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Qualitative Information on Consolidated Operating Results for the year Ended March 31, 2023

(1) Outline of consolidated operating results

The consolidated operating results of the JAIC Group for the current fiscal year under review (from April 1, 2022 to March 31, 2023) recorded operating revenue of 3,872 million yen (up 20.9% year-on-year), operating gross profit of 1,419 million yen (up 15.1% year-on-year), operating profit of 11 million yen (compared to operating loss of 237 million yen for the previous fiscal year), ordinary loss of 126 million yen (compared to ordinary loss of 412 million yen for the previous fiscal year) and loss attributable to owners of parent of 295 million yen (compared to profit attributable to owners of parent of 19 million yen for the previous fiscal year). The breakdown of operating results are as follows.

(a) Breakdown of operating revenue and operating cost

(Fund management fees)

Fund management fees etc. consist of management fees and administrative fees from investment funds. Fund management fees etc. were 113 million yen (down 3.1% year-on-year), about the same as year-on-year. Both fees decreased, those the management fees from funds in liquidation process and administrative fees.

(Investment income)

The proceeds of sale of operational investment securities increased to 2,071 million yen (up 19.6% year-on-year). Realized capital gain, which is calculated by deducting cost of securities sold from proceeds of sales of operational investment securities, decreased to 754 million yen (down 10.7% year-on-year) due to capital loss of some operational investment

securities. The total amount of investment write-offs and provision for allowance for possible investment losses increased to 316 million yen (up 97.9% year-on-year). Compared to the previous fiscal year, JAIC posted provisions for investee companies which were relatively large investment amounts. As a result, investment income, which is calculated by deducting investment write-offs and provision for allowance for possible investment losses from realized capital gains, decreased to 437 million yen (down 36.1% year-on-year).

As for project-oriented investment, for the previous fiscal year, JAIC had sold one mega solar project and had partially sold one distribution warehouse project. On the other hand, for the current fiscal year under review, JAIC only sold one mega solar project. As a result, both decreased, those the proceeds of sale of operational investment securities and the realized capital gains. JAIC posted provisions for an investee company which experienced significant delays in business progress. As a result, investment loss incurred.

As for private equity investment, for the previous fiscal year, JAIC had mainly sold listed shares in Japan. For the current fiscal year under review, JAIC earned realized capital gains from listed shares in Japan and from unlisted shares with relatively large investment amounts in Japan and overseas. On the other hand, JAIC posted realized capital losses from some investee companies whose business conditions have deteriorated and those with a lower expected investment collection. As a result, the proceeds of sale of operational investment securities increased but the realized capital gains remained about the same as year-on-year.

JAIC posted provisions for investee companies with relatively large investment amounts since these companies experienced significant delays in business progress. As a result, investment income decreased year-on-year.

(Fund interests income, etc.)

Fund interests income, etc. consist of revenues of the projects operated by the JAIC Group (such as revenue from electricity sales, revenue from vegetable sales, rent fee revenue from group homes for the handicapped and other revenues), interests income from the projects operated by other companies (such as net profits of the projects and gains from the

sale of projects), interests income from the private equity funds operated by other companies, interest and dividend income and other income.

The total amount of fund interests income, etc. for the current fiscal year under review increased to 1,668 million yen (up 25.5% year-on-year). Out of this, revenues of the projects operated by the JAIC Group accounted for 742 million yen (down 35.9% year-on-year). Revenue from electricity sales decreased because JAIC had sold some mega solar projects that were selling electricity in the previous fiscal year.

The total of Interests income from the projects operated by other companies and from the private equity funds operated by other companies increased to 384 million yen (up 161.1% year-on-year). One healthcare project operated by other company posted capital gain from selling the facility for the elderly.

Interest and dividend income increased to 539 million yen (up 2,088.8% year-on-year). JAIC received profit dividends from two logistic warehouse projects and one other project those sold their facilities.

(Fund interests losses, etc.)

Fund interests losses, etc. consist of costs of the projects operated by the JAIC Group (such as cost of electricity sales, cost of producing vegetables, rental cost of group homes for the handicapped and other costs), interests losses from the projects operated by other companies (such as losses mainly from projects in the early stage of launch) and interests losses from the private equity funds operated by other companies and others.

The total amount of fund interests losses etc. for the current fiscal year under review decreased to 806 million yen (down 11.7% year-on-year). Out of this, costs of the projects operated by the JAIC Group accounted for 661 million yen (down 22.3% year-on-year). Cost of electricity sales decreased because JAIC had sold some mega solar projects that were selling electricity in the previous fiscal year.

The total of Interests losses from the projects operated by other companies and from the private equity funds operated by other companies increased to 145 million yen (up 129.6% year-on-year). Interests losses increased mainly from the projects those experienced delays in business progress and those were in the initial stages of

development.

As a result, operating revenue increased by 20.9% year-on-year to 3,872 million yen, operating cost increased by 24.4% year-on-year to 2,453 million yen and operating gross profit increased by 15.1% year-on-year to 1,419 million yen.

