(Securities Code: 8595)

NOTICE OF CONVOCATION OF
THE 52ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

JAFCO

Your closest partner

■ To our shareholders:

In Japan, there is growing momentum in solving social challenges, and specific initiatives are currently being advanced.

The government's Startup Development Five-Year Plan has widened the framework of support for entrepreneurs, and startups are leading the development of AI and other next-generation technologies as well as innovation of new services in conjunction with regulatory reform. In terms of Japan's structural issue of a lack of successors, the continued increase in M&A deals for business successions is set to significantly transform the social landscape.

On the other hand, amid the search for an exit strategy for unprecedented monetary easing, the sense of uncertainty in the economy is persisting and the situation for large IPOs which JAFCO targets continues to be challenging.

In such an environment, the current fiscal period saw the closing of the flagship JAFCO SV7 Fund Series. Expectations for private equity investment have also been favorable, resulting in the ratio of external capital contributions exceeding the anticipated level at the current stage for our medium- to long-term quantitative targets. Going forward, we will seek to explore new investor segments.

Additionally, we issued ¥15 billion of convertible bonds in September last year, securing funds to maintain investment activities for two to three years. While adopting a scheme that aims to restrain convertibility to ordinary shares and limit the number of issued shares, we strengthened the foundation for continued investment activities and stable business operations.

JAFCO's Basic Policy for Enhancing Corporate Value revolves around promoting the growth strategy, which focuses on our investment management capabilities and fundraising capabilities, improving capital efficiency, and establishing an organizational foundation, which will sustain our competitive advantage.

JAFCO's net sales are based on capital gains from our own investment into funds as well as success fees and fund management fees from external capital commitments. Capital gains and success fees are determined by the investment multiple (ROI) of funds, while fund management fees are determined by the size of external capital commitments. While making the increase of the fund size through higher ROI and external capital commitments the cornerstone of growth, we will reduce cash and deposits exceeding necessary levels and increase capital efficiency. Through such efforts, we aim to increase ROE.

By establishing our own business model centered on both venture investment, driving the creation of new industries, and buyout investment, contributing to industry reconstruction, we will pursue long-term investment management aimed at creating a sustainable future.



Keisuke Miyoshi
President & CEO

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 23, 2024

(Electronic Provision Measures Commencement Date: May 10, 2024)

To Shareholders:

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

NOTICE OF CONVOCATION OF THE 52ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby informed that the 52nd Annual General Meeting of Shareholders (the "Meeting") of JAFCO Group Co., Ltd. (the "Company") will be held as described below.

The Company has taken measures of electronic provision of information including the contents of Reference Documents for the Meeting (matters regarding measures for electronic provision). Contents of the notice of convocation are posted on the Company's website under the title of "Notice of Convocation of the 52nd Annual General Meeting of Shareholders" and so please visit the following website:

Company Website: https://www.jafco.co.jp/english/ir/shareholder/meeting/

In addition to the above-mentioned website, the matters regarding measures for electronic provision are also posted on the website of JPX. Please access the following website and search them by entering either "JAFCO" in "Issue name (company name)" or "8595" in "Code" and select "Basic Information" and then "Documents for public inspection/PR information."

JPX Website (Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

If you are unable to attend in person, please examine the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights either of the following ways no later than 5:00 p.m. on Monday, June 17, 2024 (Japan Time).

[Voting via Internet, etc.]

Please review "How to exercise your voting rights via Internet, etc." on page 64, 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.

[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 so that it arrives by the voting deadline indicated above.

1. Date and Time	Tuesday, June 18, 2024, 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 52nd Fiscal Year (from April 1, 2023 to March 31, 2024)
Matters to be resolved:	
Proposal 1:	Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)
Proposal 2:	Election of One (1) Director Serving as Board-Audit Committee Members

4. Notice Regarding Exercise of Voting Rights

1) If you vote twice by postal mail and via Internet, etc., the vote via Internet shall be deemed valid.
2) If you vote via Internet more than once, only the last vote shall be deemed valid.
3) If you vote by postal mail and do not express for or against each proposal, it is deemed that you agree to the proposal.
4) If you wish to vote by proxy, one other shareholder with voting rights may attend the meeting as your proxy. However, please note that a written document certifying the proxy's authority of representation must be submitted.

- For this General Meeting of Shareholders, regardless of whether or not a request for the delivery of the documents has been made, we send the documents including the matters regarding measures for electronic provision in paper-based form to all shareholders. Please note that, however, out of the matters regarding measures for electronic provision the following items are excluded from this document pursuant to the applicable laws and regulations and the Articles of Incorporation of the Company. Please visit the above-mentioned websites where they are posted as "the Matters omitted from the Notice of Convocation of the 52nd Annual General Meeting of Shareholders."

  - 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 matters regarding measures for electronic provision, we will post the contents of modification on each of the website mentioned above.

- For those attending the Meeting, please present the voting form at the reception desk on

arrival at the meeting.

- Any major change in operation of the Meeting due to future situation will be informed on the above-mentioned Company's website. Please check the website in advance if you plan to attend the Meeting in person. No drink will be served at the Meeting.
- We will inform you of the results of resolutions of the Meeting by posting them on our website.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)

The terms of office of all two (2) 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 two (2) 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 (the "Committee") is as follows.

The Committee discussed the election of directors based on the deliberations by the Nomination and Remuneration Committee composed of all four (4) independent directors 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 Committee has also expressed an opinion regarding the remuneration of directors as follows.

The 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 composed of all four (4) independent directors and the President. As a result, the Committee has judged the current remuneration is appropriate after taking into account fairness in remuneration calculation, balance between remuneration levels and duties/ responsibilities of directors, its links to the Company's business performance, and the details and conditions of the system, etc.

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**	**Chairman**	**Re-election**	14 out of 14 (100%)
2	**Keisuke Miyoshi**	**President & CEO** [Representative 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

April 2022</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, JAFCO (Representative Director)
Chairman, JAFCO (Present)</td><td>94,974 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
Shinichi Fuki has taken charge of the Company's overall operations, including venture investment, buyout investment and fund management. As President (CEO) between January 2010 and March 2022 and as Chairman since April 2022, 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> 
Keisuke Miyoshi
(September 18, 1969)

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

April 2013

June 2015

March 2018

April 2022</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
President & CEO (Representative Director), in charge of Investment, Partner, JAFCO (Present)</td><td>60,264 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
Keisuke Miyoshi serves as an executive in charge of the domestic venture investment division, and is one of the Partners who make important investment decisions. Since assuming President (CEO) in April 2022, he has taken charge of the Company's overall operations. 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 as a partner in SV6 Partners Limited Liability Partnership ("SV6 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 SV6 Partners LLP. Mr. Miyoshi also participates as a partner in V7 Partners Limited Liability Partnership ("V7 Partners LLP"), which is the joint general partner of JAFCO V7 Fund ("V7") which is a fund in SV7 specializing in venture investment, with other Partners and the Company, and has made partner commitment in V7 through V7 Partners LLP. The Company has provided loans for Mr. Miyoshi for his partner commitments in the above funds. The financing details are as shown in "7. Notes to related party transactions" in the "Notes to Non-Consolidated Financial Statements" of the Matters omitted from the Notice of Convocation of the 52nd Annual General Meeting of Shareholders. There are no special interests between the Company and other candidates.
2. The Company has entered into an indemnification agreement with each candidate as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. In order to ensure that the appropriateness of the execution of duties by the Company's directors is not impaired by said indemnification agreement, the BOD resolution approving the execution of an indemnification agreement shall be subject to the approval of all the independent directors (excluding the director to be covered by the said agreement). If each candidate is reelected, the Company plans to continue such

indemnification agreements with each candidate.

3. 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 One (1) Director Serving as Board-Audit Committee Member

Director Koji Tanami serving as Board-Audit Committee member will resign at the conclusion of the Meeting. Accordingly, the Company proposes to elect one (1) director serving as Board-Audit Committee member.

The Company proposes the election of candidate Kanako Muraoka as director serving as Board-Audit Committee member to fill the vacancy left by the retiring director serving as Board-Audit Committee member. In accordance with the provisions in the Company's Articles of Incorporation, the term will extend until conclusion of the Annual General meeting of Shareholders for the fiscal year ending March 31, 2025, when the term of office of the retiring director serving as Board-Audit Committee member expires.

Prior consent to this Proposal has been obtained from the Board-Audit Committee after the deliberations by the Nomination and Remuneration Committee.

The candidate for director is as follows. There is no special interest between the candidate and the Company.

<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> 
Kanako Muraoka
(April 26, 1965)

<New election>
<Independent></td><td>April 1988
April 1993

September 1998
October 1999

January 2001
January 2010

April 2020
June 2020

March 2021</td><td>Joined Mitsubishi Corporation
Registered as Attorney-at-Law (Daini Tokyo Bar Association)
Joined Anderson Mori (currently Anderson Mori & Tomotsune)
Admitted to practice at Simmons & Simmons, London
Joined Mori Sogo (currently Mori Hamada & Matsumoto)
Partner, Mori Sogo
Professional Support Lawyer, Mori Hamada & Matsumoto (resigned in June 2019)
Kowa Law Office (present)
Outside Director, NIHON KOHDEN CORPORATION (present) (scheduled to resign on June 26, 2024)
Outside Director, Fujiya Co., Ltd. (present)</td><td>0 shares</td></tr>
<tr><td colspan="3">Significant concurrent positions outside the Company
Attorney-at-Law, Kowa Law Office
Outside Director, NIHON KOHDEN CORPORATION (scheduled to resign on June 26, 2024)
Outside Director, Fujiya Co., Ltd.</td></tr>
</table>

	Reason for nomination as candidate for director Ms. Kanako Muraoka is a candidate for independent director. As a lawyer, she possesses specialized knowledge and experience in the fields of M&A, acquisition finance, and corporate legal affairs. We expect that she will utilize her wealth of experience and deep insights to contribute to discussions at the Board of Directors, participate in significant decision-making processes regarding the management of the Company, and fulfill the role of overseeing our business operations from an independent standpoint. We also expect that she will serve as a member of the Nomination and Remuneration Committee and be involved in the decision-making process regarding the nomination and remuneration of executives. As such, the Company believes that she will appropriately perform her duties as an independent director serving as Board-Audit Committee member. *Matters regarding independence* There has been no transaction between Ms. Muraoka or the law office to which she currently belongs and the Company. While the Company had a consultancy agreement until March 2023 with Mori Hamada & Matsumoto, with which Ms. Muraoka was associated with from October 1999 to June 2019, she was never the designated lawyer for this consultancy agreement, nor did she directly provide legal services, including individual cases, to the Company. Also, the amount that the Company (including funds it operates) paid to Mari Hamada & Matsumoto averaged approx. ¥4.9 million annually over the past three fiscal years, starting with the fiscal year ended March 2022, indicating a minimal financial engagement. In light of the above, the Company has deemed that she maintains sufficient independence to serve as an independent director of the Company.

◎ Violation of laws, regulations or the Articles of Incorporation at other companies in which the candidates for director serving as Board-Audit Committee members concurrently serve as directors, etc.

During Ms. Kanako Muraoka's tenure as an outside director of NIHON KOHDEN CORPORATION three former employees of the company were arrested and prosecuted in January 2021 for acts of bribery committed in 2018-2019 (prior to Ms. Muraoka's appointment). Ms. Muraoka was not aware of these facts until the time of arrest and prosecution. However, she regularly made recommendations and raised awareness regarding compliance with laws and regulations during board meetings and other company gatherings. Following the revelation of this incident, Ms. Muraoka assumed the role of chairperson of the investigation committee, conducting an investigation into the facts, analyzing the causes, and proposing measures to prevent recurrence. Additionally, she clarified the facts during board meetings and urged appropriate measures to be taken to prevent recurrence, thus fulfilling her duties adequately.

Notes: 1. Ms. Kanako Muraoka meets the "Standards for Independence of Independent Directors" established by the Company, shown below.

2. Ms. Kanako Muraoka meets the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and if she is elected and assumes office as director serving as Board-Audit Committee member, the Company plans to designate her as an independent director.

3. If Ms. Kanako Muraoka is elected and assumes office as director serving as Board-Audit Committee member, the Company plans to enter into an agreement with her 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.

4. If Ms. Kanako Muraoka is elected and assumes office as director serving as Board-Audit Committee member, the Company plans to enter into an indemnification agreement with her as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify her for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. In order to ensure that the appropriateness of the execution of duties by the Company's directors is not impaired by said indemnification agreement, the BOD resolution approving the execution of an indemnification agreement shall be subject to the approval of all the independent directors (excluding the director to be covered by the said agreement).
5. 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 Ms. Kanako Muraoka is elected and assumes office as Director serving as Board-Audit Committee member, she will be 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 her 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.

