

(Securities Code: 8595)

**NOTICE OF CONVOCATION OF  
THE 53RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**JAFCO**

Your closest partner

## ■ To our shareholders:

During the current fiscal year, dynamic shifts in domestic politics across various countries have significantly affected international politics, the economy, and financial markets. Economic uncertainty is growing, particularly in light of US tariff policies. While the Japanese stock market has remained relatively strong in recent years, the TSE Growth Market continues to face challenges due to lingering uncertainties. Overall, the environment for IPOs remains difficult.

Even in such conditions, during the fiscal year ended March 2025, several large-scale IPOs of domestic portfolio companies which were of a size appealing to overseas institutional investors were successfully executed.

The key to improving our ROE lies in three areas: increasing capital gains and success fees through higher fund ROI, boosting management fees by increasing external capital contribution in our funds, and improving capital efficiency by reducing cash and deposits in excess of necessary funds. Given the illiquid and highly volatile nature of private equity investment as a long-term business, we are advancing these initiatives in phases in line with our fund formation cycle, which occurs approximately every three and a half years.

Domestically, we have focused on our core business of venture investment and our second main pillar, buyout investment. The Japanese venture capital market remains promising, with various government initiatives in place to support startups and drive future growth. In addition, the growing need for business succession and M&A points to further expansion of the buyout investment market.

Overseas, we have been involved in venture investment in the US and in Asia. However, amid increasing geopolitical risks and instability stemming from regulatory issues, the highly localized nature of venture investment businesses has made it increasingly difficult to replicate successful models across borders.

Given this business environment and the Company's current position, we have decided to take two major steps in April 2025 to enhance corporate value. First, we will review our business portfolio. Second, we will further strengthen shareholder returns.

We will be shifting our focus to domestic investment, where we have an advantage in investment performance and market expansion is expected. Accordingly, we will cease making new investments in funds operated by the Company Group in the US and Asia and plan to transfer our overseas subsidiaries. However, we will continue to hold our investments in existing overseas funds and remain involved as a major investor. Also, to further enhance shareholder returns, we will revise our dividend policy and implement share buybacks of up to five billion yen.

Under our Basic Policy for Enhancing Corporate Value, we will promote the growth strategy by continuing to strengthen our investment management and fundraising capabilities, as well as further improve capital efficiency, thereby promoting the enhancement of corporate value in the medium to long term.



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 26, 2025

(Electronic Provision Measures Commencement Date: May 13, 2025)

To Shareholders:

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

## **NOTICE OF CONVOCAION OF THE 53RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are hereby informed that the 53rd 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 53rd 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 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 16, 2025 (Japan Time).

### **[Voting via Internet, etc.]**

Please review "How to exercise your voting rights via Internet, etc." on page 70, 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 17, 2025, 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 53rd Fiscal Year (from April 1, 2024 to March 31, 2025)
- Matters to be resolved:**
- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Two (2) Directors (Excluding Directors Serving as Board-Audit Committee Members)
- Proposal 3:** Election of Four (4) 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.

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- For the General Meeting, 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 53rd 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: Partial Amendment to the Articles of Incorporation

The Company proposes to amend the Articles of Incorporation of the Company as follows:

#### 1. Reason for the amendments

In order to enhance opportunities for shareholder returns, the Company is establishing a new provision which allows for the distribution of surplus in cash (interim dividends) by resolution of the Board of Directors.

#### 2. Details of Amendments

The details of the amendments are shown below.

(Underlined parts will be amended.)	
Current Articles of Incorporation	Proposed Amendments
<b>CHAPTER VI</b> <b>ACCOUNTS</b>	<b>CHAPTER VI</b> <b>ACCOUNTS</b>
<b>Article 34. (Record Date for Distribution of Surplus)</b>  1. The Company may make distribution of surplus in cash to shareholders or registered share pledgees recorded in the latest register of shareholders as of March 31 of each year.  <div style="text-align: center;">(Newly established)</div>  <u>2.</u> The Company may distribute surplus by setting a record date in addition to the one indicated in the preceding <u>paragraph</u> .	<b>Article 34. (Record Date for Distribution of Surplus)</b>  1. The Company may make distribution of surplus in cash to shareholders or registered share pledgees recorded in the latest register of shareholders as of March 31 of each year.  <u>2. The Company may make distribution of surplus in cash as interim dividends to shareholders or registered share pledgees recorded in the latest register of shareholders as of September 30 of each year.</u>  <u>3.</u> The Company may distribute surplus by setting a record date in addition to the one indicated in the preceding <u>two paragraphs</u> .

**Proposal 2: 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 2) 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	13 out of 13 (100%)
2	Keisuke Miyoshi	President & CEO [Representative Director] In charge of Investment, Partner	Re-election	13 out of 13 (100%)

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	 <p><b>Shinichi Fuki</b> (November 1, 1961)</p> <p>&lt;Re-election&gt;</p>	<p>April 1985      Joined JAFCO</p> <p>June 2003      Director in charge of Investment Group II, Kansai Branch and Planning &amp; Administration, JAFCO</p> <p>February 2005      Managing Director in charge of Finance, Investment Group II, Kansai Branch and VA Department III, JAFCO</p> <p>March 2007      Executive Managing Director in charge of Finance, Structured Investment, Kansai Branch and VA Department III, JAFCO</p> <p>January 2010      President &amp; CEO, JAFCO (Representative Director)</p> <p>April 2022      Chairman, JAFCO (Present)</p>	111,346 shares
<p><i>Number of attendances at the Board of Directors meetings:</i> 13 out of 13 meetings (100%)</p> <p><i>Reason for nomination as candidate for director</i></p> <p>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.</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	 <p><b>Keisuke Miyoshi</b> (September 18, 1969)  &lt;Re-election&gt;</p>	<p>April 1993      Joined JAFECO</p> <p>August 2011    Group Officer of Investment Group II, JAFECO</p> <p>April 2013      Corporate Officer in charge of Investment, JAFECO</p> <p>June 2015      Director in charge of Investment, JAFECO</p> <p>March 2018     Director in charge of Investment, Partner, JAFECO</p> <p>April 2022      President &amp; CEO (Representative Director), in charge of Investment, Partner, JAFECO (Present)</p>	74,860 shares
<p><i>Number of attendances at the Board of Directors meetings:</i> 13 out of 13 meetings (100%)</p> <p><i>Reason for nomination as candidate for director</i></p> <p>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.</p>			

- 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 JAFECO 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 JAFECO 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 53rd 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 agreement 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 3: Election of Four (4) Director Serving as Board-Audit Committee Member

The terms of office of all four (4) directors serving as Board-Audit Committee members will expire at the conclusion of the Meeting. Accordingly, the Company proposes to elect four (4) directors serving as Board-Audit Committee members. Prior consent to this Proposal has been obtained from the Board-Audit Committee after the deliberations by the Nomination and Remuneration Committee.


The candidates for director are as follows. There is no special interest between any of the candidates and the Company.

No.	Name	Current position and responsibilities at the Company, and significant concurrent positions outside the Company	Attribute	Number of attendances at the Board of Directors meetings	Number of attendances at the Board-Audit Committee meetings
1	Shigeru Tamura	Director (Board-Audit Committee member, full-time)	Re-election Independent	13 out of 13 (100%)	13 out of 13 (100%)
2	Yoshie Kajihara	Director (Board-Audit Committee member)	Re-election Independent	13 out of 13 (100%)	13 out of 13 (100%)
3	Kanako Muraoka	Director (Board-Audit Committee member) Attorney-at-Law, Gofukubashi Law Office Outside Director, Fujiya Co., Ltd.	Re-election Independent	10 out of 10 (100%)	10 out of 10 (100%)
4	Toshinori Doi	-	New election Independent	-	-


Note: The number of attendances at the Board of Directors meetings and the Board-Audit Committee meetings of Ms. Kanako Muraoka is for the period following her election/appointment at the 52nd Annual General Meeting of Shareholders held on June 18, 2024.

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	 <p><b>Shigeru Tamura</b> (October 8, 1961)</p> <p>&lt;Re-election&gt; &lt;Independent&gt;</p>	<p>April 1985      Joined the Bank of Yokohama, Ltd.</p> <p>June 2000      General Manager of Business Administration and Head of Office of IPO, Members Co., Ltd.</p> <p>August 2000    Director &amp; CFO, Members Co., Ltd.</p> <p>September 2002   Officer of Business Administration, Aplix Corporation</p> <p>June 2003      Vice President of Principal Investments, Investment Banking Headquarters, ORIX Corporation</p> <p>August 2005    Senior Corporate Officer, Medical Industries Corp. (currently Mediscience Planning Inc.)</p> <p>August 2006    Executive Vice President, MIC Medical Corporation</p> <p>June 2010      President &amp; CEO, MIC Medical Corporation</p> <p>October 2014   Chairman, MIC Medical Corporation (until May 2015)</p> <p>June 2017      Director (Board-Audit Committee member), JAFCO</p> <p>June 2019      Director (Board-Audit Committee member, full-time), JAFCO (Present)</p>	24,465 shares
<p><i>Significant concurrent positions outside the Company</i></p> <p>None</p> <p><i>Number of attendances at the Board of Directors meetings:</i> 13 out of 13 meetings (100%)</p> <p><i>Number of attendances at the Board-Audit Committee meetings:</i> 13 out of 13 meetings (100%)</p> <p><i>Years as Director serving as Board-Audit Committee member:</i> Eight (8) years</p> <p><i>Reason for nomination as candidate for director</i></p> <p>Mr. Shigeru Tamura is a candidate for independent director. He has been involved in the management of listed and unlisted companies as CEO, CFO, etc., and has abundant experience and deep insight. He also has experience in financial and investment businesses as well as international operations. He has leveraged his achievements, insight and knowledge to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective as a full-time Board-Audit Committee member. Also, he attends meetings with shareholders and investors as needed to provide explanations as an independent director regarding the Company's initiatives and views, basing these discussions to share his viewpoints and make proposals at Board meetings and such. In addition, he chairs the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings.</p> <p>Based on the above, the Company believes that he will appropriately perform his duties</p>			

	<p>as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects him to continue to perform the above role.</p> <p><i>Matters regarding independence</i></p> <p>MIC Medical Corporation ("MIC", currently Mediscience Planning Inc.), at which Mr. Tamura had been President and Chairman until May 2015, is one of the Company's former portfolio companies that have made IPO. The Company invested in MIC in September 2006 through a JAFCO-operated fund, which had a mere 1.2% stake at the time of MIC's IPO in November 2007. All the shares were sold by July 2012. As there has been no business relationship between him and the Company, the Company has deemed that he maintains sufficient independence.</p>
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No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	 <p><b>Yoshie Kajihara</b> (June 16, 1961)</p> <p>&lt;Re-election&gt; &lt;Independent&gt;</p>	<p>October 2001 General Manager of Accounting, Aplix Corporation</p> <p>March 2005 Corporate Officer and Head of Corporate Planning Office, Aplix Corporation (until March 2007)</p> <p>May 2007 Corporate Auditor (full-time), MIC Medical Corporation (currently Mediscience Planning Inc.)</p> <p>February 2008 Resigned from Corporate Auditor (full-time) of MIC Medical Corporation</p> <p>October 2009 Joined CCS Inc.</p> <p>November 2013 Executive Officer in charge of Corporate Planning, CCS Inc.</p> <p>October 2016 Resigned from Executive Officer of CCS Inc.</p> <p>January 2017 Joined Interactive Solutions Corporation</p> <p>August 2017 Director and General Manager of Human Resources &amp; Administrations, Interactive Solutions Corporation</p> <p>July 2018 Resigned from Director of Interactive Solutions Corporation</p> <p>June 2019 Director (Board-Audit Committee member), JAFCO (Present)</p>	15,204 shares
<p><i>Significant concurrent positions outside the Company</i></p> <p>None</p> <p><i>Number of attendances at the Board of Directors meetings:</i> 13 out of 13 meetings (100%)</p> <p><i>Number of attendances at the Board-Audit Committee meetings:</i> 13 out of 13 meetings (100%)</p> <p><i>Years as Director serving as Board-Audit Committee member:</i> Six (6) years</p> <p><i>Reason for nomination as candidate for director</i></p> <p>Ms. Yoshie Kajihara is a candidate for independent director. She has served as an executive, mainly in charge of accounting and management planning, at listed and unlisted companies and has abundant experience and deep insight in these fields. She has leveraged her achievements, insight, and knowledge to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. She also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that she will appropriately perform her duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects her to continue to</p>			

