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Summary of Consolidated Financial Statements for the Three Months Ended December 31, 2021 (Based on Japanese GAAP)

February 8, 2022

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 Mitsuhiro Wakatsuki TEL +81-52-212-9908
 Scheduled date to file Quarterly Securities Report: February 8, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

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

(1) Consolidated operating results

Percentages indicate year-on-year changes

	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	%
1st Quarter of FY 2022	4,330	37.2	403	7.5	369	(14.6)	317	4.8
1st Quarter of FY 2021	3,156	9.9	375	22.2	432	33.8	302	110.9

(Note) Comprehensive income:

(a) for the three months ended December 31, 2021: (26) million yen [-%]

(b) for the three months ended December 31, 2020: 281 million yen [(32.4%)]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
1st Quarter of FY 2022	9.36		9.31	
1st Quarter of FY 2021	9.80		9.76	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
1st Quarter of FY 2022	27,694	10,930	38.2
FY ended September 30, 2021	28,175	11,668	40.2

(Reference) Equity:

(a) for the three months ended December 31, 2021: 10,580 million yen

(b) for the year ended September 30, 2021: 11,324 million yen

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, 2021	—	8.00	—	9.00	17.00
FY ending September 30, 2022	—				
FY ending September 30, 2022 (Forecast)		8.00	—	9.00	17.00

(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, 2022 (from October 1, 2021 to September 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
Six months ending March 31, 2022	8,800	32.6	733	9.0	833	2.2	550	1.6	16.33
Full year	18,000	33.7	1,730	22.8	1,900	9.2	1,200	-	35.62

(Note)

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

(b) Our group passed the decision to acquire treasury stock at the board of directors held on January 24, 2022. In addition, our group

considered the impact of the acquisition of treasury stock in EPS of the forecast of consolidated financial results for FY2022. Furthermore, please refer to more details on P12 (Significant Subsequent events) of acquiring treasury stock.

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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: Yes
 - Changes in accounting policies due to other reasons: Yes
 - Changes in accounting estimates: None
 - Restatement of prior period financial statements: None

(4) Number of shares issued (common stock)

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

1st Quarter of FY 2022	34,688,000 shares	FY ended September 30, 2021	34,688,000 shares
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Number of treasury stock at the end of the period

1st Quarter of FY 2022	750,822 shares	FY ended September 30, 2021	750,822 shares
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Average number of shares during the period

1st Quarter of FY 2022	33,937,178 shares	1st Quarter of FY 2021	30,919,659 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 Operation Results (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements” on P4 for information on preconditions underlying the above outlook and other related information.

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1. Qualitative Information on Quarterly Operation Results

(1) Explanation of Operation Results

Although in the first quarter of FY2022, Japan suppressed the spread of the COVID-19, other countries are still affected by the spread of the COVID-19, which makes Japan's economy still in an unclear situation.

Under such circumstances, based on the business philosophy of “we help people in need”, our group improves the profitability of each business, expands the number of related parties to strengthen our existing business and establishes our new growth foundation through providing reassuring and efficient services to which customers appreciated.

Our quarterly operation results are as follows:

- Net sales were 4,330,470 thousand yen, an increase of 37.2% compared with the first quarter of FY2021.
- Operating profit was 403,868 thousand yen, an increase of 7.5% compared with the first quarter of FY2021.
- Ordinary profit was 369,315 thousand yen, a decrease of 14.6% compared with the first quarter of FY2021.
- Net profit attributable to owners of parent was 317,506 thousand yen, an increase of 4.8% compared with the first quarter of FY2021.
- The number of our membership business' available members was completed: daily trouble relations were 2,226 thousand, extended warranty relations were 1,185 thousand, insurance business (who was insured) relations were 593 thousand.

Our quarterly operation results are increased according to the application of “accounting standard for revenue recognition” (ASBJ statement No.29, March 31, 2020). Net sales increased 88,585 thousand yen, operating profit, ordinary profit, and quarterly profit before income tax increased 35,142 thousand yen, respectively. Please refer to [2. Consolidated Financial Statements and Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Standards)] on P10.

In the previous consolidated fiscal year, along with the abolition of the PPS business of the “Life & Technology Business”, we also abolished the “Life & Technology Business Segments” in the first quarter of FY2022. That means four segments existed in the first quarter of FY2022, which were “Emergency Business”, “Membership Business”, “Insurance Business”, and “Repair Business”.

Segment operation result is as follows:

① Emergency Business

Emergency business' net sales were 275,539 thousand yen (a decrease of 26.3% compared with the first quarter of FY2021), operating losses were 23,712 thousand yen (compared with 10,447 thousand yen of operating profit for the first quarter of FY2021), according to a decrease in attracting customers through other company's websites.

