



Financial Results for the Third Quarter of FY2021

October 29, 2021

Japan Investment Adviser Co., Ltd.



Stock Code: 7172

<https://www.jia-ltd.com/en/>

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1. Company Overview

Always be a company contributing to society
by offering financial services.

For shareholders

We will contribute to the prosperity of our shareholders by increasing corporate value with an aim to achieve a steady and rapid growth on a sustainable basis.

For clients

We are dedicated to contributing to the prosperity of our corporate and individual clients by providing financial products and services that are backed by the support and trust of our clients.

For business partners

We aim to fulfill our social responsibility and achieve business growth together with our business partners empowered by their support and trust.

For our officers and employees

We will build a work environment to help each of our staff to develop professionalism and fully exercise their ability. We will foster an organization and a corporate culture that prioritize openness and creativity to encourage our staff to take on new challenges.



Corporate Profile

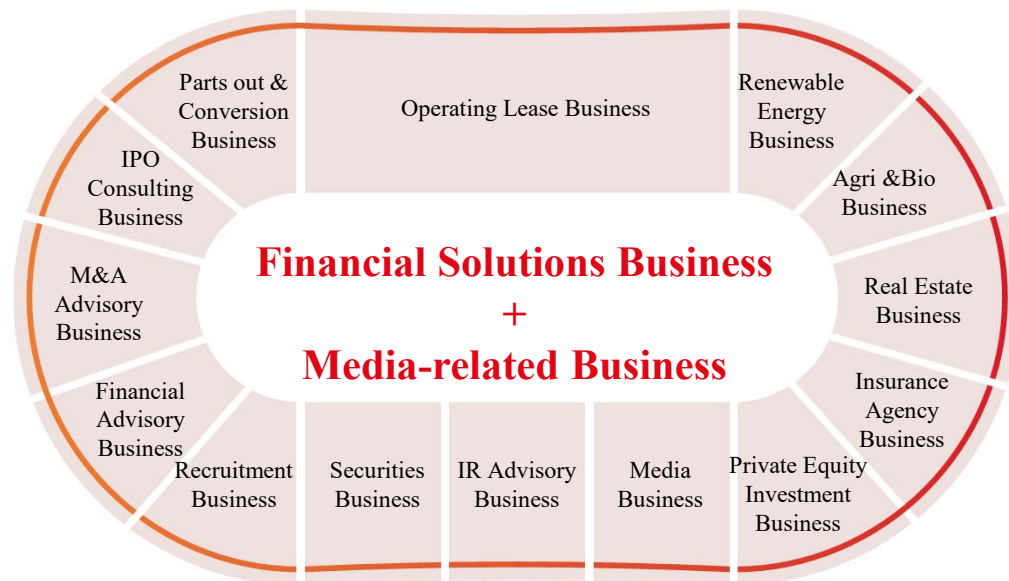


Company Name	Japan Investment Adviser Co., Ltd.
Head Office	Kasumigaseki Common Gate West Tower 3-2-1 Kasumigaseki Chiyoda-ku Tokyo
Representative	President, CEO Naoto Shiraiwa
Established	September 2006 (Fiscal Year-end: December 31)
Business	Financial solutions business, Media-related business
Paid-in Capital	¥11,677 million
Stock Exchange Listing	Tokyo Stock Exchange – First section (Stock Code: 7172)
Employees	Non-consolidated: 153 ; Consolidated: 212 as of September 30, 2021
Financial Institutions	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited., Sumitomo Mitsui Trust Bank, Limited, The Norinchukin Bank, The Chiba Bank, Ltd., Daishi Hokuetsu Bank. Ltd. and the other 52 banks
Major Shareholders	Top shareholders (60.2% shares, excluding treasury stock) as of June 30, 2021 Naoto Shiraiwa (22.8%) KODO Holdings Co., Ltd. (21.2%) Custody Bank of Japan, Ltd. (Trust account) (10.8%) Master Trust Bank of Japan.(Trust account) (2.6%) Teiji Ishikawa (1.5%) Yoshitaka Murata (1.3%)
Independent Auditor	Grant Thornton Taiyo LLC

Our Group Business

Our group core business is Operating Leases Business, which is the structuring and sale of unique financial products (Japanese Operating Leases, JOL/JOLCO) to investors, namely small and medium-sized enterprises (SMEs), through a nationwide network of banks, securities firms and other financial institutions, as well as public tax accounting firms and certified public accountants.

In addition to the Operating Lease Business, the Company provides comprehensive solution services to SMEs, including solutions to issues such as lack of human resources and successors, as well as financing and strategic planning support for sustainable growth.



Our Group Company

Japan Investment Advisor Co., Ltd.

JIA

- Renewable Energy Business(solar power generation and other)
- M&A Advisory Business
- IPO Consulting Business
- Real Estate Business
- Recruitment Business
- Agri & Bio Business

Private Equity Business

[Management and Investment for value-up]

- Health Tech
- AI Related
- Real Estate
- After-School Day Service
- Recruitment

Nihon Securities Journal Inc.

NSJ

(100% owned subsidiary)

Publishing "Nihon Securities Journal"
The website "Nihon Securities Journal Digital."
IR Advisory Business
(Briefings for individual investors)



Vallair Capital SAS(40% Affiliates)

Vallair

- Parts Out Business is a business that dismantles retired aircraft, manages the inventory of each part, and sells it to users around the world
- Conversion Business is a business that converts old passenger planes into freighters



JIA Securities Co., Ltd.

(100% owned subsidiary)

JIA-Sec

Providing a wide range of financial products and services

- Stocks
- Bonds
- Investment trust
- Index futures and options . . . etc



Finspire Inc.

Fins

(100% owned subsidiary)

- A sales for Japanese operating lease products (JOLCO, JOL) for Japanese SMEs

JP Lease Products & Services Co., Ltd.

