Investor Presentation

FY 2020/9 4Q Results

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

November 6, 2020
Japan Best Rescue System Co., Ltd.

①Financial Result for FY 2020/9

②Financial Outlook for FY 2021/9

③JBR’s ESG

④TOPICS

⑤Supplementary Materials

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① Financial Result for FY 2020/9

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Summary on Financial Result

Sales	:	The number of members and contracts for Membership and Insurance segments, which are our major business segments, has continued to grow and driven the increase of sales. The impact of sales decline by JPY 518 million from the withdrawal of unprofitable service implemented in May 2019 has calmed itself down and the trend of sale has turned out to increase in the 4Q.
Operating Profit	:	Due to upfront cost for commencing Life & Technology business and establishing casualty insurance company, we posted a deficit of JPY 315 million.
Ordinary Profit	:	We posted gain on sales of marketable securities the same as the previous fiscal year, which has contributed to the increase of ordinary profit. We also booked gain on valuation of derivatives, which is JPY 96 million.
Net Profit	:	The subtraction of corporate tax adjustment due to tax effect occurred in the previous fiscal year by JPY 471 million.

(Unit: JPY million)

	FY2019/9	% of Net sales	FY2020/9	% of Net sales	Movement	
					Change	% change
Net sales	**12,010**	**-**	**12,057**	**-**	**+ 46**	**+ 0.4%**
Cost of sales	6,418	53.4%	6,429	53.3%	+ 11	+ 0.2%
Gross profit	5,592	46.6%	5,627	46.7%	+ 35	+ 0.6%
SG & A	3,954	32.9%	4,259	35.3%	+ 305	+ 7.7%
Operating profit	**1,638**	**13.6%**	**1,367**	**11.3%**	**- 270**	**- 16.5%**
Ordinary profit	1,967	16.4%	1,798	14.9%	- 169	- 8.6%
Profit attributable to owners or parent	**1,639**	**13.7%**	**997**	**8.3%**	**- 642**	**- 39.2%**

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Sales and Operating Profit by Segment

Insurance	:	The number of contracts for home contents insurance, which is our major insurance product, has increase in an accelerated manner and contributed to increase of sales. The profit has slightly decreased due to upfront cost of personnel expense relating to establishment of Rescue Insurance and commencement of business.
Membership	:	The impact of sales decrease due to the termination of unprofitable service has calmed itself down and the trend of sale has turned out to increase in the 4Q. The increase of members and cost control has contributed to the increase of profit through whole fiscal year. OPM 25.5% (+ 1.9 % compared with the previous fiscal year)
Emergency	:	The business result for 3Q was sluggish for a temporary period of time, while the number of orders has recovered since then and sale and profit level has improved in line with such recovery.
Life & Technology	:	The upfront cost has put downward pressure on the profit, but the acquisition of contracts has progressed and it is expected to turn positive in the second half of FY2021/9.

(Unit: JPY million)

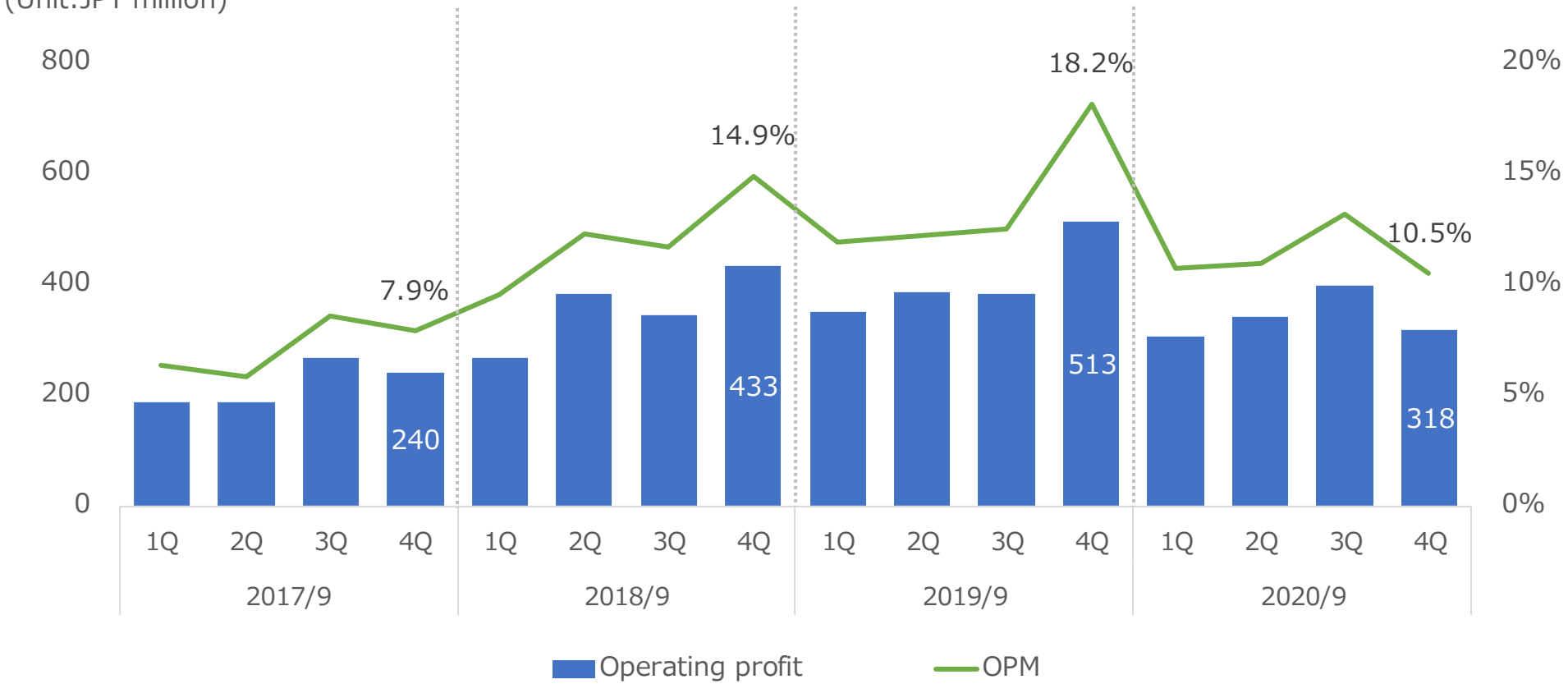
	FY2019/9		FY2020/9		Movement			
					Net sales		Operating profit	
	Net sales	Operating profit	Net sales	Operating profit	Change	% change	Change	% change
Emergency	1,497	161	1,489	50	- 8	- 0.5%	- 110	- 68.5%
Membership	6,408	1,511	6,059	1,544	- 349	- 5.4%	+ 32	+ 2.2%
Insurance	3,759	358	4,186	338	+ 427	+ 11.4%	- 19	- 5.5%
Repair	371	-34	265	-77	- 105	- 28.5%	- 43	-
Life & Technology	23	-20	85	-153	+ 62	+ 269.7%	- 132	-
Adjustment	-48	-337	-28	-334	+ 19	-	+ 3	-
Total	**12,010**	**1,638**	**12,057**	**1,367**	**+ 46**	**+ 0.4%**	**- 270**	**- 16.5%**

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Transition Table for Quarterly Results of Operating Profit and OPM

✓ Business composition with the focus on stock and subscription type service has exerted traction on stable profit.

