JIA

Japan Investment Adviser Co., Ltd.

(Stock Code: 7172)

Financial Results for the First Quarter of FY2019

April 26, 2019



Kasumigaseki Common Gate West Tower 34F
3-2-1 Kasumigaseki, Chiyoda-ku Tokyo Japan
https://www.jia-ltd.com

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1. Company Overview

Corporate Philosophy

Always be a company contributing to society by offering financial services

Our commitments for accomplishing this goal

For shareholders	**We will contribute to the prosperity of our shareholders by increasing corporate value with an aim to achieve a steady and rapid growth on a sustainable basis.**
For clients	**We are dedicated to contributing to the prosperity of our corporate and individual clients by providing financial products and services that are backed by the support and trust of our clients.**
For business partners	**We aim to fulfill our social responsibility and achieve business growth together with our business partners empowered by their support and trust.**
For our officers and employees	**We will build a work environment to help each of our staff to develop professionalism and fully exercise their ability. We will foster an organization and a corporate culture that prioritize openness and creativity to encourage our staff to take on new challenges.**

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Corporate Information

As of March 31, 2019

Company Name	Japan Investment Adviser Co., Ltd.
Headquarters	Kasumigaseki Common Gate West Tower 34F, 3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo
Representative	Naoto Shiraiwa, President and CEO
Established	September 2006 (Fiscal Year-end: December 31)
Business Activities	Financial solutions business, Media-related business
Paid-in Capital	¥11,639 million
Listed Exchange	Tokyo Stock Exchange – Mothers (Stock Code: 7172)
Employees	Non-consolidated: 95; Consolidated: 154
Financial Institutions	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited., The Chiba Bank, Ltd., THE DAISHI BANK, LTD., and the other 76 banks
Major Shareholders	Naoto Shiraiwa KODO Holdings Co., Ltd. Japan Trustee Services Bank, Ltd. (Trust account) The Master Trust Bank of Japan, Ltd. (Trust account) Japan Trustee Services Bank, Ltd. (Trust account No.9) Oberweis International Opportunities Institutional Fund Note: Top six shareholders (64.1% shares) as of December 31, 2018
Auditor	Grant Thornton Taiyo LLC



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Group Companies

As of March 31, 2019

	Name	Location	Capital (Thousands of yen)	Main line of business	Share of voting rights (%)
Consolidated subsidiaries	JP Lease Products & Services Co., Ltd.	Chiyoda-ku, Tokyo	950,000	Operating lease business for aircrafts, maritime container boxes and vessels	100.0
	JPO No.0 Co., Ltd.	Chiyoda-ku, Tokyo	300	Aircraft part-out & conversion business	100.0
	JPO No.1 Co., Ltd.	Chiyoda-ku, Tokyo	300	Aircraft part-out & conversion business	100.0
	Finspire Inc.	Chiyoda-ku, Tokyo	50,000	Operating lease business Insurance agency business	100.0
	JIA LUXEMBOURG SARL	Luxembourg	5.3 million euros	Investment business	100.0
	JPE No.1 Co., Ltd.	Chiyoda-ku, Tokyo	300	Investment business	100.0
	BF TEC Co., Ltd.	Chuo-ku, Osaka	38,700	Renewable energy business	91.2
	Nihon Securities Journal Inc.	Chuo-ku, Tokyo	4,500	Media-related business	100.0
	Nihon Securities Journal Research Inc.	Chuo-ku, Tokyo	10,000	Media-related business	100.0
	TRADEX Co., Ltd.	Chuo-ku, Tokyo	75,000	Media-related business	100.0
	Japan M&A Adviser Co.,Ltd.	Chuo-ku, Osaka	30,000	M&A advisory business	100.0
	Arena Aviation Partners B.V.	Netherlands	1,100 euros	Aircraft lease arrangement business Aircraft resale business	49.0
Equity method affiliates	Vallair Capital SAS	France	101,570 euros	Aircraft part-out & conversion business	40.0
	Iter Corporation	Chiyoda-ku, Tokyo	50,000	Fintech business	37.0
	Others (2 companies)	—	—	—	—

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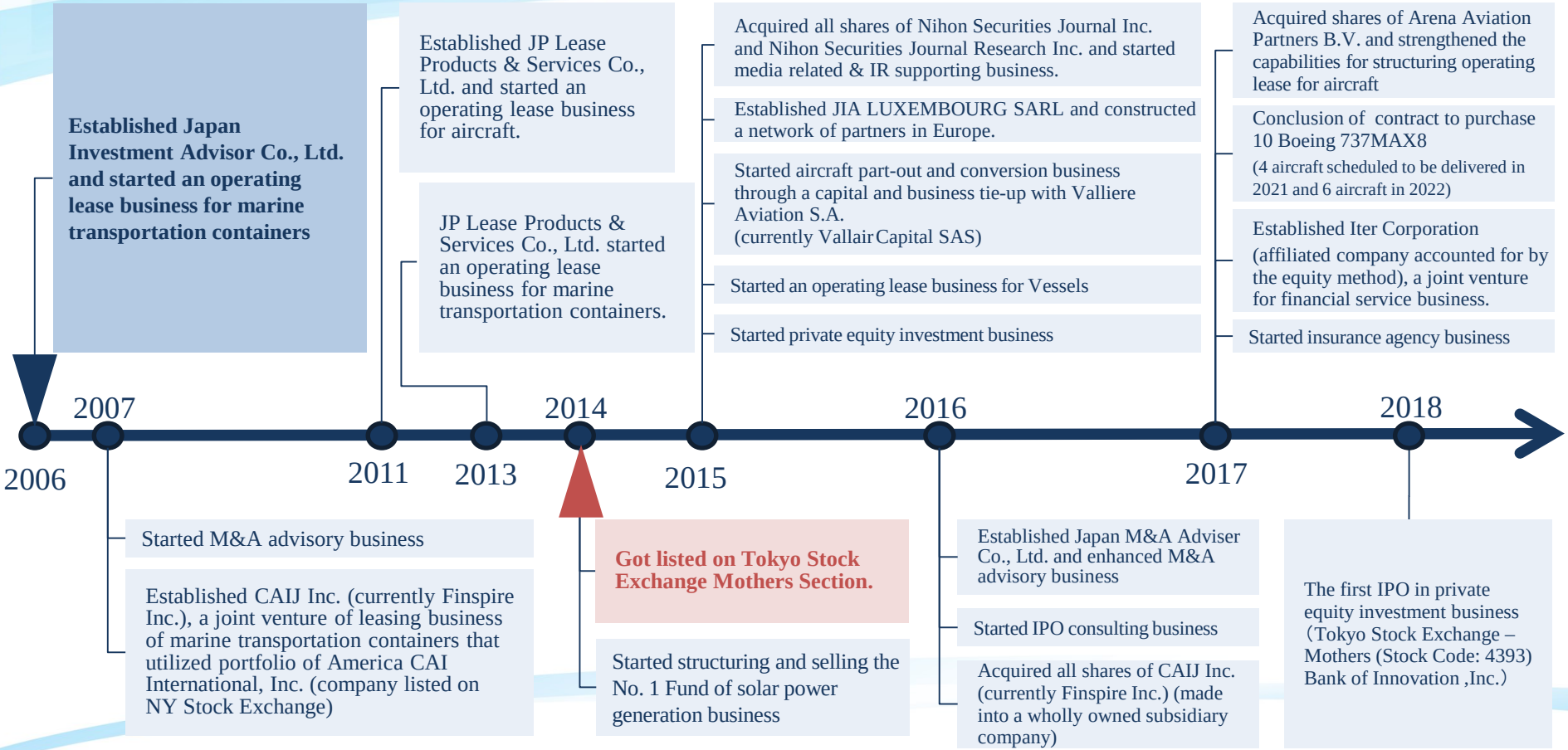
Business History



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Our Businesses

Financial Solutions Business

-Our group supports various business with financial technology-

Three Core Lines of Business

Operating Lease Business(JOL)





(Portfolio sale function) JP Lease Products & Services Co., Ltd.
Finspire Inc.