JLPS

(100% owned subsidiary)

- A sales for Japanese operating lease products (JOLCO, JOL) for Japanese SMEs
- Life and non-life insurance agency



JLPS Ireland Limited

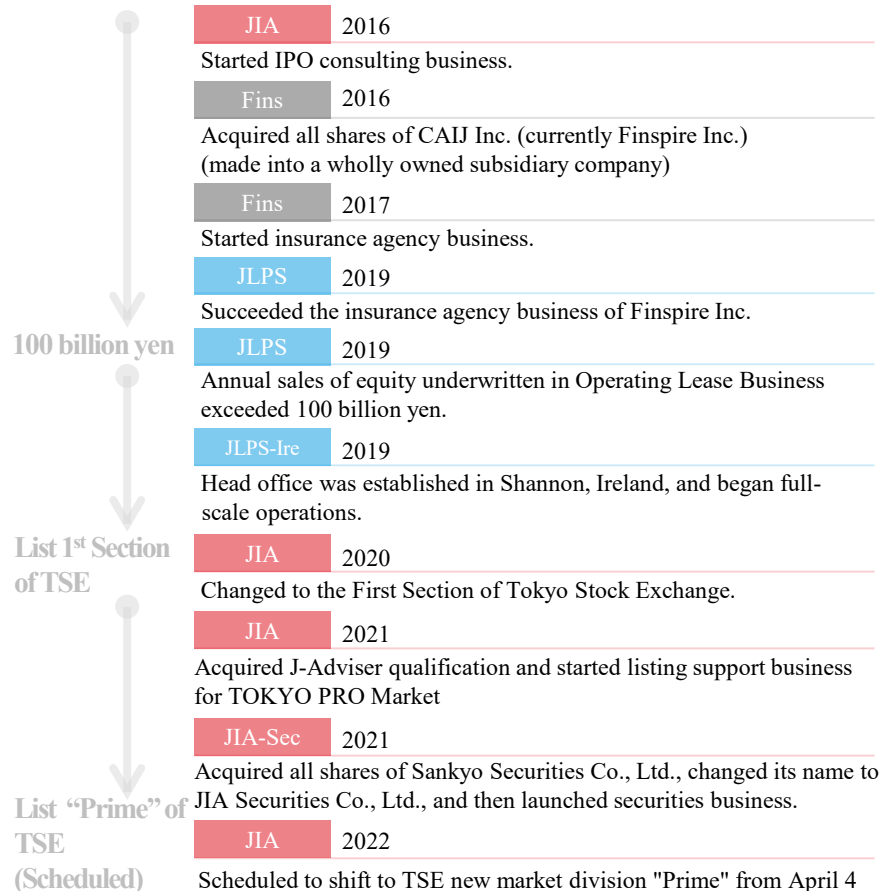
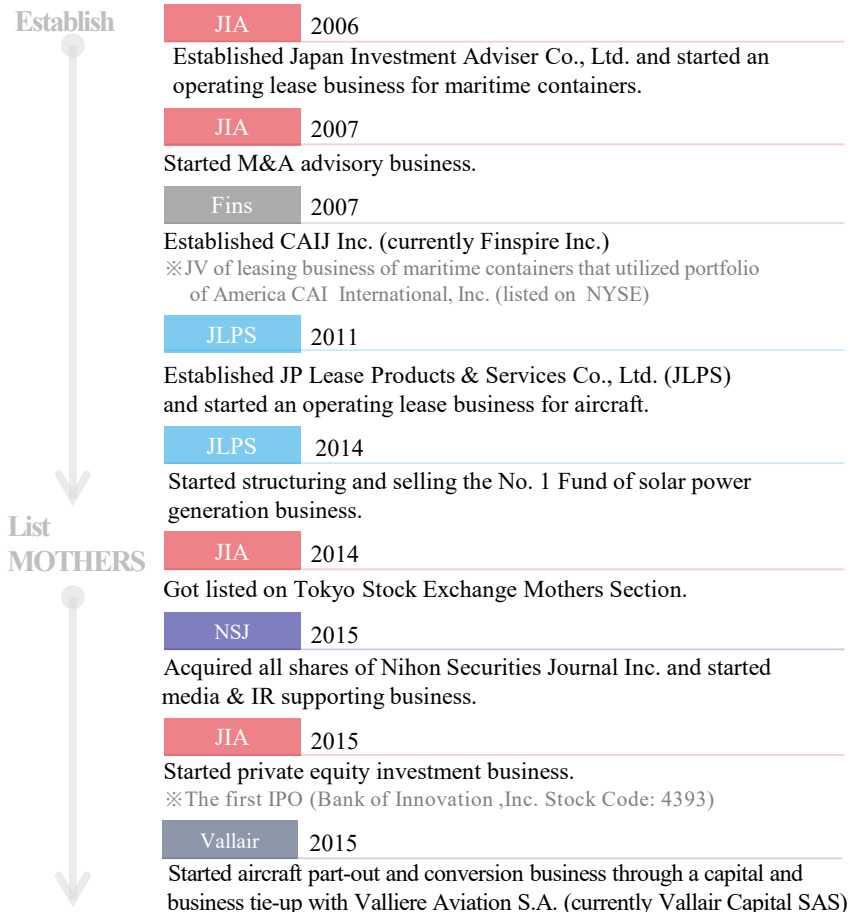
JLPS-Ire

(100% owned subsidiary)

One-stop management of aviation operating leases in Ireland

- Origination
- Financing
- Lease Management
- Exit/Remarketing

Our Group History



Third Quarter of FY2021

2. Business Overview

Highlights for the Nine Months of FY2021

The results were almost in line with the initial forecasts.

- The struggles in the second and third quarters were within the scope of the assumption made at the beginning of the term.
- No change to the full-year earnings forecasts.

(Millions of yen)	Nine Months FY2020	Nine Months FY2021			FY2021	
	Result	Result	Change	Change(%)	Forecast	Progress rate
Net Sales	14,114	10,023	(4,090)	(29.0%)	13,000	77.1%
Operating profit	5,537	3,092	(2,445)	(44.2%)	4,630	66.8%
Ordinary profit	4,613	3,354	(1,258)	(27.3%)	4,070	82.4%
Profit attributable to owners of parent	3,080	2,029	(1,051)	(34.1%)	2,800	72.5%
Total amount of equity sales [※]	64,740	39,914	(24,825)	(38.3%)	56,000	71.3%

Note: Transfer of equity interest in special-purpose companies(SPC) as defined in Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act

Highlights for the Third Quarter of FY2021

The business environment is gradually becoming steady, and sluggishness is apparently bottoming out.

- Sales and profit grew for three months in the third quarter.
- Deal for sale transactions were insufficient, but the needs from investors are robust.

