The following is a translation of an advertisement in the WEEKLY DIAMOND magazine by Strategic Capital PR

A message to shareholders of WAKITA & CO., LTD. from Strategic Capital, Inc.

Wakita (8125)

～A shareholder proposal for the May 27, 2021 AGM～

Please visit the special website for more details

Wakita's Challenges

- Low stock valuation
- Real estate leasing business that doesn't meet the expected return of investors
- Cross share-holdings that reduce capital efficiency
- IR policy that denies dialogue with shareholders
- Excessive accumulation of equity capital

Strategic Capital's Proposals

- Disclose weighted average cost of capital
- Sell real estate for rent
- Sell cross-shareholdings
- Respond for request for dialogue with shareholders who hold more than 3% of
- Set the dividend payout ratio to 100%

As of February 28, 2021, the Fund managed by Strategic Capital held approximately 6% of Wakita & Co., Ltd. (hereinafter referred to as Wakita or the Company).

Based off our analysis Wakita's shares are undervalued (see Wakita's challenges above).

Wakita's capital efficiency (ROIC and ROE) are below the rate of return (WACC and cost of equity) required by investors resulting in low stock price valuations of around 0.5 times PBR (FIG. 1), We propose, the Company **disclose WACC and its basis of calculation** in order to raise management's awareness of the cost of capital and help improve the stocks valuation.

In addition, as a measure to improve capital efficiency, we propose the Company **exit the real estate leasing business,** where the expected return is far below what is expected by investors. We similarly propose the **sale of cross-shareholdings** to improve capital efficiency and also help eliminate the unnecessary impact by the price movement of these listed shares on the Company's the financial results.

Wakita should then focus on renting construction machinery with relatively high capital efficiency (FIG 2) and use the proceeds from the sale of real estate and cross-shareholdings to improve shareholder value and shareholder returns.

Meanwhile, consideration is being made towards revising the Corporate Governance Code to help strengthen dialogue between investors and the Board of Directors.

Strategic Capital requested the Company to speak with the independent outside directors and the Chairman of the Board but the request was denied by the director in charge of investor relations. In order to improve Wakita's shareholder value, we propose that **directors, when required to meet with shareholder holding 3% or more of voting rights, are obliged to attend the meeting by themselves.**

The Company's equity ratio is already high at around 70% and if the current level of shareholder returns persists, the equity capital will only build up and capital efficiency will decline. We propose **a 100% dividend payout ratio for FY2020** to prevent further build-up of equity capital and would expect the Company to continue that policy going forward.

FIG 1: Price (left) vs Market price BPS (right)

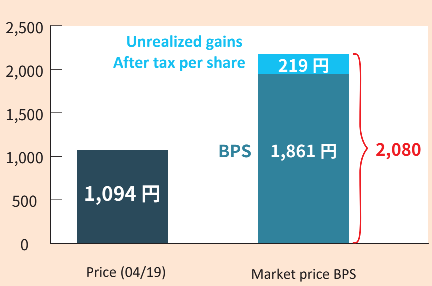


FIG 2: ROIC (Q2/21) and WACC

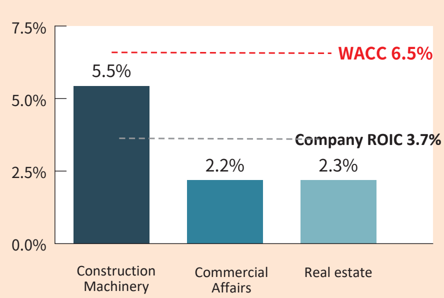
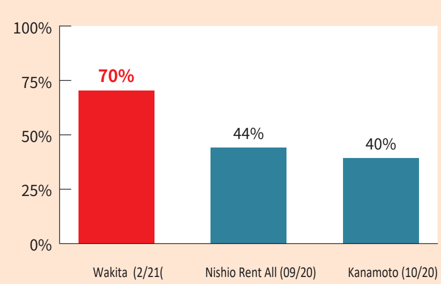


FIG 3: Equity Ratio Comparison



Graphs created using financial reports, etc of each Company

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The following is a translation of an advertisement in the WEEKLY DIAMOND magazine by Strategic Capital

PR

A message to shareholders of SEIKITOKYU KOGYO CO., LTD. from Strategic Capital, Inc.

