■ To our shareholders:

The fiscal year from April 2020 to March 2021 started with the declaration of the state of emergency by the government due to COVID-19. We initially expected major restrictions on new investment activity and portfolio IPOs. However, investment activity was relatively steady because of a switch to online meetings and an upturn in the IPO market following a temporary hiatus.

Globally, the largest monetary easing and financial support in history continue. Despite vaccinations and other positive signs, the prospects are increasing uncertain due to financial bubble concerns, etc.

In 2021 we sold about 40% of our shareholdings in Nomura Research Institute, Inc. ("NRI") in one bulk and decided to carry out a share buyback totaling ¥35 billion, which equals to the after-tax sales proceeds of NRI shares. At the same time, we released our policy on future shareholder returns, clarifying the structure of our financial base for continuing investment activity under any situation while improving capital efficiency.

Venture investment and buyout investment, on which we have focused for many years as the two wheels of business, are the ultimate long-term investments. Moreover, our investment activity itself demonstrates our ESG commitment. We identify true business values, in which we invest aggressively, and provide hands-on management support. Why invest in illiquid, high-risk unlisted shares? Because the value changes greatly. We believe that this change in value is the driving force for changing the world.

The digital revolution has taken off following a run-up period. It will accelerate further, eliminating barriers between industries and creating new business sectors. Also, the spread of internet has significantly lowered the hurdle of business launch and the age of entrepreneurs.

Young entrepreneurs with new values and diversity are emerging. To capture this big change, we worked on rebranding with a new slogan "Your Closest Partner."

We are determined to further promote new business creation, contribution to business succession and industrial restructuring, and integration with Asia to incorporate future growth through venture and buyout investments. I am convinced that this is the path leading to our future.



Shinichi Fuki
President & CEO
JAFCO Group Co., Ltd.

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, 2021

To Shareholders:

Shinichi Fuki
President & CEO
JAFCO Group Co., Ltd.
1-23-1 Toranomon, Minato-ku, Tokyo

NOTICE OF CONVOCATION OF THE 49TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby informed that the 49th Annual General Meeting of Shareholders (the "Meeting") of JAFCO Group Co., Ltd. (the "Company") will be held as described below.

For the purpose of preventing the spread of the new coronavirus infection, shareholders are kindly advised to refrain from attending the Meeting in person to the extent possible and exercise their voting rights either by postal mail or electronic means in advance. Please see page 4 for the request for shareholders and infection prevention measures at the Meeting.

Please examine the attached Reference Documents for the General Meeting of Shareholders and vote by either of the following methods by 5:00 p.m. on Monday, June 14, 2021 (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 62, 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 15, 2021, 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 49th Fiscal Year (from April 1, 2020 to March 31, 2021)
Matters to be resolved:	
Proposal 1:	Election of Three (3) 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

If you vote twice by postal mail and via Internet, the vote via Internet shall be deemed valid.
If you vote via Internet more than once, only the last vote shall be deemed valid.

- For those attending the Meeting, please present the enclosed voting form at the reception desk on arrival at the meeting.
- Pursuant to the provisions of applicable laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following materials are not provided in this document, but they have been posted on the Company's website.
  - 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 Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the Company will post the contents of modification on its website below.
- The Company will inform you of the results of resolutions of the Meeting by posting the matter on its website below.

  JAFCO website: https://www.jafco.co.jp/english/ir/shareholder/meeting/

In light of the spread of the new coronavirus, we would like to inform the guidelines for attending the Meeting. We would kindly ask shareholders planning to attend the Meeting in person for their understanding and cooperation.

Request for shareholders

- **For the perspective of preventing the spread of the new coronavirus, we ask shareholders to refrain from attending the Meeting in person to the extent possible and exercise their voting rights either by postal mail or electronic means in advance**.
- Shareholders attending the Meeting are requested to wear face masks.
- All attendees will have their temperature taken at the entrance of the meeting room. Those who have fever or are not feeling well may be asked to refrain from entering the meeting room and leave the venue.
- Fewer seats will be available at this year's Meeting to ensure sufficient spacing between attendees with the aim of preventing the spread of the coronavirus. Therefore, we may restrict admission to the Meeting.
- Depending on the situation of the coronavirus infection, the venue and the time of the Meeting are subject to change. Major changes in the operation of the Meeting due to future situation will be informed on the JAFCO website. Please check the website in advance if you plan to attend the Meeting in person.

JAFCO website : https://www.jafco.co.jp/english/ir/shareholder/meeting/

Infection prevention measures at the Meeting

- A bottle of alcohol disinfectant will be provided near the reception desk.
- Directors and operation staff will check their temperature and health status before the Meeting and wear face masks during the Meeting.
- In the case of director stationed overseas and having difficulty coming back to Japan, or from the perspective of reducing the risk of spreading the infection, it is possible that some directors will not attend the Meeting or will attend remotely (online), regardless of their health status on the day of the Meeting.
- The time required for holding the Meeting will be shortened compared to previous years. Detailed explanations of matters to be reported at the Meeting (including Audit Report) and the proposals will be omitted.
- No drink will be served at the Meeting.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Three (3) Directors (Excluding Directors Serving as Board-Audit Committee Members)

The terms of office of all three (3) 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 three (3) 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 discussed the election of directors based on the deliberations by the Nomination and Remuneration Committee composed of all four (4) directors serving as Board-Audit Committee members 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 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. As a result, the Committee has judged the remuneration is appropriate after taking into account fairness in remuneration, balance between remuneration levels and duties/ responsibilities of directors, and its links to the Company's business performance.

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**	**President & CEO** [Representative Director]	**Re-election**	14 out of 14 (100%)
2	**Yoshiyuki Shibusawa**	**Managing Director** President & CEO, JAFCO America Ventures Inc. President & CEO, JAFCO Investment (Asia Pacific) Ltd In charge of Business Development	**Re-election**	14 out of 14 (100%)
3	**Keisuke Miyoshi**	**Director** In charge of Investment, Partner	**Re-election**	14 out of 14 (100%)

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td>
Shinichi Fuki
(November 1, 1961)

<Re-election></td><td>April 1985
June 2003

February 2005

March 2007

January 2010</td><td>Joined JAFCO
Director in charge of Investment Group II, Kansai Branch and Planning & Administration, JAFCO
Managing Director in charge of Finance, Investment Group II, Kansai Branch and VA Department III, JAFCO
Executive Managing Director in charge of Finance, Structured Investment, Kansai Branch and VA Department III, JAFCO
President & CEO (Representative Director), JAFCO (Present)</td><td>16,046 shares</td></tr>
<tr><td colspan="4">Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)

Reason for nomination as candidate for director
Since joining JAFCO, Shinichi Fuki has constantly been involved in private equity investment, and has taken charge of the Company's overall operations, including investment and fund management. Since assuming the office as President & CEO in January 2010, 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.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">2</td><td>
Yoshiyuki Shibusawa
(October 5, 1969)

<Re-election></td><td>April 1992
March 2007

June 2007

October 2012

April 2014</td><td>Joined JAFCO
Corporate Officer in charge of Investment Group II, JAFCO
Director in charge of Investment Group II, JAFCO
President & CEO, JAFCO America Ventures Inc. (Present)
President & CEO, JAFCO Investment (Asia Pacific) Ltd (Present)
In charge of Business Development (Present)
Managing Director, JAFCO (Present)</td><td>10,611 shares</td></tr>
<tr><td colspan="4">Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)

Reason for nomination as candidate for director
Yoshiyuki Shibusawa has constantly been involved in private equity investment since joining JAFCO and gained experience taking charge of the domestic venture investment division. Since October 2012, he has been stationed in Singapore and has been responsible for the Company's overseas operations as President of the Company's Asian and US subsidiaries. Based on his experience, expertise and track record of domestic/ overseas investment activity, the Board of Directors deemed it appropriate that he continues to execute and supervise business activities as a director of the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>

Keisuke Miyoshi
(September 18, 1969)

<Re-election></td><td>April 1993
August 2011

April 2013

June 2015

March 2018</td><td>Joined JAFCO
Group Officer of Investment Group II, JAFCO
Corporate Officer in charge of Investment, JAFCO
Director in charge of Investment, JAFCO
Director in charge of Investment, Partner, JAFCO (Present)</td><td>5,649 shares</td></tr>
<tr><td colspan="4">Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)

Reason for nomination as candidate for director
Since joining JAFCO, Keisuke Miyoshi has been involved in private equity investment operations, and currently, he is one of the Partners who make major decisions on domestic venture investment. 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.</td></tr>
</table>

Notes:
1. Candidate for director Keisuke Miyoshi participates in SV6 Partners Limited Liability Partnership ("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 Partners LLP. The Company has provided a loan for Mr. Miyoshi for his partner commitment. The financing details are as shown in "8. Notes to related party transactions" in the "Notes to Non-Consolidated Financial Statements" of the Matters available on the website in relation to the Notice of Convocation of the 49th Annual General Meeting of Shareholders. There are no special interests between the Company and other director candidates.
2. 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**	14 out of 14 (100%)	14 out of 14 (100%)
2	**Koji Tanami**	**Director (Board-Audit Committee member)** Attorney-at-Law, Hashidate Law Office	**Re-election Independent**	14 out of 14 (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**	14 out of 14 (100%)	14 out of 14 (100%)
4	**Yoshie Kajihara**	**Director (Board-Audit Committee member)**	**Re-election Independent**	14 out of 14 (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	 **Shigeru Tamura** (October 8, 1961) <Re-election> <Independent>	April 1985 June 2000 August 2000 September 2002 June 2003 August 2005 August 2006 June 2010 October 2014 June 2017 June 2019	Joined the Bank of Yokohama, Ltd. General Manager of Business Administration and Head of Office of IPO, Members Co., Ltd. Director & CFO, Members Co., Ltd. Officer of Business Administration, Aplix Corporation Vice President of Principal Investments, Investment Banking Headquarters, ORIX Corporation Senior Corporate Officer, Medical Industries Corp. (currently MIC Medical Corporation) Executive Vice President, MIC Medical Corporation President & CEO, MIC Medical Corporation Chairman, MIC Medical Corporation (until May 2015) Director (Board-Audit Committee member), JAFCO Director (Board-Audit Committee member, full-time), JAFCO (Present)	4,095 shares

Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)
Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)

Years as Director serving as Board-Audit Committee member: Four (4) years

Reason for nomination as candidate for director

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.
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.

