

B-Lot Company Limited

3452

Tokyo Stock Exchange Standard Market

13-Feb.-2025

FISCO Ltd. Analyst

Hideo Kakuta



FISCO Ltd.

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

■ Contents

■ Summary	01
1. Overview of 3Q FY12/24 results	01
2. Outlook	02
3. Growth strategy and topics	02
4. Shareholder return policy	02
■ Company profile	03
1. Company profile and history	03
2. Business portfolio	05
■ Market trends	06
■ Business description	08
1. Real Estate Investment and Development Business	08
2. Real Estate Consulting Business	09
3. Real Estate Management Business	10
■ Results trends	11
1. Overview of 3Q FY12/24 results	11
2. Financial condition and management indicators	12
■ Outlook	13
■ Growth strategy and topics	15
1. Upcoming acquisition of the shares (conversion to a subsidiary) of land use and real estate revitalization specialist Kumasyu (total assets ¥33.5bn)	15
2. Medium-Term Management Plan (2024–2026) in progress	16
3. Steady progress on Medium-Term Management Plan action plan “(1) Secure and develop excellent human resources”	16
■ Shareholder return policy	17

Summary

Achieved ordinary income of ¥6.3bn. Resolved to acquire the shares of Kumasyu

B-Lot Company Limited <3452> (hereafter, also “the Company”) is a real estate finance consulting company primarily engaged in the Real Estate Investment and Development Business, Real Estate Consulting Business, and Real Estate Management Business. It was founded in 2008 by a group of professionals with extensive experience in the real estate industry, including the current Chief Executive Officer (CEO) Makoto Miyauchi and President Masahiro Mochizuki. When the Company was founded, its core business was real estate brokerage and leasing management. As its track record of deals steadily grew in the field of real estate revitalization and its financing capabilities were strengthened, the Company expanded its share of real estate investment and development. In December 2014, six years and two months after its founding, the Company swiftly achieved a listing of its shares (on the Tokyo Stock Exchange Mothers Market). In 2015, the Company established an asset management company and overseas subsidiary in Singapore. In 2016, the Company achieved a full-fledged entry into the Kansai region by acquiring a local Kansai real estate company as a consolidated subsidiary. In November 2024, the Company resolved to acquire the shares of Kumasyu Co., Ltd. (making it a subsidiary). In February 2018, 10 years after its founding, the Company achieved a change of listing to the Tokyo Stock Exchange First Section. Its improved credibility and name recognition have strengthened its information base, increased its number of customers, and enhanced its good business relationships with financial institutions. The Company transitioned to the Prime Market when the Tokyo Stock Exchange’s market segments were reorganized in April 2022. In October 2023, the Company resolved to apply for selection for listing on the Standard Market.

1. Overview of 3Q FY12/24 results

In its consolidated results for 3Q FY12/24, the Company posted large increases in revenue and profit, with revenue up 42.5% year on year (YoY) to ¥27,671mn, operating income increasing 55.1% to ¥6,627mn, ordinary income rising 61.5% to ¥6,300mn, and profit attributable to owners of parent increasing 65.5% to ¥4,448mn. Each level of profit was trending above the full-year forecast by the 3Q stage. By segment, the major contributor to profit growth was gains on sales in the Real Estate Investment and Development Business (primarily from non-recurring items). Meanwhile, stable revenue (in the Real Estate Consulting Business and Real Estate Management Business) steadily increased, up 15.9% YoY to ¥4,942mn. In the mainstay Real Estate Investment and Development Business, the number of properties sold increased to 39 (compared to 35 in the same period of the previous fiscal year). Residential property sales to wealthy customers showed steady performance growth. In addition, the delivery of 2 hotels that the Company had owned from before the COVID-19 pandemic contributed significantly to results. In the Real Estate Consulting Business, brokerage and consulting projects increased by 3 YoY to 57 projects, while consignment sales of newly constructed condominiums rose by 142 units, with the Company completing delivery of 838 units. Both of these metrics progressed steadily. In the Real Estate Management Business, the number of buildings under consigned real estate management and operation increased by 4, bringing the total to 158. In asset management, results were bolstered by asset management fees from projects, including the development of a refrigerated and cold-storage warehouse for Japan Cold Chain No. 1 LLC, in which the Company has a partial investment.

Summary

2. Outlook

For its FY12/24 consolidated results, the Company has raised its initial forecasts. It is now forecasting revenue of ¥31,100mn, up 28.0% YoY, operating income of ¥6,000mn, up 9.1%, ordinary income of ¥5,600mn, up 13.2%, and profit attributable to owners of parent of ¥3,820mn, up 15.8%. In 4Q FY12/24, the Company will focus on purchasing and acquisition activities for real estate for sale in the Real Estate Investment and Development Business. While incurring expenses related to large M&As and valuation losses on certain real estate for sale, it is expected to report its highest-ever profits since its founding, exceeding the previous fiscal year's level. The status of real estate acquisition is a key point in forecasting the Company's future results. The Company has a sufficient inventory of real estate for sale (including real estate for sale in process), valued at ¥35,477mn as of the end of FY12/23, and ¥27,888mn as of the end of 3Q FY12/24. As mentioned above, the Company is focusing on purchasing in 4Q on a standalone basis. Therefore, the Company is expected to accumulate more real estate for sale and other properties and generate rental income from those assets.

3. Growth strategy and topics

In November 2024, the Company resolved to acquire the shares of Kumasyu and make it a subsidiary, as well as to borrow the necessary funds for the share acquisition. Kumasyu is a medium-sized real estate revitalization company founded in 2005. Its main business focuses on accelerating redevelopment by improving the market liquidity of properties with low profitability, thereby effectively using land, which is a limited resource. The Company (B-Lot) has so far excelled in prime properties chosen by wealthy customers. However, it has not focused on assets in which Kumasyu excels, such as defective properties and low income-generating properties. As a result of Kumasyu joining the Group, the Company will gain closer access to the source of property information beginning with the upstream part of the real estate supply chain, thereby increasing its product development opportunities downstream. Kumasyu has net assets of ¥8,499mn (FY2/24) and total assets of ¥33,485mn (FY2/24), and it holds numerous real estate properties for sale. The company is in excellent shape in terms of its size of revenue, growth potential, and profitability, with revenue of ¥13,435mn (FY2/24, up 45.3% YoY), and ordinary income of ¥1,886mn (FY2/24, up 70.1% YoY). The planned acquisition value is set at ¥8.77bn, and the share transfer (100%) is scheduled for January 17, 2025. The planned syndicated loan borrowing is ¥6.5bn. Since it will become a consolidated subsidiary, Kumasyu's results will be included in the Company's financial statements starting in 2Q FY12/25.

