JAFCO Group Co., Ltd.

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

JAFCO

JAFCO Group Co., Ltd. (Ticker: 8595)
1-23-1 Toranomon, Minato-ku,
Tokyo 105-6324 Japan
http://www.jafco.co.jp/english/

Contact: Investor Relations
Tel: +81-50-3734-2025
ir@jafco.co.jp

July 24, 2024

Financial Results for the Three Months Ended June 30, 2024

[Japanese GAAP]

(Summary of Japanese Announcement)

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

1. Consolidated Performance for the Three Months Ended June 30, 2024 (April 1, 2024 – June 30, 2024)

(1) Consolidated Operating Results

(Figures with % indicate the rate of change from the same period of the previous fiscal year)

	Net sales [¥ million]	[%]	Operating income [¥ million]	[%]	Ordinary income [¥ million]	[%]	Profit attributable to JAFCO Group Co., Ltd. stockholders [¥ million]	[%]
For the three months ended June 30, 2024	5,080	7.3	1,633	171.7	1,735	104.1	1,136	32.7
For the three months ended June 30, 2023	4,735	72.6	601	75.0	850	(26.7)	857	(3.3)

Note: Comprehensive income Three months ended June 30, 2024: ¥3,480 million [(28.9%)]
Three months ended June 30, 2023: ¥4,891 million [-%]

	Profit per share [¥]	Fully diluted net income per share [¥]
For the three months ended June 30, 2024	20.87	-
For the three months ended June 30, 2023	15.76	-

(2) Consolidated Financial Position

	Total assets [¥ million]	Net assets [¥ million]	Equity ratio [%]	Net assets per share [¥]
As of June 30, 2024	165,086	137,360	83.2	2,521.14
As of March 31, 2024	165,540	137,639	83.1	2,526.26

(Reference) Shareholders' equity As of June 30, 2024: ¥137,360 million
As of March 31, 2024: ¥137,639 million

2. Dividends

	Dividend per share [¥]				
(Record date)	End of 1Q	End of 2Q	End of 3Q	End of the year	Total
For the year ended March 31, 2024	-	-	-	69.00	69.00
For the year ending March 31, 2025	-				
For the year ending March 31, 2025 (Forecast) *		-	-	-	-

Note: The forecast of dividends for the year ending March 31, 2025 is unfixed.

The Company has set a policy to pay dividends of either the greater of 3% of shareholders' equity (initial and term-end average value) or 50% of net income starting with the fiscal year ended March 31, 2024.

In the fiscal year ended March 31, 2024, 50% of net income (¥69 per share) was greater than 3% of shareholders' equity (initial and term-end average value) (¥64 per share). As such, the Company paid out dividends per share of ¥69.

3. Business Forecasts for the Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

Due to the nature of the Company's business, domestic and overseas stock markets as well as the IPO market may cause large fluctuations in its earnings level, as a result of which it is difficult to make meaningful performance forecasts. Therefore, instead of announcing financial forecasts, the Company makes timely disclosure of quarterly financial results.

*Other Information

(1) Significant changes in scope of consolidation during this period: None

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates and correction of prior period errors

① Changes in accounting principles due to revisions to accounting standards: None

② Changes in accounting principles other than ①: None

③ Changes in accounting estimates: None

④ Correction of prior period errors: None

(4) Number of issued shares (common stock)

① Number of issued shares (including treasury shares)

As of June 30, 2024: 56,060,000 As of March 31, 2024: 56,060,000

② Number of treasury shares

As of June 30, 2024: 1,576,394 As of March 31, 2024: 1,576,350

③ Average number of shares

Three months ended June 30, 2024: 54,483,638

Three months ended June 30, 2023: 54,384,021

***Review of the Japanese-language originals of the attached consolidated quarterly consolidated financial statements by certified public accountants or an audit firm: None**

***Cautionary statements with respect to forward-looking statements and other notes**

(Access to the financial supplement materials)

The presentation material for the three months ended June 30, 2024 will be released on the Company's website on July 24, 2024.

***Note to XBRL**

Please note that the names of the English accounts contained in XBRL data, which are available through EDINET and TDNet, may be different from those of the English accounts in our financial statements.

