

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 Third Quarter Ended December 31, 2020
[Japanese Standards]
(Summary of Japanese announcement)

February 12, 2021

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: +81-3-3221-8518 (main)
Scheduled date for submission of quarterly report: February 12, 2021
Scheduled date for start of payment of dividends: —
The additional materials of the Financial Results: Yes
The briefing session of the Financial Results: None

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

1. Consolidated business results for the third quarter ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated results of operations (cumulative total)

(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 nine months ended December 31, 2020	2,969	64.8	(135)	—	(308)	—	(363)	—
For nine months ended December 31, 2019	1,801	(6.6)	(391)	—	(614)	—	(710)	—

(Note) Comprehensive Income

For nine months ended December 31, 2020: (360) millions of yen (—%)

For nine months ended December 31, 2019: (80) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For nine months ended December 31, 2020	(20.54)	—
For nine months ended December 31, 2019	(40.14)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	25,814	8,403	26.3	382.91
As of March 31, 2020	28,548	8,716	25.3	407.79

(Reference) Total shareholders' equity As of December 31, 2020: 6,778 millions of yen As of March 31, 2020: 7,219 millions of yen

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 ending March 31, 2021	—	0.00	—		
Year ending March 31, 2021 (forecast)				0.00	0.00

(Note) Revision of dividends forecast during the current quarterly period: None

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.

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.

For details, please refer to “2. Outlook for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)” on page 16 in this report.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): None
[New - company (company name: -) Excluded - company (company name: -)]

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: None

(3) 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

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	Nine months ended December 31, 2020:	17,884,392 shares	Year ended March 31, 2020:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Nine months ended December 31, 2020:	181,009 shares	Year ended March 31, 2020:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Nine months ended December 31, 2020:	17,703,383 shares	Nine months ended December 31, 2019:	17,703,383 shares

*The above quarterly financial results are not subject to a quarterly review required under the Financial Instruments and Exchange Act.

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

The additional materials of the financial results for the second quarter ended December 31, 2020 will be released on our website by February 12, 2021.

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. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)” on page 16 in this report.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Total operating revenue (A)	1,801	2,969	3,950
Management fees	101	90	134
Proceeds of sales of operational investment securities (B)	772	1,635	2,768
Fund interests income and Income gains etc.	913	1,223	1,028
Other operating revenue	12	19	19
Total operating cost (C)	1,253	2,072	1,956
Cost of securities sold (D)	478	946	1,051
Investment write-offs & Provision for allowance for possible investment losses (E)	283	224	283
Fund interests losses etc.	486	895	617
Other operating cost	4	5	5
Operating gross profit (A) - (C)	548	897	1,993
Realized capital gains (B) - (D)	294	689	1,717
Investment income (B) - (D) - (E)	10	465	1,434

(2) Cash flows

(Millions of yen)

	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Cash flow from operating activities	(950)	1,591	124
Cash flow from investing activities	64	18	147
Cash flow from financing activities	(1,617)	(1,216)	(1,617)
Cash and cash equivalents at the end of period	1,557	3,107	2,723

(3) Breakdown of total assets

(Millions of yen)

	As of December 31, 2019		As of December 31, 2020		As of March 31, 2020	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	29,433	—	25,814	—	28,548	—
Cash and deposits	3,370	—	5,329	—	4,520	—
Property, plant and equipment	14,030	—	9,241	—	12,119	—
Operational Investment Securities (A)	10,232	—	9,508	—	9,848	—
Allowance for Possible Investment Loss (B)	(1,624)	15.9	(1,602)	16.9	(1,574)	16.0

(4) Breakdown of Loans payable and bonds

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020	As of March 31, 2020
Total of loans payable and bonds	20,325	16,625	17,334
Loans payable; Non-consolidated base	8,166	6,950	8,166
Loans payable by Project finance and bonds ; Consolidated projects	12,158	9,674	9,167

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment

	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)		For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)		For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	
	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)
Area						
Japan	18	2,927	10	757	22	3,374
China, Hong Kong, Taiwan etc.	—	—	—	—	—	—
Industry						
Project Oriented Investment	9	1,950	6	515	10	2,150
Private Equity Investment						
Sub total	9	977	4	242	12	1,224
QOL(Quality of Life)	2	112	2	198	2	152
IT/Internet	1	77	1	8	2	112
Machinery/ Precision machine	2	370	1	35	2	379
Service	2	56	—	—	3	117
Others	2	361	—	—	3	461
Total	18	2,927	10	757	22	3,374

ii) Balance of investment

	As of December 31, 2019		As of December 31, 2020		As of March 31, 2020	
	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)	Number of companies or projects	Amount (Millions of yen)
Area						
Japan	88	9,898	82	9,410	84	10,512
China, Hong Kong, Taiwan etc.	47	4,591	40	3,325	46	4,589
Industry						
Project Oriented Investment	32	6,191	31	5,534	32	6,696
Private Equity Investment						
Sub total	103	8,298	91	7,201	98	8,405
QOL(Quality of Life)	27	3,194	24	2,629	24	3,123
IT/Internet	42	1,830	39	1,691	40	1,854
Machinery/ Precision machine	7	738	5	597	7	748
Service	15	1,015	11	696	15	1,070
Others	12	1,519	12	1,587	12	1,608
Total	135	14,490	122	12,735	130	15,101

