JAFCO Co., Ltd.

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This is a summary translation of a press release made in Japanese for convenience only.

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April 24, 2019

Financial Results for the Year Ended March 31, 2019

[Japanese GAAP]

(Summary of Japanese announcement)

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

1. Consolidated Performance for the Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(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 Co., Ltd. stockholders [¥ million]	[%]
For the year ended March 31, 2019	25,878	(12.2)	12,239	(14.1)	13,410	(13.8)	10,162	(58.1)
For the year ended March 31, 2018	29,470	5.8	14,252	15.6	15,554	13.8	24,235	118.9

Note: 1. Comprehensive income Year ended March 31, 2019: ¥7,186 million [(56.9 %)]
Year ended March 31, 2018: ¥18,151 million [(20.4%)]

2. Figures for the year ended March 31, 2019 reflect the exclusion of the US subsidiary from the scope of consolidation based on the new revenue recognition standard.

	Profit per share [¥]	Fully diluted net income per share [¥]	Return on equity [%]	Ordinary income/ total assets [%]	Operating income/ net sales [%]
For the year ended March 31, 2019	328.55	-	6.3	7.1	47.3
For the year ended March 31, 2018	687.04	-	13.2	7.2	48.4

(2) Consolidated Financial Position

	Total assets [¥ million]	Net assets [¥ million]	Equity ratio [%]	Net assets per share [¥]
As of March 31, 2019	184,213	163,215	88.6	5,276.80
As of March 31, 2018	191,550	160,299	83.7	5,182.49

(Reference) Shareholders' equity As of March 31, 2019: ¥163,215 million
As of March 31, 2018: ¥160,299 million

Note: Figures as of March 31, 2019 reflect the exclusion of the US subsidiary from the scope of consolidation based on the new revenue recognition standard.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities [¥ million]	Net cash provided by (used in) investing activities [¥ million]	Net cash provided by (used in) financing activities [¥ million]	Cash and cash equivalents as of fiscal year end [¥ million]
For the year ended March 31, 2019	(1,350)	213	(3,923)	63,878
For the year ended March 31, 2018	7,425	24,732	(69,046)	70,086

Note: Figures as of March 31, 2019 reflect the exclusion of the US subsidiary from the scope of consolidation based on the new revenue recognition standard.

2. Dividends

	Dividend per share [¥]					Total dividends paid [¥ million]	Payout ratio [consolidated]	Dividend/ shareholders' equity [consolidated]
(Record date)	End of 1Q	End of 2Q	End of 3Q	End of the year	Total			
For the year ended March 31, 2018	-	-	-	107.00	107.00	3,309	15.6%	3.0%
For the year ended March 31, 2019	-	-	-	112.00	112.00	3,464	34.1%	3.0%
For the year ending March 31, 2020 (Forecast)	-	-	-	-	-		-	

Notes: The above dividend for the year ended March 31, 2019 is based on current plans. The forecast of dividend for the year ending March 31, 2020 is unfixed. We have 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.

Dividend/ shareholders' equity: Dividend per share/ shareholders' equity per share (initial and term-end average value)

3. Business Forecasts for the Year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

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

*Other Information

(1) Changes in significant subsidiaries during this period: None

(2) 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: Yes
③ Changes in accounting estimates: None
④ Correction of prior period errors: None

Note: For details, please refer to P.15, (5) Notes for Consolidated Financial Statements (Change in accounting principles) of 3. Consolidated Financial Statements.

(3) Number of issued shares (common stock)

① Number of issued shares (including treasury stock)
As of March 31, 2019: 32,550,000 As of March 31, 2018: 32,550,000

② Number of treasury stock
As of March 31, 2019: 1,619,264 As of March 31, 2018: 1,619,075

③ Average number of shares
Year ended March 31, 2019: 30,930,856
Year ended March 31, 2018: 35,274,901

***These 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 fiscal year ended March 31, 2019 will be released on JAFCO's website on April 24, 2019.

