

# Q3 FY12/2020 FINANCIAL SUPPLEMENT

November 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.

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

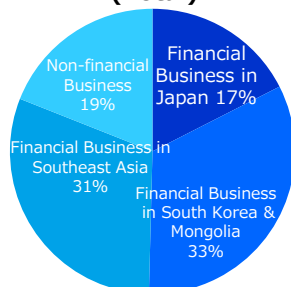
(IR Information \_ IR Library \_ Quarterly Earnings \_ Financial Data)  
[https://www.jt-corp.co.jp/en/ir/library/ir\\_data\\_00/](https://www.jt-corp.co.jp/en/ir/library/ir_data_00/)

# 1. Changes in Key Management Indices

(Unit: Millions of yen)

	As of September 30 <sup>th</sup> , 2020
Market cap (millions of yen)	27,943
Shares outstanding	115,469,910
Share price (JPY)	242

Operating revenue  
distribution  
FY12/2020 Q3  
(Total)



	FY03/2018 ※1	FY03/2019 ※2	FY12/2019 ※3※4	FY12/2020 Q3 (Jan-Sep) ※3
Operating revenue	74,321	74,935	37,698	38,845
Operating expenses	47,451	78,253	23,839	22,328
Gross operating profit	26,870	-3,318	13,859	16,517
SG&A expenses	24,128	28,488	22,970	19,106
Other revenue	2,239	366	5,504	598
Other expenses	222	1,159	318	149
Share of profit (or loss) of investments accounted for using equity method	-12	-36	—	915
Operating profit (or loss)	4,759	-32,600	-3,936	-1,224
Financial revenue	47	1,612	124	135
Financial expenses	1,895	110	603	661
Profit (or loss) before tax	2,898	-31,135	-4,405	-1,750
Profit (or loss) attributable to owners of parent	-731	-36,107	-3,260	1,226
Operating profit ratio	6.40%	-43.50%	-10.41%	-3.15%
ROA (Return on Assets) ※5	-0.11%	-5.45%	-0.62%	0.23%
ROE (Return on Equity) ※6	-0.50%	-29.06%	-4.26%	1.67%

※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 Figures up to "profit (or loss) before tax" do not include discontinued operations (Keynote, J Trust Card, JT Chinae Savings Bank).

※4 We reflect retroactive adjustments due to finalization of provisional accounting treatment regarding share exchange of allfuz Inc.

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

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

※6 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

## Q3 FY12/2020 (July – September)

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

### Business Developments in Japan

(J Trust)

- Concluded a share exchange agreement with SAMURAI&J PARTNERS Co., Ltd. (currently Nexus Bank Co., Ltd.)

For the purpose of reviewing the business portfolio and maximizing shareholder value, J Trust **concluded a share exchange agreement with SAMURAI&J PARTNERS Co., Ltd. as the wholly owning parent company and J Trust Card as the wholly owned subsidiary** in September 2020. As of November 1<sup>st</sup>, J Trust Card and JT Chinae Savings bank were excluded from the scope of consolidation.

(Nihon Hoshou)

- Increased guarantee for property-backed loans

In August 2020, Nihon Hoshou **started guaranteeing property-backed loans** in which partner financial institutions **finance purchases with condominium hotels sold by Tokyu Resort Corporation as collateral**.

(Keyholder)

- Acquisition of all shares of North River Inc.

In August 2020, Keyholder **completed acquisition of all shares of North River Inc., which holds a 50% stake in Nogizaka 46 LLC**, entertainment production company and manages a female idol group "Nogizaka 46".

- Concluded a share exchange agreement with Prospect Co., Ltd.

In August 2020, Keyholder **concluded a share exchange agreement with Prospect Co., Ltd. as the wholly owning parent company and Keynote as the wholly owned subsidiary**. Keynote was excluded from the scope of consolidation in September 2020.

## 2. Summary of Consolidated Financial Results in Q3 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 corresponding summary quarterly consolidated financial statements were not prepared in the previous fiscal year. 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 retroactively adjusted.

(Unit: Millions of yen)

	FY12/2019 Q3 ( Apr-Dec Total)		FY 12/2020 Q3 (Jan-Sep Total)		Main factors behind difference
	Actual Results	(%)	Actual Results	(%)	
Operating revenue	37,698	100.0	38,845	100.0	+ <a href="#">Operating revenue of J Trust Royal Bank</a> , acquired in August 2019, contributed for 9 months. •Operating revenue increased <a href="#">as a result of adding North River as a consolidated subsidiary</a> . • <a href="#">At JT Savings Bank, interest revenue increased</a> as loans by banking business increased. - <a href="#">In the previous fiscal year, TA Asset Management</a> recorded gain from sale of receivables due to the sale of purchased receivables on large-scale. Operating revenue <a href="#">decreased by comparison</a> in this year.
Operating expenses	23,839	63.2	22,328	57.5	+ •Operating expenses increased <a href="#">as a result of adding J Trust Royal Bank and North River as consolidated subsidiaries</a> . - <a href="#">At Nihon Hoshou, provisions against doubtful accounts were decreased</a> as a result of revising future CF from purchased receivables. •At financial business 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	22,970	60.9	19,106	49.2	+ •SG&A expenses increased <a href="#">as a result of adding J Trust Royal Bank and North River as consolidated subsidiaries</a> . - <a href="#">Decrease in M&amp;A expenses</a> and litigation expenses
Other revenue/ expenses	5,185	13.8	449	1.2	- •Other revenue/expenses <a href="#">decreased in this year</a> . On the other hand, <a href="#">gain on negative goodwill was recorded in previous fiscal year</a> as a result of including J Trust Royal Bank as a consolidated subsidiary.
Share of profit (or loss) of investment accounted for using equity method	—	—	915	2.4	+ <a href="#">Share of profit of investment accounted for using equity method was recorded from Nogizaka 46 LLC</a> as a result of adding North River as a consolidated subsidiary.
Operating profit	-3,926	-10.4	-1,224	-3.2	
Financial revenue/ expenses	-479	-1.3	-525	-1.4	
Profit (or loss) before tax	-4,405	-11.7	-1,750	-4.5	
Income tax and other expenses	2,446	6.5	1,147	3.0	
Profit (or loss) from continuing operations	-6,851	-18.2	-2,897	-7.5	
Profit (or loss) from discontinued operations	3,097	8.2	2,885	7.4	
Non-controlling interests	-494	-1.3	-1,238	-3.2	
Profit (or loss) attributable to owners of parent	-3,260	-8.6	1,226	3.2	

