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## Summary of Consolidated Financial Statements for the Year Ended September 30, 2022 (Based on Japanese GAAP)

November 4, 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 Securities Report: December 22, 2022  
 Scheduled date to commence dividend payments: December 23, 2022  
 Scheduled date to disclose annual report: December 23, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended September 30, 2022 (from October 1, 2021 to September 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	%
FY ended September 30, 2022	17,810	32.3	1,459	3.7	1,173	(32.6)	473	671.6
FY ended September 30, 2021	13,460	11.6	1,408	3.0	1,740	(3.2)	56	(94.3)

(Note) Comprehensive income:

(a) for the year ended September 30, 2022: (400) million yen [-%]

(b) for the year ended September 30, 2021: 452 million yen [(61.7%)]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Ordinary profit on sales
	Yen	Yen	%	%	%
FY ended September 30, 2022	13.00	12.75	4.1	4.2	8.2
FY ended September 30, 2021	1.83	1.83	0.6	7.0	10.5

(Reference) Equity:

(a) for the year ended September 30, 2022: 9,869 million yen

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

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended September 30, 2022	27,884	10,802	35.4	295.16
FY ended September 30, 2021	28,175	11,668	40.2	333.70

(Reference) Equity in earnings of affiliates:

(a) for the year ended September 30, 2022: (174) million yen

(b) for the year ended September 30, 2021: (19) million yen

#### (3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	cash and cash equivalents at year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended September 30, 2022	2,407	1,051	(864)	13,570
FY ended September 30, 2021	1,654	1,061	(120)	10,975

### 2. Cash dividends

	Annual dividends per share					Total dividends (Annual)	Dividends payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Yen	%	%
FY ended September 30, 2021	—	8.00	—	9.00	17.00	552	929.0	5.9
FY ended September 30, 2022	—	9.00	—	9.00	18.00	603	138.5	5.7
FY ending September 30, 2023 (Forecast)	—	9.00	—	9.00	18.00		62.7	

## 3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2nd Quarter of FY 2023	9,075	3.0	620	(16.0)	530	(23.8)	310	(40.2)	9.37
Full-year	18,300	2.8	1,650	13.0	1,500	27.9	950	116.9	28.71

## 4. Notes

- (1) Changes in significant subsidiaries during the fiscal year ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of shares issued (common stock)

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

FY ended September 30, 2022	34,127,177 shares	FY ended September 30, 2021	34,688,000 shares
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Number of treasury stock at the end of the period

FY ended September 30, 2022	690,002 shares	FY ended September 30, 2021	750,822 shares
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Average number of shares during the period

FY ended September 30, 2022	33,679,529 shares	FY ended September 30, 2021	30,928,775 shares
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## Non-consolidated Financial Results for the FY ended September 30, 2022

## (1) Non-consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended September 30, 2022	7,436	(1.5)	323	(45.6)	316	(68.6)	889	-
FY ended September 30, 2021	7,546	10.3	594	3.1	1,005	(2.3)	(372)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY ended September 30, 2022	26.41	26.35
FY ended September 30, 2021	(12.03)	-

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	14,155	8,572	60.6	256.35
As of September 30, 2021	16,084	10,002	62.2	294.71

(Reference) Equity:

(a) for the year ended September 30, 2022: 8,571 million yen

(b) for the year ended September 30, 2021: 10,001 million yen

&lt;the Reason for non-consolidated performance difference from previous FY&gt;

- A decrease in ordinary profit was mainly due to the fact that a valuation gain of 92 million yen was recorded for derivative transactions in the previous fiscal year, while a valuation loss of 230 million yen was recorded in the current fiscal year.
- An increase in net profit for the current fiscal year is mainly due to the fact that in the previous fiscal year, ACTCALL Inc. and TSUNAGU CO. (hereinafter called "ACTG") as of September 30, 2021, the date of the share exchange, in order to make them wholly owned subsidiaries through a share exchange. The increase in net profit was mainly due to the fact that, in the previous fiscal year, we recorded a loss on the valuation of stocks of subsidiaries and affiliates of 995 million yen, which was the difference between the acquisition price based on the Company's stock price on September 30, 2021, the date of the stock swap, and the valuation price at the time of the agreement.

※ 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 (4) 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

During the consolidated fiscal year under review, the Japanese economy faced new challenges such as high global inflations triggered by the sudden change in the situation in Ukraine and the rapid depreciation of the Japanese yen for the first time in about 30 years, as the shift to a with-corona lifestyle gradually progressed and people began to regain their normal lives.

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 by providing reassuring and efficient services to which customers appreciated.

