

Consolidated Financial Results

For the Fiscal Year Ended December 31, 2019 (IFRS)

February 13, 2020

Company name: J Trust Co., Ltd. Stock exchange: Tokyo Stock Exchange
 URL: <https://www.jt-corp.co.jp/en/> Securities code: 8508
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Scheduled date of ordinary general meeting of shareholders: March 26, 2020

Scheduled date of commencement of dividend payment: March 27, 2020

Scheduled date of filing of annual securities report: March 27, 2020

Preparation of supplemental materials for financial results: Yes

Holding of earnings presentation (for institutional investors): Yes

(Figures rounded down to the nearest million yen)

I. Consolidated financial results for the fiscal year ended December 31, 2019 (April 1, 2019 - December 31, 2019)

1. Consolidated operating results

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Dec. 31, 2019	58,105	-	287	-	(312)	-	(3,725)	-	(3,249)	-	(4,398)	-
Mar. 31, 2019	74,935	0.8	(32,600)	-	(31,135)	-	(36,676)	-	(36,107)	-	(37,859)	-

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to operating revenue
Fiscal year ended	yen	yen	%	%	%
Dec. 31, 2019	(30.69)	(30.69)	(3.2)	(0.0)	0.5
Mar. 31, 2019	(349.70)	(349.70)	(29.1)	(4.7)	(43.5)

Note 1: Share of profit (loss) of investments accounted for using equity method

Fiscal year ended Dec. 31, 2019: (9) million yen Fiscal year ended Mar. 31, 2019: (36) million yen

Note 2: Fiscal year ended Dec. 31, 2019 is a 9-month period from April 1, 2019 to Dec. 31, 2019 due to the change in the Company's accounting period. Thus year-on-year changes are omitted.

2. Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
As of	million yen	million yen	million yen	%	yen
Dec. 31, 2019	731,268	118,953	100,006	13.7	944.61
Mar. 31, 2019	668,377	110,727	104,173	15.6	983.96

3. Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	million yen	million yen	million yen	million yen
Dec. 31, 2019	(20,829)	15,431	18	81,913
Mar. 31, 2019	18,831	(15,190)	(525)	87,150

II. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Ratio of total amount of dividends to equity attributable to owners of parent (consolidated)
	1Q end	2Q end	3Q end	Fiscal year end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
Mar. 31, 2019	-	6.00	-	1.00	7.00	724	-	0.6
Dec. 31, 2019	-	0.00	-	1.00	1.00	105	-	0.1
Fiscal year ending Dec. 31, 2020 (Forecast)	-	-	-	1.00	1.00		-	

III. Consolidated financial forecasts for the fiscal year ending December 31, 2020 (Jan. 1, 2020 - Dec.31, 2020)

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	yen
Full year	86,511	-	1,681	-	(1,657)	-	(15.65)

Note: Fiscal year ended December 31, 2019 is a 9-month period from April 1, 2019 to December 31, 2019 due to the change in the Company's accounting periods. Thus year-on-year changes are omitted.

(Notes)

(1) Changes in significant subsidiaries during the current period

(change in specified subsidiaries resulting in a change in the scope of consolidation): Yes

Added: (one) J Trust Royal Bank Ltd. (formerly known as ANZ Royal Bank (Cambodia) Ltd.)

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies other than IFRS requirements: No

(iii) Changes in accounting estimates: No

Note: For details, please refer to III. Consolidated financial statements and significant notes thereto, (Changes in accounting policies) on Page 14.

(3) Number of issued and outstanding shares (common shares)

(i) Number of issued and outstanding shares (including treasury shares)

As of Dec. 31, 2019	115,469,910 shares
As of Mar. 31, 2019	115,469,910 shares

(ii) Number of treasury shares

As of Dec. 31, 2019	9,598,666 shares
As of Mar. 31, 2019	9,598,538 shares

(iii) Average number of shares during the period

Fiscal year ended Dec. 31, 2019	105,871,312 shares
Fiscal year ended Mar. 31, 2019	103,254,798 shares

✓ This report is not subject to audit by certified public accountants or audit firms.

✓ Explanation regarding the appropriate use of financial forecast and other special remarks

- Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to J Trust and certain other premises judged to be reasonable, and J Trust does not guarantee the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. "I. Overview of operating results (4) Forecasts" in the attached document on Page 5 shows the assumptions and premises on which the financial forecast is based.
- Supplemental materials will be posted on the J Trust website (<https://www.jt-corp.co.jp/en/>). Earnings presentation for institutional investors is planned on Feb. 14, 2020. Video and materials of the presentation will be available on the J Trust website afterwards.

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I. Overview of operating results

J Trust Co., Ltd. (the “Company”) has changed the last day of the accounting period, from March 31 to December 31 in the fiscal year ended December 31, 2019. Accordingly, this fiscal year is an irregular 9-month period and year-on-year changes are omitted in this report.

