

**Materials for the Briefing Session on
the Financial Results for the
Second Quarter of the Fiscal Year
Ending June 30, 2023**



To worthwhile life

**Japan Living Warranty Inc.
February 10, 2023
The Tokyo Stock Exchange
Growth Market (7320)**

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About JLW

Who is Japan Living Warranty Inc.?

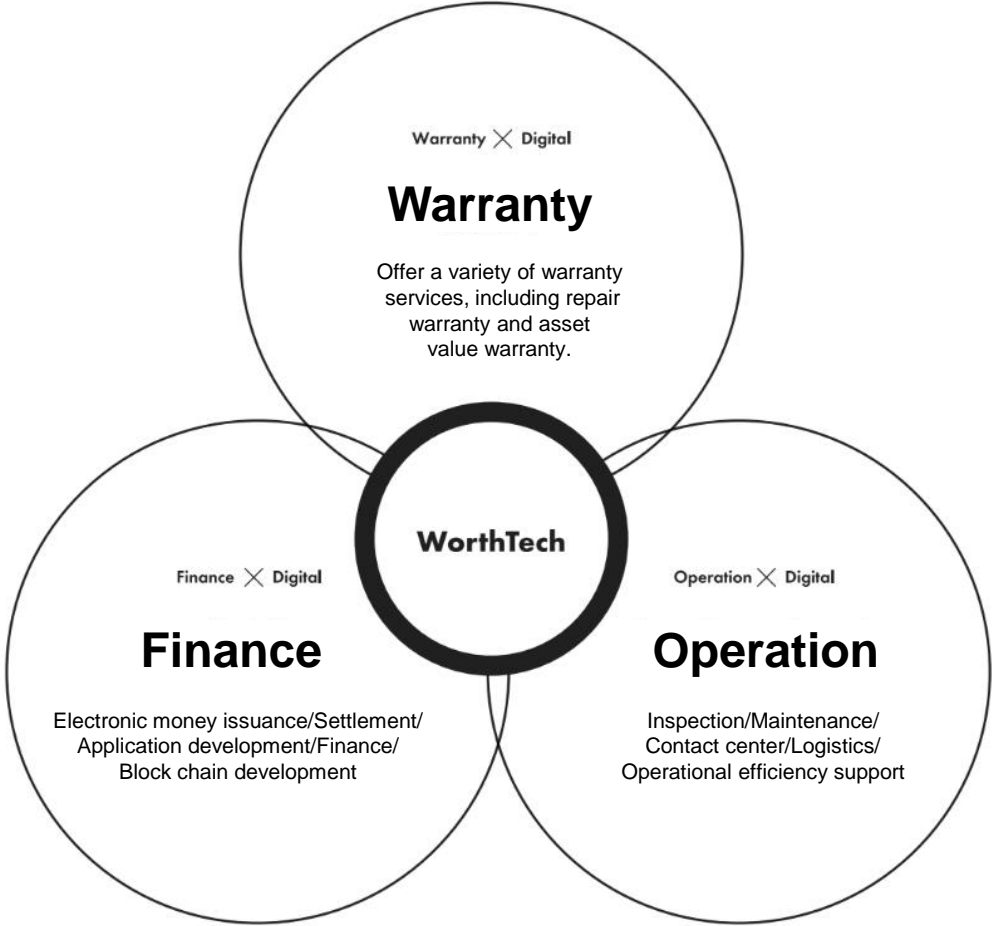
- We are a WorthTech Company that maximizes the property value of living by innovative real-world and digital services.
- We are developing B-to-B businesses, led by “warranty” solutions, as our name implies.
- We have been expanding our business into non-housing areas since our foundation, on top of business development in the housing area, where our strength lies.
- We are promoting the expansion of business areas by employing unique service solutions as a weapon with digital services at the core.

We are a WorthTech Company.

**We are a WorthTech
Company that maximizes
the property value of living
by innovative real-world
and digital services.**

Solutions We Offer

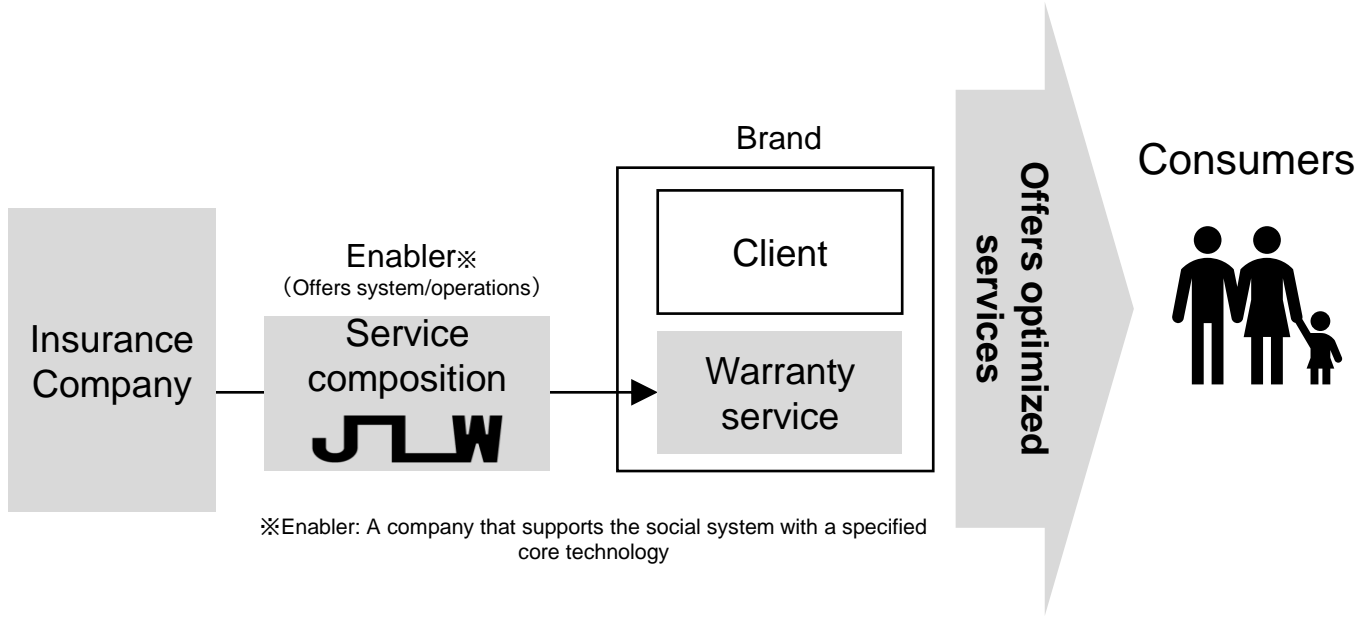
- We offer three types of solutions by adding finance and operations to warranties, where our strength lies.
- All solutions require advanced expertise, and our greatest strength is that we can offer them as a one-stop service by leveraging our past experiences and knowledge.
- We support business operators in realizing their sales/CRM strategies by offering various solutions tailored to their needs.
- In recent years, we have further accelerated the development / provision of products that combine each solution with digital technology.
- We contribute to the realization of a sustainable society by supporting life cycles of products/services.



