

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 8, 2020

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 23, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date to commence dividend payments: June 24, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	14,624	8.1	1,044	55.8	1,095	55.0	731	10.0
Year ended March 31, 2019	13,526	10.3	670	63.3	706	54.3	664	117.4

	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, 2020	88.49	–	12.2	12.6	7.1
Year ended March 31, 2019	80.05	–	12.0	8.9	5.0

(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, 2020	8,968	6,158	68.5	750.33
As of March 31, 2019	8,433	5,861	69.0	701.42

(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, 2020	889	(354)	(418)	4,128
Year ended March 31, 2019	900	(236)	(135)	4,012

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, 2019	–	0.00	–	25.00	25.00	207	31.2	3.7
Year ended March 31, 2020	–	0.00	–	35.00	35.00	286	39.6	4.8
Year ending March 31, 2021 (Forecast)	–	–	–	36.00	36.00		40.1	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	6,900	1.0	300	(31.9)	320	(32.5)	170	(44.5)	20.77
Full year	15,500	6.0	1,100	5.3	1,130	3.2	735	0.5	89.79

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	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 March 31, 2020	464,583 shares	As of March 31, 2019	351,218 shares
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Average number of shares during the period

Year ended March 31, 2020	8,261,304 shares	Year ended March 31, 2019	8,299,318 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	4,012	4,128
Notes and accounts receivable - trade	2,761	2,950
Merchandise and finished goods	15	7
Work in process	225	272
Other	177	200
Total current assets	7,192	7,558
Non-current assets		
Property, plant and equipment		
Buildings and structures	294	313
Accumulated depreciation and impairment loss	(92)	(110)
Buildings and structures, net	201	202
Tools, furniture and fixtures	177	179
Accumulated depreciation and impairment loss	(113)	(126)
Tools, furniture and fixtures, net	64	53
Leased assets	41	31
Accumulated depreciation	(22)	(16)
Leased assets, net	19	14
Land	18	18
Total property, plant and equipment	303	289
Intangible assets		
Patent right	1	0
Software	223	226
Software in progress	52	163
Other	0	0
Total intangible assets	276	390
Investments and other assets		
Investment securities	41	38
Deferred tax assets	296	314
Other	346	403
Allowance for doubtful accounts	(23)	(26)
Total investments and other assets	660	730
Total non-current assets	1,240	1,409
Total assets	8,433	8,968

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	671	665
Accounts payable - other	304	258
Income taxes payable	178	293
Provision for bonuses	545	662
Provision for bonuses for directors (and other officers)	21	36
Other	726	780
Total current liabilities	2,446	2,696
Non-current liabilities		
Accrued directors' retirement benefits	26	26
Asset retirement obligations	67	68
Other	31	19
Total non-current liabilities	124	113
Total liabilities	2,571	2,810
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	562	559
Retained earnings	2,258	2,781
Treasury shares	(149)	(349)
Total shareholders' equity	5,820	6,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Non-controlling interests	40	16
Total net assets	5,861	6,158
Total liabilities and net assets	8,433	8,968

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	13,526	14,624
Cost of sales	10,639	11,260
Gross profit	2,887	3,364
Selling, general and administrative expenses		
Promotion expenses	20	27
Advertising expenses	93	126
Salaries, allowances and bonuses	771	814
Provision of allowance for doubtful accounts	–	2
Retirement benefit expenses	29	28
Provision for bonuses	82	108
Provision for bonuses for directors (and other officers)	21	36
Other	1,197	1,176
Total selling, general and administrative expenses	2,216	2,319
Operating profit	670	1,044
Non-operating income		
Interest income	1	0
Dividend income	0	0
Subsidy income	29	44
Other	8	12
Total non-operating income	38	57
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	1	2
Commission for purchase of treasury shares	–	1
Other	0	2
Total non-operating expenses	2	7
Ordinary profit	706	1,095
Extraordinary losses		
Loss on retirement of non-current assets	4	0
appraisal loss software	25	–
Impairment loss	93	–
Other	0	0
Total extraordinary losses	124	0
Profit before income taxes	581	1,094
Income taxes - current	209	371
Income taxes - deferred	(300)	(18)
Total income taxes	(91)	353
Profit	672	741
Profit attributable to non-controlling interests	8	10
Profit attributable to owners of parent	664	731

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	672	741
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total other comprehensive income	0	0
Comprehensive income	672	741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	664	731
Comprehensive income attributable to non-controlling interests	8	10

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	562	1,718	(148)	5,281
Changes during period					
Dividends of surplus			(124)		(124)
Profit attributable to owners of parent			664		664
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	539	(0)	539
Balance at end of 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 period	0	0	33	5,315
Changes during period				
Dividends of surplus				(124)
Profit attributable to owners of parent				664
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	0	0	6	7
Total changes during period	0	0	6	546
Balance at end of period	0	0	40	5,861

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	562	2,258	(149)	5,820
Changes during period					
Dividends of surplus			(207)		(207)
Profit attributable to owners of parent			731		731
Purchase of treasury shares				(199)	(199)
Other		(2)			(2)
Net changes in items other than shareholders' equity					
Total changes during period	–	(2)	523	(199)	320
Balance at end of period	3,149	559	2,781	(349)	6,141

	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 period	0	0	40	5,861
Changes during period				
Dividends of surplus				(207)
Profit attributable to owners of parent				731
Purchase of treasury shares				(199)
Other				(2)
Net changes in items other than shareholders' equity	0	0	(24)	(24)
Total changes during period	0	0	(24)	296
Balance at end of period	0	0	16	6,158

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	581	1,094
Depreciation	251	165
Amortization of goodwill	36	–
Increase (decrease) in allowance for doubtful accounts	–	2
Increase (decrease) in provision for bonuses	59	117
Increase (decrease) in provision for bonuses for directors (and other officers)	16	14
Interest and dividend income	(1)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	1	2
Loss on retirement of property, plant and equipment	4	0
Loss on retirement of intangible assets	0	0
Impairment loss	93	–
Loss (gain) on sales and valuation of investment securities	0	(2)
appraisal loss software	25	–
Decrease (increase) in trade receivables	(246)	(188)
Decrease (increase) in inventories	(0)	(38)
Increase (decrease) in trade payables	152	(5)
Increase (decrease) in accounts payable - other	(23)	(45)
Increase (decrease) in accrued consumption taxes	38	68
Other, net	49	(36)
Subtotal	1,041	1,150
Interest and dividends received	1	0
Interest paid	(0)	(0)
Income taxes paid	(141)	(259)
Net cash provided by (used in) operating activities	900	889
Cash flows from investing activities		
Purchase of property, plant and equipment	(21)	(26)
Purchase of intangible assets	(167)	(234)
Purchase of investment securities	(40)	–
Proceeds from sales of investment securities	0	2
Purchase of memberships	(34)	–
Payments of guarantee deposits	(10)	(62)
Proceeds from refund of guarantee deposits	0	1
Collection of short-term loans receivable	35	–
Payments for asset retirement obligations	(0)	–
Purchase of shares of subsidiaries	–	(35)
Other, net	0	0
Net cash provided by (used in) investing activities	(236)	(354)
Cash flows from financing activities		
Dividends paid	(124)	(207)
Purchase of treasury shares	(0)	(199)
Dividends paid to non-controlling interests	(1)	(2)
Repayments of lease obligations	(9)	(8)
Net cash provided by (used in) financing activities	(135)	(418)
Net increase (decrease) in cash and cash equivalents	528	115
Cash and cash equivalents at beginning of period	3,483	4,012
Cash and cash equivalents at end of period	4,012	4,128