

JAFCO Group Co., Ltd. (Ticker: 8595)  
1-23-1 Toranomom, Minato-ku,  
Tokyo 105-6324 Japan  
<https://www.jafco.co.jp/english/>

Contact: Investor Relations  
Tel: +81-50-3734-2025  
[ir@jafco.co.jp](mailto:ir@jafco.co.jp)

November 25, 2022

### **Notice Concerning Scheduled Share Buyback and Tender Offer by Issuer**

JAFCO Group Co., Ltd. (the “Company” or “JAFCO”) hereby announces that at the board of directors’ meeting held today, it resolved to plan to conduct a share buyback and to implement a tender offer by an issuer (the “TOB by Issuer”) as a specific means to achieve the share buyback, pursuant to the Company’s articles of incorporation based on Article 459(1) of the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”) and Article 156(1) of the Companies Act, as described below.

The Company’s basic dividend policy is to strike a balance between increasing equity capital necessary to conduct investment business and providing regular returns to shareholders. As a dividend benchmark to clearly indicate this policy, the Company aims for 3% of equity capital (the mean at the beginning and end of the term). In addition, as announced in the Company’s press release dated February 10, 2021, titled “Policy on Future Shareholder Returns,” in order to maintain a financial base that will allow the Company to continue to invest in any environment, the Company acknowledges cash and 23,968,150 common shares in Nomura Research Institute, Ltd. (“NRI”; those common shares, the “NRI Shares”) held by the Company as a single source of funds for future investments. The Company maintains a total of 120 billion yen in cash and the market value (after tax) of the NRI Shares and will consider conducting a share buyback if this amount exceeds 120 billion yen to a certain extent.

At the board of directors’ meeting held today, the Company also resolved (i) to sell all of the NRI shares excluding 50 shares of less than one unit (23,968,100 shares) by means of a secondary distribution under Article 2(4) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “FIEA”) (the “Sale of NRI Shares”) and (ii) to further improve investment performance by improving investment management capabilities and expanding fund size by strengthening external solicitation capabilities in line with expansion of target markets as the core of the Company’s growth strategy, and to reduce the amount necessary to maintain a financial base that will allow the Company to continue to invest from its 120 billion yen in cash and NRI Shares of up to 60 billion yen for the time being and also to use cash exceeding such amount to conduct a share buyback in order to reduce net assets and increase the return on equity (ROE) as announced in the Company’s press release dated today titled “Reconsideration of the Shareholder Return Policy and Measures regarding Enhancement of Capital Efficiency” (the “Shareholder Value Enhancement Policy”). The TOB by Issuer will be, in accordance with these resolutions, implemented using a part of the money (42 billion yen) to be paid into the Company as consideration for the Sale of NRI Shares (52 billion yen; the approximate net amount after deduction of tax and expenses calculated based on 3,370 yen, the closing price per share of NRI on the Prime Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) as of November 24, 2022). NRI has submitted a securities notice regarding the Sale of NRI Shares pursuant to the FIEA. For details of the Sale of NRI Shares, please see the press release by NRI dated today titled “Notice Regarding Secondary Offering of Shares, Disposal of Treasury Stock by Third-Party Allotment, and Change in Major Shareholder” and “1. Details of the Sale of NRI Shares” in “References” below.

Today, the Company executed a tender offer agreement with City Index Eleventh Co., Ltd. (“City Index Eleventh”), Kabushiki Kaisha Minami-Aoyama Fudosan (“Minami-Aoyama Fudosan”) as its joint holder

(meaning a joint holder as defined in Articles 27-23(5) and (6) of the FIEA) and Ms. Aya Nomura (together with City Index Eleventh, “City and Other Parties”), and Mr. Yoshiaki Murakami, a person to be deemed a shareholder of the parent company of City Index Eleventh (together with City and Other Parties, “Mr. Murakami and Others”), under which City and Other Parties will tender all of the common shares of the Company (the “Company Shares”) held by them (13,904,500 shares, ownership ratio (Note 1): 19.53%) (the “City Tendering Shares”) in the TOB by Issuer (the “TOB Agreement”). As stated in “(2) Background Leading to the Decision to Implement the TOB by Issuer” of “1. Purpose of the Purchase” below, as a result of the Company’s review of the necessary funds for investments and measures to enhance shareholder value in the future based on discussions with Mr. Murakami and Others, the Company plans to convert all of the NRI Shares into cash through the Sale of NRI Shares and to implement the TOB by Issuer to stabilize the Company’s management through smooth business operations, especially smooth fundraising operations (fundraising for a new private equity investment fund that is managed by the Company), by increasing the return on equity (ROE) by reducing the shareholding ratio of Company Shares of City and Other Parties. Regarding private equity investment funds, the investment policies, strategies, and capabilities of fund managers affect the value enhancement of portfolio companies as well as overall performance of the funds. In that connection, the Company’s investment policy is to invest carefully and intensively, not only in buyout investments in which the Company acquires management rights but also in venture capital investments in which the Company is deeply involved in management as a lead VC. Maintenance of the fund’s management structure is important for investors when deciding to invest in the fund. Immediately after City and Other Parties, under the influence of Mr. Murakami and Others, submitted a large shareholding report and the acquisition by City and Other Parties of the Company Shares became known, investors who were considering investing in the Company’s new fund, including existing investors, became concerned and suspended their decision to invest in that fund to monitor the impact of the ongoing acquisition of the Company Shares by City and Other Parties, which is the background of the Company’s decision today.

Therefore, since (i) the TOB by Issuer and the Sale of NRI Shares are conditional upon the Company obtaining a legal commitment through execution of the TOB Agreement between the Company and City and Other Parties to tender all of the Company Shares held by them in the TOB by Issuer, and (ii) the TOB by Issuer will be conducted using part of the consideration for the Sale of NRI Shares and the Sale of NRI Shares will be conducted by means of a secondary distribution under Article 2(4) of the FIEA, and accordingly it will take until December 14, 2022 at the latest after NRI’s submission today of a securities notice regarding the Sale of NRI Shares pursuant to the FIEA for the determination of the offer price of, applications by underwriters to subscribe for, and delivery of the NRI Shares (and delivery of the consideration for the Sale of NRI Shares) to be completed, as of today, where the Company has executed the TOB Agreement, the board of directors’ meeting of the Company has resolved to implement the Sale of NRI Shares, and subject to fulfillment of the conditions precedent to commencement of the TOB by Issuer provided in the TOB Agreement (the “Conditions Precedent to Commencement”) (Note 2) or waiver of these conditions by the Company (which waiver must be agreed by the Company and City Index Eleventh in cases where the VWAP (as defined in (Note 2) b. below) exceeds the upper limit of the Price Range (as defined in (Note 2) b. below)), the Company will formally resolve to implement the TOB by Issuer after the Conditions Precedent to Commencement are fulfilled. The Company plans to commence the TOB by Issuer on December 16, 2022 as of today and also plans to announce on December 15, 2022 whether the TOB by Issuer will be commenced. The Company will immediately make an announcement in the case where it decides not to implement the TOB by Issuer by December 16, 2022.

(Note 1) The “ownership ratio” refers to the ratio of the number of shares (71,184,054 shares) obtained by subtracting the number of treasury shares held by the Company as of September 30, 2022 (2,095,946 shares) as described in the Financial Results for the Six Months Ended September 30, 2022 Japanese GAAP (Consolidated) announced by the Company on October 27, 2022 from the total number of issued shares as of September 30, 2022 as described in

the Second Quarterly Report of the 51st Term submitted by the Company on November 10, 2022 (73,280,000 shares) (rounded to the nearest hundredth, which also applies with respect to subsequent descriptions of ownership ratios).

(Note 2)

As the Conditions Precedent to Commencement, the TOB Agreement provides that all of the following conditions must have been fulfilled or waived by the Company as of the execution date of the TOB Agreement (today) and the commencement date of the TOB by Issuer.