Our annual operation results are as follows:

- Net sales were 17,810,069 thousand yen, an increase of 32.3% compared with the previous fiscal year.
- Operating profit was 1,459,970 thousand yen, an increase of 3.7% compared with the previous fiscal year.
- Ordinary profit was 1,173,247 thousand yen, a decrease of 32.6% compared with the previous fiscal year.
- Net profit attributable to owners of parent was 437,932 thousand yen, an increase of 671.6% compared with the previous fiscal year.
- The number of our membership business’ available members was completed: daily trouble and warranty extension relations were 3,607 thousand, insurance business (who was insured) relations were 683 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 by 233,086 thousand yen, operating profit, ordinary profit, and quarterly profit before income taxes increased 22,381 thousand yen, respectively. Please refer to [3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Standards)] on P15.

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 9,827,959 thousand yen (an increase of 72.0% compared with FY2021), and operating profits were 936,119 thousand yen (a decrease of 9.6% compared with 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 ACTG, which acquired in the previous fiscal year also contributed to it.

#### ② Warranty Business

Warranty business’ net sales were 1,446,310 thousand yen (an increase of 15.6% compared with FY2021), and operating profit was 551,027 thousand yen (an increase of 14.3% compared with FY2021). This result might come from the sales expansion of Warranty Extension for Home Appliances.

#### ③ Insurance Business

Insurance business’ net sales were 5,432,295 thousand yen (an increase of 16.1% compared with FY2021), and operating profit was 381,691 thousand yen (an increase of 5.5% compared 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 950,114 thousand yen (a decrease of 28.3% compared with FY2021), and operating losses were 80,990 thousand yen (compared with 25,883 thousand yen of operating profit for the FY2021), according to a decrease in attracting customers. As disclosed on October 3, 2022, the business will be transferred to our affiliate Aqualine Ltd. (hereinafter called “Aqualine”) effective November 30, following a corporate separation.

### (2) Explanation of Financial Position

#### (Current Assets)

Current assets increased 927,906 thousand yen from the end of the previous fiscal year to 16,327,593 thousand yen mainly due to an increase of 2,541,792 thousand yen in cash & deposits, and a decrease of 856,565 thousand yen in accounts receivable-other.

#### (Non-current Assets)

Non-current assets decreased 1,266,870 thousand yen from the end of the previous fiscal year to 11,124,854 thousand yen mainly due to a decrease of 1,200,715 thousand yen in investment securities.

#### (Deferred Assets)

Deferred assets increased 47,932 thousand yen from the end of the previous fiscal year to 432,376 thousand yen mainly due to an increase of 50,492 thousand yen in deferred assets under article 113 of Insurance Business Act.

#### (Current Liabilities)

Current liabilities decreased 78,615 thousand yen from the end of the previous fiscal year to 7,440,879 thousand yen mainly due to an increase of 366,041 thousand yen in unearned revenue and 265,106 thousand yen in policy reserve, and decrease of 750,000 thousand yen in short-term borrowings.

(Non-current Liabilities)

Non-current liabilities increased 653,469 thousand yen from the end of the previous fiscal year to 9,641,039 thousand yen mainly due to a decrease of 230,000 thousand yen in Bonds payable and an increase of 943,699 thousand yen in unearned revenue - long-term.

(Net Assets)

Net assets decreased 865,884 thousand yen from the end of the previous fiscal year to 10,802,905 thousand yen mainly due to an increase of 589,424 thousand yen in non-controlling interests and a decrease of 896,808 thousand yen in Valuation difference on available-for-sale securities and 576,341 thousand yen in retained earnings.

(3) Explanation of Cash Flow

At the fiscal year ended September 30, 2022, cash and cash equivalents (hereinafter called “cash”) were 13,570,056 thousand yen (an increase of 23.6% compared with FY2021).

The status of cash flow is as follows:

(Cash Flow from Operating Activities)

Cash from operating activities was 2,407,133 thousand yen (an increase of 45.5% compared with FY2021) mainly due to record 947,244 thousand yen in net profit before tax adjustment and an increase of 747,611 thousand yen in long-term unearned revenue.

(Cash Flow from Investing Activities)

Cash from investing activities was 1,051,852 thousand yen (a decrease of 0.9% compared with FY2021) mainly due to 1,291,471 thousand yen in proceeds from sales of investment securities.

(Cash Flow from Financing Activities)

Cash used in financing activities was 864,194 thousand yen (an increase of 620.1% compared with FY2021) mainly due to a decrease of 750,000 thousand yen in short-term borrowing payable, 572,119 thousand yen of cash dividends paid, 484,729 thousand yen of purchase of treasury stock, and an increase of 825,754 thousand yen from sales of investments in subsidiaries not involving a change in the scope of consolidation.

