

## Japan Best Rescue System Co., Ltd.

Tokyo Stock Exchange Prime Market Security Code : 2453

June 30, 2022

## 4.1x market capitalization potential based on GCC Management™ analysis

Prospects for change in valuations through IT and financialization of the No. 1 company in daily life problem

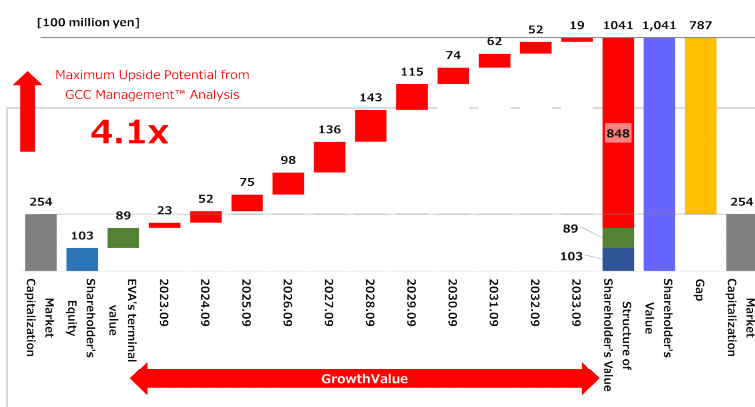
This report analyzes corporate value based on the GCC Management™ perspective, which emphasizes three elements: Growth (sales growth), Connection (strategic connection of all stakeholders, leading to improved stability), and Confidence (enhanced trust and lowered business risks).

## Become "indispensable" in daily life problem solving

Japan Best Rescue System Co., Ltd. ("JBR"), founded in 1997, listed on the TSE Mothers in 2005, and currently listed on the TSE Prime and NSE Premier, has been developing from the values of "Help people in need" and "the Joy of being pleased". Based on these values, JBR has become No. 1 in lifestyle problem solving services "so far. For the "future," the new medium-term management plan aims to accelerate growth through intrinsic motivation by formulating a new vision and values and by changing the organizational structure. Under this plan, JBR will work to (1) Accelerate M&A, (2) Convert in-house services to OEM, (3) Provide ancillary services to companies with customer bases, (4) Creation of services to meet the growing needs of an aging society with a declining birthrate. This will transform JBR into a company that solves social issues by utilizing IT, finance, and databases.

## Potential for up to 4.1 times market capitalization according to 10-year growth scenario

Based on a growth scenario that reflects the above "so far" and "future" transformations, it is believed that a tripling of the number of members and a doubling of the unit price will be achieved in 10 years. Based on this scenario, the corporate value analysis was conducted from the perspective of "GCC Management™" developed by J-Phoenix Research Corporation ("JPR"), which emphasizes three elements: Sales (sales growth), Connection (improved human and business connections = higher return on capital), and Confidence (improved trust = lower business risk). As a conclusion, the "so far" strategy has resulted in a shareholder value of 25.4 billion yen, which incorporates growth up to approximately two years from now. On the other hand, if the shareholder value of the 10-year growth scenario based on the "future" strategy is added, it is estimated to be 78.7 billion yen. If these are reflected in the market capitalization, there is a possibility of 4.1 times upside compared to the current situation. For details, please refer to the Investment Summary in the main text.



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# 1. Investment Summary

## Future Story Overview

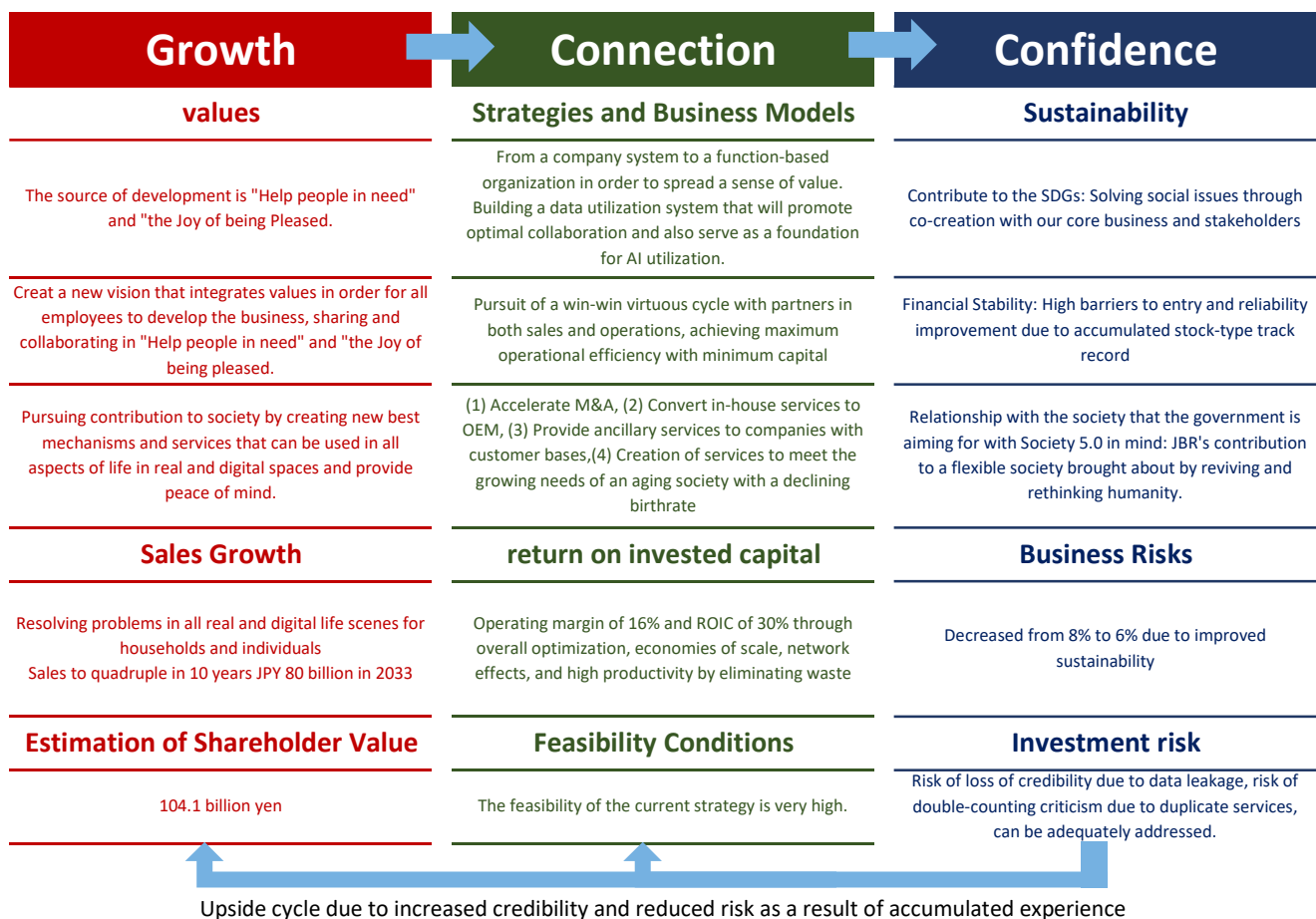
Helping those in need without leaving anyone behind and delivering peace of mind

Delivering more "Thank you" through corporate activities

### Providing safe, secure, comfortable, and prompt trouble resolution services

JBR is the No. 1 company in lifestyle-related problem solving services. Over the next 10 years, JBR is expected to transform itself into a company that solves social issues by leveraging IT, finance, and databases, through increased credibility due to its expanded scale, M&A that take advantage of economies of scale and scope, incorporation of lifestyle services that are now being produced in-house by major companies, and new business opportunities arising from the declining birthrate and aging population. The chart below visualizes this story and structures the relationship with shareholder value. The potential shareholder value is estimated to be over JPY 100 billion.

### Circular cycle of future story based on dialogue with management and shareholder value



[Source: Compiled by JPR]

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## Estimation of shareholder value

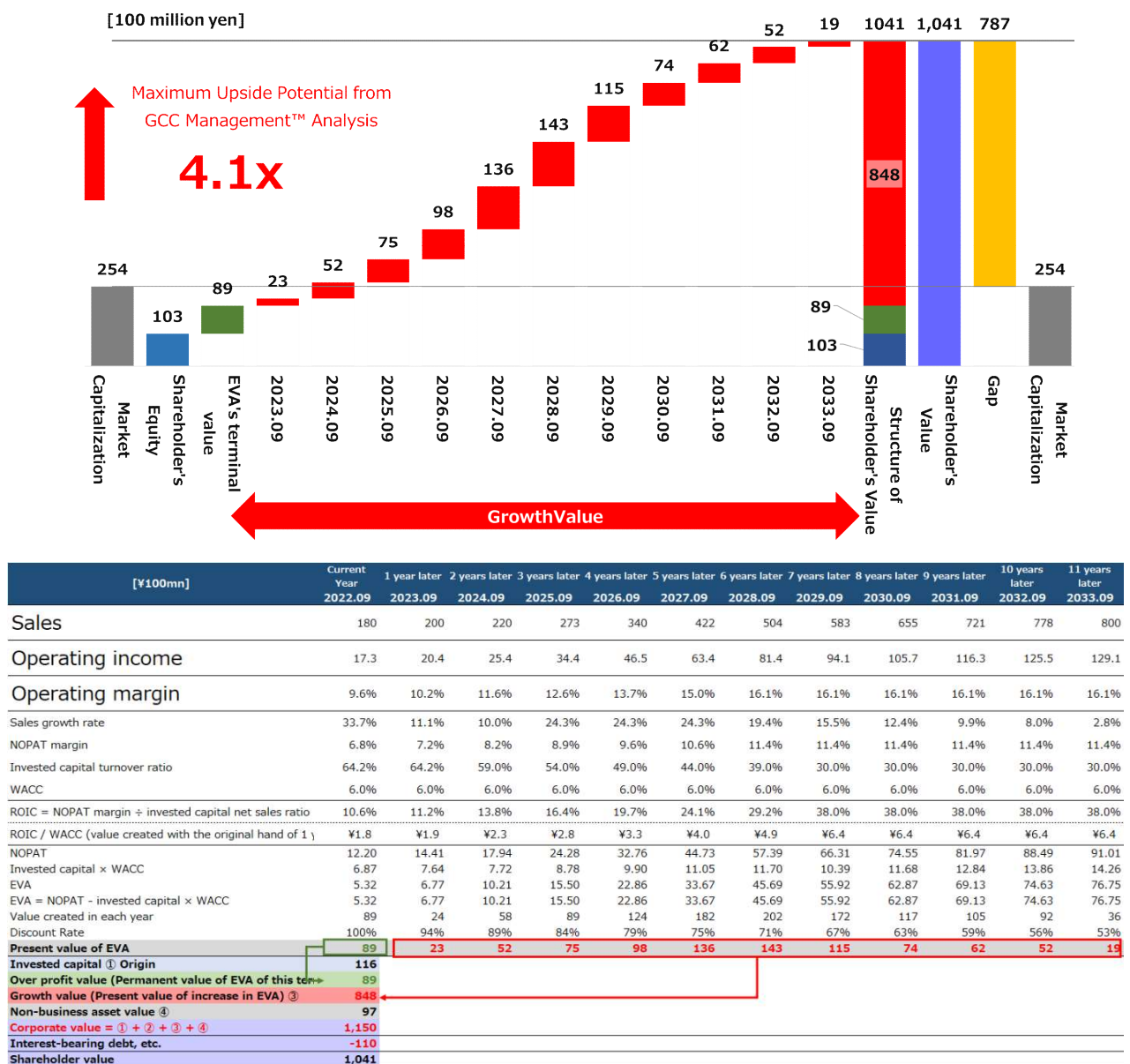
Analyzed using the excess profit method

There is plenty of upside if shareholder value after 10 years is factored in.

Only two years of growth has been factored in.

If the company is valued on par with high-growth IT companies (see reference 9.), there is a possibility of reflecting more than 100 billion yen of shareholder value in market capitalization over the long term.

## Visualization of shareholder value potential incorporating 10 years of growth



[Source: Compiled by JPR based on FactSet and other sources. Market capitalization is the closing price on June 21, 2022.]

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## 2. Company Profile

### About Us

### About Us

#### summary

<As of March 31, 2022>

Company Name	Japan Best Rescue System Co., Ltd.
Date of Establishment	February 1997
Representative Director	Nobuhiro Sakakibara
Head Office Location	Urbannet Fushimi Building 5F, 1-10-20 Nishiki, Naka-ku, Nagoya City
Capital stock	JPY 780.36 million
Employee	345 (as of September 30, 2021)
Accounting period	September
Main Business	Comprehensive problem solving services
Listing Date	August 30, 2005
Stock Exchange Listings	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchange Premier Market

[Source: Prepared by JPR based on company data.]

### Major Consolidated Subsidiaries and Group Companies

Figures in parentheses represent indirect ownership percentages and are included in the total.

Company Name	Business Overview	Capital stock	Investment Ratio
Rescue Insurance Co., Ltd.	Underwriting business of contractual performance expense insurance for corporations	JPY 1,080 million	81.47%
Japan Small Amount and Short Term Insurance Co.	Sales of home contents insurance for rental housing tenants, etc., with housing management companies and brokerage firms as agents	JPY 100 million	100% (100.0%)
JBR Anshin Warranty Co., Ltd	Sales and planning of services for companies handling housing equipment	JPY 10 million	100.0%
ACTCALL INC.	Sales and operation of membership business for problem solving services for rental housing	JPY 101 million	100.0%
TSUNAGU CO., LTD	Call center operation for membership services for rental housing operated by ACTCALL	JPY 10 million	100.0%

[Source: Prepared by JPR based on company data.]

## History

February 1997	JBR's predecessor, Japan Motorcycle Road Service Corp.
August 1999	Company name changed to the current Japan Best Rescue System Co., Ltd.
June 2004	Aquambulancee Co., Ltd. established as a joint venture with INAX Corporation (now LIXIL Corporation).
February 2005	Started services related to "Student Life Emergency Call" for members of National Federation of University Co-operative Associations (NFUCA), an alliance project with NFUCA.
August 2005	Listed on the Mothers section of the Tokyo Stock Exchange.
September 2007	Listed on the First Section of the Tokyo Stock Exchange
November 2007	Listed on the First Section of the Nagoya Stock Exchange
October 2008	Acquisition of shares of Japan Small Amount Short term Insurance Co., Ltd.
May 2016	Invested in JBR Anshin Warranty Co., Ltd (now Japan Warranty Support Co., Ltd.)
May 2016	Acquired repair business from Repair Works Co., Ltd.
May 2019	Japan Preparatory Company Co., Ltd. is established and a third-party allotment of new shares is conducted with Nippon Life Insurance Company and Seven Bank, Ltd. as subscribers.
July 2019	Japan Preparatory Company Co., Ltd. changes its name to Rescue Insurance Co., Ltd.
October 2019	All shares of Japan Small Amount Short term Insurance Co., Ltd. are transferred to Rescue Insurance Co., Ltd.
August 2020	Acquired shares of Japan PC Service Co., Ltd. and made it an equity-method affiliate of the Company.
September 2021	JBR made ACTCALL INC. and TSUNAGU CO., LTD their wholly owned subsidiary through a simple exchange of shares.
February 2022	Aqualine Ltd. becomes an equity-method affiliate of the company by entering into a capital alliance agreement with JBR, subscribing to a third-party allotment of new shares, and acquiring shares.
April 2022	Moved to the Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market.

[Source: Prepared by JPR based on company data.]

## Business Composition, Sales, and Operating Income for the Fiscal Year Ending September 30, 2021

	Business	Sales (JPY million)	Operating income (JPY million)
Membership	Provides low-cost or free problem solving services for members by receiving an admission fee and annual membership fee in advance.	6,974	1,644
Insurance	Business consisting of consolidated subsidiaries Rescue Insurance Co., Ltd. and Japan Small Amount Short Term Insurance Co., Ltd. providing insurance products for various troubles and concerns in daily life.	4,677	361
Emergency	Problem solving in daily life for the general public through the Web, Town Pages, etc.	1,325	△25
Repair	Planning, construction, and contracting related to interior and exterior repairs and restorations.	266	△72
Life&Technology	Electric power retail business. Completed withdrawal from the business at the end of September 2021 due to declining profitability caused by soaring procurement prices.	230	△222

[Source: Prepared by JPR based on company data.]

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## Main M&A of JBR

Months and Years	Target Company	Outline of Target Company	Objective
Apr 2, 2019	Othello Financial Services Co., Ltd. and ALLROUND Inc.	Developing mutual aid and insurance planning and consulting services for the establishment of cooperatives (Othello) Developing application development and web business (ALLROUND)	Established a new company, World Wide Support Co.,Ltd. to provide a new business model centered on various types of lifestyle support for foreign workers.
Jul 29, 2019	Rescue Insurance Co., Ltd.	non-life insurance business	Established to sell insurance products for daily life and to develop advanced insurance products.
Jul 20, 2020	Japan PC Service Co., Ltd.	Comprehensive services related to network-compatible devices such as PCs, smartphones, tablets, and digital home appliances	In 2004, the two companies entered into a business alliance agreement for comprehensive PC services, and on April 6, 2020, acquired shares in Japan PC Service to strengthen services for JBR's IT infrastructure. In response to the growing need for new services, etc. that take advantage of problems and technology for smartphones, tablets, etc., the company underwrote a third-party allocation of new shares and became an equity method affiliate.
Mar 22, 2021	Mirai Scien Co. Ltd.	Start-up company creating new services in the areas of agriculture and food Capital increase through third-party allotment to JBR in June 2021	Started a demonstration test of "MEGLAS," a new service that supports the entire food cycle, from vegetable cultivation to composting and reuse of food waste.
Sep 27, 2021	ACTCALL INC.	Comprehensive outsourcing business related to housing and lifestyle	Became a wholly owned subsidiary through a share exchange.
Sep 27, 2021	TSUNAGU CO., LTD	Call center management business	Became a wholly owned subsidiary through a share exchange.
Jan 21, 2022	Minimini Group Corporation	Real estate brokerage and management, and sales of fire insurance for rental housing tenants	Formed capital and business alliance with group company Rescue Insurance Co.

