



Strategic Capital

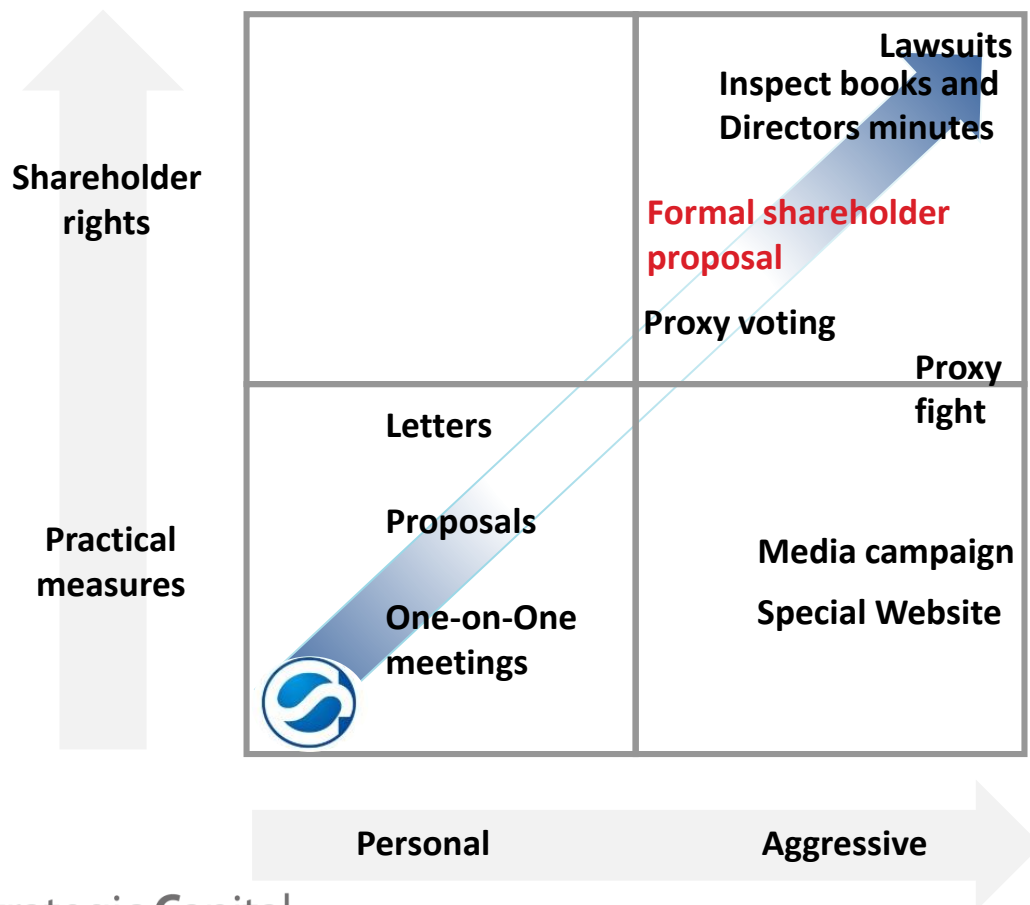
株式会社 ストラテジックキャピタル

Shareholder Proposal 2019

Strategic Capital Inc.
T.Maruki

Aggressive Activism, Japanese Approach

- ◆ Campaigns start privately employing a personal and face-to-face approach.
- ◆ Over time, we increase pressure on the management by strategically using more aggressive ways.
- ◆ Formal Shareholder Proposal is just one of activist campaigns.



To be the most effective, we are:

- Based in Tokyo and hold ongoing face-to-face dialogue with portfolio company management teams
- Keep all activist tools 'on the table' and be versed and willing to exercise rights when required
- Flexible and persistent

Shareholder Proposal 2019 — Asanuma Corporation (1852)

◆ Proposal

- (1) Disclosure of WACC and its basis of calculation for more effective dialogues.
- (2) Dissolution of cross shareholdings to increase financial leverage.
- (3) Increase of dividend to achieve 100% payout ratio.

◆ Reaction

- ✓ On 10th May, revised shareholders' return policy up to 50% of payout ratio (FY18 DPS153yen, FY19 DPS208yen and FY20 DPS292yen) .
- ✓ On 17th May, explained its WACC and the calculation at a result presentation meeting.
- ✓ On 22nd May, Strategic Capital withdrew the proposal (1).

Shareholder Proposal 2019 — Seikitokyu Kogyo (1898)

◆ Proposal

- (1) Disclosure of WACC and its basis of calculation for more effective dialogues.
- (2) Increase of dividend to achieve 100% payout ratio.
- (3) Establishment of Independent Investigation Committee in the event of scandals.

◆ Reaction

- ✓ On 9th May, slightly increased its dividend and announced the board's opinion against our proposal.
- ✓ On 20th May, updated its corporate website regarding WACC-oriented management which was irrelevant and far from our proposal.

