Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2020 (Based on Japanese GAAP)

November 6, 2020

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 052-212-9908
Scheduled date of ordinary general meeting of shareholders:		December 17, 2020	
Scheduled date to file Securities Report:		December 18, 2020	
Scheduled date to commence dividend payments:		December 18, 2020	
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 year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners or parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2020	12,057	0.4	1,367	(16.5)	1,798	(8.6)	997	(39.2)
Year ended September 30, 2019	12,010	2.1	1,638	14.5	1,967	19.7	1,639	37.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2020	31.82	31.73	12.9	9.0	11.3
Year ended September 30, 2019	51.81	51.35	23.5	11.7	13.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	21,204	7,907	35.8	245.54
As of September 30, 2019	18,761	8,104	42.1	246.94

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2020	2,191	(2,981)	(165)	7,115
Year ended September 30, 2019	1,659	(3,167)	1,822	8,071

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2019	—	7.00	—	8.00	15.00	475	29.0	6.8
Year ended September 30, 2020	—	8.00	—	8.00	16.00	494	50.3	6.5
Year ending September 30, 2021 (Forecast)	—	8.00	—	8.00	16.00		45.0	

3. Forecast of consolidated financial results for the year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

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
Six months ending March 31, 2021	6,900	15.1	760	16.8	780	17.1	500	92.0	16.17
Full year	14,500	20.3	1,650	20.6	1,700	(5.5)	1,100	10.3	35.58

4.Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2020	34,688,000 shares	As of September 30, 2019	34,688,000 shares

Number of treasury shares at the end of the period

As of September 30, 2020	3,768,341 shares	As of September 30, 2019	2,708,341 shares

Average number of shares during the period

Year ended September 30, 2020	31,341,553 shares	Year ended September 30, 2019	31,647,136 shares

Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	8,271,395	8,770,637
Accounts receivable - trade	778,997	724,391
Merchandise	69,639	65,402
Supplies	14,354	15,668
Prepaid expenses	367,930	336,537
Other	576,263	1,002,236
Allowance for doubtful accounts	(3,929)	(17,501)
Total current assets	10,074,651	10,897,372
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	91,202	81,724
Machinery, equipment and vehicles, net	1,935	1,291
Tools, furniture and fixtures, net	54,467	60,657
Land	7,460	－
Leased assets, net	7,602	13,485
Total property, plant and equipment	162,668	157,158
Intangible assets		
Goodwill	94,282	55,000
Software	283,655	256,393
Software in progress	29,727	150,951
Other	16,812	16,260
Total intangible assets	424,477	478,605
Investments and other assets		
Investment securities	6,083,951	7,559,720
Deferred tax assets	311,119	136,897
Guarantee deposits	895,654	902,721
Claims provable in bankruptcy, claims provable in rehabilitation and other	116,602	22,496
Other	598,820	781,037
Allowance for doubtful accounts	(116,747)	(51,336)
Total investments and other assets	7,889,400	9,351,537
Total non-current assets	8,476,546	9,987,301
Deferred assets		
Bond issuance cost	9,246	7,805
Deferred assets under article 113 of Insurance Business Act	201,296	311,714
Total deferred assets	210,543	319,520
Total assets	18,761,740	21,204,194

(Thousands of yen)

	As of September 30, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	338,711	358,300
Short-term borrowings	300,000	－
Lease obligations	2,019	4,107
Income taxes payable	212,863	406,852
Provision for bonuses	55,774	67,822
Provision for the future service obligation to members	129,571	102,909
Outstanding claims	52,447	61,247
Policy reserve	719,388	722,540
Unearned revenue	1,824,627	1,982,660
Other	790,115	1,377,063
Total current liabilities	4,425,519	5,083,504
Non-current liabilities		
Bonds payable	1,185,000	975,000
Long-term borrowings	―	1,382,824
Lease obligations	6,205	10,625
Deferred tax liabilities	56,362	87,280
Asset retirement obligations	58,841	60,310
Long-term unearned revenue	4,885,490	5,657,569
Other	39,708	39,374
Total non-current liabilities	6,231,608	8,212,983
Total liabilities	10,657,128	13,296,488
Net assets		
Shareholders' equity		
Capital stock	780,363	780,363
Capital surplus	4,458,135	4,367,861
Retained earnings	3,353,827	3,848,012
Treasury shares	(830,553)	(1,695,449)
Total shareholders' equity	7,761,772	7,300,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135,239	291,234
Total accumulated other comprehensive income	135,239	291,234
Share acquisition rights	15,662	2,930
Non-controlling interests	191,937	312,753
Total net assets	8,104,612	7,907,706
Total liabilities and net assets	18,761,740	21,204,194

