

**Matters omitted from the Notice of Convocation of
the 53rd Annual General Meeting of Shareholders
[Electronic Provision Measures Matters]**

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The above matters are not included in the document to be delivered to shareholders who have requested delivery of the written document, pursuant to the provisions of laws and regulations and Article 15, Paragraph 2 of the Company's Articles of Incorporation. At this General Meeting of Shareholders, the Company will send a document that describes the electronic provision measures matters, excluding the above matters, to all shareholders, regardless of whether or not they have requested the delivery of the written document.

JAFCO Group Co., Ltd.

<i>This is a 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.</i>

Systems for Ensuring Appropriate Operations

The outline of a resolution by the Company's Board of Directors with regard to the systems to ensure that directors' execution of their duties complies with laws and regulations and the Articles of Incorporation, and other systems to ensure appropriate operations of the Company and the corporate group comprising the Company and its subsidiaries, is as follows.

The Company shall implement and operate the following systems to ensure appropriate operations of the Company and its subsidiaries (collectively referred to as the "Company Group") and the systems necessary for operations of the Board-Audit Committee:

- 1. Systems to ensure that execution of duties by directors, officers and employees of the Company Group complies with laws and regulations and the Articles of Incorporation**
 - Based on the recognition that compliance with laws and regulations and the like is the precondition of all of corporate activities, directors, corporate officers and partners of the Company Group (including persons with duties equivalent to these; referred to as the "Directors" hereinafter) shall lead efforts to ensure thorough compliance with laws and regulations by the Company Group from the group-wide perspective, and a compliance officer designated by the President of the Company shall supervise overall initiatives for the Company Group's compliance with laws and regulations.
 - The Company shall create a global compliance policy that is common to the Company Group, and all group companies shall thoroughly implement systems for complying with laws and regulations and the like based on the policy in consideration of legal systems in the countries where they are located, their business scales, their organizational structures and other characteristics.
 - The Company shall sever any relationships with antisocial forces and stand firmly against them. The Company shall take an organization-wide initiative and establish a dedicated department that works closely with external professional institutions, including police and attorneys-at-law.
 - The Internal Audit Division audits and reports the status of the Company Group's compliance with laws and regulations and the like to the President and the Board-Audit Committee, and, as necessary, to the Board of Directors. The audited departments and subsidiaries shall promptly address any issues that need to be corrected or improved.
 - The JAFCO hotline shall be established and operated as a means for executives, employees and others at the Company Group, as well as members of portfolio companies, potential portfolio companies, clients, business partners, and other parties involved with the Company, to directly provide information to the Company regarding conduct that is in violation of, or risks violating, laws and regulations, or which constitute workplace harassment.
- 2. Systems for retention and management of information pertaining to execution of duties by the Directors**
 - In accordance with laws and regulations and internal rules, the Company shall appropriately retain and manage records concerning decision-making at the Board of Directors and other important meetings, and other important documents and information pertaining to execution of duties by the Directors.
- 3. Regulations and other systems concerning management of risk of loss at the Company Group**
 - The Directors shall retain authority and responsibility to implement systems and measures for risk management. In addition, director in charge of administration shall push forward the cross-company initiatives for the risk management of the Company Group.

- At the Company, in order to manage risks associated with private equity investment, which is the Company's main business, investment decisions are made based on deliberations by the investment committee consisting of the President, partners, etc. in accordance with internal rules. For making decisions, opinions of staff in charge of evaluation shall be asked separately from the investment division. In addition, the investment division shall update the status of business operations of unlisted portfolio companies regularly and as needed and take necessary actions.
- At overseas subsidiaries, appropriate systems shall be established in consideration of the countries where they are located, their business scales, their organizational structures and other characteristics, with the aim of making investment decisions, assessing business operations of portfolio companies, and managing risks associated with private equity investment.
- If a risk with a significant impact on the management of the Company Group becomes apparent, the Directors shall promptly report it to the Company's officer in charge of administration and the Company shall take appropriate measures accordingly.

4. Systems to ensure effective execution of duties by the Directors

- The Company clarifies the duties of its Directors, establishes internal rules regarding the division of duties and official authority to achieve efficient operations through sharing roles and facilitating reporting line.
- The Company holds monthly meetings of the Board of Directors and extraordinary meetings as necessary to determine important issues in business execution and supervise the status of business execution by directors.
- Investment performance shall be thoroughly managed by enhancing portfolio management by the Company Group and its funds and regularly reporting their status at meetings of the Board of Directors.
- In light of the characteristics of private equity investment which differ by country and region, committees for investment and fund management and other necessary meeting bodies shall be established at each of the tri-polar bases of the Company Group in Japan, Asia and the US, and make efforts to enhance efficiency in decision-making regarding private equity investment.

5. Systems for reporting to the Company on matters relating to execution of duties by directors of subsidiaries and systems to ensure proper operations at the Company Group

- Directors, corporate officers or employees of the Company shall be assigned as officers at subsidiaries, and officers and other eligible members of subsidiaries shall periodically report to the Board of Directors of the Company on important execution of operations at the subsidiaries.
- Subsidiaries shall periodically report to the Company on their financial information and the performance of the funds they manage. Furthermore, the Company and subsidiaries shall collaborate to ensure proper operations through smooth communication including information exchange among departments involved.
- Presidents of subsidiaries shall have the authority and the responsibility to implement systems and measures, etc. to ensure proper operations of the subsidiaries.
- The subsidiaries are also subject to internal audits by the Company and audits by the Board-Audit Committee of the Company.

6. Matters regarding directors/employees who shall assist with duties of the Board-Audit Committee, independence of such directors/employees from other directors (excluding Directors serving as Board-Audit Committee Members) and assurance of effectiveness of instructions to such directors/employees

- Directors or employees who shall assist with the duties of the Board-Audit Committee shall be assigned as necessary, and appointment of such employees shall be discussed by the directors and the Board-Audit Committee.
 - The Board-Audit Committee shall have the authority to give instructions and orders to such employees in executing their assistant duties.
 - The Internal Audit Division's audit results shall be used for audits by the Board-Audit Committee. Based on discussions with the Board-Audit Committee, the Internal Audit Division shall conduct internal audits on matters requested by the Committee as needed and report the result to the Committee.
- 7. Systems for reporting to the Company's Board-Audit Committee by Directors and employees of the Company Group and systems to ensure that reporting persons do not receive any unfair treatment because of such reporting**
- The Directors and employees shall report the status of their execution of duties and operations upon request from the Board-Audit Committee.
 - The Directors and employees shall promptly report to the Board-Audit Committee matters that may cause a serious impact on the Company and its subsidiaries, as well as, any violation of laws and regulations or the Articles of Incorporation, improper conduct by directors, and serious matters reported to the JAFCO hotline such as those involving the Directors.
 - The JAFCO hotline shall consist of internal and external contact points, and the internal contact point shall include a member of the Board-Audit Committee of the Company.
 - Persons reporting matters to the JAFCO hotline or to the Board-Audit Committee of the Company shall not receive any unfair treatment because of such reporting.
- 8. Matters regarding the policy for handling expenses and other costs arising from the execution of duties by members of the Board-Audit Committee**
- For various expenses associated with audits by members of the Board-Audit Committee, a sufficient budget to ensure the effectiveness of the audits shall be established, and when the Board-Audit Committee requests payment of expenses, the accounting department shall handle the request after checking validity..
- 9. Other systems to ensure effective audits by the Board-Audit Committee**
- Representative directors shall provide opportunities for members of the Board-Audit Committee to regularly exchange opinions.
 - The Directors shall secure opportunities for members of the Board-Audit Committee to attend important internal meetings or committees.
 - The Board-Audit Committee, the Internal Audit Division and the financial auditor shall have opportunities for regular consultations and reinforce their collaboration through information and opinion exchanges.

