COMPANY RESEARCH AND ANALYSIS REPORT

‖ COMPANY RESEARCH REPORT ‖

NS Group, Inc.

471A Tokyo Stock Exchange Prime Market

28-Sep.-2026

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Contents

Summary

New and renewal guarantee fees expanding steadily; strengthening the earnings base by developing metropolitan areas and the commercial sector and through M&A

NS Group, Inc. <471A> (hereafter, also "the Company") is engaged in the rent guarantee business in the residential and commercial rental real estate markets. Its subsidiary, Nihon Safety Co., Ltd., acts as a joint guarantor for tenants and provides services nationwide to guarantee the payment of rent and management fees. Its main business partners are real estate agencies, property management companies, and property owners, and it earns revenue through a mechanism in which it receives new guarantee fees and renewal guarantee fees based on guarantee contracts concluded at the time of move-in. If a tenant is delinquent on rent, the Company makes a subrogation payment (paying the rent and other charges on behalf of the tenant) to the property owner and subsequently collects the amount from the tenant. Usage is expanding due to changes in the social environment that make it difficult to secure guarantors, and the Company has grown its business by leveraging its years of screening know-how and its collection structure. In addition, it provides collection services, contributing to the efficiency of rental management operations through features such as separate remittances. Its nationwide sales network, business relationships with property management companies, and integrated operational structure from screening to collection serve as its competitive strengths.

1. Overview of 1H FY12/26 results

In the 1H FY12/26 results, operating revenue increased 12.2% year on year (YoY) to ¥16,175mn, operating profit increased 18.2% to ¥6,096mn, EBITDA (operating profit + depreciation and amortization) increased 16.2% to ¥7,024mn, profit before tax increased 19.0% to ¥5,834mn, and profit attributable to owners of parent increased 27.9% to ¥4,070mn. The expansion in operating revenue was driven by the increase in new guarantee fees due to the acquisition of new contracts and higher rent levels, and by the growth in renewal guarantee fees from the accumulation of past contracts. New guarantee fees increased 8.6% to ¥7,543mn, and renewal guarantee fees increased 10.7% to ¥6,445mn. Even while proceeding with growth investments such as workforce expansion, the growth in operating revenue outpaced the increase in operating expenses, and the EBITDA margin rose 1.5 percentage points (pp) to 43.4%. The Company secured profit growth even when excluding the effect of the absence of listing-related and other expenses recorded in the same period of the previous year, and we at FISCO highly commend the Company for expanding its contract base while improving profitability.

2. FY12/26 forecasts

For the FY12/26 results, the Company forecasts operating revenue to increase 10.9% YoY to ¥33,069mn, operating profit to increase 20.5% to ¥11,898mn, EBITDA to increase 17.7% to ¥13,779mn, profit before tax to increase 21.5% to ¥11,379mn, and profit attributable to owners of parent to increase 24.9% to ¥7,900mn. Operating revenue is expected to continue expanding due to the increase in the number of new contracts and the rise in rent levels. The Company forecasts new guarantee fees to increase 10.8%, and expects particularly high growth in commercial rent guarantees. The increase in renewal guarantee fees accompanying the accumulation of past contracts will also contribute to revenue expansion. In terms of profits, in addition to the increased revenue effect, the suppression of bad debt costs and the absence of the listing-related and other expenses incurred in the previous fiscal year are expected to result in double-digit profit growth. Operating profit for 1H FY12/26 reached 51.2% of the full-year plan and also exceeded the plan for 1H FY12/26. Given that new and renewal guarantee fees are trending steadily and bad debt costs are being appropriately managed, the full-year plan has some upside potential. Collaboration with Alpha, which became a subsidiary in July, is also expected to contribute to strengthening the earnings base going forward.

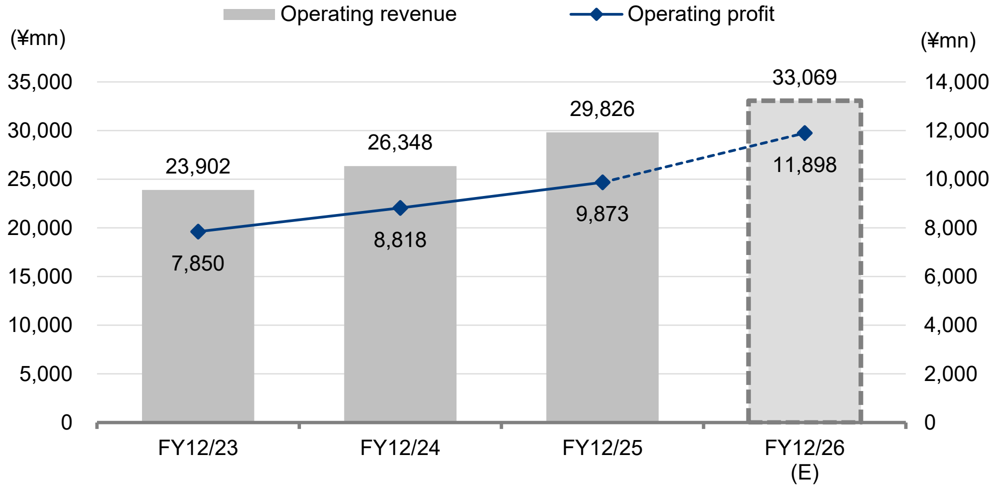
3. Medium- to long-term growth strategy

On November 12, 2025, the Company announced its medium-term management plan through FY12/27, setting forth a growth strategy centered on expanding the rent guarantee business and upgrading its earnings structure. The targets for FY12/27 are operating revenue of approximately ¥36.5bn, an adjusted EBITDA margin of approximately 43.0%, approximately 385,000 new contracts, and new guarantee fees of approximately ¥18.5bn. In residential rent guarantees, it will focus the deployment of sales personnel on major metropolitan areas where its market share is low and on untapped regions, aiming to expand the number of agencies and contracts. In commercial rent guarantees, it will strengthen sales to property management companies, developers, REITs, and others, aiming for growth in fields with high unit prices. It will also work to raise revenue per customer through the expansion of value-added services and collection services, and to improve the efficiency of screening and collection operations. In July, the Company acquired Kyushu-based Alpha as a subsidiary, gaining a network of approximately 5,500 agencies. Although the impact on FY12/26 results is expected to be minor, this will lead to an expansion of its business foundation in Kyushu. Achieving the medium-term management plan will depend on improving market share in major metropolitan areas, expanding commercial rent guarantees, and improving revenue per customer and operational efficiency. If these measures progress steadily, a stronger earnings base and sustained profit growth can be expected.

Key Points

- Double-digit revenue and profit growth in 1H FY12/26, with growth in new and renewal guarantee fees and an improved EBITDA margin
- Operating profit growth of over 20% forecast for FY12/26, with upside potential to the full-year plan given favorable progress
- The medium-term management plan aims to achieve both sales growth and profitability, and the first M&A expands the business foundation

Results trends



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

Company profile

Develops the rent guarantee business and supports rental infrastructure with a comprehensive system from screening to collection

1. Company profile

The Company is a corporate group whose core business is rent guarantees in the residential and commercial rental real estate markets. Its core subsidiary, Nihon Safety, acts as a joint guarantor for tenants and provides services nationwide to guarantee the payment of rent, management fees, and the like. Its main customers are real estate agencies, property management companies, and property owners, and it takes the position of providing a guarantee function for tenants. Its business model involves concluding a guarantee contract at the time of the lease contract and receiving new guarantee fees and renewal guarantee fees from the tenant.