Please visit the special website for more details ▼

Seikitokyu Kogyo (1898)

～A shareholder proposal for the June 23, 2021 AGM～

Seikitokyu Kogyo's Challenges

- **Possibility that management doesn't accurately understand cost of equity, which has remained at a high level due to the Antitrust violations and etc., and underestimates the actual cost of equity.**
- **Policy to accumulate equity capital despite sufficient equity capital**

Strategic Capital's Proposals

- **Disclose weighted average cost of capital**
- **Set the dividend payout ratio to 100%**

As of March 31, 2021, the Fund managed by Strategic Capital held approximately 7% of Seikitokyu Kogyo Co., Ltd. (hereinafter referred to as Seikitokyu or the Company).

Since 1987, the Seikitokyu has been involved with as many as 10 Antitrust violations etc. We believe the Company has not fully investigated the cause or pursued those responsible. Therefore in December 2020, we filed a shareholder lawsuit against the Representative Directors etc. considered to be responsible for the Antitrust violation (i.e. responsible for conducting the price cartel and the requirement to pay the 1.8B yen surcharge.) In addition, the Company is continuing a capital policy that is further accumulating equity capital.

For these reasons, the risk of investing (~cost of equity and WACC based on cost of equity) is considered to be high.

Two years ago, and again last year, we made a shareholder proposal to disclose the WACC (which received 25-33% for favor votes) but Seikitokyu declared, in opposition to our proposal, that "we have disclosed and targeted at 11.7% which exceeds the Company's projected cost of capital." and are implying that cost of capital is lower 11.7%. However, the ROE (excluding extraordinary gains/loss and tax loss carry forwards) for FY2019 was 12.2% and a similarly calculated ROE for FY2020 was 14.1% (FIG 1). Despite exceeding the ROE stated by Seikitokyu, the stock price is only evaluated at liquidation value (FIG 2). This can be reasoned the cost of equity required by the market is higher than the cost of equity assumed by Seikitokyu. Therefore, we propose, the Company **disclose WACC and its basis of calculation.**

In addition, despite already having sufficient internal reserves, the Company has set a shareholder return target of only 30%, so Seikitokyu's equity capital will only continue to accumulate and ROE may decline.

For that reason we have held dialogues with Seikitokyu for ROE to be increased by issuing interest-bearing and increasing leverage (FIG 3). We also propose **a 100% dividend payout ratio** to prevent further build-up of equity capital.

FIG 1 Change in equity capital and ROE

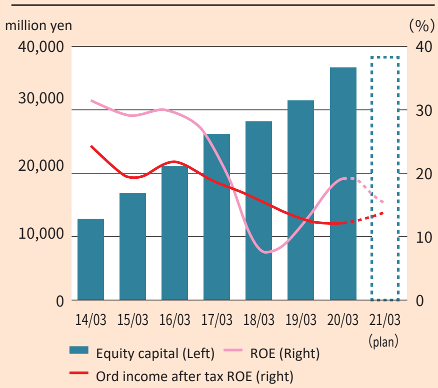


FIG 2 - Seikitokyu PBR last 5 years

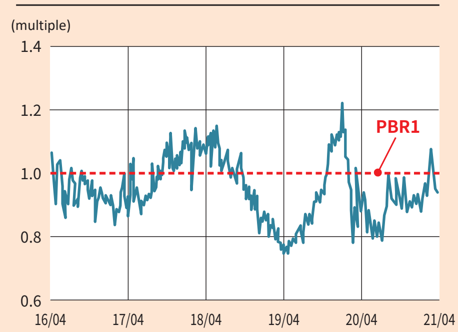
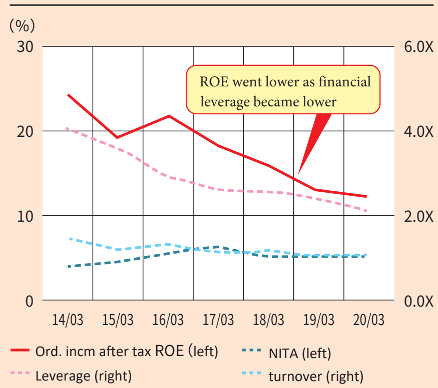


FIG 3 - ROE Breakdown



Graphs created using financial reports, etc of each Company

The following is a translation of an advertisement in the WEEKLY DIAMOND magazine by Strategic Capital

A message to shareholders of KYOKUTO BOEKI KAISHA LTD. from Strategic Capital, Inc.

