

Translation

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Summary of Consolidated Financial Statements for the 3rd Quarter of the Fiscal Year Ending September 30, 2021 (Based on Japanese GAAP)

August 6, 2021

Company name: Japan Best Rescue System Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 2453
 Representative: Representative Director Nobuhiro Sakakibara
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 Scheduled date to file Quarterly Securities Report: August 6, 2021
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the 3rd Quarter of the Fiscal Year Ending September 30, 2021 (from October 1, 2020 to June 30, 2021)

(1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3rd Quarter of FY 2021	10,222	13.3	1,124	7.2	1,307	18.5	877	71.9
3rd Quarter of FY 2020	9,023	(1.8)	1,048	(6.7)	1,103	(11.9)	510	(54.4)

(Note) Comprehensive income: 944 million yen (61.3%) (3Q of FY 2021);

585 million yen (-29.4%) (3Q of FY 2020)

	Earnings per share	Diluted earnings per share
	Yen	Yen
3rd Quarter of FY 2021	28.37	28.31
3rd Quarter of FY 2020	16.21	16.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
3rd Quarter of FY 2021	22,903	8,357	35.0
FY ended September 30, 2020	21,204	7,907	35.8

(Reference) Equity: 8,017 million yen (3Q of FY 2021);

7,592 million yen (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		Net profit attributable to owners of 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 3rd 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)

3rd 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

3rd 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

3rd Quarter of FY 2021	30,919,659 shares	3rd Quarter of FY 2020	31,483,211 shares
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※ These quarterly consolidated 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. Please refer to “1. Qualitative Information on Quarterly Financial Performance (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements” on page 4 for information on preconditions underlying the above outlook and other related information.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operation Result

In the third quarter of the fiscal year 2021, Japan's prospect economy is still under the unclear situation while the global economy has recovered. Although COVID-19 vaccination has been started in Japan, some metropolitan areas have still been adversely affected by COVID-19 pandemic.

Under this background, based on "we help people in need", our group has made a significant strengthening of existing business and started to establish new business through our service which appreciated by our customers.

Our quarterly financial performance is as follows:

- Net sales were 10,222,137 thousand yen, an increase of 13.3% compared with the third quarter of fiscal year 2020.
- Operating profit was 1,124,874 thousand yen, an increase of 7.2% compared with the third quarter of fiscal year 2020.
- Ordinary profit was 1,307,473 thousand yen, an increase of 18.5% compared with the third quarter of fiscal year 2020.
- Net profit attributable to owners of parent was 877,171 thousand yen, an increase of 71.9% compared with the third quarter of fiscal year 2020.
- The number of our services for solving troubles was completed: window glasses relations were 2 thousand, plumbing relations were 17 thousand, key exchange relations were 22 thousand.
- The number of our membership business' available members was 2,657 thousand, the number of our insurance business that was insured was 585 thousand.

Segment financial performance is as follows:

① Emergency Business

Emergency business' net sales were 1,012,108 thousand yen (a decrease of 6.8% compared with the third quarter of fiscal year 2020), operating losses were 10,652 thousand yen (compared with 17,346 thousand yen of operating profit for the third quarter of fiscal year 2020), according to decrease of attracting customers through other company's website.

② Membership Business

Membership business' net sales were 5,229,556 thousand yen (an increase of 15.9% compared with the third quarter of fiscal year 2020), operating profit was 1,262,718 thousand yen (an increase of 8.7% compared with the third quarter of fiscal year 2020). This result might come from sales of "QR service for New Tenant", the main service for members, is expanding stably; the number of members has increased by "Warranty Extension for Home Appliances" and the other service through expanding market. Furthermore, One-off business by utilizing our existing platform has also contributed to the result.

③ Insurance Business

Insurance business' net sales were 3,618,768 thousand yen (an increase of 13.2% compared with the third quarter of fiscal year 2020), operating profit was 295,759 thousand yen (a decrease of 2.6% compared with the third quarter of fiscal year 2020), according to "Home Contents Insurance for Apartment", the key of insurance business, which increase the great number of contracts and prospective policy reserve has been transferred.

④ Repair Business

Repair business' net sales were 197,761 thousand yen (a decrease of 4.1% compared with the third quarter of fiscal year 2020), while operating losses were 54,624 thousand yen (compared with 58,552 thousand yen for the third quarter of fiscal year 2020). This result might come from the increasing amount of high payment works along with their higher return. The works, with relatively low return are clearing up at the same time.

⑤ Life & Technology Business

Life & technology business' net sales were 176,741 thousand yen (an increase of 262.2% compared with the third quarter of fiscal year 2020), operating losses were 186,091 thousand yen (compared with 115,590 thousand yen for the third quarter of fiscal year 2020). As we announced on Jun. 21, 2021, PPS business will withdraw in September this year that could let us escape from the negative impact of the sharp rise in the electricity price in winter this year.