	<p>perform the above role.</p> <p><i>Matters regarding independence</i></p> <p>CCS Inc. ("CCS"), at which Ms. Kajihara had been an Executive Officer until October 2016, is one of the Company's former portfolio companies that have made IPO (initial investment in September 1998; IPO in June 2004). The Company and its funds invested in CCS; all shares had been sold by November 2013 when Ms. Kajihara became an Executive Officer.</p> <p>The Company invested in Interactive Solutions Corporation ("Interactive Solutions"), at which Ms. Kajihara had been a director until July 2018, through a JAFCO-operated fund in October 2014 and May 2016, and one of the Company's employees had been appointed as an independent director of Interactive Solutions for business development support purposes. In March 2024, the Company sold all of its shares in Interactive Solutions, and the employee resigned from his position as outside director. As there has been no business relationship between her and the Company, the Company has deemed that she maintains sufficient independence to serve as an independent director of the Company.</p>
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No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
3	 <p><b>Kanako Muraoka</b> (April 26, 1965)</p> <p>&lt;Re-election&gt; &lt;Independent&gt;</p>	<p>April 1988      Joined Mitsubishi Corporation</p> <p>April 1993      Registered as Attorney-at-Law (Daini Tokyo Bar Association)</p> <p>                    Joined Anderson Mori (currently                     Anderson Mori &amp; Tomotsune)</p> <p>September      Admitted to practice at Simmons &amp; 1998               Simmons, London</p> <p>October 1999      Joined Mori Sogo (currently Mori                     Hamada &amp; Matsumoto)</p> <p>January 2001      Partner, Mori Sogo</p> <p>January 2010      Professional Support Lawyer, Mori                     Hamada &amp; Matsumoto (resigned in                     June 2019)</p> <p>April 2020      Kowa Law Office</p> <p>June 2020      Outside Director, NIHON KOHDEN                     CORPORATION (resigned in June                     2024)</p> <p>March 2021      Outside Director, Fujiya Co., Ltd.                     (present)</p> <p>June 2024      Director (Board-Audit Committee                     member), JAFCO (Present)</p> <p>April 2025      Gofukubashi Law Office (present)</p>		377 shares
	<p><i>Significant concurrent positions outside the Company</i></p> <p>Attorney-at-Law, Gofukubashi Law Office Outside Director, Fujiya Co., Ltd.</p> <p><i>Number of attendances at the Board of Directors meetings:</i> 10 out of 10 meetings (100%)</p> <p><i>Number of attendances at the Board-Audit Committee meetings:</i> 10 out of 10 meetings (100%)</p> <p><i>Years as Director serving as Board-Audit Committee member:</i> One (1) year</p> <p><i>Reason for nomination as candidate for director</i></p> <p>Ms. Kanako Muraoka is a candidate for independent director. As a lawyer, she possesses specialized knowledge and experience in the fields of M&amp;A, acquisition finance, and corporate legal affairs. She has leveraged 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. She also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. As such, the Company believes that she will appropriately perform her duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects her to continue to perform the above role.</p>			




	<p><i>Matters regarding independence</i></p> <p>There has been no transaction between Ms. Muraoka, Kowa Law Office to which she used to belong, or Gofukubashi Law Office to which she currently belongs and the Company.</p> <p>While the Company had a consultancy agreement until March 2023 with Mori Hamada &amp; 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 &amp; Matsumoto averaged approx. ¥3.3 million annually over the past three fiscal years, starting with the fiscal year ended March 2023, indicating a minimal financial engagement.</p> <p>In light of the above, the Company has deemed that she maintains sufficient independence to serve as an independent director of the Company.</p>
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◎ The number of attendances at the Board of Directors meetings and the Board-Audit Committee meetings of Ms. Kanako Muraoka is for the period following her election/appointment at the 52nd Annual General Meeting of Shareholders held on June 18, 2024.

◎ In the case of the candidate for independent director serving as a director or statutory auditor of another company during the past five years, the following are the facts regarding violation of laws, regulations, or articles of incorporation, or improper conduct of business that occurred during the candidate's tenure at the company.

During Ms. Kanako Muraoka's tenure as an outside director of NIHON KOHDEN CORPORATION from June 2020 through June 2024, 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.

No.	Name (Date of birth)	Career summary, position and responsibilities at the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
4	 <p><b>Toshinori Doi</b> (May 8, 1961)</p> <p>&lt;New election&gt; &lt;Independent&gt;</p>	<p>April 1984      Joined Ministry of Finance</p> <p>July 2012      Minister of Finance, Embassy of Japan in the United States of America</p> <p>July 2015      Deputy Director-General of the International Bureau, Ministry of Finance</p> <p>June 2016      Senior Deputy Director-General of the International Bureau, Ministry of Finance</p> <p>July 2017      President, Policy Research Institute, Ministry of Finance</p> <p>May 2019      Director, ASEAN+3 Macroeconomic Research Office (AMRO) (until May 2022)</p> <p>October 2022      Special Advisor, Sumitomo Life Insurance Company (present)</p>	0 share
	<p><i>Significant concurrent positions outside the Company</i></p> <p>None</p> <p><i>Reason for nomination as candidate for director</i></p> <p>Mr. Toshinori Doi is a candidate for independent director. Mr. Doi has held important positions in government agencies and international organizations, and possesses extensive experience and insight in areas of finance and monetary affairs, as well as deep knowledge of macroeconomics and market trends. We expect that he will be able to leverage his extensive experience in managing organizations composed of diverse talent, as well as his global perspective and high level of expertise, 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 he 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. Based on the above, the Company believes that he will appropriately perform his duties as an independent director serving as Board-Audit Committee member.</p> <p><i>Matters regarding independence</i></p> <p>As there has been no transaction between Mr. Doi and the Company, the Company has deemed that he maintains sufficient independence to serve as an independent director of the Company.</p>		

- Notes: 1. Mr. Shigeru Tamura, Ms. Yoshie Kajihara, Ms. Kanako Muraoka and Mr. Toshinori Doi meet the "Standards for Independence of Independent Directors" established by the Company, shown on page 19.
2. The Company has designated Mr. Shigeru Tamura, Ms. Yoshie Kajihara and Ms. Kanako Muraoka as independent officers as provided for in the regulations of the Tokyo Stock

Exchange. Mr. Toshinori Doi also meets the requirements for independent officer as stipulated by the Tokyo Stock Exchange, and if he is elected and assumes office as director serving as Board-Audit Committee member, the Company plans to designate him as an independent officer.

3. The Company has entered into agreements with Mr. Shigeru Tamura, Ms. Yoshie Kajihara and Ms. Kanako Muraoka to limit the liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of liability under these agreements shall be the amount prescribed by laws and regulations. If they are re-elected at this General Meeting of Shareholders, the Company plans to continue such agreements. Also, if Mr. Toshinori Doi is elected and assumes office as director serving as Board-Audit Committee member, the Company plans to enter into such agreement with him.
4. The Company has entered into indemnification agreements with Mr. Shigeru Tamura, Ms. Yoshie Kajihara and Ms. Kanako Muraoka 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. If they are re-elected at this General Meeting of Shareholders, the Company plans to continue such agreements. Also, if Mr. Toshinori Doi is elected and assumes office as director serving as Board-Audit Committee member, the Company plans to enter into such agreement with him. 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 Mr. Shigeru Tamura, Ms. Yoshie Kajihara and Ms. Kanako Muraoka are re-elected, they will remain covered by the said contract. Also, if Mr. Toshinori Doi is elected and assumes office as Director serving as Board-Audit Committee member, he 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 their term in office under the similar contents as the current contract.

[Reference]

## Standards for Independence of Independent Directors

In order to ensure the independence from the Company, independent directors of the Company shall satisfy the following criteria:

- (1) An independent director is not, and has not been in the past ten (10) years, an officer (limited to persons executing business) or employee of the Company or any of its subsidiaries (collectively referred to as the "Company Group").
- (2) An independent director is not, and has not been in the past three (3) years, any of the following:
  - 1) A person executing business (\*1) of another company at which a person executing business of the Company serves, or has served in the past three (3) years, as a director or officer.
  - 2) A major shareholder (a shareholder holding 10% or more of the voting rights directly or indirectly) of the Company or a person executing business of that shareholder.
  - 3) A partner at the financial auditor of the Company or an employee engaged in auditing of the Company at the same.
  - 4) A person executing business of a major lender of the Company (\*2).
  - 5) A person executing business of a major business partner of the Company Group (\*3).
  - 6) An expert in a field such as legal matters, accounting or taxation, a consultant or other such person receiving remuneration from the Company Group in excess of ¥10 million per year outside of remuneration for officers.
  - 7) A partner or a person executing business of an organization such as a corporation or an association that provides services for legal matters, accounting, taxation or consulting, or other specialist services, where the organization is deemed as a major business partner.
  - 8) A person executing business of an organization that receives a donation exceeding a certain amount (\*4) from the Company Group.
- (3) A person who is a spouse or a relative within the second degree of kinship of, or who shares living expenses with, an independent director is none of the following (excluding persons without importance):
  - 1) A person who executes business of the Company Group or has done so in the past three (3) years.
  - 2) A person to whom any of the above (2) 1) to 8) applies.

(Notes)

- \*1 A person executing business is an executive director, an executive (*shikkoyaku*), an administrative officer (*riji*), or other such equivalent manager (limited to persons executing business) or an important employee such as an executive officer.
- \*2 A major lender of the Company is a lender of an amount equivalent to at least 2% of consolidated total assets.
- \*3 A major business partner of the Company Group is a business partner whose transactions with the Company Group were equivalent to more than 2% of that business partner's annual consolidated net sales in its last fiscal year.
- \*4 A donation exceeding a certain amount is a donation to an organization exceeding an amount in a year of ¥10 million or 2% of the relevant organization's total revenue or ordinary income, whichever is the larger.

## [Reference] Experience and specialty of the Company's directors

Experience and expertise required for directors serving the Company's Board of Directors are as shown below.

Experience and expertise	Explanation
1. Corporate management	Experience in corporate management as a corporate director or an equivalent role
2. Investment	Experience and expertise in venture investment, buyout investment, etc.
3. Fundraising and fund operation	Experience and expertise in fundraising and fund operation
4. Overseas operation	Professional experience overseas and experience in global business
Expertise	
(a) Personnel / labor affairs	Experience in human capital strategy, HR, and labor affairs; Expertise in HR/labor for enhancing value and organizational structures of portfolio companies
(b) Treasury accounting	Qualifications such as Certified Public Accountant or Tax Accountant; Experience in financial accounting or accounting departments; Expertise in finance/accounting for enhancing value and organizational structures of portfolio companies, etc.
(c) Legal affairs and compliance	Legal qualification; Experience in legal and compliance operations; Expertise in legal/compliance for improving value and governance frameworks of portfolio companies
(d) Finance	Experience in financial institutions, financial administrations, or other financial sector experience; Financial expertise

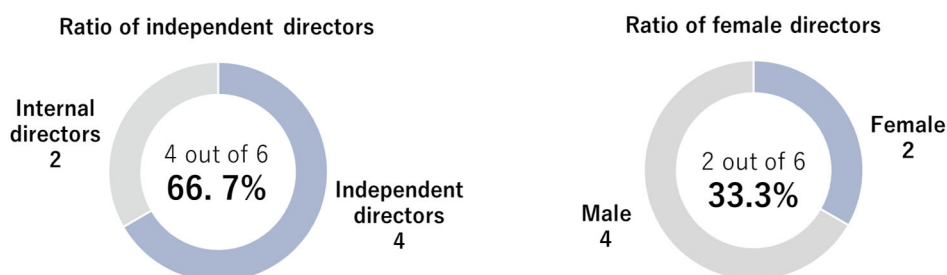
Experience and expertise of each director after the election at the Annual General Meeting of Shareholder are as shown below.

