

Financial Results Overview for the 2nd Quarter Ended September 30, 2020

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

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

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Shimomura: Thank you always for your support. I am Shimomura, President and CEO of Japan Asia Investment Co., Ltd. I will explain the financial results for the quarter under review.

Today I will explain point one to point four from the table of contents.

Though we have disclosed two consolidated figures, i.e., the fund consolidation standard and the previous consolidation standard, here we will explain the latter.

1. Summary



✓ Results for 2Q of FY2021

- Operating revenue of ¥541 million (down, 21.7% year on year) and deficit of ¥336 million (decreased about ¥0.15 billion year on year).
- While the size of share sales was smaller, the profit margin of share sales improved. Decrement of valuation loss and allowances also contributed to reducing the deficit.

✓ Result forecasts for FY2021

- · No changes in forecasts. Source of revenues has been revised from sales of shares to sales of projects.
- Some of IPOs expected in the second half of the year will be postponed, and the gain on sales of shares will be less than anticipated on a full-year basis.
- · There is a plan to sell 7 mega solar projects amounting to 18.3MW (including partial sales).
- · COVID-19's impact on the JAIC Group continues to be expected to limited.

✓ Business report & action plan

- · Project oriented investment: Growth of each business has contributed to SDGs.
 - Renewable energy: A food recycling business that generates biogas has commenced operations.
 - Smart agriculture: Sales through the vegetable plant (lettuce) expanded.
 - Healthcare: 2 group homes for handicapped people have commenced operations.
- Private equity investment: Alliance with regional financial institutions and network in Asia expanded.
 - Globalization support fund for SMEs in Hokkai-do was newly established. A regional financial institution joined the Fund as a fund investor.
 - JAIC concluded a business cooperation agreement with Maritime Bank that has 280 branches throughout Vietnam.

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The first is a general overview of the whole.

Cumulative results for the quarter under review were down 21.7% compared to the same period of the previous fiscal year, but the final loss was reduced by approximately JPY150 million. In the same period of the previous fiscal year, we executed the sale of large-scale unlisted shares. Compared to this, the sale of unlisted shares was small in the quarter under review, primarily due to the focus of selling highly-profitable listed shares. As a result, although revenues declined, gains on sales of shares increased. In addition, a decrease in write-downs and allowances for investment assets contributed to the reduction of losses.

The full-year forecast remains unchanged from the beginning of the fiscal year. However, there are some changes in the content of revenue. Some of the IPOs that we had expected in the second half will be postponed, and we expect gains on the sale of shares to be lower than planned. On the other hand, there has been a large number of willingness to purchase mega-solar projects. One reason for this is the growing social need for clean energy.

In addition, amid increasing uncertainty as a result of the coronavirus crisis, the mega-solar projects have been praised that they have already confirmed their future power sales revenues. We plan to sell seven projects totaling 18.3 megawatts. In the second half of the fiscal year, we

plan to achieve our full-year earnings forecast by focusing on the sale of these projects and the realization of our planned sale of shares.

COVID-19's impact on our Group, i.e. the impairment of investment assets, has been limited until now and we expect it will likely continue that way.

In terms of the business progress of project investments, each business has grown and is shifting from the stage of planting seeds to the stage of growth. Contributions to SDGs through investment activities have also increased.

In terms of Renewable Energy projects, the Biogas-Generating Food Recycling Business has started operations. This business generates biogas from food waste and reuses it for power generation.

In terms of Smart Agri Projects, sales of lettuce cultivated at our vegetable plant are expanding steadily.

In terms of Healthcare projects, two group homes for people with disabilities began operations.

In private equity investment, we made progress in strengthening collaboration with domestic regional financial institutions and expanding our Asian network. One of the fruits of these efforts was the newly-established fund in April. With regional financial institutions in Hokkaido as investors, we support the globalization of small and medium-sized enterprises based in Hokkaido.

In September, we entered into a business cooperation agreement with Maritime Bank, which has 280 branches throughout Vietnam.

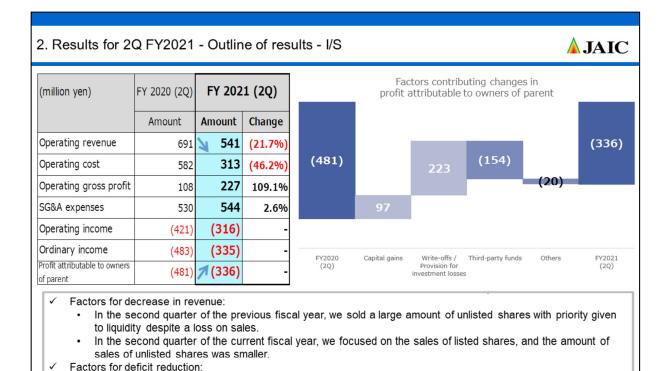
In the second half of the fiscal year, we will expand the scale of each business by focusing on the implementation of investments, as well as the cultivation of new projects those follow the vegetable plants and group homes.

In private equity, we plan to integrate our network in domestic regional financial institutions with our Asian network to develop investment activities that link the two regions, just as our Company name Japan Asia Investment suggests.

Finally, I would like to report on the relocation of the head office. In September 2020, we relocated our head office in Chiyoda-ku, Tokyo. As a result, while keeping the total office rent at the same level as before, becoming a one-floor has improved operational efficiency and improved the working environment.

The impact of expenses incurred in connection with the relocation of the head office on our performance has already been factored into the full-year forecast.

2. Results for 2Q FY2021				
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The gain on sales of shares increased as a result of the sales of listed shares with higher profitability.

As a result of the reversal of allowances for the investee companies for which improvement of business performance and an increase in investment recovery is expected, valuation loss and allowances decreased.

Next, I will explain the results in comparison with the same period of the previous fiscal year.

This is a highlight of P&L.

