



23 May, 2019

To all concerned parties

Name of Company:	Asanuma Corporation
Stock Exchange	Tokyo Stock Exchange,
Listing:	First Section
Stock Code:	1852
Representative	Title: Representative President Name: Makoto Asanuma
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Receipt of Documents Relating to Exercise of Shareholders' Proposal Rights and Notice of Opinions of Our Board of Directors

We have received a document relating to exercise of shareholders' proposal rights regarding the agenda at the 84th Ordinary General Meeting of Shareholders to be held on June 26, 2019. At the Board of Directors meeting held today, we have resolved to oppose the proposal. Details are as follows.

I. Proposing Shareholders

Name of shareholders : INTERTRUST TRUSTEES (CAYMAN)LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP
And STRATEGIC CAPITAL CO,INT.

II. Details of the Shareholders' Proposal and Reasons for the Proposal

1. Agenda

- (1) Amendment to the Articles of Incorporation pertaining to the Sale of Policy Holding Shares
- (2) Appropriation of Retained Earnings

2. Content of the agenda and the reasons for the proposal

As indicated in the attached document "Details of the Shareholders' Proposal and Reasons for the Proposal.". The attached "Details of the Shareholders' Proposal and Reasons for the Proposal." contains the relevant descriptions of the Shareholders' Proposal submitted by the Proposal Shareholder in the original text.

III. Opinions of Our Board of Directors on Shareholder Proposals

1. Amendment to the Articles of Incorporation pertaining to the Sale of Policy Holding Shares

(1) Opinions of our board of directors

Our Board of Directors opposes the Shareholder Proposal.

(2) Reasons for opposition

In order to strengthen our friendly relationship with business partners, we have acquired policy stocks through a resolution of the Board of Directors. As of the end of March 2019, we held policy stocks of ¥9,442 million (book value). Under such circumstances, based on the "Criteria for Determining the Appropriateness of Holdings of Listed Shares," we intend to reduce strategic shareholdings if the benefits such as the dividend yield on investments in the previous fiscal year are less than the capital cost at the end of the fiscal year. Regarding the verification of individual strategic stockholdings, the Board of Directors meets at the beginning

of each fiscal year to adopt the standard. In addition, the Board of Directors examines the appropriateness of such holdings in detail by comprehensively considering economic rationality, and verifies whether it is necessary to continue holding or sell such stockholdings.

In FY2019, the Company sold shareholdings that do not match the cost of capital and appropriated the proceeds to fund the repurchase of treasury shares (the total number of treasury shares repurchased: 313,600 shares at a total cost of ¥999,933,700). We believe that appropriate decisions on the appropriateness of holdings based on specific circumstances will contribute to the enhancement of corporate value in the future as well.

Therefore, this agenda proposal, which is an amendment to the Articles of Incorporation requiring the sale of strategic shareholdings during the three-year period from the 85th to 87th fiscal term, does not conform to the above policy and does not contribute to the enhancement of our corporate value.

2. Appropriation of Retained Earnings

(1) Opinions of our board of directors

Our Board of Directors opposes the Shareholder Proposal.

(2) Reasons for opposition

Our basic policy on shareholders' returns is to return profits to shareholders as our most important policy. To realize this policy, we strive to maintain and strengthen the company's competitiveness while developing new technologies necessary for future business development, and to distribute profits based on business results.

We have not paid a dividend for three consecutive years since FY2012 due to the worsening of our business performance. In order to avoid worrying about our shareholders, we resumed our dividend payment in FY2015. In FY2018, we paid a dividend of 16 yen per share (160 yen per share on a post-reverse stock consolidation basis) for our common stock, for a consolidated dividend payout ratio of 25.7%.

In FY2019, There is a certain prospect for improving its financial position, We have increased the dividend from an initial forecast ¥100 per share (consolidated dividend payout ratio of 25.9%), and have proposed a dividend ¥153 per share (consolidated dividend payout ratio of 30.3%).

Furthermore, we will revise the policy on shareholders' returns (consolidated dividend payout ratio of 30% or more in FY2020) disclosed in The Three-year Medium-term Plan (FY2018 to FY2020) and aim for a dividend payout ratio of 30% or more in FY2018, a dividend payout ratio of 40% or more in FY2019, and a dividend payout ratio of 50% or more in FY2020.

In addition, with regard to the utilization of funds, etc. arising from the holding of funds and annual profits, The Three-year Medium-term Plan states that over three years, ¥20 billion will be invested in investments related to technological studies, ICT-related investments, concessions and overseas expansion investments, and cash payments to partner companies. We believe that such use of funds is indispensable for increasing corporate value over the medium to long term and for delivering stable and sustained returns to shareholders. In FY2018, the first year of this plan, we invested approximately ¥12 billion in cash for technology research-related investment, ICT-related investment, overseas M&A, and payments to partner companies.

Accordingly, we have determined that this proposal, which requires the payment of a dividend of 100% of profit attributable to owners of parent, does not conform to our basic policy on shareholder returns and future capital utilization measures, and does not contribute to the enhancement of our corporate value over the medium to long term.

The attached "Details of the Shareholders' Proposal and Reasons for the Proposal"

※ The relevant descriptions of the Shareholders' Proposal submitted by the Proposing Shareholders are presented in the original text.

" Disclosure of WACC and its basis of calculation for more effective dialogues." has been withdrawn and is not presented.

1. Our shareholder proposals

① Dissolution of cross shareholdings to increase financial leverage.

One of the reasons for ASANUMA's low valuation is low leverage as a result of holding excessive cash and cross shareholdings. We would like ASANUMA to dispose the cross shareholdings in 3 years and utilize the proceeds to increase shareholders' value such as improvement of financial leverage.

② Increase of dividend to achieve 100% payout ratio.

As a result of low shareholders' return, ASANUMA's market capitalisation is almost the same as net-cash. To prevent accumulating cash and equity capital, we would like ASANUMA to achieve 100% payout ratio.

2. The detailed translation of our proposal

① Revision of the provisions of articles with regard to the Dissolution of Cross Shareholdings

The following Chapter and Article shall be newly added to the current Articles of Incorporation.

CHAPTER 7. Dissolution of Cross Shareholdings

(Dissolution of Cross Shareholdings)

Article 34

The Company shall sell all the cross shareholdings, as of the effective date of the revision of the Articles of Incorporation, immediately during 85th to 87nd fiscal periods.

② Appropriation of Surplus

(1) Type of dividend

Cash

(2) Allocation and the total amount of dividends

The amount obtained by deducting the amount of dividend payment from surplus per common share of the Company which will be proposed by the Board of Directors of the Company at the 84th Annual General Meeting of Shareholders and approved thereat, from JPY386.

In case Earnings Per Share rounded down to the nearest integer in 84th fiscal period (hereinafter referred to as "actual EPS") is different from JPY386, JPY386 in the previous paragraph shall be replaced with actual EPS.

The total amount of dividends is calculated by multiplying the dividend amount per the one common stock described above by the number of shares subject to dividend payment as of March 31, 2019.

(3) Effective date of dividend payment from surplus

The day after the date of the Annual General Meeting of Shareholders to be held in June 2019.

If the Board of Directors of the Company submits the proposal on appropriation of surplus at the 84th Annual General Meeting of Shareholders, this proposal will be submitted to make an additional proposal separately from such proposal.