

This document has been translated from Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. JAIC assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Results
for the Year Ended March 31, 2020
[Japanese Standards]
(Summary of Japanese announcement)

May 15, 2020

Company name: Japan Asia Investment Co., Ltd.
Listed on: First Section of the Tokyo Stock Exchange (Stock code: 8518) URL: <https://www.jaic-vc.co.jp/>
Head office: Tokyo
Representative: Tetsuro Shimomura, President and CEO
Contact: Kenji Kishimoto, Executive Officer
Tel: +81-3-3259-8518 (main)
Scheduled date for ordinary general meeting of shareholders: June 26, 2020
Scheduled date for submission of annual report: June 29, 2020
Scheduled date for start of payment of dividends: —
The additional materials of the Financial Results: Yes
The briefing session of the Financial Results: Yes

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated results of operations

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2020	3,950	12.8	716	143.6	441	7,509.0	343	(40.5)
For the year ended March 31, 2019	3,503	(57.8)	294	(76.2)	5	(99.4)	577	(55.0)

(Note) Comprehensive Income

For the year ended March 31, 2020: 619 millions of yen 129.5%

For the year ended March 31, 2019: 270 millions of yen (72.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2020	19.40	19.35	4.9	1.5	18.1
For the year ended March 31, 2019	32.60	32.53	8.7	0.0	8.4

(Reference)Equity in earnings (loss) of affiliates

For the year ended March 31 2020: — millions of yen

For the year ended March 31 2019: — millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	28,548	8,716	25.3	407.79
As of March 31, 2019	28,845	8,400	23.6	383.89

(Reference) Total shareholders' equity;

As of March 31, 2020: 7,219 millions of yen As of March 31, 2019: 6,796 millions of yen

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2020	124	147	(1,617)	2,723
For the year ended March 31, 2019	299	1,224	(2,173)	4,082

2. Dividends

(Base date)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	0.00	—	0.00	0.00
Year ended March 31, 2019	—	0.00	—	0.00	0.00
Year ending March 31, 2021 (forecast)	—	0.00	—	0.00	0.00

3. Outlook for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The overall private equity investment business conducted by the Group (including investment partnerships) is 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. Therefore we do not disclose the results forecast. 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. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)” on page 21.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): Yes

[New - company (company name: -) Excluded 1 company (company name: 1 investment fund)]

(2) Changes in accounting principles, accounting estimates and correction of prior period errors

(i) Changes in accounting principles due to revisions to accounting standards: None

(ii) Changes other than shown in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

(3) No. of shares issued and outstanding (common stock)

(i) Shares issued and outstanding at the end of each period (including treasury stock)	The year ended March 31, 2020:	17,884,392 shares	The year ended March 31, 2019:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	The year ended March 31, 2020:	181,009 shares	The year ended March 31, 2019:	181,009 shares
(ii) Average number of shares during the period	The year ended March 31, 2020:	17,703,383 shares	The year ended March 31, 2019:	17,703,383 shares

Reference: Non-consolidated results

Business results for the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Results of operations

(Percentages indicate year-on-year increase or decrease)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2020	2,565	12.9	222	(35.3)	93	(61.9)	248	(57.8)
For the year ended March 31, 2019	2,271	(56.1)	344	(65.8)	244	(75.2)	588	(34.5)

	Net income per share	Diluted net income per share
	Yen	Yen
For the year ended March 31, 2020	14.04	14.00
For the year ended March 31, 2019	33.24	33.18

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	15,418	6,901	44.6	388.44
As of March 31, 2019	16,945	6,610	38.9	372.16

(Reference) Total shareholders' equity As of March 31, 2020: 6,876 millions of yen As of March 31, 2019: 6,588 millions of yen

*This report is not subject to audit procedures.

*Cautionary Statements with Respect to Forward-looking Statements and Other Notes

The additional materials of the financial results for the year ended March 31, 2020 will be released on our website by May 22, 2020.

