



NITTOC

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Leading to the Future with our Technology of Protection

2020 Annual Report

Leading to the Future with our Technology of Protection

MISSION

With efficient management and comprehensive technical capabilities in foundation work, we are the company that provides safe and secure society and contributes to countries.



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» Corporate History

In 1938, the construction of Uryu Dai-ichi Dam, a huge water reservoir with pondage of 240 million cubic meters, commenced at the foot of Mt. Taisetsu in Hokkaido. The dam was a gravity-type concrete structure of 45.5 m in height. To lead the project to a successful completion, extraordinary efforts were exercised for the disposal of the breccia-conglomerate at the site of the foundation. NITTOC's original technologies accumulated to date originated from this dam construction project.

Established in 1947, the Company took the initiative in leading the dam foundation works as the initial work type for its inaugural era during Japan's heyday of constructing dam power stations associated with the development of power sources. In particular, NITTOC's technology, which boasted the collective strength deriving from the united efforts of civil engineers and geologists, was highly appraised from various quarters. Consequently, the Company undertook most of the foundation works of domestic large-scale dams including Kansai Electric Power's Kurobe 4th Dam (the so-called Kuro-yon dam). Moreover, the Company proactively addressed various projects regarding the Shinkansen, expressways, building foundations and so on with the aim of becoming a comprehensive foundation company that appropriately adapts itself to eras of technological innovation.

With the change of the company name (to the current name) in 1972 fueling momentum, the Company endeavored to expand its operations over a variety of civil engineering fields such as dam, river, road, water supply, sewage and land development and has achieved outstanding results in these fields.

In 1983, the Company listed its stock on the Second Section of the Tokyo Stock Exchange, followed by the subsequent listing on the First Section in 1985.



National Route No. 30 Mukaiyama-minami Work of the Honshu-Shikoku Bridge Authority (Kagawa Prefecture)

Bannosu Elevated Bridge Substructure Work of the Honshu-Shikoku Bridge Authority (Kagawa Prefecture)

1953~

1953 April

The Company was established in Sapporo, Hokkaido, as Yachiyo Chika Kogyo K.K., of which the major purposes were geological survey and foundation work.

1957 January

Headquarters relocated to Minato-ku, Tokyo.

1959 December

Trade name changed to Nippon Tokushu Doboku Kogyo K.K.

1961 December

Headquarters relocated to Chiyoda-ku, Tokyo.

1962 December

For the purpose of changing the par value of Nippon Tokushu Doboku Kogyo's shares, Nippon Tokushu Doboku Kogyo K.K. merged Hikari Shokai K.K., which was established in December 1947, by changing the latter's trade name and business.

1963 February

Established Japan Public K.K.

1965 March

Headquarters relocated to Chuo-ku, Tokyo.

1972 May

Trade name changed to NITTOC CONSTRUCTION CO., LTD.

1972 October

Acquired the License No. (Specified-47) 211, issued by the Minister of Construction.

1979 December

Established Midori Industries Co., Ltd. (currently a consolidated subsidiary)

1980~

1983 October

Acquired the License No. (1) 3193 for the building lots and buildings transaction business, issued by the Minister of Construction.

1983 December

Listed on the Second Section of the Tokyo Stock Exchange.

1985 April

Established NITTOC Real Estate Co., Ltd.

1985 June

Construction of the common-use building (Ginza Showa-dori Building) of the Headquarters was completed.

1985 September

Listed on the First Section of the Tokyo Stock Exchange.

1985 October

Established High-Tech Lease Co., Ltd. (consolidated subsidiary).

1986 March

Completed Tsukuba Laboratory.

1990 May

Established Dome Construction Industry Co., Ltd. (unconsolidated subsidiary)

1990 June

Completed Akashicho Suboffice Building.



Construction of Kawamata Dam (2017)



JR Kure Line, Saizaki Area External Disaster Restoration Work (Mihara-shi-Higashihiroshima-shi, Hiroshima Prefecture)



Ogitsu Work of Joban Expressway, Japan Highway Public Corp. (Ibaraki Prefecture)

2000~

2001 March

Liquidated NITTOC Real Estate Co., Ltd.

2003 March

Registered for examination of ISO9000 approval for the whole corporation.

2003 November

Liquidated Japan Public K.K. (consolidated subsidiary).

2004 October

Established Shimane Earth Engineering Co., Ltd. (currently a consolidated subsidiary).

2008 March

Closed Tsukuba Laboratory.

2009 March

Liquidated High-Tech Lease Co., Ltd. (consolidated subsidiary).



Yoshino Area 2 (Zones 1 to 3) Disaster-related emergency forest conservation work (Atsuma Town, Yufutsu District, Hokkaido)



Kumamoto Earthquakes Disaster Restoration Work



National Route No. 28 Yasuhira Work of the Honshu-Shikoku Bridge Authority (Awaji Island, Hyogo Prefecture)



Otsuchi Town, Ando Area reconstruction work (Otsuchi Town, Kamihei District, Iwate Prefecture)

2010~

2013 December

Established Yamaguchi Earth Engineering Co., Ltd. (currently a consolidated subsidiary)

2015 September

Sold the Akashi-cho Suboffice Building

2015 December

Headquarters relocated from Ginza, Chuo-ku, Tokyo, to Higashi-Nihonbashi, Chuo-ku, Tokyo.

2016 March

Established PT NITTOC CONSTRUCTION INDONESIA (consolidated subsidiary).

2017

Kumamoto Earthquakes Disaster Restoration Work

2017

Construction of Kawamata Dam (2017)

2018

JR Kure Line, Saizaki Area External Disaster Restoration Work (Mihara-shi-Higashihiroshima-shi, Hiroshima Prefecture)

2019 January

Established Ehime Earth Engineering Co., Ltd. (currently a consolidated subsidiary)



Mt. Fuji Osawa Collapse Countermeasure Works of the Ministry of Construction (Shizuoka Prefecture)

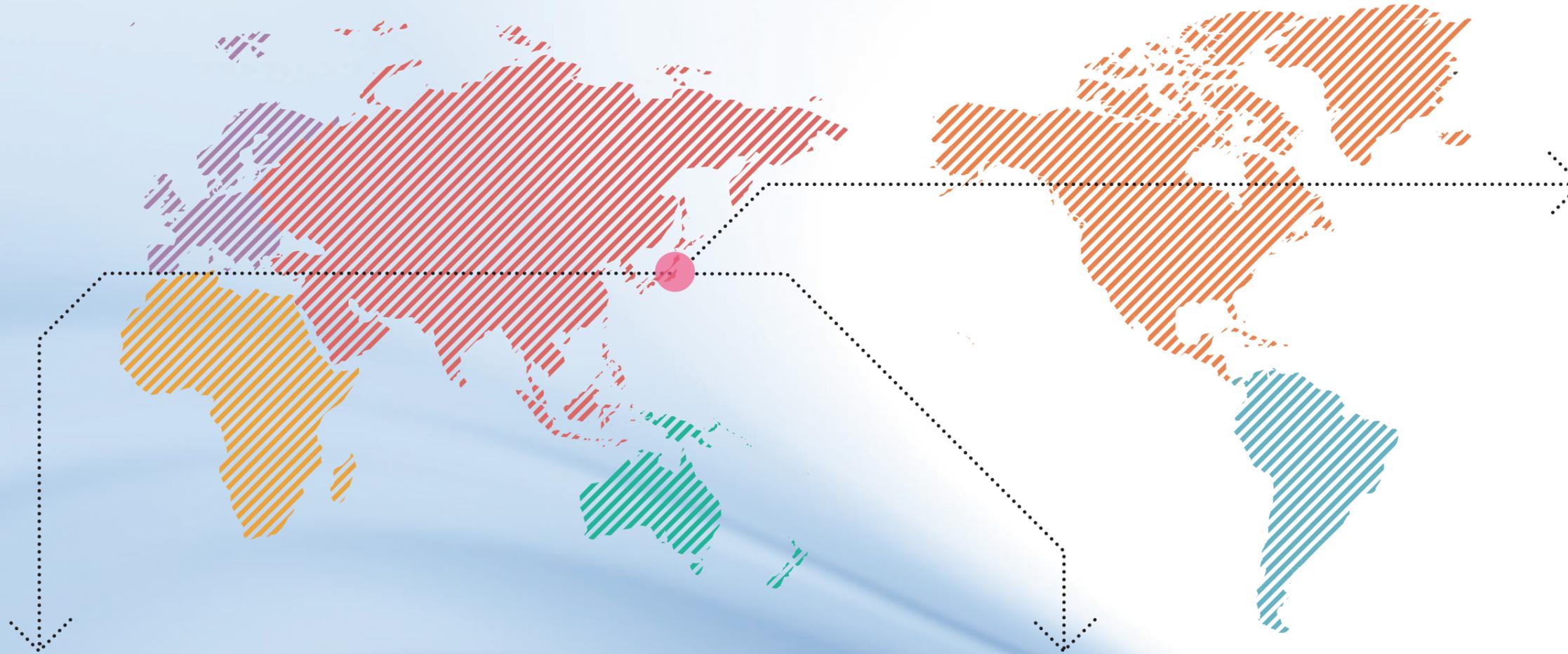
The Company celebrated the 70th anniversary since its establishment in December 2017.

In addition, the Company established in 2016 PT NITTOC CONSTRUCTION INDONESIA, a consolidated subsidiary, in Indonesia. NITTOC intends to further contribute to society as a comprehensive construction company that features original expertise and strength in basic technology not only in Japan but also overseas.

Since the establishment of NittoC, we have cultivated our unique expertise through our construction experience for more than half century. NITTOC is a leading company in the field of foundation work in Japan. Nowadays, we have different field of technique to respond to the needs of society, “Disaster Prevention and Environmental Conservation”, “Urban Regeneration”, and “Maintenance and Renovation”. Our technology contributes safety and secure environment to the society.

3 Types of Business Field respond to Social Needs

We are holding **200** types of technology and construction method



Regeneration

We must restructure in order to reborn a city under the strong disaster. It is not an easy project in the city which has so many compressed buildings. Even under the compress buildings situation, NITTOC have developed earthquake resistant, liquefaction prevention and existing pile removal method to contribute the society.



Maintenance and Renovation

NITTOC specializes in slope related technique which accumulates a brilliant achievement. Today, in this aging social infrastructure century, we developed our own diagnostic techniques as well as repair method for the existing slopes, we also established a control system that can be coordinates in maintenance work totally. In addition, we have developed special materials for long distance pumping, high strength and introduced in harsh environment, mountain area or long distance tunnel for headrace channel.



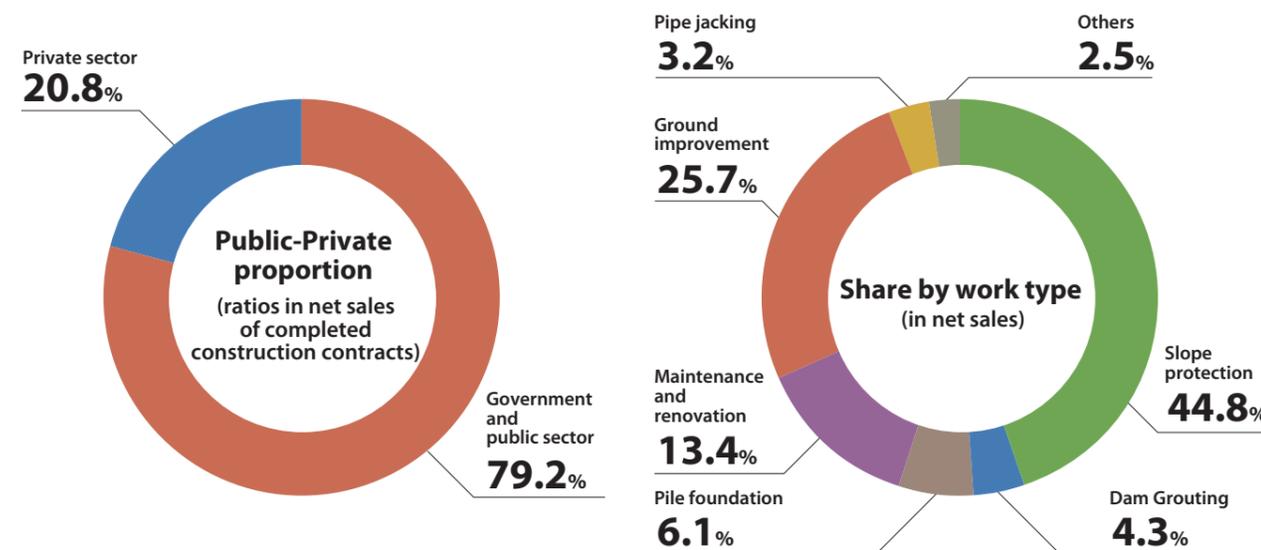
Disaster Prevention and Environmental Conservation

Since Japan has geographical conditions that make it prone to being affected by natural disasters, large scale disasters have become more frequent in recent years. For this reason, in order to build a friendly, trusty and safe society in Japan, we have developed our slope protection method does not use concrete, using a method for spraying vegetative material base, or greening method by using surplus soil left in the site, based on the consideration of the disaster prevention environment. In addition, NITTOC accumulates a brilliant achievement about Anchor Method, that is necessary to slope disaster prevention.

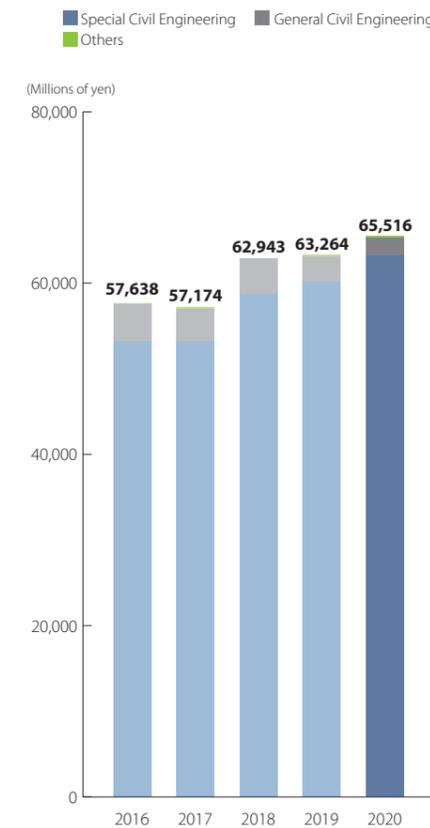
» Financial Highlights

Financial Highlights

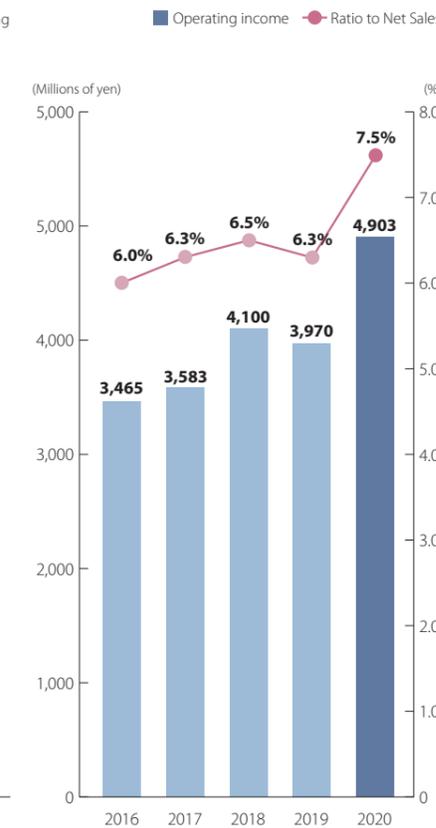
	Millions of yen					Thousands of U.S. dollars
	2016	2017	2018	2019	2020	2020
Net sales	¥57,638	¥57,174	¥62,943	¥63,264	¥65,516	\$602,009
Ordinary income	3,431	3,555	4,119	4,004	4,880	44,841
Profit attributable to owners of parent	2,110	2,342	2,688	2,721	3,258	29,942
Comprehensive income	1,894	2,458	2,668	2,755	3,209	29,488
Net assets	19,781	21,813	23,256	24,676	26,550	243,961
Total assets	40,385	44,225	48,142	49,048	50,159	460,893
Net cash provided by (used in) operating activities	(630)	2,501	(301)	3,108	7,357	67,606
Net cash provided by (used in) investing activities	(1,209)	(393)	(867)	(1,252)	(217)	(1,995)
Net cash provided by (used in) financing activities	(1,592)	(321)	(144)	(1,624)	(1,625)	(14,933)
Cash and cash equivalents at end of period	12,681	14,462	13,114	13,346	18,713	171,954



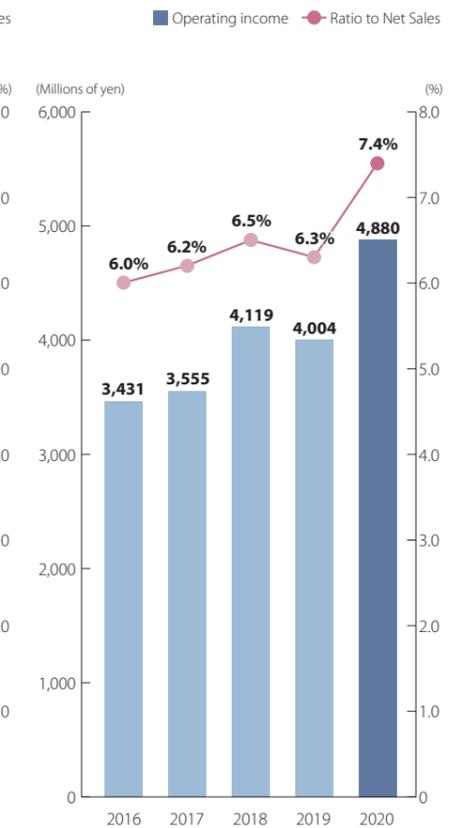
Net sales



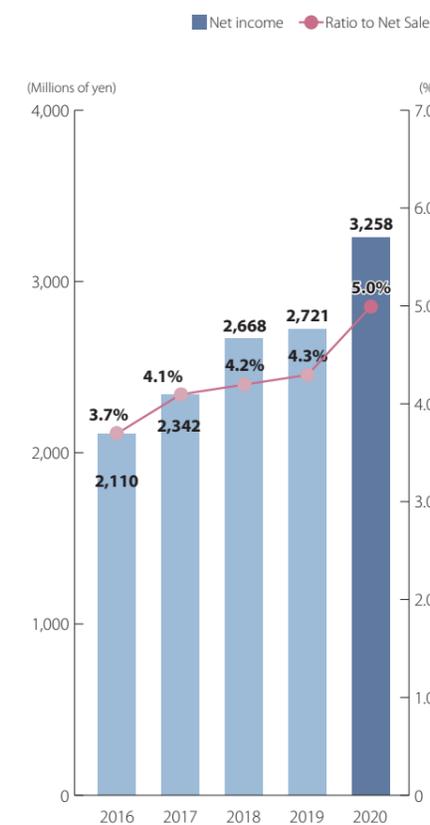
Operating income-Ratio to Net Sales



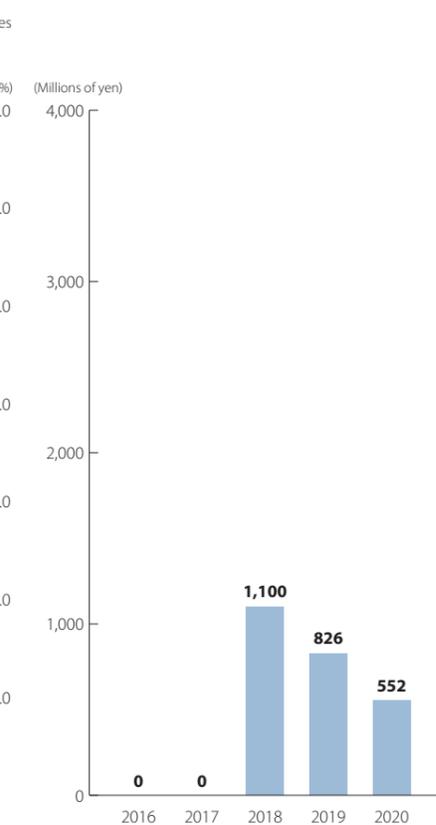
Ordinary income-Ratio to Net Sales



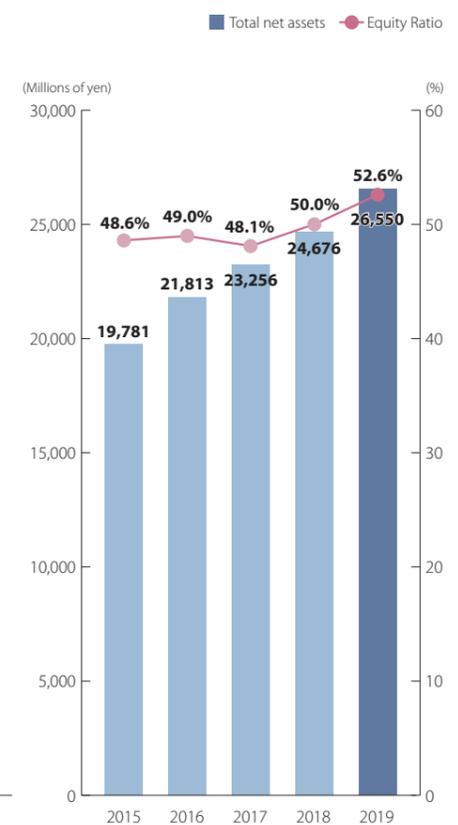
Net income-Ratio to Net Sales



Interest-bearing debt



Total net assets-Equity Ratio



» For Stakeholders

Message from the President

NITTO CONSTRUCTION CO., LTD. ("NITTO" or the "Company") was established over 70 years ago. Since starting dam foundation works as its initial job, we have been garnering immense praises as a contractor specialized in the soil related works such as Disaster Prevention and Environmental Conservation, Maintenance and Renovation, Urban Regeneration. Nowadays, natural disasters such as earthquakes, typhoons and heavy rains have occurred frequently in Japan, and therefore the construction industry is required to respond to strengthening the national land and reducing disasters in the country. Moreover, aiming to improve the productivity with Work System Reform, development of human resources who will support our future is also a major issue in the construction industry. We have started a new mid-term management plan from fiscal 2020.

