

April 8th, 2015

Dear Sirs

The Strategic Capital, Inc.
CEO Tsuyoshi Maruki

Re: Shareholder Proposal to Japan Digital Laboratory Co., Ltd.
(TSE Code: 6935).

Strategic Capital, Inc. is under the discretionary investment contract with INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (hereinafter referred to as the "Fund") which holds 2.85% of the outstanding share of Japan Digital Laboratory CO., LTD. (hereinafter referred to as "JDL") .

Strategic Capital, Inc is pleased to announce that the Fund, on April 3, 2015, notified JDL of its execution of the shareholders' right to propose at the shareholder meeting held in the coming June and confirmed today that, on April 8th,2015, JDL certainly received the documents of the proposal above.

The brief detail of the proposal of the Fund is as the following.

1. The Description of the proposal

① Increase in the dividend

The Fund requires that the dividend per share of this fiscal year is equal to the amount of the consolidated net profit per share, after deducted 20 yen, (round down to the nearest decimal). According to the forecast of JDL, it would be 192 yen per share.

② Withdrawal from general reserve and transfer into earned surplus carried forward

The Fund requires that JDL withdraw 25 billion yen from 53.5 billion yen of general reserve and transfer such 25 billion yen into earned surplus carried forward.

2. The background of the proposal

① Ample liquidities in its balance sheet:

According to the summary of the accounts as of December 31st, 2014, JDL keeps the liquidities of about 57.6 billion yen in its balance sheet in total, including cash and deposits

of about 28.8 billion yen, securities of about 6 billion yen and investment securities of about 22.8 billion yen, while it owes interest-bearing debt of about 14.3 billion yen (including short and long term lease of about 11.3 billion yen). The balance between the liquidities and the debt is about 43.3 billion yen which equals to about 82% of its market cap as of April 1st, 2015.

② Unexpected appraisal loss in its liquidities

JDL, backed by its aforementioned ample liquidities, invested in securities and made long term deposits. Such investment results in the unexpected appraisal loss of about 2.2 billion yen in total, the breakdown of 2.2 billion yen is about 2.1 billion yen on securities and 0.1 billion yen on long term deposit. Needless to say, these investments depreciate the shareholder value.

③ Low ROE and dividend on equity:

On a consolidated basis, JDL's net asset is about 80.0 billion yen (about 2,359 yen per share) as of December 31st, 2014, and its expected net profit of current term is about 3.8 billion yen. Thus, ROE of JDL will be about 4.75%. Also, according to the announcement by the board of JDL on May 14th, 2014, that it distributes the dividend of 40 yen per share, dividend on equity will be about 1.7%.

In brief, compared to its ample liquidities, ROE and dividend on equity of JDL are both extremely low.

④ Low stock price from the viewpoint of PBR:

The stock price of JDL as of April 1st, 2015 is 1560 yen. PBR of JDL is 0.66 which is far below the average of companies listed in TSE 1, 1.52 (as of April 6th, 2015).

⑤ Extraordinary huge amount of general reserve:

JDL's general reserve, which has no specific purpose to use, is extraordinary huge amount when considering the size of the company. Since PBR of JDL is far below the average as mentioned above, JDL should withdraw the reserve and transfer it into earned surplus carried forward in order to execute flexible dividend policy.

3. Conclusion

As a discretionary investment manager, Strategic Capital, Inc. is convinced, that the increase in the dividend leads to the improvement of shareholder value and the efficiency of capital usage. Besides, since the amount of increased dividend is supposed to be within the current net profit, it will not give damage to the state of cash and deposits in its balance sheet.

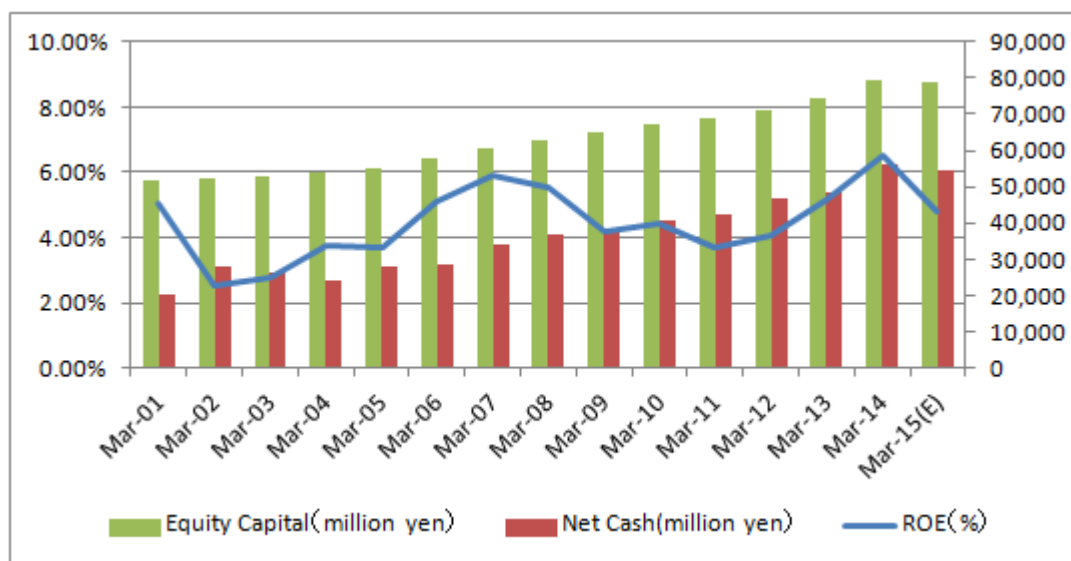
Contact Information

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Consolidated Financial Data of JDL for past ten years

“Equity Capital and Net Cash are piled up for the past ten years over the estimated consolidated revenue of fiscal year ended on March 2015, 35.1 billion yen, while ROE did not grow up enough.”



Net Cash: Cash +Cash Equivalent +Securities +Investment Securities +Long-term Deposit deducted by Interest Bearing Debt