[Reference]

Experience and specialty of the Company's directors

Experience and expertise required for directors serving the Company's Board of Directors and after the election at the Annual General Meeting of Shareholder are as shown below.

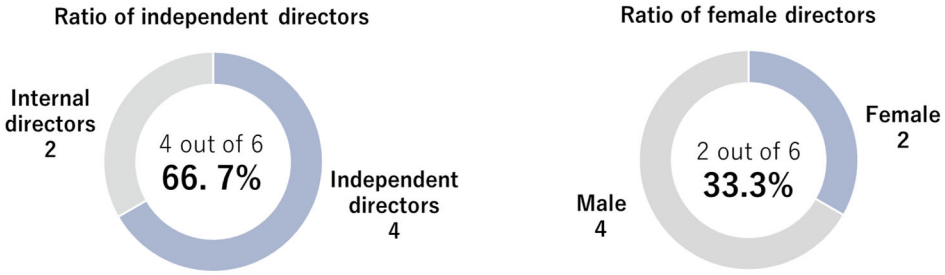
Experience: 1. Corporate management
2. Investment
3. Fundraising/ fund operation
4. Overseas operation

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		●	●	●	●	●	●	●	●	
Keisuke Miyoshi		●	●	●		●	●	●	●	
Shigeru Tamura	(Independent Director)	●	●		●	●	●		●	
Kenichi Akiba	(Independent Director)						●		●	●
Yoshie Kajihara	(Independent Director)	●				●	●			
Kanako Muraoka	(Independent Director)				●			●	●	

* Note: Expertise
Directors Shinichi Fuki 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.

After the election at the Annual General Meeting of Shareholders, the composition of the Board of Directors will be as follows.



The policy and procedure for selection of director candidates are stipulated in the Corporate Governance Policy of the Company as shown below.

- Directors 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."

Business Report

(From April 1, 2023 to March 31, 2024)

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

During the fiscal year under review, the business environment surrounding the Company continued to be uncertain with a backdrop of unstable global conditions and higher prices resulting from the market for raw material and energy and the rapid depreciation of the yen.

On the other hand, promising startups and young entrepreneurs who will lead the next generation are emerging in Japan as well. The evolution of technology and changes in values and lifestyles are creating investment opportunities for new businesses and providing strong tailwinds for our portfolio companies expected to address societal issues.

In line with the Startup Development Five-Year Plan announced in 2022, the government is promoting various support measures such as in human resources, funding, and business environment.

There are also positive trends in the business environment for buyout investments such as an increase in M&A deals and ongoing efforts of the government to address business succession of small and medium enterprises.

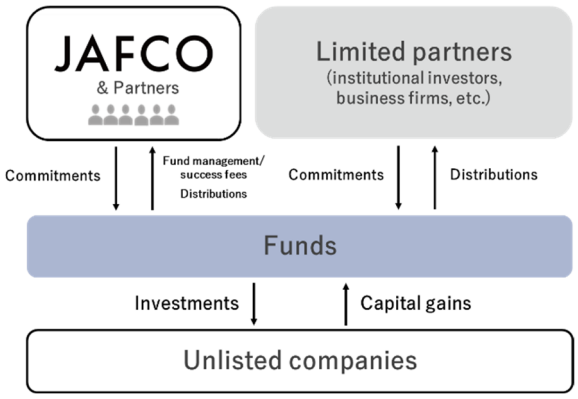
2) JAFCO's business line and business model

Since establishment, the Company has moved forward with cutting-edge entrepreneurs. In addition to a number of investment professionals 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. From the SV6 Fund Series ("SV6") onwards, Partners and employees have invested alongside JAFCO, 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) Revision of Values

The current fiscal year marked the Company's 50th year since its establishment. Following the formulation and announcement of our Purpose in February 2023, we proceeded to revise our Values in October 2023 during the current fiscal year. We launched internal projects aimed at ensuring the dissemination and integration of these values among our executives and employees.

Purpose

"Fueling perpetual growth; investing in bold visions"

Mission

"Commit to new business creation and jointly shape the future."

Values

"Own it and see it through"
"Move faster, dive deeper, reach higher"
"Draw on differences to ignite creativity"
"Be pioneers, stand for integrity"

- **Purpose**

Throughout its extensive history, the Company has consistently invested in new challenges of companies and entrepreneurs, based on its conviction that continued investment helps create a sustainable society. As issues surrounding the global environment and the global economy become increasingly complex, the Company will create cycles of new growth and contribute to the realization of a sustainable society by making bold investments in challenges that create new value and committing to their growth.

- **Mission**

Since its establishment, the Company has supported entrepreneurs in creating various innovative products and services. The Company's Mission is to pioneer a new era with its stakeholders by committing to the creation of new businesses needed in society. As it aims to realize its Purpose, the Company remains dedicated to its longstanding Mission that has remained the same since its founding.

- **Values**

As the number of employees with diverse backgrounds increase, we aim to strengthen our

organization through the establishment of common values among all employees as action guidelines.

4) Sustainability Initiatives

The Company announced its Basic Policy on Sustainability in June 2023. The aim is to share with stakeholders our perspectives on sustainability, challenges related to ESG, and our response strategies, and ultimately contribute to the realization of a sustainable environment and society.

Additionally, in May 2023, we decided to endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will proceed to collect and analyze the necessary data and work towards assessing and managing risks, as well as expanding information disclosure in line with the TCFD recommendations.

5) Sustainability and ESG in Investment Activities

The essence of the Company's investment activities matches strongly with the concept of ESG investing.

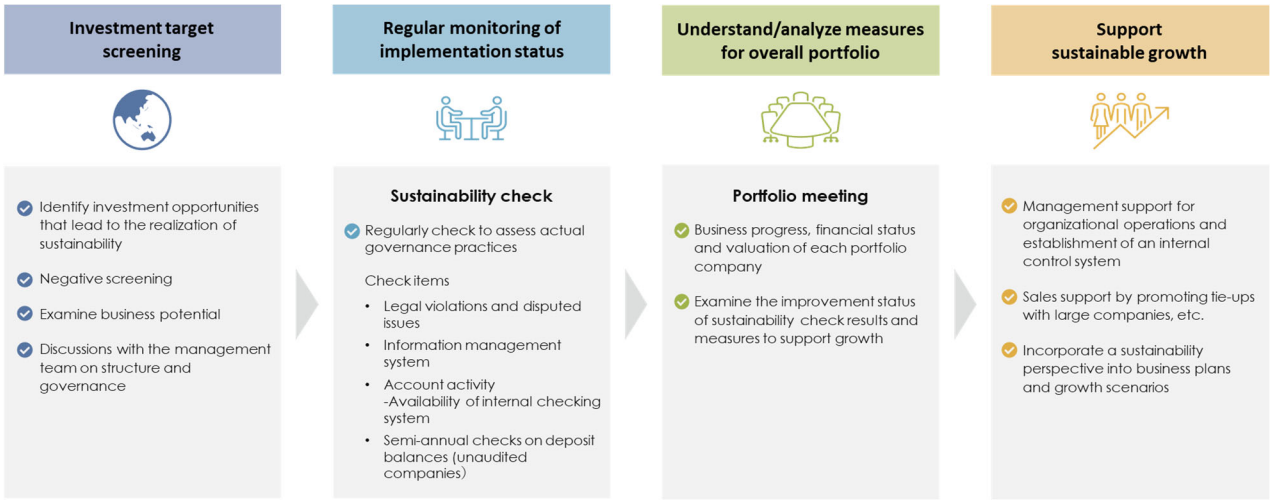
When evaluating the business potential of promising companies at the initial stage of investment, factors such as environmental (E), social (S), and aspects related to the SDGs, are crucial in assessing risks and societal needs. Based on the evaluation, we discuss the challenges for achieving sustainable growth with the management of potential portfolio companies and use these discussions as a basis for making investment decisions.

The next stage of investment activity involves supporting growth by resolving issues through dialogue and providing management involvement. We regularly check the cash management and legal compliance status of our portfolio companies in addition to tracking their business status. While placing top priority on their business launch, we also place importance on building an administrative structure in parallel. Through dialogue with management teams, we share and resolve issues. We support the establishment of sales, development and administrative structures, including human resource recruitment, according to growth stages. We also provide hands-on support for management teams to build a governance (G) structure.

Through the above initiatives, we contribute to the realization of sustainability by producing companies that will generate large social impacts in the future.

[Reference]

- **Sustainability initiatives in investment activities**



- **Investments in the current fiscal year**

Contribution to solving environmental issues	Contribution to solving social issues	Contribution to industrial innovation and development
aiESG Inc. • ESG analysis and supply chain risk assessment compliant with SASB standards	**newmo Inc.** • Management of ridesharing services	**Blue Laser Fusion Inc.** • Development and commercialization of laser fusion reactors

- **Contribution to expansion of the startup ecosystem**

Utilizing the abundant resources we have developed over the years and our extensive network with many companies, we offer various services and events, including matching entrepreneurs with big businesses, study sessions with large companies promoting new business development, and a managerial human resource support service (Career Academy) for startups. We also take part in the "Demonstration Project for the Use of Entrepreneurs in Residence (EIR)" conducted by the Ministry of Economy, Trade and Industry as an initiative to broaden the base of entrepreneurship by providing a place to prepare for business startup, thereby creating many new businesses.

We will nurture new businesses by connecting entrepreneurs with big businesses and leveraging the strengths of both parties, while contributing to the expansion of the startup ecosystem by taking these actions in realizing our Purpose.



6) Funds under management

Total capital commitments of funds under management stand at ¥465.6 billion.

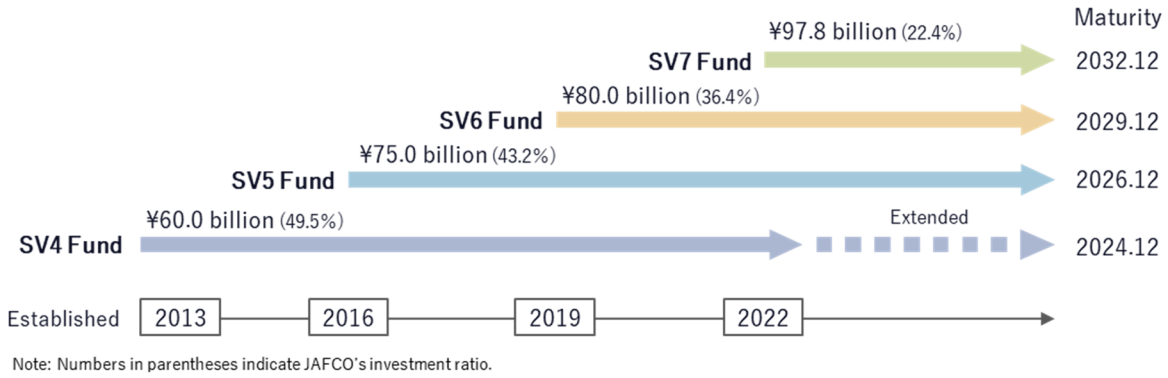
During the current fiscal year, we closed the JAFCO SV7 Fund Series in September 2023, which includes a VC fund, a buyout fund and funds investing in both of the aforementioned funds. Of ¥97.8 billion of total capital commitments, ¥75.8 billion were raised from external investors and ¥22.0 billion were the Company's capital commitments which amounted to 22% of the total. Capital commitments exceeded the initial plan, and the Company's investment ratio approached the medium- to long-term target of 20% as stated in our Basic Policy for Enhancing Corporate Value.

Overseas, the Taiwan No.2 Fund in Asia closed in August 2023 with total capital commitments of TWD 3,000 million and the Icon No.7 Fund in the US closed in June 2023 with total capital commitments of USD 235 million.

As Japan's pioneer in VC funds, 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



Note: Numbers in parentheses indicate JAFCO's investment ratio.

7) 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.

