

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2019  
(Based on Japanese GAAP)**

May 10, 2019

Company name: CREO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 9698 URL <https://www.creo.co.jp>  
 Representative: President and Representative Director Junichi Kakizaki  
 Inquiries: Managing Director, Operating officer Kazuhiko Toriya TEL 03-5783-3560  
 Scheduled date of ordinary general meeting of shareholders: June 25, 2019  
 Scheduled date to file Securities Report: June 28, 2019  
 Scheduled date to commence dividend payments: June 26, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts, financial institutions, institutional investors and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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	%
Year ended March 31, 2019	13,526	10.3	670	63.3	706	54.3	664	117.4
Year ended March 31, 2018	12,268	6.1	410	38.3	457	37.3	305	14.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	80.05	–	12.0	8.9	5.0
Year ended March 31, 2018	36.79	–	5.9	6.2	3.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	8,433	5,861	69.0	701.42
As of March 31, 2018	7,525	5,315	70.2	636.37

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	900	(236)	(135)	4,012
Year ended March 31, 2018	429	(109)	(165)	3,483

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	0.00	–	15.00	15.00	124	40.8	2.4
Year ended March 31, 2019	–	0.00	–	25.00	25.00	207	31.2	3.7
Year ending March 31, 2020 (Forecast)	–	–	–	34.00	34.00		41.5	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 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
Six months ending September 30, 2019	6,750	9.2	230	50.4	250	35.4	150	15.6	18.07
Full year	15,000	10.9	1,000	49.1	1,030	45.7	680	2.3	81.94

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	8,650,369 shares	As of March 31, 2018	8,650,369 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	351,218 shares	As of March 31, 2018	350,927 shares
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Average number of shares during the period

Year ended March 31, 2019	8,299,318 shares	Year ended March 31, 2018	8,309,239 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	3,483	4,012
Notes and accounts receivable - trade	2,514	2,761
Merchandise and finished goods	4	15
Work in process	235	225
Other	206	177
Total current assets	6,445	7,192
Non-current assets		
Property, plant and equipment		
Buildings and structures	310	294
Accumulated depreciation and impairment loss	(88)	(92)
Buildings and structures, net	221	201
Tools, furniture and fixtures	172	177
Accumulated depreciation and impairment loss	(108)	(113)
Tools, furniture and fixtures, net	63	64
Leased assets	40	41
Accumulated depreciation	(16)	(22)
Leased assets, net	24	19
Land	18	18
Total property, plant and equipment	328	303
Intangible assets		
Goodwill	93	—
Patent right	1	1
Software	272	223
Software in progress	95	52
Other	0	0
Total intangible assets	463	276
Investments and other assets		
Investment securities	3	41
Deferred tax assets	11	296
Other	296	346
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	288	660
Total non-current assets	1,079	1,240
Total assets	7,525	8,433

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	518	671
Accounts payable - other	324	304
Income taxes payable	119	178
Provision for bonuses	485	545
Provision for bonuses for directors (and other officers)	5	21
Other	615	726
<b>Total current liabilities</b>	<b>2,067</b>	<b>2,446</b>
<b>Non-current liabilities</b>		
Accrued directors' retirement benefits	26	26
Asset retirement obligations	63	67
Other	52	31
<b>Total non-current liabilities</b>	<b>142</b>	<b>124</b>
<b>Total liabilities</b>	<b>2,210</b>	<b>2,571</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,149	3,149
Capital surplus	562	562
Retained earnings	1,718	2,258
Treasury shares	(148)	(149)
<b>Total shareholders' equity</b>	<b>5,281</b>	<b>5,820</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	0	0
<b>Total accumulated other comprehensive income</b>	<b>0</b>	<b>0</b>
<b>Non-controlling interests</b>	<b>33</b>	<b>40</b>
<b>Total net assets</b>	<b>5,315</b>	<b>5,861</b>
<b>Total liabilities and net assets</b>	<b>7,525</b>	<b>8,433</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	12,268	13,526
Cost of sales	9,722	10,639
Gross profit	2,545	2,887
Selling, general and administrative expenses		
Promotion expenses	4	20
Advertising expenses	79	93
Salaries, allowances and bonuses	810	771
Retirement benefit expenses	29	29
Provision for bonuses	72	82
Provision for bonuses for directors (and other officers)	5	21
Other	1,134	1,197
Total selling, general and administrative expenses	2,134	2,216
Operating profit	410	670
Non-operating income		
Interest income	2	1
Dividend income	0	0
Subsidy income	35	29
Other	10	8
Total non-operating income	49	38
Non-operating expenses		
Interest expenses	0	0
Loss on investments in partnership	–	1
Other	0	0
Total non-operating expenses	1	2
Ordinary profit	457	706
Extraordinary income		
Gain on sales of investment securities	2	–
Total extraordinary income	2	–
Extraordinary losses		
Loss on retirement of non-current assets	2	4
appraisal loss software	20	25
Impairment loss	–	93
Other	1	0
Total extraordinary losses	23	124
Profit before income taxes	436	581
Income taxes - current	125	209
Income taxes - deferred	1	(300)
Total income taxes	127	(91)
Profit	309	672
Profit attributable to non-controlling interests	3	8
Profit attributable to owners of parent	305	664

