JINUSHI | 3252 (TSE Prime)

Company Report
December 5, 2025

Strategy Advisors Inc.
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Despite a YoY Decline in Sales and Earnings for Cumulative Q3, a Sharp Increase in Q3 Purchases Prompted an Upward Revision of the Full-Year Net Profit Forecast

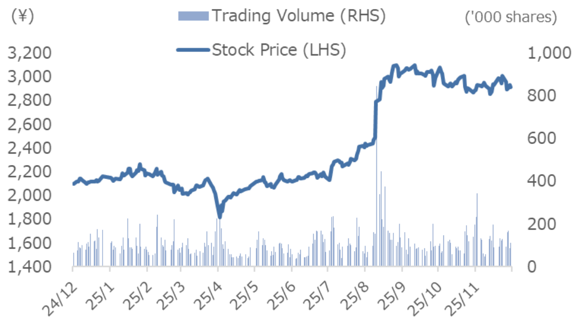
JINUSHI reported a 9.3% YoY decrease in net sales for FY12/2025 Q3 due to fewer real estate sales. Furthermore, the sale of a low-margin real estate warehousing scheme in Q1 impacted on gross profit margins, resulting in a 40.5% decrease in operating profit and a 43.1% decrease in profit attributable to owners of the parent.

Nevertheless, considering a surge in purchases in Q3 and the recognition of extraordinary gains from the sale of fixed assets intended for asset replacement in Q4, the company has revised its FY12/2025 forecasts upward to record highs for net sales and profit attributable to owners of parent. Furthermore, all planned sales have been finalized, including buyers and terms of sale, and the Company believes the likelihood of achieving this revised forecast is very high.

The details of the sudden increase in purchases in Q3 have been revealed. Most of the cumulative purchase amount of ¥86.7 billion in Q3 was due to proposals for sale and leaseback of land, while traditional existing leased land accounted for only about 13%, suggesting a change in the purchase structure. The Company has been strategically acquiring purchases through proposals for sale and leaseback of land since FY12/2023, so it can be said that the company's strategy is beginning to show results. It is believed that this increase is not a temporary phenomenon and that similar demand will continue to grow in earnest.

The company's relative stock price has lagged significantly behind TOPIX since it implemented large-scale financing in July 2024. The implementation of the financing in July 2024 was driven by the company's growing confidence in purchases that would lead to future performance, but it was not well received. The rise in stock prices after the announcement of a sharp increase in purchases in the interim financial results is thought to mean that the market has begun to trust the company's confidence in its business expansion scenario.

Stock Price and Trading Volume (1 Year)



Source: Strategy Advisors

Key Indicators

Stock Price (12/5/25)	2,912
52-Week High (9/16/25)	3,100
52-Week Low (4/7/25)	1,815
All-Time High (9/16/25)	3,100
All-Time Low (4/3/20)	1,121
Shares on Issue (mn)	21.6
Market Capitalization	62.8
EV (¥bn)	102.2
Equity Ratio (FY12/24, %)	38.6
ROE (FY12/24, %)	16.0
PER (FY12/25 CoE, x)	8.5
PBR (FY12/24 Actual, x)	1.3
Dividend Yield (FY12/25 CoE, %)	3.8

Source: Strategy Advisors

Valuation levels have risen due to the rise in stock prices since August 2025. However, compared to 7 other companies in the same industry, the company is still in the middle of the pack. If the steady expansion of business performance based on the company's growth strategy becomes widespread, it is expected that this could lead to further increases in stock prices.

Japanese GAAP - Consolidated

FY	Sales (¥mn)	YoY (%)	Operating Profit (¥mn)	YoY (%)	Ordinary Profit (¥mn)	YoY (%)	Net Profit (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
FY12/2024 Q1-Q3	47,894	90.0	7,212	19.4	6,645	11.0	4,860	3.9	279.6	-
FY12/2025 Q1-Q3	43,428	-9.3	4,293	-40.5	3,121	-53.0	2,764	-43.1	134.0	-
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	57,068	80.6	8,677	41.0	8,265	44.5	6,087	29.3	334.9	85.0
FY12/2025 CoE Old	70,000	22.7	9,500	9.5	8,000	-3.2	6,100	0.2	295.5	100.0
FY12/2025 CoE New	76,000	33.2	8,700	0.3	7,000	-15.3	7,100	16.6	344.0	110.0

Note: The figures for FY12/2020 are a 9-month period, due to a change in fiscal year end, and therefore YoY comparisons for FY12/2021 are not available

Source: Company Data, Compiled by Strategy Advisors

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1. Cumulative Q3 FY12/2025 Financial Results

Cumulative Q3 Sales & Earnings Decreased YoY

In the cumulative Q3 financial results for FY12/2025, net sales decreased to ¥ 43.42 billion (-9.3% YoY), operating profit decreased to ¥ 4.29 billion (-40.5% YoY) and profit attributable to owners of parent decreased to ¥ 2.76 billion (-43.1% YoY). The company revised its full-year forecast for FY12/2025 in conjunction with the announcement of the Q3 financial results. Progress against the revised full-year forecast for FY12/2025 is 57.1%, 49.4% and 38.9% respectively (Figure 1).

Figure 1. JINUSHI FY12/2025 Cumulative Q3 Financial Results Summary

(¥mn)	FY12/2025 Cumulative Q3 (A)	YoY	Progress (A)÷(B)	FY12/2025 CoE (Revised)(B)
Net Sales	**43,428**	-9.3%	57.1%	76,000
Operating Profit	**4,293**	-40.5%	49.4%	8,700
Ordinary Profit	**3,121**	-53.0%	44.6%	7,000
Profit Attributable to Owners of Parent	**2,764**	-43.1%	38.9%	7,100

Source: Company Data, Compiled by Strategy Advisors

Decreased Sales YoY Were Likely in Line with the Company's Plan

The decrease in sales for cumulative Q3 were due to decreased sales in Q2 and Q3. It was also due to the absence of large-scale deals like the real estate warehousing schemes seen in Q1. However, the company disclosed from the beginning of the fiscal year that it "plans to record profits in the second half of this fiscal year, particularly in Q4" and the decrease in sales as of Q3 were likely in line with the company's plan.

Gross Profit Decreased YoY

Gross profit for the cumulative Q3 decreased to ¥8.06 billion (-24.5% YoY) and gross profit margin fell to 18.6% (-3.7ppt). The decrease in gross profit for the cumulative Q3 were due to lower sales and a decline in gross profit margin.

Gross Profit Margin Decreased 3.7ppt YoY

The company's revenue can be categorized into flow business revenue, stock business revenue, and others. The size of others is exceedingly small, so the flow of business and the stock business account for most of the company's total revenue.

The gross profit margin of Stock Business is significantly higher than that of Flow Business. Changes in the composition ratio of the two businesses affect the overall gross profit margin, but Stock Business revenue accounted for 34.1% of gross profit in cumulative Q3, up from 23.5% same period last year (Figure 2). In other words, the decline in the overall gross profit margin is not due to a change in the composition ratio, but rather to a decline in the gross profit margin of Flow Business revenue, which accounts for a large proportion of the total.

Flow Business GPM Declined Due to the Sale of Real Estate Warehousing Scheme in Q1

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.

