Company Report
September 4, 2025

Strategy Advisors Inc.
Keita Fujino

Interim Results Show YoY Declines in Revenue and Profit, but a Sharp Increase in Purchases in July 2025 Has Been Confirmed, Boosting the Company's Confidence in Exceeding Full-Year Targets and Achieving Future Performance Growth

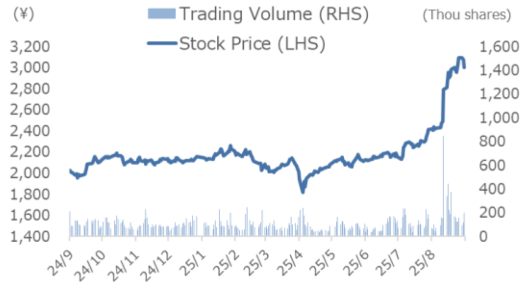
JINUSHI's (hereinafter, the Company) FY12/2025 interim (hereinafter, H1) financial results showed that net sales were down 11.4% YoY due to fewer sales of real estate for sale in the second quarter. Furthermore, gross profit margins also fell due to the sale of a low-margin real estate warehousing scheme in the first quarter, resulting in a 41.7% decrease in operating profit and a 47.0% decrease in profit attributable to owners of parent. Progress against the unchanged initial full-year plan was not high, with net sales at 56.9% and profit attributable to owners of parent at 45.6%, but the Company disclosed that "this fiscal year, we plan to record profits mainly in the second half", and that progress is in line with expectations.

One surprise at the announcement of the H1 financial results was the sudden increase in purchases in July 2025. Purchases from January to July 2025 reached ¥70 billion, already exceeding the ¥59.9 billion recorded forFY12/2024. This surge in purchases is the result of the company's strategy of increasing proposals for sale and leaseback, and the company believes that this increase in purchases is not a temporary phenomenon but rather indicates that similar demand will continue to grow in the future.

The company's relative stock price has been significantly behind TOPIX since it implemented a large-scale financing in July 2024. The implementation of the financing in July 2024 was driven by the company's growing confidence in favorable purchases that would lead to future performance, but the rise in stock prices following the sharp increase in purchases in July 2025 is thought to mean that the market has come to trust the company's confidence in its business expansion scenario.

Valuation has risen due to the recent rise in stock price. However, compared to seven other companies in the same industry, including the Company, the Company is still in the middle of the pack, and if the steady expansion of business based on the Company's growth strategy becomes widespread, it is expected that this could lead to further rise in stock price.

Stock Price and Trading Volume (1 Year)



Source: Strategy Advisors

Key Indicators

Stock Price (9/3/25)	3,000
52-Week High (9/1/25)	3,095
52-Week Low (4/7/25)	1,815
All-Time High (9/1/25)	3,095
All-Time Low (4/3/20)	1,121
Shares on Issue (mn)	21.6
Market Capitalization (¥bn)	64.7
EV (¥bn)	104.1
Equity Ratio (FY12/24, %)	38.6
ROE (FY12/24, %)	16.0
PER (FY12/25 CoE, x)	10.2
PBR (FY12/24 Actual, x)	1.4
Dividend Yield (FY12/25 CoE, %)	3.3

Source: Strategy Advisors

Japanese GAAP - Consolidated

FY	Sales (¥mn)	YoY (%)	Operating Profit (¥mn)	YoY (%)	Ordinary Profit (¥mn)	YoY (%)	Net Profit (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
FY12/2024 H1	44,929	333.1	6,962	903.6	7,100	898.2	5,242	339.3	318.2	-
FY12/2025 H1	39,816	-11.4	4,057	-41.7	3,174	-55.3	2,780	-47.0	135.0	-
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	70,000	22.7	9,500	9.5	8,000	-3.2	6,100	0.2	295.5	100.0

Note: The figures for FY12/2020 are a nine-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

Table of Contents

1. FY12/2025 H1 Financial Results

H1 Revenue and Profits Decreased YoY

In the interim period (hereinafter referred to as H1) of FY12/2025, net sales were down 11.4% YoY to ¥39.81 billion, operating profit was down 41.7% to ¥4.05 billion, and interim profit attributable to owners of parent was down 47.0% to ¥2.78 billion. The progress rates for the full fiscal year of FY12/2025 were 56.9%, 42.7%, and 45.6%, respectively.