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 the Group at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Total operating revenue (A)	3,503	3,950
Management fees	152	134
Proceeds of sales of operational investment securities (B)	1,897	2,768
Fund interests income etc.	1,419	1,028
Other operating revenue	33	19

Total operating cost (C)	1,895	1,956
Cost of securities sold (D)	616	1,051
Investment write-offs & Provision for allowance for possible investment losses (E)	710	283
Fund interests losses etc.	562	617
Other operating cost	6	5

Operating gross profit (A) - (C)	1,608	1,993
----------------------------------	-------	-------

Realized capital gains (B) - (D)	1,281	1,717
Investment income (B) - (D) - (E)	570	1,434

(2) Cash flows

(Millions of yen)

	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Cash flow from operating activities	299	124
Cash flow from investing activities	1,224	147
Cash flow from financing activities	(2,173)	(1,617)
Cash and cash equivalents at the end of period	4,082	2,723

(3) Breakdown of total assets

(Millions of yen)

	As of March 31, 2019		As of March 31, 2020	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	28,845	—	28,548	—
Cash and deposits	7,108	—	4,520	—
Property, plant and equipment	10,656	—	12,119	—
Operational Investment Securities (A)	10,242	—	9,848	—
Allowance for Possible Investment Loss (B)	(1,538)	15.0	(1,574)	16.0

(4) Breakdown of loans payable

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Total of loans payable and bonds	19,552	17,334
Loans payable; Non-consolidated base	9,784	8,166
Loans payable by project finance and bonds; SPC etc.	9,768	9,167

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)		For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area				
Japan	14	3,662	22	3,374
China, Hong Kong, Taiwan etc.	2	86	-	-
Industry				
Project Investment	12	3,612	10	2,150
Private Equity Investment	4	136	12	1,224
Sub total				
QOL(Quality of Life)	1	86	2	152
IT/Internet	1	0	2	112
Machinery/ Precision machine	-	-	2	379
Service	2	50	3	117
Others	-	-	3	461
Total	16	3,749	22	3,374

ii) Balance of investment

	As of March 31, 2019		As of March 31, 2020	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
Area				
Japan	81	8,485	84	10,512
China, Hong Kong, Taiwan etc.	53	5,465	46	4,589
Industry				
Project Investment	26	5,514	32	6,696
Private Equity Investment	108	8,437	98	8,405
Sub total				
QOL(Quality of Life)	29	3,540	24	3,123
IT/Internet	48	2,119	40	1,854
Machinery/ Precision machine	6	462	7	748
Service	14	1,173	15	1,070
Others	11	1,141	12	1,608
Total	134	13,951	130	15,101

Note:

1. QOL (Quality of Life); Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.
2. The aggregation method has been changed from the current fiscal year under review to better reflect JAIC's investment performance. In the past, investments in funds managed by third parties other than JAIC, for which the JAIC Group is not involved in fund management, had not been included. However, from the current fiscal year under review, investments in such funds for which the investment targets are specified etc. have been included. As a result, the amount of new investments in project oriented investment for the current fiscal year under review and balance of project oriented investments as of March 31, 2020 increased by 823 million yen respectively, compared with the amount aggregated by using the previous method. Meanwhile, the changes in aggregation method have no impact on the amount of new investments for the last fiscal year or the balance of investments as of March 31, 2019.

(2)JAIC-Backed IPOs (JAIC+Funds)

i)Number of IPOs

	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Japan	2 companies	3 companies
Overseas	- company	1 company
Total	2 companies	4 companies

ii) First price multiple

	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Japan	9.7 times	5.2 times
Overseas	- times	8.6 times

Note: First price multiple = Gross market capitalization at first price/Total our acquisition cost. However, the calculation of the first price multiple does not include the number of companies whose listed shares the group acquired as a result of equity swaps.

iii) JAIC-Backed IPOs

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Company Name	Date of IPO	Market	Business	Head quarters
VALUENEX Inc.	30-Oct-18	TSE Mothers	Providing ASP licensing services for big data analytics of patents (TechRadar) and documents (DocRadar), and offering consulting services utilizing these tools and unique methodologies	Japan
MINKABU THE INFONOID, Inc.	19-Mar-19	TSE Mothers	Financial media business and informational fintech solution business, utilizing content generating technology with its proprietary artificial intelligence and crowd inputs	Japan