(Unit:JPY million)



※The reversal of liability reserve (cost subtraction) occurred in 4Q of previous fiscal year, since we conducted the review on reinsurance in connection with establishment of casualty insurance company in 4Q of the previous fiscal year. We had impact of increase of profit for a temporary period of time, while we piled up the sales and liability reserves due to the increase of insurance contracts.

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Consolidated Balance Sheet

- ✓ Cash & deposits : The fund raising and increase of deferred income have contributed to further stabilize the financial base.
- ✓ Deferred income & Long-term deferred income: It has continued to increase due to the increase of the number of members.

  Total of deferred short- and long-term deferred income: JPY 7,640 Million
  (increased by JPY +930 Million +13.9 % compared with the end of FY 2019/9)

(Unit: JPY million)

<Assets>				<Liabilities・Net assets>			
	FY2019/9	FY2020/9	Movement		FY2019/9	FY2020/9	Movement
Current assets	10,074	10,897	+ 8.2%	Current liabilities	4,425	5,083	+ 14.9%
Cash & deposits	8,271	8,770	+ 6.0%	**Deffered income**	**1,824**	**1,982**	+ 8.7%
Non-current assets	8,476	9,987	+ 17.8%	Policy reserve	719	722	+ 0.4%
Tangible assets	162	157	- 3.4%	Non-current liabilities	6,231	8,212	+ 31.8%
Intangible assets	424	478	+ 12.8%	Bonds	1,185	975	- 17.7%
Investment securities	6,083	7,559	+ 24.3%	Long-term debt	-	1,382	-
Allowance for doubtful accounts	-116	-51	- 56.0%	**Long-term deffered income**	**4,885**	**5,657**	+ 15.8%
Deffered assets	210	319	+ 51.8%	Total net assets	8,104	7,907	- 2.4%
Total assets	18,761	21,204	+ 13.0%	Total liabilities and net assets	18,761	21,204	+ 13.0%

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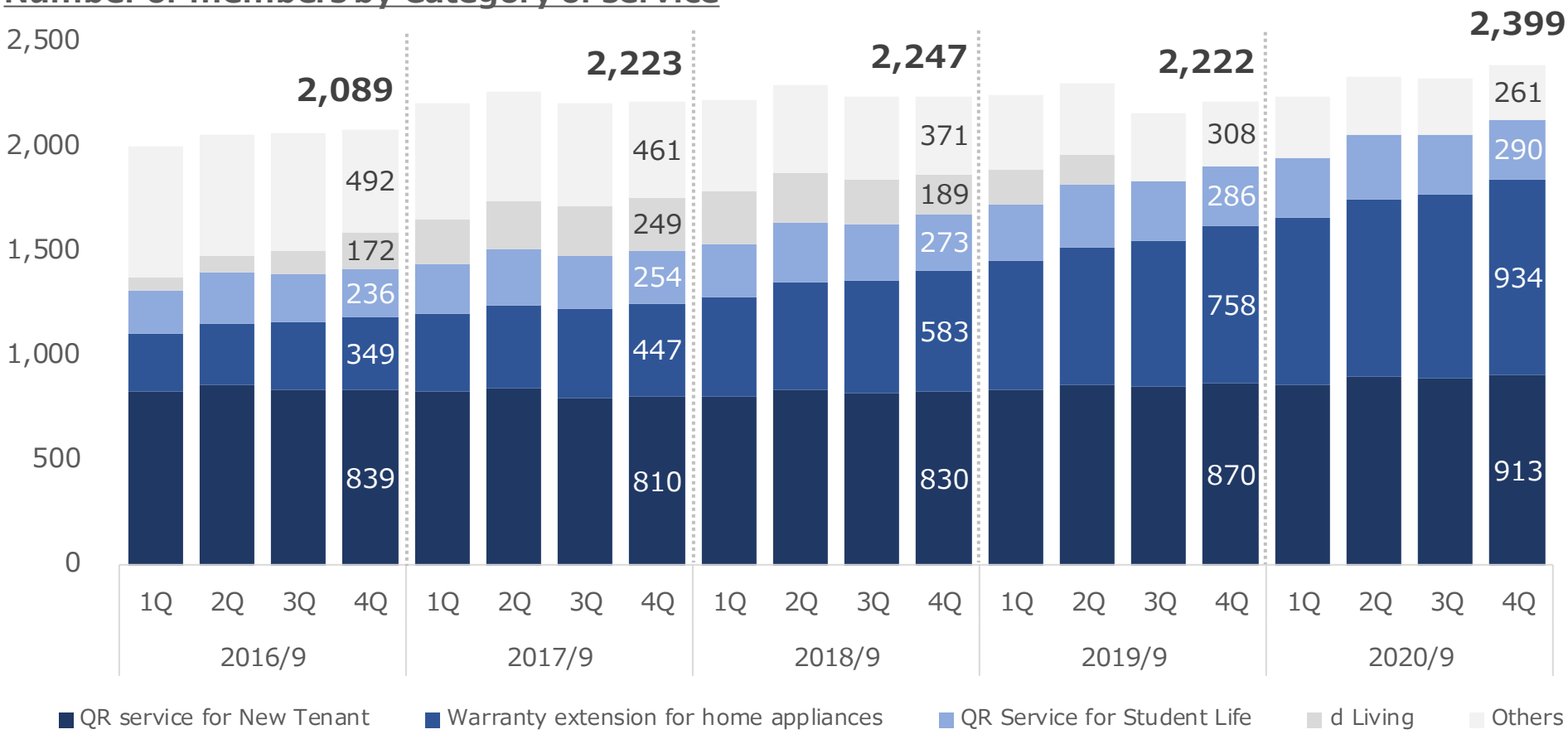
Membership Data

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- ✓ The number of members: 2,399,000 at the end of FY 2020/9
  - ・ The number of members for existing services including QR service for new tenants has steadily increased (+11.7% compared with the previous fiscal year)

Number of members by Category of service

(Unit:thousand people)