<Change of Cash Flow related indicators>

	FY2018	FY2019	FY2020	FY2021	FY2022
Shareholders' Equity Ratio (%)	40.6	42.1	35.8	40.2	35.4
Market Value Based Shareholders' Equity Ratio (%)	261.4	179.3	152.4	152.0	89.1
Interest Bearing Debt to Cash Flow Ratio (years)	0.3	1.0	1.3	2.4	1.2
Interest Coverage Ratio (x)	1,703.0	411.8	146.0	83.2	87.8

Notes:

Shareholders' Equity Ratio = Shareholders' Equity/Total Assets

Market Value Based Shareholders' Equity Ratio = Market Capitalization/Total Assets

Interest Bearing Debt to Cash Flow Ratio = Interest Bearing Debt/Cash Flow

Interest Coverage Ratio = Cash Flow/Interest Paid

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

Based on “we help people in need”, our group has made a significant strengthening of existing business and started to establish new business through our service which is appreciated by our customers.

With the expansion of market share due to mergers and acquisitions (hereinafter called “M&A”), our sales and profits will rapidly increase not only according to our existing business, such as our service of the collective house, but also our new partners under the partnership strategy.

For our membership business, we will accelerate our expansion of partners possibly having the detached housing market approach, which could be our new sales partner dealing with daily trouble.

For our warranty business, provided by Japan Warranty Support Co., Ltd (hereinafter called “JWS”), could be expected to acquire more members from the home center and home electronic retailer under the expansion of house renovation market. The newly-built market also could be expected through our house maker sales partners.

For our insurance business, the number of members insured was increased stably with our home contents insurance provided by Japan Small Amount And Short Term Insurance Co., Ltd (hereinafter called “JSASTI”). Furthermore, we also develop and sell the new productions which almost all insurance companies in Japan provide single productions only. And it could let us become one of the best insurance companies for developing new productions in Japan. Especially for Rescue Insurance Co., Ltd (hereinafter called “RI”), we caught the most prominent project which is not existed in the past years, through group contract that can acquire insured person more effectively than before.

For our emergency business, we will transfer the business to our equity-method affiliate Aqualine, an equity-method affiliate of our group, effective November 30. By mutually leveraging the strengths within our group, we will work to restore its profitability.

According to the above results, we forecast fiscal year ending September 30, 2023 net sales of 18,300,000 thousand yen (an increase of 2.8% compared with FY 2022), operating profit of 1,650,000 thousand yen (an increase of 13.0% compared with FY 2022), ordinary profit of 1,500,000 thousand yen (an increase of 27.9% compared with FY 2022), net profits attributable to owners of parent of 950,000 thousand yen (an increase of 116.9% compared with FY 2022)

(5) Basic policy concerning dividends and dividends payments for the year under review and coming year

Our group views shareholder returns as one of the most important management priorities and aims to expand earnings and increase dividends for the long term. Our group generally targets a dividend payout ratio of 50%, and the basic policy concerning dividends requires our group shall pay dividends to the shareholders both interim and year-end. The interim dividends distribution should be decided by the board of directors (hereinafter called “BOD”), and the general meeting of shareholders should decide the year-end dividends distribution.

Based on this policy, our group has set 9 yen per share of the year-end dividend, which will be proposed to the BOD on November 21. And our group plans to pay 18 yen per share for a full year (including 9 yen per share of interim dividend) in line with the policy.

For FY 2023, our group plans to pay 9 yen per share of interim dividends and 9 yen per share of year-end dividends.

Following the policy, annual dividends for FY 2022 should be 18 yen per share.

Record date	Total dividends (thousand yen)	Dividend per share (yen)
May 6, 2021 - decision of the BOD	303,055	9
December 22, 2022 - decision of the general meeting of shareholders (forecast)	300,934	9

## 2. Basic Consideration of the selection of accounting standards

Our group uses Japanese generally accepted accounting principles (JGAAP) to facilitate comparisons with other Japanese companies and consolidated financial statements during the fiscal period. And our group will use International Financial Report Standard (IFRS) appropriately by considering the respective international situations.

## 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 September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	11,538,265	14,080,057
Accounts receivable-trade	1,203,932	1,124,269
Merchandise	48,966	2,523
Supplies	10,997	11,860
Prepaid expenses	442,624	500,240
Accounts receivable-other	1,306,505	449,940
Other	864,327	176,927
Allowance for doubtful accounts	(15,931)	(18,226)
Total current assets	15,399,686	16,327,593
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	114,308	105,238
Machinery, equipment and vehicles, net	861	573
Tools, furniture and fixtures, net	51,121	39,349
Lease assets, net	10,422	6,202
Total property, plant and equipment	176,714	151,363
Intangible assets		
Goodwill	1,863,740	1,654,287
Software	298,824	743,724
Software in progress	671,256	42,248
Other	15,997	15,819
Total intangible assets	2,849,819	2,456,080
Investments and other assets		
Investment securities	6,898,808	5,698,093
Deferred tax assets	435,502	656,913
Guarantee deposits	1,073,701	1,037,446
Claims provable in bankruptcy, claims provable in rehabilitation and other	18,996	11,398
Other	1,010,958	1,171,317
Allowance for doubtful accounts	(72,776)	(57,758)
Total investments and other assets	9,365,190	8,517,410
Total non-current assets	12,391,724	11,124,854
Deferred assets		
Bond issue cost	7,797	5,237
Deferred assets under article 113 of Insurance Business Act	376,646	427,139
Total deferred assets	384,443	432,376
Total assets	28,175,855	27,884,824

