Company Report

December 2 , 2024

Strategy Advisors Inc.
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Strategy Advisors

Cumulative Q3 Results Show Strong Progress, and Full-Year Forecasts for Both Sales and Profits Have Been Revised Upwards

JINUSHI (hereinafter "the Company") reported their cumulative Q3 FY12/2024 results with a 90.0% YoY rise in net sales and YoY, a 19.4% YoY rise in operating income, and a 3.9% YoY rise in net profit attributable to owners of the parent, due to a large increase in flow income as a result of the progress of sales of real estate for sale. The low rate of increase in net profit attributable to owners of the parent was due to the impact of the extraordinary profit generated from the sale of fixed assets in the same period of the previous year.

In light of the strong progress made up until Q3, the company has revised upwards its full-year forecasts for FY12/2024, with sales of ¥55 billion to ¥56 billion, operating income of ¥8.2 billion to ¥8.4 billion, and net profit attributable to owners of the parent of ¥5.0 billion to ¥5.6 billion. The progress rate against the revised full-year forecasts as of Q3 is also high, at 85.5% for sales and 86.8% for net profit attributable to owners of the parent. In addition, since 97% of the sales deals have been finalized, the probability of achieving the revised company forecasts is considered high.

With regard to purchases, which are important in predicting future earnings trends, agreements from specific industries were restricted in consideration of the balance of the portfolio, and so although the number of agreements decreased compared to the same period last year, the agreement amount increased slightly compared to the same period last year when large properties were purchased, and it is believed that the overall favorable situation continues. In addition, the asset management balance of JINUSHI REIT is expected to be ¥257.6 billion at the end of the 9th capital increase scheduled for January 2025, an increase of 16.2% from the previous time, and the situation on the capital provider side can also be said to be favorable.

The company's relative stock price has been significantly underperforming the TOPIX due to the due to the major financing implemented in July. The financing was conducted because the company made stronger its confidence with purchases leading to its strong future performance, and we expect the strong performance to be factored into the stock price in the future.

Stock Price & Volumes

Source: Strategy Advisors

Key Indicators

Stock Price (24/11/29)	2,138
52-Week High (24/7/5)	2,802
52-Week Low (24/8/5)	1,642
All-Time High (24/7/5)	2,830
All-Time Low (20/4/6)	1,093
Shares on Issue (mn)	21.6
Market Capitalization	43.9
EV (¥ bn)	77.3
Equity Ratio (12/23, %)	30.9
ROE (12/23, %)	15.1

Source: Strategy Advisors

Japanese GAAP - Consolidated

FY	Sales (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	RP (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	DPS (¥)
FY12/2023 Q1-Q3	25,210	-15.3	6,042	63.9	5,988	61.5	4,678	246.6	260.3	-
FY12/2024 Q1-Q3	47,894	90.0	7,212	19.4	6,645	11.0	4,860	3.9	279.6	-
FY12/2021	56,177	-	5,475	-	5,002	-	3,124	-	170.9	50.0
FY12/2022	49,887	-11.2	6,411	17.1	5,943	18.8	3,641	16.5	199.2	55.0
FY12/2023	31,597	-36.7	6,154	-4.0	5,718	-3.8	4,709	29.3	267.8	55.0
FY12/2024 CoE (Beginning of Period)	55,000	74.1	8,200	33.2	7,300	27.7	5,000	6.2	277.3	85.0
FY12/2024 CoE (Revised)	56,000	77.2	8,400	36.5	7,400	29.4	5,600	18.9	308.1	85.0

Note: Due to a change in fiscal year end, FY12/2020 is a nine-month period, so YoY comparisons for FY12/2021 are not available.
Note: The company's forecast EPS for the FY12/2024 (Beginning of Period) reflects the impact of the public offering of new shares and the sale of treasury stock implemented in July 2024.
Source: Strategy Advisors. Based on Company Data.

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1. Cumulative Q3 FY12/2024 Financial Results

High Progress in Both Sales & Profits Compared to the Upwardly Revised Full-Year Forecasts

In cumulative Q3 FY12/2024, sales increased 90.0% YoY to ¥47.89 billion, operating income increased 19.4% YoY to ¥7.21 billion, and net profit attributable to owners of the parent increased 3.9% YoY to ¥4.86 billion. The progress rates against the company's upwardly revised full-year forecasts for FY12/2024 were 85.5%, 85.9%, and 86.8%, respectively. The reason why the increase rate of net profit attributable to owners of the parent was lower than the increase rate of operating income is mainly due to the fact that, while there was an extraordinary profit of ¥1.2 billion recorded in the same period of the previous year, there was no corresponding extraordinary profit in the current period.

Figure 1. Summary of Cumulative Q3 Results for FY12/2024

(¥ mn)	FY12/2024 Q1-Q3 (A)	YoY	Progress (A)/(B)	FY12/2024 Full-Year CoE (B)
Sales	**47,894**	90.0%	85.5%	**56,000**
Operating Profit	**7,212**	19.4%	85.9%	**8,400**
Ordinary Profit	**6,645**	11.0%	89.8%	**7,400**
Net Profit Attributable to Owners of the Parent	**4,860**	3.9%	86.8%	**5,600**

Source: Strategy Advisors. Based on Company Data.

Significant Increase in Revenue YoY due to Increased Sales Deals

The high increase in sales was due entirely to an increase in sales deals. This was due to the smooth progress of property sales in response to the 8th capital increase of JINUSHI REIT in January 2024, and sales using bridge schemes by leasing companies proceeded smoothly. In addition, there were some deals where the selling price was higher than expected.

Gross Profit Increased 15.9% YoY

Gross profit for cumulative Q3 increased 15.9% YoY to ¥10.68 billion, but gross profit margin decreased 14.3 percentage points YoY to 22.3%.

The company's revenue can be categorized into flow business revenue, stock business revenue, and others. Starting from FY12/2024, the segment classification was changed, and in the classification of gross profit, real estate brokerage fees, which were previously included in the flow business, are now included in others. However, the size of others is exceedingly small, so the flow business and the stock business account for the majority of the company's total revenue.

There is a large difference in gross profit margin between the flow business and the stock business, and changes in the composition ratio of the flow business and the stock business have a significant impact on the overall gross profit margin. In terms of the percentage of gross profit in cumulative Q3, flow business revenue accounted for 76.4%, stock business revenue 23.5%, and others 0.1%. As flow business revenue accounted for 77.1% in the same period of the previous year, it can be said that the main factor in the decline in the overall gross profit margin was not the effect of a change in the composition ratio, but the decline in the gross profit margin of the flow business revenue itself, which accounts for a large proportion.

