

April 28<sup>th</sup>, 2020

To Whom It May Concern,

Strategic Capital, Inc.  
Tsuyoshi Maruki, President & CEO

**Re: Shareholder Proposal to ASANUMA CORPORATION**

Strategic Capital, Inc. (hereinafter referred to as "Strategic Capital") is under a discretionary investment contract with INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (hereinafter referred to as the "Fund") and the Fund and Strategic Capital hold over 300 units of voting right of ASANUMA CORPORATION (hereinafter referred to as "Asanuma" or the "Company" as the context requires) over 6 months.

The Fund and Strategic Capital are pleased to announce that, on April 24<sup>th</sup>, 2020, we notified Asanuma of our execution of the shareholders' right to make a proposal at the annual shareholder meeting held in the coming June and confirmed that, on April 27<sup>th</sup>, 2020, Asanuma certainly received the documents of the proposal.

We would like to explain the context of our proposal as following;

1. Overview of our proposal and
2. The detailed translation of our proposal.

1. Overview of our proposal

① Sell cross-shareholdings to improve capital efficiency.

One of the reasons for Asanuma's low valuation is excessive cash and cross-shareholdings it holds. In order to improve capital efficiency and eliminate the unnecessary impact by the stock's price movements on the Company's financial results, we propose to sell the cross-shareholdings within 3 years. We hope that the proceeds from the sale will be used to enhance shareholder value.

② Prevent further accumulation of cash.

Due to continuous low level of shareholder returns in the past, Asanuma's equity capital and net cash have accumulated and account for 84% of its market capitalization as of April 22<sup>nd</sup>, 2020. We propose a payout ratio of 100% to prevent further accumulation of cash and equity capital.

Note that we made the same shareholder proposals as above last year and both gained more than 28% of favor votes.

## 2. The detailed translation of our proposal

### ① Revision of the provisions of articles with regard to the Dissolution of Cross-Shareholdings

Add the following Chapter and Article to the current Articles of Incorporation.

#### CHAPTER VIII. Dissolution of Cross-Shareholdings

(Dissolution of Cross-Shareholdings)

##### Article 35

The Company shall sell all the cross-shareholdings, as of the effective date of the revision of the Articles of Incorporation, immediately during the 86<sup>th</sup> to 88<sup>th</sup> fiscal periods.

### ② Appropriation of Surplus

#### (1) Type of dividend

Cash

#### (2) Allocation and the total amount of dividends

The amount obtained by deducting the amount of dividend payment from surplus per common share of the Company which will be proposed by the Board of Directors of the Company at the 85<sup>th</sup> Annual General Meeting of Shareholders and approved thereat, from JPY518.

In case Earnings Per Share rounded down to the nearest integer in 85<sup>th</sup> fiscal period (hereinafter referred to as “actual EPS”) is different from JPY518, JPY518 in the previous paragraph shall be replaced with actual EPS.

The total amount of dividends is calculated by multiplying the dividend amount per the one common stock described above by the number of shares subject to dividend payment as of the record date of the voting rights at the 85<sup>th</sup> Annual General Meeting of Shareholders.

#### (3) Effective date of dividend payment from surplus

The day after the 85<sup>th</sup> Annual General Meeting of Shareholders is held.

If the Board of Directors of the Company submits the proposal on appropriation of surplus at the 85<sup>th</sup> Annual General Meeting of Shareholders, this proposal will be submitted to make an additional proposal separately from such proposal.

Contact Information

Dan Kato

81-3-6433-5267