1. Outline of Operating Results

(1) Outline of Operating Results

In the consolidated fiscal three months ended June 30, 2024, the Company and its consolidated subsidiaries (hereinafter collectively referred to as the "Company Group") posted net sales of ¥5,080 million, (up 7.3% year-on-year from ¥4,735 million), operating income of ¥1,633 million (up 171.7% year-on-year from ¥601 million), ordinary income of ¥1,735 million (up 104.1% year-on-year from ¥850 million), and profit attributable to JAFCO Group Co., Ltd. stockholders of ¥1,136 million (up 32.7% year-on-year from ¥857 million).

During the period under review, there were two IPOs from the Company Group's portfolio (two in Japan and none overseas), resulting in a year-on-year increase in capital gains. Success fees also rose from the same period last year due progress made for the exits of SV4 Series and JAFCO Asia Technology Fund VI L.P.

Because the Company's earnings may fluctuate widely for each three-month period due to the nature of its business, we also provide comparison of annualized first-quarter results and the previous full-year results.

(Outline of Capital Gains)

There were two IPO from the Company Group's portfolio (two in Japan and none overseas) in the consolidated fiscal three months ended June 30, 2024. Capital gains increased as a result of the sale of listed and unlisted shares.

(Millions of yen)

	For the year ended March 31, 2024 (A)	For the three months ended June 30, 2023	For the three months ended June 30, 2024 (B)	Annualized comparison [(B)x4]/(A) (%)
Revenues from operational investment securities (1)	19,013	3,572	3,407	71.7
Proceeds from sale of securities	18,890	3,523	3,160	66.9
Dividend and interest income	123	48	247	803.0
Cost of operational investment securities (2)	11,076	1,727	949	34.3
Cost of securities sold	10,041	1,727	949	37.8
Impairment	1,034	-	-	-
Capital gains (1) – (2)	7,937	1,844	2,457	123.8
Multiple (1) / (2)	1.72	2.07	3.59	-
Capital gains on listed shares	6,010	728	570	38.0
Capital gains on unlisted shares	1,927	1,116	1,887	391.6
Gains on sale	5,063	1,525	1,890	149.4
Losses on sale	3,136	408	3	0.4

(Outline of Investment Loss Reserves)

In the consolidated fiscal three months ended June 30, 2024, the additions of investment loss reserves exceeded the reversal and the balance of investment loss reserves increased year on year. The ratio of reserves to the balance of unlisted operational investment securities also rose.

(Millions of yen)

	For the year ended March 31, 2024 (A)	For the three months ended June 30, 2023	For the three months ended June 30, 2024 (B)	Annualized comparison [(B)x4]/(A) (%)
Additions to investment loss reserves (1)	2,784	1,635	962	138.2
Reversal of investment loss reserves (2)	3,560	580	6	0.7
Net additions = (1)-(2) (minus figures are reversals)	(775)	1,055	955	-

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Balance of investment loss reserves	13,754	14,734
Ratio to all unlisted operational investment securities	16.0%	16.5%

(Outline of Balance of Operational Investment Securities)

In the consolidated fiscal three months ended June 30, 2024, the balance of operational investment securities rose due to the impact of new portfolio company IPOs and market value fluctuations of listed operational investment securities and foreign exchange rates.

(Millions of yen)

		As of March 31, 2024	As of June 30, 2024
Difference between acquisition cost and market value of listed operational investment securities		15,698	17,622
	Securities whose market value exceeds acquisition cost	15,871	17,795
	Securities whose market value falls below acquisition cost	(172)	(173)

(Millions of yen)

	For the year ended March 31, 2024	For the three months ended June 30, 2023	For the three months ended June 30, 2024
(Reversal of) Unrealized losses on operational investment securities	(13)	(8)	(1)

Balance of Operational Investment Securities

(Millions of yen)

	As of March 31, 2024		As of June 30, 2024	
	Acquisition cost	Figures on the consolidated B/S	Acquisition cost	Figures on the quarterly consolidated B/S
Listed	2,473	18,172	3,111	20,733
Unlisted	77,445	85,748	79,745	89,189
Total	79,919	103,921	82,857	109,923

(Outline of Fund Operations)

In the consolidated fiscal three months ended June 30, 2024, success fees rose from the same period last year due progress made for the exits of SV4 Series and JAFCO Asia Technology Fund VI L.P.

(Millions of yen)

	For the year ended March 31, 2024 (A)	For the three months ended June 30, 2023	For the three months ended June 30, 2024 (B)	Annualized comparison [(B)x4]/(A) (%)
Income from partnership management	5,425	1,162	1,668	123.0
Management fees	4,837	1,032	1,063	87.9
Success fees	587	130	604	411.9

Note: Management fees and success fees are based on the commitment amount excluding the Company Group's interests.

