



## Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (FY2021)

[Japanese GAAP]

February 10, 2022

Company name: Japan Investment Adviser Co., Ltd. Listed Exchange: Tokyo Stock Exchange, First Section  
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Scheduled date of Annual General Meeting of Shareholders: March 29, 2022  
 Scheduled date of dividend payment: March 30, 2022  
 Scheduled date of filing of Annual Securities Report: March 30, 2022  
 Preparation of supplementary materials for financial results: Yes  
 Holding of 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 Fiscal Year Ended December 31, 2021 (January 1 to December 31, 2021)

(1) Consolidated results of operations (Percentages shown for net sales and profits 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	%
FY2021	14,105	(20.3)	3,773	(46.2)	4,704	(22.4)	2,921	(23.8)
FY2020	17,707	6.4	7,009	(14.4)	6,064	(15.6)	3,831	(15.9)

Note: Comprehensive income Fiscal year ended Dec. 31, 2021: 3,735 million yen (up 2.7%)  
 Fiscal year ended Dec. 31, 2020: 3,637 million yen (down 23.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2021	97.03	96.77	7.3	4.4	26.7
FY2020	128.13	127.05	10.2	4.5	39.6

Reference: Equity in earnings of affiliates Fiscal year ended Dec. 31, 2021:(413) million yen  
 Fiscal year ended Dec. 31, 2020: 37 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	101,764	41,679	40.8	1,376.22
As of Dec. 31, 2020	112,170	39,085	34.7	1,294.62

Reference: Owners' equity As of Dec. 31, 2021:41,549 million yen As of Dec. 31, 2020: 38,903 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	24,147	(18,207)	(15,358)	12,244
FY2020	24,024	(1,727)	(37,054)	21,377

### 2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2020	-	16.0	-	16.0	32.0	959	25.0	2.6
FY2021	-	16.0	-	16.0	32.0	965	33.0	2.4
FY2022 (forecast)	-	16.0	-	16.0	32.0		32.1	

### 3. Consolidated Forecast for FY2022 (January 1 to December 31, 2022)

(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
First half	5,190	(4.5)	1,240	(37.5)	1,140	(52.6)	872	(37.2)	28.97
Full year	14,500	2.8	4,600	21.9	3,480	(26.0)	3,000	2.7	99.66

**\* Notes**

(1) Changes in significant subsidiaries during 2021 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) 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

(3) Number of shares issued (common stock)

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

As of Dec. 31, 2021	30,731,200 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 Dec. 31, 2021	540,392 shares	As of Dec. 31, 2020	540,392 shares
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3) Average number of shares during the period

Fiscal year ended Dec. 31, 2021	30,101,276 shares	Fiscal year ended Dec. 31, 2020	29,906,246 shares
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**(Reference) Summary of Non-consolidated Financial Results**

**Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021  
(January 1 to December 31, 2021)**

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	5,376	(1.2)	1,301	(49.3)	4,615	18.5	3,597	28.4
FY2020	5,442	12.5	2,570	0.8	3,895	(33.2)	2,800	(41.9)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2021	119.50	119.17
FY2020	93.64	92.86

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	65,464	37,786	57.7	1,251.28
As of Dec. 31, 2020	60,232	35,123	58.3	1,168.30

Reference: Owners' equity As of Dec. 31, 2021: 37,777 million yen As of Dec. 31, 2020: 35,107 million yen

\* The current financial report is not subject to audit procedures.

\* 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. Overview of Results of Operations, (1) Analysis of Results of Operations" on page 2 for forecast assumptions and notes of caution for usage.

JIA plans to hold a financial results meeting for institutional investors and analysts on February 14, 2022.

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## 1. Overview of Results of Operations

### (1) Analysis of Results of Operations

#### 1) Summary of 2021

Regarding the situation of the global economy in this consolidated fiscal year (Jan. 1 to Dec. 31, 2021), the U.S. and Chinese economies recovered rapidly, while the economic recovery of the euro zone was delayed significantly, but various restrictions on dealing with the pandemic were lifted by the summer, so the consumption of services gradually became active in the second half, indicating that the global economy has bottomed out. However, the emergence of the omicron variant triggered the re-spread of COVID-19, and it seems that it is not easy to return to the pre-pandemic daily life.

Regarding the situation of the Japanese economy, the Tokyo Olympic and Paralympic Games were held successfully, although they were postponed for 1 year, but the Japanese economy was impeded by the state of emergency, which spanned up to 211 days, and there remain uncertainties over the economy.

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 stood at 11,199 million yen, down 32.4% year on year. Due to the shortage of products caused by the sluggish demand for aircraft lease, equity sales were 49,475 million yen, down 37.6% from the previous term. However, the equity sales in the six months of the second half were 26,186 million yen, down 0.2% year on year, showing a recovery to the level in the previous term. In addition, the amount of deals structured was 104,821 million yen, up 10.3% from the previous term or nearly unchanged from the previous term, but the amount of deals structured in the six months of the second half was 53,633 million yen, up 106.8% year on year, obviously indicating that the performance has bottomed out. Furthermore, new initiatives started paying off for the next fiscal year as new earning opportunities, including the trade of lease aircraft, were created.