Offering Warranty Function and Our Positioning

- We offer a warranty infrastructure based on close cooperation with insurance firms that have insurance business licenses.
- We position ourselves as a business partner instead of a subcontractor, as we have system operations technology that requires advanced expertise.

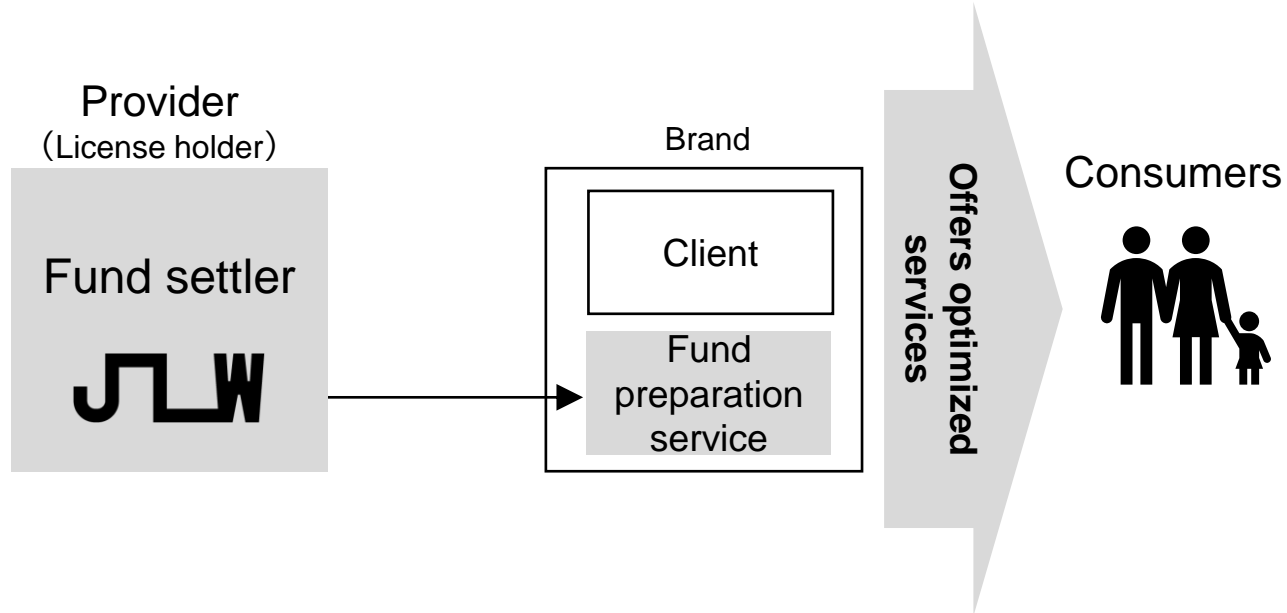
We offer the warranty infrastructure function as an Enabler



Offering Financial Function and Our Positioning

- Based on the license of an issuer of prepaid payment instruments (third person-type) registered with Living Point Inc., a subsidiary, we offer the fund settlement infrastructure customized for each client.
- By facilitating the introduction of the fund settlement infrastructure into the entire housing industry, we particularly promote the digital transformation of the entire housing industry that is trailing behind in the fund settlement area.

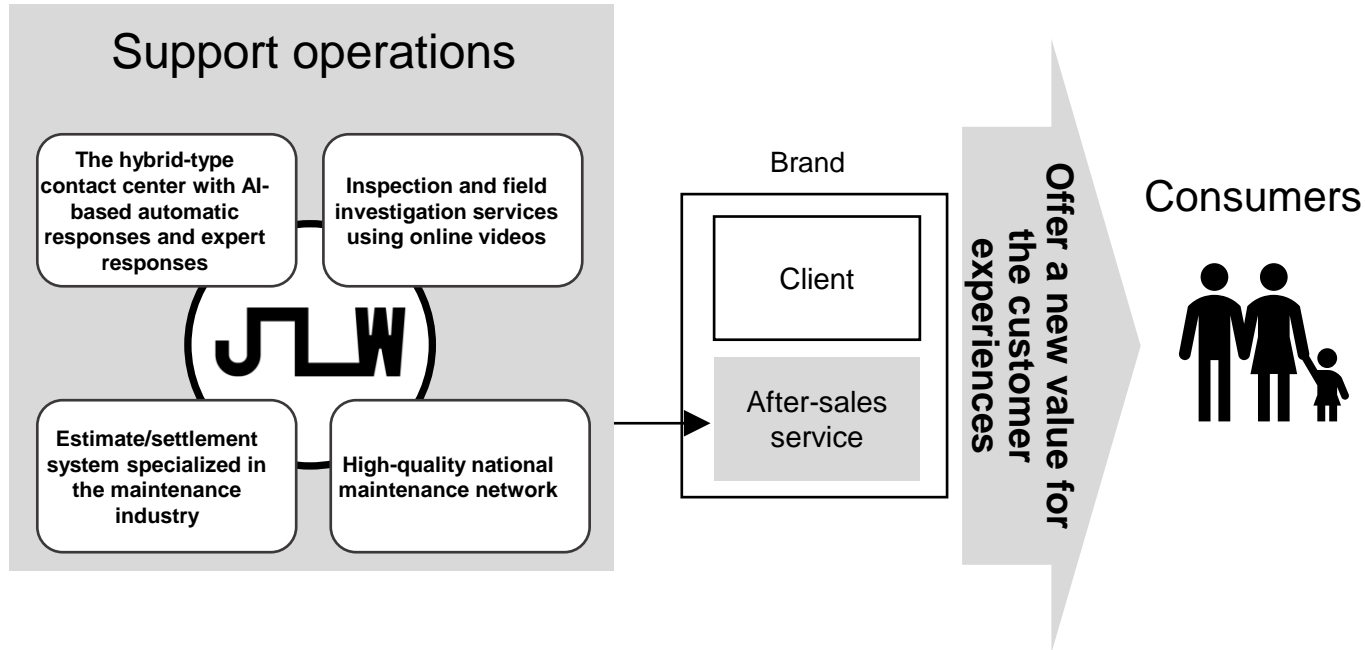
We offer the fund settlement infrastructure function as a Provider



Offering Operational Function and Our Positioning

- We offer the value of our unique customer experiences, as well as the improved efficiency of business operators, through our operational services that combine and leverage the advantages of both real-world and digital services to the maximum extent possible.

