

Medium-Term Management Plan from FY March 2025 to FY March 2027

Japan Asia Investment Co., Ltd.
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Note: The figures in this document are based on a consolidated basis (previous accounting standard applied) unless otherwise noted.

Basic Policy (External Environment Analysis)

External Environment

Macro Environment

<P> Politics

Geopolitical risk

Military conflagration and segregation of international society due to hegemonism
Economic security, Taiwan situation becoming severe

U.S.-China relations

Intensification and prolongation of the U.S.-China confrontation affecting the world economy
Trade friction, supply chain problems

<S> Society

Climate change risk

Increase in natural disasters and increase of burdens for response costs

Low birthrate, aging population, and decreasing population

Stagnation in economic activities due to shortage in labor force

Concentration in urban areas and shrinking regional economies

Changes in lifestyle

Personal values and workstyles becoming more diverse

<E> Economics

Risk of rising interest rates

End of ultra low-interest-rate policy, rising long-term interest rates

Rise in fund procurement costs, decline in risk tolerance level

FX risk

Rise in energy/raw materials costs as yen depreciates
Higher inflation rate level in normal times
Capital outflow as domestic asset prices decline

<T> Technology

Changes in business models due to tech innovation

Changes in service/business models due to evolving generative AI

Improving labor productivity due to advancing DX

Tech innovation as decarbonization advances

Spread of new technology and advancing tech innovation in line with response to decarbonization

Micro Environment

VC industry entering the phase of maturity

Competition in VC industry growing harsher

Given that VCs and CVCs are so popular now, it is becoming increasingly difficult for any VCs to ensure differentiation and secure investment opportunities for promising startups.

Investment funds flowing to Japan from abroad

Overseas investment money from those seeking investment opportunities in Japan

Overseas investment money (such as that from Asia and China) from those seeking investment opportunities in Japan such as promising tech, startup companies, and listed companies

Basic Policy (Long-Term Vision)

Long-Term Vision

Materiality

Investment Areas

Management Philosophy

As an investment company that links Japan with the rest of the Asian region, we are committed to contributing to the creation of a safer, stabler and more efficient future society under the circumstances of structural problems caused by the declining birthrate and increasing aging population.

Initiatives for Sustainability

Based on our core value of being an SDGs investment company, we make efforts towards the achievement of a sustainable society through ensuring that our investment activities comply with the Management Philosophy.

Environment

- ◆ Make efforts to reduce environmental impact and tackle the climate change problem through investment.
- ◆ Provide support to startup companies that innovate for a circular society.











Social

- ◆ Pursue initiatives to solve issues related to a low birthrate and aging population, and establish an inclusive society through investment.
- ◆ Contribute to the growth of local societies and regional economies through collaboration with local financial institutions collaborating on specific projects.
- ◆ Improve the workplace environment to enable highly motivated work through respecting human rights and ensuring diversity.

Governance

- ◆ Build a sound organizational base.
- ◆ Ensure thorough compliance.
- ◆ Strengthen the risk management system and information security.
- ◆ Ensure proper information disclosure and promote adequate dialogues with stakeholders.

As an investment company that solves social issues

<div>Health Care</div>	 	<div>Distribution Center</div>	 	<div>Private Equity Investment</div>	 
<div>Smart Agriculture</div>		<div>Renewable Energy</div>	 	<div>Fund Administration</div>	 

Basic Policy (Governance)

Strengthen governance system

To present

- Authorities were overly concentrated to the representative director.
- Separation between the BOD's supervisory function and operational execution was insufficient.

Organizational reform

In the future

- Disperse chairpersons for decision-making meetings, clarify the locus of authorities and responsibilities.
- Ensure that directors perform supervisory functions, and that executive officers, CxO for each position, perform operational execution.

Investment Committee, Management Committee

- The Investment Committee and Management Committee will be reorganized, with the CIO and COO respectively serving as their chair, starting now.
- In the new system, unanimous support will be required for any agenda, and each member will have to assume the responsibilities in their respective positions.

Board of Directors (BOD)

- Directors will be appointed from both the Middle-office Unit and the Back-office Unit, to enable the BOD to supervise operational execution from the viewpoint of optimizing the whole company under the representative director, who is versed in all aspects of investment operation.
- Operational execution will be carried out by executive officers. The CEO, COO, CFO, CIO will be properly appointed, in addition to the officers responsible for respective units.

Organizational system

- The Front Business Unit will be reorganized into the Investment Group by integrating the Investment & Development Group and Business Solution Group.
- The Business Strategy Office will be newly established in the Middle Business Unit as the control tower for promoting business strategy.

Risk management

- <Risk Management Committee>
 - Identify, assess, and analyze risk factors inside and outside the company. Tackle sustainability issues, including human capital and diversity.
- <Our code of conduct>
 - Ensure legal compliance and prevent various forms of harassment.
- <Compliance>
 - External whistle-blowing system (consultation system where a contact point is established inside an external law firm)



Human capital / HR system

- <Using human capital>
 - Expand the business domains through using the HR of Middle-office Unit and Back-office Unit.
 - Allow various workstyles and improve the HR system to enable each person to perform at their best using their personality and skills irrespective of gender, age, and nationality.
 - Employ senior personnel through expanding the re-employment system and extending the retirement age.
- <Compensation system>
 - Prioritize performance in the compensation system and review the incentive compensation system.

