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Qualitative Information on Consolidated Operating Results for the three months Ended June 30, 2021

(1) Outline of consolidated operating results

The consolidated operating results of the JAIC Group for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021) recorded operating revenue of 505 million yen (down 18.2% year-on-year), operating gross profit of 140 million yen (down 7.9 % year-on-year), operating loss of 223 million yen (compared to operating loss of 185 million yen for the first quarter of the previous fiscal year), ordinary loss of 276 million yen (compared to ordinary loss of 232 million yen for the first quarter of the previous fiscal year) and loss attributable to owners of parent of 288 million yen (compared to loss attributable to owners of parent of 245 million yen for the the first quarter of the previous fiscal year). The breakdown of operating results are as follows.

(a) Breakdown of operating revenue and operating cost

(Fund management fees)

Fund management fees etc. consist of management fees and administrative fees from investment funds. Fund management fees etc. decreased to 30 million yen (down 9.7% year-on-year). The management fees decreased because some investment funds changed their fee structures. The administrative fees decreased due to a decrease of NAV of investment funds.

(Investment income)

JAIC sold only private equity investments for the first quarter of the current fiscal year under review. The proceeds of sale of operational securities increased to 141 million yen (up 87.2% year-on-year). On the other hand realized capital gain, which is calculated by deducting cost of securities sold from proceeds of sales of operational investment securities, decreased to 16 million yen (down 69.4% year-on-year). This was due to unlisted shares of an investee those were liquidated by

prioritizing collection of funds over capital gain.

The total amount of investment write-offs and provision for allowance for possible investment losses increased to 28 million yen (up 3,768.0% year-on-year).

Since the business progress of an investee had been slower than planned, the amount of investment collection from the investee decreased.

As a result, investment loss, which is calculated by deducting investment write-offs and provision for allowance for possible investment losses from realized capital gains, amounted to 11 million yen (compared to investment income of 54 million yen for the first quarter of the previous fiscal year).

(Fund interests income, etc.)

Fund interests income, etc. includes revenue from electricity sales, revenue from vegetable sales and other revenues of the projects operated by the JAIC Group, interests income from the projects operated by other companies (such as net profits of the projects sourced from electricity sales and gains from the sale of projects), interests income from private equity funds operated by other companies, interest and dividend income and other income.

The total amount of fund interests income, etc. for the first quarter of the current fiscal year under review decreased to 326 million yen (down 34.9% year-on-year).

Out of this, revenue from electricity sales, revenue from vegetable sales and other revenues of the projects operated by the JAIC Group accounted for 321 million yen (down 23.9% year-on-year). The main factor of the decrease was the sale of some mega solar projects that were selling electricity in the previous fiscal year.

(Fund interests losses, etc.)

Fund interests losses, etc. includes cost of electricity sales, cost of producing vegetables and other costs of the projects operated by the JAIC Group, interests losses (such as costs, etc. of projects under construction) of the projects operated by other companies and interests losses, etc. of the private equity funds operated by other companies.

The total amount of fund interests losses etc. for the current fiscal year under review decreased to 208 million yen (down 52.7% year-on-year). Out of this, cost of electricity sales, cost of producing vegetables and other costs of the projects operated by the JAIC Group accounted for 181 million yen (down 22.3% year-on-year). The main factor of the decrease was the sale of some mega solar projects that are selling electricity in the previous fiscal year. Additionally, losses decreased

to 27 million yen (down 86.6% year-on-year) from the private equity funds operated by other companies.

As a result, operating revenue decreased by 18.2% year-on-year to 505 million yen, operating cost decreased by 21.5% year-on-year to 364 million yen and operating gross profit decreased by 7.9% year-on-year to 140 million yen.

(b) Selling, general and administrative expenses and operating income

The total amount of selling, general and administrative expenses increased to 364 million yen (up 7.7% year-on-year). It increased that labor costs of JAIC and taxes of projects operated by the JAIC Group.

As a result, operating loss was 223 million yen (compared to operating loss of 185 million yen for the first quarter of the previous fiscal year).

(c) Non-operating income, non-operating expenses and ordinary income

Non-operating income decreased to 12 million yen (down 62.9% year-on-year) due mainly to a decrease of gain on an investment partnership.

