

May 15, 2025

Consolidated Financial Results for the Six Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: Advance Create Co., Ltd.
 Listing: Tokyo Stock Exchange / Sapporo Stock Exchange / Fukuoka Stock Exchange
 Securities code: 8798
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 Scheduled date to file semi-annual securities report: May 15, 2025
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended March 31, 2025 (from October 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(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, 2025	2,720	(39.3)	(1,037)	-	(1,138)	-	(1,622)	-
March 31, 2024	4,479	(28.3)	92	(88.5)	82	(88.5)	(332)	-

Note: Comprehensive income For the six months ended March 31, 2025: ¥(1,622) million [-%]
 For the six months ended March 31, 2024: ¥(388) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2025	(72.43)	-
March 31, 2024	(15.16)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	6,292	(6,535)	(104.1)
September 30, 2024	7,174	(4,973)	(69.5)

Reference: Equity
 As of March 31, 2025: ¥(6,547) million
 As of September 30, 2024: ¥(4,986) million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2024	-	17.50	-	0.00	17.50
Fiscal year ending September 30, 2025	-	0.00			
Fiscal year ending September 30, 2025 (Forecast)					

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending September 30, 2025	7,400	(5.8)	50	-	(270)	-	(840)	-	(37.48)

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

Note: For details, see "2. Interim Consolidated Financial Statements and Key Notes (4) Notes on Interim Consolidated Financial Statements (Notes on Accounting Procedures Specific to the Preparation of Interim Consolidated Financial Statements)" in this article.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: Yes

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	22,988,200 shares
As of September 30, 2024	22,937,400 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	571,472 shares
As of September 30, 2024	595,929 shares

(iii) Average number of shares outstanding during the period(cumulative from the beginning of the fiscal year)

Six months ended March 31, 2025	22,401,119 shares
Six months ended March 31, 2024	21,927,840 shares

Note: The number of treasury shares to be deducted from the calculation of the number of treasury shares at the end of the fiscal year and the average number of shares during the period is included in the "Employee Stock Ownership Association Support Trust ESOP" system.

As such trust assets, the Company's shares owned by Japan Custody Bank, Ltd. (trust account) and the "Stock Benefit Trust (J-ESOP)" system, including shares of the Company owned by Japan Custody Bank, Ltd. (Trust E Account)

Yes, we do.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. For the conditions on which earnings forecasts are predicated and precautions for using earnings forecasts, please refer to "1. Summary of Operating Results, etc. (3) Explanation of Forward-Looking Information such as Consolidated Earnings Forecasts."

Semi-annual consolidated balance sheet

(Thousands of yen)

	As of September 30, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	994,480	374,722
Accounts receivable - trade	2,472,312	2,223,888
Accounts receivable - other	279,615	292,718
Consumption taxes refund receivable	390,121	520,093
Income taxes refund receivable	1,222,384	1,218,979
Other	551,724	561,899
Total current assets	5,910,640	5,192,301
Non-current assets		
Property, plant and equipment	1,854	1,456
Intangible assets		
Software	115,518	95,180
Total intangible assets	115,518	95,180
Investments and other assets		
Investment securities	30,390	31,842
Long-term prepaid expenses	930	539
Guarantee deposits	800,480	778,067
Insurance funds	124,253	-
Deferred tax assets	141,694	146,280
Other	33,758	35,936
Total investments and other assets	1,131,508	992,667
Total non-current assets	1,248,880	1,089,303
Deferred assets	14,590	10,826
Total assets	7,174,111	6,292,431

	As of September 30, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	70,563	49,779
Short-term borrowings	2,717,500	3,675,656
Current portion of bonds payable	300,000	150,000
Income taxes payable	210	32,552
Accounts payable - other	1,190,588	1,276,083
Deposits received	246,047	192,924
Adjustment account of liquidation, liabilities	441,940	465,025
Lease liabilities	128,072	124,181
Provision for bonuses	121,711	141,343
Other	553,691	536,734
Total current liabilities	5,770,324	6,644,281
Non-current liabilities		
Long-term borrowings	164,570	155,900
Bonds payable	350,000	350,000
Adjustment account of liquidation, liabilities	4,348,150	4,142,548
Lease liabilities	576,899	515,779
Provision for loss on guarantees	-	95,955
Retirement benefit liability	379,447	374,719
Asset retirement obligations	466,897	461,906
Other	91,461	86,353
Total non-current liabilities	6,377,426	6,183,163
Total liabilities	12,147,751	12,827,444
Net assets		
Shareholders' equity		
Share capital	3,337,212	3,357,076
Capital surplus	460,893	480,756
Retained earnings	(8,360,788)	(9,983,498)
Treasury shares	(423,815)	(402,390)
Total shareholders' equity	(4,986,498)	(6,548,055)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(99)	490
Total accumulated other comprehensive income	(99)	490
Share acquisition rights	12,958	12,552
Total net assets	(4,973,639)	(6,535,013)
Total liabilities and net assets	7,174,111	6,292,431