Basic Policy (Risks and Opportunities)

Rebuild the corporate identity and strengthen competitive advantage using features specific to JAIC.

	Investment Development Business	Investment Management Business	Fund Platform Business
Theme	#Energy (power storage site, renewable energy) #Infrastructure (logistics warehouses, GHs for people with disabilities)	#Venture capital companies #Buyout (listed, unlisted)	# Contract service provider for fund operation
Market environment	<ul style="list-style-type: none"> Energy: Following soaring prices due to climate change, etc., needs for stable energy supplies have risen. GHs for people with disabilities: About 7.6% of the national residents in Japan have a disability. On the other hand, the number of group homes is not sufficient. Logistics warehouses: Given the growing EC market, demand for logistics warehouses will grow, but with a smaller growth rate vs. the last 10 years. 	<ul style="list-style-type: none"> 16 MBOs were closed among domestic listed companies in 2023—the highest since 2021, when we saw 19 MBO deals. In terms of aggregate value, over 1.1 trillion yen was recorded in 2023, a historic high. In the 1H of 2024, there were 467 M&As for business succession, a 45.5% increase vs. the 1H of 2023 (321 deals). This 467 was another historic high for a half-year period. The annual aggregate amount of VC funds structured in Japan has shown an increasing trend since FY 2018, when excluding special factors. In FY2023, 48 VC funds were formed, totaling 378.7 billion yen. 	<ul style="list-style-type: none"> There are not many businesses that are dedicated to fund operation as a contractor. Accounting firms are our main competitors. VC fund formation now shows an increasing trend. Therefore, there are high outsourcing needs for middle-office and back-office operations among such funds.
Core competence	Track records on investment development and accumulated know-how through collaboration with external companies and financial institutions, concerning each investment area	<ul style="list-style-type: none"> High recognition in overseas markets as an investment company that connects Japan and Asia. Status and credibility as a listed company in Japan Collaborate with overseas VCs and accelerators, and network with domestic listed companies 	Differentiation against accounting firms that specialize in accounting, thanks to the ability to provide services including middle-office operation to customers through sharing the experience and know-how of JAIC for fund management
Risks	<ul style="list-style-type: none"> Changes in financial environment such as increase in interest rates, etc. Increase in costs due to inflation Deterioration in business environment due to tightening regulations and institutional changes 	Competition to secure deals against peers, decrease in number of projects that meet investment criteria, a deteriorated economy, decline in needs of (overseas) investors due to geopolitical risks and natural disaster risks, loss occurrence due to changes in market price, etc.	<ul style="list-style-type: none"> Drain of fund accounting HR Appearance of service providers of equal level through utilization of AI, etc.
Countermeasures	Ensure “select and disperse” for business portfolios. Create a system that enables reviews of priority areas.	Ensure “select and concentrate” for investment portfolios. Develop investment methods unique to our company.	Hire and train HR. Pursue business collaboration with accounting firms. Effectively use AI/DX.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Analysis of the current situation

PBR has continued to be below 1.

➔ Low return on investment and low asset turnover rate are the causes.

FY	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
PBR	0.41	0.36	0.53	0.41	0.53	0.68
ROE(%)	8.7	4.9	0.5	0.3	deficit	deficit
PER	5.9	9.1	142.3	200.9	deficit	deficit
ROA(%)	2.00	1.20	0.13	0.09	deficit	deficit

Goal

To improve PBR ➔ Achieve ROE that matches the capital cost (about 13.4%).

- ① Expand stable revenue. (Cover the fixed costs by fee income to keep recording profits.
➔ Reduce capital cost.)
- ② Improve profitability. (Replace assets through collecting long-lived assets early.
➔ Improve the asset turnover rate and review asset allocation and business portfolio.
➔ Improve profitability.)
- ③ Achieve refinancing and improve financial leverage.
- ④ Update IR activities.

Plans and targets

Key Performance Indicators (KPI)

	Mar. 2027
Increase in AUM in the Investment & Development Business	¥ 15 bn
Increase in AUM in the Investment Management Business	¥ 30 bn
AUA Balance of Fund Platform Business	¥400 bn