- a. Delivery related to the Sale of NRI Shares has been completed. (Since the Sale of NRI Shares will be conducted as a secondary distribution by underwriter subscription, this condition is expected to be automatically fulfilled on the delivery date (December 14, 2022, at the latest).)
- b. The volume weighted average price of the Company Shares (the “VWAP”) on the Prime Market of the Tokyo Stock Exchange in the period from November 30, 2022 to December 7, 2022 (the “Price Determination Period”) falls within the range of 2,525 yen (inclusive) to 2,828 yen (inclusive) (the “Price Range”). The Price Range has been determined considering the fact (i) that being required to implement the TOB by Issuer even in the case where the market price of the Company Shares has unexpectedly risen or dropped as at a time proximate to the scheduled commencement date of the TOB by Issuer to the extent unforeseeable for the Company and City and Other Parties should be avoided, (ii) that setting the Price Range is necessary to achieve both execution of the TOB Agreement and implementation of the TOB by Issuer based on a price below the market price of the Company Shares because it is unlikely that the Company can execute the TOB Agreement with City and Other Parties based on the market price of the Company Shares as of today, and the Company cannot implement the TOB by Issuer with an offer price exceeding the market price of the Company Shares considering the interests of shareholders of the Company other than City and Other Parties and also considering that the Company Shares held by City and Other Parties are not supposed to remain, (iii) that the purpose of the TOB by Issuer is to stabilize the Company’s management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties, and City and Other Parties have normally sold their portfolio companies at approximately PBR x1, and (iv) that the net asset value per share of the Company as of the end of September 2022 was 2,651.64 yen. In addition, although the Price Range exceeds the market price of the Company Shares as of November 24, 2022 (2,391 yen, the closing price), which is the business day preceding today, by 134 yen to 437 yen, in light of the fact that City and Other Parties acknowledge that the appropriate market price of the Company Shares is approximately PBR x1, and thus, it is unlikely that the Company can execute the TOB Agreement with City and Other Parties based on the market price of the Company Shares as of today. On the other hand, the Company cannot implement the TOB by Issuer with an offer price exceeding the market price of the Company Shares considering the interests of shareholders of the Company other than City and Other Parties and also considering that the Company Shares held by City and Other Parties are not supposed to remain. Accordingly, the Company considered setting the Price Range based on 2,651.64 yen, the net asset value per share of the Company as of the end of September 2022, which is deemed a benchmark for the selling price of City and Other Parties. The Price Range has been determined through negotiation with Mr. Murakami and Others, in view of the expected rise of the market price of the Company Shares as at a time proximate to the commencement date of the TOB

by Issuer, reflecting the Shareholder Value Enhancement Policy, stabilizing the Company's management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties and the Sale of NRI Shares, and in consideration of the Company deeming it feasible to realize the Price Range with discount/premium of 5% of 2,651.64 yen, the net asset value per share of the Company as of the end of September 2022, during the Price Determination Period given that the board of directors' meeting of the Company, as of today, has approved the Shareholder Value Enhancement Policy and the Sale of NRI Shares in order to facilitate the Company's future development and to enhance capital efficiency. Although the Price Range exceeds the market price of the Company Shares as of today, the purchase price for the TOB by Issuer (the "TOB Price") is set as a 1% discount of the VWAP (rounded to the nearest whole number) for the Price Determination Period proximate to the scheduled commencement date of the TOB by Issuer (if the VWAP falls within the Price Range, the TOB Price will be a price within the range of 2,500 yen to 2,800 yen.). The Company acknowledges that shareholders of the Company other than City and Other Parties who tender their Company Shares in the TOB by Issuer will be provided with an opportunity to benefit from shareholder returns and that shareholders who do not tender their Company Shares in the TOB by Issuer will also benefit from enhancement of shareholder value, which will be led by the TOB by Issuer through stabilizing the Company's management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties. Therefore, the TOB by Issuer will minimize the outflow of assets from the Company to the maximum extent possible in connection with the share buyback, the Price Range and the TOB Price are appropriate for the purpose of the TOB by Issuer, and the interests of minority shareholders have been taken into consideration. In light of these considerations, the Company acknowledges that the TOB by Issuer poses no problem from the standpoint of the fiduciary duties of directors.

- c. All of the representations and warranties by Mr. Murakami and Others (Note 3) are reasonably considered to be true and accurate as of the commencement date of the TOB by Issuer in all material respects.
- d. Mr. Murakami and Others are not in breach of their covenants (Note 4) set forth in the TOB Agreement in any material respects.

(Note 3) The TOB Agreement contains representations and warranties by Mr. Murakami and Others, including the following: (i) necessary authorization for the execution and performance of the TOB Agreement, (ii) enforceability through lawful and valid execution of the TOB Agreement, (iii) no conflict with laws, regulations of financial instruments exchanges, or the Company's articles of incorporation or other internal rules, (iv) no conflict with bankruptcy, civil rehabilitation, corporate reorganization, special liquidation, or other similar legal bankruptcy proceedings, (v) no association with antisocial forces, and (vi) ownership of the City Tendering Shares, etc.

(Note 4) Under the TOB Agreement, Mr. Murakami and Others are obliged (i) not to dispose of the Company Shares (excluding sales of the City Tendering Shares at a price higher than 2,800 yen or the TOB Price once fixed) from today until the commencement date of settlement of the TOB by Issuer, (ii) not to exercise certain shareholders rights with respect to the City Tendering Shares by themselves or through their relatives within the second degree of kinship (for the avoidance of doubt, including spouses of Mr. Murakami and Others), and

business entities, including corporations, partnerships and similar entities, that are virtually under the direct or indirect control of City and Other Parties, or shareholders, officers, and employees thereof, through majority shareholding or membership alone or jointly with several others (collectively, “City and Related Parties”), granted by and under the Companies Act of Japan (i.e., the right to request inspection and copying of the shareholders' register (Article 125, Paragraph 2), the right to demand convocation of a shareholders' meeting (Article 297, Paragraphs 1 and ), the right to propose a subject (Article 303, Paragraph 2) and agenda item(s) for the shareholders' meeting (Article 304 and Article 305, Paragraph 1), the right to demand the appointment of inspectors for execution of business (Article 358, Paragraph 1), the right to demand an injunction against illegal acts by directors (Article 360), the right to request inspection and copying of minutes of board of directors' meetings and accounting books (Article 371, Paragraph 2, and Article 433, Paragraph 1), and the right to file a shareholder derivative action (Article 847, Paragraph 1)); the same applies hereinafter, (iii) not to take any action that conflicts with the TOB by Issuer or makes it difficult to execute the TOB by Issuer, (iv) to give notice in case of receipt of a proposal from third parties other than Mr. Murakami and Others to acquire the Company Shares or to commence a tender offer for the Company Shares, (v) not to acquire the Company Shares or any right to instruct the exercise of voting rights in relation to the Company Shares by themselves or through City and Related Parties, and (vi) not to accept any delegation to exercise voting rights with respect to the Company Shares from other shareholders (including solicitation for such delegation) or agree to jointly exercise such voting rights together with other shareholders by themselves or through City and Related Parties.

- (Note 5) Under the TOB Agreement, a party is obligated to indemnify the other party for damages and expenses (including but not limited to reasonable attorney's fees) incurred by the other party (for the Company, City and Other Parties and Mr. Murakami and Others, and for City and Other Parties and Mr. Murakami and Others, the Company; hereinafter the same) due to any of the following causes:
- a. if it is found that any of the representations and warranties made by the party in the TOB Agreement are false or incorrect; or
  - b. if the party breaches any of its obligations under the TOB Agreement.

- (Note 6) A party may terminate the TOB Agreement (i) if it is found that any of the representations and warranties made by the other party are false or incorrect in any material respects or the other party breaches any of its obligations under the TOB Agreement or (ii) if bankruptcy proceedings, etc. are commenced by or against the other party, or if the other party becomes insolvent or unable, or admits to its creditors its inability, to pay its debts generally as such debts become due. Further, the TOB Agreement shall automatically terminate:
- a. if the parties agree in writing to terminate the TOB Agreement;
  - b. if withdrawal, etc. of the TOB by Issuer occurs; or
  - c. if the TOB by Issuer is not commenced by December 16, 2022.

The TOB Price is scheduled to be a price that is a discount of 1% of the VWAP (rounded to the nearest whole number) although the Price Range exceeds the market price of the Company Shares as of November 24, 2022 (2,391 yen, the closing price), which is the business day preceding today, by 134 yen to 437 yen, and if the VWAP falls within the Price Range, the TOB Price will be a price within the range of 2,500 yen to 2,800 yen. The Company believes that the TOB Price is appropriate because shareholders of the Company other than City and Other Parties who tender their Company Shares in the TOB by Issuer will be provided with an opportunity to benefit from shareholder returns, and shareholders who do not tender their Company Shares in the TOB by Issuer will also benefit from enhancement of shareholder value, which will be led by

the TOB by Issuer through stabilizing the Company's management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties, and, given the market price of the Company Shares as at a time proximate to the date of commencement of the TOB by Issuer, the outflow of assets from the Company can be minimized to the maximum extent possible by purchasing the Company Shares at a certain discount on their market price, and if all of the Company Shares held by City and Other Parties are tendered in the TOB by Issuer by setting the discount rate at 1% (rounded to the nearest whole number), it will strike a balance between respecting the interests of shareholders who do not tender their shares in the TOB by Issuer and continue to hold the Company Shares and stabilizing the Company's management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties.

In order to determine the TOB Price, the Company took into account the fact that the Company Shares are listed on a financial instruments exchange and that share buybacks by listed companies are often conducted through on-market purchases through financial instruments exchanges, and took the market price of the Company Shares as the basis for the consideration while also emphasizing the clarity and objectivity of the criteria. The Company also considered that, rather than using a specific point in time as the basis, using a volume weighted average price (VWAP) of the Company shares on the Prime Market of Tokyo Stock Exchange over a certain period of time would eliminate special factors, such as the impact of temporary stock price fluctuations, and would further ensure objectivity and reasonableness as a basis for calculations. Accordingly, the Company has decided to set a certain price determination period and to base the price on the market price of the Company Shares during that price determination period. Therefore, in regard to the price determination period, since it would be preferable to use the market price reflecting the Sale of NRI Shares as a basis for the consideration, the Company has set the commencement date as November 30, 2022, which is three business days from today, and the last date as December 7, 2022, which is five business days from that day, as it is preferable from the perspective of objectivity and reasonability of the calculation basis to make the Price Determination Period longer to the extent possible, reflecting the impact of the Sale of NRI Shares and the TOB by Issuer on the market price.

