

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2022 (Based on Japanese GAAP)

February 10, 2023

Company name: Advance Create Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo, Fukuoka
 Stock code: 8798 URL <https://www.advancecreate.co.jp/>
 Representative: President Yoshiharu Hamada
 Director and General Manager of Administration Division Kinji Yokoyama TEL 06-6204-1193
 Scheduled date to file Quarterly Securities Report: February 10, 2023
 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, 2022 (from October 1, 2022 to December 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	%
Three months ended December 31, 2022	2,733	0.8	(391)	–	(421)	–	(355)	–
Three months ended December 31, 2021	2,712	5.4	340	58.0	310	66.5	173	86.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2022	(16.23)	–
Three months ended December 31, 2021	7.89	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	12,074	6,420	53.2
As of September 30, 2022	12,491	7,145	57.2

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, 2022	–	15.00	–	17.50	32.50
Year ending September 30, 2023	–				
Year ending September 30, 2023 (Forecast)		17.50	–	17.50	35.00

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

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	16,680	40.6	3,220	56.2	3,030	50.4	1,970	50.1	90.02

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 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: 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, 2022	22,557,200 shares	As of September 30, 2022	22,557,200 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	671,678 shares	As of September 30, 2022	689,178 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, 2022	21,871,872 shares	Three months ended December 31, 2021	21,961,824 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	2,273,548	1,391,538
Accounts receivable - trade	2,231,307	2,182,817
Accounts receivable - other	2,261,020	2,417,283
Other	1,090,946	1,292,639
Total current assets	7,856,821	7,284,279
Non-current assets		
Property, plant and equipment	1,073,502	1,076,583
Intangible assets		
Software	900,317	894,834
Other	102,359	150,468
Total intangible assets	1,002,676	1,045,302
Investments and other assets		
Investment securities	119,164	130,983
Guarantee deposits	694,850	693,723
Insurance funds	764,910	764,910
Deferred tax assets	379,101	486,675
Other	588,880	582,187
Total investments and other assets	2,546,906	2,658,480
Total non-current assets	4,623,086	4,780,366
Deferred assets	11,213	9,528
Total assets	12,491,121	12,074,174
Liabilities		
Current liabilities		
Short-term borrowings	–	500,000
Current portion of bonds payable	200,000	200,000
Income taxes payable	342,449	49,433
Accounts payable - other	1,110,741	1,638,158
Deposits received	395,611	484,239
Lease liabilities	110,000	105,920
Provision for bonuses	178,002	88,983
Other	668,298	487,548
Total current liabilities	3,005,103	3,554,284
Non-current liabilities		
Long-term borrowings	256,250	256,250
Bonds payable	400,000	300,000
Lease liabilities	704,300	685,974
Retirement benefit liability	416,197	425,708
Asset retirement obligations	304,576	304,648
Other	259,227	126,725
Total non-current liabilities	2,340,551	2,099,307
Total liabilities	5,345,655	5,653,592

(Thousands of yen)

	As of September 30, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	3,158,703	3,158,703
Capital surplus	585,325	585,325
Retained earnings	3,908,226	3,158,372
Treasury shares	(552,474)	(534,799)
Total shareholders' equity	7,099,781	6,367,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,684	52,979
Total accumulated other comprehensive income	45,684	52,979
Total net assets	7,145,466	6,420,581
Total liabilities and net assets	12,491,121	12,074,174

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, 2021	Three months ended December 31, 2022
Net sales	2,712,414	2,733,687
Cost of sales	609,096	842,254
Gross profit	2,103,318	1,891,433
Selling, general and administrative expenses	1,762,998	2,282,626
Operating profit (loss)	340,320	(391,193)
Non-operating income		
Interest and dividend income	87	2
Guarantee commission received	2,230	2,323
Foreign exchange gains	3,077	13,702
Other	1,997	1,381
Total non-operating income	7,393	17,409
Non-operating expenses		
Interest expenses	2,109	3,533
Commission expenses	32,635	42,294
Other	2,047	1,939
Total non-operating expenses	36,792	47,767
Ordinary profit (loss)	310,921	(421,551)
Extraordinary losses		
Loss on retirement of non-current assets	1,202	–
Loss on termination of ESOP trust	10,925	–
Total extraordinary losses	12,127	–
Profit (loss) before income taxes	298,794	(421,551)
Income taxes - current	64,624	21,703
Income taxes - deferred	60,865	(88,107)
Total income taxes	125,489	(66,403)
Profit (loss)	173,304	(355,147)
Profit (loss) attributable to owners of parent	173,304	(355,147)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss)	173,304	(355,147)
Other comprehensive income		
Valuation difference on available-for-sale securities	(39,191)	7,295
Total other comprehensive income	(39,191)	7,295
Comprehensive income	134,112	(347,852)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	134,112	(347,852)
Comprehensive income attributable to non-controlling interests	—	—