

Translation

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Summary of Consolidated Financial Statements for the 2nd Quarter of the Fiscal Year Ending September 30, 2021 (Based on Japanese GAAP)

May 7, 2021

Company name: Japan Best Rescue System Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 2453
 Representative: Representative Director Nobuhiro Sakakibara
 Inquiries: Director, Executive Officer Mitsuhiko Wakatsuki TEL +81-52-212-9908
 Scheduled date to file Quarterly Securities Report: May 7, 2021
 Scheduled date to commence dividend payments: June 8, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the 2nd Quarter of the Fiscal Year Ending September 30, 2021 (from October 1, 2020 to March 31, 2021)

(1) Consolidated operating results

(% indicates the rate of changes from previous fiscal year or period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners or parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2nd Quarter of FY 2021	6,637	10.7	672	3.4	815	22.4	541	107.8
2nd Quarter of FY 2020	5,996	(1.9)	650	(11.9)	665	(24.2)	260	(74.3)

(Note) Comprehensive income: ¥ 635 million (—%) (2nd Quarter of FY 2021); ¥ (419) million (—%) (2nd Quarter of FY 2020)

	Earnings per share	Diluted earnings per share
	Yen	Yen
2nd Quarter of FY 2021	17.51	17.45
2nd Quarter of FY 2020	8.20	8.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
2nd Quarter of FY 2021	22,249	8,295	35.8
FY ended September 30, 2020	21,204	7,907	35.8

(Reference) Equity: ¥ 7,962 million (2nd Quarter of FY 2021); ¥ 7,592 million (FY ended September 30, 2020)

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
FY ended September 30, 2020	—	8.00	—	8.00	16.00
FY ending September 30, 2021	—	8.00			
FY ending September 30, 2021 (Forecast)			—	8.00	16.00

(Note) Revisions to the forecast of cash dividends since the latest announcement: None

3. Forecast of consolidated financial results for the year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

(% indicates the rate of changes from previous fiscal year or period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners or parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	14,500	20.3	1,650	20.6	1,700	(5.5)	1,100	10.3	35.58

(Note) Revisions to the forecast of consolidated results since the latest announcement: None

※ Notes

- (1) Changes in significant subsidiaries during the 2nd quarter of the fiscal year ending September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: None
- (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: None
Changes in accounting policies due to other reasons: None
Changes in accounting estimates: None
Restatement of prior period financial statements: None

- (4) Number of shares issued (common stock)

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

2nd Quarter of FY 2021	34,688,000 shares	FY ended September 30, 2020	34,688,000 shares
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Number of treasury stock at the end of the period

2nd Quarter of FY 2021	3,768,341 shares	FY ended September 30, 2020	3,768,341 shares
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Average number of shares during the period

2nd Quarter of FY 2021	30,919,659 shares	2nd Quarter of FY 2020	31,763,447 shares
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※ These consolidated quarterly financial results are not subject to audit.

※ Cautionary statement on appropriate use of business results forecasts and other matters.

(Note on forward-looking statements)

This report contains forward-looking statements on future performance and other matters that are based on information currently available to the corporation and certain reasonable assumptions. These forward-looking statements cannot promise or guarantee future performance. A variety of potential risks and uncertainties may cause actual performance to be different from that expressed or implied by these forward-looking statements.

Consolidated Financial Statements**(1) Consolidated Balance Sheets**

(Thousands of yen)