For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Company Name	Date of IPO	Market	Business	Head quarters
StemRIM	9-Aug-19	TSE Mothers	Research, development, manufacture and sales of pharmaceuticals and medical devices that promote regeneration of damaged tissues by activating and utilizing patient's own stem cells in the body, and gene therapy products for intractable diseases	Japan
PBsystems, Inc.	12-Sep-19	FSE Q-Board	"Secure Cloud Systems Business" which provides an enterprise's Core Systems as cloud computing systems, and "Emotional Systems Business" which manufactures and sells VR-theater "4D king"	Japan
Fangdd Network Group Ltd.	1-Nov-19	NASDAQ Global	Operator of "房多多", china's largest online real estate marketplace	China
Ligua Inc.	13-Mar-20	TSE Mothers	Consulting for Judo therapy establishments, Insurance agency, Financial adviser and Independent contractor management	Japan

(3) Management of Investment Funds (Funds for which JAIC and its Group are responsible for management and provision of essential information)

i) Balance of funds under management

	As of March 31, 2019	As of March 31, 2020
Total commitment amount in investment funds (Millions of yen) (Total commitment amount of JAIC group)	16,494 (5,344)	17,390 (5,163)
No. of funds	10	11

Note: Funds being wound up after their maturity are not included in the data above.

ii) Funds newly established or those commitment amount increased

For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	-	Total commitment amount increased (Millions of yen)	2,000
No. of funds	-	No. of funds	1

For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	1,359	Total commitment amount increased (Millions of yen)	-
No. of funds	1	No. of funds	-

iii) Details of funds newly established or those commitment amount increased

For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Name of fund	Date of commitment amount increased	Total commitment amount increased (Millions of yen)	Main investment targets
Succession Investment Limited Partnership, I	June & October 2018	2,000	SMEs in Japan which has successor problem

For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Name of fund	Date of establishment	Total commitment amount (Millions of yen)	Main investment targets
JAIC-Solar Fund, L.P., II	March 2020	1,359	Mega solar projects in operation

iv) Funds to reach maturity within three years of the fiscal year-end

	For the year ending March 31, 2021 (April 1, 2020 to March 31, 2021)	For the year ending March 31, 2022 (April 1, 2021 to March 31, 2022)	For the year ending March 31, 2023 (April 1, 2022 to March 31, 2023)
Total commitment amount in investment funds (Millions of yen)	9,520	500	-
No. of funds	6	1	-

Notes to tables i) to iv) above:

- The amounts stated for funds denominated in foreign currencies are calculated on the basis of the exchange rate prevailing on the final day of the fiscal year-end. Therefore, changes in assets under management include the amount affected by exchange rates.
- The total amount of fund is listed as the amount of commitment base.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	7,108	4,520
Operational investment securities	10,242	9,848
Allowance for possible investment loss	(1,538)	(1,574)
Operating loans	204	204
Other	347	767
Allowance for doubtful accounts	(0)	—
Total current assets	16,363	13,767
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(16)	(17)
Buildings and structures, net	13	12
Machinery and equipment	7,207	8,826
Accumulated depreciation	(547)	(373)
Machinery and equipment, net	6,659	8,452
Vehicles, tools, furniture and fixtures	70	71
Accumulated depreciation	(60)	(63)
Vehicles, tools, furniture and fixtures, net	10	7
Land	22	87
Construction in progress	3,949	3,559
Total property, plant and equipment	10,656	12,119
Intangible assets		
Power production facilities concessions	619	1,491
Other	163	228
Total intangible assets	783	1,719
Investments and other assets		
Investment securities	514	386
Distressed receivables	82	64
Other	470	509
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	1,042	941
Total non-current assets	12,481	14,780
Total assets	28,845	28,548