(Arrange function) Arena Aviation Partners B.V.

Renewable Energy Business



JP Lease Products & Services Co., Ltd.
BF TEC Co., Ltd.

Aircraft Part-Out & Conversion Business



JPO No.0 Co., Ltd.
JPO No.1 Co., Ltd.
Vallair Capital SAS

M&A Advisory Business



Japan M&A Adviser Co.,Ltd.

IPO Consulting Business



Wealth Management Business



Insurance Agency Business



Finspire Inc.

Fintech Business



Iter Corporation

Private Equity Investment Business



JPE No.1 Co., Ltd.

Human Resource Business



Real Estate Investment Business



Health Tech Business



Agribusiness



※**(Operating Lease Business Management function for overseas affiliate companies)** JIA LUXEMBOURG SARL

Media-related Business

Media-related & IR Support Business



Nihon Securities Journal Inc.
Nihon Securities Journal Research Inc.
TRADEX Co., Ltd.

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First Quarter of FY2019

2. Business Overview

Highlights for the First Quarter of FY2019

First quarter results were almost in line.

- ◆Profit attributable to owners of parent increased to ¥503 million (down 50.5% year on year).
- ◆We have restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

(Millions of yen)	Q1 FY2018		Q1 FY2019	YoY change	YoY change (%)
	Sold out	recording sales	recording sales	recording sales	recording sales
Net sales	3,193	3,271	2,582	▲688	▲21.1%
Operating profit	2,119	2,169	1,161	▲1,008	▲46.5%
Ordinary profit	1,652	1,702	913	▲788	▲46.3%
Profit attributable to owners of parent	982	1,017	503	▲514	▲50.5%
Total amount of equity sales*	19,015	19,015	14,871	▲4,143	▲21.8%

- Note: Transfer of equity interest in special-purpose companies(SPC) as defined in Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act
- Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

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Business Segment Summary

The mainstay Operating Lease Business is expected to grow after the second quarter.

◆ Operating lease sales decreased 20.6% and rose from 83.9% to 84.5% of total sales

Business units (Millions of yen)		Q1 FY2018		Q1 FY2019	YoY change	YoY change (%)
		Sold out	recording sales	recording sales	recording sales	recording sales
Operating Lease Business		2,667	2,745	2,181	▲564	▲20.6%
Renewable Energy Business		180	180	95	▲84	▲46.8%
Aircraft Part-Out & Conversion Business		143	143	5	▲137	▲95.8%
Other Businesses	Insurance Business	126	126	228	+101	+80.2%
	M&A Advisory Business					
	Private Equity Investment Business					
	IPO Consulting Business and others					
Media-related & IR Support Business		74	74	70	▲4	▲6.0%
Total		3,193	3,271	2,582	▲688	▲21.1%

* Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

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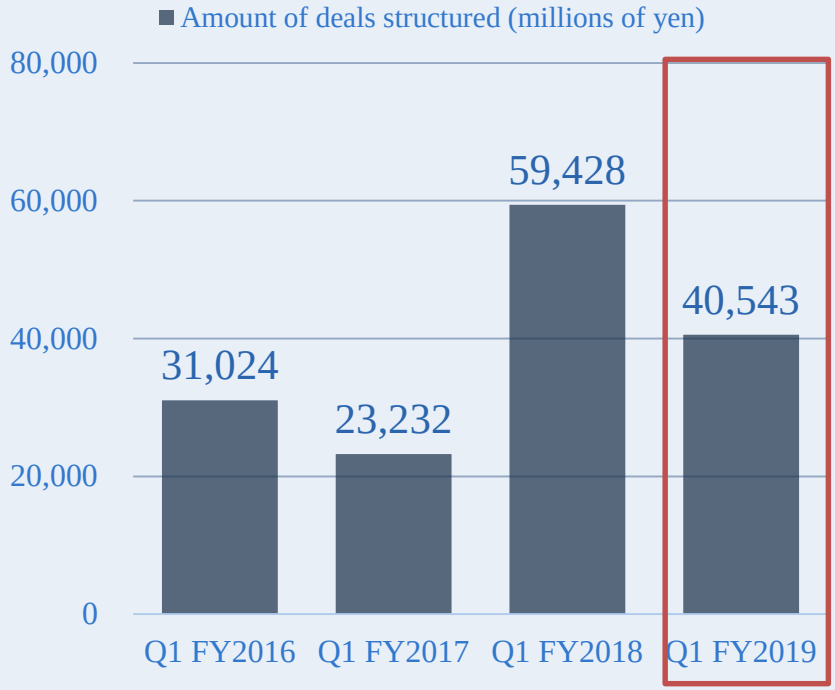
Deals Structured

Amount and Number of Deals Structured by Type of Asset

(Millions of yen)	Q1 FY2018	Q1 FY2019
Aircraft	53,721 (10 deals)	35,728 (5 deals)
Vessel	0 (0 deal)	0 (0 deal)
Container box	5,707 (2 deals)	4,153 (2 deals)
Solar photovoltaic generation	0 (0 deal)	661 (1deal)
Total	59,428 (12 deals)	40,543 (8 deals)

Change in Amount and Number of Deals Structured



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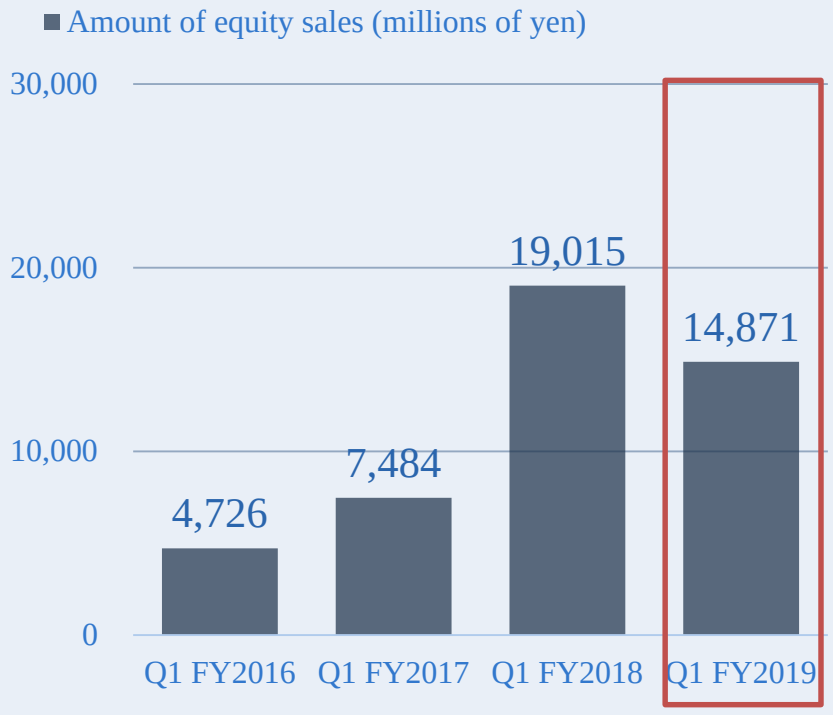
Equity Sales