Matters regarding independence

MIC Medical Corporation ("MIC"), at which Mr. Tamura had been President and Chairman until May 2015, is one of the Company's 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. There has been no business relationship between him and the Company, and the Company believes that he maintains sufficient independence.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">2</td><td>

Koji Tanami
(September 10, 1939)

<Re-election>
<Independent></td><td>April 1964
July 1994

July 1996

January 1998

September 1999
June 2001

October 2007

September 2008
December 2010

June 2015</td><td>Joined Ministry of Finance
Director-General of the Financial Bureau, Ministry of Finance
Chief Cabinet Councilor for Internal Affairs, Cabinet Secretariat
Administrative Vice Minister, Ministry of Finance
Special Advisor to the Minister of Finance
Deputy Governor and Managing Director, Japan Bank for International Cooperation
Governor, Japan Bank for International Cooperation
Resigned from Governor of Japan Bank for International Cooperation
Registered as Attorney-at-Law (Dai-ichi Tokyo Bar Association)
Attorney-at-Law, Hashidate Law Office (Present)
Director (Board-Audit Committee member), JAFCO (Present)</td><td>3,452 shares</td></tr>
<tr><td colspan="4">Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)
Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)

Years as Director serving as Board-Audit Committee member: Six (6) years

Significant concurrent positions outside the Company
Attorney-at-Law, Hashidate Law Office

Reason for nomination as candidate for director
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.</td></tr>
</table>

	Matters regarding independence There has been no transaction between Mr. Tanami or law office that he has joined and the Company. The Company believes that he maintains sufficient independence.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>

Kenichi Akiba
(October 30, 1963)

<Re-election>
<Independent></td><td>September 1986</td><td>Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</td><td rowspan="2">4,465 shares</td></tr>
<tr><td colspan="3">July 1989 Registered as Certified Public Accountant
September 2001 Temporarily transferred to The Accounting Standards Board of Japan as Technical Manager
April 2007 Technical Director, The Accounting Standards Board of Japan (until August 2009)
July 2007 Partner, KPMG AZSA & Co. (currently KPMG AZSA LLC)
September 2009 Professor, Graduate School of Accountancy, Waseda University (Present)
June 2015 Director (Board-Audit Committee member), JAFCO (Present)
June 2018 Auditor of the Board (Outside), Mitsui Sumitomo Insurance Co., Ltd. (Present)</td></tr>
<tr><td colspan="5">Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)
Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)

Years as Director serving as Board-Audit Committee member: Six (6) years

Significant concurrent positions outside the Company
Professor, Graduate School of Accountancy, Waseda University
Auditor of the Board (Outside), Mitsui Sumitomo Insurance Co., Ltd.

Reason for nomination as candidate for director
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.</td></tr>
</table>

	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. Currently, there is no business relationship between him and the Company. Therefore, the Company believes 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	 **Yoshie Kajihara** (June 16, 1961) <Re-election> <Independent>	October 2001 March 2005 May 2007 February 2008 October 2009 November 2013 October 2016 January 2017 August 2017 July 2018 June 2019	General Manager of Accounting, Aplix Corporation Corporate Officer and Head of Corporate Planning Office, Aplix Corporation (until March 2007) Corporate Auditor (full-time), MIC Medical Corporation Resigned from Corporate Auditor (full-time) of MIC Medical Corporation Joined CCS Inc. Executive Officer in charge of Corporate Planning, CCS Inc. Resigned from Executive Officer of CCS Inc. Joined Interactive Solutions Corporation Director and General Manager of Human Resources & Administrations, Interactive Solutions Corporation Resigned from Director of Interactive Solutions Corporation Director (Board-Audit Committee member), JAFCO (Present)	787 shares

Number of attendances at the Board of Directors meetings: 14 out of 14 meetings (100%)
Number of attendances at the Board-Audit Committee meetings: 14 out of 14 meetings (100%)

Years as Director serving as Board-Audit Committee member: Two (2) years

Reason for nomination as candidate for director

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.

	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 0.5% as of the end of March 2021. 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. There has been no business relationship between her and the Company. Therefore, the Company believes 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 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 (*riji*), 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.

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."

After the election at the Annual General Meeting of Shareholders, experience and expertise held by directors will be 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		●	●	●	●	●	●	●	●	
Yoshiyuki Shibusawa		●	●	●	●	●	●	●	●	
Keisuke Miyoshi			●	●		●	●	●	●	
Shigeru Tamura	(Independent Director)	●	●		●	●	●		●	
Koji Tanami	(Independent Director)	●			●			●	●	
Kenichi Akiba	(Independent Director)						●		●	●
Yoshie Kajihara	(Independent Director)	●				●	●			

* Note: Expertise
Directors Shinichi Fuki, Yoshiyuki Shibusawa, 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.

(Document to be provided)

Business Report

(From April 1, 2020 to March 31, 2021)

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

Digital revolution, which causes drastic changes in the global industrial structure, is changing the fundamental mechanism of existing industries and creating new industries. In Japan, high-potential startups are emerging in numbers and young entrepreneurs who lead the next generation are increasing rapidly. Investment stages by venture capitals (VCs) are significantly shifting to seed and early stages.

Under such circumstances, the worldwide spread of the new coronavirus (COVID-19) has had a great impact on our portfolio companies. During the declaration of a state of emergency in Japan and the lockdown on other countries, a large number of companies saw their performance plummet. On the other hand, there were companies that boosted performance due to extraordinary demand caused by an increase in remote work and work-from-home. Companies operating businesses related to key words, such as non-face-to-face, non-contact, remote, etc., or those offering DX-based operational efficiency, also enjoyed the boon. Corporate IPOs, which were postponed a number of times, have picked up and continues to be buoyant.

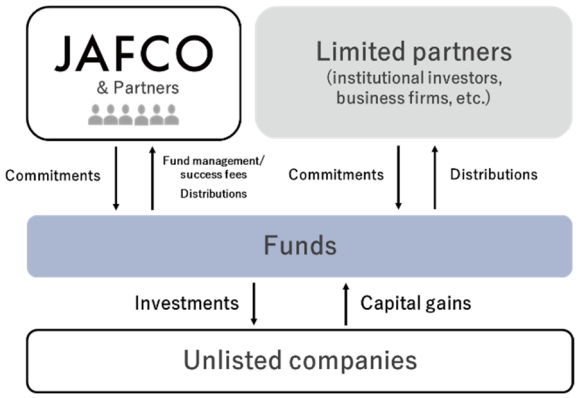
2) JAFCO's business line and business model

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. Partners and employees have invested alongside JAFCO in the latest SV6 Fund Series ("SV6"), 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) Funds under management

Total commitments of funds under management stand at ¥451.5 billion. We decide fund size based on our assumption of investment amount per company and the number of investments, and also taking into account the trends in investment target markets and our investment capacity. To allow an increase in the future fund size and ensure continuous commitments, we are promoting an increase in the average commitment amount, mainly from institutional investors. In the case of SV6 established in June 2019, we increased the amount of funds raised from external investors while reducing the number of investors by about half compared to our previous funds.

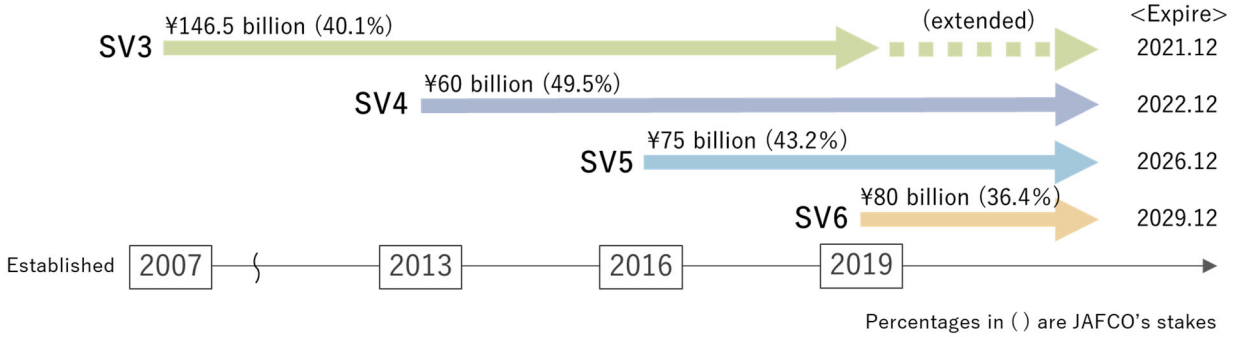
In line with the introduction of the partnership model, we changed investment targets and the fund operation structure. In the case of SV6, commitments are used entirely for venture and buyout investments by domestic teams, whereas for SV5, about 30-40% of total commitments are used for capital commitments to our Asian and US funds. Individual partners also commit to fund operations and are jointly liable with the Company.

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 venture capital fund management, 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



4) Investment structure and strategy

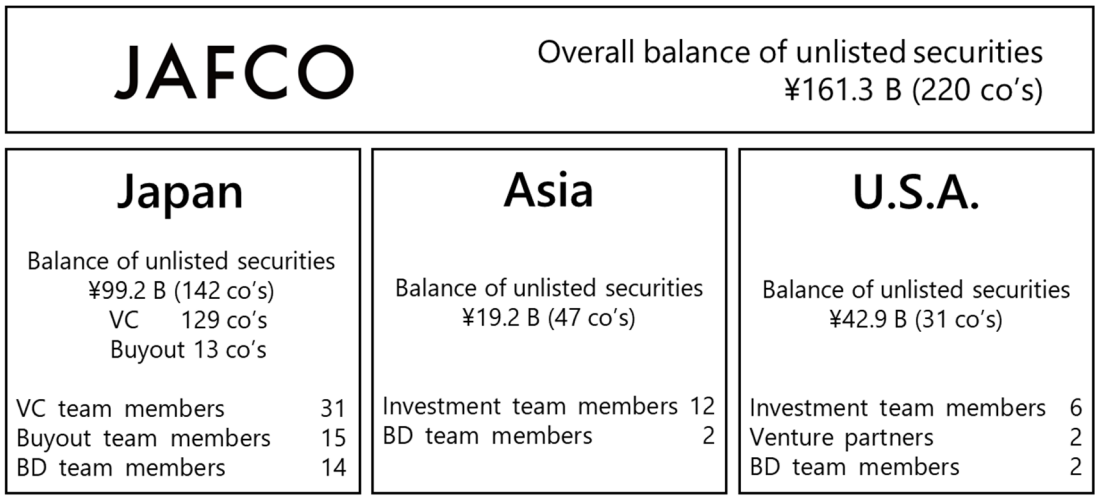
At JAFCO, investment teams in Japan, Asia and the US operate their own funds based on their respective investment strategies. Investment teams deeply rooted in local communities carry out everything from identifying investment candidates, deciding on and executing investments, to post-investment support. 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 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.

