

For the Fiscal Year Ended December 31, 2021

Annual Select[®] 2022

JINUSHI Co., Ltd.

4-1-1, Imabashi, Chuo Ward, Osaka City

(Securities Code: 3252)

+81-6-4706-7501

Our company business is JINUSHI.

Since our founding in 2000, JINUSHI (previously Nippon Commercial Development) has been engaged in JINUSHI BUSINESS, which invests only in land by utilizing fixed-term commercial land lease rights.

JINUSHI (“landowner”) purchases land and then leases the land. We do not construct or own buildings.

We provide the leased land to investors as a real estate financial product that can be expected to generate long-term stable profits. This business model has significant future potential.

The word JINUSHI represents the start of an era with new meaning and value.

We look forward to your continued support of JINUSHI Co., Ltd. in the future.



On January 10, 2022, we changed our company name from Nippon Commercial Development Co., Ltd. to JINUSHI Co., Ltd.

I. Summary of Selected Financial Data (Consolidated)

	18 th term	19 th term	20 th term	21 st term	22 nd term
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales (Millions of yen)	31,260	39,834	74,187	29,886	56,177
Ordinary profit (Millions of yen)	3,044	4,327	4,599	2,157	5,002
Profit attributable to owners of parent (Millions of yen)	1,958	2,684	3,177	1,644	3,124
Comprehensive income (Millions of yen)	2,191	2,085	2,974	1,976	3,397
Net assets (Millions of yen)	20,304	21,611	23,870	24,841	27,781
Total assets (Millions of yen)	67,251	99,597	75,054	71,220	86,337
Net assets per share (Yen)	1,135.12	1,196.94	1,305.43	1,358.52	1,519.30
Basic earnings per share (Yen)	109.61	149.30	174.59	89.94	170.90
Diluted earnings per share (Yen)	108.69	148.35	174.41	–	–
Equity-to-asset ratio (%)	30.2	21.7	31.8	34.9	32.2
Rate of return on equity (ROE) (%)	10.4	12.8	14.0	6.8	11.9
Price-earnings ratio (PER) (Times)	15.75	9.98	7.66	18.65	10.06
Net cash provided by (used in) operating activities (Millions of yen)	(5,639)	(28,020)	29,681	3,569	11,373
Net cash provided by (used in) investing activities (Millions of yen)	154	(7)	1,160	(98)	(17,513)
Net cash provided by (used in) financing activities (Millions of yen)	6,412	32,511	(27,820)	(4,441)	2,363
Cash and cash equivalents at end of period (Millions of yen)	14,508	18,856	21,850	20,897	17,178
Number of employees [Separately, average number of temporary workers] (Persons)	83 [66]	69 [1]	73 [1]	74 [1]	74 [1]

- Notes:
1. “Net sales” does not include consumption taxes.
 2. The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) effective from the beginning of the 19th term. Accordingly, the key management indicators and other such figures associated with the 18th term have been retrospectively adjusted to reflect the application of the aforementioned standard.
 3. The Company has changed its fiscal year-end from March 31 to December 31 upon approval of the proposal: Partial Amendments to the Articles of Incorporation at the Extraordinary General Meeting of Shareholders held on December 24, 2020. The Company has also changed the fiscal year-end of its domestic subsidiaries from March 31 to December 31. Accordingly, for consolidated financial reporting purposes, the 21st fiscal year covers the period of nine months only from April 1, 2020 to December 31, 2020 as a transitional period for a change in the fiscal year-end. Please note that the accounting period of the Company’s overseas subsidiaries with the fiscal year-end of December 31 is for 12 months starting on January 1 and ending on December 31, while that of the Company and its domestic subsidiaries is for nine months starting on April 1 and ending on December 31.
 4. Diluted earnings per share for the 21st and 22nd fiscal years are not presented because there are no potential shares.
 5. Starting in the 22nd term, we changed the monetary display unit from thousands of yen to millions of yen. To facilitate comparisons, we have also changed the monetary display unit from thousands of yen to millions of yen from the 18th term through the 21st term.

II. Consolidated Financial Results for the 22nd Term (Fiscal Year Ended December 31, 2021) Business Overview (1)

In the fiscal year under review, the impact of COVID-19 created turmoil for the overall real estate industry, including the reduction of office space mostly in urban areas, the consolidation of corporate locations, and the relocation of offices to the suburbs and rural areas due to the popularization of remote work. This trend led to an increase in vacant rooms and lower rents. However, the real estate investment market remained stable, supported by robust investor sentiment and low interest rates.