Overview of the Operation Status of the Systems for Ensuring Appropriate Operations

An overview of the operation status of the systems for ensuring appropriate operations in the current fiscal year is as follows.

1. Compliance management

- The Company took necessary measures to address revisions to laws and regulations primarily related to the Company's business, corporate governance and personnel and labor affairs, after discussing their impact on internal rules and workflow among relevant divisions.
- Once a year, all of the Company's officers and employees are asked to submit a pledge of compliance with laws and regulations as well as internal rules largely related to data management, restriction of insider trading and personal stock trading, with the aim of raising compliance awareness.
- As for measures to sever any relationships with antisocial forces and prevent money laundering and terrorist financing, the Company conducts verification at the time of transaction related to fund investment, collects related information, and cooperates with external professional institutions including the police and attorneys-at-law.
- The Company has established the Rules on Internal Control over Financial Reporting. Implementation, operation and evaluation of internal control over financial reporting are carried out in cooperation with the financial auditor accordingly.
- In order to further our efforts to eliminate harassment, the Company formulated the Harassment Prevention Policy. The Company also enhanced its internal reporting system (JAFCO Hotline), expanding eligible persons to include not only the Company's executives and employees but also all other parties involved in the Company's business, such as portfolio companies and investment candidates. Also, in addition to the reporting system's internal contact point within the Company, an external contact point operated by an independent external law firm has been established, allowing reporting from both contact points.

2. Risk management

- The Internal Audit Division conducts internal audits of each of business divisions and overseas subsidiaries of the Company based on the internal audit plans, and reports the results to the President, the Board-Audit Committee and the Board of Directors.
- The directors in charge of overseas operations regularly report important matters related to investment and fund management at overseas bases and other overseas operations at the Board of Directors meetings.
- The status of compliance management and risk management is reported regularly to the Board of Directors.
- As for investment in unlisted portfolio companies, we record an estimated amount of loss based on the estimated recovery amount as an investment loss reserve in accordance with the "Valuation Markdown Standard for Unlisted Operational Investment Securities" set by the Company in case that the estimated recovery amount of capital invested shall likely fall below 70% of the acquisition cost.
- The Company has worked to grasp issues related to businesses, corporate governance, as well as compliance and risk management of its portfolio company, and the investment division takes the initiative in addressing the issues with the portfolio company. Also, such information is shared in-house as much as possible for future reference to support other portfolio companies.
- For operation of domestic flagship funds established in and after 2019, the Company has strengthened measures to prevent risks including conflicts of interest in advance by asking the

Advisory Board consisting of representatives of limited partners for advice concerning potential risks including conflicts of interest among the funds, the Company, etc.

3. Efficiency of execution of duties

- A regular meeting of the Board of Directors is held once a month, in principle, to make decisions on important management matters and oversee the status of business execution.
- Decision-making on investment in unlisted companies is conducted by an investment committee locally set up at each operating base in Japan, Asia and the US. This allows proper risk management and efficient execution of duties in line with the business environment in each region.
- Partners, investment staff in charge, and other involved members discuss and take concrete actions regularly or as needed to realize an expected growth scenario of portfolio companies.
- Portfolio status is reported monthly at a meeting of the Board of Directors to ensure strict portfolio management by each division, subsidiary and fund, and to improve fund performance.
- The Company works to conduct smooth operations and improve operating efficiency and productivity by continuously reviewing internal work process, while introducing and renewing IT and other operational infrastructures, flexible workstyle through the implementation of flextime system and promoting remote work, and reviewing remuneration and evaluation systems, etc.

4. Audit and supervision by the Board-Audit Committee

- The Board-Audit Committee members, led by a full-time member, cooperate with the Internal Audit Division and supervise business execution by attending the investment committee and other important internal meetings and expressing their professional opinions as necessary.
- Members of the Board-Audit Committee conduct interviews with directors, corporate officers, partners, and investment and other division heads and their members in charge, to receive explanations about important decision-makings and the status of execution of duties to deepen understanding of their duties.
- Written approvals of important issues by representative directors or the director or corporate officer in charge are reported to a full-time member of the Board-Audit Committee. The Board-Audit Committee regularly receives reports separately on the status of such approvals from the division in charge.
- Employees at the internal audit and administration divisions assist in operation of the Board-Audit Committee as necessary.
- Members of the Board-Audit Committee exchange opinions with representative directors at the Nomination and Remuneration Committee and other occasions. The Board-Audit Committee also holds discussions with the Internal Audit Division and the financial auditor on a regular basis.
- It has been informed via the intranet and by other means that anyone who conducts internal reporting through the JAFCO hotline or to the Board-Audit Committee shall not receive any unfair treatment because of such reporting.

Notes to Consolidated Financial Statements

1. Significant matters for the preparation of consolidated financial statements

(1) Scope of consolidation

1) Consolidated subsidiaries

- Number of consolidated subsidiaries: 12
- Names of major consolidated subsidiaries:

Names of 4 major consolidated subsidiaries are as described in "6. Significant subsidiaries" of "I. Current Status of JAFCO Group Co., Ltd. and its Subsidiaries" of Business Report.

(Note) The other 8 subsidiaries are the entities held for the purpose of establishing funds that the Company Group manages.

2) Non-consolidated subsidiaries

- Names of unconsolidated subsidiaries: JAFCO America Ventures Inc.
JAFCO SV4-J Investment Limited Partnership
SV6 Partners Limited Liability Partnership
JAFCO ASIA S-8 Fund L.P.
and 6 other companies
- Rationale for exclusion from the scope of consolidation:
With regard to JAFCO America Ventures Inc., JAFCO SV4-J Investment Limited Partnership, SV6 Partners Limited Liability Partnership, JAFCO ASIA S-8 Fund L.P. and 6 other companies, their sizes are small, and their total assets, net sales, net income or losses, retained earnings, etc. do not have a significant impact on the consolidated financial statements.

(2) Application of the equity method

1) Associates accounted for by the equity method

There is no associate accounted for by the equity method.

2) Unconsolidated subsidiaries and associates not accounted for by the equity method

JAFCO SV4-J Investment Limited Partnership, SV6 Partners Limited Liability Partnership, JAFCO ASIA S-8 Fund L.P. and 3 other companies are excluded from the application of the equity method since their total amounts of assets, liabilities, income and expenses are stated in proportion to the JAFCO Group's interests and their impact on net income and retained earnings is therefore immaterial. Non-consolidated subsidiary JAFCO America Ventures Inc. and 3 other companies, Chushin Venture Capital Co., Ltd. and one other associate are also excluded from the application of the equity method as their impact on net income and retained earnings is immaterial.

3) Entities not treated as associates regardless of the Company's ownership of between 20% and 50% of the voting rights

- Names of the companies Pacific Rundum Co., Ltd.
- Rationale for not being treated as an associate
Stocks of Pacific Rundum Co., Ltd. were acquired with the Company's main business objective of investment, not with the objective of having a significant impact on such portfolio companies' operations, personnel, funds and other transactions.

(3) Fiscal year of consolidated subsidiaries

For the consolidated subsidiaries with a fiscal-year end which is different from that of the Company, tentative financial statements of the consolidated subsidiaries as of their respective consolidated balance sheet date are used for preparation of the consolidated financial statements.

