

Translation

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

Summary of Consolidated Financial Results for the Year Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

Company name: Advance Create Co., Ltd.
 Stock exchange listing: Tokyo and Fukuoka
 Stock code: 8798 URL <https://www.advancecreate.co.jp/>
 Representative: President Yoshiharu Hamada
 Inquiries: Director and General Manager of Administration Division Kinji Yokoyama TEL 06-6204-1193
 Scheduled date of ordinary general meeting of shareholders: December 16, 2022
 Scheduled date to file Annual Securities Report: December 19, 2022
 Scheduled date to commence dividend payments: December 19, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting (Japanese only): Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2022	11,860	7.6	2,061	1.0	2,015	4.6	1,312	1.3
Year ended September 30, 2021	11,019	4.8	2,041	72.4	1,925	75.7	1,295	85.0

(Note) Comprehensive income Year ended September 30, 2022: ¥1,247 million [(2.4)%]
 Year ended September 30, 2021: ¥1,277 million [61.7%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2022	59.97	–	18.9	16.6	17.4
Year ended September 30, 2021	59.66	–	21.0	17.4	18.5

(Reference) Share of profit (loss) of entities accounted for using equity method

Year ended September 30, 2022: ¥– million
 Year ended September 30, 2021: ¥– million

(Note) The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Earnings per share has been calculated based on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	12,491	7,145	57.2	326.75
As of September 30, 2021	11,808	6,723	56.9	305.59

(Reference) Equity

As of September 30, 2022: ¥7,145 million
 As of September 30, 2021: ¥6,723 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2022	364	(391)	(956)	2,270
Year ended September 30, 2021	1,643	(485)	(488)	3,206

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2021	–	30.00	–	15.00	–	671	50.3	10.6
Year ended September 30, 2022	–	15.00	–	17.50	32.50	733	54.2	10.3
Year ending September 30, 2023 (Forecast)	–	17.50	–	17.50	35.00		38.9	

(Note) Breakdown of fiscal year-end dividends for the year ended September 30, 2022

Ordinary dividend: ¥15.00 per share

Commemorative dividend: ¥2.50 per share

The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. The amounts stated for dividends for the 2nd quarter-end of the year ended September 30, 2021 are stated at the actual amount paid per share based on the number of shares before the stock split. Without factoring in the stock split, the year-end dividend for the year ended September 30, 2021 would have been ¥30.00 and the annual dividend per share would have been ¥60.00. Furthermore, the total dividend amount for the fiscal year is presented as “–” as simple addition is not appropriate.

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,680	40.6	3,220	56.2	3,030	50.4	1,970	50.1	90.08

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(Note) For details, please refer to page 13 of the Attached Materials, “3. Consolidated financial statements and significant notes thereto (5) Notes for consolidated financial statements (Changes in accounting policies).”

(3) Number of issued shares (common shares)

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

As of September 30, 2022	22,557,200 shares	As of September 30, 2021	22,557,200 shares
--------------------------	-------------------	--------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	689,178 shares	As of September 30, 2021	556,878 shares
--------------------------	----------------	--------------------------	----------------

Average number of shares during the period

Year ended September 30, 2022	21,877,539 shares	Year ended September 30, 2021	21,709,989 shares
-------------------------------	-------------------	-------------------------------	-------------------

(Notes) 1. The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Average number of shares during the period has been calculated based on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

2. The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and average number of shares during the period, includes the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets pertaining to the “Employee Stockholding Association linked Trust ESOP” and the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets pertaining to “Stock Benefit Trust (J-ESOP).”

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2022	9,755	4.9	1,452	(4.6)	1,617	14.8	1,120	19.5
Year ended September 30, 2021	9,298	2.1	1,522	72.7	1,408	33.5	937	27.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended September 30, 2022	51.19		—	
Year ended September 30, 2021	43.18		—	

(Note) The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Earnings per share has been calculated based on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of September 30, 2022	10,055		5,881		58.5		268.94	
As of September 30, 2021	9,761		5,650		57.9		256.85	

(Reference) Equity

As of September 30, 2022: ¥5,881 million

As of September 30, 2021: ¥5,650 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to page 2 of the Attached Materials, "1. Overview of operating results and others (1) Overview of operating results for the fiscal year."