Gross Profit Margins for the Flow Business Trended Favorably as the Quarter Progressed, in Line with Forecasts

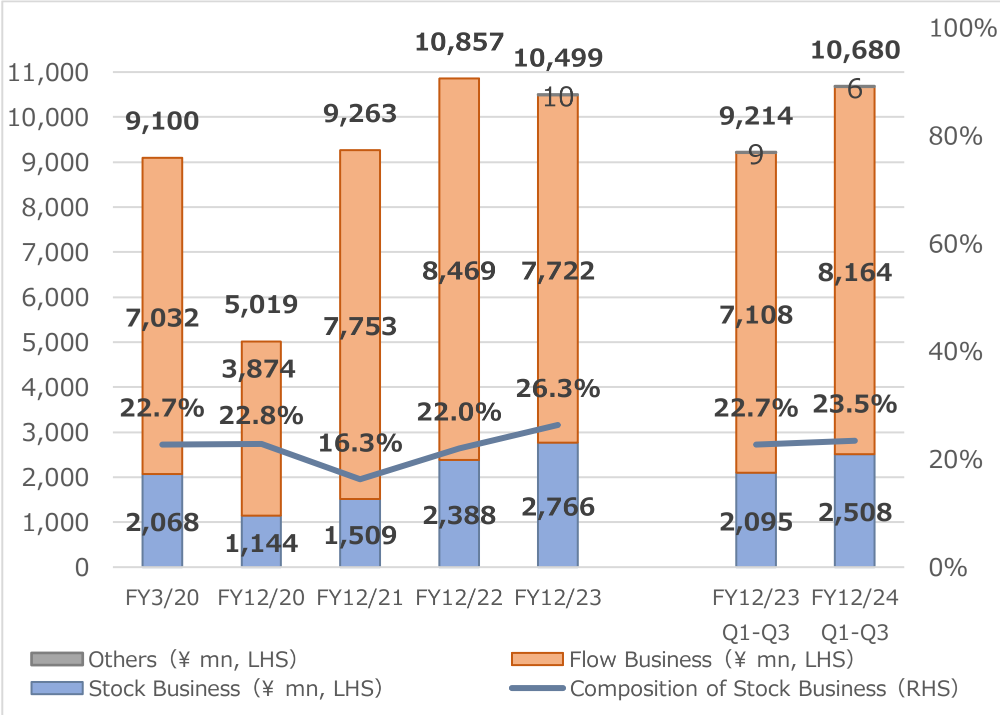
Flow business revenues are equal to real estate sales revenues. They are highly variable, depending on the status of sales of leased land and the profitability of individual properties that are sold, regardless of the supply and demand for the company's leased lands.

The gross profit margin of the Flow Business for the cumulative Q3 was 18.1%, down 13.1 percentage points YoY. This is largely due to the fact that there was a high gross profit margin project in the cumulative Q3 of the previous year. As proof of this, the gross profit margin of the Flow Business was 14.3% in FY12/2021 and 18.0% in FY12/2022, and excluding the uniqueness of the deals, it can be said that the gross profit margin of the Flow Business is maintaining the same level as in FY12/2022. In addition, looking at the gross profit margin of the Flow Business by quarter for FY12/2024, the gross profit margin of the Flow Business was 15.3% in Q1, 17.9% in H1, and 18.1% in cumulative Q3. As the company planned, it can be said that the profit margin is rising as the mix of properties for sale gradually increases, and according to the company, strong demand for leased lands seems to be continuing.

Stock Business Remain Stable. Increasing the amount of Revenue is Essential

Stock business is categorized by business segment into leasing income from Real Estate Investment Business (leasing income while holding), Real Estate Leasing Business and Asset Management Business. The composition of stock business revenues also rises and falls as they are affected by increases and decreases in ones of flow business. However, the company's long-term policy is to improve earnings stability by using stable stock revenues to cover fixed costs, and so it is essential that the amount of stock business revenues continues to increase.

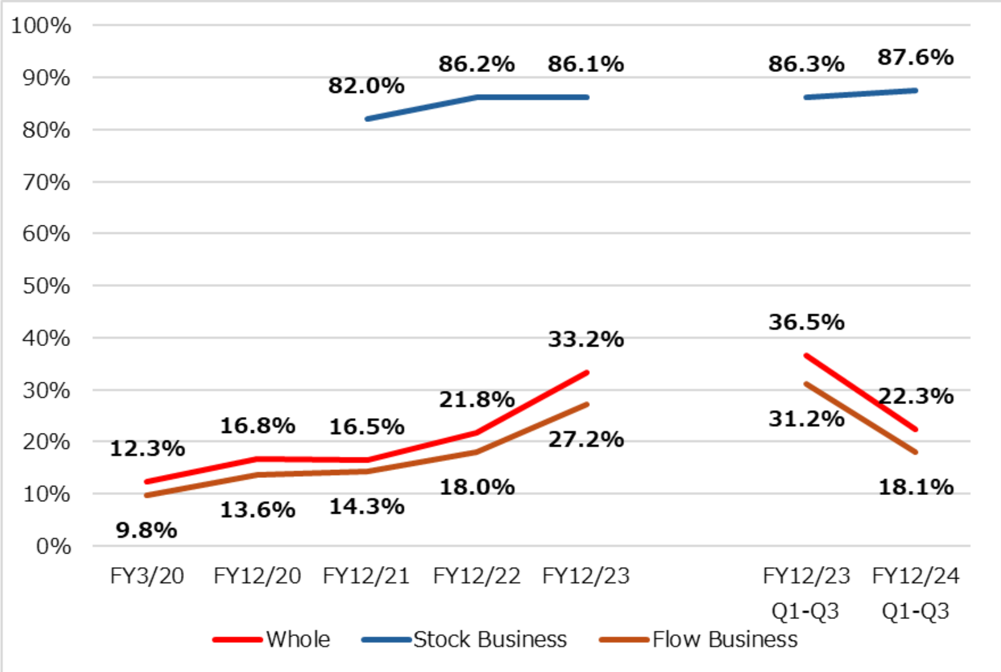
Figure 2. Gross Profit by Business Type



Note:Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period.
Segment classifications have been changed from FY12/2024; figures for FY12/23 are based on the new classifications. Prior to FY12/22, "Others" in the new classification is included in "Flow Business".

Source: Strategy Advisors. Based on Company Data.

Figure 3. Gross Profit Margin Trends



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Segment classifications have been changed from FY12/2024; figures for FY12/23 are based on the new classifications. Prior to FY12/22, "Others" in the new classification is included in "Flow Business".

Source: Strategy Advisors. Based on Company Data.

Operating Profit Margin Declined, but was in Line with Expectations

Selling, general and administrative (SG&A) expenses increased 9.3% YoY to ¥3.46 billion. The company's SG&A expenses are in part linked to gross profit, and are due to an increase in property sales, i.e., an increase in sales and gross profit. Nevertheless, the increase in SG&A expenses was lower than the increase in sales revenue, so the SG&A expense to sales ratio fell 5.4 percentage points YoY to 7.2%.