Note: QOL (Quality of Life); Biotechnology, Medical Service, Welfare Service, Medical Device, Drug Medicine, etc.

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

i) Number of IPOs

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

ii) First price multiple

	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Japan	8.8 times	2.3 times	5.2 times
Overseas	8.6 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

For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

Company Name	Date of IPO	Market	Business	Head quarters
FunPep Company Limited	25-Dec-20	TSE Mothers	Research and development of pharmaceuticals based on functional peptides	Japan
Kringle Pharma, Inc.	28-Dec-20	TSE Mothers	Research and development of HGF (hepatocyte growth factor) protein as a therapeutic agent for intractable diseases	Japan

Fiscal year ended March 31, 2020 (from 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 December 31, 2019	As of December 31, 2020	As of March 31, 2020
Total commitment amount in investment funds (Millions of yen) (Total commitment amount of JAIC group)	16,094 (5,191)	15,048 (4,957)	17,390 (5,163)
No. of funds	10	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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	—	Total commitment amount increased (Millions of yen)	—
No. of funds	—	No. of funds	—

For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)			
Newly established		Commitment amount increased	
Total commitment amount in investment funds (Millions of yen)	151	Total commitment amount increased (Millions of yen)	—
No. of funds	1	No. of funds	—

For the year ended March 31, 2020 (from 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

No applicable items

For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

Name of fund	Date of establishment	Total commitment amount (Millions of yen)	Main investment targets
Hokkaido SME Global Fund, L.P.	April 2020	151	SMEs in Hokkaido those intend to grow the business through overseas expansion and incorporation of demand related to inbound tourism

For the year ended March 31, 2020 (from 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 from the fiscal year-end

	For the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)	For the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)
Total commitment amount in investment funds (Millions of yen)	2,540	5,998	—
No. of funds	2	4	—

Notes to tables i) to iv) above:

1. 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.
2. The total amount of fund is listed as the amount of commitment base.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2020	As of December 31, 2020
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	4,520	5,329
Operational investment securities	9,848	9,508
Allowance for possible investment losses	(1,574)	(1,602)
Operating loans	204	204
Other	767	636
Total current assets	13,767	14,077
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	211
Accumulated depreciation	(17)	(7)
Buildings and structures, net	12	204
Machinery and equipment	8,826	9,480
Accumulated depreciation	(373)	(566)
Machinery and equipment, net	8,452	8,913
Vehicles, tools, furniture and fixtures	71	54
Accumulated depreciation	(63)	(36)
Vehicles, tools, furniture and fixtures, net	7	17
Land	87	91
Construction in progress	3,559	14
Total property, plant and equipment	12,119	9,241
Intangible assets		
Power production facilities concessions	1,491	1,382
Other	228	255
Total intangible assets	1,719	1,637
Investments and other assets		
Investment securities	386	352
Distressed receivables	64	52
Other	509	466
Allowance for doubtful accounts	(18)	(13)
Total investments and other assets	941	857
Total non-current assets	14,780	11,737
Total assets	28,548	25,814

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Short-term borrowings	1,403	1,015
Current portion of bonds payable	540	6
Accrued expenses	1,756	133
Income taxes payable	80	2
Provision for bonuses	64	28
Other	31	30
Total current liabilities	3,876	1,217
Non-current liabilities		
Bonds payable	—	188
Long-term borrowings	15,390	15,415
Deferred tax liabilities	10	6
Retirement benefit liability	123	138
Asset retirement obligations	431	444
Total non-current liabilities	15,955	16,193
Total liabilities	19,832	17,411
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,408	3,408
Retained earnings	(1,608)	(1,972)
Treasury shares	(353)	(353)
Total shareholders' equity	6,871	6,508
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	194	133
Foreign currency translation adjustment	152	136
Total accumulated other comprehensive income	347	270
Share acquisition rights	25	27
Non-controlling interests	1,472	1,597
Total net assets	8,716	8,403
Total liabilities and net assets	28,548	25,814

