



ASANUMA CORPORATION

Earnings Announcement

May 17, 2019

Event Summary

[Company Name]	ASANUMA CORPORATION	
[Event Type]	Earnings Announcement	
[Event Name]	Earnings Meeting	
[Fiscal Period]	FY2018 Annual	
[Date]	May 17, 2019	
[Number of Pages]	22	
[Time]	09:00 – 09:31 (Total: 31 minutes, Presentation: 31 minutes)	
[Venue]	Kabutocho Heiwa Building 3F, 3-3 Kabutocho Nihonbashi, Chuo-ku, Tokyo 103-0026 (Hosted by The Securities Analysts Association of Japan)	
[Venue Size]		
[Participants]		
[Number of Speakers]	4	
	Makoto Asanuma	Representative President, CEO
	Morio Yamakoshi	Representative Director, Senior Managing Officer
	Seiichiro Ishihara	Executive Officer and Director, Institute of Technology Research
	Yoshimichi Yagi	Manager

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Presentation

Moderator: Now it's time to start. We will commence the financial results briefing session for the fiscal year ended March 31, 2019 for ASANUMA CORPORATION.

To start, I would like to introduce the four people we welcome from the Company. Makoto Asanuma, Representative President, CEO.

Asanuma: I'm Asanuma. Thank you very much.

Moderator: Morio Yamakoshi, Representative Director, Senior Managing Officer.

Yamakoshi: I'm Yamakoshi. Thank you very much.

Moderator: Seiichiro Ishihara, Executive Officer and Director, Institute of Technology Research.

Ishihara: I'm Ishihara.

Moderator: Yoshimichi Yagi, Manger.

Yagi: I'm Yagi. Thank you very much.

Moderator: Today, President Mr. Asanuma will make a presentation, and after that, we will have a question and answer session.

President, please start.

Asanuma: Good morning. I'm Makoto Asanuma, President of the Company. Thank you very much for attending our financial results briefing session for the fiscal year ended March 31, 2019. Let me start the presentation now.

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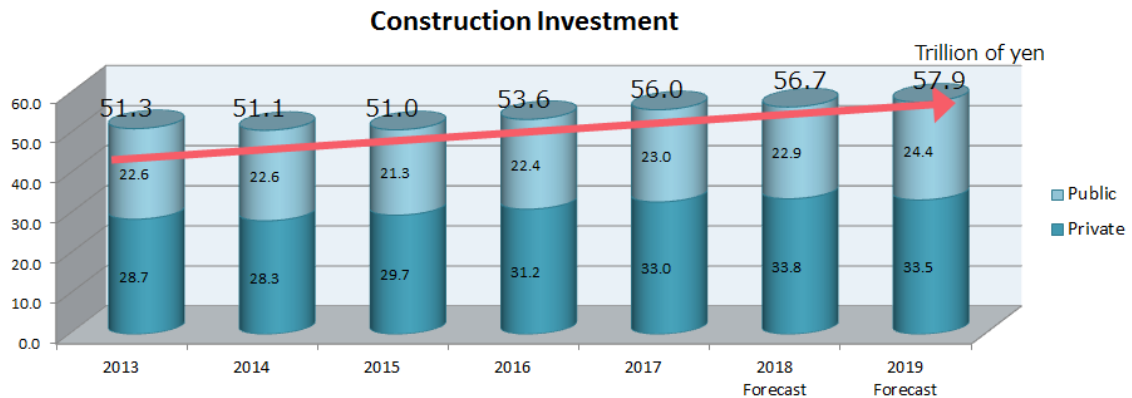
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Construction industry

In fiscal 2018, capital expenditures increased moderately and construction investments remained firm. In fiscal 2019, the economy is expected to remain firm, but attention should be paid to downward pressure factors such as the postponement or restraint of capital investment by Japanese companies due to the slowdown in the Chinese economy caused by trade conflicts.



By Research Institute of Construction and Economy

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First, please refer to page four of the financial results briefing session materials for the fiscal year ended March 31, 2019, which you have on hand. First of all, I would like to explain the environment surrounding us.

In the construction industry, public construction investment remained flat, private construction investment remained largely unchanged, and capital investment also trended generally flat. However, it is necessary to pay attention to downward pressure, such as postponement or restraint on capital investment by Japanese companies due to the slowdown in the Chinese economy caused by trade friction. It is also necessary to continue to pay due attention to the chronic shortage of skilled workers and the rise in construction material prices.

The graph above shows the trend of construction investment over the last six years. Construction investment has been on the rise due to strong public investment and a recovery in private investment, and is projected to rise 2.1% year on year to 57.9 trillion yen in FY2019, reflecting a strong trend in both public and private investment.