(4) Accounting policies

1) Basis and method of valuation for securities

Available-for-sale securities (including operational investment securities)

- Other than stock, etc. without market value

- Stated at fair market value based on the market price as of the consolidated balance sheet date.
Valuation differences of warrants and convertible bonds of unlisted portfolio companies and securities other than stock are booked directly in net assets, and those of the other securities are booked partially in net assets. The cost of securities sold is determined by the moving-average method.
- Stock, etc. without market value
- Stated at cost determined by the moving-average method.
- 2) Depreciation and amortization methods for depreciable and amortizable non-current assets
 - A. Property, plant and equipment

The declining-balance depreciation method is used at the Company and its domestic subsidiaries, and the straight-line method is used at its overseas subsidiaries in accordance with accounting principles generally accepted in their respective countries of domicile. However, facilities attached to buildings and structures obtained on or after April 1, 2016 are depreciated by the straight-line method.

Useful lives of principal property, plant and equipment are as follows:

Buildings	8 to 18 years
Furniture and fixture	3 to 15 years
 - B. Intangible assets

Software for internal use is amortized by the straight-line method over the expected useful life (5 years).
 - 3) Basis of reserves, allowances and provisions
 - A. Investment loss reserves

Investment loss reserves are provided for based on estimated losses on unlisted operational investment securities held as of the consolidated balance sheet date, assessing business performance of portfolio companies. The difference between the balances of investment loss reserves as of the end of the current fiscal year and that of previous fiscal year is presented as “(Reversal of) Additions to investment loss reserves” in the consolidated statements of income. For unlisted operational investment securities that have been written down, the amount equivalent to the write-down has been included in additions to investment loss reserves, and has not been directly deducted from acquisition cost.
 - B. Provision for bonuses

For payment of employees’ bonuses, the provision for employees’ bonuses is provided for in the amount that is expected to be paid for the current fiscal year.
 - C. Allowance for extraordinary compensation for directors

For payment of extraordinary compensation for directors, allowance is provided for in the amount that is expected to be paid for the current fiscal year.
 - 4) Other significant matters for the preparation of consolidated financial statements
 - A. Accounting for retirement benefits

For the calculation of projected benefit obligation and benefit expenses, the simplified method, which assumes the Company’s benefit obligation to be equal to the benefits payable due to the voluntary retirement at the fiscal year-end, is applied.
 - B. Accounting treatment for investments in funds

With regard to the accounting treatment for investments in funds managed by the Company Group, total amounts of assets, liabilities, income and expenses of the funds are stated in proportion to the Company Group’s

interests, based on the financial statements as of the consolidated balance sheet date for the funds with the same balance sheet date as the Company's fiscal-year end, while based on the tentative financial statements as of the consolidated balance sheet date for the funds with a balance sheet date which is different from the Company's fiscal-year end.

C. Policy for translation of significant foreign-currency-denominated assets or liabilities into Japanese yen

Foreign-currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates prevailing at the consolidated balance sheet date, and the differences arising from the translation are recognized in profit or loss. The assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rates prevailing at the consolidated balance sheet date. The income and expenses of foreign consolidated subsidiaries are translated into Japanese yen at the average exchange rates for the period. The translation differences are recorded in foreign currency translation adjustment and profit attributable to non-controlling interests under net assets.

D. Gross profit presentation

Operational investment securities are classified into those whose gains (losses) on the sale have been realized and unrealized. To clarify the investment performance of those that have been realized and the fluctuation status of expected losses on those that have not been realized, the item gross profit excluding the portion of expected losses has been established in the Consolidated Statements of Income. Subsequently, the difference between the balance of investment loss reserves at the end of the current fiscal year and that of the previous fiscal year is presented as "(Reversal of) Additions to investment loss reserves," and regarding the valuation difference of operational investment securities (excluding those whose valuation difference is booked directly in net assets), the amount of fair values falling below acquisition costs for the current fiscal year (net of such amount at the end of the previous fiscal year) is presented as "(Reversal of) unrealized losses on operational investment securities."

E. Accounting treatment of consumption taxes and other

Non-deductible consumption taxes are expensed as selling, general and administrative expenses. However, non-deductible consumption taxes related to noncurrent assets are included in "Other" under "Investments and other assets" and amortized equally in accordance with the Corporation Tax Act.

F. Standard for recording important revenue and expenses

a. Details of performance obligations in the Company's mainstay business

The Company is obligated to manage and operate funds managed by the Company and its consolidated subsidiaries in accordance with the partnership agreements, and the performance obligations are satisfied continuously over a certain period of time.

b. Standard point in time at which revenues related to a. above is recognized

(Management fees) Revenues is recognized when the performance obligations are satisfied over a specified period.

(Success fees) Success fees received from funds managed by the Company and its subsidiaries are variable compensation, and revenue is recognized when a significant decrease in revenue is deemed highly unlikely at the end of fiscal year.

2. Notes to accounting estimates

(1) Investment loss reserves

1) Amount recorded in consolidated financial statements for the current fiscal year

Investment loss reserves ¥13,468 million

2) Information that facilitates the understanding of accounting estimates

A. Calculation method

Investment loss reserves are made to provide for losses from unlisted operational investment securities held as of the fiscal year-end, and the estimated amounts of such losses, taking into account the actual situation of portfolio companies, are recorded, as described in "(4) Accounting policies, 3) Basis of reserves, allowances and provisions, A. Investment loss reserves" in "1. Significant matters for the preparation of consolidated financial statements." In light of deteriorating performance and financing situations reflecting the most recent available data collected from each portfolio company, and based on portfolio company's financial strength (including performance recovery) judged by the ability to continue operations over the next year or so, the estimated recovery amount of operational investment securities is calculated to be used for the calculation of the estimated amount of loss. As a result, if it is judged highly likely that the estimated recovery amount of capital invested in such operational investment securities falls below 70% of the acquisition cost at Company's valuation meetings, we record the estimated amount of loss based on the estimated recovery amount in accordance with the "Valuation Markdown Standard for Unlisted Operational Investment Securities" set by the Company.

B. Key assumptions

The estimated amount of losses is calculated by taking into account portfolio companies' actual situations (most recent financing conditions, current achievements of revenue, profit and other KPI compared to business plans and estimates, viability of IPO, trade sale, etc., expected sales proceeds, cash flows, conditions of the management team and customers, etc.).

C. Impact on consolidated financial statements for the following fiscal year

Key assumptions used for estimates are highly uncertain and portfolio companies' business and fundraising activities as well as exits of their shares may be significantly affected when their business results differ substantially from expected targets in business plans, and thus investment loss reserves recorded in the consolidated financial statements for the following fiscal year may be significantly affected.

(2) Recoverability of deferred tax assets

1) Amount recorded in consolidated financial statements for the current fiscal year

Deferred tax assets: ¥267 million

(The amount before offsetting deferred tax liabilities is ¥2,542 million.)

2) Information that facilitates the understanding of accounting estimates

A. Calculation method

Against deductible temporary difference, recoverability of deferred tax assets is judged based on taxable income stemming from future earning capacity and tax planning. As it is difficult to make accurate forecasts in further earnings when estimating future taxable income due to the Company's business characteristics, we calculate deferred tax assets based on the forecasts using past business results, etc. incorporating market fluctuations over a certain period of time. However, as the Company's business is significantly affected by domestic and overseas stock markets and the IPO market due to its characteristics, when there are actual changes in the market environment, etc., we judge recoverability of deferred tax assets by taking into account the possibility of a long-term slowdown in performance.

