

# COMPANY RESEARCH AND ANALYSIS REPORT

## J-LEASE CO., LTD.

7187

Tokyo Stock Exchange Prime Market

23-Jul.-2025

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FISCO Ltd.

<https://www.fisco.co.jp>

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## Summary

### Reported record-high net sales and profits in FY3/25 for the sixth straight year. Made K-net into a subsidiary

#### 1. Business description

J-LEASE CO., LTD. <7187> (hereafter, also “the Company”) is one of the leading companies in Japan’s rent liability guarantee sector. The Company’s main characteristics are its community-focused services and multi-office network. It is expanding its office network into major cities throughout Japan (40 nationwide as of end of March 2025), while also implementing community-focused sales activities and providing credits to tenants. This approach means it is particularly well supported by small and mid-size real estate companies in addition to major companies, as seen by the agreements it has with around 28,000 companies. The Company is one of top companies in Japan in both the residential and commercial rent guarantee markets. Under its ongoing three-year management plan, the Company aims to extend its reach beyond the guarantee market as “a company that connects people through trust.” In April 2024, the Company expanded its business into the IT and systems field with the acquisition and consolidation of AIVS.

#### 2. Results trends

In FY3/25, net sales increased 30.6% year on year (YoY) to ¥17,267mn and operating profit increased 19.0% to ¥3,102mn, both reaching record highs for the sixth straight year. Sales grew as various strategies including strengthening human resources in the Tokyo metropolitan area, developing personnel, and forging alliances were successful, and new transactions expanded. In the residential rent guarantee business, sales grew an especially strong 19.3% YoY. In addition, AVIS, which engages in business such as software development, becoming a wholly owned subsidiary and being included in the consolidated accounts from May 2024 contributed to sales growth. Operating profit grew by double digits as higher sales, continued business efficiency improvements, and appropriate risk control in areas such as credit management operations and credit screening utilizing AI offset a rise in bad debt-related costs, a rise in administrative fees (cost of sales) from escalating competition, and other factors increasing costs.

#### 3. Outlook

For FY3/26, the Company forecasts net sales growth of 21.6% YoY to ¥21,000mn, operating profit growth of 12.8% to ¥3,500mn, ordinary profit growth of 11.4% to ¥3,450mn, and profit attributable to owners of the parent to increase 9.6% to ¥2,290mn. It expects net sales and all profit items to reach record highs. It envisions net sales growth exceeding 20%, owing to the expansion of mainstay guarantor-related business and consolidated reporting for (IT-related, rent guarantee) businesses added to the Group via M&A. The Company made K-net Co., Ltd. (FY3/26 net sales forecast at ¥1,580mn) into a wholly owned subsidiary on April 21, 2025, which is expected to contribute to earnings growth through expanding business areas and strengthening service development by leveraging resources of both companies. Regarding operating profit, the Company anticipates ongoing growth in bad debt-related costs and the like as well as growth in administrative fees (cost of sales) due to escalating competition, but intends to offset those factors with higher sales, and expand earnings by curbing credit costs through steps including strengthening risk control and making operations more efficient. Since synergies and the performance of the IT-related subsidiary and the rent guarantee subsidiary also look promising, we at FISCO expect FY3/26 earnings to exceed the Company’s forecasts.

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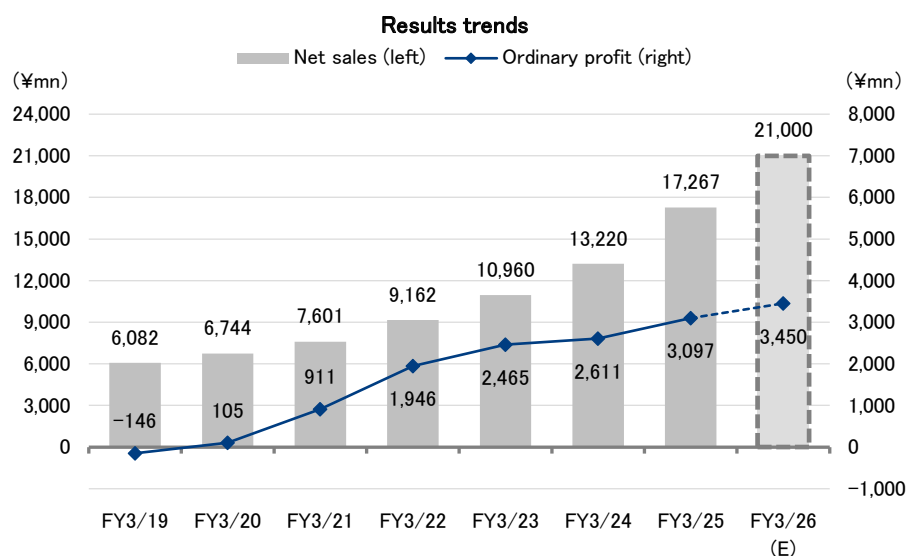
## Summary

### 4. Shareholder return policy

The Company views returning profits to shareholders as one of its top management priorities. For FY3/25, the Company raised the annual dividends for the fifth consecutive year by ¥5.0 to ¥45.0 per share (interim: ¥22.5, year-end: ¥22.5), for a payout ratio of 38.4%. For FY3/26, it plans to increase the annual dividends by ¥5.0 to ¥50.0 per share (interim: ¥25.0, year-end: ¥25.0), for a payout ratio of 39.4%. Stable profit growth is expected over the medium to long term, so stable dividend increases can be expected. It also introduced a premium benefits club for shareholders with a view to strengthening long-term relationships with shareholders.

