Japan Best Rescue System Co., Ltd.

Tokyo Stock Exchange Prime Market Security Code：2453 December 15, 2022

Upside Potential of Approximately 3.6x Based on GCC Management™ Analysis

Prospects for Value-Added Change through IT and Financialization of the No. 1 Company in Lifestyle Troubleshooting Services

This report analyzes corporate value based on the GCC Management TM 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") has developed product services, promoted business alliances, and expanded its business through marketing by motivating employees through the "joy of being appreciated" by "Help people in need," and has established the No. 1 position with more than 3 million members in lifestyle trouble resolution services through the leveraging of lifestyle trouble resolution services and insurance. JBR pursued M&A for further growth, and executed large-scale system investments for optimal collaboration among businesses, operational efficiency, information sharing, and a "joyful" structure. The new medium-term management plan (fiscal year ending September 30, 2022 to fiscal year ending September 30, 2024), which aims to triple the number of members over the long term, is being realized, with record-high sales and record-high operating income also achieved in September 2023.

Stock price one-half of peak despite record-high sales and operating income

However, stock prices are only about half of the previous peak. Three points are important regarding the future. (1) The relative attractiveness of JBR's earnings stability, which is mainly based on Membership Services, is positive due to the instability of the economic situation. (2) The profitability trend of the Membership Business, which was caused by the cost allocation of the exiting business, will come to a halt in the second half of 2023. (3) Negative impact on apparent profits due to the accumulation of payment reserves resulting from the rapid growth of Insurance Business will come to an end in the second half of 2023. As investors become more aware of this perspective, record sales and profits will have a more honest and positive impact on the share price.

Maximum upside potential of 3.6x due to realization of growth scenario

Over the next 10 years, JBR will be in the process of transforming itself into a company that solves social issues by utilizing IT, finance, and databases, and will enjoy the attractiveness of a high-growth, highly profitable IT company that contributes to the SDGs through its database and low capital costs through its financial function. Shareholder value was estimated at JPY 104.7 billion, based on the assumption of tripling the number of members and doubling the unit price in 10 years.

※This is a follow-up report to the "GCC Management™ " Corporate Value Analysis of Japan Best Rescue System Corporation ("JBR") issued by JPR on June 6, 2022. (The basic report is available at https://www.j-phoenix.com/excess/2453_jbr/)

Followup Report

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Corporate Profile	
Headquarters	Naka-ku, Nagoya
President & CEO	Nobuhiro Sakakibara
Established	February 12, 1997
Capital	JPY 780 million
Listed	August 30, 2005
URL	https://www.jbr.co.jp/
Industry	Service industry

Key Indicators (as of Dec 14, 2022)	
Stock price	JPY 847
Highest in 52 weeks	JPY 1,084
Lowest in 52 weeks	JPY 708
Outstanding Shares	34,127,177 stocks
Trading Units	100 stocks
Market Capitalization	JPY 28,906 million
Prospective Dividend	JPY 18
Estimated EPS	JPY 28.71
Estimated PER	29.92 times
Actual BPS (Sep 2022)	JPY 295.16
Actual PBR	2.60 times

Perfomance Trends	Sales (JPY million)	YoY %	OperaitionalPro (JPY million)	YoY %	rdinaryProfit (JPY million)	YoY %	NetProfit (JPY million)	YoY %	EPS (JPY)	Stock price High(JPY)	Stock price Low(JPY)
Results for the year ended September30, 2019	12,010	2.1%	1,638	14.5%	1,967	19.7%	1,639	37.5%	51.81	1,712	973
Results for the year ended September30, 2020	12,057	0.4%	1,367	-16.5%	1,798	-8.6%	997	-39.2%	31.82	1,292	460
Results for the year ended September30, 2021	13,460	11.6%	1,408	3.0%	1,740	-3.2%	56	-94.3%	1.83	1,325	673
Results for the year ended September30, 2022	17,810	32.3%	1,459	3.7%	1,173	-32.6%	437	671.6%	13.00	1,263	708
Company plan foe the fiscal year ending September30, 2023	18,300	2.8%	1,650	13.0%	1,500	27.9%	950	116.9%	28.71	-	-

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1.Investment Summary

Recent Trends

Performance and Initiatives

Business Results for the Fiscal Year Ending September 30, 2022 and Company Plan for the Fiscal Year Ending September 30, 2023

Sales reached a record high and operating profit was the second highest in JBR's history. Sales and profits to reach record highs in this fiscal year.

Sales reached a record high of JPY 17,810 million due to the acquisition of Actcall, and operating profit was JPY 1,459 million, the second highest in JBR's history, due to the performance of the Warranty Business exceeding its forecast. The strength of JBR's core Membership Business and Insurance Business is expressed as actual profit (= operating profit - special factors + allocated expenses), and for FY9/2022, actual profit for the Membership Business was JPY 2.3 billion (+11.4% YoY; operating profit: JPY 936 million), and for the Insurance Business JPY 668 million (+48.4% YoY; operating profit of JPY 381 million). With efforts toward an optimal portfolio and the realization of the new mid-term management plan (FY9/2022-FY9/2024), which aims to triple the number of members over the long term, JBR plans record sales and operating profit of JPY 18.3 billion and JPY 1650 million, respectively, in FY9/2023.

Efforts to build an optimal portfolio

Structural Changes for 1Q FY9/2023

Business Segment Changes

JBR has made significant changes to its business segments from FY09/2021 to 1Q FY09/2023. With the withdrawal from the Life & Technology Business, the incorporation of the Repair Business into the Membership Business, the transfer of the Emergency Business, and the spin-out of the extended warranty services and others from the Membership Business to the Warranty Business, JBR will focus on the stock revenue-type businesses: the Membership Business, the Warranty Business, and the Insurance Business.

Transfer of Emergency business

JBR transferred the Emergency Business to Seikatsu Kyukyusya Co., Ltd., which was established as a wholly owned subsidiary, and then transferred 51% of its shares to Aqualine Ltd., in which JBR has a stake, effective November 30, 2022.

Absorption-type merger of a wholly owned subsidiary

JBR merged ACTCALL INC. and TSUNAGU CO., LTD, which had become wholly owned subsidiaries of JBR on September 30, 2021, by absorption on October 1, 2022.

Listing of consolidated subsidiaries

JBR's consolidated subsidiary Japan Warranty Support Co., Ltd was approved for initial listing on the TSE Growth Market on May 20, 2022.

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Analysis of Shareholder Value

Maximum upside in market capitalization estimated at 3.6x

Estimation using the excess profit method

Maximum upside of 3.6x depending on realization of growth scenario

As explained in the previous report, JBR, which has established the No. 1 position in lifestyle trouble resolution services through the use of lifestyle trouble resolution services and insurance, is pursuing M&A with the aim of further growth, optimal coordination among businesses, operational efficiency improvement, information sharing, and a "joyful" structure. JBR is also pursuing M&A to achieve further growth.

Shareholder Value Analysis (Unit: JPY billion)

Market capitalization	Value gap		
28.8	Maximum upside to market capitalization	=	3.6x

Shareholder value reflecting maximum 10-year growth scenario[1].

ShareholdersEquity 9.9 + Excess Profit Value 8.6 + Growth Value 86.2 = **104.7**

Shareholders' equity	Excess profit value	Growth value
99	8.6	86.2

[Source: Compiled by JPR

1: Fractions do not match due to rounding.

As a stable investment in a risk-off environment, focus on actual profit and KPI growth rates, not financial figures

JBR is expected to grow steadily, unaffected by the external environment

Changes in the risk-off external environment affecting consumer behavior, such as global conditions, price fluctuations, and the weak JPY, are causing consumers to refrain from investing in businesses where they are the end consumers. Under these circumstances, JBR's business is a stable investment destination that is not adversely affected by the external environment, as it is a business that solves problems that occur regardless of the external environment. In addition, changes in industry trends have made it possible to promote partnerships as a trouble-solving service for companies with many consumer contacts, which is rather an advantageous situation for business development.

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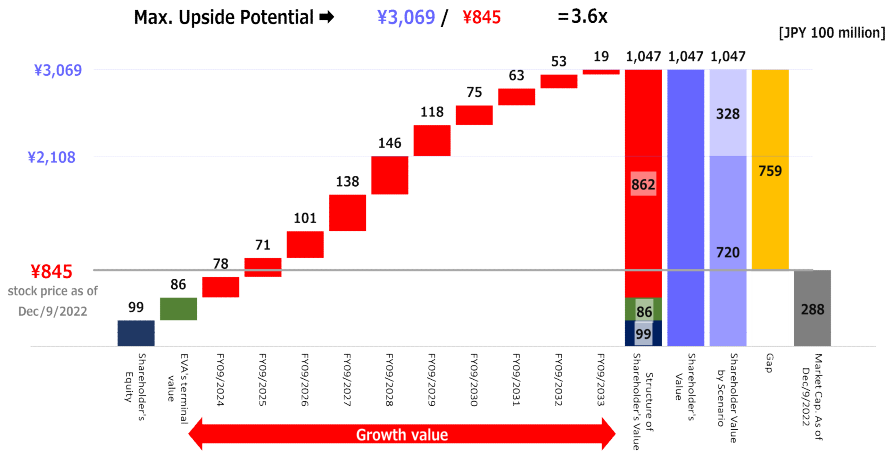
The Membership Business is in fact growing continuously.

JBR has reorganized its business through the spin-out of the extended warranty services and others, the organization of the Life & Technology Business and the incorporation of the Repair Business, and allocates company-wide expenses according to the number of employees. Therefore, the increase in the ratio and total amount of the allocation burden in the Membership Business has pushed down segment profit. In reality, actual profits have been continuously at record highs because JBR has been able to significantly increase the number of members and membership fee revenues while controlling the increase in dispatching expenses.

The Insurance Business is experiencing a decline in profitability due to accounting treatment, but this will improve in the second half of the year.

In the Insurance Business, accounting procedures stipulated by the Insurance Business Law require an increase in reserves for insurance claims payments as the number of policies acquired increases. This structure causes the segment profit margin to decline as the growth rate increases. The accumulated reserves will be written down if claim payments are low, and since sales in the Insurance Business are weighted toward the second half of the year, a large apparent improvement in the profit margin is expected in FY9/2H2023

Excess value valuation of Quantum Solutions.



[Source] JPR

Shareholder Value Structure and Value Gap Analysis Using the Excess Profit Method (Details)

[JPY 100 million]	Current Year 2023.09	1 year later 2024.09	2 years later 2025.09	3 years later 2026.09	4 years later 2027.09	5 years later 2028.09	6 years later 2029.09	7 years later 2030.09	8 years later 2031.09	9 years later 2032.09	10 years later 2033.09
Sales	183	220	273	340	423	504	583	655	720	777	799
Operating income	16.5	25.5	34.5	46.6	63.4	81.2	93.8	105.4	115.9	125.2	128.7
Operating margin	9.0%	11.6%	12.6%	13.7%	15.0%	16.1%	16.1%	16.1%	16.1%	16.1%	16.1%
Sales growth rate	2.8%	20.2%	24.3%	24.3%	24.3%	19.4%	15.5%	12.4%	9.9%	8.0%	2.8%
NOPAT margin	6.2%	8.0%	8.7%	9.5%	10.4%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%
Invested capital turnover ratio	56.8%	56.8%	54.0%	49.0%	44.0%	39.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Percentage-of-year invested capital net sales ratio	56.8%	54.0%	49.0%	44.0%	39.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
WACC	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
ROIC = NOPAT margin ÷ invested capital net sales ratio	11.0%	14.1%	16.1%	19.3%	23.6%	28.5%	37.1%	37.1%	37.1%	37.1%	37.1%
ROIC / WACC (value created with the original hand of 1 yen)	¥1.8	¥2.4	¥2.7	¥3.2	¥3.9	¥4.8	¥6.2	¥6.2	¥6.2	¥6.2	¥6.2
NOPAT	11.41	17.64	23.82	32.20	43.82	56.16	64.86	72.90	80.12	86.53	88.95
Invested capital × WACC	6.24	7.50	8.86	9.99	11.15	11.80	10.49	11.79	12.96	13.99	14.38
EVA	5.17	10.15	14.96	22.20	32.66	44.35	54.37	61.11	67.16	72.54	74.57
EVA = NOPAT - invested capital × WACC	5.17	10.15	14.96	22.20	32.66	44.35	54.37	61.11	67.16	72.54	74.57
Value created in each year	86	83	80	121	174	195	167	112	101	90	34
Discount Rate	100%	94%	89%	84%	79%	75%	70%	67%	63%	59%	56%
Present value of EVA	86	78	71	101	138	146	118	75	63	53	19
Invested capital ① Origin	104										
Over profit value (Permanent value of EVA of this term) ②	86										
Growth value (Present value of increase in EVA) ③	862										
Non-business asset value ④	105										
Corporate value = ① + ② + ③ + ④	1,157										
Interest-bearing debt, etc.	-110										
Shareholder value	1,047										

[Source] JPR

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Assumptions for Quantitative Shareholder Value Analysis

Assumptions based on the GCC Management™ framework

Assumes sales of JPY 80 billion in 2030

Growth: Triple the number of members and double the unit price

Assumption: Accelerate business development in digital and real areas to address "problems" caused by social megatrends, and aim to triple the number of members to 10 million in core business by FY9/2030.

ROIC improvement to 37.1

Connection: Increase ROIC by leveraging IT, finance and databases

Aim to achieve maximum operational efficiency with minimum capital by organizing by function, pursuing a win-win virtuous cycle with partners, and implementing various measures. Operating margin and ROIC are assumed to gradually improve to 16.1% and 37.1%, respectively.

WACC to remain low.

Confidence: WACC remains low due to SDG contributions and financial functions.

JBR's WACC is low at 6%, and there are few factors that would increase business risk and cost of capital due to the high social contribution of the business itself and its financial function. Therefore, WACC is assumed to remain at 6%.

GCC Management™ Analysis of 10-Year Future Story Financial Analysis Summary

Growth	Connection	Confidence
Sales	ROIC	WACC
Triple the number of members and double the unit price JPY 18 billion → JPY 80 billion	High profitability through IT/financial/database, improved to 37.1%	Risk remains low unchanged 6%

[Source: Compiled by JPR *Comparison of actual results for the fiscal year ending September 30, 2022 and JPR's 10-year forecast.