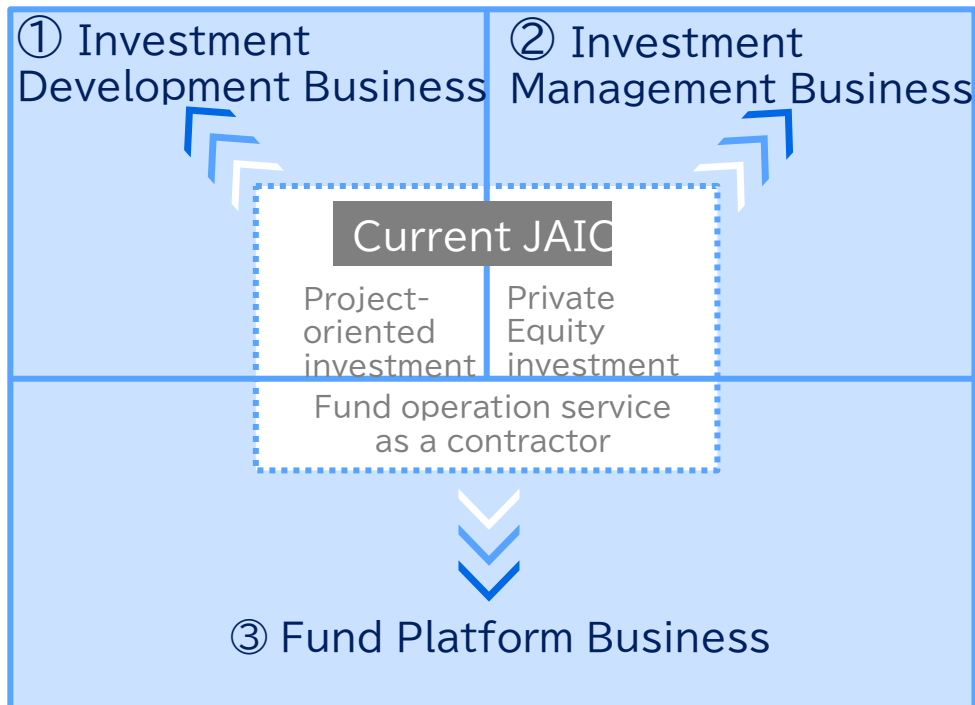
Key Goal Indicators (KGI)

	Mar. 2024	Mar. 2027	Goal
Stable Earnings	¥0.2 bn	¥0.8 bn	¥1.08 bn
ROE	deficit	➔ 12.7%	➔ More than 13.4% of the cost of capital
Net income attributable to owners of parent	(¥1.6) bn	➔ ¥1.0 bn	➔ Consolidation of profitability and increase in one-time earnings

Business Policy

Redefine the conventional business areas and expand the business based on a new business policy.

Ideal state for JAIC



New business policy

① Investment Development Business

Ensure the pipeline development for private real assets and accumulate investment assets toward securing stable revenue and adequate fund structuring.

② Investment Management Business

Provide asset management service and financial products per the investment methods using the strengths of JAIC, targeting institutional investors, family offices and the wealthy class whether domestic or overseas, in both the traditional asset class and non-traditional asset class.

③ Fund Platform Business

As a contractor, secure outsourced operations necessary for fund structuring, recruitment, and asset management from VCs/CVCs.

Business Portfolio

Sort out external environmental factors and earning opportunities, build a business portfolio that can be supplemented or replaced; and develop and manage investment assets/financial products that can respond to various economic environments.

① Investment Development Business

1. Business opportunities for private real assets

- Inflationary pressure from soaring energy prices and shortage of labor force
- Uncertainties continue around rises in interest rates and the economy in general

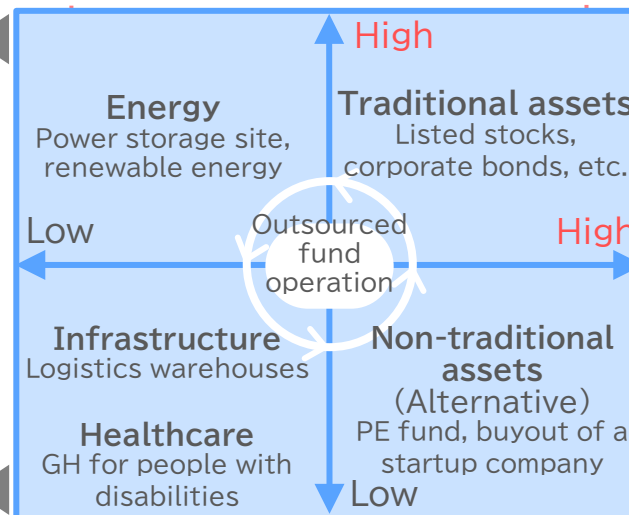


Private real assets that have inflation-hedging features and defensive features could be strong diversified investment targets for investors. They also could contribute to achieving responsible investment goals.

2. Investment policy for private real assets

- Move in line with inflationary trends or secure stable cash flow.
- Improve capital efficiency by using external funds (leverage).
- Accumulate investment assets to expand to fund business (to achieve fee business as Asset Manager).

Inflation rate (interest rate)



② Investment Management Business

- Traditional asset management
- Hedge fund
- Buyout (TOB, MBO, MEBO)
- PIPEs



Launch new funds based on investment methods that use the strengths of JAIC to meet the needs of overseas investors.

Collaborate with overseas VCs and accelerators. Domestically, focus on companies related to investment development business for real assets, tech/DX, overseas deployment, inbound tourism, etc.



- Venture capital companies
- Business vitalization, distressed
- Buyout, buyout of a startup



- Business succession funds are being managed now, through a JV (AJC) with Aozora Bank.
- In cases of buyout of a startup company, a determined portion or more of the shares of the startup company are purchased to get involved in the corporate management and to ensure the increase in enterprise value through hands-on involvement.