(1) Overview of operating results for the current fiscal year

During the current fiscal year, developed countries’ economies, such as the United States and Europe maintained solid growth. Meanwhile, uncertainties about the US-China trade conflicts, the slowing Chinese economy, the Brexit issue and the tensions in the Middle East and East Asia are casting a shadow over the global economy. The Japanese economy has been on a moderate recovery trend, underpinned by strong corporate performance, capital investment and improvements in the employment and income environment. However, there is a growing concern about the developments of US-China trade tensions and the effects of the consumption tax hike in October 2019.

In this economic environment, we consider it inevitable to transform our business in anticipation of changes in the global and Japanese economies. We have been expanding business in Asia, which is expected to continue growing economically at a fast pace, and seeking business development by maximizing the synergy of our group network to realize stronger management bases and sustainable growth. During the current fiscal year, we continued to work toward the improvement of corporate value and reinforcement of operational bases proactively at home and abroad to achieve sustainable profit expansion centering on core banking service.

a. Business developments in Japan

In the previous fiscal year, the Company and Nihon Hoshou Co., Ltd. (“Nihon Hoshou”) and KeyHolder Inc. (“KeyHolder” and its subsidiaries are collectively referred to as “KeyHolder Group”) respectively formed a business alliance with SAMURAI&J PARTNERS Co., Ltd. (SAMURAI&J PARTNERS Co., Ltd. and its subsidiaries are collectively referred to as “SAMURAI Group”). In October and November 2019, the Company raised funds through SAMURAI Group’s crowdfunding site “SAMURAI”. Meanwhile, in May 2019, Nihon Hoshou and SAMURAI set up a joint fund that incorporates Nihon Hoshou’s guarantee schemes and has started offering guarantee services utilizing crowdfunding. In October 2019, Nihon Hoshou began providing operational support for maneo market Inc. together with its subsidiary Partir Servicer Co., Ltd. to improve credit standings of maneo market Inc. In December 2019, Nihon Hoshou partnered with THE KAGAWA BANK, LTD. (“KAGAWA BANK”), providing guarantees for KAGAWA BANK’s overseas property-backed loans.

Meanwhile, KeyHolder has been pursuing flexible business reorganization and the optimal allocation of its management resources through aggressive M&As. In April 2019, KeyHolder Group acquired: (i) allfuz, Inc. (“allfuz”), a company mainly engaged in advertising agency business; and (ii) Foolenlarge, Inc., currently known as UNITED PRODUCTIONS, INC. (“UNITED PRODUCTIONS”), a company engaged in video production business.

In May 2019, allfuz and UNITED PRODUCTIONS respectively signed an absorption-type merger agreement with KeyStudio, Inc. and KeyProduction, Inc. In July 2019, UNITED PRODUCTIONS, which had supported the rehabilitation of image Field Inc., took over the video production business of image Field Inc. In October 2019, KeyHolder resolved to acquire all shares of Wisenlarge, Inc., a staffing agency dispatching content creators and staff who are mainly active in media. In December 2019, KeyHolder resolved to establish Whole World Media Inc. jointly with Kadokawa Haruki Corporation, a company mainly engaged in: (i) event planning/management; and (ii) management of models including career transitions of “Popteen” fashion magazine exclusive models.

b. Business developments overseas

As part of our growth strategies, the J Trust Group (the “Group”) proactively pursues M&A activities centering on banking and financial services with a main focus on the business expansion in Southeast Asia. We believe we can leverage retail finance expertise developed in Japan and South Korea to help grow target countries’ financial businesses.

In August 2019, the Company acquired 55% of outstanding shares of Cambodian commercial bank ANZ Royal Bank (Cambodia) Ltd. currently known as J Trust Royal Bank Ltd. (“J Trust Royal Bank”) from ANZ Funds Pty Ltd., making it a consolidated subsidiary. Going forward, the Company aims to further grow its business, innovate its retail strategy, and expand its target markets to segments with large growth potential. In addition, the Company is set to expand business by taking advantage of J Trust Royal Bank’s diverse multinational customer base, the Group’s high receivables collection know-how, new product development capabilities, and a network of Japanese-

affiliated companies.

c. Others

More than half of the Group's operating revenue is generated from overseas subsidiaries. Given such circumstances and our proactive overseas business expansion strategies going forward, the Group decided to have a uniform accounting period to coincide the parent's fiscal period with that of major overseas subsidiaries. The shift aims to further promote the globally integrated business operations and transparency of management through timely and appropriate disclosure of management information. The Company accordingly changed the last day of its accounting period (fiscal year end) to December 31 of each year as it obtained approval for "Partial Amendments to the Articles of Incorporation" at the Company's Ordinary General Meeting of Shareholders held on June 26, 2019.

As a result, operating revenue for the current fiscal year was 58,105 million yen, operating profit was 287 million yen and loss attributable to owners of parent was 3,249 million yen after reviewing collectability of deferred tax assets and their reduction in value, which added income tax expense by 830 million yen.

Segment performance is shown below.

The balance of trade receivables in the report is before allowance for doubtful accounts.

(Financial business in Japan)

Nihon Hoshou provides credit guarantee services. Nihon Hoshou and Partir Servicer Co., Ltd. are responsible for receivables collection services in Japan. J TRUST Card Co., Ltd. offers credit and consumer credit services and Nihon Hoshou provides other financial services.