Figure 1. JINUSHI FY12/2025 H1 Financial Results Summary

(¥mn)	FY12/2025 H1 (A)	YoY	Progress (A)÷(B)	FY12/2025 CoE (B)
Net Sales	**39,816**	-11.4%	56.9%	70,000
Operating Profit	**4,057**	-41.7%	42.7%	9,500
Ordinary Profit	**3,174**	-55.3%	39.7%	8,000
Profit Attributable to Owners of Parent	**2,780**	-47.0%	45.6%	6,100

Source: Company data, compiled by Strategy Advisors

Q2 Revenues Decreased YoY Due to Fewer Sales Deals

The decline in revenue was due to the fact that there were not many sales deals in the three months of the second quarter (hereinafter, Q2). Property sales in response to JINUSHI REIT's ninth capital increase in January 2025 appear to be progressing smoothly, but one factor that could be cited is the lack of large-scale deals similar to the real estate warehousing schemes seen in the first quarter (hereinafter, Q1). However, the company disclosed from the beginning of the fiscal year that it "plans to record profits mainly in the second half of this fiscal year," and the decline in revenue as of H1 was likely within the company's expectations.

Gross Profit Margin Decreased 4.5% YoY

Gross profit decreased 30.7% YoY to ¥6.51 billion, and gross profit margin decreased 4.5 percentage points to 16.4%.

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.

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 H1, flow business revenue accounted for 73.7%, down from 81.8% in FY12/2024 H1. This shift underscores that the margin decline was driven not by a change in segment mix, but by decline in the flow business margin itself.

The Decline in Gross Profit Margin of Flow Business Revenue Was Largely Due to a Real Estate

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.

Warehousing Scheme in Q1

Flow Business's gross profit margin for H1 was 12.7%, down 5.2 percentage points YoY. The gross profit margin for Q1 alone was 10.9%, which was impacted by the large number of sales of real estate warehousing schemes in Q1.

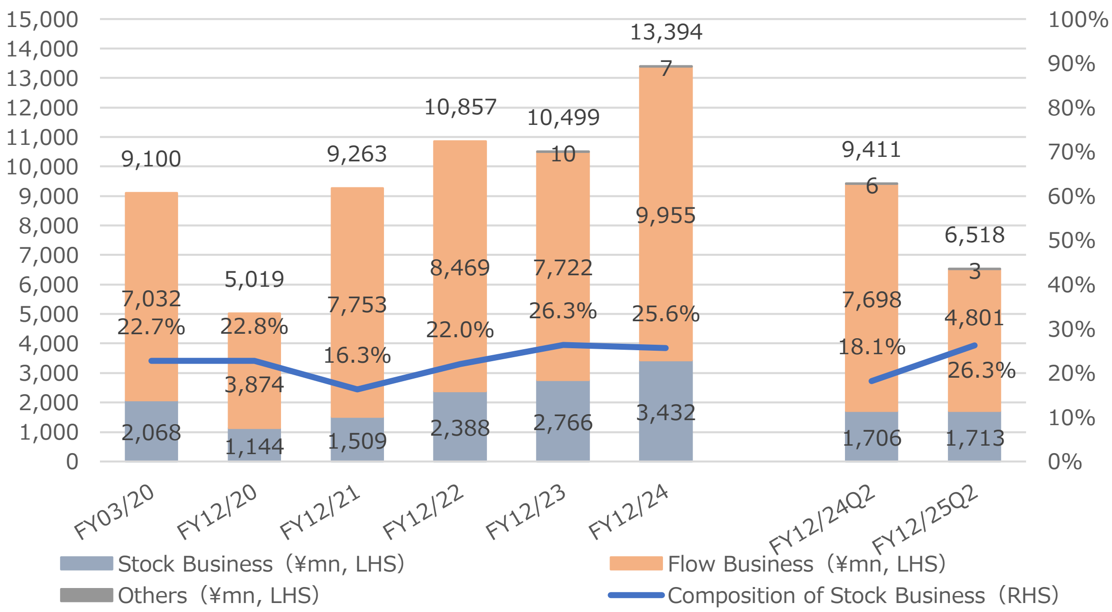
Projects using “real estate warehousing schemes” are one of the functions of sponsor support for JINUSHI REIT, in which properties that would normally be acquired directly by JINUSHI REIT from a third party are acquired by the company in advance and subsequently sold to JINUSHI REIT to optimize acquisition timing for JINUSHI REIT. Projects using “real estate warehousing schemes” generally have low gross profit margins at the time of sale, resulting in lower gross profit margins on flow business revenues.

The sale of the real estate warehousing scheme is proceeding as planned for the company, and the company expects profit margins to rise towards the second half of FY12/2025.

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 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.

