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## Summary of Consolidated Financial Statements for the Six Months Ended March 31, 2022 (Based on Japanese GAAP)

May 6, 2022

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: May 6, 2022  
 Scheduled date to commence dividend payments: June 7, 2022  
 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 six months ended March 31, 2022 (from October 1, 2021 to March 31, 2022)

#### (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	%
2nd Quarter of FY 2022	8,806	32.7	738	9.8	695	(14.6)	518	(4.2)
2nd Quarter of FY 2021	6,637	10.7	672	3.4	815	22.4	541	107.8

(Note) Comprehensive income:

(a) for the six months ended March 31, 2022: (20) million yen [-%]

(b) for the six months ended March 31, 2021: 635 million yen [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
2nd Quarter of FY 2022	15.30		15.24	
2nd Quarter of FY 2021	17.51		17.45	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
2nd Quarter of FY 2022	28,276	10,831	36.5
FY ended September 30, 2021	28,175	11,668	40.2

(Reference) Equity:

(a) for the six months ended March 31, 2022: 10,315 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	—	9.00			
FY ending September 30, 2022 (Forecast)			—	9.00	18.00

(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
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.

#### 4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2022  
(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)

2nd 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

2nd Quarter of FY 2022	1,015,123 shares	FY ended September 30, 2021	750,822 shares
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Average number of shares during the period

2nd Quarter of FY 2022	33,892,928 shares	2nd Quarter of FY 2021	30,919,659 shares
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(Note)

For more details, please refer to “2. Consolidated Financial Statements and Notes (4) Notes to Consolidated Financial Statement” on P12.

※ 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 P5 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

In the second quarter of FY2022, facing the impact of COVID-19, our country started to change its social form to live with coronavirus, and the normalization of economic activities is gradually coming into view. However, due to changes in the situation in Ukraine, the high geopolitical risk increased uncertainty about the future. And the change in the situation in Ukraine has not impacted our group up to now.

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 8,806,732 thousand yen, an increase of 32.7% compared with the second quarter of FY2021.
- Operating profit was 738,140 thousand yen, an increase of 9.8% compared with the second quarter of FY2021.
- Ordinary profit was 695,904 thousand yen, a decrease of 14.6% compared with the second quarter of FY2021.
- Net profit attributable to owners of parent was 518,619 thousand yen, a decrease of 4.2% compared with the second quarter of FY2021.
- The number of our membership business’ available members was completed: daily trouble relations were 2,330 thousand, extended warranty relations were 1,239 thousand, insurance business (who was insured) relations were 606 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 105,491 thousand yen, operating profit, ordinary profit, and quarterly profit before income taxes decreased 977 thousand yen, respectively. Please refer to [2. Consolidated Financial Statements and Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Standards)] on P12.

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. Furthermore, we modified the [Warranty Extension for Home Appliances] into [Warranty Business], which was included in [Membership Business] before. Therefore, four segments existed in the second quarter of FY2022, which were “Membership Business”, “Warranty Business”, “Insurance Business”, and “Emergency Business”.

Segment operation result is as follows:

(We rearranged the amount in the second quarter of FY2021 in new reportable segments for comparative analysis.)

#### ① Membership Business

Membership business’ net sales were 4,884,044 thousand yen (an increase of 73.0% compared with the second quarter of FY2021), operating profits were 465,722 thousand yen (a decrease of 7.0% compared with the second quarter of FY2021). This result might come from sales of the QR service for New Tenant, the core of the service 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.

#### ② Warranty Business

Warranty business’ net sales were 699,601 thousand yen (an increase of 14.9% compared with the second quarter of FY2021), operating profit was 268,640 thousand yen (an increase of 8.2% compared with the second quarter of FY2021). This result might come from the sales expansion of Warranty Extension for Home Appliances.

#### ③ Insurance Business

Insurance business’ net sales were 2,575,464 thousand yen (an increase of 7.3% compared with the second quarter of FY2021), operating profit was 188,145 thousand yen (a decrease of 7.5% compared with the second 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 Emergency Business

Emergency business’ net sales were 489,595 thousand yen (a decrease of 29.4% compared with the second quarter of FY2021), operating losses were 53,578 thousand yen (compared with 492 thousand yen of operating profit for the second quarter of FY2021), according to a decrease in attracting customers through other company’s websites.

### (2) Explanation of Financial Position

#### ① Explanation of Assets, Liabilities, and Net Assets

##### (Current Assets)

Current assets increased 418,221 thousand yen from the end of the previous fiscal year to 15,817,908 thousand yen mainly due to an increase of 1,149,522 thousand yen in cash & deposits, and a decrease of 792,420 thousand yen in accounts receivable-other.

