

Financial Results Overview for the 2nd Quarter Ended September 30, 2019

Japan Asia Investment Co., Ltd. (JAIC)
(TSE 8518)

Announcement: November 14, 2019

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The information in this document is for presentational purposes only and is not an inducement to invest in securities issued by JAIC.

The figures in this document are based on consolidated financial statements prepared in accordance with the previous accounting standards.

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NOTE: The figures in this document are based on consolidated financial statements prepared in accordance with the previous accounting standards.

1. Summary

- ✓ Results for 2Q FY Mar 2020
 - Revenues decreased 3.5% year on year; deficit decreased ¥53 million.
 - Evaluation loss on private equity investment assets decreased.
- ✓ Business Report
 - Three new investments of mega solar projects with a ¥30-level FIT price have been executed.
 - Three cases of strategic investment in a partner company in project oriented investment have been carried out.
 - IPOs in 2Q:
 - StemRim Inc. listed on the Mothers section of the Tokyo Stock Exchange on August 9.
 - PBsystems, Inc. listed on the Q-Board of the Fukuoka Stock Exchange on September 12.
 - IPOs in 2Q onward: Fangdd Network Group Ltd. Listed on the Nasdaq Global Market on Nov 11.
- ✓ Full-year result forecasts
 - There are no changes to the full-year result forecasts. Some of the gains on sale of shares and sales from consulting that had been expected in 1H are expected to be booked in 2H.
 - Gains on sales of shares are expected to concentrate in 4Q. Additional domestic IPO is expected.
 - We plan to cover potential underperformance of share sale gains with sale of mega solar projects.

2. Results for 2Q FY Mar 2020

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2. Results for 2Q FY Mar 2020 – Outline of results – I/S

	FY Mar 2019 (2Q) (Actual)	FY Mar 2020 (2Q) (Actual)	
	Amount (million yen)	Amount (million yen)	Change
Operating revenue	716	➔ 691	(3.5%)
Operating cost	638	↓ 582	(8.7%)
Operating gross profit	78	108	39.2%
SG&A expenses	543	530	(2.4%)
Operating income	(465)	(421)	-
Ordinary Income	(460)	(483)	-
Profit attributable to owners of parent	(534)	↗ (481)	-

- ✓ Year on year change: 3.5% decrease in revenue; ¥53 million yen reduction in deficit
- ✓ Operating revenue slightly decreased year on year as drop in interest income from other company funds was covered by an increase in gains on share sale.
- ✓ Of the operating cost, evaluation loss on private equity investment assets decreased, while operating gross profit increased, reducing final loss.

2. Results for 2Q FY Mar 2020 – Outline of results – B/S

	As of Mar 2019 (Actual)	FY Mar 2020 (2Q) (Actual)	
	Amount (million yen)	Amount (million yen)	Change
Total assets	17,305	15,761	(8.9%)
(a) Cash and deposits	5,564	2,825	(49.2%)
(b) Project oriented investment securities	5,514	6,667	20.9%
Strategic investment securities in partner companies	373	745	99.9%
Private equity investment securities after deducting Allowance for possible investment loss except strategic investment in partner companies	4,765	4,577	(4.0%)
(c) Loans payable	9,784	8,689	(11.2%)
Total shareholders' equity	6,840	6,507	(4.9%)
(a) + (b) - (c)	1,294	803	(37.9%)

- ✓ Outstanding project oriented investment: The balance increased due to steady investment
- ✓ Outstanding strategic investment: The balance increased due to three investments
- ✓ Financial balance: Maintained a positive balance despite a decrease due to progress of investment
(Cash & deposits + project oriented investment – loans payable)

2. Results for 2Q FY Mar 2020 – Outline of results – C/F

(JPY million)	FY Mar 2019 (2Q) (Actual)	FY Mar 2020 (2Q) (Actual)
Operating CF	458	(870)
Investing CF	65	56
Financing CF	(1,668)	(1,095)
Change in Net CF	(1,158)	(1,920)
Cash & Cash Equivalents at End of Period	3,599	2,161

- ✓ Operating CF: Net cash used was ¥870 million
Ended in negative cash flow due to the implementation of investment
- ✓ Investing CF: Net cash provided was ¥56 million
Ended in positive cash flow due to redemption of a fund
- ✓ Financing CF: Net cash used was ¥1,095 million
The extent of negative cash flow improved year on year due to the reduction of the repayment amount to correct the financing policy of placing priority on repayment

2. Results for 2Q FY Mar 2020 – Break down of operating revenue & operating cost

(JPY million)	Total		Private equity investment		Project oriented investment	
	FY Mar 2019 (2Q) (Actual)	FY Mar 2020 (2Q) (Actual)	FY Mar 2019 (2Q) (Actual)	FY Mar 2020 (2Q) (Actual)	FY Mar 2019 (2Q) (Actual)	FY Mar 2020 (2Q) (Actual)
Operating revenue	716	691	582	586	133	104
Fund management fees etc.	129	107	128	106	0	1
Proceeds of sales of securities	196	406	172	406	23	0
Fund interests income etc.	367	155	271	66	96	89
Other operating reveue	22	20	9	7	13	13
Operating Cost	638	582	621	531	16	50
Cost of securities sold	205	356	188	356	16	0
Investment write-offs and Provision for allowance for possible investment losses	420	160	420	160	-	-
Fund interests losses etc.	8	61	8	11	-	50
Other operating costs	3	2	3	2	-	-
Operating Gross Profit	78	108	(39)	54	117	54

- ✓ In private equity investment, operating gross profit turned positive.
In operating revenue, gains on sale of listed Japanese shares and unlisted Chinese shares increased, compensating for a drop in profit from other companies' funds included in gains on partnership interests, etc.
In operating cost, a large amount of evaluation loss booked on overseas investee companies in the same period last year decreased in this quarter.
- ✓ In project oriented investment, operating gross profit decreased as there was no sale of project and losses on partnership interest, an operating cost item, increased due to advance expenditure for vegetable factory.

