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Consolidated Financial Results
for the Second Quarter Ended September 30, 2021
[Japanese Standards]
(Summary of Japanese announcement)

November 12, 2021

Company name: Japan Asia Investment Co., Ltd.
Listed on: First Section of the Tokyo Stock Exchange (Stock code: 8518) URL: <https://www.jaic-vc.co.jp/>
Head office: Tokyo
Representative: Tetsuro Shimomura, President and CEO
Contact: Kenji Kishimoto, Executive Officer
Tel: +81-3-3221-8518 (main)
Scheduled date for submission of quarterly report: November 12, 2021
Scheduled date for start of payment of dividends: —
The additional materials of the Financial Results: Yes
The briefing session of the Financial Results: None *We will distribute a video explaining financial results in Japanese on our website.

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the second quarter ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Consolidated results of operations (cumulative total)

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ended September 30, 2021	1,018	(19.0)	(413)	—	(529)	—	(651)	—
For six months ended September 30, 2020	1,257	(7.1)	(179)	—	(300)	—	(342)	—

(Note) Comprehensive Income

For six months ended September 30, 2021: (640) millions of yen (—%)

For six months ended September 30, 2020: (459) millions of yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
For six months ended September 30, 2021	(36.77)	—
For six months ended September 30, 2020	(19.36)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	23,743	8,377	28.0	375.67
As of March 31, 2021	25,165	9,106	29.1	413.98

(Reference) Total shareholders' equity As of September 30, 2021: 6,650 millions of yen/As of March 31, 2021: 7,328 millions of yen

2. Dividends

(Base date)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	0.00	—	0.00	0.00
Year ending March 31, 2022	—	0.00			
Year ending March 31, 2022(forecast)			—	0.00	0.00

(Note) Revision of dividends forecast during the current quarterly period: None

3. Outlook for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

The overall private equity investment business conducted by the Group (including investment partnerships) is significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment. Therefore we do not disclose the results forecast. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)” on page 18 in this report, “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 24 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards]” disclosed on May 14, 2021 and “Differences between the “Result Forecast Consolidated under the Previous Accounting Standard” and the Results for the First Half of the Fiscal Year Mar. 2022” disclosed on November 12, 2021. The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

4. Other matters

- (1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): None
[New - company (company name: -) Excluded - company (company name: -)]
- (2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, accounting estimates and correction of prior period errors
 - (i) Changes in accounting principles due to revisions to accounting standards: Yes
 - (ii) Changes other than shown in (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Correction of prior period errors: None

(4) No. of shares issued and outstanding (common stock)

(i) Shares issued and outstanding at the end of each period (including treasury stock)	Six months ended September 30, 2021:	17,884,392 shares	Year ended March 31, 2021:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	Six months ended September 30, 2021:	181,009 shares	Year ended March 31, 2021:	181,009 shares
(ii) Average number of shares during the period (cumulative quarterly consolidated period)	Six months ended September 30, 2021:	17,703,383 shares	Six months ended September 30, 2021:	17,703,383 shares

*The above quarterly financial results are not subject to a quarterly review required under the Financial Instruments and Exchange Act.

*Cautionary Statements with Respect to Forward-looking Statements and Other Notes

The additional materials of the financial results for the the second quarter ended September 30, 2021 will be released on our website on November 12, 2021.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to the Group at the time of writing and certain

assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts. The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to the Group at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)” on page 18 in this report, “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 24 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards]” disclosed on May 14, 2021 and “Differences between the “Result Forecast Consolidated under the Previous Accounting Standard” and the Results for the First Half of the Fiscal Year Mar. 2022” disclosed on November 12, 2021.

1. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Total operating revenue	1,257	1,018	3,709
Management fees	58	59	122
Proceeds of sales of operational investment securities	253	213	2,112
Fund interests income and Income gains etc.	932	730	1,450
Other operating revenue	13	14	24
Total operating cost	724	724	2,516
Cost of securities sold	94	168	1,199
Investment write-offs & Provision for allowance for possible investment losses	(57)	152	199
Fund interests losses etc.	683	398	1,109
Other operating cost	3	4	7
Operating gross profit	533	293	1,192

(2) Cash flows

(Millions of yen)

	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Cash flow from operating activities	326	(1,232)	1,728
Cash flow from investing activities	(13)	55	61
Cash flow from financing activities	(697)	(697)	(1,216)
Cash and cash equivalents at the end of period	2,326	1,445	3,301

(3) Breakdown of total assets

(Millions of yen)

	As of September 30, 2020		As of September 30, 2021		As of March 31, 2021	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	28,250	—	23,743	—	25,165	—
Cash and deposits	5,103	—	5,035	—	6,486	—
Property, plant and equipment	10,959	—	8,184	—	7,852	—
Operational Investment Securities (A)	9,789	—	9,070	—	9,379	—
Allowance for Possible Investment Loss (B)	(1,502)	15.3	(1,439)	15.9	(1,349)	14.4

(4) Breakdown of Loans payable and bonds

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021	As of March 31, 2021
Total of loans payable and bonds	19,185	14,155	14,990
Loans payable; Non-consolidated base	7,469	6,253	6,950
Loans payable by project finance and bonds ; Consolidated projects	11,715	7,902	8,039

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment and new loan

	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)		For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)		For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area						
Project investment (Japan)	8	495	10	932	14	1,445
Private equity investment subtotal	2	158	5	1,282	5	322
Japan	2	158	5	1,282	5	322
China, Hong Kong, Taiwan etc.	-	-	-	-	-	-
2) Investment program						
Project oriented investment subtotal	8	495	10	932	14	1,445
Renewable energy	3	226	4	382	4	246
Healthcare	3	120	3	87	5	452
Smart agriculture	1	80	1	350	1	530
Distribution center	1	68	2	112	4	217
Other	-	-	-	-	-	-
Private equity investment subtotal	2	158	5	1,282	5	322
Strategic investment	1	149	3	359	2	214
Financial investment	1	8	2	922	3	107
Total	10	654	15	2,214	19	1,767

Note 1 Due to an increase in loan execution for the projects by the JAIC Group, the aggregation method has been changed from the previous fiscal year to include loans extended to the projects (excluding distressed receivables) in the scope of aggregation. As a result of this change, new investments and loans for six months ended September 30, 2020 increased by 120 million yen in 3 projects.

Note 2 Based on the Medium-term Management Plan (from FY Mar. 2022 to FY Mar. 2024) announced on December 28, 2020, the presentation by type has been changed from the previous fiscal year. Due to this change, the figures for six months ended September 30, 2020 have also been reclassified.

Note 3 Strategic investment is investment in partner companies in the projects for which the JAIC Group makes investment or provides loans. Financial investment is investment in companies other than strategic investment.

ii) Balance of investment and loan

	As of September 30, 2020		As of September 30, 2021		As of March 31, 2021	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area						
Project investment (Japan)	34	6,209	37	6,986	33	6,088
Private equity investment sub total	95	8,375	87	7,754	88	6,767
Japan	51	3,885	48	4,824	48	3,652
China, Hong Kong, Taiwan etc.	44	4,489	39	2,929	40	3,115
2) Investment program						
Project oriented investment s ubtotal	34	6,209	37	6,986	33	6,088
Renewable energy	26	5,014	21	4,408	21	3,999
Healthcare	4	408	9	825	6	738
Smart agriculture	1	117	1	850	1	532
Distribution center	2	391	5	652	4	540
Other	1	277	1	250	1	277
Private equity investment sub total	95	8,375	87	7,754	88	6,767
Strategic investment	6	1,155	7	1,483	6	1,155
Financial investment	89	7,220	80	6,270	82	5,612
Total	129	14,585	124	14,741	121	12,855

Note 1 Due to an increase in loan execution for the projects by the JAIC Group, the aggregation method has been changed from the previous fiscal year to include loans extended to the projects (excluding distressed receivables) in the scope of aggregation. As a result of this change, the balance of investments and loans as of September 30, 2020 increased by 208 million yen in 3 projects.

Note 2 Based on the Medium-term Management Plan (from FY Mar. 2022 to FY Mar. 2024) announced on December 28, 2020, the presentation by type has been changed from the previous fiscal year. Due to this change, the figures as of September 30, 2020 have also been reclassified.