※ 1 The results of Keynote, J Trust Card, and JT Chinae Savings Bank were classified as discontinued operations based on IFRS 5(Non-current Assets Held for Sale and Discontinued Operations) in both fiscal year ending December 2019 and 3Q fiscal year ending December 2020.

## 2. Summary of Consolidated Financial Results in Q3 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 corresponding summary quarterly consolidated financial statements were not prepared in the previous fiscal year. 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 retroactively adjusted.

(Unit: Millions of yen)

		FY12/2019 Q3 ( Apr-Dec Total)	FY 12/2020 Q3 (Jan-Sep Total)	Main factors behind difference
Financial Business in Japan	Operating revenue	7,366	6,879	<ul style="list-style-type: none"> <li>• <u>Guarantee commission is steadily increased.</u></li> <li>• <u>At Nihon Hoshou, book value adjustment gain/loss decreased</u> due to progress in collection of purchased receivables.</li> </ul>
	Operating profit	3,082	3,427	<ul style="list-style-type: none"> <li>• <u>At Nihon Hoshou, provisions against doubtful accounts were decreased</u> as a result of revising future CF from purchased receivables.</li> </ul>
Financial Business in South Korea and Mongolia	Operating revenue	14,760	12,933	<ul style="list-style-type: none"> <li>• <u>At JT Savings bank, interest revenue increased</u> as loans by banking business increased.</li> <li>• <u>At JT Capital, interest revenue decreased</u> due to decrease in operating loans.</li> <li>• <u>In the previous fiscal year, TA Asset Management</u> recorded gain from sale of receivables due to the sale of purchased receivables on large-scale. Operating revenue <u>decreased significantly by comparison.</u></li> </ul>
	Operating profit	3,929	2,341	<ul style="list-style-type: none"> <li>• Operating profit decreased as gain on sale of receivables decreased.</li> </ul>
Financial Business in Southeast Asia	Operating revenue	9,673	12,014	<ul style="list-style-type: none"> <li>• <u>Operating revenue of J Trust Royal Bank</u>, acquired in August 2019, <u>contributed for 9 months.</u></li> </ul>
	Operating profit	-4,624	-4,322	<ul style="list-style-type: none"> <li>• <u>In previous year, provisions against doubtful accounts</u> regarding purchase receivables <u>were recognized at large scale.</u> This year provisions against doubtful accounts decreased. However, operating profit decreased for the following reasons. <u>Gain on negative goodwill was recorded in previous year</u> as a result of including J Trust Royal Bank as a consolidated subsidiary. Interest on bank deposit increased due to continuing high level of interest on bank deposit.</li> </ul>
General Entertainment Business	Operating revenue	4,850	6,189	<ul style="list-style-type: none"> <li>• Operating revenue increased <u>as a result of adding North River as consolidated subsidiaries.</u></li> </ul>
	Operating profit	-265	-451	<ul style="list-style-type: none"> <li>• Operating profit decreased since operating revenue is declining and so on due to still continuing <u>effects of new coronavirus infection.</u> Additionally, fixed cost burden is heavy.</li> </ul>
Investment Business	Operating revenue	815	731	
	Operating profit	-1,768	-1,223	<ul style="list-style-type: none"> <li>• Litigation expenses decreased</li> </ul>
Other Business	Operating revenue	596	539	
	Operating profit	-203	-95	
Consolidated	Operating revenue	37,698	38,845	
	Operating profit	-3,926	-1,224	

※ 1 Since Keynote, J Trust Card, and JT Chinae Savings Bank were classified as discontinued operations, the results were displayed by reclassifying actual figures to the figures excluding discontinued operations in fiscal year December 2019 and 3Q fiscal year December 2020.

※ 2 During third quarter of current consolidated accounting period, Keynote, which played a central role in Real Estate Business, was excluded from the scope of consolidation. Consequently, the real estate business has become less important, so it is included in Other Business.

## Results by Segment

As stated in the “Revision of Financial Forecast” dated September 23, 2020, we intend to further accelerate the review of the value of our business portfolio and strive to maximize shareholder value.

As we proceed with the review of our business portfolio, it will be extremely difficult to reasonably calculate our financial forecasts. Therefore, we withdraw a full-year consolidated financial forecast for the fiscal year ending December 31, 2020 and leave it undecided.