Experience/expertise Directors	1	2	3	4	Expertise*			
					(a)	(b)	(c)	(d)
Shinichi Fuki	●	●	●	●	●	●	●	●
Keisuke Miyoshi	●	●	●		●	●	●	●
Shigeru Tamura (Independent Director)	●	●		●	●	●		●
Yoshie Kajihara (Independent Director)	●				●	●		
Kanako Muraoka (Independent Director)				●			●	●
Toshinori Doi (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.



## **Business Report**

(From April 1, 2024 to March 31, 2025)

### **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 rising geopolitical risks, soaring prices, etc.

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 such as generative AI 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.

Various support measures, such as the promotion of funding for startups and tax reforms, have been implemented, and the domestic venture investment market is expected to continue growing as a promising field.

Buyout investment, another pillar of our business, is also expected to expand further in the future due to factors such as an increase in M&A deals and ongoing efforts of the government to address business succession of small and medium enterprises.

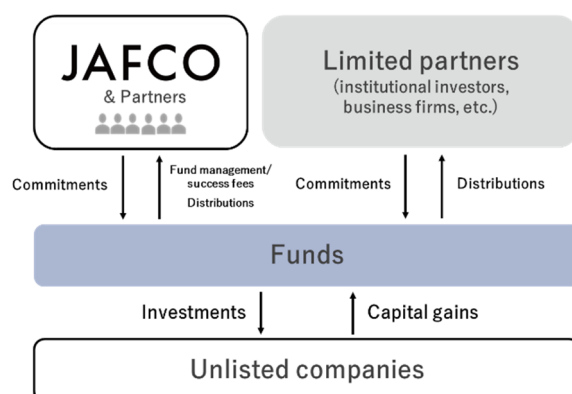
##### **2) JAFCO’s business line and business model**

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 and half years since the start of fund operation. We believe that stable performance can be achieved by continually identifying and investing in high-potential companies regardless of the timing of establishment and business sentiment. After investment, we deepen management involvement to raise corporate value with entrepreneurs and lead their exits (sales) through IPO, M&A, etc.



### 3) Funds under management

Total capital commitments of funds under management stand at ¥458.4 billion. By establishing a new fund approximately every three and half years and operating multiple flagship funds, the Company pursues continuity of exit deals and a more stable revenue structure.

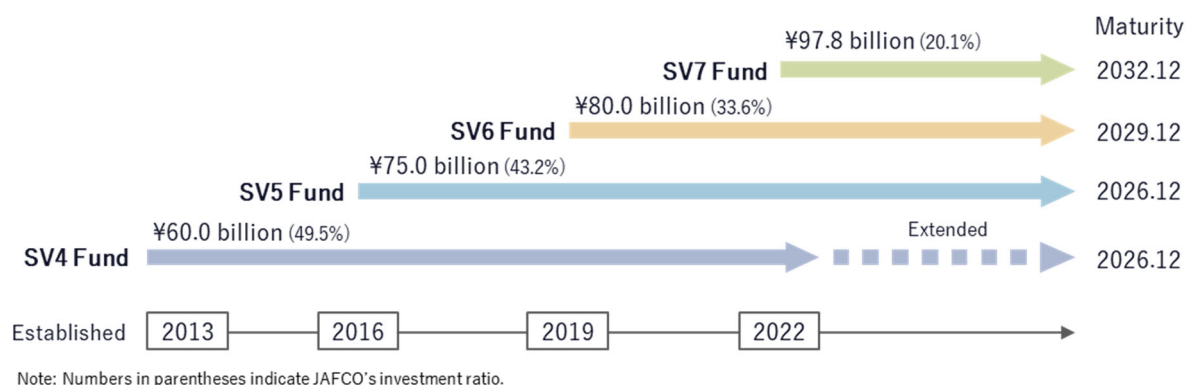
During the current fiscal year, the first domestic publicly offered investment trust for Japanese stocks that incorporate unlisted securities, jointly developed by the Company and Nomura Asset Management Co., Ltd., was launched. Part of the Company's interests (total of 3.6 billion yen) in the SV6 and SV7 funds which it manages were transferred to the investment trust.

Going forward, we will consider the timing of fundraising for the new flagship fund while taking into account the progress of new investments.

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



### 4) Investment structure and strategy

At JAFCO, investment teams in Japan, Asia and the US operate their own funds based on their respective investment strategies.

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 mainly target small to midsize deals (worth around ¥5-15 billion in corporate value or ¥2-5 billion in equity investment amount). Using the knowledge and networks cultivated through venture investment, we excel in using cutting-edge technologies and services to support business transformation and growth of our portfolio companies. We also have a track record of IPOs achieved by investing in early-stage companies and supporting their growth.

### Investment structure



Status of funds managed by JAFCO			
Japan	Balance of unlisted holdings: ¥143.6 billion / 183 companies (JAFCO's interest: ¥45.8 billion) Venture: 164 companies / Buyout: 19 companies		
US	Balance of unlisted holdings: 72.4 billion / 36 companies (JAFCO's interest: ¥23.0 billion)	Asia	Balance of unlisted holdings: 33.5 billion / 69 companies (JAFCO's interest: ¥15.4 billion)

- Notes: 1. Balance of unlisted holdings (including funds; acquisition basis): as of March 31, 2025  
 2. Exchange rate: 1US\$=¥149.52 as of March 31, 2025  
 3. Number of members: as of April 1, 2025  
 4. Overseas investments carried out by the venture investment division in Japan are included in Japan.

### [Reference] From a global tripolar structure to focusing on domestic investment (fiscal year ending March 2026 onward)

Since entering overseas markets in the late 1980s, the Company has been managing its own funds based on different investment strategies in Japan, Asia, and the US, a tripolar structure. Additionally, since the late 1990s, the Company has also been engaged in buyout investment in Japan.

As the business environment and the Company's situation change, we have decided to shift our focus to domestic investment, where we have an advantage in investment performance and market expansion is expected. We will cease making new investments in funds operated by the Company Group in Asia and the US, and plan to transfer our overseas subsidiaries by the end of the fiscal year ending March 2026. By combining the strengths of venture investment and buyout investment domestically, we aim to create cycles of growth, achieve profit growth, evolve toward a stable revenue structure, and improve capital efficiency, ultimately enhancing our corporate value.



## 5) Business support and governance establishment for portfolio companies

The most important aspect of investment in startup companies is the speed with which to launch business. Investment staff attend important meetings at portfolio companies and contact with the management team on a daily basis to address management issues.

At the Business Development division, professional members with strengths in recruitment (HR), marketing/sales, back-office construction support, and other fields form teams with our investment professionals in the venture and buyout investment divisions 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 expanding networks with large companies promoting new business development and seeking tie-ups with startups. 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 2025	
Recruitment	<ul style="list-style-type: none"><li>C-level and other executive referrals</li><li>Organizational development consulting</li><li>Executive coaching</li></ul>	Recruited	<b>51</b> people
Customer referrals (marketing/support)	<ul style="list-style-type: none"><li>Lead acquisition support</li><li>Tie-up arrangements</li><li>PoC project referrals</li></ul>	Business matching	<b>654</b> matches
Back-office development	<ul style="list-style-type: none"><li>IPO consulting</li><li>Administrative division establishment</li><li>Tool selection</li></ul>	IPO consulting	<b>44</b> cos.

## 2. Business Summary and Results

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

During the current fiscal year, the domestic stock market has been affected by heightened market uncertainty, and the TSE Growth market has continued to slump. Despite this environment, several of our portfolio companies realized large IPOs which were targeted for investment by overseas institutional investors.

However, we recognize that the situation remains uncertain, and we will continue to closely monitor political trends and monetary policy both in Japan and overseas, as well as the direction of domestic policies related to startups.

### 2) Financial Highlights

During the current fiscal year, there were IPOs for eight domestic portfolio companies, and capital gains increased due to the sales of shares through those IPOs, resulting in net sales of

¥29.7 billion (up 21.4% from ¥24.4 billion in the previous fiscal year) and ordinary income of ¥13.2 billion (up 49.7% from ¥8.8 billion in the previous fiscal year).

Net income was ¥9.6 billion (up 27.8% from ¥7.5 billion in the previous fiscal year), with a return on equity (ROE) of 6.9% (5.6% in the previous fiscal year).

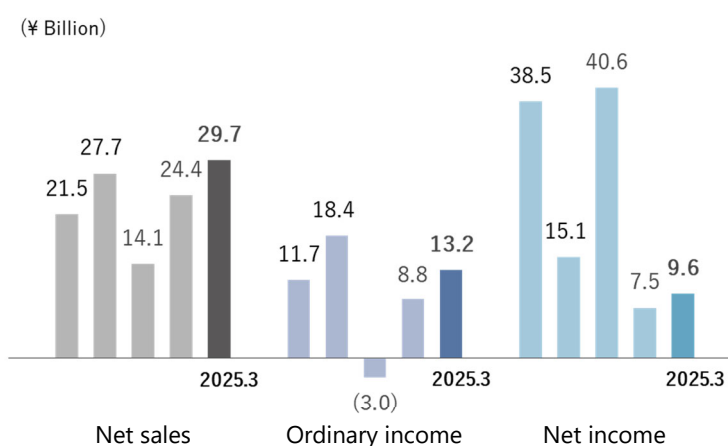
Although our performance changes significantly each fiscal year depending on the number of large exits, the continuous improvement in performance of each fund under management will lead to strong performance over the long term. We will continue to pursue IPOs, M&As, and other exits that would generate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

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

	(¥ Billion)
Net sales	29.7
Ordinary income	13.2
Profit attributable to JAFCO Group Co., Ltd. stockholders (Net income)	9.6
ROE (Return on equity)	6.9%

#### Net sales, ordinary income and net income

- Change over the five periods from FY March 2021 to FY March 2025 -

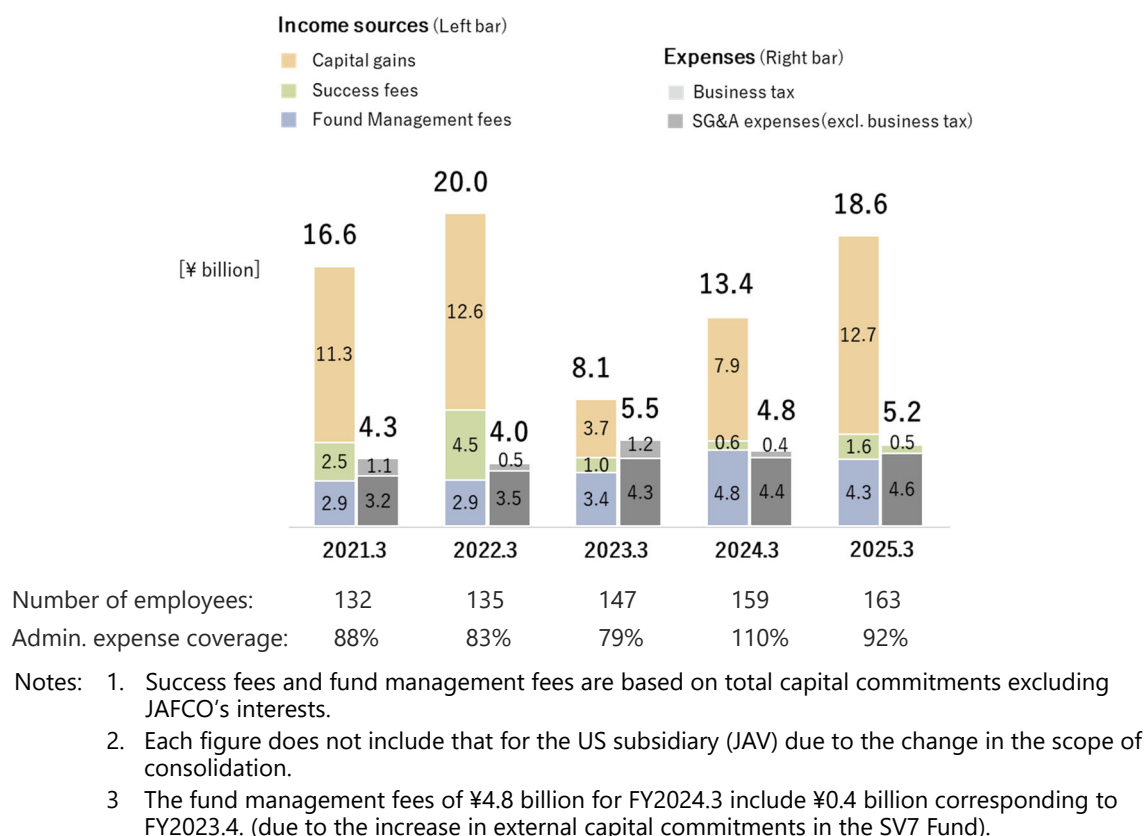


### 3) Net Sales and Selling, General and Administrative (SGA) Expenses

In the current fiscal year, fund management fees were ¥4.3 billion (¥4.8 billion in the previous fiscal year) due to the management of flagship funds SV5, SV6, and SV7. As an investment management company, management fees, which comprise our core income, are able to generally cover SGA expenses excluding business taxes.

