JINUSHI Co., Ltd.

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November 12, 2024

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2024 (Nine Months Ended September 30, 2024)

[Japanese GAAP]

Company name: JINUSHI Co., Ltd. Listing: TSE
Securities code: 3252 URL: https://www.jinushi-jp.com/en/
Representative: Hirofumi Nishira, Representative Director and President
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Scheduled date of payment of dividend: -
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (January 1, 2024 - September 30, 2024)

(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	%
Nine months ended Sep. 30, 2024	47,894	90.0	7,212	19.4	6,645	11.0	4,860	3.9
Nine months ended Sep. 30, 2023	25,210	(15.3)	6,042	63.9	5,988	61.5	4,678	246.6

Note: Comprehensive income (million yen) Nine months ended Sep. 30, 2024: 4,979 (down 0.6%)
Nine months ended Sep. 30, 2023: 5,010 (up 151.5%)

	Net profit per share	Diluted net profit per share
	Yen	Yen
Nine months ended Sep. 30, 2024	279.57	-
Nine months ended Sep. 30, 2023	260.26	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	113,231	43,484	38.2
As of Dec. 31, 2023	101,482	31,501	30.9

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 43,274 As of Dec. 31, 2023: 31,365

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2023	-	0.00	-	55.00	55.00
Fiscal year ending Dec. 31, 2024	-	42.50	-		
Fiscal year ending Dec. 31, 2024 (forecasts)				42.50	85.00

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

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 – December 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	56,000	77.2	8,400	36.5	7,400	29.4	5,600	18.9	308.05

Note: Revisions to the most recently announced consolidated forecast: Yes

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: one company (Company Name) CJ TX LUXTON LLC

Excluded: one company (Company Name) JINUSHI 3RD LLC

(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:	None
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting estimates:	None
4) Restatements:	None

(4) Number of outstanding shares (common shares)

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

As of Sep. 30, 2024: 21,569,700 shares As of Dec. 31, 2023: 18,285,800 shares

2) Number of treasury shares at the end of the period

As of Sep. 30, 2024: 1,030,675 shares As of Dec. 31, 2023: 1,843,141 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended Sep. 30, 2024: 17,386,198 shares Nine months ended Sep. 30, 2023: 17,975,117 shares

* Review of the attached quarterly consolidated financial statements by certified public accountants or audit corporations: None

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

(Cautionary statement with respect to forecasts)

The average number of shares during the period, which is the basis for calculating net income per share in the forecast for the fiscal year ending December 31, 2024, reflects the effect of the issuance of new shares, disposition of treasury shares, and secondary offering of the JINUSHI shares based on the resolution of the Board of Directors meeting held on July 11, 2024.

Consolidated forecast regarding future performance in this material are based on assumptions judged to be valid and information currently available to JINUSHI. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Summary of Business Operations, etc., (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of Attachments for assumptions for forecasts and notes of caution for usage.

(How to view the supplementary material for financial results)

The material was posted on the JINUSHI website* on November 12, 2024.

* https://www.jinushi-jp.com/en/ir.html/ (IR Information, News Release)

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

JINUSHI (hereinafter, "the Company") has adopted the management philosophy, "Through our JINUSHI Business [note], we create safe real estate financial products and fulfill our part in protecting the assets of people throughout the world." In the first nine months of the fiscal year ending December 31, 2024 (hereinafter, "the period under review"), we continued to promote purchases and sales of real estate for sale under the basic strategy of JINUSHI Business, which is resilient to natural disasters and market volatility and able to generate stable profits over the long term because landowners do not own the building.

As a result, the Company reported net sales for the period under review of 47,894 million yen (up 90.0% year-on-year), operating profit of 7,212 million yen (up 19.4% year-on-year), ordinary profit of 6,645 million yen (up 11.0% year-on-year) and profit attributable to owners of parent of 4,860 million yen (up 3.9% year-on-year).

On an agreement basis, the Company purchased 51 properties for a total of 45,100 million yen (a decrease of 17 properties and an increase of 200 million yen year-on-year) in the period under review due to growth strategies such as diversification of tenant business, expansion of business areas, and off-balancing-sheet scheme for land. The progress is performing well, as in the previous fiscal year when the number of annual purchase agreements reached a record high.

