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## **Qualitative Information on Consolidated Operating Results for Year Ended March 31, 2025**

### **(1) Outline of consolidated operating results**

The consolidated operating results of the JAIC Group for the current fiscal year under review (from April 1, 2024 to March 31, 2025) recorded operating revenue of 3,092 million yen (up 26.5 % year-on-year), operating gross profit of 1,206 million yen (up 629.6 % year-on-year), operating profit of 105 million yen (compared to operating loss of 1,150 million yen for the previous fiscal year), ordinary profit of 141 million yen (compared to ordinary loss of 1,302 million yen for the previous fiscal year) and profit attributable to owners of parent of 400 million yen (compared to loss attributable to owners of parent of 1,700 million yen for the previous fiscal year). Compared to the previous consolidated fiscal year, revenue increased due to strong project sales. Additionally, the recovery to profitability was supported by a decrease in impairment losses on securities investments and provisions for investment losses in Greater China, and cost-cutting measures in SG&A expenses. 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 134 million yen (up 8.7% year-on-year), driven by higher management fees from newly established funds and increased administrative service fees from funds.

##### **(Investment income)**

Sales of operational investment securities remained largely in line with the previous consolidated fiscal year, reaching 1,258 million yen (up 1.1%

year-on-year). Of this amount, project sales included three mega solar projects, up from one in the previous fiscal year. However, sales of listed shares, which offer higher profit margins, decreased compared to the previous year. Therefore, realized capital gain, which is calculated by deducting cost of securities sold from proceeds of sales of operational investment securities, declined to 420 million yen (down 32.5% year-on-year).

The total amount of investment write-offs and provision for allowance for possible investment losses decreased from the previous fiscal year to 138 million yen (down 82.2% year-on-year). This was mainly due to the completion of loss processing for investments in Greater China, where expected recoverable amounts had decreased in the prior 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, improved to a profit of 281 million yen, compared to a loss of 155 million yen in 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 increased to 1,649 million yen (up 61.2% year-on-year).

This growth reflects gains from the sale of one distribution center project and one healthcare project (a facility for the elderly) during the current fiscal year compared to no project sales in the previous fiscal year. Additionally, power sales revenue increased from newly operational mega solar 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, 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 891 million yen (up 3.3% year-on-year), primarily due to higher operating costs for newly operational mega solar projects and group home projects for people with disabilities.

As a result, operating revenue reached 3,092 million yen (up 26.5% year-on-year), operating cost decreased to 1,886 million yen (down 17.2% year-on-year), and operating gross profit increased to 1,206 million yen (up 629.6% year-on-year).

(b) Selling, general and administrative expenses

The total amount of selling, general and administrative expenses decreased to 1,100 million yen (down 16.4% year-on-year), primarily due to cost-cutting efforts, including reductions in executive compensation. As a result, operating income improved to 105 million yen (compared to operating loss of 1,150 million yen for the previous fiscal year).

(c) Other profit and loss items

Other notable items except (a) and (b) above include gains on the sale of fixed assets (extraordinary gains) and net income attributable to non-controlling shareholders.

Extraordinary gains included 649 million yen from the sale of 16 group homes for people with disabilities.

Net income attributable to non-controlling shareholders 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 decreased to 89 million yen (down 77.0% year-on-year) as profits from these funds and projects decreased.

As a result, net income attributable to owners of the parent company reached 400 million yen, a significant recovery from the net loss of 1,700 million yen in the previous consolidated fiscal year.

## (2) Cash flows

As of the end of the current consolidated fiscal year, the balance of cash and cash equivalents increased by 1,650 million yen from the previous fiscal year-end, reaching 3,047 million yen. The main factors for this increase are as follows:

### (Cash flow from operating activities)

Net cash generated from operating activities increased to 1,427 million yen (compared to 456 million yen in the previous fiscal year). This increase was mainly due to the recording of pre-tax net income and progress in the collection of investment assets.

### (Cash flow from financing activities)

Net cash inflows from financing activities amounted to 179 million yen (compared to an outflow of 828 million yen in the previous fiscal year). This improvement was mainly driven by the issuance of new shares through a third-party allotment on June 28, 2024, partially offset by the repayment of long-term borrowings.

## (3) Financial position

### (Assets)

Total assets as of March 31, 2025, decreased to 15,419 million yen (compared to 16,796 million yen as of previous fiscal year-end). As a result of the project sale, tangible fixed assets decreased to 4,512 million yen (compared to 5,977 million yen as of previous fiscal year-end).

### (Liabilities)

Total liabilities as of March 31, 2025, decreased to 8,260 million yen (compared to 10,663 million yen as of previous fiscal year-end), mainly due to the decrease of borrowings associated with project sales.

Of liabilities, total of loans payable and bonds as of March 31, 2025, decreased to 7,417 million yen (compared to 9,833 million yen as of previous fiscal year-end).

Due to repayment, loans payable of JAIC itself decreased to 3,495 million yen (compared to 4,314 million yen as of previous fiscal year-end).

As for project finance and bonds for the projects operated by the JAIC Group, the balance as of March 31, 2025 decreased to 3,921 million yen (compared to 5,519 million yen as of previous fiscal year-end) as JAIC sold mega solar projects and several projects of group home for disabled people during the current fiscal year.

(Net assets)

Of net assets, total shareholders' equity as of March 31, 2025, increased to 6,817 million yen (compared to 5,536 million yen as of previous fiscal year-end). This increase was primarily driven by the issuance of 998 million yen through a third-party allotment on June 28, 2024, and the recording of net income attributable to owners of the parent company. As a result, the equity ratio as of March 31, 2024, risen by 11.2 points to 44.2% (compared to 33.0% as of previous fiscal year-end).

Total net assets as of March 31, 2025 also increased to 7,158 million yen (compared to 6,132 million yen as of previous fiscal year-end).

(End)