##### (Non-current Assets)

Non-current assets decreased 323,909 thousand yen from the end of the previous fiscal year to 12,067,815 thousand yen mainly due to a decrease of 612,665 thousand yen in investment securities.

##### (Deferred Assets)

Deferred assets increased 6,400 thousand yen from the end of the previous fiscal year to 390,844 thousand yen mainly due to an increase of 7,712 thousand yen in deferred assets under article 113 of Insurance Business Act.

(Current Liabilities)

Current liabilities increased 954,932 thousand yen from the end of the previous fiscal year to 8,474,426 thousand yen mainly due to an increase of 390,207 thousand yen in unearned revenue, and 350,000 thousand yen in short-term borrowings.

(Non-current Liabilities)

Non-current liabilities decreased 16,516 thousand yen from the end of the previous fiscal year to 8,971,053 thousand yen mainly due to an increase of 335,721 thousand yen in unearned revenue - long-term, and a decrease of 150,422 thousand yen in deferred tax liability and 115,000 thousand yen in bonds payable.

(Net Assets)

Net assets decreased 837,702 thousand yen from the end of the previous fiscal year to 10,831,087 thousand yen mainly due to an increase of 259,401 thousand yen in treasury stock and a decrease of 556,868 thousand yen in Valuation difference on available-for-sale securities.

② Explanation of Cash Flow

In the second quarter of FY2022, cash and cash equivalents' (hereinafter called "cash") were 12,124,786 thousand yen (an increase of 45.0% compared with the second quarter of FY2021).

The status of cash flow is as follows:

(Cash Flow from Operating Activities)

Cash from operating activities was 696,613 thousand yen (an increase of 107.5% compared with the second quarter of FY2021) mainly due to appropriation of 688,884 thousand yen in quarterly profit before income taxes.

(Cash Flow from Investing Activities)

Cash from investing activities was 701,259 thousand yen (a decrease of 15.4% compared with the second quarter of FY2021) mainly due to an expenditure of 150,104 thousand yen in purchase of intangible assets and 287,226 thousand yen in purchase of investment securities, and 1,147,562 thousand yen in proceeds from sales of investment securities.

(Cash Flow from Financing Activities)

Cash from financing activities was 248,351 thousand yen (79,398 thousand yen in cash in-flow for the second quarter of FY2021) mainly due to an increase of 350,000 thousand yen in short-term borrowings, 287,608 thousand yen in dividends paid, and 259,401 thousand yen in purchase of treasury stock.

(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 March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,538,265	12,687,787
Accounts receivable-trade	1,203,932	1,240,713
Merchandise	48,966	43,302
Supplies	10,997	11,349
Other	2,613,458	1,848,886
Allowance for doubtful accounts	(15,931)	(14,130)
Total current assets	15,399,686	15,817,908
Non-current assets		
Property, plant and equipment	176,714	169,641
Intangible assets		
Goodwill	1,863,740	1,756,514
Other	986,078	1,010,680
Total intangible assets	2,849,819	2,767,194
Investments and other assets		
Investment securities	6,898,808	6,286,142
Other	2,539,159	2,912,632
Allowance for doubtful accounts	(72,776)	(67,795)
Total investments and other assets	9,365,190	9,130,979
Total non-current assets	12,391,724	12,067,815
Deferred assets	384,443	390,844
Total assets	28,175,855	28,276,568
<b>Liabilities</b>		
Current liabilities		
Accounts payable	514,649	497,923
Short-term borrowings	1,150,000	1,500,000
Income taxes payable	309,090	206,368
Provision for bonuses	89,075	78,797
Provision for the future service obligation to members	91,890	—
Outstanding claims	64,200	52,620
Policy reserve	804,438	862,029
Unearned revenue	2,698,810	3,089,018
Other	1,797,338	2,187,669
Total current liabilities	7,519,494	8,474,426
Non-current liabilities		
Bonds payable	785,000	670,000
Long-term borrowings	1,209,974	1,132,648
Assets retirement obligations	100,675	94,062
Long-term unearned revenue	6,567,635	6,903,357
Other	324,285	170,985
Total non-current liabilities	8,987,570	8,971,053
Total liabilities	16,507,064	17,445,480

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

	As of September 30, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	6,813,805	6,813,805
Retained earnings	3,410,051	3,217,452
Treasury stock	(337,933)	(597,334)
Total shareholders' equity	10,666,286	10,214,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	658,386	101,517
Total accumulated other comprehensive income	658,386	101,517
Stock acquisition rights	2,920	2,920
Non-controlling interests	341,198	512,363
Total net assets	11,668,790	10,831,087
Total liabilities and net assets	28,175,855	28,276,568

