Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (FY2019)

[Japanese GAAP]

February 10, 2020

Company name: Japan Investment Adviser Co., Ltd. Listed Exchange: Tokyo Stock Exchange, Mothers
Stock code: 7172 URL: https://www.jia-ltd.com/
Representative: Naoto Shiraiwa, President and CEO
Contact: Takeshi Sugimoto, Director, General Manager of Corporate Administration Division
Tel: +81-3-6550-9307

Scheduled date of Annual General Meeting of Shareholders: March 26, 2020
Scheduled date of dividend payment: March 27, 2020
Scheduled date of filing of Annual Securities Report: March 27, 2020
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1 to December 31, 2019)

(1) Consolidated results of operations (Percentages shown for net sales and profits represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	16,647	10.7	8,188	(6.6)	7,184	(0.7)	4,555	(9.3)
FY2018	15,036	75.5	8,766	86.2	7,235	73.3	5,025	84.3

Note: Comprehensive income Fiscal year ended Dec. 31, 2019: 4,763 million yen (down 6.9%)
Fiscal year ended Dec. 31, 2018: 5,116 million yen (up 91.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY2019	153.11	150.19	13.4	5.4	49.2
FY2018	175.91	171.23	21.7	8.4	58.3

Reference: Equity in earnings of affiliates Fiscal year ended Dec. 31, 2019: (25) million yen
Fiscal year ended Dec. 31, 2018: (1,069) million yen

The percentage change from the previous fiscal year is retroactively applied as a result of the change in accounting policy, and is therefore shown in comparison with the figures for the previous fiscal year after retroactive application.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2019	158,879	36,256	22.7	1,208.99
As of Dec. 31, 2018	106,776	32,080	30.0	1,077.87

Reference: Owners' equity As of Dec. 31, 2019: 36,126 million yen As of Dec. 31, 2018: 32,003 million yen

The percentage change from the previous fiscal year is retroactively applied as a result of the change in accounting policy, and is therefore shown in comparison with the figures for the previous fiscal year after retroactive application.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2019	(20,670)	(1,771)	38,983	36,239
FY2018	(23,006)	(1,850)	33,700	20,292

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2018	-	5.5	-	9.5	15.0	446	8.5	1.9
FY2019	-	9.5	-	12.5	22.0	655	14.4	1.9
FY2020 (forecast)	-	16.0	-	16.0	32.0		15.2	

3. Consolidated Forecast for FY2020 (January 1 to December 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	10,760	78.0	5,470	73.8	5,060	87.8	3,330	88.7	105.02
Full year	22,370	34.4	11,300	38.0	9,980	38.9	6,280	37.8	211.06

*** Notes**

(1) Changes in significant subsidiaries during 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: JLPS Holding Ireland Limited Excluded: -

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: Yes
4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Dec. 31, 2019	30,422,000	As of Dec. 31, 2018	30,231,600 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2019	540,281	As of Dec. 31, 2018	540,193 shares

3) Average number of shares during the period

Fiscal year ended Dec. 31, 2019	29,754,284	Fiscal year ended Dec. 31, 2018	28,564,871 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1 to December 31, 2019)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019	4,839	20.0	2,549	8.8	5,830	3.1	4,817	(11.6)
FY2018	4,034	69.8	2,343	84.4	5,652	177.8	5,447	272.2

	Net income per share	Diluted net income per share
	Yen	Yen
FY2019	161.92	158.83
FY2018	190.69	185.62

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2019	53,852	33,198	61.6	1,110.47
As of Dec. 31, 2018	58,534	28,768	49.1	968.38

Reference: Owners' equity As of Dec. 31, 2019: 33,182 million yen As of Dec. 31, 2018: 28,752 million yen

* The current financial report is not subject to audit procedures.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to JIA management, but are not promises by JIA regarding future performance. Actual results could differ from the business forecasts due to change in economic conditions, market trends, exchange rate fluctuations and other factors. Please refer to "1. Overview of Results of Operations, (1) Analysis of Results of Operations" on page 2 for forecast assumptions and notes of caution for usage.

JIA plans to hold a financial results meeting for institutional investors and analysts on February 12, 2020.

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1. Overview of Results of Operations

(1) Analysis of Results of Operations

1) Summary of 2019

In the consolidated fiscal year (Jan. 1 to Dec. 31, 2019), the global economy saw the growth of uncertainty due to the trade war between the U.S. and China, and the slowdown of international trade and global investment activities. The central bank of each country shifted to monetary easing in order to underpin the economy, which amplified the fluctuations of prices in financial markets and exchange rates. The Japanese economy, too, remained sluggish, as it was difficult to expect that the total export volume would recover strongly amid a global slowdown and there were the recoil from the rush demand before the consumption tax hike, the decrease in consumer spending, etc.

In this economic situation, the JIA Group has strived to enhance its corporate value, while focusing on its 3 core businesses (the operating lease business, the renewable energy business, and the aircraft parts-out & conversion business), under the ethos: “Always be a company contributing to society by offering financial services.”

The sales of the operating lease business in the consolidated fiscal year 2019 were 15,442 million yen, up 15.8% year on year. Especially, there were many business inquiries from aircraft operators (hereinafter referred to as “lessees”), as the demand for aircraft in the airline industry, etc. grew. Accordingly, we have made efforts to develop deals structured and sell equity underwritten of aircraft operating lease projects actively.
As for the development of deals structured, we strived to increase opportunities to develop lease schemes, while working on large-scale portfolios based on new schemes, and created deals worth 342,566 million yen, up 42.0% year on year.
As for sale, the JIA Group integrated the businesses of the two consolidated subsidiaries in the operating lease business in July 2019 in order to improve the marketing structure. In addition, we increased the contact points with local investors by signing new business matchmaking contracts with local banks, securities firms, accounting firms, consulting companies, etc. around Japan, and introduced products that would meet their needs. As a result, we sold deals worth 104,181 million yen*, up 14.5% year on year. (*: The JIA Group changed sales posting standards from the “sold-out basis” to the “sales basis” in the consolidated fiscal year 2019.)

