

Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2021

[Japanese GAAP]

Company name: JINUSHI Co., Ltd.

Listing: TSE/NSE, First Sections

Securities code: 3252

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

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Scheduled date of Annual General Meeting of Shareholders: March 24, 2022

Scheduled date of filing of Annual Securities Report: March 25, 2022

Scheduled date of payment of dividend: March 25, 2022

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021

(January 1, 2021 – December 31, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec. 31, 2021	56,177	-	5,475	-	5,002	-	3,124	-
Fiscal year ended Dec. 31, 2020	29,886	-	2,420	-	2,157	-	1,644	-

Note: Comprehensive income (million yen) Fiscal year ended Dec. 31, 2021: 3,397 (-%)

Fiscal year ended Dec. 31, 2020: 1,976 (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal year ended Dec. 31, 2021	170.90	-	11.9	6.4	9.7
Fiscal year ended Dec. 31, 2020	89.94	-	6.8	2.9	8.1

Reference: Equity in earnings of associates (million yen) Fiscal year ended Dec. 31, 2021: (83) Fiscal year ended Dec. 31, 2020: 130
 From the fiscal year ended December 31, 2020, JINUSHI Co., Ltd. (hereinafter, "the Company") has changed its financial closing date from March 31 to December 31 upon approval of the proposal: Partial Amendments to the Articles of Incorporation at the extraordinary meeting of shareholders held on December 24, 2020. The Company has also changed the financial closing date of its domestic subsidiaries from March 31 to December 31.

There are no year-on-year changes with the previous fiscal period because the fiscal year ended December 31, 2021 (January 1 to December 31, 2021) differs from the fiscal year ended December 31, 2020 (April 1 to December 31, 2020).

Please note that in the fiscal year ended Dec. 31, 2020, the consolidated accounting period of the Company's overseas subsidiaries with the financial closing date of December 31 is for 12 months starting on January 1 and ending on December 31, while that of the Company and its domestic subsidiaries is for nine months starting on April 1 and ending on December 31.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	86,337	27,781	32.2	1,519.30
As of Dec. 31, 2020	71,220	24,841	34.9	1,358.52

Reference: Shareholders' equity (million yen)

As of Dec. 31, 2021: 27,781

As of Dec. 31, 2020: 24,841

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Dec. 31, 2021	11,373	(17,513)	2,363	17,178
Fiscal year ended Dec. 31, 2020	3,569	(98)	(4,441)	20,897

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Dec. 31, 2020	-	0.00	-	25.00	25.00	457	27.8	1.9
Fiscal year ended Dec. 31, 2021	-	0.00	-	50.00	50.00	914	29.3	3.5
Fiscal year ending Dec. 31, 2022 (forecasts)	-	0.00	-	55.00	55.00		31.4	

Note: Breakdown of dividends for the fiscal year ending Dec. 31, 2022 (forecasts): Ordinary dividends: 50.00 yen; Commemorative dividends (for the new company name): 5.00 yen

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	57,000	1.5	5,900	7.8	5,200	3.9	3,200	2.4	175.00

Note: The Company has decided not to announce the first-half forecasts. For more details, please refer to “1. Overview of Results of Operations, (4) Outlook” on page 4 of the attachment.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

Newly added: -

Excluded: 1 (KG Land New York Corporation)

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

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

As of Dec. 31, 2021: 18,285,800 shares As of Dec. 31, 2020: 18,285,800 shares

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

As of Dec. 31, 2021: 141 shares As of Dec. 31, 2020: 141 shares

3) Average number of shares outstanding during the period

Fiscal year ended Dec. 31, 2021: 18,285,659 shares Fiscal year ended Dec. 31, 2020: 18,285,659 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021

(January 1, 2021 – December 31, 2021)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec. 31, 2021	45,446	-	4,790	-	4,335	-	2,835	-
Fiscal year ended Dec. 31, 2020	29,427	-	2,596	-	2,202	-	1,478	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Dec. 31, 2021	155.04	-
Fiscal year ended Dec. 31, 2020	80.87	-

Note: The fiscal year ended December 31, 2020 covers the period of nine months only from April 1, 2020 to December 31, 2020 as a transitional period for a change in the financial closing date. Therefore we have omitted the year-on-year changes in this material.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	78,121	22,550	28.9	1,233.25
As of Dec. 31, 2020	63,153	20,178	32.0	1,103.53

Reference: Shareholders' equity (million yen) As of Dec. 31, 2021: 22,550 As of Dec. 31, 2020: 20,178

The current financial report is not subject to the audit by an auditing firm.

