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Consolidated Financial Results
for the Year Ended March 31, 2024
[Japanese Standards]
(Summary of Japanese announcement)

May 15, 2024

Company name: Japan Asia Investment Co., Ltd.

Listed on: Tokyo Stock Exchange, Standard Market (Stock code: 8518)

URL: <https://www.jaic-vc.co.jp/>

Head office: Tokyo

Representative: Tetsuro Shimomura, President and CEO

Contact: Kenji Kishimoto, Senior Executive Officer

Tel: +81-3-3221-8518 (main)

Scheduled date for ordinary general meeting of shareholders: June 26, 2024

Scheduled date for submission of annual report: June 27, 2024

Scheduled date for start of payment of dividends: —

The additional materials of the Financial Results: Yes

The briefing session of the Financial Results: None *We will distribute a video explaining financial results in Japanese on our website.

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated results of operations

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2024	2,444	(36.9)	(1,150)	—	(1,302)	—	(1,700)	—
For the year ended March 31, 2023	3,872	20.9	11	—	(126)	—	(295)	—

(Note) Comprehensive Income

For the year ended March 31, 2024: (2,415) millions of yen (—%)

For the year ended March 31, 2023: 563 millions of yen (29.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2024	(96.03)	—	(25.9)	(7.3)	(47.1)
For the year ended March 31, 2023	(16.69)	—	(3.8)	(0.7)	0.3

(Reference)Equity in earnings (loss) of affiliates

For the year ended March 31 2024: — millions of yen

For the year ended March 31 2023: — millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	16,796	6,132	33.0	312.71
As of March 31, 2023	18,775	9,101	40.4	428.22

(Reference) Total shareholders' equity;

As of March 31, 2024: 5,536 millions of yen / As of March 31, 2023: 7,581 millions of yen

(3) Cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2024	456	(2)	(828)	1,396
For the year ended March 31, 2023	157	0	(806)	1,762

2. Dividends

(Base date)	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	0.00	—	0.00	0.00
Year ended March 31, 2024	—	0.00	—	0.00	0.00
Year ending March 31, 2025 (forecast)	—	0.00	—	0.00	0.00

3. Outlook for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

The overall private equity investment business conducted by the Group (including investment partnerships) 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. Therefore we do not disclose the results forecast. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it does not have enough rationality. For details, please refer to “2. Outlook for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)” on page 22.

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.

4. Other matters

(1) Changes among significant subsidiaries (Changes among specific subsidiaries resulting in changes in the scope of consolidation): Yes

[New 1 company (company name: 1 Investment Fund), Excluded 1 company (company name: 1 Investment Fund)]

(2) Changes in accounting principles, accounting estimates and correction of prior period errors

(i) Changes in accounting principles due to revisions to accounting standards: None

(ii) Changes other than shown in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Correction of prior period errors: None

(3) No. of shares issued and outstanding (common stock)

(i) Shares issued and outstanding at the end of each period (including treasury stock)	The year ended March 31, 2024:	17,884,392 shares	The year ended March 31, 2023:	17,884,392 shares
(ii) Shares of treasury stock at the end of each period	The year ended March 31, 2024:	181,009 shares	The year ended March 31, 2023:	181,009 shares
(ii) Average number of shares during the period	The year ended March 31, 2024:	17,703,383 shares	The year ended March 31, 2023:	17,703,383 shares

Reference: Non-consolidated results

Business results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Results of operations (Percentages indicate year-on-year increase or decrease)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2024	780	(72.9)	(1,379)	—	(1,359)	—	(1,381)	—
For the year ended March 31, 2023	2,876	28.1	(99)	—	(126)	—	(170)	—

	Net income per share	Diluted net income per share
	Yen	Yen
For the year ended March 31, 2024	(78.04)	—
For the year ended March 31, 2023	(9.61)	—

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	10,176	5,575	54.4	312.86
As of March 31, 2023	12,967	7,267	55.8	408.61

(Reference) Total shareholders' equity As of March 31, 2024: 5,538 millions of yen / As of March 31, 2023: 7,233 millions of yen

*This report is not subject to audit procedures.

