



ASANUMA CORPORATION

Financial Results Briefing for the Fiscal Year Ended March 2023

May 18, 2023

Event Summary

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[Venue Size]	145 m ²	
[Participants]	4	
[Number of Speakers]	3	
	Makoto Asanuma	Representative Director, CEO
	Morio Yamakoshi	Representative Director, Senior Managing Officer
	Marika Asanuma	Executive Officer

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Presentation

Moderator: Now that the time has arrived, we will now begin the financial results briefing for ASANUMA CORPORATION for the fiscal year ended March 2023.

First, I would like to introduce three people from the Company: Makoto Asanuma, Representative Director and CEO; Morio Yamakoshi, Representative Director and Senior Managing Officer; and Marika Asanuma, Executive Officer and General Manager of the Corporate Communications Division.

Today, we will begin with a greeting from President Asanuma, followed by an explanation of the financial results from Executive Officer and General Manager Asanuma. After the presentation, we will have a question-and-answer session.

Please go ahead.

Makoto Asanuma: I am Makoto Asanuma, Representative Director and CEO. Thank you for joining the briefing. We will now hold a briefing on the financial results of ASANUMA for the fiscal year ended March 2023.

I would like to begin with greetings from me and a brief overview of the financial results.

In the fiscal year ended March 2023, while COVID-19 infections finally showed signs of being under control and private-sector demand returned to normal, inflation and material prices soared due to the supply chain disruption caused by Russia's invasion of Ukraine. However, we were able to minimize the impact on our business performance by focusing on profitability more than ever before in our order-taking activities.

In addition, there was a suspension of nominations last year due to the arrest of an employee. We apologize again for any inconvenience caused.

Despite these hurdles and challenges, the strong performance of our Singapore subsidiary, in which we have invested, has contributed to our consolidated orders, sales, and profits all achieving the plan, and we plan to pay dividends as planned.

The fiscal year ending March 2024 is the final year of the Three-Year Medium-Term Plan. We will continue to respond to changes in the severe external environment, and the entire company will work together to promote measures to achieve our performance targets.

Marika Asanuma, Executive Officer and General Manager of the Corporate Communications Division, will now explain the details of our business performance.

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Marika Asanuma: I am Marika Asanuma from the Corporate Communications Division. Thank you for your cooperation.

Today, I would like to explain the four items listed in the table of contents on page two.

The first is our business results and plans, the second is the progress of the Three-Year Medium-Term Plan, the third is the details of our investments and shareholder returns, and the last is the topics that have been covered in articles and other media during the fiscal year ended March 2023.

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1. Financials Statements (Results/Plans)

(1) Major Financial Results and Plans ①Key figures



- ① In FY2022, sales and profits on a non-consolidated basis missed targets due to delays in acquiring orders of domestic buildings and the material price hikes, however, orders, sales and profits on a consolidated basis were achieved the targets, mainly due to the strong performance of the Singapore subsidiary and the additional large-scale project in the domestic civil engineering.
- ② FY2023 plan has been downwardly revised by 2.7 billion yen on an operating profit basis in light of the carryover construction projects as well as the Singapore subsidiary plan not performing well as FY 2022 but as the same level of the other year. However, net income and dividends are as planned in the mid-term business plan.

Major Financial Results & Plans (Consolidated) (Unit: million yen)	FY2021			FY2022				FY2023		
	Medium-term Plan	Results	vs Plan	Medium-term Plan	Modified Plan	Results	vs Plan	Medium-term Plan	Revised Plan	Planned ratio
Orders Awarded	132,100	136,568	4,468	141,500	141,600	144,743	3,143	146,600	144,700	-1,900
Completed Construction Contracts	140,000	135,478	-4,521	135,500	144,300	144,436	136	137,334	141,800	4,466
Gross profit	13,900	13,444	-455	15,261	14,630	15,139	509	15,443	13,950	-1,493
Rate	9.9%	9.9%	0.0P	11.3%	10.1%	10.5%	0.3P	11.2%	9.8%	-1.4P
SGA cost	8,560	8,609	49	8,728	9,020	9,447	427	8,710	9,850	1,140
Operating Profit	5,340	4,835	-504	6,533	5,610	5,691	81	6,733	4,100	-2,633
Profit attributable to owners of parent	4,170	3,748	-421	4,400	4,120	4,200	80	4,540	4,540	As planned
Dividend	¥363	363 yen	As planned	*191 yen (¥382)	*191 yen (¥382)	*191 yen (Scheduled)	As planned	*197.5 yen (¥395)	*197.5 yen (¥395)	As planned
Dividend payout ratio	70.2%	78.1%	7.9P	70.1%	74.8%	73.3%	-1.4P	70.2%	70.2%	As planned

We split each common share at a rate of 2 shares on August 1, 2022. Therefore, for the year ended March 2023, the expected amount of a per-share divide is calculated based on after the stock split.

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First of all, I would like to explain section one, performance, results and plans.

Please see page four. On this page, you will find a table showing the transition of our business performance in the three fiscal years of the Three-Year Medium-Term Plan, which began in the fiscal year ended March 2022.

First, look at the middle of the middle row, red circle one. I would like to explain our results for H1 of the fiscal year ended March 2023.