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Short-term borrowings	1,250	1,403
Current portion of bonds payable	—	540
Accrued expenses	219	1,756
Income taxes payable	67	80
Provision for bonuses	62	64
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	48	31
Total current liabilities	1,711	3,876
Non-current liabilities		
Long-term borrowings	18,302	15,390
Deferred tax liabilities	12	10
Retirement benefit liability	116	123
Asset retirement obligations	301	431
Total non-current liabilities	18,733	15,955
Total liabilities	20,444	19,832
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(1,952)	(1,608)
Treasury shares	(353)	(353)
Total shareholders' equity	6,528	6,871
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	194
Foreign currency translation adjustment	195	152
Total accumulated other comprehensive income	267	347
Share acquisition rights	21	25
Non-controlling interests	1,583	1,472
Total net assets	8,400	8,716
Total liabilities and net assets	28,845	28,548

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Operating revenue	3,503	3,950
Operating costs	1,895	1,956
Operating gross profit	1,608	1,993
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	123	150
Salaries and allowances	265	238
Taxes and dues	130	155
Fund interests expenses	286	245
Other	507	488
Total selling, general and administrative expenses	1,314	1,277
Operating profit	294	716
Non-operating income		
Interest income	15	9
Dividend income	17	4
Foreign exchange gains	51	2
Gain on investments in investment partnerships	—	6
Outsourcing service income	—	3
Rental income from facilities	3	3
Miscellaneous income	8	2
Total non-operating income	97	32
Non-operating expenses		
Interest expenses	383	305
Miscellaneous loss	2	2
Total non-operating expenses	385	307
Ordinary profit	5	441
Extraordinary income		
Gain on sales of investment securities	32	173
Gain on redemption of investment securities	425	—
Gain on sales of shares of subsidiaries and associates	226	4
Other	38	11
Total extraordinary income	723	189
Extraordinary losses		
Loss on sales of investment securities	41	—
Loss on valuation of investment securities	31	—
Loss on redemption of investment securities	25	2
Loss on sales of shares of subsidiaries and associates	9	—
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	0	—
Total extraordinary losses	171	2
Profit before income taxes	557	628
Income taxes - current	18	23
Total income taxes	18	23
Profit	538	604
Profit (loss) attributable to non-controlling interests	(38)	261
Profit attributable to owners of parent	577	343

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Profit	538	604
Other comprehensive income		
Valuation difference on available-for-sale securities	86	(122)
Foreign currency translation adjustment	(355)	(47)
Share of other comprehensive income of entities accounted for using equity method	0	185
Total other comprehensive income	(268)	15
Comprehensive income	270	619
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	293	423
Comprehensive income attributable to non-controlling interests	(23)	197

(4) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,426	3,408	(2,529)	(353)	5,951
Changes of items during period					
Profit attributable to owners of parent			577		577
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	577	—	577
Balance at end of current period	5,426	3,408	(1,952)	(353)	6,528

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	29	522	551	17	1,532	8,053
Changes of items during period						
Profit attributable to owners of parent						577
Net changes of items other than shareholders' equity	42	(326)	(284)	4	50	(229)
Total changes of items during period	42	(326)	(284)	4	50	347
Balance at end of current period	71	195	267	21	1,583	8,400

For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,426	3,408	(1,952)	(353)	6,528
Changes of items during period					
Profit attributable to owners of parent			343		343
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	343	—	343
Balance at end of current period	5,426	3,408	(1,608)	(353)	6,871

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	71	195	267	21	1,583	8,400
Changes of items during period						
Profit attributable to owners of parent						343
Net changes of items other than shareholders' equity	122	(43)	79	3	(110)	(27)
Total changes of items during period	122	(43)	79	3	(110)	315
Balance at end of current period	194	152	347	25	1,472	8,716