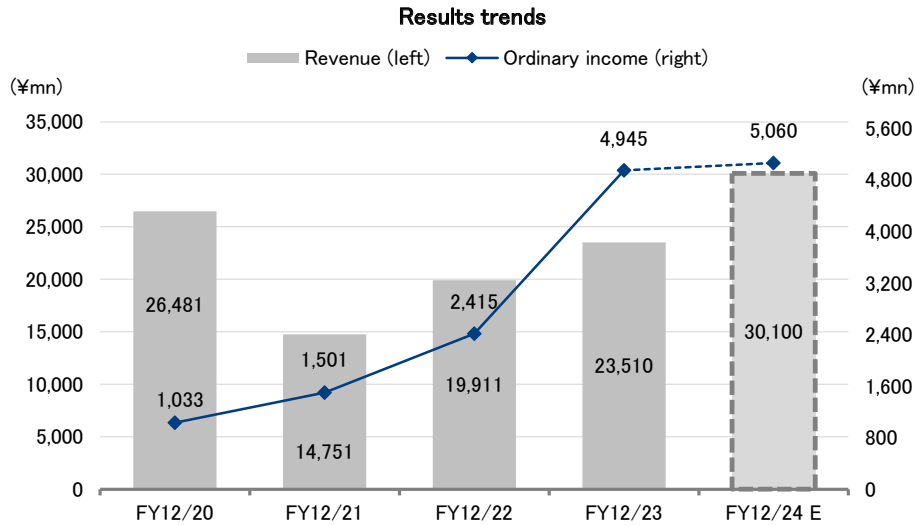
4. Shareholder return policy

The Company pays dividends as part of its shareholder return policy. The basic policy on dividends is to return profits to shareholders based on results, determining the amount of dividends after considering a comprehensive range of factors, including future business expansion and strengthening the Company's financial position. In FY12/23, the Company significantly increased its annual dividend to ¥51.00 per share (up ¥31.00 YoY) based on its strong results, bringing the payout ratio to 29.8%. For FY12/24 the Company is forecasting a dividend of ¥61.00 per share (an increase of ¥10.00), reflecting its forecast of a 15.8% increase in profit attributable to owners of parent, underscoring consistent growth each fiscal year.

Key Points

- In 3Q FY12/24, the equity ratio rose to 33%, indicating further improvement in financial security. With cash and deposits of ¥16.5bn, the Company has ample investment capacity. The Company is expected to accumulate more real estate for sale in 4Q
- For FY12/24, record-high ordinary income of ¥5,600mn is forecast. The Company is planning a dividend of ¥61.00 per share, an increase of ¥10, and is set to acquire the shares of Kumasyu, making it a subsidiary (total assets ¥33.5bn). Initiatives under the Medium-Term Management Plan are progressing steadily

Summary



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

Company profile

A group of real estate and finance professionals implementing a diverse spectrum of business models for wealthy customers and investors

1. Company profile and history

The Company is a real estate finance consulting company primarily engaged in the Real Estate Investment and Development Business, Real Estate Consulting Business, and Real Estate Management Business. It was founded in 2008 by a group of professionals with extensive experience in the real estate industry, including the current Chief Executive Officer (CEO) Makoto Miyauchi and President Masahiro Mochizuki. When the Company was founded, its core business was real estate brokerage and leasing management. It steadily built up its track record of deals in the field of real estate revitalization, where it invests its own capital to increase the value of real estate, and strengthened its financing capabilities. In doing so, the Company expanded its share of real estate investment and development. The Company operates not only in the Kanto region, but has also expanded into the Hokkaido, Chubu, Kansai, and Kyushu regions, handling projects nationwide. While offices and condominiums are its main areas of focus, the Company is involved in a diverse array of real estate development and revitalization projects, including hotels, nursing care facilities, and logistics centers. FY12/24 marks the first year of its new Medium-Term Management Plan. Under this plan, the Company is making sustained efforts to implement its action plan for stable, long-term growth, aiming to be “a corporate Group that continues for 100 years.”

Company profile

In December 2014, six years and two months after its founding, the Company swiftly achieved a listing of its shares (on the Tokyo Stock Exchange Mothers Market). With a stronger financial base, the Company continued to accelerate growth. In 2015, the Company established an asset management company and overseas subsidiary in Singapore. In 2016, the Company made Life Stage Corporation, which conducts condominium sales, a consolidated subsidiary, thereby achieving a full-fledged entry into the Kansai region (Life Stage merged with the Company in April 2021). The Company also formed a real estate fund through a joint investment with Misawa Homes Co., Ltd., advancing to a new growth stage through M&As and funds. In 2017, the Company converted Viento Creation (currently B-Lot Hospitality Management Co., Ltd.), which is engaged in the hotel business, into a consolidated subsidiary. Other M&A and investment projects include T&K Co., Ltd., which conducts outsourced golf course management (2018), and Yokohama Fuji Reiby Co. (currently Yokohama Seien Co., Ltd.), which operates a charnel house and funeral hall (via acquisition of 50% of shares in 2019). The main feature of these properties is that they are operational assets (real estate properties that involve operations). In February 2018, the Company achieved a transfer of listing to the Tokyo Stock Exchange First Section. (The Company transitioned to the Prime Market when the Tokyo Stock Exchange's market segments were reorganized in April 2022. In September 2023, the Company resolved to apply for selection for listing on the Standard Market.) Its improved credibility and name recognition have strengthened its information base, increased its number of customers, and enhanced its good business relationships with financial institutions. In 2020, the Company converted an asset management company, which holds an asset management business license under the Financial Instruments and Exchange Act, into a Group company and established a structure capable of being entrusted with responsibilities ranging from forming to managing private funds. The Company also obtained a real estate specified joint enterprise license, which enables crowdfunding. In July 2022, the Company acquired the shares of Tokan Real Estate Development Co., Ltd., which conducts a real estate leasing business, making it a consolidated subsidiary. In November 2024, the Company resolved to acquire the shares of Kumasyu Co., Ltd. (making it a subsidiary).