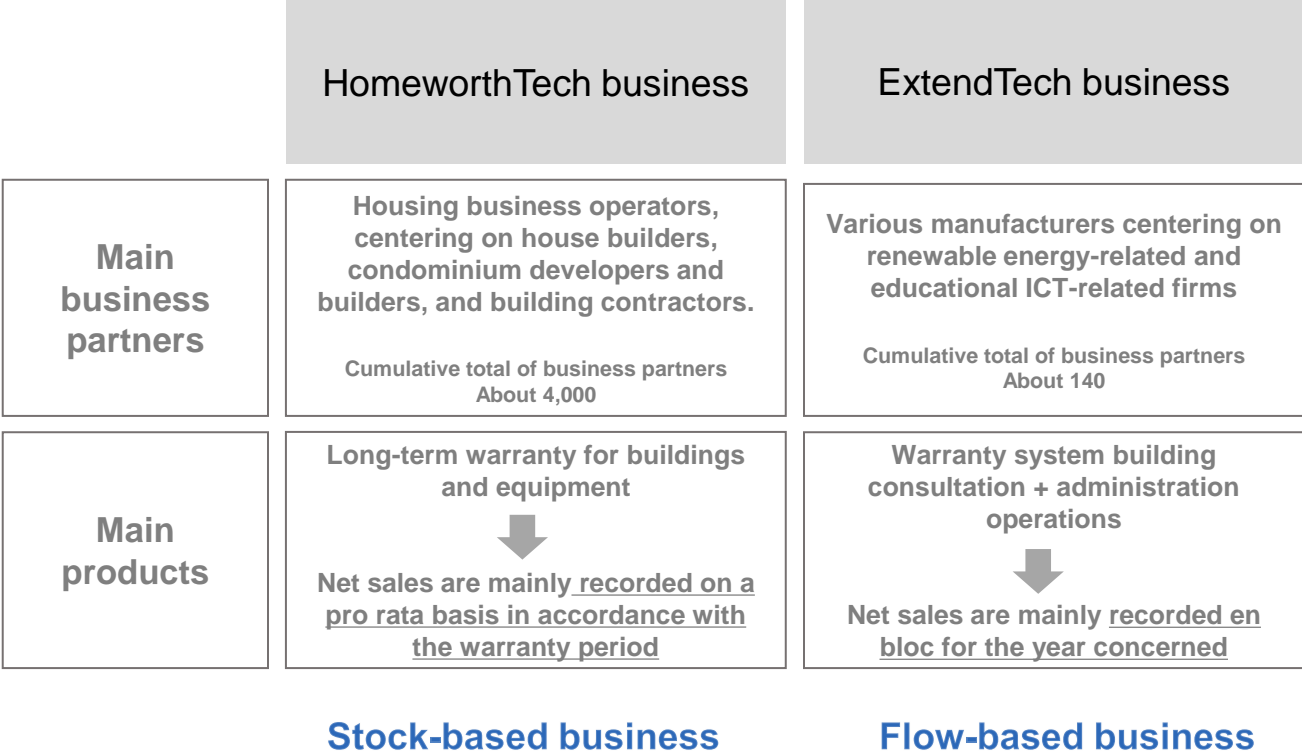
We offer a new value for the customer experiences by combining real-world and digital services



Business Composition

- We undertake “HomeworthTech business” that specializes in the housing/real estate area and “ExtendTech business” that broadly covers non-housing areas.
- For “HomeworthTech business” where we often serve as a joint guarantor, net sales are mainly recorded on a pro rata basis in accordance with the warranty period. Thus, it is a stock-based business.
- For “ExtendTech business” that mainly covers system building and administration operations, net sales are mainly recorded en bloc for the fiscal year concerned. Thus, it is a flow-based business.
- The hybrid management of the two businesses with different earnings structures makes it possible for corporate management to be well-balanced between short-term earnings and medium- and long-term growth investment.