(5) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	557	628
Depreciation	16	15
Increase (decrease) in allowance for investment loss	(235)	73
Increase (decrease) in allowance for doubtful accounts	(36)	(6)
Increase (decrease) in provision for bonuses	11	1
Increase (decrease) in retirement benefit liability	4	7
Interest and dividend income	(21)	(8)
Interest expenses	183	153
Loss (gain) on sales of investment securities	8	(173)
Loss (gain) on redemption of investment securities	(399)	2
Loss (gain) on sales of shares of subsidiaries and associates	(217)	(4)
Loss on valuation of operational investment securities	369	49
Decrease (increase) in investment securities for sale	(859)	(1,446)
Decrease (increase) in distressed receivables	10	18
Payment for purchase of investment funds	(964)	(1,590)
Dividends from investment funds	1,636	2,954
Increase (decrease) in investment funds of minority interest	39	(302)
Other, net	32	(86)
Subtotal	135	285
Interest and dividends received	21	8
Interest paid	(190)	(159)
Income taxes paid	(19)	(44)
Income taxes refund	352	34
Net cash provided by (used in) operating activities	299	124
Cash flows from investing activities		
Purchase of intangible assets	(49)	(123)
Purchase of investment securities	(15)	(2)
Proceeds from sales of investment securities	593	215
Proceeds from redemption of investment securities	702	62
Other, net	(6)	(5)
Net cash provided by (used in) investing activities	1,224	147
Cash flows from financing activities		
Repayments of long-term borrowings	(2,170)	(1,617)
Other, net	(3)	(0)
Net cash provided by (used in) financing activities	(2,173)	(1,617)
Effect of exchange rate change on cash and cash equivalents	(26)	(12)
Net increase (decrease) in cash and cash equivalents	(675)	(1,358)
Cash and cash equivalents at beginning of period	4,757	4,082
Cash and cash equivalents at end of period	4,082	2,723

(6) Notes to Consolidated Financial Statements
(Notice Concerning Notes on Matters Regarding the Assumption of Going Concern)
No applicable items

(Segment Information)

Segment information is not provided as the Group has single segment; Investment business.

(Per-share Data)

	For the year ended March 31, 2019 (April 1, 2018, to March 31, 2019)	For the year ended March 31, 2020 (April 1, 2019, to March 31, 2020)
Net assets per share	¥383.89	¥407.79
Net income per share	¥32.60	¥19.40
Diluted net income per share	¥32.53	¥19.35

Note:

The basis for the calculation of net income per share and diluted net income per share is as follows.

	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net income per share		
Net income attributable to owners of parent (Millions of yen)	577	343
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent relating to common stock (Millions of yen)	577	343
Average no. of shares outstanding during the term (Thousands)	17,703	17,703
Diluted net income per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	—	—
Increase in common stock (Thousands)	36	49
<i>Share acquisition rights</i>	36	49
Latent shares not included in diluted net income per share calculation due to lack of dilution effect	—	—

(Important Subsequent Events)

No applicable items

4. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	As of March 31,2019	As of March 31,2020
Assets		
Current assets		
Cash and deposits	4,978	3,506
Operational investment securities	11,631	11,696
Allowance for possible investment loss	(1,018)	(1,092)
Operating loans	204	294
Accounts receivable - other	44	147
Other	81	45
Allowance for doubtful accounts	(0)	—
Total current assets	15,921	14,597
Non-current assets		
Property, plant and equipment		
Buildings	13	12
Tools, furniture and fixtures	6	4
Land	22	9
Total property, plant and equipment	43	26
Intangible assets		
Other	8	13
Total intangible assets	8	13
Investments and other assets		
Investment securities	341	246
Shares of subsidiaries and associates	482	373
Distressed receivables	82	64
Other	88	113
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	971	780
Total non-current assets	1,023	820
Total assets	16,945	15,418

(Millions of yen)

