

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. The Company 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 Year Ended March 31, 2022
[Japanese Standards]
(Summary of Japanese announcement)

May 13, 2022

Company name: Japan Asia Investment Co., Ltd.
Listed on: Tokyo Stock Exchange, Standard Market (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 ordinary general meeting of shareholders: June 28, 2022
Scheduled date for submission of annual report: June 29, 2022
Scheduled date for start of payment of dividends: —
The additional materials of the Financial Results: Yes
The briefing session of the Financial Results: None *We will distribute a video explaining financial results in Japanese on our website.

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

1. Consolidated business results for the year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated results of operations

(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 the year ended March 31, 2022	3,204	(13.6)	(237)	—	(412)	—	19	(42.5)
For the year ended March 31, 2021	3,709	(6.1)	(163)	—	(399)	—	33	(90.3)

(Note) Comprehensive Income

For the year ended March 31, 2022: 798 millions of yen 358.4%

For the year ended March 31, 2021: 174 millions of yen (71.9)%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2022	1.09	1.08	0.3	(1.8)	(7.4)
For the year ended March 31, 2021	1.89	1.88	0.5	(1.5)	(4.4)

(Reference)Equity in earnings (loss) of affiliates

For the year ended March 31 2022: — millions of yen

For the year ended March 31 2021: — millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	20,231	9,443	38.4	438.69
As of March 31, 2021	25,165	9,106	29.1	413.98

(Reference) Total shareholders' equity;

As of March 31, 2022: 7,766 millions of yen / As of March 31, 2021: 7,328 millions of yen

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2022	(145)	212	(1,007)	2,397
For the year ended March 31, 2021	1,728	61	(1,216)	3,301

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, 2022	—	0.00	—	0.00	0.00
Year ended March 31, 2021	—	0.00	—	0.00	0.00
Year ending March 31, 2023 (forecast)	—	0.00	—	0.00	0.00

3. Outlook for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2023 (April 1, 2022 to March 31, 2023)” on page 24.

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) 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

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	The year ended March 31, 2022:	17,884,392 shares	The year ended March 31, 2021:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	The year ended March 31, 2022:	181,009 shares	The year ended March 31, 2021:	181,009 shares
(ii) Average number of shares during the period	The year ended March 31, 2022:	17,703,383 shares	The year ended March 31, 2021:	17,703,383 shares

Reference: Non-consolidated results

Business results for the year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Results of operations

(Percentages indicate year-on-year increase or decrease)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2022	2,244	(22.8)	132	(32.4)	118	(22.3)	106	(20.9)
For the year ended March 31, 2021	2,907	13.4	196	(11.7)	152	63.0	134	(45.8)

	Net income per share	Diluted net income per share
	Yen	Yen
For the year ended March 31, 2022	6.02	5.99
For the year ended March 31, 2021	7.61	7.58

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	14,571	7,454	50.9	419.29
As of March 31, 2021	14,254	7,001	48.9	393.89

(Reference) Total shareholders' equity As of March 31, 2022: 7,422 millions of yen / As of March 31, 2021: 6,973 millions of yen

*This report is not subject to audit procedures.

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

The additional materials of the financial results for the year ended March 31, 2022 will be released on our website on May 13, 2022.

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.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Total operating revenue	3,709	3,204
Management fees	122	117
Proceeds of sales of operational investment securities	2,112	1,732
Fund interests income and Income gains etc.	1,450	1,330
Other operating revenue	24	24

Total operating cost	2,516	1,971
Cost of securities sold	1,199	887
Investment write-offs & Provision for allowance for possible investment losses	199	160
Fund interests losses etc.	1,109	914
Other operating cost	7	10

Operating gross profit	1,192	1,232
------------------------	-------	-------

(2) Investment income

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)			For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		
	Project investment	Private equity investment	total	Project investment	Private equity investment	total
Proceeds of sales of operational investment securities (A)	689	1,422	2,112	669	1,062	1,732
Cost of securities sold (B)	501	697	1,199	521	365	887
Realized capital gains (A)-(B)	188	725	913	147	697	845
Investment write-offs & Provision for allowance for possible investment losses (C)	—	199	199	—	160	160
Investment income (A)-(B)-(C)	188	525	713	147	537	685

(3) Cash flows

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Cash flow from operating activities	1,728	(145)
Cash flow from investing activities	61	212
Cash flow from financing activities	(1,216)	(1,007)
Cash and cash equivalents at the end of period	3,301	2,397

