

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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: May 13, 2022  
 Scheduled date to commence dividend payments: June 1, 2022  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting (Japanese only): Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended March 31, 2022 (from October 1, 2021 to March 31, 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	%
Six months ended March 31, 2022	5,926	2.6	1,222	0.1	1,190	2.2	770	1.5
Six months ended March 31, 2021	5,778	3.6	1,221	42.5	1,164	41.7	759	37.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2022	35.19	-
Six months ended March 31, 2021	35.28	35.20

(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 March 31, 2022	11,960	6,906	57.7
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	-	15.00	-	-	-
Year ending September 30, 2022 (Forecast)	-	-	-	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	66.29

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 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 March 31, 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 March 31, 2022	714,978 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)

Six months ended March 31, 2022	21,901,032 shares	Six months ended March 31, 2021	21,526,310 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of September 30, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,337,578	2,258,617
Notes and accounts receivable - trade	1,406,935	2,085,715
Accounts receivable - other	2,456,697	2,146,675
Other	767,405	1,054,357
Total current assets	<u>7,968,616</u>	<u>7,545,366</u>
Non-current assets		
Property, plant and equipment	581,376	956,296
Intangible assets		
Software	697,685	784,395
Other	95,215	111,507
Total intangible assets	<u>792,901</u>	<u>895,903</u>
Investments and other assets		
Investment securities	328,571	221,514
Guarantee deposits	614,976	666,815
Insurance funds	740,584	740,584
Deferred tax assets	316,761	346,890
Other	446,648	572,609
Total investments and other assets	<u>2,447,542</u>	<u>2,548,414</u>
Total non-current assets	<u>3,821,820</u>	<u>4,400,613</u>
Deferred assets	17,950	14,581
Total assets	<u>11,808,387</u>	<u>11,960,561</u>
<b>Liabilities</b>		
Current liabilities		
Current portion of bonds payable	200,000	200,000
Income taxes payable	531,564	375,450
Accounts payable - other	1,144,394	960,113
Deposits received	464,141	402,010
Lease obligations	83,219	107,172
Provision for bonuses	180,663	169,558
Asset retirement obligations	8,099	–
Other	655,125	546,279
Total current liabilities	<u>3,267,207</u>	<u>2,760,584</u>
Non-current liabilities		
Long-term borrowings	86,020	282,320
Bonds payable	600,000	500,000
Lease obligations	375,093	634,305
Retirement benefit liability	392,700	402,004
Asset retirement obligations	206,711	285,700
Other	157,413	189,248
Total non-current liabilities	<u>1,817,940</u>	<u>2,293,579</u>
Total liabilities	<u>5,085,148</u>	<u>5,054,164</u>

(Thousands of yen)

	As of September 30, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,272,846	3,705,345
Treasury shares	(404,293)	(578,365)
Total shareholders' equity	6,612,582	6,871,009
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,656	35,388
Total accumulated other comprehensive income	110,656	35,388
Total net assets	6,723,239	6,906,397
Total liabilities and net assets	11,808,387	11,960,561

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Net sales	5,778,166	5,926,708
Cost of sales	1,313,441	1,217,392
Gross profit	4,464,725	4,709,316
Selling, general and administrative expenses	3,243,276	3,486,360
Operating profit	1,221,448	1,222,955
Non-operating income		
Interest and dividend income	2,421	1,735
Gain on forfeiture of unclaimed dividends	414	446
Guarantee commission received	4,090	4,554
Gain on sales of gold bullion	–	18,658
Foreign exchange gains	–	18,022
Other	1,922	2,676
Total non-operating income	8,847	46,093
Non-operating expenses		
Interest expenses	5,387	6,372
Guarantee commission	708	543
Commission expenses	56,187	68,487
Other	3,541	3,435
Total non-operating expenses	65,825	78,839
Ordinary profit	1,164,470	1,190,210
Extraordinary losses		
Loss on store closings	15,793	–
Loss on retirement of non-current assets	3,224	1,929
Loss on termination of ESOP trust	–	10,925
Total extraordinary losses	19,018	12,854
Profit before income taxes	1,145,451	1,177,355
Income taxes - current	390,106	400,192
Income taxes - deferred	(4,102)	6,343
Total income taxes	386,003	406,536
Profit	759,448	770,819
Profit attributable to owners of parent	759,448	770,819

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Profit	759,448	770,819
Other comprehensive income		
Valuation difference on available-for-sale securities	(23,305)	(75,268)
Total other comprehensive income	(23,305)	(75,268)
Comprehensive income	736,142	695,550
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	736,142	695,550
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,145,451	1,177,355
Depreciation	227,360	209,855
Increase (decrease) in provision for bonuses	(4,855)	(11,105)
Increase (decrease) in retirement benefit liability	17,170	9,303
Interest and dividend income	(2,421)	(1,735)
Interest expenses on borrowings and bonds	5,387	6,372
Amortization of deferred assets	3,368	3,368
Gain on sales of gold bullion	–	(18,658)
Loss on store closings	15,793	–
Loss on retirement of non-current assets	3,224	1,929
Loss on termination of ESOP trust	–	10,925
Decrease (increase) in trade receivables	(656,366)	(678,780)
Decrease (increase) in accounts receivable - other	(476,688)	309,680
Decrease (increase) in deposits paid	(37,444)	(139,314)
Decrease (increase) in long-term prepaid expenses	17,550	(144,760)
Increase (decrease) in accrued consumption taxes	(72,945)	(160,420)
Increase (decrease) in accounts payable - other	4,051	(189,702)
Other, net	108,286	(188,228)
Subtotal	296,924	196,084
Interest and dividends received	1,428	1,088
Interest paid	(4,765)	(6,468)
Income taxes paid	(70,167)	(552,318)
Net cash provided by (used in) operating activities	223,420	(361,614)
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,380)	(72,278)
Purchase of investment securities	(1,255)	(1,367)
Purchase of intangible assets	(187,719)	(232,458)
Payments of guarantee deposits	(13,630)	(59,038)
Proceeds from refund of guarantee deposits	993	7,540
Other, net	(66,269)	73,391
Net cash provided by (used in) investing activities	(304,263)	(284,211)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	300,000
Repayments of long-term borrowings	(18,720)	(103,700)
Purchase of treasury shares	–	(298,636)
Proceeds from disposal of treasury shares	18,653	132,925
Redemption of bonds	(100,000)	(100,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	113,415	–
Dividends paid	(275,083)	(337,726)
Other, net	(42,310)	(49,249)
Net cash provided by (used in) financing activities	(304,046)	(456,386)
Effect of exchange rate change on cash and cash equivalents	–	18,022
Net increase (decrease) in cash and cash equivalents	(384,889)	(1,084,189)
Cash and cash equivalents at beginning of period	2,537,216	3,206,034
Cash and cash equivalents at end of period	2,152,327	2,121,844