The first line shows orders received of JPY144,743 million and sales of JPY144,436 million. Four lines down, we have an operating income of JPY5,691 million. And under that, net income for the period was JPY4.2 billion.

On a consolidated basis, on the right, it says "compared to the revised plan." As you can see, orders, sales, and profits all achieved the plan.

There are two main reasons for this. We have a Singapore subsidiary, Evergreen Engineering & Construction Pte. Ltd., which we acquired in January last year, and we received a large order for construction work there, which progressed steadily and without problems, resulting in these results.

Another factor contributing to the achievement of the consolidated business plan was the large amount of additional work in our domestic civil engineering business.

In light of these business results, as explained earlier by the President, as you can see on the second line from the bottom for dividends, we plan to pay JPY191 as planned. As seen below that, the dividend payout ratio will be 73.3%, remaining above 70% as in the previous fiscal year.

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Continuing on, please see red circle two on the right side. If you look at the revised plan for the fiscal year ending March 2024, we have orders of JPY144.7 billion, sales of JPY141.8 billion, and, in the middle of the table, operating income of JPY4.1 billion. And we plan a net income of JPY4.54 billion.

Also, if you look at the comparison to the medium-term plan on the right side, we have included the figures compared to the medium-term plan. As you can see from the middle of this slide, operating income has been revised downward by about JPY2,633 million from the figure we initially announced in our medium-term plan.

The main reasons for the downward revision are two factors that were not anticipated at the time of the medium-term plan: material price hikes and wage increases.

However, although it has not yet been decided, we plan to post an extraordinary profit, so net income, the third line from the bottom, will be in line with the medium-term plan. We plan to pay a dividend of JPY197.5 per share, in line with our medium-term plan as in the previous fiscal year.

1. Financial Statements (Results/Plans)

(1) Major Financial Results and Plans (2) Management Indices



- Operating margin missed the medium-term business plan for the three consecutive fiscal years (1) in the table below)
- On the other hand, ROE (2) is expected to remain above the cost of shareholder's equity for all three fiscal years, and ROIC (3) is expected to remain above WACC for all three fiscal years.
- Secure P/B Ratio above 1.0 (4)

Management Indices (Consolidated)	FY2021			FY2022				FY2023		
	Medium-term Plan	Results	vs Plan	Medium-term Plan	Modified Plan	Results	vs Plan	Medium-term Plan	Modified Plan	Planned ratio
1 Operating Profit Margin	3.8%	3.6%	-0.2P	4.8%	3.9%	3.9%	—	5.0%	2.9%	-2.1P
Return on Equity (ROE)	10.1%	9.0%	-1.1P	10.2%	9.6%	9.7%	0.1P	10.0%	10.2%	0.2P
Cost of Shareholder's Equity	8.0%	7.5%	-0.5P	8.0%	7.5%	5.5%	-2.0P	8.0%	5.5%	-2.5P
Returns on Invested capital (ROIC)	7.1%	6.4%	-0.7P	8.3%	7.3%	7.3%	—	8.3%	5.2%	-3.1P
Weighted Average Cost of Capital (WACC)	6.0%	6.1%	0.1P	6.0%	6.0%	4.7%	-1.4P	6.0%	4.7%	-1.3P
Price Book-value Ratio(P/B Ratio)	—	0.9	—	—	—	1.1	—	—	—	—

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Please continue to page five. I would like to explain our management indices.

First of all, I would like to explain the operating margin indicated by red circle one on the upper left. The operating margin will be failed to achieve our medium-term plan for the three consecutive fiscal years due to factors such as material price hikes and wage increases, as mentioned earlier.

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Meanwhile, as shown by red circle two, ROE is expected to remain above the cost of shareholders' equity for all three fiscal years, and as shown by red circle three, ROIC is expected to remain above WACC for all three fiscal years.

The cost of shareholders' equity and WACC for the fiscal year ended March 2023 were down slightly from the previous year, but this was due to a decrease in beta.

Lastly, the P/B ratio on the bottom line, as indicated by circle four, stayed solidly above 1x for the fiscal year ended March 2023, although just barely.

1. Financial Statements (Results/Plans)

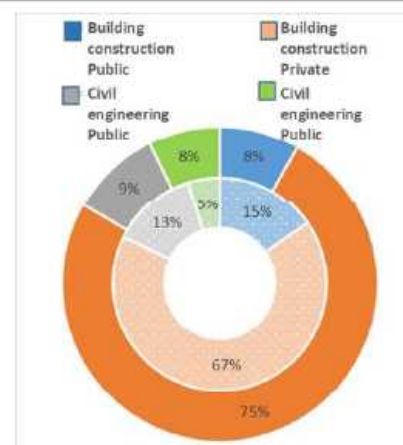
(2) Breakdown of Orders Awarded



- ① On non-consolidated basis, the construction in private company sector performed strongly.
- ② Building Construction has made up for the negative YoY change for Civil Engineering, and the consolidated orders targeting 141.6 billion yen was achieved.

