JIA

**Japan Investment Adviser Co., Ltd.**

**(Stock Code: 7172)**

# Financial Results for FY2019

**February 10, 2020**




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 December 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 | ¥11,658 million |
| Listed Exchange | Tokyo Stock Exchange – Mothers (Stock Code: 7172) |
| Employees | Non-consolidated: 135; Consolidated: 178 |
| Borrower 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 77 banks |
| Major Shareholders | Top shareholders (61.4% shares, excluding treasury stock) as of December 31, 2019<br>Naoto Shiraiwa<br>KODO Holdings Co., Ltd.<br>Japan Trustee Services Bank, Ltd. (Trust account)<br>Japan Trustee Services Bank, Ltd. (Trust account No.9)<br>Japan Investment Adviser Co., Ltd.(Treasury stock)<br>Trust & Custody Services Bank, Ltd. (Securities investment trust account) |
| Auditor | Grant Thornton Taiyo LLC |

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# Group Companies

As of December 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 Insurance agency business | 100.0 |
| | JLPS Holding Ireland Limited | Ireland | 20 million euros | Leasing business for aircrafts | 100.0 |
| | Finspire Inc. | Chiyoda-ku, Tokyo | 50,000 | Operating lease 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 |
| | 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 |
| | Japan M&A Adviser Co.,Ltd. | Chuo-ku, Osaka | 30,000 | M&A advisory business | 100.0 |
| | Nihon Securities Journal Inc. | Chuo-ku, Tokyo | 4,500 | Media-related business | 100.0 |
| | Arena Aviation Partners B.V. | Netherlands | 1,100 euros | Aircraft lease management business | 49.0 |
| | Others (2 companies) | | | | |
| 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, Nippon Securities Journal Inc. conducted an absorption merger with Nippon Securities Journal Research Inc.
Note: JLPS Holding Ireland Limited, which was established in 2017, has been classified as a non-consolidated subsidiary, considering its importance, but it started full-scale business operation in fiscal 2019, so it will be converted into a consolidated subsidiary.

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# Business History

**2007**
**Established Japan Investment Adviser Co., Ltd. and started an operating lease business for marine transportation containers**

**2006**
- Started M&A advisory business
- Established CAIJ Inc. (currently Finspire Inc.), a joint venture of leasing business of marine transportation containers that utilized portfolio of America CAI International, Inc. (company listed on NY Stock Exchange)

**2011**
Established JP Lease Products & Services Co., Ltd. and started an operating lease business for aircraft.

**2013**
JP Lease Products & Services Co., Ltd. started an operating lease business for marine transportation containers.

**2014**
**Got listed on Tokyo Stock Exchange Mothers Section.**
- Started structuring and selling the No. 1 Fund of solar power generation business

**2015**
- Acquired all shares of Nihon Securities Journal Inc. and Nihon Securities Journal Research Inc. and started media related & IR supporting business.
- Established JIA LUXEMBOURG SARL and constructed a network of partners in Europe.
- Started aircraft part-out and conversion business through a capital and business tie-up with Valliere Aviation S.A. (currently Vallair Capital SAS)
- Started an operating lease business for Vessels
- Started private equity investment business

**2016**
- Established Japan M&A Adviser Co., Ltd. and enhanced M&A advisory business
- Started IPO consulting business
- Acquired all shares of CAIJ Inc. (currently Finspire Inc.) (made into a wholly owned subsidiary company)

**2017**
- Acquired shares of Arena Aviation Partners B.V. and strengthened the capabilities for structuring operating lease for aircraft
- Established Iter Corporation (affiliated company accounted for by the equity method), a joint venture for financial service business.
- Started insurance agency business

**2018**
The first IPO in private equity investment business（TSE – Mothers (Stock Code: 4393)
Bank of Innovation ,Inc.）

**2019**
- JP Lease Products & Services Co., Ltd. succeeded the insurance agency business of Finspire Inc.
- Nippon Securities Journal Inc. conducted an absorption merger with Nippon Securities Journal Research Inc.
- JLPS Holding Ireland Limited, which was established in 2017, starts full-scale business operation as a hub in Europe.

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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) JLPS Holding Ireland Limited
Arena Aviation Partners B.V.

**Renewable Energy Business**



JP Lease Products & Services 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.

**Insurance Agency Business**



JP Lease Products & Services Co., Ltd.

**Fintech Business**



Iter Corporation

**IPO Consulting Business**



**Wealth Management Business**



**Private Equity Investment Business**



JPE No.1 Co., Ltd.

**Human Resource Business**



**Real Estate Investment Business**



**Health Tech Business**



**Agri Business**



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

## Media-related Business

**Media-related & IR Support Business**



Nihon Securities Journal Inc.

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, Nippon Securities Journal Inc. conducted an absorption merger with Nippon Securities Journal Research Inc.
Note: JLPS Holding Ireland Limited, which was established in 2017, has been classified as a non-consolidated subsidiary, considering its importance, but it started full-scale business operation in fiscal 2019, so it will be converted into a consolidated subsidiary.

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FY2019

# 2. Business Overview

# Highlights FY2019

## Sales grew by double digits for 5 consecutive terms since the company was listed in 2014, but profit declined for the first time since the listing.

◆This is primarily because the release of large-scale portfolios, which had been scheduled in the first half, was delayed until the second half and substantial time was spent for marketing, so we had to wait until the 4th quarter to see the progress of sale to major investors.

| (Millions of yen) | FY2018 | | FY2019 | YoY change | YoY change(%) | Full-year revised forecast *3 | |
|---|---|---|---|---|---|---|---|
| | Sold out | recording *2 sales | recording sales | | | As of June 22,2019 | Progress rate |
| Net sales | 15,226 | 15,036 | 16,647 | +1,611 | +10.7% | 20,000 | 83.2% |
| Operating profit | 8,396 | 8,766 | 8,188 | (577) | (6.6%) | 11,500 | 71.2% |
| Ordinary profit | 7,405 | 7,235 | 7,184 | (51) | (0.7%) | 10,000 | 71.8% |
| Profit attributable to owners of parent | 5,142 | 5,025 | 4,555 | (469) | (9.3%) | 6,280 | 72.5% |
| Total amount of equity sales *1 | 92,394 | 90,973 | 104,181 | +13,208 | +14.5% | 130,000 | 80.1% |

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.
Note3: The forecast of FY 2019 was revised again on January 23, 2020.

