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On **May 12, 2020**, J Trust Co., Ltd. announced earnings results for Q1 FY12/20.

| Cumulative (JPYmm) | FY03/19 | | | | FY12/19 | | | | FY12/20 | | | | FY12/20 | |
|---|---------|--------|---------|---------|---------|--------|--------|----|---------|----|----|----|---------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | % of FY | Init. Est. |
| Operating revenue | 17,388 | 36,575 | 55,173 | 74,935 | 18,279 | 36,307 | 58,105 | - | 19,500 | - | - | - | 22.5% | 86,511 |
| YoY | 1.3% | 5.6% | -3.1% | 0.8% | - | - | - | - | - | - | - | - | - | - |
| SG&A expenses | 6,359 | 13,135 | 20,717 | 28,488 | 7,259 | 17,064 | 27,370 | - | 7,663 | - | - | - | - | - |
| YoY | 8.3% | 10.6% | 17.4% | 18.1% | - | - | - | - | - | - | - | - | - | - |
| SG&A, % of operating revenue | 36.6% | 35.9% | 37.5% | 38.0% | 39.7% | 47.0% | 47.1% | - | 39.3% | - | - | - | - | - |
| Operating profit | 807 | 25 | -29,770 | -32,600 | 433 | 118 | 287 | - | 1,555 | - | - | - | 92.5% | 1,681 |
| YoY | -70.9% | -99.5% | - | - | - | - | - | - | - | - | - | - | - | - |
| OPM | 4.6% | 0.1% | - | - | 2.4% | 0.3% | 0.5% | - | 8.0% | - | - | - | 1.9% | - |
| Pre-tax profit | 1,944 | 1,160 | -28,681 | -31,135 | 104 | -423 | -312 | - | 1,410 | - | - | - | - | - |
| YoY | -21.5% | -71.4% | - | - | - | - | - | - | - | - | - | - | - | - |
| Pre-tax profit margin | 11.2% | 3.2% | - | - | 0.6% | - | - | - | 7.2% | - | - | - | - | - |
| Profit attributable to owners of parent | 1,492 | -2,182 | -32,770 | -36,107 | -172 | -1,279 | -3,249 | - | 1,541 | - | - | - | - | -1,657 |
| YoY | -16.2% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit margin | 8.6% | - | - | - | - | - | - | - | 7.9% | - | - | - | - | - |

| Quarterly (JPYmm) | FY03/19 | | | | FY12/19 | | | | FY12/20 | | | |
|---|---------|--------|---------|--------|---------|--------|--------|----|---------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Operating revenue | 17,388 | 19,187 | 18,598 | 19,762 | 18,279 | 18,028 | 21,798 | - | 19,500 | - | - | - |
| YoY | 1.3% | 9.8% | -16.7% | 13.8% | - | - | - | - | - | - | - | - |
| SG&A expenses | 6,359 | 6,776 | 7,582 | 7,771 | 7,259 | 9,805 | 10,306 | - | 7,663 | - | - | - |
| YoY | 8.3% | 12.9% | 31.2% | 19.9% | - | - | - | - | - | - | - | - |
| SG&A, % of operating revenue | 36.6% | 35.3% | 40.8% | 39.3% | 39.7% | 54.4% | 47.3% | - | 39.3% | - | - | - |
| Operating profit | 807 | -782 | -29,795 | -2,830 | 433 | -315 | 169 | - | 1,555 | - | - | - |
| YoY | -70.9% | - | - | - | - | - | - | - | - | - | - | - |
| OPM | 4.6% | - | - | - | 2.4% | - | 0.8% | - | 8.0% | - | - | - |
| Pre-tax profit | 1,944 | -784 | -29,841 | -2,454 | 104 | -527 | 111 | - | 1,410 | - | - | - |
| YoY | -21.5% | - | - | - | - | - | - | - | - | - | - | - |
| Pre-tax profit margin | 11.2% | - | - | - | 0.6% | - | 0.5% | - | 7.2% | - | - | - |
| Profit attributable to owners of parent | 1,492 | -3,674 | -30,588 | -3,337 | -172 | -1,107 | -1,970 | - | 1,541 | - | - | - |
| YoY | -16.2% | - | - | - | - | - | - | - | - | - | - | - |
| Profit margin | 8.6% | - | - | - | - | - | - | - | 7.9% | - | - | - |