In the rent guarantee service, if a tenant falls into arrears with their rent, the Company makes a subrogation payment to the property owner and subsequently seeks reimbursement from the tenant. Property owners can stabilize their rental income, and tenants can reduce the burden of finding a joint guarantor. Against the backdrop of a declining birthrate and aging population, an increase in single-person households, and changes in the social environment that make it difficult to secure guarantors, the use of rent guarantees is expanding, and the Company has expanded its business based on the screening know-how and collection structure it has accumulated over many years.

In addition to guarantee services, the Company also provides collection services. It has partnered with financial institutions to establish a structure for executing rent collection operations on behalf of property management companies and property owners. It has built a mechanism to accurately remit the rent and management fees collected from tenants to designated accounts, contributing to the efficiency of rental management operations. In particular, its separate remittance service, which can separate rent, management fees, and other charges and remit them directly to different destinations, serves as a differentiating factor as a feature that meets practical needs.

The Company's strengths lie in its nationwide sales network and strong business foundation with property management companies. In addition to its credibility based on its long track record of transactions, the fact that it possesses a comprehensive operational structure covering everything from screening and subrogation to collection is also a source of its competitiveness. It has established specialized departments for tenant relations and reminder operations, conducting meticulous management. Centered on rent guarantees, the Company develops its business as an infrastructure-like presence that plays a risk-complementary role in the rental market.

2. History

The practical starting point of the Company's business was Nihon Safety Co., Ltd. (hereafter, "the former Nihon Safety"), established on February 25, 1997. Its founder was Yuji Iwamoto, and it was established in Osaka City, Osaka Prefecture, with investment from Akihiro Otani. From the time of its founding, it has been engaged in the rent guarantee business, establishing a business model in which it acts as a joint guarantor for tenants and guarantees the payment of rent and restoration costs. At that time, there were many cases where joint guarantors were required for lease contracts, and securing a guarantor was a barrier to moving in. The former Nihon Safety responded to this challenge and built its business foundation by providing a mechanism that simultaneously improves convenience for tenants and secures stable income for property owners.

From the 2000s onward, it focused on expanding its products and services and upgrading its business foundation. In 2009, it introduced downloadable contracts, streamlining procedures ahead of others in the industry. In 2015, it released “SIONS,” a proprietary mission-critical system for comprehensively managing rent guarantee services, promoting the sophistication of screening and receivables management. In 2018, it introduced “N-Pallet,” which enhanced operability for customers, and in 2019, it launched “N Tenant” with the aim of expanding the commercial sector. The number of agencies continued to expand, surpassing 60,000 in June 2023 and reaching 68,210 as of the end of June 2026. In April 2025, it began operating a highly accurate screening model incorporating AI from DataRobot Japan K.K., aiming to improve screening accuracy and operational efficiency.

A major turning point in terms of capital structure was the alliance with Bain Capital Private Equity, LP and its group companies (hereafter, collectively “Bain Capital Group”) in 2021. In August 2021, BCJ-53 Co., Ltd. and BCJ-54 Co., Ltd. were established by a fund advised by Bain Capital Group. In December of the same year, BCJ-54 acquired all shares of the former Nihon Safety and BV Asset Co., Ltd., which was Mr. Otani’s asset management company, and executed a business succession. This acquisition was financed with an LBO loan, and interest-bearing debt was initially ¥32,000mn. Subsequently, as a result of implementing a refinancing in November 2023 and proceeding with repayment, the balance as of the end of June 2026 is ¥25,393mn. Note that goodwill of ¥36,039mn arose in conjunction with the acquisition.

In January 2022, BV Asset absorbed and merged with the former Nihon Safety and changed its trade name to Nihon Safety. In 2023, the administrative departments were transferred to the holding company side, and the group management structure was organized. In October of the same year, BCJ-54 changed its trade name to NS Group (hereafter, “the former NS Group”) and transitioned to a holding company structure. On the other hand, BCJ-53 had been positioned as a holding company from the beginning, and in October 2025, it absorbed and merged with the former NS Group and simultaneously changed its trade name to NS Group. This established the current structure integrating the holding company functions and the operating company.

Since its founding in 1997, the Company has specialized in the rent guarantee business and honed its business and system foundations, and since 2021, with the support of Bain Capital Group, it has reorganized its capital structure and strengthened its governance and financial foundation. In December 2025, it achieved a stock listing on the Tokyo Stock Exchange Prime Market, entering a stage of pursuing further growth as a listed company.

The Company’s history

Date	Overview
August 2021	A fund advised by Bain Capital Private Equity, LP, a global private equity firm, and its group companies (hereafter, collectively “Bain Capital Group”) established BCJ-53 Co., Ltd.
October 2025	BCJ-53 absorbed and merged with NS Group, Inc. and changed its trade name to NS Group
December 2025	Listed on the Tokyo Stock Exchange Prime Market
July 2026	Made Alpha, which operates the rent guarantee business in Kyushu, a wholly owned subsidiary

History of Nihon Safety

Date	Overview
February 1997	Nihon Safety Co., Ltd. (hereafter, the "former Nihon Safety") was established for the purpose of conducting the rent guarantee business
February 2002	Opened the Tokyo Head Office and Tokyo Branch as the first bases in the Kanto region
August 2004	Opened the Nagoya Branch as the first base in the Tokai region
August 2004	Opened the Saitama Branch as the first base in the Northern Kanto region
August 2005	Opened the Hiroshima Branch as the first base in the Western Japan region
January 2006	The number of agencies exceeded 10,000
May 2006	Opened the Sendai Branch as the first base in the Tohoku region
April 2007	Established Safety Japan Risk Management Co., Ltd. as a company handling small-amount short-term insurance
February 2009	Introduced downloadable contracts (contracts downloaded from the web for use) ahead of competitors
February 2010	Established Ryukyu Safety Co., Ltd. for the purpose of developing the rent guarantee business in the Okinawa area
December 2010	The number of agencies exceeded 20,000
January 2011	Introduced guarantee contracts with one-year renewals and products with a uniform renewal guarantee fee of ¥10,000
November 2011	Launched collection services
February 2013	The number of agencies exceeded 30,000
January 2015	Released "SIONS," a proprietary mission-critical system for comprehensively managing rent guarantee services
May 2016	Began sales of "16 Plan," a new product that can be widely proposed based on the needs of agencies
September 2016	The number of agencies exceeded 40,000
September 2017	Akihiro Otani established BV Asset as an asset management company in Nishinomiya City, Hyogo Prefecture
December 2017	Completed registration as a rent guarantee business operator under the rent guarantee business operator registration system established by notification of the Ministry of Land, Infrastructure, Transport and Tourism
September 2018	Released "N-Pallet," an upgraded version of the conventional business support system with improved operability for customers and interactive features
January 2019	Launched "N Tenant" to expand market share in the commercial sector
December 2019	The number of agencies exceeded 50,000
September 2020	Formed a business alliance with Nealle Inc., which operates the monthly parking online contract service Park Direct, and began rent guarantees for monthly parking lots contracted via Park Direct
January 2021	The former Nihon Safety absorbed and merged with Ryukyu Safety Co., Ltd.
December 2021	Bain Capital Group acquired 51% of the shares of the former Nihon Safety by holding 51% of the shares of BCJ-53 Co., Ltd
December 2021	Sold all shares of Safety Japan Risk Management Co., Ltd.
January 2022	BV Asset Co., Ltd. absorbed and merged with the former Nihon Safety and changed its trade name to Nihon Safety Co., Ltd.
January 2023	Added a screening scoring function to "SIONS"
June 2023	The number of agencies exceeded 60,000
April 2025	Began operating a highly accurate screening model incorporating AI from DataRobot Japan K.K. to further improve the accuracy of the screening model and streamline the screening process
February 2026	Introduced notifications via LINE notification messages and SMS, and barcode payment, with the aim of improving convenience for tenants
April 2026	Released the "NS Web Application Service," which allows screening applications to be completed online, in order to improve operational efficiency for property management companies and convenience for applicants

