

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

As of December 31, 2023:	1,576,350	As of March 31, 2023:	1,675,979
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 - ③ Average number of shares

Nine months ended December 31, 2023:	54,440,899
Nine months ended December 31, 2022:	71,141,190

***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 nine months ended December 31, 2023 will be released on the Company's website on January 26, 2024.

***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 nine months ended December 31, 2023, the Company and its consolidated subsidiaries (hereinafter collectively referred to as the “Company Group”) posted net sales of ¥14,579 million, (up 49.9% year-on-year from ¥9,728 million), operating income of ¥4,475 million (operating loss of ¥437 million in the same period of the previous year), ordinary income of ¥4,896 million (up 501.0% year-on-year from ¥814 million), and profit attributable to JAFCO Group Co., Ltd. stockholders of ¥4,361 million (down 90.2% year-on-year from ¥44,641 million).

During the period under review, there were five IPOs from the Company Group’s portfolio (four in Japan and one overseas), resulting in a year-on-year increase in capital gains. Income from fund management fees also rose due to an increase in capital commitments from external investors for JAFCO SV7 Series (“SV7 Series”) and JAFCO Taiwan II Venture Capital Limited Partnership (“Taiwan II Fund”), both established in the previous fiscal year. The SV7 Series and Taiwan II Fund closed at ¥97,800 million and NTD 3,000 million respectively, while Icon Ventures VII, L.P. closed at USD 235 million.

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 third-quarter results and the previous full-year results.

(Outline of Capital Gains)

There were five IPOs from the Company Group’s portfolio (four in Japan and one overseas) in the consolidated fiscal nine months ended December 31, 2023. Due to a rise in capital gains from the sale of unlisted shares, there was a year-on-year increase in capital gains.

(Millions of yen)

	For the year ended March 31, 2023 (A)	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023 (B)	Annualized comparison [(B)/3x4]/(A) (%)
Revenues from operational investment securities (1)	9,665	6,365	10,389	143.3
Proceeds from sale of securities	9,523	6,257	10,279	143.9
Dividend and interest income	142	107	109	102.6
Cost of operational investment securities (2)	5,981	3,793	5,452	121.5
Cost of securities sold	5,508	3,793	4,417	106.9
Impairment	473	-	1,034	291.6
Capital gains (1) – (2)	3,684	2,571	4,937	178.7
Multiple (1) / (2)	1.62	1.68	1.91	—
Capital gains on listed shares	3,026	2,711	2,567	113.1
Capital gains on unlisted shares	658	(139)	2,369	480.0
Gains on sale	2,153	804	4,037	249.9
Losses on sale	1,495	944	1,667	148.7

(Outline of Investment Loss Reserves)

In the consolidated fiscal nine months ended December 31, 2023, additions to investment loss reserves exceeded reversals and the balance of investment loss reserves increased year on year. The ratio of reserves to the balance of unlisted operational investment securities decreased.

(Millions of yen)

	For the year ended March 31, 2023 (A)	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023 (B)	Annualized comparison [(B)/3x4]/(A) (%)
Additions to investment loss reserves (1)	7,853	2,461	2,058	35.0
Company-by-company reserves	7,969	2,467	2,058	34.4
(Reversal of general reserves)	(116)	(6)	-	-
Reversal of investment loss reserves (2)	2,369	1,616	1,814	102.1
Net additions = (1)-(2) (minus figures are reversals)	5,484	845	243	5.9

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Balance of investment loss reserves	14,490	14,752
Company-by-company reserves	14,490	14,752
General reserves	-	-
Ratio to all unlisted operational investment securities	17.0%	16.9%

(Outline of Balance of Operational Investment Securities)

In the consolidated fiscal nine months ended December 31, 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 December 31, 2023
Difference between acquisition cost and market value of listed operational investment securities	10,809	13,613
Securities whose market value exceeds acquisition cost	10,990	13,780
Securities whose market value falls below acquisition cost	(181)	(167)

(Millions of yen)

	For the year ended March 31, 2023	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
(Reversal of) Unrealized losses on operational investment securities	181	151	(15)

Balance of Operational Investment Securities

(Millions of yen)

	As of March 31, 2023		As of December 31, 2023	
	Acquisition cost	Figures on the consolidated B/S	Acquisition cost	Figures on the quarterly consolidated B/S
Listed	2,462	13,271	2,535	16,148
Unlisted	80,507	85,258	81,014	87,388
Total	82,970	98,530	83,549	103,537

(Outline of Fund Operations)

In the consolidated fiscal nine months ended December 31, 2023, management fees surged year on year due to an increase in capital commitments from external investors for the SV7 Series and Taiwan II fund, while success fees decreased year on year.