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	309	672
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	0
Total other comprehensive income	(1)	0
Comprehensive income	308	672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	304	664
Comprehensive income attributable to non-controlling interests	3	8

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,149	562	1,521	(106)	5,127
Changes of items during period					
Dividends of surplus			(109)		(109)
Profit attributable to owners of parent			305		305
Purchase of treasury shares				(42)	(42)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	196	(42)	154
Balance at end of current period	3,149	562	1,718	(148)	5,281

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	1	1	31	5,160
Changes of items during period				
Dividends of surplus				(109)
Profit attributable to owners of parent				305
Purchase of treasury shares				(42)
Net changes of items other than shareholders' equity	(1)	(1)	2	0
Total changes of items during period	(1)	(1)	2	154
Balance at end of current period	0	0	33	5,315

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,149	562	1,718	(148)	5,281
Changes of items during period					
Dividends of surplus			(124)		(124)
Profit attributable to owners of parent			664		664
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	539	(0)	539
Balance at end of current period	3,149	562	2,258	(149)	5,820

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	0	0	33	5,315
Changes of items during period				
Dividends of surplus				(124)
Profit attributable to owners of parent				664
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	0	0	6	7
Total changes of items during period	0	0	6	546
Balance at end of current period	0	0	40	5,861

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	436	581
Depreciation	264	251
Amortization of goodwill	38	36
Increase (decrease) in provision for bonuses	89	59
Increase (decrease) in provision for bonuses for directors (and other officers)	1	16
Increase (decrease) in retirement benefit liability	1	–
Interest and dividend income	(2)	(1)
Interest expenses	0	0
Loss (gain) on investments in partnership	–	1
Loss on retirement of property, plant and equipment	0	4
Loss on retirement of intangible assets	1	0
Impairment loss	–	93
Loss (gain) on sales and valuation of investment securities	(2)	0
appraisal loss software	20	25
Decrease (increase) in notes and accounts receivable - trade	(279)	(246)
Decrease (increase) in inventories	(92)	(0)
Increase (decrease) in notes and accounts payable - trade	(12)	152
Increase (decrease) in accounts payable - other	32	(23)
Increase (decrease) in accrued consumption taxes	(49)	38
Other, net	86	49
Subtotal	534	1,041
Interest and dividend income received	2	1
Interest expenses paid	(0)	(0)
Income taxes paid	(105)	(141)
Net cash provided by (used in) operating activities	429	900
Cash flows from investing activities		
Purchase of property, plant and equipment	(20)	(21)
Purchase of intangible assets	(139)	(167)
Purchase of investment securities	–	(40)
Proceeds from sales of investment securities	6	0
Purchase of memberships	–	(34)
Payments for guarantee deposits	(17)	(10)
Proceeds from collection of guarantee deposits	46	0
Collection of short-term loans receivable	15	35
Payments for asset retirement obligations	–	(0)
Other, net	(0)	0
Net cash provided by (used in) investing activities	(109)	(236)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Cash dividends paid	(108)	(124)
Purchase of treasury shares	(42)	(0)
Dividends paid to non-controlling interests	(1)	(1)
Repayments of lease obligations	(12)	(9)
Net cash provided by (used in) financing activities	(165)	(135)
Net increase (decrease) in cash and cash equivalents	155	528
Cash and cash equivalents at beginning of period	3,328	3,483
Cash and cash equivalents at end of period	3,483	4,012