The balance of credit guarantee was 210,824 million yen. The breakdown was 15,808 million yen in credit guarantees on unsecured loan and 195,015 million yen in credit guarantees on secured loan due to an increase in guarantees on condominium loans and property-backed loans.

Meanwhile, the balance of purchased receivables was 15,402 million yen. The balance of: (i) advances paid – installment was 2,793 million yen; (ii) commercial notes was 1,451 million yen; and (iii) accounts receivable – operating loans was 2,869 million yen.

Operating revenue was 7,676 million yen due to a steady increase in guarantee revenue in line with growing credit guarantee balances. Segment profit was 3,085 million yen.

(Financial business in South Korea and Mongolia)

In South Korea, JT Chinae Savings Bank Co., Ltd. and JT Savings Bank Co., Ltd. conduct savings bank business while JT Capital Co., Ltd. provides installment financing and leasing services, and TA Asset Management Co., Ltd. purchases and collects Non-Performing Loans (NPLs). In Mongolia, J Trust Credit NBFI provides financial services.

Loans for banking business were 284,329 million yen. The balance was kept at the same level as the previous year despite the effects of tighter regulations and the progress in receivables collections/sale with our efforts to increase medium interest rate loans for which new loans are exempt from total lending volume ceilings under certain conditions. The balance of purchased receivables dropped to 109 million yen due to NPL sales. Accounts receivable – operating loans also declined to 57,445 million yen due to factors such as receivables sales and collections.

Operating revenue was 29,585 million yen. This is mainly due to (i) a drop in interest revenue accompanying a decline in average interest rates during the period with an increase in medium interest rate loans; and (ii) increases in gain on receivables sales.

Segment profit was 7,500 million yen mainly due to reduced provision of allowance for doubtful accounts upon reviewing actual collection rates for receivables.

(Financial business in Southeast Asia)

PT Bank JTrust Indonesia Tbk. ("Bank JTrust Indonesia") conducts banking operations, PT JTRUST INVESTMENTS INDONESIA ("JTII") is engaged in receivables collections and PT JTRUST OLYMPINDO MULTI FINANCE ("JTO") provides loans for automobiles and agriculture equipment in Indonesia. Meanwhile, J Trust Royal Bank started banking operations in Cambodia on August 19, 2019.

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Loans for banking business was 100,167 million yen mainly due to the addition of J Trust Royal Bank and NPL transfers from Bank JTrust Indonesia to JTII. The balance of purchased receivables was 29,663 million yen. Accounts receivable - operating loans were 3,782 million yen due to sluggish loan disbursements.

Operating revenue was 9,673 million yen due to a decrease in interest revenue accompanying a decrease in loans for banking business at Bank JTrust Indonesia. Meanwhile, segment loss became smaller to 4,647 million yen mainly because gain on bargain purchase was recorded by making J Trust Royal Bank a consolidated subsidiary.

(General Entertainment Business)

allfuz mainly conducts advertising agency business and live entertainment business; UNITED PRODUCTIONS handles video production business; FA Project, Inc. is engaged in planning, development and production of entertainment content business; and Zest, Inc.* (formerly known as SKE, Inc.) operates talent agency business.

*The new corporate name effective July 1, 2019.

Operating revenue was 4,849 million yen. Segment loss was 159 million yen.

(Real estate business)

Keynote Co., Ltd. ("Keynote") handles real estate business and KeyHolder operates real estate asset business. Operating revenue was 4,729 million yen mainly due to property sales by Keynote. Segment profit was 829 million yen.

(Investment business)

JTRUST ASIA PTE.LTD. mainly conducts investment business and provides management support for investees. Operating revenue was 815 million yen. Segment loss was 1,768 million yen due to an increase in litigation costs.

(Other business)

J Trust System Co., Ltd. mainly provides IT system development and operation and management of computers for the Group, and Keynote constructs commercial facilities.

Operating revenue was 1,187 million yen due to a decrease in construction contract revenue at Keynote. Segment loss was 472 million yen.

(2) Overview of financial position for the current fiscal year

Assets as of December 31, 2019 increased by 62,891 million yen to 731,268 million yen from March 31, 2019. This is mainly because loans for banking business increased by 43,939 million yen and other financial assets increased by 7,458 million yen by making J Trust Royal Bank a consolidated subsidiary.

Liabilities grew by 54,665 million yen to 612,315 million yen from March 31, 2019. This is mainly because deposits for banking business increased by 46,391 million yen due to the consolidation of J Trust Royal Bank.

Equity increased by 8,226 million yen from March 31, 2019, to 118,953 million yen. This is mainly because non-controlling interests increased by 12,392 million yen due to the consolidation of J Trust Royal Bank though retained earnings were reduced by 3,354 million yen mainly because loss attributable to owners of parent of 3,249 million yen was recorded.

(3) Overview of cash flows for the current fiscal year

Consolidated cash and cash equivalents ("Funds") as of December 31, 2019 decreased by 5,236 million yen from March 31, 2019 to 81,913 million yen.

