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## Qualitative Information on Consolidated Operating Results for Six Months Ended September 30, 2023

### (1) Outline of consolidated operating results

The consolidated operating results of the JAIC Group for the second quarter of the current fiscal year under review (from April 1, 2023 to September 30, 2023) recorded operating revenue of 1,269 million yen (up 14.1 % year-on-year), operating gross profit of 434 million yen (up 195.8 % year-on-year), operating loss of 239 million yen (compared to operating loss of 488 million yen for the same period of the previous fiscal year), ordinary loss of 312 million yen (compared to ordinary loss of 579 million yen for the same period of the previous fiscal year) and loss attributable to owners of parent of 543 million yen (compared to loss attributable to owners of parent of 671 million yen for the same period of the previous fiscal year). Due to progress in sales of stocks invested from investment funds, operating revenue increased and the deficit narrowed compared to the same period of the previous fiscal year. The breakdown and background of operating results are as follows.

#### (a) Breakdown of operating revenue and operating cost

##### (Fund management fees)

Fund management fees etc. consist of management fees and administrative fees from investment funds. Fund management fees etc. were 60 million yen (up 4.3 % year-on-year), about the same as year-on-year.

##### (Investment income)

JAIC had sold 1 mega solar project for the same period of the previous fiscal year, however, JAIC sold only private equity investments for the

second quarter of the current fiscal year under review. On the other hand, JAIC has progressed sales of high margin listed and unlisted stocks in Japan invested from investment funds. The proceeds of sale of operational investment securities increased to 644 million yen (up 45.2 % year-on-year). Realized capital gain, which is calculated by deducting cost of securities sold from proceeds of sales of operational investment securities, also increased to 407 million yen (up 234.2 % year-on-year). JAIC posted provisions for portfolio companies those their business progress had been slower than planned, but the amount decreased year-on-year. The total amount of investment write-offs and provision for allowance for possible investment losses decreased to 218 million yen (down 24.0 % year-on-year).

As a result, investment income, which is calculated by deducting investment write-offs and provision for allowance for possible investment losses from realized capital gains, increased to 188 million yen (compared to investment loss of 166 million yen for the same period of the previous fiscal year).

(Fund interests income, etc.)

Fund interests income, etc. consist of revenues of the projects operated by the JAIC Group (such as revenue from electricity sales, revenue from vegetable sales, rent fee revenue from group home for disabled people and other revenues), interests income from the projects operated by other companies (such as net profits of the projects and gains from the sale of projects), interests income from the private equity funds operated by other companies, interest income, dividend income and other income. The total amount of fund interests income, etc. for the second quarter of the current fiscal year under review decreased to 544 million yen (down 9.3 % year-on-year). Operational dividend income decreased to 4 million yen (down 97.9 % year-on-year). For the same period of the previous fiscal year JAIC received profit dividends from a logistic warehouse project that had sold the facility, however, JAIC has not sold any project for the second quarter of the current fiscal year under review. On the other hand, revenues of the projects operated by the JAIC Group increased to 510 million yen (up 34.5 % year-on-year). The revenues increased as new projects have launched and existing projects have

expanded their business scale.

(Fund interests losses, etc.)

Fund interests losses, etc. consist of costs of the projects operated by the JAIC Group (such as cost of electricity sales, cost of producing vegetables, rental cost of group home for disabled people and other costs), interests losses from the projects operated by other companies (such as losses mainly from projects in the early stage of launch), interests losses from the private equity funds operated by other companies, and other losses.

The total amount of fund interests losses etc. for the second quarter of the current fiscal year under review increased to 371 million yen (up 6.3 % year-on-year). While the cost of producing vegetables decreased, the cost of new projects and existing projects those expanded their business scale increased.

As a result, operating revenue increased by 14.1 % year-on-year to 1,269 million yen, operating cost decreased by 13.5 % year-on-year to 834 million yen and operating gross profit increased by 195.8 % year-on-year to 434 million yen.

(b) Selling, general and administrative expenses

The total amount of selling, general and administrative expenses increased to 674 million yen (up 6.1 % year-on-year). Expenses related to fund formation were incurred from new mega solar projects.

(c) Other profit and loss items

Among the profit and loss items other than (a) and (b) above, net income attributable to non-controlling shareholders is the item that deserves special mention for the second quarter of the current fiscal year under review.

This item is the profit attributable to fund investors other than the JAIC Group among the profits of the funds and projects operated by the JAIC Group. The amount increased to 228 million yen (up 193.3 % year-on-year) as the profits of the funds and the projects increased.

As a result, the deficit narrowed compared to the same period of the previous fiscal year. Loss attributable to owners of parent amounted to 543 million yen (compared to loss attributable to owners of parent of 671 million yen for the same period of the previous fiscal year).

## (2) Cash flows

Cash and cash equivalents as of September 30, 2023, decreased by 115 million yen from March 31, 2023, to 1,646 million yen. The main factors for increase and decrease are as follows:

### (Cash flow from operating activities)

Net cash generated from operating activities increased to 385 million yen (compared to 126 million yen generated from for the same period of the previous fiscal year). Distributions from investment funds increased as investment recovery progressed.

