

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 2022

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: Atsushi Yoshikawa TEL 03-6276-0401  
 Headquarters  
 Scheduled date to file Quarterly Securities Report: February 10, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended December 31, 2021	1,608	34.6	467	191.6	524	119.2	355	127.9
Six months ended December 31, 2020	1,195	–	160	–	239	–	156	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2021	71.05	70.20
Six months ended December 31, 2020	31.18	30.53

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	15,292	1,125	7.4
As of June 30, 2021	14,469	779	5.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2021	–	0.00	–	10.00	10.00
Year ending June 30, 2022	–	0.00			
Year ending June 30, 2022 (Forecast)			–	10.00	10.00

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
Full year	3,200	21.9	700	83.3	800	74.6	530	117.9	105.89

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of December 31, 2021	5,058,300 shares	As of June 30, 2021	5,058,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	50,262 shares	As of June 30, 2021	56,175 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2021	5,005,161 shares	Six months ended December 31, 2020	5,004,147 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	5,547,736	4,050,867
Accounts receivable - trade	55,872	58,917
Securities	125,052	161,184
Money held in trust	199,902	199,902
Prepaid expenses	346,311	388,390
Advances paid	751,332	1,037,349
Other	286,899	807,648
Total current assets	7,313,106	6,704,260
Non-current assets		
Property, plant and equipment	310,679	554,426
Intangible assets	139,645	170,532
Investments and other assets		
Investment securities	964,329	1,055,727
Investments in capital	200,010	100,010
Guarantee deposits	1,165,095	785,095
Long-term prepaid expenses	2,111,791	2,226,011
Investment property, net	1,900,882	3,268,828
Other	363,289	426,630
Total investments and other assets	6,705,397	7,862,303
Total non-current assets	7,155,723	8,587,261
Deferred assets	517	517
Total assets	14,469,346	15,292,039

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	74,701	67,245
Current portion of long-term borrowings	33,880	53,272
Income taxes payable	222,602	179,458
Unearned revenue	1,193,301	1,378,803
Deposits received	1,508,352	467,777
Provision for bonuses	79,700	27,879
Provision for bonuses for directors (and other officers)	20,000	–
Other	324,726	181,455
<b>Total current liabilities</b>	<b>3,457,265</b>	<b>2,355,892</b>
<b>Non-current liabilities</b>		
Long-term borrowings	619,001	1,004,205
Long-term unearned revenue	5,693,016	6,425,132
Long-term deposits received	3,873,866	4,323,039
Provision for point card certificates	6,322	5,759
Other	40,554	52,829
<b>Total non-current liabilities</b>	<b>10,232,760</b>	<b>11,810,966</b>
<b>Total liabilities</b>	<b>13,690,025</b>	<b>14,166,858</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	211,826	211,826
Capital surplus	186,826	190,722
Retained earnings	445,766	751,373
Treasury shares	(120,382)	(107,748)
<b>Total shareholders' equity</b>	<b>724,036</b>	<b>1,046,174</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	55,284	79,007
<b>Total accumulated other comprehensive income</b>	<b>55,284</b>	<b>79,007</b>
<b>Total net assets</b>	<b>779,321</b>	<b>1,125,181</b>
<b>Total liabilities and net assets</b>	<b>14,469,346</b>	<b>15,292,039</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Net sales	1,195,471	1,608,961
Cost of sales	491,030	494,910
Gross profit	704,440	1,114,051
Selling, general and administrative expenses	544,062	646,326
Operating profit	160,378	467,724
Non-operating income		
Interest income	3,552	7,786
Dividend income	115	–
Rental income from investment property	35,861	68,607
Gain on sale of securities	53,773	–
Other	9,378	17,160
Total non-operating income	102,680	93,553
Non-operating expenses		
Interest expenses	978	3,215
Rent expenses of real estate for investment	22,464	28,902
Other	213	4,354
Total non-operating expenses	23,656	36,472
Ordinary profit	239,401	524,806
Profit before income taxes	239,401	524,806
Income taxes	83,323	169,177
Profit	156,078	355,628
Profit attributable to owners of parent	156,078	355,628

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Profit	156,078	355,628
Other comprehensive income		
Valuation difference on available-for-sale securities	20,242	23,722
Total other comprehensive income	20,242	23,722
Comprehensive income	176,321	379,351
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	176,321	379,351

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	239,401	524,806
Depreciation	27,279	40,643
Increase (decrease) in provision for bonuses	(24,800)	(51,820)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	(20,000)
Increase (decrease) in provision for point card certificates	776	(563)
Interest and dividend income	(3,667)	(7,786)
Interest expenses	978	3,215
Foreign exchange losses (gains)	(216)	(2,523)
Loss (gain) on sale of investment securities	(53,773)	–
Rent of real estate for investment	(35,861)	(68,607)
Rent expenses on real estate for investments	14,130	14,004
Decrease (increase) in trade receivables	17,414	(3,045)
Decrease (increase) in inventories	(55,083)	(35,339)
Increase (decrease) in trade payables	(16,200)	(7,456)
Increase (decrease) in unearned revenue	84,288	243,712
Increase (decrease) in long-term unearned revenue	443,845	673,905
Increase (decrease) in deposits received	89,152	(1,040,575)
Increase (decrease) in long-term deposits received	253,868	449,172
Increase (decrease) in accounts payable - other	(45,916)	(148,785)
Decrease (increase) in prepaid expenses	(29,577)	(43,623)
Decrease (increase) in long-term prepaid expenses	100,716	(97,586)
Decrease (increase) in advances paid	(431,186)	(294,079)
Other, net	(42,452)	(24,958)
Subtotal	533,118	102,710
Interest and dividends received	3,510	7,608
Interest paid	(1,516)	(3,480)
Income taxes paid	(37,469)	(208,293)
Net cash provided by (used in) operating activities	497,642	(101,455)
Cash flows from investing activities		
Purchase of property, plant and equipment	(59,383)	(253,276)
Purchase of intangible assets	(32,686)	(34,460)
Purchase of investment securities	(31,462)	(85,682)
Proceeds from sale and redemption of investment securities	111,160	60,315
Purchase of investment property	(1,035,021)	(1,374,181)
Proceeds from rental of investment property	35,861	68,607
Payments from rental of real estate for investment	(14,130)	(14,004)
Payments of guarantee deposits	–	(124,000)
Proceeds from refund of guarantee deposits	280,000	–
Purchase of insurance funds	(29,952)	(30,844)
Payments of leasehold deposits	–	(29,734)
Return of lease deposits	26,948	–
Payments for investments in capital	(100,000)	–
Proceeds from sale of investments in capital	–	100,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,959)	–
Other, net	5,542	2,296
Net cash provided by (used in) investing activities	(847,084)	(1,714,965)

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	580,000	428,000
Repayments of long-term borrowings	(7,729)	(23,404)
Purchase of treasury shares	(214)	(87)
Dividends paid	(25,017)	(50,004)
Net cash provided by (used in) financing activities	547,039	354,504
Effect of exchange rate change on cash and cash equivalents	(1,209)	1,180
Net increase (decrease) in cash and cash equivalents	196,387	(1,460,736)
Cash and cash equivalents at beginning of period	1,262,069	5,172,788
Cash and cash equivalents at end of period	1,458,457	3,712,052