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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

Growth	Connection	Confidence
Values	**Strategies and Business Models**	**Sustainability**
The source of development is "Help people in need" and "the Joy of being Pleased.	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.	Contribute to the SDGs: Solving social issues through co-creation with our core business and stakeholders
Creat 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.	Pursuit of a win-win virtuous cycle with partners in both sales and operations, achieving maximum operational efficiency with minimum capital	Financial Stability: High barriers to entry and reliability improvement due to accumulated stock-type track record
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.	(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	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.
Sales Growth	**Return on invested capital**	**Business Risks**
Resolving problems in all real and digital life scenes for households and individuals Sales to quadruple in 10 years JPY 80 billion in 2033	Operating margin of 16% and ROIC of 37% through overall optimization, economies of scale, network effects, and high productivity by eliminating waste	Risk remains low unchanged 6%
Estimation of Shareholder Value	**Feasibility Conditions**	**Investment risk**
JPY 104.7 billion	The feasibility of the current strategy is very high.	Risk of loss of credibility due to data leakage, risk of double-counting criticism due to duplicate services, can be adequately addressed.

Upside cycle due to increased credibility and reduced risk as a result of accumulated experience

[Source: Compiled by JPR

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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

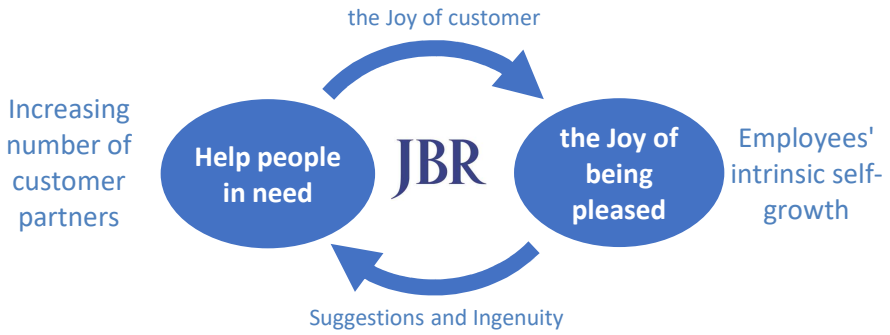
Founded with the aim of creating a motorcycle version of JAF

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



"Indispensable presence" for consumers and businesses

[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

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

From Motorcycle Rescue to General Life Troubleshooting Service

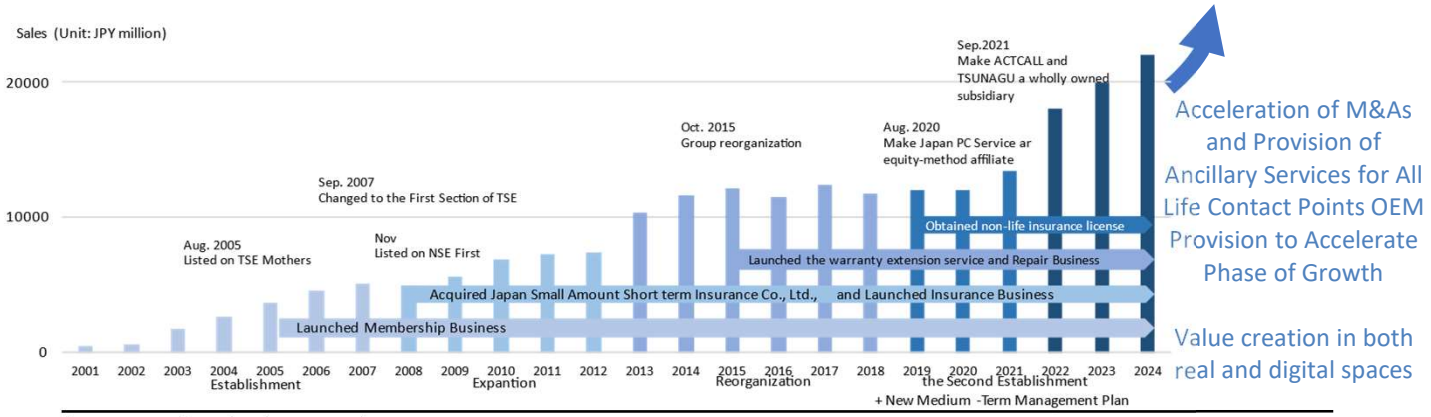
Utilizing the know-how gained from the motorcycle business, the company expanded into the business of solving general household problems such as locks, glass, and water problems, forming the JBR Emergency Services. The expansion of the menu has solved the problems of busyness risk and market size inherent 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.

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.

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.

Growth Trajectory



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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

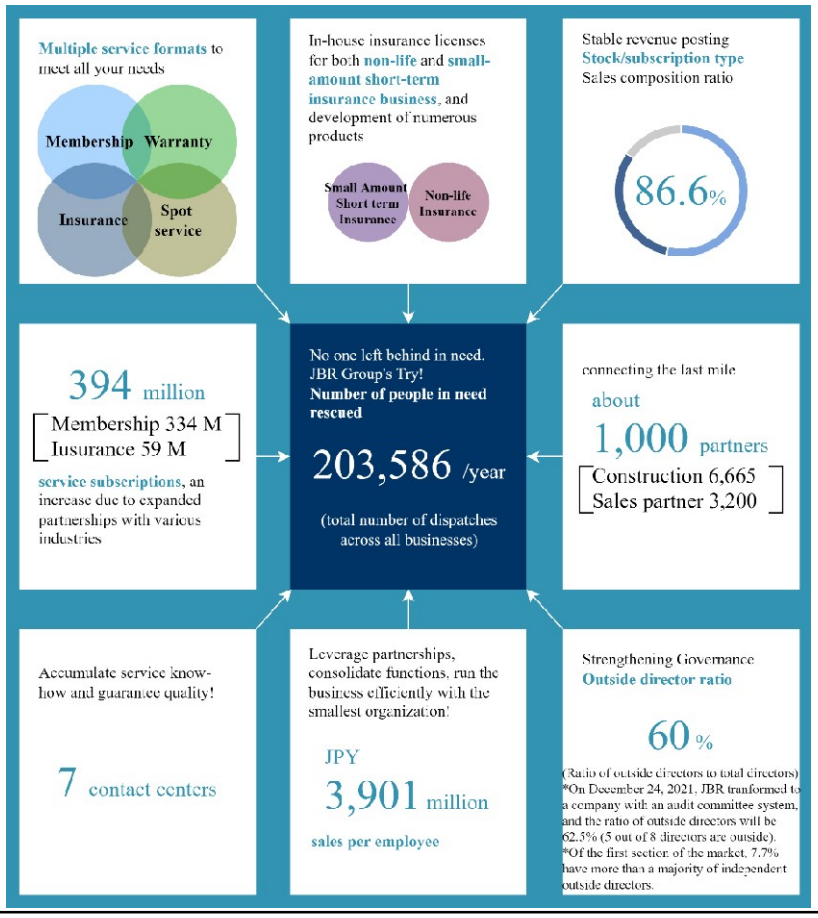
In the mid-term business plan for the period September 2019 to September 2021, the vision was to realize the provision of services to 5 million households. The key strategies to realize the vision were as follows.

(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

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

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.

Advantages of the JBR Group



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Values for the Future

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

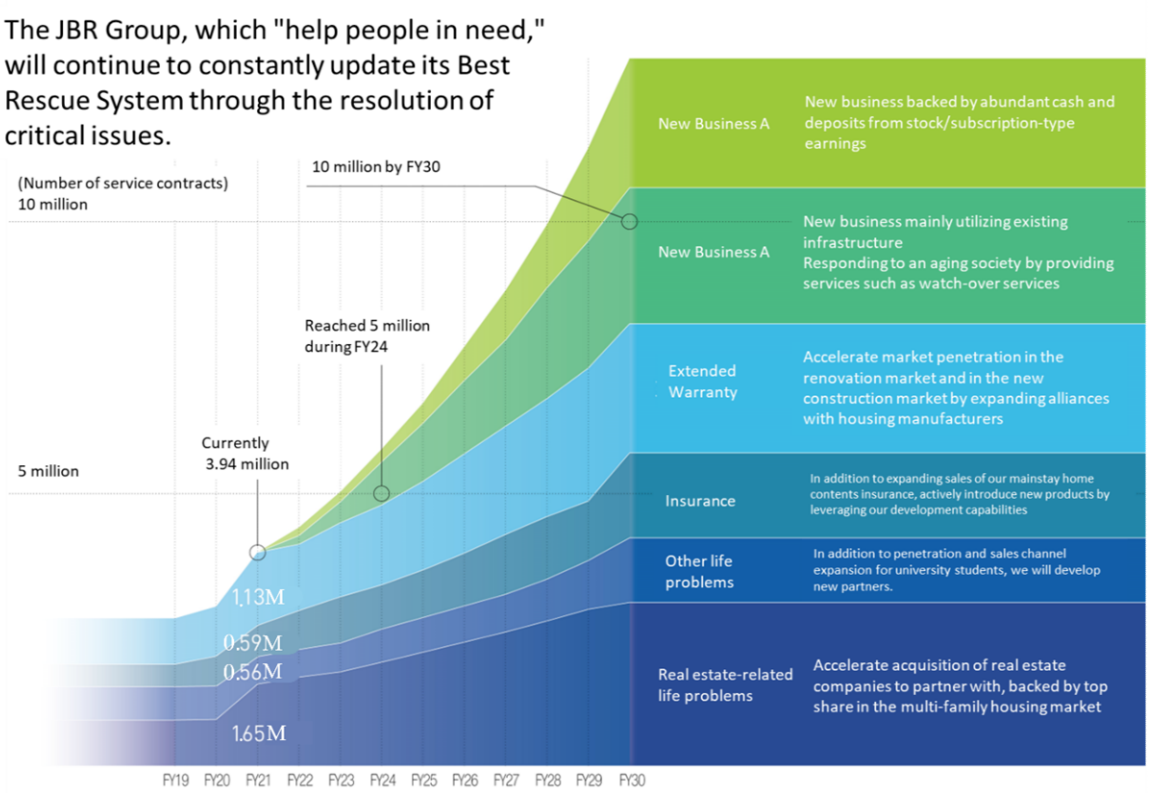
Reinforcing the value of leaving no one behind to help those in need with everyday life problems.

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



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Creat 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).

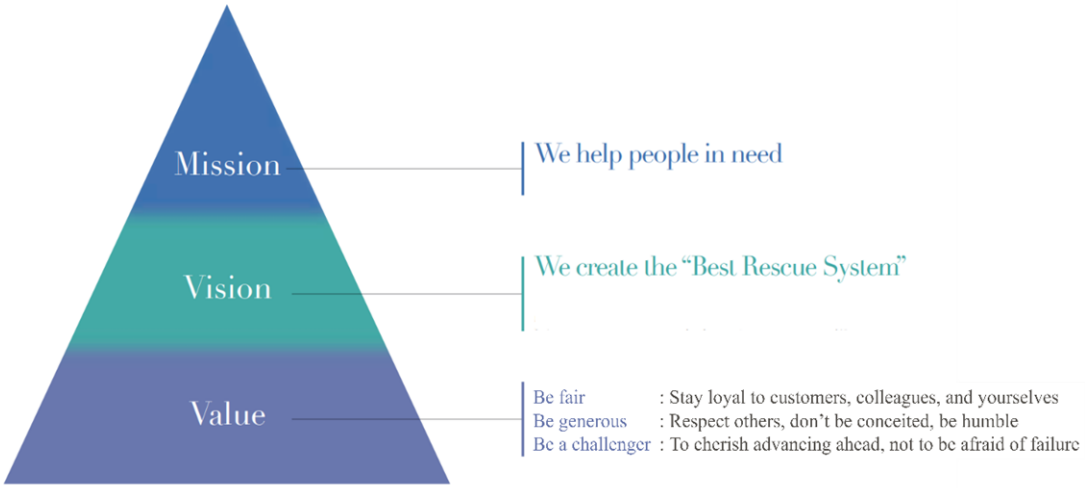
Where should JBR be headed?

Reaffirming the criteria for making decisions that are not blurred.

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.

New Mission, Vision and Values (MVV)



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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.

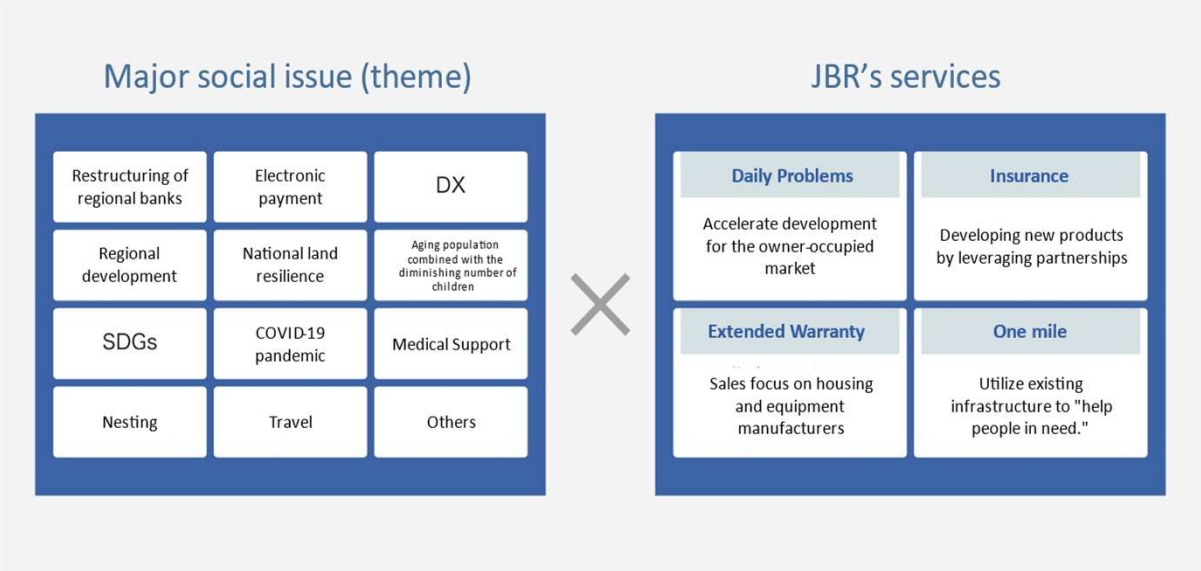
To accelerate growth by spreading MVV to all businesses and all employees and strengthening the movement toward collaboration.

