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## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending October 31, 2022 (Under IFRS)

September 14, 2022

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 Planned date of quarterly report submission:  
 Planned start date for payment of dividends:  
 Preparation of supplemental explanatory material for quarterly results:  
 Holding of briefing for quarterly results:

Listing: Tokyo Stock Exchange  
 URL: <https://asiro.co.jp/>

September 14, 2022

-

Yes

Yes

(Amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results of the First Nine months of the Fiscal Year Ending October 31, 2022 (November 1, 2021 to July 31, 2022)

#### (1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended July 31, 2022	1,588	41.6	420	58.4	416	60.2	275	61.7	282	65.8	295	88.0
Nine months ended July 31, 2021	1,122	0.5	265	10.9	260	11.9	170	20.7	170	20.7	157	10.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended July 31, 2022	41.89	37.40
Nine months ended July 31, 2021	28.18	24.61

#### (Reference) EBITDA:

Nine months ended July 31, 2022 464 million yen (up 52.8%)

Nine months ended July 31, 2021 304 million yen (up 6.1%)

#### Adjusted EBITDA:

Nine months ended July 31, 2022 444 million yen (up 59.3%)

Nine months ended July 31, 2021 279 million yen (up 2.6%)

(Note) EBITDA and adjusted EBITDA are disclosed as useful comparative information on the Company's performance.

Please see "1. Qualitative Information on Operating Result (3) Explanation of Cash Flows (Reference Information)" on page 4 of the attached materials for information on the definitions and calculation methods of each indicator.

(Note) The Company was listed on Tokyo Stock Exchange Mothers (now Growth) on July 20, 2021. As a result, the diluted earnings per share for the First Nine Months of the Fiscal Year ended October 31, 2021 are calculated by deeming the average share price from the listing date until July 31, 2021 to be the average share price for the period.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of July 31, 2022	3,478	2,473	2,431	69.9
As of October 31, 2021	2,802	2,222	2,222	79.3

2. Dividend Status

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	4Q-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended October 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ending October 31, 2022	—	0.00	—		
Fiscal year ending October 31, 2022 (forecast)				12.45	12.45

Note: Revisions to most recently announced dividend forecast: Yes

3. Consolidated Earnings Forecasts of the Fiscal Year Ending October 31, 2022 (November 1, 2021 to October 31, 2022)

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,149	38.4	473	31.0	467	31.9	310	35.4	319	39.6	47.47

Note: Revisions to most recently announced earnings forecasts: No

\* Notes

- (1) Changes in significant subsidiaries during the period  
(Changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
- |              |  |
|--------------|--|
| Newly added: | 1 company (Company name) Kailash Small Amount and Short Term Insurance<br>(now ASIRO SSI Inc.) |
| Excluded:    | 1 company (Company name) trient, Inc.  |
- The Company performed an absorption-type merger of trient, Inc. on December 1, 2021.  
Furthermore, the Company acquired additional shares in Kailash Small Amount and Short Term Insurance on April 28, 2022, making it a consolidated subsidiary. Note that On September 1, 2022, the company name was changed to ASIRO SSI Inc.
- (2) Changes in accounting policies and changes in accounting estimates
- |   |      |
|---|------|
| (i) Changes in accounting policies required by IFRS:      | None |
| (ii) Changes in accounting policies due to other reasons: | Yes  |
| (iii) Changes in accounting estimates:                    | None |
- Note: See “2. Condensed Quarterly Consolidated Financial Statements and Notes (5) Notes to Condensed Quarterly Consolidated Financial Statements (Changes in Accounting Policies) on page 13 for details.
- (3) Number of shares issued (common stock)
- |   |                  |
|---|------------------|
| (i) Number of shares issued at the end of the period (including treasury stock) |                  |
| As of July 31, 2022   | 6,858,868 shares |
| As of October 31, 2021  | 6,829,000 shares |
| (ii) Number of treasury stock at the end of the period                          |                  |
| As of July 31, 2022   | 133,400 shares   |
| As of October 31, 2021  | - shares         |
| (iii) Average number of shares during the period                                |                  |
| Nine months ended July 31, 2022   | 6,737,306 shares |
| Nine months ended July 31, 2021   | 6,039,476 shares |

\* This report is exempt from the quarterly review by certified public accountants or auditing firms.