***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 year ended March 31, 2019 (the "current fiscal year"), the JAFCO Group posted net sales of ¥25,878 million, ordinary income of ¥13,410 million, and profit attributable to JAFCO Co., Ltd. stockholders of ¥10,162 million. This compares with net sales of ¥29,470 million, ordinary income of ¥15,554 million, and profit attributable to JAFCO Co., Ltd. stockholders of ¥24,235 million for the previous full year ended March 31, 2018 (the "previous full year"). Net assets were ¥163,215 million, total assets were ¥184,213 million and the equity ratio was 88.6% as of the end of the current fiscal year, compared with ¥160,299 million, ¥191,550 million and 83.7% respectively at the end of the previous full year.

Net sales were 12.2% lower than the previous full year due to a decrease in income from partnership management, etc. Profit attributable to JAFCO Co., Ltd. stockholders was 58.1% lower due to a decrease in gain on sales of investment securities.

(Outline of Capital Gains)

Capital gains remained mostly unchanged from the previous full year. Despite slow IPOs, M&A of a buyout investee in Japan and trade sales of overseas unlisted portfolio companies generated sizable capital gains. Exits other than IPOs have diversified as a result of increases in shareholdings in portfolio companies.

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Revenues from operational investment securities (1)	23,470	23,291
Proceeds from sale of securities	23,322	23,177
Dividend and interest income	147	113
Cost of operational investment securities (2)	9,848	9,274
Cost of securities sold	9,848	9,274
Impairment	-	-

Capital gains (1) – (2)	13,621	14,016
Multiple (1) / (2)	2.38	2.51

Capital gains on listed shares	11,281	5,264
Capital gains on unlisted shares	2,340	8,751
Gains on sale	6,750	11,069
Losses on sale	4,410	2,317

(Outline of Investment Loss Reserves)

The balance of investment loss reserves fell sharply as a result of improved portfolio quality and deeper management involvement under the highly selective, intensive investment policy. In the current fiscal year, the reserve ratio to unlisted operational investment securities was less than 20%.

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Additions to investment loss reserves (1)	2,283	1,687
Company-by-company reserves	3,817	2,541
(Reversal of) General reserves	(1,534)	(854)
Reversal of investment loss reserves (2)	3,148	2,399
Net additions = (1)-(2) (minus figures are reversals)	(865)	(712)

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
Balance of investment loss reserves	10,351	9,501
Company-by-company reserves	8,644	8,651
General reserves	1,707	850
Ratio to all unlisted operational investment securities	20.9%	18.4%

(Outline of Balance of Operational Investment Securities)

The balance of unlisted securities resulting from fund investment activity continued to trend upward over the previous year due to promotion of the highly selective, intensive investment strategy and portfolio reshuffle. The balance of listed securities in portfolio companies that made IPO fell due to sluggish IPOs in the current fiscal year.

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
Difference between acquisition cost and market value of listed operational investment securities	9,633	6,153
Securities whose market value exceeds acquisition cost	9,850	6,394
Securities whose market value falls below acquisition cost	(216)	(240)

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
(Reversal of) Unrealized losses on operational investment securities	(105)	24

Balance of Operational Investment Securities

(Millions of Yen)

	As of March 31, 2018		As of March 31, 2019	
	Acquisition cost	Figures on the consolidated B/S	Acquisition cost	Figures on the consolidated B/S
Listed	2,035	11,669	1,590	7,744
Unlisted	46,528	47,743	49,067	49,803
Subtotal	48,564	59,412	50,657	57,547
Investments in other funds	1,807	1,874	1,632	1,719
Total	50,371	61,287	52,289	59,267

Note: 1. "Investments in other funds" is investment in funds managed by third parties.

2. The differences in "Acquisition cost" and "Figures on the consolidated balance sheets" for "Unlisted" securities and "Investments in other funds" only reflect foreign exchange translation difference.

