JIA

Japan Investment Adviser Co., Ltd.

(Stock Code: 7172)

Financial Results for the Second Quarter of FY2019

August 2, 2019

JPX TSE LISTED

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 June 30, 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	¥11,646 million
Listed Exchange	Tokyo Stock Exchange – Mothers (Stock Code: 7172)
Employees	Non-consolidated: 107; Consolidated: 165
Financial Institutions	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited., Sumitomo Mitsui Trust Bank, Limited, The Norinchukin Bank, The Chiba Bank, Ltd., THE DAISHI BANK, LTD., and the other 68 banks
Major Shareholders	Naoto Shiraiwa KODO Holdings Co., Ltd. Japan Trustee Services Bank, Ltd. (Trust account) Japan Investment Adviser Co., Ltd.(Treasury stock) Japan Trustee Services Bank, Ltd. (Trust account No.9) Trust & Custody Services Bank, Ltd. (Securities investment trust account) Note: Top six shareholders (62% shares) as of June 30, 2018
Auditor	Grant Thornton Taiyo LLC

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Group Companies

As of June 30, 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 Insurance agency business	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	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)	—	—	—	—

Note: On July 1, 2019, we made Finspire Inc. a company splitting in the absorption-type split, and JP Lease Products & Services Co., Ltd. succeeded the insurance agency business.
Note: On October 1, 2019 (scheduled), Nippon Securities Journal Inc. will conduct an absorption merger with Nippon Securities Journal Research Inc.

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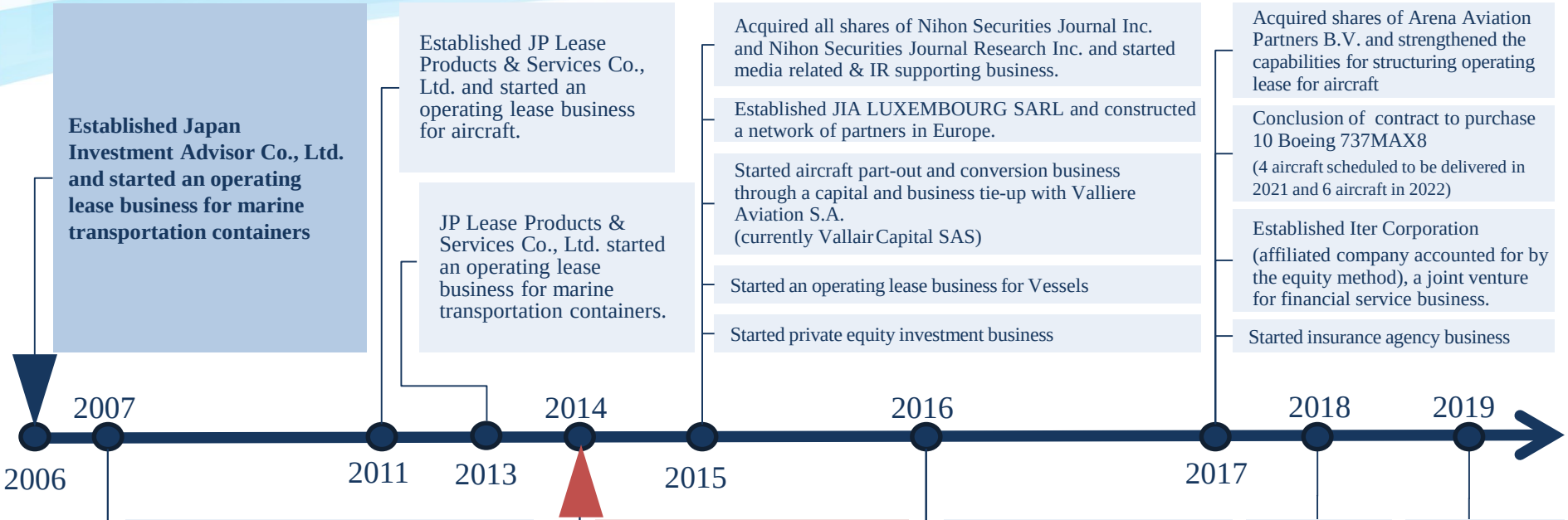
Business History



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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



JP Lease Products & Services Co., Ltd.

Fintech Business



Iter Corporation

Private Equity Investment Business



JPE No.1 Co., Ltd.

Human Resource Business



Health Tech Business



Real Estate Investment Business



Agribusiness



Media-related Business

Media-related & IR Support Business



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

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

Note: On July 1, 2019, we made Finspire Inc. a company splitting in the absorption-type split, and JP Lease Products & Services Co., Ltd. succeeded the insurance agency business.
Note: On October 1, 2019 (scheduled), Nippon Securities Journal Inc. will conduct an absorption merger with Nippon Securities Journal Research Inc.

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Second Quarter of FY2019

2. Business Overview

Highlights for the Second Quarter of FY2019

Sales in the second quarter decreased due to weak equity sales.

◆Equity sales decreased 9.4% year on year to 39,390 million yen, as the start of sales of new projects was delayed more than expected, while we moved up the implementation of projects to the previous fiscal year.