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# Business Segment Summary

## The market needs for the operating lease business remained significant.

- The operating lease business saw a 0.5% drop in sales in the first half due to internal factors, but sales grew 79.8% in the fourth quarter.
- The sales of the aircraft part-out & conversion and insurance businesses fell below their respective plans considerably, due to the external environment, etc.

| Business units (Millions of yen) | | FY2018 | | FY2019 | YoY change | YoY change (%) |
|---|---|---|---|---|---|---|
| | | Sold out | recording sales* | recording sales | recording sales | recording sales |
| Operating Lease Business | | 13,531 | 13,340 | 15,442 | +2,101 | +15.8% |
| Renewable Energy Business | | 404 | 404 | 373 | (30) | (7.6%) |
| Aircraft Part-Out & Conversion Business | | 267 | 267 | 12 | (255) | (95.4%) |
| Other Businesses | Insurance Business | 716 | 716 | 537 | (179) | (25.0%) |
| | M&A Advisory Business | | | | | |
| | Private Equity Investment Business | | | | | |
| | IPO Consulting Business and others | | | | | |
| Media-related & IR Support Business | | 307 | 307 | 281 | (25) | (8.3%) |
| Total | | 15,226 | 15,036 | 16,647 | +1,611 | +10.7% |

Note: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.
Changes from FY2018 are compared using the “recording sales”.

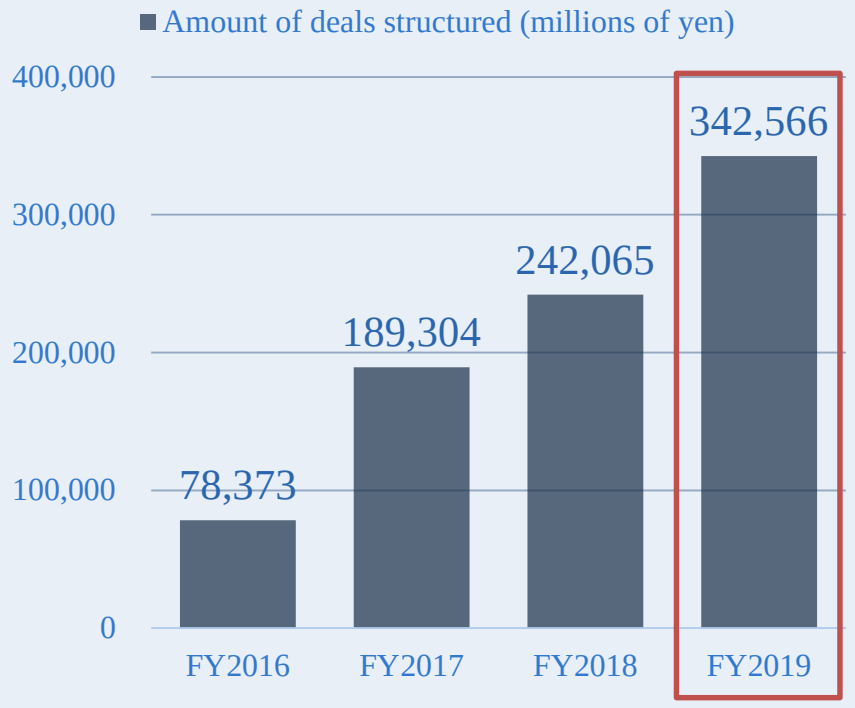
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# Deals Structured

## Amount and Number of Deals Structured by Type of Asset

| (Millions of yen) | FY2018 | FY2019 |
|---|---|---|
| Aircraft | 231,578 (45 deals) | 311,163 (44 deals) |
| Vessel | 0 (0 deal) | 0 (0 deal) |
| Container box | 10,486 (6 deals) | 29,716 (6 deals) |
| Solar photovoltaic generation | 0 (0 deal) | 1,025 (2deal) |
| Total | 242,065 (51 deals) | 342,566 (52 deals) |

## Change in Amount of Deals Structured




Note: “Amount of Deals Structured” means the total amount of property to be leased, such as aircraft, vessels, and containers.

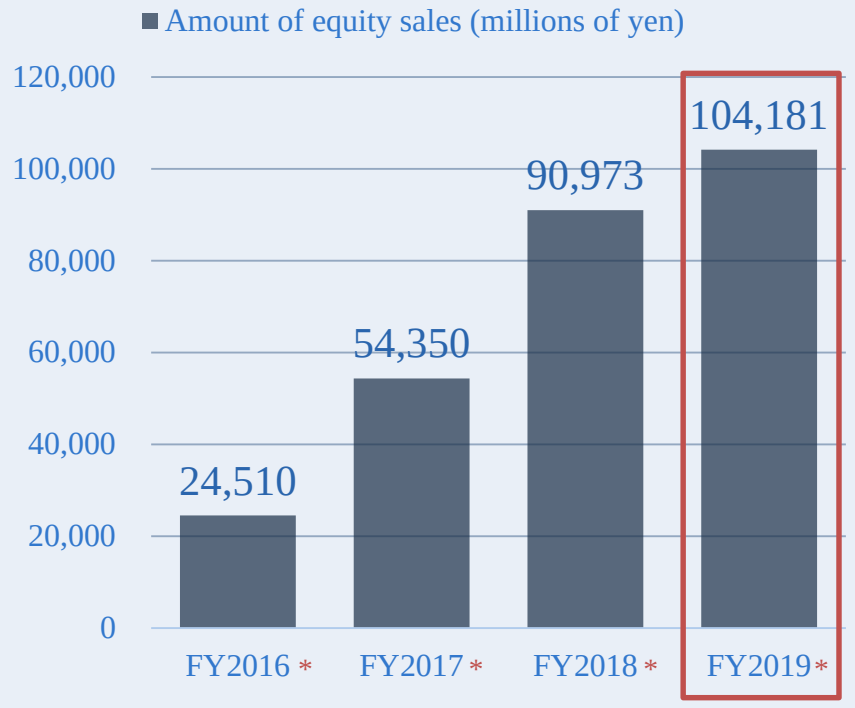
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# Equity Sales

## Amount and Number of Equity Sales* by Type of Asset

| (Millions of yen) | FY2018 | | FY2019 |
|---|---|---|---|
| | Sold out | Recording sale | Recording Sale |
| Aircraft | 80,696 (27 deals) | 79,275 | 95,357 |
| Vessel | 1,366 (2 deals) | 1,366 | 0 |
| Container box | 10,332 (8 deals) | 10,332 | 8,259 |
| Solar photovoltaic generation | 0 (0 deals) | 0 | 565 |
| Total | 92,394 (37 deals) | 90,973 | 104,181 |

## Change in Amount and Number of Equity Sales*




Note1: "Equity sales" mean the amount of position transfer of anonymous association's equity interest (the right set forth in Article 2, Paragraph 2, Item 5 of the Financial Instruments and Exchange Act) and private placement amount out of the amount of property to be leased, such as aircraft, vessels, and containers.