(Millions of yen)	Q3 FY2020	Q3 FY2021			FY2021	
	Result	Result	Change	Change(%)	Forecast	Progress rate
Net Sales	3,569	4,586	1,016	28.5%	13,000	35.3%
Operating profit	1,101	1,109	8	0.8%	4,630	24.0%
Ordinary profit	633	948	315	49.8%	4,070	23.3%
Profit attributable to owners of parent	368	641	273	74.3%	2,800	22.9%
Total amount of equity sales [※]	11,665	16,625	4,959	42.5%	56,000	29.7%

Note: Transfer of equity interest in special-purpose companies(SPC) as defined in Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act

Business Segment (Nine Months of FY2021)

The businesses other than the Operating Lease Business, which is the mainstay, contributed to revenues.

- The Renewable Energy Business grew significantly, as we sold solar power plants that were in operation.
- In the Part out & Conversion Business and M&A Advisory Business, we met clients' needs, and clients placed orders.

Business units (Millions of yen)	Nine Months FY2019	Nine Months FY2020	Nine Months FY2021		
	Result	Result	Result	YoY change	YoY change(%)
Operating Lease Business	7,822	13,338	8,070	(5,268)	(39.5%)
Renewable Energy Business	249	325	1,281	955	293.7%
Aircraft Part-Out & Conversion Business	4	34	178	143	421.1%
Other Financial Solution Business	504	263	326	63	24.2%
Insurance Business					
M&A Advisory Business					
Recruitment Business					
Private Equity Investment Business					
IPO Consulting Business					
Media-related Business	206	152	166	13	9.1%
Total	8,788	14,114	10,023	(4,090)	(29.0%)

Business Segment (Third Quarter of FY2021)

The Operating Lease Business, which is the mainstay, apparently bottomed out.

- Sales grew for three months in the third quarter, contributing to the recovery of overall revenues.
- The drop in sales of Other Financial Solution Business is attributable to the gain on sale of shares in the Private Equity Investment Business in the same period of the previous year.

Business units (Millions of yen)	Q3 FY2019	Q3 FY2020	Q3 FY2021		
	Result	Result	Result	YoY change	YoY change(%)
Operating Lease Business	2,404	3,153	3,167	13	0.4%
Renewable Energy Business	36	148	1,064	916	617.8%
Aircraft Part-Out & Conversion Business	(12)	0	153	153	-
Other Financial Solution Business					
Insurance Business					
M&A Advisory Business					
Recruitment Business	248	216	142	(73)	(33.9%)
Private Equity Investment Business					
IPO Consulting Business					
Media- related Business	65	50	58	7	14.6%
Total	2,742	3,569	4,586	1,016	28.5%

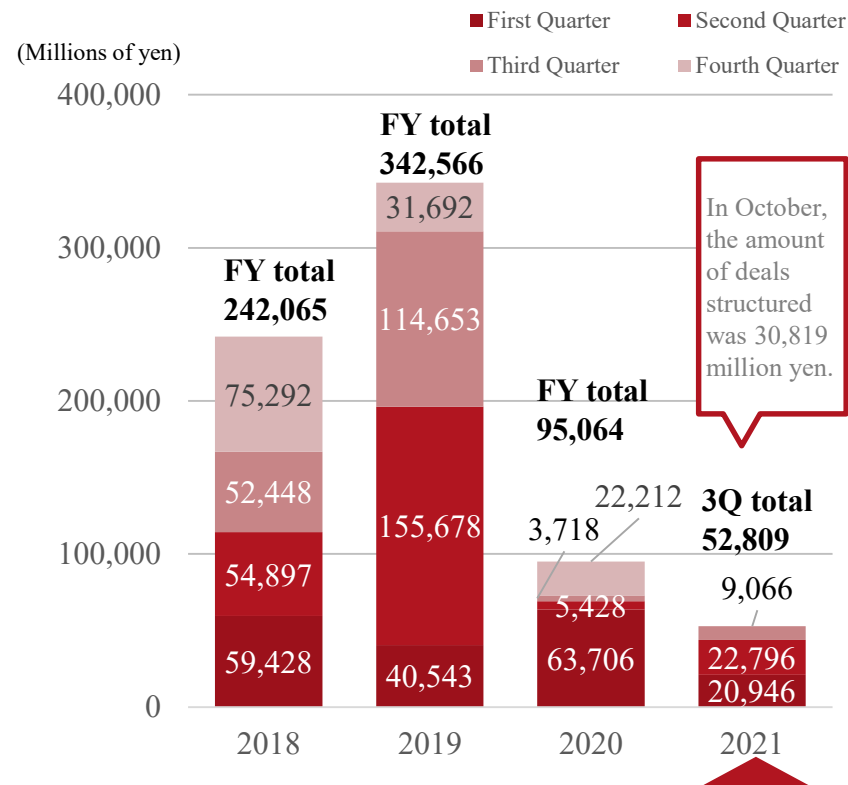
Deals Structured

(Operating lease business, Renewable energy business)

Deals Structured by Type of Asset

(Millions of yen)	Nine Months FY2020	Nine Months FY2021
Aircraft	72,852 (7 deals)	49,983 (9 deals)
Vessel	0 (0 deal)	0 (0 deal)
Container box	0 (0 deal)	2,826 (3 deals)
Solar photovoltaic generation	0 (0 deal)	0 (0 deal)
Total	72,852 (7 deals)	52,809 (12 deals)