The sales of the renewable energy business were 1,521 million yen, up 267.2% 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 were 728 million yen, up 309.5% year on year. The company strived to make new deals in the parts-out business, in which parts obtained by dismantling retired aircraft are managed and sold to maintenance companies, lease companies, airlines, etc. and in the conversion business, in which passenger airplanes are converted into cargo planes.

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

[Unit: Million yen]

	Previous consolidated fiscal year	Current consolidated fiscal year	Change	Change rate (%)
Net sales	17,707	14,105	(3,601)	(20.3)
Operating profit	7,009	3,773	(3,236)	(46.2)
Ordinary profit	6,064	4,704	(1,359)	(22.4)
Profit attributable to owners of parent	3,831	2,921	(910)	(23.8)

## 2) Outlook for the next fiscal year

The negotiation for structuring operating lease deals, which was stagnant during the coronavirus pandemic, is becoming active. In addition, it is expected that Net sales grew for the first time in the previous two terms and operating profit increased for the first time in the past four terms, thanks to the effects of the value chain developed through the new partnership, etc. Ordinary profit is projected to decline, as a significant exchange gain was posted in the previous term.

Furthermore, thanks to the effects of the expansion of the business portfolio in the previous term, the Renewable Energy Business and the Aircraft Parts-Out & Conversion Business, which are included in our three core businesses, as well as consulting and private equity businesses are expected to contribute to revenues.

Results for the fiscal year ending December 31, 2022 are as follows.

	FY December 2021 (Actual)	FY December 2022 (Forecast)			
	Throughout the year (Million yen)	Second quarter (Million yen)	YoY (%)	Throughout the year (Million yen)	YoY (%)
Net sales	14,105	5,190	(4.5)	14,500	2.8
Operating profit	3,773	1,240	(37.5)	4,600	21.9
Ordinary profit	4,704	1,140	(52.6)	3,480	(26.0)
Profit attributable to owners of parent	2,921	872	(37.2)	3,000	2.7

## (2) Analysis of Financial Position

### 1) Assets, liabilities and net assets

#### Assets

Total assets decreased by 10,405 million yen from the end of 2020 to 101,764 million yen at the end of 2021 consolidated fiscal year.

Total current assets decreased by 28,573 million yen from the end of 2020 to 76,687 million yen at the end of 2021. This was mainly due to decreases in advance paid of 11,201 million yen, equity underwritten of 9,559 million yen, and cash and deposits of 9,062 million yen, while there were increases in accounts receivable of 3,343 million yen and merchandise of 1,971 million yen.

Total Non-current assets increased by 18,143 million yen from the end of 2020 to 24,969 million yen at the end of 2021. This was mainly due to increases in long-term loans receivable of 10,723 million yen and investment securities of 7,331 million yen, while there were decreases in deferred tax assets of 142 million yen.

#### Liabilities

Total liabilities decreased by 12,999 million yen from the end of 2020 to 60,085 million yen at the end of 2021 consolidated fiscal year.

Total current liabilities decreased by 16,064 million yen from the end of 2020 to 48,310 million yen at the end of 2021. This was mainly due to decreases in short-term loans payable of 17,483 million yen and unearned revenue of 1,607 million yen, while there were increases in income taxes payable of 1,362 million yen and accrued consumption taxes of 852 million yen.

Total non-current liabilities increased by 3,064 million yen from the end of 2020 to 11,775 million yen at the end of 2021. This was mainly due to increases in bonds of 3,584 million yen, and decreases in long-term loans payable of 721 million yen.

#### Net Assets

Total net assets increased by 2,593 million yen from the end of 2020 to 41,679 million yen. This was mainly due to increases in retained earnings of 1,877 million yen, and foreign currency translation adjustment of 538 million yen.

### (3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of 2021 decreased 9,132 million yen from the end of 2020 to 12,244 million yen.

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

#### (Cash flows from operating activities)

Net cash provided in operating activities was 24,147 million yen (compared with 24,024 million yen provided in 2020). Main positive factors include profit before income taxes of 4,749 million yen, a 10,963 million yen decrease in advance paid, and a 9,619 million yen decrease in equity underwritten. Major negative factors include increases in notes and accounts receivable-trade of 3,414 million yen, increase in inventories of 2,391 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 18,207 million yen (compared with 1,727 million yen used in 2020). Main factors include payments of 12,195 million yen for loans receivable, payments of 7,073 million yen for the purchase of investment securities. Major positive factors include collection of loans receivable of 1,914 million yen.

#### (Cash flows from financing activities)

Net cash used by financing activities was 15,358 million yen (compared with 37,054 million yen used in 2020). Main negative factors include a 60,089 million yen decrease in short-term loans payable. Main positive factors include a 41,323 million yen increase in short-term loans payable.

#### Reference: Cash flow indicators

	FY2019	FY2020	FY2021
Equity ratio (%)	22.7	34.7	40.8
Market value-based equity ratio (%)	28.5	35.7	38.6
Interest-bearing debt to cash flow ratio (years)	(Note 6)	2.8	2.3
Interest coverage ratio (times)	(Note 6)	34.3	47.4

Equity ratio: Owners' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payments

- Notes:
1. All indices are calculated based on consolidated figures.
  2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares issued, excluding treasury shares, at the end of the period.
  3. Cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.
  4. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.
  5. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.
  6. Not presented because operating cash flows were negative.