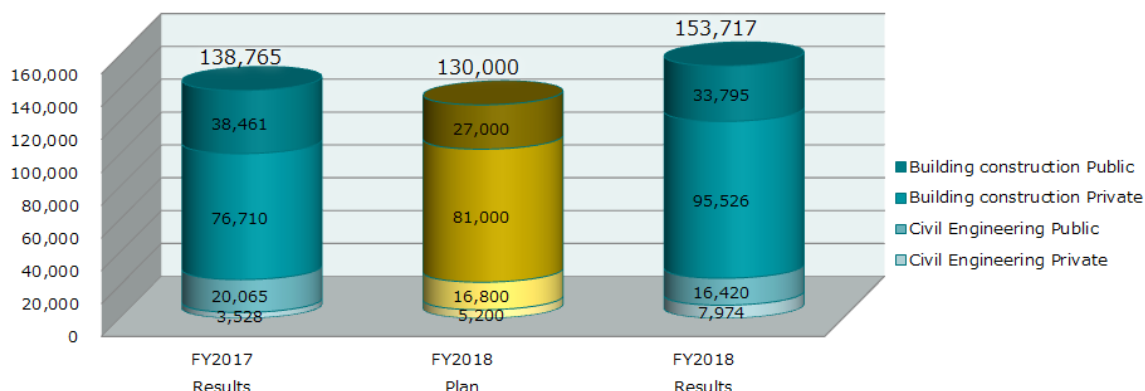
Against this backdrop, on May 10, we announced the results for the fiscal year ended March 31, 2019. Next, Mr. Yamakoshi will explain the summary of our financial results and the progress of our Three-year Medium-Term Plan, announced in April 2018.

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Orders FY2017 - FY2018



		FY2017 Results	FY2018 Plan	FY2018 Results	YOY	Plan ratio
Building construction	Public	38,461	27,000	33,795	△4,665	6,795
	Private	76,710	81,000	95,526	18,815	14,526
Civil Engineering	Public	20,065	16,800	16,420	△3,644	△380
	Private	3,528	5,200	7,974	4,445	2,774
Total		138,765	130,000	153,717	14,951	23,717

Yamakoshi: I will now explain the summary of the financial results.

First of all, I would like to explain about orders received in the fiscal year ended March 31, 2019. Looking at the table above, the far-left column shows the results of FY2018 and the second from the left shows the forecasts of FY2019 in orange. Right next to that is shown the actual results as of March 2019. Comparison with the previous fiscal year and against the plan are also shown.

In the fiscal year ended March 31, 2019, as it's shown in the total, at the bottom in the middle part of the graph, we received a total of 153.7 billion yen in orders. This was mainly attributable to an increase in the number of private-sector buildings. Compared with the previous fiscal year, the total increased 14.9 billion yen and it exceeded 23.7 billion yen above the plan.

We have a basic policy to only accept orders for projects that can be constructed by our personnel. We currently have around 1,270 employees, and it seems reasonable to receive orders of 130.0 billion yen, which can be constructed with that number of workers. However, in the fiscal year ended March 31, 2019, orders for logistics warehouses and other factories, which have a high value of finished construction work per worker, increased by 12.0 billion yen from the previous fiscal year to 28.0 billion yen, although this is not shown in the table. In addition, there were advance orders ahead of the consumption tax hike in October this year, many of which will start construction later. As a result, orders exceeded the results of the previous fiscal year and the forecasts of the plan.

The gross profit margin at the time of orders was around 9%, which was an improvement of about 1 percentage point from the previous fiscal year, and thus we believe that we are continuing to receive high-quality orders.

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FY2018 Major Orders



() JV total (Hundred millions of yen)

	Type of project	Client	Contract price
Building construction	Police Station	Tokyo Metropolitan Government	47.0 (72.3)
	Distribution Warehouse	TOSOH LOGISTICS CORPORATION	41.5
	Distribution Warehouse	<u>Shimohana</u> Logistics Co., Ltd	45.8
	Office	Izumi City	40.9 (58.4)
	Factory	SUGAWA SHATAI CO., LTD.	36.7
	Renovation	Suita City	24.4 (34.9)
	Shop	P F I Wako City <u>Hirosawa</u> CORPORATION	24.0
	Housing	Urban Renaissance Agency	20.5
	Civil engineering	Water intake facilities	Osaka City Waterworks Bureau
Decontamination		Fukushima Regional Environment Office	13.3 (66.7)

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Major orders received for the fiscal year ended March 31, 2019 are shown here. The second from the top in the table is Tosoh Logistics Corporation, and below that, the distribution warehouse of Shimohana Logistics Co., Ltd, as well as the second down from that, Sugawa Shatai Co., Ltd. Improvements in orders were seen for those companies.

