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Consolidated Financial Results
for the First Quarter Ended June 30, 2023
[Japanese Standards]
(Summary of Japanese announcement)

August 14, 2023

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

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Scheduled date for submission of quarterly report: August 14, 2023

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, 2023 (April 1, 2023 to June 30, 2023)

(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, 2023	882	125.0	160	—	129	—	(100)	—
For three months ended June 30, 2022	392	(22.3)	(213)	—	(257)	—	(272)	—

(Note) Comprehensive Income

For three months ended June 30, 2023: (468) millions of yen (—%)

For three months ended June 30, 2022: (267) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2023	(5.70)	—
For three months ended June 30, 2022	(15.40)	—

(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, 2023	18,193	8,570	40.3	414.00
As of March 31, 2023	18,775	9,101	40.4	428.22

(Reference) Total shareholders' equity As of June 30, 2023: 7,329 millions of yen As of March 31, 2023: 7,581 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, 2023	—	0.00	—	0.00	0.00
Year ending March 31, 2024	—				
Year ending March 31, 2024(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, 2024 (from April 1, 2023 to March 31, 2024)

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, 2024 (April 1, 2023 to March 31, 2024)” on page 18 in this report.

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. Numerous 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, “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 25 in “Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese Standards]” disclosed on May 15, 2023.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): None

[New - company (company name: -) Excluded - company (company name: -)]

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

(3) Changes in accounting principles, accounting estimates and correction of prior period errors

(i) Changes in accounting principles due to revisions to accounting standards: None

(ii) Changes other than shown in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

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

(i) Shares issued and outstanding at the end of each period (including treasury stock)	Three months ended June 30, 2023:	17,884,392 shares	Year ended March 31, 2023:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Three months ended June 30, 2023:	181,009 shares	Year ended March 31, 2023:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Three months ended June 30, 2023:	17,703,383 shares	Three months ended June 30, 2022:	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 first quarter ended June 30, 2023 will be released on our website on August 14, 2023.

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. Numerous 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, “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 25 in “Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese Standards]” disclosed on May 15, 2023.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Total operating revenue	392	882	3,872
Management fees	29	30	113
Proceeds of sales of operational investment securities	171	600	2,071
Fund interests income and Income gains etc.	186	243	1,668
Other operating revenue	4	7	18
Total operating cost	290	411	2,453
Cost of securities sold	113	67	1,316
Investment write-offs & Provision for allowance for possible investment losses	1	161	316
Fund interests losses etc.	171	179	806
Other operating cost	3	3	12
Operating gross profit	101	470	1,419

(2) Cash flows

(Millions of yen)

	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Cash flow from operating activities	(265)	349	157
Cash flow from investing activities	(0)	1	0
Cash flow from financing activities	(309)	(316)	(806)
Cash and cash equivalents at the end of period	1,836	1,799	1,762

(3) Breakdown of total assets

(Millions of yen)

	As of June 30, 2022		As of June 30, 2023		As of March 31, 2023	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	19,672	—	18,193	—	18,775	—
Cash and deposits	4,483	—	2,988	—	3,130	—
Property, plant and equipment	4,249	—	5,355	—	5,432	—
Operational Investment Securities (A)	9,620	—	8,810	—	9,375	—
Allowance for Possible Investment Loss (B)	(1,523)	15.8	(1,723)	19.6	(1,588)	16.9

(4) Breakdown of Loans payable and bonds

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023	As of March 31, 2023
Total of loans payable and bonds	9,324	8,682	8,993
Loans payable; Non-consolidated base	5,633	4,825	5,137
Loans payable by project finance and bonds; Consolidated projects	3,690	3,857	3,856

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment and new loan

	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)		For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)		For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	
	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 subtotal	2	81	5	319	18	2,152
Japan	2	81	4	312	16	2,107
Southeast Asia etc.	-	-	1	7	2	45
Private equity investment subtotal	2	11	4	173	10	1,408
Japan	2	11	4	173	10	1,408
China, Hong Kong, Taiwan etc.	-	-	-	-	-	-
2) Investment program						
Project investment subtotal	2	81	5	319	18	2,152
Renewable energy	-	-	1	190	6	1,034
Healthcare	-	-	2	72	2	58
Smart agriculture	1	60	-	-	1	170
Distribution center	-	-	-	-	2	620
Other	1	21	2	57	7	269
Private equity investment subtotal	2	11	4	173	10	1,408
Strategic investment	-	-	2	30	3	200
Financial investment	2	11	2	143	7	1,208
Total	4	93	9	493	28	3,561