Amid these conditions, the JINUSHI Business being developed by the Group was mostly unaffected by the COVID-19 crisis. This was because the real estate investment business that forms the core of the JINUSHI Business endeavors to secure stable earnings by focusing on tenants that carry daily necessities such as supermarkets and drug stores, and these tenants produced strong results.

Our tenants include some industries that were more easily impacted by the COVID-19 crisis, including hotels and wedding venues. However, there were no tenant closures or requests for rent reductions, and as a result, we were able to maintain a stable earnings structure.

Due to their stable profitability, the Group's properties have received strong reviews from real estate investors. Therefore, in the 22nd term as well, we were able to maintain steady sales of real estate for sale.

Our performance highlights are as follows. In January we sold 11 properties (12,585 million yen) to JINUSHI Private REIT Investment Corporation (hereinafter "JINUSHI REIT"), and in July, we sold properties in Komaki-shi, Aichi Prefecture owned by Tsunoda Co., Ltd., which we made a subsidiary in the fiscal year under review. To prepare for unexpected changes in market environments in the future, with the goal of creating a more stable business structure, in December we acquired properties in Soka-shi, Saitama Prefecture in our long-term leasing business that we launched at the end of the previous fiscal year. Our overseas business, which we relocated from New York to Los Angeles, has begun to show vibrant momentum as the acquisition of properties progressed. While property acquisition is the current focus, there are some properties which we expect to sell, and a path to securing earnings through purchases and sales has become visible.

Regarding the financing that supports the JINUSHI Business, in March we entered into a revolving line of credit agreement with a credit line amount of 20,600 million yen under a syndicated loan agreement with Sumitomo Mitsui Banking Corporation serving as the arranger. This is a flexible scheme that allows borrowings for multiple projects within the large-scale credit line. The first agreement was entered into on December 28, 2018, and thereafter, each time the term of credit line expired, a new agreement has been entered into.

Furthermore, as a new financing method, the Group's first unsecured borrowings (1,500 million yen) from multiple financial institutions have become possible. There are no limitations on the use of these borrowings. While the goal is of course to use the borrowings to acquire real estate, considering that in the past collateral had to be set for financing requests, this will also increase the speed of operations and reduce lost acquisition opportunities.

We also entered into a credit line agreement with a major financial institution that allows long-term loans. The amount of credit line is 8,000 million yen. This credit line is positioned to be used for our long-term leasing business, and expected to make large contributions to the development of our long-term leasing business because, if certain conditions are satisfied, financing in accordance with the agreement period for the leased land in question is possible.

III. Consolidated Financial Results for the 22nd Term (Fiscal Year Ended December 31, 2021) Business Overview (2)

The Company's consolidated financial results exceeded initial forecasts in the current fiscal year. Net sales amounted to 56,177 million yen, operating profit amounted to 5,475 million yen, ordinary profit amounted to 5,002 million yen, and profit attributable to owners of parent amounted to 3,124 million yen. Furthermore, in terms of returns to shareholders, we have decided to pay a year-end dividend of 50 yen per share.

In evaluating our financial results, we have passed the test in terms of securing stable earnings. However, looking at the speed of growth, our honest feeling is that we still have work to do.

We are currently focusing on expansion in the Tokyo area, but competition is intensifying. One emerging issue is that we are unable to acquire the land that we expected to buy in quantity.

Focusing on the leased land business being developed by the Group, more companies are starting to engage in the same development. Furthermore, regarding superior properties in urban areas, we are seeing cases where cash-rich major developers are creating fierce price competition.

While this issue is not affecting our financial results at present, land acquisition is the key to the JINUSHI Business. To accelerate our growth speed, we must begin to consider further increasing personnel at our Tokyo Branch. However more importantly, we must quickly identify a more fundamental solution.

Bold initiatives are also required to accelerate our growth speed. To develop the JINUSHI business significantly, we must not only simply review our existing initiatives, but also create different methods from those we have used thus far. We will proceed with a strong awareness that how we decide to move forward will be our most critical of challenges.