B-Lot Company Limited | 13-Feb.-2025
 3452 Tokyo Stock Exchange Standard Market | <https://en.b-lot.co.jp/>

Company profile

History

October 2008	B-Lot Company Limited (share capital ¥50mn) was founded in Azabudai, Minato-ku, Tokyo to conduct the Real Estate Investment and Development Business and Real Estate Consulting Business as its core operations
November 2008	Acquired Building Lots and Buildings Transaction Business License (Lic. No. (1) 89915, Governor of Tokyo)
February 2009	Launched contracted leasing management business
July 2009	Acquired Type II Financial Instruments Business Registration with the Director-General of the Kanto Local Finance Bureau (Lic. No. 2235)
October 2009	Acquired additional registration as Investment Advisory and Agency Business with the Director-General of the Kanto Local Finance Bureau (Lic. No. 2235)
February 2010	Relocated Head Office to Akasaka, Minato-ku, Tokyo
April 2011	Opened Sapporo Office (currently Hokkaido Office) in Kita 2-jo Higashi, Chuo-ku, Sapporo City, Hokkaido
June 2011	Changed Building Lots and Buildings Transactions Business license from Governor of Tokyo license to MLIT Lic. No. (1) 8157
June 2012	Began management and operation of the Company's own properties
September 2013	Relocated Head Office to Shimbashi, Minato-ku, Tokyo
September 2013	Opened the Fukuoka Office in Yakuin, Chuo-ku, Fukuoka City, Fukuoka Prefecture
December 2014	Listed on the Tokyo Stock Exchange Mothers Market
February 2015	Established B-Lot Asset Management Co., Ltd.
May 2015	Established B-LOT SINGAPORE PTE. LTD
August 2015	B-Lot Asset Management Co., Ltd. acquired Financial Instruments Business (Investment Advisory and Agency Business) registration with the Director-General of the Kanto Local Finance Bureau (Lic. No. 2862)
April 2016	Acquired all shares of Life Stage Corporation
July 2016	Opened the Osaka Office in Nishinakajima, Yodagawa-ku, Osaka City, Osaka
January 2017	Acquired all shares of Viento Creation
February 2017	Relocated the Fukuoka Office to Akasaka, Chuo-ku, Fukuoka City, Fukuoka Prefecture
July 2017	Relocated the Head Office of B-LOT SINGAPORE PTE. LTD to 20 Collyer Quay #23-01 Singapore
February 2018	Transferred listing to the Tokyo Stock Exchange First Section
April 2018	Acquired shares of T&K Co., Ltd.
May 2018	Established B-Lot Capital Link Co., Ltd.
October 2018	Opened the Tokyo Office in Shimbashi, Minato-ku, Tokyo
May 2019	Relocated and integrated Head Office into the Tokyo Office
May 2019	Acquired shares of Yokohama Fuji Reiby Co.
May 2020	Acquired shares of LC Partners, Inc. and investment units of Medical Asset Investment Corporation
November 2020	Started operation of B-Lot REIT, Inc.
April 2021	Merged with consolidated subsidiary Life Stage Corporation
April 2022	Transitioned to the Tokyo Stock Exchange Prime Market as part of the reorganization of the Tokyo Stock Exchange's market segments
July 2022	Acquired shares of Tokan Real Estate Development Co., Ltd.
September 2023	Resolved to apply for selection for listing on the Tokyo Stock Exchange Standard Market
February 2024	Formulated the new Medium-Term Management Plan (from FY12/24 to FY12/26)
November 2024	Resolved to acquire the shares of Kumasyu Co., Ltd. (making it a subsidiary)

Sources: Prepared by FISCO from securities reports, Company Profile, and news releases

2. Business portfolio

The mainstay Real Estate Investment and Development Business has an 82.2% share of revenue and a 66.8% share of operating income (before profit adjustment, hereafter the same). The business involves two types of projects: real estate revitalization, where investments are made in properties such as office buildings, condominiums, and hotels, and the properties are sold after their value is increased, and real estate development, where land is acquired and new buildings are constructed on it.

The Real Estate Consulting Business has a 6.0% share of revenue and a 12.0% share of operating income. The core of this business is real estate brokerage operations, which primarily serve customers referred by professional service providers and financial institutions on matters such as asset replacement as part of inheritance planning. This segment also includes consignment sales operations for condominiums, which was previously handled by the Company's former subsidiary Life Stage (Life Stage merged with the Company in April 2021).

Company profile

The Real Estate Management Business has an 11.8% share of revenue and a 21.1% share of operating income. In this business, the Company is contracted to manage leasing operations for wealthy buyers of its properties and investors. The Company also handles leasing of its own rental properties, asset management operations and related activities.

Ideally, the Company seeks to maintain a good balance between the three businesses as they grow. To this end, it has begun implementing measures to strengthen the Real Estate Consulting Business and the Real Estate Management Business, both of which are expected to generate steady revenue. We at FISCO believe the Company maintained a well-balanced profit structure in FY12/24 and is making steady progress with these measures.

Business description and share (3Q FY12/24, consolidated)

Business segment	Description of main business	Share of revenue	Share of operating income
Real Estate Investment and Development Business	Real estate revitalization, real estate development	82.2%	66.8%
Real Estate Consulting Business	Real estate brokerage, real estate consulting	6.0%	12.0%
Real Estate Management Business	Leasing management, property management, asset management	11.8%	21.1%

Note: Figures for the share of operating income are stated before profit adjustments.

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

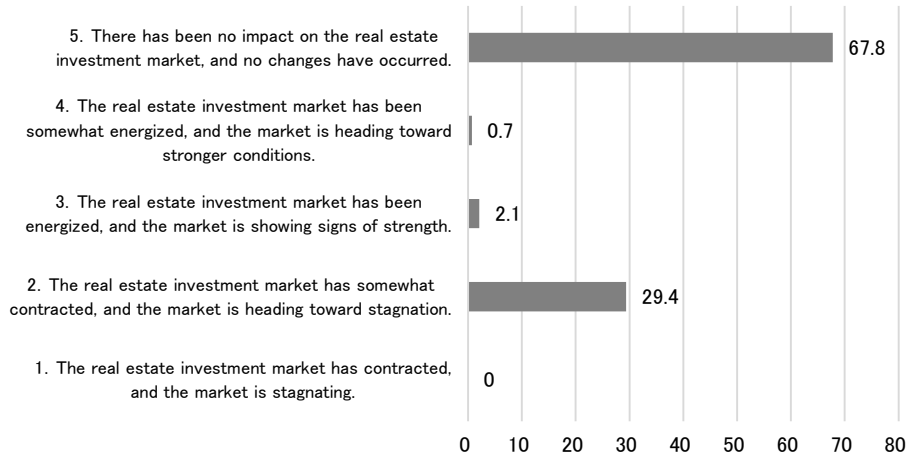
Market trends

Changes in monetary policy will have a negligible impact on the investment market, with no significant changes in investor sentiment

Starting in March 2024, the Bank of Japan decided to lift its negative interest rate policy and raise interest rates. The Bank of Japan has raised interest rates for the first time in around 17 years, with 2024 thus marking a major shift toward the normalization of Japan's monetary policy. In the real estate industry, higher interest rates generally lead to increased borrowing costs for real estate investors, resulting in higher expenses and reduced annual profits. Therefore, the increase in interest rates is considered to be one of the factors contributing to the general decline in real estate prices. Meanwhile, rising energy, construction, and other costs are currently sustaining an inflationary trend. Rents for real estate are no exception, showing an upward trend. As rental income rises, property values (prices) are expected to increase. Real estate prices are being influenced by a mix of negative factors (such as rising interest rates) and positive factors (such as rising rents). Currently, particularly for prime properties in large cities, the positive factors are prevailing, leading to a rising trend in prices. According to the Japan Real Estate Institute's "51st Japanese Real Estate Investor Survey Special Questionnaire" (as of October 2024), 67.8% of investors reported that, amid the series of changes in monetary policy, "There has been no impact on the real estate investment market, and no changes have occurred."

