

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2021 (Based on Japanese GAAP)

August 13, 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 Kinji Yokoyama TEL 06-6204-1193
 Scheduled date to file Quarterly Securities Report: August 13, 2021
 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, 2021 (from October 1, 2020 to June 30, 2021)

(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, 2021	8,391	9.5	1,615	113.2	1,535	119.1	1,024	138.2
Nine months ended June 30, 2020	7,662	(0.3)	757	(20.9)	700	(23.2)	430	(30.0)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2021	47.39	–
Nine months ended June 30, 2020	20.59	–

(Note) The company conducted a stock split on April 1, 2021, at a ratio of 2 ordinary shares for each ordinary share. Consequently, basic net income per share for the third quarter are calculated on the assumption that the said stock split was implemented 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, 2021	11,186	6,429	57.5
As of September 30, 2020	10,312	5,610	54.4

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, 2020	–	25.00	–	25.00	50.00
Year ending September 30, 2021	–	30.00	–	–	–
Year ending September 30, 2021 (Forecast)	–	–	–	15.00	–

(Note) Revision of dividend forecast to the latest announcement No

The company conducted a stock split on April 1, 2021, at a ratio of 2 ordinary shares for each ordinary share. The amount of dividend showed above as the amount of dividend implemented before the second quarter of the fiscal year ending September 30, 2021 is equivalent to the actual amount paid before the stock split. The company plans to declare a cash dividend of 30 yen per share at the end of the fiscal year ending September 30, 2021, resulting in a total year dividend of 60 yen per share, which does not take the effect of such stock split into consideration.

3. Forecast of consolidated financial results for the year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

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	12,200	16.1	2,000	68.9	1,900	73.4	1,250	78.5	57.58

(Note) Revision of earnings forecast to the latest announcement No

The company conducted a stock split on April 1, 2021, at a ratio of 2 ordinary shares for each ordinary share. Consequently, net income per share on consolidated earnings forecast is calculated on the assumption that the said stock split was implemented at the beginning of the previous consolidated fiscal year.

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2021
(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 June 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 June 30, 2021	568,778 shares	As of September 30, 2020	600,478 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, 2021	21,613,694 shares	Nine months ended June 30, 2020	20,878,366 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	2,632,288	2,481,767
Notes and accounts receivable - trade	1,099,522	1,717,960
Accounts receivable - other	2,120,899	2,577,206
Income taxes receivable	15,225	–
Other	695,462	763,157
Total current assets	6,563,398	7,540,091
Non-current assets		
Property, plant and equipment	617,172	621,419
Intangible assets		
Software	518,631	709,676
Other	167,744	37,501
Total intangible assets	686,376	747,177
Investments and other assets		
Investment securities	351,506	312,100
Guarantee deposits	678,655	536,161
Insurance funds	716,258	731,447
Deferred tax assets	271,683	276,122
Other	403,056	402,364
Total investments and other assets	2,421,161	2,258,196
Total non-current assets	3,724,710	3,626,794
Deferred assets	24,688	19,634
Total assets	10,312,797	11,186,520
Liabilities		
Current liabilities		
Current portion of bonds payable	200,000	200,000
Income taxes payable	106,616	356,644
Accounts payable - other	1,087,762	1,119,039
Deposits received	410,212	427,610
Lease obligations	80,116	84,576
Provision for bonuses	183,305	91,627
Asset retirement obligations	6,777	–
Other	623,855	627,794
Total current liabilities	2,698,647	2,907,293
Non-current liabilities		
Long-term borrowings	127,630	108,910
Bonds payable	800,000	600,000
Lease obligations	369,609	394,767
Retirement benefit liability	356,206	378,226
Asset retirement obligations	214,016	214,768
Other	136,594	153,246
Total non-current liabilities	2,004,057	1,849,918
Total liabilities	4,702,704	4,757,211

	(Thousands of yen)	
	As of September 30, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	2,954,496	3,158,703
Capital surplus	381,117	585,325
Retained earnings	2,586,305	3,000,526
Treasury shares	(443,976)	(415,353)
Total shareholders' equity	5,477,943	6,329,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	128,534	100,106
Total accumulated other comprehensive income	128,534	100,106
Share acquisition rights	3,615	—
Total net assets	5,610,092	6,429,308
Total liabilities and net assets	10,312,797	11,186,520

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, 2020	Nine months ended June 30, 2021
Net sales	7,662,671	8,391,478
Cost of sales	2,314,259	1,857,245
Gross profit	5,348,411	6,534,233
Selling, general and administrative expenses	4,590,913	4,919,115
Operating profit	757,498	1,615,117
Non-operating income		
Interest and dividend income	2,977	2,576
Gain on forfeiture of unclaimed dividends	883	796
Guarantee commission received	6,135	6,135
Foreign exchange gains	887	8,193
Other	4,086	2,027
Total non-operating income	14,970	19,730
Non-operating expenses		
Interest expenses	8,853	8,125
Guarantee commission	324	1,042
Commission expenses	61,123	83,585
Other	1,381	6,988
Total non-operating expenses	71,683	99,742
Ordinary profit	700,785	1,535,105
Extraordinary income		
Gain on reversal of share acquisition rights	400	–
Total extraordinary income	400	–
Extraordinary losses		
Loss on COVID19	63,017	–
Loss on store closings	–	16,475
Loss on retirement of non-current assets	–	3,644
Total extraordinary losses	63,017	20,120
Profit before income taxes	638,168	1,514,985
Income taxes - current	178,029	480,204
Income taxes - deferred	30,107	10,292
Total income taxes	208,137	490,497
Profit	430,031	1,024,487
Profit attributable to owners of parent	430,031	1,024,487

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Nine months ended June 30, 2020	Nine months ended June 30, 2021
Profit	430,031	1,024,487
Other comprehensive income		
Valuation difference on available-for-sale securities	58,863	(28,428)
Total other comprehensive income	58,863	(28,428)
Comprehensive income	488,894	996,059
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	488,894	996,059
Comprehensive income attributable to non-controlling interests	-	-