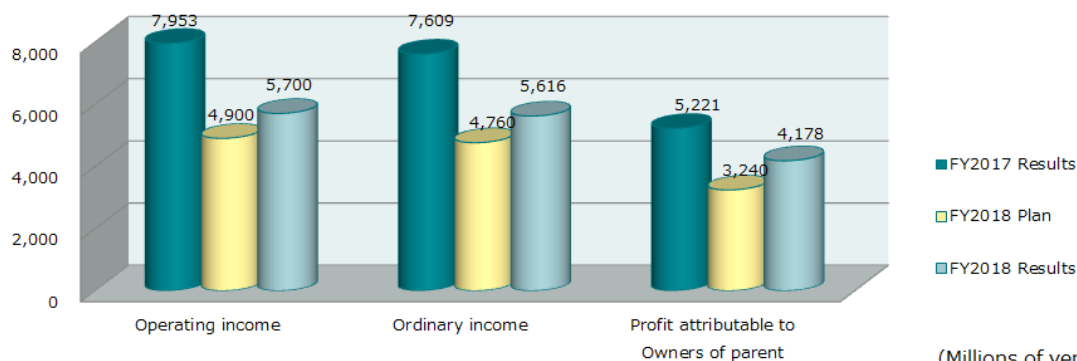
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Consolidated Statements of Income



	FY2017 Results	FY2018 Plan	FY2018 Results	YOY	Plan ratio
Net sales	143,434	129,500	135,713	△7,721	6,213
Operating income (Rate)	7,953 5.5%	4,900 3.8%	5,700 4.2%	△2,252 △1.3P	800 0.4P
Ordinary income (Rate)	7,609 5.3%	4,760 3.7%	5,616 4.1%	△1,992 △1.2P	856 0.4P
Profit attributable to Owners of parent (Rate)	5,221 3.6%	3,240 2.5%	4,178 3.1%	△1,042 △0.5P	938 0.6P

This section presents the consolidated statements of income for the fiscal year ended March 31, 2019.

Looking at the table below, the FY2018 results are shown on the left, the FY2019 plans are shown in orange, and the FY2019 results are shown on the right. The right highlights the comparison to the previous fiscal quarter, and the far-right is the comparison to the plan. Looking at the results for the fiscal year ended March 31, 2019 in the middle part, both sales and profits declined from the previous fiscal year. However, as shown in the plan at the far-right, we were able to achieve the plan's targets.

In the fiscal year ended March 31, 2018, we completed construction for a very large-scale logistics warehouse and reconstruction-related work for the Tohoku region of northeastern Japan. However, in the fiscal year ended March 31, 2019, there were no such works. As a result, both revenues and profits declined.

In FY2019, the Company received more additional orders than we had expected, and much progress was made in the construction work. In addition, a gain of 0.5 billion yen was generated from the sale of shares allocated to the purchase of treasury stock of 1 billion yen, which contributed to the achievement of the plan.

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FY2018 Major Net Sales



() JV total (Hundred millions of yen)

	Type of project	Client	Net Sales
Building construction	Amusement	Ganges SPC	35.3
	Distribution Warehouse	<u>Shimohana Logistics Co., Ltd</u>	26.8
	School	Urban Renaissance Agency	18.1
	Housing (1)	TOKYU LAND CORPORATION Mitsubishi Estate Residence Co., Ltd.	18.6
	Hospital	Medical Corporation <u>Seiwakinshukai</u>	18.1 (95.2)
	School (2)	<u>Sennan City</u>	16.2 (23.2)
	Civil engineering	Road	West Nippon Expressway Company Limited
	Sewer	Hirakata City Waterworks Bureau	12.9



(1)



(2)

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Major completed projects are shown here.

Though it is not shown in the table, we had large-scale construction projects for which the contract value is more than 3.0 billion yen, totaling 29.5 billion yen. This was 5.8 billion yen less than that of the previous fiscal year. As I mentioned earlier, in the fiscal year ended March 31, 2018, there were large-scale construction projects, but in the fiscal year ended March 31, 2019, there were few large-scale construction projects completed.

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Consolidated Balance Sheets



(Millions of yen)

Assets	FY2017	FY2018	YOY
Current assets	87,250	84,924	△2,325
Fixed assets	16,118	17,075	956
Tangible fixed assets	4,788	5,333	545
Intangible fixed assets	471	886	415
Investments and other assets	10,858	10,855	△3
Total	103,369	102,000	△1,368
Liabilities	FY2017	FY2018	YOY
Current liabilities	55,670	51,147	△4,523
Long-term liabilities	12,474	13,386	911
Total	68,145	64,533	△3,611
Net assets	FY2017	FY2018	YOY
Total	35,223	37,466	2,242

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This section presents the consolidated balance sheet for the fiscal year ended March 31, 2019.

The middle column in the table shows the results for the fiscal year ended March 31, 2018, and on the right are the results for the fiscal year ended March 31, 2019. On the far-right is the difference between them. Current assets decreased by about 2.3 billion yen compared to the previous fiscal year, attributable to a decrease of 16.4 billion yen in deposits and an increase of about 13.0 billion yen in accounts receivable.

