

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

October 30, 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 to file Quarterly Securities Report: November 14, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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	%
Six months ended September 30, 2019	6,832	10.5	440	188.0	474	156.7	306	136.2
Six months ended September 30, 2018	6,181	10.7	152	411.1	184	215.6	129	522.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	36.93		–	
Six months ended September 30, 2018	15.64		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	8,336	5,963	71.0
As of March 31, 2019	8,433	5,861	69.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	0.00	–	25.00	25.00
Year ending March 31, 2020	–	0.00			
Year ending March 31, 2020 (Forecast)			–	34.00	34.00

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
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 six months ended September 30, 2019
(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: Yes
- (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: Yes
- 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 September 30, 2019	8,650,369 shares	As of March 31, 2019	8,650,369 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	351,283 shares	As of March 31, 2019	351,218 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	8,299,099 shares	Six months ended September 30, 2018	8,299,386 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	4,012	4,061
Notes and accounts receivable - trade	2,761	2,365
Merchandise and finished goods	15	19
Work in process	225	452
Other	177	210
Allowance for doubtful accounts	–	(1)
Total current assets	7,192	7,107
Non-current assets		
Property, plant and equipment	303	309
Intangible assets		
Patent right	1	0
Software	223	224
Software in progress	52	40
Other	0	0
Total intangible assets	276	265
Investments and other assets		
Investment securities	41	40
Deferred tax assets	296	296
Other	346	341
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	660	654
Total non-current assets	1,240	1,229
Total assets	8,433	8,336
Liabilities		
Current liabilities		
Accounts payable - trade	671	565
Accounts payable - other	304	206
Income taxes payable	178	174
Advances received	180	363
Provision for bonuses	545	547
Provision for bonuses for directors (and other officers)	21	–
Other	545	394
Total current liabilities	2,446	2,251
Non-current liabilities		
Directors' retirement benefits payable	26	26
Asset retirement obligations	67	67
Other	31	27
Total non-current liabilities	124	122
Total liabilities	2,571	2,373
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	562	562
Retained earnings	2,258	2,357
Treasury shares	(149)	(149)
Total shareholders' equity	5,820	5,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Non-controlling interests	40	43
Total net assets	5,861	5,963
Total liabilities and net assets	8,433	8,336

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	6,181	6,832
Cost of sales	4,945	5,292
Gross profit	1,235	1,539
Selling, general and administrative expenses	1,082	1,098
Operating profit	152	440
Non-operating income		
Interest income	0	0
Dividend income	0	0
Insurance claim income	0	4
Subsidy income	25	26
Other	4	3
Total non-operating income	32	34
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	–	0
Other	0	0
Total non-operating expenses	1	1
Ordinary profit	184	474
Extraordinary losses		
Loss on retirement of non-current assets	–	0
Other	–	0
Total extraordinary losses	–	0
Profit before income taxes	184	473
Total income taxes	50	161
Profit	133	311
Profit attributable to non-controlling interests	4	5
Profit attributable to owners of parent	129	306

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	133	311
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total other comprehensive income	0	0
Comprehensive income	133	311
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	129	306
Comprehensive income attributable to non-controlling interests	4	5

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	184	473
Depreciation	121	85
Amortization of goodwill	19	–
Loss on retirement of intangible assets	–	0
Increase (decrease) in allowance for doubtful accounts	–	1
Increase (decrease) in provision for bonuses	25	2
Increase (decrease) in provision for bonuses for directors (and other officers)	(5)	(21)
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	–	0
Loss (gain) on valuation of investment securities	0	–
Decrease (increase) in trade receivables	543	396
Decrease (increase) in inventories	(209)	(231)
Increase (decrease) in trade payables	(8)	(105)
Increase (decrease) in accounts payable - other	(36)	(94)
Increase (decrease) in accrued consumption taxes	(47)	(79)
Other, net	125	7
Subtotal	712	435
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(89)	(95)
Net cash provided by (used in) operating activities	623	339
Cash flows from investing activities		
Purchase of property, plant and equipment	(8)	(24)
Purchase of intangible assets	(94)	(52)
Payments of guarantee deposits	(10)	(0)
Proceeds from refund of guarantee deposits	0	1
Loan advances	(0)	–
Collection of loans receivable	15	–
Other, net	0	0
Net cash provided by (used in) investing activities	(97)	(76)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Dividends paid	(124)	(207)
Dividends paid to non-controlling interests	(1)	(2)
Repayments of lease obligations	(4)	(4)
Net cash provided by (used in) financing activities	(130)	(214)
Net increase (decrease) in cash and cash equivalents	395	48
Cash and cash equivalents at beginning of period	3,483	4,012
Cash and cash equivalents at end of period	3,879	4,061