

Japan Overseas Infrastructure Investment Corporation
for Transport & Urban Development

Financial Statements

For the 10th fiscal year
From April 1, 2023 to March 31, 2024

Independent Auditors' Report
(Translation)

May 22, 2024

To the Board of Directors of
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development

Crowe Toyo & Co.
Tokyo Office
Hideo Asayama
Designated Partner
Engagement Partner
Certified Public Accountant

Takayuki Kawakubo
Designated Partner
Engagement Partner
Certified Public Accountant

<Audit of financial statements, etc.>

Opinion

Pursuant to Article 436 (2) (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet as of March 31, 2024, and the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules (hereinafter the “financial statements, etc.”) of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (hereinafter the “Company”) for the 10th fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Rationale for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility with respect to auditing standards is described in “Auditor’s Responsibility in Auditing the Financial Statements, etc.” We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, etc. in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

The other information comprises the Business Report and the accompanying supplemental schedules. Management is responsible for the preparation and disclosure of the other information. The Company Auditor is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express our opinion on the other information.

Our responsibilities for the audit of the financial statements are to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Management and the Company Auditor's Responsibility for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Company Auditor is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibility in Auditing the Financial Statement, etc.

Our responsibilities are to obtain reasonable assurance about whether the financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express our opinion on the financial statements, etc. in an auditor's report based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the audit objective of the financial statements, etc. is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the financial statements, etc. or, if the notes to the financial statements, etc. on material uncertainty are inadequate, to express an opinion with exceptive items on the financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation and disclosure of the financial statements, etc. are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, etc. including the disclosures, and whether the financial statements, etc. represent the underlying transactions and events in a manner that achieves fair presentation.

We report to the Company Auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Company Auditor with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<Fee-related information>

Audit fee and non-audit fee, to our firm and to any party belonging to the same network with our firm, for the Company and its subsidiary for the current fiscal year are 13,000 thousand yen and 600 thousand yen, respectively.

Conflict of Interest

Our firm or the engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Balance Sheet

(As of March 31, 2024)

(Thousands of yen)

Assets		Liabilities and net assets	
(Assets)		(Liabilities)	
Current assets:	196,628,978	Current liabilities:	7,005,896
Cash and deposits	30,031,880	Accounts payable-Other	67,181
Operational investment securities	165,033,952	Income taxes payable	569,866
Operating loans	1,379,366	Provision for loss on guarantees	6,322,881
Other	183,779	Other	45,967
Non-current assets:	6,528,497	Non-current liabilities:	8,365,073
Property and equipment:	95,929	Deferred tax liabilities	3,358,733
Buildings	144,053	Bonds	5,000,000
Tools, furniture and fixtures	264,658	Other	6,340
Leased assets	17,305		
Accumulated depreciation	△ 330,088	Total liabilities	15,370,970
Investments and other assets:	6,432,567	(Net assets)	
Investment in subsidiaries and associates	6,320,788	Shareholders' equity:	180,464,963
Lease deposits	106,949	Capital stock	137,972,500
Other	4,829	Capital surplus:	137,972,500
Deferred assets:	288,809	Legal capital surplus	137,972,500
Share issuance cost	274,613	Retained earnings:	△ 95,480,036
Bond issuance cost	14,195	Other retained earnings:	△ 95,480,036
		Retained earnings brought forward	△ 95,480,036
		Valuation and translation adjustments	7,610,351
		Valuation difference on available-for-sale securities	7,610,351
		Total net assets	188,075,314
Total assets	203,446,284	Total liabilities and net assets	203,446,284

Amounts of less than 1 thousand yen are rounded off.

Statement of Operations

(From April 1, 2023 to March 31, 2024)

(Thousands of yen)

Operating revenue		3,075,329
Operating expenses		82,847,770
Operating loss		79,772,441
Non-operating income		
Interest income	439	
Foreign exchange gains	35,439	
Other	1,144	37,023
Non-operating expenses		
Interest expenses	47	
Amortization of share issuance cost	153,261	
Amortization of bond issuance cost	1,607	
Interest on bonds	34,833	189,749
Ordinary loss		79,925,167
Loss before income taxes		79,925,167
Income taxes		3,800
Net loss		79,928,967

Amounts of less than 1 thousand yen are rounded off.

