

PURPOSE

Fueling perpetual growth; investing in bold visions

As a venture capital pioneer in Japan, JAFCO Group has led the way in opening up the market while overcoming many challenges. In our early years, we encountered difficulties establishing a consistent revenue base. However, the 1980s marked a turning point when we established Japan's first venture capital partnership fund and pursued continued expansion of our business as a venture capital firm. Having secured a stable source of capital for investment, we have been pursuing a uniquely Japanese approach as an investment firm specializing in private equity while working to recruit and train personnel with a long-term perspective.

Over the years, the Japanese economy has grown, developed, and matured, and during that time, JAFCO has consistently invested in bold visions. Our business has two main pillars. In venture investments, we pursue the creation of new businesses together with entrepreneurs. In buyout investments, we guide companies that seek renewed growth through a "second start," enabling them to achieve enduring growth and expansion. We have invested growth capital in unlisted companies through fundraising and equity financing to support growth and to provide returns to investors through IPOs. Moreover, a stable supply of risk money will be required to revive the now stagnating Japanese economy and put it back on track for growth. We are committed to maintaining and expanding the investment cycle, no matter how difficult the operating environment becomes, to fuel perpetual growth.

The problems facing the global environment and economy are more complex than ever before. Humanity must create a new form of prosperity in which everyone can coexist in harmony, regardless of race, gender, or culture. Since our founding, we have worked with various entrepreneurs to create and further develop innovative products and services that the world needs and ushered in a new era. By boldly investing in initiatives that create as-yet-unknown value and committing to growth, we will fuel perpetual new growth and contribute to the realization of a sustainable society.

IDENTITY

Co-Founder

JAFCO Group has always worked side by side with cutting-edge entrepreneurs. In addition to a large number of investment professionals with broad experience, we have accumulated the necessary resources and built extensive networks to foster the growth of portfolio companies.

