

## Consolidated Financial Results For the Nine Months Ended September 30, 2020 (IFRS)

November 12, 2020

Company name: J Trust Co., Ltd. Stock exchange: Tokyo Stock Exchange  
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Preparation of supplemental materials for quarterly financial results: Yes

Holding of quarterly earnings presentation: No

(Figures rounded down to the nearest million yen)

### I. Consolidated financial results for the nine months ended September 30, 2020 (January 1, 2020 – September 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	
Nine months ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Sept. 30, 2020	38,845	-	(1,224)	-	(1,750)	-	(12)	-	1,226	-	(5,310)	-
December 31, 2019	37,698	-	(3,926)	-	(4,405)	-	(3,754)	-	(3,260)	-	(4,427)	-

	Basic earnings per share	Diluted earnings per share
Nine months ended	yen	yen
Sept. 30, 2020	11.58	11.58
December 31, 2019	(30.80)	(30.80)

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 the change, the Company did not prepare condensed quarterly consolidated financial statements for the nine months ended December 31, 2019 and figures for the consolidated financial statements for the previous fiscal year are provided as comparative information. For this reason, no year-on-year changes are shown.

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 nine months ended December 31, 2019.

Note 3: The Company reclassified Keynote Co., Ltd. (currently Gro-Bels Co., Ltd.), J TRUST Card Co., Ltd., and JT Chinae Savings Bank Co., Ltd. as discontinued operations in the current quarter. Accordingly, relevant figures for the nine months ended December 31, 2019 are reclassified.

#### 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	%
Sept. 30, 2020	705,710	114,232	96,215	13.6
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	-	-	-	-	-	-	-	-	-

Note 1: Any revision to the latest forecast: No

Note 2: Consolidated financial forecast is not shown since it is difficult at this time to reasonably estimate the forecast. We will disclose it promptly when such disclosure is possible.

(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 16

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

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

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

As of September 30, 2020	9,598,818 shares
As of December 31, 2019	9,598,666 shares
- (iii) Average number of shares during the period (cumulative)
 

January 1, 2020 – September 30, 2020	105,871,207 shares
April 1, 2019 – December 31, 2019	105,871,312 shares

Note: 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 Company did not prepare condensed quarterly consolidated financial statements for the nine months ended December 31, 2019 and thus "Average number of shares during the period (April 1, 2019 - December 31, 2019)" represents the average number of shares in the previous fiscal year.

- ✓ 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 5 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 the change, the Company did not prepare condensed quarterly consolidated financial statements for the nine months ended December 31, 2019. For this reason, no year-on-year changes are shown. In addition, the Company applied the provisional accounting treatment related to business combinations implemented in the three months ended June 30, 2019 and finalized it 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 nine months ended September 30, 2020, the global economy is expected to continue to face the extremely severe situation since the prolonged trade friction between the United States and China, the slowing Chinese economy, the concerns about a global economic slowdown, as well as the impact from a decline in economic activity due to the global expansion of COVID-19. Following the lifting of the state of emergency, economic activity is being resumed in stages, but the process to the economic recovery is unclear and the outlook remains uncertain. In addition, the outlook for the Japanese economy remains uncertain due to concerns about a recession due to the stagnation of economic activities caused by the spread of COVID-19 and the worsening corporate performance.

In these days, the economic environment has changed suddenly in various countries around the world due to the spread of COVID-19, and the industrial structure has changed significantly. We recognize a drastic review of the future outlook for business profitability is required, and in the stock market, the evaluation of companies is not based on accounting assets, etc., but on emphasizing anticipation of future growth opportunities. Under those circumstances, we believe that the Group is facing an opportunity to thoroughly review the value and future potential of our existing business portfolio and aim to maximize shareholder value as a listed company. With this in mind, we have been proactively working to strengthen our business foundation and realize sustainable growth.

a. Business developments in Japan

As part of the effort to further accelerate the review of the value of our business portfolio and to maximize shareholder value, in September 2020, we resolved to carry out a share exchange with SAMURAI & J PARTNERS Co., Ltd. (currently Nexus Bank Co., Ltd. "Nexus Bank") as the wholly-owning parent company of the share exchange and J TRUST Card Co., Ltd. ("J TRUST Card"), a consolidated subsidiary of the Company, as the wholly-owned subsidiary of the share exchange and signed a share exchange agreement. As a result, J TRUST Card and JT Chinae Savings Bank, Ltd. ("JT Chinae Savings Bank"), a wholly-owned subsidiary of JTRUST Card, are expected to be excluded from the scope of consolidation.