*Cautionary Statements with Respect to Forward-looking Statements and Other Notes

The additional materials of the financial results for the year ended March 31, 2024 will be released on our website on May 15, 2024.

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 the Group 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. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost

(Millions of yen)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Total operating revenue	3,872	2,444
Management fees	113	123
Proceeds of sales of operational investment securities	2,071	1,244
Fund interests income and Income gains etc.	1,668	1,023
Other operating revenue	18	53

Total operating cost	2,453	2,279
Cost of securities sold	1,316	621
Investment write-offs & Provision for allowance for possible investment losses	316	777
Fund interests losses etc.	806	863
Other operating cost	12	16

Operating gross profit	1,419	165
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(2) Cash flows

(Millions of yen)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Cash flow from operating activities	157	456
Cash flow from investing activities	0	(2)
Cash flow from financing activities	(806)	(828)
Cash and cash equivalents at the end of period	1,762	1,396

(3) Breakdown of total assets

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
	Amount	(B)/(A) (%)	Amount	(B)/(A) (%)
Total assets	18,775	—	16,796	—
Cash and deposits	3,130	—	2,544	—
Property, plant and equipment	5,432	—	5,977	—
Operational Investment Securities (A)	9,375	—	7,067	—
Allowance for Possible Investment Loss (B)	(1,588)	16.9	(1,136)	16.1

(4) Breakdown of loans payable and bonds

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total of loans payable and bonds	8,993	9,833
Loans payable; Non-consolidated base	5,137	4,314
Loans payable by project finance and bonds and others; Consolidated projects and others	3,856	5,519

2. Business Position

(1) Investment activities (JAIC+Funds)

i) Breakdown of new investment and new loan

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)		For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area				
Project investment subtotal	18	2,152	20	1,322
Japan	16	2,107	19	1,302
Southeast Asia etc.	2	45	1	19
Private equity investment subtotal	10	1,408	12	1,398
Japan	10	1,408	12	1,398
China, Hong Kong, Taiwan etc.	-	-	-	-
2) Investment program				
Project oriented investment subtotal	18	2,152	20	1,322
Renewable energy	6	1,034	4	287
Healthcare	2	58	10	312
Smart agriculture	1	170	-	-
Distribution center	2	620	2	570
Other	7	269	4	153
Private equity investment subtotal	10	1,408	12	1,398
Strategic investment	3	200	3	130
Financial investment	7	1,208	9	1,268
Total	28	3,561	32	2,721

(Note) Strategic investment is investment in partner companies in the projects for which the Group makes investment or provides loans. Financial investment is investment in companies other than strategic investment.

ii) Balance of investment and loan

	As of March 31, 2023		As of March 31, 2024	
	Number of companies	Amount (Millions of yen)	Number of companies	Amount (Millions of yen)
1) Area				
Project investment subtotal	50	7,123	57	5,982
Japan	48	7,087	57	5,982
Southeast Asia etc.	2	36	-	-
Private equity investment subtotal	60	7,010	56	6,169
Japan	47	4,915	47	5,075
China, Hong Kong, Taiwan etc.	13	2,094	9	1,094
2) Investment program				
Project oriented investment subtotal	50	7,123	57	5,982
Renewable energy	22	4,078	22	2,498
Healthcare	15	707	24	972
Smart agriculture	1	741	1	696
Distribution center	5	1,237	4	1,516
Other	7	358	6	299
Private equity investment subtotal	60	7,010	56	6,169
Strategic investment	6	962	6	1,093
Financial investment	54	6,047	50	5,076
Total	110	14,133	113	12,152

(Note 1) Strategic investment is investment in partner companies in the projects for which the Group makes investment or provides loans. Financial investment is investment in companies other than strategic investment.

