

FY03/2019 FINANCIAL SUPPLEMENT

May 13th, 2019
J Trust Co., Ltd.

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※ J Trust is [deciding to change its accounting period \(the last day of the business year\) from March 31st to December 31st, subject to approval at the 43rd Shareholders` Meeting scheduled to take place on June 26th, 2019. The 44th fiscal year, during which the transition will occur, is scheduled to consist of a nine month period from April 1st to December 31st, 2019.](#)

In addition, the “Data Book” which had been listed here until Q2 of FY03/2019 can be viewed on our homepage by visiting the following URL:

(IR Information_IR Library_Financial Data)

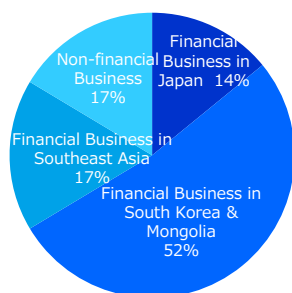
https://www.jt-corp.co.jp/en/ir/library/ir_data_00/

1. Changes in Key Management Indices

(Unit: 1 million JPY)

	As of March 31 st , 2019
Market cap (Millions of JPY)	43,647
Shares outstanding	115,469,910
Share price (JPY)	378

Operating revenue distribution Q3 FY03/2019 (Total)



	FY03/2016 JGAAP	FY03/2017 IFRS ^{※1※2}	FY03/2018 IFRS ^{※3}	FY03/2019 IFRS ^{※4}
Operating revenue	75,478	66,453	74,321	74,935
Operating expenses	38,957	38,116	47,451	78,253
Gross operating profit	36,521	28,336	26,870	-3,318
SG&A expenses	40,635	26,431	24,128	28,488
Other revenue	-	1,254	2,239	366
Other expenses	-	2,552	222	1,159
Operating profit (or loss)	-4,114	606	4,759	-32,600
Non-operating revenue	652	-	-	-
Non-operating expenses	1,216	-	-	-
Financial revenue	-	282	47	1,612
Financial expenses	-	1,320	1,895	110
Gains from equity method investments	-	-2	-12	-36
Ordinary profit (or loss)	-4,678	-	-	-
Extraordinary gains	1,753	-	-	-
Extraordinary loss	2,676	-	-	-
Profit/loss before tax ^{※4}	-5,602	-433	2,898	-31,135
Profit/loss attributable to owners of parent ^{※4}	-5,712	-1,270	-731	-36,107
Operating profit ratio	-5.45%	0.91%	6.40%	-43.50%
ROA (Return On Assets) ^{※5}	-1.09%	-0.23%	-0.11%	-5.45%
ROE (Return On Equity) ^{※6}	-3.25%	-0.83%	-0.50%	-29.06%

※1 FY03/2017 figures are reclassified based on IFRS.

※2 Figures up to profit/loss before tax do not include discontinued operations (ADORES)

※3 Figures up to profit/loss before tax do not include discontinued operations (ADORES, Highlights Entertainment)

※4 Figures up to profit/loss before tax do not include discontinued operations (Highlights Entertainment)

※5 Under JGAAP, these items are respectively titled "Net profit or loss before tax adjustment" and "Profit or loss attributable to owners of parent".

※6 ROA (Annualized) = Profit (loss) attributable to owners of parent ÷ Total assets (%)

※7 Total assets (Beginning assets + Ending assets) / 2

※8 ROE (Annualized) = Profit (loss) attributable to owners of parent ÷ Equity attributable to owners of parent (%)

※9 Equity attributable to owners of parent (Beginning assets + Ending assets) / 2

Q4 FY03/2019 (January – March)

Key initiatives of the J Trust Group (includes some initiatives which are at the submission stage)

(i) Business Developments in Japan

(Nihon Hoshou)

- **Business partnership agreement signed with The Shonan Shinkin Bank and Odakyu Real Estate Co., Ltd.** in February 2019.
⇒ The three companies will work on solving regional problems in the Fujisawa/Kamakura area. Nihon Hoshou will meet needs for funding by guaranteeing loans such as reverse mortgage-type loans.
- In March 2019, Nihon Hoshou **began handling guarantees on loans to purchase overseas properties** (in Honolulu, Hawaii) managed by **SBJ Bank Co., Ltd.**
⇒ Nihon Hoshou will begin handling guarantees for customers who are considering purchasing properties in Honolulu in Hawaii.

(KeyHolder)

• **New operations initiated**

In March 2019, **KeyHolder took over operation of the idol group SKE48.**

In March 2019, FA Project chose a brand name and brand icon for a color contact lens business.

• **Share acquisition (New subsidiary)**

In February 2019, KeyHolder **acquired shares** (in a simple share exchange) of **ALLFUZ Inc.**, a company that develops advertisement projects and manages casting for entertainment programs, as well as digital contents.

