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July 31, 2024

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Japanese GAAP)

Company name: Japan Investment Adviser Co., Ltd.
Listing: Tokyo Stock Exchange, Prime Market
Securities code: 7172
URL: https://www.jia-ltd.com/
Representative: Naoto Shiraiwa, President and CEO
Inquiries: Takeshi Sugimoto, Director, General Manager of Corporate Administration Division
Telephone: +81-3-6550-9307
Scheduled date to file quarterly securities report: August 2, 2024
Scheduled date to commence dividend payments: September 1, 2024
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes（for institutional investors and analyst）

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months (from January 1, 2024 to June 30, 2024)

(1) Consolidated operating results

(Percentage figures are the increase / (decrease) for the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For the six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	14,975	67.5	6,171	92.8	8,335	219.1	5,701	236.0
June 30, 2023	8,938	(28.7)	3,200	113.1	2,611	(61.0)	1,696	(68.1)

Note: Comprehensive income For the six month ended June 30, 2024: ¥7,604 million [up 175.4%]
For the six month ended June 30, 2023: ¥2,761 million [down 57.9%]

	Net profit per share	Diluted net profit per share
For the six months ended	Yen	Yen
June 30, 2024	94.26	―
June 30, 2023	28.07	―

(Note1) Diluted net profit per share is not shown because there are no residual securities with dilutive effects.

(Note2) On January 17, 2024, our company allocated share acquisition rights to shareholders based on commitment-type rights offering, and issued new shares through the exercise of said share acquisition rights. Net profit per share were calculated under the assumption that the payment for said rights offering was made at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2024	245,156	66,478	26.8
As of Dec. 31, 2023	211,750	48,811	22.6

Reference: Shareholders' equity
As of June 30, 2024: ¥65,586 million
As of December 31, 2023: ¥47,861 million

2. Cash dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	16.0	-	16.0	32.0
FY2024	-	12.0			
FY2024 (forecast)			-	12.0	24.0

(Note1) Revisions to the forecast of cash dividends most recently announced: None

(Note2) On January 17, 2024, our company allocated share acquisition rights to shareholders based on commitment-type rights offering, and issued new shares through the exercise of said share acquisition rights. Regarding dividends for the fiscal year ending December 2023, the actual dividend amount before the issuance of new shares is stated.

3. Consolidated Forecast for FY2024 (from January 1 to December 31, 2024)

(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
Full year	28,900	32.5	10,500	91.2	10,900	197.1	7,100	200.9	117.39

(Note1) Revisions to the most recently announced consolidated forecast: None

(Note2) On January 17, 2024, our company allocated share acquisition rights to shareholders based on commitment-type rights offering, and issued new shares through the exercise of said share acquisition rights. Net profit per share were calculated under the assumption that the payment for said rights offering was made at the beginning of the previous fiscal year.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

(I) Changes in accounting policies due to revisions in accounting standards, others: None
(ii) Changes in accounting policies other than 1) above: None
(iii) Changes in accounting estimates: None
(iv) 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 Jun. 30, 2024	61,022,353 shares	As of Dec. 31, 2023	61,022,353 shares

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

As of Jun. 30, 2024	540,628 shares	As of Dec. 31, 2023	540,447 shares

3) Average number of shares during the period

Six months ended Jun. 30, 2024	60,481,842 shares	Six months ended Jun. 30, 2023	60,431,733 shares

(Note) On January 17, 2024, our company allocated share acquisition rights to shareholders based on commitment-type rights offering, and issued new shares through the exercise of said share acquisition rights. The “Number of shares issued at the end of the period,” the “Number of treasury shares at the end of the period,” and the “Average number of shares during the period” were calculated under the assumption that the payment for the rights offering was made at the beginning of the previous fiscal year.

* Quarterly financial result report is not subject to audit procedures.

Proper use of earnings forecasts, and other special matters

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 Interim Consolidated Financial Performance (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 4 for forecast assumptions and notes of caution for usage.

JIA Plans to hold a financial result meeting for institutional investors and analyst on August 1, 2024.

