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Consolidated Financial Results
for the First Quarter Ended June 30, 2021
[Japanese Standards]
(Summary of Japanese announcement)

August 13, 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: August 13, 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 first quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(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 three months ended June 30, 2021	505	(18.2)	(223)	—	(276)	—	(288)	—
For three months ended June 30, 2020	617	27.8	(185)	—	(232)	—	(245)	—

(Note) Comprehensive Income

For three months ended June 30, 2021: (327) millions of yen (—%)

For three months ended June 30, 2020: (274) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2021	(16.31)	—
For three months ended June 30, 2020	(13.85)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	24,268	8,767	28.8	394.72
As of March 31, 2021	25,165	9,106	29.1	413.98

(Reference) Total shareholders' equity As of June 30, 2021: 6,987 millions of yen As of March 31, 2021: 7,328 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, 2021	—	0.00	—	0.00	0.00
Year ending March 31, 2022	—	—	—	—	—
Year ending March 31, 2022(forecast)	—	0.00	—	0.00	0.00

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

3. Outlook for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

The overall private equity investment business conducted by the Group (including investment partnerships) is significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment. Therefore we do not disclose the results forecast. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)” on page 18 in this report and “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 24 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards]” disclosed on May 14, 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 JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

4. Other matters

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

(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)	Three months ended June 30, 2021:	17,884,392 shares	Year ended March 31, 2021:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Three months ended June 30, 2021:	181,009 shares	Year ended March 31, 2021:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Three months ended June 30, 2021:	17,703,383 shares	Three months ended June 30, 2020:	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 June 30, 2021 will be released on our website on August 13, 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. 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, 2022 (April 1, 2021 to March 31, 2022)” on page 18 in this report and “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 24 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards]” disclosed on May 14, 2021.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Total operating revenue	617	505	3,709
Management fees	33	30	122
Proceeds of sales of operational investment securities	75	141	2,112
Fund interests income and Income gains etc.	502	326	1,450
Other operating revenue	6	6	24
Total operating cost	464	364	2,516
Cost of securities sold	20	124	1,199
Investment write-offs & Provision for allowance for possible investment losses	0	28	199
Fund interests losses etc.	441	208	1,109
Other operating cost	1	2	7
Operating gross profit	153	140	1,192

(2) Cash flows

(Millions of yen)

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Cash flow from operating activities	28	(533)	1,728
Cash flow from investing activities	39	(0)	61
Cash flow from financing activities	(513)	(507)	(1,216)
Cash and cash equivalents at the end of period	2,274	2,276	3,301

(3) Breakdown of total assets

(Millions of yen)

	As of June 30, 2020		As of June 30, 2021		As of March 31, 2021	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	30,459	—	24,268	—	25,165	—
Cash and deposits	4,592	—	5,412	—	6,486	—
Property, plant and equipment	13,527	—	7,856	—	7,852	—
Operational Investment Securities (A)	9,786	—	9,513	—	9,379	—
Allowance for Possible Investment Loss (B)	(1,568)	16.0	(1,310)	13.8	(1,349)	14.4

(4) Breakdown of Loans payable and bonds

(Millions of yen)

	As of June 30, 2020	As of June 30, 2021	As of March 31, 2021
Total of loans payable and bonds	20,715	14,325	14,990
Loans payable; Non-consolidated base	7,653	6,442	6,950
Loans payable by project finance and bonds ; Consolidated projects	13,062	7,882	8,039

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment and new loan

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)		For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)		For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area						
Project investment (Japan)	6	338	4	142	14	1,445
Private equity investment subtotal	1	184	3	720	5	322
Japan	1	184	3	720	5	322
China, Hong Kong, Taiwan etc.	-	-	-	-	-	-
2) Investment program						
Project oriented investment subtotal	6	338	4	142	14	1,445
Renewable energy	2	200	2	17	4	246
Healthcare	3	58	1	28	5	452
Smart agriculture	1	80	-	-	1	530
Distribution center	-	-	1	97	4	217
Other	-	-	-	-	-	-
Private equity investment subtotal	1	184	3	720	5	322
Strategic investment	-	-	2	230	2	214
Financial investment	1	184	1	490	3	107
Total	7	523	7	862	19	1,767

Note 1 Due to an increase in loan execution for the projects by the JAIC Group, the aggregation method has been changed from the previous fiscal year to include loans extended to the projects (excluding distressed receivables) in the scope of aggregation. As a result of this change, new investments and loans for three months ended June 30, 2020 increased by 58 million yen in 3 projects.

