Jun 13, 2019

To all concerned parties

Name of Company:	Asanuma Corporation
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
Stock Code:	1852
Representative	Title: Representative President Name: Makoto Asanuma
Contact Person	Title: Accountants Manager and Corporate Communications Manager Name: Yoshimichi Yagi
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Our View on the ISS Report

Asanuma Corporation (Mr. Makoto Asanuma, President, hereinafter referred to as "the Company") has published a report that stated that Institutional Shareholder Services, Inc. (hereinafter referred to as "ISS") endorsed the proposal of the Company's shareholders at the 84th Ordinary General Meeting of Shareholders, " Proposal 4: Amendments to the Articles of Incorporation Pertaining to the Sale of Policy Holding Shares," and "Proposal 5: Appropriation of Retained Earnings ." The report is supplemented as follows.

Our Board of Directors' opinions on Proposal 4 and Proposal 5 are as described in the Reference Documents for the General Meeting of Shareholders. We would like our shareholders to understand our opinions on this Proposal by our Board of Directors meeting. We would like to explain our opinions on this Report to our shareholders as follows.

We look forward to the continued understanding of our shareholders .

1. Outline of ISS Report

Proposal 4, " Amendments to the Articles of Incorporation Pertaining to the Sale of Policy Holding Shares "

ISS recommends that our Policy Holding Shares be in favor of shareholders' proposal, as the board does not show a case in which this is a meaningful business support, although it is held for business enhancement.

Proposal 5, " Appropriation of Retained Earnings "

ISS recommends that shareowners vote in favor of shareowner proposals because, as shareowner proposers point out, the opinion of our board of directors is merely accumulating cash and securities for vague needs, while higher dividends are an effective way of returning surplus funds to shareowners.

2. Our view

Proposal 4, " Amendments to the Articles of Incorporation Pertaining to the Sale of Policy Holding Shares "

As of the end of Mar 2019, companies held strategic shareholdings totaling ¥9,442 million (book value). However, our policy is to reduce strategic shareholdings if the benefits such as dividends for the immediately preceding fiscal year and the annual average gross profit for the ten-year period are less than the capital cost at the end of the fiscal year.

Regarding the verification of individual strategic stockholdings, the Board of Directors meeting 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 the necessity of continuing to hold and selling such stockholdings.
As of the end of Mar 2019, the benefit of all stocks held was 10% or more of book value, and exceeded the cost of capital 5.1%. However, for stocks that do not benefit from individual stocks, the Company sold them during the fiscal year ended Mar 31, 2019 and used the proceeds to repurchase 313,600 shares of treasury stock (total number of shares repurchased: 999,933,700 yen).
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.

Proposal 5 , " Appropriation of Retained Earnings "
In our medium-term three-year plan (FY2018 to FY2020), we clarify that we will invest 5.0 billion yen in technical research and ICT-related investments over three years, 5.0 billion yen in concessions and overseas expansion investments, and 10.0 billion yen in cash payments to partner companies, totaling 20.0 billion yen. 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 the fiscal year ended Mar 31, 2019, the first year of the plan, we invested a total of 12.0 billion yen in R & D-related investments, 1.5 billion yen in ICT-related investments, 0.5 billion yen in overseas M&A As, and a 10.0 billion yen increase in the cash ratio for payments to subcontractors. As a result, the current level of cash and deposits is at an appropriate level in line with our cash plans.
Therefore, the Board of Directors of the Company judges that this Proposal, which substantially seeks a 100% dividend payout of the profit attributable to owner of parent, neither conforms to the Company's basic policy of shareholder return or future capital utilization policy nor does it contribute to enhancing the Company's corporate value in the medium to long term.

Glass,Lewis&Co. and LLC (referred to as "Glass Lewis") encourage shareholders to oppose Proposal 4 and Proposal 5

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