





## Profile

Okumura was established in 1907 based on two key principles enshrined in the corporate mottoes “steadfast management” and “sincere operation.” The steady growth achieved over the years has been made possible through the unflinching support of our customers.

Okumura’s main business activities include civil engineering projects for railways, roads, power station facilities, sewage and water works, and others. In the area of construction are projects such as houses, public facilities, medical facilities, and office buildings. The Company has developed technology at the highest level, with achievements including the seismic isolation system used to construct Japan’s first earthquake-absorbing building. In the area of environment-related technology, Okumura has developed techniques for 100% recycling of demolished concrete, and natural greening of concrete surfaces on buildings.

Okumura understands what an important mission it is to provide a better environment for the future. Accordingly, the Company is dedicated to contributing to meaningful social infrastructure investment and to always being a corporation regarded highly by society. It will achieve this by continuing to develop as an all-around construction company based on steadfast business management.

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# Financial Highlights

Okumura Corporation Annual Report 2020

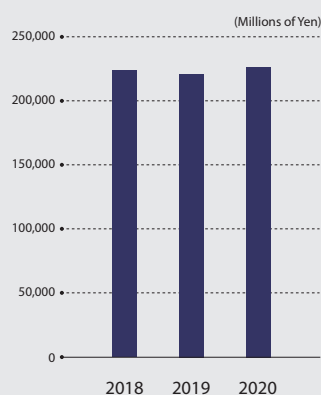
For the years ended March 31	2018	2019	2020	2020
<b>Consolidated:</b>	Millions of Yen			Thousands of U.S. Dollars
Net sales	¥223,928	¥220,884	¥226,372	\$2,080,051
Operating income	15,854	13,717	11,517	105,825
Net income attributable to owners of the parent	15,164	12,314	9,796	90,008
Total assets*1	313,864	297,691	294,919	2,709,907
Total equity	167,724	168,401	156,112	1,434,456
<b>Per Share:</b>	Yen			U.S. Dollars
Basic net income*2	¥380.65	¥312.93	¥258.01	\$2.37
Cash dividends applicable to the year*2	184.00	153.00	143.00	1.31

\*1 "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the beginning of the fiscal period of March 2019. Accordingly, the summaries of business results for the fiscal period of March 2018 represent performance results after retrospectively applying the said accounting standards, etc.

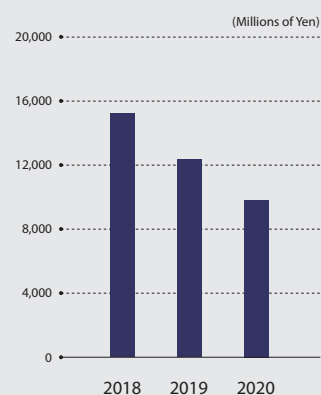
\*2 Per share figures have been restated, as appropriate, to reflect the consolidation of shares at the rate of five shares to one share of the Company's common stock effective October 1, 2017.

Note: The U.S. dollar amounts included herein are presented solely for convenience of the reader. Such dollar amounts have been translated from yen at the approximate exchange rate in Tokyo on March 31, 2020, of ¥108.83=\$1.

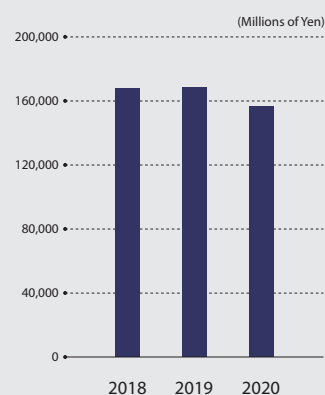
## Net Sales



## Net income attributable to owners of the parent



## Total Equity



## Disclaimer Regarding Forecasts and Projections

This Annual Report includes forecasts, projections and other predictive statements that represent Okumura's assumptions and expectations in light of currently available information. These forecasts, etc., are based on industry trends, circumstances involving clients and other factors, and involve risks, variables and uncertainties. The Okumura Group's actual performance results may differ from those projected in this Annual Report. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts, projections or predictive statements contained herein.



# To Our Shareholders

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We would like to thank our shareholders for their continuing support and encouragement and wish each one of them the greatest success in their endeavors.

A general overview of our business performance for the fiscal period of March 2020 (April 1, 2019 to March 31, 2020) is provided below.

## Results for the Year Ended March 31, 2020

During the period under review, amid the continuing stagnation of the overseas economies, the downward pressure of the consumption tax hike and the impact of natural disasters together with the spread of the novel coronavirus (COVID-19) resulted in the rapid slowdown of the Japanese economy. In this climate, the construction industry was able to operate under a generally stable business environment, as robust construction investments, mainly in public investments, were maintained.

In these circumstances, the Company's consolidated net sales increased 2.5% year on year to ¥226,372 million. Meanwhile, as a result of factors such as the deterioration of the gross profit from construction work, despite the improvement of the gross profit from civil engineering work, consolidated gross profit decreased 7.8% year on year to ¥29,089 million, operating income decreased 16.0% year on year to ¥11,517 million, and net income attributable to owners of the parent decreased 20.5% year on year to ¥9,796 million, due to the deterioration of extraordinary income/loss.

## Dividend for the Year Ended March 31, 2020

The Company decided to pay a dividend of ¥143.00 per share (interim dividend of ¥41.00, year-end dividend of ¥102.00) for the period ended March 31, 2020 based on its basic policy regarding profit sharing.

The Okumura Group, in an effort to ensure proactive investments for the achievement of the "Vision toward 2030," which was formulated in April 2019, and the steady return of profits to our shareholders, has revised its measures for shareholder returns from this term as follows.

### Measures for Shareholder Returns from the Fiscal Year Ended March 31, 2020

#### ◆ Total payout ratio<sup>\*1</sup> (consolidated): 50% or more

- Payout ratio (consolidated): 30% or more<sup>\*2</sup>
- Flexibly purchase treasury stock

#### ◆ Introduce the interim dividend system

\*1: Total payout ratio = (Total dividends + Total purchase of treasury stock) / Net income attributable to owners of the parent

\*2: Regardless of the Company's business performance, set a minimum dividend of ¥45 per share as the Company has stably paid thus far



## Medium Term Business Plan

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The outlook for the Japanese economy is expected to remain harsh for the time being, given the continuing slowdown of internal and external demand as a result of the effects of the spread of COVID-19. The construction industry expects to maintain a certain level of robustness in public investments thanks to the effects of government policies. However, with no end in sight to the COVID-19 pandemic, and due to the uncertainties surrounding corporate capital investment trends and the impact of the suspension of works and other events on business performance, the situation will continue to be precarious.

Under these circumstances, the Okumura Group is committed to responding flexibly to prevent the further spread of COVID-19 while continuing its business. Moreover, as the Group looks ahead to the "Vision toward 2030," it will engage in initiatives to "increase corporate value," "expand business domains," and "utilize human resources" based on the "Medium Term Business Plan (FY2019-FY2021)."

Specifically, in the construction business, we will continue to work on disaster-prevention/mitigation areas where demand is expected to grow going forward, maintenance and administration, strengthening renewal area, promoting technological development that contributes to enhancing our competitive edge in the industry and our productivity. We also enhance our capabilities to propose solutions through design and construction that meet diverse customer needs. In the real estate business, we will strengthen initiatives to acquire excellent and profitable real estate and boost business development, while at the same making efforts to utilize our stock through such means as renovation projects in consideration of the environment. Additionally, we will aim to diversify our earnings base and proactively engage in the promotion of the PPP/concession and new businesses such as energy business. Furthermore, we will advance workstyle reforms by firmly establishing the system of 8 days holiday for every 4 weeks at construction sites, encouraging to take leave and holidays and working to reduce overtime.

The Company looks forward to the continued support and guidance of our shareholders.

June 2020

A handwritten signature in black ink that reads "T. Okumura". The signature is written in a cursive, flowing style.

Takanori Okumura  
President and Representative Director

# Review of Operations

## Major Projects Completed

### CIVIL ENGINEERING



#### Chubu Odan Expressway Ishiai Tunnel Work

- Work period: March 2016 to March 2020  
 Construction length: 586m  
 (i) Tunnel length: 509m (inner space 77.7m<sup>2</sup>, NATM blasting), Invert length: 509m  
 2 tunnel portals, supplementary construction method (steel pipe forepiling method, face bolts), 15-span  
 (ii) Earthwork: 2,000m<sup>3</sup> of road excavation, 4,000m<sup>3</sup> of spoil excavation, and 47,000m<sup>3</sup> of mucking  
 (iii) Landslide measures: 4,000m<sup>3</sup> of counterweight fill and 209 vertical pre-reinforcement bolts  
 (iv) Ishiai filling site: 70,000m<sup>3</sup> of fill, 234m of diversion channel, 162m of temporary road for construction, and 829 trees planted  
 (v) Temporary bridge removal work: 2 sites  
 (vi) Incidental work: 201.4m diverted forest road, 606m<sup>2</sup> (EPS method) and 958m<sup>2</sup> (FCB method) of light-weight fill



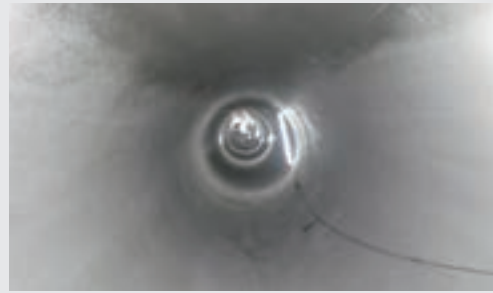
#### New Construction of Subgrade and Other Works in the Noe Area of the Osaka Higashi Line

