

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 2023

Company name: Japan Living Warranty Inc.
 Stock exchange listing: Tokyo
 Stock code: 7320 URL <https://jlw.jp>
 Representative: Representative director and president Yoshitaka Adachi
 Director, General Manager of Administration
 Inquiries: Headquarters Atsushi Yoshikawa TEL 03-6276-0401
 Scheduled date of ordinary general meeting of shareholders: September 26, 2023
 Scheduled date to file Securities Report: September 26, 2023
 Scheduled date to commence dividend payments: September 27, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2023 (from July 1, 2022 to June 30, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June 30, 2023	3,919	18.6	741	14.0	1,021	33.1	751	37.5
Year ended June 30, 2022	3,305	25.9	650	70.3	767	67.5	546	124.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2023	149.75	149.73	47.1	5.6	18.9
Year ended June 30, 2022	109.48	108.19	54.0	5.0	19.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	20,103	1,946	9.7	387.95
As of June 30, 2022	16,219	1,243	7.7	247.90

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2023	1,861	(1,902)	783	3,799
Year ended June 30, 2022	292	(3,169)	748	3,058

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2022	–	0.00	–	10.00	10.00	50	9.1	5.0
Year ended June 30, 2023	–	0.00	–	10.00	10.00	50	6.7	3.1
Year ending June 30, 2024 (Forecast)	–	0.00	–	10.00	10.00		6.4	

3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2023	2,190	25.5	338	2.4	438	8.7	284	2.7	56.60
Full year	4,820	23.0	840	13.3	1,060	3.8	779	3.7	155.27

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of June 30, 2023	5,118,300 shares	As of June 30, 2022	5,118,300 shares
---------------------	------------------	---------------------	------------------

Number of treasury shares at the end of the period

As of June 30, 2023	101,944 shares	As of June 30, 2022	100,662 shares
---------------------	----------------	---------------------	----------------

Average number of shares during the period

Year ended June 30, 2023	5,016,846 shares	Year ended June 30, 2022	4,991,262 shares
--------------------------	------------------	--------------------------	------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	3,399,821	4,175,248
Accounts receivable - trade	71,334	266,756
Securities	158,521	124,061
Money held in trust	199,902	99,902
Prepaid expenses	460,317	550,493
Advances paid	1,694,100	1,929,584
Other	247,776	347,260
Total current assets	6,231,774	7,493,309
Non-current assets		
Property, plant and equipment		
Buildings	52,012	89,157
Accumulated depreciation	(11,447)	(18,245)
Buildings, net	40,565	70,912
Land	1,339	1,339
Leased assets	–	19,266
Accumulated depreciation	–	(2,568)
Leased assets, net	–	16,697
Construction in progress	927,719	705,327
Other	29,607	39,905
Accumulated depreciation	(20,570)	(25,315)
Other, net	9,036	14,590
Total property, plant and equipment	978,661	808,866
Intangible assets		
Other	214,710	318,120
Total intangible assets	214,710	318,120
Investments and other assets		
Investment securities	1,097,431	1,585,425
Investments in capital	100,000	60,000
Guarantee deposits	914,461	1,172,461
Long-term prepaid expenses	2,337,347	3,049,031
Investment property	4,029,818	5,265,428
Accumulated depreciation	(73,118)	(134,675)
Investment property, net	3,956,700	5,130,753
Other	388,182	485,221
Total investments and other assets	8,794,123	11,482,892
Total non-current assets	9,987,494	12,609,880
Deferred assets		
Business commencement expenses	517	517
Total deferred assets	517	517
Total assets	16,219,786	20,103,706

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	65,205	82,111
Current portion of long-term borrowings	69,892	105,836
Lease liabilities	–	4,238
Income taxes payable	60,197	188,987
Unearned revenue	1,496,729	1,830,992
Deposits received	498,936	631,257
Provision for bonuses	84,634	108,770
Provision for bonuses for directors (and other officers)	–	28,000
Other	399,819	286,005
Total current liabilities	2,675,414	3,266,198
Non-current liabilities		
Long-term borrowings	1,369,809	2,170,375
Lease liabilities	–	14,128
Long-term unearned revenue	7,071,730	8,518,521
Long-term deposits received	3,798,093	4,127,135
Provision for point card certificates	5,812	5,580
Other	55,040	55,637
Total non-current liabilities	12,300,485	14,891,378
Total liabilities	14,975,900	18,157,577
Net assets		
Shareholders' equity		
Share capital	212,336	212,336
Capital surplus	191,297	191,297
Retained earnings	970,294	1,671,402
Treasury shares	(201,042)	(203,336)
Total shareholders' equity	1,172,885	1,871,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,999	74,429
Total accumulated other comprehensive income	70,999	74,429
Total net assets	1,243,885	1,946,129
Total liabilities and net assets	16,219,786	20,103,706

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	3,305,011	3,919,991
Cost of sales	1,115,184	1,131,422
Gross profit	2,189,826	2,788,569
Selling, general and administrative expenses	1,539,534	2,046,963
Operating profit	650,292	741,605
Non-operating income		
Interest income	11,544	13,226
Dividend income	2,250	131
Gain on sale of securities	7,196	83,663
Rental income from investment property	167,947	264,000
Other	54,604	74,145
Total non-operating income	243,543	435,167
Non-operating expenses		
Interest expenses	7,941	15,340
Loss on transactions of futures markets	25,579	–
Loss on sale of securities	–	5,072
Rent expenses of real estate for investment	88,236	128,460
Other	4,757	6,599
Total non-operating expenses	126,514	155,473
Ordinary profit	767,321	1,021,299
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on sale of non-current assets	11,000	–
Total extraordinary losses	11,000	–
Profit before income taxes	756,321	1,021,299
Income taxes - current	163,382	263,926
Income taxes - deferred	46,495	6,088
Total income taxes	209,877	270,014
Profit	546,443	751,284
Profit attributable to owners of parent	546,443	751,284