At present, the TOB by Issuer is planned to be implemented as soon as preparation for the commencement of the TOB by Issuer is completed after the purchase price for the TOB by Issuer (the "TOB Price") is determined at the end of the Price Determination Period. As of today, the Company plans to commence the TOB by Issuer on December 16, 2022, because the latest delivery date for the Sale of NRI Shares will be December 14, 2022, and the Company's press release will be issued on December 15, 2022 after the Company's confirmation of satisfaction of, or its waiver of, the Conditions Precedent to Commencement.

As indicated in the Conditions Precedent to Commencement, the TOB by Issuer is subject to the condition that the VWAP falls within the Price Range, and if the VWAP does not fall within the Price Range, the TOB by Issuer will not be implemented, in principle. However, even in that case, if the VWAP exceeds the Price Range, and the Company and City and Other Parties separately agree, the TOB by Issuer may be implemented on a commencement date to be separately agreed upon by the Company and City and Other Parties. If the VWAP is less than the lower limit of the Price Range, the Company will confirm whether City and Other Parties are willing to tender by waiving all or part of the Conditions Precedent to Commencement, and if it is expected that all of the Company Shares held by City and Other Parties will not be tendered in the TOB by Issuer, the Conditions Precedent to Commencement of the TOB by Issuer will not be satisfied or waived by the Company because the purpose of the TOB by Issuer (i.e., to stabilize the Company's management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties) will not be achieved, and therefore, the TOB by Issuer will not be implemented. Please note that the public announcement of the planned implementation of the TOB by Issuer after setting the Price Range was conducted under

circumstances where, subject to fulfillment or waiver of the Conditions Precedent to Commencement, the Company decided to actually implement the TOB by Issuer in accordance with the conditions described in this notice. The Company has not made public announcements on the possibility of implementing the TOB by Issuer without any reasonable basis for actually implementing the TOB by Issuer.

As stated in “(2) Background Leading to the Decision to Implement the TOB by Issuer” of “1. Purpose of the Purchase” below, as a result of the Company’s review of the necessary funds for investments and measures to enhance shareholder value in the future based on discussions with Mr. Murakami and Others, the Company plans to convert all of the NRI Shares into cash through the Sale of NRI Shares and to implement the TOB by Issuer using 42 billion yen of the converted money to stabilize the Company’s management through smooth business operations, especially smooth fundraising operations, by increasing the return on equity (ROE) and reducing the shareholding ratio of Company Shares of City and Other Parties. Therefore, it is planned that the number of shares to be purchased in the TOB by Issuer will be the number obtained by dividing 42 billion yen by the TOB Price (rounded to the nearest whole number), and if the VWAP falls within the Price Range, the number of shares to be purchased in the TOB by Issuer will be a number within the range of 15,000,000 shares to 16,800,000 shares (ownership ratio: 21.07%-23.6%).

If the TOB by Issuer is implemented, shareholders who do not tender their Company Shares in the TOB by Issuer and continue to hold the Company Shares will, unlike shareholders who tender their Company Shares in the TOB by Issuer, not be able to benefit from shareholder returns through the TOB by Issuer except for the increase in their ownership ratio as a result of the Company’s share buyback through the TOB by Issuer. In order to ensure that shareholders who continue to hold the Company Shares will also have the opportunity to directly benefit from shareholder returns, as the Company’s dividend policy, the dividend per share for the fiscal year ending March 31, 2023 shall be paid in accordance with the following, whichever is greater:

- a. 100 yen; or
- b. if the TOB by Issuer is successfully concluded, then the dividend amount calculated by dividing the Company’s net income attributable to shareholders of its parent company for the fiscal year ending March 31, 2023 (including the gain on the Sale of NRI Shares) by the number of Company Shares outstanding on the record date of the dividend (excluding treasury shares then held by the Company).

Please also note that the Company’s basic policy (the “Response Policy”) for large-scale purchase actions, etc. of the Company Shares announced on August 15, 2022 (please see the details thereof in “(2) Background Leading to the Decision to Implement the TOB by Issuer” in “1. Purpose of the Purchase”) will be abolished upon commencement of the TOB by Issuer, the tender in accordance with the TOB Agreement, and completion of the TOB by Issuer.

## 1. Purpose of the Purchase

### (1) Overview of the TOB by Issuer

The Company’s basic policy is to strike a balance between increasing equity capital necessary to conduct investment business and providing regular returns to shareholders. As a dividend benchmark to clearly indicate this policy, the Company aims for 3% of equity capital (the mean at the beginning and end of the term). In calculating the above-mentioned benchmark, dividends per share and equity capital per share (the mean values at the beginning and end of the term) are used. The Company has a basic policy of making a distribution of surplus once a year at the end of the term, but its articles of incorporation provide that for the purpose of expeditiously returning profits to shareholders, the Company may make a distribution of surplus, etc. through a resolution of the board of directors’ meeting based on Article 459(1) of the Companies Act.

Also, the Company has previously conducted share buybacks as a part of its expeditious capital policy to address changes in the management environment. The Company has acquired the Company Shares by purchasing shares of less than one unit through on-market purchases on the Tokyo Stock Exchange and through off-auction own share repurchase trading (ToSTNeT-3). Specifically, the Company acquired the Company Shares (i) through on-market purchases on the Tokyo Stock Exchange based on a resolution at the Company's board of directors' meeting held on June 7, 2006 (number of acquired shares: 560,600 shares; purchase period: from June 8, 2006 to June 21, 2006; total purchase amount: 3,593,513,000 yen), (ii) through on-market purchases on the Tokyo Stock Exchange based on a resolution at the Company's board of directors' meeting held on June 22, 2006 (number of acquired shares: 927,700 shares; purchase period: from June 23, 2006 to July 13, 2006; total purchase amount: 6,401,339,000 yen), (iii) through on-market purchases on the Tokyo Stock Exchange based on a resolution at the Company's board of directors' meeting held on April 25, 2008 (number of acquired shares: 2,424,000 shares; purchase period: from April 28, 2008 to August 29, 2008; total purchase amount: 9,999,060,000 yen), (iv) through off-auction own share repurchase trading (ToSTNeT-3) on the Tokyo Stock Exchange on July 28, 2017 based on a resolution at the Company's board of directors' meeting held on July 27, 2017 (number of acquired shares: 13,436,200 shares; total purchase amount: 61,269,072,000 yen), (v) through on-market purchases on the Tokyo Stock Exchange based on a resolution at the Company's board of directors' meeting held on February 10, 2021 (number of acquired shares: 4,766,600 shares; purchase period: from February 12, 2021 to June 15, 2021; total purchase amount: 34,999,614,000 yen), and (vi) through on-market purchases on the Tokyo Stock Exchange based on a resolution at the Company's board of directors' meeting held on October 22, 2021 (number of acquired shares: 7,409,800 shares; purchase period: from October 25, 2021 to April 4, 2022; total purchase amount: 14,999,931,814 yen).

Under such circumstances, as a result of the Company's review of the necessary funds for investments and measures to enhance shareholder value in the future as described in "(2) Background Leading to the Decision to Implement the TOB by Issuer" below, the Company has reached the conclusion that to stabilize the Company's management through smooth business operations, especially smooth fundraising operations, by reducing net assets, increasing the return on equity (ROE), and reducing the shareholding ratio of Company Shares of City and Other Parties, the Company should also reduce the standard of the funds for future investment held by it by half to 60 billion yen, convert all of the NRI Shares into cash through the Sale of NRI Shares, and implement the TOB by Issuer using 42 billion yen of the converted money. As such, at the board of directors' meeting held today, the Company resolved that (i) it will conduct a share buyback and implement the TOB by Issuer as a specific means to achieve the share buyback pursuant to the Company's articles of incorporation based on Article 459(1) of the Companies Act and Article 156(1) of the Companies Act, subject to fulfillment of all of the Conditions Precedent to Commencement or waiver thereof by the Company, (ii) the TOB Price is scheduled to be a price that is a discount of 1% of the VWAP (rounded to the nearest whole number), and (iii) the number of shares to be purchased in the TOB by Issuer will be the number calculated by dividing 40 billion yen by the TOB Price (rounded to the nearest whole number).

