

To all concerned parties

Name of Company: ASANUMA CORPORATION  
 Stock Exchange: Tokyo Stock Exchange,  
 Listing: First Section  
 Stock Code: 1852

## Notice of Formulation of "The Three-Year Medium-Term Plan (FY 2021-FY 2023)"

We announce that we have formulated the "The Three-Year Medium-Term Plan (FY2021-FY2023)".

In the previous The Three-Year Medium-Term Plan (FY 2018 - FY 2020), we focused on the pursuit of ASANUMA CORPORATION 's uniqueness and implemented a variety of measures to achieve sustainable growth despite a diverse and changing business environment. As a result, in FY 2018 and FY 2019, we achieved our medium-term plan, with an increase in construction on hand partly due to orders received for large-scale construction and the addition of factors such as improved profitability of construction. In FY 2020, we revised the annual plan downward from the medium-term plan, taking into account the impact of the spread of COVID-19. At this stage, however, we expect to achieve our annual plan except for orders, and we were able to achieve a certain level of results throughout the three years.

However, the external environment surrounding us has changed even more dramatically in recent years. The changes are faster, bigger, and likely to continue into the future. In order to achieve sustainable growth in the future in this challenging business environment, it is necessary to identify changes as quickly as possible and respond swiftly and appropriately.

In light of these factors, The Three-Year Medium-Term Plan, which is newly launched today, has adopted its corporate philosophy of " we are committed to do creation with good faith and contribute to build safer, peaceful, and comfortable society." Under this philosophy, the long-term vision is "We aim to be a company that demonstrates uniqueness and continues to boldly take on challenges in response to dramatic changes in the external environment." In addition, we have positioned this Three-Year Medium-Term Plan as "deep dive into the unique characteristics of ASANUMA CORPORATION " in order to translate it into a stage where we can demonstrate our uniqueness in order to realize our long-term vision. Basic Policy is committed to deeping dive into the unique characteristics of ASANUMA CORPORATION and taking on the challenge of change. We will boldly take on the challenges of implementing the following three measures to respond to changes in the external environment. In this way, we will strive to achieve results.

【Changes in the External Environment】	【Measures】
①Domestic construction investment, which is shrinking over the long term, and domestic maintenance and repair investment, which is steady due to the aging of infrastructure and Building Construction structures	<ul style="list-style-type: none"> <li>◆Strengthen competitiveness (cost, quality, proposal)</li> <li>◆Strengthen initiatives in new areas (overseas and new fields)</li> <li>◆Strengthen initiatives in the domestic maintenance and management/repair business</li> </ul>
②Decline in the productive labor force in the construction sector	<ul style="list-style-type: none"> <li>◆Strengthening Initiatives that Contribute to Improving Productivity</li> <li>◆Strengthening Human Resource Recruitment and Human Resource Development</li> <li>◆Strengthen collaboration with partner companies</li> </ul>

③Momentum to improve corporate reputation through non-financial management activities (ESG, SDGs, etc)	<ul style="list-style-type: none"> <li>◆[E]: Promotion of “Eco-Friendly ASANUMA21”</li> <li>◆[S]: Acquire WELL Building Standard, etc. as part of “ReQuality”</li> <li>◆[G]: Continue to strengthen the functions of the Board of Directors, etc</li> </ul>
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### [Key Performance Indicators (Consolidated)]

