

(Securities Code: 8595)

**NOTICE OF CONVOCATION OF
THE 51ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

JAFCO

Your closest partner

■ Our Purpose / Mission / Identity



Over many years of investment experience, JAFCO Group Co., Ltd. (the "Company") continued to invest in companies and entrepreneurs taking on new challenges, based on its conviction that continued investment leads to the realization of a sustainable society. As issues surrounding the global environment and the global economy become increasingly complex, the Company will fuel perpetual growth and contribute to the realization of a sustainable society by investing in bold visions that create new values and committing ourselves to their growth.

■ To our shareholders:

On April 5, 2023, we celebrated the 50th anniversary of our founding. I would like to express my sincere gratitude to all those who have supported our activities to date.

The current fiscal year was a milestone year for JAFCO Group. In the "Basic Policy for Enhancing Corporate Value" announced in November 2023 and our Purpose "Fueling perpetual growth; investing in bold visions" announced in February 2023, we expressed our determinations over the medium-to-long term.

The Basic Policy for Enhancing Corporate Value is centered on improving capital efficiency and promoting growth strategies.

To improve capital efficiency, we halved the necessary funds for continued investment from ¥120 billion to approximately ¥60 billion to reduce net assets and improve ROE. In addition, we changed the dividend policy as part of shareholder returns from 3% of shareholders' equity (DOE of 3%) to the greater of DOE of 3% or 50% of net income. Also, to realize the Basic Policy, we sold our entire holdings in Nomura Research Institute, Ltd., which we had held as equity capital, and implemented a share buyback of ¥42 billion, followed by the cancellation of treasury shares in March 2023.

Our investment management capabilities and fundraising capabilities serve as the two wheels for promoting growth strategies. We will also focus on reinforcing our organizational foundation which supports these capabilities. Fundraising activity for the JAFCO SV7 Series ("SV7"), a new flagship fund established after an interval of three years, has fallen significantly behind plans as a group of shareholders rapidly bought up our shares. This situation has been cleared up, however, and we have refocused our efforts towards fundraising activities.

Regarding our business environment, despite efforts to seek an exit from the unprecedented monetary easing, the economy remains

uncertain. The sense of crisis has further intensified due to such factors as the collapse of Silicon Valley Bank in the U.S. and the state-backed takeover of Credit Suisse, both of which took place earlier this year. While in Japan, the "Startup Development Five-Year Plan" was announced last November as the government boosts its support for business startup. Under such circumstances, next-generation AI and other new technologies are attracting attention, and expectations for startups that create new industries are expanding.

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 falling, while aiming for future growth at the same time. I am convinced that this is the basis for creating a significant social impact and high returns in an uncertain world.

Venture investment and buyout investment are long-term joint ventures with our stakeholders to create a sustainable future. By boldly investing in visions that create unprecedented value and committing to growth, we will fuel perpetual growth and contribute to the realization of a sustainable society.



Keisuke Miyoshi
President & CEO

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, 2023

(Electronic Provision Measures Commencement Date: May 12, 2023)

To Shareholders:

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

NOTICE OF CONVOCATION OF THE 51ST ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby informed that the 51st Annual General Meeting of Shareholders (the "Meeting") of JAFCO Group Co., Ltd. (the "Company") will be held as described below.

The Company has taken measures of electronic provision of information including the contents of Reference Documents for the Meeting (matters regarding measures for electronic provision). Contents of the notice of convocation are posted on the Company's website under the title of "Notice of Convocation of the 51st Annual General Meeting of Shareholders" and so please visit the following website:

Company Website: <https://www.jafco.co.jp/english/ir/shareholder/meeting/>

In addition to the above-mentioned website, the matters regarding measures for electronic provision are also posted on the website of JPX. Please access the following website and search them by entering either "JAFCO" in "Issue name (company name)" or "8595" in "Code" and select "Basic Information" and then "Documents for public inspection/PR information."

JPX Website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend in person, please examine the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights either of the following ways no later than 5:00 p.m. on Monday, June 19, 2023 (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 71, 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 20, 2023, 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 51st Fiscal Year (from April 1, 2022 to March 31, 2023)
- Matters to be resolved:**
- Proposal 1:** Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)
- Proposal 2:** Election of Four (4) Directors Serving as Board-Audit Committee Members

4. Notice Regarding Exercise of Voting Rights

- 1) If you vote twice by postal mail and via Internet, the vote via Internet shall be deemed valid.
- 2) If you vote via Internet more than once, only the last vote shall be deemed valid.
- 3) If you vote by postal mail and do not express for or against each proposal, it is deemed that you agree to the proposal.
- 4) If you wish to vote by proxy, one other shareholder with voting rights may attend the meeting as your proxy. However, please note that a written document certifying the proxy's authority of representation must be submitted.

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- For those attending the Meeting, please present the voting form at the reception desk on arrival at the meeting.
 - Pursuant to the revisions of the Companies Act, the matters regarding measures for electronic provision shall be basically examined by accessing either of the above-mentioned websites and we send the information in paper-based form only to shareholders who have made a request by the record date. However, for this General Meeting of Shareholders, regardless of whether or not a request for the delivery of the documents has been made, we send the documents including the matters regarding measures for electronic provision in paper-based form to all shareholders. Please note that, however, out of the matters regarding measures for electronic provision the following items are excluded from this document pursuant to the applicable laws and regulations and Section 2 of Article 15 of the Articles of Incorporation of the Company. Please visit the above-mentioned websites where they are posted as "the Matters omitted from the Notice of Convocation of the 51st Annual General Meeting of Shareholders."
 - 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 matters regarding measures for electronic provision, we will post the contents of modification on each of the website mentioned above.
- We will inform you of the results of resolutions of the Meeting by posting them on our website.
- We ask for your kind understanding and cooperation when attending the Meeting.
 - If you are not feeling well, please consider refraining from attending the Meeting after taking into account the situation of COVID-19.
 - Shareholders attending the Meeting may be requested to wear a face mask and disinfect hands and fingers.
 - Any major change in operation of the Meeting due to future situation will be informed on the above-mentioned Company's website. Please check the website in advance if you plan to attend the Meeting in person.
 - No drink will be served at the Meeting.

Reference Documents for the General Meeting of Shareholders

Proposal 1: 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 1) 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 (the "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, the composition of the Board of Directors, the business execution structure, and expertise, experience and track record of each candidate.


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

The Board-Audit Committee (the "Committee") discussed the remuneration of directors based on the "Policy for Determination of Remuneration of Directors, etc." and the deliberation by the Nomination and Remuneration Committee composed of all four (4) independent directors and the President. As a result, the Committee has judged the current remuneration 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, and the details and conditions of the system, etc.

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	17 out of 17 (100%)
2	Keisuke Miyoshi	President & CEO [Representative Director] In charge of Investment, Partner	Re-election	17 out of 17 (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)</p> <p><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>	72,947 shares
<p><i>Number of attendances at the Board of Directors meetings: 17 out of 17 meetings (100%)</i></p> <p><i>Reason for nomination as candidate for director</i></p> <p>Shinichi Fuki has taken charge of the Company's overall operations, including venture investment, buyout 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 (Representative Director), in charge of Investment, Partner, JAFCO (Present)	40,302 shares
<p><i>Number of attendances at the Board of Directors meetings: 17 out of 17 meetings (100%)</i></p> <p><i>Reason for nomination as candidate for director</i></p> <p>Keisuke Miyoshi serves as an executive in charge of the domestic venture investment division, and is 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 as a partner in SV6 Partners Limited Liability Partnership ("SV6 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 SV6 Partners LLP. Mr. Miyoshi also participates as a partner in V7 Partners Limited Liability Partnership ("V7 Partners LLP"), which is the joint general partner of JAFCO V7 Fund ("V7") which is a fund in SV7 specializing in venture investment, with other Partners and the Company, and has made partner commitment in V7 through V7 Partners LLP. The Company has provided loans for Mr. Miyoshi for his partner commitments in the above funds. The financing details are as shown in "7. Notes to related party transactions" in the "Notes to Non-Consolidated Financial Statements" of the Matters omitted from the Notice of Convocation of the 51st Annual General Meeting of Shareholders. There are no special interests between the Company and other 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.

Proposal 2: Election of Four (4) Directors Serving as Board-Audit Committee Members


The terms of office of all four (4) directors serving as Board-Audit Committee members will expire at the conclusion of the Meeting. Accordingly, the Company proposes to elect four (4) directors serving as Board-Audit Committee members. Prior consent to this Proposal has been obtained from the Board-Audit Committee after the deliberations by the Nomination and Remuneration Committee.

The candidates for director are as follows. There is no special interest between any of the candidates and the Company.

No.	Name	Current position and responsibilities at the Company, and significant concurrent positions outside the Company	Attribute	Number of attendances at the Board of Directors meetings	Number of attendances at the Board-Audit Committee meetings
1	Shigeru Tamura	Director (Board-Audit Committee member, full-time)	Re-election Independent	17 out of 17 (100%)	14 out of 14 (100%)
2	Koji Tanami	Director (Board-Audit Committee member) Attorney-at-Law, Hashidate Law Office	Re-election Independent	17 out of 17 (100%)	14 out of 14 (100%)
3	Kenichi Akiba	Director (Board-Audit Committee member) Professor, Graduate School of Accountancy, Waseda University Auditor of the Board (Outside), Mitsui Sumitomo Insurance Co., Ltd.	Re-election Independent	17 out of 17 (100%)	14 out of 14 (100%)
4	Yoshie Kajihara	Director (Board-Audit Committee member)	Re-election Independent	17 out of 17 (100%)	14 out of 14 (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>Shigeru Tamura (October 8, 1961)</p> <p><Re-election> <Independent></p>	<p>April 1985 Joined the Bank of Yokohama, Ltd. June 2000 General Manager of Business Administration and Head of Office of IPO, Members Co., Ltd.</p> <p>August 2000 Director & CFO, Members Co., Ltd. September 2002 Officer of Business Administration, Aplix Corporation</p> <p>June 2003 Vice President of Principal Investments, Investment Banking Headquarters, ORIX Corporation</p> <p>August 2005 Senior Corporate Officer, Medical Industries Corp. (currently Mediscience Planning Inc.)</p> <p>August 2006 Executive Vice President, MIC Medical Corporation</p> <p>June 2010 President & CEO, MIC Medical Corporation</p> <p>October 2014 Chairman, MIC Medical Corporation (until May 2015)</p> <p>June 2017 Director (Board-Audit Committee member), JAFCO</p> <p>June 2019 Director (Board-Audit Committee member, full-time), JAFCO (Present)</p>	17,383 shares
<p><i>Number of attendances at the Board of Directors meetings: 17 out of 17 meetings (100%)</i></p> <p><i>Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)</i></p> <p><i>Years as Director serving as Board-Audit Committee member: Six (6) years</i></p> <p><i>Reason for nomination as candidate for director</i></p> <p>Mr. Shigeru Tamura is a candidate for independent director. He has been involved in the management of listed and unlisted companies as CEO, CFO, etc., and has abundant experience and deep insight. He also has experience in financial and investment businesses as well as international operations. He has leveraged his achievements, insight and knowledge to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective as the full-time Board-Audit Committee member. Also, he chairs the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings.</p> <p>Based on the above, the Company believes that he will appropriately perform his duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects him to continue to perform the above role.</p> <p><i>Matters regarding independence</i></p> <p>MIC Medical Corporation ("MIC", currently Mediscience Planning Inc.), at which Mr. Tamura had been President and Chairman until May 2015, is one of the Company's</p>			

former portfolio companies that have made IPO. The Company invested in MIC in September 2006 through a JAFCO-operated fund, which had a mere 1.2% stake at the time of MIC's IPO in November 2007. All the shares were sold by July 2012. As there has been no business relationship between him and the Company, the Company has deemed that he maintains sufficient independence.

