

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2021 (Based on Japanese GAAP)

August 11, 2021

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 28, 2021
 Scheduled date to file Securities Report: September 28, 2021
 Scheduled date to commence dividend payments: September 29, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2021 (from July 1, 2020 to June 30, 2021)

(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, 2021	2,801	43.3	554	170.7	630	121.5	362	94.5
Year ended June 30, 2020	1,955	18.7	204	13.2	284	33.6	186	30.4

	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, 2021	72.72	71.22	46.5	5.6	19.8
Year ended June 30, 2020	37.35	36.51	33.7	3.8	10.5

(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, 2021	14,375	928	6.5	185.69
As of June 30, 2020	8,288	630	7.6	126.08

(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, 2021	5,120	(1,631)	420	5,172
Year ended June 30, 2020	573	(1,469)	74	1,262

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, 2020	–	0.00	–	5.00	5.00	25	13.4	4.5
Year ended June 30, 2021	–	0.00	–	10.00	10.00	50	13.8	6.4
Year ending June 30, 2022 (Forecast)	–	0.00	–	10.00	10.00		10.8	

3. Forecast of consolidated financial results for the year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

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, 2021	1,510	24.4	330	87.2	375	46.9	245	46.6	48.97
Full year	3,100	10.6	610	10.0	710	12.6	465	28.1	92.96

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2021

(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: No

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, 2021	5,058,300 shares	As of June 30, 2020	5,004,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	56,175 shares	As of June 30, 2020	83 shares
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Average number of shares during the period

Year ended June 30, 2021	4,990,627 shares	Year ended June 30, 2020	4,993,867 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	1,203,678	5,547,736
Accounts receivable - trade	46,735	55,872
Securities	58,390	125,052
Money held in trust	99,902	199,902
Prepaid expenses	265,170	339,109
Advances paid	670,090	751,332
Other	96,711	286,899
Total current assets	2,440,680	7,305,904
Non-current assets		
Property, plant and equipment		
Buildings	49,738	73,785
Accumulated depreciation	(2,588)	(11,809)
Buildings, net	47,150	61,976
Land	1,339	39,793
Other	39,779	226,797
Accumulated depreciation	(11,482)	(17,887)
Other, net	28,296	208,909
Total property, plant and equipment	76,786	310,679
Intangible assets		
Other	91,928	139,645
Total intangible assets	91,928	139,645
Investments and other assets		
Investment securities	693,952	964,329
Investments in capital	500,000	200,010
Guarantee deposits	1,318,868	1,165,095
Long-term prepaid expenses	2,056,249	2,090,806
Investment property	896,238	1,937,526
Accumulated depreciation	(17,973)	(36,644)
Investment property, net	878,264	1,900,882
Other	232,027	297,282
Total investments and other assets	5,679,362	6,618,406
Total non-current assets	5,848,077	7,068,731
Deferred assets		
Business commencement expenses	–	517
Total deferred assets	–	517
Total assets	8,288,758	14,375,154

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	67,139	74,701
Current portion of long-term borrowings	5,880	33,880
Income taxes payable	37,350	222,602
Unearned revenue	953,056	1,135,091
Deposits received	207,848	1,508,352
Provision for bonuses	40,500	79,700
Provision for bonuses for directors (and other officers)	–	20,000
Other	167,475	324,726
Total current liabilities	1,479,250	3,399,054
Non-current liabilities		
Long-term borrowings	91,670	619,001
Long-term unearned revenue	4,461,783	5,507,472
Long-term deposits received	1,610,800	3,873,866
Provision for point card certificates	4,806	6,322
Other	9,503	40,554
Total non-current liabilities	6,178,564	10,047,216
Total liabilities	7,657,814	13,446,271
Net assets		
Shareholders' equity		
Share capital	206,771	211,826
Capital surplus	181,771	186,826
Retained earnings	257,427	595,327
Treasury shares	(93)	(120,382)
Total shareholders' equity	645,877	873,598
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14,934)	55,284
Total accumulated other comprehensive income	(14,934)	55,284
Total net assets	630,943	928,882
Total liabilities and net assets	8,288,758	14,375,154

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

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Net sales	1,955,484	2,801,895
Cost of sales	766,557	969,245
Gross profit	1,188,926	1,832,650
Selling, general and administrative expenses	984,123	1,278,234
Operating profit	204,802	554,416
Non-operating income		
Interest income	6,583	7,509
Dividend income	5,712	4,192
Gain on sale of securities	24,308	53,789
Rental income from investment property	48,561	89,338
Other	20,334	16,120
Total non-operating income	105,501	170,950
Non-operating expenses		
Interest expenses	293	3,254
Loss on sale of securities	3,440	39,892
Rent expenses of real estate for investment	20,848	49,316
Other	976	2,145
Total non-operating expenses	25,560	94,608
Ordinary profit	284,743	630,757
Extraordinary losses		
Loss on retirement of non-current assets	112	–
Head office relocation expenses	6,902	–
Bad debts written off	–	16,378
Impairment losses	–	49,770
Total extraordinary losses	7,014	66,148
Profit before income taxes	277,729	564,609
Income taxes - current	80,856	226,791
Income taxes - deferred	10,315	(25,102)
Total income taxes	91,171	201,688
Profit	186,557	362,920
Profit attributable to owners of parent	186,557	362,920

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Profit	186,557	362,920
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,107)	70,218
Total other comprehensive income	(8,107)	70,218
Comprehensive income	178,450	433,139
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	178,450	433,139