As a result of these factors, the decline in gross profit margin had a large impact, and the operating profit margin fell to 15.1%, but this was considered to be in line with expectations.

Net Profit Attributable to Owners of the Parent Increased Slightly

However, the cumulative Q3 net profit attributable to owners of the parent increased by only 3.9% YoY due to the fact that foreign exchange losses (due to loans to the US subsidiary and the business of the Australian subsidiary (ended in Q2 FY12/2024)) were recorded in non-operating income, and there was no corresponding extraordinary income in the current cumulative quarter, compared to the ¥1.2 billion recorded in the same period last year.

2. Recent Trends in the JINUSHI Business

The JINUSHI Business is a model for increasing real estate holdings while maintaining a continuous turnover of funds by taking the following four steps: buying (purchasing) land, leasing land, selling leased land and managing investors' funds.

Of the four steps, the "managing investors' funds" process is handled by JINUSHI REIT which JINUSHI Asset Management, a wholly owned subsidiary, manages and will be described in the following chapter, "Recent Trends of JINUSHI REIT”.

1) Buying (Purchasing) Land

Agreement-Based Purchase Volume Increased Slightly Compared to the Same Period Last Year

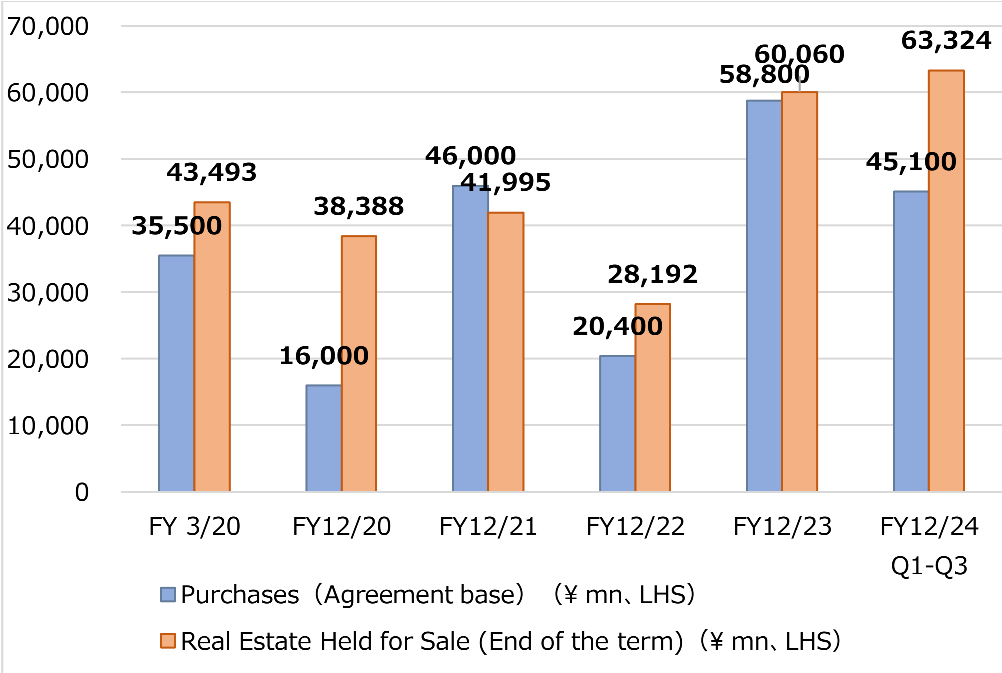
The number of purchases (agreement basis) for the cumulative Q3 was 51, down 17 from the same period last year, and the volume of purchases was ¥45.1 billion, up 0.7% from the same period last year. In addition, the balance of real estate for sale at the end of Q3 was ¥63.32 billion, up 21.6% from the end of the same period last year.

Number of Purchases Decreased due to Strategic Restraint on Purchases of Funeral halls in Consideration of The Balance of the Portfolio

The reason for the decrease in the number of purchases was that, as funeral halls deals were on the rise, the company took into consideration the balance of its portfolio and strategically restrained purchases related to this industry. As deals in this industry were small-scale, the number of purchases was affected, but the purchase amount increased slightly compared to the previous year due to the purchases of other large deals.

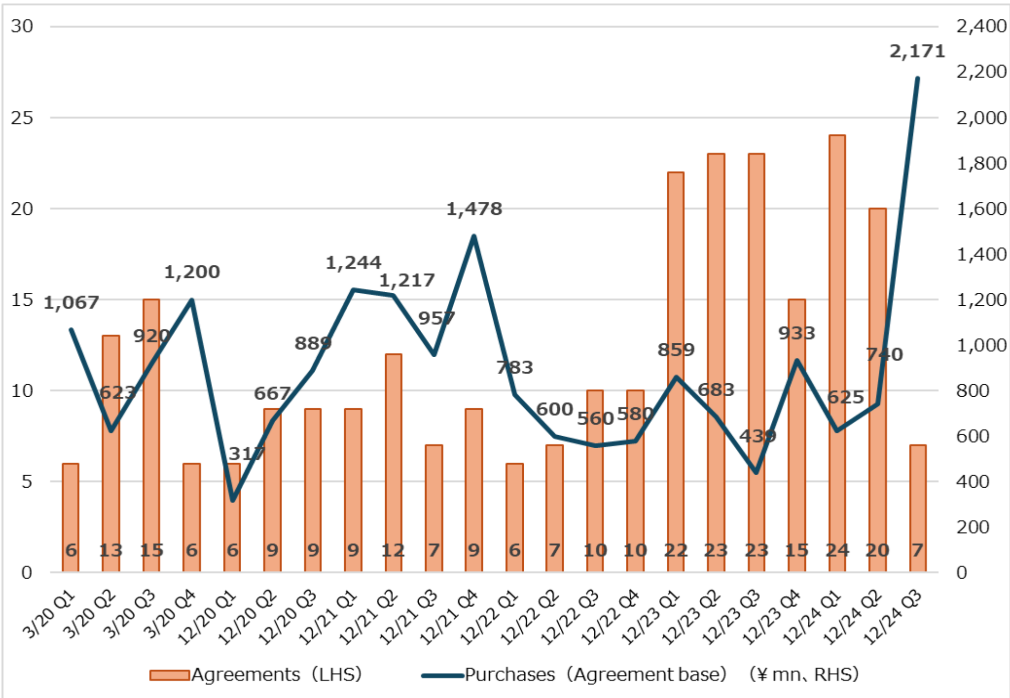
As of the end of Q3, the balance of real estate for sale was ¥63,324 million, up 21.6% from ¥52,062 million at the end of Q3 of the previous term and is steadily building up in anticipation of increased sales in the next term. Overall, it appears that there are no negative factors occurring in the external environment regarding procurement.

Figure 4. Purchases



Note: Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period.
Source: Strategy Advisors. Based on Company Data.