(4) Breakdown of total assets

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	25,165	—	20,231	—
Cash and deposits	6,486	—	5,666	—
Property, plant and equipment	7,852	—	4,148	—
Operational Investment Securities (A)	9,379	—	9,538	—
Allowance for Possible Investment Loss (B)	(1,349)	14.4	(1,492)	15.6

(5) Breakdown of loans payable and bonds

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total of loans payable and bonds	14,990	9,521
Loans payable; Non-consolidated base	6,950	5,943
Loans payable by project finance and bonds; Consolidated projects	8,039	3,578

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment and new loan

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)		For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area				
Project investment (Japan)	14	1,445	19	1,938
Private equity investment subtotal	5	322	8	1,482
Japan	5	322	8	1,482
China, Hong Kong, Taiwan etc.	-	-	-	-
2) Investment program				
Project oriented investment subtotal	14	1,445	19	1,938
Renewable energy	4	246	4	497
Healthcare	5	452	8	219
Smart agriculture	1	530	1	415
Distribution center	4	217	4	632
Other	-	-	2	174
Private equity investment subtotal	5	322	8	1,482
Strategic investment	2	214	3	359
Financial investment	3	107	5	1,122
Total	19	1,767	27	3,420

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

ii) Balance of investment and loan

	As of March 31, 2021		As of March 31, 2022	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area				
Project investment (Japan)	33	6,088	43	6,344
Private equity investment subtotal	88	6,767	86	7,440
Japan	48	3,652	47	4,510
China, Hong Kong, Taiwan etc.	40	3,115	39	2,929
2) Investment program				
Project oriented investment subtotal	33	6,088	43	6,344
Renewable energy	21	3,999	19	3,286
Healthcare	6	738	14	952
Smart agriculture	1	532	1	879
Distribution center	4	540	6	801
Other	1	277	3	424
Private equity investment subtotal	88	6,767	86	7,440
Strategic investment	6	1,155	7	1,432
Financial investment	82	5,612	79	6,007
Total	121	12,855	129	13,784

(Note) Strategic investment is investment in partner companies in the projects for which the 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 the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Number of IPOs (total of Japan & overseas)	2 companies	4 companies
First price multiple (average of Japan & overseas)	2.3 times	3.7 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 the year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Company Name	Date of IPO	Market	Business	Head quarters
WonderPlanet Inc.	10-Jun-21	TSE Mothers	Entertainment Services Business	Japan
Last One Mile Co., Ltd.	24-Nov-21	TSE Mothers	Selling new electronic power, new gas and internet connections etc. as a sales agency utilizing inside sales etc., and providing our original service "Marutto Series"	Japan
Renewable Japan Co., Ltd.	22-Dec-21	TSE Mothers	Development and operation of renewable energy power plants	Japan
TORICO Co.,Ltd.	23-Mar-22	TSE Mothers	Operation of Comic EC "MANGAZENKAN.COM" and planning, development, marketing, sales of Manga/Japanese animation goods and various Manga based services	Japan

For the 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

(Note) The listed market is the market as of the date of IPO.

(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 March 31, 2021			As of March 31, 2022		
	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	4	6,510	2,720	5	7,511	3,349
Maturity is being extended	4	6,913	2,279	2	4,328	818
During liquidation procedure	3	3,026	1,053	3	4,624	1,237
Total [Total commitment amount of JAIC group]	11	16,450 [5,434]	6,053	10	16,463 [4,953]	5,404

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 current fiscal year under review.

ii) Funds during operation period (as of March 31, 2022)

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
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 March 31, 2022
Assets		
Current assets		
Cash and deposits	6,486	5,666
Operational investment securities	9,379	9,538
Allowance for possible investment loss	(1,349)	(1,492)
Operating loans	204	204
Other	355	411
Allowance for doubtful accounts	—	(51)
Total current assets	15,075	14,277
Non-current assets		
Property, plant and equipment		
Buildings and structures	211	394
Accumulated depreciation	(9)	(24)
Buildings and structures, net	201	370
Machinery and equipment	7,968	3,181
Accumulated depreciation	(514)	(327)
Machinery and equipment, net	7,453	2,854
Vehicles, tools, furniture and fixtures	55	150
Accumulated depreciation	(38)	(50)
Vehicles, tools, furniture and fixtures, net	16	100
Land	46	172
Construction in progress	133	651
Total property, plant and equipment	7,852	4,148
Intangible assets		
Power production facilities concessions	1,210	1,112
Other	246	215
Total intangible assets	1,456	1,327
Investments and other assets		
Investment securities	365	59
Distressed receivables	49	7
Other	377	418
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	780	477
Total non-current assets	10,089	5,954
Total assets	25,165	20,231

