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July 21, 2021

Financial Results for the Three Months Ended June 30, 2021

[Japanese GAAP]

(Summary of Japanese announcement)

(Japanese yen figures less than one million yen are rounded down)

1. Consolidated Performance for the Three Months Ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(1) Consolidated Operating Results

(figures with % indicate the rate of change from the same period of the previous fiscal year)

	Net sales [¥ million] [%]		Operating income [¥ million] [%]		Ordinary income [¥ million] [%]		Profit attributable to JAFCO Group Co., Ltd. stockholders [¥ million] [%]	
For the three months ended June 30, 2021	14,860	235.3	12,348	-	13,013	735.3	10,076	-
For the three months ended June 30, 2020	4,431	97.0	658	131.4	1,557	(8.2)	613	(59.2)

Note: Comprehensive income Three months ended June 30, 2021: ¥14,796 million [(16.3%)]
Three months ended June 30, 2020: ¥17,671 million [907.2%]

	Profit per share [¥]	Fully diluted net income per share [¥]
For the three months ended June 30, 2021	362.34	-
For the three months ended June 30, 2020	19.83	-

(2) Consolidated Financial Position

	Total assets [¥ million]	Net assets [¥ million]	Equity ratio [%]	Net assets per share [¥]
As of June 30, 2021	236,861	201,126	84.9	7,687.27
As of March 31, 2021	262,383	215,237	82.0	7,316.12

(Reference) Shareholders' equity As of June 30, 2021: ¥201,126 million
As of March 31, 2021: ¥215,237 million

2. Dividends

(Record date)	Dividend per share [¥]				
	End of 1Q	End of 2Q	End of 3Q	End of the year	Total
For the year ended March 31, 2021	-	-	-	138.00	138.00
For the year ending March 31, 2022	-	/	/	/	/
For the year ending March 31, 2022 (Forecast)	/	-	-	-	-

Notes: The forecast of dividend amount is unfixed.

3. Business Forecasts for the Year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

Volatility in stock markets and the IPO environment in Japan and overseas causes performance to fluctuate, as a result of which it is difficult to make meaningful forecasts in earnings. Therefore, instead of announcing projections, the Company makes timely disclosure of quarterly financial results.

***Other Information**

- (1) Changes in significant subsidiaries during this period: None
- (2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, accounting estimates and correction of prior period errors
 - ① Changes in accounting principles due to revisions to accounting standards: Yes
 - ② Changes in accounting principles other than ①: None
 - ③ Changes in accounting estimates: None
 - ④ Correction of prior period errors: None
- (4) Number of issued shares (common stock)
 - ① Number of issued shares (including treasury shares)

As of June 30, 2021:	26,970,000	As of March 31, 2021:	32,550,000
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 - ② Number of treasury shares

As of June 30, 2021:	806,451	As of March 31, 2021:	3,130,406
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 - ③ Average number of shares

Three months ended June 30, 2021:	27,809,653
Three months ended June 30, 2020:	30,930,432

***Quarterly financial results are not subject to audit procedures.**

***Cautionary statements with respect to forward-looking statements and other notes**

(Access to the financial supplement materials)

The presentation material for the three months ended June 30, 2021 will be released on the Company's website on July 21, 2021.

***Note to XBRL**

Please note that the names of the English accounts contained in XBRL data, which are available through EDINET and TDNet, may be different from those of the English accounts in our financial statements.

1. Outline of Operating Results

(1) Outline of Operating Results

In the consolidated fiscal three months ended June 30, 2021, the Company and its consolidated subsidiaries (collectively the “Company Group”) posted net sales of ¥14,860 million, (up 235.3% year-on-year from ¥4,431 million), operating income of ¥12,348 million (¥658 million a year earlier), ordinary income of ¥13,013 million (up 735.3% year-on-year from ¥1,557 million), and profit attributable to JAFCO Group Co., Ltd. stockholders of ¥10,076 million (¥613 million a year earlier). (The year-on-year rate of change of 1,000% or more is omitted.)

There were four IPOs by the Company Group’s portfolio companies (two in Japan and two overseas) during the consolidated fiscal three months ended June 30, 2021. Capital gains and success fees surged year-on-year as a result of the sale of shares in a major IPO.

With regard to the impact of the new coronavirus infection and the Company’s response, please refer to the presentation material for the period under review which will be released on the Company’s website.

Because the Company’s earnings may fluctuate sharply for each three-month period due to the nature of its business, we provide annualized comparison as well as year-on-year comparison for the period under review.