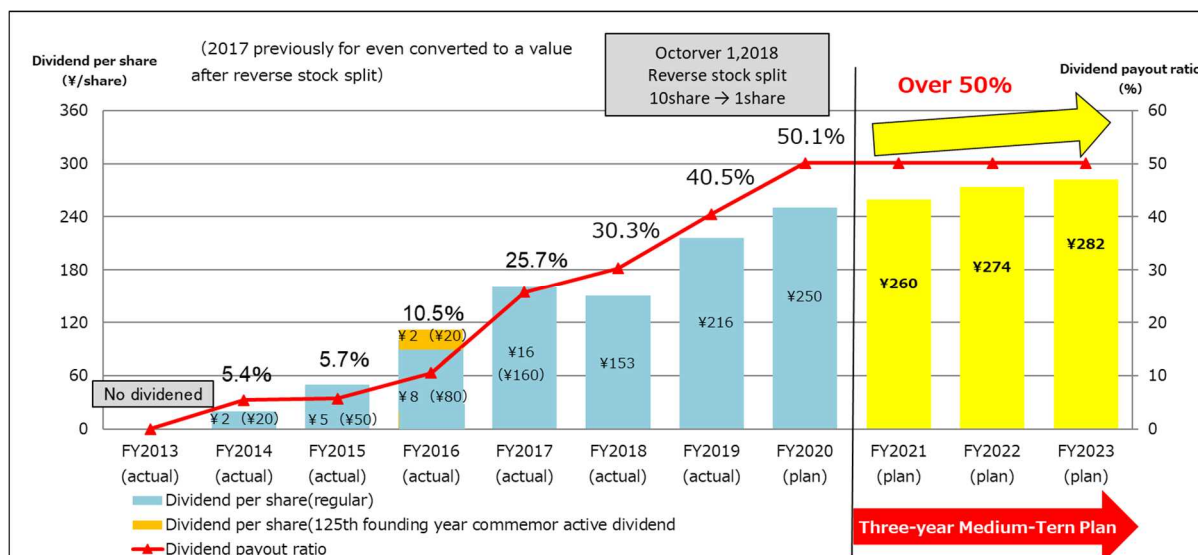
- ◇ The ratio of operating income to sales is projected to exceed 5.0% in FY 2023.
- ◇ Return on equity (ROE) is forecast at higher than 10.0% in all three years, exceeding the cost of shareholders' equity.
- ◇ The return on invested capital (ROIC) is projected to exceed the cost of capital (WACC) in all the three years of the plan period.

	FY2020 (Prospect)	FY2021 (Plan)	FY2022 (Plan)	FY2023 (Plan)	3years average	Note
Orders received	¥120.2bn	¥132.1bn	¥141.5bn	¥146.6bn	¥140.1bn	
Net sales	¥134.5bn	¥140.0bn	¥135.5bn	¥137.3bn	¥137.6bn	
Operating income	¥5.2bn	¥5.3bn	¥6.5bn	¥6.7bn	¥6.2bn	
Profit attributable to owners of parent	¥4.0bn	¥4.1bn	¥4.4bn	¥4.5bn	¥4.3bn	
Ratio of operating income to sales	3.9%	3.8%	4.8%	5.0%		
Return on Equity (ROE)	10.0%	10.1%	10.2%	10.0%		
Cost of shareholders' equity	8.0%	8.0%				
Return on Invested capital (ROIC)	7.0%	7.1%	8.3%	8.3%		
Cost of capital	6.0%	6.0%				

※ Cost of shareholders' equity and the Cost of capital are current assumptions.

### [Return to Shareholders]

- ◇ Consolidated dividend payout ratio: Continue to exceed 50%, the highest level in the construction industry.



- ※ Dividends for FY 2020 will be finalized at the General Meeting of Shareholders held in Jun 2021.
- ※ The amount of dividends for FY 2021 to FY 2023 is a reference value calculated from net income attributable to owners of the parent listed in "Key Performance Indicators (Consolidated)" above.

### **Fund Injection Plan**

In order to realize our long-term vision, we will invest ¥8 billion over three years after strictly assessing the effects of our investments.

Major components are as follows

#### ◇ Investment plan

##### ◆ Technology and research, ICT : ¥3 billion

(seismic resistance, vibration control and seismic isolation technologies, Ai-MAP SYSTEM advancement, environment-related technologies, etc.)

##### ◆ Investment related to new areas: ¥5 billion

(Expansion of ASEAN region renovation business, promotion of concession business, etc.)

# The Three-Year Medium-Term Plan (FY2021-FY2023)

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With Our Proud History, Creating a Desirable Future



April 2021

**ASANUMA CORPORATION**

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## **【Corporate Philosophy】**

We are committed to do creation with good faith and contribute to build safer, peaceful, and comfortable society.