Table of Contents of Appendix

1.	Overview of operating results and others.....	2
	(1) Overview of operating results for the fiscal year.....	2
	(2) Overview of financial position for the fiscal year	4
	(3) Basic policy on distribution of profits and dividends for the fiscal year under review/next fiscal year.....	5
2.	Basic approach concerning the selection of accounting standards	5
3.	Consolidated financial statements and significant notes thereto	6
	(1) Consolidated balance sheets	6
	(2) Consolidated statements of income and consolidated statements of comprehensive income	8
	Consolidated statements of income.....	8
	Consolidated statements of comprehensive income.....	9
	(3) Consolidated statements of changes in equity	10
	(4) Consolidated statements of cash flows.....	12
	(5) Notes for consolidated financial statements	13
	(Notes regarding the assumption of going concern)	13
	(Changes in accounting policies)	13
	(Changes in presentation methods)	13
	(Notes regarding significant changes in the amount of shareholders' equity)	13
	(Segment information)	15
	(Information per share)	18
	(Significant subsequent events)	19

1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

(i) Operating results

In the fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022), the Japanese economy encountered a situation where rising prices due to yen depreciation and persistently high energy prices weighed on consumption as the economy made progress in striking a balance between measures to address the novel coronavirus disease (COVID-19) and economic activity. Given that scenario, the economic outlook remained uncertain.

Concurrent with ongoing diversification and growing sophistication of insurance products amid progress in IT and medical technology, the insurance industry needs to fulfill its customer-oriented business management (fiduciary duty) by providing truly helpful information and consulting to customers.

Under such circumstances, our Group advocates to be “a company that evolves by promoting the sharpening of people and technology,” forging ahead daily to build “an insurance industry platform” able to deal with all types of insurance needs and a business ecosystem that fits the Online-Merges-with-Offline (OMO) era.

Specifically, through our video conference system “Dynamic OMO,” which we developed in-house, we are achieving online insurance consultations that are equivalent to offline consultations, eliminating the barriers between face-to-face and non-face-to-face interactions. In July 2022, we entered into partnership with AVITA, Inc., a startup company headed by Professor Hiroshi Ishiguro of Osaka University, and launched a service in which avatar consultants reply to customer inquiries using avatars developed by AVITA. We seek to pursue new insurance solicitation approaches that look toward the advent of the metaverse era by combining “Dynamic OMO” with avatars.

We are also taking steps to further improve convenience of online insurance consultation. During the current fiscal year, we engaged in efforts to upgrade our services, in part by establishing the “Hoken Ichiba Smart Consulting Plaza,” the insurance industry’s first exclusively online sales platform, and also by launching the “Consultant Appointment and Reservation Service,” which enables customers to designate consultants and book consultations. Going forward, the Company will strive to further increase its profitability by amassing know-how regarding online insurance consultation and promoting digital transformation (DX) of the insurance solicitation process.

In addition, we are achieving results from initiatives embarked on in the current fiscal year, such that include redoubling our efforts in the non-life insurance sector encompassing automobile insurance, and achieving sharp increases in the number of new applications for automobile insurance of more than tenfold on a monthly basis year on year. We aim to build a stable business platform by establishing diverse revenue channels extending beyond life insurance.

We will continue to promote the development of a common platform system for the insurance industry (Advance Create Cloud Platform, hereinafter, “ACP”). Our ACP serves as a system for enabling insurance companies and joint insurance agencies to work together in handling customer information for the sake of engaging in comprehensive management and administration of everything from insurance product inquiries to policy application and conservation procedures. Spread of ACP in the industry is bound to culminate in a shift to paperless operations along with significant reduction in administrative workloads. We have received high praise from customers who have installed any of the customer management system “GOYOKIKI,” the common platform system for applications “DECHI,” the insurance policy management app “folder,” or the video conference system “Dynamic OMO,” which are key functions of ACP, and we are making further enhancements to the functions. We are also introducing “Dynamic OMO” in particular to credit card companies and other such customers in other industries, in addition to insurance agencies and insurance companies. We aim for a subscription model that secures stock revenue and expansion of our collaborative business by selling these systems.

Furthermore, the Company is achieving seamless contact with customers by using text communications tools such as SNS and SMS. By applying this type of know-how to the BPO business of contracting conservation operations for customers of other insurance companies and insurance agencies, we seek to expand our business while also maintaining and improving customer relationship management (CRM), which is an issue for the insurance industry.

While also enhancing these measures, we are proactively investing management resources into enhancing the governance and compliance structures, continuing to reinforce the information security structure, and implementing company-wide initiatives to strengthen the structure for management of insurance solicitation in compliance with relevant laws and regulations such as the Insurance Business Act and the Act on Protection of Personal Information as well as management structures.

As a result, we recorded net sales of ¥11,860 million (+7.6% YoY), operating profit of ¥2,061 million (+1.0% YoY), ordinary profit of ¥2,015 million (+4.6% YoY) and profit attributable to owners of parent of ¥1,312 million (+1.3% YoY) in the current

fiscal year.

