

# Financial Results Overview for 3<sup>rd</sup> Quarter Ended December 31, 2022

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

Announcement date : February 14, 2023

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

# 1. Summary

## ✓ Cumulative Results for the current quarter (year-on-year)

- Operating revenue was ¥ 2, 688 million (up, 53.4 %), quarterly net loss attributable to owners of parent was ¥ (80) million (up, ¥127 million)
- Sales of unlisted shares progressed in Japan and overseas. Capital gains from 4 project-oriented investments contributed. 1 of the 4 projects was sold in the previous fiscal year.
- Provisions and project costs increased operational cost. Strong capital gains compensated for the operational cost and reduced the deficit.

## ✓ Business plan progress report

- TMS Co., Ltd. achieved IPO in Nov. 2022. First price multiple\* reached 30.0 times.  
\* First price multiple = Market value of shares held by the Group calculated at first price/Total our acquisition cost.
- Established second fund which supporting business succession needs and increased commitment amount of the fund to ¥ 2.7 billion
- Invested in solar power systems with storage batteries installed on the rooftops of distribution centers
- Posted gains from investment exits of 1 logistic warehouse located in Hidaka City, Saitama and 1 facility for the elderly located in Minato-ku, Minami Aoyama
- Anime Festival Asia, a project-oriented investment in entertainment contents, held in November at Singapore, with a record number of visitors.

## ✓ Result forecasts

- No revision on the result forecasts disclosed in November 2022  
Operating revenue of ¥3,150 million (cumulative progress rate for the third quarter, 85.4%), net profit attributable to owners of parent of ¥160 million (compared to cumulative results for the third quarter loss of ¥ (80) million)
- Results for the third quarter were lower than expected because of provisions and project costs.
- JAIC plans to increase sales of unlisted shares in Japan and overseas in the fourth quarter to achieve the result forecast.

## 2. Results for the current quarter



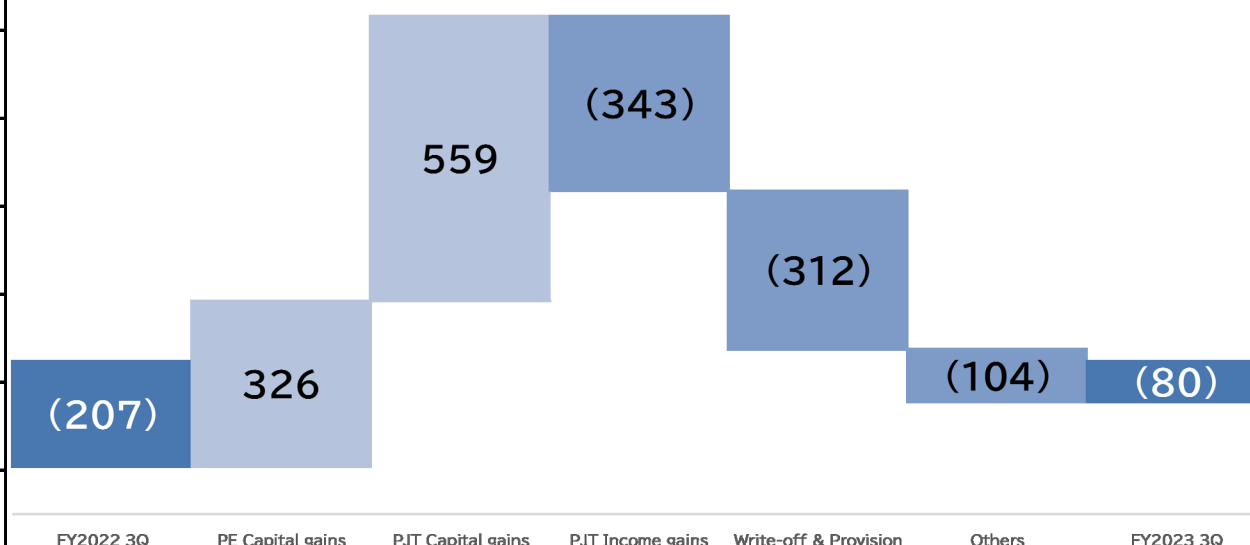
|  |    |
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## 2. Results for the current quarter - Outline of results - I/S



| (million yen)                           | FY 2022<br>(3Q) | FY 2023<br>(3Q) | Change |
|---|-----------------|-----------------|--------|
| Operating revenue                       | 1,752           | ↗ 2,688         | 53.4%  |
| Operating cost                          | 1,030           | ↗ 1,774         | 72.2%  |
| Operating gross profit                  | 722             | 914             | 26.6%  |
| SG&A expenses                           | 838             | 864             | 3.1%   |
| Operating income                        | (116)           | 49              | -      |
| Ordinary income                         | (116)           | 17              | -      |
| Profit attributable to owners of parent | (207)           | ↗ (80)          | -      |

Factors contributing changes in profit attributable to owners of the parent





- ✓ Factors for increased operating revenue
  - Private equity investment; Sales of unlisted shares, which were relatively large investment amounts, progressed in Japan and overseas.
  - Project-oriented investment; Sales of 4 projects, including 1 project sold in the previous fiscal year, contributed.
- ✓ Factors for decreased deficit
  - Project costs and provisions increased operating cost.
  - Strong capital gains compensated for the increased operating cost and reduced the deficit.

## 2. Results for the current quarter - Outline of results - B/S

| (million yen)  | FY 2022 | FY 2023 (3Q) | Change  | fluctuation factors<br>(billion yen)  |
|--|---------|--------------|---------|---|
| Total assets   | 14,972  | 13,517       | (9.7%)  |   |
| Cash and deposits  | 2,740   | 2,841        | 3.7%    | repayments of loan (0.8), execution of investments & loans (1.7), expenses etc.(0.7), collection +3.3 |
| Project oriented investment securities & loans   | 6,781   | ↓ 5,878      | (13.3%) | execution of investments & loans +1.4, fund interests income +0.1, distribution & collection (2.4)    |
| Strategic investment securities in partner companies                                   | 1,783   | ↓ 1,194      | (33.0%) | execution of investments +0.2, collection (0.5), unrealized gain (0.3)                                |
| Financial investment securities after deducting allowance for possible investment loss | 3,029   | 2,882        | (4.8%)  | execution of investments +0.4, distribution & collection (0.6), unrealized gain +0.4, allowance (0.3) |
| Loans payable  | 5,943   | ↓ 5,137      | (13.6%) | repayments of loan (0.8)  |
| Total shareholders' equity   | 7,779   | → 7,772      | (0.1%)  | loss (0.08), unrealized gain +0.07  |

- ✓ The balance of project-oriented investment and strategic investment decreased. Amounts of investment collection exceeded amounts of investment execution.
- ✓ The balance of loans payable decreased. After securing investment funds for future growth, JAIC will repay loans payable to an appropriate level.
- ✓ Total shareholders' equity remained flat. Losses were incurred, however, unrealized gains on listed shares increased.