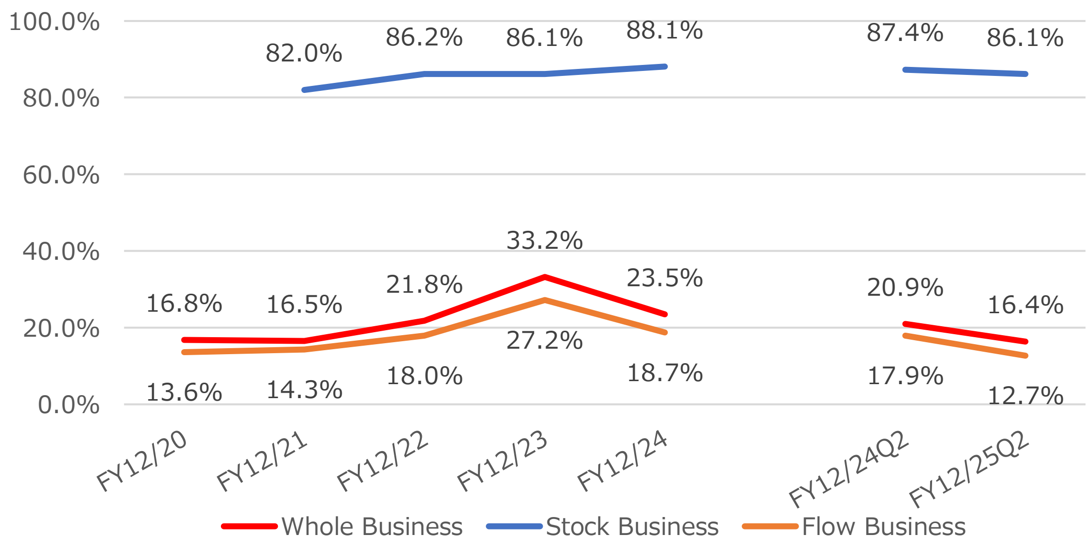
Figure 2. Trends in Gross Profit by Business Type (¥mn)



Note: The figures for FY12/2020 are a nine-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



Note: The figures for FY12/2020 are a nine-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

Operating Profit Margin Was in Line with Expectations

Selling, general and administrative expenses (hereinafter referred to as SG&A expenses) increased 0.5% YoY to ¥2.46 billion, but due to the decrease in sales, the sales to SG&A expense ratio increased 0.7 percentage points YoY to 6.2%.

As a result, the decline in gross profit margin and the increase in net sales SG&A expenses ratio combined to cause the operating profit margin to fall 5.3 percentage points YoY to 10.2%. As the decline in gross profit margin due to the sale of the real estate warehousing scheme was expected from the beginning of the period, this is considered to be in line with expectations.

Although Profit Attributable to Owners of Parent Is Also Expected to Decrease, Profits Are Expected to Be Recorded Mainly in the H2 of the Current Fiscal Year

In non-operating income, a foreign exchange loss of ¥350 million was recorded due to a loan to a US subsidiary (compared to a foreign exchange gain of ¥410 million in FY12/2024 H1). In addition, an extraordinary profit of ¥620 million was recorded as a gain on the liquidation of an Australian affiliate (New Real Property) (there was no extraordinary profit in FY12/2024 H1). Including these, profit attributable to owners of parent decreased 47.0% YoY, and the net profit margin fell 4.7 percentage points YoY to 7.0%.

The company will refine its sales plan throughout the year to strike an optimal balance between maximizing revenues from individual projects and maintaining financial prudence. It continues to expect the majority of FY12/2025 profits to be realized in the second half, driven by a return to higher-margin sales transactions and the ongoing contribution of stable stock-business revenues. The company said that H1 results were 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 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) Status of Purchases

Considering the Balance of the Portfolio, the company Has Strategically Restricted Purchases in Certain Industries Since the H2 of the Previous Year