Market trends

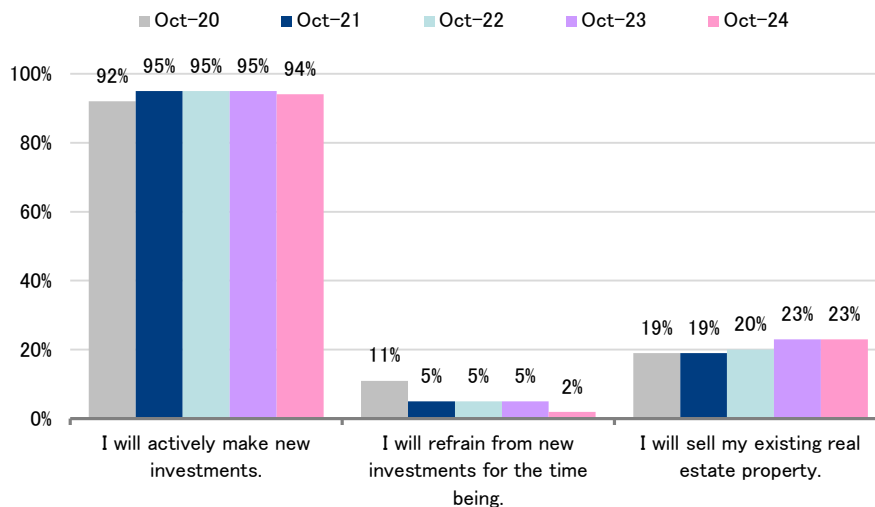
Impact of series of monetary policy changes on the real estate investment market (%)



Source: Prepared by FISCO from the Japan Real Estate Institute's "51st Japanese Real Estate Investor Survey Special Questionnaire"

In addition, according to the Japan Real Estate Institute's "51st Japanese Real Estate Investor Survey Special Questionnaire" (as of October 2024), when asked about their approach to real estate investment over the next year, 94% of investors responded that they would actively make new investments (down 1 percentage point (pp) from the same month of the previous year). This result shows that real estate investors maintain positive sentiment toward investment. Considering that this indicator dropped to around 45% during the Lehman Brothers bankruptcy (April 2009 survey), we at FISCO believe that the current domestic real estate investment market remains strong. In addition, 23% of investors said, "I will sell my existing real estate property," an increase of 3pp compared to the same period of the previous year. With the recovery in the real estate utilization rate following the drop in utilization during the COVID-19 pandemic, an improving trend in liquidity is also expected.

Approach to real estate investment over the next year (multiple responses are possible)



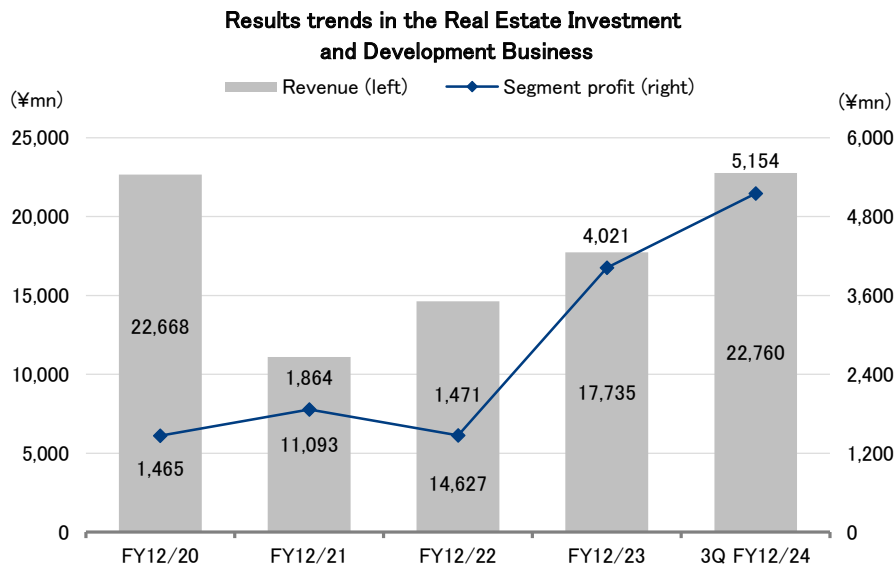
Source: Prepared by FISCO from the Japan Real Estate Institute's "43rd, 45th, 47th, 49th, and 51st Japanese Real Estate Investor Surveys"

Business description

Implementing a diverse spectrum of business models leveraging expertise and networks

1. Real Estate Investment and Development Business

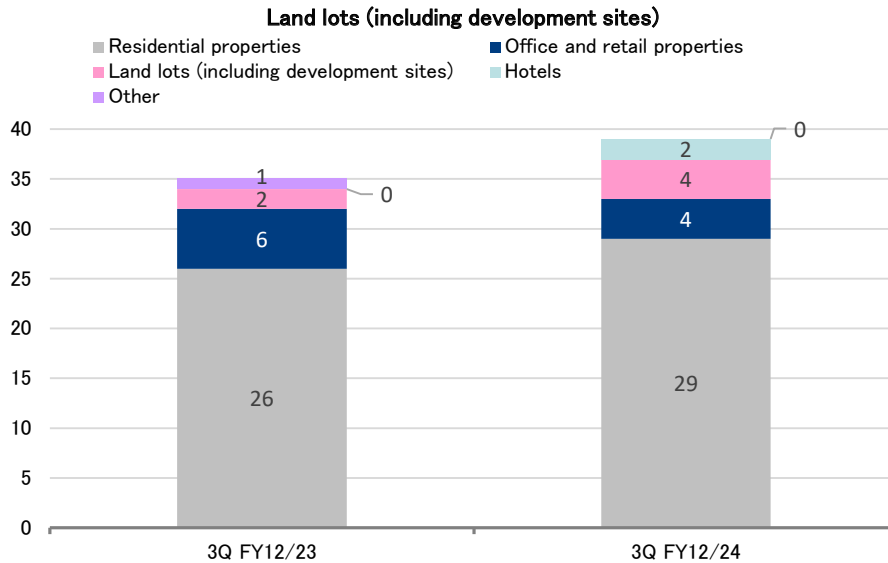
The Real Estate Investment and Development Business is the Company’s core business. This segment involves two types of projects: real estate revitalization, where investments are made in office buildings and condominiums properties, and the properties are sold after their value is increased, and real estate development, where land is acquired and new buildings are constructed on it. The Company handles a wide range of real estate projects, from small to large. It has an expansive network of investment exits (buyers), including wealthy customers (individuals), REITs and overseas investment companies, which is one of its strengths. Incidentally, in 3Q FY12/24, the segment saw significant increases in revenue and profit, due to an increase in the number of properties sold, particularly steady sales of residential properties and sales of two hotels owned since before the COVID-19 pandemic. The segment’s performance is trending above the pre-pandemic (FY12/19) level.