We invest in around 20 new companies annually, and the average shareholding at initial investment and the average amount invested per company are around 15% and about ¥500 million respectively. With regard to promising start-ups, so-called mega ventures and game changers, we have seen cases where several billions of yen are raised in a single financing round. For buyout investment, we target small to midsize deals (with an equity value of around ¥1-5 billion). Our strengths in buyout investment are business re-engineering and growth support using cutting-edge technologies, leveraging our expertise accumulated through venture investment.

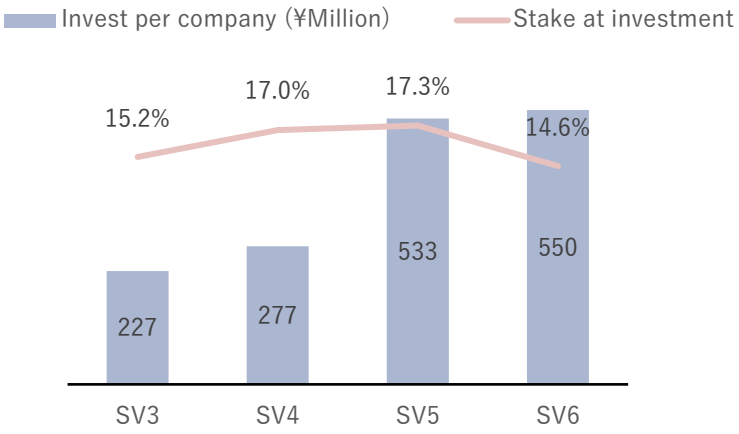
In the US, we have built good relationships with top-tier VC firms and invested in high-potential startups mainly in Silicon Valley. In Asia, we make investments in China, Taiwan, India, and growth regions in Southeast Asia by capitalizing on over 30 years of experience as a Japanese VC pioneer expanding into Asia.

Global Investment Structure



Notes: 1. Balance of unlisted securities (acquisition basis): as of March 31, 2021
2. Exchange rate: 1US$=¥110.71 as of March 31, 2021
3. Number of members: as of April 1, 2021
4. BD stands for business development.
5. Overseas investments carried out by the venture investment division in Japan are included in Japan.

Initial investment amount and stake at investment (as of March 31, 2021)



Note: Domestic venture investment only

5) 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, marketing/ sales, back-office construction support, and other fields form teams with venture capitalists 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. Strengthening the collaboration between large companies and portfolio companies and leveraging the knowledge of large companies allow us to expand operations 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.

Portfolio company support structure



6) Company name change and rebranding

We changed our logo on October 1, 2020 and carried out a rebranding with the aim of appealing to young entrepreneurs who lead startups, the main investment target of our domestic venture investment.

The new corporate logo expresses our desire to understand and appreciate aspirations of entrepreneurs and to realize their visions and our determination to face and overcome difficulties together. Under the brand slogan "Your closest partner," we formulated a concept word "& JAFCO" to reflect our ambition and stance of standing by entrepreneurs to lead their success.

Further, the company name was changed to JAFCO Group Co., Ltd. to demonstrate our investment diversity, spanning from venture investment in Japan, Asia and the US to buyout investment, and our global presence. Our US operation is promoting its own branding as Icon Ventures. We will strengthen global cooperation as a group and pursue respective individualities catering to each region and investment style.

2. Business Summary and Results

1) Impact of the new coronavirus (COVID-19) and our response

During the current fiscal year, our remote work and work-from-home rules remained tightened in Japan, with office presence of less than 10%. Remote work is also continuing in some parts of Asia and the US. Despite restrictions on face-to-face activity, new investments, which slowed down at first, gradually picked up through online meetings with investment candidates. As a result, total investment amount on a global basis remained relatively steady, approximating the previous year's level.

As revenues at many portfolio companies plummeted at the beginning of the COVID-19 pandemic, we have deepened our involvement in such aspects as reducing costs, redesigning business plans, and fundraising support presuming the worst-case scenario. Investment loss reserves related to COVID-19 stand at ¥1.7 billion in a total of 18 companies in Japan and overseas, the majority of which were made in the first quarter. Covid-19 impact has been limited since the second quarter. However, reserves may surge in case the pandemic expands or prolongs further.

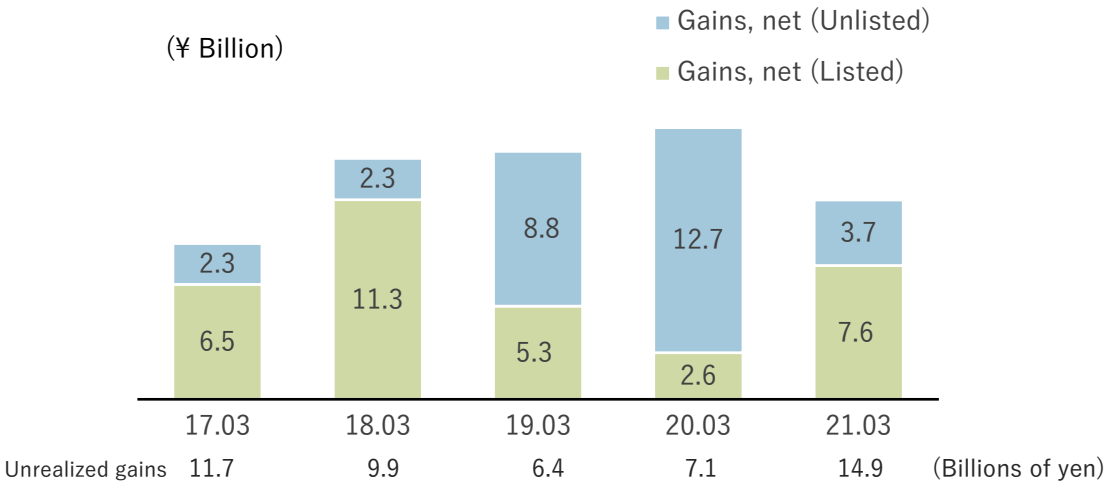
2) Financial highlights and capital gains

During the current fiscal year, both net sales and ordinary income declined from the previous year, while net income increased significantly as a result of the sale of about 40% of our shareholdings in Nomura Research Institute, Inc. ("NRI"). In addition to five domestic IPOs, including that of an overseas portfolio company on the TSE Mothers market, an M&A exit of a domestic buyout portfolio company contributed to capital gains.

Our biggest management focus is to maintain high fund performance over the long term. We will continue to pursue IPO, M&A and other exits from which large capital gains can be expected, regardless of the number of IPOs achieved each year. Business results fluctuate significantly from year to year depending on the number of large exits. Improving performance of each operating fund allows us to maintain strong business results over the long term.

(Billions of yen)	FY20.3	FY21.3	Change
Net sales	29.9	21.5	(27.9%)
Ordinary income	17.0	11.7	(31.3%)
Net income	11.8	38.5	225.2%

Capital gains (JAFCO's interests)

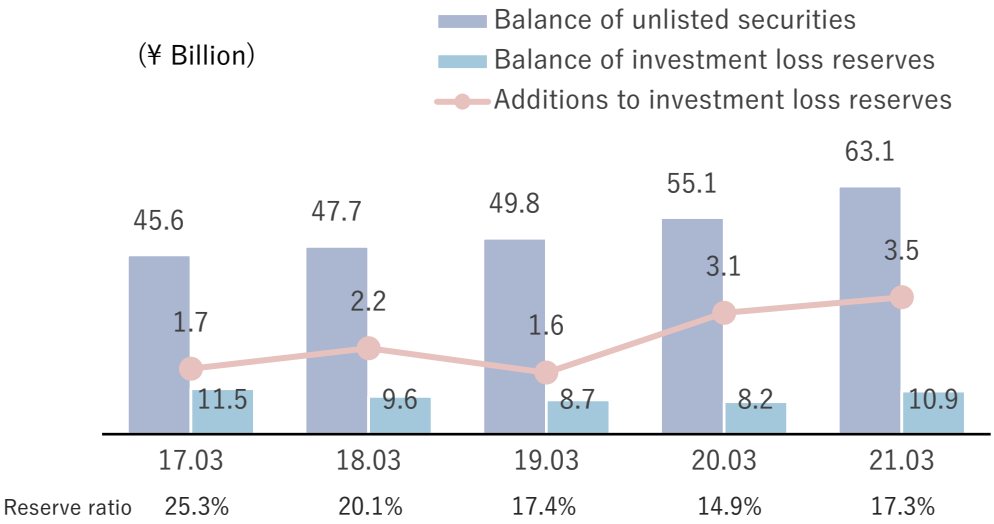


Note: Gains/losses include other portfolio-related revenues and impairment losses.

3) Investment loss reserves

The balance of investment loss reserves and reserve ratio have been falling as we reshuffled our portfolio through highly selective, intensive investment and deepened management involvement. In the current fiscal year, due to the COVID-19 pandemic, additions to investment loss reserves continued to increase from the previous year to ¥3.5 billion (of which ¥1.7 billion was related to the COVID-19). The reserve balance turned upward for the first time in 11 year since the fiscal year ended March 31, 2010 to ¥10.9 billion. The situation of the COVID-19 pandemic remains unpredictable. We will continue to focus on management involvement in portfolio companies in terms of cost management, financing, etc.

Additions to and balance of investment loss reserves (JAFCO's interests)

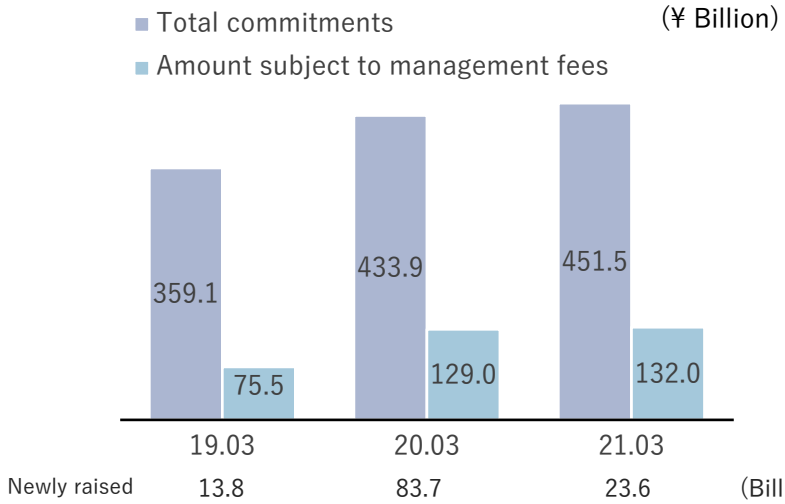


Note: Excluding investment in other funds.