## 2. Results for the current quarter - Outline of results - C/F

| (JPY million)                            | FY 2022 (3Q) | FY 2023 (3Q)  |
|--|--------------|---|
| Operating cash flow                      | (542)        |  517   |
| Investing cash flow                      | 117          | (2)   |
| Financing cash flow                      | (1,007)      |  (806) |
| Change in net cash flow                  | (1,409)      | (263)   |
| Cash & cash equivalents at end of period | 1,891        | 2,134   |

- ✓ Operating cash flow; net cash turned profitable because profit before income tax increased and cash inflow from collection of investments increased
- ✓ Financing cash flow; net cash used in with repayments of long-term borrowings decreased

## 2. Results for the current quarter

### - Break down of operating revenue & operating cost



| (JPY million)  | Total        |              | Private equity investment |              | Project oriented investment |              |
|--|--------------|--------------|---------------------------|--------------|-----------------------------|--------------|
|  | FY 2022 (3Q) | FY 2023 (3Q) | FY 2022 (3Q)              | FY 2023 (3Q) | FY 2022 (3Q)                | FY 2023 (3Q) |
| Operating revenue  | 1,752        | 2,688        | 1,008                     | ↑ 1,936      | 744                         | ↑ 752        |
| Fund management fees etc.  | 119          | 103          | 113                       | 97           | 5                           | 5            |
| Proceeds of sales of securities  | 1,501        | 1,983        | 844                       | ↑ 1,833      | 657                         | ↓ 149        |
| Fund interests income etc.   | 91           | 568          | 40                        | 0            | 51                          | ↑ 567        |
| Other operating reveue   | 39           | 34           | 9                         | 4            | 29                          | 29           |
| Operating cost   | 1,030        | 1,774        | 444                       | 1,397        | 585                         | 376          |
| Cost of securities sold  | 776          | 1,019        | 266                       | 929          | 509                         | 90           |
| Investment write-offs and Provision for allowance for possible investment losses | 139          | 450          | 139                       | ↑ 450        | -                           | -            |
| Fund interests losses etc.   | 107          | 293          | 35                        | 14           | 71                          | ↑ 279        |
| Other operating costs  | 7            | 9            | 2                         | 2            | 4                           | 6            |
| Operating gross profit   | 722          | 914          | 563                       | ↓ 539        | 159                         | ↑ 375        |

- ✓ Private equity investment – Revenue increased, and operating gross profit decreased
  - Of operating revenue, proceeds of sales of securities increased. JAIC sold shares of 1 strategic investee company through M&A in Japan. Sales of unlisted shares, which were relatively large investment amounts, progressed in China.
  - Of operating cost, provisions were recorded for investee companies, which were relatively large investment amounts and experienced significant delays in business progress.
- ✓ Project oriented investment – Revenue increased, and operating gross profit increased
  - Of operating revenue, proceeds of sales of securities decreased with a smaller number of projects sold. In the 3Q of the previous fiscal year, JAIC sold 1 mega solar project and partially sold 1 logistic warehouse. In the 3Q of the current fiscal year, JAIC sold 1 mega solar project.
  - Of operating revenue, fund interest income etc. increased because of capital gains of 3 projects such as 2 logistic warehouses, including 1 facility sold in the previous fiscal year, and 1 facility for the elderly.
  - Of operating cost, fund interest losses etc. increased because of losses incurred from vegetable plant project and initial costs from projects in the early stage of launch.



### 3. Business plan progress report

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### 3. Business plan progress report – Action plan

|   | Action plan for 3 years   | Progress in second year (9 months since Apr. 2022)   |
|---|---|--|
| Private equity investment                   | <ul style="list-style-type: none"> <li>✓ Liquidate existing assets and complete asset replacement.</li> <li>✓ Originate three new funds.</li> <li>✓ Support strategic partners to go on public. Cultivate new investment areas and promote strategic investment.</li> </ul> | <ul style="list-style-type: none"> <li>✓ <u>TMS Co., Ltd. achieved IPO in Nov. 2022.</u></li> <li>✓ <u>Established “Succession Investment Limited Partnership, II” and increased the commitment amount.</u></li> <li>✓ Exited 1 strategic investee company by a M&amp;A deal and executed 2 strategic investments</li> </ul> |
| Renewable energy                            | <ul style="list-style-type: none"> <li>✓ Increase investments in rooftop solar power generation project in Vietnam and biogas project in Japan.</li> <li>✓ Sell mega solar projects in Japan after the completion to post gain on sale.</li> </ul>                          | <ul style="list-style-type: none"> <li>✓ <u>Invested in solar power systems with storage batteries installed on the rooftops of distribution centers</u></li> <li>✓ Sold Mega solar power plant in Iwaki City, Fukushima</li> <li>✓ Invested in biomass power generation project in Mie</li> </ul>                           |
| Distribution center (logistics warehouse)   | <ul style="list-style-type: none"> <li>✓ Increase investments as a priority area.</li> <li>✓ Invest in early stages of projects and achieve high returns by attracting later stage investors looking for middle-risk &amp; middle returns.</li> </ul>                       | <ul style="list-style-type: none"> <li>✓ Received profit dividends from the project which sold its facility in last fiscal year</li> <li>✓ <u>Sold the distribution center in Hidaka City, Saitama and received profit dividends</u></li> </ul>  |
| Healthcare (facility for the elderly)       | Continue to invest in carefully selected projects   | <u>Sold the facility in Minamiaoyama, Minato-ku and posted fund interest profit</u>  |
| Healthcare (group home for the handicapped) | Invest in 50 projects by originating funds from major banks and leasing companies   | <ul style="list-style-type: none"> <li>✓ Built up 3 group homes</li> <li>✓ Established a total of 10 group homes.</li> <li>✓ 2 group homes were established by the fund which JAIC invested with a leasing company etc.</li> </ul>   |
| New investment area                         | Develop new investment area that will become a core revenue generator from businesses related to existing investment themes and other business themes which may arise from corona crisis  | <ul style="list-style-type: none"> <li>✓ Invested in 2 entertainment contents</li> <li>✓ <u>Anime Festival Asia was held with a record number of visitors.</u></li> <li>✓ Invested in a shared atelier project in Fujisawa City, Kanagawa</li> </ul>   |

### 3. Business plan progress report – Private equity investment JAIC



TMS achieved IPO



|               |   |
|---------------|---|
| Company Name  | TMS Co., Ltd.   |
| Ticker symbol | 4891  |
| IPO date      | Nov. 22, 2022   |
| Stock market  | TSE Growth  |
| Business      | Research and development of drug products, quasi-drugs, (an official drug classification approved by Japanese MHLW for compounds with mild pharmacological activity), drug substances, medical devices, and medical commodities |
| URL           | <a href="https://www.tms-japan.co.jp/en/">https://www.tms-japan.co.jp/en/</a>   |

- ✓ Xseed High Growth Fund, managed by one of our subsidiaries, invests in TMS.
- ✓ First price multiple\* reached 30.0 times.

\* First price multiple = Market value of shares held by the Group calculated at first price/Total our acquisition cost.

### 3. Business plan progress report – Private equity investment



Established second fund which supporting the business succession needs and increased the commitment amount

Main portfolio of 1<sup>st</sup> fund



Outline of 2<sup>nd</sup> fund

|                         |  |
|-------------------------|--|
| Name                    | Succession Investment Limited Partnership, II  |
| Date of establishment   | 16, August 2022  |
| General Partner         | AJ Capital Co., Ltd. [JV as a 50% stake in JAIC and Aozora Bank, Ltd.]                     |
| Total commitment amount | 2,701 million yen [as of Dec. 2022]  |
| Limited Partners        | Aozora Bank, Ltd., Gifu Shoko Credit Union, Towa Bank, Tottori Bank, JAIC, Japan Post Bank |
| Investment target       | SMEs in Japan with business succession needs   |

- ✓ AJ Capital, JV as a 50% stake in JAIC and Aozora Bank, manages the fund which supporting the business succession needs.
- ✓ In December 2022, the Fund increased the commitment amount by 0.9 billion. Size of the fund are to ¥ 4.0 billion at final close.
- ✓ Mainly invest in small cap zone and collaborate with regional financial institutions nationwide to ensure smooth business succession of SMEs
- ✓ 1<sup>st</sup> fund was established in June 2017. The 1<sup>st</sup> fund invested in 8 companies and has succeeded in taking over the business of 3 companies.