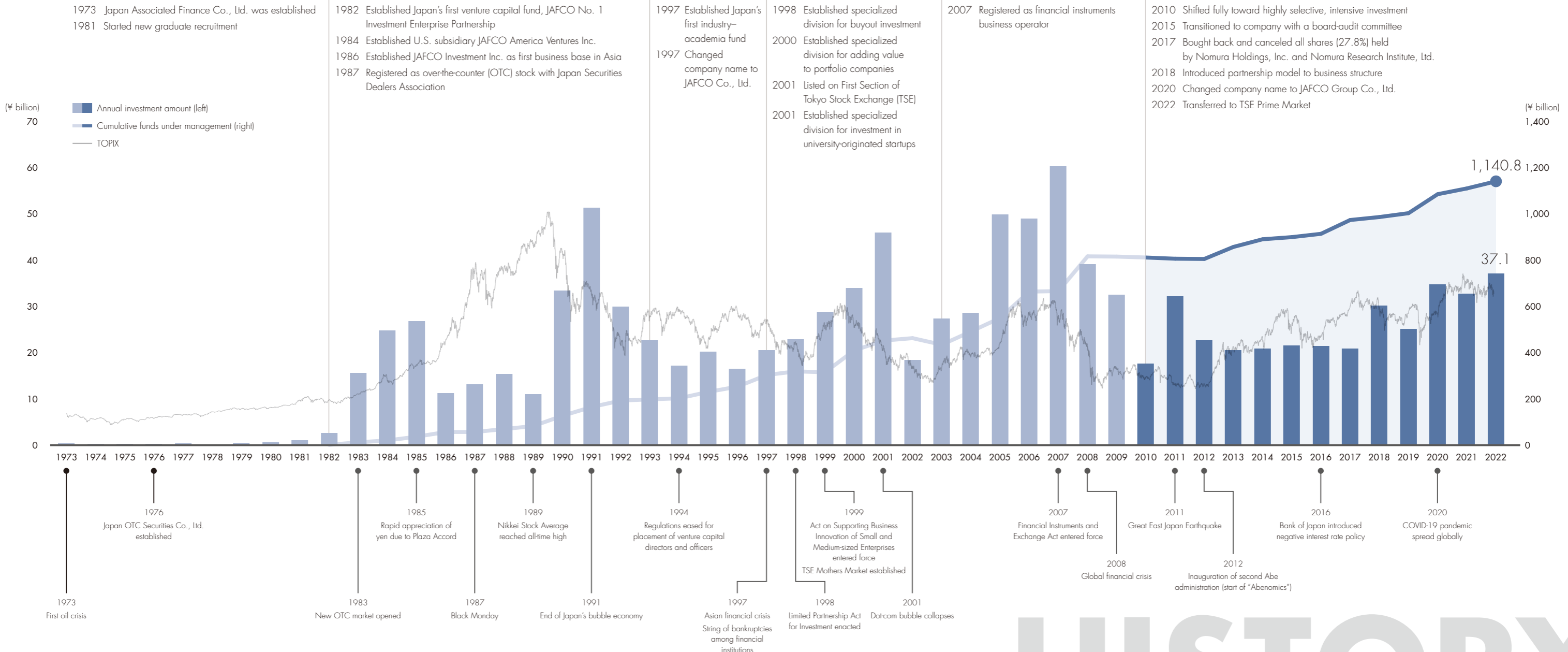
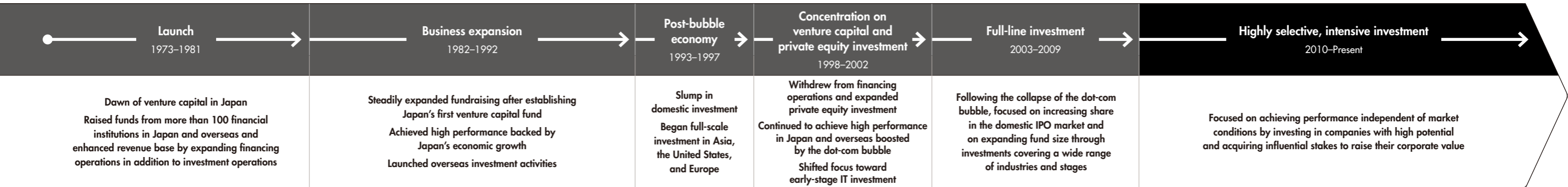
An essential part of going beyond simply being an investor—to truly commit to achieving business growth and increasing corporate value by working together with entrepreneurs and management teams—is for each of our investment professionals to make a deep commitment to management as a "Co-Founder" from the conceptual stage of businesses. In our venture investments, we work alongside entrepreneurs as a Co-Founder of nascent startups, and in our buyout investments, we vigorously promote business growth as a Co-Founder of companies embarking on a "second start."

Furthermore, the corporate culture we have created motivates not only our investment professionals but all of our employees to do their best to ensure the growth and development of portfolio companies. The mentality, knowledge, and experience passed down for decades have been developed based on the mindset of a Co-Founder, which creates a cycle of growth and provides the energy to achieve Our Purpose.

Simply maintaining the status quo is unacceptable in the mindset or behavior of a Co-Founder. The attributes needed of a Co-Founder develop as each individual gains experience in thinking autonomously and taking decisive action. In becoming an organization where each individual plays an active role as a Co-Founder, we will continue to take on challenges with entrepreneurs and provide higher value to portfolio companies and society.

By continually challenging ourselves as a pioneer in private equity investment in Japan, we have developed an investment style that delivers stable results and contributed to the growth of a sustainable society.

JAFCO Group's Initiatives



HISTORY

Purpose

Fueling perpetual growth; investing in bold visions

Investment Management Capabilities

Our investment management capabilities stem from our strong deal-sourcing skills, the ability of our investment professionals to contribute to the growth of portfolio companies, and our organizational ability to share, gather, and complement the experience of individuals—all of which have been continually passed down as part of our corporate culture. Leveraging these strengths, we conduct investment activities based on our policy of highly selective, intensive investment. Having carefully selected investment targets from among many candidate companies, we acquire an influential stake and then intensively provide management resources to boost corporate value. Amid significant changes in the business environment, we will further develop this policy and thereby enhance our ability to reproduce successes.