In March 2019, KeyHolder **signed an agreement to acquire shares of FOOLENLARGE Co., Ltd.**, which creates television programs.

(J TRUST Card)

• In March 2019, J TRUST Card **issued a CSR private placement bond underwritten by Miyazaki Bank Co., Ltd.**

The bond, which was issued for 300 million yen, is a private bond intended to contribute to regional communities. 0.2% of the issued amount will be donated to a nonprofit organization.

(J Trust and KeyHolder)

- In March 2019, the two companies decided **to form a business alliance with SAMURAI&J PARTNERS Co., Ltd. and subscribe to share acquisition rights.**

(ii) Business Developments Overseas

(J Trust Bank Indonesia)

- In January 2019, BJI **jointly developed a consumer loan with Sawayaka Club Co. Ltd. and Hiroshima Bank Ltd.**

The three companies developed the loan for the Indonesian students who desire to work in Japan and acquire technical skills can acquire advanced Japanese language abilities.

2. Summary of Consolidated Financial Results

1) YOY Comparison of Consolidated Results (Total)

IFRS

(Unit: 1 million JPY)

	FY03/2018 (Total)		FY03/2019 (Total)		YOY Difference	(%)	Main factors behind difference
	Results	(%)	Results	(%)			
Operating revenue	74,321	100.0	74,935	100.0	613	0.8	+ • At the Company's South Korean savings banks, interest revenue increased along with a steady increase of loans due to an increase in consumer lending focused on products with mid-range interest rates. • At its servicer company, book value adjustment gains included in interest revenue through a change to the accounting method for revenue from the purchase of receivables . - • At J Trust Bank Indonesia, interest revenue decreased due to a decrease in loans . • JTrust Asia saw a revenue decrease from FY03/2018 through reclassification of assets in conjunction with the elimination of Group Lease PLC ("GL")'s convertible debentures .
Operating expenses	47,451	63.8	78,253	104.4	30,802	64.9	+ • Expenses increased due to credit costs to cover most of potential losses at the Indonesian bank and costs to cover all losses at JTrust Asia's exposure to loans to GL .
SG&A expenses	24,128	32.5	28,488	38.0	4,360	18.1	- • At J Trust, professional fees expenses increased due to an increase in M&A expenses . • At JTrust Asia, professional fees increased due to an increase in litigation .
Other revenue/ expenses	2,017	2.7	-792	-1.1	-2,810	-	
Operating profit	4,759	6.4	-32,600	-43.5	-37,359	-	
Financial revenue/ expenses	-1,848	-2.5	1,501	2.0	3,349	-	+ • Whereas an exchange loss of 1,815 million JPY was booked last year at JTrust Asia in FY03/2018 mainly at JTrust Asia due to depreciation of the U.S. dollar against the Singapore dollar, in FY03/2019 it recorded an exchange surplus of 1,201 million yen , leading to a revenue increase.
Gain (or loss) from equity investment method	-12	0.0	-36	0.0	-23	-	
Profit before tax	2,898	3.9	-31,135	-41.5	-34,033	-	
Income tax and other expenses	1,012	1.4	2,753	3.7	1,740	171.8	
Profit (or loss) from continued operations	1,885	2.5	-33,888	-45.2	-35,774	-	
Profit (or loss) from discontinued operations	-1,808	-	-2,787	-	-979	-	- • The Company booked a loss of 2,787 million JPY from discontinued operations in conjunction with its divestment of shares and assets from Highlights Entertainment.
Non-controlling interests	809	-	-568	-	-1,377	-	
Profit or loss attributable to owners of parent	-731	-	-36,107	-	-35,376	-	

※1 Please see Excel data sheet titled "PL by Company" on our company website.

2. Consolidated Financial Results Summary for FY03/2019

2) YOY Comparison of Operating Revenue and Profit (Consolidated/Total) by Segment

IFRS

(Unit: 1 million JPY)