Note 3 Strategic investment is investment in partner companies in the projects for which the JAIC Group makes investment or provides loans. Financial investment is investment in companies other than strategic investment.

(2)JAIC-Backed IPOs (JAIC+Funds)

i)Number of IPOs

	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Number of IPOs (total of Japan & overseas)	—	1 company	2 companies
First price multiple (average of Japan & overseas)	—	1.6 times	2.3 times

Note: First price multiple = Market value of shares held by the Group calculated at first price/Total our acquisition cost.
We do not include listed shares those we acquired by equity swaps when we calculate the first price multiple.

ii) JAIC-Backed IPOs

For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

Company Name	Date of IPO	Market	Business	Head quarters
WonderPlanet Inc.	10-Jun-21	TSE Mothers	Entertainment Services Business	Japan

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Company Name	Date of IPO	Market	Business	Head quarters
FunPep Company Limited	25-Dec-20	TSE Mothers	Research and development of pharmaceuticals based on functional peptides	Japan
Kringle Pharma, Inc.	28-Dec-20	TSE Mothers	Research and development of HGF (hepatocyte growth factor) protein as a therapeutic agent for intractable diseases	Japan

(3) Management of Investment Funds (Funds for which JAIC and its Group are responsible for management and provision of essential information)

i) Balance of funds under management

	As of September 30, 2020			As of September 30, 2021			As of March 31, 2021		
	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)
During operation period	6	8,408	3,402	5	7,511	3,745	4	6,510	2,720
Maturity is being extended	5	8,148	3,021	3	5,805	998	4	6,913	2,279
During liquidation procedure	1	1,011	55	2	2,568	1,083	3	3,026	1,053
Total [Total commitment amount of JAIC group]	12	17,567 [5,239]	6,478	10	15,884 [4,716]	5,826	11	16,450 [5,434]	6,053

Note: Since the number of funds in the course of being wound up while possessing investment assets has increased, funds during the liquidation procedure are included in the scope of disclosure from the previous fiscal year.

ii) Funds during operation period (as of September 30, 2021)

Name of fund	Inception	Maturity	Total commitment amount (Millions of yen)	Features
JAIC Venture Capital Investment L.P.	Feb. 2016	Feb. 2026	2,000	Secondary investment fund targeting mainly venture companies in Japan. Domestic leading financial institution invested in this fund.
Succession Investment Limited Partnership, I	Jun. 2017	Jun. 2027	3,000	General partner of the Fund is a joint venture between JAIC and Aozora Bank, Ltd. an affiliated company not covered by the equity method. Supporting the business succession needs of SMEs in Japan.
JAIC-Solar Fund, L.P.,II	Mar. 2020	Dec. 2039	1,359	Investment target of the Fund is mega solar projects in operation.
Hokkaido SME Global Fund, L.P.	Apr. 2020	Dec. 2026	151	JAIC and Asian Market Planning Co., Ltd. jointly manage the Fund as Co-GP. Investing in SMEs in Hokkaido that operate or aim to operate in oversea market and that promote business to meet inbound demand

Name of fund	Inception	Maturity	Total commitment amount (Millions of yen)	Features
AJC Venture Capital Investment Limited Partnership	Jun. 2021	Jun. 2031	1,001	Secondary investment fund targeting mainly venture companies in Japan. General partner of the Fund is a joint venture between JAIC and Aozora Bank, Ltd. an affiliated company not covered by the equity method.

Notes:

1. The amounts stated for funds denominated in foreign currencies are calculated on the basis of the exchange rate prevailing on the final day of the fiscal year-end. Therefore, changes in assets under management include the amount affected by exchange rates.
2. The total amount of fund is listed as the amount of commitment base.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	6,486	5,035
Operational investment securities	9,379	9,070
Allowance for investment losses	(1,349)	(1,439)
Operating loans	204	204
Other	355	410
Total current assets	15,075	13,281
Non-current assets		
Property, plant and equipment		
Buildings and structures	211	296
Accumulated depreciation	(9)	(16)
Buildings and structures, net	201	280
Machinery and equipment	7,968	7,969
Accumulated depreciation	(514)	(749)
Machinery and equipment, net	7,453	7,219
Vehicles, tools, furniture and fixtures	55	57
Accumulated depreciation	(38)	(42)
Vehicles, tools, furniture and fixtures, net	16	14
Land	46	66
Construction in progress	133	602
Total property, plant and equipment	7,852	8,184
Intangible assets		
Power production facilities concessions	1,210	1,355
Other	246	240
Total intangible assets	1,456	1,595
Investments and other assets		
Investment securities	365	132
Distressed receivables	49	7
Other	377	548
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	780	681
Total non-current assets	10,089	10,461
Total assets	25,165	23,743

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	919	1,084
Current portion of bonds payable	6	6
Accrued expenses	389	356
Income taxes payable	39	60
Provision for bonuses	49	37
Other	30	167
Total current liabilities	1,434	1,713
Non-current liabilities		
Bonds payable	185	181
Long-term borrowings	13,879	12,882
Deferred tax liabilities	19	40
Retirement benefit liability	137	144
Asset retirement obligations	403	403
Total non-current liabilities	14,624	13,652
Total liabilities	16,059	15,366
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,515	3,515
Retained earnings	(1,575)	(2,241)
Treasury shares	(353)	(353)
Total shareholders' equity	7,012	6,346
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	72
Foreign currency translation adjustment	191	231
Total accumulated other comprehensive income	316	304
Share acquisition rights	27	29
Non-controlling interests	1,749	1,697
Total net assets	9,106	8,377
Total liabilities and net assets	25,165	23,743

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Operating revenue	1,257	1,018
Operating costs	724	724
Operating gross profit	533	293
Selling, general and administrative expenses	712	707
Operating loss	(179)	(413)
Non-operating income		
Interest income	4	5
Dividend income	1	1
Foreign exchange gains	13	3
Gain on investments in investment partnerships	26	1
Miscellaneous income	2	2
Total non-operating income	48	14
Non-operating expenses		
Interest expenses	169	129
Miscellaneous losses	—	0
Total non-operating expenses	169	130
Ordinary loss	(300)	(529)
Extraordinary income		
Gain on sale of non-current assets	3	—
Gain on sale of investment securities	—	0
Gain on redemption of investment securities	8	—
Insurance claim income	1	0
Total extraordinary income	13	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	—
Loss on valuation of investment securities	—	101
Other	0	—
Total extraordinary losses	3	101
Loss before income taxes	(290)	(630)
Income taxes - current	9	4
Total income taxes	9	4
Loss	(299)	(634)
Profit attributable to non-controlling interests	43	16
Loss attributable to owners of parent	(342)	(651)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Loss	(299)	(634)
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(15)
Foreign currency translation adjustment	(31)	46
Share of other comprehensive income of entities accounted for using equity method	(140)	(36)
Total other comprehensive income	(160)	(5)
Comprehensive income	(459)	(640)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(498)	(663)
Comprehensive income attributable to non-controlling interests	38	22

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Loss before income taxes	(290)	(630)
Depreciation	19	9
Increase (decrease) in allowance for investment loss	(140)	26
Increase (decrease) in allowance for doubtful accounts	(2)	(4)
Increase (decrease) in provision for bonuses	(25)	(12)
Increase (decrease) in retirement benefit liability	9	7
Interest and dividend income	(4)	(4)
Interest expenses	67	55
Loss (gain) on investments in investment partnerships	(26)	(1)
Loss (gain) on sale of investment securities	—	(0)
Loss (gain) on valuation of investment securities	—	101
Loss on devaluation of operational investment securities	—	29
Decrease (increase) in investment securities for sale	132	(254)
Decrease (increase) in operating loans receivable	(119)	(86)
Decrease (increase) in distressed receivables	7	41
Payment for purchase of investment funds	(400)	(961)
Dividends from investment funds	1,089	143
Increase (decrease) in investment funds of non-controlling interest	(36)	(9)
Other, net	8	390
Subtotal	286	(1,159)
Interest and dividends received	4	4
Interest paid	(93)	(78)
Income taxes paid	(13)	(8)
Income taxes refund	142	8
Net cash provided by (used in) operating activities	326	(1,232)
Cash flows from investing activities		
Purchase of property, plant and equipment	(48)	—
Proceeds from sale of property, plant and equipment	10	—
Purchase of intangible assets	(25)	—
Proceeds from sale of investment securities	4	55
Proceeds from redemption of investment securities	38	—
Other, net	7	0
Net cash provided by (used in) investing activities	(13)	55
Cash flows from financing activities		
Repayments of long-term borrowings	(697)	(697)
Other, net	—	(0)
Net cash provided by (used in) financing activities	(697)	(697)
Effect of exchange rate change on cash and cash equivalents	(12)	19
Net increase (decrease) in cash and cash equivalents	(396)	(1,855)
Cash and cash equivalents at beginning of period	2,723	3,301
Cash and cash equivalents at end of period	2,326	1,445

