minimum lease payments			
Within one year	533	545	4,923
Over one year	6,018	5,430	49,047
Total	¥6,551	¥5,975	\$53,970

## II 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, 2021, 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, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the year	¥51,860	¥70,557	\$637,314
Service cost	1,761	2,742	24,767
Interest cost	23	126	1,138
Actuarial gain and loss	(740)	(300)	(2,710)
Retirement benefit paid	(2,273)	(3,467)	(31,316)
Prior service cost	—	(191)	(1,725)
Increase resulting from change in scope of consolidation	19,926	139	1,256
Balance at the end of the year	¥70,557	¥69,606	\$628,724

The changes in plan assets for the years ended March 31, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the year	¥33,720	¥55,419	\$500,578
Expected return on plan assets	337	949	8,572
Actuarial gain and loss	(1,414)	6,030	54,467
Contributions by the Company	2,568	3,637	32,851
Retirement benefit paid	(1,720)	(2,663)	(24,054)
Increase resulting from change in scope of consolidation	21,928	—	—
Balance at the end of the year	¥55,419	¥63,372	\$572,414

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2020 and 2021 for the Company's and the consolidated subsidiaries' defined benefit plans:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Funded retirement benefit obligation	¥ 54,033	¥ 53,026	\$ 478,963
Plan assets at fair value	(55,419)	(63,371)	(572,405)
	(1,386)	(10,345)	(93,442)
Unfunded retirement benefit obligation	16,524	16,580	149,761
Net liability for retirement benefits in the balance sheets	15,138	6,235	56,319
Liability for retirement benefits	21,423	16,580	149,761
Asset for retirement benefits	(6,285)	(10,345)	(93,442)
Net liability for retirement benefits in the balance sheets	¥ 15,138	¥ 6,235	\$ 56,319

## Notes to the Consolidated Financial Statements

The components of retirement benefit expense for the years ended March 31, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Service cost	¥1,761	¥2,742	\$24,767
Interest cost	23	126	1,138
Expected return on plan assets	(337)	(949)	(8,572)
Amortization of actuarial gain and loss	953	902	8,147
Amortization of prior service cost	(549)	(354)	(3,198)
Retirement benefit expense	¥1,851	¥2,467	\$22,283

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Prior service cost	¥(549)	¥ (163)	\$ (1,472)
Actuarial gain and loss	279	7,232	65,324
Total	¥(269)	¥7,069	\$63,852

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unrecognized prior service cost	¥ 352	¥189	\$1,707
Unrecognized actuarial gain and loss	(7,016)	216	1,951
Total	¥(6,664)	¥405	\$3,658

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2021 are as follows:

March 31	2020	2021
Bonds	54.7%	47.2%
Stocks	21.0%	25.6%
Cash on hand in banks	1.5%	0.8%
Other	22.8%	26.4%
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	2020	2021
Discount rates *1	0.16%	0.20%
Discount rates of a subsidiary *2	0.6%	0.4%–0.6%
Expected rates of return on plan assets	1.0%	1.0%–2.8%
Expected rates of salary increase	5.1%	2.5%
Expected rates of salary increase of a subsidiary	1.2%–1.9%	2.7%

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.



The Company and its consolidated subsidiaries contributions for the years ended March 31, 2020 and 2021 were ¥475 million and ¥801 million (\$7,235 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, 2020 and 2021, 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, 2020 and 2021 were ¥21 million and ¥21 million (\$190 thousand), respectively.

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Fair value of plan assets	¥18,280	¥20,663	\$186,641
Total amount of actuarial loss on past service liability and minimum actuarial reserve	16,466	19,481	175,964
Difference	¥ 1,814	¥ 1,182	\$ 10,677

The subsidiary's contribution ratios for the multi-employer pension plan for the year ended March 31, 2019 and 2020 were 2.71% and 2.68%, respectively.

The above difference for the year ended March 31, 2021 is due to the reserve of ¥1,182 million (\$10,677 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, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
<b>Deferred tax assets:</b>			
Net loss carried forward	¥ 743	¥ 1,114	\$ 10,062
Liability for retirement benefits	6,705	5,873	53,049
Write-down of inventories and other	4,413	4,501	40,656
Impairment loss on fixed assets	4,597	4,581	41,378
Allowance for doubtful accounts	1,324	580	5,239
Allowance for losses on construction contracts	90	194	1,752
Unrealized inter-company profit of fixed assets	627	700	6,323
Evaluation difference on capital consolidation	4,299	4,132	37,323
Other	10,348	10,453	94,418
Total	33,146	32,128	290,200
Less—Valuation allowance	(23,461)	(21,862)	(197,471)
Deferred tax assets	9,685	10,266	92,729
<b>Deferred tax liabilities:</b>			
Unrealized gain on investment in securities	(7,601)	(13,756)	(124,253)
Evaluation difference on capital consolidation	(9,799)	(8,774)	(79,252)
Asset for retirement benefits	(1,917)	(3,719)	(33,592)
Retained Earnings of affiliates	(2,729)	(136)	(1,228)
Other	(724)	(1,618)	(14,615)
Total deferred tax liabilities	(22,770)	(28,003)	(252,940)
Net deferred tax liabilities	¥(13,085)	¥(17,737)	\$(160,211)