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
	 <p>Koji Tanami (September 10, 1939)</p> <p><Re-election> <Independent></p>	<p>April 1964 Joined Ministry of Finance</p> <p>July 1994 Director-General of the Financial Bureau, Ministry of Finance</p> <p>July 1996 Chief Cabinet Councilor for Internal Affairs, Cabinet Secretariat</p> <p>January 1998 Administrative Vice Minister, Ministry of Finance</p> <p>September 1999 Special Advisor to the Minister of Finance</p> <p>June 2001 Deputy Governor and Managing Director, Japan Bank for International Cooperation</p> <p>October 2007 Governor, Japan Bank for International Cooperation</p> <p>September 2008 Resigned from Governor of Japan Bank for International Cooperation</p> <p>December 2010 Registered as Attorney-at-Law (Dai-ichi Tokyo Bar Association) Attorney-at-Law, Hashidate Law Office (Present)</p> <p>June 2015 Director (Board-Audit Committee member), JAFCO (Present)</p>	<p>13,082 shares</p>
2	<p><i>Number of attendances at the Board of Directors meetings: 17 out of 17 meetings (100%)</i></p> <p><i>Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)</i></p> <p><i>Years as Director serving as Board-Audit Committee member: Eight (8) years</i></p> <p><i>Significant concurrent positions outside the Company</i> Attorney-at-Law, Hashidate Law Office</p> <p><i>Reason for nomination as candidate for director</i></p> <p>Mr. Koji Tanami is a candidate for independent director. He has held various important positions at government agencies and international organizations. Currently, he works as an attorney-at-law with a high level of expertise, and his track record and insight are highly regarded. He has leveraged his deep insight in fiscal administration, finance, tax and international fields and law-related expertise to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. He also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that he will continue to appropriately perform his duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects him to continue to perform the above role.</p>		

Matters regarding independence

As there has been no transaction between Mr. Tanami or law office that he has joined and the Company, the Company has deemed that he maintains sufficient independence.

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
	 <p>Kenichi Akiba (October 30, 1963)</p> <p><Re-election> <Independent></p>	<p>September 1986 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>July 1989 Registered as Certified Public Accountant</p> <p>September 2001 Temporarily transferred to The Accounting Standards Board of Japan as Technical Manager</p> <p>April 2007 Technical Director, The Accounting Standards Board of Japan (until August 2009)</p> <p>July 2007 Partner, KPMG AZSA & Co. (currently KPMG AZSA LLC)</p> <p>September 2009 Professor, Graduate School of Accountancy, Waseda University (Present)</p> <p>June 2015 Director (Board-Audit Committee member), JAFCO (Present)</p> <p>June 2018 Auditor of the Board (Outside), Mitsui Sumitomo Insurance Co., Ltd. (Present)</p>	<p>17,128 shares</p>
3	<p><i>Number of attendances at the Board of Directors meetings: 17 out of 17 meetings (100%)</i></p> <p><i>Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)</i></p> <p><i>Years as Director serving as Board-Audit Committee member: Eight (8) years</i></p> <p><i>Significant concurrent positions outside the Company</i> Professor, Graduate School of Accountancy, Waseda University Auditor of the Board (Outside), Mitsui Sumitomo Insurance Co., Ltd.</p> <p><i>Reason for nomination as candidate for director</i> Mr. Kenichi Akiba is a candidate for independent director. He is a certified public accountant with extensive knowledge in international accounting systems and has contributed to the development of accounting standards in Japan. He is now committed to research activities and human resources development as a graduate school professor, and his achievements and insight are highly appreciated. He has leveraged his abundant experience and high level of expertise to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. He also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that he will continue to appropriately perform his duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects him to continue to perform the above role.</p>		

Matters regarding independence

The audit corporation for which Mr. Akiba has worked has never audited the Company's financial statements. In the fiscal year ended March 31, 2013, the Company paid ¥1.35 million to him in remuneration for advice regarding consolidated accounting and the preparation of written opinions. In addition, the Company signed an advisory contract with him effective from April 2013 to February 2015 and received guidance on the background and opinions of accounting systems and accounting standards, for which the Company paid an annual fee of ¥1.5 million. As there has been no business relationship between him and the Company since March 2015, the Company has deemed that he maintains sufficient independence to serve as an independent director of the Company.

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
4	 <p>Yoshie Kajihara (June 16, 1961)</p> <p><Re-election> <Independent></p>	<p>October 2001 General Manager of Accounting, Aplix Corporation</p> <p>March 2005 Corporate Officer and Head of Corporate Planning Office, Aplix Corporation (until March 2007)</p> <p>May 2007 Corporate Auditor (full-time), MIC Medical Corporation (currently Mediscience Planning Inc.)</p> <p>February 2008 Resigned from Corporate Auditor (full-time) of MIC Medical Corporation</p> <p>October 2009 Joined CCS Inc.</p> <p>November 2013 Executive Officer in charge of Corporate Planning, CCS Inc.</p> <p>October 2016 Resigned from Executive Officer of CCS Inc.</p> <p>January 2017 Joined Interactive Solutions Corporation</p> <p>August 2017 Director and General Manager of Human Resources & Administrations, Interactive Solutions Corporation</p> <p>July 2018 Resigned from Director of Interactive Solutions Corporation</p> <p>June 2019 Director (Board-Audit Committee member), JAFCO (Present)</p>	7,837 shares
<p><i>Number of attendances at the Board of Directors meetings: 17 out of 17 meetings (100%)</i></p> <p><i>Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)</i></p> <p><i>Years as Director serving as Board-Audit Committee member: Four (4) years</i></p> <p><i>Reason for nomination as candidate for director</i></p> <p>Ms. Yoshie Kajihara is a candidate for independent director. She has served as an executive, mainly in charge of accounting and management planning, at listed and unlisted companies and has abundant experience and deep insight in these fields. The Company expects her to leverage her achievements, insight, and knowledge to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. She also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that she will appropriately perform her duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects her to continue to perform the above role.</p>			

Matters regarding independence

CCS Inc. ("CCS"), at which Ms. Kajihara had been an Executive Officer until October 2016, is one of the Company's former portfolio companies that have made IPO (initial investment in September 1998; IPO in June 2004). The Company and its funds invested in CCS; all shares had been sold by November 2013 when Ms. Kajihara became an Executive Officer.

Interactive Solutions Corporation ("Interactive Solutions"), at which Ms. Kajihara had been a director until July 2018, is one of the Company's portfolio companies. The Company invested in Interactive Solutions through a JAFCO-operated fund in October 2014 and May 2016, but the percentage of the amount invested in Interactive Solutions to the balance of unlisted investments (acquisition cost basis) by the Company (including funds) is less than 0.2% as of the end of March 2023. One of the Company's employees is appointed as an independent director of Interactive Solutions, but this is only for business development support purposes. Ms. Kajihara's tenure as director at Interactive Solutions was less than one year. As there has been no business relationship between her and the Company, the Company has deemed that she maintains sufficient independence to serve as an independent director of the Company.

- Notes:
1. Messrs. Shigeru Tamura, Koji Tanami and Kenichi Akiba and Ms. Yoshie Kajihara meet the "Standards for Independence of Independent Directors" established by the Company, shown below.
 2. The Company has designated Messrs. Shigeru Tamura, Koji Tanami and Kenichi Akiba and Ms. Yoshie Kajihara as independent officers as provided for in the regulations of the Tokyo Stock Exchange.
 3. The Company has entered into agreements with Messrs. Shigeru Tamura, Koji Tanami and Kenichi Akiba and Ms. Yoshie Kajihara to limit the liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of liability under these agreements shall be the amount prescribed by laws and regulations. If they are re-elected at this General Meeting of Shareholders, the Company plans to continue such agreements.
 4. 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.
 5. 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]

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.

[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.

Business Report

(From April 1, 2022 to March 31, 2023)

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

During the fiscal year under review, inflation accelerated worldwide due to a rise in energy prices, including crude oil, and other factors, and the exchange rate fluctuations resulting from a change in U.S. monetary policy and monetary tightening in various countries increased concerns about an economic slowdown. In addition, financial instability in the U.S. and Europe, triggered by the collapse of banks in the U.S. in March 2023, has further increased uncertainty about the future.

Meanwhile, the COVID-19 pandemic has accelerated a digital shift, changing values and lifestyles. Technological advances are driving industrial efficiency and decarbonization for the realization of a sustainable society. These changes in the environment have created opportunities to invest in new businesses and provided a strong tailwind for portfolio companies expected to contribute to resolving social issues.

Full-fledged startups have begun to emerge also in Japan and young entrepreneurs who will lead the next generation are on the rise. Investments in seed- and early-stage startups currently account for a large proportion of venture capital (VC) investments.

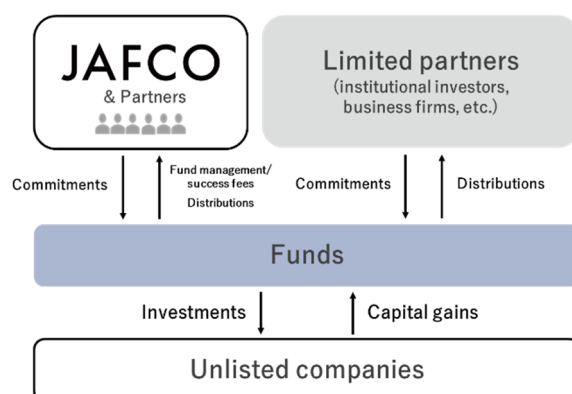
2) JAFCO's business line and business model

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. From the SV6 Fund Series ("SV6") onwards, Partners and employees have invested alongside JAFCO, 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) Establishment of Purpose

In February 2023, we announced our Purpose.

PURPOSE
"Fueling perpetual growth; investing in bold visions"

Over the years, the Japanese economy has grown, developed, and matured, and during that time, JAFCO has consistently focused on "investing in bold visions." Our business has two main pillars: venture investments, through which we pursue the creation of new businesses together with entrepreneurs; and buyout investments, through which we guide companies that seek renewed growth through a "second start" in achieving enduring growth and expansion. We have invested capital committed to our funds, including our own capital, in unlisted companies and supported their growth to provide returns to shareholders and fund investors through IPOs and other means. A stable supply of risk money is required to revive the stagnating Japanese economy and put it back on track for growth. We are committed to maintaining and expanding the investment cycle, no matter how difficult the operating environment becomes, to fuel perpetual growth. By boldly investing in the pursuits of creating unprecedented values and committing to growth, we will fuel perpetual growth and contribute to the realization of a sustainable society.

4) Establishment of Basic Policy for Enhancing Corporate Value

In the current fiscal year, we announced the "Basic Policy for Enhancing Corporate Value," which is based on the promotion of growth strategies and the improvement of capital efficiency over the medium to long term. The details of the policy are described later in "4. Issues to be Addressed." We will continue to pursue sustained improvement in fund performance, which is the foundation of our earnings, without changing our "Highly selective, intensive investment" policy, our investment approach of being deeply involved in management as a "CO-FOUNDER," and our organization structure that supports this approach.

5) 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 offering a third-party ownership service for solar power systems for detached houses. The company

contributes to the realization of a decarbonized society by creating distributed power sources and transforming the energy system through the supply of innovative products.