	As of September 30, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	8,770,637	9,014,183
Accounts receivable	724,391	854,664
Merchandise	65,402	60,509
Supplies	15,668	12,215
Other	1,338,774	1,396,326
Allowance for doubtful accounts	(17,501)	(5,835)
Total current assets	10,897,372	11,332,063
Non-current assets		
Property, plant and equipment	157,158	143,377
Intangible assets		
Goodwill	55,000	40,000
Other	423,605	630,303
Total intangible assets	478,605	670,303
Investments and other assets		
Investment securities	7,560,720	7,887,926
Other	1,842,153	1,932,326
Allowance for doubtful accounts	(51,336)	(63,424)
Total investments and other assets	9,351,537	9,756,828
Total non-current assets	9,987,301	10,570,509
Deferred assets	319,520	347,383
Total assets	21,204,194	22,249,957
Liabilities		
Current liabilities		
Accounts payable	358,300	480,878
Short-term borrowings	—	583,000
Income taxes payable	406,852	234,460
Provision for bonuses	67,822	62,254
Provision for the future service obligation to members	102,909	102,086
Outstanding claims	61,247	50,638
Policy reserve	722,540	725,695
Deferred income	1,982,660	2,034,702
Other	1,381,171	1,366,245
Total current liabilities	5,083,504	5,639,962
Non-current liabilities		
Bonds payable	975,000	870,000
Long-term borrowings	1,382,824	1,222,210
Asset retirement obligations	60,310	58,251
Long-term deferred income	5,657,569	6,019,788
Other	137,279	144,031
Total non-current liabilities	8,212,983	8,314,281
Total liabilities	13,296,488	13,954,243

	(Thousands of yen)	
	As of September 30, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	4,367,861	4,367,861
Retained earnings	3,848,012	4,142,013
Treasury stock	(1,695,449)	(1,695,449)
Total shareholders' equity	7,300,787	7,594,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291,234	367,906
Total accumulated other comprehensive income	291,234	367,906
Stock acquisition rights	2,930	2,930
Non-controlling interests	312,753	330,086
Total net assets	7,907,706	8,295,713
Total liabilities and net assets	21,204,194	22,249,957

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

	(Thousands of yen)	
	2nd Quarter of FY 2020 (October 1 2019-March 31, 2020)	2nd Quarter of FY 2020 (October 1 2020-March 31, 2021)
Net sales	5,996,155	6,637,607
Cost of sales	3,190,270	3,842,526
Gross profit	2,805,885	2,795,081
Selling, general and administrative expenses	2,155,227	2,122,603
Operating profit	650,657	672,477
Non-operating income		
Interest income	487	2,184
Dividend income	16,607	23,316
Gain on sales of investment securities	3,812	260,207
Fee and commission received	2,593	427
Other	12,662	16,550
Total non-operating income	36,163	302,687
Non-operating expenses		
Interest expenses	1,761	8,278
Loss on sales of investment securities	1,156	13
Equity in losses of affiliates	—	4,046
Loss on investments in investment partnership	3,844	25,643
Loss on valuation of derivatives	—	85,036
Loss on cancellation of leases	908	129
Provision of allowance for doubtful accounts	1,187	147
Commission expenses	4,860	7,142
Other	7,159	29,397
Total non-operating expenses	20,877	159,836
Ordinary profit	665,944	815,328
Extraordinary income		
Assets retirement obligation	—	397
Total extraordinary income	—	397
Extraordinary losses		
Loss on retirement of non-current assets	997	82
Impairment loss	—	1,169
Loss on valuation of investment securities	73,064	—
Reversal of allowance for doubtful accounts	22,700	—
Other	5,952	—
Total extraordinary losses	102,714	1,252
Profit before income taxes	563,229	814,473
Income taxes - current	163,935	241,796
Income taxes - deferred	123,428	13,985
Total income taxes	287,363	255,782
Net profit	275,865	558,691
Loss attributable to non-controlling interests	15,386	17,332
Profit attributable to owners of parent	260,478	541,358

(Consolidated Statements of Comprehensive Income)

	(Thousands of yen)	
	2nd Quarter of FY 2020 (October 1 2019-March 31, 2020)	2nd Quarter of FY 2021 (October 1 2020-March 31, 2021)
Net profit	275,865	558,691
Other comprehensive income		
Valuation difference on available-for-sale securities	(694,998)	67,868
Share of OCI of entities accounted for using equity method	—	8,804
Total other comprehensive income	(694,998)	76,672
Comprehensive income	(419,133)	635,364
(Breakdown)		
Comprehensive income attributable to owners of parent	(434,519)	618,031
Comprehensive income attributable to non-controlling interests	15,386	17,332