Cautionary statement with respect to forward-looking statements, and other special items

- Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 4 of the attachments for assumptions for forecasts and notes of caution for usage.
- The Company plans to hold a financial results meeting for institutional investors and analysts on Monday, March 7, 2022. Materials to be distributed at this event will be available on the Company's website immediately thereafter.
- The company name was changed from Nippon Commercial Development Co., Ltd. to JINUSHI Co., Ltd. on January 10, 2022.

Change in presentation of monetary units

Amounts in the consolidated/non-consolidated financial statements and segment information, presented in “thousands of yen” in prior periods, are presented in “millions of yen” effective from the current fiscal year. The aforementioned amounts for the previous fiscal year are also restated in order to facilitate year-on-year comparisons.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Fiscal Year under Review

From the fiscal year ended December 31, 2020, JINUSHI Co., Ltd. (hereinafter “the Company”) has changed its financial closing date from March 31 to December 31 upon approval of the proposal: Partial Amendments to the Articles of Incorporation at the Extraordinary General Meeting of Shareholders held on December 24, 2020. The Company has also changed the financial closing date of its domestic subsidiaries from March 31 to December 31. Accordingly, the current fiscal year (January 1, 2021 to December 31, 2021) and the previous fiscal year (April 1, 2020 to December 31, 2020) are of different durations. Therefore, the year-on-year comparisons regarding operating results and cash flows have been omitted.

In 2021 (hereinafter, “the period under review”), the Japanese economy remained in a severe situation due to the prolonged declaration of a state of emergency caused by the COVID-19 infection, while there were some positive signs: personal consumption, corporate earnings, and economic activities among others showed signs of recovery due to the spread of the vaccinations against COVID-19. On the other hand, lockdowns were implemented in some other countries, and the supply of materials including semiconductors and electronic components was tightened internationally and logistics were disrupted, which left the overall outlook uncertain.

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

Please note that 80% of the tenants of our JINUSHI Business belong to the industry sectors (including the logistics industry) that deal in daily necessities such as supermarkets, home improvement stores, and drug stores. Such tenants are performing well even amid the pandemic.

Under these circumstances, the JINUSHI Group (hereinafter “the Group”) promoted the purchase of real estate for sale by, for example, acquiring all of the outstanding shares of Tsunoda Co., Ltd., which owns prime real estate, and making it a wholly-owned subsidiary in May 2021. In addition, the Group made a steady progress in sales to major leasing companies and others in accordance with the basic agreements to establish the comprehensive facility for trading involving real estate for sale (hereinafter “comprehensive facility for trading”), backed by the growing reputation among financial institutions and investors for the JINUSHI Business as a real estate investment method to generate stable profits over the long term without a risk of closure of tenants and decrease in rent even under the COVID-19 crisis.

Our financial strategy is formulated based on lessons learned from the financial crisis triggered by the collapse of Lehman Brothers. Specifically, we have obtained loans with long-term repayment periods of 5 to over 30 years as well as loans for development projects with no financial covenants and acceleration clauses (apart from scheduled repayments). Meantime, the Group’s cash and deposits on a consolidated basis at the end of the current fiscal year are 17,264 million yen as it has increased liquidity on hand, allowing us to remain consistently aggressive in purchasing land.

The Group expanded a long-term leasing business with the use of its own funds to earn a stable rental income through holding, rather than selling, a part of real estate investment products of JINUSHI Business. The balance of non-current assets (land) at the end of the fiscal year was 16,994 million yen on a consolidated basis. We have so far recorded most of our sales and profits through JINUSHI Business, which is our proprietary real estate investment method. This business is categorized into what is called a one-time-sale business model in which we develop and sell real estate investment financial products that enable our clients to gain a stable income over a long period of time without additional investment. We are confident for the further market expansion of land with leasehold interest, with the strong demand for our products due to the stable earnings over a long period of time as well as the resilience against natural disasters and market volatility. Nevertheless, at the same time, with the belief that we need to transition into a more stable business structure in preparation for unexpected changes in market environments in the future, we will promote to expand stable earnings and stabilize our business structure through a long-term holding of the real estate financial products of JINUSHI Business by using part of cash and deposits held by the Company.

