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August 9, 2024

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2024 (Six Months Ended June 30, 2024)

[Japanese GAAP]

Company name: JINUSHI Co., Ltd.

Listing: TSE

Securities code: 3252

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

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Scheduled date of filing of Semi-annual Securities Report:

August 13, 2024

Scheduled date of payment of dividend:

September 10, 2024

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, 2024

(January 1, 2024 - June 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	%
Six months ended Jun. 30, 2024	44,929	333.1	6,962	903.6	7,100	898.2	5,242	339.3
Six months ended Jun. 30, 2023	10,373	(61.7)	693	(81.5)	711	(81.8)	1,193	(53.6)

Note: Comprehensive income (million yen)

Six months ended Jun. 30, 2024: 5,514 (up 278.2%)

Six months ended Jun. 30, 2023: 1,457 (down 53.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Jun. 30, 2024	318.24		-	
Six months ended Jun. 30, 2023	65.26		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Jun. 30, 2024	107,383		36,446		33.7	
As of Dec. 31, 2023	101,482		31,501		30.9	

Reference: Shareholders' equity (million yen) As of Jun. 30, 2024: 36,232 As of Dec. 31, 2023: 31,365

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	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 income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	55,000	74.1	8,200	33.2	7,300	27.7	5,000	6.2	277.26

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 scope of consolidation): Yes

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

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: | 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 Jun. 30, 2024: 18,285,800 shares As of Dec. 31, 2023: 18,285,800 shares

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

As of Jun. 30, 2024: 1,730,675 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)

Six months ended Jun. 30, 2024: 16,472,068 shares Six months ended Jun. 30, 2023: 18,285,659 shares

* 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)

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 Company's 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 Operations Results, 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 quarterly financial results)

The material was posted on the JINUSHI website* on August 9, 2024.

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

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1. Summary of Business Operations, etc.

(1) Business Operations for the Second Quarter of the Fiscal Year Ending December 31, 2024

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 second quarter 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 44,929 million yen (up 333.1% year-on-year), operating profit of 6,962 million yen (up 903.6% year-on-year), ordinary profit of 7,100 million yen (up 898.2% year-on-year) and profit attributable to owners of parent of 5,242 million yen (up 339.3% year-on-year).

On an agreement basis, the Company purchased 44 properties for a total of 29,800 million yen (a decrease of one property and a decrease of 4,800 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 long-term investors such as pension funds and life and non-life insurance companies. JINUSHI REIT has increased its capital every year since operations started eight years ago. As of January 2024, assets under management totaled 221.6 billion yen.

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 43,723 million yen (up 361.7% year-on-year) with segment profit of 8,121 million yen (up 287.2% year-on-year).

ii) Real Estate Leasing Business

The segment reported net sales of 504 million yen (up 46.3% year-on-year) with segment profit of 258 million yen (up 125.5% year-on-year).

iii) Asset Management Business

The segment reported net sales of 693 million yen (up 26.2% year-on-year) with segment profit of 406 million yen (up 15.2% year-on-year).

(2) Financial Position for the Second Quarter of the Fiscal Year Ending December 31, 2024

Assets, Liabilities and Net Assets

Total assets at the end of the period under review were 107,383 million yen, an increase of 5,901 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,772 million yen in cash and deposits, in addition to real estate for sale increased by 557 million yen during the period under review.

Total liabilities increased by 956 million yen to 70,937 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,698 million yen in long-term borrowings and a decrease of 730 million yen in short-term borrowings.

Net assets increased by 4,944 million yen to 36,446 million yen from the end of the previous fiscal year. This was mainly due to an increase of 4,337 million yen in retained earnings. The equity ratio at the end of the end of the period under review was 33.7%.

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

There is no change from the consolidated forecast announced on February 13, 2024.

Net profit attributable to owners of the parent for the period under review was 5,242 million yen, exceeding the 5,000 million yen net profit attributable to owners of the parent in the consolidated earnings forecast mentioned above.

However, the actual results for the period under review include fluctuating factors such as foreign exchange gains of 410 million yen. The Company will not revise the consolidated forecast at this time but will consider whether a revision is necessary when it can be certainly.