In addition, fixed assets have increased by approximately 0.9 billion yen, which was mainly attributable to the expansion of the Technical Research Institute and the expansion of systems.

As a result, total assets, as shown in the middle in the table, declined by about 1.4 billion yen.

Current liabilities decreased by 4.5 billion yen, accounts payable decreased by 1.0 billion yen, and short-term loans payable decreased by 2.6 billion yen. As a result, current liabilities decreased by 4.5 billion yen.

Long-term loans payable, which was shifted from short-term loans payable, increased by 0.9 billion yen, resulting in a 0.9 billion yen increase in long-term loans payable.

As a result, total liabilities decreased by 3.6 billion yen.

Net assets increased by about 2.2 billion yen, and profit attributable to owners of the parent for the fiscal year ended March 31, 2019 was 4.2 billion yen. Dividends for the fiscal year ended March 31, 2018 were 1.3 billion yen, and share buybacks were 1.0 billion yen. As a result, net assets increased by 2.2 billion yen.

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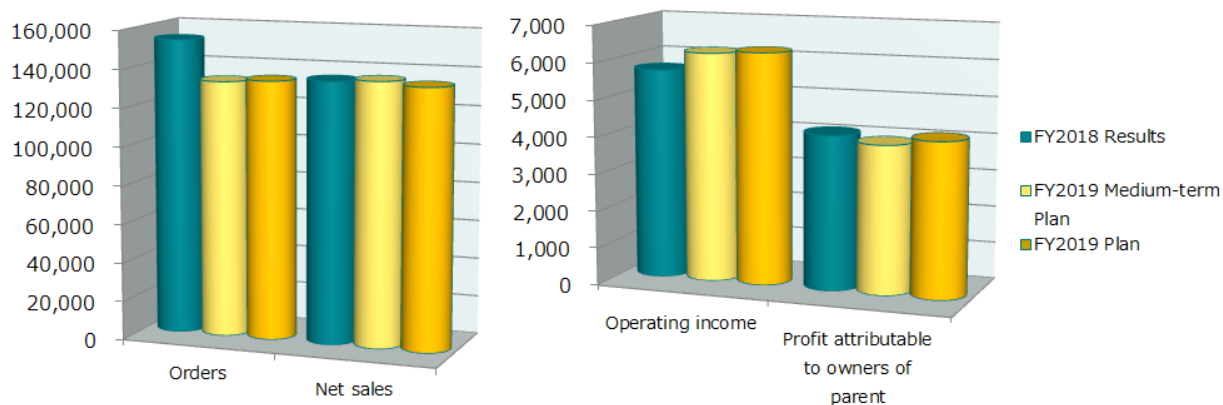
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As I mentioned earlier, as for the deposits at the end of March 2019, the amount of advance increased. The balance decreased by 16.4 billion yen from the previous fiscal year to 23.5 billion yen, and we believe that the balance is at an appropriate level in light of our business and annual cash flow.

FY2019 Earnings forecast ①



	FY2018 Results	FY2019 Medium-term Plan	FY2019 Plan	YOY	Medium-term plan ratio
Orders	153,717	133,000	134,300	△19,417	1,300
Net sales	135,713	136,600	134,700	△1,013	△1,900
Operating income	5,700	6,200	6,270	569	70
Profit attributable to owners of parent	4,178	4,000	4,180	1	180

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This section presents the Company's performance forecasts for the fiscal year ending March 31, 2020.

The table above shows, from the left, the results for the fiscal year ended March 31, 2019, the plan for the fiscal year ending March 31, 2020 within the Three-year Medium-Term Plan, the plan for the fiscal year ending March 31, 2020, the year-on-year comparison, and comparison with the Three-year Medium-Term Plan.

Regarding orders, at the top, as I mentioned earlier, orders are expected to reduce by 19.4 billion yen from the previous fiscal year in the plan for the fiscal year ending March 2020, partly due to a pullback following the rush increase prior to the consumption tax hike in the fiscal year ending March 2019. However, compared with the Three-year Medium-Term Plan, we expect orders to increase by 1.3 billion yen, due to orders from the Singapore subsidiary, which we acquired.

Net sales are forecast to decline by 1.0 billion yen from the previous fiscal year, a decrease of 1.9 billion yen compared with the Three-year Medium-Term Plan, due in part to the more-than-anticipated progress made in the fiscal year ended March 31, 2019.

Operating profit, however, is expected to increase by 0.5 million yen from the previous fiscal year to almost the same level as in the Three-year Medium-Term Plan, taking into consideration the progress of work on hand.

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Nevertheless, as I mentioned earlier, in the fiscal year ended March 31, 2019, we sold 1 billion yen of our shares and generated a gain of 500 million yen. This will be absent in the fiscal year ending March 31, 2020. The year-on-year rate of change is expected to remain almost unchanged from the previous fiscal year, and is expected to be in line with the Three-year Medium-Term Plan.