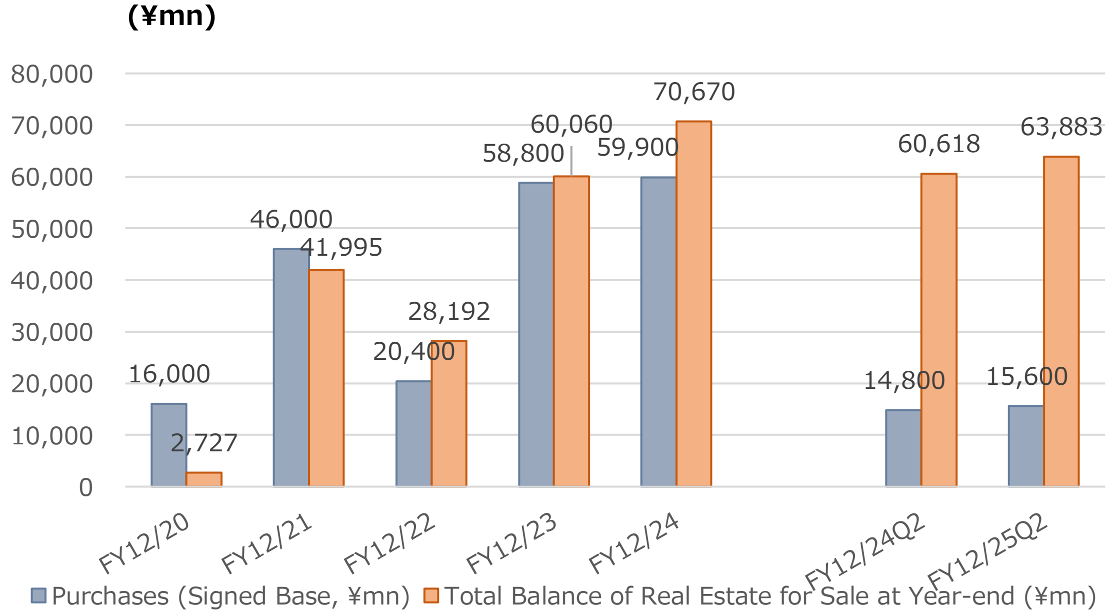
The purchases in H1 was 27 agreements, down 17 agreements YoY, and the purchase amount was ¥15.6 billion, up 5.4% YoY.

The reason for the decrease in the number of purchases was that, as funeral hall deals were on the rise, the company took into consideration the balance of its portfolio and strategically restrained purchases related to this industry from the second half. Because deals in this industry are small to begin with, the number of purchases decreased by 61.4% YoY, but the purchase amount actually increased by 5.4%.

The Balance of Real Estate for Sale Increased 5.4% YoY in Anticipation of Future Sales Growth

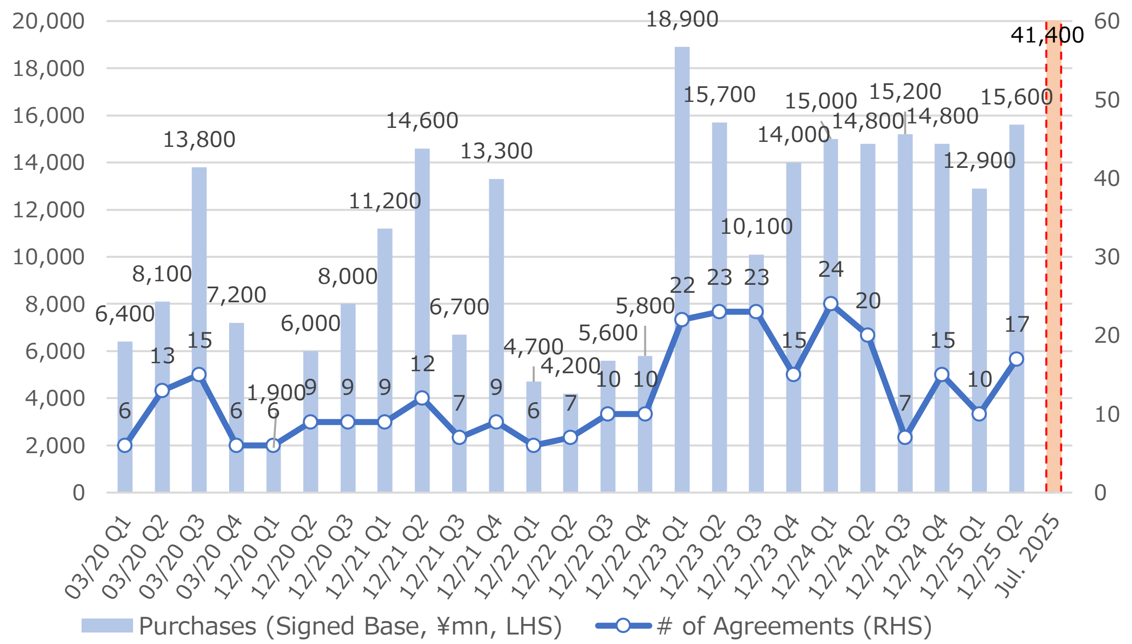
Furthermore, the balance of real estate for sales (on a booked basis) at the end of H1 was ¥63.88 billion, an increase of 5.4% from ¥60.61 billion at the end of the previous interim period and is steadily increasing in anticipation of future sales increases. Up until H1, it appears that no negative factors have arisen in the external environment surrounding purchases.

Figure 4. Changes in Purchase Amounts and Balance of Real Estate for Sale



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



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

Proposals for Sale and Leaseback, Which Are Areas of Focus from FY12/2023 Onwards

Since FY12/2023, the company has made strengthening proposals for sale and leaseback of land one of its growth strategies.