[Source: Prepared by JPR based on company data.]

### JBR's major business alliances, etc.

Months and Years	Partner	Outline of the Partner	Purpose of the alliance
Feb 12, 2019	NTT TownPage Corporation	Database-based sales channel development and market research	Production and publication of "Seikatsu SOS Town Page," which lists problems that occur in daily life, their solutions, and the telephone numbers of JBR's Emergency services.
Apr 3, 2019	Sumitomo Fudosan Tatemono Service Co., Ltd	Developing condominium and building management and life support business	Provides repair services to residents and management associations of condominiums managed by Sumitomo Fudosan Tatemono Service
Apr 23, 2019	CaCal Co.,Ltd.	LP gas distributor operations on behalf of LP gas distributors	Provides emergency dispatch know-how and membership services to LP gas dealers through CaCal.
Mar 19, 2020	Yuko Yuko Holdings Inc.	Onsen Accommodation Reservation Service and Onsen Media Business	Ltd., a company supported by senior citizens, to provide membership services to "YUKOYUKO Net" users.
Jun 1, 2020	Aioi Nissay Dowa Insurance Co., Ltd.	MS&AD Insurance Group Non-Life Insurance Business	Provides "Asset Warranty", a comprehensive housing service that combines extended warranty on housing equipment and rent reduction coverage.
Jun 1, 2020	Elaly Co., Ltd.	Operation of "airRoom", a subscription service for furniture and interior design	Propose and introduce "airRoom" to our partner real estate companies, and conduct sales promotion activities after introduction, with a view to linking with our services in the future.
Aug 18, 2020	Effectual Co.,Ltd.	Providing services to help stores attract customers using Google My Business	Provides customer attraction support services that combine real estate-specific consulting and Google My Business customer attraction know-how.
Sep 18, 2020	Benefit One Inc.	Provides outsourcing services related to human resources and general affairs, including employee benefits	"Housing Life Support" is a comprehensive lifestyle support service that provides "more than 1.4 million preferential services" and "Emergency services" to subscribers through real estate agents, etc.
Mar 22, 2021	NICHIRYUNAGASE Co., Ltd.	Trading company specializing in agricultural materials, home and garden products, fertilizers, and other raw materials	Started a demonstration test of "MEGLAS," a new service that supports the entire food cycle, from vegetable cultivation to composting and reuse of food waste.
May 18, 2021	THE FUKUHO BANK,LTD.	Regional bank based in Fukui Prefecture	Fukuho Bank will promote JBR's services. A dedicated toll-free number will be set up for customers of Fukuho Bank, and JBR's call center will respond to housing problems.
Jul 27, 2021	CHIC Holdings Inc.	Settlement Solutions Business	In order to concentrate management resources on the settlement solutions business, ACTCALL and TSUNAGU will be transferred to JBR, and JBR will provide sales cooperation for the settlement solutions business. In addition, the two companies will establish a joint venture and develop new services.
Aug 21, 2021	INFIC Inc	Comprehensive nursing care support business through IoT-based LASHIC, a life support system for the elderly, etc.	JBR launched a home confirmation service using "LASHIC" provided by INFIC.
Sep 30, 2021	JOYO BANK,Ltd.	Regional bank based in Ibaraki Prefecture	Started proposing problem solving services provided by JBR through "Smile Navigation" and other services for senior customers offered by Joyo Bank.

[Source: Prepared by JPR based on company data.]



### JBR's major business alliances, etc.

Nov 30, 2021	ALPS card Ltd.	Issuing credit cards for local and national government employees, and providing mortgage loans and other financial services.	Alps Card will promote JBR's services. A dedicated toll-free number will be set up for Alps Card customers, and JBR's call center will respond to housing problems.
Dec 10, 2021	APLUS Co., Ltd.	Credit card company of Shinsei Bank Group, providing a platform for introducing financial services	JBR's "Seikatsu Ambulance," a lifestyle trouble resolution service provided by JBR, was introduced as content on the financial platform provided by APLUS.
Dec 22, 2021	ITOCHU Corporation	Leading general trading company Promoting business development in the lifestyle and consumer products field	The capital and business alliance is expected to help JBR acquire and expand contracts in its core membership and insurance businesses, improve the quality and efficiency of its customer support services, and develop new services that utilize data.
Feb 10, 2022	Aqualine Ltd.	Water Emergency Repair Service Business	Capital and business alliance to mutually coordinate Aqualine's ability to attract customers and JBR's construction quality and efficient business operations.
Mar 15, 2022	JAPAN AUTOMOBILE FEDERATION(JAF)	Road service business	Launched "JAF's Home Life Support," a membership-based service for resolving lifestyle problems.

[Source: Prepared by JPR based on company data.]

### 3. Future Story

#### History of Value Formation



Helping people in trouble with their motorcycles led later to the motorcycle rescue business.

A virtuous circle based on the values of "helping those in need" and "the joy of being appreciated" is the source of sustainable development.

#### 25 years since its establishment: "Help people in need

##### Solving the problems of consumers and businesses

#### Founded with the aim of creating a motorcycle version of JAF

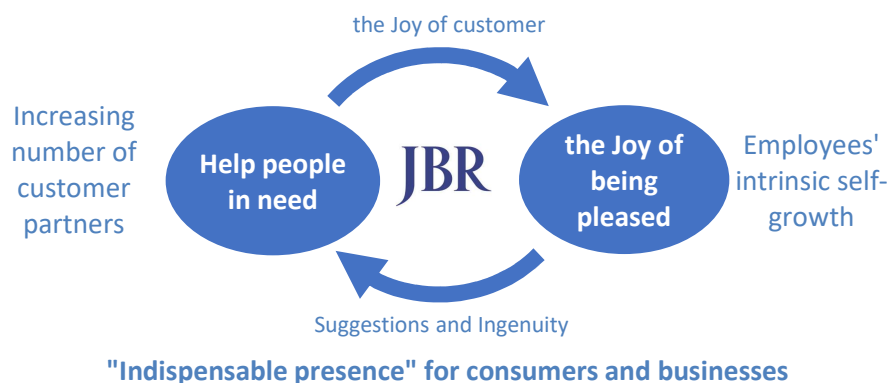
In 1995, President Sakakibara founded NOA, Ltd., (now JBR), a motorcycle rescue business that offered "free help when your motorcycle breaks down if you become a member," based on his experience of solving motorcycle problems when he was a student. Noah stands for "no accident." The company's goal was to develop the business similar to JAPAN AUTOMOBILE FEDERATION (JAF), a road service organization that offers "free help when your car breaks down if you become a member."

#### Naturally formed values "Help people in need" and "the Joy of being pleased."

In order to gather members, President Sakakibara visited motorcycle stores and continued the business of solving problems of motorcycle stores, such as nighttime work, long-distance business trips, and handling severe accidents. Through his steady efforts, he gradually began to receive referrals from members, and he also hired employees to expand his business. In this context, the value of savoring "the Joy of being pleased" by "Help people in need" naturally took root.

As a result, the behavior, attitude, and words and deeds to "Help people in need" naturally took root among employees, and each employee grew with intrinsic motivation and originality in service development and advertising. A virtuous cycle of sustainable development based on values was formed through the increase in the number of members by "Help people in need," the increase in the number of motorcycle stores as partners, and the intrinsic growth of employees through "the Joy of being pleased." As JBR's name recognition grew, it became an "indispensable presence" for consumers and businesses, attracting customers to bike stores and introducing members.

#### Virtuous Circle of Sustainable Development of JBR's Values and Value Creation



[Source: Compiled by JPR based on company interviews.]

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## Aiming to be an indispensable presence in daily life

Changes to services that provide peace of mind  
in all aspects of daily living services

### From Motorcycle Rescue to General Life Troubleshooting Service

Utilizing the know-how gained from the motorcycle business, the company expanded into the business of solving general household problems such as locks, glass, and water problems, forming the JBR Emergency Services. The expansion of the menu has solved the problems of busyness risk and market size inherent in individual services. Furthermore, by partnering with real estate operators, growth was accelerated by offering a membership-based Problem solving service for rental contracts. As a result of these efforts, in August 2005, 10 years after its founding, the company was listed on the TSE Mothers market, and in 2007 it moved to the First Section of the TSE. The company aims to become an "indispensable presence" that solves all kinds of daily life problems other than 110 and 119 by refining its advertising know-how to build win-win relationships and raise its name recognition together with partner businesses that have daily life services.

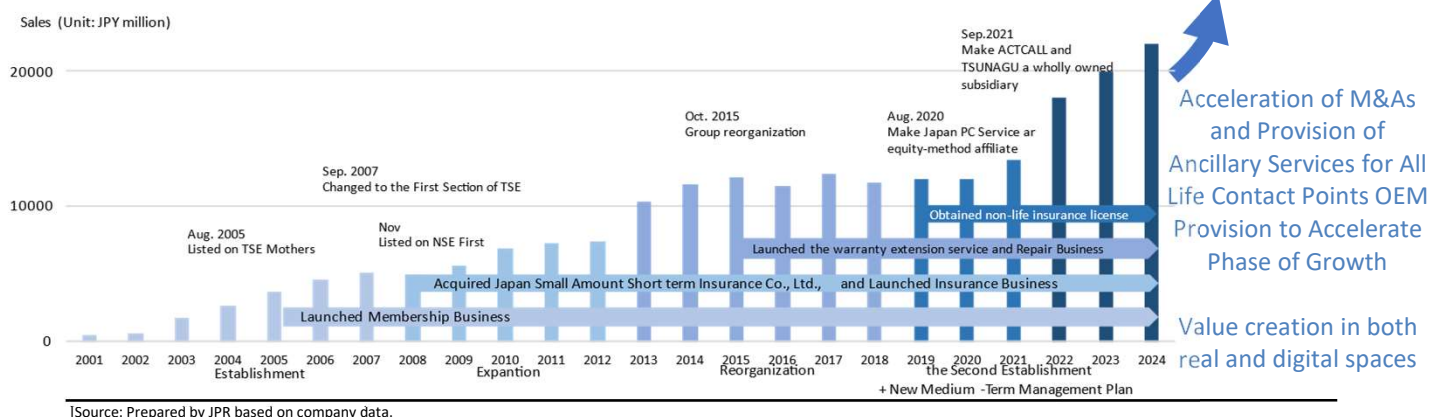
### From "Helpful Service" to "Falling Ahead Service" to a Broader Alliance Strategy

In contrast to "Emergency Business," which require customers to find a service provider after a problem occurs, "Membership Business," which provide immediate help when a problem arises, are a "fail-safe" business similar to an incidental service provided by insurance. With the introduction of "Membership Business," which provide constant peace of mind, the market size has expanded from "those in need" to "those who could be in need," in other words, all consumers. The "Membership Business," which is highly profitable and capable of stable growth, offers significant advantages to lifestyle service providers in terms of business alliances, and has opened up possibilities in various industries, including electric power, gas, and finance, where services can be provided incidentally to consumers. The cycle of growth to become an "indispensable presence" for consumers and businesses is expanding to all types of lifestyle services. Based on this strength, the company is actively pursuing M&A in the same industry, accelerating the provision of OEM services to companies that provide Problem solving services in-house, and working on the digitalization of various service linkages. The company is entering a phase in which it is expected to further accelerate growth in both the real and digital worlds.

To JBR, which  
polishes its know-  
how together with  
its partners and  
solves problems  
other than 110  
and 119.

JBR is entering a  
phase in which it  
is expected  
further  
acceleration of  
growth to expand  
business on a  
stock basis in all  
lifestyle services.

## Growth Trajectory



[Source: Prepared by JPR based on company data.]

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## Review of the previous medium-term management plan

### Overview and results of the previous medium-term management plan for the period from September 2019 to September 2021

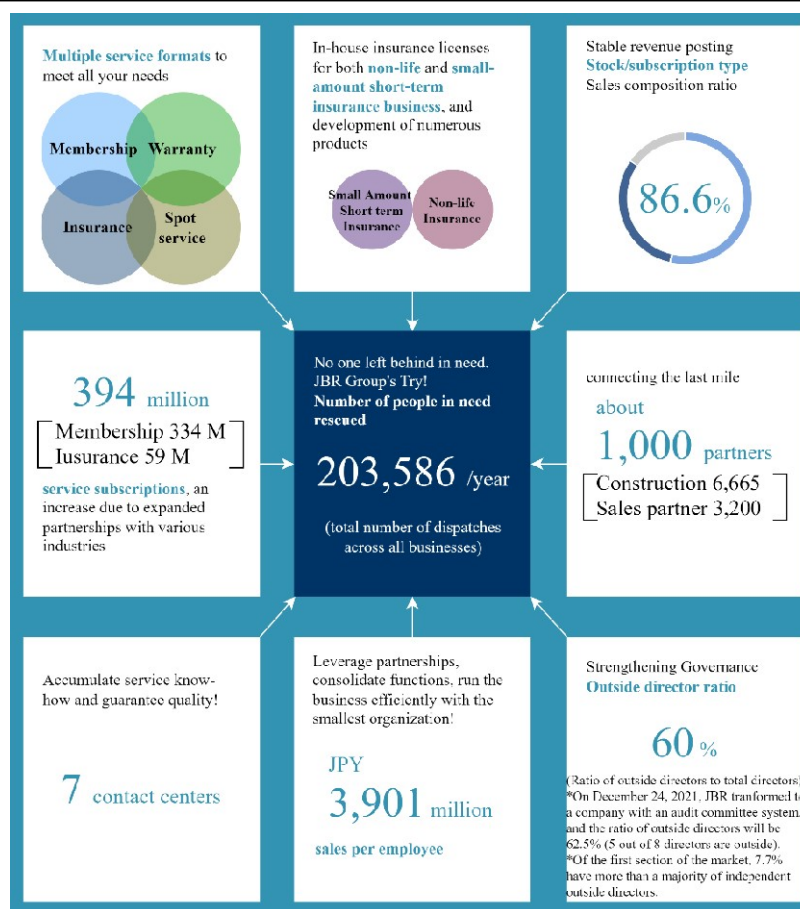
In the mid-term business plan for the period September 2019 to September 2021, the vision was to realize the provision of services to 5 million households. The key strategies to realize the vision were as follows.

**(1) Multi-layered sales through collaboration among businesses and divisions (2) Alliances with new companies, top class in the industry and different industries (3) Cost reduction through utilization of IoT and systems (4) Creation of new services and products**

Mainly due to (2) aggressive promotion of alliance expansion and other factors, sales reached a record high in the final year of the medium-term management plan. In addition, profitability improved as a result of efforts to eliminate unprofitable operations, standardize operations, and improve productivity and efficiency, and a solid earnings base was established that enabled the company to secure an operating income margin of 10% or more even in the face of headwinds such as the Corona disaster and soaring market electricity prices. The following chart summarizes the results of these advantages.

Sales to reach a record high, building a solid revenue base

### Advantages of the JBR Group



[Source: Prepared by JPR based on company data.]

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## Values for the Future

### Acceleration of the virtuous cycle of "Help people in need" and "the Joy of being pleased"

Reinforcing the value of leaving no one behind  
to help those in need with everyday life problems.

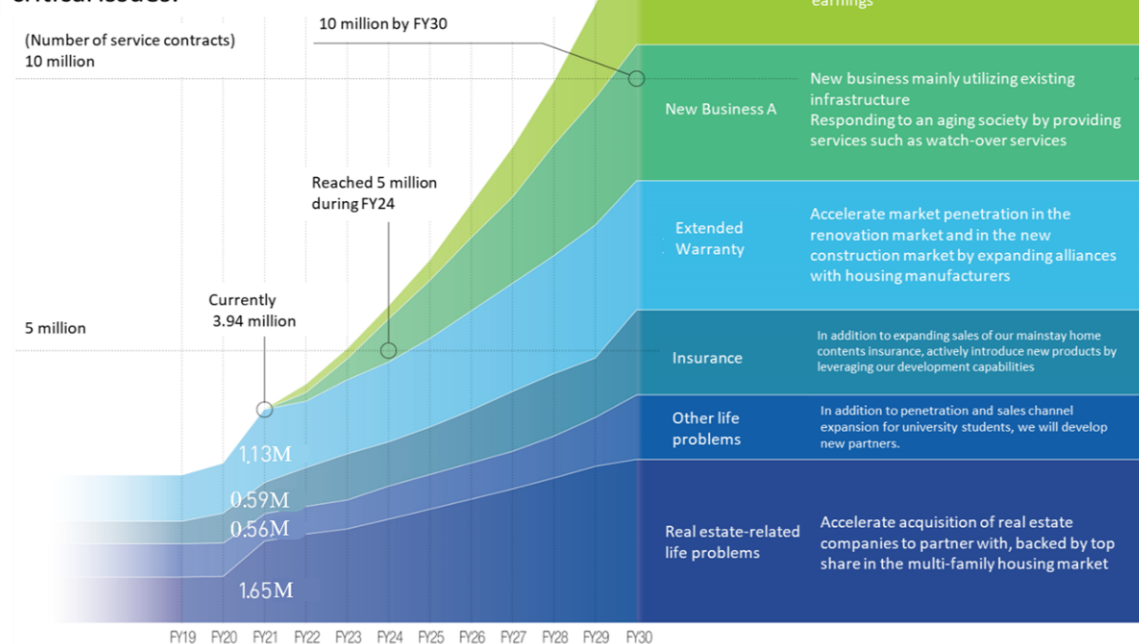
With its origins in troubleshooting, JBR currently offers a comprehensive, 365-day-a-year Problem solving service nationwide, and provides peace of mind in preparation for lifestyle problems, including the top share in the multi-dwelling unit market. JBR, together with its nationwide network of approximately 10,000 business partners, aims to achieve high growth by strengthening its ability to create value and by ensuring that all employees and the entire organization are guided by the value of "Help people in need" as it pursues its mission to realize a society in which no one is left behind.