(Outline of Capital Gains)

There were four IPOs by the Company Group’s portfolio companies (two in Japan and two overseas) during the consolidated fiscal three months ended June 30, 2021. Capital gains surged year-on-year as a result of the sale of shares in a major IPO.

(Millions of Yen)

	For the year ended March 31, 2021 (A)	For the three months ended June 30, 2020	For the three months ended June 30, 2021 (B)	Annualized comparison [(B)×4]/(A) (%)
Revenues from operational investment securities (1)	16,164	3,176	10,823	267.8
Proceeds from sale of securities	16,074	3,140	10,786	268.4
Dividend and interest income	90	35	37	163.6
Cost of operational investment securities (2)	4,903	791	1,391	113.5
Cost of securities sold	4,903	791	1,391	113.5
Impairment	-	-	-	-
Capital gains (1) – (2)	11,260	2,385	9,431	335.0
Multiple (1) / (2)	3.30	4.01	7.78	-
Capital gains on listed shares	7,567	2,443	9,463	500.2
Capital gains on unlisted shares	3,693	(58)	(31)	-
Gains on sale	4,435	217	357	32.2
Losses on sale	742	276	389	209.8

(Outline of Investment Loss Reserves)

In the consolidated fiscal three months ended June 30, 2021, additions to investment loss reserves fell as the impact of COVID-19 was limited. The ratio of reserves to the balance of unlisted operational investment securities also decreased.

(Millions of Yen)

	For the year ended March 31, 2021 (A)	For the three months ended June 30, 2020	For the three months ended June 30, 2021 (B)	Annualized comparison [(B)×4]/(A) (%)
Additions to investment loss reserves (1)	3,483	2,213	302	34.7
Company-by-company reserves	3,541	2,247	311	35.1
(Reversal of general reserves)	(58)	(34)	(9)	-
Reversal of investment loss reserves (2)	803	157	515	256.6
Net additions = (1)-(2) (minus figures are reversals)	2,679	2,056	(213)	-

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Balance of investment loss reserves	10,917	10,703
Company-by-company reserves	10,772	10,567
General reserves	145	136
Ratio to all unlisted operational investment securities	17.3%	16.3%

(Outline of Balance of Operational Investment Securities)

The balance of operational investment securities rose because of steady investment activity, mainly in startup companies, and IPOs, etc. of portfolio companies.

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
Difference between acquisition cost and market value of listed operational investment securities	14,850	15,159
Securities whose market value exceeds acquisition cost	14,850	15,159
Securities whose market value falls below acquisition cost	-	-

(Millions of Yen)

	For the year ended March 31, 2021	For the three months ended June 30, 2020	For the three months ended June 30, 2021
(Reversal of) Unrealized losses on operational investment securities	(150)	(83)	-

Balance of Operational Investment Securities

(Millions of Yen)

	As of March 31, 2021		As of June 30, 2021	
	Acquisition cost	Figures on the consolidated B/S	Acquisition cost	Figures on the quarterly consolidated B/S
Listed	1,594	16,444	1,640	16,799
Unlisted	62,511	63,102	64,471	65,703
Total	64,105	79,547	66,111	82,503

(Outline of Fund Operations)

In the consolidated fiscal three months ended June 30, 2021, success fees surged year-on-year as a result of the sale of share in a major IPO, etc. Management fees remained at the same level as a year earlier.

(Millions of Yen)				
	For the year ended March 31, 2021 (A)	For the three months ended June 30, 2020	For the three months ended June 30, 2021 (B)	Annualized comparison [(B)×4]/(A) (%)
Income from partnership management	5,340	1,254	4,032	302.0
Fund management fees	2,871	726	728	101.5
Success fees	2,469	528	3,303	535.1

Note: Fund management fees and success fees are based on commitment amount excluding the Company Group's interests.

(2) Outline of Financial Condition**(Outline of Assets, Liabilities, and Net Assets)**

Total assets, total liabilities and net assets decreased due to the acquisition of treasury shares and payment of corporate income tax, etc.

The share buyback based on the resolution of the Board of Directors meeting held on February 10, 2021 has been completed, with the acquisition of 4,766,600 shares for ¥34,999 million by June 15, 2021. The Company cancelled 2,250,000 shares as of May 7, 2021 based on the resolution of the Board of Directors meeting held on April 21, 2021, and a further 3,330,000 shares as of June 29, 2021 based on the resolution of the Board of Directors meeting held on June 16, 2021, as a result of which retained earnings and treasury shares decreased by ¥36,938 million.

