

**Consolidated Financial Results for the Second Quarter of the  
Fiscal Year Ending December 31, 2021 (FY2021)  
(Six Months Ended June 30, 2021)**



[Japanese GAAP]  
July 30, 2021

Company name: Japan Investment Adviser Co., Ltd.      Listed Exchange: Tokyo Stock Exchange, First Section  
Stock code: 7172      URL: <https://www.jia-ltd.com/>  
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Scheduled date of filing of Quarterly Report: August 6, 2021  
Scheduled date of dividend payment: September 1, 2021  
Preparation of supplementary materials for quarterly financial results: Yes  
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter (January 1 to June 30, 2021) of FY2021**

(1) Consolidated results of operations (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 30, 2021	5,437	(48.4)	1,982	(55.3)	2,405	(39.6)	1,387	(48.8)
Six months ended Jun. 30, 2020	10,544	74.4	4,436	41.0	3,979	47.7	2,712	53.7

Note: Comprehensive income      Six months ended Jun. 30, 2021: 1,790 million yen (down 31.8%)  
Six months ended Jun. 30, 2020: 2,622 million yen (up 49.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2021	46.17	46.12
Six months ended Jun. 30, 2020	90.77	90.07

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	93,856	40,214	42.7	1,329.18
As of Dec. 31, 2020	112,170	39,085	34.7	1,294.62

Reference: Owners' equity      As of Jun. 30, 2021: 40,076 million yen      As of Dec. 31, 2020: 38,903 million yen

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	16.00	-	16.00	32.00
FY2021	-	16.00	-	-	-
FY2021 (forecast)	-	-	-	16.00	32.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for FY2021 (January 1 to December 31, 2021)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,000	(26.6)	4,630	(34.0)	4,070	(32.9)	2,800	(26.9)	93.18

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the six months ended June 30, 2021 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of June 30, 2021	30,691,200 shares	As of Dec. 31, 2020	30,590,200 shares
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2) Number of treasury shares at the end of the period

As of June 30, 2021	540,392 shares	As of Dec. 31, 2020	540,392 shares
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3) Average number of shares during the period (cumulative)

Six months ended June 30, 2021	30,050,703 shares	Six months ended June 30, 2020	29,881,961 shares
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\* The current quarterly financial results are not subject to quarterly review by certified public accountants or auditing firms.

\* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to JIA management, but are not promises by JIA regarding future performance. Actual results could differ from the business forecasts due to change in economic conditions, market trends, exchange rate fluctuations and other factors. Please refer to “(3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 for forecast assumptions and notes of caution for usage.

JIA plans to hold a financial results meeting for institutional investors and analysts on August 2, 2021.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

The Japan Investment Adviser (JIA) Group has two reportable segments: the financial solutions business, which includes primarily the operating lease business, and the media-related business. Only information about the financial solutions business is presented because of the negligible importance of the other business.

### (1) Explanation of Consolidated Results of Operations

As for the situation of the global economy during the cumulative consolidated second quarter (Jan. 1 to Jun. 30, 2021), the impact of COVID-19 bottomed out, and there emerged a sign of revitalization of economic activities mainly in Europe and the U.S. due to the “distribution of vaccines,” “large-scale economic measures,” etc. On the other hand, the distribution of vaccines has not progressed in emerging countries, and in some countries, the stagnation of economic activities caused by the coronavirus pandemic is leading to political instability.

As for the situation of the Japanese economy, the coronavirus crisis did not subside in Tokyo, which is the economic center, so a state of emergency was imposed for over two thirds of days from January to June. It was decided that the Olympic and Paralympic Games would be held with no audience. This will produce a significant impact on mainly the industries of restaurants, travel, and entertainment.

In this economic situation, the JIA Group has strived to enhance its corporate value, while focusing on its 3 core businesses (the operating lease business, the renewable energy business, and the aircraft parts-out & conversion business), under the ethos: “Always be a company contributing to society by offering financial services.”

The sales of the operating lease business were 4,903 million yen, down 51.9% year on year. Equity sales were as sluggish as 23,289 million yen, down 56.1% year on year. This is attributable to the stagnation of deals creation during the previous year amid the coronavirus pandemic, but sales exceeded the initial plan at the beginning of the fiscal year, which incorporated this situation. The situation of creation of deals is gradually showing a sign of recovery, but the amount of created deals was 43,742 million yen, down 36.7% year on year.