Source: Prepared by FISCO from securities reports and company releases

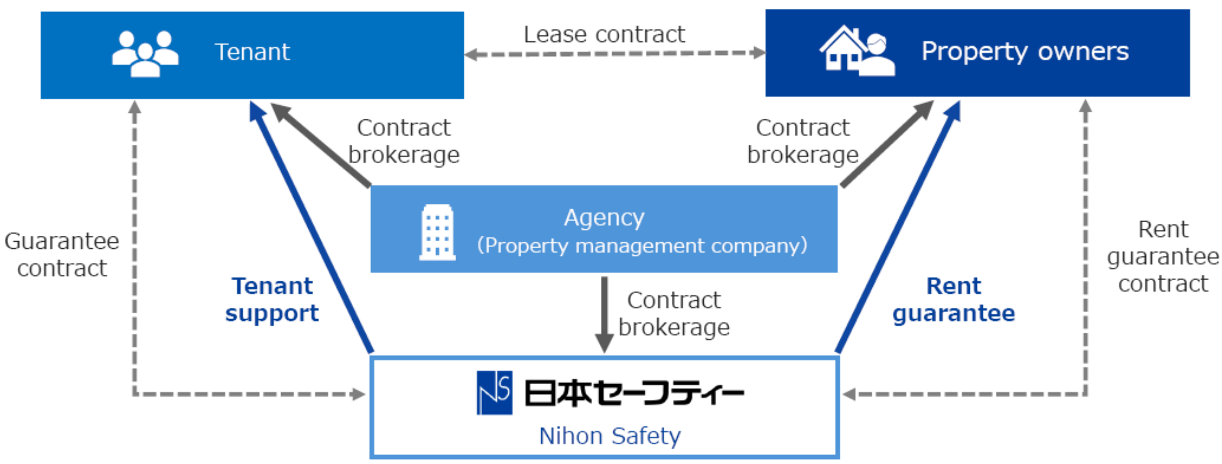
Business overview

Guarantee demand expanding in both the residential and commercial sectors; deepening the customer base by combining guarantees with collection services

1. Business description

The Company's core business is the residential and commercial rent guarantee business developed by its subsidiary, Nihon Safety. In rental housing contracts, tenants have long been required to provide joint guarantors, but in recent years, the number of prospective tenants who cannot secure a guarantor is increasing due to the rise in single-person households and elderly households, and the contract format utilizing a guarantee company is becoming common. The Company plays the role of joint guarantor for tenants and provides services that support both tenants and property owners by guaranteeing the payment of rent and other fees. In addition to residential properties, the Company also provides rent guarantee services targeting commercial rental real estate such as offices and stores. In recent years, triggered by the COVID-19 pandemic, the cash flow of business operators has deteriorated, and cases where it is difficult to secure sufficient security deposits, which were traditionally required, are increasing. In this environment, the mechanism in which guarantee companies guarantee rent payments is becoming more widely used as a means to reduce the initial burden on tenants while also reducing the rent collection risk for property owners.

Schematic diagram of the rent guarantee business



Source: The Company's results briefing materials

In a rent guarantee, if a tenant falls into arrears with their rent, the Company pays the rent to the property owner on their behalf (subrogation). Subsequently, the Company collects the subrogated amount from the tenant. Guarantee coverage is not limited to rent and common area fees, but may also extend to restoration costs upon move-out, early termination penalty fees, disposal costs for left-behind items, eviction litigation costs, and the like. Because it enhances the stability of rental income for property owners and gives tenants a greater chance of moving in even if they cannot provide a guarantor, the business functions as an infrastructure supporting smooth transactions in the rental housing market.

The Company's source of revenue is the guarantee entrustment fees received from tenants. It receives new guarantee fees at the time of contract, and thereafter it is structured to receive renewal guarantee fees annually or monthly. Contract brokerage is handled by real estate agencies and management companies, and it is common for the guarantee contract to be concluded simultaneously at the move-in application stage. Therefore, its partnership network with property management companies nationwide is an important sales channel, and they serve as partners forming the Company's business foundation.

In addition, it provides collection services in conjunction with rent guarantees. It is a mechanism in which the Company collects rent from tenants and remits it on behalf of property management companies and property owners, and utilizes the collection agency functions of financial institutions to perform rent direct debit and remittance processing all at once. For property owners, the burden of payment management is reduced, and the certainty of fund collection increases. A characteristic feature is the "separate remittance service," which distributes rent, management fees, and others to separate remittance destinations. For example, the service enables flexible processing tailored to the practical operations of rental management, such as remitting rent to the owner and management fees to the management company. Competitors providing similar mechanisms are limited, and its ability to respond to detailed business needs has led to high evaluations from property management companies. By combining rent guarantees and collection services, the Company has built a structure that comprehensively supports operations related to rent management.

The key points in the Company's business operations are its screening and collection mechanisms. In move-in screening, it utilizes data accumulated in its proprietary core system and past track records to evaluate the credit risk of applicants. The concept of screening is "screening to pass," and rather than setting excessively strict standards, it adopts a policy of managing risks while taking into account the circumstances of prospective tenants. It also emphasizes the speed of screening, establishing a system to present results in an average of about two hours. For property management companies that emphasize speed from move-in application to contract, this responsiveness is an important evaluation point.

On the other hand, the cornerstone of risk management is collection operations. When delinquency occurs, the Company classifies the delinquency status based on accumulated data and takes collection measures suited to the situation. It places importance on restoring normal payment status at an early stage, and implements responses such as phone calls and visits in stages. It has systematized the collection process, such as entrusting collection operations to lawyers for long-overdue receivables. Maintaining a high collection rate while accepting a wide range of applicants in screening is the foundation of the Company's business model.

The Company's rent guarantee business is characterized by providing a comprehensive service covering screening, collection, and payment collection management, centered on rent guarantees. It is a business model that supports the smooth operation of the rental housing market by providing stable rental income to property owners and access to housing for tenants. Backed by years of data accumulation and practical know-how, the Company has built a structure to continuously acquire business from property management companies.