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

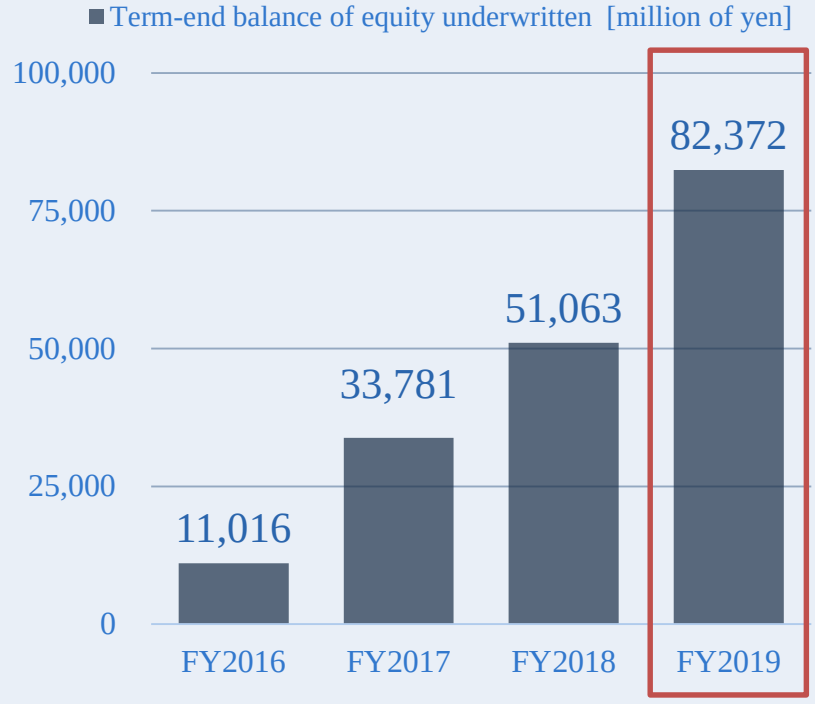
Note3: The results of FY2016, FY2017 are showed in Sold out basis, and the results of FY2018, FY2019 are showed in recording sales basis.

# 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 | 51,063 (29 deals) | 72,471 (31 deals) |
| Vessel | 0 (0 deal) | 0 (0 deal) |
| Container box | 0 (0 deal) | 9,900 (3 deal) |
| Total | 51,063 (29 deals) | 82,372 (34 deals) |

Balance of Equity underwritten* at the end of the term



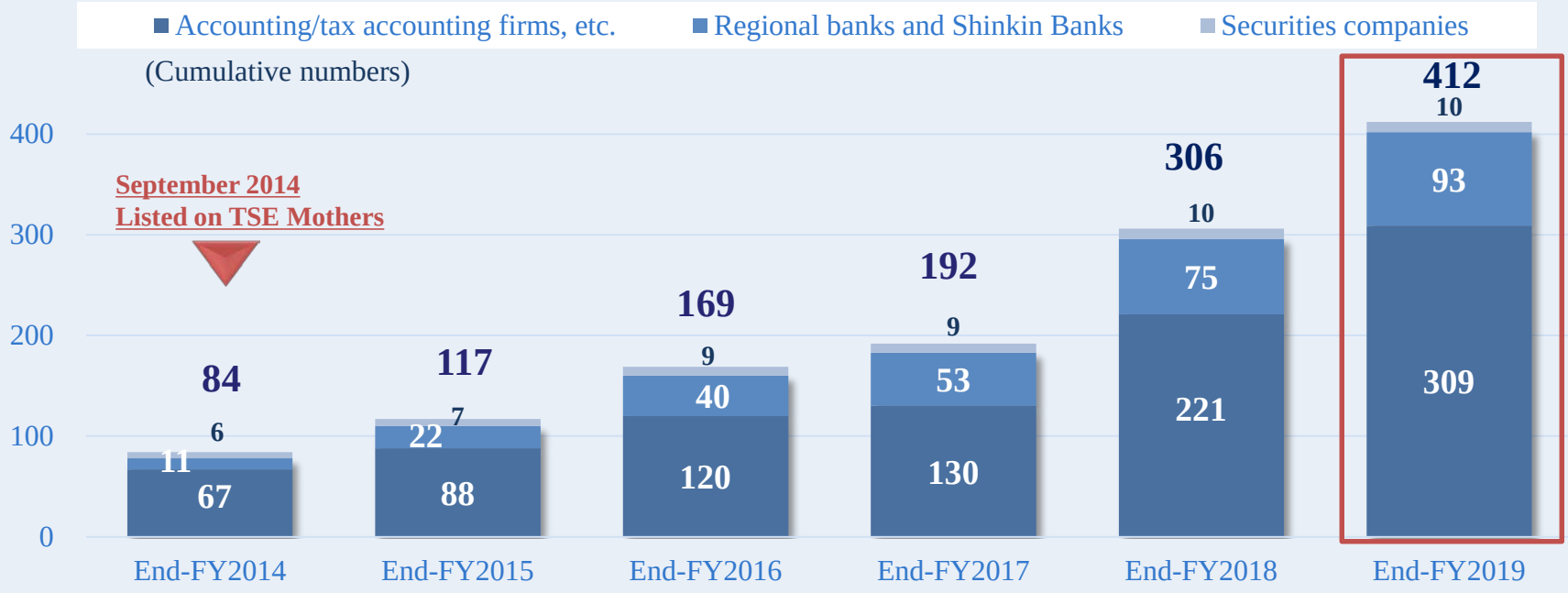

Note: "Term-end balance of equity underwritten" falls under "Equity underwritten" in the balance sheet.
This means the balance of anonymous association's equity held by our company until the transfer to investors out of the portfolio amount of operating lease projects.