\* Explanation on appropriate use of results forecasts and other notes

The results forecasts and other forward-looking statements shown in these materials are based on information obtained by the Company at present, and certain assumptions deemed to be reasonable. They are not intended to be a promise by the Company to achieve the results. Furthermore, actual results, etc. may vary significantly due to a variety of factors.

Due to factors such as the timing of the impact of COVID-19 subsiding remaining unclear, the Company promptly disclose any revisions to earnings forecasts that are required based on future business trends.

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## 1. Qualitative Information on Operating Result

### (1) Explanation of Operating Results

During the nine months ended July 31, 2022, the Japanese economy proceeded to return to normal due to the spread of vaccinations against the novel coronavirus (COVID-19), but there are concerns about the renewed spread of infections, and concerns still cannot be dispelled in the current conditions. In addition, there is growing uncertainty about the future due to factors such as the global rise in resource prices and the invasion of Ukraine by Russia.

Meanwhile, in the Internet advertising market surrounding the Group, advertising expenditures continued to grow consistently to 2.7052 trillion yen (up 21.4% year on year), and exceeded advertising expenditures in the four forms of mass media (aggregate of advertising expenses in the newspapers, magazines, radio and television) for the first time. (Source: Dentsu Inc. “2021 Advertising Expenditures in Japan”)

In such business conditions, the Group is conducting business centered on Legal Media & Other, and operates Legal Media primarily with attorneys as customers and Other Media for customers other than attorneys. Furthermore, in addition to Legal Media & Other, the Group operates Human Resources to provide personnel referral services primarily for attorneys.

In Legal Media that accounts for a large portion of revenue, as a result of increasing the number of new contracts by strengthening sales activities along with customer success activities providing customer support after signing contracts, and focusing on lowering the churn rate and receiving additional orders from existing customers, the number of advertising slots posted (Note 1) in July 2022 was 1,823 (up 28.9% year on year), and the number of advertising customers (Note 2) was 723 (up 30.3% year on year), with business growing steadily.

(Note 1) The number of advertising slots posted is the total number, and multiple slots are counted in cases where the same customer has multiple advertising slots.

(Note 2) The number of advertising customers is the actual number of customers with advertising slots.

Furthermore, in Other Media, there was an increase in business in the “Carism” career change media based on heightened recruiting motivation of companies aimed at normalization of the economy, and the number of inquiries during the nine months ended July 31, 2022 increased significantly to 25,558 (up 72.9% year on year).

Consequently, the results for the nine months ended July 31, 2022 were as follows. Revenue was 1,588,275 thousand yen (up 41.6% year on year), operating profit was 420,242 thousand yen (up 58.4% year on year), profit before tax was 416,090 thousand yen (up 60.2% year on year) and profit attributable to owners of parent was 282,209 thousand yen (up 65.8% year on year).

Note that Kailash Small Amount and Short Term Insurance (“Kailash”; name change to ASIRO SSI Inc. on September 1, 2022), which became a consolidated subsidiary on April 28, 2022, is consolidated on the statement of income from the third quarter (three months).

Operating results by segment were as follows. In addition, Revenues are before elimination of intersegment transactions.

#### [Legal Media & Other]

In addition to advertising revenue increasing due to increases in advertising slots posted and advertising customers in Legal Media, due to the increase in business in the “Carism” career change media in Other Media as mentioned above, revenue was 1,495,744 thousand yen (up 38.6% year on year) and segment profit was 675,738 thousand yen (up 47.4% year on year).

Legal Media revenue was 1,065,217 thousand yen (up 25.0% year on year) and operating profit was 468,439 thousand yen (up 22.1% year on year). Other Media revenue was 430,527 thousand yen (up 90.0% year on year) and operating profit was 207,299 thousand yen (up 177.4% year on year).

[Human Resources]

Since the launch of the business in two fiscal years ago, there was a steady increase in registrants and contracts in personnel referral services, resulting in revenue of 78,477 thousand yen (up 82.3% year on year), and segment profit of 26,710 thousand yen (loss of 3,848 thousand yen in the previous fiscal year). From the nine months ended July 31, 2022, the name of the reportable segment previously called “Legal Human Resources” has been changed to “Human Resources” to more appropriately represent the content of business due to full-scale operation of personnel referrals other than attorneys, such as certified public accountants and tax accountants leading to the actual occurrence of recruitment outside the legal area.