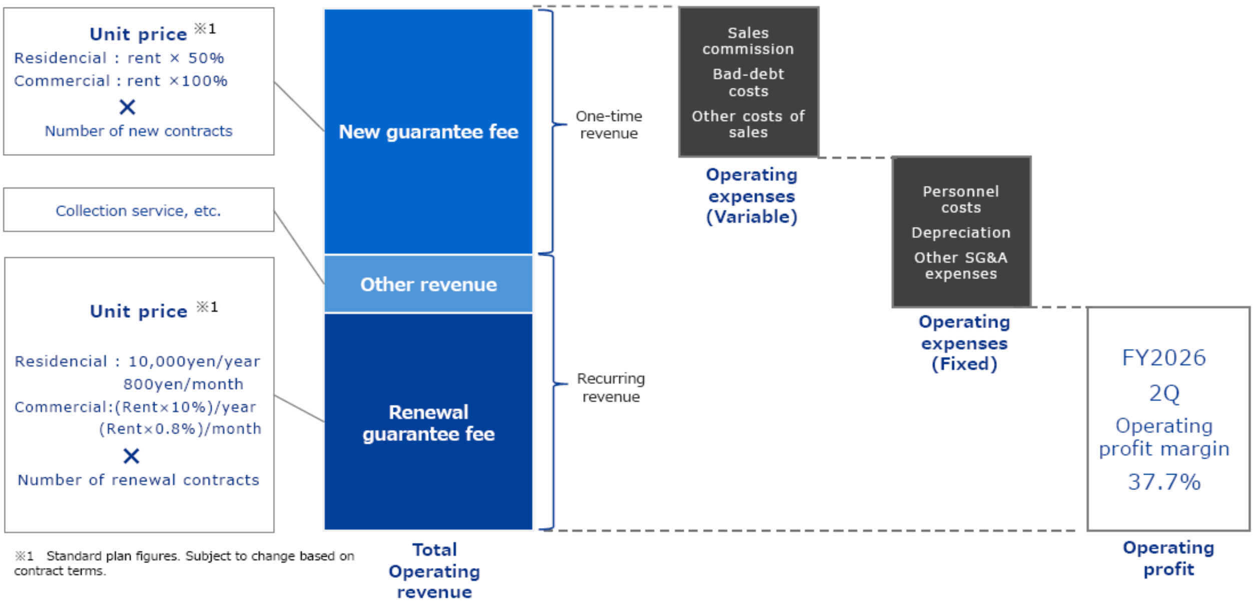
2. Earnings structure

The Company's revenue is mainly sourced from guarantee fees paid by tenants, and is divided into one-time revenue and recurring revenue. The Company's earnings structure is a model in which it acquires one-time revenue through the accumulation of new contracts, and continuously accumulates recurring revenue through subsequent contract renewals.

The main source of one-time revenue is the new guarantee fees generated at the time of new contracts. Guarantee fees are set based on rent, and standard levels are “rent x 50%” for residential and “rent x 100%” for commercial. Therefore, one-time revenue is determined by the “guarantee fee unit price” and the “number of new contracts.” Having tenants introduced by property management companies nationwide and accumulating the number of contracts leads directly to the expansion of one-time revenue. The main source of recurring revenue is renewal guarantee fees. Guarantee contracts are renewed at regular intervals, at which time renewal guarantee fees are generated. For residential use, standard levels are “¥10,000/year” or “¥800/month,” and for commercial use, the standard is “rent x 10%/year” or “rent x 0.8%/month.” Recurring revenue is determined by the “unit price of renewal guarantee fees” and the “number of renewal contracts,” and the accumulation of past contracts directly forms the foundation for future revenue. Because the number of renewal contracts increases as the number of new contracts increases, it is structured so that recurring revenue grows steadily as the contract balance expands. Looking at the 1H FY12/26 results, one-time revenue was 46.6% and recurring revenue was 53.4%, forming a stable revenue base through the accumulation of contracts.

In terms of expenses, sales commissions and bad debt costs are the main variable costs, centered on expenses associated with the acquisition of new contracts and the fulfillment of guarantees. Fixed costs include personnel costs and depreciation. The rent guarantee business is structured such that recurring revenue accumulates as the contract balance expands, so once a certain scale is exceeded, the fixed cost ratio decreases, making it easier to achieve high profit margins.

Schematic diagram of the earnings structure in the rent guarantee business



Source: The Company’s results briefing materials

3. Competitive environment

There are several competitors in the rent guarantee market. In the residential sector, Zenhoren Co., Ltd. <5845>, Entrust Inc. <7191>, J-Lease Co., Ltd. <7187>, and Casa Inc. <7196>, among others, are representative competitors, while in the commercial sector, 4C's Co., Ltd., which focuses on tenant guarantees for stores and offices, is a representative competitor.

However, in the rent guarantee industry, the competitive environment differs greatly depending on the size of the property management company. Major management companies with more than 5,000 units under management often have their own guarantee functions in-house, limiting the room for external guarantee companies to enter. On the other hand, for mid-sized management companies with around 1,250 to 5,000 units under management, consumer credit-affiliated guarantee companies such as Orico Forrent Insure Co., Ltd. and Epos Card Co., Ltd. primarily compete in this market, resulting in intense competition centered on sales commissions.

In contrast, the Company has accumulated transactions with small- and medium-sized property management companies with relatively few units under management over many years. In this area, there is a tendency to place importance on meticulous services such as flexibility in screening and day-to-day business responses. As a result, direct competition with consumer credit-affiliated guarantee companies is limited, and the Company has built a unique position.

One of the factors supporting the Company's competitiveness is its nationwide network of agencies. Its core subsidiary, Nihon Safety, has deployed a sales structure at 30 bases nationwide, centered on major metropolitan areas, and the number of partnered property management companies as of the end of June 2026 was 68,210, the largest in the industry. This network not only leads to the acquisition of new contracts, but by deepening day-to-day cooperation with property management companies, it also has a positive impact on the operations of screening and collection.

Its screening structure utilizing AI and high collection capabilities are also strengths. It has built a screening model utilizing AI based on delinquency data and transaction information accumulated through years of business operations, and has adopted the concept of "screening to pass." Rather than making judgments based solely on the credit information of tenants, it places importance on gathering a wide range of information to increase the likelihood of collection. By preparing a collection structure in advance through the acquisition of emergency contact information and the confirmation of guarantor information, it conducts risk management while securing the screening approval rate. At the same time, utilizing accumulated delinquency data, it classifies the delinquency status of tenants into multiple stages and has established a structure to conduct collection responses according to the situation. By combining an experienced collection team with divided operations, it maintains a high collection rate of 96.5% (FY12/25 full-year results). By obtaining information needed for collection at the screening stage and utilizing data for responses in actual collection operations, it realizes both a high screening approval rate and a high collection rate.

In this way, the sources of the Company's competitiveness lie in its unique positioning with small- and medium-sized property management companies as its main customers, its nationwide sales network, and its operational capabilities in screening and collection. All of these have been built through business relationships, data, practical know-how, and the like accumulated over years of business operations, and cannot be built in a short period. Backed by its unique customer base and operational capabilities, FISCO thinks it is highly likely that the Company will continue to maintain a stable competitive advantage in the rent guarantee market going forward.