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



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Increasingly Expanding Opportunities for Social Contribution

Loop in which solving problems through alliances encourages further service development

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

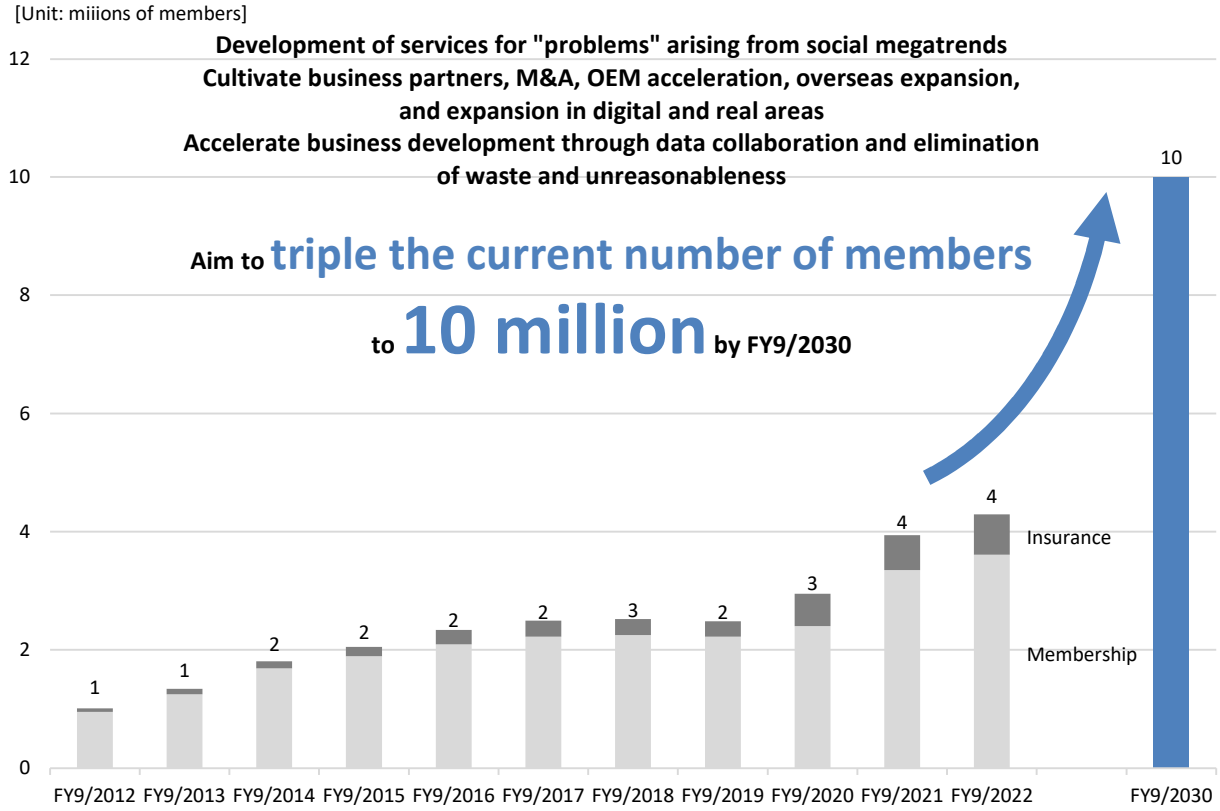
The business model for preparing for "problems" that has been established so far is now in demand by industries and companies facing challenges. By promoting alliances in this area, the company expects to reach 10 million service contracts by 2030, up from 4.29 million as of the end of September 2022 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.

Responding to new life problems created by digitization

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)



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Strategy & Business Model

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.

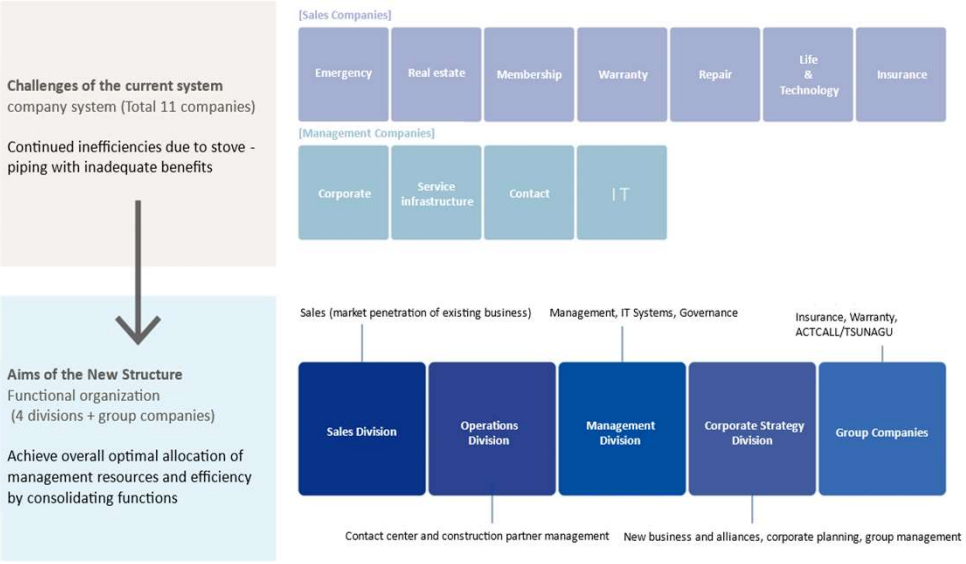
Transformation of organizational structure for overall optimization

Company system
↓
Functional organization

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

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



[Source: Prepared by JPR based on company data.

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

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

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.

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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

Expansion of partners is important

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.

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

Expanding our partners through partnerships

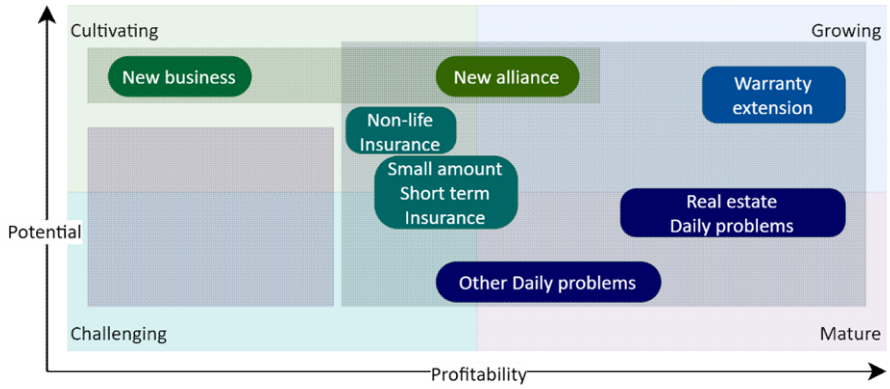
JBR will pursue a "partnership strategy" to incorporate JBR's services into those of its business partners. This will enable JBR to expand its partners from its traditional focus on real estate to a wide range of industries that require troubleshooting services, and to provide services to owner-occupied 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 FY09 2023



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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

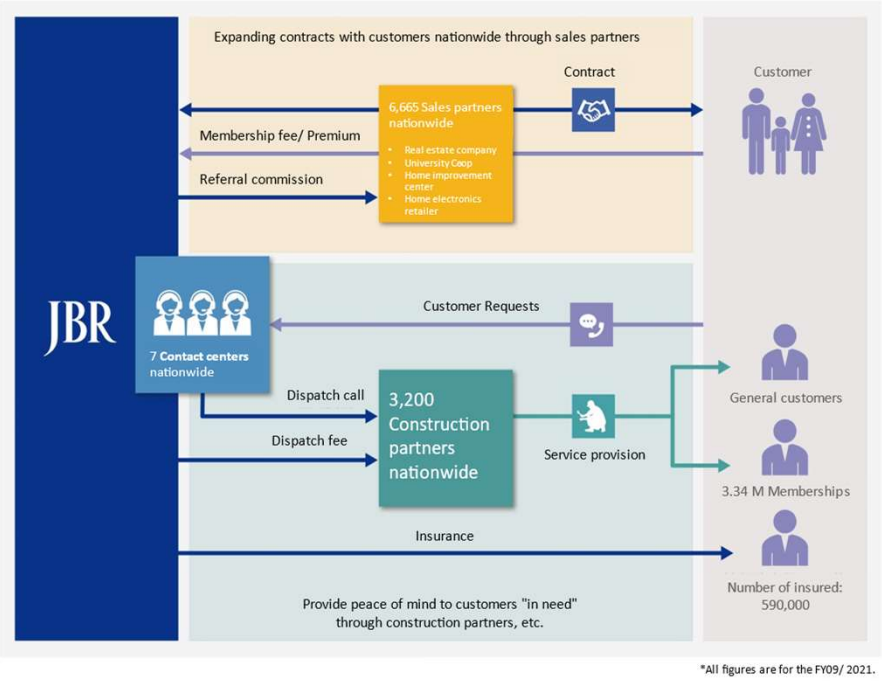
Always developing partners, always M&A

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

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 2022, the number of sales partners had expanded to 7,566 outlets and the number of construction partners to 3,200 outlets.

JBR's Value Chain



[Source: Prepared by JPR based on company data.

Standardization Development to meet needs

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.

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Need scale to expand nationwide → JBR is chosen

Providing OEM services with a reliable brand for services that are difficult to produce in-house.

Pursuing the "Best Rescue System" through alliances with various industries and business sectors

A number of scams targeting elderly single-person households, which have doubled in the past 20 years, and "rip-offs" in which some companies charge exorbitant fees for "Rescue Service" have been reported one after another. JBR plans to continue to collaborate with various industries and business sectors to pursue the "Best Rescue System," which is always close to people's daily lives, and to promote the creation of an optimal system that provides peace of mind to consumers. One of the most noteworthy developments in this area is the development of business alliances using OEMs. By providing membership services through a company that has a reliable brand and points of contact with consumers, it is expected that rip-offs will be eliminated and a cycle of increased credibility in the industry will ensue.

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.

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

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[1]. 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

Increased number of customer partners and increased knowledge of problem solving

Accelerate intrinsic personal growth of employees across all businesses in digital and real life through MVV data linkage

Utilizing data to address social issues such as the declining birthrate and aging populationAccelerate through a wide range of business

To be an "indispensable presence"

[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

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

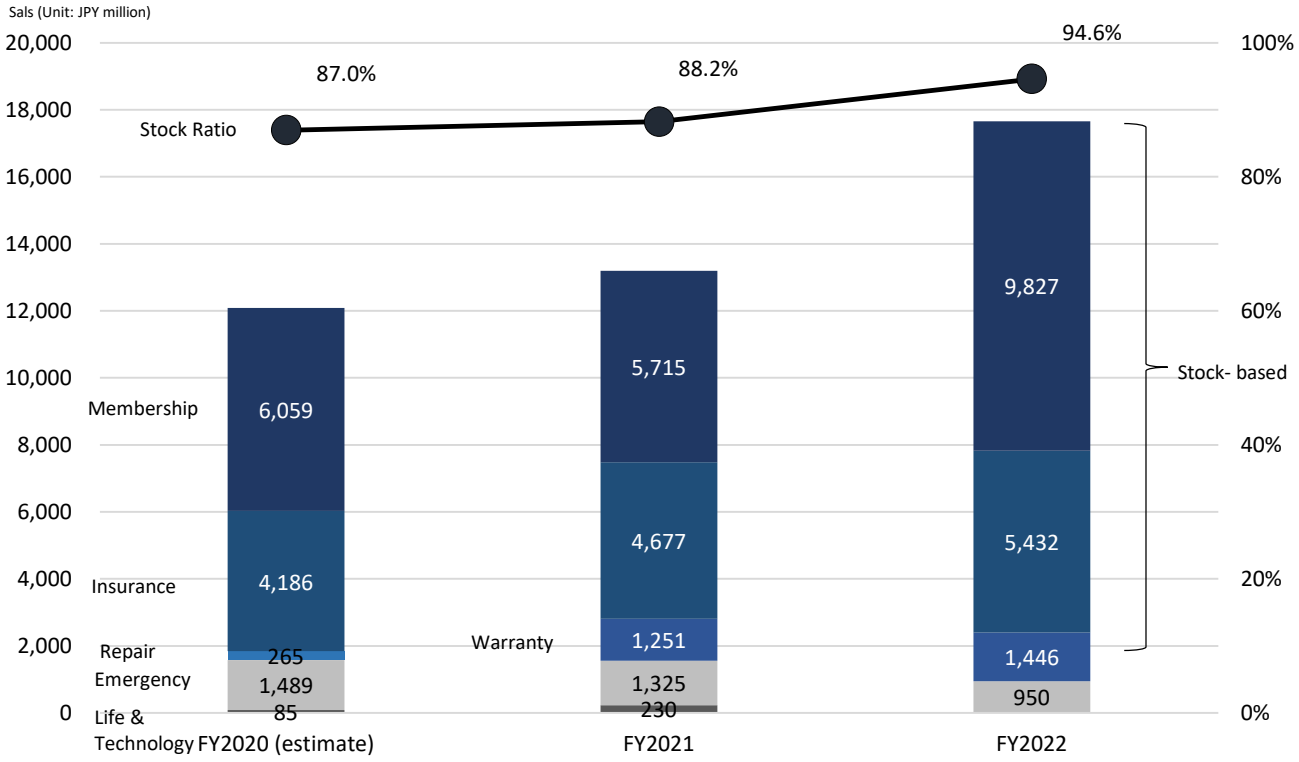
High barriers to entry due to overwhelming market share

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 94.6% in 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



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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.

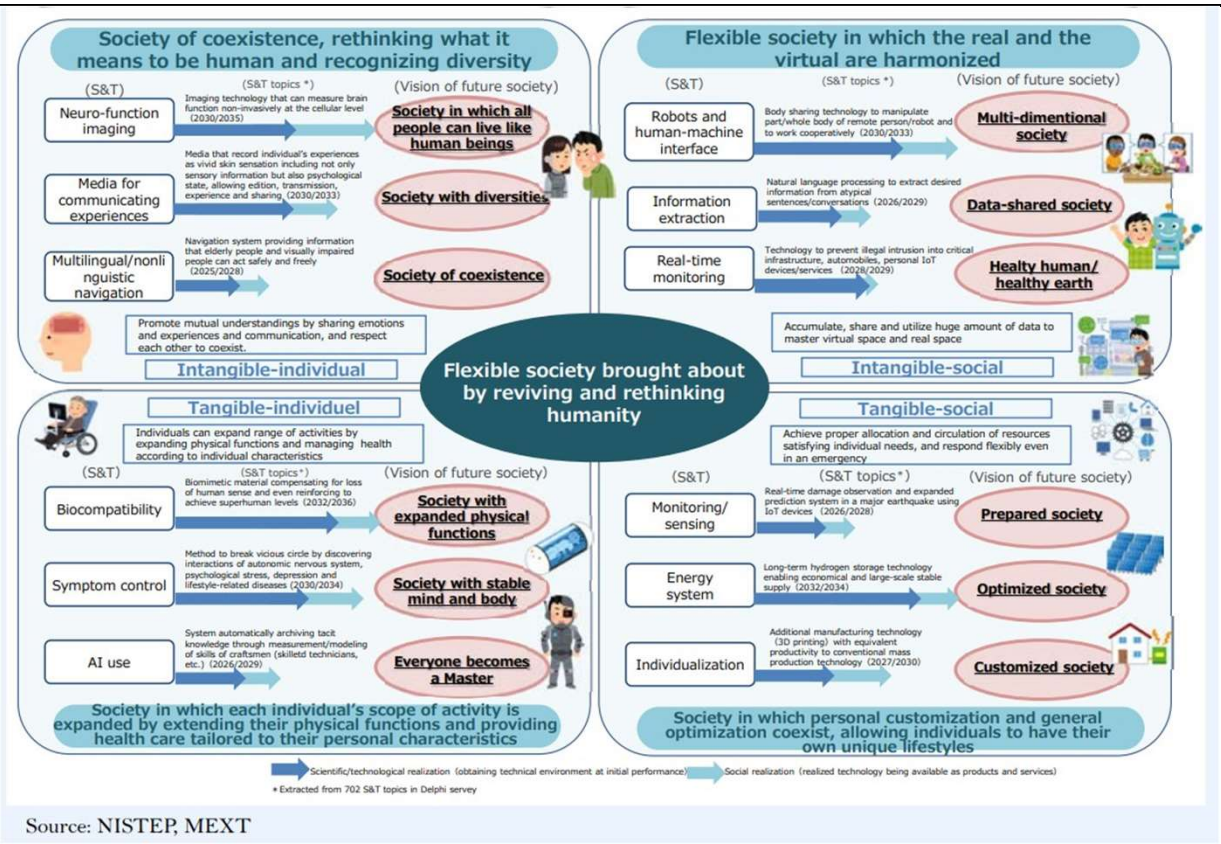
Science and Technology Prediction Survey Predicts the Future in 2040

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)[1]. 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/

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

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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.