## **— Long-Term Vision —**

We aim to be a company that demonstrates uniqueness and continues to boldly take on challenges in response to dramatic changes in the external environment.



**The external environment surrounding us has changed even more dramatically in recent years. The changes are faster, bigger, and likely to continue into the future.**

**In order to achieve sustainable growth in the future in this challenging business environment, it is necessary to identify changes as quickly as possible and respond swiftly and appropriately.**

**ASANUMA CORPORATION is committed to continuing its corporate philosophy of "we are committed to do creation with good faith and contribute to build safer, peaceful, and comfortable society." by leveraging its proprietary technologies and know-how and boldly taking on challenges in response to this dramatic change.**

## Management Indicators

### ○FY2018 and FY2019

In order to rush to win orders ahead of the consumption tax hike, orders for large-scale construction, ample construction on hand, improved profitability of construction, etc, orders received, net sales, operating income, and net income all achieved the targets of the medium-term plan.

### ○FY2020

Taking into account the impact of COVID-19, the annual plan was revised downward from the medium-term plan, but at this stage, other than orders received, it is expected that the annual plan will be achieved.

### ○3-yearly average

Operating income is expected to miss the medium-term plan, but orders received, net sales, and net income are expected to achieve the medium-term plan.

(Hundred million yen)

Key Performance Indicators (Consolidated)	FY2018 Medium-term Plan	FY2018 Results	FY2019 Medium-term Plan	FY2019 Results	FY2020 Medium-term Plan	FY2020 Plan	FY2020 Prospect	Medium-term Plan 3 years Average	Results and Plan Average
Orders received	1,300	1,537	1,330	1,483	1,360	1,261	1,202	1,330.0	1,407.3
Net sales	1,295	1,357	1,366	1,415	1,389	1,345	1,345	1,350.0	1,372.3
Operating income	49.0	57.0	62.0	66.0	72.0	52.5	52.5	61.0	58.5
Profit attributable to owners of parent Net income	32.0	41.8	40.0	43.0	47.0	40.2	40.2	39.7	41.7

## Management Indicators

- FY2020, the final year of the plan
  - Operating income margin : 5.0% over
  - Equity ratio : 40.0% level
  - Return on equity (ROE) : 10.0% over (a level that exceeds the cost of equity)
- Return on Invested Capital (ROIC) : Level above Cost of Capital for all three years

### ○FY2020

The operating income margin is expected to fall short of the indicators due to a downward revision of the final year plan from the medium-term plan in consideration of the impact of COVID-19 , while the equity ratio and ROE are expected to achieve the indicators.

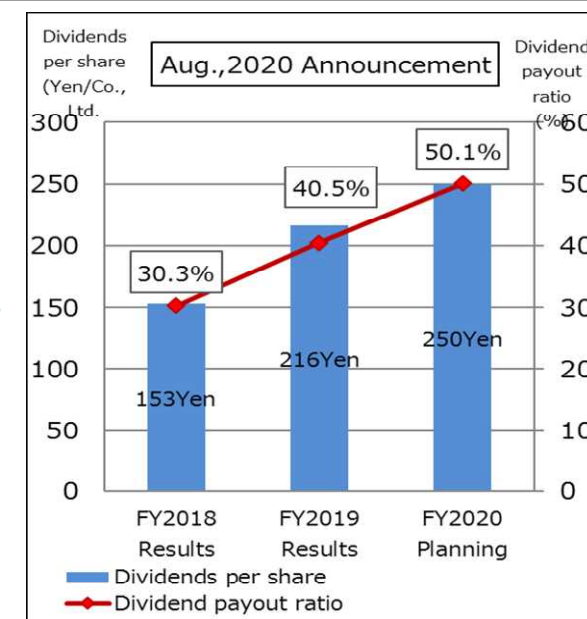
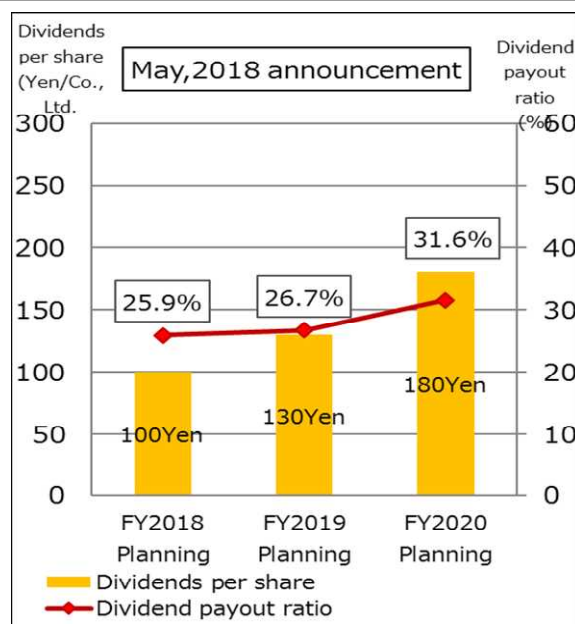
### ○ROIC Expected to Exceed Cost of Equity in All Three Years