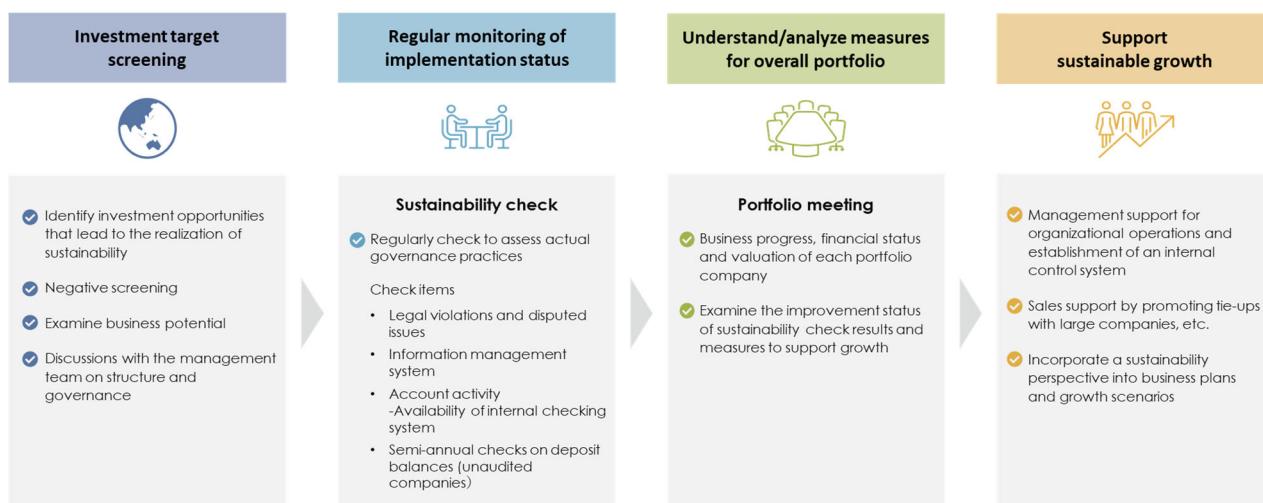
In the S (=social) aspect, we invested in a company that develops and operates a new service of providing online healthcare contents related to employees' physical and mental disorders, as more and more companies launch health management to address employees' health management as a management issue.

The following stage of investment activity involves supporting growth by resolving issues through dialogue and providing management involvement. We regularly check the cash 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 an 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]

● **Sustainability initiatives in investment activities**



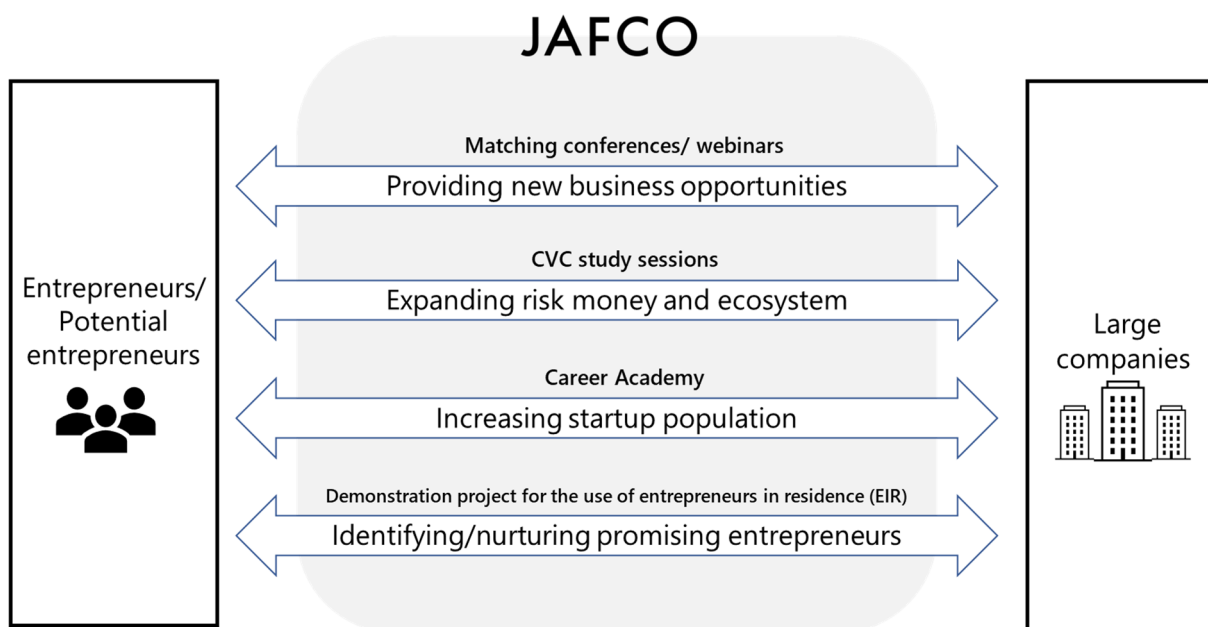
● **Major SDGs/ESG-related investments made in the current fiscal year**



● **Contribution to expansion of the startup ecosystem**

Utilizing the abundant resources we have developed over the years and our extensive network with many companies, we offer various services and events, including matching entrepreneurs with big businesses, study sessions with large companies promoting new business development, and a managerial human resource support service (Career Academy) for startups.

We also take part in the "Demonstration Project for the Use of Entrepreneurs in Residence (EIR)" conducted by the Ministry of Economy, Trade and Industry as an initiative to broaden the base of entrepreneurship by providing a place to prepare for business startup, thereby creating many new businesses. We will nurture new businesses by connecting entrepreneurs with big businesses and leveraging the strengths of both parties, while contributing to the expansion of the startup ecosystem by taking these actions in realizing our Purpose.



6) Funds under management

Total capital commitments of funds under management stand at ¥419.2 billion. We established new domestic fund SV7, which includes a VC fund, a buyout fund and funds investing in both of the aforementioned funds. SV7's total capital commitments, including our own committed capital, stood at ¥78.3 billion (¥50.4 billion of which was raised from external investors) as of April 26, 2023 and fundraising activities still continue. We have also established a Taiwan No. 2 Fund, of which total capital commitments stood at TWD 501 million as of March 31, 2023, and fundraising activities for this fund also continue.

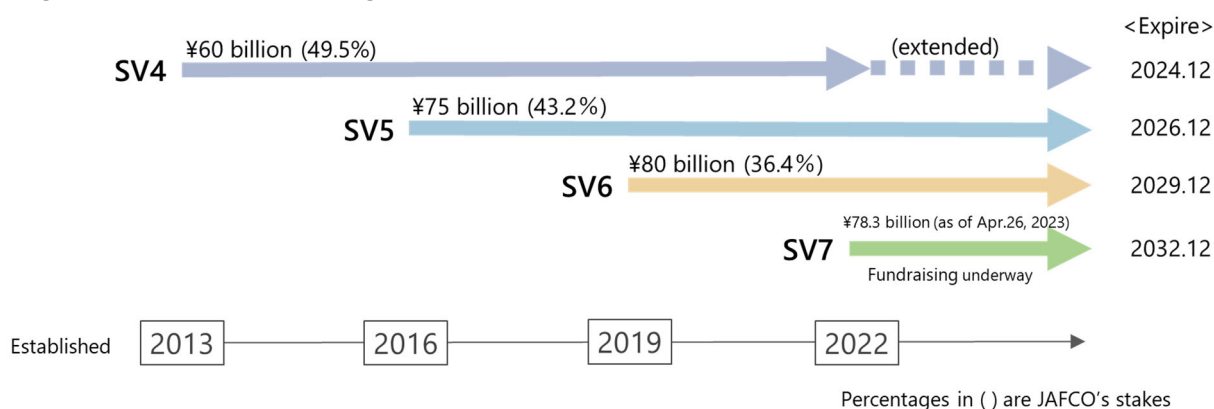
From SV3 to SV5, our investment targets were venture companies in Japan, Asia and the U.S., and domestic buyout deals. For the previous SV6, we decided to invest only in venture companies and buyout deals in Japan. For SV7, we established a buyout-dedicated fund for the first time in 18 years to meet the needs of diverse stock investors.

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 VC funds, 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



7) 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 implement highly selective, intensive investment, where 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.

In buyout investment, we target small to midsize deals (worth ¥1-5 billion in stock) by leveraging our insight acquired through venture investment. Our strength is in supporting business transformation and growth of portfolio companies offering cutting-edge technologies.

In the US, we operate under the name of Icon Ventures and invest in promising startups mainly in Silicon Valley by utilizing our network with top-tier VC firms. In Asia, we make investments in China, Taiwan, India, Southeast Asia and other growth regions, capitalizing on over 30 years of experience as a pioneering Japanese-affiliated VC firm.

Global investment structure (including funds)

JAFCO		Overall balance of unlisted securities ¥217.7 B (261 co's)	
Japan		Asia	
Balance of unlisted securities ¥129.9 B (167 co's) VC 151 co's Buyout 16 co's		Balance of unlisted securities ¥26.1 B (60 co's)	
VC team members	41	Investment team members	15
Buyout team members	15	BD team members	2
BD team members	14		
		U.S.A.	
		Balance of unlisted securities ¥61.7 B (34 co's)	
		Investment team members	7
		Operating partners	2
		BD team members	2

- Notes: 1. Balance of unlisted securities (acquisition basis): as of March 31, 2023
 2. Exchange rate: 1US\$=¥133.53 as of March 31, 2023
 3. Number of members: as of April 1, 2023
 4. BD stands for business development.
 5. Overseas investments carried out by the venture investment division in Japan are included in Japan.

8) 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 (HR), marketing/ sales, back-office construction support, and other fields form teams with our investment professionals 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. By utilizing the knowledge of these large companies, we aim to strengthen their collaboration with portfolio companies to support business expansion 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.

Business development support in the current fiscal year

Most pressing issues	Support details	Results for FY March 2023	
Recruitment	<ul style="list-style-type: none"> C-level and other executive referrals Organizational development consulting 	Recruited	37 people
Customer referrals (Marketing/Support)	<ul style="list-style-type: none"> Lead acquisition support Tie-up arrangements PoC project referrals 	Business matching	825 deals
Back-office development	<ul style="list-style-type: none"> IPO consulting Administrative division establishment Tool selection 	IPO consulting	32 Cos.

2. Business Summary and Results

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

Against a backdrop of a tightening monetary policy and an inflationary trend in the U.S. and a sense of caution about adjustments to the monetary policy in Japan and others, the stock market has entered an adjustment phase since the fall of 2021 with nervous movements. Furthermore, political, economic and social conditions are increasingly uncertain with growing credit concerns of financial institutions in addition to surfacing geopolitical risks. In the domestic IPO market, the number of new listings and the amount of fundraising have decreased, creating difficult conditions for large-scale IPOs. With some companies having rescheduled their listing, the impacts on the private equity 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

During the current fiscal year, revenues declined from the previous fiscal year as a result of a decrease in capital gains due to the lack of large IPOs from our portfolio companies, partly affected by the severe market environment. Net sales were ¥14.1 billion (down 49.2% from ¥27.7 billion in the previous fiscal year) and ordinary income decreased to negative ¥3 billion (¥18.4 billion in the previous fiscal year).

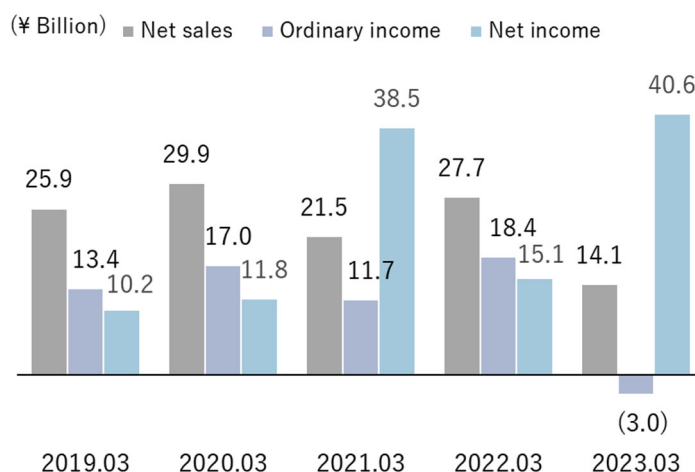
Meanwhile, due to the sale of our holdings in Nomura Research Institute, Ltd. and a subsequent share buyback, profit rose from the previous fiscal year, with net income of ¥40.6 billion (up 169.0% from ¥15.1 billion in the previous fiscal year) and return on equity (ROE) of 24.7% (7.3% in the previous fiscal year).