(Unit: million yen)

		FY2021	FY2022	
		Results	Results	YoY
ASANUMA CORP. (non- consolidated basis / domestic business)	Building Construction	110,110	113,277	3,167
	① Public	20,600	11,131	-9,469
	Private	89,509	102,146	12,637
	Civil Engineering	23,876	22,666	-1,210
	Public	17,431	12,666	-4,765
	Private	6,444	9,999	3,554
	Total	133,986	135,943	1,957
	Public	38,032	23,798	-14,234
	Private	95,953	112,145	16,192
Subsidiaries in ASEAN		2,582	8,812	6,230 ¹
Consolidated ²		136,568	144,743	8,174



Pie chart : Orders
Outside : FY2022
Inside : FY2021

1. Strongly increased due to the consolidation of Evergreen Engineering & Construction Pte. Ltd, a Singapore subsidiary acquired in January 2022.
2. Consolidated adjusted figures

Please see page six. Here is a breakdown of the orders and their contents.

First of all, please see red circle one. As you can see from the rightmost column here, the figure is positive compared to the previous term, so the private-sector construction sector has been performing well.

As indicated by red circle two, the second line, the rightmost line for public works, shows a minus figure compared to the previous term. This is a decrease from the previous year due to the suspension of nominations received last year.

On the other hand, the private sector, one line below, shows a YoY increase. As you can see here, the private sector has made up for the negative YoY change for public works.

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2. Progress of the Medium-Term Business Plan



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Medium-term Business Plan Theme

- Cultivate Asanuma's uniqueness and originality and "take on the challenge of change"

Changes (1)	Domestic maintenance and repair business investment (Renovation) for "medium- to long-term shrinking of domestic building investment and the aging of infrastructure and building structures"
Countermeasures	① Promoting the Renovation Business Brand "ReQuality" ② Upgrading technology ③ Strengthening business in ASEAN region.
Changes (2)	Decline in the Productive Labor Force
Countermeasures	① Promoting Cooperation with Subcontractors ② Promoting DX
Changes (3)	Momentum to Increase Corporate Value through Non-Financial Information Management (ESGs, SDGs, etc.)
Countermeasures	① "Eco-Friendly ASANUMA21". ② Sustainability Management ③ Corporate governance

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Please continue to page seven. I would now like to explain the progress of our Three-Year Medium-Term Plan.

As I mentioned earlier, the Three-Year Medium-Term Plan started in the fiscal year ended March 2022, and the fiscal year ended March 2023 is the second year of the plan. When we first launched the Three-Year Medium-Term Plan, our basic policy was to cultivate ASANUMA's unique character and originality and to take on the challenge of change.

We have identified these three changes, which are listed as Change 1, Change 2, and Change 3.

One is the medium- to long-term shrinking of domestic building investment and the aging of infrastructure and building structures. The second is the decline in the production worker population, and the third is the momentum to increase corporate value through non-financial management activities. In response, we have implemented a variety of measures, which I have described as countermeasures.

As I explained earlier, the fiscal year ended March 2023 is the second year of this medium-term plan, and I would like to explain the status of implementation of these measures.

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2. Progress of the Medium-Term Business Plan

(1) Renovation Business - Results/Plan



■ Setting a goal of achieving an operating income in the building renovation business of 35% of consolidated operating income by the final year of the medium-term plan, FY2023

Operating Income from Building Renovation Business

((Unit: million yen))

	FY2021	FY2022		FY2023
	Results	Results	YoY	Plans
% of consolidated operating income	30.0%	31.0%	1.0P	35.2%

Domestic building renovation

Orders Awarded	16,620	17,553	932	20,000
Completed Construction	17,094	17,376	282	18,000
Operating Income	1,503	860	△643	1,120
% of operating income	31.1%	15.1%	△16.0P	27.3%

ASEAN building renovation

Orders Awarded	2,582	8,812	6,230	9,700
Completed Construction	2,335	10,885	8,549	10,000
Operating Income	△ 52	902	955	323
% of operating income	△1.1%	15.9%	16.9P	7.9%

* Including goodwill amortization of ASEAN affiliates

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Please see page eight. The first change is that we are focusing on the renovation business, which we refer to as the maintenance and repair business, in order to respond to the medium- to long-term shrinking of domestic construction investment and the aging of infrastructure, as I mentioned earlier.

As indicated in the top box at the top of the page, we have set a goal of achieving an operating income in the building renovation business of 35% of consolidated operating income in the building renovation business by the final year of the medium-term plan.

To achieve this goal, we have launched and are promoting the “ReQuality” brand, a simultaneous brand for the building renovation business in Japan, as I will explain in more detail later, and overseas, as I mentioned earlier, we have acquired a subsidiary in Singapore that is engaged in renovation-related business.

As for the current progress, as you can see on the bottom lines of the middle sections of the table, the share of operating income in Japan and ASEAN countries reached 15.1% and 15.9% of consolidated operating income, respectively, in the fiscal year ended March 2023. As you can see from the total results in the red dotted box, we are up to 31.0%.

As I mentioned earlier, we have set a target of achieving 35% or more in the final year of the medium-term plan, and we expect to achieve our goal of 35.2% on a planned basis.

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2. Progress of the Medium-Term Business Plan

(1) Renovation Business

① Promoting the Renovation Business Brand "ReQuality"



- Our unique renovation business is branded and promoted with the name of "ReQuality". The Nagoya Branch, which was renovated as a model case of ReQuality, received a number of awards, including Good Design Best 100, in addition to obtaining WELL certification for Gold.