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Short-term borrowings	919	654
Current portion of bonds payable	6	7
Accrued expenses	389	662
Income taxes payable	39	61
Provision for bonuses	49	75
Other	30	38
Total current liabilities	1,434	1,500
Non-current liabilities		
Bonds payable	185	177
Long-term borrowings	13,879	8,681
Deferred tax liabilities	19	53
Retirement benefit liability	137	143
Asset retirement obligations	403	230
Total non-current liabilities	14,624	9,287
Total liabilities	16,059	10,787
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,515	3,515
Retained earnings	(1,575)	(1,571)
Treasury shares	(353)	(353)
Total shareholders' equity	7,012	7,017
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	470
Foreign currency translation adjustment	191	278
Total accumulated other comprehensive income	316	749
Share acquisition rights	27	31
Non-controlling interests	1,749	1,646
Total net assets	9,106	9,443
Total liabilities and net assets	25,165	20,231

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Operating revenue	3,709	3,204
Operating costs	2,516	1,971
Operating gross profit	1,192	1,232
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	158	154
Salaries and allowances	244	289
Taxes and dues	152	160
Fund interests expenses	308	285
Other	491	579
Total selling, general and administrative expenses	1,355	1,470
Operating loss	(163)	(237)
Non-operating income		
Interest income	8	9
Dividend income	2	1
Foreign exchange gains	26	65
Gain on investments in investment partnerships	43	1
Outsourcing service income	4	—
Rental income from facilities	3	3
Miscellaneous income	3	0
Total non-operating income	91	82
Non-operating expenses		
Interest expenses	328	255
Miscellaneous losses	0	0
Total non-operating expenses	328	256
Ordinary loss	(399)	(412)
Extraordinary income		
Gain on sale of non-current assets	622	836
Gain on sale of investment securities	4	99
Other	10	1
Total extraordinary income	637	936
Extraordinary losses		
Loss on sale of investment securities	—	107
Loss on valuation of investment securities	25	—
Loss on redemption of investment securities	0	—
Other	2	0
Total extraordinary losses	29	107
Profit before income taxes	208	417
Income taxes - current	16	4
Total income taxes	16	4
Profit	191	412
Profit attributable to non-controlling interests	158	393
Profit attributable to owners of parent	33	19

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Profit	191	412
Other comprehensive income		
Valuation difference on available-for-sale securities	96	381
Foreign currency translation adjustment	40	17
Share of other comprehensive income of entities accounted for using equity method	(154)	(13)
Total other comprehensive income	(17)	385
Comprehensive income	174	798
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2	451
Comprehensive income attributable to non-controlling interests	171	346

(4) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,426	3,408	(1,608)	(353)	6,871
Changes during period					
Profit attributable to owners of parent			33		33
Change in scope of consolidation					—
Change in ownership interest of parent due to transactions with non-controlling interests		107			107
Net changes in items other than shareholders' equity					
Total changes during period	—	107	33	—	140
Balance at end of period	5,426	3,515	(1,575)	(353)	7,012

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	194	152	347	25	1,472	8,716
Changes during period						
Profit attributable to owners of parent						33
Change in scope of consolidation						—
Change in ownership interest of parent due to transactions with non-controlling interests						107
Net changes in items other than shareholders' equity	(69)	38	(30)	2	277	249
Total changes during period	(69)	38	(30)	2	277	389
Balance at end of period	124	191	316	27	1,749	9,106

(4) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,426	3,515	(1,575)	(353)	7,012
Changes during period					
Profit attributable to owners of parent			19		19
Change in scope of consolidation			(15)		(15)
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	—	0	4	—	4
Balance at end of period	5,426	3,515	(1,571)	(353)	7,017

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	124	191	316	27	1,749	9,106
Changes during period						
Profit attributable to owners of parent						19
Change in scope of consolidation						(15)
Change in ownership interest of parent due to transactions with non-controlling interests						0
Net changes in items other than shareholders' equity	345	87	432	3	(103)	332
Total changes during period	345	87	432	3	(103)	337
Balance at end of period	470	278	749	31	1,646	9,443