Nihon Hoshou Co., Ltd. ("Nihon Hoshou") has been promoting guarantees for reverse mortgage loans, property-backed 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.

In August 2020, we started guaranteeing property-backed loans in which partner financial institutions finance funds when customers purchase TOKYU RESORT CORPORATION's condominium hotel units with the units as collateral. We are also working 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 Nexus Bank Group by using their crowdfunding site "SAMURAI FUND" and with CAMPFIRE Group by using their loan-type crowdfunding service "CAMPFIRE Owners".

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

Meanwhile, in May 2020, KeyHolder, Inc. ("KeyHolder") signed a basic agreement to acquire 100% of shares of North River Inc. ("North River"), which owns 50% interest in Nogizaka 46 LLC, a talent agency that operates a female idol group "Nogizaka 46" and completed the acquisition of all shares in August 2020. As a result, North River becomes a consolidated subsidiary and Nogizaka 46 LLC becomes an equity-method affiliate of the

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Company. Meanwhile, KeyHolder conducted a share exchange in which Prospect Co., Ltd. becomes the wholly-owning parent company of the share exchange and Keynote Co., Ltd. (currently, Gro-Bels Co., Ltd. "Keynote"), which is a consolidated subsidiary (a second-tier subsidiary of the Company), becomes the wholly-owned subsidiary of the share exchange and excluded Keynote from the scope of consolidation.

b. Developments overseas

In Cambodia, J Trust Royal Bank Plc. ("J Trust Royal Bank") partnered with Wing (Cambodia) Limited Specialised Bank ("Wing") 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").

As a result, operating revenue for the nine months ended September 30, 2020 was 38,845 million yen, operating loss was 1,224 million yen and profit attributable to owners of parent was 1,226 million yen.

In addition, we recorded share of profit of investments accounted for using equity method of 915 million yen relating to Nogizaka 46 LLC and a gain of 237 million yen relating to loss of control of Keynote through share exchanges, under profit from discontinued operations.

Meanwhile, we have classified results of consolidated subsidiaries (J TRUST Card, JT Chinae Savings Bank, and Keynote) that concluded share exchange agreements as discontinued operations during the current quarter as provided in IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations).

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 and Nihon Hoshou provides other financial services.

The balance of credit guarantee was 210,705 million yen. The breakdown was 13,305 million yen in credit guarantees on unsecured loan and 197,399 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 16,025 million yen mainly due to proactive purchases of receivables. Commercial notes were 648 million yen due to a decline in the note purchase and accounts receivable – operating loans were 2,027 million yen due to large-scale collections. Meanwhile, with a conclusion of the share exchange agreement, the balance of J TRUST Card's 2,050 million yen in advances paid – installment and 0 million yen in accounts receivable – operating loans are recorded in assets held for sale.

Operating revenue was 6,879 million yen reflecting a steady increase in guarantee revenue in line with growing credit guarantee balances. Segment profit was 3,427 million yen.

(Financial business in South Korea and Mongolia)

JT Savings Bank Co., Ltd. conducts 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 NBFJ provides financial services in Mongolia.

Loans for banking business were 116,505 million yen. While new loans increased, mainly secured loans to prime businesses and unsecured loans to individuals in the medium interest rate range, which are not subject to total lending volume ceilings under certain conditions, the balance declined significantly mainly due to the conclusion of a share exchange agreement and the classification of JT Chinae Savings Bank's assets held for sale. The balance of purchased receivables was 1,269 million yen due to the large-scale sale of NPL receivables at the end of the previous fiscal year, and accounts receivable – operating loans were 42,812 million yen due to the collection and the sale of receivables. Meanwhile, following the conclusion of the share exchange agreement, JT Chinae Savings Bank's loans for banking business of 170,299 million yen is recorded as assets held for sale.

