

Provider of total after-sales service solutions for housing equipment including maintenance and warranties

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【 7320 Japan Living Warranty Sector : Other Financing Business 】

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Jun. 2019	1,647	28.0	180	11.4	213	34.5	143	38.8	29.0	95.3	5.0
Jun. 2020	1,955	18.7	204	13.2	284	33.6	186	30.4	37.4	126.1	5.0
Jun. 2021 CE	2,700	38.1	550	168.6	650	128.3	437	134.2	87.7	-	5.0
Jun. 2021 E	2,714	38.8	562	174.6	674	136.8	453	142.9	91.5	214.0	5.0
Jun. 2022 E	3,198	17.8	684	21.8	773	14.7	519	14.7	104.9	314.0	5.0
Jun. 2023 E	3,756	17.4	850	24.1	968	25.2	650	25.2	131.4	440.5	5.0

Note: CE: Estimates by the company E: Estimate by Stock Research Center
Source: Stock Research Center

1. Corporate Overview

Japan Living Warranty was established as a warranty extension company for housing equipment and is a provider of total after-sales service solutions for housing and housing equipment including their maintenance and warranties.

2. Financial Analysis

With the expansion of its scope of services, the company recorded revenue increases for seven consecutive fiscal years through the fiscal year ended June 2020 based on information publicly available, and its annual average revenue increase rate is 43.7%. On the other hand, although it turned to an ordinary profit in the fiscal year ended June 2015, the level of profit for fiscal years ended June 2016 and June 2017 remained low due to the increase in fixed costs. Since the fiscal year ended June 2018, ordinary profit has been on an increasing trend.

When comparing with listed companies that provide similar services, Japan Living Warranty's growth rate of ordinary profit and ROE stand out. Its high ROE is due to its low equity ratio, and the high ROE level is expected to continue due to its structurally high financial leverage.

3. Corporate Strategy Analysis

As for issues that should be dealt with, the company needs to acquire and accumulate knowledge of B-to-C services, utilize its M&A experience and propel investment management.

The company focuses on enhancement of its after-sales service platform and enhancement of business cooperation for its medium- to long-term strategy. In the enhancement of its after-sales service platform, the company plans to continuously introduce new services in existing fields as well as develop services concerning settlement-related solutions.

4. Analyst Evaluation

The Stock Research Center evaluates that the company's development of B-to-B-to-C services having housing companies as its direct customers led to the current business expansion. The Stock Research Center would like to keep an eye on future trends of its B-to-C services that are planned to be introduced with the aim of enriching its after-sales service platform.

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