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(Stock Exchange Code 1852)  
June 4, 2021

**To Shareholders with Voting Rights:**

Makoto Asanuma  
Representative President  
Asanuma Corporation  
Main Office: 1-2-3 Minatomachi,  
Naniwa-ku, Osaka

**NOTICE OF CONVOCATION OF  
THE 86TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We would like to inform you that the 86th Annual General Meeting of Shareholders of Asanuma Corporation (the “Company”) will be held as described below.

If you will not attend the meeting, please exercise your voting rights in advance in writing or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders below and exercise your voting rights by 5:15 p.m. on Thursday, June 24, 2021, Japan time.

- 1. Date and Time:** Friday, June 25, 2021 at 10:00 a.m. Japan time
- 2. Place:** Snowberry Banquet Room, 21<sup>st</sup> Floor, Hotel Monterey Grasmere Osaka  
1-2-3 Minatomachi, Naniwa-ku, Osaka
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company’s 86th Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
    2. Non-consolidated Financial Statements for the Company’s 86th Fiscal Year (April 1, 2020 - March 31, 2021)

**Proposals to be resolved:**

**<Company Proposals>**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Nine (9) Directors
- Proposal 3:** Election of One (1) Audit & Supervisory Board Member
- Proposal 4:** Revision of the Amount of Remuneration, etc., for Directors
- Proposal 5:** Determination of Remuneration, etc. for Granting Restricted Stock to Directors (Excluding Outside Directors)

**<Shareholder Proposals>**

- Proposal 6:** Amendments to Articles of Incorporation Pertaining to Sale of Strategic Shares
- Proposal 7:** Appropriation of Surplus

Details of each Proposal are described in the attached Reference Documents for the General Meeting of Shareholders.

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- ◎ Of the documents required to be appended to this Notice of Convocation as attachments, the following matters have been posted on the Company's website (<https://www.asanuma.co.jp/>) in accordance with laws and regulations and Article 16 of the Articles of Incorporation, and are therefore not included in the attached documents.
    - (1) "The Systems to Ensure the Appropriateness of Operations and Outline of the Operational Status of the Systems" in the Business Report
    - (2) "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements
    - (3) "Non-consolidated Statements of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial StatementsThe attachment to this Notice of Convocation and the above-mentioned documents posted on the Company's website are the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in the preparation of the audit report and accounting audit report, respectively.
  - ◎ Should matters to be described in the Reference Documents for the General Meeting of Shareholders and the attached documents (Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements) require revisions, the revised versions will be posted on the Company's website (<https://www.asanuma.co.jp/>).

## Instructions for the Exercise of Voting Rights

### If you are attending the meeting

- **Exercise of voting rights by attending the meeting**

**Date and time: Friday, June 25, 2021 at 10:00 a.m. Japan time**

Please submit the enclosed Voting Rights Exercise Form at the reception desk. You are asked to bring this Notice of Convocation with you as a means of resource-saving.

### If you will not attend the meeting

- **Exercise of voting rights in writing**

**Deadline: 5:15 p.m. on Thursday, June 24, 2021 (time of receipt)**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail so that it is received by the deadline.

For details, please refer to page 5.

- **Exercise of voting rights over the Internet, etc.**

**Deadline: 5:15 p.m. on Thursday, June 24, 2021**

Please access the voting website (<https://www.web54.net>) and **enter your vote for or against the proposals by the deadline** by following the instructions on the screen.

If exercising voting rights using a smartphone, **please use “Smart Exercise.”**

For details, please refer to page 6.

<p>* If a voting right is exercised both in writing and via the Internet, etc., we will consider the Internet vote to be the valid vote. If a voting right is exercised multiple times via the Internet, etc., we will consider the last vote to be the valid vote.</p>
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# Reference Documents for the General Meeting of Shareholders

## <Company Proposals (Proposals No. 1 to No. 5)>

### Proposals and References

#### **Proposal 1:** Appropriation of Surplus

The Company considers the return of profits to shareholders as one of its most important management initiatives, and to this end, maintains a basic policy of allocating dividends in line with its business performance by developing new technologies that are necessary for the future expansion of the business, while striving to sustain and reinforce the Company's competitiveness.

With regard to the year-end dividend, the Company has taken various factors into consideration, including its financial condition and business performance. Therefore, the Company proposes to pay for the fiscal year ended March 31, 2021 a year-end dividend of ¥257 per share.

Since the shareholders have submitted a proposal for appropriation of surplus besides this Proposal as described below, the payment of the dividend will start on July 14, 2021, in order to pay the dividends smoothly.

- (1) Type of dividend property  
Cash
- (2) Allotment of dividend property and the aggregate amount  
¥257 per common share of the Company  
Aggregate amount of dividends will be ¥2,070,581,152.
- (3) Effective date of dividends of surplus  
June 25, 2021
- (4) Start date of the dividend payment  
July 14, 2021

**Proposal 2:** Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of nine (9) Directors.

The Company will appoint six (6) Inside Directors (Directors other than Outside Directors), while it will appoint three (3) Independent Outside Directors as described below. If this Proposal is approved as originally proposed, more than one third of the Directors of the Company will be Independent Outside Directors.

In order to ensure the transparency and fairness of the decision-making process, the Proposal has been determined by resolution of the Board of Directors following deliberations by the Nomination and Compensation Committee, which is chaired by the Lead Independent Outside Director.

**Composition of the Board of Directors of the Company**

The Company endeavors to appoint Directors so that the composition of the Board of Directors is well-balanced as a whole between knowledge, experience and competence, and at the same time, achieves both diversity and appropriate size.

The composition of Inside Directors and Independent Outside Directors is as follows:

● Composition of Inside Directors

The Company has established a structure which is laid out in the Internal Rules of the Nomination and Compensation Committee to appoint six (6) Inside Directors consisting of Officer in charge of Building Construction Headquarters who is responsible for building construction segments, Officer in charge of Osaka Main Office who is responsible for building construction segments administered by Osaka Main Office, Officer in charge of Tokyo Main Office who is responsible for building construction segments administered by Tokyo Main Office, Officer in charge of Civil Construction Headquarters who is responsible for civil construction segments, Officer in charge of President's Office who is responsible for administration segments, alongside Representative President.

● Composition of Independent Outside Directors

The Company has established a structure which is laid out in the Internal Rules of the Nomination and Compensation Committee to appoint three (3) Independent Outside Directors for the purpose of ensuring the transparency of corporate management and enhancing corporate governance. The Company has already appointed three (including one female) Independent Outside Directors since the 84th Fiscal Year, and more than one third of the Directors of the Company have been Independent Outside Directors since then.

