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April 28, 2022

## Consolidated Financial Results for the Three Months Ended March 31, 2022 (Japanese GAAP)

Company name: Japan Investment Adviser Co., Ltd.  
 Listing: Tokyo Stock Exchange, Prime Market  
 Securities code: 7172  
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 Scheduled date to file quarterly securities report: May 6, 2022  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

#### (1) Consolidated operating results

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.)

|                    | Net sales       |        | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|--------------------|-----------------|--------|------------------|--------|-----------------|--------|-----------------------------------------|--------|
|                    | Millions of yen | %      | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      |
| Three months ended |                 |        |                  |        |                 |        |                                         |        |
| March 31, 2022     | 2,254           | (39.6) | 20               | (98.9) | 2,028           | (16.4) | 1,835                                   | 34.0   |
| March 31, 2021     | 3,732           | (49.4) | 1,938            | (36.6) | 2,425           | (15.4) | 1,370                                   | (32.3) |

Note: Comprehensive income For the three months ended March 31, 2022: ¥2,324 million [up 29.3%]  
 For the three months ended March 31, 2021: ¥1,797 million [down 2.8%]

|                    | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen                      | Yen                        |
| March 31, 2022     | 60.79                    | -                          |
| March 31, 2021     | 45.59                    | 45.40                      |

(Note) Diluted earnings per share is not shown because there are no residual securities with dilutive effects.

#### (2) Consolidated financial position

|                   | Total assets    | Net assets      | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
| As of             | Millions of yen | Millions of yen | %                     |
| March 31, 2022    | 99,526          | 43,527          | 43.6                  |
| December 31, 2021 | 101,764         | 41,679          | 40.8                  |

Reference: Equity

As of March 31, 2022: ¥43,392 million  
 As of December 31, 2021: ¥41,549 million

## 2. Cash dividends

|                                                       | Annual dividends per share |                    |                   |                 |       |
|-------------------------------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
|                                                       | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
|                                                       | Yen                        | Yen                | Yen               | Yen             | Yen   |
| Fiscal year ended<br>December 31, 2021                | -                          | 16.00              | -                 | 16.00           | 32.00 |
| Fiscal year ending<br>December 31, 2022               | -                          |                    |                   |                 |       |
| Fiscal year ending<br>December 31, 2022<br>(Forecast) |                            | 16.00              | -                 | 16.00           | 32.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

## 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                |

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

**\* Notes**

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

Newly included: -

Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Change in Accounting Policies)" on page 8 of the attached document.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

|                         |                   |
|-------------------------|-------------------|
| As of March 31, 2022    | 30,731,200 shares |
| As of December 31, 2021 | 30,731,200 shares |

(ii) Number of treasury shares at the end of the period

|                         |                |
|-------------------------|----------------|
| As of March 31, 2022    | 540,392 shares |
| As of December 31, 2021 | 540,392 shares |

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

|                                   |                   |
|-----------------------------------|-------------------|
| Three months ended March 31, 2022 | 30,190,808 shares |
| Three months ended March 31, 2021 | 30,049,808 shares |

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to JIA management, but are not promises by JIA regarding future performance. Actual results could differ from the business forecasts due to change in economic conditions, market trends, exchange rate fluctuations and other factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

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

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

In the first quarter of the current consolidated accounting period (Jan. 1, 2022 to Mar. 31, 2022), the global economy was affected by not only the lingering coronavirus pandemic, but also abnormal circumstances, including the outbreak of the conflict in Ukraine. They have disrupted supply chains and driven energy prices and global inflation skyrocketing. The Inflation is hampering the recovery of sluggish economic activity, so that attention is drawn to how governments and fiscal authorities will react.

Regarding the situation of the Japanese economy, the number of people infected with the omicron variant started decreasing in mid-March, and there was a sign of recovery of economic activities, mainly consumer spending, but the abrupt weakening of the yen, the skyrocketing of prices of energy resources, etc. are inducing inflation also in Japan. The Japanese government and the Bank of Japan are required to take certain measures against inflation or to stimulate the economy in a timely manner.

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 part out & conversion business), under the ethos: "Always be a company contributing to society by offering financial services."