Change in Amount of Deals Structured



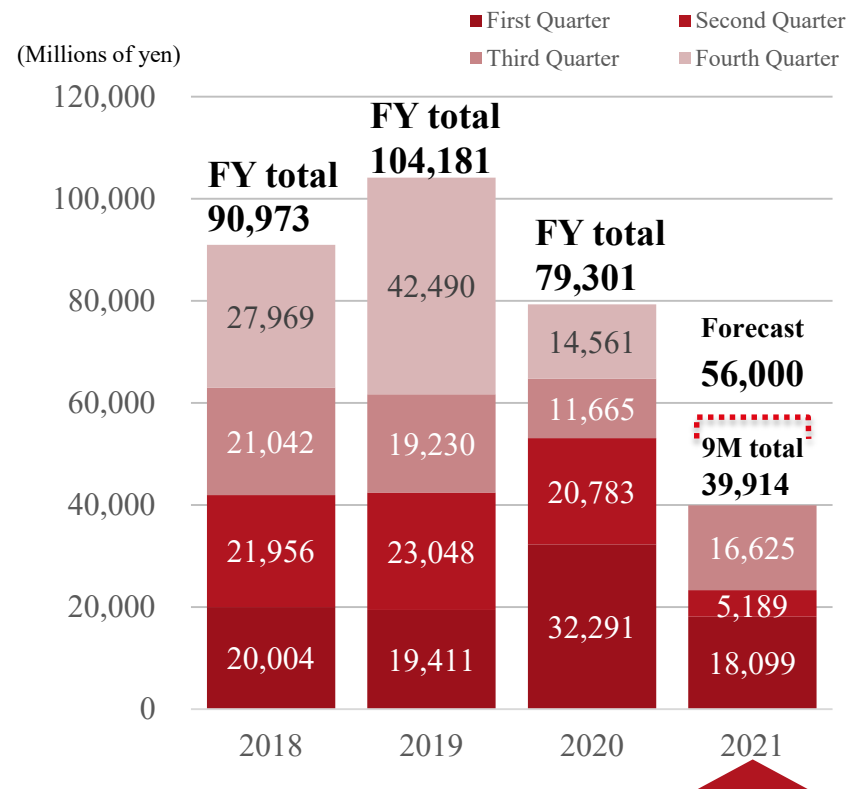
Equity Sales

(Operating lease business, Renewable energy business)

Equity Sales by Type of Asset

(Millions of yen)	Nine Months FY2020	Nine Months FY2021
Aircraft	54,839	37,802
Vessel	0	0
Container box	9,900	2,112
Solar photovoltaic generation	0	0
Total	64,740	39,914

Change in Amount of Equity Sales

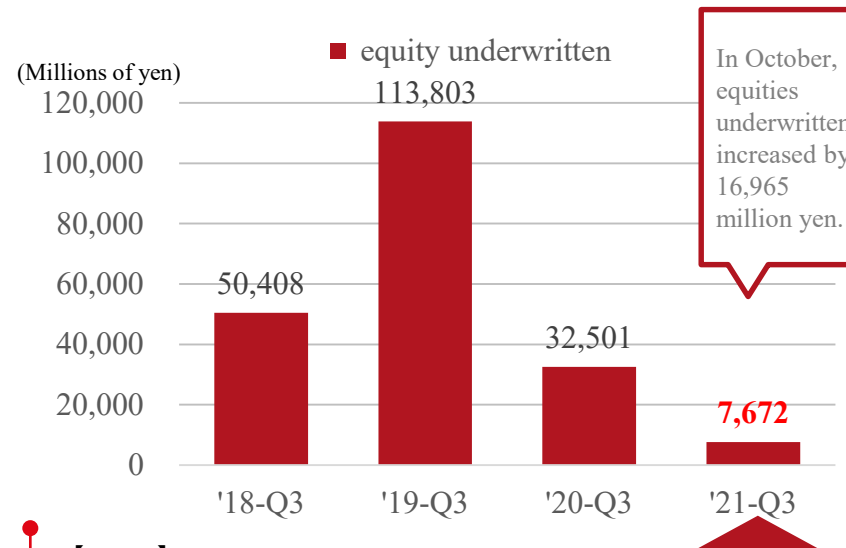


Equity underwritten (Operating lease business)

Equity underwritten at the end of the term by Type of Asset

(Millions of yen)	Q3 FY2020	Q3 FY2021
Aircraft	32,501 (11 deals)	6,241 (3 deals)
Vessel	0 (0 deal)	0 (0 deal)
Container box	0 (0 deal)	1,431 (1 deal)
Total	32,501 (11 deals)	7,672 (4 deals)

Balance of Equity underwritten at the end of the term

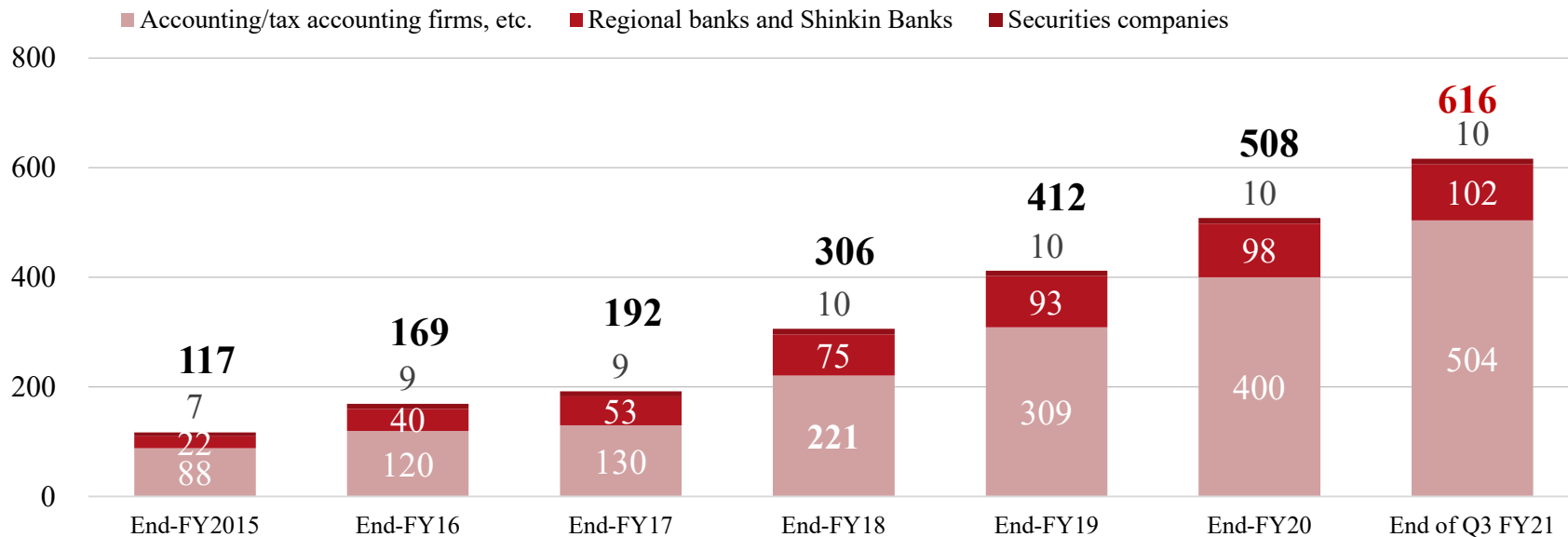


【Notice】 (Millions of yen)

Due to a scheme different from the previous one, the assets before the establishment of a portfolio are included in the following items other than “Equities underwritten” as the assets to be handled as products.