Automatic contact
↓
Problem prevention

Prepared sciety

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.

Peace of mind comes with the latest technology.

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.

Reduced burden and cost of service delivery

Multi-dimentional society

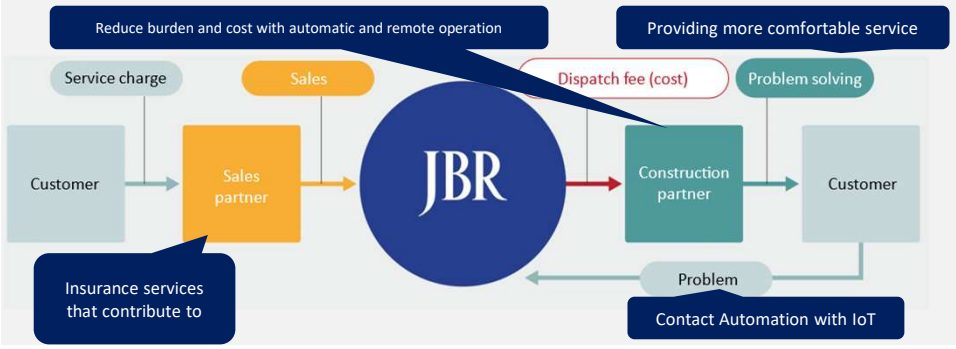
The realization of a multi-dimentional society will help JBR's construction partners provide probmel solving services. Automated driving and robot body-sharing technologies do not directly solve troubles but eliminate geographical barriers to service provision. This is expected to reduce the burden and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

Replacing fading connections with services

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



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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 eight consecutive fiscal years through FY09/2022.

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.

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3. Company Profile

summary

<As of September 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	339 (as of September 30, 2022)
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%)
Japan Warranty Support Co., Ltd	Sales and planning of services for companies handling housing equipment	JPY 10 million	69.5%
Seikatsu Kyukyusya Co., Ltd. * “Ambulance for daily life troubles” in Japanese	Took over JBR's Emergency business through absorption-type demerger	-	49.0%

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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.
October 2022	Absorption-type merger with JBR as the surviving company and ACTCALL INC. and TSUNAGU CO., LTD as the absorbed companies
November 2022	Succession of JBR Emergency Business through corporate separation (absorption separation) and change of consolidated subsidiary

[Source: Prepared by JPR based on company data.

Business Composition, Sales, and Operating Income for the Fiscal Year Ending September 30, 2022

	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.	9,827	936
Warranty	Mainly, a listed wholly owned subsidiary, Japan Warranty Support, Inc. provides extended warranty services for housing equipment.	1,446	551
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.	5,432	381
Emergency	Problem solving in daily life for the general public through the Web, Town Pages, etc.	950	△ 80

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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	Aqualine Ltd.	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.

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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.

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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.
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., Ltd.
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.
May 30, 2022	WATAMI CO., LTD.	Supervision of the entire group, domestic food service business, home meal service business	Outsourcing contract to provide a membership-based lifestyle trouble resolution service through Watami's home meal business, "Watami no Takushoku."
Sep 7, 2022	ITOCHU Corporation	Leading general trading company Promoting business development in the lifestyle and consumer products field	A basic sales and purchase agreement to form a partnership in the business of collecting unused cell phone handsets from households.
Sep 8, 2022	CENTURY21 REAL ESTATE OF JAPAN LTD.	Franchisor of Century 21 franchises in Japan, which is the largest real estate franchisor in the industry for real estate sales	A business alliance agreement to provide a membership-based lifestyle trouble resolution service to customers of Century 21 member stores.
Nov 11, 2022	Tohoku Electric Power Company, Inc.	Electric power retail business and power generation business in Tohoku, Niigata, and Kanto regions, etc.	A business tie-up agreement to provide "lock, window, and fixture trouble support" to members of "Tohoku Electric Power's Kurashi Service Store.

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4. Trends in Return on Invested Capital

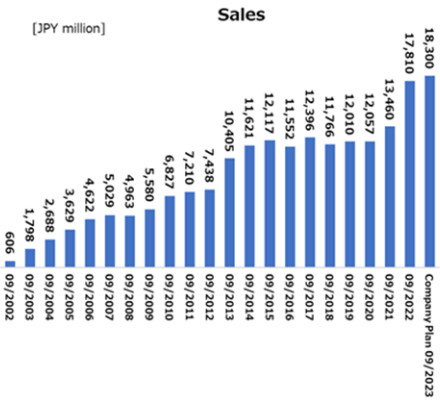
Financial Indicators

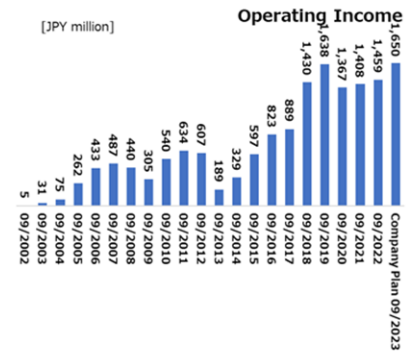
Temporarily lower due to amortization of goodwill, amortization of system investment, and upfront insurance costs

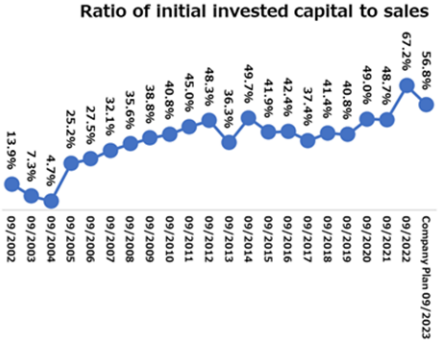
ROIC 18% before prior investment, to improve again once temporary factors are removed.

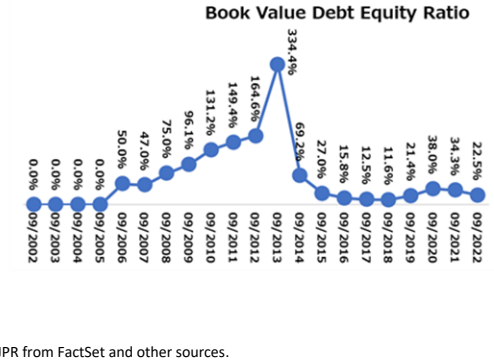
Since JBR is now structured to increase sales and profits without increasing investments or fixed costs, ROIC is expected to be more than 30% due to its increased scale.

ROIC-related indicators









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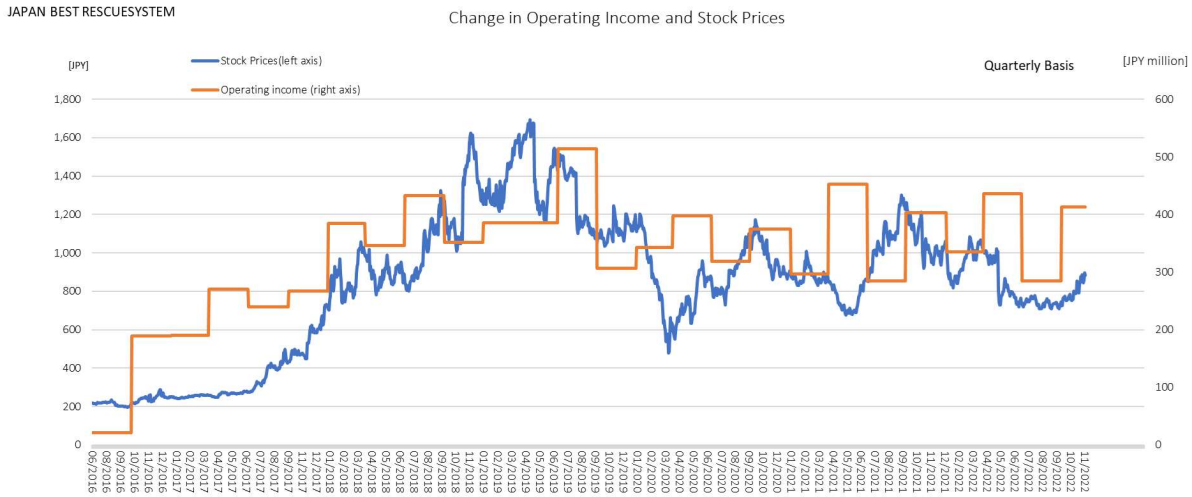
Stock Price and ROIC

Sales and operating income are at record highs, but apparent various ratios are sluggish.

Apparent profit margin affects stock price

Due to the factors already discussed, the apparent profit margin and other factors are not as good as past peaks. This situation is expected to be resolved from 1H FY9/2023 onward.

Trends in Stock Prices and Various Indicators



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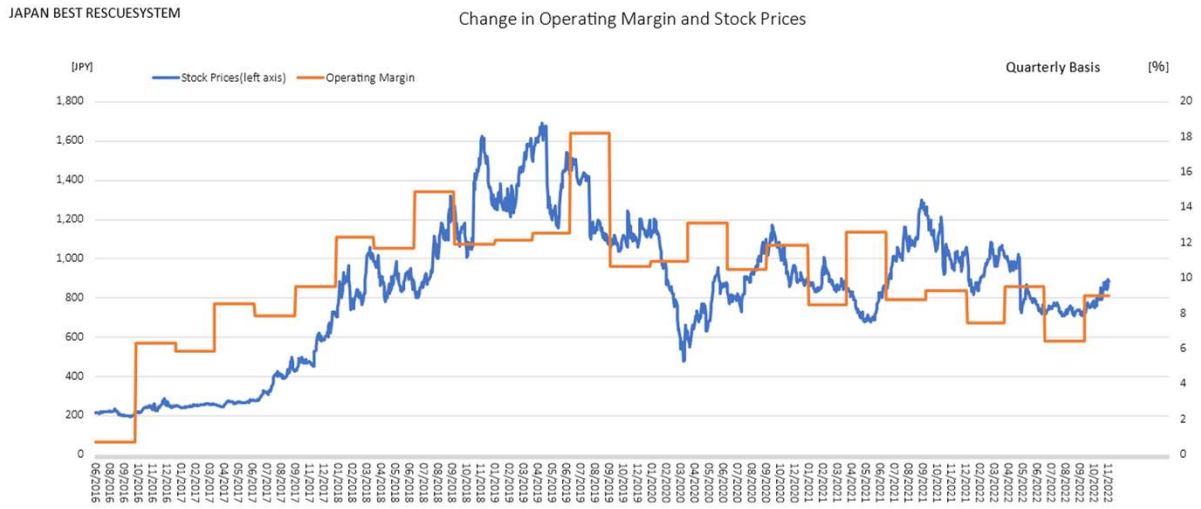

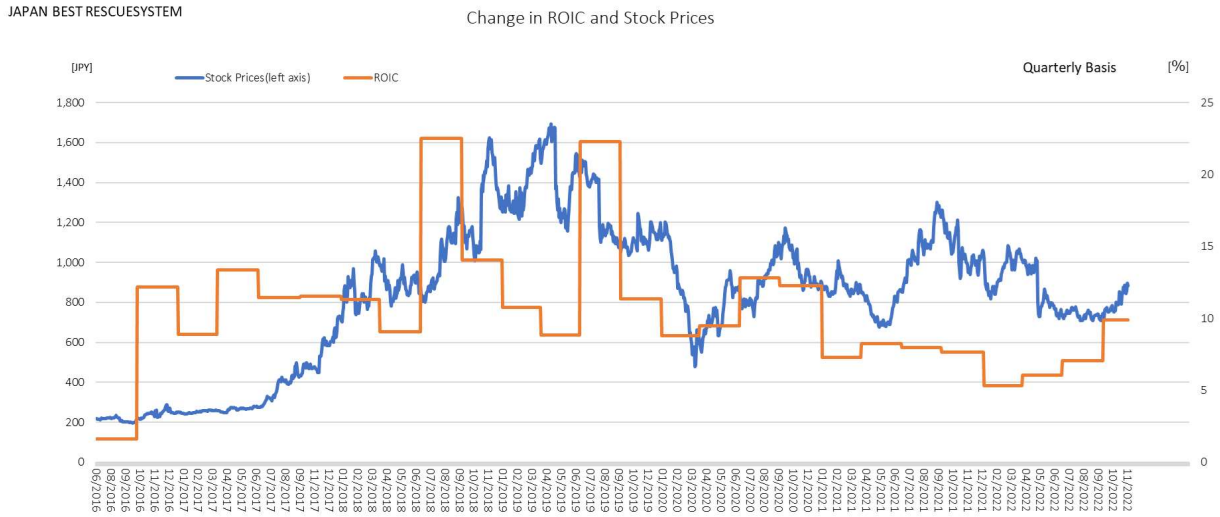

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5. Results for the fiscal year ending September 30, 2022

Consolidated Financial results

Business is strong and the core business is stronger than it appears

Summary of Corporate Results

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

Operating results for consolidated cumulative period ending September 30, 2022, JBR reported net sales of 17,810 million yen (up 32.3% YoY), operating income of 1,459 million yen (up 3.7% YoY), ordinary income of 1,173 million yen (down 32.6% YoY), and net income attributable to shareholders of the parent company of 437 million yen (up 671.6% YoY). Only ordinary income decreased from the previous year due to the fact that a valuation gain of 92 million yen was recorded for derivative transactions in the previous fiscal year, while a valuation loss of 230 million yen was recorded in the current fiscal year. The increase in net income was mainly due to the fact that in the previous fiscal year, when AXTCALL and TSUNAGU were made wholly owned subsidiaries through share exchanges, the acquisition price was set at the valuation amount based on JBR's share price on September 30, 2021, the time of the share exchange, and the difference of 995 million yen from the valuation amount at the time of agreement was recorded as a valuation loss on stocks of affiliated companies.