#### **(4) Basic Policy for Profit Distribution, and Dividends for the Current and Next Fiscal Years**

Returning profits to shareholders is one of our highest priorities and we also place great importance on our policy for dividends. The basic policy for the distribution of surplus is to pay dividends in consideration of the balance between performance-linked and stable dividends, while securing the necessary internal reserves for future business development and strengthening our financial base.

In view of the above policy, we plan to pay an annual dividend of 32 yen/share for the fiscal year ending Dec. 31, 2021, with a consolidated payout ratio of 33.0%. We paid an interim dividend of 16 yen/share and plan to pay a year-end dividend of 16 yen/share, emphasizing stable dividends.

For the fiscal year ending Dec. 31, 2022, we plan to pay an interim dividend of 16 yen/share, a year-end dividend of 16 yen/share, and an annual dividend of 32 yen/share (consolidated payout ratio: 32.1%), the same amount as the fiscal year ending Dec. 31, 2021, with an emphasis on stable dividends.

The JIA Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act. The interim dividend is determined by the Board of Directors and the year-end dividend is determined at the annual shareholders meeting.

Internal reserves will be effectively utilized for future business development and strengthening of the financial base.

#### **(5) Business Risks**

Risks that may have a significant impact on investment decisions of investors are as follows. The Group is aware of the possibility of the occurrence of these risks and will strive to avoid their occurrence and to respond to them if they do occur. It is noted that forward-looking statements in the description below are based on the judgment the Group made as of the date of filing this report, and do not cover all business risks that may arise in the future.

(Risks related to the degree of dependency on the operating lease business)

The Group records commission fee, including arrangement fee from the operating lease business, as net sales. Since the establishment of the Company, we have expanded our business while positioning the operating lease business as its core business. Accordingly, the sales in the operating lease business account for the majority of the Group's sales. Target properties include aircraft, vessels, and shipping containers, and the ratio of aircraft is high. So, the development of the operating lease projects could be influenced by trends in capital investment in the aviation industry.

The Group will continue to expand the operating lease business through expansion of sales channels and development of the products that meet the needs of investors and release them. On the other hand, we will diversify our revenue base by fortifying other existing businesses than the operating lease business and developing new businesses.

However, the degree of dependency on the operating lease business is high at this time. If any problems arise in the growth of the operating lease business, such as competition with other companies, it could adversely affect the Group's financial position and business performance.

(Risks in the operating lease business)

The following are the risks relevant to the operating lease business of the Group.

##### 1) Risk of impact of international conflicts on the global economy

In the operating lease business, the main assets are aircraft, and the lessees are major airlines around the world. Since these airlines conduct the business activities all over the world, conflict, terrorism, epidemics in the region in the world may cause decline in demand for operating lease of aircraft and investors' appetite for investment may wane.

In case the above-mentioned event is prolonged, it could have a serious impact on the real economy through not only the aviation industry but also global supply-chain, etc.

In order to cope with these risks appropriately, the Group strives to exchange information with related staff involved in the operating lease business and takes appropriate measures.

However, in case these risks actualize, lease demand for aircraft, vessels, and shipping containers may decline, investors' appetite for investment may wane, and the Group's business development, financial position and business performance could be adversely affected.

## 2) Risk of bankruptcies of airlines or other lessees

In the event where lease payments are not made by lessees to SPC for any reason including commencement of bankruptcy proceedings of an airline, etc., return on the operating lease business may decline, leading to investors who have invested in the business incurring losses.

In the event of the above, investors' appetite for investing may wane, and in turn, soliciting investment in newly structured operating lease projects could become difficult. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in a drop in the Group's financial position and business performance.

The Group develops operating lease projects after checking the credit status, etc. of airlines that are the lessees to mitigate the risk of their bankruptcies. Should insolvency proceedings against a lessee be commenced, the Group will strive to deal with the situation to avoid decline of return on the operating lease projects by selling the lease properties or scouting for a new lessee.

Despite these measures, however, if something unexpected should occur, investors' appetite for investment may wane. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in drop in the Group's commission fee revenue, which could adversely affect the Group's financial position and business performance.

## 3) Risk of fluctuation in residual value (future selling price of lease properties)

If a lessee does not opt to purchase the lease property at the end of the lease term, the lease property will be sold to a third party in the market. If the property is sold at a price lower than the expected selling price at the time of lease structuring, return on the operating lease business may decline, leading to investors who have invested in the business incurring losses.

The Group is coping with the risk of price fluctuation by taking multiple measures, including conservatively estimating a selling price of leased properties at the time of lease structuring as well as setting a buy option or a lease term extension option depending on deals based on forecast for the future market. Despite these measures, however, if something unexpected should occur, investors' appetite for investing may wane. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in drop in the Group's commission fee revenue, which could adversely affect the Group's financial position and business performance.

In the event of the above, soliciting investment in newly structured operating lease projects could become difficult. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in a drop in the Group's financial position and business performance.

## 4) Rights under silent partnership agreement accounted for as equity underwritten

The Group, in principle, temporarily acquires rights under a silent partnership agreement pertaining to SPCs on the premise that it will transfer the rights to investors. The rights under the relevant silent partnership agreement are accounted at acquisition price as "equity underwritten" in the "assets section" of the consolidated balance sheet.

