

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2023 (Based on Japanese GAAP)

August 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 Executive Director and General
 Inquiries: Manager, Corporate Administration Division Takeshi Kushibiki TEL 06-6204-1193
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Nine months ended June 30, 2023	8,635	(2.1)	(584)	–	(724)	–	(669)	–
Nine months ended June 30, 2022	8,823	5.2	1,618	0.2	1,550	1.0	1,007	(1.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2023	(30.57)	–
Nine months ended June 30, 2022	46.04	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	11,768	5,739	48.8
As of September 30, 2022	12,491	7,145	57.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2022	–	15.00	–	17.50	32.50
Year ending September 30, 2023	–	17.50	–		
Year ending September 30, 2023 (Forecast)				17.50	35.00

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,000	1.2	(310)	–	(500)	–	(480)	–	(21.92)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2023	22,557,200 shares	As of September 30, 2022	22,557,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	655,107 shares	As of September 30, 2022	689,178 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2023	21,884,696 shares	Nine months ended June 30, 2022	21,882,615 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,273,548	1,068,166
Accounts receivable - trade	2,231,307	2,254,238
Accounts receivable - other	2,261,020	1,962,084
Income taxes receivable	–	234,275
Other	1,090,946	1,149,940
Total current assets	7,856,821	6,668,704
Non-current assets		
Property, plant and equipment	1,073,502	1,025,256
Intangible assets		
Software	900,317	1,163,497
Other	102,359	123,307
Total intangible assets	1,002,676	1,286,804
Investments and other assets		
Investment securities	119,164	147,422
Guarantee deposits	694,850	855,965
Insurance funds	764,910	443,222
Deferred tax assets	379,101	659,381
Other	588,880	674,100
Total investments and other assets	2,546,906	2,780,091
Total non-current assets	4,623,086	5,092,153
Deferred assets	11,213	7,160
Total assets	12,491,121	11,768,018
Liabilities		
Current liabilities		
Accounts payable - trade	85,042	158,762
Short-term borrowings	–	900,000
Current portion of bonds payable	200,000	200,000
Income taxes payable	342,449	96,954
Accounts payable - other	1,110,741	1,716,596
Deposits received	395,611	397,617
Lease liabilities	110,000	128,458
Provision for bonuses	178,002	98,174
Other	583,255	337,095
Total current liabilities	3,005,103	4,033,659
Non-current liabilities		
Long-term borrowings	256,250	230,320
Bonds payable	400,000	200,000
Lease liabilities	704,300	705,531
Retirement benefit liability	416,197	427,896
Asset retirement obligations	304,576	308,999
Other	259,227	122,460
Total non-current liabilities	2,340,551	1,995,206
Total liabilities	5,345,655	6,028,866

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,908,226	2,449,655
Treasury shares	(552,474)	(518,511)
Total shareholders' equity	7,099,781	5,675,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,684	63,979
Total accumulated other comprehensive income	45,684	63,979
Total net assets	7,145,466	5,739,152
Total liabilities and net assets	12,491,121	11,768,018

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	8,823,722	8,635,895
Cost of sales	1,904,900	2,870,368
Gross profit	6,918,821	5,765,526
Selling, general and administrative expenses	5,300,534	6,350,314
Operating profit (loss)	1,618,287	(584,787)
Non-operating income		
Interest and dividend income	1,737	2,325
Guarantee commission received	6,878	6,971
Gain on sales of gold bullion	19,061	–
Foreign exchange gains	25,406	–
Other	4,311	4,624
Total non-operating income	57,396	13,921
Non-operating expenses		
Interest expenses	10,314	12,929
Commission expenses	108,239	130,696
Other	6,212	10,175
Total non-operating expenses	124,765	153,801
Ordinary profit (loss)	1,550,917	(724,667)
Extraordinary income		
Gain on cancellation of insurance policies	–	9,972
Total extraordinary income	–	9,972
Extraordinary losses		
Loss on retirement of non-current assets	9,957	–
Loss on termination of ESOP trust	10,925	–
Loss on cancellation of insurance policies	–	35,783
Total extraordinary losses	20,882	35,783
Profit (loss) before income taxes	1,530,034	(750,479)
Income taxes	522,495	(81,323)
Profit (loss)	1,007,538	(669,156)
Profit (loss) attributable to owners of parent	1,007,538	(669,156)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit (loss)	1,007,538	(669,156)
Other comprehensive income		
Valuation difference on available-for-sale securities	(47,612)	18,294
Total other comprehensive income	(47,612)	18,294
Comprehensive income	959,926	(650,862)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	959,926	(650,862)
Comprehensive income attributable to non-controlling interests	—	—