Operating revenue was 12,933 million yen. Major factors were as follows: a drop in interest revenue along with a decline in accounts receivable – operating loans; no recording of gain on sale of NPL receivables compared to the previous fiscal year in which the NPL sale was conducted at the year-end; and steady revenue from the savings bank business. Segment profit was 2,341 million yen.

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(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 conducts banking operations in Cambodia.

Loans for banking business were 105,943 million yen. Even though the number of borrowers decreased due to the effects of the spread of COVID-19, the balance continued to expand. The balance of purchased receivables was 25,419 million yen. Accounts receivable – operating loans were 2,330 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 12,014 million yen mainly due to addition of J Trust Royal Bank's operating revenue. Segment loss was 4,322 million yen. The loss expanded compared to the previous fiscal year in which we recorded gain on bargain purchase resulting from the consolidation of J Trust Royal Bank and an increase in interest expenses on bank deposits due to continued high interest rates on bank deposits.

(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; Zest, Inc. operates talent agency business; and North River conducts total production business for movie content, live performances, etc.

Operating revenue was 6,189 million yen due to the addition of North River's revenue from the current quarter.. Economic activities were sluggish due to the spread of COVID-19 but they resumed gradually. However, a mood of voluntary restraint is continuing.

The Group endeavored to expand the scope of business activities including internet-based social networking service (SNS) and digital streaming video distribution platforms as well as sales of goods or merchandises, etc., but the impact of voluntary restraint was not fully offset and segment loss was 451 million yen.

(Investment business)

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

Operating revenue was 731 million yen. Segment loss was 1,223 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. Since Keynote is excluded from the scope of consolidation, real estate business is eliminated from the reportable segment and real estate asset business conducted by KeyHolder is included in other business.

Operating revenue was 539 million yen. Segment loss was 95 million yen.

**(2) Explanation on financial position**

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

As of September 30, 2020, assets dropped by 25,673 million yen to 705,710 million yen from the end of the previous fiscal year. While assets held for sale increased by 200,299 million yen mainly due to the conclusion of the share exchange agreement, assets decreased due to the declines in: (i) loans for banking business by 154,044 million yen; (ii) investment securities for banking business by 28,700 million yen; (iii) trade and other receivables by 20,466 million yen; (iv) inventories by 6,828 million yen; and (v) cash and cash equivalents by 5,429 million yen.

Liabilities dropped by 21,000 million yen to 591,477 million yen from the end of the previous fiscal year, mainly due to the declines in: (i) deposits for banking business by 186,439 million yen and; (ii) bonds and borrowings by 14,133 million yen despite the increase in liabilities directly associated with assets held for sale by 177,992 million yen resulting from the conclusion of the share exchange agreement.

Equity decreased by 4,673 million yen to 114,232 million yen from the end of the previous fiscal year. This was mainly because other components of equity fell by 4,067 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 September 30, 2020 decreased by 5,429 million yen to 76,483 million yen from the end of the previous fiscal year.

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

(Cash flows from operating activities)

Funds provided by operating activities were 9,762 million yen. While an increase in loans for banking business of 26,291 million yen reduced Funds, a decrease in trade and other receivables of 15,269 million yen and an increase in deposits for banking business of 9,036 million yen increased Funds.

(Cash flows from investing activities)

Funds provided by investing activities were 637 million yen. Funds increased mainly because proceeds from sale/redemption of investment securities for banking business of 122,991 million yen exceeded purchase of investment securities for banking business of 113,749 million yen.

(Cash flows from financing activities)

Funds used in financing activities were 6,548 million yen. While net increase in long-term borrowings of 5,580 million yen increased Funds, Funds decreased with a drop in each of the following: (i) net decrease in short-term bonds payable of 4,646 million yen; (ii) net decrease in bonds payable of 3,826 million yen; and (ii) net decrease in short-term borrowings of 2,794 million yen.