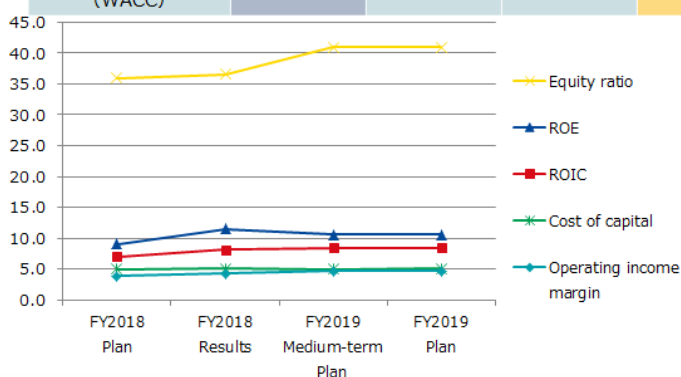
We believe that this plan is fully achievable in light of the current accumulation of orders and the status of work on hand.

FY2019 Earnings forecast ②



(Millions of yen)

	FY2018 Plan	FY2018 Results	Plan ratio	FY2019 Medium-term Plan	FY2019 Plan	YOY	Medium-term plan ratio
Operating income margin	3.8%	4.2%	0.4P	4.6%	4.7%	0.5P	0.1P
Return on Invested Capital (ROIC)	7.0%	8.1%	1.1P	8.4%	8.4%	0.3P	—
Return on equity (ROE)	9.0%	11.5%	2.5P	10.6%	10.6%	△0.9P	—
Equity ratio	36.0%	36.6%	0.6P	41.0%	41.0%	4.4P	—
Cost of capital (WACC)	5.0%	5.1%	0.1P	5.0%	5.1%	—	0.1P



(Millions of yen)

FY2018	
Interest expense	189
Interest-Bearing Debt	11,694
Cost of debt	1.62%
10-year JGB yield	▲ 0.082%
β value	1.058
Market Expected Yield	7.00%
Cost of Equity	7.41%
Market capitalization*	19,833
Tax-rate	30.4%
Cost of capital (WACC: Weighted average cost of capital)	5.1%

* Excluding treasury stock as of Mar. 31, 2019

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In this section, I would like to explain our plans for indicators.

Looking at the table above, we list the various indicators such as the operating profit margin. They are, from the left, the plan for the fiscal year ended March 31, 2019, the results for the fiscal year ended March 31, 2019, and the difference between them. And also, in the yellow column is the plan for the fiscal year ending March 31, 2020 in the Three-year Medium-Term Plan, and to the right, the plan for the fiscal year ending March 31, 2020, the year-on-year comparison, and a comparison with the Three-year Medium-Term Plan.

As shown in the table, the operating income margin, ROIC, and ROE all exceeded the plan for the fiscal year ended March 31, 2019. For the fiscal year ending March 31, 2020, we are basically in line with our medium-term plan.

The bottom part in small letters shows our calculation method for the cost of capital.

The third from top is the cost of debt at 1.62%. And the cost of equity is 7.41%, assuming the expected market return of 7.0%. The market capitalization of 19.833 billion yen is based on the market capitalization excluding the Company's own shares as of the end of this March, and the cost of capital is estimated to be 5.1% based on the market capitalization.

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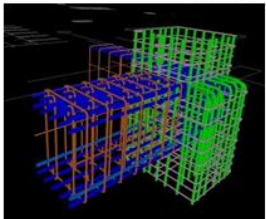
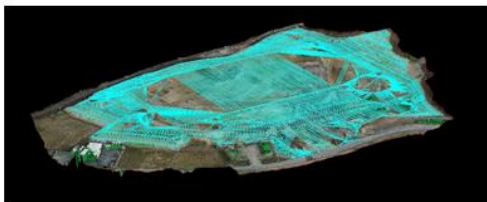
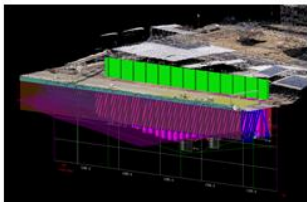

Since the Company's stock price has been rising a little recently, the cost of capital based on the current stock price is slightly above 5.1, rising to around 5.6.

I would like to utilize these indicators in various management activities. I would like to consider the appropriateness of these costs, which are calculated by the Company, while discussing them with our shareholders.

