

## Consolidated Financial Results For the Three Months Ended March 31, 2020 (IFRS)

May 12, 2020

Company name: J Trust Co., Ltd. Stock exchange: Tokyo Stock Exchange  
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Scheduled date of filing of quarterly securities report: May 12, 2020

Scheduled date of commencement of dividend payment: -

Preparation of supplemental materials for quarterly financial results: Yes

Holding of quarterly earnings presentation (for institutional investors): No

(Figures rounded down to the nearest million yen)

### I. Consolidated financial results for the three months ended March 31, 2020 (January 1, 2020 – March 31, 2020)

#### 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	
Three months ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2020	19,500	-	1,555	-	1,410	-	1,518	-	1,541	-	(6,047)	-
June 30, 2019	18,279	5.1	433	(46.4)	104	(94.6)	(456)	-	(172)	-	(2,513)	-

	Basic earnings per share	Diluted earnings per share
Three months ended:	yen	yen
March 31, 2020	14.56	14.56
June 30, 2019	(1.63)	(1.63)

Note 1: The Company changed the fiscal year end from March 31 to December 31. The fiscal year ended December 31, 2019 is a period in which the change took place. Due to this, the first quarter of this fiscal year covers different months (January 1, 2020 to March 31, 2020) from those (April 1, 2019 to June 30, 2019) in the first quarter of the previous fiscal year. As a result, year-on-year changes are omitted.

Note 2: The Company finalized the provisional accounting treatment related to business combinations in the three months ended March 31, 2020. The impact of the retrospective adjustments is reflected in the figures for the three months ended June 30, 2019.

#### 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
As of	million yen	million yen	million yen	%
March 31, 2020	699,443	112,769	93,901	13.4
December 31, 2019	731,384	118,905	99,977	13.7

[Note]

The Company finalized the provisional accounting treatment related to business combinations in the three months ended March 31, 2020. The impact of the retrospective adjustments is reflected in the figures for the fiscal year ended December 31, 2019.

## II. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Fiscal year	yen	yen	yen	yen	yen
Ended December 31, 2019	-	0.0	-	1.00	1.00
Ending December 31, 2020	-				
Ending December 31, 2020 (forecast)		0.0	-	1.00	1.00

[Note] Any revision to the latest forecast: No

## III. Consolidated financial forecasts for the fiscal year ending December 31, 2020 (January 1, 2020 – December 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 1: Any revision to the latest forecasts: No

Note 2: The 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 period. 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): No
- (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 II. (6) Notes to condensed quarterly consolidated financial statements (Changes in accounting policies) on Page 11.

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

(i) Number of issued and outstanding shares (including treasury shares)	
As of March 31, 2020	115,469,910 shares
As of December 31, 2019	115,469,910 shares
(ii) Number of treasury shares	
As of March 31, 2020	9,598,678 shares
As of December 31, 2019	9,598,666 shares
(iii) Average number of shares during the period (cumulative)	
January 1, 2020 – March 31, 2020	105,871,236 shares
April 1, 2019 – June 30, 2019	105,871,339 shares

✓ This report does not fall within the scope of quarterly review by a certified accountant or an audit firm.

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

1. 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. Please refer to "I. Qualitative information on the current quarterly financial results, (3) Explanation on future forecast including consolidated financial forecast" on Page 4 of the attached document for the assumptions and premises on which the financial forecast is based.
2. Supplemental materials will be posted on the J Trust website (<https://www.jt-corp.co.jp/en/>).

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I. Qualitative information on the current quarterly financial results

J Trust Co., Ltd. (the “Company”) changed the fiscal year end from March 31 to December 31. The fiscal year ended December 31, 2019 is a period in which the change took place. Due to this, the first quarter of this fiscal year covers different months (January 1, 2020 to March 31, 2020) from those (April 1, 2019 to June 30, 2019) in the first quarter of the previous fiscal year. As a result, year-on-year changes are omitted.

