

(Securities Code: 8595)

**NOTICE OF CONVOCATION OF
THE 50TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

JAFCO

Your closest partner

■ Our Mission / Identity

- Mission -

“Commit to new business creation and jointly shape the future”

Since establishment, JAFCO Group has created various innovative products and services jointly with entrepreneurs. Our mission is to open up new frontiers with our stakeholders by committing to creating new businesses that are in demand.

- Identity -

Co-Founder

At the startup stage, JAFCO Group is expected to play the same role as “Co-Founder.” We will pass on and develop JAFCO spirit, expertise and experiences built up since inception to allow each member to be a resourceful “Co-Founder.”

■ To our shareholders:



Capture changes and continue to take on the challenge with entrepreneurs for the realization of sustainable future.

Keisuke Miyoshi
President & CEO
JAFCO Group Co., Ltd.

The stock market has been sluggish due to a significant market correction, mainly for U.S. high-tech stocks, since the end of last year. A further rise in crude oil prices due to the crisis in Ukraine and the rapid inflation have added uncertainty about the future. In Japan there has been a series of postponements of large IPOs and reductions in the scale of IPOs.

On the other hand, a new lifestyle “with CORONA” is further accelerating digitalization. The number of “outstanding entrepreneurs” who are committed to creating new solutions to social issues continues to rise. The expansion of investment funds in private equity led by surplus funds resulting from monetary easing is not likely to change the direction toward “industrial restructuring” significantly. This is because of the direction is attributable to the pressing issues facing the world and the changing values of people.

Our venture and buyout investments are long-term joint businesses in which we work together with our stakeholders to create a future that lies beyond businesses. JAFCO Group practices the essence of ESG investment by responding to entrepreneurs with sincerity and diligence, investing in companies capable of addressing social issues, and committing to their growth.

In the current fiscal year, we realized an epoch-making large-scale IPO from our domestic portfolio. The SV6 series, our flagship domestic fund established under the partnership model, has made solid investment progress. In Asia, we established the JAS-8 fund and are accelerating investment activities. With the aim of returning such results to our shareholders, we completed a total of ¥35 billion in share buybacks by June 2021 in accordance with the policy announced in the previous fiscal year, and has bought back a further ¥15 billion in treasury shares since October 2021. In addition, we conducted a stock split from a capital policy perspective.

We boldly take risks and invest in what is truly valuable. We are involved in the management of each of our portfolio companies and work with entrepreneurs to create new businesses. In a difficult environment, we prevent the corporate value of portfolio companies from dropping, while aiming for future growth at the same time. This investment policy remains unchanged. I am convinced that this is the basis for creating a significant social impact and high returns in an uncertain world.

This is an excerpt translation of the Japanese original for convenience only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 8595)

May 25, 2022

To Shareholders:

Keisuke Miyoshi
President & CEO
JAFCO Group Co., Ltd.
1-23-1 Toranomom, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 50TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby informed that the 50th Annual General Meeting of Shareholders (the "Meeting") of JAFCO Group Co., Ltd. (the "Company") will be held as described below.

For the perspective of preventing the spread of the new coronavirus at this General Meeting of Shareholders, we recommend that shareholders exercise their voting rights either by postal mail or electronic means in advance. Please see page 5 for the request for shareholders and infection prevention measures at the Meeting.

Please examine the attached Reference Documents for the General Meeting of Shareholders and vote by either of the following methods by 5:00 p.m. on Monday, June 20, 2022 (Japan Time).

[Voting by postal mail]

Please indicate on the enclosed voting form whether you are for or against each proposal and return it by postal mail to us by the voting deadline indicated above.

[Voting by electronic means (via Internet, etc.)]

Please review "How to exercise your voting rights via Internet, etc." on page 67, and access the website for voting designated by the Company (<https://evote.tr.mufg.jp/>). Follow the instructions on the screen and enter for or against each proposal by the voting deadline indicated above.

- | | |
|-------------------------|--|
| 1. Date and Time | Tuesday, June 21, 2022, at 10:00 a.m. (Japan Time) |
| 2. Place | Grand Hall on the 5th floor, Nomura Conference Plaza Nihonbashi
Nihonbashi Muromachi Nomura Bldg. (YUITO)
2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo |

3. Purpose of the Meeting

Matters to be reported: Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Results of Audit by the Financial Auditor and the Board-Audit Committee of the Consolidated Financial Statements, for the 50th Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)

Proposal 3: Determination of Remuneration for Granting Transfer-Restricted Shares to Directors (Excluding Directors Serving as Board-Audit Committee Members and Independent Directors)

4. Notice Regarding Exercise of Voting Rights

If you vote twice by postal mail and via Internet, the vote via Internet shall be deemed valid.
If you vote via Internet more than once, only the last vote shall be deemed valid.

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- For those attending the Meeting, please present the enclosed voting form at the reception desk on arrival at the meeting.
 - Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following materials are not provided in this document, but they have been posted on the Company's website.
 - Systems for ensuring appropriate operations
 - Overview of the operation status of the systems for ensuring appropriate operations
 - Notes to Consolidated Financial Statements
 - Notes to Non-Consolidated Financial Statements

The materials above are part of the documents audited by the Board-Audit Committee and the financial auditor in the course preparing their respective audit reports.

- Please be advised that in the event of any revisions to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the Company will post the contents of modification on its website below.
- The Company will inform you of the results of resolutions of the Meeting by posting the matter on its website below.

JAFCO website: <https://www.jafco.co.jp/english/ir/shareholder/meeting/>

In light of the spread of the new coronavirus, we would like to inform the guidelines for attending the Meeting. We would kindly ask shareholders planning to attend the Meeting in person for their understanding and cooperation.

Request for shareholders

- **For the perspective of preventing the spread of the new coronavirus, we recommend that shareholders exercise their voting rights either by postal mail or electronic means in advance.**
- Shareholders attending the Meeting are requested to wear face masks.
- All attendees will have their temperature taken at the entrance of the meeting room. Those who have fever or are not feeling well may be asked to refrain from entering the meeting room and leave the venue.
- Fewer seats will be available at this year's Meeting to ensure sufficient spacing between attendees with the aim of preventing the spread of the coronavirus. Therefore, we may restrict admission to the Meeting.
- Depending on the situation of the coronavirus infection, the venue and the time of the Meeting are subject to change. Major changes in the operation of the Meeting due to future situation will be informed on the JAFCO website. Please check the website in advance if you plan to attend the Meeting in person.

JAFCO website : <https://www.jafco.co.jp/english/ir/shareholder/meeting/>

Infection prevention measures at the Meeting

- Directors and operation staff will check their temperature and health status before the Meeting and wear face masks during the Meeting.
- From the perspective of reducing the risk of spreading the infection, it is possible that some directors will not attend the Meeting or will attend remotely (online), regardless of their health status on the day of the Meeting.
- The time required for holding the Meeting will be shortened. Detailed explanations of matters to be reported at the Meeting (including Audit Report) and the proposals will be omitted.
- No drink will be served at the Meeting.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

The Company proposes to amend the Articles of Incorporation of the Company as follows:

1. Reason for the amendments

- (1) In accordance with the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Act for Partial Amendment of the Companies Act" (Act No. 70 of 2019), which will come into effect on September 1, 2022, the Company will make the following amendments to its Articles of Incorporation in preparation for the introduction of an electronic provision system for materials for general meetings of shareholders:
- (i) Article 15, Paragraph 1 of the proposed amendment is to stipulate that the Company shall take measures for the electronic provision of the information contained in the reference documents for general meetings of shareholders, etc.
 - (ii) Article 15, Paragraph 2 of the proposed amendment is to establish provisions to limit the scope of matters to be included in the paper documents to be delivered to shareholders who have made a request for delivery of documents.
 - (iii) The provisions regarding internet disclosure and deemed provision of reference documents for general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will no longer be necessary and will therefore be deleted.
 - (iv) In line with the above establishment and deletion, supplementary provisions related to the effective date, etc. shall be established.
- (2) Article 18, Paragraph 2 of the proposed amendment is to allow advance notification through electromagnetic means, in addition to paper forms, regarding the diverse exercise of voting rights at the General Meeting of Shareholders.

2. Details of Amendments

The details of the amendments are shown below.

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER III</p> <p>GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 15. (Disclosure of Reference Materials for General Meeting of Shareholders, etc. via the Internet)</p> <p><u>When convening a general meeting of shareholders, the Company may deem that it has provided shareholders with information which should be stated or indicated in reference materials for the general meeting of shareholders, business reports, financial statements and consolidated financial statements (including results of audit by the board-audit committee and the accounting auditor on the consolidated financial statements) when it has disclosed such information via the Internet in accordance with laws and regulations.</u></p>	<p>CHAPTER III</p> <p>GENERAL MEETING OF SHAREHOLDERS</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p> <p>Article 18. (Diverse Exercise of Voting Rights)</p> <p>1. Any shareholder who holds shares on behalf of others may make a diverse exercise of voting rights.</p> <p>2. In the event of the preceding paragraph, such shareholder is required to submit a <u>written notice</u> of the diverse exercise of voting rights and reasons thereof no later than three days prior to the general meeting of shareholders.</p>	<p>Article 15. (Measures for Electronic Provision, etc.)</p> <p><u>1. When convening a general meeting of shareholders, the Company shall take measures for the electronic provision of information contained in the reference documents for general meeting of shareholders, etc.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose to omit all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper document to be sent to shareholders who have made a request for the document delivery by the record date of voting rights.</u></p> <p>Article 18. (Diverse Exercise of Voting Rights)</p> <p>1. (Unchanged)</p> <p>2. In the event of the preceding paragraph, such shareholder is required to submit a <u>notice of the diverse exercise of voting rights and reasons thereof by writing or electromagnetic means</u> no later than three days prior to the general meeting of shareholders.</p>
<p>(Newly established)</p>	<p>(Supplementary provisions)</p> <p><u>1. The deletion of Article 15 (Disclosure of Reference Materials for General Meeting of Shareholders, etc. via the Internet) and the new establishment of Article 15 (Measures for Electronic Provision, etc.) of the Articles of Incorporation shall come into effect on September 1, 2022 (hereinafter referred to as the "Effective Date"), which is the effective date of the amending provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure of Reference Materials for General Meeting of Shareholders, etc. via the Internet) of the Articles of Incorporation shall remain in effect for a general meeting of shareholders held on a date within six months of the Effective Date.</u></p> <p><u>3. These supplementary provisions shall be deleted after six months have elapsed from the Effective date or three months have elapsed from the date of the general meeting of shareholders as specified in the preceding paragraph, whichever is later.</u></p>

Proposal 2: Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)


The terms of office of all two (2) directors (excluding directors serving as Board-Audit Committee members; the same applies hereafter in this Proposal 2) will expire at the conclusion of the Meeting. Accordingly, the Company proposes to elect two (2) directors. This Proposal has been deliberated by the Nomination and Remuneration Committee.


With regard to the election of directors, the summary of opinions of the Board-Audit Committee is as follows.

The Board-Audit Committee discussed the election of directors based on the deliberations by the Nomination and Remuneration Committee composed of all four (4) independent directors and the President. As a result, the Committee reached a conclusion that it has no objection to the nomination of director candidates in this Proposal with regard to oversight, execution and future focus of the Board of Directors (or "BOD"), the composition of the Board of Directors, the business execution structure, and expertise, experience and track record of each candidate.

The candidates for director are as follows.

No.	Name	Current position and responsibilities at the Company, and significant concurrent positions outside the Company	Attribute	Number of attendances at the BOD meetings
1	Shinichi Fuki	Chairman	Re-election	13 out of 13 (100%)
2	Keisuke Miyoshi	President & CEO [Representative Director] In charge of Investment, Partner	Re-election	13 out of 13 (100%)

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	 <p>Shinichi Fuki (November 1, 1961) <Re-election></p>	<p>April 1985 Joined JAFCO</p> <p>June 2003 Director in charge of Investment Group II, Kansai Branch and Planning & Administration, JAFCO</p> <p>February 2005 Managing Director in charge of Finance, Investment Group II, Kansai Branch and VA Department III, JAFCO</p> <p>March 2007 Executive Managing Director in charge of Finance, Structured Investment, Kansai Branch and VA Department III, JAFCO</p> <p>January 2010 President & CEO (Representative Director)</p> <p>April 2022 Chairman, JAFCO (Present)</p>	49,774 shares
<p><i>Number of attendances at the Board of Directors meetings: 13 out of 13 meetings (100%)</i></p> <p><i>Reason for nomination as candidate for director</i></p> <p>Since joining JAFCO, Shinichi Fuki has constantly been involved in private equity investment, and has taken charge of the Company's overall operations, including investment and fund management. As President (CEO) between January 2010 and March 2022 and as Chairman since April 2022, he has enhanced the Board of Directors' effective decision-making and supervisory function by capitalizing on his extensive experience and deep insight. Based on his track record, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	 Keisuke Miyoshi (September 18, 1969) <Re-election>	April 1993 Joined JAFCO August 2011 Group Officer of Investment Group II, JAFCO April 2013 Corporate Officer in charge of Investment, JAFCO June 2015 Director in charge of Investment, JAFCO March 2018 Director in charge of Investment, Partner, JAFCO April 2022 President & CEO, in charge of Investment, Partner, JAFCO (Present)	18,307 shares
<p><i>Number of attendances at the Board of Directors meetings: 13 out of 13 meetings (100%)</i></p> <p><i>Reason for nomination as candidate for director</i></p> <p>Since joining JAFCO, Keisuke Miyoshi has been involved in private equity investment operations and served as an executive in charge of the domestic venture investment division. He is also one of the Partners who make important investment decisions. Since assuming President (CEO) in April 2022, he has taken charge of the Company's overall operations. Based on his broad experience, expertise and track record of domestic investment, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</p>			

- Notes: 1. Candidate for director Keisuke Miyoshi participates in SV6 Partners Limited Liability Partnership ("Partners LLP"), which is the joint general partner of JAFCO SV6 Fund Series ("SV6"), with other Partners and the Company, and has made partner commitment in SV6 through Partners LLP. The Company has provided a loan for Mr. Miyoshi for his partner commitment. The financing details are as shown in "9. Notes to related party transactions" in the "Notes to Non-Consolidated Financial Statements" of the Matters available on the website in relation to the Notice of Convocation of the 50th Annual General Meeting of Shareholders. In addition, in case of the establishment of a new flagship fund in the fiscal year ending March 31, 2023, which is currently being planned by the Company, Keisuke Miyoshi will make partner commitment in the fund as in the case of SV6, and the Company plans to provide a loan for Mr. Miyoshi for his partner commitment. There are no special interests between the Company and other director candidates.
2. The Company has entered into an indemnification agreement with each candidate as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. In order to ensure that the appropriateness of the execution of duties by the Company's directors is not impaired by said indemnification agreement, the BOD resolution approving the execution of an indemnification agreement shall be subject to the approval of all the independent directors (excluding the director to be covered by the

said agreement). If each candidate is reelected, the Company plans to continue such indemnification agreements with each candidate.

3. The Company has concluded a Directors and Officers liability insurance contract, which covers all directors, with an insurance company as prescribed in Article 430-3, Paragraph 1 of the Companies Act, and if candidates are reelected, they will remain covered by the said contract. The contract covers the liability of the insured for compensation for damages, legal dispute fees, etc. arising from claims for damages from third-parties, shareholders, etc. However, there are certain exemptions such as in cases where violation of laws and regulations were knowingly committed. The premium, including the portion for riders, will be borne by the Company and its subsidiaries and there are no premiums to be borne by the insured individuals. The Company plans to renew the said contract during their term in office under the similar contents as the current contract.

[Reference]

Experience and specialty of the Company's directors

The policy and procedure for selection of director candidates are stipulated in the Corporate Governance Policy of the Company as shown below.

- Directors, including CEO, and corporate officers are appointed by the Board of Directors based on deliberations by the Nomination and Remuneration Committee.
- All directors (excluding directors serving as Board-Audit Committee members) are subject to election/re-election every year at the General Meeting of Shareholders. The Board-Audit Committee expresses its opinion on directors' election/ dismissal at the General Meeting of Shareholders when it deems it necessary.
- The Company shall select director candidates who have business skills, insight, experience, and expertise to serve as a director to allow the Board of Directors to fully exercise its operational and supervisory functions. The Company proactively selects suitable candidates from diverse background regardless of gender and nationality.
- The Company shall select independent director candidates who have abundant experience and deep insight into corporate management or specialist fields and can be expected to fulfill the roles and responsibilities of an independent director. The selection is in accordance with the Company's "Standards for Independence of Independent Directors."

Experience and expertise required for directors serving the Company's Board of Directors and after the election at the Annual General Meeting of Shareholder are as shown below.