	As of March 31,2019	As of March 31,2020
Liabilities		
Current liabilities		
Current portion of long-term borrowings	896	513
Accrued expenses	68	62
Income taxes payable	60	69
Provision for bonuses	57	58
Other	236	24
Total current liabilities	1,318	729
Non-current liabilities		
Long-term borrowings	8,887	7,653
Provision for retirement benefits	116	123
Deferred tax liabilities	12	10
Total non-current liabilities	9,017	7,787
Total liabilities	10,335	8,516
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus		
Legal capital surplus	1,426	1,426
Other capital surplus	2,081	2,081
Total capital surpluses	3,507	3,507
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(2,315)	(2,066)
Total retained earnings	(2,315)	(2,066)
Treasury shares	(353)	(353)
Total shareholders' equity	6,264	6,513
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	323	363
Total valuation and translation adjustments	323	363
Share acquisition rights	21	25
Total net assets	6,610	6,901
Total liabilities and net assets	16,945	15,418

(2) Statements of Income

(Millions of yen)

	For year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	For year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Operating revenue	2,271	2,565
Operating costs	982	1,393
Operating gross profit	1,288	1,171
Selling, general and administrative expenses	944	949
Operating profit	344	222
Non-operating income		
Interest income	9	3
Dividend income	17	4
Foreign exchange gains	49	1
Gain on investments in investment partnerships	—	6
Outsourcing service income	—	3
Rental income from facilities	3	4
Miscellaneous income	5	0
Total non-operating income	85	24
Non-operating expenses		
Interest expenses	183	153
Miscellaneous loss	2	—
Total non-operating expenses	185	153
Ordinary profit	244	93
Extraordinary income		
Gain on sales of investment securities	28	173
Gain on redemption of investment securities	425	—
Other	0	6
Total extraordinary income	453	180
Extraordinary losses		
Loss on sales of investment securities	41	—
Loss on valuation of investment securities	31	—
Loss on redemption of investment securities	25	2
Loss on valuation of shares of subsidiaries and associates	—	13
Loss on liquidation of subsidiaries and associates	—	3
Other	7	0
Total extraordinary losses	105	19
Profit before income taxes	592	253
Income taxes - current	4	5
Total income taxes	4	5
Profit	588	248

Information for Reference Purposes:

Consolidated Financial Results for the Year Ended March 31, 2020

May 15, 2020

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Year Ended March 31, 2020 (As of March 31, 2020)

Disclosure of consolidated financial statements, etc., under the previous accounting standards

As of Fiscal year ended March 31, 2007 the JAIC Group has adopted “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Accounting Standards Board of Japan Practical Issues Task Force No. 20 issued on September 8, 2006), and consolidated financial statements, etc., are being prepared with the inclusion in the consolidation of some of the operational investment funds managed by the Group.

Nevertheless, to enable investors and shareholders to have an accurate understanding of the JAIC Group’s business results and financial position, we consider it essential also to disclose financial statements, etc., prepared in accordance with the previous accounting standards. Therefore, for reference purposes, the Group will continue to disclose financial statements, etc., in accordance with the previous accounting standards.

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated results of operations

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2020	2,760	11.5	265	49.6	140	67.9	302	(47.7)
For the year ended March 31, 2019	2,475	(54.2)	177	(82.6)	83	(91.2)	578	(33.8)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2020	17.09	17.04	4.3	0.9	9.6
For the year ended March 31, 2019	32.67	32.60	8.6	0.5	7.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	15,800	7,248	45.7	408.06
As of March 31, 2019	17,305	6,861	39.5	386.38

(Reference) Total shareholders' equity As of March 31, 2020: 7,223 millions of yen As of March 31, 2019: 6,840 millions of yen

2. Outlook for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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.

(Percentages indicate changes from the corresponding period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ending September 30, 2020	850	23.0	(120)	—	(190)	—	(210)	—
For the year ending March 31, 2021	3,250	17.7	350	31.9	200	42.0	180	(40.5)

	Net income per share
	Yen
For six months ending September 30, 2020	(11.86)
For the year ending March 31, 2021	10.17

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

Net income per share in above chart is calculated by the number of shares issued and outstanding excluding the number of shares of treasury stock as at March 31, 2020.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost (Millions of yen)

	For the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Total operating revenue (A)	2,475	2,760
Management fees	241	199
Proceeds of sales of operational investment securities (B)	1,746	2,349
Fund interests income etc.	429	172
Other operating revenue	57	40