### Growing with Employees and Stakeholders through "Thank You" from Customers

JBR has been working to establish a foundation for growth by providing safe, secure, and comfortable services for which people can say "thank you. In order to strengthen existing businesses and develop new businesses in line with these values, JBR aims to build the Best Rescue System by "the partner network penetrating into existing industries and expanding into new industries," "deepening the demand for last mile infrastructure," and "developing new insurance products utilizing the sales network of the joint venture partners.

## Growth image by 2030

The JBR Group, which "help people in need," will continue to constantly update its Best Rescue System through the resolution of critical issues.



[Source: Prepared by JPR based on company data.]

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**Create a new vision that integrates values in order for all employees to develop the business, sharing and collaborating in "Help people in need" and "the Joy of being pleased."**

### Challenges seen from the previous medium-term management plan

As mentioned above, the key strategies for FY9/19-FY9/21 were (1) Multi-layered sales through collaboration among businesses and divisions (2) Alliances with new companies, top class in the industry and different industries (3) Cost reduction through utilization of IoT and systems (4) Creation of new services and products. Although these efforts were successful, there were some challenges; There is a each time blurring of judgment in (2)and (4), and the vertically divided organization of each business was an obstacle to (1) and (3).

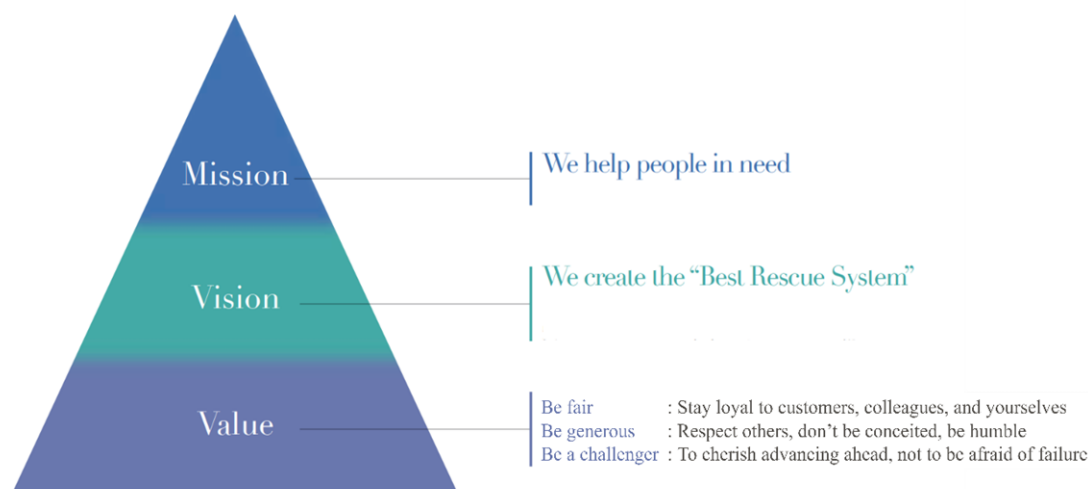
### Where should JBR be headed?

#### Sharing the direction JBR should go in the future and the ideas it should focus on as guidelines for all employees

The management philosophy was redefined to address the aforementioned issues. After discussion by the management team, it was decided to continue to focus on the mission "Help people in need" that has been in place since the company's founding as completely unwavering. On the other hand, what was added was the vision "We create the Best Rescue System The best framework and services for reassuring people by getting close to their daily lives. Many of the services that deviated from these values, such as electricity sales, which were withdrawn in FY09/2021, were in decline. In addition, the values were also redefined as the ideal state of employees "Be fair: Stay loyal to customers, colleagues, and yourselves; Be generous: Respect others, don't be conceited, be humble; Be a challenger: To cherish advancing ahead, not to be afraid of failure. These values are expected to accelerate growth through the intrinsic motivation of each employee to "Help people in need" and "the Joy in being pleased."

Reaffirming the criteria for making decisions that are not blurred.

### New Mission, Vision and Values (MVV)



[Source: Prepared by JPR based on company data.]

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## Expanding services that bring peace of mind

**Pursuing contribution to society by creating new best mechanisms and services that can be used in all aspects of life in real and digital spaces and provide peace of mind.**

**Continuously developing real and digital solutions in Japan and around the world.**

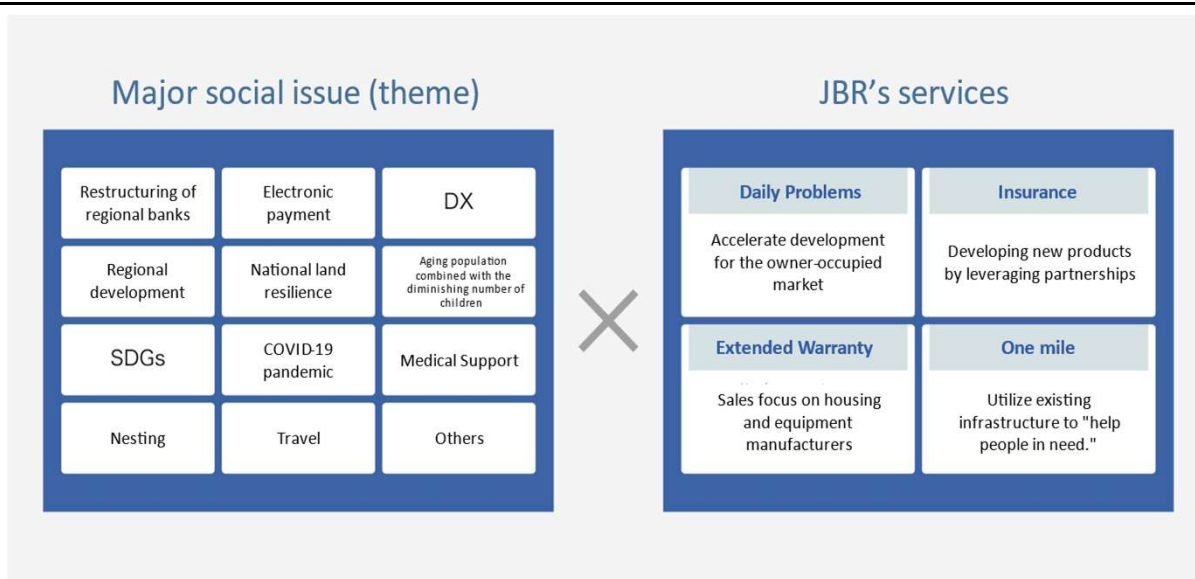
**To accelerate growth by spreading MVV to all businesses and all employees and strengthening the movement toward collaboration.**

JBR will promote business development that leaves no one in need in the area of problem solving services based on the Mission, Vision, and Values (MVV), which have been established as the decision criteria that will not cause any blurring of the boundaries for JBR. JBR will penetrate these MVVs in all its businesses and employees, embody them in specific strategies and business models, expand and add value to existing areas, cultivate partners, develop new businesses, and accelerate M&A and OEM in the digital and real domains. Specifically, based on the redefined management philosophy, JBR will develop services that bring peace of mind. Providing peace of mind first to those who are in trouble and in shock is considered a response that is required in Japan and abroad, both in the real and digital spheres. Therefore, as a new initiative in line with the management philosophy, JBR is expected to expand its services not only to the current Japanese and real world, but also to the overseas and digital world.

**Analyze megatrends and expand services to pursue values within them**

Megatrends influencing the market environment include "population issues," "environmental issues," and "digital-related technological innovation. Based on this analysis and JBR's values, the company must balance its social contribution and growth strategies by expanding existing businesses and developing new services using current infrastructure. The materialities to achieve this are "addressing the declining birthrate and aging society," "promoting the use of technology," and "balancing environmental considerations and service quality."

## Basic composition of new services, products, and new business creation at JBR



[Source: Prepared by JPR based on company data.]

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Loop in which  
solving problems  
through alliances  
encourages  
further service  
development

Responding to  
new life problems  
created by  
digitization

## Increasingly Expanding Opportunities for Social Contribution

### Opportunities for service development brought about by increased stock revenues from expanded alliances

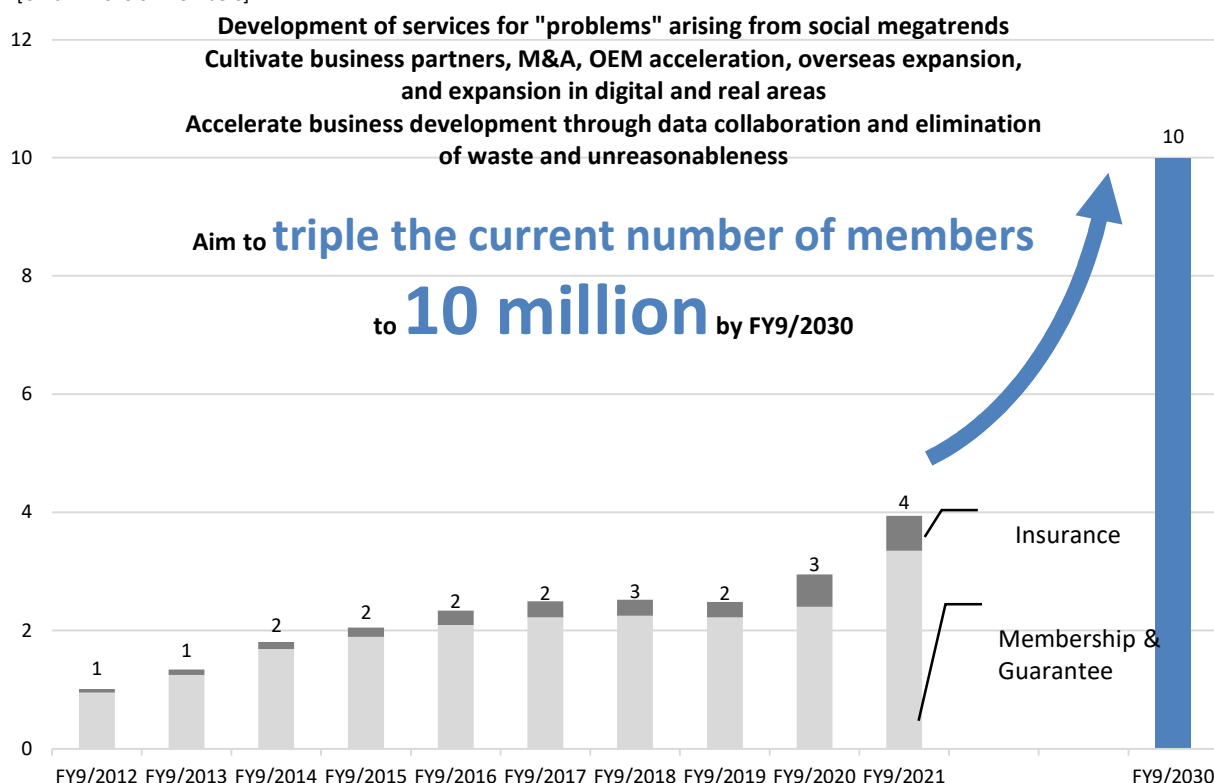
The business model for preparing for "problems" that has been established so far is now in demand by industries and companies facing challenges. By promoting alliances in this area, the company expects to reach 10 million service contracts by 2030, up from 3.94 million as of the end of September 2021 for the membership and insurance businesses combined. The abundant cash and cash equivalents generated from the stock earnings will enable the company to develop services that will further contribute to society.

### Digitization of life accelerates the need for troubleshooting in case of emergency

Life services will become increasingly digitalized in the future. While convenience is increasing, the risk of new troubles in daily life due to data leaks and problems with digital infrastructure is also increasing. Although normally convenient, once a problem occurs, it can be assumed that the risk will increase as people's lives become more difficult. The need to develop services for "those in trouble" or "those could be in trouble" due to such problems is expected to increase further.

## Number of members" in core business (membership, insurance and guarantee business)

[Unit: millions of members]



[Source: Prepared by JPR based on company data.]

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## Strategy & Business Model

Company system  
↓  
Functional organization

Promote penetration of MVV and optimal collaboration among all employees in all businesses through functional organization

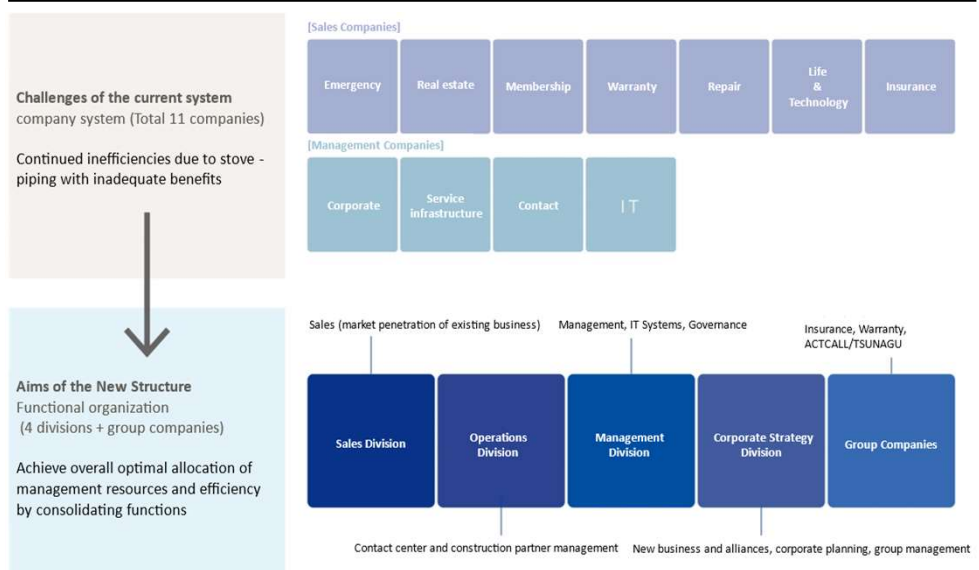
Information infrastructure for all businesses, employee collaboration, and service development through data utilization has already been invested in.

From a company system to a function-based organization in order to spread a sense of value. Building a data utilization system that will promote optimal collaboration and also serve as a foundation for AI utilization.

### Transformation of organizational structure for overall optimization

In its new medium-term management plan, JBR has shifted its structure from a company system to a functional organization. The company will share information, advance its expertise and skills, and accumulate know-how, which were previously completed within each company. This is intended to create an organization capable of pursuing total optimization rather than adding up partial optimization.

### Changes in Organizational Structure



[Source: Prepared by JPR based on company data.]

### Standardization and information systems that eliminate waste and unreasonableness for maximum effectiveness with minimum support

#### Establish a system quickly and efficiently

JBR aims to establish a system that can maximize effectiveness with minimal support by promoting standardization of internal data and unification of information systems as well as transitioning to a function-based organization. JBR has already developed a basic data integration platform and will embark on further full-scale operations.

#### Standardized data to create growth

By continuing to analyze standardized data, the company aims to improve the quality and efficiency of customer support and develop new services in the use of data. JBR has already formed a capital and business alliance with the ITOCHU Group, which has reached the materialization phase as of Q2 2022.

Expansion of  
partners is  
important

Expansion of end  
consumers to  
owner-occupied  
households Risk  
and cost reduction

**Pursuit of a win-win virtuous cycle with partners in both sales and operations, achieving maximum operational efficiency with minimum capital**

## Subscription and Partnership Strategies

### Subscribing to a portfolio of services

JBR will focus mainly on expanding its subscriber-type services of "Membership Services". This will provide a stable source of stock revenue and expand the size of the market to consumers nationwide. JBR will pursue sustainable, high-profit growth by developing new services to solve problems based on this stock revenue. The key here is to expand the number of business partners, which will lead to the acquisition of stable members.