Key Performance Indicators (Consolidated)	FY2018 Medium-term Plan	FY2018 Results	FY2019 Medium-term Plan	FY2019 Results	FY2020 Medium-term Plan	FY2020 Plan	FY2020 Prospect
Operating income margin	3.8%	4.2%	4.6%	4.7%	5.2%	3.9%	3.9%
Equity ratio	36.0%	36.6%	41.0%	38.0%	47.0%	43.0%	43.0%
Return on Equity (ROE)	9.0%	11.5%	10.6%	11.3%	11.4%	10.0%	10.0%
Cost of shareholders' equity	7.3%	7.4%	7.3%	8.0%	7.3%	8.0%	8.0%
Return on Invested capital (ROIC)	7.0%	8.1%	8.4%	9.1%	9.2%	7.0%	7.0%
Cost of capital (WACC)	5.0%	5.1%	5.0%	6.0%	5.0%	6.0%	6.0%



## Transition

- **May 2018** : Dividend plan at the time of the announcement of the medium-term plan
- **May 2019** : Upward revision of dividend plan (increase of FY2018 dividend by ¥53)
- **Aug. 2020** : In light of the impact of COVID-19, the FY2020 plan was revised downward from the medium-term plan, and the FY2020 dividend plan was reduced by ¥42 (the FY2019 dividend was increased by ¥8).