JINUSHI Private REIT Investment Corporation (JINUSHI REIT), the only private REIT in Japan specializing in leased land, is highly evaluated by institutional investors such as pension funds and life and non-life insurance companies. JINUSHI REIT has increased its capital yearly since it started operations in January 2017. JINUSHI REIT's asset size will be 257.6 billion yen (based on appraised values when purchased) after the ninth capital increase in January 2025. We aim to achieve 500 billion yen as soon as possible, with the medium-term plan goal of 300 billion yen as an intermediate step.

The Company will continue to work towards achieving the objectives set forth in the Medium-term Management Plan, spanning from FY12/22 to FY12/26, in alignment with the ESG Policy and its associated roadmap.

Note: JINUSHI Business refers to a business model that is expected to generate stable profits over the long term by investing only in land with no additional investments for buildings because the investment in buildings is made by a tenant who enters into a long-term fixed-term land leasehold agreement.

Results by business segment were as follows:

As described in "2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements," the Company changed the classification of its reportable segments from the period under review. Figures for year-on-year comparisons have been prepared based on the new reportable segment classifications and calculation methods.

i) Real Estate Investment Business

The segment reported net sales of 46,219 million yen (up 93.1% year-on-year) with segment profit of 9,039 million yen (up 10.0% year-on-year).

ii) Real Estate Leasing Business

The segment reported net sales of 785 million yen (up 41.5% year-on-year) with segment profit of 430 million yen (up 91.9% year-on-year).

iii) Asset Management Business

The segment reported net sales of 882 million yen (up 24.0% year-on-year) with segment profit of 445 million yen (up 16.7% year-on-year).

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the period under review were 113,231 million yen, an increase of 11,749 million yen from the end of the previous fiscal year. This was mainly due to increases of 6,872 million yen in cash and deposits and 3,264 million yen in real estate for sale.

Total liabilities were 69,747 million yen, a decrease of 232 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,073 million yen in long-term borrowings and a decrease of 730 million yen in short-term borrowings.

Net assets were 43,484 million yen, an increase of 11,982 million yen from the end of the previous fiscal year. This is mainly due to the issuance of new shares, disposition of treasury shares by public offering, and the issuance of new shares by third-party allotment with an increase of 3,412 million yen in capital and 3,584 million yen in capital surplus, a decrease of 1,542 million yen in treasury shares. The equity ratio at the end of the period under review was 38.2%.

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

The Company has revised upward the “consolidated forecast for the fiscal year ending December 31, 2024” announced on February 13, 2024.

As stated in the “Notice Concerning Sale of Real Estate for Sale to JINUSHI Private REIT, Inc.” announced on October 22, 2024, JINUSHI Private REIT, Inc. has scheduled its ninth capital increase for January 2025. As with this and others, most of the real estate for sale of the Company scheduled for FY12/24 has been finalized. Purchases are also progressing favorably, as mentioned above.

In the favorable business environment above, the Company has revised upward the consolidated forecast because the possibility of business performance exceeding expectations has increased.

The revised consolidated forecast for the fiscal year ending December 31, 2024, is as follows.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Initial forecast (A)	55,000	8,200	7,300	5,000	277.26
Revised forecast (B)	56,000	8,400	7,400	5,600	308.05
Change (B-A)	1,000	200	100	600	-
Change (%)	1.8%	2.4%	1.4%	12.0%	-
(Reference) Results for the previous fiscal year (Fiscal year ended December 2023)	31,597	6,154	5,718	4,709	267.76

For more details, please refer to “Results of Operations for the First Nine Months of the Fiscal Year Ending December 31, 2024” (on our website*).

* https://www.jinushi-jp.com/en/ir.html/ (IR Information, News Release)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	FY12/23 (As of Dec. 31, 2023)	Third quarter of FY12/24 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	23,092	29,964
Operating accounts receivable	330	178
Real estate for sale	60,060	63,324
Advance payments to suppliers	263	220
Prepaid expenses	202	307
Other	69	93
Total current assets	84,019	94,088
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	713	684
Vehicles, tools, furniture and fixtures, net	76	70
Land	13,971	14,335
Leased assets, net	97	75
Total property, plant and equipment	14,859	15,165
Intangible assets		
Other	49	45
Total intangible assets	49	45
Investments and other assets		
Investment securities	343	1,806
Investments in capital	1,084	674
Leasehold and guarantee deposits	803	1,152
Long-term prepaid expenses	100	92
Other	305	205
Allowance for doubtful accounts	(84)	-
Total investments and other assets	2,553	3,931
Total non-current assets	17,462	19,142
Total assets	101,482	113,231