Nagoya Branch Renovation Project



- Designed based on the theme of "Circular Economy" with the long-term perspective
- Not only eco-friendly, but also healthy and comfortable building. The WELL, evaluate the users' health and comfortability, certified GOLD (First time in Japan to acquire this certification for renovation of the entire office in 30 years of construction)

Selected as Good Design Best 100 *

Other Awards

- crQlr Awards2022 Urbanism Prize
- Sky Design Awards 2022 Silver Prize
- 1st SDGs Building Award Semi-Grand Prix
- Chubu Architecture Award
- Environmental and Equipment Design Award 2022
- II. Integrated M&E Design the best design award

* sponsored by the Japan Design Promotion Association



「ReQuality」 logo



the certificate of the WELL Gold

9

Please continue to page nine. In fact, one of our efforts to achieve this goal is to promote the "ReQuality" brand, which we have launched as part of our domestic construction business promotion efforts.

The "ReQuality" brand concept is based on the concept of 'circulation' that is better for people and the planet and is promoted through the use of proprietary technologies and ICT. We are strengthening our proposals to customers to create better spaces for work and living environments.

As you can see from the photos on the left, we have several branches throughout Japan, and we renovated the Nagoya branch, which is located in Nagoya. As a result, in July last year, we received the gold rank of WELL certification, which evaluates buildings on the basis of health and comfort, as shown on the right side of the page.

The original building was more than 30 years old, and this is the first building in Japan to obtain the gold rank of the WELL certification after renovation.

In addition, this renovation project has also received many other awards, one of which is shown in the lower left-hand corner, underlined and in bold, the Good Design Best 100, which you may know. It also won at the crQlr awards 2022 and an urbanism award.

And, below that, there is an overseas award, the Silver Award in the architecture category of the Sky Design Awards. Other awards are also listed.

In addition, it has been featured in various articles and in architectural magazines in Japan and abroad.

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2. Progress of the Medium-Term Business Plan

(1) Maintenance and Repair Business (Renovation)

② Upgrading technology



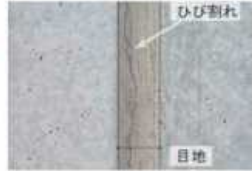
■ Enhance proposal capability of our renovation business to customers using our proprietary technologies for seismic reinforcement and building life extension

Proposal for Seismic Strengthening

Control the location of the cracks in concrete (inducing joints) and preserving clean conditions without cracking walls or floors, contributing to longer life (CCB/Crack Control Bar method, PRS/Porous Resin Sand method)



Cross-sectional view of CCB method



Crack induced by CCB method



PRS joint filling method



PRS joint filling method

Earthquake-proof while using buildings

Earthquake-proof reinforcement method that builds RM additional walls in buildings and makes them function as earthquake-resistant walls



10

Please see page 10. Here I would like to explain the technological sophistication that we are pursuing as part of our efforts to strengthen our renovation business.

First, see the box on the left. We would like to introduce our proprietary technologies to extend the service life of buildings.

As seen in parentheses, one of our seismic strengthening methods is CCB construction method. I am afraid it is difficult to see the features in this photo, but this technology controls the location of cracks in the concrete and minimizes or prevents cracks from forming in various places if left unchecked.

This technique can be used when adding walls during renovation work to keep those walls clean.

As you can see from the two photos below, there is a method called PRS joint filling, which can be used as well to prevent cracks and wrinkles in the wallpaper that is applied on top of a wall, thereby reducing the cost of future repairs and extending the service life of the wall.

We are also the chairperson of the CCB Construction Method Association, and we have over 280 projects in which the CCB construction method has been proven to be effective in extending the service life of buildings, including those constructed by other companies.

I will continue with the second technology. Please see the right side.

As you can see from the photo, special Anshin Blocks can be used to build earthquake-resistant walls. Compared to the conventional method of directly pouring concrete, which is a common construction method,

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this method reduces the space required for work and the noise generated by the construction. Therefore, it is possible to do this kind of work while using the building.

In addition, waste materials are less than that of general concrete casting, and thus, a reduction in environmental impact can be expected.

2. Progress of the Medium-Term Business Plan

(1) Maintenance and Repair Business (Renovation)

③ Strengthening Business in ASEAN Region



- In Singapore, two renovation-related subsidiaries performed well.
- In Thailand, promoting the reinforcement of bridges using carbon-fiber sheeting (approved as JICA's project).

SINGAPORE

Name	Acquisition	Description of Businesses	FY2022 Results (millions yen)			
			Orders	Construction contracts	Operating income	Good will
SINGAPORE PAINTS & CONTRACTOR PTE. LTD.	October 2018	Building painting and repair work contractors	5,142	3,400	32	34
EVERGREEN ENGINEERING & CONSTRUCTION PTE. LTD.	January 2022	Maintenance services, Electrical engineering services	3,670	7,485	1,217	312

THAILAND

- Jointly promotes the business of reinforcement of bridges jointly with Toray Industries, Inc., Toray International, Inc.
- Adopted for JICA SDGs Business Support Program in 2021. Concluded a contract for the business in January 2023.
- At present, our subsidiary is preparing for the reinforcement work of bridges and elevated bridges for Jurisdiction of Department of Highway of Thailand.

Name	Description of Businesses	Incorporation
Thai Asanuma Holdings Co.,Ltd.	Holding company	June 2021
Thai Asanuma Construction Co.,Ltd.	Renovation business	July 2021

11

Please continue to page 11. Here I would like to explain the third measure to strengthen our renovation business, which is to strengthen our business in the ASEAN region.