Note: Revenue includes internal sales transactions.
 Source: Prepared by FISCO from the Company’s financial results

In 3Q FY12/24, the number of properties sold by property type was as follows: 29 residential properties (26 in 3Q FY12/23), 4 office and retail properties (6 in 3Q FY12/23), 4 land lots (including development sites) (2 in 3Q FY12/23), 2 hotels (0 in 3Q FY12/23) and 0 other properties (1 in 3Q FY12/23). The number of properties sold increased in residential properties, land lots and hotels. In addition, during the same period, a consolidated subsidiary sold 1 capsule hotel, and 1 office and retail building.

Business description

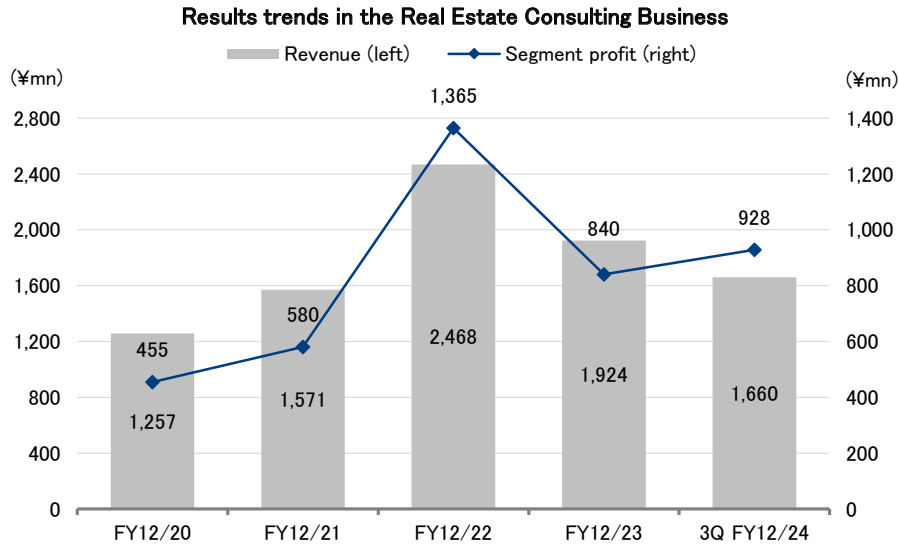


Source: Prepared by FISCO from the Company's financial results

2. Real Estate Consulting Business

In the Real Estate Consulting Business, the core operations are real estate brokerage and condominium consignment sales. Of these, condominium consignment sales became part of the business following an M&A in 2016. In recent years, group synergies have been leveraged through actions such as merging with the acquired company, leading to significant business growth. Meanwhile, brokerage operations primarily serve customers referred by professional service providers and financial institutions, offering consultations on matters such as asset replacement as part of inheritance planning. In practice, the Company conducts a broad range of asset consulting operations, including brokering M&As of companies (such as real estate holding companies). Additionally, its overseas subsidiary in Singapore has the role of promoting investment by overseas investors in Japanese real estate. By utilizing diverse business models, the Company has developed an expansive network of partners and clients. Leveraging this strength, the Company has been increasing the number of contracts concluded with clients. Over the past eight years, the segment's results have shown consistent growth in both revenue and segment profit, despite some ups and downs. Business expansion has been evident, supported by the development of young talent, providing a strong tailwind. The segment's results increased suddenly due to the delivery of a major project in FY12/22. However, this was a special factor, and both results and progress have been in line with plans since FY12/23. Therefore, there is no change in the segment's growth potential.

Business description

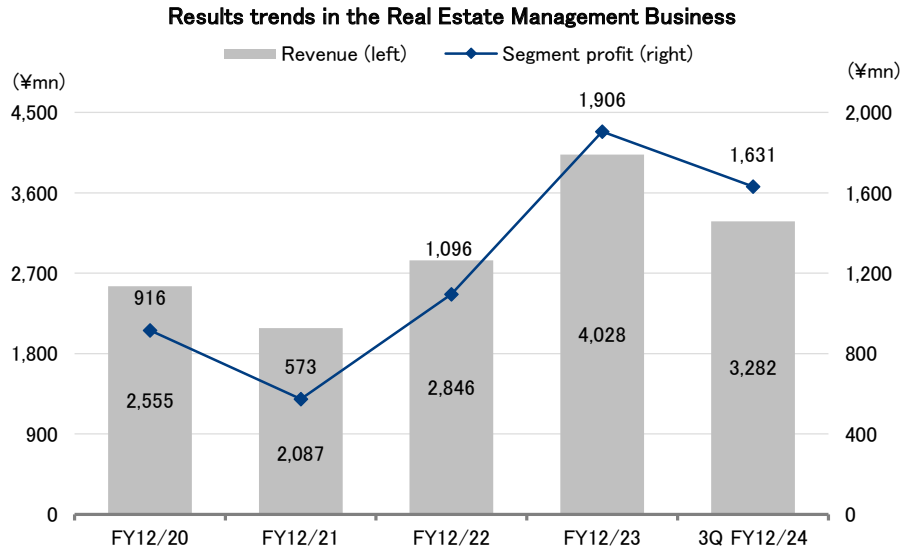


Note: Revenue does not include internal sales transactions.
 Source: Prepared by FISCO from the Company's financial results

3. Real Estate Management Business

In the Real Estate Management Business, rental income from the Company's rental properties accounts for a large share of revenue. Rental income from the Company's hotels and other accommodation facilities had been declining due to the impact of the COVID-19 pandemic. However, it began to recover in FY12/22 and grew dramatically in FY12/23. In contracted leasing management operations, the Company's ability to understand investors' asset management needs and manage the entire process from investment property selection and management to asset sales, is put to the test. The Company has consistently secured contracts for asset management and property management, even after selling properties it has developed and has earned a strong reputation as a company that can provide long-term asset management support. The Company also has extensive experience in working with operational assets other than hotels. In the current fiscal year, the Company has secured projects such as a refrigerated and cold-storage warehouse, as well as asset management fees from healthcare facilities. As a result, the number of contracted assets and projects under management have been steadily increasing. These business models generate steady revenue as recurring businesses. Over the past eight fiscal years, despite setbacks such as the downturn caused by the COVID-19 pandemic, both revenue and segment profit have both remained on a growth track.