(Millions of yen)

	For the year ended March 31, 2023 (A)	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023 (B)	Annualized comparison [(B)/3x4]/(A) (%)
Income from partnership management	4,402	3,360	4,187	126.8
Management fees	3,391	2,522	3,778	148.5
Success fees	1,011	838	408	53.9

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 nine months ended December 31, 2023, total assets and total liabilities decreased mainly due to the payments of income taxes payable and dividends from retained earnings.

Non-current liabilities increased due to the issuance of ¥15,000 million of convertible bonds with stock acquisition rights.

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Total assets	159,847	155,584
Current assets	156,079	151,181
Non-current assets	3,767	4,403
Total liabilities	29,101	24,750
Current liabilities	25,678	4,793
Non-current liabilities	3,423	19,957
Net assets	130,745	130,834

(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 December 31, 2023
Assets		
Current assets		
Cash and deposits	* ⁽ⁱ⁾ 69,481	* ⁽ⁱ⁾ 61,351
Operational investment securities	98,530	103,537
Investment loss reserves	(14,490)	(14,752)
Other	2,556	1,044
Total current assets	156,079	151,181
Non-current assets		
Property, plant and equipment		
Buildings, net	182	370
Furniture and fixture	47	53
Total property, plant and equipment	229	423
Intangible assets		
Software	95	54
Total intangible assets	95	54
Investments and other assets		
Investment securities	2,497	2,941
Long-term loans receivable	281	293
Deferred tax assets	284	315
Other	377	375
Total investments and other assets	3,442	3,924
Total non-current assets	3,767	4,403
Total assets	159,847	155,584

*See note (i) on P.11

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Current portion of long-term borrowings	34	32
Income taxes payable	21,813	875
Provision for bonuses	344	444
Allowance for extraordinary compensation for directors	48	-
Other	3,437	3,441
Total current liabilities	25,678	4,793
Non-current liabilities		
Long-term borrowings	115	100
Convertible bonds with stock acquisition rights	-	15,000
Retirement benefit liability	382	363
Deferred tax liabilities	2,883	4,288
Other	42	205
Total non-current liabilities	3,423	19,957
Total liabilities	29,101	24,750
Net assets		
Shareholders' equity		
Share capital	33,251	33,251
Capital surplus	32,806	32,806
Retained earnings	55,148	51,291
Treasury shares	(4,115)	(3,871)
Total shareholders' equity	117,090	113,477
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,513	14,806
Foreign currency translation adjustment	2,141	2,549
Total accumulated other comprehensive income	13,655	17,356
Total net assets	130,745	130,834
Total liabilities and net assets	159,847	155,584

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

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales		
Revenue from operational investment securities	6,365	10,389
Income from investment partnership management	3,360	4,187
Other sales	2	2
Total net sales	9,728	14,579
Cost of sales		
Cost of operational investment securities	3,793	5,452
Other costs	1,099	947
Total cost of sales	4,892	6,399
Gross profit	4,835	8,180
(Reversal of) Additions to investment loss reserves	845	243
(Reversal of) unrealized losses on operational investment securities	151	(15)
Gross profit - net	3,838	7,952
Selling, general and administrative expenses	4,276	3,476
Operating profit (loss)	(437)	4,475
Non-operating income		
Interest income	135	264
Dividend income	1,078	69
Gain on investment in other funds	60	158
Miscellaneous income	38	63
Total non-operating income	1,311	555
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	48	42
Contribution to an investee	7	-
Commission for purchase of treasury shares	1	-
Bond issuance costs	-	89
Miscellaneous losses	1	1
Total non-operating expenses	59	134
Ordinary profit	814	4,896
Extraordinary income		
Gain on sale of investment securities	63,528	-
Recoveries of written off receivables	888	-
Total extraordinary income	64,417	-
Extraordinary losses		
Total extraordinary losses	-	-
Profit before income taxes	65,232	4,896
Income taxes - current	20,612	566
Income taxes - deferred	(22)	(31)
Total income taxes	20,590	534
Profit	44,641	4,361
Profit attributable to non-controlling interests	-	-
Profit attributable to JAFCO Group Co., Ltd. stockholders	44,641	4,361

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	44,641	4,361
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,625)	3,293
Foreign currency translation adjustment	721	408
Total other comprehensive income	(63,903)	3,701
Comprehensive income	(19,262)	8,062
Comprehensive income attributable to		
Comprehensive income attributable to JAFCO Group Co., Ltd. stockholders	(19,262)	8,062
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes on Financial Statements

(Notes on premise of going concern)

None

(Notes on significant changes in shareholders' equity)

None

(Concerning consolidated balance sheets)

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

	(Millions of yen)	
	Year ended March 31, 2023	Nine months ended December 31, 2023
Cash and deposits	8,491	8,576

(ii) The Company's uncalled commitment to JAFCO-managed funds as of December 31, 2023 was ¥35,575 million for the nine months ended December 31, 2023 (compared with ¥40,868 million as of the end of previous full year and ¥36,626 million as of December 31, 2022).

