

Financial Results Overview for the Year Ended March 31, 2020

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

Announcement: May 15, 2020

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

In this presentation, I will explain items 1 through 4 listed here.

While JAIC discloses consolidated financial statements prepared in accordance with the fund accounting standards and the previous accounting standards, the figures in this document is based on those prepared in accordance with the previous accounting standards.

- ✓ Results for FY2020
 - Operating revenue of ¥2.7 billion (up 11.5% year on year) and final profit of ¥0.3 billion (down, 47.7% year on year).
 - Decline in profits due to a reactionary drop in extraordinary income could not be offset by a decrease in investment write-offs and an increase in profit from project oriented investment.
- ✓ Progression status of the medium-term business plan
 - The achievement rate of final profit was 60.5% of the initial forecast; gains on sale of shares were significantly lower than initially anticipated.
 - There has been a structure in which a decline in gains on sale of shares is covered by the sales of project oriented investment assets. While we have been promoting the execution of new investment projects, the balance and unrealized gain have not increased rapidly.
 - Strategic investment has progressed steadily, achieving the target balance of ¥1.0 billion in the second year of the plan.
- ✓ Business policies and result forecasts for FY2021
 - There has been a limited impact of the novel coronavirus pandemic at this stage.
 - Based on the assumption of limited future impact, the targets for operating revenue and final profit are set as ¥3.25 billion yen and ¥0.18 billion, respectively.
 - As for project oriented investment, we will pursue optimal project mix by combining projects subject to short-term sale such as logistics facilities and projects subject to long-term holding including facilities for persons with disabilities and biogas power generation facilities.

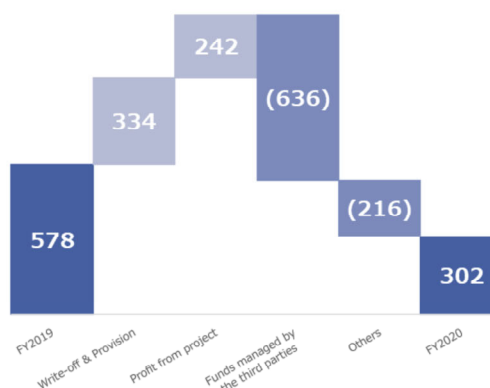
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2. Results for FY2020 – Outline of results – I/S



(million yen)	FY Mar 2019	FY Mar 2020	
	Amount	Amount	Change
Operating revenue	2,475	↑2,760	11.5%
Operating cost	1,188	1,401	17.9%
Operating gross profit	1,286	1,359	5.7%
SG&A expenses	1,109	1,094	(1.3%)
Operating income	177	265	49.6%
Ordinary income	83	140	67.9%
Profit attributable to owners of parent	578	↓302	(47.7%)

Factors contributing changes in profit attributable to owners of parent



- ✓ Factors for increase in revenues: Increase in the number of sales of mega solar projects (4 projects => 7 projects)
- ✓ Factors for decrease in profit: Decrease of a total of ¥636 million in profit contributions (operating revenues and extraordinary income) from private equity funds operated by other companies

Operating revenue increased 11.5% to 2.76 billion yen. This is attributable to an increase in the number of sales of mega solar projects from 4 to 7.

Meanwhile, profit attributable to owners of parent decreased 47.7% to 302 million yen. A factor behind this was a decrease in profit contributions from private equity funds operated by other companies. There was a significant profit contribution from the funds operated by other companies in the previous fiscal year as a result of a progress in investment returns which happened earlier than expected. In the current fiscal year under review, however, there was a reactionary decrease of a total of 636 million yen in profit contributions from operating revenue and extraordinary income.

While there were decreases in investment write-offs and provision for allowance and an increase in proceeds of sales of projects compared with the previous fiscal year, a decrease in profit contributions from private equity funds operated by other companies could not be offset.

2. Results for FY2020 – Outline of results – B/S



	As of Mar 2019	FY Mar 2020		
	Amount (million yen)	Amount (million yen)	Change	flactuation factors (billion yen)
Total assets	17,305	15,800	(8.7%)	
(a) Cash and deposits	5,564	3,920	(29.5%)	repayments of loan (1.6)
(b) Project oriented investment securities & loans	5,514	5,437	(1.4%)	investmet execution +2.2, distribution・redemption etc. (1.9), sales (0.4)
Strategic investment securities in partner companies	373	1,005	169.6%	investmet execution
Private equity investment securities after deducting allowance for possible investment loss except strategic investment in partner companies	4,765	4,282	(10.1%)	investmet execution+0.3, sales etc. (0.7)
(c) Loans payable	9,784	8,166	(16.5%)	repayments of loan (1.6)
Total shareholders' equity	6,840	7,223	5.6%	profit +0.3
(a) + (b) - (c)	1,294	1,191	(7.9%)	

- ✓ Cash and deposits : Declined due to the repayment of borrowings
- ✓ Strategic investment: The balance increased as a result of 5 investments
- ✓ Financial balance : The balance of project oriented investment decreased owing to distribution, redemption and sales

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

Total assets decreased 8.7% from the previous fiscal year to 15.8 billion yen. Cash and deposits dropped 1.6 billion yen as a result of the repayments of loan. The balance of project oriented investment slightly declined year-on-year due to the sales of some projects in addition to distribution and redemption, despite active investment execution. Distribution herein refers to the distribution of funds to project investors using proceeds from working projects and consumption tax refunds as sources. Redemption herein means the return of some of JAIC's invested funds upon the successful procurement of funds from financial institutions as a result of the progress in project development. Both of these indicate steady progress in project development and operations following JAIC's investment.

The balance of strategic investment increased as a result of the execution of 5 projects.