If the Group needs to continue holding the equity underwritten for some reasons, it will be difficult for the Group to receive the expected commission fee upon the transfer of the relevant equity underwritten and to collect investments. Furthermore, because such a situation implies that the Group itself is involved in the operating lease business as an investor, it could adversely affect the Group's financial position and business performance. In case the value of the lease properties falls, the Group will be exposed to the risk of failing to recoup all or part of its equity underwritten.



## 5) Currency risks

### i) Impact on new operating lease businesses

In the operating lease business, the lease properties are mainly sold in foreign currencies at termination of each lease term. Therefore, if the yen is appreciated more than the exchange rate at the time of the lease structuring, yen-denominated earnings will deteriorate, leading to investors who have invested in the business incurring losses.

Additionally, investors often receive their investments in capital in foreign currencies at termination of each lease term. Therefore, if the yen is appreciated more than the exchange rate at the time of the equity investment, they will receive the proceeds less than the amount of the initial investment, leading to investors who have invested in the business incurring losses.

As described above, if investors expect that the yen-denominated earnings or cash flows from the operating lease business will deteriorate and they will incur losses in the future because of stronger yen, their appetite for investing in operating leases structured by the Group may wane, and in turn, soliciting investment in newly structured operating leases could become difficult. Consequently, sale of rights under silent partnership agreement may decrease, resulting in a drop in the Group's commission fee revenue, which could adversely affect the Group's financial position and business performance.

### ii) Impact on transfer of equity underwritten

When the Group transfers to investors equity underwritten denominated in yen, which was acquired by the Group in foreign currencies, the Group determines the assignment price of the equity underwritten based on the level of the exchange rate at the time of originating the operating lease business.

Therefore, if the yen is appreciated rapidly after the acquisition of the equity underwritten, the value of the equity underwritten will become higher than the value calculated at the level of the exchange rate at the time of originating the relevant operating lease business. In this case, the Group's financial position and business performance may deteriorate due to waning of the investors' appetite for investment, etc.

### (Regarding COVID)

If the pandemic of COVID lingers, opportunities to develop deals may decrease due to the worsening of business performance of lessees, including airlines, and the changes in the terms and conditions of lending by financial institutions; investors, mainly small and medium-sized enterprises, may decrease the willingness to invest; and the value of assets owned for the operating lease business may degrade.

If an employee of our corporate group is infected with the novel coronavirus, the internal infection spreads, etc., and our offices are temporarily closed or some of our businesses are temporarily stopped, then the business operation of our corporate group may be affected. In order to secure the safety and security of clients, business partners, executives, and employees, we have been undertaking measures suited for promotion of social distancing, wearing of face masks, and health management of our staff as much as possible.

Furthermore, The Group conducts estimation for accounting, such as evaluation of assets, based on information available as of the preparation of consolidated financial statements. However, the figures obtained through estimation with the best efforts may be different from actual results, due to uncertainties about the future. We conduct estimation for accounting, under the assumption that it will take one to two years to see the pandemic subsiding and the economy returning to the pre-pandemic state.

If sales decline, value of owned assets degrade, or our business operation is affected due to the factors mentioned above, despite our countermeasures, then the financial standing and business performance of our corporate group may suffer adverse effects.

(Risk of the renewable energy business)

The Group engages in a solar photovoltaic generation business as part of the renewable energy business.

Since this business is subject to the government regulations including the Renewable Energy Act and other related legal system, revisions to the feed-in tariff scheme in connection with changes in the legal system for various governmental reasons could adversely affect structuring, sales and operation of the funds administered by the Group, which may result in drop in the Group's commission fee revenue, and adversely affect the Group's financial position and business performance.

(Risk of the aircraft part-out & conversion business)

The Group is engaged in the parts-out & conversion business, which involves purchase of aircraft, engines and other parts, remodeling of aircraft, inventory control, and sales.

The Group intends to mitigate risks of this business by leveraging knowledge and business networks established through arrangement and sale of the aircraft leases at the operating lease business.

Nevertheless, as this business is influenced by trends in capital investment in the aviation industry, the Group's financial position and business performance could be affected in case of a downturn in the global economy, decline in demand for aircraft due to geopolitical risks and more-than-expected drop in selling price of aircraft or other assets.

(Risks in the private equity investment business)

As part of the private equity investment business, the Group provides support for the selection and development of investee companies, mainly with the aim of obtaining capital gains through value enhancement.

When investing, the Group strives to minimize risks by conducting due diligence on the target companies. However, in the event of violations of laws and regulations, unrecognized debts, etc. that could not be discovered before the investment or that become apparent after the investment, or if the future performance of the investee is below the Group's expectations, it will be difficult to recover the investment funds. Furthermore, impairment accounting will be applied to the Company's operational investment securities, which may adversely affect the Group's financial position and business performance.

(Risks related to Statutory regulations)

1) Financial Instruments and Exchange Act

Since investors' rights under silent partnership agreements executed in the operating lease business fall under securities stipulated in the Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act, the Group is obliged to abide by each of the Financial Instruments and Exchange Act and the Act on Sales, etc. of Financial Instruments.