(Outline of Fund Operations)

In the current fiscal year, fund management fees fell due to the aging of funds in operation. Success fees also dropped compared to the previous full year due to fewer exits from JAFCO SV3 Investment Limited Partnership, a large flagship fund under the extension period.

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Income from partnership management	5,987	2,586
Fund management fees	3,551	1,750
Success fees	2,435	836

Note: 1. Fund management fees and success fees are based on commitment amount excluding the JAFCO Group's commitment.
2. From the current fiscal year, JAFCO changed the method for recording revenue from management fees that JAFCO America Ventures Inc. (a wholly owned subsidiary; "JAV") receives, and excluded JAV from the scope of consolidation accordingly. As a result, fund management fees decreased.

(2) Outline of Financial Condition

(Outline of Assets, Liabilities, and Net Assets)

Total assets and liabilities decreased due to market value fluctuations of listed securities and tax payments, etc.

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
Total assets	191,550	184,213
Current assets	121,839	115,636
Non-current assets	69,710	68,577
Total liabilities	31,251	20,998
Current liabilities	11,625	2,475
Non-current liabilities	19,625	18,523
Net assets	160,299	163,215

(Outline of Cash Flows)

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019	
	Amount	Amount	Main factor
Cash flows from operating activities	7,425	(1,350)	Income tax payment, etc.
Cash flows from investing activities	24,732	213	Revenue from the sale of investment securities, etc.
Cash flows from financing activities	(69,046)	(3,923)	Dividend payment, etc.
Other	(204)	(1,148)	Exclusion of JAV from consolidation, etc.
Term-end balance of cash and cash equivalents [Of which, interests in funds]	70,086 [8,144]	63,878 [7,484]	

Note: JAFCO's uncalled commitments to JAFCO-managed funds as of March 31, 2019 were ¥14,601 million, compared with ¥21,518 million at the end of previous full year.

(Reference) Cash flow indices

Fiscal year ended	March 2015	March 2016	March 2017	March 2018	March 2019
Equity ratio (%)	78.7	88.5	87.4	83.7	88.6
Market price-based equity ratio (%)	83.0	71.7	69.7	81.4	66.6
Cash flow/ Interest-bearing debt ratio (year)	0.5	0.4	0.3	0.1	-
Interest coverage ratio (times)	162.8	82.4	300.5	202.8	-

Equity ratio: Shareholders' equity / total assets
Market price-based equity ratio: Market capitalization/ total assets
Cash flow/ interest-bearing debt ratio: Interest-bearing debt/ cash flow
Interest coverage ratio: Cash flow/ interest expense

Notes:
1. The above figures are calculated using consolidated financial data based on interest consolidation method (reflecting only JAFCO Group's interests in funds).
2. Market capitalization is based on the number of issued shares excluding treasury stock.
3. Operating cash flows are used as cash flow.
4. The interest-bearing debts include all the liabilities on the balance sheets, whose interest is being paid.
5. Cash flow/ interest-bearing debt ratio and interest coverage ratio for the current fiscal year are not shown because operating cash flow was negative.

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(3) Policy on Distribution of Profits and Dividends for the Current Fiscal Year/ Next Fiscal Year

JAFCO will work to balance strong shareholders' equity, which is necessary for long-lasting investment operations, with continuous shareholder returns.

As a dividend indicator to demonstrate our positive approach, we have 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. Dividend per share and shareholders' equity per share (initial and term-end average value) are used for calculation.

Regarding the dividend for the current fiscal year, we plan to pay ¥112 per share (previous full year: ¥107 per share) based on the above indicator.