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. The company sees a potential market of approximately ¥45 trillion, and this is an area in which it has high expectations. As of H1 FY12/2025, the company had accumulated a total of 29 purchases, totaling ¥80.3 billion. However, as discussed below, there has been a sharp increase in purchases related to proposals for sale and leaseback since July, suggesting that demand is on the rise.

Specific Examples of Proposals for Sale and Leaseback

The company introduces the following three recent cases related to proposals for sale and leaseback. While some of the cases are slightly different from typical proposals for sale and leaseback,

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)

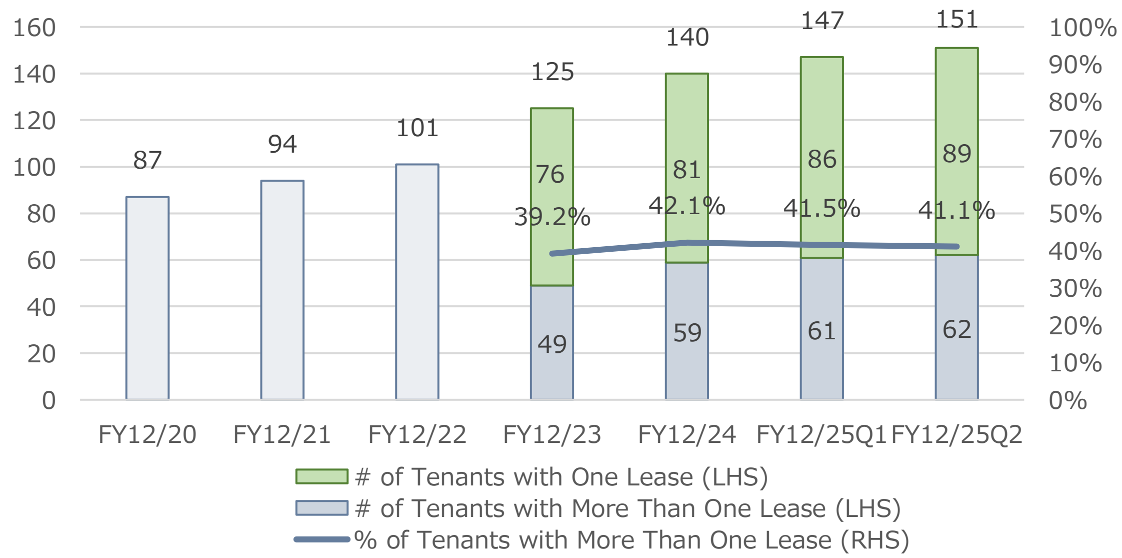
3) Formation of an SPC (58.1% investment by the company) with the Yomiuri Shimbun Group and Seibu Group, with the land portion of the existing commercial facility" Tocotoco Square" in Tokorozawa as an asset (total purchases of over ¥11 billion)

2) Trends of Tenants Who Are Leasing Land

The Number of Tenants at the End of H1 Increased by 11, versus the End of FY12/2024, Totaling 151 Companies.

The number of tenants with long-term fixed-term lease agreements with the company increased by 11 companies from the end of FY12/2024 and reaching 151 at the end of H1. The company's tenants include supermarkets, which accounted for 28 of the 151 tenants at the end of H1, then followed by drug stores (13), automobile dealers (11), restaurants (10), funeral halls (9), factories & warehouses (9), home improvement stores (8) and hotels (8). 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 nine-month period, due to a change in fiscal year end
Source: Company data, compiled by Strategy Advisors

3) Sales Trends

In this way, 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 the first half of FY12/2025, the company had accumulated a total of 456 development projects totaling approximately ¥567.2 billion. The top tenant industries in its development track record are often retail, but even in supermarkets, which account for the largest number, only about 24 %. 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 44%, 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 FY3/2017, including the bridge scheme, is 67.8%. 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 from land purchase to sale at around one to one and a half years.