Experience: 1. Corporate management
2. Investment
3. Fundraising/ fund operation
4. Overseas operation

Expertise*: (a) Personnel/ labor affairs
(b) Treasury accounting
(c) Legal affairs/ compliance
(d) Finance
(e) Academic research/ education

Directors	Experience/expertise	1	2	3	4	Expertise*				
						(a)	(b)	(c)	(d)	(e)
Shinichi Fuki		●	●	●	●	●	●	●	●	
Keisuke Miyoshi		●	●	●		●	●	●	●	
Shigeru Tamura	(Independent Director)	●	●		●	●	●		●	
Koji Tanami	(Independent Director)	●			●			●	●	
Kenichi Akiba	(Independent Director)						●		●	●
Yoshie Kajihara	(Independent Director)	●				●	●			

* Note: Expertise

Directors Shinichi Fuki and Keisuke Miyoshi have experienced management team member recruitment, management figure analysis, investment legal affairs, fundraising arrangement, etc. at unlisted companies through their venture investment operations. Therefore, even if they have not worked in the relevant divisions, they are judged to have expertise in personnel/ labor affairs, treasury/ accounting, and legal affairs.

Proposal 3: Determination of Remuneration for Granting Transfer-Restricted Shares to Directors (Excluding Directors Serving as Board-Audit Committee Members and Independent Directors)

At the 43rd Annual General Meeting of Shareholders held on June 16, 2015, the amount of remuneration, etc. for the Directors (excluding Directors Serving as Board-Audit Committee Members) was approved to be no more than ¥600 million per year.

As part of our efforts to review the remuneration system for Directors, we would like to request approval to introduce a stock remuneration plan to pay a new remuneration for granting transfer-restricted shares to the Directors excluding Directors Serving as Board-Audit Committee Members and independent directors (the "Eligible Director(s)") separately from the aforementioned remuneration amount, in order to provide incentives to continuously improve the corporate value of the Company and to further share the value with shareholders.

Based on this proposal, the remuneration for granting transfer-restricted shares to the eligible Directors will be monetary claims, the amount of which shall be no more than ¥300 million per year.

Currently, the Company has two (2) Directors (excluding Directors Serving as Board-Audit Committee Members), neither of them is Independent Directors. Even if Proposal 2 "Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)" is approved as proposed, the number of Directors (excluding Directors Serving as Board-Audit Committee Members) remains unchanged.

In accordance with the resolution of the Board of Directors, the Eligible Directors shall deliver all the monetary remuneration claims paid based on this proposal as assets contributed in kind and shall receive the issuance or disposition of the Company's common shares. The total number of common shares to be issued or disposed of as a result shall be within 300,000 shares per year. However, if a stock split (including gratis allotment of the Company's common shares) or a reverse stock split of the common shares of the Company is carried out after the date of resolution of this proposal and, as a result, the total number of the Company's common shares to be issued or disposed of as transfer-restricted shares needs to be adjusted, such number shall be adjusted to a reasonable extent.

The amount to be paid per share shall be determined by the Board of Directors within the scope that does not fall under particularly favorable terms for the Eligible Directors, and the basis of such amount shall be the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (if there is no transaction on that day, the closing price on the most recent trading day prior to such date). For the issuance or disposition of shares of the Company's common stock pursuant to this, the Company and the Eligible Directors shall enter into an agreement on allotment of transfer-restricted shares (hereinafter referred to as the "Allotment Agreement") which shall contain the details shown below. The Company believes that the maximum amount of remuneration under this proposal, the total number of the Company's common shares to be issued or disposed of and other conditions for granting transfer-restricted shares to the Eligible Directors based on this proposal are appropriate as they are determined by taking into account the aforementioned purpose, the Company's business status, the Company's "Policy for Determination of Remuneration of Directors, etc." (a summary of the contents of this policy is shown on page 42 of the Company's Business Report for the 50th fiscal year. If this proposal is approved, the Company plans to change this policy to the contents described in the [Reference] column below to be consistent with the contents approved by the Board of Directors) and various other circumstances.

The Board-Audit Committee has also expressed an opinion regarding the remuneration of directors as follows.

The Board-Audit Committee discussed the remuneration of directors, etc., including granting of transfer-restricted shares proposed in this proposal (hereinafter referred to as the "Remuneration of Directors" in this opinion), at the Board-Audit Committee based on the "Policy for Determination of Remuneration of Directors, etc." and the deliberation by the Nomination and Remuneration Committee composed of four independent directors and the President. As a result, the Board-Audit Committee has judged the Remuneration of Directors is appropriate after taking into account fairness in remuneration calculation, balance between remuneration levels and duties/ responsibilities of directors, its links to the Company's business performance, the details and conditions of the system, etc.

If this proposal is approved as proposed, transfer-restricted shares equivalent to those under this system, are planned to be granted to the Company's corporate officers and the CEO of JAFCO Investment (Asia Pacific) Ltd, the Company's core subsidiary.

[Outline of the Allotment Agreement]

(1) Transfer Restriction Period

The Eligible Directors shall not transfer, create security interests on, or otherwise dispose of (hereinafter referred to as the "Transfer Restriction") the common shares of the Company allotted under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") during the period from the day when they received the allotment under the Allotment Agreement until the time immediately after the retirement or resignation of Eligible Directors from their position as director or other position of the Company or its subsidiaries, as determined in advance by the Company's Board of Directors (hereinafter the "Transfer Restriction Period"). Provided, however, if the time immediately after such retirement or resignation is prior to the date after a lapse of three (3) months since the end of the fiscal year within which the date of the allotment of the Allotted Shares falls, the end of the Transfer Restriction Period may be adjusted to a reasonable extent.

(2) Removal of Transfer Restriction

On the condition that the Eligible Directors continue to hold their position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, during a period of time determined in advance by Company's Board of Directors (the "Service Period"), the Company shall remove the Transfer Restriction as of the end of the Transfer Restriction Period. Provided, however, that: (a) if an Eligible Director retires or resigns from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period for justifiable reasons; or (b) if an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors for any reason other than justifiable reasons even after the expiration of the Service Period, the number of the Allotted Shares to be removed from Transfer Restriction and the timing of the removal of Transfer Restriction shall be reasonably adjusted as necessary.

(3) Acquisition of the Allotted Shares without Consideration

The Company shall acquire, without consideration, the Allotted Shares for which Transfer Restriction has not been removed at the time immediately after the removal of Transfer Restriction pursuant to the provisions of (2) above as a matter of course. If an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period, the Company shall acquire the Allotted Shares without consideration as

a matter of course, unless there are reasonable grounds for the retirement or resignation such as the expiration of the term of office or the death of the Eligible Director. In addition, if the Board of Directors of the Company recognizes that an Eligible Director has violated laws, regulations, internal rules or the Allotment Agreement in any material respect during the Transfer Restriction Period, or in the case of certain grounds set forth in the Allotment Agreement, the Company shall acquire, without consideration, all of the Allotted Shares held by the Eligible Director at the relevant time as a matter of course.

(4) Treatment in Reorganization, Etc.

Notwithstanding the provisions of (1) above, if any matter relating to a merger agreement under which the Company becomes the disappearing company, contract of share exchange, share transfer plan, or any other reorganization in which the Company becomes a wholly-owned subsidiary is approved at a General Meeting of Shareholders of the Company (provided, however, that if the approval of such reorganization is not required by the General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors of the Company, remove the Transfer Restriction with respect to the number of Allotted Shares reasonably determined based on the period from the commencement date of the Transfer Restriction Period until the effective date of such reorganization, etc., prior to the effective date of such reorganization, etc. In this case, moreover, the Company shall acquire, as a matter of course, the Allotted Shares, for which the Transfer Restriction has not been removed immediately after the removal of the Transfer Restriction, without consideration.

(5) Other Matters

Any other matters related to the Allotment Agreement shall be determined by the Company's Board of Directors.

[Reference]

If Proposal 3 is approved as proposed, the "Policy for Determination of Remuneration of Directors, etc." will be amended as follows.

Outline of Policy for Determination of Remuneration of Directors, etc. (after amendment)

The Company has established the Nomination and Remuneration Committee composed of independent directors and the president to strengthen corporate governance and enhance fairness, transparency and objectivity in procedures related to nomination and remuneration of directors, corporate officers and partners (hereinafter "Directors"). Based on the results of deliberations by the Committee, the Company determines the "Policy for Determination of Remuneration of Directors, etc." at the Board of Directors meeting.

(Basic policy)

- The levels and structure of remuneration shall be sufficient to attract, retain, and motivate competent personnel for the realization of the Company's mission of "Commit to new business creation and jointly shape the future."
- Remuneration shall motivate our directors, etc. to commit to an increase in corporate value and the improvement of not only short-term financial results, but also medium-to long-term results.
- Given the Company's business nature of being an investment company managing funds investing in unlisted companies, the remuneration of Directors, etc. executing company business shall reflect fund management performance.
- With the aim of gaining stakeholders' trust, the remuneration plan shall be transparent, fair, and rationalized, determined through an appropriate and transparent process.
- The plan shall also be designed to prevent fraud and over-emphasis on short-term performance.

(Remuneration of directors (excluding Board-Audit Committee members))

The remuneration of directors (excluding Board-Audit Committee members) is determined by the Board of Directors based on deliberations by the Nomination and Remuneration Committee. The monetary compensation of directors (excluding Board-Audit Committee members) shall consist of basic compensation and extraordinary compensation. Part of basic compensation is linked to the Company's ordinary income and other business performance, and extraordinary compensation additionally takes into account fund performance. In addition, from the perspective of improving the Company's corporate value in the medium to long term, stock-based remuneration shall be paid to directors (excluding Board-Audit Committee members). As an investment company managing highly volatile venture and buyout investment funds, the level of compensation shall reflect the amount of assets under management, the Company's business performance as a result of asset management, and shareholder value and be appropriate for securing highly capable human resources.

The maximum total amount of monetary compensation of directors (excluding Board-Audit Committee members) shall be within ¥600 million per annum (based on a resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015; the number of directors (excluding Board-Audit Committee members) as of the end of this Annual General Meeting of Shareholders mentioned above was six).

As stock-based remuneration to be paid to directors (excluding Board-Audit Committee members and independent directors), the total amount of monetary claims for granting transfer-restricted shares (hereinafter referred to as "Restricted Stocks") shall be no more than

¥300 million, and the total number of the Company's common shares to be issued or disposed of as transfer-restricted shares shall be within 300,000 shares per year (based on a resolution of the 50th Annual General Meeting of Shareholders held on June 21, 2022; the number of directors (excluding Board-Audit Committee members and independent directors) as of the end of this Annual General Meeting of Shareholders mentioned above is two).

(Outline of directors' monetary compensation)

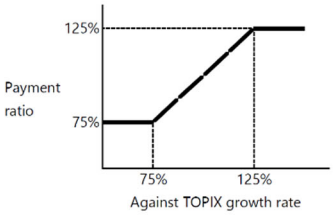
Basic compensation (fixed)	Fixed monetary remuneration paid monthly, determined by importance of roles and responsible areas of each job position, years in service, etc.
Basic compensation (performance-linked)	Monetary remuneration paid monthly, determined once a year, in principle, by the Board of Directors on a scale of 1 to 5 by reflecting short-term results based on the comparison of the Company's profit levels (capital gains, net additions to investment loss reserves, ordinary income, etc.) and its details for the preceding fiscal year with the past results. A standard percentage of performance-linked basic compensation in total basic compensation is about 20%, and the relevant portion increases/ decreases within a range of 30% based on the above 5-point scale.
Extraordinary compensation (performance-linked)	The year-on-year increase/ decrease in percentage terms of extraordinary compensation level for each position is determined by the Board of Directors based on the year-on-year comparison of ordinary income, core income (amount of management fees subtracted by SG&A expenses), unrealized gains, fund performance, which is a major management index over the medium- to long-term, and total fund commitments. The amount is then determined by the Board of Directors by taking into account their job responsibilities and the degree of contribution, and paid to each director once a year. Extraordinary compensation may not be paid when the Company's performance deteriorates sharply.

(Outline of stock-based remuneration)

In order to provide incentives to continuously improve the corporate value of the Company and to further share the value with shareholders, the Company shall pay a remuneration for granting transfer-restricted shares to directors (excluding Board-Audit Committee members and independent directors; hereinafter referred to as the "Eligible Directors").

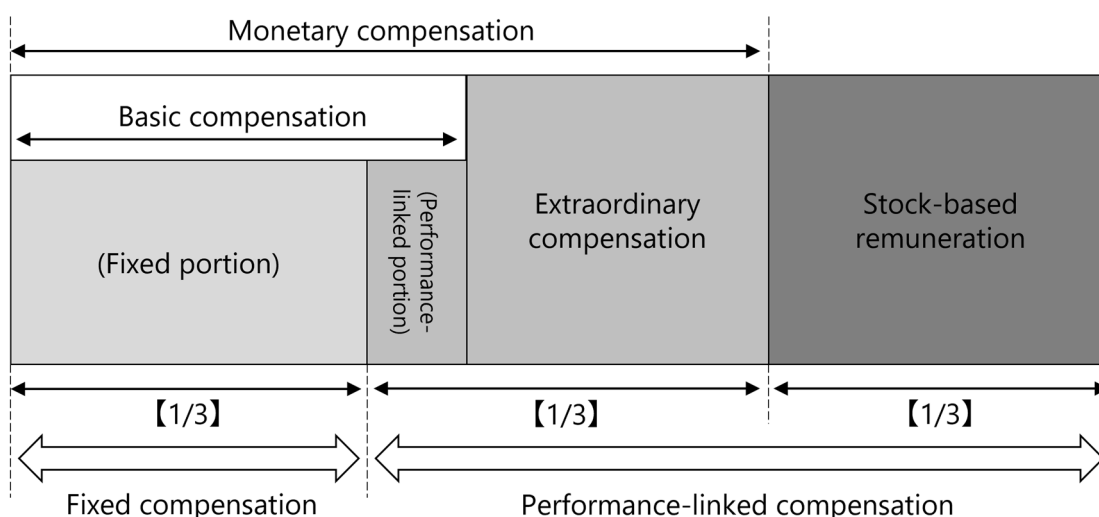
The outline of the restricted-stock remuneration plan is as shown below.

Granting of transfer-restricted shares	The Company shall grant transfer-restricted shares (hereinafter the "Allotted Shares") in an amount determined by the Board of Directors of the Company based on a base amount corresponding to the positions of the Eligible Directors and a comparison of the Company's stock price growth rate and the TOPIX (Tokyo Stock Price Index) growth rate for a certain period of time prior to the grant.
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	<p>Payment ratio against base amount</p>  <p>Amount of stock-based remuneration = Base amount x Payment ratio = Base amount x Against TOPIX growth rate</p> <p>Against TOPIX growth rate = $\frac{(A + B) \div C}{D \div E}$</p> <ul style="list-style-type: none"> A Average closing price of the Company's common shares for the three months immediately preceding the month within which the allotment resolution date falls B Dividend per share for the previous fiscal year C Average closing price of the Company's common shares for the three months immediately preceding the month within which the date one year prior to the allotment resolution date falls D Average closing price of TOPIX for the three months immediately preceding the month within which the allotment resolution date falls E Average closing price of TOPIX for the three months immediately preceding the month within which the date one year prior to the allotment resolution date falls <p>The number of the Allotted Shares granted to the Eligible Directors shall be no more than the maximum of 300,000 shares per year as approved at the Annual General Meeting of Shareholders held on June 21, 2022.</p>
Transfer restriction period	<p>From the allotment date to the time of retirement or resignation from director or other position of the Company or its subsidiaries as determined in advance by the Company's board of Directors.</p> <p>Provided, however, if the time immediately after such retirement or resignation is prior to the date after a lapse of three months since the end of the fiscal year within which the date of the allotment of the Allotted Shares falls, the end of the Transfer Restriction Period may be adjusted to a reasonable extent.</p>
Removal of transfer restriction	<p>(1) On the condition that the Eligible Directors continue to hold their position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, during a period of time determined in advance by Company's Board of Directors (the "Service Period"), the Company shall remove the Transfer Restriction as of the expiration of the Transfer Restriction Period. Provided, however, that: (a) if an Eligible Director retires or resigns from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period for justifiable reasons; or (b) if an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors for any reason other than justifiable reasons even after the expiration of the Service Period, the number of the Allotted Shares to be removed from Transfer Restriction and the timing of the removal of Transfer Restriction shall be reasonably adjusted as necessary.</p> <p>(2) If any matter relating to a merger agreement under which the Company becomes the disappearing company, contract of share exchange, share transfer plan, or any other reorganization in which the Company becomes a wholly-owned subsidiary is approved at a General Meeting of Shareholders of the Company (provided, however, that if the approval of such reorganization is not required by the General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors of the Company, remove the Transfer Restriction with respect to the number of Allotted Shares reasonably determined based on the period from the commencement date of the Transfer Restriction Period until the effective date of such reorganization, etc., prior to the effective date of such reorganization, etc.</p>

Acquisition of the Allotted Shares without consideration	<p>(1) The Company shall acquire, without consideration, the Allotted Shares, for which the Transfer Restriction has not been removed immediately after the removal of the Transfer Restriction pursuant to the "Removal of transfer restriction" above, as a matter of course.</p> <p>(2) If an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period, the Company shall acquire the Allotted Shares without consideration as a matter of course, unless there are reasonable grounds for the retirement or resignation such as the expiration of the term of office or the death of the Eligible Director.</p> <p>(3) If the Board of Directors of the Company recognizes that an Eligible Director has violated laws, regulations, internal rules or the Allotment Agreement in any material respect during the Transfer Restriction Period, or in the case of certain grounds set forth in the Allotment Agreement, the Company shall acquire, without consideration, all of the Allotted Shares held by the Eligible Director at the relevant time as a matter of course.</p>
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The standard ratio of the performance-linked portion of monetary compensation (the sum of the performance-linked basic compensation and extraordinary compensation) and stock-based remuneration to total compensation for directors is approximately one-third, respectively. In introducing stock-related remuneration, the Company will partially reduce monetary compensation paid prior to the introduction based on a review of its level, and then pay the restricted-stock remuneration in the ratio shown above as a guideline. As a result, the ratio of fixed compensation to performance-linked compensation (performance-linked monetary compensation and stock-based remuneration) in total compensation for directors is approximately 1:2.