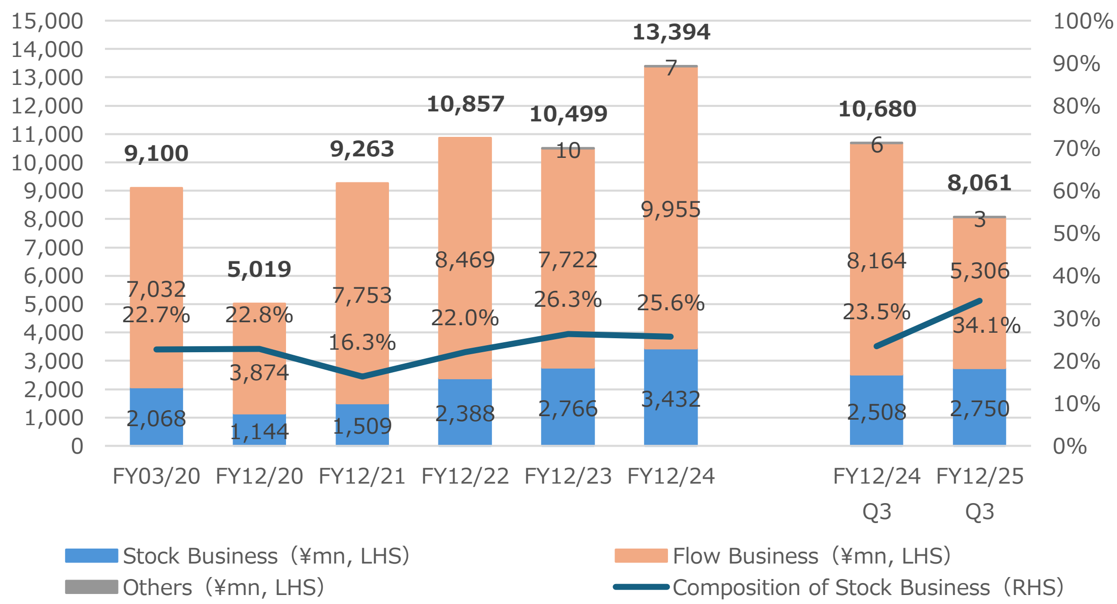
The gross profit margin for Flow Business for cumulative Q3 was 13.2% (-4.9ppt YoY) (Figure 3). Gross profit margins have been increasing as the quarters progressed, from 10.9% in Q1 to 12.7% in H1 and 13.2% in cumulative Q3. The lower gross profit margin to the same period last year can be attributed to the large number of sale of real estate warehousing schemes in Q1. The sale of real estate warehousing schemes in Q1 were in line with the company's plan and were in line with the company's initial expectation that gross profit margins would increase towards FY12/2025 H2.

Projects using “real estate warehousing schemes” are one of the functions of support for JINUSHI REIT, in which properties that would normally be acquired directly by JINUSHI REIT from a third party are acquired by the company in advance and subsequently sold to JINUSHI REIT to optimize acquisition timing for JINUSHI REIT. Real estate warehousing schemes generally have low gross profit margins at the time of sale, which consequently led to a decline in the gross profit margin of the Flow Business's revenue.

Stock Business Remains Stable

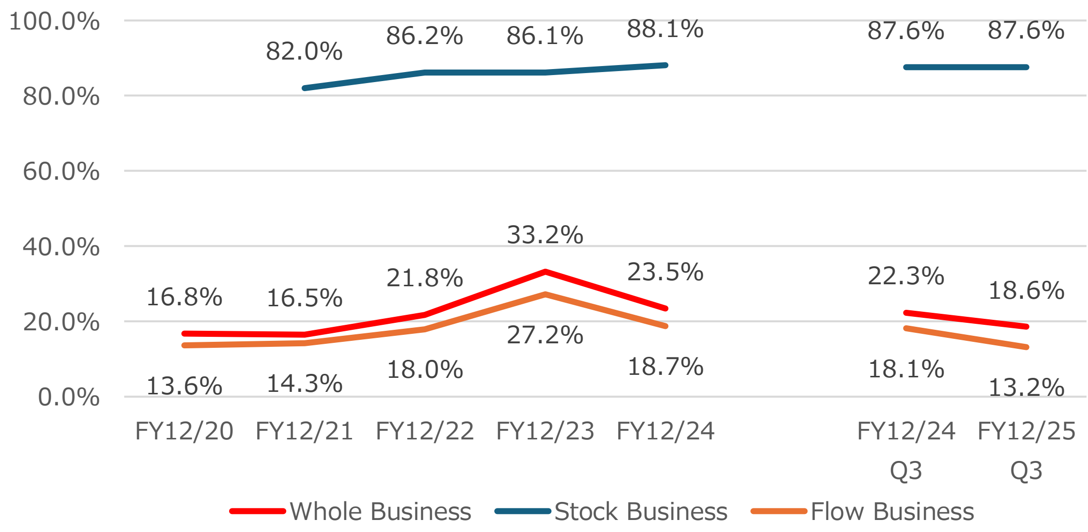
Stock Business is categorized by business segment into leasing income from Real Estate Investment Business (leasing income while holding), Real Estate Leasing Business and Asset Management Business. The composition of Stock Business revenues also rises and falls as they are affected by increases and decreases in ones of business flow. 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 revenues continue to increase.

Figure 2. Trends in Gross Profit by Business Type (¥mn)



Note: The figures for FY12/2020 are a 9-month period, due to a change in fiscal year end. Segment classification changed from FY12/2024. FY12/2023 is shown in the new classification. For FY12/2022 and before, the new classification "Other" is included in Flow Business.
Source: Company Data, Compiled by Strategy Advisors

Figure 3. Trends in Gross Profit Margins



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Segment classification changed from FY12/2024. FY12/2023 is shown in the new classification.
For FY12/2022 and before, the new classification "Other" is included in Flow Business.
Source: Company Data, Compiled by Strategy Advisors

OP Margin Was in Line with Expectations

SG&A expenses increased to ¥3.76 billion (+8.7% YoY), but due to the decrease in sales, the SG&A expense ratio increased to 8.7% (+1.5ppt YoY).

As a result, the decline in gross profit margin and the increase in SG&A expenses ratio combined to cause OP margin to fall to 9.9% (-5.2ppt YoY). The decline in gross profit margin from the sale of real estate warehousing scheme was in line with expectations.

Net Profits Are Expected to Be Recorded Mainly in 2H FY2025

In regard to non-operating income, a foreign exchange loss of ¥240 million was recorded due to a loan to a US subsidiary (compared to a foreign exchange loss of ¥70 million in the same period last year). In addition, an extraordinary profit of ¥620 million was recorded as a gain on liquidation of an Australian affiliate, New Real Property (there was no extraordinary profit in the same period last year). Including this, quarterly profit attributable to owners of parent decreased 38.9% YoY and the net profit margin fell to 6.4% (-3.8ppt YoY).

The company will refine its sales plan throughout the year to strike an optimal balance between maximizing revenue from individual projects and maintaining financial prudence. Based on this plan, net profit for FY12/2025 is expected to be recorded mainly in Q4 and the company says that results are generally in line with its initial plan.