The candidates for Directors are as follows:

No.	Name	Positions and Responsibilities at the Company	Attendance at Board of Directors' meeting	Attributes	Years served as Director	Membership in Nomination and Compensation Committee
1	Makoto Asanuma	Representative President, C.E.O.	17 out of 17	Reappointment Male	3	○
2	Morio Yamakoshi	Representative Director, Senior Managing Officer, Officer in charge of President's Office and Overseas Operations	17 out of 17	Reappointment Male	9	○
3	Yukihiro Ueshiba	Director, Senior Managing Officer, Officer in charge of Building Construction Headquarters	17 out of 17	Reappointment Male	3	
4	Kazuhiro Moriyama	Director, Senior Managing Officer, Officer in charge of Civil Construction Headquarters	17 out of 17	Reappointment Male	2	
5	Akihiro Toyota	Director, Managing Officer, Officer in charge of Osaka Main Office, Deputy Officer in charge of Building Construction Headquarters	13 out of 13	Reappointment Male	1	
6	Masahiro Fujisawa	Director, Managing Officer, Officer in charge of Tokyo Main Office, Deputy Officer in charge of Building Construction Headquarters	13 out of 13	Reappointment Male	1	
7	Masafumi Fukuda	Director	16 out of 17	Reappointment Outside Director Independent Male	4	◎
8	Miwako Funamoto	Director	17 out of 17	Reappointment Outside Director Independent Female	2	○
9	Takuya Morikawa	Director	12 out of 13	Reappointment Outside Director Independent Male	1	○

Notes: 1. "◎" indicates the Chairperson of the Nomination and Compensation Committee.

2. The record of attendances at the Board of Directors' meetings for Mr. Akihiro Toyota, Mr. Masahiro Fujisawa, and Mr. Takuya Morikawa is different from other candidates as they assumed office on June 26, 2020 (the date of the 85th Annual General Meeting of Shareholders).

Areas where each Director is expected to have expertise (skills matrix)

Name	Corporate Management, Management Strategy	Finance, Accounting, Capital Policy	Legal Affairs, Compliance, Risk Management	Personnel Affairs, Human Resources	Building Construction Business	Civil Construction Business	Overseas Operations	Technology, IT
Makoto Asanuma	●		●	●	●	●		●
Morio Yamakoshi	●	●	●	●			●	●
Yukihiro Ueshiba					●			●
Kazuhiro Moriyama						●		●
Akihiro Toyota					●			
Masahiro Fujisawa					●			
Masafumi Fukuda					●	●		●
Miwako Funamoto			●					
Takuya Morikawa	●						●	

Note: When determining the composition of the Board of Directors, the Company appropriately combines the skills, etc. of Directors according to the management environment, business characteristics, and other factors. The skills matrix above presents a summary of the knowledge, experience, capabilities, and other characteristics of Directors, based on each Director's identification of the skills, etc. that they should possess, taking into consideration the Company's business strategies.

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	[Reappointment] [Male] Makoto Asanuma (April 18, 1972)	<p>April 1996      Joined the Company</p> <p>June 2009      Assistant General Manager in charge of President's Office, General Manager, General Affairs Division</p> <p>April 2015      Executive Officer, Officer in charge of Renovation Division, General Manager, Renovation Marketing &amp; Sales Division, Tokyo Main Office</p> <p>April 2016      Executive Officer, General Manager, Marketing &amp; Sales Promotion Office, Building Construction Headquarters, in charge of Renovation and Real Estate</p> <p>April 2018      Executive Vice President, Officer in charge of Building Construction Headquarters</p> <p>June 2018      Representative President, C.E.O. (to present)</p> <p>[Significant concurrent positions] • Representative Director and President, ASANUMA TATEMONO K.K. • Chairman, Asanuma Construction Ltd., International</p>	137,888
[Reason for nomination as candidate for Director] Mr. Asanuma has been nominated as a candidate for Director for his background as set forth above and with his extensive experience in corporate management acquired through his years as Representative Director of the Company.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	[Reappointment] [Male] Morio Yamakoshi (September 3, 1955)	<p>June 2002      Joined Sumitomo Mitsui Banking Corporation General Manager, Shinjuku Corporate Banking Dept. II</p> <p>June 2003      Senior Manager, Tokyo Head Office</p> <p>April 2004      General Manager, Nagoya Corporate Banking Dept. II</p> <p>April 2006      Senior Manager, Internal Audit Dept.</p> <p>June 2007      Joined the Company Executive Officer, in charge of Building Construction Marketing &amp; Sales, Tokyo Main Office</p> <p>April 2012      Managing Officer, Deputy General Officer in charge of Business Headquarters</p> <p>June 2012      Director, Managing Officer, Deputy Officer in charge of Business Headquarters</p> <p>January 2013    Director, Managing Officer, Officer in charge of President's Office</p> <p>April 2015      Director, Managing Officer, Officer in charge of President's Office and Overseas Operations</p> <p>April 2017      Director, Senior Managing Officer, Officer in charge of President's Office and Overseas Operations</p> <p>June 2018      Representative Director, Senior Managing Officer, Officer in charge of President's Office and Overseas Operations (to present)</p> <p>[Significant concurrent positions] Director, SINGAPORE PAINTS &amp; CONTRACTOR PTE. LTD.</p>	2,500
[Reason for nomination as candidate for Director] Mr. Yamakoshi has been nominated as a candidate for Director for his background as set forth above and with recognition to his management experience and insight, acquired through his career in a financial institution, along with the fact that he has extensive knowledge in overall operations, mainly within the Company's Main Office and its Overseas Operations.			