4) Total fund commitments

During the current fiscal year, the Taiwanese fund, established in Asia in the previous year, made a final close. Including this fund, total commitments amounted to ¥451.5 billion. The amount subject to management fees, calculated by subtracting our interests in funds, funds under extension, and Icon funds in US, which have been excluded from the scope of consolidation, from the total commitments, increased slightly to ¥132.0 billion.

Fund commitments

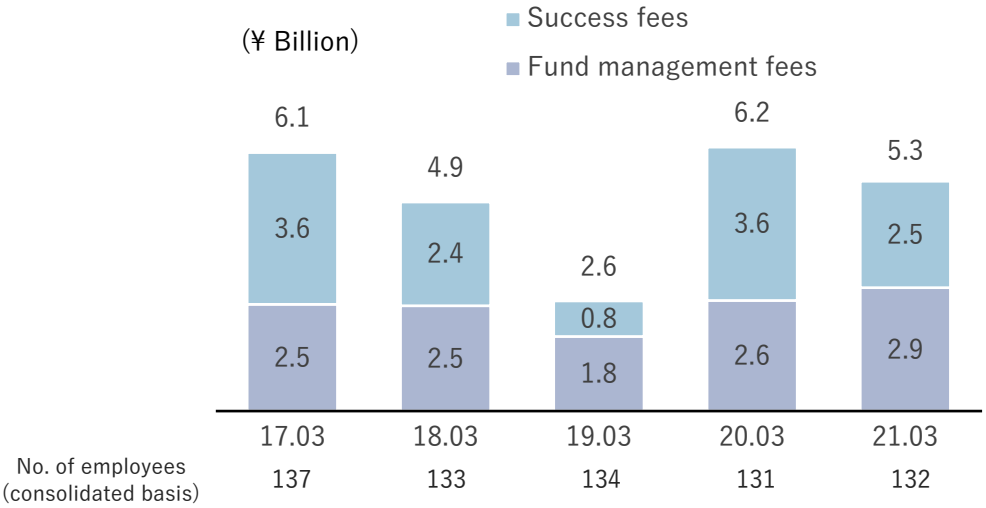


Note: Amount subject to management fees does not include JAFCO's interests in funds, funds under extension, and Icon funds.

5) Income from fund management

We, as a fund management company, remain unable to cover SG&A expenses with our core income of management fees. However, a rapid increase in fund size may cause deterioration in fund performance. The size of our future funds will be set in line with the market growth of promising investment targets, while firmly maintaining our stance of highly selective, intensive investment. Success fees from SV4 Fund Series, JATF VI and Icon Ventures IV, whose distributions to investors have exceeded respective total capital commitments, have been steadily recorded.

Fund management fees & success fees (JAFCO's interests)

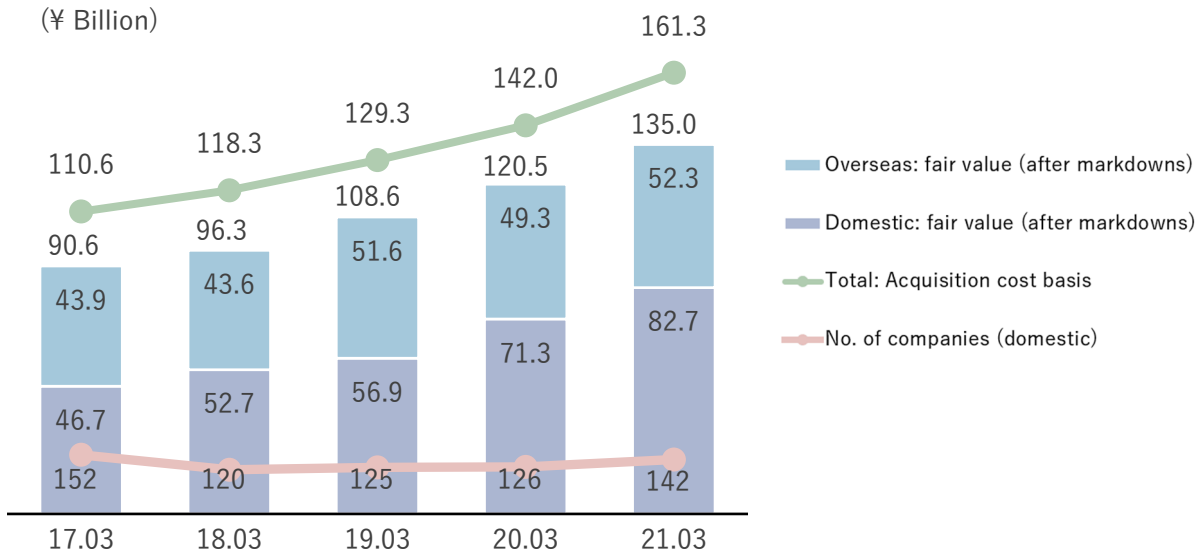


Note: All figures reflect the exclusion of US subsidiary (JAV) from the scope of consolidation.

6) Total unlisted portfolio under management

Since changing our investment strategy from diverse investment to highly selective, intensive investment, our portfolio has been reshuffled, as a result of which the amount invested per company increased. The total investment balance of unlisted portfolio companies continues to trend upward on a basis of both acquisition costs and fair value.

Operating assets (Balance of unlisted investments; including fund investors' interests)



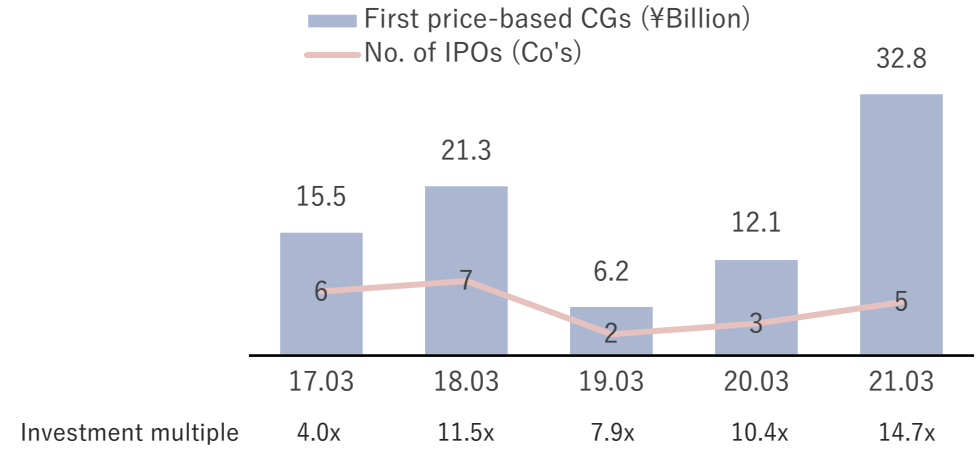
Note: Exchange rate for all periods: $1=¥110.71

7) IPOs

Due to a reduction in the number of new investments based on our highly selective, intensive investment strategy, the number of IPOs among our portfolio has dropped to less than 10 per year. During the current fiscal year, there were five domestic IPOs. First-price multiple at IPO was 14.7 times.

JAFCO-backed domestic IPOs (including fund investors' interests)

(CG stands for capital gain)



Increased shareholdings in portfolio companies have allowed us to diversify exits through M&A and trade sales. We will remain committed to maximizing capital gains per deal, instead of increasing the number of IPOs.

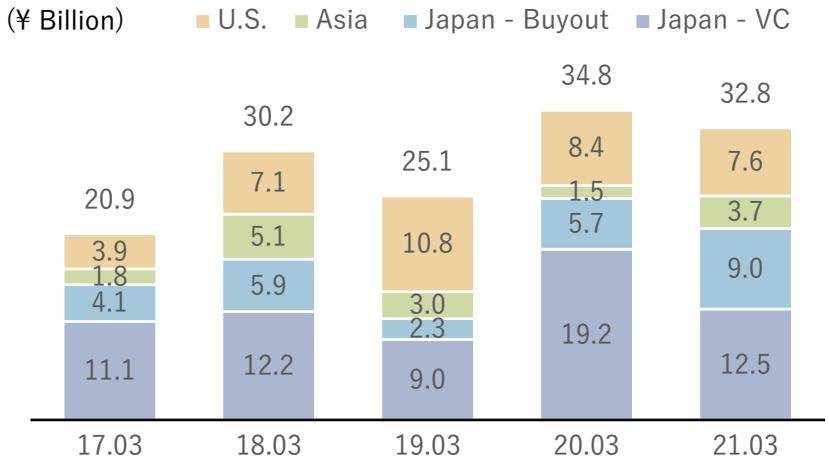
(Reference) JAFCO-backed IPOs during the current fiscal year

i3 systems	**i3 Systems, Inc.** Provider of MDM (mobile device management service for companies	IPO Date: July 15, 2020 IPO Market: Mothers Head Office: Fukuoka
stmn, inc.	**Stamen Co., Ltd.** Provider of workforce engagement management platform TUNAG	IPO Date: Dec. 15, 2020 IPO Market: Mothers Head Office: Aichi
WACUL	**WACUL INC.** Development of "AI Analyst", a UI/UX optimization tool for online/ smartphone sites; UI/UX improvement consulting	IPO Date: Feb. 19, 2021 IPO Market: Mothers Head Office: Tokyo
coconala	**coconala Inc.** Operation of a matching platform allowing users to buy and sell skills/ experiences as in e-commerce	IPO Date: March 19, 2021 IPO Market: Mothers Head Office: Tokyo
Appier	**Appier Group, Inc.** Development of AI-based marketing automation platform	IPO Date: March 30, 2021 IPO Market: Mothers Head Office: Tokyo
boqii 波奇宠物	**Boqii Holding Limited** Online sales of pet-related products	IPO Date: Sep. 30, 2020 IPO Market: NYSE Head Office: China

8) Investment activity

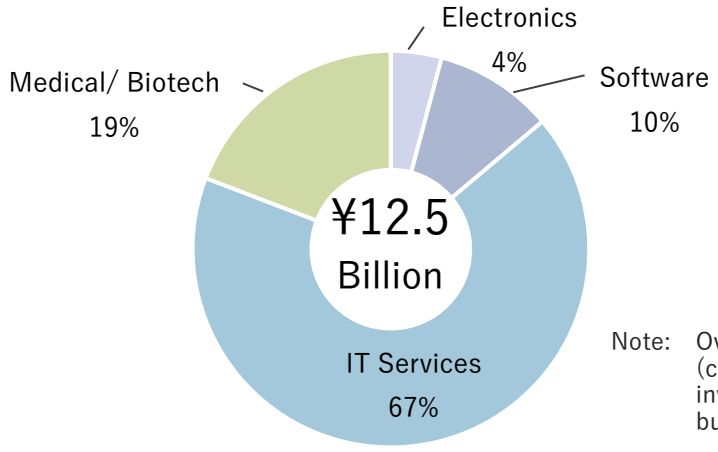
Total investment amount in each region varies each fiscal year. During the current fiscal year, the global investment amount totaled ¥32.8 billion. Investment amount fell in the first quarter due mainly to the impact of COVID-19, but from the second quarter onward, investment due diligence/ execution combining face-to-fact and non-face-to-face approach began to take root, as a result of which investment activity outpaced that of the same period a year earlier.