2. Results for 2Q FY Mar 2020 – Progression status of the medium-term business plan – Private equity

Item	Plan	Progress
Sale of existing portfolio	In addition to achieving sale proceeds from IPOs, liquidize unlisted shares and non-operating assets.	<ul style="list-style-type: none"> Shares of Japanese companies that carried out IPOs in the past fiscal years were sold and a large Chinese investee was liquidated. In 2H we aim to liquidate some of the unlisted shares which we planned to carry out in 1H and non-operating assets.
Establishment of funds	Establish two funds those aim to assist overseas expansion of Japanese companies and foreign direct investment into Japan.	Solicitation of investor candidates underway, aiming for establishment during the current fiscal year.
Network, M&A	<ul style="list-style-type: none"> Strengthen external networks (in Japan and Asia) and establish a global support structure. Start initiatives in FA business centered around cross-border M&As. 	<ul style="list-style-type: none"> Cooperation agreements were signed between China's Xi'an Hi-Tech Industries Development Zone and local venture capital in Bangkok. M&A deals from Asian business partners being introduced to listed Japanese companies using our domestic network.
Investments in partner companies	Create a new bankable (i.e., debt financing from financial institutions is possible) business and carry out strategic investments in partner companies in addition to investing in projects of the business.	<ul style="list-style-type: none"> Project to build a group home for persons with disabilities started in October 2019. We carried out three strategic investment deals: Morihisa Engineering Co., Ltd. (plant factories) Social Inclu Co., Ltd. (group homes) Smart Solar Corporation (mega solar projects)

2. Results for 2Q FY Mar 2020 –

Progression status of the medium-term business plan – Project oriented investment

Item	Plan	Progress
Renewable energy	Place top priority on mega solar projects but continue aggressive investment in new biogas and biomass projects as well since investment opportunities in high profitability projects have time constraints.	<ul style="list-style-type: none"> Investment in new three mega solar projects executed. Investment executed in operator of intermediate processing facility for waste materials to be used as fuel for biogas power plants.
Smart agriculture	Put the first vegetable factory on track and invest in subsequent projects.	<ul style="list-style-type: none"> No. 1 plant succeeded in developing sales channels to large restaurant chains and started delivery. Negotiation with large convenience store chains has started through participation in 14th Food Selection, a food trade show-business convention, etc. Location for No. 2 plant being determined, aiming for investment execution within current fiscal year.
Healthcare	Focus on profitability instead of quantity and invest selectively in nursing care facility development projects.	Investment in a project decided. Investment planned to be executed in 2H after developer works out overall plans for the project.

2. Results for 2Q FY Mar 2020 – Progression status of key performance indicators

Key goal indicator	FY2021
Final profit	0.7 billion yen
ROE	9%

Strategy	Measures	KPI FY Mar. 2020-2Q	KPI FY Mar. 2021
Expand stable revenue from project oriented investment assets	Balance of project oriented investment assets	6.7 billion yen	9.0 billion yen
	Unrealized gains of project oriented investment assets (expected cumulative profits before discounting)	8.3 billion yen	20.0 billion yen
	Balance between the sum of cash and deposits and project oriented investment assets and borrowings	+0.8 billion yen	+5.6 billion yen
Replacement of private equity investment assets	Promotion of early liquidizing and monetization of assets except strategic investments etc.	Balance of investment 4.5 billion yen (net of provisions)	Balance of investment 1.0 billion yen (net of provisions)
	<ul style="list-style-type: none"> Establishment of funds for new investments Implementation of strategic investments 	Balance of investment 0.7 billion yen	Balance of investment 1.0 billion yen

Private equity investment	P13
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Project oriented investment	P16
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Investment execution : 6 companies, ¥ 824 million



Smart Solar Corporation

One of JAIC’s partner companies in the filed of mega solar project oriented investment



Social Inclu Co., LTD.

JAIC’s partner company in the filed of project oriented investment related to group homes for persons with disabilities



Uetani Co., Ltd.

The first investment project of the business succession fund
A long-established company handling commercial facility interior and custom-made furniture manufacturing



Morihisa Engineering Co., LTD.

JAIC’s partner company in the filed of smart agriculture related investment.

