

## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022 (Six Months Ended June 30, 2022)

[Japanese GAAP]

Company name: JINUSHI Co., Ltd.

Listing: TSE/NSE

Securities code: 3252

URL: <https://www.jinushi-jp.com>

Representative: Tetsuya Matsuoka, Chief Executive Officer

Contact: Takahiro Tanaka, General Manager of Accounting Division

Tel: +81-(0) 6-4706-7501

Scheduled date of filing of Quarterly Report: August 12, 2022

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

*(All amounts are rounded down to the nearest million yen)*

### 1. Consolidated Financial Results for the Six Months Ended June 30, 2022

(January 1, 2022 – June 30, 2022)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 30, 2022	27,069	1.7	3,749	50.0	3,906	59.9	2,569	47.9
Six months ended Jun. 30, 2021	26,624	-	2,499	-	2,442	-	1,736	-

Note: Comprehensive income (million yen) Six months ended Jun. 30, 2022: 3,160 (up 61.4%)

Six months ended Jun. 30, 2021: 1,957 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Jun. 30, 2022	140.50	-
Six months ended Jun. 30, 2021	94.98	-

From the fiscal year ended December 31, 2020, JINUSHI Co., Ltd. (hereinafter, “the Company”) has changed its financial closing date from March 31 to December 31. The Company has also changed the financial closing date of its subsidiaries in Japan from March 31 to December 31. The year-on-year changes for the six months ended June 30, 2021 are not presented because the first six months of the fiscal year ended December 31, 2021 (January 1 to June 30, 2021) cannot be compared with the first six months of the fiscal year ended December 31, 2020 (April 1 to September 30, 2020).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2022	85,095	30,065	35.3
As of Dec. 31, 2021	86,337	27,781	32.2

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2022: 30,026

As of Dec. 31, 2021: 27,781

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2021	-	0.00	-	50.00	50.00
Fiscal year ending Dec. 31, 2022	-	0.00	-	-	-
Fiscal year ending Dec. 31, 2022 (forecasts)	-	-	-	55.00	55.00

Note: Revisions to the most recently announced dividend forecast: None

Breakdown of dividends for the fiscal year ending Dec. 31, 2022 (forecasts):

Ordinary dividends: 50.00 yen, Commemorative dividends (for the new company name): 5.00 yen

### 3. Consolidated Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	57,000	1.5	5,900	7.8	5,200	3.9	3,200	2.4	175.00

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 8 of the attachments for further information.

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of Jun. 30, 2022:	18,285,800 shares	As of Dec. 31, 2021:	18,285,800 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2022:	141 shares	As of Dec. 31, 2021:	141 shares
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3) Average number of shares outstanding during the period

Six months ended Jun. 30, 2022:	18,285,659 shares	Six months ended Jun. 30, 2021:	18,285,659 shares
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\* The current quarterly financial report is not subject to quarterly review by an auditing firm.

\* Cautionary statement with respect to forward-looking statements, and other special items

Cautionary statement with respect to forecasts

1. Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.
2. The company name was changed from Nippon Commercial Development Co., Ltd. to JINUSHI Co., Ltd. on January 10, 2022.

How to view presentation materials

The Company plans to hold the financial results meeting for institutional investors and analysts on Thursday, September 1, 2022. Materials to be distributed at this event will be available on the Company’s website immediately thereafter.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the fiscal year ending December 31, 2022 (hereinafter, “the period under review”), the Japanese economy showed signs of a modest recovery in economic activities due to the spread of vaccination against COVID-19 and the phased relaxation of movement restrictions, though it seems to have lagged somewhat behind other countries’ economies. However, the situation still requires caution as a resurgence of COVID-19 is being observed especially among young people. Although no movement restrictions are expected to be imposed, such a situation brought about the postponement of the planned expansion of support measures for local tourism. Also, the outlook for the domestic and overseas economies continues to be made unpredictable by such factors as the spike in resource prices worldwide, the rise in interest rates in Europe and the United States, and the instability in foreign exchange rates including the weakening yen.