The Company plans to use its own money for the entire amount of the funds required for the TOB by Issuer. The Company plans to apply 42 billion yen of the money to be paid into the Company as the consideration for the Sale of NRI Shares (52 billion yen; the approximate net amount after deduction of tax and expenses calculated based on 3,370 yen, the closing price per share of NRI as of November 24, 2022) to the entire amount of its own money. The Company's consolidated liquidity on hand as of March 31, 2022 was approximately 52.6 billion yen, but the liquidity on hand after settlement of the TOB by Issuer will be approximately 53.5 billion yen (less taxes payable); therefore, the Company believes that its future business operations, as well as the soundness and safety of its finances, will be maintained after the TOB by Issuer. Even if the Company purchases the maximum number of shares to be purchased in the TOB by Issuer, the total purchase amount of 42 billion yen falls within the scope of the Company's distributable amount; therefore, the Company will not be forced into a situation where it cannot make a purchase in the TOB by



## Issuer.

Furthermore, the Company executed the TOB Agreement as of today with Mr. Murakami and Others, under which City and Other Parties will tender all of the Company Shares held by them (13,904,500 shares, ownership ratio: 19.53%) (Note 1) if the Company implements the TOB by Issuer. In the TOB Agreement, the following are provided as the conditions precedent for City and Other Parties to tender: (i) all representations and warranties by the Company (Note 2) are reasonably expected to be true and correct in all material respects on the commencement date of the TOB by Issuer, (ii) the Company has not violated its obligations set forth in the TOB Agreement (Note 3) in any material respects, and (iii) the TOB Price is 2,500 yen or more (note that City and Other Parties may, at their discretion, waive all or a part of the conditions precedent in writing and tender in the TOB by Issuer). In the TOB by Issuer, if the total number of share certificates, etc. tendered in the TOB by Issuer exceeds the number of shares to be purchased, then the Company will not purchase all or some of the excess portion, and will acquire some shares from the shares to be tendered (13,904,500 shares), in accordance with the purchase by a pro rata method specified in Article 21 of the Cabinet Office Order on Disclosure Required for TOB by Issuer for Listed Share Certificates by Issuers (Ministry of Finance Order No. 95 of 1994, as amended), referred to in Article 27-13(5) of the FIEA as applied *mutatis mutandis* pursuant to Article 27-22-2(2) of the FIEA. In the TOB Agreement, the parties represent, and agree not to withdraw such representation, that (i) the Company Shares held by City and Other Parties that were tendered in the TOB by Issuer but not acquired by the Company will be promptly sold in the market in a manner and form that does not affect the market price to the maximum extent if the market price exceeds a certain threshold, and (ii) City and Related Parties will not acquire, or attempt to make others acquire, the Company Shares on or after the execution date of the TOB Agreement or after completion of the TOB by Issuer, and (iii) City and Related Parties will not and will not attempt to make others, whether under their names or not, be directly or indirectly entrusted (including solicitations for such entrustment) by other shareholders to exercise voting rights in relation to the Company Shares or agree with other shareholders to jointly exercise voting rights. In addition, there is no provision in the TOB Agreement offering benefits from the Company to Mr. Murakami and Others except for payment of the consideration for shares to be tendered in the TOB by Issuer. Accordingly, no benefits are provided from the Company to Mr. Murakami and Others except for the consideration for tendering in the TOB by Issuer.

(Note 1) However, under the TOB Agreement, City and Other Parties may sell the City Tendering Shares at a price higher than 2,800 yen (or the TOB Price once fixed), which is the upper limit of the Price Range. If the TOB by Issuer does not commence on December 16, 2022, the restrictions on the disposition of the City Tendering Shares will be lifted on and after December 17, 2022. In this case, the Company will discuss with City and Other Parties the handling of the Company Shares held by them separately.

(Note 2) In the TOB Agreement, the following are provided as the Company's representations and warranties: (i) power necessary for the execution and performance of the TOB Agreement has been granted, (ii) the TOB Agreement is enforceable pursuant to lawful and effective execution of the TOB Agreement, (iii) there is no violation of laws or regulations, regulations of financial instruments exchanges, or the Company's articles of incorporation or other internal rules, (iv) there are no bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, or special liquidation proceedings, or any other similar legal insolvency proceedings, and (v) there is no relationship at all with any anti-social forces.

(Note 3) In the TOB Agreement, the Company bears (i) an obligation to implement the TOB by Issuer, subject to fulfillment of the Conditions Precedent to Commencement or waiver thereof by the Company and (ii) an obligation to abolish the Company's Response Policy if the City

and Others tender the Company Shares without withdrawal in accordance with the TOB Agreement and the tender offer period of this TOB by Issuer(the “Tender Offer Period”) expires.

The Company plans to cancel treasury shares acquired by the Company through the TOB by Issuer promptly and to make the ownership ratio of treasury shares held by the Company 3% of the total issued and outstanding number of Company Shares.

(2) Background Leading to the Decision to Implement the TOB by Issuer

Summary of the Background

Following the Company’s first meeting with City and Other Parties on August 4, 2022 upon their request to discuss management strategies and capital policy of the Company, the Company has had discussion with City and Other Parties, through IR explanation at each quarterly fiscal year and opinion exchanges, to improve its enterprise value.

As to the shareholder value enhancement policy, the Company has been considering it as one of the management issues and internally discussing various alternatives. The Company sincerely considered the sale of the NRI Shares and the share repurchase using the consideration thereof proposed by City and Other Parties as an option to enhance the shareholder value, and continued dialogue with them. Separately, in addition to the sale of the NRI Shares and the share repurchase, City and Other Parties proposed to decrease the Company's stake in the fund, to enhance shareholder returns, and to reduce net assets and pursue thorough ROE improvement. Since these proposals from City and Other Parties are basically in line with the Company’s existing understanding of issues in the point that the Company pursues the enhancement of the shareholder value, the Company continued the discussion with City and Other Parties, and sincerely considered the proposals with having regard to the opinion from City and Other Parties as precious advice. As a result, City and Other Parties accepted the Shareholder Value Enhancement Policy, which led to an execution of the TOB Agreement and this public announcement.

Please also note that the Company’s Response Policy will be abolished upon commencement of the TOB by Issuer, the tender in accordance with the TOB Agreement, and completion of the TOB by Issuer.

Detail of the Background

According to the large shareholding report on Company Shares submitted by City Index Eleventh for the first time on August 9, 2022, for the purpose of providing advice to management and making material proposals as investments and conditions arise, City Index Eleventh held 3,454,500 shares (ownership ratio as of March 31, 2022 (Note): 4.85%, equivalent to the 4th largest shareholder when applied to the Company’s shareholder register as of that date), Ms. Aya Nomura held 466,000 shares (ownership ratio as of March 31, 2022: 0.65%), and Minami-Aoyama Fudosan held 873,100 shares (ownership ratio as of March 31, 2022: 1.22%); in total, City Index Eleventh, Ms. Aya Nomura, and Minami-Aoyama Fudosan held 4,793,600 shares in the Company (ownership ratio as of March 31, 2022: 6.72%) as of August 2, 2022. Subsequently, between August 9, 2022, when City Index Eleventh first submitted its large shareholding report, and November 1, 2022, City and Other Parties acquired or disposed of the Company Shares through on-market and off-market transactions, resulting in City Index Eleventh holding 7,026,700 shares (ownership ratio: 9.87%), Aya Nomura holding 0 shares (ownership ratio: 0%), and Minami-Aoyama Fudosan holding 6,877,800 shares (ownership ratio: 9.66%), for a total of 13,904,500 Company Shares (ownership ratio: 19.53%), as of November 1, 2022, according to Change Report No. 11 dated November 9, 2022, the most recent change report on the large shareholding report submitted by City Index Eleventh as of today.

(Note) Ownership ratio as of March 31, 2022 means the ratio of the number of shares issued and outstanding by the Company as of March 31, 2022 (80,910,000 shares) stated in the Annual Securities Report for the 50th fiscal year (the “50th Annual Securities Report”) filed by the Company on June 22, 2022, less the number of treasury shares held by the Company (9,628,015 shares) as of that date stated in the 50th Annual Securities Report (71,281,985 shares), rounded to two decimal places.

Although the Company had a meeting with City Index Eleventh on August 4, 2022 and with Mr. Murakami and Others on August 5 regarding management strategies and capital policy, and the Company has discussed how the Company can improve its enterprise value, the Company has been informed that City and Other Parties have acquired approximately 15% of the Company Shares through on and off-market transactions, and they indicated that they would acquire more than 51% of the Company Shares by buying more Company Shares (the “Additional Purchase”), and the Company has been requested to, after liquidation of the NRI Shares, conduct a share buyback of approximately 50 billion yen amounting to approximately one-third of the Company’s market value, equivalent to 40% of the Company’s consolidated shareholders’ capital.

Under such recognition, the Company’s board of directors has resolved that, based on the understanding that the Company can rationally judge that the Company has specific concerns about the Additional Purchase by City and Other Parties aiming to obtain more than 20% voting rights and that, in that situation, the Company is concerned that if City and Other Parties buy a large portion of the Company Shares, then other stakeholders might plan to buy a large portion of the Company Shares as well, such action of large share purchasing must be performed based on certain procedures decided by the Company’s board of directors’ meeting which contribute to maximization of the Company’s enterprise value and shareholders’ common benefit, in order for the Company’s board of directors’ meeting to be able to negotiate and consult with the buyers of large portions of the Company Shares, as well as to ensure information and time for all shareholders to make appropriate decisions regarding the possible impact on the Company’s value from large share purchases.

As a result, the Company’s board of directors decided on August 15, 2022 the principal policy on the person who is to control the decisions on the Company’s financial and business plans (Article 118(3) of the Regulations for Enforcement of the Companies Act) aiming to ensure and improve the Company’s enterprise value and the common benefit of shareholders, and furthermore, as an initiative to prevent inappropriate persons from controlling the Company’s decisions on financial and business plans (Article 118(3)(b)(2) of the Regulations for Enforcement of the Companies Act), the Company’s board of directors has resolved to introduce a response policy toward other large share purchases, etc. in the following two situations: 1. large share purchases of the Company Shares by City and Other Parties with specific concerns, and 2. large share purchases by other stakeholders that might be planned in the situation where City and Other Parties buy a large portion of the Company Shares.