- Work period: October 2012 to December 2019  
 Construction length: 1,951m  
 [Station] 1 seven-span rigid frame elevated bridge, 2 RC slab girders, 2 small abutments, 1 set of platform girders and platform roof  
 [Fill] Reinforced soil retaining wall (Geotextile) length: 1,352m, widening of embankment length: 125m, 1 set of sound-insulating walls  
 [Renovation of bridges] N=15 bridges, construction of 1 set of new PC girders, 3 RC slab girders, 1 H-shaped steel embedded girder, and new construction of 1 Gt girder  
 1 installation of footpath on the bridge-side, 1 work on soundproof measures (3 bridges)  
 [Building work] 1 signal equipment room, 1 equipment work for the signal equipment room, and 1 new construction for the Noe Station Building



#### Civil Engineering Work of the Osabe River Floodgate on the Class B River, Osabe River

- Work period: December 2013 to November 2019  
 Work on the main floodgate:  
 Steel pipe pile work, 77 of φ1000 and 61 of φ500  
 Cutoff steel sheet pile work: 228 sheets of 10H-type steel sheet piles, and concrete work: 3,708m<sup>3</sup>  
 Slope revetment work: 559m<sup>2</sup>  
 Bed protection work: 136 (1t) concrete apron blocks and 108 (4t) concrete apron blocks  
 Curtain wall work, work on the upper part of the concrete control bridge, and work on the gravity retaining wall  
 1 temporary work



#### Public Sewer Works on the Shinkawa 6th Trunk Sewer (Rainwater) (No.1) of the Shinkawa 6th Drainage Area

- Work period: December 16, 2014 to August 30, 2019  
 Primary lining: Earth pressure balance shield tunneling method (length: 1,175.8m)  
 Steel segment (outside diameter: φ2,750mm, inside diameter: φ2,500mm)  
 Secondary lining (cast-in-place concrete): (length: 1167.41m, finished inside diameter: φ2,200mm, 2 tunnel steel forms)  
 Small diameter pipe jacking work (SP700-VP500): (length: 63.53m) Pipe jacking work using single pipe boring  
 Steel casing for the construction of shafts (round) by the cutting lock method (revolving method): (φ2500: 5 locations, φ2000: 3 locations, φ1800: 1 location)  
 Shaft construction: (Launching shaft for shield tunneling: 10.0m×5.6m×14.3m in depth)  
 (Shaft connecting river to sewage drain: 6.5m×5.1m×4.8m in depth)  
 Manhole construction: (Special manholes: 6 locations, assembled manholes: 10 locations)  
 1 supplementary soil improvement work  
 1 incidental work

### BUILDING



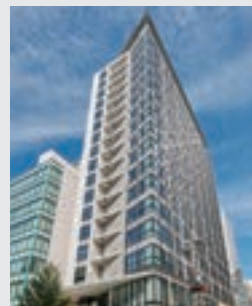
#### GLP Nagareyama II

- Work period: November 2016 to December 2019  
 Structure: PC (partially steel) with seismic isolation system  
 Total floor space: 96,296.86m<sup>2</sup>



#### TOYO SHINYAKU Co., Ltd. Intelligence Park No.1 Plant

- Work period: March 2018 to May 2019  
 Structure: RC  
 Total floor space: 22,189.40m<sup>2</sup>



#### COURTYARD BY MARRIOTT Osaka Honmachi

- Work period: December 2017 to September 2019  
 Structure: Steel  
 Total floor space: 7,583.13m<sup>2</sup>



#### PROUD TOWER Fuchu Kotobukicho

- Work period: October 2017 to January 2020  
 Structure: RC  
 Total floor space: 9,462.95m<sup>2</sup>

## Orders Received

### CIVIL ENGINEERING



#### Construction of Communal Final Disposal Site for General Waste

Work period: August 2019 to February 2022

- (1) Detailed design work of the facility
  - (2) Construction work of the facility
- Land development work: 158,900m<sup>3</sup> of excavation, 136,300m<sup>3</sup> of fill  
 Soil improvement work: 14,400m<sup>3</sup>  
 Work on waste storage structure (L-type retaining wall): 10,380m<sup>3</sup>  
 Leakage insulation work: 8,600m<sup>2</sup>  
 1 work on the flood control reservoir  
 Work on the leachate treatment facility: Non-discharge method 500m<sup>2</sup>  
 1 construction work of covering facility  
 1 construction work (roads, gates, and surrounding equipment)



#### Demolition and Removal of Disaster-damaged Buildings, etc., Decontamination and Other Works at the Zone Designated for Reconstruction and Recovery of Katsurao Village for 2019

Work period: April 2019 to March 2021

- (1) Demolition and removal of buildings, etc.
  - (i) 23 cases of demolition of buildings designated for demolition and sorting of waste
- (2) Decontamination and other works
  - (i) Residential land and others (lawns, etc.): 122,000m<sup>2</sup>
  - (ii) Roads (paved: 37,900m<sup>2</sup>, unpaved: 35,130m<sup>2</sup>)
  - (iii) Farmland (Rice paddies: 19.8ha, cultivated land: 12.4ha, pastureland: 18.2ha, and clearing and uprooting 56,514 trees)
  - (iv) Forests (43.1ha)
  - (v) Transport and storage of contaminated soil, etc. (59,962 sacks)
  - (vi) Restoration work of temporary waste storage sites (7.2ha, 3 sites)



#### Road Improvement Work of the Sasebo-Sechibaru Prefectural Road (Itayama Tunnel (tentative name))

Work period: July 2019 to July 2022

- Construction length: 1,640m
- Tunnel length: 1,602m
- Inner space cross section area: 52.1 to 69.8m<sup>2</sup>
- Invert concrete length: 807m
- Tunnel concrete lining length: 1,602m
- Supplementary excavation work: 11 shifts
- 1 incidental inner work
- Tunnel paving work length: 1,602m
- Work to fill in old caves volume: 10,569m<sup>3</sup>
- Portal work: 2 sites
- 1 cut slope reinforcement work



#### Installation Work of Foundations for the Comprehensive Wastewater Treatment Facility in conjunction with the Replacement of Thermal Power Station's Unit No. 1

Work period: October 2019 to March 2021

- 460 steel pipe piles of φ600 mm and 27.0 to 32.5m in lengths
- 147 PHC piles of φ400 mm and 26.0 to 30.0m in lengths
- Structure concrete: 6,800m<sup>3</sup>, formwork: 10,400 m<sup>2</sup>, rebars: 700t
- Concrete form shoring work: 6,900m<sup>2</sup>
- Waterproofing work (FRP lining): 9,600m<sup>2</sup>
- 1 set of works on various small foundations, dikes and cable pits

### BUILDING



#### GLP Nagareyama VIII

Work period: February 2020 to August 2021

- Structure: PC (partially steel) with seismic isolation system
- Total floor space: 154,991.3m<sup>2</sup>



#### New Construction of Facilities and Structures of the Type 1 Urban Redevelopment Project of the South Area of Tajimi Station

- Work period: March 2020 to September 2022
- (Residential building) Structure: RC with seismic isolation system, Total floor space: 23,448.21m<sup>2</sup>
- (Connecting corridor structure) Structure: Steel, Total floor space: 235.96m<sup>2</sup>
- (Commercial services building) Structure: Steel, Total floor space: 10,829.98m<sup>2</sup>
- (Parking building) Structure: Steel, Total floor space: 14,044.49m<sup>2</sup>



#### New Yawata City Hall

Work period: December 2019 to November 2022

- Structure: Steel and RC with column-top seismic isolation system
- Total floor space: 11,496.81m<sup>2</sup>



#### Local Incorporated Administrative Agency Kurate Hospital

Work period: March 2020 to March 2021

- Structure: RC
- Total floor space: 16,498.44m<sup>2</sup>



## Development of a Cleaning System for Curved Ceilings Used in the Repair and Reinforcement Works of Tunnels

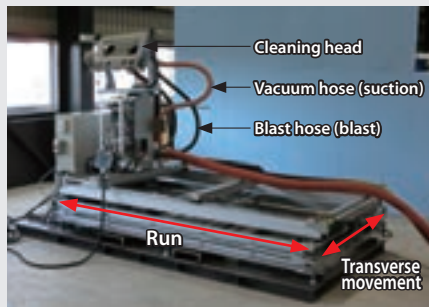
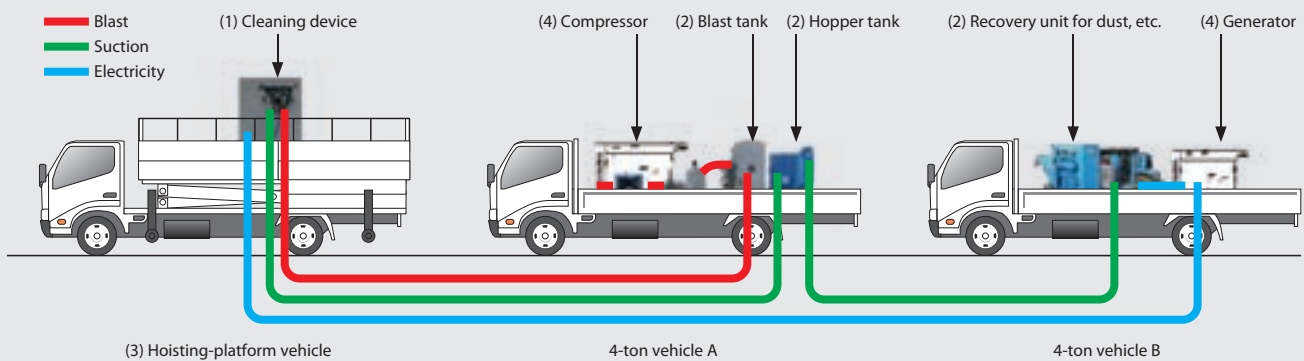
Okumura has been promoting the mechanization of work processes in the repair and reinforcement of works infrastructure in an effort to raise the efficiency of cleaning the concrete ceiling surfaces, cutback on airborne dust, and improve safety level. Recently, the Company, in addition to successfully mechanizing the cleaning of flat concrete surfaces, has developed a system compatible with curved concrete surfaces such as tunnels.