Results trends

Double-digit revenue and profit growth in 1H FY12/26 due to the expansion of new and renewal guarantee fees

1. Overview of 1H FY12/26 results

In the 1H FY12/26 results, operating revenue increased 12.2% YoY to ¥16,175mn, operating profit increased 18.2% to ¥6,096mn, EBITDA increased 16.2% to ¥7,024mn, profit before tax increased 19.0% to ¥5,834mn, and profit attributable to owners of parent increased 27.9% to ¥4,070mn.

Dividing operating revenue into one-time revenue and recurring revenue, new guarantee fees (on an accounting sales recognition basis), which constitute one-time revenue, increased 8.6% YoY to ¥7,543mn. Recurring revenue, which combines renewal guarantee fees and other revenue, amounted to ¥8,632mn, an increase of 15.5%. The ratio of recurring revenue to operating revenue rose from 51.8% in the same period of the previous year to 53.4%.

Of recurring revenue, renewal guarantee fees from the accumulation of past contracts increased 10.7% YoY to ¥6,445mn. The breakdown was annual renewal fees, which increased 4.4% to ¥5,273mn, and monthly renewal fees, which increased 52.0% to ¥1,172mn. In addition to the increase in the base number of renewal contracts accompanying the expansion of new contracts, the shift to monthly renewal fees also contributed to revenue expansion. Other revenue, such as rent collection service fees, also grew, increasing 32.6% to ¥2,187mn.

New guarantee fees based on guarantee fees received at the time of contract (before period allocation), a leading indicator of one-time revenue, increased 5.6% YoY to ¥8,445mn. Looking at the factors behind the increase, the volume factor due to the increase in the number of new contracts contributed 0.8pp, and the unit price factor due to rising rent levels and the like contributed 4.8pp, meaning the contribution from the rise in unit prices was significant. By application, residential rent guarantees increased 5.2% to ¥5,788mn, commercial rent guarantees increased 5.8% to ¥2,336mn, and other was ¥321mn. Both residential rent guarantees and commercial rent guarantees expanded. Although the growth rate of commercial rent guarantees, which recorded high growth in the same period of the previous year, slowed, the growth in residential rent guarantees contributed to the expansion of new guarantee fees in the April–June quarter.

Operating expenses increased 8.0% YoY to ¥10,292mn. Due to a workforce expansion aimed at future business expansion, employee benefit expenses increased 7.3% to ¥3,028mn. Along with the expansion of operating revenue, commission fees increased 8.0% to ¥2,663mn, and bad debt costs increased 5.8% to ¥1,847mn. Looking at the factors for the change in EBITDA, higher revenue increased EBITDA by ¥1,700mn, while the increase in commission fees (¥197mn), the increase in bad debt costs (¥102mn), the increase in personnel costs (¥206mn), the increase in taxes and dues (¥162mn), and other items (¥51mn) reduced EBITDA. As a result, operating profit increased 18.2% to ¥6,096mn, EBITDA increased 16.2% to ¥7,024mn, and the EBITDA margin rose 1.5pp to 43.4%. Although the absence of the ¥291mn in listing-related and other expenses recorded in the same period of the previous year also boosted the rate of profit growth, the Company secured profit growth even in a direct comparison with the same period of the previous year excluding these expenses.

In 1H FY12/26, one-time revenue grew due to the expansion of new guarantee fees, and recurring revenue such as renewal guarantee fees and collection service fees grew faster than one-time revenue, further expanding the earnings base. In terms of costs, we at FISCO positively assess that operating revenue expanded at a pace exceeding that of operating expenses and the profit margin improved, even while the Company made growth investments for the future such as workforce expansion. Given a business structure in which the acquisition of new contracts leads to future increases in renewal guarantee fees, growth in results combining stability and profitability is expected to continue going forward.

Overview of 1H FY12/26 results

(¥mn)

	1H FY12/25		1H FY12/26		YoY	
	Results	% of sales	Results	% of sales	Change	Change (%)
Operating revenue	14,419	-	16,175	-	1,756	12.2%
Operating expenses	9,526	66.1%	10,292	63.6%	766	8.0%
Operating profit	5,159	35.8%	6,096	37.7%	937	18.2%
EBITDA	6,042	41.9%	7,024	43.4%	982	16.2%
Profit before tax	4,903	34.0%	5,834	36.1%	931	19.0%
Profit attributable to owners of parent	3,183	22.1%	4,070	25.2%	887	27.9%

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

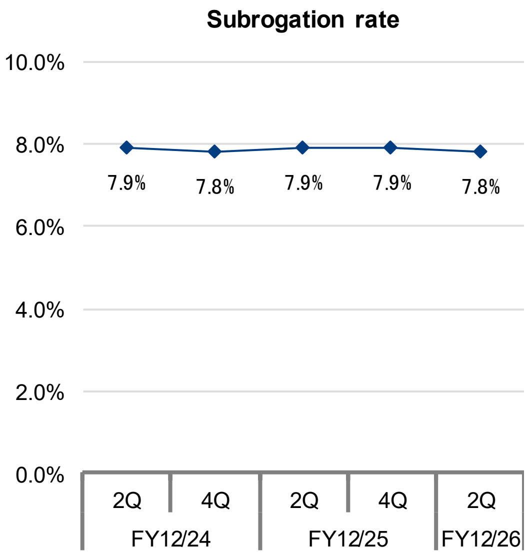
2. Subrogation rate, collection rate, and provision for doubtful accounts

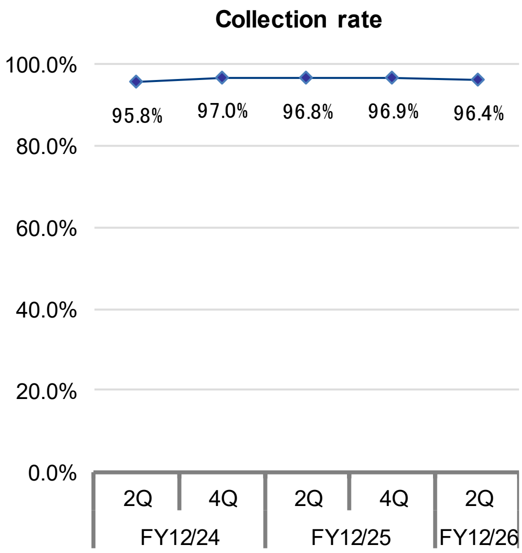
The subrogation rate for 2Q FY12/26 alone was 7.8%, a decrease of 0.1pp YoY. Although this was up from 7.2% in 1Q, the rate typically shows seasonality, rising from 1Q to 2Q each year, and the movement was within the expected range. The rate has been stable in the 7% range since FY12/24, and the risk level is being appropriately managed even as the guarantee balance expands. In addition to upgrading the AI screening model that began operation in April 2025, the Company is working to help prevent delinquencies through initiatives such as notifications via LINE. Through these measures, its policy is to curb the occurrence of subrogation payments while accepting a wide range of tenants.