Characterized by the Hybrid Management of Stock-Based and Flow-Based Businesses

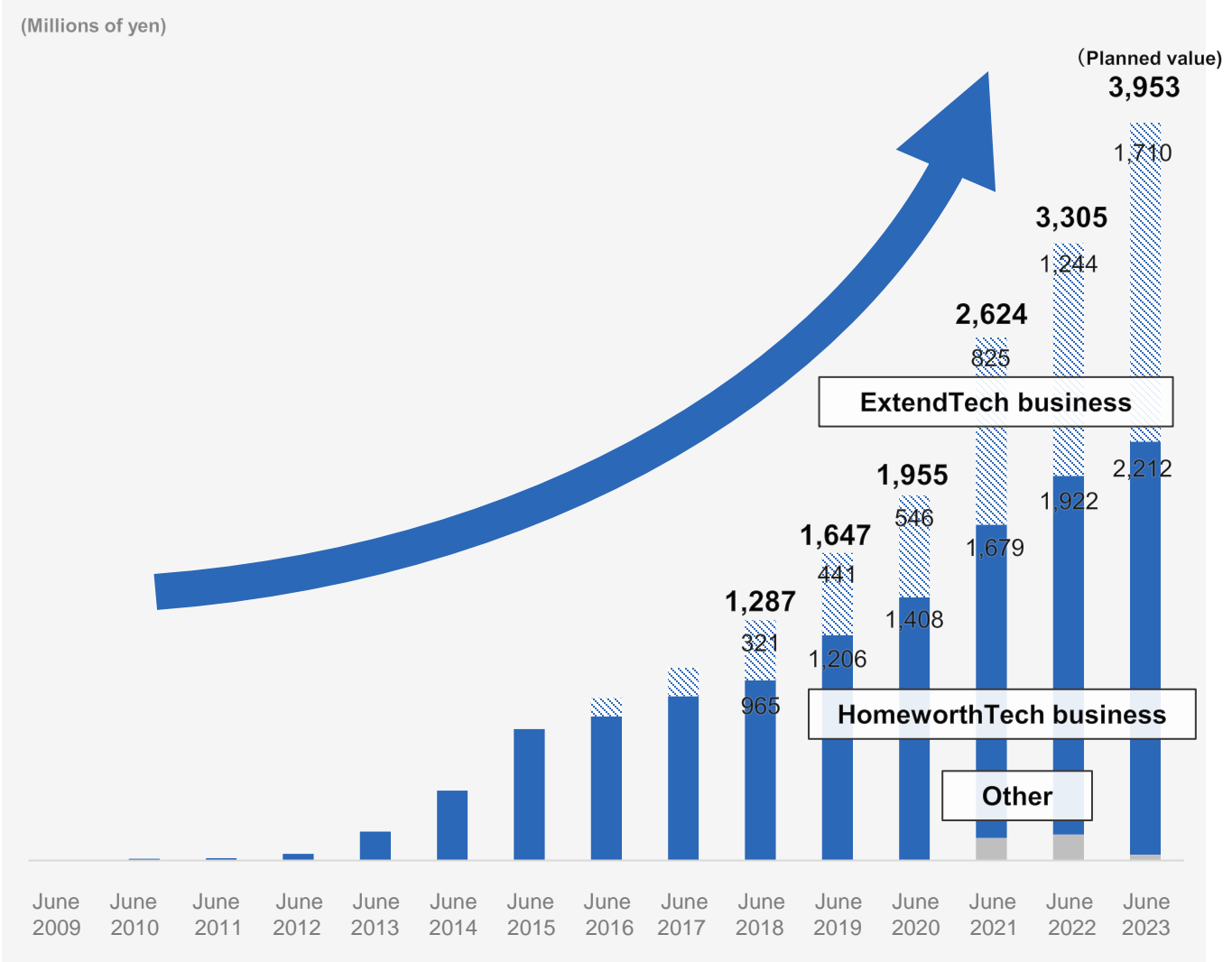


Net Sales

Past trends

- We are continuing the 14th straight year of higher net sales, led by our original “HomeworthTech business” (housing area) and the “ExtendTech business” (non-housing area) that has been rapidly expanding its financial performance.
- We realized our rapid growth and expanded market shares by creating first-in-industry services one after another.

We achieved high net sales for the 14th consecutive year since the company’s foundation



※We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, dated March 31, 2020) from the beginning of the fiscal year ended in June 2022, and for the fiscal year ended in June 2021, we stated the figures obtained by the retroactive application of the Accounting Standard.

Financial Results

Summary of the Consolidated Financial Results for Q2 of the Fiscal Year Ending in June 2023

- Both net sales and profits exceeded the published figures announced at the beginning of the fiscal year.
- Will continue to drastically bolster personnel and the digital foundation in and after the second half as planned at the beginning of the fiscal year.

Both net sales and profits exceeded the published figures the beginning of the fiscal year.

	Published figures for the 1st half of the year ending June 2023 (2022.7 – 2022.12)	Results of the 1st half of the year ending June 2023 (2022.7 - 2022.12)	Progress vs published figures for the 1st half of the year ending June 2023		Published figures for the full year ending June 2023 (2022.7 - 2023.6)
Net sales	1,733 Millions of yen	1,744 Millions of yen	+ 11 Millions of yen	100.7%	3,953 Millions of yen
Operating profit	289 Millions of yen	330 Millions of yen	+ 41 Millions of yen	114.2%	860 Millions of yen
Ordinary profit	360 Millions of yen	402 Millions of yen	+ 42 Millions of yen	111.9%	1,010 Millions of yen
Net income attributable to parent company shareholders	243 Millions of yen	276 Millions of yen	+ 33 Millions of yen	113.8%	685 Millions of yen

Q2 of the Fiscal Year Ending in June 2023

Net Sales by Segment

- The HomeworthTech achieved a significant year-on-year growth thanks to the launch of new services and the bolstering of the sales structure.
- Despite the impact of a large one-time contract in Q1 of the year ended in June 2022, the ExtendTech business secured a year-on-year growth.
- With respect to the other businesses, we transferred all shares in Yokohama House as of June 30, 2022, and excluded it from the Company's consolidated subsidiaries.

The two main businesses both achieved year-on-year growth
 In particular, the housing-related area fared well

	1st half of the year ending in June 2023 (2022.7 - 2022.12)	Results of the 1st half of the year ended in June 2022 (2021.7 - 2021.12)	YoY	
Operating Profit/loss	1,744 Millions of yen	1,608 Millions of yen	+ 136 Millions of yen	108.4%
HomeworthTech business	1,051 Millions of yen	908 Millions of yen	+ 143 Millions of yen	115.7%
ExtendTech business	672 Millions of yen	652 Millions of yen	+ 20 Millions of yen	103.1%
Other	20 Millions of yen	48 Millions of yen	△28 Millions of yen	43.4%

Q2 of the Fiscal Year Ending in June 2023

Operating Profit / Loss by segment

- Operating profit as a whole exceeded the published figure at the beginning of the year, with the two main businesses faring well.
- For long-term warranty contracts in the HomeworthTech business, the earnings structure tends to squeeze earnings in a business expansion period as net sales and the cost of sales are mainly recorded on a pro rata basis in accordance with the warranty period, while selling, general and administrative expenses are mainly recorded en bloc for the fiscal year concerned.
- The ExtendTech business incurred a profit drop as the business was affected by a large one-time contract in the educational ICT area a year before.

The two main businesses both showed smooth progress

	1st half of the year ending in June 2023 (2022.7 - 2022.12)		YoY	
	Results of the 1st half of the year ended in June 2022 (2021.7 - 2021.12)			
Operating Profit/loss	330 Millions of yen	467 Millions of yen	△137 Millions of yen	70.6%
HomeworthTech business	76 Millions of yen	62 Millions of yen	+14 Millions of yen	122.0%
ExtendTech business	266 Millions of yen	407 Millions of yen	△140 Millions of yen	65.4%
Other	△12 Millions of yen	△2 Millions of yen	△10 Millions of yen	—

