

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, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: Advance Create Co., Ltd.  
 Stock exchange listing: Tokyo, Sapporo, Fukuoka  
 Stock code: 8798 URL <https://www.advancecreate.co.jp/>  
 Representative: President Yoshiharu Hamada  
 Senior Managing Director, General Manager of  
 Inquiries: Corporate Administration Division and General Takeshi Kushibiki TEL 06-6204-1193  
 Manager of Human Resources Division  
 Scheduled date of annual general meeting of shareholders: December 15, 2023  
 Scheduled date to file Annual Securities Report: December 18, 2023  
 Scheduled date to commence dividend payments: December 18, 2023  
 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	10,163	(14.3)	(2,020)	–	(2,190)	–	(1,769)	–
Year ended September 30, 2022	11,860	7.6	2,061	1.0	2,015	4.6	1,312	1.3

(Note) Comprehensive income Year ended September 30, 2023: ¥(1,758) million [–%]  
 Year ended September 30, 2022: ¥1,247 million [(2.4)%]

	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, 2023	(80.82)	–	(30.0)	(19.0)	(19.9)
Year ended September 30, 2022	59.97	–	18.9	16.6	17.4

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

Year ended September 30, 2023: ¥– million  
 Year ended September 30, 2022: ¥– million

(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, 2023	10,512	4,643	44.2	211.88
As of September 30, 2022	12,491	7,145	57.2	326.75

(Reference) Equity

As of September 30, 2023: ¥4,643 million  
 As of September 30, 2022: ¥7,145 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, 2023	(206)	(668)	(217)	1,191
Year ended September 30, 2022	364	(391)	(956)	2,270

## 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, 2022	–	15.00	–	17.50	32.50	733	54.2	10.3
Year ended September 30, 2023	–	17.50	–	17.50	35.00	789	–	13.0
Year ending September 30, 2024 (Forecast)	–	17.50	–	17.50	35.00		85.2	

(Notes) 1. 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

2. Capital surplus is included in dividend resources for the year ended September 30, 2023. For details, please refer to “Breakdown of Dividends paid out of Capital Surplus.”

## 3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

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	12,000	18.0	1,700	–	1,500	–	900	–	41.06

## 4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2023

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

No

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

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

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of September 30, 2023	22,557,200 shares	As of September 30, 2022	22,557,200 shares
--------------------------	-------------------	--------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2023	641,207 shares	As of September 30, 2022	689,178 shares
--------------------------	----------------	--------------------------	----------------

Average number of shares during the period

Year ended September 30, 2023	21,891,034 shares	Year ended September 30, 2022	21,877,539 shares
-------------------------------	-------------------	-------------------------------	-------------------

(Notes) 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	7,919	(18.8)	(2,445)	–	(1,768)	–	(1,175)	–
Year ended September 30, 2022	9,755	4.9	1,452	(4.6)	1,617	14.8	1,120	19.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended September 30, 2023	(53.70)	–
Year ended September 30, 2022	51.19	–

(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, 2023	9,092	3,973	43.7	181.28
As of September 30, 2022	10,055	5,881	58.5	268.94

(Reference) Equity

As of September 30, 2023: ¥3,973 million  
As of September 30, 2022: ¥5,881 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.”

Breakdown of Dividends paid out of Capital Surplus

The breakdown of dividends paid out of capital surplus for dividends in the year ended September 30, 2023 is as follows:

Record date	Fiscal year-end	Total
Dividend per share	¥11.71	¥11.71
Total cash dividends	¥264 million	¥264 million

(Note) The proportion of the decrease in net assets is currently being calculated and will be disclosed upon finalization.

## 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
(Segment information) .....	14
(Information per share) .....	17
(Significant subsequent events) .....	18

## 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, 2023 (from October 1, 2022 to September 30, 2023), the Japanese economy trended toward gradual recovery due to a recovery in personal consumption spurred by re-classification of COVID-19 as the equivalent of Category 5 under the Infectious Diseases Act, in addition to factors including recovery in inbound consumption by foreigners. While the stock market was active with the Nikkei Stock Average hitting a new post-bubble high on the backdrop of solid corporate performance, the future outlook remains uncertain due to factors including a slowdown in globalization exemplified by geopolitical issues in Europe and the Middle East, and a decline in domestic vitality due to the aging of the population.

