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July 26, 2023

Financial Results for the Three Months Ended June 30, 2023

[Japanese GAAP]

(Summary of Japanese Announcement)

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

1. Consolidated Performance for the Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(1) Consolidated Operating Results

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

	Net sales [¥ million] [%]		Operating income [¥ million] [%]		Ordinary income [¥ million] [%]		Profit attributable to JAFCO Group Co., Ltd. stockholders [¥ million] [%]	
For the three months ended June 30, 2023	4,735	72.6	601	75.0	850	(26.7)	857	(3.3)
For the three months ended June 30, 2022	2,743	(81.5)	343	(97.2)	1,160	(91.1)	886	(91.2)

Note: Comprehensive income Three months ended June 30, 2023: ¥4,891 million [-%]
Three months ended June 30, 2022: (¥4,243 million) [-%]

	Profit per share [¥]	Fully diluted net income per share [¥]
For the three months ended June 30, 2023	15.76	-
For the three months ended June 30, 2022	12.47	-

(2) Consolidated Financial Position

	Total assets [¥ million]	Net assets [¥ million]	Equity ratio [%]	Net assets per share [¥]
As of June 30, 2023	136,585	127,479	93.3	2,344.06
As of March 31, 2023	159,847	130,745	81.8	2,404.11

(Reference) Shareholders' equity As of June 30, 2023: ¥127,479 million
As of March 31, 2023: ¥130,745 million

2. Dividends

(Record date)	Dividend per share [¥]				
	End of 1Q	End of 2Q	End of 3Q	End of the year	Total
For the year ended March 31, 2023	-	-	-	150.00	150.00
For the year ending March 31, 2024	-	/	/	/	/
For the year ending March 31, 2024 (Forecast) *	/	-	-	-	-

Note: The forecast of dividend for the year ending March 31, 2024 is unfixed.

The Company set a policy to pay dividends of approximately 3% of shareholders' equity (initial and term-end average value) effective fiscal year ended March 31, 2017, but the policy has been changed to pay the greater of 3% of shareholders' equity (initial and term-end average value) or 50% of net income from the fiscal year ending March 31, 2024 onwards.

3. Business Forecasts for the Year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

Due to the nature of the Company's business, domestic and overseas stock markets as well as the IPO market may cause large fluctuations in its earnings level, as a result of which it is difficult to make meaningful performance forecasts. Therefore, instead of announcing financial forecasts, the Company makes timely disclosure of quarterly financial results.

***Other Information**

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

As of June 30, 2023:	56,060,000	As of March 31, 2023:	56,060,000
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 - ② Number of treasury shares

As of June 30, 2023:	1,675,979	As of March 31, 2023:	1,675,979
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 - ③ Average number of shares

Three months ended June 30, 2023:	54,384,021
Three months ended June 30, 2022:	71,083,095

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

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

(Access to the financial supplement materials)

The presentation material for the three months ended June 30, 2023 will be released on the Company's website on July 26, 2023.

***Note to XBRL**

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

1. Outline of Operating Results

(1) Outline of Operating Results

In the consolidated fiscal three months ended June 30, 2023, the Company and its consolidated subsidiaries (hereinafter collectively referred to as the “Company Group”) posted net sales of ¥4,735 million, (up 72.6% year-on-year from ¥2,743 million), operating income of ¥601 million (up 75.0% year-on-year from ¥343 million), ordinary income of ¥850 million (down 26.7% year-on-year from ¥1,160 million), and profit attributable to JAFCO Group Co., Ltd. stockholders of ¥857 million (down 3.3% year-on-year from ¥886 million).

During the period under review, there was one IPO from the Company Group’s portfolio (one in Japan and none overseas), resulting in an year-on-year increase in capital gains. Income from fund management fees also rose due to an increase in capital commitments for the SV7 Series from external investors

Because the Company’s earnings may fluctuate widely for each three-month period due to the nature of its business, we also provide comparison of annualized first-quarter results and the previous full-year results.

(Outline of Capital Gains)

There was one IPO from the Company Group’s portfolio (one in Japan and none overseas) in the consolidated fiscal three months ended June 30, 2023. Capital gains increased as a result of the sale of listed and unlisted shares.

(Millions of Yen)

	For the year ended March 31, 2023 (A)	For the three months ended June 30, 2022	For the three months ended June 30, 2023 (B)	Annualized comparison [(B)x4]/(A) (%)
Revenues from operational investment securities (1)	9,665	1,733	3,572	147.8
Proceeds from sale of securities	9,523	1,686	3,523	148.0
Dividend and interest income	142	47	48	137.2
Cost of operational investment securities (2)	5,981	1,044	1,727	115.5
Cost of securities sold	5,508	1,044	1,727	125.5
Impairment	473	-	-	-
Capital gains (1) – (2)	3,684	689	1,844	200.2
Multiple (1) / (2)	1.62	1.66	2.07	-
Capital gains on listed shares	3,026	123	728	96.2
Capital gains on unlisted shares	658	565	1,116	678.3
Gains on sale	2,153	575	1,525	283.2
Losses on sale	1,495	10	408	109.4

(Outline of Investment Loss Reserves)

In the consolidated fiscal three months ended June 30, 2023, additions to investment loss reserves and the balance of investment loss reserves increased year on year mainly due to a mark-down on a U.S. portfolio company. The ratio of reserves to the balance of unlisted operational investment securities also rose.