(Millions of yen, Year-on-year changes (%))

	Consolidated basis		Non-consolidated basis	
Net sales	11,860	107.6	9,755	104.9
Operating profit	2,061	101.0	1,452	95.4
Ordinary profit	2,015	104.6	1,617	114.8
Profit attributable to owners of parent	1,312	101.3	1,120	119.5

The operating results by segment were as follows.

(Insurance agency business)

Whereas revenue increased against a backdrop of factors that included favorable results with the number of face-to-face interviews, profit decreased largely due to an increase in fixed costs.

As a result, the Insurance agency business recorded net sales of ¥9,548 million (+4.9% YoY) and operating profit of ¥1,395 million (-5.3% YoY) in the current fiscal year.

(ASP business)

Both revenue and profit increased as a result of solid performance in new sales of ACP to joint insurance agencies, etc.

As a result, the ASP business recorded net sales of ¥206 million (+5.9% YoY) and operating profit of ¥57 million (+14.5% YoY) in the current fiscal year.

(Media business)

The placement of ads on the insurance marketplace website “Hoken Ichiba” was solid and both revenue and profit increased.

As a result, the Media business recorded net sales of ¥1,795 million (+74.2% YoY) and operating profit of ¥418 million (+89.1% YoY) in the current fiscal year.

(Media representative business)

Revenue increased as a result of our striving to provide various services as an advertising agency for the insurance industry based on the web marketing know-how we have accumulated through the management of the insurance marketplace website “Hoken Ichiba.” Meanwhile, profit decreased partially as a result of our having accepted orders with low gross profit margins in order to increase sales.

As a result, the Media representative business recorded net sales of ¥1,177 million (+45.8% YoY) and operating profit of ¥141 million (-14.3% YoY) in the current fiscal year.

(Reinsurance business)

Although net sales remained strong and revenue increased, profit declined as a result of higher reinsurance payments due to the impact of COVID-19.

As a result, the Reinsurance business recorded net sales of ¥1,030 million (+9.3% YoY) and operating profit of ¥46 million (-64.2% YoY) in the current fiscal year.

(ii) Future Outlook

The Japanese economy is forecast to remain on a path of gradual recovery with measures being promoted to deal with COVID-19, but the outlook remains uncertain due to the risk of a resurgence of COVID-19 in Japan and overseas as well as natural disasters, overseas geopolitical risks, and economic risks due to changes in the market environment.

Given such economic trends, we anticipate the environment for insurance agencies to remain severe due to the impact of low interest rates, stronger regulation for customer-oriented business management, etc. affecting the insurance industry while the need for private sector insurance remains firm as a supplement to social security with the heightened consciousness of individuals to defend their livelihoods.

Given the business conditions, the Company is striving to improve performance, responding swiftly to customer needs and market trends based on a management policy of “enabling the customer to easily and conveniently purchase insurance in the best and most agreeable environment.”

Key measures are as follows.

- a) We will train and strengthen personnel required for constant evolution as an innovator in the insurance industry.
- b) We will seek to develop a more sophisticated OMO strategy focused on “online interviews” in part through use of avatars in striving to provide truly helpful information and consulting to customers while preventing the spread of COVID-19.
- c) We will strengthen web marketing further and continue to strengthen the response to smartphone and SNS, with further promotion of a platform strategy to improve customer convenience.
- d) We will strive to improve the Company’s performance by building a structure capable of efficiently and effectively responding to customer needs, which will involve strengthening system links and enhancing appointment allocations with “partner” agencies.
- e) We will pursue synergies to the utmost in the ASP business, Media business, Media representative business and Reinsurance business with the Insurance agency business at the core, building a solid sales base as a “financial information services business” that approaches all types of insurance-related profit-making opportunities.
- f) We will further strengthen the structure for management of insurance solicitation by systematizing and enhancing the compliance checking structure, building an information security structure, and strengthening training systems in order to promote customer-oriented business.

Through these activities, we forecast consolidated earnings for the next fiscal year (from October 1, 2022 to September 30, 2023) to record net sales of ¥16,680 million, operating profit of ¥3,220 million, ordinary profit of ¥3,030 million, and profit attributable to owners of parent of ¥1,970 million. Note that the Company assumes the current situation will continue in regard to the impact of COVID-19.

(2) Overview of financial position for the fiscal year

(i) Assets, liabilities and net assets

(Total assets)

Total assets as of September 30, 2022 were ¥12,491 million, an increase of ¥682 million from the end of the previous fiscal year (¥11,808 million, as of September 30, 2021).