The utilization of operating lease provides lessees with merits, such as the reduction in procurement costs and the leveling of cash flows. In addition, investors, who buy deals (receive leasehold rights), can invest in the business of lease of large-scale transportation equipment, including aircraft, vessels, and containers for marine transportation, for their efficient asset management during the lease period, and earn capital gain by selling the lease property after the expiration of the lease period. Thanks to these merits for lessees and investors, the market environment especially for the aircraft operating lease business is expected to remain favorable.

The sales of the renewable energy business for the consolidated fiscal year 2019 were 373 million yen, down 7.6% year on year. As yield-oriented instruments, we have strived to create and sell portfolios of solar power generation deals, including already started ones.

The sales of the aircraft parts-out & conversion business for the consolidated fiscal year 2019 were 12 million yen, down 95.4% year on year. We strived to acquire deals in the conversion business, in which passenger airplanes are converted into cargo ones. Here, the aircraft parts-out business is to dismantle retired aircraft, manage the inventory of their parts, and sell them to maintenance companies, lease companies, airline companies, etc. The conversion business is to renovate or recycle aged passenger airplanes, etc. and resell them.

The following table shows the changes and change rates between the consolidated fiscal year 2019 and the previous year.

[Unit: Million yen]

	Previous consolidated fiscal year	Current consolidated fiscal year	Change	Change rate (%)
Net sales	15,036	16,647	1,611	10.7%
Operating profit	8,766	8,188	(577)	(6.6%)
Ordinary profit	7,235	7,184	(51)	(0.7%)
Profit attributable to owners of parent	5,025	4,555	(469)	(9.3%)

②Outlook for the next fiscal year

For the operating lease business, which is one of the core businesses of the JIA Group, we still receive many business inquiries from lessees, but risks became evident due to the growth of uncertainty over global economies, so we are creating portfolios while selecting lessees carefully and recognizing the sovereign risk as a common issue.

For the renewable energy business, we will aim to create and sell large-scale portfolios for solar power generation, and redevelop existing portfolios for solar power generation by exercising purchase options as new portfolios, and sell them, to satisfy investors' needs for higher yields.

For the aircraft parts-out & conversion business, we will strive to realize stable growth by utilizing the know-how and networks nurtured through the creation of portfolios of the operating lease business for airplanes.

As for the business performance in the term ending Dec. 2020, we plan to increase sales and respective profits as shown in the table below, by utilizing the managerial resources of the JIA Group effectively and functionally.

	FY December 2019 (Actual)	FY December 2020 (Forecast)			
	Throughout the year (Million yen)	Second quarter (Million yen)	YoY (%)	Throughout the year (Million yen)	YoY (%)
Net sales	16,647	10,760	78.0%	22,370	34.4%
Operating profit	8,188	5,470	73.8%	11,300	38.0%
Ordinary profit	7,184	5,060	87.8%	9,980	38.9%
Profit attributable to owners of parent	4,555	3,330	88.7%	6,280	37.8%

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Assets

Total assets increased 52,102 million yen from the end of 2018 to 158,879 million yen at the end of 2019.

Total current assets increased 48,797 million yen from the end of 2018 to 151,167 million yen at the end of 2019. This was mainly due to increases in equity underwritten of 31,309 million yen, cash and deposits of 15,947 million yen, and Costs on uncompleted services of 3,520 million yen.

Total Non-current assets increased 3,297 million yen from the end of 2018 to 7,632 million yen at the end of 2019. This was mainly due to increases in investment securities of 2,237 million yen, and deferred tax assets of 1,259 million yen.

Liabilities

Total liabilities increased 47,926 million yen from the end of 2018 to 122,623 million yen at the end of 2019.

Total current liabilities increased 45,810 million yen from the end of 2018 to 116,598 million yen. This was

mainly due to increases in short-term loans payable of 35,381 million yen, and unearned revenue of 9,539 million yen.

Total non-current liabilities increased 2,115 million yen from the end of 2018 to 6,025 million yen. This was mainly due to increases in long-term loans payable of 2,062 million yen.

Net Assets

Total net assets increased 4,176 million yen from the end of 2018 to 36,256 million yen. This was mainly due to increases in retained earnings of 3,978 million yen, and valuation difference on available-for-sale securities of 131 million yen.

(3) Analysis of Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of 2019 increased 15,947 million yen from the end of 2018 to 36,239 million yen.

The cash flow components during 2019 and the main reasons for changes are as described below.

(Cash flows from operating activities)

Net cash used in operating activities was 20,670 million yen (compared with 23,006 million yen used in 2018). Main positive factors include profit before income taxes of 7,184 million yen and a 9,539 million yen increase in unearned revenue. Major negative factors include increases in equity underwritten of 31,309 million yen, accounts receivable-other of 2,525 million yen and notes and accounts receivable-trade of 2,223 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 1,771 million yen (compared with 1,850 million yen used in 2018). Main factors include Collection of 1,126 million yen for loans receivable. Major negative factors include increases payments of 2,146 million yen for the purchase of investment securities and payments of loans receivable of 591 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 38,983million yen (compared with 33,700 million yen provided in 2018). Main positive factors include a 142,753 million yen increase in short-term loans payable. Main negative factors include a 106,355 million yen decrease in short-term loans payable.

Reference: Cash flow indicators

	FY2017	FY2018	FY2019
Equity ratio (%)	21.5	30.0	22.7
Market value-based equity ratio (%)	129.1	85.8	28.5
Interest-bearing debt to cash flow ratio (years)	(Note 6)	(Note 6)	(Note 6)
Interest coverage ratio (times)	(Note 6)	(Note 6)	(Note 6)

Equity ratio: Owners' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares issued, excluding treasury shares, at the end of the period.
3. Cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.
4. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.
5. Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.
6. Not presented because operating cash flows were negative.
7. We changed for the standards for posting the sales and cost of sales of the operating lease business in the consolidated fiscal year 2019. For the consolidated fiscal year 2018, figures after retroactive application reflecting changes in accounting policies are shown.