Explanation of deteriorating profitability in core businesses

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, an increase in amortization expense. Amortization of goodwill from the acquisition of ACTCALL and TSUNAGU, as well as amortization of software from the ERP implementation. 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 JPY 32 million from the previous year due to the acquisition of members, and an additional JPY 97 million 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. As for actual profit, which is a measure of JBR's ability, the Membership Business posted JPY 2.3 billion (+11.4% YoY), and the Insurance Business JPY 668 million (+48.4% YoY).

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Segment Results

Business Segment

Membership Business

Steady growth in number of contracts and increase in sales and decrease in profit

Stock-type business Stable earnings expected

Increase due to steady increase in the number of members of the "Peaceful Home Support Service", as well as the effect of acquisitions of ACTCALL and TSUNAGU. Decreased due to amortization of goodwill from acquisitions and amortization of software. Sales of the membership business for the current consolidated fiscal year were JPY 9,827 million (up 72.0% YoY), and operating income was JPY 936 million (down 9.6% YoY). The number of members at the end of 4th quarter was 3,607,000 (up 7.7% YoY), and as a stock-type business, it is expected to generate stable earnings in the future as the number of contracts increases.

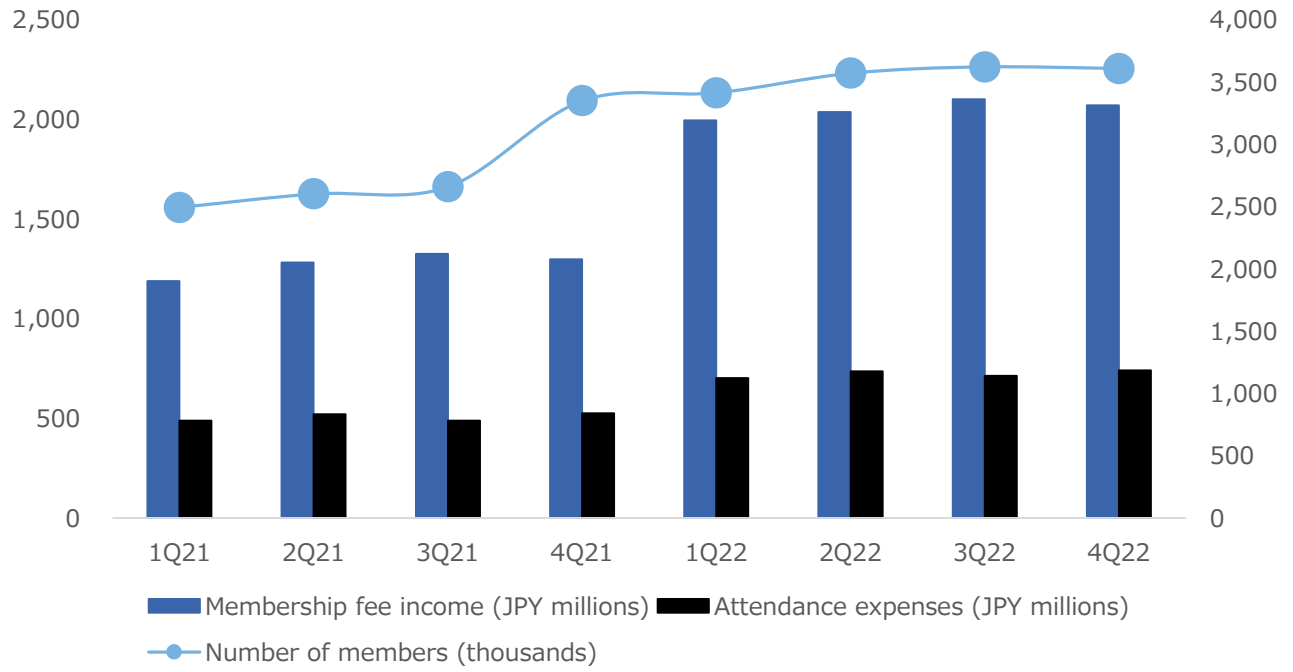
Warranty Business

Increased sales and profit due to sales channel expansion

Focus on listing of business companies

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. Net sales were JPY 1,446,310 thousand (+15.6% YoY), and operating income was JPY 551,027 thousand (+14.3% YoY).

Quarterly KPIs in the Membership and Warranty Business



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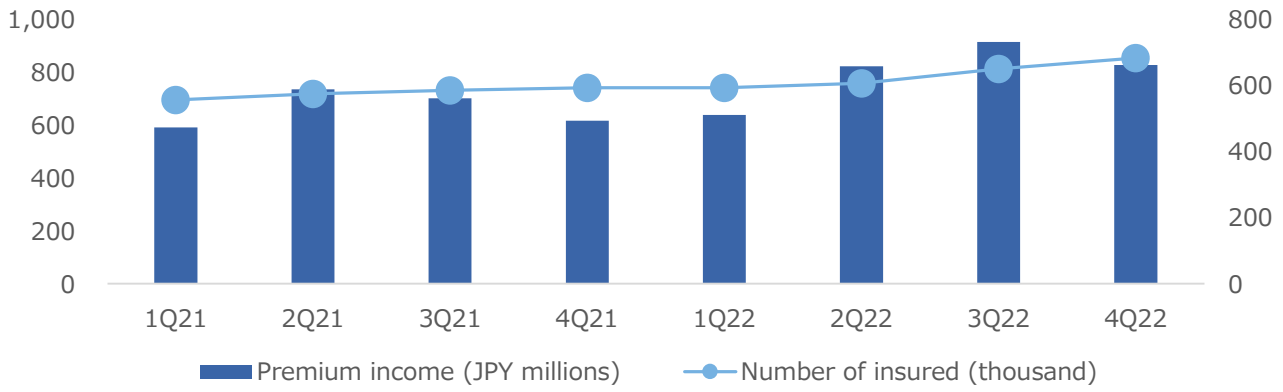
Insurance Business

Sales and income increased due to expansion of core businesses and new products

Provision of reserves increased due to increased pace of acquiring

Both sales and profits increased due to strong growth in the number of contracts for the mainstay " Home Contents Insurance for Apartment", as well as contributions from sales growth in smartphone insurance and sports club accident accident insurance. Net sales were JPY 5,432 million (+16.1% YoY), and operating income was JPY 381 million (+5.5% YoY). The number of insured persons at the end of 4th quarter was 683,000 (up 10.9% YoY). As a general rule, the increase in policy reserves due to the higher growth rate and the slowdown in the pace of insurance claim payments require an increase in payment reserves, causing the growth rate of operating income to decline.

Quarterly KPIs in the Membership and Warranty Business



[Source] Prepared by JPR based on company data

Emergency Business

Decrease in sales and income due to decline in customer traffic

Transfer during 1Q of next fiscal year

Both sales and profits declined due to a decrease in web customer traffic, mainly from other companies' websites. Net sales were JPY 950,114 thousand (-28.3% YoY), and operating loss was JPY 80,990 thousand (vs. operating loss of JPY 25,883 thousand in the same period of the previous year). The business will be transferred to Aqualine, an affiliate of JBR, on November 30, 2022, following a corporate spin-off.

consolidated results

Consolidated / Business Name	Sales JPY million	YoY %	Operating income JPY million	YoY %	Net income JPY million	YoY %
Consolidated	17,810	+32.3	1,459	+3.7	889	+671.6
Membership Business	9,827	+72.0	936	+9.6	-	-
Warranty Business	1,446	+15.6	551	+14.3	-	-
Insurance Business	5,432	+16.1	381	+5.5	-	-
Emergency Business	950	-28.3	△ 80	-	-	-

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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. In addition, "Emergency Business" will be transferred to Aqualine as of Q1 FY9/2023.

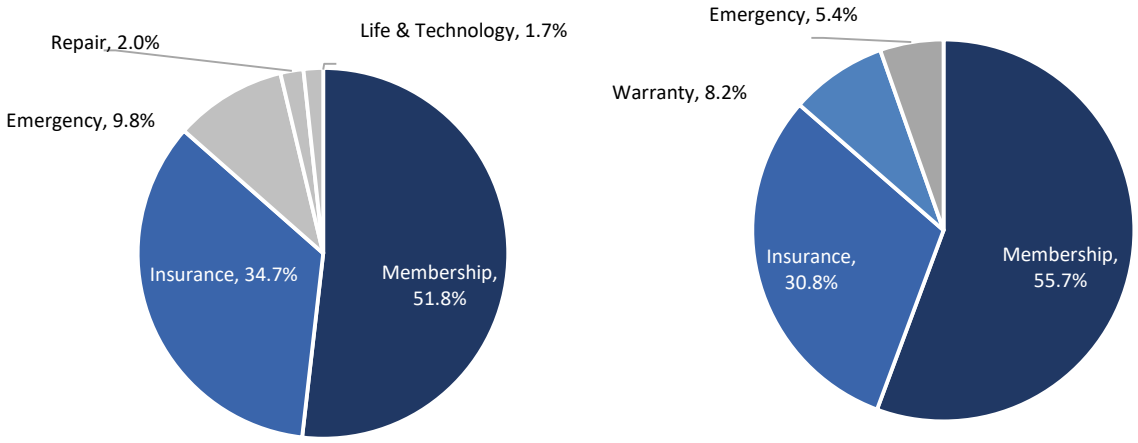
Comparison of old and new segments

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



FY9/2021* Former Segment Composition

FY9/2022

[Source: Prepared by JPR based on company data.

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Membership Business

Three Services

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.

Quality
Service
Always available
Free consultation

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.

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

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 entranceways 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.

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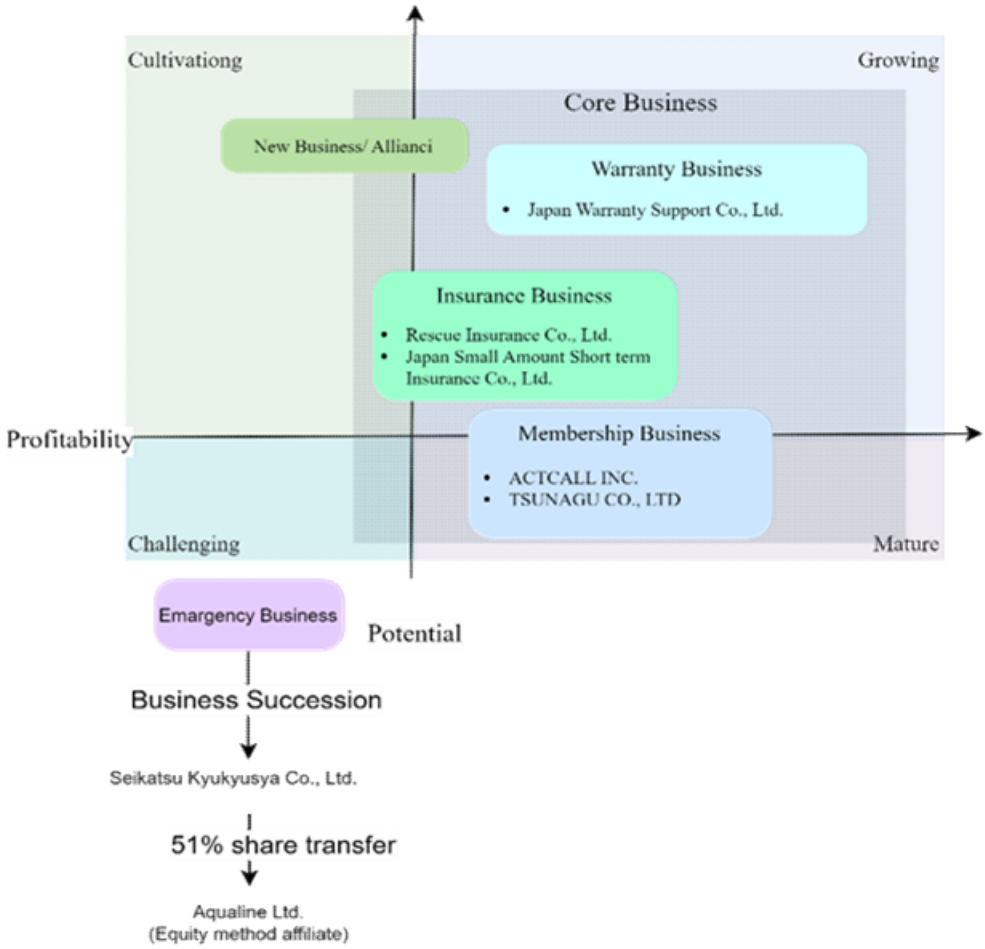
Into a new phase

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. The number of members at the end of September 2022 was 3.6 million. 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



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Insurance Business

Second Pillar of Revenue

Beginning of Insurance Business

Helping People in Need with Insurance

Based on the JBR Group's management philosophy of "Hel 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.

Underwriting clients from other companies that are exiting

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

Diverse sales channels

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.

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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 2022 up 16.1% YoY, and accounting for 30.8% 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.

person who likes both liquor and sweets

Warranty Business

Helping those in need with guarantees

Extension of peace of mind

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.

Others

Opportunities to create new businesses through alliances, etc.

Last mile business using existing infrastructure

Various new businesses are expected to be created by utilizing JBR's nationwide infrastructure. Businesses expanded here will be carved out as they grow, further expanding the business portfolio.

Business

From 2H FY9/2021 to 1H FY9/2022, JBR implemented a project to prevent the spread of infection (patrolling restaurants at the request of local governments). In addition, from FY9/2023, JBR aims to enter ITOCHU's treasure handset (used cell phone) collection business on a full scale to collect 260 million units offline in Japan, build a full-scale membership acquisition scheme for JAF projects, and create new services in the DX field.

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7. External Environment and Competitive Analysis

PEST Analysis[1].

Politics and Regulations

Expecting to provide new trouble-solving services to the community comprehensive care syste

"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.

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

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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.

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5-Force Analysis

The larger the network, the greater the benefits.

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.

Where there is a need, there is service.

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.

Where can network business replace it?

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.

Barriers to entry are high.

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.

True competition is virtually non-existent.

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.