Please visit the special website for more details

Kyokuto Boeki (8093)

～A shareholder proposal for the June 23, 2021 AGM～

Kyokuto Boeki's Challenges

- **Board of directors who remain ignorant of capital market theory, lack awareness to reflect viewpoint of shareholders and leave stock price valuations low**
- **Management ignorance of cost of equity**
- **Holding excessive cross-shareholdings and stocks for 'investment purposes'**

Strategic Capital's Proposals

- **Appoint Strategic Capital's Tsuyoshi Maruki as part-time outside director**
- **Disclose weighted average cost of capital**
- **Sell cross-shareholdings and shares held without reason**

As of March 31, 2021, the Fund managed by Strategic Capital held approximately 17% of Kyokuto Boeki Kaisha Ltd. (hereinafter referred to as Kyokuto or the Company).

Kyokuto's capital efficiency is well below the cost of capital. As a result, the stock price is at extremely low valuations even when compared to industry peers. (FIG 1 & FIG 2)

Given the situation, we made shareholder proposals two years ago and again last year with the aim to raise management's awareness of the cost of capital (which received 25-33% for favor votes.). However, the management policy has not changed since and the stock price valuations remain depressed. We believe a reason why Kyokuto does not change the policy is the Board of Directors lacks knowledge of the capital markets including the idea of the cost of capital and awareness to reflect the viewpoint of shareholders.

For example, Kyokuto did announce a policy to consolidate its business portfolio but no information was disclosed as to whether it was appropriate from the perspective of capital efficiency.

Therefore, we propose **Tsuyoshi Maruki, Strategic Capital's Representative Director, join the board of directors as a part-time outside director** (Note 1) to convey a better understanding of capital market principles and promote measures to improve shareholder value. Also Kyokuto has a policy of reducing the coal-fire power generation-related equipment business, and while we welcome such efforts, we believe they should proceed further. That is because we are a signatory of the UN-PRI (Note 2) and it is only natural to considering organizing the business from the perspective of E in ESG.

And as mentioned, we propose the Company **disclose WACC and its basis of calculation** in order to raise management awareness of the cost of capital and to concentrate on businesses that will generate returns that exceed the cost of capital.

Furthermore, shareholders do not want to hold cross-shareholdings where the impact to building business is unclear, or to increase profits through stock management, or own assets that generate less than the cost of capital. We propose **the prompt sale of all the securities within 1-year**. We further hope that the proceeds will be used to enhance shareholder value.

Note 1
Since the Fund managed by Strategic Capital holds approximately 17% of the Company's shares and are the largest shareholder, we propose that he become a part-time outside director rather than an independent outside director whom the Company needs to register with the Tokyo Stock Exchange.

Note 2
The PRI, a UN-supported network of investors, works to promote sustainable investment through the through the promotion of understanding of the impact of investment on ESG.

FIG 1 - PBR compared to peers

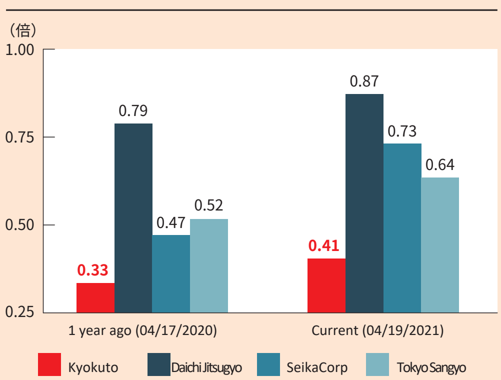
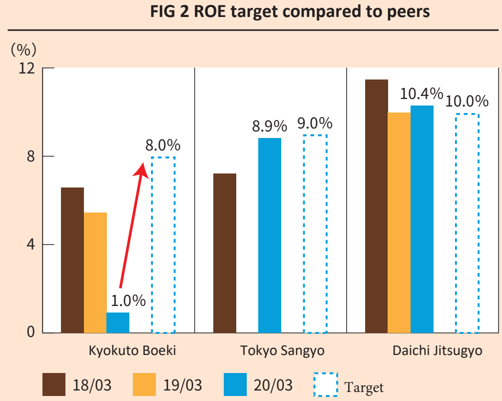


FIG 2 ROE target compared to peers



Graphs created using financial reports, etc of each Company

For inquiries contact Strategic Capital, Inc. Email: **info@stracap.jp**

A message to shareholders of ASANUMA CORP. from Strategic Capital, Inc.