In response, the Company reviewed the measures to secure necessary investment capital and enhance shareholder value in the Company in the future and decided to further improve investment performance by improving investment management capabilities and expanding fund size by strengthening external recruitment capabilities in line with expansion of target markets as the core of the Company’s growth strategy, as well as to reduce the Company’s stake in newly established funds from 40% at present to 20% in 10 years. In line with this, the required funds (cash and deposits) will be gradually reduced, and any amount exceeding the limit will be considered for shareholder returns. Accordingly, in order to reduce net assets and increase the return on equity (ROE), as well as to stabilize management through business execution, particularly through facilitating fund offerings, by reducing the ownership ratio of City and Other Parties in the Company, the Company halved the level of the Company’s future investment capital to 60 billion and concluded that the Company should cash out all of the NRI Shares through the Sale of NRI Shares, of which 42 billion yen

should be used as funds in the TOB by Issuer. The NRI shares were acquired mainly during the 1980s and 1990s, when the Company was a group company of Nomura Holdings, Inc. Since the cross-shareholding relationship between Nomura Holdings, Inc. and its group companies ended after the Company acquired all of the Company Shares held by Nomura Holdings, Inc. and NRI through a share buyback in 2017, the purpose of the Company's ownership of NRI Shares was positioned as a net investment. Because of the large market value of the NRI Shares, there have been many opportunities to discuss the significance of holding the NRI Shares in dialogue with shareholders, and the Company has decided to sell all the NRI Shares for the above purposes.

Additionally, the Company, on November 1, 2022, started discussions with Mr. Murakami and Others regarding the offering of shares that City and Other Parties are holding, with the conclusion of a non-disclosure agreement. During the discussions, the Company explained to City and Other Parties that the Company was considering conducting the TOB by Issuer for the purpose of ensuring investment capital and increasing shareholder returns as well as offering all the Company Shares that City and Other Parties were holding in the TOB by Issuer. (Please refer to "(1) Overview of the TOB by Issuer" above.) As to the offer price for the TOB by Issuer, the Company has indicated to City and Other Parties that the TOB Price would be set at a certain discount from the market price because the Company has determined that a purchase price at a certain discount from the market price will minimize the outflow of assets from the Company to the maximum extent possible and that the TOB Price is reasonable from the standpoint of respecting the interests of shareholders who do not apply for the TOB by Issuer and continue to hold the Company Shares. Mr. Murakami and Others expressed their view that they would consider applying for the TOB by Issuer but felt the Company's market price was lower than they think is an appropriate price for the Company whose PBR is x1 and stated that they could not accept the TOB by Issuer if the offer price is based on the market price and could only do so if the offer price is fixed at PBR x1 as an appropriate market price of the Company Shares, because the TOB Price would be further discounted by the undervalued market price. Although the Company came to recognize the difference in opinion between the Company and Mr. Murakami and Others through the discussions with them, the Company determined on November 1, 2022 that the suggestion from Mr. Murakami and Others on November 1, 2022 that the TOB Price should be fixed as PBR x1 as an appropriate market price of the Company Shares should not be approved because it will be able to minimize the outflow of assets from the Company to the maximum extent possible by setting the TOB Price at a certain discount from the market price from the perspective of respecting the interests of shareholders who do not tender their Company Shares in the TOB by Issuer and continue to hold the Company Shares. Nevertheless, after that, the Company aimed to reach an agreement with Mr. Murakami and Others and discussed the offer price and terms and conditions of the TOB by Issuer with them on seven occasions on November 8, November 9, November 11, November 14, November 17, and November 21, 2022. During the discussions, the Company suggested on November 8 that the Company set a lower limit on the TOB Price so that it will not be a price not expected by City and Other Parties, that the Company at the same time set an upper limit in light of the consideration that setting only a lower limit might pose an arbitrage risk and impact the share transaction market, and that the Company set the lower limit of the TOB Price at 2,500 yen as an approximately 5% discount from the net asset value per share of the Company. In response to the Company's suggestions, Mr. Murakami and Others showed respect for the suggestions and suggested that the upper limit of the TOB Price be set at 2,800 yen with the additional approximately 5% to the net asset value per share of the Company. Considering such suggestion from Mr. Murakami and Others, the Company determined that the method to set such lower and upper limits was feasible given that similar conditions that adopt calculation method of tender offer price based on market price with upper and lower limits have actually been set in precedents of other takeover bids according to publicly available information and that setting only a lower limit on the TOB Price might pose an arbitrage risk. As a result, in the conference on November 11, Mr. Murakami and Others expressed that they would execute the TOB Agreement with the Company if the Company agreed to the method for determining the TOB Price based on the market price of the Company Shares for a certain period following execution of the TOB Agreement

and that if the TOB Price would range between 2,500 yen to 2,800 yen, they would tender all their Company Shares (13,904,500 shares, share portion: 19.53%) and proposed to decrease the Company's stake in the fund, to enhance shareholder returns, and to reduce net assets and pursue thorough ROE improvement. Considering the discussions the Company has held with Mr. Murakami and Others and as a result of reconsidering the necessary capital and shareholder value improvement in the future, the Company has re-recognized that the TOB by Issuer and the Sale of NRI Shares would decrease its net assets and improve the ROE and that by decreasing the shareholding of Mr. Murakami and Others, the Company can maintain management stability by smoothing the fund offering. In addition, on the premise that the TOB by Issuer and the Sale of NRI Shares will be implemented after obtaining a legal commitment through the execution of the TOB Agreement with Mr. Murakami and Others that City and Other Parties will tender all of their Company Shares in the TOB by Issuer, if the Conditions Precedent to Commencement of the TOB by Issuer include the TOB Price being set between a minimum price of 2,500 yen and a maximum price of 2,800 yen as suggested in the discussion with City and Other Parties on November 11, although such lower limit and upper limit exceed the market price of the Company Shares as of November 24, 2022 (2,391 yen, the closing price), which is the business day preceding today, by 109 yen to 409 yen, in terms of equality among shareholders and transparency of transactions, shareholders other than City and Other Parties will be able to secure an opportunity to consider whether to tender in the TOB by Issuer while observing trends in the market share price and will be able to minimize the outflow of assets from the Company to the maximum extent possible by purchasing the Company Shares at a certain discount on their market price as at a time proximate to the commencement date of the TOB by Issuer, the Company acknowledges that the Price Range and the TOB Price are appropriate for the purpose of the TOB by Issuer and that they pose no problem from the standpoint of the fiduciary duties of directors. If the TOB by Issuer is to be accepted, it is appropriate from the perspective of harmonizing the interests of shareholders who will continue to hold the Company Shares with the execution of business by reducing the shareholding ratio of City and Other Parties, especially from the perspective of stabilizing management by facilitating fund offerings, which may lead to shareholder returns for shareholders other than City and Other Parties. Based on this, the Company determined that it would further pursue negotiations with Mr. Murakami and Others and specifically consider implementing the TOB by Issuer at a price that was a discount of 1% of the VWAP (rounded to the nearest whole number) and negotiated the specific terms of the TOB Agreement with Mr. Murakami and Others, and today, the Company reached an agreement with Mr. Murakami and Others on the terms of the TOB Agreement and concluded the TOB Agreement.

Based on the matters above, at the board of directors' meeting held today, the Company resolved that (i) it will conduct a share buyback and implement the TOB by Issuer as a specific means to achieve the share buyback pursuant to the Company's articles of incorporation based on Article 459(1) of the Companies Act and Article 156(1) of the Companies Act, subject to fulfillment of all of the Conditions Precedent to Commencement or waiver thereof by the Company, (ii) the TOB Price is scheduled to be a price that is a discount of 1% of the VWAP (rounded to the nearest whole number), and (iii) the number of shares to be purchased will be the number calculated by dividing 42 billion yen by the TOB Price (rounded to the nearest whole number).

As stated above, by reducing the ownership ratio of City and Other Parties in the Company through the TOB by Issuer, the Company aims to achieve more agile and stable business operations by stabilizing the Company's management through smooth business operations, especially smooth fundraising operations, to further improve investment performance by enhancing investment management capabilities, and to expand fund size by strengthening external solicitation capabilities in line with the expansion of the target market. As the axis of its growth strategy, the Company also aims to reduce its stake in newly established funds from the current 40% to 20% in 10 years, and in line with this, the Company will gradually reduce the required funds (cash and deposits) and consider shareholder returns for the portion exceeding the current 40% limit. The Company believes that it will be able to improve its corporate value over the medium to long term even

after the TOB by Issuer. Therefore, the Company hopes that shareholders other than City and Other Parties will continue to hold the Company Shares, but of course, the Company recognizes that the final decision as to whether to tender in the TOB by Issuer rests with the shareholders.

