Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2020 (FY2020) (Three Months Ended March 31, 2020)

[Japanese GAAP]

May 1, 2020

Company name: Japan Investment Adviser Co., Ltd. Listed Exchange: Tokyo Stock Exchange, Mothers
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Scheduled date of filing of Quarterly Report: May 8, 2020
Scheduled date of dividend payment: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (January 1 to March 31, 2020) of FY2020

(1) Consolidated results of operations (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Mar. 31, 2020	7,380	185.8	3,057	163.4	2,867	213.8	2,023	302.2
Three months ended Mar. 31, 2019	2,582	(21.1)	1,161	(56.1)	913	(46.3)	503	(50.5)

Note: Comprehensive income Three months ended Mar. 31, 2020: 1,848 million yen (up 214.4%)
Three months ended Mar. 31, 2019: 588 million yen (down 42.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2020	67.71	67.06
Three months ended Mar. 31, 2019	16.94	16.50

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	139,638	37,732	26.9	1,258.05
As of Dec. 31, 2019	158,879	36,256	22.7	1,208.99

Reference: Owners' equity As of Mar. 31, 2020: 37,592 million yen As of Dec. 31, 2019: 36,126 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	9.50	-	12.50	22.00
FY2020	-				
FY2019 (forecast)		16.00	-	16.00	32.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY2020 (January 1 to December 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,400	72.0	4,230	34.4	3,830	42.1	2,650	50.1	88.68
Full year	19,730	18.5	8,400	2.6	7,000	(2.6)	4,400	(3.4)	147.24

Note: Revisions to the most recently announced consolidated forecast: Yes
For the revision of the consolidated earnings forecast, please refer to the "Notice Regarding Revision of Earnings Forecast" announced today (May 1, 2020).

*** Notes**

(1) Changes in significant subsidiaries during the three months ended March 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Mar. 31, 2020	30,422,000 shares	As of Dec. 31, 2019	30,422,000 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2020	540,281 shares	As of Dec. 31, 2019	540,281 shares

3) Average number of shares during the period (cumulative)

Three months ended Mar. 31, 2020	29,881,719 shares	Three months ended Mar. 31, 2019	29,691,385 shares

* The current quarterly financial results are not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to JIA management, but are not promises by JIA regarding future performance. Actual results could differ from the business forecasts due to change in economic conditions, market trends, exchange rate fluctuations and other factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 for forecast assumptions and notes of caution for usage.

* The unit of the amounts indicated had been 1,000 yen for the items of quarterly financial statements, etc., but changed to 1 million yen in the first quarter of the consolidated financial period.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

The Japan Investment Adviser (JIA) Group has two reportable segments: the financial solutions business, which includes primarily the operating lease business, and the media-related business. Only information about the financial solutions business is presented because of the negligible importance of the other business.

(1) Explanation of Consolidated Results of Operations

In the first quarter of this consolidated fiscal year（Jan 1,2020～Mar 31,2020）, the global economy witnessed the worsening of corporate earnings due to the functional failure of global supply chains and the shrinkage of consumer spending due to restrictions on going out, etc. as COVID-19 spread rapidly around the world. The financial market, too, saw significant turmoil, as IMF forecasted that growth rate would nosedive to negative 3.0% in 2020. The outlook for the Japanese economy, too, is uncertain, due to the constraints on production and sales activities in a broad range of fields and the sluggish consumer spending due to the restraint on going out.

In this economic situation, the JIA Group has strived to enhance its corporate value, while focusing on its 3 core businesses (the operating lease business, the renewable energy business, and the aircraft parts-out & conversion business), under the ethos: “Always be a company contributing to society by offering financial services.”

The sales of the operating lease business in the first quarter of this consolidated fiscal year was 7,182 million yen, up 229.3% year on year, indicating a significant sales growth. The sales of equities underwritten increased considerably to 32,291 million yen, up 68.5% year on year, as large-scale portfolios that carried over from the previous year were sold out steadily. As for the development of deals, the JIA Group developed deals worth 63,706 million yen, up 59.7% year on year, although the spread of COVID-19 is producing adverse effects on the airline industry.

The sales of the renewable energy business during the same period was 78 million yen, down 18.2% year on year. The revenue from this business reflects the power plant management skill, which has been accumulated since the launch of the business in 2014 and the stable track record of power generation. This will not be affected by the spread of COVID-19, and this business is expected to keep earning stable revenue.

The sales of the aircraft parts-out & conversion business during the same period were 42 million yen, up 616.9% year on year. The company strived to increase transactions in the parts-out business, which manages parts of dismantled aircraft and sells them to companies for maintenance, lease, and airlines, and the conversion business, which converts passenger airplanes into cargo aircraft.

Consequently, the JIA Group earned sales of 7,380 million yen (up 185.8% year on year), an operating profit of 3,057 million yen (up 163.4% year on year), an ordinary profit of 2,867 million yen (up 213.8% year on year), and a profit attributable to owners of parent of 2,023 million yen (up 302.2% year on year) in the first quarter of this consolidated accounting year.

The following table shows the changes and change rates between the current first quarter consolidated fiscal year 2020 and the previous first quarter consolidated fiscal year.