No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
3	[Reappointment] [Male] Yukihiro Ueshiba (April 8, 1955)	April 1974 April 2013 April 2015 April 2017 April 2018 June 2018 April 2019	Joined the Company General Manager, Building Construction Department, Osaka Main Office Executive Officer, Deputy Officer in charge of Osaka Main Office (in charge of Building Construction) Managing Officer, Officer in charge of Osaka Main Office Managing Officer, Officer in charge of Osaka Main Office, Deputy Officer in charge of Building Construction Headquarters Director, Managing Officer, Officer in charge of Osaka Main Office, Deputy Officer in charge of Building Construction Headquarters Director, Senior Managing Officer, Officer in charge of Building Construction Headquarters (to present)	1,200
		[Reason for nomination as candidate for Director] Mr. Ueshiba has been nominated as a candidate for Director for his background as set forth above and because he has extensive experience in overall operations and management, mainly within the building construction business of the Company.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
4	[Reappointment] [Male] Kazuhiro Moriyama (June 2, 1955)	April 1974 April 2012 April 2014 April 2015 April 2016 April 2018 June 2019 April 2020	Joined the Company General Manager, Civil Engineering Division, Osaka Main Office Deputy Officer in charge of Osaka Main Office (in charge of Civil Engineering) General Manager, Civil Engineering Division, Osaka Main Office Deputy Officer in charge of Civil Construction Headquarters Executive Officer, Deputy Officer in charge of Civil Construction Headquarters Managing Officer, Officer in charge of Civil Construction Headquarters Director, Managing Officer, Officer in charge of Civil Construction Headquarters Director, Senior Managing Officer, Officer in charge of Civil Construction Headquarters (to present)	2,000
		[Reason for nomination as candidate for Director] Mr. Moriyama has been nominated as a candidate for Director for his background as set forth above and because he has extensive experience in overall operations and management, mainly within the Company's civil construction business.		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	[Reappointment] [Male]  Akihiro Toyota (February 15, 1959)	<p>April 1981      Joined the Company</p> <p>October 2010    General Manager, Marketing &amp; Sales Division, Hiroshima Branch</p> <p>April 2013      Deputy Officer in charge of Osaka Main Office (in charge of Marketing &amp; Sales)</p> <p>November 2014    Deputy Officer in charge of Osaka Main Office (in charge of Marketing &amp; Sales), Building Construction Headquarters</p> <p>April 2015      Executive Officer, Deputy Officer in charge of Osaka Main Office (in charge of Marketing &amp; Sales), Building Construction Headquarters</p> <p>April 2019      Managing Officer, Officer in charge of Osaka Main Office, Deputy Officer in charge of Building Construction Headquarters</p> <p>June 2020      Director, Managing Officer, Officer in charge of Osaka Main Office, Deputy Officer in charge of Building Construction Headquarters (to present)</p>	700
<p>[Reason for nomination as candidate for Director] Mr. Toyota has been nominated as a candidate for Director for his background as set forth above and because he has extensive experience in overall operations and management, mainly within the building construction business of the Company's Osaka Main Office.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	[Reappointment] [Male]  Masahiro Fujisawa (May 15, 1959)	<p>April 1982      Joined the Company</p> <p>October 2011    General Manager, Marketing &amp; Sales Section No.3, Tokyo Main Office</p> <p>April 2012      General Manager, Marketing &amp; Sales Section No.2 and No.3, Tokyo Main Office</p> <p>April 2013      Deputy Officer in charge of Tokyo Main Office (in charge of Building Construction Marketing &amp; Sales), Building Construction Headquarters</p> <p>April 2016      Executive Officer, Deputy Officer in charge of Tokyo Main Office (in charge of Building Construction Marketing &amp; Sales), Building Construction Headquarters</p> <p>April 2018      Executive Officer, Deputy Officer in charge of Building Construction Headquarters, General Manager, Marketing &amp; Sales Promotion Office, Building Construction Headquarters</p> <p>April 2019      Managing Officer, Officer in charge of Tokyo Main Office, Deputy Officer in charge of Building Construction Headquarters, General Manager, Marketing &amp; Sales Promotion Office, Building Construction Headquarters</p> <p>June 2020      Director, Managing Officer, Officer in charge of Tokyo Main Office, Deputy Officer in charge of Building Construction Headquarters, General Manager, Marketing &amp; Sales Promotion Office, Building Construction Headquarters</p> <p>April 2021      Director, Managing Officer, Officer in charge of Tokyo Main Office, Deputy Officer in charge of Building Construction Headquarters (to present)</p>	400
<p>[Reason for nomination as candidate for Director] Mr. Fujisawa has been nominated as a candidate for Director for his background as set forth above and because he has extensive experience in overall operations and management, mainly within the building construction business of the Company's Tokyo Main Office.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	[Reappointment] [Outside Director] [Independent Officer] [Male]  Masafumi Fukuda (August 25, 1944)	April 1971      Joined the Ministry of Construction (current Ministry of Land, Infrastructure, Transport and Tourism) October 1999      Director-General, Shikoku Region Construction Bureau (current Shikoku Regional Development Bureau, Ministry of Construction) November 2001      Director, Water Resources Development Public Corporation (current Japan Water Agency) May 2008      Head Director, Shikoku Kensetsu Kosaikai Inc Association (Shikoku Create Association) June 2017      Advisor, Shikoku Kensetsu Kosaikai Inc Association (Shikoku Create Association) (to present) June 2017      Outside Director of the Company (to present) [Significant concurrent positions] • Advisor, Shikoku Kensetsu Kosaikai Inc Association (Shikoku Create Association)	-
<p>[Reason for nomination as candidate for Outside Director and reason why the Company has determined that he is capable of properly performing duties as Outside Director] Mr. Fukuda has been nominated as a candidate for Outside Director for his background as set forth above and because the Company believes that he would be able to put forward his points of view at meetings of the Board of Directors from an independent standpoint, even though he has no experience in being involved in company management in the past except as an outside director or an outside corporate auditor.</p> <p>[Expected roles] The Company believes that Mr. Fukuda would be able to properly fulfill the roles expected of him in order to improve corporate value, since he has extensive knowledge, expertise and experience acquired from having been involved in the construction field for many years.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	[Reappointment] [Outside Director] [Independent Officer] [Female]  Miwako Funamoto (July 30, 1979)	February 2014      Admitted to the bar Joined Riolute Law Office April 2015      Committee Member, Special Committee on Tax Matters, Tokyo Bar Association (to present) June 2019      Outside Director of the Company (to present) January 2020      Joined Toranomom Daiichi Law Office (to present)	-
<p>[Reason for nomination as candidate for Outside Director and reason why the Company has determined that she is capable of properly performing duties as Outside Director] Ms. Funamoto has been nominated as a candidate for Outside Director for her background as set forth above and because the Company believes that she would be able to put forward her points of view at meetings of the Board of Directors from an independent standpoint, even though she has no experience in being involved in company management in the past except as an outside director or an outside corporate auditor.</p> <p>[Expected roles] The Company believes that Ms. Funamoto would be able to properly fulfill the roles expected of her in order to improve corporate value, since she has expertise as an attorney-at-law and extensive experience in corporate legal affairs.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
	[Reappointment] [Outside Director] [Independent Officer] [Male]  Takuya Morikawa (October 7, 1959)	April 1982 June 2005  April 2015 January 2019 June 2020 March 2021 [Significant concurrent positions] • Adviser, KOKUYO Co., Ltd.	Joined KOKUYO Co., Ltd. Director of the Board, KOKUYO Co., Ltd. Representative Director and President, KOKUYO S&T Co., Ltd. Group Senior Executive Officer, KOKUYO Co., Ltd. Executive Vice President, Special Officer Outside Director of the Company (to present) Adviser, KOKUYO Co., Ltd. (to present)	-
9	<p>[Reason for nomination as candidate for Outside Director] Mr. Morikawa has background as set forth above and has worked for one of the customers of the Company. However, the transaction value between the two companies is insignificant since the transaction value during the most recent business year is less than 1% of consolidated net sales of both companies. Accordingly, Mr. Morikawa has been nominated as a candidate for Outside Director because the Company believes that he would be able to put forward his points of view at meetings of the Board of Directors from an independent standpoint.</p> <p>[Expected roles] The Company believes that Mr. Morikawa would be able to properly fulfill the roles expected of him in order to improve corporate value, since he has extensive knowledge, expertise and experience acquired from having been involved in the management of major domestic stationery and furniture makers for many years.</p>			