We recorded significant investment loss reserves in 4Q anticipating a worsening financial situation and a slumping exit market.

Although our performance changes significantly each fiscal year depending on the number of large exits, the continuous improvement in performance of each fund under management will lead to strong performance over the long term. We will continue to pursue IPOs, M&As, and other exits that would generate large capital gains.

Net sales, ordinary income and net income for the current fiscal year (¥ Billion)

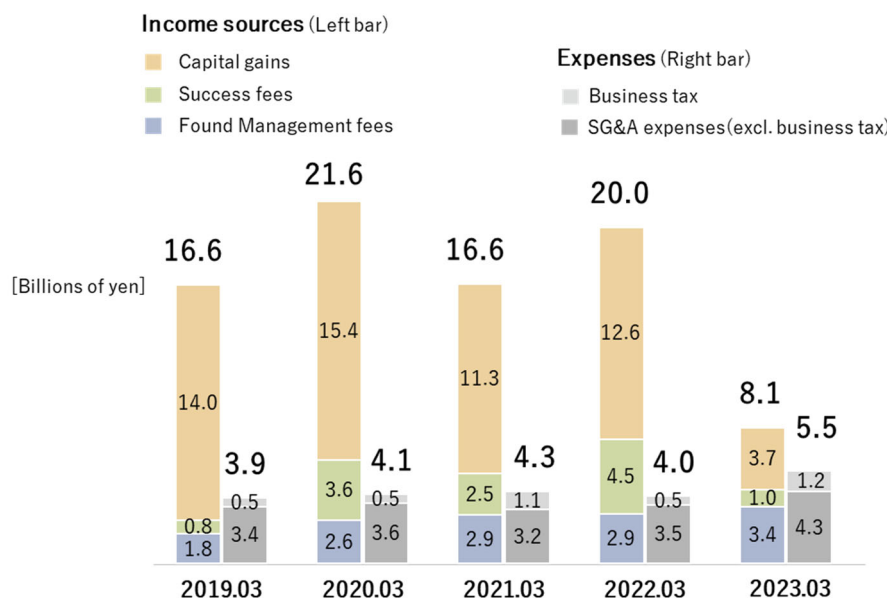
Net sales	14.1
Ordinary income	(3.0)
Profit attributable to JAFCO Group Co., Ltd. stockholders (Net income)	40.6
ROE (Return on equity)	24.7%



3) Gains and Selling, general and administrative expenses (SGA)

In the current fiscal year, capital gains plunged to ¥3.7 billion (total of listed and unlisted companies, ¥12.6 billion in the previous fiscal year) and success fees also decreased to ¥1.0 billion yen (¥4.5 billion in the previous fiscal year). On the other hand, fund management fee increased to ¥3.4 billion (¥2.9 billion in the previous fiscal year) along with the launch of new funds, including SV7. As for selling, general and administrative expenses, business taxes increased due to the sale of the shares of Nomura Research Institute, Ltd. Despite being a fund management company, we remain unable to cover SG&A expenses with our core income of management fees. We will expand the size of our future funds in line with the expansion of target targets, while being firmly committed to highly selective, intensive investment. Accordingly, we will promote strengthening of our investment management and fundraising capabilities as our growth strategy to boost success fees and fund management fees.

Profits and Selling, general and administrative expenses (SGA)

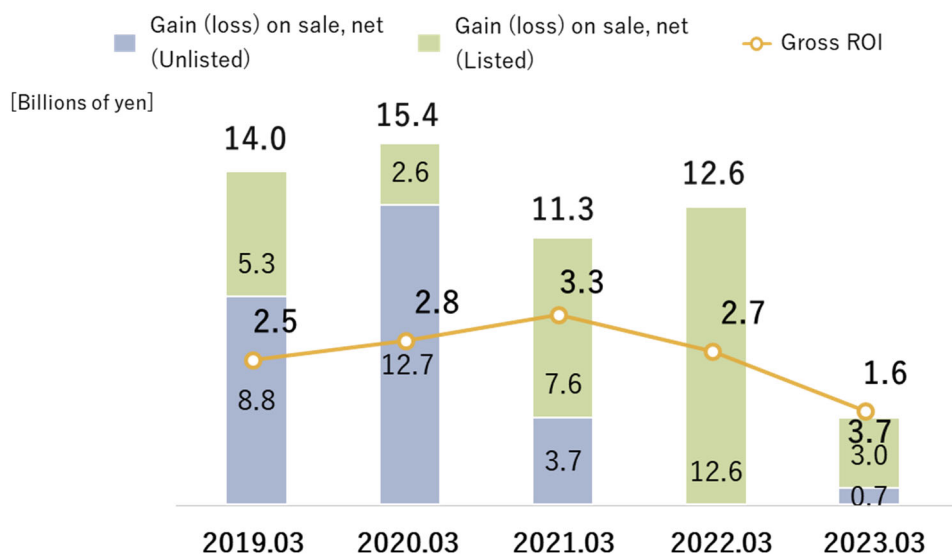


Number of employees: 134 131 132 135 147

- Notes: 1. Success fees and fund management fees are based on total capital commitments excluding JAFCO 's interests.
2. Each figure does not include that for the US subsidiary (JAV) due to the change in the scope of consolidation.

During the current fiscal year we had 5 IPOs in Japan. Capital gains were ¥3.7 billion and ROI (investment multiple) was held down at 1.6 times affected by difficult market conditions.

Capital gains and ROI (investment multiple)



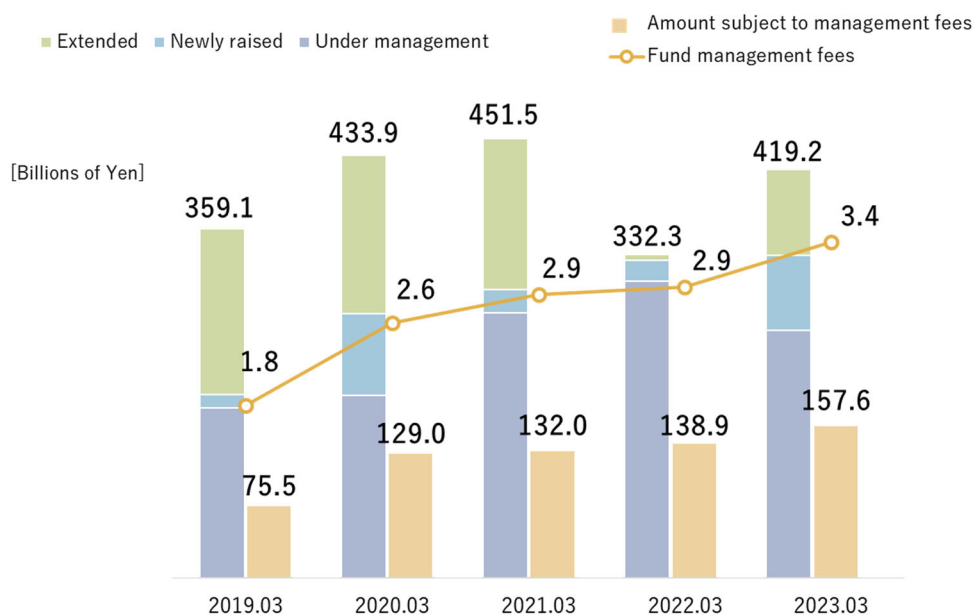
Number of IPOs: 2 4 6 6 5 (Cos.)
Unrealized gains: 6.4 7.1 14.9 12.5 11.0 (Billions of yen)

- Notes: 1. Gains/ losses include other portfolio-related revenues and impairment losses.
2. Unrealized gains are valuation gains on listed operational investment securities.

Capital commitments to funds were ¥419.2 billion due to a launch of SV7 and the Taiwan No.2 Fund, resulting in an increase of ¥18.6 billion in the amount subject to management

fees compared with the previous fiscal year. Fund management fees were ¥3.4 billion in the current fiscal year.

Capital commitments to funds and fund management fees



- Notes:
1. The amount subject to management fees does not include JAFCO's interests in funds, funds under extension, and US funds excluded from the scope of consolidation.
 2. Translated using the exchange rate as of each fiscal year end, which was ¥133.53 to the dollar as of the end of March 2023.

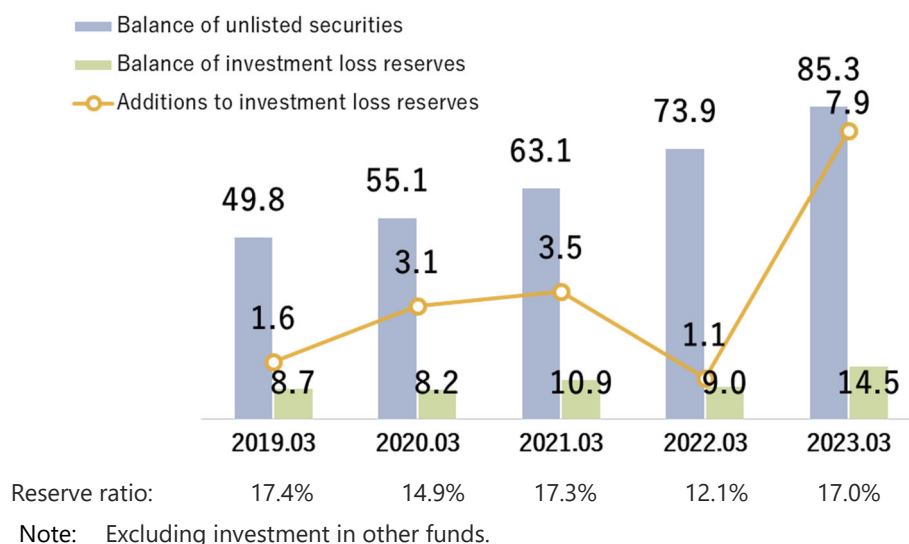
4) Balance of unlisted operational investment securities and investment loss reserves

In the current fiscal year, the balance of unlisted operational investment securities increased to ¥85.3 billion (from ¥73.9 billion in the previous fiscal year) due to progress of investment.

The balance of investment loss reserves, the reserve ratio and reserve additions had remained relatively at low levels as we increased our involvement in management under our policy of highly selective, intensive investment, and continuing tailwinds for startups provided favorable circumstances for post-investment fundraising.

However, in the current fiscal year, we recorded significant investment loss reserves in 4Q in anticipation of a worsening financial situation and a slumping exit market based on changes in business environment. Additions to investment loss reserves largely increased to ¥7.9 billion (¥1.1 billion in the previous fiscal year). The balance of investment loss reserves was ¥14.5 billion (¥9.0 billion in the previous fiscal year) and the reserve ratio was 17.0% (12.1% in the previous fiscal year).

