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(Stock Exchange Code 1852)
June 6, 2019

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 84TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 84th Annual General Meeting of Shareholders of Asanuma Corporation (the "Company"). The meeting shall be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form or over the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders below, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:15 p.m. on Tuesday, June 25, 2019, Japan time.

- 1. Date and Time:** Wednesday, June 26, 2019 at 10:00 a.m. Japan time
- 2. Place:** Bluebell Banquet Room, 21st 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 84th Fiscal Year (April 1, 2018 - March 31, 2019) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Audit & Supervisory Board Members
 2. Non-consolidated Financial Statements for the Company's 84th Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

<Company Proposals>

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Eight (8) Directors
Proposal 3: Election of One (1) Audit & Supervisory Board Member

<Shareholder Proposals>

- Proposal 4:** Amendments to Articles of Incorporation Pertaining to Sale of Strategic Shares
Proposal 5: Appropriation of Surplus

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

Instructions for the Exercise of Voting Rights

If you are attending the meeting

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

Date and time: Wednesday, June 26, 2019 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 for the means of resource-saving.

If you are unable to attend the meeting

- **Exercise of voting rights in writing**

Deadline: 5:15 p.m. on Tuesday, June 25, 2019 (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.

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

Deadline: 5:15 p.m. on Tuesday, June 25, 2019

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. For details, please refer to the following page.

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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 (<http://www.asanuma.co.jp/>) in accordance with laws and regulations and Article 16 of the Articles of Incorporation of the Company, and are therefore not included in the attached documents.

(1) Notes to the Consolidated Financial Statements

(2) Notes to the Non-consolidated Financial Statements

The Consolidated Financial Statements and the Non-consolidated Financial Statements included in the attachment to this Notice of Convocation, constitutes a part of 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 (<http://www.asanuma.co.jp/>).

Reference Documents for the General Meeting of Shareholders

<Company Proposals (Proposals No. 1 to No. 3)>

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, 2019 a year-end dividend of ¥153 per share.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and the aggregate amount

¥153 per common share of the Company

Aggregate amount of dividends will be ¥1,233,523,791.

(3) Effective date of dividends of surplus

June 27, 2019

Proposal 2: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders.

Accordingly, the Company proposes the election of eight (8) Directors, including two (2) new candidates and the addition of one (1) Outside Director for the purpose of ensuring the transparency of corporate management and further enhancing corporate governance.

If this Proposal is approved as originally proposed, more than one third of the Directors of the Company will be independent officers.

The candidates are as follows:

No.	Name	Positions and responsibilities at the Company	Attendance at Board of Directors' meeting
1	<u>Reappointment</u> Makoto Asanuma	Representative President, C.E.O.	13 out of 13 (100%)
2	<u>Reappointment</u> Morio Yamakoshi	Representative Director, Senior Managing Officer, Officer in charge of President's Office and Overseas Operations	17 out of 17 (100%)
3	<u>Reappointment</u> Yukihiro Ueshiba	Director, Senior Managing Officer, Officer in charge of Building Construction Headquarters	13 out of 13 (100%)
4	<u>New appointment</u> Kazuhiro Moriyama	Managing Officer, Officer in charge of Civil Construction Headquarters	-
5	<u>Reappointment</u> Yuichi Tateishi	Director, stationed at Tokyo	17 out of 17 (100%)
6	<u>Reappointment</u> <u>Outside Director</u> <u>Independent Officer</u> Hiroyasu Saito	Director	15 out of 17 (88%)
7	<u>Reappointment</u> <u>Outside Director</u> <u>Independent Officer</u> Masafumi Fukuda	Director	17 out of 17 (100%)
8	<u>New appointment</u> <u>Outside Director</u> <u>Independent Officer</u> Miwako Funamoto	-	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	[Reappointment] 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 & Sales Division, Tokyo Main Office</p> <p>April 2016 Executive Officer, General Manager, Marketing & 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>	137,388
[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.			

Note: There are no special interests between the Company and Mr. Asanuma.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	[Reappointment] 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 & 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 & CONTRACTOR PTE. LTD.</p>	2,200
[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.			