As a result, the Group reported net sales for the period under review of 56,177 million yen, operating profit of

5,475 million yen, ordinary profit of 5,002 million yen, and profit attributable to owners of parent of 3,124 million yen.

The Company, JINUSHI Asset Management Co., Ltd. and JINUSHI Private REIT Investment Corporation (hereinafter “JINUSHI REIT”) are engaged in the Sponsor Support Agreement, in which the Company acts as the sponsor of JINUSHI REIT. The Company has resolved to sell three properties to JINUSHI REIT in accordance with the said agreement on January 7, 2022 with the aggregate sales price of 4,915 million yen.

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

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

Results by business segment were as follows:

- i) Real Estate Investment Business
The segment reported sales of 55,157 million yen with segment operating profit of 8,319 million yen.
- ii) Subleasing, Leasing and Fund Fee Business
The segment reported sales of 996 million yen with segment operating profit of 656 million yen.
- iii) Planning and Brokerage Business
The segment reported sales of 23 million yen with segment operating profit of 15 million yen.

(2) Overview of Financial Position for the Fiscal Year under Review

Assets, Liabilities and Net Assets

Total assets increased 15,116 million yen from the end of the previous fiscal year to 86,337 million yen at the end of the period under review. This increase was attributable mainly to increases of 3,607 million yen in real estate for sale as we made steady purchases while we proceeded with the sale of real estate for sale to major leasing companies and others, and 14,111 million yen in land under property, plant and equipment as a result of the land acquisition to promote the long-term leasing business.

Total liabilities increased 12,176 million yen from the end of the previous fiscal year to 58,555 million yen. This increase was attributable mainly to increases of 6,541 million yen in borrowings, 3,747 million yen in income taxes payable and 766 million yen in deferred tax liabilities as a result of purchases of real estate for sale.

Net assets increased 2,940 million yen from the end of the previous fiscal year to 27,781 million yen. This increase was attributable mainly to the booking of profit attributable to owners of parent of 3,124 million yen, which was partially offset by the distribution of dividends of surplus of 457 million yen.

Consequently, the equity ratio at the end of the period under review was 32.2%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review was 17,178 million yen. This result was mainly attributable to steady sale of real estate for sale to major leasing companies and the successful fund procurement from financial institutions for purchases of high-quality properties due to purchase of property, plant and equipment for long-term leasing.

The main changes in cash flow from operating, investing, and financing activities are described as below.

Cash flows from operating activities

Net cash provided by operating activities totaled 11,373 million yen. This cash inflow was caused mainly by the booking of profit before income taxes of 4,927 million yen and a 5,364 million yen decrease in real estate for sale.

Cash flows from investing activities

Net cash used in investing activities totaled 17,513 million yen in the fiscal year under review. This cash outflow was caused mainly by purchase of property, plant and equipment and shares of subsidiaries.

Cash flows from financing activities

Net cash provided by financing activities totaled 2,363 million yen in the fiscal year under review. This cash outflow was mainly attributable to the repayment of 35,078 million yen of long-term borrowings as a result of the sale of real estate for sale, which was partially offset by successful financing for new purchases of real estate for sale.

(4) Outlook

Outlook for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

Under our management philosophy, “Through our JINUSHI Business, we create safe real estate investment products and fulfill our part in protecting the assets of people throughout the world,” we are developing our business based on our basic strategy of the JINUSHI Business, a unique real estate investment method that is expected to generate stable earnings for an extended period of time without additional investment. We are striving to achieve high growth and increase corporate value to earn the trust of all stakeholders, by contributing to society by meeting the needs of institutional investors who invest their funds in real estate.

For the business environment surrounding the Group, there remains a cautious view on the outlook of the Japanese economy due to the current spread of the COVID-19 infection, a decrease in personal consumption, and the stagnated economic activities of certain companies.