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# Growth of the Sales Network (Business Matching Partners)

Note: "the sales Network" (Business Matching Partners) indicates the business matchmaking contractor that introduces investors.

- ✓ In the Fourth quarter of 2019 (3 months), business matching contracts were executed with 5 accounting/tax accounting firms, 1 regional bank/shinkin banks.
- ✓ At the end of December 2019, there were matching agreements with 309 accounting/tax accounting firms, 93 regional bank/ shinkin banks, 10 securities companies, a total of 412 partners.




Note: Figures for End-FY2016, End-FY2017 , End-FY 2018 and End-Sep 2019 include the total number of matching contracts for JP Lease Products & Services Co., Ltd. and Finspire Inc.

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FY2019

# 3. Financial Results

# FY2019 Consolidated Income Statement Summary

| (Millions of yen) | FY2018 | | FY2019 | YoY change (%) | |
|---|---|---|---|---|---|
| | Sold out | recording sales *5 | recording sales | | *6 |
| Net sales | 15,226 | 15,036 | 16,647 | +1,611 | +10.7% |
| Cost of sales | 3,470 | 3,449 | 4,910 | +1,461 | +42.4% |
| *1 Gross profit | 11,756 | 11,587 | 11,736 | +149 | +1.3% |
| *2 SG&A expenses | 2,820 | 2,820 | 3,548 | +727 | +25.8% |
| Operating profit | 8,936 | 8,766 | 8,188 | (577) | (6.6%) |
| *3 Non-operating income | 858 | 858 | 1,000 | +141 | +16.5% |
| *4 Non-operating expenses | 2,389 | 2,389 | 2,004 | (385) | (16.1%) |
| Ordinary profit | 7,405 | 7,235 | 7,184 | (51) | (0.7%) |
| Profit attributable to owners of parent | 5,142 | 5,025 | 4,555 | (469) | (9.3%) |

*1. Gross profit

Gross profit rate was 70.5%, down 6.6 % YoY.

*2. SG&A expenses

SG&A rate was 21.3%, up 2.6 % YoY.

*3. Non-operating income

Up 141 million YoY.

*4. Non-operating expenses

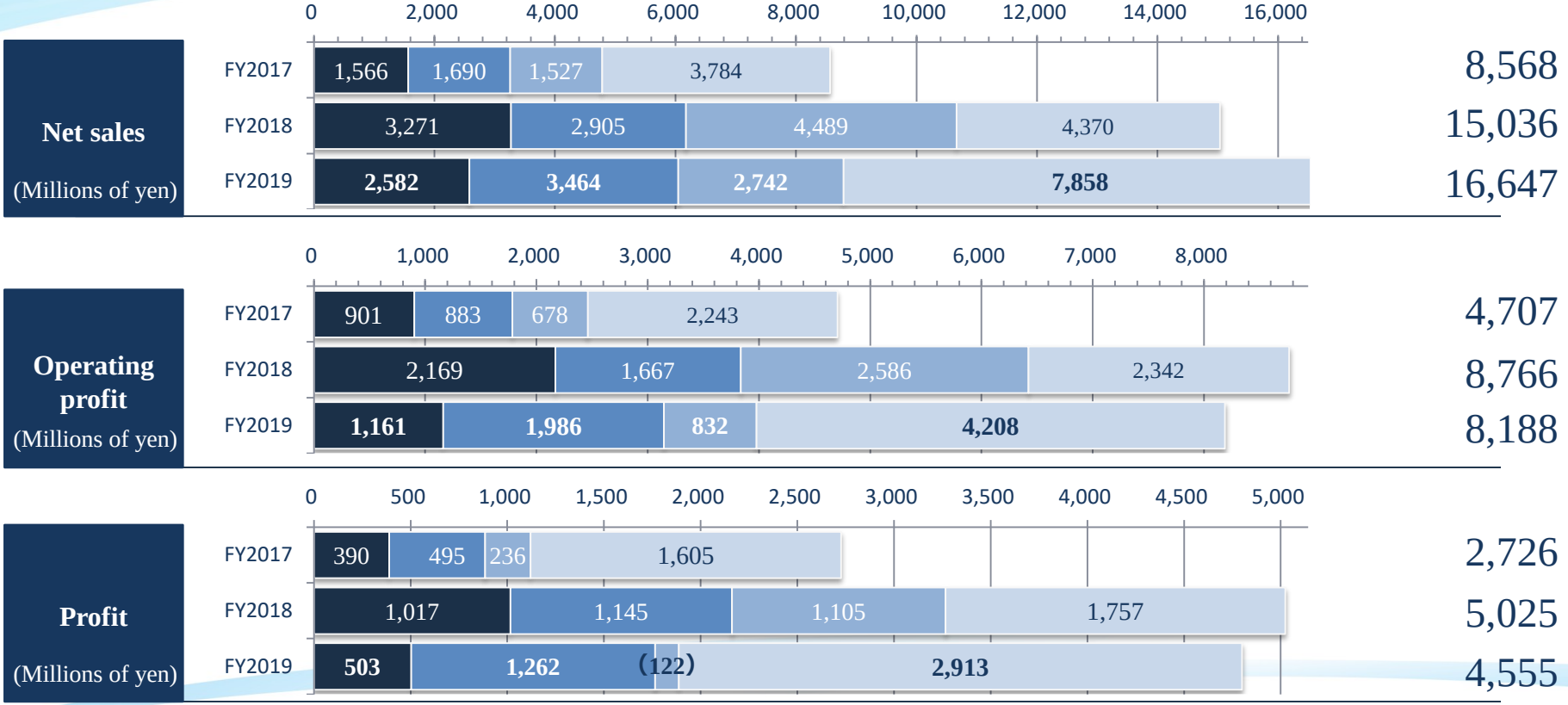
Down 385 million yen YoY.
Interest paid: up 329 million yen
Non-operating commissions paid: up 183 million yen
→ Influence of expand for deal size
(Increase in borrowing amount and expansion of committed credit line agreements)
Investment loss on equity method: down 1,044 million yen
Exchange loss: 210 million yen
Ordinary profit decreased by 219 million yen due to foreign exchange gains of 8 million yen in FY2018 and losses in FY2019.