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



(JPY million)	FY Mar 2019	FY Mar 2020
Operating CF	299	↓ 124
Investing CF	1,224	↓ 147
Financing CF	(2,173)	↑ (1,617)
Change in Net CF	(675)	(1,358)
Cash & cash equivalents at end of period	4,082	↓ 2,723

- ✓ Operating CF: Net cash provided was 124 million yen
Payment for purchase of investment funds increased year on year due to the implementation of investment
- ✓ Investing CF: Net cash provided was 147 million yen
Proceeds from redemption of investment fund decreased year on year
- ✓ Financing CF: Net cash used was 1,617 million yen
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

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

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



(JPY million)	Total		Private equity investment		Project oriented investment	
	FY Mar 2019	FY Mar 2020	FY Mar 2019	FY Mar 2020	FY Mar 2019	FY Mar 2020
Operating revenue	2,475	2,760	1,474	1,104	1,000	1,656
Fund management fees etc.	241	199	239	195	1	3
Proceeds of sales of securities	1,746	2,349	865	806	881	1,542
Fund interests income etc.	429	172	337	87	91	84
Other operating revenue	57	40	31	14	26	25
Operating cost	1,188	1,401	960	760	228	640
Cost of securities sold	554	965	325	476	228	489
Investment write-offs and Provision for allowance for possible investment losses	579	245	579	245	-	-
Fund interests losses etc.	49	184	49	33	-	150
Other operating costs	6	5	6	5	-	-
Operating gross profit	1,286	1,359	514	343	772	1,015

- ✓ Private equity investment; Both revenues and profit decreased.
 - Of operating revenue, fund interests income etc. decreased due to a drop in profit from investment funds managed by other companies.
 - Of operating cost, cost of securities sold increased reflecting a decline in sales of listed shares with higher investment returns and the recording of a loss on sales by prioritizing liquidation of large-scale unlisted shares. Meanwhile, investment write-offs and provision for allowance decreased.
- ✓ Project oriented investment; Both revenues and profit increased.
 - Of operating revenues, proceeds of sales increased due to an increase in the number of sales of mega solar projects (4 projects => 7 projects)
 - Of operating cost, fund interests losses etc. increased due to advance expenditure for the vegetable plant.

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Challenges behind the plan

1. Revenue structure has been unstable:
Most of revenues depends on capital gains from venture investment.
2. Financial soundness has not been ensured:
Private equity investment assets, whose recoverability is lower, are partially financed through borrowings.
3. Sufficient investment funds cannot be secured:
Repayments exceeding earnings capacity have been made by prioritizing repayments.



Medium-term business plan (3-year plan from FY2019)

- ✓ Sell majority of existing private equity investment assets within three years in order to ensure profit and funds.
- ✓ Use proceeds of sales for project oriented investment and “strategic investment” combining “investment in corporations” and “investment in projects (businesses).”
- ✓ While promoting asset reshuffles to increase assets with higher liquidity, accumulate unrealized gains of project oriented assets (stable revenues for the future).
- ✓ Select renewable energy, smart agriculture (vegetable plants, etc.) and healthcare (nursing and medical fields) as three business themes.

3. Progression status of the medium-term business plan – Priority measures for FY2020 – 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 were sold and a large Chinese investee was liquidated. • As gains on sale of shares expected for the fourth quarter will likely decline significantly, the initial results forecast has been revised downward.
Establishment of funds	Establish two funds those aim to assist overseas expansion of Japanese companies and foreign direct investment into Japan.	<ul style="list-style-type: none"> • Solicitation activities were carried out for a fund that supports overseas business expansion of leading SMEs in collaboration with regional financial institutions • The establishment of a fund to support foreign direct investment into Japan hasn't been implemented due to difference in the way of thinking between we and investors.
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 with China's Xi'an Hi-Tech Industries Development Zone, Yantai Investment Development Board and Wuhan Municipal People's Government respectively. • Cooperation agreements were signed with local venture capital and local security company in Bangkok. • M&A deals from Asian business partners being introduced to listed Japanese companies using our domestic network and under negotiation.
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"> • Commenced a construction project for group homes for persons with disabilities; 3 group homes are currently being constructed. • Commenced a construction project for distribution centers (logistics facilities) in Japan; executed investment in 2 facilities. • Executed investment in 5 companies including partners of the above.

3. Progression status of the medium-term business plan – Priority measures for FY2020 – Project oriented investment



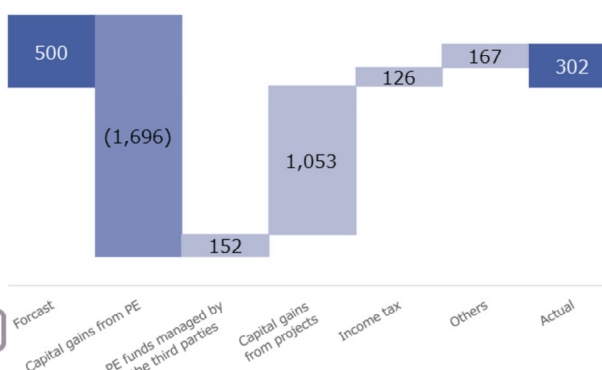
Item	Plan	Progress
Renewable energy	Place top priority on mega solar projects but continue aggressive investment in new biogas and biomass projects as well since investment opportunities in high profitability projects have time constraints.	<ul style="list-style-type: none"> Investment executed in operator of intermediate processing facility for waste materials to be used as fuel for biogas power plants. Investment executed in 3 new mega solar projects and 1 existing mega solar project with a ¥30-level FIT price.
Smart agriculture	Put the first vegetable factory on track and invest in subsequent projects.	<ul style="list-style-type: none"> No.1 plant has been operating steadily by securing a leading food services chain as a customer. However, since the target of achieving single-month profitability by the end of FY2020 failed, we aim to achieve single-month profitability by the end of FY2021. Investment in No. 2 plant is planned after gaining prospects for achieving profitability for No. 1 plant.
Healthcare	Focus on profitability instead of quantity and invest selectively in nursing care facility development projects.	Executed investment in a project for an aged care facility located in Shinonome, Koto-ku, Tokyo.