In this management environment, the Group will continue to focus on purchasing real estate for sale mainly for the JINUSHI Business. Given that industries handling daily necessities have performed well amid the recent spread of COVID-19 infection, as a notable example of consumer spending trend, we will expand the market for land with leasehold interest by attracting supermarkets, home improvement stores, drug stores, and logistics facilities as tenants.

Furthermore, the Company has set a medium- to long-term goal of increasing the total assets of JINUSHI REIT to 300.0 billion yen or more. In line with the expansion of the asset scale of JINUSHI REIT, we will increase the asset management fees and property management fees to be received, thereby expanding recurring income.

In addition, we are striving to make our business structure more stable in preparation for unexpected changes in the future market environment. To this end, we will make use of our own funds to hold real estate financial products over the long term in the JINUSHI Business and expand the long-term leasing business to obtain stable rental revenue.

To expand the JINUSHI business overseas (particularly in the United States), we will continue to purchase real estate properties with close attention to the global economic trends.

As for financial strategy, we have been raising funds to prepare for fluctuations in the financial market with measures such as extending the loan period and eliminating financial covenants, and will continue to aim to build a strong financial structure. In addition, we will continue to manage our balance sheet by timely selling properties based on the comprehensive facility for trading with major leasing companies.

Based on the above, the Group forecasts consolidated sales of 57,000 million yen, operating profit of 5,900 million yen, ordinary profit of 5,200 million yen, and profit attributable to owners of parent of 3,200 million yen for the fiscal year ending December 31, 2022 (12 months from January 1, 2022 to December 31, 2022).

As per the results of market segment selection announced by Tokyo Stock Exchange, Inc. on January 11, 2022, the Company has been selected to transition to the Prime Market on April 4, 2022. We will continue to strive to comply with corporate governance and aim for medium- to long-term sustainable growth and enhancement of corporate value so that we can enjoy the ongoing support of our shareholders.

The basic policy is to consistently pay a stable dividend in order to distribute earnings to shareholders while increasing retained earnings in order to build an even stronger business foundation in terms of stability and a long-term perspective. We also place importance on paying a dividend that reflects the earning trend in each

fiscal year. Based on this basic policy, for the fiscal year that ended December 31, 2021, we plan to pay a year-end dividend of 50 yen per share subject to the resolution of the 22nd Annual General Meeting of Shareholders. For the fiscal year ending December 31, 2022, we plan to pay a year-end dividend of 55 yen, which includes a commemorative dividend of 5 yen for the new company name.

We refrain from announcing earnings forecast for the first half of the fiscal year ending December 31, 2022. The reason is that we have deals under negotiations and that the forecast figures will vary significantly depending on the timing of the closure of these deals and their contract prices.

For more details on the full-year earnings forecast for the fiscal year ending December 31, 2022, please refer to “Results of Operations for the Fiscal Year Ended December 31, 2021” (available on our website (*)), which is the supplementary materials for the Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2021.

We also disclosed our Medium-term Management Plan (2022–2026) on the same day as this document.

The planned figures for the fiscal year ending December 31, 2026 are as follows.

Net sales	100 billion yen
Profit	7 billion yen
Total assets of JINUSHI REIT	About 300 billion yen
ROE	About 13%
Equity ratio	30% or more

For more details on the Medium-term Management Plan (2022–2026), please refer to our website (*) <https://www.jinushi-jp.com/> (IR Information, IR News)

2. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with the financial data of our peer companies in Japan.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY12/20 (As of Dec. 31, 2020)	FY12/21 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	20,897	17,264
Trade accounts receivable	198	205
Real estate for sale	38,387	41,995
Advance payments-trade	371	169
Prepaid expenses	102	269
Other	116	97
Total current assets	60,074	60,002
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	390	364
Vehicles, tools, furniture and fixtures, net	60	54
Land	2,883	16,994
Leased assets, net	102	75
Total property, plant and equipment	3,436	17,488
Intangible assets		
Trademark right	2	3
Other	52	222
Total intangible assets	54	225
Investments and other assets		
Investment securities	293	581
Shares of subsidiaries and associates	6,175	6,465
Investments in capital of subsidiaries and associates	4	1
Investments in capital	505	676
Leasehold and guarantee deposits	497	623
Long-term prepaid expenses	91	98
Other	175	262
Allowance for doubtful accounts	(89)	(88)
Total investments and other assets	7,654	8,621
Total non-current assets	11,146	26,335
Total assets	71,220	86,337