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

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable	514,649	469,099
Short-term borrowings	1,150,000	400,000
Lease obligations	4,609	4,051
Income taxes payable	309,090	215,999
Provision for bonuses	89,075	86,089
Provision for the future service obligation to members	91,890	—
Outstanding claims	64,200	74,318
Policy reserve	804,438	1,069,544
Unearned revenue	2,698,810	3,064,851
Other	1,792,728	2,056,925
Total current liabilities	7,519,494	7,440,879
Non-current liabilities		
Bonds payable	785,000	555,000
Long-term borrowings	1,209,974	1,270,363
Lease obligations	6,832	2,725
Deferred tax liabilities	272,734	119,598
Assets retirement obligations	100,675	107,496
Long-term unearned revenue	6,567,635	7,511,335
Other	44,718	74,519
Total non-current liabilities	8,987,570	9,641,039
Total liabilities	16,507,064	17,081,918
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	6,813,805	6,946,096
Retained earnings	3,410,051	2,833,709
Treasury stock	(337,933)	(452,383)
Total shareholders' equity	10,666,286	10,107,786
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	658,386	(238,422)
Total accumulated other comprehensive income	658,386	(238,422)
Stock acquisition rights	2,920	2,920
Non-controlling interests	341,198	930,622
Total net assets	11,668,790	10,802,905
Total liabilities and net assets	28,175,855	27,884,824



**(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)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Net sales	13,460,790	17,810,069
Cost of sales	7,703,120	10,262,974
Gross profit	5,757,669	7,547,095
Selling, general and administrative expenses	4,349,308	6,087,124
Operating profit	1,408,360	1,459,970
Non-operating income		
Interest income	7,292	4,651
Dividend income	75,682	73,214
Gain on sales of investment securities	365,356	217,468
Gain on valuation of derivatives	92,728	—
Other	39,858	67,679
Total non-operating income	580,918	363,013
Non-operating expenses		
Interest expenses	16,862	24,516
Redemption on deferred assets under art. 113 of Insurance Business Act	65,685	90,878
Loss on sales of investment securities	99,584	2,461
Equity in losses of affiliates	19,992	174,860
Loss on investments in investment partnership	25,643	4,218
Loss on valuation of derivatives	-	230,986
Provision of allowance for doubtful accounts	78	15
Commission expenses	13,148	84,595
Other	7,719	37,203
Total non-operating expenses	248,716	649,736
Ordinary profit	1,740,562	1,173,247
Extraordinary profits		
Gain on sales of non-current assets	37	552
Gain on retirement of non-current assets	397	3,127
Total extraordinary profits	434	3,679
Extraordinary loss		
Loss on sales of non-current assets	-	223
Loss on retirement of non-current assets	6,942	11,042
Impairment loss	996,658	139,650
Loss on valuation of investment securities	-	24,278
Loss on office closing	-	29,395
Other	-	25,091
Total extraordinary losses	1,003,600	229,681
Profit before income taxes	737,396	947,244
Income taxes - current	551,907	251,291
Income taxes - adjustment	100,291	199,823
Total income taxes	652,198	451,115
Net profit	85,197	496,129
Profit attributable to non-controlling interests	28,444	58,196
Profit attributable to owners of parent	56,753	437,932

**(Consolidated Statements of Comprehensive Income)**

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

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Net profit	85,197	496,129
Other comprehensive income		
Valuation difference on available-for-sale securities	360,903	(892,470)
Share of OCI of entities accounted for using equity method	6,248	(4,338)
Total other comprehensive income	367,151	(896,808)
Comprehensive income	452,349	(400,679)
(Breakdown)		
Comprehensive income attributable to owners of parent	423,905	(458,876)
Comprehensive income attributable to non-controlling interests	28,444	58,196

### (3) Consolidated statements of changes in equity

Fiscal year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance as of October 1, 2020	780,363	4,367,861	3,848,012	(1,695,449)	7,300,787
Changes of items during period					
Dividends surplus			(494,714)		(494,714)
Profit attributable to owners of parents			56,753		56,753
Disposal of treasury stock		3,469		4,541	8,010
Increase by stock exchanges		2,441,924		1,353,523	3,795,448
Other		549		(549)	—
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	2,445,943	(437,960)	1,357,515	3,365,498
Closing balance as of September 30, 2021	780,363	6,813,805	3,410,051	(337,933)	10,666,286

