

February 27, 2020

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MAEDA ROAD CONSTRUCTION Co., Ltd.
Securities Code: 1883 First Section, Tokyo Stock
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Notice of Commencement of Discussions on the Capital and Business Alliance between NIPPO CORPORATION and MAEDA ROAD CONSTRUCTION Co., Ltd.

NIPPO CORPORATION (“NIPPO”) and MAEDA ROAD CONSTRUCTION Co., Ltd. (“Maeda Road”) resolved, at the respective board of directors meetings of the two companies held today, to commence discussions on the capital and business alliance between the two companies (the “Alliance”) and hereby announce as follows:

1. Reasons for commencement of the discussions on the Alliance

As to the environment surrounding the construction industry, construction demand has been increasing for the time being due to the national resilience plan and other plans led by the Japanese government. However, with respect to long-term construction demand, the domestic business environment is assumed to be severe, both in the public and private sectors, given the anticipated firm progress of population decrease in Japanese society.

In the construction industry, labor shortage and aging issues are becoming more severe. This trend is particularly noticeable in the road construction industry, in which the two companies operate their business. Securing human resources, which is the basis of business promotion, has become an important management issue for the two companies.

On the other hand, NIPPO and Maeda Road are operating similar businesses in various fields of the construction business; therefore, the two companies have common understanding that the two companies can mutually share their own know-how, thereby substantial synergies such as the enhancement of competitiveness, securing human resources, cost reductions, and enhancement of disaster prevention/mitigation measures, which include contribution to the public infrastructure capital development projects in the society, can be expected to create and that the Alliance would also contribute to the improvement of the corporate value of the two companies. Accordingly, we decided to commence discussions on the specific content of the capital and business alliance.

2. Purpose of the Alliance

NIPPO and Maeda Road operate their businesses in common fields throughout Japan, including pavement

engineering and general civil engineering in the construction business and manufacturing and sales business for asphalt composite, etc. in the manufacturing and sales business.

Specifically, the two companies have maintained their business for a long while and have many kinds of networks and know-how, including technical capabilities, selling capacities, purchasing power, sales capabilities and other skills. In particular, regarding their manufacturing and sales businesses, the two companies, including their affiliated companies, have more than 200 plants (manufacturing sites) in aggregate in Japan. Therefore, we can expect substantial synergies, including the enhancement of productivity through achieving collaborative business operations, improvement of asset efficiency by way of combination and reorganization of production facilities and improvement of working environments by strengthening human resources.

Also, in the pavement engineering and other civil engineering, the personnel exchange between the two companies, taking advantage of each business characteristic, would enable the two companies to achieve the assignment of the right persons to the right positions in their workplaces, which may thereby resolve the labor shortage issue. Furthermore, by effectively utilizing any cooperating companies and special construction equipment, facility operating rates will be improved.

In the technology research and development, the exchange of technology and personnel within the same field and collaborative technical research are expected to enable the two companies to maintain and increase their market share.

Through the above-mentioned measures in each field, the Alliance is expected to have various positive effects. The two companies will proceed with the discussions on the specific terms of the alliance while complying with the antimonopoly law and other relevant laws and regulations.

3. Details of the capital alliance

In order to ensure the establishment and promotion of the above-mentioned purpose of the alliance, the two companies will consider acquiring around 5% of shares for strategic purpose in the other company. The details of the acquisition will be announced once the discussions are completed.

4. Parties engaging in discussions regarding the Alliance

(i) Name	NIPPO CORPORATION	MAEDA ROAD CONSTRUCTION CO., Ltd
(ii) Location	1-19-11, Kyobashi, Chuo-ku, Tokyo, Japan	1-11-3 Osaki, Shinagawa-ku, Tokyo Japan
(iii) Name and title of representative	Yoshikazu Yoshikawa, President and Representative Director	Ryozo Imaeda, Representative Director and President
(iv) Business activities	Construction business, manufacturing and sales business for asphalt composite, etc. and development business, etc.	Construction business and manufacturing and sales business
(v) Capital	15,324 million yen	19,350 million yen
(vi) Date of establishment	February 2, 1934	July 19, 1930

(vii) Major shareholders and percentages of shares held (As of September 30, 2019)	JXTG Holdings, Inc.	57.00%	MAEDA CORPORATION	24.38%	
	Japan Trustee Services Bank, Ltd. (Trust account)	5.33%	NORTHERN TRUST CO. (AVFC) RE SILCHESTER		
	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	4.39%	INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	5.59%	
	The Master Trust Bank of Japan, Ltd. (Trust account)	4.43%	The Master Trust Bank of Japan, Ltd. (Trust account)	4.43%	
	The Master Trust Bank of Japan, Ltd. (Trust account)	3.11%	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	3.29%	
	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	2.29%	Japan Trustee Services Bank, Ltd. (Trust account)	3.08%	
	NORTHERN TRUST CO. (AVFC) ACCOUNT NON TREATY (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.50%	Maeda Road Employee Shareholding Association	2.14%	
	STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.33%	NORTHERN TRUST CO. (AVFC) ACCOUNT NON TREATY (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.91%	
	Japan Trustee Services Bank, Ltd. (Trust account 9)	1.18%	The Kyoei Fire and Marine Insurance Company, Limited	1.79%	
	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.02%	Japan Trustee Services Bank, Ltd. (Trust account 5)	1.59%	
	THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: MUFG Bank, Ltd.)	0.96%	STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1.58%	
	(viii) Relationships between the parties	Capital relationships: Not applicable.			
		Personnel relationships: Not applicable.			
		Trading relationships: The parties have been engaged in sales and purchase transactions, etc. for asphalt composite, etc.			
Related party information: Not applicable.					

(ix) Results of operations and financial condition over the last three years (Unit: 1 million yen, excluding information per share)						
	NIPPO CORPORATION (Consolidated)			MAEDA ROAD CONSTRUCTION CO., Ltd (Consolidated)		
	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019
Net assets	294,944	321,829	343,620	194,420	201,977	207,749
Total assets	496,182	508,638	521,758	258,037	286,997	290,007
Net assets per share (yen)	2,422.42	2,638.91	2,811.27	2,239.97	2,326.81	2,386.55
Net Sales	393,614	404,153	413,236	233,107	234,369	223,757
Operating profit	44,121	38,619	38,656	26,649	23,402	17,122
Ordinary profit	45,799	40,345	39,022	27,048	23,810	17,636
Net income attributable to shareholders of parent company	28,518	26,610	25,514	17,922	9,201	11,482
Net income per share (yen)	239.46	223.45	214.25	207.67	106.62	133.00
Dividends per share (yen)	35.00	40.00	40.00	55.00	55.00	70.00

5. Future outlook

Once the discussions are completed, we will disclose the details thereof.

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