### Key Points

- With an industry-leading network of offices and human resources, the Company is a community-focused company and has strength in working with small and mid-size real estate agents; it is gaining market share in both the residential and commercial rent guarantee markets
- Record-high net sales and operating profit for a sixth straight year in FY3/25. Growth for residential rent guarantees and IT-related company becoming a consolidated subsidiary contributed to sales growth
- Made K-net, which has strengths in whole-building guarantee services, into a subsidiary
- Targets dividend payout ratio around 40%. FY3/25 annual dividends ¥45.0 (up ¥5.0 YoY), fifth consecutive year of increase



Source: Prepared by FISCO from the Company's financial results

## Company profile

**Leading company in rent liability guarantee sector with nationwide presence. Focuses on residential and commercial rent guarantees, but also provides medical expense guarantees and child support guarantees**

### 1. Company profile and history

The Company is one of the leading companies in Japan's rent liability guarantee sector. Established in Oita Prefecture in 2004, the Company has provided community-focused rent liability guarantee services since it was founded. It solidified its business base in Kyushu with the opening of offices in Miyazaki and Kumamoto. In 2010 the Company moved into Eastern Japan, starting with Tokyo and Niigata, before expanding its footprint to major cities throughout the country (40 offices nationwide as of March 2025). For many years Kyushu accounted for a high proportion of total sales, but Kanto has now surpassed Kyushu in sales. The Company's main characteristics are its community-focused services and multi-office network. It is particularly well supported by small and mid-size real estate companies in addition to major companies, as seen with the agreements it has with 28,000 companies. The Company is one of only a handful of companies in Japan with leading positions in both the residential and commercial rent guarantee markets. Under its ongoing three-year management plan, the Company aims to extend its reach beyond the guarantee market as "a company that connects people through trust." Under this policy, in April 2024, the Company expanded its business into the IT and systems field with the acquisition and consolidation of AIVS.

The Company listed on the Tokyo Stock Exchange (TSE) Mothers Market in June 2016 and moved up to the TSE First Section in March 2018. Its listing was transferred to the TSE Prime Market in April 2022 as part of the TSE's market restructuring. As of March 2025, the Company is the only rent liability guarantee company listed on the Prime Market.

### 2. Business structure

The Company's business is divided into three segments: the guarantor-related business, the real estate related business and the IT-related business. The mainstay guarantor-related business mainly provides a service wherein the Company assumes the role of guarantor for prospective rental property tenants, enabling property owners to secure stable rental income through subrogation in the event that a tenant becomes delinquent on rent. This business accounted for 88.3% of net sales and 100.2% of profits in FY3/25. The Company offers two main types of guarantees: residential rent guarantees for general rental condominiums and apartments, and commercial rent guarantees for stores and offices. Each type has different guarantee details, credit screening methods, sales methods and credit management methods. The Company's newly developing medical expense guarantee service is also part of this business. Through subsidiary Asumirai, the real estate related business provides rental housing to foreigners and brokerage and management services for real estate properties for sale or lease. The business is small, accounting for only 1.7% of net sales (FY3/25) and -1.2% of profits (FY3/25). The IT-related business was added from FY3/25. Through AVIS, which is engaged in operations such as software development, it provides IT services including developing and selling environmental testing systems in software development. This business accounted for 10.0% of net sales and 1.0% of profits in FY3/25, and is expected to grow moving forward.

## Company profile

## Business description and shares of earnings for each segment (FY3/25 consolidated)

Business segment	Main operations	Net sales	Share of total net sales (%)	Segment profits	(¥mn)
					Share of total profits (%)
Guarantor-related business	Assumes the role of guarantor (institutional guarantees); mainly provides residential rent guarantees, but also offers commercial rent guarantees for stores and offices, as well as medical expense guarantees, a new business area under development.	15,245	88.3%	3,133	100.2%
Real estate related business	Through subsidiary Asumirai, provides rental housing to foreigners and brokerage services for real estate properties for sale or lease.	291	1.7%	-38	-1.2%
IT-related business	Through software development and IT subsidiary AVIS, provides IT services including development and sale of environmental testing systems.	1,731	10.0%	30	1.0%
Total		17,267	100.0%	3,126	100.0%

Note: Segment profits are before adjustment.

Source: Prepared by FISCO from the Company's financial results

## Business overview

**With an industry-leading network of offices and human resources, J-LEASE is a community-focused company with strengths in working with major as well as medium- and small-sized real estate companies**

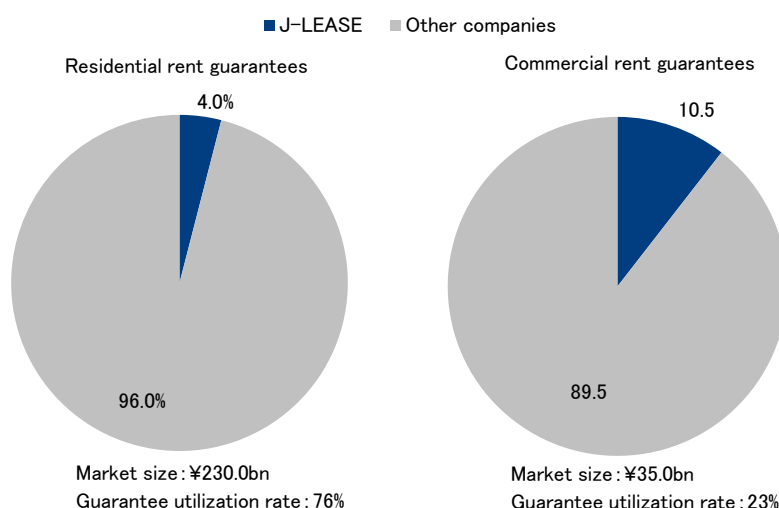
### 1. Rent liability guarantees

Rent liability guarantees facilitate contractual relationships between prospective tenants, real estate companies and real estate owners by allowing a specialized guarantee company to assume the role of guarantor in the leasing of homes, stores or offices. Advantages for tenants include enabling them to move into a property even if they cannot secure a guarantor, and maintaining a good relationship with the property owner through smooth proxy payments in the event of rent payment delays. In commercial rent guarantees, initial costs for tenants can be lowered by reducing the size of the guarantee deposit. Advantages for property owners include receiving guaranteed rents, even in the event of delinquency, and making it easier for people who previously had problems securing rental accommodation to move in, helping to curb vacancy rates. Real estate companies can expect increased property brokerage fees and management fee income. As such, rent liability guarantees meet the needs of today's real estate market, creating a win-win relationship for all three parties.