[Other]

This mainly classifies the small-amount short-term insurance business operated by Kailash that began consolidation on the statement of income from the third quarter, and new businesses, etc. that currently lack significance as a business segment not included in reportable segments, and is disclosed as “Other.” Revenue was 14,568 thousand yen, and segment loss was 62,320 thousand yen.

(2) Explanation of Financial Position

(i) Assets

Current assets as of July 31, 2022 were 2,002,942 thousand yen, an increase of 482,472 thousand yen compared to October 31, 2021. This was mainly due to increases of 409,908 thousand yen in cash and cash equivalents and 67,498 thousand yen in trade and other receivables.

Non-current assets as of July 31, 2022 were 1,475,398 thousand yen, an increase of 193,381 thousand yen compared to October 31, 2021. This was mainly attributable to increases of 163,265 thousand yen in goodwill due to making Kailash a consolidated subsidiary and 71,463 thousand yen in other financial assets (mainly leasehold deposits and guarantee deposits).

As a result, total assets as of July 31, 2022 were 3,478,340 thousand yen.

(ii) Liabilities

Current liabilities as of July 31, 2022 were 543,411 thousand yen, an increase of 184,116 thousand yen compared to October 31, 2021. This was mainly due to increases of 76,609 thousand yen in trade and other payables and 54,207 thousand yen in bonds and borrowings due to the issuance of bonds, in addition to a 42,179 thousand yen increase in insurance contract liabilities due to Kailash becoming a consolidated subsidiary.

Non-current liabilities as of July 31, 2022 were 461,688 thousand yen, an increase of 240,894 thousand yen compared to October 31, 2021. This was mainly due to an increase of 241,346 thousand yen in bonds and borrowings arising from the issuance of bonds.

As a result, total liabilities as of July 31, 2022 were 1,005,099 thousand yen.

(iii) Equity

Total equity as of July 31, 2022 was 2,473,241 thousand yen, an increase of 250,843 thousand yen compared to October 31, 2021. This was mainly due to an increase of 286,339 thousand yen in retained earnings and an increase of 99,773 thousand yen in treasury shares, which is deductible.

(3) Explanation of Cash Flows

Cash and cash equivalents as of July 31, 2022 amounted to 1,713,751 thousand yen, an increase of 409,908 thousand yen compared to October 31, 2021.

The status of cash flows and factors therein during the nine months ended July 31, 2022 were as follows.

(Cash flows from operating activities)

Cash flows from operating activities for the nine months ended July 31, 2022 were net inflows of 380,984 thousand yen (net inflows of 168,193 thousand yen for the nine months ended July 31, 2021).

This was mainly due to the increase caused by the recording of 416,090 thousand yen in profit before tax and an increase of 71,456 thousand yen in trade and other payables, which was partially offset by the decrease caused by 125,904 thousand yen in income taxes paid.

(Cash flows from investing activities)

Cash flows from investing activities for the nine months ended July 31, 2022 were net outflows of 189,994 thousand yen (net outflows of 10,858 thousand yen for the nine months ended July 31, 2021). This was mainly due to 113,518 thousand yen in payments for acquisition of subsidiaries and associates and 70,597 thousand yen in payments of leasehold and guarantee deposits.

(Cash flows from financing activities)

Cash flows from financing activities for the nine months ended July 31, 2022 were net inflows of 218,918 thousand yen (net inflows of 489,052 thousand yen for the nine months ended July 31, 2021). This was mainly due to the increase caused by 343,970 thousand yen in proceeds from issuance of bonds, which was partially offset by the decreases caused by 100,588 thousand yen in purchase of treasury shares and 50,728 thousand yen in repayments of long-term borrowings.

(Reference information)

The Group has decided to publish EBITDA and adjusted EBITDA as reference indicators on operating results for the purpose of providing useful information for investors to evaluate the Group's results and understand the pure growth of the Group's corporate value without being limited by differences in accounting standards. EBITDA excludes the impact of non-cash expense items (depreciation and amortization) etc. from operating profit. Furthermore, adjusted EBITDA excludes the impact of non-cash expense items associated with application of IFRS, etc. (share-based payment expenses, depreciation of right-of-use assets, etc.) from EBITDA.

The calculation formulae and calculation methods for EBITDA and adjusted EBITDA are as follows.

- EBITDA = Operating profit + Depreciation and amortization – Other income + Other expenses
- Adjusted EBITDA = EBITDA ± Non-cash expense items associated with application of IFRS, etc.

