

Q3 FY03/2019 FINANCIAL SUPPLEMENT

February 13th, 2019

J Trust Co., Ltd.

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For all inquiries, please contact:
J Trust Co., Ltd.

Corporate Planning Department, PR & IR Division

TEL (03) 4330-9100

URL:<https://www.jt-corp.co.jp/>

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The data files, which had been listed here up until Q2 FY03/2019, can be viewed on our company website:

(IR Information IR Library Financial Data)

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

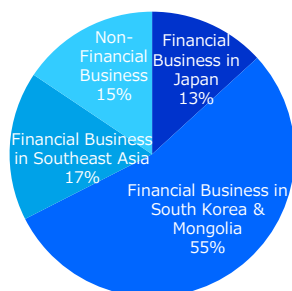


1. Changes in Key Management Indices

(Unit: 1 million JPY)

	As of December 31 st , 2018
Market cap (millions in JPY)	45,961
Shares outstanding	112,649,910
Share price (JPY)	408

Operating revenue distribution Q3 FY03/2019 (Total)



	FY03/2016 JGAAP	FY03/2017 IFRS ^{※1※2}	FY03/2018 IFRS ^{※3}	Q3 FY03/2019 IFRS ^{※3}
Operating revenue	75,478	66,453	74,321	55,173
Operating expenses	38,957	38,116	47,451	63,410
Gross operating profit	36,521	28,336	26,870	-8,236
SG&A expenses	40,635	26,431	24,128	20,717
Other revenue	—	1,254	2,239	325
Other expenses	—	2,552	222	1,142
Operating profit (or loss)	-4,114	606	4,759	-29,770
Non-operating revenue	652	—	—	—
Non-operating expenses	1,216	—	—	—
Financial revenue	—	282	47	1,173
Financial expenses	—	1,320	1,895	72
Gains from equity method investments	—	-2	-12	-11
Current profit (or loss)	-4,678	—	—	—
Extraordinary gains	1,753	—	—	—
Extraordinary loss	2,676	—	—	—
Profit/loss before tax ^{※4}	-5,602	-433	2,898	-28,681
Profit/loss attributable to owners of parent ^{※4}	-5,712	-1,270	-731	-32,770
Operating profit ratio	-5.45%	0.91%	6.40%	-54.03%
ROA (Return on assets) ^{※5}	-1.09%	-0.23%	-0.11%	-6.56%
ROE (Return on equity) ^{※6}	-3.25%	-0.83%	-0.50%	-35.12%

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

※2 Figures up to profit/loss before tax do not include discontinued operation ADORIS

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

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

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

※Total assets (Beginning assets + ending assets) / 2

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

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

Q3 FY03/2019 (October - December)

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 between Nihon Hoshou and List International Realty Co., Ltd.](#) in November 2018

⇒ Objective: To provide highly convenient finance and real estate services to customers who are considering investments in overseas properties.

(KeyHolder)

- [Began a new operation \(SKE48 business\)](#)

In December 2018, KeyHolder signed a business transfer agreement which stipulated that KeyHolder would assume operations of the idol group SKE48, operated and managed by AKS Co., Ltd., and acquire 100% shares of SKE Co., Ltd. which it established as a subsidiary in January 2019.

(Highlights Entertainment)

- In October 2018, J Trust divested [all shares and receivables of Highlights Entertainment](#) with the goal of centralizing its business.

(ii) Overseas Business Developments

(Indonesia: PT JTRUST OLYMPINDO MULTI FINANCE)

• In October 2018, the Group acquired 60% of shares of Indonesian multi-finance company [PT OLYMPINDO MULTI FINANCE](#) (Now [PT JTRUST OLYMPINDO MULTI FINANCE, following its name change on October 8th](#)) through acquisition of shares and third-party allocation of new shares, [making the company a subsidiary](#) of the Group.

With this acquisition, the Group has constructed a three-pronged business segment consisting of a bank, a servicing company and a finance company and has established a system that allows the Group to answer to diverse needs over a wide area.

JTO will work actively on handling new products such as financing for farm equipment and microfinancing and also work toward expanding the size and scope of its financial business in the future.