(Millions of yen)

	FY12/20 (As of Dec. 31, 2020)	FY12/21 (As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Trade accounts payable	187	112
Short-term borrowings	797	1,126
Current portion of long-term borrowings	2,034	5,903
Accounts payable-other	383	506
Accrued expenses	75	75
Lease obligations	31	32
Income taxes payable	5	3,753
Accrued consumption taxes	4	53
Deposits received	113	114
Advances received	20	440
Unearned revenue	111	126
Current portion of guarantee deposits received	1,634	1,751
Other	1	2
Total current liabilities	5,400	13,999
Non-current liabilities		
Long-term borrowings	40,357	42,700
Long-term leasehold and guarantee deposits received	163	619
Lease obligations	79	49
Deferred tax liabilities	234	1,000
Provision for execution of assumption of debt	-	110
Other	143	75
Total non-current liabilities	40,978	44,555
Total liabilities	46,379	58,555
Net assets		
Shareholders' equity		
Share capital	3,048	3,048
Capital surplus	4,657	4,657
Retained earnings	17,634	20,302
Treasury shares	(0)	(0)
Total shareholders' equity	25,341	28,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32)	(38)
Foreign currency translation adjustment	(467)	(189)
Total accumulated other comprehensive income	(499)	(227)
Total net assets	24,841	27,781
Total liabilities and net assets	71,220	86,337

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Net sales	29,886	56,177
Cost of sales	24,867	46,913
Gross profit	5,019	9,263
Selling, general and administrative expenses	2,599	3,788
Operating profit	2,420	5,475
Non-operating income		
Interest income	1	0
Dividend income	0	0
Interest on securities	4	5
Share of profit of entities accounted for using equity method	130	-
Recoveries of written off receivables	381	0
Outsourcing service income	106	116
Foreign exchange gains	-	138
Other	12	23
Total non-operating income	636	285
Non-operating expenses		
Interest expenses	392	457
Financing expenses	120	212
Share of loss of entities accounted for using equity method	-	83
Foreign exchange losses	377	-
Other	9	5
Total non-operating expenses	899	758
Ordinary profit	2,157	5,002
Extraordinary losses		
Loss on liquidation of subsidiaries	-	73
Total extraordinary losses	-	73
Profit before distributions of profit or loss on silent partnerships and income taxes	2,157	4,928
Distributions of profit or loss on silent partnerships	0	0
Profit before income taxes	2,156	4,927
Income taxes-current	612	4,006
Income taxes-deferred	(99)	(2,203)
Total income taxes	512	1,802
Profit	1,644	3,124
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,644	3,124

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Profit	1,644	3,124
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	(5)
Foreign currency translation adjustment	336	278
Total other comprehensive income	331	272
Comprehensive income	1,976	3,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,976	3,397
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,048	4,657	16,995	(0)	24,702
Changes during period					
Dividends of surplus			(1,005)		(1,005)
Profit attributable to owners of parent			1,644		1,644
Net changes in items other than shareholders' equity					
Total changes during period	-	-	638	-	638
Balance at end of period	3,048	4,657	17,634	(0)	25,341

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(27)	(803)	(831)	23,870
Changes during period				
Dividends of surplus				(1,005)
Profit attributable to owners of parent				1,644
Net changes in items other than shareholders' equity	(4)	336	331	331
Total changes during period	(4)	336	331	970
Balance at end of period	(32)	(467)	(499)	24,841

FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,048	4,657	17,634	(0)	25,341
Changes during period					
Dividends of surplus			(457)		(457)
Profit attributable to owners of parent			3,124		3,124
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,667	-	2,667
Balance at end of period	3,048	4,657	20,302	(0)	28,009

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(32)	(467)	(499)	24,841
Changes during period				
Dividends of surplus				(457)
Profit attributable to owners of parent				3,124
Net changes in items other than shareholders' equity	(5)	278	272	272
Total changes during period	(5)	278	272	2,940
Balance at end of period	(38)	(189)	(227)	27,781