**[Other notes on the candidates for Directors]**

Special interests between the candidates and the Company:

There are no special interests between each of the candidates and the Company.

Items related to candidates for Outside Directors:

Of the candidates for Directors, Mr. Masafumi Fukuda, Ms. Miwako Funamoto, and Mr. Takuya Morikawa are candidates for Outside Directors. The Company has designated them as Independent Officers and has notified the Tokyo Stock Exchange as such. Mr. Fukuda, Ms. Funamoto, and Mr. Morikawa will have served as Outside Director of the Company for four years, two years, and one year, respectively at the conclusion of this year's Annual General Meeting of Shareholders.

A summary of the limitation of liability agreement:

The Company has concluded limitation of liability agreements with candidates for Outside Directors, Mr. Masafumi Fukuda, Ms. Miwako Funamoto, and Mr. Takuya Morikawa, to limit their liability to the amount stipulated by laws and regulations so that they may fully perform their duties as Outside Directors. The Company plans to continue the agreements if the candidates are elected as Outside Directors.

A summary of the directors and officers liability insurance contract that insures candidates for Directors:

The Company has concluded a directors and officers liability insurance contract with an insurance company. The insurance covers any damages that may result from insured persons being liable for the performance of their duties or being subject to a claim for the pursuit of such liability (however, this excludes cases that fall under the grounds for exemption determined in the insurance contract). If the candidates for Directors are elected and assume the office of Director, each of them will be insured under the insurance contract. The period of this insurance contract is one (1) year, and the Company intends to renew the insurance contract with the same content, subject to a resolution by the Board of Directors prior to the expiration of the contract period.

**Proposal 3:** Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mamoru Yamawaki will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed.

The Audit & Supervisory Board has previously given its approval to this Proposal.

If this Proposal is approved as originally proposed, three out of four (i.e., the majority of) Audit & Supervisory Board Members of the Company will be Independent Outside Audit & Supervisory Board Members.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
[New Appointment] [Outside Audit & Supervisory Board Member] [Independent Officer] [Female]  Tomoko Kimura (October 30, 1969)	October 2001 Admitted to the bar Joined Tajima Nobuyuki Law Office July 2008 Established TOMOKO KIMURA Law Office (to present) April 2010 Member of the Minoh City Information Disclosure Council (to present) April 2011 Permanent Member of Osaka Bar Association December 2014 Member of the Minoh City Conciliation Committee for Architectural Conflicts (to present) October 2015 Member of the Minoh City Equity Commission (to present)	-
[Reason for nomination as candidate for Outside Audit & Supervisory Board Member and reason why the Company has determined that she is capable of properly performing duties as Outside Audit & Supervisory Board Member] Ms. Kimura has been nominated as a candidate for Outside Audit & Supervisory Board Member for her background as set forth above, expertise as an attorney-at-law and extensive experience in corporate legal affairs, and because the Company believes that she would be able to properly audit the duties of Directors, even though she has no experience in being directly involved in company management.		

- Notes:
1. There are no special interests between the Company and Ms. Kimura.
  2. Ms. Kimura is a candidate for Outside Audit & Supervisory Board Member. The Company has designated her as an Independent Officer and has notified the Tokyo Stock Exchange as such.
  3. If Ms. Kimura is elected and assumes the office of Outside Audit & Supervisory Board Member, the Company plans to conclude a limitation of liability agreement with her to limit her liability to the amount stipulated by laws and regulations so that she may fully perform her duties as Outside Audit & Supervisory Board Member.
  4. The Company has concluded a directors and officers liability insurance contract with an insurance company. The insurance covers any damages that may result from insured persons being liable for the performance of their duties or being subject to a claim for the pursuit of such liability (however, this excludes cases that fall under the grounds for exemption determined in the insurance contract). If Ms. Kimura is elected and assume the office of Audit & Supervisory Board Member, she will be insured under the insurance contract.  
The period of this insurance contract is one (1) year, and the Company intends to renew the insurance contract with the same content, subject to a resolution by the Board of Directors prior to the expiration of the contract period.

(Reference)

If this Proposal is approved as originally proposed, the composition of the Audit & Supervisory Board will be as follows:

Name	Positions at the Company	Attendance at Board of Directors' meeting	Attendance at Audit & Supervisory Board meetings	Attributes	Years served as Audit & Supervisory Board Member
Yuichi Sasaki	Full-time Audit & Supervisory Board Member	17 out of 17	14 out of 14	Reappointment Male	2
Takashi Ishijima	Audit & Supervisory Board Member	15 out of 17	13 out of 14	Reappointment Outside Audit & Supervisory Board Member Independent Officer Male	11
Yoshiaki Nakagawa	Audit & Supervisory Board Member	13 out of 13	10 out of 10	Reappointment Outside Audit & Supervisory Board Member Independent Officer Male	1
Tomoko Kimura	-	-	-	New appointment Outside Audit & Supervisory Board Member Independent Officer Female	-

Note: The record of attendances at the Board of Directors' meetings and the Audit & Supervisory Board meetings for Mr. Yoshiaki Nakagawa is different from other Audit & Supervisory Board Members as Mr. Nakagawa assumed office on June 26, 2020 (the date of the 85th Annual General Meeting of Shareholders).

**Proposal 4:** Revision of the Amount of Remuneration, etc., for Directors

The maximum total amount of remuneration, etc. for Directors of the Company was determined by a resolution at the 59th Annual General Meeting of Shareholders held on June 29, 1994 to be 50 million yen monthly, and has not been changed to the present. Taking into consideration various factors such as changes in the economic situation since then and the current number of Directors, we propose a revision (reduction) in the maximum amount of remuneration, etc. for Directors to 20 million yen monthly (including 4 million yen monthly for Outside Directors).