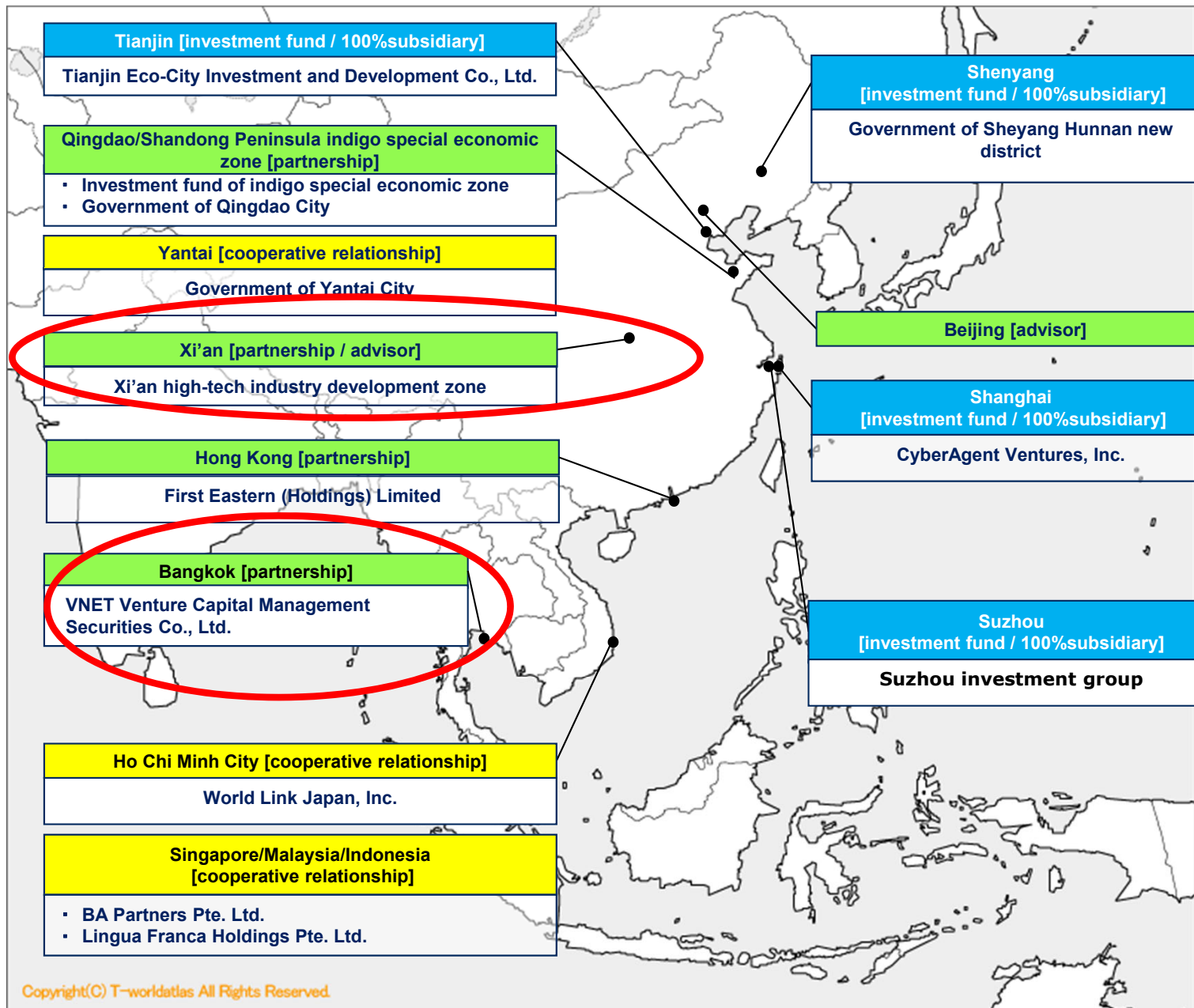


The Navel Japan Ltd.

A local trade company in Matsusaka, Mie prefecture, founded by the Daisan Bank, Ltd., and others

1 IT-related company

3. Business report - Private equity investment – Asia business network



- ✓ Asia business network, JAIC's strength, further strengthened.
- ✓ Cooperation agreement signed with China's Xi'an Hi-Tech Industries Development Zone in September 2019.
- ✓ Cooperative deals with more of China's key municipal governments planned.
- ✓ Cooperative agreements signed local venture capital in Thailand.
- ✓ To be used for the launch of M&A business and support of investee companies.



StemRim Inc.

Research, development, manufacture and sales of pharmaceuticals and medical devices that promote regeneration of damaged tissues by activating and utilizing patient's own stem cells in the body, and gene therapy products for intractable diseases

Stock market: TSE Mothers (4599)
IPO date: 9 August 2019



PBsystems, Inc.

"Secure Cloud Systems Business" which provides an enterprise's Core Systems as cloud computing systems, and "Emotional Systems Business" which manufactures and sells VR-theater "4D king"

Stock market: FSE Q-Board (4447)
IPO date: 12 September 2019



Fangdd Network Group Ltd.

Operator of "房多多", china's largest online real estate marketplace

Stock market: NASDAQ Global (DUO)
IPO date: 1 November 2019

Investment execution : 6 projects, ¥ 920 million

No.	Location	Project type	Generation capacity	Notes
1	Tochigi	Solar power	2.0MW	New project; FIT ¥32
2	Tochigi	Solar power	2.0MW	New project; FIT ¥32
3	Tochigi	Solar power	2.0MW	New project; FIT ¥36
4	Tokyo	Biogas power	1.6MW	Investment in operator of adjoining waste processing plants
5	Hyogo	Vegetable factory	-	Additional investment of the factory's operation funds
6	Kumamoto	Solar power	11.8MW	Additional investment; FIT¥36

