

Q2 FY12/2020 FINANCIAL SUPPLEMENT

August 12th, 2020

J Trust Co., Ltd.

IMPORTANT INFORMATION REGARDING THIS MATERIAL

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- 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 1st - March 31st to January 1st - December 31st 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 1st to December 31st, 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.
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URL:<https://www.jt-corp.co.jp/en/>

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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/

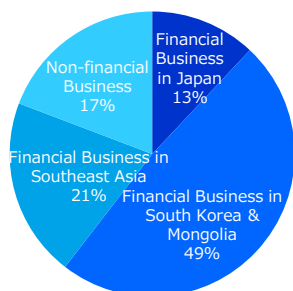
1. Changes in Key Management Indices

(Unit: Millions of yen)

	As of June 30 st , 2020
Market cap (millions of yen)	35,333
Shares outstanding	115,469,910
Share price (JPY)	306

	FY03/2018 ※1	FY03/2019 ※2	FY12/2019 ※3	FY12/2020 Q2
Operating revenue	74,321	74,935	58,105	36,809
Operating expenses	47,451	78,253	35,706	21,320
Gross operating profit	26,870	-3,318	22,398	15,489
SG&A expenses	24,128	28,488	27,414	15,085
Other revenue	2,239	366	5,624	427
Other expenses	222	1,159	365	141
Operating profit (or loss)	4,759	-32,600	243	689
Financial revenue	47	1,612	121	146
Financial expenses	1,895	110	712	279
Share of profit (or loss) of investments accounted for using equity method	-12	-36	-9	0
Profit (or loss) before tax	2,898	-31,135	-356	558
Profit (or loss) attributable to owners of parent	-731	-36,107	-3,260	442
Operating profit ratio	6.40%	-43.50%	0.42%	1.87%
ROA (Return on Assets) ※4	-0.11%	-5.45%	-0.62%	0.12%
ROE (Return on Equity) ※5	-0.50%	-29.06%	-4.26%	0.90%

Operating revenue distribution FY12/2020 Q1 (Total)



- ※1 Figures up to “profit (or loss) before tax” do not include discontinued operations (ADORES, Highlights Entertainment).
 ※2 Figures up to “profit (or loss) before tax” do not include discontinued operations (Highlights Entertainment).
 ※3 We reflect 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

Q2 FY12/2020 (April – June)

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

(i) Business Developments in Japan

(Nihon Hoshou)

- **Increase guarantee balance through Crowdfunding**

Nihon Hoshou, together with business partner, CAMPFIRE, Inc. , **jointly formed a fund with built-in debt guarantee by Nihon Hoshou at crowdfunding site 「CAMPFIRE Owners」.**

(KeyHolder)

- KeyHolder, Inc. **resolved to acquire all shares of North River Inc.** North River Inc. holds a 50% stake in Nogizaka 46 LLC, is an entertainment production company that operates the female idol group “Nogizaka 46”. On June 30 2020, KeyHolder **signed a share transfer agreement to purchase 50%** of North River stock.

(ii) Business Developments Overseas

(J Trust Royal Bank Plc)

- **Launch ‘Micro Saving’ product (first attempt in local mobile payments market)**

J Trust Royal Bank, together with business partner, Wing (Cambodia) Limited Specialized Bank, launch ‘Micro Savings’ product that enables the unbanked Wing customers in Cambodia to open formal bank accounts through Wing App with just a few swipes. They can receive interest by this product.

2. Summary of Consolidated Financial Results in Q2 FY12/2020

1) YOY Comparison of Consolidated Results (Total)

※ Since FY12/2019, J Trust's fiscal year-end has changed from March 31st to December 31st. 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 and 3Q in previous fiscal year, the relevant figures from the previous fiscal year have been adjusted retroactively.

(Unit: Millions of yen)

	FY12/2019 Q2 (Total)		FY 12/2020 Q2 (Total)		Main factors behind difference
	Actual Results	(%)	Actual Results	(%)	
Operating revenue	36,307	100.0	36,809	100.0	<ul style="list-style-type: none"> + · Operating revenue increased as a result of including J Trust Royal Bank as a consolidated subsidiary. + · At Keynote's commercial facility construction division, revenue from construction contracts increased due to an increase in orders for construction of facilities, etc., such as event halls and food and drink establishments. - · Impact of new coronavirus infection for General Entertainment Business, etc. - · At TA Asset Management, book value adjustment gain was decreased due to the sale of purchased receivables on large-scale at the end of the previous fiscal year. - · At Keynote, sales revenue decreased since sales of detached single homes were weak due to reevaluation of sales locations and the process of aggregating business resources.
Operating expenses	23,328	64.3	21,320	57.9	<ul style="list-style-type: none"> + · Operating expenses increased as a result of adding J Trust Royal Bank as a consolidated subsidiary. + · Service costs increased at Keynote's commercial facility construction division. - · At financial businesses in South East Asia, provisions against doubtful accounts regarding purchased receivables decreased. In previous fiscal year, provisions against doubtful accounts were recognized at large scale.
SG&A expenses	17,226	47.4	15,085	41.0	<ul style="list-style-type: none"> + · SG&A expenses increased as a result of including J Trust Royal Bank as a consolidated subsidiary. - · Decrease in M&A expenses and litigation costs
Other revenue/expenses	5,281	14.5	286	0.8	<ul style="list-style-type: none"> - · Other revenue/expenses decreased in this year. On the other hand, gain on negative goodwill was recorded in previous fiscal year as a result of including J Trust Royal Bank as a consolidated subsidiary.
Operating profit	1,033	2.8	689	1.9	
Financial revenue/expenses	-535	-1.5	-132	-0.4	
Share of profit (or loss) of investment accounted for using equity method	-6	-0.0	0	0.0	
Profit (or loss) before tax	491	1.4	558	1.5	
Income tax and other expenses	1,104	3.0	704	1.9	
Profit (or loss) from continuing operations	-613	-1.7	-146	-0.4	
Profit (or loss) from discontinued operations	-	-	-	-	
Non-controlling interests	-357	-1.0	-589	-1.6	
Profit (or loss) attributable to owners of parent	-256	-0.7	442	1.2	