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. Beginning 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. The combination of “Dynamic OMO” and avatars has resulted in avatars as the most popular choice for consultant appointments in online insurance consultations.

We are contributing to the digital transformation of the insurance industry as a whole by also selling avatars to insurance companies and agencies and by already introducing avatars to multiple companies. We are also working to utilize advanced technology by commencing employee training using AI with the introduction of the AVITA-developed “AI Avatar Customer Support Training Service (beta)” using ChatGPT in June 2023.

Among the wide range of insurance consultation options the Company offers that have become popular and are well received by many customers are the “Hoken Ichiba Smart Consulting Plaza,” the insurance industry’s first exclusively online sales platform, and 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 taking steps to further improve convenience of online insurance consultation and promoting digital transformation (DX) of the insurance solicitation process.

In addition, we have embarked on initiatives including redoubling our efforts in the non-life insurance sector encompassing automobile insurance, and aim to build a stable business platform by establishing diverse revenue channels, not only in 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 LINE 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 [the management control by further](#) 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.

Beginning with the fiscal year ended September 2019, the Company has applied new accounting standards to calculate the present value (PV) of future commission income for the remaining effective contract period of each insurance policy, discounted by surrender rates and risk-free interest rates, and recorded as sales. In the current fiscal year, cancellations exceeded expectations due to an increase in cancellations and lapses of foreign currency-denominated insurance as a result of the rapid depreciation of the yen, as well as an increase in cancellations and lapses of savings-type insurance against the backdrop of rising stock prices. Since the latest surrender rate is used when calculating the present value, present value decreased due to the increase in surrender rate. This decrease was deducted from sales and was a major factor in the current decline in revenue. In addition, temporary factors such as a deficit in the reinsurance business associated with payment of special treatment (deemed to be hospitalization) benefits due to COVID-19, investments in call centers, and investments in digital marketing initiatives all drove profit down.

As a result, we recorded net sales of ¥10,163 million (-14.3% YoY), operating loss of ¥2,020 million (operating profit of ¥2,061 million in the previous fiscal year), ordinary loss of ¥2,190 million (ordinary profit of ¥2,015 million in the previous fiscal year) and loss attributable to owners of parent of ¥1,769 million (profit attributable to owners of parent of ¥1,312 million in the previous fiscal year) in the current fiscal year.

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

	Consolidated basis		Non-consolidated basis	
Net sales	10,163	85.7	7,919	81.2
Operating loss	(2,020)	–	(2,445)	–
Ordinary loss	(2,190)	–	(1,768)	–
Loss attributable to owners of parent	(1,769)	–	(1,175)	–

The operating results by segment were as follows.

(Insurance agency business)

Although ANP (Annualized New business Premiums) exceeded the previous fiscal year, revenue and profit decreased due to the afore-mentioned factors associated with temporary sales decline and investments in call centers.

As a result, the Insurance agency business recorded net sales of ¥7,660 million (-19.8% YoY) and operating loss of ¥2,540 million (operating profit of ¥1,395 million in the previous fiscal year) 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 ¥258 million (+25.3% YoY) and operating profit of ¥94 million (+65.1% 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 ¥2,202 million (+22.6% YoY) and operating profit of ¥466 million (+11.4% 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.

As a result, the Media representative business recorded net sales of ¥1,283 million (+9.0% YoY) and operating profit of ¥77 million (-45.2% YoY) in the current fiscal year.

(Reinsurance business)

Although reinsurance underwriting remained strong, [revenue increased but](#) profit declined [due to higher reinsurance payments](#)

as a result of the impact of COVID-19.

As a result, the Reinsurance business recorded net sales of ¥1,110 million (+7.8% YoY) and operating loss of ¥121 million (operating profit of ¥46 million in the previous fiscal year) in the current fiscal year.

## (ii) Future Outlook

As for the insurance industry for the fiscal year ending September 30, 2024, we anticipate the environment for insurance agencies to remain severe due to stronger regulation for customer-oriented business management, 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, our Group 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.”

Specifically, we plan to increase revenue and profit by reducing uncertain factors such as the reversal of sales due to policy cancellations that had a major impact on the year ended September 2023, by streamlining marketing costs, and by improving cost structures.