(3) Explanation on future forecast including consolidated financial forecast

In these days, the economic environment has changed suddenly in various countries around the world due to the spread of COVID-19, and the industrial structure has changed significantly. We recognize a drastic review of the future outlook for business profitability is required, and in the stock market, the evaluation of companies is not based on accounting assets, etc., but on emphasizing anticipation of future growth opportunities. Under those circumstances, we believe that the Group is facing an opportunity to thoroughly review the value and future potential of our existing business portfolio and aim to maximize shareholder value as a listed company. With this in mind, we have been proactively working to strengthen our business foundation and realize sustainable growth.

As part of this policy, as announced in "Conclusion of Share Exchange Agreement Between J TRUST Card and SAMURAI&J PARTNERS and Change in Subsidiary" announced on September 23, 2020 and "Change in Specified Subsidiary (JT Savings Bank Co., Ltd.)" announced on October 29, 2020, we have resolved the change in subsidiary.

In addition, as stated in "Revision of Financial Forecast" announced on September 23, 2020, the Group will continue to accelerate the review of the value of its business portfolio and pursue the policy of maximizing shareholder value. Given such circumstances, we have determined that it is extremely difficult to reasonably estimate the financial forecast. Due to this, the full-year consolidated forecast for the fiscal year ending December 31, 2020 is currently undetermined. Meanwhile, based on IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), results of subsidiaries to be transferred will be reclassified as discontinued operations. An impact of this on the Company's consolidated financial results for the fiscal year ending December 31, 2020 is currently under review.

Actual results may differ from the forecast 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 September 30, 2020
<b>Assets</b>		
Cash and cash equivalents	81,913	76,483
Trade and other receivables	113,942	93,476
Investment securities for banking business	52,805	24,105
Loans for banking business	370,174	216,130
Operational investment securities	1,895	1,272
Marketable securities	721	2,645
Other financial assets	40,893	28,287
Investments accounted for using equity method	118	4,352
Inventories	7,285	456
Assets held for sale	1,102	201,402
Property, plant and equipment	9,871	8,488
Investment property	2,309	1,486
Goodwill	35,901	35,566
Intangible assets	7,461	5,994
Deferred tax assets	934	901
Other assets	4,053	4,659
<b>Total assets</b>	<b>731,384</b>	<b>705,710</b>
<b>Liabilities</b>		
Trade and other payables	16,137	16,936
Deposits for banking business	483,402	296,962
Liabilities directly associated with assets held for sale	-	177,992
Bonds and borrowings	85,105	70,972
Other financial liabilities	19,911	22,696
Income taxes payable	977	583
Provisions	1,214	1,135
Deferred tax liabilities	1,865	1,456
Other liabilities	3,864	2,741
<b>Total liabilities</b>	<b>612,478</b>	<b>591,477</b>
<b>Equity</b>		
Share capital	54,760	54,760
Capital surplus	54,082	54,206
Treasury shares	(7,685)	(7,685)
Retained earnings	3,040	4,353
Other components of equity	(4,219)	(8,287)
Other comprehensive income associated with assets held for sale	-	(1,132)
<b>Total equity attributable to owners of parent</b>	<b>99,977</b>	<b>96,215</b>
<b>Non-controlling interests</b>	<b>18,928</b>	<b>18,017</b>
<b>Total equity</b>	<b>118,905</b>	<b>114,232</b>
<b>Total liabilities and equity</b>	<b>731,384</b>	<b>705,710</b>



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(2) Condensed quarterly consolidated statement of profit or loss

(Millions of yen)

	Fiscal year ended December 31, 2019	Nine months ended September 30, 2020
Continuing operations		
Operating revenue	37,698	38,845
Operating expenses	23,839	22,328
Selling, general and administrative expenses	22,970	19,106
Share of profit of investments accounted for using equity method	-	915
Other income	5,504	598
Other expenses	318	149
Operating profit (loss)	(3,926)	(1,224)
Finance income	124	135
Finance costs	603	661
Profit (loss) before tax	(4,405)	(1,750)
Income tax expense	2,446	1,147
Profit (loss) from continuing operations	(6,851)	(2,897)
Discontinued operations		
Profit (loss) from discontinued operations	3,097	2,885
Profit (loss)	(3,754)	(12)
Profit (loss) attributable to		
Owners of parent	(3,260)	1,226
Non-controlling interests	(494)	(1,238)
Profit (loss)	(3,754)	(12)
Earnings (loss) per share (attributable to owners of parent)		
Basic earnings (loss) per share (Yen)		
Continuing operations	(58.04)	(14.55)
Discontinued operations	27.24	26.13
Total	(30.80)	11.58
Diluted earnings (loss) per share (Yen)		
Continuing operations	(58.04)	(14.55)
Discontinued operations	27.24	26.13
Total	(30.80)	11.58