B. Key assumptions

Based on the assumption that the ROI over a certain period of time in the past shall be the expected ROI over the period when estimate is possible, we predict future earnings by putting a certain stress and taking into account future uncertainty.

C. Impact on consolidated financial statements for the following fiscal year

As stated above, there is a risk that the judgement of recoverability of deferred tax assets may be significantly affected by changes in taxable income estimates in line with big changes in earnings levels due to the impact of market environment, etc. As a result, the amount of deferred tax assets on the consolidated financial statements for the following fiscal year may be greatly affected.

3. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral

No assets were pledged as collateral and secured debts as of the current fiscal year-end.

However, the following assets were pledged as collateral for the debts of portfolio companies of the Company:

Operational investment securities ¥6,846 million

(2) Accumulated depreciation of property, plant and equipment ¥414 million

4. Notes to Consolidated Statement of Changes in Net Assets

(1) Class and total number of shares issued

Class	No. of shares as of April 1, 2024	Increase	Decrease	No. of shares as of March 31, 2025
Common stock	56,060 thousand shares	-	-	56,060 thousand shares

(2) Class and total number of treasury shares

Class	No. of shares as of April 1, 2024	Increase	Decrease	No. of shares as of March 31, 2025
Common stock	1,576 thousand shares	0 thousand shares	84 thousand shares	1,492 thousand shares

Notes: 1. The increase in treasury shares is due to the purchase of less than standard unit.

2. The decrease in treasury shares is due to the disposal of treasury shares as restricted stock compensation.

(3) Dividends

1) Dividends paid

Dividends resolved by the Board of Directors on May 10, 2024

- Total amount of dividends ¥3,759 million
- Source of dividends Retained earnings
- Dividends per share ¥69
- Record date March 31, 2024
- Effective date May 24, 2024

Dividends resolved by the Board of Directors on October 25, 2024

- Total amount of dividends ¥1,746 million
- Source of dividends Retained earnings
- Dividends per share ¥32
- Record date September 30, 2024
- Effective date November 26, 2024

2) Dividend payments for which the record date is in the current fiscal year and the effective date is in the following fiscal year

Dividends resolved by the Board of Directors on May 12, 2025

- Total amount of dividends ¥3,055 million
- Source of dividends Retained earnings
- Dividends per share ¥56
- Record date March 31, 2025
- Effective date May 27, 2025

5. Notes to tax effect accounting

(1) Significant components of deferred tax assets and deferred tax liabilities

(Deferred tax assets)	(Millions of yen)
Loss on valuation of operational investment securities	39
Investment loss reserves	4,076
Accumulated foreign exchange adjustment expenses	13
Accrued enterprise tax	210
Loss on valuation of investment securities	1,140
Loss on valuation of membership	20
Net defined benefit liability	105
Loss carried forward	145
Success fees included in gross profits	530
Other	923
Subtotal deferred tax assets	7,205
Valuation allowance	(4,663)
Total deferred tax assets	2,542
(Deferred tax liabilities)	(Millions of yen)
Valuation difference on available-for-sale securities	7,976
Total deferred tax liabilities	7,976
Net deferred tax liabilities	5,434

Net deferred tax liabilities are included in the following items in the consolidated balance sheet.

	(Millions of yen)
Non-current assets – Deferred tax assets	267
Non-current liabilities – Deferred tax liabilities	5,702

(2) Breakdown of major items that cause differences between effective statutory tax rates and income tax burden after tax effect accounting is applied

	(%)
Effective statutory tax rates	30.62
(Reconciliation)	
Permanently non-deductible expenses such as entertainment expenses	0.28
Income permanently excluded from taxable income such as dividend income	(0.33)
Difference of tax rate between Japan and the foreign subsidiaries	(0.80)
Upward adjustment of year-end deferred tax assets due to change in tax rate	(0.94)
Increase (decrease) in valuation allowance	(0.87)
Other	(0.48)
Income tax burden after tax effect accounting is applied	27.48

(3) Revision of amount of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

Following the enactment of the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) by the National Diet on March 31, 2025, a “special corporate tax for defense” will be imposed starting from the consolidated fiscal year beginning on April 1, 2026.

With this, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in the consolidated fiscal year beginning on April 1, 2026 and onward, the statutory effective tax rate used for calculation has been revised from 30.62% to 31.52%.

Due to this change, deferred tax liabilities (net of deferred tax assets) for the current consolidated fiscal year increased by ¥192 million. Consequently, deferred income taxes decreased by ¥34 million, and valuation difference on available-for-sale securities decreased by ¥227 million.

- (4) Accounting treatment of corporate tax and local corporate tax, and accounting treatment of tax effect accounting related to these taxes

The Company and its domestic consolidated subsidiaries apply the Japanese group tax sharing system and, in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021), account for corporate tax and local corporate tax as well as tax effect accounting, and disclose such information.

6. Notes to financial instruments

(1) Status of financial instruments

1) Policy for financial instruments

The Company Group operates investment management business targeting unlisted stocks mainly in Japan, Asia and the United States of America through funds managed by the Company Group. While limiting investment activities within the scope of its shareholders' equity in principle, the Company Group raises funds for investment through bank loans, etc., as necessary. The Company Group invests its temporary surplus fund in safe and highly liquid financial assets and does not enter into speculative transactions or derivative transactions.

2) Nature and risks of financial instruments

As to the operational investment securities and investment securities held by the Company Group mainly with the objective of business development, listed stocks are exposed to fluctuation risk of market prices. Operational investment securities denominated in foreign currencies are exposed to fluctuation risk of exchange rates in addition to the above-mentioned risk.

Unlisted companies, which are main portfolio companies of the Company Group, are easily affected by the economic environment due to their unstable profit and financial bases and limited management resources compared with listed companies. Therefore, the following risks are involved with investments in unlisted companies:

- A. There is no guarantee of capital gains from investments.
- B. There is risk of capital losses for investments.
- C. Although we invest in companies for which an IPO or trade sale can be expected by the end of the fund term, the actual IPO timing or trade sales of invested stocks may differ from those previously expected.
- D. Liquidity of unlisted stocks is significantly lower than the stocks of listed companies.

Borrowings and convertible bonds are mainly used for investment activities and exposed to liquidity risk.

3) Risk management system relating to financial instruments

A. Management of risk of investments in unlisted stocks

The objective of investment management business of the Company Group is to increase invested funds. The Company Group mainly invests in unlisted companies which are expected to generate capital gains on IPO, M&A and trade sale, etc. in the future. As to investments in unlisted companies, investee candidates are assessed by the Investment Division from the viewpoint of business feasibility, technological capabilities, financial condition, management evaluation, etc., and by staff in charge of investment evaluation, which is independent from the Investment Division. After both assessments, the Investment Committee makes investment decisions.

After making investment, the Investment Division regularly monitors business status of portfolio companies to identify financial difficulties, delay of business plans, etc. If losses are expected to exceed a certain level, investment loss reserves are provided to prepare for future possible losses.

In case a portfolio company's IPO is uncertain due to its poor business performance or other reasons, or in case corporate value of a portfolio company is deemed unlikely to increase, the Company Group liquidates such stocks by selling them to third parties, etc. at the unlisted stage.

B. Management of market risk (fluctuation risk of market price, foreign currency exchange rates, etc.)

The Company Group liquidates listed operational investment securities at an appropriate price and timing by assessing the market prices and the business condition of issuers on an ongoing basis instead of by a quantitative analysis of market risk. As to the operational investment

securities denominated in foreign currencies, foreign exchange fluctuation is monitored on a continuous basis.