We will also develop human resources with IT skills in order to keep being an innovator in the insurance industry.

Through these activities, we forecast consolidated earnings for the next fiscal year (from October 1, 2023 to September 30, 2024) to record net sales of ¥12,000 million, operating profit of ¥1,700 million, ordinary profit of ¥1,500 million, and profit attributable to owners of parent of ¥900 million.

## (2) Overview of financial position for the fiscal year

### (i) Assets, liabilities and net assets

#### (Total assets)

Total assets as of September 30, 2023 were ¥10,512 million, a decrease of ¥1,978 million from the end of the previous fiscal year (¥12,491 million, as of September 30, 2022).

Current assets decreased ¥2,821 million from the end of the previous fiscal year, mainly due to a ¥1,496 million decrease in accounts receivable - other and a ¥1,035 million decrease in cash and deposits.

Non-current assets increased ¥847 million from the end of the previous fiscal year, mainly due to a ¥678 million increase in deferred tax assets and a ¥273 million increase in software.

#### (Total liabilities)

Total liabilities as of September 30, 2023 were ¥5,868 million, an increase of ¥523 million from the end of the previous fiscal year (¥5,345 million, as of September 30, 2022).

Current liabilities increased ¥895 million from the end of the previous fiscal year, mainly due to a ¥900 million increase in short-term borrowings.

#### (Total net assets)

Total net assets as of September 30, 2023 were ¥4,643 million, a decrease of ¥2,501 million from the end of the previous fiscal year (¥7,145 million, as of September 30, 2022).

This was mainly due to ¥1,769 million recorded as loss attributable to owners of parent, and a ¥789 million decrease due to dividends of surplus.

### (ii) Cash flows

Cash and cash equivalents (hereinafter, “Net cash”) as of September 30, 2023 was ¥1,191 million, a ¥1,078 million decrease due to ¥206 million in cash outflows from operating activities, ¥668 million in cash outflows from investing activities and ¥217 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 used in operating activities in the current fiscal year resulted in a net cash outflow of ¥206 million (inflow of ¥364



million in the previous fiscal year) mainly due to loss before income taxes of ¥2,242 million (profit before income taxes of ¥1,974 million in the previous fiscal year), depreciation of ¥577 million (¥450 million in the previous fiscal year), decrease (increase) in trade receivables of ¥507 million (negative ¥824 million in the previous fiscal year), decrease (increase) in accounts receivable - other of ¥1,496 million (¥195 million in the previous fiscal year), and income taxes paid of ¥748 million (¥862 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 ¥668 million (outflow of ¥391 million in the previous fiscal year) mainly due to purchase of intangible assets of ¥607 million (¥483 million in the previous fiscal year) and proceeds from cancellation of insurance funds of ¥311 million.

(Cash flows from financing activities)

Net cash used in financing activities in the current fiscal year resulted in a net cash outflow of ¥217 million (outflow of ¥956 million in the previous fiscal year) mainly due to proceeds from short-term borrowings of ¥900 million, redemption of bonds of ¥200 million (¥200 million in the previous fiscal year), and dividends paid of ¥789 million (¥675 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 be 17.5 yen per share, as the main factors for loss for the year ended September 2023 were temporary due to changes in the external environment, and are expected to subside.

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 [domestic](#) 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, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	2,273,548	1,238,267
Accounts receivable - trade	2,231,307	1,723,495
Accounts receivable - other	2,261,020	764,869
Income taxes receivable	–	419,547
Other	1,090,946	889,192
Total current assets	7,856,821	5,035,371
Non-current assets		
Property, plant and equipment		
Buildings and structures	689,603	713,459
Accumulated depreciation	(446,918)	(485,914)
Buildings and structures, net	242,684	227,544
Tools, furniture and fixtures	718,451	780,497
Accumulated depreciation	(602,839)	(651,583)
Tools, furniture and fixtures, net	115,612	128,914
Leased assets	1,461,941	1,477,736
Accumulated depreciation	(746,736)	(838,032)
Leased assets, net	715,205	639,704
Total property, plant and equipment	1,073,502	996,163
Intangible assets		
Software	900,317	1,174,031
Other	102,359	140,600
Total intangible assets	1,002,676	1,314,632
Investments and other assets		
Investment securities	119,164	138,014
Long-term prepaid expenses	530,027	568,259
Guarantee deposits	694,850	855,251
Insurance funds	764,910	443,222
Deferred tax assets	379,101	1,057,756
Other	58,852	97,609
Total investments and other assets	2,546,906	3,160,113
Total non-current assets	4,623,086	5,470,908
Deferred assets	11,213	6,226
<b>Total assets</b>	<b>12,491,121</b>	<b>10,512,507</b>