### 3. Business plan progress report – Renewable energy



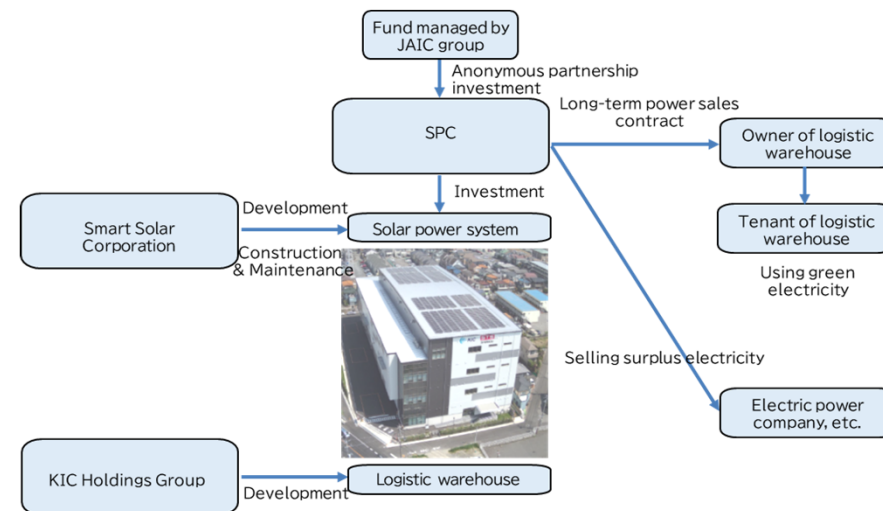
Invested in solar power systems with storage batteries installed on the rooftops of distribution centers



Strategic investee;  
KIC Holdings Inc.



Strategic investee;  
Smart Solar Corporation



- ✓ KIC Holdings Inc., one of the strategic investees, developed these distribution centers. Smart Solar, also one of the strategic investees, developed these solar power systems with storage batteries.
- ✓ Combined and efficient operation of solar panels installed on the rooftop, storage batteries, and commercial power sources
- ✓ A low environmental-load distribution center that uses sunlight to cover 50% of the power used by the room- temperature facility
- ✓ The tenants of the facilities can consume the clean energy generated at low cost. Additionally, this system functions as an independent emergency power source in the event of a power outage.
- ✓ This is the result of successful collaboration between strategic investee companies.

### 3. Business plan progress report – Logistic warehouse



Received profit dividends from  
the sale of KIC Sayamahidaka Distribution Center



Strategic investee;  
KIC Holdings Inc.

|                         |   |
|-------------------------|---|
| Location                | Hidaka City, Saitama  |
| Access                  | approximately 0.5 km from<br>the Ken-O Expressway<br>"Sayamahidaka IC",<br>approximately 4.8km from<br>Seibu Shinjuku Line "Sayama<br>City" Station |
| Outline of<br>warehouse | Total floor space: 15,113㎡,<br>4 floors above ground  |
| Investment<br>execution | Jan. 2021   |
| Completion              | Apr. 2022   |
| Investment<br>exit      | Jun. 2022   |





### 3. Business plan progress report – Facility for the elderlies



Posted fund interest profits from the sale of facility  
for the elderlies in Minamiaoyama, Minato-ku

|                      |   |
|----------------------|---|
| Name                 | Plaisant Luxe Minami Aoyama   |
| Access               | about 15 minutes from Tokyo Metro Hibiya Line Hiroo Station,<br>17 minutes from Tokyo Metro Chiyoda Line Omotesando Station,<br>about 15 minutes from Minami Aoyama 7-chome bus stop, on foot |
| Outline              | Site area: 1,691.52m <sup>2</sup> , Reinforced concrete construction, 5 floors above ground,<br>Paid nursing home for the elderly (Capacity 61 people)  |
| Investment execution | Jan. 2021   |
| Completion           | May. 2022   |
| Investment exit      | Jun. 2022   |



**Partner company;  
AIP Healthcare Japan GK**



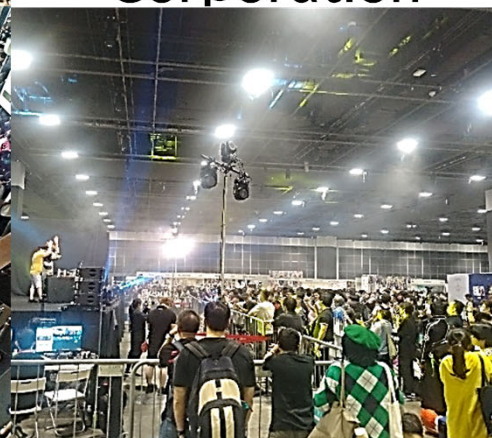
### 3. Business plan progress report – New investment area



”Anime Festival Asia Singapore 2022”  
held with a record number of visitors



Partner company;  
PIA Global  
Entertainment  
Corporation



- ✓ JAIC participated in “AFA”, one of the largest J-POP cultural events in Southeast Asia, as an executive committee member.
- ✓ SOZO PTE LTD. organized AFA. PGE also participated as an executive committee member.
- ✓ AFA was held in Singapore from November 25 to 27, 2022, with a record 145,000 visitors.



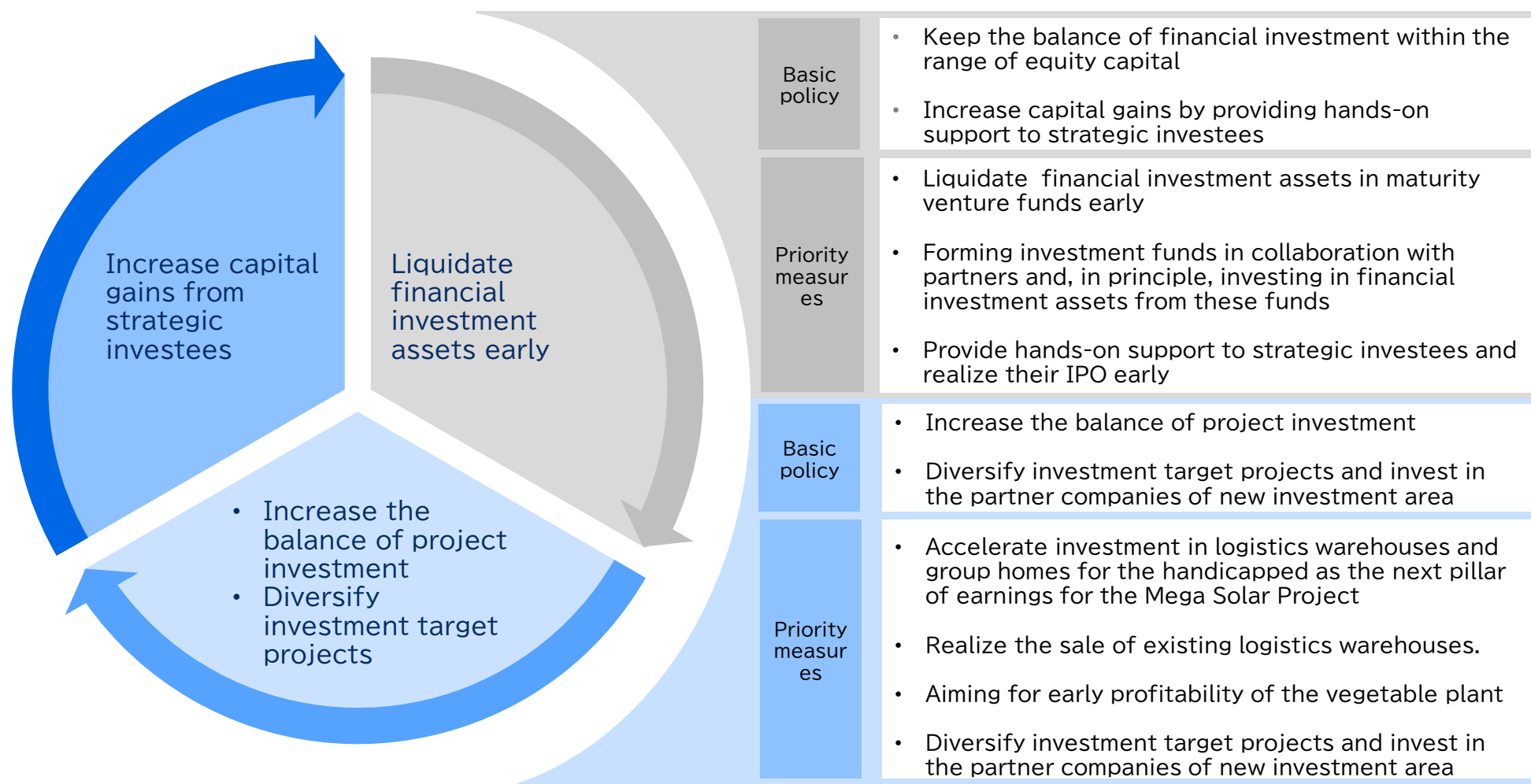
## 4. Result forecasts

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## 4. Result forecasts for FY Mar. 2023 - Business policy