Semi-annual consolidated statement of income

(Thousands of yen)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Net sales	4,479,009	2,720,050
Cost of sales	1,036,277	715,396
Gross profit	3,442,731	2,004,654
Selling, general and administrative expenses	3,349,919	3,042,607
Operating profit (loss)	92,812	(1,037,953)
Non-operating income		
Interest and dividend income	2,575	1,493
Guarantee commission income	4,647	4,647
Gain on sale of investment securities	92,770	-
Gain on sales of gold bullion	7,430	-
Other	5,886	2,516
Total non-operating income	113,311	8,657
Non-operating expenses		
Interest expenses	14,772	35,707
Commission expenses	101,171	58,164
Foreign exchange losses	5,881	7,188
Other	2,102	7,812
Total non-operating expenses	123,927	108,873
Ordinary profit (loss)	82,196	(1,138,168)
Extraordinary losses		
Loss on store closings	-	11,792
Impairment losses	398,821	144,474
Provision for loss on guarantees	-	95,955
Loss on cancellation of insurance policies	-	35,290
Special investigation costs	-	34,195
Costs related to prior year adjustments	-	130,945
Total extraordinary losses	398,821	452,653
Loss before income taxes	(316,624)	(1,590,822)
Income taxes	15,880	31,886
Loss	(332,505)	(1,622,709)
Loss attributable to owners of parent	(332,505)	(1,622,709)

Semi-annual consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Loss	(332,505)	(1,622,709)
Other comprehensive income		
Valuation difference on available-for-sale securities	(56,352)	589
Total other comprehensive income	(56,352)	589
Comprehensive income	(388,857)	(1,622,119)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(388,857)	(1,622,119)
Comprehensive income attributable to non-controlling interests	-	-

Semi-annual consolidated statement of cash flows

(Thousands of yen)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Cash flows from operating activities		
Loss before income taxes	(316,624)	(1,590,822)
Depreciation	42,614	34,535
Impairment losses	398,821	144,474
Increase (decrease) in provision for loss on guarantees	-	95,955
Increase (decrease) in provision for bonuses	(26,712)	19,632
Increase (decrease) in retirement benefit liability	(27,536)	(7,558)
Interest and dividend income	(2,575)	(1,493)
Interest expenses on borrowings and bonds	14,772	35,707
Amortization of deferred assets	1,962	3,764
Loss on store closings	-	11,792
Loss (gain) on sale of investment securities	(92,770)	-
Foreign exchange losses (gains)	5,879	7,188
Gain on sales of gold bullion	(7,430)	325
Loss (gain) on cancellation of insurance policies	-	35,290
Decrease (increase) in trade receivables	(1,473,691)	248,424
Decrease (increase) in accounts receivable - other	274,884	(13,102)
Increase (decrease) in Adjustment account of liquidation, liabilities	(83,748)	(182,517)
Decrease (increase) in deposits paid	(57,049)	621
Decrease (increase) in long-term prepaid expenses	52,565	390
Increase (decrease) in accrued consumption taxes	(36,520)	-
Decrease (increase) in consumption taxes refund receivable	-	(129,971)
Increase (decrease) in accounts payable - other	(122,515)	91,463
Other, net	(251,714)	(126,426)
Subtotal	(1,707,391)	(1,322,324)
Interest and dividends received	2,571	1,477
Interest paid	(14,491)	(34,963)
Income taxes paid	(66,057)	(11,282)
Income taxes refund	374,026	4,883
Net cash provided by (used in) operating activities	(1,411,343)	(1,362,209)

	Six months ended March 31, 2024	Six months ended March 31, 2025
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,017)	(1,609)
Purchase of investment securities	(1,999)	(646)
Proceeds from sale of investment securities	117,371	-
Purchase of intangible assets	(327,970)	(162,215)
Proceeds from cancellation of insurance funds	-	88,963
Payments of guarantee deposits	(1,146)	(10,721)
Proceeds from refund of guarantee deposits	53,258	33,133
Other, net	62,926	4,331
Net cash provided by (used in) investing activities	(114,577)	(48,765)
Cash flows from financing activities		
Changes in short-term borrowings (indicates a decrease)	1,612,000	958,156
Repayments of long-term borrowings	-	(8,670)
Proceeds from disposal of treasury shares	27,059	25,848
Proceeds from issuance of bonds	494,330	-
Redemption of bonds	(100,000)	(150,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	39,320
Dividends paid	(393,404)	(337)
Other, net	(66,285)	(65,010)
Net cash provided by (used in) financing activities	1,573,700	799,306
Effect of exchange rate change on cash and cash equivalents	(5,879)	(7,188)
Net increase (decrease) in cash and cash equivalents	41,900	(618,856)
Cash and cash equivalents at beginning of period	1,191,745	941,173
Cash and cash equivalents at end of period	1,233,645	322,316

(Notes on segment information, etc.)

