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April 28, 2023

## Consolidated Financial Results for the Three Months Ended March 31, 2023 (Japanese GAAP)

Company name: Japan Investment Adviser Co., Ltd.  
 Listing: Tokyo Stock Exchange, Prime Market  
 Securities code: 7172  
 URL: <https://www.jia-ltd.com/>  
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 Scheduled date to file quarterly securities report: May 2, 2023  
 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 (from January 1, 2023 to March 31, 2023)

#### (1) Consolidated operating results

(Percentage figures are the increase / (decrease) for 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	%
For the three months ended								
March 31, 2023	3,913	73.6	1,341	6468.6	901	(55.6)	597	(67.5)
March 31, 2022	2,254	(39.6)	20	(98.9)	2,028	(16.4)	1,835	34.0

Note: Comprehensive income For the three month ended Mar 31, 2023: ¥698 million [down 69.9%]  
 For the three month ended Mar 31, 2022: ¥2,324 million [down 29.3%]

	Net income per share	Diluted net income per share
For the three months ended	Yen	Yen
March 31, 2023	19.78	—
March 31, 2022	60.79	—

(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 ratio
	Million yen	Million yen	%
As of Mar. 31, 2023	187,282	47,101	24.6
As of Dec. 31, 2022	175,876	46,795	26.0

Reference: Shareholders' equity  
 As of March 31, 2023: ¥46,064 million  
 As of December 31, 2022: ¥45,775 million

## 2. Cash dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	-	16.0	-	16.0	32.0
FY2023	-				
FY2023 (forecast)		16.0	-	16.0	32.0

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

## 3. Consolidated Forecast for FY2023 (from January 1 to December 31, 2023)

(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	6,870	(45.2)	1,260	(16.1)	540	(91.9)	500	(90.6)	16.56
Full year	18,340	1.6	4,000	208.0	2,260	(61.7)	2,000	(54.7)	66.25

(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 changes in scope of consolidation): None

Newly added: - Excluded: -

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

(3) Changes in accounting policies and accounting estimates, and restatements

(i) Changes in accounting policies due to revisions in accounting standards, others: Yes

(ii) Changes in accounting policies other than 1) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: 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 shares issued (common stock)**

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

As of Mar. 31, 2023	30,731,200 shares	As of Dec. 31, 2022	30,731,200 shares
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2) Number of treasury shares at the end of the period

As of Mar. 31, 2023	540,420 shares	As of Dec. 31, 2022	540,420 shares
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3) Average number of shares during the period

Three months ended Mar. 31, 2023	30,190,780 shares	Three months ended Mar. 31, 2022	30,190,808 shares
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\* Quarterly financial result report is not subject to audit procedures.

**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

Throughout the first quarter of the consolidated fiscal year (January 1 to March 31, 2023), the global economy demonstrated consistent growth, primarily driven by personal consumption, particularly within the service sector. This trend is attributable to the advances made in the response to the novel coronavirus and the gradual loosening of restrictions on economic activities. However, despite this positive outlook, the ongoing Russia-Ukraine conflict, which has now persisted for over a year, is unlikely to end. Additionally, there are growing concerns over sustained high inflation in the energy and food sectors, which have been further compounded by the conflict.

The Japanese economy has been boosted by the revitalization of personal consumption due to the government's policy announcement on March 13 to leave the decision to wear masks to individuals and the recovery of demand from foreign visitors to Japan. On May 8, the COVID-19 infection will be categorized into Category 5 under the Infectious Disease Control Law, and this is expected to further restore normalcy to economic activities.

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 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 reached 3,628 million yen (up 105.6% year on year). In the previous term, deals structuring activities were stagnant due to various factors, and the activity was concentrated in the fourth quarter. As a result, we had disclosed a performance forecast that sales in the first half of the year were sluggish and better in the second half. However, in response to strong demand from investors, we were able to accelerate sales by conducting intensive sales activities in a short period of time, resulting in early sales acceleration. As a result, equity sales reached 19,047 million yen (up 31.4% year on year). Additionally, revenues were boosted by an increase in resale commissions for leased aircraft after their lease terms, as well as revenues from transferring leased aircraft to single investor buying whole.

The sales of the Renewable Energy Business were 76 million yen (down 44.1% year on year). The main reason for the decrease is the sale of the company's own solar power generation facilities, by exercising purchase options, to institutional investors as a "portfolio fund" in the previous second quarter, leading to a decrease in electricity sales revenue.

The sales of the Part-Out & Conversion Business were 10 million yen (down 93.8% year on year). We are working to realize projects in the Part-Out business, which manages parts that have been dismantled from retired aircraft and sells them to maintenance companies, lease companies, and airlines, as well as in the conversion business, which converts passenger aircraft into cargo aircraft.

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

[Unit: Million yen]

	First three months of FY2022	First three months of FY2023	Change	Change rate (%)
Net sales	2,254	3,913	1,659	73.6
Operating profit	20	1,341	1,321	6468.6
Ordinary profit	2,028	901	(1,126)	(55.6)
Profit attributable to owners of parent	1,835	597	(1,238)	(67.5)

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

### 1) Assets, liabilities and net assets

#### Assets

Total assets increased by 11,405 million yen from the end of 2022 to 187,282 million yen at the end of the first quarter of FY2023. This was mainly due to increases in cash and deposits of 6,921 million yen, equity underwritten of 3,261 million yen, merchandise of 3,064 million yen, and Short-term loans receivable of 3,026 million yen, while there were decreases in trust beneficiary rights to be sold of 6,434 million yen and advances paid of 1,841 million yen.