By adding a swinging function to the cleaning head which is pressed against the concrete ceiling surface and maintaining a certain

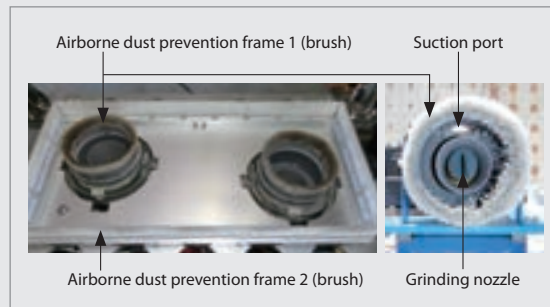
distance between the concrete surface and the grinding nozzle through a sensor, this system is capable of cleaning curved surfaces and reduces airborne dust generated by cleaning through the vacuum suction of dust through the suction port near the grinding nozzle and the double frame for preventing airborne dust.

Going forward, the Company will proactively propose this system in renovation work as construction technology that improves the work environment and enhances work efficiency.

### Outline of the system



Cleaning device



Cleaning head



Status of demonstration tests

## The Administrative Building of Okumura Corporation Technical Research Institute Was Renovated and Acquired “Nearly ZEB” Rating



Exterior of Technical Research Institute's Administrative Building

The Administrative Building of Okumura Corporation Technical Research Institute was renovated to achieve a comfortable indoor space while aiming to become a “Zero” energy consumption building (ZEB: net Zero Energy Building) and acquired the Nearly ZEB certification of BELS (Building-Housing Energy-efficiency Labeling System) as well as being certified and registered as a ZEB Leading Owner by Sustainable open Innovation Initiative.

This building, which has adopted (i) advanced heat insulation casing, (ii) high-efficiency air conditioning, (iii) high-efficiency LED lighting, (iv) task ambient lighting, etc. as energy-saving technologies and solar power generation as energy-creation technology, has reduced primary energy consumption by 76% compared to standard buildings.

Okumura, as a ZEB planner and a ZEB leading owner, will leverage its knowledge acquired through this building to proactively promote ZEB and to aim for a carbon-free society.



## Arranged a Project Finance for the Ishikari Biomass Power Generation Project in Hokkaido

ISHIKARI BIO ENERGY GODO KAISHA, a consolidated subsidiary of the Company, which is engaged in the “Ishikari Biomass Power Generation Project,” began the construction of a power plant in the Ishikari Bay New Port Industrial Park (Ishikari city and Otaru city in Hokkaido) from October 2019 and in February 2020 agreed to receive capital investments from Kyuden Mirai Energy Company, Inc. and New Circle Energy Co., Ltd., as well as concluding a loan agreement with financial institutions to arrange a project finance.

The Company will continue to proactively utilize renewable energy in its businesses toward achieving a low-carbon society and contribute to a realization of sustainable society through biomass power generation, which has a low environmental impact.



Image of completed power plant

## Sponsorship of Osaka Women's Marathon: Supporting the Global Strides of Female Athletes from Osaka

Okumura sponsored the 39th Osaka Women's Marathon held on Sunday, January 26, 2020. The Company has been sponsoring the event since 2018, driven by the athletes' dedication to the race, which mirrored and resonated with the commitment to work of each and every employee at Okumura, as well as our desire to bring excitement to the streets of Osaka through the event and our determination to support the global strides of female athletes from Osaka, which has been reinforced by the Company's contributions to the development of Osaka and the empowerment of women.

The main visuals of the event, which attracted the attention of the public due to the event being the Marathon Grand Championship Final Challenge to select the final qualifier for Japan's Tokyo Olympic Marathon Team, were depicted once again this year by the popular manga artist Naoki Urasawa. The visuals powerfully depict the earnest hope of the athletes as they struggle to secure the final berth, epitomized by the phrase, “In the end, I will.”



Photo: SANKEI SHIMBUN CO., LTD

Website dedicated to Osaka Women's Marathon:  
<http://www.okumuragumi.co.jp/osaka-marathon/>

## Production of Third TV Commercial: Communicating a Corporate Message “We Love Construction”



Commercial Drama Series  
 I'm Okumura Kumi and I Love Construction SEASON 3

The Company produced its third TV commercial and began airing the commercial during the broadcast of the “39th Osaka Women's Marathon,” which was sponsored by the Company. As with the previous commercials, through the corporate message of “We Love Construction,” it expresses Okumura's passion and sincere commitment to construction founded on its corporate mottoes, “steadfast management” and “sincere operation.”

The commercial videos may be seen during the programs, “Nikkei Special Gaia no Yoake,” on the TV TOKYO network, “Tokoro JAPAN” on the Kansai Television and Fuji Television networks, and also on the Company's website.

### Corporate concept commercials “We Love Construction” (Two episodes) 15 seconds each



“Let's make huge dreams” episode



“We are a team” episode

### Commercial series “I'm Okumura Kumi and I Love Construction” (eighth and ninth episodes) 15 seconds and 30 seconds



“Construction is a marathon” (eighth episode)



“Kumi, the safety warrior” (ninth episode)

For more information, see the Commercial Gallery (Commercial videos)  
<http://www.okumuragumi.co.jp/movie>

# Consolidated Balance Sheet

Okumura Corporation and Consolidated Subsidiaries  
March 31, 2020

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ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Current assets:</b>			
Cash and cash equivalents (Note 12)	¥ 27,258	¥ 49,834	\$ 250,465
Time deposits (Notes 12 and 14)	1,922	2,014	17,658
Receivables:			
Trade notes (Note 12)	4,586	2,083	42,139
Trade accounts (Note 12)	117,154	98,068	1,076,484
Unconsolidated subsidiaries and associated companies (Note 12)	34	900	315
Other	6,949	7,133	63,852
Allowance for doubtful receivables (Note 12)	(190)	(700)	(1,747)
Inventories (Note 4)	10,268	9,579	94,345
Prepaid expenses and other	3,684	832	33,853
Total current assets	171,665	169,743	1,577,364
<b>Property, plant and equipment</b> (Notes 5 and 6):			
Land (Note 14)	33,604	31,759	308,779
Buildings and structures (Note 14)	14,865	13,171	136,593
Machinery and equipment	1,140	824	10,472
Furniture and fixtures	438	364	4,028
Lease assets (Note 11)	3	3	24
Construction in progress	9,506	2,958	87,345
Total property, plant and equipment	59,556	49,079	547,241
<b>Investments and other assets:</b>			
Investment securities (Notes 3, 12 and 14)	57,130	73,932	524,952
Investments in and advances to unconsolidated subsidiaries and associated companies (Notes 12 and 14)	446	372	4,097
Long-term loans receivable (Note 12)	18	65	168
Asset for retirement benefits (Note 7)	4,068	3,141	37,379
Deferred tax assets (Note 9)	2	31	15
Goodwill	468	498	4,297
Other assets	3,547	2,840	32,594
Allowance for doubtful receivables (Note 12)	(1,981)	(2,010)	(18,200)
Total investments and other assets	63,698	78,869	585,302
<b>Total</b>	¥294,919	¥297,691	\$2,709,907

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Current liabilities:</b>			
Short-term bank loans including current portion of long-term debt (Notes 6, 11 and 12)	¥ 8,947	¥ 8,078	\$ 82,216
Payables:			
Trade notes (Note 12)	3,064	2,524	28,157
Trade accounts (Note 12)	40,881	40,814	375,638
Other	1,338	754	12,295
Advances received on construction projects in progress	12,599	13,942	115,765
Income taxes payable	1,939	2,298	17,815
Allowance for warranty work on construction projects	667	715	6,131
Allowance for losses on construction contracts	1,128	1,118	10,361
Deposits received	22,983	18,081	211,187
Other (Note 14)	19,444	19,696	178,662
Total current liabilities	112,990	108,020	1,038,227
<b>Long-term liabilities:</b>			
Long-term debt (Notes 6, 11,12 and 13)	6,018	7,124	55,294
Non-recourse loans (Notes 6, 12, 13 and 14)	9,221	—	84,733
Deferred tax liabilities (Note 9)	10,216	14,042	93,869
Other	362	104	3,328
Total long-term liabilities	25,817	21,270	237,224
Total liabilities	138,807	129,290	1,275,451

**Commitments and contingent liabilities** (Note 14)**Equity** (Notes 8, 15 and 16):

Common stock			
authorized, 96,000,000 shares; issued, 45,665,226 shares	19,839	19,839	182,293
Capital surplus	26,248	25,330	241,187
Retained earnings	105,554	103,251	969,901
Treasury stock—at cost			
7,836,832 shares in 2020 and 6,834,822 shares in 2019	(19,761)	(16,070)	(181,578)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	23,234	34,415	213,486
Deferred gains or losses on hedges	46	—	423
Defined retirement benefit plans	1,365	1,693	12,541
Total	24,645	36,108	226,450
Noncontrolling interests	(413)	(57)	(3,797)
Total equity	156,112	168,401	1,434,456
Total	¥294,919	¥297,691	\$2,709,907