The sales of the operating lease business were 1,764 million yen, down 49.5% year on year, and equity sales were 14,491 million yen, down 19.9% year on year. This is mainly because stock became insufficient, as we carefully negotiated with various related people and the creation of products was delayed. On the other hand, the operations of JIA Aviation Finance, which is a priority strategy in this term, will be started in the second quarter. For some products, funds will be procured via senior debt as soon as the operations of JIA Aviation Finance starts, so our business performance is expected to catch up in the second quarter or later.

The sales of the renewable energy business were 136 million yen, up 58.1% year on year. In particular, the revenues from sale of electricity generated by our own solar power generation equipment contributed, while we plan to securitize the equipment and sell them to investors in the second quarter.

The sales of the aircraft part out & conversion business were 175 million yen (0 in the same period of the previous year). The part out business, which disassembles retired aircraft and sells aircraft parts, contributed. The conversion business, which converts passenger airplanes into cargo jets, is expected to yield revenue from the second quarter.

In addition, the efforts to enrich our business portfolio paid off, and we were able to monetize several projects in consulting businesses.

The table below shows the business results of our group for the first quarter of the current fiscal year.

[Millions of yen]

|                                            | First Quarter of the<br>Fiscal Year Ending<br>December 31, 2021<br>(FY2021) | First Quarter of the<br>Fiscal Year Ending<br>December 31, 2022<br>(FY2022) | Change  | Change rate<br>(%) |
|--------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------|--------------------|
| Net sales                                  | 3,732                                                                       | 2,254                                                                       | (1,478) | (39.6)             |
| Operating profit                           | 1,938                                                                       | 20                                                                          | (1,917) | (98.9)             |
| Ordinary profit                            | 2,425                                                                       | 2,028                                                                       | (397)   | (16.4)             |
| Profit attributable<br>to owners of parent | 1,370                                                                       | 1,835                                                                       | 465     | 34.0               |

## **(2) Explanation of Consolidated Financial Position**

### **1) Assets**

Total assets decreased 2,238 million yen from the end of 2021 to 99,526 million yen at the end of the first quarter of 2022. This was mainly due to decreases in equity underwritten of 8,246 million yen, Accounts receivable-trade of 2,771 million yen, while there were increases in advances paid of 3,197 million yen, investment securities of 760 million yen, and merchandise of 630 million yen.

### **2) Liabilities**

Total liabilities decreased 4,086 million yen from the end of 2021 to 55,998 million yen at the end of the first quarter of 2022. This was mainly due to decreases in short-term loans payable of 2,650 million yen, income taxes payable of 681 million yen.

### **3) Net Assets**

Total net assets increased 1,848 million yen from the end of 2021 to 43,527 million yen at the end of the first quarter of 2022. This was mainly due to booking of profit attributable to owners of parent of 1,835 million yen. As a result, the equity ratio increased from 40.8% at the end of the previous fiscal year to 43.6%.

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

At this moment, the consolidated earnings forecasts remain unchanged, but if it becomes necessary to revise our earnings forecasts, JIA will promptly announce such revisions in a timely disclosure.

The forecasts are based on information available to JIA. Actual results could differ from the forecasts due to various uncertainties and changes in the future business conditions.

## **(4) 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.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

|                                    | FY2021<br>(As of Dec. 31, 2021) | First Quarter of FY2022<br>(As of Mar. 31, 2022) |
|------------------------------------|---------------------------------|--------------------------------------------------|
| <b>Assets</b>                      |                                 |                                                  |
| Current assets                     |                                 |                                                  |
| Cash and deposits                  | 12,314                          | 12,906                                           |
| Accounts receivable-trade          | 7,420                           | 4,648                                            |
| Merchandise                        | 9,817                           | 10,447                                           |
| Equity underwritten                | 18,871                          | 10,624                                           |
| Costs on uncompleted services      | 281                             | 394                                              |
| Advance payments-trade             | 13,191                          | 12,733                                           |
| Advances paid                      | 8,568                           | 11,765                                           |
| Short-term loans receivable        | 1,379                           | 1,874                                            |
| Accounts receivable-other          | 773                             | 399                                              |
| Operational investment securities  | 1,967                           | 1,878                                            |
| Other                              | 2,102                           | 5,748                                            |
| Total current assets               | 76,687                          | 73,422                                           |
| Non-current assets                 |                                 |                                                  |
| Tangible fixed assets              | 355                             | 380                                              |
| Intangible assets                  | 360                             | 505                                              |
| Investments and other assets       |                                 |                                                  |
| Investment securities              | 11,471                          | 12,232                                           |
| Long-term loans receivable         | 11,150                          | 11,361                                           |
| Other                              | 1,631                           | 1,525                                            |
| Total Investments and other assets | 24,253                          | 25,119                                           |
| Total non-current assets           | 24,969                          | 26,005                                           |
| Deferred assets                    |                                 |                                                  |
| Bond issuance cost                 | 106                             | 98                                               |
| Total deferred assets              | 106                             | 98                                               |
| Total assets                       | 101,764                         | 99,526                                           |