3. Recent Trends of JINUSHI REIT

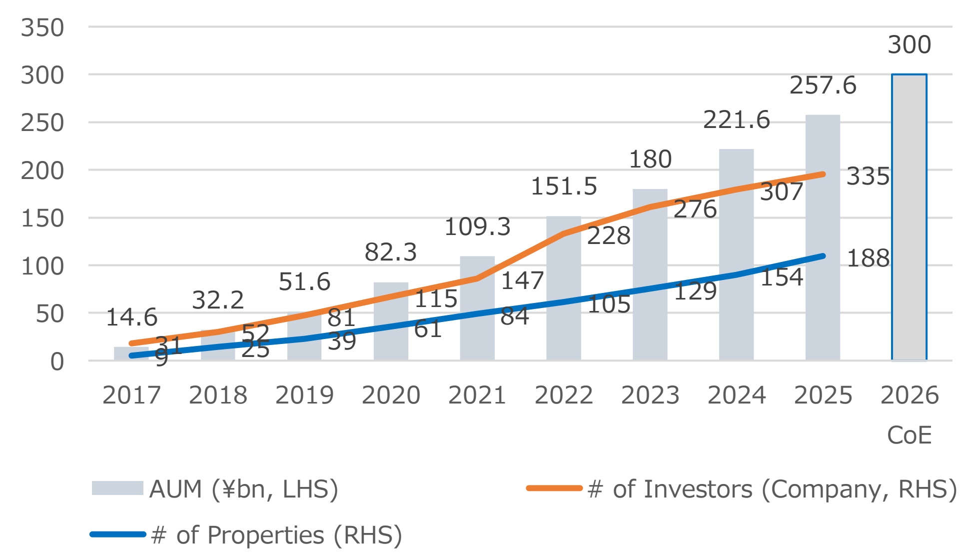
Low-Risk and Low-Volatility JINUSHI REIT

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 30% and an annual dividend yield of around 4.0 %. The fixed debt ratio is 100%, and the average remaining loan term is 4.6 years.

JINUSHI REIT's AUM Reached ¥257.6 billion by 9th capital increase 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 ¥257.6 billion as of January 9, 2025, after the completion of the 9th offering, and is expected to increase to ¥300 billion during FY12/2026.

Figure 7. Changes in JINUSHI REIT's Asset Size



Source: Company data, compiled by Strategy Advisors

JINUSHI REIT's Portfolio Is Highly Concentrated 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 stores and drugstores.

4. FY12/2025 Business Outlook

FY12/2025 Company Plan Remains Unchanged, but Goal Is to Achieve Record High Net Profit

For FY12/2025, the company is forecasting net sales of ¥70.0bn (+22.7% YoY), operating profit of ¥9.5bn (+9.5 %), and profit attributable to owners of parent of ¥6.1bn (+0.2 %). As of the H1 financial results announcement, the full-year plan remained unchanged, but the company stated in its financial results briefing materials and financial results summary that it is "aiming to achieve record-high net profits." The company's previous record was a net profit of ¥6.437bn in FY03/2017, and this is likely a target that the company is keeping in mind.

Revenue Is Expected to Increase Based on the Balance of Real Estate for Sale at the Beginning of the Period

As shown in Figure 4, the balance of real estate for sale at the end of FY12/2024 increased by 17.7% compared to the end of the previous fiscal year, and the strong purchase situation from the previous fiscal year is expected to continue in FY12/2025, which is supporting the increase in revenue. The balance of real estate for sale as of the end of H1 FY12/2025 increased by 5.4 % YoY.

The Company's Confidence in Achieving Its Plan

The trend in purchases will affect whether or not the company can achieve its plans for net sales and gross profit, but purchases have been increasing rapidly since July 2025, which is a major factor in the company's confidence in achieving its plans.

The number of contracted purchases increased 5.4% YoY to ¥15.6 billion in the January-June period of 2025 but surged to ¥70 billion in the January-July period of the same year. This amount is broken down into existing leased land of ¥4.9 billion, new development of ¥25.4 billion, and proposals for sale and leaseback of land of ¥39.6 billion, with proposals for sale and leaseback of land being the main factor behind the surge.

Proposals for sale and leaseback of land have long been one of the company's growth strategies, and 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, with a potential market of ¥45 trillion, 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.) for improvements in ROE and financial status. Therefore, the company believes that the full-scale demand related to proposals for sale and leaseback, etc., is not a passing fad, but will continue into the future.

Although Profit Margins Will Decline, Operating Profit Is Expected to Increase

Approximately 70% of the company's gross profit comes from its Flow Business, and purchases are determined based on various factors, such as the project's size, the time between purchase and sale, and the market price in the surrounding area. Therefore, gross profit margins are merely a result of the transaction, but looking ahead to projects scheduled for sale in FY12/2025, it appears that the company had anticipated a decline in gross profit margins from the beginning of the fiscal year compared to the previous fiscal year. In fact, as a result of the sale of a low-margin real estate warehousing scheme in Q1, the gross profit margin for Q1 remained low at 10.9%, compared to 12.7% for H1. It can be said that the company had already factored in a low Q1 gross profit margin from the beginning of the fiscal year.

The decline in gross profit margin is the main factor behind the forecast, and the operating profit margin for FY12/2025 is expected to fall 1.6 percentage points YoY to 13.6 %, although the company expects operating profit to increase due to an increase in gross profit amount.