# Consolidated Statement of Income

Okumura Corporation and Consolidated Subsidiaries  
Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Net sales</b>	<b>¥226,372</b>	¥220,884	<b>\$2,080,051</b>
<b>Cost of sales</b>	<b>197,283</b>	189,341	<b>1,812,766</b>
Gross profit	<b>29,089</b>	31,543	<b>267,285</b>
<b>Selling, general and administrative expenses</b> (Note 10)	<b>17,572</b>	17,826	<b>161,460</b>
Operating income	<b>11,517</b>	13,717	<b>105,825</b>
<b>Other income (expenses):</b>			
Interest and dividend income	<b>1,460</b>	1,264	<b>13,415</b>
Interest expense	<b>(208)</b>	(155)	<b>(1,911)</b>
Other—net	<b>971</b>	1,732	<b>8,922</b>
Other income —net	<b>2,223</b>	2,841	<b>20,426</b>
Income before income taxes	<b>13,740</b>	16,558	<b>126,251</b>
<b>Income taxes</b> (Note 9):			
Current	<b>3,602</b>	3,555	<b>33,098</b>
Deferred	<b>434</b>	691	<b>3,983</b>
Total income taxes	<b>4,036</b>	4,246	<b>37,081</b>
<b>Net income</b>	<b>9,704</b>	12,312	<b>89,170</b>
<b>Net loss attributable to noncontrolling interests</b>	<b>(92)</b>	(2)	<b>(838)</b>
<b>Net income attributable to owners of the parent</b>	<b>¥ 9,796</b>	¥ 12,314	<b>\$ 90,008</b>
<b>Per share of common stock</b> (Notes 2.p and 16):		Yen	U.S. Dollars (Note 1)
Basic net income	<b>¥ 258.01</b>	¥ 312.93	<b>\$ 2.37</b>
Cash dividends applicable to the year	<b>143.00</b>	153.00	<b>1.31</b>

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Okumura Corporation and Consolidated Subsidiaries  
Year Ended March 31, 2020

Okumura Corporation **Annual Report 2020**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Net income</b>	<b>¥ 9,704</b>	¥12,312	<b>\$ 89,170</b>
<b>Other comprehensive income (Note 15):</b>			
Unrealized gain on available-for-sale securities	<b>(11,181)</b>	(424)	<b>(102,740)</b>
Deferred gains or losses on hedges	<b>92</b>	—	<b>846</b>
Defined retirement benefit plans	<b>(328)</b>	(445)	<b>(3,018)</b>
Total other comprehensive income	<b>(11,417)</b>	(869)	<b>(104,912)</b>
<b>Comprehensive income</b>	<b>¥ (1,713)</b>	¥11,443	<b>\$ (15,742)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the parent	<b>¥ (1,668)</b>	¥11,445	<b>\$ (15,326)</b>
Noncontrolling interests	<b>(45)</b>	(2)	<b>(416)</b>

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Okumura Corporation and Consolidated Subsidiaries  
Year Ended March 31, 2020

	Thousands	Millions of Yen								
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Noncontrolling interests	Total equity
						Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Defined retirement benefit plans		
<b>BALANCE, APRIL 1, 2018</b>	39,833	¥19,839	¥25,330	¥ 98,266	¥(12,689)	¥34,839	¥—	¥2,139	¥ —	¥167,724
Net income attributable to owners of the parent	—	—	—	12,314	—	—	—	—	—	12,314
Cash dividends, ¥184 per share	—	—	—	(7,329)	—	—	—	—	—	(7,329)
Purchase of treasury stock	(1,003)	—	—	—	(3,381)	—	—	—	—	(3,381)
Net change in the year	—	—	—	—	—	(424)	—	(445)	(57)	(927)
<b>BALANCE, MARCH 31, 2019</b>	38,830	19,839	25,330	103,251	(16,070)	34,415	—	1,693	(57)	168,401
Net income attributable to owners of the parent	—	—	—	<b>9,796</b>	—	—	—	—	—	<b>9,796</b>
Cash dividends, ¥194 per share	—	—	—	<b>(7,493)</b>	—	—	—	—	—	<b>(7,493)</b>
Purchase of treasury stock	<b>(1,002)</b>	—	—	—	<b>(3,691)</b>	—	—	—	—	<b>(3,691)</b>
Disposal of treasury stock	<b>0</b>	—	<b>0</b>	—	<b>0</b>	—	—	—	—	<b>0</b>
Change in the parent's ownership interest resulting from transactions with noncontrolling shareholders	—	—	<b>918</b>	—	—	—	—	—	—	<b>918</b>
Net change in the year	—	—	—	—	—	<b>(11,181)</b>	<b>46</b>	<b>(328)</b>	<b>(356)</b>	<b>(11,819)</b>
<b>BALANCE, MARCH 31, 2020</b>	<b>37,828</b>	<b>¥19,839</b>	<b>¥26,248</b>	<b>¥105,554</b>	<b>¥(19,761)</b>	<b>¥23,234</b>	<b>¥46</b>	<b>¥1,365</b>	<b>¥(413)</b>	<b>¥156,112</b>

	Thousands of U.S. Dollars (Note 1)									
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Noncontrolling interests	Total equity
						Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Defined retirement benefit plans		
<b>BALANCE, MARCH 31, 2019</b>		\$182,293	\$232,750	\$948,735	\$(147,661)	\$316,226	\$ —	\$15,559	\$ (529)	\$1,547,373
Net income attributable to owners of the parent		—	—	<b>90,008</b>	—	—	—	—	—	<b>90,008</b>
Cash dividends, \$1.78 per share		—	—	<b>(68,842)</b>	—	—	—	—	—	<b>(68,842)</b>
Purchase of treasury stock		—	—	—	<b>(33,920)</b>	—	—	—	—	<b>(33,920)</b>
Disposal of treasury stock		—	<b>0</b>	—	<b>3</b>	—	—	—	—	<b>3</b>
Change in the parent's ownership interest resulting from transactions with noncontrolling shareholders		—	<b>8,437</b>	—	—	—	—	—	—	<b>8,437</b>
Net change in the year		—	—	—	—	<b>(102,740)</b>	<b>423</b>	<b>(3,018)</b>	<b>(3,268)</b>	<b>(108,603)</b>
<b>BALANCE, MARCH 31, 2020</b>		<b>\$182,293</b>	<b>\$241,187</b>	<b>\$969,901</b>	<b>\$(181,578)</b>	<b>\$213,486</b>	<b>\$423</b>	<b>\$12,541</b>	<b>\$(3,797)</b>	<b>\$1,434,456</b>

See notes to consolidated financial statements.



# Consolidated Statement of Cash Flows

Okumura Corporation and Consolidated Subsidiaries  
Year Ended March 31, 2020

Okumura Corporation Annual Report 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	2020
<b>Operating activities:</b>			
Income before income taxes	¥ 13,740	¥ 16,558	\$ 126,251
Adjustments for:			
Income taxes—paid	(4,148)	(3,985)	(38,110)
Depreciation and amortization	1,430	1,175	13,138
Amortization of goodwill	30	7	273
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	(20,707)	11,246	(190,271)
Decrease (increase) in accumulated costs of construction projects in progress	(1,073)	1,211	(9,861)
Decrease (increase) in other inventories	385	(414)	3,538
Increase (decrease) in trade notes and accounts payable	705	(11,381)	6,479
Decrease in advances received on construction projects in progress	(1,344)	(2,071)	(12,344)
Increase in asset for retirement benefits	(1,401)	(1,168)	(12,869)
Other—net	637	(1,980)	5,850
Total adjustments	(25,486)	(7,360)	(234,177)
Net cash provided by (used in) operating activities	(11,746)	9,198	(107,926)
<b>Investing activities:</b>			
Net decrease in time deposits	99	436	912
Payments for purchases of securities	(73)	(273)	(671)
Proceeds from sales of securities	1,957	2,165	17,983
Purchases of property, plant and equipment and intangible assets	(11,611)	(4,516)	(106,689)
Proceeds from sales of property, plant and equipment and intangible assets	1	287	8
Payments for purchases of ISHIKARI BIO ENERGY GODO KAISHA, net of cash acquired	—	268	—
Investment in loans receivable	(215)	(1,749)	(1,980)
Collection of loans receivable	287	29	2,638
Other—net	0	(11)	3
Net cash used in investing activities	(9,555)	(3,364)	(87,796)
<b>Financing activities:</b>			
Decrease in short-term bank loans—net	(158)	(3,754)	(1,453)
Proceeds from long-term debt	—	4,000	—
Repayments of long-term debt	(11)	(20)	(100)
Proceeds from non-recourse loans	9,221	—	84,733
Purchase of treasury stock	(3,691)	(3,381)	(33,920)
Disposal of treasury stock	0	—	3
Dividends paid	(7,473)	(7,314)	(68,668)
Proceeds from sales of investments in capital of subsidiaries and associates without change in scope of consolidation	369	—	3,390
Proceeds from share issuance to noncontrolling shareholders	447	—	4,107
Other—net	(3)	(8)	(26)
Net cash used in financing activities	(1,299)	(10,477)	(11,934)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>24</b>	<b>(10)</b>	<b>219</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(22,576)</b>	<b>(4,653)</b>	<b>(207,437)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>49,834</b>	<b>54,487</b>	<b>457,902</b>
<b>Cash and cash equivalents, end of year</b>	<b>¥ 27,258</b>	<b>¥ 49,834</b>	<b>\$ 250,465</b>

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Okumura Corporation and Consolidated Subsidiaries  
Year Ended March 31, 2020

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## 1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Okumura Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108.83 to \$1, the rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. Summary of Significant Accounting Policies

**a. Consolidation** — The consolidated financial statements as of March 31, 2020, include the accounts of the Company and its 3 (3 in 2019) significant subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 10 (9 in 2019) unconsolidated subsidiaries and 5 (4 in 2019) associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 17 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

**b. Business Combinations** — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in

which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

**c. Cash Equivalents** — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit and commercial paper, all of which mature or become due within 3 months of the date of acquisition.

**d. Inventories** — Construction projects in progress are stated at cost, determined by the specific identification method.

Real estate held for sale and development projects in progress are stated at the lower of cost, determined by the specific identification method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

**e. Marketable and Investment Securities** — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

(1) held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and

(2) available-for-sale securities, which are not classified as held-to-maturity, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income. Investments in limited partnerships, which are considered securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Act, are recorded under the equity method and based on the latest consolidated financial

statements available on the reportable date ruled by the partnership contracts.