Investment amount (including fund investors' interests)



Breaking down domestic venture investments by sector, companies in the internet space continued to account for the majority of portfolio companies in the current fiscal year. The growing portfolio of IT services includes a number of startups with the potential to change business models of various existing industries through cutting-edge technologies.

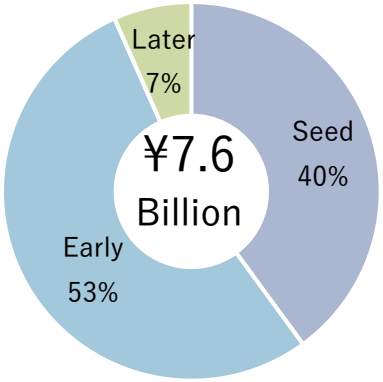
Investment by sector (new and follow-on investment in Japan; including fund investors' interest)



Note: Overseas life science investments (carried out by the venture investment division in Japan) and buyout investments are excluded.

Broken down by growth stage at the time of new investment, companies at the seed stage, when the business is founded, and the early stage, when starting up the business, accounted for over 90% of new investments, the majority of which are in the internet space. The speed of business launch greatly affects the change rate of startups, while a large number of competitors means a delay in the business launch may take a toll. As "Co-Founder," we will offer deep management involvement from the business conception stage and commit to business growth with entrepreneurs.

Investment by stage (new investment in Japan; including fund investors' interest)

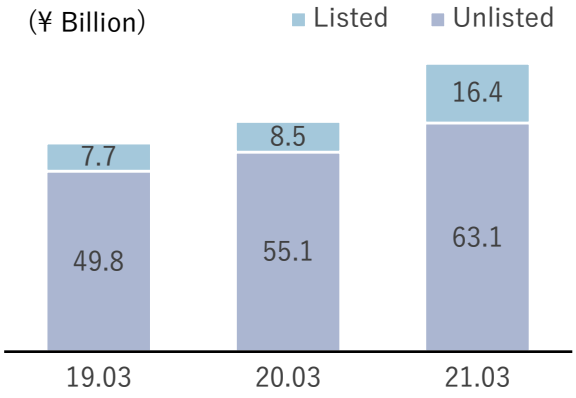


Note: Overseas life science investments (carried out by the venture investment division in Japan) and buyout investments are excluded.

9) Investment balance and unrealized gains

As new and follow-on investments increased relatively steadily despite the COVID-19 pandemic, our interests in the investment balance from fund investment activity rose. The balance of listed portfolio, after taking into account post-IPO sale of shares, also rose, due to five domestic IPOs and one overseas IPO in the current fiscal year.

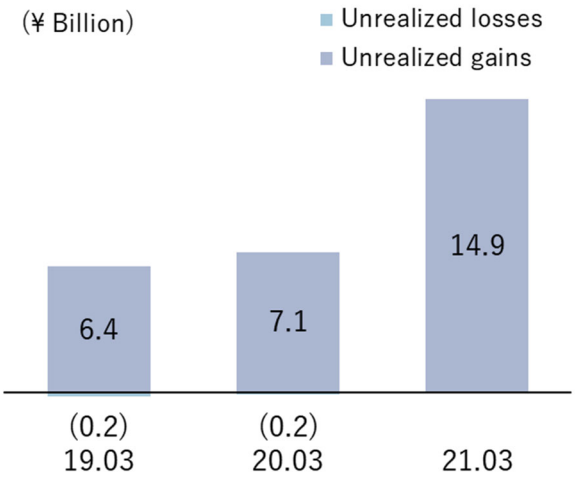
Balance of operational investment securities (JAFCO's interests)



Note: Excluding investment in other funds.

Unrealized capital gains on listed portfolio increased to ¥14.9 billion. These will become realized capital gains through future sales.

Unrealized gains/losses of listed securities (JAFCO's interests)

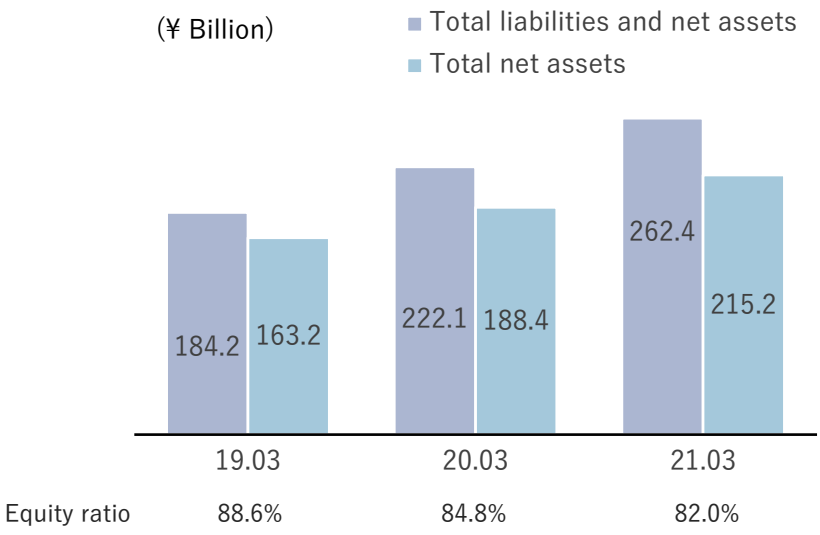


10) Status of assets

The majority of portfolio companies are unlisted, whose shares have no market value and liquidity is extremely limited. We need to maintain strong shareholders' equity and a solid financial base to allow us to continue investing under any operating environment. At the end of the current fiscal year, net assets increased to ¥215.2 billion and the equity ratio was 82.0%. Cash and deposits of ¥107.5 billion, including JAFCO's pro rata share of cash in funds, are recorded on the balance sheet.

In the current fiscal year, the Company sold about 40% of our shareholdings in NRI. Also, we passed a resolution to implement a share buyback up to the total acquisition costs of ¥35 billion and not exceeding 7 million shares, and concurrently announced the policy on future shareholder return, described later in this document. Under this policy, we will secure necessary funds to provide for uncalled commitments and planned commitments to future funds with the aim of continuing to invest under any circumstances, and seriously consider returning the portion in excess of the necessary funds to shareholders. Our efforts continue to balance shareholder returns with aggressive investment firmly in line with our investment policy.

Total assets and net assets (JAFCO's interests)



3. Shareholder return policy

We will maintain a good balance between securing own capital necessary to continue investment activity and continuous shareholder returns.

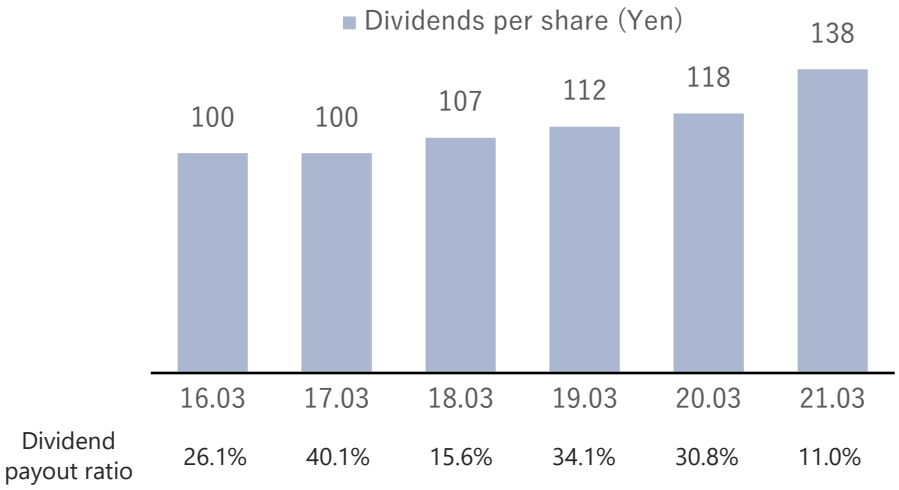
Our policy on future shareholder returns is shown below.

In the current fiscal year, a resolution was passed to buy back up to 7 million treasury shares (total acquisition proceeds of up to ¥35 billion), of which 1,510,700 shares worth approximately ¥10.2 billion were bought back as of the fiscal year end.

Regarding dividends, we have set an indicator to pay dividends of approximately 3% of shareholders' equity (initial and term-end average value). Dividend per share and shareholders' equity per share (initial and term-end average value) are used for calculation.

For the current fiscal year, we have decided to pay the dividend of ¥138 per share (previous fiscal year: ¥118 per share).

Dividends History



Policy on Future Shareholder Returns

(Released on February 10, 2021)

- **Company's own capital and shareholders' equity**

  The Company'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.

- **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 commitments to 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 estimates 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 average shareholders' equity per share, excluding valuation difference on listed shares, based on initial and term-end average value).