(5) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	208	417
Depreciation	29	38
Increase (decrease) in allowance for investment loss	(332)	16
Increase (decrease) in allowance for doubtful accounts	(6)	46
Increase (decrease) in provision for bonuses	(15)	26
Increase (decrease) in retirement benefit liability	13	6
Interest and dividend income	(7)	(7)
Interest expenses	129	106
Loss (gain) on investments in investment partnerships	(43)	(1)
Loss (gain) on sale of investment securities	(4)	8
Loss (gain) on redemption of investment securities	(8)	—
Loss on valuation of operational investment securities	—	29
Decrease (increase) in investment securities for sale	173	(1,269)
Decrease (increase) in operating loans receivable	(149)	(216)
Decrease (increase) in distressed receivables	15	42
Payment for purchase of investment funds	(1,284)	(1,968)
Dividends from investment funds	3,171	3,037
Increase (decrease) in investment funds of minority interest	(46)	(363)
Other, net	(102)	16
Subtotal	1,738	(34)
Interest and dividends received	7	7
Interest paid	(134)	(111)
Income taxes paid	(24)	(15)
Income taxes refund	142	8
Net cash provided by (used in) operating activities	1,728	(145)
Cash flows from investing activities		
Purchase of property, plant and equipment	(48)	—
Purchase of intangible assets	(29)	(6)
Purchase of investment securities	(2)	—
Proceeds from sale of investment securities	46	219
Proceeds from redemption of investment securities	38	—
Other, net	57	0
Net cash provided by (used in) investing activities	61	212
Cash flows from financing activities		
Repayments of long-term borrowings	(1,216)	(1,007)
Other, net	—	(0)
Net cash provided by (used in) financing activities	(1,216)	(1,007)
Effect of exchange rate change on cash and cash equivalents	3	36
Net increase (decrease) in cash and cash equivalents	577	(903)
Cash and cash equivalents at beginning of period	2,723	3,301
Cash and cash equivalents at end of period	3,301	2,397

(5) Notes on Consolidated Financial Statements

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

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 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 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 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 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)

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 part of the impact of this infectious disease on people's lives will take root as a new lifestyle, and that the economic activities of companies will change accordingly.

(Segment Information)

Segment information is not provided as the Group has single segment; Investment business.

(Per-share Data)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net assets per share	¥413.98	¥438.69
Net income per share	¥1.89	¥1.09
Diluted net income per share	¥1.88	¥1.08

Note:

The basis for the calculation of net income per share and diluted net income per share is as follows.

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Net income per share		
Net income attributable to owners of parent (Millions of yen)	33	19
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of parent relating to common stock (Millions of yen)	33	19
Average no. of shares outstanding during the term (Thousands)	17,703	17,703
Diluted net income per share		
Adjustment of net income attributable to owners of parent (Millions of yen)	—	—
Increase in common stock (Thousands)	61	74
<i>Share acquisition rights</i>	61	74
Latent shares not included in diluted net income per share calculation due to lack of dilution effect	—	—

(Important Subsequent Events)

No applicable items

4. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,277	2,367
Operational investment securities	10,426	11,956
Allowance for possible investment loss	(843)	(925)
Operating loans	444	660
Accounts receivable - other	72	66
Other	89	61
Allowance for doubtful accounts	—	(51)
Total current assets	13,466	14,136
Non-current assets		
Property, plant and equipment		
Buildings	33	31
Tools, furniture and fixtures	12	8
Land	0	0
Total property, plant and equipment	46	40
Intangible assets		
Other	15	12
Total intangible assets	15	12
Investments and other assets		
Investment securities	266	26
Shares of subsidiaries and associates	333	307
Distressed receivables	49	7
Other	90	48
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	726	382
Total non-current assets	788	435
Total assets	14,254	14,571

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Current portion of long-term borrowings	507	309
Suspense receipt	—	749
Accrued expenses	51	84
Income taxes payable	35	61
Provision for bonuses	43	67
Other	15	13
Total current liabilities	654	1,286
Non-current liabilities		
Long-term borrowings	6,442	5,633
Provision for retirement benefits	137	143
Deferred tax liabilities	19	53
Total non-current liabilities	6,599	5,831
Total liabilities	7,253	7,117
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus		
Legal capital surplus	1,426	1,426
Other capital surplus	2,081	2,081
Total capital surplus	3,507	3,507
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,932)	(1,825)
Total retained earnings	(1,932)	(1,825)
Treasury shares	(353)	(353)
Total shareholders' equity	6,647	6,754
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	325	668
Total valuation and translation adjustments	325	668
Share acquisition rights	27	31
Total net assets	7,001	7,454
Total liabilities and net assets	14,254	14,571

