

## Consolidated Financial Results For the Six Months Ended June 30, 2020 (IFRS)

August 12, 2020

Company name: J Trust Co., Ltd. Stock exchange: Tokyo Stock Exchange  
 URL: <https://www.jt-corp.co.jp/en/> Securities code: 8508  
 Representative: EGUCHI Joji, Representative Director, President & CEO  
 Contact: HITACHI Taiji, Executive Officer  
 Telephone: +81-3-4330-9100

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Scheduled date of commencement of dividend payment: -

Preparation of supplemental materials for quarterly financial results: Yes

Holding of quarterly earnings presentation: Yes

(Figures rounded down to the nearest million yen)

### I. Consolidated financial results for the six months ended June 30, 2020 (January 1, 2020 – June 30, 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	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended												
June 30, 2020	36,809	-	689	-	558	-	(146)	-	442	-	(4,428)	-
Sept.30, 2019	36,307	(0.7)	1,033	-	491	(57.7)	(613)	-	(256)	-	(4,898)	-

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
June 30, 2020	4.18	4.18
Sept.30, 2019	(2.42)	(2.42)

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 cumulative period of six months ended June 30, 2020 covers different months (January 1, 2020 to June 30, 2020) from those (April 1, 2019 to September 30, 2019) in the cumulative period of six months ended September 30, 2019. As a result, year-on-year changes are omitted.

Note 2: The Company finalized the provisional accounting treatment related to business combinations in 3Q of fiscal year ended December 31, 2019 and 1Q of fiscal year ended December 31, 2020. The impact of the retrospective adjustments is reflected in the figures for the six months ended September 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	%
June 30, 2020	712,985	115,113	96,266	13.5
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	-	0.00	-	1.00	1.00
Ending December 31, 2020	-	0.00			
Ending December 31, 2020 (forecast)			-	1.00	1.00

[Note] Any revision to the latest forecast: No

## III. Consolidated financial forecast for the fiscal year ending December 31, 2020 (January 1, 2020 – December 31, 2020)

(% indicates year-on-year changes)

	Operating revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	78,511	-	1,731	-	1,436	-	(1,531)	-	(14.46)

Note 1: Any revision to the latest forecast: Yes

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.

Note 3: For the revision of the consolidated financial forecast, please see "Revision of Financial Forecast" issued today.

(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 13.

- (3) Number of issued and outstanding shares (common shares)
  - (i) Number of issued and outstanding shares (including treasury shares)
 

As of June 30, 2020	115,469,910 shares
As of December 31, 2019	115,469,910 shares
  - (ii) Number of treasury shares
 

As of June 30, 2020	9,598,738 shares
As of December 31, 2019	9,598,666 shares
  - (iii) Average number of shares during the period (cumulative)
 

January 1, 2020 – June 30, 2020	105,871,230 shares
April 1, 2019 – September 30, 2019	105,871,324 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/>). In addition, we planned to have a financial results briefing at the venue. However, to prevent the expansion of the novel coronavirus disease (COVID-19), we provide the financial results briefing video. The material for this briefing and the video (English version) will be posted on the website as soon as they become ready.

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**Translation for reference purposes only**

**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 second quarter of this fiscal year covers different months (January 1, 2020 to June 30, 2020) from those (April 1, 2019 to September 30, 2019) in the second 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**

During the six months ended June 30, 2020, the global economy was in a severe condition mainly due to the stagnation of economic activities with the continued expansion of COVID-19 on a global scale. Economic activities are being resumed gradually after governments lifted the state of emergency, but the road to economic recovery from the pandemic is continued to be presumably uncertain and challenging. In addition, the outlook remains unknown due to such factors as the U.S.-China's prolonged trade dispute, the slowing Chinese economy, the UK exit from the EU, instability in the Middle East and East Asia, and concerns over the global economic slowdown. Meanwhile, uncertainty over the Japanese economy is expected to continue given the impact of downward pressure by the consumption tax hike, the fear of recession stemming from the slowdown of economic activities and the deterioration of corporate performance accompanied by the further spread 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 six months ended June 30, 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 and guarantees utilizing crowdfunding to diversify guarantee products. In January 2020, in collaboration with THE KAWASAKI SHINKIN BANK, Nihon Hoshou started 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. Moreover, we are making another effort to increase the balance of guarantees utilizing crowdfunding. The initiative includes joint development of funds incorporating Nihon Hoshou's credit guarantees through the tie-ups with the SAMURAI&J PARTNERS Group by using their crowdfunding site "SAMURAI FUND" and with CAMPFIRE Group by using their loan-type crowdfunding service "CAMPFIRE Owners".