The sales of the renewable energy business were 216 million yen, up 22.3% year on year. This is mainly due to the management fees for solar power generation equipment and the revenues from electricity sale. The company decided to own solar power generation equipment rather than establishing funds, until the subsiding of the coronavirus crisis becomes foreseeable. Accordingly, the revenues from electricity sale contributed to sales growth.

The sales of the aircraft parts-out & conversion business during the same period were 24 million yen, down 26.6% year on year. The company strived to increase transactions in the parts-out business, which manages parts of dismantled aircraft and sells them to companies for maintenance, lease, and airlines, and in the conversion business, which converts passenger airplanes into cargo aircraft.

The following table shows the changes and change rates between the current second quarter consolidated fiscal year 2021 and the previous second quarter consolidated fiscal year.

[Unit: Million yen]

	Second Quarter of the Fiscal Year Ending December (Jan. 1 – Jun. 30, 2020)	Second Quarter of the Fiscal Year Ending December (Jan. 1 – Jun. 30, 2021)	Change	Change rate (%)
Net sales	10,544	5,437	(5,107)	48.4
Operating profit	4,436	1,982	(2,453)	55.3
Ordinary profit	3,979	2,405	(1,574)	39.6
Profit attributable to owners of parent	2,712	1,387	(1,324)	48.8

**(2) Explanation of Consolidated Financial Position****1) Assets, liabilities and net assets****Assets**

Total assets decreased by 18,314 million yen from the end of 2020 to 93,856 million yen at the end of the second quarter of 2021. This was mainly due to decreases in Advances paid of 13,381 million yen, Cash and deposits of 9,230 million yen, and Equity underwritten of 7,643 million yen, while there were increases in Investments and other assets of 7,513 million yen, Merchandise of 3,106 million yen.

**Liabilities**

Total liabilities decreased by 19,442 million yen from the end of 2020 to 53,642 million yen at the end of the second quarter of 2021. This was mainly due to decreases in Short-term loans payable of 19,267 million yen.

**Net Assets**

Total net assets increased by 1,128 million yen from the end of 2020 to 40,214 million yen. This was mainly due to booking of Profit attributable to owners of parent of 1,387 million yen in the second quarter of 2021.

**2) Cash flows**

Cash and cash equivalents (hereinafter, “net cash”) at the end of the second quarter of 2021 decreased by 24,820 million yen from the end of 2020 to 12,146 million yen.

The cash flow components during the second quarter of 2021 and the main reasons for changes are as described below.

**(Cash flows from operating activities)**

Net cash provided in operating activities was 19,988 million yen (compared with 21,903 million yen provided in the same period of 2020). Main positive factors include decrease of 13,139 million yen in advances paid, a decrease of 7,343 million yen in equity underwritten, book in profit before income taxes of 2,451 million yen, while major negative factor was increase in inventories of 3,689million yen.

**(Cash flows from investing activities)**

Net cash used in investing activities was 9,571 million yen (compared with 727 million yen used in the same period of 2020). Main factors include purchase of investment securities for 7,366 million yen and loan provided for 3,073 million yen.

**(Cash flows from financing activities)**

Net cash used by financing activities was 19,889 million yen (compared with 20,387million yen used in the same period of 2020). Main negative include a 39,459 million yen repayment of short-term loans payable. While main positive factors include a 19,268 million yen increase in short-term loans payable.

### **(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

As for the operating lease business, which is the mainstay of the corporate group, airlines are calming down slowly after facing difficulty in coping with the turmoil at the beginning of the coronavirus crisis, and the aircraft leasing business environment is recovering as they strive to do business while coping with the novel coronavirus. In addition, attractive products for investors are sold out quickly even while the future outlook is unclear. Accordingly, the environments for the development and the sales of leasing transactions are expected to recover gradually after bottoming out in the first half of the fiscal year ending December 2021, although it is necessary to pay attention to the signs of escalation and prolongation of the coronavirus crisis.

In addition, in order to develop the core business in the next growth strategy, the company will concentrate on the cross-selling and the advisory business utilizing the customer base.

We have no plan to revise the full-year earnings forecast as of now, but as soon as it becomes necessary to revise it, we will disclose it promptly through the timely disclosure.

Forecasts are based on information currently available to JIA. Actual performance could differ from these forecasts for a number of uncertainties and changes in the business environment.

### **(4) Risks in business, etc. due to COVID-19.**

If the coronavirus pandemic lingers, there will be the following risks.