The collection rate for 2Q alone was 96.4%, a decrease of 0.4pp YoY. Although this was slightly down from 96.9% in 4Q FY12/25, it continued to maintain a high level exceeding 96%. The Company has established a "delinquency resolution scheme" in which it classifies delinquency status into multiple stages and the personnel or teams best suited to each situation respond. It also divides collection operations, shares information utilizing its core system, and prioritizes collection targets, leading to stable collection results. The high collection rate also contributes to the suppression of bad debt costs and litigation costs.

The provision for doubtful accounts for guarantee claims, which was newly disclosed this time, was 64.7% in 2Q; although this was down 0.7pp YoY, it was up 0.3pp from 64.4% in 1Q, and the ratio has remained above 60% since 4Q FY12/24. While securing a high collection rate, the Company records sufficient provisions for doubtful accounts in preparation for future uncollectible amounts based on IFRS, and provisions against the increase in guarantee claims are also secured.

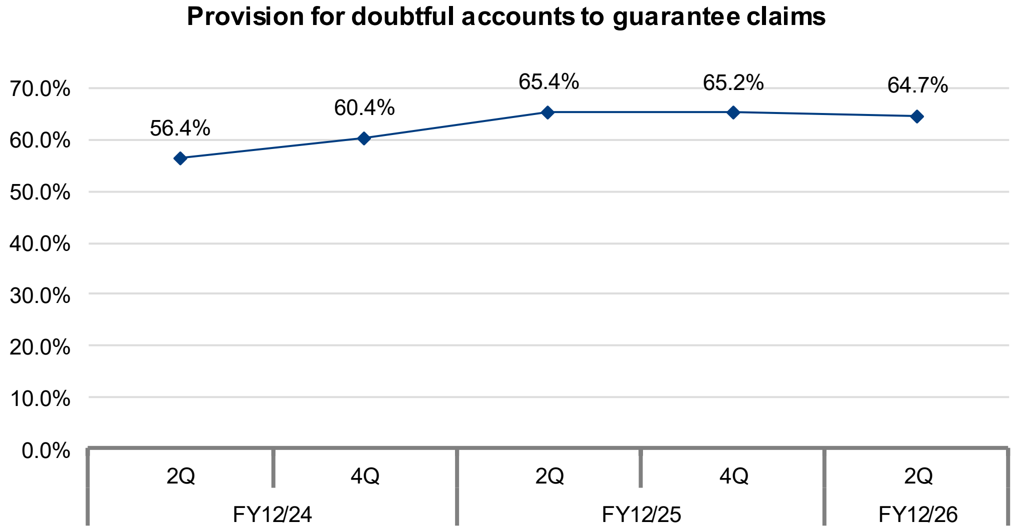
The subrogation rate decreased YoY, and the collection rate and provision for doubtful accounts also remained at high levels. FISCO judges that the suppression of subrogation payments through screening, collection after delinquencies occur, and provisioning for future uncollectible amounts are all functioning appropriately. The Company is achieving both the expansion of guarantee contracts and risk management, and FISCO thinks its business model combines stability and high profitability.





Note: Subrogation rate = amount remitted in the month ÷ (number of contracts under guarantee in the month × average guaranteed rent); collection rate = amount received ÷ amount remitted

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



Note: Provision for doubtful accounts = ratio of provision for doubtful accounts to guarantee claims

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

3. Financial position and financial indicators

Looking at the financial position at the end of 1H FY12/26, total assets decreased ¥2,160mn from the end of the previous fiscal year to ¥73,980mn. Current assets decreased ¥1,432mn from the end of the previous fiscal year to ¥28,066mn, as cash and cash equivalents decreased ¥2,625mn while trade and other receivables increased ¥987mn. Non-current assets decreased ¥728mn from the end of the previous fiscal year to ¥45,914mn. Due to depreciation and amortization, property, plant and equipment decreased ¥213mn and intangible assets decreased ¥496mn.

Total liabilities decreased ¥271mn from the end of the previous fiscal year to ¥46,985mn. Current liabilities increased ¥602mn from the end of the previous fiscal year to ¥20,173mn, as financial guarantee liabilities increased ¥1,207mn while income taxes payable decreased ¥445mn. Non-current liabilities decreased ¥873mn from the end of the previous fiscal year to ¥26,812mn, with decreases of ¥485mn in borrowings, ¥207mn in lease liabilities, and ¥205mn in deferred tax liabilities. Total equity decreased ¥1,889mn from the end of the previous fiscal year to ¥26,995mn. While equity increased ¥4,070mn due to the recording of interim comprehensive income and ¥831mn due to the exercise of share acquisition rights, it decreased ¥1,825mn due to dividends and ¥4,965mn due to the acquisition of treasury stock.

Looking at the main financial indicators, the ratio of equity attributable to owners of parent decreased 1.4pp from the end of the previous fiscal year to 36.5%. However, the main reason for the decline was the acquisition of treasury stock carried out as part of its capital policy, not a deterioration in business earnings. The current ratio, which indicates short-term debt-paying ability, was 139.1%, maintaining a sufficient level. Although net debt increased ¥2,150mn from the end of the previous fiscal year to ¥12,035mn due to the decrease in cash accompanying shareholder returns, interest-bearing debt decreased ¥475mn, and repayment is progressing steadily. In addition, since the provision for doubtful accounts for guarantee claims is also at a high level, there is little concern about the Company's preparedness for business risks. FISCO thinks that by continuing to accumulate profits and repay borrowings, the Company can improve its capital structure while achieving both growth investments and shareholder returns.

Balance sheet and main financial indicators

(¥mn)

	End of FY12/25	End of 1H FY12/26	Change
Current assets	29,498	28,066	-1,432
Cash and cash equivalents	15,983	13,358	-2,625
Trade and other receivables	11,782	12,770	987
Non-current assets	46,643	45,914	-728
Property, plant and equipment	1,433	1,220	-213
Intangible assets	7,682	7,186	-496
Goodwill	36,039	36,039	-
Deferred tax assets	1,106	1,113	7
Total assets	76,141	73,980	-2,160
Current liabilities	19,571	20,173	602
Trade and other payables	3,792	3,518	-274
Financial guarantee liabilities	10,869	12,076	1,207
Borrowings	961	970	9
Non-current liabilities	27,685	26,812	-873
Borrowings	24,907	24,423	-485
Total liabilities	47,256	46,985	-271
Interest-bearing debt	25,868	25,393	-475
Total equity	28,884	26,995	-1,889
Retained earnings	20,657	22,901	2,244
Main financial indicators			
Ratio of equity attributable to owners of parent	37.9%	36.5%	-1.4pp
Current ratio	150.7%	139.1%	-11.6pp
Net debt	9,885	12,035	2,150

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

Outlook

Operating profit growth of over 20% forecast for FY12/26, with upside potential to the full-year plan

For the FY12/26 results, the Company forecasts operating revenue to increase 10.9% YoY to ¥33,069mn, operating profit to increase 20.5% to ¥11,898mn, EBITDA to increase 17.7% to ¥13,779mn, profit before tax to increase 21.5% to ¥11,379mn, and profit attributable to owners of parent to increase 24.9% to ¥7,900mn. There was no change to the full-year forecasts at the time of the interim results announcement.