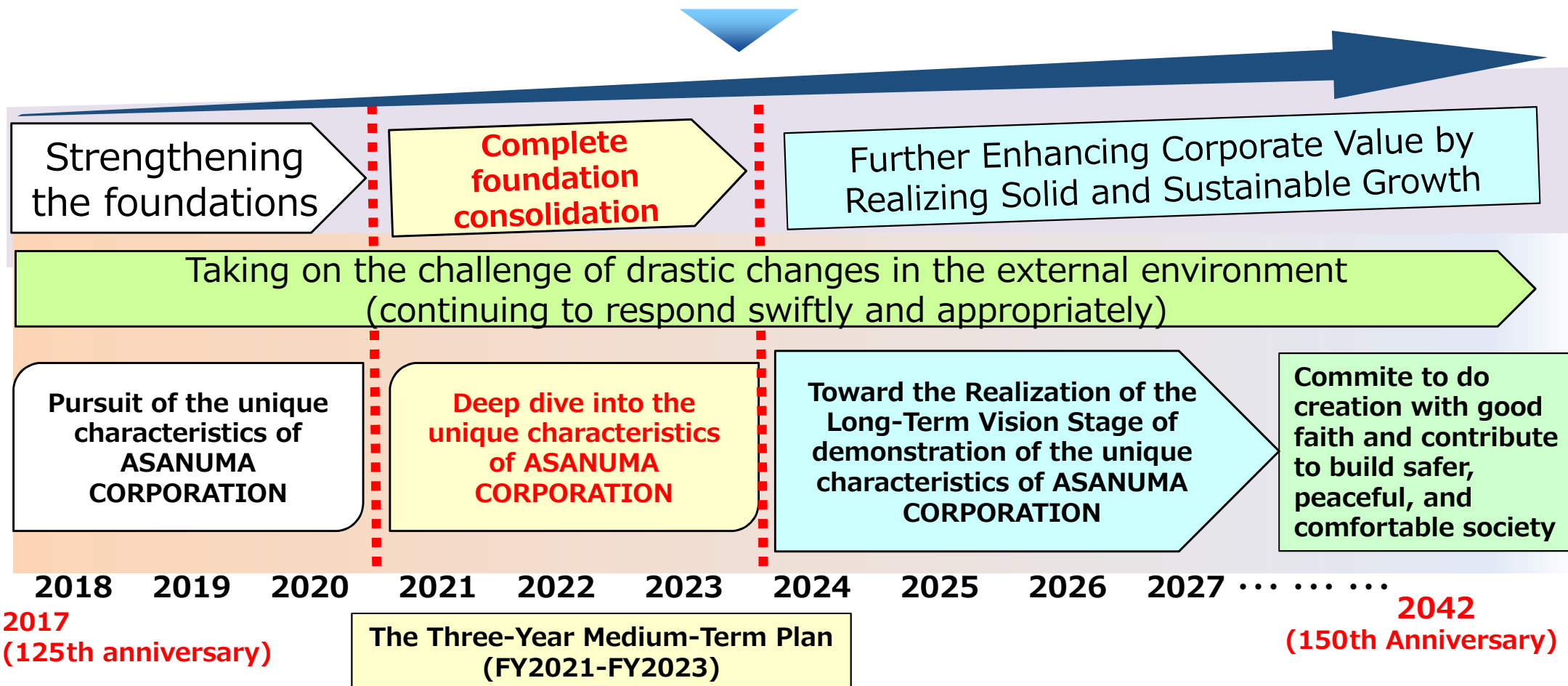
## Purchase of treasury stock and Cancellation

- Shares purchased 313,600 shares
- Purchase costs of shares ¥999,933,700
- Period from November 12, 2018 to January 16, 2019

- Number of shares cancelled: 430,000 shares (5.05% of the total number of issued shares before cancellation)
- Date of cancellation May 31, 2019
- Number of Shares issued  
Before cancellation: 8,508,629 shares  
After cancellation: 8,078,629 shares

## — Positioning —

Deep dive into the unique characteristics of  
ASANUMA CORPORATION  
in order to realize the Long-Term Vision



## — Basic Policy—

"Challenge change" by deeping dive into the unique characteristics of ASANUMA CORPORATION

### The unique characteristics of ASANUMA CORPORATION

A company that provides a diverse range of services backed by its unique technologies and know-how based on its commitment to manufacturing up to honesty and a spirit of bold challenge without fear of change

Take on the challenge  
Changes in the external  
environment

① Domestic construction investment, which is shrinking over the long term, and domestic maintenance and repair investment, which is steady due to the aging of infrastructure and Building Construction structures

② Decline in the productive labor force in the construction sector

③ Momentum to improve corporate reputation through non-financial management activities (ESG, SDGs, etc)

# The Three-Year Medium-Term Plan: Measures and Major Initiatives to Address Changes in the External Environment ①



Changes in the External Environment

① Domestic construction investment, which is shrinking over the long term, and domestic maintenance and repair investment, which is steady due to the aging of infrastructure and Building Construction structures

1

**Strengthen competitiveness (cost, quality, proposal)**

- ★ Continue to strengthen proposal capabilities using ICT (Using 3D data such as BIM and CIM in coordination with design, construction, and maintenance)
- ★ Further strengthen Construction Management Methods and Inspection Systems for Pursuit of Quality Improvement (unified ASANUMA quality at all stores)
- ★ Expansion of accumulation and utilization of cost data by the estimate and construction divisions

2

**Strengthen initiatives in new areas (overseas and new fields)**

- ★ Continue to strengthen in efforts for renewal in ASEAN region
- ★ Further strengthen efforts in PFI and concession business
- ★ Continue to promote initiatives to strategically participate in the Expo-related business