IV. On March 24, 2022, We Launched a System with Multiple Representative Directors to Increase Corporate Value and Strengthen Our Management System Further

Newly appointed Representative Director



Chief Operating Officer
Teruaki Nishira
born August 17, 1974 (47 years old)

My name is Teruaki Nishira. At the 22nd Annual General Meeting of Shareholders held on March 24, 2022, a resolution was adopted approving my appointment as Chief Operating Officer, and I assumed my position on the same day.

With the leadership of our founder, Chief Executive Officer Tetsuya Matsuoka, and as a founding member, for more than 20 years I have focused on penetration and expansion of the JINUSHI Business, our Company's unique real estate investment method. As the person responsible for sales in Osaka, Nagoya, and Tokyo, in the past ten years I played the role of expanding the leased land market.

Furthermore, in 2016, JINUSHI Asset Management Co., Ltd. was established, and in January 2017, it began managing the "JINUSHI Private REIT Investment Corporation" (hereinafter "JINUSHI REIT"), the private placement REIT specialized in land with leasehold interest. By this January, we had driven the scale of JINUSHI REIT to 151,500 million yen in assets under management. The stable cash flow produced by the JINUSHI business is building the foundation for JINUSHI REIT to be recognized as a solid real estate investment

product.

The Company continuing our dedicated JINUSHI Business and the growth of JINUSHI REIT have led leased land to be recognized by the market. The leased land market will continue to grow and expand. Precisely because the Group has created a market, provided we do not stop evolving, we believe that we will continue to benefit from first-mover advantage.

I was recently passed the reins as President from our founder and returned after seven years to JINUSHI Co., Ltd. after it changed its company name. I plan to make every effort to achieve the recently announced "Medium-term Management Plan 2022–2026."

I humbly ask for your continued support.

V. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	20,897	17,264
Trade accounts receivable	198	205
Real estate for sale	38,387	41,995
Advance payments to suppliers	371	169
Prepaid expenses	102	269
Other	116	97
Total current assets	60,074	60,002
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	390	364
Vehicles, tools, furniture and fixtures, net	60	54
Land	2,883	16,994
Leased assets, net	102	75
Total property, plant and equipment	3,436	17,488
Intangible assets		
Trademark right	2	3
Other	52	222
Total intangible assets	54	225
Investments and other assets		
Investment securities	293	581
Shares of subsidiaries and associates	6,175	6,465
Investments in capital of subsidiaries and associates	4	1
Investments in capital	505	676
Leasehold and guarantee deposits	497	623
Long-term prepaid expenses	91	98
Other	175	262
Allowance for doubtful accounts	(89)	(88)
Total investments and other assets	7,654	8,621
Total non-current assets	11,146	26,335
Total assets	71,220	86,337

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Trade accounts payable	187	112
Short-term borrowings	797	1,126
Current portion of long-term borrowings	2,034	5,903
Accounts payable - other	383	506
Accrued expenses	75	75
Lease obligations	31	32
Income taxes payable	5	3,753
Accrued consumption taxes	4	53
Deposits received	113	114
Advances received	20	440
Unearned revenue	111	126
Current portion of guarantee deposits received	1,634	1,751
Other	1	2
Total current liabilities	5,400	13,999
Non-current liabilities		
Long-term borrowings	40,357	42,700
Long-term leasehold and guarantee deposits received	163	619
Lease obligations	79	49
Deferred tax liabilities	234	1,000
Provision for execution of assumption of debt	-	110
Other	143	75
Total non-current liabilities	40,978	44,555
Total liabilities	46,379	58,555
Net assets		
Shareholders' equity		
Share capital	3,048	3,048
Capital surplus	4,657	4,657
Retained earnings	17,634	20,302
Treasury shares	(0)	(0)
Total shareholders' equity	25,341	28,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32)	(38)
Foreign currency translation adjustment	(467)	(189)
Total accumulated other comprehensive income	(499)	(227)
Total net assets	24,841	27,781
Total liabilities and net assets	71,220	86,337