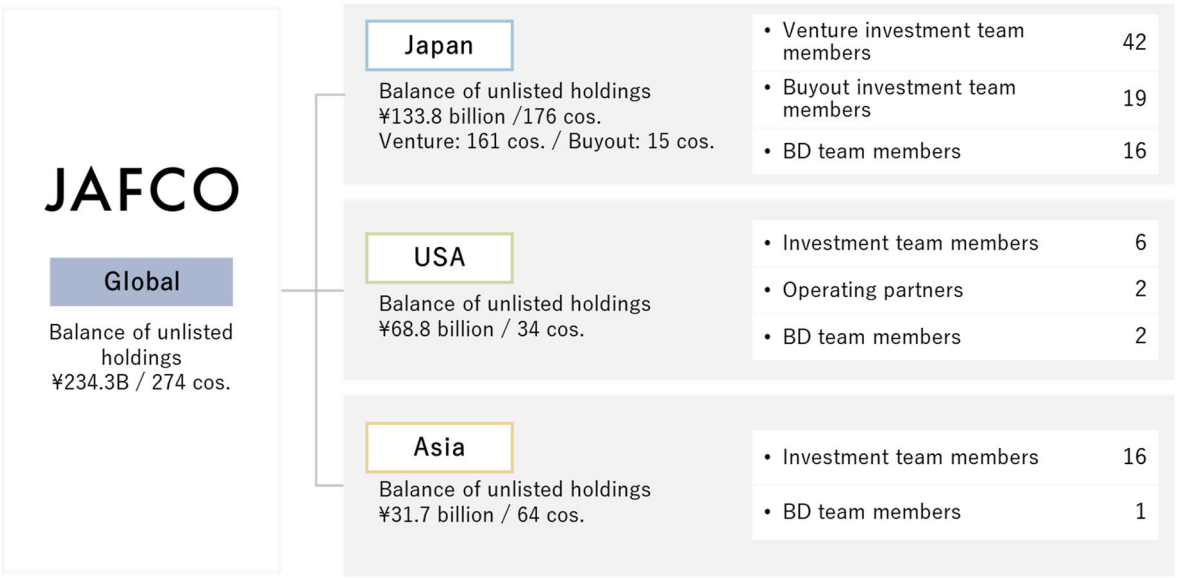
The Company's domestic investment activities consist of venture investment and buyout investment.

For our domestic venture investment, we implement highly selective, intensive investment, where we rigorously select promising companies primarily in their seed and early stages 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.

In buyout investment, we target small to midsize deals (worth around ¥5-15 billion in corporate value or ¥2-5 billion in equity investment amount) by leveraging our insight acquired through venture investment. Our strength is in supporting business transformation and growth of portfolio companies offering cutting-edge technologies.

In the US, we operate under the name of Icon Ventures and invest in promising startups mainly in Silicon Valley. In Asia, we make investments in China, Taiwan, India, Southeast Asia and other growth regions.

Global investment structure



Notes: 1. Balance of unlisted holdings (including funds; acquisition basis): as of March 31, 2024
2. Exchange rate: 1US$=¥151.41 as of March 31, 2024
3. Number of members: as of April 1, 2024
4. BD stands for business development.
5. Overseas investments carried out by the venture investment division in Japan are included in Japan.

8) 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 (HR), marketing/ sales, back-office construction support, and other fields form teams with our investment professionals 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. By utilizing the knowledge of these large companies, we aim to strengthen their collaboration with portfolio companies to support business expansion 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.

[Reference] Business development support in the current fiscal year

Most pressing issues	Support details	Results for FY March 2024	
Recruitment	• C-level and other executive referrals • Organizational development consulting	Recruited	43 people
Customer referrals (marketing/support)	• Lead acquisition support • Tie-up arrangements • PoC project referrals	Business matching	538 matches
Back-office development	• IPO consulting • Administrative division establishment • Tool selection	IPO consulting	37 cos.

2. Business Summary and Results

1) Changes in the Business Environment and Impact on Portfolio Companies

The number of IPOs in the domestic stock market for the current fiscal year was 99, slightly higher than the previous year. However, despite some IPOs attracting funds backed by the high stock prices since the beginning of the year, substantial fund inflows into the growth market have yet to materialize.

We recognize that continued close monitoring of trends in both domestic and international financial policies as well as the support measures related to domestic startups is needed.

2) Financial Highlights

During the current fiscal year, there were IPOs for six domestic and one overseas portfolio companies, and capital gains increased, resulting in net sales of ¥24.4 billion (up 73.7% from ¥14.1 billion in the previous fiscal year) and ordinary income of ¥8.8 billion (negative ¥3.0 billion in the previous fiscal year).

Net income decreased significantly from the previous fiscal year which saw the sale of the Company's holdings in Nomura Research Institute, Ltd. and a subsequent share buyback, standing at of ¥7.5 billion (down 81.5% from ¥40.6 billion in the previous fiscal year), with a return on equity (ROE) of 5.6% (24.7% in the previous fiscal year).

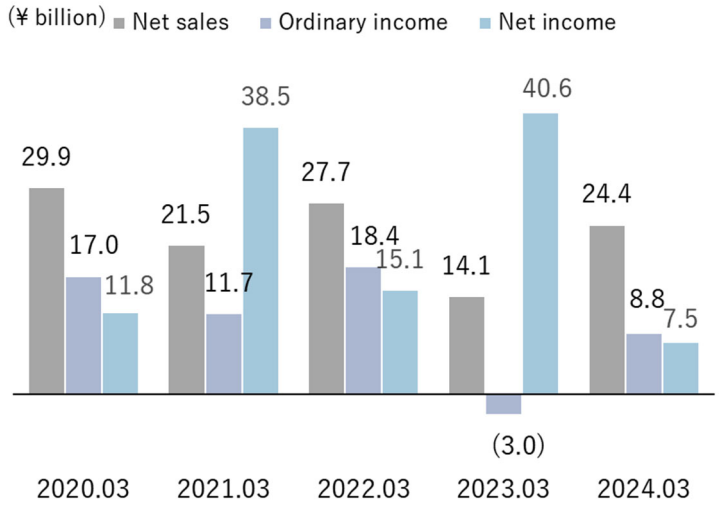
Although our performance changes significantly each fiscal year depending on the number of large exits, the continuous improvement in performance of each fund under management will lead to strong performance over the long term. We will continue to pursue IPOs, M&As, and other exits that would generate large capital gains.

Net sales, ordinary income and net income for the current fiscal year

(¥ Billion)

Net sales	24.4
Ordinary income	8.8
Profit attributable to JAFCO Group Co., Ltd. stockholders (Net income)	7.5
ROE (Return on equity)	5.6%

Net sales, ordinary income and net income



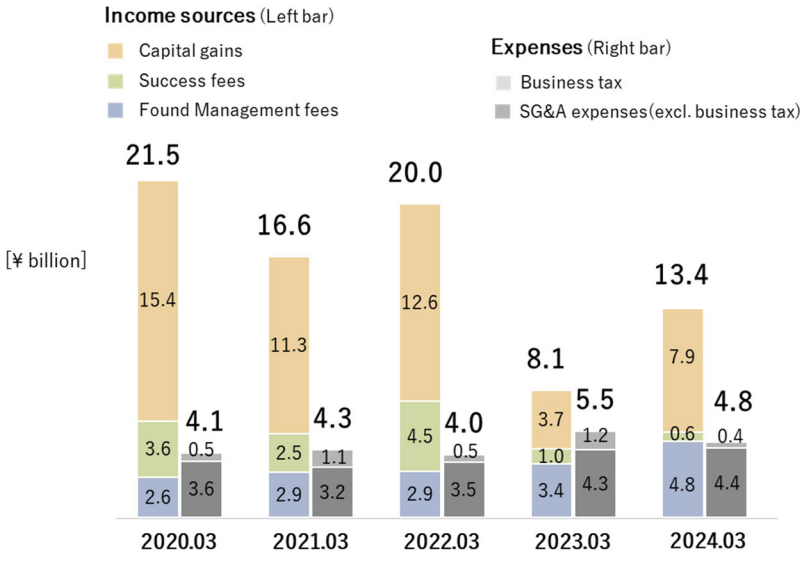
3) Net Sales and Selling, General and Administrative (SGA) Expenses

In the current fiscal year, fund management fees increased to ¥4.8 billion (¥3.4 billion in the previous period) due to the closing of the SV7 Fund and other factors.

As an investment management company, we have been in a situation where SGA expenses couldn't be covered by fund management fees, our basic income. However, in the current fiscal year, fund management fees have reached a level to roughly cover SGA expense excluding business taxes.

Capital gains were ¥7.9 billion (total for listed and unlisted operational investment securities; ¥3.7 billion in the previous period) and success fees were ¥0.6 billion (¥1.0 billion in the previous period).

Profits and selling, general and administrative (SGA) expenses

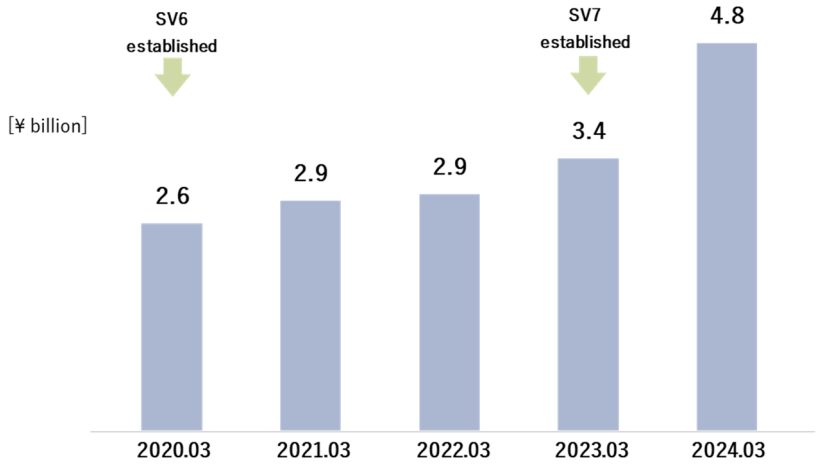


Number of employees:	131	132	135	147	159
Admin. expense coverage:	73%	88%	83%	79%	110%

Notes:
1. Success fees and fund management fees are based on total capital commitments excluding JAFCO's interests.
2. Each figure does not include that for the US subsidiary (JAV) due to the change in the scope of consolidation.
3 The fund management fees of ¥4.8 billion for FY2024.03 include ¥0.4 billion corresponding to FY2023.04. (due to the increase in external capital commitments in the SV7 Fund).

Total capital commitments to funds amounted to ¥465.6 billion due to the closing of SV7 and the Taiwan No.2 Fund. External capital commitments, which are subject to management fees, amounted to ¥194.9 billion, an increase of ¥37.3 billion compared with the previous fiscal year. Fund management fees were ¥4.8 billion in the current fiscal year.

Fund management fees



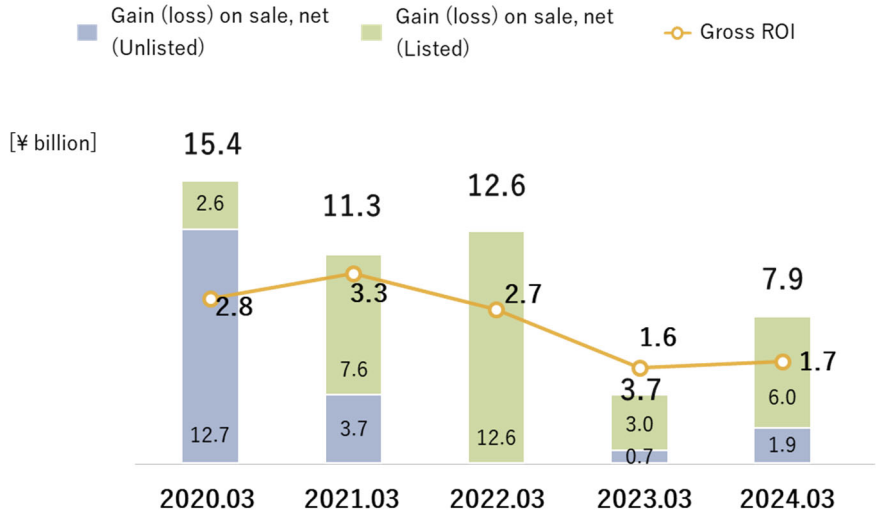
	2020.03	2021.03	2022.03	2023.03	2024.03
Total capital commitments:	433.9	451.5	332.3	491.2	465.6
Of which, external capital commitments:	129.0	132.0	138.9	157.6	194.9

Note: External capital commitments refer to funds entrusted for management by external investors. They are the amount subject to fund management fees, excluding US funds, which are not consolidated.

During the current fiscal year we had a total of seven IPOs; six in Japan and one overseas. IPOs in Japan included two from buyout investment. With the contribution from these IPOs, capital gains were ¥7.9 billion and the investment multiple (ROI) was 1.7 times. The ratio of the buyout exits in capital gains was 64%.

Several M&A exits were realized during the current fiscal year as well.

Capital gains and ROI (investment multiple)



	2020.03	2021.03	2022.03	2023.03	2024.03	
Gains on sale (unlisted):	16.7	4.4	3.1	2.2	5.1	[¥ billions]
Losses on sale (unlisted):	(4.0)	(0.7)	(3.1)	(1.5)	(3.1)	[¥ billions]
Number of IPOs:	4	6	6	5	7	[Cos]
Unrealized gains:	7.1	14.9	12.5	11.0	15.9	[¥ billions]

Notes: 1. Gains/ losses include other portfolio-related revenues and impairment losses.
2. Unrealized gains are valuation gains on listed operational investment securities.