Asanuma (1852)

～A shareholder proposal for the June 25, 2021 AGM～

Please visit the special website for more details

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Asanuma's Challenges

- Policy to accumulate equity capital despite sufficient equity capital
- The three-year medium term business plan only clarifies a policy to sell a large amount of cross-shareholdings in the first year

Strategic Capital's Proposals

- Set the dividend payout ratio to 100%
- Sell all cross-shareholdings within 1-year

As of March 31, 2021, the Fund managed by Strategic Capital held approximately 10% of Asanuma Corp. (hereinafter referred to as Asanuma or the Company).

We submitted the same shareholder proposal for the general meetings in 2019 and 2020 (which received 21-28% for favor votes.) but the above issues still remain. We believe Asanuma should resolve these issues to improve the stock price valuation. (FIG 1)

The equity ratio of Asanuma was low in the past, but after a low shareholder return policy was followed, the equity capital accumulated and the equity ratio increased to around 48% (FIG 2). We are concerned that if the same capital policy continues, the equity ratio will increase further and ROE will decline. Therefore, we have talked to Asanuma about issuing interest-bearing debt to increase leverage and ROE.

However, on April 1, 2021, the Company announced a new medium-term business plan that set a dividend payout ratio target of greater than 50% starting in FY2021. A policy that will only further increase equity capital (FIG 3).

As already mentioned, that since Asanuma's equity capital has sufficiently recovered and there is no need to increase equity capital any further, we propose a **100% dividend payout ratio.**

Also, Asanuma announced a policy to keep the balance of cross-shareholdings to less than 10% of consolidated net assets by FY2021 but there was no mention of any subsequent reductions in the medium-term business plan which covers up to FY2023. We propose the **sale of all cross-shareholdings** to improve capital efficiency (ROIC and ROE) by selling low-return assets and also help eliminate the unnecessary impact by the price movement of these listed shares on the Company's the financial results. We hope the proceeds from the sale will be used to improve shareholder value and shareholder returns.

Asanuma's stock price valuation remains low enough that the dividend yield is in the top 10 of listed companies. although this is not a shareholder proposal, Asanuma has a lot of room to improve IR and disclose information more proactively to help reflect the true value of the stock.

CHART 1: Asanuma's PBR last 5 years

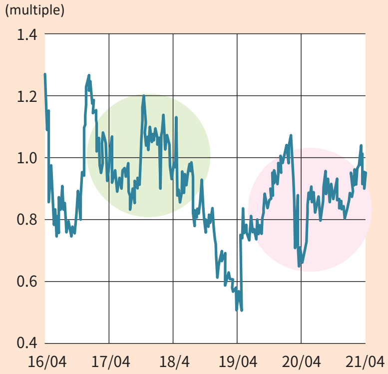

CHART 2: Asanuma's equity ratio over time

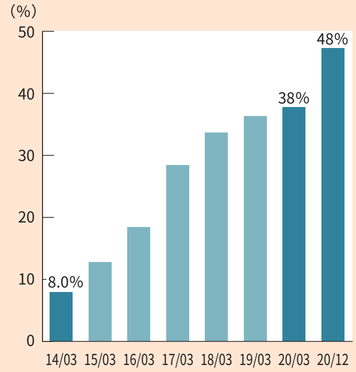

CHART 3: Asanuma's medium-term business plan and our opinions

		SC opinion	Mid Term Business Plan
Capital Policy	WACC	8.9%	6.0%
Capital Policy	Div PO ratio	100% so as not to accumulate equity capital	>50%
Governance	Perf-linked compensation	Increase to 50% (21% in FY2019)	No mention (announced a transfer restricted stock based system in Feb)
Governance	Cross shares use of proceeds	Return to shareholders	No mention
IR	IR Reform① (announced time)	New MTBP announced March	April 1
IR	IR reform② (ESG)	Enhance disclosure	Set KPI and disclosure measures
IR	IR reform ③ (IR policy)	Disclose measures to reduce cost of equity	No mention
IR	IR Reform④ (Investment Plan)	Investment plan also discloses result targets	Only discloses planned investment amunt
IR	IR Reform⑤ (Financial forecast)	Don't make overly bearish earnings forecasts	No mention

Graphs created using financial reports, etc of each Company

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A message to shareholders of ARISAWA MANUFACTURING CO., LTD. from Strategic Capital, Inc.

