Matters available on the website in relation to the Notice of Convocation of the 48th Annual General Meeting of Shareholders

(1) Notes to Consolidated Financial Statements ........................................ 1
(2) Notes to Non-Consolidated Financial Statements .............................. 9

The above information is made available on the website of JAFCO Co., Ltd. (the “Company”) at http://www.jafco.co.jp/english/ir/shareholder/meeting/ pursuant to relevant laws and Article 15 of the Company’s Articles of Incorporation.

JAFCO Co., Ltd.

*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.*
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” of Business Report.
     (Note) The other 8 subsidiaries are the entities held for the purpose of establishing funds that the JAFCO Group manages.

2) Non-consolidated subsidiaries
   - Names of unconsolidated subsidiaries: JAFCO America Ventures Inc., JAFCO Super V-3(J) Investment Limited Partnership, JAFCO SV4-J Investment Enterprise Partnership, SV6 Partners Limited Liability Partnership
   - Rationale for exclusion from the scope of consolidation:
     With regard to JAFCO America Ventures Inc., JAFCO Super V-3(J) Investment Limited Partnership, JAFCO SV4-J Investment Enterprise Partnership and SV6 Partners Limited Liability Partnership, 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 Super V-3(J) Investment Limited Partnership, JAFCO SV4-J Investment Enterprise Partnership and SV6 Partners Limited Liability Partnership 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., 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 the such entities were acquired with the Company’s main business objective of investment, not with the objective of control over such portfolio companies’ operations, personnel, funds and other transactions.

(3) Fiscal year of consolidated subsidiaries

For the consolidated subsidiaries with a fiscal-year end different from that of the Company, the tentative financial statements of the respective consolidated subsidiaries as of the 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)
   - Available-for-sale securities with fair market value
     Stated at fair market value based on the market price as of the consolidated balance sheet date. Unrealized gains
are recorded directly in net assets, and unrealized losses are recorded in the statements of income. The cost of securities sold is determined by the moving-average method.

* Available-for-sale securities without fair 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 significant reserves, allowances and provisions

A. Investment loss reserves
   Investment loss reserves are provided for based on estimated losses on 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.

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 JAFCO Group, total amounts of assets, liabilities, income and expenses of the funds are stated in proportion to the JAFCO Group's interests based on the financial statements as of the consolidated balance sheet date for the funds with the same balance sheet date, and based on the tentative financial statements as of the consolidated balance sheet date for the funds with a balance sheet date other than the consolidated balance sheet date.

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

For the presentation of gross profit, realized gains and losses from the operational investment securities and unrealized gains and losses are distinctively recorded. Consequently, “Gross profit” in the consolidated statement of income is presented excluding the unrealized losses on the operational investment securities to show the investment performance more clearly. Unrealized losses on the operating investment securities are included in “Gross profit - net” to show the changes of estimated losses of holding securities. Unrealized losses are classified into “(Reversal of) Additions to investment loss reserves”, which shows the difference in investment loss reserves between the current and previous fiscal year-ends; and “(Reversal of) Unrealized losses on operational investment securities”, which is the difference in unrealized losses on operating investment securities with fair market value between the current and previous fiscal year-ends.

E. Accounting treatment of consumption taxes

Consumption taxes are excluded from transaction amounts. Non-deductible consumption taxes are expensed as selling, general and administrative expenses. However, non-deductible consumption taxes related to the acquisition of noncurrent assets are included in “Other” under “Investments and other assets” and amortized equally in accordance with the Corporation Tax Act.

2. Notes to changes in methods of presentation

(Consolidated Statement of Income)

“Contribution to an investee,” which was included in miscellaneous loss under non-operating expenses in the previous year’s consolidated statement of income, is stated separately from the current consolidated fiscal year because it has become significant in terms of amount. To reflect this change in presentation, the relevant items in the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, miscellaneous loss of ¥22 million stated under non-operating expenses in the consolidated statement of income for the previous fiscal year has been reclassified into ¥18 million in “Contribution to an investee” and ¥3 million in miscellaneous loss.