### Expanding our partners through partnerships

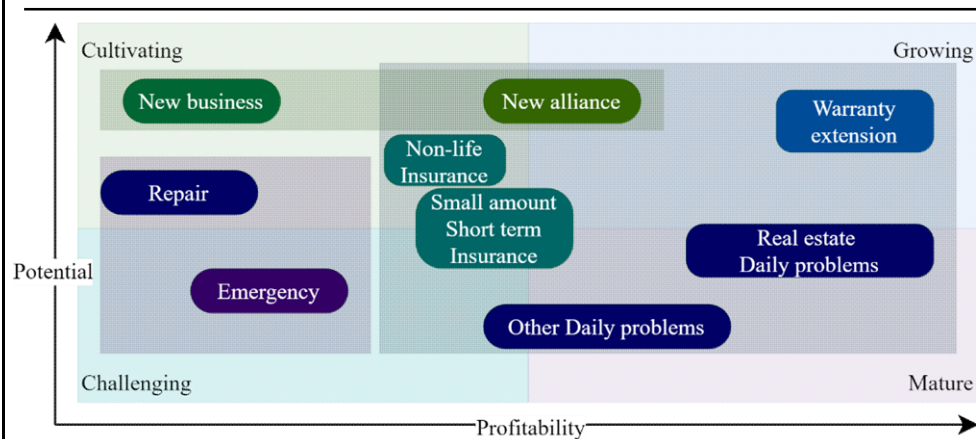
JBR will pursue a "partnership strategy" to incorporate JBR's services into those of its business partners. This will enable JBR to expand its partners from its traditional focus on real estate to a wide range of industries that require troubleshooting services, and to provide services to owner-occupied households. Furthermore, by adding JBR's services to those of its partners, rather than selling them independently, the company will benefit from reduced cancellation risks and administrative costs associated with renewals.

## Optimal Portfolio

### Early replacement of business portfolio

Furthermore, JBR will constantly review its business portfolio to enhance management stability, growth, and profitability. In order to solve more problems, JBR will standardize its services, concentrate and reallocate management resources, identify strategic investment areas, and promote a more balanced management approach.

## Business Portfolio in 2Q2022



[Source: Prepared by JPR based on company data.]

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- (1) Accelerate M&A, (2) Convert in-house services to OEM,
- (3) Provide ancillary services to companies with customer bases,
- (4) Creation of services to meet the growing needs of an aging society with a declining birthrate

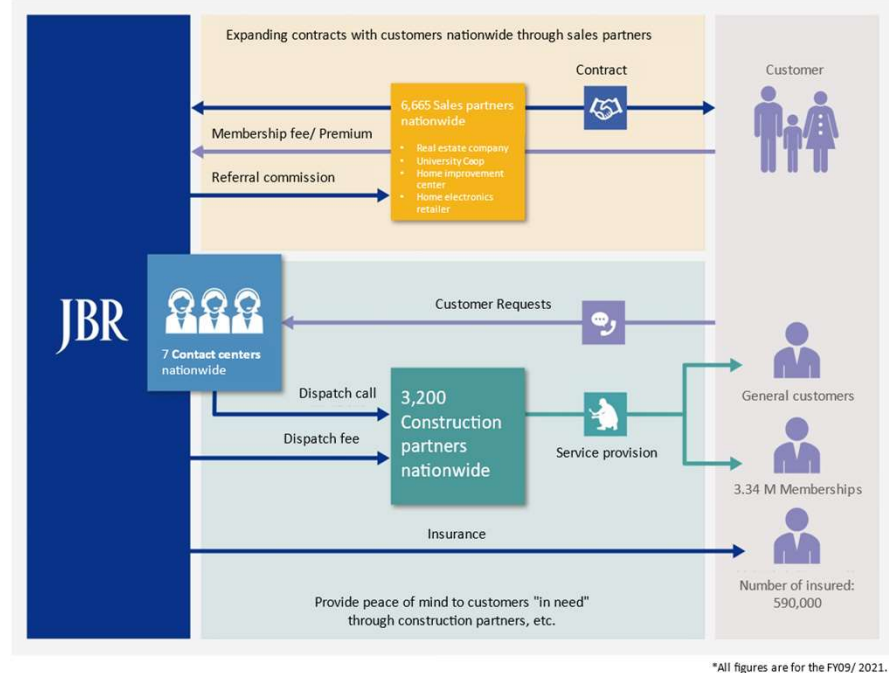
### Always developing partners, always M

#### Expanding the matching of "those in need" x "those who help" with "those who deliver"

By developing a wide range of service delivery networks (construction partners) and sales networks (sales partners) throughout Japan, the company is promoting the nationwide sale of "trouble-solving services" through JBR, "building a social infrastructure for problem solving," so to speak. As of the end of September 2021, the number of sales partners had expanded to 6,665 outlets and the number of construction partners to 3,200 outlets.

Service offered through a total of approximately 10,000 partners.

### JBR's Value Chain



[Source: Prepared by JPR based on company data.]

#### Development of services and products that do not miss needs

JBR will develop a standardized service that can be operated by its own rescue system regardless of construction partners to provide problem solving services nationwide at any time. In addition, the company is developing insurance products that are dual-faceted: small-amount short-term insurance and non-life insurance. This will allow JBR to provide its partners with a comprehensive service that combines problem solving services while creating a new stir in the world's "Problems."

Standardization  
Development to  
meet needs

Alliance  
regardless of area  
or size

Aging population  
and declining  
birthrate increase  
incidence of  
existing problems  
and manifestation  
of new problems.

## Need scale to expand nationwide → JBR is chosen

### Providing peace of mind for service partnerships

JBR provides services in all 47 prefectures of Japan, and has become the dominant leader in terms of market share in the industry by making Actcall a subsidiary. This makes it possible to form business alliances and incorporate JBR's services into one's own services, regardless of area or size. From municipalities to large corporations, JBR has a system in place that allows it to be a reliable partner.

### Providing a "four-way" system to all industries

More than 20 regional financial institutions nationwide are under consideration for partnerships, and JBR could become a mechanism to help even "local companies in need," "financial institutions in need," etc., by expanding its partnerships with companies that have fixed customer contacts on a zero-based basis.

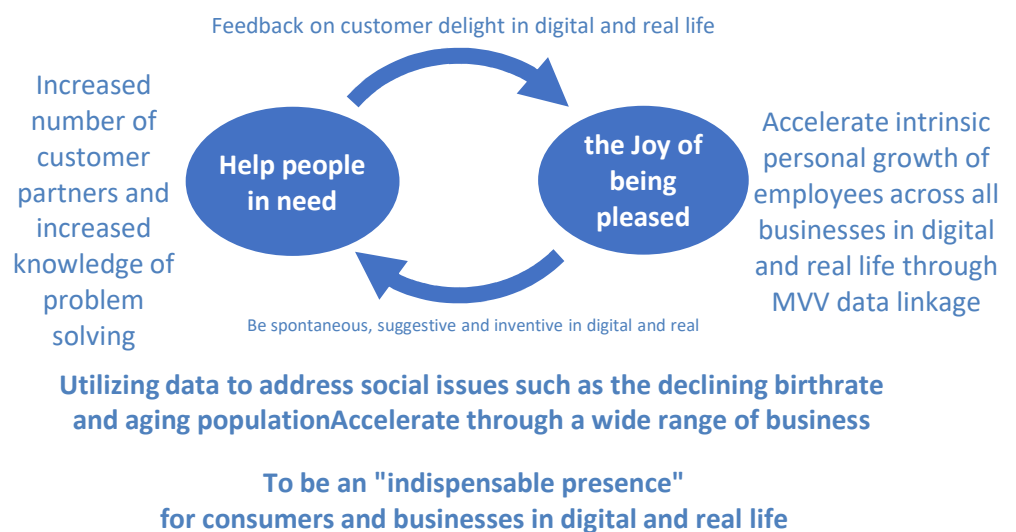
Japan's expertise in successfully creating win-win relationships with construction and sales partners nationwide can be put to use in all industries. Along with this, a synergistic effect will be demonstrated, expanding the four-way win-win mechanism while expanding customer contacts.

### Dealing with unresolved problems in medical and nursing care in a super-aging society

As of 2020, the percentage of the population aged 65 and over in the total population was 28.8%, and this is expected to rise to 35.3% by 2040<sup>1</sup>. Since the increased burden on the supporting generation means an increase in troubles in daily life, the demand for JBR services is expected to rise. In particular, a variety of developments are expected, including the provision of "short-term post-discharge help services" that do not fall under the category of medical or nursing care, as lifestyle-related services in fields peripheral to medical care and health care.

(1) From "2021 White Paper on Aging Society," Cabinet Office, Government of Japan

## Acceleration of a virtuous cycle of value creation



[Source: Compiled by JPR based on company interviews.]

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## Sustainability

### Related SDGs



## JBR's contribution to sustainability explained from three perspectives

JBR's sustainability can be explained from the following three perspectives

- (1) Contribution to the SDGs
- (2) Financial stability
- (3) Relationship with the society that the government is aiming for with Society 5.0 in mind.

### (1) Contribute to the SDGs: Solving social issues through co-creation with our core business and stakeholders

**A world where no one is left behind in solving life's problems.**

JBR is "building a social infrastructure to solve everyday life problems" by developing a wide range of sales and construction partners throughout Japan. Given this business structure, it can be said that JBR's daily business activities and future business growth are itself a contribution to the SDGs. In order to realize a society in which no one is left behind, JBR has established the following Business Activities Materiality and Management Infrastructure Materiality, considering the SDG target "17: Achieve the Goals through Partnership" as a superordinate concept.

#### JBR's Business Activities Materiality

materiality	Specific measures
Addressing the declining birthrate and aging society	Capture growing outsourcing needs as the workforce declines / Create new services that capture changes in lifestyles and industries / Maintain and expand construction partner network at risk of shrinkage
Promoting the Use of Technology	Improvement of efficiency and quality of contact center operations/ Minimization of IT risks through ERP implementation/ Development of trouble prevention services by utilizing data on 55 million cases in operation
Optimizing Environmental Considerations and Service Quality	Reduction of paper usage/promotion of more efficient dispatch/setting up donation-type vending machines in the company

[Source: Prepared by JPR based on company data.]

#### JBR's Management Base Materiality

materiality	Specific measures
Building a higher level of governance	Establishment of management strategy and management targets that balance the resolution of social issues and economic benefits / Establishment of Audit, Nomination, and Compensation Committee and Sustainability and Internal Control Committee / Management visibility through continuous review of business portfolio and enhancement of management accounting
Reinforcement of BCP system	Reinforcement of stable power receiving system in the event of a COVID-19 pandemic or natural disaster
Active dialogue with stakeholders	Active communication with investors / Simultaneous Japanese and English disclosure
Creating a Great Place to Work	Promote employee development and work-life balance

[Source: Prepared by JPR based on company data.]

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## (2) Financial Stability: High barriers to entry and reliability improvement due to accumulated stock-type track record

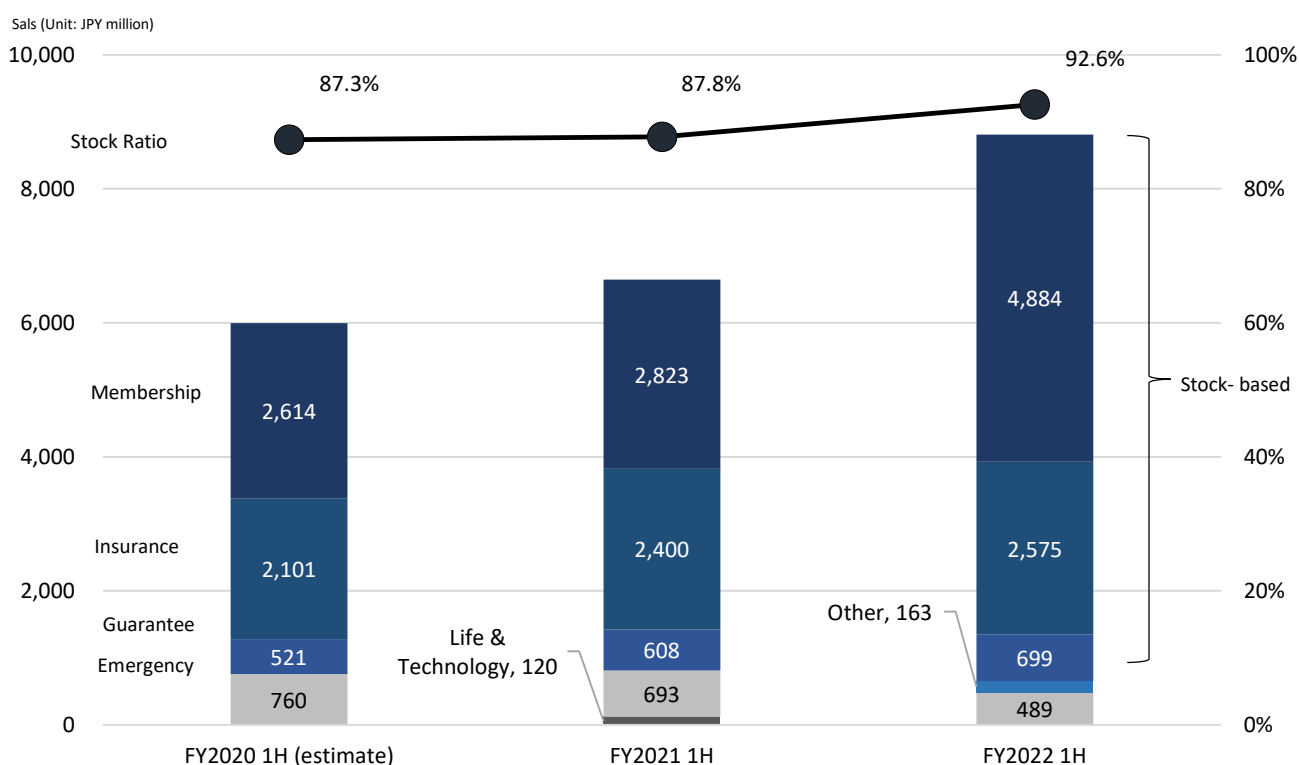
### High barriers to entry due to overwhelming market share

JBR has traditionally been the leading company in the industry providing a wide variety of lifestyle-related services, and in FY09/2021 it acquired Act Call, the second largest company in the industry, to establish a dominant market share as the only publicly listed company in the industry. Given the economies of scale, brand power, and know-how it has accumulated over the years, as well as the switching costs from a partner perspective, JBR has established very high barriers to entry.

### High stock return

While the membership, insurance, and guarantee businesses are JBR's core businesses, they are stock-based business models. As a result, stock revenues account for a very high percentage of sales, reaching 92.6% in 2Q FY9/2022. Furthermore, JBR sees these businesses as having the second highest growth potential after its other businesses, which include the creation of new businesses, and thus further stabilization of earnings is expected.

## Sales and Stock Returns by Business Segment



[Source: Prepared by JPR based on company data.]

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### 3) Relationship with the society that the government is aiming for with Society 5.0 in mind: JBR's contribution to a flexible society brought about by reviving and rethinking humanity.

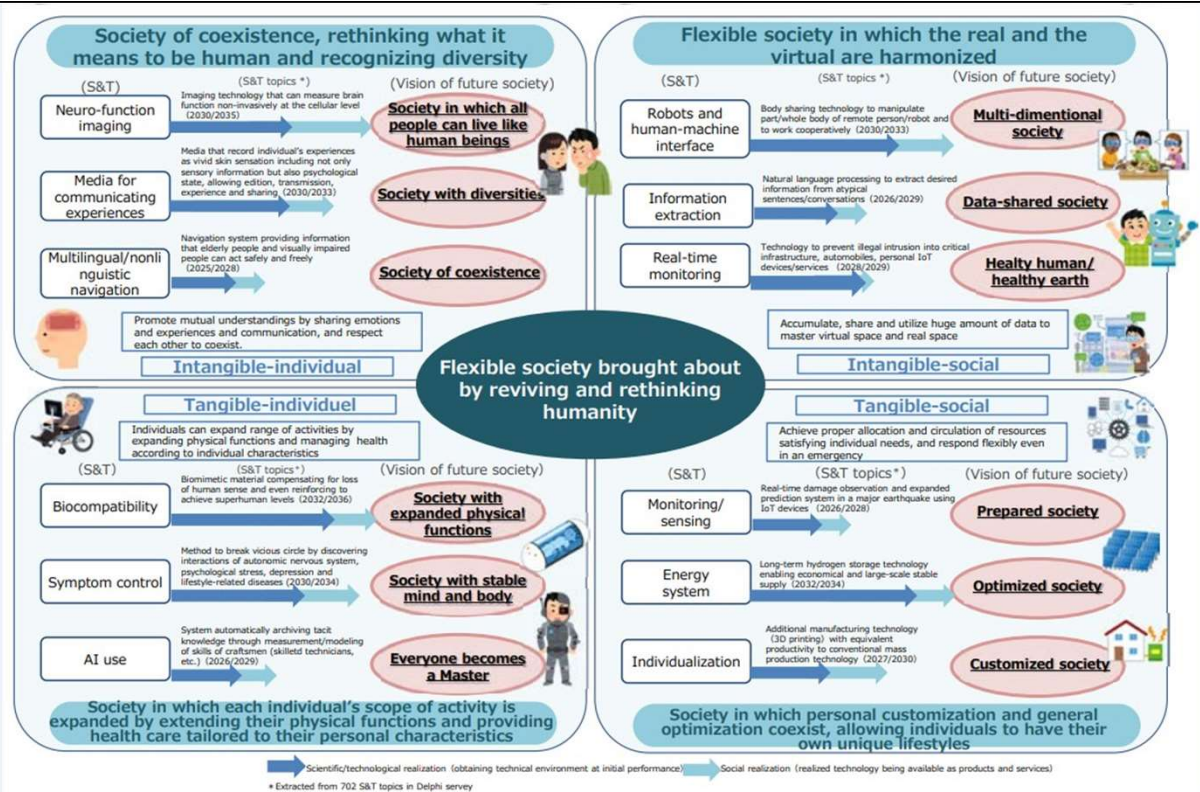
#### Science and Technology Prediction Survey Predicts the Future in 2040

#### Overview of Future Predictions: Flexible society brought about by reviving and rethinking humanity, and self-identity and symbiosis are the keywords.