Business description



Note: Revenue does not include internal sales transactions.
 Source: Prepared by FISCO from the Company's financial results

Results trends

Ordinary income of ¥6.3bn in 3Q FY12/24 (record-high level)

1. Overview of 3Q FY12/24 results

In its consolidated results for 3Q FY12/24, the Company posted large increases in revenue and profit, with revenue up 42.5% YoY to ¥27,671mn, operating income increasing 55.1% to ¥6,627mn, ordinary income rising 61.5% to ¥6,300mn, and profit attributable to owners of parent increasing 65.5% to ¥4,448mn. Each level of profit was trending above the full-year forecast by the 3Q stage.

Results for 3Q FY12/24

	3Q FY12/23		3Q FY12/24		YoY
	Results	% of revenue	Results	% of revenue	
Revenue	19,415	100.0%	27,671	100.0%	42.5%
Gross profit	6,622	34.1%	9,158	33.1%	38.3%
SG&A expenses	2,349	12.1%	2,531	9.1%	7.7%
Operating income	4,272	22.0%	6,627	23.9%	55.1%
Ordinary income	3,900	20.1%	6,300	22.8%	61.5%
Profit attributable to owners of parent	2,687	13.8%	4,448	16.1%	65.5%

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

Results trends

By segment, every segment performed well. The major contributor to profit growth was gains on sales in the Real Estate Investment and Development Business (primarily from non-recurring items). Meanwhile, stable revenue (in the Real Estate Consulting Business and Real Estate Management Business) steadily increased, up 15.9% YoY to ¥4,942mn. In the mainstay Real Estate Investment and Development Business, revenue increased 48.6% to ¥22,760mn, and segment profit rose 51.3% to ¥5,154mn. The number of properties sold increased to 39 (compared to 35 in the same period of the previous fiscal year). In addition, the Company accurately identified the diversifying real estate investment needs of wealthy customers, purchasing carefully selected properties and developing high-spec products with a strategic business perspective. As a result, the Company successfully sold several properties at higher-than-expected profits. By property type, the Company sold a significant number of residential properties, totaling 29 (compared to 26 in the same period of the previous fiscal year). In addition, the delivery of 2 hotels that the Company had owned from before the COVID-19 pandemic contributed significantly to results.

In the Real Estate Consulting Business, revenue increased 26.7% YoY to ¥1,660mn, and segment profit rose 101.3% to ¥928mn. The number of contracts increased by 3 to 57, reflecting growth, as the Company accumulated brokerage and consulting projects for investment real estate, primarily in the Kanto and Kansai regions. This growth resulted from the Company's efforts to create business opportunities through the asset succession planning of wealthy customers and repeat business from existing customers, and efforts to steadily increase M&A brokerage and real estate consulting deals, which was supported by deepening relationships with professional clients, such as funds and REITs, to advance projects. Furthermore, consignment sales of newly constructed condominiums performed strongly due to the strengthening of recruitment and training of young talent, along with actively accepting sales consignments from new developers. Consequently, the Company completed the delivery of 838 units, an increase of 142 units YoY.

In the Real Estate Management Business, revenue increased 11.2% YoY to ¥3,282mn, and segment profit rose 16.9% to ¥1,631mn. In consigned management and operation under property management, the Company received strong recognition for its revenue enhancement measures leveraging expertise in real estate revitalization within the Group. As a result, the number of properties entrusted by professional real estate owners steadily grew. The number of buildings under consigned real estate management and operation increased by 4, bringing the total to 158. In asset management, the Company accumulated asset management fees and other income during the period from a project to develop a refrigerated and cold-storage warehouse for Japan Cold Chain No. 1 LLC, in which the Company has a partial investment, and from a healthcare facility undertaken by OWEN-IP LLC.

Safety level has improved with the increase in equity ratio to 33%. Cash and deposits stood at ¥16.5bn, ample surplus capacity for investment

2. Financial condition and management indicators

Total assets at the end of 3Q FY12/24 were down ¥1,612mn from the previous fiscal year-end to ¥55,628mn. Current assets were down ¥1,211mn to ¥47,052mn. This mainly reflected an increase in cash and deposits of ¥6,133mn, offset by a ¥7,589mn decrease in real estate (including real estate for sale in process), indicating robust real estate sales. Fixed assets decreased by ¥400mn to ¥8,567mn. Cash and deposits increased sharply by ¥6,133mn to ¥16,500mn.

Results trends

Total liabilities decreased by ¥5,001mn from the previous fiscal year-end to ¥37,199mn. Looking at the main factors in the change, total interest-bearing debt decreased by ¥5,068mn, mainly due to a decrease of ¥3,444mn in the current portion of long-term borrowings. Total net assets increased ¥3,388mn to ¥18,428mn, but this was mainly due to an increase of ¥3,472mn in retained earnings.

In management indicator, the current ratio stood at 296.7%, significantly higher than the short-term safety guideline of 200%. The equity ratio increased to 33.0% (from 25.6% at the previous fiscal year-end), further increasing medium- to long-term safety. The Company's ability to conduct a large-scale M&A with the acquisition of shares of Kumasyu (planned acquisition price ¥8.77bn, planned total borrowing amount ¥6.5bn), described below, is further evidence of its strong financial foundation.

Consolidated balance sheet and management indicators

	End-FY12/23	End-3Q FY12/24	Change
	(¥mn)		
Current assets	48,263	47,052	-1,211
Cash and deposits	10,367	16,500	6,133
Real estate	25,490	21,958	-3,532
Real estate for sale in process	9,987	5,930	-4,057
Fixed assets	8,967	8,567	-400
Net assets	57,240	55,628	-1,612
Current liabilities	16,747	15,858	-889
Fixed liabilities	25,452	21,341	-4,111
Total liabilities	42,200	37,199	-5,001
Total net assets	15,040	18,428	3,388
Total liabilities and net assets	57,240	55,628	-1,612
Safety			
Current ratio (current assets / current liabilities)	288.2%	296.7%	-
Equity ratio (equity / total assets)	25.6%	33.0%	-

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

■ Outlook

For FY12/24, the Company plans to reach record-high ordinary income of ¥5,600mn

In consolidated results for FY12/24, the Company's profits are expected to increase even further above the record-high result of FY12/23, with revenue expected to increase 28.0% YoY to ¥31,100mn, operating income to increase 9.1% to ¥6,000mn, and ordinary income to increase 13.2% to ¥5,600mn, and profit attributable to owners of parent to increase 15.8% to ¥3,820mn.