**(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)

	2nd quarter of FY2021 (October 1 2020-March 31, 2021)	2nd quarter of FY2022 (October 1 2021-March 31, 2022)
Net sales	6,637,607	8,806,732
Cost of sales	3,842,526	5,034,598
Gross profit	2,795,081	3,772,134
Selling, general and administrative expenses	2,122,603	3,033,994
Operating profit	672,477	738,140
Non-operating income		
Interest income	2,184	2,588
Dividend income	23,316	19,823
Gain on sales of investment securities	260,207	110,264
Other	16,978	35,916
Total non-operating income	302,687	168,593
Non-operating expenses		
Interest expenses	8,278	12,554
Redemption on deferred assets under art. 113 of Insurance Business Act	26,379	39,305
Loss on sales of investment securities	13	513
Equity in losses of affiliates	4,046	18,205
Loss on valuation of derivatives	85,036	108,539
Commission expenses	7,142	9,434
Other	28,938	22,276
Total non-operating expenses	159,836	210,829
Ordinary profit	815,328	695,904
Extraordinary profits		
Gain on sales of non-current assets	—	504
Gain on retirement of non-current assets	397	3,127
Total extraordinary profits	397	3,632
Extraordinary loss		
Loss on sales of non-current assets	—	195
Loss on retirement of non-current assets	82	7,820
Impairment loss	1,169	2,083
Other	—	552
Total extraordinary losses	1,252	10,652
Profit before income taxes	814,473	688,884
Income taxes - current	241,796	184,986
Income taxes - adjustment	13,985	(32,587)
Total income taxes	255,782	152,398
Net profit	558,691	536,485
Profit attributable to non-controlling interests	17,332	17,865
Profit attributable to owners of parent	541,358	518,619



**(Consolidated Statements of Comprehensive Income)**

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

	2nd quarter of FY2021 (October 1 2020-March 31, 2021)	2nd quarter of FY2022 (October 1 2021-March 31, 2022)
Net profit	558,691	536,485
Other comprehensive income		
Valuation difference on available-for-sale securities	67,868	(552,928)
Share of OCI of entities accounted for using equity method	8,804	(3,939)
Total other comprehensive income	76,672	(556,868)
Comprehensive income	635,364	(20,382)
(Breakdown)		
Comprehensive income attributable to owners of parent	618,031	(38,248)
Comprehensive income attributable to non-controlling interests	17,332	17,865

### (3) Consolidated Cash Flow Statement

(Values of less than one thousand yen rounded off)

(Thousands of yen)

	2nd Quarter of FY 2021 (October 1 2020-March 31, 2021)	2nd Quarter of FY 2022 (October 1 2021-March 31, 2022)
Cash flow from operating activities		
Profit before income taxes	814,473	688,884
Depreciation and amortization	71,138	147,416
Impairment loss	1,169	2,083
Amortization of goodwill	15,000	107,226
Deferred assets under article 113 of Insurance Business Act	(54,962)	(47,018)
Increase (Decrease) in allowance for doubtful accounts	421	(6,782)
Increase (Decrease) in provision for bonuses	(5,567)	(10,278)
Increase (Decrease) in provision for the future service obligation to members	(823)	—
Interest and dividends income	(25,500)	(22,412)
Interest expenses	8,278	12,554
Equity in losses (earnings) of affiliates	4,046	18,205
Assets retirement obligation	(397)	(3,127)
Loss on sales of non-current assets (Gain)	—	(309)
Loss on retirement of non-current assets	82	7,820
Loss (Gain) on sales of investment securities	(260,194)	(109,751)
Loss (Gain) on valuation of derivatives	85,036	108,539
Decrease (Increase) in notes and accounts receivable-trade	(130,272)	(36,781)
Decrease (Increase) in inventories	8,345	4,573
Decrease (Increase) in prepaid expenses	18,324	1,265
Decrease (Increase) in trade and other receivables	(171,926)	(174,346)
Decrease (Increase) in guarantee deposits	(17,810)	1,341
Decrease (Increase) in claims provable in bankruptcy, claims provable in rehabilitation and other	(347)	580
Increase (Decrease) in notes and accounts payable-trade	122,578	(16,726)
Increase (Decrease) in trade and other payables	18,189	278,196
Increase (Decrease) in unearned revenue	52,041	(77,862)
Increase (Decrease) in long-term unearned revenue	362,218	139,633
Other	(187,219)	(61,753)
Subtotal	726,322	951,173
Interest and dividends income received	25,573	22,739
Interest expenses paid	(10,038)	(13,338)
Income taxes refund (paid)	(406,202)	(263,960)
Cash flow from operating activities	335,654	696,613
Cash flow from investment activities		
Payments into time deposits	(0)	(500,000)
Proceeds from withdrawal of time deposits	1,000,000	500,000
Purchase of property, plant and equipment	(13,587)	(20,023)
Proceeds from sales of property, plant and equipment	—	14
Purchase of intangible assets	(228,673)	(150,104)
Purchase of investment securities	(402,262)	(287,226)
Proceeds from sales of investment securities	397,663	1,147,562
Collection of loan receivables	300	15,071
Other	75,052	(4,033)
Cash flow from investment activities	828,491	701,259

