

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Statements for the Nine Months Ended June 30, 2022 (Based on Japanese GAAP)

August 5, 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: August 5, 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 nine months ended June 30, 2022 (from October 1, 2021 to June 30, 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	%
3rd Quarter of FY 2022	13,377	30.9	1,174	4.4	899	(31.2)	373	(57.4)
3rd Quarter of FY 2021	10,222	13.3	1,124	7.2	1,307	18.5	877	71.9

(Note) Comprehensive income:

(a) for the nine months ended June 30, 2022: (289) million yen [-%]

(b) for the nine months ended June 30, 2021: 944 million yen [61.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3rd Quarter of FY 2022	11.07		11.02	
3rd Quarter of FY 2021	28.37		28.31	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
3rd Quarter of FY 2022	29,080	10,914	34.4
FY ended September 30, 2021	28,175	11,668	40.2

(Reference) Equity:

(a) for the nine months ended June 30, 2022: 10,010 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	1,420	0.8	1,180	(32.2)	430	-	12.74

(Note)

(a) Revisions to the forecast of consolidated results since the latest announcement: Yes

(b) Please refer to the "Announcement on Extraordinary Loss and Downward Revision of Consolidated Earnings Forecast for the year ending September 30, 2022" released today (August 5, 2022).

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 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)

3rd Quarter of FY 2022	34,688,000 shares	FY ended September 30, 2021	34,688,000 shares
------------------------	-------------------	-----------------------------	-------------------

Number of treasury stock at the end of the period

3rd Quarter of FY 2022	1,250,823 shares	FY ended September 30, 2021	750,822 shares
------------------------	------------------	-----------------------------	----------------

Average number of shares during the period

3rd Quarter of FY 2022	33,761,201 shares	3rd Quarter of FY 2021	30,919,659 shares
------------------------	-------------------	------------------------	-------------------

(Note)

For more details, please refer to “2. Consolidated Financial Statements and Notes (3) Notes to Consolidated Financial Statement” on P10.

※ These quarterly consolidated financial results are not subject to audit.

※ Cautionary statement on the 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.

Table of Contents

1. Qualitative Information on Quarterly Operation Results	4
(1) Explanation of Operation Results.....	4
(2) Explanation of Financial Position.....	4
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	5
2. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet.....	6
(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income	8
(3) Notes to Consolidated Financial Statements	10
(Notes on Going Concern Assumption).....	10
(Notes in the Event of Significant Changes in Shareholders' Equity).....	10
(Changes in Accounting Standards).....	10
(Additional Information)	10
(Segment Information).....	11

1. Qualitative Information on Quarterly Operation Results

(1) Explanation of Operation Results

In the third 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 13,377,674 thousand yen, an increase of 30.9% compared with the third quarter of FY2021.
- Operating profit was 1,174,643 thousand yen, an increase of 4.4% compared with the third quarter of FY2021.
- Ordinary profit was 899,711 thousand yen, a decrease of 31.2% compared with the third quarter of FY2021.
- Net profit attributable to owners of parent was 373,828 thousand yen, a decrease of 57.4% compared with the third quarter of FY2021.
- The number of our membership business' available members was completed: daily trouble relations were 2,310 thousand, warranty extension relations were 1,310 thousand, insurance business (who was insured) relations were 650 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 150,585 thousand yen, operating profit, ordinary profit, and quarterly profit before income taxes decreased 3,022 thousand yen, respectively. Please refer to [2. Consolidated Financial Statements and Notes (4) 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” from 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 7,370,327 thousand yen (an increase of 72.3% compared with the third quarter of FY2021), operating profits were 728,210 thousand yen (a decrease of 5.2% compared with the third 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 1,064,274 thousand yen (an increase of 15.0% compared with the third quarter of FY2021), operating profit was 409,022 thousand yen (an increase of 3.4% compared with the third 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 4,081,801 thousand yen (an increase of 12.8% compared with the third quarter of FY2021), operating profit was 341,621 thousand yen (an increase of 15.5% compared with the third 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 704,492 thousand yen (a decrease of 30.4% compared with the third quarter of FY2021), operating losses were 74,910 thousand yen (compared with 10,652 thousand yen of operating profit for the third 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 1,864,894 thousand yen from the end of the previous fiscal year to 17,264,581 thousand yen mainly due to an increase of 3,019,274 thousand yen in cash & deposits, and a decrease of 699,754 thousand yen in accounts receivable-other.

(Non-current Assets)

Non-current assets decreased 986,666 thousand yen from the end of the previous fiscal year to 11,405,057 thousand yen mainly due to a decrease of 886,925 thousand yen in investment securities and 160,839 thousand yen in goodwill.