First of all, as the blue-green band says, Singapore. In Singapore, we have two companies: SINGAPORE PAINTS & CONTRACTOR PTE. LTD., which became a subsidiary in 2018, and Evergreen Engineering & Construction Pte. Ltd., which became a subsidiary in January of last year. Orders, sales, and profits are all growing steadily. In particular, as mentioned at the beginning of this presentation, Evergreen, our second acquired subsidiary in Singapore, is making a significant contribution to our consolidated performance.

Second, as seen in the blue-green band, Thailand. In Thailand, we established a subsidiaries in 2021, and in cooperation with Toray Industries, Inc. and Toray International Inc., we are promoting the reinforcement of bridges and other structures using carbon fiber sheets.

This project was selected for JICA's SDGs Business Support Program in 2021, and the project contract was completed in January of this year.

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Currently, we are preparing to carry out reinforcement work for bridges and other structures under the Department of Highways, Ministry of Transport of Thailand

2. Progress of the Medium-Term Business Plan

(2) Response to the Decrease in the Production Worker Population

① Promoting Cooperation with Subcontractors



■ Implemented measures to improve treatment conditions and trading conditions with the subcontractors, and utilize award systems to strengthen the bond with partner companies

Improve Treatment and Business Conditions

Promotion of the Construction Career-Up System (CCUS)

- To improve the attractiveness of the construction industry, this system aims to improve the treatment of construction technicians, clarify the career paths, and visualize construction capabilities.
- Commendation system started in FY2022 for sites and partner companies with outstanding CCUS initiatives

No Promissory notes payment

- No promissory notes payment from January 2020

Awards System

Promotion of 'Asanuma Meister'

- Selected as 'Asanuma Meister' among the chiefs of subcontractors.
- Provision of incentives to improve wage-related compensation.
- Registration in CCUS will be added from the license renewal of certification in the next fiscal year (FY2023) as the target requirement.

Awards and presentation sessions for 'Productivity Improvement Measures at Sites' competition

- Awards and presentation sessions for joint efforts with subcontractors to raise productivity at various worksites.



Holding Training Sessions

Training Sessions for Subcontractors

- Conducted training sessions for engineers from members of the 'Yayoi Association', which is made up of our partner companies.
- Explanation of the Basic Sustainability Policy, Human Rights Policy, and Procurement Policy.
- Safety training using VR and safety belts.



12

Next, please see page 12. I would now like to explain the first pillar of our response to the second external environmental change, the decrease in the production worker population, which is the strengthening of cooperation with our partner companies.

As you can see from the first blue-green band, we have started to promote the Construction Career Upgrade System (CCUS), which is a system for improving the treatment of construction technicians that is being implemented throughout the construction industry, in order to improve the treatment of subcontractors and improve business conditions. To further strengthen the promotion of the CCUS, we have started a commendation system for worksites and partners that have made excellent efforts in the CCUS.

As shown in the second row, we decided to make all payments to subcontractors in cash, instead of using bills, from January 2021 to reduce the burden on subcontractors by making 0% of payments with promissory notes.

Please continue to the middle section, the utilization of a commendation system. We have our own award system, 'Asanuma Meister', which we continue to implement, and we are also implementing a commendation system based on productivity improvement measures developed in cooperation with our partner companies.

As described in the bottom section, we also held a training session to share information on safety with the members of the Yayoi Association, which is composed of partner companies.

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Collaboration with our partner companies is one of our most important policies and tasks, and we intend to further enhance it in the future.

2. Progress of the Medium-Term Business Plan

(2) Response to the Decrease in the Production Worker Population

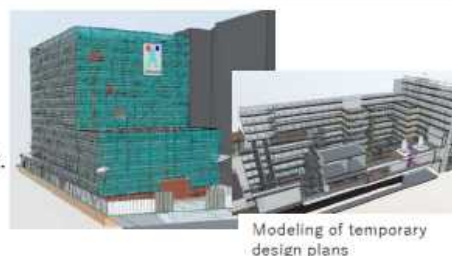
② Promoting DX (1/2)



- DX Committee examines ways to implement digital transformation initiatives in order to raise the level of sophistication and streamlining operations.

Promote introduction of BIM・CIM related products

- Efficient examination of specifications and structures by making design drawings three-dimensional.
- Easy to form consensus and share information between stakeholders not only at the design stage but also at the time of construction and subsequent maintenance and management.
- Efficiency and sophistication of process management. Reduction of errors and rework, and improvement of safety.



Optimization through the use of tablets

- Arrangement and centralized management of construction photos
- Inspection of each process of works using tablets
- Real-time managing the projects with linking with the conference system



Inspection using tablets



Remotely managing the projects

Digitalization of Paper Works

- Digitization of contracts, purchase orders, invoices, etc.: Expansion of introduction of CI-NET
- Digitization of procedure of Kentaikyo System*: Expansion of cooperation with CCUS

*Retirement allowance system for construction site workers created by government under the Smaller Enterprise Retirement Mutual Aid Law

13

Please continue to page 13. Here we will explain the promotion of digital transformation, which is indispensable to cope with the decline in the production worker population. We have established a DX (digital transformation) Promotion Committee to promote the use of digital transformation to solve various issues.