Figure 5. Number of Agreements for Purchases and Value of Purchases Per Agreement (Quarterly)



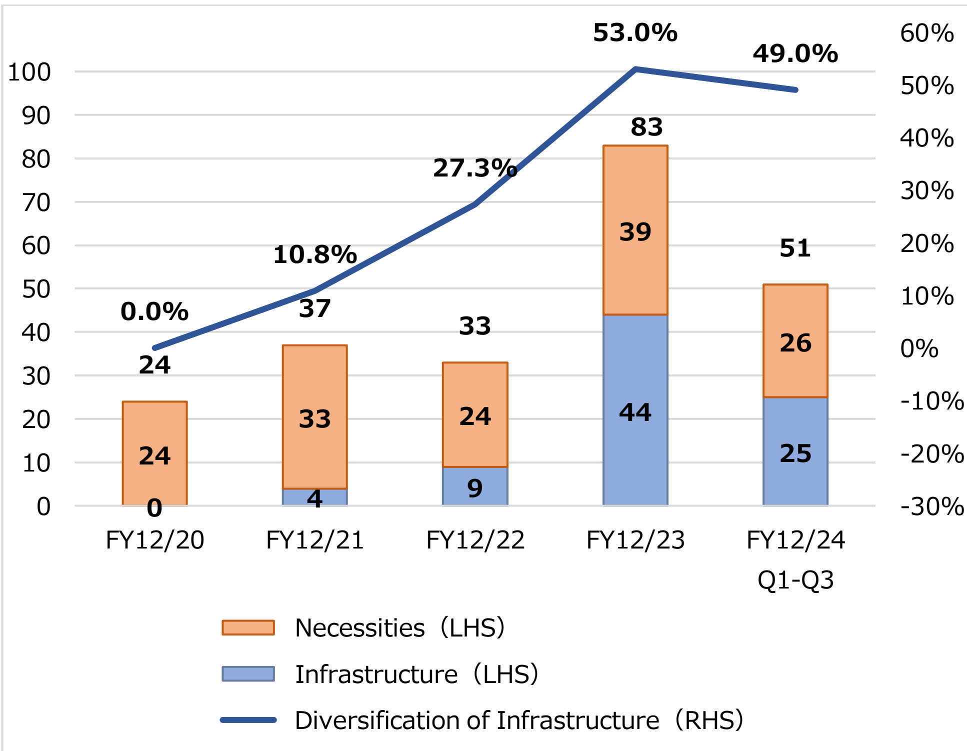
Note: Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period.
Source: Strategy Advisors. Based on Company Data.

The Proportion of Social Infrastructure Projects in the Cumulative Q3 Total Decreased Compared to the Interim Period Due to the Impact of Restrained Procurement for Funeral halls

Since FY12/2023, the presence of social infrastructure business operators in the fields of hospices, nursing homes, and funeral halls has increased. The company has set a policy of diversifying the types of tenants it has and has steadily acquired new businesses by capturing the strong desire of tenants in the social infrastructure sector to open new stores.

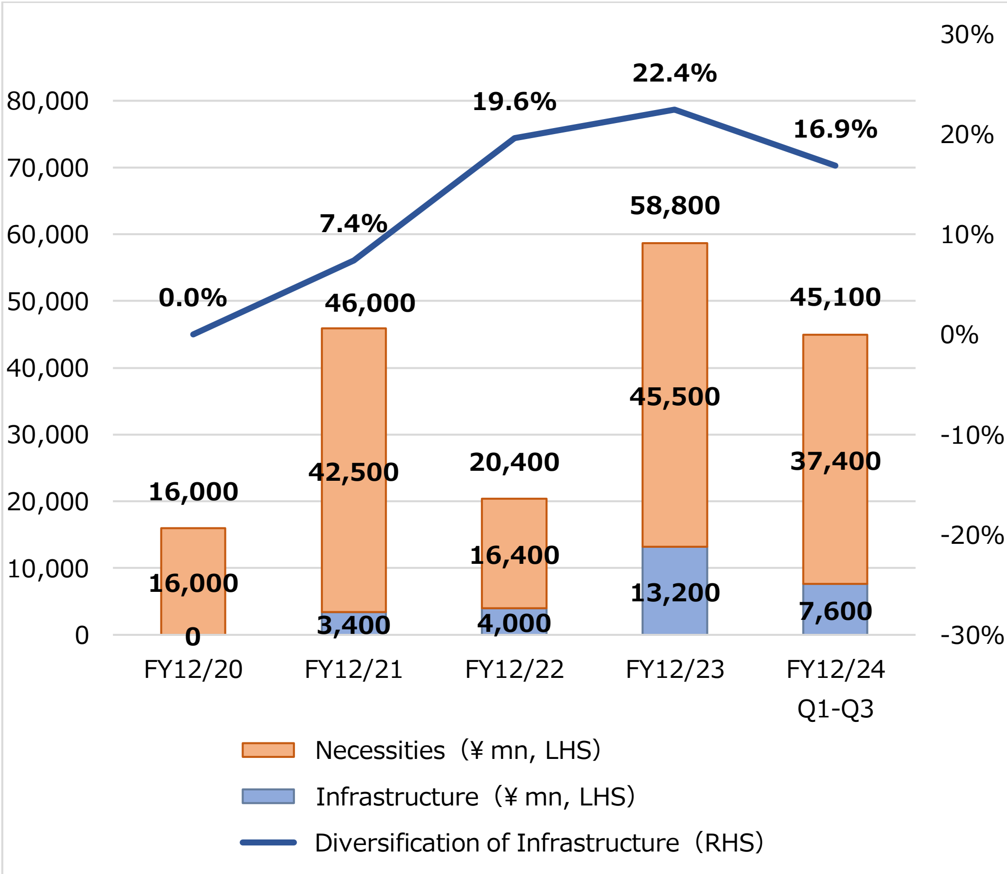
In Q3 FY12/2024, there were 51 purchases with a purchase amount of ¥45.1 billion, of which 25 were for tenants responsible for social infrastructure, accounting for ¥7.6 billion. This is equivalent to 49.0 % in terms of number of purchases and 16.9% in terms of purchase amount. The reason for the decrease compared to the composition ratio in H1 (54.5 % in terms of number of purchases and 24.5% in terms of purchase amount) is thought to be the result of the strategic suppression of funeral halls in Q3.

Figure 6. Percentage of Deals for Social Infrastructure Tenants in Procurement: By Number of Agreements



Note: Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period.
Source: Strategy Advisors. Based on Company Data.

Figure 7. Percentage of Social Infrastructure Tenant Deals in Procurement: Based on Purchase Price



Note: Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period.
Total amounts do not match due to rounding.
Source: Strategy Advisors. Based on Company Data.