### Business Policy

- ✓ Secure profits and funds by selling existing financial investment assets
- ✓ Increase the balance of project investment based on the new investment policy
- ✓ Establish a hands-on investment style through collaboration in project investment and increase capital gains from strategic investees



## 4. Result forecasts for FY Mar. 2023 - Breakdown of result forecast



| (million yen)                              | Result forecast<br>FY2023<br>(Revised on '22<br>Nov.) |
|--|---|
| Operating revenue                          | 3,150   |
| Operating cost                             | 1,690   |
| Operating gross profit                     | 1,460   |
| SG&A expenses                              | 1,140   |
| Operating income                           | 320   |
| Ordinary income                            | 280   |
| Profit attributable to<br>owners of parent | 160   |

| Actual<br>FY 2023 3Q | achievement<br>ratio |
|----------------------|----------------------|
| 2,688                | 85.4%                |
| 1,774                | 105.0%               |
| 914                  | 62.6%                |
| 864                  | 75.9%                |
| 49                   | 15.5%                |
| 17                   | 6.3%                 |
| (80)                 | -                    |

- ✓ No revisions on result forecast revised in November 2022.
- ✓ Results for the third quarter were lower than expected because of provisions and project costs.
- ✓ JAIC plans to increase sales of unlisted shares in Japan and overseas in the fourth quarter to achieve the result forecast.

## 4. Result forecasts for FY Mar. 2023 - 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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## 5. Appendix - Renewable energy projects (as of December 2022)

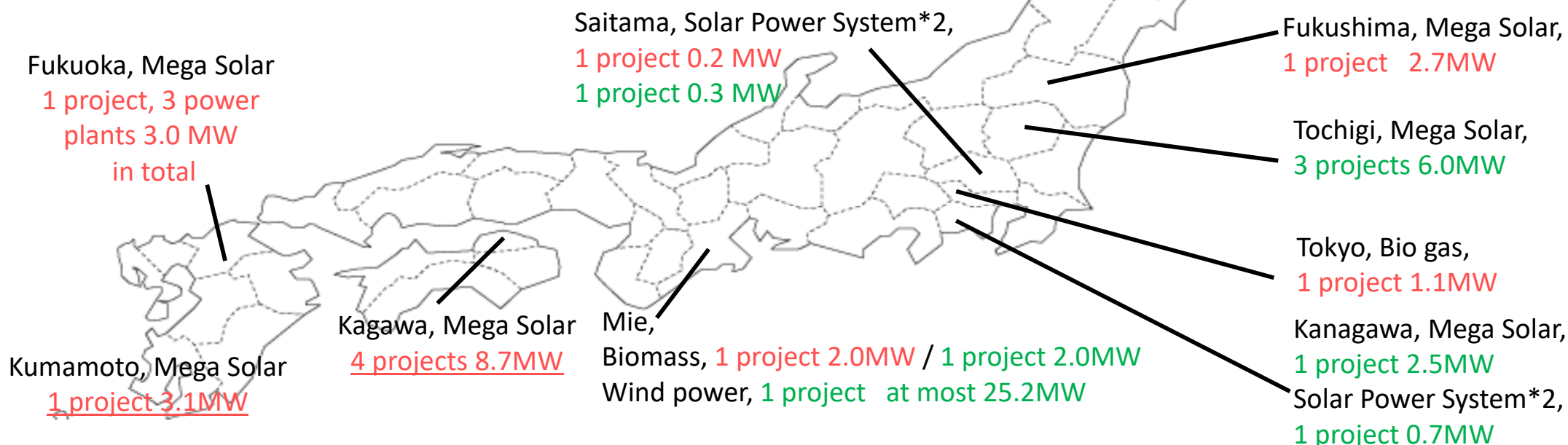
### Mega solar projects

|   |                                      |                |
|---|--------------------------------------|----------------|
| <b>Started electricity sales</b>            | <b>9 projects (11 power plants)</b>  | <b>22.2 MW</b> |
| <b>Under construction or under planning</b> | <b>4 projects</b>                    | <b>8.5 MW</b>  |
| <b>Total</b>                                | <b>13 projects (15 power plants)</b> | <b>30.7 MW</b> |
| <b>attributable to JAIC</b>                 |                                      | <b>13.1 MW</b> |

|  |                             |
|--|-----------------------------|
| <b>Transfers to buyers other than the funds operated by the JAIC Group</b> |                             |
|  | <b>33 projects 189.0 MW</b> |

\*1: Underlined projects are invested from JAIC Solar Fund L.P., II

\*2: solar power systems with storage batteries installed on the rooftops



\* 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.

## 5. Appendix - List of project-oriented investments (as of December 2022)



| Type of project                            | No. | Name of power plant or Location  | Generation Capacity [MW] | Current status                             | FIT [tax excluded, ¥] |
|--|-----|--|--------------------------|--|-----------------------|
| Solar                                      | 1   | Nishiki-cho, Kuma-gun, Kumamoto(*)   | 3.1                      | Started electricity sales in Dec. 2015     | 40                    |
|  | 2   | Nomaike solar power plant(*)   | 2.4                      | Started electricity sales in May. 2017     | 36                    |
|  | 3   | Mitakabeike solar power plant(*)   | 1.5                      | Started electricity sales in Sep. 2017     | 32                    |
|  | 4   | Iwate Ichinoseki solar park(*)   | 2.4                      | Started electricity sales in Jan. 2018     | 36                    |
|  | 5   | Nakaoudaie solar power plant(*)  | 2.4                      | Started electricity sales in Apr. 2018     | 36                    |
|  | 6   | Higashioudaie solar power plant(*)   | 2.4                      | Started electricity sales in Jul. 2018     | 36                    |
|  | 7   | Hirono solar park  | 2.7                      | Started electricity sales in Feb. 2020     | 40                    |
|  | 8   | Akkeshi Luke Supor Solar Power Plant   | 2.3                      | Started electricity sales in May 2020      | 40                    |
|  | 9   | Akada solar power plant  | 2.5                      | Under construction                         | 32                    |
|  | 10  | Ukiha-shi, Shirakabe Solar Power Plant<br>Ukiha-shi, Mizunosato Solar Power Plant<br>Ukiha-shi, Minou Alps Solar Power Plant | 3.0 in total             | Started electricity sales in Mar.-May 2020 | 36                    |
|  | 11  | Tochigi  | 2.0                      | Under planning                             | 36                    |
|  | 12  | Tochigi  | 2.0                      | Under planning                             | 32                    |
|  | 13  | Tochigi  | 2.0                      | Under planning                             | 32                    |
| Total 30.7MW [attributable to JAIC 13.1MW] |     |  |                          |  |                       |