Balance of unlisted operational investment securities and investment loss reserves



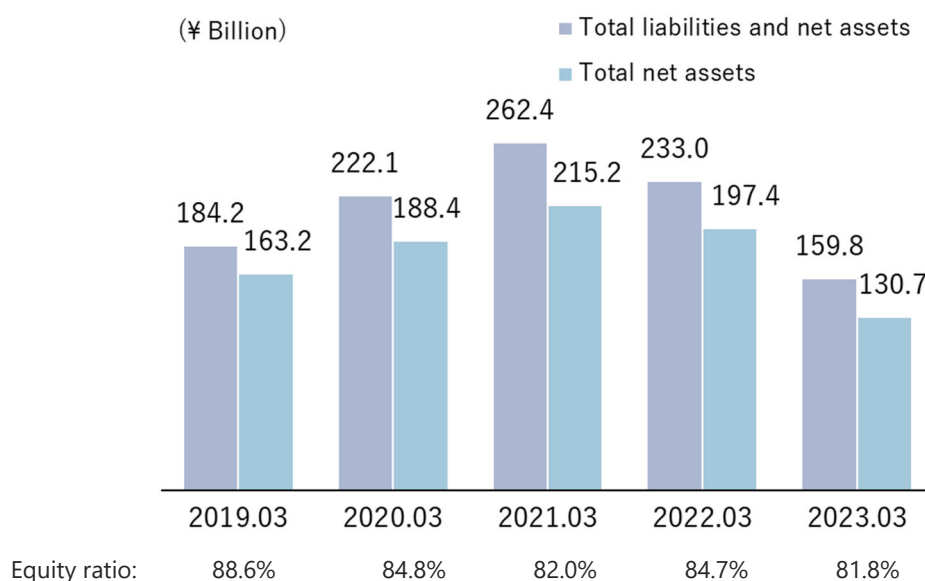
The situation remains unpredictable and we continue to monitor the impact of the changes of business environment on the private equity market. The reserves may increase when future performance and fundraising of our portfolio companies are affected.

5) Assets

A majority of our portfolio consists of unlisted companies, shares of which are highly illiquid. For this reason, we need to maintain a solid financial base to allow us to continue investing under any circumstances.

Net assets at the end of the current fiscal year were ¥130.7 billion, decreased by ¥66.6 billion from the end of the previous year due to the buyback of treasury shares, which were subsequently cancelled, and equity ratio was 81.8%. Cash and deposit as of the end of the current fiscal year stood at ¥69.5 billion, including our committed capital, which will be used to invest in our funds over the next three years or so.

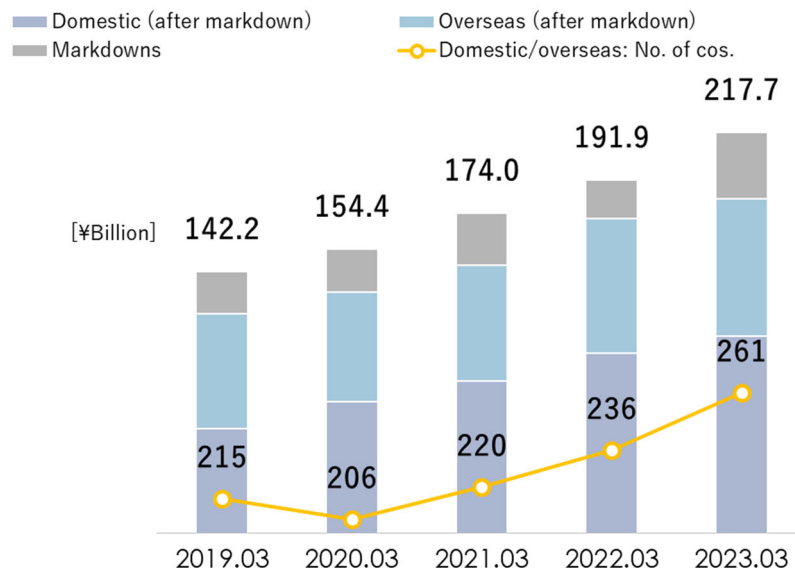
Total assets and net assets



6) Fund Management: Balance of unlisted securities

In the current fiscal year, the balance of unlisted securities for the entire funds was ¥217.7 billion. The balance of unlisted securities under management has been increasing along with progress of investment.

Balance of unlisted securities

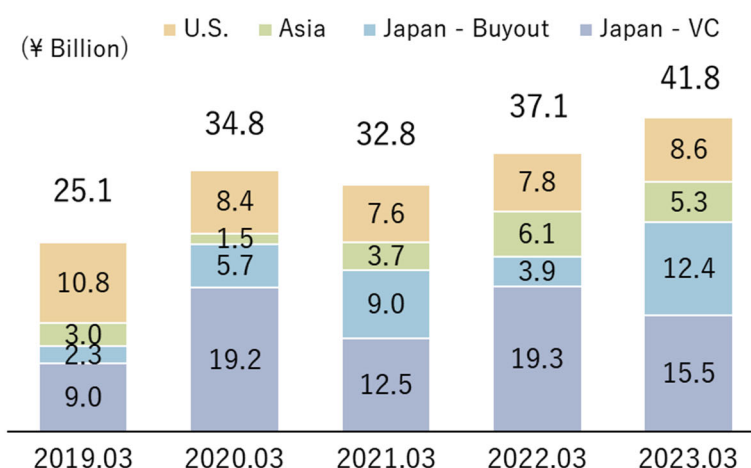


- Notes: 1. Exchange rate US\$1=¥133.53 is used for all period
2. Overseas investments made by the venture Investment division in Japan are included in "Domestic."

7) Fund Management: Investment

Amount of investment in each region differed in each fiscal year. In the current fiscal year, investments centered on domestic buyout deals against a backdrop of increasing needs for business succession, and the amount of investment on a global basis amounted to ¥41.8 billion.

Investment Amount

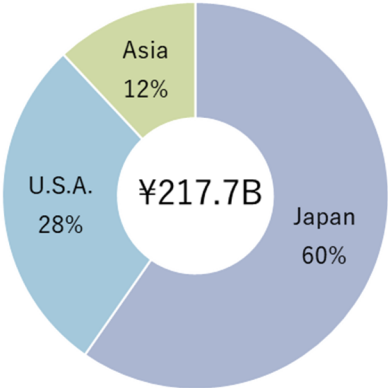


Note: Overseas investments made by the venture Investment division in Japan are included in "Japan"

8) Fund Management: Breakdown of Portfolio

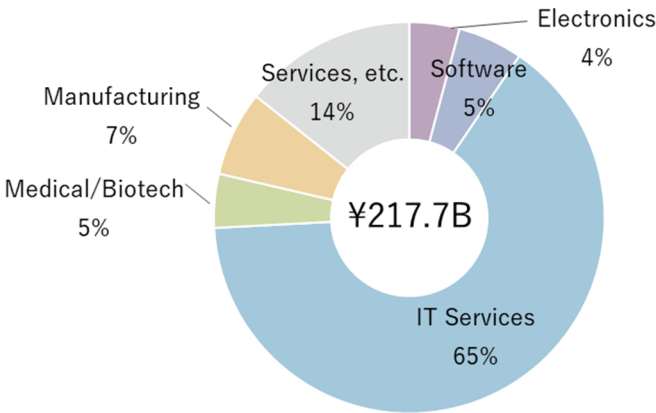
We invest in three regions; Japan, Asia and the U.S. to disperse geographical risks. Breakdown of ¥217.7 billion in the balance of unlisted securities by region was 60% in Japan, 28% in the U.S. and 12% in Asia.

Portfolio by region



In breakdown by sector, IT services accounted for 65%. IT services include many startups which utilize cutting-edge technologies to change business models in existing industries. As concept of ESG and SDGs became widespread rapidly, many startups have emerged, including those that aim to solve social issues amid technological advances or provide new services catering to changes in lifestyles.



Portfolio by sector






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


JAFCO-backed IPOs and a case of M&A exit during the current fiscal year are as follows:

[JAFCO-backed IPOs]

 Microwave Chemical	Microwave Chemical Co., Ltd. Manufacturing, sales and licensing based on microwave chemical processing technology	IPO Date: June 24, 2022 IPO Market: Growth Head Office: Osaka
 airCloset	airCloset, Inc. Operation of an online fashion styling/rental platform airCloset	IPO Date: July 29, 2022 IPO Market: Growth Head Office: Tokyo

	Linkers Corporation Operation of Linkers, a business partner/ supplier matchmaking service	IPO Date: Oct. 26, 2022 IPO Market: Growth Head Office: Tokyo
	note inc. Media platform to distribute works by individual/corporate creators	IPO Date: Dec. 21, 2022 IPO Market: Growth Head Office: Tokyo
	AnyMind Group Inc. Development and operation of a next-generation, end-to-end commerce enablement platform.	IPO Date: Mar. 29, 2023 IPO Market: Growth Head Office: Tokyo

[Case of M&A exit]

	Medical Support Co., Ltd. Consulting for dental clinics related to management, opening, operation, etc.	Head Office: Tokyo
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3. Policy on shareholder returns

1) Shareholder return policy

The Company reviewed its shareholder return policy during the current fiscal year and adopted the following as its new policy.

Regarding dividends, we have set an indicator to pay per-share dividend of the greater of 3% of shareholders' equity (average of beginning and end of period) or 50% of net income. However, the dividend per share for the fiscal year ended March 31, 2023 shall be paid in accordance with the following, whichever is greater:

- a. ¥150; or
- b. The amount calculated by dividing the Company's net income attributable to JAFCO Group Co., Ltd. stockholders for the fiscal year ended March 31, 2023, including the gain on the sale of shares in Nomura Research Institute, Ltd. ("NRI") and after deducting the total acquisition price of shares bought back in the TOB by Issuer announced on December 21, 2022, by the number of Company shares outstanding on the record date of the dividend (excluding treasury shares then held by the Company).

In addition to the dividend policy above, we plan to reduce ¥60 billion in the necessary funds to ensure continuous investment (after deducting interest-bearing debts, accrued taxes, and expected dividend payments at the end of March of each fiscal year) in stages and will consider allocating the excess amount for shareholder returns including share buybacks.

2) Status of Shareholder returns

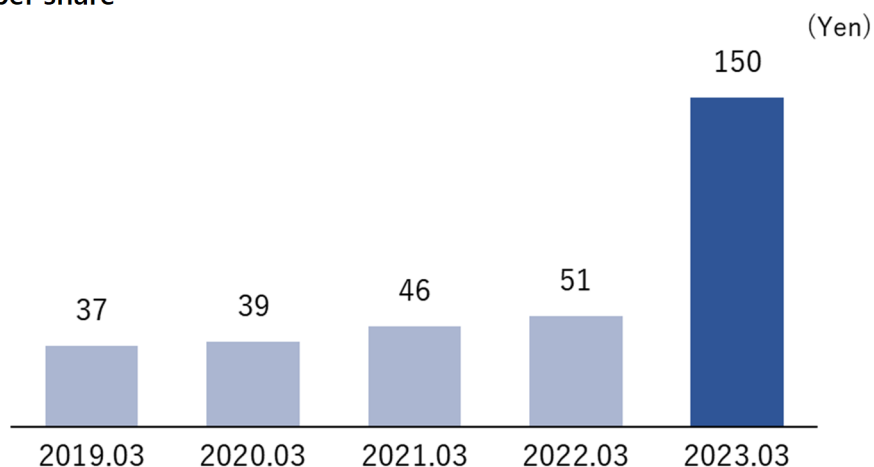
Based on the policy mentioned above, we have decided to pay the dividend of ¥150 per share (previous fiscal year: ¥51 per share) for the current fiscal year.

The Company also conducted a share buyback of 202,200 shares (about ¥0.4 billion) through market purchases in April 2022 (after which the cumulative share buyback from the previous fiscal year reached 7,409,800 shares or about ¥15 billion). Furthermore, after selling its entire holdings in NRI in December 2022, the Company conducted a share buyback of 16,800,000 shares by an issuer tender offer using ¥42 billion from the after-tax sales proceeds. As a result, the total return ratio amounted to 124.6%.