## Business overview

## 2. Overview of rent liability guarantee market

According to the Company, the residential rent guarantee market is estimated to be worth ¥230.0bn (FY3/25), with around 76% of lease contracts using rent guarantee companies in the market. That compares with 39% in 2010 (Ministry of Land, Infrastructure, Transport and Tourism data), showing a steep increase over the last decade or so. Japan's revised Civil Code (amendments to provisions of the law of obligations), which came into effect in April 2020, is the main factor behind this increase. The amendments set a maximum (upper) limit on the amount a guarantor can guarantee, reducing the value of the guarantor's collateral. Another factor was that in recent years, the COVID-19 pandemic raised awareness about the issue of rent delinquency. As a result, more property owners are requiring the use of rent liability guarantee companies. Rent guarantees are now typically used for residential rental properties, and there are few contracts that do not use a guarantee company. Today, the emerging commercial rent guarantees market is relatively small at ¥35.0bn, but there are good prospects for growth going forward, as the current guarantee utilization rate is roughly 23%. The Company is one of the key players in the sector, with a 4.0% share of the residential market (more than 200 competitors), and a 10.5% share of the commercial market (around 20 competitors). It also has a unique position due to its advanced expertise and business operation in both the residential and commercial markets.

**Rent guarantee market size and J-LEASE share**


Note: Market size is the Company estimates.

Source: Prepared by FISCO from the Company's results briefing materials

## 3. Features and strengths of the Company's business model

The Company employs a "community-focused, rigorous risk management business model." Under this model, it is expanding its office network and deploying staff, primarily in urban areas, to win the trust of customers by carefully responding to their needs. It also rigorously manages risk by using its own data in guarantee screening. Six key features and strengths are presented below.

- (1) Industry-leading office network
- (2) Attentive service through localization
- (3) Extensive services created in collaboration with diverse alliance partners
- (4) Ongoing development of sales personnel with expertise and responsiveness
- (5) Highly accurate credit screening using AI analysis and strong debt collection capabilities
- (6) Listed on the TSE Prime Market, highly creditworthy with a track record of over 20 years since founding

## Business overview

### (1) Industry-leading office network

As of the end of March 2025, the Company had 40 offices nationwide. One of its strengths is its close links to local communities through these offices. By region, the Company has 10 offices in its home region of Kyushu/Okinawa, 10 in Kinki/Chugoku/Shikoku, 5 in Tokai/Hokuriku, 11 in Kanto/Koshinetsu and 4 in Tohoku/Hokkaido. The Company has 508 employees (consolidated, as of the end of FY3/25). Compared with sector peers, the Company has a clear lead in the number of offices and personnel. In the same sector, company A has 17 offices and 290 employees, company B has 8 offices and 177 employees, company C has 11 offices and 152 employees, and company D has 19 offices and 608 employees. All three companies have nationwide networks, but the Company's network is more extensive and is staffed by many more people. On the other hand, the Company's net sales per office and net sales per employee are lower than those of peers.

#### Number of offices and employees compared with sector peers

	Net sales	No. of offices	Net sales per office	No. of employees	Net sales per employee
	(¥mn)				
<b>J-LEASE</b>	17,267	40	432	508	34.0
<b>Company A</b>	12,157	17	715	290	41.9
<b>Company B</b>	10,572	8	1,322	177	59.7
<b>Company C</b>	5,376	11	489	152	35.4
<b>Company D</b>	25,658	19	1,350	608	42.2

Notes: 1. Net sales are for FY3/25, but for FY1/25 for Company A.

Notes: 2. The Company's net sales are only for the guarantor-related business.

Source: Prepared by FISCO from the Company's financial results and each companies' website

### (2) Attentive service through localization

Attentive service through localization is the Company's basic policy, and a strength. The Company offers a range of different payment options for guarantee fees, including lump-sum, annual and monthly payments, depending on customer needs. Few companies in the sector offer all these options. The Company also actively customizes its products and services in response to real estate agency requests, helping it secure the trust of many real estate agencies. Regarding subrogation, the Company provides a proxy rent payment service, whereby it credits the full amount of rent to real estate companies that use the service, regardless of whether or not the rent is in arrears. The Company is also outstanding in terms of promptness in responding to individual subrogation requests, paying within three business days. Competitors tend to pay at the end of the month or twice-monthly, or after tenants have settled their accounts on vacating the property. The Company also has the largest number of offices in the sector, which allows it to visit properties after subrogation if it cannot contact the tenant. In many cases, this has led to the early detection of solitary deaths among the elderly, for example, which is appreciated by landlords. This meticulous, community-focused approach has helped the Company build its reputation and win trust in the sector.