Outlook

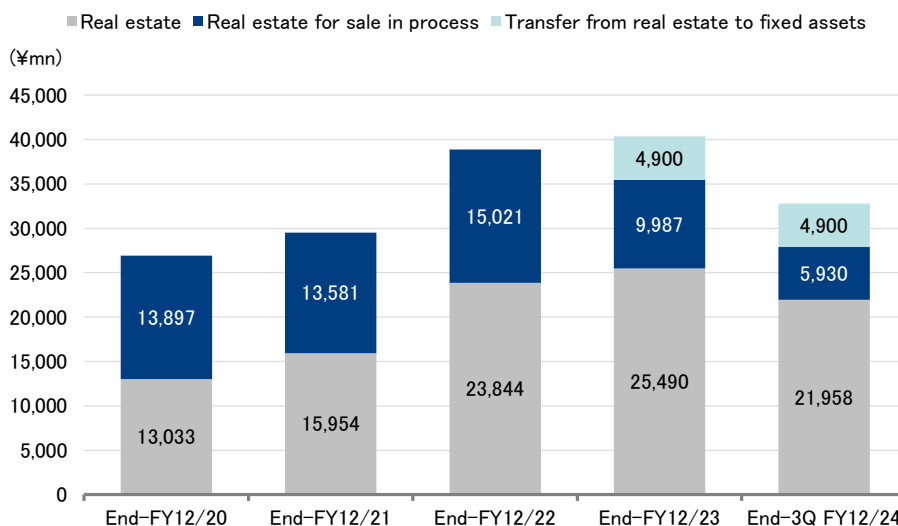
Consolidated financial results forecast for FY12/24

	FY12/23		FY12/24		
	Results	% of revenue	Forecast	YoY	3Q progress
Revenue	23,510	100.0%	31,100	28.0%	91.9%
Operating income	5,498	23.4%	6,000	9.1%	116.5%
Ordinary income	4,945	21.0%	5,600	13.2%	124.5%
Profit attributable to owners of parents	3,297	14.0%	3,820	15.8%	128.2%

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

When forecasting future results, the key point is the status of real estate acquisitions. Real estate (including real estate for sale in process) and fixed assets totaled ¥35,477mn at the end of FY12/23, and ¥27,888mn at the end of 3Q FY12/24, which is ample, and the Company can expect steady sales and rental income. The Company has increased the volume of inventory for wealthy customers, which is its specialty, by several billion yen, and will promote sales in line with an era of inflation, in which "high quality products can be sold for high prices." In accommodation facilities, which had been shelved during the COVID-19 pandemic, the Company completed the sale of two properties by the end of 3Q. At the start of FY12/25, the Company plans to conduct procedures for making Kumasyu a consolidated subsidiary (total assets ¥33.5bn), and this M&A will significantly boost the Company's real estate. At the end of 3Q, the Company had already surpassed its full-year forecasts for ordinary income and net profit, with progress rates of 124.5% and 128.2%, respectively. Looking at 4Q only, the Company is expected to record large-scale M&A expenses, as described above, and up-front expenses for intensifying purchases for next fiscal year onward in the Real Estate Investment and Development Business. These are preparatory steps for the future, and considering factors such as the soaring demand in the urban real estate market and the Company's strong sales organization utilizing young talent, it can be expected to achieve profit growth over the medium to long term.

Balance of real estate



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

■ Growth strategy and topics

Upcoming acquisition of the shares of land use and real estate revitalization specialist Kumasyu

1. Upcoming acquisition of the shares (conversion to a subsidiary) of land use and real estate revitalization specialist Kumasyu (total assets ¥33.5bn)

In November 2024, the Company decided to acquire the shares of Kumasyu and make it a subsidiary, and to borrow the necessary funds for the share acquisition.

Kumasyu is a mid-sized real estate revitalization company that was founded in 2005. It is mainly engaged in business that enhances the liquidity of the market for low-profitability properties (such as land with leasehold rights attached and aged rental apartment and condominiums, etc.) and promotes their redevelopment in order to make effective use of land, which is a limited resource. Through these operations, Kumasyu contributes to the revitalization of communities and environmental improvement. Headquartered in Osaka, the company quickly established branches in Nagoya and Tokyo, where it has an extensive track record, and has built excellent purchasing networks in the Kanto, Kansai, and Chubu regions. As buildings throughout Japan continue to age, the Ministry of Land, Infrastructure, Transport and Tourism figures show that the stock of condominiums aged 40 years or over increased from 415,000 units in 2013 to 1,369,000 units in 2023, and is projected to reach 2,743,000 10 years later in 2033. Kumasyu's real estate revitalization business has strengths in increasing the liquidity of the supply market, and is expected to provide a solution to increasing the supply side amid a recent rapid increase in the liquidity of the demand side with the securitization of real estate and development of fractional investment products. To date, the Company (B-Lot) has specialized in high quality properties favored by wealthy customers, and has not yet focused on defective properties or low income-generating properties that are a specialty of Kumasyu. The inclusion of Kumasyu in the B-Lot Group will bring the Company closer to sources of property information upstream in the real estate supply chain, which will enable the Company to increase its product development opportunities downstream.

Kumasyu's net assets are ¥8,499mn (FY2/24), with total assets of ¥33,485mn (FY2/24), and the company has large holdings of marketable real estate. The company has excellent attributes in terms of the scale of sales, growth performance, and profitability, with revenue of ¥13,435mn (up 45.3% YoY) and ordinary income of ¥1,886mn, (up 70.1%). With a planned acquisition price of ¥8.77bn, the share transfer (100%) is scheduled for January 17, 2025. Borrowing of funds through a syndicated loan is planned to be ¥6.5bn. The inclusion of Kumasyu in the Company's consolidated financial results due to its conversion to a consolidated subsidiary will take place from 2Q FY12/25.