Total operating cost (C)	1,188	1,401
Cost of securities sold (D)	554	965
Investment write-offs & Provision for allowance for possible investment losses (E)	579	245
Fund interests losses etc.	49	184
Other operating cost	6	5

Operating gross profit (A) - (C)	1,286	1,359
----------------------------------	-------	-------

Realized capital gains (B) - (D)	1,192	1,383
Investment income (B)-(D)-(E)	613	1,137

(2) Asset, Liability and Net asset (Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Total asset	17,305	15,800
Total liabilities	10,443	8,551
Loans payable	9,784	8,166
Total net asset	6,861	7,248
Total shareholders' equity	6,840	7,223

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	5,564	3,920
Operational investment securities	11,671	11,728
Allowance for possible investment loss	(1,018)	(1,092)
Operating loans	204	294
Other	140	219
Allowance for doubtful accounts	(0)	—
Total current assets	16,561	15,070
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	29
Accumulated depreciation	(16)	(17)
Buildings and structures, net	13	12
Vehicles, tools, furniture and fixtures	70	70
Accumulated depreciation	(60)	(63)
Vehicles, tools, furniture and fixtures, net	10	6
Land	22	9
Total property, plant and equipment	46	28
Intangible assets		
Other	94	213
Total intangible assets	94	213
Investments and other assets		
Investment securities	514	386
Claims provable in bankruptcy, claims provable in rehabilitation and other	82	64
Other	30	55
Allowance for doubtful accounts	(24)	(18)
Total investments and other assets	602	488
Total non-current assets	743	730
Total assets	17,305	15,800

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Short-term loans payable	896	513
Accrued expenses	71	64
Income taxes payable	67	80
Provision for bonuses	62	64
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	265	40
Total current liabilities	1,426	764
Non-current liabilities		
Long-term loans payable	8,887	7,653
Deferred tax liabilities	12	10
Retirement benefit liability	116	123
Total non-current liabilities	9,017	7,787
Total liabilities	10,443	8,551
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(2,006)	(1,703)
Treasury shares	(353)	(353)
Total shareholders' equity	6,571	6,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	312	353
Foreign currency translation adjustment	(44)	(3)
Total accumulated other comprehensive income	268	349
Share acquisition rights	21	25
Total net assets	6,861	7,248
Total liabilities and net assets	17,305	15,800

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	For the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Operating revenue	2,475	2,760
Operating cost	1,188	1,401
Operating gross profit	1,286	1,359
Selling, general and administrative expenses		
Remuneration for directors(and other officers)	123	150
Salaries and allowances	265	238
Operations consignment expenses	155	121
Taxes and dues	130	154
Other	433	429
Total selling, general and administrative expenses	1,109	1,094
Operating profit	177	265
Non-operating income		
Interest income	13	8
Dividend income	17	4
Foreign exchange gains	51	2
Gain on investments in partnership	—	6
Outsourcing service income	—	3
Rental income from facilities	3	3
Miscellaneous income	5	0
Total non-operating income	91	29
Non-operating expenses		
Interest expenses	183	153
Miscellaneous loss	2	0
Total non-operating expenses	185	153
Ordinary profit	83	140
Extraordinary income		
Gain on sales of investment securities	32	173
Gain on redemption of investment securities	425	—
Gain on sales of shares of subsidiaries and associates	226	4
Other	—	9
Total extraordinary income	684	187
Extraordinary losses		
Loss on sales of investment securities	41	—
Loss on valuation of investment securities	31	—
Loss on redemption of investment securities	25	2
Loss on sales of shares of subsidiaries and associates	9	—
Provision for loss on liquidation of subsidiaries and associates	63	—
Other	0	—
Total extraordinary losses	171	2
Profit before income taxes	597	326
Income taxes - current	18	23
Total income taxes	18	23
Profit	578	302
Profit attributable to non-controlling interests	0	—
Profit attributable to owners of parent	578	302