

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2019 (Based on Japanese GAAP)

February 13, 2020

Company name: Advance Create Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8798 URL: <https://www.advancecreate.co.jp/>
 Representative: President Yoshiharu Hamada
 Inquiries: General Manager Kinji Yokoyama TEL 06-6204-1193
 Scheduled date to file Quarterly Securities Report: February 13, 2020
 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 three months ended December 31, 2019 (from October 1, 2019 to December 31, 2019)

(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	%
Three months ended December 31, 2019	2,638	4.6	295	8.0	278	7.3	177	5.5
Three months ended December 31, 2018	2,521	8.1	273	3.0	259	0.6	167	(8.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2019	17.13		–	
Three months ended December 31, 2018	16.15		16.00	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	8,153	4,530	55.6
As of September 30, 2019	8,168	4,591	56.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2019	–	25.00	–	25.00	50.00
Year ending September 30, 2020	–				
Year ending September 30, 2020 (Forecast)		25.00	–	25.00	50.00

3. Forecast of consolidated financial results for the year ending September 30, 2020 (from October 1, 2019 to September 30, 2020)

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	11,400	10.0	1,570	16.7	1,500	15.6	1,000	18.4	96.73

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2019
(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: No
 - 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 December 31, 2019	10,999,100 shares	As of September 30, 2019	10,999,100 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	659,989 shares	As of September 30, 2019	667,489 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2019	10,333,072 shares	Three months ended December 31, 2018	10,391,992 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	678,658	968,420
Notes and accounts receivable - trade	1,001,654	1,220,484
Accounts receivable - other	2,785,215	1,874,032
Other	548,064	751,958
Total current assets	5,013,592	4,814,895
Non-current assets		
Property, plant and equipment	583,674	579,213
Intangible assets		
Software	567,425	589,923
Other	7,513	17,586
Total intangible assets	574,939	607,510
Investments and other assets		
Investment securities	219,324	241,399
Guarantee deposits	635,850	639,080
Insurance funds	691,932	691,932
Deferred tax assets	298,340	254,173
Other	150,419	325,314
Total investments and other assets	1,995,867	2,151,899
Total non-current assets	3,154,482	3,338,623
Total assets	8,168,074	8,153,519
Liabilities		
Current liabilities		
Short-term borrowings	—	300,000
Income taxes payable	324,388	23,035
Accounts payable - other	911,581	960,647
Provision for bonuses	181,676	94,353
Other	1,021,395	1,077,095
Total current liabilities	2,439,041	2,455,131
Non-current liabilities		
Long-term borrowings	167,630	167,630
Retirement benefit liability	331,245	338,437
Asset retirement obligations	194,123	194,205
Other	444,663	467,741
Total non-current liabilities	1,137,662	1,168,013
Total liabilities	3,576,703	3,623,145

(Thousands of yen)

	As of September 30, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	2,915,314	2,915,314
Capital surplus	352,328	352,328
Retained earnings	2,424,075	2,334,919
Treasury shares	(1,139,440)	(1,125,466)
Total shareholders' equity	4,552,277	4,477,095
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38,693	53,278
Total accumulated other comprehensive income	38,693	53,278
Share acquisition rights	400	–
Total net assets	4,591,371	4,530,373
Total liabilities and net assets	8,168,074	8,153,519

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Net sales	2,521,923	2,638,828
Cost of sales	754,436	781,430
Gross profit	1,767,486	1,857,398
Selling, general and administrative expenses	1,494,186	1,562,293
Operating profit	273,300	295,104
Non-operating income		
Interest and dividend income	63	826
Gain on forfeiture of unclaimed dividends	450	498
Guarantee commission received	2,045	2,045
Other	573	696
Total non-operating income	3,132	4,066
Non-operating expenses		
Interest expenses	723	3,015
Guarantee commission	987	–
Commission expenses	15,239	17,855
Total non-operating expenses	16,949	20,870
Ordinary profit	259,483	278,299
Extraordinary income		
Gain on reversal of share acquisition rights	–	400
Total extraordinary income	–	400
Profit before income taxes	259,483	278,699
Income taxes - current	62,580	63,776
Income taxes - deferred	28,997	37,831
Total income taxes	91,578	101,607
Profit	167,904	177,091
Profit attributable to owners of parent	167,904	177,091

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit	167,904	177,091
Other comprehensive income		
Valuation difference on available-for-sale securities	(104,994)	14,584
Total other comprehensive income	(104,994)	14,584
Comprehensive income	62,909	191,676
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	62,909	191,676
Comprehensive income attributable to non-controlling interests	—	—