Non-operating expenses decreased to 65 million yen (down 19.0% year-on-year) due to a decrease of interest expenses. On the non-consolidated basis, interest expenses decreased with the reduction of loans payable. On the consolidated basis, for the projects operated by the JAIC Group, interest expenses also decreased. This was due to the sale of some mega solar projects with project finance in the previous fiscal year.

As a result, ordinary loss was 276 million yen (compared to ordinary loss of 232 million yen for the first quarter of the previous fiscal year).

(d) Profit/Loss attributable to owners of parent

As a result of deducting income taxes and profit attributable to non-controlling interests from ordinary loss, loss attributable to owners of parent amounted to 288 million yen (compared to loss attributable to owners of parent of 245 million yen for the first quarter of the previous fiscal year). JAIC properly estimated tax effect accounting and did not recognize deferred tax assets for both the first quarter of the previous fiscal year and the first quarter of the current fiscal year under review.

(2) Cash flows

(Cash flow from operating activities)

Net cash used in operating activities amounted to 533 million yen (compared to 28 million yen generated from for the first quarter of the previous fiscal year), due mainly to the decrease of distribution from investment funds.

(Cash flow from investing activities)

Net cash used in investing activities was 0 million yen (compared to 39 million yen generated from for the first quarter of the previous fiscal year). There were no significant proceeds or expenditures with non-operational investment securities and fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities with repayments of long-term borrowings decreased year-on-year to 507 million yen (compared to 513 million yen for the first quarter of the previous fiscal year).

Cash and cash equivalents as of June 30, 2021 decreased by 1,024 million yen from March 31, 2021 to 2,276 million yen, after adding effect of exchange rate change on cash and cash equivalents of 17 million yen.

(3) Financial position

(Assets)

Total assets as of June 30, 2021 decreased to 24,268 million yen (compared to 25,165 million yen as of March 31, 2021).

Cash and deposits decreased to 5,412 million yen (compared to cash and deposits of 6,486 million yen as of March 31, 2021) due to repayment of loans payable, payment of expenses and interests, and investment executions.

Meanwhile, the amount of the cash and deposits included deposits attributable to the investment funds operated by the JAIC Group. Those deposits must be managed in accordance with each fund's partnership agreement. The JAIC Group clearly separates and manages those deposits from cash and deposits belonging to the JAIC Group. Cash and deposits belonging to the JAIC Group were cash and cash equivalents of 2,276 million yen as of June 30, 2021 (compared to 3,301 million yen as of March 31, 2021) in the consolidated statements of cash flows.

In addition, private equity investments conducted by the JAIC Group are highly affected by factors such as stock market fluctuations due to the nature of their

business. It is difficult to make a reasonable forecast of business results in the current volatile environment. As a result, the amount of funds recovered from private equity investments could decline significantly. Under these circumstances, the JAIC Group must maintain a certain balance of cash and deposits at all times to ensure not only the payment of expenses and interests and the repayment of loans payable but also the investment for future growth.

Property, plant and equipment mainly consists of renewable energy power plant facilities of projects operated by the JAIC Group. Since there were no sale or new construction of power plants during the first quarter of the current fiscal year under review, the amount was 7,856 million yen (compared to 7,852 million yen as of March 31, 2021), which was almost the same as the end of the previous fiscal year.

Operational investment securities include the assets of the projects mainly operated by other companies in addition to private equity investment assets.

Operational investment securities as of June 30, 2021 increased to 9,513 million yen (compared to 9,379 million yen as of March 31, 2021) due mainly to new investment executions of private equity investment.

Allowance for possible investment losses as of June 30, 2021 decreased to 1,310 million yen (compared to 1,349 million yen as of March 31, 2021), because no provision was posted for the first quarter of the current fiscal year under review.

As a result, the investment loss provision ratio (ratio of allowance for possible investment losses to operational investment securities) as of June 30, 2021 was 13.8%, down 0.6 points from March 31, 2021.

(Liabilities)

Total liabilities decreased to 15,501 million yen as of June 30, 2021 (compared to 16,059 million yen as of March 31, 2021).