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"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[1]

Although only a limited number of people would request a Emergensy 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[2]

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[3]

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: 3.6 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.

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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.

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Appendix 1. Subsidiary Listing

Listing of consolidated subsidiaries

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.

Securing credit, human and financial resources

Japan Warranty Support Co., Ltd. (JWS) provides an 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

Accelerating JWS Growth
↓
Proof of management leadership
+
Increase corporate value by Partner stimulation

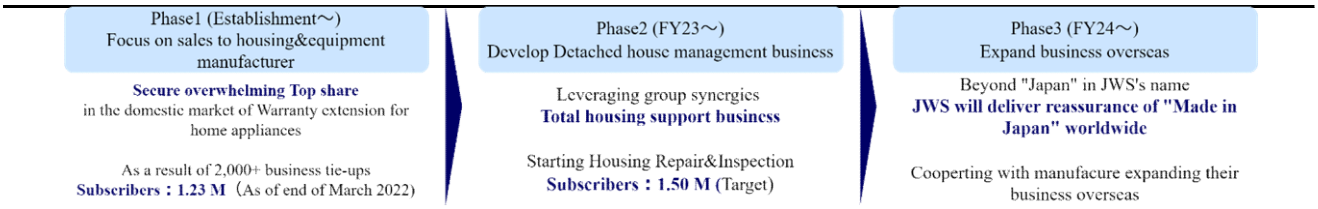
JBR believes that the listing of JWS will maximize the JBR Group's profits. The biggest benefit is that JWS will accelerate its growth more than ever before, as mentioned above, which will contribute to consolidated profits. On the other hand, as the board of directors of ACTCALL INC. and TSUNAGU CO., 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

Establish dominant top position
↓
Diversification
↓
Overseas expansion

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



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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.

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Appendix 2. Change of business segment and business alliance

Change of business portfolio

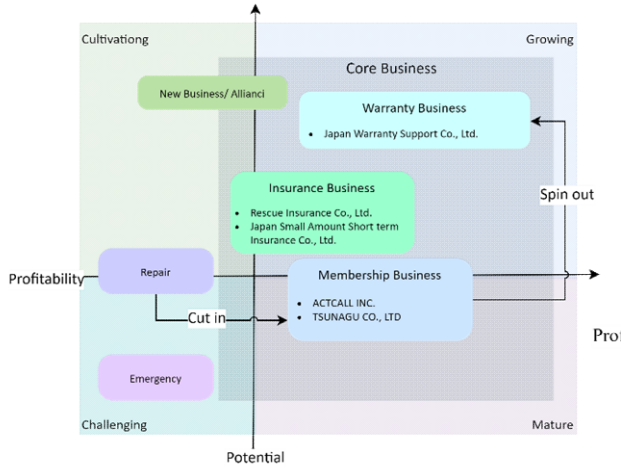
Creation of an optimal business portfolio

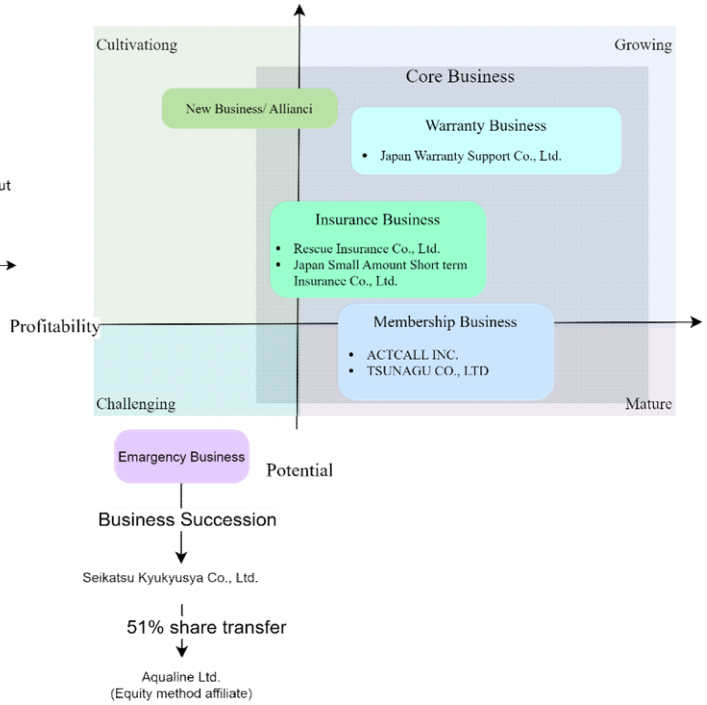
Change in business composition from fiscal year ending September 30, 2022 to fiscal year ending September 30, 2023

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, JBR 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.

Business Portfolio and Positioning of Affiliates (Left: September 2022 period, Right: September 2023 period or after)





[Source] Prepared by JPR based on company data

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Succession of Emergency Business through corporate separation and change of consolidated subsidiary

Summary of Transaction

The transaction consists of two major components: an absorption-type split and a partial transfer of shares in the successor company.

Absorption-type Split

Emergency Business to a separate company

Seikatsu Kyukyusya Co., Ltd. (former Emergency Business Preparation Corporation) will be newly established as a wholly owned subsidiary of JBR, and will succeed to JBR's Emergency Business by way of an absorption-type split. The effective date of this absorption-type split is scheduled for November 30, 2022. This absorption-type split is between JBR and a wholly owned subsidiary of JBR, and no shares, money, or other property will be delivered by the successor company. Besides, there will be no change regarding JBR's stock acquisition rights or capital stock as a result of this transaction.

Partial transfer of shares of the successor company

Successor company becomes subsidiary of Aqua-Line

51% stake in Seikatsu Kyukyusya Co., Ltd., which took over the Emergency Business in the above transaction, will be transferred to Aqualine Ltd. (hereafter "Aqualine"). Aqualine had entered into a capital tie-up agreement with JBR in February 2022, and had become an equity method affiliate of JBR through the acquisition of 23.6% of its shares. The transfer price is JPY 102 million.

Background and purpose of the transaction

Background of the transaction

Challenges for both companies

JBR was struggling in the Emergency Business. Although the Emergency Business accounted for 9.8% of total sales, operating income continued to decline year after year, posting a negative figure in FY09/2021. Although JBR was able to continuously improve the quality of its services and construction, as well as its operational efficiency, it had been struggling in recent years to attract customers, especially from the Internet and Townpages, amid rapid changes in the social environment and diversifying lifestyles. On the other hand, Aqualine's core business is "emergency water repair service" to solve sudden water-related problems, but the Consumer Affairs Agency issued an administrative order in August 2021 against Aqualine for violations such as soliciting customers to perform unnecessary work as if it were necessary and explaining that a cooling-off period was not possible even though it should be possible. In response, JBR concluded a capital alliance agreement with Aqualine in February 2022 and made Aqualine an equity-method affiliate in order to monitor Aqualine's implementation of its improvement plan as well as to coordinate JBR's construction quality and efficient business operations.

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To improve the value of both companies

Purpose of the Transaction

JBR's Emergency Business was struggling to attract customers, and JBR was looking for a way to resolve its business issues. Meanwhile, Aqualine has made steady progress in strengthening its corporate governance structure and plans to further strengthen its lifestyle trouble resolution services for general customers after the administrative measures are completed on May 30, 2022, positioning further improvement of service quality, efficient business operations, and expansion of its construction infrastructure as its tasks. In light of the challenges faced by both parties, the transfer of the successor company, including the service quality, expertise, and construction infrastructure developed by JBR, to Aqualine is intended to enhance the effectiveness of problem solving and business growth, as well as enable Aqualine, which focuses on daily life problem solving services for general customers, to attract more customers and help more people in need.
In addition, the objective is to consolidate JBR's business portfolio into a membership business with high profitability and growth potential.

Impact of Transaction on Shareholder Value

Streamlining the business portfolio to increase shareholder value

Streamlining JBR's business portfolio

With this transaction, JBR succeeded in separating the Emergency Business, which had been a challenge, from its management. In addition, JBR withdrew from the Lifetech Business at the end of September 2022, leaving only the Membership, Health Care, and Repair Businesses currently owned by JBR. JBR's medium-term management plan calls for the reorganization of its business portfolio, and this has been put into action. In general, the more businesses a company owns, the smaller the value of the entire company tends to be than the sum of the values of the individual businesses, because it is difficult to see the overall picture and synergy of the businesses, and inefficient transfer of management resources is likely to occur due to management complexity. These moves are expected to increase JBR's shareholder value, as JBR will concentrate its management resources on its Membership Business, which has particularly high profitability and growth potential, and the overall picture and synergistic effects of each business are now easier to visualize.

Not large, but expected to have a positive impact

Synergies with Aqualine

Aqualine's core business is the water service business. Until now, Aqualine had been mainly engaged in door-to-door sales, but in response to the administrative action, it has set up a new structure that aims to improve operational efficiency by converting to a merchant business and starting to operate an e-commerce site.
However, Aqualine's previous strength as a platform that can unify the "voice of the customer" from various channels remains strong. In addition, although the number of new housing starts is declining, the need for emergency repairs, replacements, and exchanges is increasing as homes age. The addition of JBR's Emergency Business to Aqualine is expected to generate synergies by enabling Aqualine to efficiently utilize the services and infrastructure of JBR's Emergency Business using Aqualine's platform and other resources. Since Aqualine is an equity method affiliate of JBR, the impact of this synergy on JBR's shareholder value will not be large, but it is expected to have a positive impact.

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New Business Alliances

Pursuing group synergies through three business alliances

Entered ITOCHU Corporation's used mobile terminal collection business

Contributing to the development of a sustainable society through the effective use of limited resources

In addition to the major metals of gold, silver, copper, and aluminum, more than 20 rare metals are used in the foundations and components of cell phones, smartphones, and PHS. In many cases, mobile terminals in which these rare mineral resources are used are "buried" in households as a result of model changes, etc. ITOCHU has named unused mobile terminals "treasure terminals" in the hope of turning unused items that lie dormant in households into treasures for the earth. By participating in ITOCHU's business, JBR aims to contribute to sustainable social development through the effective use of limited resources by collecting "treasure terminals," which are currently estimated to be about 270 million in Japan.

Aiming to expand commercial distribution by leveraging synergies among core businesses and group companies

The significant demand for this business is expected to continue due to the remote working that has penetrated Japanese society as a result of the Corona disaster and the reduction in expenditure costs and GHG emissions when compared to new terminals. In response, JBR began providing backup in the collection of "treasure terminals." Specifically, JBR aims to collaborate with the Last One Mile business, which will utilize JBR's nationwide network of construction and sales partners.
In addition, JBR plans to work with its affiliate, Japan PC Service Co., Ltd. to expand commercial distribution by taking advantage of synergies among group companies.

Business alliance with Century 21, one of the world's largest real estate networks

CENTURY21 24-hour life support

JBR signed a business alliance agreement with CENTURY 21 REAL ESTATE OF JAPAN LTD. and began offering a membership-based lifestyle trouble resolution service to customers of CENTURY 21 member stores. Specifically, this includes support for problems related to locks, water, electricity, etc., repair services to repair floor damage, and house cleaning at a preferential price for 10 years. These can be contacted anytime, anywhere, 24 hours a day, 365 days a year through " Living Link," a members-only application provided by JBR. It also supports foreign languages such as English, Chinese, and Korean.

Business alliance with Tohoku Electric Power Co., Inc. which has a wide range of consumer contacts

Support for problems with locks, windows, and fixtures

JBR has signed a business alliance agreement with Tohoku Electric Power Co., Inc. and started providing trouble-solving services to individual users who are members of Tohoku Electric Power's "Tohoku Electric Power's Kurashi-Service Store". Specifically, this service includes handling lost keys, broken glass, and door defects.

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Appendix 3. IT Company Valuation Trends

Valuations Analysis

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 marketing-related companies that have achieved high growth through the use of databases. Since many of these companies are factoring in growth over the next 10 years, we back-calculated the 10-year CAGR and 10-year ROIC from the current market capitalization. It is quite possible that JBR could also close its current value gap with such a valuation.

Examples of Highly Rated IT 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,Inc.	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
	This Fiscal Year Company Plan	Future 10-year CAGR	This Fiscal Year Company Plan	JPR estimated by This Fiscal Year Company Plan	10 years later ROIC	This Fiscal Year Company Plan		
	JPY million		JPY million			JPY million	JPY million	times
Members Co., Ltd.	18,200	9.9%	2,200	23.4%	23.2%	1,573	29,477	18.6
Speee, Inc.	12,485	9.2%	1,501	13.3%	23.3%	977	21,916	58.4
Orchestra Holdings Inc.	10,000	13.0%	1,670	14.8%	15.0%	950	22,919	24.1
BrainPad Inc.	8,600	14.5%	1,210	15.7%	17.9%	800	21,163	25.7
ORO Co., Ltd.	6,180	6.1%	2,050	33.4%	32.6%	1,435	27,078	18.8
ProjectCompany,Inc.	3,500	26.6%	670	30.7%	28.1%	470	39,479	63.7

[Source: Compiled by JPR from FactSet and other sources. Market capitalization is based on the closing price on December 2.

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2130:Members

Securities code: 2130

MEMBERS-CO-LTD

TOPIX Sector Indices	PER	PBR	Interest rate
Services	18.6 times	5.1 times	1.36%

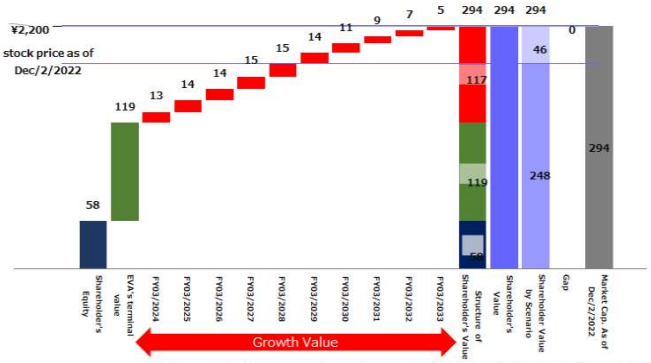
Business Overview

Members Co., Ltd. engages in net business support. It operates through the following business divisions: Engagement Marketing Center (EMC), Digital Personnel, and Others. The EMC division offers digital marketing support. The Digital Personnel division provides skilled personnel such as digital creators and engineers for digital support. The Others division handles media operation for BtoC and offers employment support services for people with disabilities. The company was founded on June 26, 1995 and is headquartered in Tokyo, Japan.