(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 June 30, 2022		As of June 30, 2023		As of March 31, 2023	
	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 subtotal	42	5,879	51	6,854	50	7,123
Japan	42	5,879	50	6,813	48	7,087
Southeast Asia etc.	-	-	1	40	2	36
Private equity investment subtotal	84	7,248	71	6,398	81	7,010
Japan	47	4,467	48	4,303	49	4,915
China, Hong Kong, Taiwan etc.	37	2,781	23	2,094	32	2,094
2) Investment program						
Project investment subtotal	42	5,879	51	6,854	50	7,123
Renewable energy	19	3,268	22	3,720	22	4,078
Healthcare	13	652	17	768	15	707
Smart agriculture	1	823	1	725	1	741
Distribution center	5	695	5	1,237	5	1,237
Other	4	440	6	402	7	358
Private equity investment subtotal	84	7,248	71	6,398	81	7,010
Strategic investment	7	1,428	7	992	7	962
Financial investment	77	5,819	64	5,405	74	6,047
Total	126	13,128	122	13,252	131	14,133

(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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Number of IPOs (total of Japan & overseas)	-	1 company	1 company
First price multiple (average of Japan & overseas)	-	1.4 times	30.0 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, 2023 (from April 1, 2023 to June 30, 2023)

Company Name	Date of IPO	Market	Business	Head quarters
JAPAN SYSTEMBANK CORPORATION	14-Apr-23	NSE Main	Operation of coin-operated parking lots, sales and maintenance of parking equipment	Japan

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Company Name	Date of IPO	Market	Business	Head quarters
TMS Co., Ltd.	22-Nov-22	TSE Growth	Research and development of drug products, quasi-drugs, (an official drug classification approved by Japanese MHLW for compounds with mild pharmacological activity), drug substances, medical devices, and medical commodities	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, 2022 (from April 1, 2022 to June 30, 2022)			For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)			For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)		
	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	5	7,511	3,368	6	11,712	3,957	6	11,212	3,804
Maturity is being exte nded	2	4,716	876	-	-	-	-	-	-
During liquidation procedure	3	4,725	1,305	3	4,685	2,238	3	4,638	2,380
Total [Total commitment amount of JAIC group]	10	16,952 [5,113]	5,550	9	16,397 [3,404]	6,195	9	15,850 [3,389]	6,185

ii) Funds during operation period (as of June 30, 2023)

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.
Succession Investment Limited Partnership, II	Aug. 2022	Aug. 2032	4,201	Supporting the business succession needs of SMEs in Japan. Managed by AJ Capital Co., Ltd, a joint venture between JAIC and Aozora Bank, Ltd.

Notes:

1. The amounts stated for funds denominated in foreign currencies are calculated based on 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	3,130	2,988
Operational investment securities	9,375	8,810
Allowance for possible investment loss	(1,588)	(1,723)
Operating loans	204	204
Other	515	681
Allowance for doubtful accounts	(51)	(51)
Total current assets	11,587	10,909
Non-current assets		
Property, plant and equipment		
Buildings and structures	980	1,180
Accumulated depreciation	(73)	(87)
Buildings and structures, net	906	1,093
Machinery and equipment	3,421	3,995
Accumulated depreciation	(516)	(575)
Machinery and equipment, net	2,904	3,420
Vehicles, tools, furniture and fixtures	175	198
Accumulated depreciation	(68)	(70)
Vehicles, tools, furniture and fixtures, net	106	127
Land	201	314
Construction in progress	1,313	398
Total property, plant and equipment	5,432	5,355
Intangible assets		
Power production facilities concessions	1,080	1,069
Other	168	159
Total intangible assets	1,248	1,228
Investments and other assets		
Investment securities	61	61
Distressed receivables	104	104
Other	445	638
Allowance for doubtful accounts	(104)	(104)
Total investments and other assets	506	700
Total non-current assets	7,188	7,283
Total assets	18,775	18,193

