

Translation

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**Summary of Consolidated Financial Results  
for the Year Ended September 30, 2021  
(Based on Japanese GAAP)**

November 12, 2021

Company name: Advance Create Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 8798 URL <https://www.advancecreate.co.jp/>  
 Representative: President&Chief Executive Officer Yoshiharu Hamada  
 Inquiries: General Manager Akira Iwai TEL 06-6204-1193  
 Scheduled date of ordinary general meeting of shareholders: December 17, 2021  
 Scheduled date to file Securities Report: December 20, 2021  
 Scheduled date to commence dividend payments: December 20, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(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, 2021	11,019	4.8	2,041	72.4	1,925	75.7	1,295	85.0
Year ended September 30, 2020	10,510	1.4	1,184	(12.0)	1,095	(15.6)	700	(17.1)

(Note) Comprehensive income Year ended September 30, 2021: ¥1,277 million [61.7 %]  
 Year ended September 30, 2020: ¥790 million [16.9 %]

	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, 2021	59.66	–	21.0	17.4	18.5
Year ended September 30, 2020	33.37	33.34	13.7	11.9	11.3

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

Year ended September 30, 2021: ¥– million

Year ended September 30, 2020: ¥– million

(Note) The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Earnings per share and diluted earnings per share have 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, 2021	11,808	6,723	56.9	305.59
As of September 30, 2020	10,312	5,610	54.4	261.07

(Reference) Equity

As of September 30, 2021: ¥6,723 million

As of September 30, 2020: ¥5,606 million

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

(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, 2021	1,643	(485)	(488)	3,206
Year ended September 30, 2020	1,351	(527)	1,097	2,537

## 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, 2020	–	25.00	–	25.00	50.00	547	74.9	10.3
Year ended September 30, 2021	–	30.00	–	15.00	–	671	50.3	10.6
Year ending September 30, 2022 (Forecast)	–	15.00	–	15.00	30.00		45.5	

(Note) The Company conducted a 2-for-1 stock split of ordinary shares on April 1, 2021. The amounts stated for dividends for the first six months of the fiscal year ended September 30, 2021 and for prior periods 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 fiscal 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, 2022 (from October 1, 2021 to September 30, 2022)

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	12,500	13.4	2,300	12.7	2,200	14.2	1,450	11.9	65.90

## 4. Notes

### (1) Changes in significant subsidiaries during the year ended September 30, 2021

(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, 2021	22,557,200 shares	As of September 30, 2020	22,075,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	556,878 shares	As of September 30, 2020	600,478 shares
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Average number of shares during the period

Year ended September 30, 2021	21,709,989 shares	Year ended September 30, 2020	20,991,110 shares
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- (Notes) 1. The Company conducted a 2-for-1 stock split of ordinary shares on April 1, 2021. Total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares during the period have 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, 2021 (from October 1, 2020 to September 30, 2021)

(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, 2021	9,298	2.1	1,522	72.7	1,408	33.5	937	27.1
Year ended September 30, 2020	9,107	2.4	881	2.5	1,055	4.5	737	4.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended September 30, 2021	43.18		—	
Year ended September 30, 2020	35.13		35.10	

(Note) The Company conducted a 2-for-1 stock split of ordinary shares on April 1, 2021. Earnings per share and diluted earnings per share have 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, 2021	9,761		5,650		57.9		256.85	
As of September 30, 2020	8,868		4,895		55.2		227.80	

(Reference) Equity

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

As of September 30, 2020: ¥4,892 million

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

\* 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."

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## 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, 2021 (From October 1, 2020 to September 30, 2021), the challenging conditions for the Japanese economy continued, mainly due to restrictions on economic activity because of the novel coronavirus disease (COVID-19). Despite signs of improvement in some areas associated with the drop in new cases, the outlook remains 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 promotes the deepening and the evolution 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 OMO (Online Merges with Offline) 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. “Dynamic OMO” is a video conference system that the Company independently developed based on the know-how we have accumulated through online insurance consultations that number at the high end for the industry. Since commencing operations at our directly managed Consulting Plaza in October 2020, we have received comments from many satisfied customers about the convenience, which is contributing to the improvement in profitability of online insurance consultation.