2. Basic Rationale for Selection of Accounting Standards

Valuation of unlisted securities and the scope of consolidation for funds, which are essential for the proper representation of the JAFCO Group's financial conditions and operating performance, differ between Japanese Accounting Standards and IFRS. At present, we consider Japanese Accounting Standards reasonable and have no immediate plans to convert to IFRS for the preparation of consolidated financial statements.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	67,586	61,378
Operational investment securities	61,287	59,267
Investment loss reserves	(10,351)	(9,501)
Securities	2,500	2,500
Other	816	1,991
Total current assets	121,839	115,636
Non-current assets		
Property, plant and equipment		
Buildings, net	180	190
Furniture and fixture	116	122
Total property, plant and equipment	296	312
Intangible assets		
Software	74	188
Total intangible assets	74	188
Investments and other assets		
Investment securities	68,281	67,646
Investments in capital	32	17
Long-term loans receivable	139	7
Deferred tax assets	245	7
Other	640	397
Total investments and other assets	69,339	68,076
Total non-current assets	69,710	68,577
Total assets	191,550	184,213

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Current portion of long-term loans payable	795	116
Income taxes payable	9,350	1,193
Provision for bonuses	309	194
Allowance for extraordinary compensation for directors and corporate auditors	127	89
Other	1,044	881
Total current liabilities	11,625	2,475
Non-current liabilities		
Long-term loans payable	182	249
Retirement benefit liability	616	453
Deferred tax liabilities	18,809	17,779
Other	17	42
Total non-current liabilities	19,625	18,523
Total liabilities	31,251	20,998
Net assets		
Shareholders' equity		
Capital stock	33,251	33,251
Capital surplus	32,806	32,806
Retained earnings	54,005	59,268
Treasury shares	(7,585)	(7,586)
Total shareholders' equity	112,477	117,739
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,961	44,719
Foreign currency translation adjustment	(132)	755
Remeasurements of defined benefit plans	(6)	—
Total accumulated other comprehensive income	47,821	45,475
Total net assets	160,299	163,215
Total liabilities and net assets	191,550	184,213

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

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales		
Revenue from operational investment securities	23,470	23,291
Income from partnership management	5,987	2,586
Other sales	12	0
Total net sales	29,470	25,878
Cost of sales		
Cost of operational investment securities	9,848	9,274
Other cost	328	1,169
Total cost of sales	10,176	10,444
Gross profit	19,293	15,433
(Reversal of) Additions to investment loss reserves	(865)	(712)
(Reversal of) unrealized losses on operational investment securities	(105)	24
(Reversal of) Additions to reserve for success fee refunds	(6)	—
Gross profit - net	20,269	16,121
Selling, general and administrative expenses	6,017	3,882
Operating profit	14,252	12,239
Non-operating income		
Interest income	76	152
Dividend income	1,383	1,258
Miscellaneous income	22	16
Total non-operating income	1,482	1,426
Non-operating expenses		
Interest expenses	23	3
Foreign exchange losses	146	229
Miscellaneous loss	10	22
Total non-operating expenses	180	255
Ordinary profit	15,554	13,410
Extraordinary income		
Gain on sales of investment securities	19,718	190
Total extraordinary income	19,718	190
Extraordinary losses		
Loss on valuation of investment securities	403	—
Moving expenses	103	—
Total extraordinary losses	506	—
Profit before income taxes	34,766	13,600
Income taxes - current	10,500	3,105
Income taxes - deferred	30	332
Total income taxes	10,530	3,437
Profit	24,235	10,162
Profit attributable to non-controlling interests	—	—
Profit attributable to JAFCO Co., Ltd. stockholders	24,235	10,162

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	24,235	10,162
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,810)	(3,241)
Foreign currency translation adjustment	(269)	888
Remeasurements of defined benefit plans, net of tax	(4)	6
Total other comprehensive income	(6,084)	(2,345)
Comprehensive income	18,151	7,816
(Breakdown)		
Comprehensive income attributable to JAFCO Co., Ltd. stockholders	18,151	7,816
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (April 1, 2017 － March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,251	32,806	107,973	(20,081)	153,949
Change of items during the period					
Dividends of surplus			(4,436)		(4,436)
Profit attributable to JAFCO Co., Ltd. stockholders			24,235		24,235
Purchase of treasury shares				(61,270)	(61,270)
Retirement of treasury shares			(73,765)	73,765	－
Net change of items other than shareholders' equity					
Total change of items during the period	－	－	(53,967)	12,495	(41,472)
Balance at end of period	33,251	32,806	54,005	(7,585)	112,477