(2) Consolidated Statements of Income

	(Millions of yen)	
	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)
Operating revenue	1,801	2,969
Operating costs	1,253	2,072
Operating gross profit	548	897
Selling, general and administrative expenses	939	1,032
Operating loss	(391)	(135)
Non-operating income		
Interest income	5	6
Dividend income	4	2
Foreign exchange gains	2	19
Gain on investments in investment partnerships	6	43
Miscellaneous income	3	4
Total non-operating income	22	76
Non-operating expenses		
Interest expenses	243	249
Miscellaneous loss	2	—
Total non-operating expenses	245	249
Ordinary loss	(614)	(308)
Extraordinary income		
Gain on sales of non-current assets	6	3
Gain on sales of investment securities	2	4
Gain on redemption of investment securities	—	8
Gain on sales of shares of subsidiaries and associates	4	—
Other	4	1
Total extraordinary income	17	18
Extraordinary losses		
Loss on valuation of investment securities	—	27
Other	—	3
Total extraordinary losses	—	30
Loss before income taxes	(596)	(320)
Income taxes - current	15	12
Total income taxes	15	12
Loss	(612)	(332)
Profit attributable to non-controlling interests	98	30
Loss attributable to owners of parent	(710)	(363)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)
Loss	(612)	(332)
Other comprehensive income		
Valuation difference on available-for-sale securities	374	134
Foreign currency translation adjustment	(41)	(10)
Share of other comprehensive income of entities accounted for using equity method	198	(151)
Total other comprehensive income	531	(27)
Comprehensive income	(80)	(360)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(372)	(440)
Comprehensive income attributable to non-controlling interests	291	80

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Loss before income taxes	(596)	(320)
Depreciation	11	24
Increase (decrease) in allowance for investment loss	78	(45)
Increase (decrease) in allowance for doubtful accounts	(6)	(4)
Increase (decrease) in provision for bonuses	(39)	(35)
Increase (decrease) in retirement benefit liability	4	14
Interest and dividend income	(8)	(6)
Interest expenses	117	98
Loss (gain) on investments in investment partnerships	(6)	(43)
Loss on valuation of operational investment securities	49	27
Decrease (increase) in investment securities for sale	(158)	429
Decrease (increase) in operating loans receivable	(89)	(118)
Decrease (increase) in distressed receivables	17	11
Payment for purchase of investment funds	(1,383)	(422)
Dividends from investment funds	1,353	2,107
Increase (decrease) in investment funds of minority interest	(140)	(28)
Other, net	(27)	(96)
Subtotal	(826)	1,591
Interest and dividends received	8	6
Interest paid	(148)	(124)
Income taxes paid	(18)	(24)
Income taxes refund	34	142
Net cash provided by (used in) operating activities	(950)	1,591
Cash flows from investing activities		
Purchase of property, plant and equipment	(0)	(48)
Proceeds from sales of property, plant and equipment	20	10
Purchase of intangible assets	(9)	(35)
Proceeds from sales of investment securities	8	46
Proceeds from redemption of investment securities	47	38
Other, net	(2)	7
Net cash provided by (used in) investing activities	64	18
Cash flows from financing activities		
Repayments of long-term borrowings	(1,617)	(1,216)
Other, net	(0)	—
Net cash provided by (used in) financing activities	(1,617)	(1,216)
Effect of exchange rate change on cash and cash equivalents	(20)	(9)
Net increase (decrease) in cash and cash equivalents	(2,524)	383
Cash and cash equivalents at beginning of period	4,082	2,723
Cash and cash equivalents at end of period	1,557	3,107

(5) Notes on Quarterly Consolidated Financial Statements

(Notice Concerning Notes on Matters Regarding the Assumption of Going Concern)

No applicable items

(Notice Concerning Notes on Significant Changes in Shareholder's Equity)

No applicable items

(Additional Information)

COVID-19 has a widespread impact on the economy and business activities. However, the impact on the Group has been limited since the end of the previous consolidated fiscal year.

We make accounting estimates of investment valuations based on the assumption that the impact of this infectious disease on the economy and corporate activities will be new normal.

Information for Reference Purposes:

Consolidated Financial Results for the Third Quarter Ended December 31, 2020

February 12, 2021

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Third Quarter Ended December 31, 2020 (As of December 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 third quarter ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated results of operations (cumulative total)

(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 nine months ended December 31, 2020	1,978	111.1	(311)	—	(335)	—	(361)	—
For nine months ended December 31, 2019	937	(22.8)	(658)	—	(753)	—	(752)	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
For nine months ended December 31, 2020	(20.42)		—	
For nine months ended December 31, 2019	(42.53)		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	14,028	6,812	48.4	383.29
As of March 31, 2020	15,800	7,248	45.7	408.06

(Reference) Total shareholders' equity As of December 31, 2020: 6,785 millions of yen, As of March 31, 2020: 7,223 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 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 the year ending March 31, 2021	10.17

(Note) Revision of dividends forecast during the current quarterly period: None

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 December 31, 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 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.