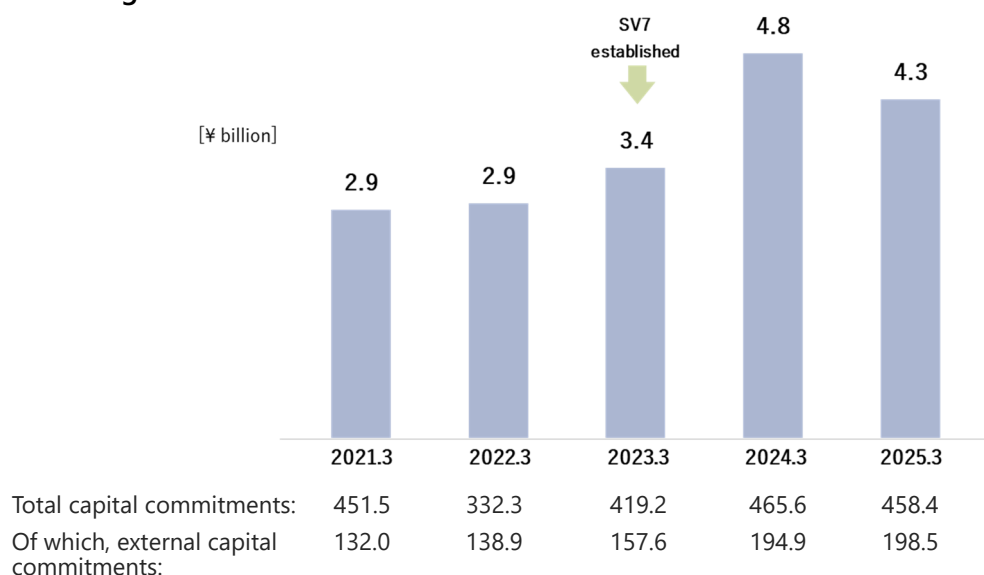
Capital gains increased to ¥12.7 billion (total for listed and unlisted operational investment securities: ¥7.9 billion in the previous fiscal year) as success fees to ¥1.6 billion (¥0.6 billion in the previous fiscal year).

## Profits and selling, general and administrative (SGA) expenses



Total capital commitments to funds amounted to ¥458.4 billion. External capital commitments, which are subject to management fees, amounted to ¥198.5 billion, an increase of ¥3.6 billion compared with the previous fiscal year. Fund management fees were ¥4.3 billion in the current fiscal year.

## Fund management fees



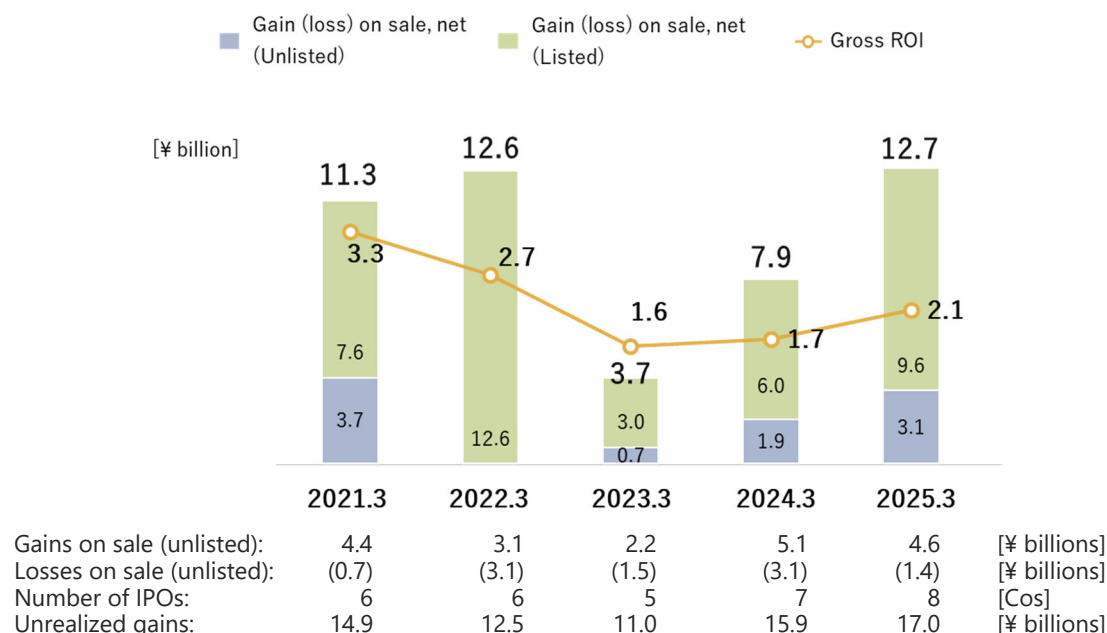
Note: External capital commitments refer to funds entrusted for management by external investors. They are the amount subject to fund management fees, excluding US funds, which are not consolidated.

During the current fiscal year we had a total of eight IPOs in Japan; six from venture investment and two from buyout investment. Of these, two were large IPOs with first price-

based market cap exceeding ¥100 billion. Capital gains were ¥12.7 billion (¥7.9 billion in the previous fiscal year) and the investment multiple (ROI) was 2.1 times (1.7 times in the previous fiscal year). The ratio of the buyout exits in capital gains was 26%.

At the end of the current fiscal year, the unrealized gains of listed portfolio companies was ¥17.0 billion (¥15.9 billion at the end of the previous fiscal year).





### Capital gains and ROI (investment multiple)





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] JAFECO-backed IPOs during the current fiscal year

#### Venture investment: Six (6) newly listed companies

	<b>Astroscale Holdings Inc.</b> On-orbit service including satellite end-of-life and active debris removal	IPO Date: June 5, 2024 IPO Market: Growth
	<b>Chordia Therapeutics Inc.</b> R&D of new anti-cancer drugs	IPO Date: June 14, 2024 IPO Market: Growth
	<b>Timee, Inc.</b> Operation of a matching service for spare time jobs	IPO Date: July 26, 2024 IPO Market: Growth
	<b>alt Inc.</b> Development of a personalized AI product P.A.I. and development and offering of SaaS tools	IPO Date: Oct. 11, 2024 IPO Market: Growth

	<b>dely inc.</b> Operation of multiple smartphone apps and web media, including Kurashiru and Kurashiru Rewards	IPO Date: Dec. 19, 2024 IPO Market: Growth
	<b>Synspective Inc.</b> Development and manufacture of small SAR satellites and satellite data solution provider service	IPO Date: Dec. 19, 2024 IPO Market: Growth

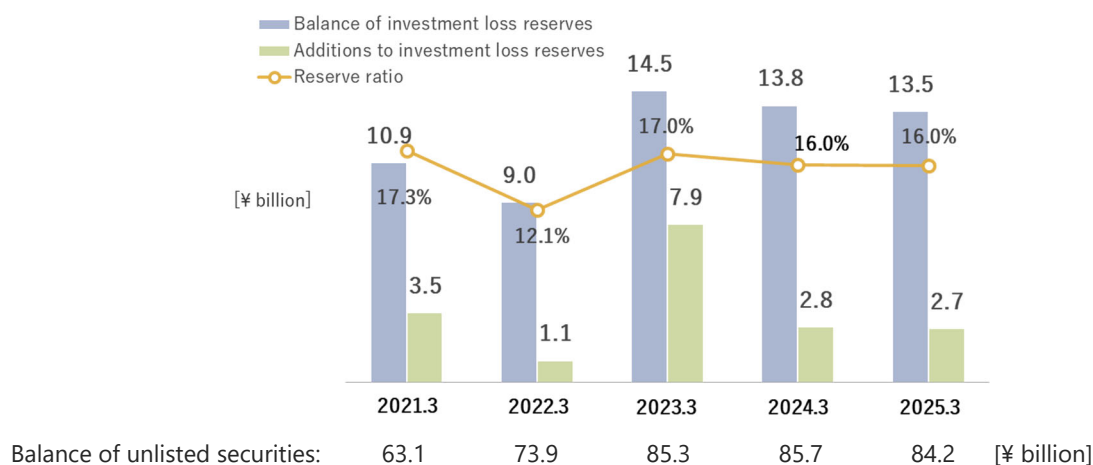
#### Buyout investment: Two (2) newly listed companies

	<b>Informetis Co., Ltd.</b> Energy data management services using machine learning (AI)	IPO Date: Dec. 9, 2024 IPO Market: Growth
	<b>Progress Technologies Group, Inc.</b> Provision of one-stop services including consulting, solutions, projects, and engineering specializing in design and development	IPO Date: Mar. 28, 2025 IPO Market: Growth

#### 4) Status of Investment Loss Reserves

Additions to investment loss reserves was ¥2.7 billion (¥2.8 billion in the previous fiscal year), the balance of investment loss reserves was ¥13.5 billion (¥13.8 billion in the previous fiscal year) and the reserve ratio was 16.0% (16.0% in the previous fiscal year), all remaining at roughly the same level as the previous fiscal year.

##### Additions to investment loss reserves



Note: Excluding investment in other funds.

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

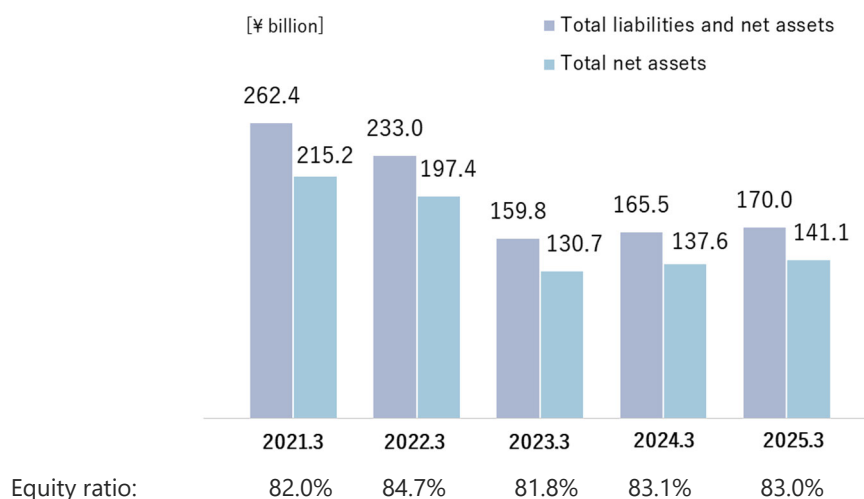
A majority of our portfolio consists of unlisted companies, shares of which are highly illiquid. For this reason, we need to maintain a solid financial base to allow us to continue investing under any circumstances.

Of the total assets of ¥170.0 billion at the end of the current fiscal year, the balance of

unlisted operational investment securities was ¥84.2 billion (¥85.7 billion in the previous fiscal year). Net assets at the end of the current fiscal year were ¥141.1 billion, an increase of ¥3.5 billion from the end of the previous year, and the equity ratio was 83.0%.

In addition, the Company has reviewed its dividend policy in April 2025 and decided to implement a maximum of ¥5 billion of share buybacks.