(Note) Figures in 【】 are round numbers.

(Remuneration of directors serving as Board-Audit Committee members)

The remuneration of directors serving as Board-Audit Committee members shall be within ¥300 million per annum (based on a resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015).

Note: The number of directors serving as Board-Audit Committee members as of the end of this Annual General Meeting of Shareholders mentioned above was four.

The remuneration of directors serving as Board-Audit Committee members is determined through discussions between the Board-Audit Committee members. The remuneration of directors serving as Board-Audit Committee members consists only of basic compensation excluding performance-linked portion, and there is no extraordinary compensation nor stock-based remuneration. The remuneration system, which is not easily affected by the Company's performance, ensures their independence to the Company's management.

The Articles of Incorporation of the Company do not stipulate that decisions on the execution of important business can be delegated to directors. Such decisions are made based on thorough discussions by the Board of Directors, including independent directors serving as Board-Audit Committee members. The level of remuneration for directors serving as Board-Audit Committee members is set by taking into account their involvement in important management decision-making and their duties of supervising business execution.

(Remuneration of corporate officers and partners)

Remuneration of corporate officers and partners is determined by the Board of Directors based on deliberations by the Nomination and Remuneration Committee, as in the case of directors (excluding directors serving as Board-Audit Committee members). Monetary remuneration of corporate officers and partners consists of basic compensation and extraordinary compensation. The amount of extraordinary compensation is determined by taking into account the Company's business results and fund performance and reflecting their respective degree of contributions, etc.

The Company also provides restricted-stock remuneration with the similar details as those for directors (excluding Board-Audit Committee members and independent directors) as stock-based remuneration.

(Document to be provided)

Business Report

(From April 1, 2021 to March 31, 2022)

I Current Status of JAFCO Group Co., Ltd. (hereinafter the "Company") and its Subsidiaries (collectively hereinafter the "Company Group")

1. About the Company Group

1) Business Environment

The world continued to be impacted by the COVID-19 pandemic in the fiscal year under review with the spread of a new COVID-19 variant. Additionally, since the end of 2021, the emergence of geopolitical risks, a further rise in crude oil prices, and a change in the U.S monetary policy added uncertainty to the business environment surrounding the Company.

Meanwhile, such environment has provided a strong tail wind to our portfolio companies in the businesses such as those with an eye on "living with the COVID-19" and "post-Covid-19," those that involve keywords—non-face-to-face, non-contact, and remote – and those promoting DX-based efficiency.

The "Digital Revolution," which causes a major shift in the global industrial structure, has fundamentally changed the structure of existing industries and creating new industries. High potential startups are also emerging in numbers in Japan and young entrepreneurs who lead the next generation are increasing rapidly. In terms of venture capital investment stage, seed and early stages have increased to account for a large percentage of investments.

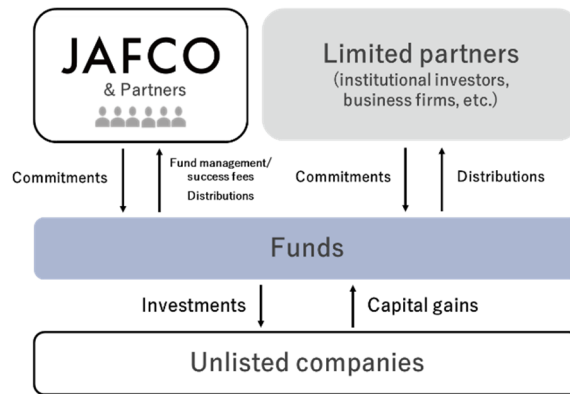
2) JAFCO's business line and business model

Since establishment, the Company has moved forward with cutting-edge entrepreneurs. In addition to a number of venture capitalists with broad experience, we have accumulated abundant resources and built extensive networks to foster growth of portfolio companies. Not only as an investor but also as "Co-Founder," we commit to expanding business and adding corporate value with entrepreneurs through management involvement from the business conception stage.

Since adopting the partnership model in 2018, we have been focusing on building a flat organization centered around Partners, who are responsible for fund management as top capitalists. Partners and employees have invested alongside JAFCO in the latest SV6 Fund Series ("SV6"), bearing the risk of fund performance while receiving carried interest based on fund performance and degree of individual contribution. We are also enhancing long-accumulated organizational strength to further improve fund performance through deep involvement in the management of portfolio companies.

JAFCO's business is venture and buyout investment through fund management. Our main income sources are fund management fees and success fees that we receive from fund operations, and capital gains from direct investment in funds.

The fund term is 10 years with a possible extension of two years in general. A portfolio of a newly established fund is built over a period of about three years since the start of fund operation. We believe that stable performance can be achieved by continually identifying and investing in high-potential companies regardless of the timing of establishment and business sentiment. After investment, we deepen management involvement to raise corporate value with entrepreneurs and lead their exits (sales) through IPO, M&A, etc.



3) Investment Activity in Terms of Sustainability and ESG

The essence of our investment activity matches strongly with the concept of ESG investment.

At the initial stage of investment activity, which involves identifying high-potential companies, we evaluate business potential by incorporating risks and social needs from E (=environmental), S (=social), and SDGs aspects. Based on such evaluation, we make investment decisions after having discussions with the management team of investment candidates on issues towards achieving sustainable growth.

In the year under review, in the E (=environmental) aspect, we invested in a company conducting R&D of cutting-edge technology leading to the practical use of fusion energy with the aim of realizing a carbon-neutral society. In the S (=social) aspect, we invested in a company providing a hand-made meal delivery service for double-income households. This company's aim is to realize services that reduce the burden of women's household chores and encourage their social advancement, enriching their lifestyle.

The following stage of investment activity involves supporting growth by resolving issues through dialogue and providing management involvement. We regularly check the fund management and legal compliance status of our portfolio companies in addition to tracking their business status. While placing top priority on their business launch, we also place importance on building the administrative structure in parallel. Through dialogue with management teams, we share and resolve issues. We support the establishment of sales, development and administrative structures, including human resource recruitment, according to growth stages. We also provide hands-on support for management teams to build a G (=governance) structure.

Through the above initiatives, we contribute to the realization of sustainability by producing companies that will generate large social impacts in the future.

[Reference]



JAFCO and SDGs

We have invested in over 4,000 unlisted companies, provided IPO support to over 1,000 companies, and produced many companies representing Japan and various overseas countries. Among these include many companies whose business activities align with SDGs, or which have become big companies in Japan following an IPO and are proactively addressing SDGs to fulfill their social responsibilities. We will continue with our contribution to the achievement of SDGs through our investment activities.

Unlisted domestic portfolio companies related to each SDG (example)



4) Funds under management

Total commitments of funds under management stand at ¥332.3 billion. We decide fund size based on our assumption of investment amount per company and the number of investments, and also taking into account the trends in investment target markets and our investment capacity. To allow an increase in the future fund size and ensure continuous commitments, we are promoting an increase in the average commitment amount, mainly from institutional investors. In the case of SV6 established in June 2019, we increased the amount of funds raised from external investors while reducing the number of investors by about half compared to our previous funds.

In line with the introduction of the partnership model, we changed investment targets and the fund operation structure. In the case of SV6, commitments are used entirely for venture and buyout investments by domestic teams, whereas for SV5, about 30-40% of total commitments are used for capital commitments to our Asian and US funds. Individual partners also commit to fund operations and are jointly liable with the Company.

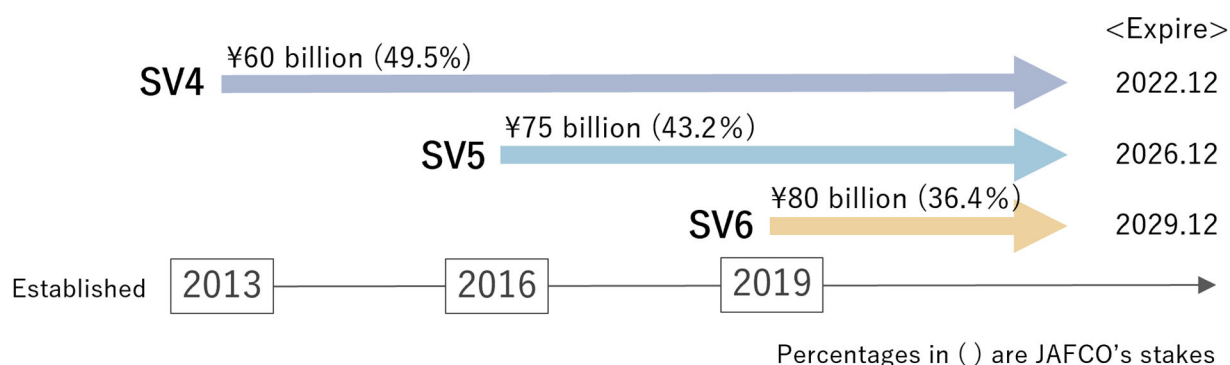
Establishment of a new flagship fund in Japan is planned in the fiscal year ending March 2023.

While continuing to invest our own capital in the US and Asian funds, we are making efforts to expand the size of overseas funds through fundraising from external investors based on the funds' solid performance.

As Japan's pioneer in venture capital fund management, we will preserve discipline and transparency under the following three management policies. We believe that genuine pursuit of portfolio companies' growth and fund performance is in the best interest of fund investors and the Company.

- We will not establish industry-specific funds.
- We will not establish investor-specific funds.
- We will not engage in any business other than PE investment and fund management.

Flagship funds under management



5) Investment structure and strategy

At JAFCO, investment teams in Japan, Asia and the US operate their own funds based on their respective investment strategies. Investment teams deeply rooted in local communities carry out everything from identifying investment candidates, deciding on and executing investments, to post-investment support. This tri-polar investment activity allows us to diversify regional risk. In Japan, we specialize in startup investment and buyout investment involving business succession, spin-outs, etc. Overseas, our investment targets are high-potential startup companies mainly in China and other high-potential regions in Asia, and Silicon Valley in the US.

For our domestic venture investment, we rigorously select promising companies to boost investment amount and stake in each company, thereby increasing management involvement in portfolio companies. Not only as an investor, but also with a spirit of "Co-Founder," we will offer deep management involvement from the business conception stage. We will commit to expanding business and raising corporate value with entrepreneurs.

We invest in around 25 new companies annually, and the average shareholding at initial investment and the average amount invested per company are around 15% and about ¥400 million respectively. With regard to promising start-ups, so-called mega ventures and game changers, we have seen cases where several billions of yen are raised in a single financing round. For buyout investment, we target small to midsize deals (with an equity value of around ¥1-5 billion). Our strengths in buyout investment are business re-engineering and growth support using cutting-edge technologies, leveraging our expertise accumulated through venture investment.

In September 2021, the Chubu, Kansai and Kyushu branches were integrated as the West Japan Branch. The new branch will continue to invest in high-potential start-up companies in Chubu, Kansai and Kyushu regions.

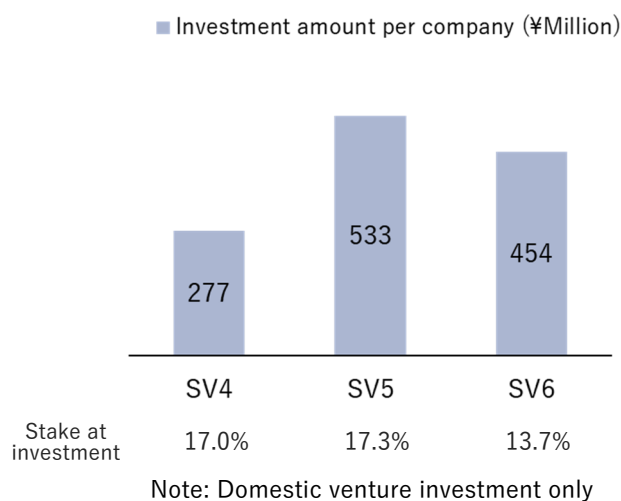
In the US, we have built good relationships with top-tier VC firms and invested in high-potential startups mainly in Silicon Valley under the name of Icon Ventures. In Asia, we make investments in China, Taiwan, India, and growth regions in Southeast Asia by capitalizing on over 30 years of experience as a Japanese VC pioneer expanding into Asia.

Global Investment Structure

JAFCO		Overall balance of unlisted securities ¥185.3 B (236 <u>co's</u>)	
Japan		Asia	
Balance of unlisted securities ¥110.2 B (151 <u>co's</u>) VC 137 <u>co's</u> Buyout 14 <u>co's</u>		Balance of unlisted securities ¥24.8 B (54 <u>co's</u>)	
VC team members 35 Buyout team members 16 BD team members 13		Investment team members 10 BD team members 2	
		U.S.A.	
		Balance of unlisted securities ¥50.3 B (31 <u>co's</u>)	
		Investment team members 6 Venture partners 2 BD team members 2	

- Notes: 1. Balance of unlisted securities (acquisition basis): as of March 31, 2022
 2. Exchange rate: 1US\$=¥122.39 as of March 31, 2022
 3. Number of members: as of April 1, 2022
 4. BD stands for business development.
 5. Overseas investments carried out by the venture investment division in Japan are included in Japan.

Initial investment amount and stake at investment (as of March 31, 2022)



6) Business support and governance establishment for portfolio companies

The most important aspect of investment in startup companies is the speed with which to launch business. Investment staff attend important meetings at portfolio companies and contact with the management team on a daily basis to address management issues.

At the Business Development division, professional members with strengths in recruitment, marketing/ sales, back-office construction support, and other fields form teams with venture capitalists to raise corporate value of portfolio companies. We provide free services that support efficient business launch with a minimum burden on startups which only have limited resources.

We have extensive resources and networks accumulated over the years. In recent years, we have been rapidly expanding networks with large companies promoting new business

development. Strengthening the collaboration between large companies and portfolio companies and leveraging the knowledge of large companies allow us to expand operations of portfolio companies.

For portfolio companies to achieve sustainable business growth and be recognized as a listed company, construction of an internal control structure is also an important issue. As it is not unusual for a startup company with a couple of members to raise several hundreds of millions of yen, we provide cash management support and staff recruitment in line with its growth stage. For IPO preparations, we support the selection of corporate auditor, securities agency, and lead managing securities company, the establishment of internal rules, and preparation of IPO applications.

Portfolio company support structure



7) Change of Directors and Executive Officers

The appointment of new president (CEO) took place effective April 1, 2022. Under the new management of President and CEO Miyoshi, we will exert our best efforts to move our business forward.

Director Shibusawa resigned from the Company's Board of Directors as of the end of March 2022, and will concentrate on investment activity in the Asian region as President & CEO of JAFCO Investment (Asia Pacific) Ltd. to strengthen the investment structure of the Company Group.

2. Business Summary and Results

1) Changes in the Business Environment and Impact on Portfolio Companies

Against the backdrop of a changes in the U.S. monetary policy, geopolitical risks and a further rise in crude oil prices, the stock market has entered a major correction phase with increasing uncertainty. In the domestic IPO market, there has been a series of IPO postponements and downsizing, and the impact on the unlisted stock market also needs to be closely monitored. Under these circumstances, we acknowledge that the impact on the performance and fundraising of our portfolio companies is unpredictable.

