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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 5, 2025

Company name: J-LEASE CO., LTD.
Stock exchange listing: Tokyo
Code number: 7187
URL: https://www.j-lease.jp
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Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024, to December 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	11,920	26.7	2,261	26.2	2,249	25.8	1,494	24.1
December 31, 2023	9,409	18.9	1,791	-0.1	1,789	-0.1	1,204	-2.4

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥1,494 million [24.1%]
Nine months ended December 31, 2023: ¥1,204 million [-2.4%]

	Basic earnings per share	Diluted profit per share
Nine months ended	Yen	Yen
December 31, 2024	83.96	83.25
December 31, 2023	67.77	67.16

(Note) The Company conducted a 2-for-1 stock split of shares of common stock on March 1, 2024. Basic earnings per share and diluted profit per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	14,560	5,321	36.5
March 31, 2024	11,586	4,627	39.9

(Reference) Equity: As of December 31, 2024 ¥5,321 million
As of March 31, 2024 ¥4,627 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	35.00	-	22.50	-
Fiscal year ending March 31, 2025	-	22.50	-		
Fiscal year ending March 31, 2025 (Forecast)				22.50	45.00

(Note) Revisions to the forecast for dividends announced most recently : No

The Company conducted a 2-for-1 stock split of shares of common stock on March 1, 2024. The year-end dividend per share for the fiscal year ended March 31, 2024, is stated after taking into account the effect of such stock split, and the total annual dividend is shown as a dash.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024, to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,210	22.6	2,810	7.8	2,810	7.6	1,890	5.6	105.98

(Note) Revisions to the financial results forecast announced most recently : No

*Notes:

(1) Significant changes in the scope of consolidation during the period : Yes

New: One (Company name: AIVS)

Exclusion: - (Company name: -)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements : No

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to revision of accounting standards : No

2) Changes in accounting policies other than 1 : No

3) Changes in accounting estimates : No

4) Retrospective restatement : No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

December 31, 2024: 18,032,000 shares

March 31, 2024: 17,878,400 shares

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

December 31, 2024: 100,224 shares

March 31, 2024: 100,192 shares

3) Average number of shares outstanding during the period

December 31, 2024: 17,800,775 shares

December 31, 2023: 17,773,452 shares

(Notes) 1. The number of treasury stock at the end of the period and the number of treasury stock deducted from the calculation of the average number of shares during the period include the Company's shares held by the Board Benefit Trust (BBT).

2. The Company conducted a 2-for-1 stock split of shares of common stock on March 1, 2024. Number of shares is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm : None

* Proper use of earnings forecasts, and other special matters

(Precautions concerning forward-looking statements, etc.)

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended as a promise by the Company that they will be achieved. Moreover, actual results may differ significantly due to various factors. Please refer to "(3) Explanation of future forecast information such as consolidated financial results forecasts" in "1. Qualitative Information on Quarterly Financial Results under Review" on page 3 of the attachment for the assumptions used for financial results forecasts and precautions regarding the use of the forecasts.

(How to obtain supplementary materials on financial results)

Supplementary materials for financial results are disclosed on TDnet on the same day.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

During the nine months of the consolidated fiscal year under review, Japan's economic environment was expected to continue its gradual recovery under the improving employment and income environment and the effects of various policies. But there remained risks of downward pressure on the domestic economy due to a downturn in overseas economies, such as the effects associated with continued high interest rate levels in Europe and the United States and continued stagnation of the Chinese real estate market, as well as effects of rising prices, the situation in the Middle East, fluctuations in financial and capital markets, and other factors.

In the industry of real estate for rent, occupancy demand is firm, and in addition, the use of rent guarantees for commercial properties, such as offices and tenants, remains on an increasing trend.

In this environment, the Group continued its risk control efforts through the strengthening of its credit screening and credit management, as well as its human capital management, by thoroughly and carefully responding to customers (real estate companies, lessors, and lessees) based on close ties to local communities.

In April 2024, moreover, the Company made AIVS, a software development and other services company, a wholly-owned subsidiary, and included it in the scope of consolidation from May 2024.

