

May 14, 2021

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
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Notice of Our Board Opinion on Shareholders' Proposal Rights

As announced on April 28, 2021, we have received the written proposal for the exercise of the shareholders' right at the 86th Annual General Meeting of Shareholders to be held in June 2021. At the Board of Directors meeting held today, we have resolved to oppose the proposal. Details are as follows.

I. Proposed 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. Our Board Opinion on the Shareholders' 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 this shareholders' proposal.

(2) Reason for opposition

At the end of March 2021, we held listed shares in the amount of ¥5.556 billion as Policy Holding Shares. For listed stocks, we have reduced the balance of Policy Holding Shares to less than 10% of consolidated net assets by the end of March 2022 by reducing dividends from holdings and profits from construction work below the cost of shareholders' equity. At the beginning of each fiscal year, the Board of Directors verifies the appropriateness of holdings of individual stocks.

In accordance with the above policy, in the fiscal year ended March 2021, we sold ¥1.946 billion of five brands, and in conjunction with the retail of ¥15 million of one brand at affiliated company, the residual amount of Policy Holding Shares was 17.6% at the end of March 2020, which was down to 13.3% at the end of March 2021. We intend to continue to reduce the balance of Policy Holding Shares during the period ending March 2022.

Accordingly, we conclude that this proposal, which is an amendment to the Articles of Incorporation requiring the sale of all Policy Holding Shares during the 87th fiscal year (fiscal year ending March 2022), 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 shareholders' 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.

In the previous three-year medium-term plan (March 2019 to March 2021), the Company will set the distribution policy at 30% or more for the fiscal year ended March 2019, 40% or more for the fiscal year ended March 2020, and 50% or more for the fiscal year ended March 2021. In the fiscal year ended March 2019, the Company paid a dividend ¥153 per share of common stock (30.3% for the consolidated payout ratio) and ¥216 per share of common stock (40.5% for the consolidated payout ratio) for the fiscal year ended March 2020. At the 86th Annual General Meeting of Shareholders scheduled for June 2021, the Company will submit a proposal for a payout of ¥257 per share of common stock (50.0% for the consolidated payout ratio) for the fiscal year ended March 2021.

In addition, under the current three-year medium-term plan announced in April 2021 (the fiscal years ending March 2022 to March 2024), the Company has set a dividend policy of "maintaining a consolidated dividend payout ratio of at least 50%, which is the highest level in the construction industry," and plans to pay a dividend of ¥260 per common share (a consolidated dividend payout ratio of 50.2%) in the fiscal year ending March 2022, ¥274 per common share (a consolidated dividend payout ratio of 50.2%) in the fiscal year ending March 2023, and ¥282 per common share (a consolidated dividend payout ratio of 50.0%) in the fiscal year ending March 2024.

With regard to the use of funds after dividend payments arising from annual earnings, while maintaining the minimum required cash and deposits balance, under the previous three-year medium-term plan, we plan to invest ¥18 billion over the three-year period in initiatives such as "realization of

100% cashing payments to partner companies," "expansion and renovation of technical research laboratories," "full conversion of core systems to cloud computing," and "building a new renewal brand." In the current three-year plan, we plan to invest ¥8 billion over the three-year period in initiatives such as "M&A of ASEAN regional renovation companies," "sophistication of productivity improvement systems," and "development of environment-related technologies."

We believe that this use of funds is indispensable to contributing to stable growth in business results and to ensuring stable returns to our shareholders.

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. To improve capital efficiency and eliminate the impact of the stock price movements on Asanuma's financial results, we propose to sell the cross-shareholdings during the FY ending March 2022. We hope they will use the proceeds to enhance shareholder value.

② Prevent further accumulation of equity capital

Due to the continuous low level of shareholder returns in the past, Asanuma's equity capital and net cash have accumulated and account for 20% of its market capitalization as of April 19, 2021. 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 21-28% 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 VII. DISSOLUTION OF CROSS-SHAREHOLDINGS

Article 34 (Dissolution of cross-shareholdings)

The Company shall sell all the cross-shareholdings, as of the effective date of the revision of the Articles of Incorporation, immediately during the 87th fiscal period.

② Appropriation of surplus

A) Type of dividend

Cash

B) 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 86th Annual General Meeting of Shareholders and approved thereat, from JPY498.

In case Earnings Per Share rounded down to the nearest integer in the 86th fiscal period (hereinafter referred to as "actual EPS") is different from JPY498, JPY498 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 voting rights at the 86th Annual General Meeting of Shareholders

C) Effective date of dividend payment from surplus

The day after the 86th Annual General Meeting of Shareholders of the Company is held.

If the Board of Directors of the Company submits the proposal on appropriation of surplus at the 86th Annual General Meeting of Shareholders, this proposal will be submitted to make an additional proposal separately from such proposal.