(Millions of yen)

	FY12/23 (As of Dec. 31, 2023)	Third quarter of FY12/24 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Trade accounts payable	110	85
Short-term borrowings	1,440	710
Current portion of long-term borrowings	886	1,020
Accounts payable-other	415	256
Income taxes payable	2,202	1,095
Accrued consumption taxes	15	31
Advances received	169	125
Current portion of guarantee deposits received	1,715	2,153
Other	528	474
Total current liabilities	7,483	5,952
Non-current liabilities		
Long-term borrowings	60,339	61,412
Long-term leasehold and guarantee deposits received	883	915
Deposits received from investments in silent partnerships	142	312
Provision for execution of assumption of dept	110	517
Provision for loss on liquidation of subsidiaries and associates	129	131
Other	892	505
Total non-current liabilities	62,496	63,794
Total liabilities	69,980	69,747
Net assets		
Shareholders' equity		
Share capital	3,048	6,461
Capital surplus	4,657	8,242
Retained earnings	26,733	29,987
Treasury shares	(3,499)	(1,957)
Total shareholders' equity	30,940	42,734
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	0
Foreign currency translation adjustment	417	540
Total accumulated other comprehensive income	424	540
Non-controlling interests	136	209
Total net assets	31,501	43,484
Total liabilities and net assets	101,482	113,231

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(For the Nine Months Period)

(Millions of yen)

	First nine months of FY12/23 (Jan. 1, 2023 – Sep. 30, 2023)	First nine months of FY12/24 (Jan. 1, 2024 – Sep. 30, 2024)
Net sales	25,210	47,894
Cost of sales	15,995	37,214
Gross profit	9,214	10,680
Selling, general and administrative expenses	3,172	3,467
Operating profit	6,042	7,212
Non-operating income		
Interest income	6	7
Gain on investments in investment partnerships	-	99
Foreign exchange gains	324	-
Share of profit of entities accounted for using equity method	40	-
Other	40	36
Total non-operating income	410	142
Non-operating expenses		
Interest expenses	309	465
Financing expenses	137	157
Foreign exchange losses	-	75
Other	16	12
Total non-operating expenses	463	710
Ordinary profit	5,988	6,645
Extraordinary income		
Gain on sale of non-current assets	1,207	-
Total extraordinary income	1,207	-
Extraordinary losses		
Impairment losses	40	-
Loss on liquidation of subsidiaries	-	40
Total extraordinary losses	40	40
Profit before distributions of profit or loss on silent partnerships and income taxes	7,156	6,605
Distributions of profit or loss on silent partnerships	-	0
Profit before income taxes	7,156	6,605
Income taxes-current	2,217	2,052
Income taxes-deferred	234	(310)
Total income taxes	2,451	1,741
Profit	4,704	4,863
Profit attributable to non-controlling interests	26	3
Profit attributable to owners of parent	4,678	4,860

Quarterly Consolidated Statements of Comprehensive Income

(For the Nine Months Period)

(Millions of yen)

	First nine months of FY12/23 (Jan. 1, 2023 – Sep. 30, 2023)	First nine months of FY12/24 (Jan. 1, 2024 – Sep. 30, 2024)
Profit	4,704	4,863
Other comprehensive income		
Valuation difference on available-for-sale securities	40	(6)
Foreign currency translation adjustment	266	122
Total other comprehensive income	306	115
Comprehensive income	5,010	4,979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,984	4,978
Comprehensive income attributable to non-controlling interests	26	1

(3) Notes to Quarterly Consolidated Financial Statements

Segment Information

I First nine months of FY12/23 (January 1, 2023 – September 30, 2023)