As a result, net sales for the nine months of the fiscal year under review were 11,920,474 thousand yen (up 26.7% year-on-year), operating profit came to 2,261,700 thousand yen (up 26.2% year-on-year), ordinary profit was 2,249,753 thousand yen (up 25.8% year-on-year), and profit attributable to owners of parent posted 1,494,467 thousand yen (up 24.1% year-on-year).

Operating results by segment are as follows. From the first quarter of the fiscal year under review, the business segments indicated as reporting segments have been changed. Comparisons and analyses to the third quarter of the previous fiscal year are based on the new business segments.

(Guarantee-related business)

For sales, the residential rent guarantee business far exceeded the Company's plan. New transactions increased due to the success of various strategies, including allocation of human resources to the Tokyo metropolitan area, human resource development, and alliances with outside companies and industry groups. The Company also sought to expand its community-based services, which is one of its strengths, and opened Toyama and Shiga branches in July 2024 and Yamanashi and Nara branches in October 2024. In the business rent guarantees, sales remained steady while the high frequency of move-ins and move-outs during the post-pandemic period tailed off and competitors increased.

In terms of expenses, while bad-debt-related expenses, etc. increased and administrative fees for real estate companies increased due to intensifying competition, the Company continued appropriate risk control through credit screening and management, etc.

In the medical expense guarantee business, the Company continued to expand sales channels and strengthen marketing efforts, resulting in an increase in new transactions such as in public hospitals and Red Cross hospitals through various newly developed routes. Thus, the performance has exceeded the plan.

As a result, net sales of the guarantee-related business for the nine months of the fiscal year under review were 10,983,100 thousand yen (up 19.7% year-on-year) and operating profit was 2,366,102 thousand yen (up 32.3% year-on-year).

(Real-estate-related business)

In the real estate brokerage and property management business and the real estate leasing business, the Company focused on providing services to foreign nationals, and the weak yen and other factors increased their demand for Japanese real estate, resulting in an increase in brokerage projects for sales and purchases, etc. However, sales declined in reaction against a significant increase in sales of real estate for sale in the same period of the previous year.

As a result, net sales of the real-estate-related business for the nine months of the fiscal year under review were 181,552 thousand yen (down 23.9% year-on-year) and operating loss recorded 34,490 thousand yen (operating profit of 3,609 thousand yen for the same period of the previous year).

(IT-related business)

At AIVS, which engages in software development and other activities, the development and sale of environmental inspection systems and other IT services exceeded the plan in terms of both net sales and operating profit thanks to strong sales of software, etc.

As a result, the IT-related business posted net sales of 853,901 thousand yen and operating loss of 54,467 thousand yen for the nine months of the fiscal year under review.

(2) Explanation of financial position

Total assets at the end of the nine months of the fiscal year under review were up 2,974,358 thousand yen from the end of the previous fiscal year to 14,560,780 thousand yen. This was mainly due to an increase of 752,377 thousand yen in goodwill resulting from the acquisition of a subsidiary, an increase of 727,082 thousand yen in cash and deposits, an increase of 560,534 thousand yen in work in process, an increase of 476,081 thousand yen in advances paid of collection, an increase of 132,598 thousand yen in deferred tax assets, an increase of 121,333 thousand yen in accounts receivable - trade, a decrease of 374,329 thousand yen in accrued guarantee, and an increase of 266,673 thousand yen in allowance for doubtful accounts.

Liabilities grew 2,279,592 thousand yen from the end of the previous fiscal year to 9,238,955 thousand yen. This was mainly due to an increase of 1,139,912 thousand yen in long-term borrowings, an increase of 713,089 thousand yen in accounts payable - trade, an increase of 176,800 thousand yen in long-term accounts payable - other, an increase of 147,356 thousand yen in accounts payable - other, an increase of 129,994 thousand yen in the current portion of long-term borrowings, an increase of 109,147 thousand yen in advances received, a decrease of 190,162 thousand yen in income taxes payable, and a decrease of 136,600 thousand yen in short-term borrowings.

Net assets increased by 694,765 thousand yen from the end of the previous fiscal year to 5,321,824 thousand yen. This was mainly due to an increase of 689,921 thousand yen in retained earnings.

As a result, the equity-to-asset ratio decreased 3.4 percentage points from the end of the previous fiscal year to 36.5%.