The specific timing of payment to each Director and allocation will be determined by the Board of Directors. At meetings of the Board of Directors held on February 25, 2021 and May 14, 2021, the Company formulated “Policies Related to the Determination of the Content of Remuneration, etc. for Individual Directors,” and a summary of the content of these policies is provided in the Business Report (please refer to page 36). The amended amount of remuneration, etc. for Directors pursuant to this Proposal complies with these policies, and the Company has thus judged that it is appropriate. The amount of remuneration, etc. for Directors shall not include compensation for duties as an employee performed by Directors who also hold an employee position, as in the past.

In order to ensure transparency and fairness in the process for determining the content of this Proposal, it has been determined by resolution of the Board of Directors following deliberations by the Nomination and Compensation Committee, which is chaired by the Lead Independent Outside Director.

The current number of Directors is nine (9) (including three (3) Outside Directors), and if Proposal 2 “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors will be nine (9) (including three (3) Outside Directors).

**Proposal 5:** Determination of Remuneration, etc. for Granting Restricted Stock to Directors (Excluding Outside Directors)

The maximum amount of fixed remuneration, etc. for Directors of the Company was approved as 50 million yen per month at the 59th Annual General Meeting of Shareholders held on June 29, 1994, but if Proposal 4 is approved as originally proposed, this amount will be changed to up to 20 million yen per month (including up to 4 million yen per month for Outside Directors).

Now, in order to ensure that Directors share with shareholders both the benefits and risks of fluctuations in the share price, and to further enhance their motivation to contribute to increasing the share price and enhancing corporate value, the Company proposes to newly allot restricted stock to Directors (excluding Outside Directors; hereinafter, “Eligible Directors”) as a form of remuneration, etc., separate to the aforementioned amount of remuneration, as follows.

The specific timing of payment and allocation to each Eligible Director will be determined by the Board of Directors of the Company, but at meetings of the Board of Directors held on February 25, 2021 and May 14, 2021, the Company formulated its “Policies Related to the Determination of the Content of Remuneration, etc. for Individual Directors,” and the granting of restricted stock based on this Proposal will comply with these policies, a summary of which is provided in the Business Report (please refer to page 36). In addition, the Company has judged that this granting of restricted stock is appropriate, as the ratio of restricted stock to the total number of shares outstanding will be no more than 0.5% (the ratio to the total number of shares outstanding will be no more than 5% if the maximum number of shares of restricted stock are issued over a period of 10 years), as described below, meaning that the rate of dilution will be negligible.

In order to ensure transparency and fairness in the process for determining the content of this Proposal, it has been determined by resolution of the Board of Directors following deliberations by the Nomination and Compensation Committee, which is chaired by the Lead Independent Outside Director.

The current number of Directors is nine (9) (including three (3) Outside Directors), and if Proposal 2 “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors will be nine (9) (including three (3) Outside Directors).

## **Maximum Number of Shares to be Granted to Eligible Directors, etc. and Specific Details**

### **1. Maximum Number of Shares to be Granted, etc.**

Under this Proposal, Eligible Directors will receive the issuance or disposition of shares of the Company’s common stock pursuant to a resolution of the Board of Directors of the Company, and the total number of shares of the Company’s common stock to be issued or disposed of in this manner will not exceed 40,000 shares per fiscal year, a number that the Company believes appropriate based on the aforementioned objective. Provided, however, that this total number will be reasonably adjusted in the event of a stock split (including a gratis allotment of shares) or reverse stock split of the Company’s common stock on or after the date of this resolution, or other equivalent circumstances requiring adjustment to the total number of shares of common stock of the Company to be issued or disposed of as restricted stock. In addition, the total value of shares of the Company’s common stock to be issued or disposed of in order to grant restricted stock will not exceed 70 million yen per fiscal year, as a separate amount to the amount of fixed remuneration, etc. (when restricted stock is granted, it will be issued or disposed of as remuneration, etc. for Directors of the Company, and no payment of money will be required in exchange for the offered stock; the amount of remuneration, etc. for Eligible Directors will be calculated based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each Board of Directors meeting (if there was no trading on that date, the closing price on the most recent trading day prior to that date)).

### **2. Content of the Restricted Stock Allotment Agreement**

The restricted stock allotment agreement (hereinafter, the “Allotment Agreement”) that the Company will enter into with Eligible Directors when allotting restricted stock will include the following content.

#### **(1) Details of transfer restrictions**

From the allotment date of the restricted stock until the date an Eligible Director loses his or her position as either Director or Executive Officer of the Company (hereinafter, the “Transfer Restriction Period”), an Eligible Director may not transfer, gift, bequeath, create a pledge, mortgage, or other security interest on, or otherwise dispose of common stock of the Company allotted under the Allotment Agreement (hereinafter, the “Allotted Shares”) to any third party (hereinafter, the “Transfer Restrictions”).



(2) Removal of transfer restrictions

The Company will remove transfer restrictions on all the Allotted Shares when the Transfer Restriction Period expires, provided the Eligible Director has continuously served in either of the positions in the above item (1) for a period separately determined by the Board of Directors of the Company (hereinafter, the "Service Period"). Provided, however, that the number of the Allotted Shares and timing of the removal of Transfer Restrictions will be reasonably adjusted as necessary in cases when the Eligible Director loses either of the positions set forth in the above item (1) prior to the expiration of the Service Period for reasons deemed valid by the Board of Directors of the Company.

(3) Acquisition of the restricted stock without consideration

The Company will automatically acquire the Allotted Shares without consideration in cases when an Eligible Director loses either of the positions set forth in the above item (1) prior to the expiration of the Service Period, excluding cases when there are reasons deemed valid by the Board of Directors of the Company, as set forth in the above item (2). In addition, the Company will automatically acquire without consideration any of the Allotted Shares whose Transfer Restrictions have not been removed pursuant to the provisions of the above item (2) when the Transfer Restriction Period expires.

(4) Treatment in the event of organizational restructuring, etc.

The provisions of the above item (1) notwithstanding, if, during the Transfer Restriction Period, a merger agreement with the Company as the disappearing company, share exchange agreement or share transfer plan where the Company will become a wholly owned subsidiary, or other organizational restructuring, etc., is approved at a General Meeting of Shareholders (or by the Board of Directors of the Company for organizational restructuring, etc. that does not require approval by the General Meeting of Shareholders of the Company), the Transfer Restrictions on a reasonably determined number of the Allotted Shares will be removed ahead of the effective date of the organizational restructuring, etc., by resolution of the Board of Directors of the Company. In this case, the Company will automatically acquire without consideration any of the Allotted Shares whose Transfer Restrictions have not been removed immediately after the removal of Transfer Restrictions pursuant to the provisions of this paragraph.

