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Company name: Japan Asia Investment Co., Ltd. (JAIC)
Listed on: Tokyo Stock Exchange Standard Market (Securities code: 8518)
Representative: Tetsuro Shimomura, President and CEO
Contact: Kenji Kishimoto, Executive Officer
Tel: +81-3-3221-8518

Notice of Revision on “Result Forecast Consolidated under the Previous Accounting Standard”

Japan Asia Investment Co., Ltd. (JAIC) hereby announces that, based on the recent business performance etc., JAIC has revised its “result forecast consolidated under the Previous Accounting Standard” for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022), previously announced on May 14, 2021.

Though JAIC doesn't disclose consolidated result forecast, JAIC expects that there will be a significant difference between revised “result forecast consolidated under the Previous Accounting Standard” and consolidated result forecast due to differences in accounting standards applied to.

The “result forecast consolidated under the Previous Accounting Standard” is based upon the information currently available to JAIC and certain assumptions. In the process of settlement procedure, various factors could cause actual results to differ from this result forecasts.

1. Revision on the “ result forecast consolidated under the Previous Accounting Standard”

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Consolidated operating revenue (Millions of yen)	Consolidated operating income (Millions of yen)	Consolidated ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Consolidated net income per share (*Note) (Yen)
Previous forecast(A)	2,950	510	430	340	19.21
Revised forecast(B)	2,400	80	60	30	1.69
Change(B-A)	(550)	(430)	(370)	(310)	
Percentage Change(%)	(18.6)	(84.3)	(86.0)	(91.2)	
(Reference) Consolidated financial results under the Previous Accounting Standards for the fiscal year ended March 31, 2021	3,089	214	173	144	8.18

*Note 1: Consolidated net income per share in the table above is calculated based on the number of shares issued excluding the number of treasury stock as at March 31, 2022.

*Note 2: Please refer to 3-3 as for the significant difference between “result forecast consolidated under the Previous Accounting Standard” and actual results consolidated.

2. Reasons for revision

At the beginning of the term JAIC expected to achieve the result forecast mainly by capital gains from mega solar and other projects, IPOs in Japan and trade sales in overseas.

In the first half of the term, however, the expected sale of unlisted shares was postponed to the next fiscal year or later. Additionally, extraordinary loss from the fund operated by the third party was incurred outside the forecast. As a result, performance in the first half was below the initial result forecast.

On the other hand, JAIC expected to increase capital gains in the second half due to IPOs of domestic investees that were not expected at the beginning of the term. JAIC expected to offset the downside from the plan in the first half by the upside in the second half.

For sales of mega solar projects, JAIC earned more than planned in the second half. For sales of shares, however, JAIC couldn't reach target capital gains. Sales of listed shares didn't reach the target because the share prices were lower than expected and couldn't reach the conditions for unlocking lockup. Sales of unlisted shares also didn't reach the target because some sale negotiations lasted longer than expected and didn't reach the agreement by the end of the

term.

As a result, gains from sales of shares in the fourth quarter was lower than expected and operating revenue is expected to be 18.6% less than the previous forecast. This leads to forecasts for both operating income, ordinary income and profit attributable to owners of parent dropping from the previous forecast.

Please be noticed that the “result forecast consolidated under the Previous Accounting Standard” is based upon the information currently available to JAIC and certain assumptions. In the process of settlement procedure, various factors could cause actual results to differ from this result forecasts.

3. Consolidated result forecast and significant difference from “Result Forecast Consolidated Under the Previous Accounting Standard”

3-1. Result forecast

The private equity investment business conducted by the JAIC Group 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 in recent years. Therefore JAIC doesn't disclose the results forecast. For the convenience of investors and shareholders, however, JAIC discloses “result forecast consolidated under the Previous Accounting Standard” even though it doesn't have enough rationality.

3-2. “Result forecast consolidated under the Previous Accounting Standard”

There is a difference between current accounting standards and those applied to the “Result forecast consolidated under the Previous Accounting Standard”. 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 JAIC Group.

On the other hand, the operational investment funds managed by the JAIC Group are excluded from the scope of consolidations in the financial statements etc., prepared in accordance with the previous accounting standards. Assets, liabilities, revenues and expenses for investment funds are reported based on the investment portion by JAIC and its subsidiaries and by excluding the portion held by external investors. In addition, company-type funds are excluded from the scope of consolidations.

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

3-3. significant difference between revised “result forecast consolidated under

the Previous Accounting Standard” and consolidated result forecast “Result forecast consolidated under the Previous Accounting Standard” differs from consolidated results forecast under current accounting standard because different accounting standards applied to.

In the fiscal year March 2022, under the previous accounting standards, about 450 million yen of gain on sale of a mega solar project was recorded as operating revenue. On the other hand, under current accounting standards, the gain was recorded as extraordinary income and profit attributable to non-controlling interest. In addition, some of the operating expenses of funds that are consolidated subsidiaries are excluded from “Result forecast consolidated under the Previous Accounting Standard”.

In this connection, consolidated result forecast is estimated lower than the “Result forecast consolidated under the Previous Accounting Standard” in consolidated operating income, consolidated ordinary income and profit attributable to owners of parent, respectively.

(End)