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Net sales	12,010,575	12,057,491
Cost of sales	6,418,413	6,429,769
Gross profit	5,592,161	5,627,722
Selling, general and administrative expenses	3,954,103	4,259,875
Operating profit	1,638,058	1,367,847
Non-operating income		
Interest income	323	1,325
Dividend income	31,141	63,423
Gain on sales of investment securities	351,862	311,827
Gain on valuation of derivatives	—	96,812
Other	19,577	45,635
Total non-operating income	402,903	519,024
Non-operating expenses		
Interest expenses	1,640	10,125
Amortization of deferred assets under article 113 of Insurance Business Act	—	26,379
Loss on sales of investment securities	4,290	4,028
Equity in losses of affiliates	—	8,470
Loss on investments in partnership	5,365	4,151
Provision of allowance for doubtful accounts	9,903	1,081
Commission expenses	44,267	21,150
Other	7,603	12,695
Total non-operating expenses	73,070	88,084
Ordinary profit	1,967,891	1,798,787
Extraordinary income		
Gain on sales of non-current assets	18	2,566
Gain on sales of investment securities	—	2,637
Assets retirement obligation	4,614	—
Total extraordinary income	4,633	5,204
Extraordinary losses		
Loss on sales of non-current assets	—	2,008
Loss on retirement of non-current assets	12,980	3,280
Loss on valuation of investment securities	148,526	92,387
Loss on cancellation of leases	—	44,480
Other	7,770	9,748
Total extraordinary losses	169,278	151,904
Profit before income taxes	1,803,246	1,652,087
Income taxes - current	303,810	468,703
Income taxes - deferred	(132,162)	156,880
Total income taxes	171,647	625,583
Profit	1,631,598	1,026,503
Loss attributable to non-controlling interests	(8,122)	29,124
Profit attributable to owners of parent	1,639,720	997,379

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Profit	1,631,598	1,026,503
Other comprehensive income		
Valuation difference on available-for-sale securities	(391,351)	155,994
Total other comprehensive income	(391,351)	155,994
Comprehensive income	1,240,247	1,182,498
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,248,369	1,153,374
Comprehensive income attributable to non-controlling interests	(8,122)	29,124

Consolidated statements of changes in equity

Fiscal year ended September 30, 2019

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	780,363	3,627,749	2,153,071	(1,046,176)	5,515,007
Changes of items during period					
Dividends of surplus			(438,964)		(438,964)
Profit attributable to owners of parent			1,639,720		1,639,720
Purchase of treasury shares				(63)	(63)
Disposal of treasury shares		830,445		215,686	1,046,132
Capital increase of consolidated subsidiaries		(60)			(60)
Net changes of items other than shareholder's equity					
Total changes of items during period	—	830,385	1,200,755	215,623	2,246,765
Balance at end of current period	780,363	4,458,135	3,353,827	(830,553)	7,761,772

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	526,590	526,590	700	—	6,042,297
Changes of items during period					
Dividends of surplus					(438,964)
Profit attributable to owners of parent					1,639,720
Purchase of treasury shares					(63)
Disposal of treasury shares					1,046,132
Capital increase of consolidated subsidiaries					(60)
Net changes of items other than shareholders' equity	(391,351)	(391,351)	14,962	191,937	(184,450)
Total changes of items during period	(391,351)	(391,351)	14,962	191,937	2,062,314
Balance at end of current period	135,239	135,239	15,662	191,937	8,104,612

Fiscal year ended September 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	780,363	4,458,135	3,353,827	(830,553)	7,761,772
Changes of items during period					
Dividends of surplus			(503,194)		(503,194)
Profit attributable to owners of parent			997,379		997,379
Purchase of treasury shares				(863,271)	(863,271)
Disposal of treasury shares		(91,691)			(91,691)
Capital increase of consolidated subsidiaries		1,418		(1,624)	(206)
Net changes of items other than shareholder's equity					
Total changes of items during period	―	(90,273)	494,184	(864,895)	(460,984)
Balance at end of current period	780,363	4,367,861	3,848,012	△1,695,449	7,300,787