Since JP Lease Products & Services Co., Ltd.(hereinafter JLPS) is engaged in handling private placement for silent partnership equity stake including rights under silent partnership agreements, it is registered as an operator of Type II Financial Instruments Business under the Article 29 of the Financial Instruments and Exchange Act. JIA Securities Co., Ltd. (hereinafter JIA Securities) is also registered as an operator of Type I Financial Instruments Business. The Article 52 of the Financial Instruments and Exchange Act stipulates reasons for rescission of registration or suspension of business. If JLPS or JIA Securities fall under any of the reasons, it could be ordered to rescind the registration or suspend the business.

The Group stringently enforces compliance of laws and regulations when engaging in this business and has recognized no evidence of reasons for such rescission of registration or suspension of business as of the date of filing this report. Nevertheless, if JLPS or JIA Securities are, for some reason, subject to punitive administrative actions to rescind the registration or suspend the business in the future, it could significantly affect the Group's financial position and business performance.

## 2) Tax and other related laws and regulations

We develop portfolios in the operating lease business in accordance with the current ordinances regarding tax, accounting and others pertaining to the business.

The Group confirm substance and interpretation of the related ordinances with respect to each portfolio by consulting with Certified Public Tax Accountants, lawyers or other professionals. Nevertheless, if the relevant ordinances are revised or newly enacted, leading to changes in taxation, investors' appetite for investing in the operating leases business may wane, and in turn, sale of rights under a silent partnership agreement may decrease, which could adversely affect the Group's financial position and business performance.

### (Risk related to fund raising)

The Group may temporarily acquire rights under silent partnership agreement pertaining to SPCs on the premise that it will transfer the rights to investors. If it becomes difficult for the Group to develop portfolios smoothly after failing to procure funds from financial institutions for some reasons such as worsening economy or deterioration of the Group's business performance, etc., the Group's financial position and business performance may be adversely affected.

### (Risk related to financial covenants)

The Group procure funds for temporarily acquiring rights under silent partnership agreement in the operating lease business by using its own funds, borrowings from financial institutions, or executing an overdraft facility agreement and a commitment line agreement so that we can draw down funds as needed.

These agreements include financial covenants stipulating that the Group shall maintain financial position and results of operations at levels above certain specified figures. Such covenants include maintaining the balance of net assets on the consolidated balance sheet at the end of each fiscal year and the second quarter end of each fiscal year at 75% or more of the balance of net assets at the end of the specified period of the immediate previous fiscal year; and reporting no ordinary losses (or no operating losses depending on financial institutions) on the consolidated statement of income for each fiscal year and for the first half of each fiscal year.

Therefore, if the Group's business performance deteriorates to the extent that it will violate any financial covenants, the Group's obligation to repay the loans is accelerated by lenders, which could adversely affect the Group's financial position and business performance.

### (Risk related to significant litigations)

The Group engages in the operating lease business and other investment banking services. In the course of our business activities, investors or intermediaries may file legal proceedings against us. It is difficult for us to predict the occurrence or outcome of such litigations and legal proceedings in which the Group would be involved as a party. If unfavorable outcomes occur to the Group, it could adversely affect the Group's financial position, business performance and business development.

### (Risk arising from inclusion of non-consolidated subsidiaries into the scope of consolidation)

As inclusion of SPCs, operators of individual deals structured by the Group, into the scope of consolidation may considerably mislead the stakeholders' decision-making, the Group excludes these SPCs from the scope of consolidation for purposes of the Group's financial reporting based on the Article 5, Paragraph 1, Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of Ministry of Finance No. 28, 1976).

If the SPCs who are operators of the projects structured by the Group is included in the scope of consolidation for some reasons such as new rules different from conventional rules are enacted in the future, it could adversely affect the Group's financial position and business performance.

(Risk related to corporate organization)

1) Dependence on the founder

The founder of the Group is Naoto Shiraiwa, current President and CEO. He has served as CEO since inception of the Group and has played a significant role in promoting the Group's business by determining the management policy and business strategies, as well as formulating and implementing operational measures.

The Group appoints directors in charge of each operation, operating officer and division heads, and holds regular meetings so that the Group can proactively seek various ideas and share information. Additionally, The Nominees and Compensation Advisory Committee, an advisory body to the Board of Directors of the Company, discusses the formulation of succession plans. We have steadily been working on establishing a corporate structure not overly dependent on Mr. Shiraiwa by delegating authority as appropriate. Nevertheless, if something unexpected would occur to Mr. Shiraiwa for some reasons or things would occur that will cause him to leave the post, it could adversely affect the Group's financial position, business performance and business development.

2) Risks related to securing and developing human resources

The Group recognizes that securing talented professionals with good business skill and sense as well as fostering human resources are vital issues for the Group to expand the business going forward. Therefore, the Group is intending to increase highly skilled staff and strengthen the internal control system.

Nevertheless, if the Group fails to secure a sufficient number of qualified workers, fails to retain current employees resulting in the shortage of workforce, or fails to effectively and sufficiently accommodate the growth of the Group's business due to the shortage of workforce or lack of organizational capability, the Group's business development, financial position and business performance could be adversely affected.

It is difficult to gauge the possibility, degree, and timing of each risk and accurately estimate factors that would affect the financial standing and business performance of the Group. In the current consolidated fiscal year, the economic and financial environment in many countries deteriorated due to the spread of COVID infections around the world. In particular, due to the downturn of the business environment of the airline industry, the operating lease business of the Group saw the decline in needs for transactions by lessees, although the needs of investors remained strong despite the uncertain business environment, which affected the business performance and financial standing of the Group.