3. Progression status of the medium-term business plan – Target figures



(million yen)	Result forecast FY2020 (Disclosed on May 15, 2019)	FY Mar 2020 (Actual)	
	Amount	Amount	Progression ratio
Operating revenue	3,500	2,760	78.9%
Operating cost	1,600	1,401	87.6%
Operating gross profit	1,900	1,359	71.6%
SG&A expenses	1,100	1,094	99.5%
Operating income	800	265	33.2%
Ordinary income	650	140	21.7%
Profit attributable to owners of parent	500	302	60.5%

Differences between forecasts and actual results
of profit attributable to owners of parent



Private equity

- Proceeds of sales of securities significantly declined compared to the plan due mainly to a drop in prices of stocks with delayed or successful IPOs.
- Only approximately 20% of the plan has been achieved including extraordinary income as a result of proceeds of sales of investment securities.

Project oriented investment

- A loss was forecasted in the plan due to the expenses to be incurred prior to the launch of the vegetable plant. However, as a result the significantly decline in private equity investment, we sold existing mega solar projects.

As for the actual results for the fiscal year ended March 31, 2020, the progression ratio of profit attributable to owners of parent was 60.5% against the forecast.

As the decline in private equity investment was larger than expected and the procedures for project sales took longer than expected, we could not increase project sales to the sufficient level to cover all the decline in private equity investment.

3. Progression status of the medium-term business plan – Key performance indicator

Strategy	Measures	KPI FY 2019 (Actual)	KPI FY 2020 (Actual)	KPI FY 2021 (Target)
Expand stable revenue from project oriented investment assets	Balance of project oriented investment assets (*1)	5.5 billion yen	5.4 billion yen	9.0 billion yen
	Expected cumulative profits from project oriented investment to be long held (*2)	7.0 billion yen	5.8 billion yen	20.0 billion yen
	Balance between the sum of cash and deposits and project oriented investment assets and borrowings	+1.3 billion yen	+1.1 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 4.7 billion yen (net of provisions)	Balance of investment 4.2 billion yen (net of provisions)	Balance of investment 1.0 billion yen (net of provisions)
	• Establishment of funds for new investments • Implementation of strategic investments	Balance of investment 0.37 billion yen	Balance of investment 1.0 billion yen	Balance of investment 1.0 billion yen
<p>✓ The decline in gains on sales of shares was covered by selling project oriented investment assets. While we have been promoting the execution of new investment in project oriented investment assets, the balance and unrealized gain have not increased.</p> <p>✓ There is a delay in liquidizing and monetization of private equity investment assets other than strategic investments.</p> <p>✓ Implementation of strategic investments has been progressing steadily, and the targets have been achieved in the second year of the plan.</p>				
<p>(*1) Including outstanding loans (*2) Estimation of cumulative profits from projects managed by JAIC Group under certain hypotheses</p>				

<http://www.jaic-vc.co.jp>

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The figures in the right-end column indicates KPI targets for the fiscal year ending March 31, 2021, and actual results for the past two fiscal years are listed for comparison.

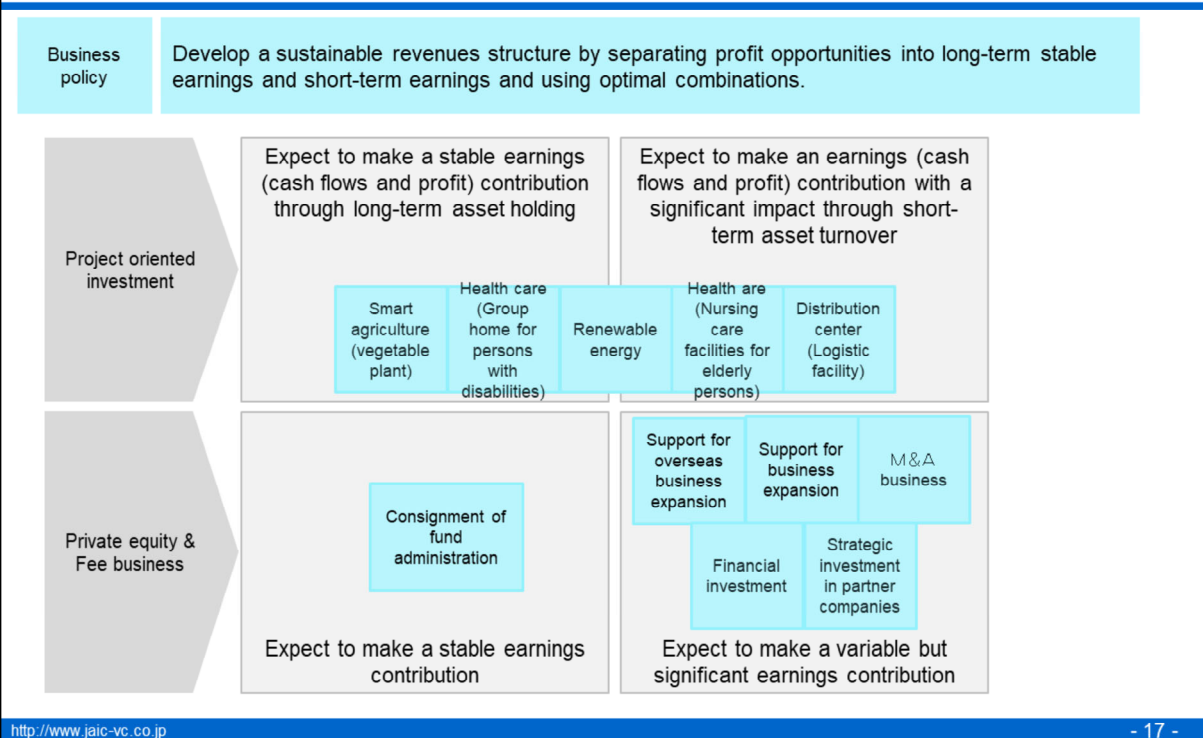
Looking at the first three KPIs from the top, actual results for FY2020 either remained unchanged or deteriorated from actual results for FY2019. As explained earlier, the factor behind this is the sales of projects.