2. Recent Trends in JINUSHI BUSINESS

The JINUSHI Business is a model for increasing real estate holdings while maintaining a continuous turnover of funds by taking the following 4-steps: 1) buying land, 2) leasing land, 3) selling leased land and 4) managing investors' funds.

Of the 4-steps, the "managing investors' funds" process is handled by JINUSHI REIT which JINUSHI Asset Management, a wholly owned subsidiary, manages. JINUSHI Asset Management will be described in the chapter, "Recent Trends of JINUSHI REIT".

1) Status of Purchases

The Balance of Real Estate for Sale Increased 25.6% YoY Due to a Sharp Increase in Purchases in Q3

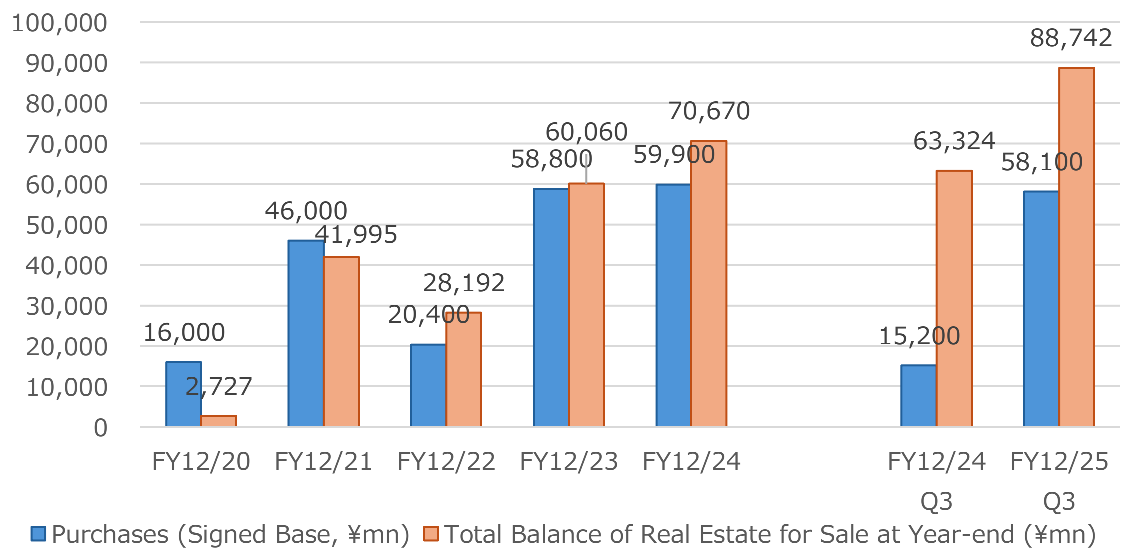
The balance of real estate for sale (booked basis) as of the end of Q3 was ¥88.74 billion (+25.6% YoY from ¥70.67 billion) and has increased significantly in anticipation of future sales increases (Figure 4).

Looking at the accumulation in detail, the cumulative number of purchases (contract basis) for Q3 was 51 (0% YoY) and the purchase amount reached ¥86.7 billion, 1.9x increase YoY. By quarter, purchase amounts fluctuated from Q1 to Q3 at ¥12.9 billion, ¥15.6 billion and ¥58.1 billion, respectively, with the sharp increase in purchases in Q3 being noticeable (Figure 5).

The Number of Purchases Has Now Caught Up, Which Declining YoY

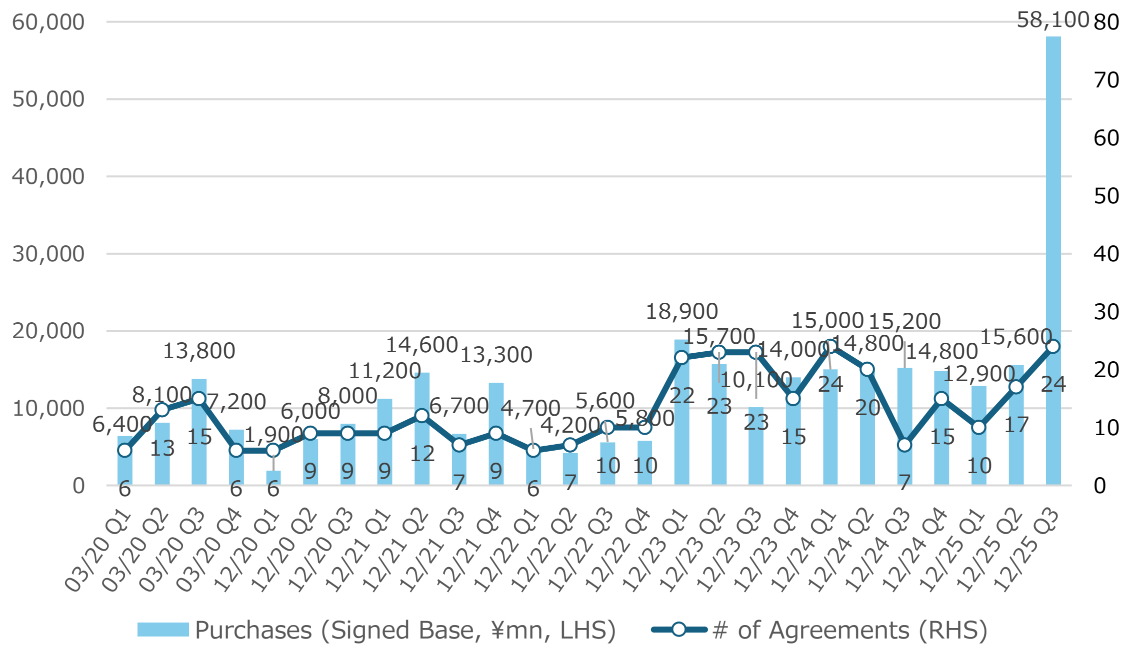
Until H1, the number of purchases had been declining YoY. This was due to the impact of strategically curbing purchases related to funeral halls from H2 2024 in consideration of portfolio balance. However, due to a sharp increase in purchases in Q3, the number of purchases has now caught up with that of Q3.

Figure 4. Changes in Purchase Amounts & Balance of Real Estate for Sale (¥mn)



Note: The figures for FY12/2020 are a 9-month period, due to a change in fiscal year end.
Source: Company Data, Compiled by Strategy Advisors

Figure 5. Trends in Number of Purchases and Purchase Amounts (Quarterly)



Note: The figures for FY12/2020 are a 9-month period, due to a change in fiscal year end.
Source: Company Data, Compiled by Strategy Advisors

Purchasing Structure Changed Significantly as Planned

The cumulative purchase amount of ¥86.7 billion is broken down as follows: 1) existing conventional leased land (developed by other companies) ¥11.4 billion, 2) new development (developed by the company) ¥29.8 billion and 3) proposals for sale and leaseback of land, etc. ¥45.4 billion. The majority share held by sale and leaseback proposals indicates a significant shift in the purchasing structure consistent with the company's strategy.

Proposals for Sale and Leaseback are the Area of Focus Since FY12/2023

Proposals for sale and leaseback of land are cases in which a company owns both land and an already operating building and the ownership and use of the land are separated. The land is sold to the company, followed by a fixed-term lease agreement, while the company continues to use the operating building. The benefits for the company are that the actual use of the building remains unchanged, but the company can improve its financial position by acquiring growth investment funds, generating capital gains from the sale and streamlining its balance sheet.