③ Fund Platform Business


Provide contractor service for middle-office and back-office operations for managing a fund

Business Strategy

Investment Development Business

Real asset investment

Primarily based on debt borrowings or equity procurement through launching investment funds, accumulate private real assets that have inflation-hedging features or defensive features.

Business type		Business situation	Business features
Renewable energy		<ul style="list-style-type: none"> Executed investment for 46 projects, mainly mega solar (220 MW cumulative). Sold or recovered 34 projects/192 MW. Executed an investment in a NON-FIT type biomass power plant using waste as fuel, and supplying the generated power to fuel suppliers. Aiming to expand the investment target scope to adjacent areas leveraging our know-how, now considering investing in batteries. 	Private real assets having inflation-hedging features
Healthcare (GHs for people with disabilities)		<ul style="list-style-type: none"> Investment was made for 23 locations as of March 2024, and operations have already started at 14 of them. We planned to sell 16 properties to a private placement fund using social project bonds that were formed by our company as its sponsor. 	Private real assets having defensive features
Infrastructure (logistics warehouses)		<ul style="list-style-type: none"> Since March 2020, we started to invest in a series of facilities located in the Tokyo metropolitan suburban areas. Construction for one property in Tokyo (Akiruno City), two properties in Saitama Prefecture (Koshigaya City, Hidaka City), and one property in Kanagawa Prefecture (Atsugi City) were completed, of which three properties have already been sold. 	Private real assets having defensive features

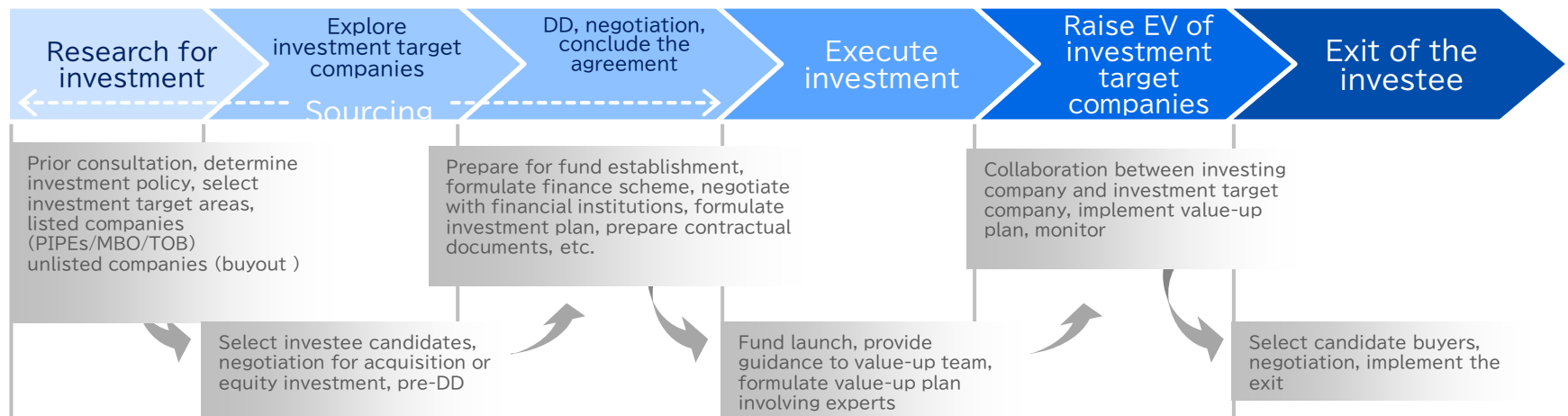
Investment Management Business

PIPEs fund/Buyout fund

Provide not only financial products, but also exclusive investment services to domestic investors as well as overseas investors (business companies) that face difficulties accessing the Japanese market.

- ◆ Cases where JAIC selects investee areas and companies and explores an investment target company; then recruits multiple investors to form a private equity fund; and serves as the general partner (GP) for the fund
- ◆ Cases where JAIC carries out sourcing, execution, value-up, and exit on behalf of the investors, on the premise that mainly unit investors and/or business companies will become co-investors or limited partners (LPs) (See chart below)

A cycle of fund investment



Business Strategy

Investment Management Business

M&A fund/RBO

Growth challenges for domestic SMEs

Promote overseas deployment, expand sales revenue from overseas and non-Japanese

Improve labor productivity and secure HR for corporate management (Robotics, DX, AI, etc.)

Re-branding, PR, marketing

Solutions provided by JAIC

Support for overseas deployment centered on Asia and China

- ◆ Seasoned support know-how accumulated at a subsidiary (Asian Market Planning)
- ◆ As an equity investor for funds, we proactively recruit overseas investors and build a system that enables overseas investors to provide hands-on support.

Structuring a venture fund that contributes to the value-up of investees

- ◆ Based on our Management Philosophy, we provide the investment target companies for the fund with the support to enable them to overcome their growth challenges through collaboration.