The Reason for the Slight Increase in Net Profit Is That It Factors in the Impact of Foreign Exchange Gains and Losses, etc.

On the other hand, there are foreign exchange gains and losses related to loans to a US subsidiary, and the impact of exchange rate fluctuations is taken into consideration. The company's forecast assumes an exchange rate of ¥150 to the dollar for FY12/2025, compared with an actual exchange rate of ¥158 to the dollar for FY12/2024 (if the Yen weakens more than expected at the end of the period, a gain will occur). As a result, a foreign exchange gain of ¥350 million was recorded in FY12/2024, but a foreign exchange loss of ¥210 million is expected for FY12/2025.

In addition, due to the impact of the liquidation of the Australian subsidiary, the reduction in corporate tax of ¥350 million that occurred in the previous fiscal year will no longer occur, but extraordinary profits of around ¥500 million are expected to be recorded. As of H1 FY12/2025, extraordinary profits of ¥620 million have already been recorded.

These factors are the reason why profit attributable to owners of parent for FY12/2025 only increased slightly compared to the previous year.

5. Stock Price Trends

To see how the company's stock price has changed over the years, Figure 8 shows an index of the stock prices of major real estate finance companies and TOPIX (Tokyo Stock Exchange Stock Price Index) when the stock price at the end of 2023 is set at 100.

The Overall Stock Market Experienced Volatility in August 2024 and April 2025

From 2024 onwards, the Japanese stock market continued its upward trend led by large caps from the previous year, reaching its highest price since the start of the year in July 2024. It then began to decline, dropping sharply in August due to the sudden appreciation of the ¥, before rebounding and remaining in a stalemate. Then, in April 2025, US President Trump announced reciprocal tariffs, which suddenly increased uncertainty about the content and impact of the measures, causing stock prices to fluctuate wildly around the world.

Since 2024, JINUSHI Has Significantly Underperformed TOPIX Twice

During this process, the company's relative stock price fell significantly below TOPIX on two occasions.

The first was following the announcement of the FY12/2023 full-year financial results on February 13, 2024, when revenue and profits for FY12/2023 were down YoY, and the view that achieving the FY12/2024 company plan was a high hurdle became increasingly apparent. The stock price then began to rise, and with the announcement of Q1 financial results in May 2024 confirming progress against the full-year plan, and Daiwa Securities beginning coverage of the company with a buy recommendation in June, the stock price began to rise, even exceeding TOPIX in some instances.

Since the Large-Scale Financing in July 2024, the Relative Stock Price Has Been Significantly Lower Than TOPIX

The second relative underperformance occurred on July 11, 2024, when the Company announced a significant public offering. The ensuing dilution drove the share price sharply lower, causing the stock to fall below TOPIX and remain depressed relative to the index thereafter.

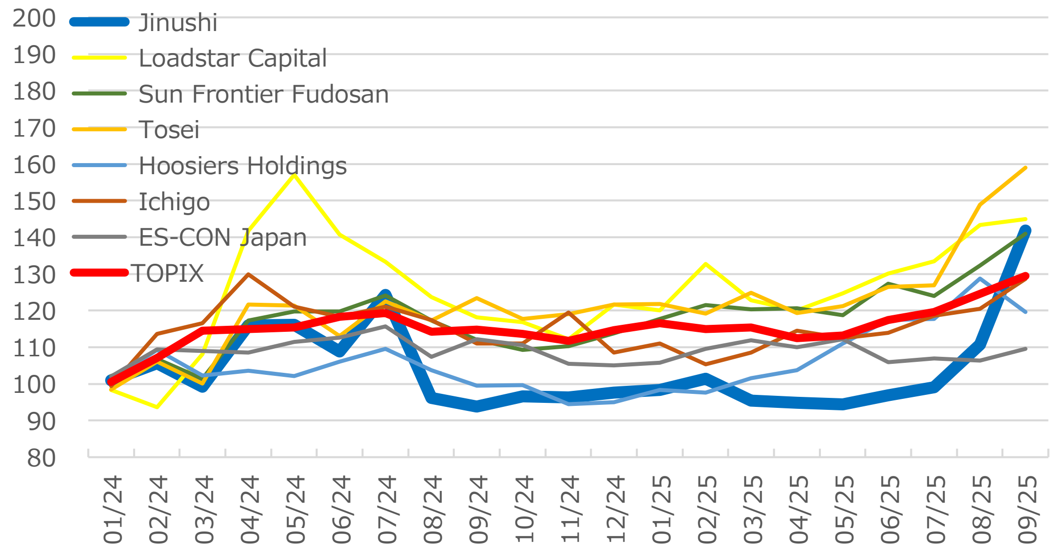
The company needs to continue expanding its purchases to grow its business, and this public offering has secured sufficient funds for future growth. Nevertheless, investors are concerned that the company may need to raise capital again to secure funds for purchases, which is thought to be one of the reasons why its relative stock price is below TOPIX. The fundraising in July 2024 is a sign of the company's confidence in expanding purchases and future growth, but due to its business structure in which flow revenue accounts for the majority of revenue, when looking at performance over a short quarterly period, it is surmised that the company's confidence in growth has not yet been reflected in its actual figures, which has had an impact.