## Notes to the Consolidated Financial Statements

The details of the difference between the statutory tax rate and effective income tax rate for the years ended March 31, 2020 and 2021 are as follows:

March 31	2020	2021
Statutory tax rate	30.6%	30.6%
Changes in the tax rate resulting from:		
Non-deductible expenses	1.4	0.8
Non-taxable income	(0.7)	(0.4)
Per capita levy	0.7	0.7
Special deductible income taxes	(2.4)	(1.2)
Retained earnings of affiliates	9.5	(5.3)
Loss on step acquisitions	8.9	—
Amortization of goodwill	—	4.3
Elimination of dividend income	1.3	6.3
Gain on equity method investments	(5.6)	(0.7)
Less-Valuation allowance and other	(5.3)	(1.1)
Effective income tax rate	38.4%	33.9%

In the last consolidated fiscal year, a consequential revision is reflected in the initial allocation of acquisition cost associated with the provisional accounting treatment of business combination.

### Changes in presentation methods

In the last consolidated fiscal year, "Elimination of dividend income" included in "Less -Valuation allowance and other" is listed separately in the current consolidated fiscal year considering its consequence.

As a result, (4.0) % listed in "Less -Valuation allowance and other" in the last consolidated fiscal year is rearranged (1.3) % in "Elimination of dividend income" and (5.3) % in "Less -Valuation allowance and other."

## 13 Business Combination

### Finalization of provisional accounting treatment associated with business combination

Regarding the business combination between the Company and Maeda Road Construction Co., Ltd., although the Company recognized provisional amounts for the business combination on March 19, 2020, the Company finalized the acquisition cost allocation for the business combination in the current fiscal year.

Associated with this confirmation of the provisional accounting treatment, a consequential revision is reflected in the initial allocation of acquisition cost included in the consolidated financial statements for the current fiscal year, and adjusted the amount recognized as goodwill.

As of the acquisition date, tangible fixed assets of ¥22,696 million (\$205,004 thousand), intangible fixed assets of ¥8,479 million (\$76,587 thousand), investment and other assets of ¥6,755 million (\$61,015 thousand), deferred tax liabilities of ¥7,141 million (\$64,502 thousand) were recorded, and non-controlling interests increased by ¥14,998 million (\$135,471 thousand) from ¥115,195 million (\$1,040,511 thousand) to ¥130,193 million (\$1,175,982 thousand), while the provisionally calculated amount of goodwill decreased by ¥15,791 million (\$142,634 thousand) from ¥48,690 million (\$439,798 thousand) to ¥32,899 million (\$297,164 thousand).

Goodwill is being amortized over a period of five years.

### Common control transaction

On June 26, 2020, the Company absorbed and merged its wholly owned Maeda Comprehensive Infrastructure Co., Ltd.

#### 1) Overview

1. Name of merged company and business description

Company name: Maeda Comprehensive Infrastructure Co., Ltd.

Business description: Acquisition, holding and disposal of securities

2. Date of business combination

June 26, 2020

3. Legal form of business combination

This was an absorption merger with the Company as the surviving company, and Maeda Comprehensive Infrastructure Co., Ltd. as the absorbed company.

Since this is a simplified merger as prescribed in Article 796, Paragraph 2 of the Companies Act for the Company, a short form merger as prescribed in Article 784, Paragraph 1 of the Companies Act for Maeda Comprehensive Infrastructure Co., Ltd, the merger was conducted and in both cases approval at a shareholders meeting was not required.

4. Company name after business combination

Maeda Corporation

5. Other matters related to the outline of transaction

The Company and 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 affiliate accounted for by the equity method, 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.

In the course of performing the tender offer, from the viewpoint of ensuring mobility and flexibility at the time of reorganization that may be carried out in the future, the Company established Maeda Comprehensive Infrastructure Co., Ltd. on December 26, 2019, aiming to acquire Maeda Road Construction Co., Ltd.

After that, based on the result of the tender offer and careful consideration of the Company group management, and so forth while taking the background after the beginning of the tender offer, changing situation thus far, and so forth into account, in terms of the allocation of management resources and operational efficiency in the Company and its consolidated subsidiaries, the Company decided that absorbing and merging Maeda Comprehensive Infrastructure Co., Ltd., and consolidating the shares of Maeda Road Construction Co., Ltd. was the optimal approach.

#### 2) Overview of accounting treatment

The merger is treated as common control transactions, based on "Accounting Standard for Business Combinations, (ASBJ Statement No. 21 on January 16, 2019)" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, (ASBJ Guidance No. 10 on January 16, 2019.)"

## 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, 2020 and 2021 are summarized as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Endorsed trade notes receivable	¥10,641	¥ 9,025	\$ 81,519
Guarantees on securitized trade notes receivable	2,299	1,148	10,369
Loan guarantee for			
Asai Construction Co., Ltd.	965	865	7,813
Izumon Retailing Co., Ltd.	55	51	461
Letters of guarantee for affiliates			
Toyo Construction Co., Ltd.	309	—	—
Maeda Vietnam Co., Ltd.	149	1,092	9,864
Total	¥14,418	¥12,181	\$110,026

## 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, 2020 and 2021 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Salaries to employees	¥11,278	¥16,239	\$146,681
Experimental research costs	6,134	6,604	59,651
Amortization of goodwill	—	6,796	61,386
Retirement benefit expenses	682	893	8,066
Provision for bonuses for employees	1,758	2,986	26,971
Provision for doubtful accounts	(13)	(24)	(217)
Provision for bonuses for directors	159	267	2,412

## 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, 2020 and 2021 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Research and development expenses	¥5,531	¥5,521	\$49,869

## 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, 2020 and 2021 amounted to ¥230 million and ¥603 million (\$5,447 thousand), respectively.