Support for formulating M&A strategies, cultivating a project, and executing investment

- ◆ Our people with proven track records in fund management help investees formulate M&A strategies, cultivate new projects, and pursue investment execution.

M&A fund

To help domestic medium-sized companies and startups grow through M&As, we implement sourcing for eligible investees, set up a private equity fund for each investment target, raise funds from external entities, and perform execution in line with their growth strategy.

RBO (Regional Buyout)

In this scheme, mainly on behalf of local companies that face unstable shareholder composition, fragile financial conditions, and a shrinking trade territory (market) due to the low birthrate/aging population, etc., we proceed with smooth delisting steps while protecting each company's business continuity and consistency in corporate management, through sifting local large companies, the upper management members, employees, the founder family, etc., to locate an exit destination.

"RBO," which means to ensure a buyout in the region, by the region and for the region, is proposed as a fund scheme unique to our company.

Buyout of a startup company

Through purchasing a determined portion or more of the shares of each target startup company, we get involved in its corporate management and aim to help raise its enterprise value through hands-on support.

Business Strategy

Fund Platform Business

JAIC Business Service KK (JBS) holds a long-standing track record as a fund administrator and provides customers with solutions for the middle- and back-office fund operations.

Solutions provided by JBS

Founded more than 20 years ago, JBS has been providing external customers with contract operational service, leveraging the skills and experience that have been accumulated over a long time as the back-office unit for the funds managed by the JAIC Group.

Accounting operation for the fund

- ◆ Create fund business reports and financial reports, calculate success fees and dividends, interact with audit firm in times of accounting audit, etc.

Management of fund assets and proxy service for general operations

- ◆ Cover such operations as opening of deposit accounts for the fund, procedures for crediting/debiting funds, procedures for foreign remittances, opening and managing securities transaction accounts, etc.
- ◆ Cover such operations as making of seals, etc., for the fund, seal placement for proxy letter, etc., creation and delivery of documents and certificates to each equity investor in the fund (LP), etc.

Support for fund operator (GP) duties

- ◆ Provide accurate advice and support based on the JAIC Group's operational experience as GP.
- ◆ Provide support for: the establishment and liquidation of a fund, responding to inquiries from LPs concerning accounting, conducting procedures for transfer of LP position or withdrawal, creation of legally mandated reports, etc.

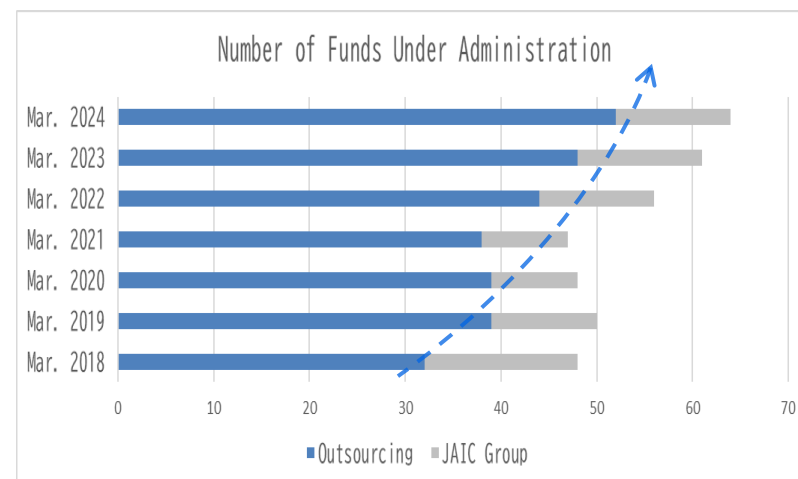
Accounting operation for the fund/JBS

Initiatives toward business expansion

Expand customer base through collaboration with external accounting firms

Monetization for fund accounting system that we have developed

Rebranding, PR



KPIs by Business

① Investment Development Business

AUM: Asset Under Management
The amount of AUM is only for the new increase.
Investment gains and capital gains are based on gross profit.



Investment gains from Projects	(¥60) M	¥30 M	¥80 M
Capital gains of Projects	¥1,070 M	¥370 M	¥970 M

② Investment Management Business

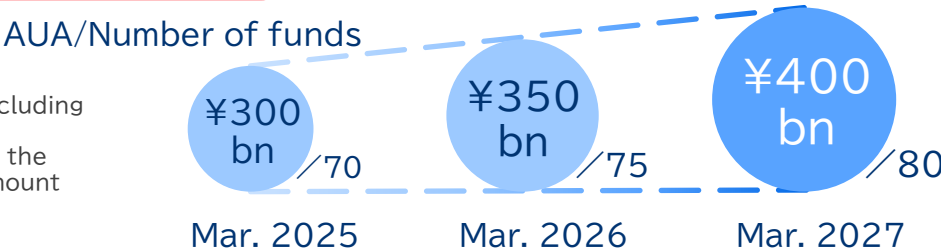
AUM: Asset Under Management
The amount of AUM is only for the new increase.
Asset management fees and capital gains are based on gross profit.