In February 2020, J TRUST Card Co., Ltd. ("J TRUST Card") issued "J TRUST Global Card", a MasterCard-branded shopping credit card targeting foreign residents, allowing many customers to enjoy the benefit of convenient cashless services.

Meanwhile, KeyHolder, Inc. ("KeyHolder") has signed a basic agreement to acquire 100% of shares of North River Inc., which owns 50% of shares of Nogizaka 46 LLC, a talent agency that operates a female idol group "Nogizaka 46". As of June 30, 2020, KeyHolder concluded a share transfer agreement to take a 50% stake of North River Inc.

**b. Developments overseas**

In Cambodia, J Trust Royal Bank Plc. ("J Trust Royal Bank") partnered with Wing (Cambodia) Limited Specialised Bank and started offering "Micro Savings" product in May 2020. The new offering enables unbanked customers in Cambodia to reap benefits of deposit interest with simple operations by using Wing app, the first ever attempt in the local mobile payment market.

Meanwhile, as part of the effort to efficiently utilize funds across the Group, JTRUST ASIA PTE.LTD. ("JTA") raised funds in the form of subordinated loans through the crowdfunding site "SAMURAI FUND" for the recapitalization of PT Bank JTrust Indonesia Tbk. ("Bank JTrust Indonesia").

**Translation for reference purposes only**

As a result, operating revenue for the six months ended June 30, 2020 was 36,809 million yen. Operating profit was 689 million yen. Profit attributable to owners of parent was 442 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 Hoshou provides other financial services.

The balance of credit guarantee was 211,190 million yen. The breakdown was 13,530 million yen in credit guarantees on unsecured loan and 197,660 million yen in credit guarantees on secured loan with an increase in guarantees for property backed loan and guarantees utilizing crowdfunding. The balance of purchased receivables was 15,263 million yen mainly due to proactive purchases of receivables. Advances paid – installment was 2,265 million yen, commercial notes were 1,172 million yen, and accounts receivable – operating loans were 1,619 million yen.

Operating revenue was 4,779 million yen reflecting a steady increase in guarantee revenue in line with growing credit guarantee balances. Segment profit was 2,230 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 279,817 million yen. Though tighter restrictions to restrain lending growth and reduction in collection/purchase of receivables impacted the results, 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, contributed. Purchased receivables were 780 million yen mainly due to the massive sale of NPLs at the end of the previous fiscal year. Accounts receivable – operating loans were 45,620 million yen mainly due to receivables collection/sale.

Operating revenue was 18,268 million yen. The result reflects steady revenue increases in savings bank business despite a drop in interest revenue along with a decline in accounts receivable - operating loans and smaller gain on carrying amount adjustments resulting from the sale of purchased receivables at the end of the previous fiscal year. Segment profit was 3,710 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”) is engaged in automobiles and agriculture equipment financing in Indonesia. Meanwhile, J Trust Royal Bank Ltd. (“J Trust Royal Bank”) conducts banking operations in Cambodia.

Loans for banking business were 107,115 million yen. The balance was on the decline until the previous fiscal year due to loan portfolio reshuffling 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 27,723 million yen. Accounts receivable – operating loans were 2,929 million yen. This was mainly because the balance of other loans declined despite an increase in joint financing between JTO and Bank JTrust Indonesia.

Operating revenue was 7,941 million yen mainly due to addition of J Trust Royal Bank’s operating revenue. Segment loss was 2,894 million yen. The loss was mainly due to higher operating expenses and selling, general and administrative expenses.

(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 2,931 million yen. Segment loss was 496 million yen. Amid the further spread of COVID-19, the full resumption of economic activity has not begun. Due to this, various events such as daily live theater performances, gigs, concert tours, recording of broadcast programs and location shoots were cancelled or postponed, which impacted the results.

## **Translation for reference purposes only**

### (Real estate business)

Keynote Co., Ltd. (“Keynote”) handles real estate business and KeyHolder operates real estate asset business. Operating revenue was 1,640 million yen. Segment profit was 48 million yen.

### (Investment business)

JTA mainly conducts investment business and provides management support for investees. Operating revenue was 503 million yen. Segment loss was 822 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 1,045 million yen. Segment loss was 266 million yen.

## (2) Explanation on financial position

### [1] Status of assets, liabilities and equity

As of June 30, 2020, assets dropped by 18,398 million yen to 712,985 million yen from the end of the previous fiscal year. Despite increases in cash and cash equivalents by 6,543 million yen, assets decreased due to the declines in: (i) trade and other receivables by 15,292 million yen; and (ii) investment securities for banking business by 6,910 million yen.