		FY03/2018 (Total)	FY03/2019 (Total)	YOY Difference	(%)	Main factors behind difference
Financial Business in Japan	Operating revenue	9,129	10,701	1,571	17.2	<ul style="list-style-type: none"> • Guarantee commissions increased in conjunction with an increase in credit guarantee balance. • At the Company's servicer company, book value adjustments included in interest revenue due to a change in the accounting method for revenue from the purchase of receivables.
	Operating profit	4,167	4,251	84	2.0	<ul style="list-style-type: none"> • Although allowances against potential loan losses increased in conjunction with a revaluation of cash flows from purchased receivables as did operating expenses, these were offset by an increase in operating revenue.
Financial Business in South Korea and Mongolia	Operating revenue	35,857	39,662	3,805	10.6	<ul style="list-style-type: none"> • At the Company's savings banks, interest revenue in conjunction with a steady increase in loans due to an increase in consumer lending centered on products with mid-range interest rates. • At its servicer company, book value adjustments included in interest revenue increased due to a change in the accounting method for revenue from the purchase of receivables.
	Operating profit	3,555	4,880	1,325	37.3	<ul style="list-style-type: none"> • An increase in operating revenue
Financial Business in Southeast Asia	Operating revenue	13,578	13,025	-553	-4.1	<ul style="list-style-type: none"> • At J Trust Bank Indonesia, interest revenue decreased along with a decrease of loans. • At its servicer company, book value adjustments included in interest revenue due to a change in the accounting method for revenue from the purchase of receivables.
	Operating profit	1,545	-17,712	-19,258	-	<ul style="list-style-type: none"> • A decrease in operating revenue • Expenses increased due to the batch processing of NPLs at Bank J Trust Indonesia included those left over from before the bank was purchased.
General Entertainment Business	Operating revenue	-	1,520	1,520	-	<ul style="list-style-type: none"> • In conjunction with the divestment of shares and receivables from Highlights Entertainment, all results from the previous fiscal year were classified as discontinued business.
	Operating profit	-	-15	-15	-	
Real Estate Business	Operating revenue	6,968	6,441	-526	-7.6	<ul style="list-style-type: none"> • Although Keynote's sales of single detached homes were strong, both operating revenue and operating profit decreased due to a decrease of rent revenue in conjunction with the sale of properties at KeyHolder.
	Operating profit	659	91	-567	-86.1	
Investment Business	Operating revenue	7,576	1,214	-6,362	-84.0	<ul style="list-style-type: none"> • JTrust Asia saw a revenue decrease relative to the increase it booked in FY03/2018 through reclassification of assets in conjunction with the elimination of GL's convertible debentures.
	Operating profit	-2,852	-20,568	-17,716	-	<ul style="list-style-type: none"> • At JTrust Asia, operating profit decreased due to an allowance against potential losses which was booked to cover the full amount of lending to GL. • SG&A expenses increased due to an increase in litigation.
Other businesses	Operating revenue	2,024	3,227	1,203	59.5	<ul style="list-style-type: none"> • At Keynote's commercial facility construction division, operating revenue increased due to a steady stream of orders for entertainment halls and food & drink establishments, while operating profit decreased slightly.
	Operating profit	57	39	-17	-31.0	
Consolidated	Operating revenue	74,321	74,935	613	0.8	
	Operating profit	4,759	-32,600	-37,359	-	

※1 Indicates total amount that resulted from continued operations only

2. Consolidated Financial Results Summary for FY03/2019

3) Comparison of Consolidated Results by Segment with Forecast

IFRS

(Unit: 1 million JPY)

FY03/2019	Initial Forecast	Adjusted Forecast	FY03/2019 Results	(%)	Main factors behind difference
Operating revenue	83,378	75,441	74,935	99.3	
Financial Business in Japan	9,923	10,608	10,701	100.9	<ul style="list-style-type: none"> Efforts were focused on guarantee and receivables collection business Stable guarantee commission revenue from pre-existing credit balances was booked in guarantee business
Financial Business in South Korea and Mongolia	37,995	40,052	39,662	99.0	<ul style="list-style-type: none"> Loans steadily increased, as did interest revenue Booked gains from sale of loans (a routine process)
Financial Business in Southeast Asia	19,230	12,907	13,025	100.9	<ul style="list-style-type: none"> Origination of new loans proceeded according to schedule, primarily through joint finance with JTO.
General Entertainment Business	6,719	1,501	1,520	101.3	<ul style="list-style-type: none"> New business contributed to the KeyHolder Group
Real Estate Business	6,679	6,844	6,441	94.1	<ul style="list-style-type: none"> Implemented competitive measures such as adjusting the prices of single detached homes
Investment Business	1,257	966	1,214	125.7	<ul style="list-style-type: none"> Interest booked against lending to GL
Other businesses	2,232	3,300	3,227	97.8	<ul style="list-style-type: none"> Sales at Keynote decreased due to slow progress of sales based on percentage of completion method.
Operating profit	7,073	-32,745	-32,600	-	
Financial Business in Japan	4,515	4,425	4,251	96.1	<ul style="list-style-type: none"> Achieved stable operating revenue
Financial Business in South Korea and Mongolia	2,427	4,674	4,880	104.4	<ul style="list-style-type: none"> The amount of allowances against potential loan losses was less than estimated and advertising costs as well as SG&A expenses were reduced.
Financial Business in Southeast Asia	2,618	-18,353	-17,712	-	<ul style="list-style-type: none"> Due to strict management of NPLs and return of allowances against potential losses, operating profit was better than initial estimates.
General Entertainment Business	217	108	-15	-	<ul style="list-style-type: none"> In instances where scheduled programming was delayed by a month due to issues with program creation, expenses temporarily occurred because rough costs are fixed.
Real Estate Business	249	184	91	49.5	<ul style="list-style-type: none"> Decrease in operating revenue
Investment Business	560	-20,467	-20,568	-	<ul style="list-style-type: none"> Additional provisions booked against accrued interest on lending to GL.
Other businesses	234	152	39	25.9	<ul style="list-style-type: none"> Decrease in operating revenue

3. Forecast for Consolidated Results in FY12/2019

<By Segment> ※ Due to the scheduled change to the fiscal year, this fiscal year will be **nine months**.