Amount and Number of Equity Sales* by Type of Asset

(Millions of yen)	Q1 FY2018	Q1 FY2019
Aircraft	13,545 (7 deals)	13,923 (11 deals)
Vessel	1,366 (2 deals)	0 (0 deal)
Container box	4,103 (3 deals)	698 (1 deal)
Solar photovoltaic generation	0 (0 deal)	250 (1 deal)
Total	19,015 (12 deals)	14,871 (13 deals)

Change in Amount and Number of Equity Sales*



* Note: Transfer of equity interest in special-purpose companies(SPC) as defined in Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act

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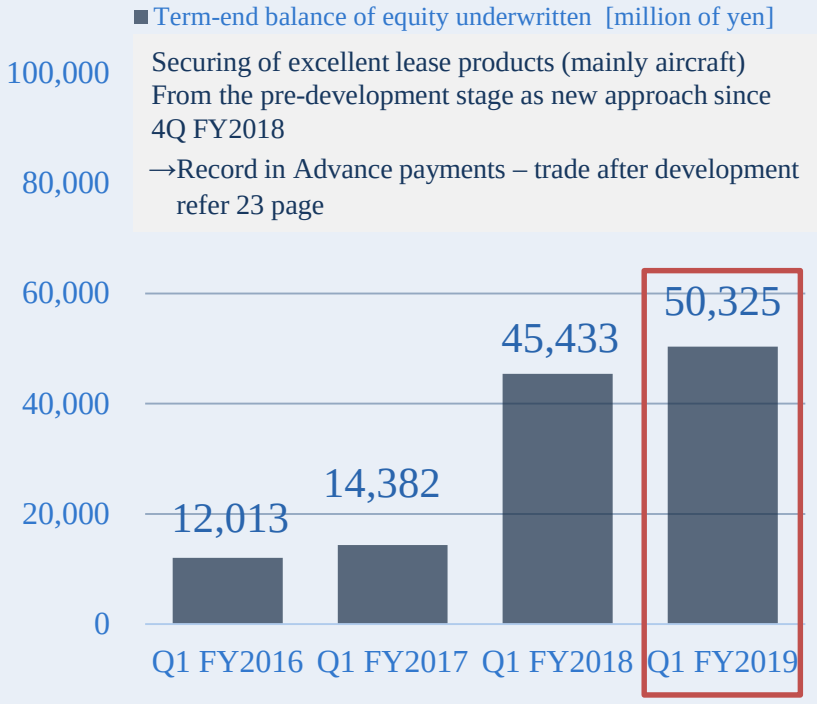
Balance of Equity underwritten* at the End of the Term

Balance and Number of Equity underwritten* at the end of the term by Type of Asset

(Millions of yen)	FY2018	FY2019
Aircraft	43,740 (14 deals)	46,870 (21 deals)
Vessel	0 (0 deal)	0 (0 deal)
Container box	1,692 (1 deal)	3,455 (1 deal)
Total	45,433 (15 deals)	50,325 (22 deals)

Balance of Equity underwritten* at the end of the term



* Note: Falls under the item “Merchandise Investments” of Balance Sheet

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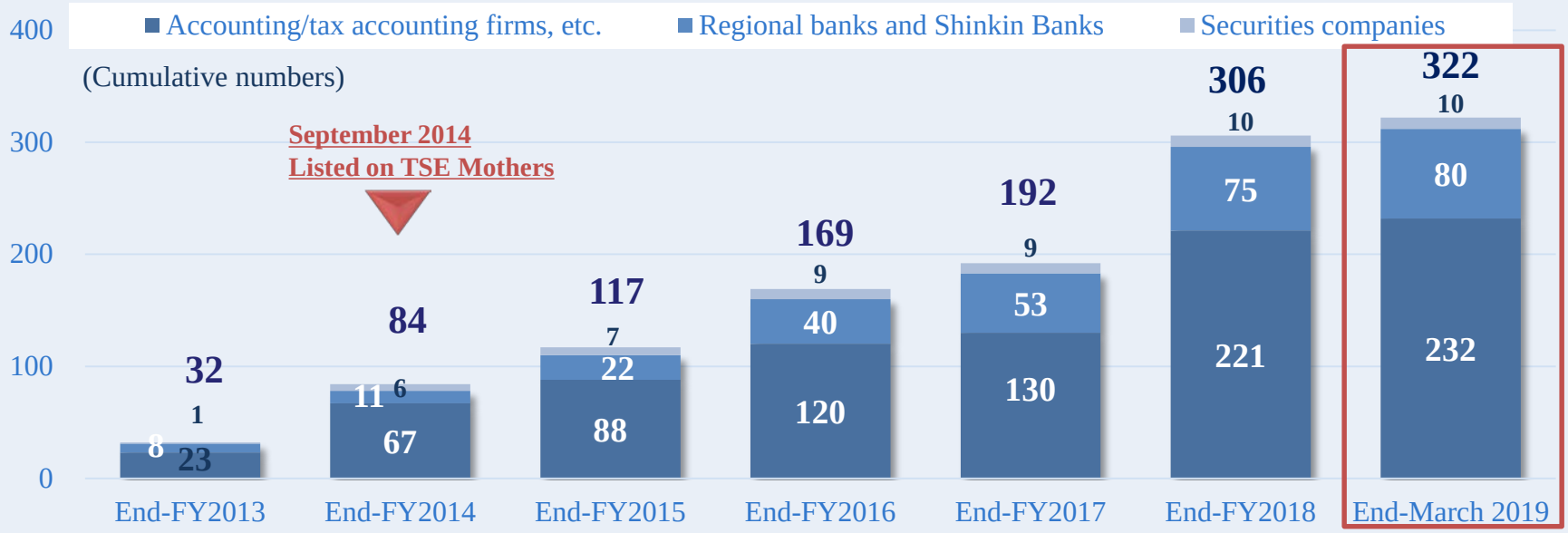
Growth of the Sales Network (Business Matching Partners)

- ✓ In the first quarter of 2019 (3 months), business matching contracts were executed with 11 accounting/tax accounting firms, 5 regional bank/shinkin banks.
- ✓ At the end of March 2019 there were matching agreements with 232 accounting/tax accounting firms, 80 regional bank/ shinkin banks, 10 securities companies, a total of 322 partners.



Note: Figures for End-FY2016, End-FY2017 and End-Sep 2018 include the total number of matching contracts for JP Lease Products & Services Co., Ltd. and Finspire Inc.