In liabilities, total of loans payable and bonds as of June 30, 2021 decreased to 14,325 million yen (compared to 14,990 million yen as of March 31, 2021). Loans payable of JAIC itself decreased to 6,442 million yen (compared to 6,950 million yen as of March 31, 2021). Project finance and bonds for the projects operated by the JAIC Group as of June 30, 2021 decreased to 7,882 million yen (compared to 8,039 million yen as of March 31, 2021).

Loans payable of JAIC itself decreased reflecting the repayments of 507 million yen

for the first quarter of the current fiscal year under review. After securing investment funds for future growth, JAIC will continue to repay its loans payable. The balance of loans payable by project finance and bonds for the projects operated by the JAIC Group decreased by 157 million yen due to no funds were procured for the first quarter of the current fiscal year under review. Project finance and bond for the projects operated by the JAIC Group will not affect the financial soundness of the JAIC Group, since its source of payments is limited to the assets and revenues of the projects. Therefore, the JAIC Group will continue to expand fund raising through project finance and bond. The JAIC Group will promote leveraged investment in a wide range of projects including renewable energy projects operated by the JAIC Group. This enhance profitability of the JAIC Group without compromising on financial soundness.

(Net assets)

In net assets, total shareholders' equity as of June 30, 2021 decreased to 6,987 million yen (compared to 7,328 million yen as of March 31, 2021) due to a quarterly net loss attributable to owners of the parent and a decrease in unrealized gains on securities. As a result, the equity ratio as of June 30, 2021 fell by 0.3 points to 28.8% (compared to 29.1% as of March 31, 2021). Total net assets as of June 30, 2021 also decreased to 8,767 million yen (compared to 9,106 million yen as of March 31, 2021).

(4) Business Position

(a) Investment and loan activities

For the first quarter of the current fiscal year under review, new investments and loans increased by 65.0% year-on-year to 862 million yen in 7 companies/projects. As of June 30, 2021, the balance of investments and loans increased to 13,522 million yen in 124 companies/projects (compared to 12,855 million yen in 121 companies/projects as of March 31, 2021).

As for private equity investment, when JAIC's own capital is invested, JAIC makes strategic investment in partner companies for project oriented investment. JAIC invests its own capital in a selective manner based on business themes in line with its management philosophy in principle. When the capital of a fund is invested, JAIC makes financial investment pursuant to the fund's investment policy.

For the first quarter of the current fiscal year under review, new investments

increased by 290.5% year-on-year to 720 million yen in 3 companies.

The amount increased due to the execution of strategic investments and the execution of an investment from the fund supporting the business succession needs. The balance of investments and loans increased to 7,313 million yen in 90 companies (compared to 6,767 million yen in 88 companies as of March 31, 2021), since no large scale divestment was executed for the first quarter of the current fiscal year under review.

Looking at project oriented investment for the first quarter of the current fiscal year under review, new investments and loans decreased by 57.9% year-on-year to 142 million yen in 4 projects. The investment amounts in renewable energy projects decreased.

No project was sold during the first quarter of the current fiscal year. As a result, the balance of investments and loans as of June 30, 2021 increased to 6,208 million yen in 34 projects (compared to 6,088 million yen in 33 projects as of March 31, 2021).

As of June 30, 2021, JAIC invested in 16 mega solar projects (18 power plants) with the capacity of 70.5MW which are either currently selling electricity or are under construction or planning. Out of these mega solar projects, the portion that attributable to JAIC is 26.7MW in capacity. JAIC also invested in one woody biomass project with the capacity of 2.0MW, two biogas projects with the capacity of 1.1MW, one biogas plant operator and one wind power project with the capacity of 25.2 MW at most.

(b) Management of investment funds

As of June 30, 2021, the number of investment funds, for which the JAIC Group is responsible for management, operation or provision of investment information, totaled 11, and the balance of total commitment amounts under management amounted to 17,020 million yen (compared to 11 investment funds with 16,450 million yen as of March 31, 2021).

In the first quarter of the current fiscal year under review, the total commitment amount in investment funds was impacted by the completion of liquidation procedures of 1 fund (total commitment amount of 500 million yen) which had been under liquidation procedure and establishment of 1 fund (total commitment amount of 1,001 million yen).

(End)