The Company finalized the provisional accounting treatment related to business combinations in the three months ended March 31, 2020. The impact of the retrospective adjustments is reflected in the figures for the fiscal year ended December 31, 2019.

(1) Explanation on operating results

In the three months ended March 31, 2020, the outlook for the global economy remained unclear due to prolonged trade frictions between the US and China, the decelerating Chinese economy, the UK exit from the EU, instability in the Middle East and East Asia, as well as global recession fears originated from the spread of novel coronavirus disease (“COVID-19”) despite solid economic growth in the US and Europe. On the other hand, the Japanese economy is on a gradual recovery trend, with steady corporate performance, capital investment and improvements in the employment and income environment; still, there is a concern about the downward pressure from the consumption tax hike and the impact of COVID-19.

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. In the three months ended March 31, 2020, 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

Nihon Hoshou Co., Ltd. (“Nihon Hoshou”) has been promoting guarantees for reverse mortgage loans to diversify guarantee products. In January 2020, Nihon Hoshou signed a comprehensive guarantee agreement with THE KAWASAKI SHINKIN BANK, starting guarantees for reverse mortgage loans handled by the institution. With an increase in the number of aging households, the difficulty of living a stable life for the aged has become a social issue these days. Amid such circumstances, we believe we can meet the diverse funding needs of elderly customers. In addition, we aim to increase the guarantee balance utilizing crowdfunding by jointly establishing a fund incorporating Nihon Hoshou's credit guarantee through SAMURAI Group's crowdfunding site “SAMURAI FUND” with the alliance partner SAMURAI&J PARTNERS Co., Ltd.

Meanwhile, aiming for issuing a credit card for foreign residents, J TRUST Card Co., Ltd. (“J TRUST Card”) entered into a tie-up agreement with Densan System Co., Ltd., which mainly conducts the information services business and the payment acceptance services business. “J TRUST Global Card” issued by J TRUST Card is a MasterCard-branded shopping credit card. Customers can apply for it without opening bank accounts by paying the deposit (guarantee). We expect many foreign residents to enjoy the convenience of cashless services.

b. Developments overseas

As part of the growth strategies of the J Trust Group (the “Group”), we proactively pursue 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, South Korea and Indonesia to help grow target countries' financial businesses. Meanwhile, to promote efficient use of funds across the Group, JTRUST ASIA PTE.LTD. (“JTA”) made subordinated loans to PT Bank JTrust Indonesia Tbk. (“Bank JTrust Indonesia”) for the bank's recapitalization with funds obtained through the crowdfunding site “SAMURAI FUND”.

As a result, operating revenue for the three months ended March 31, 2020 was 19,500 million yen. Operating profit was 1,555 million yen. Profit attributable to owners of parent was 1,541 million yen.

Performance by segment is as below.

The balance of trade receivables in the report is before deducting provision of 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 offers credit and consumer credit services and Nihon

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Hoshou provides other financial services.

The balance of credit guarantee was 212,867 million yen. The breakdown was 14,593 million yen in credit guarantees on unsecured loan and 198,273 million yen in credit guarantees on secured loan with an increase in guarantees for condominium loan and property backed loan. The balance of purchased receivables was 15,537 million yen; advances paid – installment was 2,529 million yen; commercial notes were 1,428 million yen; and accounts receivable – operating loans were 1,696 million yen due to a drop in secured business loan.

Operating revenue was 2,366 million yen reflecting a steady increase in guarantee revenue in line with growing credit guarantee balances. Segment profit was 1,151 million yen.

(Financial business in South Korea and Mongolia)

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

Loans for banking business were 271,622 million yen. The balance was kept at a certain level because increases in disbursement of: (i) secured loans to prime businesses; and (ii) medium interest personal loans, which are exempt from total lending volume ceilings under certain conditions, outweighed the decline from receivables collection/sale. Purchased receivables were 703 million yen due to the massive sale of NPLs at the end of the previous fiscal year. Meanwhile, accounts receivable – operating loans were 52,315 million yen mainly due to receivables collection/sale.