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(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2019	Nine months ended September 30, 2020
Profit (loss)	(3,754)	(12)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	166	12
Net change in fair value of equity instruments measured at fair value through other comprehensive income	(791)	(914)
Total of items that will not be reclassified to profit or loss	(624)	(902)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(830)	(4,346)
Net change in fair value of debt instruments measured at fair value through other comprehensive income	757	(3)
Provision for expected credit losses on debt instruments measured at fair value through other comprehensive income	24	(36)
Share of other comprehensive income of investments accounted for using equity method	1	(9)
Total of items that may be reclassified to profit or loss	(48)	(4,395)
Other comprehensive income, net of tax	(672)	(5,297)
Comprehensive income	(4,427)	(5,310)
Comprehensive income attributable to		
Owners of parent	(4,310)	(3,896)
Non-controlling interests	(116)	(1,413)
Comprehensive income	(4,427)	(5,310)

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(4) Condensed quarterly consolidated statement of changes in equity

Fiscal year ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Other comprehensive income associated with assets held for sale	Total equity attributable to owners of parent
Balance as of April 1, 2019	54,760	53,844	(7,685)	6,424	(3,170)	-	104,173
Cumulative effect of accounting change	-	-	-	(51)	-	-	(51)
Restated balance as of April 1, 2019	54,760	53,844	(7,685)	6,373	(3,170)	-	104,121
Profit (loss)	-	-	-	(3,260)	-	-	(3,260)
Other comprehensive income	-	-	-	-	(1,050)	-	(1,050)
Comprehensive income	-	-	-	(3,260)	(1,050)	-	(4,310)
Dividends of surplus	-	-	-	(105)	-	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	0	(0)	-	-
Other	-	17	-	50	-	-	67
Total contributions by and distributions to owners	-	17	(0)	(54)	(0)	-	(38)
Changes in ownership interest in subsidiaries	-	220	-	-	1	-	222
Dividends to non-controlling interests	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-
Other	-	-	-	(18)	-	-	(18)
Total changes in ownership interests in subsidiaries	-	220	-	(18)	1	-	203
Total transactions with owners	-	237	(0)	(73)	0	-	165
Balance as of December 31, 2019	54,760	54,082	(7,685)	3,040	(4,219)	-	99,977

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(Millions of yen)

	Non- controlling interests	Total
Balance as of April 1, 2019	6,554	110,727
Cumulative effect of accounting change	(81)	(132)
Restated balance as of April 1, 2019	6,473	110,595
Profit (loss)	(494)	(3,754)
Other comprehensive income	377	(672)
Comprehensive income	(116)	(4,427)
Dividends of surplus	-	(105)
Purchase of treasury shares	-	(0)
Transfer from other components of equity to retained earnings	-	-
Other	-	67
Total contributions by and distributions to owners	-	(38)
Changes in ownership interest in subsidiaries	1,532	1,754
Dividends to non-controlling interests	(561)	(561)
Change in scope of consolidation	11,441	11,441
Other	160	141
Total changes in ownership interests in subsidiaries	12,572	12,776
Total transactions with owners	12,572	12,738
Balance as of December 31, 2019	18,928	118,905