(4) Basic Policy for Profit Distribution, and Dividends for the Current and Next Fiscal Years

Returning profits to shareholders is one of our highest priorities and we also place great importance on our policy for dividends. The basic policy for dividends is to make payments that reflect results of operations while maintaining the proper balance between dividends and the need for funds to increase financial soundness and to invest in human resources for the growth of sales and earnings.
Following the above-mentioned basic policy, we plan to pay an interim dividend of 9.5 yen/share and a term-end dividend of 12.5 yen/share for the term ended Dec. 2019. Accordingly, the annual dividend amount for that term will be 22 yen/share.
There are a number of uncertainties about the business environment in 2020, including risk involving foreign exchange rate volatility. Despite this uncertainty, to express our appreciation for the support of shareholders, we plan to pay an annual dividend of 32 yen (16 yen interim dividend and 16 yen year-end dividend) for 2020.
The JIA Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act. The interim dividend is determined by the Board of Directors and the year-end dividend is determined at the annual shareholders meeting.
Our policy for retained earnings is to use these funds effectively for the development of products that meet market needs and the reinforcement of business operations in order to adapt to anticipated changes in the operating environment.

(5) Business Risks

Risks that may have a significant impact on investment decisions of investors are as follows. It is noted that forward-looking statements in the description below are based on the judgment the Group made as of the date of filing this report, and do not cover all business risks related to investment in the stock of JIA.

(Risks related to the degree of dependency on the operating lease business)
The Group records commission fee, including arrangement fee from the operating lease business, as net sales. Since the establishment of the Company, we have expanded our business while positioning the operating lease business as its core business. Accordingly, the sales in the operating lease business account for the majority of the Group's sales. Target properties include aircraft, vessels, and containers, and the ratio of aircraft is high. So, the development of the operating lease projects could be influenced by trends in capital investment in the aviation industry.
The Group will continue to expand the operating lease business through expansion of sales channels and development of the products that meet the needs of investors and release them. On the other hand, we will diversify our revenue base by fortifying other existing businesses than the operating lease business and developing new businesses.
However, the degree of dependency on the operating lease business is high at this time. If any problems arise in the growth of the operating lease business, such as competition with other companies, it could adversely affect the Group's financial position and business performance.

（Risks in the operating lease business）
The following are the risks relevant to the operating lease business of the Group.

1) Risk of impact of international conflicts on the global economy
In the operating lease business, the main assets are aircraft, and the lessees are major airline companies around the world. Since these airline companies conduct the business activities all over the world, conflict, terrorism, epidemics in the region in the world may cause decline in demand for operating lease of aircraft and investors' appetite for investment may wane.
In case the above-mentioned event is prolonged, it could have a serious impact on the real economy through not only the aviation industry but also global supply-chain, etc.
In case these risks actualize, lease demand for aircraft, vessels, and containers may decline, investors' appetite for investment may wane, and the Group's business development, financial position and business performance could be adversely affected.

2) Risk of bankruptcies of airlines or other lessees

In the event where lease payments are not made by lessees to SPC for any reason including commencement of bankruptcy proceedings of an airline, etc., return on the operating lease business may decline, leading to investors who have invested in the business incurring losses.

In the event of the above, investors' appetite for investing may wane, and in turn, soliciting investment in newly structured operating lease projects could become difficult. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in a drop in the Group's financial position and business performance.

The Group develops operating lease projects after checking the credit status, etc. of airlines that are the lessees to mitigate the risk of their bankruptcies. Should insolvency proceedings against a lessee be commenced, the Group will strive to deal with the situation to avoid decline of return on the operating lease projects by selling the lease properties or scouting for a new lessee.

Despite these measures, however, if something unexpected should occur, investors' appetite for investment may wane. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in drop in the Group's commission fee revenue, which could adversely affect the Group's financial position and business performance.

3) Risk of fluctuation in residual value (future selling price of lease properties)

If a lessee does not opt to purchase the lease property at the end of the lease term, the lease property will be sold to a third party in the market. If the property is sold at a price lower than the expected selling price at the time of lease structuring, return on the operating lease business may decline, leading to investors who have invested in the business incurring losses.

The Group is coping with the risk of price fluctuation by taking multiple measures, including conservatively estimating a selling price of leased properties at the time of lease structuring as well as setting a buy option or a lease term extension option depending on deals based on forecast for the future market. Despite these measures, however, if something unexpected should occur, investors' appetite for investing may wane. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in drop in the Group's commission fee revenue, which could adversely affect the Group's financial position and business performance.

In the event of the above, soliciting investment in newly structured operating lease projects could become difficult. Consequently, sale of rights under a silent partnership agreement may decrease, resulting in a drop in the Group's financial position and business performance.

4) Rights under silent partnership agreement accounted for as equity underwritten

The Group, in principle, temporarily acquires rights under a silent partnership agreement pertaining to SPCs on the premise that it will transfer the rights to investors. The rights under the relevant silent partnership agreement are accounted at acquisition price as "equity underwritten" in the "assets section" of the consolidated balance sheet.

If the Group needs to continue holding the equity underwritten for some reasons, it will be difficult for the Group to receive the expected commission fee upon the transfer of the relevant equity underwritten and to collect investments. Furthermore, because such a situation implies that the Group itself is involved in the operating lease business as an investor, it could adversely affect the Group's financial position and business performance. In case the value of the lease properties falls, the Group will be exposed to the risk of failing to recoup all or part of its equity underwritten.

5) Currency risks

i) Impact on new operating lease businesses

In the operating lease business, the lease properties are mainly sold in foreign currencies at termination of each lease term. Therefore, if the yen is appreciated more than the exchange rate at the time of the lease structuring, yen-denominated earnings will deteriorate, leading to investors who have invested in the business incurring losses.