Source: Shared Research based on company data

Note: In Q4 FY03/18, the company sold all of its shares in Adores, Inc. Further, in Q2 FY03/19, the company resolved to sell all of its shares in Highlights Entertainment Co., Ltd. along with the outstanding loans receivable. These businesses have hence forth been classified as discontinued operations. The operating revenue, operating profit, and pre-tax profit indicated for the fiscal years in comparison have been adjusted to reflect the results of the continuing operations (after deducting those of the discontinued operation).

Note: Since FY12/19 was an irregular nine-month (April–December) fiscal year, YoY growth rates are not shown.

Note: Since the quarterly accounting periods vary between FY12/20 and FY12/19, YoY growth rates are not shown for FY12/20.

Results by segment (cumulative)

| Cumulative (JPYmm) | FY03/19 | | | | FY12/19 | | | | FY12/20 | | | | FY12/20 | |
|--|---------|--------|---------|---------|---------|--------|--------|----|---------|----|----|----|---------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | % of FY | Init. Est. |
| Operating revenue | 17,388 | 36,575 | 55,173 | 74,935 | 18,279 | 36,307 | 58,105 | - | 19,500 | - | - | - | 22.5% | 86,511 |
| YoY | 1.3% | 5.6% | -3.1% | 0.8% | - | - | - | - | - | - | - | - | - | - |
| Financial Business in Japan | 2,370 | 4,905 | 7,373 | 10,701 | 2,345 | 4,908 | 7,676 | - | 2,366 | - | - | - | 28.5% | 8,300 |
| YoY | 3.4% | -0.6% | 3.6% | 17.2% | - | - | - | - | - | - | - | - | - | - |
| Financial Business in South Korea and Mongolia | 10,172 | 20,248 | 30,251 | 39,662 | 9,777 | 18,994 | 29,585 | - | 9,501 | - | - | - | 24.4% | 38,876 |
| YoY | 15.4% | 16.1% | 12.9% | 10.6% | - | - | - | - | - | - | - | - | - | - |
| Financial Business in Southeast Asia | 3,139 | 6,261 | 9,436 | 13,025 | 2,726 | 5,873 | 9,673 | - | 4,102 | - | - | - | 18.9% | 21,671 |
| YoY | -12.6% | -14.1% | -10.8% | -4.1% | - | - | - | - | - | - | - | - | - | - |
| General Entertainment Business | 5 | 547 | 949 | 1,520 | 1,712 | 3,279 | 4,849 | - | 1,683 | - | - | - | 18.2% | 9,222 |
| YoY | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Real Estate Business | 1,199 | 2,567 | 4,119 | 6,441 | 1,334 | 2,312 | 4,729 | - | 1,026 | - | - | - | 19.6% | 5,230 |
| YoY | -21.4% | -8.0% | 0.8% | -7.6% | - | - | - | - | - | - | - | - | - | - |