Operating revenues decreased 21.7%, to JPY541 million. In the same period of the previous fiscal year, despite a loss on the sale of large unlisted shares, the Company prioritized liquidation and executed sales. In comparison, this quarter was mainly centered around the sale of listed stocks, and the sale of unlisted stocks was small in size, which was a factor behind the decrease in revenues.

On the other hand, net income attributable to owners of the parent amounted to a loss of JPY336 million. The loss was reduced by JPY145 million from the same period of the previous fiscal year. Gains on sales of stocks increased due to the sale of highly profitable listed stocks. In addition, there has been a significant decrease in valuation losses and provisions. This was due to putting back a part of the allowances in the current quarter. For the investees for which we have recorded allowances in the past, we have reversed allowances for expected performance improvements or expected increment of recovery amount.

The increase in SG&A expenses was due to one-time expenses associated with the relocation of the head office.

2. Results for 2Q FY2021 - Outline of results - B/S



	As of Mar 2020	FY 2021 (2Q)			1 (2Q)
	Amount (million yen)	Amount (million yen)		Change	fluctuation factors (billion yen)
Total assets	15,800	14,	580	(7.7%)	
(a) Cash and deposits	3,920	y 3,	515	(10.3%)	repayments of loan (0.7), execution of investments & loans (0.7), expenses etc.(0.45), collection 1.4
(b) Project oriented investment securities & loans	5,437	¥ 4,	915	(9.6%)	execution of investments & loans 0.5, distribution & collection (1)
Strategic investment securities in partner companies	1,005	1,	155	14.9%	execution of investments 0.15
Private equity investment securities after deducting allowance for possible investment loss except strategic investment in partner companies	4,282	3,	926		distribution & collection (0.2), realized & unlrearized loss from funds (0.25)
(c) Loans payable	8,166	. 7	469	(8 5%)	repayments of loan (0.7)
Total shareholders' equity	7,223	4	732		
(a) + (b) - (c)	1,191	K	961	(19.3%)	

- ✓ Cash and deposits:
 - The balance decreased due to the repayment of borrowings and execution of investments & loans
- ✓ Project oriented investment: The balance decreased due to distribution and collection of investments
- ✓ Financial balance(*): Although the balance decreased, a certain level was secured.

(*Note: Financial balance = Cash & deposits + project oriented investment - loans payable)

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This is a B/S highlight.

Total assets decreased 7.7% from the previous fiscal year to JPY14.5 billion.

Cash and deposits decreased by JPY400 million due to the repayment of borrowings and the execution of investments and loans.

The balance of the project investment decreased by JPY500 million. The decrease was attributable to distributions from projects that already sold electricity, and the withdrawal from one project under construction due declined profitability.

In addition, we are steadily repaying borrowings.

As a result, although the balance of cash deposits and project investment assets against borrowings has decreased, we have secured a certain level.

2. Results for 2Q FY2021 - Outline of results - C/F



(JPY million)	FY 2020 (2Q)	FY 2021 (2Q)
Operating CF	(870)	7 326
Investing CF	56	1 (13)
Financing CF	(1,095)	/ (697)
Change in Net CF	(1,920)	(396)
Cash & cash equivalents at end of period	2,161	2,326

- Operating CF: Net cash provided was 326 million yen
 Operating CF returned to the black as a result of the progress in investment recovery.
- ✓ Investing CF: Net cash used was 13 million yen There were expenditures related to the acquisition of property, plant and equipment in line with the relocation of the head office.
- ✓ Financing CF: Net cash used was 697 million yen The extent of negative cash flow improved year on year due to the reduction of the repayment amount

While new investment funds and ordinary payments have been covered by the collection on investment, cash on-hand has been used for the repayment of borrowings.

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Next is cash flow.

Cash flow by operating activities amounted to JPY326 million, as a result of return on investment, reaching profitability through steady progress.

Cash flow by investing activities amounted to JPY(13) million, mainly due to the acquisition of fixed assets associated with the relocation of the head office.

Cash flow through financing activities amounted to JPY(697) million due to the repayment of borrowings. As the amount of repayment was reduced, the amount of expenditure decreased from the previous fiscal year.

As a result, total cash flow indicate an outflow of JPY396 million, and the balance of cash at the end of the fiscal year was JPY2.326 billion.

We fund new investments and recurring payments with the proceeds from the recovery of our investments, but we are currently paying down our borrowings by reducing the cash balance on hand.

2. Results for 2Q FY2021 - Break down of operating revenue & operating cost



	То	otal Private equity investment		y investment	Project oriented investment	
(JPY million)	FY 2020(2Q)	FY 2021(2Q)	FY 2020(2Q)	FY 2021(2Q)	FY 2020(2Q)	FY 2021(2Q)
Operating revenue	691	541	586	3 402	104	139
Fund management fees etc.	107	82	106	79	1	3
Proceeds of sales of securities	406	232	406	232	0	0
Fund interests income etc.	155	198	66	85	89	7 113
Other operating reveue	20	26	7	4	13	22
Operating cost	582	313	531	239	50	74
Cost of securities sold	356	85	356	<u>\</u> 85	0	0
Investment write-offs and Provision for allowance for possible investment losses	160	(62)	160	(62)	-	-
Fund interests losses etc.	61	285	11	213	50	7 72
Other operating costs	2	3	2	2	-	1
Operating gross profit	108	227	54	7 162	54	7 64

- Private equity investment Decrease in revenues and increase in operating gross profit.
 - · Of operating revenue, proceeds of sales of securities decreased due to the smaller size of unlisted share sales.
 - · Of operating cost, cost of securities sold decreased due to the sales of listed shares with high profitability.
 - Of operating cost, investment write-offs and provision for allowance for possible investment losses decreased due to the reversal of allowances for the investee companies for which improvement of business performance and an increase in investment recovery is expected.
- ✓ Project oriented investment Increase in revenues and increase in operating gross profit.
 - · Of operating revenues, fund interests income etc. increased due to profits from mega solar projects.
 - Of operating cost, fund interests losses etc. increased due to advance expenditure for the vegetable plant.