(Millions of Yen)		
	As of March 31, 2021	As of June 30, 2021
Total assets	262,383	236,861
Current assets	177,455	146,140
Non-current assets	84,928	90,720
Total liabilities	47,145	35,734
Current liabilities	20,351	6,850
Non-current liabilities	26,794	28,883
Net assets	215,237	201,126

(3) Qualitative Analysis of Consolidated Business Forecasts

Volatility in stock markets and the IPO environment in Japan and overseas causes performance to fluctuate, as a result of which it is difficult to make meaningful forecasts in earnings. Therefore, instead of announcing projections, the Company makes timely disclosure of quarterly financial results.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	See (i) on page 11 107,517	See (i) on page 11 72,505
Operational investment securities	79,547	82,503
Investment loss reserves	(10,917)	(10,703)
Other	1,307	1,835
Total current assets	177,455	146,140
Non-current assets		
Property, plant and equipment		
Buildings, net	295	273
Furniture and fixture	75	71
Total property, plant and equipment	370	345
Intangible assets		
Software	228	217
Total intangible assets	228	217
Investments and other assets		
Investment securities	83,578	89,398
Long-term loans receivable	162	155
Deferred tax assets	193	210
Other	394	392
Total investments and other assets	84,329	90,157
Total non-current assets	84,928	90,720
Total assets	262,383	236,861

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Current portion of long-term borrowings	15	15
Income taxes payable	17,124	3,644
Provision for bonuses	257	308
Allowance for extraordinary compensation for directors	86	—
Other	2,867	2,883
Total current liabilities	20,351	6,850
Non-current liabilities		
Long-term borrowings	100	100
Retirement benefit liability	427	444
Deferred tax liabilities	26,148	28,233
Other	119	105
Total non-current liabilities	26,794	28,883
Total liabilities	47,145	35,734
Net assets		
Shareholders' equity		
Share capital	33,251	33,251
Capital surplus	32,806	32,806
Retained earnings	102,497	71,576
Treasury shares	(17,741)	(5,651)
Total shareholders' equity	150,813	131,982
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	63,688	68,406
Foreign currency translation adjustment	735	736
Total accumulated other comprehensive income	64,424	69,143
Total net assets	215,237	201,126
Total liabilities and net assets	262,383	236,861

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales		
Revenue from operational investment securities	3,176	10,823
Income from investment partnership management	1,254	4,032
Other sales	0	4
Total net sales	4,431	14,860
Cost of sales		
Cost of operational investment securities	791	1,391
Other costs	145	295
Total cost of sales	936	1,687
Gross profit	3,494	13,173
(Reversal of) Additions to investment loss reserves	2,056	(213)
(Reversal of) unrealized losses on operational investment securities	(83)	—
Gross profit - net	1,522	13,387
Selling, general and administrative expenses	864	1,039
Operating profit	658	12,348
Non-operating income		
Interest income	15	14
Dividend income	696	514
Foreign exchange gains	180	122
Miscellaneous income	8	26
Total non-operating income	900	678
Non-operating expenses		
Interest expenses	0	0
Loss on valuation of investment securities	—	4
Commission for purchase of treasury shares	—	8
Miscellaneous losses	0	—
Total non-operating expenses	0	13
Ordinary profit	1,557	13,013
Extraordinary income		
Gain on sale of investment securities	—	186
Total extraordinary income	—	186
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	1,557	13,199
Income taxes - current	949	3,148
Income taxes - deferred	(4)	(24)
Total income taxes	944	3,123
Profit	613	10,076
Profit attributable to non-controlling interests	—	—
Profit attributable to JAFCO Group Co., Ltd. stockholders	613	10,076

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	613	10,076
Other comprehensive income		
Valuation difference on available-for-sale securities	17,111	4,718
Foreign currency translation adjustment	(53)	1
Total other comprehensive income	17,058	4,719
Comprehensive income	17,671	14,796
Comprehensive income attributable to:		
JAFCO Group Co., Ltd. stockholders	17,671	14,796
Non-controlling interests	—	—

(3) Notes for Consolidated Financial Statements

(Notes on premise of going concern)

None

(Change in accounting principles)

(Adoption of accounting standards for fair value measurement)

The Company Group has adopted the “Accounting Standards for Fair Value Measurement” (Corporate Accounting Standard No. 30 issued on July 4, 2019; hereinafter “Fair Value Measurement Standards”) since the beginning of the three months ended June 30, 2021, with the aim of applying new accounting principles set out in the Fair Value Measurement Standards, etc. in accordance with the transitional treatment provided in Article 19 of the Fair Value Measurement Standards and Article 44-2 of the Accounting Standards for Financial Instruments (Corporate Accounting Standards No. 10 issued on July 4, 2019).

