

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 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: February 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts The company conducted a stock split on April 1st less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2021 (from October 1, 2021 to December 31, 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	%
Three months ended December 31, 2021	2,712	5.4	340	58.0	310	66.5	173	86.6
Three months ended December 31, 2020	2,573	(2.5)	215	(27.0)	186	(32.9)	92	(47.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2021	7.89		–	
Three months ended December 31, 2020	4.32		4.31	

(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 December 31, 2021	11,187	6,339	56.7
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	–	–	–	–	–
Year ending September 30, 2022 (Forecast)	–	15.00	–	15.00	30.00

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

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	66.31

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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: 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 December 31, 2021	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 December 31, 2021	720,478 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)

Three months ended December 31, 2021	21,961,824 shares	Three months ended December 31, 2020	21,502,854 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	3,337,578	1,857,889
Notes and accounts receivable - trade	1,406,935	1,301,619
Accounts receivable - other	2,456,697	3,050,040
Other	767,405	1,023,752
Total current assets	7,968,616	7,233,301
Non-current assets		
Property, plant and equipment	581,376	694,345
Intangible assets		
Software	697,685	790,078
Other	95,215	47,423
Total intangible assets	792,901	837,502
Investments and other assets		
Investment securities	328,571	273,197
Guarantee deposits	614,976	620,653
Insurance funds	740,584	740,584
Deferred tax assets	316,761	274,161
Other	446,648	497,523
Total investments and other assets	2,447,542	2,406,120
Total non-current assets	3,821,820	3,937,968
Deferred assets	17,950	16,266
Total assets	11,808,387	11,187,536
Liabilities		
Current liabilities		
Current portion of bonds payable	200,000	200,000
Income taxes payable	531,564	22,578
Accounts payable - other	1,144,394	1,348,120
Deposits received	464,141	516,430
Lease obligations	83,219	88,138
Provision for bonuses	180,663	89,555
Asset retirement obligations	8,099	8,099
Other	655,125	524,247
Total current liabilities	3,267,207	2,797,168
Non-current liabilities		
Long-term borrowings	86,020	300,000
Bonds payable	600,000	500,000
Lease obligations	375,093	430,991
Retirement benefit liability	392,700	397,316
Asset retirement obligations	206,711	231,608
Other	157,413	191,148
Total non-current liabilities	1,817,940	2,051,064
Total liabilities	5,085,148	4,848,233

(Thousands of yen)

	As of September 30, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,272,846	3,107,830
Treasury shares	(404,293)	(584,021)
Total shareholders' equity	6,612,582	6,267,838
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,656	71,464
Total accumulated other comprehensive income	110,656	71,464
Total net assets	6,723,239	6,339,303
Total liabilities and net assets	11,808,387	11,187,536

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, 2020	Three months ended December 31, 2021
Net sales	2,573,540	2,712,414
Cost of sales	736,908	609,096
Gross profit	1,836,632	2,103,318
Selling, general and administrative expenses	1,621,218	1,762,998
Operating profit	215,413	340,320
Non-operating income		
Interest and dividend income	778	87
Gain on forfeiture of unclaimed dividends	414	446
Guarantee commission received	2,045	2,230
Foreign exchange gains	–	3,077
Other	402	1,551
Total non-operating income	3,641	7,393
Non-operating expenses		
Interest expenses	2,189	2,109
Guarantee commission	375	296
Commission expenses	27,952	32,635
Other	1,844	1,750
Total non-operating expenses	32,362	36,792
Ordinary profit	186,692	310,921
Extraordinary losses		
Loss on retirement of non-current assets	3,224	1,202
Loss on store closings	19,459	–
Loss on termination of ESOP trust	–	10,925
Total extraordinary losses	22,684	12,127
Profit before income taxes	164,008	298,794
Income taxes - current	34,345	64,624
Income taxes - deferred	36,780	60,865
Total income taxes	71,126	125,489
Profit	92,881	173,304
Profit attributable to owners of parent	92,881	173,304

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit	92,881	173,304
Other comprehensive income		
Valuation difference on available-for-sale securities	10,018	(39,191)
Total other comprehensive income	10,018	(39,191)
Comprehensive income	102,899	134,112
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	102,899	134,112
Comprehensive income attributable to non-controlling interests	—	—