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Qualitative Information on Consolidated Operating Results for the three months Ended June 30, 2022

(1) Outline of consolidated operating results

The consolidated operating results of the JAIC Group for the first quarter of the current fiscal year under review (from April 1, 2022 to June 30, 2022) recorded operating revenue of 392 million yen (down 22.3% year-on-year), operating gross profit of 101 million yen (down 27.7 % year-on-year), operating loss of 213 million yen (compared to operating loss of 223 million yen for the first quarter of the previous fiscal year), ordinary loss of 257 million yen (compared to ordinary loss of 276 million yen for the first quarter of the previous fiscal year) and loss attributable to owners of parent of 272 million yen (compared to loss attributable to owners of parent of 288 million yen for the the first quarter of 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 29 million yen (down 0.8% year-on-year), about the same as year-on-year. The management fees from funds in liquidation process decreased.

(Investment income)

JAIC sold only private equity investments for the first quarter of the current fiscal year under review and the same period of the previous fiscal year. For the first quarter of the current fiscal year under review, JAIC sold listed shares in Japan and unlisted shares in Greater China. Proceeds of sale of listed shares increased year-on-year. Capital gains from unlisted shares in Greater China increased year-on-year. As a result, the proceeds of sale of operational investment securities increased to 171 million yen (up 20.9 % year-on-year). Realized capital gain, which is calculated

by deducting cost of securities sold from proceeds of sales of operational investment securities, also increased to 57 million yen (up 240.9% year-on-year).

The total amount of investment write-offs and provision for allowance for possible investment losses decreased to 1 million yen (down 94.9 % year-on-year).

For the first quarter of the previous fiscal year, JAIC posted investment write-off because the business progress of an investee had been slower than planned and the amount of investment collection from the investee decreased.

For the first quarter of the current fiscal year under review, there were no investment write-offs.

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, amounted to 55 million yen (compared to investment loss of 11 million yen for the first quarter of the previous fiscal year).

(Fund interests income, etc.)

Fund interests income, etc. consist of revenue from electricity sales, revenue from vegetable sales and other revenues of the projects operated by the JAIC Group, interests income from the projects operated by other companies (such as net profits of the projects sourced from electricity sales and gains from the sale of projects), interests income from private equity funds operated by other companies, interest and dividend income and other income.

The total amount of fund interests income, etc. for the first quarter of the current fiscal year under review decreased to 186 million yen (down 42.9 % year-on-year).

Out of this, revenue from electricity sales, revenue from vegetable sales and other revenues of the projects operated by the JAIC Group accounted for 184 million yen (down 42.7 % year-on-year). The main factor of the decrease was the sale of some mega solar projects that were selling electricity in the previous fiscal year.

(Fund interests losses, etc.)

Fund interests losses, etc. consist of cost of electricity sales, cost of producing vegetables and other costs of the projects operated by the JAIC Group, interests losses (such as costs, etc. of projects under construction) of the projects operated by other companies and interests losses, etc. of the private equity funds operated by other companies.

The total amount of fund interests losses etc. for the current fiscal year under review decreased to 171 million yen (down 17.6 % year-on-year). Out of this, cost of

electricity sales, cost of producing vegetables and other costs of the projects operated by the JAIC Group accounted for 155 million yen (down 14.3 % year-on-year). The main factor of the decrease was the sale of some mega solar projects that are selling electricity in the previous fiscal year.

As a result, operating revenue decreased by 22.3 % year-on-year to 392 million yen, operating cost decreased by 20.3 % year-on-year to 290 million yen and operating gross profit decreased by 27.7 % year-on-year to 101 million yen.

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

The total amount of selling, general and administrative expenses decreased to 315 million yen (down 13.6 % year-on-year). Administrative expenses from projects decreased due to the sale of some mega solar projects that are selling electricity in the previous fiscal year.

As a result, operating loss was 213 million yen (compared to operating loss of 223 million yen for the first quarter of the previous fiscal year).

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

Non-operating income decreased to 3 million yen (down 71.9 % year-on-year) due mainly to a decrease of foreign exchange gains.

Non-operating expenses decreased to 48 million yen (down 27.1 % year-on-year) due to a decrease of interest expenses. 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 by project finance due to the sale of some mega solar projects in the previous fiscal year.

As a result, ordinary loss was 257 million yen (compared to ordinary loss of 276 million yen for the first quarter of the previous fiscal year).

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

For the first quarter of the previous fiscal year, no extraordinary income or loss were posted. For the first quarter of the current fiscal year under review, loss on valuation of investment securities of 13 million yen was posted.

As a result of deducting extraordinary loss, income taxes and profit attributable to non-controlling interests from ordinary loss, loss attributable to owners of parent amounted to 272 million yen (compared to loss attributable to owners of parent of

288 million yen for the first quarter of the previous fiscal year). JAIC properly estimated tax effect accounting and did not recognize deferred tax assets for both the first quarter of the previous fiscal year and the first quarter of the current fiscal year under review.

(2) Cash flows

(Cash flow from operating activities)

Net cash used in operating activities amounted to 265 million yen (compared to 533 million yen used in for the first quarter of the previous fiscal year). Operational investment securities decreased due to the progress of investment collection.

(Cash flow from investing activities)

Net cash used in investing activities was 0 million yen (compared to 0 million yen used in for the first quarter of the previous fiscal year). There were no significant proceeds or expenditures with non-operational investment securities and fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities with repayments of long-term borrowings decreased year-on-year to 309 million yen (compared to 507 million yen for the first quarter of the previous fiscal year).