Operating revenue is expected to continue expanding due to the increase in new contracts and the rise in rent levels in rent guarantees. It plans for new guarantee fees (before period allocation) to increase 10.8% YoY to ¥16,703mn, and looking at the breakdown, it forecasts the unit growth rate to increase 5.1% and the unit price growth rate to increase 5.7%. In residential rent guarantees, stable growth is expected to continue by leveraging the Company's strengths amid an increasing number of households and solid rental demand in urban areas. In commercial rent guarantees, demand for rent guarantees for stores and offices is expanding, and the growth in commercial rent guarantees, which the Company positions as a growth area, is expected to drive revenue expansion; on the other hand, the competitive environment is intensifying markedly, requiring differentiation in sales strategy. The breakdown of new guarantee fees is ¥10,686mn for residential rent guarantees (an increase of 6.7%), ¥5,298mn for commercial rent guarantees (an increase of 18.7%), and ¥718mn for others (an increase of 20.1%). In addition, along with the renewal of contracts accumulated to date, renewal guarantee fees are also expected to continue to expand stably.

In terms of costs, it will continue to suppress bad debt costs by strengthening the collection structure and improving screening accuracy. The Company has established a structure to manage delinquent receivables by stage, and has stabilized risk costs by maintaining a high collection rate. Its policy is to maintain this structure in FY12/26 as well and manage bad debt costs appropriately. At the same time, it will advance IT investments aimed at improving internal productivity, and aim to improve operational efficiency by expanding the scope of utilization of AI technology to operations other than screening. Through this, it aims to achieve both an improvement in operational quality and an improvement in cost efficiency.

In terms of profits, in addition to the expansion of revenue, the suppression of bad debt costs and the decrease in one-time expenses will contribute, and operating profit is expected to achieve high growth, increasing 20.5% YoY. In FY12/25, one-time expenses of ¥1,449mn, including costs related to the listing on the Tokyo Stock Exchange Prime Market, were incurred. The elimination of these expenses in FY12/26 will also be a factor boosting profits. Operating profit for the interim period reached 51.2% of the full-year plan, and also exceeded the plan for the interim period. Although new guarantee fees reached 95.7% of the plan for the interim period, progress against the full-year plan exceeded 50%, and the plan is expected to be achieved if the second half maintains a level similar to that of the interim period. As the expansion of recurring revenue and the appropriate management of bad debt costs are also continuing, FISCO thinks that the likelihood of achieving the full-year plan is high and that the plan has some upside potential.

In addition, in July the Company made Alpha, which operates the rent guarantee business in Kyushu, a wholly owned subsidiary. Although the impact on FY12/26 results is expected to be minor, the acquisition of a network of approximately 5,500 agencies and improvements in operational efficiency are expected to strengthen the earnings base over the medium to long term. We at FISCO assess that the Company's first full-year results after its stock listing are progressing smoothly toward achieving the plan.

FY12/26 forecasts

(¥mn)

	FY12/25		FY12/26		YoY	
	Results	% of sales	Forecasts	% of sales	Change	Change (%)
Operating revenue	29,826	-	33,069	-	3,243	10.9%
Operating profit	9,873	33.1%	11,898	36.0%	2,025	20.5%
EBITDA	11,699	39.2%	13,779	41.7%	2,080	17.7%
Profit before tax	9,365	31.4%	11,379	34.4%	2,014	21.5%
Profit attributable to owners of parent	6,325	21.2%	7,900	23.9%	1,575	24.9%

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

Medium- to long-term growth strategy

The medium-term management plan aims to achieve both sales growth and profitability; expanding the business foundation through its first M&A

On November 12, 2025, the Company announced its medium-term management plan through FY12/27, setting forth a growth strategy centered on expanding the rent guarantee business and upgrading its earnings structure. While enhancing the competitiveness of its core rent guarantee business, the Company plans to further solidify its industry-leading position with a view toward expanding the guarantee domain and growing real estate DX-related services.

As quantitative targets for FY12/27, the Company aims for operating revenue of approximately ¥36.5bn (a compound annual growth rate of approximately 12% from FY12/24 to FY12/27) and an adjusted EBITDA margin of approximately 43.0%, seeking to achieve both high sales growth and profitability. As business KPIs, it targets approximately 385,000 new contracts and approximately ¥18.5bn in new guarantee fees. The breakdown is approximately 295,000 new contracts and approximately ¥11.5bn in new guarantee fees for residential rent guarantees, and approximately 35,000 new contracts and approximately ¥6.0bn in new guarantee fees for commercial rent guarantees, aiming to expand the number of contracts in both the residential and commercial sectors.

Quantitative targets of the medium-term management plan

(¥bn)

	FY12/24 Results	FY12/25 Results	FY12/26 Forecasts	FY12/27 Plan	FY12/24–FY12/27 CAGR
Operating revenue	26.3	29.8	33.0	Approx. 36.5	Approx. 12%
Adjusted EBITDA margin	42.2%	44.1%	41.7%	Approx. 43.0%	-
New guarantee fees	13.7	15.1	16.7	Approx. 18.5	Approx. 11%
Residential rent guarantees	9.4	10.0	10.7	Approx. 11.5	Approx. 7%
Commercial rent guarantees	3.7	4.5	5.3	Approx. 6.0	Approx. 18%
Number of new contracts (thousands)	320	339	357	Approx. 385	-
Residential rent guarantees	249	-	-	Approx. 295	-
Commercial rent guarantees	23	-	-	Approx. 35	-

Notes:

1. Adjusted EBITDA = EBITDA (operating profit + depreciation and amortization) + management fee + listing-related expenses

2. Because no adjustment items arise from FY12/26 onward, the adjusted EBITDA margin is equal to the EBITDA margin.

3. Because there is an other segment in addition to residential rent guarantees and commercial rent guarantees, the totals of new guarantee fees and the number of new contracts for residential rent guarantees and commercial rent guarantees do not match the Company-wide figures.

Source: Prepared by FISCO from the medium-term management plan materials and results briefing materials

The core of this growth will be the expansion of the existing rent guarantee business. In residential rent guarantees, strengthening sales in major metropolitan areas will be the main measure. Leveraging its sales structure centered on the Tokyo Head Office and Osaka Head Office, it will focus personnel deployment on areas with low market share or untapped regions within metropolitan areas. It will segment its sales strategy by customer size and area, and also establish a structure to continuously verify sales results at the headquarters and bases. By proceeding with the expansion of agencies while enhancing sales productivity, it aims to increase the number of contracts and improve its market share.

On the other hand, in commercial rent guarantees, it plans to accelerate growth while capturing the expansion of the commercial rental market for stores, offices, and the like. Utilizing the sales network and know-how cultivated in residential rent guarantees, it will strengthen sales to property management companies, developers, REITs, and others that handle commercial rentals. In terms of products, it will design products flexibly according to corporate needs to differentiate itself from competitors. Because commercial rent guarantees have high unit prices and high profitability, the expansion of this field has the potential to contribute significantly to revenue growth.

As a revenue measure, it will also focus on raising Average Revenue Per User (ARPU)—operating revenue divided by the cumulative number of persons under guarantee (average during the period)—by providing value-added services to rent guarantee users and promoting cross-selling. It already provides products combining rent guarantees and emergency maintenance services, as well as multilingual support plans, and going forward it is also considering the expansion of bundled products with fire insurance, opening support services for tenants, and the like. It intends to increase revenue per customer by expanding related services starting from the use of guarantee services.