The following is an overview of cash flows for the current fiscal year with relevant factors.

(Cash flows from operating activities)

Funds used in operating activities were 20,829 million yen. This is mainly due to a decrease of 13,724 million yen in deposits for banking business and an increase of 17,559 million yen in loans for banking business, which reduced Funds.

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(Cash flows from investing activities)

Funds provided by investing activities were 15,431 million yen. This is mainly due to the following: purchase of investment securities for banking business of 74,266 million yen exceeded proceeds from sale/redemption of investment securities for banking business of 68,860 million yen, which reduced Funds; on the other hand, proceeds from acquisition of shares of subsidiaries 24,370 million yen exceeded purchase of shares of subsidiaries of 752 million yen, which increased Funds.

(Cash flows from financing activities)

Funds provided by financing activities was 18 million yen.

(4) Forecasts

Aiming for realizing stronger operational bases and sustainable growth, the Group has been expanding business in Asia, a region with great potential for future economic growth, to optimize synergy through our networking. For the next fiscal year, we continue to pursue sustainable profit expansion centering on the banking business.

We will work toward growing revenue in Financial Business in Japan with its main focus on credit guarantee and servicer businesses. In the credit guarantee business, on top of stable fee-based revenue from the current business, we will break a new path for growth in guaranteeing overseas property-backed loans and reverse mortgage loans. For servicer business, we will build up assets by leveraging our superior receivables collection capabilities in the shrinking market.

Financial Business in South Korea and Mongolia continues to be firm, supported by the well-established infrastructure to offer comprehensive financial services even in the slowing economy. We achieved a full-year surplus for the fifth consecutive year with steady accumulation in operating assets. As a financial group in South Korea, the four entities are poised to secure profit mainly from banking business, which is projected to continue sustainable expansion, while adapting flexibly to stricter financial regulations revised almost every year. For the next fiscal year, we aim to continue moderate growth in asset volume to optimize risks and returns and will expand revenue by seeking “qualitative” rather than “quantitative” enhancement and growth of operating assets through effective sales strategies including Fintech-based credit screening, marketing and branding.

On January 8, 2020, the Indonesia Stock Exchange lifted the trading suspension on Bank JTrust Indonesia. This will broadly appeal to the revival of Bank JTrust Indonesia, and is expected to significantly improve the bank’s social credibility in the future.

Bank JTrust Indonesia’s loans for banking business decreased due to the disposal of NPL loans (non-performing loans). However, we expect the trend to reverse and Bank JTrust Indonesia will strengthen joint finance with JTO. In addition, NIM (net interest margin) is expected to improve gradually due to an increase in lending and a decrease in COF (cost of funds) by reducing time deposits with high interest rates and increasing low-cost deposits through mobile banking. In addition, we will strive to improve our earnings structure by strengthening foreign exchange trading to secure stable revenue streams.

JTII also aims to maximize the collection amount of NPL receivables transferred from Bank JTrust Indonesia by increasing the number of collection staff and legal collection staff (collection attorneys or those who have passed the bar exam) and hiring appraisers while working to restore business performance and eliminate excess debts. Meanwhile, JTO will continue to develop originality in business by increasing the balance of accounts receivable - operating loans utilizing Bank JTrust Indonesia’s back finance, expanding its sales base and dealer network, as well as new products in addition to used cars and agricultural equipment.

The Group has successfully built a three-pronged business model comprising banking, servicer and financing in Indonesia, which can respond to various needs, we will reinforce the operational bases with effective marketing strategies and value-added financial services utilizing the Group’s extensive network.

Moreover, with the Group’s objective of establishing a dominant position in retail finance mainly in banking and finance in Southeast Asia, a region of continuing economic growth, we have acquired shares of J Trust Royal Bank in the current fiscal year, making it a consolidated subsidiary. We will continue to take a proactive stance toward M&A, mainly in banking and finance to obtain more deposit accounts, place compliance and governance at the core of management and grow with local communities for mutual prosperity by providing customers with high value added financial services.

For financial forecasts for the next fiscal year (from January 1 to December 31, 2020), the Group estimates operating revenue of 86,511 million yen, operating profit of 1,681 million yen, and loss attributable to owners of parent of 1,657 million yen. This estimate takes into consideration the slower-than-expected recovery process of Financial Business in Southeast Asia and anticipated increases in one-off expenses from litigations, which will be partially offset by steady

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revenue growth in Financial Business in Japan; and Financial Business in South Korea and Mongolia.

Applicable exchange rates for the above are 108.13 yen per USD, 82.27 yen per Singapore Dollar, 0.093 yen per South Korean Won, 0.0083 yen per Indonesian Rupiah and 0.0423 yen per Mongolian Tugriks.

II. Basic Policy on selection of accounting standards

The Group started adopting IFRS from the fiscal year ended March 31, 2018 with the aim of enhancing operational transparency by accelerating management's decision-making and the international comparability of financial information under the unified group-wide accounting method, and raising the convenience of stakeholders.