As for the future outlook, the global economy and the business environment of airlines are expected to get out of the worst period, thanks to the voluntary efforts of airlines, each country's measures for preventing the spread of COVID, in addition to vaccinations and the development of therapeutic drugs to prevent the spread of the new coronavirus infection. But it is assumed that it will still take 1 or 2 years to see the pandemic subsiding and the economy returning to the pre-pandemic state. If actual situations turn out to be different from the Group's assumption, the above risks may emerge, affecting the financial standing and business performance of the Group.

## 2. Corporate Group

(as of December 31, 2021)

Name	Location	Capital (Thousands of yen)	Main line of business	Share of voting rights (%)	Relationships
<b>Consolidated subsidiaries</b>					
JP Lease Products & Services Co., Ltd. (note.2)	Chiyoda-ku, Tokyo	950,000	Operating lease business for aircrafts and shipping container boxes, Insurance agent	100.0	Concurrent directors: Yes Guarantees of debt Contract services financial support
JLPS Ireland Limited (note.3)	Ireland	20,000 thousand euros	Aircraft leasing businesses	100.0 (100.0)	Concurrent directors: Yes
Finspire Inc.	Chiyoda-ku, Tokyo	50,000	Operating lease business	100.0	Concurrent directors: None
JIA Trust Co., Ltd.	Chiyoda-ku, Tokyo	300,000	Trust business	100.0	Concurrent directors: Yes
JIA Securities Co., Ltd.	Chuo-ku, Tokyo	503,720	Securities business	100.0	Concurrent directors: None
Nihon Securities Journal Inc.	Chuo-ku, Tokyo	4,500	Media-related business	100.0	Concurrent directors: Yes financial support
Other 18 Company					
<b>Affiliates accounted for using the equity method</b>					
Bleriot Aviation Leasing Designated Activity Company	Ireland	132,500 thousand US dollar	Joint venture with Airbus Group Procurement of aircraft leasing for sale to investors	50.0 (50.0)	Concurrent directors: None
ADLER SOLAR WORKS Co., Ltd.	Yokohama, Kanagawa	30,010	PV Plant Operation and Maintenance Service, etc	49.9	Concurrent directors: None
Other 4 Company					

Note1: There are no companies submitting securities registration statement or securities report.

2: JP Lease Products & Services Co., Ltd. is significant subsidiaries whose revenue exceeds 10% of consolidated revenue reported in the consolidated financial statements for the fiscal year ended December 31, 2021.

Key financial results (in Japanese yen)

Revenue	9,073 millions of yen
Ordinary profit	1,085 millions of yen
Profit for the year	661 millions of yen
Total equity	6,131 millions of yen
Total assets	65,216 millions of yen

3: JLPS Ireland Limited is significant subsidiaries whose revenue exceeds 10% of consolidated revenue reported in the consolidated financial statements for the fiscal year ended December 31, 2021.

Key financial results (in Japanese yen)

Revenue	2,226 millions of yen
Ordinary profit	1,117 millions of yen
Profit for the year	977 millions of yen
Total equity	3,428 millions of yen
Total assets	4,447 millions of yen

4: Voting rights (%) figures in parentheses show percentage indirectly owned by the Company.

### **3. Basic Approach for the Selection of Accounting Standards**

The JIA Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being. We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

## 4. Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheet

(Millions of yen)

	FY2020 (As of Dec. 31, 2020)	FY2021 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	21,377	12,314
Accounts receivable-trade	4,076	7,420
Merchandise	7,845	9,817
Equity underwritten	28,431	18,871
Costs on uncompleted services	564	281
Short-term loans receivable	1,522	1,379
Advance payments-trade	15,971	13,191
Advances paid	19,769	8,568
Operational investment securities	1,677	1,967
Accounts receivable-other	2,284	773
Consumption taxes receivable	1,506	528
Other	235	1,574
Total current assets	105,261	76,687
Non-current assets		
Property, plant and equipment		
Buildings, net	193	179
Land	108	135
Other, net	55	41
Total property, plant and equipment	357	355
Intangible assets		
Software	105	115
Goodwill	7	244
Patent right	0	0
Total intangible assets	113	360
Investments and other assets		
Investment securities	4,140	11,471
Long-term loans receivable	426	11,150
Deferred tax assets	1,459	1,316
Other	347	334
Allowance for doubtful accounts	(19)	(19)
Total investments and other assets	6,354	24,253
Total non-current assets	6,826	24,969
Deferred assets		
Bond issuance cost	83	106
Total deferred assets	83	106
Total assets	112,170	101,764

	(Millions of yen)	
	FY2020	FY2021
	(As of Dec. 31, 2020)	(As of Dec. 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	18	270
Accounts payable-operating	191	68
Short-term loans payable	56,415	38,931
Current portion of long-term loans payable	2,132	2,657
Current portion of bonds	1,136	1,715
Accounts payable-other	799	129
Income taxes payable	15	1,377
Accrued consumption taxes	1	854
Unearned revenue	2,772	1,164
Provision for shareholder benefit program	56	64
Provision for bonus	302	338
Other	533	737
Total current liabilities	64,374	48,310
Non-current liabilities		
Long-term loans payable	6,424	5,702
Bonds payable	2,170	5,754
Other	115	318
Total non-current liabilities	8,710	11,775
Total liabilities	73,084	60,085
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,670	11,679
Capital surplus	11,605	11,621
Retained earnings	17,134	19,011
Treasury shares	(1,470)	(1,470)
Total shareholders' equity	38,938	40,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	320
Foreign currency translation adjustment	(152)	386
Total accumulated other comprehensive income	(35)	706
Subscription rights to shares	15	8
Non-controlling interests	166	121
Total net assets	39,085	41,679
Total liabilities and net assets	112,170	101,764