(5) Other

The method of manifestation of intention and notification in the Allotment Agreement, the method of revision of the Allotment Agreement, and other matters determined by the Board of Directors will be included in the content of the Allotment Agreement.

(Reference)

The Company intends to grant restricted stock to Executive Officers of the Company in the same manner as the above restricted stock, subject to the approval of this Proposal at this General Meeting of Shareholders. Provided, however, that the method thereof will be to determine the payment of monetary claims for granting restricted stock to Executive Officers of the Company by resolution of the Board of Directors, after which the Executive Officers will pay all monetary claims as contributions in kind, and receive the issuance or disposition of shares of the Company's common stock. In addition, the amount to be paid per share will be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the resolution at each Board of Directors meeting (if there was no trading on that date, the closing price on the most recent trading day prior to that date), within a range that is not particularly advantageous for the eligible Executive Officers of the Company.

## <Shareholder Proposals (Proposals No. 6 and No. 7)>

Proposals No. 6 and No. 7 were submitted by two shareholders (hereinafter referred to as “Proposing Shareholders”).

The details of the Proposals submitted by Proposing Shareholders and reasons behind them are organized per Proposal and described as they are.

### **Proposal 6: Amendments to Articles of Incorporation Pertaining to Sale of Strategic Shares**

#### **1. Details of Proposal**

Newly establish the following chapter and article in the current Articles of Incorporation.

Chapter 7 Sale of Strategic Shares

Article 34 (Sale of Strategic Shares)

The strategic shares recognized on the balance sheet as of the effective date of the amendment to add this Article to the Articles of Incorporation shall be promptly sold within the 87th Fiscal Year.

#### **2. Reason for Proposal**

The Company announced that “the Company plans to reduce the balance of strategic shares so that it accounts for less than 10% of the Company’s consolidated net assets by the end of the fiscal year ending March 31, 2022.” However, during the fiscal year ended March 31, 2020, the Company had increased the number of shares held of AEON Co., Ltd. and Keio Corporation. Furthermore, the Company still held 51 issues of strategic shares in the amount of 7,585 million yen recognized on the balance sheet (non-consolidated) as of the end of March 2020.

According to the Company’s securities report submitted as of June 29, 2020, the issuer companies of those strategic shares are the business partners of the Company, and the purpose of such shareholdings is explained as “for retaining and improving profitability.” However, it is difficult to understand why such shareholdings will lead to the retainment and improvement of profitability.

Such strategic shareholdings mean that the Company holds those shares as a stable shareholder, cooperating with the self-protection of the directors of those issuer companies. It is not appropriate to use the Company’s important capital entrusted by shareholders for such inappropriate purposes, i.e., cooperation with the self-protection of the directors of other companies and leave the capital dormant as strategic shares, or non-performing assets; efficient utilization of capital should be pursued.

In addition, the amount of strategic shareholdings recognized on the balance sheet (non-consolidated) as of the end of March 2020 had declined by approximately 1.7 billion yen compared with the end of March 2019. Even after eliminating a net decrease of approximately 100 million yen as a result of changes in the number of shares, an impact of approximately 1.6 billion yen from fluctuations in the fair value of these shareholdings during the fiscal year ended March 31, 2020 can be recognized. Taking such effects into consideration, the Company also should not hold strategic shares from the perspective of the soundness of its financial position.

The Company should sell all strategic shares currently held within the fiscal year ending March 31, 2022 and use the proceeds from such sale to increase the shareholder value of the Company.

### **Opinion of the Board of Directors**

The Board of Directors of the Company opposes this shareholders' proposal.

The Company held listed shares in the amount of 5,556 million yen (value recognized on the consolidated balance sheet) as of the end of March 2021. However, the Company has adopted a policy to "reduce strategic shares if the dividends or the benefits from construction gross profit are lower than the cost of shareholder's equity, and reduce the balance of strategic shares so that it accounts for less than 10% of the Company's consolidated net assets by the end of the fiscal year ending March 31, 2022." The Company verifies the appropriateness of shareholdings of each individual issue at the regular meeting of the Board of Directors held at the beginning of each fiscal year.

In accordance with the above policy, the Company sold 5 issues in the amount of 1,946 million yen during the fiscal year ended March 31, 2021, and in conjunction with the sale of 1 issue in the amount of 15 million yen at a consolidated subsidiary, the balance of strategic shares was 17.6% at the end of March 2020, which was down to 13.3% at the end of March 2021. The Company intends to continue to reduce the balance of strategic shares during the fiscal year ending March 31, 2022.

Based on the above, the Board of Directors of the Company judges that this Proposal, i.e., amendment to the Articles of Incorporation to require the sale of all strategic shares within the 87th fiscal year (the fiscal year ending March 31, 2022), neither corresponds to the aforementioned policy nor does it contribute to enhancing the Company's corporate value. Therefore, the Board of Directors of the Company opposes this Proposal.

## **Proposal 7: Appropriation of Surplus**

### **1. Details of Proposal**

(1) Type of dividend property  
Cash

(2) Allotment of dividend property and the aggregate amount

Pay the amount of dividend per common share that is obtained by deducting from 498 yen the amount of dividend per common share (hereinafter referred to as the “Company-proposed Amount of Dividend”) based on the proposal for disposal of surplus which is proposed by the Board of Directors of the Company and approved at the 86th Annual General Meeting of Shareholders (hereinafter referred to as the “Company’s Proposal for Appropriation of Surplus”), in addition to the Company-proposed Amount of Dividend.

If the amount obtained by rounding off the decimal point of the amount of profit per share for the 86th fiscal year (hereinafter referred to as “Actual EPS”) is not 498 yen, the aforementioned 498 yen shall be replaced with the Actual EPS.

It should be noted that the total amount of dividend will be the amount obtained by multiplying the aforementioned amount of dividend per common share by the number of shares subject to dividends as of the date to exercise voting rights for the Company’s 86th Annual General Meeting of Shareholders.

(3) Effective date of dividends of surplus

Day after the date of the 86th Annual General Meeting of Shareholders of the Company

It should be noted that, if the Company’s Proposal for Appropriation of Surplus is submitted at the 86th Annual General Meeting of Shareholders, this Proposal shall be submitted independently from, compatible with and in addition to such Company’s Proposal.