(Units: thousands of yen)

	Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)	Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)
Operating profit on financial statements	265,250	420,242
+ Depreciation and amortization	40,098	46,506
– Other revenue	(1,564)	(2,676)
Subtotal	38,535	43,831
EBITDA	303,785	464,072
+ Provision of allowance for paid leave	530	2,641
+ Share-based payment expenses	10,997	3,744
+ Adjustment of leasehold deposits and guarantee deposits recorded	11	11
– Adjustment of depreciation of right-of-use assets	(24,693)	(25,104)
– Adjustment of direct increase in expenses for equity transactions	(11,628)	(874)
Subtotal	(24,784)	(19,582)
Adjusted EBITDA	279,001	444,490

(Note) Figures are rounded to nearest thousand yen.

(4) Explanation of Forward-looking Information such as Consolidated Earnings Forecasts

With regard to the impact of COVID-19, there had been adverse effects in Other Media such as a decrease in net sales of career change media associate with the deterioration of the jobs-to-applicants ratio, but the volume of career change media business has increased due to heightened recruiting motivation of companies aimed at normalization of the economy during the nine months ended July 31, 2022, and the business is on a trend of recovery and growth.

The forecast of financial results is based on the assumption that the impact of the new coronavirus infection was minor through the end of the third quarter and that the same situation will continue through October 31, 2022, the end of the fourth quarter.



# 1. Condensed Quarterly Consolidated Financial Statements and Notes

## (1) Condensed Quarterly Consolidated Statement of Financial Position

(Units: thousands of yen)

	Fiscal year ended October 31, 2021 (as of October 31, 2021)	Nine months ended July 31, 2022 (as of July 31, 2022)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	1,303,843	1,713,751
Trade and other receivables	206,076	273,574
Other current assets	10,551	15,617
Total current assets	1,520,469	2,002,942
Non-current assets		
Property, plant and equipment	24,514	18,385
Right-of-use assets	35,668	11,796
Goodwill	1,138,725	1,301,990
Intangible assets	16,871	11,700
Other financial assets	33,919	105,381
Deferred tax assets	32,255	25,463
Other non-current assets	66	684
Total non-current assets	1,282,017	1,475,398
Total assets	2,802,487	3,478,340

(Units: thousands of yen)

	Fiscal year ended October 31, 2021 (as of October 31, 2021)	Nine months ended July 31, 2022 (as of July 31, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	93,977	170,586
Bonds and borrowings	61,541	115,748
Insurance contract liabilities	—	42,179
Income taxes payable	64,755	76,569
Lease liabilities	30,433	7,645
Other financial liabilities	57,775	33,294
Other current liabilities	50,814	97,389
Total current liabilities	359,295	543,411
Non-current liabilities		
Bonds and borrowings	207,710	449,056
Other financial liabilities	1,057	634
Other non-current liabilities	1,522	277
Provisions	10,504	11,721
Total non-current liabilities	220,793	461,688
Total liabilities	580,089	1,005,099
Equity		
Share capital	542,354	547,315
Capital surplus	1,150,477	1,152,130
Retained earnings	482,835	769,174
Treasury shares	—	(99,773)
Other components of equity	46,732	62,413
Total equity attributable to owners of parent	2,222,398	2,431,258
Non-controlling interests	—	41,983
Total equity	2,222,398	2,473,241
Total liabilities and equity	2,802,487	3,478,340

(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income  
(Condensed Quarterly Consolidated Statement of Income)

(Units: thousands of yen)

	Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)	Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)
Revenue	1,121,914	1,588,275
Cost of sales	549,306	772,261
Gross profit	572,608	816,014
Selling, general and administrative expenses	308,921	398,448
Other revenue	1,564	2,676
Other expenses	—	0
Operating profit	265,250	420,242
Finance revenue	12	70
Finance expenses	5,571	4,221
Profit before tax	259,691	416,090
Income tax expense	89,515	140,982
Profit	170,176	275,109
Profit attributable to		
Owners of parent	170,176	282,209
Non-controlling interests	—	(7,100)
Net profit	170,176	275,109
Earnings per share		
Basic earnings per share (yen)	28.18	41.89
Diluted earnings per share (yen)	24.61	37.40