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III. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Cash and cash equivalents	87,150	81,913
Trade and other receivables	106,735	113,942
Investment securities for banking business	46,599	52,805
Loans for banking business	326,234	370,174
Operational investment securities	2,855	1,895
Marketable securities	1,179	721
Other financial assets	33,416	40,874
Investments accounted for using equity method	126	118
Inventories	6,742	7,285
Assets held for sale	2,310	1,102
Property, plant and equipment	5,119	9,871
Investment property	916	2,309
Goodwill	33,508	36,232
Intangible assets	3,790	7,027
Deferred tax assets	2,373	939
Other assets	9,317	4,053
Total assets	668,377	731,268
Liabilities		
Trade and other payables	14,613	16,137
Deposits for banking business	437,010	483,402
Bonds and borrowings	86,002	85,105
Other financial liabilities	13,383	19,907
Income taxes payable	1,215	962
Provisions	1,114	1,214
Deferred tax liabilities	1,076	1,720
Other liabilities	3,233	3,864
Total liabilities	557,650	612,315
Equity		
Share capital	54,760	54,760
Capital surplus	53,844	54,082
Treasury shares	(7,685)	(7,685)
Retained earnings	6,424	3,069
Other components of equity	(3,170)	(4,219)
Total equity attributable to owners of parent	104,173	100,006
Non-controlling interests	6,554	18,946
Total equity	110,727	118,953
Total liabilities and equity	668,377	731,268

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(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

(Consolidated statement of profit or loss)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended December 31, 2019
Continuing operations		
Operating revenue		
Interest revenue calculated using the effective interest method	53,676	36,047
Gain arising from the derecognition of financial assets measured at amortized cost	1,016	2,700
Impairment gains on credit-impaired financial assets	2,719	1,578
Other	17,523	17,779
Total operating revenue	74,935	58,105
Operating expenses		
Loss arising from the derecognition of financial assets measured at amortized cost	508	-
Impairment losses on loans	45,941	11,233
Other	31,804	24,472
Total operating expenses	78,253	35,706
Selling, general and administrative expenses	28,488	27,370
Other income	366	5,624
Other expenses	1,159	365
Operating profit (loss)	(32,600)	287
Finance income	1,612	121
Finance costs	110	712
Share of profit (loss) of investments accounted for using equity method	(36)	(9)
Profit (loss) before tax	(31,135)	(312)
Income tax expense	2,753	3,413
Loss from continuing operations	(33,888)	(3,725)
Discontinued operations		
Profit (loss) from discontinued operations	(2,787)	-
Profit (loss)	(36,676)	(3,725)
Profit (loss) attributable to		
Owners of parent	(36,107)	(3,249)
Non-controlling interests	(568)	(476)
Profit (loss)	(36,676)	(3,725)
Earnings (loss) per share		
Basic earnings (loss) per share		
Continuing operations	(322.70)	(30.69)
Discontinued operations	(27.00)	-
Total	(349.70)	(30.69)
Diluted earnings (loss) per share		
Continuing operations	(322.70)	(30.69)
Discontinued operations	(27.00)	-
Total	(349.70)	(30.69)

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(Consolidated statement of comprehensive income)

	(Millions of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended December 31, 2019
Profit (loss)	(36,676)	(3,725)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(69)	166
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(85)	(791)
Total of items that will not be reclassified to profit or loss	(154)	(624)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(615)	(830)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(437)	757
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	25	24
Share of other comprehensive income of investments accounted for using equity method	-	1
Total of items that may be reclassified to profit or loss	(1,028)	(48)
Other comprehensive income, net of tax	(1,183)	(672)
Comprehensive income	(37,859)	(4,398)
Comprehensive income attributable to		
Owners of parent	(37,302)	(4,299)
Non-controlling interests	(557)	(99)
Comprehensive income	(37,859)	(4,398)