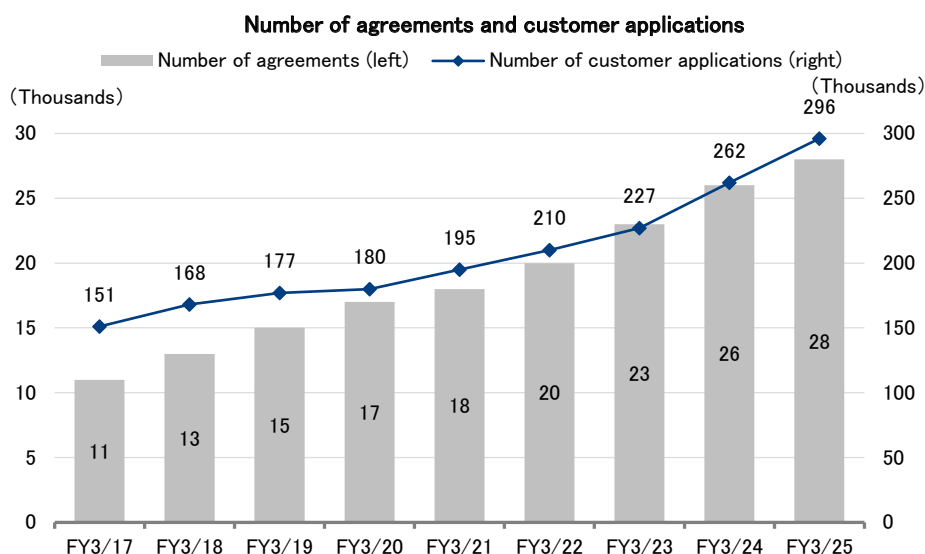
### (3) Robust services created in collaboration with diverse alliance partners

Rent liability guarantee companies sign contracts (agreements) in advance with real estate companies that operate property leasing businesses. The Company has a very large number of agreements (28,000), including with many small and mid-size real estate agencies. The Company has steadily increased its number of agreements by providing community-focused services through its nationwide network of offices and sales personnel. This growth in agreements has been accompanied by a rise in the number of guarantee applications from prospective tenants, which has in turn helped it secure more guarantee contracts.



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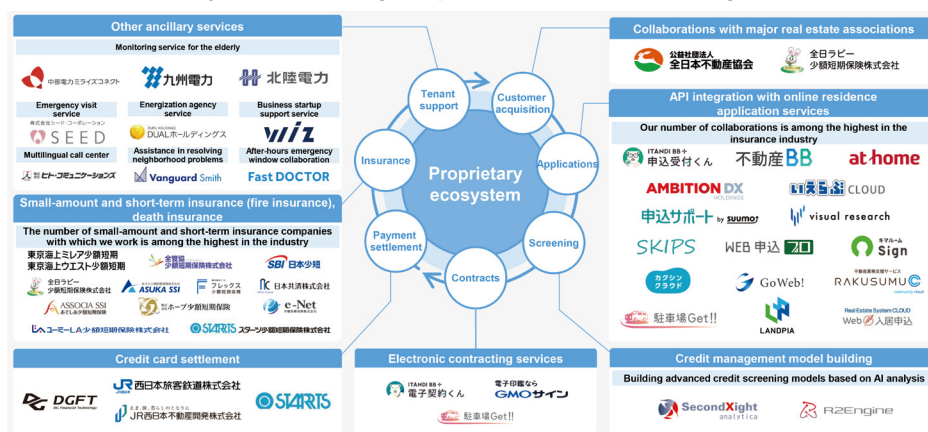
Business overview



Source: Prepared by FISCO from the Company's results briefing materials

A strength in terms of expanding rental guarantee-related business is the Company's robust services created in collaboration with diverse alliance partners. Its ties with major real estate associations are useful when acquiring customers. Its sharing of information with various companies that offer online tenancy application services makes applying more convenient and faster. For guaranty screening, it has utilized outside expertise to build an advanced credit screening model based on AI analysis. More rental agreements are being concluded electronically, calling for collaboration including with regard to guarantee service agreements. Collaboration with credit card companies is key at the time of payment, insurance companies when concluding insurance contracts, and ancillary service providers when supporting tenants. Relationships built on trust with these business partners cannot be forged overnight. The ecosystem that the Company has established is a source of its growth potential and differentiation.

**Ecosystem for realizing competitiveness and sustainable growth**



Source: The Company's results briefing materials

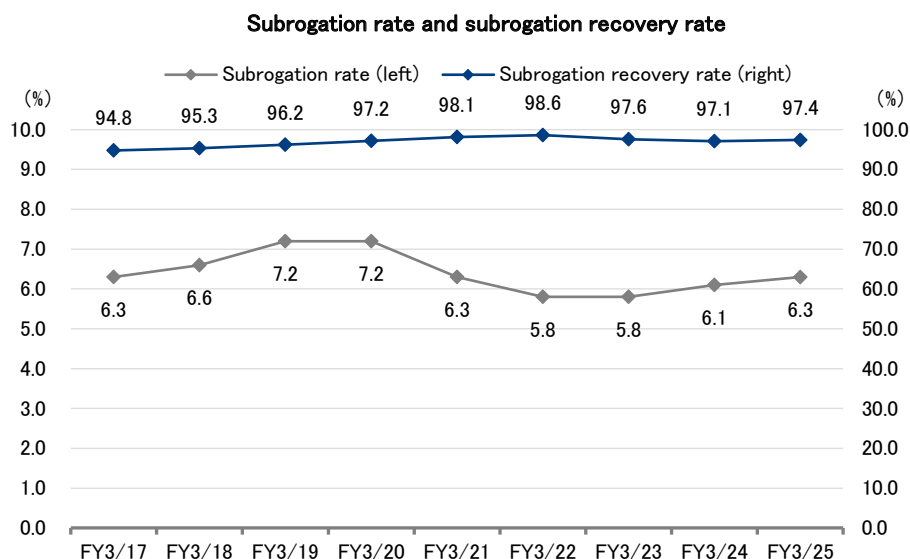
#### (4) Ongoing development of sales personnel with expertise and responsiveness

Another of the Company's features is that it offers commercial rent guarantees to guarantee rents for offices, stores, and the like. Screening methods for residential and commercial properties are very different, creating barriers to entry for residential guarantee companies. The Company has offered commercial rent guarantees since it was established, and the expertise it has gained over the years gives it a lead over competitors. Its cross-selling approach to marketing services to real estate companies has also proven effective. This includes proposing residential rent guarantees to customers after building a track record with them in the relatively untapped market for commercial rent guarantees. On the other hand, sales personnel at all offices require the ability to handle and expertise in both residential and commercial rent guarantees. The Company is developing its human resources through ongoing off- and on-the job training, and enhanced competencies are leading to enhanced performance. In FY3/26, the Company plans to start marketing medical expense guarantees, and ongoing development of sales personnel is to evolve further.