Note: There are no special interests between the Company and Mr. Yamakoshi.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held	
3	[Reappointment] Yukihiro Ueshiba (April 8, 1955)	April 1974 April 2013	Joined the Company General Manager, Building Construction Department, Osaka Main Office	900
		April 2015 April 2017 April 2018 June 2018 April 2019	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)	
[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's Osaka Main Office.				

Note: There are no special interests between the Company and Mr. Ueshiba.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held	
4	[New appointment] Kazuhiro Moriyama (June 2, 1955)	April 1974 April 2012	Joined the Company General Manager, Civil Engineering Division, Osaka Main Office	1,700
		April 2014 April 2015 April 2016 April 2018	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 (to present)	
[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.				

Note: There are no special interests between the Company and Mr. Moriyama.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held	
5	[Reappointment] Yuichi Tateishi (December 26, 1955)	April 1980	Joined the Company	409
		April 2012	General Manager, Building Construction Department, Tokyo Main Office	
		January 2016	Deputy General Manager of Tokyo Main Office (in charge of Building Construction)	
		April 2016	Managing Officer, Officer in charge of Tokyo Main Office	
		June 2017	Director, Managing Officer, Officer in charge of Tokyo Main Office	
		April 2018	Director, Managing Officer, Officer in charge of Tokyo Main Office, Deputy Officer in charge of Building Construction Headquarters	
		April 2019	Director, stationed at Tokyo (to present)	
[Reason for nomination as candidate for Director] Mr. Tateishi 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.				

Note: There are no special interests between the Company and Mr. Tateishi.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held	
6	[Reappointment] [Outside Director] [Independent Officer] Hiroyasu Saito (March 17, 1947)	April 1970	Joined NHK (Japan Broadcasting Corporation)	-
		June 1995	News Commentator	
		June 1998	Chief News Commentator	
		March 2004	Retired from NHK	
		April 2004	Visiting Professor, Tokyo University of Agriculture and Technology, Graduate School	
		March 2005	Retired from position of Visiting Professor, Tokyo University of Agriculture and Technology, Graduate School	
		April 2005	Professor, College of Humanities and Director, Media Education Center, Chubu University	
		March 2015	Retired from position of Professor, College of Humanities and Director, Media Education Center, Chubu University	
		June 2015	Specialist Committee Member, NHK Global Media Services, Inc.	
		June 2016	Outside Director of the Company (to present)	
		September 2017	Retired from position of Specialist Committee Member, NHK Global Media Services, Inc.	
September 2017	Journalist (to present)			
[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. Saito has been nominated as a candidate for Outside Director for his background as set forth above, and because the Company believes that his extensive knowledge, expertise and experience as a journalist would be beneficial to ensuring the legality of business execution of the Company, even though he has no experience in being directly involved in company management.				

- Notes:
1. There are no special interests between the Company and Mr. Saito.
 2. Mr. Saito will have served as an Outside Director of the Company for three years at the conclusion of this year's Annual General Meeting of Shareholders.
 3. The Company has concluded a limitation of liability agreement with Mr. Saito to limit his liability to the amount stipulated by laws and regulations so that he may fully perform his duties as Outside Director.
 4. The Company has designated Mr. Saito as an Independent Officer and has notified the Tokyo Stock Exchange as such.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
7	[Reappointment] [Outside Director] [Independent Officer] Masafumi Fukuda (August 25, 1944)	<p>April 1971 Joined the Ministry of Construction (current Ministry of Land, Infrastructure, Transport and Tourism)</p> <p>October 1999 Director-General, Shikoku Region Construction Bureau (current Shikoku Regional Development Bureau, Ministry of Construction)</p> <p>November 2001 Director, Water Resources Development Public Corporation (current Japan Water Agency)</p> <p>May 2008 Head Director, Shikoku Kensetsu Kosaikai Inc Association (Shikoku Create Association)</p> <p>June 2017 Advisor, Shikoku Kensetsu Kosaikai Inc Association (Shikoku Create Association) (to present)</p> <p>June 2017 Outside Director of the Company (to present)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> • Advisor, Shikoku Kensetsu Kosaikai Inc Association (Shikoku Create Association) • Visiting Professor emeritus, Kochi University of Technology 	-
<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]</p> <p>Mr. Fukuda has been nominated as a candidate for Outside Director for his background as set forth above, and because the Company believes that his extensive knowledge, expertise and experience acquired from having been involved in the construction field for many years would be beneficial to ensuring the legality of business execution of the Company, even though he has no experience in being directly involved in company management.</p>			