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1. Qualitative Information on Interim Consolidated Financial Performance

(1) Explanation of Consolidated Results of Operations

Regarding the global economy during the interim accounting period of the consolidated fiscal year (Jan. 1 to Jun. 30, 2024), the business confidence in each country fluctuated and the demand for capital investment was on a recovery track. On the other hand, the interest rates in Europe and the U.S. remain high due to the concern over the resurgence of inflation, so there is a possibility of economic downturn.
The Japanese economy is expected to recover thanks to domestic demand, as the demand from foreign visitors to Japan expanded and the virtuous cycle of rises in wages and commodity prices took root. However, the yen has weakened and the current exchange rate is 1 US dollar = over 150 yen, which may affect the Japanese economy. The Bank of Japan plans to discuss the stepwise revision to their monetary easing policy. Accordingly, it is getting more necessary for Japanese enterprises to implement further growth strategies to cope with inflation and an increase in interest rate.

Under such economic circumstances, JIA Group has striven to improve our corporate value mainly for the four core businesses (Operating Lease Business, Renewable Energy Business, Real Estate Business, and Private Equity Investment Business), under the management philosophy of "Always be a company contributing to society by offering financial services." We have changed our business segments from the current interim accounting period, and the figures for the previous fiscal year have been reclassified and presented according to the new segments.
Please see "Segment Information" in this quarterly report for details of the segment changes.

The sales of the Operating Lease Business stood at 13,429 million yen, up 64.4% year on year. The demand from investors for Japanese operating lease investment (JOL/JOLCO) products is healthy, and we have a lineup of products for meeting the demand. Therefore, equity sales were 61,384 million yen, up 82.9% year on year, showing good performance. On the other hand, the amount of deals structured stood at 116,691 million yen, down 5.4% year on year, but the environment for structuring deals remains favorable, and the balance of equities underwritten exceeds that at the end of the previous fiscal year.
The sales of the Renewable Energy Business stood at 683 million yen, up 152.2% year on year. This is mainly because we posted the revenues from the management of solar power plants, the rents of power generation equipment, and the sales from an investment fund established for part of solar power plants owned by our company.
The sales of the Real Estate Business stood at 106 million yen, up 508.6% year on year. This is mainly because we posted revenues from the sale of trust beneficiary rights for real estate fractional ownership investment products.
The sales of the Private Equity Investment Business stood at 104 million yen. We posted revenues from the sale of some shares of the post-IPO companies in which the JIA Group’s fund invested.
The sales of other businesses stood at 651 million yen, up 38.3% year on year. We posted revenues from commissions for comprehensive financial solution services of the securities business of a subsidiary of the JIA Group and so on.

The following table presents the operating results of the JIA Group for the first half of the consolidated fiscal year.

[Unit: Million yen]

	First half of FY2023	First half of FY2024	Change	Change rate (%)
Net sales	8,938	14,975	6,037	67.5
Operating profit	3,200	6,171	2,970	92.8
Ordinary profit	2,611	8,335	5,723	219.1
Profit attributable to owners of parent	1,696	5,701	4,004	236.0

(2) Explanation of Consolidated Financial Position

1) Assets, liabilities and net assets

Assets

Total assets increased by 33,405 million yen from the end of 2023 to 245,156 million yen at the end of the first half of FY2024. This was mainly due to increases in trust beneficiary rights to be sold of 17,550 million yen, cash and deposits of 14,557 million yen, and leasing receivable of 9,973 million yen, while there were decreases in merchandise of 8,878 million yen.

Liabilities

Total liabilities increased by 15,738 million yen from the end of 2023 to 178,677 million yen at the first half of FY2024.This was mainly due to increases in long-term non-recourse loans of 15,582 million yen, current portion of long-term non-recourse loans of 1,302 million yen, and income taxes payable of 1,136 million yen, while there were decreases in short-term loans payable of 3,611 million yen.

Net Assets

Total net assets increased by 17,667 million yen from the end of 2023 to 66,478 million yen at the first half of FY2024. This was mainly due to increases in capital stock of 5,171 million yen, capital surplus of 5,171 million yen, and the recording of profit attributable to owners of parent of 5,701 million yen. As a result, the shareholders' equity ratio increased from 22.6% at the end of the previous fiscal year to 26.8%.

2) Cash flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the first half of FY2024 increased by 14,557 million yen from the end of 2023 to 42,744 million yen.