| Investment Business | 322 | 655 | 939 | 1,214 | 272 | 533 | 815 | - | 281 | - | - | - | 28.4% | 990 |
| YoY | -44.5% | -41.2% | -87.2% | -84.0% | - | - | - | - | - | - | - | - | - | - |
| Other | 332 | 1,726 | 2,660 | 3,227 | 237 | 672 | 1,187 | - | 687 | - | - | - | 27.1% | 2,536 |
| YoY | -7.5% | 60.4% | 55.5% | 59.4% | - | - | - | - | - | - | - | - | - | - |
| Operating profit | 808 | 25 | -29,770 | -32,600 | 433 | 118 | 287 | - | 1,555 | - | - | - | 92.5% | 1,681 |
| YoY | -70.9% | -99.5% | - | - | - | - | - | - | - | - | - | - | - | - |
| OPM | 4.6% | 0.1% | - | - | 2.4% | 0.3% | 0.5% | - | 8.0% | - | - | - | - | - |
| Financial Business in Japan | 970 | 2,151 | 3,298 | 4,251 | 1,078 | 2,270 | 3,085 | - | 1,151 | - | - | - | 39.3% | 2,930 |
| YoY | -13.5% | -13.5% | -5.6% | 2.0% | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | 40.9% | 43.9% | 44.7% | 39.7% | 46.0% | 46.3% | 40.2% | - | 48.6% | - | - | - | - | - |
| Financial Business in South Korea and Mongolia | 1,458 | 2,400 | 4,002 | 4,880 | 2,548 | 4,258 | 7,500 | - | 2,188 | - | - | - | 37.5% | 5,835 |
| YoY | -11.5% | -2.0% | 29.2% | 37.3% | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | 14.3% | 11.9% | 13.2% | 12.3% | 26.1% | 22.4% | 25.4% | - | 23.0% | - | - | - | - | - |
| Financial Business in Southeast Asia | -783 | -2,418 | -14,308 | -17,712 | -1,889 | -1,936 | -4,647 | - | -1,204 | - | - | - | - | -3,423 |
| YoY | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| General Entertainment Business | -13 | 3 | -2 | -15 | -9 | 78 | -159 | - | -162 | - | - | - | - | 720 |
| YoY | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | - | 0.5% | - | - | - | 2.4% | - | - | - | - | - | - | - | - |
| Real Estate Business | 11 | 41 | 22 | 91 | -21 | 168 | 829 | - | 40 | - | - | - | 13.4% | 298 |
| YoY | -88.2% | -72.5% | -89.9% | -86.2% | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | 0.9% | 1.6% | 0.5% | 1.4% | - | 7.3% | 17.5% | - | 3.9% | - | - | - | - | - |
| Investment Business | 186 | -291 | -20,082 | -20,568 | -510 | -1,093 | -1,768 | - | -473 | - | - | - | - | -1,853 |
| YoY | -36.9% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | 57.8% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | -19 | 49 | -1 | 39 | -155 | -158 | -472 | - | -173 | - | - | - | - | -154 |
| YoY | - | 6.5% | - | - | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | - | 2.8% | 0.0% | 1.2% | - | - | - | - | - | - | - | - | - | - |