[Unit: Million yen]

	First Quarter of the Fiscal Year Ending December 31, 2019 (FY2019)	First Quarter of the Fiscal Year Ending December 31, 2020 (FY2020)	Change	Change rate (%)
Net sales	2,582	7,380	4,798	185.8
Operating profit	1,161	3,057	1,896	163.4
Ordinary profit	913	2,867	1,953	213.8
Profit attributable to owners of parent	503	2,023	1,520	302.2

(2) Explanation of Consolidated Financial Position

1) Assets

Total assets decreased 19,241 million yen from the end of 2019 to 139,638 million yen at the end of the first quarter of 2020. This was mainly due to decreases in equity underwritten of 20,884 million yen, advances paid of 3,108 million yen and costs on uncompleted services of 2,567 million yen while there were increases in cash and deposits of 5,736 million yen and advance payments-trade of 2,684 million yen.

2) Liabilities

Total liabilities decreased 20,716 million yen from the end of 2019 to 101,906 million yen at the end of the first quarter of 2020. This was mainly due to decreases in short-term loans payable of 14,631 million yen, unearned revenue of 3,804 million yen, income taxes payable of 2,056 million yen and long-term loans payable of 524 million yen respectively.

3) Net Assets

Total net assets increased 1,475 million yen from the end of 2019 to 37,732 million yen at the end of the first quarter of 2020. This was mainly due to booking of profit attributable to owners of parent of 2,023 million yen and cash dividends paid of 373 million yen in the first quarter of 2020.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

For the consolidated earnings forecast for the fiscal year ending December, 2020, please refer to the “Notice of Revision of Earnings Forecast” announced on May 1, 2020 (today).
Forecasts are based on information currently available to JIA. Actual performance could differ from these forecasts for a number of uncertainties and changes in the business environment.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY2019 (As of Dec. 31, 2019)	First Quarter of FY2020 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	36,239	41,976
Accounts receivable-trade	6,661	5,871
Merchandise	2,637	4,669
Equity underwritten	82,372	61,487
Costs on uncompleted services	4,580	2,012
Advance payments-trade	5,263	7,947
Advances paid	6,898	3,790
Short-term loans receivable	1,244	1,203
Deposits paid	503	245
Operational investment securities	1,561	1,604
Other	3,203	1,625
Total current assets	151,167	132,434
Non-current assets		
Property, plant and equipment	109	231
Intangible assets	114	127
Investments and other assets	7,407	6,739
Total non-current assets	7,632	7,097
Deferred assets		
Bond issuance cost	80	107
Total deferred assets	80	107
Total assets	158,879	139,638

(Millions of yen)

	FY2019 (As of Dec. 31, 2019)	First Quarter of FY2020 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	39	16
Accounts payable-operating	677	180
Short-term loans payable	95,813	81,182
Current portion of long-term loans payable	2,266	2,161
Current portion of bonds	972	1,142
Accounts payable-other	132	60
Unearned revenue	13,574	9,769
Income taxes payable	2,335	278
Provision for bonus	-	209
Other	786	651
Total current liabilities	116,598	95,653
Non-current liabilities		
Bonds payable	2,316	3,026
Long-term loans payable	3,671	3,147
Other	37	80
Total non-current liabilities	6,025	6,253
Total liabilities	122,623	101,906
Net assets		
Shareholders' equity		
Capital stock	11,658	11,658
Capital surplus	11,593	11,593
Retained earnings	14,154	15,804
Treasury shares	(1,470)	(1,470)
Total shareholders' equity	35,935	37,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	215	47
Foreign currency translation adjustment	(23)	(40)
Total accumulated other comprehensive income	191	7
Subscription rights to shares	16	16
Non-controlling interests	114	123
Total net assets	36,256	37,732
Total liabilities and net assets	158,879	139,638

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income)
(For the Three-month Period)

(Millions of yen)

	First three months of FY2019 (Jan. 1 – Mar. 31, 2019)	First three months of FY2020 (Jan. 1 – Mar. 31, 2020)
Net sales	2,582	7,380
Cost of sales	703	3,232
Gross profit	1,878	4,148
Selling, general and administrative expenses	717	1,090
Operating profit	1,161	3,057
Non-operating income		
Gain on sales of equity underwritten	148	210
Interest income	42	49
Other	41	49
Total non-operating income	232	308
Non-operating expenses		
Interest expenses	135	208
Commission fee	107	146
Share of loss of entities accounted for using equity method	196	17
Foreign exchange losses	37	103
Other	2	23
Total non-operating expenses	479	499
Ordinary profit	913	2,867
Profit before income taxes	913	2,867
Income taxes	355	834
Profit	558	2,032
Profit attributable to non-controlling interests	55	9
Profit attributable to owners of parent	503	2,023

(Quarterly Consolidated Statement of Comprehensive Income)

(For the Three-month Period)

(Millions of yen)

	First three months of FY2019 (Jan. 1 – Mar. 31, 2019)	First three months of FY2020 (Jan. 1 – Mar. 31, 2020)
Profit	558	2,032
Other comprehensive income		
Valuation difference on available-for-sale securities	42	(167)
Foreign currency translation adjustment	(12)	(16)
Total other comprehensive income	29	(183)
Comprehensive income	588	1,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	532	1,839
Comprehensive income attributable to non-controlling interests	55	9

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.