② Membership Business

Membership business' net sales were 2,850,080 thousand yen (an increase of 79.0% compared with the first quarter of FY2021), operating profit was 440,141 thousand yen (an increase of 7.3% compared with the first quarter of FY2021). This result might come from sales of the QR service, the core of the service, that can solve the daily trouble through the rental house, is extraordinary expanding than expected, and the net sales of TSUNAGU CO., LTD and ACTCALL INC., which acquired in the previous fiscal year also contributed to it.

③ Insurance Business

Insurance business' net sales were 1,148,594 thousand yen (an increase of 6.1% compared with the first quarter of FY2021), operating profit was 84,684 thousand yen (an increase of 7.0% compared with the first quarter of FY2021), according to “Home Contents Insurance for Apartment”, the key of insurance business, which increases the great number of contracts and the net sales of other insurance items such as smartphone insurance were also contributed to it.

④ Repair Business

Repair business' net sales were 57,801 thousand yen (a decrease of 10.5% compared with the first quarter of FY2021), while operating losses were 21,480 thousand yen (compared with 19,172 thousand yen for the first quarter of FY2021). This result might come from reducing the work due to the solid inquiries without ordering.

(2) Explanation of Financial Position

(Current Assets)

Current assets decreased 244,583 thousand yen from the end of the previous fiscal year to 15,155,103 thousand yen mainly due to an increase of 596,184 thousand yen in cash & deposits, and a decrease of 932,059 thousand yen in accounts receivable-other.

(Non-current Assets)

Non-current assets decreased 244,864 thousand yen from the end of the previous fiscal year to 12,146,860 thousand yen mainly due to a decrease of 472,917 thousand yen in investment securities.

(Deferred Assets)

Deferred assets increased 392,614 thousand yen from the end of the previous fiscal year to 8,170 thousand yen mainly due to an increase of 8,826 thousand yen in deferred assets under article 113 of Insurance Business Act.

(Current Liabilities)

Current liabilities increased 293,730 thousand yen from the end of the previous fiscal year to 7,813,224 thousand yen mainly due to a decrease of 231,284 thousand yen in income tax payable, an increase of 349,374 thousand yen in unearned revenue, and 95,317 thousand yen in accounts payable.

(Non-current Liabilities)

Non-current liabilities decreased 37,022 thousand yen from the end of the previous fiscal year to 8,950,548 thousand yen mainly due to a decrease of 117,010 thousand yen in long-term borrowings.

(Net Assets)

Net assets decreased 737,984 thousand yen from the end of the previous fiscal year to 10,930,805 thousand yen mainly due to a decrease of 393,711 thousand yen in capital surplus and 350,522 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, 2022 announced on November 5, 2021.

Consolidated Financial Statements

(1) Consolidated Balance Sheet (Consolidated Statements of Financial Position)

(Values of less than one thousand yen rounded off)

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	11,538,265	12,134,449
Accounts receivable-trade	1,203,932	1,366,722
Merchandise	48,966	48,508
Supplies	10,997	11,569
Other	2,613,458	1,608,176
Allowance for doubtful accounts	(15,931)	(14,323)
Total current assets	15,399,686	15,155,103
Non-current assets		
Property, plant and equipment	176,714	171,036
Intangible assets		
Goodwill	1,863,740	1,810,127
Other	986,078	1,015,374
Total intangible assets	2,849,819	2,825,501
Investments and other assets		
Investment securities	6,898,808	6,425,890
Other	2,539,159	2,795,716
Allowance for doubtful accounts	(72,776)	(71,285)
Total investments and other assets	9,365,190	9,150,321
Total non-current assets	12,391,724	12,146,860
Deferred assets	384,443	392,614
Total assets	28,175,855	27,694,578
Liabilities		
Current liabilities		
Accounts payable	514,649	609,967
Short-term borrowings	1,150,000	1,200,000
Income taxes payable	309,090	77,806
Provision for bonuses	89,075	41,297
Provision for the future service obligation to members	91,890	—
Outstanding claims	64,200	56,213
Policy reserve	804,438	820,182
Unearned revenue	2,698,810	3,048,184
Other	1,797,338	1,959,572
Total current liabilities	7,519,494	7,813,224
Non-current liabilities		
Bonds payable	785,000	775,000
Long-term borrowings	1,209,974	1,092,964
Assets retirement obligations	100,675	100,726
Long-term unearned revenue	6,567,635	6,794,861
Other	324,285	186,995
Total non-current liabilities	8,987,570	8,950,548
Total liabilities	16,507,064	16,763,772

