

# Q1 FY12/2020 FINANCIAL SUPPLEMENT

May 12<sup>th</sup>, 2020

**J Trust Co., Ltd.**

## IMPORTANT INFORMATION REGARDING THIS MATERIAL

- This document is intended to provide information about J Trust (hereinafter, “the Company”) and is not intended to solicit investments in securities issued by the Company.
- This document has been written carefully to ensure accuracy. However, there is no guarantee that the information is fully complete. The Company shall not be held liable for any damages or loss of profit resulting from the use of information and estimations contained within.
- The Company changed its accounting period from April 1<sup>st</sup> - March 31<sup>st</sup> to January 1<sup>st</sup> - December 31<sup>st</sup> in FY12/2019. As a result, the fiscal year ending December 2019, during which the change is set to take place, will be an irregular nine month period from April 1<sup>st</sup> to December 31<sup>st</sup>, 2019.
- Information regarding forecasts listed in this document is estimated based on the knowledge, opinions and judgement of the company at the time of the document’s creation and contains underlying risks and uncertainties. Therefore, please understand that actual results and the forecast described here are subject to change greatly depending upon various factors such as the business environment.
- This English-translated document was prepared solely for the convenience of English-speaking investors. If any discrepancies exist between this translation and the original Japanese document, the Japanese version always prevails. The Company shall not be liable for any damages or losses of profit arising from this translation.

**For all inquiries, please contact:**

**J Trust Co., Ltd.**

**Finance Department**

TEL (03) 4330-9100

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

1. Changes in Key Management Indices
2. Summary of Consolidated Financial Results in Q1 FY12/2020
  - 1) YOY Comparison of Consolidated Results (Total)
  - 2) YOY Comparison of Operating Revenue and Operating Profit by Segment (Consolidated/Total)
3. Consolidated Results Progress in FY12/2020

Additionally, the data files can be viewed on our company website:

(IR Information \_ IR Library \_ Quarterly Earnings \_ Financial Data)  
[https://www.jt-corp.co.jp/en/ir/library/ir\\_data\\_00/](https://www.jt-corp.co.jp/en/ir/library/ir_data_00/)

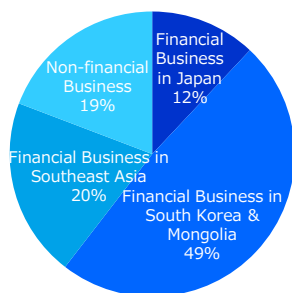
# 1. Changes in Key Management Indices

(Unit: Millions of yen)

	As of March 31 <sup>st</sup> , 2020
Market cap (millions of yen)	25,980
Shares outstanding	115,469,910
Share price (JPY)	225

	FY03/2018 ※1	FY03/2019 ※2	FY12/2019 ※3	FY12/2020 Q1
Operating revenue	74,321	74,935	58,105	19,500
Operating expenses	47,451	78,253	35,706	10,403
Gross operating profit	26,870	-3,318	22,398	9,097
SG&A expenses	24,128	28,488	27,370	7,663
Other revenue	2,239	366	5,624	152
Other expenses	222	1,159	365	31
Operating profit (or loss)	4,759	-32,600	287	1,555
Financial revenue	47	1,612	121	107
Financial expenses	1,895	110	712	249
Share of profit (or loss) of investments accounted for using equity method	-12	-36	-9	-3
Profit (or loss) before tax	2,898	-31,135	-312	1,410
Profit (or loss) attributable to owners of parent	-731	-36,107	-3,249	1,541
Operating profit ratio	6.40%	-43.50%	0.50%	7.98%
ROA (Return on Assets) ※4	-0.11%	-5.45%	-0.62%	0.86%
ROE (Return on Equity) ※5	-0.50%	-29.06%	-4.24%	6.36%

## Operating revenue distribution FY12/2020 Q1 (Total)



※1 Figures up to "profit (or loss) before tax" do not include discontinued operations (ADORE, Highlights Entertainment).

※2 Figures up to "profit (or loss) before tax" do not include discontinued operations (Highlights Entertainment).

※3 We do not consider retroactive adjustments due to finalization of provisional accounting treatment regarding stock exchange of allfuz Inc.

※4 ROA (Annualized) = Profit (or loss) attributable to owners of parent / Total assets (%)

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

※5 ROE (Annualized) = Profit (or loss) attributable to owners of parent / Equity attributable to owners of parent (%)

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

## Q1 FY12/2020 (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)

##### Started providing guarantee for reverse mortgage loan

In January 2020, Nihon Hoshou concluded guarantee partnership agreement for reverse mortgage loans with Kawasaki Shinkin Bank and started guarantee handling. ⇒ Responding to the diversified funding needs of elderly customers after their retirement.