(Note 2) In order to disclose the number of companies more appropriately, from the end of the current consolidated fiscal year, JAIC has changed the method of aggregating the number of companies, excluding stocks with a memorandum price. As a result, the number of companies of private equity investment subtotal at the end of the current consolidated fiscal year decreased by 13 compared to the conventional method. The breakdown of the 13 companies with area is 2 in Japan and 11 in China, Hong Kong, Taiwan etc. Of the 13 companies, 1 is from strategic investment and 12 are from financial investment.

JAIC also aggregated the the number of companies as of the end of the last consolidated fiscal year, excluding stocks with a memorandum price. As a result, the number of companies of private equity investment subtotal at the end of the last consolidated fiscal year decreased by 21 compared to the conventional method. The breakdown of the 21 companies with area is 2 in Japan and 19 in China, Hong Kong, Taiwan etc. Of the 21 companies, 1 is from strategic investment and 20 are from financial investment.

(2) JAIC-Backed IPOs (JAIC+Funds)

i) Number of IPOs

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Number of IPOs (total of Japan & overseas)	1 company	1 company
First price multiple (average of Japan & overseas)	30.0 times	1.4 times

Note: First price multiple = Market value of shares held by the Group calculated at first price/Total our acquisition cost.
We do not include listed shares those we acquired by equity swaps when we calculate the first price multiple.

ii) JAIC-Backed IPOs

For the year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Company Name	Date of IPO	Market	Business	Head quarters
JAPAN SYSTEMBANK CORPORATION	14-Apr-23	NSE Main	Operation of coin-operated parking lots, sales and maintenance of parking equipment	Japan

For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Company Name	Date of IPO	Market	Business	Head quarters
TMS Co., Ltd.	22-Nov-22	TSE Growth	Research and development of drug products, quasi-drugs, (an official drug classification approved by Japanese MHLW for compounds with mild pharmacological activity), drug substances, medical devices, and medical commodities	Japan

(3) Management of Investment Funds (Funds for which JAIC and its Group are responsible for management and provision of essential information)

i) Balance of funds under management

	As of March 31, 2023			As of March 31, 2024		
	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)	Number of funds	Commitment amount of investment funds (Millions of yen)	Net asset value of investment funds (Millions of yen)
During operation period	6	11,212	3,804	6	12,612	3,928
Maturity is being extended	-	-	-	-	-	-
During liquidation procedure	3	4,638	2,380	2	2,885	881
Total [Total commitment amount of JAIC group]	9	15,850 [3,389]	6,185	8	15,497 [2,428]	4,809

Note: Since the number of funds in the course of being wound up while possessing investment assets has increased, funds during the liquidation procedure are included in the scope of disclosure from the current fiscal year under review.

ii) Funds during operation period (as of March 31, 2024)

Name of fund	Inception	Maturity	Total commitment amount (Millions of yen)	Features
JAIC Venture Capital Investment L.P.	Feb. 2016	Feb. 2026	2,000	Secondary investment fund targeting mainly venture companies in Japan. Domestic leading financial institution invested in this fund.
Succession Investment Limited Partnership, I	Jun. 2017	Jun. 2027	3,000	General partner of the Fund is a joint venture between JAIC and Aozora Bank, Ltd. an affiliated company not covered by the equity method. Supporting the business succession needs of SMEs in Japan.
JAIC-Solar Fund, L.P., II	Mar. 2020	Dec. 2039	1,359	Investment target of the Fund is mega solar projects in operation.
Hokkaido SME Global Fund, L.P.	Apr. 2020	Dec. 2026	151	JAIC and Asian Market Planning Co., Ltd. jointly manage the Fund as Co-GP. Investing in SMEs in Hokkaido that operate or aim to operate in oversea market and that promote business to meet inbound demand
AJC Venture Capital Investment Limited Partnership	Jun. 2021	Jun. 2031	1,001	Secondary investment fund targeting mainly venture companies in Japan. General partner of the Fund is a joint venture between JAIC and Aozora Bank, Ltd. an affiliated company not covered by the equity method.
Succession Investment Limited Partnership, II	Aug. 2022	Aug. 2032	5,101	Supporting the business succession needs of SMEs in Japan. Managed by AJ Capital Co., Ltd, a joint venture between JAIC and Aozora Bank, Ltd.