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Short-term borrowings	555	1,104
Current portion of bonds payable	7	7
Accrued expenses	64	197
Income taxes payable	70	30
Provision for bonuses	81	33
Other	33	221
Total current liabilities	812	1,593
Non-current liabilities		
Bonds payable	170	170
Long-term borrowings	8,260	7,400
Deferred tax liabilities	32	35
Retirement benefit liability	158	162
Asset retirement obligations	238	261
Total non-current liabilities	8,861	8,028
Total liabilities	9,673	9,622
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,631	3,631
Retained earnings	(1,867)	(1,968)
Treasury shares	(353)	(353)
Total shareholders' equity	6,836	6,735
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	464	281
Foreign currency translation adjustment	280	311
Total accumulated other comprehensive income	744	593
Share acquisition rights	33	34
Non-controlling interests	1,487	1,206
Total net assets	9,101	8,570
Total liabilities and net assets	18,775	18,193

(2) Consolidated Statements of Income

	(Millions of yen)	
	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Operating revenue	392	882
Operating costs	290	411
Operating gross profit	101	470
Selling, general and administrative expenses	315	310
Operating profit (loss)	(213)	160
Non-operating income		
Interest income	1	1
Dividend income	0	0
Foreign exchange gains	0	11
Miscellaneous income	1	1
Total non-operating income	3	15
Non-operating expenses		
Interest expenses	48	44
Miscellaneous losses	—	1
Total non-operating expenses	48	46
Ordinary profit (loss)	(257)	129
Extraordinary income		
Subsidy income	—	34
Total extraordinary income	—	34
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	34
Loss on valuation of investment securities	13	—
Other	—	0
Total extraordinary losses	13	34
Profit (loss) before income taxes	(271)	128
Income taxes - current	1	1
Total income taxes	1	1
Profit (loss)	(272)	127
Profit attributable to non-controlling interests	0	228
Loss attributable to owners of parent	(272)	(100)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Profit (loss)	(272)	127
Other comprehensive income		
Valuation difference on available-for-sale securities	(77)	(628)
Foreign currency translation adjustment	62	26
Share of other comprehensive income of entities accounted for using equity method	18	5
Total other comprehensive income	4	(596)
Comprehensive income	(267)	(468)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(277)	(251)
Comprehensive income attributable to non-controlling interests	10	(217)

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(271)	128
Depreciation	14	11
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	(55)	(48)
Increase (decrease) in retirement benefit liability	3	3
Interest and dividend income	(1)	(1)
Interest expenses	23	20
Loss (gain) on valuation of investment securities	13	—
Decrease (increase) in operational investment securities	167	(14)
Decrease (increase) in operating loans receivable	—	(72)
Decrease (increase) in distressed receivables	0	0
Payment for purchase of investment funds	(109)	(118)
Dividends from investment funds	0	910
Increase (decrease) in investment funds of non-controlling interest	9	(223)
Other, net	(21)	(193)
Subtotal	(227)	402
Interest and dividends received	1	1
Interest paid	(36)	(35)
Income taxes paid	(3)	(19)
Net cash provided by (used in) operating activities	(265)	349
Cash flows from investing activities		
Other, net	(0)	1
Net cash provided by (used in) investing activities	(0)	1
Cash flows from financing activities		
Repayments of long-term borrowings	(309)	(316)
Net cash provided by (used in) financing activities	(309)	(316)
Effect of exchange rate change on cash and cash equivalents	13	3
Net increase (decrease) in cash and cash equivalents	(561)	36
Cash and cash equivalents at beginning of period	2,397	1,762
Cash and cash equivalents at end of period	1,836	1,799

(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

Information for Reference Purposes:

Consolidated Financial Results for the First Quarter Ended June 30, 2023

August 14, 2023

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the First Quarter Ended June 30, 2023 (As of June 30, 2023)

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, 2023 (April 1, 2023 to June 30, 2023)

(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, 2023	339	54.5	(87)	—	(94)	—	(95) —
For three months ended June 30, 2022	219	30.2	(227)	—	(248)	—	(262) —

	Net income per share	Diluted net income per share
	Yen	Yen
For three months ended June 30, 2023	(5.41)	—
For three months ended June 30, 2022	(14.83)	—

(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, 2023	12,771	7,312	57.0	411.10
As of March 31, 2023	13,413	7,552	56.1	424.68

(Reference) Total shareholders' equity As of June 30, 2023: 7,277 millions of yen, As of March 31, 2023: 7,518 millions of yen

2. Outlook for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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 does not 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, 2023	525	(21.6)	(370)	—	(410)	—	(410)	—
For the year ending March 31, 2024	2,300	(23.8)	200	—	120	—	120	—

	Net income per share
	Yen
For six months ending September 30, 2023	(23.16)
For the year ending March 31, 2024	6.78

(Note) Revision from the latest earnings forecast: 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 of June 30, 2023.