(Mongolia: Capital Continent Investment NBF1)

- In December 2018, [signed a business agreement with BE FORWARD CO., LTD.](#) related to funding for automobile loan businesses in Mongolia

2. Consolidated Financial Results Summary for FY03/2019

1) YOY Comparison of Consolidated Results (Total)

IFRS

(Unit: 1 million JPY)

	Q3 FY03/2018 (Total)		Q3 FY03/2019 (Total)		YOY Difference	(%)	Main factors behind difference
	Results	(%)	Results	(%)			
Operating revenue	56,963	100.0	55,173	100.0	-1,789	-3.1	+ ・In South Korea, interest revenue increased along with a steady increase of loans mainly for businesses at J Trust's savings banks . ・At the Group's servicer company, book value adjustment gains and losses included in interest revenue increased 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 decrease relative to the revenue it recorded in FY03/2018 through the reclassification of Group Lease PCL (GL)'s receivables upon cancellation of their convertible debentures .
Operating expenses	36,748	64.5	63,410	114.9	26,661	72.6	+ ・At the Group's South Korean savings banks, interest expenses increased along with an increase of deposits . ・Expenses increased in the Southeast Asia segment due to allowances for doubtful accounts in conjunction with the batch processing of NPLs at J Trust Bank Indonesia . In addition, expenses at JTrust Asia increased through allowances to cover the total cost of lending to Group Lease . ※1
SG&A expenses	17,649	31.0	20,717	37.5	3,068	17.4	+ ・At J Trust, professional fees increased due to an increase in M&A expenses . ・At JTrust Asia, professional fees increase due to an increase in litigation .
Other revenue/ expenses	939	1.6	-816	-1.5	-1,756	-	
Operating profit	3,504	6.2	-29,770	-54.0	-33,275	-	
Financial revenue/ expenses	-1,073	-1.9	1,100	2.0	2,174	-	+ ・Whereas the Group recorded an exchange loss mainly at JTrust Asia in the previous year due to depreciation of the U.S. dollar against the Singapore dollar, this year it recorded an exchange surplus of 1,113 million JPY .
Gain (or loss) from equity method investment	-11	-0.0	-11	-0.0	-0	-	
Profit before tax	2,419	4.2	-28,681	-52.0	-31,101	-	
Income tax and other expenses	1,511	2.7	1,815	3.3	304	20.2	
Profit (or loss) from continued operations	908	1.6	-30,497	-55.3	-31,406	-	
Profit (or loss) from discontinued operations	-892	-	-2,787	-	-1,895	-	- ・The Group reported a loss of 2,787 million JPY from discontinued operations in conjunction with its divestment of shares and receivables from Highlights Entertainment.
Non-controlling interests	37	-	-514	-	-551	-	
Profit or loss attributable to owners of parent	-20	-	-32,770	-	-32,750	-	

※1 Please see Excel data of "PL by Company"

2. Consolidated Financial Results Summary for FY03/2019

2) YOY Comparison of operating revenue and operating profit (consolidated/total) by segment

IFRS

(Unit: 1 million JPY)

		Q3 FY03/2018 (Total)	Q3 FY03/2019 (Total)	YOY Difference	(%)	Main factors behind difference
Financial Business in Japan	Operating revenue	7,117	7,373	255	3.6	• Interest revenue decreases were covered by an increase in revenue from guarantee fees, and operating revenue increased
	Operating profit	3,495	3,298	-196	-5.6	• Operating expenses increased as a result of an increase in credit costs in conjunction with a review of future cash flows from purchased receivables
Financial Business in South Korea and Mongolia	Operating revenue	26,790	30,251	3,461	12.9	• Interest revenue increased along with a steady increase of loans mainly for business loans at J Trust's savings banks . • At the Group's servicer company, book value adjustment gains and losses included in interest revenue increased through a change to the accounting method for revenue from the purchase of receivables
	Operating profit	3,097	4,002	905	29.2	• An increase in operating revenue
Financial Business in Southeast Asia	Operating revenue	10,583	9,436	-1,146	-10.8	• At J Trust Bank Indonesia, interest revenue decreased due to a decrease in loans .
	Operating profit	1,105	-14,308	-15,414	—	• A decrease in operating revenue • Operating expenses increased due a loss which was booked because of large-scale provisions for doubtful accounts in conjunction with batch processing of non-performing loans which was done in order to eliminate the legacy left by Bank J Indonesia before it was purchased by the Group.
General Entertainment Business	Operating revenue	—	949	949	—	• In conjunction with J Trust's divestment of shares and receivables from Highlights Entertainment, all results from the previous year were classified as discontinued operations .
	Operating profit	—	-2	-2	—	
Real Estate Business	Operating revenue	4,085	4,119	33	0.8	• Operating revenue increased due to strong sales of detached houses. • Operating profit decreased due to a loss from valuation of properties for sale and increases to SG&A expenses as well as costs associated with various policies implemented to expand business.
	Operating profit	218	22	-195	-89.5	
Investment Business	Operating revenue	7,319	939	-6,379	-87.2	• JTrust Asia saw a decrease relative to the revenue it recorded in FY03/2018 through the reclassification of GL's receivables upon cancellation of their convertible debentures .
	Operating profit	-2,759	-20,082	-17,323	—	• Expenses at JTrust Asia increased through allowances to cover the total cost of lending to Group Lease . • General and administrative expenses increased due to an increase of litigation costs .
Other businesses	Operating revenue	1,711	2,660	948	55.4	• 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	51	-1	-53	—	
Consolidated	Operating revenue	56,963	55,173	-1,789	-3.1	
	Operating profit	3,504	-29,770	-33,275	—	