IFRS

(Unit: 1 million JPY)

FY03/2020	FY03/ 2019 Results (12 mo.)	Current Forecast (9 mo.)	Diff.	(%)	Strategy, etc.
Operating Revenue	74,976	64,397	-10,579	-14.1	
Financial Business in Japan	10,701	6,981	-3,720	-34.8	<ul style="list-style-type: none"> Focus efforts on guarantees and receivables collections In guarantee business, continue to diversify product lineup and expand business focused on guarantees for property-backed loans such as those for overseas properties or reverse mortgage-type products instead of already existing products.
Financial Business in South Korea and Mongolia	39,662	28,959	-10,703	-27.0	<ul style="list-style-type: none"> Aim for "qualitative growth" rather than "quantitative", maintain a certain asset size with the goal of reasonable returns according to credit risk and seek qualitative improvement for assets. ① In order to attract more creditworthy customers for unsecured consumer loans, we will focus efforts on products with mid-range interest rates to stay ahead of our competitors, determine target customers through a thorough analysis of customer attributes and emphasize retention marketing to maintain stable relations with those customers. ② Introduce a screening system that utilizes Fintech, reduce the time and cost of screenings for unsecured consumer loans and continually update screening standards. ③ Maintain essential points of screening and focus attention on the necessity of the loan as well as the liquidity of the asset. ④ In addition to enhancing our collections system and maximizing usage of personnel and training, we plan to educate each employee about pre-screening and active methods of collection such as legal methods.
Financial Business in Southeast Asia	13,025	12,982	-43	-0.3	<ul style="list-style-type: none"> Increased allowance against potential losses in the previous fiscal year for batch processing NPLs including those left over from before BJI was purchased. From now on, new loans will primarily come from joint finance with JTO. In order to prevent NPLs and reduce funding costs, speed up lending and screening processes, diversify products, use the company's ties to Japan as a selling point and carve out a market, while at the same time evaluate systems to allow early detection of assets that show potential signs of delinquency and proposals for handling NPLs. In terms of liquidity management, work on investing in A-rated corporate bonds and raising CASA (the ratio of liquidity) in addition to paying off interbank loans with surplus funds resulting from a decrease in loan balances. In addition, for cost reduction, launch a project to cut back on SG&A expenses, reduce personnel, close unprofitable branch locations, reduce advertising costs and aim for a balance between income and expenditure Through the processing of NPLs that took place in previous fiscal years, we expect that the bank can meet the required regulatory level of capital adequacy ratio and delinquency ratio. As for personnel, strategize to improve the abilities of salespeople through thorough evaluations and appropriate assignments, etc. In addition to strengthening compliance systems, move to a new structure through rotation of Board Directors. Estimations of future cash flows from purchased receivables are being calculated using past results of collections, so the NPLs which were transferred to JTII are being expected to contribute to revenue increases through collections which exceed future cash flow estimations. Through the combined efforts of J Trust's three Indonesian companies, develop an effective marketing strategy and provide financial services with high added value utilizing the J Trust Group's network.
General Entertainment Business	1,520	7,813	6,292	413.7	<ul style="list-style-type: none"> It is thought that broadcasting various contents, with focus on the Group's new enterprise SKE48, and exercising the economy of scale between group companies and synergistic effect will contribute to increased revenue.
Real Estate Business	6,441	5,489	-952	-14.8	<ul style="list-style-type: none"> Increase number of deals involving detached single homes
Investment Business	1,214	1,041	-173	-14.3	<ul style="list-style-type: none"> Selecting investments with high rates of profitability Actively invest in businesses which will allow J Trust to maximize the synergistic effect, thereby working toward business expansion.
Other business	3,227	1,889	-1,338	-41.5	<ul style="list-style-type: none"> At Keynote, focus efforts on commercial facility construction division
Operating Profit	-32,600	61	32,661	-	
Financial Business in Japan	4,251	2,979	-1,272	-29.9	
Financial Business in South Korea and Mongolia	4,880	3,304	-1,576	-32.3	
Financial Business in Southeast Asia	-17,712	-1,772	15,940	-	
General Entertainment Business	-15	379	394	-	
Real Estate Business	91	40	-51	-56.3	
Investment Business	-20,568	-645	19,923	-	
Other business	39	-215	-254	-	