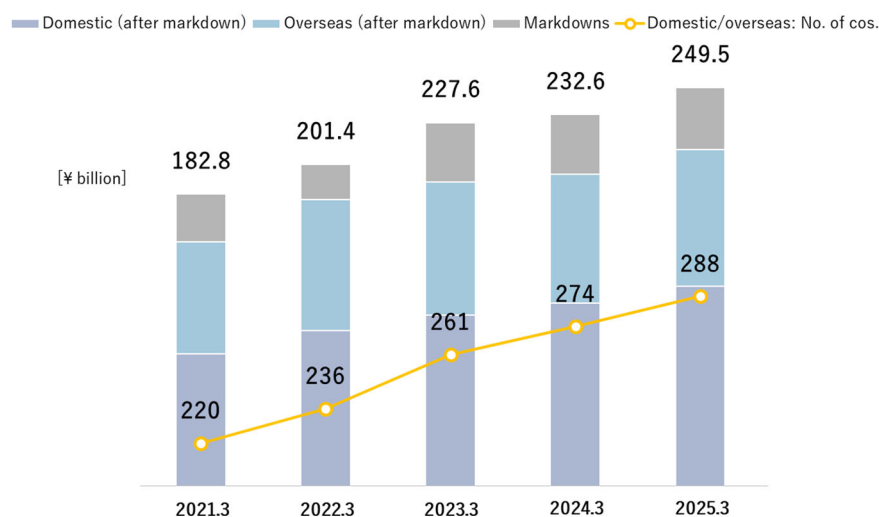
### Total assets and net assets



## 6) Fund Management: Balance of Unlisted Securities

In the current fiscal year, the balance of unlisted securities for all funds was ¥249.5 billion. The increase of the balance of unlisted securities under management is ongoing.

### Balance of unlisted securities



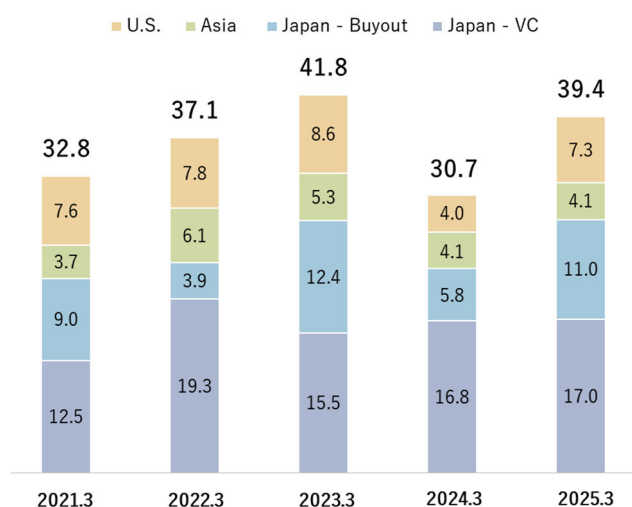
- Notes: 1. Exchange rate US\$1=¥149.52 is used for all period  
 2. Overseas investments made by the venture Investment division in Japan are included in "Domestic."

## 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 ¥39.4 billion.

The amount of investment per year is ¥35-40 billion, and this fiscal year saw an increase in the investment.

### Investment Amount

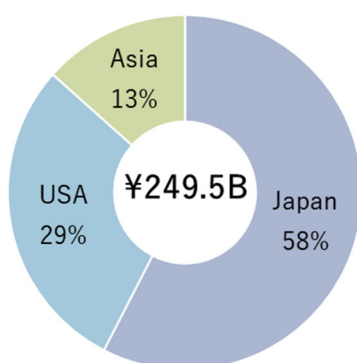


Note: Overseas investments made by the Investment Division in Japan are included in "Japan"

### 8) Fund Management: Breakdown of Portfolio

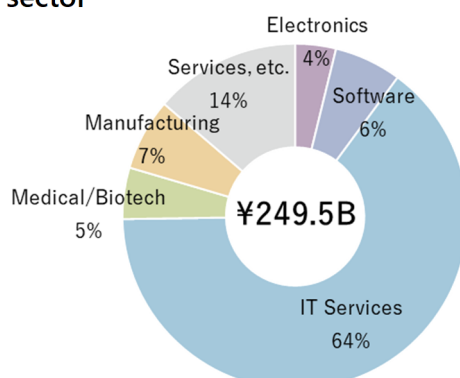
The breakdown of ¥249.5 billion in the balance of unlisted securities by region was 58% in Japan, 29% in the US and 13% in Asia.

#### Portfolio by region



In breakdown by sector, IT services accounted for 64%. IT services include many startups which utilize cutting-edge technologies to change business models in existing industries. As concept of sustainability 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. Shareholder Returns

#### 1) Shareholder Return Policy

The Company's shareholder return policy up to the current fiscal year is as follows.

Regarding dividends, we will pay dividends 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 necessary funds (calculated by deducting interest-bearing debts, accrued taxes, and expected dividend payments at the end of March of each fiscal year from cash and deposits) to ensure continuous investment in stages and will consider allocating the excess amount for shareholder returns including share buybacks.

In order to achieve higher and more stable dividends than in the past, the shareholder return policy has been reviewed. Starting in the fiscal year ending March 2026, the policy will be to pay out dividends of the greater of either 6% shareholders' equity at the end of the previous period or a 50% payout ratio. The overview of the review is as discussed in the following section.

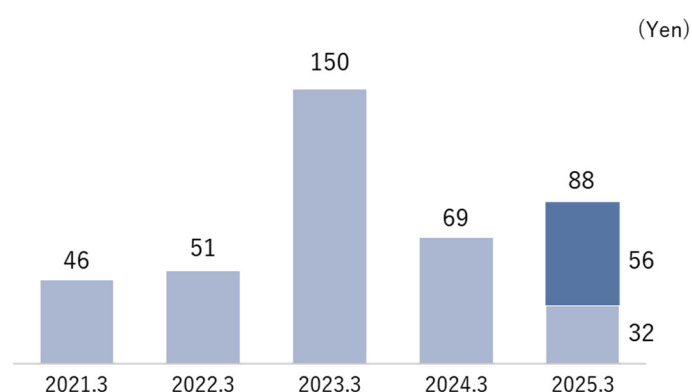
#### 2) Status of Shareholder Returns

Starting in the current fiscal year, we have begun implementing interim dividends in order to increase opportunities for shareholder returns. With September 30, 2024 as a record date, ¥32 per share of interim dividends were implemented.

Also, as 50% of net income (¥88 per share) was greater than 3% of shareholders' equity (average of beginning and end of period) (¥65 per share), based on the policy mentioned above, we have decided to pay dividends of ¥88 per share (previous fiscal year: ¥69 per share) for the current fiscal year. As ¥32 per share of interim dividends were implemented, ¥56 per share of year-end dividends will be paid out.

The Company has also decided to implement share buybacks in April 2025 (maximum of ¥5 billion). These are share buybacks in relation to the performance of the current fiscal year ended March 2025, and are considered as shareholder returns in the current fiscal year. As such, the effective total return ratio for the current fiscal year was 102.3%.

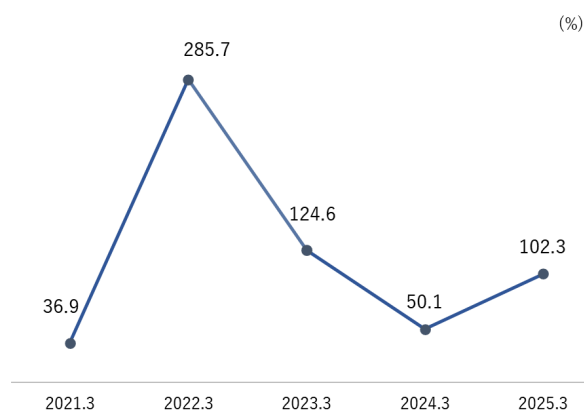
#### Dividend per share



Note: The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022. The above figures for FY2021.3 has 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 FY2021.3, FY2022.3, and FY2023.3.
  3. The figure for FY2025.3 is the effective total return ratio in which share buybacks (maximum of ¥5 billion) resolved by the Board of Directors on April 23, 2025 are counted as shareholder returns for that period.

## [Reference] Revision of shareholder returns policy (FY March 2026 onward)

		FY March 2025	FY March 2026 onward
Dividends	Standard	The greater of 3% DOE* or 50% of net income	The greater of <b>6% DOE*<sup>2</sup></b> or a 50% payout ratio
	Dividend per share	Pay out 50% of net income Year-end dividends: ¥56 Annual dividends: ¥88	FY March 2026 Projected annual dividends: ¥133 (minimum) (Interim dividends: ¥66.5; Year-end dividends: ¥66.5)
	Frequency	Interim dividends begun Dividends implemented twice per year	Interim dividends continued Dividends implemented twice per year
	Forecast	No dividend forecast disclosed	Minimum dividend to be disclosed at start of fiscal year as dividend forecast
Share buybacks		¥5 billion of share buybacks resolved on April 23, 2025 With this, the effective total return ratio for FY March 2025 will be 102%	Continue to consider additional shareholder returns, taking into account progress in exits and the fundraising environment for funds

\*Ratio of annual dividends to shareholders' equity (initial and term-end average)

\*<sup>2</sup> Ratio of annual dividends to shareholders' equity at end of previous fiscal year

## 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 below.

## ● 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 with 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%.

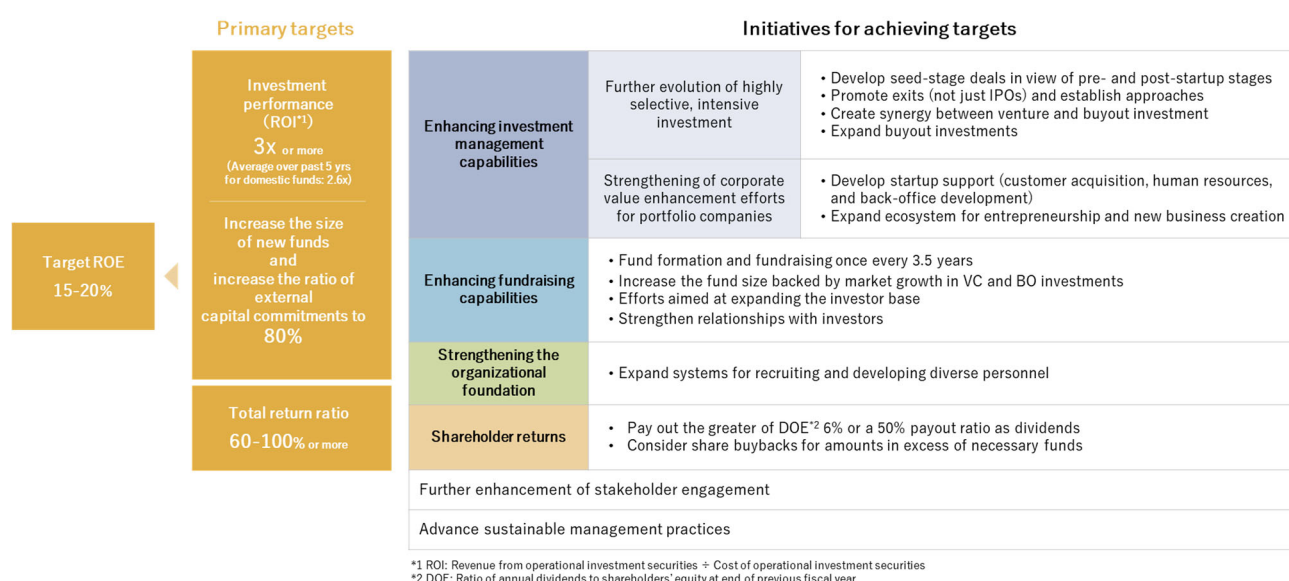
By doing so, we will aim for a high level of capital gains by keeping the necessary funds at a certain amount while maintaining the balance of operating investment securities. As an investment management company, we will pursue our unique model of investment management business that allows us to earn 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. Of these, regarding investment performance (ROI), we have revised our business portfolio and decided to focus on domestic investments in April 2025, amending our target from "2.5x or more" to "3x or more." In addition, we strengthened shareholder returns and decided to pay dividends amounting to the greater of either 6% DOE or a 50% payout ratio.

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



## ● Sustainability Initiatives

The Company has formulated its Basic Policy on Sustainability with the aim of sharing its basic approach on sustainability as well as ESG challenges and measures with its stakeholders and contributing to the realization of a sustainable environment and society.

Under this Basic Policy, the Company is committed to respecting the human rights and diverse values of all individuals involved in its business activities, and strives to create a safe and healthy working environment that supports the physical and mental well-being of its employees. During the current fiscal year, the Company formulated the Harassment Prevention Policy and also enhanced its internal reporting system, adding an external contact

point and expanding eligible users to include external stakeholders such as portfolio companies.