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	135,239	135,239	15,662	191,937	8,104,612
Changes of items during period					
Dividends of surplus					(503,194)
Profit attributable to owners of parent					997,379
Purchase of treasury shares					(863,271)
Disposal of treasury shares					(91,691)
Capital increase of consolidated subsidiaries					(206)
Net changes of items other than shareholders' equity	155,994	155,994	(12,732)	120,816	264,078
Total changes of items during period	155,994	155,994	(12,732)	120,816	(196,906)
Balance at end of current period	291,234	291,234	2,930	312,753	7,907,706

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,803,246	1,652,087
Depreciation	121,243	146,197
Amortization of goodwill	53,380	39,282
Deferred expenses under article 113 of Insurance Business Act	(201,296)	(136,798)
Increase (decrease) in allowance for doubtful accounts	(1,374,170)	(51,839)
Increase (decrease) in provision for bonuses	53,688	12,047
Increase (decrease) in provision for the future service obligation to members	(24,390)	(26,662)
Interest and dividend income	(31,464)	(64,749)
Interest expenses	4,124	10,125
Asset retirement obligation	(4,614)	—
Loss (gain) on sales of non-current assets	(18)	(558)
Loss on retirement of non-current assets	12,980	3,280
Loss (gain) on sales of investment securities	(347,572)	(307,798)
Loss (gain) on valuation of investment securities	148,526	92,387
Loss on cancellation of leases	—	(96,812)
Decrease (increase) in notes and accounts receivable - trade	141,274	54,605
Decrease (increase) in inventories	(5,445)	2,923
Decrease (increase) in accounts receivable - other	(211,598)	(75,469)
Decrease (increase) in prepaid expenses	74,653	1,871
Decrease (increase) in long-term prepaid expenses	(520,183)	(193,453)
Decrease (increase) in guarantee deposits	(20,890)	(7,067)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	1,363,667	94,105
Increase (decrease) in notes and accounts payable - trade	(66,638)	19,589
Increase (decrease) in accounts payable - other	(38,486)	74,656
Increase (decrease) in unearned revenue	166,489	158,033
Increase (decrease) in long-term earned revenue	882,442	772,078
Other, net	48,828	62,365
Subtotal	2,027,776	2,234,428
Interest and dividend income received	31,298	64,843
Interest expenses paid	(4,029)	(15,015)
Income taxes paid	(395,953)	(315,507)
Income taxes refund	465	222,738
Net cash provided by (used in) operating activities	1,659,556	2,191,487

(Thousands of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from investing activities		
Payments into time deposits	(200,000)	(1,655,169)
Proceeds from withdrawal of time deposits	—	200,169
Purchase of property, plant and equipment	(29,032)	(65,462)
Proceeds from sales of property, plant and equipment	168	10,199
Purchase of intangible assets	(121,657)	(151,613)
Purchase of investment securities	(4,154,660)	(1,685,005)
Proceeds from sales of investment securities	1,387,672	767,097
Collection of loans receivable	—	(24,331)
Payments for lease and guarantee deposits	—	(501,726)
Payments from collection of leases and guarantee deposits	—	113,130
Other, net	(50,020)	11,381
Net cash provided by (used in) investing activities	(3,167,528)	(2,981,331)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(400,000)	(300,000)
Proceeds from long-term borrowings	—	1,863,000
Payment of long-term borrowings	—	(158,948)
Proceeds from issuance of bonds	1,489,912	—
Redemption of bonds	(105,000)	(210,000)
Purchase of treasury shares	—	(863,271)
Proceeds from share issuance to non-controlling shareholders	200,000	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,042,650	—
Proceeds from issuance of share acquisition rights	18,445	—
Cash dividends paid	(420,448)	(480,028)
Other, net	(2,752)	(16,665)
Net cash provided by (used in) financing activities	1,822,807	(165,913)
Net increase (decrease) in cash and cash equivalents	314,835	(955,757)
Cash and cash equivalents at beginning of period	7,756,559	8,071,395
Cash and cash equivalents at end of period	8,071,395	7,115,637