The Company cancelled treasury shares of 7,630,000 shares in May 2022 and 17,220,000

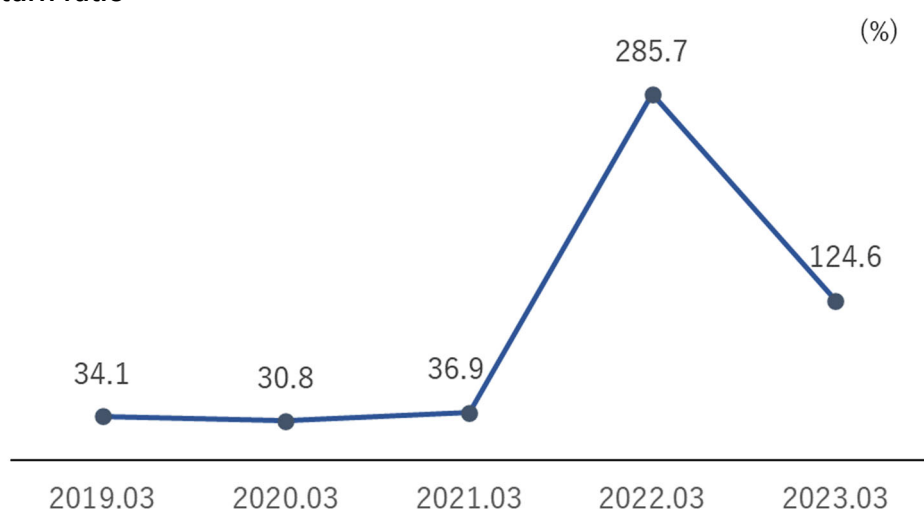
shares in March 2023, respectively, so that its treasury share holdings would be 3% of total number of shares outstanding.

Dividend per share



Note: The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022. The above figures for 2021.03 and prior years have been adjusted to reflect the stock split (rounded to the nearest decimal place.)

Total return ratio



Note: Total payout ratio= (Total dividends paid + Total share buyback)/ Net income (%)

4. Issues to be addressed

1) Future direction: Basic policy for enhancing corporate value

The Company's basic policy is to promote growth strategies and improve capital efficiency by reducing net assets, with the aim of increasing corporate value that leads to greater profits for shareholders.

i) Promotion of growth strategies

Investment management capabilities and fundraising capabilities are the two wheels our profit growth underpinned by our organizational infrastructure.

● **Enhance investment management capabilities**

Since 2010, with our investment policy of highly selective, intensive investment and management involvement, we have focused on maximizing capital gains and improving fund performance by identifying promising companies at an early stage and proactively working on their post-investment growth.

In order to further enhance our investment management capabilities, we will further evolve our highly selective, intensive investment and management involvement in each investment process as follows:

- Investment: Identify companies with high growth potential at an early stage and make investments as a lead investor
- Growth support: Improve the growth speed of portfolio companies by utilizing various management resources and being deeply involved in business development and organizational infrastructure enhancement.
- Exit: Get deeply involved in management to achieve IPOs and developmental M&As that maximize corporate value.

● **Enhance fundraising capabilities (expanding funds from external investors)**

In addition to ensuring stable fund performance, we will manage funds with discipline and transparency and provide information according to investors' needs. These will allow us to receive continued investment from existing investors, while also attracting a new investor base that shares social and economic significance our funds, thereby increasing the amount of funds raised from external investors.

● **Reinforce organizational infrastructure**

We will continue to develop investment professionals, who constitute the basis of our investment management capabilities, through our unique recruitment and training model that combines continuous recruitment of new graduates/passing-on of expertise and the hiring of specialists in specialized fields.

At the same time, we will further strengthen the organizational structure that comprehensively supports the investment process, and work to continuously improve our investment management capabilities without excessive reliance on individuals.



ii) **Improve capital efficiency**

In fundraising, which is easily affected by the market environment, we have ensured an appropriate fund size by investing our own funds. As a result, our investment ratio in funds stood at around 40% as of the end of March 2023.

Going forward, we will increase the size of our new funds gradually in line with the target market, while reducing our investment ratio in stages, with the medium- to long-term goal of reducing the ratio to 20%. By doing so, we will aim for a high level of capital gains by keeping the necessary funds at a certain amount while maintaining the balance of operating investment securities. As an investment management company, we will pursue our unique model of investment management business that allows us to earn stable management fees while continuing to generate high profitability.

We will implement measures based on the aforementioned shareholder return policy and aim to improve capital efficiency to realize the medium- and long-term goals shown in the diagram below.

Medium- and long-term goals

Investment ratio in new funds	Total funds under management (AUM)	ROE
40%→20%	¥380 billion → ¥670 billion <small>Plans are to increase fund size in line with target market expansion</small>	6% → 15~20%

2) Issues to be addressed

i) Reinforce highly selective, intensive investment and management involvement

The business environment surrounding startups is expected to remain harsh. However, looking back on our history, it was in such an environment that companies leading the next generation were founded. We will further reinforce our investment policy of highly selective, intensive investment, identify and screen investment targets with high growth potential, and boldly invest in them. We promote corporate growth through deep involvement in the management of our portfolio companies.

ii) Improve 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.

iii) Fundraising

We continue fundraising for the latest flagship fund SV7. By increasing the amount raised from external investors, we aim to achieve the total fund size between ¥80 billion to a maximum of ¥95 billion by the end of the fiscal year ending March 31, 2024.

iv) Recruit and develop diverse human resources

While actively recruiting mid-career personnel in addition to new graduates, we will also work on personnel development. We will continuously review our HR system to promote recruitment and encourage active participation of human resources to build an organization in which diverse human resources play an active role.

v) Solid financial foundation

While responding to changes in the business environment and our financial situation, we will steadily maintain a solid financial foundation that underpins our growth strategies, while keeping in mind improving capital efficiency. We will also diversify our financing methods as necessary.

5. Assets and profit (loss)

	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)	51st Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales (Millions of yen)	29,855	21,512	27,677	14,073
Ordinary income (loss) (Millions of yen)	17,045	11,707	18,360	(3,048)
Profit attributable to JAFCO Group Co., Ltd. stockholders (Millions of yen)	11,839	38,504	15,080	40,571
Profit per share (Yen)	127.59	416.48	192.50	586.92
Total assets (Millions of yen)	222,059	262,383	233,024	159,847
Net assets (Millions of yen)	188,366	215,237	197,390	130,745
Net assets per share (Yen)	2,030.00	2,438.71	2,769.16	2,404.11

- 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 48th Fiscal Year (from April 1, 2019 to March 31, 2020).

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]	Consulting, business information services
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, 2023)

1) JAFCO Group Co., Ltd.

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

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, 2023)

1) Company Group employees

Number of employees	Increase (decrease) from previous fiscal year
147	12

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
117	9	42 years and 11 months old	14 years and 11 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 ¥149 million (previous fiscal year-end: ¥183 million).

10. Principal creditors (as of March 31, 2023)

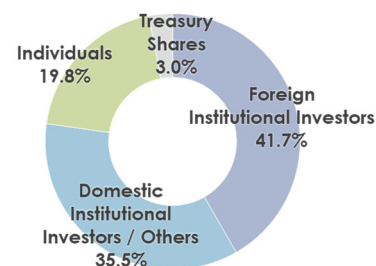
(Millions of yen)

Creditor	Balance of borrowings
Nippon Life Insurance Company	100
Resona Bank, Limited	49

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

1. Shares (as of March 31, 2023)

- | | |
|--------------------------------|--------------------|
| 1) Authorized number of shares | 240,000,000 shares |
| 2) Number of shares issued | 56,060,000 shares |
| 3) Number of shareholders | 12,385 |
| 4) Major shareholders | |



Shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,375	17.2
Custody Bank of Japan, Ltd. (Trust Account)	3,474	6.4
Nippon Life Insurance Company	1,158	2.1
STATE STREET BANK AND TRUST COMPANY 505103	1,083	2.0
STATE STREET BANK WEST CLIENT – TREATY 505234	894	1.6
GOVERNMENT OF NORWAY	818	1.5
STATE STREET BANK AND TRUST COMPANY 505019	808	1.5
JPMorgan Securities Japan Co., Ltd.	795	1.5
STATE STREET BANK AND TRUST COMPANY 505001	760	1.4
DFA INTL SMALL CAP VALUE PORTFOLIO	753	1.4

Notes: 1. The Company holds 1,675 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) Shares granted to Company officers during the current fiscal year as consideration for performance of duties

At the 50th Annual General Meeting of Shareholders held on June 21, 2022, the Company passed a resolution to introduce a restricted stock compensation plan to provide incentives to continuously improve the Company's corporate value and to promote further value sharing with shareholders.

The number of shares with transfer restrictions allocated to the Company's officers, etc. under this stock compensation plan during the current fiscal year is as follows. An overview of the stock compensation plan is shown on page 46.

	Number of shares allocated	Number of allottees
Directors (excluding director serving as audit committee members and independent directors)	42,786	2
Corporate officers who do not concurrently serve as directors	22,002	3
Directors of the Company's wholly owned subsidiaries	39,648	1

6) Other important matters regarding shares

● Share buyback and cancellation

i) 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 based on the above resolution of the Board of Directors: 7,409,800 shares (after reflecting the stock split as of February 1, 2022) for ¥14,999 million (of which, 202,200 shares were acquired for ¥384 million during the current fiscal year)

ii) The Company passed a resolution regarding a share buyback at the meeting of the Board of Directors held on December 21, 2022 based on the Articles of Incorporation complying with Article 459, Paragraph 1 of the Companies Act.

- Type and number of buyback shares: Common stock; 16,800,100 shares (upper limit)
- Buyback amount: ¥42,000,250,000 (upper limit)
- Buyback period: From December 22, 2022 to March 29, 2023
- Buyback method: Issuer tender offer

Number of treasury shares acquired by an issuer tender offer (tender offer period: December 22, 2022 to January 25, 2023; settlement date: February 16, 2023) based on the above resolution of the Board of Directors: 16,800,000 shares for ¥42,000 million

iii) The Company cancelled part of 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 22, 2022	May 10, 2022	80,910,000	7,630,000	9.4%
February 16, 2023	March 1, 2023	73,280,000	17,220,000	23.5%

2. Directors

1) Directors (as of March 31, 2023)

Position	Name	Responsibilities at the Company and significant concurrent positions
Chairman	Shinichi Fuki	
President & CEO [Representative 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. 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, 2023 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
Corporate Officer	Naoki Sato	In charge of Business Development

The Company has appointed Partners who execute investment opportunities and management of JAFCO-operated funds. As of March 31, 2023, Partners who do not concurrently serve as director are as follows:

Position	Name	Responsibilities at the Company
Partner	Atsushi Fujii	In charge of Venture Investment
Partner	Shozo Isaka	In charge of Venture Investment
Partner	Tomotake Kitazawa	In charge of Venture Investment
Partner	Mizuki Takahara	In charge of West Japan Branch, West Japan Branch Manager
Partner	Yutaro Saka	In charge of Venture Investment

2) Remunerations, etc. of directors, etc.

● Total remunerations for the fiscal year ended March 31, 2023

Classification	Number of persons paid	Total amount paid (¥ millions)	Total amount by compensation type (¥ millions)			
			Basic compensation (fixed)	Basic compensation (performance-linked)	Extraordinary compensation (performance-linked)	Restricted stock compensation
Directors (excluding Board-Audit Committee members)	2	193	74	20	46	52
Directors serving as Board-Audit Committee members [of which, Independent Directors]	4 [4]	76 [76]	76 [76]	-	-	-
Total [of which, Independent Directors]	6 [4]	269 [76]	151 [76]	20 [-]	46 [-]	52 [-]

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 indicators selected as a basis for calculating the said amount and the method of calculating the amount are as given in the "Outline of policy for determination of remuneration of directors, etc." below. The reason for selecting the said performance indicators is to reflect the Company's short-term performance.

