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Notice Regarding Transition to Non-Consolidated Financial Statements

JAFCO Group Co., Ltd. (the “Company”) hereby announces that it has decided to transition from consolidated financial statements to non-consolidated (standalone) financial statements starting with the third quarter of the fiscal year ending March 2026.

1. Transition from consolidated to non-consolidated (standalone) financial statements

As announced on November 5, 2025, with the completion of the transfer of all shares of JAFCO Investment (Asia Pacific) Ltd (now renamed JIF Capital Ltd; hereafter referred to as “JIAP”), which had been a consolidated subsidiary of the Company, JIAP and its consolidated subsidiaries have been excluded from the Company’s scope of consolidation. Also, on January 6, 2026 in the US, the transfer of all of the shares of JAFCO America Ventures Inc. (whose investment business is operated under the name “Icon Ventures”; hereafter referred to as “Icon”), a non-consolidated subsidiary of the Company, to an entity established by its local management was completed.

As a result, the only remaining consolidated subsidiary of the Company is JAFCO Consulting Co., Ltd. (hereafter referred to as “JCC”). However, since JCC is small in scale in terms of total assets, net sales, net income, retained earnings, etc. and is deemed to lack significance, the Company has decided to exclude JCC from its scope of consolidation starting from the end of the third quarter of the fiscal year ending March 2026.

With the exclusion from scope of consolidation of JIAP and JCC, the Company will no longer have any consolidated subsidiaries. As such, the Company has decided to transition from consolidated financial statements to non-consolidated (standalone) financial statements starting with the third quarter of the fiscal year ending March 2026.

2. Dividend forecast

Forecast dividends for the fiscal year ending March 2026 has been announced as a minimum of ¥133 per share, based on 6% DOE (the ratio of annual dividends to consolidated shareholders’ equity at the end of the previous fiscal year) calculated at ¥132.88. Following the transition to non-consolidated (standalone) financial statements, when this amount is recalculated using non-consolidated shareholders’ equity at the end of the previous fiscal year, it becomes ¥132.18. Accordingly, there is no change to the dividend forecast.

As for year-end dividends for the current fiscal year, annual dividends will be the greater of either 6% DOE based on consolidated shareholders’ equity at the end of the previous fiscal year or 50% net income of the non-consolidated financial statements, and from this annual dividend amount, interim dividends of 66.50 yen will be deducted to determine year-end dividends.

Also, dividends for the next fiscal year onward will be determined based on non-consolidated financial figures.

3. Performance forecasts

Even after the Company's transition to non-consolidated (standalone) financial statements, because of the nature of its business, domestic stock markets as well as the IPO market may cause large fluctuations in the Company's earnings level and, as a result, it is difficult to make meaningful performance forecasts. Therefore, instead of announcing financial forecasts, the Company will make timely disclosure of quarterly, semi-annual, and annual financial results.

The financial statements for the third quarter of the fiscal year ending March 2026 are scheduled to be announced on January 28, 2026.

Also, with the transfer of shares of JIAP and Icon, non-operating profits from dividend income and extraordinary gains and losses from the transfer of shares of subsidiaries are scheduled to be recorded in the non-consolidated (standalone) financial statements for the fiscal year ending March 2026. The total is expected to be approx. ¥2.6 billion and will be recorded as profit before income taxes.

4. Change in accounting treatment for interests in funds operated by transferred subsidiaries

The Company's interests in funds managed by JIAP and Icon had been accounted for as operational investment securities using the gross method, with gains and losses on these interests recorded as net sales and cost of sales. However, starting from the beginning of the third quarter of the fiscal year ending March 2026 for interests in JIAP funds and from the end of the third quarter of the fiscal year ending March 2026 for interests in Icon funds, the net method shall be used in accounting, each being accounted for as investment securities, with gains and losses on the interests going forward recorded as non-operating gains and losses.