For more details, please refer to “Results of Operations for the First Half 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)	Second quarter of FY12/24 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	23,092	26,865
Operating accounts receivable	330	347
Real estate for sale	60,060	60,618
Advance payments to suppliers	263	6
Prepaid expenses	202	385
Other	69	61
Total current assets	84,019	88,283
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	713	694
Vehicles, tools, furniture and fixtures, net	76	70
Land	13,971	14,140
Leased assets, net	97	81
Total property, plant and equipment	14,859	14,986
Intangible assets		
Other	49	49
Total intangible assets	49	49
Investments and other assets		
Investment securities	343	1,842
Investments in capital	1,084	761
Leasehold and guarantee deposits	803	1,152
Long-term prepaid expenses	100	93
Other	305	215
Allowance for doubtful accounts	(84)	(3)
Total investments and other assets	2,553	4,063
Total non-current assets	17,462	19,099
Total assets	101,482	107,383

	(Millions of yen)	
	FY12/23 (As of Dec. 31, 2023)	Second quarter of FY12/24 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Trade accounts payable	110	59
Short-term borrowings	1,440	710
Current portion of long-term borrowings	886	857
Accounts payable-other	415	262
Income taxes payable	2,202	2,345
Accrued consumption taxes	15	35
Advances received	169	127
Current portion of guarantee deposits received	1,715	1,688
Other	528	617
Total current liabilities	7,483	6,702
Non-current liabilities		
Long-term borrowings	60,339	62,037
Long-term leasehold and guarantee deposits received	883	900
Deposits received from investments in silent partnerships	142	142
Provision for execution of assumption of debt	110	517
Provision for loss on liquidation of subsidiaries and associates	129	145
Other	892	490
Total non-current liabilities	62,496	64,234
Total liabilities	69,980	70,937
Net assets		
Shareholders' equity		
Share capital	3,048	3,048
Capital surplus	4,657	4,703
Retained earnings	26,733	31,071
Treasury shares	(3,499)	(3,286)
Total shareholders' equity	30,940	35,537
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	20
Foreign currency translation adjustment	417	674
Total accumulated other comprehensive income	424	695
Non-controlling interests	136	213
Total net assets	31,501	36,446
Total liabilities and net assets	101,482	107,383

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statements of Income****(For the six-month period)**

	(Millions of yen)	
	First six months of FY12/23 (Jan. 1, 2023 – Jun. 30, 2023)	First six months of FY12/24 (Jan. 1, 2024 – Jun. 30, 2024)
Net sales	10,373	44,929
Cost of sales	7,579	35,517
Gross profit	2,793	9,411
Selling, general and administrative expenses	2,100	2,449
Operating profit	693	6,962
Non-operating income		
Interest income	4	5
Foreign exchange gains	207	410
Share of profit of entities accounted for using equity method	40	-
Gain on investments in investment partnerships	-	105
Other	39	29
Total non-operating income	290	550
Non-operating expenses		
Interest expenses	181	291
Financing expenses	79	110
Other	12	11
Total non-operating expenses	273	413
Ordinary profit	711	7,100
Extraordinary income		
Gain on sale of non-current assets	1,207	-
Total extraordinary income	1,207	-
Profit before distributions of profit or loss on silent partnerships and income taxes	1,918	7,100
Distributions of profit or loss on silent partnerships	-	0
Profit before income taxes	1,918	7,099
Income taxes-current	539	2,212
Income taxes-deferred	161	(356)
Total income taxes	700	1,856
Profit	1,218	5,243
Profit attributable to non-controlling interests	24	1
Profit attributable to owners of parent	1,193	5,242

Quarterly Consolidated Statements of Comprehensive Income**(For the six-month period)**

	(Millions of yen)	
	First six months of FY 12/23 (Jan. 1, 2023 – Jun. 30, 2023)	First six months of FY 12/24 (Jan. 1, 2024 – Jun. 30, 2024)
Profit	1,218	5,243
Other comprehensive income		
Valuation difference on available-for-sale securities	10	13
Foreign currency translation adjustment	229	256
Total other comprehensive income	239	270
Comprehensive income	1,457	5,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,432	5,486
Comprehensive income attributable to non-controlling interests	24	27