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Opening balance as of October 1, 2020	291,234	291,234	2,930	312,753	7,907,706
Changes of items during period					
Dividends surplus					(494,714)
Profit attributable to owners of parents					56,753
Disposal of treasury stock					8,010
Increase by stock exchanges					3,795,448
Other					—
Net changes of items other than shareholders' equity	367,151	367,151	(10)	28,444	395,585
Total changes of items during the fiscal year	367,151	367,151	(10)	28,444	3,761,084
Closing balance as of September 30, 2021	658,386	658,386	2,920	341,198	11,668,790

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance as of October 1, 2021	780,363	6,813,805	3,410,051	(337,933)	10,666,286
Cumulative effects of changes in accounting policies			(405,783)		(405,783)
Restated balance	780,363	6,813,805	3,004,267	(337,933)	10,260,502
Changes of items during period					
Dividends surplus			(608,490)		(608,490)
Profit attributable to owners of parents			437,932		437,932
Purchase of treasury stock				(482,137)	(482,137)
Disposal of treasury stock		(367,686)		367,686	-
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(18)			(18)
Sales of shares of consolidated subsidiaries		360,420			360,420
Capital increase of consolidated subsidiaries		139,577			139,577
Net changes of items other than shareholders equity					
Total changes of items during the fiscal year	—	132,291	(170,557)	(114,450)	(152,716)
Closing balance as of September 30, 2022	780,363	6,946,096	2,833,709	(452,383)	10,107,786

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Opening balance as of October 1, 2021	658,386	658,386	2,920	341,198	11,668,790
Cumulative effects of changes in accounting policies					(405,783)
Restated balance	658,386	658,386	2,920	341,198	11,263,006
Changes of items during period					
Dividends surplus					(608,490)
Profit attributable to owners of parents					437,932
Purchase of treasury stock					(482,137)
Disposal of treasury stock					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders					(18)
Sales of shares of consolidated subsidiaries					360,420
Capital increase of consolidated subsidiaries					139,577
Net changes of items other than shareholders equity	(896,808)	(896,808)	-	589,424	(307,384)
Total changes of items during the fiscal year	(896,808)	(896,808)	-	589,424	(460,100)
Closing balance as of September 30, 2022	(238,422)	(238,422)	2,920	930,622	10,802,905

#### (4) Consolidated Cash Flow Statement

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

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Cash flow from operating activities		
Profit before income taxes	737,396	947,244
Depreciation and amortization	149,358	301,994
Impairment loss	996,658	139,650
Amortization of goodwill	30,000	209,452
Deferred assets under article 113 of Insurance Business Act	(130,616)	(141,371)
Increase (Decrease) in allowance for doubtful accounts	(423)	(12,723)
Increase (Decrease) in provision for bonuses	(5,537)	(2,986)
Increase (Decrease) in provision for the future service obligation to members	(11,019)	-
Increase (decrease) in policy reserve	81,897	265,106
Interest and dividends income	(82,975)	(77,866)
Interest expenses	16,862	24,516
Equity in losses (earnings) of affiliates	19,992	174,860
Assets retirement obligations	(397)	(3,127)
Loss on sales of non-current assets (Gain)	(37)	(328)
Loss on retirement of non-current assets	6,942	11,042
Loss (Gain) on sales of investment securities	(265,771)	(215,006)
Loss (Gain) on valuation of investment securities	-	24,278
Loss (Gain) on valuation of derivatives	(92,728)	230,986
Loss on office closing	-	29,395
Decrease (Increase) in notes and accounts receivable-trade	(52,595)	79,662
Decrease (Increase) in inventories	21,156	11,549
Decrease (Increase) in notes and accounts receivable-other	23,834	(122,721)
Decrease (Increase) in prepaid expenses	(29,258)	(58,075)
Decrease (Increase) in long-term prepaid expenses	(172,907)	(175,677)
Decrease (Increase) in guarantee deposits	(14,278)	36,267
Decrease (Increase) in claims provable in bankruptcy, claims provable in rehabilitation and other	4,133	7,598
Increase (Decrease) in notes and accounts payable-trade	14,734	(45,550)
Increase (Decrease) in trade and other payables	(60,529)	139,078
Increase (Decrease) in unearned revenue	178,303	(102,028)
Increase (Decrease) in long-term unearned revenue	910,066	747,611
Increase (decrease) in accrued or unpaid consumption tax	(82,870)	299,413
Other	51,937	147,317
Subtotal	2,241,327	2,869,562
Interest and dividends income received	83,048	79,936
Interest expenses paid	(19,897)	(27,408)
Income taxes paid	(649,832)	(514,956)
Cash flow from operating activities	1,654,645	2,407,133

(Values of less than one thousand yen rounded off)