Consolidated statements of changes in equity

Fiscal year ended June 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	205,556	180,556	95,796	–	481,908
Changes during period					
Issuance of new shares	1,215	1,215			2,430
Profit attributable to owners of parent			186,557		186,557
Dividends of surplus			(24,925)		(24,925)
Purchase of treasury shares				(93)	(93)
Net changes in items other than shareholders' equity					
Total changes during period	1,215	1,215	161,631	(93)	163,968
Balance at end of period	206,771	181,771	257,427	(93)	645,877

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(6,826)	(6,826)	475,082
Changes during period			
Issuance of new shares			2,430
Profit attributable to owners of parent			186,557
Dividends of surplus			(24,925)
Purchase of treasury shares			(93)
Net changes in items other than shareholders' equity	(8,107)	(8,107)	(8,107)
Total changes during period	(8,107)	(8,107)	155,861
Balance at end of period	(14,934)	(14,934)	630,943

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	206,771	181,771	257,427	(93)	645,877
Changes during period					
Issuance of new shares	5,055	5,055			10,110
Profit attributable to owners of parent			362,920		362,920
Dividends of surplus			(25,021)		(25,021)
Purchase of treasury shares				(120,289)	(120,289)
Net changes in items other than shareholders' equity					
Total changes during period	5,055	5,055	337,899	(120,289)	227,720
Balance at end of period	211,826	186,826	595,327	(120,382)	873,598

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(14,934)	(14,934)	630,943
Changes during period			
Issuance of new shares			10,110
Profit attributable to owners of parent			362,920
Dividends of surplus			(25,021)
Purchase of treasury shares			(120,289)
Net changes in items other than shareholders' equity	70,218	70,218	70,218
Total changes during period	70,218	70,218	297,939
Balance at end of period	55,284	55,284	928,882

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	277,729	564,609
Depreciation	56,330	59,164
Impairment losses	–	49,770
Amortization of goodwill	–	5,530
Increase (decrease) in provision for bonuses	(3,500)	39,200
Increase (decrease) in provision for bonuses for directors (and other officers)	–	20,000
Increase (decrease) in provision for point card certificates	835	1,515
Interest and dividend income	(12,296)	(11,702)
Interest expenses	293	3,254
Head office relocation expenses	6,902	–
Foreign exchange losses (gains)	(1,136)	(3,728)
Loss (gain) on sale of securities	(20,867)	(13,896)
Loss on retirement of non-current assets	112	–
Rent of real estate for investment	(48,561)	(89,338)
Rent expenses on real estate for investments	10,909	30,645
Decrease (increase) in trade receivables	3,045	8,994
Decrease (increase) in inventories	98	(142,752)
Increase (decrease) in trade payables	(4,155)	(2,562)
Increase (decrease) in unearned revenue	177,545	170,334
Increase (decrease) in long-term unearned revenue	798,014	1,045,688
Increase (decrease) in deposits received	66,356	1,295,930
Increase (decrease) in long-term deposits received	290,535	2,263,066
Increase (decrease) in accounts payable - other	(19,066)	77,869
Decrease (increase) in prepaid expenses	(59,213)	(73,676)
Decrease (increase) in long-term prepaid expenses	(813,683)	(34,556)
Decrease (increase) in advances paid	(90,956)	(97,620)
Other, net	31,920	17,872
Subtotal	647,191	5,183,611
Interest and dividends received	12,618	10,814
Interest paid	(293)	(3,515)
Income taxes paid	(86,316)	(70,630)
Net cash provided by (used in) operating activities	573,199	5,120,280

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from investing activities		
Payments into time deposits	–	(500,000)
Purchase of property, plant and equipment	(42,240)	(240,256)
Purchase of intangible assets	(53,783)	(74,191)
Investments in money held in trust	–	(100,000)
Purchase of investment securities	(567,392)	(235,477)
Proceeds from sale and redemption of securities	737	–
Proceeds from sale and redemption of investment securities	463,212	104,290
Purchase of investment property	(235,953)	(1,040,323)
Proceeds from rental of investment property	48,561	89,338
Payments from rental of real estate for investment	(10,909)	(30,645)
Payments of guarantee deposits	(520,000)	(139,000)
Payments of leasehold deposits	(106,269)	–
Proceeds from refund of guarantee deposits	–	280,000
Purchase of insurance funds	–	(29,952)
Return of lease deposits	180	26,948
Payments for investments in capital	(400,000)	(100,000)
Proceeds from sale of investments in capital	–	400,000
Loan advances to employees	–	(28,000)
Long-term loan advances to employees	–	(10,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,959)
Other, net	(45,463)	(654)
Net cash provided by (used in) investing activities	(1,469,319)	(1,631,884)
Cash flows from financing activities		
Proceeds from long-term borrowings	100,000	580,000
Repayments of long-term borrowings	(2,450)	(24,669)
Proceeds from issuance of shares	2,430	10,110
Purchase of treasury shares	(93)	(120,289)
Dividends paid	(24,896)	(25,017)
Net cash provided by (used in) financing activities	74,990	420,133
Effect of exchange rate change on cash and cash equivalents	1,136	2,188
Net increase (decrease) in cash and cash equivalents	(819,992)	3,910,718
Cash and cash equivalents at beginning of period	2,082,061	1,262,069
Cash and cash equivalents at end of period	1,262,069	5,172,788