As for the actual results of the fourth KPI “Promotion of early liquidizing of assets for private equity investment”, while the balance has been on a decreasing trend, there is a significant gap from the target. As explained earlier, this reflected a decline in proceeds of sales of securities.

In terms of the fifth KPI for strategic investments, implementation of investments has been progressing steadily, and the targets have been achieved in the second year of the plan.

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- ✓ **Focus on early liquidizing and monetization of private equity investment assets**
While actual results have been significantly behind the medium-term business plan until the second year of the plan, they remain as significant issues. Relentless efforts must be made in order to increase the progress rate as much as possible.
- ✓ **Sales of projects as a back-up plan**
It is difficult to control the fluctuations in the sales of securities because the sales is highly influenced by the stock market and the economic environment. If there is a decline in proceeds of sales of securities in the future, we will partially cover the shortage by selling projects.
- ✓ **Promote project oriented investment subject to short-term sale**
In order to increase the balance of assets in place of the mega solar projects that have already been sold as early as possible, we will shift of focus of our future investment execution from project oriented investment aimed at acquiring stable earnings from long-term holding to project oriented investment subject to short-term (2-3 years) sale, achieving optimal investment mix for long-term and short-term earnings.



This chart shows more detailed classification of profit opportunities. Please look at this from the left-top box clockwise.

In project oriented investment, vegetable plants, homes for persons with disabilities and renewable energy excluding mega solar projects are positioned as investments that are expected to make a stable earnings contribution through long-term asset holding as in the past.

On the other hand, mega solar projects, nursing care facilities for elderly persons, logistics facilities are positioned as investments that are expected to make an earnings contribution with a significant impact through high asset turnover by repeating the cycle of short-term asset sales within 2-3 years after investment and new investments. JAIC has a policy to focus on projects in this field going forward.

The right-bottom box features private equity investment and fee businesses such as M&A. A variable but significant earnings contribution can be expected for the businesses in this category.

The left-bottom box shows businesses that are expected to make a stable earnings contribution. One of the examples is consignment of fund administration carried out by JAIC's subsidiary.

Renewable energy	Execute investment in mega solar projects by carefully examining profitability more than ever
Smart agriculture	Aim to achieve profitability for No. 1 plant by March 31, 2021 Investment in No. 2 plant is planned after gaining prospects for achieving profitability of No.1 plant
Distribution center	Make actively investment in medium- to large-scale logistics facilities Aim for high returns by making investment in projects at early stages
Health care	Support partner companies by continuing investment in facilities for persons with disabilities Carefully invest in projects for aged care facilities
Private equity	Establish a fund to support overseas business expansion and link it to a fee business Take actions aimed at growth support and early liquidizing and monetization of existing investee companies
M & A	Engage in intermediary services as a financial advisor based on the M&A needs obtained in the process of cultivating promising companies for our investment

This page summarizes business policies for the aforementioned profit opportunities by type.

Among renewable energy projects, the number of highly profitable mega solar projects has been declining. Therefore, we have a policy to execute future investments after examining profitability more carefully than before.

Smart agriculture project aims to achieve profitability for No. 1 plant by March 31, 2021. Investment in No. 2 plant is planned after gaining prospects for achieving profitability of No. 1.

Distribution center project has a policy to make active investment in medium- to large-scale logistics facilities. It aims for high returns by making investment in projects at early stages, such as by starting investment at a stage prior to securing land for the project.

In health care project, JAIC will support partner companies by continuing investment in facilities for persons with disabilities in the future. We will continue to carefully invest in projects for aged care facilities.

In private equity investment, as an achievement of its solicitation activities, JAIC will establish a fund to support business expansion in Asia by local companies in collaboration with regional financial institutions, which is an area where JAIC can leverage its strengths. We will also link it to the acquisition of fees such as M&A intermediary services through fund operation activities.

In addition, we will take actions aimed at growth support and early

liquidizing and monetization of existing investee companies.

In M&A intermediary services, we will aim to conclude contracts as soon as possible based on the M&A needs obtained in the process of cultivating promising companies for our investment.

Item	Anticipated risks
Sale of listed shares	Decline in sale prices and postponement of IPOs
Sale of unlisted shares	Difficulty in fund raising by buyers and deteriorating performance of companies targeted for sale
Sale of projects	Difficulty in fund raising by buyers
Evaluation of investee companies	Unrealized losses and provisions arising from deterioration in the financial condition of investee companies
Projects under construction	Suspension of construction
Projects that started electricity sales	Increased output suppression due to reduced power consumption
Smart agriculture projects	Decline in sales to the restaurant industry
JAIC's operating activities	Stagnant new investment and lower return on investment

Risks expected when selling listed shares;

The selling share price may drop due to a weak stock market or IPOs of investee companies may be delayed.