Also, during the current fiscal year, the Company disclosed climate-related risks and opportunities using scenario analysis as well as greenhouse gas emissions following the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

## ● Sustainability and ESG in Investment Activities

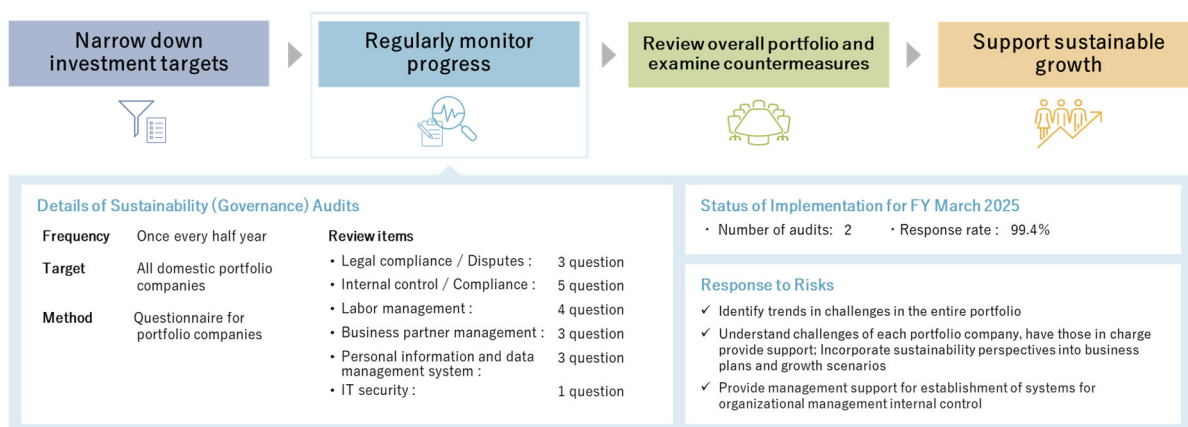
The essence of the Company's investment activities matches strongly with the concept of ESG investing.

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] Initiatives in investment activities



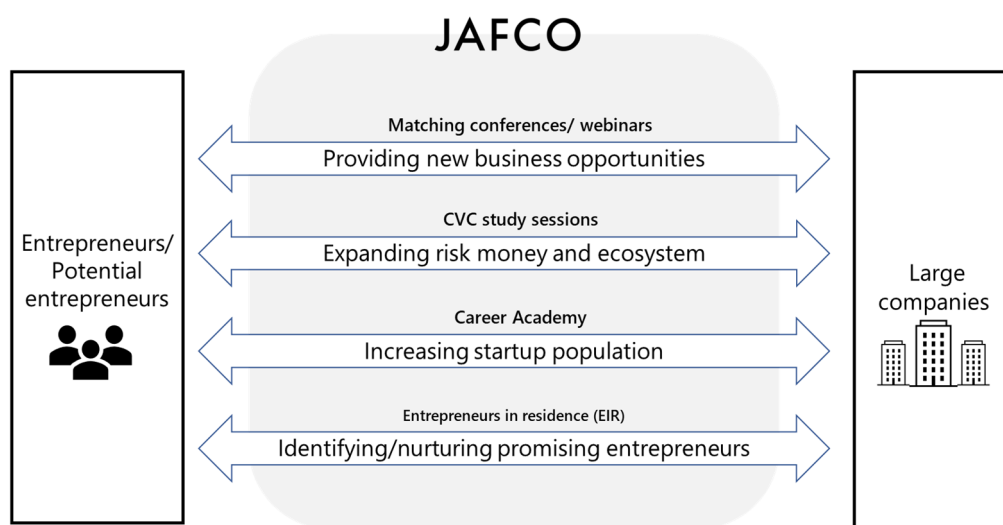
\*Portfolio companies expecting an exit (IPO, M&A, or other liquidity event) in the near future or that were invested in shortly before the timing of sustainability (governance) audits (about a month before the standard date) are excluded from the scope of the audit.

## ● 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. In addition, as an initiative to broaden the base of entrepreneurship, we offer an entrepreneurship support program that invites aspiring entrepreneurs to participate as "entrepreneurs in residence" (EIRs)

and provides them with a place to prepare for business startup.

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.



## 5. Assets and profit (loss)

	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)	53rd Fiscal Year (From April 1, 2024 to March 31, 2025)
Net sales (Millions of yen)	27,677	14,073	24,443	29,685
Ordinary income (loss) (Millions of yen)	18,360	(3,048)	8,822	13,205
Profit attributable to JAFECO Group Co., Ltd. stockholders (Millions of yen)	15,080	40,571	7,494	9,576
Profit per share (Yen)	192.50	586.92	137.64	175.59
Total assets (Millions of yen)	233,024	159,847	165,540	169,970
Net assets (Millions of yen)	197,390	130,745	137,639	141,126
Net assets per share (Yen)	2,769.16	2,404.11	2,526.26	2,586.26

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 50th Fiscal Year (from April 1, 2021 to March 31, 2022).

## 6. Significant subsidiaries (as of March 31, 2025)

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	2.5 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: 1. Figures in [ ] under the "Voting rights ratio" indicate the ratio of voting rights indirectly held by the Company.  
2. The capital of JAFCO Investment (Hong Kong) Ltd was changed to 2.5 million US dollars as of June 11, 2024.  
3. The Company concluded an agreement to transfer all its shares in JAFCO Investment (Asia Pacific) Ltd to Bee Alternatives Management Ltd. on April 23, 2025.

## 7. Principal offices (as of March 31, 2025)

### 1) JAFCO Group Co., Ltd.

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

Note: The West Japan Branch relocated on September 9, 2024.

### 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, 2025)

### 1) Company Group employees

Number of employees	Increase (decrease) from previous fiscal year
163	4

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
131	5	42 years and 5 months old	13 years and 6 month

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

## 9. Outline of financing

In the current fiscal year, ¥200 million of new long-term borrowings were made as well as repayment at maturity. As a result, the balance of long-term borrowings including the current portion was ¥183 million (previous fiscal year-end: ¥115 million).

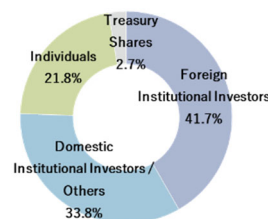
## 10. Principal creditors (as of March 31, 2025)

(Millions of yen)	
Creditor	Balance of borrowings
Nippon Life Insurance Company	100
Resona Bank, Limited	83

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

### 1. Shares (as of March 31, 2025)

- 1) Authorized number of shares 240,000,000 shares
- 2) Number of shares issued 56,060,000 shares
- 3) Number of shareholders 12,713
- 4) Major shareholders



Shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,840	14.4
Custody Bank of Japan, Ltd. (Trust Account)	2,852	5.2
Yoshiteru Akita	2,027	3.7
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	1,821	3.3
JPMorgan Securities Japan Co., Ltd.	1,387	2.5
BNYMSANV RE GCLB RE JP RD LMGC	1,195	2.2
Nippon Life Insurance Company	1,158	2.1
GOLDMAN SACHS INTERNATIONAL	1,138	2.1
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	1,014	1.9
Hikari Tsushin Kabushiki Kaisha	970	1.8

- Notes: 1. The Company holds 1,492 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 45.

	Number of shares allocated	Number of allottees
Directors (excluding director serving as audit committee members and independent directors)	29,190	2
Corporate officers who do not concurrently serve as directors	22,518	4
Directors of the Company's wholly owned subsidiaries	32,496	1



## 6) Other important matters concerning shares

There are no applicable matters for the current fiscal year.

For April 1, 2025 onward, the Company resolved at the Board of Directors meeting held on April 23, 2025 to implement share buybacks based on the provisions of Article 459, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation. Details of this resolution are provided in "9. Notes to significant subsequent events" in the "Notes to Consolidated Financial Statements" of "Matters omitted from the Notice of Convocation of the 53rd Annual General Meeting of Shareholders."

## 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	¥2,013.4 per share
Stock acquisition rights exercise period	From October 12, 2023 to September 14, 2028
Balance of convertible bonds	¥15,000 million

- Notes: 1. With the decision at the Board of Directors meeting held on May 12, 2025 to pay out year-end dividends of ¥56 per share for the current fiscal year, the issuance value (conversion price) of the stock acquisition rights has been adjusted to ¥1,963.2 as of April 1, 2025 pursuant to the conversion price adjustment clauses in the terms and conditions of the Bonds.
2. Under the scheme of the convertible bonds, until May 28, 2028, which is four months prior to the maturity date (September 28, 2028), the acquisition rights cannot be exercised unless the price of the Company's common shares exceeds 130% of the conversion price for a certain period of time. Also, the Company is able to acquire all remaining Convertible Bonds by issuing a notice from May 29, 2028 to June 28, 2028.

## 3. Directors

### 1) Directors (as of March 31, 2025)

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)	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	
Director (Board-Audit Committee member)	Kanako Muraoka	Attorney-at-Law, Kowa Law Office Outside Director, Fujiya Co., Ltd.

- Notes: 1. Directors Shigeru Tamura, Kenichi Akiba, Yoshie Kajihara and Kanako Muraoka are independent directors.
2. The Company has designated Directors Shigeru Tamura, Kenichi Akiba, Yoshie Kajihara and Kanako Muraoka 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.
5. Director Kanako Muraoka was newly elected and assumed office at the 52nd Annual General Meeting of Shareholders held on June 18, 2024.
6. Director (Board-Audit Committee member) Koji Tanami resigned and stepped down as of the conclusion of the 52nd Annual General Meeting of Shareholders held on June 18, 2024.
7. Director Kanako Muraoka stepped down as independent director of Nihon Kohden Corporation, a significant concurrent position, as of June 26, 2024. Additionally, she left Kowa Law Office as of March 31, 2025, and established Gofukubashi Law Office on April 1, 2025.

[Reference]

The Company has established a corporate officer system. Corporate officers as of April 1, 2025 are as follows:

Position	Name	Responsibilities at the Company
Senior Corporate Officer	Ko Minamikurosawa	General Manager of Structured Investment Division
Corporate Officer	Hiroaki Matsuda	In charge of Administration
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, 2025, Partners who do not concurrently serve as director are as follows:

Position	Name	Responsibilities at the Company
Partner	Atsushi Fujii	General Manager of Investment Division In charge of Venture Investment
Partner	Tomotake Kitazawa	In charge of Venture Investment
Partner	Mizuki Takahara	West Japan Branch Manager In charge of Venture Investment
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, 2025

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	205	69	15	58	61
Directors serving as Board-Audit Committee members [of which, Independent Directors]	5 [5]	73 [73]	73 [73]	-	-	-
Total [of which, Independent Directors]	7 [5]	278 [73]	143 [73]	15 [-]	58 [-]	61 [-]

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, ¥3 million paid between April and June 2024 was determined based on the performance indicators for the fiscal year ended March 31, 2023, and ¥12 million paid in and after July 2024 was determined based on the performance indicators for the fiscal year ended March 31, 2024 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, 2023 were capital gains of ¥3,684 million, addition to investment loss reserves of ¥5,484 million, and ordinary loss of ¥3,048 million, and those for the year ended March 31, 2024 were capital gains of ¥7,937 million, reversal of investment loss reserves of ¥775 million, and ordinary income of ¥8,822 million. Evaluation based on the above was at the 5 (30% decrease of base amount) of the 5-point rating scale for the year ended March 31, 2023 and at the 3 (base amount) for the year ended March 31, 2024.

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 4.7% increase in ROI on funds, which is used as the indicator for fund performance, an increase of ¥2,191 million in total fund commitments from the end of the previous year, an increase of ¥4,383 million in ordinary income, a decrease of ¥924 million in core income, and an increase of ¥1,137 million in unrealized gains. Based on the above, the said compensation level for each position increased by 5% 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 105.9% for the Company's stock price growth rate, reflecting a dividend payment of ¥69 per share for the previous fiscal year, and 128.0% for TOPIX growth rate. Based on these indicators, the payment ratio relative to the base amount was calculated as 82.8%.  
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, ¥3 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]**

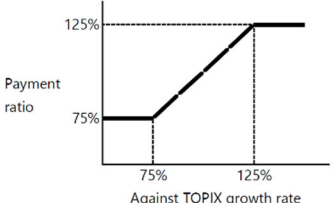
Basic compensation (fixed)	Fixed monetary remuneration paid monthly, determined by importance of roles and responsible areas of each job position, years in service, etc.
Basic compensation (performance-linked)	Monetary remuneration paid monthly, determined once a year, in principle, by the Board of Directors 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's 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").