	Other accumulated comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income	
Balance at beginning of current period	53,771	136	(1)	53,905	207,855
Change of items during the period					
Dividends of surplus					(4,436)
Profit attributable to JAFCO Co., Ltd. stockholders					24,235
Purchase of treasury shares					(61,270)
Retirement of treasury shares					－
Net change of items other than shareholders' equity	(5,810)	(269)	(4)	(6,084)	(6,084)
Total change of items during the period	(5,810)	(269)	(4)	(6,084)	(47,556)
Balance at end of period	47,961	(132)	(6)	47,821	160,299

JAFCO Co., Ltd.

Current Consolidated Fiscal Year (April 1, 2018 － March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,251	32,806	54,005	(7,585)	112,477
Cumulative effect of changes in accounting policies			87		87
Restated balance at beginning of period	33,251	32,806	54,093	(7,585)	112,565
Changes of items during the period					
Dividends of surplus			(3,309)		(3,309)
Profit attributable to JAFCO Co., Ltd. stockholders			10,162		10,162
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(1,678)		(1,678)
Net change of items other than shareholders' equity					
Total change of items during the period			5,174	(0)	5,174
Balance at end of period	33,251	32,806	59,268	(7,586)	117,739

	Other accumulated comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	47,961	(132)	(6)	47,821	160,299
Cumulative effect of changes in accounting policies					87
Restated balance at beginning of period	47,961	(132)	(6)	47,821	160,387
Changes of items during the period					
Dividends of surplus					(3,309)
Profit attributable to JAFCO Co., Ltd. stockholders					10,162
Purchase of treasury shares					(0)
Change in scope of consolidation					(1,678)
Net change of items other than shareholders' equity	(3,241)	888	6	(2,345)	(2,345)
Total change of items during the period	(3,241)	888	6	(2,345)	2,828
Balance at end of period	44,719	755	-	45,475	163,215

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal the year ended March 31, 2018	Fiscal the year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	34,766	13,600
Depreciation	225	116
Increase (decrease) in allowance for investment loss	(865)	(712)
Increase (decrease) in provision for bonuses	(15)	(114)
Increase (decrease) in allowance for extraordinary compensation for directors and corporate auditors	(29)	(38)
Increase (decrease) in reserve for success fee refunds	(6)	—
Increase (decrease) in retirement benefit liability	26	(155)
(Reversal of) unrealized losses on operational investment securities	(105)	24
Moving expenses	103	—
Interest and dividend income	(1,460)	(1,410)
Interest expenses	23	3
Foreign exchange losses (gains)	373	449
Loss (gain) on sales of investment securities	(19,718)	(190)
Unrealized losses on investment securities	403	—
Decrease (increase) in investment securities for sale	(4,773)	(2,264)
Decrease (increase) in consumption taxes refund receivable	41	(201)
Increase (decrease) in accrued consumption taxes	207	(207)
Decrease (increase) in other current assets	549	(848)
Increase (decrease) in other current liabilities	(828)	829
Other, net	28	(241)
Subtotal	8,945	8,640
Interest and dividend income received	1,461	1,410
Interest expenses paid	(36)	(3)
Income taxes paid	(2,944)	(11,397)
Net cash provided by (used in) operating activities	7,425	(1,350)
Cash flows from investing activities		
Purchase of property, plant and equipment	(239)	(119)
Purchase of intangible assets	(50)	(169)
Proceeds from sale of investment securities	25,165	383
Payments of long-term loans receivable	(25)	—
Collection of long-term loans receivable	23	0
Increase in other investments and assets	(182)	(68)
Decrease in other investments and assets	40	187
Net cash provided by (used in) investing activities	24,732	213
Cash flows from financing activities		
Proceeds from long-term loans payable	—	200
Repayments of long-term loans payable	(1,343)	(812)
Redemption of bonds	(2,000)	—
Cash dividends paid	(4,432)	(3,310)
Purchase of treasury shares	(61,270)	(0)
Net cash provided by (used in) financing activities	(69,046)	(3,923)