(b) Selling, general and administrative expenses and operating income

The total amount of selling, general and administrative expenses decreased to 1,408 million yen (down 4.2% year-on-year). Administrative expenses from projects decreased because JAIC had sold some mega solar projects in the previous fiscal year.

As a result, operating profit was 11 million yen (compared to operating loss of 237 million yen for the previous fiscal year).

(c) Non-operating income, non-operating expenses and ordinary income

Non-operating income decreased to 50 million yen (down 38.9% year-on-year). Main reason was a decrease of foreign exchange gains incurred when recovering assets denominated in foreign currencies.

Non-operating expenses mainly consists of interest expenses and decreased to 188 million yen (down 26.7% year-on-year). On the non-consolidated basis, interest expenses decreased with the reduction of loans payable. On the consolidated basis, interest expenses also decreased with the reduction of loans payable because JAIC had sold some mega solar projects in the previous fiscal year.

As a result, ordinary loss was 126 million yen (compared to ordinary loss of 412 million yen for the previous fiscal year).

(d) Extraordinary income/loss and profit/loss attributable to owners of parent

For the current fiscal year under review, JAIC did not posted large amount extraordinary income or large amount extraordinary loss.

Income tax-current increased to 45 million yen (up 902.1% year-on-year) because taxable income incurred.

JAIC properly estimated tax effect accounting and did not recognize deferred tax assets for both the current fiscal year under review and the previous fiscal year.

Profit attributable to non-controlling shareholders is the profit attributable to fund investors other than the JAIC Group among the profits of the funds subject to consolidation. The amount decreased to 123 million yen (down 68.6% year-on-year) as the profits of the funds subject to consolidation decreased.

As a result, loss attributable to owners of parent amounted to 295 million yen (compared to profit attributable to owners of parent of 19 million yen for the previous fiscal year).

(2) Cash flows

(Cash flow from operating activities)

Net cash generated from operating activities turned profitable and amounted to 157 million yen (compared to 145 million yen used in for the previous fiscal year). Cash inflow from collection of investments increased.

(Cash flow from investing activities)

Net cash generated from investing activities was 0 million yen (compared to 212 million yen generated from for the previous fiscal year). There were no proceeds from sale of non-operational investment securities for the current fiscal year under review.

(Cash flow from financing activities)

Net cash used in financing activities with repayments of long-term borrowings decreased year-on-year to 806 million yen (compared to 1,007 million yen used in for the previous fiscal year).

Cash and cash equivalents as of March 31, 2023 decreased by 635 million yen from March 31, 2022 to 1,762 million yen, after adding effect of exchange rate change on cash and cash equivalents of 11 million yen.

(3) Financial position

(Assets)

Total assets as of March 31, 2023 decreased to 18,775 million yen (compared to 20,231 million yen as of March 31, 2022).

Cash and deposits decreased to 3,130 million yen (compared to 5,666 million yen as of March 31, 2022). Deposits attributable to the investment funds operated by the JAIC Group decreased because of the payment of taxes and distributions.

Meanwhile, the amount of the cash and deposits include deposits attributable to the investment funds operated by the JAIC Group. Those deposits must be managed in accordance with each fund's partnership agreement. The JAIC Group clearly separates and manages those deposits from cash and deposits belonging to the JAIC Group. Cash and deposits belonging to the JAIC Group were cash and cash equivalents of 1,762 million yen as of March 31, 2023 (compared to 2,397 million yen as of March 31, 2022) in the consolidated statements of cash flows.

In addition, private equity investments conducted by the JAIC Group are highly affected by factors such as stock market fluctuations because of the nature of their business. It is difficult to make a reasonable forecast of business results in the current volatile environment. As a result, the amount of funds recovered from private equity investments could decline significantly. Under these circumstances, the JAIC Group must always maintain a certain balance of cash and deposits to ensure not only the payment of expenses and interests and the repayment of loans payable but also the investment for future growth.

Property, plant and equipment mainly consists of assets of projects operated by the JAIC Group, such as renewable energy power plant facilities, vegetable plant facilities and group homes for disabled people. Total amount of property, plant and equipment increased to 5,432 million yen (compared to 4,148 million yen as of March 31, 2022). JAIC invested in group homes for disabled people and mega solar power generation facilities during the current fiscal year under review.

Operational investment securities consist of private equity investments,

the projects those are operated by the JAIC Group and are in the initial stages of development, and the projects operated by other companies. Operational investment securities as of March 31, 2023 decreased to 9,375 million yen (compared to 9,538 million yen as of March 31, 2022), reflecting positive investment collection of private equity investments and project investments.

Allowance for possible investment losses as of March 31, 2023 increased to 1,588 million yen (compared to 1,492 million yen as of March 31, 2022), because of positing provisions.

As a result, the investment loss provision ratio (ratio of allowance for possible investment losses to operational investment securities) as of March 31, 2023 was 16.9%, up 1.3 points from March 31, 2022.

(Liabilities)

Total liabilities decreased to 9,673 million yen as of March 31, 2023 (compared to 10,787 million yen as of March 31, 2022).