## 19 Gain on Sale of Fixed Assets

The details of gain on sale of fixed assets for the years ended March 31, 2020 and 2021 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Land	¥122	¥ 47	\$ 425
Buildings	—	1	9
Machinery, equipment, vehicles, tools, furniture, and fixtures	1	80	723
Total	¥123	¥128	\$1,157

## 20 Loss on retirement of fixed assets

The details of loss on retirement of fixed assets for the years ended March 31, 2020 and 2021 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Buildings	¥10	¥209	\$1,888
Machinery, equipment, vehicles, tools, furniture, and fixtures	5	372	3,360
Others	3	81	732
Total	¥18	¥662	\$5,980

## 21 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, 2020 and 2021 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Building and structure	¥264	¥287	\$2,592
Machinery, equipment, vehicles, tools, furniture, and fixtures	559	559	5,049
Total	¥823	¥846	\$7,641

## Notes to the Consolidated Financial Statements

### 22 Consolidated Statements of Comprehensive Income

The reclassification adjustments and tax effects associated with other comprehensive income for the years ended March 31, 2020 and 2021 are as follows:

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unrealized gain (loss) on investments in securities			
Recognized amount for the year	¥(24,323)	¥24,083	\$217,532
Amount of reclassification adjustments	269	(2,852)	(25,761)
Before tax effect adjustment	¥(24,054)	¥21,231	\$191,771
Amount of tax effect	7,058	(6,163)	(55,668)
Sub-total	¥(16,996)	¥15,068	\$136,103
Deferred gain (loss) on hedges			
Recognized amount for the year	¥ 0	¥ (7)	\$ (63)
Amount of reclassification adjustments	—	—	—
Before tax effect adjustment	¥ 0	¥ (7)	\$ (63)
Amount of tax effect	(0)	0	0
Sub-total	¥ 0	¥ (7)	\$ (63)
Foreign currency translation adjustments			
Recognized amount for the year	¥ (39)	¥ 9	\$ 81
Amount of reclassification adjustments	—	—	—
Sub-total	¥ (39)	¥ 9	\$ 81
Retirement benefits liability adjustments			
Recognized amount for the year	¥ (674)	¥ 6,521	\$ 58,902
Amount of reclassification adjustments	405	548	4,950
Before tax effect adjustment	¥ (269)	¥ 7,069	\$ 63,852
Amount of tax effect	—	(660)	(5,962)
Sub-total	¥ (269)	¥ 6,409	\$ 57,890
Share of other comprehensive income of companies accounted for by equity method			
Recognized amount for the year	¥ (672)	¥ 60	\$ 542
Amount of reclassification adjustments	194	52	470
Sub-total	¥ (478)	¥ 112	\$ 1,012
Total other comprehensive income	¥(17,782)	¥21,591	\$195,023

### 23 Consolidated Statements of Changes in Net Assets

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

	Thousands of shares	
	Outstanding stock	Treasury stock
	Type	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 consists 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 consists 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.

	Thousands of shares	
	Outstanding stock	Treasury stock
	Common stock	
Type		
Number of shares as of April 1, 2020	194,608	9,872
Increase during the year	—	22
Decrease during the year	—	2,544
Number of shares as of March 31, 2021	194,608	7,349

Note: The number of treasury stock as of April 1, 2020 includes 497 thousand due to the acquisition of shares by the ESOP Trust, and 658 thousand due to the acquisition of shares by the BBT Trust.

The increase in treasury stock of 22 thousand is due to the gratis acquisition of restricted stock, 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 2,544 thousand shares consists of 404 thousand shares due to the sale of shares to the Stock Holding Partnership by ESOP, 76 thousand shares due to the sale of shares as restricted stock compensation, and 2,063 thousand shares due to the selling of parent company's shares which a consolidated subsidiary holds.

Number of treasury stock as of March 31, 2021 includes 92 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, 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 distributed during the year ended 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 (\$33,583 thousand) out of retained earnings were distributed to shareholders subject to the resolution of the general shareholders meeting held on June 23, 2020.

### Cash dividends to be distributed during the year ending March 31, 2022

Cash dividends of ¥38.0 (\$0.34) per common share at March 31, 2021 in a total amount of ¥7,144 million (\$64,529 thousand) out of retained earnings are to be distributed to shareholders subject to the resolution of the general shareholders meeting held on June 23, 2021.

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 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.

The total amounts of cash dividends dissolved at the general shareholders meeting held on June 23, 2021 includes the dividends in the amount of ¥3 million (\$27 thousand) to the ESOP Trust and in the amount of ¥25 million (\$226 thousand) to the BBT Trust.

