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On **March 14, 2019**, JSB Co., Ltd. announced earnings results for Q1 FY10/19.

Cumulative (JPYmn)	FY10/18				FY10/19				FY10/19		FY10/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of 1H	1H Est.	% of FY	FY Est.
Revenue	8,295	20,833	29,929	38,940	8,779				38.8%	22,612	20.9%	42,085
YoY	8.4%	6.8%	6.8%	6.9%	5.8%					8.5%		8.1%
Gross profit	458	4,275	5,251	5,937	383							
YoY	-	9.2%	7.9%	5.8%	-16.2%							
GPM	5.5%	20.5%	17.5%	15.2%	4.4%							
SG&A expenses	660	1,479	2,155	2,978	701							
YoY	-	14.1%	10.3%	4.7%	6.2%							
SG&A ratio	8.0%	7.1%	7.2%	7.6%	8.0%							
Operating profit	-202	2,796	3,096	2,958	-317				-	2,873	-	3,121
YoY	-	6.8%	6.2%	6.8%	-					2.7%		5.5%
OPM	-	13.4%	10.3%	7.6%	-					12.7%		7.4%
Recurring profit	-226	2,764	3,047	2,891	-332				-	2,819	-	3,030
YoY	-	8.0%	8.9%	9.5%	-					2.0%		4.8%
RPM	-	13.3%	10.2%	7.4%	-					12.5%		7.2%
Net income	-163	1,755	2,154	2,079	-243				-	1,886	-	2,041
YoY	-	16.3%	27.4%	34.1%	-					7.5%		-1.8%
Net margin	-	8.4%	7.2%	5.3%	-					8.3%		4.8%

  

Quarterly (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	8,295	12,538	9,096	9,012	8,779			
YoY	8.4%	5.8%	6.8%	7.2%	5.8%			
Gross profit	458	3,817	976	686	383			
YoY	-	-	2.3%	-7.9%	-16.2%			
GPM	5.5%	30.4%	10.7%	7.6%	4.4%			
SG&A expenses	660	819	676	824	701			
YoY	-	-	2.7%	-7.4%	6.2%			
SG&A ratio	8.0%	6.5%	7.4%	9.1%	8.0%			
Operating profit	-202	2,999	300	-138	-317			
YoY	-	4.8%	1.3%	-	-			
OPM	-	23.9%	3.3%	-	-			
Recurring profit	-226	2,990	283	-156	-332			
YoY	-	-	18.4%	-	-			
RPM	-	23.8%	3.1%	-	-			
Net income	-163	1,919	399	-75	-243			
YoY	-	-	120.1%	-	-			
Net margin	-	15.3%	4.4%	-	-			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Quarterly net income is net income attributable to owners of the parent.

**Quarterly performance by segment**

Cumulative (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	8,295	20,833	29,929	38,940	8,779			
YoY	8.4%	6.8%	6.8%	6.9%	5.8%			
Property Leasing and Management	7,745	19,691	28,203	36,614	8,146			
YoY	-	7.3%	7.1%	7.5%	5.2%			
Housing for Seniors	450	901	1,363	1,849	520			
YoY	-	13.2%	11.3%	10.6%	15.7%			
Other	99	240	362	478	113			
YoY	-	-33.3%	-21.4%	-30.1%	13.6%			
Operating profit	-202	2,796	3,096	2,958	-317			
YoY	-	6.8%	6.2%	6.8%	-			
OPM	-	13.4%	10.3%	7.6%	-			
Property Leasing and Management	51	3,362	3,948	4,231	-74			
YoY	-	6.0%	4.9%	3.3%	-			
OPM	0.7%	17.1%	14.0%	11.6%	-			
Housing for Seniors	61	104	154	108	12			
YoY	-	107.6%	61.7%	-26.7%	-80.2%			
OPM	13.6%	11.5%	11.3%	5.8%	2.3%			
Other	-6	8	5	-7	-4			
YoY	-	-27.4%	-69.1%	-	-			
OPM	-	3.2%	1.4%	-	-			
Adjustments	-309	-677	-1,011	-1,374	-252			

  