For details, please refer to “3. Business Performance and Financial Condition (3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard” on page 17 in this report.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	For the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Total operating revenue (A)	937	1,978	2,760
Management fees	153	126	199
Proceeds of sales of operational investment securities (B)	566	1,615	2,349
Fund interests income and Income gains etc.	187	198	172
Other operating revenue	29	38	40
Total operating cost (C)	815	1,470	1,401
Cost of securities sold (D)	436	937	965
Investment write-offs & Provision for allowance for possible investment losses (E)	237	218	245
Fund interests losses etc.	137	308	184
Other operating cost	4	5	5
Operating gross profit (A) - (C)	121	507	1,359
Realized capital gains (B) - (D)	129	677	1,383
Investment income (B) - (D)-(E)	(107)	458	1,137

(2) Asset, Liability and Net asset

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020	As of March 31, 2020
Total asset	14,972	14,028	15,800
Total liabilities	8,520	7,215	8,551
Loans payable	8,166	6,950	8,166
Total net asset	6,452	6,812	7,248
Total shareholders' equity	6,427	6,785	7,223

(3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard

There are no revisions on “result forecast consolidated under the Previous Accounting Standard” for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021) disclosed on May 15, 2020 in “Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese Standards] (Summary of Japanese announcement)”. However, among the prerequisite conditions, breakdown of proceeds of sales of operational investment securities has been revised. For details, please refer to “3. Business Performance and Financial Condition (3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard” on page 18 in Consolidated Financial Results for the Second Quarter Ended September 30, 2020 [Japanese Standards] (Summary of Japanese announcement).

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	3,920	4,103
Operational investment securities	11,728	9,787
Allowance for possible investment losse	(1,092)	(1,121)
Operating loans	294	413
Other	219	129
Total current assets	15,070	13,313
Non-current assets		
Property, plant and equipment		
Buildings and structures	29	36
Accumulated depreciation	(17)	(2)
Buildings and structures, net	12	33
Vehicles, tools, furniture and fixtures	70	53
Accumulated depreciation	(63)	(36)
Vehicles, tools, furniture and fixtures, net	6	16
Land	9	0
Total property, plant and equipment	28	50
Intangible assets		
Other	213	240
Total intangible assets	213	240
Investments and other assets		
Investment securities	386	352
Distressed receivables	64	52
Other	55	32
Allowance for doubtful accounts	(18)	(13)
Total investments and other assets	488	424
Total non-current assets	730	715
Total assets	15,800	14,028

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Short-term borrowings	513	507
Accrued expenses	64	57
Income taxes payable	80	2
Provision for bonuses	64	28
Other	40	30
Total current liabilities	764	628
Non-current liabilities		
Long-term borrowings	7,653	6,442
Deferred tax liabilities	10	6
Retirement benefit liability	123	138
Total non-current liabilities	7,787	6,587
Total liabilities	8,551	7,215
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,703)	(2,065)
Treasury shares	(353)	(353)
Total shareholders' equity	6,874	6,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	353	278
Foreign currency translation adjustment	(3)	(5)
Total accumulated other comprehensive income	349	272
Share acquisition rights	25	27
Total net assets	7,248	6,812
Total liabilities and net assets	15,800	14,028

(2) Consolidated Statements of Income

	(Millions of yen)	
	For nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)	For nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)
Operating revenue	937	1,978
Operating cost	815	1,470
Operating gross profit	121	507
Selling, general and administrative expenses	780	819
Operating loss	(658)	(311)
Non-operating income		
Interest income	5	6
Dividend income	4	2
Foreign exchange gains	2	19
Gain on investments in investment partnerships	6	43
Miscellaneous income	3	3
Total non-operating income	22	74
Non-operating expenses		
Interest expenses	117	98
Miscellaneous loss	0	—
Total non-operating expenses	117	98
Ordinary loss	(753)	(335)
Extraordinary income		
Gain on sales of non-current assets	6	3
Gain on sales of investment securities	2	4
Gain on redemption of investment securities	—	8
Gain on sales of shares of subsidiaries and associates	4	—
Other	3	—
Total extraordinary income	16	16
Extraordinary losses		
Loss on valuation of investment securities	—	27
Other	—	3
Total extraordinary losses	—	30
Loss before income taxes	(737)	(349)
Income taxes - current	15	12
Total income taxes	15	12
Loss	(752)	(361)
Loss attributable to owners of parent	(752)	(361)