Source: Shared Research based on company data

Note: In Q2 FY03/19, it classified the General Entertainment Business of Highlights Entertainment Co., Ltd. (develops, produces, and sells computer systems for amusement machines and peripheral equipment) as discontinued. The operating revenue and operating profit indicated for the fiscal years in comparison have been adjusted to reflect the results of the continuing operations (after deducting those of the discontinued operation).

Note: Since FY12/19 was an irregular nine-month (April–December) fiscal year, YoY growth rates are not shown.

Note: Since the quarterly accounting periods vary between FY12/20 and FY12/19, YoY growth rates are not shown for FY12/20.

Results by segment (quarterly)

| Quarterly (JPYmm) | FY03/19 | | | | FY12/19 | | | | FY12/20 | | | |
|--------------------------------------|---------|--------|---------|--------|---------|--------|--------|----|---------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Operating revenue | 17,388 | 19,187 | 18,598 | 19,762 | 18,279 | 18,028 | 21,798 | - | 19,500 | - | - | - |
| YoY | 1.3% | 9.8% | -16.7% | 13.8% | - | - | - | - | - | - | - | - |
| Financial Business in Japan | 2,370 | 2,535 | 2,468 | 3,328 | 2,345 | 2,563 | 2,768 | - | 2,366 | - | - | - |
| YoY | 3.4% | -4.1% | 13.2% | 65.4% | - | - | - | - | - | - | - | - |
| Financial Business in South Korea | 10,172 | 10,076 | 10,003 | 9,411 | 9,777 | 9,217 | 10,591 | - | 9,501 | - | - | - |
| YoY | 15.4% | 16.9% | 6.9% | 3.8% | - | - | - | - | - | - | - | - |
| Financial Business in Southeast Asia | 3,139 | 3,122 | 3,175 | 3,589 | 2,726 | 3,147 | 3,800 | - | 4,102 | - | - | - |
| YoY | -12.6% | -15.6% | -3.6% | 19.8% | - | - | - | - | - | - | - | - |
| Real Estate Business | 1,199 | 1,368 | 1,552 | 2,322 | 1,334 | 978 | 2,417 | - | 1,026 | - | - | - |
| YoY | -21.4% | 8.3% | 19.8% | -19.5% | - | - | - | - | - | - | - | - |
| Investment Business | 322 | 333 | 284 | 275 | 272 | 261 | 282 | - | 281 | - | - | - |
| YoY | -44.5% | -37.6% | -95.4% | 7.0% | - | - | - | - | - | - | - | - |
| Operating profit | 808 | -783 | -29,795 | -2,830 | 433 | -315 | 169 | - | 1,555 | - | - | - |
| YoY | -70.9% | - | - | - | - | - | - | - | - | - | - | - |
| OPM | 4.6% | - | - | - | 2.4% | -1.7% | 0.8% | - | 8.0% | - | - | - |
| Financial Business in Japan | 970 | 1,181 | 1,147 | 953 | 1,078 | 1,192 | 815 | - | 1,151 | - | - | - |
| YoY | -13.5% | -13.6% | 13.9% | 41.8% | - | - | - | - | - | - | - | - |
| Segment profit margin | 40.9% | 46.6% | 46.5% | 28.6% | 46.0% | 46.5% | 29.4% | - | 48.6% | - | - | - |
| Financial Business in South Korea | 1,458 | 942 | 1,602 | 878 | 2,548 | 1,710 | 3,242 | - | 2,188 | - | - | - |
| YoY | -11.5% | 17.5% | 147.2% | 91.7% | - | - | - | - | - | - | - | - |
| Segment profit margin | 14.3% | 9.3% | 16.0% | 9.3% | 26.1% | 18.6% | 30.6% | - | 23.0% | - | - | - |
| Financial Business in Southeast Asia | -783 | -1,635 | -11,890 | -3,404 | -1,889 | -47 | -2,711 | - | -1,204 | - | - | - |
| YoY | - | - | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | - | - | - | - | - | - | - | - | - | - | - | - |
| Real Estate Business | 11 | 30 | -19 | 69 | -21 | 189 | 661 | - | 40 | - | - | - |
| YoY | -88.2% | -46.4% | - | -84.4% | - | - | - | - | - | - | - | - |
| Segment profit margin | 0.9% | 2.2% | - | 3.0% | - | 19.3% | 27.3% | - | 3.9% | - | - | - |
| Investment Business | 186 | -477 | -19,791 | -486 | -510 | -583 | -675 | - | -473 | - | - | - |
| YoY | -36.9% | - | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | 57.8% | - | - | - | - | - | - | - | - | - | - | - |
| Other | -19 | 68 | -50 | 40 | -155 | -3 | -314 | - | -173 | - | - | - |
| YoY | -290.0% | 88.9% | - | - | - | - | - | - | - | - | - | - |
| Segment profit margin | -5.7% | 4.9% | -5.4% | 7.1% | - | - | - | - | - | - | - | - |

Source: Shared Research based on company data

Note: In Q2 FY03/19, it classified the General Entertainment Business of Highlights Entertainment Co., Ltd. (develops, produces, and sells computer systems for amusement machines and peripheral equipment) as discontinued.