#### Liabilities

Total liabilities increased by 11,099 million yen from the end of 2022 to 140,180 million yen at the first quarter of FY2023. This was mainly due to increases in short-term loans payable of 11,449 million yen, long-term loans payable of 4,161 million yen, and current portion of long-term loans payable of 936 million yen, while there were decreases in current portion of long-term loans payable of 2,926 million yen and income taxes payable of 2,360 million yen.

#### Net Assets

Total net assets increased by 306 million yen from the end of 2022 to 47,101 million yen at the first quarter of FY2023. This was mainly due to the recording of profit attributable to owners of parent of 597 million yen. As a result, the shareholders' equity ratio decreased from 26.0% at the end of the previous fiscal year to 24.6%.

## **(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.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	End of Dec 31, 2022	End of Mar 31, 2023
<b>[Assets]</b>		
Current assets		
Cash and deposits	20,906	27,827
Accounts receivable-trade	4,593	4,854
Merchandise	9,963	13,028
Equity underwritten	46,587	49,848
Trust beneficiary right	28,680	22,245
Costs on uncompleted – trade	999	861
Advance payments-trade	10,583	10,357
Advances paid	6,204	4,362
Short-term loans receivable	3,649	6,676
Operational investment securities	2,136	2,259
Other	2,657	4,416
<b>Total current assets</b>	<b>136,963</b>	<b>146,738</b>
Non-current assets		
Property, plant and equipment	460	457
Intangible assets	425	395
Investments and other assets		
Investment securities	17,449	20,201
Long-term loans receivable	17,166	16,465
Deferred tax assets	3,000	2,633
Other	308	294
<b>Total Investments and other assets</b>	<b>37,926</b>	<b>39,594</b>
<b>Total non-current assets</b>	<b>38,812</b>	<b>40,447</b>
Deferred assets		
Bond issuance cost	101	95
<b>Total deferred assets</b>	<b>101</b>	<b>95</b>
<b>Total assets</b>	<b>175,876</b>	<b>187,282</b>

	End of Dec 31, 2022	End of Mar 31, 2023
<b>[Liabilities]</b>		
<b>Current liabilities</b>		
Accounts payable-trade	452	482
Accounts payable-operating	246	170
Short-term loans payable	86,797	98,247
Current portion of long-term loans payable	2,024	2,961
Current portion of long-term non-recourse loans	717	773
Current portion of bonds payable	5,321	2,395
Income taxes payable	2,428	68
Contract liabilities	5,510	5,686
Provision for shareholder benefit program	60	0
Provision for bonus	367	493
Other	2,962	2,869
<b>Total current liabilities</b>	<b>106,890</b>	<b>114,148</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,424	9,585
Long-term non-recourse loans	12,662	12,522
Bonds payable	3,217	2,827
Other	886	1,096
<b>Total non-current liabilities</b>	<b>22,190</b>	<b>26,032</b>
<b>Total liabilities</b>	<b>129,080</b>	<b>140,180</b>
<b>[Net assets]</b>		
<b>Shareholders' equity</b>		
Capital stock	11,679	11,679
Capital surplus	11,624	11,624
Retained earnings	22,457	22,646
Treasury shares	(1,470)	(1,470)
<b>Total shareholders' equity</b>	<b>44,291</b>	<b>44,480</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4	78
Foreign currency translation adjustment	1,478	1,505
<b>Total accumulated other comprehensive income</b>	<b>1,483</b>	<b>1,583</b>
Subscription rights to shares	8	8
Non-controlling interests	1,011	1,028
<b>Total net assets</b>	<b>46,795</b>	<b>47,101</b>
<b>Total liabilities and net assets</b>	<b>175,876</b>	<b>187,282</b>



**(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 FY2022 (Jan. 1 – Mar. 31, 2022)	First three months of FY2023 (Jan. 1 – Mar. 31, 2023)
Net sales	2,254	3,913
Cost of sales	1,038	901
Gross profit	1,215	3,011
Selling, general and administrative expenses	1,194	1,670
Operating profit	20	1,341
Non-operating income		
Interest income	112	300
Gain on sales of equity underwritten	32	95
Foreign exchange gains	1,708	-
Equity in earnings of affiliates	388	-
Other	47	72
Total non-operating income	2,289	468
Non-operating expenses		
Interest expenses	124	485
Commission expenses	148	176
Foreign exchange losses	-	136
Equity in losses of affiliates	-	85
Other	9	24
Total non-operating expenses	281	908
Ordinary profit	2,028	901
Extraordinary benefit		
Gain on sale of shares of subsidiaries and associates	296	-
Total extraordinary benefit	296	-
Profit before income taxes	2,324	901
Income taxes	489	303
Profit	1,834	598
Profit attributable to non-controlling interests	(1)	1
Profit attributable to owners of parent	1,835	597

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

(Millions of yen)

	First three months of FY2022 (Jan. 1 – Mar. 31, 2022)	First three months of FY2023 (Jan. 1 – Mar. 31, 2023)
Profit	1,834	598
Other comprehensive income		
Valuation difference on available-for-sale securities	16	74
Foreign currency translation adjustment	473	26
Total other comprehensive income	490	100
Comprehensive income	2,324	698
(Breakdown)		
Comprehensive income attributable to owners of parent	2,325	697
Comprehensive income attributable to non-controlling interests	(1)	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 Measurement of Fair Value)

We started applying the "Accounting Standards for Calculation of Fair Value" (ASBJ Statement No. 31, June 17, 2021; hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") at the beginning of the first quarter of the consolidated accounting year, and decided to apply the new accounting policy set in the Accounting Standard for Calculation of Fair Value prospectively, in accordance with the transitional measures described in Paragraph 27-2 of the Accounting Standard for Calculation of Fair Value. This application will not produce any effect on quarterly consolidated financial statements.