* 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*1 , FY2019)




- Note1 : 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 Consolidated Balance Sheet Summary (1)

| (Millions of yen) | Dec. 31, 2018 | | Dec. 31, 2019 | YoY change |
|---|---|---|---|---|
| | Sold out | recording sales | recording sales | |
| Cash and deposits | 20,292 | 20,292 | 36,239 | +15,947 |
| Accounts receivable - trade | 4,438 | 4,438 | 6,661 | +2,223 |
| *1 Merchandise | 4,705 | 4,705 | 2,637 | (2,067) |
| *2 Equity underwritten | 51,063 | 51,063 | 82,372 | +31,309 |
| Costs on uncompleted services | 1,063 | 1,059 | 4,580 | +3,520 |
| *3 Advance payments - trade | 9,232 | 9,232 | 5,263 | (3,969) |
| *4 Advances paid | 6,236 | 6,236 | 6,898 | +661 |
| Other | 7,211 | 5,340 | 6,513 | +1,172 |
| Current assets | 104,243 | 102,369 | 151,167 | +47,797 |
| Property, plant and equipment | 146 | 146 | 109 | (36) |
| Intangible assets | 48 | 48 | 114 | +65 |
| Investments and other assets | 2,270 | 4,139 | 7,407 | +3,267 |
| Non-current assets | 2,465 | 4,334 | 7,632 | +3,297 |
| Deferred assets | 72 | 72 | 80 | +8 |
| Total assets | 106,781 | 106,776 | 158,879 | +52,102 |

*1. Merchandise Sold out

Inventories in the aircraft part-out & conversion.

*2. Equity underwritten

Contributions under anonymous silent partnership to be sold in the operating lease business.

*3. Advance payments - trade

Purchase of Aircraft before investment products in the operating lease business.

*4. Advances paid

Advances paid mainly for investments in the renewable energy business.

※ 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 Consolidated Balance Sheet Summary (2)

| (Millions of yen) | Dec. 31, 2018 | | Dec. 31, 2019 | YoY change |
|---|---|---|---|---|
| | Sold out | recording sales | recording sales | |
| Accounts payable - trade | 33 | 33 | 39 | +6 |
| *1 Short-term loans payable | 62,575 | 62,575 | 99,052 | +36,476 |
| *2 Unearned revenue | 4,043 | 4,034 | 13,574 | +9,539 |
| Income taxes payable | 1,377 | 1,377 | 2,335 | +957 |
| Other | 2,765 | 2,765 | 1,596 | (1,168) |
| Current liabilities | 70,796 | 70,787 | 116,598 | +45,810 |
| Non-current liabilities | 3,909 | 3,909 | 6,025 | +2,115 |
| Total liabilities | 74,705 | 74,696 | 122,623 | +47,926 |
| Capital stock | 11,639 | 11,639 | 11,658 | +18 |
| Capital surplus | 11,574 | 11,574 | 11,593 | +18 |
| Retained earnings | 10,172 | 10,176 | 14,154 | +3,978 |
| Treasury shares | (1,470) | (1,470) | (1,470) | (0) |
| *3 Shareholders' equity | 31,915 | 31,919 | 35,935 | +4,015 |
| Other | 160 | 160 | 321 | +160 |
| Total net assets | 32,076 | 32,080 | 36,256 | +4,176 |

*1. Short-term loans payable

As our company created portfolios actively, the borrowing for temporarily underwriting anonymous association's equity augmented.

*2. Unearned revenue

Out of the outsourcing fee received from anonymous associations, the pre-sale amount was posted.

*3. Capital adequacy ratio

Thanks to the sales growth in the 4th quarter, capital adequacy ratio improved significantly from the end of the 3rd quarter.

| | |
|---|---|
| End of 3rd quarter of FY 2019 | 18.6 % |
| End of FY 2019 | 22.7 % |

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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FY2020

# 4. Earnings Forecasts

# FY2020 Earnings Forecasts

## 【1st half】Profit rise by 88.7%　【2nd half】Profit grow by 5.7%
## 【Full-year】Profit estimate to increase by 37.8%

- ◆ Since the unachieved profit in 2019 will be earned in the first half of 2020, profit is projected to rise 88.7% in the first half.
- ◆ The performance in the second half of 2020 was estimated conservatively, and the estimated rate of profit growth is low.

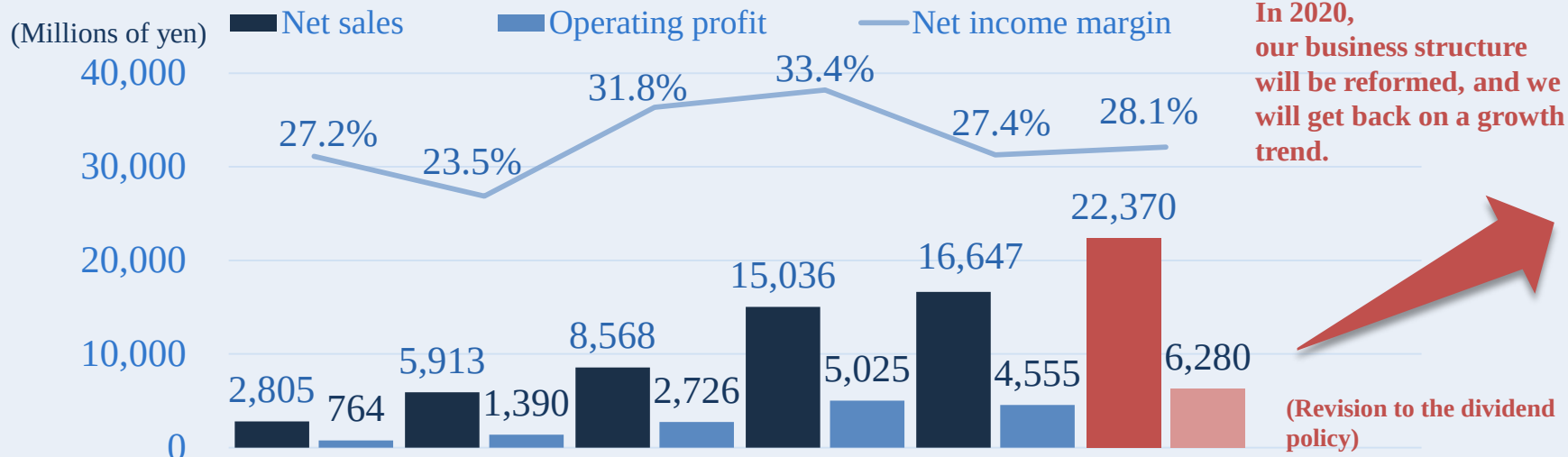
| (Millions of yen) | FY2019 | | FY2020 | | | |
|---|---|---|---|---|---|---|
| | 1st half | Full year | 1st half | | Full year | |
| | Result | Result | Forecast | YoY change(%) | forecast | YoY change(%) |
| Net sales | 6,046 | 16,647 | 10,760 | +78.0% | 22,370 | +34.4% |
| Operating profit | 3,147 | 8,188 | 5,470 | +73.8% | 11,300 | +38.0% |
| Ordinary profit | 2,694 | 7,184 | 5,060 | +87.8% | 9,980 | +38.9% |
| Profit attributable to owners of parent | 1,765 | 4,555 | 3,330 | +88.7% | 6,280 | +37.8% |
| Total amount of equity sales ※ | 41,512 | 104,181 | 65,000 | +56.6% | 120,000 | +15.2% |