- (1) In the operating lease business, there is a risk that opportunities to create deals will decrease, due to the worsening of business performance of lessees, such as airline companies, the worsening of the environment for procuring senior loans at the time of creating deals, and so on.
- (2) There is a risk that the motivation of investors for operating lease products, mainly small and medium-sized enterprises, will weaken.
- (3) There is a risk that the value of assets owned by our company for the operating lease business will degrade. The estimation in accounting, including the evaluation of assets, was conducted with reference to information available at the time of production of consolidated financial statements. The estimation was carried out, under the assumption that the impact of the coronavirus pandemic will subside and the situation will return to the level before the outbreak of COVID-19 in 1 or 2 years. However, there is a possibility that actual results will be different from the optimal estimates, due to uncertainties.
- (4) If the infection spreads inside the company through the contact among employees of the JIA Group and our offices are closed temporarily and some of our businesses are suspended, these may hinder our business operation.

In order to deal with these risks swiftly, the JIA Group makes efforts to closely exchange information with related staff of the operating lease business industry. We take appropriate measures, such as the creation of portfolios for products other than aircraft.

In our daily lives, we are adopting new lifestyles for preventing infection (such as social distancing, wearing face masks thoroughly, and rigorous health management).

If the above factors cause a decline in sales, degradation of value of owned assets, a hindrance to business operation, or the like despite such countermeasures, then it may affect the financial standing and business results of the JIA Group.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY2020 (As of Dec. 31, 2020)	Second Quarter of FY20 (As of Jun. 30, 2021)
<b>[Assets] [Current assets]</b>		
Cash and deposits	21,377	12,146
Accounts receivable-trade	4,076	4,698
Merchandise	7,845	10,951
Equity underwritten	28,431	20,788
Costs on uncompleted – trade	564	1,074
Advance payments-trade	15,971	16,732
Advances paid	19,769	6,387
Short-term loans receivable	1,522	492
Accounts receivable	2,284	885
Operational investment securities	1,677	1,688
Other	1,741	707
<b>Total current assets</b>	<b>105,261</b>	<b>76,553</b>
<b>Non-current assets</b>		
Property, plant and equipment	357	367
Intangible assets	113	105
<b>Investments and other assets</b>		
Investment securities	4,140	11,654
Other	2,213	5,103
<b>Total Investments and other assets</b>	<b>6,354</b>	<b>16,757</b>
<b>Total non-current assets</b>	<b>6,826</b>	<b>17,230</b>
<b>Deferred assets</b>		
Bond issuance cost	83	72
<b>Total deferred assets</b>	<b>83</b>	<b>72</b>
<b>Total assets</b>	<b>112,170</b>	<b>93,856</b>

	(Millions of yen)	
	FY2020 (As of Dec. 31, 2020)	Second Quarter of FY20 (As of Jun. 30, 2021)
<b>[Liabilities] [Current liabilities]</b>		
Accounts payable-trade	18	34
Accounts payable-operating	191	79
Short-term loans payable	56,415	37,147
Current portion of long-term loans payable	2,132	1,800
Current portion of bonds payable	1,136	1,185
Accounts payable-other	799	63
Unearned revenue	2,772	2,335
Income taxes payable	15	756
Provision for bonus	302	413
Other	591	420
Total current liabilities	64,374	44,237
<b>Non-current liabilities</b>		
Bonds payable	2,170	1,750
Long-term loans payable	6,424	7,479
Other	115	175
Total non-current liabilities	8,710	9,404
Total liabilities	73,084	53,642
<b>[Net assets]</b>		
<b>Shareholders' equity</b>		
Capital stock	11,670	11,677
Capital surplus	11,605	11,619
Retained earnings	17,134	17,960
Treasury shares	(1,470)	(1,470)
Total shareholders' equity	38,938	39,786
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	116	123
Foreign currency translation adjustment	(152)	166
Total accumulated other comprehensive income	(35)	289
Share acquisition rights	15	8
Non-controlling interests	166	129
Total net assets	39,085	40,214
Total liabilities and net assets	112,170	93,856



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****(Quarterly Consolidated Statement of Income)****(For the Six-month Period)**