(Thousands of yen)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Cash flow from investment activities		
Payments into fixed deposits	(0)	(500,000)
Proceeds from withdrawal of fixed deposits	1,145,000	553,000
Purchase of property, plant and equipment	(15,733)	(30,243)
Proceeds from sales of property, plant and equipment	62	377
Purchase of intangible assets	(526,682)	(232,575)
Purchase of investment securities	(477,004)	(393,667)
Proceeds from sales of investment securities	756,612	1,291,471
Proceeds from redemption of investment securities	169,565	-
Proceeds from lease deposits and guarantee deposits	—	388,596
Other	9,531	(25,106)
Cash flow from investment activities	1,061,350	1,051,852
Cash flow from financial activities		
Net increase (decrease) in short-term borrowings	950,000	(750,000)
Proceeds from long-term borrowings	-	680,000
Repayment of long-term borrowings	(392,906)	(588,088)
Redemption of bonds	(210,000)	(270,000)
Purchase of treasury stock	-	(484,729)
Proceeds from share issuance to non-controlling shareholders	-	299,652
Cash dividends paid	(470,957)	(572,119)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	825,754
Other	3,852	(4,664)
Cash flow from financial activities	(120,011)	(864,194)
Net increase (decrease) in cash and cash equivalents	2,595,984	2,594,792
Cash and cash equivalents at beginning of period	7,115,637	10,975,264
Net increase (decrease) in cash and cash equivalents	1,263,641	-
Cash and cash equivalents at end of period	10,975,264	13,570,056

## (5) Notes to Consolidated Financial Statement

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Accounting Standards)

(the Application of Accounting Standard for Revenue Recognition)

Our group started to apply the accounting standard for revenue recognition (hereinafter “revenue recognition”) from the beginning of this fiscal year. 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.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year by applying the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, our group has applied the method prescribed in Paragraph 86 (1) of the Accounting Standard for Revenue Recognition to account for contract modifications made prior to the beginning of the current fiscal year based on the contract terms after reflecting all contract modifications, and the cumulative effect of such modifications has been added to or subtracted from retained earnings at the beginning of the current fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation.

As a result, net sales increased 233,086 thousand yen, cost of sales increased 5,241 thousand yen, selling & general & administrative expenses increased 205,463 thousand yen, operating profit, ordinary profit, and quarterly profit before income taxes decreased 22,381 thousand yen, respectively. And capital surplus decreased 405,783 thousand yen.

The impact on per share information is stated in the relevant section.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, information disaggregating revenue from contracts with customers for the previous fiscal year is not presented.

(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, our group 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.

(Changes in Presentation of Financial Statements)

(Consolidated Cash Flow Statement)

Increase (decrease) in policy reserve and Increase (decrease) in accrued or unpaid consumption tax, which were included in "Other" under "Net cash from (used in) operating activities" in the previous fiscal year, are separately presented in the current fiscal year due to their increased importance in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 50,964 thousand yen presented as "Other" in "Cash flows from operating activities" in the consolidated statements of cash flows for the previous consolidated fiscal year has been reclassified as "Increase (decrease) in policy reserve" of 81,897 thousand yen, "Increase (decrease) in accrued or unpaid consumption tax" of (82,870 thousand) yen, and "Other" of 51,937

(Additional Information)

We forecast the unclear situation under the COVID-19 pandemic will be continued, but there is less impact on our group. Based on the assumption of no material effort from the COVID-19 pandemic coming fiscal year, we estimate the impairment of non-current assets and the differed tax assets could be recovered in accounting consideration.

Every estimation and judgment is according to present information, and we cannot guarantee or promise that the COVID-19 pandemic does not affect our operating results and financial position because of many uncertain factors.

(Segment Information)

I. Explanation of reportable segment

The reportable segment reportable segments are components of our group for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate operating results, and consist of the membership business, warranty business, insurance business, and emergency business. The Group also includes consolidated subsidiaries, ACTG engaged in their own membership business, engaged in warranty business and JSASIT & RI engaged in insurance business.

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.

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.

II. Reportable Segment amount of net sales, net profit/loss, assets, liabilities should calculate as the same accounting basis of consolidated financial statements. Furthermore, the reportable segment amount of net profit should be the operating profit and internal transfers, and the adjusted amount should base on market value.

(Application of accounting standard for revenue recognition)

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

Compared to the previous fiscal year, net sales of membership business increased 233,086 thousand yen, and segment profit increased 22,381 thousand yen.

(Change in method for inventory valuation)

As described in (change in accounting standards), our group 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.