**f. Property, Plant and Equipment** — Property, plant and equipment are stated at cost. Depreciation, except for lease assets, is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016, and lease assets. The range of useful lives is principally from 3 to 60 years for buildings and structures, from 2 to 17 years for machinery and equipment, and from 2 to 20 years for furniture and fixtures. Lease assets under finance lease arrangements are depreciated using the straight-line method over the terms of the respective leases without any salvage value.

Accumulated depreciation totaled ¥15,527 million (\$142,672 thousand) and ¥15,098 million as of March 31, 2020 and 2019, respectively.

**g. Long-Lived Assets** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**h. Allowance for Doubtful Receivables** — The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of estimated losses in the receivables outstanding.

**i. Allowance for Warranty Work on Construction Projects** — The allowance for warranty costs for completed work is provided at the amount of warranty costs based on past loss experience.

**j. Allowance for Losses on Construction Contracts** — An allowance for losses on construction contracts is provided with respect to construction projects for which eventual losses are reasonably expected and estimated.

**k. Employees' Retirement Benefits** — The Company has a contributory funded pension plan covering substantially all of its employees.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting

for tax effects, and are recognized in profit or loss over 10 years but no longer than the expected average remaining service period of the employees.

**l. Asset Retirement Obligations** — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

**m. Construction Contracts** — Construction revenue and construction costs are recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

The revenues recognized by the percentage-of-completion method for the years ended March 31, 2020 and 2019 were ¥211,805 million (\$1,946,201 thousand) and ¥204,803 million, respectively.

**n. Income Taxes** — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

**o. Derivatives and Hedging Activities** — The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign



currency forward contracts are utilized by the Group to reduce foreign currency exchange rate risks on foreign currency denominated trade payables for imported materials. In addition, interest rate swaps are utilized by the Group to reduce interest rate risks on long-term loans. The Group does not enter into derivatives for trading or speculative purposes.

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

**p. Per Share Information** — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because there are no securities with a dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

**q. Accounting Changes and Error Corrections** — Under ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections," accounting treatments are required as follows:

(1) Changes in Accounting Policies:

When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(2) Changes in Presentation:

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors:

When an error in prior-period financial statements is discovered, those statements are restated.

#### **r. Accounting Changes**

Changes in accounting for construction costs

The Company has changed its accounting method for a part of personnel expenses of divisions in the branch offices which had been previously recorded in "Selling, general and administrative expenses," and included such expenses in "Construction costs" from the year ended March 31, 2020.

In response to the changes in operating environment, the Company has changed its organizational structure from the beginning of the year ended March 31, 2020 with the

aim of reinforcing the support system for operational divisions which operate at construction sites.

As a result of implementing reviews on the functions and roles of divisions in the branch offices, through the process of changing the organizational structure, the Company revised the attendance management system to clearly reflect the relationships between the Company's cost generating situation and construction revenue, based on the judgment that such initiative would contribute to information disclosure more useful to the stakeholders.

This accounting change has been applied prospectively from the current fiscal year onward since it is practically impossible to follow the principle to apply retroactively because necessary data for the prior years have not been accumulated.

As a result of this accounting change, personnel expenses which had been previously recorded in "Selling, general and administrative expenses" are included in "Cost of sales of completed construction contracts" in an amount of ¥1,355 million (\$12,452 thousand) for the year ended March 31, 2020, but the impacts on operating income, income before income taxes, net equity per share and net income per share are immaterial.

#### **s. New Accounting Pronouncements**

##### **Accounting Standard for Revenue Recognition**

On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for fiscal years beginning on or after April 1, 2021. Earlier application is permitted for fiscal years beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for fiscal years beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

##### **Accounting Standard for Fair Value Measurement**

On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories,"

and ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," and on March 31, 2020, the ASBJ issued ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

To improve comparability with the international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (collectively "Fair Value Measurement Accounting Standards, etc.") have been developed, and guidance and other rules have been established with regard to the method for fair value measurement. The Fair Value Measurement Accounting Standards, etc. will be applicable to the fair value of the following items:

- Financial instruments included in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes included in "Accounting Standard for Measurement of Inventories"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been amended and disclosure requirements, such as a breakdown by level of fair value of financial instruments, have been defined.

The Company expects to apply the accounting standards and guidance for fiscal years beginning on or after April 1, 2021 and is in the process of measuring the effects of applying the accounting standards and guidance in future applicable periods.

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

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

It requires to present the outline of accounting principles and procedures adopted in cases where the relevant accounting standards are unclear.

The Company will apply this accounting standard from the end of the fiscal year ending March 31, 2021.

#### ***Accounting Standard for Disclosure of Accounting Estimates***

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

It requires to disclose information that will facilitate the understanding of the users of the financial statements, regarding accounting estimates recorded in the financial statements for the current fiscal year that have a significant impact on the financial statements for the following fiscal year.

The Company will apply this accounting standard from the end of the fiscal year ending March 31, 2021.

**t. Additional Information** — On April 16, 2020, the area covered by the declaration of a state of emergency was expanded to include the entire nation in response to the spread of the novel coronavirus (COVID-19). In light of these circumstances, the Okumura Group had suspended construction work on certain projects in the designated prefectures under specific cautions upon deliberation with the owners,

and has gradually resumed work on these projects since May 7.

Given that there is no end in sight of the COVID-19 pandemic, the situation surrounding corporate capital investment trends and the impact of the suspension of works and other events on business performance will continue to be uncertain. Nevertheless, upon comprehensively taking into account the situation and the information available since the balance sheet date, the Okumura Group has made accounting estimates including the recoverability of deferred tax assets, on the assumption that the impact of COVID-19 on the Group's business performance will be limited. As a result, the impact of COVID-19 on the accounting estimates as of March 31, 2020 is considered immaterial.

### 3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Non-current:			
Marketable equity securities	¥55,605	¥72,394	\$510,935
Government and corporate bonds	122	121	1,119
Non-marketable equity securities and other	1,403	1,417	12,898
Total	¥57,130	¥73,932	\$524,952

The costs and aggregate fair values of marketable and investment securities at March 31, 2020 and 2019, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2020</b>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥23,041	¥32,803	¥239	¥55,605
Held-to-maturity:				
Debt securities	122	2	—	124

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2019</b>				
Securities classified as:				
Available-for-sale:				
Equity securities	¥24,401	¥48,136	¥143	¥72,394
Held-to-maturity:				
Debt securities	121	4	—	125

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2020</b>				
Securities classified as:				
Available-for-sale:				
Equity securities	\$211,717	\$301,413	\$2,195	\$510,935
Held-to-maturity:				
Debt securities	1,119	24	—	1,143

The information for available-for-sale securities which were sold during the years ended March 31, 2020 and 2019 is as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
<b>March 31, 2020</b>			
Available-for-sale:			
Equity securities	¥1,921	¥980	¥—

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
<b>March 31, 2019</b>			
Available-for-sale:			
Equity securities	¥2,105	¥1,420	¥—

	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
<b>March 31, 2020</b>			
Available-for-sale:			
Equity securities	\$17,651	\$9,008	\$—

The impairment losses on available-for-sale equity securities for the year ended March 31, 2020, was ¥430 million (\$3,955 thousand).

The impairment losses on available-for-sale equity securities for the year ended March 31, 2019, was ¥28 million.

#### 4. Inventories

Inventories at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Construction projects in progress	¥ 5,410	¥4,337	\$49,711
Real estate held for sale	593	991	5,444
Development projects in progress	3,102	2,737	28,504
Other	1,163	1,514	10,686
Total	¥10,268	¥9,579	\$94,345

#### 5. Investment Property

The Group owns certain rental properties such as residential buildings, warehouses, and land in Osaka and other areas. Some rental warehouses leased to third parties, of which the Company utilizes a part, are classified as rental properties in part.

The net of rental income and operating expenses for those rental properties was ¥3,118 million (\$28,651 thousand) and ¥2,993 million for the years ended March 31, 2020 and 2019, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties were as follows:

	Millions of Yen			Millions of Yen
	Carrying Amount		March 31,	Fair Value
	April 1, 2019	Increase/ Decrease	2020	March 31, 2020
Rental properties	¥32,786	¥2,767	¥35,553	¥64,324
Rental properties in part	1,225	(31)	1,194	1,996
Total	¥34,011	¥2,736	¥36,747	¥66,320

	Millions of Yen			Millions of Yen
	Carrying Amount		March 31,	Fair Value
	April 1, 2018	Increase/ Decrease	2019	March 31, 2019
Rental properties	¥32,562	¥224	¥32,786	¥58,263
Rental properties in part	1,252	(27)	1,225	2,071
Total	¥33,814	¥197	¥34,011	¥60,334

	Thousands of U.S. Dollars			Thousands of U.S. Dollars
	Carrying Amount		March 31,	Fair Value
	April 1, 2019	Increase/ Decrease	2020	March 31, 2020
Rental properties	\$301,257	\$25,430	\$326,687	\$591,047
Rental properties in part	11,254	(285)	10,969	18,342
Total	\$312,511	\$25,145	\$337,656	\$609,389

Notes:

- (1) Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation and accumulated impairment losses, if any.
- (2) Major components of increase/decrease of rental properties during the year ended March 31, 2020 are an increase due to purchase of real estate in an amount of ¥3,115 million (\$28,622 thousand) and a decrease due to depreciation in an amount of ¥349 million (\$3,207 thousand).
- (3) Fair value of properties as of March 31, 2020 and 2019 is measured in accordance with real-estate appraisal performed by real-estate appraisers for primary properties. The amount measured by the Group is in accordance with its Real-Estate Appraisal Standard for other properties (including those measured using indicators).

## 6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans at March 31, 2020 and 2019, consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.7% to 1.5% at March 31, 2020 and 0.7% to 3.2% at March 31, 2019.