(3) Explanation of future forecast information such as consolidated financial results forecasts

With regard to the financial results forecast for the fiscal year ending March 31, 2025, there is no change from the consolidated financial results forecast for the full year announced in the “Consolidated Financial Results for the Year Ended March 31, 2024,” dated May 10, 2024.

The financial results forecasts are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and actual results may differ significantly due to various factors.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Thousand yen)

	Previous fiscal year (March 31, 2024)	Nine months ended December 31, 2024 (December 31, 2024)
Assets		
Current assets		
Cash and deposits	1,438,424	2,165,507
Accrued guarantee	1,719,935	1,345,605
Accounts receivable commission	79,093	86,785
Accounts receivable - other	259,946	342,688
Advances paid of subrogation	6,283,984	6,217,263
Advances paid of collection	1,270,587	1,746,669
Accounts receivable - trade	63,913	185,246
Real estate for sale	-	69,501
Work in process	-	560,534
Supplies	15,073	21,841
Other	249,912	296,276
Allowance for doubtful accounts	-2,007,200	-2,278,100
Total current assets	9,373,670	10,759,819
Non-current assets		
Property, plant and equipment	269,737	494,240
Intangible assets		
Goodwill	-	752,377
Other	244,502	395,999
Total intangible assets	244,502	1,148,377
Investments and other assets		
Deferred tax assets	1,339,413	1,472,011
Other	705,379	1,028,386
Allowance for doubtful accounts	-346,281	-342,055
Total investments and other assets	1,698,511	2,158,343
Total non-current assets	2,212,750	3,800,961
Total assets	11,586,421	14,560,780

(Thousand yen)

	Previous fiscal year (March 31, 2024)	Nine months ended December 31, 2024 (December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	-	713,089
Short-term borrowings	1,240,000	1,103,400
Current portion of long-term borrowings	-	129,994
Lease liabilities	20,865	5,145
Accounts payable of collection	889,270	912,363
Accounts payable - other	826,853	974,209
Income taxes payable	557,388	367,226
Advances received	2,756,230	2,865,377
Provision for bonuses	191,944	128,560
Other	335,400	488,847
Total current liabilities	6,817,953	7,688,213
Non-current liabilities		
Long-term borrowings	-	1,139,912
Lease liabilities	6,184	10,569
Provision for retirement benefits for directors (and other officers)	6,432	8,135
Provision for share awards for directors (and other officers)	50,118	87,335
Retirement benefit liability	-	43,154
Long-term accounts payable - other	-	176,800
Asset retirement obligations	78,194	84,505
Other	480	330
Total non-current liabilities	141,409	1,550,741
Total liabilities	6,959,362	9,238,955
Net assets		
Shareholders' equity		
Share capital	717,708	720,166
Capital surplus	292,708	295,166
Retained earnings	3,749,189	4,439,110
Treasury shares	-132,362	-132,410
Total shareholders' equity	4,627,242	5,322,031
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-184	-207
Total accumulated other comprehensive income	-184	-207
Total net assets	4,627,058	5,321,824
Total liabilities and net assets	11,586,421	14,560,780

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

Nine months ended December 31, 2024

(Thousand yen)

	Nine months ended December 31, 2023 (From April 1, 2023, to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024, to December 31, 2024)
Net sales	9,409,831	11,920,474
Cost of sales	2,378,457	3,392,988
Gross profit	7,031,374	8,527,486
Selling, general and administrative expenses	5,239,413	6,265,785
Operating profit	1,791,960	2,261,700
Non-operating income		
Interest income	12	283
Dividend income	10	296
Insurance claim income	5,056	4,815
Subsidy income	510	4,197
Other	6,448	17,324
Total non-operating income	12,038	26,917
Non-operating expenses		
Interest expenses	11,956	17,766
Loss on investments in silent partnerships	-	13,662
Other	3,013	7,435
Total non-operating expenses	14,970	38,864
Ordinary profit	1,789,029	2,249,753
Extraordinary income		
Gain on sale of non-current assets	-	3,664
Total extraordinary income	-	3,664
Extraordinary losses		
Impairment losses	-	23,807
Loss on valuation of investment securities	44,630	13,513
Other	0	0
Total extraordinary losses	44,630	37,320
Profit before income taxes	1,744,398	2,216,097
Income taxes - current	503,845	783,896
Income taxes - deferred	36,131	-62,266
Total income taxes	539,976	721,630
Profit	1,204,421	1,494,467
Profit attributable to owners of parent	1,204,421	1,494,467