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I First six months of FY12/23 (January 1, 2023 – June 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	680	344	549	1,575	-	-	1,575
Flow	8,788	-	-	8,788	-	-	8,788
Other	-	-	-	-	9	-	9
Revenue from contracts with customers	8,788	7	549	9,345	9	-	9,355
Goods or services satisfied at a point in time	8,788	-	244	9,033	9	-	9,042
Goods or services satisfied over time	-	7	305	312	0	-	312
Other revenue (Note 4)	680	337	-	1,018	-	-	1,018
Sales to external customers	9,469	344	549	10,363	9	-	10,373
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	9,469	344	549	10,363	9	-	10,373
Segment profit (loss)	2,097	114	353	2,565	9	(1,881)	693

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

Not applicable.

II First six months of FY12/24 (January 1, 2024 - June 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	755	504	693	1,953	-	-	1,953
Flow	42,968	-	-	42,968	-	-	42,968
Other	-	-	-	-	6	-	6
Revenue from contracts with customers	42,968	264	693	43,927	6	-	43,933
Goods or services satisfied at a point in time	42,968	-	324	43,293	6	-	43,299
Goods or services satisfied over time	-	264	369	633	0	-	634
Other revenue (Note 4)	755	239	-	995	-	-	995
Sales to external customers	43,723	504	693	44,922	6	-	44,929
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	43,723	504	693	44,922	6	-	44,929
Segment profit (loss)	8,121	258	406	8,786	6	(1,830)	6,962

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. 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 six 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.

Subsequent Events

(Issuance of new shares, disposition of treasury shares, and secondary offering of shares)

The Company resolved the issuance of new shares, disposition of treasury shares, and secondary offering of shares at the meeting of our Board of Directors held on July 11, 2024, and each price was determined on July 23. The Payment for the issuance of new shares and disposition of treasury shares was completed on July 29, 2024. The Payment for the issuance of new shares by way of third-party allotment in reference to the secondary offering of the Company's shares is expected to be made on August 27, 2024.

1. Issuance of New Shares by Way of Public Offering (public offering)

(1)	Class and number of shares have been issued	2,865,300 shares of common stock of the Company
(2)	Issue price	2,168 yen per share
(3)	Total amount of the issue price	6,211,970,400 yen
(4)	Amount has been paid	2,078.56 yen per share
(5)	Total amount has been paid	5,955,697,968yen
(6)	Amount of capital and Capital has been increased	Capital has been increased: 2,977,848,984 yen Capital reserve has been increased: 2,977,848,984 yen
(7)	Payment date	July 29, 2024

2. Disposition of Treasury Shares by Way of Public Offering (public offering)

(1)	Class and number of shares have been offered	700,000 shares of common stock of the Company
(2)	Disposition price	2,168 yen per share
(3)	Total amount of the disposition price	1,517,600,000 yen
(4)	Amount has been paid	2,078.56 yen per share
(5)	Total amount has been paid	1,454,992,000 yen
(6)	Payment date	July 29, 2024

3. Secondary Offering of Shares by Way of Overallotment

(1)	Class and number of shares have been offered	534,700 shares of common stock of the Company
(2)	Selling price	2,168 yen per share
(3)	Total amount of the selling price	1,159,229,600 yen
(4)	Delivery date	July 30, 2024

4. Issuance of Shares by Way of Third-party Allotment (third-party allotment in connection with the secondary offering by way of overallotment)

(1)	Class and number of shares to be issued	Max. 534,700 shares of common stock of the Company
(2)	Amount to be paid	2,078.56 yen per share
(3)	Total amount to be paid	Max. 1,111,406,032 yen
(4)	Amount of capital and Capital to be increased	Capital to be increased: Max. 555,703,016 yen Capital reserve to be increased: Max. 555,703,016 yen
(5)	Payment date	August 27, 2024
(6)	Allottee	Nomura Securities Co., Ltd

5. Use of Proceeds

The maximum estimated proceeds of 8,478,096,000 yen from the addition of the public offering and the third-party allotment (be resolved on the same day as the public offering: max. 1,105,406,032 yen) will be used entirely by the end of December 2024 to purchase new development land for further profitable growth in the Real Estate Investment Business.