Three-year Medium-term Plan Progress ①



Make the construction business even more profitable and competitive

<p>Raise productivity by using information and communications technology</p>	<p>○ Started BIM and CIM trials and actively utilized in design and construction projects</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>BIM Condominium Entrance</p> </div> <div style="text-align: center;">  <p>BIM Bar arrangement diagram</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>CIM Survey results</p> </div> <div style="text-align: center;">  <p>CIM Visualization of the length of steel pipe piles</p> </div> </div>
<p>Enhance renovation</p>	<p>○ Renewal branding plan</p> <ul style="list-style-type: none"> • Toward a building that is friendly to people who can feel changes in nature on a daily basis • Incorporation of solar, thermal, wind, and materials <div style="text-align: right; margin-top: 10px;">  <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p>Promote sales by constructing a model project</p> </div> </div>

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This section presents the progress made in the Three-year Medium-Term Plan. This plan began in the fiscal year ended March 31, 2019. In regard to the use of ICT, as shown in the picture in the table above, we are actively introducing BIM and CIM systems that make the planes three-dimensional, and promoting to improve the efficiency of our operations.

Next April, we plan to launch a renewal brand that takes into consideration our unique environment. We are currently preparing for the construction of a model project for this purpose.

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Three-year Medium-term Plan Progress ②



Add new technologies and start new businesses

Activities for developing new technologies and construction processes

○Practical application of dynamic analysis systems (Ai-MAP SYSTEM)

The project was adopted by the Ministry of Land, Infrastructure, Transport and Tourism for the introduction and utilization of innovative technologies to improve the productivity of construction sites, and the promotion of their use at worksites.



Helmet logger (AI-LOGGER)



Infrastructure Communication system (AI-TEC)

○Practical application of special laminated fiber sheets

Jointly developed Hanshin Expressway Company Limited and KFC Co., Ltd.

JICA (Japan International Cooperation Agency) was selected as a proposal for a project to support SDGs businesses, and aims to win orders for infrastructure repair and reinforcement projects for highways and other infrastructure in the Kingdom of Thailand.

○Promoting the introduction of mobile Batcher plants

Jointly developed by Hanshin High-Speed Technology Co., Ltd., Yoko Bussan Co., Ltd., and Koyo Machinery Industry Co., Ltd.

Promote the use and commercialization of small-scale maintenance and repair work for road structures requiring small-volume concrete.



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This slide also shows the progress of the Three-year Medium-Term Plan. The table shows new technologies and construction methods, and three technologies are listed here.

The technology described at the top analyzes the workers' movements within workshops, and uses this technology as a trend analysis system to improve the productivity of workshops. This technology was adopted for public submission by the Ministry of Land, Infrastructure, Transport and Tourism, meaning it was well received. We are currently proceeding with the practical application of this technology at our workshops.

The technology in the middle of the table uses special fiber sheets that help improve the efficiency of repair work on highways and other facilities. This technique has also been adopted for public submission by JICA. We are currently preparing for commercialization in Thailand.

The technology at the bottom is employed in a mobile plant that helps to improve the efficiency of small-scale repair work on roads. We are currently preparing for the commercialization of this technology at our workshops or for sales to road work companies.

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Three-year Medium-term Plan Progress ③



Build an infrastructure capable of sustained growth

Recruit and train people with outstanding skills and create an environment where they can realize their full potential	○Introduction of job pay
	•Introduced new personnel salary system (since April 2018)
	○Introduction of volunteer leave (since April 2019)
	○Introduction of Flexible Time (for renovation staff since April 2019)
Create an even stronger corporate governance framework	○Initiatives for Two Weekly Holidays
	•By March 2020, 4 holidays - 6 weeks in Public construction and 4 holidays - 5 weeks in Private construction achieve
	○Increase the number of outside directors
	•Expected to increase the number of female outside directors (to be appointed as members of the Nomination and Compensation Committees) (After the General Meeting of Shareholders held in June 2019 As for the ratio of outside directors to the total number of directors Before the General Meeting 25.0% → After the General Meeting 37.5%)
	○Appropriate Management of the Nomination and Compensation Committees
	• Clarification of Criteria for Appointment and Dismissal of Representative Directors • Increase in the number of days held (FY2018 7 times) (Ratio of outside directors to all directors Before the General Meeting 50.0% → After the General Meeting 60.0%)
	○Strengthen investor relations activities
	• Introduction of Electronic Voting System at General Meetings of Shareholders • Enhancement of English-language disclosure

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This is also about the progress of the Three-year Medium-Term Plan. Regarding personnel-related matters in the upper part of the table, we introduced a salary system according to job duties in April 2018. In April 2019, we introduced a volunteer leave system and a flextime system for the renewal department. We will also steadily implement initiatives for two-day weekly holidays.

In terms of corporate governance, we plan to increase the number of outside directors from two to three. If we receive approval at next month's General Meeting of Shareholders, more than one-third of the directors and a majority of the Nominations and Compensation Committee will be outside directors, as shown here.

As our IR disclosure is still insufficient, we intend to further strengthen it in the future.