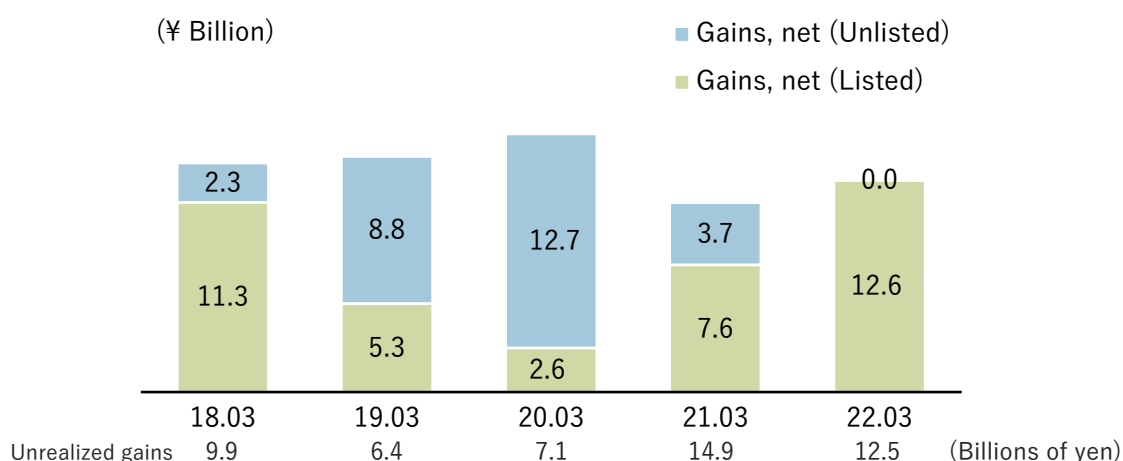
2) Financial highlights and capital gains

(Billions of yen)	FY21.3	FY22.3	Change
Net sales	21.5	27.7	28.7%
Ordinary income	11.7	18.4	56.8%
Net income	38.5	15.1	(60.8%)

During the current fiscal year, both net sales and ordinary income increased from the previous year, while net income fell as a result of a decrease in gains on the sale of investment securities recorded in the previous year. Capital gains totaled ¥12.6 billion on both listed and unlisted shares (¥11.3 billion in the previous year), exceeding the level of the previous year due mainly to the IPO by Visional, Inc. in April 2021.

Our biggest management focus is to maintain high fund performance over the long term. We will continue to pursue IPO, M&A and other exits from which large capital gains can be expected, regardless of the number of IPOs achieved each year. Although business results fluctuate significantly from year to year depending on the number of large exits, continuous improvement in performance of each operating fund allows us to maintain strong business results over the long term.

Capital gains (JAFCO's interests)



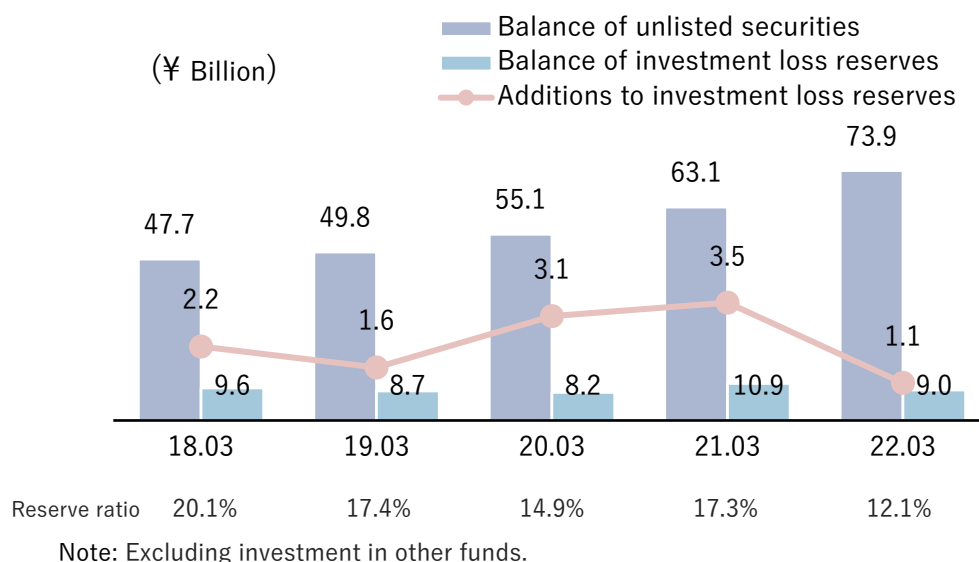
Note: Gains/losses include other portfolio-related revenues and impairment losses.

3) Investment loss reserves

The balance of investment loss reserves and reserve ratio have been falling as we reshuffled our portfolio through highly selective, intensive investment and deepened management involvement. In the current fiscal year, additions to investment loss reserves, which had been increasing until the previous year due to such factors as the COVID-19 pandemic, fell sharply to ¥1.1 billion (previous year ¥3.5 billion) as the COVID-19 impact was limited. The reserve balance also fell to ¥9.0 billion (previous year ¥10.9 billion) as a result of a decrease in reserve

additions and the progress in the sale of shares which had been marked down, including the liquidation of the SV3 Fund Series. Also, the reserve ratio was extremely low at 12.1% (previous year 17.3%) due to steady investment and the decrease in reserve additions. Nevertheless, we continue to closely monitor the impact of the aforementioned changes in the business environment as the situation remains unpredictable. If the performance and fundraising activity of our portfolio companies are affected, investment loss reserves may increase again.

Additions to and balance of investment loss reserves (JAFCO's interests)

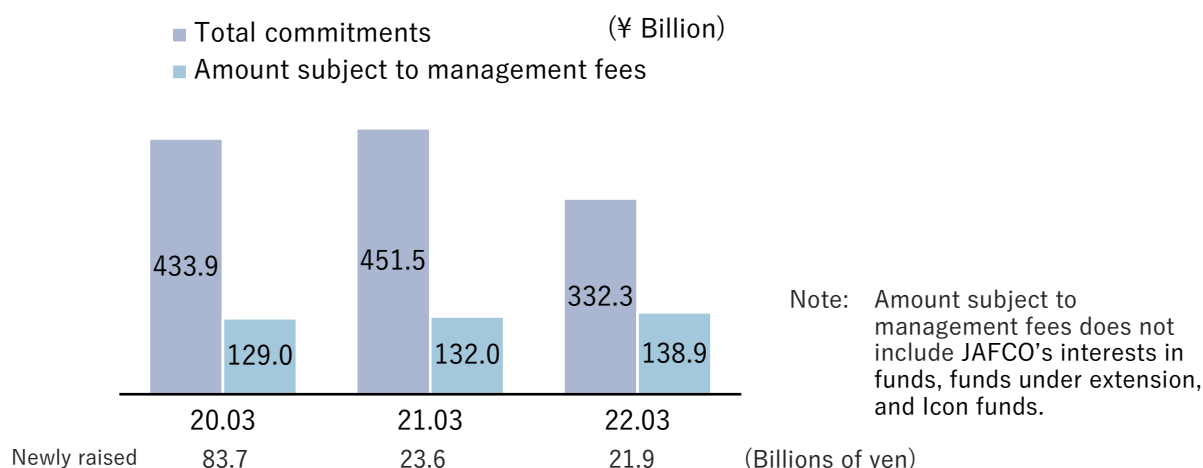


4) Total fund commitments

During the current fiscal year, a fund established in Asia made a final close. As the SV3 Fund Series, which was under extension, was liquidated in December 2021, total commitments decreased to ¥332.3 billion (previous year ¥451.5 billion). The amount subject to management fees (excluding JAFCO's interest in funds, funds under extension and Icon funds in the US, which are excluded from the scope of consolidation) rose slightly to ¥138.9 billion due to the establishment of the new Asian fund.

As the SV6 Fund Series is scheduled to complete new investment activity by the end of the fiscal year ending March 2023 due to steady progress in investment, the establishment of a new fund is currently being planned.

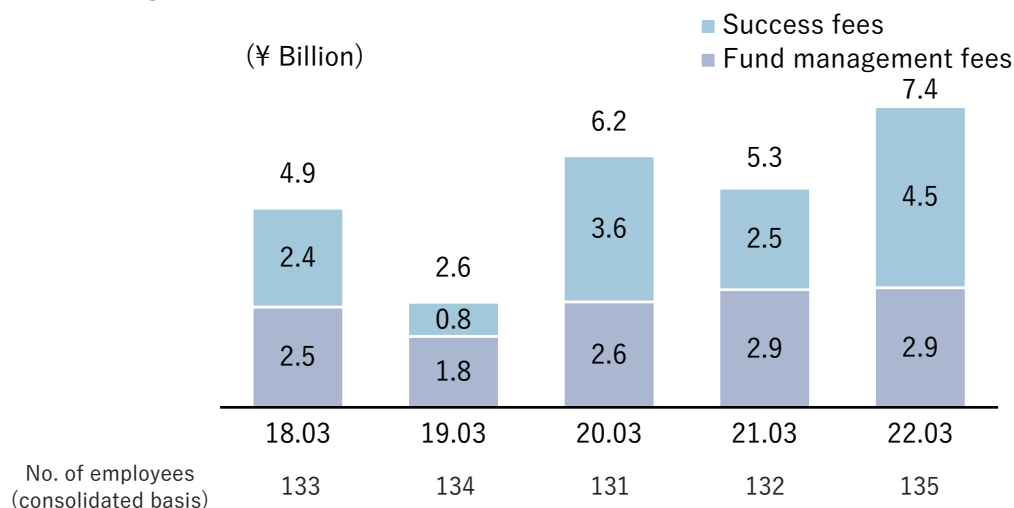
Fund commitments



5) Income from fund management

We, as a fund management company, remain unable to cover SG&A expenses with our core income of management fees. However, a rapid increase in fund size may cause deterioration in fund performance. The size of our future funds will be set in line with the market growth of promising investment targets, while firmly maintaining our stance of highly selective, intensive investment. In addition to success fees from the SV3 Fund Series, success fees from the SV4 Fund Series and JATF VI, whose distributions to investors have exceeded respective total capital contributions, have been steadily recorded.

Fund management fees & success fees (JAFCO's interests)



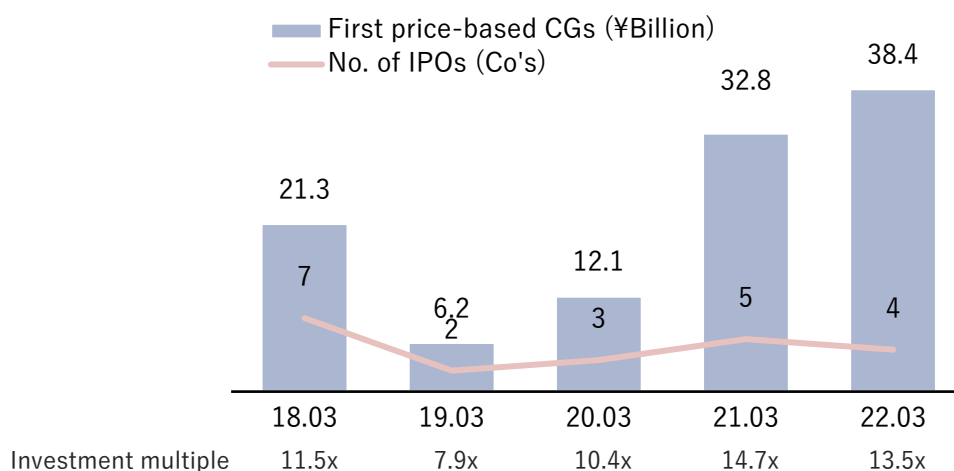
Note: All figures reflect the exclusion of US subsidiary (JAV) from the scope of consolidation.

6) IPOs

During the current fiscal year, there were four domestic IPOs. First-price multiple at IPO was 13.5 times.






JAFCO-backed domestic IPOs (including fund investors' interests)

(CG stands for capital gain)



We have reduced the number of new investments by continuing to pursue our highly selective, intensive investment strategy. The resultant increase in shareholdings in portfolio companies has allowed us to diversify exits through M&A and trade sales. We will remain committed to maximizing capital gains per deal, instead of increasing the number of IPOs.

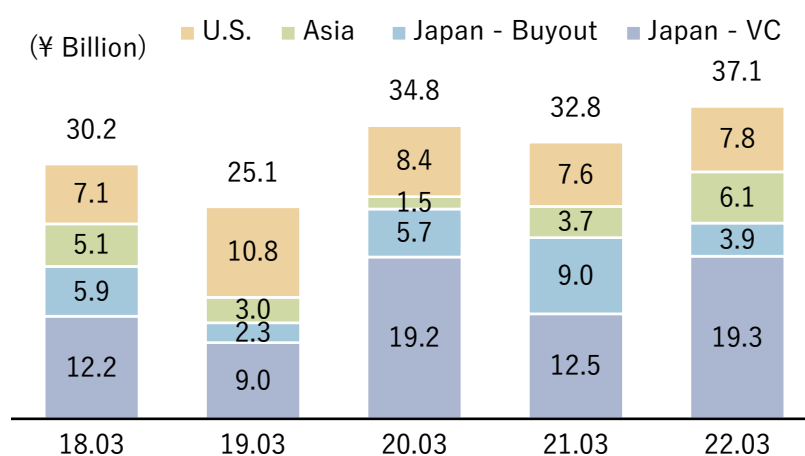
(Reference) JAFCO-backed IPOs during the current fiscal year

	VISIONAL, Inc. HR tech platform; HR SaaS; business succession-related M&A; SaaS marketing; cyber security; logistics DX platform	IPO Date: Apr. 22, 2021 IPO Market: Mothers (currently Growth) Head Office: Tokyo
	WonderPlanet Inc. Entertainment services	IPO Date: June 10, 2021 IPO Market: Mothers (currently Growth) Head Office: Aichi
	Photosynth inc. Development and offering of IoT and cloud system/service including Akerun Access Control System	IPO Date: Nov. 5, 2021 IPO Market: Mothers (currently Growth) Head Office: Tokyo
	Finatext Holdings Ltd. Building tech driven wealth management platform	IPO Date: Dec. 22, 2021 IPO Market: Mothers (currently Growth) Head Office: Tokyo
	PLAYSTUDIOS, Inc. Developer and operator of casual games for mobile and social platforms	IPO Date: June 22, 2021 IPO Market: Nasdaq Head Office: U.S.
	Confluent, Inc. Data streaming platform to set data in motion	IPO Date: June 24, 2021 IPO Market: Nasdaq Head Office: U.S.

7) Investment activity

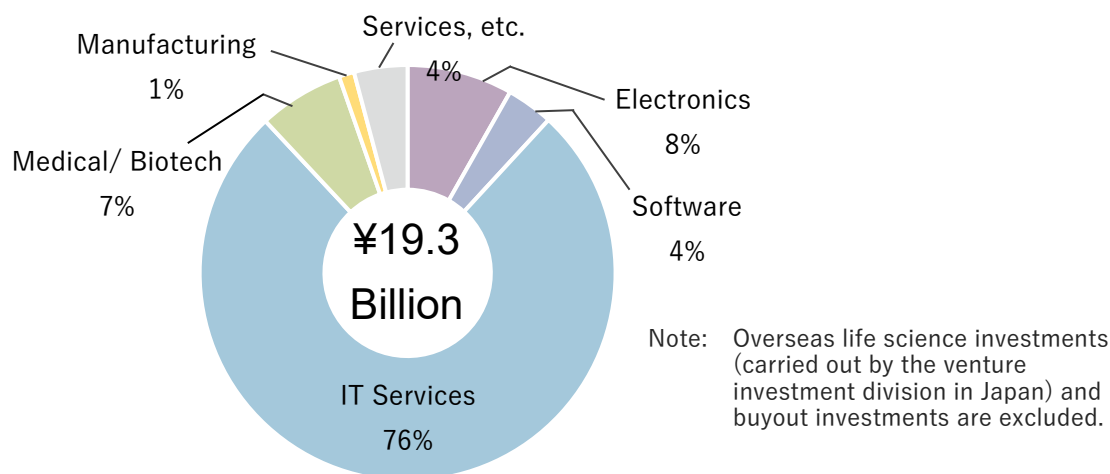
Total investment amount in each region varies each fiscal year. During the current fiscal year, the global investment amount totaled ¥37.1 billion. In particular, domestic venture investment, including follow-on investment, progressed at a higher pace than the previous year, as portfolio companies' fundraising also increased.

Investment amount (including fund investors' interests)



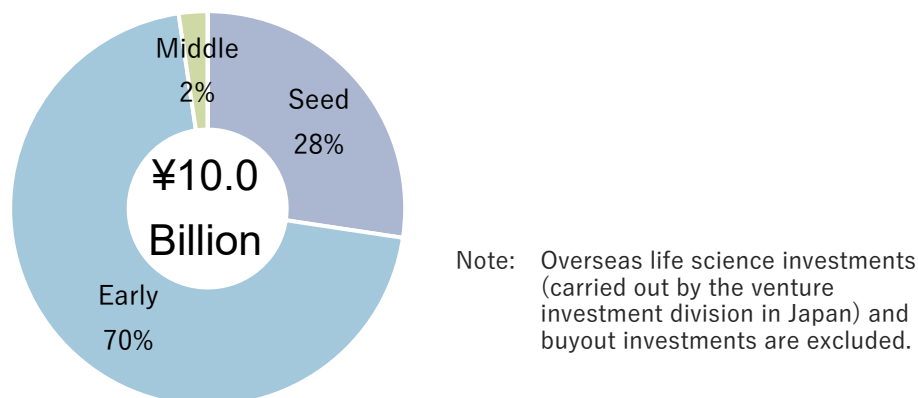
Breaking down domestic venture investments by sector, companies in the internet space continued to account for the majority of portfolio companies in the current fiscal year. The growing portfolio of IT services includes a number of startups with the potential to change business models of various existing industries through cutting-edge technologies.