(Millions of Yen)

	For the year ended March 31, 2023 (A)	For the three months ended June 30, 2022	For the three months ended June 30, 2023 (B)	Annualized comparison [(B)x4]/(A) (%)
Additions to investment loss reserves (1)	7,853	814	1,635	83.3
Company-by-company reserves	7,969	809	1,635	82.1
(Reversal of general reserves)	(116)	5	-	-
Reversal of investment loss reserves (2)	2,369	784	580	98.0
Net additions = (1)-(2) (minus figures are reversals)	5,484	30	1,055	77.0

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Balance of investment loss reserves	14,490	15,572
Company-by-company reserves	14,490	15,572
General reserves	-	-
Ratio to all unlisted operational investment securities	17.0%	17.6%

(Outline of Balance of Operational Investment Securities)

In the consolidated fiscal three months ended June 30, 2023, the balance of operational investment securities rose due to the impact of market value fluctuations of listed operational investment securities and foreign exchange rates.

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Difference between acquisition cost and market value of listed operational investment securities	10,809	13,551
Securities whose market value exceeds acquisition cost	10,990	13,726
Securities whose market value falls below acquisition cost	(181)	(175)

(Millions of Yen)

	For the year ended March 31, 2023	For the three months ended June 30, 2022	For the three months ended June 30, 2023
(Reversal of) Unrealized losses on operational investment securities	181	65	(8)

Balance of Operational Investment Securities

(Millions of Yen)

	As of March 31, 2023		As of June 30, 2023	
	Acquisition cost	Figures on the consolidated B/S	Acquisition cost	Figures on the quarterly consolidated B/S
Listed	2,462	13,271	2,403	15,955
Unlisted	80,507	85,258	81,596	88,482
Total	82,970	98,530	84,000	104,437

(Outline of Fund Operations)

In the consolidated fiscal three months ended June 30, 2023, management fees rose year on year due to an increase in capital commitments for the SV7 Series from external investors, while success fees decreased year on year.

(Millions of Yen)

	For the year ended March 31, 2023 (A)	For the three months ended June 30, 2022	For the three months ended June 30, 2023 (B)	Annualized comparison [(B)x4]/(A) (%)
Income from partnership management	4,402	1,009	1,162	105.6
Management fees	3,391	722	1,032	121.7
Success fees	1,011	287	130	51.6

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

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

In the consolidated fiscal three months ended June 30, 2023, total assets, total liabilities, and net assets decreased mainly due to the payments of income taxes payable and dividends from retained earnings.

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
Total assets	159,847	136,585
Current assets	156,079	132,514
Non-current assets	3,767	4,070
Total liabilities	29,101	9,105
Current liabilities	25,678	4,211
Non-current liabilities	3,423	4,894
Net assets	130,745	127,479

(3) Consolidated Financial Forecasts and Other Forward-Looking Statements

Due to the nature of the Company's business, domestic and overseas stock markets as well as the IPO market may cause large fluctuations in its earnings level, as a result of which it is difficult to make meaningful performance forecasts. Therefore, instead of announcing financial forecasts, the Company makes timely disclosure of quarterly financial results.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	69,481*	40,614*
Operational investment securities	98,530	104,437
Investment loss reserves	(14,490)	(15,572)
Other	2,556	3,034
Total current assets	156,079	132,514
Non-current assets		
Property, plant and equipment		
Buildings, net	182	289
Furniture and fixture, net	47	60
Total property, plant and equipment	229	350
Intangible assets		
Software	95	76
Total intangible assets	95	76
Investments and other assets		
Investment securities	2,497	2,654
Long-term loans receivable	281	282
Deferred tax assets	284	333
Other	377	374
Total investments and other assets	3,442	3,644
Total non-current assets	3,767	4,070
Total assets	159,847	136,585