Moreover, as to the investment securities, which mainly consist of the stocks of companies with which the Company has a business relationship, the Company Group performs risk management by assessing the market prices and the business condition on a regular basis and by reviewing the investment securities on an ongoing basis by taking into account the relationships with the Company, instead of by a quantitative analysis.

Disclosure of information regarding reasonable assumptions of fluctuation in the risk variables

• Stock price risk

(Domestic listed operational investment securities and investment securities)

The main financial instruments held by the Company Group that are affected by stock price risk of domestic stock markets are operational investment securities and investment securities listed on the domestic stock markets. The balance of these positions amounts to ¥16,490 million in total in the consolidated balance sheet.

If all other risk variables were assumed to be fixed, a 10% decrease of stock prices as of March 31, 2025 would decrease the fair values of net amount of the respective financial assets and liabilities by ¥1,649 million. Conversely, a 10% increase of stock prices would increase the said fair values by ¥1,649 million.

(Overseas listed operational investment securities)

The main financial instruments held by the Company Group that are affected by stock price risk of overseas stock markets are operational investment securities listed on the foreign stock markets. The balance of the position amounts to ¥7,321 million in the consolidated balance sheet.

If all other risk variables were assumed to be fixed, a 10% decrease of stock prices as of March 31, 2025 would decrease the fair values of net amount of the respective financial assets and liabilities by ¥732 million. Conversely, a 10% increase of stock prices would increase the said fair values by ¥732 million.

• Foreign exchange risk

The main financial instruments held by the Company Group that are affected by foreign exchange risk (mainly yen-U. S. dollar exchange rate) are listed operational investment securities denominated in foreign currencies. The balance of the position amounts to ¥8,342 million in the consolidated balance sheet.

If all other risk variables were assumed to be fixed, a 10% depreciation of Japanese yen against U.S. dollar as of March 31, 2025 would increase the fair values of net amount of the respective financial assets and liabilities by ¥834 million. Conversely, a 10% appreciation of Japanese yen would decrease the said fair values by ¥834 million.

C. Management of liquidity risk associated with fundraising (risk of default on payment date)

Borrowings and convertible bonds are exposed to liquidity risk. The Company Group manages liquidity risk by preparing and updating cash flow plans in a timely manner at each group company.

4) Supplemental remarks on fair value of financial instruments

As variable factors are incorporated in calculating fair values of financial instruments, the values may vary if different assumptions are used.

(2) Fair values of financial instruments

Figures on the consolidated balance sheet, fair values, and the differences between these values as of March 31, 2025 (the balance sheet date of the current fiscal year) are as follows. Unlisted stock, etc. are not included in the following table. (Please refer to Note 2.)

(Millions of yen)

	Figures on the consolidated B/S as of March 31, 2025	Fair value	Difference
(1) Operational investment securities	23,867	23,867	—
(2) Investment securities	2,192	2,192	—
Total assets	26,060	26,060	—
(1) Long-term borrowings	183	182	(0)

(2) Convertible bonds	15,000	17,363	2,363
Total liabilities	15,183	17,545	2,362

Notes: 1. Cash and deposits are omitted because deposits are settled in a short period of time and the book value approximates the fair value.

2. Operational investment securities and investment securities that are not included in the table above

(Millions of yen)	
	Figures on the consolidated B/S as of March 31, 2025
Operational investment securities	
Unlisted stocks (*1)	80,980
Investment securities	
Unlisted stocks (*1)	795
Other (*2)	389

(*1) Unlisted stocks are excluded from "(1) Operational investment securities" and "(2) Investment securities" described above because they do not have market prices.

(*2) "Other" under investment securities is mainly investments in other funds. Since such investments are recorded on the consolidated balance sheet at the net amount of the Company's interests, they are not included in "(2) Investment securities." The total amount of such investments on the consolidated balance sheet as of the end of the current fiscal year was ¥389 million yen.

3. Redemption schedule of monetary receivables after the consolidated balance sheet date
(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	72,486	–	–	–
Total	72,486	–	–	–

4. Repayment schedule of long-term borrowings and convertible bonds after the consolidated balance sheet date

(Millions of yen)						
	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Long-term borrowings	34	134	15	–	–	–
Convertible bonds	–	–	–	15,000	–	–
Total	34	134	15	15,000	–	–

(3) Matters concerning the classification of levels of fair value of financial instruments

The fair value of financial instruments is classified into the following 3 levels based on the observability and significance of inputs used to measure fair value.

Level 1: Of the observable inputs used for fair value measurement, fair value measured based on the quoted prices in active markets for assets or liabilities subject to relevant fair value measurement

Level 2: Of the observable inputs used for fair value measurement, fair value measured based on inputs for fair value measurement other than Level 1 inputs

Level 3: Fair value measured based on unobservable inputs for fair value measurement

If multiple inputs with a significant impact on fair value measurement are used, the fair value is classified to the lowest priority level of fair value measurement in which each input belongs

1) Financial instruments stated at fair value on the consolidated balance sheet

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities	20,615	361	2,890	23,867
Investment securities	2,192	-	-	2,192
Total assets	22,807	361	2,890	26,060

2) Financial instruments other than those stated at fair value on the consolidated balance sheet

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	-	182	-	182
Convertible bonds	-	17,363	-	17,363
Total liabilities	-	17,545	-	17,545

Notes: 1. Description of the techniques and inputs used for fair value measurement

Operational investment securities

Of operational investment securities, the fair values of listed stocks are based on the market prices. They are classified as Level 1 because listed stocks are traded on active markets.

Further, of operational investment securities, the fair values of stocks listed on the TOKYO PRO market and the Emerging Stock Board (ESB) of the Taipei Exchange (TPEX) are, in principle, based on the market prices and classified as Level 2 after taking the liquidity of these markets into account. (Of the above, the fair values of some stocks with extremely low liquidity are measured based on expected recovery amounts after taking portfolio companies' actual situations into account. As the fair values are measured using mainly unobservable inputs, they are classified to Level 3.)

Additionally, of operational investment securities, the shareholder value of investments other than stocks, including warrants and convertible bonds of unlisted portfolio companies, is calculated using valuation techniques based on market prices of similar companies, transaction cases that take into account last traded prices, preferred terms of class shares and other factors, etc. The shareholder value is then allocated to the fair value of each investment using option pricing models, etc. These investments are classified as Level 3 because the fair values are calculated primarily using unobservable inputs.

The unobservable inputs used to measure the fair value of these operational investment securities classified as Level 3 are primarily valuation multiples, illiquidity discounts, volatility, and estimated time to expiration.

Investment securities

The fair values of stocks are based on the market prices. The fair values of listed stocks are classified as Level 1 because they are traded on active markets.

Long-term borrowings

Of long-term borrowings, the fair values of those with fluctuating interest rates are their book values as they are considered to approximate their fair values as market interest rates are reflected in a short period of time and the Company's credit standing has not drastically changed since the transaction. The fair values of those with fixed interest rates are measured based on the present value, which is calculated by discounting the total principal and interest of such long-term borrowings classified by a certain period of time by the interest rate assumed for similar loans. The fair values of these long-term borrowings are classified as Level 2.

Convertible bonds

The fair values of convertible bonds are based on the fair value information provided by correspondent financial institutions. The fair values of convertible bonds are classified as Level 2.