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Next, we will explain the breakdown of operating revenues and operating costs by item and by investment asset.

Private equity investment posted a decrease in revenue but an increase in profit compared to the same period of the previous fiscal year.

Within operating revenues, sales of operational investment securities decreased. This was due to downsizing the sale of unlisted shares. The corresponding cost of operating investment securities sold declined more than the decline in sales, which is due to the sale of highly-profitable listed stocks.

In addition, write-downs and provisions in operating costs also decreased due to the reversal of provisions. Equity in losses of partnerships increased due to losses from other companies' funds, but this was offset by an increase in profits.

In project investment, both revenue and profits increased from the previous fiscal year.

While there were contributions to earnings from the mega-solar project, which began selling electricity, increasing upfront costs for the vegetable plant lead to a rather small increase in profits.

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3. Result forecasts for FY2021- Breakdown of result forecast



(million yen)	Actual FY 2021 (2Q)	
	Am	ount
Operating revenue	K	541
Operating cost		313
Operating gross profit		227
SG&A expenses		544
Operating income		(316)
Ordinary income		(335)
Profit attributable to owners of parent	7	(336)

Result fo FY2021 (Revised in A	2Q	Result forcast FY. 2021 (No revision)		
Amount achievement rate		Amount	Progression ratio	
670	80.8%	3,250	16.7%	
490	63.9%	1,800	17.4%	
180	126.6%	1,450	15.7%	
570	95.5%	1,100	49.5%	
(390)	-	350	-	
(420)	-	200	1-	
(440)	-	180	-	

- Achievement rate of result forecast for the first half of the current fiscal year:
 - 80.8% for operating revenue and reduction in final loss of approximately 100 million yen Operating revenue: Lower than the revised forecast due to the delay in sales of shares as the stock prices of listed shares remained at
 - the level below our expectation.

 Loss: Decreased as a result of the reversal of allowance for possible investment losses.
- Full-year forecasts: No change
 - · Some of IPOs expected in the second half of the year will be postponed, and the gain on sales of shares will be less than anticipated on a full-year basis.
 - · The gain on the sale of private equity investments in the second half is expected to be centered on the sale of large overseas unlisted shares.
 - There is a plan to sell 7 mega solar projects amounting to 18.3 MW (including partial sales).
 Deficit is expected until the third quarter.

This section explains our full-year earnings forecasts.

These are details of the forecasts for the fiscal year ending March 2021.

The achievement rate of the business forecast for the first half was about 80% in terms of operating revenue. The final deficit was reduced by about JPY100 million. Operating revenues fell short of expectations due to lower-than-expected stock prices for listed stocks and the lack of progress in sales. On the other hand, losses were reduced compared to expectations due to the reversal of the allowance for investment losses.

There is no change in the figures for the full fiscal year. Operating revenues are expected to be JPY3.25 billion and profits are expected to be JPY180 million.

However, there are some changes to the content of revenue. At the beginning of the fiscal year, the Company's policy was to earn a gain on the sale of shares through domestic IPOs, and the Company did not anticipate selling the project. However, we expect a portion of the IPOs to be postponed and the gain on sale of shares to be lower for the full fiscal year. In addition, gains on the sale of shares in the second half of the fiscal year are expected to be centered on the sale of large-scale unlisted shares overseas.

On the other hand, there has recently been a large number of willingness to purchase mega-solar projects. We recognize the reason for this is the recognition of the growing social need for clean energy and the fact that future power sales revenue from the projects is confirmed amid the increasing uncertainty caused by the coronavirus crisis.

Accordingly, we plan to sell seven projects totaling 18.3 megawatts, including partial sales. In the second half of the fiscal year, we will focus on selling these projects and realizing the planned sale of shares to achieve our full-year earnings forecast.

Since most sales of shares and projects are expected to be executed in the 4Q, we expect to be in the red throughout 3Q.

3. Result forecasts for FY2021- Cautionary statements



- ✓ 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 and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

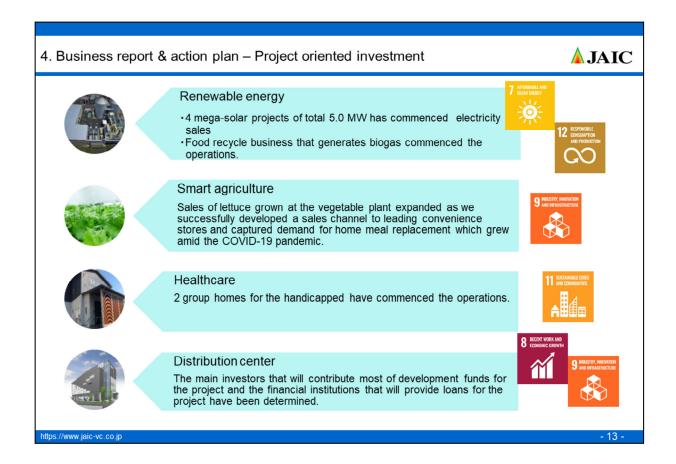
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Next, we will explain cautionary statements when using the projected performance figures.

Due to the nature of our business, it is difficult to forecast rational investment gains and losses. Accordingly, we do not disclose earnings forecasts. Nevertheless, we disclose as reference information the performance estimates of the previous consolidated standards, which were formulated based on certain assumptions, in the hope that it will be of some help to investors.

The assumptions are stated in the summary of financial results. Therefore, we hope that you will use the estimated values based on this assumption. In addition, we will disclose in a timely and appropriate manner any events that might be necessary to disclosed in the future.

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This section explains the progress of our business in the first half of the fiscal year and our action plan for the second half.

