

Translation

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

October 29, 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 to file Quarterly Securities Report: November 13, 2020
 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, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	6,748	(1.2)	413	(6.2)	459	(3.1)	264	(13.8)
Six months ended September 30, 2019	6,832	10.5	440	188.0	474	156.7	306	136.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	32.28		–	
Six months ended September 30, 2019	36.93		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	8,559	6,136	71.5
As of March 31, 2020	8,968	6,158	68.5

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, 2020	–	0.00	–	35.00	35.00
Year ending March 31, 2021	–	0.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	36.00	36.00

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
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 six months ended September 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: 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: 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 September 30, 2020	8,650,369 shares	As of March 31, 2020	8,650,369 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	464,616 shares	As of March 31, 2020	464,583 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, 2020	8,185,759 shares	Six months ended September 30, 2019	8,299,099 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	4,128	3,892
Notes and accounts receivable - trade	2,950	2,300
Merchandise and finished goods	7	21
Work in process	272	573
Other	200	217
Allowance for doubtful accounts	–	(0)
Total current assets	7,558	7,004
Non-current assets		
Property, plant and equipment	289	328
Intangible assets		
Patent right	0	0
Software	226	250
Software in progress	163	244
Other	0	0
Total intangible assets	390	496
Investments and other assets		
Investment securities	38	38
Deferred tax assets	314	314
Other	403	404
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	730	730
Total non-current assets	1,409	1,555
Total assets	8,968	8,559

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	665	567
Accounts payable - other	258	172
Income taxes payable	293	186
Advances received	215	393
Provision for bonuses	662	541
Provision for bonuses for directors (and other officers)	36	–
Other	565	418
Total current liabilities	2,696	2,278
Non-current liabilities		
Directors' retirement benefits payable	26	26
Asset retirement obligations	68	76
Provision for share-based remuneration	–	23
Other	19	17
Total non-current liabilities	113	144
Total liabilities	2,810	2,423
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	559	747
Retained earnings	2,781	2,759
Treasury shares	(349)	(537)
Total shareholders' equity	6,141	6,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Non-controlling interests	16	16
Total net assets	6,158	6,136
Total liabilities and net assets	8,968	8,559

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, 2019	Six months ended September 30, 2020
Net sales	6,832	6,748
Cost of sales	5,292	5,174
Gross profit	1,539	1,574
Selling, general and administrative expenses	1,098	1,161
Operating profit	440	413
Non-operating income		
Interest income	0	0
Dividend income	0	0
Compensation income	–	110
Subsidy income	26	14
Other	8	3
Total non-operating income	34	128
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	0	0
Compensation expenses	–	80
Other	0	0
Total non-operating expenses	1	82
Ordinary profit	474	459
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Office relocation expenses	–	0
Other	0	–
Total extraordinary losses	0	0
Profit before income taxes	473	458
Total income taxes	161	191
Profit	311	267
Profit attributable to non-controlling interests	5	2
Profit attributable to owners of parent	306	264

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	311	267
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total other comprehensive income	0	0
Comprehensive income	311	267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	306	264
Comprehensive income attributable to non-controlling interests	5	2

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	473	458
Depreciation	85	68
Loss on retirement of intangible assets	0	–
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses	2	(120)
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	(36)
Increase (decrease) in provision for share-based remuneration	–	23
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	0	0
Decrease (increase) in trade receivables	396	650
Decrease (increase) in inventories	(231)	(316)
Increase (decrease) in trade payables	(105)	(97)
Increase (decrease) in accounts payable - other	(94)	(84)
Increase (decrease) in accrued consumption taxes	(79)	(92)
Other, net	7	111
Subtotal	435	565
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(95)	(295)
Net cash provided by (used in) operating activities	339	270
Cash flows from investing activities		
Purchase of property, plant and equipment	(24)	(48)
Purchase of intangible assets	(52)	(158)
Payments of guarantee deposits	(0)	(6)
Proceeds from refund of guarantee deposits	1	0
Other, net	0	0
Net cash provided by (used in) investing activities	(76)	(213)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(488)
Proceeds from sales of treasury shares	–	488
Dividends paid	(207)	(286)
Dividends paid to non-controlling interests	(2)	(2)
Repayments of lease obligations	(4)	(3)
Net cash provided by (used in) financing activities	(214)	(292)
Net increase (decrease) in cash and cash equivalents	48	(236)
Cash and cash equivalents at beginning of period	4,012	4,128
Cash and cash equivalents at end of period	4,061	3,892