Risks expected when selling unlisted shares;

Expected sale negotiations may not be completed or may be delayed or selling prices may drop due to purchasers' financing difficulties or deterioration of business performance of investee companies subject to the sale, caused by a weaker economic environment.

Risks expected when selling projects;

Expected sale negotiations may not be completed or may be delayed or selling prices may drop due to purchasers' financing difficulties caused by a weaker economic environment.

Risks expected when evaluating existing investee companies;

Loss on evaluation or allowance for loss may be incurred due to deterioration of business condition of the investee companies.

Risks expected in project investments;

Projects under construction may experience suspension of construction work due to requests by the central or local governments to shut down business. Renewable energy projects currently selling electricity may see

an increase in output restraints due to reduced electricity consumption. Smart-agri projects may experience a decrease in sales to the restaurant industry due to clients' suspension of business.

Risks expected in JAIC's sales activities;

In its sales activities, JAIC is making efforts to reduce internal infection risks introducing telework to reduce the number of employees coming to the office by about 80%. Meetings with external parties are also currently limited to online meetings, as a rule. As a result, we expect that these may have a negative effect on cultivating new investments. There is also a risk that the efficiency in investment return activities may drop.

4. Business policies and result forecasts for FY2021
- Difference from the medium-term business plan



Key goal indicator	FY2021 (Forecast)	FY2021 (Target)	fluctuation
Final profit	0.18 billion yen	0.7 billion yen	(0.52) billion yen
ROE	2.5%	9%	(6.5) %

Strategy	Measures	KPI FY 2020 (Forecast)	KPI FY 2021 (Target)
Expand stable revenue from project oriented investment assets	Balance of project oriented investment assets	6.1 billion yen	9.0 billion yen
	Balance between the sum of cash and deposits and project oriented investment assets and borrowings	+2.6 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 2.5 billion yen (net of provisions)	Balance of investment 1.0 billion yen (net of provisions)
	• Establishment of funds for new investments • Implementation of strategic investments	Balance of investment 1.0 billion yen	Balance of investment 1.0 billion yen

There has been a limited impact of the novel coronavirus (COVID-19) pandemic at this stage. The figures on this page are based on the assumption that the impact of COVID-19 will remain limited in the future. Regrettably, we are unlikely to achieve the target level set out in the medium-term business plan. However, we have a policy to aim for final profit of 0.18 billion yen and ROE of 2.5% for FY2021 by implementing the aforementioned business policies and endeavoring to deliver maximum results through the sales of investment assets.

As shown in the table below, it is likely that a decline in each of KPIs is unavoidable. However, we will make our utmost efforts to get closer to the plan.

Unrealized gain of project oriented assets has been excluded from KPIs since we decided to shift our focus to project oriented investment subject to short-term sale.

4. Business policies and result forecasts for FY2021 - Breakdown of result forecast



(million yen)	Result forecast FY2021	Result forecast FY2021(2Q)
Operating revenue	3,250	850
Operating cost	1,800	380
Operating gross profit	1,450	470
SG&A expenses	1,100	590
Operating income	350	(120)
Ordinary income	200	(190)
Profit attributable to owners of parent	180	(210)
ROE	2.5%	-

Breakdown:

Proceeds of sales of securities (IPO)	1,350
Proceeds of sales of securities (Trade sales)	1,650
Fund management fees	150
Profits from PE funds managed by third parties	75
Others	25

Breakdown:

Cost of securities sold (IPO)	370
Cost of securities sold (Trade sales)	880
Investment write-offs & provisions	350
Costs from project oriented investment	100
Loss from PE funds managed by third parties	100

- ✓ Operating income: ¥3.25 billion; Profit: ¥0.18 billion
- ✓ A loss is expected for the first six-month period and the first nine-month period.
- ✓ Proceeds of sale of securities are anticipated for 2H due to an IPO in Japan and a trade sale in China; sale of projects is not planned at this stage.

- ✓ 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.

Private equity investment

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Project oriented investment

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Investment execution : 12 companies, ¥1.2 billion

5 strategic investments in partner companies



Smart Solar Corporation

Business:

Mega solar power generation related business,
Smart city related business for public facilities and
industrial facilities
Residential solar power generation related business



Morihisa Engineering Co., LTD.

Business:

Development, planning, construction and operation of
vegetable factories
Production of high-end vegetables under the brand name
"Morvel".



MD-Farm

Business:

Development and sales of strawberry
cultivation system
Agriculture business support
consulting services, etc.



KIC Holdings Inc.

Business:

Development of distribution centers
(logistics facilities), finance,
formulation of management plan,
asset management



Social Inclu Co., LTD.

Business:

Operating "Social Includ Home",
group homes for persons with
disabilities



StemRim Inc.

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



PBsystems, Inc.

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



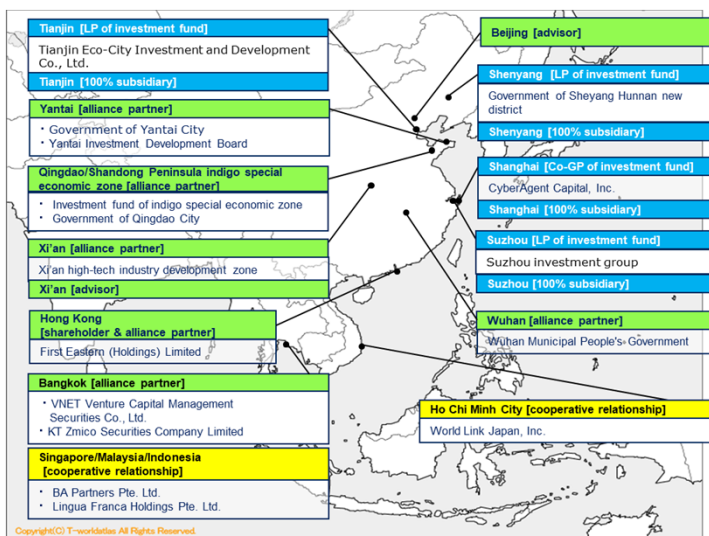
Fangdd Network Group Ltd.