**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Millions of yen)

	FY2020 (Jan. 1 – Dec. 31, 2020)	FY2021 (Jan. 1 – Dec. 31, 2021)
Net sales	17,707	14,105
Cost of sales	6,383	5,445
Gross profit	11,323	8,659
Selling, general and administrative expenses		
Directors' compensations	286	245
Salaries and allowances	1,346	1,557
Bonuses	803	698
Commission fee	204	201
Compensations	103	331
Taxes and dues	565	599
Rents	228	339
Other	775	914
Total selling, general and administrative expenses	4,314	4,886
Operating profit	7,009	3,773
Non-operating income		
Interest income	201	411
Commission fee	281	173
Gain on sales of equity underwritten	581	187
Interest on investment securities	146	154
Foreign exchange gains	-	1,849
Other	54	65
Total non-operating income	1,265	2,840
Non-operating expenses		
Interest expenses	704	513
Commission fee	1,004	921
Amortization of bond issuance cost	30	37
Foreign exchange losses	439	-
Share of loss of entities accounted for using equity method	-	413
Other	31	22
Total non-operating expenses	2,210	1,909
Ordinary profit	6,064	4,704
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	38
Gain on reversal of share acquisition rights	-	6
Total extraordinary income	-	45
Profit before income taxes	6,064	4,749
Income taxes-current	386	1,605
Income taxes-deferred	1,813	151
Total income taxes	2,200	1,757
Profit	3,864	2,992
Profit attributable to non-controlling interests	32	71
Profit attributable to owners of parent	3,831	2,921

**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	FY2020 (Jan. 1 – Dec. 31, 2020)	FY2021 (Jan. 1 – Dec. 31, 2021)
Profit	3,864	2,992
Other comprehensive income		
Valuation difference on available-for-sale securities	(98)	203
Foreign currency translation adjustment	(128)	538
Total other comprehensive income	(226)	742
Comprehensive income	3,637	3,735
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,604	3,663
Comprehensive income attributable to non-controlling interests	32	71

**(3) Consolidated Statement of Changes in Equity**

FY2020 (Jan. 1 – Dec. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,658	11,593	14,154	(1,470)	35,935
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	11	11			23
Dividends of surplus			(852)		(852)
Profit attributable to owners of parent			3,831		3,831
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					-
Total changes of items during period	11	11	2,979	(0)	3,003
Balance at end of current period	11,670	11,605	17,134	(1,470)	38,938

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	215	(23)	191	16	114	36,256
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						23
Dividends of surplus						(852)
Profit attributable to owners of parent						3,831
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(98)	(128)	(226)	(0)	52	(174)
Total changes of items during period	(98)	(128)	(226)	(0)	52	2,828
Balance at end of current period	116	(152)	(35)	15	166	39,085

FY2021 (Jan. 1 – Dec. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,670	11,605	17,134	(1,470)	38,938
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	9	9			18
Dividends of surplus			(963)		(963)
Profit attributable to owners of parent			2,921		2,921
Change of scope of consolidation		7	(80)		(72)
Net changes of items other than shareholders' equity					-
Total changes of items during period	9	16	1,877	-	1,903
Balance at end of current period	11,679	11,621	19,011	(1,470)	40,842

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	116	(152)	(35)	15	166	39,085
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						18
Dividends of surplus						(963)
Profit attributable to owners of parent						2,921
Change of scope of consolidation						(72)
Net changes of items other than shareholders' equity	203	538	742	(7)	(45)	689
Total changes of items during period	203	538	742	(7)	(45)	2,593
Balance at end of current period	320	386	706	8	121	41,679

**(4) Consolidated Statement of Cash Flows**

(Millions of yen)

	FY2020 (Jan. 1 – Dec. 31, 2020)	FY2021 (Jan. 1 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	6,064	4,749
Depreciation	98	520
Amortization of goodwill	3	21
Foreign exchange losses (gains)	(455)	678
Gain on sales of equity underwritten	(581)	(187)
Share of (profit) loss of entities accounted for using equity method	(37)	413
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(38)
Interest and dividend income	(201)	(739)
Interest expenses	704	513
Decrease (increase) in notes and accounts receivable-trade	2,585	(3,414)
Decrease (increase) in inventories	(1,307)	(2,391)
Decrease (increase) in advance payments	(10,708)	2,780
Increase (decrease) in notes and accounts payable-trade	(507)	103
Decrease (increase) in equity underwritten	53,940	9,619
Decrease (increase) in advances paid	(12,609)	10,963
Decrease (increase) in accounts receivable-other	538	(249)
Decrease (increase) in deposits paid	503	(523)
Increase (decrease) in unearned revenue	(10,745)	(1,607)
Decrease (increase) in consumption taxes receivable/payable	(1,252)	1,826
Others	615	(585)
Subtotal	26,649	22,454
Interest and dividend income received	801	1,027
Interest expenses paid	(699)	(509)
Income taxes receivable	-	1,559
Income taxes paid	(2,727)	(383)
Net cash provided by (used in) operating activities	24,024	24,147
Cash flows from investing activities		
Purchase of property, plant and equipment	(309)	(56)
Purchase of intangible assets	(15)	(25)
Purchase of investment securities	(538)	(7,073)
Payments of loans receivable	(1,979)	(12,195)
Collection of loans receivable	1,258	1,914
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(230)
Payments for acquisition of shares in subsidiaries resulting in change in scope of consolidation	-	(773)
Others	(142)	233
Net cash provided by (used in) investing activities	(1,727)	(18,207)

