This English translation is for reference purposes only.
In the event of any discrepancy between this English version and the Japanese version, the Japanese original shall prevail.

October 6, 2022

Hironao Fukushima
Representative Director
City Index 11 Co., Ltd.

To the Board of Directors of JAFCO Group Co., Ltd.

On September 29, we sent you a memorandum regarding out thoughts on the improvement of shareholder value at your Company.

Your Company is scheduled to make earnings announcements for the second quarter on October 27, and we expect that your management team will be making disclosures that reflect a serious attitude toward increasing shareholder value as a publicly traded company. Specifically, we request that you make a public announcement on “the sale of NRI shares and a share buyback of 50 billion yen using the proceeds of said sale” or “the implementations of shareholder value improvement initiatives that are equal in impact to the said sale/buyback“(“Shareholder Value Improvement Initiatives”) along with the second quarter earnings announcement.

Given that more than 80% of your shareholders are institutional shareholders like ourselves, foreign institutional shareholders, or pension funds, and as we believe that these institutional shareholders hope for an improvement in shareholder value, we believe that the majority of your shareholders will be in agreement with these Shareholder Value Improvement Initiatives. However, if your Company chooses not to disclose the implementation of said initiatives alongside the second quarter earnings announcements, it is probably because your Company feels that the majority of your shareholders are against these Shareholder Value Improvement Initiatives. If that is the case, we believe that it is appropriate to call for a Shareholders’ Meeting (meeting to confirm the intentions of the shareholders), so we ask that you call for this Shareholders’ Meeting (meeting to confirm the intentions of the shareholders) if you choose not to make announcements on the aforementioned Shareholder Value Improvement Initiatives along with the second quarter earnings announcement.

We wish to remain free of insider information, so please refrain from communicating to us directly regarding updates or conclusions on your response to our proposals. Instead, we ask that you make a public statement in the form of a timely disclosure on TDnet.