Going forward, we will adhere to highly selective, intensive investment and aim to increase our investment management capabilities. Also, by enhancing our fundraising capabilities, we will increase the fund size and expand external capital contributions backed by the growth of target markets. In this way we will increase our success fees and fund management fees.

[Reference] JAFCO-backed IPOs, etc. during the current fiscal year

Venture investment: Five (5) newly listed companies

CUORIPS	**Cuorips Inc.** Development and commercialization of human iPS cell-derived cardiomyocyte sheets	IPO Date: June 27, 2023 IPO Market: Growth
MRSO	**MRSO Inc.** Online reservation service for medical checkups	IPO Date: Dec. 21, 2023 IPO Market: Growth
VRAIN Solution	**VRAIN Solution, Inc.** Supply of AI services for the manufacturing industry	IPO Date: Feb. 22, 2024 IPO Market: Growth
JSH Japan Development	**JSH Co., Ltd.** Home healthcare business and rural development business	IPO Date: Mar. 26, 2024 IPO Market: Growth
roadzen	**Roadzen Inc.** Development and provision of services that utilize AI technology to streamline/automate automobile insurance company operations.	IPO Date: Sept. 21, 2023 IPO Market: Nasdaq

Exit through M&A

SODA inc.	**SODA inc.** Operation of sneaker C2C marketplace SNKRDUNK

Buyout investment: Two (2) newly listed companies

AVILEN	**AVILEN Co., Ltd.** Development and sale of AI development outsourcing/implementation consulting and deep learning-related tools and AI talent development services	IPO Date: Sept. 27, 2023 IPO Market: Growth
NALNET COMMUNICATIONS	**Nalnet Communications Inc.** Car maintenance management; car lease; residual value guarantees; used car purchase	IPO Date: Dec. 25, 2023 IPO Market: Growth

Exit through M&A

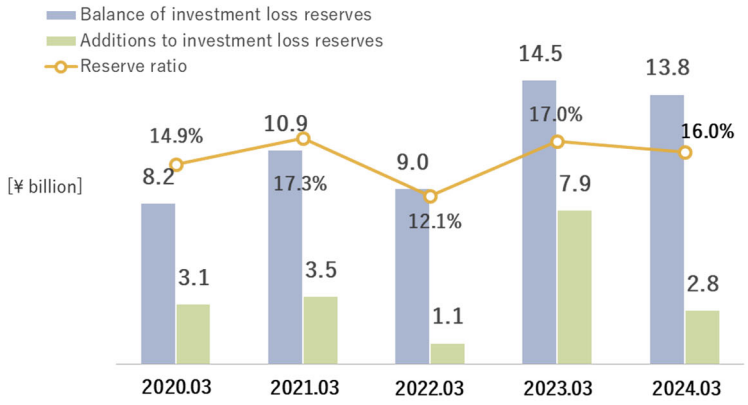
NAGANO	**Nagano Industry Co., Ltd.** **(currently Tadano Utilities Ltd.)** Development, manufacture, and sale of aerial work platforms

4) Status of Investment Loss Reserves

The balance of unlisted operational investment securities in the current fiscal year was ¥85.7 billion, roughly the same level as the previous fiscal year (¥85.3 billion).

Additions to investment loss reserves decreased from the previous period to ¥2.8 billion (¥7.9 billion in the previous fiscal year), primarily targeting one US portfolio company recorded in the first quarter (¥1.0 billion). The balance of investment loss reserves was ¥13.8 billion (¥14.5 billion in the previous fiscal year) and the reserve ratio was 16.0% (17.0% in the previous fiscal year).

Additions to investment loss reserves



	2020.03	2021.03	2022.03	2023.03	2024.03
Balance of unlisted securities:	55.1	63.1	73.9	85.3	85.7

Notes: 1. Excluding investment in other funds.
2. Corporate Accounting Standards No. 30 “accounting standards for fair value calculation” (hereafter referred to as “fair value accounting standards”) are applied from FY2022.03. Of the balance of unlisted securities for FY2024.03, only CBs, warrants, etc. (book value: ¥2.26 billion) are valued at fair value (¥2.91 billion).

The situation remains unpredictable and we continue to monitor the impact of the changes of business environment on the private equity market. The reserves may increase when future performance and fundraising of our portfolio companies are affected.

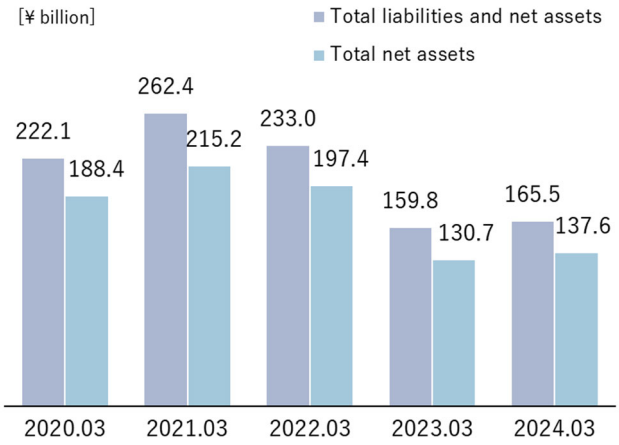
5) Assets

A majority of our portfolio consists of unlisted companies, shares of which are highly illiquid. For this reason, we need to maintain a solid financial base to allow us to continue investing under any circumstances.

The Company procured ¥15 billion of funds in the current fiscal year through the issuance of zero coupon convertible bonds due 2028 to strengthen the financial foundation.

Net assets at the end of the current fiscal year were ¥137.6 billion, an increase of ¥6.9 billion from the end of the previous year, and the equity ratio was 83.1%. Cash and deposits as of the end of the current fiscal year stood at ¥67.6 billion, including our committed capital, which will be used to invest in our funds over the next three years or so.

Total assets and net assets

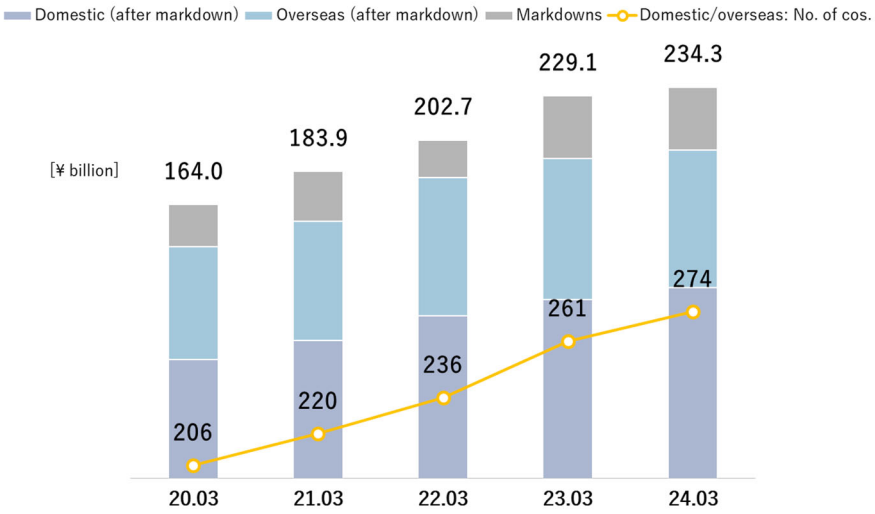


	2020.03	2021.03	2022.03	2023.03	2024.03
Equity ratio:	84.8%	82.0%	84.7%	81.8%	83.1%

6) Fund Management: Balance of Unlisted Securities

In the current fiscal year, the balance of unlisted securities for all funds was ¥234.3 billion. The increase of the balance of unlisted securities under management is ongoing.

Balance of unlisted securities



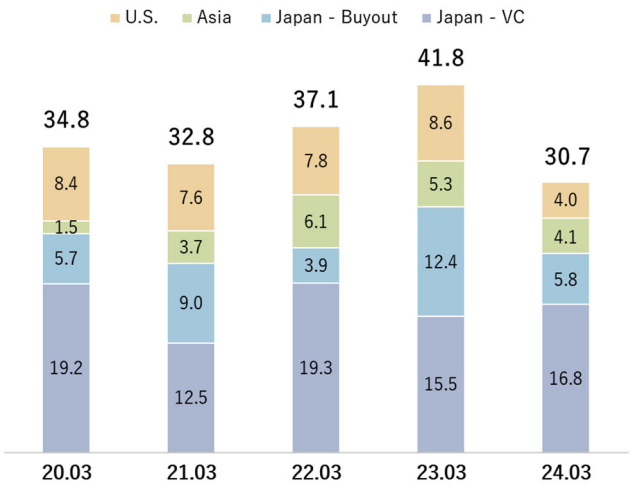
Notes:
1. Exchange rate US$1=¥151.41 is used for all period
2. Overseas investments made by the venture Investment division in Japan are included in “Domestic.”
3. Fair value accounting standards are applied from FY2022.03. For the valuation after markdown for FY2024.03, only CBs, warrants, etc. (book value: ¥3.55 billion) are valued at fair value (¥4.93 billion).

7) Fund Management: Investment

The amount of investment in each region differs in each fiscal year. In the current fiscal year, the amount of investment on a global basis amounted to ¥30.7 billion.

The amount of investment per year is ¥35-40 billion, but this fiscal year saw a decrease in the investment amount due to factors such as timing discrepancies in the execution of investments.

Investment Amount

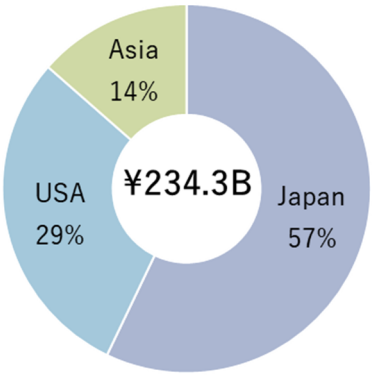


Note: Overseas investments made by the Investment Division in Japan are included in "Japan"

8) Fund Management: Breakdown of Portfolio

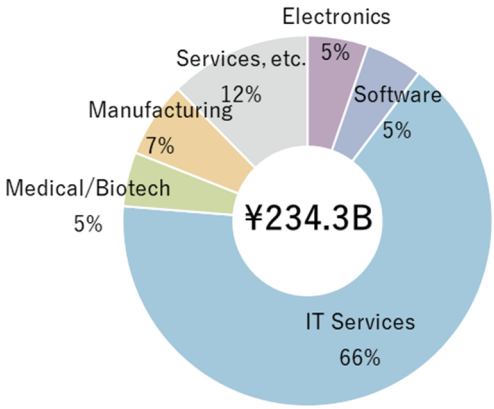
The breakdown of ¥234.3 billion in the balance of unlisted securities by region was 57% in Japan, 29% in the US and 14% in Asia.

Portfolio by region



In breakdown by sector, IT services accounted for 66%. IT services include many startups which utilize cutting-edge technologies to change business models in existing industries. As concept of ESG and SDGs became widespread rapidly, many startups have emerged, including those that aim to solve social issues amid technological advances or provide new services catering to changing values and demands.

Portfolio by sector



3. Policy on Shareholder Returns

1) Shareholder Return Policy

The Company reviewed its shareholder return policy during the previous fiscal year and adopted the following as its new policy.

Regarding dividends, we have set an indicator to pay per-share dividend of the greater of 3% of shareholders' equity (average of beginning and end of period) or 50% of net income.

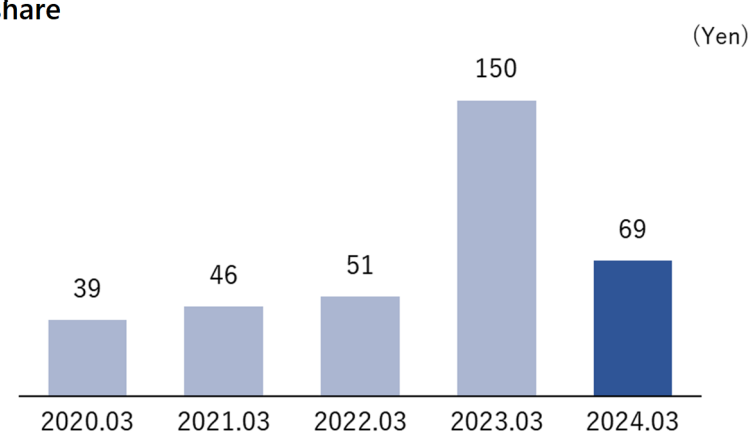
In addition to the dividend policy above, we plan to reduce ¥60 billion in the necessary funds to ensure continuous investment (after deducting interest-bearing debts, accrued taxes, and expected dividend payments at the end of March of each fiscal year) in stages and will consider allocating the excess amount for shareholder returns including share buybacks.