Asset Management Fees	¥20 M	¥430 M	¥640 M
Capital gains of Private Equity	¥870 M	¥710 M	¥480 M

③ Fund Platform Business

AUA: Asset Under Administration
The amount of AUA is the balance including the existing balance.
The administrative commission fee is the amount of sales (almost the same amount as gross profit).



Administrative commission fees	¥140 M	¥160 M	¥180 M
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Revenue Models by Business (Ideal State)

Targeted revenue from increase in AUM/AUA

① Investment Development Business

AUM
¥15 B

GP commitment	:	¥3 billion (=AUM×20%)
Assumed IRR	:	7% (multiple 1.3×)
AM fees	:	¥15 billion×2% = ¥300 million
Cycle period	:	Four years
CG (our company' s equity)	:	¥3 billion×30% = ¥900 million

Targeted revenue	(Of which) Stable revenue	(Of which) One-time revenue
¥300 million	¥300 million	
¥900 million		¥900 million

② Investment Management Business

AUM
¥30 B

GP commitment	:	¥1 billion (=AUM×3.3%)
Assumed IRR	:	15%
AM fees	:	¥30 billion×2% = ¥600 million
Carry	:	20% → ¥30 billion×15%×20% = ¥900 million
CG (our company' s equity)	:	¥1 billion×15%×80% = ¥120 million

Targeted revenue	(Of which) Stable revenue	(Of which) One-time revenue
¥600 million	¥600 million	
¥900 million		¥900 million
¥120 million		¥120 million

③ Fund Platform Business

AUA*
¥400 B

FY Mar. 2024			
Number of contracts under asset management	:	64	78
AUA	:	¥263 billion	→ ¥400 billion
Asset manager fees	:	¥130 million	¥180 million

*AUA: Asset Under Administration

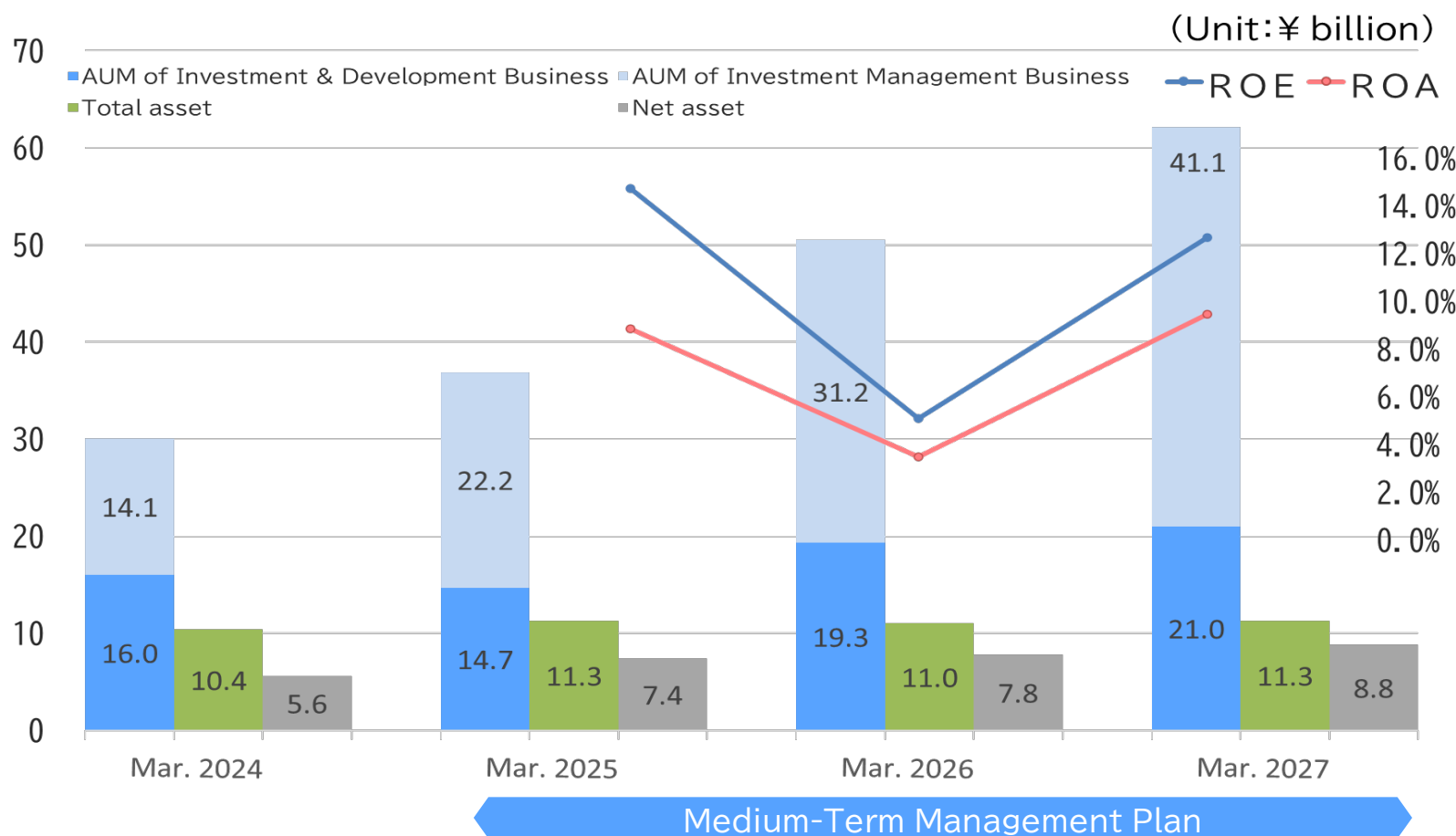
Targeted revenue	(Of which) Stable revenue	(Of which) One-time revenue
¥180 million	¥180 million	