Shareholder Proposal 2019—Tosho Printing (7913)

◆ Proposal

- (1) Disclosure of WACC and its basis of calculation for more effective dialogues.
- (2) Increase in independent outside directors in the board to protect the interests of minority shareholders.
- (3) Implementation of special dividend to optimize excess net assets.
- (4) Dissolution of cross shareholdings which are mainly Recruit HD shares.

◆ Reaction

- ✓ On 13th May, announced to go private through a share exchange and being a wholly owned subsidiary of Toppan Printing (7911).

Shareholder Proposal 2019—Kyokuto Boeki (8093)

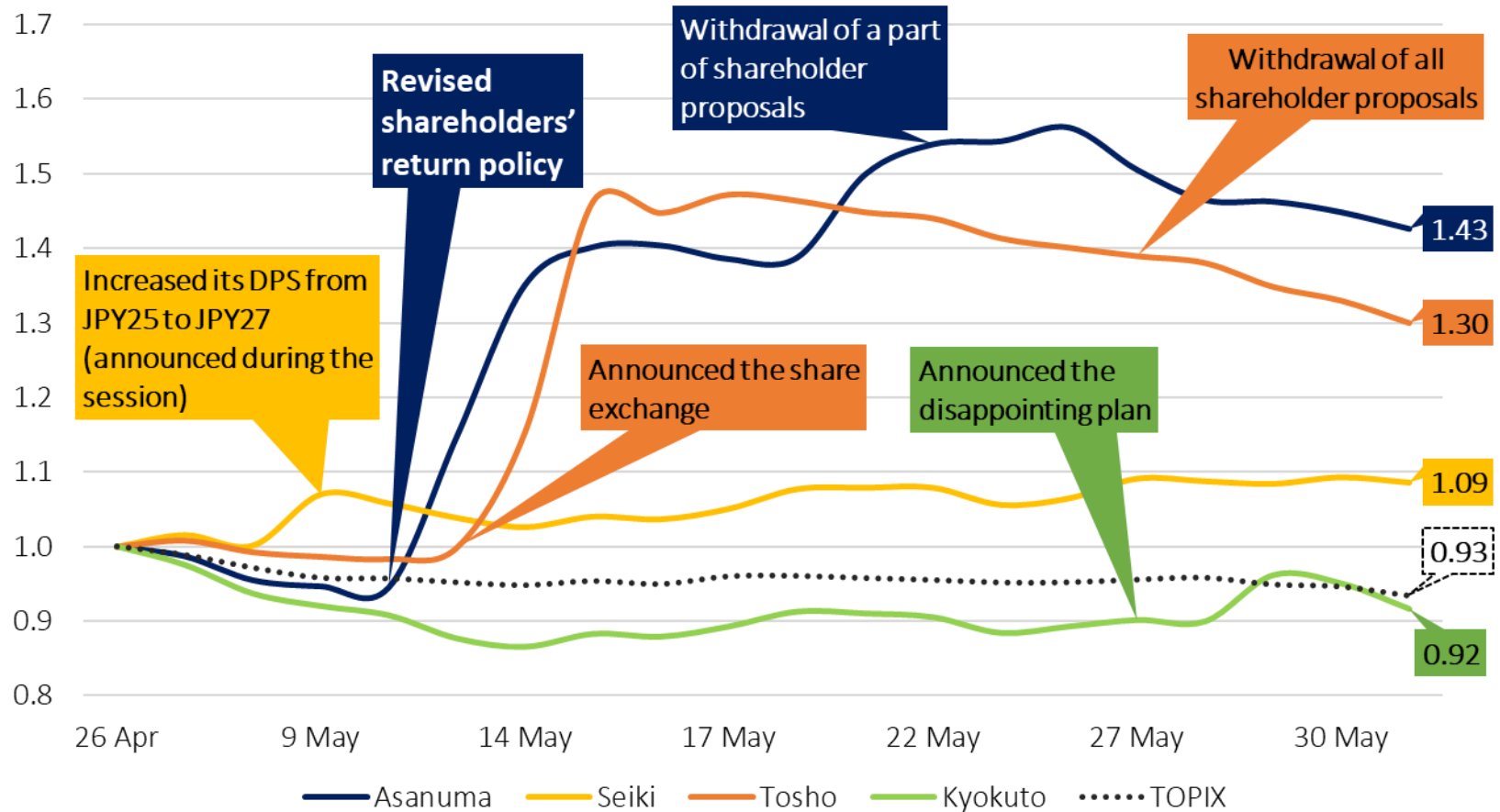
◆ Proposal

- (1) Disclosure of WACC and its basis of calculation for more effective dialogues.
- (2) Dissolution of shares it holds without rational purposes.
- (3) Increase of dividend to achieve 100% payout ratio.

◆ Reaction

- ✓ On 27th May, announced its new medium-term management plan including share buyback of 10% of shares outstanding which was far below our expectation.