According to the Cabinet Office, Society 5.0 is defined as a human-centered society that balances economic development and the resolution of social issues through a system that highly integrates cyber space (virtual space) and physical space (real space)<sup>1</sup>. In November 2019, the National Institute of Science and Technology Policy (NISTEP) of the Ministry of Education, Culture, Sports, Science and Technology (MEXT) summarized the future vision of society in 2040 through the development of science and technology as "a flexible society brought about by reviving and rethinking humanity. This is a remarkable embodiment of Society 5.0. These technologies will allow people to live in their own way, and society will be an environment where diverse people are loosely connected and coexist in harmony. In this environment, it is expected that each individual can live a diverse life in his or her own way as a human being, and that these diverse individuals can live in a win-win relationship without being isolated or controlled by power or technology.

1. Cabinet Office Society 5.0 [https://www8.cao.go.jp/cstp/society5\\_0/](https://www8.cao.go.jp/cstp/society5_0/)

#### Vision of the future of society in 2040 compiled by the National Institute of Science and Technology Policy



Source: NISTEP, MEXT

[Source]MEXT, "White Paper on Science and Technology 2020 (Provisional Translation)", Chapter 2 Looking Toward the Future in 2040: A Future Society Expanded by Science and Technology (Society 5.0): [https://www.mext.go.jp/en/content/20210315-mxt\\_kouhou02-000013440-8.pdf](https://www.mext.go.jp/en/content/20210315-mxt_kouhou02-000013440-8.pdf)

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## JBR will also play an active role in the society we aim to create in 2040.

JBR is expected to contribute to "a Flexible society brought about by reviving and rethinking humanity" by constructing the Best Rescue System. It does not have a business that directly contributes to scientific and technological development. However, it can make further contributions by incorporating evolving science and technology into its trouble-solving services and by solving problems through technology.

### Prepared society

JBR is truly providing services to realize a "prepared society. Currently, "those in need" have to report problems, but in the future, JBR may be contacted automatically through IoT devices, and the service may be refined to solve invisible problems and to prevent problems.

### Society with stable mind and body

JBR's services that provide peace of mind will contribute to the realization of a "society with stable mind and body. In particular, the ability to develop insurance services, which is one of our strengths, can contribute to the promotion of the spread and the provision of disease control technology.

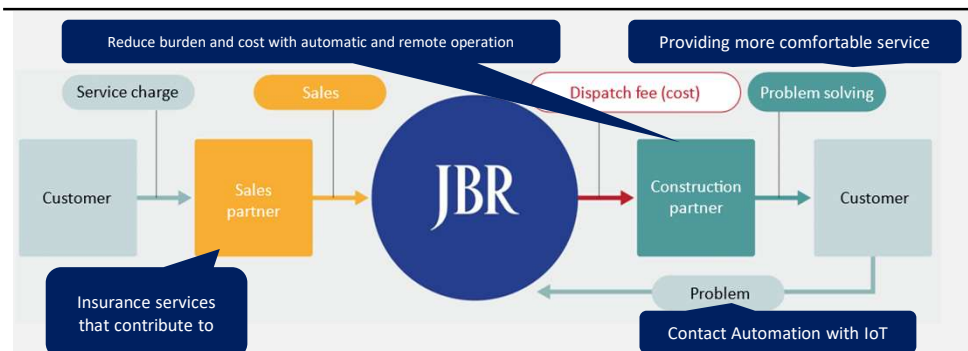
### Multi-dimensional society

The realization of a multi-dimensional society will help JBR's construction partners provide problem solving services. Automated driving and robot body-sharing technologies do not directly solve troubles but eliminate geographical barriers to service provision. This is expected to reduce the burden and cost for construction partners in solving problems.

### Society in which all people can live like human beings

JBR is recreating the human connections of relatives, neighbors, and others that once helped resolve problems, in the form of services. Furthermore, once functional brain imaging is realized, construction partners will be able to provide warmer services, including shock care, to "those in need" whom they have never met before.

## JBR's business model and the social relations it aims to achieve in 2040



[Source: Prepared by JPR based on company data.]



## Financial Strategy

Mainly following the previous medium-term management plan, dividend and shareholder benefits are listed as shareholder return measures.

### Dividend

One of JBR's shareholder return policy is to maintain stable dividends. From FY09/2022, the company aims to achieve a consolidated dividend payout ratio of 50% or more. Dividends per share have increased for seven consecutive fiscal years through FY09/2021, and are expected to increase for eight consecutive fiscal years.

### Shareholder benefits

JBR plans to return profits to shareholders based on the above dividend, but in support of KidZania's basic philosophy of "learning the value of involvement in society through hands-on experience," the company gives away KidZania coupons that allow access to KidZania at preferential prices. Specifically, shareholders who hold 100 shares (one unit) or more will receive two KidZania coupons.

## 4. Trends in Return on Invested Capital

Return on invested capital of 18% before prior investment

Temporarily lower due to amortization of goodwill, amortization of system investment, and upfront insurance costs

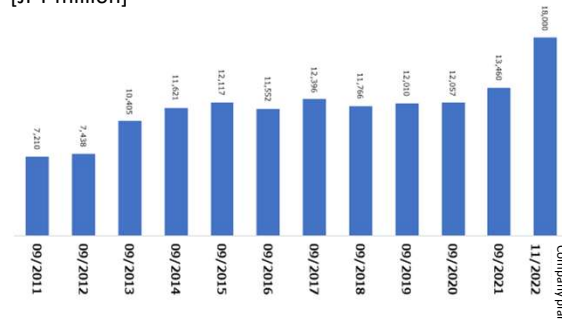
Improvement again once temporary factors are eliminated

Since JBR is now structured to expand sales and profits without increasing investments or fixed costs, ROIC is expected to be more than 30% due to its increased scale.

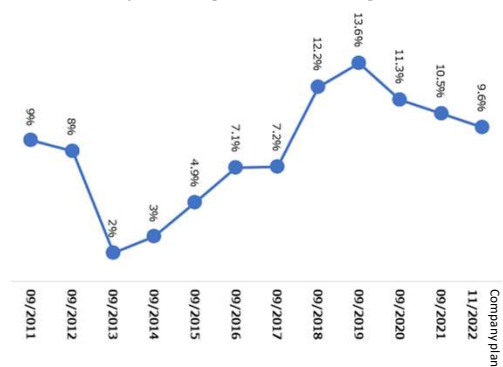
### ROIC-related indicators

[JPY million]

Sales

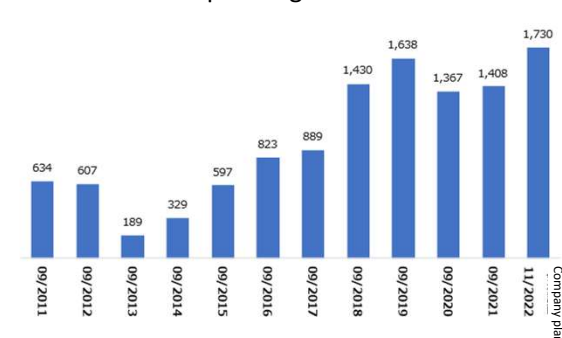


Operating income margin

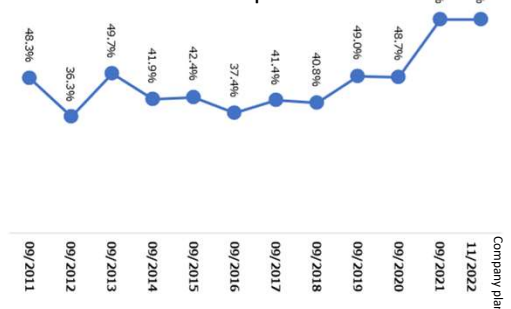


[JPY million]

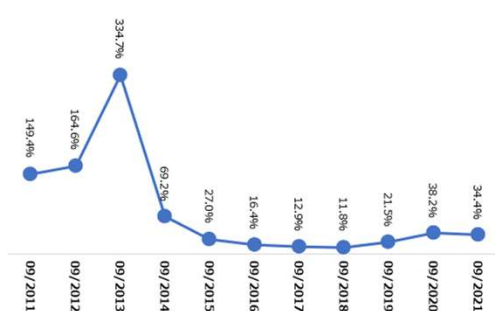
Operating income



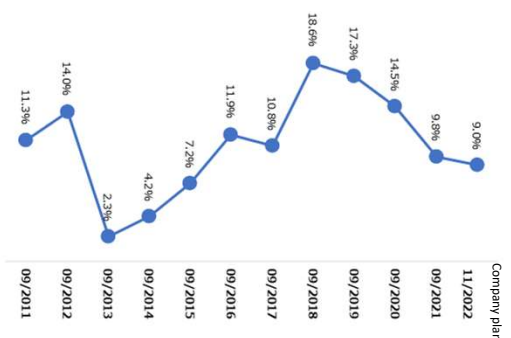
Beginning of period Ratio of invested capital to sales



Book Value DE Ratio



ROIC



[Source: Compiled by JPR from FactSet and other sources.]

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## 5. Financial performance in FY Sep/2022 2Q

September  
2022 2nd  
Quarter

### Consolidated Financial Results

#### Summary of Corporate Results

##### Change in reportable segment

Effective from the second quarter of the current consolidated fiscal year, the business segment "Repair Business" is included in "Membership Business," and Businesses related to Warranty Extension for Home Appliances, which were previously included in "Membership Business," are now included in "Warranty Business." As a result, from the second quarter of this consolidated fiscal year, the company has four segments: "Membership Business," "Warranty Business," "Insurance Business," and "Emergency Business." The following comparisons with the same period of the previous year are comparative analyses based on the figures for the same period of the previous year, which have been reclassified into the segment classifications after the change. Due to the discontinuation of the PPS business in the previous fiscal year, the "Life & Technology Business" segment, which includes this business, was discontinued from the first quarter of the current fiscal year.

##### Sales and operating income increased. Deterioration in recurring profit and net income due to market conditions is expected to be recovered from the second half of the year onward.

Although business was favorable in the first half of the period, due to share buybacks and lower stock prices, sales were JPY 8,806,732 thousand (up 32.7% YoY), operating income was JPY 738,140 thousand (up 9.8% YoY), ordinary income was JPY 695,904 thousand (down 14.6% YoY), and net income for the period was JPY 518,619 thousand.

Regarding the comparison of ordinary income and net income for the quarter, there was an impact from the change in revenue recognition standards. However, no cumulative impact occurs.

##### Deterioration in operating income of core businesses is temporary, and the businesses themselves are strong

The decrease in the "Membership Business" can be explained by the following two factors: First, the amortization burden increased. Amortization of goodwill from the acquisition of Actcall and TSUNAGU amounted to JPY 90 million for the half year, and amortization of software in the ERP implementation amounted to JPY60 million for the half year. The second is that the allocation rules were applied as before. In addition to the withdrawal from the "Life & Technology Business", the decline in the "Emergency Business" was borne by the robust "Membership Business". The business itself was very strong, with an increase of 32 million yen from the previous year due to the acquisition of members, and an additional 97 million yen due to the acquisition of Actcall.

The following factors explain the decline in the "Insurance business." A major factor was the rapid pace of growth, which necessitated a significant increase in insurance reserves and policy reserves as required by the Insurance Business Law. A smaller factor was the slowdown in the pace of claims payments, which led to a short-term buildup of claims reserves. The balance was more positive than expected due to a lower accident rate for home contents insurance and lower claims than initially expected for smart phone insurance. This payment reserve will be restored if the accident rate remains low in the medium to long term, which would mean overloading the reserve. This business is in a very favorable position with a much higher growth rate and lower payments.

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## Business Segment

### Membership Business

Significant increase in sales due to acquisition effects

Increase due to steady increase in the number of members for the main service, "Peaceful Home Support," and the effect of acquisition of ACTCALL INC. Profit decreased due to amortization of goodwill associated with the acquisition and amortization of software. Sales were JPY 4,884,044 thousand (up 73.0% YoY), and operating income was JPY 465,722 thousand (down 7.0% YoY).

### Insurance Business

Household goods insurance performed well

The number of contracts for the mainstay "Home Contents Insurance for Apartment" household contents insurance remained strong. In addition, smartphone insurance and sports club accident insurance also contributed to increased revenues. Decreased due to the need to increase policy reserve due to higher growth rate and to increase payment reserve due to slowdown in pace of claim payments. Sales were JPY 2,575,464 thousand (up 7.3% YoY), and operating income was JPY 188,145 thousand (down 7.6% YoY).

### Warranty Business

Increased sales and profit due to sales channel expansion

Sales and profits increased thanks to the successful expansion of sales channels for "Warranty Extension for Home Appliances," an extended warranty service for housing equipment. Sales were JPY 699,601 thousand (up 14.9% YoY), and operating income was JPY 268,640 thousand (up 8.2% YoY).

### Emergency Business

Decreased web customer traffic

Sales and profits declined due to a decrease in web customer traffic, mainly from other companies' websites. Sales were JPY 489,595 thousand (down 29.4% YoY), and operating loss was JPY 53,578 thousand (JPY 492 thousand of operating income in the same period of the previous year).

## Result in September 2022 2nd Quarter

Consolidated / Business Name	Sales	YoY	Operating income	YoY	Net income	YoY
	JPY million	%	JPY million	%	JPY million	%
Consolidated	8,806	+32.7	738	+9.8	518	-4.2
Membership Business	4,884	+73.0	465	-7.0	-	-
Insurance Business	2,575	+7.3	188	-7.6	-	-
Warranty Business	699	+14.9	268	+8.2	-	-
Emergency Business	489	-29.4	△ 53	-	-	-

[Source: Prepared by JPR based on company data.]

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## 6. Business Segments

### Change in reportable segment classification

Following the discontinuation of the "Life & Technology Business" in Q1 FY9/2022 due to the discontinuation of the PPS business, JBR changed its disclosure segments beginning in Q2 FY9/2022 due to the prime listing and reorganization. JBR reorganized its operations around the membership segment, which encompassed services with different growth and profitability potential, and changed to four segment classifications: "Membership Business," "Guarantee Business," "Insurance Business," and "Emergency Business." The "Repair Business" was integrated into the "Membership Business," and the "Warranty Business" was spun out from the "Membership Business"; to provide support for worry-free repairs such as extended warranties, which were previously included in the "Membership Business." The changes are as follows

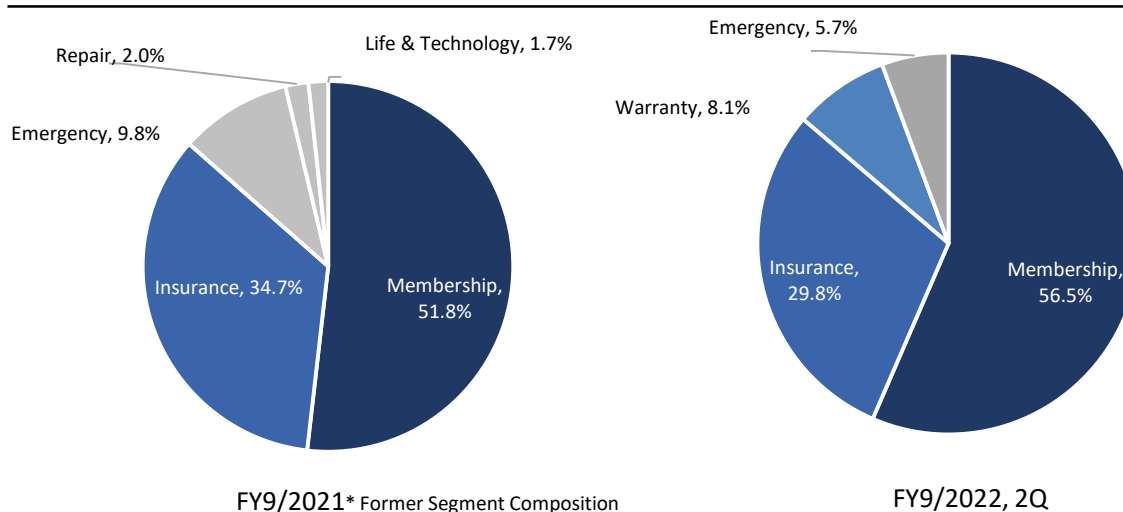
### Comparison of old and new segments

Old Seg Service		Business Overview	new segment
Membership <64.0%>	Extended Warranty	Growth and Profitability beyond Problem solving Subsidiary JWS operates the business	Warranty <7.9%>
	Problem solving <54.3%>	Acquisition of the Actcor Group to gain overwhelming top market share	Membership <55.4%>
Repair<1.1%>		Struggling to attract customers despite high technical skills	

\*Insurance and Emergency is as before, figures are as of the end of 2Q 2022

[Source: Prepared by JPR based on company data.]

### Sales Composition



[Source: Prepared by JPR based on company data.]

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## Membership Business

### Three Services

Quality Service  
Always available  
Free consultation

No need to replace parts not required  
Less expensive than remodeling and Sustainable.

## To our core business, which accounts for half of our net sales

### Three services are offered

Membership services include on-site attendance and telephone advice when members have problems.