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(3) Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance as of April 1, 2018	53,638	52,713	(7,685)	47,555	(1,854)	144,366	6,409	150,776
Cumulative effect of accounting change	-	-	-	(3,784)	(123)	(3,908)	(42)	(3,950)
Restated balance	53,638	52,713	(7,685)	43,770	(1,978)	140,458	6,367	146,825
Profit (loss)	-	-	-	(36,107)	-	(36,107)	(568)	(36,676)
Other comprehensive income	-	-	-	-	(1,194)	(1,194)	11	(1,183)
Total comprehensive income	-	-	-	(36,107)	(1,194)	(37,302)	(557)	(37,859)
Issuance of new shares	1,121	1,118	-	-	-	2,240	-	2,240
Dividends of surplus	-	-	-	(1,236)	-	(1,236)	-	(1,236)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	(5)	5	-	-	-
Other	-	20	-	3	-	23	-	23
Total contributions by and distributions to owners	1,121	1,139	(0)	(1,238)	5	1,027	-	1,027
Changes in ownership interest in subsidiaries	-	(8)	-	-	(0)	(8)	20	11
Dividends to non-controlling interests	-	-	-	-	-	-	(79)	(79)
Change in scope of consolidation	-	-	-	-	(2)	(2)	803	801
Other	-	-	-	-	0	0	(0)	-
Total changes in ownership interests in subsidiaries	-	(8)	-	-	(2)	(10)	744	733
Total transactions with owners	1,121	1,130	(0)	(1,238)	2	1,016	744	1,761
Balance as of March 31, 2019	54,760	53,844	(7,685)	6,424	(3,170)	104,173	6,554	110,727
Cumulative effect of accounting change	-	-	-	(51)	-	(51)	(81)	(132)
Restated balance as of April 1, 2019	54,760	53,844	(7,685)	6,373	(3,170)	104,121	6,473	110,595
Profit (loss)	-	-	-	(3,249)	-	(3,249)	(476)	(3,725)
Other comprehensive income	-	-	-	-	(1,050)	(1,050)	377	(672)
Total comprehensive income	-	-	-	(3,249)	(1,050)	(4,299)	(99)	(4,398)
Dividends of surplus	-	-	-	(105)	-	(105)	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	0	(0)	-	-	-
Other	-	17	-	50	-	67	-	67
Total contributions by and distributions to owners	-	17	(0)	(54)	(0)	(38)	-	(38)
Changes in ownership interest in subsidiaries	-	220	-	-	1	222	1,532	1,754
Dividends to non-controlling interests	-	-	-	-	-	-	(561)	(561)
Change in scope of consolidation	-	-	-	-	-	-	11,441	11,441

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Other	-	-	-	-	-	-	160	160
Total changes in ownership interests in subsidiaries	-	220	-	-	1	222	12,572	12,794
Total transactions with owners	-	237	(0)	(54)	0	184	12,572	12,756
Balance as of December 31, 2019	54,760	54,082	(7,685)	3,069	(4,219)	100,006	18,946	118,953

Translation for reference purposes only

(4) Consolidated statement of cash flows

	(Millions of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit (loss) before tax	(31,135)	(312)
Profit (loss) before tax from discontinued operations	(2,786)	-
Depreciation and amortization	1,535	2,722
Impairment losses	368	3
Impairment losses (gains) on other financial assets	18,731	(55)
Interest and dividend income	(57,362)	(39,807)
Interest expenses	19,332	13,767
Gain on bargain purchase	-	(3,355)
Other (profit) loss	(4,310)	29
Decrease (increase) in trade and other receivables	497	840
Increase (decrease) in deposits for banking business	39,554	(13,724)
Decrease (increase) in loans for banking business	(5,395)	(17,559)
Increase (decrease) in trade and other payables	4,853	605
Interest and dividends received	59,293	41,206
Interest paid	(18,818)	(15,049)
Income taxes paid	(2,332)	(2,574)
Income taxes refund	880	633
Other	(4,073)	11,799
Net cash provided by (used in) operating activities	18,831	(20,829)
Cash flows from investing activities		
Purchase of investments accounted for using equity method	(549)	-
Proceeds from sale of investments accounted for using equity method	200	-
Decrease (increase) in time deposits	198	(13)
Purchase of property, plant and equipment, and investment property	(1,941)	(1,636)
Proceeds from sale of property, plant and equipment, and investment property	48	737
Purchase of intangible assets	(1,983)	(2,312)
Purchase of investment securities for banking business	(105,252)	(74,266)
Proceeds from sale of investment securities for banking business	95,565	67,529
Proceeds from redemption of investment securities for banking business	5,869	1,331
Proceeds from acquisition of shares of subsidiaries	-	24,370
Purchase of shares of subsidiaries	(2,838)	(752)
Proceeds from acquisition of shares of subsidiaries through share exchanges	-	474
Payments for sale of shares of subsidiaries	(149)	-
Payments for acquisition of businesses	(3,399)	(73)
Other	(957)	44
Net cash provided by (used in) investing activities	(15,190)	15,431

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(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended December 31, 2019
Cash flows from financing activities		
Net increase (decrease) in discounted notes	310	20
Net increase (decrease) in short-term borrowings	(4,929)	(770)
Net increase (decrease) in short-term bonds payable	(5,487)	(4,251)
Repayments of long-term borrowings	(26,946)	(20,349)
Proceeds from long-term borrowings	31,964	23,344
Redemption of bonds	(5,956)	(6,371)
Proceeds from issuance of bonds	9,540	10,050
Repayments of lease liabilities	(48)	(1,002)
Payments for purchase of treasury shares	(0)	(0)
Proceeds from exercise of employee share options	2,232	-
Dividends paid	(1,236)	(105)
Dividends paid to non-controlling interests	(79)	(561)
Proceeds from partial sale of interests in subsidiaries to non-controlling interests	11	-
Other	100	17
Net cash provided by (used in) financing activities	(525)	18
Net increase (decrease) in cash and cash equivalents	3,116	(5,379)
Cash and cash equivalents at beginning of period	84,723	87,150
Effect of exchange rate changes on cash and cash equivalents	(689)	142
Cash and cash equivalents at end of period	87,150	81,913

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(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

The Group started applying the following accounting standards from the current fiscal year.