Quarterly consolidated statement of comprehensive income

Nine months ended December 31, 2024

(Thousand yen)

	Nine months ended December 31, 2023 (From April 1, 2023, to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024, to December 31, 2024)
Profit	1,204,421	1,494,467
Other comprehensive income		
Valuation difference on available-for-sale securities	-72	-23
Total other comprehensive income	-72	-23
Comprehensive income	1,204,349	1,494,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,204,349	1,494,444

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for going concerns)

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Segment information)

[Segment information]

Nine months ended December 31, 2023 (From April 1, 2023, to December 31, 2023)

1. Information on sales and profit or loss by reporting segment and decomposition of revenue

(Thousand yen)

	Reporting segment				Adjustment (Note) 1	Amount recorded in quarterly consolidated statement of income (Note) 2
	Guarantee-related business	Real-estate-related business	IT-related business	Total		
Net sales						
Revenue from contracts with customers	1,306,814	177,970	-	1,484,785	-	1,484,785
Other revenue	7,869,860	55,184	-	7,925,045	-	7,925,045
Sales to external customers	9,176,675	233,155	-	9,409,831	-	9,409,831
Intersegment sales or transfers	-	5,468	-	5,468	-5,468	-
Total	9,176,675	238,624	-	9,415,299	-5,468	9,409,831
Segment profit	1,788,351	3,609	-	1,791,960	-	1,791,960

(Notes) 1. The sales adjustment of -5,468 thousand yen represents elimination of intersegment transactions.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill by reporting segment

Not applicable.

Nine months ended December 31, 2024 (From April 1, 2024, to December 31, 2024)

1. Information on sales and profit or loss by reporting segment and decomposition of revenue

(Thousand yen)

	Reporting segment				Adjustment (Note) 1	Amount recorded in quarterly consolidated statement of income (Note) 2
	Guarantee-related business	Real-estate-related business	IT-related business	Total		
Net sales						
Revenue from contracts with customers	1,550,962	111,939	760,981	2,423,883	-	2,423,883
Other revenue	9,432,138	64,453	-	9,496,591	-	9,496,591
Sales to external customers	10,983,100	176,392	760,981	11,920,474	-	11,920,474
Intersegment sales or transfers	-	5,159	92,919	98,079	-98,079	-
Total	10,983,100	181,552	853,901	12,018,554	-98,079	11,920,474
Segment profit (loss)	2,366,102	-34,490	-54,467	2,277,144	-15,443	2,261,700

(Notes) 1. The sales adjustment of -98,079 thousand yen represents elimination of intersegment transactions.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill by reporting segment

(Significant impairment losses on non-current assets)

The Company recorded impairment losses on property, plant and equipment in the guarantee-related business segment. The amount of recorded impairment losses in the third quarter of the fiscal year under review was 23,807 thousand yen.

(Significant changes in the amount of goodwill)

With the acquisition of shares of AIVS and inclusion of it in the scope of consolidation on April 30, 2024, goodwill increased 806,118 thousand yen in the third quarter of the fiscal year under review. The amount of such goodwill is the amount calculated based on the provisional accounting treatment because the allocation of the acquisition cost has not been completed as of the end of the third quarter of the fiscal year under review.

3. Matters related to changes in reporting segments, etc.

The Group added the "IT-related business" to its reporting segments from the first quarter of the fiscal year under review, following the inclusion in the scope of consolidation of AIVS, which had become a subsidiary through the acquisition of shares.

(Notes to statement of cash flows)

Quarterly consolidated statements of cash flows have not been prepared for the third quarter of the fiscal year under review. Depreciation (including amortization related to intangible fixed assets excluding goodwill) and amortization of goodwill for the third quarter of the fiscal year under review are as follows.

	Nine months ended December 31, 2023 (From April 1, 2023, to December 31, 2023)	Nine months ended December 31, 2024 (From April 1, 2024, to December 31, 2024)
Depreciation	140,029 thousand yen	120,795 thousand yen
Amortization of goodwill	- thousand yen	53,741 thousand yen