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	(Units: thousands of yen)	
	Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)	Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)
Profit	170,176	275,109
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	(14,195)	19,225
Total of items that will not be reclassified to profit or loss	(14,195)	19,225
Items that may be reclassified to profit or loss		
Effective portion of net change in fair value of cash flow hedges	702	294
Total of items that may be reclassified to profit or loss	702	294
Total other comprehensive income	(13,493)	19,519
Comprehensive income	156,683	294,628
Comprehensive income attributable to		
Owners of parent	156,683	301,728
Non-controlling interests	—	(7,100)
Net income	156,683	294,628

(3) Condensed Quarterly Consolidated Statement of Changes in Equity  
 Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)

(Units: thousands of yen)

	Equity attributable to owners of parent							Total equity
	Share capital	Capital surplus	Retained earnings	Share acquisition rights	Other components of equity		Total	
					Financial assets measured at fair value through other comprehensive income	Cash flow hedges		
Balance as of November 1, 2020	100,000	716,190	254,056	51,564	—	(1,657)	49,907	1,120,153
Profit	—	—	170,176	—	—	—	—	170,176
Other comprehensive income	—	—	—	—	(14,195)	702	(13,493)	(13,493)
Total comprehensive income	—	—	170,176	—	(14,195)	702	(13,493)	156,683
Issuance of new shares	442,354	434,287	—	—	—	—	—	876,641
Share-based payment expenses	—	—	—	10,997	—	—	10,997	10,997
Total transactions with owners	442,354	434,287	—	10,997	—	—	10,997	887,638
Balance as of July 31, 2021	542,354	1,150,477	424,232	62,561	(14,195)	(955)	47,411	2,164,474

Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)

(Units: thousands of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Share acquisition rights	Financial assets measured at fair value through other comprehensive income
Balance as of November 1, 2021	542,354	1,150,477	482,835	—	62,561	(15,095)
Profit	—	—	282,209	—	—	—
Other comprehensive income	—	—	—	—	—	19,225
Total comprehensive income	—	—	282,209	—	—	19,225
Restricted stock compensation	3,779	(42)	—	—	—	—
Exercise of share acquisition rights	1,181	2,267	—	—	(1,090)	—
Issuance of share acquisition rights	—	—	—	—	1,421	—
Purchase of treasury shares	—	(565)	—	(99,773)	—	—
Acquisition of subsidiaries	—	—	4,130	—	—	(4,130)
Changes in interest associated with capital increase of consolidated subsidiary	—	(7)	—	—	—	—
Other	—	—	—	—	(39)	—
Total transactions with owners	4,960	1,653	4,130	(99,773)	292	(4,130)
Balance as of July 31, 2022	547,315	1,152,130	769,174	(99,773)	62,853	—

(Units: thousands of yen)

	Equity attributable to owners of parent				
	Other components of equity		Equity attributable to owners of parent	Non-controlling interests	Total equity
	Cash flow hedges	Total			
Balance as of November 1, 2021	(734)	46,732	2,222,398	—	2,222,398
Profit	—	—	282,209	(7,100)	275,109
Other comprehensive income	294	19,519	19,519	—	19,519
Total comprehensive income	294	19,519	301,728	(7,100)	294,628
Restricted stock compensation	—	—	3,738	—	3,738
Exercise of share acquisition rights	—	(1,090)	2,358	—	2,358
Issuance of share acquisition rights	—	1,421	1,421	—	1,421
Purchase of treasury shares	—	—	(100,338)	—	(100,338)
Acquisition of subsidiaries	—	(4,130)	—	3,476	3,476
Changes in interest associated with capital increase of consolidated subsidiary	—	—	(7)	45,607	45,600
Other	—	(39)	(39)	—	(39)
Total transactions with owners	—	(3,838)	(92,868)	49,083	(43,785)
Balance as of July 31, 2022	(440)	62,413	2,431,258	41,983	2,473,241