\*Projects that are invested from JAIC Solar Fund L.P., II

## 5. Appendix - List of project-oriented investments (as of December 2022)



| Type of project   | No. | Location                | Generation Capacity<br>[MW] | Current status  | FIT<br>[tax excluded,<br>¥] |
|---|-----|-------------------------|-----------------------------|---|-----------------------------|
| solar power<br>systems with<br>storage<br>batteries<br>installed on<br>the rooftops | 1   | Koshigaya City, Saitama | 0.2                         | Started electricity sales in Dec. 2022  | —                           |
|   | 2   | Hidaka City, Saitama    | 0.3                         | Started electricity sales in Feb. 2023  | —                           |
|   | 3   | Atsugi City, Kanagawa   | 0.7                         | Started electricity sales in Feb. 2023  | —                           |
| Biomass   | 1   | Matsusaka City, Mie     | 2.0                         | Started electricity sales in Jan. 2018  | —                           |
|   | 2   | Matsusaka City, Mie     | 2.0                         | Under planning  | —                           |
| Bio gas   | 1   | Hamura City, Tokyo      | 1.1                         | Started electricity sales in Mar. 2021  | 39                          |
|   | 2   |                         |                             | Food recycle company that generates biogas for power generation<br>[operator of Hamura biogas power generation] | —                           |
|   | 3   | Touhoku Town, Aomori    | 0.03                        | Started electricity sales in Nov. 2018  | 39                          |
| Wind power  |     | Mie                     | At most 25.2                | Under planning  | 22                          |



## 5. Appendix - List of project-oriented investments (as of December 2022)



| Type of project                | No. | Location                   | Project scale  | Current status                 |
|--------------------------------|-----|----------------------------|--|--------------------------------|
| Facility for the elderly       | 1   | Shinonome, Koto-ku, Tokyo  | 8-story complex facility with a capacity of 100 people | Under construction             |
| Group home for the handicapped | 1   | Hamamatsu City, Shizuoka   | 20 rooms for residents, 2 rooms for short stay         | Started operation in Aug. 2020 |
|                                | 2   | Hiroshima City, Hiroshima  |  | Started operation in Aug. 2020 |
|                                | 3   | Utsunomiya City, Tochigi   |  | Started operation in Sep. 2021 |
|                                | 4   | Kazo City, Saitama         |  | Built up in Feb. 2022          |
|                                | 5   | Sano City, Tochigi         |  | Started operation in Sep. 2022 |
|                                | 6   | Koga City, Ibaragi         |  | Started operation in Oct. 2022 |
|                                | 7   | Tatebayashi City, Gunma    |  | Built up in Mar. 2022          |
|                                | 8   | Takamatsu City, Kagawa     |  | Started operation in Sep. 2022 |
|                                | 9   | Oota City, Gunma           |  | Started operation in Oct. 2022 |
|                                | 10  | Kiryu City, Gunma          |  | Built up in Sep. 2022          |
|                                | 11  | Kawagoe City, Saitama      |  | Under construction             |
|                                | 12  | Konosu City, Saitama       |  | Under construction             |
|                                | 13  | Iwaki City, Fukushima      |  | Under construction             |
|                                | 14  | Higashikagawa City, Kagawa |  | Under construction             |

## 5. Appendix - List of project-oriented investments (as of December 2022)



| Type of project     | No. | Location                   | Project scale  | Current status   |
|---------------------|-----|----------------------------|--|--|
| Vegetable plant     |     | Tamba Sasayama City, Hyogo | Annual production: 470 tons in total                                       | Existing part: started operation in Mar. 2019<br>Expansion part: full-scale operation started in Aug. 2022 |
| Logistics warehouse | 1   | Atsugi City, Kanagawa      | Total floor area 10,370 m <sup>2</sup> , 3 stories above ground            | Preparing for operation (Built up in Oct. 2022)  |
|                     | 2   | Ebina City, Kanagawa       | Undecided  | Under construction or Under planning   |
|                     | 3   | Akiruno City, Tokyo        | Total floor area 25,804 m <sup>2</sup> (scheduled), 4 stories above ground | Under construction or Under planning   |
|                     | 4   | Non-disclosed              | Non-disclosed  | Under construction or Under planning   |
|                     | 5   | Non-disclosed              | Non-disclosed  | Under construction or Under planning   |

| Type of project | No. | Location      | Details of project  | Current status  |
|-----------------|-----|---------------|---|---|
| Others          | 1   | Aichi         | Commercial building, site area 1,752 m <sup>2</sup> , 1 basement floor, 6 floors above ground | Opened<br>*investment in building which has already started operation |
|                 | 2   | -             | Entertainment contents, “Naked Flowers For You”   | Held on the 8th floor of Yurakucho Marui since March 2022             |
|                 | 3   | Kanagawa      | A shared atelier project to renovate an abandoned factory                                     | Under planning  |
|                 | 4   | -             | Electric assisted bicycle subscription service  | Executed investment in Aug. 2022                                      |
|                 | 5   | Non-disclosed | Non-disclosed   | Non-disclosed   |
|                 | 6   | Non-disclosed | Non-disclosed   | Non-disclosed   |
|                 | 7   | Singapore     | Anime Festival Asia Singapore 2022  | held on Nov. 25, 26 and 27, 2022                                      |

## 5. Appendix – Strategic investment



### **Renewable Japan Co., Ltd.**

Partner company in mega solar projects

**IPO date : 22 Dec. 2021**

**Stock market : TSE Mothers**



### **Smart Solar Corporation**

Partner company in mega solar projects



### **social inclu CO., LTD.**

Partner company in projects for group homes for the handicapped

**Investment Exit: Nov. 2022**



### **Morihisa Engineering Co., Ltd.**

**Morvel Farm** (subsidiary of Morihisa Engineering)

Partner company in smart agriculture projects (vegetables)



### **MD-Farm**

Partner company in smart agriculture projects (strawberries)



### **KIC Holdings Inc.**

Partner company in distribution warehouse projects



### **366 Co., Ltd.**

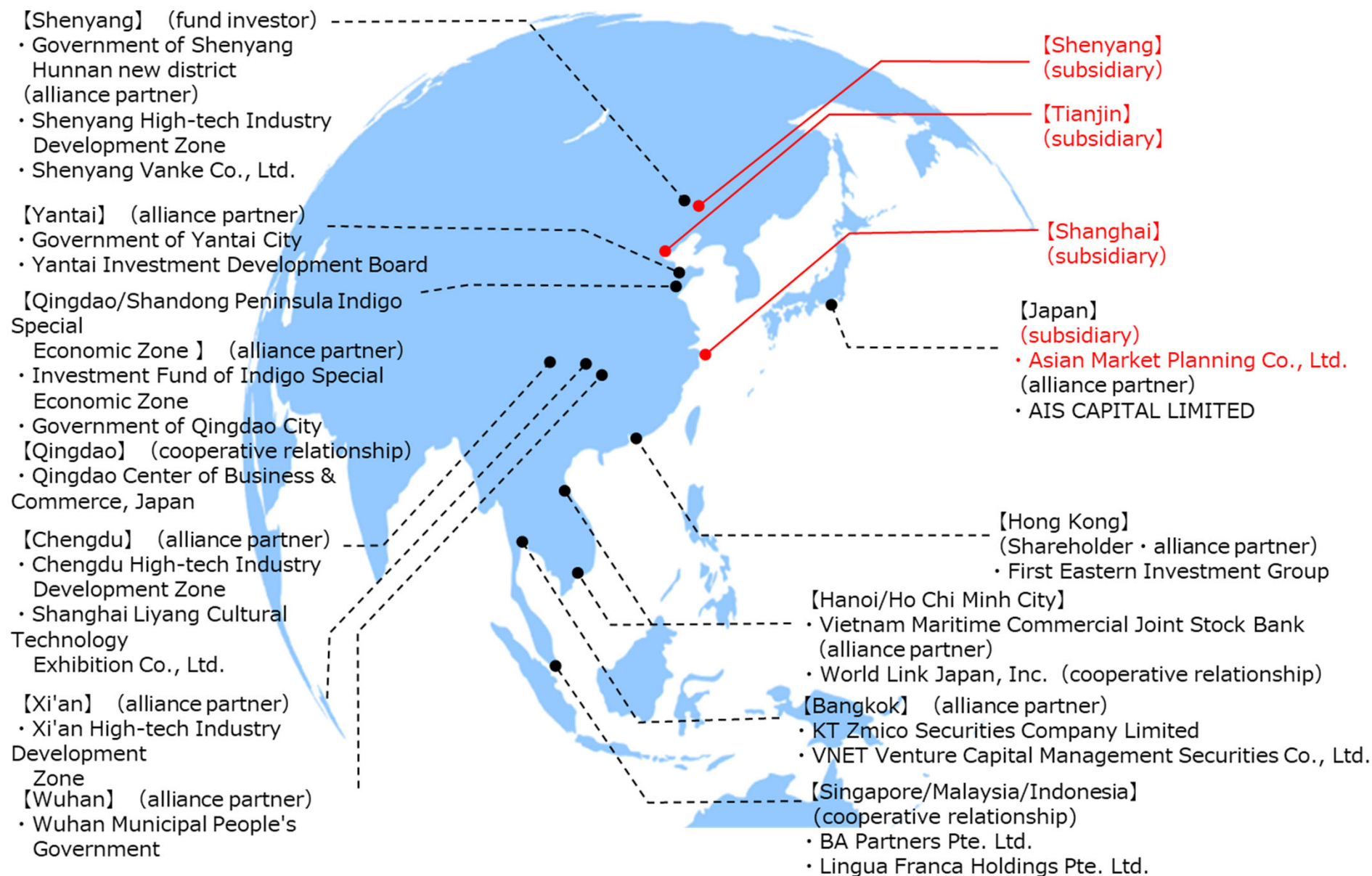
Partner company in perpetual memorial tree burial project