(Values of less than one thousand yen rounded off)
(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	6,813,805	6,813,805
Retained earnings	3,410,051	3,016,339
Treasury stock	(337,933)	(337,933)
Total shareholders' equity	10,666,286	10,272,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	658,386	307,863
Total accumulated other comprehensive income	658,386	307,863
Stock acquisition rights	2,920	2,920
Non-controlling interests	341,198	347,447
Total net assets	11,668,790	10,930,805
Total liabilities and net assets	28,175,855	27,694,578

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

(Values of less than one thousand yen rounded off)

(Thousands of yen)

	1st quarter of FY2021 (October 1, 2020-December 31, 2020)	1st quarter of FY2022 (October 1, 2021-December 31, 2021)
Net sales	3,156,080	4,330,470
Cost of sales	1,714,805	2,447,682
Gross profit	1,441,274	1,882,788
Selling, general and administrative expenses	1,065,453	1,478,920
Operating profit	375,821	403,868
Non-operating income		
Interest income	2,107	2,363
Dividend income	20,577	15,570
Gain on sales of investment securities	115,732	56,921
Other	8,408	22,599
Total non-operating income	146,826	97,455
Non-operating expenses		
Interest expenses	4,158	6,232
Redemption on deferred assets under art. 113 of Insurance Business Act	13,189	19,652
Loss on sales of investment securities	13	502
Equity in losses of affiliates	4,708	3,421
Loss on valuation of derivatives	61,961	89,737
Commission expenses	4,343	4,611
Other	1,653	7,850
Total non-operating expenses	90,029	132,008
Ordinary profit	432,618	369,315
Extraordinary loss		
Loss on sales of non-current assets	—	181
Loss on retirement of non-current assets	82	7,441
Impairment loss	—	2,083
Other	—	552
Total extraordinary losses	82	10,258
Profit before income taxes	432,535	359,056
Income taxes - current	102,091	67,327
Income taxes - adjustment	20,823	(32,027)
Total income taxes	122,914	35,299
Net profit	309,621	323,756
Profit attributable to non-controlling interests	6,694	6,249
Profit attributable to owners of parent	302,926	317,506

(Consolidated Statements of Comprehensive Income)

(Values of less than one thousand yen rounded off)
(Thousands of yen)

	1st quarter of FY2021 (October 1 2020-December 31, 2020)	1st quarter of FY2022 (October 1 2021-December 31, 2021)
Net profit	309,621	323,756
Other comprehensive income		
Valuation difference on available-for-sale securities	(33,031)	(347,764)
Share of OCI of entities accounted for using equity method	5,135	(2,758)
Total other comprehensive income	(27,896)	(350,522)
Comprehensive income	281,724	(26,766)
(Breakdown)		
Comprehensive income attributable to owners of parent	275,030	(33,016)
Comprehensive income attributable to non-controlling interests	6,694	6,249

(3) Notes to Consolidated Financial Statement

(Notes on Going Concern Assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

The application of "Accounting standard for revenue recognition" (ASBJ Statement No.29, March 31, 2020) started at the beginning of FY2022. Please refer to "Notes (Changes in Accounting Standard)" on P10 for more details.

(Changes in Accounting Standard)

(the Application of Accounting Standard for Revenue Recognition)

JBR started to apply the accounting standard for revenue recognition (hereinafter "revenue recognition") from the beginning of the first quarter of FY2022. This means when the control of the agreed goods and services is transferred to the customer, the prospective amount by exchanging the goods and services can be measured as revenue. Some annual-based membership service fee is calculated from the one-time income in the starting month of utilization, and the business outsourcing expenses may occur in the future are used as a provision for the future service obligation to members to accrue has been changed to the method of calculating the income equally according to the membership period. With this change, provision for the future service obligation to members will be written off at the beginning of the period.

The application of the revenue recognition follows Item 84 of the revenue recognition to determine the measurement of this period. The cumulative impact amount due to the new standard before the beginning of the fiscal year will be added or subtracted first, and JBR will apply the new accounting policy at the end of the fiscal year except for two scenarios.

①It applies to Item 86 of the revenue recognition, but the new accounting policy will not be accounted for retrospectively to contracts for the amount of revenue that has been almost recognized under the previous standard before the beginning of the fiscal year.

②It applies to item 86 of the revenue recognition, but the contract changed before the beginning of the fiscal year, and the accounting measurement will be carried out according to the conditions after the contract change, and the accumulated impact amount will be added or subtracted from capital surplus at the beginning.

As a result, net sales increased 88,585 thousand yen, cost of sales increased 5,554 thousand yen, selling & general & administrative expenses increased 47,888 thousand yen, operating profit, ordinary profit, and quarterly profit before income tax increased 35,142 thousand yen, respectively. And capital surplus decreased 405,783 thousand yen.