Of the above performance-linked basic compensation, ¥5 million paid between April and June 2022 was determined based on the performance indicators for the fiscal year ended March 31, 2021, and ¥14 million paid in and after July 2022 was determined based on the

performance indicators for the fiscal year ended March 31, 2022 at the Board of Directors meetings. Actual results of key performance indicators 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, and those for the year ended March 31, 2022 were capital gains of ¥12,638 million, reversal of investment loss reserves of ¥1,985 million, and ordinary income of ¥18,360 million. Evaluation based on the above was at the 3 (base amount) of the 5-point rating scale for the year ended March 31, 2021 and at the 2 (15% increase of base amount) for the year ended March 31, 2022.

2. Extraordinary compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked remuneration. The details of the performance indicators selected as a basis for calculating the said amount and the method of calculating the amount are as given in the "Outline of policy for determination of remuneration of directors, etc." below. The reason for selecting the said performance indicators 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 indicators for the current fiscal year. Year-over-year actual results of the performance indicators were a 3.0% decrease in ROI on funds, which is used as the indicator for fund performance, an increase of ¥74,400 million in total fund commitments from the end of the previous year, a decrease of ¥21,409 million in ordinary income, a decrease of ¥299 million in core income (excluding business taxes), and a decrease of ¥1,701 million in unrealized gains. Based on the above, the said compensation level for each position decreased by 15% from the previous year.

3. Part of basic compensation (fixed) includes director stock ownership association enrollment promotion charge, for which ¥0 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. Restricted stock compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked and non-monetary remuneration. The details of the performance indicators selected as a basis for calculating the said amount and the method of calculating the amount are as given in the "Outline of policy for determination of remuneration of directors, etc." below. The reason for selecting the said performance indicators is to provide incentives to continuously improve the corporate value of the Company and to further share the value with shareholders.

The current fiscal year is the first year of the introduction of the stock remuneration plan, and the share prices and indices used for the calculation of the Company's stock price growth rate and TOPIX (Tokyo Stock Price Index) growth rate, which are performance indicators, for the previous year are those before the introduction of the plan. In light of this, the amount of stock compensation for the current fiscal year was determined by the Board of Directors to be 100% of the base amount, regardless of the actual results of the relevant performance indicators.

The status of delivery of restricted stock as stock-based compensation is as stated in "II (1) 5) Shares granted to Company officers during the current fiscal year as consideration for performance of duties" in the Business Report.

5. In the above remunerations, ¥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.

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

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)

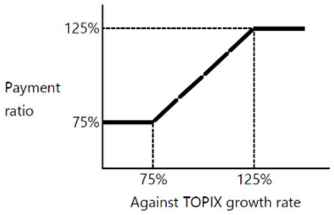
Basic compensation (fixed)	Fixed monetary remuneration paid monthly, determined by importance of roles and responsible areas of each job position, years in service, etc.
Basic compensation (performance-linked)	Monetary remuneration paid monthly, determined once a year, in principle, by the Board of Directors 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' 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").

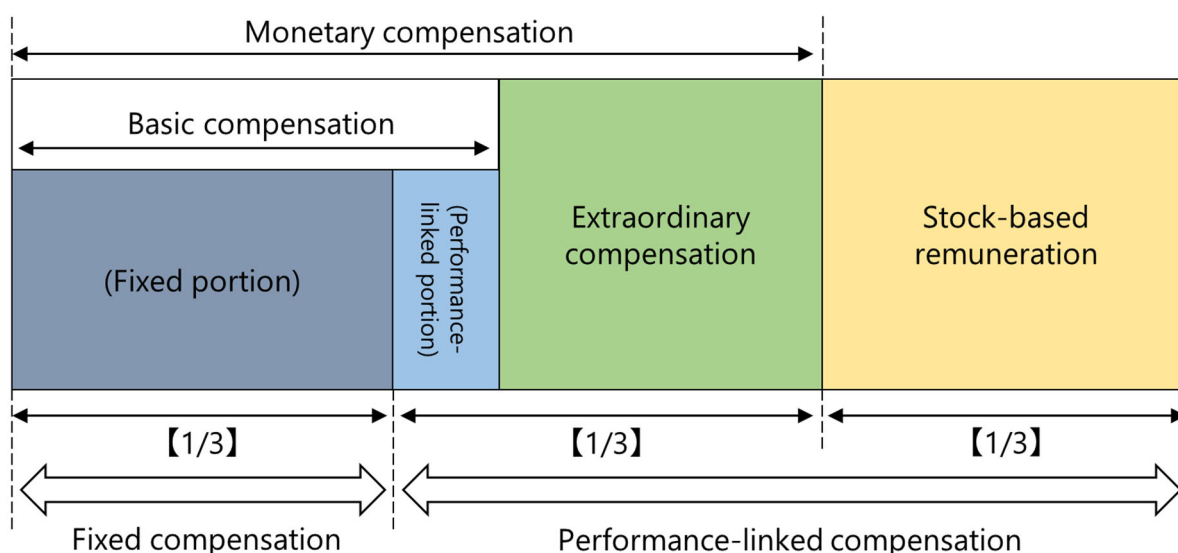
The outline of the restricted-stock remuneration plan is as shown below.

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> $\text{Against TOPIX growth rate} = \frac{(A + B) \div C}{D \div E}$ <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 partially reduced monetary compensation paid prior to the introduction based on a review of its level, and then paid 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 was 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 corporate officers restricted-stock remuneration with the similar details as those for directors (excluding Board-Audit Committee members and independent directors) as stock-based remuneration.

● 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,

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 and 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, employees (who are managers and supervisors), etc. of the Company and its subsidiaries (excluding the U.S. subsidiary), and officers and employees of the Company who are appointed as directors of unlisted portfolio companies in Japan and overseas, 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)	17 out of 17 meetings	14 out of 14 meetings
Koji Tanami Director (Board-Audit Committee member)	17 out of 17 meetings	14 out of 14 meetings
Kenichi Akiba Director (Board-Audit Committee member)	17 out of 17 meetings	14 out of 14 meetings
Yoshie Kajihara Director (Board-Audit Committee member)	17 out of 17 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.

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	80
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	80

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

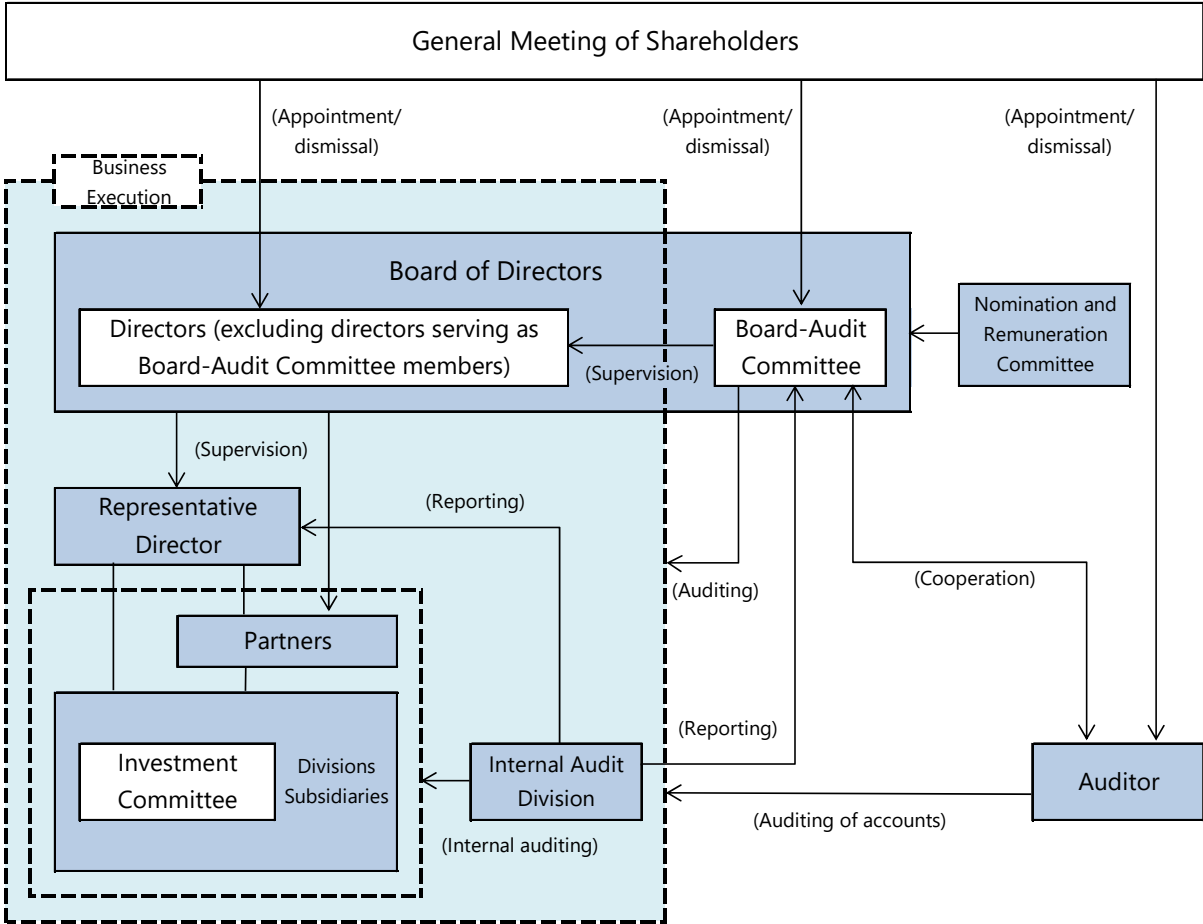
The Company's basic views on corporate governance are as outlined below. With an eye to increasing corporate value over the medium to long term, the Company will make continuous efforts to enhance corporate governance.

- 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) 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.

Corporate governance structure



Board of Directors

The Board of Directors consists of six (6) members, four (4) independent directors and two (2) internal directors, with the majority being 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.

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, partners and representatives of major subsidiaries 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.

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.

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.

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) 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 ("BOD") for the fiscal year ended March 31, 2023 is as follows:

The BOD evaluates its effectiveness on an annual basis. In the fiscal year ended March 31, 2023, the BOD held deliberations over items such as its composition, operation, role, responsibilities, etc. as in previous years based on questionnaires and interviews administered to all directors.

As the majority of the BOD consists of independent directors, we assess that the BOD continues to maintain sufficient experience and expertise necessary to enrich discussions.

Under the management of new President & CEO Keisuke Miyoshi, the BOD further promoted medium- to long-term discussions on the enhancement of corporate value in the current fiscal year. In addition to items that had been discussed continuously since the previous fiscal year, the BOD continued to exchange opinions and deliberate with each other in particular about its response to concerns over large-scale purchase actions, etc. from August 2022, by holding the BOD meetings in a timely and appropriate manner.

Based on these discussions and dialogues with shareholders, stock investors, and other stakeholders, we established a new "Basic Policy for Enhancing Corporate Value" (the "Policy"), which embodies our commitment to improve capital efficiency and promote growth strategies. In addition to setting medium- and long-term goals for ROE and total return ratio, the Policy included short-term measures which called for the sale of our entire shareholdings in NRI, buyback and cancellation of treasury shares, and a revision of the dividend policy. In doing so, the BOD set a major course for the discussions continued from the previous fiscal year, passed several important resolutions, and implemented various measures. Based on the above, we confirmed that the BOD's effectiveness was secured for the fiscal year ended March 31, 2023.