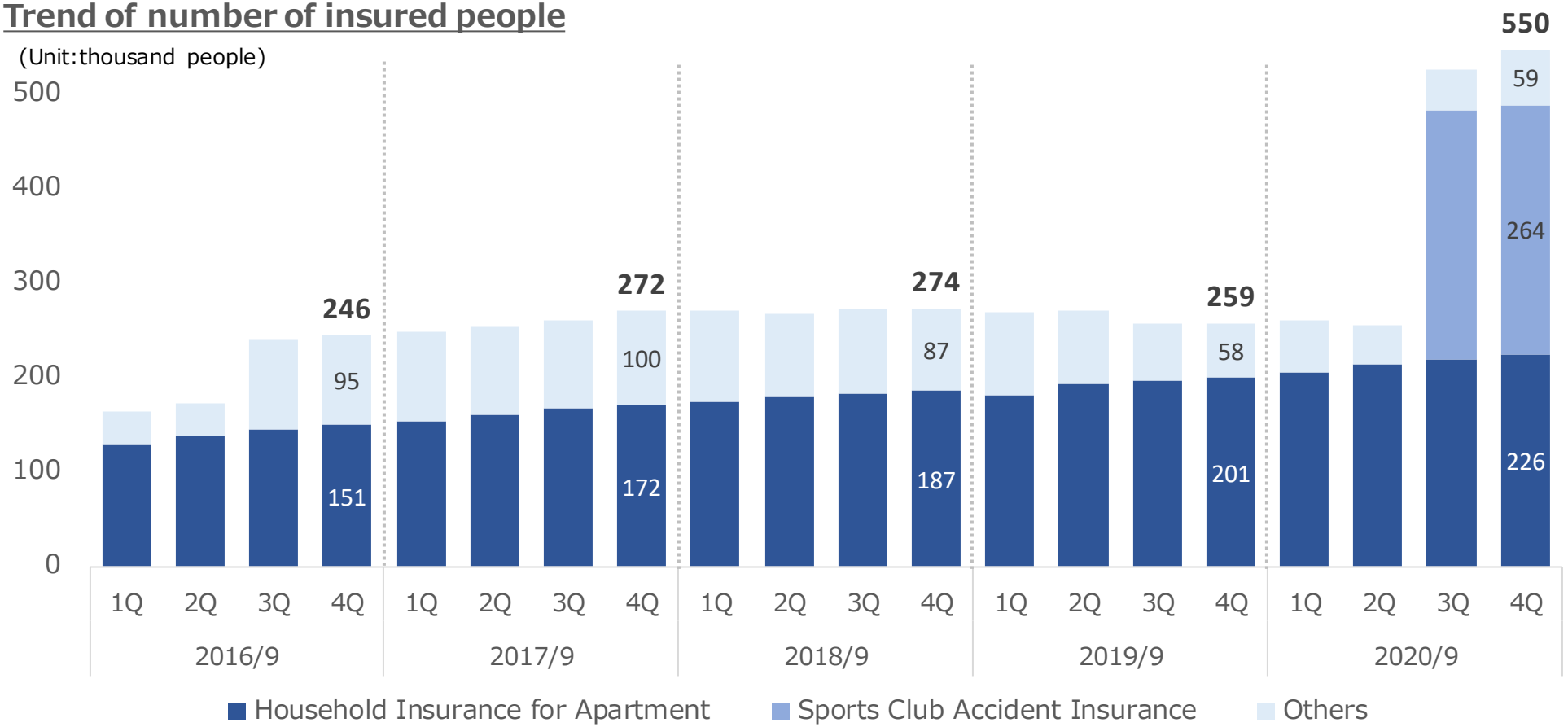


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Insurance Data

- ✓ The number of insured people: 550,000 at the end of FY 2020/9
  - The increase of number of agencies has contributed to the increase of contract of “New Life Room Insurance” (+12.4 % compared with the previous fiscal year)
  - Since the contract of “Smartphone Insurance” launched in July has increased on a successful note, “Others” has turned out to be positive (+15,000 people compared with 3Q)

Trend of number of insured people



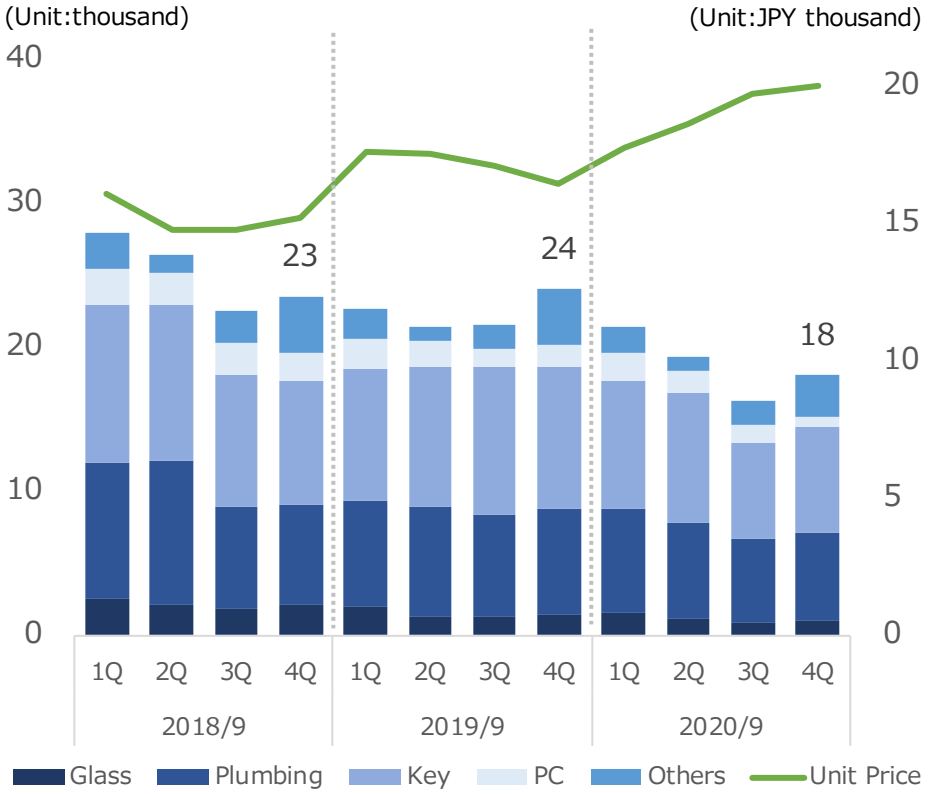
※Since we have started selling group contract of insurance from 3Q of FY 2020/9, we have changed the data from the number of contracts to the number of insured people.

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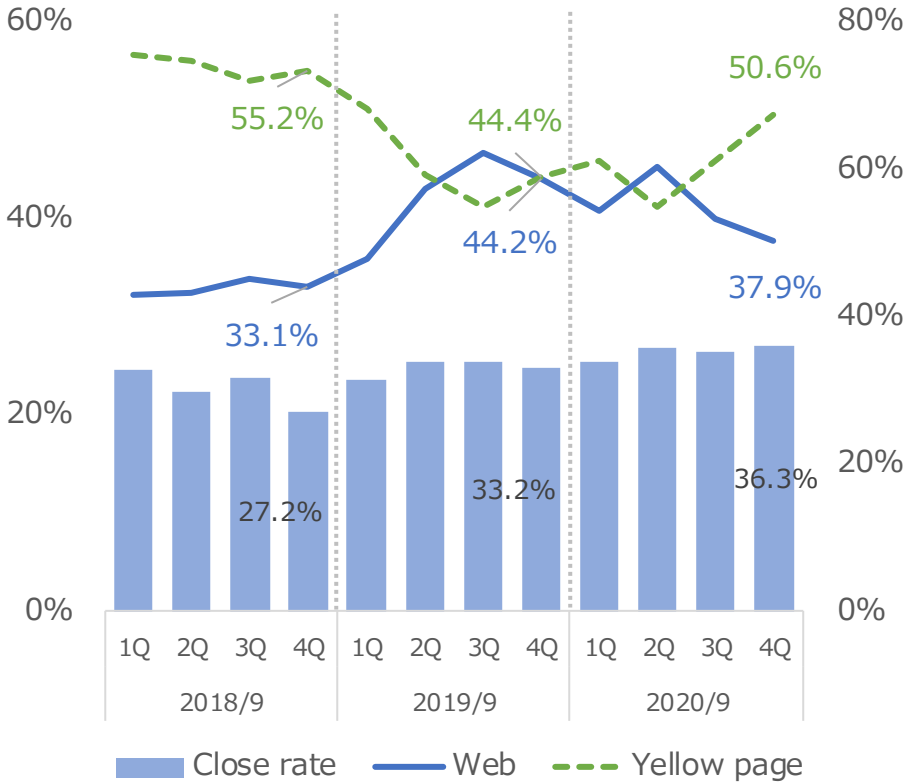
Emergency Services Data

- ✓ The number of orders: 18,000 for 4Q of FY 2020/9 (+1,700 compared with 3Q)
  - We have enhanced efficiency by subcontracting the works with low unit price to Japan PC Service starting from September.
  - The unit price for JBR commission has recovered to the level exceeding JPY 20,000 and the solid operating base has been strengthened to secure making stable profit.