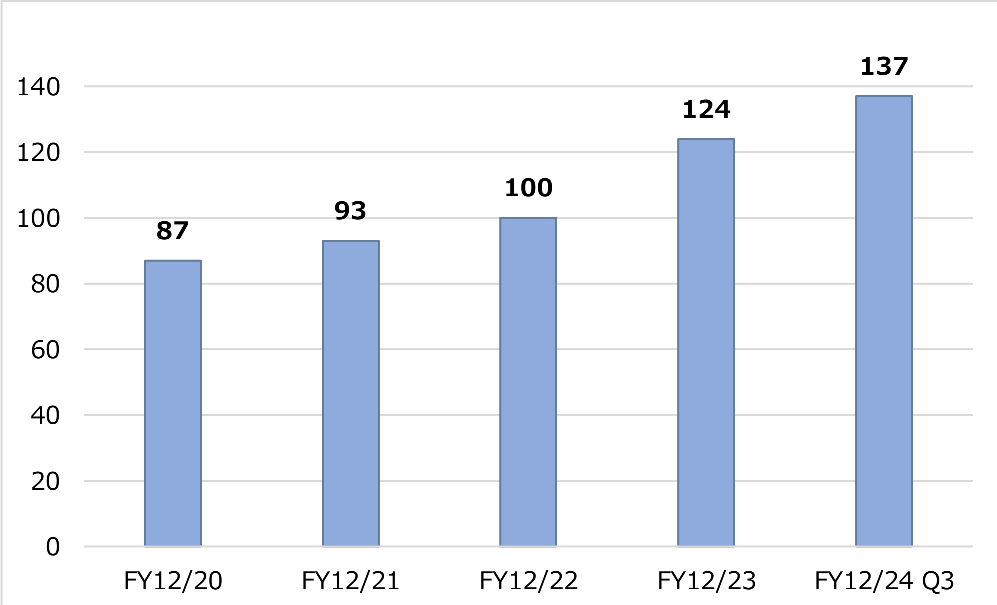
2) Leasing Land

Number of Tenants Increased by 13, Versus the End of FY12/2023.

The number of tenants with long-term fixed-term lease agreements with the company increased by 13 companies from the end of FY12/2023 and by 3 companies from the end of H1, reaching 137 at the end of Q3.

The company's tenants include supermarkets, which accounted for 25 of the 137 tenants at the end of Q3, then followed by drugstores (12), restaurants (10), automobile dealers (10), funeral halls (9), and home improvement stores (8). As a mid-to-long-term policy, the company is trying to expand its tenant base to include businesses that serve social infrastructure, and their presence is increasing.

Figure 8. Number of Tenants (Companies)



Note: Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period.
Source: Strategy Advisors. Based on Company Data.

3) Sales

The company has been relentlessly buying land and then leasing it out to tenants, turning it into a real estate financial product that generates long-term stable cash flows, which it then sells to funds such as JINUSHI REIT and other investors. As of the end of Q3 FY12/2024, the company has cumulatively been involved in 417 projects worth roughly ¥517.7 billion.

Although many tenants have historically come from the retail industry, esp. supermarkets, who have been the most common type of tenant, they still account for less than 25% of the total tenant base. In terms of region, about 84% of the company's development projects are in the Tokyo, Nagoya and Osaka areas, and approximately 44% are in the Tokyo metropolitan area (Tokyo, 3 prefectures, and Ibaraki prefecture), but there is no concentration of development in any one specific area.

The percentage of sales by JINUSHI REIT and group companies (sponsor pipeline support ratio) is 64.4%, cumulatively from FY03/2017 to Q3 FY12/2024. Of these, 30.9% were directly incorporated into JINUSHI REIT and 33.5% were sold through bridge schemes. A bridge scheme is a "sale of properties by JINUSHI and group companies where the buyer is a third party designated by JINUSHI Asset Management (usually JINUSHI REIT, but not always)" and it grants preferential negotiation rights for acquisition to a third party designated by JINUSHI Asset Management (in effect, presumably the JINUSHI REIT). Leasing companies such as SMFL Mirai Partners, a wholly owned subsidiary of Sumitomo Mitsui Finance and Leasing and M.L.Estate, a wholly owned subsidiary of Mizuho Lease, stand in between.

In addition, the company sets the approximate time from land purchase to sale at 1 to 1.5 years, emphasizing the extent of the turnover of the funds.

3. Recent Trends of JINUSHI REIT

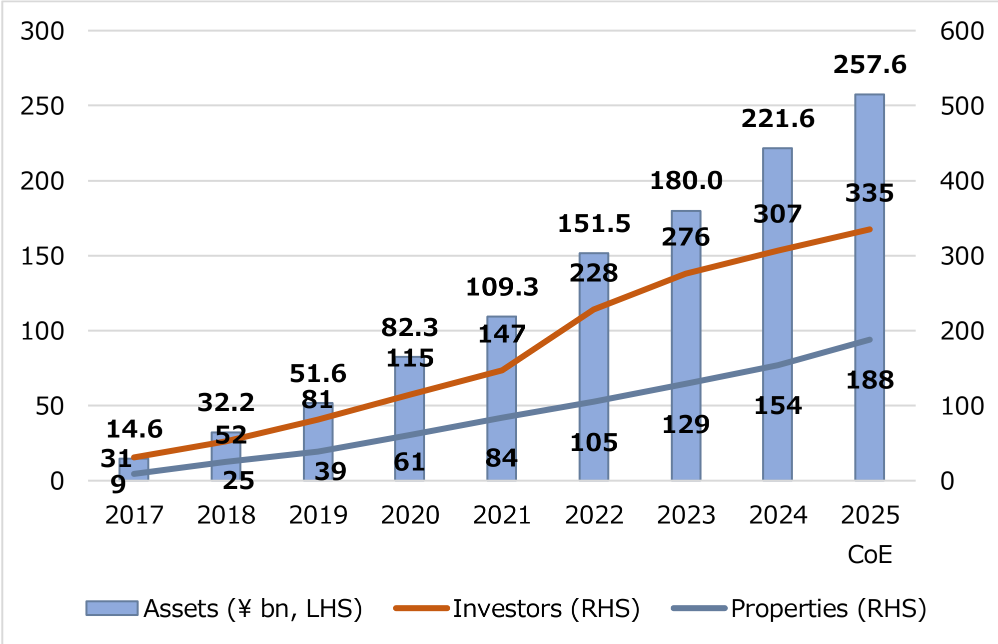
JINUSHI REIT Low-Risk, Low-Volatility

JINUSHI REIT, managed by wholly owned subsidiary JINUSHI Asset Management, is only private REIT in Japan specializing in leased land. The product concept is based on an LTV level of approximately 20-40%, with an emphasis on financial stability and a distribution yield of approximately 3.5% per annum. As for its track record, since the start of operations, the fund has operated at an LTV level of about 30% and a distribution yield of about 4.0% per annum, and these levels are expected to be maintained even at the time of the completion of the 9th offering, currently scheduled for January 2025. The fixed loan ratio at that time is also expected to be 100%, with an average remaining loan term of 5.1 years.