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 ¥5,220 million
(2) Accumulated depreciation of property, plant and equipment ¥237 million

4. Notes to Consolidated Statement of Changes in Net Assets
(1) Class and total number of shares issued

<table>
<thead>
<tr>
<th>Class</th>
<th>No. of shares as of April 1, 2019</th>
<th>Increase</th>
<th>Decrease</th>
<th>No. of shares as of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>32,550 thousand shares</td>
<td>–</td>
<td>–</td>
<td>32,550 thousand shares</td>
</tr>
</tbody>
</table>

(2) Class and total number of treasury shares

<table>
<thead>
<tr>
<th>Class</th>
<th>No. of shares as of April 1, 2019</th>
<th>Increase</th>
<th>Decrease</th>
<th>No. of shares as of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>1,619 thousand shares</td>
<td>0</td>
<td>–</td>
<td>1,619 thousand shares</td>
</tr>
</tbody>
</table>

Note: The increase of 0 thousand treasury shares is due to the purchase of shares less than standard unit.

(3) Dividends
1) Dividends paid
   - Dividends resolved by the Board of Directors on May 15, 2019
     - Total amount of dividends ¥3,464 million
     - Source of dividends Retained earnings
     - Dividends per share ¥112
     - Record date March 31, 2019
     - Effective date May 29, 2019

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 15, 2020
     - Total amount of dividends ¥3,649 million
     - Source of dividends Retained earnings
     - Dividends per share ¥118
     - Record date March 31, 2020
     - Effective date May 27, 2020

5. Notes to tax effect accounting
(1) Significant components of deferred tax assets and deferred tax liabilities

(Deferred tax assets) (Millions of yen)
- Unrealized losses on operational investment securities 41
- Investment loss reserves 2,412
- Accumulated foreign exchange adjustment expenses 115
- Accrued enterprise tax 196
- Loss on valuation of investment securities 1,568
- Loss on valuation of membership 20
- Net defined benefit liability 133
- Loss carried forward 106
- Others 2,044

Subtotal deferred tax assets 6,638
Valuation allowance (4,385)
Total deferred tax assets 2,252

(Deferred tax liabilities) (Millions of yen)
- Valuation difference on available-for-sale securities 27,151
- Others 294

Total deferred tax liabilities 27,446
Net deferred tax liabilities 25,194
Net deferred tax liabilities are included in the following items in the consolidated balance sheet.
(Millions of yen)

| Non-current assets – Deferred tax assets  | 334 |
| Non-current liabilities – Deferred tax liabilities  | 25,528 |

(2) Breakdown of major items that cause differences between effective statutory tax rates and income tax burden after tax effect accounting is applied
The note is omitted because the difference between effective statutory tax rates and income tax burden after tax effect accounting is applied is less than 5% of effective statutory tax rates.

6. Notes to financial instruments

(1) Status of financial instruments

1) Policy for financial instruments
The JAFCO Group operates investment management business targeting unlisted stocks mainly in Japan, Asia and the United States of America through funds managed by the JAFCO Group. While limiting investment activities within the scope of its shareholders’ equity in principle, the JAFCO Group raises funds for investment through bank loans, etc., as necessary. The JAFCO 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 JAFCO 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 JAFCO 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.
Securities are mainly safe and highly liquid financial assets such as beneficiary certificates and negotiable certificates of deposit. Loans payable 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 JAFCO Group is to increase invested funds. The JAFCO 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 JAFCO 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 JAFCO 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 JAFCO 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 JAFCO Group, 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 JAFCO 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 ¥96,715 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, 2020 would decrease the fair values of net amount of the respective financial assets and liabilities by ¥9,671 million. Conversely, a 10% increase of stock prices would increase the said fair values by ¥9,671 million.
  
  (Overseas listed operational investment securities)
  
  The main financial instruments held by the JAFCO 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 ¥2,269 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, 2020 would decrease the fair values of net amount of the respective financial assets and liabilities by ¥226 million. Conversely, a 10% increase of stock prices would increase the said fair values by ¥226 million.