Additionally, investors often receive their investments in capital in foreign currencies at termination of each lease term. Therefore, if the yen is appreciated more than the exchange rate at the time of the equity

investment, they will receive the proceeds less than the amount of the initial investment, leading to investors who have invested in the business incurring losses.
As described above, if investors expect that the yen-denominated earnings or cash flows from the operating lease business will deteriorate and they will incur losses in the future because of stronger yen, their appetite for investing in operating leases structured by the Group may wane, and in turn, soliciting investment in newly structured operating leases could become difficult. Consequently, sale of rights under silent partnership agreement may decrease, resulting in a drop in the Group's commission fee revenue, which could adversely affect the Group's financial position and business performance.

ii) Impact on transfer of equity underwritten
When the Group transfers to investors equity underwritten denominated in yen, which was acquired by the Group in foreign currencies, the Group determines the assignment price of the equity underwritten based on the level of the exchange rate at the time of originating the operating lease business.
Therefore, if the yen is appreciated rapidly after the acquisition of the equity underwritten, the value of the equity underwritten will become higher than the value calculated at the level of the exchange rate at the time of originating the relevant operating lease business. In this case, the Group's financial position and business performance may deteriorate due to waning of the investors' appetite for investment, etc.

(Regarding the risk accompanying the handling of projects with a new scheme)
The Group is developing new projects, including the ones to be invested by multiple investors, as a new scheme, in order to meet various needs of investors and help lessees, including airline companies, procure equipment swiftly.
When selling such portfolios to investors, we produce reference material for explaining the differences from existing projects, etc. sufficiently and give prior explanations to investors.
As for the portfolio creation scheme, there are many lessees, and it takes a lot of time to conduct prior adjustment, produce reference material for sale, etc. Accordingly, there are the possibilities of delay in release than expected and the prolongation of the selling period. Such cases could adversely affect the Group's financial position and business performance.

(Risks concerning the procurement plan of new aircrafts made by Boeing)
The Group has ordered ten Boeing 737 MAX 8 aircrafts. The aircraft are scheduled to be delivered sequentially from 2021. If delivery is delayed for any reason, the lease to the planned airline will be delayed. Subsequently, it may adversely affect the Group's financial position and business performance.

(Risk of the renewable energy business)
The Group engages in a solar photovoltaic generation business as part of the renewable energy business.
Since this business is subject to the government regulations including the Renewable Energy Act and other related legal system, revisions to the feed-in tariff scheme in connection with changes in the legal system for various governmental reasons could adversely affect structuring and operation of the funds administered by the Group.

(Risk of the aircraft part-out & conversion business)
The Group's equity-method affiliate Vallair Capital SAS (hereinafter "Vallair") purchases aircraft, engines and other parts, remodels aircraft, manages inventory, and sells them.
The Group intends to mitigate risks of this business by leveraging knowledge and business networks established through arrangement and sale of the aircraft leases at the operating lease business.
Nevertheless, as this business is influenced by trends in capital investment in the aviation industry, the Group's financial position and business performance could be affected by the recording of equity method investment losses in association with the deterioration of Vallair's business performance in case of a downturn in the global economy, decline in demand for aircraft due to and geopolitical risks and more-than-expected drop in selling price of aircraft or other assets.

(Risks in the private equity investment business)
As part of the private equity investment business, the Group provides support for the selection and development of investee companies, mainly with the aim of obtaining capital gains through value enhancement.
When investing, the Group strives to minimize risks by conducting due diligence on the target companies. However, in the event of violations of laws and regulations, unrecognized debts, etc. that could not be discovered before the investment or that become apparent after the investment, or if the future performance of the investee is below the Group's expectations, it will be difficult to recover the investment funds. Furthermore, impairment accounting will be applied to the Company's operational investment securities, which may adversely affect the Group's financial position and business performance.

（Risks related to Statutory regulations）
1) Financial Instruments and Exchange Act
Since investors' rights under silent partnership agreements executed in the operating lease business fall under securities stipulated in the Article 2, Paragraph 2-5 of the Financial Instruments and Exchange Act, the Group is obliged to abide by each of the Financial Instruments and Exchange Act and the Act on Sales, etc. of Financial Instruments.
Since JLPS is engaged in handling private placement for silent partnership equity stake including rights under silent partnership agreements, it is registered as an operator of Type II Financial Instruments Business under the Article 29 of the Financial Instruments and Exchange Act. The Article 52 of the Financial Instruments and Exchange Act stipulates reasons for rescission of registration or suspension of business. If JLPS falls under any of the reasons, it could be ordered to rescind the registration or suspend the business.
The Group stringently enforces compliance of laws and regulations when engaging in this business and has recognized no evidence of reasons for such rescission of registration or suspension of business as of the date of filing this report. Nevertheless, if JLPS is, for some reason, subject to punitive administrative actions to rescind the registration or suspend the business in the future, it could significantly affect the Group's financial position and business performance.

2) Tax and other related laws and regulations
We develop portfolios in the operating lease business in accordance with the current ordinances regarding tax, accounting and others pertaining to the business.
The Group confirm substance and interpretation of the related ordinances with respect to each portfolio by consulting with Certified Public Tax Accountants, lawyers or other professionals. Nevertheless, if the relevant ordinances are revised or newly enacted, leading to changes in taxation, investors' appetite for investing in the operating leases business may wane, and in turn, sale of rights under a silent partnership agreement may decrease, which could adversely affect the Group's financial position and business performance.

（Risk related to fund raising）
The Group may temporarily acquire rights under silent partnership agreement pertaining to SPCs on the premise that it will transfer the rights to investors. If it becomes difficult for the Group to develop portfolios smoothly after failing to procure funds from financial institutions for some reasons such as worsening economy or deterioration of the Group's business performance, etc., the Group's financial position and business performance may be adversely affected.

（Risk related to financial covenants）
The Group procure funds for temporarily acquiring rights under silent partnership agreement in the operating lease business by using its own funds, borrowings from financial institutions, or executing an overdraft facility agreement and a commitment line agreement so that we can draw down funds as needed.
These agreements include financial covenants stipulating that the Group shall maintain financial position and results of operations at levels above certain specified figures. Such covenants include maintaining the balance of net assets on the consolidated balance sheet at the end of each fiscal year and the second quarter end of each fiscal year at 75% or more of the balance of net assets at the end of the specified period of the immediate previous fiscal year; and reporting no ordinary losses (or no operating losses depending on financial institutions) on the

consolidated statement of income for each fiscal year and for the first half of each fiscal year.
Therefore, if the Group's business performance deteriorates to the extent that it will violate any financial covenants, the Group's obligation to repay the loans is accelerated by lenders, which could adversely affect the Group's financial position and business performance.