## 24 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, 2020 and 2021 as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
"Cash and time deposits"	¥119,198	¥100,687	\$909,466
Less—Time deposits over 3 months	(420)	(1,620)	(14,633)
Marketable securities redeemed within 3 months	3,200	—	—
Less—Trust separate deposit	(66)	(91)	(822)
Cash and cash equivalents at end of the year	¥121,912	¥ 98,976	\$894,011

## 25 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 ¥692 million and ¥830 million (\$7,497 thousand), profit on sale of fixed assets of ¥122 million and ¥139 million (\$1,256 thousand) and impairment loss on fixed assets of ¥1,181 million and ¥73 million (\$659 thousand) have been recognized for the years ended March 31, 2020 and 2021, 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, 2020 and 2021 are as follows:

March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Book value as of March 31, 2019	¥11,451	—	—
Increase (decrease) during the year	23,538	—	—
Book value as of March 31, 2020	¥34,989	¥ 34,989	\$ 316,042
Increase (decrease) during the year	—	(15,317)	(138,352)
Book value as of March 31, 2021	—	¥ 19,672	\$ 177,690
Fair value as of the year end	¥46,894	¥ 30,132	\$ 272,171

- Notes: 1. Book value represents the acquisition cost less accumulated depreciation cost and cumulative impairment loss.  
 2. Increase in book value results mainly from change in scope of consolidation in the amount of 19,026 (\$174,823 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.  
 Increase in book value results mainly from the purchase of rental store in the amount of ¥754 million (\$6,811 thousand).  
 Decrease in book value results mainly from change in scope of consolidation in the amount of ¥17,282 (\$156,102 thousand), and from the transfer of the holding purpose in the amount of ¥397 million (\$3,586) for the year ended March 31, 2021.  
 3. Fair values of main properties are based on real property appraisal from independent real estate appraisers.  
 4. The important amount of the original distribution of the historical about combine cost has been adapted by confirming the provisional accounting of important review in regards to the market value and final balance of previous consolidated balance sheet.

## 26 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 five operating segments as follows:

Building .....	Contract work for building and other related services
Civil engineering .....	Contract work for civil engineering and other related services
Road civil engineering.....	Contract work for road civil engineering, manufacture and sale of various asphalt mix materials, 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

The importance of Maeda Road Construction Co., Ltd. increased in this consolidated year by having made it to the consolidated subsidiary in the previous consolidated year, "Road Civil Engineering" has been newly added for the report segment.

In addition, regarding the segment information of the previous consolidated year, it has been reported by the method of the division after the change.



## 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

Millions of yen								
Year ended March 31, 2020	Building	Civil engineering	Manufacturing	Infrastructure management	Road civil engineering	Other	Adjustment	Consolidated statements of income
<b>Net sales</b>								
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
<b>Profit (loss) by segment</b>	8,955	18,709	1,942	4,027	—	355	58	34,045
<b>Other</b>								
Depreciation	¥ 3,041	¥ 2,090	¥ 1,966	¥ 7,359	¥—	¥ 147	¥ (120)	¥ 14,483
Goodwill	¥ —	¥ —	¥ —	¥ —	¥—	¥ —	¥ —	¥ —

- 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.

Millions of yen								
Year ended March 31, 2021	Building	Civil engineering	Manufacturing	Infrastructure management	Road civil engineering	Other	Adjustment	Consolidated statements of income
<b>Net sales</b>								
Sales to outside customers	¥245,256	¥149,022	¥34,459	¥15,283	¥232,445	¥1,594	¥ —	¥678,059
Inter-segment sales	1,441	385	4,144	—	2,168	31	(8,168)	—
Total	¥246,697	¥149,407	¥38,603	¥15,283	¥234,613	¥1,625	¥(8,168)	¥678,059
<b>Profit (loss) by segment</b>	8,433	20,972	1,491	3,280	11,685	518	(36)	46,344
<b>Other</b>								
Depreciation	¥ 2,791	¥ 1,966	¥ 1,817	¥ 6,252	¥ 11,362	¥ 21	¥ (111)	¥ 24,098
Goodwill	¥ —	¥ —	¥ —	¥ —	¥ 6,796	¥ —	¥ —	¥ 6,796

Millions of yen								
Year ended March 31, 2021	Building	Civil engineering	Manufacturing	Infrastructure management	Road civil engineering	Other	Adjustment	Consolidated statements of income
<b>Net sales</b>								
Sales to outside customers	\$2,215,301	\$1,346,057	\$311,255	\$138,045	\$2,099,584	\$14,398	\$ —	\$6,124,641
Inter-segment sales	13,016	3,478	37,431	—	19,583	280	(73,778)	—
Total	\$2,228,317	\$1,349,535	\$348,686	\$138,045	\$2,119,167	\$14,678	\$(73,778)	\$6,124,641
<b>Profit (loss) by segment</b>	76,172	189,432	13,468	29,627	105,546	4,679	(325)	418,607
<b>Other</b>								
Depreciation	\$ 25,210	\$ 17,758	\$ 16,412	\$ 56,472	\$ 102,628	\$ 190	\$ (1,003)	\$ 217,668
Goodwill	\$ —	\$ —	\$ —	\$ —	\$ 61,386	\$ —	\$ —	\$ 61,386

- Notes: 1. "Other", which represents real estate, etc., is not included in reportable segments.  
2. "Adjustment" of "Profit (loss) by segment" includes ¥(36) million (\$325 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.