(Values of less than one thousand yen rounded off)

(Thousands of yen)

	2nd Quarter of FY 2021 (October 1 2020-March 31, 2021)	2nd Quarter of FY 2022 (October 1 2021-March 31, 2022)
Cash flow from financial activities		
Net increase (decrease) in short-term borrowings	583,000	350,000
Proceeds from long-term borrowings	—	200,000
Repayment of long-term borrowings	(160,614)	(267,330)
Redemption of bonds	(105,000)	(135,000)
Purchase of treasury stock	—	(259,401)
Proceeds from stock issuance of NCI	—	153,300
Cash dividends paid	(235,933)	(287,608)
Other	(2,053)	(2,311)
Cash flow from financial activities	79,398	(248,351)
Net increase (decrease) in cash and cash equivalents	1,243,545	1,149,522
Cash and cash equivalents at beginning of period	7,115,637	10,975,264
Cash and cash equivalents at end of period	8,359,182	12,124,786

#### (4) 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 P12 for more details.

Based on the decision to acquire treasury stock at the board of directors held on January 24, 2022, we purchased treasury stock in 264,300 shares to 597,334 thousand yen in the treasury stock account, an increase of 259,401 thousand yen through the second quarter of FY2022.

(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 the prospective amount is measured as revenue when the promised goods or services are transferred to the customer, even if only momentarily and the promised goods or services are transferred when the customer obtains control of them. 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 105,491 thousand yen, cost of sales decreased 298 thousand yen, selling & general & administrative expenses increased 106,766 thousand yen, operating profit, ordinary profit, and quarterly profit before income taxes decreased 977 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 March 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)
	Membership Business	Warranty Business	Insurance Business	Emergency Business	Life & Technology Business	Total Amount		
Net sales								
Net sales - external	2,822,545	609,109	2,392,208	693,502	120,241	6,637,607	—	6,637,607
Net sales(transfers) -internal	1,386	—	8,330	—	—	9,716	(9,716)	—
Total Amount	2,823,931	609,109	2,400,538	693,502	120,241	6,647,323	(9,716)	6,637,607
Net profits/losses	500,939	248,335	203,491	492	(159,581)	793,678	(121,200)	672,477

(Note)

- Adjusted amount of net profit/(losses) (121,200) thousand yen include 4,617 thousand yen write-off by internal transaction, and corporate expenses (125,817) 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 March 31, 2022)

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

(Thousands of yen)

	Reportable segment						Adjusted Amount (Note 2)	Amount of Income Statement (Note 3)
	Membership Business	Warranty Business	Insurance Business	Emergency Business	Total Amount	Other Business (Note 1)		
Net sales								
the promised goods or services are transferred to the customer – overtime	4,035,193	583,605	—	—	4,618,798	—	—	4,618,798
the promised goods or services are transferred to the customer – point-in-time	847,015	115,996	—	489,219	1,452,232	162,200	—	1,614,433
income from contracts with customers	4,882,209	699,601	—	489,219	6,071,030	162,200	—	6,233,231
Other profits (Note 4)	—	—	2,573,501	—	2,573,501	—	—	2,573,501
Net sales - external	4,882,209	699,601	2,573,501	489,219	8,644,531	162,200	—	8,806,732
Net sales(transfers) -internal	1,835	—	1,963	375	4,173	—	(4,173)	—
Total Amount	4,884,044	699,601	2,575,464	489,595	8,648,705	162,200	(4,173)	8,806,732
Net profits/losses	465,722	268,640	188,145	(53,578)	868,930	16,143	(146,934)	738,140

(Note)

- The [Other Business] included prevention for the spread and contraction of COVID-19 business that is not included in reportable segments.
- Adjusted amount of net profit/(losses) (146,934) thousand yen include 2,613 thousand yen write-off by internal transaction, and corporate expenses (149,547) 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 105,491 thousand yen, and segment profit decreased 977 thousand yen in the second 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.

(Change in reportable segments classification)

Through the second quarter of FY2022, We redefine the classification method of each segment in order to change the organizational model to achieve efficient business growth with the minor organizational form with the partnership. The Warranty Extension for Home Appliances, which is included in [Membership Business] modified to [Warranty Business] in the second quarter of FY2022. Therefore, we classified our business into these four segments called [Membership Business], [Warranty Business], [Insurance Business], and [Emergency Business].

The disclosure of segment information in the second quarter of FY2022 is based on the new reportable segments classification after the change in the organization model.

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

(abbreviated)