Number of service provided + JBR commission rate



% of customer flow by medium + Close rate



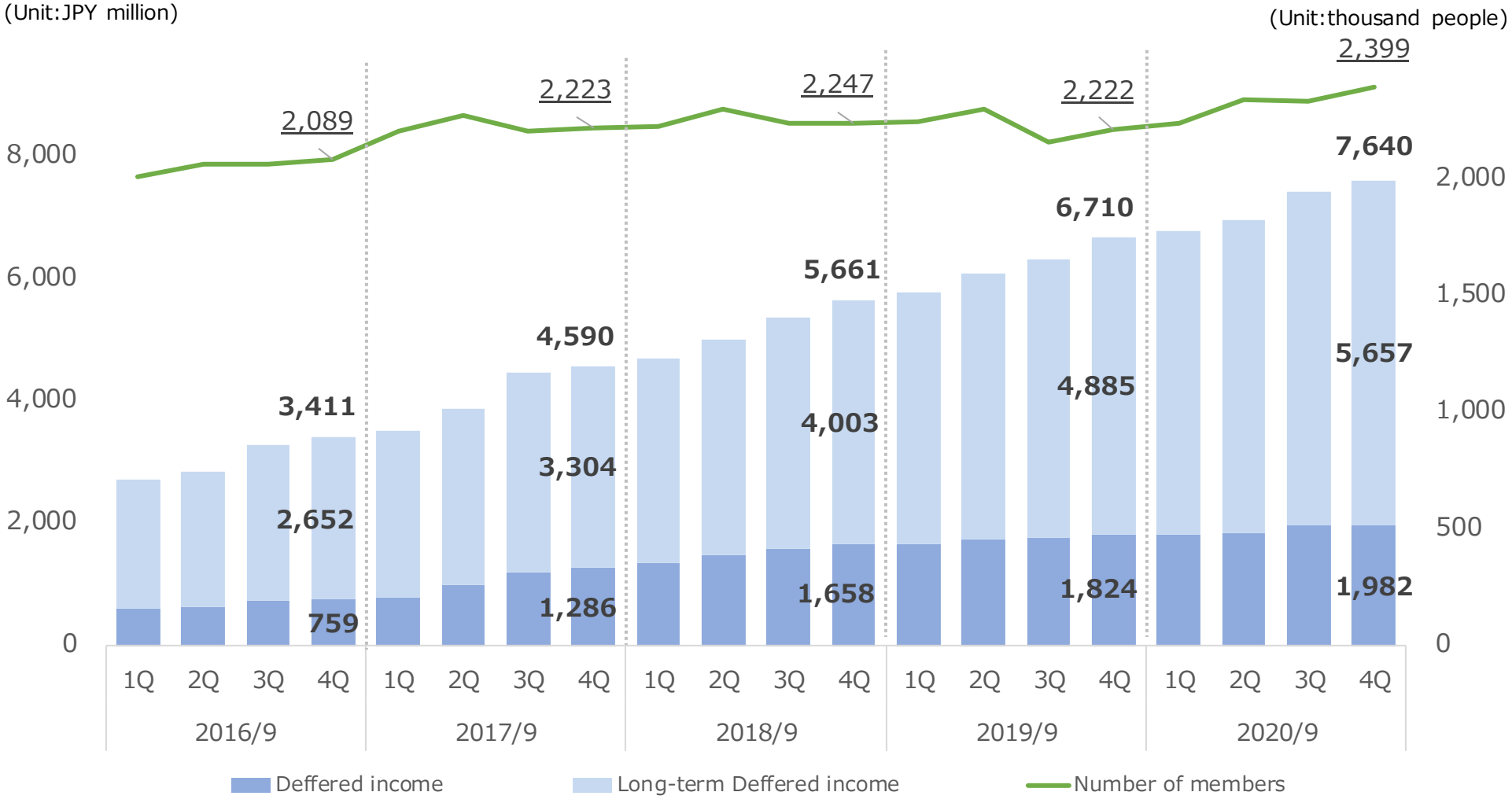
At the end of FY2020/9 Number of Partner Network Contracts: 2,198
(+ 64 compared with the corresponding period of previous fiscal year)

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Trend of Deferred Income which will become Sale in the future

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✓ We have steadily acquired new members for our core membership service and the deferred income has continued to increase.



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②Financial Outlook for FY 2021/9

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Financial Outlook for FY 2021/9

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✓ We forecast increase of sales and profit for FY 2021/9
- sales of JPY 14.5 billion and operating profit of JPY 1.65 billion

Summary of formulation of financial outlook

- We rely on the consistent growth of our existing services with the focus on Membership and Insurance business.
- We will make an effort to improve the profitability of and monetize the business segments of “Life & Technology” and “Repair”.
- Although the new alliance partnerships are not included in the financial outlook, we shall make an effort to promote establishing such new alliance partnerships and add new sales and profit.
- As it is difficult to forecast the impact of market trend, we shall not include the gain on fund management into our financial forecast.