- Notes:
1. There are no special interests between the Company and Mr. Fukuda.
 2. Mr. Fukuda will have served as an Outside Director of the Company for two years at the conclusion of this year's Annual General Meeting of Shareholders.
 3. The Company has concluded a limitation of liability agreement with Mr. Fukuda to limit his liability to the amount stipulated by laws and regulations so that he may fully perform his duties as Outside Director.
 4. The Company has designated Mr. Fukuda as an Independent Officer and has notified the Tokyo Stock Exchange as such.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
8	[New appointment] [Outside Director] [Independent Officer] Miwako Funamoto (July 30, 1979)	<p>February 2014 Admitted to the bar</p> <p> Joined Risolute Law Office (to present)</p> <p>April 2015 Committee Member, Special Committee on Tax Matters, Tokyo Bar Association (to present)</p>	-
<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]</p> <p>Ms. Funamoto has been nominated as a candidate for Outside Director for her background as set forth above and because the Company believes that her expert knowledge as an attorney-at-law and abundant experience in corporate legal affairs would be beneficial to ensuring the legality of business execution of the Company, even though she has no experience in being directly involved in company management.</p>			

- Notes:
1. There are no special interests between the Company and Ms. Funamoto.
 2. The Company plans to conclude a limitation of liability agreement with Ms. Funamoto to limit her liability to the amount stipulated by laws and regulations so that she may fully perform her duties as Outside Director.
 3. The Company plans to designate Ms. Funamoto as an Independent Officer under the provision set forth by the Tokyo Stock Exchange if she is elected as Outside Director.

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

The term of office of Audit & Supervisory Board Member Ichiro Koda 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.

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] Yuichi Sasaki (February 7, 1961)	April 1983 Joined the Company April 2008 General Manager, Information Systems Office, Head Office October 2015 General Manager, Auditing Office General Manager, Compliance Office April 2018 General Manager, Compliance Office (to present)	-
[Reason for nomination as candidate for Audit & Supervisory Board Member] Mr. Sasaki has been nominated as a candidate for Audit & Supervisory Board Member for his background as set forth above and because he has extensive experience in risk management of overall operations and management, mainly within the audit and compliance segments of the Company.		

Note: There are no special interests between the Company and Mr. Sasaki.

<Shareholder Proposals (Proposals No. 4 to No. 5)>

Proposals No. 4 to No. 5 were submitted by two shareholders (hereinafter referred to as “Proposing Shareholders”).

The Proposals submitted by Proposing Shareholders and outline thereof are organized per Proposal and described as they are.

Proposal 4: 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 three fiscal years from the 85th to 87th fiscal year.

2. Reason for Proposal

The Company held 59 issues of strategic shares in the amount of 9,004 million yen recognized on the balance sheet as of the end of March 2018.

According to the Company’s securities report submitted as of June 28, 2018, the issuer companies of those strategic shares are the business partners of the Company, and the purpose of such shareholdings is explained as “for strengthening friendly relations with business partners” and “for strengthening business relationships.” It is hard to believe that strengthening friendly relations with those business partners will increase shareholder value of the Company, and moreover, it is difficult to understand why such shareholdings will lead to strengthening business relationships.

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.

The Company should promptly sell all strategic shares currently held and use the proceeds from such sale to increase shareholder value of the Company. More specifically, the Company shall sell those strategic shares within the next three fiscal years including the current fiscal year.

Opinion of the Board of Directors

The Board of Directors of the Company opposes this Proposal.

The Company acquired strategic shares based on the resolution by the Board of Directors in order to strengthen friendly relations with business partners and holds such strategic shares in the amount of 9,442 million yen (book value) as of the end of March 2019. Under such circumstances, the Company makes it a policy to reduce the strategic shares based on the “Criteria for Determining Appropriateness of Holding Listed Shares” if the benefits of such shareholdings, including the dividend yield to investment in the immediately preceding fiscal year, are lower than the cost of capital as of the end of said fiscal year. With respect to the verification of individual strategic shareholdings, the Company verifies whether those shares should be continuously held or sold at the regular meeting of the Board of Directors held at the beginning of each fiscal year by specifically examining the appropriateness of such shareholdings, comprehensively taking the economic reasonableness into account, as well as by applying said Criteria.