Current assets decreased ¥111 million from the end of the previous fiscal year, mainly due to a ¥1,064 million decrease in cash and deposits, despite an ¥824 million increase in accounts receivable - trade.

Non-current assets increased ¥801 million from the end of the previous fiscal year, mainly due to a ¥313 million increase in leased assets and a ¥202 million increase in software.

(Total liabilities)

Total liabilities as of September 30, 2022 were ¥5,345 million, an increase of ¥260 million from the end of the previous fiscal year (¥5,085 million, as of September 30, 2021).

Current liabilities decreased ¥262 million from the end of the previous fiscal year, mainly due to a ¥189 million decrease in income taxes payable.

(Total net assets)

Net assets increased ¥422 million from the end of the previous fiscal year, mainly due to ¥1,312 million recorded as profit attributable to owners of parent, despite a ¥676 million decrease due to dividends of surplus and a ¥148 million increase in treasury shares.

(ii) Cash flows

Cash and cash equivalents (hereinafter, “Net cash”) as of September 30, 2022 was ¥2,270 million, a ¥935 million decrease due to ¥364 million in cash inflows from operating activities, ¥391 million in cash outflows from investing activities and ¥956 million in cash outflows from financing activities.

Each of the cash flows during the current fiscal year was as follows.

(Cash flows from operating activities)

Net cash provided by operating activities in the current fiscal year resulted in a net cash inflow of ¥364 million (inflow of ¥1,643 million in the previous fiscal year) mainly due to profit before income taxes of ¥1,974 million (¥1,905 million in the

previous fiscal year), depreciation of ¥450 million (¥434 million in the previous fiscal year), decrease (increase) in trade receivables of negative ¥824 million (negative ¥307 million in the previous fiscal year), and income taxes paid of ¥862 million (¥216 million in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities in the current fiscal year resulted in a net cash outflow of ¥391 million (outflow of ¥485 million in the previous fiscal year) mainly due to purchase of intangible assets of ¥483 million (¥379 million in the previous fiscal year) and proceeds from sale of investment securities of ¥142 million.

(Cash flows from financing activities)

Net cash used in financing activities in the current fiscal year resulted in a net cash outflow of ¥956 million (outflow of ¥488 million in the previous fiscal year) mainly due to redemption of bonds of ¥200 million (¥200 million in the previous fiscal year) and dividends paid of ¥675 million (¥608 million in the previous fiscal year).

(3) Basic policy on distribution of profits and dividends for the fiscal year under review/next fiscal year

The Company takes the return of profits to shareholders and the expansion of share in the insurance distribution market as important issues for management. Our basic policy is to improve shareholder value by paying a dividend that is commensurate with performance while striving to enhance internal reserves to provide the resources to implement future growth strategies.

The year-end dividend for the current fiscal year will amount to ¥17.5, which constitutes an increase of ¥2.5 per share to express our appreciation for the ongoing support of our shareholders as is stated in the “Notice Concerning Upward Revision of the Year-end Dividend Forecast for the Fiscal Year Ending September 30, 2022” (in Japanese only), released on August 12, 2022.

In regard to the next fiscal year, we forecast paying both interim and year-end dividends of ¥17.5 per share, resulting in an annual dividend per share of ¥35.0.

2. Basic approach concerning the selection of accounting standards

Considering the comparability of consolidated financial statements over time and with other companies, our Group plans to create consolidated financial statements based on Japanese GAAP for the time being. Note that our plan is to proceed considering the adoption of international accounting standards in light of factors such as the proportion of foreign shareholders, and the trend amongst other companies in the same industry towards the adoption of international accounting standards.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,337,578	2,273,548
Accounts receivable - trade	1,406,935	2,231,307
Accounts receivable - other	2,456,697	2,261,020
Other	767,405	1,090,946
Total current assets	7,968,616	7,856,821
Non-current assets		
Property, plant and equipment		
Buildings and structures	544,735	689,603
Accumulated depreciation	(423,263)	(446,918)
Buildings and structures, net	121,471	242,684
Tools, furniture and fixtures	632,211	718,451
Accumulated depreciation	(574,115)	(602,839)
Tools, furniture and fixtures, net	58,096	115,612
Leased assets	1,041,546	1,461,941
Accumulated depreciation	(639,737)	(746,736)
Leased assets, net	401,808	715,205
Total property, plant and equipment	581,376	1,073,502
Intangible assets		
Software	697,685	900,317
Other	95,215	102,359
Total intangible assets	792,901	1,002,676
Investments and other assets		
Investment securities	328,571	119,164
Guarantee deposits	614,976	694,850
Insurance funds	740,584	764,910
Deferred tax assets	316,761	379,101
Other	446,648	588,880
Total investments and other assets	2,447,542	2,546,906
Total non-current assets	3,821,820	4,623,086
Deferred assets	17,950	11,213
Total assets	11,808,387	12,491,121