Fundraising Capabilities

While the success or failure of fundraising is significantly affected by the economic environment and performance, we raise capital for large flagship funds every three years to secure investment capital. As the management of private equity investment requires a higher than usual level of discipline and transparency, we have enhanced our regular reporting and established a high level of trust with investors through support tailored to their individual needs. We will continue to hone our fundraising capabilities to increase our ability to provide risk money. Moreover, while deepening relationships with existing investors, we will also expand the scope of our activities to attract new ones.

JAFCO

Organizational Foundation

We have firmly established a unique model for recruiting and training new graduates to become investment professionals, as well as a culture in which experienced senior personnel pass on their knowledge and mindset to younger team members. We are also bolstering mid-career recruitment of specialists, which has allowed us to expand our investment domain and the scope of our involvement in the management of portfolio companies. We differentiate ourselves from other general venture capital and private equity fund management companies, in having not only a dedicated fundraising division but also a back-office team well versed in private equity investment and fund management, as well as sophisticated compliance and risk management systems. This organizational framework ensures that we continue to reproduce performance.

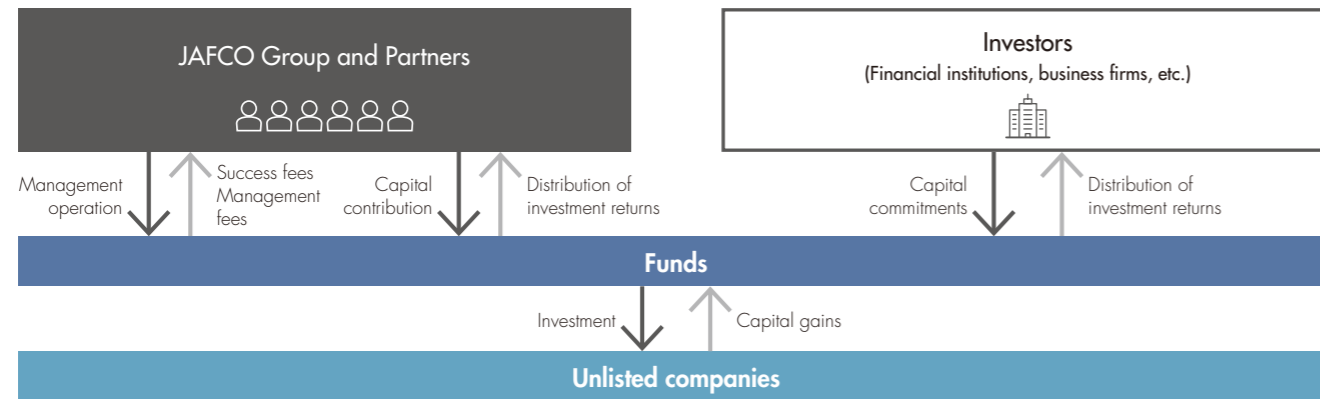
We fuel perpetual growth by harnessing the value derived from our investment management capabilities, fundraising capabilities, and underlying organizational foundation.

