

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2020 (Based on Japanese GAAP)

August 13, 2020

Company name: Advance Create Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 8798 URL <https://www.advancecreate.co.jp/>
 Representative: President&Chief Executive Officer Yoshiharu Hamada
 Inquiries: General Manager Kinji Yokoyama TEL 06-6204-1193
 Scheduled date to file Quarterly Securities Report: August 13, 2020
 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 nine months ended June 30, 2020 (from October 1, 2019 to June 30, 2020)

(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	%
Nine months ended June 30, 2020	7,662	(0.3)	757	(20.9)	700	(23.2)	430	(30.0)
Nine months ended June 30, 2019	7,687	10.8	957	17.0	912	14.8	614	12.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended June 30, 2020	41.19		–	
Nine months ended June 30, 2019	59.31		58.95	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	9,580	5,045	52.6
As of September 30, 2019	8,168	4,591	56.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2019	–	25.00	–	25.00	50.00
Year ending September 30, 2020	–	25.00	–		
Year ending September 30, 2020 (Forecast)				25.00	50.00

3. Forecast of consolidated financial results for the year ending September 30, 2020 (from October 1, 2019 to September 30, 2020)

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	11,400	10.0	1,570	16.7	1,500	15.6	1,000	18.4	95.42

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2020
 (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 June 30, 2020	10,999,100 shares	As of September 30, 2019	10,999,100 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	401,539 shares	As of September 30, 2019	667,489 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2020	10,439,183 shares	Nine months ended June 30, 2019	10,351,898 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	678,658	1,505,114
Notes and accounts receivable - trade	1,001,654	1,808,992
Accounts receivable - other	2,785,215	1,770,785
Other	548,064	882,898
Total current assets	5,013,592	5,967,790
Non-current assets		
Property, plant and equipment	583,674	648,309
Intangible assets		
Software	567,425	551,949
Other	7,513	132,078
Total intangible assets	574,939	684,027
Investments and other assets		
Investment securities	219,324	305,765
Guarantee deposits	635,850	678,438
Insurance funds	691,932	707,121
Deferred tax assets	298,340	242,960
Other	150,419	319,927
Total investments and other assets	1,995,867	2,254,213
Total non-current assets	3,154,482	3,586,549
Deferred assets	–	26,372
Total assets	8,168,074	9,580,713
Liabilities		
Current liabilities		
Current portion of bonds	–	200,000
Income taxes payable	324,388	4,806
Accounts payable - other	911,581	1,128,995
Provision for bonuses	181,676	92,247
Asset retirement obligations	–	6,777
Other	1,021,395	1,058,956
Total current liabilities	2,439,041	2,491,783
Non-current liabilities		
Long-term borrowings	167,630	147,190
Bonds payable	–	800,000
Retirement benefit liability	331,245	359,286
Asset retirement obligations	194,123	207,828
Other	444,663	528,792
Total non-current liabilities	1,137,662	2,043,097
Total liabilities	3,576,703	4,534,881

(Thousands of yen)

	As of September 30, 2019	As of June 30, 2020
Net assets		
Shareholders' equity		
Share capital	2,915,314	2,915,314
Capital surplus	352,328	347,096
Retained earnings	2,424,075	2,315,924
Treasury shares	(1,139,440)	(635,701)
Total shareholders' equity	4,552,277	4,942,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	38,693	97,556
Total accumulated other comprehensive income	38,693	97,556
Share acquisition rights	400	5,640
Total net assets	4,591,371	5,045,831
Total liabilities and net assets	8,168,074	9,580,713

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

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Nine months ended June 30, 2019	Nine months ended June 30, 2020
Net sales	7,687,997	7,662,671
Cost of sales	2,254,405	2,314,259
Gross profit	5,433,592	5,348,411
Selling, general and administrative expenses	4,476,487	4,590,913
Operating profit	957,104	757,498
Non-operating income		
Interest and dividend income	3,779	2,977
Gain on forfeiture of unclaimed dividends	450	883
Guarantee commission received	6,135	6,135
Other	1,283	4,974
Total non-operating income	11,648	14,970
Non-operating expenses		
Interest expenses	2,354	8,853
Guarantee commission	3,980	324
Commission expenses	49,316	61,123
Other	713	1,381
Total non-operating expenses	56,365	71,683
Ordinary profit	912,387	700,785
Extraordinary income		
Gain on reversal of share acquisition rights	—	400
Total extraordinary income	—	400
Extraordinary losses		
Loss on COVID19	—	63,017
Total extraordinary losses	—	63,017
Profit before income taxes	912,387	638,168
Income taxes - current	286,274	178,029
Income taxes - deferred	12,072	30,107
Total income taxes	298,346	208,137
Profit	614,041	430,031
Profit attributable to owners of parent	614,041	430,031

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended June 30, 2019	Nine months ended June 30, 2020
Profit	614,041	430,031
Other comprehensive income		
Valuation difference on available-for-sale securities	(76,277)	58,863
Total other comprehensive income	(76,277)	58,863
Comprehensive income	537,763	488,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	537,763	488,894
Comprehensive income attributable to non-controlling interests	—	—