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Current portion of bonds payable	200,000	200,000
Income taxes payable	531,564	342,449
Accounts payable - other	1,144,394	1,110,741
Deposits received	464,141	395,611
Lease liabilities	83,219	110,000
Provision for bonuses	180,663	178,002
Asset retirement obligations	8,099	–
Other	655,125	668,298
Total current liabilities	3,267,207	3,005,103
Non-current liabilities		
Long-term borrowings	86,020	256,250
Bonds payable	600,000	400,000
Lease liabilities	375,093	704,300
Retirement benefit liability	392,700	416,197
Asset retirement obligations	206,711	304,576
Other	157,413	259,227
Total non-current liabilities	1,817,940	2,340,551
Total liabilities	5,085,148	5,345,655
Net assets		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,272,846	3,908,226
Treasury shares	(404,293)	(552,474)
Total shareholders' equity	6,612,582	7,099,781
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,656	45,684
Total accumulated other comprehensive income	110,656	45,684
Total net assets	6,723,239	7,145,466
Total liabilities and net assets	11,808,387	12,491,121

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

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	11,019,511	11,860,628
Cost of sales	2,451,969	2,637,890
Gross profit	8,567,542	9,222,738
Selling, general and administrative expenses		
Advertising expenses	13,328	19,986
Communication expenses	243,240	218,304
Salaries & Directors' compensation	2,251,757	2,443,715
Provision for bonuses	180,663	178,002
Retirement benefit expenses	107,037	73,571
Depreciation	434,580	450,059
Rent expenses on land and buildings	639,947	764,137
Commission expenses	1,409,111	1,362,408
Other	1,246,290	1,651,093
Total selling, general and administrative expenses	6,525,956	7,161,278
Operating profit	2,041,585	2,061,459
Non-operating income		
Interest income	932	185
Dividend income	2,848	2,784
Guarantee commission received	8,180	9,202
Gain on sale of gold bullion	–	19,061
Gain on sale of investment securities	–	42,251
Foreign exchange gains	7,807	48,207
Other	3,413	5,260
Total non-operating income	23,181	126,952
Non-operating expenses		
Interest expenses on borrowings and bonds	11,043	14,473
Commission expenses	115,881	150,736
Other	12,200	8,123
Total non-operating expenses	139,125	173,334
Ordinary profit	1,925,641	2,015,077
Extraordinary losses		
Loss on store closings	16,475	–
Loss on retirement of non-current assets	3,644	10,973
Loss on termination of ESOP trust	–	10,925
Loss on valuation of investment securities	–	18,690
Total extraordinary losses	20,120	40,588
Profit before income taxes	1,905,521	1,974,488
Income taxes - current	645,156	676,035
Income taxes - deferred	(35,069)	(13,568)
Total income taxes	610,086	662,466
Profit	1,295,434	1,312,021
Profit attributable to owners of parent	1,295,434	1,312,021

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	1,295,434	1,312,021
Other comprehensive income		
Valuation difference on available-for-sale securities	(17,877)	(64,971)
Total other comprehensive income	(17,877)	(64,971)
Comprehensive income	1,277,556	1,247,049
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,277,556	1,247,049
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity

The fiscal year ended September 30, 2021 (From October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,954,496	381,117	2,586,305	(443,976)	5,477,943
Changes during period					
Issuance of new shares - exercise of share acquisition rights	204,207	204,207			408,414
Dividends of surplus			(608,892)		(608,892)
Profit attributable to owners of parent			1,295,434		1,295,434
Purchase of treasury shares					-
Disposal of treasury shares				39,683	39,683
Net changes in items other than shareholders' equity					
Total changes during period	204,207	204,207	686,541	39,683	1,134,639
Balance at end of period	3,158,703	585,325	3,272,846	(404,293)	6,612,582

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	128,534	128,534	3,615	5,610,092
Changes during period				
Issuance of new shares - exercise of share acquisition rights				408,414
Dividends of surplus				(608,892)
Profit attributable to owners of parent				1,295,434
Purchase of treasury shares				-
Disposal of treasury shares				39,683
Net changes in items other than shareholders' equity	(17,877)	(17,877)	(3,615)	(21,492)
Total changes during period	(17,877)	(17,877)	(3,615)	1,113,147
Balance at end of period	110,656	110,656	-	6,723,239