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Three-year Medium-term Plan Progress ④



Plan for investments

◆Technical research center Expansion and renovation (open at the end of March 2019)

Special Feature	<ul style="list-style-type: none"> • Top-class facilities in the Kansai region in the renovation field • Cooperation with universities and public laboratories in the Kansai region
Renovation	<ul style="list-style-type: none"> • Established training and meeting areas to train young employees and engineers from partner companies, and provide hands-on training • Renewal of test equipment
Expansion	<ul style="list-style-type: none"> • Establishment of seismic monitoring system • Installation of a multi-purpose laboratory space



Expansion Building and Multipurpose Experimental Space Using Natural Light Illumination

◆ICT・Core Systems related

ICT-related	<ul style="list-style-type: none"> • Expand BIM and CIM operations • Introduction of Green site and Building Record System • System support associated with the commencement of operation of the construction carrier-up system • Expansion of tablet operation • Proposal of design and construction projects, and utilization for the calculation of workshops, etc.
Core Systems	Restructuring of personnel, payroll, accounting, and sales systems



Quake-absorbing dampers

Our Three-year Medium-Term Plan also includes plans for the injection of funds. I would like to mention that.

Expansion and refurbishment of the Technical Research Laboratory located above were completed in March this year. We intend to further develop renewal-related technologies at the new Technology Research Laboratory.

As for the ICT and mission-critical systems at the bottom, in addition to the introduction of BIM and CIM, which I mentioned earlier, we are working on initiatives such as “green site” to improve the efficiency of workshop document management, a building management system used to collect data on the original construction site and to utilize this data for post-construction sales, and a construction “career-up” system that visualizes the career of technicians working in the field. We are also restructuring our core systems to further improve the efficiency of our administrative divisions.

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Three-year Medium-term Plan Progress ⑤



Plan for investments	
◆To strengthen overseas operations	
Name	SINGAPORE PAINTS & CONTRACTOR PTE. LTD.
Address	Singapore
Business content	Building painting and repair contracting
Percent ownership of voting rights	October 2018 Acquisition of 80% of shares October 2023 Acquisition of 20% of shares
Reason for acquisition	Renewal business development in ASEAN region
◆Cash payments to strengthen collaboration with partner companies	
Cash ratio improvement	From August 2018, the lower limit of the amount of notes issued was changed to 50 million yen or more, and the cash payment ratio was increased.

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It also states that we will strengthen our overseas operations as a means of using funds. As described above, as part of our efforts to strengthen our overseas business, in October 2018 we made a Singapore-based exterior wall coating company into a subsidiary with the aim of developing a renovation business in ASEAN.

As shown at the bottom, in order to further strengthen cooperation with partner companies, in August 2018 we raised the cash ratio for payments to partner companies from 60% to 90%.

Under the Three-year Medium-Term Plan, we plan to spend 20.0 billion yen over the three-year period to that end, while increasing operating income by 2.3 billion yen over the three-year period. Such investments for the fiscal year ended March 31, 2019 amounted to 12.0 billion yen.

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Return to Shareholders: Purchase and Cancellation of treasury stock



Reasons for purchase and cancellation of treasury stock

Enhance shareholder returns and implement flexible capital policies in response to changes in the business environment. The funds for the purchase were appropriated from the sale of a portion of the strategic shareholdings.

Purchase

Contents	<ul style="list-style-type: none"> • Total number of shares to be purchased 330,000 shares (maximum) • Total amount of purchase costs of shares ¥1,000,000,000 (maximum)
Result	<ul style="list-style-type: none"> • Shares purchased 313,600 shares • Purchase costs ¥ 999,933,700 • Period of purchase November 12, 2018 to January 16, 2019

Cancellation

Cancellation	<ul style="list-style-type: none"> • Number of shares to be cancelled 430,000 shares (Percentage of total number of issued shares before cancellation 5.05%) • Scheduled date of cancellation May 31, 2019 (planned) • Number of Shares issued <ul style="list-style-type: none"> Before cancellation 8,508,629 shares After cancellation 8,078,629 shares
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I would now like to explain the return of profits to shareholders. From November 2018 to January 2019, as shown in the upper half of the slide, we acquired 313,000 shares of treasury stock, or 1 billion yen, as part of our shareholder returns.

As shown in the lower half, the Company decided to retire 430,000 of its 446,000 treasury shares at the end of this month.