(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 December 31, 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	16,070	2,289	13,780
	Other listed securities	-	-	-	391	190	201
	(2) Bond	1,280	748	532	737	350	386
	(3) Others	364	329	35	324	297	26
	Subtotal	14,651	3,093	11,558	17,523	3,128	14,395
	Investment securities						
	(1) Stock	1,235	543	692	1,576	575	1,000
	(2) Bond	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
Subtotal	1,235	543	692	1,576	575	1,000	
Total	15,887	3,636	12,250	19,100	3,703	15,396	
Securities whose B/S amount falls below acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	265	447	(181)	78	245	(167)
	Other listed securities	737	753	(15)	670	671	(0)
	(2) Bond	128	128	-	140	143	(3)
	(3) Others	808	808	(0)	745	745	-
	Subtotal	1,940	2,137	(197)	1,634	1,805	(171)
	Investment securities						
	(1) Stock	23	32	(9)	-	-	-
	(2) Bond	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
Subtotal	23	32	(9)	-	-	-	
Total	1,963	2,170	(206)	1,634	1,805	(171)	
Grand total	17,850	5,806	12,044	20,734	5,509	15,225	

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 December 31, 2023
	Figures on consolidated B/S	Figures on quarterly consolidated B/S
Available-for-sale securities		
Operational investment securities		
Unlisted stock	81,938	84,379
Investment securities		
Unlisted stock	610	614
Other	435	556

3. Impairment losses (write-down of acquisition costs) of ¥1,034 million were recorded on available-for-sale securities (all classified as operational investment securities) in the consolidated fiscal nine months ended December 31, 2023. In the previous consolidated fiscal year, impairment losses of ¥473 million were recorded on available-for-sale securities (all classified as operational investment 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	For the nine months ended December 31, 2022			For the nine months ended December 31, 2023		
	Income from partnership management			Income from partnership management		
	Management fees	Success fees	Total	Management fees	Success fees	Total
JAFCO SV4 Series	153	751	904	23	227	250
JAFCO SV5 Series	443	-	443	443	-	443
JAFCO SV6 Series	938	-	938	939	-	939
JAFCO SV7 Series	337	-	337	1,606	-	1,606
JAFCO Asia Technology Fund VI L.P.	116	87	204	17	181	198
JAFCO Asia Technology Fund VII L.P.	173	-	173	160	-	160
JAFCO Taiwan I Venture Capital Limited Partnership	109	-	109	110	-	110
JAFCO Asia S-8 Fund Limited Partnership JAFCO Asia S-8(A) Fund Limited Partnership	129	-	129	136	-	136
JAFCO Taiwan II Venture Capital Limited Partnership	1	-	1	222	-	222
Others	119	-	119	118	-	118
Total	2,522	838	3,360	3,778	408	4,187

3. Other Information

(1) Investments and IPOs

(i) Investments

(Millions of yen)

	For the year ended March 31, 2023		For the nine months ended December 31, 2022		For the nine months ended December 31, 2023		Annualized comparison [(B)/3x4]/(A) (%)
	Amount (A)	No. of cos.	Amount	No. of cos.	Amount (B)	No. of cos.	
Equity							
(Japan)	27,873	47	24,148	37	19,994	38	95.6
(USA)	8,630	16	8,321	14	3,110	12	48.1
(Asia)	5,286	22	4,701	18	3,048	7	76.9
Total	41,790	85	37,172	69	26,153	57	83.4

- 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 nine months ended December 31, 2022	For the nine months ended December 31, 2023
Number of IPOs	5	4	4
Investment cost (1)	3,934	1,489	3,065
Market value at IPOs (2)	11,014	3,819	10,582
Multiple (2)/(1)	2.8	2.6	3.5

- 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 nine months ended December 31, 2022	For the nine months ended December 31, 2023
Number of IPOs	-	-	1
Investment cost (1)	-	-	552
Market value at IPOs (2)	-	-	5,318
Multiple (2)/(1)	-	-	9.6

- 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

Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(i) Newly established funds that have started fundraising

None

(ii) Funds established in previous periods that have concluded fundraising activities during this period

(Millions of yen)

Fund name	Total commitments as of December 31, 2023	Total commitments as of March 31, 2023	Increase
JAFCO SV7 Series (including a VC investment fund, a buyout investment fund, and a parallel investment fund)	97,800	74,400	23,400

Note: The final closing took place in September 2023.

(Millions of NTD)

Fund name	Total commitments as of December 31, 2023	Total commitments as of March 31, 2023	Increase
JAFCO Taiwan II Venture Capital Limited Partnership	3,000	501	2,499

Note: The final closing took place in August 2023.

*Yen equivalent based on the exchange rate as of the end of December 2023: ¥13,770 million

(Millions of USD)

Fund name	Total commitments as of December 31, 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 NTD)

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
Icon Ventures VII, L.P.	229	227	2