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First Quarter of FY2019

3. Financial Results

Q1 FY2019 Consolidated Income Statement Summary

(Millions of yen)	Q1 FY2018		Q1 FY2019	YoY change *6	YoY change (%) *6
	Sold out	recording sales *5	recording sales		
Net sales	3,193	3,271	2,582	▲688	▲21.1%
Cost of sales	520	548	703	+154	+28.2%
*1 Gross profit	2,672	2,722	1,878	▲843	▲31.0%
*2 SG&A expenses	553	553	717	+164	+29.8%
Operating profit	2,119	2,169	1,161	▲1,008	▲46.5%
*3 Non-operating income	136	136	232	+96	+70.6%
*4 Non-operating expenses	602	602	479	▲123	▲20.5%
Ordinary profit	1,652	1,702	913	▲788	▲46.3%
Profit attributable to owners of parent	982	1,017	503	▲514	▲50.5%

*1. Gross profit

Gross profit margin decreased 10.5% to 72.8%.

*2. SG&A expenses

SG&A expenses ratio increased 10.9% to 27.8%.

*3. Non-operating income

An increase of ¥96 million includes increase of ¥59 million in gain on sales of special-purpose companies(SPC) investments.

*4. Non-operating expenses

A decrease of ¥123 million includes increases of ¥30 million in interest expenses , While a decrease of ¥43 million in fees, ¥52 million in equity in loss of affiliates , and of ¥53 million in foreign exchange losses.

* Note5: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.
* Note6: Increase or decrease comparison is the criteria for recording sales.

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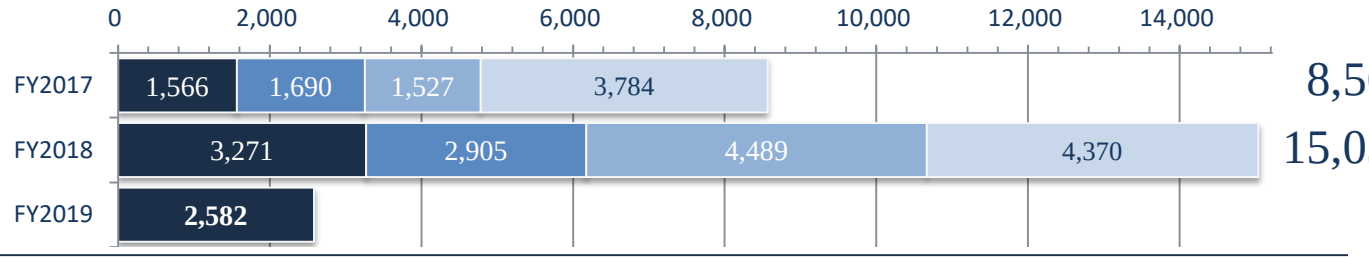
Trends by quarter

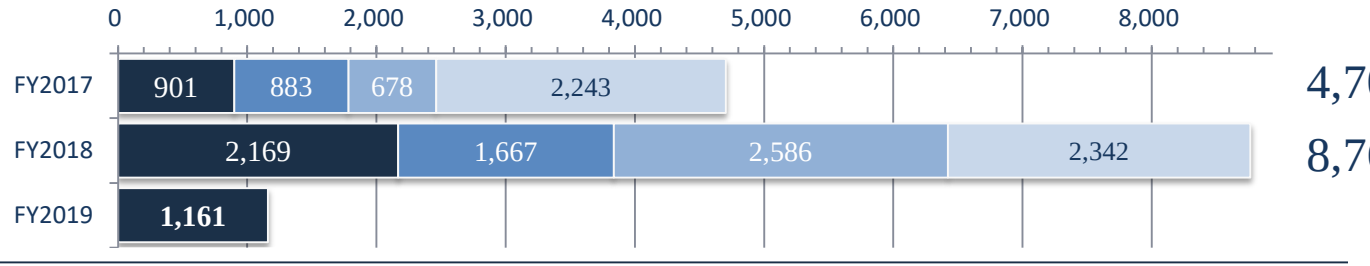
Year on Year Comparison (FY2017, FY2018, FY2019)



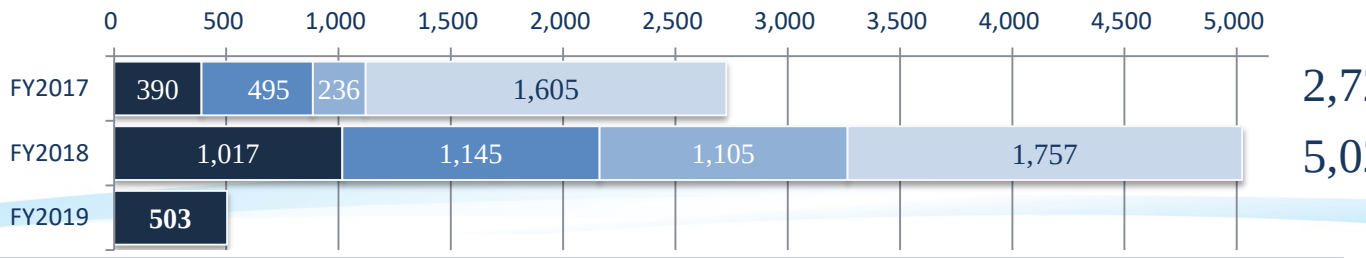
	Initial estimate
Net sales (Millions of yen)	7,700
	12,000
	20,500



	Initial estimate
Operating profit (Millions of yen)	3,700
	6,800
	12,200



	Initial estimate
Profit (Millions of yen)	2,100
	4,100
	7,800



* Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

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Q1 FY2019 Consolidated Balance Sheet Summary (1)

(Millions of yen)	Mar. 31, 2018 (1) recording sales	Dec. 31, 2018 (2) recording sales	Mar. 31, 2019 (3) recording sales	YoY change (3) – (1)	Vs. Dec. 31, 2018 (3) – (2)
Cash and deposits	9,795	20,292	19,882	+10,086	▲410
*1 Accounts receivable - trade	4,161	4,438	4,110	▲50	▲328
*2 Merchandise	2,689	4,705	4,672	+1,983	▲32
Equity underwritten	45,433	51,063	50,325	+4,892	▲737
Costs on uncompleted services	963	1,059	982	+18	▲77
*3 Advance payments - trade	1,756	9,232	18,781	+17,025	+9,549
*4 Advances paid	2,917	6,236	6,553	+3,635	+316
Other	14,756	5,340	5,051	▲9,704	▲289
Current assets	82,473	102,369	110,360	+27,886	+7,990
Property, plant and equipment	120	146	412	+292	+265
Intangible assets	64	48	43	▲21	▲5
Investments and other assets	3,530	4,139	3,509	▲20	▲630
Non-current assets	3,714	4,334	3,965	+250	▲369
Deferred assets	78	72	90	+11	+18
Total assets	86,267	106,776	114,416	+28,149	+7,639

※ The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

*1. Merchandise

Inventories in the aircraft part-out & conversion.

*2. Equity underwritten

special-purpose companies(SPC) investments to be sold in the operating lease business.

*3. Advance payments - trade

Advance payments - trade mainly for purchase of Aircraft before investment products in the operating lease business.

※Plans to transfer all the amount of the increase to equity underwritten.

*4. Advances paid

Advances paid mainly for investments in the renewable energy business.

*5. Subjects revised in the previous fiscal year because the sales accounting standard has been changed.