(Risk related to significant litigations)
The Group engages in the operating lease business and other investment banking services. In the course of our business activities, investors or intermediaries may file legal proceedings against us. It is difficult for us to predict the occurrence or outcome of such litigations and legal proceedings in which the Group would be involved as a party. If unfavorable outcomes occur to the Group, it could adversely affect the Group's financial position, business performance and business development.

(Risk arising from inclusion of non-consolidated subsidiaries into the scope of consolidation)
As inclusion of SPCs, operators of individual deals structured by the Group, into the scope of consolidation may considerably mislead the stakeholders' decision-making, the Group excludes these SPCs from the scope of consolidation for purposes of the Group's financial reporting based on the Article 5, Paragraph 1, Item 2 of Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of Ministry of Finance No. 28, 1976).
If the SPCs who are operators of the projects structured by the Group is included in the scope of consolidation for some reasons such as new rules different from conventional rules are enacted in the future, it could adversely affect the Group's financial position and business performance.

(Risk related to corporate organization)
1) Dependence on the founder
The founder of the Group is Naoto Shiraiwa, current President and CEO. He has served as CEO since inception of the Group and has played a significant role in promoting the Group's business by determining the management policy and business strategies, as well as formulating and implementing operational measures.
The Group appoints directors in charge of each operation, operating officer and division heads, and holds regular meetings so that the Group can proactively seek various ideas and share information. Additionally, we have steadily been working on establishing a corporate structure not overly dependent on Mr. Shiraiwa by delegating authority as appropriate. Nevertheless, if something unexpected would occur to Mr. Shiraiwa for some reasons or things would occur that will cause him to leave the post, it could adversely affect the Group's financial position, business performance and business development.

2) Risks related to securing and developing human resources
The Group recognizes that securing talented professionals with good business skill and sense as well as fostering human resources are vital issues for the Group to expand the business going forward. Therefore, the Group is intending to increase highly skilled staff and strengthen the internal control system.
Nevertheless, if the Group fails to secure a sufficient number of qualified workers, fails to retain current employees resulting in the shortage of workforce, or fails to effectively and sufficiently accommodate the growth of the Group's business due to the shortage of workforce or lack of organizational capability, the Group's business development, financial position and business performance could be adversely affected.

2. Corporate Group

（as of December 31,2019）

Name	Location	Capital (Thousands of yen)	Main line of business	Share of voting rights (%)	Relationships
Consolidated subsidiaries					
JP Lease Products & Services Co., Ltd.(note.2)	Chiyoda-ku, Tokyo	950,000	Operating lease business for aircrafts and maritime container boxes, Insurance agency business	100.0	Concurrent directors: Yes Guarantees of debt Contract services
JLPS Holding Ireland Limited (note.3)	Ireland	20,000 thousand euros	Aircraft leasing businesses	100.0 (100.0)	Concurrent directors: Yes
Finspire Inc.	Chiyoda-ku, Tokyo	50,000	Operating lease business	100.0	Concurrent directors: None
JPO No.0 Co., Ltd.	Chiyoda-ku, Tokyo	300	Aircraft part-out & conversion business	100.0	Concurrent directors: Yes Guarantees of debt
JPO No.1 Co., Ltd.	Chiyoda-ku, Tokyo	300	Aircraft part-out & conversion business	100.0	Concurrent directors: Yes Guarantees of debt
JIA Luxembourg SARL	Luxembourg	5,300,000 euros	Investment business	100.0	Concurrent directors: None
JPE No.1 Co., Ltd.	Chiyoda-ku, Tokyo	300	Investment business	100.0	Concurrent directors: None
Japan M&A Adviser Co., Ltd.	Chuo-ku, Osaka	30,000	M&A advisory business	100.0	Concurrent directors: Yes
Nihon Securities Journal Inc.	Chuo-ku, Tokyo	4,500	Media-related business	100.0	Concurrent directors: None
Arena Aviation Partners B.V. (note.5)	Netherlands	1,100 euros	Aircraft lease management	49.0 (49.0)	Concurrent directors: None
Other 2 Companies					
Affiliates accounted for using the equity method					
Vallair Capital SAS	France	101,570 euros	Aircraft part-out & conversion business	40.0 (40.0)	Concurrent directors: Yes
Iter Corporation	Chiyoda-ku, Tokyo	50,000	Fintech business	37.0	Concurrent directors: Yes
Other 2 Companies					

Note1: There are no companies submitting securities registration statement or securities report.

2: JP Lease Products & Services Co., Ltd. is significant subsidiaries whose revenue exceeds 10% of consolidated revenue reported in the consolidated financial statements for the fiscal year ended December 31, 2019.

Key financial results (in Japanese yen)

Revenue	15,374,025 thousands of yen
Ordinary profit	4,181,285 thousands of yen
Profit for the year	2,863,662 thousands of yen
Total equity	6,066,563 thousands of yen
Total assets	126,429,781 thousands of yen

3: Falls under specified subsidiaries.

4: Voting rights (%) figures in parentheses show percentage indirectly owned by the Company.

5: Arena Aviation Partners B.V. is considered to be a consolidated subsidiary as the Company holds effective control over its operation even though the Company's voting rights do not exceed 50%.

3. Basic Approach for the Selection of Accounting Standards

The JIA Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being. We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY2018 (As of Dec. 31, 2018)	FY2019 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	20,292,651	36,239,751
Accounts receivable-trade	4,438,726	6,661,755
Merchandise	4,705,505	2,637,971
Equity underwritten	51,063,287	82,372,294
Costs on uncompleted services	1,059,725	4,580,346
Short-term loans receivable	1,505,018	1,244,606
Advance payments-trade	9,232,205	5,263,108
Advances paid	6,236,952	6,898,104
Deposits paid	1,901,788	503,976
Operational investment securities	803,164	1,561,878
accounts receivable-other	596,504	2,680,515
Other	534,414	522,708
Total current assets	102,369,945	151,167,015
Non-current assets		
Property, plant and equipment		
Buildings, net	74,603	58,104
Land	39,000	39,000
Other, net	32,598	12,771
Total property, plant and equipment	146,202	109,876
Intangible assets		
Software	10,091	102,849
Goodwill	19,803	11,184
patent right	18,829	311
Total intangible assets	48,724	114,345
Investments and other assets		
Investment securities	1,650,628	3,888,248
Deferred tax assets	1,991,227	3,251,148
Other	501,874	272,214
Allowance for doubtful accounts	(3,740)	(3,706)
Total investments and other assets	4,139,989	7,407,906
Total non-current assets	4,334,916	7,632,127
Deferred assets		
Bond issuance cost	72,067	80,782
Total deferred assets	72,067	80,782
Total assets	106,776,929	158,879,925