2. Summary of Consolidated Financial Results in Q2 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 31st to December 31st. 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 and 3Q in previous fiscal year, the relevant figures from the previous fiscal year have been adjusted retroactively. (Unit: Millions of yen)

		FY12/2019 Q2 (Total)	FY 12/2020 Q2 (Total)	Main factors behind difference
Financial Business in Japan	Operating revenue	4,908	4,779	
	Operating profit	2,270	2,230	
Financial Business in South Korea and Mongolia	Operating revenue	18,994	18,268	<ul style="list-style-type: none"> At JT Capital, interest revenue from loan decreased due to decrease in operating loans at the end of the previous fiscal year. At TA Asset Management, book value adjustment gain was decreased due to the sale of purchased receivables on large-scale at the end of the previous fiscal year.
	Operating profit	4,258	3,710	<ul style="list-style-type: none"> In previous fiscal year at the Company's South Korean savings banks, provisions against doubtful accounts decreased due to a reevaluation of historical collection rates. On the other hand, provisions against doubtful accounts increased in this fiscal year. Consequently, operating profit decreased even though interest expense on bank deposits decreased.
Financial Business in Southeast Asia	Operating revenue	5,873	7,941	<ul style="list-style-type: none"> Operating revenue increased as a result of including J Trust Royal Bank as a consolidated subsidiary.
	Operating profit	-934	-2,894	<ul style="list-style-type: none"> In previous year, provisions against doubtful accounts regarding purchase receivables were recognized at large scale. This year provisions against doubtful accounts decreased. However, operating profit decreased for the following reasons. Gain on negative goodwill was recorded in previous year as a result of including J Trust Royal Bank as a consolidated subsidiary. Operating expenses, SG&A expenses are increased as a result of including J Trust Royal Bank as a consolidated subsidiary.
General Entertainment Business	Operating revenue	3,279	2,931	<ul style="list-style-type: none"> Whereas operating revenue increased as a result of including Wisenlarge Inc as a consolidated subsidiary, 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	-496	
Real Estate Business	Operating revenue	2,312	1,640	<ul style="list-style-type: none"> Sales revenue decreased due to reevaluation of sales locations and the process of aggregating business resources regarding detached single homes. Consequently, operating revenue and operating profit decreased.
	Operating profit	168	48	
Investment Business	Operating revenue	533	503	
	Operating profit	-1,093	-822	<ul style="list-style-type: none"> Litigation costs decreased.
Other Business	Operating revenue	672	1,045	<ul style="list-style-type: none"> Operating revenue increased due to a increase in orders for construction of facilities, etc., such as event halls and food and drink establishments at Keynote's commercial facility construction division. However, operating profit decreased slightly.
	Operating profit	-158	-266	
Consolidated	Operating revenue	36,307	36,809	
	Operating profit	1,033	689	

3. Summary of Consolidated Financial Results in Q2 FY12/2020

Comparison of Results Forecasts by Segment

(Unit: Millions of yen)

FY 12/2020 Q2	Initial Forecast	Revised Forecast ※1	Actual Result ※2	(%)	Future strategy, etc.
Operating revenue	86,511	78,511	34,493	43.9	
Financial Business in Japan	8,330	8,330	4,779	57.4	•We focus on credit guarantee business and receivables collection business that went well.
Financial Business in South Korea & Mongolia	38,876	38,876	18,268	47.0	•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	21,671	7,941	36.6	•Operating revenue increased due to execution of retail strategy at J Trust Royal Bank. •Increase in interest income due to increase in loans by banking business 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	7,222	2,931	40.6	•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. •Revenue contribution by including North River as a consolidated subsidiary
Real Estate Business	5,230	-	42	-	•On August 12 2020, it was resolved to transfer the shares of Keynote by stock exchange. As a result, results of Keynote is expected to be reclassified as a discontinued operation.
Investment Business	990	990	503	50.9	
Other Business	2,536	1,766	327	18.6	•On August 12 2020, it was resolved to transfer the shares of Keynote by stock exchange. As a result, results of commercial construction design business is expected to be reclassified as a discontinued operation.
Operating profit	1,681	1,731	633	36.6	
Financial Business in Japan	2,930	2,930	2,230	76.1	•Stable increase in operating revenue
Financial Business in South Korea & Mongolia	5,835	5,835	3,710	63.6	•Stable increase in operating revenue •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	-3,423	-2,894	-	•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	970	-496	-	•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. •Profit contribution by including North River as a consolidated subsidiary
Real Estate Business	298	-	12	-	•On August 12 2020, it was resolved to transfer the shares of Keynote by stock exchange. As a result, results of Keynote is expected to be reclassified as a discontinued operation.
Investment Business	-1,853	-1,853	-822	-	
Other Business	-154	-56	-286	-	•On August 12 2020, it was resolved to transfer the shares of Keynote by stock exchange. As a result, results of commercial construction design business is expected to be reclassified as a discontinued operation.

※1 Please refer to the "Notice regarding Revision of Earnings Forecast" announced on August 12, 2020.

※2 Since Keynote is classified as a discontinued operations, actual result is displayed by excluding discontinued operations.