Investment by sector (new and follow-on investment in Japan; including fund investors' interest)



Broken down by growth stage at the time of new investment, companies at the seed stage, when the business is founded, and the early stage, when starting up the business, accounted for most of new investments, the majority of which are in the internet space. The speed of business launch greatly affects the change rate of startups, while a large number of competitors means a delay in the business launch may take a toll. As "Co-Founder," we will offer deep management involvement from the business conception stage and commit to business growth with entrepreneurs.

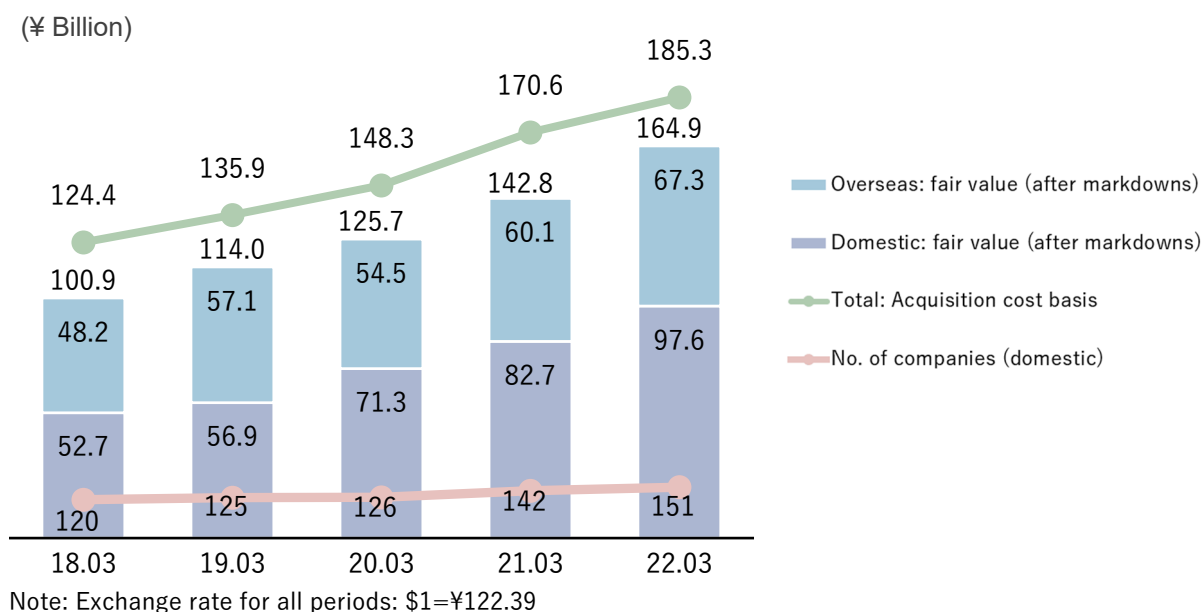
Investment by stage (new investment in Japan; including fund investors' interest)



8) Total unlisted portfolio under management

Since changing our investment strategy from diverse investment to highly selective, intensive investment, our portfolio has been reshuffled, as a result of which the amount invested per company increased. The total investment balance of unlisted portfolio companies continues to trend upward on a basis of both acquisition costs and fair value.

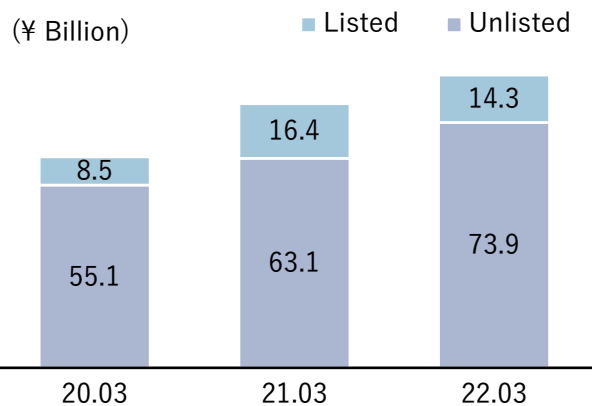
Operating assets (Balance of unlisted investments; including fund investors' interests)



9) Investment balance and unrealized gains

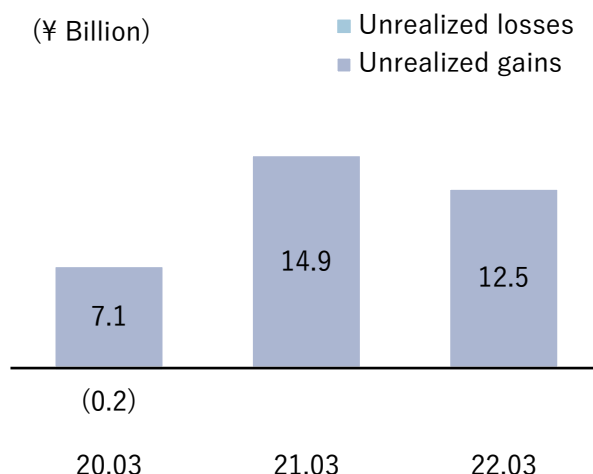
As new and follow-on investments increased steadily, our interest in the investment balance from fund investment activity rose. There were four domestic IPOs and two overseas IPOs in the current fiscal year and the partial sale of those shareholdings is underway.

Balance of operational investment securities (JAFCO's interests)



Unrealized capital gains on listed portfolio shares increased to ¥12.5 billion, down ¥2.3 billion from the previous year due to the sale of such shares and lower stock prices of some shares. The sale of such shares will result in realized capital gains.

Unrealized gains/losses of listed securities (JAFCO's interests)

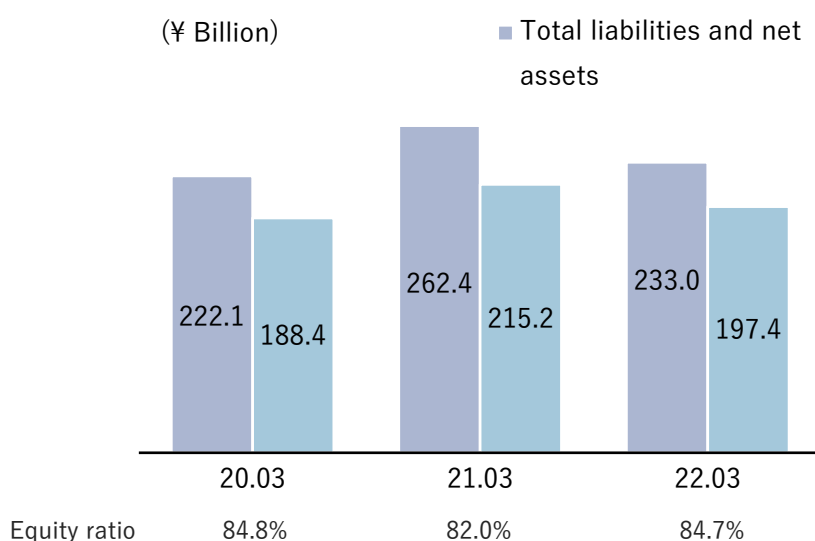


10) Status of assets

The majority of portfolio companies are unlisted, whose shares have no market value and liquidity is extremely limited. We need to maintain strong shareholders' equity and a solid financial base to allow us to continue investing under any operating environment. At the end of the current fiscal year, net assets increased to ¥197.4 billion and the equity ratio was 84.7%. Cash and deposits of ¥52.6 billion, including JAFCO's pro rata share of cash in funds, are recorded on the balance sheet.

Based on the policy on future shareholder returns, described in 3. below, established in the previous fiscal year, we will secure necessary funds to provide for uncalled commitments and planned commitments to future funds with the aim of continuing to invest under any circumstances, and consider returning a certain portion in excess of the necessary funds to shareholders. We will continue to ensure a good balance between continuous shareholder returns and aggressive investment firmly in line with our investment policy.

Total assets and net assets (JAFCO's interests)



3. Shareholder return policy

We will maintain a good balance between securing own capital necessary to continue

investment activity and continuous shareholder returns.

Our policy on future shareholder returns is shown below.

Based on this policy, we conducted a share buyback of up to 7 million treasury shares (for a maximum total of ¥35 billion), which was resolved in the previous fiscal year and completed in the current fiscal year. In the end, we bought back a cumulative total of 4,766,600 shares for approximately ¥35 billion. Subsequently, we cancelled 5,580,000 treasury shares. (Numbers of shares in this paragraph are before the February 2022 stock split.)

In the current fiscal year, a resolution was approved to buy back up to 2.5 million shares (which has been changed to 7.5 million shares due to a stock split in February 2022) for a maximum total of ¥15 billion, of which 7,207,600 shares were bought back for approximately ¥14.6 billion by the end of the current fiscal year.

Regarding dividends, we have set an indicator to pay per-share dividend of approximately 3% of shareholders' equity per share (initial and term-end average value). For the current fiscal year, we have decided to pay the dividend of ¥51 per share (previous fiscal year: ¥138 per share before the stock split).

Dividends History

	FY17.3	FY18.3	FY19.3	FY20.3	FY21.3	FY22.3
Dividend per share (¥)	100	107	112	118	138	51 (*)
Dividend payout ratio	40.1%	15.6%	34.1%	30.8%	11.0%	26.5%

Note: The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022. The above dividend for FY22.3 shows the actual payment amount after the stock split and those for FY21.3 and prior years shows the actual payment amount before the stock split.

Policy on Future Shareholder Returns

(Released on February 10, 2021)

- **Company's own capital and shareholders' equity**

The Company's business is management of funds that invest in unlisted companies, for which it invests about 40% of the funds' total fund commitments using its own capital. Capital commitments from outside investors are significantly influenced by the economic environment, stock market conditions, and our fund performance at the time of fundraising. We have continually established funds at a steady pace through a large pool of own capital. Also, we have held shares in Nomura Research Institute, Ltd. (hereinafter "NRI"), in which we hold purely for the purpose of investment, as a highly liquid asset to be used for future investment.

Holding sufficient amount of own capital and shareholders' equity not only allows us to fulfill our social responsibility of providing risk money and ensures sustainability of our business, but also supports the realization of our mission of "Commit to new business creation and jointly shape the future" and enhance our corporate value.

- **Policy on funds necessary for future investment and future shareholder returns**

In order to maintain a financial base that enables us to continue investment activity under any environment, we will continue to regard cash and equivalents and NRI shares together as funds for future investment. Funds necessary for future investment is currently estimated at around ¥120 billion, including the amount of uncalled capital commitments to funds under

operations and our commitments to upcoming funds, taking into account expanding future fund size and providing for other investment opportunities and unforeseen circumstances. If the sum of cash and equivalents and mark-to-market valuation (after tax) of NRI shares exceeds the above estimates by a certain amount, we will consider buying back our shares.

In such case, if the share price is lower than the net asset value per share, share buyback will be considered more aggressively. When we buy back our shares, we plan to cancel treasury shares in a timely manner so that treasury shares holdings will be maintained at 3% of the total number of shares outstanding.

Regarding the dividend, we will maintain the basic policy released on March 8, 2017 (targeting 3% of average shareholders' equity per share, excluding valuation difference on listed shares, based on initial and term-end average value).

4. Issues to be addressed

As described above, JAFCO's management priorities are the following five issues. The current status of addressing these five issues in the current fiscal year is as shown below:

1) Create new businesses through highly selective, intensive investment and management involvement

Our existing policy of highly selective, intensive investment will remain unchanged under the structure of new directors, etc. from April 2022 onward. In order to create new businesses, we will rigorously screen investment targets and make bold investment in companies with high potential. We will acquire an influential shareholding in portfolio companies and promote their growth through deep management involvement.

2) Build up a quality portfolio and sustain improvement in fund performance

We have set specific fund performance targets of 2.5x or more in gross multiple [sales amount (including the valuation of unsold portfolio companies) divided by investment amount] and 2.0x or more in net multiple [(cumulative distributions + net assets) divided by paid-in contributions]. We aim to achieve sustainable improvement in fund performance by continuing to invest in high-potential companies.

3) Fundraising for the next flagship fund

Following SV6, for which new investment activity is currently underway, fundraising for our next flagship fund is planned in the fiscal year ending March 2023.

4) Recruit and develop diverse human resources

In addition to new graduate recruitment, we are actively recruiting mid-career personnel to create an organization in which diverse personnel play an active role. We are also working to develop human resources capable of involving in the management from the business conception stage by being the closest partner of entrepreneurs.

5) Ensure a good balance between shareholders' equity and return to shareholders

Based on the policy on future shareholder returns that we announced in February 2021, we will maintain a good balance between ensuring sufficient own capital and making shareholder returns, in accordance with changes in the business environment and our financial standing.

We firmly maintain the following five principles to establish our corporate identity as "Co-Founder" and achieve our mission of "Commit to new business creation and jointly shape the future."

Reproduce success by passing on our expertise

Create next-generation businesses

Develop globally, focus locally

Work earnestly with entrepreneurs to raise corporate value

Preserve discipline and transparency as a VC pioneer

5. Assets and profit (loss)

	47th Fiscal Year (From April 1, 2018 to March 31, 2019)	48th Fiscal Year (From April 1, 2019 to March 31, 2020)	49th Fiscal Year (From April 1, 2020 to March 31, 2021)	50th Fiscal Year (From April 1, 2021 to March 31, 2022)
Net sales (Millions of yen)	25,878	29,855	21,512	27,677
Ordinary income (Millions of yen)	13,410	17,045	11,707	18,360
Profit attributable to JAFCO Group Co., Ltd. stockholders (Millions of yen)	10,162	11,839	38,504	15,080
Profit per share (Yen)	109.52	127.59	416.48	192.50
Total assets (Millions of yen)	184,213	222,059	262,383	233,024
Net assets (Millions of yen)	163,215	188,366	215,237	197,390
Net assets per share (Yen)	1,758.93	2,030.00	2,438.71	2,769.16

- Note: 1. Regarding funds operated by the Company Group, assets, liabilities, income, and expenses are recorded pro rata to the interest of the Company Group in each fund.
2. The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022. Profit per share and net assets per share are calculated based on the premise that the stock split took place at the beginning of the 47th Fiscal Year (from April 1, 2018 to March 31, 2019).

6. Significant subsidiaries

Name	Capital	Voting rights ratio [%]	Main business
JAFCO Investment (Asia Pacific) Ltd	15 million Singapore dollars	100.0	Fund management
JAFCO Investment (Hong Kong) Ltd	6.5 million US dollars	100.0 [100.0]	Fund management

JAFCO Asia (Shanghai) Equity Investment Management Co., Ltd	1.5 million US dollars	100.0 [100.0]	Fund management
JAFCO Taiwan Capital Management Consulting Corp.	15 million Taiwan dollars	100.0 [100.0]	Fund management

Note: Figures in [] under the "Voting rights ratio" indicate the ratio of voting rights indirectly held by the Company.

7. Principal offices (as of March 31, 2022)

1) JAFCO Group Co., Ltd.

Name	Location
Head Office	Minato-ku, Tokyo
West Japan Branch	Chuo-ku, Osaka

Note: The Chubu, Kansai, and Kyushu branches were integrated as the West Japan Branch as of September 1, 2021.

2) Subsidiaries (principal offices)

Name	Location
JAFCO Investment (Asia Pacific) Ltd (including its subsidiaries)	Singapore, Taiwan (Taipei), China (Beijing, Shanghai)
JAFCO America Ventures Inc.	California, USA

8. Employees (as of March 31, 2022)

1) Company Group employees

Number of employees	Increase (decrease) from previous fiscal year
135	3

Note: The number of employees is the number of personnel at work.

2) Employees of JAFCO Group Co., Ltd.

Number of employees	Increase (decrease) from previous fiscal year	Average age	Average years of service
108	5	44 years and 0 months old	16 years and 3 months

Note: The number of employees is the number of personnel at work.

9. Outline of financing

In the current fiscal year, we newly borrowed ¥100 million in long-term loans, while repaying loans which became due. As a result, the balance of long-term loans payable including the current portion fell to ¥183 million (previous fiscal year-end: ¥115 million).

10. Principal creditors (as of March 31, 2022)

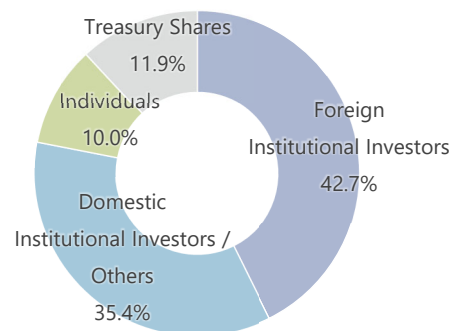
(Millions of yen)

Creditor	Balance of borrowings
Nippon Life Insurance Company	100
Resona Bank, Limited	83

II Current Status of JAFCO Group Co., Ltd. (the "Company")

1. Shares (as of March 31, 2022)

- 1) Authorized number of shares 240,000,000 shares
- 2) Number of shares issued 80,910,000 shares
- 3) Number of shareholders 5,493
- 4) Major shareholders



Shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,834	18.0
Custody Bank of Japan, Ltd. (Trust Account)	4,344	6.1
Hikari Tsushin Kabushiki Kaisha	4,050	5.7
STATE STREET BANK AND TRUST COMPANY 505001	3,260	4.6
STATE STREET BANK AND TRUST COMPANY 505103	2,285	3.2
THE BANK OF NEW YORK MELLON 140044	1,249	1.8
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1,220	1.7
Nippon Life Insurance Company	1,158	1.6
STATE STREET BANK WEST CLIENT – TREATY 505234	1,089	1.5
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	995	1.4

Notes: 1. The Company holds 9,628 thousand treasury shares, which are excluded from the above list of major shareholders.