(Thousands of yen)

	FY2018 (As of Dec. 31, 2018)	FY2019 (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	33,512	39,687
Accounts payable-operating	1,516,649	677,343
Short-term loans payable	60,431,945	95,813,879
Current portion of long-term loans payable	1,342,015	2,266,422
Current portion of bonds	802,000	972,000
Accounts payable-other	239,979	132,892
Income taxes payable	1,377,676	2,335,239
Accrued consumption taxes	243,526	19,852
Unearned revenue	4,034,385	13,574,014
Provision for shareholder benefit program	20,000	40,605
Other	745,598	726,072
Total current liabilities	70,787,289	116,598,009
Non-current liabilities		
Long-term loans payable	1,609,014	3,671,830
Bonds payable	2,268,000	2,316,000
Deferred tax liabilities	20,106	26,025
Other	11,971	11,207
Total non-current liabilities	3,909,092	6,025,063
Total liabilities	74,696,381	122,623,072
Net assets		
Shareholders' equity		
Capital stock	11,639,700	11,658,469
Capital surplus	11,574,376	11,593,146
Retained earnings	10,176,367	14,154,570
Treasury shares	(1,470,585)	(1,470,787)
Total shareholders' equity	31,919,859	35,935,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,166	215,204
Foreign currency translation adjustment	(409)	(23,768)
Total accumulated other comprehensive income	83,756	191,436
Subscription rights to shares	16,171	16,015
Non-controlling interests	60,760	114,002
Total net assets	32,080,547	36,256,853
Total liabilities and net assets	106,776,929	158,879,925

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY2018 (Jan. 1 – Dec. 31, 2018)	FY2019 (Jan. 1 – Dec. 31, 2019)
Net sales	15,036,163	16,647,367
Cost of sales	3,449,160	4,910,699
Gross profit	11,587,003	11,736,667
Selling, general and administrative expenses		
Directors' compensations	303,338	313,051
Salaries and allowances	880,584	1,155,926
Bonuses	230,131	252,832
Commission fee	140,103	192,783
Compensations	76,157	142,174
Taxes and dues	426,591	547,022
Rents	181,643	209,480
Other	582,165	734,981
Total selling, general and administrative expenses	2,820,715	3,548,251
Operating profit	8,766,287	8,188,416
Non-operating income		
Interest income	262,866	208,912
Commission fee	29,543	48,995
Gain on sales of equity underwritten	555,935	610,044
Interest on investment securities	-	87,178
Foreign exchange gains	8,880	-
Other	1,612	45,320
Total non-operating income	858,838	1,000,452
Non-operating expenses		
Interest expenses	499,204	829,043
Commission fee	729,604	912,995
Amortization of bond issuance cost	17,833	24,507
Foreign exchange losses	-	210,959
Share of loss of entities accounted for using equity method	1,069,841	25,774
Share issuance cost	66,469	-
Other	6,770	1,398
Total non-operating expenses	2,389,723	2,004,679
Ordinary profit	7,235,401	7,184,188
Extraordinary income		
Gain on step acquisitions	14,999	-
Total extraordinary income	14,999	-
Extraordinary losses		
Office transfer expenses	2,733	-
Loss on valuation of investment securities	347,237	-
Total extraordinary losses	349,971	-
Profit before income taxes	6,900,430	7,184,188
Income taxes-current	2,103,153	3,843,519
Income taxes-deferred	(278,965)	(1,315,248)
Total income taxes	1,824,188	2,528,270
Profit	5,076,242	4,655,918
Profit (loss) attributable to non-controlling interests	51,185	100,031
Profit attributable to owners of parent	5,025,056	4,555,887

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2018 (Jan. 1 – Dec. 31, 2018)	FY2019 (Jan. 1 – Dec. 31, 2019)
Profit	5,076,242	4,655,918
Other comprehensive income		
Valuation difference on available-for-sale securities	53,588	131,037
Foreign currency translation adjustment	(13,034)	(23,358)
Total other comprehensive income	40,554	107,679
Comprehensive income	5,116,796	4,763,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,065,610	4,663,566
Comprehensive income attributable to non-controlling interests	51,185	100,031

(3) Consolidated Statement of Changes in Equity

FY2018 (Jan. 1 – Dec. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,544,181	4,478,857	5,356,383	(200,083)	14,179,338
Cumulative effects of changes in accounting policies			121,456		121,456
Restated balance	4,544,181	4,478,857	5,477,839	(200,083)	14,300,794
Changes of items during period					
Issuance of new shares	6,996,477	6,996,477			13,992,955
Issuance of new shares - exercise of subscription rights to shares	99,041	99,041			198,083
Dividends of surplus			(326,528)		(326,528)
Profit attributable to owners of parent			5,025,056		5,025,056
Purchase of treasury shares				(1,270,501)	(1,270,501)
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	7,095,519	7,095,519	4,698,528	(1,270,501)	17,619,065
Balance at end of current period	11,639,700	11,574,376	10,176,367	(1,470,585)	31,919,859

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	30,578	12,624	43,202	11,010	22,284	14,255,835
Cumulative effects of changes in accounting policies						121,456
Restated balance	30,578	12,624	43,202,	11,010	22,284	14,377,290
Changes of items during period						
Issuance of new shares						13,992,955
Issuance of new shares - exercise of subscription rights to shares						198,083
Dividends of surplus						(326,528)
Profit attributable to owners of parent						5,025,056
Purchase of treasury shares						(1,270,501)
Change of scope of consolidation						
Net changes of items other than shareholders' equity	53,588	(13,034)	40,554	5,161	38,476	84,190
Total changes of items during period	53,588	(13,034)	40,554	5,161	38,476	17,703,256
Balance at end of current period	84,166	(409)	83,756	16,171	60,760	32,080,547