(Millions of yen)	Q2 FY2018		Q2 FY2019	YoY change	YoY change(%)	Q2 cumulative initial forecast		Full-year initial forecast	
	Sold out	recording sales *2	recording sales				Progress rate		Progress rate
Net sales	6,373	6,176	6,046	(129)	(2.1%)	8,300	72.8%	20,500	29.5%
Operating profit	4,011	3,837	3,147	(690)	(18.0%)	4,600	68.4%	12,200	25.8%
Ordinary profit	3,613	3,438	2,694	(743)	(21.6%)	4,400	61.3%	11,400	23.6%
Profit attributable to owners of parent	2,283	2,162	1,765	(397)	(18.4%)	3,000	58.8%	7,800	22.6%
Total amount of equity sales *1	43,941		39,390	(4,101)	(9.4%)	-	-	130,000	30.3%

- Note1: Transfer of equity interest in special-purpose companies(SPC) as defined in Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act
- Note2: 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 declined, focus on the second half.

◆Sales of the Operating Lease Business decreased 0.2%, and composition ratio was high at 89.6%

Business units (Millions of yen)		Q2 FY2018		Q2 FY2019	YoY change	YoY change (%)
		Sold out	recording sales*	recording sales	recording sales	recording sales
Operating Lease Business		5,627	5,429	5,418	(11)	(0.2%)
Renewable Energy Business		200	200	213	13	6.5%
Aircraft Part-Out & Conversion Business		214	214	17	(197)	(91.9%)
Other Businesses	Insurance Business	191	191	255	63	33.3%
	M&A Advisory Business					
	Private Equity Investment Business					
	IPO Consulting Business and others					
Media-related & IR Support Business		139	139	141	2	1.5%
Total		6,373	6,176	6,046	(129)	(2.1%)

- 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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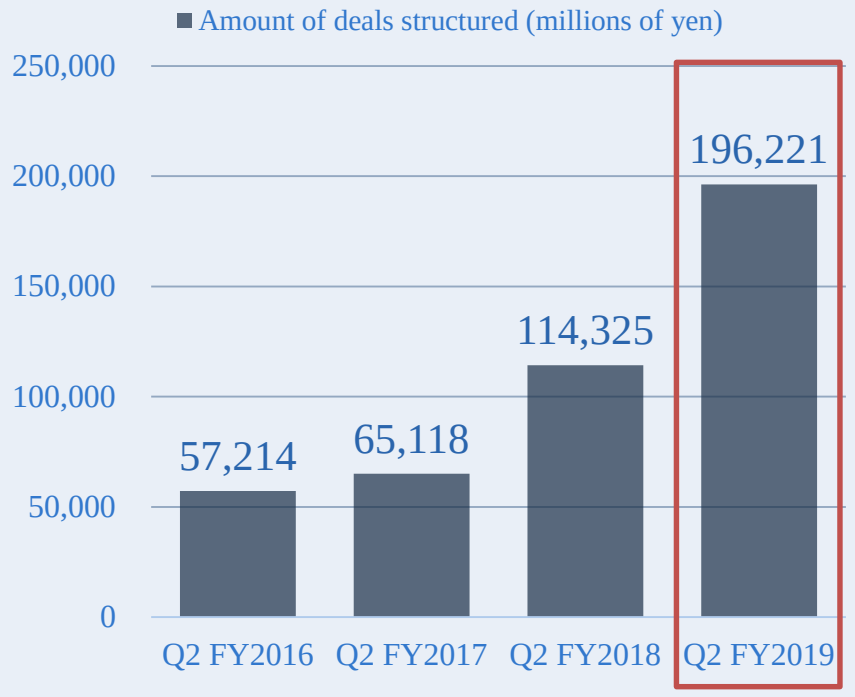
Deals Structured

Amount and Number of Deals Structured by Type of Asset

(Millions of yen)	Q2 FY2018	Q2 FY2019
Aircraft	107,850 (20 deals)	187,301 (22 deals)
Vessel	0 (0 deal)	0 (0 deal)
Container box	6,475 (3 deals)	8,259 (3 deals)
Solar photovoltaic generation	0 (0 deal)	661 (1deal)
Total	114,325 (23 deals)	196,221 (26 deals)

Change in Amount and Number of Deals Structured



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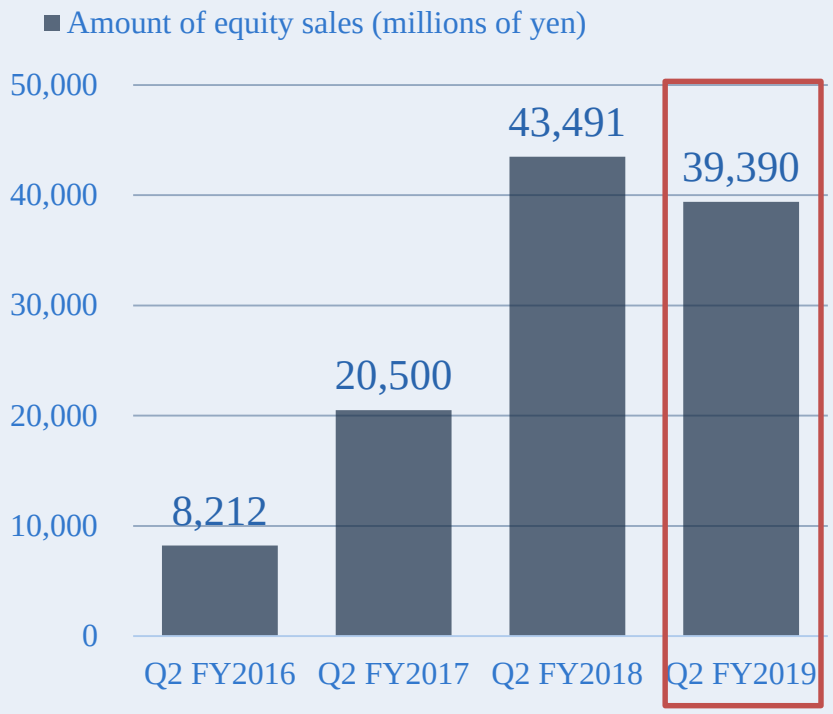
Equity Sales