While we believe the current robust construction market is expected to continue for the three years starting in fiscal 2020, we consider this period, which signals the contraction of public works and the start of the new era for the full-fledged maintenance and renewal, as a great opportunity to be a significant turning point for the Japanese construction market from a long-term

perspective. The Company positions the business strategy over these three years as a period to "enhance its technical and sales strengths in the maintenance and renovation field, with an eye on the long-term changes in the construction market," and "increase its market share by developing competitive technologies, while striving to secure personnel and improve productivity led by the implementation of work style reforms," and "earning the trust of customers and expanding business to meet the expectations of the market." All of the Company's executives and employees will work together as one to achieve these goals, which include the tackling of various industry issues, expansion of foundation improvement work, and expansion of slope repair work.

It is our sincere desire to fulfill our social responsibilities as a company engaged in the construction business, based on our management philosophy of "a company that provides a safe and secure society and contributes to countries" with its "efficient management and comprehensive technical capabilities in foundation work," and will further work to contribute to the realization of a sustainable society. We appreciate your further guidance and encouragement.

Norihisa Nagai

President & Representative Director



» Summary of the Medium-Term Management Plan

Medium-term Management Plan 2020

Next Challenge Stage II [fiscal 2020 through fiscal 2022]

NITTOC has resolved at the Board of Directors meeting held on May 8, 2020, the Medium-Term Management Plan (fiscal 2020 - fiscal 2022) with fiscal 2020 (ending March 31, 2021) as the first fiscal year.

In the past 12 years, the Company formulated four medium-term management plans and positioned them as follows: Medium-Term Management Plan [Step I] (fiscal 2008 - fiscal 2010) "Creation of a Newborn NITTOC," Medium-Term Management Plan [Step II] (fiscal 2011 - fiscal 2013) "Establishment of Stable Management Foundations," Medium-Term Management Plan [Step III] (fiscal 2014 - fiscal 2016) "Challenge for Growth," and Medium-Term Management Plan 2017 (fiscal 2017 - fiscal 2019) "Next Challenge." Specific measures were launched at each stage and results exceeded the planned figures for major indicators such as equity ratio and ratio of operating income to net sales.

While we believe the current robust construction market is expected to continue for the three years starting in fiscal 2020, we consider this period, which signals the contraction of public works and the start of the new era for the full-fledged maintenance and renewal, as a great opportunity to be a significant turning point for the Japanese construction market from a long-term perspective. The Company positions the business strategy over these three years as a period to "enhance its technical and sales strengths in the maintenance and renovation field, with an eye on the long-term changes in the construction market," and "increase its market share by developing competitive technologies, while striving to secure personnel and improve productivity led by the implementation of work style reforms," and "earning the trust of customers and expanding business to meet the expectations of the market." All of the Company's executives and employees will work together as one to achieve the following goals.

» 1. Business Strategy

The Company will strive to secure personnel and improve productivity led by the implementation of work style reforms, earn the trust of customers, and expand business to meet the expectations of the market. At the same time, the Company will enhance its technical and sales strengths in the maintenance and renovation field, with an eye on the long-term changes in the construction market, while increasing its market share by developing competitive technologies.

» 2. Challenges in Realizing Our Business Strategy

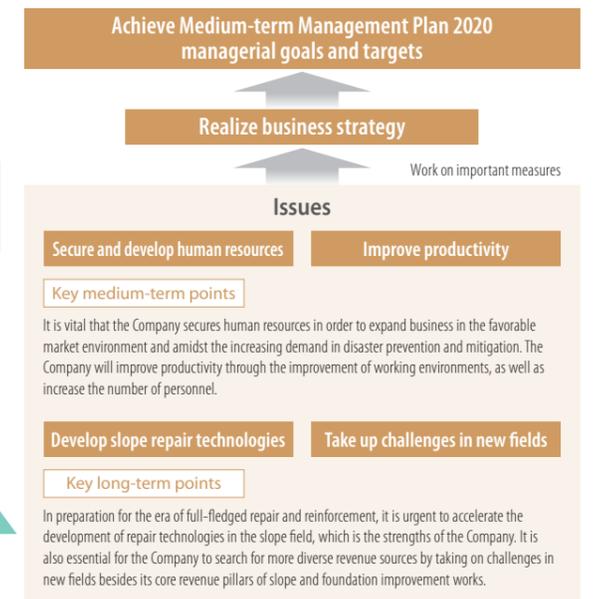
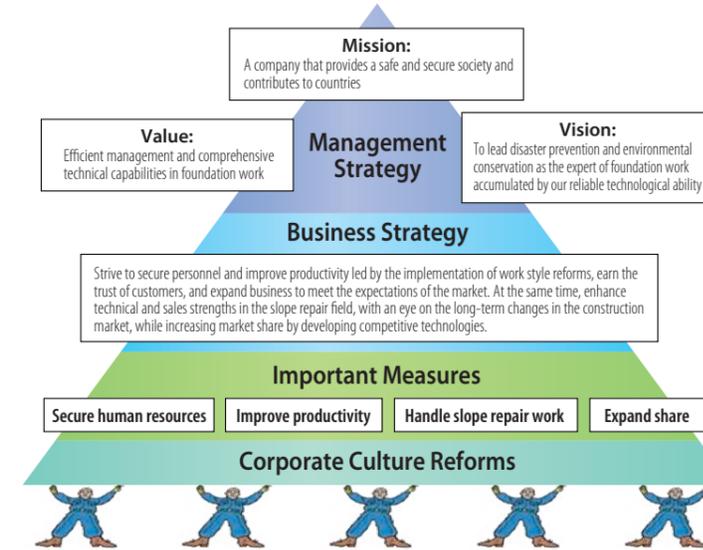
Issues	
Internal environment	Harsh employment environment High employee turnover rates Rising average age of subcontractors Inversion of ratios between onsite workers and back office employees
External environment	Ongoing quality and construction problems Preparation and improvement of maintenance and renovation technologies Fixed business fields

- 1. Secure and develop human resources**
 - Increase employment
 - Improve work environment and compensation
 - Control allocation of human resources
 - Nurture subcontractors
- 2. Improve productivity**
 - Increase number of high-productivity orders for foundation improvement
 - Mechanize construction
 - Normalize construction volume
- 3. Develop slope repair technologies**
- 4. Take up challenges in new fields**

» 3. Business Targets and Indicators

<p>1 Sales targets (fiscal 2022)</p> <p>1) Increase number of foundation improvement projects (net sales of completed construction contracts: 20 billion yen)</p> <p>2) Increase number of slope repair projects (net sales of completed construction contracts: 10 billion yen)</p>	<p>2 Business performance targets</p> <p>1) Operating income (3-year average): 4.4 billion yen or more</p> <p>2) Ratio of operating income to net sales (3-year average): 6.0% or more</p>
<p>3 Financial indicators (fiscal 2022)</p> <p>1) Equity ratio: 52% or more</p> <p>2) Cash flow: Positive figures</p>	<p>4 Target of return to shareholders</p> <p>1) Dividend payout ratio: 40% or more</p>

Management Philosophy, Management Policy, Business Strategy, and Issues



Management Philosophy	<p>Mission: A company that provides a safe and secure society and contributes to countries</p> <p>Value: Efficient management and comprehensive technical capabilities in foundation work</p> <p>Vision: To lead disaster prevention and environmental conservation as the expert of foundation work accumulated by our reliable technological ability</p>	Management Policies	<p>(1) Reinforce internal control (compliance and risk management)</p> <p>(2) Management emphasis on safety and a good workplace environment</p> <p>(3) Implement important measures</p> <p>(4) Maintain profitability and improve productivity</p> <p>(5) Cash flow-focused management</p> <p>(6) Secure and develop human resources</p>
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» 4. Important Measures

Important Measures	Overview
Secure and develop human resources	Increase number of field workers (including mid-career hires) Lower employee turnover rates
Improve productivity	Increase amount of foundation improvement (increase project volume) Improve productivity by mechanization of spraying Promote construction volume in the first half of the year and normalize construction volume
Develop slope repair technologies	Create a slope repair market Develop slope repair and reinforcement technologies, and promote site deployment
Take up challenges in new fields	Expand business areas (increase volume of overseas business) Expand range of project types Meet regional requirements

» 5. Performance Plans

(Unit: Billion yen)

	Consolidated	Fiscal 2020	Fiscal 2021	Fiscal 2022	3-year total
Orders received		66.4	70.5	72.2	209.1
Net sales		64.4	69.4	71.5	205.3
Operating income		4.0	4.5	4.8	13.3
Ordinary income		4.0	4.5	4.8	13.3
Net income		2.6	2.9	3.2	8.8
Equity ratio		51.2%	51.8%	52.4%	-
EBITDA (operating income + amortization)		4.4	4.9	5.3	14.7

» Our Business field

Disaster Prevention and Environmental Conservation

Construction Performance, Method, and Technology

Since Japan has geographical conditions that make it prone to being affected by natural disasters, large scale disasters have become more frequent in recent years. For this reason, in order to build a friendly, trusty and safe society in Japan, we have developed our slope protection method does not use concrete, using a method for spraying vegetative material base or greening method by using surplus soil left in the site, based on the consideration of the disaster prevention environment. In addition, NITTOC accumulates a brilliant achievement about Anchor method, that is necessary for slope disaster prevention.

Chosen as a "Fiscal 2016 Runner-up Recommended Technology" (by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism)

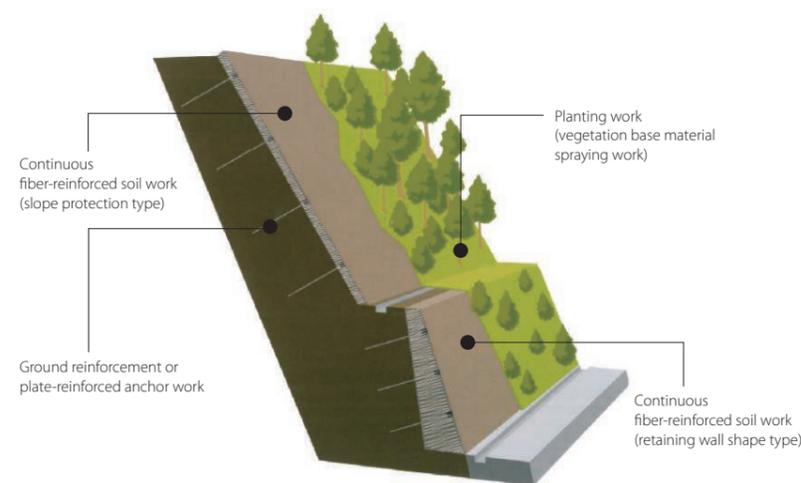
» NNTD No. 0370 » Construction Technology Review and Certification » NETIS PLUS

Environment-Friendly Slope Protection Method Geofiber Method

- Serves to decrease CO2 emissions as a substitute method for sprayed slope frames.
- Forms forest on slopes by enabling full-space greening.
- Has an abundant record of slope greening (More than 3,500 projects in Japan and 150 overseas)



Sand from the left-side nozzle and polyester continuous fiber from the right-side nozzle are injected by jet water to form continuous fiber-reinforced soil.



Recycling of Surplus Soil and Natural Environment-Friendly Restoration of Vegetation

Effectively Using Surplus Soil TSURU-KAME Soil Method

- Utilizes onsite surplus soil effectively.
- Excels in long-term durability (comparison with the greening foundation mainly consisting of bark compost).

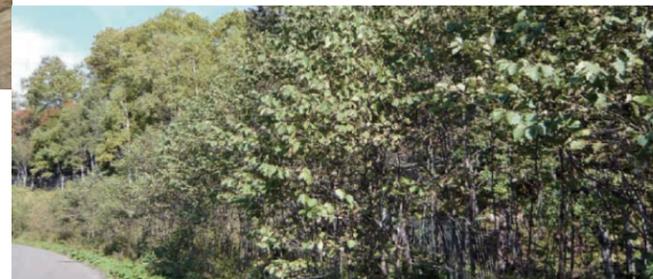
Growth Foundation for Plants Mainly Consisting of Raw Chip Material Plant-Leading Spraying Method

- Uses the chip material, which derives from the secondarily processed fragments of felled trees, as a foundation material for greening work without being converted into compost.
- Enables greening via the natural intrusion of plants on the foundation that excels in erosion resistance.

Comparison of the Volume Utilized

Onsite Surplus Soil	Method	Raw Wood Chip
100m ³	TSURU-KAME Soil Method	
	Plant-Leading Spraying Method	100m ³
40m ³	NEKKO Chip Method	40m ³
50m ³	KAERUDO-Green Method	25m ³

*In case of a sprayed depth of 5 cm for an area of 1,000 m²
*Inclusive of loss



Status of greenery when using the NEKKO Chip Method

Nature Restoration Using Surface Soil of Forests with Consideration to the Ecosystem (for greening especially around natural parks such as national parks and quasi-national parks)

» NNTD No. 0374

Using Surface Soil Instead of Seeds Native Recovery Greening Method

- Mixes the surface soil of forests containing buried seeds with the vegetation foundation material.
- Greening construction is possible using a general-purpose mortar spraying machine.

» NNTD No. 0369

Surface Soil-Based Growth Foundation for Plants KAERUDO-Green Method



- Utilizes surface soil of forests economically.
- Recycles a wide variety of soils such as excavated soil, dredged soil and dehydrated cake.

Using Surface Soil and Raw Chip Material NEKKO Chip Method



- Uses primarily fragmented raw chip material.
- Constructs at high speeds using a specialized machine.
- Enables greening via the natural intrusion of plants on the foundation that excels in erosion resistance.

Vegetation Mat that Prevents Soil Erosion N-Mat

- This mat containing seeds and fertilizer can be applied to ordinary embankments, as well as to cut slopes, which have appropriate grain size distribution and good physical and chemical characteristics.
- Natural landscape is early restored because its use allows seed design primarily with indigenous plants.
- The mat also can be applied without seeds to accelerate the natural intrusion of plants.



Just after the placement of N-Mats

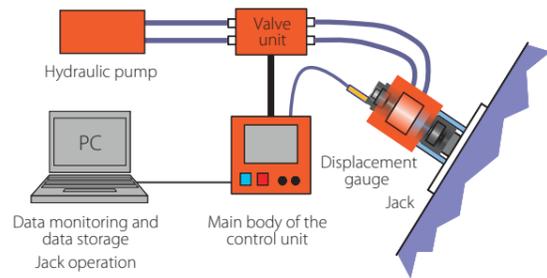
» Our Business field

» NETIS No. SK-100011-VE
Technology Promoted for Utilization

Ground Anchor Testing and Tension Control System

Licos

- Displays and automatically stores data on load and displacement magnitude in real-time.
- Tightens and firmly fixes several anchors simultaneously.
- Performs labor-saving via automatic control of jack operation.



Simultaneous tightening of multiple anchors

Slope Frame and Ground Anchor



Slope frames



Ground anchors + Pressure receiving plates

» NETIS No. TH-140015-VR

Plastic Pressure Receiving Plate for Rock Bolts

NINJA Panel

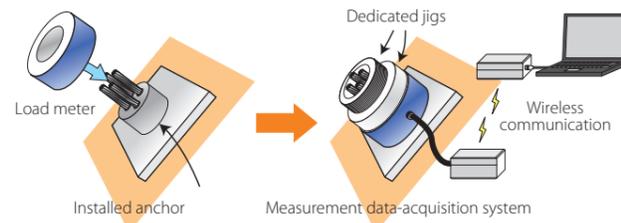
- Uses completely recycled plastic as material.
- Improves operating safety and construction efficiency on slopes due to light weight.
- Available for full-surface greening.
- Ø634 and Ø911 mm models are added to the lineup.



Tensile Strength Monitoring System for Installed Anchors

Aki-Mos

- A load meter is attachable to an installed anchor.
- The attached load meter is exchangeable.



The technology was jointly developed by the Public Works Research Institute and eight private-sector companies.

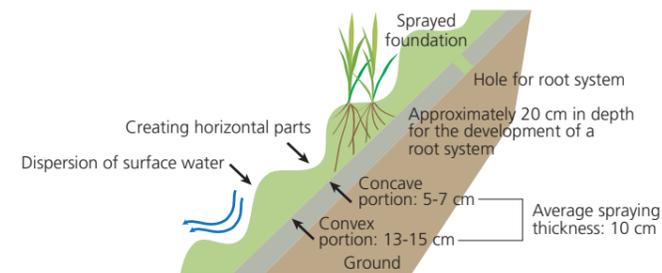
Nature Restoration at Places Where Greening is Difficult

» NNTD No. 0373

Greening of Mortar Shotcrete Surfaces and Bedrock

Fiber Soil Greening Step Method

- Full-space greening by spraying the foundation materials for greening work on a slope without soil in the form of wave-shaped steps.