I. Previous interim consolidated accounting period (October 1, 2023 to March 31, 2024)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Unit: 1 thousand yen)

	Reportable segments						Adjustment amount (Note) 1	Interim Consolidated Statements of Income (Note)2
	Insurance agency business (Note)3	ASP	Media agency	Mediarepp	reinsurance	Total		
Sales								
Revenue generated from customer contracts	2,325,202	146,164	1,154,871	267,962	584,808	4,479,009	-	4,479,009
Other Earnings	-	-	-	-	-	-	-	-
Revenues from external customers	2,325,202	146,164	1,154,871	267,962	584,808	4,479,009	-	4,479,009
Transactions with other segments	838,369	-	-	106,721	-	945,091	(945,091)	-
Total	3,163,572	146,164	1,154,871	374,683	584,808	5,424,100	(945,091)	4,479,009
Segment profit (loss)	(321,750)	53,959	249,793	12,200	72,500	66,702	26,109	92,812

Note: 1. The adjustment amount of 26,109 thousand yen for segment profit or loss (loss) is due to the elimination of inter-segment transactions.

2. The total amount of segment profit or loss (loss) is in line with operating income in the interim consolidated statement of income.

3. Reported Segment: Revenue of the Insurance Agency Business by Life Insurance and Non-Life Insurance segments

The highs are as follows:

(Unit: 1 thousand yen)

	Insurance Agency Business Segment		
Sales	life insurance	Non-life insurance	Total
Sales to external customers	2,106,338	218,864	2,325,202
Internal sales or transfers between segments	796,525	41,844	838,369
Total	2,902,863	260,708	3,163,572

2. Information on Impairment Losses on Fixed Assets by Reporting Segment

(Significant impairment loss on fixed assets)

In the Insurance Agency segment, due to a decline in profitability, the book value was reduced to an recoverable amount, and the decrease was recorded as an extraordinary loss as an impairment loss.

The amount of the impairment loss recorded was 398,821 thousand yen for the interim consolidated accounting period.

II. Interim Consolidated Accounting Period (October 1, 2024 to March 31, 2025)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Unit: 1 thousand yen)

	Reportable segments						Adjustment amount (Note) 1	Interim Consolidated Statements of Income (Note)2
	Insurance agency business (Note)3	ASP	Media agency	Mediarepp	reinsurance	Total		
Sales								
Revenue generated from customer contracts	1,946,176	152,355	38,635	74,318	508,564	2,720,050	-	2,720,050
Other Earnings	-	-	-	-	-	-	-	-
Revenues from external customers	1,946,176	152,355	38,635	74,318	508,564	2,720,050	-	2,720,050
Transactions with other segments	28,861	-	-	149,878	-	178,739	(178,739)	-
Total	1,975,037	152,355	38,635	224,197	508,564	2,898,790	(178,739)	2,720,050
Segment profit (loss)	(1,075,756)	59,548	(16,242)	(58,566)	32,018	(1,058,998)	21,045	(1,037,953)

Note: 1. The adjustment amount of 21,045 thousand yen for segment profit or loss (loss) is due to the elimination of inter-segment transactions.

2. The total amount of segment profit or loss (loss) is consistent with the operating loss in the interim consolidated statements of income.

3. Reported Segment: Revenue of the Insurance Agency Business by Life Insurance and Non-Life Insurance segments

The highs are as follows:

(Unit: 1 thousand yen)

	Insurance Agency Business Segment		
Sales	life insurance	Non-life insurance	Total
Sales to external customers	1,836,321	109,855	1,946,176
Internal sales or transfers between segments	21,661	7,200	28,861
Total	1,857,982	117,055	1,975,037

2. Information on Impairment Losses on Fixed Assets by Reporting Segment

(Significant impairment loss on fixed assets)

In the Insurance Agency segment, due to a decline in profitability, the book value was reduced to an recoverable amount, and the decrease was recorded as an extraordinary loss as an impairment loss.

The amount of the impairment loss recorded was 144,474 thousand yen in the interim consolidated accounting period.