We also commenced external sales of “Dynamic OMO” in March this year. Apart from insurance agencies, the system has also been installed at major insurance companies and we are aiming to position it as a standard system for the entire insurance industry. We have also made progress with installation in other sectors such as credit card companies, and will continue to rollout our active sales campaigns.

Moreover, we will continue to develop a common platform system for the insurance industry (Advance Create Cloud Platform, hereinafter, “ACP”). We have received high praise from customers who have installed any of the customer management system “GOYOKIKI,” the common platform system for applications “DECHI,” or the insurance and securities management app “folder,” which are key functions of ACP, and we are making further enhancements to the functions. We aim for a subscription model that secures stock revenue and expansion of our collaborative business by providing these systems to insurance agencies.

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 ¥11,019 million (+4.8% YoY), operating profit of ¥2,041 million (+72.4% YoY), ordinary profit of ¥1,925 million (+75.7% YoY) and profit attributable to owners of parent of ¥1,295 million (+85.0% YoY).

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

	Consolidated basis		Non-consolidated basis	
	2021	2020	2021	2020
Net sales	11,019	104.8	9,298	102.1
Operating profit	2,041	172.4	1,522	172.7
Ordinary profit	1,925	175.7	1,408	133.5
Profit attributable to owners of parent	1,295	185.0	937	127.1

The operating results by segment were as follows.

The heightened importance of “Media representative business,” which had to date been included in the “Media business,” led to this being treated as a separate reporting segment from the previous fiscal year.

Therefore, from the previous fiscal year, we are disclosing five reporting segments being “Insurance agency business,” “ASP business,” “Media business” “Media representative business” and “Reinsurance business.”

(Insurance agency business)

Sales performance at our directly managed Consulting Plaza exceeded the previous fiscal year due to an increase in the number of appointments and an increase in profitability for online insurance consultation. The cost of sales ratio has also fallen due to effective WEB promotion using AI. As a result of these measures, both revenue and profit increased.

As a result, the Insurance agency business recorded net sales of ¥9,103 million (+2.0% YoY) and operating profit of ¥1,472 million (+69.5% YoY).

(ASP business)

Both revenue and profit increased for sales of ACP to joint insurance agencies due to the increase in stock revenues through subscriptions.

As a result, the ASP business recorded net sales of ¥195 million (+6.4% YoY) and operating profit of ¥50 million (+287.1% YoY) in the current fiscal year.

(Media business)

The placement of ads on the insurance marketplace website “Hoken Ichiba” remained sluggish and both revenue and profit decreased.

As a result, the Media business recorded net sales of ¥1,030 million (-17.6% YoY) and operating profit of ¥221 million (-15.4% YoY).

(Media representative business)

Although net sales were virtually flat, profit increased as a result of efforts to ensure profitability through thorough cost controls.

As a result, the Media representative business recorded net sales of ¥807 million (-0.0% YoY) and operating profit of ¥165 million (operating loss of ¥92 million in the previous fiscal year).

(Reinsurance business)

Although net sales remained steady, revenue increased and profit declined due to the increase in costs.

As a result, the Reinsurance business recorded net sales of ¥942 million (+10.7% YoY) and operating profit of ¥129 million (-1.2% YoY).

## (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.

Given such economic trends, we anticipate the environment for insurance agencies to remain severe due to the impact of negative interest rates and stronger regulation for customer-oriented business management 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) To train and strengthen personnel required for constant evolution as an innovator in the insurance industry.
- b) To continue to promote the OMO strategy focused on “online interviews” and aim to provide truly helpful information to customers and undertake consulting while preventing the spread of COVID-19.
- c) To strengthen web marketing and strengthen the response to each type of terminal, with further promotion of a platform strategy to improve customer convenience.
- d) To strengthen system links with “partner” agencies and build a structure that can effectively and efficiently respond to customer needs, with the aim of developing the Company’s performance.
- e) To 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) To 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, 2021 to September 30, 2022) to record net sales of ¥12,500 million, operating profit of ¥2,300 million, ordinary profit of ¥2,200 million, and profit attributable to owners of parent of ¥1,450 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, 2021 were ¥11,808 million, an increase of ¥1,495 million from the end of the previous fiscal year (¥10,312 million, as of September 30, 2020).