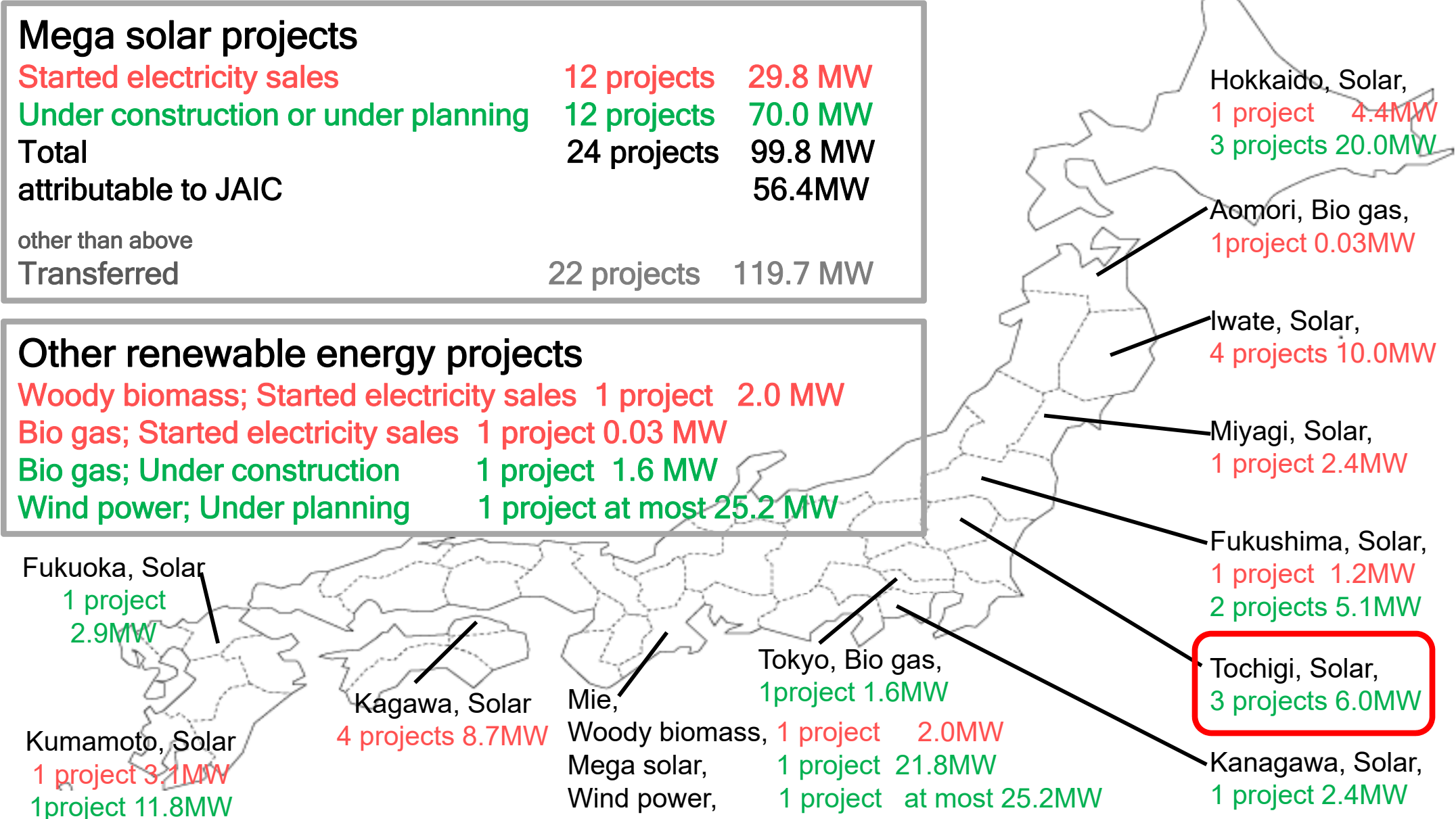
- Investments in mega solar projects with a ¥30-level FIT price are under progress.
- The vegetable factory is being operated steadily with the aim of full operation by the end of March 2020.

3. Business report - Project oriented investment - Renewable energy projects
as of September 30, 2019



Mega solar projects		
Started electricity sales	12 projects	29.8 MW
Under construction or under planning	12 projects	70.0 MW
Total attributable to JAIC	24 projects	99.8 MW
other than above		56.4MW
Transferred	22 projects	119.7 MW

Other renewable energy projects		
Woody biomass; Started electricity sales	1 project	2.0 MW
Bio gas; Started electricity sales	1 project	0.03 MW
Bio gas; Under construction	1 project	1.6 MW
Wind power; Under planning	1 project	at most 25.2 MW



* Since our investment ratio differs in each project, the amount of JAIC's investment or revenues from mega solar projects that are attributable to JAIC are not necessarily linked to the MW figure of the project.

3. Business report

- Project oriented investment - Diversifying projects

Artist's rendition of power plant



Hamura biogas power plant (Hamura, Tokyo)

- Uses biogas manufactured by methane fermentation of organic waste from food factories, etc.
- As waste decreases in mass after gas has been extracted, a plant can double as intermediate processing facility for waste.



Facility operated by the operator

Group home for persons with disabilities
(Hamamatsu, Shizuoka Prefecture)

- Small apartment for persons with disabilities
- Completion scheduled in May 2020

2012
Mega
solar

2016

- Biomass
- Elderly facilities

2017
Bio
gas

2018

Vegetable factory



Vegetable factory (Tanbasasayama, Hyogo Prefecture)

- Factory for business-use vegetables, including leaf lettuces and head lettuces
- Sells vegetables to businesses such as restaurant chains.
- Aims to achieve full-capacity operation and turn profit monthly by end of March 2020.
- Annual output of about 200t and annual sales of about 200 million yen expected under full-capacity operation

October
2019

Facility for
persons
with
disabilities

Further
plans

- Renewable energy in Asia
- Logistics facilities

4. Full-year result forecasts

- ✓ **The private equity investment business conducted by the Group will be significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment.**
- ✓ **For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality.**
- ✓ **The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.**

4. Full-year result forecasts

	FY Mar 2020 (2Q) (Actual)	Result forecast FY2020 1st Half (Disclosed on May 15, 2019)		Result forecast FY2020 (Disclosed on May 15, 2019)	
	Amount (million yen)	Amount (million yen)	Progression ratio	Amount (million yen)	Progression ratio
Operating revenue	691	600	115.2%	3,500	19.8%
Operating cost	582	290	200.8%	1,600	36.4%
Operating gross profit	108	310	35.2%	1,900	5.7%
SG&A expenses	530	550	96.5%	1,100	48.2%
Operating income	(421)	(240)	-	800	-
Ordinary Income	(483)	(320)	-	650	-
Profit attributable to owners of parent	(481)	(330)	-	500	-

- ✓ No change in full-year result forecasts.
- ✓ 1H result forecasts was revised down on 31 Oct 2019 and 1H profit resulted in as we revised.
- ✓ 1H profit missed forecast due mainly to delay in sale of unlisted shares until 2H.
- ✓ Gains on share sale expected to concentrate in 4Q.
- ✓ Additional IPO by Japanese investee companies believed likely.
- ✓ We plan to cover potential underperformance of share sale gains with sale of mega solar projects.