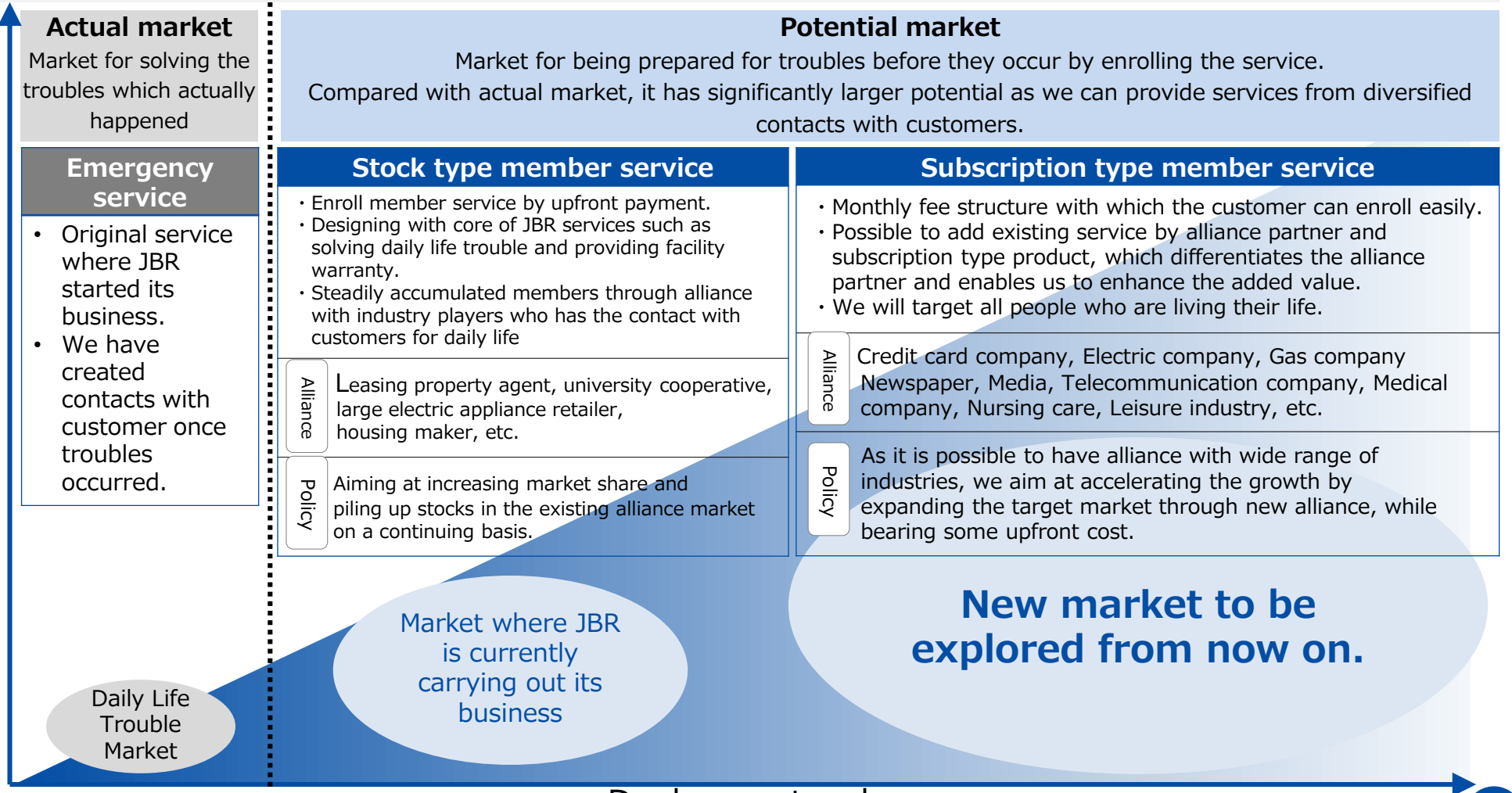
(Unit:JPY million)

	FY2020/9	**FY2021/9**	**Movement**	
	Actual	**Plan**	**Change**	**% change**
Net Sales	12,057	**14,500**	+ 2,442	+ 20.3%
Operating Profit	1,367	**1,650**	+ 282	+ 20.6%
Ordinary Profit	1,798	**1,700**	- 98	- 5.5%
Profit attributable to owners or parent	997	**1,100**	+ 102	+ 10.3%
Operating Profit margin	11.3%	**11.4%**	+0.0%	-

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Growth Strategy of Membership Business

- ✓ We will aim at business growth and acquisition of members in the potential market which has large room to be expanded.
- ✓ We expect to further grow by penetrating into potential market for acquiring stock type members and at the same time aim at pushing up the business result through acquiring members via existing alliance partners and promoting new alliance partners for acquiring subscription type members.



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Growth Strategy of Insurance Business

- ✓ We shall continue to increase the sales of existing insurance products with the focus on home content insurance and aim at forming the base to grow.
- ✓ We shall accelerate the insurance product development such as smartphone insurance and sports club accident insurance which we have started to sell.
- ✓ We shall promote multi-product and multi-channel strategy by utilizing the planning and development ability owned by casualty insurance company and small amount short-term insurance company and alliance partnership.

■ Multi-Product & Multi-Channel Strategy

Product: New

New Product × Existing Market

- ● Direction
  To develop new product with the focus on real estate property market, which is our major sales channel
- ● Product Category
  Product for property management and landlord such as fire insurance.
  Home content insurance in the form of packaged contract.

New Product × New Market

- ● Direction
  To seek for multi-product and multi-channel through alliance partners who has strong sales channel and product planning and development ability.
- ● Product Category
  Product planning though discussion with alliance partners
  Product for the sales channel of Nippon Life and Seven Bank with which we have capital tie-up.

Product: Existing

Existing Product × Existing Market

- ● Direction
  To strengthen the sales channel by expanding sales agency network and promote market penetration.
- ● Product Category
  Home content insurance, bicycle insurance, smartphone insurance, etc.

Existing Product × New Market

- ● Direction
  To seek for creating new market in horizontal development by utilizing alliance and new tie-up of our group.
- ● Product Category
  To seek for product development along with each existing produce such and lawyer insurance

Product \ Market	Existing	New
New	New Product × Existing Market	New Product × New Market
Existing	Existing Product × Existing Market	Existing Product × New Market

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③JBR’s ESG

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JBR's ESG(1/2)

■ Basic method of thinking

JBR Group JBR shall play the role as the member of society for building of sustainable society and seek for enhancing corporate value on medium- and long-term basis by social contribution through business activity to "help people in need".

	Priority Items	Effort for FY 2020/9	Effort plan for FY 2021/9
Environment	Energy Saving	■Reduction of paper usage ・To achieve online invoice & payment instruction Reduction of number of invoices for QR Service for New Tenant FY 2019/9 Number of invoice issued 76,000 FY 2020/9 Number of invoice issued 7,000 reduced by 89 % on YOY	・To promote paperless for meeting materials
		■Promotion of streamlining for dispatching service staffs ・To review operations and develop new network of shops To promote arranging vicinal network shops Number of dispatching QR service staff through highway FY 2019/9 11,545 times FY 2020/9 7,966 times reduced by 31 % on YOY	・The number of usage was reduced to the adequate level. To continue dealing with this issue ・To improve the efficiency of dispatching staffs by activating the video chat function in the application with which we can grasp the situation the site on remote basis.
	Support for the activities by environmental preservation group	■To install donation type vending machines within the company	・To continue to support environmental activity.
Society	Creating a workplace to live a worthwhile life	■Reduction of overtime hours ・We have worked on optimizing overtime work by introducing pre-approval system and reduced overtime hours by promoting operational efficiency FY 2019/9 overtime hours 17.1hr FY 2020/9 overtime hours 15.1hr reduced by 11 % on YOY	・To promote operational efficiency to aim at reducing overtime hours less than 10 hours by FY 2022/9 by promoting
		■Promotion of work life balance ・Recommendation to take paid holidays ・Improvement of childcare leave and working a reduced schedule, etc. ・Development on childcare leave system for male employees (July 2020)	・To promote improving workplace environment based on general employer action plan

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JBR's ESG(2/2)