※1 Indicates total amount that resulted from continued operations only

3. Progress of Consolidated FY03/2019 Results

IFRS

(Unit: 1 million JPY)

FY03/2019	Initial estimate	Revised estimate	Q3 results	Progress (%)	Future strategy
Operating revenue	83,378	75,441	55,173	73.1	
Financial Business in Japan	9,923	10,608	7,373	69.5	<ul style="list-style-type: none"> Focus efforts on guarantee and receivables collection businesses In guarantee business, work on diversifying types of guarantees and focus on business of guarantees in place of condominium loan guarantees
Financial Business in South Korea and Mongolia	37,995	40,052	30,251	75.5	<ul style="list-style-type: none"> In response to concerns over decreased interest revenue resulting from loan restrictions and sluggish growth of loan balances due to enhanced regulation by South Korean authorities, J Trust will work to secure revenue and make up for these issues by: <ul style="list-style-type: none"> ① Rearranging loan portfolios ② Reevaluating screening standards and increasing the percentage of creditworthy customers ③ Amassing more business loans ④ Seeking sources of revenue aside from interest like credit guarantees on receivable sellout or new guarantees
Financial Business in Southeast Asia	19,230	12,907	9,436	73.1	<ul style="list-style-type: none"> Guarantee profitability and strengthen collections <ul style="list-style-type: none"> ① Focus on obtaining sound assets through more thorough screening ② Reevaluate structure and organization of screening department, strengthen collections ③ Focus on joint finance in partnership with PT JTRUST OLYMPINDO MULTI FINANCE (JTO), concentrate on individual loans which allow for risk dispersion ④ In order to prevent new NPLs from developing, reevaluate existing customers and stop offering new business loans ⑤ After diversifying collection methods, work harder on collections through collection of collateral
General Entertainment Business	6,719	1,501	949	63.2	<ul style="list-style-type: none"> Contributing to new business in KeyHolder group
Real Estate Business	6,679	6,844	4,119	60.2	<ul style="list-style-type: none"> Increasing the number of single detached home deliveries
Investment Business	1,257	966	939	97.3	<ul style="list-style-type: none"> Selecting investments with high profitability Work toward business expansion by actively investing in operations that will allow for maximum synergy with the Group's businesses
Other businesses	2,232	3,300	2,660	80.6	<ul style="list-style-type: none"> Concentrate efforts on commercial facility construction division at Keynote
Operating profit	7,073	-32,745	-29,770	—	
Financial Business in Japan	4,515	4,425	3,298	74.5	<ul style="list-style-type: none"> Securing stable operating revenue
Financial Business in South Korea and Mongolia	2,427	4,674	4,002	85.6	<ul style="list-style-type: none"> Achieve 165% of full year estimate Work toward further profit growth, while anticipating decreases in profit due to increased provisions for doubtful accounts through the adoption of IFRS 9 as well as regulatory enhancement by South Korean authorities
Financial Business in Southeast Asia	2,618	-18,353	-14,308	—	<ul style="list-style-type: none"> ① Securing stable operating revenue ② Reducing cost of funds through further decreases to interest rates for deposits <ul style="list-style-type: none"> Lower COF by implementing a net banking system or restricting fixed-term deposits with high interest rates, thereby increasing the Net Interest Margin and raising the CASA ratio ③ At PT JTRUST INVESTMENTS INDONESIA, actively strengthen collections and aim to increase profit and decrease credit costs. <ul style="list-style-type: none"> ⇒ Test collection methods through trial & error by analyzing and accumulating legal collection expertise, work to maximize collections ④ Reduce costs through strict control of general and administrative expenses which includes reevaluating employees ⑤ Plan improvements to performance through synergy between Bank J Trust Indonesia and JTO
General Entertainment Business	217	108	-2	—	<ul style="list-style-type: none"> Contributing to new business in KeyHolder group
Real Estate Business	249	184	22	12.4	<ul style="list-style-type: none"> Improve profitability by increasing sales and increasing the percentage of work performed in-house
Investment Business	560	-20,467	-20,082	—	<ul style="list-style-type: none"> Work to maximize investment gains
Other businesses	234	152	-1	—	<ul style="list-style-type: none"> Concentrate efforts on commercial facility construction division at Keynote