The cash flow components during the first half of FY2024 and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash used in operating activities was 10,946 million yen (compared with 21,112 million yen used in the same period of 2023). Main negative factors include increase in notes and accounts receivable-trade of 11,830 million yen, and increase in merchandise of 7,701 million yen. Main positive factors were profit before income taxes of 8,335 million yen, and decrease in advance payments to suppliers of 5,283 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 3,923 million yen (compared with 9,267 million yen used in the same period of 2023). Main positive factors include proceeds of 5,647 million yen from sales and redemption of investment securities, and proceeds of 3,988 million yen from collection for loans receivable. Main negative factors

include payments of 3,265 million yen for purchase of investment securities, and payments of 1,894 million yen for loan advances.

Cash flows from financing activities
Net cash provided by financing activities was 20,296 million yen (compared with 22,481 million yen provided in the same period of 2023). Main positive factors include proceeds of 54,971 million yen from short-term borrowings, and proceeds of 10,342 million yen from exercise of share options. Main negative factor includes payments of 58,663 million yen for repayments of short-term loans payable.

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

At this moment, the consolidated earnings forecasts remain unchanged, but if it becomes necessary to revise our earnings forecasts, JIA will promptly announce such revisions in a timely disclosure.

The forecasts are based on information available to JIA. Actual results could differ from the forecasts due to various uncertainties and changes in the future business conditions.

2. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheet

(Millions of yen)

	End of Dec. 31, 2023	End of Jun. 30, 2024
[Assets]		
Current assets		
Cash and deposits	28,256	42,814
Accounts receivable-trade	6,809	8,850
Leasing receivable	-	9,973
Merchandise	15,653	6,775
Equity underwritten	94,266	95,603
Trust beneficiary right	1,035	18,585
Operational investment securities	2,676	2,810
Costs on uncompleted – trade	2,078	1,277
Advance payments-trade	8,249	2,965
Advances paid	7,115	9,143
Short-term loans receivable	7,048	5,694
Other	3,931	5,282
Total current assets	177,122	209,775
Non-current assets		
Property, plant and equipment	437	1,106
Intangible assets	203	224
Investments and other assets		
Investment securities	18,853	17,946
Long-term loans receivable	9,033	9,025
Deferred tax assets	5,712	6,691
Other	261	271
Total Investments and other assets	33,861	33,935
Total non-current assets	34,502	35,266
Deferred assets		
Bond issuance cost	125	113
Total deferred assets	125	113
Total assets	211,750	245,156

(Millions of yen)

	End of Dec. 31, 2023	End of Jun. 30, 2024
[Liabilities]		
Current liabilities		
Accounts payable-trade	227	299
Accounts payable-operating	544	464
Short-term loans payable	119,438	115,826
Current portion of long-term loans payable	5,257	3,882
Current portion of long-term non-recourse loans	-	1,302
Current portion of bonds payable	2,904	2,715
Income taxes payable	2,390	3,526
Contract liabilities	15,629	16,384
Provision for shareholder benefit program	82	-
Provision for bonus	454	998
Other	2,433	3,726
Total current liabilities	149,361	149,127
Non-current liabilities		
Long-term borrowings	5,697	4,964
Long-term non-recourse loans	-	15,582
Bonds payable	6,182	6,718
Other	1,697	2,283
Total non-current liabilities	13,577	29,549
Total liabilities	162,939	178,677
[Net assets]		
Shareholders' equity		
Capital stock	11,716	16,887
Capital surplus	11,658	16,829
Retained earnings	23,795	29,213
Treasury shares	(1,470)	(1,471)
Total shareholders' equity	45,698	61,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(40)	119
Foreign currency translation adjustment	2,203	4,008
Total accumulated other comprehensive income	2,162	4,127
Non-controlling interests	950	892
Total net assets	48,811	66,478
Total liabilities and net assets	211,750	245,156

(2) Interim Consolidated Statements of Income and Comprehensive Income

(Interim Consolidated Statement of Income)
(For the Six-month Period)

(Millions of yen)