5. Appendix

List of renewable energy projects	P22
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5. Appendix - List of renewable energy projects as of September 30, 2019

Type of project	No.	Name of power plant or Location	Generation Capacity [MW]	Current status	FIT [tax excluded, ¥]	Total amount of project [¥ bn.]
Solar	1	Nishiki-cho, Kuma-gun, Kumamoto	3.1	Started electricity sales in Dec. 2015	40	approx. 1.05
	2	Ichinosekishi Fujisawacho solar power plant	2.3	Started electricity sales in Sep. 2016	36	approx. 0.73
	3	Nomaie solar power plant	2.4	Started electricity sales in May. 2017	36	approx. 0.8
	4	Fukushima Inawashiro solar power plant	1.2	Started electricity sales in Sep. 2017	36	approx. 0.34
	5	Mitakabeike solar power plant	1.5	Started electricity sales in Sep. 2017	32	approx. 0.5
	6	Iwate Ichinoseki solar park	2.4	Started electricity sales in Jan. 2018	36	approx. 0.8
	7	Obihiro solar park	4.4	Started electricity sales in Mar. 2018	40	approx. 2.2
	8	Nakaoudaie solar power plant	2.4	Started electricity sales in Apr. 2018	36	approx. 0.86
	9	Ichinoseki-shi Yoshitaka solar power plant	2.6	Started electricity sales in Jun. 2018	36	—
	10	Higashioudaie solar power plant	2.4	Started electricity sales in Jul. 2018	36	approx. 0.86
	11	Ichinosekishi Suzugasawa solar power plant	2.7	Started electricity sales in Oct.. 2018	36	—
	12	Kami solar park	2.4	Started electricity sales in Oct. 2018	36	approx. 0.96
	13	Mombetsu-shi Kodo solar power plant	15.7	Under construction or Under planning	40	approx. 6.6
	14	Hokkaido	2.0	Under construction or Under planning	36	—
	15	Mie	21.8	Under construction or Under planning	24	—
	16	Fukushima	2.4	Under construction or Under planning	32	—
	17	Fukushima	2.7	Under construction or Under planning	40	—
	18	Kumamoto	11.8	Under construction or Under planning	38	—
	19	Hokkaido	2.3	Under construction or Under planning	40	—
	20	Kanagawa	2.4	Under construction or Under planning	32	—
	21	Fukuoka	2.9	Under construction or Under planning	36	—
	22	Tochigi	2.0	Under construction or Under planning	36	—
	23	Tochigi	2.0	Under construction or Under planning	32	—
	24	Tochigi	2.0	Under construction or Under planning	32	—
Total 99.8MW [attributable to JAIC 56.4MW]						

5. Appendix - List of renewable energy projects as of September 30, 2019

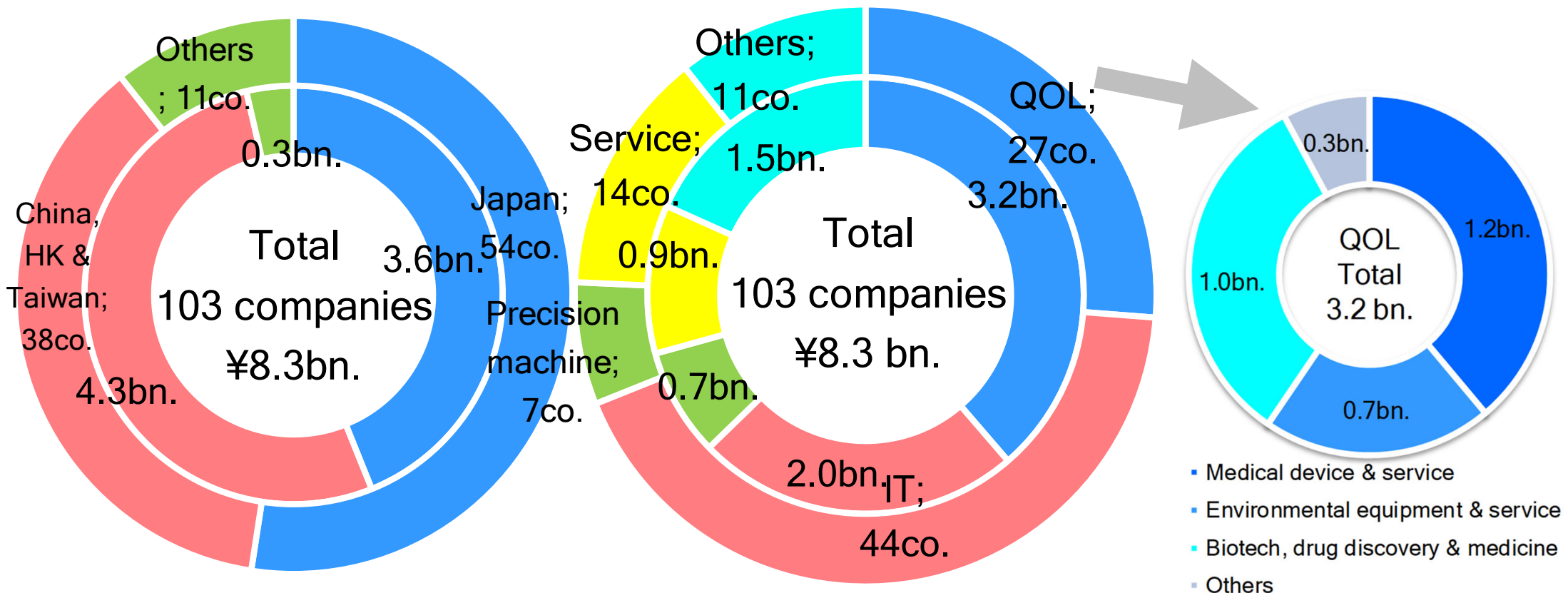
Type of project	No.	Location	Generation Capacity [MW]	Current status	FIT [tax excluded, ¥]	Total amount of project [¥ bn.]
Woody biomass		Matsusaka-shi, Mie	2.0	Started electricity sales in Jan. 2018	—	—
Bio gas	1	Tokyo	1.6	Under construction or Under planning	39	—
				operator of adjoining waste processing plants	—	—
	2	Aomori Touhokumachi solar power plant	0.03	Started electricity sales in Nov. 2018	39	—
Wind power		Mie	At most 25.2	Under construction or Under planning	22	—
Vegetable plant		Tambasasayama-shi, Hyogo	—	Started operation	—	Approx. 0.7