FY2019 (Jan. 1 – Dec. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,639,700	11,574,376	10,176,367	(1,470,585)	31,919,859
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	18,769	18,769			37,538
Dividends of surplus			(565,053)		(565,053)
Profit attributable to owners of parent			4,555,887		4,555,887
Purchase of treasury shares				(202)	(202)
Change of scope of consolidation			(12,630)		(12,630)
Net changes of items other than shareholders' equity					
Total changes of items during period	18,769	18,769	3,978,203	(202)	4,015,539
Balance at end of current period	11,658,469	11,593,146	14,154,570	(1,470,787)	35,935,399

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	84,166	(409)	83,756	16,171	60,760	32,080,547
Changes of items during period						
Issuance of new shares - exercise of subscription rights to shares						37,538
Dividends of surplus						(565,053)
Profit attributable to owners of parent						4,555,887
Purchase of treasury shares						(202)
Change of scope of consolidation						(12,630)
Net changes of items other than shareholders' equity	131,037	(23,358)	107,679	(156)	53,242	160,766
Total changes of items during period	131,037	(23,358)	107,679	(156)	53,242	4,176,305
Balance at end of current period	215,204	(23,768)	191,436	16,015	114,002	36,256,853

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2018 (Jan. 1 – Dec. 31, 2018)	FY2019 (Jan. 1 – Dec. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	6,900,430	7,184,188
Depreciation	21,388	89,115
Amortization of goodwill	29,201	8,619
Foreign exchange losses (gains)	(80,794)	(445,032)
Gain on sales of equity underwritten	(555,935)	(610,044)
Share of (profit) loss of entities accounted for using equity method	1,069,841	25,774
Loss (gain) on valuation of investment securities	347,237	-
Loss(gain) on sale of investment securities	(14,999)	-
Interest and dividend income	(262,866)	(208,912)
Interest expenses	499,204	829,043
Decrease (increase) in notes and accounts receivable-trade	(2,212,825)	(2,223,029)
Decrease (increase) in inventories	(1,449,508)	(2,212,408)
Decrease (increase) in advance payments	(6,747,538)	3,969,097
Increase (decrease) in notes and accounts payable-trade	814,505	(833,130)
Decrease (increase) in equity underwritten	(17,281,357)	(31,309,006)
Decrease (increase) in advances paid	(3,811,983)	(642,318)
Decrease (increase) in accounts receivable-other	(32,729)	(2,525,069)
Decrease (increase) in deposits paid	(326,009)	1,397,812
Increase (decrease) in unearned revenue	1,566,512	9,539,628
Others	1,511,288	(343,395)
Subtotal	(20,016,937)	(18,309,065)
Interest and dividend income received	375,384	849,120
Interest expenses paid	(479,366)	(821,449)
Income taxes receivable	-	441,059
Income taxes paid	(2,885,723)	(2,830,629)
Net cash provided by (used in) operating activities	(23,006,644)	(20,670,964)
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,873)	(25,939)
Purchase of intangible assets	(1,797)	(89,067)
Purchase of investment securities	(1,417,274)	(2,146,080)
Payments of loans receivable	(2,240,922)	(591,505)
Collection of loans receivable	1,917,270	1,126,311
Others	(33,642)	(45,113)
Net cash provided by (used in) investing activities	(1,850,238)	(1,771,394)

(Thousands of yen)

	FY2018 (Jan. 1 – Dec. 31, 2018)	FY2019 (Jan. 1 – Dec. 31, 2019)
Cash flows from financing activities		
Increase in short-term loans payable	112,139,211	142,753,376
Decrease in short-term loans payable	(93,421,197)	(106,355,348)
Proceeds from long-term loans payable	2,700,000	5,150,000
Repayments of long-term loans payable	(1,170,279)	(2,162,777)
Proceeds from issuance of bonds	1,500,000	1,100,000
Redemption of bonds	(580,000)	(882,000)
Proceeds from issuance of common shares	13,992,955	-
Purchase of issuance of common shares	(66,469)	-
Purchase of treasury shares	(1,270,501)	(202)
Proceeds from exercise of share options	196,259	37,382
Proceeds from issuance of subscription rights to shares	6,985	-
Dividends paid to non-controlling interests	-	(46,788)
Cash dividends paid	(326,032)	(563,945)
Other, net	-	(45,853)
Net cash provided by (used in) financing activities	33,700,931	38,983,843
Effect of exchange rate change on cash and cash equivalents	(36,119)	(594,384)
Net increase (decrease) in cash and cash equivalents	8,807,929	15,947,099
Cash and cash equivalents at beginning of period	11,484,722	20,292,651
Cash and cash equivalents at end of period	20,292,651	36,239,751

(5) Notes to Consolidated Financial Statements

（Going Concern Assumption）

Not applicable.

（Changes in Accounting Policies）

(Change in accounting standards for the sales and cost of sales of the operating lease business)

As for the standards for posting the sales and cost of sales of the operating lease business, we had used the method of posting total sales and cost of sales when equities of deals are sold out, but adopted the method of posting sales and cost of sales according to the sales of equities of deals in the consolidated fiscal year 2019. This change is aimed at calculating profit and loss in a more appropriate period, considering the situation in which orders for large-scale portfolios have been recently increasing.
The new accounting method was applied retroactively, and the consolidated financial statements for the previous consolidated fiscal year indicate the figures obtained with the new accounting method.
As a result, through the retroactive application, the sales in the previous consolidated fiscal year decreased 190,748 thousand yen, the cost of sales down 21,002 thousand yen, the operating profit, ordinary profit, and net profit before taxes and other adjustments each reduced 169,746 thousand yen, and profit attributable to owners of parent decreased 117,362 thousand yen.

（Change display method）

(Notes Regarding Consolidated Balance Sheets)

"Accounts receivable", which was included in "Others" under "Current assets" until the previous consolidated fiscal year, has been separately posted since the current fiscal year due to its increased material significance. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

(Notes Regarding Consolidated Statements of Cash Flows)

"Increase (decrease) in accounts payable-other, " which were separately presented under "Cash flows from operating activities" in the previous fiscal year, are included in "Other" under "Cash flows from operating activities" from this fiscal year, from the perspective of their importance.