	First six months of FY2023 (Jan. 1 – Jun. 30, 2023)	First six months of FY2024 (Jan. 1 – Jun. 30, 2024)
Net sales	8,938	14,975
Cost of sales	2,319	4,914
Gross profit	6,618	10,060
Selling, general and administrative expenses	3,418	3,889
Operating profit	3,200	6,171
Non-operating income		
Interest income	520	102
Gain on sales of equity underwritten	161	428
Foreign exchange gains	-	2,229
Equity in gains of affiliates	124	837
Other	182	193
Total non-operating income	988	3,790
Non-operating expenses		
Interest expenses	1,025	1,004
Commission expenses	335	466
Foreign exchange losses	176	-
Other	39	156
Total non-operating expenses	1,577	1,626
Ordinary profit	2,611	8,335
Profit before income taxes	2,611	8,335
Income taxes	908	2,695
Profit	1,703	5,640
Profit attributable to non-controlling interests	6	(61)
Profit attributable to owners of parent	1,696	5,701

(Interim Consolidated Statement of Comprehensive Income)
(For the Six-month Period)

(Millions of yen)

	First six months of FY2023 (Jan. 1 – Jun. 30, 2023)	First six months of FY2024 (Jan. 1 – Jun. 30, 2024)
Profit	1,703	5,640
Other comprehensive income		
Valuation difference on available-for-sale securities	83	159
Foreign currency translation adjustment	974	1,804
Total other comprehensive income	1,057	1,964
Comprehensive income	2,761	7,604
(Breakdown)		
Comprehensive income attributable to owners of parent	2,754	7,638
Comprehensive income attributable to non-controlling interests	6	(34)

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY2023 (Jan. 1 – Jun. 30, 2023)	First six months of FY2024 (Jan. 1 – Jun. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,611	8,335
Depreciation	165	107
Amortization of goodwill	42	26
Foreign exchange losses (gains)	(531)	(199)
Gain on sales of equity underwritten	(161)	(428)
Share of (profit) loss of entities accounted for using equity method	(124)	(837)
Interest and dividend income	(625)	(221)
Interest expenses	1,025	1,004
Decrease (increase) in notes and accounts receivable-trade	(437)	(11,830)
Decrease (increase) in inventories	7,934	(7,701)
Decrease (increase) in advance payments	358	5,283
Increase (decrease) in notes and accounts payable-trade	(14)	(33)
Decrease (increase) in equity underwritten	(35,193)	(2,036)
Decrease (increase) in advances paid	1,607	(2,025)
Increase (decrease) in contract liabilities	5,254	708
Decrease (increase) in consumption taxes receivable/payable	233	(661)
Others	(516)	2,579
Subtotal	(18,371)	(7,930)
Interest and dividend income received	731	526
Interest expenses paid	(1,056)	(915)
Income taxes paid	(2,416)	(2,626)
Net cash provided by (used in) operating activities	**(21,112)**	**(10,946)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(17)	(693)
Purchase of investment securities	(7,113)	(3,265)
Proceeds from sales and redemption of investment securities	-	5,647
Payments of loans receivable	(5,018)	(1,894)
Collection of loans receivable	2,796	3,988
Others	85	141
Net cash provided by (used in) investing activities	**(9,267)**	**3,923**
Cash flows from financing activities		
Increase in short-term loans payable	58,815	54,971
Decrease in short-term loans payable	(33,063)	(58,663)
Proceeds from long-term loans payable	6,711	17,593
Repayments of long-term loans payable	(6,014)	(3,821)
Proceeds from issuance of bonds	1,000	2,200
Redemption of bonds	(4,120)	(1,852)
Proceeds from exercise of share options	-	10,342
Cash dividends paid	(482)	(484)
Other, net	(364)	11
Net cash provided by (used in) financing activities	**22,481**	**20,296**
Effect of exchange rate change on cash and cash equivalents	562	1,285
Net increase (decrease) in cash and cash equivalents	(7,336)	14,557
Cash and cash equivalents at beginning of period	20,836	28,186
Cash and cash equivalents at end of period	13,500	42,744

(4) Notes to Interim Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

During the first half of the consolidated fiscal year, capital increased by 5,171 million yen and capital surplus increased by 5,171 million yen due to the exercise of commitment-type rights offering etc., and capital was 16,887 million yen, and capital surplus was 16,829 million yen.