As a result, of available-for-sale securities, the figures on the consolidated B/S for non-equity investments, etc., including in warrants and convertible bonds, refer to market value, instead of acquisition cost up to the end of the previous year, and valuation difference is booked directly in net assets from the beginning of three months ended June 30, 2021.

(Additional information)

(Adoption of accounting standards for revenue recognition)

The Company Group has adopted the “Accounting Standards for Revenue Recognition” (Corporate Accounting Standard No. 29 issued on March 31, 2020; hereinafter “Revenue Recognition Standards”) since the beginning of the three months ended June 30, 2021. Please note that the “Accounting Standards for Revenue Recognition” issued on March 30, 2018 has been applied since the beginning of the fiscal year ended March 31, 2019.

As a result, the breakdown of revenue from contracts with customers for the three months ended June 30, 2021 is given under (3) Note for Consolidated Financial Statements, (Revenue recognition related) in 2. Consolidated Financial Statement and Main Notes. Please note that the breakdown of revenue from contracts with customers for the three months ended June 30, 2020 is not given, in accordance with the transitional treatment provided in Article 28-15 of the “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standard No. 12 issued on March 31, 2020).

(Related to quarterly consolidated balance sheet)

(i) Breakdown of the Company’s interest of cash and deposits in funds

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Cash and deposits	7,843	9,452

(ii) The Company’s uncalled commitment to JAFCO-managed funds as of June 30, 2021 was ¥35,346 million, compared with ¥31,624 million as of the end of previous full year and ¥29,711 million as of June 30, 2020.

(Notes on significant changes in the shareholder’s equity)

Based on the resolution of the Board of Directors meeting held on February 10, 2021, the Company bought back 3,255,900 shares between April 1, 2021 and June 15, 2021, as a result of which the value of treasury shares increased by ¥24,846 million (the Company bought back 1,510,700 shares for ¥10,153 million between February 12 and March 31, 2021, and bought back a total of 4,766,600 shares for ¥34,999 million between February 12 and June 15, 2021). Moreover, based on the resolution of the Board of Directors meeting held on April 21, 2021, 2,250,000 treasury shares were cancelled as of May 7, 2021, and a further 3,330,000 treasury shares were cancelled as of June 29, 2021 based on the resolution of the Board of Directors meeting held on June 16, 2021, due to which retained earnings and treasury shares decreased by ¥36,938 million.

As a result of the above, retained earnings fell ¥30,921 million from the end of the previous fiscal year to ¥71,576 million, and treasury shares fell by ¥12,090 million to ¥5,651 million as of the end of the consolidated three months ended June 30, 2021.

(Note on marketable securities)

(i) Held-to-maturity bonds

None

(ii) Available-for-sale securities

(Millions of Yen)

	Type	As of March 31, 2021			As of June 30, 2021		
		Figures on the consolidated B/S	Acquisition cost	Difference	Figures on the quarterly consolidated B/S	Acquisition cost	Difference
Securities whose B/S amount exceeds acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	16,444	1,594	14,850	16,799	1,640	15,159
	Other listed securities	-	-	-	481	465	15
	(2) Bond	-	-	-	2,091	1,283	808
	(3) Others	-	-	-	80	79	1
	Subtotal	16,444	1,594	14,850	19,453	3,467	15,985
	Investment securities						
	(1) Stock	82,156	5,851	76,305	88,015	5,851	82,163
	(2) Bond	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
Subtotal	82,156	5,851	76,305	88,015	5,851	82,163	
Total	98,601	7,445	91,156	107,468	9,318	98,149	
Securities whose B/S amount falls below acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	-	-	-	-	-	-
	Other listed securities	-	-	-	700	741	(40)
	(2) Bond	-	-	-	143	227	(83)
	(3) Others	-	-	-	721	770	(48)
	Subtotal	-	-	-	1,566	1,739	(172)
	Investment securities						
	(1) Stock	21	32	(10)	16	32	(15)
	(2) Bond	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
Subtotal	21	32	(10)	16	32	(15)	
Total	21	32	(10)	1,583	1,771	(188)	
Grand total		98,622	7,477	91,145	109,051	11,089	97,961

Note: 1. In accordance with the adoption of the Fair Value Measurement Accounting Standards, securities listed on the TOKYO PRO Market and on Emerging Stock Board of the Taipei Exchange (TPEX) have been classified as “Other listed securities” since the beginning of the three months ended June 30, 2021. Please note that, taking into account the liquidity of these markets, these securities are classified under “unlisted shares” in disclosure information other than the information related to this note.