Note 2 Based on the Medium-term Management Plan (from FY Mar. 2022 to FY Mar. 2024) announced on December 28, 2020, the presentation by type has been changed from the previous fiscal year. Due to this change, the figures for three months ended June 30 have also been reclassified.

Note 3 Strategic investment is investment in partner companies in the projects for which the JAIC Group makes investment or provides loans. Financial investment is investment in companies other than strategic investment.

ii) Balance of investment and loan

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)		For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)		For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area						
Project investment (Japan)	35	7,099	34	6,208	33	6,088
Private equity investment subtotal	97	8,560	90	7,313	88	6,767
Japan	52	3,978	50	4,324	48	3,652
China, Hong Kong, Taiwan etc.	45	4,581	40	2,989	40	3,115
2) Investment program						
Project oriented investment subtotal	35	7,099	34	6,208	33	6,088
Renewable energy	27	5,932	21	4,020	21	3,999
Healthcare	4	347	7	766	6	738
Smart agriculture	1	146	1	514	1	532
Distribution center	2	373	4	637	4	540
Other	1	300	1	270	1	277
Private equity investment subtotal	97	8,560	90	7,313	88	6,767
Strategic investment	6	1,005	7	1,355	6	1,155
Financial investment	91	7,555	83	5,958	82	5,612
Total	132	15,660	124	13,522	121	12,855

Note 1 Due to an increase in loan execution for the projects by the JAIC Group, the aggregation method has been changed from the previous fiscal year to include loans extended to the projects (excluding distressed receivables) in the scope of aggregation. As a result of this change, the balance of investments and loans as of June 30, 2020 increased by 147 million yen in 3 projects.

Note 2 Based on the Medium-term Management Plan (from FY Mar. 2022 to FY Mar. 2024) announced on December 28, 2020, the presentation by type has been changed from the previous fiscal year. Due to this change, the figures as of June 30, 2020 have also been reclassified.

Note 3 Strategic investment is investment in partner companies in the projects for which the JAIC Group makes investment or provides loans. Financial investment is investment in companies other than strategic investment.

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

i)Number of IPOs

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Number of IPOs (total of Japan & overseas)	—	1 company	2 companies
First price multiple (average of Japan & overseas)	—	1.6 times	2.3 times

Note: First price multiple = Market value of shares held by the Group calculated at first price/Total our acquisition cost.
We do not include listed shares those we acquired by equity swaps when we calculate the first price multiple.

ii) JAIC-Backed IPOs

For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

Company Name	Date of IPO	Market	Business	Head quarters
WonderPlanet Inc.	10-Jun-21	TSE Mothers	Entertainment Services Business	Japan

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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

(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

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)			For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)			For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		
	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)
During operation period	6	8,380	4,040	5	7,511	3,478	4	6,510	2,720
Maturity is being exte nded	5	8,100	3,480	4	6,958	1,904	4	6,913	2,279
During liquidation procedure	1	1,011	55	2	2,550	1,070	3	3,026	1,053
Total [Total commitment amount of JAIC group]	12	17,491 [5,198]	7,576	11	17,020 [5,470]	6,453	11	16,450 [5,434]	6,053

Note: 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 the previous fiscal year.

ii) Funds during operation period (as of June 30, 2021)