Long-term debt at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Loans from banks and other financial institutions, due serially to 2037 with interest rates ranging from 0.7% to 6.0%			
Unsecured	¥ 7,118	¥7,129	\$ 65,403
Non-recourse loans	9,221	—	84,733
Obligations under finance leases	3	4	27
Total	16,342	7,133	150,163
Less current portion	(1,103)	(9)	(10,136)
Long-term debt, less current portion	¥15,239	¥7,124	\$140,027

Annual maturities of long-term debt, excluding finance leases (see Note 11), at March 31, 2020, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2021	¥ 1,102	\$ 10,125
2022	2	18
2023	2,322	21,337
2024	4,787	43,991
2025	761	6,993
2026 and thereafter	7,365	67,672
Total	¥16,339	\$150,136

Assets pledged as collateral for non-recourse debt

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Amount of business assets of a consolidated subsidiary engaged in renewable energy business pledged as collateral for non-recourse loans	¥10,228	¥—	\$93,986

As is customary in Japan, the Company maintains substantial deposit balances with banks with which it has borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Group has never been requested to provide any additional collateral.



## 7. Employees' Retirement Benefits

Most of the employees of the Company are covered by a contributory trusted pension plan.

The Company has a cash balance plan (pension plan linked to the market interest rates) based on the Defined Benefit Corporate Pension Law.

(1) The changes in defined benefit obligations for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year	¥20,664	¥21,196	\$189,872
Current service costs	1,131	1,109	10,390
Interest costs	103	106	949
Actuarial losses	18	227	171
Benefits paid	(1,928)	(1,974)	(17,716)
Past service costs	(369)	—	(3,392)
Balance at end of year	¥19,619	¥20,664	\$180,274

(2) The changes in plan assets for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year	¥23,805	¥23,605	\$218,731
Expected return on plan assets	214	213	1,969
Actuarial gains (losses)	(290)	102	(2,664)
Contributions from the employer	1,886	1,859	17,334
Benefits paid	(1,928)	(1,974)	(17,716)
Balance at end of year	¥23,687	¥23,805	\$217,654

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Defined benefit obligation	¥ 19,619	¥ 20,664	\$180,274
Plan assets	(23,687)	(23,805)	(217,654)
Total	(4,068)	(3,141)	(37,380)
Unfunded defined benefit obligation	—	—	—
Net asset arising from defined benefit obligation	¥ (4,068)	¥ (3,141)	\$ (37,380)

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Asset for retirement benefits	¥ (4,068)	¥ (3,141)	\$ (37,380)
Net asset arising from defined benefit obligation	¥ (4,068)	¥ (3,141)	\$ (37,380)

(4) The components of net periodic benefit costs for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Service costs	¥ 1,131	¥ 1,109	\$ 10,390
Interest costs	103	106	949
Expected return on plan assets	(214)	(213)	(1,969)
Recognized actuarial gains	(497)	(311)	(4,566)
Amortization of past service costs	(37)	—	(339)
Net periodic benefit costs	¥ 486	¥ 691	\$ 4,465

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Actuarial losses	<b>¥(805)</b>	¥(436)	<b>\$(7,402)</b>
Past service costs	<b>332</b>	—	<b>3,053</b>
Total	<b>¥(473)</b>	¥(436)	<b>\$(4,349)</b>

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrecognized actuarial gains	<b>¥(1,635)</b>	¥(2,440)	<b>\$(15,017)</b>
Unrecognized past service costs	<b>(332)</b>	—	<b>(3,053)</b>
Total	<b>¥(1,967)</b>	¥(2,440)	<b>\$(18,070)</b>

(7) Plan assets

*a. Components of plan assets*

Plan assets as of March 31, 2020 and 2019, consisted of the following:

	2020	2019
Debt investments	<b>46%</b>	43%
Equity investments	<b>8</b>	11
Life insurance general account assets	<b>32</b>	32
Others	<b>14</b>	14
Total	<b>100%</b>	100%

*b. Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering allocation of plan assets which are expected currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2020 and 2019, are set forth as follows:

	2020	2019
Discount rate	<b>0.5%</b>	0.5%
Expected rate of return on plan assets	<b>0.9</b>	0.9

## 8. Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

### b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

### c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 9. Income Taxes

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2020 and 2019.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Deferred tax assets:			
Impairment losses on securities	¥ 1,907	¥ 2,039	\$ 17,518
Write-down of inventories	1,252	1,408	11,506
Allowance for bonuses	1,003	1,053	9,220
Allowance for doubtful accounts	666	844	6,119
Accrued expenses	648	336	5,955
Tax loss carryforwards	494	418	4,538
Allowance for losses on construction contracts	345	342	3,171
Other	556	467	5,109
Less valuation allowance	(4,625)	(4,636)	(42,503)
Total	2,246	2,271	20,633
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(9,334)	(13,573)	(85,764)
Retained earnings appropriated for special allowance	(1,881)	(1,748)	(17,285)
Asset for retirement benefits	(1,245)	(961)	(11,438)
Total	(12,460)	(16,282)	(114,487)
Net deferred tax liabilities	¥(10,214)	¥(14,011)	\$ (93,854)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2020 is omitted since the difference is 5% or less of the normal effective statutory tax rate.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2019 was as follows:

	2019
Normal effective statutory tax rate	30.6%
Expenses not deductible for income tax purposes	0.5
Non-taxable income	(0.5)
Inhabitant tax per capita	0.8
Special income tax credits	(2.3)
Valuation allowance	(3.4)
Other—net	(0.1)
Actual effective tax rate	25.6%

## 10. Research and Development Costs

Research and development costs charged to income were ¥1,444 million (\$13,267 thousand) and ¥1,337 million for the years ended March 31, 2020 and 2019, respectively.

## 11. Leases

### (1) Finance leases

The Group leases certain machinery and equipment, office space and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2020 and 2019, were ¥2 million (\$19 thousand) and ¥7 million, respectively.

Obligations under finance leases at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Due within one year	¥1	¥2	\$11
Due after one year	2	2	16
<b>Total</b>	<b>¥3</b>	<b>¥4</b>	<b>\$27</b>

### (2) Operating leases

Future minimum lease receivables or payments under noncancelable operating leases at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
As a lessor:			
Due within one year	¥ 2,391	¥ 2,339	\$ 21,969
Due after one year	15,975	13,657	146,792
<b>Total</b>	<b>¥18,366</b>	<b>¥15,996</b>	<b>\$168,761</b>
As a lessee:			
Due within one year	¥ 95	¥ 95	\$ 873
Due after one year	555	643	5,095
<b>Total</b>	<b>¥ 650</b>	<b>¥ 738</b>	<b>\$ 5,968</b>



## 12. Financial Instruments and Related Disclosures

### (1) Group policy for financial instruments

At the Group level, cash surpluses, if any, are invested in low-risk financial assets. Short-term bank loans are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage its exposure to fluctuations in foreign currency exchange and interest rates.

### (2) Nature and extent of risks arising from financial instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mostly less than one year.

Bank loans are utilized to finance principally working capital and non-recourse loans are used for financing the renewable energy business of a consolidated subsidiary.

### (3) Risk management for financial instruments

#### *Credit risk management*

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include continuously determining customers' circumstances from the phase of accepting orders to that of collection of the receivables, along with monitoring of payment terms and balances of each transaction.

#### *Market risk management (foreign exchange risk and interest rate risk)*

Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis. Also, the Group continuously reviews its possession of those securities, except for held-to-maturity securities.

Long-term debt denominated in foreign currencies in association with import of materials for renewable energy business is exposed to fluctuations in foreign exchange rates. The Group utilizes derivative instruments (comprehensive long-term foreign currency forward contracts) as hedging instruments to manage these market risks.

Bank loans with floating interest rates are exposed to fluctuations in interest rates. With respect to long-term bank loans and non-recourse loans, the Group utilizes derivatives (interest rate swaps) by individual contract as hedging instruments to fix the interest expenses. The hedge accounting method is described in Note 2.o.

Please see Note 13 for more details about derivatives.

#### *Liquidity risk management*

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by making the appropriate cash schedule on a monthly basis.

## (4) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

Financial instruments whose fair value is extremely difficult to be identified, loans associated with sub-leasing loans for property accumulation savings for the acquisition of a house operated by the Organization for Workers Retirement Allowance Mutual Aid and its related sub-leasing loans are not included in the following table:

## (a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
<b>March 31, 2020</b>			
Cash and cash equivalents and time deposits	¥ 29,180	¥ 29,180	¥—
Receivables—trade notes and accounts	121,749		
Allowance for doubtful receivables (*1)	(121)		
Net	121,628	121,628	—
Investment securities	55,726	55,729	3
Long-term loans receivable	147		
Allowance for doubtful long-term loans receivable (*1)	(0)		
Net	147	148	1
Total	¥206,681	¥206,685	¥ 4
Short-term bank loans	¥ 8,945	¥ 8,945	¥—
Long-term bank loans	6,000	6,013	13
Non-recourse loans	9,221	9,207	(14)
Payables—trade notes and accounts	43,945	43,945	—
Long-term debt—lease obligation including current portion	3	3	(0)
Total	¥ 68,114	¥ 68,113	¥ (1)
Derivatives (*2)	¥ 246	¥ 246	¥—
<b>March 31, 2019</b>			
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents and time deposits	¥ 51,848	¥ 51,848	¥—
Receivables—trade notes and accounts	101,041		
Allowance for doubtful receivables (*1)	(654)		
Net	100,387	100,387	—
Investment securities	72,514	72,518	4
Long-term loans receivable	174		
Allowance for doubtful long-term loans receivable (*1)	(1)		
Net	173	175	2
Total	¥224,922	¥224,928	¥ 6
Short-term bank loans	¥ 8,069	¥ 8,069	¥—
Long-term bank loans	7,100	7,112	12
Payables—trade notes and accounts	43,338	43,338	—
Long-term debt—lease obligation including current portion	4	4	(0)
Total	¥ 58,511	¥ 58,523	¥12
Derivatives	¥ —	¥ —	¥—

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
<b>March 31, 2020</b>			
Cash and cash equivalents and time deposits	\$ 268,123	\$ 268,123	\$ —
Receivables—trade notes and accounts	1,118,702		
Allowance for doubtful receivables (*1)	(1,109)		
Net	1,117,593	1,117,593	—
Investment securities	512,054	512,078	24
Long-term loans receivable	1,349		
Allowance for doubtful long-term loans receivable (*1)	(1)		
Net	1,348	1,359	11
Total	\$1,899,118	\$1,899,153	\$ 35
Short-term bank loans	\$ 82,188	\$ 82,188	\$ —
Long-term bank loans	55,132	55,253	121
Non-recourse loans	84,733	84,604	(129)
Payables—trade notes and accounts	403,795	403,795	—
Long-term debt—lease obligation including current portion	27	25	(2)
Total	\$ 625,875	\$ 625,865	\$ (10)
Derivatives (*2)	\$ 2,264	\$ 2,264	\$ —

(\*1) Amounts due from unconsolidated subsidiaries and associated companies are included in receivables—trade notes and accounts and long-term loans receivable.