Notes:

1. The amounts stated for funds denominated in foreign currencies are calculated based on the exchange rate prevailing on the final day of the fiscal year-end. Therefore, changes in assets under management include the amount affected by exchange rates.
2. The total amount of fund is listed as the amount of commitment base.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	3,130	2,544
Operational investment securities	9,375	7,067
Allowance for possible investment loss	(1,588)	(1,136)
Operating loans	204	218
Other	515	358
Allowance for doubtful accounts	(51)	(103)
Total current assets	11,587	8,948
Non-current assets		
Property, plant and equipment		
Buildings and structures	980	1,711
Accumulated depreciation	(73)	(141)
Buildings and structures, net	906	1,570
Machinery and equipment	3,421	3,807
Accumulated depreciation	(516)	(720)
Machinery and equipment, net	2,904	3,086
Vehicles, tools, furniture and fixtures	175	240
Accumulated depreciation	(68)	(76)
Vehicles, tools, furniture and fixtures, net	106	164
Land	201	369
Construction in progress	1,313	786
Total property, plant and equipment	5,432	5,977
Intangible assets		
Power production facilities concessions	1,080	1,195
Other	168	132
Total intangible assets	1,248	1,328
Investments and other assets		
Investment securities	61	75
Distressed receivables	104	103
Other	445	466
Allowance for doubtful accounts	(104)	(103)
Total investments and other assets	506	542
Total non-current assets	7,188	7,847
Total assets	18,775	16,796

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Short-term borrowings	555	901
Current portion of bonds payable	7	8
Accrued expenses	64	158
Income taxes payable	70	55
Provision for bonuses	81	45
Other	33	160
Total current liabilities	812	1,330
Non-current liabilities		
Bonds payable	170	162
Long-term borrowings	8,260	8,761
Deferred tax liabilities	32	13
Retirement benefit liability	158	127
Asset retirement obligations	238	254
Other	—	13
Total non-current liabilities	8,861	9,333
Total liabilities	9,673	10,663
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,631	3,631
Retained earnings	(1,867)	(3,576)
Treasury shares	(353)	(353)
Total shareholders' equity	6,836	5,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	464	71
Deferred gains or losses on hedges	—	(13)
Foreign currency translation adjustment	280	351
Total accumulated other comprehensive income	744	409
Share acquisition rights	33	36
Non-controlling interests	1,487	560
Total net assets	9,101	6,132
Total liabilities and net assets	18,775	16,796

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Operating revenue	3,872	2,444
Operating costs	2,453	2,279
Operating gross profit	1,419	165
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	152	131
Salaries and allowances	282	257
Taxes and dues	172	187
Fund interests expenses	144	195
Other	656	544
Total selling, general and administrative expenses	1,408	1,316
Operating profit (loss)	11	(1,150)
Non-operating income		
Interest income	5	4
Dividend income	1	1
Foreign exchange gains	33	13
Rental income from facilities	4	4
Miscellaneous income	5	3
Total non-operating income	50	26
Non-operating expenses		
Interest expenses	188	176
Miscellaneous losses	0	1
Total non-operating expenses	188	178
Ordinary loss	(126)	(1,302)
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Insurance claim income	0	—
Subsidy income	—	34
Total extraordinary income	1	34
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	34
Loss on redemption of investment securities	0	—
Other	0	2
Total extraordinary losses	0	36
Loss before income taxes	(125)	(1,305)
Income taxes - current	45	5
Total income taxes	45	5
Loss	(171)	(1,310)
Profit attributable to non-controlling interests	123	389
Loss attributable to owners of parent	(295)	(1,700)