In the Japanese real estate and real estate finance industries, while demand for lodging facilities, which was expected to increase as the pandemic calmed down, has been stagnant due to the resurgence of infections, the trend of closure or downsizing of office space in the central Tokyo area mainly due to the spread of new work styles such as teleworking has subsided to a certain degree. Overall, the market for real estate investment in Japan has remained firm, supported by a recovery in demand for commercial facilities and solid demand for rental properties.

Please note that 80% of the tenants of our JINUSHI Business belong to the industry sectors (including the logistics industry) that deal in daily necessities which are less susceptible to external factors, and such tenants are performing in line with the plan.

Under these circumstances, the JINUSHI Group (hereinafter “the Group”) made a steady progress in sale of real estate for sale to major leasing companies and others, backed by the growing reputation among financial institutions and investors for the JINUSHI Business as a real estate investment method to generate stable profits over the long term without a risk of closure of tenants and decrease in rent even under the COVID-19 crisis.

Furthermore, in order to become closer to “Japan’s major *jinushi*, or landowner,” we are further expanding our business in the Kyushu area, and established the Kyushu Branch Preparatory Office on May 12, 2022, and on June 15, we announced that the Osaka Head Office would be relocated to expand its floor area by the end of November 2022. The Company will continue to promote the superiority of the JINUSHI Business by continuing to air TV commercials which began in the previous quarter.

The Company, JINUSHI Asset Management Co., Ltd. and JINUSHI Private REIT Investment Corporation (hereinafter “JINUSHI REIT”) are engaged in the Sponsor Support Agreement, in which the Company acts as the sponsor of JINUSHI REIT. JINUSHI REIT aims to achieve an asset management of more than 300 billion yen in the medium term and continues to engage in activities to increase its scale, taking advantage of its strength as a low-risk product. In addition, the rating of JINUSHI REIT was upgraded by Japan Credit Rating Agency, Ltd. from A/stable to A/positive in its long-term issuer rating as of May 31, 2022. We will continue to make efforts to further improve the rating and expand the scale of assets under management.

As a result of the above efforts, the Group reported net sales for the period under review of 27,069 million yen (up 1.7% year-on-year), operating profit of 3,749 million yen (up 50.0% year-on-year), ordinary profit of 3,906 million yen (up 59.9% year-on-year), and profit attributable to owners of parent of 2,569 million yen (up 47.9% year-on-year).

Results by business segment were as follows:

i) Real Estate Investment Business

The segment reported net sales of 26,162 million yen (up 0.5% year-on-year) with segment profit of 5,038 million yen (up 32.6% year-on-year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported net sales of 892 million yen (up 51.2% year-on-year) with segment profit of 690 million yen (up 70.5% year-on-year).

iii) Planning and Brokerage Business

The segment reported net sales of 15 million yen (up 185.9% year-on-year) with segment profit of 15 million yen (up 185.8% year-on-year).

**(2) Explanation of Financial Position**

Assets, Liabilities and Net Assets

Total assets decreased 1,241 million yen from the end of the previous fiscal year to 85,095 million yen at the end of the period under review. This decrease was attributable mainly to a decrease of 5,628 million yen in real estate for sale driven by the smooth sale of properties to JINUSHI Private REIT Investment Corporation and major leasing companies, partially offset by an increase of 4,004 million yen in cash and deposits.

Total liabilities decreased 3,524 million yen from the end of the previous fiscal year to 55,030 million yen. This decrease was attributable mainly to decreases of 1,126 million yen in short-term borrowings and 2,542 million yen in long-term borrowings.

Net assets increased 2,283 million yen from the end of the previous fiscal year to 30,065 million yen. The equity ratio at the end of the period under review was 35.3%.

**(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

Both net sales and profits for the period under review have progressed as planned. We have left the forecast unchanged as we expect that going forward net sales and profits will progress at the same level presented in “3. Consolidated Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)” in “Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 [Japanese GAAP]” announced on February 14, 2022.