### **cycloop Co., Ltd.**

Partner company in electric assisted bicycle subscription service

## 5. Appendix - Asia network



## 5. Appendix - Funds & investment activities

| (JPY million)   | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2022<br>(3Q) | FY 2023<br>(3Q) |
|---|---------|---------|---------|---------|---------|-----------------|-----------------|
| New & increased funds                                   | 1,000   | 2,000   | 1,359   | 151     | 1,001   | 1,001           | 2,701           |
| AUM of funds - total *1                                 | 19,150  | 16,494  | 17,390  | 16,450  | 16,463  | 16,091          | 14,813          |
| AUM of funds - JAIC *1                                  | 5,867   | 5,344   | 5,163   | 5,434   | 4,953   | 4,805           | 3,378           |
| Execution of investnemt (Total)*2                       | 3,887   | 3,749   | 3,374   | 1,767   | 3,420   | 2,909           | 2,330           |
| Balance of investments (Total)*2                        | 13,981  | 13,951  | 15,101  | 12,855  | 13,784  | 14,623          | 13,697          |
| Execution of investnemt (project oriented investment)*2 | 2,681   | 3,612   | 2,150   | 1,445   | 1,938   | 1,427           | 1,132           |
| Balance of investments (project oriented investment)*2  | 3,582   | 5,514   | 6,696   | 6,088   | 6,344   | 6,787           | 6,584           |
| Execution of investnemt (private equity)*2              | 1,205   | 136     | 1,224   | 322     | 1,482   | 1,482           | 1,198           |
| Balance of investments (private Equity)*2               | 10,398  | 8,437   | 8,405   | 6,767   | 7,440   | 7,836           | 7,113           |

Note 1: Since the number of funds in the course of being wound up while possessing investment assets has increased, funds during the liquidation procedure are included in the scope of disclosure from FY March 2021.

Note 2: Due to an increase in loan execution for the projects by the JAIC Group, the aggregation method has been changed from FY March 2021 to include loans extended to the projects (excluding distressed receivables) in the scope of aggregation.

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



| (JPY million)  | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|--|---------|---------|---------|---------|---------|
| Business results   |         |         |         |         |         |
| Operating revenues   | 5,403   | 2,475   | 2,760   | 3,089   | 2,409   |
| Operating gross profit   | 2,328   | 1,286   | 1,359   | 1,301   | 1,276   |
| SG&A expenses  | 1,311   | 1,109   | 1,094   | 1,086   | 1,189   |
| Operating income   | 1,017   | 177     | 265     | 214     | 86      |
| Ordinary income  | 954     | 83      | 140     | 173     | 61      |
| Net income   | 874     | 578     | 302     | 144     | 49      |
| Financial position   |         |         |         |         |         |
| Cash and deposits  | 7,308   | 5,564   | 3,920   | 3,699   | 2,740   |
| Operational investment securities and operating loans of project oriented investment                             | 3,582   | 5,514   | 5,437   | 5,583   | 6,781   |
| Operational investment securities of strategic investment in partner companies                                   | 373     | 373     | 1,005   | 1,155   | 1,783   |
| Operational investment securities of financial investment after deducting allowance for possible investment loss | 5,657   | 4,765   | 4,282   | 3,111   | 3,029   |
| Loans payable, bonds & bonds with subscription rights to shares  | 11,954  | 9,784   | 8,166   | 6,950   | 5,943   |
| Total shareholders' equity   | 6,545   | 6,840   | 7,223   | 7,338   | 7,779   |
| Total assets   | 19,220  | 17,305  | 15,800  | 14,657  | 14,972  |

| FY 2022<br>(3Q) | FY 2023<br>(3Q) |
|-----------------|-----------------|
|                 |                 |
| 1,752           | 2,688           |
| 722             | 914             |
| 838             | 864             |
| (116)           | 49              |
| (116)           | 17              |
| (207)           | (80)            |
|                 |                 |
| 2,423           | 2,841           |
| 6,179           | 5,878           |
| 1,810           | 1,194           |
| 3,007           | 2,882           |
| 5,943           | 5,137           |
| 7,449           | 7,772           |
| 14,124          | 13,517          |

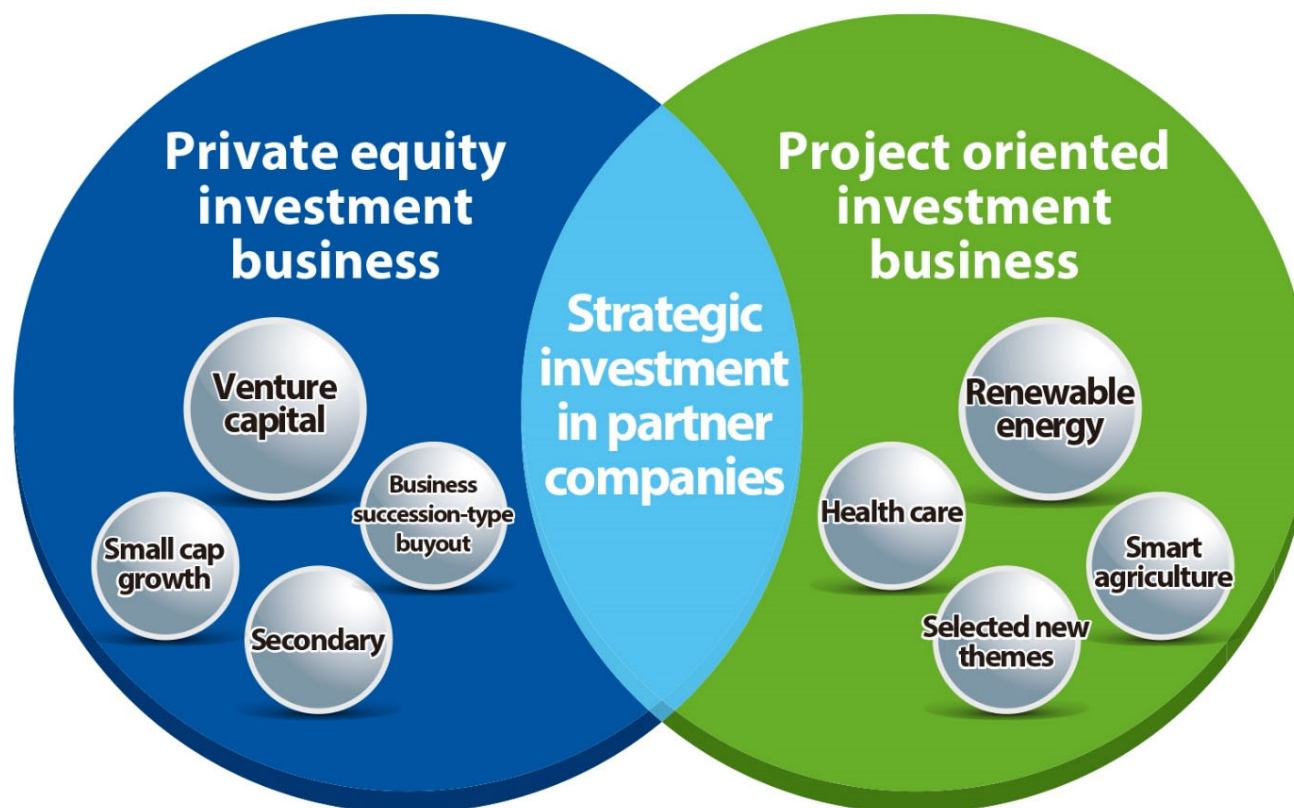
## 5. Appendix - Statement of Income - break down (Previous accounting standard)