Liabilities dropped by 14,606 million yen to 597,871 million yen from the end of the previous fiscal year. This was mainly because deposits for banking business dropped by 20,540 million yen.

Equity decreased by 3,792 million yen to 115,113 million yen from the end of the previous fiscal year. This was mainly because other components of equity fell by 4,315 million yen due to a decline in exchange differences on overseas subsidiaries’ operations.

### [2] Status of Cash Flow

Consolidated cash and cash equivalents (“Funds”) as of June 30, 2020 increased by 6,543 million yen to 88,456 million yen from the end of the previous fiscal year.

The following is an overview of cash flows for the six months ended June 30, 2020 with relevant factors.

#### (Cash flows from operating activities)

Funds provided by operating activities were 17,532 million yen. Funds increased mainly because a decrease in trade and other receivables of 11,749 million yen increased Funds.

#### (Cash flows from investing activities)

Funds used in investing activities were 5,482 million yen. Funds fell mainly because: (i) purchase of investment securities for banking business of 74,978 million yen exceeded proceeds from sale of investment securities for banking business of 71,654 million yen; and (ii) an increase in time deposits reduced Funds by 2,000 million yen.

#### (Cash flows from financing activities)

Funds used in financing activities were 2,894 million yen. While net increase in long-term borrowings of 6,643 million yen increased Funds, Funds decreased with a drop in each of the following: (i) net decrease in short-term bonds payable of 5,396 million yen; (ii) net decrease in bonds payable of 3,184 million yen; and (iii) net decrease in short-term borrowings of 1,298 million yen.

## (3) Explanation on future forecast including consolidated financial forecast

Amid the ongoing spread of COVID-19, emergency declarations are issued in many countries, bringing much of global economic activity to a standstill. It is also warned that the current unpredictable market environment is expected to continue for some time. Since the Group is expanding its business globally, mainly in South Korea and Southeast Asia, the expansion of COVID-19 may affect the performance of domestic and overseas subsidiaries.

As announced in “Revision of Financial Forecast” dated June 30, 2020, we have incorporated part of the impact of the spread of COVID-19 on General Entertainment Business at this point in time in connection with the revision of financial forecast by KeyHolder, a consolidated subsidiary.

Going forward, we expect the performance to recover once travel restrictions are lifted and economic activities are resumed with a slowdown of the spread of COVID-19. Nevertheless, it is difficult to forecast when the situation is resolved and how quickly the economy recovers by region. Thus we are unable to make a reasonable financial forecast at this point in time. Taking the situation into consideration and the progress against the results of the six months ended June 30, 2020, which largely remain on track except for General Entertainment Business, we maintain the full-year consolidated results forecast and dividends forecast.

***Translation for reference purposes only***

As announced in “Change in Subsidiary (Second-tier Subsidiary)” published today, KeyHolder announced that Keynote, a consolidated subsidiary, concluded a share exchange agreement to transfer all shares to Prospect Co., Ltd. Due to this, the real estate business and other business (commercial facility construction business) are to be reclassified as discontinued operations. As for the impact of this matter on the Company’s consolidated financial results, please see “Revision of Financial Forecast” released today.

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

*Translation for reference purposes only*

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 June 30, 2020
<b>Assets</b>		
Cash and cash equivalents	81,913	88,456
Trade and other receivables	113,942	98,650
Investment securities for banking business	52,805	45,895
Loans for banking business	370,174	372,707
Operational investment securities	1,895	1,610
Marketable securities	721	1,670
Other financial assets	40,893	38,182
Investments accounted for using equity method	118	123
Inventories	7,285	6,335
Assets held for sale	1,102	1,181
Property, plant and equipment	9,871	9,374
Investment property	2,309	2,270
Goodwill	35,901	34,693
Intangible assets	7,461	6,909
Deferred tax assets	934	940
Other assets	4,053	3,983
<b>Total assets</b>	<b>731,384</b>	<b>712,985</b>
<b>Liabilities</b>		
Trade and other payables	16,137	16,191
Deposits for banking business	483,402	462,861
Bonds and borrowings	85,105	79,179
Other financial liabilities	19,911	32,999
Income taxes payable	977	260
Provisions	1,214	1,116
Deferred tax liabilities	1,865	1,914
Other liabilities	3,864	3,348
<b>Total liabilities</b>	<b>612,478</b>	<b>597,871</b>
<b>Equity</b>		
Share capital	54,760	54,760
Capital surplus	54,082	54,348
Treasury shares	(7,685)	(7,685)
Retained earnings	3,040	3,379
Other components of equity	(4,219)	(8,535)
<b>Total equity attributable to owners of parent</b>	<b>99,977</b>	<b>96,266</b>
<b>Non-controlling interests</b>	<b>18,928</b>	<b>18,846</b>
<b>Total equity</b>	<b>118,905</b>	<b>115,113</b>
<b>Total liabilities and equity</b>	<b>731,384</b>	<b>712,985</b>