The Recent Stock Price Has Risen Significantly Following a Surge in Purchases in July 2025

However, when the company released its H1 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 say that the company's confidence in its future growth is now being reflected in part in the stock price.

Due to the recent rise in stock price, the company's PER is now 10.2x and PBR is 1.4x, and valuation is also rising. Tosei (8923 TSE Prime) and Ichigo (2337 TSE Prime) have higher PER than the company, while Loadstar Capital (3482 TSE Prime), Tosei, and Ichigo have higher PBR than the company.

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 (Sep.3, ¥)	Market Cap. (¥mn)	PER (CoE, x)	PBR (Actual, x)	Dividend Yield (%)	ROE (%)
JINUSHI	**3252**	**12/2024**	**3,000**	**62,048**	**10.2**	**1.4**	**3.3**	**16.0**
Loadstar Capital	3482	12/2024	3,010	50,008	6.5	2.0	2.8	30.6
Sun Frontier Fudosan	8934	03/2025	2,299	111,479	7.2	1.1	3.3	14.7
Tosei	8923	11/2024	3,180	154,182	10.9	1.7	3.1	13.9
Hoosiers Holdings	3284	03/2025	1,318	46,857	7.2	1.1	5.6	13.5
Ichigo	2337	02/2025	430	180,439	11.3	1.7	2.7	14.0
ES-CON Japan	8892	03/2025	1,020	97,613	8.5	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 H1	12/23 H2	12/24 H1	12/24 H2	12/25 H1
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/Loss	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%

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

Source: Company data, compiled by Strategy Advisors

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

FY	3/19	3/20	12/20	12/21	12/22	12/23	12/24	12/25 CoE
Sales	39,834	74,187	29,887	56,177	49,887	31,597	57,068	70,000
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	9,500
Operating Profit Margin	11.2%	7.1%	8.1%	9.7%	12.9%	19.5%	15.2%	13.6%
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	8,000
Ordinary Profit Margin	10.9%	6.2%	7.2%	8.9%	11.9%	18.1%	14.5%	11.4%
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	6,100
Net Profit Margin	6.7%	4.3%	5.5%	5.6%	7.3%	14.9%	10.7%	8.7%
EPS (¥)	149.30	174.59	89.94	170.90	199.16	267.76	334.89	295.52
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	100.00
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 Trends (Full-Year Basis, ¥mn)

(¥mn)	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
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. Consolidated Statements of Cash Flows (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 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 nine-month period, due to a change in fiscal year end
Source: Company data, compiled by Strategy Advisors

Disclaimer

This report is published by Strategy Advisors Inc. (hereinafter referred to as the "Publisher ") and was prepared primarily by external partner companies and analysts.
The purpose of this report is to introduce and explain the target companies using a different approach than usual. In principle, the issuer does not review or approve the contents of the report (however, the issuer will point out to the author only if there are obvious errors or inappropriate expressions).
The Issuer may have received compensation, directly or indirectly, from the Target Company for planning, proposing and providing the infrastructure for issuing this report.
The external partners and analysts who write this report may receive compensation directly or indirectly from the subject company for activities other than preparing this report. In addition, the external partners and analysts who write this report may have or may in the future have transactions in the securities of the subject company.
This report has been prepared solely for the purpose of providing information to serve as a reference for investment decisions, and is not intended as a solicitation for securities or other transactions. Investors should make final decisions regarding securities and other transactions at their own discretion and responsibility.
In preparing this report, the authors received information through interviews with the target companies, etc. However, the hypotheses and opinions expressed in this report are not those of the target companies but are the result of the authors' analysis and evaluation.
This report is based on information that the author believes to be reliable, but does not guarantee its accuracy, completeness or timeliness. The views and forecasts contained in this report are the judgment of the author at the time of publication of this report and are subject to change without notice.
Neither the issuer nor the authors shall be liable for any direct, indirect, incidental or special damages which an investor may suffer as a result of placing reliance on the information or analysis contained in this report.

Strategy Advisors

Address: Central Building 703, 27-8 Ginza 1 - chome, Chuo-ku, Tokyo 104-0061