The fiscal year ended September 30, 2022 (From October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,158,703	585,325	3,272,846	(404,293)	6,612,582
Changes during period					
Issuance of new shares - exercise of share acquisition rights					-
Dividends of surplus			(676,641)		(676,641)
Profit attributable to owners of parent			1,312,021		1,312,021
Purchase of treasury shares				(298,636)	(298,636)
Disposal of treasury shares				150,455	150,455
Net changes in items other than shareholders' equity					
Total changes during period	-	-	635,379	(148,181)	487,198
Balance at end of period	3,158,703	585,325	3,908,226	(552,474)	7,099,781

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	110,656	110,656	-	6,723,239
Changes during period				
Issuance of new shares - exercise of share acquisition rights				-
Dividends of surplus				(676,641)
Profit attributable to owners of parent				1,312,021
Purchase of treasury shares				(298,636)
Disposal of treasury shares				150,455
Net changes in items other than shareholders' equity	(64,971)	(64,971)	-	(64,971)
Total changes during period	(64,971)	(64,971)	-	422,226
Balance at end of period	45,684	45,684	-	7,145,466

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,905,521	1,974,488
Depreciation	434,580	450,059
Increase (decrease) in provision for bonuses	(2,642)	(2,661)
Increase (decrease) in retirement benefit liability	36,493	23,496
Interest and dividend income	(3,780)	(2,970)
Interest expenses on borrowings and bonds	11,043	14,473
Amortization of deferred assets	6,737	6,737
Gain on sale of gold bullion	–	(19,061)
Loss on store closings	16,475	–
Loss on retirement of non-current assets	3,644	10,973
Loss on termination of ESOP trust	–	10,925
Loss (gain) on sale of investment securities	–	(42,251)
Loss (gain) on valuation of investment securities	–	18,690
Decrease (increase) in trade receivables	(307,412)	(824,372)
Decrease (increase) in accounts receivable - other	(335,213)	195,257
Decrease (increase) in long-term prepaid expenses	(13,029)	(152,634)
Increase (decrease) in accrued consumption taxes	44,491	(47,500)
Increase (decrease) in accounts payable - other	61,081	(56,335)
Other, net	8,667	(317,936)
Subtotal	1,866,659	1,239,379
Interest and dividends received	3,132	2,644
Interest paid	(10,462)	(14,634)
Income taxes paid	(216,255)	(862,751)
Net cash provided by (used in) operating activities	1,643,074	364,638
Cash flows from investing activities		
Purchase of property, plant and equipment	(46,792)	(136,167)
Purchase of intangible assets	(379,481)	(483,901)
Purchase of investment securities	(2,817)	(3,075)
Proceeds from sale of investment securities	–	142,451
Purchase of insurance funds	(24,326)	(24,326)
Payments of guarantee deposits	(93,935)	(88,891)
Proceeds from refund of guarantee deposits	157,029	9,437
Other, net	(95,233)	192,551
Net cash provided by (used in) investing activities	(485,556)	(391,920)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	300,000
Repayments of long-term borrowings	(41,610)	(129,770)
Purchase of treasury shares	–	(298,636)
Proceeds from disposal of treasury shares	40,896	157,690
Redemption of bonds	(200,000)	(200,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	404,799	–
Dividends paid	(608,029)	(675,302)
Other, net	(84,756)	(110,416)
Net cash provided by (used in) financing activities	(488,699)	(956,435)
Effect of exchange rate change on cash and cash equivalents	–	48,207
Net increase (decrease) in cash and cash equivalents	668,817	(935,510)
Cash and cash equivalents at beginning of period	2,537,216	3,206,034
Cash and cash equivalents at end of period	3,206,034	2,270,524

(5) Notes for consolidated financial statements

(Notes regarding the assumption of going concern)

No applicable matters.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the current fiscal year. Note that whereas the Company has applied the “Accounting Standard for Revenue Recognition” (March 30, 2018) and relevant ASBJ regulations effective from the beginning of the fiscal year ended September 30, 2019, application of the accounting standard does not affect the consolidated financial statements for the fiscal year ended September 30, 2022, given that the accounting standard has mainly entailed revision of provisions for disclosures pertaining to revenue recognition (presentation and notes).

Therefore, information on disaggregation of revenue for the current fiscal year has been presented under, “Notes (Segment information).” Note that in accordance with the transitional treatment provided for in paragraph 89-4 of the Accounting Standard for Revenue Recognition, “Notes - Revenue recognition” pertaining to the previous fiscal year are not presented.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

Change in the accounting policy does not affect the consolidated financial statements for the fiscal year ended September 30, 2022.