**Translation for reference purposes only**

(2) Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Six months ended September 30, 2019	Six months ended June 30, 2020
<b>Continuing operations</b>		
Operating revenue	36,307	36,809
Operating expenses	23,328	21,320
Selling, general and administrative expenses	17,226	15,085
Other income	5,348	427
Other expenses	67	141
Operating profit	1,033	689
Finance income	45	146
Finance costs	580	279
Share of profit (loss) of investments accounted for using equity method	(6)	0
Profit before tax	491	558
Income tax expense	1,104	704
Profit (loss) from continuing operations	(613)	(146)
<b>Discontinued operations</b>		
Profit (loss) from discontinued operations	-	-
Profit (loss)	(613)	(146)
<b>Profit (loss) attributable to</b>		
Owners of parent	(256)	442
Non-controlling interests	(357)	(589)
Profit (loss)	(613)	(146)
<b>Earnings (loss) per share (attributable to owners of parent)</b>		
<b>Basic earnings (loss) per share (Yen)</b>		
Continuing operations	(2.42)	4.18
Discontinued operations	-	-
Total	(2.42)	4.18
<b>Diluted earnings (loss) per share (Yen)</b>		
Continuing operations	(2.42)	4.18
Discontinued operations	-	-
Total	(2.42)	4.18

**Translation for reference purposes only**

## (3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended June 30, 2020
Profit (loss)	(613)	(146)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	160	(2)
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(340)	(472)
Total of items that will not be reclassified to profit or loss	(179)	(475)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(4,604)	(3,555)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	496	(196)
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	5	(49)
Share of other comprehensive income of investments accounted for using equity method	(3)	(4)
Total of items that may be reclassified to profit or loss	(4,105)	(3,805)
Other comprehensive income, net of tax	(4,285)	(4,281)
Comprehensive income	(4,898)	(4,428)
Comprehensive income attributable to		
Owners of parent	(4,701)	(3,868)
Non-controlling interests	(197)	(559)
Comprehensive income	(4,898)	(4,428)

**Translation for reference purposes only**

(4) Condensed quarterly consolidated statement of changes in equity

Six months ended September 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)	-	-	-	(256)	-	(256)	(357)	(613)
Other comprehensive income	-	-	-	-	(4,445)	(4,445)	160	(4,285)
Total comprehensive income	-	-	-	(256)	(4,445)	(4,701)	(197)	(4,898)
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	-	6	-	(0)	-	6	-	6
Total contributions by and distributions to owners	-	6	(0)	(105)	(0)	(99)	-	(99)
Changes in ownership interest in subsidiaries	-	220	-	-	1	222	1,532	1,754
Dividends to non-controlling interests	-	-	-	-	-	-	(79)	(79)
Change in scope of consolidation	-	-	-	-	-	-	11,608	11,608
Other	-	-	-	6	-	6	(8)	(1)
Total changes in ownership interests in subsidiaries	-	220	-	6	1	229	13,052	13,282
Total transactions with owners	-	227	(0)	(98)	0	129	13,052	13,182
Balance as of September 30, 2019	54,760	54,071	(7,685)	6,018	(7,614)	99,550	19,328	118,879

**Translation for reference purposes only**

Six months ended June 30, 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)	-	-	-	442	-	442	(589)	(146)
Other comprehensive income	-	-	-	-	(4,311)	(4,311)	30	(4,281)
Comprehensive income	-	-	-	442	(4,311)	(3,868)	(559)	(4,428)
Dividends of surplus	-	-	-	(105)	-	(105)	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	4	(4)	-	-	-
Other	-	-	-	(1)	-	(1)	-	(1)
Total contributions by and distributions to owners	-	-	(0)	(103)	(4)	(107)	-	(107)
Changes in ownership interest in subsidiaries	-	266	-	-	0	266	554	820
Dividends to non-controlling interests	-	-	-	-	-	-	(94)	(94)
Other	-	-	-	-	-	-	17	17
Total changes in ownership interests in subsidiaries	-	266	-	-	0	266	477	743
Total transactions with owners	-	266	(0)	(103)	(4)	158	477	635
Balance as of June 30, 2020	54,760	54,348	(7,685)	3,379	(8,535)	96,266	18,846	115,113

**Translation for reference purposes only**

(5) Condensed quarterly consolidated statement of cash flow

(Millions of yen)