Land proposals for sale and leaseback have been one of the company's growth strategies since FY12/2023 and so it can be said that the company's measures based on this growth strategy have led to the acceleration of purchases. Demand for the effective use of real estate owned by companies is strong, against the backdrop of the Tokyo Stock Exchange's request for "management that takes capital costs and stock prices into consideration" and requests from investors (activists, PE funds, etc.) to improve ROE and financial conditions, with estimates potential market size of ¥45 trillion. Therefore, the company believes that the full-scale demand related to proposals for sale and leaseback, etc. will not be a passing fad, but will continue.

Specific Examples of Proposals for Sale and Leaseback

The company introduces the following 3 recent cases related to proposals for sale and leaseback, etc. While some of these cases are slightly modified from typical proposals for sale and leaseback. They are characterized by the fact that they offer various benefits by separating ownership of the land and building from ownership of the existing owner, who previously owned both the land and building together.

1) A tank terminal land project based on a strategic partnership between KKR GROUP, a private equity fund, and Central Tank Terminals, a KKR GROUP company (purchases totaling over ¥9 billion).

2) Acquisition of the land for AEON Mall Hineno at the request of AEON Retail (purchases totaling over ¥8 billion)

3) Formation of an SPC (58.1% investment by the company) with the Yomiuri Shimbun Group and Seibu Group, with the land portion of the existing commercial facility "Tocotoco Square" in Tokorozawa as an asset (total purchases of over ¥11 billion)

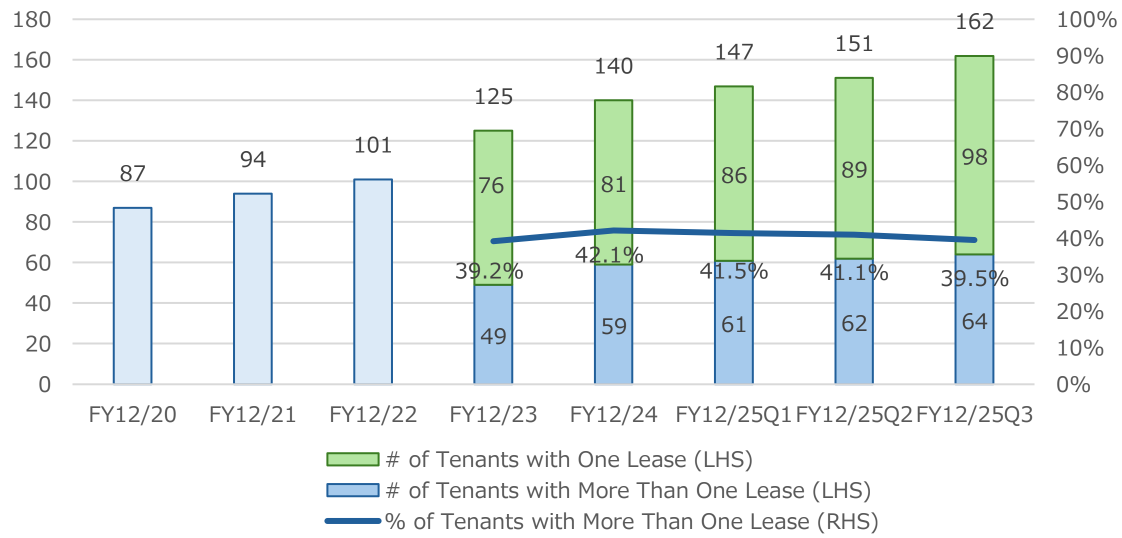
2) Trends of Tenants Who Are Leasing Land

The Number of Tenants at the End of Q3 Increased by 22 From the End of FY12/2024 to Total 162 Companies

The number of tenants with long-term fixed-term lease agreements with the company increased by 22 companies from the end of FY12/2024 and reached 162 at the end of Q3. In particular, the number increased by 11 companies in Q3, reflecting the impact of the sharp increase in purchases in Q3.

The company's tenants include supermarkets, which accounted for 30 of the 162 tenants at the end of Q3, then followed by drugstores (14), automobile dealers (12), restaurants (11), factories, warehouses and tank terminal (11), funeral halls (9), home improvement stores (9) hotels (8) and large electronics stores (7). As a mid-to-long-term policy, the company is trying to expand its tenant base to include businesses that serve social infrastructure.

Figure 6. Changes in Number of Tenants



Note: The figures for FY12/2020 are a 9-month period, due to a change in fiscal year end.
Source: Company Data, Compiled by Strategy Advisors

3) Sales Trends

A Total of 470 Projects with a Development Track Record of Approx. ¥613.1 billion

The company buys land, rents it out to tenants and tailors it into real estate financial products that generate long-term, stable cash flows, before selling it to funds and investors such as JINUSHI REIT. As of the end of FY12/2025 Q3, the company had accumulated a total of 470 development projects totaling approximately ¥613.1 billion.

The top tenant industries in its development track record are often in retail, but even in supermarkets, which account for the largest number, accounts for only about 23%. Furthermore, by region, the Tokyo, Nagoya, and Osaka regions account for about 82% of its development, but the Tokyo metropolitan area (Tokyo, Saitama, Chiba and Kanagawa for 3 prefectures, and Ibaraki prefecture) accounts for about 45%, so it is by no means concentrated in one area.

The cumulative sales ratio from the company to JINUSHI REIT after the operation of JINUSHI REIT (sponsor pipeline support ratio) since FY03/2017, including the bridge scheme, is 67.3%. A bridge scheme is a mechanism in which the final buyer is decided and a separate corporation temporarily holds the property, and a third party designated by JINUSHI Asset Management (presumably JINUSHI REIT) is granted first negotiating rights for acquisition. A bank-affiliated leasing company acts as an intermediary.

The company places importance on capital turnover and sets the target period for from land purchase to sale at around one to one and a half years.

3. Recent Trends of JINUSHI REIT

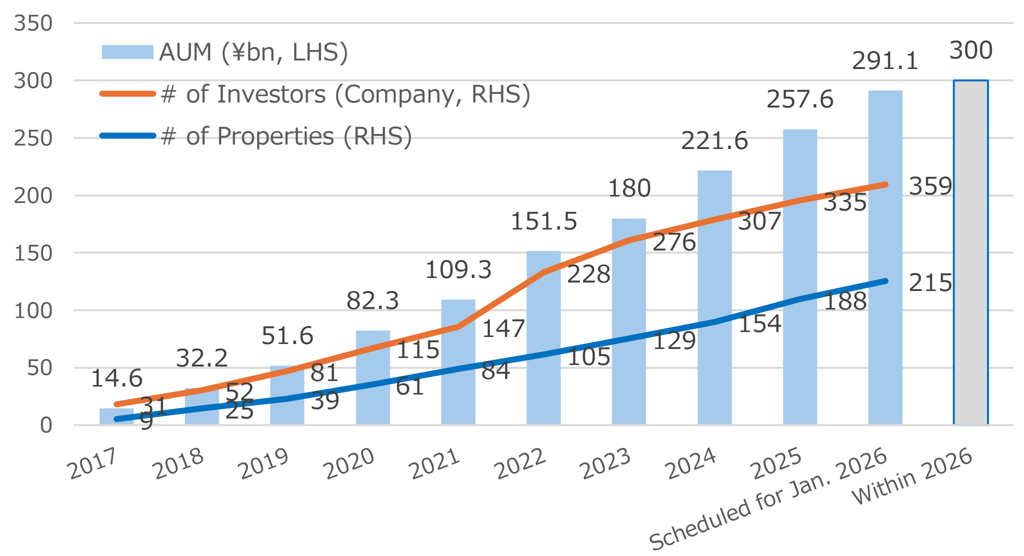
Low-Risk and Low-Volatility JINUSHI REIT

