

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022 (Three Months Ended March 31, 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: May 13, 2022

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

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

### 1. Consolidated Financial Results for the Three Months Ended March 31, 2022

(January 1, 2022 – March 31, 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	%
Three months ended Mar. 31, 2022	19,661	(6.2)	3,290	42.5	3,236	36.8	2,086	20.7
Three months ended Mar. 31, 2021	20,958	-	2,308	-	2,366	-	1,729	-

Note: Comprehensive income (million yen) Three months ended Mar. 31, 2022: 2,538 (up 26.4%)

Three months ended Mar. 31, 2021: 2,008 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 31, 2022	114.13	-
Three months ended Mar. 31, 2021	94.56	-

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 domestic subsidiaries from March 31 to December 31. There are no year-on-year changes because the three months ended Mar. 31, 2021 (January 1 to March 31, 2021) differs from the three months ended Mar. 31, 2020 (April 1 to June 30, 2020).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Mar. 31, 2022	83,712	29,430	35.1
As of Dec. 31, 2021	86,337	27,781	32.2

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2022: 29,396

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	-	-	-	-	-
Fiscal year ending Dec. 31, 2022 (forecasts)	-	0.00	-	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 outstanding shares (common shares)

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

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

Three months ended Mar. 31, 2022:	18,285,659 shares	Three months ended Mar. 31, 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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the fiscal year ending December 31, 2022 (hereinafter, “the period under review”), the Japanese economy saw a temporary trend toward normalization of socioeconomic activities due to the spread and promotion of vaccination against COVID-19, although it came to a standstill with the emergence of new variants and the spread of infection, resulting in a persistently severe situation. In the global economy, the outlook remains uncertain due to a number of risks that could put downward pressure on the Japanese economy, including a global shortage of semiconductors, soaring resource prices, and Russia’s invasion of Ukraine.

In the Japanese real estate and real estate finance industries, earnings continued to be sluggish for some commercial and lodging facilities, and office vacancy rates remained high. However, the overall market for real estate investment remained stable backed by the continued positive mindset of investors against the backdrop of low interest rates and other factors.

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 such as supermarkets, home improvement stores, and drug stores. Such tenants are performing well even amid the pandemic.

Under these circumstances, the JINUSHI Group (hereinafter “the Group”) made a steady progress in sales 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.

In addition, 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. The Company has resolved to sell three properties to JINUSHI REIT in accordance with the said agreement on January 7, 2022 with the aggregate sales price of 4,915 million yen.

JINUSHI REIT acquired 25 properties through its sixth capital increase targeting institutional investors, bringing the total assets under management to 151.5 billion yen. Going forward, we aim to achieve a scale of more than 300 billion yen in the medium term.

As part of the rebranding of the Company, we have changed our trade name from “Nippon Commercial Development Co., Ltd.” to “JINUSHI Co., Ltd.” as of January 10, 2022. By producing and airing TV commercials and placing newspaper advertisements, we have been continuously promoting activities to further expand the JINUSHI Business in the market, which is resistant to natural disasters and market volatility and capable of providing stable earnings over the long term.

On February 14, 2022, the Company announced a five-year Medium-term Management Plan starting from the fiscal year ending December 31, 2022, with the Group’s target figures of 100 billion yen in net sales and 7 billion yen in profit for the fiscal year ending December 31, 2026, the final year of the plan. We also announced our “ESG Policy,” our basic policy on environmental, social, and governance initiatives, to achieve the realization of a sustainable society and enhancement of our corporate value over the medium to long term.

Furthermore, as of March 24, 2022, in order to further enhance corporate value and strengthen the management structure, the Company has adopted a multiple representative director structure, with Tetsuya Matsuoka as Chief Executive Officer and Teruaki Nishira as newly appointed Chief Operating Officer.

As a result, the Group reported net sales for the period under review of 19,661 million yen (down 6.2% year-on-year), operating profit of 3,290 million yen (up 42.5% year-on-year), ordinary profit of 3,236 million yen (up 36.8% year-on-year), and profit attributable to owners of parent of 2,086 million yen (up 20.7% year-on-year).

Please be advised that on April 4, 2022, the Company shifted to the “Prime Market,” a new market segment of the Tokyo Stock Exchange, and to the “Premier Market,” a new market segment of the Nagoya Stock Exchange.

Results by business segment were as follows:

i) Real Estate Investment Business

The segment reported sales of 19,004 million yen (down 7.6% year-on-year) with segment operating profit of 3,763 million yen (up 33.6% year-on-year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 641 million yen (up 63.0% year-on-year) with segment operating profit of 564 million yen (up 73.8% year-on-year).

iii) Planning and Brokerage Business

The segment reported sales of 14 million yen (up 190.8% year-on-year) with segment operating profit of 14 million yen (up 190.8% year-on-year).

## (2) Explanation of Financial Position

### Assets, Liabilities and Net Assets

Total assets decreased 2,624 million yen from the end of the previous fiscal year to 83,712 million yen at the end of the period under review. This decrease was attributable mainly to a decrease of 5,975 million yen in real estate for sale driven by the smooth sale of properties to JINUSHI REIT and others, which was partially offset by increases of 3,257 million yen in cash and deposits, and 336 million yen in the valuation gain in shares of subsidiaries and associates.

Total liabilities decreased 4,273 million yen from the end of the previous fiscal year to 54,282 million yen. This decrease was attributable mainly to decreases of 3,592 million yen in borrowings and 613 million yen in other (deferred tax liabilities).

Net assets increased 1,649 million yen from the end of the previous fiscal year to 29,430 million yen. This increase was attributable mainly to the profit attributable to owners of parent of 2,086 million yen and foreign currency translation adjustment of 429 million yen, which was partially offset by the distribution of dividends of surplus of 914 million yen.

