Translation of the Japanese press release

JAFCO

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Policy on Future Shareholder Returns

JAFCO Group Co, Ltd. (hereinafter "JAFCO Group/we") decided at the meeting of the Board of Directors held on February 10, 2021 the policy on future shareholder returns as follows.

1. JAFCO Group's own capital and shareholders' equity

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

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

2. The use of proceeds from the sale of NRI shares

Since 2010, under our strategy of highly selective, intensive investment and "Co-Founder," we have increased the investment amount and shareholding per company to focus on investment that offers deep involvement in management. As a result, our fund performance improved significantly and our financial base strengthened further by increases in cash and equivalents and shareholders' equity.

In recent years, the price of NRI shares has continuously risen, representing a high percentage of the balance sheet. As disclosed in our announcement on January 28, 2021, we sold approximately 40% of our shareholdings in NRI (15,500,000 shares). With regard to ¥35 billion in after-tax sales proceeds, we have decided to allocate all proceeds to buy back our shares at the meeting of the Board of Directors held today. For details, please refer to "Notice Regarding Share Buyback" released today.

3. Policy on funds necessary for future investment and future shareholder returns

In order to maintain a financial base that enables us to continue investment activity under any environment, we will continue to regard cash and equivalents and NRI shares together as funds for future investment.

Funds necessary for future investment is currently estimated at around ¥120 billion, including the amount of uncalled capital commitments to funds under operations and our interests in upcoming funds, taking into account expanding future fund size, and providing for other investment opportunities and unforeseen circumstances. If the sum of cash and equivalents and mark-to-market valuation (after tax) of NRI shares exceeds the above estimate by a certain amount, we will consider buying back our shares.

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

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