2. The following items are not included in the above table because they have no market value, making it difficult to determine fair value.

(Millions of Yen)

	As of March 31, 2021	As of June 30, 2021
	Figures on the consolidated B/S	Figures on quarterly consolidated B/S
Available-for-sale securities		
Operational investment securities		
Unlisted stock	61,060	61,483
Unlisted domestic and foreign bonds	1,271	-
Others	770	-
Investment securities		
Unlisted stock	794	756
Other	412	416

3. No impairment was recorded (write down) on available-for-sale securities (including items that are extremely difficult to determine fair value) in the previous fiscal year and the three months ended June 30, 2021.

(Revenue recognition related)

Breakdown of revenue from contracts with customers

The Company Group operates in a single segment of the fund management business. Of net sales, income from partnership management consisting of management fees and success fees is derived from contracts with customers. The breakdown of the said revenue from contracts with customers by fund series is given below.

(Millions of Yen)

Fund name	Three months ended June 30, 2021 (from April 1 to June 30, 2021)		
	Income from partnership management		
	Management fees	Success fees	Total
JAFCO SV3 Series	-	2,795	2,795
JAFCO SV4 Series	74	364	439
JAFCO SV5 Series	184	-	184
JAFCO SV6 Series	310	-	310
JAFCO Asia Technology Fund VI L.P.	36	143	179
JAFCO Asia Technology Fund VII L.P.	48	-	48
Others	74	-	74
Total	728	3,303	4,032

3. Other Information

(1) Investments and IPOs

(i) Investments

(Millions of Yen)

	For the year ended March 31, 2021 (A)		For the three months ended June 30, 2020		For the three months ended June 30, 2021 (B)		Annualized comparison [(B)×4]/(A) (%)
	Amount (A)	No. of co's.	Amount	No. of co's.	Amount (B)	No. of co's.	
Equity							
(Japan)	21,491	35	3,936	7	6,687	16	124.5
(USA)	7,637	18	838	8	790	5	41.4
(Asia)	3,684	13	491	3	1,458	4	158.3
Total	32,813	66	5,265	18	8,937	25	108.9

- Notes: 1. Investment amount is a total of investments by the Company Group and funds.
2. Investments denominated in foreign currencies are translated into yen on a quarterly basis using the exchange rate at the end of each quarter.
3. Overseas investments made in the venture investment division in Japan are included in Japan.

(ii) IPOs

(Japan)

(Millions of Yen)

	For the year ended March 31, 2021	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Number of IPOs	5	-	2
Investment cost (1)	2,388	-	498
Market value at IPOs (2)	35,210	-	34,079
Multiple (2)/(1)	14.7	-	68.3

- Notes: 1. "Investment cost" and "Market value at IPO" are total amounts by the Company Group and funds.
2. "Market value at IPO" is calculated by multiplying the number of shares held prior to the IPO by first price.

(Overseas)

(Millions of Yen)

	For the year ended March 31, 2021	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Number of IPOs	1	-	2
Investment cost (1)	302	-	1,942
Market value at IPOs (2)	2,315	-	5,291
Multiple (2)/(1)	7.7	-	2.7

- Notes: 1. "Investment cost" and "Market value at IPO" are total amounts by the Company Group and funds.
Exchange rate at the time of IPO is used for conversion.
2. "Market value at IPO" is calculated by multiplying the number of shares held prior to the IPO by first price.

(2) Establishment of Funds

Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(i) Newly established funds:

(Millions of USD)

Fund name	Total commitments as of June 30, 2021
JAFCO Asia S-8 Fund Limited Partnership JAFCO Asia S-8(A) Fund Limited Partnership	100

Note: Fundraising still underway

(ii) Funds established in previous years whose total commitments increased in this period

(Millions of USD)

Fund name	Total commitments as of June 30, 2021	Total commitments as of March 31, 2021	Increase amount
Icon Ventures VII, L.P.	211	178	33

Note: Fundraising still underway

Previous full year (April 1, 2020 - March 31, 2021)

(i) Newly established funds:

(Millions of USD)

Fund name	Total commitments as of March 31, 2021
Icon Ventures VII, L.P.	178

Note: Fundraising still underway

(ii) Funds established in previous years whose total commitments increased

(Millions of TWD)

Fund name	Total commitments as of March 31, 2021	Total commitments as of March 31, 2020	Increase amount
JAFCO Taiwan I Venture Capital Limited Partnership	2,006*	1,037	969

*Yen equivalent based on the exchange rate as of March 31, 2021: ¥7,803 million