## Notes to the Consolidated Financial Statements

### (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, 2020 and 2021 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, 2020 and 2021 exceeds 90% of fixed assets in the Consolidated Balance Sheets.

#### 3) Major customer segment information

Not applicable.

### (3) Impairment loss on fixed assets by segment

Years ended March 31	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Building	¥ —	¥ —	\$ —
Civil engineering	—	—	—
Manufacturing	1	0	0
Infrastructure management	—	—	—
Road civil engineering	—	115	1,039
Other	1,190	91	822
Adjustment	—	—	—
Total	¥1,191	¥206	\$1,861

Notes: "Other" represents real estate.

### (4) Amortization and residual value of goodwill information

Segment information of amortization and residual value of goodwill in 2020 is omitted since the amount is nil or immaterial.

Segment information of amortization and residual value of goodwill in 2021 is followed.

Year ended March 31, 2021	Millions of yen							
	Building	Civil engineering	Manufacturing	Infrastructure management	Road civil engineering	Other	Adjustment	Whole/Delete
Amortized Amount	—	—	—	—	¥ 6,796	—	—	—
Ended Balance	—	—	—	—	¥26,640	—	—	—

Year ended March 31, 2021	Thousands of U.S. dollars							
	Building	Civil engineering	Manufacturing	Infrastructure management	Road civil engineering	Other	Adjustment	Whole/Delete
Amortized Amount	—	—	—	—	\$ 61,386	—	—	—
Ended Balance	—	—	—	—	\$240,629	—	—	—

### (5) Gain on negative goodwill information

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

## 27 Related Party Information

### (1) Related party transactions

Transactions with a related party for the years ended March 31, 2020 and 2021 are as follows:

For the year ended March 31, 2020;

Not applicable

For the year ended March 31, 2021;

Not applicable

### (2) Major affiliate

Not applicable

## 28 Per Share Information

March 31	Yen		U.S. dollars
	2020	2021	2021
Net assets per share	¥1,236.32	¥1,441.97	\$13.02
Earnings per share	77.24	125.27	1.13
Diluted earnings per share	—	—	—

Note: Diluted earnings per share for the year ended March 31, 2020 and 2021 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
	2020	2021	2021
Profit attributable to owners of parent	¥14,342	¥23,275	\$210,234
Amount not attributable to common shareholders	—	—	—
Net profit attributable to common shareholders	¥14,342	¥23,275	\$210,234

	Thousands of shares	
	For the years ended March 31	
	2020	2021
Average number of shares	185,693	185,804

## Notes to the Consolidated Financial Statements

### 29 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				
		Sanage Green Road	Kinuura Tunnel	Kinuura Toyota Road	Nagoya Seto Road	
		4 Roads in Chita Area consisting Minami Chita Road, Chita Hanto Road, Chita Odan Road, and Access Road to Chubu Centrair Int'l Airport				
		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, 2021	April 1, 2021	April 1, 2021	April 1, 2021	April 1, 2021
	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"> <li>· With in 6% of increase (decrease) Belong to Aichi Road Concession Co., Ltd.</li> <li>· 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</li> <li>· 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</li> </ul>				

#### 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, 2022	
	March 31, 2033	thru March 31, 2034
Main computer system of "ETC"	March 31, 2024	thru March 31, 2029
	March 31, 2031	
Guardrails	March 31, 2041	
	March 31, 2023	thru March 31, 2025
	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.

### 30 Significant subsequent event

#### Business integration by establishing a joint holding company

The Company, Maeda Road Construction Co., Ltd. (“Maeda Road”), and Maeda Seisakusho Co., Ltd. (“Maeda Seisakusho”, collectively referred to as the “Three Companies”) have executed an agreement on establishing a joint holding company and conducting a business integration (the “Business Integration”) by means of a joint share transfer (the “Share Transfer”) effective October 1, 2021 based on resolutions of their respective board of directors’ meetings held on May 14, 2021.

The share transfer plan (the “Share Transfer Plan”) to establish a joint holding company was approved at the ordinary general meetings of shareholders of the Company and Maeda Seisakusho on June 23 and 22, 2021, respectively, and to be approved at the general ordinary meeting of shareholders of Maeda Road on June 25, 2021.

#### (1) Purpose of the Share Transfer

With significant changes in the future business environment, the Company believes that in order to unify the whole group and achieve continuous growth, it is essential to maximize the synergies of the Three Companies as a group, such as by further strengthening coordination among the Three Companies, creating a strong management base capable of responding to changes in the environment, and appropriately allocating management resources. The Three Companies firmly believe that transitioning to a holding company structure through the Business Integration to execute a unified group strategy will serve to improve corporate value not only of the Three Companies, but of the group as a whole.