(\*2) Net receivables and payables generated from derivatives are presented in net amount and net payables are shown in parentheses.

#### Cash and cash equivalents and time deposits

The carrying values of cash and cash equivalents and time deposits approximate fair value because of their short maturities.

#### Marketable securities and investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for the equity instruments and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for the marketable securities and the investment securities by classification is included in Note 3.

#### Receivables—trade notes and accounts and long-term loans receivable

The fair values of receivables—trade notes and accounts and long-term loans receivable are measured at the amount to be received at maturity, discounted at the Group's assumed corporate discount rate, such as the rate of national bonds at maturity. Also, the amounts of the allowance for doubtful receivables are deducted from the fair values.

#### Payables—trade notes and accounts and short-term bank loans

The carrying values of payables—trade notes and accounts and short-term bank loans approximate fair value because of their short maturities.

#### Long-term debt—lease obligation

The fair values of long-term debt—lease obligation are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

#### Long-term bank loans and non-recourse loans

The fair values of long-term bank loans and non-recourse loans are determined by the present value calculated by discounting the total amount of the principal and interest expense at the interest rate considering the remaining maturities of the loans and credit risk of the Company. With respect to loans with floating interest rates, as the interest rates reflect market interest rates within a short period of time, the carrying values of such loans approximate fair value and thus the fair values are stated at the carrying value.

#### Derivatives

Fair value information for derivatives is included in Note 13.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Investments in equity instruments that do not have a quoted market price in an active market	¥1,280	¥1,218	\$11,761
Investments in limited partnerships	423	436	3,884

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<b>March 31, 2020</b>				
Cash and cash equivalents and time deposits	¥ 29,180	¥ —	¥—	¥—
Receivables—trade notes and accounts	101,426	20,322	—	—
Investment securities				
Available-for-sale securities with contractual maturities	—	124	—	—
Long-term loans receivable	—	110	36	20
<b>Total</b>	<b>¥130,606</b>	<b>¥20,556</b>	<b>¥36</b>	<b>¥20</b>

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
<b>March 31, 2020</b>				
Cash and cash equivalents and time deposits	\$ 268,123	\$ —	\$ —	\$ —
Receivables—trade notes and accounts	931,966	186,736	—	—
Investment securities				
Available-for-sale securities with contractual maturities	—	1,140	—	—
Long-term loans receivable	—	1,006	328	183
<b>Total</b>	<b>\$1,200,089</b>	<b>\$188,882</b>	<b>\$328</b>	<b>\$183</b>

Please see Note 6 for annual maturities of long-term debt and Note 11 for obligations under finance leases.

### 13. Derivatives

The Group enters into derivatives, in the normal course of business, to reduce the exposure to fluctuations in foreign exchange and interest rates. The primary classes of derivatives used by the Group are foreign currency forward contracts, interest rate swaps.

The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting is not applied:

There were no derivative transactions to which hedge accounting is not applied at March 31, 2020 and 2019.

Derivative transactions to which hedge accounting is applied:

				Millions of Yen
<b>March 31, 2020</b>	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts	Foreign currency denominated forward contracts	¥48,313	¥48,313	¥504
Buying: U.S. Dollars				
Interest rate swaps	Non-recourse loans	19,406	19,406	(258)
Floating-rate receipt, fixed-rate payment				
Interest rate swaps	Long-term bank loans	4,000	4,000	Note2
Floating-rate receipt, fixed-rate payment				
				Millions of Yen
<b>March 31, 2019</b>	Hedged item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps	Long-term bank loans	¥4,000	¥4,000	Note2
Floating-rate receipt, fixed-rate payment				
				Thousands of U.S. Dollars
<b>March 31, 2020</b>	Hedged item	Contract amount	Contract amount due after one year	Fair value
Foreign currency forward contracts	Foreign currency denominated forward contracts	\$443,929	\$443,929	\$4,634
Buying: U.S. Dollars				
Interest rate swaps	Non-recourse loans	178,316	178,316	(2,369)
Floating-rate receipt, fixed-rate payment				
Interest rate swaps	Long-term bank loans	36,755	36,755	Note2
Floating-rate receipt, fixed-rate payment				

Notes:

1. Fair value is based on the price provided by the financial institutions.
2. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreement is recognized and included in interest expense or income. The fair value of such interest rate swaps is included in those of the hedged items (i.e., long-term bank loans) in Note 12.



#### 14. Commitments and Contingent Liabilities

Land in the amount of ¥21 million (\$191 thousand) is pledged for a deposit received from a lessee related to a fixed-term land leasehold at March 31, 2020. Land in the amount of ¥1,458 million (\$13,399 thousand) and buildings in the amount of ¥1,076 million (\$9,883 thousand) are pledged as construction assistance funds pursuant to building lease contracts at March 31, 2020. Investment securities in the amounts of ¥122 million (\$1,120 thousand), ¥16 million (\$145 thousand) and ¥62 million (\$565 thousand) are pledged as collateral for the guarantee against defect of the house construction, contract performance obligation of the private finance initiative (PFI) business, and the loans of an affiliate, respectively, at March 31, 2020. Time deposits in the amount of ¥635 million (\$5,834 thousand) are pledged as security for performance obligation of construction contracts at March 31, 2020.

Assets pledged as collateral for non-recourse debts are business assets of a consolidated subsidiary engaged in renewable energy business in an amount of ¥10,228 million (\$93,986 thousand) at March 31, 2020.

#### 15. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrealized gain on available-for-sale securities			
Gain (loss) arising during the year	¥(14,870)	¥ 1,285	\$ (136,639)
Reclassification adjustments to profit or loss	(550)	(1,392)	(5,053)
Amount before income tax effect	(15,420)	(107)	(141,692)
Income tax effect	4,239	(317)	38,952
Total	¥(11,181)	¥ (424)	\$ (102,740)
Deferred gains or losses on hedges			
Gain arising during the year	¥ 246	¥ —	\$ 2,264
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	246	—	2,264
Income tax effect	(154)	—	(1,418)
Total	¥ 92	¥ —	\$ 846
Defined retirement benefit plans			
Adjustments arising during the year	¥ 24	¥ (125)	\$ 217
Reclassification adjustments to profit or loss	(497)	(311)	(4,566)
Amount before income tax effect	(473)	(436)	(4,349)
Income tax effect	145	(9)	1,331
Total	¥ (328)	¥ (445)	\$ (3,018)
Total other comprehensive income (loss)	¥(11,417)	¥ (869)	\$ (104,912)

## 16. Subsequent Events

### *Appropriation of Retained Earnings*

The following appropriation of retained earnings at March 31, 2020, was approved at the Company's shareholders' meeting held on June 26, 2020:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥102 (\$0.94) per share	¥3,858	\$35,454

### *Cancellation of treasury stock*

The Company resolve to cancel treasury stock based on the provision of Article 178 of the Companies Act at the Board of Directors' meeting held on May 22, 2020 and implemented as follows:

Type of shares cancelled:	Common stock of the Company
Number of the shares cancelled:	6,000,000 shares (ratio against total number of issued shares before cancellation: 13.14%)
Date of cancellation:	June 5, 2020
Total number of issued shares after cancellation:	39,665,226 shares

## 17. Segment Information

### 1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of "Civil engineering," "Architectural construction," and "Investment development."

### 2. Changes in reportable segments

The Group changed its organizational structure from the beginning of the year ended March 31, 2020 as an effort to establish a solid revenue base by entering into new businesses such as renewable energy business, while reinforcing real estate business which is one of the pillars of revenue source of the Group, in order to expand business areas advocated in the Medium-Term Business Plan.

In conjunction with the changes in organizational structure, the Group reviewed its performance control segments and accordingly, changed its reportable segments from "Civil engineering," "Architectural construction," and "Real estate" to "Civil engineering," "Architectural construction," and "Investment development."

"Investment development" business segment includes renewable energy business in addition to sales and leasing of real estate which was previously included in "Real estate" business.

Segment information for the year ended March 31, 2019 has been restated based on the reportable segments after the changes.