IFRS ("International financial reporting standards")		Overview of the new standard or revision
IFRS 16	Leases	Revisions concerning accounting treatments for leases

The Group applies IFRS 16 retrospectively in accordance with transitional measures, and the cumulative effects of applying IFRS 16 are recognized as an adjustment to the opening balance of retained earnings for the current fiscal year. By applying IFRS 16, retained earnings at the beginning of the current fiscal year declined by 51 million yen compared to the case where previous accounting standards were used.

In applying IFRS 16, the Group elects practical expedients of IFRS 16, Paragraph C3 by grandfathering the assessment of IAS 17 "Leases" ("IAS 17") and IFRIC (International Financial Reporting Interpretations Committee) 4 "Determining whether an Arrangement contains a Lease" as to whether an arrangement contains a lease. The Group applies the following practical expedients permitted under IFRS 16:

- No requirement to reassess whether an existing contract contains leases.
- Recognition exemptions for short-term leases and leases for which the underlying asset is of low value.

For leases that the Group classified previously as operating leases applying IAS 17, the Group has recognized right-of-use assets and lease liabilities at the date of the initial application of IFRS 16. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of the initial application. The lessee's weighted average incremental borrowing rate applied to lease liabilities at the date of the initial application is 4.0%.

The reconciliations of operating lease contracts disclosed under IAS 17 as of the end of the previous fiscal year and lease liabilities recognized in the consolidated statement of financial position at the date of the initial application are provided in the following table:

(Millions of yen)	
	Amount
Operating lease contracts disclosed as of the end of the previous fiscal year	2,575
The amount discounted using the incremental borrowing rate at the date of the initial application	1,538
Finance lease obligations recognized as of the end of the previous fiscal year	119
Discounted present value of cancellable operating lease contracts	3,110
Exemption from recognition	
Short-term leases	(194)
Leases of low-value assets	(125)
Lease liabilities at the date of the initial application	4,448

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With the adoption of IFRS 16, right-of-use assets of 5,431 million yen and lease liabilities of 4,448 million yen were recorded as of April 1, 2019.

For leases as lessee that the Group classified previously as finance leases applying IAS 17, the Group transferred the carrying amounts of lease assets and lease obligations at the date of the initial application to right-of-use assets and lease liabilities, respectively.

The differences in the amount of non-cancellable operating lease contracts applying IAS 17 at the end of the previous fiscal year and that of lease liabilities recognized in the consolidated statement of financial position at the date of the initial application are mainly attributable to the amount of cancellable operating lease contracts.

In the consolidated statement of financial position for the current fiscal year, right-of-use assets are included in "Property, plant and equipment", "Investment property" and "Intangible assets", and lease liabilities are included in "Other financial liabilities".

"Repayments of lease obligations" included in "Cash flows from financing activities" in the consolidated statement of cash flows in the previous fiscal year, are presented as "Repayments of lease liabilities" from the current fiscal year.

(Segment information)

1. Overview of reportable segments

The Group's reportable segments consist of constituent units for which separate financial information is available. The reportable segment is also subject to periodic review by the Company's Board of Directors, which is responsible for deciding the allocation of management resources and assessing business results.

The Group has six reportable segments by business, namely "Financial Business in Japan," "Financial Business in South Korea and Mongolia," "Financial Business in Southeast Asia," "General Entertainment Business," "Real Estate Business" and "Investment Business."

The Group's business activities according to economic characteristics, services and geographical areas are as below.

"Financial business in Japan" includes credit guarantee business, receivables collection business, credit and consumer credit business, and other financial business. "Financial business in South Korea and Mongolia" includes savings bank business, receivables collection business, capital business and financial business. "Financial business in Southeast Asia" includes banking business, receivables collection business and multi-finance business. "General entertainment business" includes live entertainment business, advertising agency business, video production business, planning, development and production of entertainment content business, and talent agency business. "Real estate business" mainly includes purchase and sale of detached housing and other properties, and real estate asset business. "Investment business" includes inbound and outbound investment business.

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2. Segment revenue and business results

Revenue and business results by reportable segments are as shown below. Operating revenue from inter-segment transactions or transfers are based on prevailing market prices or arm's length prices.

Fiscal year ended March 31, 2019 <From April 1, 2018 to March 31, 2019>

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consoli- dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Real estate business	Investment business	Total			
Operating revenue										
External customers	10,554	39,515	13,025	1,520	6,440	1,036	72,092	2,843	-	74,935
Inter-segment transactions or transfers	147	147	0	-	0	177	472	384	(857)	-
Total	10,701	39,662	13,025	1,520	6,441	1,214	72,565	3,227	(857)	74,935
Segment profit (loss)	4,251	4,880	(17,712)	(15)	91	(20,568)	(29,073)	39	(235)	(29,269)
Unallocated corporate expenses, etc. (Note 3)										(3,331)
Operating profit (loss)										(32,600)
Finance income										1,612
Finance costs										(110)
Share of profit (loss) of investments accounted for using equity method										(36)
Profit (loss) before tax										(31,135)