(2) Outline of the Quarter's Financial Condition

(Outline of Assets, Liabilities, and Net Assets)

In the consolidated fiscal three months ended June 30, 2024, total assets, total liabilities, and net assets decreased mainly due to the payments of income taxes payable and dividends from retained earnings.

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Total assets	165,540	165,086
Current assets	160,489	160,116
Non-current assets	5,051	4,969
Total liabilities	27,900	27,725
Current liabilities	6,566	5,490
Non-current liabilities	21,334	22,235
Net assets	137,639	137,360

(3) Consolidated Financial Forecasts and Other Forward-Looking Statements

Due to the nature of the Company's business, domestic and overseas stock markets as well as the IPO market may cause large fluctuations in its earnings level, as a result of which it is difficult to make meaningful performance forecasts. Therefore, instead of announcing financial forecasts, the Company makes timely disclosure of quarterly financial results.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	*(i) 67,606	*(i) 62,849
Operational investment securities	103,921	109,923
Investment loss reserves	(13,754)	(14,734)
Other	2,715	2,078
Total current assets	160,489	160,116
Non-current assets		
Property, plant and equipment		
Buildings, net	362	353
Furniture and fixture	56	62
Total property, plant and equipment	419	416
Intangible assets		
Software	45	36
Total intangible assets	45	36
Investments and other assets		
Investment securities	3,581	3,477
Long-term loans receivable	279	251
Deferred tax assets	349	410
Other	376	375
Total investments and other assets	4,586	4,516
Total non-current assets	5,051	4,969
Total assets	165,540	165,086

*see note (i) on P.11

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Current portion of long-term borrowings	115	115
Income taxes payable	1,709	1,023
Provision for bonuses	312	275
Allowance for extraordinary compensation for directors	56	—
Other	4,372	4,076
Total current liabilities	6,566	5,490
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	15,000	15,000
Retirement benefit liability	349	351
Deferred tax liabilities	5,787	6,697
Other	197	186
Total non-current liabilities	21,334	22,235
Total liabilities	27,900	27,725
Net assets		
Shareholders' equity		
Share capital	33,251	33,251
Capital surplus	32,806	32,806
Retained earnings	54,424	51,802
Treasury shares	(3,871)	(3,871)
Total shareholders' equity	116,611	113,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,150	20,127
Foreign currency translation adjustment	2,878	3,244
Total accumulated other comprehensive income	21,028	23,372
Total net assets	137,639	137,360
Total liabilities and net assets	165,540	165,086

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

(Consolidated Statements of Income)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales		
Revenue from operational investment securities	3,572	3,407
Income from investment partnership management	1,162	1,668
Other sales	0	4
Total net sales	4,735	5,080
Cost of sales		
Cost of operational investment securities	1,727	949
Other costs	254	406
Total cost of sales	1,981	1,356
Gross profit	2,753	3,724
(Reversal of) Additions to investment loss reserves	1,055	955
(Reversal of) unrealized losses on operational investment securities	(8)	(1)
Gross profit - net	1,707	2,770
Selling, general and administrative expenses	1,106	1,137
Operating profit	601	1,633
Non-operating income		
Interest income	81	80
Dividend income	47	52
Foreign exchange gains	86	—
Miscellaneous income	34	3
Total non-operating income	249	135
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	—	29
Miscellaneous losses	—	3
Total non-operating expenses	0	33
Ordinary profit	850	1,735
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	850	1,735
Income taxes - current	30	718
Income taxes - deferred	(36)	(119)
Total income taxes	(6)	598
Profit	857	1,136
Profit attributable to non-controlling interests	—	—
Profit attributable to JAFCO Group Co., Ltd. stockholders	857	1,136

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	857	1,136
Other comprehensive income		
Valuation difference on available-for-sale securities	3,556	1,977
Foreign currency translation adjustment	478	365
Total other comprehensive income	4,034	2,343
Comprehensive income	4,891	3,480
Comprehensive income attributable to		
Comprehensive income attributable to JAFCO Group Co., Ltd. stockholders	4,891	3,480
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes for Consolidated Financial Statements

(Notes on premise of going concern)

None

(Notes on significant changes in shareholders' equity)

None

(Notes on the consolidated balance sheet)
(i) Breakdown of the Company's interests in funds out of cash and deposits
(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Cash and deposits	8,241	5,784

(ii) The Company Group's uncalled commitments to JAFCO-managed funds as of June 30, 2024 were ¥31,252 million (compared with ¥34,298 million as of the end of previous full year and ¥40,852 million as of June 30, 2023).