2. Information about Level 3 fair values of financial assets and liabilities stated at fair value on the consolidated balance sheet

(1) Quantitative information related to significant unobservable inputs

Classification	Measurement technique	Significant unobservable inputs	Range of inputs
Operational investment securities	Valuation techniques based on market prices of similar companies	Price-sales ratio	From 0.9x to 12.8x
		Illiquidity discounts	From 20.6% to 29.2%
	Option pricing models	Volatility	From 57.7% to 96.9%
		Estimated time to expiration	From 1.6 yrs. to 3.1 yrs.

The table above show inputs used for fair value measurement of investments other than stocks, such as warrants and convertible bonds of unlisted portfolio companies held by the Company Group.

(2) Reconciliation between the opening balance and the closing balance

(Millions of yen)

	Operational investment securities
Opening balance as of April 1, 2024	2,646
Recognized in other comprehensive income	(14)
Acquired	495
Sold	(68)
Conversion from warrants and convertible bonds. etc. to stocks of unlisted portfolio companies	(194)
Other	25
Closing balance as of March 31, 2025	2,890

(3) Explanation of fair value measurement processes

For financial instruments classified as Level 3, in accordance with the Company's policy and procedures for fair value measurement, the measurement staff determines the valuation technique that can appropriately reflect the nature, characteristics, and risks of the subject financial instruments, and calculates and analyzes the fair value after confirming the appropriateness of the valuation technique and inputs used. The results of fair value calculation shall be approved by the appropriate responsible person.

(4) Explanation on the impact on fair value when the significant unobservable input is changed

In the measurement technique based on market prices of similar companies, the fair value of operating investment securities significantly increases (decreases) when the price-sales ratio of similar companies increases (decreases) significantly. On the other hand, a significant increase (decrease) in the illiquidity discount will result in a significant decrease (increase) in the fair value of operating investment securities.

In the option pricing model, a significant increase (decrease) in volatility and estimated time to expiration will result in a significant increase (decrease) in option value, and consequently the fair values of operating investment securities will change. The volatility, estimated time to expiration, illiquidity discount, and other inputs are not necessarily independent of each other, but rather there are multiple combinations of correlations among them, and the fair values of operational investment securities increase or decrease depending on the combination of these factors.

7. Notes to revenue recognition

(1) Breakdown of revenue from contracts with customers

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

(Millions of yen)

			For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)		
			Income from partnership management		
Fund Name	Established	Term end	Management fees	Success fees	Total
JAFCO SV4 Series	Mar. 2013	Dec. 2026	19	1,325	1,344
JAFCO SV5 Series	Aug. 2016	Dec. 2026	442	-	442
JAFCO SV6 Series	June 2019	Dec. 2029	1,210	-	1,210
JAFCO SV7 Series	June 2022	Dec. 2032	1,648	-	1,648
JAFCO Asia Technology Fund VI L.P.	Mar. 2013	Dec. 2024	35	298	334
JAFCO Asia Technology Fund VII L.P.	Apr. 2017	Dec. 2026	197	-	197
JAFCO Taiwan I Venture Capital Limited Partnership	Sept. 2019	Dec. 2026	132	-	132
JAFCO Asia S-8 Fund Limited Partnership JAFCO Asia S-8(A) Fund Limited Partnership	Apr. 2021	Dec. 2030	193	-	193
JAFCO Taiwan II Venture Capital Limited Partnership	Dec. 2022	Dec. 2029	241	-	241
Other	-	-	138	2	141
Total	-	-	4,259	1,626	5,885

(Management fees expected to be recognized in and after the next fiscal year)

Management fees are generally received quarterly, based on the total amount of commitments, etc. multiplied by a certain rate, and the rate decreases as the fund approaches maturity.

(2) Basic information for understanding revenue

1) Information on contract and performance obligations

A. Information on performance obligations

Information on performance obligations is presented in "(4) Accounting policies - 4) Other significant matters for the preparation of consolidated financial statements – F. Standard for recording important revenues and expenses in 1. Significant matters for the preparation of consolidated financial statement."

B. Information on significant payment terms

Management fees are generally received in stages based on the progress of performance obligations in accordance with the contract. The Company receives success fees at the time of distribution from funds whose cumulative distributions to investors exceed total capital contributions.

2) Information on the calculation of transaction prices

Management fees are calculated by multiplying the contract-based rate by the total commitment amount, etc. Success fees are calculated by multiplying the contract-based rate by the amount calculated by subcontracting the total commitment amount from the sum of cumulative distributions and current distributable amount.

Success fees are variable compensation because the fees are determined based on fund performance. Since the fund performance is susceptible to factors over which the Group has no influence, such as market volatility or the decisions or actions of third parties, there is significant uncertainty in estimating the amount of variable compensation, and therefore, only the portion that is highly unlikely to result in a significant reduction in revenue is included in the transaction price.

3) Information on the calculation of the amounts allocated to performance obligations

Management fees and success fees are recognized as a single performance obligation, and the

transaction price is not allocated to performance obligation.

4) Information on the timing of satisfaction of performance obligations

Information on the timing of satisfaction of performance obligations is presented in "(4) Accounting policies - 4) Other significant matters for the preparation of consolidated financial statements – F. Standard for recording important revenues and expenses in 1. Significant matters for the preparation of consolidated financial statement."

(3) Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in or after the next fiscal year from contracts with customers that existed at the end of the current fiscal year

1) Balance of contract assets and liabilities

	(Millions of yen) For the year ended March 31, 2025
Receivables arising from contracts with customers (opening balance)	49
Receivables arising from contracts with customers (closing balance)	23
Contract assets (opening balance)	220
Contract assets (closing balance)	164

Contract assets is related to the Company Group's rights to success fees, which are the consideration for management obligations of a fund. Such consideration is recognized as a contract asset from the point in time when a significant reduction in revenue at fiscal year end is deemed highly unlikely in accordance with the contract, and is received each time the fund makes a distribution.

2) Transaction prices allocated to remaining performance obligations

Information on management fees expected to be recognized in or after the next fiscal year is presented in "(1) Breakdown of revenue from contracts with customers".

As for success fees, for which the consideration is determined based on fund performance, the amount of variable compensation is susceptible to factors beyond the influence of the Company Group and the performance of each fund is difficult to forecast, as described in "(2) Information on the calculation of transaction prices in (2) Basic information for understanding revenue." Until significant uncertainty regarding the estimate of variable compensation is resolved, the estimate is not calculated and revenue is not recognized. Accordingly, information regarding success fees expected to be recognized in or after the next fiscal year has been omitted from this note.

8. Notes to per-share information

(1) Net assets per share	¥2,586.26
(2) Net income per share	¥175.59

9. Notes to significant subsequent events

<Transfer of shares of subsidiary>

At a meeting of the Board of Directors held on April 23, 2025, the Company resolved to transfer all shares of JAFCO Investment (Asia Pacific) Ltd., a consolidated subsidiary that operates venture capital funds in Asia, to Bee Alternatives Management Ltd., and entered into a share transfer agreement on the same date. As a result of this transfer of shares, JAFCO Investment (Asia Pacific) Ltd. and its subsidiaries will be excluded from the Company's scope of consolidation.

(1) Reason for transfer

As stated in "Notice Regarding Shifting Focus to Domestic Investment and Strengthening Shareholder Returns for Enhancing Corporate Value" announced on April 23, 2025, the Company has decided to transfer the shares of JAFCO Investment (Asia Pacific) Ltd., an overseas subsidiary, in order to concentrate on domestic investment that has superior investment performance and is expected to continue expanding in the future.