**Translation for reference purposes only**

Nine months ended September 30, 2020 (January 1, 2020 to September 30, 2020)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Other comprehensive income associated with assets held for sale	Total equity attributable to owners of parent
Balance as of January 1, 2020	54,760	54,082	(7,685)	3,040	(4,219)	-	99,977
Profit (loss)	-	-	-	1,226	-	-	1,226
Other comprehensive income	-	-	-	-	(5,123)	-	(5,123)
Comprehensive income	-	-	-	1,226	(5,123)	-	(3,896)
Dividends of surplus	-	-	-	(105)	-	-	(105)
Purchase of treasury shares	-	-	(0)	-	-	-	(0)
Transfer from other components of equity to retained earnings	-	-	-	76	(76)	-	-
Transfers to other comprehensive income associated with assets held for sale	-	-	-	-	1,132	(1,132)	-
Other	-	(117)	-	115	-	-	(1)
Total contributions by and distributions to owners	-	(117)	(0)	86	1,055	(1,132)	(107)
Changes in ownership interest in subsidiaries	-	241	-	-	0	-	241
Dividends to non-controlling interests	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	241	-	-	0	-	241
Total transactions with owners	-	124	(0)	86	1,055	(1,132)	134
Balance as of September 30, 2020	54,760	54,206	(7,685)	4,353	(8,287)	(1,132)	96,215

**Translation for reference purposes only**

(Millions of yen)

	Non-controlling interests	Total
Balance as of January 1, 2020	18,928	118,905
Profit (loss)	(1,238)	(12)
Other comprehensive income	(174)	(5,297)
Comprehensive income	(1,413)	(5,310)
Dividends of surplus	-	(105)
Purchase of treasury shares	-	(0)
Transfer from other components of equity to retained earnings	-	-
Transfers to other comprehensive income associated with assets held for sale	-	-
Other	-	(1)
Total contributions by and distributions to owners	-	(107)
Changes in ownership interest in subsidiaries	578	820
Dividends to non-controlling interests	(94)	(94)
Other	17	17
Total changes in ownership interests in subsidiaries	502	744
Total transactions with owners	502	637
Balance as of September 30 2020	18,017	114,232

**Translation for reference purposes only**

(5) Condensed quarterly consolidated statement of cash flow

(Millions of yen)

	Fiscal year ended December 31, 2019	Nine months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before tax	(4,405)	(1,750)
Profit before tax from discontinued operations	4,048	3,916
Depreciation and amortization	2,767	3,009
Impairment losses	3	-
Impairment losses (gains) on other financial assets	(55)	326
Interest and dividend income	(39,807)	(40,964)
Interest expenses	13,767	13,830
Share of loss (profit) of investments accounted for using equity method	-	(915)
Gain on bargain purchase	(3,355)	-
Other (profit) loss	29	2,045
Decrease (increase) in trade and other receivables	840	15,269
Increase (decrease) in deposits for banking business	(13,724)	9,036
Decrease (increase) in loans for banking business	(17,559)	(26,291)
Increase (decrease) in trade and other payables	605	458
Increase (decrease) in other financial liabilities	1,071	5,932
Interest and dividends received	41,206	42,501
Interest paid	(15,049)	(14,318)
Income taxes paid	(2,574)	(2,197)
Income taxes refund	633	397
Other	10,727	(523)
Net cash provided by (used in) operating activities	(20,829)	9,762
Cash flows from investing activities		
Purchase of investments accounted for using equity method	-	(2,108)
Decrease (increase) in time deposits	(13)	(1,152)
Purchase of property, plant and equipment, and investment property	(1,636)	(400)
Proceeds from sale of property, plant and equipment, and investment property	737	246
Purchase of intangible assets	(2,312)	(589)
Purchase of investment securities for banking business	(74,266)	(113,749)
Proceeds from sale of investment securities for banking business	67,529	113,542
Proceeds from redemption of investment securities for banking business	1,331	9,449
Purchase of investment securities	(83)	(917)
Proceeds from acquisition of shares of subsidiaries	24,370	1,225
Purchase of shares of subsidiaries	(752)	-
Proceeds from acquisition of shares of subsidiaries through share exchanges	474	-

**Translation for reference purposes only**

	(Millions of yen)	
	Fiscal year ended December 31, 2019	Nine months ended September 30, 2020
Payments for sale of shares of subsidiaries through share exchanges	-	(937)
Payments for acquisition of businesses	(73)	-
Payments for long-term loans receivable	-	(3,469)
Other	127	(500)
Net cash provided by (used in) investing activities	15,431	637



**Translation for reference purposes only**

(Millions of yen)