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Loss	(171)	(1,310)
Other comprehensive income		
Valuation difference on available-for-sale securities	772	(1,162)
Deferred gains or losses on hedges	—	(13)
Foreign currency translation adjustment	(22)	56
Share of other comprehensive income of entities accounted for using equity method	(14)	14
Total other comprehensive income	735	(1,104)
Comprehensive income	563	(2,415)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(299)	(2,035)
Comprehensive income attributable to non-controlling interests	863	(379)

(4) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,426	3,515	(1,571)	(353)	7,017
Changes during period					
Profit (loss) attributable to owners of parent			(295)		(295)
Change in scope of consolidation			(0)		(0)
Change in ownership interest of parent due to transactions with non-controlling interests		115			115
Net changes in items other than shareholders' equity					
Total changes during period	—	115	(296)	—	(180)
Balance at end of period	5,426	3,631	(1,867)	(353)	6,836

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	470	278	749	31	1,646	9,443
Changes during period						
Profit (loss) attributable to owners of parent						(295)
Change in scope of consolidation						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						115
Net changes in items other than shareholders' equity	(5)	1	(4)	2	(159)	(161)
Total changes during period	(5)	1	(4)	2	(159)	(342)
Balance at end of period	464	280	744	33	1,487	9,101

For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,426	3,631	(1,867)	(353)	6,836
Changes during period					
Profit (loss) attributable to owners of parent			(1,700)		(1,700)
Change in scope of consolidation			(9)		(9)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(1,709)	—	(1,709)
Balance at end of period	5,426	3,631	(3,576)	(353)	5,126

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	464	—	280	744	33	1,487	9,101
Changes during period							
Profit (loss) attributable to owners of parent							(1,700)
Change in scope of consolidation							(9)
Net changes in items other than shareholders' equity	(393)	(13)	71	(335)	2	(926)	(1,259)
Total changes during period	(393)	(13)	71	(335)	2	(926)	(2,968)
Balance at end of period	71	(13)	351	409	36	560	6,132

(5) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Loss before income taxes	(125)	(1,305)
Depreciation	55	46
Increase (decrease) in allowance for investment loss	183	(4)
Increase (decrease) in allowance for doubtful accounts	(1)	60
Increase (decrease) in provision for bonuses	5	(35)
Increase (decrease) in retirement benefit liability	15	(31)
Interest and dividend income	(4)	(3)
Interest expenses	89	72
Loss on valuation of operational investment securities	—	26
Decrease (increase) in operational investment securities	576	684
Decrease (increase) in operating loans receivable	(55)	(215)
Decrease (increase) in distressed receivables	1	0
Payment for purchase of investment funds	(2,359)	(1,470)
Dividends from investment funds	1,826	2,853
Increase (decrease) in investment funds of minority interest	(98)	(265)
Other, net	139	(138)
Subtotal	247	276
Interest and dividends received	4	3
Interest paid	(93)	(75)
Income taxes paid	(62)	(21)
Income taxes refund	61	274
Net cash provided by (used in) operating activities	157	456
Cash flows from investing activities		
Other, net	0	(2)
Net cash provided by (used in) investing activities	0	(2)
Cash flows from financing activities		
Repayments of long-term borrowings	(806)	(828)
Net cash provided by (used in) financing activities	(806)	(828)
Effect of exchange rate change on cash and cash equivalents	11	7
Net increase (decrease) in cash and cash equivalents	(635)	(365)
Cash and cash equivalents at beginning of period	2,397	1,762
Cash and cash equivalents at end of period	1,762	1,396

(6) Notes on Consolidated Financial Statements

(Notice Concerning Notes on Matters Regarding the Assumption of Going Concern)

No applicable items

(Segment Information)

Segment information is not provided as the Group has single segment; Investment business.