JINUSHI REIT's AUM Expected to Expand to ¥257.6 Billion After the 9th Offering in January 2025

As there are no other REITs that specialize in leased land, either listed or privately placed, it has been accepted by investors as a financial product that offers unique investment opportunities, and the size of its assets has expanded since the start of operations in 2017. The balance of assets under management was ¥221.6 billion as of January 10, 2024, after the completion of the 8th offering, and is expected to increase to ¥257.6 billion at the completion of the 9th offering scheduled for January 2025.

Figure 9. JINUSHI REIT (Private REIT for Leased Land) AUM Growth



Note: Due to a change in the fiscal year end, FY12/20 is a 9-month accounting period. The figures for 2025 (forecast) are based on the assumption that the 9th capital increase scheduled for January 2025 will be implemented as scheduled.

Source: Strategy Advisors. Based on Company Data.

In January 2025, after the completion of the 9th offering, the number of properties under management will be 188 and 71.6% of the portfolio in AUM is derived from business sectors of tenant as follows: supermarkets (29.4%), home improvement stores (25.9%) and drugstores (16.3%). Although the portfolio is highly concentrated in the top three sectors, compared to the end of the 8th offering in January 2024, when the top three sectors accounted for 76.0% of the portfolio, there is a plan to diversify by sector.

4. Business Outlook

Company Forecasts for FY12/2024 Revised Upwards at Announcement of Q3 Financial Results

When announcing its Q3 financial results, the company revised its forecasts for FY12/2024 upwards, with sales revised upwards from ¥55.0 billion to ¥56.0 billion (+77.2% YoY), operating income revised upwards from ¥8.2 billion to ¥8.4 billion (+36.5% YoY), and net profit attributable to owners of the parent revised upwards from ¥5.0 billion to ¥5.6 billion (+18.9% YoY).

Sales Forecasts for FY12/2024 Revised Upwards, Exceeding the Initial Forecast for a Large Increase in Sales

As shown in Figure 4, the initial forecasts for FY12/2024 had been predicted a large increase in sales, based on the fact that the balance of real estate for sale at the beginning of FY12/2024 was up 113.0% from the beginning of the previous fiscal year, and that purchases, which had been strong in the previous fiscal year, would continue. However, due to rising sales prices and the partial replacement of sold properties, sales and operating profits were revised upward.

Operating Profit Margin Maintained at Initial Forecasts Level, Operating Profit Also Revised Upward

On the other hand, the initial forecasts also expected a decline in the gross profit margin from the previous year, due to the absence of property purchased around 2018 that corresponded to high-margin, large-scale transactions. The situation until Q3 will result in a decline in the gross profit margin as expected in the initial forecasts, but the SG&A expenses ratio will decrease due to the effect of increased sales, and the upwardly revised operating profit margin for FY12/2024 is expected to be 15.0% (down 4.5 percentage points from the previous term), almost the same as the initial forecasts of 14.9%.

Although the Extraordinary Profits Recorded in the Previous Year will Fall, Net Profit is Expected to Increase

The extraordinary profit from the sale of fixed assets in the previous year will disappear in the year ending December 2024, the initial forecasts were that the large increase in sales would drive the increase in net profit attributable to owners of the parent. Furthermore, it appears that the initial forecasts also factored in an additional several hundred million yen from the reduction in the effective tax rate due to the liquidation of the Australian subsidiary, which was not included in the initial plan.

On the other hand, it is also taken into consideration that foreign exchange gains and losses related to loans to the US subsidiary and the Australian subsidiary will occur depending on the exchange rate at the end of the fiscal year. The assumed exchange rate at the end of FY12/2024 is 140 yen to the dollar, and if the exchange rate at the end of the fiscal year is weaker than expected, it appears that a gain will be generated (142 yen to the dollar at the end of Q3).

5. Stock Trends and Valuations

To see how the company's stock price has changed over the years, Figure 10 shows an index of the stock prices of major real estate finance companies and the TOPIX (Tokyo Stock Exchange Stock Price Index) when the stock price at the end of 2023 is set at 100.

Overall Stock Market Has Been in a Stalemate Since the August Crash and Subsequent Recovery

The Japanese stock market has been on an upward trend since 2023, driven by large-cap stocks, and hit its highest price since the beginning of the year in July. It then turned downward, and after a sharp drop and recovery due to the sudden appreciation of the yen in August, it is currently in a stalemate.

Relative Stock Prices Remained Well Below TOPIX due to the Impact of Major Financing in July 2024

In this process, the company's stock price fell because of the announcement of FY12/2023 full-year results on February 13, 2024, and its relative stock price fell below the TOPIX. Probably due to the fact that FY12/2023 results showed a year-on-year decline in sales and profits, and the company was seen as facing a high hurdle in achieving its full-year plan in FY12/2024. After that, the stock price subsequently began to rise in March, with the Q1 earnings announcement on May 10 confirming that the company was on track to meet its full-year forecasts, and after Daiwa Securities began covering the company with a buy recommendation in June, the stock price began to move higher, and even exceeded TOPIX at times.