Name of fund	Inception	Maturity	Total commitment amount (Millions of yen)	Features
JAIC Venture Capital Investment L.P.	Feb. 2016	Feb. 2026	2,000	Secondary investment fund targeting mainly venture companies in Japan. Domestic leading financial institution invested in this fund.
Succession Investment Limited Partnership, I	Jun. 2017	Jun. 2027	3,000	General partner of the Fund is a joint venture between JAIC and Aozora Bank, Ltd. an affiliated company not covered by the equity method. Supporting the business succession needs of SMEs in Japan.
JAIC-Solar Fund, L.P.,II	Mar. 2020	Dec. 2039	1,359	Investment target of the Fund is mega solar projects in operation.
Hokkaido SME Global Fund, L.P.	Apr. 2020	Dec. 2026	151	JAIC and Asian Market Planning Co., Ltd. jointly manage the Fund as Co-GP. Investing in SMEs in Hokkaido that operate or aim to operate in oversea market and that promote business to meet inbound demand

Name of fund	Inception	Maturity	Total commitment amount (Millions of yen)	Features
AJC Venture Capital Investment Limited Partnership	Jun. 2021	Jun. 2031	1,001	Secondary investment fund targeting mainly venture companies in Japan. General partner of the Fund is a joint venture between JAIC and Aozora Bank, Ltd. an affiliated company not covered by the equity method.

Notes:

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

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	6,486	5,412
Operational investment securities	9,379	9,513
Allowance for possible investment loss	(1,349)	(1,310)
Operating loans	204	204
Other	355	392
Total current assets	15,075	14,213
Non-current assets		
Property, plant and equipment		
Buildings and structures	211	211
Accumulated depreciation	(9)	(12)
Buildings and structures, net	201	198
Machinery and equipment	7,968	7,968
Accumulated depreciation	(514)	(632)
Machinery and equipment, net	7,453	7,336
Vehicles, tools, furniture and fixtures	55	57
Accumulated depreciation	(38)	(41)
Vehicles, tools, furniture and fixtures, net	16	16
Land	46	46
Construction in progress	133	258
Total property, plant and equipment	7,852	7,856
Intangible assets		
Power production facilities concessions	1,210	1,194
Other	246	243
Total intangible assets	1,456	1,438
Investments and other assets		
Investment securities	365	345
Distressed receivables	49	46
Other	377	379
Allowance for doubtful accounts	(12)	(10)
Total investments and other assets	780	760
Total non-current assets	10,089	10,055
Total assets	25,165	24,268

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	919	1,225
Current portion of bonds payable	6	6
Accrued expenses	389	380
Income taxes payable	39	29
Provision for bonuses	49	17
Other	30	175
Total current liabilities	1,434	1,835
Non-current liabilities		
Bonds payable	185	185
Long-term borrowings	13,879	12,907
Deferred tax liabilities	19	28
Retirement benefit liability	137	140
Asset retirement obligations	403	403
Total non-current liabilities	14,624	13,665
Total liabilities	16,059	15,501
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,515	3,515
Retained earnings	(1,575)	(1,864)
Treasury shares	(353)	(353)
Total shareholders' equity	7,012	6,723
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	46
Foreign currency translation adjustment	191	217
Total accumulated other comprehensive income	316	264
Share acquisition rights	27	28
Non-controlling interests	1,749	1,750
Total net assets	9,106	8,767
Total liabilities and net assets	25,165	24,268

(2) Consolidated Statements of Income

	(Millions of yen)	
	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
Operating revenue	617	505
Operating costs	464	364
Operating gross profit	153	140
Selling, general and administrative expenses	338	364
Operating loss	(185)	(223)
Non-operating income		
Interest income	1	2
Dividend income	1	1
Foreign exchange gains	3	6
Gain on investments in investment partnerships	26	1
Miscellaneous income	1	1
Total non-operating income	34	12
Non-operating expenses		
Interest expenses	81	65
Miscellaneous losses	—	0
Total non-operating expenses	81	65
Ordinary loss	(232)	(276)
Extraordinary income		
Gain on redemption of investment securities	8	—
Other	0	—
Total extraordinary income	8	—
Extraordinary losses		
Loss on redemption of investment securities	0	—
Total extraordinary losses	0	—
Loss before income taxes	(224)	(276)
Income taxes - current	3	1
Total income taxes	3	1
Loss	(227)	(277)
Profit attributable to non-controlling interests	17	10
Loss attributable to owners of parent	(245)	(288)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
Loss	(227)	(277)
Other comprehensive income		
Valuation difference on available-for-sale securities	44	(47)
Foreign currency translation adjustment	(8)	33
Share of other comprehensive income of entities accounted for using equity method	(81)	(34)
Total other comprehensive income	(46)	(49)
Comprehensive income	(274)	(327)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(298)	(340)
Comprehensive income attributable to non-controlling interests	24	13