Cash and cash equivalents as of June 30, 2022 decreased by 561 million yen from March 31, 2022 to 1,836 million yen, after adding effect of exchange rate change on cash and cash equivalents of 13 million yen.

(3) Financial position

(Assets)

Total assets as of June 30, 2022 decreased to 19,672 million yen (compared to 20,231 million yen as of March 31, 2022).

Cash and deposits decreased to 4,483 million yen (compared to 5,666 million yen as of March 31, 2022) due to repayment of loans payable, and payment of expenses and interests.

Meanwhile, the amount of the cash and deposits included 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 1,836 million yen as of June 30, 2022 (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 due to 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 maintain a certain balance of cash and deposits at all times 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 the handicapped. Since group homes for the handicapped were newly constructed during the first quarter of the current fiscal year under review, the amount increased to 4,249 million yen (compared to 4,148 million yen as of March 31, 2022).

Operational investment securities consist of private equity investments, the projects those are operated by the JAIC Group and are in the early stages of development, and the projects operated by other companies.

Operational investment securities as of June 30, 2022 increased to 9,620 million yen (compared to 9,538 million yen as of March 31, 2022), due mainly to new investment executions of project oriented investment.

Allowance for possible investment losses as of June 30, 2022 increased to 1,523 million yen (compared to 1,492 million yen as of March 31, 2022), due mainly to foreign exchange.

As a result, the investment loss provision ratio (ratio of allowance for possible investment losses to operational investment securities) as of June 30, 2022 was 15.8 %, up 0.2 points from March 31, 2022.

(Liabilities)

Total liabilities decreased to 10,491 million yen as of June 30, 2022 (compared to

10,787 million yen as of March 31, 2022).

Of liabilities, total of loans payable and bonds as of June 30, 2022 decreased to 9,324 million yen (compared to 9,521 million yen as of March 31, 2022). Loans payable of JAIC itself decreased to 5,633 million yen (compared to 5,943 million yen as of March 31, 2022). Project finance and bonds for the projects operated by the JAIC Group as of June 30, 2022 increased to 3,690 million yen (compared to 3,578 million yen as of March 31, 2022).

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

The balance of loans payable by project finance and bonds for the projects operated by the JAIC Group increased from the end of the previous consolidated fiscal year because the amount of new procurement exceeded the amount of repayment. Project finance and bond for the projects operated by the JAIC Group will not affect the financial soundness of the JAIC Group, since its source of payments is limited to the assets and revenues of the projects. Therefore, the JAIC Group will continue to expand fund raising through project finance and bond. The JAIC Group will promote leveraged investment in a wide range of projects including renewable energy projects operated by the JAIC Group. This enhance profitability of the JAIC Group without compromising on financial soundness.

(Net assets)

Of net assets, total shareholders' equity as of June 30, 2022 decreased to 7,488 million yen (compared to 7,766 million yen as of March 31, 2022) due to a loss attributable to owners of parent. As a result, the equity ratio as of June 30, 2022 fell by 0.3 points to 38.1 % (compared to 38.4% as of March 31, 2022). Total net assets as of June 30, 2022 also decreased to 9,180 million yen (compared to 9,443 million yen as of March 31, 2022).

(4) Business Position

(a) Investment and loan activities

For the first quarter of the current fiscal year under review, new investments and loans decreased by 89.2 % year-on-year to 93 million yen in 4 companies/projects. As of June 30, 2022, the balance of investments and loans decreased to 13,128 million yen in 126 companies/projects (compared to 13,784 million yen in 129

companies/projects as of March 31, 2022).

As for 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 first quarter of the current fiscal year under review, in total of new investments and loans in new companies and additional investments in existing companies decreased by 98.4 % year-on-year to 11 million yen in 2 companies.

There was no execution of strategic investments and was less execution of an investment from the fund supporting the business succession needs.

As a result, the balance of investments and loans decreased to 7,248 million yen in 84 companies (compared to 7,440 million yen in 86 companies as of March 31, 2022).

(b) Management of investment funds

As of June 30, 2022, the number of investment funds, for which the JAIC Group is responsible for management, operation or provision of investment information, totaled 10, and the balance of total commitment amounts under management amounted to 16,952 million yen (compared to 10 investment funds with 16,463 million yen as of March 31, 2022).

In the first quarter of the current fiscal year under review, the total commitment amount in investment funds increased due to foreign exchange fluctuation.

Looking at project oriented investment for the first quarter of the current fiscal year under review, in total of new investments and loans in new projects and additional investments in existing projects decreased by 42.5 % year-on-year to 81 million yen in 2 projects. The investment amounts decreased in distribution center projects and healthcare projects.

During the first quarter of the current fiscal year under review, funds invested by the JAIC Group sold their assets in 1 healthcare project and 1 distribution center project. As a result, the balance of investments and loans as of June 30, 2022 decreased to 5,879 million yen in 42 projects (compared to 6,344 million yen in 43

projects as of March 31, 2022).

As of June 30, 2022, JAIC invested in 14 mega solar projects (16 power plants) with the capacity of 33.0MW 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 14.2MW in capacity. JAIC also invested in one woody biomass project with the capacity of 2.0MW, two biogas projects with the capacity of 1.1MW, one biogas plant operator and one wind power project with the capacity of 25.2 MW at most.

(End)