Total
¥1.08 billion

Total
¥1.92 billion

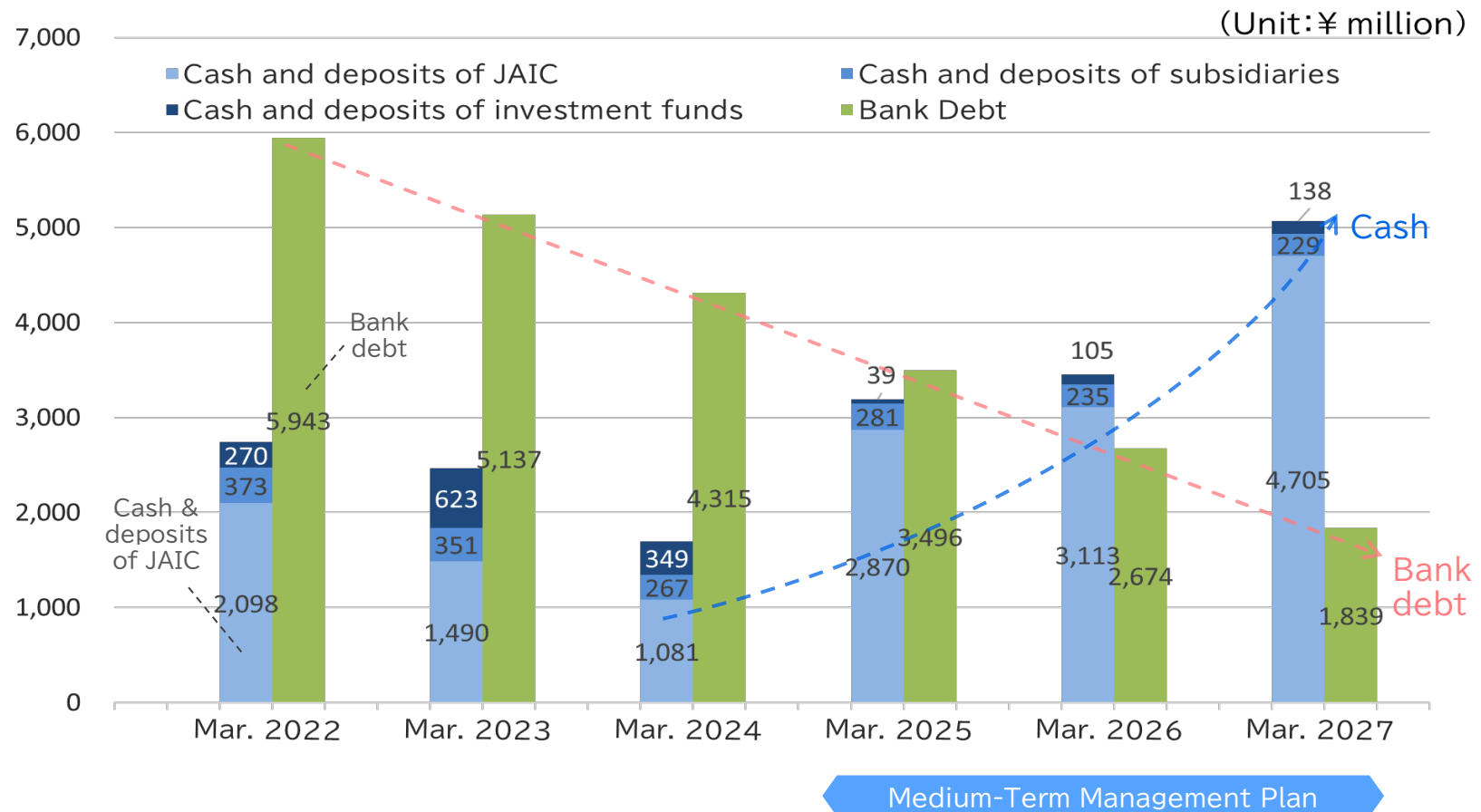
Financial Strategy (Expansion of AUM)

Curb and compress investments by our own funds. On the other hand, increase AUM in the investment development business and the investment management business to increase revenue. Through it, expand equity capital and reduce debt.