5. Appendix - Break down of private equity investment balance

Investment balance : 103 companies, ¥8.3 bn.

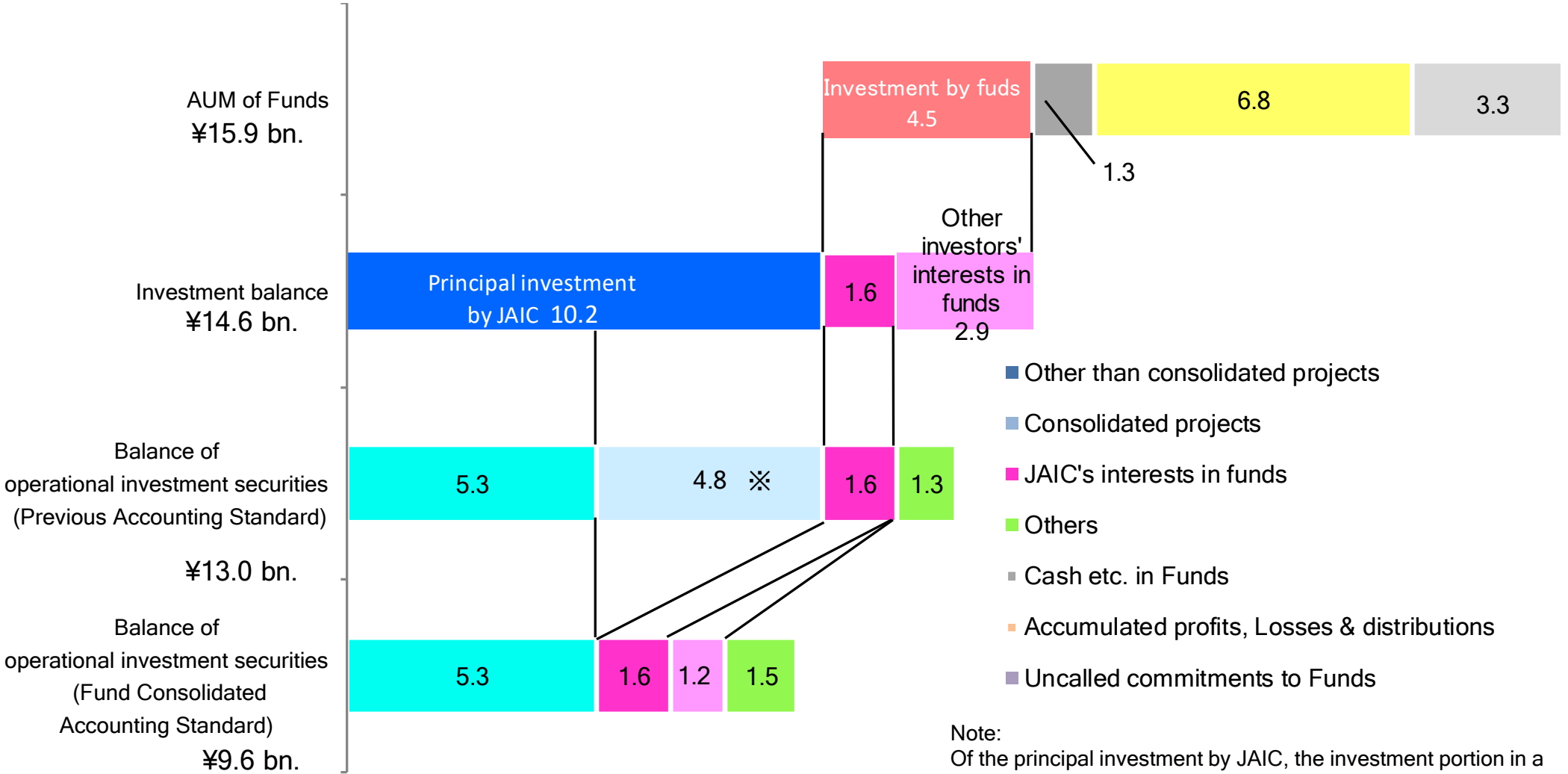
【Breakdown by area】

【Breakdown by industry】



Average investment amount per company (unit: ¥ million):
Japan 67, China, HK & Taiwan 114 / QOL 118, IT 45

5. Appendix - AUM of Funds, Investment balance & balance of operational investment securities



Note:
 Of the principal investment by JAIC, the investment portion in a consolidated project is deemed investment in a subsidiary under the fund consolidated accounting standards, and investment is offset by capital.
 On the other hand, renewable energy power generation and vegetable plant facilities held by consolidated projects are booked as property, plant and equipment under the fund consolidated accounting standard.