4. Issues to be addressed

As described above, JAFCO's management priorities are the following five issues. The current status of addressing these five issues in the current fiscal year is as shown below:

1) Create new businesses through highly selective, intensive investment and management involvement

We worked with portfolio companies to take defensive actions in terms securing funds, etc. to tide over COVID-19 challenges.

2) Sustain improvement in fund performance

SV4 fund performance rose significantly, reflecting a buoyant IPO market. Also, we achieved the first IPO and a large-scale M&A from SV5.

3) Build up stronger, high-quality portfolios

Despite restrictions on face-to-face investment activity amid the COVID-19 pandemic, we adopted remote interviews/ meetings and, from the second quarter onward, made investments above the level of the same period a year earlier.

4) Develop personnel who can be "Co-Founder" of portfolio companies

We focus on the development of personnel capable of being involved in the management of portfolio companies from the business conception stage, not only as an investor, but also as a "Co-Founder." Since 2018, we have introduced the partnership model and a personnel evaluation method placing more importance on merits. While diversifying new graduate recruitment, we are actively recruiting mid-career personnel.

5) Ensure a good balance between shareholders' equity and return to shareholders

As previously mentioned, we passed a resolution to implement share buybacks totaling up to ¥35 billion and not exceeding 7 million shares in February 2021 after a number of discussions at the meetings of the Board of Directors, and concurrently announced the policy on future shareholder returns. Based on this policy, we will maintain a good balance between ensuring sufficient own capital and making shareholder returns, in accordance with changes in the business environment and our financial standing.

We firmly maintain the following five principles to establish our corporate identity as "Co-Founder" and achieve our mission of "Commit to new business creation and jointly shape the future."

Reproduce success by passing on our expertise

Create next-generation businesses

Develop globally, focus locally

Work earnestly with entrepreneurs to raise corporate value

Preserve discipline and transparency as a VC pioneer

5. Assets and profit (loss)

	46th Fiscal Year (From April 1, 2017 to March 31, 2018)	47th Fiscal Year (From April 1, 2018 to March 31, 2019)	48th Fiscal Year (From April 1, 2019 to March 31, 2020)	49th Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales (Millions of yen)	29,470	25,878	29,855	21,512
Ordinary income (Millions of yen)	15,554	13,410	17,045	11,707
Profit attributable to JAFCO Group Co., Ltd. stockholders (Millions of yen)	24,235	10,162	11,839	38,504
Profit per share (Yen)	687.04	328.55	382.76	1,249.43
Total assets (Millions of yen)	191,550	184,213	222,059	262,383
Net assets (Millions of yen)	160,299	163,215	188,366	215,237
Net assets per share (Yen)	5,182.49	5,276.80	6,089.99	7,316.12

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. Figures for the 47th Fiscal Year (from April 1, 2018 to March 31, 2019) onward reflect the exclusion of JAFCO America Ventures Inc. from the scope of consolidation.

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]	Fund management
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, 2021)

1) JAFCO Group Co., Ltd.

Name	Location
Head Office	Minato-ku, Tokyo
Chubu Branch	Naka-ku, Nagoya
Kansai Branch	Chuo-ku, Osaka
Kyushu Branch	Chuo-ku, Fukuoka

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, 2021)

1) Company Group employees

Number of employees	Increase (decrease) from previous fiscal year
132	1

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
103	1	44 years and 3 months old	17 years and 1 months

Note: The number of employees is the number of personnel at work.

9. Outline of financing

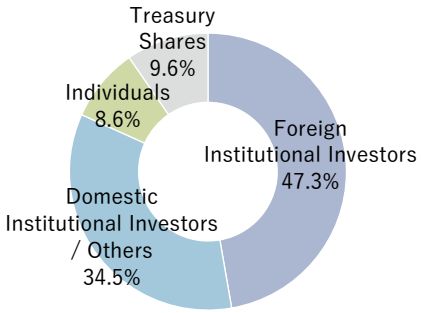
In the current fiscal year, we newly borrowed ¥100 million in long-term loans, while repaying loans which became due. As a result, the balance of long-term loans payable including the current portion fell to ¥115 million (previous fiscal year-end: ¥249 million).

10. Principal creditors (as of March 31, 2021)

(Millions of yen)

Creditor	Balance of borrowings
Nippon Life Insurance Company	100
Resona Bank, Limited	15

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



1. Shares (as of March 31, 2021)

1) Authorized number of shares 80,000,000 shares
2) Number of shares issued 32,550,000 shares
3) Number of shareholders 4,743
4) Major shareholders

Shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,142	10.7
Custody Bank of Japan, Ltd. (Trust Account)	2,584	8.8
Hikari Tsushin Kabushiki Kaisha	1,405	4.8
STATE STREET BANK AND TRUST COMPANY 505001	1,183	4.0
MSIP CLIENT SECURITIES	1,165	4.0
SSBTC CLIENT OMNIBUS ACCOUNT	714	2.4
STATE STREET BANK AND TRUST COMPANY 505103	576	2.0
Custody Bank of Japan, Ltd. (Trust Account 5)	466	1.6
JP MORGAN CHASE BANK 385781	419	1.4
Custody Bank of Japan, Ltd. (Trust Account 6)	412	1.4

Notes: 1. The Company holds 3,130 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) Other important matters regarding shares

- **Share buyback**

The Company passed a resolution regarding a share buyback at the meeting of the Board of Directors held on February 10, 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; 7 million shares (upper limit)
- Buyback amount: ¥35 billion (upper limit)
- Buyback period: From February 12, 2021 to February 11, 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: Open market purchase through a trust bank

Cumulative number of treasury shares acquired by March 31, 2021 based on the above BOD resolution: 1,510,700 shares ¥10,153 million

Note: The share buyback and cancellation of treasury shares on or after April 1, 2021 are shown in "9. Notes to significant subsequent events" in the "Notes to Consolidated Financial Statements" in the Matters available on the website in relation to the Notice of Convocation of the 49th Annual General Meeting of Shareholders.

2. Directors

1) Directors (as of March 31, 2021)

Position	Name	Responsibilities at the Company and significant concurrent positions
President & CEO [Representative Director]	Shinichi Fuki	
Managing Director	Yoshiyuki Shibusawa	President & CEO, JAFCO America Ventures Inc. President & CEO, JAFCO Investment (Asia Pacific) Ltd In charge of Business Development
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.

(Reference)

The Company has established a corporate officer system. Corporate officers as of March 31, 2021 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

The Company has appointed Partners who execute investment opportunities and management of JAFCO-operated funds. As of March 31, 2021, Partners who do not concurrently serve as director are as follows:

Position	Name	Responsibilities at the Company
Partner	Naoki Sato	In charge of Branch offices; Business Development
Partner	Ko Minamikurosawa	In charge of Structured Investment
Partner	Atsushi Fujii	In charge of Venture Investment
Partner	Shozo Isaka	In charge of Venture Investment
Partner	Tomotake Kitazawa	In charge of Venture Investment

2) Remunerations, etc. of directors, etc.

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

The Company has established the Nomination and Remuneration Committee composed of Board-Audit Committee members 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. (the "Policy") 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 maximum total amount of remuneration 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).

Note: The number of directors (excluding Board-Audit Committee members) as of the end of this Annual General Meeting of Shareholders mentioned above was six.

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 remuneration of directors (excluding Board-Audit Committee members) shall consists 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. As an investment company

managing highly volatile venture and buyout investment funds, the level of compensation shall reflect the amount of assets under management and the Company's business performance as a result of asset management, and be appropriate for securing highly capable human resources.

Please note that directors' remuneration is currently paid in cash only, but the Company may consider stock-based remuneration plan which is linked to medium- to long-term performance.

(Outline of directors' remuneration)

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 remuneration 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 remuneration may not be paid when the Company' performance deteriorates sharply.

Of monetary remuneration of a director, the portion of performance-linked compensation (the total of performance-linked basic compensation and extraordinary compensation) typically accounts for about half of the director's total remuneration.

(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. 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.

(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). 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 busines results and fund performance and reflecting their respective degree of contributions, etc.

- **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,

- **Total remunerations for the fiscal year ended March 31, 2021**

Classification	Number of persons paid	Total amount paid (Millions of yen)	Total amount by compensation type		
			Basic compensation (fixed)	Basic compensation (performance-linked)	Extraordinary compensation (performance-linked)
Directors (excluding Board-Audit Committee members)	3	175	70	20	84
Directors serving as Board-Audit Committee members [of which, Independent Directors]	4 [4]	73 [73]	73 [73]	-	-
Total	7 [4]	249 [73]	143 [73]	20 [-]	84 [-]

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

Of the above performance-linked basic compensation, ¥5 million paid between April and June 2020 was determined based on the performance index for the fiscal year ended March 31, 2019, and ¥15 million paid in and after July 2020 was determined based on the

performance index for the fiscal year ended March 31, 2020 at the Board of Directors meetings. Business performance for the performance index for the year ended March 31, 2019 was capital gains of ¥14,016 million, reversal of investment loss reserves of ¥712 million, and ordinary income of ¥13,410 million, and that for the performance index for the year ended March 31, 2020 was capital gains of ¥15,359 million, reversal of investment loss reserves of ¥514 million, and ordinary income of ¥17,045 million. Evaluation based on the above was at the 3 (base amount) of the 5-point rating scale.

2. Extraordinary compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked remuneration. The details of the performance indices selected as a basis for calculating the said amount and the method of calculating the amount are as given in the above "Outline of policy for determination of remuneration of directors, etc.". The reason for selecting the said performance indices 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 index for the current fiscal year. Year-over-year business performance for the said index was a 1.4% increase in ROI on funds, which is used as the index for fund performance, no change in total fund commitments from the end of the previous year, a decrease of ¥5,338 million in ordinary income, an increase of ¥55 million in core income, and an increase of ¥7,875 million in unrealized gains. Based on the above, the said compensation level for each position decreased by 5.0% from the previous year.

3. Part of basic compensation (fixed) includes director stock ownership association enrollment promotion charge, for which ¥1 million is paid to directors (excluding directors serving as Board-Audit Committee members) and ¥1 million to directors serving as Board-Audit Committee members (including ¥1 million paid to independent directors), totaling ¥3 million.

4. In the above remunerations, ¥34 million in remuneration as officer of major consolidated subsidiary paid to a director (excluding directors serving as Board-Audit Committee members) and ¥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.