In addition, as measures that will lead to an improvement in profitability, it will aim to expand fee income by increasing the collection services ratio among contracts, and proceed with the recovery of costs associated with delinquency responses by charging reminder and billing administrative fees. Furthermore, it is also proceeding with the strengthening of credit management by raising the sophistication of screening functions and refining scoring. In terms of operations, it will also aim to reduce variable costs through the streamlining of the screening process, the review of collection service fees, and the like.

Note that there are also multiple potential upside factors that are not incorporated into the medium-term management plan. The main measures include expanding the business foundation through the acquisition of independent mid-sized and small regional guarantee companies and alliances with consumer credit-affiliated rent guarantee companies, improving the efficiency of screening and collection operations utilizing AI, opening branches in untapped regions, and reviewing the cost structure. Of these, in M&A, the acquisition of Alpha, which operates the rent guarantee business in Kyushu, was completed in July as the Company’s first M&A. By acquiring a network of approximately 5,500 agencies, the Group’s sales bases expanded to 37 bases in 30 prefectures. Although the impact on FY12/26 results is expected to be minor, the Company will first aim to expand its market share in Kyushu. Over the medium to long term, it aims to improve Alpha’s profitability through operational efficiency improvements via AI and system integration, the transfer of collection know-how, the review of product plans, and expanded sales of commercial rent guarantees.

Other than M&A, improvements in unprofitable transactions due to the sophistication of AI screening, and streamlining collection operations by analyzing collection difficulty are thought to contribute to improving profitability. Opening branches in untapped regions will not only expand its sales area but also lead to customer acquisition in regions where competition is relatively mild. If these measures progress, including alliances with consumer credit-affiliated rent guarantee companies and additional cost reductions, they could become upside factors relative to the medium-term management plan.

If the strengthening of sales, improvement of ARPU, and steady implementation of various revenue measures proceed as planned, FISCO thinks that the medium-term management plan is sufficiently achievable. By proceeding with the expansion of the guarantee domain and real estate-related services while utilizing the rent guarantee business as a foundation, medium- to long-term profit expansion and sustainable corporate value enhancement are expected.

Sustainability

A structure in which business expansion leads directly to resolving social issues; progress also in human capital investment and stronger governance

The Company's sustainability is characterized by the fact that the rent guarantee business itself is closely linked to the resolution of social issues. In the rental housing market, accompanying the increase in single-person households and elderly households, the number of prospective tenants who cannot secure a joint guarantor is increasing. As a guarantee company, the Company plays the role of guaranteeing the payment of tenants, providing a mechanism that supports both the expansion of move-in opportunities and the stabilization of income for property owners. Rent guarantees are a service that has the character of a social infrastructure, supporting the smooth functioning of the rental housing market, and the Company's business expansion directly contributes to the formation of a safe and secure rental housing market. This point is the most essential element within the Company's sustainability.

The Company has set forth five material issues: 1) Realizing a society where more people can live safely and securely, 2) Promoting diversity, 3) Protection of personal information, 4) Ensuring compliance, and 5) Addressing climate change risks. Because rent guarantees handle personal information and credit information, and a high sense of ethics is required in screening and collection, the importance of compliance and information management is high. In terms of compliance, the Company has established a Labor Compliance Committee, is improving the visibility of its consultation hotline and conducting compliance training for managers, and has also formulated a basic policy on customer harassment. It has also set KPIs of conducting compliance training at least twice a year and raising awareness of the internal whistleblowing system at least once a year. In terms of information management, in addition to conducting personal information protection training at least once a year, it launched a dedicated team responsible for information security and governance by 1H FY12/26. These are essential initiatives for maintaining the reliability of the guarantee business, which handles credit risk and personal information.

The Company positions human resources as "the core asset for sustainable business growth and corporate value creation," and is proceeding with system development in each aspect of recruitment, development, and engagement. In terms of recruitment, in addition to securing personnel needed for base expansion, it is working to recruit DX specialists. It has designed a recruitment approach to target a diverse range of candidates such as recent graduates with some work experience, women, and regional talent, aiming to achieve both organizational diversity and close contact with the local community. In terms of development, it has created training systems by rank and job type, and established mechanisms for assignment and early promotion. It is also working on improving the transparency of the evaluation system and reviewing the compensation system, advancing the creation of an organization that links job satisfaction with results. The guarantee business depends heavily on the expertise of human resources, such as screening, collection, and customer relations, and human capital investment is an area directly linked to competitiveness.

In terms of the environment, it is promoting resource and energy conservation in each process of its business activities, and working on reducing environmental impact such as waste reduction. Although the Company's business is not an industry with a large direct environmental impact like manufacturing, the energy consumption of offices and IT infrastructure increases as the scale of business expands. Efficient business operations and the promotion of digitalization can be described as initiatives that are effective in both improving operational efficiency and reducing environmental impact.

The Company's sustainability is characterized by a business structure in which the spread of rent guarantees contributes to expanding move-in opportunities and stabilizing the rental housing market, rather than advancing ESG measures separately from the business. The fact that business expansion also leads to the creation of social value is important in evaluating medium- to long-term corporate value. Disclosure of targets and results for each material issue has also progressed, making it easier to verify the progress of each measure. Going forward, if the quality of screening, collection, customer relations, and the like is further enhanced through human capital investment and stronger governance, sustainable growth and enhanced corporate value can be expected.

Shareholder return policy

Sets out a policy of targeting a high level of dividends, and also utilizes treasury stock acquisitions to improve capital efficiency

The Company has a basic policy of stable and continuous dividends. It intends to return profits to shareholders while balancing shareholder returns with the internal reserves needed for business operations and to strengthen its financial position, while being conscious of improving capital efficiency. Its policy is to utilize internally retained funds to strengthen its business foundation and expand services for medium- to long-term growth, aiming for a capital policy that balances growth investments and shareholder returns.

As a basic policy, the Company pays dividends twice a year, an interim dividend and a year-end dividend, and it targets a dividend payout ratio of 50% or higher. This is a relatively high level even among domestic listed companies, demonstrating an attitude that emphasizes stable dividends. The rent guarantee business has a high proportion of recurring revenue such as renewal guarantee fees, with a business structure that facilitates the generation of stable cash flows. FISCO believes that a stable earnings base is an element that supports continuous dividends.

The year-end dividend for FY12/25 was ¥35.0 per share. The interim dividend for FY12/26 was ¥38.0 per share, and the year-end dividend is planned to be the same amount. The annual dividend forecast is ¥76.0, with a forecast dividend payout ratio of 50.2%, unchanged from the previous forecast. In terms of capital policy other than dividends, the Company acquired 3,469,400 treasury shares (acquisition cost of ¥4,965mn) in May 2026 and 810,000 shares (¥1,251mn) from July 1 to August 31, bringing the cumulative number of shares acquired in 2026 to 4,279,400 and the acquisition cost to ¥6,215mn. Both are intended to improve capital efficiency and to allocate shares to be delivered under its share-based incentive scheme (stock options). FISCO thinks that the Company's stance of working to improve capital efficiency while maintaining high-level dividends is commendable from the perspective of enhancing shareholder value.

Disclaimer

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