Advance payments-trade	16,817	(YoY: +2,963)
Advances paid	10,498	(YoY: - 4,713)
Investment securities	12,954	(YoY: +9,640)

Number of business matching contracts



- During three months in the third quarter of 2021, the number of business matching partners presenting the Company to investors increased by 42 to a total of 616.
- In addition to the channel of banks and Shinkin banks, which has been one of our strengths, In recent years, we have increased contracts with tax accountant offices and accounting firms.
→It will become a strong advantage in marketing activities after the pandemic subsides.

Third Quarter of FY2021

3. Financial Results

Q3 FY2021 Consolidated Income Statement Summary

(Millions of yen)	Nine Months FY2020	Nine Months FY2021		
	Result	Result	YoY Change	YoY change(%)
Net Sales	14,114	10,023	(4,090)	(29.0%)
Costs of sales	5,740	3,524	(2,215)	(38.6%)
Gross Profit *1	8,374	6,498	(1,875)	(22.4%)
SG&A expenses *2	2,836	3,406	569	20.1%
Operating profit *3	5,537	3,092	(2,445)	(44.2%)
Non-operating income *4	876	1,553	677	77.3%
Non- operating expenses *5	1,801	1,292	(508)	(28.0%)
Ordinary Profit	4,613	3,354	(1,258)	(27.3%)
Profit attributable to owners of parent	3,080	2,029	(1,051)	(34.1%)

Point

※1 Gross profit

Gross profit margin increased 64.8%, up 5.5 points from the previous year.

※2 SG&A expenses

SG&A expenses increased 20.1% owing mainly to the augmentation of personnel expenses and outsourcing costs.

※3 Operating profit

Operating profit was down 44.2% from the previous year.

※4 Non-operating income

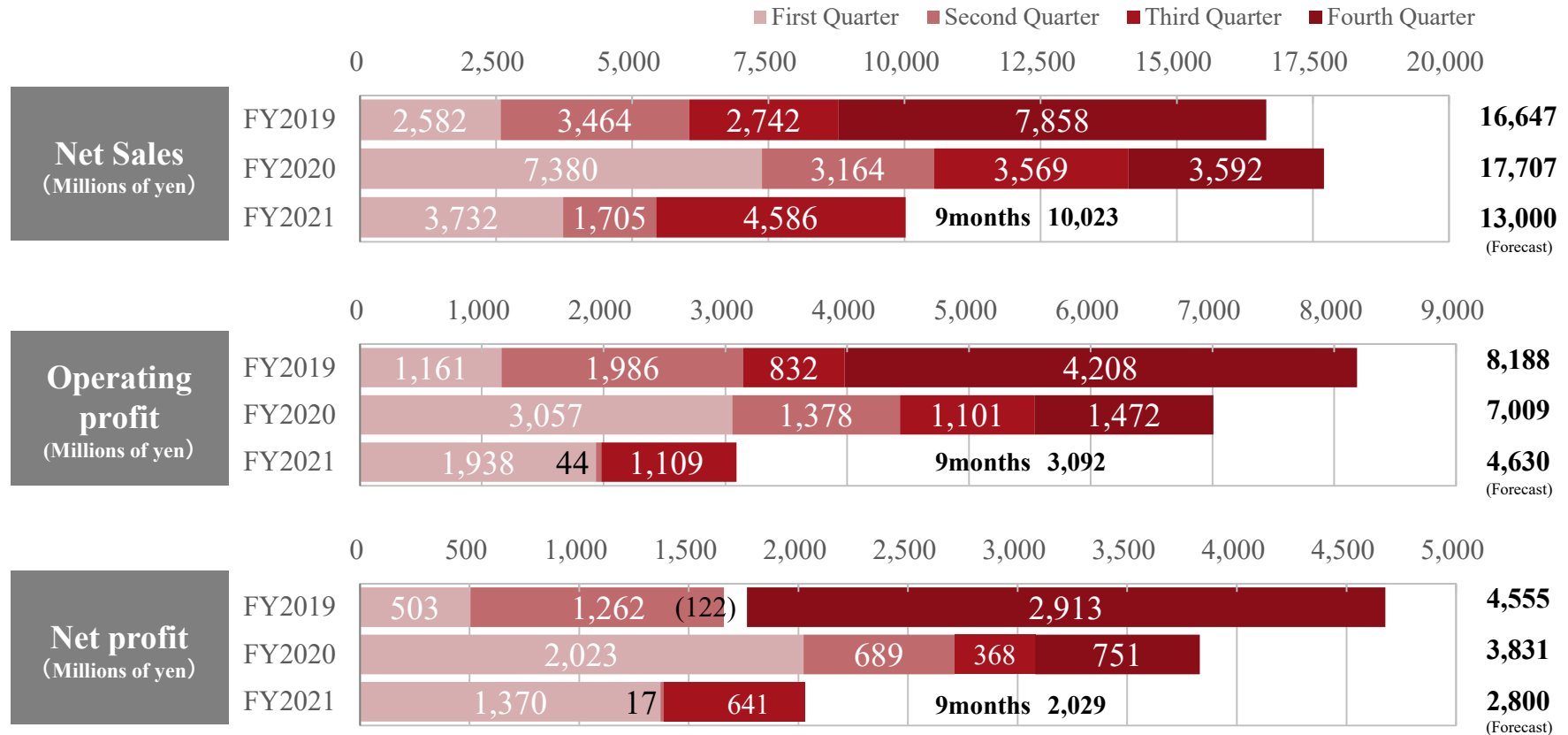
An increase of 677 million Yen
Increase of 789 million Yen in foreign exchange gain
(FX losses in previous year 169 million Yen)
Increase of 120 million Yen in equity in gain of affiliates
(Equity losses in previous year 187 million Yen)