- **Foreign exchange risk**
  
  The main financial instruments held by the JAFCO 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 ¥2,269 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, 2020 would increase the fair values of net amount of the respective financial assets and liabilities by ¥226 million. Conversely, a 10% appreciation of Japanese yen would decrease the said fair values by ¥226 million.

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

Loans payable are exposed to liquidity risk. The JAFCO 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

Fair values of financial instruments include values based on market prices or reasonably calculated values if there are no market prices available. As variable factors are incorporated in calculating such values, 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, 2020 (the balance sheet date of the current fiscal year) are as follows. Financial instruments whose fair values are deemed extremely difficult to determine are not included in the following table. (Please refer to Note 2.)
Figures on the consolidated B/S as of March 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Fair value</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cash and deposits</td>
<td>69,540</td>
<td>–</td>
</tr>
<tr>
<td>(2) Operational investment securities</td>
<td>8,470</td>
<td>–</td>
</tr>
<tr>
<td>(3) Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale securities</td>
<td>2,500</td>
<td>–</td>
</tr>
<tr>
<td>(4) Investment securities</td>
<td>90,514</td>
<td>–</td>
</tr>
<tr>
<td>Total assets</td>
<td>171,025</td>
<td>–</td>
</tr>
<tr>
<td>(1) Long-term loans payable</td>
<td>249</td>
<td>0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>249</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes:

1. Method of fair value measurement of financial instruments and matters regarding securities

Assets

(1) Cash and deposits
Since these items are settled in a short period of time, the fair values approximate their book values. Accordingly, the book values are presented as their fair values.

(2) Operational investment securities
The fair values of stocks under operational investment securities are based on the market prices at the stock exchange. Regarding the investments in funds, the fair values of the partnership assets, for which fair market valuation can be used, are recorded in proportion to the JAFCO Group’s interests.

(3) Securities
The fair values of securities are based on the prices obtained from financial institutions.

(4) Investment securities
The fair values of shares are based on the prices traded at the stock exchanges.

Liabilities

(1) Long-term loans payable
Since long-term loans payable carrying floating interest rates are reviewed on a short-term interval to reflect market interest rates and the Company’s credit standing has not changed significantly after the execution of loans, their fair values are considered approximate to carrying amounts. Therefore, the fair values of these long-term loans payable are based on the carrying amounts. The fair values of long-term loans payable carrying fixed interest rates are the present value calculated by discounting the sum of principal and interest at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period.

2. Financial instruments whose fair values are deemed extremely difficult to determine

Operational investment securities

<table>
<thead>
<tr>
<th></th>
<th>Figures on the consolidated B/S as of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted stocks (*1)</td>
<td>53,352</td>
</tr>
<tr>
<td>Unlisted domestic and foreign bonds (*2)</td>
<td>938</td>
</tr>
<tr>
<td>Others (*3)</td>
<td>770</td>
</tr>
<tr>
<td>Investment securities</td>
<td></td>
</tr>
<tr>
<td>Unlisted stocks (*1)</td>
<td>970</td>
</tr>
<tr>
<td>Others (*4)</td>
<td>647</td>
</tr>
</tbody>
</table>

(*1) Unlisted stocks are excluded from “(2) Operational investment securities” and “(4) Investment securities” described above because they do not have market prices and their fair values are deemed extremely difficult to determine.

(*2) Unlisted domestic and foreign bonds are excluded from “(2) Operational investment securities” because their fair values are deemed extremely difficult to determine as they do not have market prices and their future cash flows cannot be estimated.
(\textsuperscript{3}) "Others" under operational investment securities are mainly warrants and they are not included in "(2) Operational investment securities" because their fair values are deemed extremely difficult to determine as they do not have market prices and their future cash flows cannot be estimated.

(\textsuperscript{4}) "Others" under investment securities are mainly investment in other funds whose assets consist of instruments such as unlisted stocks for which fair values are deemed extremely difficult to determine, and is therefore not included in "(4) Investment securities."