#### Peaceful Home Support / Condominium Life Support

This is the main product of the membership service. In partnership with real estate agents, the company offers the "Peaceful Home Support" service for tenants of rental housing and the Condominium Life Support service for tenants of condominiums.

#### Student Life Emergency Call

The "Student Life Emergency Call" service is offered to university students at over 200 universities affiliated with National Federation of University Co-operative Associations (NFUCA).

#### Life Support Pack

JBR offers, at a discounted price, "Mobile Phone Trouble Sympathy Service" which provides partial reimbursement of expenses in the event of cell phone problems and "Problem solving service."

### Three reassurances to "help people in need" in their daily life

The specialized call centers for membership services are staffed by service personnel who have undergone rigorous screening as well as regular interviews and manner training, so that even sudden problems can be handled with ease. Any member can call the toll-free service 24-hour, 365-day, and rest assured that a staff member for each service will be arranged at any time. Free consultation" service is also available, where specialists are available for consultation. For free or at low cost, professionals in various fields provide easy-to-understand advice on questions and concerns about daily life, giving you peace of mind.

### "Membership Business" service expanded by integrating "Repair Business".

Services such as planning, construction, and contracting related to maintenance and to repair of interiors and exteriors were integrated into the "Membership Business" in response to requests from house builders for pre-delivery maintenance for newly constructed properties and other companies.

### Three Features of Repair Business Services

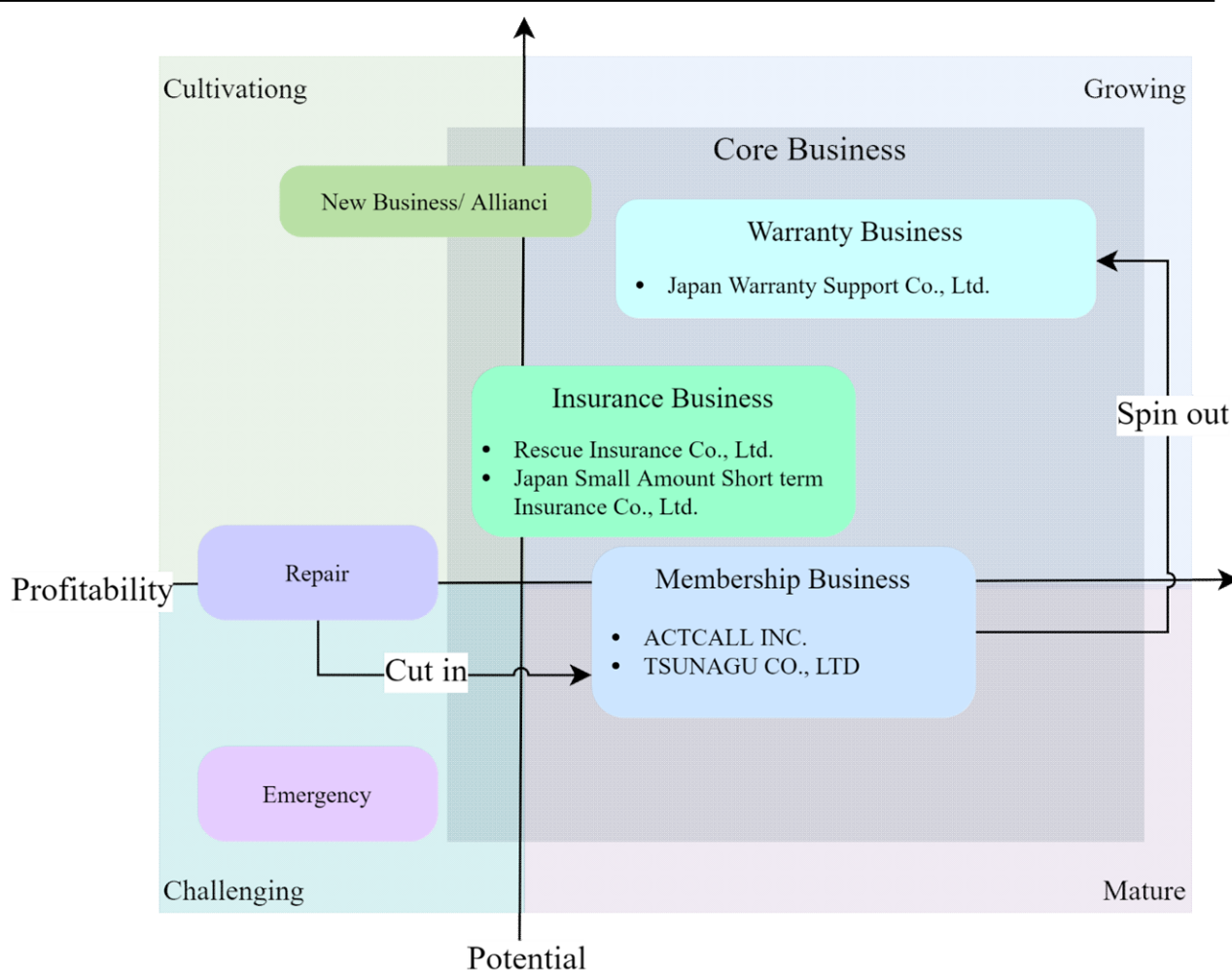
Repair Service is unique in three ways: First, it is one of the few publicly listed companies in the industry. Second, the company can repair large scratches or partial components. JBR can handle a wide range of materials, including sheet and solid wood for flooring and fixtures, tile and natural stone for entrances and gardens, artificial marble and FRP products for the water area, aluminum sashes, and steel products. The service can be provided at a low cost by restoring and rebuilding buildings and furniture without replacing scratches, dents, etc. Third, JBR can confirm how to repair scratches and the need for painting, etc., based on photographic images. It can estimate and propose a reasonable price free of charge to reduce concerns about the price.

## Into a new phase

### Membership business enters a new growth phase

The number of members exploded in FY9/2021. The number of "Peaceful Home Support" members increased by 100,000, and "[reassurance repair support]" members increased by 200,000. In addition, the acquisition of ACTCALL increased the number of members by 630,000. As of the end of March 2022, JBR forecasts that it would have 3.72 million members at the end of September 2022, but this figure is expected to rise further. In the real estate sector alone, the number of members at the end of September 2021 was 1.65 million, overwhelmingly surpassing the industry's second largest (unlisted) number of 300,000, and JBR will further solidify its No. 1 position by growing its membership in the new phase.

### Business Portfolio and Positioning of Affiliates



[Source: Prepared by JPR based on company data.]

## Insurance Business

Helping People  
in Need with  
Insurance

Underwriting  
clients from  
other companies  
that are exiting

Diverse sales  
channels

## Second Pillar of Revenue

### Beginning of Insurance Business

Based on the JBR Group's management philosophy of "Help people in need," the company began its insurance business in November 2007 when it acquired shares of Japan Small Amount Short term Insurance Co., Ltd. (now a wholly owned subsidiary of Rescue Insurance Co., Ltd. While the company's core business is household contents insurance for rental housing tenants, it also sells a wide range of insurance products, including bicycle insurance and legal expense insurance for individuals, and contract performance expense insurance and tenant insurance for corporations. In July 2019, Rescue Insurance Co., Ltd. was established by three companies: JBR (85.7% stake), Nippon Life Insurance Company (7.1% stake), and Seven Bank, Ltd.(7.1% stake). The company started out as a primary insurer of contractual performance expense insurance for corporations and a reinsurer from Japan Small Amount Short term Insurance Co., Ltd.

### Customer inflow from Chintai Shougaku Tanki Hoken Co.,Ltd.

With the termination of all insurance policy underwriting by Chintai Shougaku Tanki Hoken Co.,Ltd. as of March 31, 2022, the registered agency has been entrusted to JBR. This is expected to result in an inflow of approximately 30,000 insurance policies to JBR at present.

### Multi-product, multi-channel strategy

In the "Insurance Business", JBR is working to sell insurance products closely related to daily life and to develop advanced insurance products. The strategy is a "multi-product, multi-channel strategy," and the company will continue to develop a variety of products, including fire insurance and property repair insurance.

### Main sales channels for insurance products (sales partners)

Insurance Type		Sales Partners	Main Features
Small-amount short-term insurance	Contents insurance	Real estate company	Utilize the same sales channels as living trouble
	Other	Travel agency Wedding halls, etc. Sports clubs Management companies Wi-Fi service (electronics mass retailers)	The industry's 11 most common insurance clauses
Non-life insurance	Sports Club Management Company	Efficient contract acquisition through group contracts	Efficient contract acquisition through group contracts
	Smart phone	Stimulate replacement demand and promote sales	Stimulate replacement demand and promote sales

[Source: Prepared by JPR based on company data.]



person who likes  
both liquor and  
sweets

## Warranty Business

Helping those in  
need with  
guarantees

Extension of  
peace of mind

## Emergency Business

Transitioning to  
"prevention is  
better than cure"

### Growing into a second pillar

"Insurance Business" is growing as the second pillar of JBR's operations, with sales for the fiscal year ending September 2021 up 11.7% YoY, and accounting for 34.7% of total sales, second only to the "Membership Business. Furthermore, the company is aggressively developing its insurance products and rapidly increasing the number of insureds through its sales partners. In terms of earnings, household contents insurance has been building up steadily, stabilizing premium income. In January 2022, JBR will develop new insurance products in the real estate field, including a capital and business alliance with Minimini Group Corporation. Going forward, JBR will respond to the "problems" faced by all industries with a two-pronged approach: highly mobile small-amount short-term insurance and non-life insurance that can respond on a larger scale.

### Reliable repair support related business spun out from the Membership Business

#### Extended warranty solves problems for users and dealers

This service enables users to avoid expensive repairs and to obtain peace of mind for a longer period of time than the manufacturer's warranty. In addition, the service will provide peace of mind to retailers by enhancing their sales force through a sense of security in EC and after-sales service that is second to none at major retailers, and by strengthening emergency response through partial outsourcing of after-sales service.

#### Business

Consolidated subsidiary Japan Warranty Support Co., Ltd. The company provides 24-hour, 365-day repair support with no limit on the number of repairs and no reduction in the maximum amount for up to 10 years for household goods such as hot-water washing toilet seats, air conditioners, system kitchens, washstands, gas water heaters, Eco-Cute, and system bathtubs.

### Problem solving services for general customers

#### Business

This is a service that has continued since the company's founding: "Help people in need. The call center operates 365-day, and JBR's strength,"partner store network," allows its partner stores to come to the site within 60 minutes to solve problems for customers.

In the fiscal year ending September 2021, while sales in this business declined, both sales and operating income on a company-wide basis increased due to growth in the membership business. JBR is shifting from a service that is contracted after a problem occurs to a membership service that provides a "prevention is better than cure" before a problem occurs.

## 7. Appendix - External Environment and Competitive Analysis

### PEST Analysis<sup>1</sup>.

#### Politics and Regulations

##### **Expecting to provide new trouble-solving services to the community comprehensive care system**

"The Community-based Integrated Care System" promoted by the Ministry of Health, Labour and Welfare (MHLW) aims to establish a comprehensive local support and service delivery system by 2025 to enable the elderly to continue to live their own lives in their own familiar communities until the end of their lives, with the objectives of preserving their dignity and supporting independent living. The goal is to establish a comprehensive support and service provision system in the community. In the trend toward integrated provision of housing, medical care, nursing care, prevention, and lifestyle support, new service development of Problem solving services in the area of lifestyle support can be expected.

##### **Insurance businesses must be prepared for economic value-based regulation in the future**

The Financial Services Agency (FSA) is considering the introduction of soundness assessment based on Economic value-based Solvency Regime (ESR). The experts' committee for the introduction of the ESR stated that although insurance companies are considered to be steadily becoming proficient in ESR calculations through the FSA's implementation of the FT in Japan and the introduction of internal models for internal management (at some insurance companies), if the ESR is introduced, a higher level of governance regarding its calculation and verification will be required.

#### Economy

##### **Trace impact on trouble resolution services**

Prices, the economy, and exchange rates will not have a direct impact on JBR, as its largest resources are its construction and sales partners. On the other hand, a decrease in the number of partners due to the economic situation of the various partners would be a blow to JBR, which has the No. 1 market share in the country.

##### **Insurance services are particularly noteworthy for the rising trend in prices.**

With rising prices, interest rates are expected to rise moderately, which is expected to have a positive effect on profitability in the future. On the other hand, rising prices are also expected to push up the amount of claims, so premium rate changes that capture trends in the amount of claims will be necessary to improve profitability in a stable manner.

<sup>1</sup>: PEST analysis is a framework for analyzing the external environment surrounding a company based on four factors: Politics, Economy, Society, and Technology.

**Increase in the percentage of housing equipment with extended warranty service**

According to Japan Warranty Support Co., Ltd., a consolidated subsidiary, the size of the Japanese housing market itself is expected to remain largely unchanged at 600,000-800,000 new housing starts and 150,000-170,000 used units in circulation annually. On the other hand, the rate of extended warranty services attached to housing equipment is increasing every year, and the market is valued at 88.5 billion yen in annual sales.

**Society****Demographic Changes Lead to Diversification of Trouble-Solving Services**

In a super-aging society and declining population, JBR's services can expand its business by connecting with people. Services can be developed to provide connections with people in times of need, such as assistance for the elderly, discharge assistance services, and daycare services. Due to the decline in the driving population, JAF has partnered with JBR to help people with problems other than car trouble, and security companies and other companies also have many contacts with JBR, including key troubles. It could also serve as a receptacle for outsourcing needs of large companies that produce similar services in-house.

**For insurance services, it is important to build a system to prepare for population decline and natural disasters.**

The domestic insurance market may shrink due to population decline. It will be necessary to develop products that meet changing customer needs due to consumer lifestyles and preferences. In addition, Enterprise Risk Management (ERM) should be upgraded based on the balance of capital, risk, and return in order to supply coverage in response to changes in risk due to increased climate change risk, pandemic outbreaks, and other factors.

**Extended warranty service that can support dealership sustainability**

Extended warranty services depend on service sales at dealers. Therefore, changes in consumer behavior will indirectly affect sales from extended warranty services. It is necessary to constantly develop and provide services that meet consumer needs.

**Technology****Information Systems and Alliances**

The company is partnering with ITOCHU's DX and ICT divisions, which is expected to improve the operational efficiency of existing services and predict mega-trends through the use of data. The service itself is in the real world, and its strength lies in the fact that it has human and real contact points.

The larger the network, the greater the benefits.

Where there is a need, there is service.

Where can network business replace it?

Barriers to entry are high.

True competition is virtually non-existent.

## 5-Force Analysis

### Bargaining power of suppliers

It is the plumber and the locksmith who actually help the needy. On the other hand, plumbing stores and locksmiths have difficulty finding people who need them. JBR's business is to connect both of these businesses, and for suppliers, they want to supply their services where there are many people in need or in trouble.

### Bargaining power of customers

In order to help every last person in need, service = peace of mind to those who may be in trouble, not those in need. Trouble can happen to anyone, so if there are partnerships with local governments, etc., the number of members could increase by the number of households. Rather than switching costs, in the first place, for those in need, for those who may be in trouble, "anyone who can help with anything" is needed.

### Threat of substitute products or services

There is no substitute for those in need and who may be in need, but there is a substitute for those who provide services. Therefore, the quality of services becomes an issue, and the quality of services must be improved through competition and training. In addition, the efficiency of matching and networking between those in need or who may be in need and those providing services is difficult to replace.

### Threat of new entrants

If you are in the business of helping people in need by taking commissions from them, you first need to be chosen. On the other hand, those in need do not know where to contact when they are in trouble. In order to satisfy this two-way need, it is necessary to create a database and network, and this cannot be done overnight. It is also necessary to categorize the types of problems, and it would be convenient to have a place to call when they are in trouble, but this, too, is not an easy task. The technology to help people is the key to success, but the barriers to entry are high when considering the costs involved in making sure that people in need choose the right service.

### Intensity of competitive rivalry

The service of helping people in need itself is a red ocean, as they only need to enter the market individually, and there is actually a significant amount of web advertising. However, in the membership business, these are also suppliers and cannot be competitors. Individual plumbing and locksmith stores, small chain stores, etc. would choose suppliers over being competitors. Therefore, a true competitor is limited to cases where a business organization that has a large number of buyers of services, such as a municipality, also has service providers, such as plumbing stores.

"People in need"  
are everywhere.

Many do not  
purchase  
"security."

The sense of not  
paying for  
"peace of mind"  
alone is  
important.

## Market Growth Potential

### TAM<sup>1</sup>

Although only a limited number of people would request a Emergency service, it is likely that most people who "might be in trouble but would have peace of mind if they were members" would become members. The equivalent of "110" or "119" would cover more people than all households.

### SAM<sup>2</sup>

The majority of people start by asking for help only after they are in trouble. The challenge is how much people will recognize the usefulness of the "prevention is better than cure" and the benefits of always being at peace of mind.

### SOM<sup>3</sup>

Many people would be willing to pay for peace of mind if their problems could be solved efficiently. It is also necessary to devise ways to make it easier for people to pay, such as including it in security and management fees.

1. TAM, total addressable market, total available market, the maximum market size that can be acquired. It is the total market demand for a product or service, calculated as the annual sales or sales volume, etc., if 100% of the available market size is achieved. 2.SAM: Serviceable Available Market, the serviceable and available market size is the portion of the TAM that a company's 3. SOM: Serviceable Obtainable Market, Share Of Market, SOM, market share is the percentage of SAM reached by the company.