(Deferred Assets)

Deferred assets increased 26,220 thousand yen from the end of the previous fiscal year to 410,664 thousand yen mainly due to an increase of 28,187 thousand yen in deferred assets under article 113 of Insurance Business Act.

(Current Liabilities)

Current liabilities increased 874,195 thousand yen from the end of the previous fiscal year to 8,393,690 thousand yen mainly due to an increase of 423,169 thousand yen in unearned revenue, and 250,000 thousand yen in short-term borrowings.

(Non-current Liabilities)

Non-current liabilities increased 784,708 thousand yen from the end of the previous fiscal year to 9,772,278 thousand yen mainly due to an increase of 859,234 thousand yen in unearned revenue - long-term.

(Net Assets)

Net assets decreased 754,455 thousand yen from the end of the previous fiscal year to 10,914,335 thousand yen mainly due to an increase of 559,807 thousand yen in non-controlling interests and a decrease of 691,679 thousand yen in Valuation difference on available-for-sale securities and 640,445 thousand yen in retained earnings.

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

There are revisions to the consolidated earnings forecast for the fiscal year ending September 30, 2022 announced on November 5, 2021. For more details, please refer to the "Announcement on Extraordinary Loss and Downward Revision of Consolidated Earnings Forecast for the year ending September 30, 2022" released today (August 5, 2022).

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 June 30, 2022
Assets		
Current assets		
Cash and deposits	11,538,265	14,557,539
Accounts receivable-trade	1,203,932	1,172,633
Merchandise	48,966	6,777
Supplies	10,997	10,329
Other	2,613,458	1,532,822
Allowance for doubtful accounts	(15,931)	(15,521)
Total current assets	15,399,686	17,264,581
Non-current assets		
Property, plant and equipment	176,714	161,496
Intangible assets		
Goodwill	1,863,740	1,702,901
Other	986,078	835,857
Total intangible assets	2,849,819	2,538,759
Investments and other assets		
Investment securities	6,898,808	6,011,882
Other	2,539,159	2,750,068
Allowance for doubtful accounts	(72,776)	(57,149)
Total investments and other assets	9,365,190	8,704,802
Total non-current assets	12,391,724	11,405,057
Deferred assets	384,443	410,664
Total assets	28,175,855	29,080,303
Liabilities		
Current liabilities		
Accounts payable	514,649	453,163
Short-term borrowings	1,150,000	1,400,000
Income taxes payable	309,090	134,138
Provision for bonuses	89,075	48,409
Provision for the future service obligation to members	91,890	-
Outstanding claims	64,200	55,893
Policy reserve	804,438	929,407
Unearned revenue	2,698,810	3,121,979
Other	1,797,338	2,250,697
Total current liabilities	7,519,494	8,393,690
Non-current liabilities		
Bonds payable	785,000	660,000
Long-term borrowings	1,209,974	1,388,339
Assets retirement obligations	100,675	101,592
Long-term unearned revenue	6,567,635	7,426,870
Other	324,285	195,476
Total non-current liabilities	8,987,570	9,772,278
Total liabilities	16,507,064	18,165,968

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

	As of September 30, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	6,813,805	7,313,802
Retained earnings	3,410,051	2,769,605
Treasury stock	(337,933)	(820,069)
Total shareholders' equity	10,666,286	10,043,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	658,386	(33,293)
Total accumulated other comprehensive income	658,386	(33,293)
Stock acquisition rights	2,920	2,920
Non-controlling interests	341,198	901,005
Total net assets	11,668,790	10,914,335
Total liabilities and net assets	28,175,855	29,080,303

(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)

	3rd quarter of FY2021 (October 1 2020-June 30, 2021)	3rd quarter of FY2022 (October 1 2021-June 30, 2022)
Net sales	10,222,137	13,377,674
Cost of sales	5,886,933	7,617,961
Gross profit	4,335,203	5,759,712
Selling, general and administrative expenses	3,210,329	4,585,069
Operating profit	1,124,874	1,174,643
Non-operating income		
Interest income	3,950	4,433
Dividend income	70,227	68,052
Gain on sales of investment securities	273,112	112,840
Other	28,187	52,113
Total non-operating income	375,478	237,439
Non-operating expenses		
Interest expenses	12,376	18,982
Redemption on deferred assets under art. 113 of Insurance Business Act	46,032	65,092
Loss on sales of investment securities	291	2,449
Equity in losses of affiliates	11,327	79,714
Loss on valuation of derivatives	82,045	226,561
Commission expenses	9,390	82,994
Other	31,414	36,577
Total non-operating expenses	192,878	512,371
Ordinary profit	1,307,473	899,711
Extraordinary profits		
Gain on sales of non-current assets	0	552
Gain on retirement of non-current assets	397	3,127
Total extraordinary profits	398	3,679
Extraordinary loss		
Loss on sales of non-current assets	-	223
Loss on retirement of non-current assets	82	8,286
Impairment loss	1,169	139,650
Loss on office closing	-	29,395
Other	-	4,449
Total extraordinary losses	1,252	182,004
Profit before income taxes	1,306,619	721,386
Income taxes - current	374,919	139,651
Income taxes - adjustment	30,136	179,357
Total income taxes	405,055	319,008
Net profit	901,563	402,377
Profit attributable to non-controlling interests	24,392	28,549
Profit attributable to owners of parent	877,171	373,828