JINUSHI REIT, managed by wholly owned subsidiary JINUSHI Asset Management, is the only private REIT in Japan that specializes in leased land. The product concept emphasizes financial stability with an LTV level of around 20-40% and an expected annual dividend yield of around 3.5%. Since the start of operations, the fund has maintained an LTV of around 33% and an annual dividend yield of around 4%. The fixed debt ratio is 95.1% and the average remaining loan term is 4.4 years.

JINUSHI REIT's AUM is Expected to Reach ¥291.1 billion Upon Completion of the 10th Capital Increase, Scheduled for January 2026

As no other REIT specializes 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. As of January 9, 2025, after the 9th capital increase, the balance of AUM was ¥257.6 billion and is expected to reach ¥291.1 billion after the 10th capital increase, scheduled for January 2026. The target of ¥300 billion by FY12/2026 under the medium-term management plan is within sight.

Figure 7. Changes in JINUSHI REIT's Asset Size



Source: Company Data, Compiled by Strategy Advisors

JINUSHI REIT's Portfolio is Highly Concentration in 3 Retail Sectors

After the completion of the 9th capital increase in January 2025, JINUSHI REIT's portfolio comprised 188 properties under management. Relative to the company's broader development pipeline, these assets are disproportionately concentrated in 3 core tenant sectors: supermarkets, home improvement and drug stores.

In addition, the 10th capital increase will involve the acquisition of 27 properties worth approximately ¥32.3 billion and the number of properties under management is expected to reach 215 after the capital increase is completed.

4. FY12/2025 Business Outlook

FY12/2025 Company Forecast Revisions Project Record High Net Profit

For FY12/2025, the company forecasts net sales of ¥76 billion (+33.2% YoY), operating profit of ¥8.7 billion (+0.3% YoY), ordinary profit of ¥7 billion (-15.3% YoY) and profit attributable to owners of parents of ¥7.1 billion (+16.6% YoY).

Before the revision, net sales were ¥70 billion (+22.7% YoY), operating profit ¥9.5 billion (+9.5% YoY), ordinary profit ¥8 billion (-3.2% YoY), with profit attributable to owners of parent ¥6.1 billion (up 0.2% YoY). Although operating profit and ordinary profit were revised down, net sales and net profit were revised up.

The company has previously stated in its financial results briefing materials and financial results releases that it aims to achieve its highest ever profits. The company's highest-ever net profit was ¥6.437 billion in FY03/2017, and it is believed that this was the goal that the company had in mind. In addition, all the planned sales have already been finalized, including buyers and terms of sale, and so the likelihood of achieving this revised forecast is very high.

Real Estate for Sale Balance Supports Increase in Net Sales

The balance of real estate for sales at the end of FY12/2025 Q3 increased by 40.1% compared to the end of the previous fiscal year, due in part to a sharp increase in purchases in Q3 driven by proposals for sale and leaseback of land, which supports the increase in net sales.

Gains on Sales is Expected to Decrease by ¥1 billion from the Previous Forecast

The company expects profits from stock revenues (mainly leasing income) to increase by ¥200 million compared to the previous forecast, while profits from flow revenues (gains on sales) will decrease by ¥1 billion compared to the previous forecast. The main reason for the decrease in gains on sales is a decline in the gross profit margin on flow revenues.

Gross Profit Margin is Expected to Decline for the Full Year

Approximately 70% of the company's gross profit comes from Flow Business, and purchases are determined based on various criteria, such as the size of the project, the time from purchase to sale and the market price in the area where the project is located. Therefore, the company sees gross profit margin as merely a result.

The company has not disclosed its forecast for gross profit margin for FY12/2025, but due to the impact of sales of a low-margin real estate warehousing scheme in Q1, the cumulative gross profit margin for Q3 was 3.7ppt lower than the same period last year (5.0ppt lower when considering flow revenue only): and it is thought that sales in Q4 will also prioritize the restructuring of the asset portfolio, so it is estimated that the gross profit margin will decline YoY even when viewed for the full year.

As a result, the company appears to be expecting stock revenue (leasing revenue) to increase by approximately ¥200 million compared to its previous forecast, but flow revenue (gains on sales) to decrease by approximately ¥1 billion.

OP Margin Will Decline, but Operating Profit is Expected to Increase Slightly

The decline in gross profit margin is the main factor behind the forecast, and the FY12/2025 net sales operating profit ratio is expected to fall 3.7ppt from the previous year and 2.1ppt from the previous forecast to 11.5%. Nevertheless, the company plans to maintain a slight increase in operating profit.

Non-Operating Income/Expenses

The company's forecast for FY12/2025 operating profit is down by ¥800 million compared to the previous forecast, while ordinary profit is expected to decline by ¥1 billion, which is thought to be due to 2-factors in the non-operating income/expenses.

Non-operating income/expenses include foreign exchange gains and losses related to loans to a US subsidiary, which are subject to the impact of exchange rate fluctuations. The company's forecast assumes an exchange rate of USD/JPY150 for FY12/2025, compared with an actual exchange rate of USD/JPY158 for FY12/2024 (if the yen weakens more than expected at the end of the period, a foreign exchange gain will occur). As a result, a foreign exchange gain of ¥350 million was recorded in FY12/2024 and a foreign exchange loss of ¥210 million is expected for FY12/2025.

Furthermore, due to a sharp increase in purchases in Q3, it is assumed that borrowings have increased compared to the initial plan. In fact, borrowings increased by approximately 58% from ¥62.819 billion at the end of FY12/2024 (short-term borrowings of ¥1.5 billion, current portion of long-term borrowings of ¥1.084 billion, long-term borrowings of ¥60.234 billion) to ¥99.547 billion at the end of FY12/2025 Q3 (short-term borrowings of ¥1.280 billion, current portion of long-term borrowings of ¥1.458 billion, long-term borrowings of ¥89.159 billion, non-recourse long-term borrowings of ¥7.650 billion). This may have led to a larger than expected increase in interest expenses.

Net Profit is Expected to Increase Due to Extraordinary Income in Q4

About extraordinary income and expenses, due to the impact of the liquidation of the Australian subsidiary, there was no longer a ¥350 million reductions in corporate taxes, etc., as occurred in the previous period, but an extraordinary income of ¥620 million was recorded (already recorded in the FY12/2025 H1 financial results). This will be supplemented by two special gains in Q4.

One is the receipt of settlement funds from the acceptance of the settlement proposal with BALM (formerly Big Motor), which is expected to result in an extraordinary profit of ¥906 million being recorded in Q4.

