

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

Company name: Advance Create Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8798 URL <https://www.advancecreate.co.jp/>
 Representative: President Yoshiharu Hamada
 Inquiries: Officer, General Manager of Corporate Planning Division Akira Iwai TEL 06-6204-1193
 Scheduled date to file Quarterly Securities Report: August 12, 2022
 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, 2022 (from October 1, 2021 to June 30, 2022)

(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, 2022	8,823	5.2	1,618	0.2	1,550	1.0	1,007	(1.7)
Nine months ended June 30, 2021	8,391	9.5	1,615	113.2	1,535	119.1	1,024	138.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2022	46.04	–
Nine months ended June 30, 2021	47.39	–

(Note) The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. Earnings per share for the first quarter and diluted earnings per share for the first quarter 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
	Millions of yen	Millions of yen	%
As of June 30, 2022	11,920	6,844	57.4
As of September 30, 2021	11,808	6,723	56.9

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, 2021	–	30.00	–	15.00	–
Year ending September 30, 2022	–	15.00	–		
Year ending September 30, 2022 (Forecast)				17.50	32.50

(Note) Revision of dividend forecast to the latest announcement: Yes

Breakdown of fiscal year-end dividends for the fiscal year ended June 30, 2022

Ordinary dividend: ¥15.00 per share

Commemorative dividend: ¥2.50 per share

The Company conducted a 2-for-1 stock split of its common shares on April 1, 2021. The amounts stated for dividends for the 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	66.28

(Note) Revision to forecast of consolidated financial results since the last announcement: No

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2022
(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: No
- (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: Yes
- Changes in accounting policies due to other reasons: No
- 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, 2022	22,557,200 shares	As of September 30, 2021	22,557,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	702,578 shares	As of September 30, 2021	556,878 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, 2022	21,882,615 shares	Nine months ended June 30, 2021	21,613,694 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	3,337,578	1,681,257
Notes and accounts receivable - trade	1,406,935	2,065,524
Accounts receivable - other	2,456,697	2,564,836
Other	767,405	1,123,681
Total current assets	7,968,616	7,435,299
Non-current assets		
Property, plant and equipment	581,376	956,360
Intangible assets		
Software	697,685	874,112
Other	95,215	63,482
Total intangible assets	792,901	937,595
Investments and other assets		
Investment securities	328,571	261,667
Guarantee deposits	614,976	667,728
Insurance funds	740,584	755,773
Deferred tax assets	316,761	307,878
Other	446,648	585,466
Total investments and other assets	2,447,542	2,578,513
Total non-current assets	3,821,820	4,472,469
Deferred assets	17,950	12,897
Total assets	11,808,387	11,920,666
Liabilities		
Current liabilities		
Current portion of bonds payable	200,000	200,000
Income taxes payable	531,564	123,022
Accounts payable - other	1,144,394	1,299,305
Deposits received	464,141	387,797
Lease obligations	83,219	105,272
Provision for bonuses	180,663	93,187
Asset retirement obligations	8,099	–
Other	655,125	649,385
Total current liabilities	3,267,207	2,857,970
Non-current liabilities		
Long-term borrowings	86,020	282,320
Bonds payable	600,000	400,000
Lease obligations	375,093	648,561
Retirement benefit liability	392,700	407,329
Asset retirement obligations	206,711	285,763
Other	157,413	193,875
Total non-current liabilities	1,817,940	2,217,849
Total liabilities	5,085,148	5,075,819

(Thousands of yen)

	As of September 30, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,272,846	3,603,743
Treasury shares	(404,293)	(565,969)
Total shareholders' equity	6,612,582	6,781,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,656	63,044
Total accumulated other comprehensive income	110,656	63,044
Total net assets	6,723,239	6,844,847
Total liabilities and net assets	11,808,387	11,920,666

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, 2021	Nine months ended June 30, 2022
Net sales	8,391,478	8,823,722
Cost of sales	1,857,245	1,904,900
Gross profit	6,534,233	6,918,821
Selling, general and administrative expenses	4,919,115	5,300,534
Operating profit	1,615,117	1,618,287
Non-operating income		
Interest and dividend income	2,576	1,737
Gain on forfeiture of unclaimed dividends	796	729
Guarantee commission received	6,135	6,878
Gain on sales of gold bullion	–	19,061
Foreign exchange gains	8,193	25,406
Other	2,027	3,582
Total non-operating income	19,730	57,396
Non-operating expenses		
Interest expenses	8,125	10,314
Guarantee commission	1,042	817
Commission expenses	83,585	108,239
Other	6,988	5,394
Total non-operating expenses	99,742	124,765
Ordinary profit	1,535,105	1,550,917
Extraordinary losses		
Loss on store closings	16,475	–
Loss on retirement of non-current assets	3,644	9,957
Loss on termination of ESOP trust	–	10,925
Total extraordinary losses	20,120	20,882
Profit before income taxes	1,514,985	1,530,034
Income taxes - current	480,204	483,638
Income taxes - deferred	10,292	38,857
Total income taxes	490,497	522,495
Profit	1,024,487	1,007,538
Profit attributable to owners of parent	1,024,487	1,007,538

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
Profit	1,024,487	1,007,538
Other comprehensive income		
Valuation difference on available-for-sale securities	(28,428)	(47,612)
Total other comprehensive income	(28,428)	(47,612)
Comprehensive income	996,059	959,926
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	996,059	959,926
Comprehensive income attributable to non-controlling interests	—	—