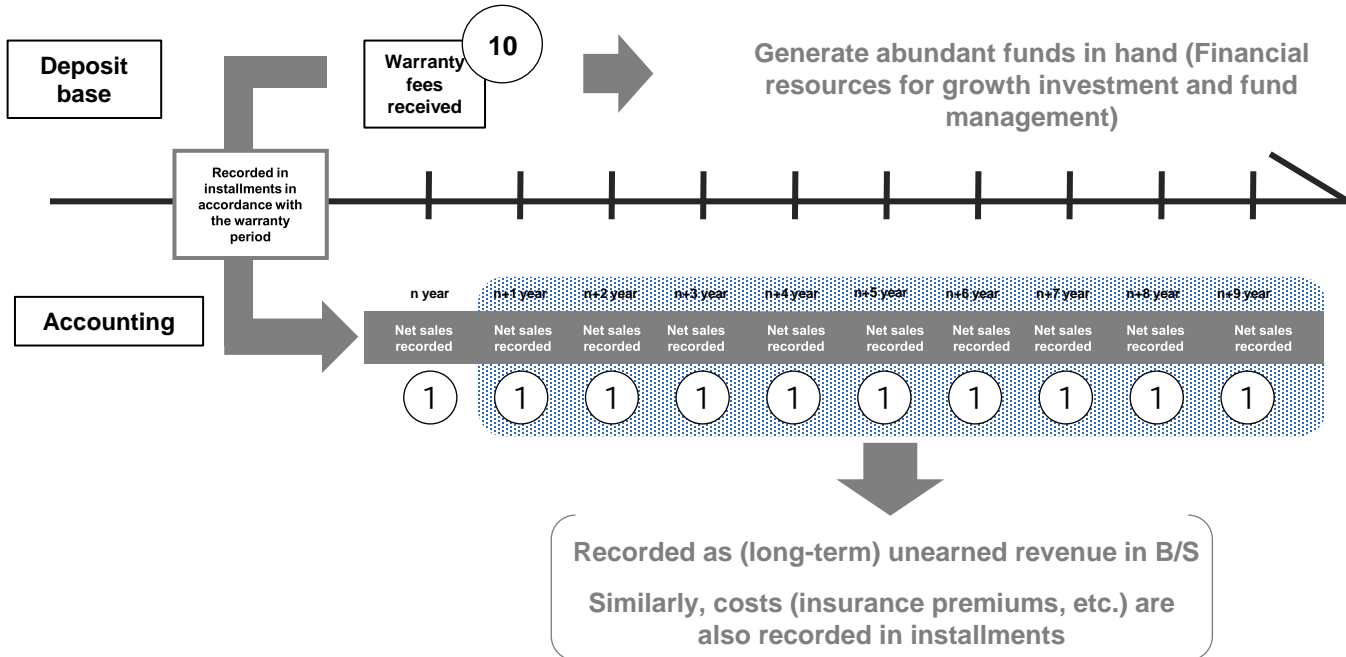
Accounting Treatment Structure of Long-term Warranty Contracts

~HomeworthTech business~

- With respect to long-term warranty contracts in the HomeworthTech business, while net sales and costs are recorded on a pro rata basis in accordance with the warranty period, selling, general and administrative expenses are recorded en bloc, making the Company's earnings structure into one that tends to see profits squeezed in the expansion stage of business.
- The maturing of business (an increase in an outstanding balance of warranty contracts) has turned it into the long-term stable earning structure.
- Long-term warranty contracts generate abundant funds in hand as warranty fees are obtained en bloc at the time of conclusion of contracts.
- Abundant funds arising from long-term warranty contracts can be used for proactive growth investment and asset management.

Long-term warranty services have the structure that tends to see profits squeezed in the expansion stage of business due to accounting treatment

(Example) the case where warranty fees for the 10-year equipment warranty are received en bloc in the n year.



Balance of warranty service contracts

~HomeworthTech business~

- The balance of warranty service contracts, a major KPI in the HomeworthTech business, exceeded 8.4 billion yen at the end of the second quarter of the current fiscal year, setting a record high.
- Of warranty fee revenues, those not yet recorded as net sales were recorded as unearned revenue + long-term unearned revenue on the balance sheet.
- The outstanding balance of warranty contracts means definite net sales over the future, and thus the balance will be recorded as net sales sequentially to underpin future profitability.

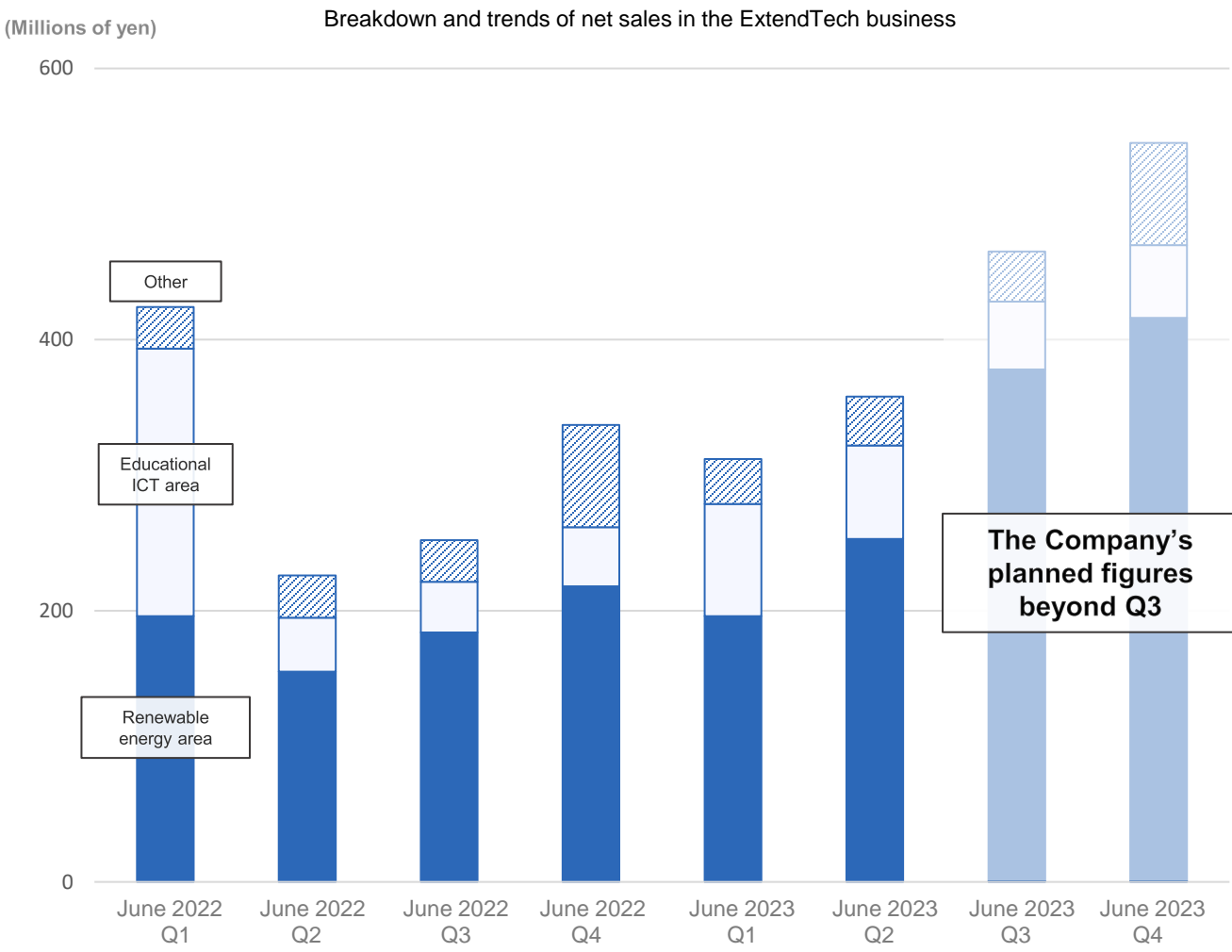
The outstanding balance of warranty contracts exceeded 8.4 billion yen at the end of Q2 of the fiscal year ending in June 2023



ExtendTech business Trends of Net Sales and Outlook

- Net sales expected to rise YoY in Q2 and beyond in the current fiscal year, despite Q1 seeing a drop due to the impact of a large one-time contract in the educational ICT area a year before.
- In the renewable energy area, we expect to see progress in performance in the wake of mounting demand particularly for storage batteries for housing and EV (electric vehicle)-related equipment.
- An increase in net sales likely for the ExtendTech business as a whole as compared to the previous year.