(5) Notes on Quarterly Consolidated Financial Statements

(Notice Concerning Notes on Matters Regarding the Assumption of Going Concern)

No applicable items

(Notice Concerning Notes on Significant Changes in Shareholder's Equity)

No applicable items

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition and Its Implementation Guidance)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other related standards from the beginning of the first quarter of the current fiscal year. The Company now recognizes revenue when control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services. These changes have no impact on the quarterly consolidated financial statements.

(Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard") and other related standards from the beginning of the first quarter of the current fiscal year.

The Company has decided to apply the new accounting policies set forth by the "Accounting Standard for Fair Value Measurement" into the future in accordance with the transitional treatment prescribed in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

As a result, from the beginning of the first quarter of the current fiscal year, of other securities, investments other than stocks of unlisted investees have been booked on the consolidated balance sheet at fair value, instead of at acquisition cost. The valuation difference was booked directly in net assets.

(Additional Information)

The assumptions regarding the impact of COVID-19 on the Group have not changed significantly since the end of the previous consolidated fiscal year.

Information for Reference Purposes:

Consolidated Financial Results for the Second Quarter Ended September 30, 2021

November 12, 2021

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Second Quarter Ended September 30, 2021 (As of September 30, 2021)

Disclosure of consolidated financial statements, etc., under the Previous accounting standards

As of Fiscal year ended March 31, 2007 the JAIC Group has adopted “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Accounting Standards Board of Japan Practical Issues Task Force No. 20 issued on September 8, 2006), and consolidated financial statements, etc., are being prepared with the inclusion in the consolidation of some of the operational investment funds managed by the Group.

Nevertheless, to enable investors and shareholders to have an accurate understanding of the JAIC Group’s business results and financial position, we consider it essential also to disclose financial statements, etc., prepared in accordance with the previous accounting standards. Therefore, for reference purposes, the Group will continue to disclose financial statements, etc., in accordance with the previous accounting standards.

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the Second quarter ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Consolidated results of operations (cumulative total)

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For six months ended September 30, 2021	381	(29.6)	(496)	—	(538)	—	(643)	—
For six months ended September 30, 2020	541	(21.7)	(316)	—	(335)	—	(336)	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
For six months ended September 30, 2021	(36.36)		—	
For six months ended September 30, 2020	(18.99)		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	13,740	6,669	48.3	375.08
As of March 31, 2021	14,657	7,366	50.1	414.50

(Reference) Total shareholders' equity As of September 30, 2021: 6,640 millions of yen, As of March 31, 2021: 7,338 millions of yen

2. Outlook for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

The private equity investment business conducted by the Group will be significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it doesn’t have enough rationality.

(Percentages indicate changes from the corresponding period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ending March 31, 2022	2,950	(4.5)	510	137.8	430	147.2	340	134.8

	Net income per share
	Yen
For the year ending March 31, 2022	19.21

(Note) Revision of dividends forecast during the current quarterly period: None

Net income per share in above chart is calculated by the number of shares issued and outstanding excluding the number of shares of treasury stock as at September 30, 2021.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