(Millions of yen)

|                                                       | FY2021<br>(As of Dec. 31, 2021) | First Quarter of FY2022<br>(As of Mar. 31, 2022) |
|-------------------------------------------------------|---------------------------------|--------------------------------------------------|
| <b>Liabilities</b>                                    |                                 |                                                  |
| Current liabilities                                   |                                 |                                                  |
| Accounts payable-trade                                | 270                             | 564                                              |
| Accounts payable-operating                            | 68                              | 120                                              |
| Short-term loans payable                              | 38,931                          | 36,280                                           |
| Current portion of long-term loans payable            | 2,657                           | 2,648                                            |
| Current portion of bonds                              | 1,715                           | 4,755                                            |
| Accounts payable-other                                | 129                             | 94                                               |
| Unearned revenue                                      | 1,164                           | —                                                |
| Contract liabilities                                  | -                               | 1,140                                            |
| Income taxes payable                                  | 1,377                           | 696                                              |
| Provision for bonus                                   | 338                             | 226                                              |
| Other                                                 | 1,655                           | 742                                              |
| Total current liabilities                             | 48,310                          | 47,271                                           |
| Non-current liabilities                               |                                 |                                                  |
| Bonds payable                                         | 5,754                           | 2,518                                            |
| Long-term loans payable                               | 5,702                           | 5,825                                            |
| Other                                                 | 318                             | 382                                              |
| Total non-current liabilities                         | 11,775                          | 8,727                                            |
| Total liabilities                                     | 60,085                          | 55,998                                           |
| <b>Net assets</b>                                     |                                 |                                                  |
| Shareholders' equity                                  |                                 |                                                  |
| Capital stock                                         | 11,679                          | 11,679                                           |
| Capital surplus                                       | 11,621                          | 11,621                                           |
| Retained earnings                                     | 19,011                          | 20,364                                           |
| Treasury shares                                       | (1,470)                         | (1,470)                                          |
| Total shareholders' equity                            | 40,842                          | 42,195                                           |
| Accumulated other comprehensive income                |                                 |                                                  |
| Valuation difference on available-for-sale securities | 320                             | 337                                              |
| Foreign currency translation adjustment               | 386                             | 859                                              |
| Total accumulated other comprehensive income          | 706                             | 1,196                                            |
| Subscription rights to shares                         | 8                               | 8                                                |
| Non-controlling interests                             | 121                             | 126                                              |
| Total net assets                                      | 41,679                          | 43,527                                           |
| Total liabilities and net assets                      | 101,764                         | 99,526                                           |



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

(Millions of yen)

