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Qualitative Information on Consolidated Operating Results for the Year Ended March 31, 2022

(1) Outline of consolidated operating results

The consolidated operating results of the JAIC Group for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022) recorded operating revenue of 3,204 million yen (down 13.6 % year-on-year), operating gross profit of 1,232 million yen (up 3.3 % year-on-year), operating loss of 237 million yen (compared to operating loss of 163 million yen for FY Mar. 31, 2021), ordinary loss of 412 million yen (compared to ordinary loss of 399 million yen for FY Mar. 31, 2021) and loss attributable to owners of parent of 19 million yen (down 42.5 % year-on-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. Total fund management fees etc. decreased to 117 million yen (down 4.5 % year-on-year). Of the total fees, fund management fees decreased due to a decrease in fees from the fund that started the liquidation process. On the other hand, fund administrative fees increased due mainly to an increase in the number of administrative trust funds.

(Investment income)

Proceeds of sales of operational securities decreased to 1,732 million yen (down 18.0 % year-on-year). Realized capital gain, which is calculated by deducting cost of securities sold from proceeds of sales of operational investment securities, also decreased to 845 million yen (down 7.4% year-on-year).

As for private equity investment, JAIC mainly sold unlisted shares with large investment amounts in FY Mar. 31, 2021. On the other hand, JAIC mainly sold listed shares with high profit margins in the current fiscal year under review. Along with

this, both proceeds of sales of operational securities and realized capital gain decreased, however, realized capital gain remained at a certain level.

As for project oriented investment, JAIC mainly sold two mega solar projects in FY Mar. 31, 2021. On the other hand, JAIC sold one mega solar project and partially sold one distribution warehouse project in the current fiscal year under review. Due to the limited sale of the distribution center project, both proceeds of sales of operational securities and realized capital gain decreased from FY Mar. 31, 2021.

The total amount of investment write-offs and provision for allowance for possible investment loss decreased to 160 million yen (down 19.9 % year-on-year). In the current fiscal year under review, JAIC posted investment write-offs and provision for allowance for possible investment loss to investee companies those investment balance were relatively small amount.

As a result, investment profit decreased to 685 million yen (down 3.9 % year-on-year). Investment profit is calculated by realized capital gains minus sum of investment write-offs and provision for allowance for possible investment loss.

(Fund interests income, etc.)

Fund interests income, etc. includes revenue from electricity sales, revenue from vegetable sales and other revenues from 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 current fiscal year under review decreased to 1,330 million yen (down 8.3 % year-on-year). Out of this, revenue from electricity sales, revenue from vegetable sales and other revenues from the projects operated by the JAIC Group accounted for 1,157 million yen (down 11.8 % 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 914 million yen (down 17.6 % 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 850 million yen (down 3.3 % 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 32 million yen (down 85.7 % year-on-year) from the private equity funds operated by other companies.

As a result, operating revenue decreased by 13.6 % year-on-year to 3,204 million yen, operating cost decreased by 21.7 % year-on-year to 1,971 million yen and operating gross profit increased by 3.3 % year-on-year to 1,232 million yen.

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

The total amount of selling, general and administrative expenses increased to 1,470 million yen (up 8.4 % year-on-year). Labor costs and provision of allowance for doubtful accounts increased.

As a result, operating loss was 237 million yen (compared to operating loss of 163 million yen for FY Mar. 31, 2021).

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

Non-operating income decreased to 82 million yen (down 10.2 % year-on-year). While gain on an investment partnership decreased, foreign exchange gain increased associated with the recovery of foreign currency-denominated investments.

Non-operating expenses decreased to 256 million yen (down 21.8 % year-on-year) due mainly to a decrease of interest expenses with the reduction of the balance of loans payable.

As a result, ordinary loss was 412 million yen (compared to ordinary loss of 399 million yen for FY Mar. 31, 2021).

(d) Extraordinary income/loss and Profit/Loss attributable to owners of parent
(Extraordinary income/loss)

The main items of extraordinary income for FY Mar. 31, 2021 were gain on sales of fixed assets of 622 million yen by selling three mega solar projects. Total extraordinary income amounted to 637 million yen.

The main item of extraordinary income for the current fiscal year under review was gain on a sale of fixed asset of 836 million yen by selling one larger mega solar project. Total extraordinary income amounted to 936 million yen (up 47.1 % year-on-year).

The main item of extraordinary loss for FY Mar. 31, 2021 were loss on valuation of investment securities of 25 million yen. Total extraordinary loss amounted to 29 million yen.

The main item of extraordinary loss for the current fiscal year under review was loss on sale of investment securities of 107 million yen (up 267.1 % year-on-year). Total extraordinary loss amounted to 107 million yen.

As a result, profit before income taxes amounted to 417 million yen (up 100.3 % year-on-year).

(Profit/loss attributable to owners of parent)

JAIC properly estimated tax effect accounting and did not recognize deferred tax assets for both the current fiscal year under review and FY Mar. 31, 2021.

Profit/loss attributable to non-controlling interests represents the portion of profit/loss from the investment funds and projects operated by the JAIC Group which is attributable to investors other than the JAIC Group.

In the current fiscal year under review, due to an increase of profit from the aforementioned investment funds and projects, profit attributable to non-controlling interests increased to 393 million yen (up 148.9% year-on-year).

As a result, profit attributable to owners of parent amounted to 19 million yen (down 42.5 % year-on-year).

(2) Cash flows

(Cash flow from operating activities)

Net cash used in operating activities was 145 million yen (compared to 1,728 million yen generated from for FY Mar. 31, 2021), due mainly to an increase in operational investment execution.