Amount and Number of Equity Sales* by Type of Asset

(Millions of yen)	Q2 FY2018	Q2 FY2019
Aircraft	35,560 (16 deals)	38,442 (23 deals)
Vessel	1,366 (2 deals)	0 (0 deal)
Container box	6,565 (5 deals)	698 (1 deal)
Solar photovoltaic generation	0 (0 deal)	250 (1 deal)
Total	43,941 (23 deals)	39,390 (25 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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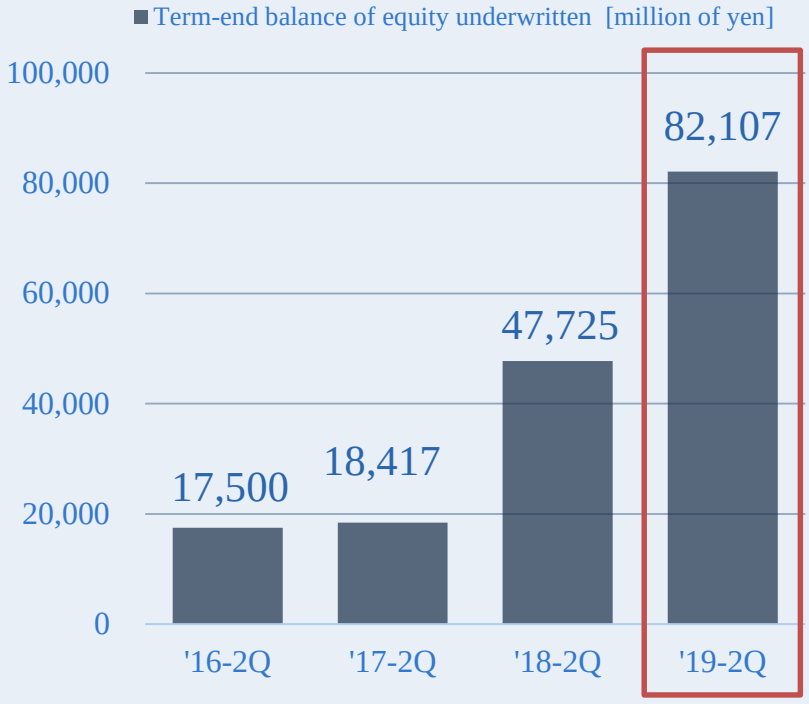
Balance of Equity underwritten* at the End of the Term

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

(Millions of yen)	Q2 FY2018	Q2 FY2019
Aircraft	47,725 (16 deals)	74,546 (26 deals)
Vessel	0 (0 deal)	0 (0 deal)
Container box	0 (0 deal)	7,561 (2 deal)
Total	47,725 (16 deals)	82,107 (28 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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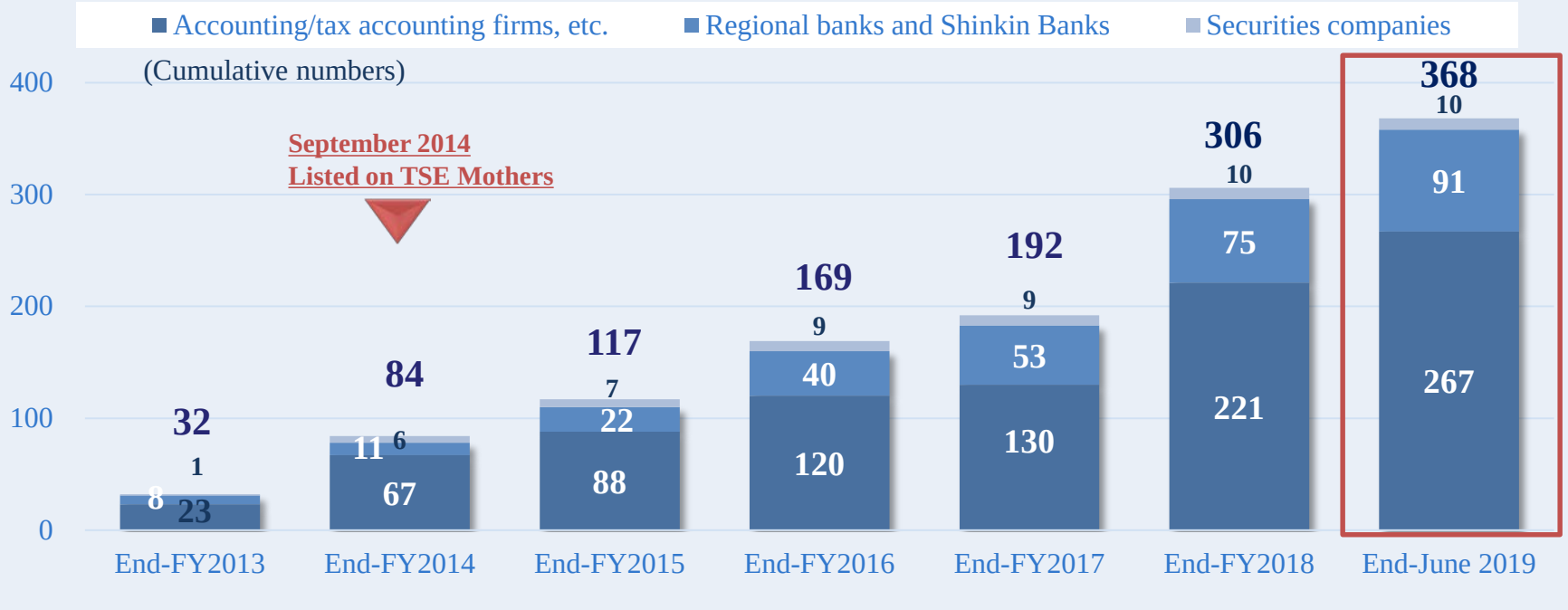
Growth of the Sales Network (Business Matching Partners)