Operating revenue was 9,501 million yen. The drop was mainly due to a smaller gain on carrying amount adjustments resulting from the sale of purchased receivables at the end of the previous fiscal year. Segment profit was 2,188 million yen.

(Financial business in Southeast Asia)

Bank JTrust Indonesia conducts banking operations, PT JTRUST INVESTMENTS INDONESIA 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 Ltd. (“J Trust Royal Bank”) conducts banking operations in Cambodia.

Loans for banking business were 103,554 million yen. The balance was on the decline until the previous fiscal year due to loan portfolio reshuffling carried out at Bank JTrust Indonesia. However, the upward trend since December 2019 and consolidation of J Trust Royal Bank contributed. The balance of purchased receivables was 24,638 million yen. Accounts receivable – operating loans were 3,099 million yen. This was mainly because, except for steadily growing joint financing between JTO and Bank JTrust Indonesia, the balance of other loans declined.

Operating revenue was 4,102 million yen, mainly due to addition of J Trust Royal Bank’s operating revenue. Segment loss was 1,204 million yen. The loss was mainly due to higher interest expenses at Bank JTrust Indonesia.

(General Entertainment Business)

allfuz, Inc. mainly conducts advertising agency business and live entertainment business; UNITED PRODUCTIONS, INC. handles video production business; FA Project, Inc. is engaged in planning, development and production of entertainment content business; and Zest, Inc. operates talent agency business.

Operating revenue was 1,683 million yen. Segment loss was 162 million yen. This was mainly because daily live theater performances, gigs, concert tours, recording of broadcast programs or location shoots were cancelled or postponed as the government has asked organizers to cancel major events to prevent the spread of COVID-19.

(Real estate business)

Keynote Co., Ltd. (“Keynote”) handles real estate business and KeyHolder operates real estate asset business. Operating revenue was 1,026 million yen. Segment profit was 40 million yen.

(Investment business)

JTA mainly conducts investment business and provides management support for investees.

Operating revenue was 281 million yen. Segment loss was 473 million yen mainly due to litigation costs.

(Other business)

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

Operating revenue was 687 million yen. Segment loss was 173 million yen.

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(2) Explanation on financial position

[1] Status of assets, liabilities and equity

As of March 31, 2020, assets dropped by 31,940 million yen to 699,443 million yen compared to December 31, 2019. This was mainly due to decreases in: (i) cash and cash equivalents by 12,500 million yen; (ii) loans for banking business by 8,180 million yen and; (iii) trade and other receivables by 8,654 million yen.

Liabilities dropped by 25,804 million yen to 586,674 million yen compared to December 31, 2019. This was mainly because deposits for banking business dropped by 22,463 million yen.

Equity decreased by 6,136 million yen to 112,769 million yen compared to December 31, 2019. This was mainly because other components of equity fell by 7,651 million yen due to a decline in exchange differences on overseas subsidiaries' operations despite an increase in retained earnings by 1,431 million yen.

[2] Status of Cash Flow

Consolidated cash and cash equivalents ("Funds") as of March 31, 2020 declined by 12,500 million yen to 69,413 million yen compared to December 31, 2019.

The following is an overview of cash flows for the three months ended March 31, 2020 with relevant factors.

(Cash flows from operating activities)

Funds provided by operating activities were 2,970 million yen. Major factors were as follows: Funds decreased mainly because loans for banking business increased by 18,311 million yen. However, an increase in deposits for banking business of 14,724 million yen and a decrease in trade and other receivables of 6,317 million yen increased Funds.

(Cash flows from investing activities)

Funds used in investing activities were 9,972 million yen. Major factors were as follows: Funds fell mainly because purchase of investment securities for banking business of 52,322 million yen exceeded proceeds from sale of investment securities for banking business of 43,047 million yen.

(Cash flows from financing activities)

Funds provided by financing activities were 9 million yen.