3

**Strengthen initiatives in the domestic maintenance and management/repair business**

- ★ Promoting "ReQuality" Renewal Brand Strategy
- ★ Expansion of "Good Cycle Service" (new lifecycle support services)
- ★ Strengthen initiatives for disaster prevention and mitigation and national resilience-related projects by expanding seismic technologies and upgrading seismic isolation and shock control technologies

## Changes in the External Environment

### ② Decline in the productive labor force in the construction sector

1

#### Strengthening Initiatives that Contribute to Improving Productivity

- ★ Enhance the proprietary "Ai-MAP SYSTEM" and strengthen efforts to obtain patents and commercialize it
- ★ Promoting the Utilization and Introduction of ICT-Related Systems
- ★ Revitalization of the Workplace Productivity Improvement Award System through Cooperation with Cooperating Companies

2

#### Strengthening Human Resource Recruitment and Human Resource Development

- ★ Strengthen recruitment of female and foreign employees
- ★ Diversification and utilization of employment patterns (senior employees, regional employees, etc.)
- ★ Enhancement of employee training using ICT
- ★ Promote and expand CCUS (Construction Career Upgrade System)

3

#### Strengthen collaboration with partner companies

- ★ Continue to promote support for accepting of Specific skill foreign workers
- ★ Continue to promote training for partner companies

## Changes in the External Environment

## ③ Momentum to improve corporate reputation through non-financial management activities (ESG, SDGs, etc)

1

### [E]: Solving environmental problems

- ★ Promoting "Eco-Friendly ASANUMA21"※  
※Operational Plan for Reducing Environmental Impact of Efforts to Achieve 2050 Carbon Neutral
- ★ Obtaining ZEB※ certification as part of "ReQuality"  
※Certification to evaluate Building Construction aimed at eliminating annual balance of energy consumption
- ★ Strengthening Environmentally Conscious Proposal Capabilities

2

### [S]: Solving social issues

- ★ Obtaining WELL※ certification as part of "ReQuality"  
※Certification to evaluate offices based on the health and comfort of workers
- ★ Strengthen initiatives to realize two days off a week at worksites
- ★ Establishment of thorough business continuity plans (BCPs)

3

### [G]: Strengthening Corporate Governance

- ★ Continue to strengthen the functions of the Board of Directors
- ★ Continue to reduce strategic shareholdings
- ★ Introduction of restricted stock compensation plan

## ■ ASANUMA CORPORATION and SDGs ■

The construction industry is an industry in which the business itself is directly connected with SDGs, such as the provision of living environments and urban development, which are the foundations of people's lives, the construction and improvement of infrastructures, which are the foundations of economic activities, disaster prevention and mitigation, energy saving, and environmental protection.

ASANUMA CORPORATION does not consider SDGs activities as part of its social contributions, but rather as "corporate activities = initiatives for SDGs."



- Obtaining ZEB certification as part of "ReQuality"
- Promoting "Eco-Friendly ASANUMA21"



- Strengthen initiatives to realize two days off a week at worksites
- Continue to promote support for accepting of Specific skill foreign workers



- Promoting "Eco-Friendly ASANUMA21"
- Strengthening Environmentally Conscious Proposal Capabilities



- Enhancement of employee training using ICT
- Continue to promote training for partner companies



- Further strengthen Construction Management Methods and Inspection Systems for Pursuit of Quality Improvement
- Continue to strengthen in efforts for renewal in ASEAN region



- Strengthening Environmentally Conscious Proposal Capabilities
- Promoting "Eco-Friendly ASANUMA21"



- Strengthen recruitment of female employees
- Enhancement of employee training using ICT



- Establishing a comprehensive BCP
- Strengthen initiatives for disaster prevention and mitigation and national resilience-related projects by expanding seismic technologies and upgrading seismic isolation and shock control technologies



- Continue to strengthen the functions of the Board of Directors



- Promoting "Eco-Friendly ASANUMA21"
- Obtaining ZEB certification as part of "ReQuality"



- Promoting "ReQuality" Renewal Brand Strategy
- Expansion of "Good Cycle Service"





With Our Proud History,  
Creating a Desirable Future

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