(Notes on the consolidated statements of cash flow)
A consolidated statements of cash flow has not been created for the consolidated fiscal three months ended June 30, 2024. The depreciation for the consolidated fiscal three months ended June 30, 2024 (including amortization expense related to intangible assets excluding goodwill) is as follows.
(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	54	37

(Notes on segment information)
Consolidated fiscal three months ended June 30, 2023 and consolidated fiscal three months ended June 30, 2024
Segment information is omitted as the Company Group operates in a single segment of the fund management business.

(Note on marketable securities)

(i) Held-to-maturity bonds

None

(ii) Available-for-sale securities

(Millions of yen)

	Type	As of March 31, 2024			As of June 30, 2024		
		Figures on the consolidated B/S	Acquisition cost	Difference	Figures on the quarterly consolidated B/S	Acquisition cost	Difference
Securities whose B/S amount exceeds acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	18,097	2,226	15,871	20,645	2,850	17,795
	Other listed securities	264	83	181	172	50	122
	(2) Bond	861	433	427	967	462	505
	(3) Others	343	296	46	311	264	46
	Subtotal	19,566	3,039	16,526	22,097	3,627	18,469
	Investment securities						
	(1) Stock	2,318	575	1,742	2,227	575	1,651
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	2,318	575	1,742	2,227	575	1,651
	Total	21,885	3,615	18,269	24,325	4,203	20,121
Securities whose B/S amount falls below acquisition cost	Operational investment securities						
	(1) Stock						
	Listed securities	75	247	(172)	88	261	(173)
	Other listed securities	643	643	-	643	643	-
	(2) Bond	54	54	-	56	56	-
	(3) Others	744	744	-	745	745	-
	Subtotal	1,517	1,689	(172)	1,533	1,706	(173)
	Investment securities						
	(1) Stock	-	-	-	-	-	-
	(2) Bond	-	-	-	-	-	-
	(3) Others	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-
	Total	1,517	1,689	(172)	1,533	1,706	(173)
Grand total		23,402	5,304	18,097	25,858	5,910	19,948

Note: 1. Securities listed on the TOKYO PRO Market and on Emerging Stock Board of the Taipei Exchange (TPEx) have been classified as “Other listed securities.” Please note that, taking into account the liquidity of these markets, these securities are classified under “unlisted shares” in disclosure information other than the information related to this note.

2. The following items are not included in the above table because they are unlisted shares, etc.

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
	Figures on consolidated B/S	Figures on quarterly consolidated B/S
Available-for-sale securities		
Operational investment securities		
Unlisted stock	82,837	86,292
Investment securities		
Unlisted stock	623	629
Other	446	428

3. There were no impairment losses (write-down of acquisition costs) recorded on available-for-sale securities in the consolidated fiscal three months ended June 30, 2024. (In the previous consolidated fiscal year, impairment losses of ¥1,034 million (all on operational investment securities) were recorded on available-for-sale securities.)

(Revenue recognition related)

Breakdown of revenue from contracts with customers

The Company Group operates in a single segment of the fund management business. Of net sales, income from partnership management consisting of management fees and success fees is derived from contracts with customers. The breakdown of the said income by the fund series is given below.

(Millions of yen)

	Three months ended June 30, 2023 (from April 1 to June 30, 2023)			Three months ended June 30, 2024 (from April 1 to June 30, 2024)		
	Income from partnership management			Income from partnership management		
Fund name	Management fees	Success fees	Total	Management fees	Success fees	Total
JAFCO SV4 Series	7	76	84	6	436	443
JAFCO SV5 Series	146	-	146	110	-	110
JAFCO SV6 Series	310	-	310	309	-	309
JAFCO SV7 Series	382	-	382	404	-	404
JAFCO Asia Technology Fund VI L.P.	2	53	55	1	168	170
JAFCO Asia Technology Fund VII L.P.	55	-	55	55	-	55
JAFCO Taiwan I Venture Capital Limited Partnership	35	-	35	34	-	34
JAFCO Asia S-8 Fund Limited Partnership JAFCO Asia S-8(A) Fund Limited Partnership	44	-	44	48	-	48
JAFCO Taiwan II Venture Capital Limited Partnership	5	-	5	55	-	55
Others	40	-	40	36	-	36
Total	1,032	130	1,162	1,063	604	1,668

3. Status of Funds Managed by the Company

The status of investment activities of all funds managed by the Company is as follows. For details, please see the earnings presentation that will be posted on the Company's website (https://www.jafco.co.jp/english/ir) on July 24, 2024.