	Six months ended September 30, 2019	Six months ended June 30, 2020
<b>Cash flows from operating activities</b>		
Profit before tax	491	558
Depreciation and amortization	1,677	1,946
Impairment losses (gains) on other financial assets	365	637
Interest and dividend income	(26,371)	(27,161)
Interest expenses	9,224	8,945
Other (profit) loss	(1,420)	2,249
Decrease (increase) in trade and other receivables	(4,600)	11,749
Increase (decrease) in deposits for banking business	(11,419)	(18)
Decrease (increase) in loans for banking business	(2,016)	(19,270)
Increase (decrease) in trade and other payables	(55)	59
Increase (decrease) in other financial liabilities	3,572	14,902
Interest and dividends received	28,644	28,561
Interest paid	(10,253)	(9,021)
Income taxes paid	(1,854)	(1,389)
Income taxes refund	620	27
Other	498	4,756
Net cash provided by (used in) operating activities	(12,896)	17,532
<b>Cash flows from investing activities</b>		
Purchase of investments accounted for using equity method	-	(8)
Decrease (increase) in time deposits	276	(2,000)
Purchase of property, plant and equipment, and investment property	(1,369)	(263)
Proceeds from sale of property, plant and equipment, and investment property	493	162
Purchase of intangible assets	(2,089)	(472)
Purchase of investment securities for banking business	(32,866)	(74,978)
Proceeds from sale of investment securities for banking business	37,307	71,654
Proceeds from redemption of investment securities for banking business	851	5,342
Purchase of investment securities	(66)	(900)
Proceeds from acquisition of shares of subsidiaries	24,397	-
Purchase of shares of subsidiaries	(729)	-
Proceeds from acquisition of shares of subsidiaries through share exchanges	474	-
Payments for acquisition of businesses	(73)	-
Payments for long-term loans receivable	-	(3,469)
Other	(1,494)	(548)
Net cash provided by (used in) investing activities	25,110	(5,482)

**Translation for reference purposes only**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended June 30, 2020
Cash flows from financing activities		
Net increase (decrease) in discounted notes	20	(240)
Net increase (decrease) in short-term borrowings	(1,236)	(1,298)
Net increase (decrease) in short-term bonds payable	(3,935)	(5,396)
Repayments of long-term borrowings	(13,155)	(15,966)
Proceeds from long-term borrowings	15,026	22,609
Redemption of bonds	(6,336)	(6,714)
Proceeds from issuance of bonds	9,850	3,529
Repayments of lease liabilities	(687)	(711)
Purchase of treasury shares	(0)	(0)
Dividends paid	(105)	(105)
Dividends paid to non-controlling interests	(79)	(94)
Capital contribution from non-controlling interests	-	1,495
Other	17	0
Net cash provided by (used in) financing activities	(623)	(2,894)
Net increase (decrease) in cash and cash equivalents	11,590	9,155
Cash and cash equivalents at beginning of period	87,150	81,913
Effect of exchange rate changes on cash and cash equivalents	(1,212)	(2,612)
Cash and cash equivalents at end of period	97,527	88,456

**Translation for reference purposes only**

(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 items.

The Group has applied the following standards since the first quarter of the current fiscal year.

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 application 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.

<Six months ended September 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 busine ss	Investment business	Sub Total			
Operating revenue										
External customers	4,906	18,982	5,873	3,277	2,311	488	35,840	466	-	36,307
Inter-segment transactions or transfers	2	11	0	1	1	45	62	205	(268)	-
Total	4,908	18,994	5,873	3,279	2,312	533	35,903	672	(268)	36,307
Segment profit (loss)	2,270	4,258	(934)	(9)	168	(1,093)	4,660	(158)	332	4,833

Unallocated corporate expenses, etc. (Note 3)	(3,800)
Operating profit	<u>1,033</u>
Finance income	45
Finance costs	(580)
Share of profit (loss) of investments accounted for using equity method	<u>(6)</u>
Profit before tax	<u><u>491</u></u>

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**

<Six months ended June 30, 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	4,773	18,267	7,907	2,929	1,639	410	35,927	882	-	36,809
Inter-segment transactions or transfers	6	0	34	1	1	93	138	162	(300)	-
Total	4,779	18,268	7,941	2,931	1,640	503	36,065	1,045	(300)	36,809
Segment profit (loss)	2,230	3,710	(2,894)	(496)	48	(822)	1,776	(266)	433	1,944
Unallocated corporate expenses, etc. (Note 3)										(1,254)
Operating profit										689
Finance income										146
Finance costs										(279)
Share of profit of investments accounted for using equity method										0
Profit before tax										558

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.