(Per-share Data)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net assets per share	¥428.22	¥312.71
Net loss per share	(¥16.69)	(¥96.03)

Note:

i) Diluted net profit per share for the year ended March 31, 2024 is not disclosed because of net loss per share.

ii) The basis for the calculation of net loss per share is as follows.

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net loss attributable to owners of parent (Millions of yen)	(295)	(1,700)
Amount not attributable to common shareholders (Millions of yen)	—	—
Net loss attributable to owners of parent relating to common stock (Millions of yen)	(295)	(1,700)
Average no. of shares outstanding during the term (Thousands)	17,703	17,703

(Important Subsequent Events)

No applicable items

4. Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,113	1,356
Operational investment securities	10,459	8,423
Allowance for possible investment loss	(1,076)	(927)
Operating loans	716	931
Accounts receivable - other	288	50
Other	81	26
Allowance for doubtful accounts	(51)	(111)
Total current assets	12,531	9,749
Non-current assets		
Property, plant and equipment		
Buildings	30	28
Tools, furniture and fixtures	7	5
Land	0	0
Total property, plant and equipment	38	34
Intangible assets		
Other	10	10
Total intangible assets	10	10
Investments and other assets		
Investment securities	28	41
Shares of subsidiaries and associates	311	293
Distressed receivables	0	—
Other	47	46
Allowance for doubtful accounts	(0)	—
Total investments and other assets	387	381
Total non-current assets	435	427
Total assets	12,967	10,176

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Current portion of long-term borrowings	311	318
Accrued expenses	41	41
Income taxes payable	69	54
Provision for bonuses	71	35
Other	188	14
Total current liabilities	683	463
Non-current liabilities		
Long-term borrowings	4,825	3,996
Provision for retirement benefits	158	127
Deferred tax liabilities	32	13
Total non-current liabilities	5,016	4,137
Total liabilities	5,700	4,601
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus		
Legal capital surplus	1,426	1,426
Other capital surplus	2,081	2,081
Total capital surplus	3,507	3,507
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,995)	(3,377)
Total retained earnings	(1,995)	(3,377)
Treasury shares	(353)	(353)
Total shareholders' equity	6,584	5,202
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	649	349
Deferred gains or losses on hedges	—	(13)
Total valuation and translation adjustments	649	336
Share acquisition rights	33	36
Total net assets	7,267	5,575
Total liabilities and net assets	12,967	10,176

(2) Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Operating revenue	2,876	780
Operating costs	2,055	1,285
Operating gross profit (loss)	821	(505)
Selling, general and administrative expenses	921	873
Operating loss	(99)	(1,379)
Non-operating income		
Interest income	2	2
Dividend income	1	51
Foreign exchange gains	34	13
Rental income from facilities	19	22
Miscellaneous income	5	2
Total non-operating income	62	92
Non-operating expenses		
Interest expenses	89	72
Miscellaneous losses	0	—
Total non-operating expenses	89	72
Ordinary loss	(126)	(1,359)
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on redemption of investment securities	0	—
Loss on valuation of shares of subsidiaries and associates	—	18
Other	0	0
Total extraordinary losses	0	18
Loss before income taxes	(125)	(1,377)
Income taxes - current	44	3
Total income taxes	44	3
Loss	(170)	(1,381)

Information for Reference Purposes:

Consolidated Financial Results for the Year Ended March 31, 2024

May 15, 2024

Consolidated Financial Statements, etc., under the Previous Accounting Standards for the Year Ended March 31, 2024 (As of March 31, 2024)

Disclosure of consolidated financial statements, etc., under the previous accounting standards

As of Fiscal year ended March 31, 2007 the 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 Group.

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

(Throughout this report, fractional amounts have been rounded down to the nearest one million yen.)