	(Millions of yen)	
	First six months of FY2020 (Jan. 1 – Jun. 30, 2020)	First six months of FY2021 (Jan. 1 – Jun. 30, 2021)
Net sales	10,544	5,437
Cost of sales	4,054	1,187
Gross profit	6,490	4,249
Selling, general and administrative expenses	2,054	2,267
Operating profit	4,436	1,982
Non-operating income		
Interest income	93	104
Gain on sales of equity underwritten	370	103
Commission income	42	163
Foreign exchange gains	-	725
Other	90	106
Total non-operating income	596	1,203
Non-operating expenses		
Interest expenses	389	275
Commission expenses	329	375
Foreign exchange losses	203	-
Share of loss of entities accounted for using equity method	104	86
Other	25	43
Total non-operating expenses	1,053	780
Ordinary profit	3,979	2,405
Extraordinary benefit		
Gain on sale of shares of subsidiaries and associates	-	38
Other	-	6
Total extraordinary benefit	-	45
Profit before income taxes	3,979	2,451
Income taxes	1,248	986
Profit	2,730	1,465
Profit attributable to non-controlling interests	18	77
Profit attributable to owners of parent	2,712	1,387

**(Quarterly Consolidated Statement of Comprehensive Income)****(For the Six-month Period)**

	(Millions of yen)	
	First six months of FY2020 (Jan. 1 – Jun. 30, 2020)	First six months of FY2021 (Jan. 1 – Jun. 30, 2021)
Profit	2,730	1,465
Other comprehensive income		
Valuation difference on available-for-sale securities	(77)	6
Foreign currency translation adjustment	(29)	318
Total other comprehensive income	(107)	324
Comprehensive income	2,622	1,790
(breakdown)		
Comprehensive income attributable to owners of parent	2,604	1,712
Comprehensive income attributable to non-controlling interests	18	77

**(3) Quarterly Consolidated Statement of Cash Flows**

	(Millions of yen)	
	First six months of FY2020 (Jan. 1 – Jun. 30, 2020)	First six months of FY2021 (Jan. 1 – Jun. 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,979	2,451
Depreciation	16	240
Amortization of goodwill	1	1
Foreign exchange losses (gains)	(126)	446
Gain on sales of equity underwritten	(370)	(103)
Share of (profit) loss of entities accounted for using equity method	104	86
Gain on liquidation of subsidiaries and associates	-	(38)
Interest and dividend income	(93)	(343)
Interest expenses	389	275
Decrease (increase) in notes and accounts receivable-trade	494	(691)
Decrease (increase) in inventories	1,595	(3,807)
Decrease (increase) in advance payments-trade	(2,710)	(761)
Increase (decrease) in notes and accounts payable-trade	(373)	(120)
Decrease (increase) in equity underwritten	36,239	7,343
Decrease (increase) in advances paid	(7,847)	13,139
Decrease (increase) in deposits paid	503	(54)
Increase (decrease) in unearned revenue	(6,129)	(441)
Increase / decrease in accrued or accrued consumption tax	(778)	1,376
Others	(781)	(856)
Subtotal	24,114	18,142
Interest and dividend income received	471	630
Interest expenses paid	(399)	(277)
Income taxes refund	-	1,559
Income taxes paid	(2,283)	(65)
<b>Net cash provided by (used in) operating activities</b>	<b>21,903</b>	<b>19,988</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(113)	(28)
Purchase of intangible assets	(15)	(1)
Purchase of investment securities	(261)	(7,366)
Proceeds from refund of leasehold deposits	-	138
Loan advances	(548)	(3,073)
Proceeds from collection of loans receivable	300	989
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(230)
Decrease(increase) in investments and other assets	(88)	0
<b>Net cash provided by (used in) investing activities</b>	<b>(727)</b>	<b>(9,571)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	47,493	19,268
Repayments of short-term loans payable	(66,851)	(39,459)
Proceeds from long-term loans payable	-	2,290
Repayments of long-term loans payable	(1,217)	(1,251)
Proceeds from issuance of bonds	1,100	200
Redemption of bonds	(511)	(571)
Proceeds from exercise of employee share options	6	13
Cash dividends paid	(373)	(479)
Others	(33)	99
<b>Net cash provided by (used in) financing activities</b>	<b>(20,387)</b>	<b>(19,889)</b>
Effect of exchange rate change on cash and cash equivalents	(60)	241
Net increase (decrease) in cash and cash equivalents	727	(9,230)
Cash and cash equivalents at beginning of period	36,239	21,377
Cash and cash equivalents at end of period	36,966	12,146

**(4) Notes to Quarterly Consolidated Financial Statements**

**(Going Concern Assumption)**

Not applicable.

**(Significant Changes in Shareholders' Equity)**

Not applicable.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*