STRATEGY

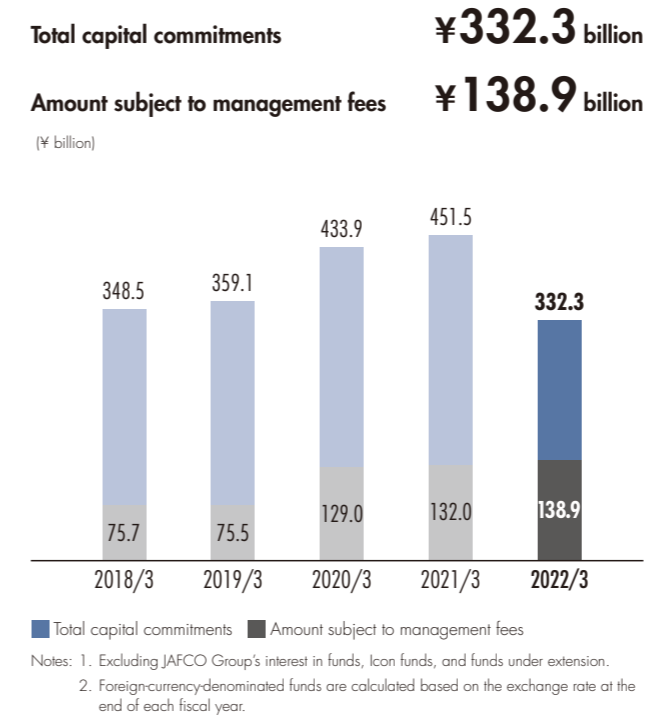
JAFCO Group's Business Overview

JAFCO Group's Profit Structure

The Company conducts venture and buyout investment through fund management. Our main income sources are management fees and success fees derived from fund operations and capital gains on direct investment in funds. The fund term is 10 years in principle, with a possible extension of two years. The portfolio of a newly established fund is built over a period of about three years following the start of fund operation. We believe that continually sourcing and investing in promising companies based on our policy of highly selective, intensive investment ensures stable investment performance, regardless of the timing of a company's establishment or business sentiment. After investment, we deepen management involvement and raise corporate value with entrepreneurs to achieve exits (sales) through IPOs, M&A, and other means.



Total Funds under Management

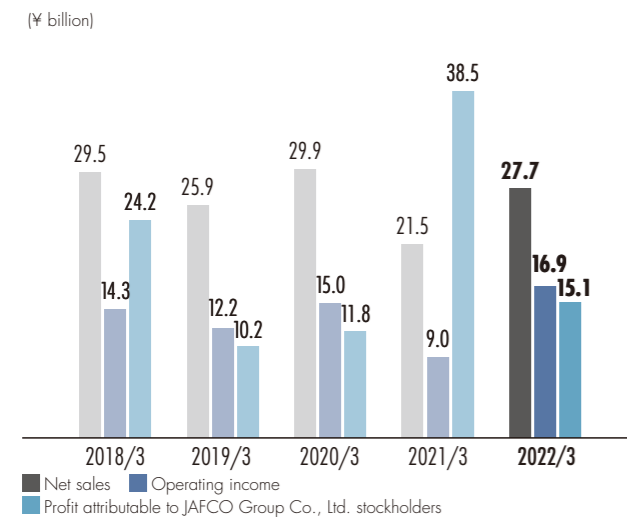


Net Sales / Operating Income / Profit Attributable to JAFCO Group Co., Ltd. Stockholders

Net sales **¥27.7 billion**

Operating income **¥16.9 billion**

Profit attributable to JAFCO Group Co., Ltd. stockholders **¥15.1 billion**



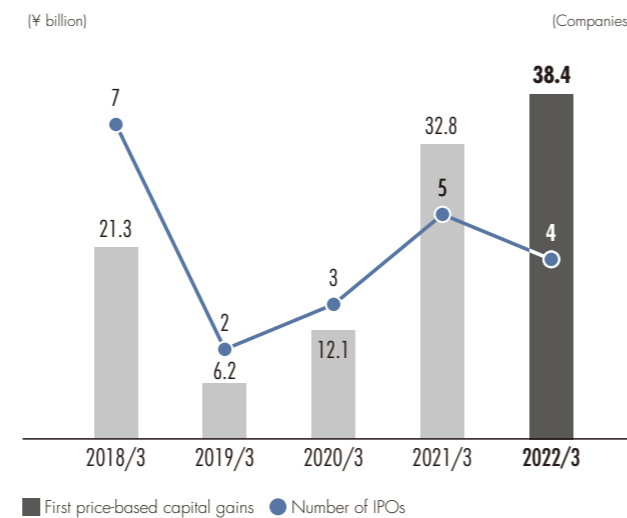
Note: A gain on sale of investment securities was recorded as an extraordinary gain in the fiscal year ended March 31, 2018, and the fiscal year ended March 31, 2021.

Notes to graphs on pages 7-8:
1. Figures are rounded to the nearest unit.
2. The U.S. subsidiary is excluded from the scope of consolidation from the fiscal year ended March 31, 2019.