### **2. Reason for Proposal**

The “498 yen” described in “No. 2 Details of Proposal, 2. Appropriation of Surplus” is the Company’s most recent forecast of profit per share as of April 23, 2021. This is a proposal that aims at the distribution of all profit for the fiscal year, or a dividend payout ratio of 100%, regardless of the amount of dividend per share proposed by the Company.

The Company’s equity ratio was 38.0% as of the end of March 2020, having increased year on year for the sixth straight year and risen to the highest level ever on an annual reporting basis. If the Company continues to build up equity, the ROE is expected to decrease in the future if the Company’s profit continues to remain at the level equivalent to those of past years.

Based on this approach, we have submitted shareholder proposals proposing a dividend payout ratio of 100% for two (2) years in a row. We have also frequently demanded that the Company implement measures to increase ROE and enhance shareholder value by increasing its interest-bearing debt, i.e. increasing leverage. However, in the Three-Year Medium-Term Plan, which the Company announced on April 1, 2021 and which starts from the fiscal year ending March 31, 2022, the Company announced a target of a dividend payout ratio of 50% or more, significantly below the ratio that we had been proposing for some time. If the Company adopts such capital policies, it will continue to build up its equity, as described above, meaning leverage will decline, leading to a decline in ROE.

Furthermore, the Company owns cash and similar assets at the sufficient level, i.e., approximately 13.4 billion yen in cash and deposits and approximately 6.0 billion yen in investment securities, compared to approximately 11.1 billion yen in interest-bearing debt as of the end of December 2020.

The Company does not need to reserve any more funds within it; it will only reduce ROE if the Company builds up more equity. The Company should significantly increase the dividend of surplus, as the return of surplus funds to shareholders will increase shareholder value and thus improve the share price. Furthermore, we would like the Company to clarify the fact that it will not build up equity over the medium- to long-term, by maintaining a dividend payout ratio of 100% as a capital measure from the fiscal year ending March 31, 2022 onward.

It should be noted that the appropriation of surplus proposed this time will, even if implemented, not significantly change the level of the Company’s equity and cash and deposits as of the end of the prior fiscal year because the total amount of dividend proposed is within the profit for the current fiscal year, leaving the Company’s financial position sound and stable.

For detailed explanation of the above Proposal, see <https://proposal-for-asanuma-from-sc-2021.com/> or the special site link <https://stracap.jp/> in the upper right of the Strategic Capital Inc. website after April 28, 2021. Furthermore, all numerical data from the Company in this Proposal is based on the Consolidated Financial Statements, except where “(non-consolidated)” is written.

Note from the Company: the start date of the dividend payment for this Proposal will be the same date as the start date of the dividend payment on the Company Proposal "Proposal 1: Appropriation of Surplus."

## **Opinion of the Board of Directors**

The Board of Directors of the Company opposes this shareholders' proposal.

With respect to the appropriation of surplus, the Company, as its basic policy of shareholder return, considers the return of profits to shareholders as one of the most important initiatives, and to this end, allocates dividends in line with its business performance by developing new technologies that are necessary for the future expansion of the business, among others, while striving to sustain and reinforce the Company's competitiveness.

In the previous Three-Year Medium-Term Plan (covering the fiscal year ended March 31, 2019 to the fiscal year ended March 31, 2021), the Company set the distribution policy at "30% or more consolidated dividend payout ratio in the fiscal year ended March 31, 2019, 40% or more in the fiscal year ended March 31, 2020, 50% or more in the fiscal year ended March 31, 2021." In the fiscal year ended March 31, 2019, the Company paid a dividend of 153 yen per common share (a consolidated dividend payout ratio of 30.3%) and 216 yen per common share (a consolidated dividend payout ratio of 40.5%) for the fiscal year ended March 31, 2020. At the 86th Annual General Meeting of Shareholders scheduled for June 2021, the Company will submit a proposal for a payout of 257 yen per common share (a consolidated dividend payout ratio of 50.0%) for the fiscal year ended March 31, 2021.

In addition, under the current Three-Year Medium-Term Plan announced in April 2021 (covering the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 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 yen per common share (a consolidated dividend payout ratio of 50.2%) in the fiscal year ending March 31, 2022, 274 yen per common share (a consolidated dividend payout ratio of 50.2%) in the fiscal year ending March 31, 2023, and 282 yen per common share (a consolidated dividend payout ratio of 50.0%) in the fiscal year ending March 31, 2024.

With regard to the utilization of funds generated from annual profits remaining after the payment of the dividends, while maintaining the minimum required cash and deposits balance, under the previous Three-Year Medium-Term Plan, we plan to invest 18.0 billion yen 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 Medium-Term Plan, we plan to invest 8.0 billion yen 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."

The Company believes that such utilization of funds contributes to stable growth of the Company's business performance and is essential to ensuring stable returns to shareholders.

Therefore, the Board of Directors of the Company judges that this Proposal, which seeks a 100% dividend payout of the profit for the 86th Fiscal Year, neither conforms to the Company's basic policy of shareholder return or capital utilization policy, nor does it contribute to enhancing the Company's corporate value. Therefore, the Board of Directors of the Company opposes this Proposal.

End of document

# Consolidated Financial Statements

## Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of Yen)

Description	Amount	Description	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>76,560</b>	<b>Current liabilities</b>	<b>36,644</b>
Cash and deposits	15,760	Accounts payable for construction contracts	15,422
Notes receivable, accounts receivable from completed construction contracts and other	51,360	Short-term borrowings	1,806
Costs on construction contracts in progress	2,046	Accounts payable - other	634
Other inventories	48	Income taxes payable	1,859
Accounts receivable - other	7,113	Advances received on construction contracts in progress	7,783
Other	253	Suspense receipt of consumption taxes	5,115
Allowance for doubtful accounts	(22)	Provision for warranties for completed construction	543
		Provision for loss on construction contracts	118
		Other	3,360
<b>Non-current assets</b>	<b>15,615</b>	<b>Non-current liabilities</b>	<b>13,821</b>
<b>Property, plant and equipment</b>	<b>5,018</b>	Bonds payable	1,640
Buildings and structures	2,510	Long-term borrowings	7,579
Land	1,608	Deferred tax liabilities	1
Other	899	Retirement benefit liability	4,505
<b>Intangible assets</b>	<b>1,352</b>	Other	94
Software	910	<b>Total liabilities</b>	<b>50,465</b>
Software in progress	206	<b>NET ASSETS</b>	
Other	236	<b>Shareholders' equity</b>	<b>39,688</b>
<b>Investments and other assets</b>	<b>9,243</b>	<b>Share capital</b>	<b>9,614</b>
Investment securities	6,395	<b>Capital surplus</b>	<b>2,165</b>
Long-term loans receivable	104	<b>Retained earnings</b>	<b>27,974</b>
Retirement benefit asset	1,022	<b>Treasury shares</b>	<b>(66)</b>
Deferred tax assets	965	<b>Accumulated other comprehensive income</b>	<b>1,820</b>
Other	1,445	<b>Valuation difference on available-for-sale securities</b>	<b>1,959</b>
Allowance for doubtful accounts	(691)	<b>Foreign currency translation adjustment</b>	<b>(26)</b>
		<b>Remeasurements of defined benefit plans</b>	<b>(112)</b>
		<b>Non-controlling interests</b>	<b>202</b>
		<b>Total net assets</b>	<b>41,710</b>
<b>Total assets</b>	<b>92,176</b>	<b>Total liabilities and net assets</b>	<b>92,176</b>

## Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(Millions of Yen)

Description	Amount	
<b>Net sales</b>		
Net sales of completed construction contracts	137,846	
Sales in other businesses	1,087	138,934
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	124,266	
Cost of sales in other businesses	723	124,989
<b>Gross profit</b>		
Gross profit on completed construction contracts	13,580	
Gross profit - other business	364	<b>13,945</b>
<b>Selling, general and administrative expenses</b>		8,653
<b>Operating profit</b>		<b>5,291</b>
<b>Non-operating income</b>		
Interest and dividend income	154	
Foreign exchange gains	25	
Share of profit of entities accounted for using equity method	6	
Outsourcing service income	58	
Subsidy income	74	
Other	20	340
<b>Non-operating expenses</b>		
Interest expenses	106	
Guarantee commission	45	
Commission expenses	106	
Other	8	266
<b>Ordinary profit</b>		<b>5,364</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	4	
Gain on sale of investment securities	998	
Gain on withdrawal of membership	0	
Other	0	1,003
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	9	
Loss on retirement of non-current assets	93	
Loss on sale of investment securities	20	
Loss on valuation of investment securities	57	
Impairment losses	87	269
<b>Profit before income taxes</b>		<b>6,099</b>
Income taxes-current	1,880	
Income taxes-deferred	63	1,944
<b>Profit</b>		<b>4,155</b>
Profit attributable to non-controlling interests		16
<b>Profit attributable to owners of parent</b>		<b>4,138</b>



# Non-consolidated Financial Statements

## Non-consolidated Balance Sheet

(As of March 31, 2021)

(Millions of Yen)

Description	Amount	Description	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>	<b>72,178</b>	<b>Current liabilities</b>	<b>35,788</b>
Cash and deposits	15,000	Accounts payable for construction contracts	15,024
Notes receivable - trade	1,479	Short-term borrowings	1,470
Electronically recorded monetary claims - operating	909	Accounts payable - other	616
Accounts receivable from completed construction contracts	45,377	Accrued expenses	1,152
Real estate for sale	34	Accrued consumption taxes	180
Costs on construction contracts in progress	2,046	Income taxes payable	1,839
Raw materials and supplies	14	Advances received on construction contracts in progress	7,782
Accounts receivable - other	7,094	Deposits received	1,946
Other	244	Suspense receipt of consumption taxes	5,115
Allowance for doubtful accounts	(20)	Provision for warranties for completed construction	543
		Provision for loss on construction contracts	118
<b>Non-current assets</b>	<b>16,095</b>	<b>Non-current liabilities</b>	<b>11,129</b>
<b>Property, plant and equipment</b>	<b>4,938</b>	Bonds payable	1,640
Buildings and structures	2,509	Long-term borrowings	5,000
Machinery, equipment and vehicles	33	Provision for retirement benefits	4,409
Tools and furniture	379	Other	79
Land	1,608	<b>Total liabilities</b>	<b>46,917</b>
Construction in progress	405	<b>NET ASSETS</b>	
Leased assets	0	<b>Shareholders' equity</b>	<b>39,397</b>
<b>Intangible assets</b>	<b>1,216</b>	<b>Share capital</b>	<b>9,614</b>
Software	910	<b>Capital surplus</b>	<b>2,165</b>
Software in progress	206	Legal capital surplus	2,165
Other	99	Other capital surplus	0
<b>Investments and other assets</b>	<b>9,940</b>	<b>Retained earnings</b>	<b>27,683</b>
Investment securities	6,269	Legal retained earnings	568
Shares of subsidiaries and associates	695	Other retained earnings	27,114
Long-term loans receivable	253	Reserve for tax purpose reduction entry of non-current assets	289
Long-term non-operating accounts receivable	691	Retained earnings brought forward	26,824
Long-term prepaid expenses	11	<b>Treasury shares</b>	<b>(66)</b>
Prepaid pension costs	1,088	<b>Valuation and translation adjustments</b>	<b>1,959</b>
Membership and admission charge	199	<b>Valuation difference on available-for-sale securities</b>	<b>1,959</b>
Deferred tax assets	916		
Other	506	<b>Total net assets</b>	<b>41,356</b>
Allowance for doubtful accounts	(691)	<b>Total liabilities and net assets</b>	<b>88,274</b>
<b>Total assets</b>	<b>88,274</b>		

## Non-consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(Millions of Yen)

Description	Amount	
<b>Net sales</b>		
Net sales of completed construction contracts	136,709	
Sales in other businesses	395	137,105
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	123,263	
Cost of sales in other businesses	232	123,495
<b>Gross profit</b>		
Gross profit on completed construction contracts	13,446	
Gross profit - other business	163	<b>13,609</b>
<b>Selling, general and administrative expenses</b>		8,332
<b>Operating profit</b>		<b>5,277</b>
<b>Non-operating income</b>		
Interest and dividend income	161	
Foreign exchange gains	25	
Outsourcing service income	72	
Other	20	280
<b>Non-operating expenses</b>		
Interest expenses	86	
Guarantee commission	45	
Commission expenses	106	
Other	5	244
<b>Ordinary profit</b>		<b>5,312</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	4	
Gain on sale of investment securities	989	
Gain on withdrawal of membership	0	
Other	0	995
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	1	
Loss on retirement of non-current assets	93	
Loss on sale of investment securities	20	
Loss on valuation of investment securities	57	
Impairment losses	87	260
<b>Profit before income taxes</b>		<b>6,046</b>
Income taxes-current	1,849	
Income taxes-deferred	57	1,907
<b>Profit</b>		<b>4,139</b>