	Fiscal year ended December 31, 2019	Nine months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in discounted notes	20	(1,050)
Net increase (decrease) in short-term borrowings	(770)	(2,794)
Net increase (decrease) in short-term bonds payable	(4,251)	(4,646)
Repayments of long-term borrowings	(20,349)	(25,442)
Proceeds from long-term borrowings	23,344	31,023
Redemption of bonds	(6,371)	(9,305)
Proceeds from issuance of bonds	10,050	5,479
Repayments of lease liabilities	(1,002)	(1,096)
Purchase of treasury shares	(0)	(0)
Dividends paid	(105)	(105)
Dividends paid to non-controlling interests	(561)	(94)
Capital contribution from non-controlling interests	-	1,495
Other	17	(10)
Net cash provided by (used in) financing activities	18	(6,548)
Net increase (decrease) in cash and cash equivalents	(5,379)	3,851
Cash and cash equivalents at beginning of period	87,150	81,913
Effect of exchange rate changes on cash and cash equivalents	142	(4,809)
Cash and cash equivalents included in assets held for sale	-	(4,471)
Cash and cash equivalents at end of period	81,913	76,483

**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 five reportable segments by business, namely "Financial Business in Japan," "Financial Business in South Korea and Mongolia," "Financial Business in Southeast Asia," "General Entertainment 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, 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, total production business for movie content, live performances, etc. and talent agency business. "Investment Business" includes inbound and outbound investment business.

During the current quarter, Keynote Co., Ltd. (currently Gro-Bels Co., Ltd. "Keynote"), which played a central role in "Real Estate Business", has been excluded from the scope of consolidation. As a result, "Real Estate Business", which was presented as a reportable segment, has become immaterial and is included in "Other". Due to the above, the Group reclassified its former six reportable segments into five. In addition, during the current quarter, purchase and sale of real estate business of Keynote in "Real Estate business", commercial facility construction business of Keynote in "Other Business", credit and consumer credit business of J TRUST Card Co., Ltd. ("J TRUST Card") in "Financial Business in Japan" and savings bank business of JT Chinae Savings Bank Co., Ltd. ("JT Chinae Savings Bank") in "Financial Business in South Korea and Mongolia" are classified as discontinued operations. Therefore, relevant figures for the nine months ended September 30, 2020 and the previous fiscal year are reclassified to the amount of continuing operations excluding discontinued operations.

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.

<Fiscal year ended December 31, 2019>

(Millions of yen)

	Reportable segments						Other (Note 1)	Adjustments (Note 2)	Consolidated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Investment business	Sub Total			
Operating revenue									
External customers	7,364	14,759	9,673	4,847	734	37,378	319	-	37,698
Inter-segment transactions or transfers	2	1	0	2	81	88	277	(365)	-
Total	7,366	14,760	9,673	4,850	815	37,467	596	(365)	37,698
Segment profit (loss)	3,082	3,929	(4,624)	(265)	(1,768)	353	(203)	643	793

Unallocated corporate expenses, etc. (Note 3)

(4,719)

Operating profit (loss)

(3,926)

Finance income

124

Finance costs

(603)

Profit (loss) before tax

(4,405)

**Translation for reference purposes only**

Note 1: "Other," which refers to business segments that are not attributable to reportable segments, mainly includes real estate 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.

<Nine months ended September 30, 2020>

(Millions of yen)

	Reportable segments						Other (Note 1)	Adjustments (Note 2)	Consolidated
	Financial business in Japan	Financial business in South Korea and Mongolia	Financial business in Southeast Asia	General entertain- ment business	Investment business	Sub Total			
Operating revenue									
External customers	6,876	12,931	11,963	6,187	582	38,542	302	-	38,845
Inter-segment transactions or transfers	3	1	50	1	148	206	236	(442)	-
Total	6,879	12,933	12,014	6,189	731	38,748	539	(442)	38,845
Segment profit (loss)	3,427	2,341	(4,322)	(451)	(1,223)	(227)	(95)	535	212
Unallocated corporate expenses, etc. (Note 3)									(2,352)
Share of profit of investments accounted for using equity method									915
Operating profit (loss)									(1,224)
Finance income									135
Finance costs									(661)
Profit (loss) before tax									(1,750)

Note 1: "Other," which refers to business segments that are not attributable to reportable segments, mainly includes real estate 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.