2) Status of Shareholder Returns

As 50% of net income (¥69 per share) was greater than 3% of shareholders' equity (average of beginning and end of period) (¥64 per share), based on the policy mentioned above, we have decided to pay the dividend of ¥69 per share (previous fiscal year: ¥150 per share) for the current fiscal year.

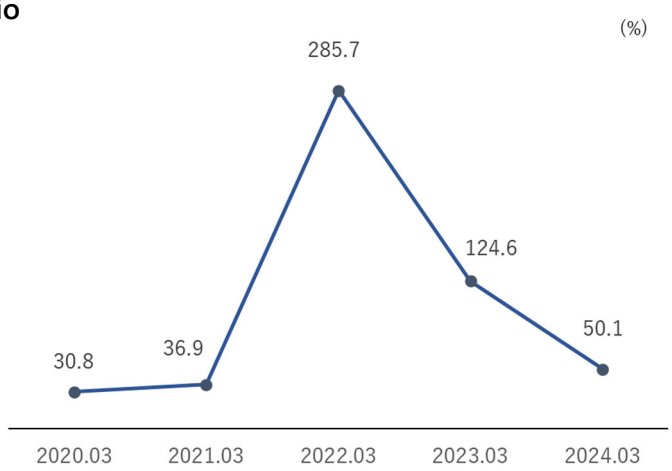
The total return ratio for the current fiscal year was 50.1%.

Dividend per share



Note: The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022. The above figures for FY2021.03 and prior years have been adjusted to reflect the stock split (rounded to the nearest decimal place.)

Total return ratio



Notes: 1. Total return ratio= (Total dividends paid + Total share buyback)/ Net income (%)
2. Share buybacks were implemented in FY2021.03, FY2022.03, and FY2023.03.

4. Issues to Be Addressed

The issues to be addressed by the Company are as follows:

1) Further evolution of highly selective, intensive investment and efforts to enhance corporate value of portfolio companies
2) Improve investment performance (ROI)
3) Improve fundraising capabilities
4) Recruit and develop diverse human resources
5) Maintain a certain level of solid financial foundation

We will address these issues through efforts to achieve the medium- and long-term goals in the "Basic Policy for Enhancing Corporate Value" announced in December 2022.

- **Basic Policy for Enhancing Corporate Value**

The Company's basic policy is to promote growth strategies and improve capital efficiency by reducing net assets, with the aim of increasing corporate value that leads to greater profits for shareholders.

i) Promotion of the Growth Strategy

Investment management capabilities and fundraising capabilities are the two wheels our profit growth underpinned by our organizational infrastructure.

Enhance Investment Management Capabilities

Since 2010, with our investment policy of highly selective, intensive investment and management involvement, we have focused on maximizing capital gains and improving fund performance by identifying promising companies at an early stage and proactively working on their post-investment growth.

In order to further enhance our investment management capabilities, we will further evolve our highly selective, intensive investment and management involvement in each investment process as follows:

- Investment: Identify companies with high growth potential at an early stage and make investments as a lead investor
- Growth support: Improve the growth speed of portfolio companies by utilizing various management resources and being deeply involved in business development and organizational infrastructure enhancement.
- Exit: Get deeply involved in management to achieve IPOs and developmental M&As that maximize corporate value.

Enhance Fundraising Capabilities (expanding funds from external investors)

In addition to ensuring stable fund performance, we will manage funds with discipline and transparency and provide information according to investors' needs. These will allow us to receive continued investment from existing investors, while also attracting a new investor base that shares social and economic significance our funds, thereby increasing the amount of funds raised from external investors.

Reinforce Organizational Foundation

We will continue to develop investment professionals, who constitute the basis of our investment management capabilities, through our unique recruitment and training model

that combines continuous recruitment of new graduates/passing-on of expertise and the hiring of specialists in specialized fields.

At the same time, we will further strengthen the organizational structure that comprehensively supports the investment process, and work to continuously improve our investment management capabilities without excessive reliance on individuals.



ii) Improve Capital Efficiency

Going forward, we will increase the size of our new funds gradually in line with the target market, while reducing our investment ratio in stages, with the medium- to long-term goal of reducing the ratio to 20%.

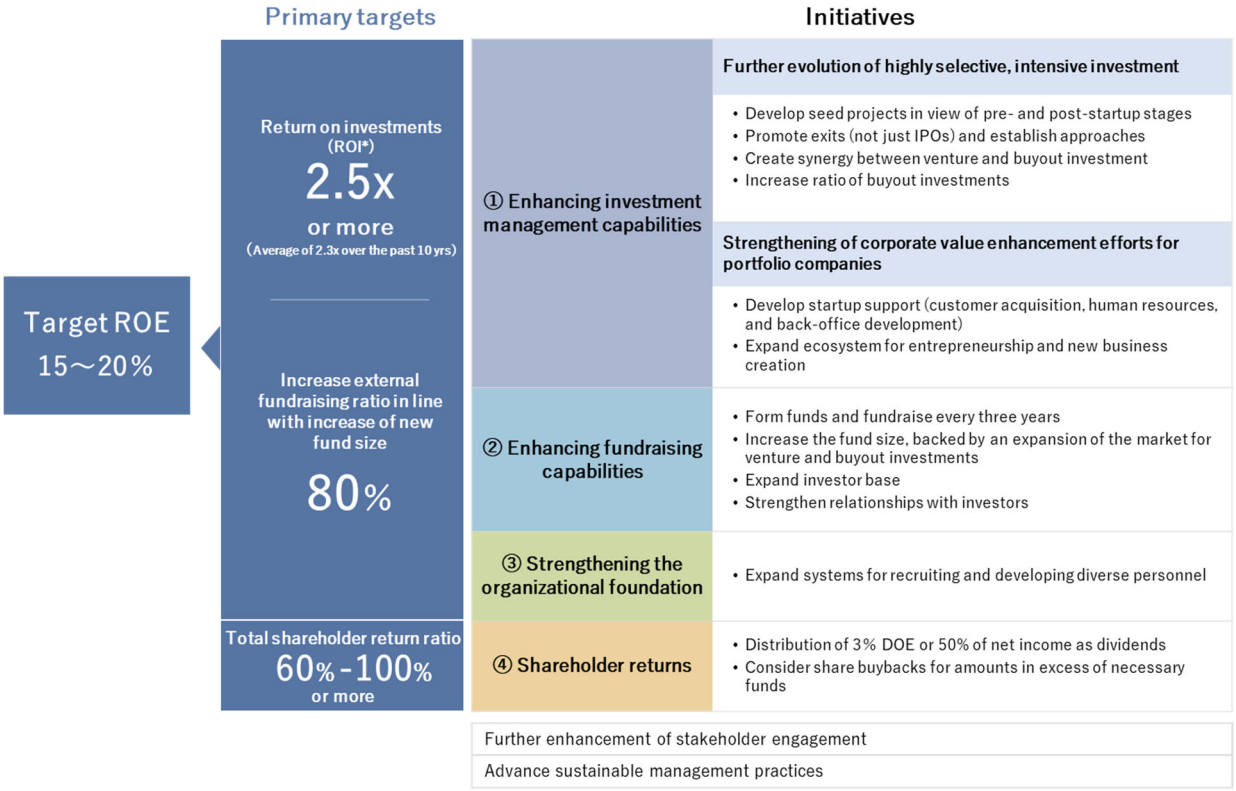
By doing so, we will aim for a high level of capital gains by keeping the necessary funds at a certain amount while maintaining the balance of operating investment securities. As an investment management company, we will pursue our unique model of investment management business that allows us to earn stable management fees while continuing to generate high profitability.

We will implement measures based on the aforementioned shareholder return policy and aim to improve capital efficiency.

iii) Medium- to Long-term Goals

The key indicators as medium- to long-term goals we have set as part of the aforementioned Basic Policy for Enhancing Corporate Value are as indicated in the chart below. We will continue to pursue such goals, aiming to achieve management that is mindful of capital costs and stock prices.

Key indicators as medium-to long-term goals and initiatives for achieving them



5. Assets and profit (loss)

	49th Fiscal Year (From April 1, 2020 to March 31, 2021)	50th Fiscal Year (From April 1, 2021 to March 31, 2022)	51st Fiscal Year (From April 1, 2022 to March 31, 2023)	52nd Fiscal Year (From April 1, 2023 to March 31, 2024)
Net sales (Millions of yen)	21,512	27,677	14,073	24,443
Ordinary income (loss) (Millions of yen)	11,707	18,360	(3,048)	8,822
Profit attributable to JAFCO Group Co., Ltd. stockholders (Millions of yen)	38,504	15,080	40,571	7,494
Profit per share (Yen)	416.48	192.50	586.92	137.64
Total assets (Millions of yen)	262,383	233,024	159,847	165,540
Net assets (Millions of yen)	215,237	197,390	130,745	137,639
Net assets per share (Yen)	2,438.71	2,769.16	2,404.11	2,526.26

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. The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022. Profit per share and net assets per share are calculated based on the premise that the stock split took place at the beginning of the 49th Fiscal Year (from April 1, 2020 to March 31, 2021).

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]	Consulting, business information services
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, 2024)

1) JAFCO Group Co., Ltd.

Name	Location
Head Office	Minato-ku, Tokyo
West Japan Branch	Chuo-ku, Osaka

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, 2024)

1) Company Group employees

Number of employees	Increase (decrease) from previous fiscal year
159	12

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
126	9	42 years and 6 months old	14 years and 0 month

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

9. Outline of financing

In the current fiscal year, the Company issued ¥15 billion of Zero Coupon Convertible Bonds

due 2028 on September 28, 2023.

Also the Company repaid loans which became due. As a result, the balance of long-term loans payable including the current portion was ¥115 million (previous fiscal year-end: ¥149 million).

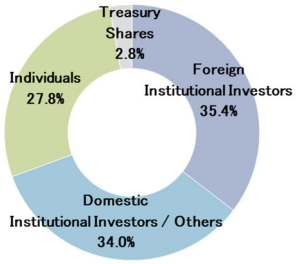
10. Principal creditors (as of March 31, 2024)

(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, 2024)



1) Authorized number of shares 240,000,000 shares
2) Number of shares issued 56,060,000 shares
3) Number of shareholders 17,781
4) Major shareholders

Shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,200	15.1
Custody Bank of Japan, Ltd. (Trust Account)	3,521	6.5
Yoshiteru Akita	2,002	3.7
Nippon Life Insurance Company	1,158	2.1
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	1,006	1.8
J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT	903	1.7
STATE STREET BANK AND TRUST COMPANY 505103	856	1.6
Goldman Sachs Japan Co., Ltd. BNYM	835	1.5
Hikari Tsushin Kabushiki Kaisha	749	1.4
CLEARSTREAM BANKING S.A.	741	1.4

Notes: 1. The Company holds 1,576 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) Shares granted to Company officers during the current fiscal year as consideration for performance of duties

At the 50th Annual General Meeting of Shareholders held on June 21, 2022, the Company passed a resolution to introduce a restricted stock compensation plan to provide incentives to continuously improve the Company's corporate value and to promote further value sharing with shareholders.

The number of shares with transfer restrictions allocated to the Company's officers, etc. under this stock compensation plan during the current fiscal year is as follows. An overview of the stock compensation plan is shown on page 40.

	Number of shares allocated	Number of allotees
Directors (excluding director serving as audit committee members and independent directors)	39,918	2
Corporate officers who do not concurrently serve as directors	20,529	3
Directors of the Company's wholly owned subsidiaries	39,202	1

2. Stock acquisition rights, etc.

The status of stock acquisition rights at the end of the current fiscal year was as follows:

	Stock acquisition rights attached to Zero Coupon Convertible Bonds due 2028
Date of issuance resolution	September 12, 2023
Number of stock acquisition rights	1,500
Class of shares that are the objective of the stock acquisition rights	Ordinary shares
Stock acquisition rights issuance value	¥2,132 per share
Stock acquisition rights exercise period	From October 12, 2023 to September 14, 2028
Balance of convertible bonds	¥15,000 million

Note: With the decision at the Board of Directors meeting held on May 10, 2024 to pay out dividends of ¥69 per share for the current fiscal year, the issuance value (conversion price) of the stock acquisition rights has been adjusted to ¥2,047.8 as of April 1, 2024 pursuant to the conversion price adjustment clauses in the terms and conditions of the Bonds.