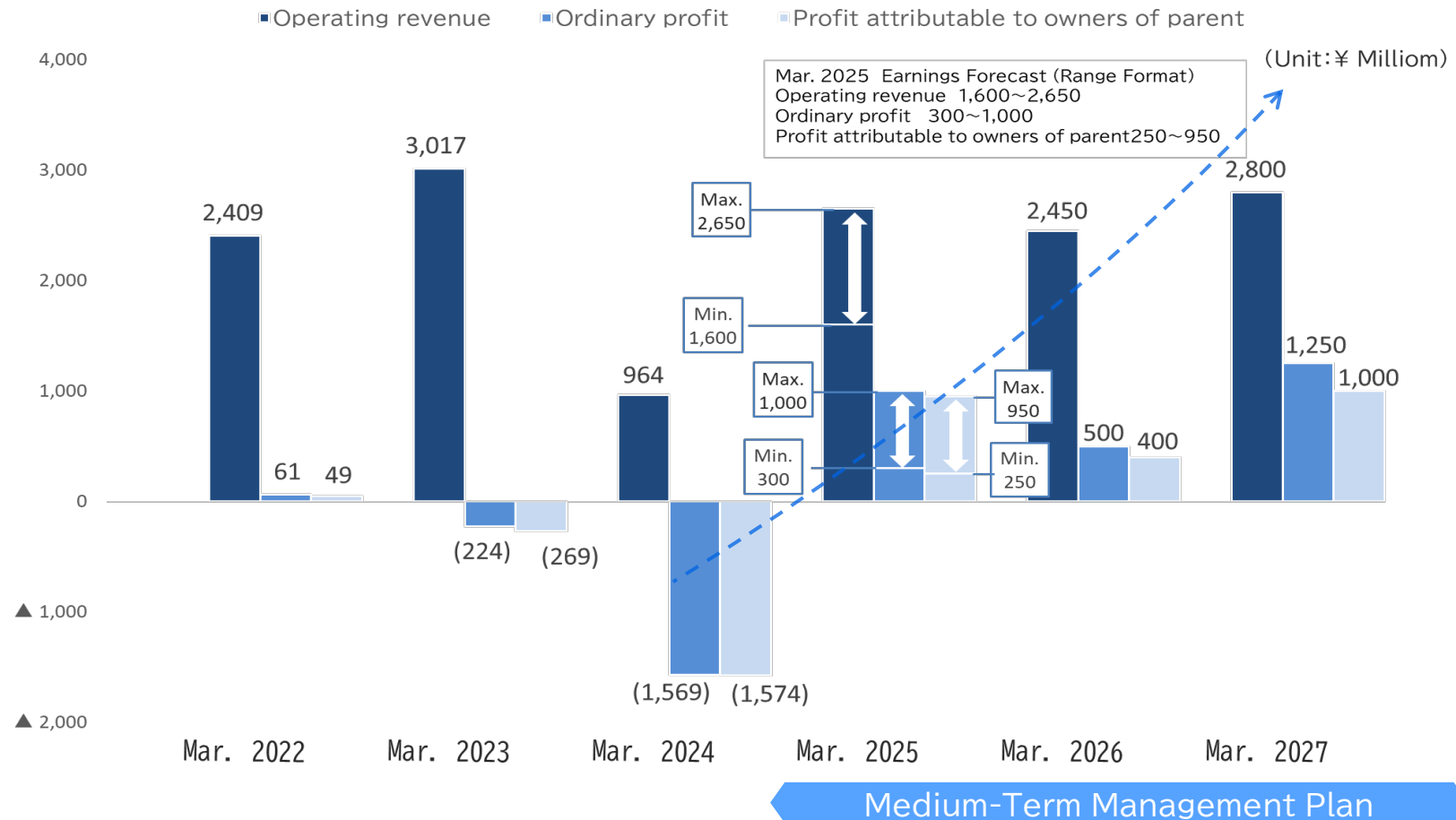
Financial Strategy (Net Debt Zero)

Through making investments using external funds, curb and compress investments by our own funds to improve the cash/deposits position. At the same time, conduct non-consolidated debt repayments in line with agreements to achieve net debt zero at an early timing.



Numerical Plan

Achieve a performance recovery through expanding stable revenue and improving investment revenue. For FY March 2027, aim to achieve one billion yen in profit attributable to owners of parent.



Numerical Plan (By Business)

In FY March 2026, profits will decline temporarily due to a decrease in capital gains from projects. However, in FY March 2027, both revenue and profits will increase due to executed investments planned for the period.

(Unit:¥ million)		Actual			Plan			
		Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025		Mar. 2026	Mar. 2027
					Min.	Max.		
Operating revenue		2,409	3,017	964	1,600	2,650	2,450	2,800
Operating gross profit		1,276	961	(427)	1,150	1,850	1,500	2,200
By business	Investment & Development Business	495	365	(229)	1,010	1,010	400	1,050
	Investment Management Business	636	457	(346)	0	700	940	970
	Fund Platform Business	145	139	147	140	140	160	180
Operating profit		86	(185)	(1,522)	150	850	550	1,250
Ordinary profit		61	(224)	(1,569)	300	1,000	500	1,250
Profit attributable to owners of parent		49	(269)	(1,574)	250	950	400	1,000