(3) Explanation on future forecast including consolidated financial forecast

Consolidated financial results for the three months ended March 31, 2020 is generally in line with our plans. Meanwhile, COVID-19 is spreading globally. The Group cannot reasonably estimate its impact on the financial results at this point. Therefore, the Group's full-year consolidated financial results and dividend forecasts for the fiscal year ending December 31, 2020 remains unchanged as announced in "Consolidated Financial Results For the Fiscal Year Ended December 31, 2019 (IFRS)" disclosed on February 13, 2020.

We will disclose it promptly if the impact of COVID-19 becomes clear.

Actual results may differ from the forecasts depending on various factors.

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**II. Condensed quarterly consolidated financial statements and significant notes**

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of December 31, 2019	As of March 31, 2020
<b>Assets</b>		
Cash and cash equivalents	81,913	69,413
Trade and other receivables	113,942	105,287
Investment securities for banking business	52,805	51,979
Loans for banking business	370,174	361,993
Operational investment securities	1,895	1,057
Marketable securities	721	815
Other financial assets	40,893	46,992
Investments accounted for using equity method	118	106
Inventories	7,285	6,440
Assets held for sale	1,102	980
Property, plant and equipment	9,871	8,563
Investment property	2,309	2,290
Goodwill	35,901	31,287
Intangible assets	7,461	7,099
Deferred tax assets	934	890
Other assets	4,053	4,246
<b>Total assets</b>	<b>731,384</b>	<b>699,443</b>
<b>Liabilities</b>		
Trade and other payables	16,137	16,263
Deposits for banking business	483,402	460,938
Bonds and borrowings	85,105	80,770
Other financial liabilities	19,911	21,245
Income taxes payable	977	15
Provisions	1,214	982
Deferred tax liabilities	1,865	1,943
Other liabilities	3,864	4,515
<b>Total liabilities</b>	<b>612,478</b>	<b>586,674</b>
<b>Equity</b>		
Share capital	54,760	54,760
Capital surplus	54,082	54,226
Treasury shares	(7,685)	(7,685)
Retained earnings	3,040	4,471
Other components of equity	(4,219)	(11,871)
<b>Total equity attributable to owners of parent</b>	<b>99,977</b>	<b>93,901</b>
<b>Non-controlling interests</b>	<b>18,928</b>	<b>18,867</b>
<b>Total equity</b>	<b>118,905</b>	<b>112,769</b>
<b>Total liabilities and equity</b>	<b>731,384</b>	<b>699,443</b>

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(2) Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Three months ended June 30, 2019	Three months ended March 31, 2020
Continuing operations		
Operating revenue	18,279	19,500
Operating expenses	12,354	10,403
Selling, general and administrative expenses	7,259	7,663
Other income	1,788	152
Other expenses	20	31
Operating profit	433	1,555
Finance income	35	107
Finance costs	358	249
Share of profit (loss) of investments accounted for using equity method	(6)	(3)
Profit before tax	104	1,410
Income tax expense	561	(107)
Profit (loss) from continuing operations	(456)	1,518
Discontinued operations		
Profit (loss) from discontinued operations	-	-
Profit (loss)	(456)	1,518
Profit (loss) attributable to		
Owners of parent	(172)	1,541
Non-controlling interests	(284)	(23)
Profit (loss)	(456)	1,518
Earnings (loss) per share (attributable to owners of parent)		
Basic earnings (loss) per share (Yen)		
Continuing operations	(1.63)	14.56
Discontinued operations	-	-
Total	(1.63)	14.56
Diluted earnings (loss) per share (Yen)		
Continuing operations	(1.63)	14.56
Discontinued operations	-	-
Total	(1.63)	14.56