Statement of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Balance at April 1, 2023	112,372,500	112,372,500	△ 15,551,068	209,193,931	5,814,698	215,008,629
Changes of items during period						
Issuance of common stock	25,600,000	25,600,000	-	51,200,000	-	51,200,000
Net loss	-	-	△ 79,928,967	△ 79,928,967	-	△ 79,928,967
Net changes of items other than shareholders' equity	-	-	-	-	1,795,652	1,795,652
Total changes of items during period	25,600,000	25,600,000	△ 79,928,967	△ 28,728,967	1,795,652	△ 26,933,315
Balance at March 31, 2024	137,972,500	137,972,500	△ 95,480,036	180,464,963	7,610,351	188,075,314

Amounts of less than 1 thousand yen are rounded off.

Notes to Financial Statements

Amounts of less than 1 thousand yen are rounded off.

1. Significant Accounting Policies

(1) Basis and method of valuation of securities

① Operational investment securities

Shares, etc. that do not have a market price

Stated at cost determined by the moving-average method

② Investment in subsidiaries and associates

Stated at cost determined by the moving-average method

③ Investments in capital of subsidiaries and associates

Stated at cost determined by the moving-average method

The amounts equivalent to interests of limited partnerships are accounted for on the net amount equivalent to interest regarding to the balance sheet based on the most recent financial statements as of the closing date which is specified in the Partnership Agreement. And the related revenue and cost equivalent to such investments are included in operating revenue and operating expenses in the statement of income, respectively.

(2) Depreciation method of non-current assets

① Property and equipment (excluding leased assets)

Depreciation is provided by the declining-balance method, except for the buildings (excluding building facilities), building facilities and structures acquired on or after April 1, 2016, which are depreciated using the straight-line method.

The useful lives adopted for major assets are as follows:

Buildings: 10 -15 years

Tools, furniture and fixtures: 3-10 years

② Leased assets

Leased assets under finance lease arrangements which do not transfer the ownership of the leased property to the lessee are depreciated to a residual value of zero by the straight-line method using lease period as the useful life.

(3) Amortization method of deferred assets

① Share issuance cost

Share issuance cost is amortized by the straight-line method over 3 years.

② Bond issuance cost

Bond issuance cost is amortized by the straight-line method over redemption period.

(4) Accounting for provisions

① Provision for bonuses

For payment of employees' bonuses, provision is provided for the portion of the total anticipated bonuses that is attributable to the fiscal year.

② Provision for retirement benefits

To prepare for employees' retirement benefits to employees, the Company records an amount calculated based upon the estimated retirement and severance benefit obligations at the end of the fiscal year.

The estimated retirement and severance benefit obligations is calculated based on the simplified method.

③ Provision for loss on guarantees

To provide for any losses on debt guarantees, an estimated amount of such losses is provided upon consideration of the financial conditions of guarantees.

2. Notes to accounting estimates

Valuation of Operational investment securities and Investment in subsidiaries and associates

① Amounts recorded on the financial statements for the current fiscal year

Operational investment securities	165,033,952 thousand yen
Investment in subsidiaries and associates	6,320,788 thousand yen

② Information on the content of significant accounting estimates for identified items

Operational investment securities and Investment in subsidiaries and associates do not have a market price.

In valuation of stocks, etc., when the business condition of the investee deteriorates or excess earning power decreases, etc., the recoverability of fair value of stocks, etc. is estimated in accordance with the business plan of the investee, etc.

The estimate may be affected by future unpredictable changes in economic condition, etc. and it may

have a significant impact on the financial statements when revise is required in the business plan of the investee, etc.

3. Notes to balance sheet

(1) Assets pledged as collateral

The Company provide collateral for the loans of the investee.

The investee: Japan Airport Management Partners Co., Ltd.

