

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2023 (Based on Japanese GAAP)

May 11, 2023

Company name: Japan Best Rescue System Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 2453 URL <https://www.jbr.co.jp/>
 Representative: Representative Director Nobuhiro Sakakibara
 Inquiries: Director, Executive Officer Mitsuhiro Wakatsuki TEL 052-212-9908
 Scheduled date to file Quarterly Securities Report: May 11, 2023
 Scheduled date to commence dividend payments: June 12, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2023	9,208	4.6	725	(1.7)	718	3.3	322	(37.8)
Six months ended March 31, 2022	8,806	32.7	738	9.8	695	(14.6)	518	(4.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2023	9.80	9.29
Six months ended March 31, 2022	15.30	15.24

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	28,201	10,419	32.7
As of September 30, 2022	27,884	10,802	35.4

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
Year ended September 30, 2022	—	9.00	—	9.00	18.00
Year ending September 30, 2023	—	9.00			
Year ending September 30, 2023 (Forecast)			—	9.00	18.00

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

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	18,300	2.8	1,650	13.0	1,500	27.9	950	116.9	28.71

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (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: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of March 31, 2023	34,127,177 shares	As of September 30, 2022	34,127,177 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,329,229 shares	As of September 30, 2022	690,002 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2023	32,957,563 shares	Six months ended March 31, 2022	33,892,928 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	14,080,057	14,454,972
Accounts receivable - trade	1,124,269	1,140,101
Merchandise	2,523	2,027
Supplies	11,860	11,746
Other	1,127,108	1,057,485
Allowance for doubtful accounts	(18,226)	(14,957)
Total current assets	16,327,593	16,651,375
Non-current assets		
Property, plant and equipment	151,363	131,780
Intangible assets		
Goodwill	1,654,287	1,562,061
Other	801,792	678,553
Total intangible assets	2,456,080	2,240,615
Investments and other assets		
Investment securities	5,698,093	5,887,218
Other	2,877,075	2,887,985
Allowance for doubtful accounts	(57,758)	(38,370)
Total investments and other assets	8,517,410	8,736,833
Total non-current assets	11,124,854	11,109,229
Deferred assets	432,376	440,687
Total assets	27,884,824	28,201,291
Liabilities		
Current liabilities		
Accounts payable - trade	469,099	488,828
Short-term borrowings	400,000	800,000
Income taxes payable	215,999	136,288
Provision for bonuses	86,089	75,172
Outstanding claims	74,318	96,351
Policy reserve	1,069,544	1,232,066
Unearned revenue	3,064,851	3,067,376
Other	2,060,976	2,066,576
Total current liabilities	7,440,879	7,962,660
Non-current liabilities		
Bonds payable	555,000	450,000
Long-term borrowings	1,270,363	1,355,486
Asset retirement obligations	107,496	105,400
Long-term unearned revenue	7,511,335	7,713,778
Other	196,844	194,288
Total non-current liabilities	9,641,039	9,818,953
Total liabilities	17,081,918	17,781,614

	(Thousands of yen)	
	As of September 30, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	780,363	780,363
Capital surplus	6,946,096	6,944,647
Retained earnings	2,833,709	2,855,601
Treasury shares	(452,383)	(977,359)
Total shareholders' equity	10,107,786	9,603,252
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(238,422)	(373,782)
Total accumulated other comprehensive income	(238,422)	(373,782)
Share acquisition rights	2,920	4,671
Non-controlling interests	930,622	1,185,536
Total net assets	10,802,905	10,419,676
Total liabilities and net assets	27,884,824	28,201,291

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	8,806,732	9,208,579
Cost of sales	5,417,523	5,918,006
Gross profit	3,389,209	3,290,573
Selling, general and administrative expenses	2,651,069	2,564,861
Operating profit	738,140	725,712
Non-operating income		
Interest income	2,588	3,142
Dividend income	19,823	20,469
Gain on sale of investment securities	110,264	78,291
Other	35,916	23,504
Total non-operating income	168,593	125,407
Non-operating expenses		
Interest expenses	12,554	8,175
Amortization of deferred assets under article 113 of Insurance Business Law	39,305	51,572
Loss on sale of investment securities	513	7
Share of loss of entities accounted for using equity method	18,205	58,503
Loss on valuation of derivatives	108,539	—
Commission expenses	9,434	4,624
Other	22,276	9,362
Total non-operating expenses	210,829	132,246
Ordinary profit	695,904	718,873
Extraordinary income		
Gain on sale of non-current assets	504	13
Gain on reversal of asset retirement obligations	3,127	—
Total extraordinary income	3,632	13
Extraordinary losses		
Loss on sale of non-current assets	195	—
Loss on retirement of non-current assets	7,820	4,718
Impairment losses	2,083	—
Loss on valuation of investment securities	—	13,173
Loss on sale of shares of subsidiaries	—	6,497
Other	552	—
Total extraordinary losses	10,652	24,389
Profit before income taxes	688,884	694,497
Income taxes - current	184,986	136,128
Income taxes - deferred	(32,587)	142,677
Total income taxes	152,398	278,806
Profit	536,485	415,691
Profit attributable to non-controlling interests	17,865	92,865
Profit attributable to owners of parent	518,619	322,825