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(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended March 31, 2020
Profit (loss)	(456)	1,518
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	151	(8)
Net change in fair value of equity instruments measured at fair value through other comprehensive income	260	(974)
Total of items that will not be reclassified to profit or loss	412	(982)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,786)	(5,722)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	314	(845)
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	4	1
Share of other comprehensive income of investments accounted for using equity method	(1)	(16)
Total of items that may be reclassified to profit or loss	(2,468)	(6,583)
Other comprehensive income, net of tax	(2,056)	(7,566)
Comprehensive income	(2,513)	(6,047)
Comprehensive income attributable to		
Owners of parent	(2,240)	(6,110)
Non-controlling interests	(272)	62
Comprehensive income	(2,513)	(6,047)

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(4) Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2019

(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, 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)	-	-	-	(172)	-	(172)	(284)	(456)
Other comprehensive income	-	-	-	-	(2,068)	(2,068)	12	(2,056)
Total comprehensive income	-	-	-	(172)	(2,068)	(2,240)	(272)	(2,513)
Dividends of surplus	-	-	-	(105)	-	(105)	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Other	-	(0)	-	0	-	-	-	-
Total contributions by and distributions to owners	-	(0)	(0)	(105)	-	(105)	-	(105)
Changes in ownership interest in subsidiaries	-	220	-	-	1	222	1,532	1,754
Dividends to non-controlling interests	-	-	-	-	-	-	(79)	(79)
Total changes in ownership interests in subsidiaries	-	220	-	-	1	222	1,452	1,675
Total transactions with owners	-	220	(0)	(105)	1	116	1,452	1,569
Balance as of June 30, 2019	54,760	54,064	(7,685)	6,095	(5,237)	101,997	7,653	109,651

Three months ended March 31, 2020

(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 January 1, 2020	54,760	54,082	(7,685)	3,040	(4,219)	99,977	18,928	118,905
Profit (loss)	-	-	-	1,541	-	1,541	(23)	1,518
Other comprehensive income	-	-	-	-	(7,651)	(7,651)	85	(7,566)
Total comprehensive income	-	-	-	1,541	(7,651)	(6,110)	62	(6,047)
Dividends of surplus	-	-	-	(105)	-	(105)	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Other	-	-	-	(3)	-	(3)	-	(3)
Total contributions by and distributions to owners	-	-	(0)	(109)	-	(109)	-	(109)
Changes in ownership interest in subsidiaries	-	144	-	-	-	144	0	144
Dividends to non-controlling interests	-	-	-	-	-	-	(94)	(94)
Other	-	(0)	-	-	-	(0)	(29)	(29)
Total changes in ownership interests in subsidiaries	-	144	-	-	-	144	(123)	20
Total transactions with owners	-	144	(0)	(109)	-	35	(123)	(88)
Balance as of March 31, 2020	54,760	54,226	(7,685)	4,471	(11,871)	93,901	18,867	112,769

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(5) Condensed quarterly consolidated statement of cash flow

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended March 31, 2020
Cash flows from operating activities		
Profit before tax	104	1,410
Depreciation and amortization	746	916
Impairment losses (gains) on other financial assets	(48)	1,153
Interest and dividend income	(13,039)	(13,632)
Interest expenses	4,724	4,756
Other (profit) loss	310	1,051
Decrease (increase) in trade and other receivables	(3,686)	6,317
Increase (decrease) in deposits for banking business	(29,354)	14,724
Decrease (increase) in loans for banking business	(2,610)	(18,311)
Increase (decrease) in trade and other payables	13	157
Interest and dividends received	13,626	14,225
Interest paid	(4,322)	(4,814)
Income taxes paid	(1,240)	(994)
Income taxes refund	14	19
Other	10,172	(4,008)
Net cash provided by (used in) operating activities	(24,591)	2,970
Cash flows from investing activities		
Purchase of investments accounted for using equity method	-	(8)
Decrease (increase) in time deposits	82	654
Purchase of property, plant and equipment, and investment property	(1,117)	(136)
Proceeds from sale of property, plant and equipment, and investment property	300	0
Purchase of intangible assets	(1,123)	(307)
Purchase of investment securities for banking business	(17,461)	(52,322)
Proceeds from sale of investment securities for banking business	20,140	43,047
Proceeds from redemption of investment securities for banking business	-	2,517
Purchase of shares of subsidiaries	(729)	-
Proceeds from acquisition of shares of subsidiaries through share exchanges	474	-
Payments for long-term loans receivable	-	(3,264)
Other	(162)	(150)
Net cash provided by (used in) investing activities	404	(9,972)