Share Price Trends

Future Structure of Shareholder Value

[Unit: JPY 100 million]



[Based on the data from FactSet, Nikkei Needs, Company Disclosure. At the end of Dec,02,2022]

Actual, planned, and predicted financial performance

Fiscal Year	Actual 2019.03	Actual 2020.03	Actual 2021.03	Actual 2022.03	Plan 2023.03	Forecasts 2024.03	Forecasts 2025.03	Forecasts 2026.03	Forecasts 2027.03	Forecasts 2028.03	Forecasts 2029.03	Forecasts 2030.03	Forecasts 2031.03	Forecasts 2032.03	Forecasts 2033.03
Sales	88.6	106.1	120.9	149.4	182.0	205.7	232.4	262.6	296.7	335.3	370.2	401.0	427.7	450.5	469.6
Sales growth rate	19.6%	19.8%	13.9%	23.6%	21.8%	13.0%	13.0%	13.0%	13.0%	13.0%	10.4%	8.3%	6.7%	5.3%	4.3%
Operating income	9.7	12.5	12.6	18.8	22.0	24.7	27.8	31.3	35.2	39.6	43.7	47.3	50.5	53.2	55.4
Operating margin	10.9%	11.8%	10.4%	12.6%	12.1%	12.0%	12.0%	11.9%	11.9%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
NOPAT margin	7.6%	8.2%	7.2%	8.7%	8.4%	8.3%	8.3%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Invested capital turnov	37.8%	35.4%	39.2%	34.2%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%
ROIC	20.0%	23.1%	18.5%	25.5%	23.4%	23.3%	23.2%	23.0%	22.9%	22.8%	22.8%	22.8%	22.8%	22.8%	22.8%
WACC					8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
EVA					9.8	11.0	12.4	13.9	15.5	17.4	19.2	20.8	22.2	23.4	24.4
Present value of EVA					118.6	13.3	13.8	14.3	14.8	15.3	13.6	11.1	8.9	7.0	5.4

[Source: Compiled by JPR from FactSet and other sources. Market capitalization is based on the closing price on December 2. The same applies hereafte

4499: Speee

Securities code: 4499

SPEEE-INC

TOPIX Sector Indices	PER	PBR	Interest rate
Information & Communication	55.2 times	3.5 times	0.00%

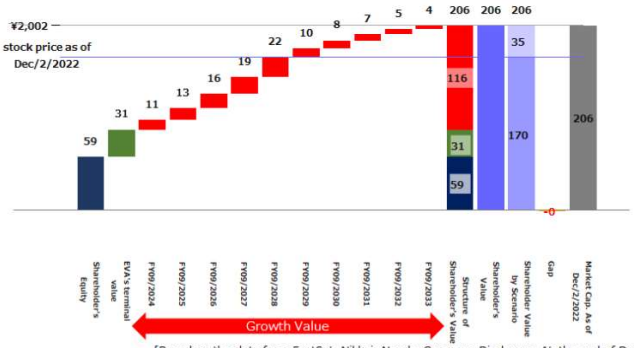
Business Overview

Speee, Inc. engages in the marketing intelligence and digital transformation businesses. It operates through the following segments: MarTech, X-Tech, Data Platform, and Others. The MarTech segment offers web analytics, trading desk, UZOU, and PAAM. The X-Tech segment provides ieul, an online site for selling and assessing real estate; and nurikae, an exterior remodeling introduction services. The Data Platform segment develops data platform based on the blockchain technology. The Others segment includes the Xyense and overseas businesses. The company was founded by Tetsushi Hisata on November 29, 2007 and is headquartered in Tokyo, Japan.

Share Price Trends

Future Structure of Shareholder Value

[Unit: JPY 100 million]



[Based on the data from FactSet, Nikkei Needs, Company Disclosure. At the end of Dec,02,2022]

Actual, planned, and predicted financial performance

Fiscal Year	Actual 2019.09	Actual 2020.09	Actual 2021.09	Actual 2022.09	Plan 2023.09	Forecasts 2024.09	Forecasts 2025.09	Forecasts 2026.09	Forecasts 2027.09	Forecasts 2028.09	Forecasts 2029.09	Forecasts 2030.09	Forecasts 2031.09	Forecasts 2032.09	Forecasts 2033.09
Sales	74.2	93.5	126.9	112.4	131.9	151.7	174.5	200.6	230.7	265.3	297.2	325.7	350.7	372.3	390.6
Sales growth rate	3.6%	26.0%	35.8%	-11.5%	17.4%	15.0%	15.0%	15.0%	15.0%	15.0%	12.0%	9.6%	7.7%	6.1%	4.9%
Operating income	2.0	7.8	11.4	15.6	9.2	11.4	14.1	17.6	21.8	27.1	30.3	33.2	35.8	38.0	39.8
Operating margin	2.7%	8.3%	9.0%	13.9%	7.0%	7.5%	8.1%	8.7%	9.4%	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
NOPAT margin	1.8%	5.8%	6.2%	9.6%	4.8%	5.2%	5.6%	6.0%	6.5%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Invested capital turnov	28.2%	23.2%	30.5%	37.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%	36.2%
ROIC	6.5%	24.9%	20.4%	25.9%	13.3%	14.3%	15.5%	16.7%	18.0%	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%
WACC					8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
EVA					2.5	3.4	4.7	6.3	8.3	10.9	12.3	13.4	14.5	15.4	16.1
Present value of EVA					30.7	10.9	13.1	15.7	18.6	22.1	10.2	8.5	6.9	5.5	4.3

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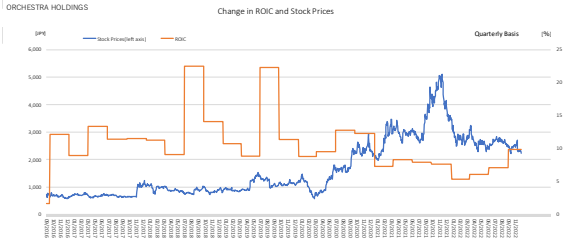
6533: Orchestra Holdings

Securities code: 6533	TOPIX Sector Indices	PER	PBR	Interest rate
ORCHESTRA-HOLDINGS	Services	23.0 times	4.3 times	0.40%

Business Overview

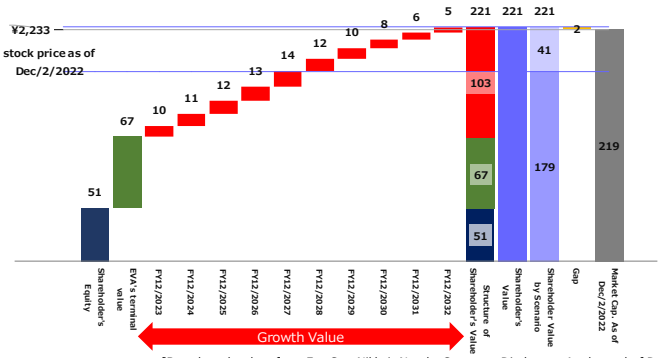
Orchestra Holdings, Inc. engages in the management of its group companies which are into Internet advertising services. It operates through the following segments: Digital Marketing Business, Digital Transformation Business, and Others. The Digital Marketing Business segment offers operational advertising, search engine optimization consulting, creative services, and other supplementary services. The Digital Transformation Business covers cloud integration, tool application development, and web system development. The Other segment includes platform business and new business. The company was founded by Yoshiro Nakamura on June 17, 2009 and is headquartered in Tokyo, Japan.

Share Price Trends



Future Structure of Shareholder Value

[Unit: JPY 100 million]



[Based on the data from FactSet、Nikkei Needs、Company Disclosure、At the end of Dec,02,2022]

Actual, planned, and predicted financial performance

Fiscal Year	Actual 2018.12	Actual 2019.12	Actual 2020.12	Actual 2021.12	Plan 2022.12	Forecasts 2023.12	Forecasts 2024.12	Forecasts 2025.12	Forecasts 2026.12	Forecasts 2027.12	Forecasts 2028.12	Forecasts 2029.12	Forecasts 2030.12	Forecasts 2031.12	Forecasts 2032.12
Sales	72.6	93.4	118.3	166.4	100.0	116.0	134.6	156.1	181.1	210.0	236.9	261.2	282.6	301.1	316.9
Sales growth rate	23.0%	28.7%	26.6%	40.7%	-39.9%	16.0%	16.0%	16.0%	16.0%	16.0%	12.8%	10.2%	8.2%	6.6%	5.2%
Operating income	4.7	5.3	6.9	12.6	16.7	19.4	22.6	26.3	30.7	35.7	40.3	44.4	48.0	51.2	53.9
Operating margin	6.5%	5.6%	5.8%	7.6%	16.7%	16.8%	16.8%	16.9%	16.9%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
NOPAT margin	4.5%	3.9%	4.0%	5.3%	11.5%	11.6%	11.6%	11.7%	11.7%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
Invested capital turnov	13.4%	14.5%	17.0%	16.3%	78.2%	78.2%	78.2%	78.2%	78.2%	78.2%	78.2%	78.2%	78.2%	78.2%	78.2%
ROIC	33.6%	27.1%	23.7%	32.3%	14.8%	14.8%	14.9%	14.9%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
WACC					7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%
EVA					5.3	6.2	7.3	8.5	9.9	11.6	13.1	14.5	15.6	16.7	17.5
Present value of EVA					67.0	10.5	11.4	12.3	13.3	14.4	11.8	9.9	8.1	6.5	5.1

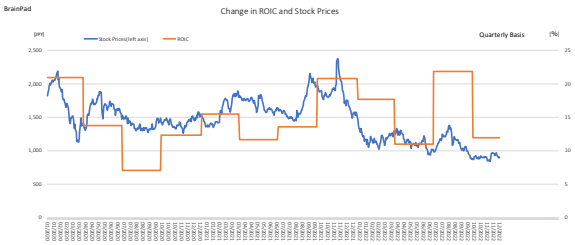
3655: BrainPad

Securities code: 3655	TOPIX Sector Indices	PER	PBR	Interest rate
BRAINPAD-INC.	Information & Communication	24.3 times	4.3 times	0.00%

Business Overview

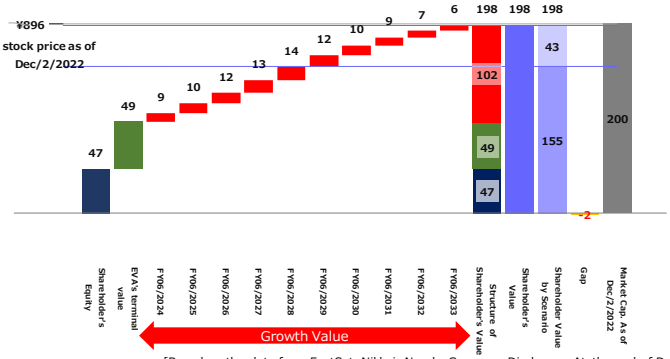
BrainPad, Inc. provides application service provider services (ASP) and analysis outsourcing. It operates through the following segments: Analytics, Solution, and Marketing Platform. The Analytics segment provides analytical services to secure information for sales and marketing activities. The Solution segment provides software licenses and system construction. The Marketing Platform segment develops recommendation engine and optimization engine. It also provides maintenance services. The company was founded by Takashi Takahashi and Seinosuke Sato on March 18, 2004 and is headquartered in Tokyo, Japan.

Share Price Trends



Future Structure of Shareholder Value

[Unit: JPY 100 million]



[Based on the data from FactSet、Nikkei Needs、Company Disclosure、At the end of Dec,02,2022]

Actual, planned, and predicted financial performance

Fiscal Year	Actual 2019.06	Actual 2020.06	Actual 2021.06	Actual 2022.06	Plan 2023.06	Forecasts 2024.06	Forecasts 2025.06	Forecasts 2026.06	Forecasts 2027.06	Forecasts 2028.06	Forecasts 2029.06	Forecasts 2030.06	Forecasts 2031.06	Forecasts 2032.06	Forecasts 2033.06
Sales	56.8	66.2	71.0	85.6	103.0	122.6	145.9	173.6	206.5	245.8	283.2	317.6	348.5	375.6	399.0
Sales growth rate	31.1%	16.6%	7.2%	20.6%	20.3%	19.0%	19.0%	19.0%	19.0%	19.0%	15.2%	12.2%	9.7%	7.8%	6.2%
Operating income	11.8	10.6	8.5	11.4	11.0	13.2	15.8	18.9	22.6	27.0	31.1	34.9	38.3	41.3	43.9
Operating margin	20.9%	16.0%	12.0%	13.4%	10.7%	10.7%	10.8%	10.9%	10.9%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
NOPAT margin	14.4%	11.1%	8.3%	9.3%	7.4%	7.4%	7.5%	7.5%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Invested capital turnov	32.8%	39.4%	39.7%	38.6%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%	47.0%
ROIC	43.9%	28.2%	21.0%	24.0%	15.7%	15.8%	15.9%	16.0%	16.1%	16.2%	16.2%	16.2%	16.2%	16.2%	16.2%
WACC					7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
EVA					3.8	4.6	5.6	6.7	8.0	9.7	11.2	12.5	13.7	14.8	15.7
Present value of EVA					49.1	9.3	10.4	11.6	12.9	14.4	12.0	10.3	8.6	7.0	5.6

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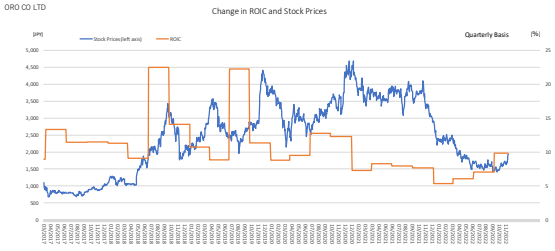
3983: ORO

Securities code: 3983	TOPIX Sector Indices	PER	PBR	Interest rate
ORO-CO-LTD	Information & Communication	21.6 times	4.5 times	0.78%

Business Overview

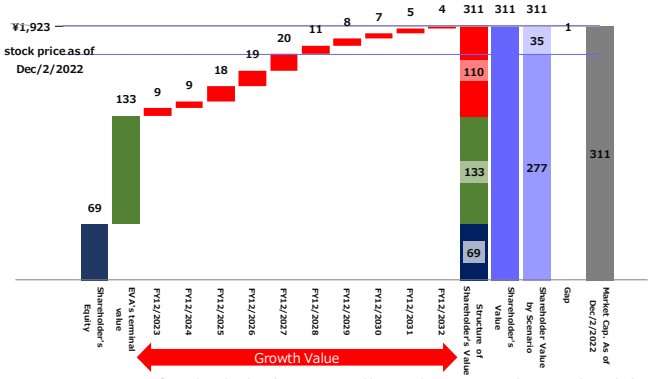
oRo Co., Ltd. is engaged in the provision of business solutions and communication design services. It operates through the following segments: Cloud Solutions and Digital Transformation. The Cloud Solutions segment offers business related system solutions, cloud services, information technology infrastructure services and business process outsourcing. The Digital Transformation segment handles the web marketing and integration; events planning, promotion and management; market research, analysis and effect measurement; production of magazines, newspaper and various advertisement services. It also develops and markets cloud products such as ZAC Enterprise and Reforma PSA. The company was founded by Yasuhisa Hino and Atsushi Kawata on January 20, 1999 and is headquartered in Tokyo, Japan.