- ✓ In the second quarter of 2019 (3 months), business matching contracts were executed with 35 accounting/tax accounting firms, 11 regional bank/shinkin banks.
- ✓ At the end of June 2019, there were matching agreements with 267 accounting/tax accounting firms, 91 regional bank/ shinkin banks, 10 securities companies, a total of 368 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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Second Quarter of FY2019

3. Financial Results

Q2 FY2019 Consolidated Income Statement Summary

(Millions of yen)	Q2 FY2018		Q2 FY2019	YoY change (%) *5	
	Sold out	recording sales *4	recording sales		
Net sales	6,373	6,176	6,046	(129)	(2.1%)
Cost of sales	1,219	1,197	1,485	287	24.0%
*1 Gross profit	5,153	4,978	4,561	(417)	(8.4%)
SG&A expenses	1,141	1,141	1,414	272	23.9%
Operating profit	4,011	3,837	3,147	(690)	(18.0%)
*2 Non-operating income	379	379	458	78	20.7%
*3 Non-operating expenses	778	778	910	132	17.0%
Ordinary profit	3,613	3,438	2,694	(743)	(21.6%)
Profit attributable to owners of parent	2,283	2,162	1,765	(397)	(18.4%)

*1. Gross profit

Gross profit margin decreased 5.2 % to 75.4 %. Some new deals structured in the second half have lower profitability due to differences in structure

*2. Non-operating income

An increase of ¥ 78 million includes increase of ¥ 127 million in gain on sales of special-purpose companies(SPC) investments, and a decrease of ¥ 57 million in interest income.

*3. Non-operating expenses

An increase of ¥ 132 million includes increases of ¥ 85 million in interest expenses, While a decrease of ¥ 29 million in fees, ¥ 218 million in equity in loss of affiliates.
¥ 354 million in foreign exchange losses.

(Ordinary profit decreased by ¥ 406 million as foreign exchange gained in the same period last year)

* Note4: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.
* Note5: Increase or decrease comparison is the criteria for recording sales.

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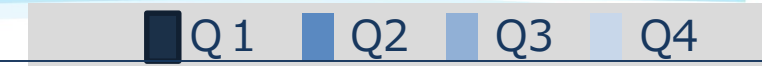
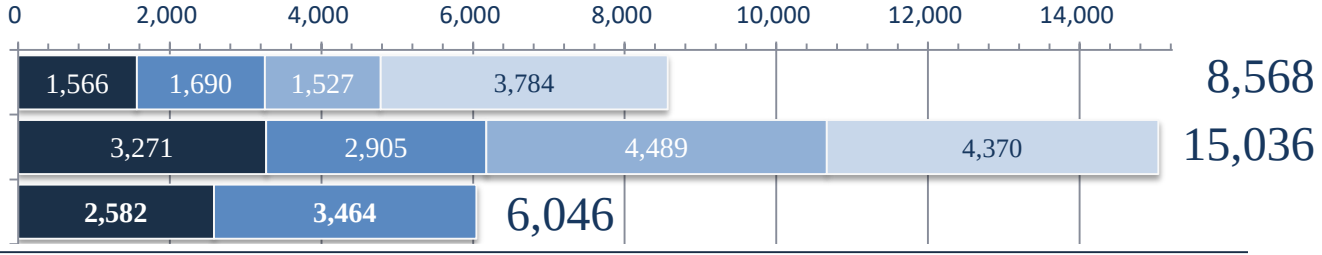
Trends by quarter

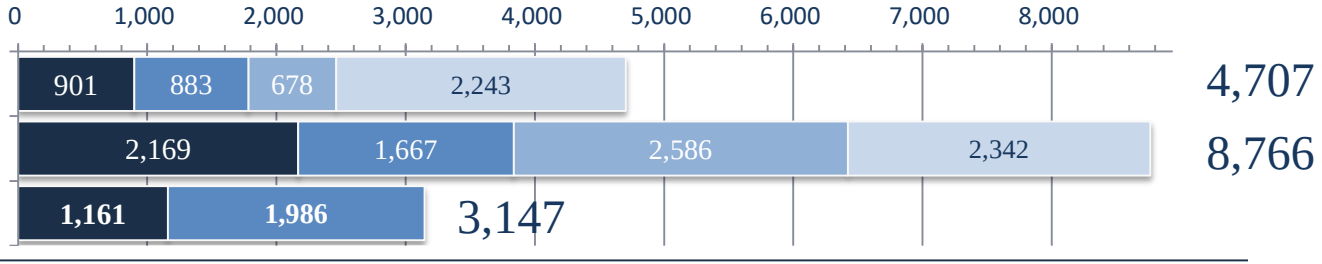
Year on Year Comparison (FY2017, FY2018, FY2019)