#### (5) Highly accurate credit screening using AI analysis and strong debt collection capabilities

The subrogation rate and the subrogation recovery rate are key management indicators for the guarantor-related business. The subrogation rate (the higher the rate, the greater the negative impact on earnings) is the proportion of subrogation cases due to delinquency and other factors in the total number of guarantee contracts. As a latecomer to the market, the Company increased its brand recognition and market share in urban areas, where it responded to demand from customers with strategically difficult attributes. In the past, its ratio of these customers increased, but as brand recognition and market share rose, it shifted its strategic focus to profitability. This pivot led to a clear improvement in the subrogation rate from the start of FY3/21. The rate remains favorable at 6.3% in FY3/25 (6.1% in FY3/24). The subrogation recovery rate (the higher the rate, the greater positive impact on earnings) was 97.4% in FY3/25, up 0.3 of a percentage point (pp) from FY3/24, but still at a high level. This indicator has trended slightly lower than during the COVID-19 pandemic partly because benefits from subsidies and the like have dropped out, and the Company's forecasts take that into account. Providing rent guarantee service entails a certain degree of credit risk, so it is not realistic to target a subrogation rate of zero or a subrogation recovery rate of 100%. Guarantee companies also have a public mission to provide guarantees more widely (taking on a certain level of risk), while using proper screening to improve the quality of their liabilities. The Company is currently viewed as one of the leaders in the sector based on these indicators. The Company's rigorous, rapid screening process is backed by a screening department that uses specialized data, proprietary systems and expertise. The department checks prospective tenants based on their personal attributes and other information, but it also uses an AI model that draws on a range of information sources, including newspaper articles, subrogation databases and personal credit data, to conduct thorough and rapid guarantee screening.

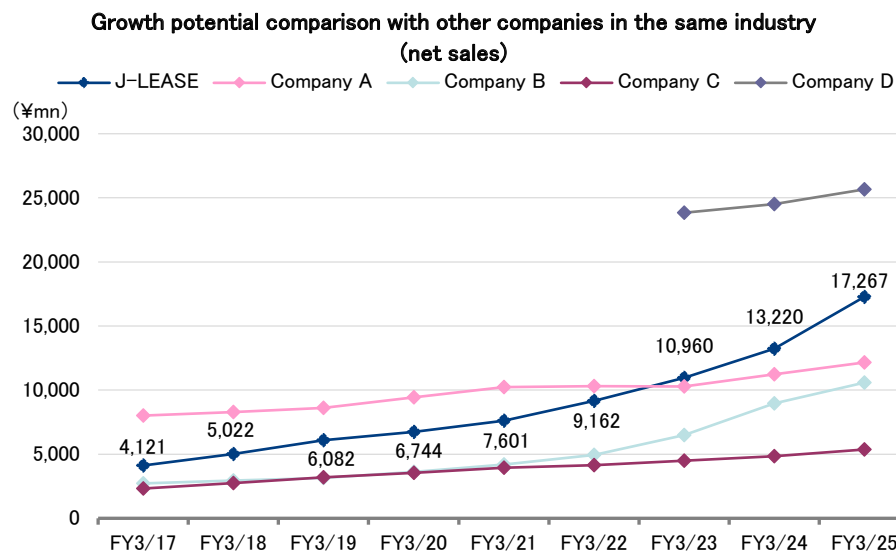
## Business overview



Source: The Company's results briefing materials

**(6) Listed on the TSE Prime Market, highly creditworthy with a track record of over 20 years since founding** J-LEASE is the only company primarily engaged in rent guarantee business that is listed on the TSE Prime Market. The Company is growing at a rapid pace compared with sector peers. In the nine-year period from FY3/16 to FY3/25, the Company's sales grew at an annualized rate of 19.6%, compared with 5.3% for company A, 18.5% for company B and 11.1% for company C, placing it among the fastest-growing companies in the sector. This growth has been driven by efforts to expand and develop its business outside Kyushu. The Company's steady growth is expected to continue for some time, as there is still room for the Company to increase its market share, especially in the metropolitan areas of Tokyo, Nagoya, and Osaka, and as the Company's recognition and credibility increase, it is more likely to win contracts in the sales frontline. The Company is also one of the sector's most profitable companies. In FY3/25, the Company achieved an ordinary profit to net sales ratio of 17.9%, compared with 12.9% for company A (FY1/25), 22.2% for company B (FY3/25), 3.2% for company C (FY3/25), and 9.9% for company D (FY3/25).

## Business overview



Note: Company A has a January fiscal year-end.  
Source: Prepared by FISCO from each company's financial results

## Results trends

### Reported record-high net sales and operating profit for the sixth straight year in FY3/25

#### 1. Overview of FY3/25 results

In FY3/25, the Company reported record-high net sales and operating profit for the sixth straight year. Net sales increased 30.6% YoY to ¥17,267mn, operating profit rose 19.0% to ¥3,102mn, ordinary profit increased 18.6% to ¥3,097mn and profit attributable to owners of the parent rose 16.7% to ¥2,089mn.