(Consolidated Statements of Comprehensive Income)

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

	3rd quarter of FY2021 (October 1 2020-June 30, 2021)	3rd quarter of FY2022 (October 1 2021-June 30, 2022)
Net profit	901,563	402,377
Other comprehensive income		
Valuation difference on available-for-sale securities	34,919	(687,680)
Share of OCI of entities accounted for using equity method	7,960	(3,998)
Total other comprehensive income	42,879	(691,679)
Comprehensive income	944,443	(289,301)
(Breakdown)		
Comprehensive income attributable to owners of parent	920,051	(317,850)
Comprehensive income attributable to non-controlling interests	24,392	28,549

(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.

Based on the decision to acquire treasury stock at the board of directors held on January 24, 2022, we purchased treasury stock in 500,000 shares to 820,069 thousand yen in the treasury stock account, an increase of 482,135 thousand yen through the third quarter of FY2022.

On June 23, 2022, our consolidated subsidiary Japan Warranty Support Co., Ltd. listed on the Growth Market of the Tokyo Stock Exchange, and issued new shares and conducted a partial secondary offering of shares of its subsidiary held by the parent company.

As a result, capital surplus increased 499,997 thousand yen to 7,313,802 thousand yen at the end of the third quarter of the current fiscal year.

(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 150,585 thousand yen, cost of sales increased 1,300 thousand yen, selling & general & administrative expenses increased 152,306 thousand yen, operating profit, ordinary profit, and quarterly profit before income taxes decreased 3,022 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 June 30, 2021)

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

(Thousands of yen)

	Reportable segment						Other Business (Note 1)	Adjusted Amount (Note 2)	Amount of Income Statement (Note 3)
	Membership Business	Warranty Business	Insurance Business	Emergency Business	Life & Technology Business	Total Amount			
Net sales									
Net sales - external	4,276,465	925,070	3,608,091	1,012,108	176,741	9,998,478	223,658	—	10,222,137
Net sales(transfers) -internal	2,123	—	10,676	—	—	12,799	—	(12,799)	—
Total Amount	4,278,588	925,070	3,618,768	1,012,108	176,741	10,011,277	223,658	(12,799)	10,222,137
Net profits/losses	768,306	395,721	295,759	(10,652)	(186,091)	1,263,043	44,066	(182,235)	1,124,874

(Note)

- Adjusted amount of net profit/(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 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 June 30, 2022)

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

(Thousands of yen)

	Reportable segment					Other Business (Note 1)	Adjusted Amount (Note 2)	Amount of Income Statement (Note 3)
	Membership Business	Warranty Business	Insurance Business	Emergency Business	Total Amount			
Net sales								
the promised goods or services are transferred to the customer – overtime	6,125,626	892,138	—	—	7,017,765	547	—	7,018,312
the promised goods or services are transferred to the customer – point-in-time	1,242,113	172,135	—	704,094	2,118,344	162,200	—	2,280,544
income from contracts with customers	7,367,740	1,064,274	—	704,094	9,136,109	162,748	—	9,298,857
Other profits (Note 4)	—	—	4,078,816	—	4,078,816	—	—	4,078,816
Net sales - external	7,367,740	1,064,274	4,078,816	704,094	13,214,926	162,748	—	13,377,674
Net sales(transfers) -internal	2,587	—	2,984	398	5,969	—	(5,969)	—
Total Amount	7,370,327	1,064,274	4,081,801	704,492	13,220,896	162,748	(5,969)	13,377,674
Net profits/losses	728,210	409,022	341,621	(74,910)	1,403,943	(1,336)	(227,962)	1,174,643

(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) (227,962) thousand yen include 4,683 thousand yen write-off by internal transaction, and corporate expenses (232,646) 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 150,585 thousand yen, and segment profit decreased 3,022 thousand yen in the third 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 third 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

(Material impairment losses on fixed assets)

In the third quarter of FY2022, an impairment loss of 137,567 thousand yen was recorded in [Membership Business].