##### Increase guarantee balance through Crowdfunding

Nihon Hoshou, together with business partner, SAMURAI & J PARTNERS, jointly formed a fund with built-in debt guarantee by Nihon Hoshou at crowdfunding site 「SAMURAI FUND」.

(J Trust Card)

##### Issued credit card 「J Trust Global Card」 for foreign residents

J Trust Card signed a business alliance contract with Densan System Co., Ltd. that mainly engages in information and strage service. In February 2020, J Trust Card issued 「J Trust Global Card」 that is Mastercard branding credit card for shopping for foreign residents.

⇒ By providing a deposit, foreign residents can apply for a credit card without a bank account, and many foreign residents can enjoy the convenience of cashless service.

#### (ii) Business Developments Overseas

(J Trust Asia, PT J Trust bank Indonesia)

##### Efficient use of funds for the entire group

In March 2020, J Trust Asia obtained funds through crowdfunding site 「SAMURAI FUND」.

⇒ J Trust bank Indonesia obtained funds by subordinated loan from J Trust Asia, consequently increased capital level.

## 2. Summary of Consolidated Financial Results in Q1 FY12/2020

### 1) YOY Comparison of Consolidated Results (Total)

※ Since FY12/2019, J Trust's fiscal year-end has changed from March 31<sup>st</sup> to December 31<sup>st</sup>. In line with this change, this year's year-on-year comparison is not stated since the target comparison period in this year is different from the previous period. Additionally, because the provisional accounting treatment for business combinations recorded in the previous fiscal year was finalized in the current fiscal year, the relevant figures from the previous fiscal year have been adjusted retroactively.

(Unit: Millions of yen)

	FY12/2019 Q1 (Total)		FY 12/2020 Q1 (Total)		Main factors behind difference
	Actual Results	(%)	Actual Results	(%)	
Operating revenue	18,279	100.0	19,500	100.0	<ul style="list-style-type: none"> <li>+ Operating revenue increased <a href="#">as a result of including J Trust Royal Bank as a consolidated subsidiary</a>.</li> <li>+ At Keynote's commercial facility construction division, <a href="#">revenue from construction contracts increased</a> due to a increase in orders for construction of facilities, etc., such as event halls and food and drink establishments.</li> <li>- At TA Asset Management, <a href="#">book value adjustment gain was decreased</a> due to the sale of purchased receivables on large-scale at the end of the previous fiscal year.</li> </ul>
Operating expenses	12,354	67.6	10,403	53.3	<ul style="list-style-type: none"> <li>+ Operating expenses increased <a href="#">as a result of adding J Trust Royal Bank as a consolidated subsidiary</a>.</li> <li>+ <a href="#">Service costs increased</a> at Keynote's commercial facility construction division.</li> <li>- At financial businesses in Indonesia, <a href="#">provisions against doubtful accounts decreased</a> due to a reevaluation of expected credit loss estimation.</li> </ul>
SG&A expenses	7,259	39.7	7,663	39.3	<ul style="list-style-type: none"> <li>+ SG&amp;A expenses increased <a href="#">as a result of including J Trust Royal Bank as a consolidated subsidiary</a>.</li> </ul>
Other revenue/ expenses	1,767	9.7	121	0.6	
Operating profit	433	2.4	1,555	8.0	
Financial revenue/ expenses	-322	-1.8	-142	-0.7	
Share of profit (or loss) of investment accounted for using equity method	-6	-0.0	-3	-0.0	
Profit (or loss) before tax	104	0.6	1,410	7.2	
Income tax and other expenses	561	3.1	-107	-0.6	<ul style="list-style-type: none"> <li>- Tax expense was calculated by using a simplified method based on the estimated effective tax rate at the end of the period.</li> </ul>
Profit (or loss) from continuing operations	-456	-2.5	1,518	7.8	
Profit (or loss) from discontinued operations	—	—	—	—	
Non-controlling interests	-284	-1.6	-23	-0.01	
Profit (or loss) attributable to owners of parent	-172	-0.9	1,541	7.9	

## 2. Summary of Consolidated Financial Results in Q1 FY12/2020

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

※ Since FY12/2019, J Trust's fiscal year-end has changed from March 31<sup>st</sup> to December 31<sup>st</sup>. In line with this change, this year's year-on-year comparison is not stated since the target comparison period in this year is different from the previous period. Additionally, because the provisional accounting treatment for business combinations recorded in the previous fiscal year was finalized in the current fiscal year, the relevant figures from the previous fiscal year have been adjusted retroactively.

