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October 3, 2022

To whom it may concern

|                |  |
|----------------|--|
| Company name   | Japan Best Rescue System Co., Ltd.   |
| Representative | Representative Director<br>Mr. Nobuhiro Sakakibara<br>Stock code:2453<br>Prime market, Tokyo Stock Exchange<br>Premier market, Nagoya Stock Exchange |
| Inquiry        | Director & Executive Officer<br>Mr. Mitsuhiro Wakatsuki  |

### **Notice of Company Split (Absorption-type Demerger) to Succeed Emergency Business and a Partial Stock Transfer of the Successor Company (Changes in Subsidiaries)**

We have resolved at the Board of Directors meeting to transfer (hereinafter called “the Transfer”) our Emergency business (hereinafter called “Emergency business”) to Aqualine Ltd. (hereinafter called “Aqualine”) in the form of a partial stock transfer after we split (hereinafter called “the Demerger”) and succeed Emergency business to our newly established subsidiary, Emergency Business Split Preparation Co., Ltd. (hereinafter called “the Preparation company” or “Successor company”). Through the Transfer, 51% of shares of the Successor company shall be transferred to Aqualine. We will inform you of the changes that occurred in the subsidiaries through the Transfer.

The Demerger is a simplified absorption-type demerger of a wholly owned subsidiary. Certain disclosure items and details are omitted.

#### **I . Purpose of the Transfer**

Based on the company mission “We help people in need,” JBR promotes the creation of the best framework and service with which people can be reassured by paying attention to daily life, and pursues the realization of its vision to create the “Best Rescue System.” As a mid-long term strategy to realize the vision, JBR is promoting the expansion of alliances with a focus on membership and insurance services to achieve growth in business and the number of subscribers under the “partnership strategy”. In addition, we provide nationwide comprehensive daily life troubleshooting services for general customers through advertisements on the Internet, Yellow Pages, and other media.

Aqualine has been developing its core business of “Water supply product emergency repair service” to solve sudden plumbing-related problems in kitchens, toilets, bathrooms, washrooms, and water supply and drainage pipes, and has built a relationship with JBR as a partner in our services for general customers. Aqualine was subject to administrative punishment in August 2021, and was required to improve its management system, including compliance with laws and regulations and strengthening the corporate governance system. JBR concluded capital alliance contract with Aqualine in February 2022 and acquired Aqualine as an equity-method affiliate to monitor and strengthen its corporate governance and improve the quality of its services and operations.

Although JBR has provided various trouble-shooting services through our ancestral business, a comprehensive lifestyle trouble-shooting service for general customers, in recent years, as lifestyles have diversified in line with rapid changes in the social environment, we have continued to struggle in attracting customers from the Internet, Yellow Pages, etc., despite continuous improvements in the quality of services and construction and operational efficiency. Aqualine, on the other hand, has

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made steady progress in strengthening its corporate governance structure, and the administrative punishment was completed by May 30, 2022. Aqualine intends to further strengthen its daily life troubleshooting services for general customers and has defined further improvement of service quality, efficient business operations, and expansion of its construction infrastructure as its tasks.

In light of the tasks both companies are facing, we believe that by transferring the successor company, including the service quality, business operation know-how, and construction infrastructure that JBR has developed to Aqualine, we will be able to enhance the effectiveness of problem-solving and business growth. In addition, Aqualine, which focuses on daily life troubleshooting services for general customers, will be able to attract more customers and we believe that this will enable us to help more people in need. Furthermore, we have decided to execute this transfer in the belief that consolidating JBR's business portfolio into a membership business with high profitability and growth potential will contribute to improving our corporate value over the medium to long term.