	(Millions of yen)	
	FY2020	FY2021
	(Jan. 1 – Dec. 31, 2020)	(Jan. 1 – Dec. 31, 2021)
Cash flows from financing activities		
Increase in short-term loans payable	78,758	41,323
Decrease in short-term loans payable	(117,609)	(60,089)
Proceeds from long-term loans payable	4,891	2,276
Repayments of long-term loans payable	(2,272)	(2,157)
Proceeds from issuance of bonds	1,100	5,400
Redemption of bonds	(1,082)	(1,236)
Proceeds from exercise of share options	23	18
Cash dividends paid	(850)	(962)
Other, net	(13)	69
Net cash provided by (used in) financing activities	(37,054)	(15,358)
Effect of exchange rate change on cash and cash equivalents	(104)	284
Net increase (decrease) in cash and cash equivalents	(14,862)	(9,132)
Cash and cash equivalents at beginning of period	36,239	21,377
Cash and cash equivalents at end of period	21,377	12,244

**(5) Notes to Consolidated Financial Statements**

**(Going Concern Assumption)**

Not applicable.

**(Change display method)**

(Notes Regarding Consolidated Balance Sheets)

“Long-term loans receivable” (426 million yen in the previous fiscal year), which was included in “Other” under “Investments and other assets” until the previous fiscal year, has been separately posted since the current fiscal year due to its increased material significance.

**(Segment Information, etc.)**

[Segment Information]

FY2020 (Jan. 1 – Dec. 31, 2020)

The JIA Group is engaged in 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.

FY2021 (Jan. 1 – Dec. 31, 2021)

The JIA Group is engaged in 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.

[Related information]

FY2020 (Jan. 1 – Dec. 31, 2020)

## 1. Information by product or service

(Millions of yen)

Business segments	Financial solutions business				Media-related business	Total
Business units	Operating lease	Renewable energy	Aircraft part-out & conversion	Other businesses	-	-
External sales	16,561	414	177	341	212	17,707

## 2. Information by region

## (1) Net sales (Millions of yen)

Japan	Europe	Total
17,529	177	17,707

Note: Classification of net sales is based on the location of the client and categorized by country or region.

## (2) Property, plant and equipment (Millions of yen)

Japan	Europe	Total
294	63	357

## 3. Information by major client

(Millions of yen)

Customer name	Net sales	Related segments
JPP No. 1 Co., Ltd.	4,394	Financial solutions business



FY2021 (Jan. 1 – Dec. 31, 2021)

## 1. Information by product or service

(Millions of yen)

Business segments	Financial solutions business				Media-related business	Total
Business units	Operating lease	Renewable energy	Aircraft part-out & conversion	Other businesses	-	-
External sales	11,199	1,521	728	424	231	14,105

## 2. Information by region

(1) Net sales (Millions of yen)

Japan	Ireland	Europe	Total
11,195	2,136	773	14,105

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment (Millions of yen)

Japan	Europe	Total
299	56	355

## 3. Information by major customer

This information is omitted because there are no sales to specific clients that account for 10% or more of net sales in the consolidated statements of income.

[Information related to impairment losses on non-current assets for each reportable segment]

Not applicable.

[Information related to goodwill amortization and the unamortized balance for each reportable segment]

Omitted due to immateriality.

[Information related to gain on bargain purchase for each reportable segment]

Not applicable.

**(Per-share Information)**

(Yen)

	FY2020 (Jan. 1 – Dec. 31, 2020)	FY2021 (Jan. 1 – Dec. 31, 2021)
Net assets per share	1,294.62	1,376.22
Net income per share	128.13	97.03
Diluted net income per share	127.05	96.77

Notes: 1. Basis for the calculation of net income per share and diluted net income per share are as follows:

	FY2020 (Jan. 1 – Dec. 31, 2020)	FY2021 (Jan. 1 – Dec. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	3,831	2,921
Amount not attributable to ordinary shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Millions of yen)	3,831	2,921
Average number of shares during the period (Shares)	29,906,246	30,101,276
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	-	-
Increase in number of common stock (Shares)	252,624	81,283
[of which subscription rights to shares (Shares)]	[252,624]	(81,283)
Summary of potentially dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect	Second Series Stock Acquisition Rights (Number of stock subscription rights 2,999(599,800 shares of common stock)) Third Series Stock Acquisition Rights (Number of stock subscription rights 3,047(304,700 shares of common stock))	Second Series Stock Acquisition Rights (Number of stock subscription rights 2,994(598,800 shares of common stock))

**(Subsequent Events)**

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.*