(Millions of yen)	Mar. 31, 2018 recording sales	Dec. 31, 2018 recording sales
Costs on uncompleted services	1,013	1,063

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Q1 FY2019 Consolidated Balance Sheet Summary (2)

(Millions of yen)	Mar. 31, 2018 (1) recording sales	Dec. 31, 2018 (2) recording sales	Mar. 31, 2019 (3) recording sales	YoY change (3) – (1)	Vs. Dec. 31, 2017 (3) – (2)
Accounts payable - trade	13	33	18	+4	▲14
*1 Short-term loans payable	63,283	62,575	72,821	+9,537	+10,245
*2 Unearned revenue	2,974	4,034	3,527	+552	▲507
Income taxes payable	193	1,377	80	▲113	▲1,297
Other	1,227	2,765	1,168	▲59	▲1,597
Current liabilities	67,693	70,787	77,616	+9,923	+6,829
Non-current liabilities	3,246	3,909	4,437	+1,190	+528
Total liabilities	70,940	74,696	82,053	+11,113	+7,357
*3 Capital stock	4,544	11,639	11,639	+7,095	0
*3 Capital surplus	4,481	11,574	11,574	+7,092	0
Retained earnings	*4 6,356	10,176	10,397	+4,041	+220
*3 Treasury shares	(200)	(1,470)	(1,470)	▲1,270	0
Shareholders' equity	15,181	31,919	32,140	+16,959	+220
Other	145	160	221	+76	+61
Total net assets	15,327	32,080	32,362	+17,035	+282

*1. Short-term loans payable

Short-term loans payable rose due to temporary acceptance of special-purpose companies(SPC) investments after actively structured.

*2. Unearned revenue

Unearned revenue increased due to higher number of deals available for sale across the fiscal periods.

*3. Total net assets

May 2018 Capital increased through public offering.（new shares to a third party）.

- Capital stock increased ¥ 7,095 million
- Capital surplus increased ¥ 7,095 million
- buy back treasury shares ¥ 1,270 million

*4 . Subjects revised in the previous fiscal year because the sales accounting standard has been changed.

(Millions of yen)	Mar. 31, 2018 recording sales	Dec. 31, 2018 recording sales
Unearned revenue	3,273	4,043
Retained earnings	6,176	10,172

Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

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Earnings Forecasts for FY2019

The forecast announced on February 7th, 2019 will remain unchanged.

- ◆ Profit attributable to owners of parent is estimated to be 7,800 million yen, up 55.2% year on year.
- ◆ Total amount of equity sales* is projected to be 130,000 million yen, up 40.7% year on year.

(Millions of yen)	2018年12月期				FY2019			
	1st Half		whole fiscal year		1st Half		whole fiscal year	
	Sold out	recording sales	Sold out	recording sales	recording sales	YoY change (%)	recording sales	YoY change (%)
Net sales	6,373	6,176	15,226	15,036	8,300	+34.4%	20,500	+36.3%
Operating profit	4,011	3,837	8,936	8,766	4,600	+19.9%	12,200	+39.2%
Ordinary profit	3,613	3,438	7,405	7,235	4,400	+27.9%	11,400	+57.6%
Profit attributable to owners of parent	2,283	2,162	5,142	5,025	3,000	+38.7%	7,800	+55.2%
Total amount of equity sales*	43,491		92,394		-	-	130,000	+40.7%

Note: It refers to the transfer amount of anonymous association interest (right mentioned in Article 2, Paragraph 2, Item 5 of the Financial Instruments and Exchange Act) and the private placement amount.

Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

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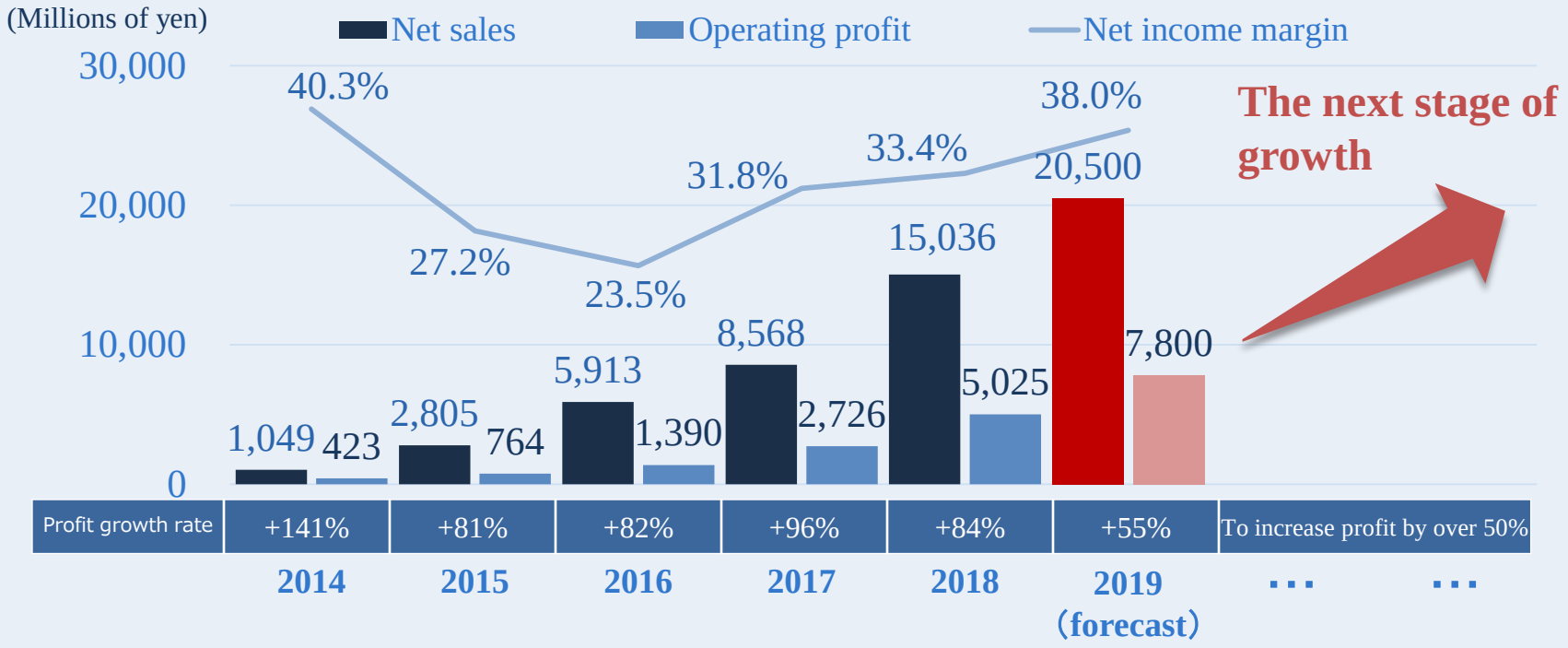
Earnings Forecasts for FY2019