3. Directors

1) Directors (as of March 31, 2024)

Position	Name	Responsibilities at the Company and significant concurrent positions
Chairman	Shinichi Fuki	
President & CEO [Representative 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 April 1, 2024 are as follows:

Position	Name	Responsibilities at the Company
Senior Corporate Officer	Ko Minamikurosawa	General Manager of Structured Investment Division
Corporate Officer	Hiroaki Matsuda	General Manager of Administration Division
Corporate Officer	Sueko Matsumoto	In charge of Fund Management
Corporate Officer	Naoki Sato	General Manager of Business Development Division

The Company has appointed Partners who execute investment opportunities and management of JAFCO-operated funds. As of April 1, 2024, Partners who do not concurrently serve as director are as follows:

Position	Name	Responsibilities at the Company
Partner	Atsushi Fujii	In charge of Venture Investment
Partner	Tomotake Kitazawa	In charge of Venture Investment
Partner	Mizuki Takahara	West Japan Branch Manager
Partner	Yutaro Saka	In charge of Venture Investment
Partner	Haruyoshi Onuma	In charge of Venture Investment

2) Remunerations, etc. of directors, etc.

- **Total remunerations for the fiscal year ended March 31, 2024**

Classification	Number of persons paid	Total amount paid (¥ millions)	Total amount by compensation type (¥ millions)			
			Basic compensation (fixed)	Basic compensation (performance-linked)	Extraordinary compensation (performance-linked)	Restricted stock compensation
Directors (excluding Board-Audit Committee members)	2	211	69	14	55	72
Directors serving as Board-Audit Committee members [of which, Independent Directors]	4 [4]	78 [78]	78 [78]	-	-	-
Total [of which, Independent Directors]	6 [4]	290 [78]	148 [78]	14 [-]	55 [-]	72 [-]

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

Of the above performance-linked basic compensation, ¥4 million paid between April and June 2023 was determined based on the performance indicators for the fiscal year ended March 31, 2022, and ¥9 million paid in and after July 2023 was determined based on the performance indicators for the fiscal year ended March 31, 2023 at the Board of Directors meetings after the deliberations by the Nomination and Remuneration Committee. Actual results of key performance indicators for the year ended March 31, 2022 were capital gains of ¥12,638 million, reversal of investment loss reserves of ¥1,985 million, and ordinary income of ¥18,360 million, and those for the year ended March 31, 2023 were capital gains of ¥3,684 million, addition to investment loss reserves of ¥5,484 million, and ordinary loss of ¥3,048 million. Evaluation based on the above was at the 2 (15% increase of base amount) of the 5-point rating scale for the year ended March 31, 2022 and at the 5 (30% decrease of base amount) for the year ended March 31, 2023.

2. Extraordinary compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked remuneration. The details of the performance indicators selected as a basis for calculating the said amount and the method of calculating the amount are as given in the "Outline of policy for determination of remuneration of directors, etc." below. The reason for selecting the said performance indicators 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 after the deliberations by the Nomination and Remuneration Committee based on the performance indicators for the current fiscal year. Year-over-year actual results of the performance indicators were a 4.8% increase in ROI on funds, which is used as the indicator for fund performance, an increase of ¥23,400 million in total fund commitments from the end of the previous year, an increase of ¥11,870 million

in ordinary income, an increase of ¥2,108 million in core income, and an increase of ¥4,889 million in unrealized gains. Based on the above, the said compensation level for each position increased by 20% from the previous year.

3. Part of basic compensation (fixed) includes director stock ownership association enrollment promotion charge, for which ¥0 million is paid to directors (excluding directors serving as Board-Audit Committee members) and ¥2 million to directors serving as Board-Audit Committee members (including ¥2 million paid to independent directors), totaling ¥3 million.
4. Restricted stock compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked and non-monetary remuneration. The details of the performance indicators selected as a basis for calculating the said amount and the method of calculating the amount are as given in the "Outline of policy for determination of remuneration of directors, etc." below. The reason for selecting the said performance indicators is to provide incentives to continuously improve the corporate value of the Company and to further share the value with shareholders.

   The amount of the above stock-based compensation was determined at the meeting of the Board of Directors after deliberations by the Nomination and Remuneration Committee based on the Company's stock price growth rate and TOPIX (Tokyo Stock Price Index) growth rate, which are performance indicators. The actual results of these performance indicators were 118.6% for the Company's stock price growth rate, reflecting a dividend payment of ¥150 per share for the previous fiscal year, and 112.9% for TOPIX growth rate. Based on these indicators, the payment ratio relative to the base amount was calculated as 105.1%.

   The status of delivery of restricted stock as stock-based compensation is as stated in "II (1) 5) Shares granted to Company officers during the current fiscal year as consideration for performance of duties" in the Business Report.
5. In the above remunerations, ¥1 million in fund performance-linked distributions to persons involved paid to a director (excluding directors serving as Board-Audit Committee members) are not included.

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

The Company has established the Nomination and Remuneration Committee composed of independent directors 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." 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 purpose of "Fueling perpetual growth; investing in bold visions" and its 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 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 monetary compensation of directors (excluding Board-Audit Committee members) shall consist 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. In addition, from the perspective of improving the Company's corporate value in the medium to long term, stock-based remuneration shall be paid to directors (excluding Board-Audit Committee members). As an investment company managing highly volatile venture and buyout investment funds, the level of compensation shall reflect the amount of assets under management, the Company's business performance as a result of asset management, and shareholder value and be appropriate for securing highly capable human resources.

The maximum total amount of monetary compensation 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; the number of directors (excluding Board-Audit Committee members) as of the end of this Annual General Meeting of Shareholders mentioned above was six).
As stock-based remuneration to be paid to directors (excluding Board-Audit Committee members and independent directors), the total amount of monetary claims for granting transfer-restricted shares (hereinafter referred to as "Restricted Stocks") shall be no more than ¥300 million, and the total number of the Company's common shares to be issued or disposed of as transfer-restricted shares shall be within 300,000 shares per year (based on a resolution of the 50th Annual General Meeting of Shareholders held on June 21, 2022; the number of directors (excluding Board-Audit Committee members and independent directors) as of the end of this Annual General Meeting of Shareholders mentioned above is two).

[Outline of directors' monetary compensation]

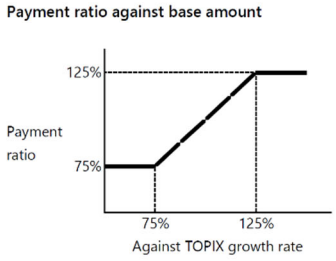
Basic compensation (fixed)	Fixed monetary remuneration paid monthly, determined by importance of roles and responsible areas of each job position, years in service, etc.
Basic compensation (performance-linked)	Monetary remuneration paid monthly, determined once a year, in principle, by the Board of Directors 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 compensation 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 compensation may not be paid when the Company' performance deteriorates sharply.

[Outline of stock-based remuneration]

In order to provide incentives to continuously improve the corporate value of the Company and to further share the value with shareholders, the Company shall pay a remuneration for granting transfer-restricted shares to directors (excluding Board-Audit Committee members and independent directors; hereinafter referred to as the "Eligible Directors").

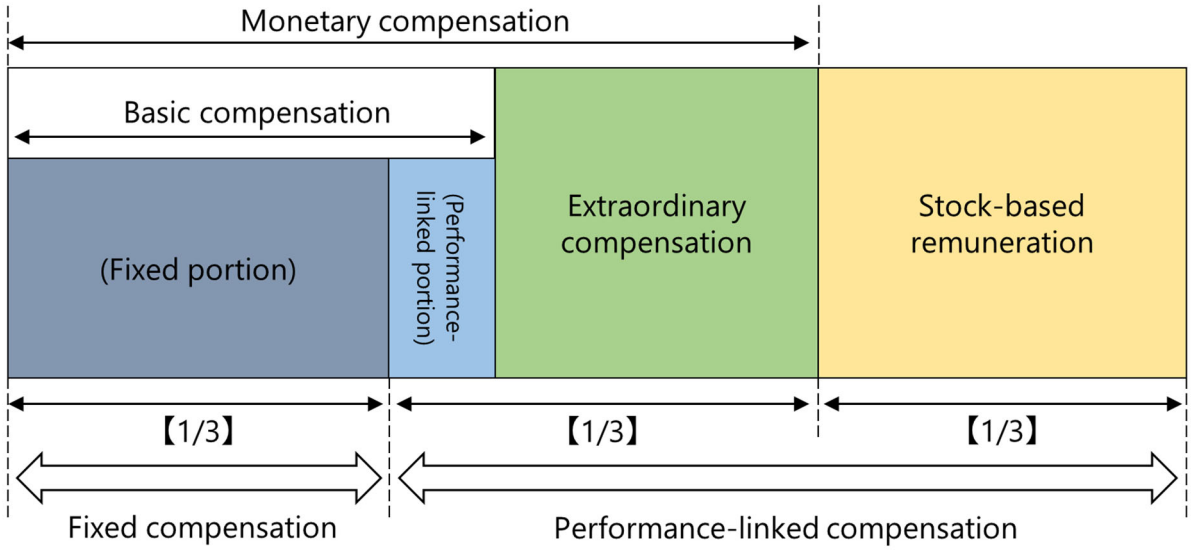
The outline of the restricted-stock remuneration plan is as shown below.

Granting of transfer-restricted shares	The Company shall grant transfer-restricted shares (hereinafter the "Allotted Shares") in an amount determined by the Board of Directors of the Company based on a base amount corresponding to the positions of the Eligible Directors and a comparison of the Company's stock price growth rate and the TOPIX (Tokyo Stock Price Index) growth rate for a certain period of time prior to the grant.  Amount of stock-based remuneration = Base amount x Payment ratio = Base amount x Against TOPIX growth rate Against TOPIX growth rate = $\frac{(A+B) \div C}{D \div E}$ A Average closing price of the Company's common shares for the three months immediately preceding the month within which the allotment resolution date falls B Dividend per share for the previous fiscal year C Average closing price of the Company's common shares for the three months immediately preceding the month within which the date one year prior to the allotment resolution date falls D Average closing price of TOPIX for the three months immediately preceding the month within which the allotment resolution date falls E Average closing price of TOPIX for the three months immediately preceding the month within which the date one year prior to the allotment resolution date falls The number of the Allotted Shares granted to the Eligible Directors shall be no more than the maximum of 300,000 shares per year as approved at the Annual General Meeting of Shareholders held on June 21, 2022.
Transfer restriction period	From the allotment date to the time of retirement or resignation from director or other position of the Company or its subsidiaries as determined in advance by the Company's board of Directors. Provided, however, if the time immediately after such retirement or resignation is prior to the date after a lapse of three months since the end of the fiscal year within which the date of the allotment of the Allotted Shares falls, the end of the Transfer Restriction Period may be adjusted to a reasonable extent.
Removal of transfer restriction	(1) On the condition that the Eligible Directors continue to hold their position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, during a period of time determined in advance by Company's Board of Directors (the "Service Period"), the Company shall remove the Transfer Restriction as of the expiration of the Transfer Restriction Period. Provided, however, that: (a) if an

	Eligible Director retires or resigns from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period for justifiable reasons; or (b) if an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors for any reason other than justifiable reasons even after the expiration of the Service Period, the number of the Allotted Shares to be removed from Transfer Restriction and the timing of the removal of Transfer Restriction shall be reasonably adjusted as necessary. (2) If any matter relating to a merger agreement under which the Company becomes the disappearing company, contract of share exchange, share transfer plan, or any other reorganization in which the Company becomes a wholly-owned subsidiary is approved at a General Meeting of Shareholders of the Company (provided, however, that if the approval of such reorganization is not required by the General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors of the Company, remove the Transfer Restriction with respect to the number of Allotted Shares reasonably determined based on the period from the commencement date of the Transfer Restriction Period until the effective date of such reorganization, etc., prior to the effective date of such reorganization, etc.
Acquisition of the Allotted Shares without consideration	(1) The Company shall acquire, without consideration, the Allotted Shares, for which the Transfer Restriction has not been removed immediately after the removal of the Transfer Restriction pursuant to the "Removal of transfer restriction" above, as a matter of course. (2) If an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period, the Company shall acquire the Allotted Shares without consideration as a matter of course, unless there are reasonable grounds for the retirement or resignation such as the expiration of the term of office or the death of the Eligible Director. (3) If the Board of Directors of the Company recognizes that an Eligible Director has violated laws, regulations, internal rules or the Allotment Agreement in any material respect during the Transfer Restriction Period, or in the case of certain grounds set forth in the Allotment Agreement, the Company shall acquire, without consideration, all of the Allotted Shares held by the Eligible Director at the relevant time as a matter of course.