The first main items listed are BIM and CIM, which are software that provides attribute information on three-dimensional models of buildings and structures. By actively introducing such software, it is expected to improve operational efficiency in various scenes, such as drawing and determining specifications, as well as to enhance the sophistication of proposals to customers.

In order to further promote the use of BIM and CIM, we are strengthening BIM and CIM training for our employees and are working to expand the use of BIM and CIM in order to win orders and expand their use in the construction phase.

Secondly, as you can see from the middle section, there is the use of tablets. As you are aware, the construction industry has an enormous number of construction photos, and tablets are used to organize such photos on site and to confirm construction procedures from remote locations.

Third, at the bottom of the page, we are working on digitization of documents, such as contracts, purchase orders, and invoices, not only for internal operations, but also for documents with external parties.

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2. Progress of the Medium-Term Business Plan

(2) Response to the Decrease in the Production Worker Population

② Promoting DX (2/2)



■ For utilization of VR and further DX, jointly developing technology with other companies

- Participated in the Construction RX Consortium. Jointly study the use of robotics, power suits, etc. with other companies.
 - ✓ Implemented trial operation of robots that automatically transport materials at the sites
- 'Kyoken 21' researches digitization of bar arrangement inspection system

Utilization of VR

• Safety education

- ✓ The layout of the scaffolding to be assembled for each individual workplace is reproduced in advance in VR
- ✓ Reproducing with VR in advance enables the construction procedures to be studied in advance.
- ✓ The improvement of safety awareness by creating a working image leads to new awareness and prevention of rework.



VR model



Implementation of safety training using VR

• Construction review meeting



• Off-Campus Learning for Students



14

Please continue to page 14. Here again, I would like to explain our digital transformation promotion efforts. We are working not only to improve the efficiency of our operations and the sophistication of our proposals to our customers, but also to take digital transformation to an even higher level. Here are some of the details.

First of all, as mentioned in the section on joint development with other companies, a consortium or group with several other general contractors have been established, and jointly develop and study digital transformation projects that would be difficult for a single company to undertake, including from a financial standpoint.

As one of these efforts, in FY2022, we trialed an automatic transfer robot, which is a robot that automatically transfers materials at the construction sites. We are currently conducting trial runs together with other companies to promote the use of these robots at the site and to make sure that they can actually be used onsite.

In addition to the use of robots, there are several projects under the umbrella of this consortium, including the use of power suits, and we are also participating in several of these projects for further study.

Another initiative is the use of VR. We are also implementing initiatives to utilize the so-called virtual reality.

As you are aware, on site, or rather in the construction industry, the conditions of workplaces, safety conditions, scaffolding, etc., change from moment to moment with each construction project or process. The content can be reproduced virtually in advance, enabling safety training and construction procedures to be studied in accordance with the progress of construction.

This will also improve safety awareness and is expected to reduce process rework in actual operations.

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A simplified version of this system is also available, which is used for training of inexperienced people, and as shown in the photo below right, it is also used as part of off-campus learning for students.

2. Progress of the Medium-Term Business Plan

(3) Non-Financial Information Management (ESGs, SDGs, etc.)

① Eco-Friendly ASANUMA21 (Initiative for decarbonization)



- Promoting "Eco-Friendly ASANUMA21" as a decarbonization initiative
- "Scope 3" was added to CO₂ reduction target, renewable power has been introduced to all new construction sites, and environmentally friendly concrete was developed and has been proposed to customers.

Long-Term CO₂ Reduction Targets

Subject	Unit	Base year		Target	
		Fiscal year	Emissions	FY2030	FY2050
Scope 1+2 (Construction work only)	Original unit target	t-CO ₂ /100 million yen *	1990	20	5
	Total emissions target	t-CO ₂	1990	74,193 ▲73%	11,871 ▲84%
Scope 3, Category 11 (In-house design = Other company design)	Total emissions target	t-CO ₂	2021	599,428 ▲15%	450,728 ▲25%

* Emissions per 100 million yen of completed construction

Scope 1 : CO₂ generated from our business activities

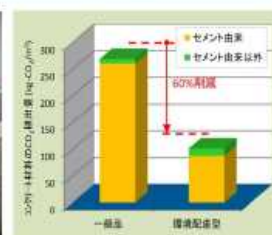
Scope 2 : CO₂ of indirect emissions from the use of electric gases

Scope 3 : CO₂ emitted after the building is delivered to customers and during the use of buildings

Introduction of 100% renewable energy power to all new construction sites



Environment-friendly concrete 60% less CO₂ with the same level of durability



15

Please continue to page 15. In this section, we explain the first of our non-financial management activities, our decarbonization efforts.

Since 2010, we have been working on decarbonization initiatives under the name 'Eco Friendly ASANUMA 21'. Here are some of the initiatives that we are working on.

We have always set our own reduction targets for CO₂ emitted from our business activities, so-called scope one and scope two. Other than CO₂ emitted by the company, there is CO₂ emitted after the building is delivered to the customer and during the actual use of the building, which is called Scope 3, Category 11. This was found to account for a large proportion of the total. Therefore, we have also set a new reduction target for scope three, category 11.

In order to reduce CO₂ emissions in scope three, category 11, we need to consider this at the proposal stage to our customers, so when we make proposals to our customers, we make proposals according to the building use and characteristics. For example, we show environmentally friendly materials and introduce them to our customers.