### Target Customer Image

service class	Target Customer Image
Membership service	"Peaceful Home Support": Residents of rental housing "Condominium Life Support": Residents of condominiums "Student Life Emergency Call": students of universities affiliated with the Consumer's Cooperative Union of Japan Life Support Pack: general cell phone users, etc.
Insurance business	Small Amount and Short Term Insurance and Rescue Insurance members
Emergency service	ordinary person

[Source: Compiled by JPR from company website.

### Domestic Market and Share

	Attribute/Scale
TAM	More than the total number of households in Japan: more than 58 million households
SAM	Apartment complexes: 22 million
	Detached houses: 36 million
SOM	SAM detached houses: 36 million
Number of current members	Number of member business members: 3.34 million

[Source: Prepared by JPR based on company data.

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## ESG

### Environment

#### Reduction of paper usage

As a result of these efforts, the number of copier paper sheets decreased 37% to 960,000 in FY9/2021 compared to FY9/2019, and the number of invoices issued for the main service, "Peaceful Home Support," decreased 93% to approximately 5,000.



#### Improved dispatch efficiency

Due to operational improvements and the development of new construction partners, the ratio of expressway use to the total number of dispatches declined fugitively while the frequency of use increased.

#### Installation of donation-type vending machines

A portion of the proceeds from vending machines installed in the Nagoya Head Office is donated to the Organization for Industrial, Spiritual and Cultural Advancement-international (OISCA) NGO that conducts environmental conservation activities.

### Society

#### JBR's core business

JBR, which provides services to connect people in society, is constantly developing new businesses that contribute to society, such as "Pregnancy insurance specializing in postpartum depression and infertility treatment after the second child."

#### Official Sponsor of KidZania

In support of KidZania's basic philosophy of "fostering a zest for life in children through occupational and social experiences," the company exhibited its "Climbing Building" pavilion at KidZania Tokyo, Koshien, and Fukuoka.



#### Joined CAPNA, a certified non-profit organization

Joined "Certified NPO CAPNA", which operates a telephone consultation service for the prevention of child abuse, as a corporate member and support its activities through donations.



#### Supporting the activities of the Nagoya City Board of Education

In July 2021, the Company registered with the Nagoya City Board of Education's "Cooperative Companies for promoting parental education" to provide opportunities for employees who are parents to be exposed to "Oyagaku."

**Free services for displaced persons in Ukraine**

Providing free-of-charge services, such as Problem solving services, to displaced persons in Ukraine who have been certified by the Government of Japan. In response to this, JBR works with governments, companies, and organizations that have expressed support, regardless of whether or not they have any business or capital ties with JBR.

**Installation of AEDs**

An AED is installed in the reception area of the Nagoya Head Office to prepare for emergencies involving employees, visitors, and nearby residents. JBR employees are trained in the use of the AED and in chest compressions (cardiac massage) using a doll, so that they can assist in saving lives in the event of an emergency.

**Governance****Composition of Board of Directors**

Of the eight directors, five are outside directors (including two outside directors who are members of the Audit and Supervisory Committee). Each of the five outside directors is designated as an independent director/audit & supervisory board member by the stock exchange because there is no risk of a conflict of interest with general shareholders.

**Assessment of Board Effectiveness**

An analysis and evaluation of the effectiveness of the board of directors in 2021 was conducted. The results of the survey, collection, and tabulation of data via a web-based questionnaire by an external organization, which included questions on the composition, operation, discussion, monitoring function, support system and training for directors and corporate auditors, and dialogue with shareholders (investors), led to the conclusion that "the board of directors is appropriately and effectively fulfilling its roles and responsibilities. The results of the survey were collected and tabulated.

**Incentive**

JBR introduced a stock option plan to issue stock acquisition rights through a third-party allotment and a stock option trust to grant stock acquisition rights at market value as an incentive. Incentives are granted to internal directors, outside directors, employees, directors of subsidiaries, and employees of subsidiaries in accordance with the "Delivery Guidelines.

## 8. Appendix - Subsidiary Listing

### Listing of consolidated subsidiaries

Securing credit,  
human and  
financial  
resources

Accelerating JWS Growth



Proof of management  
leadership



Increase corporate value  
by Partner stimulation

Establish dominant top  
position



Diversification



Overseas expansion

### Listing of Japan Japan Warranty Support Co., Ltd.

Accelerate business growth

by securing the social credibility required for the "10-year guarantee

#### Gain the status of a "publicly traded company" and gain an edge in sales activities.

Warranty Support Co., Ltd. (JWS) provides a warranty extension service that guarantees against malfunctions of housing equipment for up to 10 years. By going public, JWS has secured the trust of its customers and sales partners to use this "10-year warranty" with peace of mind, as well as the ability to compete with its competitors. At the same time, JWS has strengthened its ability to recruit human resources and raise funds, and aims to secure sales and contact center personnel who are indispensable for business growth and operations respectively, as well as to invest in systems and promote DX to cope with rapid growth.

#### Contributing to the enhancement of the JBR Group's corporate value

JBR believes that the listing of JWS will maximize the JBR Group's profits. The biggest benefit is that JWS will accelerate its growth more than ever before, as mentioned above, which will contribute to consolidated profits. On the other hand, as the board of directors of ACTCALL INC. and TSUNAGU CO., LTD, which are consolidated subsidiaries as well as JWS, resolved at the board meeting held on April 25, 2022, after their rapid performance improvement, flexible measures to "nurture subsidiaries and accomplish growth together with everyone" are being taken within the JBR group. In this way, JBR aims to improve its corporate value over the medium to long term by objectively proving its high level of management leadership and finding potential partner companies.

### Growth strategy

JWS will first secure a foundation for stable growth through a market penetration strategy in the JPY 88.5 billion market, where it already has the largest market share in Japan at 2% as of 2020, and will first establish an overwhelming leading position through existing and new services in a market that is expanding due to an increase in the service incidental ratio. After that, JWS's strategy is to diversify by leveraging group synergies and expand overseas ahead of other group companies.

### JWS Growth Strategy

Phase1 (Establishment~)  
Focus on sales to housing&equipment  
manufacturer

Secure overwhelming Top share  
in the domestic market of Warranty extension for  
home appliances

As a result of 2,000+ business tie-ups  
Subscribers : 1.23 M (As of end of March 2022)

[Source: Prepared by JPR based on company data.]

Phase2 (FY23~)  
Develop Detached house management business

Leveraging group synergies  
Total housing support business

Starting Housing Repair&Inspection  
Subscribers : 1.50 M (Target)

Phase3 (FY24~)  
Expand business overseas

Beyond "Japan" in JWS's name  
JWS will deliver reassurance of "Made in  
Japan" worldwide

Cooperating with manufacture expanding their  
business overseas



**Questions and Answers on JWS Listing**  
(excerpts from company presentation materials)

**Purpose of Listing**

To improve the creditworthiness of JWS to make the 10-year guarantee viable.

**Advantages of JBR**

The biggest advantage of JBR is that JWS is expected to contribute more to consolidated profits by accelerating its growth.

**Use of Proceeds**

The funds will be used to secure sales personnel necessary for business growth and CC personnel indispensable for business operations, as well as to secure system investments and DX promotion necessary to cope with rapid growth.

**Management Indicators and Targets**

The goal is to reach 1.5 million members by the end of FY09/2023.

**Conflict of Interest with JBR**

Since JBR is a company that solves household problems such as locks, water, and glass, and JWS specializes in the warranty and repair of residential equipment such as water heaters and air conditioners, they are completely different in business.

**JWS Shareholding Policy**

JBR will maintain its policy of holding more than 50% of the shares of its subsidiaries. Since this has been agreed upon with the subsidiary, JBR intend to proceed under this structure without any change.

**Future Subsidiary Listings**

There are no other specific projects under consideration at this time.

**Impact on the Medium-Term Business Plan**

We expect that there will be positives in a different way than before, but we are not seeing specifics. As time goes by, we expect to learn more, and if necessary, we intend to make revisions.

**Shareholder Return Policy**

Since the company is profitable, it should be able to pay dividends and return profits to shareholders within a few years.

## 9. Appendix-Shareholder Value of Highly Valued IT Companies

### Analysis of Highly Rated IT Companies

### Shareholder Value Analysis of Highly Valued IT Listings Utilizing Database

Even growth over the next 10 years is factored into the share price.

JPR analyzed the stock prices of six companies whose market capitalization even incorporates their cash flow 10 years from now. JBR may well be one of these companies.

### Comparison with similar marketing-related companies

CODE	Company name	Business						
2130	Members Co., Ltd.	Members provides support to major Japanese companies in the areas of digital marketing, including strategic planning, corporate website development and operation, and social media utilization, as well as product and service development and growth support to venture companies.						
4499	Speee, Inc.	Consumer behavior is becoming more complex, and the data handled by companies is becoming more diverse. Speee provides expertise in collecting, integrating, analyzing, and utilizing data for marketing activities that are becoming increasingly difficult. Speee's strength lies in its ability to respond flexibly to customer situations.						
6533	Orchestra Holdings Inc.	With its core Internet advertising agency business providing total solutions for client companies' digital marketing initiatives, the company supports the digital transformation of companies, municipalities, and other organizations.						
3655	BrainPad Inc.	The company is involved in big data utilization services and digital marketing services (marketing methods that utilize the Internet, information technology, and other digital technologies).						
3983	ORO Co., Ltd.	Supports corporate management efficiency through the development and sale of ERP packages (integrated enterprise resource planning systems) provided via cloud services. The company also provides digital-based corporate marketing support.						
9246	ProjectCompany	The company provides comprehensive support for the realization of digital transformation (DX) in companies through its three pillars of consulting services, marketing services, and UI/UX (user interface/user experience) services.						

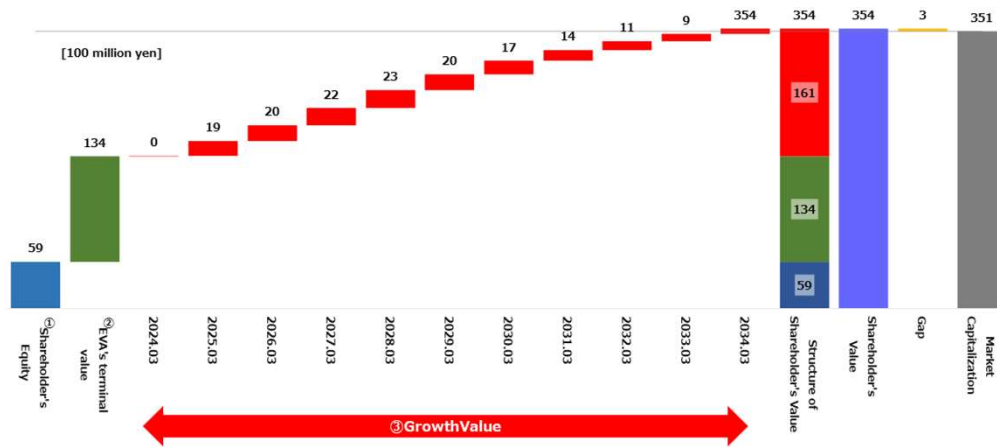
  

Company name	Sales		Operating income		ROIC	Net income	market capitalization	PER
	Current Term Company Plan	CAGR over the past two years	Current Term Company Plan	CAGR over the past two years	JPR estimated by Current Term Company Plan	Current Term Company Plan		
	JPY million		JPY million			JPY million	JPY million	Times
Members Co., Ltd.	18,200	31.0%	2,200	33%	45.8%	1,573	35,071	22.3
Speee, Inc.	12,485	29.7%	1,501	175%	35.3%	977	27,586	28.2
Orchestra Holdings Inc.	10,000	3.5%	1,670	78%	37.6%	950	23,641	24.9
BrainPad Inc.	8,600	23.1%	1,210	7%	30.4%	800	21,542	26.9
ORO Co., Ltd.	6,180	10.9%	2,050	24%	87.7%	1,435	24,364	17.0
ProjectCompany	3,500	129.6%	670	331%	88.4%	470	20,872	44.4

Source: Compiled by JPR from FactSet and other sources. Market capitalization is based on the closing price on June 21.

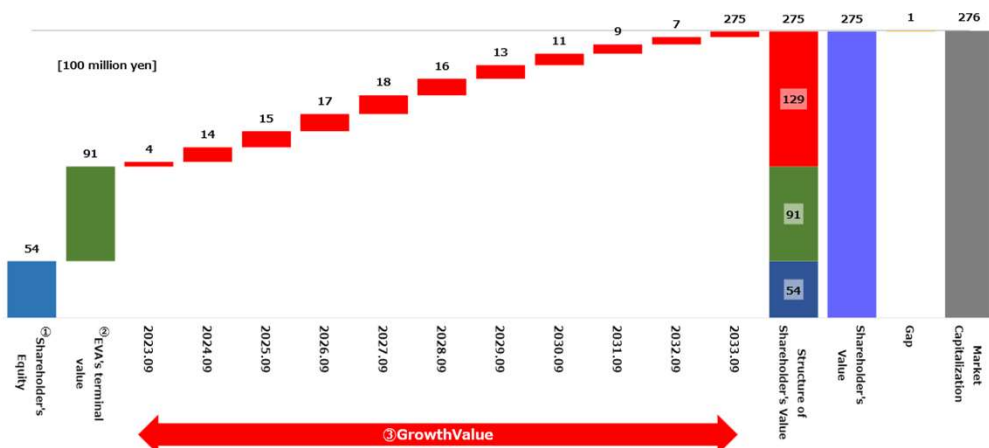
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## 2130: Members

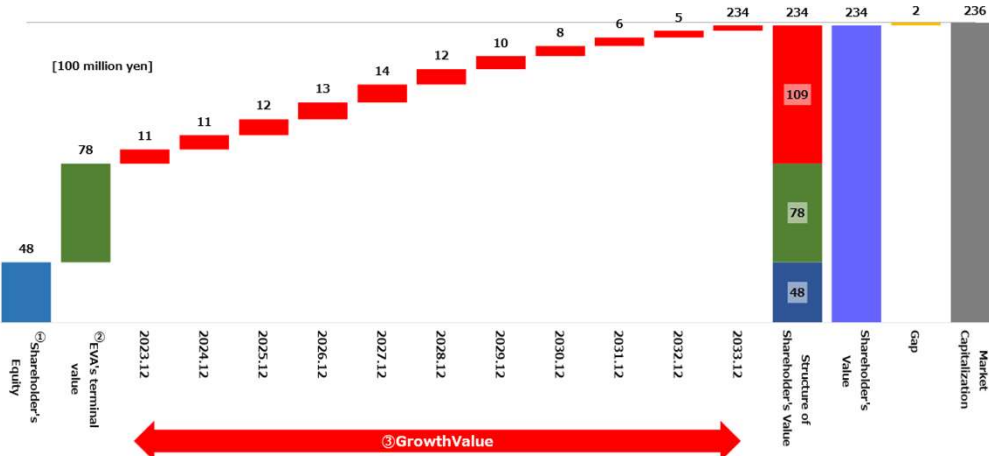


[Source: Compiled by JPR from FactSet and other sources.]