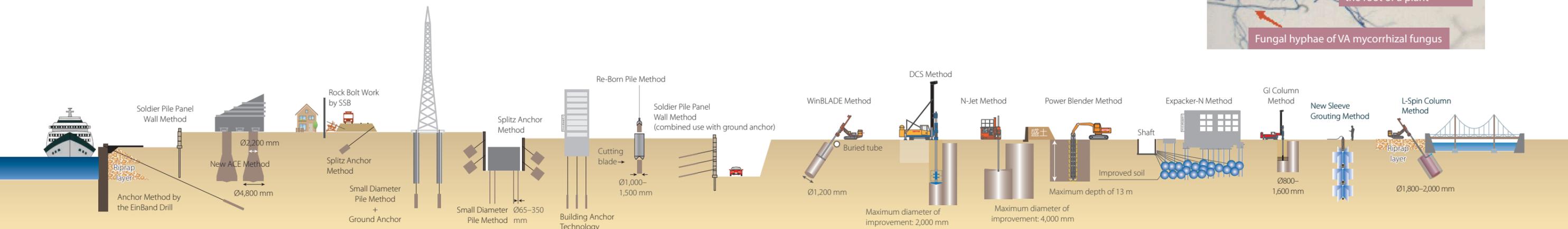
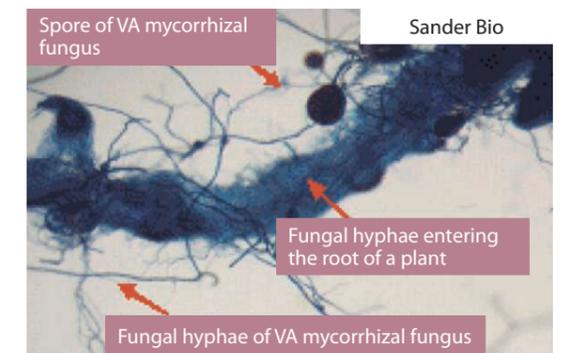


» NETIS No. SK-100014-VE

Recovering Greenery on Strongly Acidic Soil Slopes

SANDER Green Method

- Employs a simple method that mixes "Sander Powder," which has a neutralizing effect, and "Sander Bio," an acid-resistant VA mycorrhizal fungus material, with the foundation material for greening work.



» Our Business field

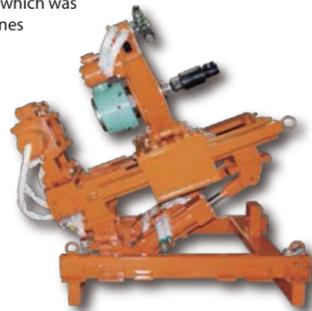
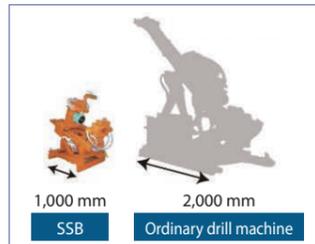
Urban Regeneration

Construction Performance, Method, and Technology

We must promote restructuring in order to revive a city after a severe disaster. It is not an easy project in the city densely packed with buildings. NITTOC has developed earthquake resistant, liquefaction prevention and existing pile removal method that can be worked on densely packed areas, and contributes to society.

Japan's Smallest-Class Double-Tube Drill Machine SSB

- The ultra-compact double tube drill machine enables drilling at narrow spaces.
- Width for construction work (1.5 m) less than half of a conventional lightweight drill machine
- Drilling bores of Ø165 mm in diameter, which was impossible with lightweight drill machines



Drill machine is operable even with a clearance gap of only 1.5 m.



State of drilling operation

Japan's Largest-Class Double-Tube Drill Machine EinBand Drill

- Rotary percussion drill that enables drilling of a large diameter of Ø216 mm and a depth of 100 m.
- Features 3 times the torque and 2.5 times the feeding strength compared to conventional trenchers.
- Achieves high-precision drilling on hard rocks and boulders.



Well Logging System Using a Drilling Bore

DSS Ground Survey Technology

- Collects and records various data while bores are drilled and sectionalizes the ground on a real-time basis.
- Compatible with Wassara AB's water-powered down-the-hole hammers.



Building Anchor Technology

SHS Permanent Ground Anchor Method STK Permanent Ground Anchor Method PTC Permanent Ground Anchor Method

- Prevents buildings lifting and/or falling of buildings



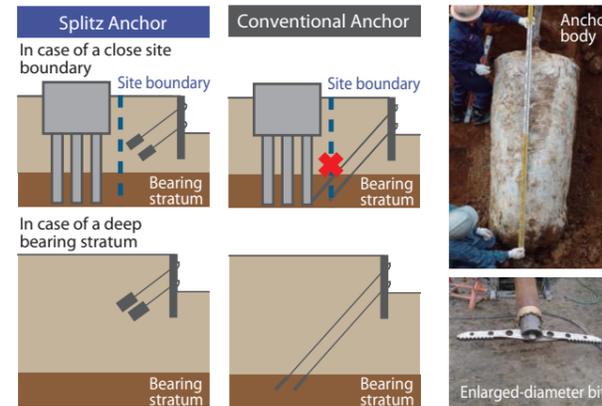
Received a Fiscal 2015 Confirmation Review and Evaluation as a Fishery & Public Related Private Technology

» NNTD No. 0371

Enlarged-Diameter-Type Anchor Firmly Fixable on Soft Ground

Splitz Anchor Method

- Achieves high pull-out resistance using a large-diameter anchor.
- Offers an adjustable anchor length via high fixation even on soft ground.
- Lines up enlarged-diameter-bit-recovery-type anchors.



» NNTD No. 0375

» Construction Technology Review and Certification

Earth Retaining Wall Method that Combines Soldier Piles with Concrete Panels

Soldier Pile Panel Wall Method

- Makes widening road width or recovery from a roadside collapse possible with small cutting volume.
- Provides optional self-supporting type (wall height up to 4 m) and combined use with shoring (wall height up to 10 m).



Forming Piles with High Bearing Power at Narrow Spaces

Small Diameter Pile Method

- Offers a casting method for piles of Ø350 mm or less.
- Makes casting possible at narrow sites (e.g., mountainous places, slopes and indoor places).
- Features a lineup of the anchor combination type in addition to the pile type.



» NNTD No. 0365

Removal of Existing Piles

Re-Born Pile Method

- Cuts and removes existing piles and/or underground structures using two cutting blades.
- Uses a circumferential all-casing drill.
- Makes secure backfilling possible.



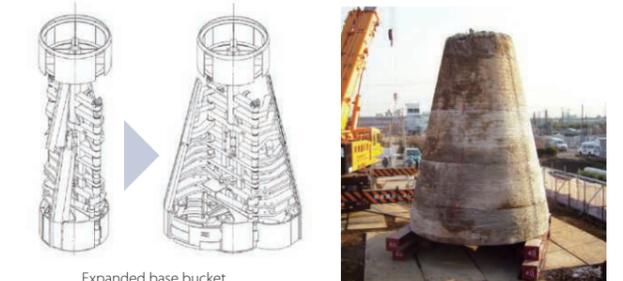
Cutting blade

» Architectural Evaluation

Earth Drill with Expanded Base Pile

New ACE Method

- Maximum design strength of concrete: 60 N/mm²
- Maximum diameter of the expanded base portion: 4,800 mm (shank diameter of 2,200 mm)

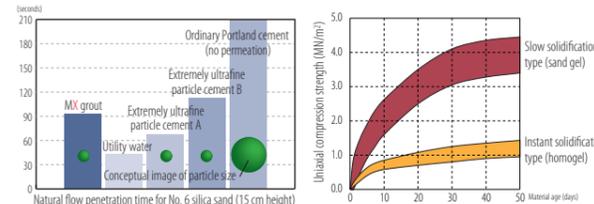


Special Grouting Materials

Slag Turbid Ground-grouting Material

MX Grout

- Involves a turbid ground-grouting material of which a major ingredient is blast-furnace slag.
- Features excellent permeability and durability.
- Uniaxial compression strength: 1 MN/m² or more

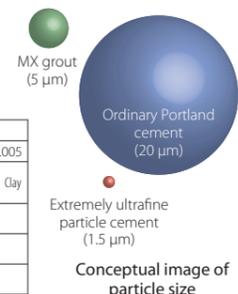


Cement grouting material

Extremely Ultrafine Particle Cement

- Solution-like high level of penetration
- Applies to grouting for minor cracks
- Available for uses in diverse grouting methods

Grouting material	Soil type				
	Gravel	Coarse sand	Fine sand	Silt	Clay
Extremely ultrafine particles	Yes	Yes	Yes	Yes	Yes
MX grout	Yes	Yes	Yes	Yes	Yes
Ordinary Portland cement	Yes	Yes	Yes	Yes	Yes

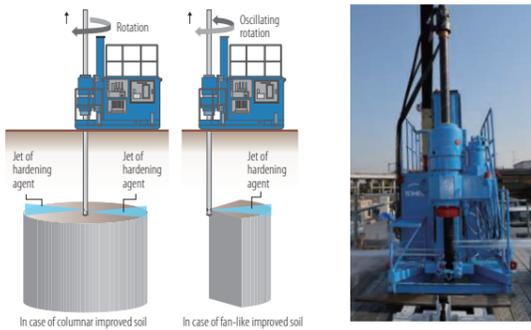


» Our Business field

Jet Grouting Method

High-Pressure Injection Mixing Method to Form Columnar or Fan-Like Improved Soil
N-Jet Method

- Enables the formation of columnar soil (depending on the ground conditions)
- Forms fan-like improved soil through oscillation.
- Grout is sprayed from multiple nozzles, shortening formation injection time while reducing the amount of hardening agent used and the amount of slime produced



Ultrahigh Pressure Injection Mixing Method for Large-Diameter Foundation Improvement
SUPERJET Method

- Forms columnar, improved soil of a maximum diameter of Ø5,000 mm (depending on the ground conditions).
- Reduces the maximum slime volume substantially (compared with previous methods).
- Achieves foundation improvement at high speed and high quality.

» NETIS No. KT-170026-A

Mechanical Mixing Method Combined with High-Pressure Injection Using an Enlarged Mixing Blade
L-Spin Column Method

- Injects a hardening agent from the nozzle at the leading edge of an enlarged-diameter type mixing blade.
- Enables the wrapping construction method or the diagonal construction method, which has been problematic for the existing method.
- Improves the properties of soft ground below hard ground by penetrating the hard ground.



Mechanical Mixing Method

» **Building Technology Certification** » **NETIS No. QS-100022-VE Technology Promoted for Utilization** » **NNTD No. 1275**

Mechanical Mixing Method Suitable at Narrow Spaces

GI Column Method

- Single-axis (max. 20 m) slurry mixing method with Ø800–1,600 mm is available.
- Compact machine size that excels in maneuverability enables mixing of slurry at narrow places. (The weight is approximately 30% compared to large machines for foundation improvement.)
- Control unit that enables a real-time display, ensuring high-quality slurry mixing.



» **Construction Technology Review and Certification** » **Fiscal 2011 Recommended Technology (by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism)** » **NNTD No.1279**

Shallow and Middle-Depth Layer Mixing Method
Power Blender Method (slurry shooting method)

- Trencher-type mixing machine
- Makes improvement up to 13 m in depth available.
- Makes homogeneous, improved soil via vertical mixing.

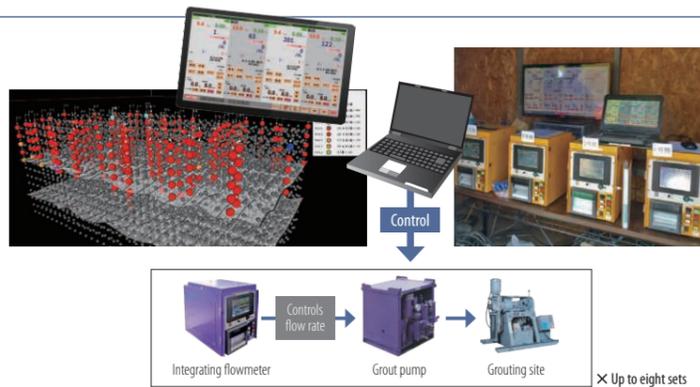
Application scope Viscous soil: Standard N ≤ 10, Sandy soil: Standard N ≤ 20
Improvement depth: Standard Z ≤ 10m



Control Units and Real-time Displays

Grouting Control and Monitoring Device
Grout Conductor

- Controls up to eight sets of flowmeters and grout pumps.
- 3D display of grouting results by color and size.
- Automatic control of grouting flow rate so as not to overrun designated pressure limit.



» NETIS No. CBK-190001-A

Ø1,600 mm × 2 Axes Large-Diameter Deep-Layer Mixing Method

CDM-EXCEED Method

- Large-diameter formation ensures considerable cost-cutting and a reduction in the construction period.
- Internal-pressure-relief blades are standard equipped for smooth aboveground discharge of underground internal pressure resulting from slurry discharge and air drilling

Application scope Viscous soil: Standard N ≤ 6 (Maximum N=8)
Sandy soil: Standard N ≤ 20 (Maximum N=30)
Improvement depth: Standard Z ≤ roughly 25 m

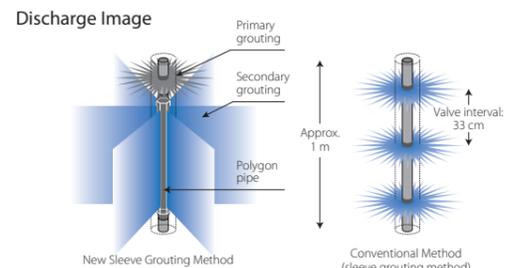


Chemical Grouting Method

» NETIS No. KT-190012-A

Foundation Improvement for Long Permeation/Grouting Intervals
New Sleeve Grouting Method

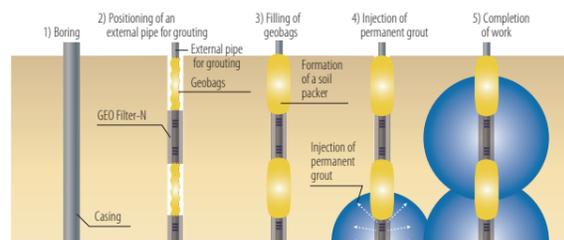
- Realizes long permeation/grouting intervals using a hexagonal "polygon pipe."
- Makes high-speed, high-quality improvement possible.
- Achieves low cost and a reduction in the construction period.



» NNTD No. 0368

High Capacity and Speedy Grouting Method as a Liquefaction Countermeasure
Expacker-N Method

- Ensures a reliable permeation point.
- Offers speedy permeation and grouting for an extensive ground area.
- Applicable to a narrow operating area.



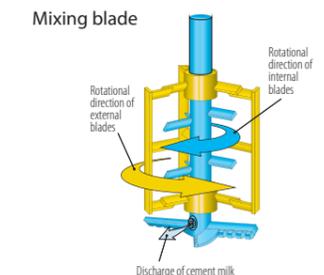
Underground Diameter Expanding Type Soil-Mixing Improvement Method
WinBLADE Method

- Achieves homogeneous soil improvement using a monitoring control system.
- Avoids underground objects.
- Enables vertical, horizontal and slanting operations.



Opposite Direction Mixing-Type Deep-Layer Mixing Method Compatible with Hard Ground
DCS Method

- Attains a large columnar diameter of 2,000 mm (the Company's track record).
- Achieves excellent mixing power.
- Offers applicability for hard ground.



» Our Business field

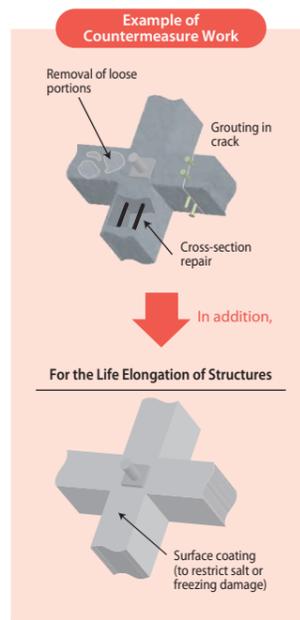
Maintenance and Renovation

Method and Technology

NITTOC specializes in slope related technique which accumulates a brilliant achievement. Today, in this aging social infrastructure century, we developed our own diagnostic techniques as well as repair method for the existing slopes. We also established a control system that can be coordinates in maintenance work totally. In addition, we have developed special materials for long distance pumping, high strength and introduced in heavy environment, mountain area or long distance tunnel for headrace channel.

Evaluation of Soundness and Countermeasures for Slope Structures

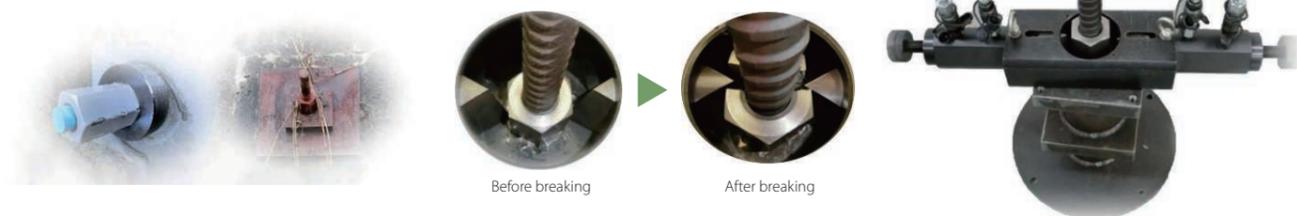
Large numbers of slope structures constructed during the high economic growth period are aging, and from now on, the long-life slope method will be called for. We propose appropriate countermeasure works depending on the degree of deterioration of the respective slope structures.



Safe removal of loads on installed nut anchors

Load releaser NEW

Hydraulic cylinders are used to break nuts using a cutter and safely remove loads from installed nut anchors, even for anchors without excess length or anchors which had suffered extensive corrosion



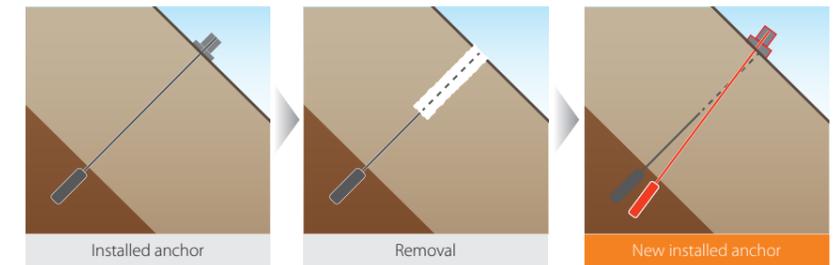
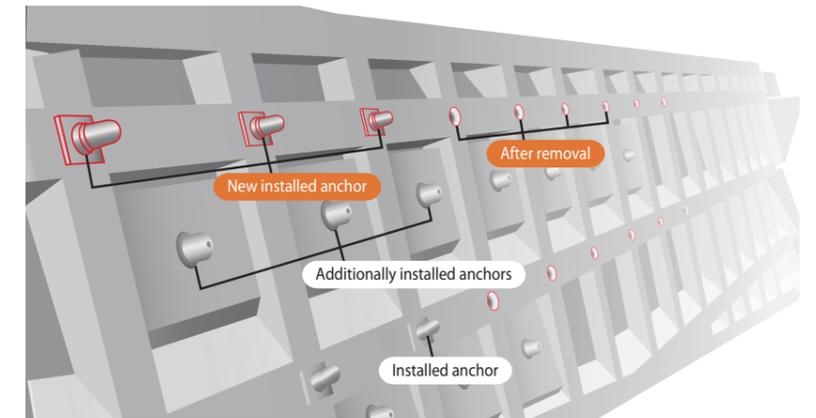
* This technology was jointly developed with Daia Consulting Co., Ltd., Dainichi Consultant, Inc., and Nippon Insiek Co., Ltd.

Japan's First Steel Wire Cutting & Removal Method for Installed Anchors

Bite Off Method

Method to cut and remove installed anchors using proprietary bits

- Japan's first dedicated system for cutting ground anchors
- Cuts off steel wires of anchors using exclusive cutting tools and a general-purpose drill machine.
- Enables removing installed anchors and installing new anchors (possible to use existing pressure receiving structures as well).



» NNTD No. 0372

Filling Voids with High-Quality Plastic Grout

Parfait Grout Method

- Underwater-inseparable and plastic grout excels in pressure feeding.
- Features automatic control of the flow volume of the base and plastic materials by the COGMA system.
- Offers four basic mixture variations and special mixtures depending on the pumping distance, desired strength and specific gravity.



NITTOC's original system to control the flow volume of base and plastic materials based on the planned mixture.