Following Item 89-2, JBR did not rearrange the new presentation for the previous fiscal year. Thus, according to Item 28-15 of Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12, March 31, 2020), there is no breakdown information from the income of the first quarter by contracts with customers.

(the Application of Accounting Standard for Fair Value Measurement)

"The Application of Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019. Hereinafter "FV") should be applied at the beginning of this fiscal year. Following Item 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019) and Item 19 of FV, JBR will apply the new accounting policy determined by FV and others in the future. Therefore, there is no impact on our quarterly consolidated financial statements.

(Change in Method for Inventory Valuation)

Our group used FIFO to measure the inventories until the previous fiscal year, and we will change to the weight average method at the beginning of this fiscal year. With the new inventory system, we aimed to carry out the appropriate periodic profit or loss quicker than before.

The new method for inventory valuation will not be accounted retrospectively due to the low impact.

(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 fiscal year 2021
(from October 1, 2020 to December 31, 2020)

1. 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	374,118	1,591,309	1,079,615	64,605	46,430	3,156,080	—	3,156,080
Net sales(transfers) -internal	—	589	3,436	—	—	4,025	(4,025)	—
Total Amount	374,118	1,591,898	1,083,052	64,605	46,430	3,160,105	(4,025)	3,156,080
Net profits/losses	10,447	410,210	79,164	(19,172)	(41,631)	439,018	(63,197)	375,821

(Note)

- Adjusted amount of net profit/(losses) (63,197) thousand yen include 2,698 thousand yen write-off by internal transaction, and corporate expenses (65,896) thousand yen are not allocated to the 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 fiscal year 2022
(from October 1, 2021 to December 31, 2021)

1. 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	Total Amount		
Net sales							
Net sales - membership fee	—	2,287,565	—	—	2,287,565	—	2,287,565
Net sales - other	275,539	561,542	—	57,801	894,883	—	894,883
income from contracts with customers	275,539	2,849,108	—	57,801	3,182,449	—	3,182,449
Other profits (Note 3)	—	—	1,148,021	—	1,148,021	—	1,148,021
Net sales - external	275,539	2,849,108	1,148,021	57,801	4,330,470	—	4,330,470
Net sales(transfers) -internal	—	972	573	—	1,545	(1,545)	—
Total Amount	275,539	2,850,080	1,148,594	57,801	4,332,016	(1,545)	4,330,470
Net profits/losses	(23,712)	440,141	84,684	(21,480)	479,632	(75,764)	403,868

(Note)

- Adjusted amount of net profit/(losses) (75,764) thousand yen include 1,395 thousand yen write-off by internal transaction, and corporate expenses (77,160) thousand yen are not allocated to the 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.
- Other profits include the revenue from insurance contracts defined by Insurance Act (Act No. 56, June 6, 2008).

2. Notes in the event of reportable segment change

(Abolition of reportable segment)

In the last consolidated fiscal year, along with the abolition of the PPS business of the "Life & Technology Business", we also repealed the "Life & Technology Business Segments" in the first quarter of FY2022.

(Application of accounting standard for revenue recognition)

As described in (change in accounting standards), JBR started to apply the accounting standard of revenue recognition (ASBJ Statement No.29, March 31, 2020) from the beginning of the first quarter of FY2022, that also change the measurement of segment net profit/losses amount.

Compared to the previous fiscal year, net sales of membership business increased 88,585 thousand yen, and segment profit increased 35,142 thousand yen in the first quarter of FY2022.

(Change in method for inventory valuation)

As described in (change in accounting standards), JBR used FIFO to measure our inventory until the previous fiscal year, and we will change to the weight average method at the beginning of this fiscal year.

The new method for inventory valuation will not be accounted retrospectively due to the low impact.

3. Reportable segment information related to Non-current assets and goodwill impairment loss
(abbreviated)

(Significant Subsequent Events)

(Treasury stock acquiring)

JBR passed the decision to acquire treasury stock at the board of directors held on January 24, 2022, based on the application of Act No.156 shall be deemed to be replaced with Companies Act (Act Item 3 of No.165).

1.the reason of acquiring treasury stock

Accomplishing the flexible capital policy for the changeable economic environment and attempting to increase the shareholders' return and capital efficiency

2.the details of acquiring treasury stock

(1)Type of shares to be acquired: common stock of JBR

(2)Total number of shares to be acquired: 500,000 shares (maximum)

(3)Acquisition period: January 25, 2022 to January 24, 2023

(4)Total amount of acquisition: 500,000,000 yen (maximum)

(5)Acquisition method: Purchase on the stock exchange market based on discretionary transaction contract