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Loss before income taxes	(224)	(276)
Depreciation	9	4
Increase (decrease) in allowance for investment loss	(2)	—
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	(45)	(31)
Increase (decrease) in retirement benefit liability	4	3
Interest and dividend income	(2)	(3)
Interest expenses	34	28
Loss (gain) on investments in investment partnerships	(26)	(1)
Loss on valuation of operational investment securities	—	28
Decrease (increase) in investment securities for sale	122	(171)
Decrease (increase) in operating loans receivable	(58)	(27)
Decrease (increase) in distressed receivables	2	2
Payment for purchase of investment funds	(295)	(179)
Dividends from investment funds	648	53
Increase (decrease) in investment funds of non-controlling interest	(13)	(9)
Other, net	(61)	95
Subtotal	90	(485)
Interest and dividends received	2	3
Interest paid	(53)	(44)
Income taxes paid	(12)	(6)
Net cash provided by (used in) operating activities	28	(533)
Cash flows from investing activities		
Purchase of intangible assets	(9)	—
Proceeds from sale of investment securities	4	—
Proceeds from redemption of investment securities	38	—
Other, net	6	(0)
Net cash provided by (used in) investing activities	39	(0)
Cash flows from financing activities		
Repayments of long-term borrowings	(513)	(507)
Net cash provided by (used in) financing activities	(513)	(507)
Effect of exchange rate change on cash and cash equivalents	(3)	17
Net increase (decrease) in cash and cash equivalents	(449)	(1,024)
Cash and cash equivalents at beginning of period	2,723	3,301
Cash and cash equivalents at end of period	2,274	2,276

(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

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition and Its Implementation Guidance)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related standards from the beginning of the first quarter of the current fiscal year. The Company now recognizes revenue when control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services. These changes have no impact on the quarterly consolidated financial statements.

(Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") and other related standards from the beginning of the first quarter of the current fiscal year.

The Company has decided to apply the new accounting policies set forth by the "Accounting Standard for Fair Value Measurement" into the future in accordance with the transitional treatment prescribed in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

As a result, from the beginning of the first quarter of the current fiscal year, of other securities, investments other than stocks of unlisted investees have been booked on the consolidated balance sheet at fair value, instead of at acquisition cost. The valuation difference was booked directly in net assets.

(Additional Information)

The assumptions regarding the impact of COVID-19 on the Group have not changed significantly since the end of the previous consolidated fiscal year.

Information for Reference Purposes:

Consolidated Financial Results for the First Quarter Ended June 30, 2021

August 13, 2021

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the First Quarter Ended June 30, 2021 (As of June 30, 2021)

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 first quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(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 three months ended June 30, 2021	168	(40.1)	(270)	—	(286)	—	(287)	—
For three months ended June 30, 2020	282	43.6	(246)	—	(246)	—	(241)	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
For three months ended June 30, 2021	(16.22)		—	
For three months ended June 30, 2020	(13.65)		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	13,900	7,027	50.3	395.33
As of March 31, 2021	14,657	7,366	50.1	414.50

(Reference) Total shareholders' equity As of June 30, 2021: 6,998 millions of yen, As of March 31, 2021: 7,338 millions of yen

2. Outlook for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

The private equity investment business conducted by the Group will be significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality.