Pumping distance: Approximately up to 2,000 m (differs depending on the mixture variation)
Design strength: 1.5-24 N/mm²

» Our Business field

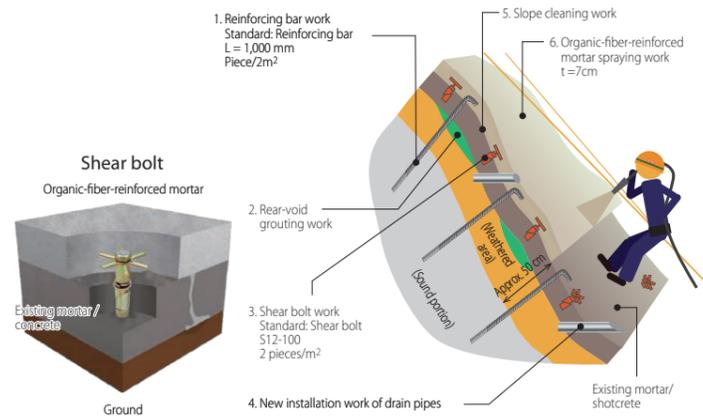
Received the Inventive Idea & Development Technology Award at the 18th National Land Technology Development Award

» NETIS No. QS-110014-VE Technology Promoted for Utilization » NNTD No. 1084

Repair/Reinforcement of Aged Shotcrete Slopes

New ReSP Method

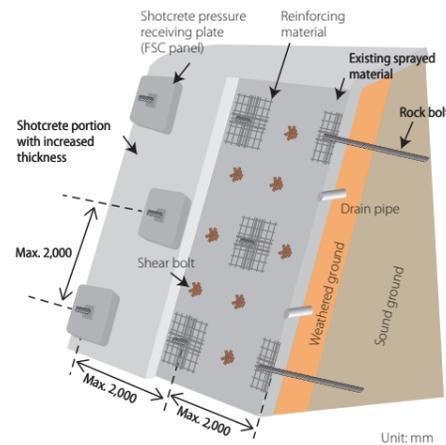
- Keeps existing mortar shotcrete without shaving off existing shotcrete, contributing to reducing the volume of industrial waste, the construction period and the size of the safety equipment.
- Sprays organic-fiber-reinforced mortar shotcrete that excels in tenacity.
- Adheres the former and new shotcrete surfaces with shear bolts.



Reinforcing Slopes with Shotcrete Pressure Receiving Plates and Rock Bolts

Shotcrete Pressure Receiving Plate Method (FSC Panel)

- Pressure receiving plates are formed by combining the fiber-reinforced mortar shotcrete and the reinforcing material.
- As the pressure receiving plates are formed by shotcrete spraying, unevenness adjustment is no longer necessary.
- The layout space in between rock bolts is extendable up to 2 m.



» NNTD No. 0366

Aged Shotcrete Slope Diagnosis System

Slope Doctor

- Precisely diagnoses the soundness of aged shotcrete slopes through the combination of several relevant surveys.
- Proposes optimum slope designs by reflecting social needs in the results of the diagnosis of aged shotcrete slopes.

Analysis method: thermal infrared radiation imaging method, flexural oscillation method and coring method (combined use depending on the site conditions)



Preventive Maintenance of Concrete Structures

Frame Doctor Method

- Takes countermeasures for concrete structures such as sprayed slope frames and pressure receiving plates depending on the degree of deterioration.
- Takes preventive maintenance countermeasures via surface coating to restrict salt or freezing damage.



» NETIS No. HR-140019-A

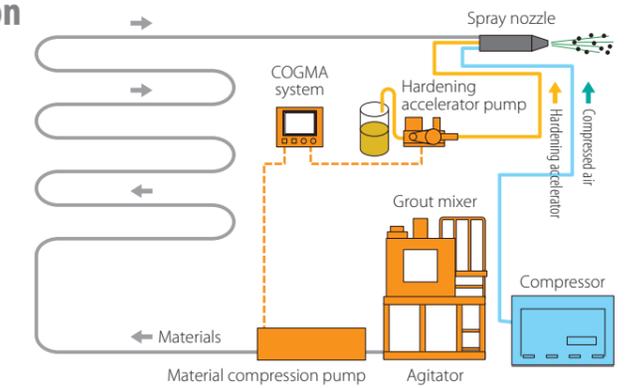
Mortar Shotcrete Possible to 1 km Destination

Kiro Fukeru Method

- Mortar shotcrete is possible at a rate of 18 N/mm² or more to a destination 1 km distant, using special materials.
- Stabilizes mortar quality via the automatic control of the flow rate of mortar and hardening accelerator by the COGMA system.



Pumping distance: 1,000 m (with a hose extension)
Design strength: 18 N/mm² or more

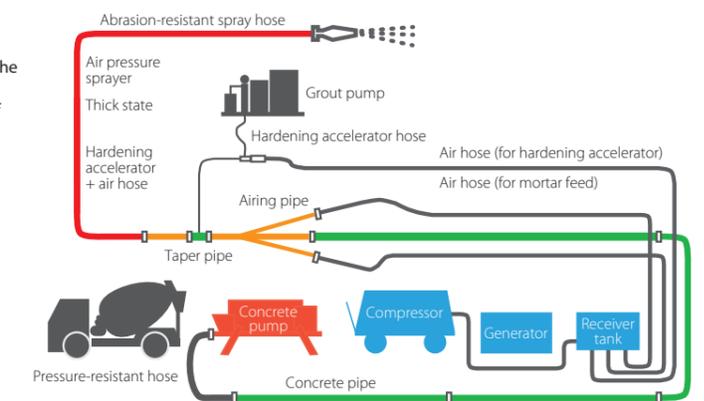
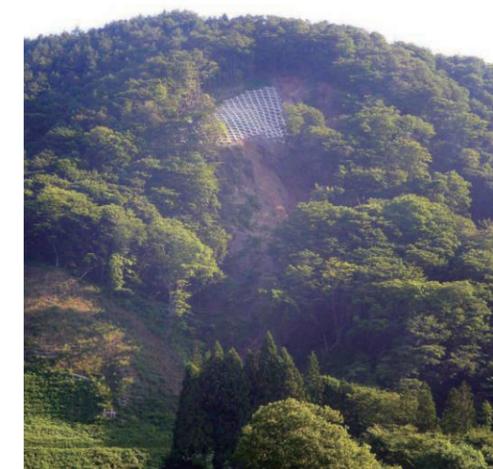


» NNTD No. 0364

Mortar Shotcrete for a Long Distance and at Elevated Places

HiSP Method

- Makes shotcrete possible for a long distance and at elevated places using the pumping shotcrete system (combined with air pumping).
- Ensures stable quality and high strength due to a low level of separation of materials.



Pumping distance: 700 m in case of the horizontal feed only, and 300 m in case the difference in elevation between the hose and the pump is 160 m.
Design strength: 18 N/mm² or more

SDGs Initiatives



SDGs

NITTOC is implementing initiatives for achieving the SDGs.

NITTOC conducts its business under its mission and one of its management philosophies of fulfilling its role as a company that provides a safe and secure society and contributes to countries. Through initiatives related to social issues such as the SDGs, we will work to realize our management philosophies, as well as contribute to the realization of a sustainable society.

Slope work in the Yunokami area of Shirakawa City, Fukushima Prefecture, which was affected by the Tohoku Earthquake & Tsunami



Before construction

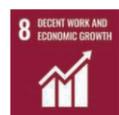
Completed construction



Provide a safe and secure society and contribute to countries
 Protect countries from natural disasters such as earthquakes, typhoons, and heavy rain
 Build foundations for disaster-resistant infrastructure and urban development
 Disaster prevention measures on slopes around cultural properties
 Develop technologies for disaster prevention of slopes of cultural properties in collaboration with universities



Realize an environment-friendly, sustainable society
 Incorporate environmentally conscious construction methods



Promote work style reforms
 Cultivation and development of human resources
 Health and safety education and maintenance of safe environments



Increase recruitment of female engineers
 Establish a workplace environment in which women can work comfortably



Thorough compliance
 Build a risk management system and strengthen process management

From these, we will introduce our environmental initiatives.

SDGs - Environmental Initiatives -

Recycling of Disaster Waste (scrap wood, sludge)

The Company uses various recycling and greening methods to enable recycling of onsite surplus soil and wood chips in line with local needs. The Company uses its recycling and greening knowledge developed over many years of experience, to recycle waste materials produced by disasters (sludge, scrap wood such as felled trees, roots, and flood wood, and other waste) for use in slope greening, with the aim to reduce the amount of waste.

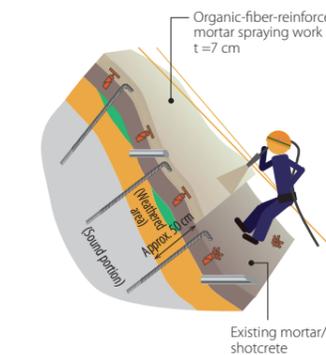
Recycling of Disaster Waste



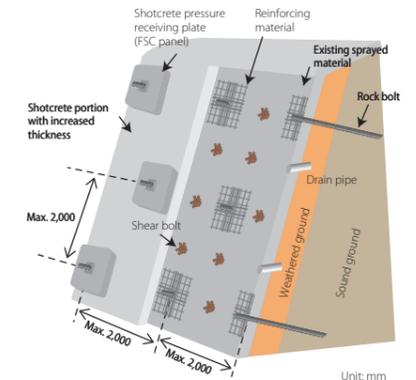
Reduction of Industrial Waste

Aged shotcrete slopes were conventionally renovated by first removing the existing mortar/concrete and then spraying on new mortar. The removed concrete grounds then became industrial waste. The New ReSP method and the shotcrete pressure receiving plate method (FSC panel) enables repair and reinforcement without removing the existing mortar and concrete, reducing the amount of industrial waste produced.

New ReSP Method



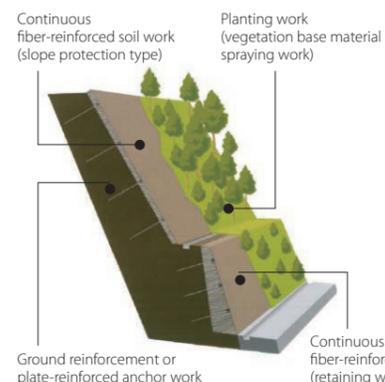
Shotcrete Pressure Receiving Plate Method (FSC Panel)



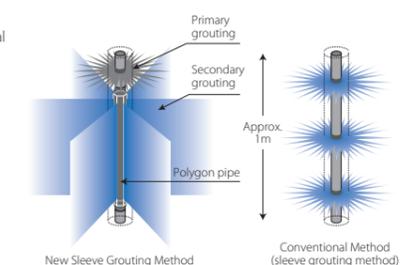
Reduction of CO2 Emissions

The cement creation process produces a large amount of CO₂. The geofiber method, which does not use cement, cuts the CO₂ emissions involved in the production process to less than one third of those emitted when using the slope frame method. The new sleeve grouting method uses a longer grouting span and has superior penetration performance compared to conventional methods, making it possible to space grouting further apart and cutting the number of grouting holes to as little as one fourth of conventional methods. This shortens construction period and reduces the amount of CO₂ emitted by construction equipment.

Geofiber Method



New Sleeve Grouting Method



» Introduction of Domestic Construction Projects (earthquake-proof works and others)

Domestic Construction Projects

(earthquake- and disaster-proof works)

NITTOC endeavors to contribute to establishing a safe, secure and affluent society by creating new technologies that meet social needs in the fields of "Maintenance and Renovation," "Disaster Prevention and Environmental Conservation" and "Urban Regeneration." We are confident that steady achievement of what we can do will contribute to reconstruction from earthquake disasters, as well as to disaster-proof and disaster-reducing activities.

Initiatives for the Restoration and Reconstruction from the Hokkaido Eastern Iburi Earthquake

» Yoshino Area 2 (Zones 1 to 3) Disaster-related Emergency Forest Conservation Work (Atsuma Town, Yufutsu District, Hokkaido)

The Company employed on-site spray slope frame and planting sheet installation methods to protect the slopes that collapsed as a result of the Hokkaido Eastern Iburi Earthquake of September 6, 2018. The Hokkaido Iburi General Subprefectural Bureau placed orders for roughly 20,000 m² of slope frame work and roughly 31,500 m² of planting sheets for the Yoshino Area. Of these, the Company provided 15,000 m² of slope frame work and 23,000 m² of planting sheet installations.

Orderer: Hokkaido Iburi General Subprefectural Bureau
 Owner: Kusashio, Nakatsuka, and Nishie Earthquake Disaster Recovery Construction Special Joint Corporate Association
 Project Overview: On-site spray slope frame work (F200), planting base material spray work, and planting sheet installation



Under construction



» Mena River Disaster-related Emergency Erosion Control Work (Work Carried Forward) (Atsuma Town, Yufutsu District, Hokkaido)

In the region affected by the Hokkaido Eastern Iburi Earthquake of September 6, 2018, the construction of an erosion control dam (H=7 m, L=101 m) was planned to prevent downstream landslides during future floods. The Company carried out foundation improvement work (power blender work, V=9,800 m³) as a part of this project. Since there were homes nearby, heavy equipment was brought in and taken out at sunrise, and construction work was performed with attentive care.

Orderer: Hokkaido Muroran Department of Public Works Management
 Owner: Seiko and Maruhironozawa Earthquake Disaster Recovery Construction Special Joint Corporate Association
 Project Overview: Power blender method

Initiatives for the Restoration and Reconstruction from the Tohoku Earthquake & Tsunami

» Otsuchi Town, Ando Area Reconstruction Work (Otsuchi Town, Kamihei District, Iwate Prefecture)

As part of the restoration of Otsuchi Town, which suffered major damage in the Tohoku Earthquake & Tsunami on March 11, 2011, the Company carried out reconstruction work including infrastructure repair, land readjustment (170 buildings), and the relocation of disaster prevention groups to higher land (91 buildings). These projects were completed in September 2019.

Orderer: Otsuchi Town, Kamihei District, Iwate Prefecture
 Contractors: Maeda Corporation, JDC Corporation, NITTOC, Pasco, and Oyo Corporation Joint Corporate Association
 Project Overview: (Ando area) Land readjustment project: 170 buildings Disaster prevention group relocation project: 91 buildings



Initiatives for Restoration and Reconstruction

» 2018 Yoshino Area 3 Disaster Prevention Work (Sagamihara City, Kanagawa Prefecture)

During heavy rains, traffic restrictions are applied to the Yoshino Area of National Road 20 in Midori-ku, Sagamihara City. As part of efforts to improve roads to ensure the ability to travel safely in heavy rains, we performed slope frame work and new ReSP method construction.

Orderer: Ministry of Land, Infrastructure, Transport and Tourism; Kanto Regional Construction Bureau; Sobu National Highway Office
 Project Overview: Temporary protective fence installation, rockfall protection fence installation



» Our Award-Winning History

Geofiber Method was chosen as a “Fiscal 2016 Runner-up Recommended Technology” by the New Technology Utilization System Review Meeting, Ministry of Land, Infrastructure, Transport and Tourism.



Kiyomizu-dera Temple (Kyoto)

- No. 1 Recommended Technology (27 subjects)
- No. 2 Runner-up Recommended Technology (60 subjects)
- No. 3 Technology Promoted for Evaluation (10 subjects)



Technology Promoted for Utilization (469 subjects)
(NETIS-registered technologies: approximately 3,600 subjects)

A Runner-up Recommended Technology is highly rated, next to Recommended Technologies and above Technology Promoted for Utilization.

What is a Runner-up Recommended Technology?

Runner-up Recommended Technology refers to new innovative technologies that have been qualified for raising the technological level of public and other works and for which further development is expected in order to be rated as a Recommended Technology.

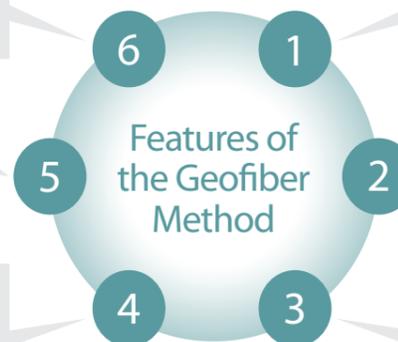
Advantages of the Runner-up Recommended Technology:

- Being qualified for a Runner-up Recommended Technology allows the technology to be positively evaluated in the examination process if said technology is proposed in the “comprehensive evaluation and bidding system.”
- In “constructor-proposal-type” bids, additional points will be granted if the orderer judges it appropriate to do so.

Utilization of eco-friendly resources
This eco-friendly method takes into account the use of recycled plastic.

Adaptable for diversified building and construction configurations
The shotcrete construction method is compatible for a variety of building and construction configurations, especially at places where partial collapse has occurred.

Excellent resistance to freezing and frozen soil
Surface freezing and soil freezing can be minimized by use of a continuous fiber-reinforced soil layer in cold regions.



Reduced CO2 emissions
Since cement is not used for continuous-fiber reinforced soil, CO2 emissions which are unavoidable for cement production are controlled. In addition, the reinforced soil does not deteriorate into strong alkaline.

Excellent deformation resistance
As the material is flexible, slopes are less susceptible to earthquakes, without producing cracks.

Excellent greening and forest-forming power
The root system of plants can grow and extend in thick continuous fiber-reinforced soil, allowing for an environment that can grow into a forest.

» Fairs Where We Plan to Exhibit

Fiscal 2019 Construction Technology Exhibition Achievement

We exhibit our technologies at various technology fairs sponsored by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), relevant academic societies, and other organizations. At present, we intend to present our technologies at such fairs listed below in the current fiscal year.

NITTOC considers various technology fairs and exhibitions as ideal venues to showcase its original technology. At such events, the Company can pitch directly to potential orderers, consultants and other interested parties and provide an opportunity for its engineering sales team to promote the adoption of its new construction methods and/or technologies.

We invite you to visit these technology fairs to learn about the latest technological trends and other companies’ technologies from the diverse exhibits presented in line with the respective fair themes.

Fiscal 2019 Construction Technology Fair Exhibitions

No.	Period	Name of Construction Technology Fair	Organizer	Venue
1	Jun. 5 (Wed.) and Jun. 6 (Thurs.)	EE Tohoku '19	EE Tohoku Executive Committee	Yume Messe Miyagi Hall
2	Jul. 16 (Tue.) to Jul. 18 (Thurs.)	Geotechnical Engineering Research Presentation Meeting	Japanese Geotechnical Society	Omiya Sonic City
3	Sept. 4 (Wed.) and Sept. 5 (Thurs.)	Fukui Construction Technology Fair 2019	Construction Technology Fair Executive Committee	No. 1 Exhibition Hall of Fukuiken Sangyo Kaikan
4	Sept. 11 (Wed.) to Sept. 13 (Fri.)	GEOTECHNICAL FORUM 2019	Fuji Sankei Group	Tokyo Big Sight
5	Oct. 2 (Wed.) and Oct. 3 (Thurs.)	Construction Fair Hokuriku 2019 in Toyama	Construction Fair Hokuriku 2019 in Toyama Executive Committee	Toyama Industrial Exhibition Hall (Technohall)
6	Oct. 2 (Wed.) and Oct. 3 (Thurs.)	2019 Technical Workshop and Exhibition on Construction and Demolition Waste Management	Promotion Council for Recycling Construction Materials and Wastes and Hokkaido Regional Construction & Demolition Waste Measure Liaison Council	Sapporo Convention Center
7	Oct. 8 (Tue.) and Oct. 9 (Wed.)	Highway Techno Fair 2019	Express Highway Research Foundation of Japan	Hall A and B, Aomi Exhibition Hall, Tokyo Big Sight
8	Oct. 8 (Tue.) and Oct. 9 (Wed.)	Kyushu Construction Technology Forum 2019	Kyushu Construction Technology Forum Executive	Fukuoka International Congress Center 1F, 2F, 3F, 4F
9	Oct. 16 (Wed.) and Oct. 17 (Thurs.)	Construction Technology Fair 2019 in Chubu	Chubu Regional Development Bureau, MLIT, Nagoya International Trade Fair Commission, and Nagoya Industries Promotion Corporation	Fukiage Hall (Nagoya Trade & Industry Center)
10	Oct. 23 (Wed.) and Oct. 24 (Thurs.)	Construction Technology Expo 2019 Kinki	The Nikkan Kensetsu Kogyo Shimbun and Kinki Construction Association	MyDome Osaka
11	Oct. 30 (Wed.) and Oct. 31 (Thurs.)	Nagasaki Construction Technology Fair 2019	Nagasaki Civil Engineering Research Center	Main Arena, Nagasaki Prefectural General Gymnasium
12	Nov. 26 (Tue.) and Nov. 27 (Wed.)	Construction Technology Forum 2019 in Hiroshima	Construction Technology Forum Executive Committee	Hiroshima Prefectural Industrial Exhibition Hall

* Exhibitions include those by NITTOC Bureau Associations.