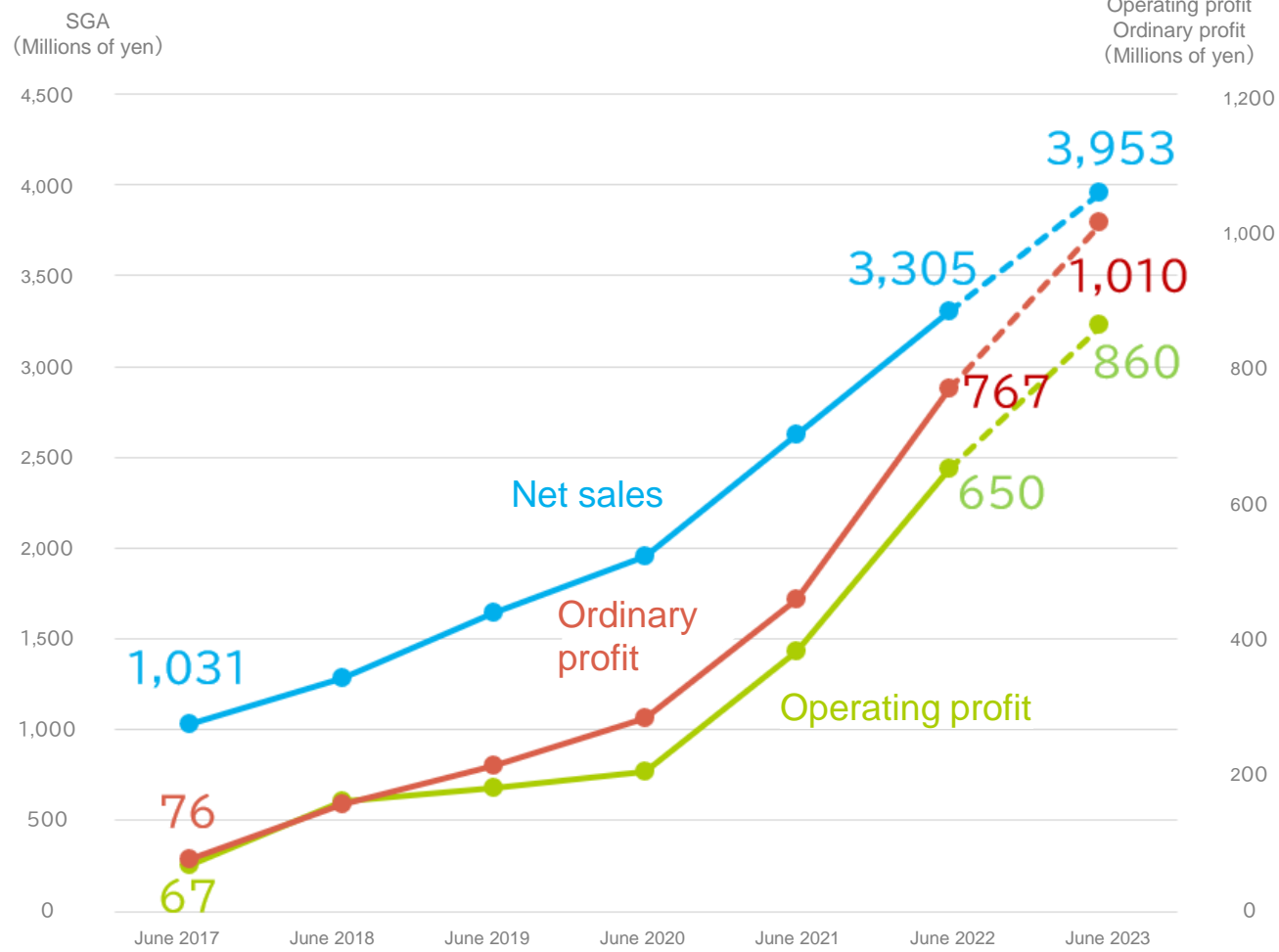
Net sales likely to expand, centering on the renewable energy sector



Consolidated Financial Results Forecast for the Fiscal Year Ending in June 2023

- Smooth new order receipts from the second half of the previous fiscal year to the first half of the current fiscal year are likely to gradually contribute to net sales and profits following the commencement of the system, and thus we expect larger net sales/operating profit YoY.
- With accumulated stock-based net sales and profits also underpinning, we expect ordinary profit to surpass one billion yen for the first time ever.

Expect to see significantly higher net sales/operating profit YoY Ordinary profit likely to exceed 1 billion yen for the first time ever