*see note (i) on P.11

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Current portion of long-term borrowings	34	34
Income taxes payable	21,813	388
Provision for bonuses	344	372
Allowance for extraordinary compensation for directors	48	—
Other	3,437	3,416
Total current liabilities	25,678	4,211
Non-current liabilities		
Long-term borrowings	115	115
Retirement benefit liability	382	378
Deferred tax liabilities	2,883	4,272
Other	42	128
Total non-current liabilities	3,423	4,894
Total liabilities	29,101	9,105
Net assets		
Shareholders' equity		
Share capital	33,251	33,251
Capital surplus	32,806	32,806
Retained earnings	55,148	47,847
Treasury shares	(4,115)	(4,115)
Total shareholders' equity	117,090	109,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,513	15,069
Foreign currency translation adjustment	2,141	2,619
Total other accumulated other comprehensive income	13,655	17,689
Total net assets	130,745	127,479
Total liabilities and net assets	159,847	136,585

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales		
Revenue from operational investment securities-	1,733	3,572
Income from investment partnership management	1,009	1,162
-		
Other sales	0	0
Total net sales	2,743	4,735
Cost of sales		
Cost of operational investment securities	1,044	1,727
Other costs	253	254
Total cost of sales	1,298	1,981
Gross profit	1,444	2,753
(Reversal of) Additions to investment loss reserves	30	1,055
(Reversal of) unrealized losses on operational investment securities	65	(8)
Gross profit (loss) - net	1,349	1,707
Selling, general and administrative expenses	1,005	1,106
Operating profit (loss)	343	601
Non-operating income		
Interest income	12	81
Dividend income	543	47
Foreign exchange gains	250	86
Miscellaneous income	15	34
Total non-operating income	821	249
Non-operating expenses		
Interest expenses	0	0
Loss on valuation of investment securities	2	-
Commission for purchase of treasury shares	1	-
Miscellaneous losses	0	-
Total non-operating expenses	4	0
Ordinary profit	1,160	850
Extraordinary income		
Total extraordinary income	-	-
Extraordinary losses		
Total extraordinary losses	-	-
Profit before income taxes	1,160	850
Income taxes-current	186	30
Income taxes-deferred	87	(36)
Total income taxes	274	(6)
Profit	886	857
Profit attributable to non-controlling interests	-	-
Profit attributable to JAFCO Group Co., Ltd. stockholders	886	857

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	886	857
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(5,904)	3,556
Foreign currency translation adjustment, net of tax	775	478
Total other comprehensive income	(5,129)	4,034
Comprehensive income	(4,243)	4,891
Comprehensive income attributable to		
Comprehensive income attributable to JAFCO Group Co., Ltd. stockholders	(4,243)	4,891
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes for Consolidated Financial Statements

(Notes on premise of going concern)

None

(Related to Consolidated Balance Sheet)

(i) Breakdown of the Company's interests in funds out of cash and deposits

	(Millions of yen)	
	Year ended March 31, 2023	Three months ended June 30, 2023
Cash and deposits	8,491	8,060

(ii) The Company Group's uncalled commitments to JAFCO-managed funds as of June 30, 2023 were ¥40,852 million (compared with ¥40,868 million as of the end of previous full year and ¥33,499 million as of June 30, 2022).

(Notes on significant changes in shareholders' equity)

None

(Note on marketable securities)

(i) Held-to-maturity bonds

None

(ii) Available-for-sale securities

(Millions of Yen)

	Type	As of March 31, 2023			As of June 30, 2023		
		Figures on the consolidated B/S	Acquisition cost	Difference	Figures on the quarterly consolidated B/S	Acquisition cost	Difference
Securities whose B/S amount exceeds acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	13,006	2,015	10,990	15,785	2,058	13,726
	Other listed securities	-	-	-	-	-	-
	(2) Bond	1,280	748	532	1,442	803	639
	(3) Others	364	329	35	431	361	70
	Subtotal	14,651	3,093	11,558	17,660	3,223	14,436
	Investment securities						
	(1) Stock	1,235	543	692	1,319	543	776
	(2) Bond	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
Subtotal	1,235	543	692	1,319	543	776	
Total	15,887	3,636	12,250	18,979	3,766	15,213	
Securities whose B/S amount falls below acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	265	447	(181)	170	345	(175)
	Other listed securities	737	753	(15)	730	755	(24)
	(2) Bond	128	128	-	51	51	-
	(3) Others	808	808	(0)	751	751	-
	Subtotal	1,940	2,137	(197)	1,703	1,902	(199)
	Investment securities						
	(1) Stock	23	32	(9)	28	32	(3)
	(2) Bond	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
Subtotal	23	32	(9)	28	32	(3)	
Total	1,963	2,170	(206)	1,732	1,935	(203)	
Grand total	17,850	5,806	12,044	20,711	5,702	15,009	

Note: 1. Securities listed on the TOKYO PRO Market and on Emerging Stock Board of the Taipei Exchange (TPEX) have been classified as “Other listed securities.” Please note that, taking into account the liquidity of these markets, these securities are classified under “unlisted shares” in disclosure information other than the information related to this note.