(3) Consolidated Cash Flow Statement

(Thousands of yen)

	2nd Quarter of FY 2020 (October 1 2019-March 31, 2020)	2nd Quarter of FY 2021 (October 1 2020-March 31, 2021)
Cash flow from operating activities		
Profit before income taxes	563,229	814,473
Depreciation and amortization	69,537	71,138
Impairment loss	—	1,169
Amortization of goodwill	24,282	15,000
Deferred assets under article 113 of Insurance Business Act	(62,499)	(54,962)
Increase (Decrease) in allowance for doubtful accounts	23,768	421
Increase (Decrease) in provision for bonuses	4,718	(5,567)
Increase (Decrease) in provision for the future service obligation to members	(7,812)	(823)
Interest and dividends income	(17,094)	(25,500)
Interest expenses	1,761	8,278
Equity in losses (earnings) of affiliates	—	4,046
Assets retirement obligation	—	(397)
Loss on retirement of non-current assets	997	82
Loss (Gain) on sales of investment securities	(2,656)	(260,194)
Loss (Gain) on valuation of investment securities	73,064	—
Loss (Gain) on valuation of derivatives	—	85,036
Loss on cancellation of leases	908	129
Decrease (Increase) in notes and accounts receivable-trade	(36,219)	(130,272)
Decrease (Increase) in inventories	6,967	8,345
Decrease (Increase) in prepaid expenses	(8,539)	18,324
Decrease (Increase) in trade and other receivables	(206,929)	(171,926)
Decrease (Increase) in guarantee deposits	3,286	(17,810)
Decrease (Increase) in claims provable in bankruptcy, claims provable in rehabilitation and other	(2,564)	(347)
Increase (Decrease) in notes and accounts payable-trade	100,602	122,578
Increase (Decrease) in trade and other payables	172,621	18,189
Increase (Decrease) in unearned revenue	22,232	52,041
Increase (Decrease) in long-term unearned revenue	252,817	362,218
Other	(187,426)	(187,349)
Subtotal	789,053	726,322
Interest and dividends income received	17,184	25,573
Interest expenses paid	(4,926)	(10,038)
Income taxes refund (paid)	70,048	(406,202)
Cash flow from operating activities	871,359	335,654

	(Thousands of yen)	
	2nd Quarter of FY 2020 (October 1 2019-March 31, 2020)	2nd Quarter of FY 2021 (October 1 2020-March 31, 2021)
Cash flow from investment activities		
Payments into time deposits	(1,510,169)	(0)
Proceeds from withdrawal of time deposits	200,169	1,000,000
Purchase of property, plant and equipment	(62,047)	(13,587)
Proceeds from sales of property, plant and equipment	3,719	—
Purchase of intangible assets	(93,710)	(228,673)
Purchase of investment securities	(370,382)	(402,262)
Proceeds from sales of investment securities	102,579	397,663
Collection of loan receivables	2,760	300
Other	—	75,052
Cash flow from investment activities	(1,727,081)	828,491
Cash flow from financial activities		
Net increase (decrease) in short-term borrowings	—	583,000
Proceeds from long-term borrowings	1,763,000	—
Repayment of long-term borrowings	—	(160,614)
Redemption of bonds	(105,000)	(105,000)
Purchase of treasury stock	(863,271)	—
Purchase of stock acquisition rights	(12,732)	—
Cash dividends paid	(244,153)	(235,933)
Other	(1,879)	(2,053)
Cash flow from financial activities	535,963	79,398
Net increase (decrease) in cash and cash equivalents	(319,758)	1,243,545
Cash and cash equivalents at beginning of period	8,071,395	7,115,637
Cash and cash equivalents at end of period	7,751,636	8,359,182