For more details on the consolidated forecast for the fiscal year ending December 31, 2022, please refer to “Results of Operations for the First Half of the Fiscal Year Ending December 31, 2022” (available on our website (\*)), which is the supplementary materials for the Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2022.

(\*) <https://www.jinushi-jp.com/> (IR Information, News Release)

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY12/21 (As of Dec. 31, 2021)	Second quarter of FY12/22 (As of Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	17,264	21,268
Trade accounts receivable	205	241
Real estate for sale	41,995	36,367
Advance payments to suppliers	169	198
Prepaid expenses	269	188
Other	97	66
Total current assets	60,002	58,330
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	364	355
Vehicles, tools, furniture and fixtures, net	54	57
Land	16,994	17,010
Leased assets, net	75	83
Total property, plant and equipment	17,488	17,505
Intangible assets		
Other	225	63
Total intangible assets	225	63
Investments and other assets		
Investment securities	581	337
Shares of subsidiaries and associates	6,465	6,940
Investments in capital of subsidiaries and associates	1	1
Investments in capital	676	969
Leasehold and guarantee deposits	623	706
Long-term prepaid expenses	98	86
Other	262	242
Allowance for doubtful accounts	(88)	(88)
Total investments and other assets	8,621	9,195
Total non-current assets	26,335	26,765
Total assets	86,337	85,095

(Millions of yen)

	FY12/21 (As of Dec. 31, 2021)	Second quarter of FY12/22 (As of Jun. 30, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	112	89
Short-term borrowings	1,126	-
Current portion of long-term borrowings	5,903	6,972
Accounts payable-other	506	397
Income taxes payable	3,753	4,191
Accrued consumption taxes	53	51
Advances received	440	-
Current portion of guarantee deposits received	1,751	1,444
Other	351	480
<b>Total current liabilities</b>	<b>13,999</b>	<b>13,626</b>
<b>Non-current liabilities</b>		
Long-term borrowings	42,700	40,158
Long-term leasehold and guarantee deposits received	619	640
Provision for execution of assumption of debt	110	110
Other	1,125	494
<b>Total non-current liabilities</b>	<b>44,555</b>	<b>41,403</b>
<b>Total liabilities</b>	<b>58,555</b>	<b>55,030</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,048	3,048
Capital surplus	4,657	4,657
Retained earnings	20,302	21,957
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>28,009</b>	<b>29,663</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(38)	(4)
Foreign currency translation adjustment	(189)	366
<b>Total accumulated other comprehensive income</b>	<b>(227)</b>	<b>362</b>
Non-controlling interests	-	38
<b>Total net assets</b>	<b>27,781</b>	<b>30,065</b>
<b>Total liabilities and net assets</b>	<b>86,337</b>	<b>85,095</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Millions of yen)

	First six months of FY12/21 (Jan. 1, 2021 – Jun. 30, 2021)	First six months of FY12/22 (Jan. 1, 2022 – Jun. 30, 2022)
Net sales	26,624	27,069
Cost of sales	22,287	21,104
Gross profit	4,336	5,964
Selling, general and administrative expenses	1,837	2,215
Operating profit	2,499	3,749
Non-operating income		
Interest income	0	0
Interest on securities	2	-
Foreign exchange gains	40	336
Share of profit of entities accounted for using equity method	153	173
Outsourcing service income	57	66
Other	12	28
Total non-operating income	267	605
Non-operating expenses		
Interest expenses	209	276
Financing expenses	113	167
Other	0	3
Total non-operating expenses	324	448
Ordinary profit	2,442	3,906
Extraordinary losses		
Impairment losses	-	157
Office relocation expenses	-	39
Total extraordinary losses	-	197
Profit before distributions of profit or loss on silent partnerships and income taxes	2,442	3,709
Distributions of profit or loss on silent partnerships	0	0
Profit before income taxes	2,442	3,709
Income taxes-current	770	1,740
Income taxes-deferred	(65)	(601)
Total income taxes	705	1,138
Profit	1,736	2,570
Profit attributable to non-controlling interests	-	1
Profit attributable to owners of parent	1,736	2,569