3. Redemption schedule of monetary receivables and securities with maturity after the consolidated balance sheet date

<table>
<thead>
<tr>
<th></th>
<th>Due within 1 year</th>
<th>Due after 1 year through 5 years</th>
<th>Due after 5 years through 10 years</th>
<th>Due after 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits Securities</td>
<td>69,540</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Available-for-sale securities</td>
<td>2,500</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>72,040</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

4. Repayment schedule of long-term loans payable after the consolidated balance sheet date

<table>
<thead>
<tr>
<th></th>
<th>Due within 1 year</th>
<th>Due after 1 year through 2 years</th>
<th>Due after 2 years through 3 years</th>
<th>Due after 3 years through 4 years</th>
<th>Due after 4 years through 5 years</th>
<th>Due after 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term loans payable</td>
<td>234</td>
<td>15</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>234</td>
<td>15</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

7. Notes to per-share information

(1) Net assets per share ¥6,089.99
(2) Net income per share ¥382.76

8. Notes to revenue recognition

(1) Main obligations based on the contract with customers for the mainstay business
   The Company has obligations to manage and operate its funds based on relative partnership agreement.

(2) Point in time when revenue associated with obligations in (1) above is recognized
   (Fund management fees)
   The Company recognizes fund management fees when the Company fulfills such obligations over a certain period.
   (Success fees)
   The Company recognizes revenue from success fees when it deems that the revenue amount is unlikely to drop significantly as of the fiscal year end.
Notes to Non-Consolidated Financial Statements

1. 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)
   · Available-for-sale securities with fair market value
     Stated at fair market value based on the market price as of the balance sheet date. Unrealized gains are recorded directly in net assets, and unrealized losses are recorded in the statements of income. The cost of securities sold is determined by the moving-average method.
   · Available-for-sale securities without fair 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 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.

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
Under income from partnership management, fund management fees and success fees are included. Fund management fees are recognized based on the amount of consideration of services and period defined in the respective agreement. Success fees are recognized when the amount is deemed unlikely to drop significantly.

(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, and based on the tentative financial statements as of the balance sheet date for the funds with a balance sheet date other than the balance sheet date of the Company.

3) Gross profit presentation
For the presentation of gross profit, realized gains and losses from the operational investment securities and unrealized gains and losses are distinctively recorded. Consequently, “Gross profit” in the non-consolidated statement of income is presented excluding the unrealized losses on the operational investment securities to show the investment performance more clearly. Unrealized losses on the operating investment securities are included in “Gross profit - net” to show the changes of estimated losses of holding securities. Unrealized losses are classified into “(Reversal of) Additions to investment loss reserves”, which shows the difference in investment loss reserves between the current and previous fiscal year-ends; and “(Reversal of) Unrealized losses on operational investment securities”, which is difference in unrealized losses on operating investment securities with fair market value between the current and previous fiscal year-ends.

4) Accounting treatment of consumption taxes
Consumption taxes are excluded from transaction amounts. Non-deductible consumption taxes are expensed as selling, general and administrative expenses. However, non-deductible consumption taxes related to the acquisition of noncurrent assets are included in “Other” under “Investments and other assets” and amortized equally in accordance with the Corporation Tax Act.
2. Notes to changes in methods of presentation

(Non-Consolidated Statement of Income)

"Contribution to an investee," which was included in miscellaneous loss under non-operating expenses in the previous year’s non-consolidated statement of income, is stated separately from the current fiscal year because it has become significant in terms of amount. To reflect this change in presentation, the relevant items in the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, miscellaneous loss of ¥22 million stated under non-operating expenses in the non-consolidated statement of income for the previous fiscal year has been reclassified into ¥18 million in "Contribution to an investee" and ¥3 million in miscellaneous loss.