III. Information on Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reportable Segment and Breakdowns of Revenue  
(from October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Reportable segment						Other Business (Note 1)	Adjusted Amount (Note 2,3,4,5,6)	Amount of Income Statement (Note 7)
	Membership Business	Warranty Business	Insurance Business	Emergency Business	Life & Technology Business	Total Amount			
Net sales									
Net sales - external	5,712,391	1,251,472	4,665,956	1,325,592	230,588	13,186,001	274,788	—	13,460,790
Net sales(transfers) -internal	2,821	—	11,494	—	—	14,315	—	(14,315)	—
Total Amount	5,715,212	1,251,472	4,677,450	1,325,592	230,588	13,200,316	274,788	(14,315)	13,460,790
Net profits/losses	1,035,411	481,920	361,683	(25,883)	(222,789)	1,630,343	54,819	(276,802)	1,408,360
Assets	5,640,483	8,437,245	3,144,145	374,361	56,311	17,652,547	—	10,523,307	28,175,855
Other items									
Depreciation & amortization	79,810	10,927	12,673	41,007	4,617	149,037	—	321	149,358
Amortization of goodwill	—	—	—	30,000	—	30,000	—	—	30,000
Impairment loss	995,488	—	1,169	—	—	996,658	—	—	996,658
The amount of investment in associates accounted for by the equity method	—	—	—	—	—	—	—	268,591	268,591
Increase of PPE & intangible assets	2,297,361	36,001	11,155	28,511	625	2,373,655	—	411,498	2,785,154

(Note)

1. The [Other Business] included prevention for the spread and contraction of COVID-19 business that is not included in reportable segments.
2. Adjusted amount of net profit/(losses) (276,802) thousand yen include 7,473 thousand yen write-off by internal transaction, and corporate expenses (284,275) 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.
3. Adjusted amount of assets 10,523,307 thousand yen include (309,909) thousand yen write-off by internal transaction, and the company-wide assets 10,833,216 thousand yen are not allocated to the reportable segment. The company-wide assets almost not attributable to the reportable segment.
4. Adjusted amount of depreciation and amortization 321 thousand yen is corporate expenses that are not allocated to reportable segment.
5. Adjusted amount of investment in associates accounted for by the equity method is 268,591 thousand yen, which is not attributable to the reportable segments.
6. Adjusted amount of increase of PPE and intangible assets 411,498 thousand yen is capital investment amount.
7. Segment net profit/losses amount are adjusted to be consistent with operating profit in the quarterly consolidated income statement.



(from October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Reportable segment					Other Business (Note 1)	Adjusted Amount (Note 2,3,4,5,6)	Amount of Income Statement (Note 7)
	Membership Business	Warranty Business	Insurance Business	Emergency Business	Total Amount			
Net sales the promised goods or services are transferred to the customer – overtime	8,183,433	1,233,517	—	—	9,416,951	1,811	—	9,418,762
Net sales the promised goods or services are transferred to the customer – point-in-time	1,638,430	212,792	—	949,400	2,800,622	162,200	—	2,962,823
income from contracts with customers	9,821,863	1,446,310	—	949,400	12,217,574	164,011	—	12,381,586
Other profits (Note 8)	—	—	5,428,483	—	5,428,483	—	—	5,428,483
Net sales - external	9,821,863	1,446,310	5,428,483	949,400	17,646,057	164,011	—	17,810,069
Net sales(transfers) -internal	6,096	—	3,811	714	10,622	—	(10,622)	—
Total Amount	9,827,959	1,446,310	5,432,295	950,114	17,656,680	164,011	(10,622)	17,810,069
Net profits/losses	936,119	551,027	381,691	(80,990)	1,787,848	(20,972)	(306,904)	1,459,970
Assets	4,992,928	9,857,271	2,469,060	166,328	17,665,589	20,948	10,198,286	27,884,824
Other items								
Depreciation & amortization	205,061	15,913	11,299	57,562	289,837	3,538	8,618	301,994
Amortization of goodwill	184,452	—	—	25,000	209,452	—	—	209,452
Impairment loss	137,567	—	2,083	—	139,650	—	—	139,650
The amount of investment in associates accounted for by the equity method	—	—	—	—	—	—	398,371	398,371
Increase of PPE & intangible assets	128,544	38,506	6,645	6,219	179,914	9,573	43,490	232,978

(Note)

1. The [Other Business] included prevention for the spread and contraction of COVID-19 business that is not included in reportable segments.
2. Adjusted amount of net profit/(losses) (306,904) thousand yen include 6,422 thousand yen write-off by internal transaction, and corporate expenses (313,327) 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.
3. Adjusted amount of assets 10,198,286 thousand yen include (5,884) thousand yen write-off by internal transaction, and the company-wide assets 10,204,170 thousand yen are not allocated to the reportable segment. The company-wide assets almost not attributable to the reportable segment.
4. Adjusted amount of depreciation and amortization 8,618 thousand yen is corporate expenses that are not allocated to reportable segment.
5. Adjusted amount of investment in associates accounted for by the equity method is 398,371 thousand yen, which is not attributable to the reportable segments.
6. Adjusted amount of increase of PPE and intangible assets 43,490 thousand yen is capital investment amount.
7. Segment net profit/(losses) amount are adjusted to be consistent with operating profit in the quarterly consolidated income statement.
8. Other profits include the revenue from insurance contracts defined by Insurance Act (Act No. 56, June 6, 2008).