**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

(Millions of yen)

	First six months of FY12/21 (Jan. 1, 2021 – Jun. 30, 2021)	First six months of FY12/22 (Jan. 1, 2022 – Jun. 30, 2022)
Profit	1,736	2,570
Other comprehensive income		
Valuation difference on available-for-sale securities	23	34
Foreign currency translation adjustment	196	555
Total other comprehensive income	220	590
Comprehensive income	1,957	3,160
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,957	3,159
Comprehensive income attributable to non-controlling interests	-	1

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Changes in Accounting Policies**

We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter of the current fiscal year. When control of promised goods or services is transferred to a customer, we recognize revenue at the amount expected to be received in exchange for the goods or services.

Major changes as a result of this change are as follows.

##### Revenue recognition for variable consideration

Previously, variable consideration included in sales contracts was recorded as an expense when the amount was fixed. However, it is now reflected in the transaction price by estimating the amount of the portion of the variable consideration that is likely to cause a significant reduction in the revenue recorded up to that point when the uncertainty related to the variable consideration is resolved ex post.

The application of the Revenue Recognition Accounting Standard, etc. is pursuant to the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year, was added to or subtracted from the beginning balance of retained earnings at the beginning of the first quarter of the current fiscal year, and then the new accounting policy was applied to the said beginning balance.

As a result, net sales and cost of sales decreased 71 million yen and 33 million yen, respectively, and operating profit, ordinary profit, and profit before income taxes each decreased 37 million yen for the first half of the current fiscal year, but there is no impact on the balance of retained earnings at the beginning of the current fiscal year.

Upon the application of the Accounting Standard for Revenue Recognition, etc., refund liabilities are included in "other" under "current liabilities."

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter the "Accounting Standard for Fair Value Measurement") is applied from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurements and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on July 4, 2019), the new accounting policies stipulated in the Accounting Standard for Fair Value Measurements, etc., will be applied into the future. There is no impact on the quarterly consolidated financial statements.

**Segment and Other Information**

## Segment Information

I First six months of FY12/21 (Jan. 1, 2021 – Jun. 30, 2021)

## 1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal			
Net sales							
(1) Sales to external customers	26,029	590	5	26,624	-	-	26,624
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	26,029	590	5	26,624	-	-	26,624
Segment profits (losses)	3,798	404	5	4,208	-	(1,709)	2,499

Notes: 1. The “Other” segment represents businesses not included in any reportable segments and includes the overseas PFI business.

2. The adjustment to segment profit (loss) includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

## 2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

## Significant changes in the amount of goodwill

In the second quarter of FY12/21, Tsunoda Corporation Limited was included in the scope of consolidation as the Company acquired all of its issued shares. Accordingly, goodwill in the Real Estate Investment Business increased by 225 million yen.

## II First six months of FY12/22 (Jan. 1, 2022– Jun. 30, 2022)

## 1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal			
Net sales							
(1) Sales to external customers	26,162	892	15	27,069	-	-	27,069
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	26,162	892	15	27,069	-	-	27,069
Segment profits (losses)	5,038	690	15	5,744	-	(1,994)	3,749

Notes: 1. The “Other” segment represents businesses not included in any reportable segments and includes the overseas PFI business.

2. The adjustment to segment profit (loss) includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.

3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

## 2. Matters related to changes in reportable segments, etc.

As described in “Changes in Accounting Policies,” the Accounting Standard for Revenue Recognition, etc., has been applied from the beginning of the first quarter of the current fiscal year, and the accounting method for revenue recognition has been changed. Accordingly, the calculation method of profit or loss for reportable segments has been changed in the same manner.

As a result of this change, net sales and segment profit of the Real Estate Investment Business for the first six months of FY12/22 decreased 71 million yen and 37 million yen, respectively, compared with the previously applied method.

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*