(2) Overview of the subsidiary to be transferred

1) Name	JAFCO Investment (Asia Pacific) Ltd ("JAFCO Asia")		
2) Location	10 Collyer Quay #05-07 Ocean Financial Centre Singapore 049315		
3) Representative	Yoshiyuki Shibusawa, President & Chief Executive Officer		
4) Line of business	Fund management		
5) Capital	15 million Singapore dollars		
6) Established	March 1990		
7) Major shareholders and percentage held	JAFCO Group Co., Ltd.: 100%		
8) Relation with the Company	Capital relation	The Company holds 100% of the voting rights of JAFCO Asia.	
	Personne relation	A corporate officer of the Company also serves as a director at JAFCO Asia.	
	Business relation	The Company invests in funds managed by JAFCO Asia.	
9) JAFCO Asia's consolidated operating results and consolidated financial position (unit: millions of USD)			
Fiscal year	FY Dec. 2022	FY Dec. 2023	FY Dec. 2024
Consolidated net assets	47	42	43
Consolidated total assets	69	65	62
Consolidated net sales	14	13	15
Consolidated operating income	1	6	7
Consolidated net income	(0)	5	5

(3) Name of the buyer of shares

Bee Alternatives Management Ltd.

(4) Number of shares to be transferred and status of shares held before and after transfer

1) Number of shares held before the transfer	15,000,000 shares (Voting rights ownership ratio: 100%)
2) Number of shares to be transferred	15,000,000 shares
3) Number of shares held after the transfer	0 share (Voting rights ownership ratio: 0%)

(5) Schedule of transfer

1) Date of resolution of Board of Directors	April 23, 2025
2) Agreement execution date	April 23, 2025
3) Share transfer date	June 30, 2025 (Scheduled)

Note: The execution of the share transfer is subject to obtaining approval from the relevant authorities and is subject to change depending on the status of progress.

(6) Future outlook

The impact of this transfer on the Company's consolidated performance for the fiscal year ending March 2026 is believed to be limited. If it comes to light that there will be a significant impact, the matter shall be promptly disclosed.

<Share buybacks>

At a meeting of the Board of Directors held on April 23, 2025, the Company resolved the following matters concerning the acquisition of treasury shares in accordance with the provisions of Article 459,

Paragraph 1 of the Companies Act, and has implemented the acquisition of treasury shares as follows.

(1) Reason for implementing share buybacks

The Company decided to implement share buybacks in line with its policy of allotting cash in excess of necessary funds to shareholder returns and in consideration of net available cash as of the end of March 2025.

(2) Details of share buybacks

1) Type of shares to be acquired	Ordinary shares of the Company
2) Total number of shares that may be acquired	3,500,000 shares (Maximum) (Percentage of total outstanding shares (excluding treasury shares): 6.41%)
3) Total acquisition price	Five billion yen (Maximum)
4) Acquisition period	April 24, 2025 to October 23, 2025
5) Method of acquisition	Market purchase on the Tokyo Stock Exchange

(3) Status of share buybacks

1) Treasury shares acquired from April 24, 2025 to April 30, 2025 based on the above resolution

Number of shares acquired: 84,200 shares

Total acquisition price: ¥203 million

2) Amount of treasury shares to be acquired on or after May 1, 2025 (Maximum)

¥4,796 million

Notes to Non-Consolidated Financial Statements

1. Note to significant accounting policies

(1) Basis and method of valuation for securities

1) Investments in subsidiaries and associates

Stated at cost determined by the moving-average method.

2) Available-for-sale securities (including operational investment securities)

• Other than stock, etc. without market value

Stated at fair market value based on the market price as of the balance sheet date.

Valuation differences of warrants and convertible bonds of unlisted portfolio companies and securities other than stock are booked directly in net assets, and those of the other securities are booked partially in net assets. The cost of securities sold is determined by the moving-average method.

• Stock, etc. without market value

Stated at cost determined by the moving-average method.

(2) Depreciation and amortization methods for depreciable and amortizable non-current assets

1) Property, plant and equipment

Declining-balance method.

However, facilities attached to buildings and structures obtained on or after April 1, 2016 are depreciated by the straight-line method.

Useful lives of principal property, plant and equipment are as follows:

Buildings	8 to 18 years
Furniture and fixture	3 to 15 years

2) Intangible assets

Software for internal use is amortized by the straight-line method over the expected useful life (5 years).

(3) Basis of significant allowances and provisions

1) Investment loss reserves

Investment loss reserves are provided for based on estimated losses on unlisted operational investment securities held as of the balance sheet date, assessing business performance of portfolio companies. The difference between the balances of investment loss reserves as of the end of the current fiscal year and that of previous fiscal year is presented as "(Reversal of) Additions to investment loss reserves" in the non-consolidated statements of income. For unlisted operational investment securities that have been written down, the amount equivalent to the write-down has been included in additions to investment loss reserves, and has not been directly deducted from acquisition cost.

2) Provision for bonuses

For payment of employees' bonuses, the provision for employees' bonuses is provided for in the amount that is expected to be paid for the current fiscal year.

3) Allowance for extraordinary compensation for directors

For payment of extraordinary compensation for directors, allowance is provided for in the amount that is expected to be paid for the current fiscal year.

4) Provision for retirement benefits

For the calculation of projected benefit obligation and benefit expenses, the simplified method, which assumes the Company's benefit obligation to be equal to the

benefits payable due to the voluntary retirement at the fiscal year-end, is applied.

(4) Recognition of revenue and expenses

1) Revenue from and cost of operational investment securities

Proceeds from the sale of operational investment securities with the objective of investment, dividend income and interest income are recognized under revenue from operational investment securities. The carrying amounts of operational investment securities sold, commission fees and impairment losses are recognized under cost of operational investment securities.

2) Income from partnership management

Income from partnership management comprises fund management fees and success fees and derived from contracts with customers. Recognition standard is as shown below.

a. Details of performance obligations in the Company's mainstay business

The Company is obligated to manage and operate funds managed by the Company and its subsidiaries in accordance with the partnership agreements, and the performance obligations are satisfied continuously over a certain period of time.

b. Standard point in time at which revenues related to a. above is recognized

(Management fees) Revenues is recognized when the performance obligations are satisfied over a specified period.

(Success fees) Success fees received from funds managed by the Company and its subsidiaries are variable compensation, and revenue is recognized when a significant decrease in revenue is deemed highly unlikely at the end of fiscal year.

(5) Other basis for the preparation of financial statements

1) Policy for translation of foreign-currency-denominated assets or liabilities into Japanese yen

Foreign-currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates prevailing at the balance sheet date, and the differences arising from the translation are recognized in profit or loss.

2) Accounting treatment for investments in funds

With regard to the accounting treatment for investments in funds managed by the Company and its subsidiaries, total amounts of assets, liabilities, revenue and expenses of the funds are stated in proportion to the Company's interest based on the financial statements as of the balance sheet date of the Company for the funds with the same balance sheet date as the Company's fiscal-year end, while based on the tentative financial statements as of the balance sheet date for the funds with a balance sheet date which is different from the Company's fiscal-year end.