(2) Explanation of Financial Position

(Current Assets)

Current assets increased 918,584 thousand yen from the end of the previous fiscal year to 11,815,957 thousand yen mainly due to an increase of 759,942 thousand yen in cash & deposits, and 308,499 thousand yen in accounts receivable.

(Non-current Assets)

Non-current assets increased 738,936 thousand yen from the end of the previous fiscal year to 10,726,237 thousand yen mainly due to an increase of 304,554 thousand yen in software in progress and 233,863 thousand yen in investment securities.

(Deferred Assets)

Deferred assets increased 42,041 thousand yen from the end of the previous fiscal year to 361,562 thousand yen mainly due to an increase of 43,122 thousand yen in deferred assets under article 113 of Insurance Business Act.

(Current Liabilities)

Current liabilities increased 763,768 thousand yen from the end of the previous fiscal year to 5,847,272 thousand yen mainly due to an increase of 832,000 thousand yen in short-term borrowings.

(Non-current Liabilities)

Non-current liabilities increased 486,065 thousand yen from the end of the previous fiscal year to 8,699,048 thousand yen mainly due to a decline of 240,921 thousand yen in long-term borrowings and 105,000 thousand yen in bonds payable, an increase of 785,579 thousand yen in long-term unearned revenue.

(Net Assets)

Net assets increased 449,729 thousand yen from the end of the previous fiscal year to 8,357,435 thousand yen mainly due to an increase of 382,456 thousand yen in retained earnings and 42,879 thousand yen in valuation difference on available-for-sale securities.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

There are no revisions to the consolidated earnings forecast for the fiscal year ending September 30, 2021 announced on November 6, 2020.

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

(Thousands of yen)

	As of September 30, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	8,770,637	9,530,580
Accounts receivable	724,391	1,032,890
Merchandise	65,402	56,649
Supplies	15,668	10,465
Other	1,338,774	1,191,775
Allowance for doubtful accounts	(17,501)	(6,403)
Total current assets	10,897,372	11,815,957
Non-current assets		
Property, plant and equipment	157,158	130,582
Intangible assets		
Goodwill	55,000	32,500
Other	423,605	771,435
Total intangible assets	478,605	803,935
Investments and other assets		
Investment securities	7,560,720	7,794,583
Other	1,842,153	2,059,390
Allowance for doubtful accounts	(51,336)	(62,255)
Total investments and other assets	9,351,537	9,791,718
Total non-current assets	9,987,301	10,726,237
Deferred assets	319,520	361,562
Total assets	21,204,194	22,903,756
Liabilities		
Current liabilities		
Accounts payable	358,300	500,403
Short-term borrowings	—	832,000
Income taxes payable	406,852	117,677
Provision for bonuses	67,822	39,098
Provision for the future service obligation to members	102,909	97,427
Outstanding claims	61,247	53,057
Policy reserve	722,540	762,986
Deferred income	1,982,660	2,173,799
Other	1,381,171	1,270,822
Total current liabilities	5,083,504	5,847,272
Non-current liabilities		
Bonds payable	975,000	870,000
Long-term borrowings	1,382,824	1,141,903
Asset retirement obligations	60,310	58,302
Long-term deferred income	5,657,569	6,443,148
Other	137,279	185,694
Total non-current liabilities	8,212,983	8,699,048
Total liabilities	13,296,488	14,546,321

	As of September 30, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	4,367,861	4,367,861
Retained earnings	3,848,012	4,230,468
Treasury stock	(1,695,449)	(1,695,449)
Total shareholders' equity	7,300,787	7,683,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	291,234	334,114
Total accumulated other comprehensive income	291,234	334,114
Stock acquisition rights	2,930	2,930
Non-controlling interests	312,753	337,146
Total net assets	7,907,706	8,357,435
Total liabilities and net assets	21,204,194	22,903,756