» Overseas Deployment

Overseas Deployment

Development of Overseas Business

The Republic of Indonesia has a population of approximately 250 million and continues to record high economic growth. However, the social infrastructure is not yet sufficiently maintained or improved as presented by the everyday traffic congestion. As part of its growth strategy, the Company intends to acquire orders for infrastructure works in Indonesia because of its high economic growth. Our overseas deployment will not be limited to Indonesia but will be extended to infrastructure works in the growing Southeast Asian region.



Established a Subsidiary in Indonesia

Since the Jakarta Representative Office was established in September 2012, we conducted surveys and made preparations to establish a locally incorporated company. Finally, the Company resolved to establish a joint venture with PT PANCA DUTA PRAKARSA, which will undertake the construction business in Indonesia, and both companies entered into a joint venture agreement in October 2015. PT NITTOC CONSTRUCTION INDONESIA was subsequently established and started operation in April 2016. The Company will conduct order-receiving activities through PT NITTOC CONSTRUCTION INDONESIA, the established consolidated subsidiary, to obtain orders for specialized works such as slope and ground improvement related to infrastructure in Indonesia.

Outline of the Joint Venture

Trade name	PT NITTOC CONSTRUCTION INDONESIA
Representative	Nao Matsumoto
Location	Jakarta Selatan (South Jakarta), Indonesia
Date of operational start	April 2016
Description of business	Construction business in Indonesia
Fiscal year-end	March 31
Capital	Indonesian Rupiah (IDR) 51,000 million (Approximately JPY 388 million) Note: Calculated at an exchange rate of 1 rupiah = 0.0076 yen
Composition of shareholders	NITTOC CONSTRUCTION CO., LTD.: 65% PT PANCA DUTA PRAKARSA: 35%
Address	GENERALI TOWER G, 16/F GRAND RUBINA BUSINESS PARK at Rasuna Epicentrum Jl. HR Rasuna Said, Jakarta 12940, Indonesia Tel. (021) 2994 1582 ; (021) 2994 1583 Fax. (021) 2994 1991

PT NITTOC CONSTRUCTION INDONESIA's Web site
<https://www.nittoc-id.co.id/>



GENERALI TOWER: Office is on the 16/F of the building

Feedback from Local Employees

NITTOC strives to keep up with the international society through measures such as vocational training overseas, language training, temporary transfer of employees to overseas construction sites and education of foreign engineers, mainly persons from Indonesia. We would like to introduce some of the employees working globally at NITTOC.



Javed Khurram

Construction Section, Construction Department,
Overseas Business Division
Nationality: Pakistan

After graduating from university, I took part in a slope protection project in Pakistan. The slope field was the perfect place for self-discovery. This project employed slope protection technologies such as rock bolts and ground anchors. I have just come to Japan, so I am currently studying Japanese and trying to become rapidly acclimated to the Japanese living environment. My goal is to use my past experience to further refine my skills and capabilities in a rewarding work environment, contributing to the growth and development of the Company.



Qasim Muhammad

Construction Section, Construction Department,
Overseas Business Division
Nationality: Pakistan

I graduated from university in 2016 and acquired a civil engineering certification. In Pakistan, I was involved in slope protection using ground anchors and rock nets. Going forward, I want to learn new techniques and gain as much knowledge as I can. I also want to communicate and collaborate with Japanese coworkers and contribute to the growth and development of the Company by utilizing my skills and experience.



Ahmad Naeem

Construction Section, Construction Department,
Overseas Business Division
Nationality: Pakistan

After graduating from university in 2015, I took part in various projects, including commercial building construction projects and subway projects, in Pakistan. At NITTOC, we employ various slope protection techniques, such as ground anchors, rock nets, and fiber mortar spraying. I am learning so much and greatly expanding my capabilities thanks to these techniques. I will do my utmost to use NITTOC's technologies to provide people with greater safety, security, and comfort. I am very happy to be able to work here, where I can learn so much.



Jaafer Muhammad

Construction Section, Construction Department,
Overseas Business Division
Nationality: Pakistan

From 2015 to 2016, I worked as a civil engineer in Pakistan. I came to Japan because I wanted to engage in the rewarding work we do here at NITTOC, in order to build up my knowledge and improve my skills. To achieve these, I want to quickly learn the Japanese language, get used to living in Japan, and learn many of the techniques used here in Japan. I am very happy to have become a member of NITTOC, a company that provides a safe and secure society and contributes to countries.

» International Business

International Business

» Public Relations Activity

In Indonesia, as NITTOC's presence is still relatively new after having established a representative office, we need to make the Company well-known locally through various activities. We are therefore committed to active PR activities including presentations at academic societies, technology presentation meetings targeting domestic general contractors in Indonesia.



| Staff Training in Indonesia

In fiscal 2019, a staff member was dispatched to both HSE (Health Safety Environment) construction training and AK3Konstruksi certification program. The Company promotes the improvement of staff members' safety management capabilities to achieve high quality safety management.



| Project Site Visit by Administrative Staff

Employees at the PT NCI Jakarta office visited a project worksite outside of Jakarta. The goal of this visit was to foster communication between administrative personnel and worksite personnel. This visit enabled administrative staff that work in the office to get an immediate feel of worksite conditions and situations.



Safety Conference (all employees and relevant workers)

» Safety Conference

Once a year, the Company holds a safety conference by gathering all employees and relevant workers aimed at improving their safety awareness.

The theme of the 2019 Safety Conference, held in a village resort in Bogor on June 28, 2019 was "Unity, Trust, and Respect." We wish all workers to be safe and secure in all their work. Health and safety are important for improving the social security and benefits of workers, while also contributing positively to construction progress. The participants of this event learned from case examples from NITTOC and the PT NCI project. We expect that this will help in preventing similar accidents in other projects. Furthermore, based on fiscal 2018 safety patrol evaluations, two site engineers and two workers were selected to receive safety awards.

» Communication Activities

We are active in holding recreational activities to foster a sense of unity among employees.



| Recreation Event for Employees and Their Family Members

In November 2019, an event for staff members and their families were held in Ancol Ocean Dream Sumudra, Jakarta, in celebration of the fourth anniversary of PT. NITTOC CONSTRUCTION INDONESIA. Participants enjoyed the meal and participated in games and prize drawings, and cultivated closer and stronger relationships.



| Participation in Jakarta Kizuna (bonding) Ekiden (relay road race) 2019

In September 2019, we participated in the Jakarta Kizuna Ekiden, which is an annual charity event held to promote interaction between Indonesia and Japan. This year, we sent four teams composed of both Japanese and Indonesian staff. The spirit of collaboration from the event also has a positive effect on teamwork at work.

» Employee Training



| Staff training in Japan

In August 2019, our safety and technology staff were dispatched to Japan to learn about NITTOC's safety management, project management, and construction technologies. The objective of this training was to provide all staff with a greater understanding of the importance of safety, and to have them do their utmost to prevent all accidents in all workplaces. To achieve this, we provided training for our staff to ensure that they develop into staff that excel at both safety management and civil engineering.



Introduction of Overseas Construction Projects

Since the Jakarta Representative Office was established in Indonesia, we have accumulated a steady record of undertaking construction projects through the establishment of a subsidiary. We would like to introduce some of the projects we have undertaken in Indonesia.



Asahan No.3 Hydroelectric Power Plant

The Company performed slope protection work in conjunction with the construction of a hydroelectric power plant. The work site of this project is North Sumatra Island.

Orderer	PT PLN
Owner	Shimizu - Adhi Karya JO
Description of the work	Free frame work and mortar spraying
Construction period	September 2019 – Under construction

RDMP RU-V Balikpapan

The Company performed slope protection work within an existing petroleum refinery. The work site of this project is East Kalimantan.



Orderer	PT Pertamina RU V Balikpapan
Owner	PT Bahana Cipta Internusa
Description of the work	Mortar spraying
Construction period	November 2019 – January 2020

Cement Soil Mixing Demonstration Work

The Company took part in an overseas expansion support project of small and medium-sized enterprises in Indonesia. The work site of this project is Dumai.

Orderer	JICA
Owner	PT. HUTAMA KARYA, YBM Co., Ltd.
Description of the work	Middle-depth layer mixing using the GI method
Construction period	June 2019 – July 2019



PATINBAN PORT DEVELOPMENT PROJECT PACKAGE 1

The Company performed grouting for steel pipe piles and beam connection sockets in Patinban Port. The work site of this project is Subang in West Java.

Orderer	Ministry of Transportation, Indonesia
Owner	Penta - TOA - Rinkai - PP - WIKA JO
Description of the work	Grout filling
Construction period	August 2019 – Under construction



» Environmental

Environmental Responsibility

Environmental Policy

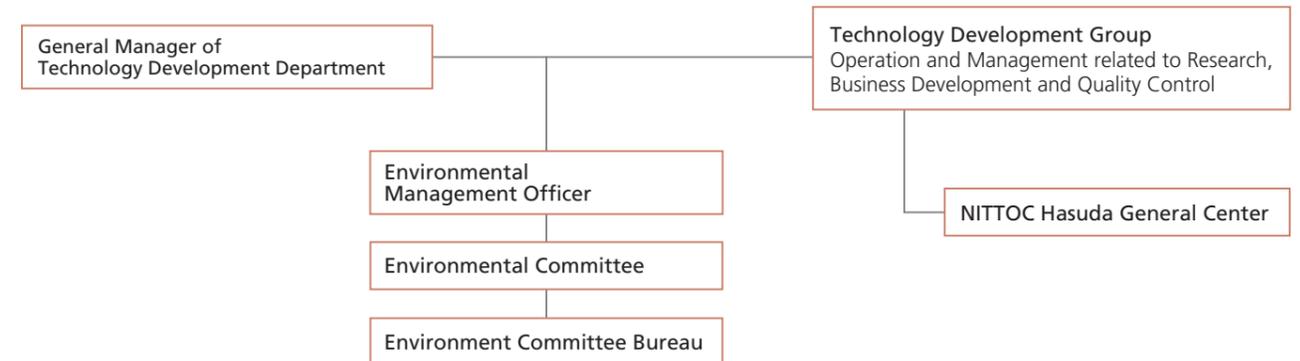
NITTOC has general power with that specializes in <Disaster Prevention and Environmental Conservation>, <Urban Regeneration> and <Maintenance and Renovation>, listed in one of the management philosophy of contributing to the society. Technology Development Department establishes the followings issue as our environmental policy based on our management philosophy.

- Technology Development Department recognizes global environment conservation as one of the business activities. We are aim to reduce the load of global environment by improving the environmental management system.
- Effective utilization of limited resources and reduce the load of environment to be a resource recycling society. We promote

the research, development, design and study to construct an environmental symbiosis society for earth biological including humans.

- Promote all activities about waste reduction, increase recycling rate, resources saving, energy saving, ecosystem conservation, landscape conservation and environmental friendly products utilization.
- Comply with environment related laws and regulations, agreements, customer and industry requirements, actively fulfill social responsibility for environmental protection.
- Education for personnel of Technology Development Department to improve environmental conservation awareness.
- Expose the implementation of environmental policy and environmental conservation activities as needed in order to cooperate with customers and the community.

Operational Organization Diagram of the Technology Development Department Environment Management System



» Landscape Conservation Technology of Cultural Property

Landscape Conservation Technology for Cultural Properties

Our landscape conservation technology helps to restore the landscape while protecting the security of valuable cultural properties and historical sites.

Kiyomizu-dera Temple (Kyoto)

The slope of the Kiyomizu-dera, a World Heritage site, collapsed due to the heavy rain caused by Typhoon Man-yi in September 2013.

In 2014 through 2015, the collapsed slope was reinforced by ground reinforcement work and ground anchor work, and covered with reinforced soil using the Geofiber Method. Plants will grow at the site and the beautiful landscape full of greenery will return soon.



Slope seen from the stage of Kiyomizu-dera Temple



Slope under the Koyasu-no-tou, a National Important Cultural Property

Utsunomiya Castle Site Park (Tochigi)

Utsunomiya Castle Site Park is maintained as an important basis for the revitalization of central downtown areas of the city and urban disaster prevention, with partial restoration of the former Utsunomiya Castle, which is faithful to historical facts, as a main feature.

The Geofiber Method was adopted for the restoration of the earthworks, and the beautiful green earthworks now have been maintained for 10 years since the restoration work was completed.



After the work

Kashima Jingu Shrine (Ibaraki)

The slope of Kashima Jingu Shrine located in Kashima-shi, Ibaraki, collapsed due to the mudslides caused by Typhoon Wipha in October 2013. The Geofiber Method was adopted for the restoration work of the collapsed slope.

The restoration work was completed without fouling the Mitarashi Pond, located at the side of the slope, because no cement was used.



After the work

» Contribution to Society

Aiming to be a company trusted by society, NITTOC is promoting various social contribution activities, of which the major activities are outlined below.

Tohoku Branch: Regeneration and Maintenance Activities for a Seaside Forest Reserve to Prevent Disasters (Miyagi Prefecture, April 2019)

We participate in a reforestation activity for seaside disaster-prevention forests, which were washed away by a tsunami caused by the Tohoku Earthquake & Tsunami. Four years have passed since the planting program started. The trees have grown to a height ranging from 1.5 m to 2 m, depending on the location. Ten employees of the Tohoku Branch worked on maintenance activities such as spreading fertilizer and cutting bottom weeds. Branch members will continue the activity so that the forest will grow to function as a disaster-prevention forest.



Hokuriku Branch - Caisson Pile Construction and Foundation Improvement Worksite Tour (Ishikawa Prefecture, September 2019)

As part of its "Independent Project - Exploring the Materials and Structures of the Future!" activities, three professors and nine students from the School of Sustainable Design, University of Toyama participated in this tour. We showed them the caisson pile construction worksite and foundation improvement (GI column method) worksite of the Hokuriku Shinkansen Hosotsubo Bridge project, explained the construction methods used, and answered their questions. The university has requested that we offer the tour again next year, and we plan to continue offering the tour on an ongoing basis.

Osaka Branch - Regional Cleaning (Kagawa Prefecture, February and March 2020)

We carried out road cleanup activities in the area around the 25 spans of seven bridges in the center of Takamatsu City, Kagawa Prefecture, where we performed bridge concrete flaking prevention work. Five to ten employees and subcontractor employees engaged in the cleanup in the evening after construction work was completed. Because the cleaning area was alongside a road, we gathered many plastic bottles and cigarette butts. We also had a flagman to direct traffic to ensure safety during the cleanup.



» Contribution to Society

Kyushu Branch - 9th Wajiro Tidal Flat Ulva Seaweed Removal Activities(Fukuoka prefecture October 2019)

We participated in cleanup activities to remove the large amounts of ulva seaweed that built up in the Wajiro Tidal Flat, a national wildlife sanctuary in Higashi-ku, Fukuoka City. When large amounts of ulva seaweed accumulate, they cover the tidal flat, making it inhospitable for wildlife such as short-neck clams. Six NITTOC members worked alongside a total of 390 members of the Civil Engineering & Building Work and Cement sections of the Kyushu Electric Partners' Association in the annual ulva cleanup. We picked up roughly 5.7 tons of ulva, although the amount appeared to be less than last year. This was our fourth consecutive year of participation in the activity, and we intend to continue it in the future.



Head Office, Tokyo Branch and Others: Cooperated with a Blood Donation Drive (Tokyo, July 2019)

As with last year, we had a blood donation drive, run by the Japanese Red Cross Tokyo Blood Center in our head office conference room, participated not only by Head Office employees, but also those of the Directly-Controlled Grout Division, Overseas Business Division and Midori Industry Co., Ltd. which are located in the same building. From 10:00 in the morning, many volunteers came to measure their blood pressure and those who passed the checkup with a doctor donated blood. This year, 50 people gave blood, exceeding last year's number of blood donors. We plan to continue holding these blood donation drives in the future.

Subscription to Corporate Membership in C's Athlete (from August 2019)

In August 2019, we became a corporate member of C's Athlete, an employment center for athletes with disabilities. C's Athlete was founded by Aso Humaney Center, a group company of Aso Corporation, with the aim of creating employment opportunities for disabled athletes and promoting sports for persons with disabilities. It also provides support to athletes aiming to take part in the Olympic (Paralympic) Games. We support their mission, and provide support and sponsorship for C's Athlete activities.



» Corporate Governance

Corporate Governance

I. Basic Policy on Corporate Governance

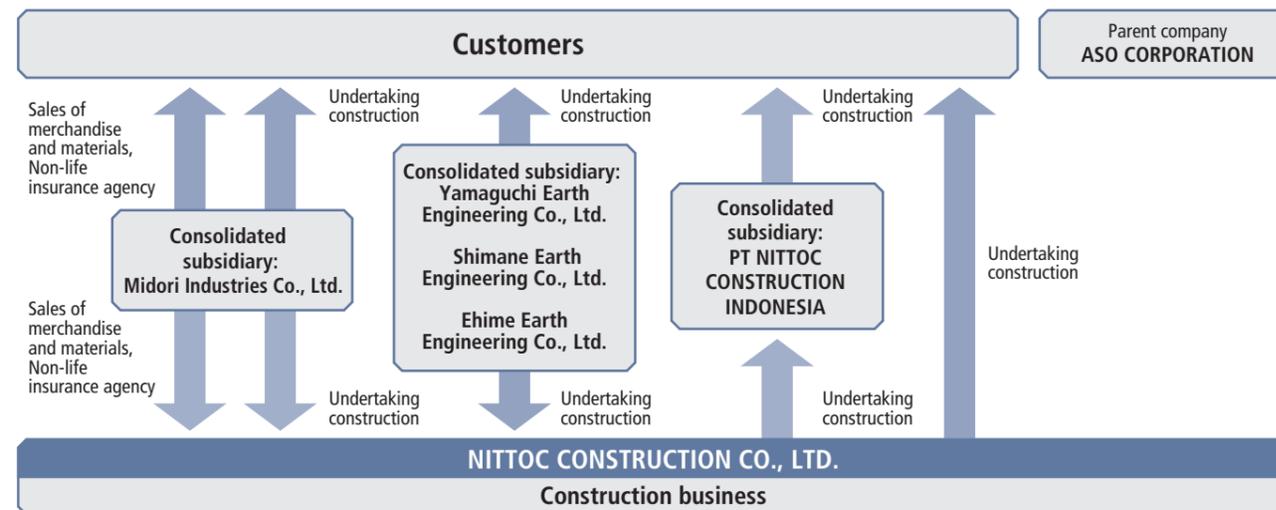
The Company attaches great importance to the interests of all stakeholders supporting its corporate activities and recognizes the importance of corporate ethics that comply not only with various legal norms but also with decency and common sense. At the same time, the Company's basic policy on corporate governance is determined to be the establishment of a corporate organization that can contribute to the development of social infrastructure by raising transparency and the soundness of management through efforts such as sustainable, corporate development; the acquisition of social credibility; and the elimination of illegal payoffs to antisocial groups.

Reason for Adopting the Corporate Governance System

Based on the aforementioned basic policy on corporate governance, we have adopted the corporate governance system described below with the aim of thorough risk management and compliance and improved internal control with regard to swift responses to changes in the business environment, as well as to the decision making, execution and supervision of business operations.