(Cash flow from investing activities)

Net cash generated from investing activities was 212 million yen (compared to 61 million yen generated from for FY Mar. 31, 2021) due mainly to proceeds from sale of investment securities increased to 219 million yen (compared to 46 million yen for FY Mar. 31, 2021).

(Cash flow from financing activities)

Net cash used in financing activities decreased to 1,007 million yen (compared to 1,216 million yen for FY Mar. 31, 2021) reflecting a decrease in repayments of long-term borrowings.

Cash and cash equivalents as of March 31, 2022 decreased by 903 million yen from March 31, 2021 to 2,397 million yen, after adding effect of exchange rate change on cash and cash equivalents of 36 million yen.

(3) Financial position

(Assets)

Total assets as of March 31, 2022 decreased to 20,231 million yen (compared to 25,165 million yen as of March 31, 2021).

Cash and deposits decreased to 5,666 million yen (compared to cash and deposits of 6,486 million yen as of March 31, 2021) due to decrease of non-consolidated cash and deposits with investment execution.

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 2,397 million yen as of March 31, 2022 (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 assets of projects operated by the JAIC Group such as renewable energy power plant facilities and group homes for

the handicapped. The amount as of March 31, 2022 significantly decreased to 4,148 million yen (compared to 7,852 million yen as of March 31, 2021) due to the sale of one large mega solar project.

Operational investment securities consist of private equity investments, the projects those are operated by the JAIC Group and are in the early stages of development, and the projects operated by other companies.

Operational investment securities as of March 31, 2022 increased to 9,538 million yen (compared to 9,379 million yen as of March 31, 2021). Private equity investment assets increased mainly due to investments in strategic investees and an increase in unrealized gains on listed shares.

JAIC posted provisions for possible investment loss for the current fiscal year under review. The balance of the allowance for possible investment loss as of March 31, 2022 increased to 1,492 million yen (compared to 1,349 million yen as of March 31, 2021).

As a result, the investment loss provision ratio (ratio of allowance for possible investment losses to operational investment securities) as of March 31, 2022 was 15.6 % (up 1.2 points from March 31, 2021).

(Liabilities)

Total liabilities decreased to 10,787 million yen as of March 31, 2022 (compared to 16,059 million yen as of March 31, 2021).

Of liabilities, total balance of borrowings and bonds as of March 31, 2022 decreased to 9,521 million yen (compared to 14,990 million yen as of March 31, 2021).

Borrowings of JAIC itself decreased to 5,943 million yen (compared to 6,950 million yen as of March 31, 2021) reflecting the repayments of 1,007 million yen for the current fiscal year under review. JAIC repaid an additional 309 million yen in Apr. 2022, reducing the balance to 5,633 million yen. After securing investment funds for future growth, JAIC will continue to repay its borrowing.

Borrowings by project finance and bonds for the projects operated by the JAIC Group as of March 31, 2022 decreased to 3,578 million yen (compared to 8,039 million yen as of March 31, 2021).

The balance of borrowings by project finance and bonds for the projects operated by the JAIC Group significantly decreased reflecting a sale of one large mega solar project. Borrowings by 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 March 31, 2022 increased to 7,766 million yen (compared to 7,328 million yen as of March 31, 2021) mainly due to an increase in unrealized gains on listed shares. On the other hand, total asset decreased from the balance as of March 31, 2021. As a result, the equity ratio as of March 31, 2022 rose by 9.3 points to 38.4% (compared to 29.1% as of March 31, 2021). Total net assets as of March 31, 2022 also increased to 9,443 million yen (compared to 9,106 million yen as of March 31, 2021).

(4) Business Position

(a) Investment and loan activities

For the current fiscal year under review, new investments and loans increased by 93.5% year-on-year to 3,420 million yen in 27 companies/projects. As of March 31, 2022, the balance of investments and loans increased to 13,784 million yen in 129 companies/projects (compared to 12,855 million yen in 121 companies/projects as of March 31, 2021).

Looking at project oriented investment for the current fiscal year under review, new investments and loans increased by 34.1% year-on-year to 1,938 million yen in 19 projects. The investment execution increased in existing projects for mega solar projects and new projects for distribution center projects.

The balance of investments and loans as of March 31, 2022 increased to 6,344 million yen (compared to 6,088 million yen as of March 31, 2021).

The balance of investments in renewable energy projects decreased due to sales of two mega solar projects for the current fiscal year under review. The balance of investments in other types of project increased respectively along with investment execution.

As of March 31, 2022, JAIC and JAIC Solar 2 investment fund invested in 14 mega solar projects (16 power plants) with the capacity of 33.0MW 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 14.2MW 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 25.2MW at most.

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 current fiscal year under review, new investments increased by 360.2% year-on-year to 1,482 million yen in 8 companies.

The amount increased due to additional investment execution in strategic investees and the execution of large-size investments from the fund supporting the business succession needs.

Reflecting the progress of investment execution, the balance of investments and loans increased to 7,440 million yen (compared to 6,767 million yen as of March 31, 2021).

(b) JAIC-Backed IPOs

Renewable Japan Co., Ltd. achieved IPO in the current fiscal year under review. We have proactively supported Renewable Japan as one of our partner companies in project investment business. This is the result of "strategic investment", which we have been focusing on in recent years to actively support project investment partner companies through collaboration in projects.

(c) Management of investment funds

As of March 31, 2022, the number of investment funds, for which the JAIC Group is responsible for management, operation or provision of investment information, totaled 10, and the balance of total commitment amounts under management was 16,463 million yen, which was almost the same as the amount for the last year (compared to 11 investment funds with 16,450 million yen as of March 31, 2021). In the current fiscal year under review, one fund (total commitment amount of 1,001 million yen) was established and two funds (total commitment amount of 1,678 million yen) decreased. There was also an increase due to exchange rate

fluctuations.

(End)