If the TOB by Issuer is implemented, shareholders who do not tender their Company Shares in the TOB by Issuer and continue to hold the Company Shares will, unlike shareholders who tender their Company Shares in the TOB by Issuer, not be able to benefit from shareholder returns through the TOB by Issuer except for the increase in their ownership ratio as a result of the Company's share buyback through the TOB by Issuer. In order to ensure that shareholders who continue to hold the Company Shares will also have the opportunity to directly benefit from shareholder returns, as the Company's dividend policy, the dividend per share for the fiscal year ending March 31, 2023 shall be paid in accordance with the following, whichever is greater:

- a. 100 yen; or
- b. if the TOB by Issuer is successfully concluded, then the dividend amount calculated by dividing the Company's net income attributable to shareholders of its parent company for the fiscal year ending March 31, 2023 (including the gain on the Sale of NRI Shares) by the number of Company Shares outstanding on the record date of the dividend (excluding treasury shares then held by the Company).

Please also note that the Company's Response Policy will be abolished upon commencement of the TOB by Issuer, the tender in accordance with the TOB Agreement, and completion of the TOB by Issuer.

## 2. Details of the Board of Directors' Resolution Concerning the Share Buyback

Type of shares	Total number of shares	Total acquisition price
Common shares	Number calculated by dividing 42 billion yen by the TOB Price (rounded to the nearest whole number)	42 billion yen

(Note 1) The total number of shares is scheduled to be the number calculated by dividing 42 billion (rounded to the nearest whole number) yen by the TOB Price.

(Note 2) Total number of issued and outstanding shares: 73,280,000 shares (as of September 30, 2022).

(Note 3) Acquisition period: TBD.

Please note that the Company plans to reobtain a board of directors' resolution regarding the share buyback when the TOB by Issuer is commenced. The Company will announce the details thereof promptly after a resolution is made.

## 3. Outline of the Purchase

### (1) Schedule, Etc.

At present, it is planned that the TOB by Issuer will be implemented as soon as preparation for the commencement of the TOB by Issuer is completed after the TOB Price is determined at the end of the Price Determination Period. As of today, the Company plans to commence the TOB by Issuer on December 16, 2022. The Company also plans to adopt a board of directors' resolution regarding commencement of the TOB by Issuer and to announce that resolution on December 15, 2022 and for 20 business days from December 16, 2022 to January 19, 2023 as the Tender Offer Period, which to be the purchase period for the

TOB by Issuer.

(2) The Purchase Price

TBD.

(Note 1) The TOB Price will be a price that is a discount of 1% of the VWAP (rounded to the nearest whole number).

(Note 2) As stated in the Conditions Precedent to Commencement, the TOB by Issuer is subject to the condition that the VWAP falls within the Price Range. In principle, the TOB by Issuer will not be conducted if the VWAP does not fall within the Price Range. However, even in such a case, if the VWAP exceeds the upper limit of the Price Range, and if the Company and City and Other Parties separately agree, the TOB by Issuer may be implemented on a commencement date to be separately agreed upon by the Company and City and Other Parties. If the VWAP is less than the lower limit of the Price Range, the Company will confirm whether City and Other Parties are willing to tender by waiving all or part of the Conditions Precedent to Commencement, and if it is expected that all of the Company Shares held by City and Other Parties will not be tendered in the TOB by Issuer, the Conditions Precedent to Commencement of the TOB by Issuer will not be satisfied because the purpose of the TOB by Issuer (i.e., to stabilize the Company's management through smooth business operations, especially smooth fundraising operations, by reducing the shareholding ratio of Company Shares of City and Other Parties) will not be achieved, and therefore, the TOB by Issuer will not be implemented.

(3) Basis for Calculation of the Purchase Price

a. Basis for Calculation

In calculating and determining the TOB Price, the Company emphasized the clarity and objectivity of the criteria and conducted a review based on the market price of the Company's common shares, considering that the Company Shares are listed on a financial instruments exchange and that share buybacks by listed companies are often conducted through on-market purchases through financial instruments exchanges in order to trade at a price that reflects supply and demand at the time.

During the discussions, the Company suggested on November 8 that the Company set a lower limit on the TOB Price so that it will not be a price not expected by City and Other Parties, that the Company at the same time set an upper limit in light of the consideration that setting only a lower limit might pose an arbitrage risk and impact the share transaction market, and that the Company set the lower limit of the TOB Price at 2,500 yen as an approximately 5% discount from the net asset value per share of the Company. In response to the Company's suggestions, Mr. Murakami and Others showed respect for the suggestions and suggested that the upper limit of the TOB Price be set at 2,800 yen with the additional approximately 5% to the net asset value per share of the Company. Considering such suggestion from Mr. Murakami and Others, the Company determined that the method to set such lower and upper limits was feasible given that similar conditions that adopt calculation method of tender offer price based on market price with upper and lower limits have actually been set in precedents of other takeover bids according to publicly available information and that setting only a lower limit on the TOB Price might pose an arbitrage risk. As a result, in the conference on November 11, Mr. Murakami and Others expressed that they would execute the TOB Agreement with the Company if the Company agreed to the method for determining the TOB Price based on the market price of the Company Shares for a certain period following execution of the TOB Agreement

and that if the TOB Price would range between 2,500 yen to 2,800 yen, they would tender all their Company Shares ([13,904,500] shares, share portion: [19.53]%). Considering the discussions the Company has held with Mr. Murakami and Others and as a result of reconsidering the necessary capital and shareholder value improvement in the future, the Company has re-recognized that the TOB by Issuer and the Sale of NRI Shares would decrease its net assets and improve the ROE and that by decreasing the shareholding of Mr. Murakami and Others, the Company can maintain management stability by smoothing the fund offering. In addition, on the premise that the TOB by Issuer and the Sale of NRI Shares will be implemented after obtaining a legal commitment through the execution of the TOB Agreement with Mr. Murakami and Others that City and Other Parties will tender all of their Company Shares in the TOB by Issuer, if the Conditions Precedent to Commencement of the TOB by Issuer include the TOB Price being set between a minimum price of 2,500 yen and a maximum price of 2,800 yen as suggested in the discussion with City and Other Parties on November 11, although such lower limit and upper limit exceed the market price of the Company Shares as of November 24, 2022 (2,391 yen, the closing price), which is the business day preceding today, by 109 yen to 409 yen, in terms of equality among shareholders and transparency of transactions, shareholders other than City and Other Parties will be able to secure an opportunity to consider whether to tender in the TOB by Issuer while observing trends in the market share price and will be able to minimize the outflow of assets from the Company to the maximum extent possible by purchasing the Company Shares at a certain discount on their market price as at a time proximate to the commencement date of the TOB by Issuer, the Company acknowledges that the Price Range and the TOB Price are appropriate for the purpose of the TOB by Issuer and that they pose no problem from the standpoint of the fiduciary duties of directors. If the TOB by Issuer is to be accepted, it is appropriate from the perspective of harmonizing the interests of shareholders who will continue to hold the Company Shares with the execution of business by reducing the shareholding ratio of City and Other Parties, especially from the perspective of stabilizing management by facilitating fund offerings, which may lead to shareholder returns for shareholders other than City and Other Parties. Based on this, the Company determined that it would further pursue negotiations with Mr. Murakami and Others and specifically consider implementing the TOB by Issuer at a price that was a discount of 1% of the VWAP (rounded to the nearest whole number) and negotiated the specific terms of the TOB Agreement with Mr. Murakami and Others, and today, the Company reached an agreement with Mr. Murakami and Others on the terms of the TOB Agreement and concluded the TOB Agreement.

Based on the matters above, as stated in “1. Purpose of the Purchase” above, the Company has resolved that the TOB Price is scheduled to be a price that is a discount of 1% of the VWAP (rounded to the nearest whole number) per common share of the Company.

In regard to the most recent share buyback by the Company, the Company acquired the Company Shares through on-market purchases on the Tokyo Stock Exchange based on a resolution at the Company’s board of directors’ meeting held on October 25, 2021 (number of acquired shares: 7,409,800 shares; purchase period: from October 25, 2021 to April 4, 2022; total purchase amount: 14,999,931,814 yen) at the simple average acquisition price of 2,024 yen. If the VWAP falls within the Price Range, the TOB Price will be a price within the range of 2,500 yen to 2,800 yen, and it is possible that there will be a difference in the range of 476 yen to 776 yen between the acquisition price (2,024 yen) and the TOB Price, because the TOB Price is determined based on the results of discussions and negotiations with City Index Eleventh, while the acquisition price is determined by the market price on each acquisition date.

#### b. Background to the Calculation

In calculating and determining the TOB Price, the Company emphasized the clarity and objectivity of the criteria and conducted a review based on the market price of the Company’s common shares, considering that the Company Shares are listed on a financial instruments exchange and that share buybacks by listed companies are often conducted through on-market purchases through financial instruments exchanges in



order to trade at a price that reflects supply and demand at the time.

