

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 7, 2021

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 22, 2021
 Scheduled date to file Securities Report: June 24, 2021
 Scheduled date to commence dividend payments: June 23, 2021
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	14,745	0.8	1,131	8.3	1,195	9.2	776	6.3
Year ended March 31, 2020	14,624	8.1	1,044	55.8	1,095	55.0	731	10.0

	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, 2021	94.90	–	12.2	13.1	7.7
Year ended March 31, 2020	88.49	–	12.2	12.6	7.1

(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, 2021	9,336	6,642	71.1	811.44
As of March 31, 2020	8,968	6,158	68.5	750.33

(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, 2021	494	(399)	(296)	3,927
Year ended March 31, 2020	889	(354)	(418)	4,128

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, 2020	–	0.00	–	35.00	35.00	286	39.6	4.8
Year ended March 31, 2021	–	0.00	–	38.00	38.00	326	40.0	4.9
Year ending March 31, 2022 (Forecast)	–	–	–	39.00	39.00		39.9	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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, 2021	7,200	–	450	–	460	–	260	–	31.76
Full year	15,500	–	1,260	–	1,275	–	800	–	97.73

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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: Yes

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, 2021	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 March 31, 2021	464,681 shares	As of March 31, 2020	464,583 shares
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Average number of shares during the period

Year ended March 31, 2021	8,185,732 shares	Year ended March 31, 2020	8,261,304 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,128	3,927
Notes and accounts receivable - trade	2,950	3,203
Merchandise and finished goods	7	13
Work in process	272	352
Other	200	201
Total current assets	7,558	7,697
Non-current assets		
Property, plant and equipment		
Buildings and structures	313	350
Accumulated depreciation and impairment	(110)	(129)
Buildings and structures, net	202	221
Tools, furniture and fixtures	179	197
Accumulated depreciation and impairment	(126)	(135)
Tools, furniture and fixtures, net	53	62
Leased assets	31	36
Accumulated depreciation	(16)	(23)
Leased assets, net	14	12
Land	18	18
Total property, plant and equipment	289	314
Intangible assets		
Patent right	0	0
Software	226	272
Software in progress	163	336
Other	0	0
Total intangible assets	390	609
Investments and other assets		
Investment securities	38	40
Deferred tax assets	314	288
Other	403	412
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	730	714
Total non-current assets	1,409	1,638
Total assets	8,968	9,336

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	665	693
Accounts payable - other	258	235
Income taxes payable	293	158
Provision for bonuses	662	577
Provision for bonuses for directors (and other officers)	36	15
Asset retirement obligations	–	14
Other	780	845
Total current liabilities	2,696	2,541
Non-current liabilities		
Accrued directors' retirement benefits	26	22
Provision for share awards	–	48
Asset retirement obligations	68	67
Other	19	14
Total non-current liabilities	113	153
Total liabilities	2,810	2,694
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	559	757
Retained earnings	2,781	3,271
Treasury shares	(349)	(537)
Total shareholders' equity	6,141	6,641
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Non-controlling interests	16	–
Total net assets	6,158	6,642
Total liabilities and net assets	8,968	9,336

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	14,624	14,745
Cost of sales	11,260	11,234
Gross profit	3,364	3,511
Selling, general and administrative expenses		
Promotion expenses	27	9
Advertising expenses	126	113
Salaries, allowances and bonuses	814	862
Provision of allowance for doubtful accounts	2	0
Retirement benefit expenses	28	28
Provision for bonuses	108	80
Provision for bonuses for directors (and other officers)	36	11
Provision for share awards	–	48
Other	1,176	1,224
Total selling, general and administrative expenses	2,319	2,379
Operating profit	1,044	1,131
Non-operating income		
Interest income	0	0
Dividend income	0	0
Compensation income	–	110
Subsidy income	44	31
Other	12	6
Total non-operating income	57	147
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	2	1
Compensation expenses	–	80
Commission for purchase of treasury shares	1	–
Other	2	0
Total non-operating expenses	7	83
Ordinary profit	1,095	1,195
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Office relocation expenses	–	28
Settlement package	–	24
Other	0	–
Total extraordinary losses	0	52
Profit before income taxes	1,094	1,142
Income taxes - current	371	335
Income taxes - deferred	(18)	25
Total income taxes	353	360
Profit	741	781
Profit attributable to non-controlling interests	10	5
Profit attributable to owners of parent	731	776

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	741	781
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total other comprehensive income	0	0
Comprehensive income	741	782
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	731	777
Comprehensive income attributable to non-controlling interests	10	5

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	559	2,781	(349)	6,141
Changes during period					
Dividends of surplus			(286)		(286)
Profit attributable to owners of parent			776		776
Purchase of treasury shares				(0)	(0)
Treasury stock possession of stock ownership plan trust				(488)	(488)
Disposal of treasury shares by stock payment trust		188		300	488
Other		9			9
Net changes in items other than shareholders' equity					
Total changes during period	–	197	490	(188)	499
Balance at end of period	3,149	757	3,271	(537)	6,641

	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	16	6,158
Changes during period				
Dividends of surplus				(286)
Profit attributable to owners of parent				776
Purchase of treasury shares				(0)
Treasury stock possession of stock ownership plan trust				(488)
Disposal of treasury shares by stock payment trust				488
Other				9
Net changes in items other than shareholders' equity	0	0	(16)	(15)
Total changes during period	0	0	(16)	483
Balance at end of period	0	0	–	6,642

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,094	1,142
Depreciation	165	153
Increase (decrease) in allowance for doubtful accounts	2	0
Increase (decrease) in provision for bonuses	117	(84)
Increase (decrease) in provision for bonuses for directors (and other officers)	14	(20)
Increase (decrease) in provision for share awards	–	48
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	2	1
Loss on retirement of property, plant and equipment	0	–
Loss on retirement of intangible assets	0	–
Loss (gain) on sale and valuation of investment securities	(2)	–
Decrease (increase) in trade receivables	(188)	(252)
Decrease (increase) in inventories	(38)	(86)
Increase (decrease) in trade payables	(5)	28
Increase (decrease) in accounts payable - other	(45)	(25)
Increase (decrease) in accrued consumption taxes	68	65
Other, net	(36)	(9)
Subtotal	1,150	962
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(259)	(466)
Net cash provided by (used in) operating activities	889	494
Cash flows from investing activities		
Purchase of property, plant and equipment	(26)	(58)
Purchase of intangible assets	(234)	(318)
Purchase of investment securities	–	(2)
Proceeds from sale of investment securities	2	–
Payments of guarantee deposits	(62)	(11)
Proceeds from refund of guarantee deposits	1	0
Purchase of shares of subsidiaries	(35)	(9)
Other, net	0	0
Net cash provided by (used in) investing activities	(354)	(399)
Cash flows from financing activities		
Dividends paid	(207)	(286)
Purchase of treasury shares	(199)	(488)
Proceeds from sale of treasury shares	–	488
Dividends paid to non-controlling interests	(2)	(2)
Repayments of lease obligations	(8)	(7)
Net cash provided by (used in) financing activities	(418)	(296)
Net increase (decrease) in cash and cash equivalents	115	(201)
Cash and cash equivalents at beginning of period	4,012	4,128
Cash and cash equivalents at end of period	4,128	3,927