"Decrease (increase) in accounts receivable-other," which was included in "other" under "cash flows from operating activities" in the previous fiscal year, also has become significant in value, and is separately presented from the fiscal year ended December 31, 2019.

In order to reflect this change, we have reclassified Consolidated Statement of Cash Flows for the previous consolidated fiscal year.

As a result, 165,454 thousand yen in the "Increase (decrease) in accounts payable-other," which were presented in the Consolidated Statements of Cash Flows in the previous fiscal year, are reclassified in "Other".

"Other" of (32,729) thousand yen, which was presented in "cash flows from operating activities" on the consolidated statements of cash flows during the previous fiscal year, also has been rearranged to "Decrease (increase) in accounts receivable-other," .

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

"Partial Amendments to Accounting Standards for Tax Effect Accounting (Corporate Accounting Standards No. 28, Feb. 16, 2018)," etc. have been applied from the beginning of the consolidated fiscal year 2019. Deferred tax assets are indicated in the section of other assets, while deferred tax liabilities are indicated in the section of non-current liabilities.
As a result, in the consolidated balance sheet for the previous consolidated fiscal year, "deferred tax assets" in "current assets" decreased 1,870,539 thousand yen and "deferred tax assets" in "investments and other assets" increased 1,870,539 thousand yen.

(Changes in Accounting Estimates)

The company resolved to relocate the headquarters at the meeting of the board of directors held on June 19, 2019.

For the relocation of the headquarters, the useful lifespans of equipment attached to buildings that will not be used after the relocation and assets retirement obligations related to the restoration of such assets to the original state have been revised in the current consolidated fiscal year, so that the posting of depreciations and asset retirement obligations will end by the date of termination of the contract. Accordingly, the operating profit, ordinary profit, and profit before income taxes for the current consolidated fiscal year have decreased by 25,062 thousand yen each from those calculated with the conventional method.

（Segment Information, etc.）

[Segment Information]

FY2018 (Jan. 1 – Dec. 31, 2018)

The JIA Group is engaged in the financial solutions business, which includes primarily the operating lease business, and the media-related business. As the financial solutions business accounts for more than 90% of consolidated sales and operating profit as well as the assets of all segments, only information about the financial solutions business is presented because of the negligible importance of the other business.

FY2019 (Jan. 1 – Dec. 31, 2019)

The JIA Group is engaged in the financial solutions business, which includes primarily the operating lease business, and the media-related business. As the financial solutions business accounts for more than 90% of consolidated sales and operating profit as well as the assets of all segments, only information about the financial solutions business is presented because of the negligible importance of the other business.

[Related information]

FY2018 (Jan. 1 – Dec. 31, 2018)

1. Information by product or service

(Thousands of yen)

Business segments	Financial solutions business			Media-related business	Other businesses	Total
Business units	Operating lease	Renewable energy	Aircraft part-out & conversion	-	-	-
External sales	13,340,624	404,533	267,466	307,133	716,406	15,036,163

Note: As above mentioned （Changes in Accounting Policies）, The changes in Accounting Policies in the consolidated financial statements for the current consolidated fiscal year was applied retroactively, and the consolidated financial statements for the previous consolidated fiscal year indicate the figures obtained with the new accounting method.
As a result, compared to before retrospective application, the sales in the previous consolidated fiscal year decreased 190,748 thousand yen.

2. Information by region

(1) Net sales (Thousands of yen)

Japan	Europe	Total
14,768,697	267,466	15,036,163

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

(Thousands of yen)

Customer name	Net sales	Related segments
JPA No.49 Co., Ltd.	1,828,453	Financial solutions business

FY2019 (Jan. 1 – Dec. 31, 2019)

1. Information by product or service

(Thousands of yen)

Business segments	Financial solutions business			Media-related business	Other businesses	Total
Business units	Operating lease	Renewable energy	Aircraft part-out & conversion	-	-	-
External sales	15,442,433	373,726	12,316	281,578	537,312	16,647,367

2. Information by region

(1) Net sales (Thousands of yen)

Japan	Europe	Total
16,635,050	12,316	16,647,367

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

(Thousands of yen)

Customer name	Net sales	Related segments
JPP No. 1 Co., Ltd.	3,306,390	Financial solutions business

[Information related to impairment losses on non-current assets for each reportable segment]

Not applicable.

[Information related to goodwill amortization and the unamortized balance for each reportable segment]

Omitted due to immateriality.

[Information related to gain on bargain purchase for each reportable segment]

Omitted due to immateriality.

(Per-share Information)

(Yen)

	FY2018 (Jan. 1 – Dec. 31, 2018)	FY2019 (Jan. 1 – Dec. 31, 2019)
Net assets per share	1,077.87	1,208.99
Net income per share	175.91	153.11
Diluted net income per share	171.23	150.19

Notes: 1. As mentioned in the section "Changes in Accounting Policies," the new accounting method used for the consolidated fiscal year 2019 was applied retroactively, so the consolidated financial statements for the previous consolidated fiscal year indicate the figures obtained with the new accounting method. The net profit per share for the previous consolidated fiscal year decreased 4.12 yen through the retroactive application.

Notes: 2. Basis for the calculation of net income per share and diluted net income per share are as follows:

	FY2018 (Jan. 1 – Dec. 31, 2018)	FY2019 (Jan. 1 – Dec. 31, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	5,025,056	4,555,887
Amount not attributable to ordinary shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	5,025,056	4,555,887
Average number of shares during the period (Shares)	28,564,871	29,754,284
Diluted net income per share		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
Increase in number of common stock (Shares)	781,077	599,802
[of which subscription rights to shares (Shares)]	781,077	599,802
Summary of potentially dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect	Third Series Stock Acquisition Rights (Number of stock subscription rights 3,047(304,700 shares of common stock))	Third Series Stock Acquisition Rights (Number of stock subscription rights 3,047(304,700 shares of common stock))

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.