Summary of Our Corporate Governance System

NITTOC's corporate governance system



II. Status of Development of the Internal Control System

To raise the confidence of society and its corporate value, the Company addresses the "reinforcement of internal control (compliance and risk management)" as the most important management task. The Company considers the management are responsible for establishment of the system for ensuring appropriate business operations, and has stipulated the "Basic Policy on an Internal Control System."

The "Basic Policy for Establishing an Internal Control System" refers to the overall commitment regarding such establishment of an internal control system by the Management Strategy Division, whereas the Audit Department is in charge of monitoring the status of the development and operational status of internal controls.

To establish the system for ensuring appropriate financial reporting and monitor such financial reporting, the Internal Control Department is formed under the Management Strategy Division.

The "Basic Policy on an Internal Control System" is regularly reviewed by the Corporate Planning Department, Management Strategy Division, and revised by resolution of the Board of Directors, as required.

» Corporate Governance



MANAGEMENT MEMBERS

1 Directors and Vice President **Yasunobu Okumiya**

2 President and Representative Director **Norihisa Nagai**

3 Directors and Vice President **Akira Sakoda**

4 Director **Hiroshi Yamada**

5 Director **Toshikazu Kawaguchi**

6 Director **Masashi Ootsuka**

7 Director **Yasuo Wada**

8 Director **Iwao Aso**

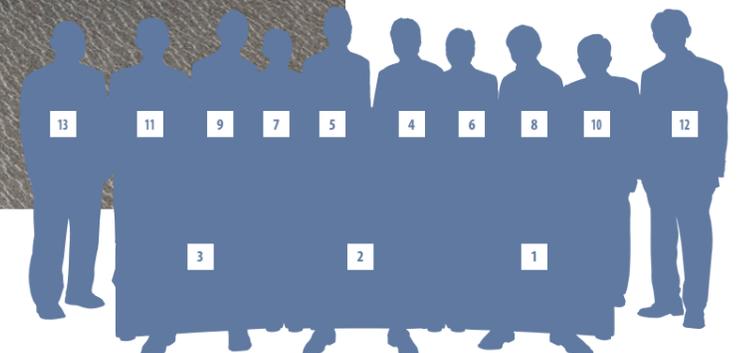
9 Director **Masayuki Watanabe**

10 Director **Katsuo Nakamura**

11 Standing Corporate Auditor **Nobuo Matsumoto**

12 Standing Corporate Auditor **Masayuki Isono**

13 Corporate Auditor **Atsushi Ono**



» Consolidated Financial Statements

Consolidated Financial Statements, etc.

1. Consolidated Financial Statements

1) Consolidated Balance Sheets
March 31, 2019 and 2020

	Millions of yen		Thousands of U.S.Dollars(*)
	2019	2020	2020
Assets			
Current assets			
Cash and deposits	13,346	18,713	171,954
Notes receivable, accounts receivable from completed construction contracts and other	*6 20,218	17,317	159,120
Electronically recorded monetary claims — operating	*6 3,688	2,435	22,381
Merchandise and finished goods	13	14	131
Real estate for sale	0	0	0
Costs on construction contracts in progress	*4 2,002	*4 1,850	17,000
Raw materials and supplies	151	161	1,483
Other	516	512	4,710
Allowance for doubtful accounts	—	(1)	(17)
Total current assets	39,937	41,003	376,767
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	*1 1,837	*1 1,769	16,259
Machinery, vehicles, tools, furniture and fixtures, net	*1 795	*1 897	8,249
Land	2,651	2,652	24,374
Leased assets, net	*1 38	*1 24	221
Construction in progress	60	52	485
Other, net	*3 2	*3 2	18
Total property, plant and equipment	5,385	5,398	49,609
Intangible assets	446	440	4,045
Investments and other assets			
Investment securities	914	791	7,270
Deferred tax assets	1,772	1,966	18,071
Other	666	622	5,716
Allowance for doubtful accounts	(73)	(63)	(585)
Total investments and other assets	3,279	3,316	30,472
Total non-current assets	9,111	9,155	84,126
Total assets	49,048	50,159	460,893

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

	Millions of yen		Thousands of U.S.Dollars(*)
	2019	2020	2020
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	*6 12,810	11,365	104,430
Short-term borrowings	274	274	2,517
Advances received on construction contracts in progress	1,672	2,087	19,178
Lease obligations	15	12	110
Income taxes payable	884	1,189	10,933
Provision for warranties for completed construction	37	41	376
Provision for loss on construction contracts	*4 112	*4 1	9
Provision for bonuses	974	1,370	12,594
Provision for bonuses for directors	23	43	400
Other	2,829	2,830	26,005
Total current liabilities	19,633	19,214	176,557
Non-current liabilities			
Long-term borrowings	552	278	2,554
Lease obligations	21	9	87
Retirement benefit liability	4,125	4,069	37,389
Other	39	37	342
Total non-current liabilities	4,738	4,394	40,374
Total liabilities	24,371	23,608	216,932
Net assets			
Shareholders' equity			
Share capital	6,052	6,052	55,613
Capital surplus	2,022	2,022	18,581
Retained earnings	17,496	19,420	178,444
Treasury shares	(1,055)	(1,056)	(9,704)
Total shareholders' equity	24,515	26,438	242,935
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	277	188	1,732
Foreign currency translation adjustment	(26)	(79)	(731)
Remeasurements of defined benefit plans	(226)	(158)	(1,458)
Total accumulated other comprehensive income	24	(49)	(457)
Non-controlling interests	137	161	1,483
Total net assets	24,676	26,550	243,961
Total liabilities and net assets	49,048	50,159	460,893

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

» Consolidated Financial Statements

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income
Fiscal Years Ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S.Dollars(*)
	2019	2020	2020
Net sales			
Net sales of completed construction contracts	63,119	65,361	600,581
Sales in other business	144	155	1,427
Total net sales	63,264	65,516	602,009
Cost of sales			
Cost of sales of completed construction contracts	*1 52,382	*1 53,161	488,484
Cost of sales in other businesses	62	59	545
Total cost of sales	52,445	53,221	489,030
Gross profit			
Gross profit on completed construction contracts	10,736	12,199	112,097
Gross profit - other business	82	95	881
Total gross profit	10,819	12,295	112,978
Selling, general and administrative expenses	*2,3 6,848	*2,3 7,392	67,923
Operating profit	3,970	4,903	45,055
Non-operating income			
Interest income	9	17	160
Dividend income	31	33	307
Patent income	32	18	166
Other	13	14	133
Total non-operating income	87	83	768
Non-operating expenses			
Interest expenses	12	9	85
Guarantee commission	30	27	256
Foreign exchange losses	5	63	585
Commission for syndicated loans	5	5	49
Other	0	0	6
Total non-operating expenses	53	106	982
Ordinary profit	4,004	4,880	44,841
Extraordinary income			
Gain on sales of non-current assets	*4 5	*4 20	184
Total extraordinary income	5	20	184
Extraordinary losses			
Loss on retirement of non-current assets	*5 1	*5 23	216
Impairment loss	*6 7	-	-
Total extraordinary losses	9	23	216
Profit before income taxes	4,000	4,876	44,809
Income taxes - current	1,388	1,750	16,082
Income taxes - deferred	(127)	(185)	(1,702)
Total income taxes	1,260	1,564	14,379
Profit	2,740	3,311	30,429
Profit attributable to non-controlling interests	18	53	487
Profit attributable to owners of parent	2,721	3,258	29,942

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

Consolidated Statements of Comprehensive Income
Fiscal Years Ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S.Dollars(*)
	2019	2020	2020
Profit	2,740	3,311	30,429
Other comprehensive income			
Valuation difference on available-for-sale securities	(27)	(88)	(815)
Foreign currency translation adjustment	5	(81)	(752)
Remeasurements of defined benefit plans, net of tax	38	68	626
Total other comprehensive income	*1 15	*1 (102)	(941)
Comprehensive income	2,755	3,209	29,488
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	2,735	3,184	29,264
Comprehensive income attributable to non-controlling interests	20	24	224

*Refer to the note "Significant Items on Basis for Preparation of Consolidated Financial Statements."

» Consolidated Financial Statements

3. Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,052	2,022	16,109	(1,054)	23,130
Changes during period					
Dividends of surplus			(1,334)		(1,334)
Profit attributable to owners of parent			2,721		2,721
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	–	0	1,386	(0)	1,385
Balance at end of period	6,052	2,022	17,496	(1,055)	24,515

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	305	(29)	(265)	10	116	23,256
Changes during period						
Dividends of surplus						(1,334)
Profit attributable to owners of parent						2,721
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(27)	3	38	13	20	34
Total changes during period	(27)	3	38	13	20	1,420
Balance at end of period	277	(26)	(226)	24	137	24,676

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,052	2,022	17,496	(1,055)	24,515
Changes during period					
Dividends of surplus			(1,334)		(1,334)
Profit attributable to owners of parent			3,258		3,258
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,923	(0)	1,922
Balance at end of period	6,052	2,022	19,420	(1,056)	26,438

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	277	(26)	(226)	24	137	24,676
Changes during period						
Dividends of surplus						(1,334)
Profit attributable to owners of parent						3,258
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(88)	(53)	68	(73)	24	(49)
Total changes during period	(88)	(53)	68	(73)	24	1,873
Balance at end of period	188	(79)	(158)	(49)	161	26,550

» Consolidated Financial Statements

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Thousands of U.S.Dollars(*))

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	55,613	18,581	160,766	(9,696)	225,266
Changes during period					
Dividends of surplus			29,942		29,942
Profit attributable to owners of parent			(12,264)		(12,264)
Purchase of treasury shares				(8)	(8)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	17,677	(8)	17,699
Balance at end of period	55,613	18,581	178,444	(9,704)	242,935

(Thousands of U.S.Dollars(*))

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,547	(242)	(2,084)	220	1,259	226,746
Changes during period						
Dividends of surplus						29,942
Profit attributable to owners of parent						(12,264)
Purchase of treasury shares						(8)
Net changes in items other than shareholders' equity	(815)	(489)	626	(678)	224	(454)
Total changes during period	(815)	(489)	626	(678)	224	17,215
Balance at end of period	1,732	(731)	(1,458)	(457)	1,483	243,961

4. Consolidated Statements of Cash Flows

Fiscal Years Ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S.Dollars(*)
	2019	2020	2020
Cash flows from operating activities			
Profit before income taxes	4,000	4,876	44,809
Depreciation	324	380	3,498
Increase (decrease) in allowance for doubtful accounts	(15)	(1)	(13)
Increase (decrease) in provision for warranties for completed construction	29	3	33
Increase (decrease) in provision for loss on construction contracts	79	(110)	(1,019)
Increase (decrease) in provision for bonuses	77	396	3,640
Increase (decrease) in provision for bonuses for directors (and other officers)	23	19	182
Increase (decrease) in retirement benefit liability	169	41	383
Loss (gain) on sales of property, plant and equipment	(5)	(20)	(184)
Loss on retirement of non-current assets	1	23	216
Interest and dividend income	(41)	(51)	(468)
Interest expenses	12	9	85
Foreign exchange losses (gains)	2	76	701
Impairment loss	7	–	–
Decrease (increase) in trade receivables	772	4,140	38,049
Decrease (increase) in costs on construction contracts in progress	(529)	149	1,371
Decrease (increase) in other assets	(9)	(11)	(104)
Increase (decrease) in trade payables	30	(1,328)	(12,210)
Increase (decrease) in advances received on construction contracts in progress	502	419	3,857
Increase (decrease) in accrued consumption taxes	(1,626)	661	6,078
Increase (decrease) in other liabilities	741	(725)	(6,669)
Subtotal	4,548	8,949	82,236
Interest and dividends income received	41	48	443
Interest paid	(12)	(9)	(86)
Income taxes paid	(1,468)	(1,631)	(14,987)
Net cash provided by (used in) operating activities	3,108	7,357	67,606
Cash flows from investing activities			
Purchase of investment securities	(4)	(4)	(40)
Purchase of property, plant and equipment	(1,260)	(251)	(2,308)
Proceeds from sales of property, plant and equipment	59	24	225
Payments for retirement of property, plant and equipment	–	(5)	(46)
Purchase of intangible assets	(53)	(14)	(131)
Collection of loans receivable	8	34	316
Payments of guarantee deposits	(14)	(17)	(160)
Proceeds from refund of guarantee deposits	5	6	60
Other payments	–	(3)	(33)
Other proceeds	8	13	(122)
Net cash provided by (used in) investing activities	(1,252)	(217)	(1,995)

» Consolidated Financial Statements

	Millions of yen		Thousands of U.S.Dollars(*)
	2019	2020	2020
Cash flows from financing activities			
Repayments of long-term borrowings	(274)	(274)	(2,517)
Repayments of lease obligations	(20)	(15)	(144)
Proceeds from disposal of treasury shares	0	–	–
Purchase of treasury shares	(0)	(0)	(8)
Dividends paid	(1,329)	(1,334)	(12,263)
Net cash provided by (used in) financing activities	(1,624)	(1,625)	(14,933)
Effect of exchange rate change on cash and cash equivalents	0	(148)	(1,359)
Net increase (decrease) in cash and cash equivalents	231	5,367	49,316
Cash and cash equivalents at beginning of period	13,114	13,346	122,637
Cash and cash equivalents at end of period	*1 13,346	*1 18,713	171,954

Notes

(Basis of Presenting Consolidated Financial Statements)

The accompanying consolidated financial statements have been prepared from the accounts maintained by NITTO CONSTRUCTION CO., LTD. (the "Company") and its consolidated subsidiaries (collectively, the "Group") in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥108.83 to US\$1.00, the approximate rate of exchange on March 31, 2020. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

(Going-Concern Assumption)

Not applicable

(Significant Items on Basis for Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

Number of consolidated subsidiaries: 5
 Midori Industries Co., Ltd.
 Yamaguchi Earth Engineering Co., Ltd.
 Shimane Earth Engineering Co., Ltd.
 Ehime Earth Engineering Co., Ltd.
 PT NITTO CONSTRUCTION INDONESIA

2. Application of the Equity Method

Not applicable

3. Fiscal Years, etc. of Consolidated Subsidiaries

The year-end date of the fiscal year of the consolidated subsidiaries is March 31, which is the same as the consolidated balance sheet date.

4. Accounting Policies

(1) Valuation standard and valuation method for significant assets

- 1) Securities
 - Held-to-maturity debt securities
Amortized cost method (by the straight-line method)
 - Available-for-sale securities
Securities with market quotations:
Valued at fair market value as of the consolidated fiscal year-end date (All changes in valuation difference are included directly in net assets. Cost of securities sold is determined by the moving-average method).
 - Securities without market quotations:
Valued at cost based on the moving-average method.
- 2) Inventories
 - Merchandise
Stated at cost using the first-in first-out method (The figures shown in the consolidated balance sheets have been calculated by writing down the book value based on the decline in profitability.)
 - Real estate for sale
Stated at cost using the specific identification method (The figures shown in the consolidated balance sheets have been calculated by writing down the book value based on the decline in profitability.)
 - Costs on construction contracts in progress
Stated at cost using the specific identification method
 - Raw materials and supplies
Stated at cost using the first-in first-out method (The figures shown in the consolidated balance sheets have been calculated by writing down the book value based on the decline in profitability.)

(2) Depreciation methods of major depreciable assets

- 1) Property, plant and equipment (excluding leased assets): The declining-balance method is applied.
However, the straight-line method is adopted for buildings acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016, and for machinery equipment. The useful lives and the residual value are based on standards in accordance with methods stipulated in the Corporation Tax Act.
- 2) Intangible assets (excluding leased assets): The straight-line method is applied.
The useful lives are based on standards in accordance with methods stipulated in the Corporation Tax Act. Computer software for internal use is amortized by the straight-line method over the estimated internal useful life (five years).

» Consolidated Financial Statements

3) Leased assets

The same depreciation method as that applied to non-current assets owned by the Company is adopted for leased assets of finance lease transactions where ownership of leased assets is transferred to the lessee.
The straight-line method, in which the lease period is utilized as the useful life assuming the residual value is zero, is adopted for the leased assets of finance lease transactions without transfer of ownership.

(3) Accounting procedure for deferred assets

Deferred organization expenses and business commencement expenses are fully charged to income as incurred.

(4) Recognition standards for significant reserves

1) Allowance for doubtful accounts

The allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables based on past bad debt experience for general receivables, and by individually considering the collectibility for certain doubtful receivables including loans with potential default to prepare for possible loan losses including trade receivables and loans receivable.

2) Provision for warranties for completed construction

The provision for warranties for completed construction is recorded at an amount based on the estimated compensation amount regarding the completed construction contracts for the consolidated fiscal year under review to prepare for expenses such as warranty against defects relative to completed construction works.

3) Provision for loss on construction contracts

The provision for loss on construction contracts is recorded at an estimated loss amount regarding construction works on hand at the end of the consolidated fiscal year under review for which loss is expected, and for which the amount can be reasonably estimated, to prepare for possible losses from construction contracts that the Group has received orders thereof.

4) Provision for bonuses

The provision for bonuses is recorded at an amount of possible disbursement corresponding to the consolidated fiscal year under review based on the estimated amount to provide for bonuses to employees.

5) Provision for bonuses for directors

The provision for bonuses for directors is recorded at an amount of possible disbursement corresponding to the consolidated fiscal year under review based on the estimated amount to provide for bonuses to eligible directors.

(5) Accounting procedure for retirement benefits

1) Method of allocating the projected retirement benefits to periods

In calculating the projected benefit obligation, the benefit formula basis is used to allocate the projected retirement benefits to periods up to the end of the consolidated fiscal year under review.

2) Amortization method for actuarial gains/losses and prior service cost

Actuarial gains or losses are amortized for the pro-rata amount computed by the straight-line method over a certain period (10 years) within the average remaining service period of employees at the time of recognition, commencing from the consolidated fiscal year following the recognition.

The prior service cost is amortized by the straight-line method over a certain period (10 years) within the average remaining service period of employees at the time of recognition, commencing from the consolidated fiscal year following the recognition.

3) Adoption of the simplified method for small and medium-sized entities

For the calculation of retirement benefit liability and retirement benefit expenses, the consolidated subsidiaries of the Company have adopted the simplified method, according to which the amount of payables for voluntary retirement of all employees at the end of the period is treated as projected benefit obligation.

(6) Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates on the consolidated fiscal year-end date, and differences arising from such translation are charged to income.

The asset and liability accounts of the overseas subsidiaries are translated into Japanese yen at the spot exchange rates as of the consolidated fiscal year-end date. The revenue and expense accounts of the overseas subsidiaries are translated into Japanese yen based on the average exchange rate during the consolidated fiscal year under review, and differences arising from such translation are included in "Foreign currency translation adjustment" and "Non-controlling interests" as separate components of "Net assets."

(7) Recognition standards for significant revenues and expenses

Recognition standards for net sales of completed construction contracts and cost of sales of completed construction contracts

1) Works for which the outcome of the construction activity is deemed certain with regard to the portion of construction in progress by the end of the consolidated fiscal year under review

The percentage-of-completion method has been applied to such works (the degree of completion of construction is estimated by the cost-to-cost method).

2) Other works

The completed-contract method has been applied.

Net sales of completed construction contracts, to which the percentage-of-completion method was applied, were ¥44,421 million (\$408,168 thousand) for the consolidated fiscal year under review.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, bank deposits available for withdrawal on demand and readily convertible short-term investments with maturities of three months or less, which are exposed to minor risk of fluctuation in value.

(9) Other items of significance concerning the preparation of consolidated financial statements

1) Accounting procedure for consumption taxes and others

Transactions subject to consumption tax and local consumption tax are recorded at amounts exclusive of the consumption taxes.

2) Application of consolidated taxation system

The consolidated taxation system is applied.

3) Application of tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system

As for the items subject to the transition to the group tax sharing system established under the Act for Partial Amendment to the Income Tax Act, etc., (Act No. 8 of 2020), as well as to the revision of the non-consolidated taxation system in association therewith, the Company and its domestic consolidated subsidiaries have not applied the provisions of Section 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28 issued on February 16, 2018), but applied the provisions of the Income Tax Act before the amendment to the amounts of deferred tax assets and deferred tax liabilities, by virtue of Section 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39 issued on March 31, 2020).