◆ Continue to aim for annual profit growth of at least 50%



Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

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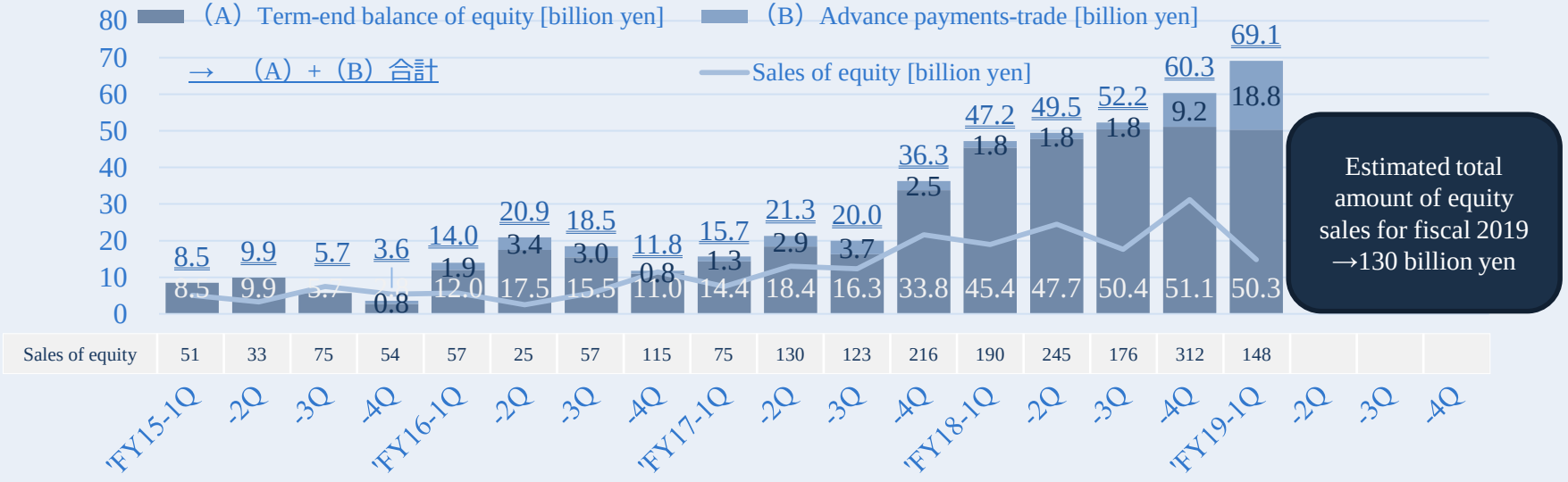
FY2019 Progress of Business Results

We promoted the securing of excellent lease products (mainly aircraft) from the pre-development stage as new approach since 4Q FY2018.

Impact on the Balance Sheet (BS)

・In the past, the payments for the products were made at the time of development, and they are recorded as “Equity Underwritten” on the BS.

・The payments for the products made before the development are recorded as “Advanced Paymet” on the BS.



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FY2019

4. Growth Strategy

Our Growth Strategy

1. To strengthen the 3 core businesses (expansion of target investor and financial market through diversification of services)

2. To expand the market position by improving financial solutions (approach multifaceted to investor needs)

3. To deepen the investor markets by developing sales promotion systems (improve marketing efficiency and aim for further productivity improvement)

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1. Making The Three Main Businesses More Powerful (Operating Lease Business)

◆ Expansion of Client Airline Companies (Operating Lease Business for Aircraft)

We have in-progress projects for new airlines in the second quarter.

- ✓ Although the number of cases developed in the first quarter of 2019 was 8 cases/40,543 million yen (12 cases/59,428 million yen in the same period last year), we still have many projects in progress as a result of the improvement of funding ability.
- ✓ It is expected to be the largest ever Balance of Equity underwritten at the end of the second quarter.

◆ Expansion of Target Models' Portfolio (Operating Lease Business for Aircraft)

We will expand lease opportunities by expanding the portfolio of the operating leasing assets.

- ✓ In addition to NARROW BODY (1 aisle), which is the strong point, the portfolio of WIDE BODY (2 aisles) expanded.
- ✓ Expansion of a portfolio for not only used aircraft beyond their expected lifetimes, but also newly built ones.
  - ・Made an agreement to purchase 10 Boeing 737MAX8 aircraft manufactured by the Boeing Company, in August 2017. The list price* of 10 aircraft amounts to approximately 1.12 billion US dollars (approx.123.2 billion JPY). 4 and 6 aircraft are to be delivered in 2021 and 2022 respectively.
    → The direct impact of the two Boeing 737 MAX 8 incidents has not been apparent at this time.

NOTE* List price means the catalogue price.

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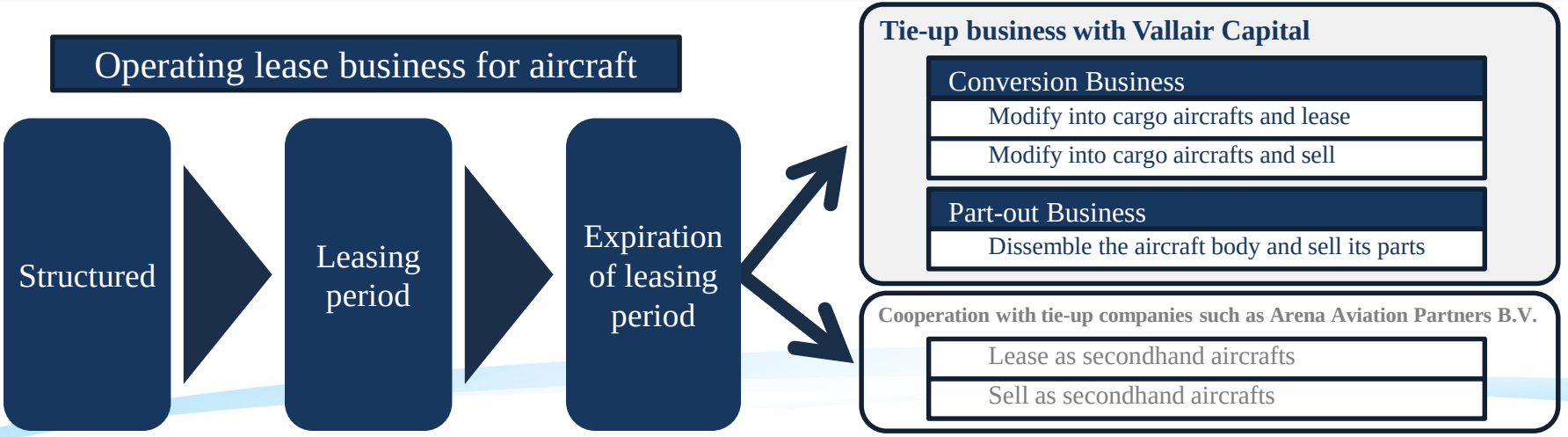
1. Making The Three Main Businesses More Powerful（Aircraft Part-Out & Conversion Business）

◆ Aircraft Part-Out & Conversion Business

Realizing synergy effects with existing businesses through capital and business tie-up with Vallair Capital SAS since 2015

- ■ Part-out Business　It disassembles the bodies of retire aircraft, carries out inventory control of each part, and sells them to users around the globe (servicing companies, leasing companies, airline companies, etc.).
- ■ Conversion Business　It modifies and recycles old passenger aircraft into cargo aircraft.

✓ Turning the exit risk of operating lease of secondhand aircraft into a profit-making opportunity and expanding the options of aircraft utilization after the expiration of the leasing period.



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1. Making The Three Main Businesses More Powerful (Renewable Energy Business)

◆ Revenue base based on the operation of 25 solar power stations

- ✓ There are stable needs as yen-denominated yield products, and we will operate the business after carefully responding to system changes and determining the earning power. (Operation commissions for the already operating power stations are continuously recorded as stable income.)
- ✓ We recorded sales of power stations for the first time in two terms and executed trade of existing power station.
- ✓ We have some projects (in Tohoku Region 3stations/32.7MW, in Chubu Region 1staion/1.2MW) in progress.