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Topics

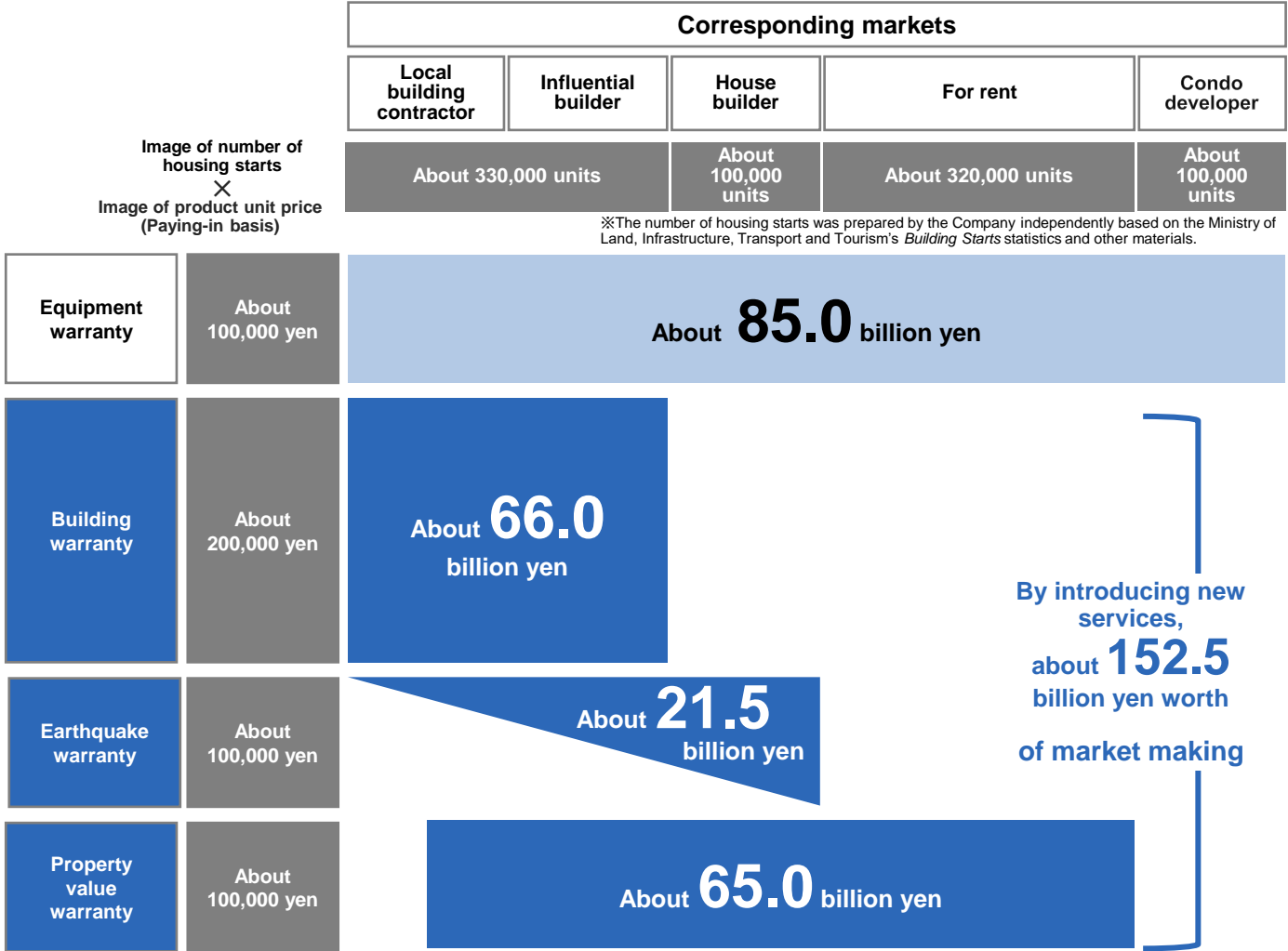
Topics (1)

Expansion of next-generation leading products

~HomeworthTech business~

- In addition to conventional equipment warranty, we plan to promote an expansion of new markets by introducing new services one after another, including building warranty, earthquake warranty and property value warranty.
- The new services will allow cross-selling to existing clients and new client development, providing us with a foothold for an expansion of the HomeworthTech business.

Promote an expansion of markets by introducing new services



Topics (1)

Expansion of next-generation leading products

~HomeworthTech business~

- We started offering Earthquake Reliable Service, launched in July 2022, to newly built detached houses of affiliated builders of the Panasonic Builders Group in December 2022 in cooperation with Panasonic ARCHI Skeleton Design Co., Ltd.
- We have a strategy to jointly develop new services with a major client and then generalize them for a full-fledged entry into markets.

Started offering earthquake warranty to affiliated builders of the Panasonic Builders Group

Equipment warranty	Launched in March 2009
Building warranty	Launched in July 2020

Main products at present

Property value warranty	Launched in June 2021
Earthquake warranty	Launched in July 2022

Started offering Earthquake Reliable Service to newly built detached houses of affiliated builders (380 firms) of the Panasonic Builders Group
Press release 2022.12.9

Next-generation main products

Topics (2)

Bolstering of EVs/PVs area

~ExtendTech business~

Acceleration of the spread of EVs/PVs toward the realization of a carbon neutral society

- We are now seeing an accelerated spread of EVs/PVs toward the realization of a carbon neutral society.
- The installation of new equipment, as well as the management and reuse of existing equipment are gaining attention for the realization of a sustainable society.



The Tokyo Metropolitan Government making the installation of photovoltaic panels mandatory



Issues of management, scrapping and reuse of installed photovoltaic panels



Easing regulations on EV battery chargers



Increasing use of V2H as an emergency power source

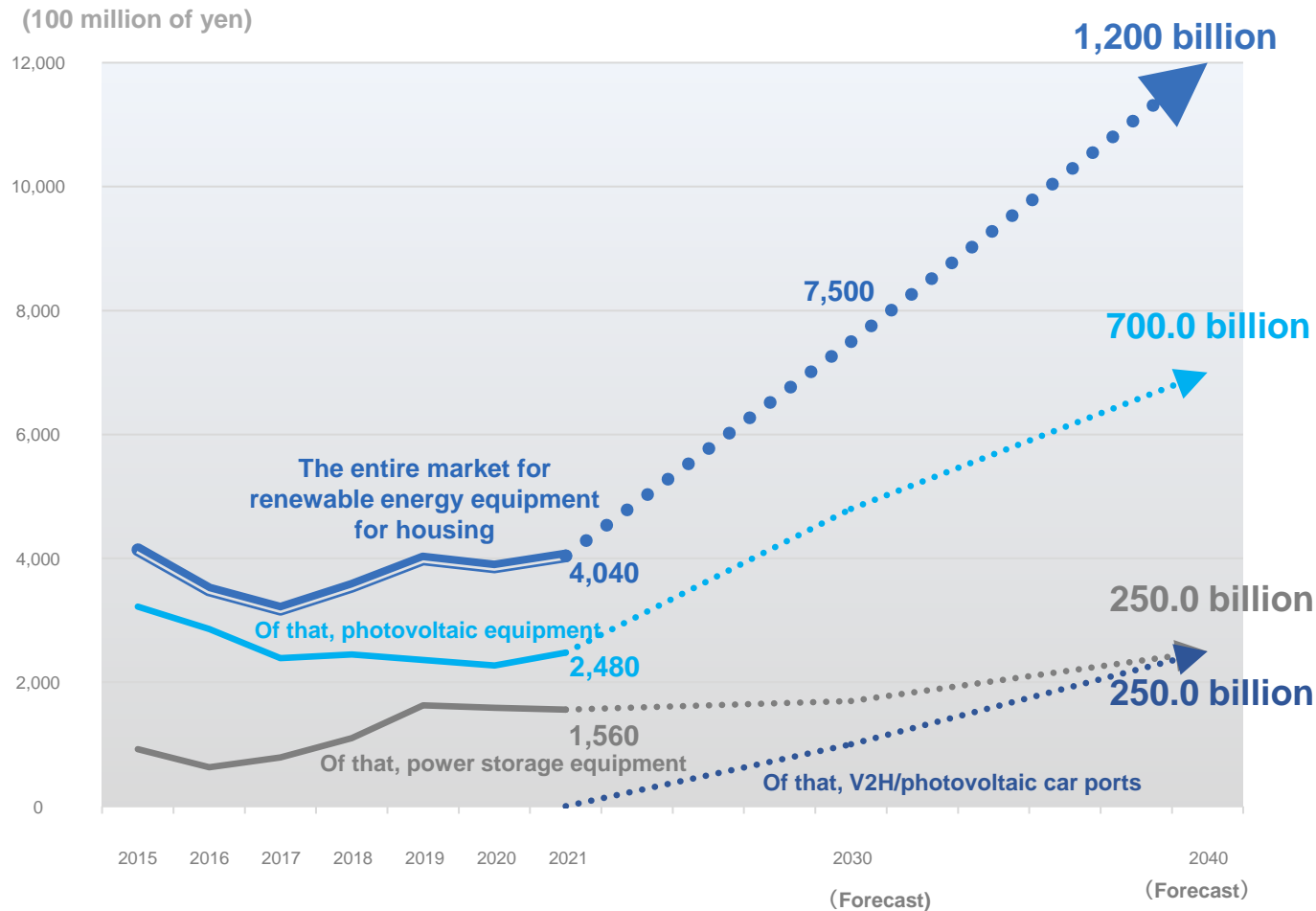
Topics (2)