Effect of exchange rate change on cash and cash equivalents		(204)		(217)
Net increase (decrease) in cash and cash equivalents		(37,093)		(5,277)
Cash and cash equivalents at beginning of period		107,179		70,086
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		—		(930)
Cash and cash equivalents at end of period	(i) (ii) on p.16	70,086	(i) (ii) on p.16	63,878

(5) Notes for Consolidated Financial Statements

(Notes on premise of going concern)

None

(Change in accounting principles)

From the current fiscal year, JAFCO changed the method for recording revenue from management fees that JAFCO America Ventures Inc. (a wholly owned subsidiary; "JAV") receives, and excluded JAV from the scope of consolidation accordingly.

As the fund management style whereby a parent company controls overseas investment activity does not fit with the highly localized nature of the venture capital ("VC") business, our investment activity in the US has been conducted by a team of local venture capitalists, which operates its own funds and makes its own investment decisions.

Previously, fundraising for these funds was entirely dependent on capital contributions from JAFCO and its domestic funds, but in 2013, the US team started raising funds by themselves in response to a trend in larger fund sizes in the US VC industry. As a result, the ratio of funds raised from external investors is increasing. Also, to strengthen its brand presence in the US, the team changed its name to Icon Ventures.

Under such circumstances, JAFCO adopted the new Corporate Accounting Standard No. 29 Accounting Standard for Revenue Recognition and decided to offset JAV's expenses with JAV's revenues. Due to the resultant decrease in JAV's materiality in consolidated financial statements, JAFCO decided to exclude JAV from the scope of consolidation.

(Adoption of accounting standard for revenue recognition)

As the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29 issued on March 30, 2018; "Revenue Recognition Standard") and the "Application Guidance for Accounting Standard for Revenue Recognition" (Corporate Accounting Standard Application Guideline No. 30 issued on March 30, 2018) became applicable from the beginning of the consolidated fiscal year starting on or after April 1, 2018, JAFCO adopted the Revenue Recognition Standard at the beginning of the first quarter of the current fiscal year and made the following changes:

① Change in the method for recording management fees received by JAV
JAFCO changed the method for recording management fees received by JAV, and now records management fees, net of JAV's selling, general and administrative expenses. As a result, net sales decreased by ¥1,351 million, cost of sales increased by ¥512 million, and selling, general and administrative expenses decreased by ¥1,863 million for the current fiscal year.

② Change in the method for recognizing revenue from success fees
With regard to success fees that JAFCO receives from its funds, JAFCO now records the amount that is deemed unlikely to drop significantly as of the fiscal year end as accrued income. As a result, net sales, operating income, ordinary income and profit before income taxes for the current fiscal year each decreased by ¥124 million, and the opening balance of retained earnings increased by ¥87 million.

(Change in the method of calculating projected benefit obligation)

At the JAFCO Group, the number of employees eligible for defined benefit plans decreased due to changes in the employment system, and it became clear that items in the financial statements associated with defined benefit plans lacked materiality as of the end of the current fiscal year. As a result, the method of calculating projected benefit obligation was changed from the principle method to the simplified method from the current fiscal year-end.

As the above change in the accounting method does not cause material impact on overall financial statements, comparative information for prior periods will not be restated, but the effect of the change will be accounted for in profit or loss for the current fiscal year.

The effect of this change on consolidated financial statements is minimal.

(Change in the scope of consolidation)
The net amount presentation of management fees as previously mentioned diminished JAV's materiality in JAFCO's consolidated financial statements. Also considering JAV's qualitative materiality, JAFCO excluded JAV from its scope of consolidation. As a result, net sales decreased by ¥131 million, cost of sales increased by ¥154 million, and operating income decreased by ¥286 million for the current fiscal year. The opening balance of retained earnings decreased by ¥1,678 million.