1. Consolidated business results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated results of operations

(Percentages indicate year-on-year increase or decrease)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ended March 31, 2024	964	(68.0)	(1,522)	—	(1,569)	—	(1,574)	—
For the year ended March 31, 2023	3,017	25.2	(185)	—	(224)	—	(269)	—

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
For the year ended March 31, 2024	(88.97)	—	(24.0)	(13.2)	(157.8)
For the year ended March 31, 2023	(15.22)	—	(3.5)	(1.6)	(6.1)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	10,438	5,670	54.0	318.21
As of March 31, 2023	13,413	7,552	56.1	424.68

(Reference) Total shareholders' equity As of March 31, 2024: 5,633 millions of yen / As of March 31, 2023: 7,518 millions of yen

2. Outlook for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

The private equity investment business conducted by the Group will be 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. For the convenience of investors and shareholders, however, we disclose “result forecast consolidated under the Previous Accounting Standard” even though it does not have enough rationality.

(Percentages indicate changes from the corresponding period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change	Millions of yen	% change
For the year ending March 31, 2025	1,600	65.9	150	—	300	—	250	—
	~	~	~	~	~	~	~	~
	2,650	174.7	850	—	1,000	—	950	—

	Net income per share
	Yen
For the year ending March 31, 2023	14.12
	~
	53.66

Net income per share in above chart is calculated by the number of shares issued and outstanding excluding the number of shares of treasury stock as of March 31, 2024.

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 the Company 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. For details, please refer to “(3) Result forecast consolidated under the Previous Accounting Standard” on page 23.

3. Business Performance and Financial Condition

(1) Breakdown of operating revenue and operating cost (Millions of yen)

	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Total operating revenue	3,017	964
Management fees	134	149
Proceeds of sales of operational investment securities	2,057	654
Fund interests income and Income gains etc.	781	74
Other operating revenue	44	85

Total operating cost	2,056	1,392
Cost of securities sold	1,311	451
Investment write-offs & Provision for allowance for possible investment losses	304	645
Fund interests losses etc.	426	279
Other operating cost	12	16

Operating gross profit	961	(427)
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(2) Asset, Liability and Net asset (Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total asset	13,413	10,438
Total liabilities	5,860	4,767
Loans payable	5,142	4,314
Total net asset	7,552	5,670
Total shareholders' equity	7,518	5,633

(3) Result forecast consolidated under the Previous Accounting Standard

The private equity investment business conducted by the Group will be 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. For the convenience of investors and shareholders, however, we disclose "result forecast consolidated under the Previous Accounting Standard" even though it does not have enough rationality.

Assumptions used in the "result forecast consolidated under the Previous Accounting Standard" are as follows.

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 the Company 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.

This time, we disclose result forecast in range format. The difference between the upper and lower limits is the sales of unlisted shares with relatively large investment amount. The upper limit is expected when we succeed to sell the unlisted shares with relatively large investment amount, and the lower limit is expected when we can not sell the shares. Even if we can not sell the shares, we will aim to make a profit by selling project-oriented investments.

(A) Operating revenue

Consolidated operating revenue is expected to be from 1,600 to 2,650 million yen (up from 65.9% to 174.7% year-on-year).

We expect capital gains from project-oriented investments those we have been negotiating since the previous fiscal year. Among the project-oriented investments to be sold, distribution warehouse in Atsugi City, Kanagawa Prefecture has been sold and we have already received a portion of profit dividends in the 1st quarter of FY Mar. 2025. As for group homes for disabled people, we plan to sell 16 group homes to the private fund which will raise funds from institutional investors through social project bonds. We also plan to sell 1 facility for the elderly. As for mega-solar projects, we plan to start sales negotiation for 3 projects.

As for private equity investment, we will continue sales negotiations for unlisted shares with relatively large investment amount those we could not sell in the last fiscal year, after expanding potential buyers. We also expect capital gains from newly listed shares in Japan.