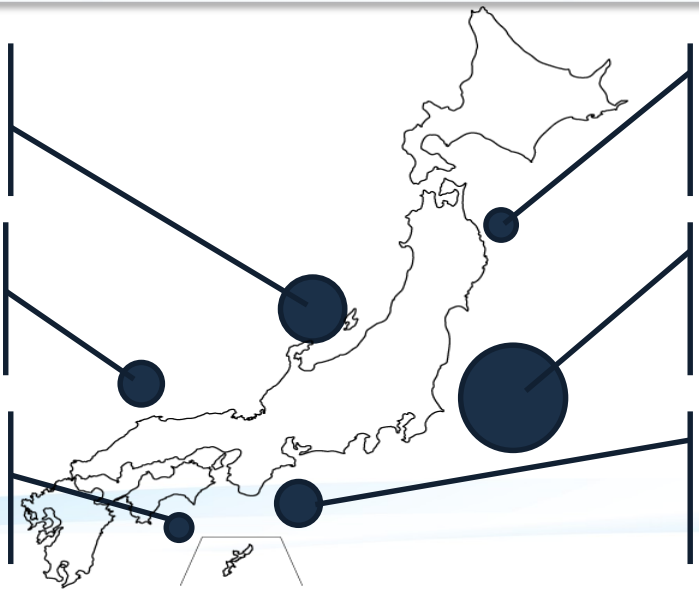
Operational status of solar power stations at the end of Mar 2019

23 stations
Output 39.6MW

Chubu Region
5 stations
Output 10.7MW

Chugoku Region
3 stations
Output 5.6MW

Shikoku Region
2 stations
Output 3.4MW



Tohoku Region
3 stations
Output 4.4MW

Kanto Region
8 stations
Output 11.8MW

Kinki Region
2 stations
Output 3.4MW

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2. To expand the market position by improving financial solutions

◆ Enrichment of comprehensive financial solutions

Major issues that small and medium-sized businesses owners are faced with.

- Inheritance/ Business succession
- Sustainable corporate management
- Benefit package
- Retirement allowance for executives
- Strengthening human resource

We work closely with business matching contractors such as financial institutions and accounting firms to provide comprehensive financial solution services.

■ Providing operating lease products with a competitive advantage.

＋

■ Providing comprehensive financial solution services

- Insurance Agency Business
- M&A Advisory Business
- Real Estate Related Business
- Staffing Business（Staffing, recruiting, BPO)

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3. To deepen the investor markets by developing sales promotion systems

◆ Respond to customer needs by optimizing marketing resources

- ✓ To strengthen the insufficient systems in western Japan, and try to closely communicate with financial institutions, accounting offices, etc. with which we signed a contract for business matchmaking.
- ✓ Organizational restructuring between “JP Lease Products & Services Co., Ltd.” (JLPS) and “Finspire Inc.”(FINS)

→ Through this restructuring, we will optimize the network of the customers and business matching partners of the two companies and optimize management resources such as human resources, assets and information to further improve customer satisfaction and corporate value.

● **To meet customer needs with optimal placement.**

- ✓ To deploy a director in charge of marketing stationed in western Japan
- ✓ To prepare for the establishment of intensive marketing footholds
- ✓ From June 1 (plan), FINS’s operating lease business and insurance agency business will be consolidated at JLPS.
- ✓ Seven sales bases nationwide will be consolidated at JLPS.

Footholds of our corporate group



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Topix

◆ New investment destination in the Private Equity Investment Business

To invest in xenodata lab. (https://www.xenodata-lab.com), a company that develops “xeno Brain” which is a web service that predicts the future of the economy with artificial intelligence.

■ Point of “xenoBrain” ①

- ✓ By registering the company of your interest in “xenoBrain,” it automatically distributes not only the news that is happening at that company, but also the news that may occur in the future based on the analysis by artificial intelligence.

■ Point of “xenoBrain” ②

- ✓ It provides daily important news for users and “the future” not only from over 200 economic newspapers, industry magazines and local newspapers but also from global news.

■ Point of “xenoBrain” ③

- ✓ It analyzes annotation information such as texts and segments in financial statements with unique artificial intelligence.
- ✓ It provides the industry’s most inspiring report as an automatic financial flash report.

→ This service is closely related to regional banks, Shinkin banks, securities companies, etc., which are the business matching partners of the Group, and we will further strengthen relationships and expand services through the investment in xenodata lab.

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5. Shareholder Return

Dividend Forecast

◆ **Our dividend policy is to aim for a consolidated payout ratio of at least 20% in the medium to long term**

Basic Policy for Shareholder Return

- ✓ The basic policy of JIA for the profit distribution is to place priority on returning profits to shareholders by continuously paying a stable dividend. The dividend also takes into account the need for retaining earnings as required for funding future business activities and strengthening business operations.
- ✓ For the term ended Dec. 2018, we plan to pay an annual dividend of 15 yen/share, by adding 2 yen/share to the initial estimate, while considering the record-high profit.
- ✓ JIA plans to pay a dividend of ¥22 for FY2019.

		Interim dividend	Year-end dividend	Annual dividend
FY2017	Actual	6 yen	6 yen	-(*1)
FY2018	Actual	5.5 yen	9.5 yen	15 yen
FY2019	forecast	9.5 yen(forecast)	12.5yen (forecast)	22yen (forecast)

Note1: Japan Investment Adviser (JIA) conducted a 2-for-1 common stock split on September 1, 2017.

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Profitability Indicators

◆ Return on equity remains high due to strong earnings and rapidly growth of business operations

✓ Earnings were used for dividends and retained earnings will be used for carefully selected investments in order to maintain high profitability and a rapid growth rate.

	FY2015	FY2016	FY2017	FY2018		FY2019 (forecast)
	Sold out	Sold out	Sold out	Sold out	recording sales *1	recording sales
Payout ratio	—	8.5%	8.4%	8.3%	8.5%	8.4%
Equity ratio	20.5%	23.9%	21.5%	30.0%	30.0%	—
ROA	10.8%	11.9%	8.9%	8.6%	8.4%	—
Profit to sales	27.2%	23.5%	31.8%	33.8%	33.4%	38.0%
Increase in profit	+80.6%	+81.8%	+96.1%	+88.6%	+84.3%	*2 +51.7%
ROE	46.3%	32.1%	26.0%	22.3%	21.7%	—

* Note1: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.
* Note2: It shows that the criteria for sold sales in FY2018 compare to the criteria for recording sales in FY2019.The rate of growth is +55.2% in the criteria for recording sales both in FY2018 and in FY2019.

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Shareholder Incentives

◆ Descriptions of shareholder incentives in 2019

- ✓ We introduced the incentive plan for shareholders to encourage more shareholders to maintain their investment loyalty over the medium- to long-term period (On Jan. 29, 2019, the news release “Enrichment of benefits for shareholders” issued).
- ✓ Compared with the previous term, the charge-free subscription period of the digital version of Nihon Securities Journal was longer.