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

	(Thousands of yen)	
	3rd Quarter of FY 2020 (October 1 2019-June 30, 2020)	3rd Quarter of FY 2020 (October 1 2020-June 30, 2021)
Net sales	9,023,630	10,222,137
Cost of sales	4,776,025	5,886,933
Gross profit	4,247,605	4,335,203
Selling, general and administrative expenses	3,198,654	3,210,329
Operating profit	1,048,951	1,124,874
Non-operating profit		
Interest income	1,288	3,950
Dividend income	62,383	70,227
Gain on sales of investment securities	20,338	273,112
Fee and commission received	3,871	717
Other	18,985	27,469
Total non-operating profit	106,867	375,478
Non-operating expenses		
Interest expenses	5,928	12,376
Deferred assets depreciation under article 113 of Insurance Business	13,189	46,032
Loss on sales of investment securities	2,946	291
Equity in losses of affiliates	—	11,327
Loss on investments in investment partnership	4,151	25,643
Loss on valuation of derivatives	1,026	82,045
Loss on cancellation of leases	1,233	129
Provision of allowance for doubtful accounts	1,058	78
Commission expenses	12,926	9,390
Other	9,725	5,562
Total non-operating expenses	52,186	192,878
Ordinary profit	1,103,632	1,307,473
Extraordinary profit		
Loss on sales of non-current assets	—	0
Assets retirement obligation	—	397
Total extraordinary profit	—	398
Extraordinary losses		
Loss on retirement of non-current assets	1,263	82
Impairment loss	—	1,169
Loss on valuation of investment securities	100,064	—
Reversal of allowance for doubtful accounts	45,400	—
Other	9,748	—
Total extraordinary losses	156,477	1,252
Profit before income taxes	947,154	1,306,619
Income taxes - current	241,443	374,919
Income taxes - deferred	168,694	30,136
Total income taxes	410,138	405,055
Net profit	537,016	901,563
Net profit (Loss) attributable to non-controlling interests	26,730	24,392
Net profit (Loss) attributable to owners of parent	510,286	877,171

(Consolidated Statements of Comprehensive Income)

	(Thousands of yen)	
	3rd Quarter of FY 2020 (October 1 2019-June 30, 2020)	3rd Quarter of FY 2021 (October 1 2020-June 30, 2021)
Net profit	537,016	901,563
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	48,473	34,919
Share of OCI of entities accounted for using equity method	—	7,960
Total other comprehensive income (loss)	48,473	42,879
Comprehensive income	585,490	944,443
(Breakdown)		
Comprehensive income attributable to owners of parent	558,760	920,051
Comprehensive income attributable to non-controlling interests	26,730	24,392

(3) Notes to Quarterly Consolidated Financial Statement

(Notes on Going Concern Assumption)

Not applicable.

(Notes in the Event of Significant Changes in Shareholder's Equity)

Not applicable.

(Additional Information)

There is no significant change on the COVID-19 pandemic related accounting estimates and recorded assumption in the annual report (additional information) of previous consolidated fiscal year.

(Segment Information)

I. Reportable segment amount of net sales, net profit/loss for the 3rd quarter of fiscal year 2020
(from October 1, 2019 to June 30, 2020)

Information related to reportable segment's net sales, net profit/loss

(Thousands of yen)

	Reportable segment						Adjusted Amount (Note 1)	Amount of Income Statement (Note 2)
	Emergency Business	Membership Business	Insurance Business	Repair Business	Life& Technology Business	Total Amount		
Net sales								
Net sales - external	1,086,273	4,508,409	3,173,927	206,230	48,790	9,023,630	—	9,023,630
Net sales(transfers) -internal	—	2,214	21,902	—	—	24,116	(24,116)	—
Total Amount	1,086,273	4,510,623	3,195,829	206,230	48,790	9,047,746	(24,116)	9,023,630
Net profit/losses	17,346	1,161,297	303,602	(58,552)	(115,590)	1,308,103	(259,152)	1,048,951

(Note)

- Adjusted amount of net losses 259,152 thousand yen include 583 thousand yen write-off by internal transaction, and corporate expenses 259,736 thousand yen are not allocated to reportable segment. Corporate expenses mainly consist of selling, general and administrative expenses that is not attributable to the reportable segment.
- Segment net profit/losses amount are adjusted to be consistent with operating profit in the quarterly consolidated income statement.

II. Reportable segment amount of net sales, net profit/loss for the 3rd quarter of fiscal year 2021
(from October 1, 2020 to June 30, 2021)

i. Information related to reportable segment's net sales, net profit/loss

(Thousands of yen)

	Reportable segment						Adjusted Amount (Note 1)	Amount of Income Statement (Note 2)
	Emergency Business	Membership Business	Insurance Business	Repair Business	Life& Technology Business	Total Amount		
Net sales								
Net sales - external	1,012,108	5,227,433	3,608,091	197,761	176,741	10,222,137	—	10,222,137
Net sales(transfers) -internal	—	2,123	10,676	—	—	12,799	(12,799)	—
Total Amount	1,012,108	5,229,556	3,618,768	197,761	176,741	10,234,936	(12,799)	10,222,137
Net profit/losses	(10,652)	1,262,718	295,759	(54,624)	(186,091)	1,307,109	(182,235)	1,124,874

(Note)

- Adjusted amount of net losses 182,235 thousand yen include 6,101 thousand yen write-off by internal transaction, and corporate expenses 188,336 thousand yen are not allocated to each reportable segment. Corporate expenses mainly consist of selling, general and administrative expenses that is not attributable to the reportable segment.
- Segment net profit/losses amount are adjusted to be consistent with operating profit in the quarterly consolidated income statement.

- There is no record of information related to reportable segment's impairment loss on non-current assets or goodwill because of lack of materiality.