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,156	4,927
Depreciation	72	92
Amortization of goodwill	-	56
Share of loss (profit) of entities accounted for using equity method	(3)	378
Loss on liquidation of subsidiaries	-	73
Gain on bad debts recovered	(381)	(0)
Interest income	(1)	(0)
Dividend income	(0)	(0)
Interest income on securities	(4)	(5)
Interest expenses	392	457
Foreign exchange losses (gains)	306	43
Non-deductible consumption taxes	168	335
Decrease (increase) in trade receivables	(51)	(7)
Decrease (increase) in inventories	2,578	5,364
Increase (decrease) in trade payables	(23)	(80)
Decrease (increase) in advance payments-trade	753	139
Decrease (increase) in prepaid expenses	56	(165)
Increase (decrease) in accrued expenses	(22)	(23)
Increase (decrease) in accounts payable-other	(26)	91
Increase (decrease) in accrued consumption taxes	(20)	50
Increase (decrease) in deposits received	(82)	(0)
Increase (decrease) in advances received	(25)	420
Increase (decrease) in unearned revenue	14	(26)
Increase (decrease) in leasehold and guarantee deposits received	230	(19)
Other, net	(94)	112
Subtotal	5,991	12,212
Interest and dividends received	38	12
Interest paid	(369)	(473)
Income taxes paid	(2,090)	(377)
Net cash provided by (used in) operating activities	3,569	11,373
Cash flows from investing activities		
Decrease (increase) in time deposits	-	(85)
Purchase of property, plant and equipment	(55)	(13,373)
Payments of leasehold and guarantee deposits	(18)	(129)
Purchase of investments in unconsolidated subsidiaries	-	(299)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,134)
Payments for investments in capital	-	(171)
Purchase of investment securities	-	(303)
Other, net	(24)	(16)
Net cash provided by (used in) investing activities	(98)	(17,513)

(Millions of yen)

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(302)	329
Proceeds from long-term borrowings	21,465	37,599
Repayments of long-term borrowings	(24,581)	(35,078)
Repayments of lease obligations	(20)	(27)
Dividends paid	(1,003)	(458)
Other, net	-	0
Net cash provided by (used in) financing activities	(4,441)	2,363
Effect of exchange rate change on cash and cash equivalents	17	57
Net increase (decrease) in cash and cash equivalents	(953)	(3,718)
Cash and cash equivalents at beginning of period	21,850	20,897
Cash and cash equivalents at end of period	20,897	17,178

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Additional Information

Change of Holding Purpose

Due to the change of holding purposes, we transferred 750 million yen from real estates for sale to non-current assets (land).

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group is primarily engaged in the real estate business with three reportable segments: Real Estate Investment Business, Subleasing, Leasing and Fund Fee Business, and Planning and Brokerage Business.

The Real Estate Investment Business segment includes activities involving real estate investments.

The Subleasing, Leasing and Fund Fee Business segment includes activities involving subleasing, leasing and fund fees.

The Planning and Brokerage Business segment includes activities involving planning and brokerage services.

2. Calculation methods for net sales, profits or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are generally the same as those adopted for preparation of the consolidated financial statements.

Profits for reportable segments are operating profit figures.

Inter-segment sales and transfers between the segments are based on prevailing market prices.

3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal			
Net sales							
Sales to external customers	29,455	415	16	29,886	-	-	29,886
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	29,455	415	16	29,886	-	-	29,886
Segment profits (losses)	4,606	250	6	4,863	(0)	(2,442)	2,420
Segment assets	38,945	3,151	-	42,096	6,179	22,945	71,220
Other items							
Depreciation	15	-	-	15	0	56	72
Amortization of goodwill	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets (Note 4)	-	2,867	-	2,867	-	87	2,954

Notes: 1. The “Other” segment represents businesses not included in any reportable segments and includes the overseas PFI business.

2. The above adjustments are as follows:

To segment profits		(Millions of yen)
Corporate expenses *		(2,442)
Total		(2,442)

* Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

To segment assets		(Millions of yen)
Corporate assets *		22,945
Total		22,945

* Corporate assets mainly include assets which belong to administration department of the Company.