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit	546,443	751,284
Other comprehensive income		
Valuation difference on available-for-sale securities	15,715	3,429
Total other comprehensive income	15,715	3,429
Comprehensive income	562,159	754,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	562,159	754,714

Consolidated statements of changes in equity

Fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	211,826	186,826	445,766	(120,382)	724,036
Changes during period					
Issuance of new shares	510	510			1,020
Profit attributable to owners of parent			546,443		546,443
Dividends of surplus			(50,021)		(50,021)
Increase in retained earnings from exclusion of subsidiaries from consolidation			28,105		28,105
Purchase of treasury shares				(93,595)	(93,595)
Disposal of treasury shares		3,961		12,935	16,897
Net changes in items other than shareholders' equity					
Total changes during period	510	4,471	524,527	(80,660)	448,848
Balance at end of period	212,336	191,297	970,294	(201,042)	1,172,885

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	55,284	55,284	779,321
Changes during period			
Issuance of new shares			1,020
Profit attributable to owners of parent			546,443
Dividends of surplus			(50,021)
Increase in retained earnings from exclusion of subsidiaries from consolidation			28,105
Purchase of treasury shares			(93,595)
Disposal of treasury shares			16,897
Net changes in items other than shareholders' equity	15,715	15,715	15,715
Total changes during period	15,715	15,715	464,564
Balance at end of period	70,999	70,999	1,243,885

Fiscal year ended June 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	212,336	191,297	970,294	(201,042)	1,172,885
Changes during period					
Profit attributable to owners of parent			751,284		751,284
Dividends of surplus			(50,176)		(50,176)
Purchase of treasury shares				(2,294)	(2,294)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	701,108	(2,294)	698,814
Balance at end of period	212,336	191,297	1,671,402	(203,336)	1,871,700

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	70,999	70,999	1,243,885
Changes during period			
Profit attributable to owners of parent			751,284
Dividends of surplus			(50,176)
Purchase of treasury shares			(2,294)
Net changes in items other than shareholders' equity	3,429	3,429	3,429
Total changes during period	3,429	3,429	702,243
Balance at end of period	74,429	74,429	1,946,129

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	756,321	1,021,299
Depreciation	93,586	144,692
Increase (decrease) in provision for bonuses	4,934	24,136
Increase (decrease) in provision for bonuses for directors (and other officers)	(20,000)	28,000
Increase (decrease) in provision for point card certificates	(509)	(231)
Interest and dividend income	(13,795)	(13,358)
Interest expenses	7,941	15,340
Foreign exchange losses (gains)	(18,746)	(3,909)
Loss (gain) on sale of securities	(7,196)	(78,591)
Loss (gain) on sale of non-current assets	11,000	–
Decrease (increase) in trade receivables	(21,540)	(205,923)
Increase (decrease) in trade payables	(3,104)	16,905
Increase (decrease) in unearned revenue	364,098	334,262
Increase (decrease) in long-term unearned revenue	1,320,503	1,446,791
Increase (decrease) in deposits received	(1,008,836)	132,321
Increase (decrease) in long-term deposits received	(75,773)	329,042
Increase (decrease) in accounts payable - other	(38,314)	(15,515)
Decrease (increase) in prepaid expenses	(116,072)	(89,639)
Decrease (increase) in long-term prepaid expenses	(211,177)	(718,088)
Decrease (increase) in advances paid	(950,830)	(252,246)
Other, net	546,154	(93,942)
Subtotal	618,644	2,021,345
Interest and dividends received	11,244	4,469
Interest paid	(8,385)	(15,877)
Income taxes paid	(328,686)	(148,370)
Net cash provided by (used in) operating activities	292,816	1,861,567

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(662,476)	(46,062)
Proceeds from sale of property, plant and equipment	43,752	–
Purchase of intangible assets	(112,712)	(188,655)
Proceeds from cancellation of money held in trust	–	100,000
Purchase of investment securities	(167,190)	(1,212,958)
Proceeds from sale and redemption of investment securities	65,013	809,254
Purchase of investment property	(2,092,171)	(1,086,316)
Payments of guarantee deposits	(254,000)	(258,000)
Proceeds from cancellation of insurance funds	15,412	–
Purchase of insurance funds	(30,844)	(34,431)
Payments of leasehold deposits	(29,734)	(58,044)
Return of lease deposits	101	–
Payments for investments in capital	–	(60,000)
Proceeds from sale of investments in capital	107,222	101,909
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(6,084)	–
Other, net	(45,692)	30,440
Net cash provided by (used in) investing activities	(3,169,405)	(1,902,865)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	104,000	–
Proceeds from long-term borrowings	843,000	934,000
Repayments of long-term borrowings	(56,180)	(97,490)
Repayments of lease liabilities	–	(2,825)
Proceeds from issuance of shares	1,020	–
Purchase of treasury shares	(93,595)	(157)
Dividends paid	(50,008)	(50,177)
Net cash provided by (used in) financing activities	748,235	783,349
Effect of exchange rate change on cash and cash equivalents	13,907	(1,084)
Net increase (decrease) in cash and cash equivalents	(2,114,445)	740,967
Cash and cash equivalents at beginning of period	5,172,788	3,058,342
Cash and cash equivalents at end of period	3,058,342	3,799,310