	Priority Items	Effort for FY 2020/9	Effort plan for FY 2021/9
Society	Creating a workplace to live a worthwhile life	■Employee training ・Training targeted at all employees ・Personnel evaluation and training system providing feedback	・To enhance fundamental strength of employees by systemizing training attendance ・To enhance training system for management level employees
	Building sustainable community	■Support for the activities conducted by organizations carrying out social activities ・Exhibition at pavilion as the sponsor for Kidzania ・Implementation of donation to 2 organization as part of support	・To continue to support organization carrying out social activities ・To strengthen the linkage with regionally-oriented companies
Governance	Strengthening corporate governance	■Improvement of effectiveness of the board of directors ・Implementation of holding meetings only for non-executive directors for the purpose of activation the discussion at the board meeting and facilitating communications ■Thorough compliance ・Delivery of compliance bulletin to all employees ・Implementation of compliance training designed for management level employee general employees ■Strengthening of risk management ・Monthly reporting on risk situation by executive officers	・The board of directors shall transfer its power to subordinate meeting body ・We shall further strengthen governance through substantiation of internal control
	BCP	■Strengthening system for receiving phone calls on stable basis when a natural disaster occurs. ・We have built backup and system for receiving phone calls at multi-points including outsourcing. ■Strengthening system for receiving phone calls under COVID-19 disaster. ・We have thoroughly made an effort to prevent infectious disease by separating areas within the company in addition to recommending hand washing and gargling. ・We have built the system for receiving phone calls at home.	・We shall systemize the risk control at the time of pandemic situation.
	Proactive dialogue with stakeholders	■Proactive dialogue with investors Meetings with institutional investors FY 2020/9 166 meetings Seminars for retail investors FY 2020/9 5 times	・Meetings for institutional investors、Increase of holding seminar for retail investors ・Simultaneous disclosure for both Japanese and English

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④TOPICS

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New Service responding to change on continuous basis

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✓ Rapid DX promotion across the whole society, IT-related alliance responding to COVID-19 catastrophe, focus on new service

- To strengthen existing service with the focus on housing-related services and promote new service creation in order to respond to changes of the times
- To deliver each press release to the entire world in both Japanese and English languages

(Japanese) https://www.jbr.co.jp/news/
(English) https://www.jbr.co.jp/en/ir_news/

Housing-related services	• **Comprehensive Life Service "Housing Life Support"** Housing Life Support New service mainly designed for owner-occupied house Adding warranty extension repair service to QR support for new tenants Attaching various special discount provided by Benefit One • QR support for new tenants has alliance with "yesman", application to search for house • We have started delivering "TASK HOPPER", application for inspection service matching • We have set up AI-driven project to deal with daily life troubles • The accumulated number of downloads for "Living Link", member-only application has exceeded 100,000.
Other services	• We have put Japan PC Service as equity method-applied company • Insurance for Mobile terminal (such as smartphone) repair warranty • Customer collection service by utilizing "Effectual Google My Business"

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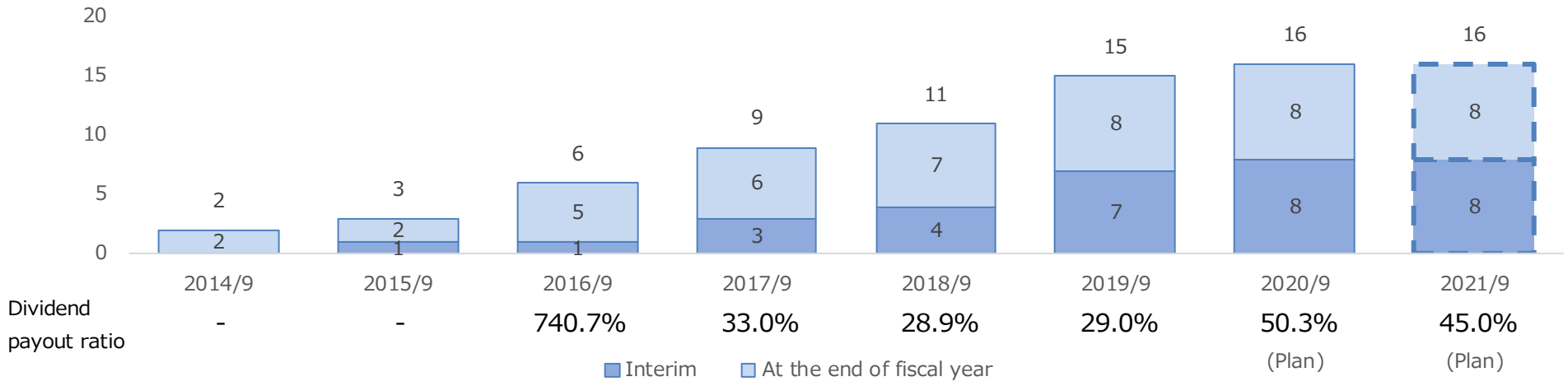
Shareholder Return (Dividend)

- ✓ We shall increase the dividend for FY 2020/9, which will be the dividend increase for six consecutive fiscal years.
  - ・The annual dividend shall be increased by JPY 1 compared with the previous fiscal year.
- ✓ We expect to declare JPY 16 for FY 2021/9 same as that of FY 2020/9
  - ・interim dividend: JPY 8, Year end dividend: JPY 8(Plan)

Shareholder Return Policy	We have regarded the profit distribution as the high-priority issue. Our base policy is to continue to pay dividend in a stable manner by standing on the long-term view and making utmost effort to develop the company. We also aim at more than 30 % payout ratio on consolidated basis.
Shareholder Benefits	Regardless of the number of shares held, we will provide 1 complimentary ticket of KidZania to all shareholders. We are official sponsor for KidZania. For more detail for this shareholder benefit, please refer to the following website: **https://www.jbr.co.jp/ir_info/shareholder/**

Growth of Dividends per Share

(Unit:JPY)