2. The shareholding ratio is calculated after deducting the number of treasury shares.

5) Other important matters regarding shares

● Stock split

At the Board of Directors meeting held on December 8, 2021, the Company resolved to conduct a 3-for-1 stock split as of February 1, 2022 and change the total number of authorized shares set forth in the Company's Articles of Incorporation as of the same date in accordance with the provisions of Article 184, Paragraph 2 of the Companies Act.

As a result, the total number of authorized shares was changed to 240,000,000 shares, and the number of shares issued became 80,910,000 shares.

● Share buyback

i) The Company passed a resolution regarding a share buyback at the meeting of the Board of Directors held on February 10, 2021 based on the Articles of Incorporation complying with Article 459, Paragraph 1 of the Companies Act.

- Type and number of buyback shares: Common stock; 7 million shares (upper limit)
- Buyback amount: ¥35 billion (upper limit)
- Buyback period: From February 12, 2021 to February 11, 2022
(excluding the last five business days of each quarter and the five business days from the first day of the month following the month of quarterly financial result announcement)
- Buyback method: Open market purchase through a trust bank

Cumulative number of treasury shares acquired based on the above BOD resolution:
4,766,600 shares ¥34,999 million

ii) The Company passed a resolution regarding a share buyback at the meeting of the Board of Directors held on October 22, 2021 based on the Articles of Incorporation complying with Article 459, Paragraph 1 of the Companies Act.

- Type and number of buyback shares: Common stock; 2.5 million shares (upper limit) (*)
 - Buyback amount: ¥15 billion (upper limit)
 - Buyback period: From October 25, 2021 to June 23, 2022
(excluding the last five business days of each quarter and the five business days from the first day of the month following the month of quarterly financial result announcement)
 - Buyback method: Market purchase on the Tokyo Stock Exchange
- (*) Due to the 3-for-1 common stock split as of February 1, 2022, the number of shares to be bought back has been changed to 7.5 million shares (upper limit) in accordance with the resolution at the meeting of the Board of Directors on December 8, 2021.

Cumulative number of treasury shares acquired by March 31, 2022 based on the above resolution of the Board of Directors: 7,207,600 shares (after reflecting the stock split as of February 1, 2022) for ¥14,615 million

iii) The Company cancelled the treasury shares in accordance with the provisions of Article 178 of the Companies Act.

Date of resolution of the Board of Directors	Date of cancellation	Number of total outstanding shares before cancellation	Number of shares cancelled	Ratio to total outstanding shares before cancellation
April 21, 2021	May 7, 2021	32,550,000	2,250,000	6.9%
June 16, 2021	June 29, 2021	30,300,000	3,330,000	11.0%

Note: The share buyback and cancellation of treasury shares on or after April 1, 2022 are shown in "11. Notes to significant subsequent events" in the "Notes to Consolidated Financial Statements" in the Matters available on the website in relation to the Notice of Convocation of the 50th Annual General Meeting of Shareholders.

2. Directors

1) Directors (as of March 31, 2022)

Position	Name	Responsibilities at the Company and significant concurrent positions
President & CEO [Representative Director]	Shinichi Fuki	
Managing Director	Yoshiyuki Shibusawa	President & CEO, JAFCO America Ventures Inc. President & CEO, JAFCO Investment (Asia Pacific) Ltd In charge of Business Development
Director	Keisuke Miyoshi	In charge of Investment Partner

Director (Board-Audit Committee member, full-time)	Shigeru Tamura	
Director (Board-Audit Committee member)	Koji Tanami	Attorney-at-Law, Hashidate Law Office
Director (Board-Audit Committee member)	Kenichi Akiba	Professor, Graduate School of Accountancy, Waseda University Auditor of the Board (Outside), Mitsui Sumitomo Insurance Co., Ltd.
Director (Board-Audit Committee member)	Yoshie Kajihara	

- Notes: 1. Directors Shigeru Tamura, Koji Tanami, Kenichi Akiba and Yoshie Kajihara are independent directors.
2. The Company has designated Directors Shigeru Tamura, Koji Tanami, Kenichi Akiba and Yoshie Kajihara as Independent Officers based on the regulations of the Tokyo Stock Exchange, and their names are registered with the exchange.
3. Director Kenichi Akiba is a certified public accountant and has adequate knowledge in finance and accounting through his research and being a professor in the field of accounting at a university. Director Yoshie Kajihara has adequate knowledge in finance and accounting through her long years of work experience in accounting and finance divisions of listed/ unlisted companies.
4. Shigeru Tamura was appointed a full-time member of the Board-Audit Committee to allow him to gather timely information related to execution of duties from directors/employees, attend important meetings, and ensure close cooperation between the Board-Audit Committee and the Internal Audit Division.
5. Managing Director Yoshiyuki Shibusawa resigned as Managing Director of the Company as of March 31, 2022. After resignation, he continues to preside over the operations of wholly-owned subsidiary JAFCO Investment (Asia Pacific) Ltd as President & CEO.
6. Directors' positions and responsibilities changed as of April 1, 2022 as shown below.

Name	After change	Before change
Shinichi Fuki	Chairman	President & CEO [Representative Director]
Keisuke Miyoshi	President & CEO [Representative Director] In charge of Investment, Partner	Director In charge of Investment, Partner

[Reference]

The Company has established a corporate officer system. Corporate officers as of March 31, 2022 are as follows:

Position	Name	Responsibilities at the Company
Corporate Officer	Hiroaki Matsuda	In charge of Administration
Corporate Officer	Sueko Matsumoto	In charge of Fund Management; Administration

The Company has appointed Partners who execute investment opportunities and management of

JAFCO-operated funds. As of March 31, 2022, Partners who do not concurrently serve as director are as follows:

Position	Name	Responsibilities at the Company
Partner	Naoki Sato	In charge of West Japan Branch; Business Development
Partner	Ko Minamikurosawa	In charge of Structured Investment
Partner	Atsushi Fujii	In charge of Venture Investment
Partner	Shozo Isaka	In charge of Venture Investment
Partner	Tomotake Kitazawa	In charge of Venture Investment

2) Remunerations, etc. of directors, etc.

● Outline of policy for determination of remuneration of directors, etc.

The Company has established the Nomination and Remuneration Committee composed of Board-Audit Committee members and the president to strengthen corporate governance and enhance fairness, transparency and objectivity in procedures related to nomination and remuneration of directors, corporate officers and partners (hereinafter "Directors"). Based on the results of deliberations by the Committee, the Company determines the policy for determination of remuneration of directors, etc. (the "Policy") at the Board of Directors meeting.

(Basic policy)

- The levels and structure of remuneration shall be sufficient to attract, retain, and motivate competent personnel for the realization of the Company's mission of "Commit to new business creation and jointly shape the future."
- Remuneration shall motivate our directors, etc. to commit to an increase in corporate value and the improvement of not only short-term financial results, but also medium-to long-term results.
- Given the Company's business nature of being an investment company managing funds investing in unlisted companies, the remuneration of Directors, etc. executing company business shall reflect fund management performance.
- With the aim of gaining stakeholders' trust, the remuneration plan shall be transparent, fair, and rationalized, determined through an appropriate and transparent process.
- The plan shall also be designed to prevent fraud and over-emphasis on short-term performance.

(Remuneration of Directors (excluding Board-Audit Committee members))

The maximum total amount of remuneration of directors (excluding Board-Audit Committee members) shall be within ¥600 million per annum (based on a resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015).

Note: The number of directors (excluding Board-Audit Committee members) as of the end of this Annual General Meeting of Shareholders mentioned above was six.

The remuneration of directors (excluding Board-Audit Committee members) is determined by the Board of Directors based on deliberations by the Nomination and Remuneration Committee. The remuneration of directors (excluding Board-Audit Committee members) consists of basic compensation and extraordinary compensation. Part of basic compensation is linked to the Company's ordinary income and other business performance, and extraordinary compensation additionally takes into account fund performance. As an investment company managing highly volatile venture and buyout investment funds, the level of compensation shall reflect the

amount of assets under management and the Company's business performance as a result of asset management, and be appropriate for securing highly capable human resources.

(Outline of directors' remuneration)

Basic compensation (fixed)	Fixed monetary remuneration paid monthly, determined by importance of roles and responsible areas of each job position, years in service, etc.
Basic compensation (performance-linked)	Monetary remuneration paid monthly, determined once a year, in principle, by the Board of Directors on a scale of 1 to 5 by reflecting short-term results based on the comparison of the Company's profit levels (capital gains, net additions to investment loss reserves, ordinary income, etc.) and its details for the preceding fiscal year with the past results. A standard percentage of performance-linked basic compensation in total basic compensation is about 20%, and the relevant portion increases/ decreases within a range of 30% based on the above 5-point scale.
Extraordinary compensation (performance-linked)	The year-on-year increase/ decrease in percentage terms of extraordinary remuneration level for each position is determined by the Board of Directors based on the year-on-year comparison of ordinary income, core income (amount of management fees subtracted by SG&A expenses), unrealized gains, fund performance, which is a major management index over the medium- to long-term, and total fund commitments. The amount is then determined by the Board of Directors by taking into account their job responsibilities and the degree of contribution, and paid to each director once a year. Extraordinary remuneration may not be paid when the Company' performance deteriorates sharply.

Of monetary remuneration of a director, the portion of performance-linked compensation (the total of performance-linked basic compensation and extraordinary compensation) typically accounts for about half of the director's total remuneration.

(Remuneration of Directors serving as Board-Audit Committee members)

The remuneration of Directors serving as Board-Audit Committee members shall be within ¥300 million per annum (based on a resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015).

Note: The number of Directors serving as Board-Audit Committee members as of the end of this Annual General Meeting of Shareholders mentioned above was four.

The remuneration of directors serving as Board-Audit Committee members is determined through discussions between the Board-Audit Committee members. The remuneration of directors serving as Board-Audit Committee members consists only of basic compensation excluding performance-linked portion, and there is no extraordinary compensation. The remuneration system, which is not easily affected by the Company's performance, ensures their independence to the Company's management.

The Articles of Incorporation of the Company do not stipulate that the Company may delegate important decisions on business execution to Directors. Such decisions are made based on thorough discussions by the Board of Directors, including independent directors serving as Board-Audit Committee members. The level of remuneration for Directors serving as Board-

Audit Committee members is set by taking into account their involvement in important management decision-making and their duties of supervising business execution.

(Corporate officers and partners)

Remuneration of corporate officers and partners is determined by the Board of Directors based on deliberations by the Nomination and Remuneration Committee, as in the case of directors (excluding directors serving as Board-Audit Committee members). Remuneration of corporate officers and partners consists of basic compensation and extraordinary compensation. The amount of extraordinary compensation is determined by taking into account the Company's business results and fund performance and reflecting their respective degree of contributions, etc.

- Reason why the Board of Directors judged that the details of remuneration of directors (excluding directors serving as Board-Audit Committee members) for the current fiscal year are consistent with the Policy.

In determining the details of remuneration of directors (excluding directors serving as Board-Audit Committee members), the Nomination and Remuneration Committee carries out deliberation, including the consistency between the draft and the Policy, and the Board of Directors makes the decision based on the deliberation. Therefore, the remuneration details are judged to be consistent with the Policy,

- Total remunerations for the fiscal year ended March 31, 2022

Classification	Number of persons paid	Total amount paid (Millions of yen)	Total amount by compensation type		
			Basic compensation (fixed)	Basic compensation (performance-linked)	Extraordinary compensation (performance-linked)
Directors (excluding Board-Audit Committee members)	3	183	70	20	92
Directors serving as Board-Audit Committee members [of which, Independent Directors]	4 [4]	75 [75]	75 [75]	-	-
Total [of which, Independent Directors]	7 [4]	259 [75]	146 [75]	20 [-]	92 [-]

Notes: 1. Part of basic compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked remuneration. The details of the performance indices selected as a basis for calculating the said amount and the method of calculating the amount are as given in the above "Outline of policy for determination of remuneration of directors, etc.". The reason for selecting the said performance indices is to reflect the Company's short-term performance.

Of the above performance-linked basic compensation, ¥5 million paid between April and June 2021 was determined based on the performance index for the fiscal year ended March 31, 2020, and ¥15 million paid in and after July 2021 was determined based on the performance index for the fiscal year ended March 31, 2021 at the Board of Directors meetings. Business performance for the performance index for the year ended March 31,

2020 was capital gains of ¥15,359 million, reversal of investment loss reserves of ¥514 million, and ordinary income of ¥17,045 million, and that for the performance index for the year ended March 31, 2021 was capital gains of ¥11,260 million, addition to investment loss reserves of ¥2,679 million, and ordinary income of ¥11,707 million. Evaluation based on the above was at the 3 (base amount) of the 5-point rating scale.

2. Extraordinary compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked remuneration. The details of the performance indices selected as a basis for calculating the said amount and the method of calculating the amount are as given in the above "Outline of policy for determination of remuneration of directors, etc.". The reason for selecting the said performance indices is to reflect not only the Company's short-term performance, but also fund performance, which is linked to the Company's medium- to long-term performance.

The amount of the above extraordinary compensation was determined at the meeting of the Board of Directors based on the performance index for the current fiscal year. Year-over-year business performance for the said index was a 4.7% increase in ROI on funds, which is used as the index for fund performance, no change in total fund commitments from the end of the previous year, an increase of ¥6,652 million in ordinary income, an increase of ¥363 million in core income, and a decrease of ¥2,340 million in unrealized gains. Based on the above, the said compensation level for each position increased by 10% from the previous year.

3. Part of basic compensation (fixed) includes director stock ownership association enrollment promotion charge, for which ¥1 million is paid to directors (excluding directors serving as Board-Audit Committee members) and ¥2 million to directors serving as Board-Audit Committee members (including ¥2 million paid to independent directors), totaling ¥3 million.
4. In the above remunerations, ¥36 million in remuneration as officer of major consolidated subsidiary paid to a director (excluding directors serving as Board-Audit Committee members) and ¥2 million in fund performance-linked distributions to persons involved paid to a director (excluding directors serving as Board-Audit Committee members) are not included.

3) Outline of liability limitation agreements

In accordance with the provisions of Article 28 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act, the Company and each director serving as Board-Audit Committee member signed an agreement that limits the liability for damages as stipulated in Article 423, paragraph 1 of the Act. The maximum amount of liability under this agreement is the amount prescribed by laws and regulations for each director serving as Board-Audit Committee member.

4) Outline of Indemnification agreements

The Company has entered into indemnification agreement with directors (Shinichi Fuki, Yoshiyuki Shibusawa, Keisuke Miyoshi), director serving as full-time Board-Audit Committee member (Shigeru Tamura) and directors serving as Board-Audit Committee member (Koji Tanami, Kenichi Akiba and Yoshie Kajihara) as provided for under Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. In order to ensure that the appropriateness of the execution of duties by the Company's directors is not impaired by said indemnification agreement, the Board of Directors' resolution approving the execution of an indemnification agreement shall be subject to the approval of all the independent directors (excluding the

director covered by the said agreement).

5) Outline of Directors and Officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract, which covers directors, corporate officers, and important employees of the Company and its subsidiaries (excluding some of subsidiaries which have conducted a similar insurance contract on their own), and officers and employees of the Company who are appointed as directors of unlisted portfolio companies in Japan, with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The contract covers the liability of the insured for compensation for damages, legal dispute fees, etc. arising from claims for damages from third-parties, shareholders, etc. However, there are certain exemptions such as in cases where violation of laws and regulations were knowingly committed. The premium, including the portion for riders, will be borne by the Company and its subsidiaries and there are no premiums to be borne by the insured individuals.

6) Independent directors

● Attendance at the Board of Directors meeting and the Board-Audit Committee meeting

	Number of attendances at the Board of Directors meetings	Number of attendances at the Board-Audit Committee meetings
Shigeru Tamura Director (Board-Audit Committee member, full-time)	13 out of 13 meetings	14 out of 14 meetings
Koji Tanami Director (Board-Audit Committee member)	13 out of 13 meetings	14 out of 14 meetings
Kenichi Akiba Director (Board-Audit Committee member)	13 out of 13 meetings	14 out of 14 meetings
Yoshie Kajihara Director (Board-Audit Committee member)	13 out of 13 meetings	14 out of 14 meetings

● Main activities

- Director serving as Board-Audit Committee member Shigeru Tamura attended all meetings of the Board of Directors held during the current fiscal year, and expressed opinions from an independent perspective based on his broad experience and expertise gained while serving in executive positions at other companies. He also attended Investment Committee and other important internal meetings as a full-time Board-Audit Committee member, while assuming the chair of the Nomination and Remuneration Committee and performing important duties during deliberations on Directors' nomination and remuneration.
- Director serving as Board-Audit Committee member Koji Tanami attended all meetings of the Board of Directors held during the current fiscal year, and expressed opinions in important decision-making and supervising business execution from an independent perspective by leveraging his deep insight and expertise in fiscal administration, finance, tax and legal affairs. He also serves as a member of the Nomination and Remuneration Committee and actively expresses his opinions.
- Director serving as Board-Audit Committee member Kenichi Akiba attended all meetings of

the Board of Directors held during the current fiscal year, and expressed opinions in important decision-making and supervising business execution from an independent perspective as an expert in accounting. He also serves as a member of the Nomination and Remuneration Committee and actively expresses his opinions.