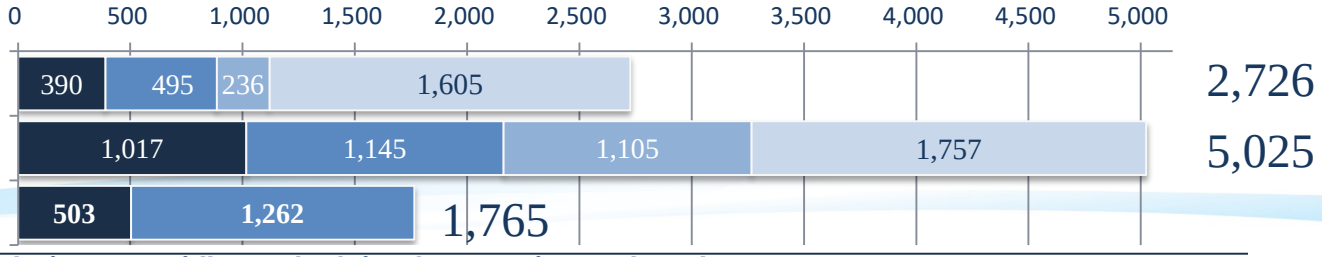
	Initial estimate
Net sales (Millions of yen)	7,700
	12,000
	20,500 *



	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.
- Note: The forecast of FY 2019 was revised on July 22, 2019.

Q2 FY2019 Consolidated Balance Sheet Summary (1)

(Millions of yen)	Jun. 30, 2018 (1) recording sales	Dec. 31, 2018 (2) recording sales	Jun. 30, 2019 (3) recording sales	YoY change (3) – (1)	Vs. Dec. 31, 2018 (3) – (2)
Cash and deposits	27,905	20,292	26,160	(1,744)	5,868
Accounts receivable - trade	5,160	4,438	4,719	(441)	280
*1 Merchandise	3,742	4,705	4,180	437	(525)
*2 Equity underwritten	47,725	51,063	82,107	34,381	31,043
Costs on uncompleted services	*5 1,158	1,059	4,672	3,513	3,612
*3 Advance payments - trade	1,756	9,232	5,202	3,446	(4,029)
*4 Advances paid	3,161	6,236	7,114	3,952	877
Other	7,054	5,340	8,948	3,717	3,607
Current assets	97,665	102,369	143,106	47,264	40,736
Property, plant and equipment	122	146	405	283	259
Intangible assets	58	48	54	(3)	5
Investments and other assets	2,237	4,139	6,720	2,659	2,580
Non-current assets	2,417	4,334	7,180	2,939	2,845
Deferred assets	76	72	87	10	15
Total assets	100,159	106,776	150,373	50,214	43,596

*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

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)	June. 30, 2018	Dec. 31, 2018
	Sold out	Sold out
Costs on uncompleted services	Same amount as the sales basis	1,063

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

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Q2 FY2019 Consolidated Balance Sheet Summary (2)

(Millions of yen)	Jun. 30, 2018 (1) recording sales	Dec. 31, 2018 (2) recording sales	Jun. 30, 2019 (3) recording sales	YoY change (3) – (1)	Vs. Dec. 31, 2017 (3) – (2)
Accounts payable - trade	21	33	21	0	(11)
*1 Short-term loans payable	56,697	62,575	94,838	38,141	32,262
*2 Unearned revenue	5,981	4,034	12,804	6,822	8,769
Income taxes payable	1,380	1,377	1,971	591	593
Other	1,115	2,765	1,681	563	(1,086)
Current liabilities	65,196	70,787	111,315	46,118	40,527
Non-current liabilities	4,356	3,909	5,516	1,159	1,607
Total liabilities	69,553	74,696	116,832	47,278	42,135
Capital stock	11,615	11,639	11,646	30	6
Capital surplus	11,552	11,574	11,580	27	6
Retained earnings	*4 7,477	10,176	11,659	4,181	1,483
Treasury shares	(200)	(1,470)	(1,470)	(1,270)	0
*3 Shareholders' equity	30,446	31,919	33,415	2,969	1,495
Other	159	160	126	(33)	(34)
Total net assets	30,606	32,080	33,541	2,935	1,461

*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

Capital adequacy ratio decreased due to temporary increase in loans payable associated with development of large-scale projects.

End of FY 2018	30.0%
End of 2nd quarter of FY 2019	22.2%

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

(Millions of yen)	Jun. 30, 2018	Dec. 31, 2018
	Sold out	Sold out
Unearned revenue	Same amount as the sales basis	4,043
Retained earnings	Same amount as the sales basis	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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4. FY2019 Forecast

Earnings Forecasts for FY2019

We made a downward revision of the initial forecast on July 22, 2019.

- Profit attributable to owners of parent is estimated to be 6,280 million yen, up 25.0% ※② year on year.
- The downward revision of profit was made without revising the amount of the equity sales※①, because the margin ratio for new large projects is designed to be low.

