

Japan Overseas Infrastructure Investment Corporation
for Transport & Urban Development

Financial Statements

For the 9th fiscal year
From April 1, 2022 to March 31, 2023

Independent Auditors' Report
(Translation)

May 23, 2023

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

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, 2023, 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 9th fiscal year from April 1, 2022 to March 31, 2023.

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, related safeguards.

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, 2023)

(Thousands of yen)

Assets		Liabilities and net assets	
(Assets)		(Liabilities)	
Current assets:	175,595,998	Current liabilities:	619,828
Cash and deposits	48,105,021	Lease obligations	1,701
Operational investment securities	125,260,667	Accounts payable-Other	72,610
Operating loans	1,086,239	Income taxes payable	506,859
Other	1,144,069	Other	38,657
Non-current assets:	47,338,050	Non-current liabilities:	7,570,068
Property and equipment:	94,769	Lease obligations	3,435
Buildings	144,053	Deferred tax liabilities	2,566,244
Tools, furniture and fixtures	235,207	Bonds	5,000,000
Leased assets	12,261	Other	387
Accumulated depreciation	△ 296,753	Total liabilities	8,189,896
Investments and other assets:	47,243,281	(Net assets)	
Investment in subsidiaries and associates	11,146,245	Shareholders' equity:	209,193,931
Investments in capital of subsidiaries and associates	35,987,705	Capital stock	112,372,500
Lease deposits	106,949	Capital surplus:	112,372,500
Other	2,380	Legal capital surplus	112,372,500
Deferred assets:	264,477	Retained earnings:	△ 15,551,068
Share issuance cost	248,675	Other retained earnings:	△ 15,551,068
Bond issuance cost	15,802	Retained earnings brought forward	△ 15,551,068
		Valuation and translation adjustments	5,814,698
		Valuation difference on available-for-sale securities	5,814,698
		Total net assets	215,008,629
Total assets	223,198,526	Total liabilities and net assets	223,198,526

Amounts of less than 1 thousand yen are rounded off.

Statement of Operations

(From April 1, 2022 to March 31, 2023)

(Thousands of yen)

Operating revenue		2,387,725
Operating expenses		3,383,003
Operating loss		995,278
Non-operating income		
Interest income	153	
Foreign exchange gains	22,074	
Other	329	22,557
Non-operating expenses		
Interest expenses	54	
Amortization of share issuance cost	111,552	
Amortization of bond issuance cost	267	
Interest on bonds	4,189	116,063
Ordinary loss		1,088,783
Loss before income taxes		1,088,783
Income taxes		3,800
Net loss		1,092,583

Amounts of less than 1 thousand yen are rounded off.

Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

(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, 2022	83,372,500	83,372,500	△ 14,458,484	152,286,515	3,416,848	155,703,363
Changes of items during period						
Issuance of common stock	29,000,000	29,000,000	-	58,000,000	-	58,000,000
Net loss	-	-	△ 1,092,583	△ 1,092,583	-	△ 1,092,583
Net changes of items other than shareholders' equity	-	-	-	-	2,397,850	2,397,850
Total changes of items during period	29,000,000	29,000,000	△ 1,092,583	56,907,416	2,397,850	59,305,266
Balance at March 31, 2023	112,372,500	112,372,500	△ 15,551,068	209,193,931	5,814,698	215,008,629

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 amortization 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.

2. Notes to change in accounting policy

Application of “Implementation Guidance on Accounting Standard for Fair Value Measurement”

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021 (hereinafter “Implementation Guidance on Accounting Standard for Fair Value Measurement”)), from the beginning of the current fiscal year.

The Company has prospectively applied new accounting policy based on the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transition provisions in Article 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is no impact of this change on financial statements.

3. Notes to accounting estimates

Valuation of Operational investment securities, Investment in subsidiaries and associates and Investments in capital of subsidiaries and associates

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

Operational investment securities	125,260,667 thousand yen
Investment in subsidiaries and associates	11,146,245 thousand yen
Investments in capital of subsidiaries and associates	35,987,705 thousand yen

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

Operational investment securities, Investment in subsidiaries and associates and Investments in capital of 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.

4. 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 Company guarantees loans of the investee from financial institutions.

The investee: Concessionária do VLT Carioca S.A.

Amount of guarantee: R\$14,398,128

The investee: Thi Vai International Port Company Ltd.

Amount of guarantee: US\$646,000

The investee: Yangon Museum Development Pte. Ltd.

Amount of guarantee: US\$41,760,000

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 35,964,038,718

5. Notes to statement of operations

There are no items to be disclosed.

6. Notes to statement of changes in equity

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

Common stock 4,494,900 shares

7. 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.

8. 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.

② 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, investment in subsidiaries and associates and investments in capital of 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, investment in subsidiaries and associates and investments in capital of 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, 2023 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 5,051,322 thousand yen respectively and the difference between them is 51,322 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, 123,699,574 thousand yen; investment in subsidiaries and associates, 11,146,245 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 37,548,798 thousand yen and are as follows: operational investment securities, 1,561,093 thousand yen and investments in capital of subsidiaries and associates, 35,987,705 thousand yen.

9. 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 97.35%	Investments in capital	Investments in capital (Note)	58,000,000	—	—

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

10. Notes to per share information

Net assets per share ¥47,833.90

Net loss per share ¥303.78