## (Per Share Information)

	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
	yen	yen
Net assets per share	333.70	295.16
Earnings per share	1.83	13.00
Diluted earnings per share	1.83	12.75

(Note)

1. As mentioned on (Changes in Accounting Standards), our group applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others, and followed the transitional treatment stipulated in the proviso of Paragraph 84 of the "Accounting Standard for Revenue Recognition". The effect of this change on net assets per share, net income per share, and diluted net income per share for the current fiscal year is immaterial.

2. The basis for calculation of basic EPS and diluted EPS is as follows.

items	For the fiscal year ended September 30,2021	For the fiscal year ended September 30,2022
Earnings per share		
Net profit attributable to owners of parent (thousand yen)	56,753	437,932
Amount not attributable to ordinary shareholders (thousand yen))	—	—
Net profit attributable to owners of parent (common stock)	56,753	437,932
Average numbers of stock during the period	30,928,775	33,679,529
Diluted earnings per share		
Adjusted amount of net profit attributable to owners of parent (thousand yen)	—	(7,622)
adjustment due to latent shares issued by subsidiaries	—	(7,622)
Increase of common stock	97,285	80,411
stock acquisition rights included	97,285	80,411
Summary of potential shares not included in the calculation of diluted net income per share due to the absence of dilutive effects	(Consolidated subsidiaries) Japan Warranty Support Co., Ltd. (formerly JBR Anshin Warranty Co., Ltd.) Number of 1 <sup>st</sup> stock acquisition right (2,000 Common stocks) Number of 2 <sup>nd</sup> stock acquisition right (600 Common stocks)	

## (Significant Subsequent Events)

(Merger of subsidiaries)

Our Board of Directors, at a meeting held on April 25, 2022, approved a resolution to merge our wholly owned subsidiaries, ACTG, and entered into a merger agreement as of the same date. Based on this agreement, effective October 1, 2022, our company merged with ACTG.

## 1. Outline of the merger

## (1) Name and business of the combined entity

	Company name	Business description
Surviving company	Japan Best Rescue System Co., Ltd.	Emergency business, Membership business, etc.
Dissolved company	ACTCALL Inc.	Comprehensive outsourcing business relating to housing life
	TSUNAGU CO.	Operation of call center

## (2) Date of the merger

October 1, 2022

## (3) Legal form of the merger

Absorption-type merger, with our company as the surviving company and ACTG as the dissolving companies

## (4) Name of company after the merger

Japan Best Rescue System Co., Ltd.

## (5) Other Matters Related to the Outline of Transactions

On September 30, 2021, our company acquired ACTG, which was a competitor in the same industry, as a wholly owned subsidiary. The number of members held by the entire group has increased to over 3.3 million, and our company has expanded its market share. The three companies worked together to improve profitability and operational quality, and as their performance improved steadily, we decided that the three companies in the same business would become more competitive in terms of service and efficiency and contribute to medium- to long-term business growth by becoming a single entity. The decision was made to merge ACTG in an absorption-type merger.

## 2. Outline of accounting treatment

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the transaction will be accounted for as a transaction under common control.

Our company resolved at the Board of Directors meeting to transfer our Emergency business to Aqualine in the form of a partial stock transfer after we split and succeed Emergency business to our newly established subsidiary, Emergency Business Split Preparation Co., Ltd. (hereinafter called “Successor company”). Through the Transfer, 51% of company shares of the Successor company shall be transferred to Aqualine.

(1) Purpose of the transaction

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 our company 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 our 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.

① Name of the company demerged	Emergency Business Split Preparation Co., Ltd.
② Name of the company receiving stock transfer	Aqualine Ltd.

③ Items and amounts of assets and liabilities to be split (as of September 30, 2022)

Assets	
Item	Book value
Current assets	JPY 136 million
Non-current assets	JPY 90 million
Total of the assets	JPY 226 million

Emergency business segment

① Absorption-type demerger	Absorption-type split (simple and short-form absorption-type split) in which our company will be the splitting company and Emergency Business Split Preparation Co., Ltd will be the successor company
② Stock transfer	Business transfers for which the consideration to be received is cash or other property only

(Repurchase of treasury stock)

The purpose is to further improve shareholder returns and capital efficiency and to implement a flexible capital policy in response to changes in the business environment by adding to the share repurchase program approved at the Board of Directors meeting held on September 26, 2022.

(1) Class of shares repurchased	Common stocks
(2) Number of shares repurchased	700,000 shares (upper limit) *1
	Ratio to the total number of shares issued (excluding treasury shares): 2.09%
(3) Aggregate repurchase amount	JPY 525,000,000 (upper limit) *1
(4) Repurchase period	November 7, 2022 to September 26, 2023
(5) Method of repurchase	Market purchase based on discretionary contract

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