(Unapplied Accounting Standards, etc.)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 30, 2018)

- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 issued on March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards for revenue recognition and publicly released "Revenue from Contracts with Customers" (IFRS No. 15 for IASB; Topic 606 for FASB) in May 2014. Taking into account the circumstances in which IFRS No. 15 became applicable from the fiscal year beginning on January 1, 2018, or later, and Topic 606 became applicable from the fiscal year beginning after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and announced them together with the implementation guidance.

As a basic guideline for developing accounting standards for revenue recognition, the ASBJ's starting point in prescribing accounting standards was to adopt the basic principles under IFRS No. 15, from the perspective of comparability among financial statements, which is one of the benefits in ensuring consistency with IFRS No. 15. In addition, it was determined that an alternative treatment shall be added within the scope of not impairing such comparability in case there are any items to which attention should be paid to practices, etc., previously implemented in Japan.

(2) Scheduled date of application

To be applied from the beginning of the consolidated fiscal year ending March 31, 2022.

(3) Impact of applying the said accounting standards, etc.

The impact of applying the "Accounting Standard for Revenue Recognition," etc., on the consolidated financial statements is currently being evaluated.

(Accounting Standards for Fair Value Measurement, etc.)

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019)

- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 4, 2019)

- Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019)

- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on July 4, 2019)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have developed detailed guidance with practically the same contents for fair value measurement (IFRS No. 13 "Fair Value Measurement" under the International Financial Reporting Standards, and Accounting Standards Codification Topic 820 "Fair Value Measurement" under US GAAP, respectively). Given these circumstances, the Accounting Standards Board of Japan (ASBJ) issued the "Accounting Standard for Fair Value Measurement," etc. in order to ensure the consistency with international accounting standards with regard to the guidance and disclosures of fair value of financial instruments.

The fundamental policy for developing these accounting standards by the ASBJ was that these accounting standards would basically incorporate all provisions of IFRS No. 13 from the perspective of improving the domestic and international comparability of financial statements between companies, through the use of a unified calculation method. On the other hand, by taking into consideration the Japanese accounting practice, the ASBJ determined that separate accounting treatment for specific items would be adopted within a range that would not impair the comparability of financial statements.

(2) Scheduled date of application

To be applied from the beginning of the consolidated fiscal year ending March 31, 2022.

(3) Impact of applying the said accounting standards, etc.

The impact of applying the "Accounting Standard for Fair Value Measurement," etc. on the consolidated financial statements is currently undetermined.

(Additional Information)

(Accounting estimates related to the impact of the COVID-19 pandemic)

Assuming that the impact of the COVID-19 pandemic will continue for at least a certain length of time, the Group reflects these accounting estimates in its accounting treatments. However, the impact of the COVID-19 pandemic contains numerous uncertainties, and they could impact the Group's financial condition and operating results of the following fiscal year.

» Consolidated Financial Statements

(Consolidated Balance Sheets)

*1 Accumulated depreciation of property, plant and equipment

As of March 31		
2019	2020	2020
¥6,741 million	¥6,984 million	\$64,179 thousand

2 Contingent liabilities

(1) The Company guarantees loans payable for the purchase of its properties for sale.

As of March 31				
2019	2020	2020	2020	2020
4 properties	¥3 million	2 properties	¥1 million	\$11 thousand

(2) The Company guarantees housing funds, the loans payable of its employees borrowed from banks, in accordance with the Housing Loan Financing Rules.

As of March 31		
2019	2020	2020
¥3 million	¥1 million	\$17 thousand

*3 Reduction entry

The amount of reduction entry, which is subtracted from the acquisition prices of property, plant and equipment due to acceptance of a state subsidy, and the breakdown thereof were as follows:

As of March 31			
2019	2020	2020	2020
Other	¥2 million	¥2 million	\$18 thousand

*4 Presentation of inventories and provision for loss on construction contracts

Fiscal year ended March 31, 2019 (As of March 31, 2019)

Both the costs on construction contracts in progress and the provision for loss on construction contracts, which are related to construction contracts that are expected to generate losses, are presented without offsetting each other.

Of the costs on construction contracts in progress relating to construction contracts that are expected to generate losses, the amount corresponding to the provision for loss on construction contracts is ¥21 million.

Fiscal year ended March 31, 2020 (As of March 31, 2020)

Both the costs on construction contracts in progress and the provision for loss on construction contracts, which are related to construction contracts that are expected to generate losses, are presented without offsetting each other.

Of the costs on construction contracts in progress relating to construction contracts that are expected to generate losses, the amount corresponding to the provision for loss on construction contracts is ¥1 million (\$9 thousand).

5 Commitment line agreements

The Company has entered into commitment line agreements with our four banks to facilitate efficient fund procurement of working capital.

The unused balance of the borrowings relative to the commitment line agreements as of March 31 was as follows:

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Total amount of the commitment line	2,200	2,200	20,215
Balance of executed loans	–	–	–
Unused balance	2,200	2,200	20,215

*6 Notes, etc., matured at the end of the fiscal year under review were settled as of the clearance date or settlement date. The following notes, etc., matured at the end of the fiscal year are included in the balance as the last day of the fiscal year fell on a bank holiday.

As of March 31			
	2019	2020	2020
Notes receivable	¥270 million	– million	\$– thousand
Electronically recorded monetary claims — operating	¥22 million	– million	\$– thousand
Notes payable	¥420 million	– million	\$– thousand

(Consolidated Statements of Income)

*1 Provision for loss on construction contracts included in the cost of sales of completed construction contracts

Fiscal year ended March 31		
2019	2020	2020
¥81 million	¥(48) million	\$(449) thousand

*2 Major expense items of selling, general and administrative expenses and their amounts were as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Provision for bonuses for directors (and other officers)	23	43	400
Employees' salaries and allowances	2,746	2,873	26,402
Provision for bonuses	396	538	4,949
Retirement benefit expenses	247	256	2,358
Provision of allowance for doubtful accounts	(15)	(0)	(2)

*3 Research and development expenses included in general and administrative expenses

Fiscal year ended March 31		
2019	2020	2020
¥241 million	¥372 million	\$3,424 thousand

*4 The breakdown of gain on sales of non-current assets was as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Buildings and structures	0	–	–
Machinery, vehicles, tools, furniture and fixtures	1	20	184
Land	4	–	–
Total	5	20	184

*5 The breakdown of loss on retirement of non-current assets was as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2018	2019	2019
Buildings and structures	1	19	181
Machinery, vehicles, tools, furniture and fixtures	0	0	0
Intangible assets (software)	–	3	34
Total	1	23	216

» Consolidated Financial Statements

*6 Impairment loss

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

For the fiscal year ended March 31, 2019, the Company reported impairment loss for the following asset group.

Use	Type	Location	Impairment loss
			Millions of yen
Assets planned to be sold	Buildings and structures, and land	Takamatsu-shi, Kagawa	7

(Grouping method)

The Company has, in principle, grouped business-use assets by department/branch which are the minimum profit-reporting unit and grouped shared assets such as the head office by the entire business as a profit-reporting unit. Meanwhile, the Company has separately grouped individual assets such as assets planned to be sold and idle assets.

(Breakdown of impairment loss recognized)

Millions of yen	
Building and structures	0
Land	6
Total	7

(Background)

The Company, at its Board of Directors meeting, resolved to sell said non-current assets. Consequently, the Company reported an impairment loss because the value of said assets became lower than their recoverable amounts.

(Calculation method of recoverable amounts)

Recoverable amounts for assets planned to be sold are measured by using the net selling price, and the net selling prices are determined based on their selling prices, etc., under the relevant respective contracts.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

Not applicable

(Consolidated Statements of Comprehensive Income)

*1 Amounts of reclassification and the tax-effect equivalent in relation to "Other comprehensive income"

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Valuation difference on available-for-sale securities			
Accrued in the fiscal year	(40)	(127)	(1,174)
Amount of reclassification	–	–	–
Before tax-effect adjustment	(40)	(127)	(1,174)
Amount of tax-effect equivalent	12	39	359
Valuation difference on available-for-sale securities	(27)	(88)	(815)
Foreign currency translation adjustment			
Accrued in the fiscal year	5	(81)	(752)
Foreign currency translation adjustment	5	(81)	(752)
Remeasurements of defined benefit plans			
Accrued in the fiscal year	7	31	292
Amount of reclassification	47	66	609
Before tax-effect adjustment	55	98	902
Amount of tax-effect equivalent	(16)	(30)	(276)
Remeasurements of defined benefit plans, net of tax	38	68	626
Total other comprehensive income	15	(102)	(941)

(Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

1. Class and total number of issued shares and of treasury shares

Fiscal year ended March 31, 2019	Number of shares at the beginning	Increase in number of shares	Decrease in number of shares	Number of shares at the end
Issued shares				
Common shares	43,919,291	–	–	43,919,291
Total	43,919,291	–	–	43,919,291
Treasury shares				
Common shares	2,206,981	1,400	125	2,208,256
Total	2,206,981	1,400	125	2,208,256

Notes:

- The increase in number of treasury shares represents the increase from the purchase of less-than-one-unit shares.
- The decrease in number of treasury shares represents the decrease due to sales of the Company's own shares in response to the request for additional purchase of less-than-one-unit shares by shareholders.

» Consolidated Financial Statements

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 22, 2018	Common shares	¥1,001 million	Retained earnings	¥24.00	March 31, 2018	June 25, 2018
Board of Directors meeting held on November 8, 2018	Common shares	¥333 million	Retained earnings	¥8.00	September 30, 2018	November 30, 2018

(2) Dividends for which the record date is during the consolidated fiscal year under review but for which the effective date is after the end of the consolidated fiscal year under review

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 21, 2019	Common shares	¥917 million	Retained earnings	¥22.00	March 31, 2019	June 24, 2019

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

1. Class and total number of issued shares and of treasury shares

Fiscal year ended March 31, 2020	Number of shares at the beginning	Increase in number of shares	Decrease in number of shares	Number of shares at the end
Issued shares				
Common shares	43,919,291	-	-	43,919,291
Total	43,919,291	-	-	43,919,291
Treasury shares				
Common shares	2,208,256	1,255	-	2,209,511
Total	2,208,256	1,255	-	2,209,511

Notes: The increase in number of treasury shares represents the increase from the purchase of less-than-one-unit shares.

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 21, 2019	Common shares	¥917 million (\$8,431 thousand)	Retained earnings	¥22.00	March 31, 2019	June 24, 2019
Board of Directors meeting held on November 8, 2019	Common shares	¥417 million (\$3,832 thousand)	Retained earnings	¥10.00	September 30, 2019	November 29, 2019

(2) Dividends for which the record date is during the consolidated fiscal year under review but for which the effective date is after the end of the consolidated fiscal year under review

Resolution	Class of shares	Total dividends	Source of dividends	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting on June 25, 2020	Common shares	¥1,167 million (\$10,731 thousand)	Retained earnings	¥28.00	March 31, 2020	June 26, 2020

(Consolidated Statements of Cash Flows)

*1 A reconciliation of the balance of cash and cash equivalents in the consolidated statements of cash flows to cash and deposits included in the consolidated balance sheets

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Cash and deposits	13,346	18,713	171,954
Cash and cash equivalents	13,346	18,713	171,954

(Lease Transactions)

(Lessee)

Finance lease transactions that transfer ownership

1. Details of leased assets

Property, plant and equipment

Consist of machinery and equipment.

2. Depreciation method of leased assets

As described in the "(Significant Items on Basis for Preparation of Consolidated Financial Statements)

4. Accounting Policies (2) Depreciation methods of major depreciable assets."

Finance lease transactions that do not transfer ownership

1. Details of leased assets

Property, plant and equipment

Consist mainly of machinery and equipment.

2. Depreciation method of leased assets

As described in the "(Significant Items on Basis for Preparation of Consolidated Financial Statements)

4. Accounting Policies (2) Depreciation methods of major depreciable assets."

(Financial Instruments)

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group holds a policy to procure working capital, which is necessary to pursue business purposes, in the form of borrowings from banks and invests temporary surplus funds in short-term deposits, etc. The Group utilizes derivatives within the limit of actual demand and not for speculative purposes. In the consolidated fiscal year under review, no derivative transactions were utilized.

(2) Description of financial instruments and related risks

Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating, which are trade receivables, are exposed to the credit risk of the respective counterparties. Investment securities are mainly stocks of companies with which the Company holds business relationships, and are exposed to market price fluctuation risk.

Notes payable, accounts payable for construction contracts and other, which are trade payables, generally entail the concentrated due date for payments and are exposed to liquidity risk. Borrowings as funds for capital investments are exposed to market price fluctuation risk (interest rate risk) and liquidity risk.

(3) Risk management system for financial instruments

1) Management of credit risk (default risk of the counterparties)

The Group regularly monitors notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating regarding main counterparties at the relevant departments/sections in accordance with the Credit Exposure Management Rules and the Credit Management Manual. In addition to the management of credit balances by counterparty, the Group works to early grasp and reduce recovery concerns due to the aggravation of financial positions at the counterparties.

2) Management of market risk (market price fluctuation risk)

The Group regularly checks the current market value of shares included in the category of investment securities and makes efforts to comprehend the financial positions of the issuers (counterparties) and continuously reviews the holding status of such investment securities by taking into account market conditions and the relationship with the respective counterparties.

3) Management of liquidity risk (the risk of non-repayment on the due date) relating to fund procurement

At the Group, the Accounting Department prepares and renews the cash-flow plan based on the reports from the respective departments/sections. The department also manages liquidity risk with measures such as the maintenance of liquidity on hand and entering into commitment line agreements with our banks.

» Consolidated Financial Statements

2. Market Values of Financial Instruments

The carrying value in the consolidated balance sheets, the market value and the difference thereof as of March 31, 2019, were as follows. Financial instruments for which it is deemed extremely difficult to measure the market value are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	13,346	13,346	-
(2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating	23,906	23,906	-
(3) Investment securities Available-for-sale securities	768	768	-
Total assets	38,022	38,022	
(1) Notes payable, accounts payable for construction contracts and other	12,810	12,810	-
(2) Short-term borrowings	274	274	-
(3) Long-term borrowings	552	552	-
Total liabilities	13,636	13,636	-
Derivative transactions	-	-	-

Notes:

1. Calculation method of the market value of financial instruments, as well as securities and derivative transactions

Assets

- (1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating
As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.
- (3) Investment securities
The market value of investment securities is based on the prices listed at stock exchanges. For details of securities by holding purpose, please refer to the notes titled "Securities."

Liabilities

- (1) Notes payable, accounts payable for construction contracts and other
As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.
- (2) Short-term borrowings
As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.
- (3) Long-term borrowings
As these instruments were determined with reference to fixed interest rates and the credit standing of the Company has not changed much following similar new borrowings. Accordingly, as their market values and book values are considered to be similar, their book values are assumed as their market values.

Derivative transactions

The Group conducts no derivative transactions.

2. Financial instruments for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets (Millions of yen)
Available-for-sale securities (unlisted stocks)	145

The above securities are not included in "(3) Investment securities" because they have no market prices and it is deemed extremely difficult to measure their market values.

3. Redemption schedules for monetary receivables and securities with maturity dates after the consolidated balance sheet date (March 31, 2019)

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	13,346	-	-	-
Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating	23,906	-	-	-
Investment securities Available-for-sale securities with maturity dates	-	-	-	-
Total	37,253	-	-	-

4. The repayment schedules for borrowings and lease obligations after the consolidated balance sheet date (March 31, 2019) are shown in the "Schedule of Borrowings," a consolidated supplementary statement.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

1. Status of Financial Instruments

(1) Policies on financial instruments

The Group holds a policy to procure working capital, which is necessary to pursue business purposes, in the form of borrowings from banks and invests temporary surplus funds in short-term deposits, etc. The Group utilizes derivatives within the limit of actual demand and not for speculative purposes. In the consolidated fiscal year under review, no derivative transactions were utilized.

(2) Description of financial instruments and related risks

Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating, which are trade receivables, are exposed to the credit risk of the respective counterparties. Investment securities are mainly stocks of companies with which the Company holds business relationships, and are exposed to market price fluctuation risk. Notes payable, accounts payable for construction contracts and other, which are trade payables, generally entail the concentrated due date for payments and are exposed to liquidity risk. Borrowings as funds for capital investments are exposed to market price fluctuation risk (interest rate risk) and liquidity risk.

(3) Risk management system for financial instruments

1) Management of credit risk (default risk of the counterparties)

The Group regularly monitors notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating regarding main counterparties at the relevant departments/sections in accordance with the Credit Exposure Management Rules and the Credit Management Manual. In addition to the management of credit balances by counterparty, the Group works to early grasp and reduce recovery concerns due to the aggravation of financial positions at the counterparties.

2) Management of market risk (market price fluctuation risk)

The Group regularly checks the current market value of shares included in the category of investment securities and makes efforts to comprehend the financial positions of the issuers (counterparties) and continuously reviews the holding status of such investment securities by taking into account market conditions and the relationship with the respective counterparties.

3) Management of liquidity risk (the risk of non-repayment on the due date) relating to fund procurement

At the Group, the Accounting Department prepares and renews the cash-flow plan based on the reports from the respective departments/sections. The department also manages liquidity risk with measures such as the maintenance of liquidity on hand and entering into commitment line agreements with our banks.

» Consolidated Financial Statements

2. Market Values of Financial Instruments

The carrying value in the consolidated balance sheets, the market value and the difference thereof as of March 31, 2020, were as follows. Financial instruments for which it is deemed extremely difficult to measure the market value are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	18,713	18,713	-
(2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating	19,752	19,752	-
(3) Investment securities Available-for-sale securities	645	645	-
Total assets	39,112	39,112	-
(1) Notes payable, accounts payable for construction contracts and other	11,365	11,365	-
(2) Short-term borrowings	274	274	-
(3) Long-term borrowings	278	278	-
Total liabilities	11,917	11,917	-
Derivative transactions	-	-	-

(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	171,954	171,954	-
(2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating	181,501	181,501	-
(3) Investment securities Available-for-sale securities	5,931	5,931	-
Total assets	359,387	359,387	-
(1) Notes payable, accounts payable for construction contracts and other	104,430	104,430	-
(2) Short-term borrowings	2,517	2,517	-
(3) Long-term borrowings	2,554	2,554	-
Total liabilities	109,502	109,502	-
Derivative transactions	-	-	-

Notes:

1. Calculation method of the market value of financial instruments, as well as securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(3) Investment securities

The market value of investment securities is based on the prices listed at stock exchanges.

For details of securities by holding purpose, please refer to the notes titled "Securities."

Liabilities

(1) Notes payable, accounts payable for construction contracts and other

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(2) Short-term borrowings

As these instruments are settled within a short term and their market values and book values are similar, their book values are assumed as their market values.

(3) Long-term borrowings

As these instruments were determined with reference to fixed interest rates and the credit standing of the Company has not changed much following similar new borrowings. Accordingly, as their market values and book values are considered to be similar, their book values are assumed as their market values.

Derivative transactions

The Group conducts no derivative transactions.

2. Financial instruments for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets	
Available-for-sale securities (unlisted stocks)	¥145 million	\$1,339 thousand

The above securities are not included in "(3) Investment securities" because they have no market prices and it is deemed extremely difficult to measure their market values.

3. Redemption schedules for monetary receivables and securities with maturity dates after the consolidated balance sheet date (March 31, 2020)

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	18,713	-	-	-
Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating	19,752	-	-	-
Investment securities				
Available-for-sale securities with maturity dates	-	-	-	-
Total	38,466	-	-	-

(Thousands of U.S.Dollars)

	Within one year	Over one year and within five years	Over five years and within 10 years	Over 10 years
Cash and deposits	171,954	-	-	-
Notes receivable, accounts receivable from completed construction contracts and other, and electronically recorded monetary claims - operating	181,501	-	-	-
Investment securities				
Available-for-sale securities with maturity dates	-	-	-	-
Total	353,456	-	-	-

4. The repayment schedules for borrowings and lease obligations after the consolidated balance sheet date (March 31, 2020) are shown in the "Schedule of Borrowings," a consolidated supplementary statement.