Of liabilities, total of loans payable and bonds as of March 31, 2023 decreased to 8,993 million yen (compared to 9,521 million yen as of March 31, 2022). Loans payable of JAIC itself decreased to 5,137 million yen (compared to 5,943 million yen as of March 31, 2022). As for project finance and bonds for the projects operated by the JAIC Group and others, the balance as of March 31, 2023 increased to 3,856 million yen (compared to 3,578 million yen as of March 31, 2022).

Loans payable of JAIC itself decreased reflecting the repayments for the current fiscal year under review. After securing investment funds for future growth, JAIC will repay its loans payable to an appropriate level.

As for loans payable by project finance and bonds for the projects operated by the JAIC Group, the balance increased from the end of the previous consolidated fiscal year mainly due to new procurement for projects of group homes for disabled people.

Project finance and bond for the projects operated by the JAIC Group will limitedly affect the financial soundness of the JAIC Group, since its source of repayments is limited to the assets and revenues of the projects. Therefore, the JAIC Group will continue to expand fund procurement through project finance and bond. The JAIC Group will

promote leveraged investment in a wide range of projects such as renewable energy projects operated by the JAIC Group. This enhances profitability of the JAIC Group while maintaining financial soundness.

(Net assets)

Of net assets, total shareholders' equity as of March 31, 2023 decreased to 7,581 million yen (compared to 7,766 million yen as of March 31, 2022) due to loss attributable to owners of parent. On the other hand, total assets also decreased. As a result, the equity ratio as of March 31, 2023 was up 2.0 points to 40.4% (compared to 38.4% as of March 31, 2022). Total net assets as of March 31, 2023 also decreased to 9,101 million yen (compared to 9,443 million yen as of March 31, 2022).

(4) Business Position

(a) Investment and loan activities

For the current fiscal year under review, execution of investments and loans increased by 4.1% year-on-year to 3,561 million yen in 28 companies/projects. As of March 31, 2023, the balance of investments and loans increased to 14,133 million yen in 131 companies/projects (compared to 13,784 million yen in 129 companies/projects as of March 31, 2022).

Looking at project oriented investment, it increased by 11.1% year-on-year to 2,152 million yen in 18 projects that total amount of execution of investments and loans in new projects and in existing projects. The investment amounts increased in renewable energy projects. JAIC additionally invested in existing mega solar power generation projects and newly invested in projects such as biomass power generation and solar power systems with storage batteries installed on the rooftops. On the other hand, the investment amounts decreased in health care projects and in a smart agriculture project.

As for investment collection, JAIC sold one mega-solar project, one healthcare project, one distribution warehouse project and one other project during the current fiscal year under review. Additionally, distributions from existing projects decreased the balance and interest profits/losses also increased/decreased the balance. As a result, the

balance of investments and loans as of March 31, 2023 increased to 7,123 million yen in 50 projects (compared to 6,344 million yen in 43 projects as of March 31, 2022).

As of March 31, 2023, JAIC invested in 13 mega solar projects (15 power plants) with the capacity of 30.7MW which are either currently selling electricity or are under construction or planning. Out of these mega solar projects, the portion that attributable to JAIC is 13.1MW in capacity. JAIC also invested in two biomass project with the capacity of 4.0MW, two biogas projects with the capacity of 1.1MW, one biogas plant operator, one wind power project with the capacity of 25.2MW at most and three solar power systems with storage batteries installed on the rooftops with the total capacity of 1.2MW.

Looking at private equity investment, when JAIC's own capital is invested, JAIC makes strategic investment in partner companies for project oriented investment. JAIC invests its own capital in a selective manner based on business themes in line with its management philosophy in principle. When the capital of a fund is invested, JAIC makes financial investment pursuant to the fund's investment policy.

For the current fiscal year under review, it decreased by 5.0% year-on-year to 1,408 million yen in 10 companies that total amount of execution of investments and loans in new companies and in existing companies.

As for strategic investments, investment amount per company decreased. On the other hand, financial investments increased because investment for venture companies increased in both number and amount. As for investment collection, JAIC sold three strategic investees including partial sale. Looking at financial investments, JAIC mainly sold listed shares in Japan and unlisted shares in China. As a result, the balance of investments and loans decreased to 7,010 million yen in 81 companies (compared to 7,440 million yen in 86 companies as of March 31, 2022).

(b) Management of investment funds

As of March 31, 2023, the number of investment funds, for which the JAIC Group is responsible for management, operation or provision of

investment information, totaled 9, and the balance of total commitment amounts under management decreased to 15,850 million yen (compared to 10 investment funds with 16,463 million yen as of March 31, 2022). In the current fiscal year under review, “Succession Investment Limited Partnership, II” was newly established and increased its commitment amounts to 3,701 million yen. This fund is supporting SMEs with the business succession needs in Japan. On the other hand, two investment funds which total commitment amount of 4,328 million yen decreased from “Maturity is being extended”. The total commitment amount in investment funds increased by 14 million yen because of foreign exchange fluctuation.

(End)