Bolstering of EVs/PVs area

~ExtendTech business~

- The domestic market for renewable energy equipment for housing is rapidly growing, with expectations that the market is likely to expand to approximately 1.2 trillion yen.
- As the Tokyo Metropolitan Government expressed its plan to make the installation of photovoltaic panels in detached houses mandatory, the market for peripheral equipment is also expected to grow.

The market for renewable energy equipment for housing is expected to expand significantly going forward



Prepared by Japan Living Warranty, based on materials of the Calculation Committee for Procurement Price, etc.

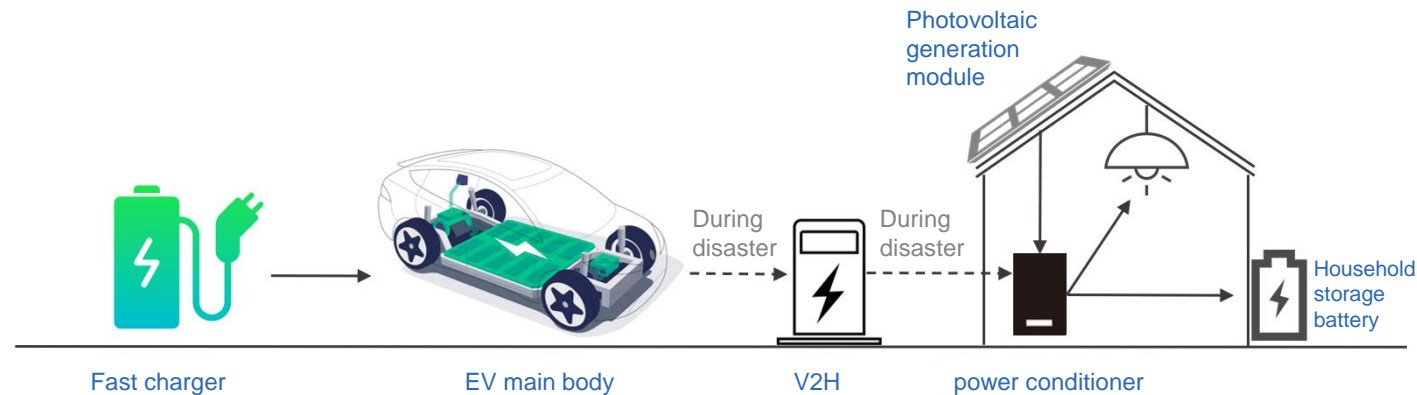
Topics (2)

Bolstering of EVs/PVs area

~ExtendTech business~

Quickly completed the building of the warranty underwriting system that covers the entire EVs/PVs area

- We have quickly built the warranty underwriting system that covers the entire EVs/PVs area by following social trends.
- We started offering the long-term warranty service “EV Charger Warranty” for EV charging facilities in December 2022, and promoted sales activity with the theme of “supporting new technology with warranty.”



Can underwrite warranty that covers all EV/PV-related equipment

Topics (3)

Digital transformation of warranty service

~ExtendTech business~

- We launched “My Warranty” as a new weapon in the ExtendTech business, and realized the standardization/digital transformation of warranty operations, offering the warranty system to clients swiftly.
- Incorporated the following functions that are highly convenient for users:
 - ↳An application for warranty/ warranty form management/ repair reception completed with smartphone
 - ↳Possible to check contract information/repair progress using a dedicated system
 - ↳Automatic reception/handling of repair requests from users using a chat function
 - ↳Online confirmation of trouble status

Warranty service digital transformation application “My Warranty”※ set to be offered in spring 2023

※Official name changed from “All Warranty”



※The picture is for illustration purposes only.

An application for warranty/
warranty form management/
repair reception
**Completed with
smartphone**

**Contract
information/repair progress
Can be checked on
the dedicated system**

Repair requests from users
**Automatically
received and handled
using a chat function**

**Trouble status
Can be checked
online**

<High-performance AI chat function loaded>

<Online video features loaded>

Topics (4)

Trying new possibilities of warranty business

~ExtendTech business~

- Seek to open up a new market by leveraging “My Warranty” as a challenge for new possibilities of the warranty business.
- Approach an untapped market from an angle of credit enhancement by making use of the highly convenient warranty system with “My Warranty.”
- Seek to apply to the secondary market by leveraging our ability of managing warranty subscription information and records.

Opening up new markets by leveraging “My Warranty” and trying new possibilities of warranties



Warranty attached as credit enhancement for new technologies, products and services, including overseas products



Warranty attached for differentiation in the secondary market, centering on flea market applications

Topics (5)

Development of a full-fledged financial business

- An increasing number of businesses are introducing “Ouchi Manager,” released in October 2021. Large clients, including major condominium developers, are starting to use it.
- We are in the process of developing a financial platform as a new function to gain a footing for the development of a full-fledged financial business.

Businesses introducing “Ouchi Manager” increasing, a potential footing for the financial platform

Ouchi Manager



Major housing businesses introducing it one after another



Establishment of a new financial platform



※The picture is for illustration purposes only.

Disclaimer

We have prepared this document solely for the purpose of offering general information about Japan Living Warranty Inc. (hereinafter referred to as “the Company”), and not for the purpose of soliciting investment in shares or other securities issued by the Company.

The Company’s financial results, plans, estimates, forecasts and other information pertaining to the future stated in this document are information currently available or the Company’s current judgment and thinking, and contain uncertainties that could lead in effect to the results different from such descriptions.

This document has been prepared on the basis of economic, social and other conditions generally recognized at the present, and may be altered without any notice for reasons such as changes in the economic situation.

The Company exercised extreme caution in preparing the content of this document, but please **be** careful about the possibility of misrepresentation of information.