5. Appendix - Funds & investment activities

(JPY million)	15/3	16/3	17/3	18/3	19/3	19/3(2Q)	20/3(2Q)
New & Increased Funds	-	5,201	500	1,000	2,000	600	-
AUM of Funds - total	43,897	39,335	28,753	19,150	16,494	17,329	15,948
AUM of Funds - JAIC		14,004	9,427	5,867	5,344	5,584	5,131
New Investnemts (Private Equity)	1,470	1,304	1,131	1,205	136	106	824
Balance of Investments (Private Equity)	18,385	15,061	11,981	10,398	8,437	8,812	8,260
New Investnemts (Project oriented investment)	1,257	2,788	3,184	2,681	3,612	1,353	920
Balance of Investments (Project oriented investment)	1,337	3,722	4,576	3,582	5,514	4,672	6,418

5. Appendix - Business results, financial position (Previous accounting standards)



(JPY million)	15/3	16/3	17/3	18/3	19/3	19/3(2Q)	20/3(2Q)
Business Results							
Operating Revenues	4,532	4,043	3,926	5,403	2,475	716	691
Operating Gross Profit	882	1,554	2,176	2,328	1,286	78	108
SG&A Expenses	1,433	1,472	1,339	1,311	1,109	543	530
Operating Income	(550)	82	836	1,017	177	(465)	(421)
Ordinary Income	(610)	612	726	954	83	(460)	(483)
Net Income	(850)	597	553	874	578	(534)	(481)
Financial Position							
Cash and deposits	9,437	8,202	6,213	7,308	5,564	4,885	2,825
Operational investment securities of project oriented investment	1,337	3,722	4,081	3,582	5,514	4,672	6,667
Operational investment securities of strategic investment in partner companies	-	100	100	373	373	373	745
Operational investment securities after deducting allowance for possible investment loss (Private equity except strategic investment in partner companies)	10,364	8,126	7,256	5,657	4,765	5,074	4,577
Loans payable, bonds & bonds with subscription rights to shares	20,193	16,910	14,128	11,954	9,784	10,288	8,689
Total shareholders' equity	3,373	4,976	5,686	6,545	6,840	5,986	6,507
Total assets	24,396	22,680	20,305	19,220	17,305	16,941	15,761

5. Appendix - Statement of Income - break down (Previous accounting standard)



(JPY:million)	15/3	16/3	17/3	18/3	19/3	19/3(2Q)	20/3(2Q)	Change(%)
1. Fund management operation								
<i>Fund management fees and others</i>	571	441	364	277	241	129	107	(16.7%)
<i>Success Fees</i>	63	288	101	86	-	-	-	-
Operating Revenue	634	729	466	364	241	129	107	(16.7%)
Operating Cost	-	-	-	-	-	-	-	-
Operating Gross Profit	634	729	466	364	241	129	107	(16.7%)
2. Investment operation								
<i>Proceeds of sales of securities (A)</i>	3,651	2,954	2,275	3,219	1,746	196	406	107.3%
<i>Fund interests income etc.</i>	193	345	1,159	1,677	429	367	155	(57.6%)
Operating Revenue	3,844	3,300	3,434	4,897	2,176	563	562	(0.2%)
<i>Cost of securities sold (B)</i>	1,767	1,863	1,423	2,469	554	205	356	73.9%
<i>Investment write-offs and Provision for allowance for possible investment losses (C)</i>	1,704	569	274	562	579	420	160	(61.7%)
<i>Fund interests losses etc.</i>	168	47	46	36	49	8	61	618.4%
Operating Cost	3,640	2,481	1,744	3,069	1,182	634	579	(8.6%)
Operating Gross Profit	203	818	1,690	1,827	993	(70)	(16)	-
3. Others								
Operating Revenue	53	13	25	142	57	22	20	(10.3%)
Operating Cost	9	7	6	5	6	3	2	(30.4%)
Operating Gross Profit	44	5	19	136	51	19	18	(6.5%)

Total								
Operating Revenues	4,532	4,043	3,926	5,403	2,475	716	691	(3.5%)
Operating Cost	3,650	2,488	1,750	3,074	1,188	638	582	(8.7%)
Operating Gross Profit	882	1,554	2,176	2,328	1,286	78	108	39.2%

5. Appendix - Core competence

Capability to capture up-to-date business information

Through the activity of exploring promising companies and investment opportunities, JAIC has capability to capture highly professional and cutting-edge information on various corporates.

Historical background in Asian region

Since its establishment in 1981 by the Japan Association of Corporate Executives (Keizai Doyukai), JAIC has contributed to economic exchange between Japan and Asian countries over 35 years which led to high name recognition.



Wide range of network with venture companies

JAIC has track record of leading more than 300 invested venture companies to "Going Public". Through the long time investment activities, JAIC enjoys close relationship with wide range of venture companies. Based on this intangible asset, JAIC is utilizing the network to create value for invested companies through business matching and cultivating new business theme for JAIC's own.

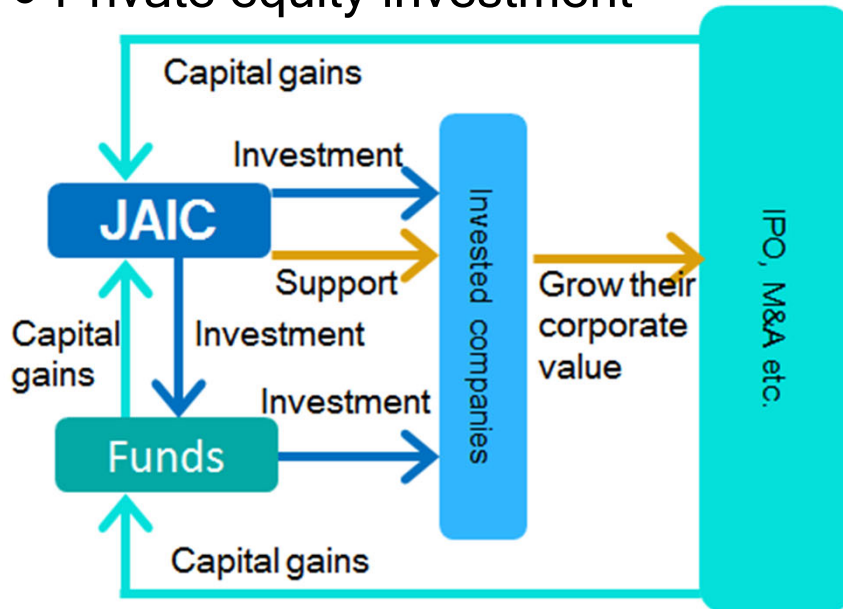
Expertise to structure sophisticated finance scheme

JAIC's accumulated invested volume inside and outside of Japan is Japanese Yen 330 billion.

