



**Consolidated Financial Results for the third Quarter of the
Fiscal Year Ending December 31, 2021 (FY2021)
(Nine Months Ended September 30, 2021)**

[Japanese GAAP]

October 29, 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: November 5, 2021

Scheduled date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Third Quarter (January 1 to September 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	%
Nine months ended Sep. 30, 2021	10,023	(29.0)	3,092	(44.2)	3,354	(27.3)	2,029	(34.1)
Nine months ended Sep. 30, 2020	14,114	60.6	5,537	39.1	4,613	71.3	3,080	87.6

Note: Comprehensive income Nine months ended Sep. 30, 2021: 2,526 million yen (down 15.5%)

Nine months ended Sep. 30, 2020: 2,988 million yen (up 50.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2021	67.44	67.23
Nine months ended Sep. 30, 2020	103.03	102.24

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2021	86,211	40,486	46.8	1,337.70
As of Dec. 31, 2020	112,170	39,085	34.7	1,294.62

Reference: Owners' equity As of Sep. 30, 2021: 40,332 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)	93.07

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

*** Notes**

(1) Changes in significant subsidiaries during the nine months ended Sep. 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 Sep. 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 Sep. 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)

Nine months ended Sep. 30, 2021	30,084,438 shares	Nine months ended Sep. 30, 2020	29,897,964 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 "1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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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

Regarding the global economy in the cumulative third quarter of the current consolidated accounting period (January 1 to September 30, 2021), waves of infections hit many countries repeatedly, but their impact on economies has weakened with each wave mainly in advanced European countries and the U.S. In advanced countries, where vaccination was conducted early, economic activities recovered almost to the pre-pandemic level. While the economies of advanced countries are recovering, there emerged a significant problem of the economic disparity between advanced countries and emerging or developing countries due to the gap in vaccination rates. Regarding the Japanese economy, the Olympic and Paralympic Games were held successfully while shutting out spectators for the first time in history under the state of emergency. Thanks to the recovery of overseas economies, the Japanese manufacturing industry showed recovery, but the business environment surrounding restaurants, travel agencies, and entertainment businesses has remained harsh, due to the restriction on the transportation of people.

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 8,070 million yen, down 39.5% year on year. In the airline industry, the future outlook is uncertain and the demand for lease of aircraft is stagnant, so we lacked transactions for sales, and equity sales were 39,914 million yen, down 38.3% year on year. However, sales grew for three months in the third quarter, indicating that the stagnant business environment has bottomed out. The amount of deals structured was 52,809 million yen, down 27.5% year on year, but the demand for lease of aircraft is getting stronger day by day, so the amount of deals structured is expected to recover.

The sales of the Renewable Energy Business were 1,281 million yen, up 293.7% year on year. In addition to the ordinary revenues from management fees for solar power plants and sale of electric power, we sold solar power plants that were in operation.

The sales of the aircraft parts-out & conversion business during the same period were 178 million yen, up 421.1% 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 third quarter consolidated fiscal year 2021 and the previous third quarter consolidated fiscal year.

[Unit: Million yen]

	Third Quarter of the Fiscal Year Ending December 31, 2020 (FY2020)	Third Quarter of the Fiscal Year Ending December 31, 2021 (FY2021)	Change	Change rate (%)
Net sales	14,114	10,023	(4,090)	(29.0)
Operating profit	5,537	3,092	(2,445)	(44.2)
Ordinary profit	4,613	3,354	(1,258)	(27.3)
Profit attributable to owners of parent	3,080	2,029	(1,051)	(34.1)

(2) Explanation of Consolidated Financial Position

1) Assets

Total assets decreased 25,959 million yen from the end of 2020 to 86,211 million yen at the end of the third quarter of 2021. This was mainly due to decreases in equity underwritten of 20,758 million yen, cash and deposits of 10,626 million yen, advances paid of 9,270 million yen and Accounts receivable - other of 1,426 million yen, while there were increases in investment securities of 8,813 million yen, merchandise of 3,193 million yen.