Domestic IPOs (including funds under management)

First price-based capital gains **¥38.4 billion**

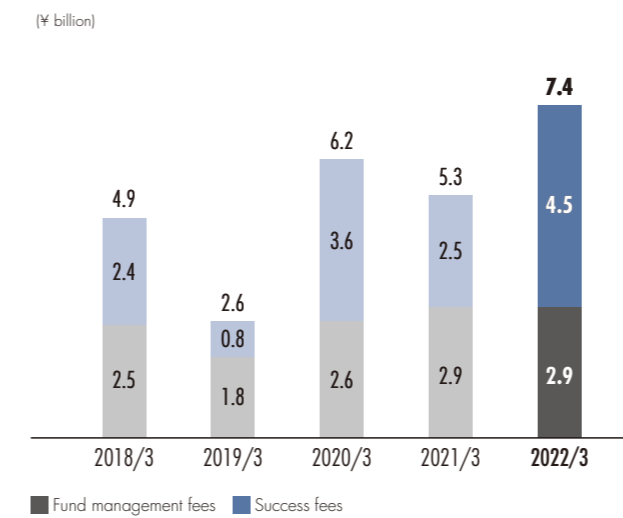
Number of IPOs **4 companies**



Fund Management Fees / Success Fees

Fund management fees **¥2.9 billion**

Success fees **¥4.5 billion**



Note: Figures reflect the exclusion of the U.S. subsidiary (JAV) from the scope of consolidation.

Contents

JAFCO Group's Values

- 1 JAFCO Group's Purpose / Identity
- 3 Applying Our Purpose: JAFCO Group's History
- 5 Applying Our Purpose: JAFCO Group's Strengths
- 7 JAFCO Group's Business Overview

JAFCO Group's Value Creation

- 9 Message from the President
- 15 Value Creation Process
- 17 Sources of Value Creation
- 19 Materiality
- 21 Sustainability
- 23 Message from the CFO
- 27 Business Process

Sustainable Growth Strategy

- 29 Venture Investment
- 31 Buyout Investment
- 33 Portfolio Company Case Studies
- 35 Business Development
- 37 Fund Management
- 39 Global Investment
- 41 Human Resources Strategy

Business Foundation for Sustainable Growth

- 43 Message from an Independent Director
- 45 Board of Directors
- 47 Corporate Governance
- 52 Compliance
- 53 Risk Management
- 56 Environmental Initiatives

Corporate Data

- 57 Review and Analysis of the Fiscal Year Ended March 31, 2022
- 61 Financial and Non-Financial Highlights
- 63 11-Year Summary
- 65 Changes in Fund Performance
- 67 ESG Data
- 69 Company Information
- 70 Shareholder/Investor Information

Editorial Policy

JAFCO Group has supported the launch and rejuvenation of numerous companies and contributed to the revitalization of industries through venture and buyout investment. In December 2022, we took the first step toward even greater growth by establishing our new purpose statement and announcing our growth strategy and capital policy. We have published this report to help our shareholders and investors understand the social value that JAFCO Group has created to date, our business model that supports value creation, and our future growth direction. Seeking to further enhance our corporate value through dialogue, we have positioned this report as a means of communication with all of our stakeholders including shareholders/investors, our fund investors, portfolio companies, and employees. In editing this report, we referenced the *International Integrated Reporting Framework* of the IFRS Foundation and the *Guidance for Collaborative Value Creation* released by the Ministry of Economy, Trade and Industry, and other resources.

Scope of Report

Scope: JAFCO Group Co., Ltd. and its group companies (consolidated subsidiaries)
Reporting period: From April 1, 2021 to March 31, 2022
Note: Some information is based on activities that took place before or after this reporting period.

Note Concerning the Future Outlook

Information in this report relating to current plans, the future outlook, and strategies, etc., has been determined based on the information available at the time the report was prepared. Please be aware that various factors may cause actual future results to differ significantly from the outlook. Risks and variables that may affect results include macroeconomic trends surrounding the Company's business environment, market competition, exchange rates, taxation systems and other various regulations/systems, and internal and external factors.