## (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Units: thousands of yen)

	Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)	Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)
Cash flows from operating activities		
Profit before tax	259,691	416,090
Depreciation and amortization	40,098	46,506
Finance revenue	(12)	(70)
Finance expenses	5,571	4,221
Decrease (increase) in trade and other receivables	(15,289)	(61,980)
Decrease (increase) in other current assets	1,822	(8,280)
Increase (decrease) in trade and other payables	10,605	71,456
Change in insurance contract liabilities	—	17,414
Increase (decrease) in other current liabilities	11,054	46,255
Increase (decrease) in other financial liabilities	(23,580)	(25,090)
Share-based payment expenses	10,997	3,744
Other	(4,746)	(2,093)
Subtotal	296,212	508,174
Interest received	2	6
Interest paid	(3,131)	(1,293)
Income taxes paid	(124,890)	(125,904)
Cash flows from operating activities	168,193	380,984
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,608)	(6,879)
Purchase of intangible assets	(750)	—
Payments for acquisition of subsidiaries	—	(113,518)
Purchase of other financial assets	(8,500)	—
Payments for leasehold deposits and guarantee deposits	—	(70,597)
Proceeds from refund of leasehold deposits and guarantee deposits	—	1,000
Cash flows from investing activities	(10,858)	(189,994)
Cash flows from financing activities		
Proceeds from issuance of shares	876,641	2,358
Capital contribution from non-controlling interests	—	45,600
Repayments of long-term borrowings	(365,097)	(50,728)
Proceeds from issuance of bonds	—	343,970
Repayments of lease liabilities	(22,492)	(22,787)
Purchase of treasury shares	—	(100,588)
Other	—	1,093
Cash flows from financing activities	489,052	218,918
Net increase (decrease) in cash and cash equivalents	646,388	409,908
Cash and cash equivalents at beginning of period	557,471	1,303,843
Cash and cash equivalents at end of period	1,203,859	1,713,751

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

The Group has made early application of the following standards from the six months ended April 30, 2022 due to the acquisition of shares in Kailash Small Amount and Short Term Insurance (name change to ASIRO SSI Inc. on September 1, 2022), which operates a small-amount short-term insurance business, to make it a subsidiary on April 28, 2022.

Standard document	Standard title	Timing of mandatory application (year of commencement)	Details of establishment or revision
IFRS 17	Insurance Contracts	January 1, 2023	Revision related to insurance policies

Application of the above standard document does not have a material impact on the Condensed Quarterly Consolidated Financial Statements.

Furthermore, the company adopts an approach of distributing insurance premiums because the period of coverage of the insurance products it sells is within one year.

(Changes in Accounting Estimates)

Not applicable.

(Bonds)

Not applicable to bonds issued in the nine months ended July 31, 2021.

The bonds issued in the nine months ended July 31, 2022 are as follows.

Issue	ASIRO Inc. 1st Unsecured Corporate Bonds (Guaranteed by Resona Bank, Limited and limited to qualified institutional investors)	ASIRO Inc. 2nd Unsecured Corporate Bonds with Early Redemption Clause (Guaranteed by Mizuho Bank, Ltd. and limited to qualified institutional investors)
Total amount of issuance	250,000,000 yen	100,000,000 yen
Issue price	100 yen per value of 100 yen of each corporate bond	100 yen per value of 100 yen of each corporate bond
Interest rate	0.36% (fixed interest)	6-month yen TIBOR (variable interest)
Date of issuance	March 25, 2022	March 31, 2022
Maturity date	March 25, 2027	March 31, 2027
Redemption method	Fixed redemption every 6 months	Fixed redemption every 6 months However, may be redeemed early on each payment date from one year after the date of issuance at the Company's choice
Intended use of funds	Working capital	Working capital



(Segment Information)

(1) Overview of reportable segments

The Group's business segments are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic reviews to determine the distribution of management resources and evaluate business results.

The Group operates multiple media sites and conducts Human Resources, but has consolidated business segments with generally similar elements such as services into the two reportable segments of "Legal Media & Other" and "Human Resources" to provide appropriate information on the content of business activities, etc.

"Legal Media & Other" operates Legal Media centered on the "Attorney Search" series and Other Media such as "Carism" career change media.

"Human Resources" is licensed by the Minister of Health, Labour and Welfare, and conducts fee- charging employment placement businesses pursuant to the Employment Security Act.

(2) Changes in reportable segments

The Group has differentiated insurance business and new business, etc. with little significance at present as a business segment not included in reportable segments and discloses it as "Other" from the six months ended April 30, 2022 to assess and manage performance of each reportable segment more appropriately. There were no applicable businesses in the nine months ended July 31, 2021.

Furthermore, from the nine months ended July 31, 2022, the name of the reportable segment previously called "Legal Human Resources" has been changed to "Human Resources" to more appropriately represent the content of business due to full-scale operation of personnel referrals other than attorneys, such as certified public accountants and tax accountants leading to the actual occurrence of recruitment outside the legal area. The change of the segment name has no impact on segment information. The segment information for the nine months ended July 31, 2021 is also indicated for the changed segment name.