As stated in “1. Purpose of the Purchase” above, although the Company had a meeting with City Index Eleventh on August 4, 2022 and with Mr. Murakami and Others on August 5 regarding management strategies and capital policy, and the Company has discussed how the Company can improve its enterprise value, the Company has been informed that City and Other Parties have acquired approximately 15% of the Company Shares through on and off-market transactions, and they indicated that they would acquire more than 51% of the Company Shares by buying more Company Shares (the “Additional Purchase”), and the Company has been requested to, after liquidation of the NRI Shares, conduct a share buyback of approximately 50 billion yen amounting to approximately one-third of the Company’s market value, equivalent to 40% of the Company’s consolidated shareholders’ capital.

Under such recognition, the Company’s board of directors has resolved that, based on the understanding that the Company can rationally judge that the Company has specific concerns about the Additional Purchase by City and Other Parties aiming to obtain more than 20% voting rights and that, in that situation, the Company is concerned that if City and Other Parties buy a large portion of the Company Shares, then other stakeholders might plan to buy a large portion of the Company Shares as well, such action of large share purchasing must be performed based on certain procedures decided by the Company’s board of directors’ meeting which contribute to maximization of the Company’s enterprise value and shareholders’ common benefit, in order for the Company’s board of directors’ meeting to be able to negotiate and consult with the buyers of large portions of the Company Shares, as well as to ensure information and time for all shareholders to make appropriate decisions regarding the possible impact on the Company’s value from large share purchases.

As a result, the Company’s board of directors decided on August 15, 2022 the principal policy on the person who is to control the decisions on the Company’s financial and business plans (Article 118(3) of the Regulations for Enforcement of the Companies Act) aiming to ensure and improve the Company’s enterprise value and the common benefit of shareholders, and furthermore, as an initiative to prevent inappropriate persons from controlling the Company’s decisions on financial and business plans (Article 118(3)(b)(2) of the Regulations for Enforcement of the Companies Act), the Company’s board of directors has resolved to introduce a response policy toward other large share purchases, etc. in the following two situations: 1. large share purchases of the Company Shares by City and Other Parties with specific concerns, and 2. large share purchases by other stakeholders that might be planned in the situation where City and Other Parties buy a large portion of the Company Shares.

In response, the Company reviewed the measures to secure necessary investment capital and enhance shareholder value in the Company in the future and decided to further improve investment performance by improving investment management capabilities and expanding fund size by strengthening external recruitment capabilities in line with expansion of target markets as the core of the Company’s growth strategy, as well as to reduce the Company’s stake in newly established funds from 40% at present to 20% in 10 years. In line with this, the required funds (cash and deposits) will be gradually reduced, and any amount exceeding the limit will be considered for shareholder returns. Accordingly, in order to reduce net assets and increase the return on equity (ROE), as well as to stabilize management through business execution, particularly through facilitating fund offerings, by reducing the ownership ratio of City and Other Parties in the Company, the Company halved the level of the Company’s future investment capital to 60 billion and concluded that the Company should cash out all of the NRI Shares through the Sale of NRI Shares, of which 42 billion yen should be used as funds in the TOB by Issuer. The NRI shares were acquired mainly during the 1980s and 1990s, when the Company was a group company of Nomura Holdings, Inc. Since the cross-shareholding relationship between Nomura Holdings, Inc. and its group companies ended after the Company acquired all of the Company Shares held by Nomura Holdings, Inc. and NRI through a share buyback in 2017, the purpose of the Company’s ownership of NRI Shares was positioned as a net investment. Because of the

large market value of the NRI Shares, there have been many opportunities to discuss the significance of holding the NRI Shares in dialogue with shareholders, and the Company has decided to sell all the NRI Shares for the above purposes.

Additionally, the Company, on November 1, 2022, started discussions with Mr. Murakami and Others regarding the offering of shares that City and Other Parties are holding, with the conclusion of a non-disclosure agreement. During the discussions, the Company explained to City and Other Parties that the Company was considering conducting the TOB by Issuer for the purpose of ensuring investment capital and increasing shareholder returns as well as offering all the Company Shares that City and Other Parties were holding in the TOB by Issuer. (Please refer to “(1) Overview of the TOB by Issuer” above.) As to the offer price for the TOB by Issuer, the Company has indicated to City and Other Parties that the TOB Price would be set at a certain discount from the market price because the Company has determined that a purchase price at a certain discount from the market price will minimize the outflow of assets from the Company to the maximum extent possible and that the TOB Price is reasonable from the standpoint of respecting the interests of shareholders who do not apply for the TOB by Issuer and continue to hold the Company Shares. Mr. Murakami and Others expressed their view that they would consider applying for the TOB by Issuer but felt the Company’s market price was lower than they think is an appropriate price for the Company whose PBR is x1 and stated that they could not accept the TOB by Issuer if the offer price is based on the market price and could only do so if the offer price is fixed at PBR x1 as an appropriate market price of the Company Shares, because the TOB Price would be further discounted by the undervalued market price. Although the Company came to recognize the difference in opinion between the Company and Mr. Murakami and Others through the discussions with them, the Company determined on November 1, 2022 that the suggestion from Mr. Murakami and Others on November 1, 2022 that the TOB Price should be fixed as PBR x1 as an appropriate market price of the Company Shares should not be approved because it will be able to minimize the outflow of assets from the Company to the maximum extent possible by setting the TOB Price at a certain discount from the market price from the perspective of respecting the interests of shareholders who do not tender their Company Shares in the TOB by Issuer and continue to hold the Company Shares. Nevertheless, after that, the Company aimed to reach an agreement with Mr. Murakami and Others and discussed the offer price and terms and conditions of the TOB by Issuer with them on seven occasions on November 8, November 9, November 11, November 14, November 17, and November 21, 2022. During the discussions, the Company suggested on November 8 that the Company set a lower limit on the TOB Price so that it will not be a price not expected by City and Other Parties, that the Company at the same time set an upper limit in light of the consideration that setting only a lower limit might pose an arbitrage risk and impact the share transaction market, and that the Company set the lower limit of the TOB Price at 2,500 yen as an approximately 5% discount from the net asset value per share of the Company. In response to the Company’s suggestions, Mr. Murakami and Others showed respect for the suggestions and suggested that the upper limit of the TOB Price be set at 2,800 yen with the additional approximately 5% to the net asset value per share of the Company. Considering such suggestion from Mr. Murakami and Others, the Company determined that the method to set such lower and upper limits was feasible given that similar conditions that adopt calculation method of tender offer price based on market price with upper and lower limits have actually been set in precedents of other takeover bids according to publicly available information and that setting only a lower limit on the TOB Price might pose an arbitrage risk. As a result, in the conference on November 11, Mr. Murakami and Others expressed that they would execute the TOB Agreement with the Company if the Company agreed to the method for determining the TOB Price based on the market price of the Company Shares for a certain period following execution of the TOB Agreement and that if the TOB Price would range between 2,500 yen to 2,800 yen, they would tender all their Company Shares (13,904,500 shares, share portion: 19.53%) and proposed to decrease the Company's stake in the fund, to enhance shareholder returns, and to reduce net assets and pursue thorough ROE improvement. Considering the discussions the Company has held with Mr. Murakami and Others and as a result of reconsidering the necessary capital and shareholder value improvement in the future, the Company has re-

recognized that the TOB by Issuer and the Sale of NRI Shares would decrease its net assets and improve the ROE and that by decreasing the shareholding of Mr. Murakami and Others, the Company can maintain management stability by smoothing the fund offering. In addition, on the premise that the TOB by Issuer and the Sale of NRI Shares will be implemented after obtaining a legal commitment through the execution of the TOB Agreement with Mr. Murakami and Others that City and Other Parties will tender all of their Company Shares in the TOB by Issuer, if the Conditions Precedent to Commencement of the TOB by Issuer include the TOB Price being set between a minimum price of 2,500 yen and a maximum price of 2,800 yen as suggested in the discussion with City and Other Parties on November 11, although such lower limit and upper limit exceed the market price of the Company Shares as of November 24, 2022 (2,391 yen, the closing price), which is the business day preceding today, by 109 yen to 409 yen, in terms of equality among shareholders and transparency of transactions, shareholders other than City and Other Parties will be able to secure an opportunity to consider whether to tender in the TOB by Issuer while observing trends in the market share price and will be able to minimize the outflow of assets from the Company to the maximum extent possible by purchasing the Company Shares at a certain discount on their market price as at a time proximate to the commencement date of the TOB by Issuer, the Company acknowledges that the Price Range and the TOB Price are appropriate for the purpose of the TOB by Issuer and that they pose no problem from the standpoint of the fiduciary duties of directors. If the TOB by Issuer is to be accepted, it is appropriate from the perspective of harmonizing the interests of shareholders who will continue to hold the Company Shares with the execution of business by reducing the shareholding ratio of City and Other Parties, especially from the perspective of stabilizing management by facilitating fund offerings, which may lead to shareholder returns for shareholders other than City and Other Parties. Based on this, the Company determined that it would further pursue negotiations with Mr. Murakami and Others and specifically consider implementing the TOB by Issuer at a price that was a discount of 1% of the VWAP (rounded to the nearest whole number) and negotiated the specific terms of the TOB Agreement with Mr. Murakami and Others, and today, the Company reached an agreement with Mr. Murakami and Others on the terms of the TOB Agreement and concluded the TOB Agreement.