### 3. Methods of measurement for the amounts of sales, profit, assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

## 4. Information about sales, profit, assets, liabilities and other items is as follows:

Millions of Yen

2020

	Reportable segment				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Civil engineering	Architectural construction	Investment development	Total				
Sales								
Sales to external customers	¥100,146	¥116,760	¥4,792	¥221,698	¥4,674	¥226,372	¥ —	¥226,372
Intersegment sales or transfers	—	—	35	35	1,947	1,982	(1,982)	—
Total	100,146	116,760	4,827	221,733	6,621	228,354	(1,982)	226,372
Segment profit	8,837	109	2,139	11,085	552	11,637	(120)	11,517
Other:								
Depreciation	¥ 474	¥ 506	¥ 408	¥ 1,388	¥ 49	¥ 1,437	¥ (7)	¥ 1,430
Amortization of goodwill	—	—	30	30	—	30	—	30

Millions of Yen

2019

	Reportable segment				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Civil engineering	Architectural construction	Investment development	Total				
Sales								
Sales to external customers	¥91,655	¥118,366	¥4,673	¥214,694	¥6,190	¥220,884	¥ —	¥220,884
Intersegment sales or transfers	—	1	35	36	621	657	(657)	—
Total	91,655	118,367	4,708	214,730	6,811	221,541	(657)	220,884
Segment profit	6,203	4,136	2,939	13,278	426	13,704	13	13,717
Other:								
Depreciation	¥ 338	¥ 399	¥ 405	¥ 1,142	¥ 40	¥ 1,182	¥ (7)	¥ 1,175
Amortization of goodwill	—	—	7	7	—	7	—	7

Thousands of U.S. Dollars

2020

	Reportable segment				Other (Note 1)	Total	Reconciliations (Note 2)	Consolidated (Note 3)
	Civil engineering	Architectural construction	Investment development	Total				
Sales								
Sales to external customers	\$920,204	\$1,072,864	\$44,032	\$2,037,100	\$42,951	\$2,080,051	\$ —	\$2,080,051
Intersegment sales or transfers	—	—	326	326	17,887	18,213	(18,213)	—
Total	920,204	1,072,864	44,358	2,037,426	60,838	2,098,264	(18,213)	2,080,051
Segment profit	81,200	1,006	19,651	101,857	5,068	106,925	(1,100)	105,825
Other:								
Depreciation	\$ 4,355	\$ 4,648	\$ 3,750	\$ 12,753	\$ 449	\$ 13,202	\$ (64)	\$ 13,138
Amortization of goodwill	—	—	273	273	—	273	—	273

## Notes:

1. "Other" is a business segment which is not included in any reportable segment and includes business related to manufacturing and sale of construction machinery, materials, and so on.
2. Reconciliations to segment profit in the amount of ¥(120) million (\$ (1,100) thousand) and ¥13 million for the years ended March 31, 2020 and 2019, respectively, include eliminations of intersegment transactions.
3. The consolidated amounts of segment profit above correspond to the amounts of operating income in the consolidated statement of income.



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Okumura Corporation:

### **Opinion**

We have audited the consolidated financial statements of Okumura Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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

### **Convenience Translation**

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

### **Basis for Opinion**

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

### **Emphasis of Matter**

As discussed in Note 2.r. to the consolidated financial statements, the Group changed its method of accounting for construction costs as of April 1, 2019. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit and Supervisory Committee for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement.

In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

We communicate with Audit & Supervisory Board members and the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

*Deloitte Touche Tohmatsu LLC*

June 26, 2020



## Breakdown of Orders (Nonconsolidated)

Okumura Corporation  
Year Ended March 31, 2020

### Construction Orders Awarded

	2020		2019		2020
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Civil engineering:					
Domestic:					
Public sector	¥ 30,943		¥ 75,009		\$ 284,328
Private sector	50,680		35,032		465,674
Overseas	8,027		(16)		73,759
Subtotal	89,650	41.0%	110,025	40.9%	823,761
Architectural construction:					
Domestic:					
Public sector	38,373		22,606		352,592
Private sector	90,840		136,196		834,697
Overseas	—		—		—
Subtotal	129,213	59.0	158,802	59.1	1,187,289
Total:					
Domestic:					
Public sector	69,316		97,615		636,920
Private sector	141,520		171,228		1,300,371
Overseas	8,027		(16)		73,759
Total	¥218,863	100 %	¥268,827	100 %	\$2,011,050

### Net Sales

	2020		2019		2020
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Projects completed:					
Civil engineering:					
Domestic:					
Public sector	¥ 69,240		¥ 71,201		\$ 636,219
Private sector	28,552		19,692		262,358
Overseas	2,354		762		21,627
Subtotal	100,146	45.0%	91,655	42.5%	920,204
Architectural construction:					
Domestic:					
Public sector	12,258		19,598		112,635
Private sector	104,502		98,769		960,229
Overseas	—		—		—
Subtotal	116,760	52.5	118,367	54.9	1,072,864
Subtotal:					
Domestic:					
Public sector	81,498		90,799		748,854
Private sector	133,054		118,461		1,222,587
Overseas	2,354		762		21,627
Subtotal	216,906	97.5	210,022	97.4	1,993,068
Real estate and other	5,521	2.5	5,496	2.6	50,733
Total	¥222,427	100 %	¥215,518	100 %	\$2,043,801

### Year-end Backlog

	2020		2019		2020
	Millions of Yen	Composition ratio	Millions of Yen	Composition ratio	Thousands of U.S. Dollars
Civil engineering:					
Domestic:					
Public sector	¥ 86,511		¥124,807		\$ 794,917
Private sector	72,888		50,761		669,743
Overseas	13,908		8,234		127,790
Subtotal	173,307	49.3%	183,802	52.6%	1,592,450
Architectural construction:					
Domestic:					
Public sector	49,056		22,942		450,761
Private sector	129,233		142,895		1,187,477
Overseas	—		—		—
Subtotal	178,289	50.7	165,837	47.4	1,638,238
Total:					
Domestic:					
Public sector	135,567		147,749		1,245,678
Private sector	202,121		193,656		1,857,220
Overseas	13,908		8,234		127,790
Total	¥351,596	100 %	¥349,639	100 %	\$3,230,688

## Head and Branch Offices

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### Technical Research Institute

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## Consolidated Subsidiaries

### Okumura Machinery Corporation

3-5-26, Himejima, Nishiyodogawa-ku,  
Osaka 555-0033, Japan  
TEL: +81-6-6472-3461 FAX: +81-6-6477-6801  
Business line: Design, manufacture, sales, and  
repair of construction/industrial machines and  
devices

### Taihei Real Estate Corporation

[Head Office]  
5-16-7, Shiba, Minato-ku,  
Tokyo 108-0014, Japan  
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[Osaka Branch]  
2-2-2, Matsuzaki-cho, Abeno-ku,  
Osaka 545-8555, Japan  
TEL: +81-6-6625-3959 FAX: +81-6-6629-3938  
Business line: Real estate, land and building  
management

### ISHIKARI BIO ENERGY GODO KAISHA

2-763-3, Shinko, Chuo,  
Ishikari 061-3242, Japan  
TEL: +81-133-62-9505 FAX: +81-133-62-9506  
Business line: Power generation using renew-  
able energy and sales of electricity

## Board of Directors

(As of June 26, 2020)

### Directors

President and Representative Director

**Takanori Okumura**

Representative Director

**Atsushi Tanaka**

Directors

**Yuichi Mizuno**

**Kenji Kotera**

**Hiromu Miyazaki**

**Toru Osumi**

**Masahiro Kaneshige**

Director (Full-time Audit and Supervisory Committee Member)

**Harumitsu Yoshimura**

Directors (Audit and Supervisory Committee Member)

**Tetsuo Koderu**

**Hiroyo Yashiro**

**Hideshi Nio**

**Kenji Nishihara**

Note: Tetsuo Koderu, Hiroyo Yashiro, Hideshi Nio and Kenji Nishihara are outside directors.

### Executive Officers

Executive Vice Presidents

**Wataru Watanabe**

**Yuichi Mizuno\***

Senior Managing Executive Officers

**Hitoshi Miyamoto**

**Osamu Harada**

**Shunso Iijima**

Managing Executive Officers

**Kenji Kotera\***

**Atsushi Tanaka\***

**Hiromu Miyazaki\***

**Hiroyuki Hayashi**

**Toru Osumi\***

**Kazuyuki Yoshimi**

**Masahiro Kaneshige\***

Executive Officers

**Takanori Hayashi**

**Masaaki Iwakura**

**Naoki Magoori**

**Hirohide Taniguchi**

**Nobuyasu Kawai**

**Sawayuki Kawatani**

**Yoshinori Yasui**

**Kunitake Konishi**

**Nobuharu Suga**

**Yasuhiko Goto**

**Tamotsu Tsuchiya**

**Yoshihiko Wakimoto**

**Hiroki Machida**

**Kazuyoshi Okuma**

**Hiroyuki Matsushima**

**Akira Sasaki**

**Masanari Kashiki**

**Koichi Isogami**

**Yoshihiro Kadotani**

**Junichi Hori**

Note: Those officers marked with an asterisk (\*) work as directors.

## Investor Information

(As of March 31, 2020)

### Corporate Data

#### Head Office

OKUMURA CORPORATION

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TEL: +81-6-6621-1101 FAX: +81-6-6627-5295

#### Established

February 22, 1907

#### Capital

¥19.8 billion

#### Group Employees

2,093

### Stock Information

#### Stock Exchange Listings

Tokyo

#### Transfer Agent

Sumitomo Mitsui Trust Bank, Limited

#### Major Shareholders

Shareholder	Shares held (thousands)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,834	7.49%
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	2,065	5.46
Okumura Employees' Shareholding Association	1,621	4.29
Japan Trustee Services Bank, Ltd. (Trust Account)	1,337	3.54
Resona Bank, Limited.	1,214	3.21
Sumitomo Realty & Development Co., Ltd.	1,210	3.20
Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds	1,070	2.83
Japan Trustee Services Bank, Ltd. (Trust Account 9)	804	2.13
Northern Trust Co. (AVFC) Sub A/C Non Treaty	707	1.87
Japan Trustee Services Bank, Ltd. (Trust Account 5)	696	1.84

Note:

1. The Company holds 7,836,832 shares of treasury stock, which are excluded from the above.
2. Shareholding ratio is computed excluding treasury stock.



## OKUMURA CORPORATION

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