3) Gross profit presentation

Operational investment securities are classified into those whose gains (losses) on the sale have been realized and unrealized. To clarify the investment performance of those that have been realized and the fluctuation status of expected losses on those that have not been realized, the item gross profit excluding the portion of expected losses

has been established in the non-consolidated statements of income. Subsequently, the difference between the balance of investment loss reserves at the end of the current fiscal year and that of the previous fiscal year is presented as "(Reversal of) Additions to investment loss reserves," and regarding the valuation difference of operational investment securities (excluding those whose valuation difference is booked directly in net assets), the amount of fair values falling below acquisition costs for the current fiscal year (net of such amount at the end of the previous fiscal year) is presented as "(Reversal of) unrealized losses on operational investment securities."

4) Accounting treatment of consumption taxes and other

Non-deductible consumption taxes are expensed as selling, general and administrative expenses. However, non-deductible consumption taxes related to noncurrent assets are included in "Other" under "Investments and other assets" and amortized equally in accordance with the Corporation Tax Act.

2. Notes to accounting estimates

(1) Investment loss reserves

1) Amount recorded in the financial statements for the current fiscal year

Investment loss reserves: ¥13,090 million

2) Information that facilitates the understanding of accounting estimates

The calculation method of 1) above is omitted because it is same as "2. Notes to accounting estimates (1) Investment loss reserves" in the "Notes to Consolidated Financial Statements" section.

(2) Recoverability of deferred tax assets

1) Amount recorded in the financial statements for the current fiscal year

Deferred tax assets: ¥- million

(The amount before offsetting deferred tax liabilities is ¥2,022 million.)

2) Information that facilitates the understanding of accounting estimates

The calculation method of 1) above is omitted because it is same as "2. Notes to accounting estimates (2) Recoverability of deferred tax assets" in the "Notes to Consolidated Financial Statements" section.

3. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral

No assets were pledged as collateral and secured debts as of the current fiscal year-end.

However, the following assets were pledged as collateral for the debts of portfolio companies of the Company.

Operational investment securities: ¥6,846 million

(2) Accumulated depreciation of property, plant and equipment: ¥185 million

(3) Monetary receivables from and payables to subsidiaries and associates

1) Short-term monetary receivables: ¥10 million

2) Short-term monetary payables: ¥16 million

(4) Monetary receivables from and payables to directors

1) Monetary receivables: ¥52 million

2) Monetary payables: None

4. Notes to Non-Consolidated Statement of Income

(1) Amount of business with subsidiaries and associates

1) Operational income:	¥14 million
2) Operational expenses:	¥16 million
3) Amount of non-operational transactions:	¥1,108 million

(2) Impairment losses included in cost of operational investment securities: None

5. Notes to the Statement of Changes in Shareholders' Equity, etc.

Class and total number of treasury shares

Class	No. of shares as of April 1, 2024	Increase	Decrease	No. of shares as of March 31, 2025
Common stock	1,576 thousand shares	0 thousand shares	84 thousand shares	1,492 thousand shares

- Notes: 1. The increase in treasury shares is due to the purchase of shares of less than standard unit.
2. The decrease in treasury shares is due to the disposal of treasury shares as restricted stock compensation.

6. Notes to tax effect accounting

(1) Significant components of deferred tax assets and deferred tax liabilities

(Deferred tax assets)	(Millions of yen)
Loss on valuation of operational investment securities	39
Investment loss reserves	4,076
Accumulated foreign exchange adjustment expenses	13
Accrued enterprise tax	210
Loss on valuation of investment securities	1,140
Loss on valuation of membership	20
Provision for retirement benefits	105
Success fees included in gross profits	530
Other	400
Subtotal deferred tax assets	6,537
Valuation allowance	(4,514)
Total deferred tax assets	2,022
(Deferred tax liabilities)	(Millions of yen)
Valuation difference on available-for-sale securities	7,975
Total deferred tax liabilities	7,975
Net deferred tax liabilities	5,952

(2) Breakdown of major items that cause differences between effective statutory tax rates and income tax burden after tax effect accounting is applied

	(%)
Effective statutory tax rates	30.62
(Reconciliation)	
Permanently non-deductible expenses such as entertainment expenses	0.26
Income permanently excluded from taxable income such as dividend income	(2.79)
Per capita levy of corporate inhabitant tax	0.04
Prior year reserve differences	0.03
Controlled foreign company taxation	0.41
Upward adjustment of year-end deferred tax assets due to change in tax rate	(0.94)
Increase (decrease) in valuation allowance	(0.86)
Other	(0.01)
Income tax burden after tax effect accounting is applied	26.76

(3) Revision of amount of deferred tax assets and deferred tax liabilities due to changes in corporate tax

rates

Following the enactment of the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025) by the National Diet on March 31, 2025, a “special corporate tax for defense” will be imposed starting from the fiscal year beginning on April 1, 2026.

With this, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in fiscal year beginning on April 1, 2026 and onward, the statutory effective tax rate used for calculation has been revised from 30.62% to 31.52%.

Due to this change, deferred tax liabilities (net of deferred tax assets) for the current fiscal year increased by ¥192 million. Consequently, deferred income taxes decreased by ¥34 million, and valuation difference on available-for-sale securities decreased by ¥227 million.

- (4) Accounting treatment of corporate tax and local corporate tax or accounting treatment of tax effects related to these taxes

The Company applies the Japanese group tax sharing system and, in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021), accounts for corporate tax and local corporate tax as well as tax effect accounting, and disclose such information.

7. Notes to related party transactions

(1) Subsidiaries

Affiliation	Name	Location	Capitals	Major business	Voting rights ratio	Relationship with related party	Transaction details	Transaction amounts	Items	Balance as of March 31, 2025
Subsidiary	JAFCO America Ventures Inc.	United States of America	1 million US dollars	Fund management	Directly holding 100%	Consignment of business	Dividends	¥430 million	-	-
Subsidiary	JAFCO Investment (Asia Pacific) Ltd	Singapore	15 million Singapore dollars	Fund management	Directly holding 100%	Consignment of investment mediation business	Dividends	¥646 million	-	-

(2) Directors and major individual shareholders

Affiliation	Name	Location	Capitals	Major business	Voting rights ratio	Relationship with related party	Transaction details	Transaction amounts	Items	Balance as of March 31, 2025
Director	Shinichi Fuki	-	-	Chairman	Directly held 0%	Chairman of the Company	Disposition of treasury shares (Note 2)	¥28 million	-	-
Director	Keisuke Miyoshi	-	-	President	Directly held 0%	President of the Company	Loans	¥7 million	Long-term loans	¥52 million
							Loan collection	¥16 million		
							Interest income	¥0 Million	Accrued income	¥0 Million
							Disposition of treasury shares (Note 2)	¥28 million	-	-

Notes: 1. Terms of transactions, policies determining terms of transactions, etc.

- (i) Price and other terms of transactions are determined after negotiations based on the consideration calculated by the Company by taking the market price, etc. into account.
- (ii) Interest on loans is determined based on market interest rate.

2. Due to in-kind contribution of monetary compensation claims based on the restricted stock compensation plan.

8. Notes to revenue recognition

Basic information for understanding revenue arising from contracts with customers is omitted as the same information is presented in "7. Notes to revenue recognition" in the "Notes to Consolidated Financial Statements" section.

9. Notes to per share information

(1) Net assets per share	¥2,520.55
(2) Net income per share	¥176.61

10. Notes to significant subsequent events

<Transfer of shares of subsidiary>

This section is omitted because it has been stated in "9. Notes to significant subsequent events <Transfer of shares of subsidiary>" in the "Notes to Consolidated Financial Statements" section.

<Share buybacks>

This section is omitted because it has been stated in "9. Notes to significant subsequent events <Share buybacks>" in the "Notes to Consolidated Financial Statements" section.