(2) Statements of Income

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Operating revenue	2,907	2,244
Operating costs	1,783	1,131
Operating gross profit	1,124	1,113
Selling, general and administrative expenses	928	980
Operating profit	196	132
Non-operating income		
Interest income	3	3
Dividend income	2	1
Foreign exchange gains	26	66
Gain on investments in investment partnerships	43	1
Outsourcing service income	4	—
Rental income from facilities	4	19
Miscellaneous income	0	0
Total non-operating income	84	92
Non-operating expenses		
Interest expenses	129	106
Total non-operating expenses	129	106
Ordinary profit	152	118
Extraordinary income		
Gain on sale of non-current assets	3	—
Gain on sale of investment securities	4	99
Gain on redemption of investment securities	8	—
Total extraordinary income	16	99
Extraordinary losses		
Loss on sale of investment securities	—	107
Loss on valuation of investment securities	25	—
Loss on redemption of investment securities	0	—
Other	2	0
Total extraordinary losses	29	107
Profit before income taxes	139	109
Income taxes - current	4	3
Total income taxes	4	3
Profit	134	106

Information for Reference Purposes:

Consolidated Financial Results for the Year Ended March 31, 2022

May 13, 2022

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Year Ended March 31, 2022 (As of March 31, 2022)

Disclosure of consolidated financial statements, etc., under the previous accounting standards

As of Fiscal year ended March 31, 2007 the 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 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 year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated results of operations

(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 the year ended March 31, 2022	2,409	(22.0)	86	(59.7)	61	(64.6)	49	(66.0)
For the year ended March 31, 2021	3,089	11.9	214	(19.2)	173	23.5	144	(52.1)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2022	2.78	2.77	0.7	0.4	3.6
For the year ended March 31, 2021	8.18	8.15	2.0	1.1	6.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	14,972	7,810	52.0	439.41
As of March 31, 2021	14,657	7,366	50.1	414.50

(Reference) Total shareholders' equity As of March 31, 2022: 7,779 millions of yen / As of March 31, 2021: 7,338 millions of yen

2. Outlook for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	1,950	411.8	780	—	730	—	600	—
For the year ending March 31, 2023	3,000	24.5	750	768.7	650	954.8	550	1,017.2

	Net income per share
	Yen
For six months ending September 30, 2022	33.89
For the year ending March 31, 2023	31.07

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 Company 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.

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 March 31, 2022.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Total operating revenue	3,089	2,409
Management fees	169	154
Proceeds of sales of operational investment securities	2,221	1,573
Fund interests income and Income gains etc.	648	631
Other operating revenue	49	50

Total operating cost	1,788	1,133
Cost of securities sold	1,249	810
Investment write-offs & Provision for allowance for possible investment losses	194	145
Fund interests losses etc.	336	167
Other operating cost	7	10

Operating gross profit	1,301	1,276
------------------------	-------	-------

(2) Investment income

(Millions of yen)

	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)			For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)		
	Project investment	Private equity investment	total	Project investment	Private equity investment	total
Proceeds of sales of operational investment securities (A)	880	1,341	2,221	657	915	1,573
Cost of securities sold (B)	587	662	1,249	509	300	810
Realized capital gains (A)-(B)	293	678	972	147	615	762
Investment write-offs & Provision for allowance for possible investment losses (C)	—	194	194	—	145	145
Investment income (A)-(B)-(C)	293	484	777	147	469	617

(3) Asset, Liability and Net asset (Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Total asset	14,657	14,972
Total liabilities	7,291	7,161
Loans payable	6,950	5,943
Total net asset	7,366	7,810
Total shareholders' equity	7,338	7,779

(4) Result forecast consolidated under the Previous Accounting Standard

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.

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 Company 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.

Assumptions used in the "result forecast consolidated under the Previous Accounting Standard" are as follows.

(A) Operating revenue

Consolidated operating revenue is expected to be 3,000 million yen. The breakdown is as follows.

Management fees will decrease from the fiscal year ended March 2022 to 130 million yen in line with a decline in assets under management of existing funds.

Proceeds of sales of operational investment securities will increase from the fiscal year ended March 2022 to 2,020 million yen as a recover of the sale of shares in private equity investment. This will attributable mainly to listed shares and IPOs in Japan. We expect to record 1,470 million yen for listed shares and IPOs, and 550 million yen for unlisted shares.

As for fund interests income and income gains etc., we expect to record 130 million yen for funds operated by third parties and 610 million yen for project oriented investments. We estimate the gains on the sale of four projects in total including distribution center, healthcare and other projects as well as revenues from mega solar projects in operation. In addition, we expect to record 110 million yen as consulting fees.