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Profit	536,485	415,691
Other comprehensive income		
Valuation difference on available-for-sale securities	(552,928)	(132,032)
Share of other comprehensive income of entities accounted for using equity method	(3,939)	(3,328)
Total other comprehensive income	(556,868)	(135,360)
Comprehensive income	(20,382)	280,331
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(38,248)	196,095
Comprehensive income attributable to non-controlling interests	17,865	84,235

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	688,884	694,497
Depreciation	147,416	141,353
Impairment losses	2,083	—
Amortization of goodwill	107,226	92,226
Deferred expenses under article 113 of Insurance Business Act	(47,018)	(60,813)
Increase (decrease) in allowance for doubtful accounts	(6,782)	(14,151)
Increase (decrease) in provision for bonuses	(10,278)	(10,916)
Interest and dividend income	(22,412)	(23,612)
Interest expenses	12,554	8,175
Share of loss (profit) of entities accounted for using equity method	18,205	58,503
Asset retirement obligation	(3,127)	—
Loss (gain) on sale of non-current assets	(309)	(13)
Loss on retirement of non-current assets	7,820	4,718
Loss (gain) on sale of investment securities	(109,751)	(78,284)
Loss (gain) on valuation of investment securities	—	13,173
Loss (gain) on sale of shares of subsidiaries	—	6,497
Loss (gain) on valuation of derivatives	108,539	—
Decrease (increase) in trade receivables	(36,781)	(15,831)
Decrease (increase) in inventories	4,573	(331)
Decrease (increase) in prepaid expenses	1,265	24,924
Decrease (increase) in accounts receivable - other	(174,346)	(186,904)
Decrease (increase) in guarantee deposits	1,341	(25,986)
Decrease (increase) in distressed receivables	580	874
Increase (decrease) in trade payables	(16,726)	19,728
Increase (decrease) in accounts payable - other	278,196	218,916
Increase (decrease) in unearned revenue	(77,862)	2,524
Increase (decrease) in long-term unearned revenue	139,633	202,443
Other, net	(61,753)	(17,422)
Subtotal	951,173	1,054,290
Interest and dividends received	22,739	22,771
Interest paid	(13,338)	(9,352)
Income taxes paid	(263,960)	(217,200)
Income taxes refund	—	64,781
Net cash provided by (used in) operating activities	696,613	915,291

	(Thousands of yen)	
	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(500,000)	(500,000)
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of property, plant and equipment	(20,023)	(8,941)
Proceeds from sale of property, plant and equipment	14	13
Purchase of intangible assets	(150,104)	(42,825)
Purchase of investment securities	(287,226)	(405,598)
Proceeds from sale of investment securities	1,147,562	130,107
Loan advances	–	(1,933)
Proceeds from collection of loans receivable	15,071	5,724
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	100,000
Other, net	(4,033)	(3,102)
Net cash provided by (used in) investing activities	701,259	(226,557)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	350,000	400,000
Proceeds from long-term borrowings	200,000	900,000
Repayments of long-term borrowings	(267,330)	(840,820)
Redemption of bonds	(135,000)	(115,000)
Purchase of treasury shares	(259,401)	(528,144)
Proceeds from share issuance to non-controlling shareholders	153,300	151,155
Proceeds from issuance of share acquisition rights	–	2,698
Dividends paid	(287,608)	(281,627)
Other, net	(2,311)	(2,080)
Net cash provided by (used in) financing activities	(248,351)	(313,819)
Net increase (decrease) in cash and cash equivalents	1,149,522	374,914
Cash and cash equivalents at beginning of period	10,975,264	13,570,056
Cash and cash equivalents at end of period	12,124,786	13,944,971