B-Lot Company Limited | 13-Feb.-2025
 3452 Tokyo Stock Exchange Standard Market | <https://en.b-lot.co.jp/>

Growth strategy and topics

Overview of Kumasyu

Name	Kumasyu Co., Ltd.
Location	Kumasyu Rokumantai Building, Rokumantai-cho 5-1, Tennoji-ku, Osaka City, Osaka
Name of representative	Representative Director Hidefumi Kumaoka
Business description	Real estate (land, residential housing and condominiums) trading, brokerage, rental, and management. Consulting on effective use of real estate. Earthquake resistant building construction, civil engineering construction, and building construction contracting, design, execution, and management
Capital stock	¥10mn
Date of establishment	June 15, 2005
Major shareholder	Hidefumi Kumaoka 100%
Business performance and financial condition	Net assets ¥8,499mn, total assets ¥33,485mn, revenue ¥13,435mn, ordinary income ¥1,886mn (all figures for FY2/24)
Number of shares to be acquired	200
Acquisition price	¥8.77bn (planned)
Shareholding ratio	After transfer 100%
Share transfer date	January 17, 2025 (planned)

Source: Prepared by FISCO from the Company's press release

2. Medium-Term Management Plan (2024–2026) in progress

The Company's three-year Medium-Term Management Plan is currently in progress, starting from FY12/24 to FY12/26. Aiming to be "a corporate Group that continues for 100 years," the plan is to shift to a stable profit structure. The Company's indicator for shifting to a stable profit structure is to build its fixed assets by around ¥2.0bn each fiscal year, and it has added an equity ratio of 30% or higher as an indicator of a solid management foundation. FISCO expects the Company to update its Medium-Term Management Plan to incorporate synergies with Kumasyu as well as its business results.

Medium-Term Management Plan targets

	(¥bn)			
	FY12/23 Results	FY12/24 Forecast	FY12/25 Forecast	FY12/26 Forecast
Ordinary income	4.94	5.06	5.32	5.58
Profit attributable to owners of parents	3.29	3.47	3.64	3.83
Dividend payout ratio	29.8%	Realizing shareholder returns with a target of 30% or higher		
Fixed assets	8.96	Build by ¥2.0bn every fiscal year		
Equity ratio	25.6%	Strengthen management foundation with a target of 30% or higher		

Source: Prepared by FISCO from the Company's Medium-Term Management Plan

3. Steady progress on Medium-Term Management Plan action plan "(1) Secure and develop excellent human resources"

The Company has set out six specific action plans: (1) Secure and develop excellent human resources, (2) Deepen and expand networks and alliances, (3) Diversify fund procurement methods, (4) Promote and accelerate DX, (5) Establish new revenue models, and (6) Strengthen corporate governance and risk management systems. While continuing to expand on its existing successful human resource development and stable revenue, etc., the Company will continue to drive transformation aimed at achieving an even leaner, stronger management foundation.

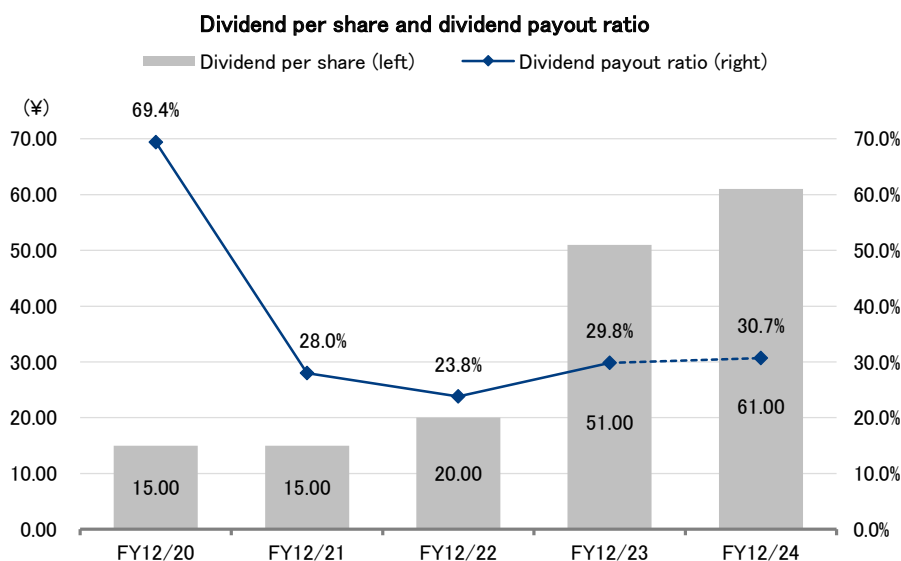
Growth strategy and topics

In the action plan (1) Secure and develop excellent human resources, the Company will build a structure that offers choices for career advancement pathways, such as an expert/specialist course through which employees can utilize their individual special capabilities to contribute to the organization and a manager course, where they can contribute to organization growth through team management. In the area of sales, the Company aims to increase the unit prices handled and the quality of service by a result-based approach to improving compensation. During the current fiscal year, the Company implemented base salary increases exceeding ¥100 million during 1H, and compensation packages have been enhanced. In 1H FY12/24, the Company welcomed 13 new employees (including new graduates), and has made informal offers to around 10 more new graduates in 2025, representing steady progress on securing human resources. The Company has a unique approach of encouraging people to join from other industries, with previous career changes including new employees from the esthetician, bakery, and taxi driver sectors. The Company's officers will participate in team training sessions held at least five times a year, which will feature a wide range of programs to learn the mindset of the wealthy, who are the Company's main customers.

Shareholder return policy

Significant increase in dividend per share in FY12/24 to ¥61.00

The Company pays dividends to provide shareholder returns. Its basic policy is to return profits to shareholders based on its financial results, and to decide on dividends giving overall consideration to future business development and strengthening the financial structure. In FY12/23, the Company increased the annual dividend per share significantly to ¥51.00 (up ¥31.00 YoY), supported by strong financial results, for a dividend payout ratio of 29.8%. From FY12/23 onward, the Company is targeting a dividend payout ratio of 30% or higher. In FY12/24, the Company significantly increased the annual dividend per share to ¥61.00 (up ¥10.00 YoY), supported by favorable financial results. We at FISCO consider the shareholder returns to be extremely substantial due to the Company's profit growth and increase in dividend payout ratio.



Note: The Company conducted a 2-for-1 stock split in April 2020. Values prior to FY12/19 have been retrospectively adjusted.
 Source: Prepared by FISCO from the Company's financial results



Disclaimer

FISCO Ltd. ("FISCO") offers stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Exchange, and Nikkei Inc.

This report is provided solely for the purpose of offering information and is not a solicitation of investment nor any other act or action.

FISCO has prepared and published this report based on information it deems reliable. However, FISCO does not warrant the accuracy, completeness, certainty, nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs, and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto, based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions, and all other contents are based on analysis by FISCO. The contents of this report are current as of the date of preparation and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text, data, and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers, and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report with an understanding and acceptance of the above points.

■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: support@fisco.co.jp