(3) Information on reportable segments

The revenue and business results of the Group's reportable segments are as follows. Profit of reportable segments is shown as figures based on operating profit.

Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)

(Units: thousands of yen)

	Reportable segments			Adjustments (Note)	Consolidated
	Legal Media & Other	Human Resources	Total		
Revenue					
Revenue from external customers	1,078,863	43,051	1,121,914	—	1,121,914
Intersegment revenue	—	—	—	—	—
Total	1,078,863	43,051	1,121,914	—	1,121,914
Segment profit (loss)	458,502	(3,848)	454,654	(189,404)	265,250
Finance revenue	—	—	—	—	12
Finance expenses	—	—	—	—	5,571
Profit before tax	—	—	—	—	259,691

(Note) The adjustments of segment profit or loss are primarily corporate expenses not allocated to each reportable segment.

Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)

(Units: thousands of yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Legal Media & Other	Human Resources	Total				
Revenue							
Revenue from external customers	1,495,229	78,477	1,573,707	14,568	1,588,275	—	1,588,275
Intersegment revenue	514	—	514	—	514	(514)	—
Total	1,495,744	78,477	1,574,221	14,568	1,588,789	(514)	1,588,275
Segment profit (loss)	675,738	26,710	702,447	(62,320)	640,127	(219,885)	420,242
Finance revenue	—	—	—	—	—	—	70
Finance expenses	—	—	—	—	—	—	4,221
Profit before tax	—	—	—	—	—	—	416,090

(Notes) 1. The “Other” category is made up of business segments not included in reportable segments, such as insurance business and new businesses with little significance at present.

2. The adjustments of segment profit or loss are primarily corporate expenses not allocated to each reportable segment.

(Per Share Information)

	Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)	Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)
Profit attributable to owners of parent (thousand yen)	170,176	282,209
Profit not attributable to common shareholders to owners of parent (thousand yen)	—	—
Profit used for calculation of basic earnings per share (thousand yen)	170,176	282,209
Adjustment of quarterly profit on dilution (thousand yen)	—	—
Profit used for calculation of diluted earnings per share (thousand yen)	170,176	282,209
Weighted average number of common stock (shares)	6,039,476	6,737,306
Increase in the number of common stock due to stock acquisition rights (shares)	876,478	809,324
Diluted weighted-average number of common stock (shares)	6,915,954	7,546,631
Basic earnings per share (yen)	28.18	41.89
Diluted earnings per share (yen)	24.61	37.40

(Notes) The Company was listed on Tokyo Stock Exchange Mothers (now Growth) on July 20, 2021. As a result, the diluted earnings per share for the nine months ended July 31, 2021 are calculated by deeming the average share price from the listing date until July 31, 2021 to be the average share price for the period.

(Business Combinations)

Nine months ended July 31, 2021 (November 1, 2020 to July 31, 2021)

Not applicable.

Nine months ended July 31, 2022 (November 1, 2021 to July 31, 2022)

On April 28, 2022, the Company acquired an additional 62.31% of the shares of Kailash Small Amount and Short Term Insurance (“Kailash”; name change to ASIRO SSI Inc. on September 1, 2022), which operates a small-amount and short-term insurance business. This, along with the existing holding of 14.82%, resulted in holding 77.14% of the outstanding shares of Kailash, making it a subsidiary.

(1) Overview of business combination

(i) Name and content of business of acquired company

Name of acquired company: Kailash Small Amount and Short Term Insurance

Content of business: Small-amount insurance business such as selling legal fee insurance  
“BenNavi Attorney's Fee Insurance”

(ii) Acquisition date

April 28, 2022

(iii) Percentage of equity interest with voting rights acquired

The Company had held 14.82% of Kailash shares with voting rights immediately before the business combination date, but made an additional acquisition of 62.31% of the shares on the business combination date, making it a subsidiary.

(iv) Main reasons for the business combination

Kailash was registered as a small-amount short-term insurance company on February 14, 2020, and commenced operation of its small-amount short-term insurance business on April 1, 2020, selling legal fee insurance. As legal fee insurance is a product that uses insurance payments to cover part of the expenses arising when hiring attorneys to resolve trouble encountered in everyday life, parties insured by the insurance have the potential for legal trouble and are prepared for the possibility of hiring attorneys.