The other is the sale of fixed assets, which is being carried out as part of the reshuffling of the asset portfolio following the sudden increase in purchases in Q3, and a gain on sale of ¥1.586 billion is expected to be recorded in Q4. Fixed assets are not the sale of existing assets, but rather some purchases made during normal business are classified as fixed assets for accounting purposes; and when they are sold, they are not reflected in net sales or operating profit but are instead recorded as extraordinary income/losses.

The company forecasts a decrease in ordinary profit, but a 16.6% increase in profit attributable to owners of parent compared to the previous fiscal year, due to the planned recognition of these extraordinary income.

FY12/2025: Increased Dividend Payment Due to Commemorative Dividend to be Paid

Following an upward revision of its FY12/2025 company forecast, the company has raised its forecast DPS for FY12/2025 to ¥110 (interim ¥50, year-end ¥60). This includes a commemorative dividend of ¥10 to celebrate the 25th anniversary of the company's founding, on top of the pre-revision DPS of ¥100 (interim ¥50, year-end ¥50). This represents an increase of ¥25 from the previous fiscal year 's actual DPS of ¥85 (interim ¥42.5, year-end ¥42.5).

Payout ratio was 25.4% in FY12/2024 but is expected to be 32% in FY12/2025, with the company's policy being to increase dividends in line with profit growth (progressive dividend).

5. Stock Price Trends

To see how the company's stock price will trend from January 2024 onwards, Figure 8 compares the stock price trends of major real estate finance companies and the TOPIX (Tokyo Stock Price Index) when the stock price at the end of 2023 is set to 100 (the stock price at the end of December 2023 is set to 100).

The Stock Price Has Been Well Below TOPIX, Since the Large-Scale Financing in July 2024

Since the disclosure of a large public offering of new shares on July 11, 2024, the company's relative stock price has remained significantly lower than TOPIX.

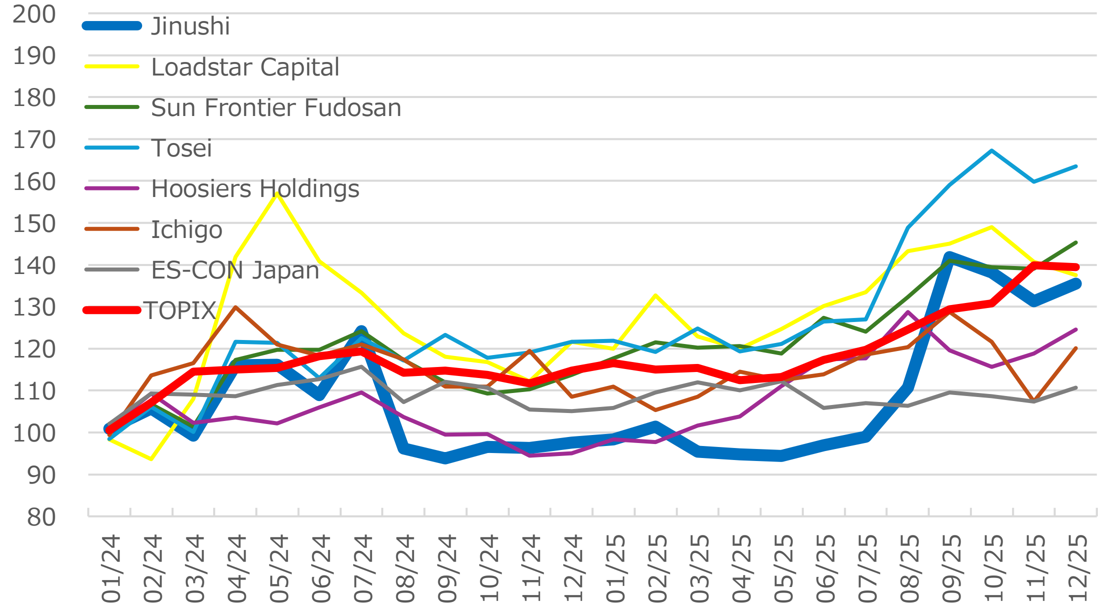
The fundraising in July 2024 was a sign of the company's confidence in its strategy to expand purchases and future growth. It also secured sufficient funds to expand purchases for future growth. However, investors' concerns about the possibility of another capital increase to acquire funds for purchases could not be completely dispelled. Also, due to a business structure in which flow revenue accounts for most of the revenue, the company's confidence in growth was not immediately reflected in its performance figures. These we presume are the reasons why the relative stock price continued to fall below TOPIX.

The Stock Price Rose Sharply After a Rapid Increase in Purchases Was Confirmed

However, when the company announced its interim financial results in August 2025, the stock price rose sharply, reaching a new record high since its listing, due to the recognition that purchases in July 2025 had increased sharply and that this was based on the company's growth strategy and not a temporary phenomenon. One could also say that the company's confidence in its future growth is now reflected in its stock price.

Currently, the company's PER is 8.5x and its PBR is 1.3x, which is about average for the comparable firms. The companies with higher PBRs than the company are Tosei (8923 TSE Prime) and Ichigo (2337 TSE Prime); while Loadstar Capital (3482 TSE Prime), Tosei, and Ichigo have higher PER levels.

Figure 8. Stock Price Trends of Real Estate Finance Companies (End of 2023 = 100)



Source: Strategy Advisors

Figure 9. Comparison with Other Real Estate Finance Companies

Company Name	Code	FY	Sales (¥mn)	Net Profit (¥mn)	Net Profit Margin (%)	ROE (%)	ROIC (%)
JINUSHI	**3252**	**12/2024**	**57,068**	**6,087**	**10.7**	**16.0**	**6.5**
Loadstar Capital	3482	12/2024	34,421	6,871	20.0	30.6	11.0
Sun Frontier Fudosan	8934	03/2025	103,174	14,163	13.7	14.7	8.0
Tosei	8923	11/2024	82,192	11,985	14.6	13.9	5.4
Hoosiers Holdings	3284	03/2025	92,153	5,462	5.9	13.5	4.5
Ichigo	2337	02/2025	83,576	15,187	18.2	14.0	2.7
ES-CON Japan	8892	03/2025	113,603	11,193	9.9	14.8	3.9

Company Name	Code	Net D/E Ratio (x)	DCR (%)	Equity Ratio (%)
JINUSHI	**3252**	**0.87**	**149.6**	**38.6**
Loadstar Capital	3482	1.95	481.6	23.9
Sun Frontier Fudosan	8934	0.45	133.6	46.8
Tosei	8923	1.44	247.7	32.7
Hoosiers Holdings	3284	1.61	209.1	23.4
Ichigo	2337	1.79	108.5	27.5
ES-CON Japan	8892	3.68	224.2	17.2

Source: Company Data, Compiled by Strategy Advisors

Figure 10. Valuation Comparison with Peers

Company Name	Code	FY	Stock Price (Dec.5)	Market Cap. (¥mn)	PER (CoE, x)	PBR (Actual, x)	Dividend Yield (CoE, %)	ROE %
JINUSHI	**3252**	**12/2024**	**2,912**	**60,225**	**8.5**	**1.3**	**3.8**	**16.0**
Loadstar Capital	3482	12/2024	2,787	46,537	6.0	1.8	3.0	30.6
Sun Frontier Fudosan	8934	03/2025	2,313	112,258	7.2	1.1	3.3	14.7
Tosei	8923	11/2024	1,619	156,994	10.8	1.7	3.1	13.9
Hoosiers Holdings	3284	03/2025	1,270	51,945	7.5	1.1	5.8	13.5
Ichigo	2337	02/2025	398	164,489	10.4	1.5	2.9	14.0
ES-CON Japan	8892	03/2025	1,012	96,861	8.4	1.2	4.7	14.8