For details, please refer to “3. Business Performance and Financial Condition (3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard” on page 19 in this report, “3. Business Performance and Financial Condition (4) Result forecast consolidated under the Previous Accounting Standard” on page 24 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards]” disclosed on May 14, 2021 and “Differences between the “Result Forecast Consolidated under the Previous Accounting Standard” and the Results for the First Half of the Fiscal Year Mar. 2022” disclosed on November 12, 2021.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	For the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Total operating revenue	541	381	3,089
Management fees	82	81	169
Proceeds of sales of operational investment securities	232	176	2,221
Fund interests income and Income gains etc.	198	95	648
Other operating revenue	26	27	49
Total operating cost	313	327	1,788
Cost of securities sold	85	131	1,249
Investment write-offs & Provision for allowance for possible investment losses	(62)	124	194
Fund interests losses etc.	285	66	336
Other operating cost	3	4	7
Operating gross profit	227	53	1,301

(2) Asset, Liability and Net asset

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021	As of March 31, 2021
Total asset	14,580	13,740	14,657
Total liabilities	7,821	7,070	7,291
Loans payable	7,469	6,253	6,950
Total net asset	6,759	6,669	7,366
Total shareholders' equity	6,732	6,640	7,338

(3) Cautionary Statements with Respect to Forward-looking Statements such as Consolidated Earnings Forecast under the Previous Accounting Standard

There are no revisions on “result forecast consolidated under the Previous Accounting Standard” for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022) disclosed on May 14, 2021 in “Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese Standards] (Summary of Japanese announcement)”.

The “result forecast consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain assumptions. The achievement is not promised. Various factors could cause actual results to differ materially from these result forecasts.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	3,699	2,015
Operational investment securities	10,457	11,508
Allowance for investment losses	(845)	(900)
Operating loans	444	530
Other	187	151
Total current assets	13,942	13,305
Non-current assets		
Property, plant and equipment		
Buildings and structures	36	36
Accumulated depreciation	(3)	(4)
Buildings and structures, net	33	32
Vehicles, tools, furniture and fixtures	54	55
Accumulated depreciation	(38)	(41)
Vehicles, tools, furniture and fixtures, net	15	13
Land	0	0
Total property, plant and equipment	49	45
Intangible assets		
Other	231	225
Total intangible assets	231	225
Investments and other assets		
Investment securities	365	132
Distressed receivables	49	7
Other	32	31
Allowance for doubtful accounts	(12)	(7)
Total investments and other assets	434	164
Total non-current assets	715	435
Total assets	14,657	13,740

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Short-term borrowings	507	619
Accrued expenses	57	43
Income taxes payable	39	60
Provision for bonuses	49	37
Other	38	491
Total current liabilities	691	1,252
Non-current liabilities		
Long-term borrowings	6,442	5,633
Deferred tax liabilities	19	40
Retirement benefit liability	137	144
Total non-current liabilities	6,599	5,818
Total liabilities	7,291	7,070
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,559)	(2,202)
Treasury shares	(353)	(353)
Total shareholders' equity	7,019	6,375
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	318	238
Foreign currency translation adjustment	0	25
Total accumulated other comprehensive income	318	264
Share acquisition rights	27	29
Total net assets	7,366	6,669
Total liabilities and net assets	14,657	13,740

(2) Consolidated Statements of Income

	(Millions of yen)	
	For six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	For six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Operating revenue	541	381
Operating cost	313	327
Operating gross profit	227	53
Selling, general and administrative expenses	544	550
Operating loss	(316)	(496)
Non-operating income		
Interest income	4	4
Dividend income	1	1
Foreign exchange gains	13	3
Gain on investments in investment partnerships	26	1
Miscellaneous income	2	2
Total non-operating income	48	14
Non-operating expenses		
Interest expenses	67	55
Miscellaneous loss	—	0
Total non-operating expenses	67	55
Ordinary loss	(335)	(538)
Extraordinary income		
Gain on sales of non-current assets	3	—
Gain on sales of investment securities	—	0
Gain on redemption of investment securities	8	—
Total extraordinary income	12	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	2	—
Loss on valuation of investment securities	—	101
Other	0	—
Total extraordinary losses	3	101
Loss before income taxes	(326)	(639)
Income taxes - current	9	3
Total income taxes	9	3
Loss	(336)	(643)
Loss attributable to owners of parent	(336)	(643)