



May 14,2020

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
Contact Person	Title: Executive Officer President's Office Deputy Director r and Accountants Manager and Corporate Communications Manager Name: Yoshimichi Yagi
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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 85th Ordinary General Meeting of Shareholders to be held on June 2020. At the Board of Directors meeting held today, we have resolved to oppose the proposal. Details are as follows.

### I. Proposal shareholders

Name of shareholder: 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 the shareholders' proposal

#### 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 this shareholder proposal.**

##### (2) Reason for opposition

At the end of March 2020, we held listed shares in the amount of 6.9 billion yen as Policy Holding Sharers. We have a policy to reduce listed shares when the benefits of dividends and gross profit from construction contracts from the issuer are less than WACC until the end of the fiscal year ended March 2019, and when they are less than the cost of shareholders' equity from the end of the fiscal year ended March 2020. At the regular Board of Directors meetings held at the beginning of the following fiscal year, we verify the appropriateness of holdings of individual stocks.

As a result, we sold three stocks of 997 million yen in FY2018 and three stocks of 139 million yen in FY2019. In accordance with the above policy, we intend to reduce the balance of Policy Holding Shares to less than 10% of consolidated net assets by the end of the fiscal year ending March 2022.

Accordingly, we conclude that this proposal, which is an amendment to the Articles of Incorporation requiring the sale of Policy Holding Shares during the third period (April 2020 to March 2023), from the 86th period (March 2021) to the 88th period (March 2023), does not conform to the above policy and does not contribute to the improvement of our corporate value. Therefore, our Board of Directors opposes this proposal.

## 2. Appropriation of Retained Earnings

### (1) Opinions of our board of directors

**Our Board of Directors opposes this shareholder proposal.**

### (2) Reason 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.

Due to worsening business performance, we have not paid a dividend for three consecutive fiscal years since the fiscal year ended March 31, 2012. However, we have decided to resume dividend payments in the fiscal year ended March 31, 2015, and announced that in May 2019, we will pay a consolidated dividend payout ratio of 30% or more for the fiscal year ended March 31, 2019 and a consolidated dividend payout ratio of 40% or more for the fiscal year ended March 31, 2020, and 50% or more for the fiscal year ending March 31, 2021 as the dividend policy for the three-year medium-term plan (from the fiscal year ended March 31, 2019 to the fiscal year ending March 31, 2021).

In accordance with this dividend policy, the Company paid a dividend of ¥153 per share, for a consolidated payout ratio of 30.3%, for the fiscal year ended March 31, 2019. The Company will submit a proposal to the 85th Ordinary General Meeting of Shareholders to be held in June 2020, for a consolidated dividend payout ratio of 40.5% and ¥216 per share for the fiscal year ended March 31, 2020.

For the fiscal year ending March 31, 2021, we intend to maintain a consolidated dividend payout ratio of 50% or more. However, at this point in time, the impact of COVID-19 on business performance is uncertain, and the dividend per share has not been determined yet.

With regard to the utilization of funds after the payment of dividends arising from the funds we hold and our annual profits, the three-year medium-term plan states that "20 billion yen will be invested over three years in technology research, ICT-related investment, concession business and overseas expansion investment, and cash payments to partner companies." We believe that the use of these funds will contribute to the stable growth of business performance and is indispensable for continuously returning profits to shareholders.

In the fiscal year ended March 31, 2019 and the fiscal year ended March 31, 2020, we will invest approximately 15 billion yen for the purpose of using these funds. In the fiscal year ending March 31, 2021, which is the final year of the three-year medium-term plan, we will determine the amount to be invested while assessing the impact of COVID-19.

Accordingly, the Company believes that this proposal, which requires a 100% dividend of net income, is inconsistent with the basic policy for shareholder returns and measures to utilize funds indispensable for sustainable growth, and does not contribute to the enhancement of our corporate value. Therefore, our Board of Directors opposes this proposal.

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.

1. Overview of our proposal

① Sell cross-shareholdings to improve capital efficiency.

One of the reasons for Asanuma's low valuation is excessive cash and cross-shareholdings it holds.

In order to improve capital efficiency and eliminate the unnecessary impact by the stock's price movements on the Company's financial results, we propose to sell the cross-shareholdings within 3 years. We hope that the proceeds from the sale will be used to enhance shareholder value.

② Prevent further accumulation of cash.

Due to continuous low level of shareholder returns in the past, Asanuma's equity capital and net cash have accumulated and account for 84% of its market capitalization as of April 22nd, 2020.

We propose a payout ratio of 100% to prevent further accumulation of cash and equity capital.

Note that we made the same shareholder proposals as above last year and both gained more than 28% of favor votes.

2. The detailed translation of our proposal

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

Add the following Chapter and Article to the current Articles of Incorporation.

CHAPTER VIII. Dissolution of Cross-Shareholdings

(Dissolution of Cross-Shareholdings)

Article 35

The Company shall sell all the cross-shareholdings, as of the effective date of the revision of the Articles of Incorporation, immediately during the 86th to 88th 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 85th Annual General Meeting of Shareholders and approved thereat, from JPY 518.

In case Earnings Per Share rounded down to the nearest integer in 85th fiscal period (hereinafter referred to as "actual EPS") is different from JPY 518, JPY 518 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 the record date of the voting rights at the 85th Annual General Meeting of Shareholders.

(3) Effective date of dividend payment from surplus

The day after the 85th Annual General Meeting of Shareholders is held.

If the Board of Directors of the Company submits the proposal on appropriation of surplus at the 85th Annual General Meeting of Shareholders, this proposal will be submitted to make an additional proposal separately from such proposal.