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consoli- dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Real estate business	Invest- ment business	Total			
Other items										
Depreciation and amortization	86	969	311	49	21	5	1,443	3	19	1,466

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consoli- dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Real estate business	Investment business	Total			
Segment assets	48,500	421,826	165,497	4,389	9,303	9,401	658,918	1,835	7,623	668,377
Segment liabilities	40,395	373,307	145,929	4,133	6,402	246	570,414	1,891	(14,656)	557,650
Other items										
Non-current assets (additions) (Note) 4	129	872	4,501	2,717	8	18	8,247	1,224	312	9,784
Investments accounted for using equity method	-	-	126	-	-	-	126	-	-	126

Note 1: "Other," which refers to business segments that are not attributable to reportable segments, mainly includes commercial facility construction business and IT system business.

Note 2: "Adjustments" mainly include elimination of inter-segment transactions and unallocated operating expenses that are not attributable to reportable segments.

Note 3: "Unallocated corporate expenses, etc." include general and administrative expenses not mainly attributable to reportable segments.

Note 4: "Non-current assets (additions)" refer to property, plant and equipment, investment property, goodwill and intangible assets.

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Fiscal year ended December 31, 2019 <from April 1, 2019 to December 31, 2019>

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consoli- dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Real estate business	Investment business	Total			
Operating revenue										
External customers	7,673	29,563	9,673	4,847	4,718	734	57,210	895	-	58,105
Inter-segment transactions or transfers	2	21	0	2	11	81	119	291	(410)	-
Total	7,676	29,585	9,673	4,849	4,729	815	57,329	1,187	(410)	58,105
Segment profit (loss)	3,085	7,500	(4,647)	(159)	829	(1,768)	4,838	(472)	634	5,001

Unallocated corporate expenses, etc.
(Note 3)

(4,713)

Operating profit

287

Finance income

121

Finance costs

(712)

Share of profit (loss) of investments accounted for using equity method

(9)

Profit (loss) before tax

(312)

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consoli- dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Real estate business	Invest- ment business	Total			
Other items	139	899	1,025	400	108	16	2,589	22	110	2,722
Depreciation and amortization	-	-	-	3	-	-	3	-	-	3

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consoli- dated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Real estate business	Invest- ment business	Total			
Segment assets	42,726	414,807	242,985	10,326	11,084	9,274	731,204	1,241	(1,177)	731,268
Segment liabilities	23,971	362,693	202,835	8,209	7,532	1,241	606,483	3,292	2,540	612,315
Other items										
Non-current assets (additions) (Note 4)	239	722	7,796	4,412	162	-	13,332	-	14	13,347
Investments accounted for using equity method	-	-	118	-	-	-	118	-	-	118

Note 1: "Other," which refers to business segments that are not attributable to reportable segments, mainly includes commercial facility construction business and IT system business.

Note 2: "Adjustments" mainly include elimination of inter-segment transactions and unallocated operating expenses that are not attributable to reportable segments.

Note 3: "Unallocated corporate expenses, etc." include general and administrative expenses not mainly attributable to reportable segments.

Note 4: "Non-current assets (additions)" refer to property, plant and equipment, investment property, goodwill and intangible assets.

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(Per share information)

	Previous Fiscal Year Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Current Fiscal Year Fiscal year ended December 31, 2019 (From April 1, 2019 to December 31, 2019)
Profit (loss) from continuing operations attributable to owners of parent (million yen)	(33,320)	(3,249)
Profit (loss) from discontinued operations attributable to owners of parent (million yen)	(2,787)	-
Total	(36,107)	(3,249)
The weighted average number of issued and outstanding common shares (shares)	103,254,798	105,871,312
Increase in the number of common shares		
Increase due to the exercise of stock option (shares)	-	-
Diluted weighted average number of common shares (shares)	103,254,798	105,871,312
Basic earnings (loss) per share (yen)		
Continuing operations	(322.70)	(30.69)
Discontinued operations	(27.00)	-
Total	(349.70)	(30.69)
Diluted basic earnings (loss) per share (yen)		
Continuing operations	(322.70)	(30.69)
Discontinued operations	(27.00)	-
Total	(349.70)	(30.69)
Summary of potential shares that are not included in the calculation of diluted loss per share due to their anti-dilutive effects	(Filing company) J Trust Co., Ltd. The N-7th share acquisition rights ("Share Acquisition Rights") [The number of shares underlying Share Acquisition Rights: 80] J Trust Co., Ltd. The N-8th Share Acquisition Rights [The number of shares underlying Share Acquisition Rights: 1,520] J Trust Co., Ltd. The N-10th Share Acquisition Rights [The number of shares underlying Share Acquisition Rights: 2,200]	(Filing company) J Trust Co., Ltd. The N-10th Share Acquisition Rights [The number of shares underlying Share Acquisition Rights: 2,200]

Note: For diluted loss per share in the Previous Fiscal Year and Current Fiscal Year, exercising stock options reduce loss per share. Thus, potential shares have no dilutive effects.

(Significant subsequent events)

No items to report.