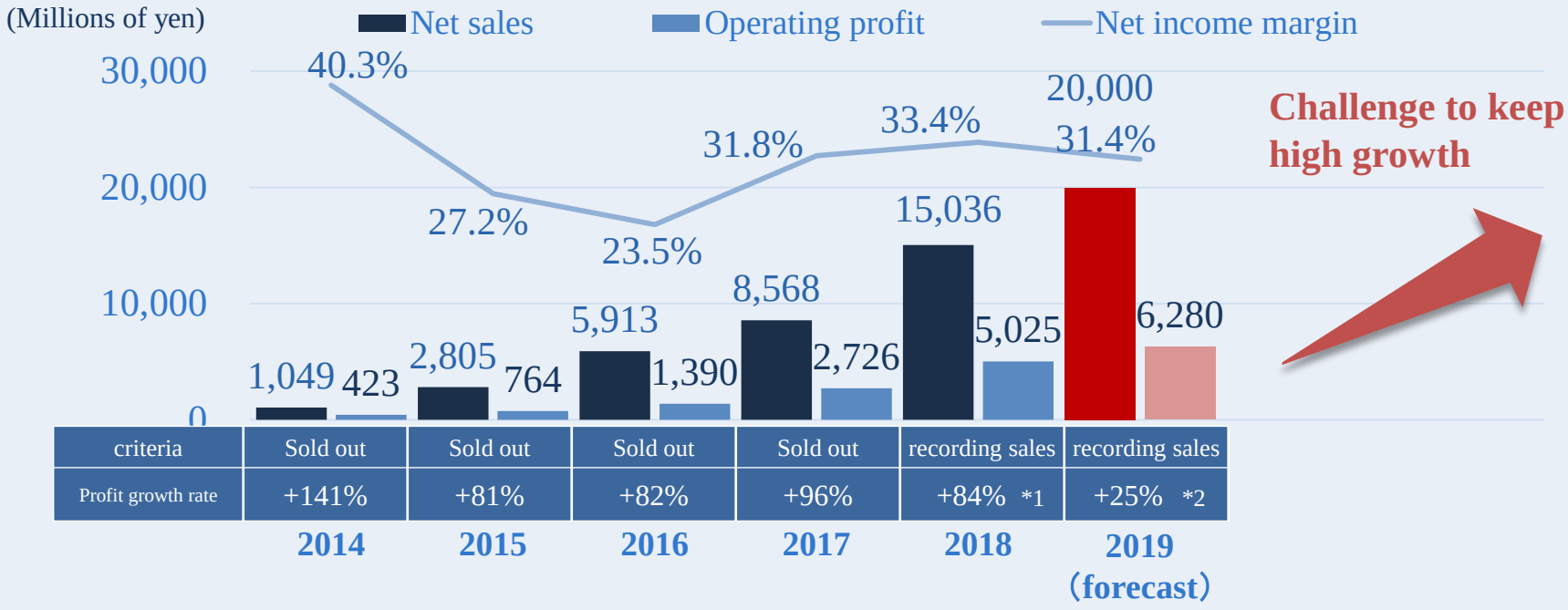
(Millions of yen)	FY2019 Initial forecast *2		FY2019 Revised full-year forecast	FY2019 Against initial forecast		FY2019 Against actual of previous term (sales basis) *2	
	recording sales	Ratio of changes from sales basis of previous term	recording sales	Changes from Initial forecast	Ratio of changes from initial forecast	Changes from sales basis of previous term	Ratio of changes from sales basis of previous term
Net sales	20,500	36.3%	**20,000**	(500)	(2.4%)	4,963	33.0%
Operating profit	12,200	39.2%	**11,500**	(700)	(5.7%)	2,733	31.2%
Ordinary profit	11,400	57.6%	**10,000**	(1,400)	(12.3%)	2,764	38.2%
Profit attributable to owners of parent	7,800	55.2%	**6,280**	(1,520)	(19.5%)	1,254	25.0%
Total amount of equity sales *1	130,000	40.7%	**130,000**	-	-	27,605	40.7%

Note1: 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.

Note2: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.

Earnings Forecasts for FY2019

◆ **Although it is tough that 50% growth expected at the beginning of the year, continuously high growth of 25% is expected**



Note1: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.
Note2: The profit growth rate is based on the assumption that both FY 2018 and 2019 are the “sales basis”.
The forecast of FY 2019 was revised on July 22, 2019.

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FY2019

5. 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)

◆ Enrichment of quantity and quality through expansion of handling scale and new structured deals

The largest ever balance of investment funds.

✓ As the composition of the project that was booked in advance payment at the end of the first quarter is completed , the cumulative total of 22 projects with 187,301 million yen of aircraft operating leases completed in the second quarter of FY 2019, and by the end of the second quarter, we had a largest ever balance of equity underwritten.

Realization of a new project scheme.

✓ We are ready to set large-scale of projects with the new scheme which originally made deal in May, and start marketing from the end of July.

◆ Responding to aviation industry issues

To broaden antennas for information collection to avoid risks.

✓ There were events that do not directly affect the business performance but consume the time and effort of the airline industry professionals including us. We will collect information as much as possible and respond promptly and appropriately.

(Ex.) ・Flight suspension due to 2 crash accidents of Boeing B737 Max
(We have signed a contract to purchase 10 Boeing 737 Max 8 which 4 aircraft is planned to be delivered in 2021 and 6 in 2022.)
・ It was announced that production of Airbus A380 will end (we do not own one.).