Based on the matters above, as stated in “1. Purpose of the Purchase” above, the Company has resolved that the TOB Price is scheduled to be a price that is a discount of 1% of the VWAP (rounded to the nearest whole number) per common share of the Company.

(4) Planned Number of Shares to Be Purchased

TBD

(Note) The total number of shares to be purchased through the TOB by Issuer is scheduled to be the number calculated by dividing 42 billion yen by the TOB Price (rounded to the nearest whole number).

(5) Funds Necessary for the Purchase

42,000,000,000 yen

(Note) The amount of funds necessary for the purchase excludes purchase procedure fees, various expenses for announcements relating to the TOB by Issuer, and printing expenses for TOB by Issuer explanatory documents and other necessary documents.

(6) Settlement Method and Commencement Date

a. Name of the financial instruments broker or bank that will perform settlement relating to the

purchase and address of its main branch

Nomura Securities Co., Ltd. 1-13-1 Nihonbashi, Chuo-ku, Tokyo, Japan

b. Settlement Commencement Date

The settlement commencement date is scheduled to be on the date 16 business days after the last day of the Tender Offer Period. The Company will announce the actual date as soon as it is fixed.

c. Settlement Method

Promptly after the end of the Tender Offer Period, a notice of purchase pursuant to the TOB by Issuer will be sent to shareholders who accept the purchase offer or apply for the sale (the “Tendering Shareholders, Etc.”) (in the case of shareholders who are foreign residents and do not have an eligible account at a tender offer agent (including corporate shareholders; the “Foreign Shareholders, Etc.”), their standing proxies) at their designated addresses or locations.

Purchases will be made in cash. An amount equal to the purchase proceeds relating to the purchased share certificates, less applicable withholding taxes (see note), will be remitted without delay after the settlement commencement date in accordance with instructions from the Tendering Shareholders, Etc. (a remittance fee may apply).

(Note) Regarding taxation on shares purchased in the TOB by Issuer

Please consult a tax accountant or other professional concerning specific tax-related questions and make your own determinations.

(i) Taxation is as follows for individual shareholders tendering for the TOB by Issuer:

(a) In cases where the Tendering Shareholders, Etc. are residents or non-residents with a permanent domestic establishment

If the amount of money received for tendering and delivering shares pursuant to the TOB by Issuer exceeds the amount of the portion corresponding to the shares that are the basis of the delivery included in the TOB by Issuer, offeror’s capital (in the case of a consolidated corporation, the amount of consolidated capital; the same hereafter) (i.e., the purchase price per share exceeds the purchaser’s capital per share), the amount of the excess portion will be deemed to be dividends and is subject to taxation. Furthermore, the amount of monies received for tendering and delivering shares pursuant to the TOB by Issuer, minus the amount deemed to be dividends, is considered income from the transfer of shares. If there is no amount that is deemed to be dividends (i.e., the purchase price per share is no more than the offering shareholder’s capital per share), all monies received for tendering and delivering shares pursuant to the TOB by Issuer is considered income from the transfer of shares.

The portion considered dividends is subject to a withholding tax equal to 20.315% (15.315% in income taxes and the Special Reconstruction Income Tax under the Act on Special Measures concerning Securing Financial Resources Necessary for Implementing Measures for Reconstruction in Response to the Great East Japan Earthquake (Law No. 117 of 2011, as amended; referred to as the “Special Reconstruction Income Tax”) and 5% in resident taxes; non-residents with a permanent domestic establishment are specially exempt from the 5% resident tax); however, in cases where a shareholder is a large shareholder as specified in Article 4-6-2(37) of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended) (“Large Shareholders, Etc.”), 20.42% of the payment is withheld (income tax and Special Reconstruction Income Tax only). In addition, the amount of income from the transfer of shares, minus acquisition expenses relating to the shares, is, in principle, subject to separate self-assessment taxation.

(b) In cases where the Tendering Shareholders, Etc. are non-residents without a permanent domestic establishment

The amount deemed to be dividends is subject to a 15.315% withholding tax (income tax and Special Reconstruction Income Tax only). If the shareholders fall under Large Shareholders, Etc., then the deemed dividends are subject to a 20.42% withholding tax (income tax and Special Reconstruction Income Tax only). Further, income arising from the transfer of shares is, in principle, not subject to taxation in Japan.

(ii) Corporate Shareholders

In cases where a tendering shareholder is a corporate shareholder, if the amount of money received for tendering and delivering shares pursuant to the TOB by Issuer exceeds the amount of the portion corresponding to the shares that are the basis of the delivery included in the TOB by Issuer, offeror's capital (i.e., the purchase price per share exceeds the purchaser's capital per share), the amount of the excess portion is deemed to be dividends and is subject to a 15.315% withholding tax (income tax and Special Reconstruction Income Tax only).

Foreign Shareholders, Etc. who wish to have the income tax and Special Reconstruction Income Tax on the deemed dividend amount reduced or exempted pursuant to an applicable tax treaty must inform the Tender Offer agent by March 1, 2022 that a written notice regarding the tax treaty will be submitted and submit the notice to the Tender Offer agent by the business day (March 23, 2022) immediately prior to the payment commencement date.

(7) Other

a. The TOB by Issuer is not conducted in the United States or for the United States, either directly or indirectly, and is not conducted by means of U.S. mail or other interstate or international commerce methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail, and Internet communications), and moreover, it is not conducted through any securities exchange facility in the United States. The TOB by Issuer may not be subscribed through any of the aforementioned methods or means, or through the aforementioned facilities, or from the United States.

Furthermore, this document and related documents regarding the TOB by Issuer are not sent to or distributed in, and may not be sent to or distributed in, the United States, or sent from the United States by means of mail or any other method. The Company will not accept any subscriptions for the TOB by Issuer that directly or indirectly violate the aforementioned restrictions. Tendering Shareholders, Etc. (standing proxies in the case of Foreign Shareholders, Etc.) are requested to make the following representations and warranties to the Tender Offer agent when tendering shares in the TOB by Issuer:

Tendering Shareholders, Etc.:

- ✓ are not in the United States at the time of subscription and submission of the tender offer subscription form;
- ✓ have not received or sent any information regarding the TOB by Issuer (including any copies), directly or indirectly, in the United States, to the United States, or from the United States;
- ✓ have not used, directly or indirectly, any U.S. mail, other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail, and Internet communications), and securities exchange facilities in the United States, when signing and delivering any offer or tender offer subscription forms; and
- ✓ do not act as any other party's agent, trustee, or mandatary without discretionary power (except when such other party gives all instructions regarding the offer from outside the United States).

b. Execution of the TOB Agreement

The Company entered into the TOB Agreement with Mr. Murakami and Others today. Please refer to “1. Purpose of the Purchase” above for more details.

## &lt; References &gt;

## 1. Details of the Sale of NRI Shares

Secondary offering of shares (secondary offering by way of purchase by underwriters)

- |   |  |                                |
|---|--|--------------------------------|
| (1) Number and Type of Offered Shares   | 36,968,100 common shares of Nomura Research Institute, Ltd.  |                                |
| (2) Seller and Number of Shares to Be Offered   | Name   | Number of shares to be offered |
|   | JAFCO Group  | 23,968,100 shares              |
|   | Nomura Holdings  | 13,000,000 shares              |
| (3) Offer Price   | To be determined (in accordance with the method set forth in Article 25 of the Regulations on Underwriting, etc. of Securities established by the Japan Securities Dealers Association, the offer price shall be determined on the determination date of the offer price, taking into consideration the demand situation, etc., with a provisional condition that the closing price (if there is no closing price on that day, the closing price on the day immediately preceding that day) of the common shares of Nomura Research Institute, Ltd. on the Tokyo Stock Exchange on any day between Monday, December 5, 2022 and Wednesday, December 7, 2022 (hereinafter referred to as the "Offer Price Determination Date") is multiplied by 0.90 ~ 1.00.) |                                |
| (4) Underwriting Value  | The underwriting price, which is the amount to be paid to the seller by the underwriter described in (5) below, shall be determined on the Offer Price Determination Date together with the Offer Price in accordance with the method prescribed in Article 25 of the Regulations on Underwriting, etc. of Securities established by the Japan Securities Dealers Association.   |                                |
| (5) Offering Method   | The underwriters, led by Nomura Securities Co., Ltd. (the underwriters are hereinafter collectively referred to as the "Underwriters"), will purchase and underwrite all the shares before the offering. The consideration of the underwriters in the secondary offering shall be the total amount of the offer price less the underwriting price. Some of the shares to be offered in the secondary offering through purchase and underwriting by the underwriters may be sold to overseas investors in overseas markets, mainly Europe and Asia (however, the United States and Canada are excluded).  |                                |
| (6) Application Term  | From the business day following the offer price determination date to the day two business days after the offer price determination date.  |                                |
| (7) Delivery Date   | Five business days after the offer price determination date  |                                |
| (8) Deposit for Application   | The price per share shall be the same as the offer price.  |                                |
| (9) Share Unit to Be Applied  | 100 shares   |                                |
| (10) The determination of the offer price and all other matters necessary for the secondary offering by way of purchase and underwriting by the underwriters shall be left to Shingo Konomoto, Chairperson and President, Nomura Research Institute, Ltd. |  |                                |