(Changes in methods of presentation)
(Changes caused by the adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting")
JAFCO adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28, February 16, 2018), from the beginning of the current fiscal year. Accordingly, deferred tax assets are now shown under investments and other assets, and deferred tax liabilities are shown under non-current liabilities.
As a result, deferred tax assets of ¥144 million shown under current assets in the previous full year's financial statements are included in deferred tax assets of ¥245 million shown under investment and other assets in the current fiscal year, and deferred tax liabilities of ¥1,576 million shown under current liabilities in the previous full year's financial statements are included in deferred tax liabilities of ¥18,809 million shown under non-current liabilities in the current fiscal year.

(Related to consolidated statements of income)
Selling, general and administrative expenses (major items)

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Directors' compensation	245	207
Allowance for extraordinary compensation for directors	127	89
Salaries	2,140	1,161
Bonuses to employees	491	426
Retirement benefit expenses	84	(22)
Rental expenses	471	313
Taxes and dues	784	572

(Related to consolidated statements of cash flows)
(i) Relationship between the balance of cash and cash equivalents as of the year-end and the items stated in the consolidated balance sheets

(Millions of Yen)

	For year ended March 31, 2018	For year ended March 31, 2019
Cash and time deposits	67,586	61,378
Securities	2,500	2,500
Cash and cash equivalents	70,086	63,878

(ii) Breakdown of JAFCO's interest of cash and cash equivalents in funds

(Millions of Yen)

	For year ended March 31, 2018	For year ended March 31, 2019
Cash and time deposits	8,144	7,484
Securities	-	-
Cash and cash equivalents	8,144	7,484

(iii) JAFCO's uncalled commitment to JAFCO-managed funds as of March 31, 2019 was ¥14,601 million, compared with ¥21,518 million as of the end of previous full year.

(Segment information)

Previous consolidated fiscal year (April 1, 2017 –March 31, 2018) and current consolidated fiscal year (April 1, 2018 –March 31, 2019)

Since the JAFCO Group carries out managements of funds as a single business segment, business segment information is not presented.

(Notes on marketable securities)

(i) Held-to-maturity bonds

None

(ii) Available-for-sale securities

(Millions of Yen)

	Type	As of March 31, 2018			As of March 31, 2019		
		Figures on the consolidated B/S	Acquisition cost	Difference	Figures on the consolidated B/S	Acquisition cost	Difference
Securities whose B/S amount exceeds acquisition cost	Operational investment securities						
	(1) Stock	11,512	1,662	9,850	7,526	1,131	6,394
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	11,512	1,662	9,850	7,526	1,131	6,394
	Investment securities						
	(1) Stock	67,389	9,380	58,008	66,606	9,348	57,258
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	67,389	9,380	58,008	66,606	9,348	57,258
	Marketable securities						
	(1) Stock	-	-	-	-	-	-
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-
	Total	78,901	11,042	67,859	74,132	10,479	63,652
Securities whose B/S amount falls below acquisition cost	Operational investment securities						
	(1) Stock	156	373	(216)	218	458	(240)
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	156	373	(216)	218	458	(240)
	Investment securities						
	(1) Stock	23	29	(6)	44	61	(17)
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	23	29	(6)	44	61	(17)
	Marketable securities						
	(1) Stock	-	-	-	-	-	-
	(2) Bond	-	-	-	-	-	-
	(3) Others	2,500	2,500	-	2,500	2,500	-
	Subtotal	2,500	2,500	-	2,500	2,500	-
	Total	2,679	2,902	(222)	2,762	3,020	(258)
Grand total		81,581	13,945	67,636	76,894	13,500	63,394

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

(Millions of Yen)

	As of March 31, 2018	As of March 31, 2019
	Figures on the consolidated B/S	Figures on the consolidated B/S
Available-for-sale securities		
Operational investment securities		
Unlisted stock	46,908	49,137
Unlisted domestic and foreign bonds	829	660
Others	1,879	1,724
Investment securities		
Unlisted stock	868	802