In addition to the above, as a main effort to reduce CO₂ emissions in order to achieve our goals, we have introduced 100% renewable energy to all new construction sites since April of last year, as shown below on the left.

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As shown in the table on the right, environmentally friendly concrete can reduce CO2 emissions by 60%, so we are actively proposing this type of environmentally friendly concrete to our customers.

2. Progress of the Medium-Term Business Plan

(3) Non-Financial Information Management (ESGs, SDGs, etc.)

② Promoting Sustainability



■ The Sustainability Promotion Committee promotes initiatives related to ESG and SDGs

Major Initiatives of the Sustainability Committee

Initiatives to Promote Environmental Management

- Established a Working Group to promote environmental management
- Established the Environmental Technology Award at the technical review presentation session.

Promotion of activities related to the Task Force on Climate-related Financial Disclosure (TCFD)

Medium-to long-term targets related to climate change

- Disclose on the website Governance, Risk management (Scenario analysis of 4°C and 1.5°C), Strategy, Index and Target
- Medium-to long-term targets related to climate change

Scope 1, 2, 3 The targets by Original Unit and Total Emission
Scope 3 Category 11 Total Emission Target (From FY2023)

Establishment of Human Rights Policy and Procurement Policy, Multi-stakeholder policy

- In addition to the Basic Sustainability Policy, the Human Rights Policy, Procurement Policy, and Multi-stakeholder policy are formulated and disclosed to the Website.

Partnership Building Declaration

- Declare the establishment of new partnerships through collaboration and coexistence with suppliers and businesses seeking to create value from the standpoint of 'orderers'



Further agenda

- Establishment of KPI in sustainability management and consideration for formulation of measures on human capital

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Please continue to page 16. Here I would like to explain the status of our efforts to promote sustainability as the second pillar of our non-financial information management.

We have established a sustainability promotion committee under the executive committee, and I would like to explain the main activities of this committee.

This committee promotes measures for environmental management. As we endorse the TCFD, we are promoting TCFD-related activities to disclose our climate change initiatives.

Also, as noted in the middle section, we have also formulated a human rights policy, a procurement policy, and a multi-stakeholder policy, which we disclose on our website, inform our employees, and ask our subcontractors to thoroughly implement these policies as part of our efforts to expand the scope of our activities.

Under this, the Japan Business Federation and related ministries and agencies are promoting the Partnership Building Declaration. We have also formulated and implemented this and are working with clients and businesses in the supply chain to build new partnerships.

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As for other initiatives, as described in the bottom section, we have set KPIs for sustainability management. We are conducting studies to formulate policies for securing core human resources and diversity, human resource development policies, and measures that take human rights into consideration, and so on.

2. Progress of the Medium-Term Business Plan

(3) Non-Financial Information Management (ESGs, SDGs, etc.)

③ Further Strengthening Corporate Governance



■ Continue to implement initiatives to strengthen the corporate governance system

Initiatives to further strengthen corporate governance

Structure of the Board and the Board of Corporate Auditors	<ul style="list-style-type: none"> Ratio of outside directors 1 / 3 (Including one female director) Ratio of outside corporate auditor 3 / 4 (Including one female auditor)
Analysis and Evaluation of the Effectiveness of the Board of Directors	<ul style="list-style-type: none"> Using external agency (since FY2019) Results have been more than average every term
Nomination and Compensation Committee	<ul style="list-style-type: none"> Both committees chaired by outside directors Majority of members is outside directors Held at appropriate timing (6 times FY20, 7 times FY21, 3 times FY22)
Executive Compensation Systems	<ul style="list-style-type: none"> Continues Restricted Stock Compensation System (since FY2021)
Enhancement of IR	<ul style="list-style-type: none"> IR meetings continue to be held <ul style="list-style-type: none"> ✓ Briefings for institutional investors (2 times FY2022) ✓ Briefings for individual investors (2 times FY2022) ✓ Individual meeting with institutional investors (15 times FY2022)
Stockholdings	<ul style="list-style-type: none"> Criteria for judging holding of listed stocks: Reduced when the benefit of dividends and gross construction profit is less than cost of shareholder's equity Listed stock balance at the end of March 2023 39.1 billion yen Consolidated Net Assets Ratio 8.8%

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The third non-financial management activity is corporate governance. I would like to explain how we are strengthening our governance structure.

First of all, regarding the ratio of outside officers on the Board of Directors and Board of Corporate Auditors, one-third of the Board of Directors and three-fourths or more of the Board of Corporate Auditors are from outside the Company.

The second initiative is to evaluate the effectiveness of the Board of Directors. This is done every year and was continued last year, and the evaluation has been above average every term as well.

The third initiative is the operation of a nomination and compensation committee, which is chaired by an outside director and the majority of its members are outside directors.

The fourth initiative is the executive compensation system, which incorporates a restricted stock compensation system into the executive compensation system. The ratio of fixed remuneration to performance-linked remuneration is approximately 7 to 3.

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The fifth initiative is to enhancement of IR. In addition to holding briefings for institutional investors, such as the one you are attending today, we also hold briefings for individual investors and hold individual meetings with institutional investors as needed to strengthen our IR activities.