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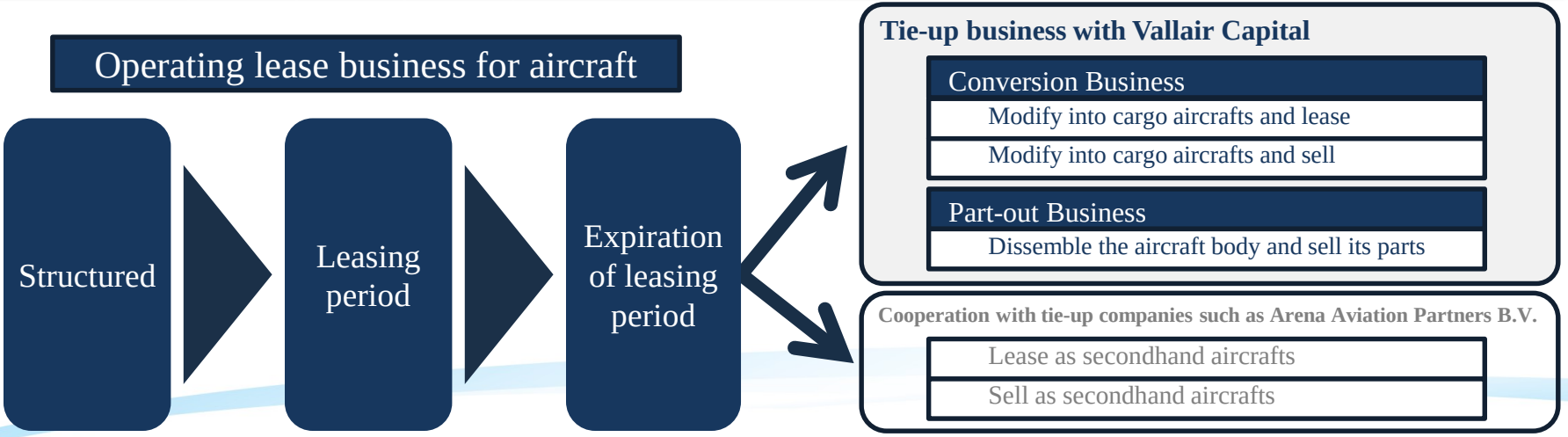
1. Making The Three Main Businesses More Powerful（Aircraft Part-Out & Conversion Business）

◆ 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)

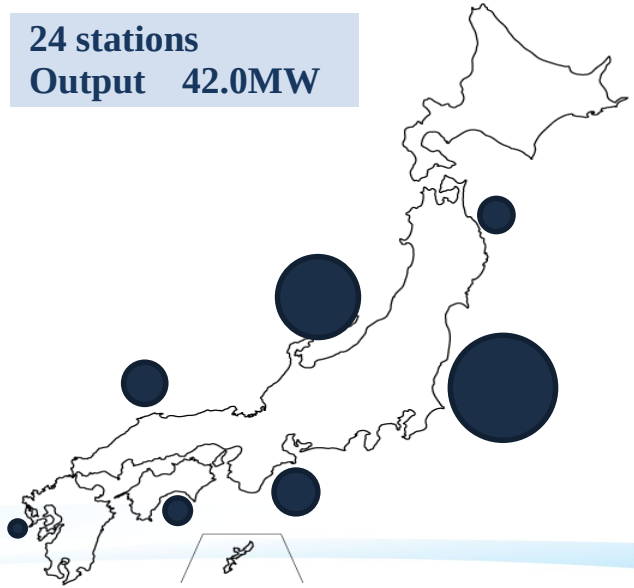
◆ Revenue base based on the operation of 24 solar power stations

- ✓ 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.)
- ✓ For the first time in 2 years, we sold projects and acquired and sold facilities that are under operation.

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

Region	at the end of Dec 2018		at the end of June 2019	
	Output	Number	Output	Number
Kanto	11.9MW	8	11.0MW	7
Tohoku	4.4MW	3	4.4MW	3
Chubu	8.5MW	4	9.6MW	5
Kinki	5.9MW	3	5.9MW	3
Chugoku	5.7MW	3	5.7MW	3
Shikoku	3.4MW	2	3.4MW	2
Kyushu	-	-	2.0MW	1
Total	**39.8**MW	**23**	**42.0**MW	**24**

24 stations
Output 42.0MW



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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.

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■ 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

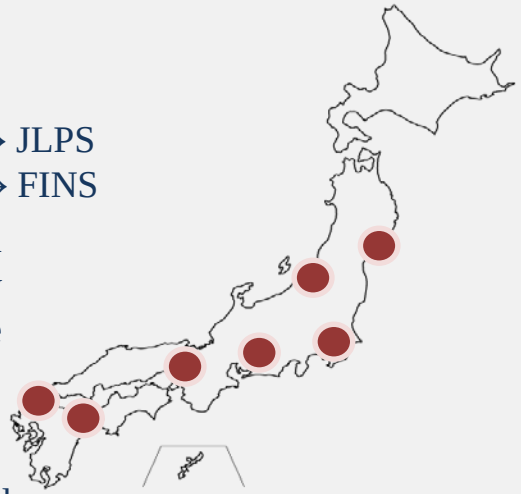
- ✓ To strengthen the insufficient systems in western Japan, and try to closely communicate with financial institutions, accounting offices, etc. with which we signed a contract for business matchmaking.
- ✓ To respond to a wide range of investor demand through reorganization of two companies within the Group (JP Lease Products & Services Co., Ltd. (JLPS) and Finspire Inc. (FINS)).

● To meet customer needs with optimal placement.

- ✓ To deploy a director in charge of marketing stationed in western Japan
- ✓ Integration of the following two companies completed as of July 1.
  - ・There are many business matching partners for banks and credit unions. → JLPS
  - ・There are many business matching partners for tax accountant offices. → FINS
- ✓ As a result of working together to identify business matching partners and investors by uniting 7 sales bases nationwide for integration, we successfully concluded a total of 62 new business matching contracts in the cumulative second quarter (an increase of 20% from the end of the previous term).