※ it means the amount of position transfer of anonymous association's equity interest (the right set forth in Article 2, Paragraph 2, Item 5 of the Financial Instruments and Exchange Act) and private placement amount

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# Earnings Forecasts

## ◆ We aim to keep increasing profit by double digits.




**In 2020, our business structure will be reformed, and we will get back on a growth trend.**

**(Revision to the dividend policy)**
**As growth rate will decline, payout ratio will be raised.**

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.

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FY2020

# 5. Growth Strategy

# Our Growth Strategy

1. Further strengthening of the operating lease business, which is the mainstay
2. New operation of the renewable energy business
3. Fortification of the marketing structure

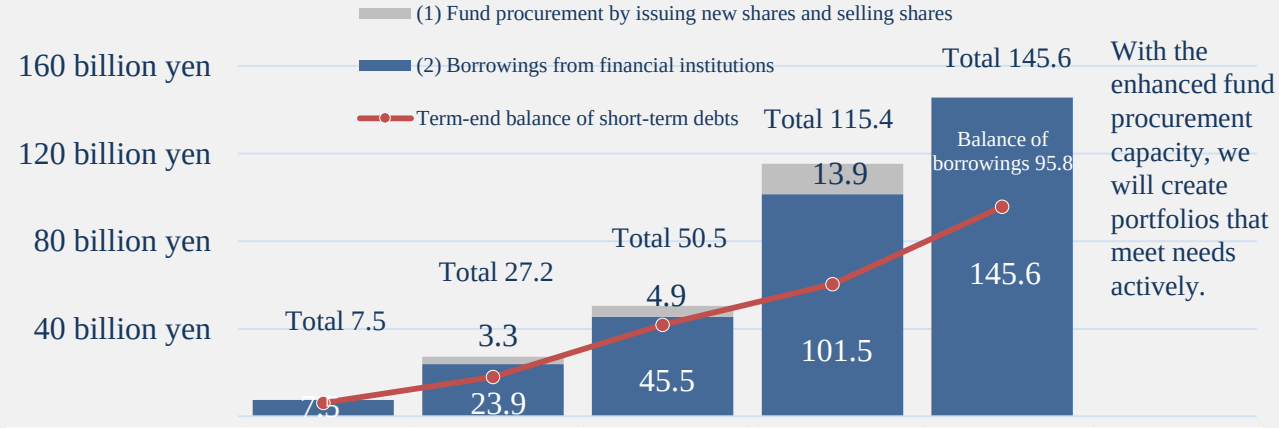
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# 1. Further strengthening of the operating lease business, which is the mainstay

## ◆ Endeavor to develop new portfolios

- ✓ Through the enhancement of the fund procurement capacity, it becomes possible to include large-scale deals, etc. in portfolios and broaden the range of target clients.
- ✓ The performance of the large-scale portfolio scheme created in 2019 was sluggish, due to the delay in release, but it increased future opportunities to create portfolios.

Variation in the upper limit of fund procurement




The major reason for our group's borrowing is "the creation of portfolios."

When developing portfolios, our group underwrites equity (rights based on anonymous partnership agreements) temporarily, under the assumption that positions will be transferred to investors.

Payments from investors after position transfer will be allocated to the repayment of borrowings.

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# 1. Further strengthening of the operating lease business, which is the mainstay

## ◆ We aim to prepare an appropriate amount of equity timely.

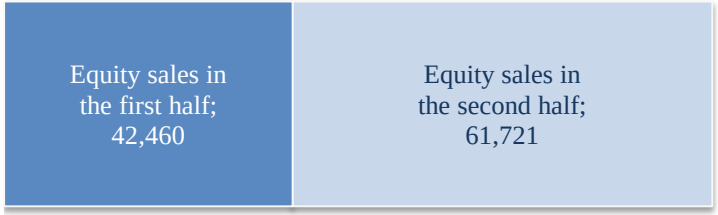
Millions of yen

### Actual equity sales in 2018 (sales basis) → Annual sales: 90,973




【Situation in the second half of 2018】
Since the demand from investors was strong, portfolios to be released in the next year were released earlier than scheduled.

### Actual equity sales in 2019 (sales basis) → Annual sales: 104,181




【Situation in the first half of 2019】
As some portfolios were sold in the second half of 2018, the development of portfolios for 2019 was delayed, and we lost some opportunities to sell portfolios, failing to reach the estimated sales.
【Situation in the second half of 2019】
The development and release of new large-scale portfolios were delayed, and we failed to reach the estimated sales.

### Estimated equity sales in 2020 (sales basis) → Annual sales: 120,000




【Plan for the first half of 2020】
Due to the delay in release of large-scale portfolios in 2019, we have plentiful portfolios, and plan to sell them at the peak of demand.
【Plan for the second half of 2020】
We will develop portfolios smoothly in accordance with sales plans, and release them.