Note: The figures for Market cap. are calculated using the number of issued shares excl. treasury stock. JINUSHI's market cap. is calculated using the number of shares after financing.
Source: Company Data, Compiled by Strategy Advisors

Figure 11． Half-Year/Quarterly Performance Trends (¥mn)

FY	12/23		12/24		12/25
	1H	2H	1H	2H	1H
Consolidated Statements of Income					
Net Sales	10,373	21,224	44,929	12,139	39,816
Cost of Sales	7,580	13,518	35,518	8,156	33,298
Gross Profit	2,793	7,706	9,411	3,983	6,518
Gross Profit Margin	26.9%	36.3%	20.9%	32.8%	16.4%
SG&A Expenses	2,100	2,244	2,449	2,268	2,460
SG&A to Sales Ratio	20.2%	10.6%	5.5%	18.7%	6.2%
Operating Profit	693	5,461	6,962	1,715	4,057
Operating Profit Margin	6.7%	25.7%	15.5%	14.1%	10.2%
Non-Operating Income/Expenses	17	-453	137	-549	-882
Financial Balance	-177	-217	-181	-340	-366
Equity in Earnings/Losses of Affiliates	40	0	0	0	-29
Others	154	-236	318	-209	-487
Ordinary Profit	711	5,007	7,100	1,165	3,174
Ordinary Profit Margin	6.9%	23.6%	15.8%	9.6%	8.0%
Extraordinary Income/Losses	1,207	282	0	0	626
Pretax Profit	1,918	5,250	7,099	1,118	3,801
Total Income Taxes	700	1,730	1,856	267	1,016
(Corporate Tax Rate)	36.5%	33.0%	26.1%	23.9%	26.7%
Profit Attributable to Owners of Parent	1,193	3,516	5,242	845	2,780
Net Profit Margin	11.5%	16.6%	11.7%	7.0%	7.0%

FY	12/24				12/25		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Consolidated Statements of Income							
Net Sales	29,729	15,200	2,965	9,174	30,529	9,287	3,612
Cost of Sales	24,377	11,141	1,696	6,460	26,358	6,940	2,069
Gross Profit	5,352	4,059	1,269	2,714	4,171	2,347	1,543
Gross Profit Margin	18.0%	26.7%	42.8%	29.6%	13.7%	25.3%	42.7%
SG&A Expenses	1,225	1,224	1,018	1,250	1,223	1,237	1,307
SG&A to Sales Ratio	4.1%	8.1%	34.3%	13.6%	4.0%	13.3%	36.2%
Operating Profit	4,126	2,836	250	1,465	2,948	1,109	236
Operating Profit Margin	13.9%	18.7%	8.4%	16.0%	9.7%	11.9%	6.5%
Non-Operating Income/Expenses	165	-28	-705	156	-481	-401	-291
Financial Balance	-38	-143	-178	-162	-168	-198	-297
Equity in Earnings/Losses of Affiliates	0	0	0	0	-21	-8	-13
Others	203	115	-527	318	-292	-195	19
Ordinary Profit	4,292	2,808	-455	1,620	2,467	707	-53
Ordinary Profit Margin	14.4%	18.5%	-15.3%	17.7%	8.1%	7.6%	-1.5%
Extraordinary Income/Losses	0	0	0	0	170	456	0
Pretax Profit	4,292	2,807	-494	1,612	2,637	1,164	-53
Total Income Taxes	1,531	325	-114	381	825	191	-79
(Corporate Tax Rate)	35.7%	11.6%	-	23.6%	31.3%	16.4%	-
Profit Attributable to Owners of Parent	2,758	2,484	-382	1,227	1,809	971	-16
Net Profit Margin	9.3%	16.3%	-12.9%	13.4%	5.9%	10.5%	-0.4%

Source: Company Data, Compiled by Strategy Advisors

Figure 12. Income Statements (Full-Year Basis, ¥mn)

FY	3/19	3/20	12/20	12/21	12/22	12/23	12/24	12/25 (CE)
Sales	39,834	74,187	29,887	56,177	49,887	31,597	57,068	76,000
Cost of Sales	31,662	65,087	24,868	46,914	39,030	21,098	43,674	
Gross Profit	8,172	9,100	5,019	9,263	10,857	10,499	13,394	
Gross Profit Margin	20.5%	12.3%	16.8%	16.5%	21.8%	33.2%	23.5%	
o/w Flow Business	6,569	7,028	3,868	7,738	8,275	7,722	9,955	
o/w Stock Business	1,111	2,068	1,144	1,509	2,388	2,766	3,432	
o/w Other	491	3	6	15	194	10	7	
SG&A Expenses	3,725	3,856	2,599	3,788	4,446	4,344	4,717	
Operating Profit	4,447	5,245	2,420	5,475	6,411	6,154	8,677	8,700
Operating Profit Margin	11.2%	7.1%	8.1%	9.7%	12.9%	19.5%	15.2%	11.4%
Non-Operating Income	703	403	637	285	435	227	509	
Interest Income and Discount	27	12	7	5	17	51	134	
Equity in Profit of Affiliates	304	167	130	-	-	40	1	
Profit on Currency Exchange	88	80	-	138	296	84	350	
Others	284	144	500	142	122	52	24	
Non-Operating Expenses	822	1,049	900	758	903	663	921	
Interest Expense and Discount	613	729	392	457	598	445	655	
Equity In Losses of Affiliates	-	-	-	83	8	-	-	
Foreign Exchange Loss	-	-	377	-	-	-	-	
Financing Costs	167	272	120	212	267	186	197	
Others	42	48	11	6	30	32	69	
Ordinary Profit	4,328	4,599	2,157	5,002	5,943	5,718	8,265	7,000
Ordinary Profit Margin	10.9%	6.2%	7.2%	8.9%	11.9%	18.1%	14.5%	9.2%
Extraordinary Profit	333	130	-	-	-	1,489	-	
Extraordinary Losses	829	102	-	73	1,331	40	40	
Pretax Profit	3,831	4,628	2,157	4,927	4,612	7,168	8,217	
Income Taxes-Current	1,312	1,538	612	4,006	1,423	2,268	2,438	
Income Taxes-Deferred	-165	-87	-100	-2,203	-456	162	-315	
Total Income Taxes	1,146	1,451	512	1,803	967	2,430	2,123	
(Corporate Tax Rate)	29.9%	31.4%	23.7%	36.6%	21.0%	33.9%	25.8%	
Profit Attributable to Owners of Parent	2,685	3,177	1,645	3,124	3,641	4,709	6,087	7,100
Net Profit Margin	6.7%	4.3%	5.5%	5.6%	7.3%	14.9%	10.7%	9.3%
EPS (¥)	149.30	174.59	89.94	170.90	199.16	267.76	334.89	344.00
Investment in Tangible and Intangible Fixed Assets	338	197	2,954	14,142	500	723	477	
Depreciation and Amortization of Goodwill	166	116	72	148	148	206	211	
Cash Flow	2,851	3,293	1,717	3,272	3,789	4,915	6,298	
CFPS (¥)	159.6	182.5	93.9	178.9	207.2	268.8	383.0	
ROE	12.8%	14.0%	6.8%	11.9%	12.4%	15.1%	16.0%	
ROIC (Capital Invested)	4.2%	4.6%	2.8%	5.0%	7.5%	4.6%	6.5%	
ROIC (Business Assets)	5.9%	6.5%	4.4%	7.2%	10.3%	6.2%	8.1%	
Dividend (¥)	55.00	55.00	25.00	50.00	55.00	55.00	85.00	110.00
Average # of Shares During the Period (mn Shares)	17.0	18.0	18.0	18.0	18.0	17.0	18.0	
# of Shares at End of Period (mn Shares)	18.0	18.2	18.2	18.2	18.2	16.4	20.5	