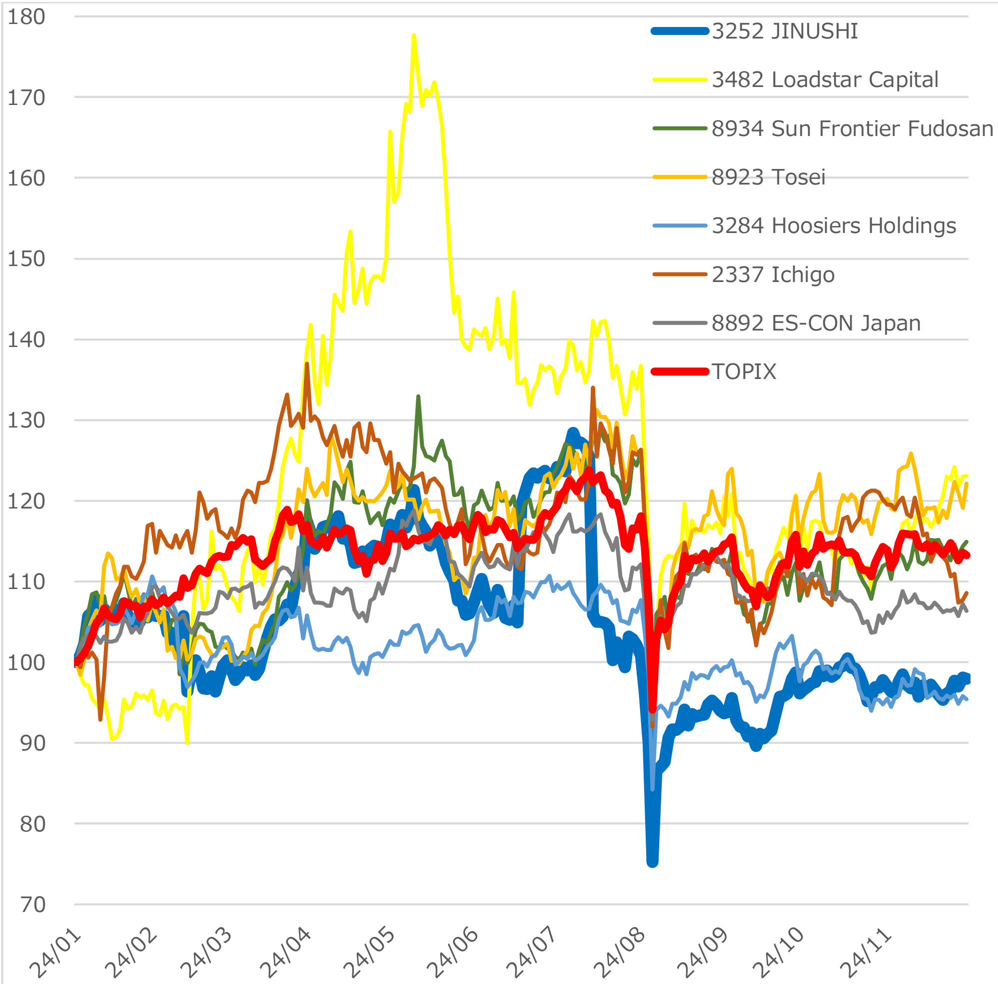
The situation changed after the announcement of the large financing on July 11, when the company's stock price fell sharply, and the relative stock price also fell below TOPIX. This situation continued even after the subsequent large plunge in the overall stock market in August, the effect of the dilution caused by the public offering appears to have remained.

The company needs to continue expanding its purchasing in order to expand its business, and this public offering has secured sufficient funds for future growth. Nevertheless, investors are concerned that the company may need to increase capital again to acquire funds for purchasing, which is thought to be one of the reasons why the relative stock price is below the TOPIX. In addition, this fundraising represents the company's confidence in expanding purchasing and future growth, but due to the business structure in which flow revenue accounts for the majority of revenue, when looking at performance over a short quarterly span, it is surmised that this is also having an impact on the company's confidence in growth, which has not yet been reflected in its actual figures.

Currently, the company's PER is 6.9 times and its PBR is 1.1 times, and its stock price has adjusted to a level that makes it seem cheap in terms of valuation. Compared to other listed companies, Sun Frontier Fudosan (8923 TSE Prime) and Loadstar Capital (3482 TSE Prime) have lower P/E ratios than the company, and Sun Frontier Fudosan and Hoosiers Holdings (3284 TSE Prime) have P/B ratios than the company.

Figure 10. Stock Price Trends: Real Estate Finance Companies

(End of 2023=100)



Source: Strategy Advisors

Figure 11. Comparison with Other Real Estate Finance Companies

Company Name	Code	Acct Period	Sales (¥ mn)	Net Income (¥ mn)	Net Profit Margin (%)	ROE (%)	ROIC (%)
JINUSHI	**3252**	**12/2023**	**31,597**	**4,709**	**14.9**	**15.1**	**4.6**
Loadstar Capital	3248	12/2023	28,726	10,306	35.9	28.7	10.5
Sun Frontier Fudosan	8934	03/2024	79,868	11,917	14.9	13.9	7.9
Tosei	8923	11/2023	79,446	10,507	13.2	13.6	5.4
Hoosiers Holdings	3284	03/2024	88,418	4,806	5.4	13.1	4.8
Ichigo	2337	02/2024	82,747	12,108	14.6	11.6	2.2
ES-CON Japan	8892	03/2024*	118,861	10,050	8.5	-	-

Company Name	Code	Net D/E Ratio (Times)	DCR (%)	Net Worth Ratio (%)
JINUSHI	**3252**	**1.26**	**163.9**	**30.9**
Loadstar Capital	3248	1.55	346.4	25.6
Sun Frontier Fudosan	8934	0.34	113.3	48.0
Tosei	8923	1.30	120.5	33.4
Hoosiers Holdings	3284	1.28	157.8	23.6
Ichigo	2337	1.60	93.4	28.8
ES-CON Japan	8892	3.46	222.6	18.1

Notes: Due to a change in its fiscal year-end, Nippon ES-CON Corporation's FY03/2024 was a 15-month period.
Therefore, ROE and ROIC using the company's actual results were not applied.

Source: Company data compiled by Strategy Advisors

Figure 12. Comparison of Valuations with Peers

Company Name	Code	Acct Period	Stock Price (24/11/29)	Market Cap (¥ mn)	PER Company Forecast (Times)	PBR Most Recent Results (Times)	Dividend Yield Company Forecast (%)	ROE Most Recent Results (%)
JINUSHI	**3252**	**12/2023**	**2,138**	**43,912**	**6.9**	**1.1**	**4.0**	**15.1**
Loadstar Capital	3482	12/2023	2,532	41,659	6.0	2.2	2.8	28.7
Sun Frontier Fudosan	8934	03/2024	1,876	91,084	6.5	1.0	3.5	13.9
Tosei	8923	11/2023	2,439	118,197	10.1	1.4	3.2	13.6
Hoosiers Holdings	3284	03/2024	1,016	36,120	7.1	0.9	5.7	13.1
Ichigo	2337	02/2024	367	160,648	11.5	1.5	2.7	11.6
ES-CON Japan	8892	03/2024	990	94,567	9.5	1.3	4.8	-

Note: Market cap is calculated using the number of shares outstanding excluding treasury stock.

The market cap of JINUSHI is calculated using the number of shares after the financing. It does not include the shares from the secondary offering by way of overallotment (OA).

Due to a change in its fiscal year end, Nippon ES-CON Corporation's FY03/24 was a 15-month period. Therefore, ROE using the company's actual results was not applied.

Source: Strategy Advisors. Based on Company Data.