Current assets increased ¥1,405 million from the end of the previous fiscal year, mainly due to a ¥705 million increase in cash and deposits, a ¥307 million increase in notes and accounts receivable - trade, and a ¥335 million increase in accounts receivable - other.

Non-current assets increased ¥97 million from the end of the previous fiscal year, mainly due to a ¥179 million increase in software.

#### (Total liabilities)

Total liabilities as of September 30, 2021 were ¥5,085 million, an increase of ¥382 million from the end of the previous fiscal year (¥4,702 million, as of September 30, 2020).

Current liabilities increased ¥568 million from the end of the previous fiscal year, mainly due to a ¥56 million increase in accounts payable - other and a ¥424 million increase in income taxes payable.

Non-current liabilities decreased ¥186 million from the end of the previous fiscal year, mainly due to a ¥200 million decrease in bonds payable.

#### (Total net assets)

Net assets increased ¥1,113 million from the end of the previous fiscal year, mainly due to ¥1,295 million recorded as profit attributable to owners of parent and a ¥408 million increase due to the issuance of new shares, despite a ¥608 million decrease due to dividends of surplus.

### (ii) Cash flows

Cash and cash equivalents (hereinafter, “Net cash”) as of September 30, 2021 was ¥3,206 million, a ¥668 million increase due to ¥1,643 million in cash inflows from operating activities, ¥485 million in cash outflows from investing activities and ¥488 million in cash outflows from financing activities.

Each of the cash flows during the current fiscal year were 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 ¥1,643 million (inflow of ¥1,351 million in the previous fiscal year) mainly due to profit before income taxes of ¥1,905 million (¥1,029 million in the previous fiscal year), depreciation of ¥434 million (¥409 million in the previous fiscal year), decrease (increase) in accounts receivable - other of negative ¥335 million (¥664 million in the previous fiscal year), income taxes paid of ¥216 million (¥574 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 ¥485 million (outflow of ¥527 million in the previous fiscal year) mainly due to purchase of intangible assets of ¥379 million (outflow of ¥362 million in the previous fiscal year) and payments of guarantee deposits of ¥93 million (outflow of ¥45 million in the previous fiscal year).

(Cash flows from financing activities)

Net cash used in financing activities in the current fiscal year resulted in a net cash outflow of ¥488 million (inflow of ¥1,097 million in the previous fiscal year) mainly due to redemption of bonds of ¥200 million (¥– million in the previous fiscal year), proceeds from issuance of shares resulting from exercise of share acquisition rights of ¥404 million (inflow of ¥66 million in the previous fiscal year), dividends paid of ¥608 million (¥537 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.

In accordance with this policy, the year-end dividend for the current fiscal year is set at ¥15.0 per share. The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. The interim dividend for the current fiscal year is ¥30.0 per share, but this becomes ¥15.0 when converted using the standard following the stock split, and with the addition of the year-end dividend results in an annual dividend per share of ¥30.0.

In regard to the next fiscal year, we forecast paying both interim and year-end dividends of ¥15.0 per share, resulting in an annual dividend per share of ¥30.0.

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 standards.



### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,632,288	3,337,578
Notes and accounts receivable - trade	1,099,522	1,406,935
Accounts receivable - other	2,120,899	2,456,697
Income taxes receivable	15,225	–
Other	695,462	767,405
Total current assets	6,563,398	7,968,616
Non-current assets		
Property, plant and equipment		
Buildings and structures	546,205	544,735
Accumulated depreciation	(409,707)	(423,263)
Buildings and structures, net	136,498	121,471
Tools, furniture and fixtures	630,121	632,211
Accumulated depreciation	(550,435)	(574,115)
Tools, furniture and fixtures, net	79,685	58,096
Leased assets	966,417	1,041,546
Accumulated depreciation	(565,429)	(639,737)
Leased assets, net	400,988	401,808
Total property, plant and equipment	617,172	581,376
Intangible assets		
Software	518,631	697,685
Other	167,744	95,215
Total intangible assets	686,376	792,901
Investments and other assets		
Investment securities	351,506	328,571
Guarantee deposits	678,655	614,976
Insurance funds	716,258	740,584
Deferred tax assets	271,683	316,761
Other	403,056	446,648
Total investments and other assets	2,421,161	2,447,542
Total non-current assets	3,724,710	3,821,820
Deferred assets	24,688	17,950
Total assets	10,312,797	11,808,387