| (JPY:million)  | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY2022<br>(3Q) | FY2023<br>(3Q) | Change(%) |
|--|---------|---------|---------|---------|---------|----------------|----------------|-----------|
| <b>1. Fund management operation</b>  |         |         |         |         |         |                |                |           |
| Fund management fees and others  | 277     | 241     | 199     | 169     | 154     | 119            | 103            | (13.7%)   |
| Success Fees   | 86      | -       | -       | -       | -       | -              | -              | -         |
| Operating revenue  | 364     | 241     | 199     | 169     | 154     | 119            | 103            | (13.7%)   |
| Operating cost   | -       | -       | -       | -       | -       | -              | -              | -         |
| Operating gross profit   | 364     | 241     | 199     | 169     | 154     | 119            | 103            | (13.7%)   |
| <b>2. Investment operation</b>   |         |         |         |         |         |                |                |           |
| Proceeds of sales of securities  | 3,219   | 1,746   | 2,349   | 2,221   | 1,573   | 1,501          | 1,983          | 32.0%     |
| Fund interests income etc.   | 1,677   | 429     | 172     | 648     | 631     | 91             | 568            | 517.8%    |
| Operating revenue  | 4,897   | 2,176   | 2,521   | 2,870   | 2,204   | 1,593          | 2,551          | 60.1%     |
| Cost of securities sold  | 2,469   | 554     | 965     | 1,249   | 810     | 776            | 1,019          | 31.4%     |
| Investment write-offs and Provision for allowance for possible investment losses | 562     | 579     | 245     | 194     | 145     | 139            | 450            | 223.7%    |
| Fund interests losses etc.   | 36      | 49      | 184     | 336     | 167     | 107            | 293            | 174.2%    |
| Operating cost   | 3,069   | 1,182   | 1,395   | 1,780   | 1,123   | 1,022          | 1,764          | 72.5%     |
| Operating gross profit   | 1,827   | 993     | 1,125   | 1,090   | 1,081   | 571            | 786            | 37.8%     |
| <b>3. Others</b>   |         |         |         |         |         |                |                |           |
| Operating revenue  | 142     | 57      | 40      | 49      | 50      | 39             | 34             | (13.3%)   |
| Operating cost   | 5       | 6       | 5       | 7       | 10      | 7              | 9              | 30.7%     |
| Operating gross profit   | 136     | 51      | 34      | 41      | 40      | 32             | 24             | (23.4%)   |
| <b>Total</b>   |         |         |         |         |         |                |                |           |
| Operating revenues   | 5,403   | 2,475   | 2,760   | 3,089   | 2,409   | 1,752          | 2,688          | 53.4%     |
| Operating cost   | 3,074   | 1,188   | 1,401   | 1,788   | 1,133   | 1,030          | 1,774          | 72.2%     |
| Operating gross profit   | 2,328   | 1,286   | 1,359   | 1,301   | 1,276   | 722            | 914            | 26.6%     |



## 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.

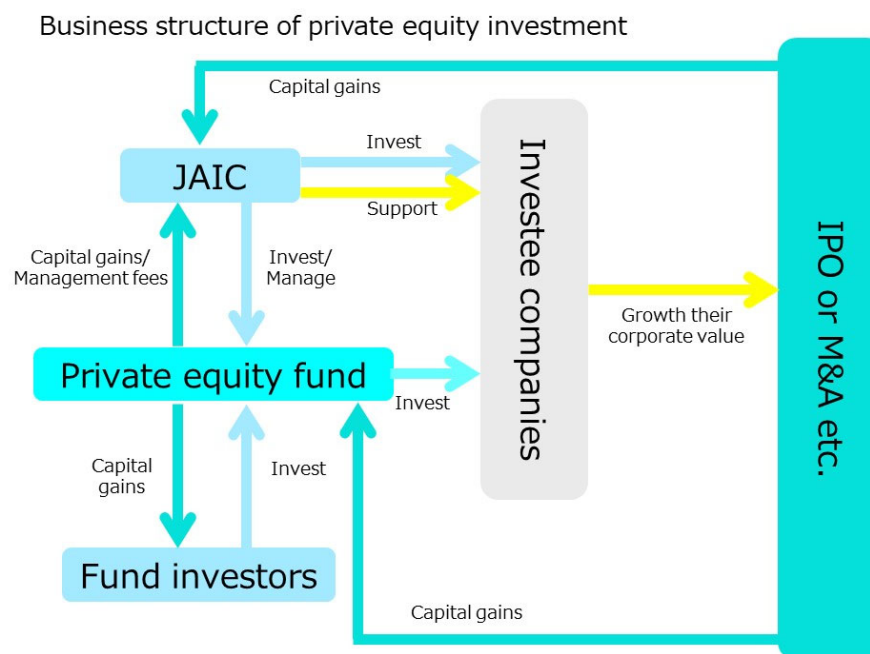
### Project oriented investment

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.