## II. Summary of the Demerger

### 1. Outline of the Demerger

#### (1) Schedule of the Demerger

|  |                             |
|--|-----------------------------|
| ①Date of the resolution of the Board of Directors                      | October 3, 2022             |
| ②Date of the Establishment of the Successor Company                    | October 6, 2022 (planned)   |
| ③Date of the conclusion of the absorption-type company split agreement | October 7, 2022 (planned)   |
| ④The effective date of the Demerger                                    | November 30, 2022 (planned) |

(Note) As the Demerger is a simplified demerger prescribed in Article 784, Paragraph 2 of the Companies Act for JBR, and is an absorption-type demerger prescribed in Article 796, Paragraph 1 of the Companies Act for the Successor company, both companies will not hold a general shareholders meeting for approval of the demerger agreement.

#### (2) Method of the Demerger

An absorption-type company split in which JBR will be the splitting company and Emergency Business Split Preparation Co., Ltd. will be the successor company.

#### (3) Details of the allotment related to the Demerger

The Demerger is between JBR and its wholly owned subsidiary. No property including shares or money will be delivered by the Successor company.

#### (4) Handling of stock acquisition rights and bonds with stock acquisition rights upon the Demerger

There will be no changes in the treatment of the stock acquisition rights issued by JBR.

#### (5) Change in the capital due to the Demerger

There will be no change in JBR's share capital as a result of the Demerger.

#### (6) Rights and obligations to be succeeded by the Successor company

The Successor company will succeed the assets, liabilities, contracts and other rights and obligations related to the Emergency business as of the effective date to the scope stipulated in the agreement.

#### (7) Prospects of the fulfillment of obligations

JBR believes that there are no issues with the prospect of fulfilling such obligations with regard to the obligations to be borne by the Successor company in connection with the Demerger.

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## 2. Overview of the parties involved in the Demerger

|     |  | Splitting company (JBR)<br>(as of March 31, 2022)   | Successor company<br>(to be established<br>after October 3, 2022) |
|-----|--|---|---|
| (1) | Corporate Name                               | Japan Best Rescue System Co., Ltd.  | Emergency Business Split Preparation Co., Ltd. (planned)          |
| (2) | Location                                     | 1-10-20 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture   | 1-10-20 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture           |
| (3) | Name and Title of Representative             | Nobuhiro Sakakibara<br>Representative Director  | Takeshi Okochi<br>Representative Director                         |
| (4) | Description of Business                      | Emergency, Membership & Insurance business  | Emergency business  |
| (5) | Capital                                      | JPY 780 million   | JPY 1 million   |
| (6) | Date of Establishment                        | February 12, 1997   | October 6, 2022 (planned)   |
| (7) | Number of shares issued                      | 34,688 000 shares   | 100 shares  |
| (8) | Fiscal year-end                              | September   | February  |
| (9) | Major shareholders and their ownership ratio | Nobuhiro Sakakibara 28.40%<br>The Master Trust Bank of Japan, Ltd. (account in trust) 9.94%<br>CHIC Holdings INC. 8.93%<br>Custody Bank of Japan, Ltd. (account in trust) 7.96% | Japan Best Rescue System Co., Ltd. 100%                           |

## 3. Consolidated Financial Results and Financial Condition over the last 3 consecutive fiscal years (JPY million)

|   | Japan Best Rescue System Co., Ltd.  |                                     |                                     |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
|   | Fiscal year ended<br>September 2019 | Fiscal year ended<br>September 2020 | Fiscal year ended<br>September 2021 |
| Consolidated net asset                    | 8,104                               | 7,907                               | 11,668                              |
| Consolidated total asset                  | 18,761                              | 21,204                              | 28,175                              |
| Consolidated net sales                    | 12,010                              | 12,057                              | 13,460                              |
| Consolidated operating profit             | 1,638                               | 1,367                               | 1,408                               |
| Net profit attributable to parent company | 1,639                               | 997                                 | 56                                  |
| Consolidated net profit per share         | JPY 51.81                           | JPY 31.82                           | JPY 1.83                            |

(note) Due to its newly founding status, no results for operating revenue or other items are provided for the Successor company.