Figure 13. Semiannual/Quarterly Performance Trends

(¥ mn)	12/22 H1	H2	12/23 H1	H2	12/24 H1
Consolidated Statements of Income					
Sales	27,069	22,818	10,373	21,224	44,929
Cost of Sales	21,105	17,925	7,580	13,518	35,518
Gross Profit	5,964	4,893	2,793	7,706	9,411
Gross Profit Margin Ratio	22.0%	21.4%	26.9%	36.3%	20.9%
SG&A Expenses	2,215	2,231	2,100	2,244	2,449
SG&A to Sales Ratio	8.2%	9.8%	20.2%	10.6%	5.5%
Operating Profit	3,749	2,662	693	5,461	6,962
Operating Profit Margin	13.8%	11.7%	6.7%	25.7%	15.5%
Non-Operating Income and Expenses	157	-625	17	-453	137
Financial Balance	-276	-305	-177	-217	-181
Equity in Earnings /Losses of Affiliates	173	-181	40	0	0
Others	260	-139	154	-236	318
Ordinary Profit	3,906	2,037	711	5,007	7,100
Ordinary Profit Margin	14.4%	8.9%	6.9%	23.6%	15.8%
Extraordinary Income/Loss	-197	-1,134	1,207	282	0
Pretax Profit	3,709	903	1,918	5,250	7,099
Total Income Taxes	1,139	-172	700	1,730	1,856
(Corporate Tax Rate)	30.7%	-	36.5%	33.0%	26.1%
Net Profit Attributable to Owners of the Parent	2,569	1,072	1,193	3,516	5,242
Net Profit Margin	9.5%	4.7%	11.5%	16.6%	11.7%

(¥ mn)	12/23 Q1	Q2	Q3	Q4	12/24 Q1	Q2	Q3
Consolidated Statements of Income							
Sales	8,130	2,243	14,837	6,387	29,729	15,200	2,965
Cost of Sales	6,118	1,462	8,416	5,102	24,377	11,141	1,696
Gross Profit	2,012	781	6,421	1,285	5,352	4,059	1,269
Gross Profit Margin Ratio	24.7%	34.8%	43.3%	20.1%	18.0%	26.7%	42.8%
SG&A Expenses	1,098	1,002	1,072	1,172	1,225	1,224	1,018
SG&A to Sales Ratio	13.5%	44.7%	7.2%	18.3%	4.1%	8.1%	34.3%
Operating Profit	914	-221	5,349	112	4,126	2,836	250
Operating Profit Margin	11.2%	-9.9%	36.1%	1.8%	13.9%	18.7%	8.4%
Non-Operating Income and Expenses	-36	53	-70	-383	165	-28	-705
Financial Balance	-72	-105	-126	-91	-38	-143	-178
Equity in Earnings /Losses of Affiliates	40	0	0	0	0	0	0
Others	-4	158	56	-292	203	115	-527
Ordinary Profit	879	-168	5,277	-270	4,292	2,808	-455
Ordinary Profit Margin	10.8%	-7.5%	35.6%	-4.2%	14.4%	18.5%	-15.3%
Extraordinary Income/Loss	1,207	0	0	282	0	0	0
Pretax Profit	2,086	-168	5,238	12	4,292	2,807	-494
Total Income Taxes	711	-11	1,751	-21	1,531	325	-114
(Corporate Tax Rate)	34.1%	-	33.4%	-	35.7%	11.6%	-
Net Profit Attributable to Owners of the Parent	1,350	-157	3,485	31	2,758	2,484	-382
Net Profit Margin	16.6%	-7.0%	23.5%	0.5%	9.3%	16.3%	-12.9%

Source: Company data compiled by Strategy Advisors

Figure 14. Consolidated Statements of Income (Full-Year Basis)

(¥ mn)	03/18	03/19	03/20	12/20	12/21	12/22	12/23	12/24 CoE
Sales	31,260	39,834	74,187	29,886	56,177	49,887	31,597	56,000
Cost of Sales	24,402	31,662	65,087	24,868	46,914	39,030	21,098	
Gross Profit	6,858	8,172	9,100	5,019	9,263	10,857	10,499	
Gross Profit Margin Ratio	21.9%	20.5%	12.3%	16.8%	16.5%	21.8%	33.2%	
SG&A Expenses	3,174	3,725	3,856	2,599	3,788	4,446	4,344	
Operating Profit	3,684	4,447	5,244	2,420	5,475	6,411	6,154	8,400
Operating Profit Margin	11.8%	11.2%	7.1%	8.1%	9.7%	12.9%	19.5%	15.0%
Non-Operating Income	229	703	403	637	285	435	227	
Interest and Dividend Income	27	27	12	7	5	17	15	
Equity in Earnings of Affiliate	30	303	166	130	-	-	40	
Profit on Currency Exchange	-	88	79	-	138	296	84	
Others	172	285	146	500	142	122	88	
Non-Operating Expenses	869	822	1,049	900	758	903	663	
Interest Expense and Discount	542	613	729	392	457	598	445	
Equity In Losses of Affiliates	-	-	-	-	83	8	-	
Foreign Exchange Loss	127	-	-	377	-	-	-	
Financing Costs	178	167	272	120	212	267	186	
Others	22	42	48	11	6	30	32	
Ordinary Profit	3,044	4,327	4,599	2,157	5,002	5,943	5,718	7,400
Ordinary Profit Margin	9.7%	10.9%	6.2%	7.2%	8.9%	11.9%	18.1%	13.2%
Extraordinary Profit	-	333	130	-	-	-	1,489	
Extraordinary Losses	70	829	102	-	73	1,331	40	
Pretax Profit	2,974	3,831	4,628	2,157	4,927	4,612	7,168	
Corporate, Inhabitant and Enterprise Taxes	992	1,312	1,538	612	4,006	1,423	2,268	
Income Taxes-Deferred	-30	-165	-87	-100	-2,203	-456	162	
Total Income Taxes	962	1,146	1,451	512	1,803	967	2,430	
(Corporate Tax Rate)	32.3%	29.9%	31.4%	23.7%	36.6%	21.0%	33.9%	
Net Profit Attributable to Owners of the Parent	1,958	2,684	3,177	1,644	3,124	3,641	4,709	5,600
Net Profit Margin	6.3%	6.7%	4.3%	5.5%	5.6%	7.3%	14.9%	10.0%
EPS (¥)	109.61	149.30	174.59	89.94	170.90	199.16	267.76	308.05
Investment in Tangible and Intangible Fixed Assets	72	338	197	2,954	14,142	500	723	
Depreciation and Amortization of Goodwill	159	166	116	72	148	148	206	
Cash Flow	2,118	2,850	3,293	1,716	3,272	3,789	4,915	
CFPS (¥)	118.6	159.5	182.5	93.8	178.9	207.2	268.8	
ROE	10.4%	12.8%	14.0%	6.8%	11.9%	12.4%	15.1%	
ROIC (Capital Invested)	4.8%	4.2%	4.6%	2.8%	5.0%	7.5%	4.6%	
ROIC (Business Assets)	7.5%	5.9%	6.5%	4.4%	7.2%	10.3%	6.2%	
Dividend (¥)	55.00	55.00	55.00	25.00	50.00	55.00	55.00	85.00
Average Number of Shares During the Period (mn Shares)	17.0	17.0	18.0	18.0	18.0	18.0	17.0	
Number of Shares at End of Period (mn Shares)	17.8	18.0	18.2	18.2	18.2	18.2	16.4	

Note: CoE EPS for FY12/2024 reflects the impact of the increase in the number of shares due to the public offering and sale of treasury stock implemented in July 2012.

Source: Strategy Advisors. Based on Company Data.

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