Note: Since FY12/19 was an irregular nine-month (April–December) fiscal year, YoY growth rates are not shown.

Note: Since the quarterly accounting periods vary between FY12/20 and FY12/19, YoY growth rates are not shown for FY12/20.

Q1 FY12/20 results

| | |
|----------------------|-----------|
| ▷ Operating revenue: | JPY19.5bn |
| ▷ Operating profit: | JPY1.6bn |
| ▷ Loss*: | JPY1.5bn |

* Loss attributable to owners of parent

** YoY change (%) not shown as the quarterly accounting periods vary between FY12/20 and FY12/19

Operating revenue and expenses

In Q1 FY12/20, the company reported consolidated operating revenue of JPY19.5bn, giving it 22.5% of its full-year estimate of JPY86.5bn.

Operating revenue for the quarter benefited from the addition of JTrust Royal Bank to the group as a consolidated subsidiary and also got a substantial boost from rising revenue from construction orders for restaurants and other shops received by the commercial facility construction division of Keynote (reported under the Other segment). On the minus side, operating revenue at the group's Financial Business in South Korea and Mongolia was down as gains from adjustments to book value declined following the sale of a large batch of purchased receivables by TA Asset Management the previous fiscal year.

On the operating expense front, expenses were pushed up by the addition of JTrust Royal Bank to the group as a consolidated subsidiary and also by the substantial cost increase at the commercial facilities construction division of Keynote. On the minus side, one of the biggest factors helping to lower operating expenses was the reduction in provision for doubtful accounts following a recalculation of the allowance to reflect changes in expectations of credit losses.

SG&A expenses

The increase in SG&A expenses was attributed to the addition of JTrust Royal Bank to the group as a consolidated subsidiary.

Breakdown of results by segment is as follows.

Financial Business in Japan

For Q1 FY12/20, the Financial Business in Japan, whose primary businesses are credit guarantee and receivables collection, reported operating revenue of JPY2.4bn and a segment profit of JPY1.2bn.

Financial Business in South Korea and Mongolia

For Q1 FY12/20, the Financial Business in South Korea and Mongolia reported operating revenue of JPY9.5bn and a segment profit of JPY2.2bn. The operating revenue figure reflects a decline in gains from adjustments to book value following the sale of a large batch of purchased receivables by TA Asset Management the previous fiscal year. On the earnings front, segment profit benefited from a reduction in provisioning for doubtful accounts at its savings banks in South Korea following a review of historical collection rates.

Financial Business in Southeast Asia

For Q1 FY12/20, the Financial Business in Southeast Asia reported operating revenue of JPY4.1bn and a segment loss of JPY1.2bn. Operating revenue was bolstered by the addition of JTrust Royal Bank to the group as a consolidated subsidiary. On the earnings front, the segment benefited from a reduction in provision for doubtful accounts following a recalculation of the allowance to reflect changes in expectations of credit losses.

General Entertainment

For Q1 FY12/20, the General Entertainment segment reported operating revenue of JPY1.7bn and a segment loss of JPY162mn. While operating revenue at the segment benefited from the addition of Wisenlarge as a consolidated subsidiary, overall revenue finished flat as a result of the disruptions caused by the COVID-19 pandemic and losses widened under the weight of fixed expenses.

Real Estate

For Q1 FY12/20, the Real Estate segment reported operating revenue of JPY1.0bn and a segment profit of JPY40mn. Sales of detached houses were weak despite the company's efforts to reconfigure its operating areas and better concentrate its resources, but the segment still managed to finish in the black with the help of additional cost-cutting.

Investment

For Q1 FY12/20, the Investment segment reported operating revenue of JPY281mn and a segment loss of JPY473mn. The segment consists largely of J Trust Asia, which operates an investment business and provides management support to the companies in which it has invested. The company says it will continue to focus much of its efforts on reducing expenses related to ongoing litigation at J Trust Asia.

This note is the most recent addition to the [full report](#).

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