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



Ligua, Inc.

Stock market: TSE Mothers (7090)
IPO date: 13 March 2020



- ✓ Asia business network, JAIC's strength, further strengthened.
- ✓ To be used for the launch of M&A business and support of investee companies.
- ✓ Cooperation agreement signed with China's Xi'an Hi-Tech Industries Development Zone, Yantai Investment Development Board and Wuhan Municipal People's Government, respectively.
- ✓ Cooperative agreements signed with local venture capital and local security company in Thailand, respectively.

Investment execution : 10 projects, ¥ 2.15 billion



Renewable energy

- 4 mega solar projects with a ¥30-level FIT price
- Investment in an operator of an intermediate treatment facility for waste that can be used as raw materials for biogas power generation



Smart agriculture

Additional investment of the vegetable plant's operation funds



Health care

A large-scale aged care facility located in Shinonome, Koto-ku, Tokyo



Distribution center

Investments in 2 logistics facility construction projects in Japan



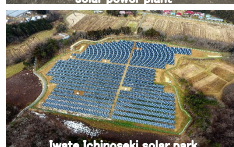
Others

A medium-term project investment in income property (commercial building)

In addition to those listed above, a loan was provided to a project on group home for disabled persons.

JAIC-Solar Fund, L.P., II

Fund management company	JAIC Capital Partners Co., Ltd.(JAIC's 100% subsidiary)	
Fund investors and investment ratio	General Partner	JAIC Capital Partners Co., Ltd.(investment ratio: 0.07%)
	Limited Partners	JAIC(investment ratio:0.07%), other 2 companies(investment ratio:99.85%)
Fund total	1,359 million yen	
Investment target	Mega solar projects in operation	
Date of establishment	March 4, 2020	
Project invested	JAIC Group transferred six mega solar projects (14.2 MW in total) to JAIC-Solar Fund, L.P., II following the execution of investment of the Fund.	



5. Business report - Project oriented investment
- Renewable energy projects as of March 31, 2020

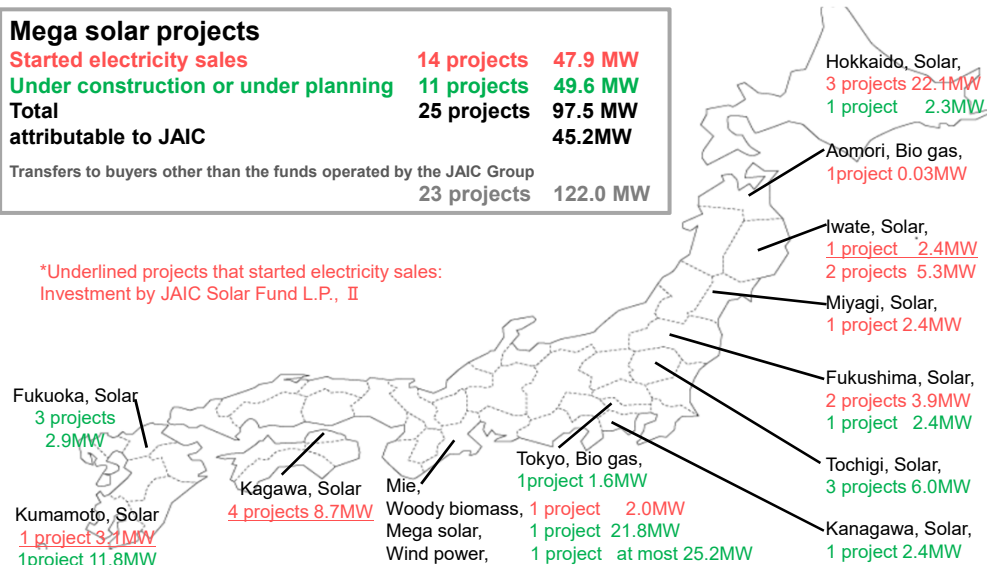


Mega solar projects

Started electricity sales	14 projects	47.9 MW
Under construction or under planning	11 projects	49.6 MW
Total	25 projects	97.5 MW
attributable to JAIC		45.2MW

Transfers to buyers other than the funds operated by the JAIC Group
23 projects 122.0 MW

*Underlined projects that started electricity sales:
Investment by JAIC Solar Fund L.P., II



* 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.

<http://www.jaic-vc.co.jp>

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5. Business report - Project oriented investment
- Health care project (Group home for persons with disabilities)



Commenced 3 projects with Social Inclu, JAIC's partner company



Group home in Hamamatsu City, Shizuoka



- Projects commenced in Hamamatsu City (Shizuoka Prefecture), Utsunomiya City (Tochigi Prefecture) and Hiroshima City (Hiroshima Prefecture).
- By investing in Social Inclu Co., LTD., we support its growth.