(B) Operating income

Operating cost is expected to be 1,050 million yen, including cost of securities sold of 680 million yen. As for breakdown, we expect to record 270 million yen for listed shares and IPOs, and 410 million yen for unlisted shares. We expect most of the capital gains from listed shares and IPOs. Unlike the fiscal year ended March 2022, however, in addition to IPOs during the fiscal year, we expect capital gains from listed shares. We plan to sell the shares that have already achieved IPO when their lockup period will end. Therefore, compared to the fiscal year ended March 2022, we expect an increase in capital gains on the sale of shares and a reduction in downside risk of the capital gains. Valuation losses and provisions are expected to be 260 million yen, assuming that they will occur at a certain ratio to the investment balance. Fund interests losses are expected to 100 million yen due to the anticipatory expenses for renewable energy projects not yet in operation and the vegetable factory. In addition, we expect to record 10 million yen as other operating costs.

Selling, general and administrative expenses are expected to 1,200 million yen, about the same level as the fiscal year ended March 2022. As a result, consolidated operating profit is expected to be 750 million yen.

(C) Ordinary income

We expect to record 100 million yen for non-operating expenses such as interest expense. As a result, consolidated ordinary profit is expected to be 650 million yen.

(D) Profit attributable to owners of parent

We expect to record no extraordinary income or loss and to record 100 million yen for tax expenses. As a result, profit attributable to owners of parent is expected to be 550 million yen.

Most of the profits are expected to be generated in the second quarter.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,699	2,740
Operational investment securities	10,457	12,238
Allowance for investment loss	(845)	(1,099)
Operating loans	444	660
Other	187	150
Allowance for doubtful accounts	—	(51)
Total current assets	13,942	14,639
Non-current assets		
Property, plant and equipment		
Buildings and structures	36	36
Accumulated depreciation	(3)	(5)
Buildings and structures, net	33	31
Vehicles, tools, furniture and fixtures	54	55
Accumulated depreciation	(38)	(44)
Vehicles, tools, furniture and fixtures, net	15	10
Land	0	0
Total property, plant and equipment	49	42
Intangible assets		
Other	231	199
Total intangible assets	231	199
Investments and other assets		
Investment securities	365	59
Distressed receivables	49	7
Other	32	31
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	434	90
Total non-current assets	715	332
Total assets	14,657	14,972

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Short-term borrowings	507	309
Suspense receipt	—	750
Accrued expenses	57	87
Income taxes payable	39	61
Provision for bonuses	49	75
Other	38	45
Total current liabilities	691	1,330
Non-current liabilities		
Long-term borrowings	6,442	5,633
Deferred tax liabilities	19	53
Retirement benefit liability	137	143
Total non-current liabilities	6,599	5,831
Total liabilities	7,291	7,161
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,559)	(1,509)
Treasury shares	(353)	(353)
Total shareholders' equity	7,019	7,068
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	318	656
Foreign currency translation adjustment	0	54
Total accumulated other comprehensive income	318	710
Share acquisition rights	27	31
Total net assets	7,366	7,810
Total liabilities and net assets	14,657	14,972

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	For the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
Operating revenue	3,089	2,409
Operating costs	1,788	1,133
Operating gross profit	1,301	1,276
Selling, general and administrative expenses		
Remuneration for directors(and other officers)	158	154
Salaries and allowances	244	289
Taxes and dues	147	145
Other	536	599
Total selling, general and administrative expenses	1,086	1,189
Operating profit	214	86
Non-operating income		
Interest income	7	8
Dividend income	2	1
Foreign exchange gains	26	65
Gain on investments in investment partnerships	43	1
Outsourcing service income	4	—
Rental income from facilities	3	3
Miscellaneous income	0	0
Total non-operating income	88	82
Non-operating expenses		
Interest expenses	129	106
Miscellaneous losses	—	0
Total non-operating expenses	129	106
Ordinary profit	173	61
Extraordinary income		
Gain on sale of non-current assets	3	—
Gain on sale of investment securities	4	99
Gain on redemption of investment securities	8	—
Total extraordinary income	16	99
Extraordinary losses		
Loss on sale of investment securities	—	107
Loss on valuation of investment securities	25	—
Loss on redemption of investment securities	0	—
Other	2	0
Total extraordinary losses	29	107
Profit before income taxes	161	53
Income taxes - current	16	4
Total income taxes	16	4
Profit	144	49
Profit attributable to owners of parent	144	49