For the project oriented investment, in addition to providing direct equity investment, JAIC has been arranging various financing scheme utilizing project-finance approach and leverage financing together with financial institutions.

5. Appendix - Profit structure

● Private equity investment

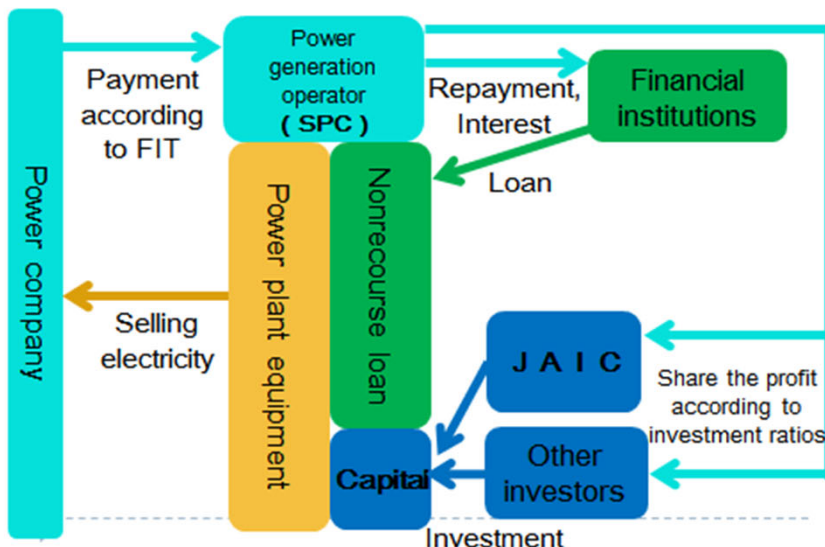


There are the following two types of investment capital:

- Contribution from JAIC's cash reserves
- Capital that is entrusted for investment by fund investors in Japan and abroad through the fund

JAIC also invests in the fund and acquires capital gains according to its investment ratio.

● Renewable energy project investment



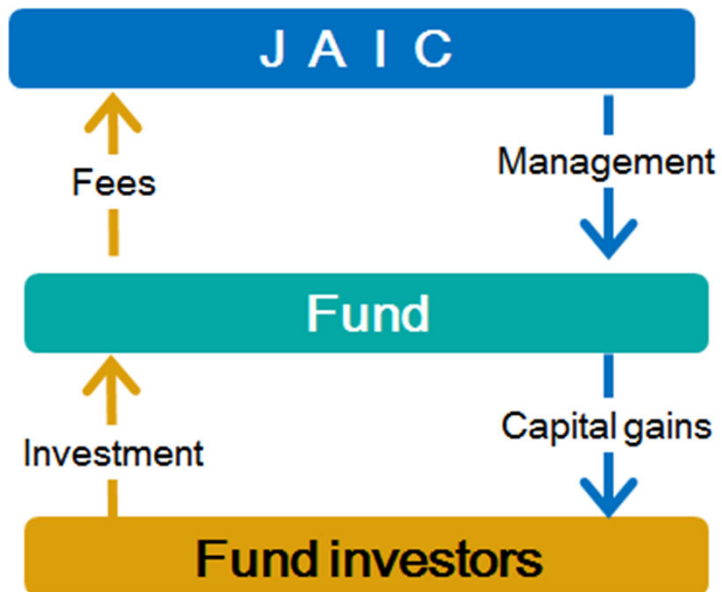
The power generation operator procures funds for the construction of power plants by the following two ways and owns the power plants:

- Investment by JAIC and other investors
- Loans from financial institutions

The generated power is purchased by power companies at FIT. JAIC and other investors obtain stable revenue from electricity sales according to their investment ratios.

5. Appendix - Profit structure

- Fund management



In fund management, there are the following two types of fees:

- Management fee received as compensation for recurring management and operation
- Success fees received according to the fund's performance

5. Appendix - Company data (as of September 30, 2019)

Company name	Japan Asia Investment Co., Ltd. Abbreviation; JAIC
Head office	3-11 Kandnishiki-cho, Chiyoda-ku, Tokyo 101-8570, Japan
Established	July 10, 1981
Paid-in capital	5,426 million yen
Listed market	Tokyo Stock Exchange, 1st Section (Securities code 8518)
Employees	39 (Consolidated) /21 (Non-consolidated)
Main business	Private equity investment / Project oriented investment
Directors	<p>Chairman of the Board :Yoshiaki Kawamata [Outside/Independent]</p> <p>President & CEO :Tetsuro Shimomura</p> <p>In charge of New Energy Investment Group</p> <p>:Masafumi Hatta</p> <p>Chairman of Audit & Supervisory Committee</p> <p>:Kazunori Omori</p> <p>Member of Audit & Supervisory Committee</p> <p>:Hitoshi Yasukawa [Outside/Independent]</p> <p>:Tadashi Nunami [Outside/Independent]</p> <p>:Harumi Katagiri [Outside/Independent]</p>

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The information in this document is for presentational purposes only and is not an inducement to invest in securities issued by JAIC.

The figures in this document is based on consolidated financial statements.