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⑤ Supplementary Materials

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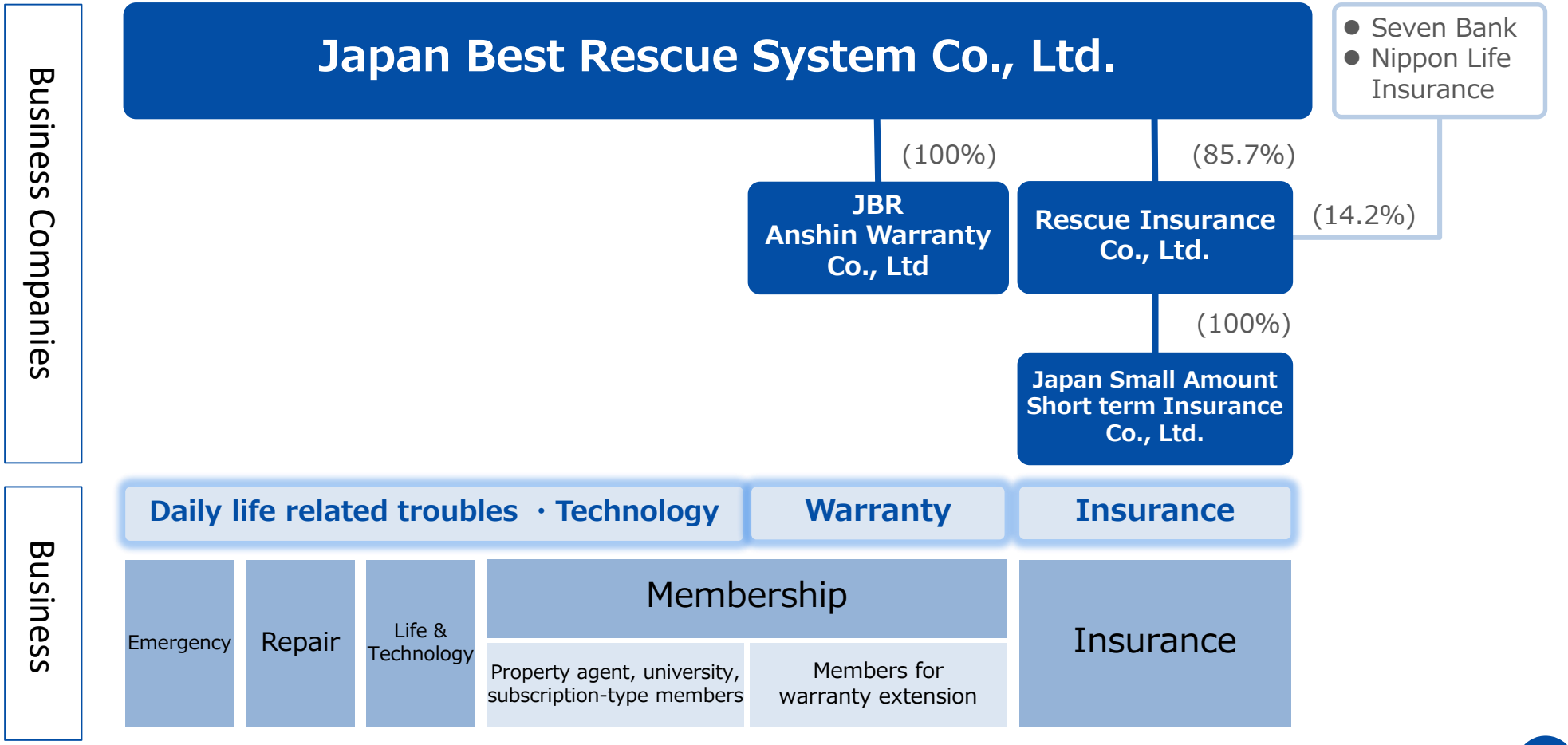
Corporate Summary

Corporate Name	Japan Best Rescue System Co., Ltd.
Establishment	February 1997
Head Office	Urbannet Fushimi Bldg., Nishiki 1-10-20, Naka-ku, Nagoya City
Tokyo Head Office	Otemachi Nomura Bldg., Otemachi 2-1-1, Chiyoda-ku, Tokyo
Board members	Representative Director — Mr. Nobuhiro Sakakibara Director — Mr. Mitsuhiro Wakatsuki Director(Non-executive) — Mr. Norio Shiraishi Director(Non-executive) — Mr. Housei Iwamura Director(Non-executive) — Mr. Akio Hamachi Full-time company auditor — Mr. Masakatsu Sawada Auditor (outside) — Mr. Tetsuroh Yoshioka Auditor (outside) — Mr. Yasuo Morishima Auditor (outside) — Mr. Hiroyuki Ooshida
Number of Employees	Consolidated basis: 244, Non-consolidated basis: 195 ※as at end of FY 2020/9, only full-time employees
Capital	JPY 780 Million
Listed stock exchanges	Tokyo Stock Exchange 1st Section (listed in September 2007) Nagoya Stock Exchange 1st Section (listed in November 2007)

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JBR Group Organization Chart

Our Group consists of 4 business companies. Each company is engaged in unique business. We aim at promoting maximization of group value by accelerating the growth of subsidiaries by adopting external capital without regard to having the status of wholly-owned subsidiary.



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Corporate History

Start-up phase | Growth phase | Reorganization phase | 2nd start-up phase

August 1999
Changed the corporate name to Japan Best Rescue System

August 2005
Listed on Mothers

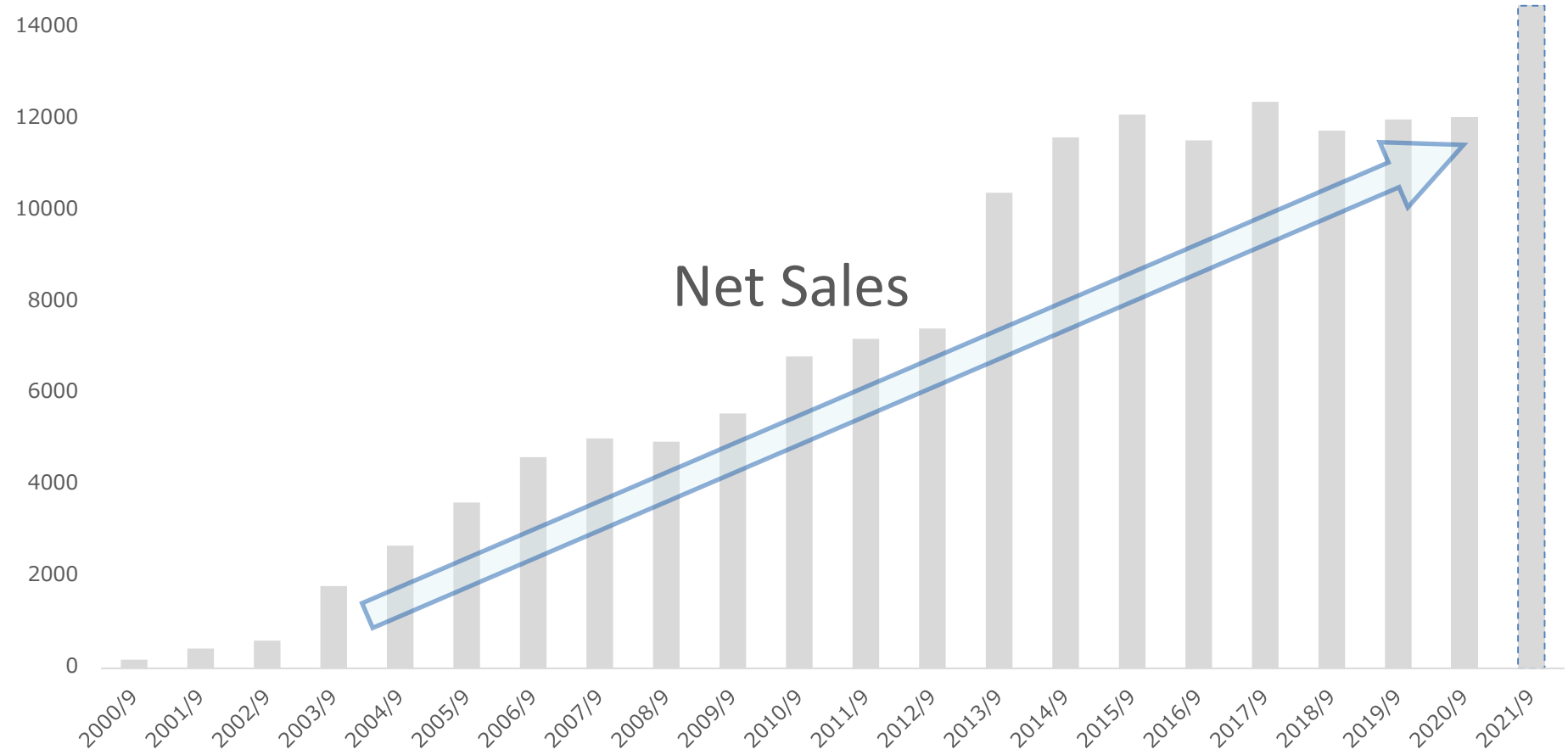
September 2007
Listed on 1st Section of Tokyo Stock Exchange

October 2008, Acquired Japan Small Amount and Short-term Insurance Co., Ltd.