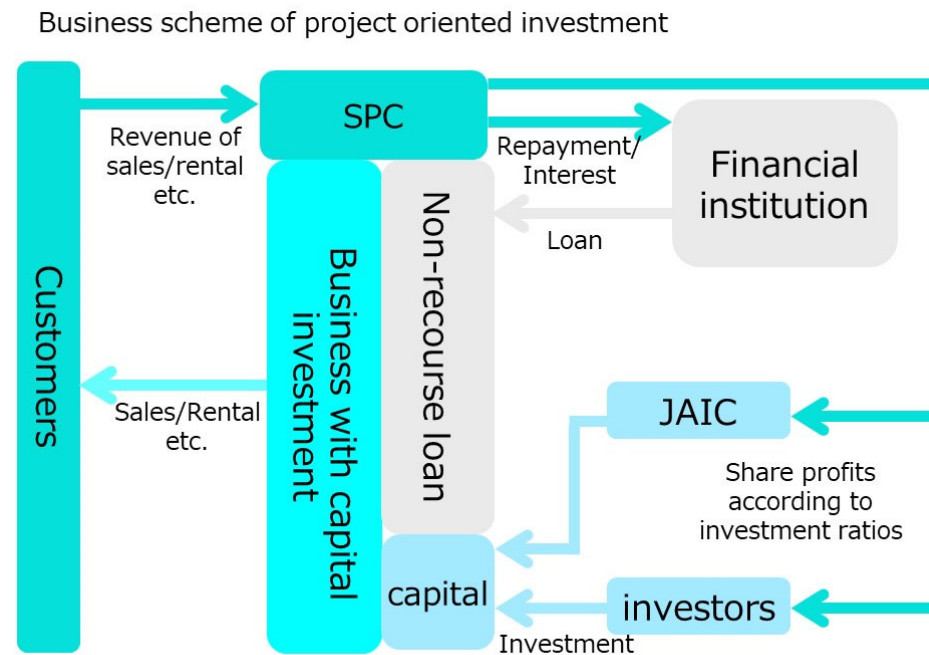


## 5. Appendix - Profit structure – Private equity investment



- Private equity investment is an investment in promising companies centered on venture companies and small and medium-sized enterprises in the Asian region including Japan. We support investee companies to increase their corporate value and obtain capital gains.
- We also perform intermediary business as an FA based on the needs of M & A obtained through our investment activities.
- There are two types of private equity investments. One is "strategic investments" in partners of project-oriented investment and the other is "financial investments".
- For investees of strategic investments, we not only support them as shareholders, but also manage projects together as partners and support their growth.
- For investees of financial investment, we provide not only the listing support but also provide overseas expansion support and sales support. We utilize our experience and wide network which we have built up through many years of investment activities when we support our investees. To that end, we are building a network in Asia by forming business alliances with government agencies in China and partner companies in Asian countries.

## 5. Appendix - Profit structure – Project oriented investment JAIC



- We invest in SPCs (special purpose companies) that own facilities such as power plants, factories, residential facilities and warehouses. We construct these facilities and receive the profits generated by the operation of the facilities in proportion to the investment. In some cases, these facilities are sold for profits after completion.
- We invest in projects such as renewable energy, healthcare (facility for the elderly, group homes for the disabled), smart agriculture (vegetable plant), and distribution center (logistics warehouse).
- We are pursuing high profitability with a small amount of investment funds by procuring non-recourse loans from financial institutions. Most of the funds for the construction and operation of the project is procured by these loans.
- In addition, in order to flexibly invest in projects in various fields, we collaborate with venture companies that are familiar with project planning and development.

## 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**

### Expertise to structure sophisticated finance scheme

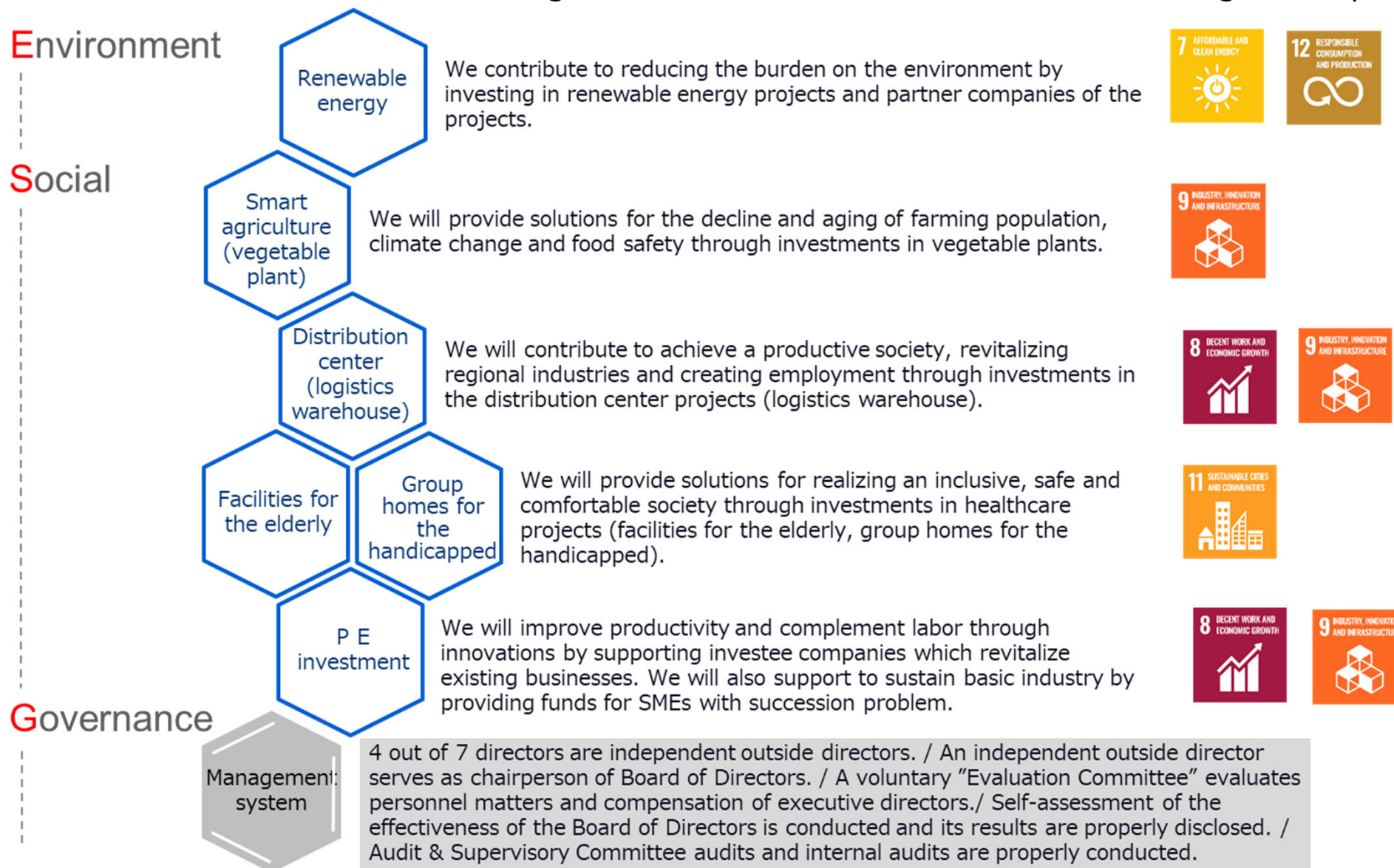
JAIC's accumulated invested volume inside and outside of Japan is Japanese Yen 330 billion. For the project oriented investment, in addition to providing direct equity investment, JAIC has been arranging various financing scheme utilizing project-finance approach and leverage financing together with 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.

## 5. Appendix – Efforts for SDGs

Becoming an SDGs investment company as our core value, we will thoroughly carry out investment activities with a strong awareness of SDGs based on our management policy.



## 5. Appendix - Company data (as of December 31, 2022)



|                 |  |
|-----------------|--|
| Company name    | Japan Asia Investment Co., Ltd. Abbreviation; JAIC   |
| Head office     | 2F Medical Friend Building, 3-2-4 Kudn-kita, Chiyoda-ku, Tokyo 102-0073, Japan   |
| Established     | July 10, 1981  |
| Paid-in capital | 5,426 million yen  |
| Listed market   | Tokyo Stock Exchange, Standard Market (Securities code 8518)   |
| Employees       | 39 (Consolidated) / 21 (Non-consolidated)  |
| Main business   | Private equity investment / Project oriented investment  |
| Directors       | <p>Chairman of the Board :Yoshiaki Kawamata [Outside/Independent]</p> <p>President &amp; CEO :Tetsuro Shimomura</p> <p>Managing Executive Officer :Masafumi Hatta</p> <p>Chairman of Audit &amp; Supervisory Committee</p> <p>:Kazunori Omori</p> <p>Member of Audit &amp; Supervisory Committee</p> <p>:Hitoshi Yasukawa [Outside/Independent]</p> <p>:Tadashi Nunami [Outside/Independent]</p> <p>:Harumi Katagiri [Outside/Independent]</p> |

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Contact to:

Kenji Kishimoto, Executive Officer

Miyuki Maruyama, Administration Group

IR e-mail : [ir@jaic-vc.co.jp](mailto:ir@jaic-vc.co.jp)