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# 2. New operation of the renewable energy business

◆ **From the viewpoint of SDGs, we will support the distribution of renewable energy based on the financial capacity.**

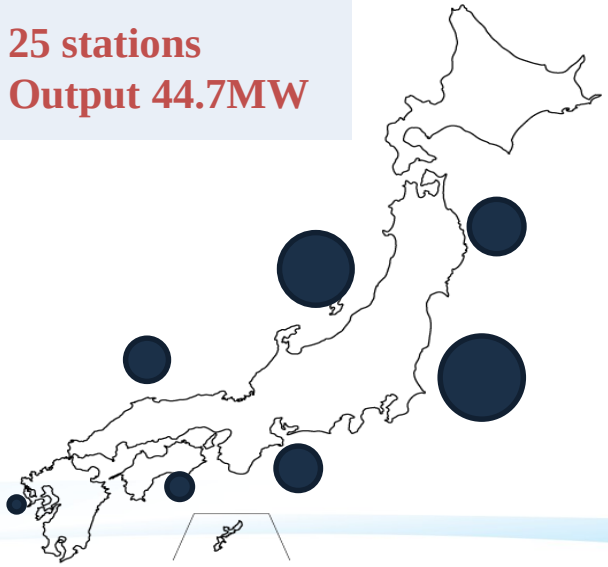
✓ To operate the business carefully while considering the revision to the system, as there exist stable needs for instruments with yen-denominated yield.

- Stable income from the outsourcing fees for operation of existing power plants
- Two plants (15 MW, 1.1MW ) including large-scale plant, are to be completed this term.
- As the timing of exercise of purchase options sold in the previous years will come, we will develop a new revenue scheme after the purchase.

**Operational status of solar power stations at the end of Dec 2019**

| Region | At the end of Dec 2018 | | At the end of Dec 2019 | |
|---|---|---|---|---|
| | Output | Number | Output | Number |
| Kanto | 11.9MW | 8 | 11.0MW | 7 |
| Tohoku | 4.4MW | 3 | 7.2MW | 4 |
| 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** | **39.8MW** | **23** | **44.7MW** | **25** |

**25 stations**
**Output 44.7MW**



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# 3. Fortification of the marketing structure

## ◆ Enrichment of comprehensive financial solutions

Major issues that SME's 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（recruiting, BPO)

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# 3. Fortification of the marketing structure

## ◆ Respond to customer needs by optimizing marketing resources

✓ To upgrade our structure, especially the portfolio creation division.

- To increase the number of consolidated employees by 33 from the end of the previous term, to reinforce the portfolio creation division and the management division.
- To restructure the organizations of the two group companies (JP Lease Products & Services Co., Ltd. and Finspire Inc.), to develop an efficient marketing structure.

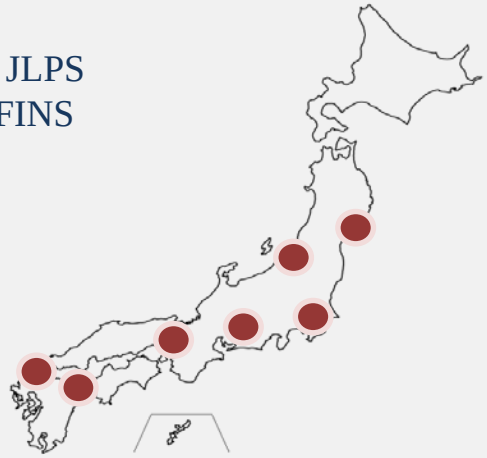
**● To meet customer needs with quick response.**

✓ Integration of the following two companies completed as of July 1, 2019

- There are many business matching partners for banks and shinkin-banks. → JLPS
- There are many business matching partners for tax accounting offices. → FINS

✓ As result Seven marketing offices joined hands for integration and strived to find business partners / investors, wee concluded 106 new business matchmaking contracts in the cumulative third quarter (up 34.6% from the end of the previous term).

**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.
- ✓ The annual dividend for the FY ending December 2019 is 22 yen, an increase of 7 yen per share (same as the initial forecast).
- ✓ The annual dividend for the FY ending December 2020 is estimated to be 32 yen (interim 16 yen and year end 16 yen).

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020（forecast） |
|---|---|---|---|---|---|
| Annual dividend | 10yen | 12yen | 15yen | 22yen | 32yen |
| Total dividend | 48mil | 146mil | 326mil | 563mil | 852mil |
| Share buyback | — | — | 1,270mil | — | |
| Total return | 48mil | 146mil | 1,596mil | 563mil | 852mil |
| Shareholder Incentives | QUO Card and free subscription of Nihon Securities Journal (Digital Version) | Same as left | Expansion of preferential treatment | Same as left | Same as left |

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# Profitability Indicators

◆ **Capital efficiency remains high thanks to business operation earning large revenue and achieving significant growth**

✓ We aim to achieve a high profit rate and a high growth rate while maintaining the good balance between dividends and internal reserve.

| | FY2018 | FY2019 | FY2020 (forecast) |
|---|---|---|---|
| | recording sales *1 | recording sales | recording sales |
| Payout ratio | 8.5% | 14.4% | 15.2% |
| Equity ratio | 30.0% | 22.7% | – |
| ROA | 8.4% | 5.4% | – |
| Profit to sales | 33.4% | 27.4% | 28.1% |
| Increase in profit | +84.3% | (9.3%) | +37.8% |
| ROE | 21.7% | 13.4% | – |

* Note1: The JIA Group has restated the results for FY2018 following the shift in the criteria for recording sales in FY2019.
It shows that the criteria for sold sales in FY2018 compare to the criteria for recording sales in FY2019.