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. Numerous 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 25 in “Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese Standards]” disclosed on May 15, 2023.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Total operating revenue	219	339	3,017
Management fees	35	45	134
Proceeds of sales of operational investment securities	171	266	2,057
Fund interests income and Income gains etc.	1	13	781
Other operating revenue	11	14	44
Total operating cost	185	149	2,056
Cost of securities sold	113	47	1,311
Investment write-offs & Provision for allowance for possible investment losses	1	80	304
Fund interests losses etc.	66	17	426
Other operating cost	3	3	12
Operating gross profit	34	190	961

(2) Asset, Liability and Net asset

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023	As of March 31, 2023
Total asset	14,294	12,771	13,413
Total liabilities	6,746	5,458	5,860
Loans payable	5,633	4,825	5,142
Total net asset	7,547	7,312	7,552
Total shareholders' equity	7,515	7,277	7,518

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

There are no revisions on the earnings forecast disclosed on May 15, 2023 in “Consolidated Financial Results for the Year Ended March 31, 2023 [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. Numerous 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,464	2,378
Operational investment securities	10,878	10,294
Allowance for possible investment loss	(1,252)	(1,308)
Operating loans	716	788
Other	374	401
Allowance for doubtful accounts	(51)	(52)
Total current assets	13,129	12,501
Non-current assets		
Property, plant and equipment		
Buildings and structures	39	38
Accumulated depreciation	(8)	(8)
Buildings and structures, net	31	30
Vehicles, tools, furniture and fixtures	60	58
Accumulated depreciation	(50)	(49)
Vehicles, tools, furniture and fixtures, net	9	8
Land	0	0
Total property, plant and equipment	40	39
Intangible assets		
Other	150	139
Total intangible assets	150	139
Investments and other assets		
Investment securities	61	61
Distressed receivables	0	0
Other	31	29
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	92	90
Total non-current assets	283	269
Total assets	13,413	12,771

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Short-term borrowings	316	829
Accrued expenses	44	35
Income taxes payable	70	29
Provision for bonuses	81	33
Other	330	337
Total current liabilities	843	1,265
Non-current liabilities		
Long-term borrowings	4,825	3,996
Deferred tax liabilities	32	35
Retirement benefit liability	158	162
Total non-current liabilities	5,016	4,193
Total liabilities	5,860	5,458
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,779)	(1,875)
Treasury shares	(353)	(353)
Total shareholders' equity	6,799	6,703
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	654	496
Foreign currency translation adjustment	64	78
Total accumulated other comprehensive income	719	574
Share acquisition rights	33	34
Non-controlling interests	0	0
Total net assets	7,552	7,312
Total liabilities and net assets	13,413	12,771

(2) Consolidated Statements of Income

	(Millions of yen)	
	For three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)	For three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Operating revenue	219	339
Operating costs	185	149
Operating gross profit	34	190
Selling, general and administrative expenses	262	278
Operating loss	(227)	(87)
Non-operating income		
Interest income	1	1
Dividend income	0	0
Foreign exchange gains	0	11
Miscellaneous income	1	1
Total non-operating income	3	15
Non-operating expenses		
Interest expenses	23	20
Miscellaneous losses	—	1
Total non-operating expenses	23	21
Ordinary loss	(248)	(94)
Extraordinary losses		
Loss on sales and retirement of non-current assets	—	0
Loss on valuation of investment securities	13	—
Total extraordinary losses	13	0
Loss before income taxes	(261)	(95)
Income taxes - current	0	1
Total income taxes	0	1
Loss	(262)	(96)
Loss attributable to non-controlling interests	—	(0)
Loss attributable to owners of parent	(262)	(95)