※5 Non-operating expenses

An decrease of 508 million Yen
Decrease of 156 million Yen in interest expenses
(due to reduction of loans)

Trends by quarter

Year on Year Comparison(FY2019,FY2020,FY2021)



Q3 FY2021 Consolidated Balance Sheet Summary (1)

(Millions of yen)	Sep 30, 2020	Dec 31, 2020	Sep 30, 2021		
			Result	YoY change	QoQ change
Cash and deposits *1	24,693	21,377	10,751	(13,942)	(10,626)
Accounts receivable – trade	5,588	4,076	5,518	(69)	1,442
Merchandise *2	4,607	7,845	11,038	6,430	3,193
Equity underwritten *3	32,501	28,431	7,672	(24,828)	(20,758)
Costs on uncompleted – trade	607	564	181	(426)	(382)
Advance payments-trade *4	13,853	15,971	16,817	2,963	846
Advances paid*5	15,212	19,769	10,498	(4,713)	(9,270)
Other	6,636	7,225	4,955	(1,681)	(2,269)
Current assets	103,701	105,261	67,434	(36,266)	(37,826)
Tangible fixed assets	244	357	380	135	22
Intangible fixed assets	121	113	368	247	255
Investment and other assets *6	6,016	6,354	17,932	11,916	11,577
Non-current assets	6,381	6,826	18,680	12,299	11,854
Deferred assets	91	83	95	4	12
Total assets	110,174	112,170	86,211	(23,963)	(25,959)

Point

*1 Cash and deposits

Decline due to reduced assets in response to Corona disaster.

*2 Merchandise

Mainly the inventory for the parts-out & conversion business and for the solar power generation funds after the exercise of purchase.

*3 Equity underwritten

Investment in silent partnership to be sold in the future in the operating lease business

*4 Advance payments-trade

Mainly for purchase of Aircraft to develop investment products.
 ※ Plans to transfer all the balance to equity underwritten.
 ※ The company may sell aircraft.

*5 Advances paid

Mainly temporary advances paid before sale to investors for the operating lease business and for the renewable energy business.

*6 Investments and other assets

Increased by 11,916 million yen from the end of the previous term. Among them, the funds for the transactions in the new scheme grew 8,626 million yen.

※ We posted revenues through the equity method investment gain.

Q3 FY2021 Consolidated Balance Sheet Summary (2)

(Millions of yen)	Sep 30, 2020	Dec 31, 2020	Sep 30, 2021		
			Result	YoY change	QoQ change
Accounts payable - trade	20	18	52	31	33
Short-term loans payable *1	61,168	59,684	29,813	(31,354)	(29,870)
Unearned revenue *2	4,803	2,772	731	(4,071)	(2,040)
Income taxes payable	80	15	973	893	958
Other	739	1,884	1,986	1,247	101
Current liabilities	66,811	64,374	33,558	(33,253)	(30,816)
Non-current liabilities	4,943	8,710	12,166	7,222	3,456
Total liabilities	71,755	73,084	45,724	(26,030)	(27,360)
Capital stock	11,661	11,670	11,677	15	6
Capital surplus	11,596	11,605	11,619	23	14
Retained earnings	16,382	17,134	18,119	1,737	985
Treasury shares	(1,470)	(1,470)	(1,470)	0	0
Shareholders' equity *3	38,169	38,938	39,945	1,776	1,006
Other	249	146	541	291	394
Total net assets	38,419	39,085	40,486	2,067	1,401

Point

*1. Interest-bearing debt

• **Short-term loans payable** are mainly used by the Group to temporarily underwrite special-purpose companies (SPC) investments on the premise that the status will be transferred to investors.

→ The proceeds from the transfer of the Equity Underwritten to the investors will be used to repay the loans.

→ Decrease of 29,870 million yen in short-term loans payable compared to the end of the previous fiscal year due to the decrease in the balance of Equity Underwritten

• **Long-term debt and bonds** are mainly used for long-term projects such as Part out & Conversion Business. Increased issuance of donation-type private placement bonds in terms of social contribution.

Compared to the end of the previous fiscal year.
Increase of 442 million yen in long-term debt
Increase of 2,928 million yen in bonds

*2. Unearned revenue

Of the business consignment fees received from SPC, the amount for the period before the transfer to investors.

*3. Equity ratio

Equity ratio rose due to a decline in the balance in Equity Underwritten and progress in repayment of loans.

End of Q3 FY2020	34.7 %
End of FY2020	34.7 %
End of Q3 FY2021	46.8 %

4. Forecasts for FY2021

Earnings Forecasts for FY2021

The initial forecast unchanged.