To depreciation and amortization		(Millions of yen)
Corporate expenses *		56
Total		56

* Corporate expenses mainly include expenses which belong to administration department of the Company that cannot be attributed to any reportable segments.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.

4. Increase in property, plant and equipment and intangible assets includes 2,867 million yen that was transferred from real estate for sale to property, plant and equipment due to the change of holding purpose.

FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal			
Net sales							
Sales to external customers	55,157	996	23	56,177	-	-	56,177
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	55,157	996	23	56,177	-	-	56,177
Segment profits (losses)	8,319	656	15	8,991	-	(3,516)	5,475
Segment assets	42,643	17,433	-	60,076	6,169	20,090	86,337
Other items							
Depreciation	9	-	-	9	-	83	92
Amortization of goodwill	56	-	-	56	-	-	56
Increase in property, plant and equipment and intangible assets (Note 4)	-	14,111	-	14,111	-	30	14,142

Notes: 1. The “Other” segment represents businesses not included in any reportable segments and includes the overseas PFI business.

2. The above adjustments are as follows:

To segment profits (Millions of yen)

Corporate expenses *	(3,516)
Total	(3,516)

* Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

To segment assets (Millions of yen)

Corporate assets *	20,090
Total	20,090

* Corporate assets mainly include assets which belong to administration department of the Company.

To depreciation and amortization (Millions of yen)

Corporate expenses *	83
Total	83

* Corporate expenses mainly include expenses which belong to administration department of the Company that cannot be attributed to any reportable segments.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.

4. Increase in property, plant and equipment and intangible assets includes 750 million yen that was transferred from real estate for sale to property, plant and equipment due to the change of holding purpose.

Related information

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

1. Information by product or service

This information is omitted because the same information is presented in “Segment information, 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment.”

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan exceeded 90% of net sales presented in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major client

(Millions of yen)

Company name	Net sales	Business segment
ML Estate Company, Limited	10,023	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business Planning and Brokerage Business
Fuyo General Lease Co., Ltd.	7,182	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business
Kyushu Leasing Service Co., Ltd.	4,014	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business

FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)

1. Information by product or service

This information is omitted because the same information is presented in “Segment information, 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment.”

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan exceeded 90% of net sales presented in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

(Millions of yen)

Company name	Net sales	Business segment
JINUSHI Private REIT Investment Corporation	13,161	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business
DREAM Private REIT Inc.	8,790	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business
SMFL MIRAI Partners Co., Ltd.	7,480	Real Estate Investment Business

Per Share Information

(Yen)

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Net assets per share	1,358.52	1,519.30
Net income per share	89.94	170.90

Notes: 1. Diluted net income per share as of the end of FY12/20 is omitted because there is no potentially dilutive share.

2. The basis for the calculation of net income per share and diluted net income per share is as follows.

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	1,644	3,124
Profit not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Millions of yen)	1,644	3,124
Average number of common shares outstanding during the period (Shares)	18,285,659	18,285,659

Subsequent Events

Important provision of collateral for assets

On February 4, 2022, the Company granted a mortgage on the following project assets.

(1) Reasons for the important provision of collateral for assets

The assets in question were acquired through joint bidding (co-ownership interests) and were not collateralized as of December 31, 2021. Subsequently, co-ownership division and subdivision registrations were completed as initially planned, and the assets will be offered as collateral to our financial institution.

(2) Collateralized properties (book value as of December 31, 2021)

Land 7,911 million yen

(3) Start date of collateral provision

From February 4, 2022

4. Non-consolidated Financial Statements

(1) Balance Sheet

	(Millions of yen)	
	FY12/20 (As of Dec. 31, 2020)	FY12/21 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	19,263	13,794
Trade accounts receivable	55	32
Real estate for sale	36,474	36,922
Advance payments-trade	308	169
Prepaid expenses	84	248
Other	318	221
Total current assets	56,506	51,389
Non-current assets		
Property, plant and equipment		
Buildings	341	320
Tools, furniture and fixtures	42	31
Land	2,883	16,994
Leased assets	95	69
Total property, plant and equipment	3,363	17,416
Intangible assets		
Trademark right	2	3
Software	49	51
Other	0	0
Total intangible assets	52	54
Investments and other assets		
Investment securities	291	578
Shares of subsidiaries and associates	365	5,160
Investments in capital of subsidiaries and associates	232	230
Investments in capital	505	505
Long-term loans receivable from subsidiaries and associates	1,297	2,038
Leasehold and guarantee deposits	367	494
Long-term prepaid expenses	89	97
Deferred tax assets	23	96
Other	59	57
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,231	9,260
Total non-current assets	6,647	26,732
Total assets	63,153	78,121