This is the progress of the project investment. In the first half of this fiscal year, each project has made progress and we are confident in the growth of it. At the same time, we are increasingly contributing to SDGs through our investing activities.

In terms of SDGs-recommended Renewable Energy, four new mega-solar projects, five megawatts, began selling electricity. We also launched a Food Recycling Business that produces biogas. Reuse food waste as renewable energy. This effort is also contributing to SDGs, as SDGs are also aiming to reduce waste. These details are described in the following slides.

Regarding Smart Agri, we succeeded in cultivating sales channels for major convenience stores. Sales of lettuce for salads grown without pesticides are steadily expanding. In addition, we were able to seize the opportunity to expand HMR demand due to the coronavirus crisis and expand sales for side dish items at supermarkets.

Vegetable Plants contribute to SDGs's goal of promoting inclusive and sustainable industrialization by providing solutions for problems with a declining farming population and an aging population, rapid changes in

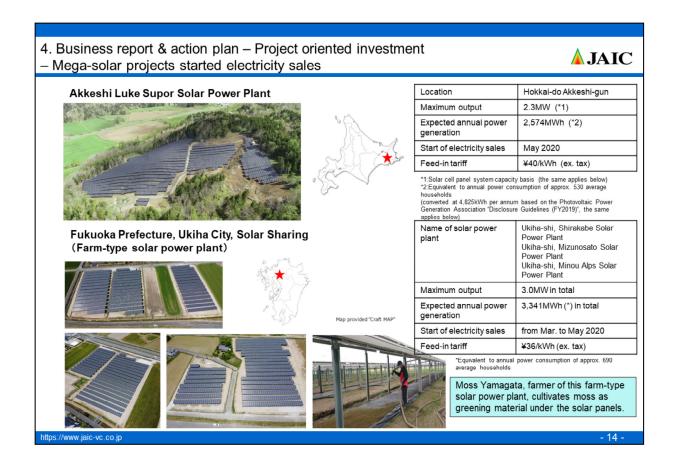
crop yields due to climate change and food safety.

For Healthcare, two group homes for people with disabilities began operations in August. We will provide solutions to create inclusive, safe, and more comfortable communities and contribute to SDGs's goal of "promoting inclusive and sustainable urbanization."

As for Distribution Centers, two projects in which we invested in the previous fiscal year were able to determine the main investor, who would contribute the majority of the development funds, as well as the lender. Thus, we are able to proceed with development as scheduled.

By providing logistics facilities that are growing in demand as ecommerce expands, we will contribute to the development of the robust infrastructures that SDGs advocates. It also creates jobs within the facilities and contributes to the achievement of SDGs's goal of productive full employment.

The coronavirus crisis has prompted a significant acceleration in the pace of social change that people have long been aware of as necessary. Many of them are related to SDGs. We expect this transformation to be a major investment opportunity.

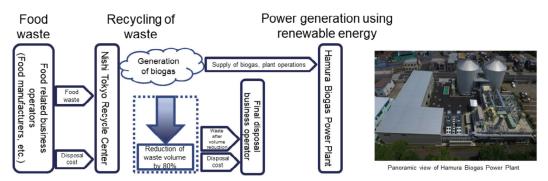


This is a mega-solar project that began selling electricity in the first half of the fiscal year.

Power plants were completed in Akkeshi County, Hokkaido, and Ukiha City, Fukuoka Prefecture. The latter farming-type plant called solar sharing. We cultivate moss, which is used as a material for greening, under the panels. Mos Yamagata, a company with over 20 years of experience in the business, cultivates these.

4. Business report & action plan - Project oriented investment - Food recycle busines JAIC

Food recycle business that generates biogas - Recycle food waste to produce renewable energy -



- Nishi Tokyo Recycling Center Co., Ltd. ("NRC"), in which JAIC invests, engages in the food recycle business to recycle food waste to
 produce renewable energy.
- The company receives food waste from food manufacturers and other food related business operators for compensation, reduces
 the volume of food waste by about 80% by methane fermentation, and generates biogas (methane gas) in the process.
- · Generated biogas is used at Hamura Biogas Power Plant as renewable energy.
- The construction of Hamura Biogas Power Plant was completed in July 2020, and NRC obtained a license for industrial waste disposal and commenced operations in August.

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This is the Food Recycling Business that generates biogas.

We generate biogas from food waste and reuse it for power generation. Our investee, Nishi Tokyo Recycle Center, is in charge.

The company takes food waste from factories and other Food-Related Businesses in consideration, uses methane fermentation to reduce food waste by about 80%, and generates biogas in the process. Biogas is used at the Hamura Biogas Power Plant as a renewable energy source.

In recent years, efforts have been made to reduce food loss, but it is difficult at present to completely eliminate food waste. For this reason, we recognize that this business, which does not dispose of waste as it is, but recycles it as renewable energy, greatly contributes to the development of a sustainable society by effectively utilizing resources.

Currently, the Company is vigorously promoting activities to procure waste from food manufacturers and other businesses.



This is an introduction to what kind of waste is procured specifically.

It is basically possible to accept waste as long as it is consumable by humans, such as waste during the manufacturing process, products that have expired or been collected, cut-offs of foodstuffs, vegetables that have fallen short of freshness, and the disposal of inventory items.

In addition, due to the high performance of the equipment for sorting impurities from waste, it can be accepted even when it remains in plastic containers or is packaged in vinyl, wrap, et cetera.

4. Business report & action plan - Project oriented investment - Healthcare



2 group homes for the handicapped started the operation.









Outline

Name	Social Inclu Home Hamamatsu Kmidamachi
Address	Hamamatsu City, Shizuoka prefecture
Date of starting the operation	Aug. 1, 2020
No. of rooms	20 for residents, 2 for short-stay
Туре	Daytime service support type
Operator	Social Inclu CO., LTD.