(Unit: Millions of yen)

		FY12/2019 Q1 (Total)	FY 12/2020 Q1 (Total)	Main factors behind difference
Financial Business in Japan	Operating revenue	2,345	2,366	
	Operating profit	1,078	1,151	
Financial Business in South Korea and Mongolia	Operating revenue	9,777	9,501	• At TA Asset Management, <a href="#">book value adjustment gain was decreased</a> due to the sale of purchased receivables on large-scale at the end of the previous fiscal year.
	Operating profit	2,548	2,188	• In previous fiscal year at the Company's South Korean savings banks, <a href="#">provisions against doubtful accounts decreased</a> due to a reevaluation of historical collection rates. On the other hand, provisions against doubtful accounts increased in this fiscal year.
Financial Business in Southeast Asia	Operating revenue	2,726	4,102	• Operating revenue increased <a href="#">as a result of including J Trust Royal Bank as a consolidated subsidiary</a> .
	Operating profit	-1,899	-1,204	• At financial businesses in Indonesia, <a href="#">provisions against doubtful accounts decreased</a> due to a reevaluation of expected credit loss estimation.
General Entertainment Business	Operating revenue	1,712	1,683	• Whereas operating revenue increased <a href="#">as a result of including Wisenlarge Inc. as a consolidated subsidiary</a> , operating revenue leveled off due to downward pressure from the impact of new coronavirus infection. Operating profit decreased due to heavy burden of fixed cost.
	Operating profit	-9	-162	
Real Estate Business	Operating revenue	1,334	1,026	• Although operating revenue decreased because <a href="#">sales of detached single homes were weak</a> due to reevaluation of sales locations and the process of aggregating business resources. On the other hand, operating profit increased due to <a href="#">reduction of expenses</a> .
	Operating profit	-21	40	
Investment Business	Operating revenue	272	281	
	Operating profit	-510	-473	
Other business	Operating revenue	237	687	• Operating revenue increased due to <a href="#">a increase in orders</a> for construction of facilities, etc., such as event halls and food and drink establishments <a href="#">at Keynote's commercial facility construction division</a> .
	Operating profit	-155	-173	
Consolidated	Operating revenue	18,279	19,500	
	Operating profit	433	1,555	

### 3. Summary of Consolidated Financial Results in Q1 FY12/2020

## Comparison of Results Forecasts by Segment

(Unit: Millions of yen)

FY 12/2020 Q1	Initial Forecast	Actual Result	(%)	Future strategy, etc.
Operating revenue	86,511	19,500	22.5	
Financial Business in Japan	8,330	2,366	28.4	• We focus on credit guarantee business and receivables collection business that went well.
Financial Business in South Korea & Mongolia	38,876	9,501	24.4	• Increasing interest income from loan by banking business that have stable balances as well as periodic gain on sale of receivables due to soaring receivables market
Financial Business in Southeast Asia	21,671	4,102	18.9	• Operating revenue increased due to execution of retail strategy at J Trust Royal Bank. • Increase in interest income due to increase in loans and increase in flow income of foreign exchange transactions, etc. at J Trust Bank Indonesia. • Maximizing the amount of money collected including legal matter at J Trust Investment Indonesia.
General Entertainment Business	9,222	1,683	18.3	• While paying close attention to the effects of new coronavirus infection, we aim to increase operating revenue by flexibly reorganizing the business and optimally allocating management resources as well as strengthening the business foundation in each newly started business.
Real Estate Business	5,230	1,026	19.6	• At Keynote, we are in the process of reevaluation of sales locations and the process of aggregating business resources. In the future, we consider development of profitable real estate and entry into real estate crowdfunding business.
Investment Business	990	281	28.5	• In line with budget
Other business	2,536	687	27.1	• At Keynote's commercial facility construction division, we focus on developing new design and construction projects.
Operating profit	1,681	1,555	92.5	
Financial Business in Japan	2,930	1,151	39.3	• Operating revenue increased steadily.
Financial Business in South Korea & Mongolia	5,835	2,188	37.5	• Operating revenue increased steadily. • We will reduce provisions against doubtful accounts by tightening credit screening standards, acquiring high-quality loans, and controlling bad loans.
Financial Business in Southeast Asia	-3,423	-1,204	—	• Operating profit increased due to a decrease in provision against doubtful accounts and decrease in litigation-related expenses as well as an increase in operating revenue.
General Entertainment Business	720	-162	—	• We aim to improve profitability by demonstrating synergy effect from newly consolidated businesses, reduce costs of sales, reduce expenses, etc. as well as increasing operating revenue.
Real Estate Business	298	40	13.6	• At Keynote, operating revenue increased by implementing various measures.
Investment Business	-1,853	-473	—	• Expenses related to litigation are under control.
Other business	-154	-173	—	• Operating revenue increased.