#### FY3/25 results

	FY3/24		FY3/25		YoY
	Results	vs. net sales	Results	vs. net sales	
Net sales	13,220	100.0%	17,267	100.0%	30.6%
Gross profit	9,724	73.6%	11,817	68.4%	21.5%
SG&A expenses	7,117	53.8%	8,714	50.5%	22.4%
Operating profit	2,606	19.7%	3,102	18.0%	19.0%
Ordinary profit	2,611	19.8%	3,097	17.9%	18.6%
Profit attributable to owners of the parent	1,789	13.5%	2,089	12.1%	16.7%

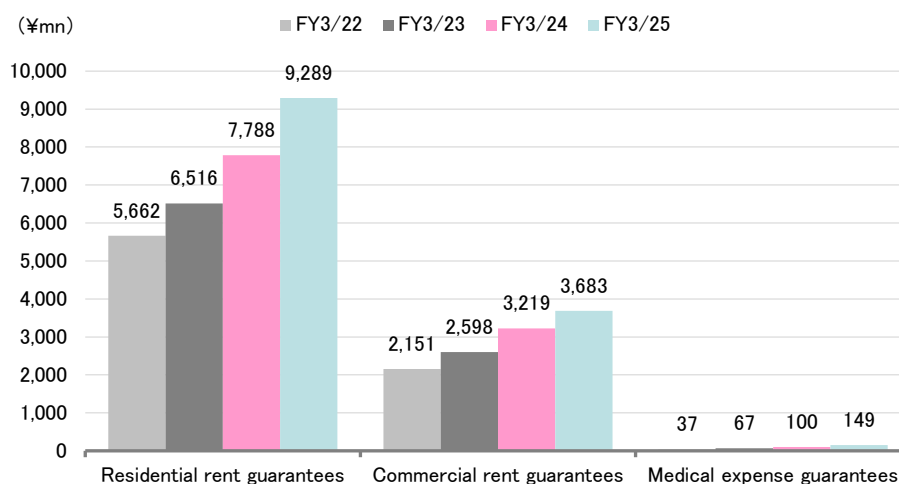
Source: Prepared by FISCO from the Company's financial results

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### Results trends

Sales growth was driven by an increase in new transactions as various strategies including strengthening human resources in the Tokyo metropolitan area, developing personnel, and forging alliances were successful. In addition, net sales in the mainstay residential rent guarantee business rose a sharp 19.3% YoY. This reflects a favorable market climate, with firm demand for housing in the rental real estate sector, growth in the number of single-person households amid Japan's declining birthrate, aging population, and later marriages, and rent guarantees becoming typical. Against this backdrop, the Company strove to further improve its relationships with existing customers, including by attentively addressing needs through localization in areas where it operates, while proactively acquiring new customers in areas where it opened new offices (four new locations: the Toyama, Shiga, Yamanashi, and Nara branches). On the other hand, the Company focused on large metropolitan areas (Tokyo, Kanagawa, Saitama, Chiba, Aichi, Osaka), where its market share is relatively low, and expanded its sales network through alliances with external companies and organizations, including the All Japan Real Estate Association. These efforts also contributed to sales growth. Sales from commercial rent guarantees steadily increased 14.4% YoY. The guarantee utilization rate in commercial rent contracts is low (around 23%), offering significant room for growth amid rising risk awareness among property lessors. While stepping up its sales focus on the large Tokyo metropolitan market, the Company expanded its market base through marketing to customers of varying scale and business formats, including large-scale facilities (shopping malls). Further, AVIS, which engages in business such as software development, becoming a wholly owned subsidiary and being included in the consolidated accounts from May 2024 contributed to sales growth.

### Net sales by guarantee type



Source: Prepared by FISCO from the Company's results briefing materials

Operating profit increased ¥495mn YoY, while the operating profit margin decreased 1.7pp to 18.0%. The operating profit margin topped plan by 0.7pp as higher sales, continued business efficiency improvements, and appropriate risk control in areas such as credit management operations and credit screening utilizing AI offset a rise in bad debt-related costs from economic activities returning to normal after the COVID-19 pandemic, a rise in administrative fees (cost of sales) for real estate companies due to escalating competition, and other factors increasing costs. In terms of management indicators, the subrogation rate was 6.3% (vs. 6.5% target and 6.1% in FY3/24), indicating risk is being controlled, and the subrogation recovery rate was 97.4% (vs. 96.6% target and 97.1% in FY3/24), a high level showing credit management is being implemented appropriately.

## Maintaining a sound financial position while rapidly growing; targets equity ratio target of 50% or higher in medium term

### 2. Financial position and management indicators

Total assets as of end-FY3/25 stood at ¥15,641mn, up ¥4,055mn YoY. Current assets increased ¥2,181mn YoY to ¥11,555mn, mainly due to increases of ¥912mn in cash and cash equivalents, ¥587mn in advances paid of subrogation, ¥273mn in accrued guarantees and ¥256mn in advances paid of collection. Non-current assets rose ¥1,873mn to ¥4,086mn, partly due to an increase of ¥636mn in goodwill from subsidiary acquisition.

Total liabilities were ¥2,766mn at end-FY3/25, up 9,725mn YoY. Current liabilities increased ¥1,375mn to ¥8,193mn, mainly because advances received increased ¥397mn. Non-current liabilities increased ¥1,390mn to ¥1,531mn, mainly because long-term borrowings increased ¥1,110mn. Interest-bearing debt (long-term borrowings) outstanding increased ¥1,100mn to ¥2,340mn, and was controlled relative to the balance of cash and cash equivalents at end-FY3/25 (¥2,351mn).

In terms of management indicators, the equity ratio was 37.8% (vs. 39.9% at end-FY3/24) and the current ratio was 141.0% (137.5% at end-F3/24), remaining highly sound. Capital efficiency and profitability also remain at high levels, with ROE at 39.6% (vs. 44.3% in FY3/24) and ROA at 22.8% (24.5%). The Company's financial base is likely to become stronger as earnings increase on the back of steady growth. The ongoing three-year management plan calls for an equity ratio of 50% or higher and ROE of around 20–35%.