(B) Operating income

Operating cost is expected to be from 450 to 800 million yen (down from 67.7% to 42.6% year-on-year). In the previous fiscal year, operating costs temporarily increased due to valuation losses from portfolio companies in Greater China. In this fiscal year, however, operating costs are expected to decrease because such special factors will disappear. Fund interests losses are also expected to decrease due to lower start-up costs for new projects and improved profitability at currently operating projects. Selling, general and administrative expenses are expected to 1,000 million yen (down 8.7% year-on-year). As a result, consolidated operating profit is expected to be from 150 to 850 million yen.

(C) Ordinary income

We expect non-operating income such as foreign exchange gains and non-operating expenses such as interest expense. As a result, consolidated ordinary profit is expected to be from 300 to 1,000 million yen.

(D) Profit attributable to owners of parent

We expect to record extraordinary losses with liquidation of a fund management company and tax expenses. As a result, profit attributable to owners of parent is expected to be from 250 to 950 million yen.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,464	1,750
Operational investment securities	10,878	8,612
Allowance for possible investment loss	(1,252)	(1,087)
Operating loans	716	931
Other	374	91
Allowance for doubtful accounts	(51)	(112)
Total current assets	13,129	10,187
Non-current assets		
Property, plant and equipment		
Buildings and structures	39	38
Accumulated depreciation	(8)	(9)
Buildings and structures, net	31	28
Vehicles, tools, furniture and fixtures	60	59
Accumulated depreciation	(50)	(52)
Vehicles, tools, furniture and fixtures, net	9	7
Land	0	0
Total property, plant and equipment	40	35
Intangible assets		
Other	150	110
Total intangible assets	150	110
Investments and other assets		
Investment securities	61	75
Distressed receivables	0	—
Other	31	28
Allowance for doubtful accounts	(0)	—
Total investments and other assets	92	104
Total non-current assets	283	250
Total assets	13,413	10,438

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Short-term borrowings	316	318
Accrued expenses	44	46
Income taxes payable	70	54
Provision for bonuses	81	45
Other	330	164
Total current liabilities	843	630
Non-current liabilities		
Long-term borrowings	4,825	3,996
Deferred tax liabilities	32	13
Retirement benefit liability	158	127
Total non-current liabilities	5,016	4,137
Total liabilities	5,860	4,767
Net assets		
Shareholders' equity		
Share capital	5,426	5,426
Capital surplus	3,505	3,505
Retained earnings	(1,779)	(3,354)
Treasury shares	(353)	(353)
Total shareholders' equity	6,799	5,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	654	321
Deferred gains or losses on hedges	—	(13)
Foreign currency translation adjustment	64	101
Total accumulated other comprehensive income	719	409
Share acquisition rights	33	36
Non-controlling interests	0	0
Total net assets	7,552	5,670
Total liabilities and net assets	13,413	10,438

(2) Consolidated Statements of Income

	(Millions of yen)	
	For the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	For the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Operating revenue	3,017	964
Operating costs	2,056	1,392
Operating gross profit (loss)	961	(427)
Selling, general and administrative expenses		
Remuneration for directors(and other officers)	152	131
Salaries and allowances	282	257
Taxes and dues	146	138
Other	565	567
Total selling, general and administrative expenses	1,147	1,094
Operating loss	(185)	(1,522)
Non-operating income		
Interest income	5	4
Dividend income	1	1
Foreign exchange gains	33	13
Rental income from facilities	4	4
Miscellaneous income	5	3
Total non-operating income	50	26
Non-operating expenses		
Interest expenses	89	72
Miscellaneous losses	0	1
Total non-operating expenses	89	73
Ordinary loss	(224)	(1,569)
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	0
Loss on redemption of investment securities	0	—
Total extraordinary losses	0	0
Loss before income taxes	(224)	(1,570)
Income taxes - current	45	4
Total income taxes	45	4
Loss	(269)	(1,575)
Loss attributable to non-controlling interests	—	(0)
Loss attributable to owners of parent	(269)	(1,574)