(Thousands of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Current portion of bonds payable	200,000	200,000
Income taxes payable	106,616	531,564
Accounts payable - other	1,087,762	1,144,394
Deposits received	410,212	464,141
Lease obligations	80,116	83,219
Provision for bonuses	183,305	180,663
Asset retirement obligations	6,777	8,099
Other	623,855	655,125
Total current liabilities	2,698,647	3,267,207
Non-current liabilities		
Long-term borrowings	127,630	86,020
Bonds payable	800,000	600,000
Lease obligations	369,609	375,093
Retirement benefit liability	356,206	392,700
Asset retirement obligations	214,016	206,711
Other	136,594	157,413
Total non-current liabilities	2,004,057	1,817,940
Total liabilities	4,702,704	5,085,148
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,954,496	3,158,703
Capital surplus	381,117	585,325
Retained earnings	2,586,305	3,272,846
Treasury shares	(443,976)	(404,293)
Total shareholders' equity	5,477,943	6,612,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128,534	110,656
Total accumulated other comprehensive income	128,534	110,656
Share acquisition rights	3,615	–
Total net assets	5,610,092	6,723,239
Total liabilities and net assets	10,312,797	11,808,387

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

## Consolidated statements of income

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales	10,510,699	11,019,511
Cost of sales	3,155,035	2,451,969
Gross profit	7,355,664	8,567,542
Selling, general and administrative expenses		
Advertising expenses	2,844	13,328
Communication expenses	241,296	243,240
Salaries & Directors' compensations	2,220,044	2,251,757
Provision for bonuses	183,305	180,663
Retirement benefit expenses	69,608	107,037
Depreciation	409,008	434,580
Rent expenses on land and buildings	627,756	639,947
Commission expenses	1,195,158	1,409,111
Other	1,222,578	1,246,290
Total selling, general and administrative expenses	6,171,601	6,525,956
Operating profit	1,184,063	2,041,585
Non-operating income		
Interest income	2,735	932
Dividend income	1,499	2,848
Gain on forfeiture of unclaimed dividends	883	796
Guarantee commission received	8,180	8,180
Foreign exchange gains	–	7,807
Other	4,345	2,616
Total non-operating income	17,644	23,181
Non-operating expenses		
Interest expenses and interest on bonds	12,342	11,043
Guarantee commission	402	1,226
Commission expenses	88,090	115,881
Other	5,105	10,973
Total non-operating expenses	105,940	139,125
Ordinary profit	1,095,766	1,925,641
Extraordinary income		
Gain on reversal of share acquisition rights	400	–
Total extraordinary income	400	–
Extraordinary losses		
Loss on store closings	–	16,475
Loss on retirement of non-current assets	–	3,644
Loss on COVID19	66,865	–
Total extraordinary losses	66,865	20,120
Profit before income taxes	1,029,301	1,905,521
Income taxes - current	341,851	645,156
Income taxes - deferred	(12,961)	(35,069)
Total income taxes	328,889	610,086
Profit	700,411	1,295,434
Profit attributable to owners of parent	700,411	1,295,434

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit	700,411	1,295,434
Other comprehensive income		
Valuation difference on available-for-sale securities	89,840	(17,877)
Total other comprehensive income	89,840	(17,877)
Comprehensive income	790,252	1,277,556
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	790,252	1,277,556
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated statements of changes in equity

The fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,915,314	352,328	2,424,075	(1,139,440)	4,552,277
Changes during period					
Issuance of new shares - exercise of share acquisition rights	39,181	39,181			78,363
Dividends of surplus			(538,181)		(538,181)
Profit attributable to owners of parent			700,411		700,411
Purchase of treasury shares				(77)	(77)
Disposal of treasury shares		(10,391)		695,542	685,150
Net changes in items other than shareholders' equity					
Total changes during period	39,181	28,789	162,230	695,464	925,665
Balance at end of period	2,954,496	381,117	2,586,305	(443,976)	5,477,943