Lastly, regarding stock holdings, we have established a criterion for judging the appropriateness of holding listed stocks, which is to reduce holdings when the benefits of dividends and gross construction income are less than the cost of shareholders' equity. Based on this standard, the Board of Directors in each term confirms and checks whether the standard is met, and as a result of this confirmation, the balance of listed shares as of the end of March 2023 was JPY3.91 billion. The consolidated net asset ratio is 8.8%, which is less than 10%.

3. Investments and Shareholder Returns



- Our basic policy is to “allocate the funds generated by profits to Investments and Shareholder Returns”
- Investment and shareholder returns for the past two years (FY2021-2022) are as follows. Plans to secure a dividend payout ratio of 70% or more for each fiscal year

Investments and Shareholder Returns (billion yen)	Before Revision 3 years total	Revised ¹ 3 years total	FY2022 Results total of past 2 years
Technology development and ICT investments • Upgrading of renovation technology • Promoting DX (digital transformation)	3	2.9	1.7
Investment related to new business • Expansion of ASEAN regional renovation related business	5	3.4	2.9
Total	8	6.3	4.6

Consolidated Dividend Payout Ratio	Before Revision	Revised	FY2022 Forecast
	Over 50%	Over 70%	73.3%

1. Revised plan which was disclosed on November 18, 2021. Originally planned total investment was reduced and the shareholder returns was increased as we finalized the amount of part of investment related to new business (strengthening the renewal business in ASEAN), and accordingly, we reviewed our overall capital investment plan including technology development and ICT investments.

19

I would like to continue with the third topic, investment and shareholder returns.

Please see page 19. I would like to explain the investments and shareholder returns in the current three-year medium-term plan. As stated in the first line of the top box, our basic policy is to allocate funds generated by profits to investment and shareholder returns.

The first table shows actual and planned investments, and the second table shows actual and planned dividend payout ratio. As you can see from the first table, the main investment activities are technology development and ICT-related investments. We are investing funds to strengthen the renovation business as explained earlier, to promote digital transformation, to invest in new business areas, and to strengthen renovation in the ASEAN region.

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In November 2021, the first year of our medium-term plan, we finalized the amount of investment for M&A in ASEAN, and accordingly, we reviewed our overall capital investment plan, including technology development.

As a result, the originally planned total investment of JPY8 billion has been reduced to JPY6.3 billion, as shown on the right side. As you can see from the bottom line of the table, before and after the revision, with regard to shareholder returns, the dividend payout ratio was revised upward from more than 50% to more than 70%.

We will continue to make investments steadily to strengthen the renovation business and to improve productivity, and we also plan to pay dividends steadily.

4. Topics



Jan 31 2023 The daily Kensetsu-Tsushin Newspaper



Feb 13 2023 The daily Kensetsu-Tsushin Newspaper



Mar 20 2023 The Daily Engineering & Construction Newspaper

Last but not least, I would like to explain the fourth topic, 'Topics', and the content of the most recently featured article.

First, see the article on the left side of page 21. This is a part of the construction work to prepare for flooding of the Arakawa River. ICT construction was implemented for a part of the process to minimize the impact on adjacent houses and facilities, as you can see from the photos, thereby improving efficiency and saving labor. This was featured in the article as a good example.

As you can see from the small photo in the middle article, we welcomed students to the site for a site tour. The article covers the event.

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On the right is an article on the "On-site Trainer," a hands-on educational system for learning construction management at construction sites.

Incidentally, this system was originally developed independently by our company in 2017, and we have been working with other companies to develop a full-scale system from 2022 onward. The content of the system is designed to visually show accidents and defects that occur in the field and to allow the user to learn about them in a quiz format.

That is all from me. Thank you for your attention.

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Question & Answer

Moderator [M]: Thank you. We are moving on to the question-and-answer session. If you have any questions, please raise your hand.

This IR meeting will be transcribed and published in full, including the question-and-answer session. Therefore, if you wish to remain anonymous, you may omit your name when asking a question.

Please go ahead. Anyone? This is a great opportunity. Yes, this way. The very front.

Participant [Q]: Thank you for the detailed explanation. I would like to ask one question.

Regarding the maintenance and repair business mentioned earlier, specifically the renovation business plan, on page 8, we were told that the ratio of the domestic renovation business was 15.1% and that of the ASEAN renovation business was 15.9%. When we divide this into the private sector and the public sector, what would the two be like? Just your impression is OK, but please tell us what you think.

Company Representative [A]: In both domestic and ASEAN, 80% of the business is private sector, and 20%, public sector.

Participant [Q]: Thank you. I would like to add one more question.

For example, what would it be like the margin of the private sector and the public sector?

Company Representative [A]: Whether it is the private or public sector, profits vary depending on the construction work, so there is no general rule that public sector work makes more money than the private sector work, or private sector work makes more money than public sector work.

One thing that can be said is that the profit ratio in ASEAN is higher than the profit ratio in Japan for construction renovation.

Participant [M]: Thank you.

Moderator [M]: Thank you. Next question, please. Anyone? There seem to be no further questions. If the Company has anything to add, please go ahead. Anyone? Okay.

With that, I would like to conclude today's briefing. Thank you very much.

[END]

Document Notes

1. Portions of the document where the audio is unclear are marked with [Inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].
3. Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.
4. This document has been translated by SCRIPTS Asia.

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