2) Liabilities

Total liabilities decreased 27,360 million yen from the end of 2020 to 45,724 million yen at the end of the third quarter of 2021. This was mainly due to decreases in short-term loans payable of 29,726 million yen, unearned revenue of 2,040 million yen, accounts payable-other of 676 million yen, while there is increase in bond of 2,928 million yen.

3) Net Assets

Total net assets increased 1,401 million yen from the end of 2020 to 40,486 million yen at the end of the third quarter of 2021. This was mainly due to booking of profit attributable to owners of parent of 2,029 million yen. As a result, the equity ratio increased from 34.7% at the end of the previous fiscal year to 46.8%.

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

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 December 31, 2020)	Third Quarter of FY2021 (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	21,377	10,751
Accounts receivable - trade	4,076	5,518
Merchandise	7,845	11,038
equity underwritten	28,431	7,672
Costs on service contracts in progress	564	181
Advance payments - trade	15,971	16,817
Advances paid	19,769	10,498
Short-term loans receivable	1,522	769
Accounts receivable - other	2,284	857
Operational investment securities	1,677	1,688
Other	1,741	1,639
Total current assets	105,261	67,434
Non-current assets		
Property, plant and equipment	357	380
Intangible assets	113	368
Investments and other assets		
Investment securities	4,140	12,954
Other	2,213	4,978
Total investments and other assets	6,354	17,932
Total non-current assets	6,826	18,680
Deferred assets		
Bond issuance costs	83	95
Total deferred assets	83	95
Total assets	112,170	86,211

(Millions of yen)

	FY2020 (As of December 31, 2020)	Third Quarter of FY2021 (As of September 30, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	18	52
Accounts payable - operating	191	45
Short-term borrowings	56,415	26,689
Current portion of long-term borrowings	2,132	1,767
Current portion of bonds payable	1,136	1,357
Accounts payable - other	799	122
Unearned revenue	2,772	731
Income taxes payable	15	973
Provision for bonuses	302	402
Other	591	1,416
Total current liabilities	64,374	33,558
Non-current liabilities		
Bonds payable	2,170	5,098
Long-term borrowings	6,424	6,867
Other	115	200
Total non-current liabilities	8,710	12,166
Total liabilities	73,084	45,724
Net assets		
Shareholders' equity		
Share capital	11,670	11,677
Capital surplus	11,605	11,619
Retained earnings	17,134	18,119
Treasury shares	△1,470	△1,470
Total shareholders' equity	38,938	39,945
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	172
Foreign currency translation adjustment	△152	214
Total accumulated other comprehensive income	△35	387
Share acquisition rights	15	8
Non-controlling interests	166	144
Total net assets	39,085	40,486
Total liabilities and net assets	112,170	86,211

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

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	14,114	10,023
Cost of sales	5,740	3,524
Gross profit	8,374	6,498
Selling, general and administrative expenses	2,836	3,406
Operating profit	5,537	3,092
Non-operating income		
Interest income	135	157
Gain on sales of equity underwritten	464	171
Commission income	148	168
Foreign exchange gains	—	789
Other	128	266
Total non-operating income	876	1,553
Non-operating expenses		
Interest expenses	543	387
Commission expenses	865	852
Foreign exchange losses	169	—
Share of loss of entities accounted for using equity method	187	—
Other	34	52
Total non-operating expenses	1,801	1,292
Ordinary profit	4,613	3,354
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	—	37
Gain on reversal of share acquisition rights	—	6
Total extraordinary income	—	44
Profit before income taxes	4,613	3,399
Income taxes	1,491	1,295
Profit	3,121	2,103
Profit attributable to non-controlling interests	40	74
Profit attributable to owners of parent	3,080	2,029

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

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	3,121	2,103
Other comprehensive income		
Valuation difference on available-for-sale securities	△75	55
Foreign currency translation adjustment	△57	367
Total other comprehensive income	△132	422
Comprehensive income	2,988	2,526
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,947	2,451
Comprehensive income attributable to non-controlling interests	40	74

(3) 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.