- Director serving as Board-Audit Committee member Yoshie Kajihara attended all meetings of the Board of Directors held during the current fiscal year, and expressed opinions in important decision-making and supervising business execution from an independent perspective based on her long years of experience in accounting and management planning operations and her broad experience and expertise gained while serving in executive positions at other companies. She also serves as a member of the Nomination and Remuneration Committee and actively expresses her opinions.

● **Significant concurrent positions held at other organizations and the relationships between these organizations and the Company**

- Director serving as Board-Audit Committee member Kenichi Akiba is Auditor of the Board (Outside) of Mitsui Sumitomo Insurance Co., Ltd. ("MSI"). The Company has insurance transaction with MSI, but the transaction amount is insignificant and there is no importance affecting on his independence.
- Other than the above, the Company has no special relationships with organizations where independent directors hold a significant concurrent position.

[Reference]

Standards for Independence of Independent Directors

In order to ensure the independence from the Company, independent directors of the Company shall satisfy the following criteria:

- (1) An independent director is not, and has not been in the past ten (10) years, an officer (limited to persons executing business) or employee of the Company or any of its subsidiaries (collectively referred to as the "Company Group").
- (2) An independent director is not, and has not been in the past three (3) years, any of the following:
 - 1) A person executing business (*1) of another company at which a person executing business of the Company serves, or has served in the past three (3) years, as a director or officer.
 - 2) A major shareholder (a shareholder holding 10% or more of the voting rights directly or indirectly) of the Company or a person executing business of that shareholder.
 - 3) A partner at the financial auditor of the Company or an employee engaged in auditing of the Company at the same.
 - 4) A person executing business of a major lender of the Company (*2).
 - 5) A person executing business of a major business partner of the Company Group (*3).
 - 6) An expert in a field such as legal matters, accounting or taxation, a consultant or other such person receiving remuneration from the Company Group in excess of ¥10 million per year outside of remuneration for officers.
 - 7) A partner or a person executing business of an organization such as a corporation or an association that provides services for legal matters, accounting, taxation or consulting, or other specialist services, where the organization is deemed as a major business partner.
 - 8) A person executing business of an organization that receives a donation exceeding a certain amount (*4) from the Company Group.

- (3) A person who is a spouse or a relative within the second degree of kinship of, or who shares living expenses with, an independent director is none of the following (excluding persons without importance):
- 1) A person who executes business of the Company Group or has done so in the past three (3) years.
 - 2) A person to whom any of the above (2) 1) to 8) applies.

(Notes)

- *1 A person executing business is an executive director, an executive (*shikkoyaku*), an administrative officer (*rjji*), or other such equivalent manager (limited to persons executing business) or an important employee such as an executive officer.
- *2 A major lender of the Company is a lender of an amount equivalent to at least 2% of consolidated total assets.
- *3 A major business partner of the Company Group is a business partner whose transactions with the Company Group were equivalent to more than 2% of that business partner's annual consolidated net sales in its last fiscal year.
- *4 A donation exceeding a certain amount is a donation to an organization exceeding an amount in a year of ¥10 million or 2% of the relevant organization's total revenue or ordinary income, whichever is the larger.

3. Financial Auditor

1) Name

Ernst & Young ShinNihon LLC

2) Amount of remuneration, etc.

	Amount paid (Millions of yen)
Amount of remuneration, etc. to be paid to the financial auditor for the fiscal year	49
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	49

- Notes: 1. In the audit agreement between the Company and the financial auditor, the amount of remuneration, etc. for audit under the Companies Act and audit under the Financial Instruments and Exchange Act are not clearly distinguished. As it is not possible to effectively distinguish the two, the total amount of both remunerations is described as the amount of remuneration, etc. to be paid to the financial auditor for the fiscal year.
2. Reasons for the approval of remuneration, etc. for the financial auditor by the Board-Audit Committee
The Board-Audit Committee received the necessary materials and reports from directors, relevant departments and the financial auditor to confirm and examine the details of the audit plan of the financial auditor, results of audit for the previous year, the status of execution of duties and the reasonableness of the basis for the estimate of remuneration, etc. As a result, the Board-Audit Committee determined and approved that the remuneration, etc. regarding the financial auditor are appropriate.

3) Status of audit on the financial statements of the Company's subsidiaries by audit corporations other than the financial auditor of the Company

Among the Company's principal subsidiaries, JAFCO Investment (Asia Pacific) Ltd is audited

by an audit corporation other than the financial auditor of the Company.

4) Policy on how to determine dismissal or non-reappointment of the financial auditor

In the event that the execution of duties by the financial auditor is disrupted or in any other case deemed necessary, the Board-Audit Committee shall determine the contents of proposals regarding the dismissal and non-reappointment of the financial auditor, and the Board of Directors shall submit such proposals to a general meeting of shareholders.

In the case that the financial auditor is deemed to fall under any of the items set forth in Article 340, paragraph 1 of the Companies Act, and that dismissal is deemed appropriate, the Board-Audit Committee shall, upon consent of all members of the Committee, dismiss the financial auditor.

In addition to the above, the Company shall periodically review the appointment in order to maintain a healthy and appropriate relationship with the financial auditor.

4. Structure for corporate governance

1) Basic views on corporate governance

The Company's basic views on corporate governance are as outlined below. With an eye to increasing corporate value over the medium to long term, the Company will make continuous efforts to enhance corporate governance.

- Build respectful relationships with stakeholders
- Maintain transparency and fairness in decision making
- Establish an appropriate supervision structure
- Establish a corporate structure that ensures effective and swift business execution

2) Corporate governance policy

The Company has established the "Corporate Governance Policy" that outlines its concrete corporate governance measures. The policy is available on its website below.

<https://www.jafco.co.jp/english/company/governance/>

3) Outline of structure

The Company is a "company with a board-audit committee," whereby the Board of Directors and the Board-Audit Committee make important management decisions and audit/ supervise business execution by directors.

(Board of Directors)

The Board of Directors is composed of seven (7) directors, including four (4) independent directors as of March 31, 2022 (the number of internal directors on and after April 1, 2022 is two (2)). The majority of the Board of Directors are independent directors. The President chairs the Board of Directors.

The Board of Directors supervises important management decision-making and the execution of duties by directors. Independent directors supervise management from a neutral and objective standpoint.

(Board-Audit Committee)

The Board-Audit Committee is composed of four (4) independent directors. Currently the full-time director serving as Board-Audit Committee member heads the Committee. The Board-Audit Committee audits the execution of duties by directors and prepares audit reports.

The Company has set out the Standards for Independence of Independent Directors to ensure the independence of independent directors. We elect independent directors who meet these standards.

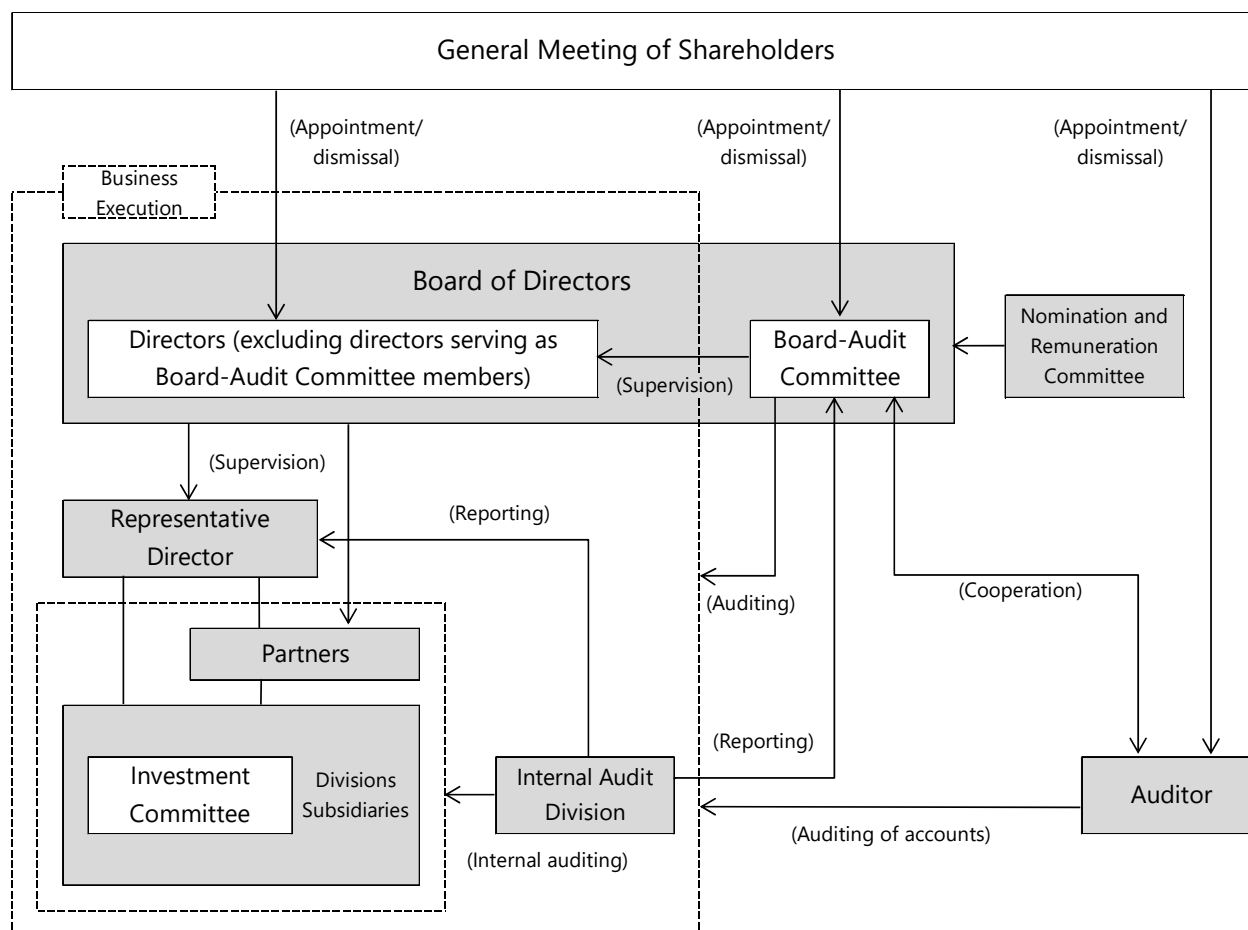
(Nomination and Remuneration Committee)

The Nomination and Remuneration Committee is composed of four (4) independent directors, and the President. To ensure transparency and objectivity of nomination and remuneration, important decisions regarding the nomination and remuneration of directors, corporate officers, and partners are deliberated by the Nomination and Remuneration Committee in advance. The Board of Directors discusses and makes decisions on the nomination and remuneration based on the deliberations by the Committee.

(Investment Committee)

Investment decisions are made by the Investment Committee comprising the President and partners, etc. to allow quick decision-making. Directors serving as Board-Audit Committee members also participate in the Investment Committee on an as-needed basis.

Corporate governance structure



4) Evaluation of the effectiveness of the Board of Directors

The summary of the results of the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2022 is as follows:

The Board of Directors ("BOD") evaluates the effectiveness of the BOD on an annual basis. In the fiscal year ended March 31, 2022, BOD deliberations over items such as composition,

operation, role, duties, etc. of the BOD were held as in previous years based on questionnaires and interviews administered to all directors.

As the majority of the BOD consisted of independent directors, it was confirmed that the BOD composition was appropriate in terms of internal-external balance and size to fulfill its function to supervise business executions.

In the fiscal year under review, the BOD deepened mutual discussions further from a medium- and long-term perspective, which was an issue indicated in the evaluation results for the fiscal year ended March 31, 2021. In addition to the BOD meetings, we provided opportunities for BOD members to allow active opinion exchange and mutual discussions in a timely and appropriate manner.

Through such discussions, the BOD determined to introduce the stock compensation plan, carried out share buybacks and cancellation of treasury shares continuing from the previous year, and decided to change the BOD structure from April 2022 onward (appointment of new CEO and change of BOD composition). We evaluate that further progress has been made in terms of the effectiveness of the BOD.

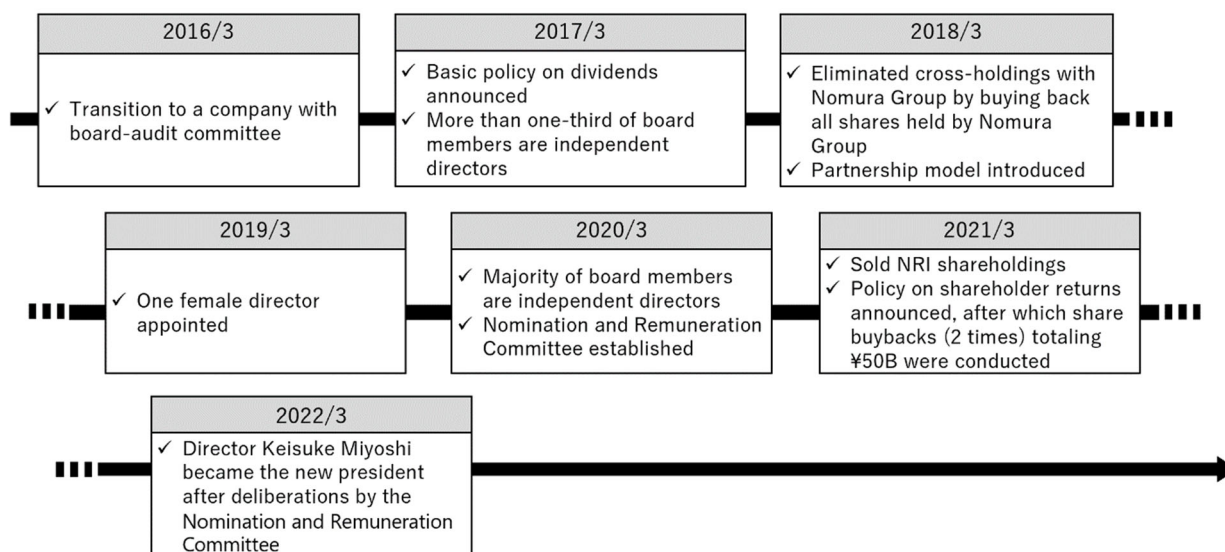
As upcoming issues to be addressed, the need was confirmed to further enhance the effectiveness of the BOD under the new structure after the aforementioned change and continue to deepen discussions with a medium- to long-term perspective.

Based on the above results, it is evaluated that the effectiveness of the BOD increased in general compared to the previous year. We will continue to conduct effectiveness evaluations regularly and further increase the effectiveness of the BOD.

(Reference)

Governance Initiatives

For the Company, which operate in a risky business of venture and buyout investments, it is extremely important to enhance management governance and carry out fair and prompt decision-making. We have been upgrading governance in stages each year, focusing on "management independence," "ensuring good balance between shareholder returns and strong shareholders' equity," and "transition to a partnership model." Our efforts continue to enhance governance.



Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Item	As of Mar. 31, 2022	(Reference) As of Mar. 31, 2021	Item	As of Mar. 31, 2022	(Reference) As of Mar. 31, 2021
Assets			Liabilities		
Current assets	134,407	177,455	Current liabilities	4,563	20,351
Cash and deposits	52,603	107,517	Current portion of long-term loans payable	134	15
Operational investment securities	88,180	79,547	Income taxes payable	357	17,124
Investment loss reserves	(8,969)	(10,917)	Provision for bonuses	313	257
Other	2,593	1,307	Allowance for extraordinary compensation for directors	95	86
			Other	3,662	2,867
Non-current assets	98,616	84,928	Non-current liabilities	31,070	26,794
Property, plant and equipment	316	370	Long-term loans payable	49	100
Buildings	259	295	Net defined benefit liability	423	427
Furniture and fixture	57	75	Deferred tax liabilities	30,518	26,148
Intangible assets	168	228	Other	79	119
Software	168	228			
Investments and other assets	98,130	84,329			
Investment securities	97,251	83,578	Total liabilities	35,633	47,145
Long-term loans receivable	208	162	Net assets		
Deferred tax assets	279	193	Shareholders' equity	122,368	150,813
Other	390	394	Capital stock	33,251	33,251
			Capital surplus	32,806	32,806
			Retained earnings	76,579	102,497
			Treasury shares	(20,268)	(17,741)
			Accumulated other comprehensive income	75,022	64,424
			Valuation difference on available-for-sale securities	73,645	63,688
			Foreign currency translation adjustment	1,376	735
			Total net assets	197,390	215,237
Total assets	233,024	262,383	Total liabilities and net assets	233,024	262,383

Note: All amounts have been rounded down to nearest million yen.