3) 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)	14 out of 14 meetings	14 out of 14 meetings
Koji Tanami Director (Board-Audit Committee member)	14 out of 14 meetings	14 out of 14 meetings
Kenichi Akiba Director (Board-Audit Committee member)	14 out of 14 meetings	14 out of 14 meetings

Yoshie Kajihara Director (Board-Audit Committee member)	14 out of 14 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.

4) 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.

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	45
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	45

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) Corporate governance policy

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) 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.

(Board of Directors)

The Board of Directors is composed of seven (7) directors, including four (4) 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.

(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.

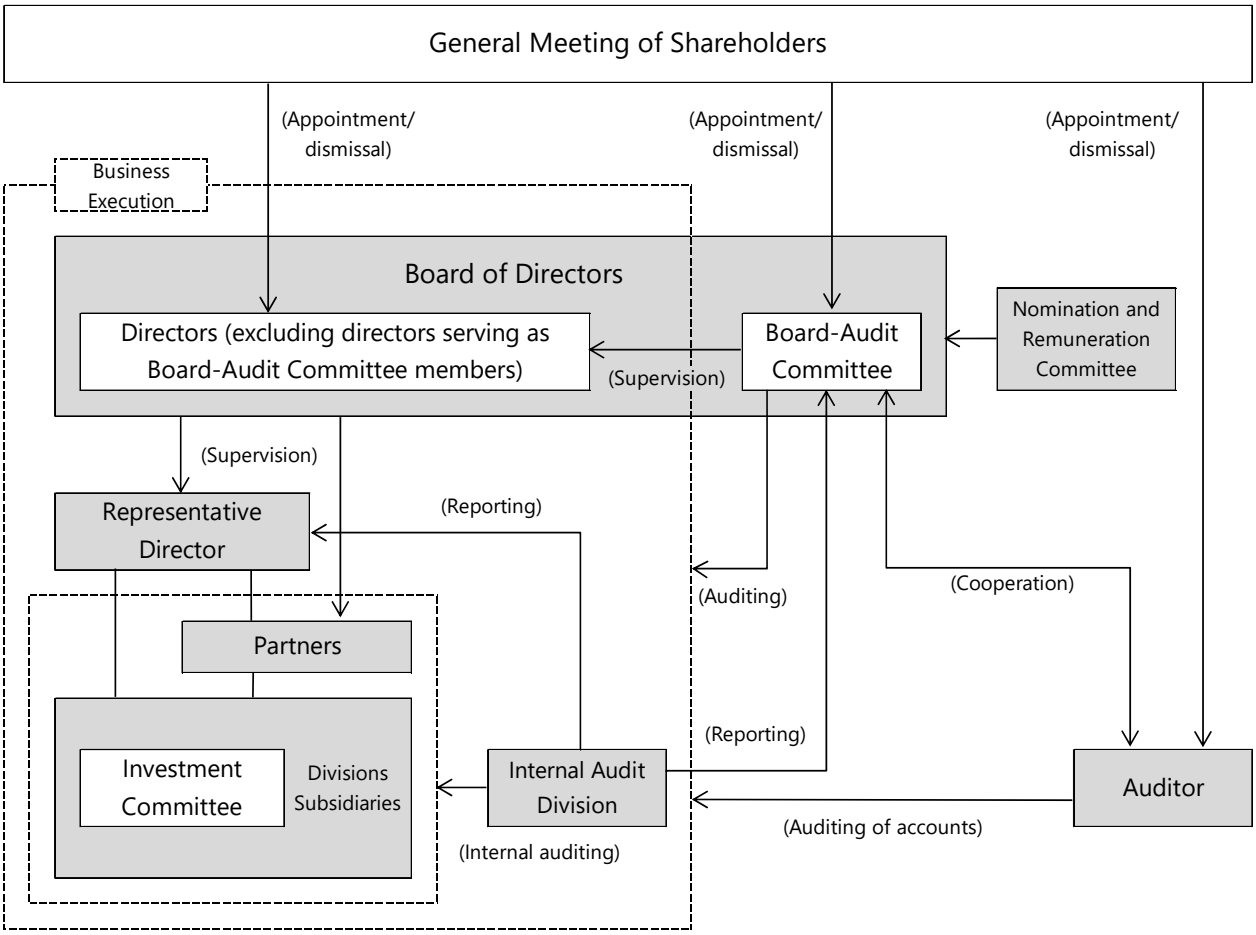
(Nomination and Remuneration Committee)

The Nomination and Remuneration Committee is composed of four (4) Board-Audit Committee members, all of whom are independent directors, and the President. To ensure transparency and objectivity of nomination and renumeration of directors, important decisions regarding the nomination and remuneration of directors, corporate officers, and partners 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.

(Investment Committee)

Investment decisions are made by the Investment Committee comprising the President and partners to allow quick decision-making. Directors serving as Board-Audit Committee members also participate in the Investment Committee on an as-needed basis.

Corporate governance structure



4) 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 for the fiscal year ended March 31, 2021 is as follows:

The Board of Directors ("BOD") evaluates the effectiveness of the BOD on an annual basis. In the fiscal year ended March 31, 2021, BOD deliberations over items such as composition, operation, role, duties, etc. of the BOD were held as in previous years based on questionnaires and interviews administered to all directors.

As the majority of the BOD consisted of independent directors, it was confirmed that the BOD composition was appropriate in terms of internal-external balance and size to fulfill its function to supervise business executions.

Also, the following point was addressed in the period under review in light of the evaluation results for the fiscal year ended March 31, 2020.

In the previous fiscal year, it was confirmed that the BOD needs to further enhance discussions on the Company's business direction. In response, directors carried out active mutual discussions and exchanged opinions, not only at the BOD meetings but also by providing dedicated opportunities.

As a result of these discussions, the BOD determined the policy on future shareholder returns and carried out partial sale of the Company’s holdings in Nomura Research Institute, Inc. and a share buyback. It was evaluated that the BOD demonstrated its function and progress has been made. It was also confirmed that the BOD needs to deepen mutual discussions further

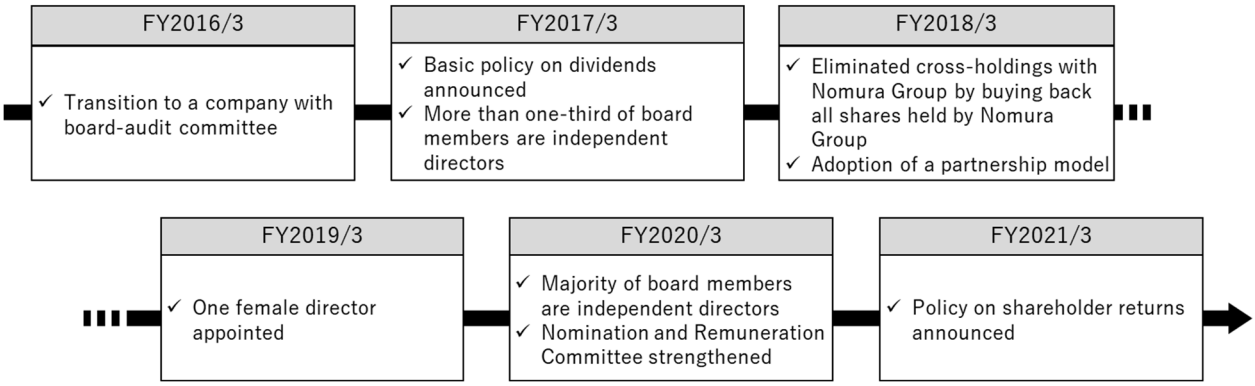
from the medium- to long-term point of view.

Based on the above results, it is evaluated that the effectiveness of the BOD increased in general compared to the previous year. The Company will continue to address areas of improvement that have been identified, while regularly conducting effectiveness evaluations to further increase the effectiveness of the BOD.

(Reference)

Governance Initiatives

For the Company, which operate 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 "management independence," "ensuring good balance between shareholder returns and strong shareholders' equity," and "transition to a partnership model." Our efforts continue to enhance governance.



Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Item	As of Mar. 31, 2021	(Reference) As of Mar. 31, 2020	Item	As of Mar. 31, 2021	(Reference) As of Mar. 31, 2020
Assets			**Liabilities**		
Current assets	**177,455**	**128,421**	**Current liabilities**	**20,351**	**7,582**
Cash and deposits	107,517	69,540	Current portion of long-term loans payable	15	234
Operational investment securities	79,547	63,532	Income taxes payable	17,124	4,344
Investment loss reserves	(10,917)	(8,229)	Provision for bonuses	257	226
Securities	-	2,500	Allowance for extraordinary compensation for directors	86	89
Other	1,307	1,078	Other	2,867	2,688
Non-current assets	**84,928**	**93,637**	**Non-current liabilities**	**26,794**	**26,110**
Property, plant and equipment	**370**	**435**	Long-term loans payable	100	15
Buildings	295	332	Net defined benefit liability	427	434
Furniture and fixture	75	102	Deferred tax liabilities	26,148	25,528
Intangible assets	**228**	**222**	Other	119	132
Software	228	222			
Investments and other assets	**84,329**	**92,980**			
Investment securities	83,578	92,131	**Total liabilities**	**47,145**	**33,693**
Investments in capital	0	0	**Net assets**		
Long-term loans receivable	162	117	**Shareholders' equity**	**150,813**	**126,113**
Deferred tax assets	193	334	**Capital stock**	**33,251**	**33,251**
Other	394	396	**Capital surplus**	**32,806**	**32,806**
			Retained earnings	**102,497**	**67,643**
			Treasury shares	**(17,741)**	**(7,587)**
			Accumulated other comprehensive income	**64,424**	**62,252**
			Valuation difference on available-for-sale securities	**63,688**	**61,529**
			Foreign currency translation adjustment	**735**	**723**
			Total net assets	**215,237**	**188,366**
Total assets	**262,383**	**222,059**	**Total liabilities and net assets**	**262,383**	**222,059**