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# Shareholder Incentives

## ◆ Descriptions of shareholder incentives in 2020

✓ 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 31,2020 |
| (2) Allocation date | End of December,2020 (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) )<br>**Period of less than one year**<br>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<br>2,000 shares or more → QUO Card worth ¥3,000 + Six-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥18,000<br>**Period of one year to less than two years**<br>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<br>2,000 shares or more → QUO Card worth ¥5,000 + Twelve-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥36,000<br>**Period of two years or more**<br>100 or more and less than 2,000 shares → QUO Card worth ¥5,000 + Twelve-month free subscription ticket of Nihon Securities Journal (Digital Version) worth ¥36,000<br>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 31,2020). |

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# 7. References

# Topics

## JIA issued donation-type private placement bonds to Fukushima Bank.

**The initiative is relevant to the Company's management philosophy, and it will contribute to the realization of a sustainable society as a member of society.**

- ✓ Fukushima Bank will start handling "donation-type private placement bonds for SDGs disaster prevention and mitigation."
- ✓ Part of the private placement bond issuance fee will be donated to disaster prevention and mitigation functions such as the construction of infrastructure to create a "resilient society (to appropriately respond and restore even in difficult situations)".
- ✓ The SDGs (11) "Make cities and human settlements inclusive, safe, resilient, and sustainable"
  (13) "Take urgent action to combat climate change and its impact".

**Overview of the Issuance of Donation-Type Privete Placemnet Bonds**

| | |
|---|---|
| (1) Name of bond | unsecured bond |
| (2) Total issuance amount | 300 million yen |
| (3) Bond term | 5 years |
| (4) Other | A portion of the private placement bond issuing fee is allocated to the community as a donation. |

SDGs

They are the "Sustainable Development Goals" consisting of 17 items adopted at the UN Summit in September 2015.
(Applicable items)







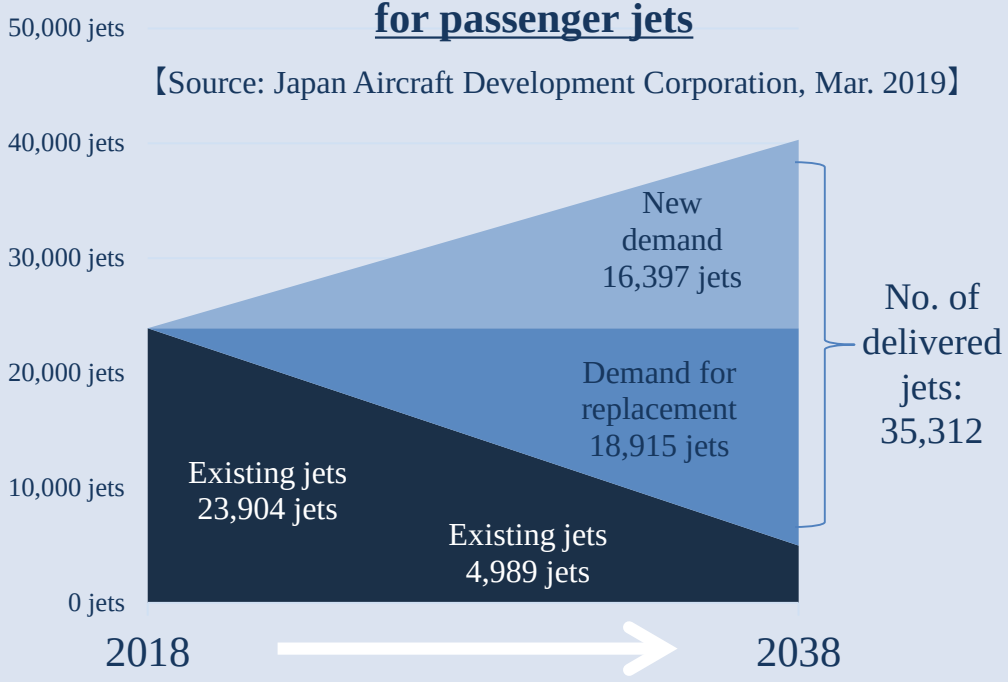
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# Reference Info Regarding The Operating Lease Market Scale

## ◆ World wide Variation in the aircraft market scale

### ◆ World wide Forecast of demand for passenger jets

【Source: Japan Aircraft Development Corporation, Mar. 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 Info Regarding The Operating Lease Market Scale

## ◆ Concerning for Boeing 737 MAX8

- August 2017 ・・・ We concluded a purchase agreement for 10 Boeing 737 MAX8 aircraft.
- October 2018 and March 2019 ・・・ Crashes occurred (Lion Airlines, Ethiopian Airlines)
- March 2019 ・・・ Flights of the Boeing 737MAX aircraft were grounded.
- January 2020 ・・・ Boeing suspended production of the Boeing 737MAX aircraft.

・・・The above reports triggered an increase of inquiries about the impact on our business performance and financial position.

**【(Response)　There is no direct impact on the results of the FY ending December 2020.**
**We will keep our eyes on the future 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 are discussing the models to be delivered between 2021 and 2022 with Boeing.
If there is anything to be disclosed on this matter, it will be disclosed promptly.

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# Reference Information Concerning Matters that are Frequently Asked.

## ◆ Impact of reduction of flights and occupancy rate forecast due to novel coronavirus

- On January 31, 2020, World Health Organization (WHO) declared a “New Public Health Emergency of International Concern” for novel coronavirus-induced pneumonia in China.
- Some airlines are reportedly grounding some flights to China or experiencing reduced occupancy rates in the flights to China.
- Inquiries about the impact on the Company’s operating lease business are increasing.

**【(Response) We will collect information on the direct effects on the Group’s performance in the term ending December 2020, based on the present conditions as below. Any items requiring disclosure will be announced promptly.**

**- We will take a careful look at the deterioration of conditions for deals structured, and the impacts on the future opportunities to make deals, when the situation gets worse and prolonged.】**

（Supplement①） The conditions of the Group’s deals to be sold until around the third quarter of 2020 have been largely fixed, but we will carefully monitor the situation.

（Supplement②） The portfolios to be created in the future will be determined while carefully considering the impacts of the new coronavirus on the lessees.

（Supplement③） We will make efforts to gather further information, including the impacts on deals already created for or sold to airline companies, and take appropriate actions..

（Supplement④） We will prepare a contingency plan with monitoring the future performance and financial position of the lessees.

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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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- Industry trends and analysis, business outlooks, strategies, and other forward looking statements in this presentation are based on information available to the management of JIA when this presentation was prepared. The operating environment in the future could differ significantly from the current environment for a variety of reasons. As a result, next-stage strategies, results of operations and other items could differ from the information in this presentation.

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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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