## 4499: Speee

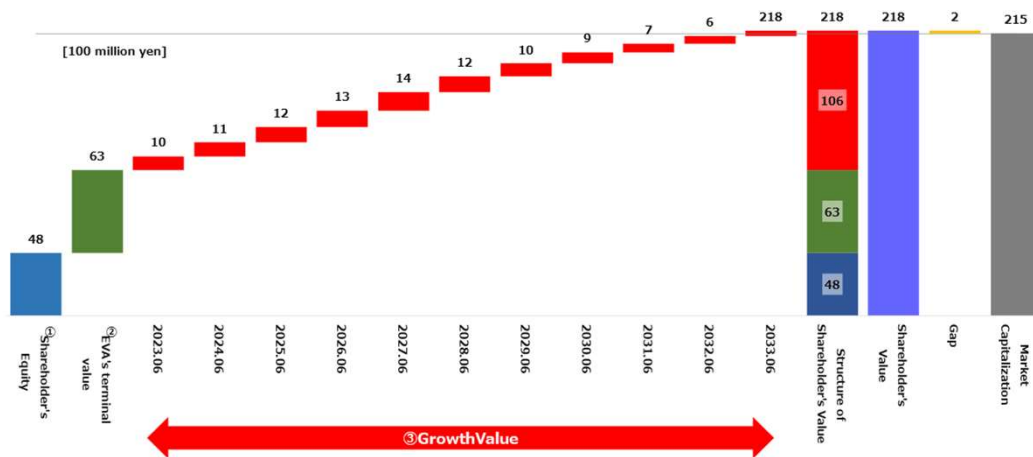


## 6533: Orchestra Holdings

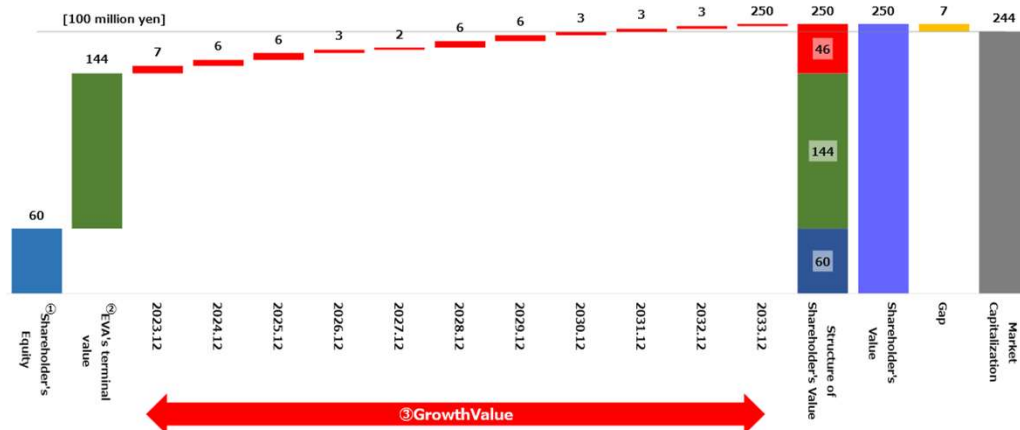


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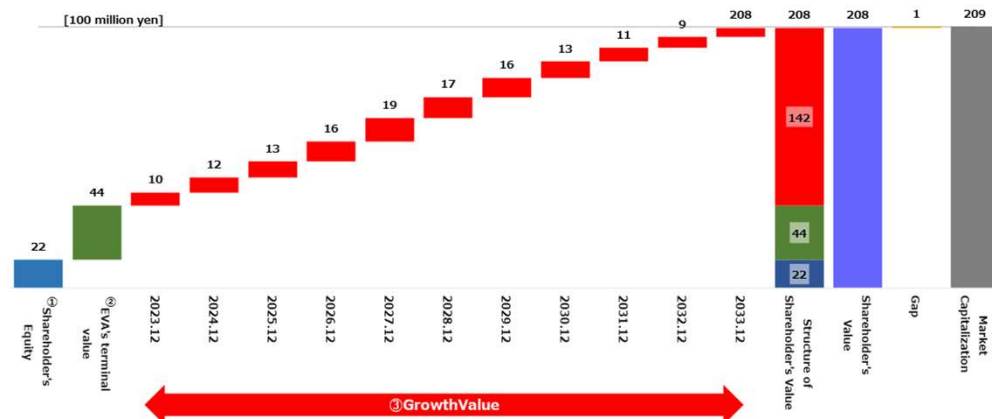
## 3655:Brain putt



## 3983: Oro



## 9246: Project Company



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## 2130: Members

[¥100mn]	Current Year 2023.03	1 year later 2024.03	2 years later 2025.03	3 years later 2026.03	4 years later 2027.03	5 years later 2028.03	6 years later 2029.03	7 years later 2030.03	8 years later 2031.03	9 years later 2032.03	10 years later 2033.03	11 years later 2034.03
Sales	182	211	245	284	330	382	431	475	514	548	577	601
Operating income	22.0	23.2	27.0	31.2	36.3	42.0	47.4	52.3	56.5	60.3	63.5	66.1
Operating margin	12.1%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Sales growth rate	21.8%	15.9%	16.1%	15.9%	16.2%	15.8%	12.8%	10.2%	8.2%	6.6%	5.3%	4.2%
NOPAT margin	8.4%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Invested capital turnover ratio	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%	36.3%
WACC	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
ROIC = NOPAT margin ÷ invested capital net sales ratio	23.0%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%
ROIC / WACC (value created with the original hand of 1)	¥3.0	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8
NOPAT	15.21	16.05	18.63	21.60	25.10	29.05	32.78	36.13	39.09	41.68	43.88	45.71
Invested capital × WACC	5.03	5.83	6.77	7.85	9.12	10.56	11.91	13.13	14.20	15.14	15.94	16.61
EVA	10.18	10.22	11.86	13.75	15.98	18.50	20.87	23.00	24.89	26.53	27.94	29.10
EVA = NOPAT - invested capital × WACC	10.18	10.22	11.86	13.75	15.98	18.50	20.87	23.00	24.89	26.53	27.94	29.10
Value created in each year	134	0	22	25	29	33	31	28	25	22	18	15
Discount Rate	100%	93%	86%	80%	75%	69%	64%	60%	56%	52%	48%	45%
Present value of EVA	134	0	19	20	22	23	20	17	14	11	9	7
Invested capital ①: Origin	66											
Over profit value (Permanent value of EVA of this ten→)	134											
Growth value (Present value of increase in EVA) ②	161											
Non-business asset value ④	0											
Corporate value = ① + ② + ③ + ④	361											
Interest-bearing debt, etc.	-7											
Shareholder value	354											

[Source: Compiled by JPR from FactSet and other sources.]

## 4499: Speee

[¥100mn]	Current Year 2022.09	1 year later 2023.09	2 years later 2024.09	3 years later 2025.09	4 years later 2026.09	5 years later 2027.09	6 years later 2028.09	7 years later 2029.09	8 years later 2030.09	9 years later 2031.09	10 years later 2032.09	11 years later 2033.09
Sales	125	146	171	200	234	274	311	345	375	401	423	442
Operating income	15.0	16.4	19.2	22.4	26.2	30.7	34.8	38.6	42.0	44.9	47.4	49.5
Operating margin	12.0%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
Sales growth rate	-1.6%	16.9%	17.1%	17.0%	17.0%	17.1%	13.5%	10.9%	8.7%	6.9%	5.5%	4.5%
NOPAT margin	8.3%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Invested capital turnover ratio	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%	36.6%
WACC	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
ROIC = NOPAT margin ÷ invested capital net sales ratio	22.7%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%
ROIC / WACC (value created with the original hand of 1)	¥3.0	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8	¥2.8
NOPAT	10.38	11.31	13.24	15.49	18.12	21.22	24.08	26.72	29.04	31.05	32.76	34.23
Invested capital × WACC	3.47	4.05	4.75	5.55	6.50	7.61	8.63	9.58	10.41	11.13	11.74	12.27
EVA	6.91	7.25	8.49	9.94	11.62	13.61	15.45	17.14	18.63	19.92	21.01	21.96
EVA = NOPAT - invested capital × WACC	6.91	7.25	8.49	9.94	11.62	13.61	15.45	17.14	18.63	19.92	21.01	21.96
Value created in each year	91	4	16	19	22	26	24	22	20	17	14	12
Discount Rate	100%	93%	86%	80%	75%	69%	64%	60%	56%	52%	48%	45%
Present value of EVA	91	4	14	15	17	18	16	13	11	9	7	6
Invested capital ①: Origin	46											
Over profit value (Permanent value of EVA of this ten→)	91											
Growth value (Present value of increase in EVA) ②	129											
Non-business asset value ④	21											
Corporate value = ① + ② + ③ + ④	287											
Interest-bearing debt, etc.	-12											
Shareholder value	275											

## 6533: Orchestra Holdings

[¥100mn]	Current Year 2022.12	1 year later 2023.12	2 years later 2024.12	3 years later 2025.12	4 years later 2026.12	5 years later 2027.12	6 years later 2028.12	7 years later 2029.12	8 years later 2030.12	9 years later 2031.12	10 years later 2032.12	11 years later 2033.12
Sales	100	115	132	152	175	201	225	247	266	282	296	308
Operating income	16.7	18.6	21.4	24.6	28.4	32.6	36.5	40.0	43.1	45.7	48.0	49.9
Operating margin	16.7%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%
Sales growth rate	-39.9%	15.0%	14.8%	15.2%	15.1%	14.9%	11.9%	9.8%	7.7%	6.0%	5.0%	4.1%
NOPAT margin	11.5%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
Invested capital turnover ratio	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%	70.3%
WACC	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
ROIC = NOPAT margin ÷ invested capital net sales ratio	16.4%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
ROIC / WACC (value created with the original hand of 1)	¥2.2	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1	¥2.1
NOPAT	11.55	12.88	14.78	17.03	19.60	22.51	25.20	27.67	29.79	31.59	33.15	34.50
Invested capital × WACC	5.32	6.12	7.02	8.09	9.31	10.69	11.97	13.14	14.15	15.00	15.75	16.39
EVA	6.23	6.76	7.76	8.94	10.29	11.82	13.23	14.53	15.64	16.58	17.41	18.11
EVA = NOPAT - invested capital × WACC	6.23	6.76	7.76	8.94	10.29	11.82	13.23	14.53	15.64	16.58	17.41	18.11
Value created in each year	82	7	13	16	18	20	19	17	15	12	11	9
Discount Rate	100%	93%	86%	80%	75%	69%	65%	60%	56%	52%	48%	45%
Present value of EVA	82	7	11	12	13	14	12	10	8	6	5	4
Invested capital ①: Origin	70											
Over profit value (Permanent value of EVA of this ten→)	82											
Growth value (Present value of increase in EVA) ②	104											
Non-business asset value ④	0											
Corporate value = ① + ② + ③ + ④	257											
Interest-bearing debt, etc.	-23											
Shareholder value	234											

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## 3655:Brain putt

[¥100mn]	Current Year 2022.06	1 year later 2023.06	2 years later 2024.06	3 years later 2025.06	4 years later 2026.06	5 years later 2027.06	6 years later 2028.06	7 years later 2029.06	8 years later 2030.06	9 years later 2031.06	10 years later 2032.06	11 years later 2033.06
Sales	86	101	118	138	161	189	214	237	258	276	292	305
Operating income	10.2	11.3	13.2	15.5	18.0	21.2	24.0	26.5	28.9	30.9	32.7	34.2
Operating margin	11.9%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
Sales growth rate	21.1%	17.4%	16.8%	16.9%	16.7%	17.4%	13.2%	10.7%	8.9%	7.0%	5.8%	4.5%
NOPAT margin	8.2%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Invested capital turnover ratio	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%	44.3%
WACC	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
ROIC = NOPAT margin ÷ invested capital net sales ratio	18.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
ROIC / WACC (value created with the original hand of 1)	¥2.4	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3	¥2.3
NOPAT	7.05	7.82	9.14	10.69	12.47	14.64	16.57	18.35	19.98	21.37	22.61	23.62
Invested capital × WACC	2.95	3.47	4.05	4.73	5.52	6.48	7.34	8.13	8.85	9.47	10.02	10.46
EVA	4.10	4.36	5.09	5.95	6.94	8.15	9.23	10.22	11.13	11.90	12.59	13.15
EVA = NOPAT - invested capital × WACC	4.10	4.36	5.09	5.95	6.94	8.15	9.23	10.22	11.13	11.90	12.59	13.15
Value created in each year	53	3	9	11	13	16	14	13	12	10	9	7
Discount Rate	100%	93%	86%	80%	74%	69%	64%	59%	55%	51%	47%	44%
Present value of EVA	53	3	8	9	10	11	9	8	6	5	4	3
Invested capital ① Origin	38											
Over profit value (Permanent value of EVA of this ten→)	53											
Growth value (Present value of increase in EVA) ③	76											
Non-business asset value ④	10											
Corporate value = ① + ② + ③ + ④	177											
Interest-bearing debt, etc.	-0											
Shareholder value	177											

## 3983: Oro

[¥100mn]	Current Year 2022.12	1 year later 2023.12	2 years later 2024.12	3 years later 2025.12	4 years later 2026.12	5 years later 2027.12	6 years later 2028.12	7 years later 2029.12	8 years later 2030.12	9 years later 2031.12	10 years later 2032.12	11 years later 2033.12
Sales	62	68	74	81	87	93	98	103	106	109	112	114
Operating income	20.5	21.8	22.9	24.3	25.2	25.9	27.3	28.7	29.6	30.4	31.2	31.8
Operating margin	33.2%	32.0%	31.0%	30.0%	29.0%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
Sales growth rate	11.7%	10.0%	8.8%	9.5%	7.4%	6.9%	5.4%	5.1%	2.9%	2.8%	2.8%	1.8%
NOPAT margin	22.9%	22.1%	21.4%	20.7%	20.1%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%
Invested capital turnover ratio	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%	65.9%
WACC	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
ROIC = NOPAT margin ÷ invested capital net sales ratio	34.8%	33.6%	32.5%	31.5%	30.4%	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%
ROIC / WACC (value created with the original hand of 1)	¥4.5	¥4.4	¥4.2	¥4.1	¥4.0	¥3.8	¥3.8	¥3.8	¥3.8	¥3.8	¥3.8	¥3.8
NOPAT	14.17	15.04	15.86	16.80	17.44	17.94	18.90	19.87	20.45	21.03	21.60	21.99
Invested capital × WACC	3.12	3.43	3.73	4.09	4.39	4.69	4.94	5.20	5.35	5.50	5.65	5.75
EVA	11.06	11.61	12.13	12.72	13.06	13.25	13.96	14.67	15.10	15.53	15.96	16.24
EVA = NOPAT - invested capital × WACC	11.06	11.61	12.13	12.72	13.06	13.25	13.96	14.67	15.10	15.53	15.96	16.24
Value created in each year	144	7	7	8	4	3	9	9	6	6	6	4
Discount Rate	100%	93%	86%	80%	74%	69%	64%	60%	55%	51%	48%	44%
Present value of EVA	144	7	6	6	3	2	6	6	3	3	3	2
Invested capital ① Origin	41											
Over profit value (Permanent value of EVA of this ten→)	144											
Growth value (Present value of increase in EVA) ③	46											
Non-business asset value ④	27											
Corporate value = ① + ② + ③ + ④	257											
Interest-bearing debt, etc.	-7											
Shareholder value	250											

## 9246: Project Company

[¥100mn]	Current Year 2022.12	1 year later 2023.12	2 years later 2024.12	3 years later 2025.12	4 years later 2026.12	5 years later 2027.12	6 years later 2028.12	7 years later 2029.12	8 years later 2030.12	9 years later 2031.12	10 years later 2032.12	11 years later 2033.12
Sales	35	44	55	68	85	107	128	149	168	185	200	213
Operating income	6.7	7.7	9.6	11.9	14.9	18.7	22.4	26.1	29.4	32.4	35.0	37.3
Operating margin	19.1%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Sales growth rate	63.6%	25.7%	25.0%	23.6%	25.0%	25.9%	19.6%	16.4%	12.8%	10.1%	8.1%	6.5%
NOPAT margin	13.2%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%
Invested capital turnover ratio	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%	31.6%
WACC	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
ROIC = NOPAT margin ÷ invested capital net sales ratio	41.9%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%	38.3%
ROIC / WACC (value created with the original hand of 1)	¥5.4	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9	¥4.9
NOPAT	4.63	5.32	6.65	8.23	10.28	12.95	15.49	18.03	20.33	22.38	24.20	25.77
Invested capital × WACC	0.86	1.08	1.35	1.67	2.08	2.62	3.13	3.65	4.11	4.53	4.90	5.22
EVA	3.78	4.25	5.31	6.56	8.20	10.33	12.35	14.38	16.21	17.85	19.30	20.56
EVA = NOPAT - invested capital × WACC	3.78	4.25	5.31	6.56	8.20	10.33	12.35	14.38	16.21	17.85	19.30	20.56
Value created in each year	49	6	14	16	21	27	26	26	24	21	19	16
Discount Rate	100%	93%	86%	80%	74%	69%	64%	59%	55%	51%	47%	44%
Present value of EVA	49	6	12	13	16	19	17	16	13	11	9	7
Invested capital ① Origin	11											
Over profit value (Permanent value of EVA of this ten→)	49											
Growth value (Present value of increase in EVA) ③	137											
Non-business asset value ④	14											
Corporate value = ① + ② + ③ + ④	211											
Interest-bearing debt, etc.	-3											
Shareholder value	208											

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## 10. Appendix-Basis of Calculation

Corporate value  
estimated by use of  
ROIC and excess  
return

### Excess return analysis framework

Excess profit or economic value added is globally used as an indicator to estimate corporate value, evidenced by its adoption by Kao Corporation, a Grand Prix winner of the Tokyo Stock Exchange Fifth Corporate Value Improvement Award (FY2016). In the calculation of excess return, corporate value can be broken down into four elements: invested capital, excess return value, growth value, and non-business assets. This facilitates a better understanding of the structure that creates corporate value. A company might be overvalued or undervalued when its market cap is higher or is lower than its theoretical corporate value, respectively. The contribution of each year's corporate value can be visualized in the following figure, wherein shareholders' equity is simply represented as a sum of invested capital and non-business asset, subtracting interest-bearing debts. The figure below allows us to estimate how many years of growth might be incorporated into the stock price.

### Breakdown of corporate value using excess return



[source] JPR

Estimated excess return is profit that exceeds investors' return expectations against invested capital. Its present value is "excess return value," while a potentially growing portion of excess return is "growth value." Moreover, assets not used in business are added as non-business asset value in estimating a theoretical corporate value. Theoretically, the estimated corporate value using excess return should be the same as the value estimated using the discount cash flow (DCF) model. This report calculates excess return by using the following figures in a simplified manner.

- ② Excess return = NOPAT – Invested capital X WACC
- ② Net Operating Profit After Tax (NOPAT) = Operating profit X (1 - Effective tax rate)
- ② Invested capital = Total assets – Non-business assets – Current liabilities excluding Interest-bearing debt
- ② Non-business assets = Cash and deposits exceeding 10% of sales + Short-term investment securities + Investment securities + Deferred gains or losses on hedges + Land revaluation difference + Foreign currency translation adjustments
- ② Weighted average cost of capital (WACC) = After-tax interest rate of interest-bearing debt X (D / (E+D)) + Cost of shareholders' equity X (E / (E+D))
- ② Cost of shareholders' equity = 0.5% + 5% X β
- ② β = Slope of a linear regression line of five-year daily returns of TOPIX and the stock price of the target company
- ② E = Market cap at the time of calculation
- ② D = Short-term interest-bearing debt + Long-term liabilities + Minority interests in the latest financial statements at the time of calculation

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