(1) Investments, Balance of Investments, and IPOs

(i) Investments

(Millions of yen)

	For the year ended March 31, 2024		For the three months ended June 30, 2023		For the three months ended June 30, 2024		Annualized comparison [(B)x4]/(A) (%)
	Amount (A)	No. of Cos.	Amount	No. of Cos.	Amount (B)	No. of Cos.	
Equity							
Japan							
Venture investments	16,805	42	2,509	9	2,466	10	58.7
Buyout investments	5,767	3	3,550	2	3,186	2	220.9
USA	4,046	14	779	5	4,207	5	415.8
Asia	4,070	10	745	2	-	-	-
Total	30,690	69	7,584	18	9,859	17	128.5

Notes: 1. "Investments" are for the total of funds managed by the Company.
2. Investments denominated in foreign currencies are translated into yen on a quarterly basis using the exchange rate at the end of each quarter.
3. Overseas investments made by the Investment Division in Japan are included in "Japan."

(ii) Balance of investments

(ii) – 1 Balance of investments

(Millions of yen)

	For the year ended March 31, 2024		For the three months ended June 30, 2023		For the three months ended June 30, 2024	
	Amount	No. of Cos.	Amount	No. of Cos.	Amount	No. of Cos.
Listed	7,577	33	7,175	31	9,034	35
Unlisted	234,290	274	228,461	265	245,714	280
Total	241,867	307	235,637	296	254,748	315

(ii) – 2 Balance of investments in unlisted securities

(Millions of yen)

	For the year ended March 31, 2024	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Japan			
Venture investments	101,801	96,791	102,348
Buyout investments	31,998	35,420	35,068
USA	68,793	67,772	74,892
Asia	31,696	28,477	33,404
Total	234,290	228,461	245,714

Notes: 1. "Balance of investments" are for the total of funds managed by the Company.
2. "Balance of investments" are based on acquisition costs.
3. Investments denominated in foreign currencies are translated into yen using the exchange rate at the end of the fiscal year.
4. Overseas investments made by the Investment Division in Japan are included in "Japan."

(iii) IPOs

(Japan)

(Millions of yen)

	For the year ended March 31, 2024	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Number of IPOs	6	1	2
Investment cost (1)	4,328	500	1,824
Market value at IPO (2)	19,519	840	7,140
Multiple (2)/(1)	4.5	1.7	3.9

Notes: 1. “Investment cost” and “Market value at IPO” are for the total of funds managed by the Company.
2. “Market value at IPO” is calculated by multiplying the number of shares held prior to the IPO by the first price.

(Overseas)

(Millions of yen)

	For the year ended March 31, 2024	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Number of IPOs	1	-	-
Investment cost (1)	552	-	-
Market value at IPO (2)	5,318	-	-
Multiple (2)/(1)	9.6	-	-

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

(2) Establishment of Funds

Three Months Ended June 30, 2024 (April 1, 2024 – June 30, 2024)

(i) Newly established funds

None.

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

None.

Previous full year (April 1, 2023 - March 31, 2024)

(i) Newly established funds that started fundraising

None.

(ii) Funds established in previous periods that have concluded fundraising activities during the full year

(Millions of yen)

Fund name	Total commitments as of March 31, 2024	Total commitments as of March 31, 2023	Increase
JAFCO SV7 Series (including a VC investment fund, a buyout investment fund, and a parallel investment fund)	97,800	74,400	23,400

Note: The final closing took place in September 2023.

(Millions of NTD)

Fund name	Total commitments as of March 31, 2024	Total commitments as of March 31, 2023	Increase
JAFCO Taiwan II Venture Capital Limited Partnership	3,000	501	2,499

Note: The final closing took place in August 2023.

*Yen equivalent based on the exchange rate as of March 31, 2024: ¥14,220 million

(Millions of USD)

Fund name	Total commitments as of March 31, 2024	Total commitments as of March 31, 2023	Increase
Icon Ventures VII, L.P.	235	229	5

Note: The final closing took place in June 2023.