

Japan's largest rent liability guarantee service provider

This report is an English translation of part of the report issued on October 27, 2023.
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【5845 ZENHOREN Sector : Other Financing Business】

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar.2022	21,705	99.6	1,699	-	1,619	-	1,387	-	58.6	40.3	8.0
Mar.2023	23,846	9.9	1,904	12.1	1,844	13.9	773	-44.3	32.7	79.0	4.0
Mar.2024 f	24,754	3.8	2,395	25.8	2,308	25.2	1,612	108.5	79.8	-	25.0

Note: Non-consolidated basis. Figures for the fiscal year ending March 2024 is the company's forecasts.

Guaranteeing Rent Payment to Lessors

ZENHOREN, Japan's largest rent liability guarantee company, provides rent liability guarantee services that guarantee rental payments to the lessor. When the lessee does not pay rent, ZENHOREN makes subrogated payments on behalf of the lessee and later collects the rent subrogated from the lessee.

The rent liability guarantee service also serves as a joint guarantor for tenants in lease agreements. Joint guarantors are required for rental housing lease contracts. However, the number of tenants who cannot find a joint guarantor or do not want to ask their acquaintances is increasing, and so is the demand for rent liabilities guarantee services.

The types of properties covered by ZENHOREN's rent liability guarantee service are residential, commercial, parking and warehouse/trunk room storage spaces.

ZENHOREN's strength lies in its network of contracted companies. Although the lessee concludes a rent liability guarantee agreement, it is the contracted companies that choose which rent liability guarantee company to engage. ZENHOREN partners with more than 41,000 contracted companies that have sales bases reaching a combined total of about 50,000 locations. Even listed rent liability guarantee companies, with a comparatively large number of contracted companies, do not have close to half of ZENHOREN's reach in terms of contracted company presence.

Other Services

In addition to its basic services described above, ZENHOREN offers a mechanism that uses trust accounts to eliminate rent delinquency risk for lessors. ZENHOREN also offers a service that allows users to conclude rent liability guarantees and fire insurance contracts concurrently and an online system for contracted companies that will enable them to make API-based applications, create contracts and manage contracts.

Another new area the company has ventured into is school fees guarantees, which it began offering in June 2023. Guaranteeing the payment of school fees of specialized vocational schools is not only a field in which it is a pioneer but one that also bears social significance. ZENHOREN can be expected to focus on this area as a field to demonstrate and leverage its expertise..

Financial Statements

Statement of income	Fiscal Year	Mar.2022		Mar.2023		Three months to Jun.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		21,705	100.0	23,846	100.0	6,053	100.0
Cost of sales		7,405	34.1	8,259	34.6	1,633	27.0
Gross profit		14,300	65.9	15,587	65.4	4,420	73.0
Selling, general and administrative expenses		12,600	58.1	13,683	57.4	3,572	59.0
Operating profit		1,699	7.8	1,904	8.0	847	14.0
Non-operating income		34	-	39	-	2	-
Non-operating expenses		114	-	98	-	17	-
Ordinary profit		1,619	7.5	1,844	7.7	832	13.7
Profit before income taxes		1,491	6.9	1,844	7.7	832	13.7
Net profit		1,387	6.4	773	3.2	575	9.5

Balance sheet	Fiscal Year	Mar.2022		Mar.2023		Jun.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		15,760	63.7	13,253	64.9	14,148	67.1
Cash and deposits		9,490	38.4	3,866	18.9	5,120	24.3
Receivables of indemnification		3,821	15.5	5,210	25.5	5,807	27.5
Rent advance		561	2.3	1,251	6.1	1,477	7.0
Non-current assets		8,963	36.3	7,172	35.1	6,942	32.9
Property, plant and equipment		731	3.0	642	3.1	613	2.9
Intangible assets		3,162	12.8	2,482	12.2	2,292	10.9
Investments and other assets		5,070	20.5	4,047	19.8	4,035	19.1
Total assets		24,723	100.0	20,425	100.0	21,090	100.0
Current liabilities		19,219	77.7	17,547	85.9	17,495	83.0
Short-term borrowings		3,997	16.2	2,997	14.7	2,998	14.2
Current portion of long-term borrowings		226	0.9	233	1.1	233	1.1
Provision for loss on guarantees		654	2.6	1,148	5.6	1,154	5.5
Current portion of long-term borrowings		10,558	42.7	10,593	51.9	10,862	51.5
Lease Liability		934	3.8	865	4.2	802	3.8
Non-current liabilities		2,524	10.2	1,424	7.0	1,205	5.7
Long-term borrowings		525	2.1	292	1.4	233	1.1
Lease Liability		1,911	7.7	1,045	5.1	885	4.2
Net assets		2,980	12.1	1,453	7.1	2,388	11.3
Owners' equity		2,975	12.0	1,449	7.1	2,384	11.3

Statement of cash flows	Fiscal Year	Mar.2022	Mar.2023
		(mn yen)	(mn yen)
Cash flows from operating activities		2,611	-808
Depreciation		1,177	1,124
Cash flows from investing activities		-146	2,046
Cash flows from financing activities		-2,173	-4,462
Dividends paid		-22	-44
Net increase in cash and cash equivalents		291	-3,224
Cash and cash equivalents		6,880	3,656

Note: Non-consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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