The standard ratio of the performance-linked portion of monetary compensation (the sum of the performance-linked basic compensation and extraordinary compensation) and stock-based remuneration to total compensation for directors is approximately one-third, respectively.
In introducing stock-related remuneration, the Company partially reduced monetary compensation paid prior to the introduction based on a review of its level, and then paid the restricted-stock remuneration in the ratio shown above as a guideline.

As a result, the ratio of fixed compensation to performance-linked compensation (performance-linked monetary compensation and stock-based remuneration) in total compensation for directors was approximately 1:2.



(Note) Figures in【 】are round numbers.

(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 nor stock-based remuneration. 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.

(Remuneration of 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). Monetary 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 business results and fund performance and reflecting their respective degree of contributions, etc.

The Company also provides corporate officers restricted-stock remuneration with the similar

details as those for directors (excluding Board-Audit Committee members and independent directors) as stock-based remuneration.

- **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,

3) 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.

4) Outline of Indemnification agreements

The Company has entered into indemnification agreement with directors (Shinichi Fuki and Keisuke Miyoshi), director serving as full-time Board-Audit Committee member (Shigeru Tamura) and directors serving as Board-Audit Committee member (Koji Tanami, Kenichi Akiba and Yoshie Kajihara) as provided for under Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of said paragraph to the extent provided for in laws and regulations. In order to ensure that the appropriateness of the execution of duties by the Company's directors is not impaired by said indemnification agreement, the Board of Directors' resolution approving the execution of an indemnification agreement shall be subject to the approval of all the independent directors (excluding the director covered by the said agreement).

5) Outline of Directors and Officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract, which covers directors, corporate officers, employees (who are managers and supervisors), etc. of the Company and its subsidiaries (excluding the U.S. subsidiary), and officers and employees of the Company who are appointed as directors of unlisted portfolio companies in Japan and overseas, with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. 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.

6) 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	13 out of 13 meetings
Koji Tanami Director (Board-Audit Committee member)	14 out of 14 meetings	13 out of 13 meetings
Kenichi Akiba Director (Board-Audit Committee member)	14 out of 14 meetings	13 out of 13 meetings
Yoshie Kajihara Director (Board-Audit Committee member)	14 out of 14 meetings	13 out of 13 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. Furthermore, during the current fiscal year he participated in individual meetings with institutional investors and provided feedback to the Board of Directors and others on the content of these meetings.
  - 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. 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	60
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	60

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) Non-audit services

The Company paid the financial auditor for the preparation of a comfort letter in connection with the issuance of convertible bonds.

4) 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.

5) 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.

5. Structure for corporate governance

1) Basic views on corporate governance

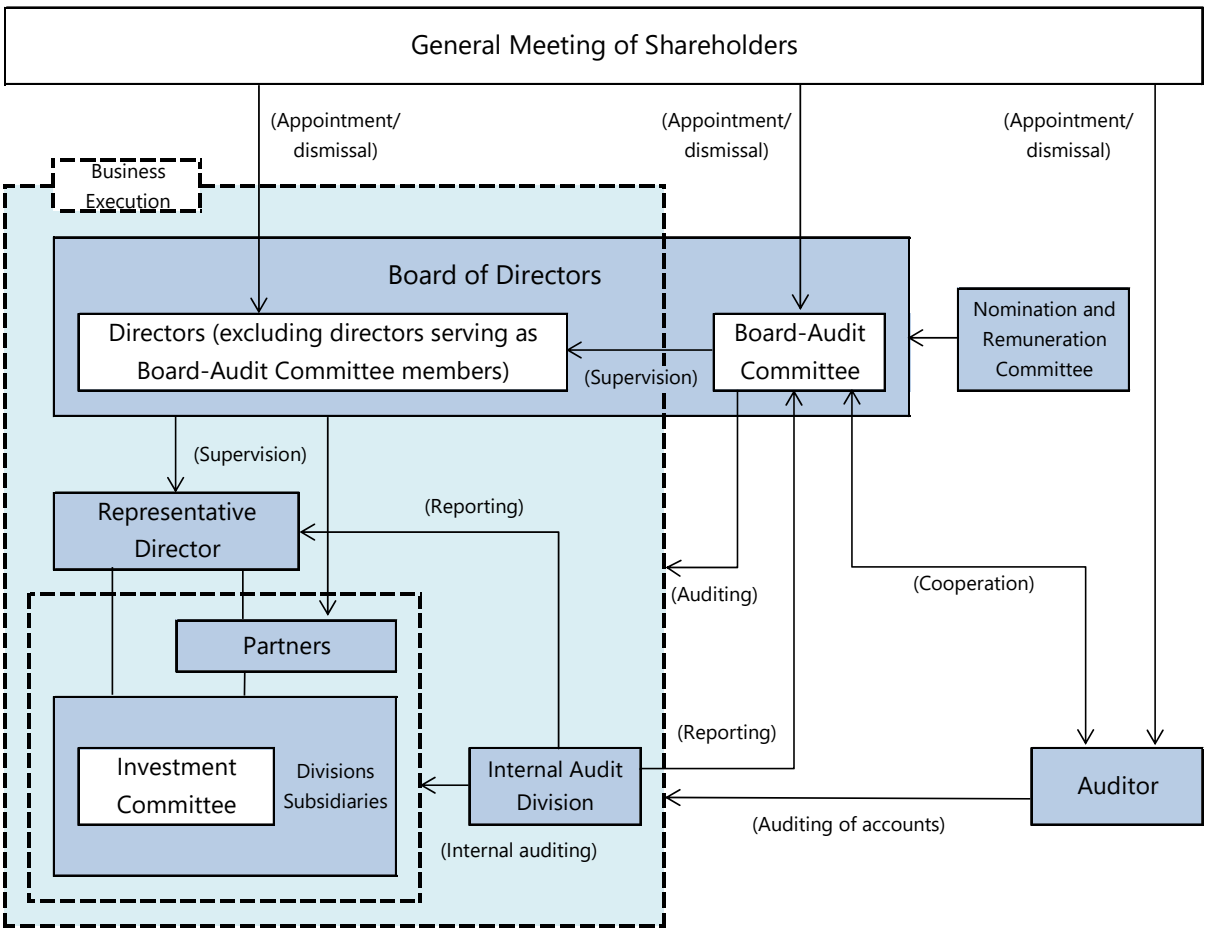
The Company's basic views on corporate governance are as outlined below. With an eye to increasing corporate value over the medium to long term, the Company will make continuous efforts to enhance corporate governance.

- 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) 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.

Corporate governance structure

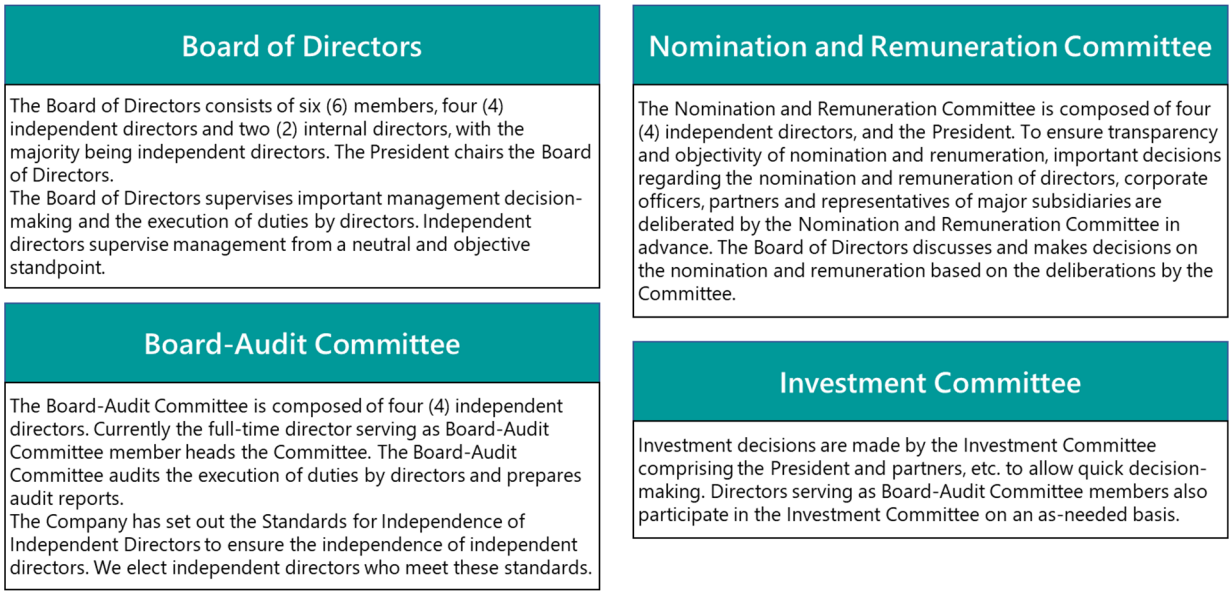


Board of Directors
The Board of Directors consists of six (6) members, four (4) independent directors and two (2) internal directors, with the majority being independent directors. The President chairs the Board of Directors. The Board of Directors supervises important management decision-making and 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) independent directors, and the President. To ensure transparency and objectivity of nomination and renumeration, important decisions regarding the nomination and remuneration of directors, corporate officers, partners and representatives of major subsidiaries 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, etc. to allow quick decision-making. Directors serving as Board-Audit Committee members also participate in the Investment Committee on an as-needed basis.



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) 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 (“BOD") for the fiscal year ended March 31, 2024 is as follows:

The BOD analyzes and evaluates its effectiveness and disclose a summary of the evaluation results every year. The summary of the results of the evaluation of the BOD's effectiveness for the fiscal year ending March 31, 2024 is as follows

The BOD evaluates its effectiveness on an annual basis. In the fiscal year ending March 31, 2024, the BOD held deliberations over items such as its composition, operation, role, responsibilities, etc. as in previous years based on questionnaires and interviews administered to all directors.

As a result, the effectiveness of the BOD for the fiscal year ending March 31, 2024 has been confirmed as follows.

Composition of the BOD
In view of the supervisory functions of the BOD, it is deemed appropriate that the majority of the BOD consists of independent directors. Furthermore, the number of directors aligns well with JAFCO's scale and allows for substantial discussions. In addition, the experience and expertise required for enriching discussions are deemed to have been sufficient for the fiscal year ending March 31, 2024.

Operation of the BOD
While there is high praise for the efficiency of time utilization, agenda explanations, and report presentations, there were also opinions suggesting room for further optimization. The evaluations of information provision to external directors and support systems were positive, particularly due to pre-meeting agenda explanations.

Roles and Responsibilities of the BOD
Under the Basic Policy for Enhancing Corporate Value (the "Policy") formulated in the previous fiscal year, the BOD has been conducting supervision for organizing structures toward medium- to long-term goals and advancing operations through discussions on

challenges and issues revealed during the deliberation of proposals and reports on business execution.

With this, our ratio of investment in the SV7 Fund, which closed during the fiscal year ending March 31, 2024, concluded at 22%, close to the medium- to long-term target of 20% set by the Policy.

Also, as a response to medium- to long-term challenges, discussions on initiatives and systems related to sustainability were conducted in the BOD during the fiscal year ending March 31, 2024. As a result, the Basic Policy on Sustainability was established.

Taking these factors into account, a comparison with the previous fiscal year indicates that the composition, operation, roles, and responsibilities of the BOD have generally remained the same or improved, demonstrating the overall effectiveness of the BOD.

Future Challenges

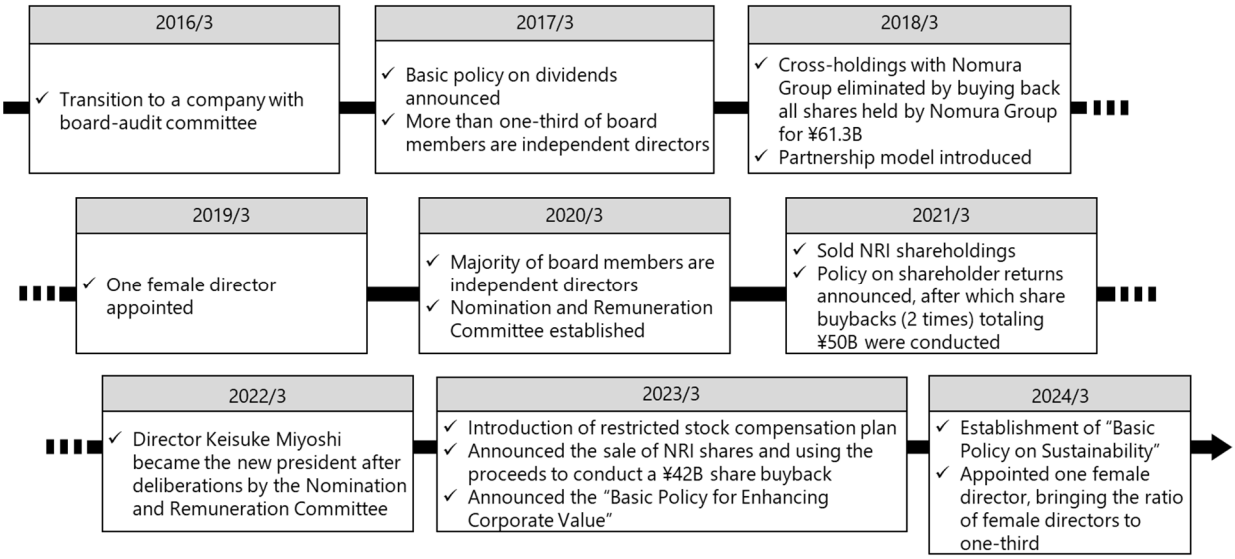
It was confirmed that continuous monitoring of the progress of medium- to long-term goals outlined in the Policy, conducted at appropriate intervals during BOD meetings, is necessary, coupled with constructive discussions, and that ongoing dialogue is needed to delve into matters that should be deliberated from a medium to long-term perspective.