(iii) Available-for-sale securities which were sold

(Millions of Yen)

	For the year ended March 31, 2018			For the year ended March 31, 2019		
	Proceeds from sale	Total gain on sale	Total loss on sale	Proceeds from sale	Total gain on sale	Total loss on sale
Operational investment securities	23,322	18,094	(4,621)	23,177	16,283	(2,380)
Investment securities	23,519	19,548	-	242	190	-
Total	46,841	37,643	(4,621)	23,420	16,473	(2,380)

(iv) Impairment of securities

No impairment was recorded in the current fiscal year (previous full year: ¥403 million; all investment securities).

(Per share information)

(Yen)

For the year ended March 31, 2018		For the year ended March 31, 2019	
Net assets per share [¥]	5,182.49	Net assets per share [¥]	5,276.80
Profit per share [¥]	687.04	Profit per share [¥]	328.55

Notes: 1. Fully diluted profit per share is not shown because there are no dilutive potential shares.
2. Profit per share is calculated based on the following data.

	For the year ended March 31, 2018	For the year ended March 31, 2019
Profit per share		
Profit attributable to JAFCO Co., Ltd. stockholders (¥ million)	24, 235	10,162
Amount not appertaining to common stock shareholders (¥ million)	-	-
Profit related to common shares attributable to JAFCO Co., Ltd. stockholders (¥ million)	24, 235	10,162
Weighted average number of common shares (thousand shares)	35,274	30,930

(Significant subsequent events)

None

4. Other Information

(1) Investments and IPOs

(i) Investments

(Millions of Yen)

	For the year ended March 31, 2018		For the year ended March 31, 2019	
	Amount	No. of co's.	Amount	No. of co's.
Equity				
(Japan)	18,057	37	11,379	26
(USA)	7,101	19	10,753	19
(Asia)	5,063	11	3,014	11
Total	30,222	67	26,147	56

Notes: 1. Investment amount is a total of investments by the JAFCO Group and funds.
2. Investments denominated in foreign currencies are translated into yen on a quarterly basis using the exchange rate at the end of each quarter.
3. Overseas life science investments (carried out by the venture investment division in Japan) are included in Japan on the above chart.

(ii) IPOs

(Japan)

(Millions of Yen)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Number of IPOs	7	2
Investment cost (1)	2,025	900
Market value at IPOs (2)	23,343	7,128
Multiple (2)/(1)	11.5	7.9

Notes: 1. “Investment cost” and “Market value at IPO” are total amounts by the JAFCO 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, 2018	For the year ended March 31, 2019
Number of IPOs	1	-
Investment cost (1)	380	-
Market value at IPOs (2)	538	-
Multiple (2)/(1)	1.4	-

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

(2) Establishment of Funds

Current fiscal year (April 1, 2018 – March 31, 2019)

(i) Newly established funds:

None

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

(Millions of US$)

Fund name	Total commitments as of March 31, 2019	Total commitments as of March 31, 2018	Increase in commitments
JAFCO Asia Technology Fund VII L.P.	140	128	12

(Millions of US$)

Fund name	Total commitments as of March 31, 2019	Total commitments as of March 31, 2018	Increase in commitments
Icon Ventures VI, L.P.	375	262	112

Previous full year (April 1, 2017 - March 31, 2018)

(i) Newly established funds:

(Millions of US$)

Fund name	Total commitments as of March 31, 2018
JAFCO Asia Technology Fund Ⅶ L.P.	128

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

(Millions of yen)

Fund name	Total commitments as of March 31, 2018	Total commitments as of March 31, 2017	Increase in commitments
JAFCO SV5 Series	75,000	65,000	10,000

The above increase in commitments is entirely attributable to JAFCO's additional commitments.

(Millions of US$)

Fund name	Total commitments as of March 31, 2018	Total commitments as of March 31, 2017	Increase in commitments
Icon Ventures VI, L.P.	262	225	37