Quarterly (JPYmn)	FY10/18				FY10/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	8,295	12,538	9,096	9,012	8,779			
YoY	8.4%	5.8%	6.8%	7.2%	5.8%			
Property Leasing and Management	7,745	11,946	8,512	8,410	8,146			
YoY	-	-	6.5%	8.7%	5.2%			
Housing for Seniors	450	451	462	486	520			
YoY	-	-	7.7%	8.9%	15.7%			
Other	99	141	122	116	113			
YoY	-	-	21.2%	-48.1%	13.6%			
Operating profit	-202	2,999	300	-138	-317			
YoY	-	4.8%	1.3%	-	-			
OPM	-	23.9%	3.3%	-	-			
Property Leasing and Management	51	3,311	586	283	-74			
YoY	-	-	-1.2%	-14.9%	-			
OPM	0.7%	27.7%	6.9%	3.4%	-			
Housing for Seniors	61	43	50	-46	12			
YoY	-	-	11.0%	-	-80.2%			
OPM	13.6%	9.5%	10.9%	-	2.3%			
Other	-6	13	-3	-12	-4			
YoY	-	-	-	-	-			
OPM	-	9.3%	-	-	-			
Adjustments	-309	-369	-334	-363	-252			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

In the company's mainstay Property Leasing and Management business, revenue tends to concentrate in 1H (November to April), especially in Q2 (February to April), which is the peak demand season for leasing properties when the number of new contracts increases. Operating profit also tends to concentrate in Q2. The company adopts a key money system, in which it receives contract fees (a lump sum worth one to three months' rent) from its tenants at the start of each lease agreement. Most of the revenue from this system is booked in April, when new contracts concentrate.

**Q1 FY10/19 results**

- ▷ Revenue JPY8.8bn (+5.8% YoY)
- ▷ Operating loss JPY317mn (JPY202mn operating loss in Q1 FY10/18)
- ▷ Recurring loss JPY332mn (JPY226mn recurring loss in Q1 FY10/18)
- ▷ Net loss JPY243mn (JPY163mn net loss in Q1 FY10/18)

\* Net loss attributable to owners of parent

The top-line growth reflected steady growth in apartment units under management and continued high occupancy rates at the Property Leasing and Management and the Housing for Seniors segments. On the earnings front, losses grew as the company executed strategic investments based on the medium-term management plan.

### Company initiatives in Q1

In the student apartment business, the company prepared the following initiatives as it looks toward the heavy demand period in spring 2019.

- ▷ Provided planning for the meals-included student apartment Campus terrace Senkawa (Toshima Ward, Tokyo, began operation in February 2019), its first initiative with Mitsui Fudosan Residential Co., Ltd.
- ▷ In Saga, provided planning for the meals-included student apartment Gakusei Kaikan UniHarmony Sadai-mae (Saga City, Saga Prefecture, began operation in February 2019) as its first project in which the company oversaw the entire planning process on its own.
- ▷ Provided planning for the meals-included student apartment CREAR PALETTE Gajigaya (Kawasaki City, Kanagawa Prefecture, began operation in March 2019) as part of an initiative with Tokyo Tatemono Co., Ltd.
- ▷ In terms of the company's own property development, it planned the Gakusei Kaikan Uni E'meal Kyoto Takano (Kyoto City, Kyoto Prefecture, began operation in March 2019)

In the Housing for Seniors business, the company strove to strengthen the operational environment with the below measure in order to become "a presence rooted in the community," part of its business policy.

- ▷ Signed share transfer agreement on December 20, 2018 to acquire all shares of Friend-Care System Co., Ltd. (Suita City, Osaka Prefecture) in order to expand its nursing care tool rental business.

Segment results were as follows.

### Property Leasing and Management

- ▷ Segment revenue            JPY8.2bn (+5.2% YoY)
- ▷ Segment loss                JPY74mn (JPY51 segment profit in Q1 FY10/18)

Revenue rose due aided by steady flow of income from various real estate rental-related services, including rental income from student apartments as the company expanded the number of units under management in FY10/18. On the earnings front, the company booked a loss due to increased personnel costs stemming from an increase in personnel numbers and the temporary administrative burden of running both old and new systems as it renews its core systems.

### Housing for Seniors

- ▷ Segment revenue            JPY520mn (+15.7% YoY)
- ▷ Segment profit                JPY12mn (-80.2% YoY)

The company focused on expanding business scale through signing the above share transfer agreement. Furthermore, the company took initiatives to strengthen organizational capabilities, such as strengthening personal structure at existing locations.

### Other

- ▷ Segment revenue            JPY113mn (+13.6% YoY)
- ▷ Segment loss                JPY4mn (JPY6mn segment loss in Q1 FY10/18)

Under the Other segment, JSB operates various student support services providing information about job seminars and company information sessions to students. It had also advanced into the education business by operating a Japanese language school for students coming from overseas. Because services such as these are ultimately aimed at furthering the expansion of the company's

mainstay Property Leasing and Management business, this segment does not so much make direct contributions to earnings as indirect contributions via the Property Leasing and Management segment.

This note is the most recent addition to the [full report](#).

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## Contact Details

### Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: [info@sharedresearch.jp](mailto:info@sharedresearch.jp)