⇒ Because there were not enough projects in the first half, we will proactively introduce the projects in the second half in which many projects were developed.

Footholds of our corporate group



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6. 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 pay dividends linked to business performance, taking into consideration the balance with the expansion of financial base and human investment for performance improvement.
- ✓ Despite revisions to the full-year business forecast on July 22, the annual dividend for the FY ending December 2019 is estimated to be 22 yen, an increase of 7 yen per share (same as the initial forecast).

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (forecast)
Annual dividend	—	—	10yen	12yen	15yen	22yen
Total dividend	—	—	48mil	146mil	326mil	655mil
Share buyback	—	199mil	—	—	1,270mil	—
Total return	—	199mil	48mil	146mil	1,596mil	
Shareholder Incentives	Not implemented	Newly introduced	Long-term preferential treatment	Long-term preferential treatment	Expansion of preferential treatment	Continuation of preferential treatment

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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) *3
	Sold out	Sold out	Sold out	Sold out	recording sales *1	recording sales
Payout ratio	—	8.5%	8.4%	8.3%	8.5%	10.4%
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%	31.4%
Increase in profit	+80.6%	+81.8%	+96.1%	+88.6%	+84.3%	*2 +25.0%
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.
* Note3:The forecast of FY 2019 was revised on July 22, 2019.

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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

(1) Eligible shareholders	Perks are provided to all shareholders recorded in the shareholder register as of December 31,2019
(2) Allocation date	End of December,2019 (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 31,2019).

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7. Topixs

Topixs

◆ Aircraft Operating Lease Business

■Development of operating lease projects with ANA HOLDINGS Inc.

Development of a project for Boeing 777-300 ER aircraft for long-distance international flights of All Nippon Airways Co., Ltd.

- ✓ A Japanese architect Kengo Kuma and a British design company Acumen were hired to supervise the design of inside of airplane (to provide the highest-class relaxation space).
- ✓ The new seats, which will be introduced for the first time in about 10 years in the first and business classes, will have unprecedented space and sleeping comfort.
- ✓ Operation will start on the Tokyo (Haneda) - London route from August 2019.

First class



Business class



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Topixs

◆ Aircraft Operating Lease Business

■Received the Tax lease Deal of the Year 2018 (AIRFINANCE JOURNAL)

- ✓ An operating lease project created by JP Lease Products & Services Co., Ltd. received the “Tax lease Deal of the Year 2018” by AIRFINANCE JOURNAL, a leading journal in the industry.
- ✓ Concerning the project of leasing used aircraft (Boeing 737-800 this time), which the company is good at, to Virgin Australia, our efforts were highly recognized for overcoming a number of difficult issues, such as complex contract condition.







AIRFINANCE JOURNAL: Leading journal in the industry providing financial information and industry analysis data on global aircraft and aviation businesses.

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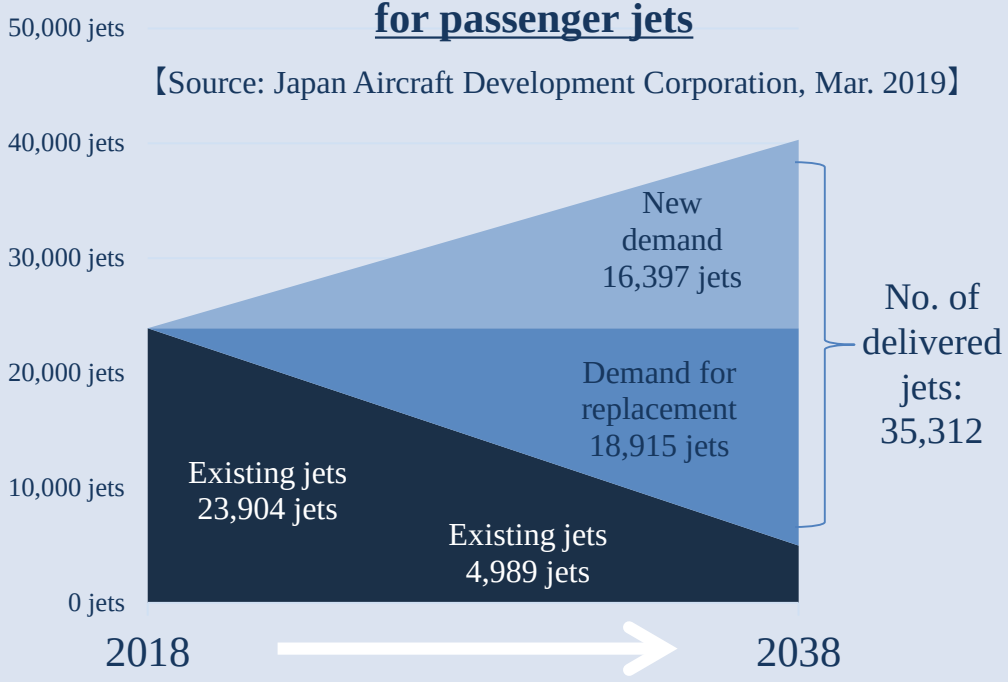
8. References

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. 2019】



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 1.68 times from 23,904 in 2018 to 40,301 in 2038.

Out of them, 18,915 is for the demand for replacement of existing airplanes, while 16,397 is for new demand in response to the increase of passengers.

Quote: Worldwide Market Forecast 2019-2038

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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.

◆ 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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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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