Constructed by Kobayashi Kensetsu that has a track record in building welfare and other facilities in this region.

Outline of the group home

Name	Social Inclu Home Hiroshima Karugacho
Address	Hiroshima City, Hiroshima prefecture
Date of starting the operation	Aug. 1, 2020
No. of rooms	20 for residents, 2 for short-stay
Туре	Daytime service support type
Operator	Social Inclu CO., LTD.

- ·Kure Shinkin Bank provided loans for this project.
- •Constructed by Shigenari Kosan that has a track record in building a number of group homes in this region.

(Note) Group home:

In group homes, about 10 to 20 people with physical, intellectual, and mental disabilities live together with the support of the caretakers stationed 24 hours a day. Since the facility is smaller than the existing facilities for persons with disability, it is possible to provide support that meets the needs of each resident. The benefits of moving into group homes include prevention of isolation, reduction of anxiety about life, and stabilization of physical and mental conditions through communal living.

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These are the group homes for people with disabilities.

Operations commenced in August in Hamamatsu City, Shizuoka Prefecture and Hiroshima City, Hiroshima Prefecture. All of these were constructed by construction companies that have a proven track record of constructing group homes in the region.

Social Inclu CO., LTD., our strategic investee, is responsible for the operation of group homes.

The project in Hiroshima City was completed with a loan from the Kure Shinkin Bank

We have begun working on this business as a business that allows us to obtain financing from financial institutions. However, because this was a new initiative for us, there were many difficulties until we got a loan from a financial institution.

This time, Kure Shinkin Bank gained a deep understanding of the profitability of the project and the social significance of group homes, and we recognize that the first time when we were able to obtain loans was a very significant result.

Going forward, we plan to increase the number of buildings by actively incorporating financing from other regional financial institutions.

4. Business report & action plan – Project oriented investment – Distribution center



Developing 2 facilities with KIC Holdings, JAIC's partner company

KIC Koshigaya Distribution Center



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KIC Atsugi Distribution Center

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Rend	ering

Location	Koshigaya-shi, Saitama
Access	about 6km from TOHOKU Expressway Urawa IC, about 1 km from TOBU SKYTREE Line Oobukuro station
Total floor space	11,250㎡, 4 floors above ground
Completion	Oct. 2021 (scheduled)

Rendering

Location	Atugi-shi, Kanagawa
Access	about 1.46km fro KEN-O Expressway KEN-O Atsugi IC, about 1.8km from JR Sagami Line Ebina station
Total floor space	10,890m (scheduled), 2 floors above ground
Completion	Feb. 2022 (scheduled)

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These are the Distribution Centers.

In the previous fiscal year, we invested in projects in Koshigaya City, Saitama Prefecture, and Atsugi City, Kanagawa Prefecture. Project development is conducted by KIC Holdings, a strategic investee.

Both facilities were financed by the main investor who will contribute the majority of the development funding in the first half of this year. This was the result of us getting praised for the good location and the convenience regarding transportation.

At the Koshigaya City project, financing from financial institutions was also provided and construction began. For the Atsugi City facility, the user is already determined for the post-completion period. At the Koshigaya City facility, we are currently recruiting companies that will become the user after completion. In addition, we are recruiting buyers for both facilities after completion.

In the midst of the coronavirus crisis, demand for logistics facilities is tightening as ecommerce expands due to new lifestyles and online consumption. Therefore, we will continue to focus on investing in Distribution Centers in the future.

4. Business report & action plan – Project oriented investment – Action plan for 2nd half JAIC



Renewable energy

- ·Stabilize the supply of biogas and operate Hamura Biogas Power Plant.
- ·Sell 7 mega solar projects (18.3MW) for which electricity is being sold.

Smart agriculture



- Make Sasayama Plant (lettuce) profitable and work on the development of the second plant.
- Develop potential customers of strawberries grown at a plant operated by MD-Farm, which is JAIC's strategic investment target.

Healthcare



- · Newly develop 2 group homes for handicapped people.
- Cooperate with financial institutions to consider methods for expanding the scale of projects of group homes for handicapped people.
- Execute investment in 1 aged-care facility.

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Distribution center

- •Develop potential users and buyers of the facilities that JAIC has invested in.
- Proceed the development of new facilities and make investment amounting to 1.2 billion yen in total.

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This is a list of action plans for the second half of the project investment.

As I have explained, in Renewable Energy, we will proceed with the procurement of food waste and stabilize the supply of biogas before starting operation of the Hamura Biogas Power Plant.

For Mega-solar Projects, we will sell seven projects that are already generating power.

For Smart Agri, we will set a path toward achieving profitability at the Sasayama Plant and work on the second lettuce plant. We will also searching for potential customer for strawberries grown at plants operated by MD-Farm, our strategic investee. This is described in detail in the following slides.

For Healthcare, we will develop two new group homes for the disabled. We will also consider schemes for expanding our scale in cooperation with financial institutions. We plan to invest in one elderly care facility.

For Distribution Centers, we plan to make new investments totaling JPY1.2 billion in the second half of the fiscal year, for developing new facilities and searching for potential users and potential buyers for our existing facilities.