#### (2) Outline of the Share Transfer

##### 1) Schedule of the Share Transfer

Record date for the ordinary general meeting of shareholders (all three companies)	(Wednesday) March 31, 2021
Meeting of the board of directors to approve the business integration agreement and the share transfer plan (all three companies)	(Friday) May 14, 2021
Execution of the business integration agreement and preparation of the share transfer plan (all three companies)	(Friday) May 14, 2021
Ordinary general meeting of shareholders to approve the share transfer plan (Maeda Seisakusho)	(Tuesday) June 22, 2021
Ordinary general meeting of shareholders to approve the share transfer plan (Maeda Corporation)	(Wednesday) June 23, 2021
Ordinary general meeting of shareholders to approve the share transfer plan (Maeda Road)	(Friday) June 25, 2021 (scheduled)
Last trading day on the TSE (all three companies)	(Tuesday) September 28, 2021 (scheduled)
TSE delisting date (all three companies)	(Wednesday) September 29, 2021 (scheduled)
Scheduled integration date (joint holding company establishment registration date)	(Friday) October 1, 2021 (scheduled)
Joint holding company listing date	(Friday) October 1, 2021 (scheduled)

## Notes to the Consolidated Financial Statements

### 2) Method of the Share Transfer

It will be a joint share transfer with the Company, Maeda Road, and Maeda Seisakusho becoming wholly owned subsidiaries resulting from the share transfer, and the newly established joint holding company becoming the wholly owning parent company formed by the share transfer.

### 3) Details of allotment in the Share Transfer (share transfer ratio)

	Maeda Corporation	Maeda Road	Maeda Seisakusho
Share transfer ratio	1.00	2.28	0.58

- Notes
1. The above share transfer ratio may be changed upon discussion by the Three Companies if there is a material change in the various conditions on which calculations are based.
  2. The number of shares constituting one share unit of the joint holding company will be 100 shares of stock.
  3. The number of new shares to be delivered by the joint holding company (planned) will be 391,584,459 shares of common stock

The above was calculated based on the Company's total number of issued shares of 194,608,482 (as of December 31, 2020), Maeda Road's total number of issued shares of 89,159,453 (as of December 31, 2020), and Maeda Seisakusho's total number of issued shares of 16,100,000 (as of December 31, 2020). Furthermore, because the Company, Maeda Road, and Maeda Seisakusho respectively plan to cancel their treasury shares that they currently hold or plan to newly acquire in future, to the extent that cancellation is practically possible, before the Share Transfer takes effect, the Company, Maeda Road, and Maeda Seisakusho are not planned to be allotted shares of the joint holding company for the treasury shares they respectively held as of December 31, 2020 (the Company: 146,233 shares; Maeda Road: 6,740,228 shares; Maeda Seisakusho: 226,953 shares). However, because the number of treasury shares that will actually be cancelled before the effective date of the Share Transfer has not currently been determined, there may be changes in the above number of new shares issued by the joint holding company.

### 4) Joint Holding Company to be newly established by the Share Transfer

Name	INFRONEER Holdings Inc.
Location	Chiyoda-ku, Tokyo, Japan
Representative and officer	Representative Executive Officer and President: Kazunari Kibe
Business description	Management of subsidiaries and group under its control, and associated or related businesses
Capital	20 billion yen
Fiscal year end	March 31

### 5) Overview of accounting treatment in connection with the Share Transfer

The accounting treatment in connection with the Share Transfer is expected to fall under "common control transaction, etc." in accordance with "Accounting Standard for Business Combinations, (ASBJ Statement No. 21 on January 16, 2019)," but details of the accounting treatment have not currently been determined.

## 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, 2021, 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, 2021, 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.

### Emphasis of Matter

We draw attention to Note Significant subsequent event to the consolidated financial statements, which describes the Company, Maeda Road Construction Co., Ltd., and Maeda Seisakusho Co., Ltd. have executed an agreement on establishing a joint holding company and conducting a business integration by means of a joint share transfer effective October 1, 2021 based on resolutions of their respective board of directors' meeting held on May 14, 2021. The share transfer plan to establish a joint holding company was approved at the ordinary general meetings of shareholders of the Company on June 23, 2021.

Our opinion is not qualified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

**Estimation of total cost and revenue recognition for construction contracts accounted for by percentage-of-completion method**