2. The following items are not included in the above table because they are unlisted shares, etc.

(Millions of Yen)

	As of March 31, 2023	As of June 30, 2023
	Figures on consolidated B/S	Figures on quarterly consolidated B/S
Available-for-sale securities		
Operational investment securities		
Unlisted stock	81,938	85,074
Investment securities		
Unlisted stock	610	626
Other	435	485

3. There were no impairment losses (write-down of acquisition costs) recorded on available-for-sale securities in the consolidated fiscal three months ended June 30, 2023. (In the previous consolidated fiscal year, impairment losses of ¥473 million (all on operational investment securities) were recorded on available-for-sale securities.)

(Revenue recognition related)

Breakdown of revenue from contracts with customers

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

(Millions of Yen)

Fund name	Three months ended June 30, 2022 (from April 1 to June 30, 2022)			Three months ended June 30, 2023 (from April 1 to June 30, 2023)		
	Income from partnership management			Income from partnership management		
	Management fees	Success fees	Total	Management fees	Success fees	Total
JAFCO SV4 Series	50	287	338	7	76	84
JAFCO SV5 Series	147	-	147	146	-	146
JAFCO SV6 Series	310	-	310	310	-	310
JAFCO SV7 Series	-	-	-	382	-	382
JAFCO Asia Technology Fund VI L.P.	36	-	36	2	53	55
JAFCO Asia Technology Fund VII L.P.	59	-	59	55	-	55
JAFCO Taiwan I Venture Capital Limited Partnership	35	-	35	35	-	35
JAFCO Asia S-8 Fund Limited Partnership JAFCO Asia S-8(A) Fund Limited Partnership	40	-	40	44	-	44
JAFCO Taiwan II Venture Capital Limited Partnership	-	-	-	5	-	5
Others	41	-	41	40	-	40
Total	722	287	1,009	1,032	130	1,162

3. Other Information

(1) Investments and IPOs

(i) Investments

(Millions of Yen)

	For the year ended March 31, 2023		For the three months ended June 30, 2022		For the three months ended June 30, 2023		Annualized comparison [(B)x4]/(A) (%)
	Amount (A)	No. of co's.	Amount	No. of co's.	Amount (B)	No. of co's.	
Equity							
(Japan)	27,873	47	6,415	15	6,060	11	87.0
(USA)	8,630	16	7,603	7	779	5	36.1
(Asia)	5,286	22	2,829	9	745	2	56.4
Total	41,790	85	16,848	31	7,584	18	72.6

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

(ii) IPOs

(Japan)

(Millions of Yen)

	For the year ended March 31, 2023	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Number of IPOs	5	1	1
Investment cost (1)	3,934	599	500
Market value at IPOs (2)	11,014	1,183	840
Multiple (2)/(1)	2.8	2.0	1.7

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

(Overseas)

(Millions of Yen)

	For the year ended March 31, 2023	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Number of IPOs	-	-	-
Investment cost (1)	-	-	-
Market value at IPOs (2)	-	-	-
Multiple (2)/(1)	-	-	-

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

(2) Establishment of Funds

Three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(i) Newly established funds that have started fundraising

None

(ii) Funds established in previous years and still continuing fundraising

Fundraising activities for the JAFCO SV7 Series, which was established in the previous fiscal year, still continue with a target to raise up to ¥95,000 million.

(Millions of yen)

Fund name	Total commitments as of July 26, 2023	Total commitments as of June 30, 2023	Total commitments as of March 31, 2023
JAFCO SV7 Series (including a VC investment fund, a buyout investment fund, and a parallel investment fund)	85,300	82,000	74,400

(Millions of TWD)

Fund name	Total commitments as of June 30, 2023	Total commitments as of March 31, 2023	Increase
JAFCO Taiwan II Venture Capital Limited Partnership	501	501	-

Note: Yen equivalent based on the exchange rate as of the end of June 2023: ¥2,319 million

(Millions of USD)

Fund name	Total commitments as of June 30, 2023	Total commitments as of March 31, 2023	Increase
Icon Ventures VII, L.P.	235	229	5

Note: The final closing took place in June 2023.

Previous full year (April 1, 2022 - March 31, 2023)

(i) Newly established funds that started fundraising

(Millions of yen)

Fund name	Total commitments as of March 31, 2023
JAFCO SV7 Series (including a VC investment fund, a buyout investment fund, and a parallel investment fund)	74,400

(Millions of TWD)

Fund name	Total commitments as of March 31, 2023
JAFCO Taiwan II Venture Capital Limited Partnership	501

Note: Yen equivalent based on the exchange rate as of March 31, 2023: ¥2,179 million

(ii) Funds established in previous years and still continuing fundraising

(Millions of USD)

Fund name	Total commitments as of March 31, 2023	Total commitments as of March 31, 2022	Increase in commitments
Icon Ventures VII, L.P.	229	227	2