(Millions of yen)

	FY12/20 (As of Dec. 31, 2020)	FY12/21 (As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Trade accounts payable	182	98
Short-term borrowings	797	1,126
Current portion of long-term borrowings	2,034	8,017
Accounts payable-other	194	237
Accrued expenses	46	57
Lease obligations	30	31
Income taxes payable	0	1,218
Accrued consumption taxes	-	15
Deposits received	72	74
Advances received	20	85
Unearned revenue	96	102
Current portion of guarantee deposits received	1,617	1,452
Total current liabilities	5,091	12,517
Non-current liabilities		
Long-term borrowing	37,646	42,279
Long-term leasehold and guarantee received	163	619
Lease obligations	72	44
Allowance for debt assumption	-	110
Total non-current liabilities	37,883	43,053
Total liabilities	42,974	55,570
Net assets		
Shareholders' equity		
Share capital	3,048	3,048
Capital surplus		
Legal capital surplus	3,026	3,026
Total capital surpluses	3,026	3,026
Retained earnings		
Other retained earnings		
Retained earnings brought forward	14,136	16,513
Total retained earnings	14,136	16,513
Treasury shares	(0)	(0)
Total shareholders' equity	20,211	22,589
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(32)	(38)
Total valuation and translation adjustments	(32)	(38)
Total net assets	20,178	22,550
Total liabilities and net assets	63,153	78,121

(2) Statement of Income

(Millions of yen)

	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)	FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)
Net sales	29,427	45,446
Cost of sales	24,732	37,693
Gross profit	4,695	7,753
Selling, general and administrative expenses	2,098	2,963
Operating profit	2,596	4,790
Non-operating income		
Interest income	7	16
Dividend income	0	0
Interest on securities	4	5
Gain on investments in partnership	8	17
Commission income	1	15
Foreign exchange gains	-	27
Other	0	3
Total non-operating income	23	87
Non-operating expenses		
Interest expenses	283	326
Financing expenses	122	210
Foreign exchange gains	10	-
Other	0	4
Total non-operating expenses	417	541
Ordinary profit	2,202	4,335
Profit before income taxes	2,202	4,335
Income taxes-current	609	1,569
Income taxes-deferred	115	(68)
Total income taxes	724	1,500
Profit	1,478	2,835

(3) Statement of Changes in Equity

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning of period	3,048	3,026	3,026	13,663	13,663	(0)	19,738
Changes during period							
Dividends of surplus				(1,005)	(1,005)		(1,005)
Profit				1,478	1,478		1,478
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	472	472	-	472
Balance at end of period	3,048	3,026	3,026	14,136	14,136	(0)	20,211

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(28)	(28)	19,710
Changes during period			
Dividends of surplus			(1,005)
Profit			1,478
Net changes in items other than shareholders' equity	(4)	(4)	(4)
Total changes during period	(4)	(4)	468
Balance at end of period	(32)	(32)	20,178

FY12/21 (Jan. 1, 2021 – Dec. 31, 2021)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning of period	3,048	3,026	3,026	14,136	14,136	(0)	20,211
Changes during period							
Dividends of surplus				(457)	(457)		(457)
Profit				2,835	2,835		2,835
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	2,377	2,377	-	2,377
Balance at end of period	3,048	3,026	3,026	16,513	16,513	(0)	22,589

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(32)	(32)	20,178
Changes during period			
Dividends of surplus			(457)
Profit			2,835
Net changes in items other than shareholders' equity	(5)	(5)	(5)
Total changes during period	(5)	(5)	2,371
Balance at end of period	(38)	(38)	22,550

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.