Description of Key Audit Matter	Auditor's Response
<p>As described in Note 2 "Summary of Significant Accounting Policies (1) Revenue recognition" in the notes to the consolidated financial statements, the Company and its consolidated subsidiaries (hereinafter, "the Group") have applied the percentage-of-completion method for estimating the progress of construction projects up to the end of the fiscal year for which the outcome is certain and applied the completed-contract method to other construction projects. Of the total revenue of ¥678,059 million for the fiscal year, revenue recognized under the percentage-of-completion method accounted for ¥349,883 million (approximately 51%).</p> <p>The amount of completed work based on the percentage-of-completion is determined based on the proportion of contract costs incurred to date compared with estimated total construction costs.</p> <p>As described in "2. Summary of Significant Accounting Policies (22) Notes to accounting estimates 1) Revenue recognized using the percentage-of-completion method" in the notes to the consolidated financial statements, the estimated total costs of construction are continuously reviewed due to the unique characteristics of the construction projects in terms of specifications and work plans as well as the possibility of changes in the construction period, unexpected expenses, changes in the unit cost of construction materials and labor, or design changes during the construction process. In addition, there are cases in which design changes, which were made during the construction process based on the agreement with the customer, wherein the amount of the consideration is not fixed in a timely manner and so part of the total construction revenue is recorded based on an estimate (hereinafter, "non-contracted amount"), which will be reviewed on a continuous basis as it involves uncertainties in the estimate due to the</p>	<p>We mainly performed the following audit procedures to evaluate the adequacy of the estimate of total costs of construction and total construction revenue accounted for by the percentage-of-completion method:</p> <p><b>A. Estimation of total costs of construction</b></p> <p>(1) Evaluation of internal controls</p> <p>We evaluated the design and operating effectiveness of the following internal controls relating to the estimation of the total costs of construction:</p> <ul style="list-style-type: none"> <li>• We evaluated the process applied to confirm that the execution budget, which is the basis for estimating the total costs of construction, and the construction management table, which is used to update the estimate of the total costs of construction based on the current status, have been prepared in a timely and appropriate manner by the construction site manager.</li> <li>• We evaluated the process applied to confirm that the total costs of construction are estimated by aggregating each type of construction on the basis of the quotations from subcontractors.</li> <li>• We evaluated the process applied for timely monitoring by the project manager in the construction management division with respect to changes in profit or loss throughout the project, comparisons of the plan with actual results and current status of progress.</li> </ul> <p>(2) Evaluation of the adequacy of estimates</p> <p>We identified those construction contracts in which the uncertainty of the estimate of the total costs of construction was relatively high, in light of the significance of the contract amount, the changes in profit or loss, and the current status including any changes in the construction period. We</p>



progress of negotiations with the customer and the effect of conclusion of existing contracts. These estimates require certain assumptions and are subject to uncertainty and judgment by the construction site manager.

Based on the above factors, we have determined that the estimation of the total costs of construction and the total construction revenue recognized based on the percentage-of-completion method as a key audit matter due to significance of the revenue amount, involvement of significant estimates, uncertainties and management judgement for the fiscal year.

performed the following audit procedures to evaluate the adequacy of such estimates:

- With regard to the estimate of the total costs of construction calculated based on the execution budget, we evaluated if such costs are calculated by aggregating each type of construction, the consistency with the total costs of construction calculated at the time of bidding on the project and if there are any unusual adjustments due to future uncertainty in the execution budget. In addition, we examined the unit price agreed in the contract and inspected the quotations from subcontractors, if necessary.
- With regard to the total costs of construction and the execution budget, we compared past trends with the latest estimate. With respect to those changes in the budget exceeding a certain threshold, we made inquiries with the project manager in the construction management department about the cause of the change. We compared the results of such inquiries with the minutes of negotiations with the customer and quotations from subcontractors, if necessary.
- We inspected the monthly construction report, which is a key document detailing the total progress of the construction and problems identified in the construction and compared it with the actual total progress, field photographs and the assumptions used in the calculation for the percentage-of-completion method.
- For certain construction projects, we conducted construction site visits to examine whether the construction status was consistent with the estimate of the total costs of construction and the relevant progress.
- In order to assess the process of estimating total costs of construction, we compared prior estimates of total costs of construction with the actual or revised amount.

**B. Estimates of non-contracted amount if included in the amount of total construction revenue**

(1) Evaluation of internal controls

We evaluated the design and operating effectiveness of the internal controls to confirm that reliable estimates of the non-contracted amount are made in a timely and appropriate manner based on negotiations with the customer.

(2) Evaluation of the adequacy of estimates

Based on our understanding of the reported non-contracted amount for each construction project, we selected samples with the criteria based on the quantitative or qualitative significance, and thereby, we carried out the following audit procedures:

- In order to evaluate that the estimates were made in accordance of the agreement or negotiation status with the customer or considering the possibility of acquisition, we made inquiries with the project manager in the construction management division and inspected the quotation submitted, the instructions to change, and minutes of negotiations with the clients.
- In order to evaluate the accrued cost corresponding to the amount of non-contracted work, we inspected invoices from subcontractors and the accrued cost, compared with the actual amount of non-contracted work and analyzed any differences.
- In order to evaluate the process of estimating the total construction revenue, we compared prior estimates related to construction work with the actual or revised amount.