Cultivation of strawberries at a plant operated by MD-Farm





Market size of strawberries grown in Japan

- Among major vegetables and fruits grown in Japan, strawberries have the highest wholesale unit price and the largest total wholesale value. The supply of strawberries grown outdoor is limited to a half year period between late November and early May. There is significant potential demand if strawberries can be supplied during the
- Technological innovation
- Succeeded in growing strawberries steadily throughout the year at a closed-space vegetable plant using proprietary technologies. It is possible to grow strawberries with stable taste and size throughout the year.
- Characteristics of the products
- Strawberries with stable freshness can be supplied during summer and autumn as well as the Christmas season.
- They can be eaten without washing as they are produced in Japan and completely pesticide-free.
- They are aromatic and have a sugar content of 14 degrees (adjustable)

Outline of the company



Name	MD-Farm
Address	Shibata City, Niigata Prefecture
Business	Developing, manufacturing and selling strawberry plant system
Representative	President & CEO Yuki Matsuda
Established	Mar. 26, 2018
Paid-in capital	¥ 53 million
URL	https://www.md.farm/

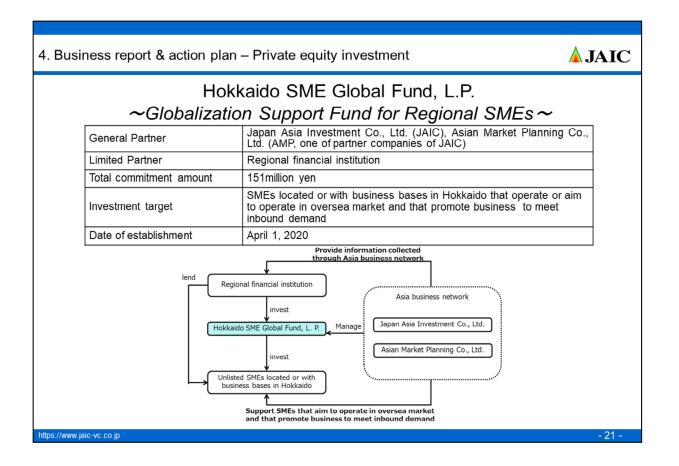
This is an explanation of the strawberry plant cultivation mentioned earlier. Our strategic investee, MD-Farm, is a Niigata-based venture company.

Domestic strawberries are seasonal in open-field cultivation, and the timing of supply is limited to six months, from late November to early May. Nevertheless, their wholesale unit prices and wholesale prices are the largest among the major domestic fruits and vegetables.

Therefore, if we are able to cultivate it at our vegetable plants and sell it throughout the year, including during the off-season of summer, we expect there to be significant potential demand.

MD-Farm is a closed vegetable plant that grows domestic strawberry varieties stably over the course of the year. The cultivation of strawberries at the plant has been technically difficult for many years, but it has been realized through the technology developed independently by the company. It can provide high-quality, freshness, and safe strawberries grown completely without pesticides.

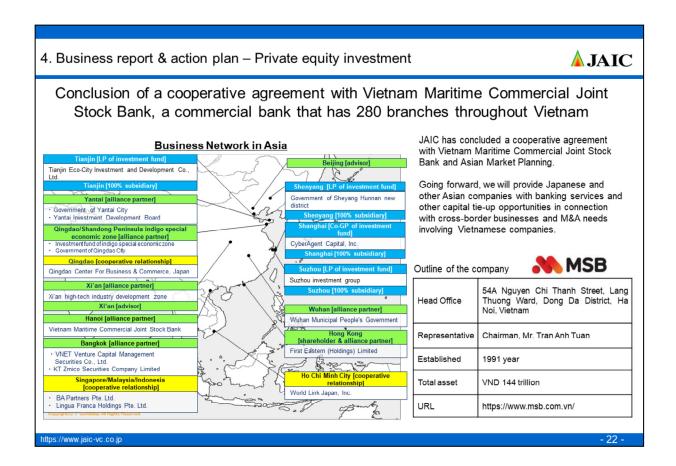
Currently, we are in the trial production stage, and we are recruiting sales candidates for the time of full-scale production. We assist MD-Farm with their business by introducing prospective financing sources and sales candidates. Going forward, we plan to use the knowledge we have gained in our vegetable plant to support the initial stages of this business.



Finally, I will explain the progress of the Private Equity Business and the plan for the second half.

We are currently strengthening our ties with domestic regional financial institutions and expanding our Asian network. In the future, we will combine these two to enable regional financial institutions to use our Asian network as a support tool and information acquisition tool for business partners. Our policy is to create new business opportunities by combining the demands of regional financial institutions with our human resources, experience and networks.

One of the fruits of this is the fund, which was newly-established in April. With regional financial institutions in Hokkaido as investors, we support the internationalization of small and medium-sized enterprises based in Hokkaido. In the second half of the fiscal year, we plan to make investments from these funds.



To strengthen our Asian network, in September we concluded a business cooperation agreement with Maritime Bank, which has 280 branches throughout Vietnam.

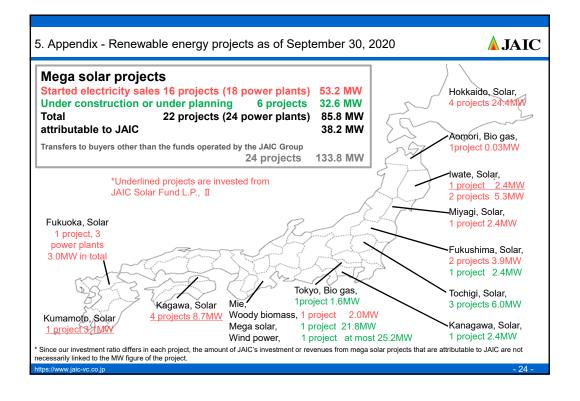
Going forward, through operational cooperation, we will provide banking services and other capital alliance opportunities to Japanese companies operating in Asia that are interested in M&As with Vietnamese companies, as well as enabling other forms of cross-border business development.

The Maritime Bank has provided a large number of information on the M&A and financing demands of Vietnamese companies before we concluded the business cooperation agreement. We are currently considering methods to respond to these demands.

In the second half of the fiscal year, our policy is to develop investment activities and M&A Businesses based on the demands arising from the large number of business networks, including Maritime Bank. We will also continue to focus on expanding our network in China, the largest market in Asia.