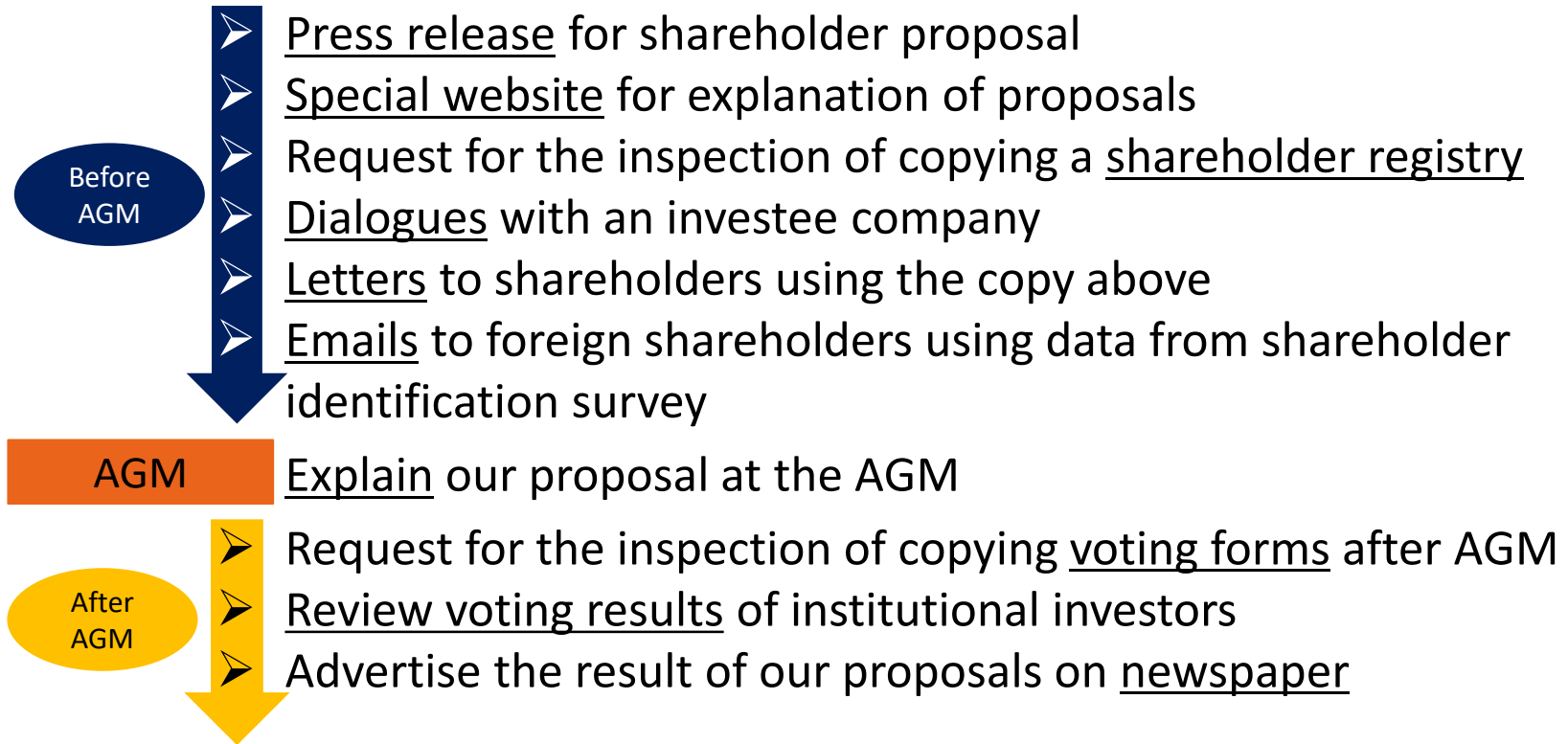
Monthly performance in May 2019



(Note) The end of April (26 Apr)=1

Our formal shareholder proposal campaign and purpose

<Activities relating to shareholders proposal>



< Purpose of shareholder proposal >

Why do we execute our shareholder proposal rights in spite of difficulty?

Our formal shareholder proposal record

		Code	100% Dividend Payout Ratio	Special Dividend	100% Total Payout Ratio	Divest non-core subsidiary	Improve IR	Liquidate cross-shareholding	ROE Target	Nomination & Remuneration Committee
2014	Daiwa Industries	6459	○							
	Ines Corp.	9742	○							
	JDL	6935	○							
2015	JDL	6935	○							
2016	Daiwa Industries	6459	○							
	JDL	6935	○			○	○			
	Shin Nippon Air Tech	1952	○					○		
	Tosho Printing	7913						○		
	Chori	8014	○							
2017	Teikoku Electric	6333	○							
	Shin Nippon Air Tech	1952	○					○		
	Tosho Printing	7913		○						
	Chori	8014	○					○		
	Uchida Yoko	8057	○					○		
2018	Shin Nippon Air Tech	1952			○			○		
	Tosho Printing	7913		○				○		○
	Chori	8014	○					○	○	

withdrawn