<b>Allocation of acquisition cost and valuation of goodwill related to acquisition of shares of Maeda Road Construction Co., Ltd.</b>	
<b>Description of Key Audit Matter</b>	<b>Auditor's Response</b>
<p>As of March 31, 2021, the Company recorded goodwill of ¥26,639 million associated with the acquisition of shares of Maeda Road Construction Co., Ltd. (hereinafter "Maeda Road Construction"). As described in the notes to consolidated financial statements ("13. Business combination"), the Company finalized the provisional accounting treatment for allocation of acquisition costs in the previous fiscal year.</p> <p>The allocation of acquisition costs is subject to professional judgment and is complex. In addition, the amount of goodwill is significant and if future operating income deviates from the projections in the business plan as of acquisition date of Maeda Road Construction due to uncertain future economic conditions, it would be considered as an impairment indicator and accordingly, an impairment loss on goodwill may be recorded.</p> <p>Based on the above factors, we have determined that the allocation of acquisition costs and the valuation of goodwill as a key audit matter for the fiscal year under review due to the significance of the balance and uncertainty involved.</p>	<p>We mainly performed the following audit procedures to evaluate the appropriateness of the allocation of acquisition costs and the valuation of goodwill:</p> <ul style="list-style-type: none"> <li>• Examining the valuation methods for identifiable assets acquired and liabilities assumed used in allocating acquisition costs, we reviewed the consistency between the valuation methods and accounting standards, and also examined whether certain valuation methods for identifiable intangible assets are consistent with the relevant accounting standards, using valuation specialists in our network firm.</li> <li>• We reviewed the valuation report of the valuation expert engaged by the Company, financial statements of Maeda Road Construction and other related materials, and recalculated the amount of goodwill to evaluate whether the allocation of acquisition costs of Maeda Road Construction was made based on the fair value as of the date of the business combination and that associated goodwill was recognized based on the result of such allocation .</li> <li>• In order to ascertain whether there are any indications of impairment relating to goodwill, we assessed the business environment of the pavement business by making inquiries of the business managers and considered whether any events occurred indicating a decline in the profitability of the assets of the pavement business group.</li> <li>• In order to determine the effectiveness of the management's estimation process, we compared the budgeted results of the business plan used as in the acquisition with actual results.</li> <li>- In the review of the business plan as of the acquisition date of Maeda Road</li> </ul>

	Construction, which is the basis for assessing indications of impairment relating to goodwill, we instructed a valuation specialist in our network firm to compare and analyze the company's assumptions with available external data such as future forecasts of the industry, and the perpetuity growth rate in the business plan.
--	--

**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, 2021 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, 2021

---

/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, 2021)

<b>Name in English</b> Maeda Corporation	<b>Registered Address</b> 2-10-2, Fujimi, Chiyoda-ku, Tokyo 102-8151, Japan Tel: (81)-3-3265-5551 Fax: (81)-3-5276-5220 URL: <a href="https://www.maeda.co.jp/">https://www.maeda.co.jp/</a>	<b>Number of Employees</b> 3,220 (Non-consolidated)
<b>Establishment</b> January 1919	<b>Company Registration No.</b> 40100-01-008789 (With Tokyo Legal Affairs Bureau)	<b>Paid-in Capital</b> ¥28,463 million
<b>Incorporation</b> November 1946		<b>Stock Listing</b> On the First Section of the Tokyo Stock Exchange

## Directors

(As of June 23, 2021)



**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**  
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, 2021)

### Audit & Supervisory Board Members

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

## Executive Officers

(As of June 23, 2021)

### Managing Officers

Shigemitsu Shoji  
Yoichi Kawashima  
Masamori Nagashige  
Toshimasa Suwa  
Yasuyuki Ishiguro  
Satoru Tahara  
Makoto Tagawa  
Hisanari Yamada  
Hitoshi Wakiya  
Motoi Higashiyama  
Makoto Otsukeno  
Tadahiko Tofuku

### Executive Officers

Akira Fujiwara  
Michio Yamada  
Tetsuya Mishima  
Akio Suzuki  
Tadanobu Anzai  
Hiroaki Tezuka  
Shinya Sakaguchi  
Yoshiyasu Ishida  
Takeshi Tsuchiya  
Masao Ehara  
Hiroshi Tsuge  
Satoshi Morino  
Yasuyoshi Kano  
Nobuyuki Kawamura

### Directory Overseas

#### Hong Kong Office

Unit1711, 17/F, 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: 886-2-2558-8590  
Fax: 886-2-2558-9590

#### Asia Regional Sales & Marketing Department / Hanoi Office

7F, 45 Trieu Viet Vuong Street,  
Hai Ba Trung Dist., Hanoi, Vietnam  
Tel: 84-24-3943-6311/2  
Fax: 84-24-3943-6314

#### Phnom Penh Office

#53 E0 E1 E2, Street 01A,  
Touk Thlar Village, Touk Thlar Commune,  
Khan Sen Sok, Phnom Penh, Cambodia  
Tel: 855-23-884456/7  
Fax: 855-23-884458

#### Bangkok Office

18th Floor, Thaniya Plaza Building,  
52 Silom Road, Suriyawong, Bangrak,  
Bangkok 10500, Thailand  
Tel: 66-2-231-2470/5  
Fax: 66-2-231-2473

#### Yangon Office

Room 601, Wizaya Plaza, Corner of  
Dhammazedi Street & U Wisara Road,  
Bahau 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.

Unit605 ZEN PLAZA Nguyen Trai Street,  
District1, Ho Chi Minh City, Vietnam  
Tel: 84-28-3925-2002/3/4  
Fax: 84-28-3925-2009

#### THAI MAEDA CORPORATION LTD.

18th Floor, Thaniya Plaza Building,  
52 Silom Road, Suriyawong, Bangrak,  
Bangkok 10500, Thailand  
Tel: 66-2-231-2470/5  
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.
- MAEDA SEISAKUSHO CO., LTD.
- FBS CO., LTD.
- FUJIMI KOKEN CO., LTD.
- JM CORPORATION
- AICHI ROAD CONCESSION CO., LTD.
- HIKARIGAOKA CORPORATION
- J.CITY CORPORATION
- TOYO CONSTRUCTION CO., LTD.
- 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  
<https://www.maeda.co.jp>