We will continue to conduct regular evaluations to further increase the effectiveness of the BOD.

[Reference]

Governance Initiatives

For the Company, which operates 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 themes such as management independence, sharing value with shareholders, improving capital efficiency and promoting growth strategies. We will continue to make efforts to further enhance our governance.



Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	As of Mar. 31, 2024	(Reference) As of Mar. 31, 2023	Item	As of Mar. 31, 2024	(Reference) As of Mar. 31, 2023
Assets			**Liabilities**		
Current assets	**160,489**	**156,079**	**Current liabilities**	**6,566**	**25,678**
Cash and deposits	67,606	69,481	Current portion of long-term loans payable	115	34
Operational investment securities	103,921	98,530	Income taxes payable	1,709	21,813
Investment loss reserves	(13,754)	(14,490)	Provision for bonuses	312	344
Other	2,715	2,556	Allowance for extraordinary compensation for directors	56	48
			Other	4,372	3,437
Non-current assets	**5,051**	**3,767**	**Non-current liabilities**	**21,334**	**3,423**
Property, plant and equipment	**419**	**229**	Long-term loans payable	-	115
Buildings	362	182	Convertible bonds with stock acquisition rights	15,000	-
Furniture and fixture	56	47	Net defined benefit liability	349	382
Intangible assets	**45**	**95**	Deferred tax liabilities	5,787	2,883
Software	45	95	Other	197	42
Investments and other assets	**4,586**	**3,442**			
Investment securities	3,581	2,497	**Total liabilities**	**27,900**	**29,101**
Long-term loans receivable	279	281	**Net assets**		
Deferred tax assets	349	284	**Shareholders' equity**	**116,611**	**117,090**
Other	376	377	**Capital stock**	**33,251**	**33,251**
			Capital surplus	**32,806**	**32,806**
			Retained earnings	**54,424**	**55,148**
			Treasury shares	**(3,871)**	**(4,115)**
			Accumulated other comprehensive income	**21,028**	**13,655**
			Valuation difference on available-for-sale securities	**18,150**	**11,513**
			Foreign currency translation adjustment	**2,878**	**2,141**
			Total net assets	**137,639**	**130,745**
Total assets	**165,540**	**159,847**	**Total liabilities and net assets**	**165,540**	**159,847**

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

Consolidated Statement of Income

(April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	For the year ended March 31, 2024	(Reference) For the year ended March 31, 2023
Net sales	**24,443**	**14,073**
Revenue from operational investment securities	19,013	9,665
Income from partnership management	5,425	4,402
Other sales	4	4
Cost of sales	**12,239**	**7,341**
Cost of operational investment securities	11,076	5,981
Other cost	1,163	1,360
Gross profit	**12,204**	**6,731**
(Reversal of) Additions to investment loss reserves	(775)	5,484
(Reversal of) Unrealized losses on operational investment securities	(13)	181
Gross profit - net	**12,993**	**1,066**
Selling, general and administrative expenses	**4,818**	**5,480**
Operating income	**8,175**	**(4,414)**
Non-operating income	**738**	**1,505**
Interest income	344	216
Dividend income	72	1,083
Foreign exchange gains	47	-
Gain on investment in other funds	178	148
Miscellaneous income	95	57
Non-operating expenses	**92**	**139**
Interest expenses	0	0
Foreign exchange losses	-	19
Contribution to an investee	-	10
Commission for purchase of treasury shares	-	108
Bond issuance costs	89	-
Miscellaneous loss	1	1
Ordinary income	**8,822**	**(3,048)**
Extraordinary income	**-**	**64,417**
Gain on sales of investment securities	-	63,528
Recoveries of written-off receivables	-	888
Extraordinary losses	**-**	**-**
Profit before income taxes	**8,822**	**61,368**
Income taxes - current	**1,287**	**20,825**
Income taxes - deferred	**40**	**(27)**
Profit	**7,494**	**40,571**
Profit attributable to non-controlling interests	**-**	**-**
Profit attributable to JAFCO Group Co., Ltd. shareholders	**7,494**	**40,571**

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

Consolidated Statement of Changes in Net Assets

(April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	33,251	32,806	55,148	(4,115)	117,090
Changes of items during period					
Dividends of surplus			(8,157)		(8,157)
Profit attributable to JAFCO Group Co., Ltd. stockholders			7,494		7,494
Purchase of treasury shares				(0)	(0)
Disposition of treasury shares			(61)	244	183
Cancellation of treasury shares			–	–	–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	(723)	244	(479)
Balance as of March 31, 2024	33,251	32,806	54,424	(3,871)	116,611

	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, 2023	11,513	2,141	13,655	130,745
Changes of items during period				
Dividends of surplus				(8,157)
Profit attributable to JAFCO Group Co., Ltd. stockholders				7,494
Purchase of treasury shares				(0)
Disposition of treasury shares				183
Cancellation of treasury shares				–
Net changes of items other than shareholders' equity	6,636	737	7,373	7,373
Total changes of items during period	6,636	737	7,373	6,894
Balance as of March 31, 2024	18,150	2,878	21,028	137,639

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

Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	As of Mar. 31, 2024	(Reference) As of Mar. 31, 2023	Item	As of Mar. 31, 2024	(Reference) As of Mar. 31, 2023
Assets			**Liabilities**		
Current assets	**151,557**	**147,480**	**Current liabilities**	**3,343**	**22,902**
Cash and deposits	60,948	62,893	Current portion of long-term loans payable	115	34
Operational investment securities	101,530	96,365	Accounts payable	594	488
Investment loss reserves	(13,399)	(14,186)	Income taxes payable	1,521	21,663
Accrued income	262	822	Deposits received	31	29
Accounts receivable	2,085	1,107	Provision for bonuses	232	251
Other	128	476	Allowance for extraordinary compensation for directors	56	48
			Other	792	387
Non-current assets	**6,653**	**5,724**	**Non-current liabilities**	**21,349**	**3,562**
Property, plant and equipment	**136**	**155**	Long-term loans payable	-	115
Buildings	104	118	Convertible bonds with stock acquisition rights	15,000	-
Furniture and fixture	32	37	Deferred tax liabilities	5,957	3,023
Intangible assets	**45**	**95**	Provision for retirement benefits	349	382
Software	45	95	Other	42	42
Investments and other assets	**6,471**	**5,473**	**Total liabilities**	**24,692**	**26,465**
Investment securities	3,096	2,097	**Net assets**		
Shares of subsidiaries and associates	2,731	2,731	**Shareholders' equity**	**115,919**	**115,622**
Other	643	644	**Capital stock**	**33,251**	**33,251**
			Capital surplus	**32,806**	**32,806**
			Legal capital surplus	32,806	32,806
			Retained earnings	**53,733**	**53,680**
			Legal retained earnings	1,435	1,435
			Other retained earnings	52,297	52,244
			Retained earnings brought forward	52,297	52,244
			Treasury shares	**(3,871)**	**(4,115)**
			Valuation and translation adjustments	**17,598**	**11,117**
			Valuation difference on available-for-sale securities	**17,598**	**11,117**
			Total net assets	**133,518**	**126,739**
Total assets	**158,210**	**153,205**	**Total liabilities and net assets**	**158,210**	**153,205**

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

Statement of Income

(April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	For the year ended March 31, 2024	(Reference) For the year ended March 31, 2023
Net sales	**23,144**	**13,156**
Revenue from operational investment securities	18,713	9,487
Income from partnership management	4,416	3,655
Other sales	14	14
Cost of sales	**12,585**	**7,323**
Cost of operational investment securities	10,955	5,451
Other cost	1,629	1,872
Gross profit	**10,559**	**5,832**
(Reversal of) Additions to investment loss reserves	(787)	5,614
(Reversal of) unrealized losses on operational investment securities	(19)	149
Gross profit - net	**11,366**	**69**
Selling, general and administrative expenses	**3,754**	**4,583**
Operating income	**7,612**	**(4,514)**
Non-operating income	**1,918**	**3,516**
Interest on deposits	55	45
Interest and dividends on securities	1,554	3,273
Foreign exchange gains	42	-
Gain on investment in other funds	178	148
Miscellaneous income	87	49
Non-operating expenses	**91**	**172**
Interest expenses	0	0
Foreign exchange losses	-	51
Contribution to an investee	-	10
Commission for purchase of treasury shares	-	108
Bond issuance costs	89	-
Miscellaneous loss	1	1
Ordinary income	**9,438**	**(1,169)**
Extraordinary income	**-**	**64,417**
Gain on sales of investment securities	-	63,528
Recoveries of written-off receivables	-	888
Extraordinary losses	**-**	**-**
Income before income taxes	**9,438**	**63,247**
Income taxes - current	**1,093**	**20,719**
Income taxes - deferred	**73**	**25**
Net income	**8,271**	**42,502**

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

Statement of Changes in Net Assets

(April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	33,251	32,806	32,806	1,435	52,244	53,680	(4,115)	115,622
Changes of items during the period								
Dividends of surplus					(8,157)	(8,157)		(8,157)
Net income					8,271	8,271		8,271
Purchase of treasury shares							(0)	(0)
Disposition of treasury shares					(61)	(61)	244	183
Cancellation of treasury shares					–	–	–	–
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	52	52	244	297
Balance as of March 31, 2024	33,251	32,806	32,806	1,435	52,297	53,733	(3,871)	115,919

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2023	11,117	11,117	126,739
Changes of items during the period			
Dividends of surplus			(8,157)
Net income			8,271
Purchase of treasury shares			(0)
Disposition of treasury shares			183
Cancellation of treasury shares			–
Net changes of items other than shareholders' equity	6,481	6,481	6,481
Total changes of items during the period	6,481	6,481	6,779
Balance as of March 31, 2024	17,598	17,598	133,518

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 10, 2024

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

Ernst & Young ShinNihon LLC
Tokyo office
Designated and Engagement Partner
Certified Public Accountant
Ryuji Takagi
Designated and Engagement Partner
Certified Public Accountant
Takashi Hasegawa

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, 2023 through March 31, 2024.

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, 2024 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 Consolidated 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.

Other information

The other information comprises the business report and its supplementary schedule. Management is responsible for preparing and disclosing the other information. The responsibility of the Board-Audit Committee is to supervise the execution of duties by directors to establish and operate the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit

or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in regard to the other information.

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 consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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, measures that have been taken to eliminate identified threats to our independence or safeguards that have been applied to reduce such threats to an acceptable level.

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 10, 2024

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

Ernst & Young ShinNihon LLC
Tokyo office
Designated and Engagement Partner
Certified Public Accountant
Ryuji Takagi
Designated and Engagement Partner
Certified Public Accountant
Takashi Hasegawa

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 52nd Fiscal Year from April 1, 2023 through March 31, 2024.

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.

Other information

The other information comprises the business report and its supplementary schedule. Management is responsible for preparing and disclosing the other information. The responsibility of the Board-Audit Committee is to supervise the execution of duties by directors to establish and operate the reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of

this other information, we are required to report that fact.

We have nothing to report in regard to the other information.

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 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 reasonably be thought to bear on our independence and, where applicable, measures that have been taken to eliminate identified threats to our independence or safeguards that have been applied to reduce such threats to an acceptable level.

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 52nd Fiscal Year (from April 1, 2023 to March 31, 2024), 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), 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 10, 2024

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 5–14).

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

1. 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 17, 2024 (Japan Time). Please refer to the following page for details.

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 17, 2024 (Japan Time) will be valid.

3. 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.

- 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.

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.
- 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.

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.