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

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ending September 30, 2021	700	29.4	(220)	—	(250)	—	(250)	—
For the year ending March 31, 2022	2,950	(4.5)	510	137.8	430	147.2	340	134.8

	Net income per share
	Yen
For six months ending September 30, 2021	(14.12)
For the year ending March 31, 2022	19.21

(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 June 30, 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 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 19 in this report and “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 24 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards]” disclosed on May 14, 2021.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Total operating revenue	282	168	3,089
Management fees	45	41	169
Proceeds of sales of operational investment securities	73	104	2,221
Fund interests income and Income gains etc.	150	9	648
Other operating revenue	12	12	49
Total operating cost	270	165	1,788
Cost of securities sold	19	88	1,249
Investment write-offs & Provision for allowance for possible investment losses	0	28	194
Fund interests losses etc.	249	46	336
Other operating cost	1	2	7
Operating gross profit	11	3	1,301

(2) Asset, Liability and Net asset

(Millions of yen)

	As of June 30, 2020	As of June 30, 2021	As of March 31, 2021
Total asset	14,877	13,900	14,657
Total liabilities	7,922	6,873	7,291
Loans payable	7,653	6,442	6,950
Total net asset	6,954	7,027	7,366
Total shareholders' equity	6,928	6,998	7,338

(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, 2022 (from April 1, 2021 to March 31, 2022) disclosed on May 14, 2021 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards] (Summary of Japanese announcement)”.

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	3,699	2,781
Operational investment securities	10,457	10,587
Allowance for possible investment losse	(845)	(804)
Operating loans	444	471
Other	187	176
Total current assets	13,942	13,212
Non-current assets		
Property, plant and equipment		
Buildings and structures	36	36
Accumulated depreciation	(3)	(3)
Buildings and structures, net	33	32
Vehicles, tools, furniture and fixtures	54	54
Accumulated depreciation	(38)	(40)
Vehicles, tools, furniture and fixtures, net	15	14
Land	0	0
Total property, plant and equipment	49	47
Intangible assets		
Other	231	228
Total intangible assets	231	228
Investments and other assets		
Investment securities	365	345
Distressed receivables	49	46
Other	32	32
Allowance for doubtful accounts	(12)	(10)
Total investments and other assets	434	413
Total non-current assets	715	688
Total assets	14,657	13,900

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	507	808
Accrued expenses	57	38
Income taxes payable	39	29
Provision for bonuses	49	17
Other	38	176
Total current liabilities	691	1,071
Non-current liabilities		
Long-term borrowings	6,442	5,633
Deferred tax liabilities	19	28
Retirement benefit liability	137	140
Total non-current liabilities	6,599	5,802
Total liabilities	7,291	6,873
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,559)	(1,846)
Treasury shares	(353)	(353)
Total shareholders' equity	7,019	6,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	318	245
Foreign currency translation adjustment	0	20
Total accumulated other comprehensive income	318	266
Share acquisition rights	27	28
Total net assets	7,366	7,027
Total liabilities and net assets	14,657	13,900

(2) Consolidated Statements of Income

	(Millions of yen)	
	For three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)	For three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)
Operating revenue	282	168
Operating cost	270	165
Operating gross profit	11	3
Selling, general and administrative expenses	257	273
Operating loss	(246)	(270)
Non-operating income		
Interest income	1	2
Dividend income	1	1
Foreign exchange gains	3	6
Gain on investments in investment partnerships	26	1
Miscellaneous income	1	1
Total non-operating income	34	12
Non-operating expenses		
Interest expenses	34	28
Miscellaneous loss	—	0
Total non-operating expenses	34	28
Ordinary loss	(246)	(286)
Extraordinary income		
Gain on redemption of investment securities	8	—
Total extraordinary income	8	—
Extraordinary losses		
Loss on redemption of investment securities	0	—
Total extraordinary losses	0	—
Loss before income taxes	(238)	(286)
Income taxes - current	3	0
Total income taxes	3	0
Loss	(241)	(287)
Loss attributable to owners of parent	(241)	(287)