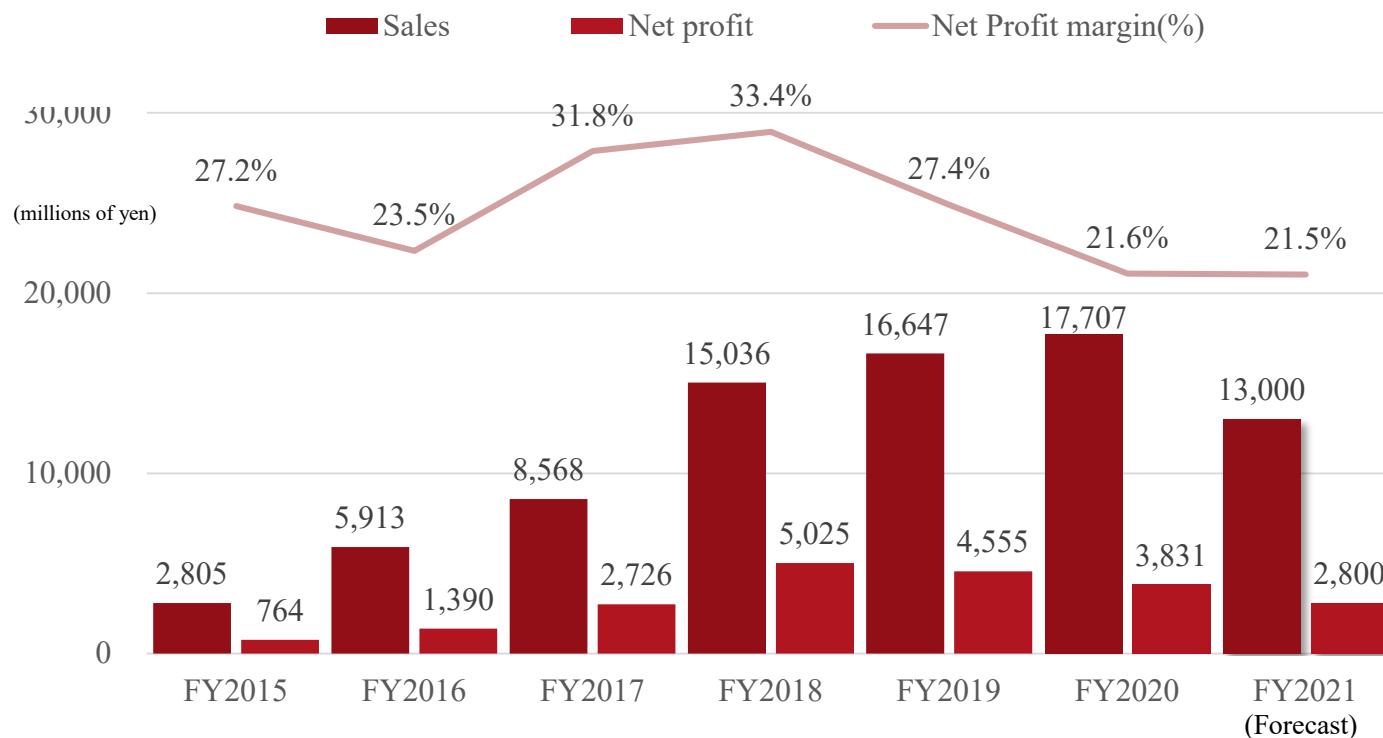
- The enhanced efforts to enrich the business portfolio are paying off gradually.
- Amid the coronavirus pandemic, the negotiation for transactions is progressing, and we are securing sales transactions for FY2021.

Comparison of full-year forecast (Oct.-Dec. 2021) and results (Oct.-Dec. 2020)

(Millions of yen)		Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2020	Nine months results	14,114	5,537	4,613	3,080
	Fourth Quarter results	3,592	1,472	1,451	751
FY2021	Forecast(A)	13,000	4,630	4,070	2,800
	Nine months results(B)	10,023	3,092	3,354	2,029
	Shortage (A)-(B)	2,976	1,537	715	770

Note: Transfer of equity interest in special-purpose companies(SPC) as defined in Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act

Development of the business base for returning to the high-growth model in the post-pandemic era.



In FY2020

To fortify our business foundation to tolerate the worsening of the business environment amid the coronavirus crisis

In FY2021

To enrich our business portfolio, in preparation for the economic recovery after the subsiding of the pandemic

Post-pandemic era

Return to the high-growth model

1. Risks on supply-side

- ✓ Due to deterioration in performance of lessees, including airline companies •••Risks to decrease opportunities to make deals
 - ✓ Due to the deterioration of financing environment •••Risks to decrease opportunities to make deals
-

2. Risks on demand-side


- ✓ Due to deterioration in performance of investors (SMEs nationwide) •••Risks to lose the willingness to invest
-

3. Risks on portfolio assets

- ✓ Related to the operating lease business •••Risks to degrade the value of assets owned
-

4. Risks on business operation

- ✓ Through the spread of the virus inside our company ••• Risk to hinder smooth business continuity
-

 Our group will take appropriate measures for controlling the above risks, but the business performance of our group may largely differ from the projections due to prolonged spread of COVID-19.

5. Shareholder Returns

Initial forecast unchanged

- Our basic policy is to pay dividends based on a balance between performance-linked and stable dividends, while taking into consideration the balance between the expansion of the financial base and human investment to improve business performance.

	Dividends(JPY)			Amount of dividends	Payout Ratio	DOE
	Interim	Year-end	Annual	(Millions of yen)	(%)	(%)
FY2016	4.0	6.0	10.0	121	8.5	2.7
FY2017	6.0	6.0	—	235	8.4	2.2
FY2018	5.5	9.5	15.0	446	8.3	1.9
FY2019	9.5	12.5	22.0	655	14.4	1.9
FY2020	16.0	16.0	32.0	959	25.0	2.6
FY2021(Forecast)	16.0 (Result)	16.0	32.0	964	34.3	2.4

Note: JIA conducted a 2-for-1 common stock split on September 1, 2017.

Shareholder Returns (Incentives)

[Partial change in shareholder benefits at the end of December 2021]

- ✓ The incentive plan for shareholders to encourage more shareholders to maintain their investment loyalty over the medium- to long-term period.(Continued from end of FY2015.)
- ✓ We have changed the menu to take into account the balance of the number of shares held and the holding period, due to an increase in the number of shareholders who hold their shares for a long period of time,



Unlimited reading of back issues



The next day's newspaper will be released at noon.



Use of sophisticated tools such as chart analysis

Nihon Securities Journal

Search

Continuous holding period \ Continuous holding share	100 or more and less than 2,000 shares		2,000 shares or more	
	subscription to the Nihon Securities Journal Digital	Quo Card	subscription to the Nihon Securities Journal Digital	Quo Card
Less than 1 year	3-month (9,000 yen value)	500 yen	6-month (18,000 yen value)	1,000 yen
1 year or more but less than 2 years	6-month (18,000 yen value)	1,000 yen	12-month (36,000 yen value)	3,000 yen
2 year or more but less than 3 years		3,000 yen		5,000 yen
3 years or more		5,000 yen		10,000 yen

Note: For details, please refer to the "Shareholder Benefits" section of our website at <https://www.jia-ltd.com/en/ir/dividend/>

6.Topics

Topics1 (Approval for the listing of PE investees)

The listing of Science Arts, Inc. on Mothers of TSE.