Consolidated Statement of Income

(from April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	For the year ended March 31, 2022	(Reference) For the year ended March 31, 2021
Net sales	27,677	21,512
Revenue from operational investment securities	20,257	16,164
Income from partnership management	7,410	5,340
Other sales	9	6
Cost of sales	8,752	5,699
Cost of operational investment securities	7,619	4,903
Other cost	1,133	795
Gross profit	18,924	15,812
(Reversal of) Additions to investment loss reserves	(1,985)	2,679
(Reversal of) Unrealized losses on operational investment securities	-	(150)
Gross profit - net	20,909	13,284
Selling, general and administrative expenses	4,033	4,319
Operating income	16,876	8,964
Non-operating income	1,581	2,761
Interest income	45	69
Dividend income	990	1,409
Foreign exchange gains	186	354
Gain on investment in other funds	342	907
Miscellaneous income	15	21
Non-operating expenses	97	18
Interest expenses	0	1
Contribution to an investee	12	11
Commission for purchase of treasury shares	81	5
Miscellaneous loss	3	0
Ordinary income	18,360	11,707
Extraordinary income	186	44,764
Gain on sales of investment securities	186	44,764
Extraordinary losses	-	-
Profit before income taxes	18,547	56,471
Income taxes - current	3,589	18,076
Income taxes - deferred	(121)	(108)
Profit	15,080	38,504
Profit attributable to non-controlling interests	-	-
Profit attributable to JAFCO Group Co., Ltd. shareholders	15,080	38,504

Note: All amounts have been rounded down to nearest million yen.

Consolidated Statement of Changes in Net Assets

(from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	33,251	32,806	102,497	(17,741)	150,813
Changes of items during period					
Dividends of surplus			(4,059)		(4,059)
Profit attributable to JAFCO Group Co., Ltd. stockholders			15,080		15,080
Purchase of treasury shares				(39,464)	(39,464)
Disposition of treasury shares			(36,938)	36,938	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(25,917)	(2,526)	(28,444)
Balance as of March 31, 2022	33,251	32,806	76,579	(20,268)	122,368

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance as of April 1, 2021	63,688	735	64,424	215,237
Changes of items during period				
Dividends of surplus				(4,059)
Profit attributable to JAFCO Group Co., Ltd. stockholders				15,080
Purchase of treasury shares				(39,464)
Disposition of treasury shares				-
Net changes of items other than shareholders' equity	9,957	640	10,598	10,598
Total changes of items during period	9,957	640	10,598	(17,846)
Balance as of March 31, 2022	73,645	1,376	75,022	197,390

Note: All amounts have been rounded down to nearest million yen.

Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Item	As of Mar. 31, 2022	(Reference) As of Mar. 31, 2021	Item	As of Mar. 31, 2022	(Reference) As of Mar. 31, 2021
Assets			Liabilities		
Current assets	124,952	169,459	Current liabilities	1,885	18,681
Cash and deposits	44,847	101,239	Current portion of long-term loans payable	134	15
Operational investment securities	86,171	77,459	Accounts payable	643	545
Investment loss reserves	(8,572)	(10,477)	Income taxes payable	71	16,977
Accrued income	448	261	Deposits received	63	23
Accounts receivable	707	583	Provision for bonuses	255	206
Other	1,348	392	Allowance for extraordinary compensation for directors	95	86
			Other	622	825
Non-current assets	100,575	87,001	Non-current liabilities	31,083	26,636
Property, plant and equipment	172	198	Long-term loans payable	49	100
Buildings	126	138	Deferred tax liabilities	30,569	26,067
Furniture and fixture	45	59	Provision for retirement benefits	423	427
Intangible assets	168	228	Other	42	42
Software	168	228	Total liabilities	32,969	45,317
Investments and other assets	100,234	86,575	Net assets		
Investment securities	96,920	83,302	Shareholders' equity	118,969	147,653
Shares of subsidiaries and associates	2,731	2,731	Capital stock	33,251	33,251
Other	582	541	Capital surplus	32,806	32,806
			Legal capital surplus	32,806	32,806
			Retained earnings	73,180	99,338
			Legal retained earnings	1,435	1,435
			Other retained earnings	71,745	97,902
			Retained earnings brought forward	71,745	97,902
			Treasury shares	(20,268)	(17,741)
			Valuation and translation adjustments	73,588	63,489
			Valuation difference on available-for-sale securities	73,588	63,489
			Total net assets	192,558	211,143
Total assets	225,528	256,461	Total liabilities and net assets	225,528	256,461

Note: All amounts have been rounded down to nearest million yen.

Statement of Income
(from April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	For the year ended March 31, 2022	(Reference) For the year ended March 31, 2021
Net sales	26,589	20,407
Revenue from operational investment securities	19,990	15,731
Income from partnership management	6,523	4,661
Other sales	74	14
Cost of sales	8,601	5,922
Cost of operational investment securities	7,265	4,998
Other cost	1,336	923
Gross profit	17,988	14,485
(Reversal of) Additions to investment loss reserves	(1,905)	2,599
(Reversal of) unrealized losses on operational investment securities	-	(135)
Gross profit - net	19,893	12,022
Selling, general and administrative expenses	3,350	3,704
Operating income	16,542	8,317
Non-operating income	1,654	2,596
Interest on deposits	27	40
Interest and dividends on securities	1,158	1,409
Foreign exchange gains	112	220
Gain on investment in other funds	342	907
Miscellaneous income	13	19
Non-operating expenses	97	18
Interest expenses	0	1
Contribution to an investee	12	11
Commission for purchase of treasury shares	81	5
Miscellaneous loss	3	0
Ordinary income	18,099	10,896
Extraordinary income	186	44,764
Gain on sales of investment securities	186	44,764
Extraordinary losses	-	-
Income before income taxes	18,286	55,660
Income taxes - current	3,401	17,939
Income taxes - deferred	44	(36)
Net income	14,840	37,757

Note: All amounts have been rounded down to nearest million yen.

Statement of Changes in Net Assets

(from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2021	33,251	32,806	32,806	1,435	97,902	99,338	(17,741)	147,653
Changes of items during the period								
Dividends of surplus					(4,059)	(4,059)		(4,059)
Net income					14,840	14,840		14,840
Purchase of treasury shares							(39,464)	(39,464)
Disposition of treasury shares					(36,938)	(36,938)	36,938	–
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	(26,157)	(26,157)	(2,526)	(28,684)
Balance as of March 31, 2022	33,251	32,806	32,806	1,435	71,745	73,180	(20,268)	118,969

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2021	63,489	63,489	211,143
Changes of items during the period			
Dividends of surplus			(4,059)
Net income			14,840
Purchase of treasury shares			(39,464)
Disposition of treasury shares			–
Net changes of items other than shareholders' equity	10,099	10,099	10,099
Total changes of items during the period	10,099	10,099	(18,585)
Balance as of March 31, 2022	73,588	73,588	192,558

Note: All amounts have been rounded down to nearest million yen.

Independent Auditor's Report

May 12, 2022

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

Ernst & Young ShinNihon LLC

Tokyo office

Designated and Engagement Partner
Certified Public Accountant

Toshihiro Morishige

Designated and Engagement Partner
Certified Public Accountant

Kenjiro Tsumura

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of JAFCO Group Co., Ltd. (the "Company") applicable to the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2022 in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section below. In accordance with requirements on professional ethics in Japan, we are independent of the Company and its consolidated subsidiaries and meet our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

The other information comprises the business report and its supplementary schedule. Management is responsible for preparing and disclosing the other information. The responsibility of the Board-Audit Committee is to supervise the execution of duties by directors to establish and operate the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit

or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in regard to the other information.

Responsibilities of Management and Board-Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether it is appropriate to prepare consolidated financial statements based on the premise of a going concern, and if it is necessary to disclose matters regarding going concern based on accounting standards generally accepted in Japan, management is required to disclose the relevant matters. The Board-Audit Committee is responsible for supervising business execution by directors in designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on audit that we conducted, and to express our opinion on the consolidated financial statements as an independent auditor in the auditor's report. Misstatements, whether due to fraud or error, are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users made on the basis of these consolidated financial statements.

In accordance with accounting standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit and perform the following:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selection and application of audit procedures shall be based on our judgement. Obtain sufficient and appropriate audit evidence that provides a basis for our audit opinion.
- Examine internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and adequacy of related disclosures made by management.
- Conclude whether it is appropriate for management to prepare consolidated financial statements based on the premise of a going concern, and whether a material uncertainty exists related to events or conditions that raise substantial doubt on the Company's ability to continue as a going concern based on audit evidence that has been obtained. If a material uncertainty related to going concern exists, we are required to draw attention to the relevant note disclosures in the consolidated financial statements; if such disclosures are inadequate, we are required to express qualified opinion on consolidated financial statements. Our conclusions are based on audit evidence obtained by the date of the Auditor's Report, but

future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation of consolidated financial statements, including disclosures, comply with accounting standards generally accepted in Japan, and whether presentation, structure and content of consolidated financial statements, including related disclosures, and the presentation of the underlying transactions and accounting events are appropriate.
- Obtain sufficient and appropriate audit evidence related to financial information of the Company and its consolidated subsidiaries to express our opinion on consolidated financial statements. We are required to instruct, supervise and implement matters related to the audit of consolidated financial statements, and is independently responsible for the audit opinion.

We communicate with the Board-Audit Committee regarding, among other matters required by the audit standards, the planned scope and timing of the audit, significant audit findings, including material weakness in internal controls identified during the audit.

We also provide the Board-Audit Committee with a statement that we have complied with requirements on professional ethics regarding independence, and communicate with the Committee regarding matters that may reasonably be thought to bear on our independence and where applicable, safeguards that have been applied to eliminate or reduce identified threats to our independence.

Conflicts of Interest

Our corporation or engagement partners have no interest in the Company or its subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report

May 12, 2022

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

Ernst & Young ShinNihon LLC

Tokyo office

Designated and Engagement Partner
Certified Public Accountant

Toshihiro Morishige

Designated and Engagement Partner
Certified Public Accountant

Kenjiro Tsumura

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of JAFCO Group Co., Ltd. (the "Company") applicable to the 50th Fiscal Year from April 1, 2021 through March 31, 2022.

In our opinion, the above financial statements are in conformity with accounting principles generally accepted in Japan, and the related supplementary schedules referred to above present fairly, in all material respects.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section below. In accordance with requirements on professional ethics in Japan, we are independent of the Company and meet our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

The other information comprises the business report and its supplementary schedule. Management is responsible for preparing and disclosing the other information. The responsibility of the Board-Audit Committee is to supervise the execution of duties by directors to establish and operate the reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of

this other information, we are required to report that fact.
We have nothing to report in regard to the other information.

Responsibilities of Management and Board-Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether it is appropriate to prepare financial statements based on the premise of a going concern, and if it is necessary to disclose matters regarding going concern based on accounting standards generally accepted in Japan, management is required to disclose the relevant matters.

The Board-Audit Committee is responsible for supervising business execution by directors in designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on audit that we conducted, and express our opinion on the financial statements as an independent auditor in the auditor's report. Misstatements, whether due to fraud or error, are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users made on the basis of these financial statements.

In accordance with accounting standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit and perform the following:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selection and application of audit procedures shall be based on our judgement. Obtain sufficient and appropriate audit evidence that provides a basis for our audit opinion.
- Examine internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and adequacy of related disclosures made by management.
- Conclude whether it is appropriate for management to prepare financial statements based on the premise of a going concern, and whether a material uncertainty exists related to events or conditions that raise substantial doubt on the Company's ability to continue as a going concern based on audit evidence that has been obtained. If a material uncertainty related to going concern exists, we are required to draw attention to the relevant note disclosures in the financial statements; if such disclosures are inadequate, we are required to express qualified opinion on financial statements. Our conclusions are based on audit evidence obtained by the date of the Auditor's Report, but future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of financial statements, including disclosures, comply with accounting standards generally accepted in Japan, and whether presentation, structure and content of financial statements, including related disclosures, and the presentation of the

underlying transactions and accounting events are appropriate.

- Obtain sufficient and appropriate audit evidence related to financial information of the Company to express our opinion on financial statements. We are required to instruct, supervise and implement matters related to financial information on a section basis, and is independently responsible for the audit opinion.

We communicate with the Board-Audit Committee regarding, among other matters required by the audit standards, the planned scope and timing of the audit, significant audit findings, including material weakness in internal controls identified during the audit.

We also provide the Board-Audit Committee with a statement that we have complied with requirements on professional ethics regarding independence, and communicate with the Committee regarding matters that may reasonably be thought to bear on our independence and where applicable, safeguards that have been applied to eliminate or reduce identified threats to our independence.

Conflicts of Interest

Our corporation or engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report

The Board-Audit Committee has audited the Directors' performance of their duties during the 50th Fiscal Year (from April 1, 2021 to March 31, 2022), and hereby reports on the method and results as follows:

1. Method and Contents of Audit

The Board-Audit Committee has received reports on a regular basis from the Directors and employees, etc. with respect to the details of the Board of Directors' resolutions regarding matters set forth in Article 399-13, paragraph 1, item 1 (b) and (c) of the Companies Act of Japan, and the construction and operation of the structures based on such resolutions (internal control systems), requested explanations as necessary, and expressed opinions. The Board-Audit Committee has also conducted audits in the following manners:

- 1) In accordance with the audit policies and assignment of duties, etc. set up by the Board-Audit Committee, members of the Committee, in cooperation with the internal audit and other divisions and by utilizing telephone lines, internet and other means, attended important meetings, received reports on the status of execution of duties from the Directors and employees, etc., requested explanations as necessary, inspected important decision approval documents, and investigated the status of business operations and assets related to the head office and other major offices. With respect to the subsidiaries, the members of the Committee worked to promote communication and information exchange with the Directors, etc. of each subsidiary and received business performance reports from subsidiaries as necessary.
- 2) Members of the Board-Audit Committee monitored and verified whether the financial auditor maintained its independence and properly conducted its audit, received reports from the financial auditor on the status of its performance of duties, and requested explanations as necessary. The members of the Committee were notified by the financial auditor that it had established a "system to ensure that the performance of the duties of the financial auditor was properly conducted" (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, the Board-Audit Committee examined the Business Report and the annexed detailed statements thereto, the financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and the annexed detailed statements thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), for the fiscal year.

2. Results of Audit

- (1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the Business Report and the annexed detailed statements thereto

fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.

2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.

3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the Directors' performance of their duties concerning the internal control systems.

(2) Results of Audit of Financial Statements and Their Annexed Detailed Statements

We acknowledge that the methods and results of audit performed by the financial auditor Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the financial auditor Ernst & Young ShinNihon LLC, are appropriate.

May 12, 2022

Board-Audit Committee of JAFCO Group Co., Ltd.

Full-Time Member

(Independent Director)

Shigeru Tamura

[Seal]

Member

(Independent Director)

Koji Tanami

[Seal]

Member

(Independent Director)

Kenichi Akiba

[Seal]

Member

(Independent Director)

Yoshie Kajihara

[Seal]

Guidance for Exercising Voting Rights

Please exercise your voting rights after examining the Reference Documents for the General Meeting of Shareholders (pages 6–20).

You may exercise your voting rights using one of the following three methods.

1. Internet, etc.

Please access the voting website designated by the Company shown below and follow the instructions on the screen to enter for or against each proposal.

<https://evote.tr.mufg.jp/>

The voting rights shall be exercised by 5:00 p.m. on Monday, June 20, 2022 (Japan Time). Please refer to the following page for details.

2. Postal mail

Please indicate on the voting form whether you are for or against each proposal and mail it by post.

The voting forms that are returned and received by 5:00 p.m. on Monday, June 20, 2022 (Japan Time) will be valid.

3. Attendance

Please present the enclosed voting form at the reception desk on arrival at the meeting.

If you choose to attend the Meeting, you are not required to vote by postal mail (using the voting form) or via Internet, etc.

- Please note that your online vote will prevail should you exercise your voting rights both by postal mail and via Internet, etc.
- If you exercise your voting rights more than once via Internet, etc., only the last vote shall be deemed valid.

How to exercise your voting rights via Internet, etc.

- At the voting website (<https://evote.tr.mufg.jp/>), use the login ID and provisional password provided on the voting form, and follow the instructions on the screen to enter for or against each proposal.
- Please note that shareholders who use the voting website will be asked to change the provisional password in order to prevent illegal access or alteration of votes by third-parties other than shareholders.
- A new login ID and provisional password will be provided to a shareholder for each General Meeting of Shareholders.
- By scanning the QR code printed on the voting form, you can login the voting website without entering the login ID and password. However, please note that you can login the site only once by scanning the QR code. If you re-exercise your voting rights, please follow the instructions above to login using the login ID and password.

For inquiries about the system for exercising voting rights via Internet, etc., please contact:

Corporate Agency Business Division (Help Desk) Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (toll free (Japan only)) / 9:00 to 21:00 (Japan Time)

Information for institutional investors

The electronic voting platform for institutional investors, which is operated by ICJ, Inc., is available for institutional investors.