#### Balance sheets and management indicators

	(¥mn)		
	End-FY3/24	End-FY3/25	YoY
<b>Current assets</b>	9,373	11,555	2,181
Cash and cash equivalents	1,438	2,351	912
Accrued guarantees	1,719	1,993	273
Advances paid of subrogation	6,283	6,871	587
Advances paid of collection	1,270	1,527	256
Allowance for doubtful accounts	-2,007	-2,428	-421
<b>Non-current assets</b>	2,212	4,086	1,873
Goodwill	0	636	636
<b>Total assets</b>	11,586	15,641	4,055
<b>Current liabilities</b>	6,817	8,193	1,375
Short-term borrowings	1,240	1,103	-137
Advances received	2,756	3,153	397
<b>Non-current liabilities</b>	141	1,531	1,390
Long-term borrowings	0	1,110	1,110
<b>Total liabilities</b>	6,959	9,725	2,766
<b>Total net assets</b>	4,627	5,916	1,289
Retained earnings	3,749	5,033	1,284
<b>Total liabilities and net assets</b>	11,586	15,641	4,055
<Safety>			
Current ratio (current assets / current liabilities)	137.5%	141.0%	-
Equity ratio (equity / total assets)	39.9%	37.8%	-
<Capital efficiency / profitability>			
Return on equity (ROE)	44.3%	39.6%	-
Return on assets (ROA)	24.5%	22.8%	-

Source: Prepared by FISCO from the Company's financial results

## Outlook

### Forecasts record-high net sales and profits at all lines in FY3/26, driven by business expansion and M&A effects

For FY3/26, the Company forecasts net sales of ¥21,000mn, up 21.6% YoY, operating profit of ¥3,500mn, up 12.8%, ordinary profit of ¥3,450mn, up 11.4%, and profit attributable to owners of the parent of ¥2,290mn, up 9.6%, with net sales and all profit items expected to reach record highs.

**FY3/26 forecasts**

	FY3/25		FY3/26		
	Results	vs. net sales	Forecasts	vs. net sales	YoY
Net sales	17,267	100.0%	21,000	100.0%	21.6%
Operating profit	3,102	18.0%	3,500	16.7%	12.8%
Ordinary profit	3,097	17.9%	3,450	16.4%	11.4%
Profit attributable to owners of the parent	2,089	12.1%	2,290	10.9%	9.6%

Source: Prepared by FISCO from the Company's financial results

The Company envisions net sales growth topping 20%, owing to expansion of mainstay guarantor-related business and the consolidation of businesses added to the Group via M&A. In the residential rent guarantee business, it expects strong momentum with continued gains in market share. It has been investing in offices and human resources in large urban areas since its market share therein is still low. It will also continue to develop operations with plans to open three new offices in FY3/26 and a goal of locations in 47 prefectures. For commercial rent guarantees, the Company expects demand for guarantees for commercial buildings including offices and stores to continue to grow, partly reflecting changes in customers' risk awareness. Although advances paid of subrogation are on the rise as the number of contracts is increasing and factors such as the effects of pandemic-related subsidies dropping out and inflation are somewhat affecting customers' ability to pay rent, the Company expects business opportunities to expand since rising rents due partly to surging prices for construction materials also boost guarantee fee income and lead to more demand for guarantees among renters. In addition, it envisions earnings growth from the strengthening of service development and expansion of business scope utilizing resources within the Group, having made a wholly owned subsidiary of AVIS (FY3/26 net sales forecast at ¥1,545mn) on April 30, 2024 and of K-net (FY3/26 net sales forecast at ¥1,580mn) on April 21, 2025. FISCO expects the Company to exceed its net sales target as usual since its growth is currently outpacing overall industry performance amid a favorable market environment for the industry.

The Company forecasts operating profit growth of 12.8% YoY. It anticipates an increase in bad debt-related costs and growth in administrative fees due to escalating competition, but intends to offset those factors with higher sales, and expand earnings by curbing credit costs through steps including strengthening risk control and making operations more efficient. It forecasts the subrogation rate at 6.6% and the subrogation recovery rate at 96.8%, both near the pre-pandemic level and slightly worse YoY. FISCO believes the Company's profit forecasts are somewhat conservative. Since synergies and the performance of the IT-related subsidiary and the rent guarantee subsidiary that joined the Group via M&A also look promising, we expect FY3/26 earnings to exceed the Company's forecasts.

## Medium- to long-term growth strategies and topics

### **Made K-net, which has strengths in whole-building guarantee services, into a subsidiary**

#### **1. Made K-net, which has strengths in whole-building guarantee services, into a subsidiary**

In April 2025, the Company acquired all outstanding shares in K-net, which is engaged in rent guarantee business, making it a subsidiary. K-net is a rent guarantee company that has partnership agreements with around 8,000 companies in the Kinki area. K-net's business is focused on whole-building guarantee services, a market where it has an edge, and it has a strong pipeline with partnership agreements with major and mid-sized companies that deal in fund properties. Whole-building guarantee services are services for properties managed as a single unit that reduce the risk of rent delinquency and stabilize rental operations for property owners by providing rent guarantees free of charge to tenants not enrolled in a rent guarantee service. Since they are an upfront investment-type of guarantee service, they require a high level of expertise in areas such as risk calculation. In addition to expanding sales of whole-building guarantee services through the Company's nationwide network, K-net will be a powerful weapon in expanding business beyond general residences to properties such as serviced residences for the elderly and office buildings and commercial facilities. K-net's addition to the Group is also expected to generate a wide range of synergies, including mutual customer referrals at both companies' sales bases, appropriate allocation of human resources, and shared utilization of marketing and debt management expertise. The Company forecasts K-net's FY3/26 net sales contribution at ¥1,580mn.