(Changes in presentation methods)

(Consolidated statements of income)

The “Gain on forfeiture of unclaimed dividends” shown in non-operating income in the previous fiscal year has been included in “Other” in non-operating income from the current fiscal year due to the absence of its monetary importance. There has been reclassification of the consolidated financial statements for the previous fiscal year to reflect this change in presentation method. As a result, the ¥796 thousand shown as “Gain on forfeiture of unclaimed dividends” in non-operating income in the consolidated statements of income for the previous fiscal year has been reclassified as “Other” in non-operating income.

The “Guarantee commission” shown in non-operating expenses in the previous fiscal year has been included in “Other” in non-operating expenses from the current fiscal year due to the absence of its monetary importance. There has been reclassification of the consolidated financial statements for the previous fiscal year to reflect this change in presentation method. As a result, the ¥1,226 thousand shown as “Guarantee commission” in non-operating expenses in the consolidated statements of income for the previous fiscal year has been reclassified as “Other” in non-operating expenses.

(Consolidated statements of cash flows)

The “Decrease (increase) in long-term prepaid expenses” and “Increase (decrease) in accounts payable - other” included in “Other, net” under “Cash flows from operating activities” in the previous fiscal year have been recorded independently from the current fiscal year because their monetary importance has increased. There has been reclassification of the consolidated financial statements for the previous fiscal year to reflect this change in presentation method. As a result, the ¥56,719 thousand shown as “Other, net” in the “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified as negative ¥13,029 thousand of “Decrease (increase) in long-term prepaid expenses,” ¥61,081 thousand of “Increase (decrease) in accounts payable - other,” and ¥8,667 thousand of “Other, net.”

(Notes regarding significant changes in the amount of shareholders’ equity)

In the current fiscal year, treasury shares increased ¥148,181 thousand largely due to reintroduction of the “Employee Stockholding Association linked Trust ESOP” plan and the trust’s acquisition of the Company’s shares. As a result, treasury shares

were ¥552,474 thousand at the end of the current fiscal year.

(Segment information)

[Segment information]

1. Outline of reporting segments

The Company's reporting segments are the business units for which the Company is able to obtain separate financial information that is evaluated regularly by the Board of Directors to determine the allocation of management resources and assess performance.

Our Group is developing business activities as units comprising constituent units of the Company and consolidated subsidiaries.

Therefore, we are disclosing five reporting segments being "Insurance agency business," "ASP business," "Media business," "Media representative business" and "Reinsurance business."

An outline of each reporting segment is provided below.

Insurance agency business	Agency operations for life insurance and non-life insurance and ancillary operations
ASP business	Cloud service sales
Media business	Handling of advertising operations for the insurance marketplace website "Hoken Ichiba"
Media representative business	Service activities such as the planning, production and marketing of web promotion
Reinsurance business	Reinsurance operations

2. Calculation method for the amount of net sales, profit, assets, liabilities and other items for each reporting segment

The reporting segment profit is on an operating profit base. Intersegment sales and transfers are based on prevailing market prices.

Having applied the "Accounting Standard for Revenue Recognition" and relevant ASBJ regulations effective from the beginning of the current fiscal year, the Company has changed the presentation method to include information on disaggregation of revenue.

Note that information on disaggregation of revenue for the previous fiscal year is not presented.

3. Information regarding the amounts of net sales, profit, assets, liabilities and other items for each reporting segment and information on disaggregation of revenue

Year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Reporting segment						Adjusted amounts (Note 1)	Consolidated financial statements amount (Note 2)
	Insurance agency business	ASP business	Media business	Media representative business	Reinsurance business	Total		
Net sales								
Sales to external customers	8,303,894	195,224	1,030,768	546,798	942,824	11,019,511	–	11,019,511
Intersegment sales or transfers	799,772	–	–	260,865	–	1,060,637	(1,060,637)	–
Total	9,103,667	195,224	1,030,768	807,663	942,824	12,080,149	(1,060,637)	11,019,511
Segment profits	1,472,594	50,209	221,225	165,553	129,601	2,039,185	2,400	2,041,585
Segment assets	9,301,929	90,819	882,956	248,680	1,623,118	12,147,505	(339,117)	11,808,387
Segment liabilities	4,108,212	2,608	530,935	42,318	740,190	5,424,265	(339,117)	5,085,148
Other items								
Depreciation	403,500	31,079	–	–	–	434,580	–	434,580
Increase in property, plant and equipment and intangible assets	482,849	32,394	–	–	–	515,244	–	515,244

(Notes) 1. The details of adjusted amounts are as follows.