Please visit the special website for more details

Arisawa Mfg (5208)

～A shareholder proposal for the June 25, 2021 AGM～

Arisawa Mfg's Challenges

- **Holds assets such as bonds and cross-shareholdings which have a rate of return below cost of capital**
- **A dividend policy that further accumulates equity capital despite a high equity ratio of around 70%**
- **General reserves held for unclear purposes**

Strategic Capital's Proposals

- **Sell all investment securities**
- **Set the dividend payout ratio to 100% to not accumulate equity capital further**
- **Withdraw all assets from the general reserve and use it as a source for shareholder returns**

As of March 31, 2021, the Fund managed by Strategic Capital held approximately 8.4% of Arisawa Manufacturing Co., Ltd. (hereinafter referred to as Arisawa or the Company).

We submitted a shareholder proposal last year (which received 11-20% for favor votes.)but since the challenges with Arisawa continue, we have decided to make a proposal this year as well.

To start, one of the major reasons why the stock price valuation is neglected is Arisawa owns a large amount of low-return assets such as cash for about 4 months of monthly sales and securities that account for about 60% of market cap as of March 31 2020 that is resulting in the capital efficiency (ROE and ROIC) to be lower than the return required by investors (cost of equity, WACC). (FIG 1)

The estimated IRR for the securities, based on the information given by Arisawa in opposing our proposal last year, is only 1.7%. In order to improve capital efficiency, left low due to holding such securities, we propose deleting "the holding and operation of securities" from the business purposes and **starting with the bonds sell such securities with 1 business year.**

Similarly, to improve capital efficiency by selling assets that generate less than WACC, and help eliminate the unnecessary impact by the price movement of these listed shares on the financial results, we propose **selling the cross-shareholdings held within one business year**. We further hope that the proceeds will be used to enhance shareholder value.

The Company's equity ratio is already high at around 70% and if the current level of shareholder returns persists, the equity capital will only build up and the low ROE will decline further (FIG 2). To prevent this we have talked about issuing interest-bearing debt to increase leverage and improve ROE. As equity capital does not need to increase further, we propose a **100% dividend payout ratio.**

In addition, the Company reduces retained earnings, which are the source of returns for shareholders, and transfers the amount in a general reserve. Arisawa provides no specific reason and we cannot ignore the fact that such action will increase cost of equity. We propose **withdrawing all assets from the general reserve** and using the proceeds as a source of funds for share buybacks or payout as dividends to increase shareholder value.

Chart 2: ROIC and WACC from the mid-term business plan

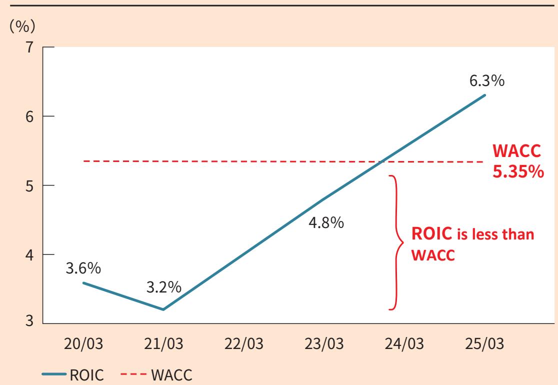
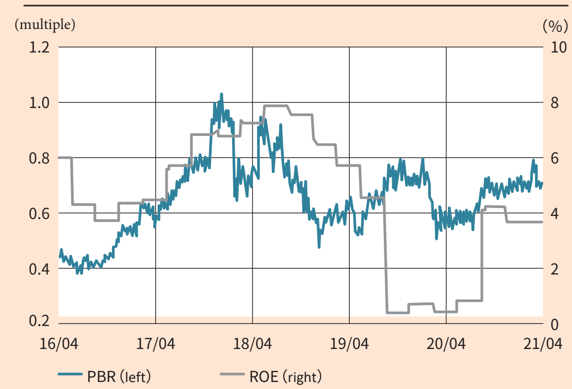


Chart 2：PBR & ROE over time



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