Name : Science Arts, Inc.
Date of List : November,24 2021
Business : Development and sales of
“Buddycom“(※)

※ Live communication platform for
connecting deskless workers

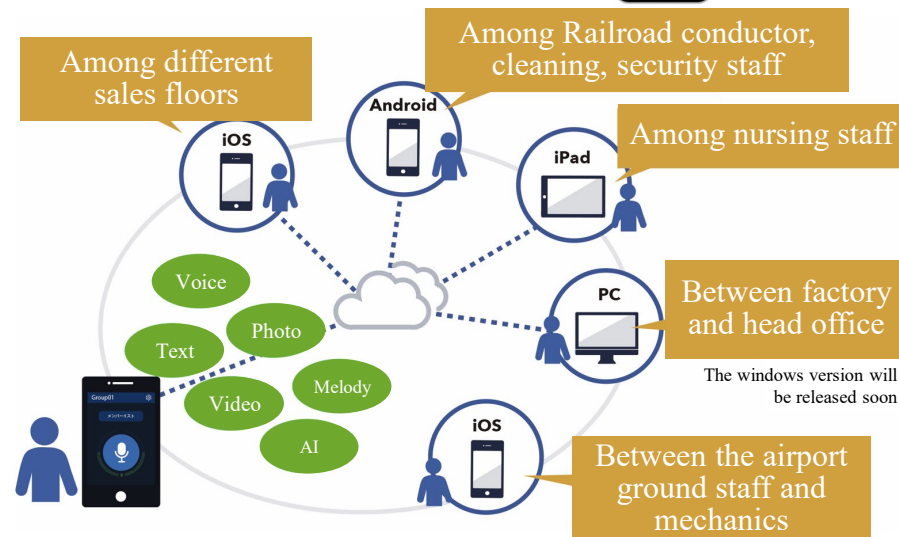
**Science Arts, Inc. is expected to become the second
listed company in the Private Equity Investment
Business.**

【Outline of Private Equity Investment Business.】

<https://www.jia-ltd.com/en/business/privateequity/>

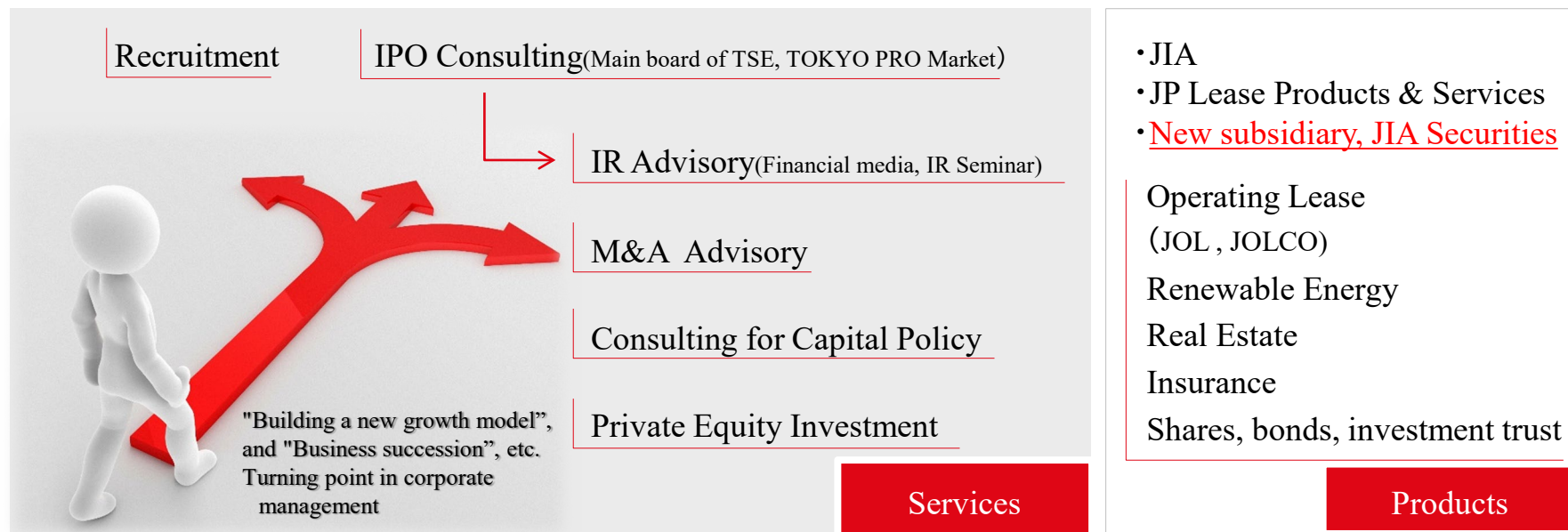
buddycom

User company :
Railroads, airlines, nursing facility,
manufacturing, etc.



Completion of acquisition of all shares of Sankyo Securities (Current JIA Securities) on September, 10 2021

- JIA Group enriches services and products for the customers we have enticed in our Operating Lease Business.
- JIA Group offers one-stop support, from consultation to implementation, in order to provide the best solution at turning points of business management, such as establishment of new growth models and business succession.



Topics3 (Issuance of donation-type private placement bonds)

To contribute to building a sustainable society together with financial institutions

- JIA Group proactively uses donation-type private placement bonds in order to fulfill capital needs for the growth strategies in a post-pandemic society.
- JIA Group contributes to creating a sustainable society together with financial institutions that endorse the aim of the Sustainable Development Goals (SDGs).



Underwriter	Name / Issue period / Date of issue	Issue Amount (million Yen)	Underwriter	Name / Issue period / Date of issue	Issue Amount (million Yen)
Fukushima Bank	SDGs donation-type private placement bonds for preventing and mitigating disasters(5y) [2019/11 2020/3]	300	Shikoku Bank	Private placement bonds for community support(3y) [2021/8]	100
		300			
Ehime Bank	Private placement bonds for supporting measures against the novel coronavirus(3y) [2021/6]	200	Shiga Bank	SDGs Private placement bonds “TSUNAGARI”(2y) [2021/9]	200
Aichi Bank	SDGs Private placement bonds “ASUNARO”(2y) [2021/7]	200	Hyakujushi Bank	SDGs Private placement bonds (2y) [2021/9]	200
77 Bank	Private placement bonds for supporting medical institutions(2y) [2021/7]	200	Kita-Nippon Bank	SDGs Private placement bonds (2y) [2021/9]	300
			Gunma Bank	SDGs Private placement bonds (2y) [2021/9]	100

The information contained in this document is for informational purposes only and is not intended as a solicitation for securities.

This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in managerial circumstances.

For further information...

Investor Relations Group.

Japan Investment Adviser Co., Ltd.

<https://www.jia-ltd.com/en/contact/>

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