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	–	900,000
Current portion of bonds payable	200,000	200,000
Income taxes payable	342,449	105,606
Accounts payable - other	1,110,741	1,331,073
Deposits received	395,611	642,638
Lease liabilities	110,000	135,011
Provision for bonuses	178,002	145,132
Other	668,298	441,381
Total current liabilities	3,005,103	3,900,843
Non-current liabilities		
Long-term borrowings	256,250	205,760
Bonds payable	400,000	200,000
Lease liabilities	704,300	679,234
Retirement benefit liability	416,197	419,079
Asset retirement obligations	304,576	343,101
Other	259,227	120,796
Total non-current liabilities	2,340,551	1,967,971
Total liabilities	5,345,655	5,868,815
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,908,226	1,349,529
Treasury shares	(552,474)	(505,856)
Total shareholders' equity	7,099,781	4,587,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,684	55,990
Total accumulated other comprehensive income	45,684	55,990
Total net assets	7,145,466	4,643,691
Total liabilities and net assets	12,491,121	10,512,507

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

## Consolidated statements of income

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	11,860,628	10,163,514
Cost of sales	2,637,890	3,964,727
Gross profit	9,222,738	6,198,786
Selling, general and administrative expenses		
Advertising expenses	19,986	8,286
Communication expenses	218,304	253,308
Salaries & Directors' compensation	2,443,715	2,968,955
Provision for bonuses	178,002	145,132
Retirement benefit expenses	73,571	79,155
Depreciation	450,059	577,494
Rent expenses on land and buildings	764,137	826,763
Commission expenses	1,362,408	1,713,486
Net claims paid	555,000	897,342
Other	1,096,092	749,261
Total selling, general and administrative expenses	7,161,278	8,219,187
Operating profit (loss)	2,061,459	(2,020,400)
Non-operating income		
Interest income	185	312
Dividend income	2,784	2,292
Guarantee commission income	9,202	9,295
Gain on sales of gold bullion	19,061	–
Gain on sale of investment securities	42,251	–
Foreign exchange gains	48,207	14,232
Other	5,260	5,269
Total non-operating income	126,952	31,402
Non-operating expenses		
Interest expenses on borrowings and bonds	14,473	17,174
Commission expenses	150,736	179,364
Other	8,123	5,126
Total non-operating expenses	173,334	201,665
Ordinary profit (loss)	2,015,077	(2,190,663)
Extraordinary income		
Gain on cancellation of insurance policies	–	9,972
Total extraordinary income	–	9,972
Extraordinary losses		
Loss on retirement of non-current assets	10,973	26,347
Loss on termination of ESOP trust	10,925	–
Loss on cancellation of insurance policies	–	35,783
Loss on valuation of investment securities	18,690	–
Total extraordinary losses	40,588	62,131
Profit (loss) before income taxes	1,974,488	(2,242,823)
Income taxes - current	676,035	191,121
Income taxes - deferred	(13,568)	(664,661)
Total income taxes	662,466	(473,540)
Profit (loss)	1,312,021	(1,769,282)
Profit (loss) attributable to owners of parent	1,312,021	(1,769,282)

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit (loss)	1,312,021	(1,769,282)
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,971)	10,305
Total other comprehensive income	(64,971)	10,305
Comprehensive income	1,247,049	(1,758,977)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,247,049	(1,758,977)
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated statements of changes in equity

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					
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		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			
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

The fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(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	3,908,226	(552,474)	7,099,781
Changes during period					
Dividends of surplus			(789,414)		(789,414)
Loss attributable to owners of parent			(1,769,282)		(1,769,282)
Purchase of treasury shares				(34)	(34)
Disposal of treasury shares				46,653	46,653
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(2,558,697)	46,618	(2,512,079)
Balance at end of period	3,158,703	585,325	1,349,529	(505,856)	4,587,701