October 2015,
Reorganized the JBR grp.

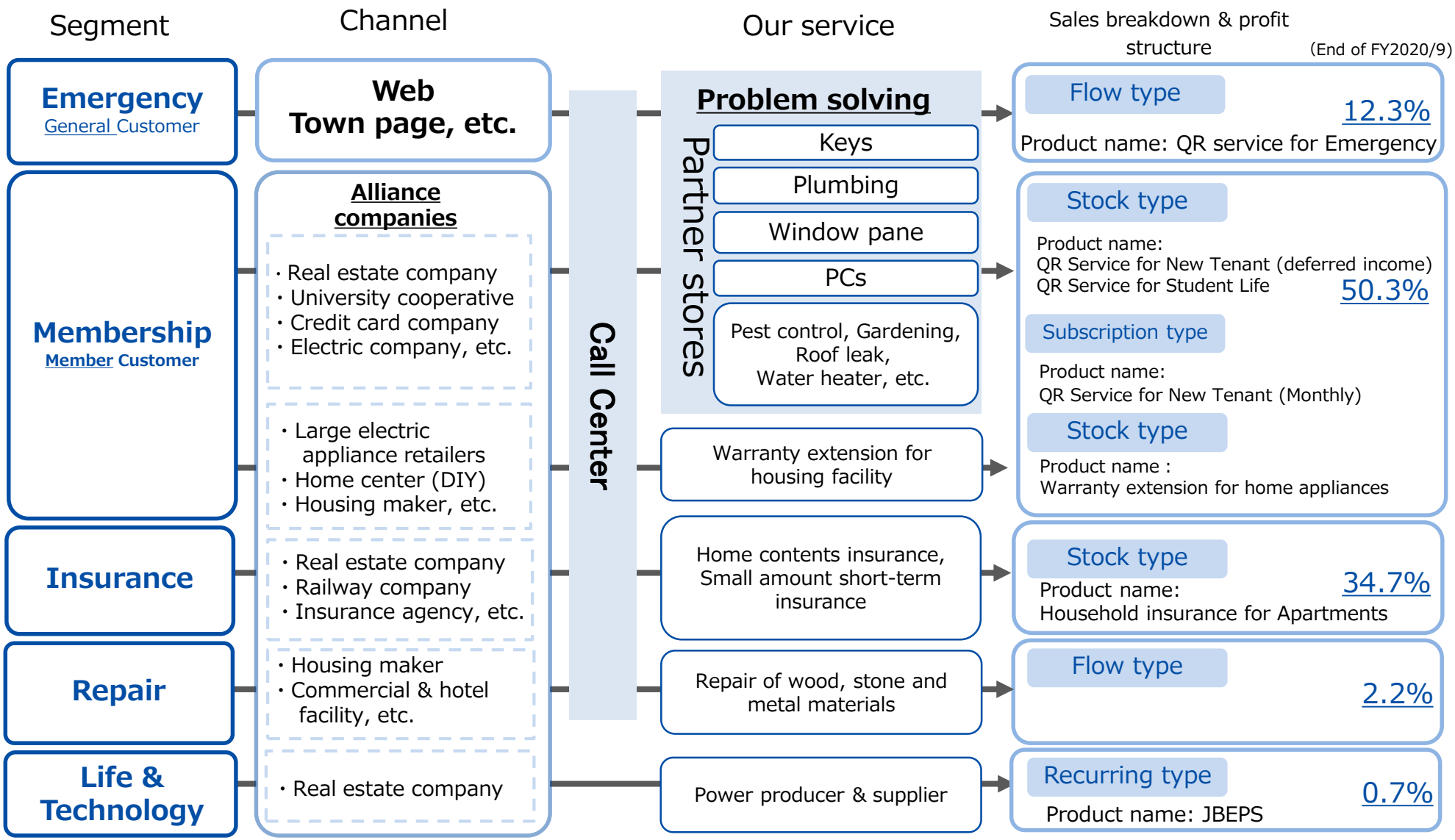
October 2016, Started medium-term plan

(Unit : JPY million)



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Business Model

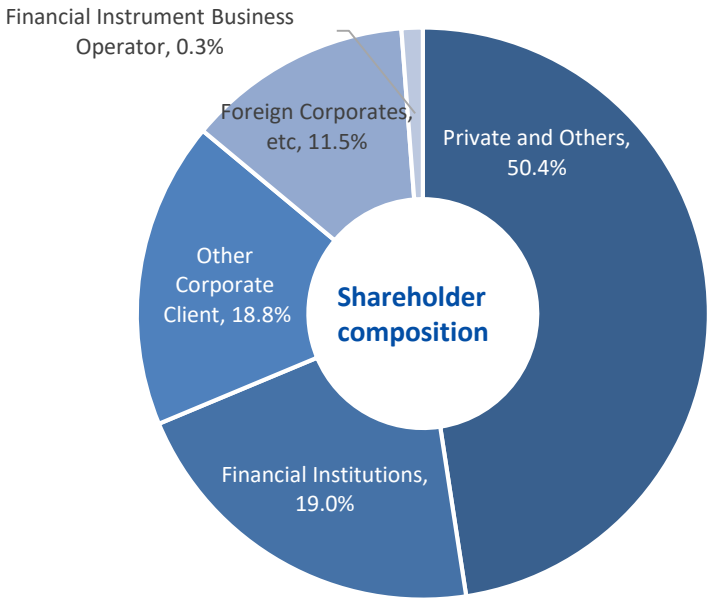


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Stock Data(at the end of FY 2020/9)

Summary

Shares outstanding	34,688,000 shares
Shareholders	9,886
Market value	JPY 36,248 Million
Equity ratio	35.8%



Major Shareholders (number and ratio of stocks held)

1	Nobuhiro Sakakibara	10,782,900	31.09%
2	Japan Best Rescue System Co., Ltd.	3,768,341	10.86%
3	HIKARI TSUSHIN, INC.	3,106,100	8.95%
4	Custody Bank of Japan (trust account)	1,591,400	4.59%
5	The Master Trust Bank of Japan, Ltd. (trust account)	1,398,500	4.03%
6	Custody Bank of Japan (trust account #9)	1,349,500	3.89%
7	UH Partners 2, Co, Ltd.	1,213,300	3.50%
8	Sumitomo Realty & Development Co., Ltd.	1,000,700	2.88%
9	Custody Bank of Japan (security investment trust account)	893,000	2.57%
10	NOMURA INTERNATIONAL PLC A/C JAPAN FLOW	700,134	2.02%

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We would like to convey our emotion of “thank you” to more people through our corporate activity slogan **“WE HELP PEOPLE IN NEED”**.

Disclaimer

Forecasts and estimates described in this presentation material are based on JBR’s judgement supported by the information currently available and contain risks and uncertain factors. Therefore, please bear in mind that actual results and business performance may differ from those forecasts and estimates.

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