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	29,886	56,177
Cost of sales	24,867	46,913
Gross profit	5,019	9,263
Selling, general and administrative expenses	2,599	3,788
Operating profit	2,420	5,475
Non-operating income		
Interest income	1	0
Dividend income	0	0
Interest on securities	4	5
Share of profit of entities accounted for using equity method	130	–
Recoveries of written off receivables	381	0
Outsourcing service income	106	116
Foreign exchange gains	–	138
Other	12	23
Total non-operating income	636	285
Non-operating expenses		
Interest expenses	392	457
Financing expenses	120	212
Share of loss of entities accounted for using equity method	–	83
Foreign exchange losses	377	–
Other	9	5
Total non-operating expenses	899	758
Ordinary profit	2,157	5,002
Extraordinary losses		
Loss on liquidation of subsidiaries	–	73
Total extraordinary losses	–	73
Profit before distributions of profit or loss on silent partnerships and income taxes	2,157	4,928
Distributions of profit or loss on silent partnerships	0	0
Profit before income taxes	2,156	4,927
Income taxes - current	612	4,006
Income taxes - deferred	(99)	(2,203)
Total income taxes	512	1,802
Profit	1,644	3,124
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,644	3,124

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	1,644	3,124
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(5)
Foreign currency translation adjustment	336	278
Total other comprehensive income	331	272
Comprehensive income	1,976	3,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,976	3,397
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,048	4,657	16,995	(0)	24,702
Changes during period					
Dividends of surplus			(1,005)		(1,005)
Profit attributable to owners of parent			1,644		1,644
Net changes in items other than shareholders' equity					
Total changes during period	–	–	638	–	638
Balance at end of period	3,048	4,657	17,634	(0)	25,341

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(27)	(803)	(831)	23,870
Changes during period				
Dividends of surplus				(1,005)
Profit attributable to owners of parent				1,644
Net changes in items other than shareholders' equity	(4)	336	331	331
Total changes during period	(4)	336	331	970
Balance at end of period	(32)	(467)	(499)	24,841

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,048	4,657	17,634	(0)	25,341
Changes during period					
Dividends of surplus			(457)		(457)
Profit attributable to owners of parent			3,124		3,124
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,667	–	2,667
Balance at end of period	3,048	4,657	20,302	(0)	28,009

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(32)	(467)	(499)	24,841
Changes during period				
Dividends of surplus				(457)
Profit attributable to owners of parent				3,124
Net changes in items other than shareholders' equity	(5)	278	272	272
Total changes during period	(5)	278	272	2,940
Balance at end of period	(38)	(189)	(227)	27,781

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,156	4,927
Depreciation	72	92
Amortization of goodwill	-	56
Share of loss (profit) of entities accounted for using equity method	(3)	378
Loss on liquidation of subsidiaries	-	73
Gain on bad debts recovered	(381)	(0)
Interest income	(1)	(0)
Dividend income	(0)	(0)
Interest income on securities	(4)	(5)
Interest expenses	392	457
Foreign exchange losses (gains)	306	43
Non-deductible consumption taxes	168	335
Decrease (increase) in trade receivables	(51)	(7)
Decrease (increase) in inventories	2,578	5,364
Increase (decrease) in trade payables	(23)	(80)
Decrease (increase) in advance payments to suppliers	753	139
Decrease (increase) in prepaid expenses	56	(165)
Increase (decrease) in accrued expenses	(22)	(23)
Increase (decrease) in accounts payable - other	(26)	91
Increase (decrease) in accrued consumption taxes	(20)	50
Increase (decrease) in deposits received	(82)	(0)
Increase (decrease) in advances received	(25)	420
Increase (decrease) in unearned revenue	14	(26)
Increase (decrease) in leasehold and guarantee deposits received	230	(19)
Other, net	(94)	112
Subtotal	5,991	12,212
Interest and dividends received	38	12
Interest paid	(369)	(473)
Income taxes paid	(2,090)	(377)
Net cash provided by operating activities	3,569	11,373
Cash flows from investing activities		
Decrease (increase) in time deposits	-	(85)
Purchase of property, plant and equipment	(55)	(13,373)
Payments of leasehold and guarantee deposits	(18)	(129)
Purchase of investments in unconsolidated subsidiaries	-	(299)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,134)
Payments for investments in capital	-	(171)
Purchase of investment securities	-	(303)
Other, net	(24)	(16)
Net cash used in investing activities	(98)	(17,513)