### (Cash flow from financing activities)

Net cash used in financing activities with repayments of long-term borrowings was 509 million yen (compared to 494 million yen used in for the same period of the previous fiscal year).

## (3) Financial position

### (Assets)

Total assets as of September 30, 2023, decreased to 17,780 million yen (compared to 18,775 million yen as of March 31, 2023). The main factor for the decrease in total assets was a decrease in operational investment securities.

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

Operational investment securities as of September 30, 2023, decreased to 8,131 million yen (compared to 9,375 million yen as of March 31, 2023). The main reasons for the decrease were positive investment collection and a decrease of unrealized gain of listed shares.

Allowance for possible investment losses as of September 30, 2023, increased to 1,763 million yen (compared to 1,588 million yen as of March

31, 2023) due to posting of provisions.

As a result, the investment loss provision ratio (ratio of allowance for possible investment losses to operational investment securities) as of September 30, 2023, was 21.7 %, up 4.8 points from March 31, 2023.

(Liabilities)

Total liabilities as of September 30, 2023, increased to 10,158 million yen (compared to 9,673 million yen as of March 31, 2023). The main factor for the increase in total liabilities was an increase in loans payable.

Of liabilities, total of loans payable and bonds as of September 30, 2023, increased to 9,271 million yen (compared to 8,993 million yen as of March 31, 2023).

Due to repayment, loans payable of JAIC itself decreased to 4,633 million yen (compared to 5,137 million yen as of March 31, 2023). JAIC will repay its loans payable in accordance with the agreement.

As for project finance and bonds for the projects operated by the JAIC Group, the balance as of September 30, 2023, increased to 4,638 million yen (compared to 3,856 million yen as of March 31, 2023). A new mega sola project and several group home for disabled people projects have raised new debt.

Project finance and bond for the projects operated by the JAIC Group will limitedly affect the financial soundness of the JAIC Group, since its source of repayments is limited to the assets and revenues of the projects. Therefore, the JAIC Group will continue to expand fund procurement through project finance and bond. The JAIC Group will promote leveraged investment in a wide range of projects such as renewable energy projects operated by the JAIC Group. This enhances profitability of the JAIC Group while maintaining financial soundness.

(Net assets)

Of net assets, total shareholders' equity as of September 30, 2023, decreased to 6,841 million yen (compared to 7,581 million yen as of March 31, 2023) due to loss attributable to owners of parent and a decrease in unrealized gain of listed shares. As a result, the equity ratio as of September 30, 2023, was down 1.9 points to 38.5 % (compared to 40.4% as of March 31, 2023).

Non-controlling interests also decreased to 744 million yen (compared to 1,487 million yen as of March 31, 2023). The main reasons for the decrease were a decrease in unrealized gain of listed shares held by the funds and execution of fund distributions.

As a result, total net assets as of September 30, 2023, decreased to 7,621 million yen (compared to 9,101 million yen as of March 31, 2023).

#### (4) Business Position

##### (a) Investment and loan activities

For the second quarter of the current fiscal year under review, execution of investments and loans decreased by 15.5 % year-on-year to 1,118 million yen in 19 companies/projects. As of September 30, 2023, the balance of investments and loans decreased to 13,458 million yen in 127 companies/projects (compared to 14,133 million yen in 131 companies/projects as of March 31, 2023).

Looking at project-oriented investment, it decreased by 6.2 % year-on-year to 563 million yen in 12 projects that total amount of execution of investments and loans in new projects and in existing projects. JAIC did not execute new investments in smart agriculture projects. Additionally, the investment amount per project was smaller compared to the same period of the previous fiscal year.

As for investment collection, redemption of bonds and distributions from existing projects decreased the balance. Fund interest income/loss also increased/decreased the balance. As a result, the balance of investments and loans as of September 30, 2023, decreased to 6,980 million yen in 55 projects (compared to 7,123 million yen in 50 projects as of March 31, 2023).

Looking at private equity investment, it decreased by 23.3 % year-on-year to 555 million yen in 7 companies that total amount of execution of investments and loans in new companies and in existing companies. The main reason for the decrease was a decrease in strategic investment.

As for investment collection, JAIC sold listed shares and unlisted shares in Japan. As a result, the balance of investments and loans decreased to 6,478 million yen in 72 companies (compared to 7,010 million yen in 81

companies as of March 31, 2023).

(b) Management of investment funds

As of September 30, 2023, the number of investment funds, for which the JAIC Group is responsible for management, operation or provision of investment information, totaled 8, and the balance of total commitment amounts under management decreased to 14,664 million yen (compared to 9 investment funds with 15,850 million yen as of March 31, 2023).

In the second quarter of the current fiscal year under review, 1 fund with the commitment amount of 1,880 million yen decreased due to completion of liquidation procedures. On the other hand, "Succession Investment Limited Partnership, II" increased its commitment amounts. Foreign exchange fluctuation also increased the balance of total commitment amounts.

On October 31, 2023, Succession Investment Limited Partnership, II increased its total commitment amount again and completed the final closing with a total amount 5,101 million yen.

(End)