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

KIC Koshigaya Distribution Center



Rendering

Location	Koshigaya-shi, Saitama
Access	about 6km from TOHOKU Expressway Urawa IC, about 1 km from TOBU SKYTREE Line Oobukuro station
Total floor space	11,250m ² , 4 floors above ground
Completion	Sep. 2021 (scheduled)

KIC Atsugi Distribution Center



Rendering

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

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Break down of private equity investment balance	P35
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Business results & financial position	P38
Break down of operating revenue & operating cost	P39
Business field	P40
Core competence	P41
Profit structure	P42
Company data	P44

6. Appendix - List of project oriented investments



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	Nomaika 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	Iwate 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	Nakaoudaika 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	Higashioudaika 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	Kumamoto	11.8	Under construction or Under planning	38	—
	18	Hokkaido	2.3	Under construction or Under planning	40	—
	19	Kanagawa	2.4	Under construction or Under planning	32	—
	20-22	Fukuoka (3 projects)	2.9	Under construction or Under planning	36	—
	23	Tochigi	2.0	Under construction or Under planning	36	—
	24	Tochigi	2.0	Under construction or Under planning	32	—
	25	Tochigi	2.0	Under construction or Under planning	32	—
Total 97.5MW [attributable to JAIC 45.2MW]						

6. Appendix - List of project oriented investments

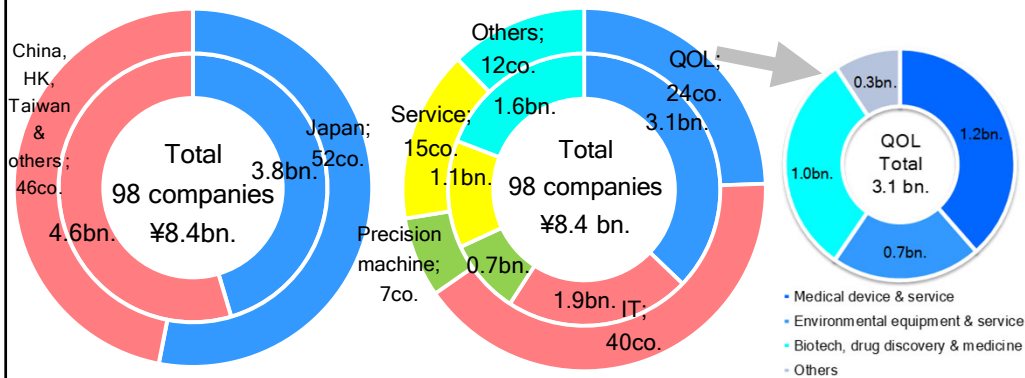


Type of project	No.	Location	Generation Capacity [MW]	Current status	FIT [tax excluded, ¥]	Total amount of project [¥ bn.]
Woody biomass		Matsusaka-shi, Mie	2.0	Started electricity sales in Jan. 2018	—	—
Bio gas	1	Tokyo	1.6	Under construction or Under planning	39	—
		operator of adjoining waste processing 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		Tambasayama-shi, Hyogo	—	Started operation in Mar. 2019	—	Approx. 0.7
Group home	1	Hamamatsu-shi, Shizuoka	—	Under construction	—	—
	2	Utsunomiya-shi, Tochigi	—	Under construction	—	—
	3	Hiroshima-shi, Hiroshima	—	Under construction	—	—
Commercial building		Aichi	—	Opened *Investment in building which has already started operation	—	—
Logistics warehouse	1	Koshigaya-shi, Saitama	—	Under planning	—	—
	2	Atsugi-shi, Kanagawa	—	Under planning	—	—

Investment balance : 98 companies, ¥8.4 bn.

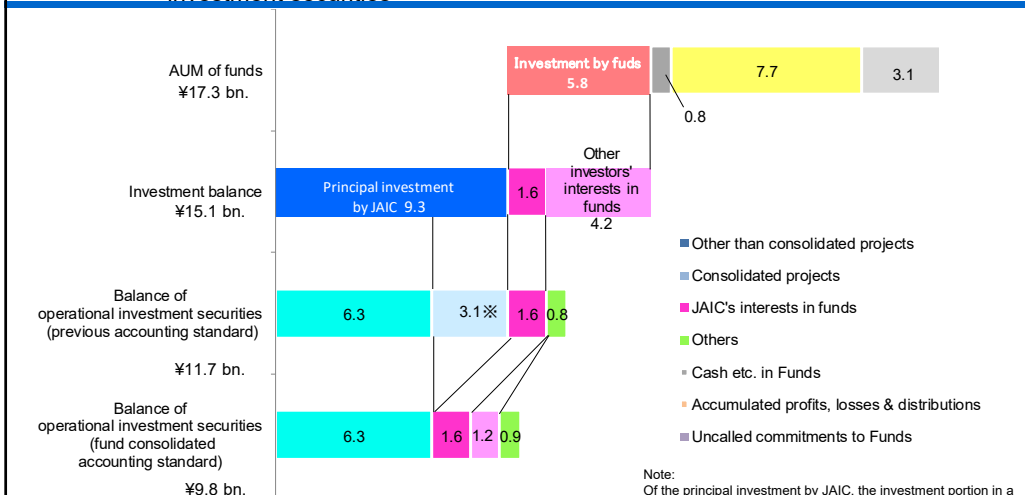
【Breakdown by area】

【Breakdown by industry】



Average investment amount per company (unit: ¥ million):
 Japan 73, China, HK & Taiwan etc. 99 / QOL 130, IT 46

6. 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 the investment is offset.
 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.