- (1) Adjusted segment profit of ¥2,400 thousand includes ¥2,400 thousand of eliminations of intersegment transactions.
- (2) Adjusted segment assets of negative ¥339,117 thousand includes negative ¥339,117 thousand of eliminations of intersegment transactions.
- (3) Adjusted segment liabilities of negative ¥339,117 thousand includes negative ¥339,117 thousand of eliminations of intersegment transactions.

2. Segment profit is the same as operating profit in the consolidated statements of income.

Year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Reporting segment						Adjusted amounts (Note 1)	Consolidated financial statements amount (Note 2)
	Insurance agency business	ASP business	Media business	Media representative business	Reinsurance business	Total		
Net sales								
Revenue from contracts with customers	8,206,678	206,738	1,795,551	621,234	1,030,424	11,860,628	–	11,860,628
Other revenue	–	–	–	–	–	–	–	–
Sales to external customers	8,206,678	206,738	1,795,551	621,234	1,030,424	11,860,628	–	11,860,628
Intersegment sales or transfers	1,341,899	–	–	556,030	–	1,897,930	(1,897,930)	–
Total	9,548,578	206,738	1,795,551	1,177,265	1,030,424	13,758,558	(1,897,930)	11,860,628
Segment profits	1,395,058	57,472	418,228	141,921	46,378	2,059,059	2,400	2,061,459
Segment assets	9,534,068	152,317	1,457,902	290,025	1,892,608	13,326,921	(835,800)	12,491,121
Segment liabilities	4,170,072	4,115	994,647	85,042	927,578	6,181,455	(835,800)	5,345,655
Other items								
Depreciation	400,250	49,809	–	–	–	450,059	–	450,059
Increase in property, plant and equipment and intangible assets	1,073,938	86,835	–	–	–	1,160,774	–	1,160,774

(Notes) 1. The details of adjusted amounts are as follows.

- (1) Adjusted segment profit of ¥2,400 thousand includes ¥2,400 thousand of eliminations of intersegment transactions.
- (2) Adjusted segment assets of negative ¥835,800 thousand includes negative ¥835,800 thousand of eliminations of intersegment transactions.
- (3) Adjusted segment liabilities of negative ¥835,800 thousand includes negative ¥835,800 thousand of eliminations of intersegment transactions.

2. Segment profit is the same as operating profit in the consolidated statements of income.

(Information per share)

Year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)		Year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)	
Net assets per share	¥305.59	Net assets per share	¥326.75
Earnings per share	¥59.66	Earnings per share	¥59.97
Diluted earnings per share	¥-	Diluted earnings per share	¥-

(Note) The basis for calculating of earnings per share and diluted earnings per share is as follows.

	Year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)	Year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)
Earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,295,434	1,312,021
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent related to common shares (Thousands of yen)	1,295,434	1,312,021
Average number of common shares outstanding during the period (Shares)	21,709,989	21,877,539
Diluted earnings per share		
Adjusted profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common shares (Shares)	-	-
[Share acquisition rights] (Shares)	[-]	[-]
Outline of the potential shares not included in the calculation of diluted earnings per share since they have no dilution effect	-	-

(Notes) 1. Diluted earnings per share is not presented since there are no potential shares.

2. Employee Stockholding Association linked Trust ESOP

The Company's own shares that remain in the trust and are recorded as treasury shares in shareholders' equity are included in the treasury shares deducted from the total number of issued shares at the end of the period in calculating "Net assets per share" (113,200 shares for the previous fiscal year; 248,800 shares for the current fiscal year). In addition, the Company's own shares that remain in the trust and are recorded as treasury shares in shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares during the period in calculating "Earnings per share" (134,723 shares for the previous fiscal year; 237,846 shares for the current fiscal year).

3. Stock Benefit Trust (J-ESOP)

The Company's own shares that remain in the trust and are recorded as treasury shares in shareholders' equity are included in the treasury shares deducted from the total number of issued shares at the end of the period in calculating "Net assets per share" (441,200 shares for the previous fiscal year; 437,900 shares for the current fiscal year).

In addition, the Company's own shares that remain in the trust and are recorded as treasury shares in shareholders' equity are included in the treasury shares deducted in the calculation of the average number of shares during the period in calculating "Earnings per share" (442,896 shares for the previous fiscal year; 439,336 shares for the current fiscal year).

4. The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Therefore, "Earnings per share" has been calculated based on the assumption that the stock split was carried out at the beginning of the previous fiscal year.

(Significant subsequent events)

No applicable matters.