

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 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 |
|-------------------------|-------------------|--------------------------|-------------------|

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 |
|-------------------------|----------------|--------------------------|----------------|

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 |
|--------------------------------------|-------------------|--------------------------------------|-------------------|

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 | — | — |