6. Appendix - Funds & investment activities



(JPY million)	15/3	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	43,897	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 investnents (private equity)	1,470	1,304	1,131	1,205	136	1,224
Balance of investments (private Equity)	18,385	15,061	11,981	10,398	8,437	8,405
New investnents (project oriented investment)	1,257	2,788	3,184	2,681	3,612	2,150
Balance of investments (project oriented investment)	1,337	3,722	4,576	3,582	5,514	6,696

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



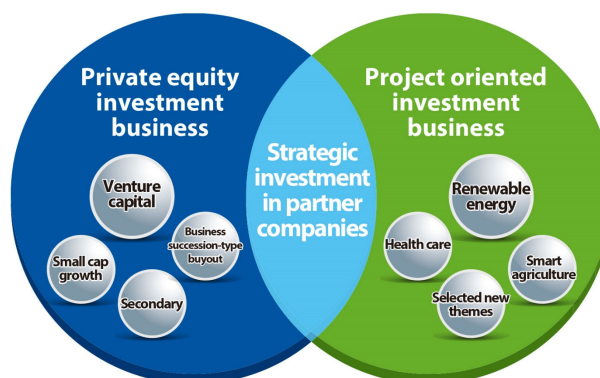
(JPY million)	15/3	16/3	17/3	18/3	19/3	20/3
Business results						
Operating revenues	4,532	4,043	3,926	5,403	2,475	2,760
Operating gross profit	882	1,554	2,176	2,328	1,286	1,359
SG&A expenses	1,433	1,472	1,339	1,311	1,109	1,094
Operating income	(550)	82	836	1,017	177	265
Ordinary income	(610)	612	726	954	83	140
Net income	(850)	597	553	874	578	302
Financial position						
Cash and deposits	9,437	8,202	6,213	7,308	5,564	3,920
Operational investment securities and operating loans of project oriented investment	1,337	3,722	4,081	3,582	5,514	5,437
Operational investment securities of strategic investment in partner companies	-	100	100	373	373	1,005
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	4,282
Loans payable, bonds & bonds with subscription rights to shares	20,193	16,910	14,128	11,954	9,784	8,166
Total shareholders' equity	3,373	4,976	5,686	6,545	6,840	7,223
Total assets	24,396	22,680	20,305	19,220	17,305	15,800

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



(JPY:million)	15/3	16/3	17/3	18/3	19/3	20/3	Change(%)
1. Fund management operation							
Fund management fees and others	571	441	364	277	241	199	(17.6%)
Success Fees	63	288	101	86	-	-	-
Operating revenue	634	729	466	364	241	199	(17.6%)
Operating cost	-	-	-	-	-	-	-
Operating gross profit	634	729	466	364	241	199	(17.6%)
2. Investment operation							
Proceeds of sales of securities (A)	3,651	2,954	2,275	3,219	1,746	2,349	34.5%
Fund interests income etc.	193	345	1,159	1,677	429	172	(60.0%)
Operating revenue	3,844	3,300	3,434	4,897	2,176	2,521	15.9%
Cost of securities sold (B)	1,767	1,863	1,423	2,469	554	965	74.3%
Investment write-offs and Provision for allowance for possible investment losses (C)	1,704	569	274	562	579	245	(57.6%)
Fund interests losses etc.	168	47	46	36	49	184	274.3%
Operating cost	3,640	2,481	1,744	3,069	1,182	1,395	18.0%
Operating gross profit	203	818	1,690	1,827	993	1,125	13.3%
3. Others							
Operating revenue	53	13	25	142	57	40	(30.2%)
Operating cost	9	7	6	5	6	5	(8.0%)
Operating gross profit	44	5	19	136	51	34	(32.9%)
Total							
Operating revenues	4,532	4,043	3,926	5,403	2,475	2,760	11.5%
Operating cost	3,650	2,488	1,750	3,074	1,188	1,401	17.9%
Operating gross profit	882	1,554	2,176	2,328	1,286	1,359	5.7%

6. 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-agri business represented by vegetable plant and logistic industry such as distribution center where JAIC's accumulated expertise can be leveraged.

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.

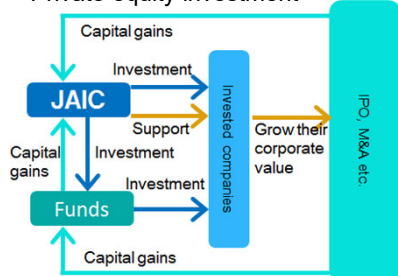
JAIC

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.

Wide range of network with venture companies

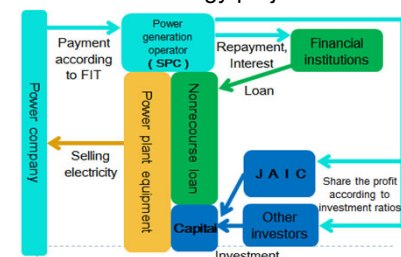
JAIC has track record of leading more than 300 invested venture companies to "Going Public". Through the long time investment activities, JAIC enjoys close relationship with wide range of venture companies. Based on this intangible asset, JAIC is utilizing the network to create value for invested companies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

• 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.

The diagram illustrates the flow of funds and management between three entities: JAIC (top, blue box), Fund (middle, teal box), and Fund investors (bottom, orange box). JAIC provides Management (blue arrow pointing down) to the Fund and receives Fees (orange arrow pointing up) from the Fund. Fund investors provide Investment (orange arrow pointing up) to the Fund and receive Capital gains (blue arrow pointing down) from the Fund.

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

Company name	Japan Asia Investment Co., Ltd. Abbreviation; JAIC
Head office	3-11 Kandanishiki-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	38 (Consolidated) /20 (Non-consolidated)
Main business	Private equity investment / Project oriented investment
Directors	Chairman of the Board :Yoshiaki Kawamata [Outside/Independent] President & CEO :Tetsuro Shimomura In charge of New Energy Investment Group :Masafumi Hatta Chairman of Audit & Supervisory Committee :Kazunori Omori Member of Audit & Supervisory Committee :Hitoshi Yasukawa [Outside/Independent] :Tadashi Nunami [Outside/Independent] :Harumi Katagiri [Outside/Independent]

JAIC

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