This was my explanation. Thank you for your attention. [END]

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5. Appendix - List of project oriented investments (as of September 2020)



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	Nomaike solar power plant(*)	2.4	Started electricity sales in May. 2017	36	approx. 0.8
	3	Fukushima Inawashiro solar power plant	1.2	Started electricity sales in Sep. 2017	36	approx. 0.34
	4	Mitakabeike solar power plant(*)	1.5	Started electricity sales in Sep. 2017	32	approx. 0.5
	5	lwate Ichinoseki solar park(*)	2.4	Started electricity sales in Jan. 2018	36	approx. 0.8
	6	Obihiro solar park	4.4	Started electricity sales in Mar. 2018	40	approx. 2.2
	7	Nakaoudaike solar power plant(*)	2.4	Started electricity sales in Apr. 2018	36	approx. 0.86
	8	Ichinoseki-shi Yoshitaka solar power plant	2.6	Started electricity sales in Jun. 2018	36	-
	9	Higashioudaike solar power plant(*)	2.4	Started electricity sales in Jul. 2018	36	approx. 0.86
	10	Ichinosekishi Suzugasawa solar power plant	2.7	Started electricity sales in Oct 2018	36	-
	11	Kami solar park	2.4	Started electricity sales in Oct. 2018	36	approx. 0.96
	12	Mombetsu-shi Kodo solar power plant	15.7	Started electricity sales in Feb. 2020	40	approx. 6.6
	13	Yokotsunooka solar power plant	2.0	Started electricity sales in Mar. 2020	36	-
	14	Mie	21.8	Under construction or Under planning	24	-
	15	Fukushima	2.4	Under construction or Under planning	32	-
	16	Hirono solar park	2.7	Started electricity sales in Feb. 2020	40	-
	17	Akkeshi Luke Supor Solar Power Plant	2.3	Started electricity sales in May 2020	40	-
	18	Kanagawa	2.4	Under construction or Under planning	32	-
	19	Ukiha-shi, Shirakabe Solar Power Plant Ukiha-shi, Mizunosato Solar Power Plant Ukiha-shi, Minou Alps Solar Power Plant	3.0 in total	Started electricity sales in MarMay 2020	36	-
	20	Tochigi	2.0	Under construction or Under planning	36	-
	21	Tochigi	2.0	Under construction or Under planning	32	-
	22	Tochigi	2.0	Under construction or Under planning	32	-
	•	•	Total 85.8MW [attributa	ible to JAIC 38.2MW]		

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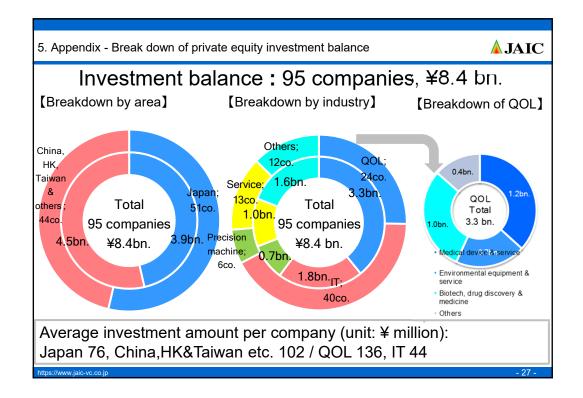
5. Appendix - List of project oriented investments (as of September 2020)

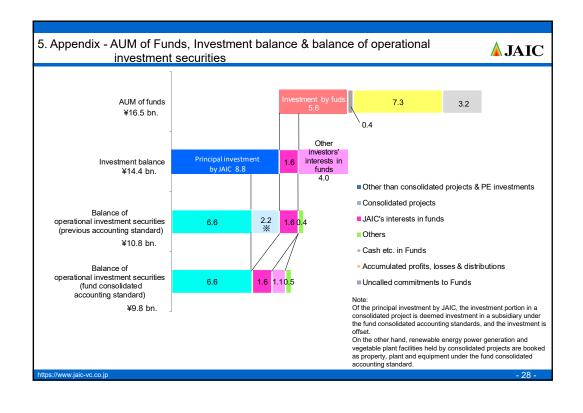


Type of project	No.	Location	Generation Capacity [MW]	Current status	FIT [tax excluded, ¥]	Total amount of project [¥ bn.]
Woody biomass		Matsusaka-shi, Mie	2.0	Started electricity sales in Jan. 2018	-	-
Bio gas	1	Tokyo	1.6	Preparing to start operation	39	-
				Food recycle company that generates biogas for power generation	-	-
	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 in Mar. 2019	-	Approx. 0.7
Group home	1	Hamamatsu-shi, Shizuoka	-	Started operation in Aug. 2020	-	-
	2	Utsunomiya-shi, Tochigi	-	Under construction or Under planning	-	-
	3	Hiroshima-shi, Hiroshima	-	Started operation in Aug. 2020	-	-
Commercial building		Aichi	-	Opened *investment in building which has already started operation	-	-
Logistics	1	Koshigaya-shi, Saitama	-	Under construction or Under planning	-	-
warehouse	2	Atsugi-shi, Kanagawa	-	Under construction or Under planning	_	-

*Projects that are invested from JAIC Solar Fund L.P., $\, \overline{\mathbb{I}}$

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5. Appendix - Funds & investment activities



(JPY million)	16/3	17/3	18/3	19/3	20/3
New & increased funds	5,201	500	1,000	2,000	1,359
AUM of funds - total	39,335	28,753	19,150	16,494	17,390
AUM of funds - JAIC	14,004	9,427	5,867	5,344	5,163
New investnemts (Total)	4,093	4,315	3,887	3,749	3,374
Balance of investments (Total)	18,783	16,558	13,981	13,951	15,101
New investnemts (private equity)	1,304	1,131	1,205	136	1,224
Balance of investments (private Equity)	15,061	11,981	10,398	8,437	8,405
New investnemts (project oriented investment)	2,788	3,184	2,681	3,612	2,150
Balance of investments (project oriented investment)	3,722	4,576	3,582	5,514	6,696