Note: The figures for FY12/2020 are a nine-month period, due to a change in fiscal year end.
Source: Company Data, Compiled by Strategy Advisors

Figure 13. Balance Sheet (Full-Year Basis, ¥mn)

FY	3/19	3/20	12/20	12/21	12/22	12/23	12/24
Current Assets	**90,020**	**66,886**	**60,074**	**60,002**	**52,850**	**84,019**	**95,431**
Cash and Deposits	18,857	21,851	20,897	17,264	23,140	23,092	23,701
Accounts Receivable	99	147	198	205	273	330	356
Inventories	69,516	43,493	38,388	41,995	28,192	60,060	70,670
Other	1,548	1,395	591	538	1,245	537	704
Fixed Assets	**9,577**	**8,169**	**11,146**	**26,335**	**19,302**	**17,462**	**19,986**
Property, Plant and Equipment	456	522	3,437	17,488	16,803	14,859	15,133
o/w Land	4	4	2,884	16,994	16,066	13,971	14,336
Intangible Fixed Assets	9	14	55	225	116	49	41
Investments and Other	9,112	7,633	7,654	8,621	2,382	2,553	4,811
Investments in Securities	1,520	300	293	581	319	343	3,199
Allowance for Doubtful Accounts	-213	-89	-89	-88	-88	-84	0
Other	7,805	7,422	7,450	8,128	2,151	2,294	1,612
Total Assets	**99,597**	**75,055**	**71,220**	**86,337**	**72,153**	**101,482**	**115,417**
Current Liabilities	**11,876**	**7,854**	**5,400**	**13,999**	**4,583**	**7,483**	**7,790**
Trade Debt	102	225	187	112	103	110	348
Accounts Payable and Accrued Expenses	501	443	459	581	754	451	365
Interest-Bearing Debt	8,505	3,890	2,863	7,061	1,875	2,359	2,609
Short-Term Debt	4,968	1,099	797	1,126	0	1,440	1,525
Current Portion of L-Term Debt	3,537	2,791	2,066	5,935	1,875	919	1,084
Accrued Income Taxes	920	1,524	5	3,753	232	2,202	1,498
Deferred Tax Liabilities	1,848	1,772	1,886	2,492	1,619	2,361	2,970
Fixed Liabilities	**66,109**	**43,330**	**40,979**	**44,555**	**36,610**	**62,496**	**62,826**
Interest-Bearing Debt	65,258	42,674	40,437	42,749	35,288	60,414	60,286
Allowance for Retirement Benefits/Payroll	43	0	0	0	0	0	0
Deferred Tax Liabilities	539	448	234	1,000	398	587	324
Others	269	208	308	806	924	1,495	2,216
Net Assets	**21,612**	**23,871**	**24,841**	**27,781**	**30,960**	**31,501**	**44,800**
Shareholders' Equity	22,220	24,702	25,341	28,009	30,736	30,940	43,960
Capital & Surplus	7,410	7,707	7,707	7,705	7,705	7,705	14,703
Retained Earnings	14,811	16,996	17,635	20,302	23,030	26,733	31,213
Treasury Stock	0	0	0	0	0	-3,499	-1,957
Accumulated Other	-629	-832	-500	-227	169	424	606
Comprehensive Income	20	0	0	0	0	0	0
Subscription Warrant	0	0	0	0	54	136	233
Noncontrolling Interest	**99,597**	**75,055**	**71,220**	**86,337**	**72,153**	**101,482**	**115,417**
Total Liabilities and Net Assets	73,762	46,564	43,300	49,810	37,163	62,773	62,895
Interest-Bearing Debt	21.7%	31.8%	34.9%	32.2%	42.8%	30.9%	38.6%
Capital Adequacy Ratio	3.41	1.95	1.74	1.79	1.20	2.00	1.41

Note: The figures for FY12/2020 are a nine-month period, due to a change in fiscal year end.
Source: Company Data, Compiled by Strategy Advisors

Figure 14. Cash Flow Statement (Full-Year Basis, ¥mn)

FY	3/19	3/20	12/20	12/21	12/22	12/23	12/24
Cash Flows from Operating Activities							
Profit before Income Taxes	3,831	4,628	2,157	4,927	4,612	7,168	8,217
Depreciation and Amortization	166	116	72	148	148	206	211
Equity in Earnings (Losses) of Affiliated Companies	5	93	-3	378	6,669	-59	-1
Working Capital	-28,770	26,023	2,504	5,277	13,387	-32,210	-10,232
Income Taxes Paid	-1,411	-950	-2,090	-377	-5,426	373	-3,198
Other	-1,842	-229	930	1,020	603	-690	674
Total Amount	-28,021	29,681	3,570	11,373	19,993	-25,212	-4,329
Cash Flows from Investing Activities							
Purchases of Property, Plant and Equipment	-324	-144	-56	-13,373	-379	3,487	-396
Payments for or Acquisition of Intangible Assets	-	-	-	-	-	-1	-12
Other	317	1,305	-43	-4,140	223	205	-1,661
Total Amount	-7	1,161	-99	-17,513	-156	3,691	-2,069
Cash Flows from Financing Activities							
Net Increase (Decrease) in Short-Term Loans Payable	1,639	-3,869	-302	329	-930	1,440	60
Net Increase (Decrease) in Long-Term Debt	31,665	-23,232	-3,116	2,521	-12,128	24,160	94
Issuance of Shares	204	290	-	-	-	-	8,279
Payments for Purchase of Treasury Stock	-	-	-	-	-	-3,499	1,454
Dividends Paid	-982	-992	-1,004	-458	-913	-1,005	-1,606
Other	-14	-17	-20	-29	-4	16	-1,406
Total Amount	32,512	-27,820	-4,442	2,363	-13,975	21,112	6,875
Effect of Exchange Rate Changes on Cash	-136	-28	18	57	99	16	267
Cash Increase/Decrease	4,348	2,994	-953	-3,718	5,960	-392	744
Cash Beginning Balance	14,509	18,857	21,851	20,897	17,178	23,140	22,747
Cash Ending Balance	18,857	21,851	20,897	17,178	23,140	22,747	23,492

Note: The figures for FY12/2020 are a 9-month period, due to a change in fiscal year end.
Source: Company Data, Compiled by Strategy Advisors

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