Meanwhile, the Company operates Legal Media, and attracts users with manifest legal problems who feel the need to hire attorneys in areas such as divorce problems and labor issues. Users of the Company's Legal Media and people insured by Kailash have similar attributes, and the Company had made a partial investment in the operating funds associated with the commencement of Kailash's business in 2020 due to the significant potential for a business partnership, and held 14.82% of voting rights.

More than one year has elapsed since the commencement of Kailash's business, and the accumulation of insurance contracts has been confirmed. Furthermore, including the contracts the Company has brokered as an insurance agent, over 80% of the insured have been attracted via the Internet, and the Company has determined that the number of contracts held can be increased by making Kailash a subsidiary and applying our web marketing technology. In addition, by strengthening business partnership by making Kailash a subsidiary, the Company will be able to reach customers who potentially face legal trouble, and using Kailash's platform will make it possible to diversify revenue sources by developing and selling new insurance products in the future. For these reasons, it was determined that making Kailash a subsidiary would lead to further business expansion and improvement of competitiveness of the Group.

(v) Method of acquisition of control of the acquired company

Acquisition of shares in exchange for cash

(2) Expenses related to acquisition

The expenses related to acquisition for the business combination were 9,500 thousand yen, and the entire amount was recorded as an expense under “selling, general and administrative expenses.”

(3) Breakdown of consideration for acquisition

(Units: thousands of yen)

Cash and cash equivalents	141,360
Fair value of equity interest held immediately before acquisition	33,630
Total	174,990

(4) Gain due to acquisition in stages

As a result of re-measurement of the fair value on the acquisition date of the 14.82% held by the Group on the acquisition date, a gain of 131 thousand yen due to acquisition in stages was recognized from the business combination. This gain is included in the net change in fair value of financial assets measured through other comprehensive income on the condensed quarterly consolidated statement of comprehensive income.

(5) Fair values of consideration for acquisition, acquired assets, liabilities assumed and non-controlling interests as of the acquisition date

(Units: thousands of yen)

Fair value of consideration for acquisition	174,990
Fair value of acquired assets and liabilities assumed	
Cash and cash equivalents	27,842
Trade and other receivables	7,057
Other current assets	311
Other financial assets (non-current assets)	10,000
Total assets	45,210
Trade and other payables	3,997
Insurance contract liabilities	24,765
Income taxes payable	685
Other financial liabilities (current liabilities)	242
Other current liabilities	320
Non-current liabilities	—
Total liabilities	30,010
Fair value of acquired assets and liabilities assumed	15,201
Non-controlling interests (Note 1)	(3,476)
Goodwill (Note 2)	163,265
Total	174,990

- (Notes) 1. Non-controlling interests are measured using the equity interest of non-controlling shareholders in relation to the fair value of the identifiable net assets of the acquired company.
2. Goodwill arises mainly from reasonable estimates of the future expected excess earning power.  
Note that there is no amount expected to be included in losses for tax purposes with regard to the goodwill.

## (6) Cash flows associated with the acquisition

(Units: thousands of yen)

Cash and cash equivalents paid due to the additional acquisition	141,360
Cash and cash equivalents held by the acquired company at the time of acquisition	(27,842)
Purchase of subsidiaries	113,518

## (7) Impact on performance

The amounts of revenue and net profit or loss of the acquired company recognized on the Condensed Quarterly Consolidated Statements of Income for the reporting period are as follows.

(Units: thousands of yen)

Revenue	14,373
Profit (loss)	(31,056)

Furthermore, the impact on the Group's revenue and profit for the nine months under review assuming the business combination took place at the start of the period is immaterial. The relevant pro forma information has not undergone a quarterly review.

## (Significant Events after Reporting Period)

Rights for the 1st to 3rd share acquisition rights issued by the Company have been exercised during the period from August 1, 2022 until September 14, 2022, and an overview of these is as follows.

	1st share acquisition rights	2nd share acquisition rights	3rd share acquisition rights	Total
Number of share acquisition rights exercised	2,000	80	490	2,570
Class and number of shares	Common stock 600,000 shares	Common stock 24,000 shares	Common stock 147,000 shares	Common stock 771,000 shares
Exercise amount	76,800,000 yen	3,360,000 yen	18,081,000 yen	98,241,000 yen
Increase in share capital	38,603,000 yen	1,683,000 yen	9,041,000 yen	49,327,000 yen
Increase in legal capital surplus	38,603,000 yen	1,683,000 yen	9,041,000 yen	49,327,000 yen