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(302)	329
Proceeds from long-term borrowings	21,465	37,599
Repayments of long-term borrowings	(24,581)	(35,078)
Repayments of lease obligations	(20)	(27)
Dividends paid	(1,003)	(458)
Other, net	–	0
Net cash provided by (used in) financing activities	(4,441)	2,363
Effect of exchange rate change on cash and cash equivalents	17	57
Net increase (decrease) in cash and cash equivalents	(953)	(3,718)
Cash and cash equivalents at beginning of period	21,850	20,897
Cash and cash equivalents at end of period	20,897	17,178

VI. Outlook

The Group is starting a five-year Medium-term Management Plan with the 23rd term (fiscal year ending December 31, 2022) as the first fiscal year. The target figures for the final fiscal year ending December 31, 2026 are 100,000 million yen in net sales and 7,000 million yen in profit. If possible, we would like to achieve these targets ahead of time. Our focus in this process is to get individual employees to work to achieve these numerical targets by thinking and acting from their individual standpoints. While top-down action is important, I would like for each individual employee to accept these targets and work actively and creatively to achieve them.

Looking at various forecasts, economic conditions in the 23rd term (fiscal year ending December 31, 2022), the first fiscal year of the Medium-term Management Plan, will be even more challenging than those in the 22nd term. However, we do not expect investor sentiment in the real estate investment market to cool, rather for robust conditions to be maintained. As low interest rates are also forecasted to continue, we expect the management environment surrounding the Group in the 23rd term to be at least around the same as in the 22nd term. In terms of performance, of course our goal is increased earnings and profit, and we will work to achieve our planned targets. This year, in conjunction with changing the company name on January 10, we ran our first television commercial and full-page newspaper advertisement. This is the first real year of our branding strategy, and to support future growth, we will continue with proactive public relations activities. Furthermore, with the appointment of our new President Nishira on March 24, the Group welcomed an important milestone as we move toward a new stage. “Our company business is JINUSHI,” and we will use this main piece of catch copy to shore up our efforts to work unitedly as a company to make progress toward achieving our Medium-term Management plan.

VII. Corporate Data

Basic Information (as of December 31, 2021)

Trade name:	JINUSHI Co., Ltd.
Established:	April 7, 2000
Listed market:	The First Section of Tokyo Stock Exchange and Nagoya Stock Exchange (Securities Code: 3252)
Listed:	December 2014
Business year:	From January 1 to December 31 of each year
Capital:	3,048 million yen
Number of employees:	74 persons (Consolidated)
Head office:	4-1-1, Imabashi, Chuo Ward, Osaka City
Telephone:	+81-6-4706-7501
Consolidated subsidiaries:	JINUSHI Asset Management Co., Ltd. JINUSHI USA INC. JINUSHI Financial Advisors Co., Ltd. New Real Property Corporation Kumagai Australia Finance Pty. Ltd. Kumagai Australia Pty. Ltd. Tsunoda Co., Ltd. Other 10 companies

Directors and Audit & Supervisory Board Members (as of March 25, 2022)

Chief Executive Officer	Tetsuya Matsuoka
Chief Operating Officer	Hirofumi Nishira
Director	Kazuya Matsumoto
Director	Shigeo Goto
Director (Audit and Supervisory Committee Member)*	Hiroyuki Nishimura
Director (Audit and Supervisory Committee Member)*	Akira Shimizu
Director (Audit and Supervisory Committee Member)*	Yoshihiro Taniguchi
Director (Audit and Supervisory Committee Member)*	Kensuke Shiwa

* Outside Director (Audit and Supervisory Committee Member)

Stock Status (as of December 31, 2021)

Total number of authorized shares:	48,000,000 shares
Total number of issued shares:	18,285,800 shares
Number of shareholders:	18,529 (including holders of shares less than one share unit)

Major shareholders (Top 10)

Name	Number of shares held	Shareholding ratio (excluding treasury shares) (%)
Tetsuya Matsuoka	6,185,300	33.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,060,400	5.79
Hirofumi Nishira	367,500	2.00
Kenji Irie	262,100	1.43
Custody Bank of Japan, Ltd. (Trust Account)	247,900	1.35
Yukinori Nagaoka	200,000	1.09
Nichirei Corporation	156,000	0.85
THE BANK OF NEW YORK MELLON 140040 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	102,700	0.56
Kouji Nakamichi	100,000	0.54
OLD WESTBURY SMALL AND MID CAP STRATEGIES FUND (Standing proxy: Citibank, N.A., Tokyo Branch)	86,800	0.47

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