Collateral: Operational investment securities US\$2,200,000

(2) Loan guarantee liabilities

The investee: Thi Vai International Port Company Ltd.

Amount of guarantee: US\$550,300

The investee: Thilawa Multipurpose International Terminal Co., Ltd.

Amount of guarantee: US\$ 210,000

The investee: PT Indonesia International Automotive Proving Ground

Amount of guarantee: IDR 135,582,019,359

4. Notes to statement of operations

There are no items to be disclosed.

5. Notes to statement of changes in equity

Class and number of shares at the end of the fiscal year:

Common stock 5,518,900 shares

6. Notes to taxes effect accounting

Deferred tax assets consist mainly of net operating loss carryforwards and accrued enterprise taxes, with full valuation allowance. Deferred tax liabilities consist of valuation difference on available-for-sale securities.

7. Notes to financial instruments

(1) States of financial instruments

① Management policy on financial instruments

The Company conducts investment and loan activities based on the standards stipulated in the Act on Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development. To

conduct investment and loan activities, the Company raises the necessary funds by equity capital and issuance of Government-Guaranteed Bonds.

Regarding fund management, the Company invests only in short-term deposits to secure liquidity and safety of funds.

③ Features and risks of financial instruments

Financial instruments held by the Company are short-term deposits. There is no risk of fluctuations in market prices. Operational investment securities and investment in subsidiaries and associates held by the Company are stocks and exposed to credit risk of the investees, unlisted stocks, etc. are exposed to liquidity risk. Operational investment securities and investment in subsidiaries and associates which are denominated in foreign currencies are exposed to the risk of exchange fluctuations.

Bonds are issued to fund investments and loans to investees with a 10-year term, fixed interest rate, and lump-sum repayment of principal.

③ Risk management of financial instruments

i) Management of liquidity risk to financing

The Company controls liquidity risks by monitoring deposits and payments and preparing the statement of cash positions regularly.

ii) Management of credit risk of the investees and borrowers

The Company timely and regularly monitors the business conditions of the investees and borrowers and makes efforts to promptly obtain information of deterioration of their financial conditions and deviation from their business plan, etc.

iii) Management of exchange fluctuation risk to operational investment securities, investment in subsidiaries and associates and investments in capital of subsidiaries and associates which are denominated in foreign currencies.

The Company controls exchange fluctuation risks regarding operational investment securities, investment in subsidiaries and associates and investments in capital of subsidiaries and associates which are denominated in foreign currencies by continuously monitoring exchange rate fluctuations.

(2) Fair value of financial instruments

Notes to balance sheet amounts, fair values, and their differences as of March 31, 2024 are omitted because cash and deposits are settled in a short period of time and their fair values approximate their book values. Balance sheet amount and fair values of Bonds are 5,000,000 thousand yen and 4,890,516 thousand yen respectively and the difference between them is $\triangle 109,484$ thousand yen. The

fair values of Bonds are calculated by the present value based on the sum of principal and interest as discounted by the risk free rate because Bonds are guaranteed by the Japanese government.

Balance sheet amounts of Shares, etc. that do not have a market price are as follows: operational investment securities, 162,936,076 thousand yen; investment in subsidiaries and associates, 6,320,788 thousand yen.

The fair value of investments in partnerships and other similar entities that are recorded on the balance sheet at a net amount equivalent to the Company's ownership interest is not disclosed in accordance with Article 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021). Balance sheet amount of such investments are 2,097,876 thousand yen.

8. Notes to related party transactions

The Company directors and principal shareholders, etc.

(Thousands of yen)

Attribution	Name	Percentage of voting rights ,etc.	Relationship	Nature of transactions	Transaction amounts	Accounting classification	Year-end balance
Principal shareholder	Minister of Finance	Owned directly 97.84%	Investments in capital	Investments in capital (Note)	51,200,000	—	—

(Note) Minister of Finance acquired shares issued by the Company in the amount of ¥50 thousand per share.

9. Notes to per share information

Net assets per share	¥34,078.40
Net loss per share	¥16,061.22