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(Millions of yen)

	Three months ended June 30, 2019	Three months ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	392	(1,116)
Net increase (decrease) in short-term bonds payable	(1,750)	(1,087)
Repayments of long-term borrowings	(4,977)	(8,588)
Proceeds from long-term borrowings	3,469	11,815
Redemption of bonds	(4,176)	(2,966)
Proceeds from issuance of bonds	7,035	1,009
Repayments of lease liabilities	(372)	(336)
Purchase of treasury shares	(0)	(0)
Dividends paid	(105)	(105)
Dividends paid to non-controlling interests	(79)	(94)
Capital contribution from non-controlling interests	-	1,482
Other	0	0
Net cash provided by (used in) financing activities	(563)	9
Net increase (decrease) in cash and cash equivalents	(24,751)	(6,992)
Cash and cash equivalents at beginning of period	87,150	81,913
Effect of exchange rate changes on cash and cash equivalents	(2,596)	(5,507)
Cash and cash equivalents at end of period	59,801	69,413

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(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

The Group's significant accounting policies applied in its condensed quarterly consolidated financial statements are consistent with those used in the previous fiscal year with the exception of the below item.

The Group started applying the following standards from the current quarter.

International financial reporting standards ("IFRS")		Overview of new standards and revisions
Conceptual Framework for Financial Reporting		Amendments to References to the Conceptual Framework in IFRS Standards
IAS 1	Presentation of Financial Statements	Amendments to the definition of materiality
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Amendments to the definition of materiality
IFRS 3	Business Combinations	Amendments to the definition of a business in Business Combinations

The adoption of the standards listed above does not have a significant impact on the Group's condensed quarterly consolidated financial statements.

**Translation for reference purposes only**

(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 performance.

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, color contact lens 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.

2. Segment revenue and business results

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

<Three months ended June 30, 2019>

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consolidated
	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	Sub Total			
Operating revenue										
External customers	2,342	9,776	2,726	1,711	1,333	247	18,137	142	-	18,279
Inter-segment transactions or transfers	2	1	-	1	1	25	31	94	(126)	-
Total	2,345	9,777	2,726	1,712	1,334	272	18,168	237	(126)	18,279
Segment profit (loss)	1,078	2,548	(1,889)	(9)	(21)	(510)	1,196	(155)	176	1,217

Unallocated corporate expenses, etc. (Note 3)	(784)
Operating profit	433
Finance income	35
Finance costs	(358)
Share of profit (loss) of investments accounted for using equity method	(6)
Profit before tax	104

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." mainly include general and administrative expenses that are not attributable to reportable segments.

**Translation for reference purposes only**

<Three months ended March 31, 2020>

(Millions of yen)

	Reportable segments							Other (Note 1)	Adjust- ments (Note 2)	Consolidated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in South east Asia	General entertain- ment business	Real estate business	Invest- ment- business	Sub Total			
Operating revenue										
External customers	2,366	9,501	4,085	1,682	1,026	234	18,896	603	-	19,500
Inter-segment transactions or transfers	0	0	17	1	0	47	66	84	(150)	-
Total	2,366	9,501	4,102	1,683	1,026	281	18,962	687	(150)	19,500
Segment profit (loss)	1,151	2,188	(1,204)	(162)	40	(473)	1,538	(173)	806	2,171

Unallocated corporate expenses, etc. (Note 3)	(615)
Operating profit	1,555
Finance income	107
Finance costs	(249)
Share of profit (loss) of investments accounted for using equity method	(3)
Profit before tax	1,410

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." mainly include general and administrative expenses that are not attributable to reportable segments.