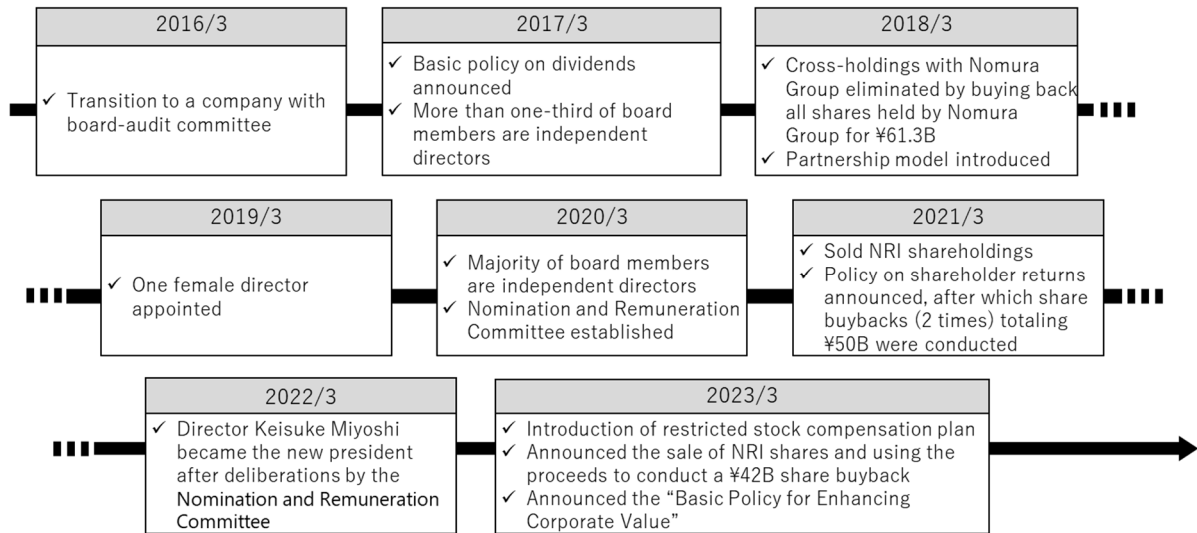
As upcoming issues to be addressed, the BOD has confirmed that it needs to examine the progress of the medium- to long-term goals and measures set out in the Policy and hold necessary discussions in a timely manner, and based on which, to continue to discuss items that need to be deliberated in a medium- and long-term perspective.

We will continue to conduct regular evaluations to further increase the effectiveness of the BOD.

(Reference)

Governance Initiatives

For the Company, which operates 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 themes such as management independence, sharing value with shareholders, improving capital efficiency and promoting growth strategies. We will continue to make efforts to further enhance our governance.



Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	As of Mar. 31, 2023	(Reference) As of Mar. 31, 2022	Item	As of Mar. 31, 2023	(Reference) As of Mar. 31, 2022
Assets			Liabilities		
Current assets	156,079	134,407	Current liabilities	25,678	4,563
Cash and deposits	69,481	52,603	Current portion of long-term loans payable	34	134
Operational investment securities	98,530	88,180	Income taxes payable	21,813	357
Investment loss reserves	(14,490)	(8,969)	Provision for bonuses	344	313
Other	2,556	2,593	Allowance for extraordinary compensation for directors	48	95
			Other	3,437	3,662
Non-current assets	3,767	98,616	Non-current liabilities	3,423	31,070
Property, plant and equipment	229	316	Long-term loans payable	115	49
Buildings	182	259	Net defined benefit liability	382	423
Furniture and fixture	47	57	Deferred tax liabilities	2,883	30,518
Intangible assets	95	168	Other	42	79
Software	95	168			
Investments and other assets	3,442	98,130			
Investment securities	2,497	97,251	Total liabilities	29,101	35,633
Long-term loans receivable	281	208	Net assets		
Deferred tax assets	284	279	Shareholders' equity	117,090	122,368
Other	377	390	Capital stock	33,251	33,251
			Capital surplus	32,806	32,806
			Retained earnings	55,148	76,579
			Treasury shares	(4,115)	(20,268)
			Accumulated other comprehensive income	13,655	75,022
			Valuation difference on available-for-sale securities	11,513	73,645
			Foreign currency translation adjustment	2,141	1,376
			Total net assets	130,745	197,390
Total assets	159,847	233,024	Total liabilities and net assets	159,847	233,024

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

Consolidated Statement of Income

(April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	For the year ended March 31, 2023	(Reference) For the year ended March 31, 2022
Net sales	14,073	27,677
Revenue from operational investment securities	9,665	20,257
Income from partnership management	4,402	7,410
Other sales	4	9
Cost of sales	7,341	8,752
Cost of operational investment securities	5,981	7,619
Other cost	1,360	1,133
Gross profit	6,731	18,924
(Reversal of) Additions to investment loss reserves	5,484	(1,985)
(Reversal of) Unrealized losses on operational investment securities	181	-
Gross profit - net	1,066	20,909
Selling, general and administrative expenses	5,480	4,033
Operating income	(4,414)	16,876
Non-operating income	1,505	1,581
Interest income	216	45
Dividend income	1,083	990
Foreign exchange gains	-	186
Gain on investment in other funds	148	342
Miscellaneous income	57	15
Non-operating expenses	139	97
Interest expenses	0	0
Foreign exchange losses	19	-
Contribution to an investee	10	12
Commission for purchase of treasury shares	108	81
Miscellaneous loss	1	3
Ordinary income	(3,048)	18,360
Extraordinary income	64,417	186
Gain on sales of investment securities	63,528	186
Recoveries of written-off receivables	888	-
Extraordinary losses	-	-
Profit before income taxes	61,368	18,547
Income taxes - current	20,825	3,589
Income taxes - deferred	(27)	(121)
Profit	40,571	15,080
Profit attributable to non-controlling interests	-	-
Profit attributable to JAFCO Group Co., Ltd. shareholders	40,571	15,080

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

Consolidated Statement of Changes in Net Assets

(April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2022	33,251	32,806	76,579	(20,268)	122,368
Changes of items during period					
Dividends of surplus			(3,635)		(3,635)
Profit attributable to JAFCO Group Co., Ltd. stockholders			40,571		40,571
Purchase of treasury shares				(42,385)	(42,385)
Disposition of treasury shares			(48)	219	170
Cancellation of treasury shares			(58,318)	58,318	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(21,431)	16,153	(5,278)
Balance as of March 31, 2023	33,251	32,806	55,148	(4,115)	117,090

	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, 2022	73,645	1,376	75,022	197,390
Changes of items during period				
Dividends of surplus				(3,635)
Profit attributable to JAFCO Group Co., Ltd. stockholders				40,571
Purchase of treasury shares				(42,385)
Disposition of treasury shares				170
Cancellation of treasury shares				-
Net changes of items other than shareholders' equity	(62,132)	764	(61,367)	(61,367)
Total changes of items during period	(62,132)	764	(61,367)	(66,645)
Balance as of March 31, 2023	11,513	2,141	13,655	130,745

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

Balance Sheet
(As of March 31, 2023)

(Millions of yen)

Item	As of Mar. 31, 2023	(Reference) As of Mar. 31, 2022	Item	As of Mar. 31, 2023	(Reference) As of Mar. 31, 2022
Assets			Liabilities		
Current assets	147,480	124,952	Current liabilities	22,902	1,885
Cash and deposits	62,893	44,847	Current portion of long-term loans payable	34	134
Operational investment securities	96,365	86,171	Accounts payable	488	643
Investment loss reserves	(14,186)	(8,572)	Income taxes payable	21,663	71
Accrued income	822	448	Deposits received	29	63
Accounts receivable	1,107	707	Provision for bonuses	251	255
Other	476	1,348	Allowance for extraordinary compensation for directors	48	95
			Other	387	622
Non-current assets	5,724	100,575	Non-current liabilities	3,562	31,083
Property, plant and equipment	155	172	Long-term loans payable	115	49
Buildings	118	126	Deferred tax liabilities	3,023	30,569
Furniture and fixture	37	45	Provision for retirement benefits	382	423
Intangible assets	95	168	Other	42	42
Software	95	168	Total liabilities	26,465	32,969
Investments and other assets	5,473	100,234	Net assets		
Investment securities	2,097	96,920	Shareholders' equity	115,622	118,969
Shares of subsidiaries and associates	2,731	2,731	Capital stock	33,251	33,251
Other	644	582	Capital surplus	32,806	32,806
			Legal capital surplus	32,806	32,806
			Retained earnings	53,680	73,180
			Legal retained earnings	1,435	1,435
			Other retained earnings	52,244	71,745
			Retained earnings brought forward	52,244	71,745
			Treasury shares	(4,115)	(20,268)
			Valuation and translation adjustments	11,117	73,588
			Valuation difference on available-for-sale securities	11,117	73,588
			Total net assets	126,739	192,558
Total assets	153,205	225,528	Total liabilities and net assets	153,205	225,528

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

Statement of Income
(April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	For the year ended March 31, 2023	(Reference) For the year ended March 31, 2022
Net sales	13,156	26,589
Revenue from operational investment securities	9,487	19,990
Income from partnership management	3,655	6,523
Other sales	14	74
Cost of sales	7,323	8,601
Cost of operational investment securities	5,451	7,265
Other cost	1,872	1,336
Gross profit	5,832	17,988
(Reversal of) Additions to investment loss reserves	5,614	(1,905)
(Reversal of) unrealized losses on operational investment securities	149	-
Gross profit - net	69	19,893
Selling, general and administrative expenses	4,583	3,350
Operating income	(4,514)	16,542
Non-operating income	3,516	1,654
Interest on deposits	45	27
Interest and dividends on securities	3,273	1,158
Foreign exchange gains	-	112
Gain on investment in other funds	148	342
Miscellaneous income	49	13
Non-operating expenses	172	97
Interest expenses	0	0
Foreign exchange losses	51	-
Contribution to an investee	10	12
Commission for purchase of treasury shares	108	81
Miscellaneous loss	1	3
Ordinary income	(1,169)	18,099
Extraordinary income	64,417	186
Gain on sales of investment securities	63,528	186
Recoveries of written-off receivables	888	-
Extraordinary losses	-	-
Income before income taxes	63,247	18,286
Income taxes - current	20,719	3,401
Income taxes - deferred	25	44
Net income	42,502	14,840

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

Statement of Changes in Net Assets

(April 1, 2022 to March 31, 2023)

(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, 2022	33,251	32,806	32,806	1,435	71,745	73,180	(20,268)	118,969
Changes of items during the period								
Dividends of surplus					(3,635)	(3,635)		(3,635)
Net income					42,502	42,502		42,502
Purchase of treasury shares							(42,385)	(42,385)
Disposition of treasury shares					(48)	(48)	219	170
Cancellation of treasury shares					(58,318)	(58,318)	58,318	–
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	(19,500)	(19,500)	16,153	(3,347)
Balance as of March 31, 2023	33,251	32,806	32,806	1,435	52,244	53,680	(4,115)	115,622

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2022	73,588	73,588	192,558
Changes of items during the period			
Dividends of surplus			(3,635)
Net income			42,502
Purchase of treasury shares			(42,385)
Disposition of treasury shares			170
Cancellation of treasury shares			–
Net changes of items other than shareholders' equity	(62,471)	(62,471)	(62,471)
Total changes of items during the period	(62,471)	(62,471)	(65,819)
Balance as of March 31, 2023	11,117	11,117	126,739

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

Independent Auditor's Report

May 12, 2023

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

Ernst & Young ShinNihon LLC

Tokyo office

Designated and Engagement Partner
Certified Public Accountant

Ryuji Takagi

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, 2022 through March 31, 2023.

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, 2023 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, 2023

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

Ernst & Young ShinNihon LLC

Tokyo office

Designated and Engagement Partner
Certified Public Accountant

Ryuji Takagi

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 51st Fiscal Year from April 1, 2022 through March 31, 2023.

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 51st Fiscal Year (from April 1, 2022 to March 31, 2023), 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, 2023

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 19, 2023 (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 19, 2023 (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.

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

<p>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)</p>
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Information for institutional investors

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