1. Information related to net sales and profit or loss for reportable segments and revenue breakdown

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statements of income (Note 3)
	Real Estate Investment Business	Real Estate Leasing Business	Asset Management Business	Total			
Net sales							
Stock	1,161	555	711	2,428	-	-	2,428
Flow	22,772	-	-	22,772	-	-	22,772
Other	-	-	-	-	9	-	9
Revenue from contracts with customers	22,772	8	711	23,492	9	-	23,502
Goods or services satisfied at a point in time	22,772	-	251	23,023	9	-	23,033
Goods or services satisfied over time	-	8	460	468	0	-	469
Other revenue (Note 4)	1,161	546	-	1,708	-	-	1,708
Sales to external customers	23,933	555	711	25,200	9	-	25,210
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	23,933	555	711	25,200	9	-	25,210
Segment profit (loss)	8,218	224	381	8,824	9	(2,791)	6,042

Notes: 1. “Other” segment represents businesses not included in any reportable segments and include the Planning and Brokerage 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 statements of income.

4. Transactions subject to the “Accounting Standard for Lease Transactions” are included.

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

An impairment loss of 40 million yen has been recorded for company assets not allocated to each reporting segment.

II First nine months of FY12/24 (January 1, 2024 - September 30, 2024)

1. Information related to net sales and profit or loss for reportable segments and revenue breakdown

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amounts shown on the quarterly consolidated statements of income (Note 3)
	Real Estate Investment Business	Real Estate Leasing Business	Asset Management Business	Total			
Net sales							
Stock	1,196	785	882	2,864	-	-	2,864
Flow	45,023	-	-	45,023	-	-	45,023
Other	-	-	-	-	6	-	6
Revenue from contracts with customers	45,023	420	882	46,326	6	-	46,333
Goods or services satisfied at a point in time	45,023	-	324	45,348	6	-	45,354
Goods or services satisfied over time	-	420	558	978	0	-	978
Other revenue (Note 4)	1,196	365	-	1,561	-	-	1,561
Sales to external customers	46,219	785	882	47,887	6	-	47,894
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	46,219	785	882	47,887	6	-	47,894
Segment profit (loss)	9,039	430	445	9,915	6	(2,709)	7,212

Notes: 1. “Other” segment represents businesses not included in any reportable segments and include the Planning and Brokerage 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 statements of income.

4. Transactions subject to the “Accounting Standard for Lease Transactions,” etc. are included.

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

The Company decided to change its reportable segments from the period under review, as shown in the table below.

Before change	After change	Reason for change
Real Estate Investment Business	Real Estate Investment Business	-
Subleasing, Leasing, Fund Fee and Retail Investor Business	Real Estate Leasing Business	Assets of the JINUSHI REIT, which is managed by the JINUSHI Group, exceeded 220 billion yen in January 2024. Due to the increased importance of the Fund Fees Business, we have made this business an independent reportable segment called the “Asset Management Business.” All operations other than fund fees are now a reportable segment called the “Real Estate Leasing Business.”
	Asset Management Business	
Planning and Brokerage Business	(Eliminated)	Due to the decline in the importance of this business, this reportable segment was eliminated and this business is now included in “Other.”

Segment information for the first nine months of FY12/23 is disclosed based on the reportable segment classifications and calculation methods after the change.

3. Information related to impairment losses on non-current assets or goodwill, etc. for reportable segments

Not applicable.

Significant Changes in Shareholders' Equity

The Company disposed of treasury shares as restricted stock compensation based on a resolution of the Board of Directors meeting held on March 22, 2024. As a result, capital surplus increased by 45 million yen and treasury shares decreased by 213 million yen in the period under review.

In addition, based on a resolution of the board of directors meeting held on July 11, 2024, the Company issued new shares, disposed treasury shares by public offering, and issued new shares by third-party allotment. As a result, capital increased by 3,412 million yen, capital surplus increased by 3,538 million yen, and treasury shares decreased by 1,329 million yen at the end of the period under review.

As a result of these factors, share capital was 6,461 million yen, capital surplus was 8,242 million yen, and treasury shares were 1,957 million yen at the end of the period under review.

Going Concern Assumption

Not applicable.

Notes to the Consolidated Statements of Cash Flows

Quarterly consolidated cash flow statement for the period under review has not been prepared. Depreciation (including expenses of intangible assets) for the period under review is as follows.

	First nine months of FY12/23 (Jan. 1, 2023 – Sep. 30, 2023)	First nine months of FY12/24 (Jan. 1, 2024 – Sep. 30, 2024)
Depreciation	165 million yen	138 million yen