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Listed on: Tokyo Stock Exchange Standard Market (Stock code: 8518)
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Differences between the “Result Forecast Consolidated under the Previous Accounting Standard” and the Results for First Half of Fiscal Year ending March 2023 and Notice of Revision on “Result Forecast Consolidated under the Previous Accounting Standard” for Full Year of Fiscal Year ending March 2023

Japan Asia Investment Co., Ltd. (JAIC) hereby announces that, differences between the “Result Forecast Consolidated under the Previous Accounting Standard” for first half of fiscal year ending March 2023 (from April 1, 2022 to September 30, 2022) that JAIC released on August 12, 2022 and the actual results disclosed today.

JAIC also announces that, based on the recent business performance etc., JAIC has revised its “Result Forecast Consolidated under the Previous Accounting Standard” for the full year of fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023), previously announced on May 13, 2022.

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

1. Differences between the “Result Forecast Consolidated under the Previous Accounting Standard” and the results for first half of fiscal year ending March 2023 (from April 1, 2022 to September 30, 2022)

	Consolidated operating revenue (Millions of yen)	Consolidated operating income (Millions of yen)	Consolidated ordinary income (Millions of yen)	Quarterly net profit attributable to owners of the parent (Millions of yen)	Quarterly net income per share (*Note) (Yen)
Previous forecast(A)	1,330	50	0	(10)	(0.56)
Actual results (B)	669	(598)	(640)	(655)	(37.01)
Change(B-A)	(660)	(648)	(640)	(645)	
Percentage Change(%)	(49.6)	-	-	-	
(Reference) Actual results under the Previous Accounting Standards for the half of FY Mar. 2022	381	(496)	(538)	(643)	(36.36)

2. Reasons for differences

Consolidated operating revenue decreased by 49.6% from the previous forecast mainly because sale of shares fell short of expectations. Some domestic listed shares were suspended from selling due to sluggish share prices. Some overseas unlisted shares were delayed in sale due to delays in the procedures.

Provisions increased in addition to lower operating revenues. Provisions were recorded for investee companies those experienced significant delays in business progress or for which negotiation for the recovery of investment took a long time.

Losses increased from project-oriented investment. Production volume of the vegetable plant fell short of plan, and the timing of profitability was delayed more than expected.

As a result, consolidated operating income decreased by 648 million yen from the previous forecast and turn to loss of 598 million yen. This leads to forecasts for consolidated ordinary income and quarterly net profit attributable to owners of the parent dropping from the previous forecast.

3. Revision on the “Result Forecast Consolidated under the Previous Accounting Standard” for full-year of fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Consolidated operating revenue (Millions of yen)	Consolidated operating income (Millions of yen)	Consolidated ordinary income (Millions of yen)	Net profit attributable to owners of parent (Millions of yen)	Consolidated net income per share (*Note) (Yen)
Previous forecast(A)	3,000	750	650	550	31.07
Revised forecast (B)	3,150	320	280	160	9.04
Change(B-A)	+150	(430)	(370)	(390)	
Percentage Change (%)	+5.0	(57.3)	(56.9)	(70.9)	
(Reference) Actual results under the Previous Accounting Standards for FY Mar. 2022	2,409	86	61	49	2.78

*Note: Consolidated net income per share in above chart is calculated based on the number of shares issued and outstanding excluding the number of shares of treasury stock as of September 30, 2022.

4. Reasons for revision

Sale of listed shares will sharply fall short of expectations. Expected sale of shares from IPO have been postponed to the next fiscal year due to lock-up regulation. Expected sale of existing listed shares will fall short of the previous forecast because the share prices have been lower than expected.

On the other hand, sale of unlisted shares is strong and is expected to exceed the previous forecast. At the beginning of the fiscal year, we expected to sell the shares of an investee company from the next fiscal year onwards through an IPO. However, we will sell all these shares in the current fiscal year through M&A.

Sale of project-oriented investment is also going smoothly. JAIC has already completed the sale procedures of projects such as nursing care facility, logistic warehouse and another facility, and is waiting for the confirmation of profits. As a result, operating revenue is expected to be 5% more than the previous forecast.

On the other hand, consolidated operating income will decrease from the previous forecast.

Capital gains from shares will fall short of expectations due to delay of sale of listed shares with a high margin. Provisions will increase in full year due to an increase in provisions up to first half, as described in 2 above. As for the vegetable plant, production growth will lag plan and the timing of profitability will be delayed more than expected.

As a result, consolidated operating income is expected to be 320 million yen, 57.3% less than the previous forecast. This leads to forecasts for consolidated ordinary income and net profit attributable to owners of the parent dropping from the previous forecast.

The “Result Forecast Consolidated under the Previous Accounting Standard” and any other forward-looking statements in this document are based upon the information currently available to JAIC at the time of writing and certain

assumptions. The achievement is not promised. Numerous factors could cause actual results to differ materially from these result forecasts.

5. “Result Forecast Consolidated Under the Previous Accounting Standard”

5-1. Result forecast

The private equity investment business conducted by the JAIC Group is significantly affected by changing factors such as stock markets, given the characteristics of the business. In addition, it has been difficult to forecast results reasonably in the rapidly changing environment in recent years. Therefore, JAIC does not disclose the results forecast. For the convenience of investors and shareholders, however, JAIC discloses “result forecast consolidated under the Previous Accounting Standard” even though it does not have enough rationality.

5-2. “Result forecast consolidated under the Previous Accounting Standard”

There is a difference between current accounting standards and those applied to the “Result forecast consolidated under the Previous Accounting Standard.” As of fiscal year ended March 31, 2007 the JAIC Group has adopted “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations” (Accounting Standards Board of Japan Practical Issues Task Force No. 20 issued on September 8, 2006), and consolidated financial statements, etc., are being prepared with the inclusion in the consolidation of some of the operational investment funds managed by the JAIC Group.

On the other hand, the operational investment funds managed by the JAIC Group are excluded from the scope of consolidations in the financial statements etc., prepared in accordance with the previous accounting standards. Assets, liabilities, revenues and expenses for investment funds are reported based on the investment portion by JAIC and its subsidiaries and by excluding the portion held by external investors. In addition, company-type funds are excluded from the scope of consolidations.

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

(End)