21/3(2Q)
151
16,556
4,928
533
14,376
158
8,375
374
6,000

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



(JPY million)	16/3	17/3	18/3	19/3	20/3	20/3(2Q)	21/3(2Q)
Business results							
Operating revenues	4,043	3,926	5,403	2,475	2,760	691	541
Operating gross profit	1,554	2,176	2,328	1,286	1,359	108	227
SG&A expenses	1,472	1,339	1,311	1,109	1,094	530	544
Operating income	82	836	1,017	177	265	(421)	(316)
Ordinary income	612	726	954	83	140	(483)	(335)
Net income	597	553	874	578	302	(481)	(336)
Financial position							
Cash and deposits	8,202	6,213	7,308	5,564	3,920	2,825	3,515
Operational investment securities and operating loans of project oriented investment	3,722	4,081	3,582	5,514	5,437	6,667	4,915
Operational investment securities of strategic investment in partner companies	100	100	373	373	1,005	745	1,155
Operational investment securities after deducting allowance for possible investment loss (Private equity except strategic investment in partner companies)	8,126	7,256	5,657	4,765	4,282	4,577	3,926
Loans payable, bonds & bonds with subscription rights to shares	16,910	14,128	11,954	9,784	8,166	8,689	7,469
Total shareholders' equity	4,976	5,686	6,545	6,840	7,223	6,507	6,732
Total assets	22,680	20,305	19,220	17,305	15,800	15,761	14,580

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



	(JPY:million)	16/3	17/3	18/3	19/3	20/3	20/3(2Q)	21/3(2Q)	Change(%
ί.	Fund management operation								
	Fund management fees and others	441	364	277	241	199	107	82	(23.1%
	Success Fees	288	101	86	-	-	-	-	
	Operating revenue	729	466	364	241	199	107	82	(23.19
	Operating cost	-	-	-	-	-	-	-	
	Operating gross profit	729	466	364	241	199	107	82	(23.19
Ž.	Investment operation								
	Proceeds of sales of securities (A)	2,954	2,275	3,219	1,746	2,349	406	232	(42.89
	Fund interests income etc.	345	1,159	1,677	429	172	155	198	27.4
	Operating revenue	3,300	3,434	4,897	2,176	2,521	562	431	(23.39
	Cost of securities sold (B)	1,863	1,423	2,469	554	965	356	85	(75.99
	Investment write-offs and Provision for allowance for possible investment losses (C)	569	274	562	579	245	160	(62)	
	Fund interests losses etc.	47	46	36	49	184	61	285	361.8
	Operating cost	2,481	1,744	3,069	1,182	1,395	579	309	(46.69
	Operating gross profit	818	1,690	1,827	993	1,125	(16)	122	
3.	Others								
	Operating revenue	13	25	142	57	40	20	26	29.5
	Operating cost	7	6	5	6	5	2	3	44.1
	Operating gross profit	5	19	136	51	34	18	23	27.5
To	otal								
	Operating revenues	4,043	3,926	5,403	2,475	2,760	691	541	(21.79
	Operating cost	2,488	1,750	3,074	1,188	1,401	582	313	(46.29
	Operating gross profit	1,554	2,176	2,328	1,286	1,359	108	227	109.1

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5. Appendix - Business field





Private equity investment

JAIC provides growth capital in venture companies and small and medium sized enterprise ("SME") with high growth potential, as well as to SMEs with succession problem. After the investment, JAIC is committed to provide various support to achieve growth strategies of the company by utilizing JAIC's resources in Japan and elsewhere in Asia.

Strategic investment

Strategic investment in partner companies that correspond to selected themes of JAIC. JAIC provides "hands-on" support to partner companies to improve its business promotion and financing activities, etc.

Project investment

JAIC has been investing to renewable energy industries represented by solar energy as well as to healthcare industry such as nursing facilities and facilities for persons with disabilities. In addition to above, JAIC is determined to invest to new areas such as smart-part business represented by weartable sleet and

is determined to invest to new areas such as smartagri business represented by vegetable plant and logistic industry such as distribution center where JAIC's accumulated expertise can be leveraged.

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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.

JAIC (

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.

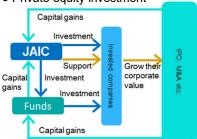
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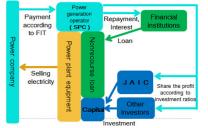
5. Appendix - Profit structure



• Private equity investment



Renewable energy project 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.

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.

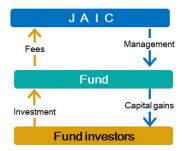
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5. Appendix - Profit structure



• Fund management



In fund management, there are the following two types of fees:
• Management fee received as

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

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5. Appendix - Company data (as of September 30, 2020)



Japan Asia Investment Co., Ltd. Abbreviation; JAIC						
F Medical Friend Building, 3-2-4 Kudn-kita, Chiyoda-ku, Tokyo 102-073, Japan						
July 10, 1981						
5,426 million yen						
Tokyo Stock Exchange, 1st Section (Securities code 8518)						
37 (Consolidated) /21 (Non-consolidated)						
Private equity investment / Project oriented investment						
Chairman of the Board :Yoshiaki Kawamata [Outside/Independent] President & CEO :Tetsuro Shimomura Managing Executive Officer in charge of Investment Group :Masafumi Hatta Chairman of Audit & Supervisory Committee :Kazunori Omori Member of Audit & Supervisory Committee :Hitoshi Yasukawa [Outside/Independent] :Tadashi Nunami [Outside/Independent]						

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JAIC

Japan Asia Investment Co., Ltd.

https://www.jaic-vc.co.jp/

Contact to:

Kenji Kishimoto, Executive Officer Miyuki Maruyama, Administration Group IR e-mail : ir@jaic-vc.co.jp

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