|                                                      | First three months of<br>FY2021<br>(Jan. 1 – Mar. 31, 2021) | First three months of FY2022<br>(Jan. 1 – Mar. 31, 2022) |
|------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------|
| Net sales                                            | 3,732                                                       | 2,254                                                    |
| Cost of sales                                        | 568                                                         | 1,038                                                    |
| Gross profit                                         | 3,163                                                       | 1,215                                                    |
| Selling, general and administrative expenses         | 1,225                                                       | 1,194                                                    |
| Operating profit                                     | 1,938                                                       | 20                                                       |
| Non-operating income                                 |                                                             |                                                          |
| Gain on sales of equity underwritten                 | 89                                                          | 32                                                       |
| Interest income                                      | 63                                                          | 112                                                      |
| Foreign exchange gains                               | 747                                                         | 1,708                                                    |
| Equity in earnings of affiliates                     | -                                                           | 388                                                      |
| <b>Other</b>                                         | 159                                                         | 47                                                       |
| Total non-operating income                           | 1,060                                                       | 2,289                                                    |
| Non-operating expenses                               |                                                             |                                                          |
| Interest expenses                                    | 147                                                         | 124                                                      |
| Commission fee                                       | 282                                                         | 148                                                      |
| Equity in losses of affiliates                       | 134                                                         | -                                                        |
| Other                                                | 8                                                           | 9                                                        |
| Total non-operating expenses                         | 572                                                         | 281                                                      |
| Ordinary profit                                      | 2,425                                                       | 2,028                                                    |
| Extraordinary income                                 |                                                             |                                                          |
| Gain on sales of subsidiaries and affiliates' stocks | -                                                           | 296                                                      |
| Gain on reversal of stock acquisition rights         | 6                                                           | -                                                        |
| Total extraordinary income                           | 6                                                           | 296                                                      |
| Profit before income taxes                           | 2,432                                                       | 2,324                                                    |
| Income taxes                                         | 1,013                                                       | 489                                                      |
| Profit                                               | 1,419                                                       | 1,834                                                    |
| Profit attributable to non-controlling interests     | 49                                                          | (1)                                                      |
| Profit attributable to owners of parent              | 1,370                                                       | 1,835                                                    |

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

|                                                                | (Millions of yen)                                           |                                                             |
|----------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
|                                                                | First three months of<br>FY2021<br>(Jan. 1 – Mar. 31, 2021) | First three months of<br>FY2022<br>(Jan. 1 – Mar. 31, 2022) |
| Profit                                                         | 1,419                                                       | 1,834                                                       |
| Other comprehensive income                                     |                                                             |                                                             |
| Valuation difference on available-for-sale securities          | 33                                                          | 16                                                          |
| Foreign currency translation adjustment                        | 343                                                         | 473                                                         |
| Total other comprehensive income                               | 377                                                         | 490                                                         |
| Comprehensive income                                           | 1,797                                                       | 2,324                                                       |
| Comprehensive income attributable to                           |                                                             |                                                             |
| Comprehensive income attributable to owners of parent          | 1,747                                                       | 2,325                                                       |
| Comprehensive income attributable to non-controlling interests | 49                                                          | (1)                                                         |

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **(Going Concern Assumption)**

Not applicable.

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

Not applicable.

#### **(Change in Accounting Policies)**

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition") and others from the beginning of the first quarter of the current fiscal year, and has decided to recognize revenue at the amount expected to be received in exchange for the promised goods or services at the time control of the promised goods or services is transferred to the customer.

As a result, with respect to accounting for sales of aircraft and other equipment in the part out & conversion business, the Company previously recognized in net sales an amount equivalent to the Group's profit (equivalent to the service fee), which is the transfer price of the goods, less the book value of the aircraft and other equipment, but effective from the first quarter of effective from the first quarter of the current fiscal year, however, the Company changed the method of recording the transfer price of the aircraft, etc. in net sales as the Group's role in providing goods or services to customers corresponds to that of the principal. This change does not impact profits or losses.

In accordance with the transitional treatment stipulated in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the first quarter of the current fiscal year is included in the cumulative effect of retrospectively applying the new accounting policies prior to the beginning of the first quarter of the current fiscal year was added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting methods were implemented at the beginning of this period.

As a result, there is no effect on net sales and cost of sales for the three months ended March 31, 2022 compared to the previous method. There is no impact on profit and loss, and retained earnings at the beginning of the period. Due to the application of the revenue recognition accounting standard, "Unearned revenue," which was presented in "Current liabilities" in the consolidated balance sheet in the previous consolidated fiscal year, is included in "Contract liabilities" in "Current liabilities" from the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to reflect the new presentation for the previous consolidated fiscal year.

(Application of Accounting Standard for Measurement of Fair Value)

In accordance with the "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Accounting Standard for Calculation of Fair Value"), the Company has adopted the following accounting standard. (Application of the "Accounting Standard for Measurement of Fair Value") and others are applied from the beginning of the first quarter of the current consolidated fiscal year, as stipulated in Paragraph 19 of the Accounting Standard for Calculation of Fair Value and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). In accordance with the transitional treatment, the new accounting policies prescribed by the fair value accounting standard will be applied prospectively. There is no impact on the quarterly consolidated financial statements as a result of this amendment.

*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.*