During the fiscal year ended March 31, 2019, the Company sold shares held for which the benefits were not in line with the cost of capital and appropriated the proceeds to the fund to purchase treasury shares (the total number and cost of treasury shares purchased were 313,600 shares and 999,933,700 yen, respectively). The Company believes that making a reasonable decision on the appropriateness of shareholdings depending on specific circumstances will contribute to enhancing the Company’s corporate value.

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 strategic shares within the three fiscal years from the 85th to the 87th fiscal year, neither corresponds to the aforementioned policy nor does it contribute to enhancing the Company’s corporate value.

Proposal 5: 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 386 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 84th 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 84th fiscal year (hereinafter referred to as “Actual EPS”) is not 386 yen, the aforementioned 386 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 March 31, 2019.

(3) Effective date of dividends of surplus

Day after the date of the 84th Annual General Meeting of Shareholders which will be held in June 2019

It should be noted that, if the Company’s Proposal for Appropriation of Surplus is submitted at the 84th 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 “386 yen” described in “No. 2 Details of Proposal, 3. Appropriation of Surplus” is the Company’s most recent forecast of profit per share as of April 18, 2019. 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 34.0% as of the end of March 2018, having risen to the highest level ever on an annual reporting basis. Considering together with the fact that the Company discloses the Three-Year Medium-Term Plan in which the equity ratio is planned to be further enhanced as mentioned above, 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.

Furthermore, the Company not only intends to further build up the equity ratio but also owns cash and similar assets at the sufficient level as mentioned above, i.e., approximately 24.0 billion yen in cash and deposits, approximately 9.3 billion yen in investment securities and approximately 11.8 billion yen in interest-bearing debt as of the end of December 2018.

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.

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 previous 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 more detailed explanation of the above Proposal, see <https://proposal-for-asanuma-from-sc.com/> or the special site link <https://stracap.jp/> in the upper right of the Strategic Capital Inc. website.

Opinion of the Board of Directors

The Board of Directors of the Company opposes this Proposal.

With respect to the distribution of profit, 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, 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.

The Company paid no dividend for three consecutive fiscal years from the fiscal year ended March 31, 2012 due to deteriorating business performance, whereas it resumed dividend payment in the fiscal year ended March 31, 2015 while improving its financial position so as not to worry shareholders, and determined

the dividend of 16 yen per common share (160 yen on a post-share-consolidation basis) and the consolidated dividend payout ratio of 25.7% in the fiscal year ended March 31, 2018.

Then, the Company, after having achieved a certain level of improvement in its financial position, proposed the dividend of 153 yen per common share (consolidated dividend payout ratio of 30.3%) for the fiscal year ended March 31, 2019, which was increased from the initial plan (i.e., 100 yen per share, consolidated payout ratio of 25.9%).

Furthermore, the Company will revise the shareholder return policy (consolidated dividend payout ratio of 30% or more in FY2020) disclosed in the Three-Year Medium-Term Plan (covering FY2018 to FY2020) and further improve the dividend payout ratio, aiming at “30% or more in FY2018, 40% or more in FY2019 and 50% or more in FY2020.”

With regard to the utilization of funds held, funds generated from annual profits, etc., moreover, the Company plans in the Three-Year Medium-Term Plan to “invest 20.0 billion yen in technology and research, ICT, concession business and overseas business and for switching payment to subcontractors to cash.” The Company believes that such utilization of funds is essential to increase the corporate value in the medium to long term and to stably and continuously return achievements to shareholders. It should be noted that, in FY2018, the first year of said Plan, the Company invested approximately 12.0 billion yen of funds in technology and research, ICT and overseas M&As and for switching the payment to subcontractors to cash.

Therefore, the Board of Directors of the Company judges that this Proposal, which substantially seeks a 100% dividend payout of the profit attributable to owner of parent, neither conforms to the Company’s basic policy of shareholder return or future capital utilization policy nor does it contribute to enhancing the Company’s corporate value in the medium to long term.

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