## 4. Overview of the business to be demerged

### (1) Description of the business to be split

The business provides troubleshooting services for daily life related to door keys, plumbing, windowpane, and other general household emergency services through a call center that operates 365 days a year. This business targets general customers through the Internet, Town Pages, flyers, and other advertisements.

### (2) Operating results of the business to be demerged (September 30, 2021)

|           | Emergency business | JBR<br>(Consolidated) | Ratio |
|-----------|--------------------|-----------------------|-------|
| Net Sales | JPY 1,325 million  | JPY 13,460 million    | 9.84% |

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#### 5. Items and amounts of assets and liabilities to be split (June 30, 2022)

| Assets              |                 |
|---------------------|-----------------|
| Item                | Book value      |
| Current assets      | JPY 134 million |
| Non-current assets  | JPY 94 million  |
| Total of the assets | JPY 229 million |

(Note) The above amounts are as of June 30, 2022 and differ from the actual amounts to be split.

#### 6. Status of the companies after the Demerger

Company name, address, name and title of representative, nature of business, share capital, and fiscal year end of JBR remain unchanged after the Demerger. As of the execution date of the Transfer, JBR plans to transfer 51% shares of the Successor company to Aqualine.

### III. Summary of the Transfer

#### 1. Purpose of the Transfer

The details are stated above “II . Summary of the Demerger”

#### 2. Summary of the transferee

|  |   |                                       |                                       |
|--|---|---------------------------------------|---------------------------------------|
| (1) Corporate Name   | Aqualine Ltd.   |                                       |                                       |
| (2) Location   | 8-8, Kamihacchobori, Naka-ku, Hiroshima City, Hiroshima Pref.                                   |                                       |                                       |
| (3) Title & Name of Representative   | President & Representative Director<br>Mr. Takeshi Okochi                                       |                                       |                                       |
| (4) Description of Business  | Water supply product emergency repair service, Mineral water business, Water dispensers service |                                       |                                       |
| (5) Capital<br>(as of August 31, 2021)   | JPY 315 million   |                                       |                                       |
| (6) Date of Establishment  | November 1, 1995  |                                       |                                       |
| (7) Consolidated Financial Results and Financial Condition over the last 3 consecutive fiscal years<br>(JPY million) |   |                                       |                                       |
| Fiscal Term  | Fiscal year ended in<br>February 2020   | Fiscal year ended in<br>February 2021 | Fiscal year ended in<br>February 2022 |
| Consolidated net asset   | 1,157   | 1,009                                 | 455                                   |
| Consolidated total asset   | 1,906   | 2,687                                 | 2,113                                 |
| Consolidated net asset per share   | JPY 569.74  | JPY 264.81                            | JPY 5.23                              |
| Consolidated net sales   | 6,008   | 6,025                                 | 5,260                                 |
| Consolidated operating profit  | -17   | -446                                  | -499                                  |
| Consolidated ordinary profit   | -18   | -440                                  | -516                                  |
| Net profit attributable<br>to parent company   | -34   | -645                                  | -549                                  |
| Consolidated net profit per share  | JPY -17.20  | JPY -320.81                           | JPY -275.40                           |
| Dividend per share   | -   | -                                     | -                                     |

#### 3. Number of Shares to be Acquired and Status of Share Ownership before or after the acquisition

|  |                 |
|--|-----------------|
| Number of shares owned before the Transfer | 100 shares      |
| Number of shares to be transferred         | 51 shares       |
| Business value                             | JPY 102 million |
| Number of shares owned after the Transfer  | 49 shares       |

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#### 4. Timetable

|  |                             |
|--|-----------------------------|
| Date of Board Resolution of the Transfer agreement | October 3, 2022             |
| Date of conclusion of the Transfer agreement       | October 3, 2022 (planned)   |
| Date of Share Transfer                             | November 30, 2022 (planned) |

#### IV. Outlook

The effect of the Transfer on our consolidated financial results for the fiscal year ending September 30, 2023 is expected to be immaterial. If we have any fact which should be disclosed, we shall disclose it in a prompt manner.