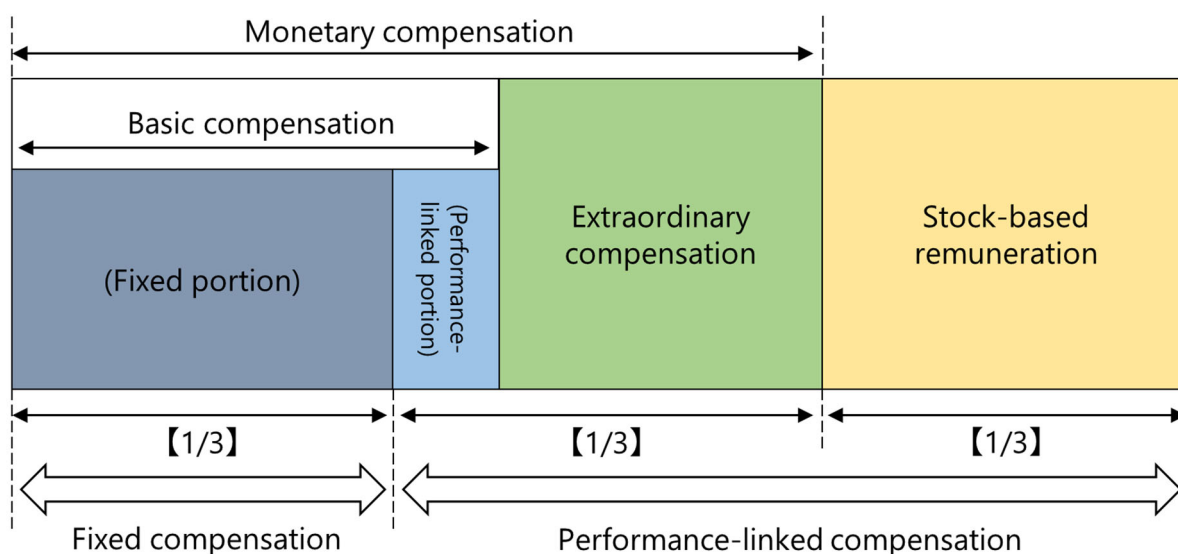
The outline of the restricted-stock remuneration plan is as shown below.

Granting of transfer-restricted shares	<p>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.</p> <p><b>Payment ratio against base amount</b></p>  <p>Amount of stock-based remuneration = Base amount x Payment ratio = Base amount x Against TOPIX growth rate</p> <p>Against TOPIX growth rate = <math>\frac{(A + B) \div C}{D \div E}</math></p> <ul style="list-style-type: none"> <li>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</li> <li>B Dividend per share for the previous fiscal year</li> <li>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</li> <li>D Average closing price of TOPIX for the three months immediately preceding the month within which the allotment resolution date falls</li> <li>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</li> </ul> <p>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.</p>
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Transfer restriction period	<p>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.</p> <p>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.</p>
Removal of transfer restriction	<p>(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.</p> <p>(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.</p>
Acquisition of the Allotted Shares without consideration	<p>(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.</p> <p>(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.</p> <p>(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</p>

	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.
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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 (Kenichi Akiba, Yoshie Kajihara, and Kanako Muraoka) 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)	13 out of 13 meetings	13 out of 13 meetings
Kenichi Akiba Director (Board-Audit Committee member)	13 out of 13 meetings	13 out of 13 meetings
Yoshie Kajihara Director (Board-Audit Committee member)	13 out of 13 meetings	13 out of 13 meetings
Kanako Muraoka Director (Board-Audit Committee member)	10 out of 10 meetings	10 out of 10 meetings

Note: The number of attendances at the Board of Directors meetings and the Board-Audit Committee meetings of Director (Board-Audit Committee member) Kanako Muraoka is for the period following her election/appointment at the 52nd Annual General Meeting of Shareholders held on June 18, 2024.

### ● 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 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.

- Director serving as Board-Audit Committee member Kanako Muraoka attended all meetings of the Board of Directors held during the current fiscal year after her appointment on June 18, 2024, and expressed opinions in important decision-making and supervising business execution from an independent perspective based on her extensive knowledge and expertise in corporate legal affairs and corporate governance. 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	50
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	54

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 consulting on initiatives related to TCFD (Task Force on Climate-related Disclosures).

##### 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**

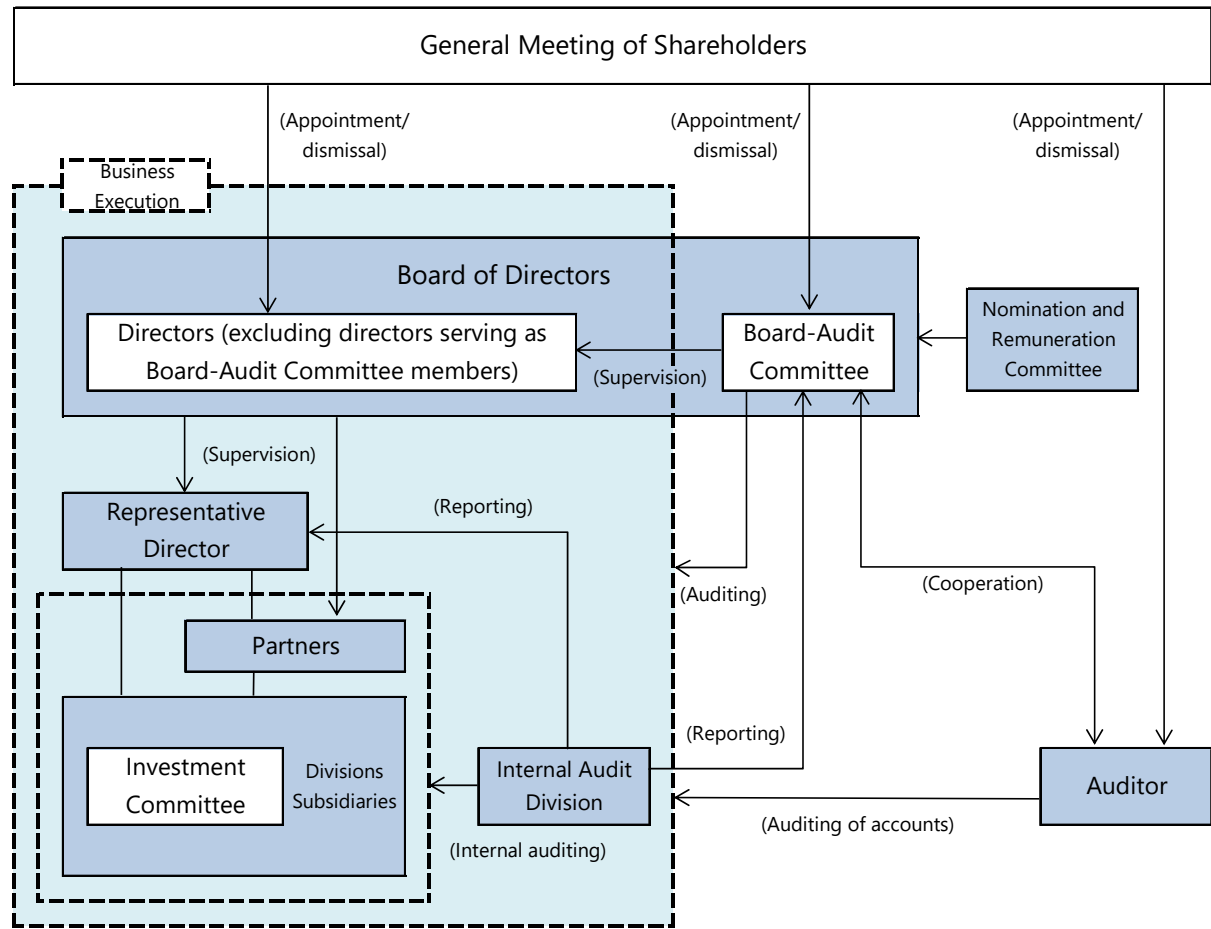
The Company's basic views on corporate governance are as outlined below. With an eye to increasing corporate value over the medium to long term, the Company will make continuous efforts to enhance corporate governance.

- 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.

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 remuneration, 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.

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.

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, 2025 is as follows:

The BOD analyzes and evaluates its effectiveness and discloses 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, 2025 is as follows

The BOD evaluates its effectiveness on an annual basis. In the fiscal year ending March 31, 2025, 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, 2025 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 allows for substantial discussions considering JAFCO's scale. At the same time, there was the opinion that, while independent directors should continue to be the majority for further strengthening of the BOD's supervisory functions, there is room for further consideration of the composition of the BOD. Additionally, the experience and expertise required for enriching discussions are deemed to have been sufficient for the fiscal year ending March 31, 2025.

#### Operation of the BOD

A notable number of responses indicated improvements and progress in the quality and engagement of discussions compared to the previous year. The evaluations of information provision to external directors and support systems continued to be positive, particularly due to pre-meeting agenda explanations, but some independent directors pointed out issues regarding the provision of additional information and follow-ups on individual matters, identifying these as areas for future improvement.

#### Roles and Responsibilities of the BOD

Under the Basic Policy for Enhancing Corporate Value (the "Policy") formulated in December 2022, 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. Active deliberations have taken place at BOD meetings based on the diverse perspectives of each director. This year as well, the BOD has assessed that sufficient discussions have been conducted on certain themes.

During the fiscal year ending March 31, 2025, in order to enhance supervision of the establishment and management of internal control and risk management systems, the Harassment Prevention Policy was formulated and the internal reporting system was enhanced upon deliberation by the BOD. Going forward, the operational status of new systems will be monitored, with further improvements made as needed, and discussions on strengthening internal control will be continued on an ongoing basis.

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 discussions from a medium- to long-term perspective is needed to delve into various issues related to enhancing corporate value and matters requiring deliberation.

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.

FY 2016.3	•Transitioned to company with a board-audit committee
FY 2017.3	•Announced Basic Policy on Dividends •Independent directors are more than 1/3 of BOD
FY 2018.3	•Eliminated cross-shareholdings with Nomura Group and bought back all shares held by Nomura Group for ¥61.3 billion •Introduced partnership model
FY 2019.3	•Appointed a female independent director
FY 2020.3	•Independent directors are majority of BOD •Established Nomination and Remuneration Committee
FY 2021.3	•Sold Nomura Research Institute (NRI) shares •Disclosed Shareholder Returns Policy, after which share buybacks were implemented twice, totaling ¥50 billion
FY 2022.3	•Director Miyoshi appointed as new President following deliberation by the Nomination and Remuneration Committee
FY 2023.3	•Introduced transfer-restricted share remuneration •Sold NRI shares and announced ¥42.0 billion of share buybacks funded by proceeds from the sale •Announced Basic Policy on Enhancing Corporate Value
FY 2024.3	•Appointed a female independent director, making the ratio of female directors 1/3 of BOD •Formulated Basic Policy on Sustainability
FY 2025.3	•Formulated Harassment Prevention Policy •Enhanced internal reporting system

## Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Item	As of Mar. 31, 2025	(Reference) As of Mar. 31, 2024	Item	As of Mar. 31, 2025	(Reference) As of Mar. 31, 2024
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>165,355</b>	<b>160,489</b>	<b>Current liabilities</b>	<b>7,520</b>	<b>6,566</b>
Cash and deposits	72,486	67,606	Current portion of long-term borrowings	34	115
Operational investment securities	104,847	103,921	Income taxes payable	3,705	1,709
Investment loss reserves	(13,468)	(13,754)	Provision for bonuses	286	312
Other	1,488	2,715	Allowance for extraordinary compensation for directors	61	56
			Other	3,433	4,372
<b>Non-current assets</b>	<b>4,615</b>	<b>5,051</b>	<b>Non-current liabilities</b>	<b>21,323</b>	<b>21,334</b>
<b>Property, plant and equipment</b>	<b>318</b>	<b>419</b>	Convertible-bond-type bonds with share acquisition rights	15,000	15,000
Buildings	268	362	Long-term borrowings	149	-
Furniture and fixture	50	56	Retirement benefit liability	335	349
<b>Intangible assets</b>	<b>16</b>	<b>45</b>	Deferred tax liabilities	5,702	5,787
Software	16	45	Other	136	197
<b>Investments and other assets</b>	<b>4,279</b>	<b>4,586</b>			
Investment securities	3,377	3,581	<b>Total liabilities</b>	<b>28,844</b>	<b>27,900</b>
Long-term loans receivable	264	279	<b>Net assets</b>		
Deferred tax assets	267	349	<b>Shareholders' equity</b>	<b>120,849</b>	<b>116,611</b>
Other	369	376	Share capital	33,251	33,251
			Capital surplus	32,806	32,806
			Retained earnings	58,455	54,424
			Treasury shares	(3,664)	(3,871)
			Accumulated other comprehensive income	20,277	21,028
			Valuation difference on available-for-sale securities	17,467	18,150
			Foreign currency translation adjustment	2,809	2,878
			<b>Total net assets</b>	<b>141,126</b>	<b>137,639</b>
<b>Total assets</b>	<b>169,970</b>	<b>165,540</b>	<b>Total liabilities and net assets</b>	<b>169,970</b>	<b>165,540</b>

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



## Consolidated Statement of Income

(April 1, 2024 to March 31, 2025)

(Millions of yen)

Item	For the year ended March 31, 2025	(Reference) For the year ended March 31, 2024
<b>Net sales</b>	<b>29,685</b>	<b>24,443</b>
Revenue from operational investment securities	23,790	19,013
Income from investment partnership management	5,885	5,425
Other sales	8	4
<b>Cost of sales</b>	<b>12,287</b>	<b>12,239</b>
Cost of operational investment securities	11,087	11,076
Other costs	1,200	1,163
<b>Gross profit</b>	<b>17,397</b>	<b>12,204</b>
(Reversal of) Additions to investment loss reserves	(283)	(775)
(Reversal of) Unrealized losses on operational investment securities	(2)	(13)
<b>Gross profit - net</b>	<b>17,683</b>	<b>12,993</b>
<b>Selling, general and administrative expenses</b>	<b>5,163</b>	<b>4,818</b>
<b>Operating income</b>	<b>12,520</b>	<b>8,175</b>
<b>Non-operating income</b>	<b>962</b>	<b>738</b>
Interest income	294	344
Dividend income	571	72
Foreign exchange gains	-	47
Gain on investment in other funds	34	178
Miscellaneous income	61	95
<b>Non-operating expenses</b>	<b>278</b>	<b>92</b>
Interest expenses	1	0
Foreign exchange losses	247	-
Bond issuance costs	-	89
Miscellaneous losses	29	1
<b>Ordinary income</b>	<b>13,205</b>	<b>8,822</b>
<b>Extraordinary income</b>	<b>-</b>	<b>-</b>
<b>Extraordinary losses</b>	<b>-</b>	<b>-</b>
<b>Profit before income taxes</b>	<b>13,205</b>	<b>8,822</b>
<b>Income taxes - current</b>	<b>3,844</b>	<b>1,287</b>
<b>Income taxes - deferred</b>	<b>(216)</b>	<b>40</b>
<b>Profit</b>	<b>9,576</b>	<b>7,494</b>
<b>Profit attributable to non-controlling interests</b>	<b>-</b>	<b>-</b>
<b>Profit attributable to JAFCO Group Co., Ltd. stockholders</b>	<b>9,576</b>	<b>7,494</b>

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

## Consolidated Statement of Changes in Net Assets

(April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2024	33,251	32,806	54,424	(3,871)	116,611
Changes of items during period					
Dividends of surplus			(5,505)		(5,505)
Profit attributable to JAFCO Group Co., Ltd. stockholders			9,576		9,576
Purchase of treasury shares				(0)	(0)
Disposition of treasury shares			(39)	206	167
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,031	206	4,238
Balance as of March 31, 2025	33,251	32,806	58,455	(3,664)	120,849

	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, 2024	18,150	2,878	21,028	137,639
Changes of items during period				
Dividends of surplus				(5,505)
Profit attributable to JAFCO Group Co., Ltd. stockholders				9,576
Purchase of treasury shares				(0)
Disposition of treasury shares				167
Net changes of items other than shareholders' equity	(682)	(69)	(751)	(751)
Total changes of items during period	(682)	(69)	(751)	3,486
Balance as of March 31, 2025	17,467	2,809	20,277	141,126

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

**Balance Sheet**  
(As of March 31, 2025)

(Millions of yen)

Item	As of Mar. 31, 2025	(Reference) As of Mar. 31, 2024	Item	As of Mar. 31, 2025	(Reference) As of Mar. 31, 2024
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>157,449</b>	<b>151,557</b>	<b>Current liabilities</b>	<b>4,812</b>	<b>3,343</b>
Cash and deposits	66,095	60,948	Current portion of long-term borrowings	34	115
Operational investment securities	103,123	101,530	Accounts payable	542	594
Investment loss reserves	(13,090)	(13,399)	Income taxes payable	3,615	1,521
Accrued income	191	262	Deposits received	37	31
Accounts receivable	956	2,085	Provision for bonuses	211	232
Other	173	128	Allowance for extraordinary compensation for directors	61	56
			Other	309	792
<b>Non-current assets</b>	<b>6,382</b>	<b>6,653</b>	<b>Non-current liabilities</b>	<b>21,479</b>	<b>21,349</b>
<b>Property, plant and equipment</b>	<b>115</b>	<b>136</b>	Convertible-bond-type bonds with share acquisition rights	15,000	15,000
Buildings	89	104	Long-term borrowings	149	-
Furniture and fixture	25	32	Deferred tax liabilities	5,952	5,957
<b>Intangible assets</b>	<b>16</b>	<b>45</b>	Provision for retirement benefits	335	349
Software	16	45	Other	42	42
<b>Investments and other assets</b>	<b>6,250</b>	<b>6,471</b>	<b>Total liabilities</b>	<b>26,292</b>	<b>24,692</b>
Investment securities	2,897	3,096	<b>Net assets</b>		
Shares of subsidiaries and associates	2,731	2,731	<b>Shareholders' equity</b>	<b>120,213</b>	<b>115,919</b>
Other	621	643	<b>Share capital</b>	<b>33,251</b>	<b>33,251</b>
			<b>Capital surplus</b>	<b>32,806</b>	<b>32,806</b>
			Legal capital surplus	32,806	32,806
			<b>Retained earnings</b>	<b>57,820</b>	<b>53,733</b>
			Legal retained earnings	1,435	1,435
			Other retained earnings	56,384	52,297
			Retained earnings brought forward	56,384	52,297
			<b>Treasury shares</b>	<b>(3,664)</b>	<b>(3,871)</b>
			<b>Valuation and translation adjustments</b>	<b>17,327</b>	<b>17,598</b>
			<b>Valuation difference on available-for-sale securities</b>	<b>17,327</b>	<b>17,598</b>
			<b>Total net assets</b>	<b>137,540</b>	<b>133,518</b>
<b>Total assets</b>	<b>163,832</b>	<b>158,210</b>	<b>Total liabilities and net assets</b>	<b>163,832</b>	<b>158,210</b>

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

**Statement of Income**  
(April 1, 2024 to March 31, 2025)

(Millions of yen)

Item	For the year ended March 31, 2025	(Reference) For the year ended March 31, 2024
<b>Net sales</b>	<b>28,192</b>	<b>23,144</b>
Revenue from operational investment securities	23,382	18,713
Income from investment partnership management	4,791	4,416
Other sales	18	14
<b>Cost of sales</b>	<b>12,344</b>	<b>12,585</b>
Cost of operational investment securities	10,840	10,955
Other costs	1,504	1,629
<b>Gross profit</b>	<b>15,847</b>	<b>10,559</b>
(Reversal of) Additions to investment loss reserves	(311)	(787)
(Reversal of) unrealized losses on operational investment securities	(2)	(19)
<b>Gross profit - net</b>	<b>16,162</b>	<b>11,366</b>
<b>Selling, general and administrative expenses</b>	<b>4,095</b>	<b>3,754</b>
<b>Operating income</b>	<b>12,066</b>	<b>7,612</b>
<b>Non-operating income</b>	<b>1,367</b>	<b>1,918</b>
Interest on deposits	66	55
Interest and dividends on securities	1,218	1,554
Foreign exchange gains	-	42
Gain on investment in other funds	34	178
Miscellaneous income	47	87
<b>Non-operating expenses</b>	<b>283</b>	<b>91</b>
Interest expenses	1	0
Foreign exchange losses	252	-
Bond issuance costs	-	89
Miscellaneous losses	29	1
<b>Ordinary income</b>	<b>13,151</b>	<b>9,438</b>
<b>Extraordinary income</b>	<b>-</b>	<b>-</b>
<b>Extraordinary losses</b>	<b>-</b>	<b>-</b>
<b>Income before income taxes</b>	<b>13,151</b>	<b>9,438</b>
<b>Income taxes - current</b>	<b>3,732</b>	<b>1,093</b>
<b>Income taxes - deferred</b>	<b>(213)</b>	<b>73</b>
<b>Net income</b>	<b>9,632</b>	<b>8,271</b>

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

## Statement of Changes in Net Assets

(April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of April 1, 2024	33,251	32,806	32,806	1,435	52,297	53,733	(3,871)	115,919
Changes of items during the period								
Dividends of surplus					(5,505)	(5,505)		(5,505)
Net income					9,632	9,632		9,632
Purchase of treasury shares							(0)	(0)
Disposition of treasury shares					(39)	(39)	206	167
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	4,087	4,087	206	4,293
Balance as of March 31, 2025	33,251	32,806	32,806	1,435	56,384	57,820	(3,664)	120,213

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2024	17,598	17,598	133,518
Changes of items during the period			
Dividends of surplus			(5,505)
Net income			9,632
Purchase of treasury shares			(0)
Disposition of treasury shares			167
Net changes of items other than shareholders' equity	(271)	(271)	(271)
Total changes of items during the period	(271)	(271)	4,022
Balance as of March 31, 2025	17,327	17,327	137,540

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

## Independent Auditor's Report

May 12, 2025

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, 2024 through March 31, 2025.

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, 2025 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 evaluate whether it is appropriate to prepare consolidated 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 responsive 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.
- Plan and implement audit of consolidated financial statements in order to obtain sufficient and appropriate audit evidence related to financial information of the Company and its consolidated subsidiaries, which is the foundation for expressing our opinion on consolidated financial statements. We are required to instruct, supervise and check 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, significant 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 or its subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



## Independent Auditor's Report

May 12, 2025

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 53rd Fiscal Year from April 1, 2024 through March 31, 2025.

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 evaluate 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 reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on audit that we conducted, and 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 responsive 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.

- Plan and implement audit of financial statements in order to obtain sufficient and appropriate audit evidence related to financial information of the Company and its consolidated subsidiaries, which is the foundation for expressing our opinion on financial statements. We are required to instruct, supervise and check matters related to the audit of financial statements, and is independently responsible for the audit opinion.

We communicate with the Board-Audit Committee regarding, among other matters required by the audit standards, the planned scope and timing of the audit, significant 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.

## Audit Report

The Board-Audit Committee has audited the Directors' performance of their duties during the 53rd Fiscal Year (from April 1, 2024 to March 31, 2025), 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 12, 2025

Board-Audit Committee of JAFECO Group Co., Ltd.

Full-Time Member

(Independent Director)

Shigeru Tamura [Seal]

Member

(Independent Director)

Kenichi Akiba [Seal]

Member

(Independent Director)

Yoshie Kajihara [Seal]

Member

(Independent Director)

Kanako Muraoka [Seal]

## Guidance for Exercising Voting Rights

Please exercise your voting rights after examining the Reference Documents for the General Meeting of Shareholders (pages 5–20).

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 16, 2025 (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 16, 2025 (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.
- 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)
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### Information for institutional investors

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