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

Consolidated Statement of Income

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

Item	For the year ended March 31, 2021	(Reference) For the year ended March 31, 2020
Net sales	**21,512**	**29,855**
Revenue from operational investment securities	16,164	23,697
Income from partnership management	5,340	6,155
Other sales	6	1
Cost of sales	**5,699**	**11,399**
Cost of operational investment securities	4,903	8,337
Other cost	795	3,061
Gross profit	**15,812**	**18,455**
(Reversal of) Additions to investment loss reserves	2,679	(514)
(Reversal of) Unrealized losses on operational investment securities	(150)	(88)
Gross profit - net	**13,284**	**19,059**
Selling, general and administrative expenses	**4,319**	**4,088**
Operating income	**8,964**	**14,970**
Non-operating income	**2,761**	**2,169**
Interest income	69	109
Dividend income	1,409	2,040
Foreign exchange gains	354	-
Gain on investment in other funds	907	-
Miscellaneous income	21	19
Non-operating expenses	**18**	**94**
Interest expenses	1	1
Foreign exchange losses	-	76
Contribution to an investee	11	11
Commission for purchase of treasury shares	5	-
Miscellaneous loss	0	5
Ordinary income	**11,707**	**17,045**
Extraordinary income	**44,764**	**-**
Gain on sales of investment securities	44,764	-
Extraordinary losses	**-**	**-**
Profit before income taxes	**56,471**	**17,045**
Income taxes - current	**18,076**	**5,214**
Income taxes - deferred	**(108)**	**(7)**
Profit	**38,504**	**11,839**
Profit attributable to non-controlling interests	**-**	**-**
Profit attributable to JAFCO Group Co., Ltd. shareholders	**38,504**	**11,839**

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

Consolidated Statement of Changes in Net Assets

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	33,251	32,806	67,643	(7,587)	126,113
Changes of items during period					
Dividends of surplus			(3,649)		(3,649)
Profit attributable to JAFCO Group Co., Ltd. stockholders			38,504		38,504
Purchase of treasury shares				(10,154)	(10,154)
Disposition of treasury shares			(0)	0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	34,854	(10,154)	24,700
Balance as of March 31, 2021	33,251	32,806	102,497	(17,741)	150,813

	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, 2020	61,529	723	62,252	188,366
Changes of items during period				
Dividends of surplus				(3,649)
Profit attributable to JAFCO Group Co., Ltd. stockholders				38,504
Purchase of treasury shares				(10,154)
Disposition of treasury shares				0
Net changes of items other than shareholders' equity	2,159	11	2,171	2,171
Total changes of items during period	2,159	11	2,171	26,871
Balance as of March 31, 2021	63,688	735	64,424	215,237

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

Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Item	As of Mar. 31, 2021	(Reference) As of Mar. 31, 2020	Item	As of Mar. 31, 2021	(Reference) As of Mar. 31, 2020
Assets			**Liabilities**		
Current assets	**169,459**	**120,681**	**Current liabilities**	**18,681**	**5,363**
Cash and deposits	101,239	63,250	Current portion of long-term loans payable	15	234
Operational investment securities	77,459	61,766	Accounts payable	545	642
Investment loss reserves	(10,477)	(7,878)	Income taxes payable	16,977	3,518
Securities	-	2,500	Deposits received	23	24
Accrued income	261	178	Provision for bonuses	206	181
Accounts receivable	583	749	Allowance for extraordinary compensation for directors	86	89
Other	392	114	Other	825	674
Non-current assets	**87,001**	**95,623**	**Non-current liabilities**	**26,636**	**25,725**
Property, plant and equipment	**198**	**229**	Long-term loans payable	100	15
Buildings	138	151	Deferred tax liabilities	26,067	25,233
Furniture and fixture	59	77	Provision for retirement benefits	427	434
Intangible assets	**228**	**222**	Other	42	42
Software	228	222	**Total liabilities**	**45,317**	**31,088**
Investments and other assets	**86,575**	**95,172**	**Net assets**		
Investment securities	83,302	91,938	**Shareholders' equity**	**147,653**	**123,700**
Shares of subsidiaries and associates	2,731	2,731	**Capital stock**	**33,251**	**33,251**
Investments in capital	0	0	**Capital surplus**	**32,806**	**32,806**
Other	541	502	Legal capital surplus	32,806	32,806
			Retained earnings	**99,338**	**65,230**
			Legal retained earnings	1,435	1,435
			Other retained earnings	97,902	63,794
			Retained earnings brought forward	97,902	63,794
			Treasury shares	**(17,741)**	**(7,587)**
			Valuation and translation adjustments	**63,489**	**61,516**
			Valuation difference on available-for-sale securities	**63,489**	**61,516**
			Total net assets	**211,143**	**185,216**
Total assets	**256,461**	**216,305**	**Total liabilities and net assets**	**256,461**	**216,305**

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

Statement of Income

(from April 1, 2020 to March 31, 2021)

(Millions of yen)

Item	For the year ended March 31, 2021	(Reference) For the year ended March 31, 2020
Net sales	**20,407**	**24,534**
Revenue from operational investment securities	15,731	21,120
Income from partnership management	4,661	3,404
Other sales	14	9
Cost of sales	**5,922**	**11,369**
Cost of operational investment securities	4,998	9,939
Other cost	923	1,430
Gross profit	**14,485**	**13,164**
(Reversal of) Additions to investment loss reserves	2,599	(516)
(Reversal of) unrealized losses on operational investment securities	(135)	(95)
Gross profit - net	**12,022**	**13,777**
Selling, general and administrative expenses	**3,704**	**3,306**
Operating income	**8,317**	**10,470**
Non-operating income	**2,596**	**5,968**
Interest on deposits	40	21
Interest and dividends on securities	1,409	5,930
Foreign exchange gains	220	-
Gain on investment in other funds	907	-
Miscellaneous income	19	16
Non-operating expenses	**18**	**61**
Interest expenses	1	1
Foreign exchange losses	-	45
Contribution to an investee	11	11
Commission for purchase of treasury shares	5	-
Miscellaneous loss	0	2
Ordinary income	**10,896**	**16,377**
Extraordinary income	**44,764**	**-**
Gain on sales of investment securities	44,764	-
Extraordinary losses	**-**	**-**
Income before income taxes	**55,660**	**16,377**
Income taxes - current	**17,939**	**4,407**
Income taxes - deferred	**(36)**	**307**
Net income	**37,757**	**11,663**

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

Statement of Changes in Net Assets

(from April 1, 2020 to March 31, 2021)

(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, 2020	33,251	32,806	32,806	1,435	63,794	65,230	(7,587)	123,700
Changes of items during the period								
Dividends of surplus					(3,649)	(3,649)		(3,649)
Net income					37,757	37,757		37,757
Purchase of treasury shares							(10,154)	(10,154)
Disposition of treasury shares					(0)	(0)	0	0
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	34,107	34,107	(10,154)	23,953
Balance as of March 31, 2021	33,251	32,806	32,806	1,435	97,902	99,338	(17,741)	147,653

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2020	61,516	61,516	185,216
Changes of items during the period			
Dividends of surplus			(3,649)
Net income			37,757
Purchase of treasury shares			(10,154)
Disposition of treasury shares			0
Net changes of items other than shareholders' equity	1,973	1,973	1,973
Total changes of items during the period	1,973	1,973	25,926
Balance as of March 31, 2021	63,489	63,489	211,143

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

English translation of financial audit report on consolidated financial statements originally issued in Japanese

Independent Auditor's Report

May 12, 2021

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

Ernst & Young ShinNihon LLC
Tokyo office
Designated and Engagement Partner
Certified Public Accountant
Toshihiro Morishige [Seal]
Designated and Engagement Partner
Certified Public Accountant
Kenjiro Tsumura [Seal]

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, 2020 through March 31, 2021.

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, 2021 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 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.

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 financial statements, management is required to evalute whether it is appropriate to prepare consoliated 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 to 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 responsibe 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 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 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, sigfiicant 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 reasonabily 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.

English translation of financial audit report on financial statements originally issued in Japanese

Independent Auditor's Report

May 12, 2021

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

Ernst & Young ShinNihon LLC
Tokyo office
Designated and Engagement Partner
Certified Public Accountant
Toshihiro Morishige [Seal]
Designated and Engagement Partner
Certified Public Accountant
Kenjiro Tsumura [Seal]

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 49th Fiscal Year from April 1, 2020 through March 31, 2021.

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.

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 evalute 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 reportiang 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 responsibe 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 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 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, sigfiicant 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 reasonabily 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.

English translation of audit report of the Board-Audit Committee originally issued in Japanese

Audit Report

The Board-Audit Committee has audited the Directors' performance of their duties during the 49th Fiscal Year (from April 1, 2020 to March 31, 2021), 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, 2021

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 5–19).

You may exercise your voting rights using one of the following three methods.

1. 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.

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 14, 2021 (Japan Time) will be valid.

3. 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 14, 2021 (Japan Time). Please refer to the following page for details.

- 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. In addition, if you exercise your voting rights more than once using a PC, a smartphone, and a cellular phone, 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. However, please note that you can login the site only once by scanning the QR code. If you re-exercise your voting rights, please follow the instructions above to login using the login ID and password.

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

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)

Information for institutional investors

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

■ Our Mission / Identity / Value

- Mission -

“Commit to new business creation and jointly shape the future”

Since establishment, JAFCO Group has created various innovative products and services jointly with entrepreneurs. Our mission is to open up new frontiers with our stakeholders by committing to creating new businesses that are in demand.

- Identity -

Co-Founder

At the startup stage, JAFCO Group is expected to play the same role as “Co-Founder.” We will pass on and develop JAFCO spirit, expertise and experiences built up since inception to allow each member to be a resourceful “Co-Founder.”

- Value -

Value Creation	Challenge and Quest	Trust and Contribution

■ Sustainable Investment and JAFCO

The nature of our investment activity matches strongly with the concept of sustainable investment. Many startup companies are established with a motive to solve social issues and contribute to the society. By providing hands-on support and working together with management teams of startup companies, we contribute to the emergence of companies that will generate large social impacts in the future.



- ✓ Evaluate business potential and social needs
- ✓ Conduct negative screening
- ✓ Analyze in term of ESG and SDGs

- ✓ Support to build a governance structure
- ✓ Support to build a corporate structure and recruit staff
- ✓ Promote partnership with big businesses
- ✓ Conduct compliance check

- ✓ IPO and M&A support for further growth
- ✓ Transfer shareholdings to reliable institutional investors
- ✓ Portfolio companies achieving big success generate social impacts

■ JAFCO's Portfolio Companies and SDGs

We have invested in over 4,000 unlisted companies, provided IPO support to over 1,000 companies, and produced many companies representing Japan and various overseas countries. Among these include many companies whose business activities align with SDGs, or which have become big companies in Japan following an IPO and are proactively addressing SDGs to fulfill their social responsibilities.

We will continue with our contribution to the achievement of SDGs through our investment activities.

Unlisted portfolio companies in Japan related to each SDG (example)

