

Maeda Reached Basic Agreement on Business Integration with Two Consolidated Subsidiaries Including Maeda Road Construction—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Maeda Corporation (securities code: 1824)'s execution of a memorandum of understanding regarding business integration with Maeda Road Construction Co., Ltd. (securities code: 1883) and Maeda Seisakusho Co., Ltd. (securities code: 6281).

- (1) Maeda Corporation (the "Corporation") on February 24 announced that it had executed a memorandum of understanding on business integration with its consolidated subsidiaries Maeda Road Construction Co., Ltd. ("Maeda Road Construction"; 51.29% shareholding as of September 30, 2020, including indirect holdings) and Maeda Seisakusho Co., Ltd. ("Maeda Seisakusho"; 47.72%). With the approval of the all three companies' general meetings of shareholders in June 2021, they will establish a joint holding company through a share transfer on October 1, 2021 to integrate their management. After the business integration, the Company, Maeda Road Construction and Maeda Seisakusho will become wholly-owned subsidiaries of the joint holding company.
- (2) Both Maeda Road Construction and Maeda Seisakusho, which are to integrate with the Company, are recognized for high stability in business performance and a sound financial base. Furthermore, since the integration is based on a share transfer method without cash-out, JCR believes that it will not have a negative impact on the Company's creditworthiness in the short term, and judge that it will not have an immediate impact on the rating for the Company. Going forward, JCR will focus on factors including the follows: (i) the outcome of the business integration, (ii) the group's integrity after the integration, and (iii) the impact of the business integration on the medium-term earnings and financial base of the group as a whole and the Company.

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<Reference>

Issuer: MAEDA CORPORATION

Long-term Issuer Rating: A Outlook: Stable

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