	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	38,693	38,693	400	4,591,371
Changes during period				
Issuance of new shares - exercise of share acquisition rights				78,363
Dividends of surplus				(538,181)
Profit attributable to owners of parent				700,411
Purchase of treasury shares				(77)
Disposal of treasury shares				685,150
Net changes in items other than shareholders' equity	89,840	89,840	3,215	93,055
Total changes during period	89,840	89,840	3,215	1,018,721
Balance at end of period	128,534	128,534	3,615	5,610,092

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

## (4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,029,301	1,905,521
Depreciation	409,008	434,580
Increase (decrease) in provision for bonuses	1,629	(2,642)
Increase (decrease) in retirement benefit liability	24,961	36,493
Interest and dividend income	(4,235)	(3,780)
Interest expenses on borrowings and bonds	12,342	11,043
Amortization of deferred assets	2,996	6,737
Loss on store closings	–	16,475
Loss on retirement of non-current assets	–	3,644
Increase (decrease) in accrued consumption taxes	64,529	44,491
Decrease (increase) in trade receivables	(97,867)	(307,412)
Decrease (increase) in accounts receivable - other	664,513	(335,213)
Loss on COVID19	66,865	–
Other, net	(175,512)	56,719
Subtotal	1,998,532	1,866,659
Interest and dividends received	4,876	3,132
Interest paid	(12,342)	(10,462)
Income taxes paid	(574,558)	(216,255)
Payments for loss on COVID19	(64,837)	–
Net cash provided by (used in) operating activities	1,351,670	1,643,074
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,860)	(46,792)
Purchase of intangible assets	(362,190)	(379,481)
Purchase of investment securities	(2,766)	(2,817)
Payments for insurance funds	(24,326)	(24,326)
Payments of guarantee deposits	(45,856)	(93,935)
Proceeds from refund of guarantee deposits	2,853	157,029
Other, net	(65,561)	(95,233)
Net cash provided by (used in) investing activities	(527,707)	(485,556)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,100,000	–
Repayments of short-term borrowings	(3,100,000)	–
Repayments of long-term borrowings	(40,000)	(41,610)
Purchase of treasury shares	(77)	–
Proceeds from disposal of treasury shares	686,790	40,896
Redemption of bonds	–	(200,000)
Proceeds from issuance of bonds	981,320	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	66,973	404,799
Dividends paid	(537,672)	(608,029)
Other, net	(59,411)	(84,756)
Net cash provided by (used in) financing activities	1,097,922	(488,699)
Effect of exchange rate change on cash and cash equivalents	(1,019)	–
Net increase (decrease) in cash and cash equivalents	1,920,866	668,817
Cash and cash equivalents at beginning of period	616,350	2,537,216
Cash and cash equivalents at end of period	2,537,216	3,206,034

(5) Notes for consolidated financial statements

(Notes regarding the assumption of going concern)

No applicable matters.

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

In the current fiscal year, both the share capital and the capital surplus rose ¥204,207 thousand due to the exercise of the No. 9 share acquisition rights (with option to reset the strike price). As a result, share capital was ¥3,158,703 thousand and capital surplus was ¥585,325 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 and 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.



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

The fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)

(Thousands of yen)

	Reporting segment					
	Insurance agency business	ASP business	Media business	Media representative business	Reinsurance business	Total
Net sales						
Sales to external customers	7,995,065	183,506	1,250,421	230,116	851,589	10,510,699
Intersegment sales or transfers	928,711	–	–	577,559	–	1,506,270
Total	8,923,776	183,506	1,250,421	807,675	851,589	12,016,970
Segment profits (loss)	868,627	12,971	261,490	(92,560)	131,132	1,181,663
Segment assets	8,409,058	90,163	461,413	201,562	1,491,948	10,654,148
Segment liabilities	3,970,380	2,224	293,269	62,081	716,099	5,044,055
Other items						
Depreciation	385,660	23,348	–	–	–	409,008
Increase in property, plant and equipment and intangible assets	493,212	36,087	–	–	–	529,299

	Total	Adjusted amounts (Note 1)	Consolidated financial statements amount (Note 2)
Net sales			
Sales to external customers	10,510,699	–	10,510,699
Intersegment sales or transfers	1,506,270	(1,506,270)	–
Total	12,016,970	(1,506,270)	10,510,699
Segment profits (loss)	1,181,663	2,400	1,184,063
Segment assets	10,654,148	(341,350)	10,312,797
Segment liabilities	5,044,055	(341,350)	4,702,704
Other items			
Depreciation	409,008	–	409,008
Increase in property, plant and equipment and intangible assets	529,299	–	529,299

(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 ¥341,350 thousand includes negative ¥341,350 thousand of eliminations of intersegment transactions.
- (3) Adjusted segment liabilities of negative ¥341,350 thousand includes negative ¥341,350 thousand of eliminations of intersegment transactions.