Share Price Trends



Future Structure of Shareholder Value

[Unit: JPY 100 million]



[Based on the data from FactSet, Nikkei Needs, Company Disclosure, At the end of Dec,02,2022]

Actual, planned, and predicted financial performance

Fiscal Year	Actual 2018.12	Actual 2019.12	Actual 2020.12	Actual 2021.12	Plan 2022.12	Forecasts 2023.12	Forecasts 2024.12	Forecasts 2025.12	Forecasts 2026.12	Forecasts 2027.12	Forecasts 2028.12	Forecasts 2029.12	Forecasts 2030.12	Forecasts 2031.12	Forecasts 2032.12
Sales	44.6	50.2	52.4	55.3	61.8	73.6	87.6	95.6	104.3	113.9	122.2	129.3	135.4	140.5	144.7
Sales growth rate	14.1%	12.5%	4.3%	5.5%	11.7%	19.0%	19.0%	9.1%	9.1%	9.1%	7.3%	5.9%	4.7%	3.7%	3.0%
Operating income	11.7	13.3	15.8	20.3	20.5	22.6	24.9	28.2	31.9	36.2	38.9	41.1	43.1	44.7	46.0
Operating margin	26.3%	26.5%	30.1%	36.6%	33.2%	30.7%	28.4%	29.5%	30.6%	31.8%	31.8%	31.8%	31.8%	31.8%	31.8%
NOPAT margin	18.2%	18.4%	20.9%	25.4%	22.9%	21.2%	19.6%	20.4%	21.2%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Invested capital turnov	36.6%	45.9%	53.3%	74.5%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%	68.6%
ROIC	49.6%	40.1%	39.2%	34.1%	33.4%	30.9%	28.6%	29.7%	30.8%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
WACC					8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
EVA					10.7	11.5	12.3	14.2	16.3	18.7	20.1	21.3	22.3	23.1	23.8
Present value of EVA					133.0	9.0	8.5	18.1	19.2	20.3	10.6	8.4	6.6	5.1	3.9

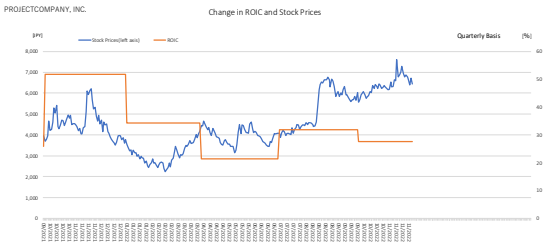
9246: ProjectCompany

Securities code: 9246	TOPIX Sector Indices	PER	PBR	Interest rate
PROJECTCOMPANY-INC	Services	59.6 times	14.3 times	0.00%

Business Overview

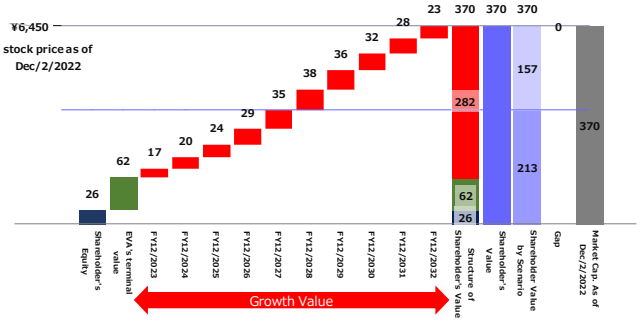
ProjectCompany, Inc. provides digital transformation platform for new & existing businesses, and consulting services. Its services include new business development support, digitalizing and improving existing business, digital marketing strategy and planning, developing smartphone applications, and consulting services for improving website User Interface (UI) & User Experience (UX). It also offers SNS and content marketing services. The company was founded by Yunosuke Doi and Shota Ito on January 4, 2016 and is headquartered in Tokyo, Japan.

Share Price Trends



Future Structure of Shareholder Value

[Unit: JPY 100 million]



[Based on the data from FactSet, Nikkei Needs, Company Disclosure, At the end of Dec,02,2022]

Actual, planned, and predicted financial performance

Fiscal Year	Actual 2018.12	Actual 2019.12	Actual 2020.12	Actual 2021.12	Plan 2022.12	Forecasts 2023.12	Forecasts 2024.12	Forecasts 2025.12	Forecasts 2026.12	Forecasts 2027.12	Forecasts 2028.12	Forecasts 2029.12	Forecasts 2030.12	Forecasts 2031.12	Forecasts 2032.12
Sales	NA	6.6	11.0	21.4	41.6	55.3	73.6	97.9	130.2	173.1	218.8	265.0	309.8	351.7	389.7
Sales growth rate	NA	NA	66.4%	93.6%	94.4%	33.0%	33.0%	33.0%	33.0%	33.0%	26.4%	21.1%	16.9%	13.5%	10.8%
Operating income	NA	0.4	1.8	5.1	9.1	11.9	15.5	20.2	26.3	34.3	43.3	52.5	61.3	69.6	77.2
Operating margin	NA	5.4%	15.9%	23.8%	21.9%	21.4%	21.0%	20.6%	20.2%	19.8%	19.8%	19.8%	19.8%	19.8%	19.8%
NOPAT margin	NA	3.8%	11.1%	16.5%	15.1%	14.8%	14.5%	14.2%	14.0%	13.7%	13.7%	13.7%	13.7%	13.7%	13.7%
Invested capital turnov	NA	0.0%	31.8%	28.0%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%	49.3%
ROIC	NA	NA	34.8%	59.0%	30.7%	30.1%	29.5%	28.9%	28.4%	27.8%	27.8%	27.8%	27.8%	27.8%	27.8%
WACC					7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
EVA					4.7	6.1	7.9	10.2	13.3	17.2	21.7	26.3	30.7	34.9	38.6
Present value of EVA					61.5	16.9	20.3	24.3	29.2	35.1	37.9	35.6	32.0	27.8	23.4

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Reference 1. For those new to JPR reports

GCC Management™ Analysis

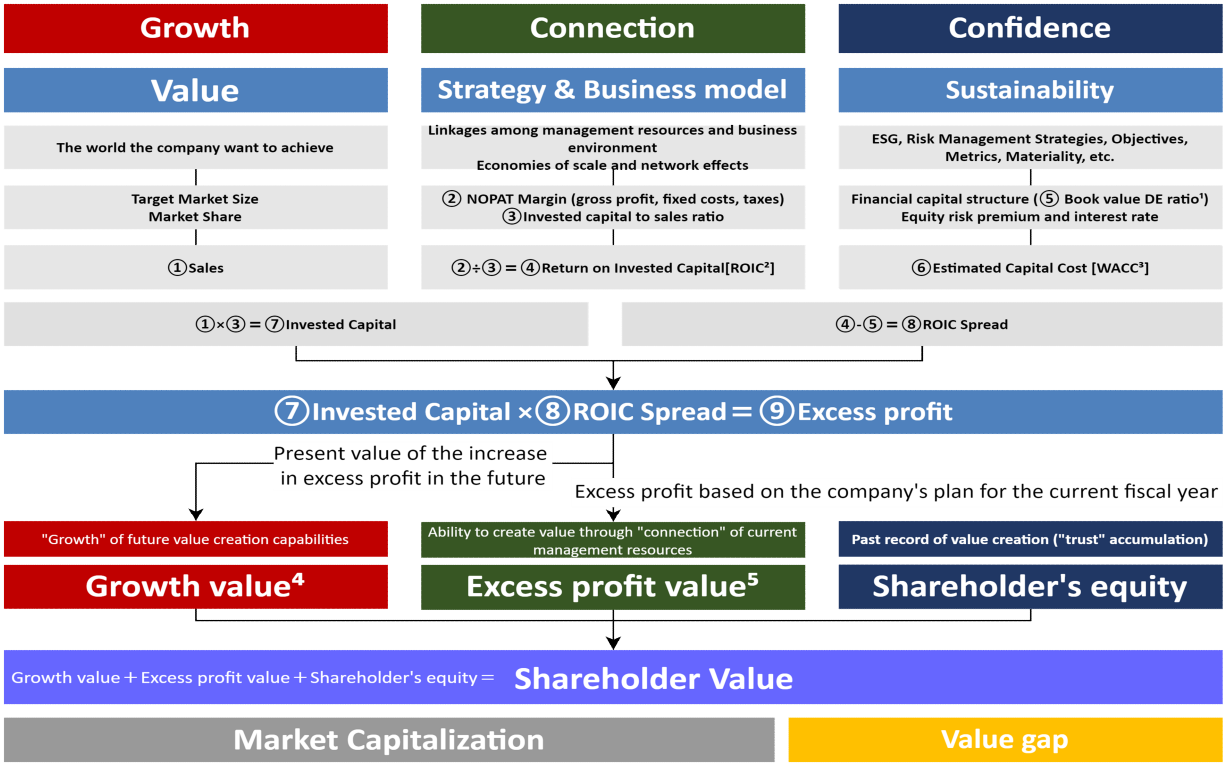
Visualize the value gap between theoretical shareholder value and market capitalization

Analyze by the three elements of Growth, Connection, and Confidence.

A framework for directly linking qualitative stories to shareholder value

This report analyzes corporate value from the perspective of GCC Management™, a framework developed by J-Phoenix Research Corporation ("JPR"), emphasizing three elements: Growth (sales growth), Connection (improved human and business connections = higher return on capital), and Confidence (improved trust = lower business risk). The following chart shows the overall picture of the GCC Management™ framework. The following diagram shows the overall picture. The qualitative future story is linked to financial indicators, which are finally integrated to estimate shareholder value. Using the excess profit method (see "Appendix 3. Basis of Calculation" at the end of this report), JPR estimates the final theoretical shareholder value and visualize the value gap by comparing it with the market capitalization.

GCC Management™ Analysis Framework



[Source: JPR] [Notes] 1. Book value DE ratio: Ratio of interest-bearing debt to shareholders' equity.
2. ROIC: Return on Invested Capital, See "Appendix 3." at the end of this document. 3. WACC: Weighted Cost of Capital, see "Appendix 3." at the end of this document. 4. growth value = cumulative present value of the perpetuity value of the excess profit increment through year X. The perpetuity value is calculated as the excess profit increment divided by WACC. The present value of that amount is discounted by the WACC. Cumulative future value up to year X as assumed by the growth scenario. 5. Excess profit value = the perpetual value of excess profit based on the current year's company plan. The excess profit value is estimated by dividing the excess profit calculated from the current year's company plan and the invested capital at the beginning of the period by the WACC.

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Visualization of value gap through 10-year growth scenario analysis

Comparison of increase in shareholder value by year and market capitalization

Visualize the value gap between theoretical shareholder value and market capitalization

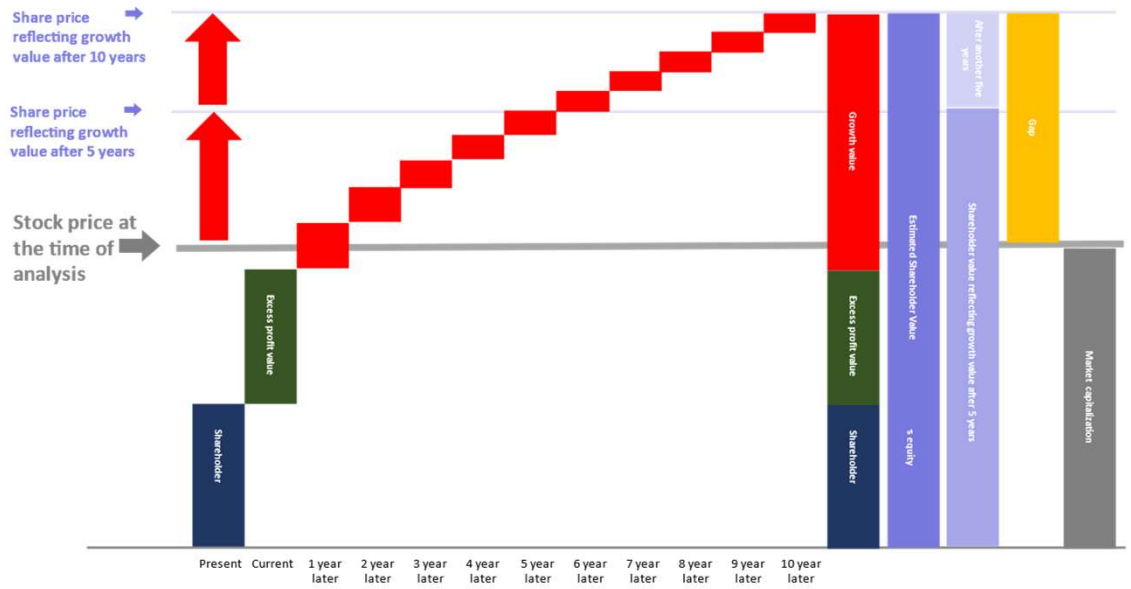
The potential increase in shareholder value generated by a 10-year growth scenario based on the future story is visualized for each year and compared to the market capitalization. This allows us to visualize how many years of the future story are reflected in the market capitalization. 10 years of shareholder value is expected to be reflected in the market capitalization as the expectations for the achievability of the 10-year future story increase. The difference between the market capitalization and the estimated shareholder value reflecting up to 10 years of future story is the estimated upside potential. As investors' expectations of the feasibility of the future story are raised by the specific current performance, the likelihood of the realization of that value gap increases.

Conservative growth scenarios and scenarios reflecting changes in future stories

Visualization of various scenario analysis

This analysis is useful when the firm's strategy undergoes significant change. As shown in the figure below, it is also possible to visualize separately the growth potential under the conservative scenario and the growth potential under the change. Shareholder value without incorporating change represents a conservative amount.

Visualizing the Value Gap



[source] JPR

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Reference 2. 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.

- Excess return = NOPAT – Invested capital X WACC
- Net Operating Profit After Tax (NOPAT) = Operating profit X (1 - Effective tax rate)
- Invested capital = Total assets – Non-business assets – Current liabilities excluding Interest-bearing debt
- 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
- Weighted average cost of capital (WACC) = After-tax interest rate of interest-bearing debt X(D/ (E+D)+Cost of shareholders' equity X(E/D+E)
- Cost of shareholders' equity=0.5%+5%Xβ
- β = Slope of a linear regression line of five-year daily returns of TOPIX and the stock price of the target company
- E = Market cap at the time of calculation
- 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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