Consequently, the equity ratio at the end of the period under review was 35.1%.

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

Both net sales and profits for the period under review have progressed as planned. 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, we have left the forecast unchanged.

For more details on the consolidated forecast for the fiscal year ending December 31, 2022, please refer to “Results of Operations for the First Three Months 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 First 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)	First quarter of FY12/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	17,264	20,522
Trade accounts receivable	205	134
Real estate for sale	41,995	36,020
Advance payments-trade	169	182
Prepaid expenses	269	209
Other	97	130
Total current assets	60,002	57,199
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	364	378
Vehicles, tools, furniture and fixtures, net	54	59
Land	16,994	17,010
Leased assets, net	75	77
Total property, plant and equipment	17,488	17,525
Intangible assets		
Other	225	67
Total intangible assets	225	67
Investments and other assets		
Investment securities	581	326
Shares of subsidiaries and associates	6,465	6,802
Investments in capital of subsidiaries and associates	1	1
Investments in capital	676	873
Leasehold and guarantee deposits	623	638
Long-term prepaid expenses	98	83
Other	262	283
Allowance for doubtful accounts	(88)	(88)
Total investments and other assets	8,621	8,920
Total non-current assets	26,335	26,513
Total assets	86,337	83,712

(Millions of yen)

	FY12/21 (As of Dec. 31, 2021)	First quarter of FY12/22 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	112	106
Short-term borrowings	1,126	-
Current portion of long-term borrowings	5,903	6,357
Accounts payable-other	506	654
Income taxes payable	3,753	4,083
Accrued consumption taxes	53	55
Advances received	440	-
Current portion of guarantee deposits received	1,751	1,480
Other	351	535
<b>Total current liabilities</b>	<b>13,999</b>	<b>13,272</b>
<b>Non-current liabilities</b>		
Long-term borrowings	42,700	39,780
Long-term leasehold and guarantee deposits received	619	636
Provision for execution of assumption of debt	110	110
Other	1,125	482
<b>Total non-current liabilities</b>	<b>44,555</b>	<b>41,009</b>
<b>Total liabilities</b>	<b>58,555</b>	<b>54,282</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	21,466
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>28,009</b>	<b>29,173</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(38)	(17)
Foreign currency translation adjustment	(189)	240
<b>Total accumulated other comprehensive income</b>	<b>(227)</b>	<b>223</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>33</b>
<b>Total net assets</b>	<b>27,781</b>	<b>29,430</b>
<b>Total liabilities and net assets</b>	<b>86,337</b>	<b>83,712</b>

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

(Millions of yen)

	First three months of FY12/21 (Jan. 1, 2021 – Mar. 31, 2021)	First three months of FY12/22 (Jan. 1, 2022 – Mar. 31, 2022)
Net sales	20,958	19,661
Cost of sales	17,752	15,121
Gross profit	3,205	4,540
Selling, general and administrative expenses	896	1,249
Operating profit	2,308	3,290
Non-operating income		
Interest income	0	0
Interest on securities	1	-
Share of profit of entities accounted for using equity method	156	170
Outsourcing service income	29	32
Foreign exchange gains	20	-
Other	10	1
Total non-operating income	217	204
Non-operating expenses		
Interest expenses	97	126
Financing expenses	62	126
Foreign exchange losses	-	3
Other	0	1
Total non-operating expenses	160	258
Ordinary profit	2,366	3,236
Extraordinary losses		
Goodwill impairment loss	-	140
Total extraordinary losses	-	140
Profit before distributions of profit or loss on silent partnerships and income taxes	2,366	3,096
Distributions of profit or loss on silent partnerships	0	0
Profit before income taxes	2,365	3,095
Income taxes-current	701	1,648
Income taxes-deferred	(65)	(639)
Total income taxes	636	1,008
Profit	1,729	2,087
Profit attributable to non-controlling interests	-	0
Profit attributable to owners of parent	1,729	2,086

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

(Millions of yen)

	First three months of FY12/21 (Jan. 1, 2021 – Mar. 31, 2021)	First three months of FY12/22 (Jan. 1, 2022 – Mar. 31, 2022)
Profit	1,729	2,087
Other comprehensive income		
Valuation difference on available-for-sale securities	24	21
Foreign currency translation adjustment	254	429
Total other comprehensive income	279	450
Comprehensive income	2,008	2,538
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,008	2,537
Comprehensive income attributable to non-controlling interests	-	0

### **(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 67 million yen and 11 million yen, respectively, and operating profit, ordinary profit, and profit before income taxes each decreased 56 million yen in the first quarter of the current fiscal year, but there is no impact on the balance of retained earnings at the beginning of the current period under review.

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

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), breakdown information on revenue derived from contracts with customers during the first quarter of the previous fiscal year is not presented.

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "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, 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**

I First three months of FY12/21 (Jan. 1, 2021 – Mar. 31, 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	20,559	393	5	20,958	-	-	20,958
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	20,559	393	5	20,958	-	-	20,958
Segment profits (losses)	2,816	324	5	3,147	-	(838)	2,308

- 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

Not applicable.

II First three months of FY12/22 (Jan. 1, 2022– Mar. 31, 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	19,004	641	14	19,661	-	-	19,661
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	19,004	641	14	19,661	-	-	19,661
Segment profits (losses)	3,763	564	14	4,342	-	(1,052)	3,290

- 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” decreased 67 million yen and 56 million yen, respectively, in the first quarter of the current fiscal year, compared with the previous method.

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

Significant impairment losses on fixed assets

In the “real estate investment business” segment, a goodwill impairment loss of 140 million yen was recorded.

Significant changes in the amount of goodwill

In the “real estate investment business” segment, the amount of goodwill decreased due to an impairment loss.

### **Subsequent Events**

Not applicable.

*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.*