(1) Eligible shareholders	Perks are provided to all shareholders recorded in the shareholder register as of December 31,2018
(2) Allocation date	End of December,2018 (once each year)
(3) Gift	QUO Card and free subscription of Nihon Securities Journal (Digital Version)
(4) Gift eligibility	The number of shares (QUO Card + subscription ticket of Nihon Securities Journal (Digital Version)) **Period of less than one year** 100 or more and less than 2,000 shares → QUO Card worth ¥1,000 + Three-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥9,000 2,000 shares or more → QUO Card worth ¥3,000 + Six-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥18,000 **Period of one year to less than two years** 100 or more and less than 2,000 shares → QUO Card worth ¥3,000 + Six-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥18,000 2,000 shares or more → QUO Card worth ¥5,000 + Twelve-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥36,000 **Period of two years or more** 100 or more and less than 2,000 shares → QUO Card worth ¥5,000 + Six-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥18,000 2,000 shares or more → QUO Card worth ¥10,000 + Twelve-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥36,000
(5) Definition of continuous ownership period	A continuous ownership period is the time during which an investor holds JIA stock without any interruption. This is defined as the length of time JIA stock is held continuously starting on the day an investor is recorded in the shareholder register and ending on the record date (December 31,2018).

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6. References

Reference Information Concerning Matters that are Frequently Asked.

◆ Impact of the Japanese Accounting Standards on recording ”Lease Assets” on the balance sheet.

- “The day when lease disappears?” July 1, 2018. Nihon Keizai Shinbun.
- “Lease transactions to be capitalized. – Accounting to match the international standards –” March 8, 2019. Nihon Keizai Shinbun.

・・・Because of the articles with the headlines above describing the concerns over the companies that may stop using lease products, there was an increase in inquiries about the impact on our business.

【(Response) The above concerns will have a very minor impact on the performance of our Operating Lease Business.】

(Reason ①) From the perspective of the lessee of the Operating Lease Business formed by our group

- ✓ The lessee considers a variety of funding, such as reduced funding costs and increased capacity, and the flexibility to return the aircraft after a certain period of lease as advantages of “operating lease.”
- ✓ The lessee is mainly a global company such as an overseas airline that is already in compliance with the International Financial Reporting Standards (IFRS), and there is an extremely small possibility that complication in accounting will become the direct reason for declining the demand for “operating lease.”

(Reason ②) From the perspective of investors for the Operating Lease Business developed by our corporate group.

- ✓ The Company sells the Operating Lease Business as a financial product to Japanese investors. To the investors, we calculate taxable income based on the Japanese tax system and distribute it to investors. This means that even if there is a change in accounting standards, there will be no direct impact on investors in the Operating Lease Business developed by our corporate group unless the Japanese tax system changes.

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Reference Information Concerning Matters that are Frequently Asked.

◆ Impact of crashes of Boeing 737 MAX8

- On October 29, 2018 (local time), Boeing 737MAX8 of Lion Air, going from Jakarta to Pankarpinan of the Bangka Islands, east of Sumatra, Indonesia, crashed into the sea immediately after takeoff.
- On March 10, 2019 (local time), Boeing 737MAX8 of Ethiopian Airlines, going from Ethiopia's capital Addis Ababa to Kenya's capital Nairobi, crashed shortly after take-off.
- Many countries suspended operation of Boeing 737MAX.
- Boeing announced reduction of 737MAX production by 20% from mid-April.

・・・The series of reports on the accidents increased inquiries about the impact on our business performance.

【 (Response) Given the current situation, there is no impact on the business results for FY2019. However, we will keep our eyes on the identification of causes of the crashes and trends of aviation authorities and Boeing. 】

(Situation ①) No lease projects with Lion Air or Ethiopian Airlines are included in the lease project that are currently handled or planned by the Company.

(Situation ②) Boeing 737MAX series are not included in the lease projects currently handled by the Company.

(Situation ③) We ordered 10 Boeing 737MAX8 aircraft in August 2017, and they will be delivered sequentially from 2021 to 2022.

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Reference Information Concerning Matters that are Frequently Asked.

◆ Concerning the impact of temporary suspension of sales of corporate term insurance.

- On February 13, 2019, the tax authorities announced to the life insurance companies that they are considering to revise the tax system of corporate term insurance.
- In response to the announcement, life insurance companies suspended selling corporate term insurance as of the end of February.

・・・This incidence has increased inquiries about the impact on our Insurance Agency Business.

【(Response) The product range has been reduced according to the responses, etc. of life insurance companies. However, as the composition ratio of the Insurance Agency Business in our corporate group is low, the impact on consolidated business results will be minor.】

(Situation) As a corporate group that provides comprehensive financial solution services, we are operating businesses with a goal of responding to the needs of SME (small- and medium-sized enterprises) and their owners.
Therefore, we will continue selling insurance products that address the needs for employee welfare and inheritance measures, etc.

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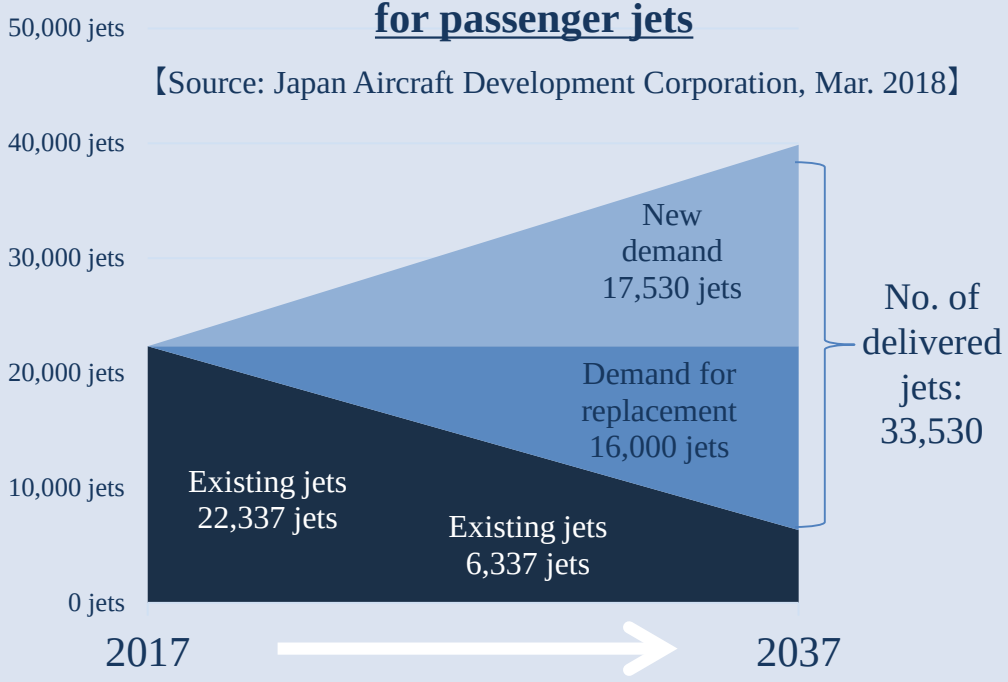
Reference Info Regarding The Operating Lease Market Scale

◆ World wide Variation in the aircraft market scale

◆ World wide Forecast of demand for passenger jets

【Source: Japan Aircraft Development Corporation, Mar. 2018】



According to a survey by Japan Aircraft Development Corporation,

> As the demand for passenger transportation is expected to increase due to the global economic growth, the number of passenger jets in operation is estimated to rise 1.78 times from 22,337 in 2017 to 39,867 in 2037.

Out of them, 16,000 is for the demand for replacement of existing airplanes, while 17,530 is for new demand in response to the increase of passengers.

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We may reply to you in writing, and it may take some time to respond to your inquiries. Please note that we will respond on or after the following business day if your inquiries are received on weekends, holidays, or the year-end and New Year holidays.

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