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 ¥5,217 million

(2) Accumulated depreciation of property, plant and equipment ¥71 million

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

1) Short-term monetary receivables ¥10 million
2) Short-term monetary payables None

(4) Monetary receivables from and payables to directors

1) Monetary receivables ¥32 million
2) Monetary payables None

4. Notes to Non-Consolidated Statement of Income

(1) Amount of business with subsidiaries and associates

1) Operational income ¥12 million
2) Operational expenses ¥11 million
3) Amount of non-operational transactions ¥4,655 million

(2) Impairment losses included in cost of operational investment securities ¥221 million

5. Notes to Non-Consolidated Statement of Changes in Net Assets

Class and total number of treasury shares

<table>
<thead>
<tr>
<th>Class</th>
<th>No. of shares as of April 1, 2019</th>
<th>Increase</th>
<th>Decrease</th>
<th>No. of shares as of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0</td>
<td>~</td>
<td>1,619 thousand shares</td>
</tr>
</tbody>
</table>

Note: The increase of 0 thousand treasury shares is due to the purchase of shares less than standard unit.

6. Notes to tax effect accounting

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

(Deferred tax assets) (Millions of yen)

Unrealized losses on operational investment securities 41
Investment loss reserves 2,412
Accumulated foreign exchange adjustment expenses 115
Accrued enterprise tax 196
Loss on valuation of investment securities 1,568
Loss on valuation of membership 20
Provision for retirement benefits 133
Others 1,706

Subtotal deferred tax assets 6,193
Valuation allowance (4,277)
Total deferred tax assets 1,916
(Deferred tax liabilities) (Millions of yen)
Valuation difference on available-for-sale securities 27,149
Others -
Total deferred tax liabilities 27,149
Net deferred tax liabilities 25,233

(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 0.21
Income permanently excluded from taxable income such as dividend income (9.49)
Per capita levy of corporate inhabitant tax 0.05
Anti-tax haven taxation 4.39
Increase (decrease) in valuation allowance 3.15
Others (0.15)
Income tax burden after tax effect accounting is applied 28.79

7. Notes to related party transactions

(1) Subsidiaries

<table>
<thead>
<tr>
<th>Affiliation</th>
<th>Name</th>
<th>Location</th>
<th>Capital</th>
<th>Major business</th>
<th>Voting rights ratio</th>
<th>Relationship with related party</th>
<th>Transaction details</th>
<th>Transaction amounts</th>
<th>Items</th>
<th>Balance as of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary</td>
<td>JAFCO America Ventures Inc.</td>
<td>U.S.A</td>
<td>1 million US dollars</td>
<td>Fund management</td>
<td>Directed held 100%</td>
<td>Consignment of business Concurrent officers</td>
<td>Dividends</td>
<td>¥765 million</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>JAFCO Investment (Asia Pacific) Ltd</td>
<td>Singapore</td>
<td>15 million Singapore dollars</td>
<td>Fund management</td>
<td>Directed held 100%</td>
<td>Consignment of investment mediation business Concurrent officers</td>
<td>Dividends</td>
<td>¥3,889 million</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(2) Directors and major individual shareholders

<table>
<thead>
<tr>
<th>Affiliation</th>
<th>Name</th>
<th>Location</th>
<th>Capital</th>
<th>Major business</th>
<th>Voting rights ratio</th>
<th>Relationship with related party</th>
<th>Transaction details</th>
<th>Transaction amounts</th>
<th>Items</th>
<th>Balance as of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>Keisuke Miyoshi</td>
<td>-</td>
<td>-</td>
<td>Director</td>
<td>Directed held 0%</td>
<td>Director of the Company</td>
<td>Loans ¥36 million</td>
<td>-</td>
<td>¥32 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Interest income ¥0 million</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other current assets</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1. Consumption tax is not included in the transaction amounts and balance as of March 31, 2020 in (1) and (2) above.
2. Terms of transactions, policies determining terms of transactions, etc.
   a. Price and other terms of transactions take into account market values and negotiated and determined based on consideration calculated by the Company.
   b. Interest on loans is determined based on market interest rate.

8. Notes to per share information

(1) Net assets per share ¥5,988.17
(2) Net income per share ¥377.08
9. **Notes to revenue recognition**
   
   Same as “8. Notes to revenue recognition” in the “Notes to Consolidated Financial Statements” section.