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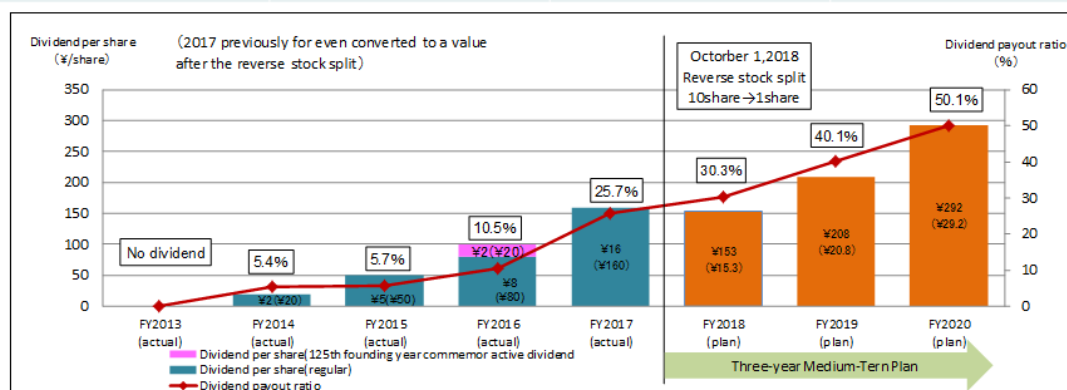


Return to Shareholders: Revision of dividend payout ratio plan



The Company has revised its plan to achieve a consolidated dividend payout ratio of 30% or more in the first year of the three-year medium-term plan, and to achieve a consolidated dividend payout ratio of 50% or more in the last year of the plan.

Before correction	Our goal for FY2020, the last year of the medium-term plan, is to have a consolidated dividend payout ratio of at least 30%.		
After correction	In principle, we are aiming to achieve the following consolidated dividend payout ratio.		
	FY2018 plan	FY2019 plan	FY2020 plan
	Over 30%	Over 40%	Over 50%



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Next, we have revised the dividend payout ratio in our Three-year Medium-Term Plan. As shown in the table, we are aiming to increase shareholder value over the medium to long term. The PBR at the end of March was around 0.5 times, and I feel shameful, considering the underlying stock price.

As shown in the table, we have revised our dividend payout ratio to 30% for the fiscal year ended March 31, 2019, 40% or more for the fiscal year ending March 31, 2020, and 50% or more for the fiscal year ending March 31, 2021.

Our President will continue to explain our social contribution activities.

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Asanuma Social Contribution Basic Policy

In order to realize the ideal form of society as a member of society, each and every employee is aware of their social responsibilities and actively promotes social contribution activities.

FY2018 New Initiatives

Sponsorship of the Japan Physically Disabled Baseball Federation	Sponsorship of the Japan Blind Tennis Federation	Sponsorship of NaraFM Program, 「Akio Okamoto Nara Oku no Oku」
<p>World Convention Held in Kobe in Sep.2018 Recognition ceremony</p>  	<p>National convention Held in Hiroshima in Sep. 2018</p>  	

Asanuma: We at ASANUMA CORPORATION promote social contribution activities in various fields under a basic policy of social contribution. Let me explain our new initiatives that started in the fiscal year ended March 31, 2019.

In cooperation with sports organizations for the disabled, we have decided to co-sponsor the Japan Dream Baseball League and the Japan Blind Tennis Federation. Last year in September 2018, a world baseball championship for the disabled was held, which takes place once every four years. The Japanese team won the championship and the pictures above show the presentation of the championship ceremony. In addition, the nationwide championship is scheduled to be held in Kobe for two days, starting tomorrow, the 18th.

Blind tennis is a sport originating in Japan. It is currently held in 30 countries around the world, and a world tournament was held in 2017. Competition is conducted indoors, in which a ball with a bell is struck by a racket, and a game is held based on the level of visual acuity. The pictures show the national tournament held in Hiroshima in September 2018.

Next is about Naradotto FM. This is an FM radio station limited to a small area in Nara City. FM radio stations play an important role in bringing local communities together in times of disaster. To that end, we decided to provide a radio program called Okamoto Akio's Nara Oku-no-Oku, for which Mr. Akio Okamoto, who is a former Gon-guji (Associate Chief Priest) of Kasuga Taisha (Kasuga Grand Shrine), act as a main radio personality. I would like to help disseminate Nara's history and culture, and help local disaster prevention activities.

This program was also recognized with an award for excellence in the information education category at the JCBA Kinki Community Broadcasting Award held on April 26 this year.

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What I introduced here are only some of our new initiatives. Going forward, we, as a member of society, would like to commit ourselves to engaging in a variety of activities.

Now, I will conclude our financial results briefing session. Thank you very much for your attention.

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Question & Answer

Moderator: Thank you for your explanation. Now, I would like to start a question and answer session. If you have any questions, please raise your hand.

This briefing session, including the question and answer section, is to be transcribed in full and publicized. If you say your company name and your name when asking questions, they will be disclosed as they are stated. If you wish to be anonymous, please do not announce your name when asking questions.

So, if you have any questions, please raise your hand. Does anybody have any questions?

Are there any additional matters to be added from the Company side?

Speaker: No.

Moderator: It seems that there are no questions, so I will end the briefing session. Thank you very much for your attendance today.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked as follows: [Inaudible].*
2. *This document has been translated by SCRIPTS Asia.*

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