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	45,684	45,684	7,145,466
Changes during period			
Dividends of surplus			(789,414)
Loss attributable to owners of parent			(1,769,282)
Purchase of treasury shares			(34)
Disposal of treasury shares			46,653
Net changes in items other than shareholders' equity	10,305	10,305	10,305
Total changes during period	10,305	10,305	(2,501,774)
Balance at end of period	55,990	55,990	4,643,691

## (4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	1,974,488	(2,242,823)
Depreciation	450,059	577,494
Increase (decrease) in provision for bonuses	(2,661)	(32,869)
Increase (decrease) in retirement benefit liability	23,496	7,988
Interest and dividend income	(2,970)	(2,605)
Interest expenses on borrowings and bonds	14,473	17,174
Amortization of deferred assets	6,737	4,986
Gain on sales of gold bullion	(19,061)	–
Loss on retirement of non-current assets	10,973	26,347
Loss on termination of ESOP trust	10,925	–
Loss (gain) on cancellation of insurance policies	–	25,811
Loss (gain) on sale of investment securities	(42,251)	–
Loss (gain) on valuation of investment securities	18,690	–
Decrease (increase) in trade receivables	(824,372)	507,812
Decrease (increase) in accounts receivable - other	195,257	1,496,150
Decrease (increase) in long-term prepaid expenses	(152,634)	(38,231)
Increase (decrease) in accrued consumption taxes	(47,500)	(251,674)
Increase (decrease) in accounts payable - other	(56,335)	238,896
Other, net	(317,936)	221,421
Subtotal	1,239,379	555,879
Interest and dividends received	2,644	2,605
Interest paid	(14,634)	(16,641)
Income taxes paid	(862,751)	(748,558)
Net cash provided by (used in) operating activities	364,638	(206,714)
Cash flows from investing activities		
Purchase of property, plant and equipment	(136,167)	(93,360)
Purchase of intangible assets	(483,901)	(607,647)
Purchase of investment securities	(3,075)	(4,005)
Proceeds from sale of investment securities	142,451	–
Purchase of insurance funds	(24,326)	(15,189)
Proceeds from cancellation of insurance funds	–	311,065
Payments of guarantee deposits	(88,891)	(163,077)
Proceeds from refund of guarantee deposits	9,437	2,676
Other, net	192,551	(99,260)
Net cash provided by (used in) investing activities	(391,920)	(668,797)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	900,000
Proceeds from long-term borrowings	300,000	–
Repayments of long-term borrowings	(129,770)	(50,490)
Purchase of treasury shares	(298,636)	(34)
Proceeds from disposal of treasury shares	157,690	41,545
Redemption of bonds	(200,000)	(200,000)
Dividends paid	(675,302)	(789,414)
Other, net	(110,416)	(119,104)
Net cash provided by (used in) financing activities	(956,435)	(217,498)
Effect of exchange rate change on cash and cash equivalents	48,207	14,232
Net increase (decrease) in cash and cash equivalents	(935,510)	(1,078,778)
Cash and cash equivalents at beginning of period	3,206,034	2,270,524
Cash and cash equivalents at end of period	2,270,524	1,191,745



(5) Notes for consolidated financial statements

(Notes regarding the assumption of going concern)

No applicable matters.

(Changes in accounting policies)

No applicable matters.

(Changes in presentation methods)

(Consolidated balance sheets)

The “Long-term prepaid expenses” included in “Other” under “Investments and other assets” in the previous fiscal year has been recorded independently from the current fiscal year because its 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 ¥588,880 thousand shown as “Other” under “Investments and other assets” in the consolidated balance sheets for the previous fiscal year has been reclassified as ¥530,027 thousand of “Long-term prepaid expenses” and ¥58,852 thousand of “Other.”

(Consolidated statements of income)

The “Net claims paid” included in “Other” under “Selling, general and administrative expenses” in the previous fiscal year has been recorded independently from the current fiscal year because its 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 ¥1,651,093 thousand shown as “Other” under “Selling, general and administrative expenses” in the consolidated statements of income for the previous fiscal year has been reclassified as ¥555,000 thousand of “Net claims paid” and ¥1,096,092 thousand of “Other.”

(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 based on operating profit/loss. Intersegment sales and transfers are based on prevailing market prices.

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

The fiscal 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 profit	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.

The fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(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	5,958,218	258,988	2,202,118	633,676	1,110,512	10,163,514	–	10,163,514
Other revenue	–	–	–	–	–	–	–	–
Sales to external customers	5,958,218	258,988	2,202,118	633,676	1,110,512	10,163,514	–	10,163,514
Intersegment sales or transfers	1,702,718	–	–	650,048	–	2,352,766	(2,352,766)	–
Total	7,660,936	258,988	2,202,118	1,283,724	1,110,512	12,516,280	(2,352,766)	10,163,514
Segment profit (loss)	(2,540,284)	94,880	466,007	77,722	(121,126)	(2,022,800)	2,400	(2,020,400)
Segment assets	8,522,760	201,005	1,170,775	189,708	1,732,268	11,816,519	(1,304,012)	10,512,507
Segment liabilities	5,110,403	9,302	1,100,846	88,067	854,324	7,162,943	(1,294,128)	5,868,815
Other items								
Depreciation	509,711	67,782	–	–	–	577,494	–	577,494
Increase in property, plant and equipment and intangible assets	682,427	104,361	–	–	–	786,788	–	786,788

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

- (1) Adjusted segment profit (loss) of ¥2,400 thousand includes ¥2,400 thousand of eliminations of intersegment transactions.
- (2) Adjusted segment assets of negative ¥1,304,012 thousand includes ¥1,304,012 thousand of eliminations of intersegment transactions.
- (3) Adjusted segment liabilities of negative ¥1,294,128 thousand includes ¥1,294,128 thousand of eliminations of intersegment transactions.

2. Segment profit (loss) is the same as operating profit/loss in the consolidated statements of income.

3. Net sales of insurance agency business (reporting segment) by life insurance and non-life insurance are as follows.

(Thousands of yen)

Net sales	Insurance agency business segment		
	Life insurance	Non-life insurance	Total
Sales to external customers	5,435,096	523,122	5,958,218
Intersegment sales or transfers	1,483,763	218,954	1,702,718
Total	6,918,859	742,076	7,660,936

(Information per share)

The fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)		The fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	
Net assets per share	¥326.75	Net assets per share	¥211.88
Earnings per share	¥59.97	Loss per share	¥(80.82)

(Note) The basis for calculating of earnings per share or loss per share is as follows.

	The fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)	The fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)
Profit (loss) attributable to owners of parent (Thousands of yen)	1,312,021	(1,769,282)
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit (loss) attributable to owners of parent related to common shares (Thousands of yen)	1,312,021	(1,769,282)
Average number of common shares outstanding during the period (Shares)	21,877,539	21,891,034

(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" (248,800 shares for the previous fiscal year; 208,400 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(Loss) per share" (237,846 shares for the previous fiscal year; 228,090 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" (437,900 shares for the previous fiscal year; 430,300 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(Loss) per share" (439,336 shares for the previous fiscal year; 436,615 shares for the current fiscal year).

(Significant subsequent events)

At the board of directors meeting held on November 10, 2023, the Company resolved to submit the reduction of the amount of legal retained earnings to the 28th Annual General Meeting of Shareholders scheduled to be held on December 15, 2023.

1. Purpose for reducing the amount of legal retained earnings

In order to respond to future changes in the business conditions and ensure flexibility and maneuverability of capital policy, the amount of legal retained earnings will be reduced and the entire amount will be transferred to retained earnings brought forward. based on the provisions of Article 448, Paragraph 1 of the Companies Act.

2. Procedures for reducing the amount of legal retained earnings

(1) Amount of reduced legal retained earnings: 548,417,371 yen (full amount)

(2) Method for reducing the amount of legal retained earnings

The entire amount of the reduction in legal retained earnings will be transferred to retained earnings brought forward.

3. Schedule for reducing the amount of legal retained earnings

(1) Date of Board of Directors resolution	November 10, 2023
(2) Date of shareholder meeting resolution	December 15, 2023 (Scheduled)
(3) Public notice of objection by creditors	December 18, 2023 (Scheduled)
(4) Final date for creditor objections	January 19, 2024 (Scheduled)
(5) Effective date	January 20, 2024 (Scheduled)

4. Future Outlook

This matter will have no impact on performance because it is a transfer processing of accounts in the net assets section and there will be no change in the amount of the Company's net assets.