#### **2. Three-year management plan and its progress to expand business beyond guarantee market**

The Company is advancing its three-year management plan for FY3/25 to FY3/27. Under its new medium-term vision, the Company aims to extend its reach beyond the guarantee market as "a company that connects people through trust." Until now, the Company has focused on growth in the rent guarantee sector. Going forward, it plans to continue expanding its core businesses of residential and commercial rent guarantees, but it also aims to shift focus and establish new earnings pillars, such as developing businesses (real estate-related business: subsidiary Asumirai; medical expense guarantees; child support guarantees) and new businesses (IT-related business: mainly subsidiary AIVS, etc.)

The plan's targets for FY3/27 are net sales of ¥21,170mn, operating profit of ¥3,465mn, and an operating profit margin of 16.4%. The Company's forecasts for FY3/26, the second year of the plan, call for those targets to basically be attained, indicating it is tracking one year ahead of schedule. Along with profit growth, the Company aims to increase the equity ratio to more than 50% by end-FY3/27, while also achieving a certain level of capital efficiency. The goal is ROE of around 20–35%. Amid rising profits, the Company aims to improve shareholder returns by maintaining the payout ratio at around 40% and by consistently raising the dividend.



### 3. Post-M&A: Moved into the IT services industry by making AVIS a subsidiary

AVIS delivered solid results in its first year after becoming a consolidated subsidiary on April 30, 2024. Founded in 1997 in Oita City, Oita Prefecture, AVIS is an IT systems company from the same city as the Company. AVIS has had a business relationship with the Company for some time as its systems developer. AVIS develops a range of software, but it leads the industry in the development, sale, and maintenance of packaged software for environmental testing agencies, with customers in every region of Japan. It is also working on global business development of the Mimamori System (monitoring system) for hospitals, nursing care facilities, and residences. It has established international sales channels, including in Thailand, Malaysia, and Vietnam. AVIS' earnings sharply topped plan in FY3/25, with net sales of ¥1,848mn (plan ¥1,180mn) and operating profit of ¥124mn (plan ¥78mn), partly owing to special demand from government agencies. AVIS is already generating Group synergies including by participating in projects for systems for the Company's clients and for upgrading core systems.

## Sustainability initiatives

The Company aims to play its part in creating a stable society through its guarantee business and other activities, guided by its corporate philosophy: "At J-LEASE, we recognize our responsibility to supporting society's stability and development. Through the provision of innovative services based on fair and honest corporate activities, we are pursuing the happiness of our employees and all people associated with our business."

Environmental (Environment) initiatives: One of the Company's initiatives is to reduce paper usage through various digitization methods. It has also started switching its company fleet to electric and hybrid vehicles.

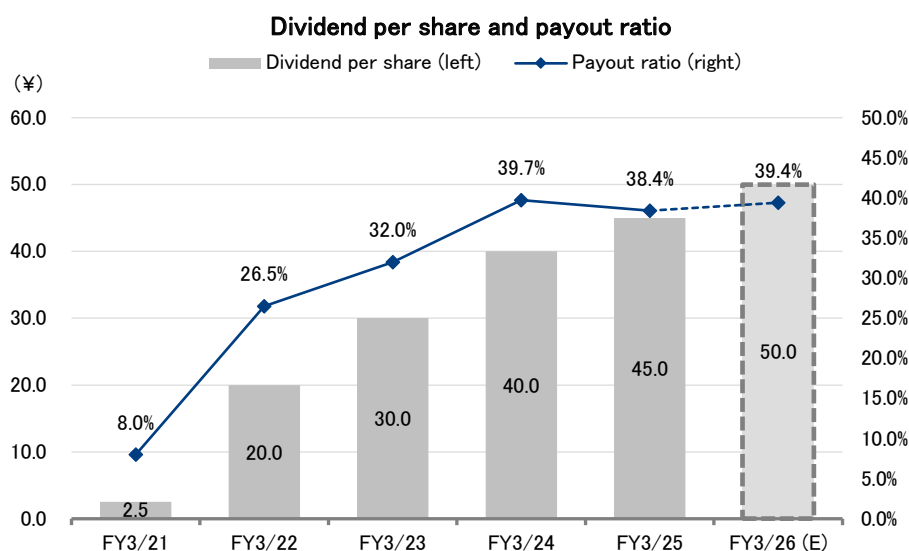
Social (Social) initiatives: As part of its diversity equity & inclusion program, the Company employs visually impaired people with national licenses as health care workers, such as massage therapists, to help employees recover from fatigue and prevent illness. This pioneering initiative aims to create mutually beneficial relationships between able-bodied people and people with disabilities.

Governance (Governance) initiatives: Initiatives in this area include ongoing compliance training for all employees, evaluation of the Board of Directors' effectiveness, and appropriate compliance with the Corporate Governance Code.

## Shareholder return policy

### FY3/25 annual dividends ¥45.0, fifth consecutive year of increase

The Company views returning profits to shareholders as one of its top management priorities. Its policy is to pay stable and continuous dividends while strengthening the Group's financial position and increasing internal reserves for business expansion. In the three-year management plan underway, the Company's policy on dividends is to target a payout ratio of roughly 40% for the foreseeable future. For FY3/25, the Company raised the annual dividends for the fifth consecutive year by ¥5.0 to ¥45.0 per share (interim: ¥22.5, year-end: ¥22.5), for a payout ratio of 38.4%. For FY3/26, it plans to increase the annual dividends by ¥5.0 to ¥50.0 per share (interim: ¥25.0, year-end: ¥25.0), for a payout ratio of 39.4%. Stable profit growth is expected over the medium to long term, so stable dividend increases can be expected. It also introduced a premium benefits club for shareholders with a view to strengthening long-term relationships with shareholders.



Note: On March 1, 2024, the Company conducted a 2-for-1 stock split of its common stock. Historical data has been adjusted to reflect this stock split.

Source: Prepared by FISCO from the Company's financial results

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