

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. JAIC assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Qualitative Information on Consolidated Operating Results for Year Ended March 31, 2024

(1) Outline of consolidated operating results

The consolidated operating results of the JAIC Group for the current fiscal year under review (from April 1, 2023 to March 31, 2024) recorded operating revenue of 2,444 million yen (down 36.9 % year-on-year), operating gross profit of 165 million yen (down 88.3 % year-on-year), operating loss of 1,150 million yen (compared to operating income of 11 million yen for the previous fiscal year), ordinary loss of 1,302 million yen (compared to ordinary loss of 126 million yen for the previous fiscal year) and loss attributable to owners of parent of 1,700 million yen (compared to loss attributable to owners of parent of 295 million yen for the previous fiscal year). Operating revenue decreased due to sluggish sales of private equity investments and project-oriented investments. Additionally, valuation losses from portfolio companies in Greater China widened the deficit. 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. increased to 123 million yen (up 8.5 % year-on-year), due to increase of the management fees and the administrative fees.

(Investment income)

The proceeds of sale of operational investment securities decreased to 1,244 million yen (down 39.9 % year-on-year). because JAIC did not execute stock sales with relatively large deal size. On the other hand, JAIC

sold listed shares with high profitability. The increase in profit margins was not able to compensate for all the decrease in profits due to sluggish sales. Therefore, realized capital gain, which is calculated by deducting cost of securities sold from proceeds of sales of operational investment securities, decreased to 622 million yen (down 17.5 % year-on-year) As for project-oriented investment, JAIC sold 1 mega solar project in both the previous fiscal year and the current fiscal year under review.

The total amount of investment write-offs and provision for allowance for possible investment losses increased to 777 million yen (up 145.5 % year-on-year). In Greater China, to proceed with fund liquidation procedures, JAIC posted investment write-offs and provisions for portfolio companies whose expected recovery amount has decreased.

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, was in the red, resulting in investment loss of 155 million yen (compared to investment income of 437 million yen for the previous fiscal year).

(Fund interests income, etc.)

Fund interests income, etc. consists 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 current fiscal year under review decreased to 1,023 million yen (down 38.7 % year-on-year). Operational dividend income and interests income from the projects operated by other companies decreased, respectively. 4 project-oriented investments had been sold for the previous fiscal year; however, no project-oriented investment was sold for the current fiscal year under review.

On the other hand, revenues of the projects operated by the JAIC Group increased to 957 million yen (up 28.9 % year-on-year). The revenues increased because JAIC has launched new mega-solar projects and new

group homes for disabled people. Orders and production at vegetable plant also increased. Additionally, JAIC has scaled up existing projects.

(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 current fiscal year under review increased to 863 million yen (up 7.0 % year-on-year). While the cost of producing vegetables decreased, the costs increased from new projects and existing projects those expanded their business scale.

As a result, operating revenue decreased by 36.9 % year-on-year to 2,444 million yen, operating cost decreased by 7.1 % year-on-year to 2,279 million yen and operating gross profit decreased by 88.3 % year-on-year to 165 million yen.

(b) Selling, general and administrative expenses

The total amount of selling, general and administrative expenses decreased to 1,316 million yen (down 6.5 % year-on-year). Provision for doubtful debts decreased. JAIC reduced executive compensation, personnel costs and administrative outsourcing costs.

As a result, operating income was in the red, resulting in operating loss of 1,150 million yen (compared to operating income of 11 million yen for the previous fiscal year).

(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 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 389 million yen (up 215.1 % year-on-year) because the profits of the funds and the profits of the projects increased.

As a result, the deficit widened compared to the previous fiscal year. Loss attributable to owners of parent amounted to 1,700 million yen (compared to loss attributable to owners of parent of 295 million yen for the previous fiscal year).

(2) Cash flows

Cash and cash equivalents as of March 31, 2024, decreased by 365 million yen from March 31, 2023, to 1,396 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 456 million yen (compared to 157 million yen generated from for the previous fiscal year). Investment returns increased and payment for investment funds decreased.

(Cash flow from financing activities)

Net cash used in financing activities with repayments of long-term borrowings increased to 828 million yen (compared to 806 million yen used in for the previous fiscal year).

(3) Financial position

(Assets)

Total assets as of March 31, 2024, decreased to 16,796 million yen (compared to 18,775 million yen as of March 31, 2023).

Cash and deposits decreased to 2,544 million yen (compared to 3,130 million yen as of March 31, 2023) reflecting on investment execution and repayments of borrowings.

Meanwhile, the amount of the cash and deposits include 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 with high liquidity and belonging to the JAIC Group were cash and cash equivalents of 1,396 million yen as of March 31, 2024 (compared to 1,762 million yen as of March 31, 2023) 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 because of 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 always maintain a certain balance of cash and deposits to ensure not only the payment of expenses and interests and the repayment of loans payable but also the investment for future growth.

Operational investment securities as of March 31, 2024, decreased to 7,067 million yen (compared to 9,375 million yen as of March 31, 2023). Divestment of listed shares and recovery from project-oriented investments progressed. In Greater China, to proceed with fund liquidation procedures, JAIC posted investment write-offs.

(Liabilities)

Total liabilities as of March 31, 2024, increased to 10,663 million yen (compared to 9,673 million yen as of March 31, 2023).

Of liabilities, total of loans payable and bonds as of March 31, 2024, increased to 9,833 million yen (compared to 8,993 million yen as of March 31, 2023).

Due to repayment, loans payable of JAIC itself decreased to 4,314 million yen (compared to 5,137 million yen as of March 31, 2023).

As for project finance and bonds for the projects operated by the JAIC Group, the balance as of March 31, 2024 increased to 5,519 million yen (compared to 3,856 million yen as of March 31, 2023). New mega solar projects and several projects of group home for disabled people 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 March 31, 2024, decreased to 5,536 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 March 31, 2024, fell by 7.4 points to 33.0 % (compared to 40.4% as of March 31, 2023). Total net assets as of March 31, 2024 also decreased to 6,132 million yen (compared to 9,101 million yen as of March 31, 2023).

(4) Business Position

(a) Investment and loan activities

For the current fiscal year under review, execution of investments and loans decreased by 23.6 % year-on-year to 2,721 million yen in 32 companies/projects. The amount mainly decreased for investments in renewable energy projects since some mega-solar projects procured new project finance from financial institutions.

As of March 31, 2024, the balance of investments and loans decreased to 12,152 million yen in 113 companies/projects (compared to 14,133 million yen in 110 companies/projects as of March 31, 2023).

Looking at private equity investment, the balance of investments decreased due to investment recovery and valuation losses in Greater China. In addition, JAIC has posted investment provisions for the investment balance in Greater China up to the expected recovery amounts.

Looking at project-oriented investment, the balance of investments in renewable projects decreased. JAIC sold 1 mega-solar project and recovered a portion of our investment amounts using debt raised through project finance scheme.

(b) IPOs

Number of JAIC-Backed IPOs for the current fiscal year under review was 1 company.

(b) Management of investment funds

JAIC Group is responsible for management, operation or provision of investment information for investment funds under its management. As of March 31, 2024, the number of the investment funds totaled 8, and the balance of total commitment amounts under management decreased to 15,497 million yen (compared to 9 investment funds with 15,850 million yen as of March 31, 2023).

For 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 by 1,400 million yen and completed the final closing with a total amount of 5,101 million yen. Foreign exchange fluctuation also increased the balance of total commitment amounts by 127 million yen.

(End)