2. Segment profit (loss) is the same as operating profit in the consolidated financial statements.

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

(Thousands of yen)

	Reporting segment					
	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
Intersegment sales or transfers	799,772	–	–	260,865	–	1,060,637
Total	9,103,667	195,224	1,030,768	807,663	942,824	12,080,149
Segment profits	1,472,594	50,209	221,225	165,553	129,601	2,039,185
Segment assets	9,301,929	90,819	882,956	248,680	1,623,118	12,147,505
Segment liabilities	4,108,212	2,608	530,935	42,318	740,190	5,424,265
Other items						
Depreciation	403,500	31,079	–	–	–	434,580
Increase in property, plant and equipment and intangible assets	482,849	32,394	–	–	–	515,244

	Total	Adjusted amounts (Note 1)	Consolidated financial statements amount (Note 2)
Net sales			
Sales to external customers	11,019,511	–	11,019,511
Intersegment sales or transfers	1,060,637	(1,060,637)	–
Total	12,080,149	(1,060,637)	11,019,511
Segment profits	2,039,185	2,400	2,041,585
Segment assets	12,147,505	(339,117)	11,808,387
Segment liabilities	5,424,265	(339,117)	5,085,148
Other items			
Depreciation	434,580	–	434,580
Increase in property, plant and equipment and intangible assets	515,244	–	515,244

- (Notes)
- The details of adjusted amounts are as follows.
    - Adjusted segment profit of ¥2,400 thousand includes ¥2,400 thousand of eliminations of intersegment transactions.
    - Adjusted segment assets of negative ¥339,117 thousand includes negative ¥339,117 thousand of eliminations of intersegment transactions.
    - Adjusted segment liabilities of negative ¥339,117 thousand includes negative ¥339,117 thousand of eliminations of intersegment transactions.
  - Segment profit is the same as operating profit in the consolidated financial statements.

(Information per share)

The fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)		The fiscal year ended September 30, 2021 (From October 1, 2020 to September 30, 2021)	
Net assets per share	261.07 yen	Net assets per share	305.59 yen
Earnings per share	33.37 yen	Earnings per share	59.66 yen
Diluted earnings per share	33.34 yen	Diluted earnings per share	– yen

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

	The fiscal year ended September 30, 2020 (From October 1, 2019 to September 30, 2020)	The fiscal year ended September 30, 2021 (From October 1, 2020 to September 30, 2021)
Earnings per share		
Profit attributable to owners of parent (Thousands of yen)	700,411	1,295,434
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent related to common shares (Thousands of yen)	700,411	1,295,434
Average number of common shares outstanding during the period (Shares)	20,991,110	21,709,989
Diluted earnings per share		
Adjusted profit attributable to owners of parent (Thousands of yen)	–	–
Increase in the number of common shares (Shares)	15,904	–
[Share acquisition rights] (Shares)	[15,904]	[–]
Outline of the potential shares not included in the calculation of diluted earnings per share since they have no dilution effect	No. 8 share acquisition rights (Lapse) Number of share acquisition rights: 4,000 units (Common shares: 400,000 shares) The above share acquisition rights lapsed as of December 19, 2019 due to the terms and conditions for exercising the rights not being met.	–

- (Notes)
1. Diluted earnings per share for the current fiscal year is not presented since there are no potential shares with a dilutive effect.
  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" (153,200 shares for the previous fiscal year; 113,200 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" (171,948 shares for the previous fiscal year; 134,723 shares for current the

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" (444,800 shares for the previous fiscal year; 441,200 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" (445,398 shares for the previous fiscal year; 442,896 shares for current the fiscal year).

4. The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Therefore, "Net assets per share," "Earnings per share" and "Diluted earnings per share" have 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.