» Consolidated Financial Statements

(Securities)

Fiscal year ended March 31, 2019 (As of March 31, 2019)

1. Held-to-maturity debt securities (As of March 31, 2019)
Not applicable

2. Available-for-sale securities (As of March 31, 2019)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Acquisition cost	Difference
(1) Securities with carrying value in the consolidated balance sheets exceeding acquisition cost			
Shares	765	364	400
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	765	364	400
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	3	5	(1)
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	3	5	(1)
Total	768	369	399

Note: Shares for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets (Millions of yen)
	Available-for-sale securities (unlisted stocks)

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2018 to March 31, 2019)
Not applicable

Fiscal year ended March 31, 2020 (As of March 31, 2020)

1. Held-to-maturity debt securities (As of March 31, 2020)
Not applicable

2. Available-for-sale securities (As of March 31, 2020)

(Millions of yen)

	Carrying value in the consolidated balance sheets	Acquisition cost	Difference
(1) Securities with carrying value in the consolidated balance sheets exceeding acquisition cost			
Shares	544	258	286
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	544	258	286
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	100	115	(14)
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	100	115	(14)
Total	645	373	271

Note: Shares for which it is deemed extremely difficult to measure the market value

Classification	Carrying value in the consolidated balance sheets	
	Millions of yen	Thousands of U.S.Dollars
Available-for-sale securities (unlisted stocks)	145	1,339

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(Thousands of U.S.Dollars)

	Carrying value in the consolidated balance sheets	Acquisition cost	Difference
(1) Securities with carrying value in the consolidated balance sheets exceeding acquisition cost			
Shares	5,005	2,373	2,632
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	5,005	2,373	2,632
(2) Securities with carrying value in the consolidated balance sheets not exceeding acquisition cost			
Shares	926	1,061	(135)
Bonds			
National government bonds, local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	–	–	–
Subtotal	926	1,061	(135)
Total	5,931	3,434	2,497

3. Available-for-sale securities sold during the consolidated fiscal year under review (From April 1, 2019 to March 31, 2020)
Not applicable

(Derivative Transactions)

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

- Derivatives for which hedge accounting is not applied
Not applicable as no derivative transactions are utilized.
- Derivatives for which hedge accounting is applied
Not applicable as no derivative transactions are utilized.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

- Derivatives for which hedge accounting is not applied
Not applicable as no derivative transactions are utilized.
- Derivatives for which hedge accounting is applied
Not applicable as no derivative transactions are utilized.

(Retirement Benefits)

- Outline of adopted employee retirement benefit plans

The Company and its consolidated subsidiaries have adopted unfunded retirement benefit plans to provide for retirement benefits for their employees. Half of the retirement benefit plans are defined benefit plans and the remaining portion are defined contribution plans. The defined benefit plans are lump-sum severance payment plans to provide retirement benefits by means of a point scheme based on service period.

In the defined contribution plans, the contribution is clearly sectionalized by individual and the pension benefit amount is determined based on the total of the contributions and the return on plan assets thereof.

In addition to the above, the Company and its consolidated subsidiaries are affiliated with the multiemployer plans of the Employees' Pension Fund. As the rational computation of plan assets cannot be ensured for the multiemployer pension plans, accounting is processed in a similar manner as that for the defined contribution plans.

At the consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by the simplified method. They are included in the following relevant items because of their immateriality in the consolidated financial statements.

- Defined benefit plans

- Reconciliation of the beginning/ending balance of projected benefit obligations

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Beginning balance of projected benefit obligations	4,017	4,125	37,910
Service cost	244	242	2,225
Interest cost	15	14	131
Accrued amount of actuarial differences	(14)	(31)	(292)
Retirement benefits paid	(138)	(281)	(2,583)
Ending balance of projected benefit obligations	4,125	4,069	37,389

- Reconciliation of the beginning/ending balance of plan assets

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

Not applicable

- Reconciliation of the ending balance of projected benefit obligations and plan assets, and the retirement benefit liability and the net defined benefit asset in the consolidated balance sheets

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Projected benefit obligations under unfunded plans	4,125	4,069	37,389
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,125	4,069	37,389
Retirement benefit liability	4,125	4,069	37,389
Net carrying value in the consolidated balance sheets of relevant liabilities and assets	4,125	4,069	37,389

» Consolidated Financial Statements

(4) Retirement benefit expenses and the breakdown of the amounts thereof

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Service cost	244	242	2,225
Interest cost	15	14	131
Amortization of actuarial differences	56	73	674
Amortization of prior service cost	(8)	(7)	(64)
Retirement benefit expenses relative to the defined benefit plans	307	322	2,967

(5) Remeasurements of defined benefit plans

The breakdown of items (before deducting tax-effect amounts) reported under remeasurements of defined benefit plans is as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Prior service cost	(8)	(7)	(64)
Actuarial differences	63	105	967
Total	55	98	902

(6) Remeasurements of defined benefit plans (accumulated)

The breakdown of items (before deducting tax-effect amounts) reported under remeasurements of defined benefit plans (accumulated) is as follows:

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Unrecognized prior service cost	23	16	155
Unrecognized actuarial differences	(351)	(245)	(2,258)
Total	(327)	(228)	(2,102)

(7) Matters regarding plan assets

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)
Not applicable

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Not applicable

(8) Matters regarding the basis for actuarial calculations

Major basis for actuarial calculations (presented in weighted average figures)

As of March 31	2019	2020
Discount rate	0.35%	0.47%

3. Defined contribution plans

The amount to be contributed by the Company and its consolidated subsidiaries under the defined contribution plans was ¥149 million for the fiscal year ended March 31, 2019, and ¥145 million (\$1,335 thousand) for the fiscal year ended March 31, 2020.

4. Multiemployer plans

The amount to be contributed under the multiemployer plans of the Japan SOGO Employees' Pension Fund (former Japan Geotechnical Consultants Employees' Pension Fund), of which the accounting is processed in the same manner as that for the defined contribution plans, was ¥142 million for the fiscal year ended March 31, 2019, and ¥144 million (\$1,326 thousand) for the fiscal year ended March 31, 2020.

(1) Most recent plan assets reserved under the multiemployer plans

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Plan assets	19,451	19,544	179,582
Total of the actuarial liability based on the pension financing calculation and the minimum liability reserves	15,421	15,731	144,546
Net amount	4,030	3,813	35,036

(2) Ratio of the Group's contribution to the multiemployer plans relative to the contributions to the overall retirement benefit plans

Fiscal year ended March 31, 2019: 17.25% (As of March 31, 2018)

Fiscal year ended March 31, 2020: 16.49% (As of March 31, 2019)

(3) Supplementary explanation

The major factor of the net amount in Item (1) above was the general reserve (¥4,030 million for the fiscal year ended March 31, 2019, and ¥3,813 million (\$35,036 thousand) for the fiscal year ended March 31, 2020).

The ratios in Item (2) above do not agree with the Group's actual ratios of contributions.

(Stock Options)

Not applicable

(Tax-Effect Accounting)

1. Breakdown of significant components that caused deferred tax assets and liabilities

As of March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Deferred tax assets			
Loss carried forward	0	0	0
Real estate for sale	4	4	42
Accrued enterprise tax	58	76	699
Provision for bonuses	297	418	3,842
Allowance for doubtful accounts	6	9	84
Provision for warranties for completed construction	11	12	115
Provision for loss on construction contracts	34	0	2
Non-current assets (Impairment loss)	20	20	189
Defined contribution pension benefits payable	3	3	33
Retirement benefit liability	1,262	1,244	11,437
Unrealized gains	35	35	325
Asset retirement obligation	15	17	156
Other	208	272	2,504
Subtotal of deferred tax assets	1,960	2,114	19,433
Valuation reserve	(65)	(65)	(597)
Total of deferred tax assets	1,894	2,049	18,836
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(122)	(83)	(764)
Total of deferred tax liabilities	(122)	(83)	(764)
Net deferred tax assets	1,772	1,966	18,071

» Consolidated Financial Statements

2. The breakdown of items causing the difference between the effective statutory tax rate and the effective income tax rate after the adoption of tax-effect accounting

Fiscal year ended March 31	2019		2020	
		(%)		(%)
Effective statutory tax rate	30.6		30.6	
(Reconciliation)				
Non-deductible expenses such as entertainment expenses	0.8		0.8	
Per capita inhabitant tax	2.8		2.5	
Exclusion from revenues such as dividend income	(0.0)		(0.0)	
Valuation reserve	(0.0)		(0.0)	
Special deduction of income tax	(2.1)		(0.9)	
Tax difference from overseas subsidiary	(0.4)		(0.9)	
Other	(0.2)		0.0	
Effective income tax rate after the adoption of tax-effect accounting	31.5		32.1	

(Asset Retirement Obligation)

End of fiscal year ended March 31, 2019 (As of March 31, 2019)
This information is omitted due to its immateriality.

End of fiscal year ended March 31, 2020 (As of March 31, 2020)
This information is omitted due to its immateriality.

(Segment Information, etc.)

[Segment Information]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

The reportable segments of the Group are the components of the Company and its consolidated subsidiaries, for which separate financial information is available, and which are subject to regular reviews and evaluation by the Board of Directors in deciding the allocation of management resources and in assessing business performance.

The Group's operations consist of the construction business as well as several other business activities such as sales of merchandise and materials, and insurance agency. As these businesses are insignificant in terms of information for disclosure and the sole reportable segment of the Group is the "Construction business," segment information for these businesses is omitted.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

The reportable segments of the Group are the components of the Company and its consolidated subsidiaries, for which separate financial information is available, and which are subject to regular reviews and evaluation by the Board of Directors in deciding the allocation of management resources and in assessing business performance.

The Group's operations consist of the construction business as well as several other business activities such as sales of merchandise and materials, and insurance agency. As these businesses are insignificant in terms of information for disclosure and the sole reportable segment of the Group is the "Construction business," segment information for these businesses is omitted.

[Related Information]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

1. Information by product and service

This information is omitted as net sales to outside customers in the classification of sole product/service exceed 90% of the net sales on the consolidated statements of income.

2. Information by geographic region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceed 90% of the net sales on the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information is omitted as there are no specific outside customers to whom net sales account for 10% or more of the net sales on the consolidated statements of income.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

1. Information by product and service

This information is omitted as net sales to outside customers in the classification of sole product/service exceed 90% of the net sales on the consolidated statements of income.

2. Information by geographic region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceed 90% of the net sales on the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

This information is omitted as there are no specific outside customers to whom net sales account for 10% or more of the net sales on the consolidated statements of income.

[Information on Impairment Loss of Non-Current Assets by Reportable Segment]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

The information is omitted as the reportable segment is solely the construction business.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

The information is omitted as the reportable segment is solely the construction business.

[Information on Amortized Amount and Unamortized Balance of Goodwill by Reportable Segment]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

Not applicable

[Information on Gain on Bargain Purchase by Reportable Segment]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

Not applicable

» Consolidated Financial Statements

[Related Party Information]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Parent company information

AN Holdings Corp.

AN Holdings is a wholly-owned subsidiary of ASO CORPORATION.

(2) Condensed financial information of significant affiliated companies

Not applicable

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Parent company information

AN Holdings Corp.

AN Holdings is a wholly-owned subsidiary of ASO CORPORATION.

(2) Condensed financial information of significant affiliated companies

Not applicable

(Per-Share Information)

Fiscal year ended March 31	2019	2020	
Net assets per share	¥588.33	¥632.68	\$5.81
Basic earnings per share	¥65.24	¥78.12	\$0.72
Diluted earnings per share	Diluted earnings per share is not disclosed as no potential shares exist.	Diluted earnings per share is not disclosed as no potential shares exist.	

Note: The basis for calculation of "Basic earnings per share" is as follows:

Fiscal year ended March 31	Millions of yen		Thousands of U.S.Dollars
	2019	2020	2020
Basic earnings per share			
Profit attributable to owners of parent	2,721	3,258	29,942
Amounts not attributable to common shareholders	-	-	-
Profit attributable to owners of parent regarding common shares	2,721	3,258	29,942
Average number of common shares during the fiscal year (Thousands of shares)	41,711	41,710	

(Significant Subsequent Events)

Not applicable

5) [Consolidated Supplementary Statements]

[Schedule of Bonds Payable]

Not applicable

[Schedule of Borrowings]

Classification	Beginning balance of the fiscal year ended March 31, 2020		Ending balance of the fiscal year ended March 31, 2020		Average interest rate (%)	Repayment deadline
	Millions of yen	Thousands of U.S.Dollars	Millions of yen	Thousands of U.S.Dollars		
Short-term borrowings	-	-	-	-	-	-
Current portion of long-term borrowings	274	2,517	274	2,517	0.25	-
Current portion of lease obligations	15	144	12	110	-	-
Long-term borrowings (excluding the current portion of long-term borrowings)	552	5,072	278	2,554	0.25	2017-2021
Lease obligations (excluding the current portion of lease obligations)	21	198	9	87	-	-
Other interest-bearing debt	-	-	-	-	-	-
Total	863	7,932	573	5,270	-	-

Notes:

- The "Average interest rate" for lease obligations is not stated because the amount of lease obligations before subtracting the amount equivalent to interest, which is included in the total lease payment, is reported on the consolidated balance sheets.
- The repayment schedules within five years after the consolidated balance sheet date for long-term borrowings (excluding the current portion of long-term borrowings) are as follows:

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term borrowings (Millions of yen)	278	-	-	-

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Long-term borrowings (Thousands of U.S.Dollars)	2,554	-	-	-

» Consolidated Financial Statements

3. The repayment schedules within five years after the consolidated balance sheet date for lease obligations (excluding the current portion of lease obligations) are as follows:

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Lease obligations (Millions of yen)	7	2	-	-

Classification	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years
Lease obligations (Thousands of U.S.Dollars)	69	18	-	-

[Schedule of Asset Retirement Obligation]

This information is omitted due to its immateriality.

(2) [Other]

Quarterly data for the fiscal year ended March 31, 2020

Cumulative periods	Three months (From April 1, 2019 to June 30, 2019)	Six months (From April 1, 2019 to September 30, 2019)	Nine months (From April 1, 2019 to December 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Net sales (Millions of yen)	13,330	28,510	46,924	65,516
Profit before income taxes (Millions of yen)	538	1,840	3,707	4,876
Profit attributable to owners of parent (Millions of yen)	333	1,195	2,452	3,258
Basic earnings per share (Yen)	8.01	28.66	58.79	78.12

Accounting periods	First quarter (From April 1, 2019 to June 30, 2019)	Second quarter (From July 1, 2019 to September 30, 2019)	Third quarter (From October 1, 2019 to December 31, 2019)	Fourth quarter (From January 1, 2020 to March 31, 2020)
Quarterly basic earnings per share (Yen)	8.01	20.66	30.13	19.34

Independent Auditor's Report

The Board of Directors
NITTO CONSTRUCTION CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of NITTO CONSTRUCTION CO., LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NITTO CONSTRUCTION CO., LTD. and its consolidated subsidiaries as at March 31, 2020, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of NITTO CONSTRUCTION CO., LTD. and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibility of Management, Corporate Auditors 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

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

Our responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The procedures selected depend on the auditor's judgment. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used by management and the method of their application, the reasonableness of accounting estimates made by management, as well as the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the

entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of NITTO CONSTRUCTION CO., LTD. and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note "Basis of Presenting Consolidated Financial Statements".

June 30, 2020

Yasumori Audit Corporation
Yasumori audit corporation
Tokyo, Japan

» Corporate Overview and Major Construction Methods

Trade Name	NITTO CORPORATION CO., LTD.
Headquarters	4F, 5F and 6F, Daiwa Higashi-Nihonbashi Bldg., 3-10-6, Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004, Japan
Established on	December 17, 1947
Capital	Total number of issued shares:43,919,291 Paid-in capital: ¥6,052 million Tokyo Stock Exchange: Listed on the First Section
Number of Employees (Consolidated)	Construction business: 1,195 persons Other business: 10 persons Total: 1,205 persons Note: The total number of employee is including the 255 temporary employee which is an annual average number.
Description of Business	Comprehensive construction business · Civil engineering and foundation · Environmental and geological consulting
License	Specified Construction Business—License No. (Specified-28) 211, issued by the Minister of Land, Infrastructure, Transport and Tourism
Business Lines	Civil engineering works, Slope protection works, Landslide protection works, Revegetation works, Ground improvement works, Grouting, Piling, Sewage maintenance and renovation, Construction consulting and other
Sales Offices	Asahikawa / Hakodate / Doto / Aomori / Morioka / Sanriku / Akita / Yamagata / Fukushima / Gunma / Utsunomiya / Mito / Chiba / Saitama / Yokohama / Nagano / Sado / Joetsu / Kanazawa / Fukui / Toyama / Gifu / Mie / Shizuoka / Keiji / Kobe / Nawa / Takamatsu / Matsuyama / Kochi / Tottori / Matsue / Okayama / Yamaguchi / Nagasaki / Saga / Oita / Kumamoto / Miyazaki / Kagoshima / Okinawa
Subsidiaries	Midori Industries Co.,Ltd 3-10-6, Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004 Japan Shimane Earth Engineering Co.,Ltd 310-1, Tsuda-cho, Matsue-Shi, Shimane 690-0055 Japan Yamaguchi Earth Engineering Co.,Ltd 2-3-13, Hirano, Yamaguchi-Shi, Yamaguchi 753-0015 Japan Ehime Earth Engineering Co., Ltd. 2-6-12 Amayama, Matsuyama-shi, Ehime 790-0951 Japan PT NITTO CONSTRUCTION INDONESIA GENERALI TOWER GRAND RUBINA BUSINESS PARK at Rasuna Epicentrum 16 G Floor, Kawasan Rasuna Epicentrum Jl. HR Rasuna Said, Jakarta 12940, Indonesia
Staffing (Qualification Holders) (Persons)	Number of employees Total 1,205 Professional Engineer 52 Registered 1st Class Civil Engineer 646 Registered 2nd Class Civil Engineer 684 Registered 1st and 2nd Class Architect 9 Registered Surveyor and Assistant-Surveyor 317

Major Construction Methods

Urban Regeneration Field	
WinBLADE Method	Underground diameter expanding type soil-mixing improvement method that enables horizontal and slanting operations
Expacker-N Method	Liquefaction countermeasure method that enables high capacity and speedy grouting
Power Blender Method	Mixing method for shallow- and middle-depth layers using a trencher-type mixing machine
EinBand Drill	Japan's biggest-class rotary percussion drill that enables deep drilling up to 100 m in depth
N-Jet Method	High-Pressure Injection Mixing Method to Form Columnar or Fan-Like Improved Soil
Maintenance and Renovation Field	
New ReSP Method	Repair and/or reinforce aged, shotcrete slopes without shaving off existing shotcrete
Slope Doctor	Technology to diagnose the soundness of aged shotcrete slopes
Kiro Fukeru Method	Mortar shotcrete at a rate of 18 N/mm ² for long-distance (1 km) pressure feeding
Bite Off Method	Japan's First Steel Wire Cutting & Removal Method for Installed Anchors
HISP Method	Pumping shotcrete system combined with air to ensure mortar shotcrete at elevated places via feeding for a long distance
Disaster Prevention and Environmental Conservation Field	
Geofiber Method	Protection of slopes and the environment by forming the reinforced soil using sand and fibers
Nekko Chip Method	Surplus soil and raw chip material from felled trees are processed as foundation materials for greening work
Kaerudo-Green Method	Recycled use of a wide variety of soils such as the surface soil of forests and dehydrated cake for the greening of slopes
Plant-Leading Spraying Method	The undecomposed chip material, which derives from the secondarily processed fragments of felled trees, is used as a foundation material for greening work
Fiber Soil Greening Step Method	Fiber soil is sprayed on the slope without soil in the form of steps