

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 27, 2022

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 11, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	7,173	0.1	366	(22.9)	363	(26.5)	219	(14.0)
Six months ended September 30, 2021	7,163	–	475	–	494	–	255	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	27.38		–	
Six months ended September 30, 2021	31.25		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	9,378	6,639	70.8
As of March 31, 2022	9,777	6,997	71.6

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, 2022	–	0.00	–	39.00	39.00
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	40.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	15,350	3.8	1,230	16.0	1,260	13.8	800	21.7	100.12

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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, 2022	8,585,688 shares	As of March 31, 2022	8,650,369 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	642,200 shares	As of March 31, 2022	463,281 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, 2022	8,034,378 shares	Six months ended September 30, 2021	8,185,899 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	4,317	3,875
Notes and accounts receivable - trade, and contract assets	3,228	3,055
Merchandise and finished goods	13	8
Work in process	259	407
Other	198	205
Total current assets	8,017	7,551
Non-current assets		
Property, plant and equipment	295	286
Intangible assets		
Software	596	592
Software in progress	99	128
Other	0	0
Total intangible assets	695	720
Investments and other assets		
Investment securities	118	161
Deferred tax assets	315	321
Other	337	338
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	767	819
Total non-current assets	1,759	1,827
Total assets	9,777	9,378

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	668	537
Accounts payable - other	194	195
Income taxes payable	243	117
Provision for bonuses	556	549
Provision for loss on projects	165	229
Other	747	902
Total current liabilities	2,575	2,531
Non-current liabilities		
Directors' retirement benefits payable	22	22
Provision for share awards	76	80
Asset retirement obligations	96	96
Other	8	7
Total non-current liabilities	204	207
Total liabilities	2,780	2,738
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	757	698
Retained earnings	3,605	3,490
Treasury shares	(535)	(705)
Total shareholders' equity	6,976	6,633
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20	6
Total accumulated other comprehensive income	20	6
Total net assets	6,997	6,639
Total liabilities and net assets	9,777	9,378

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, 2021	Six months ended September 30, 2022
Net sales	7,163	7,173
Cost of sales	5,485	5,660
Gross profit	1,677	1,512
Selling, general and administrative expenses	1,201	1,146
Operating profit	475	366
Non-operating income		
Interest income	0	0
Dividend income	0	0
Insurance claim income	0	4
Subsidy income	15	0
Other	3	2
Total non-operating income	20	7
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	0	2
Commission expenses	–	3
Foreign exchange losses	–	4
Other	0	0
Total non-operating expenses	1	10
Ordinary profit	494	363
Extraordinary losses		
Bad debts written off	–	17
Loss on retirement of non-current assets	–	0
Office relocation expenses	29	–
Loss on valuation of software	36	–
Total extraordinary losses	66	17
Profit before income taxes	428	346
Total income taxes	172	126
Profit	255	219
Profit attributable to owners of parent	255	219

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	255	219
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(13)
Total other comprehensive income	0	(13)
Comprehensive income	256	206
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	256	206
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	428	346
Depreciation	126	131
Increase (decrease) in allowance for doubtful accounts	(23)	–
Increase (decrease) in provision for bonuses	(20)	(6)
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	–
Increase (decrease) in provision for loss on project contracts	0	63
Increase (decrease) in provision for share awards	23	4
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	0	2
Bad debt expenses	–	17
Loss on valuation of software	36	–
Decrease (increase) in trade receivables and contract asset	476	173
Decrease (increase) in inventories	(140)	(142)
Increase (decrease) in trade payables	(79)	(131)
Increase (decrease) in accounts payable - other	(63)	(0)
Increase (decrease) in accrued consumption taxes	(169)	(87)
Other, net	184	210
Subtotal	764	582
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(158)	(242)
Net cash provided by (used in) operating activities	605	339
Cash flows from investing activities		
Purchase of property, plant and equipment	(27)	(11)
Purchase of intangible assets	(179)	(136)
Purchase of investment securities	–	(66)
Payments of guarantee deposits	(3)	(3)
Proceeds from refund of guarantee deposits	0	0
Other, net	(1)	–
Net cash provided by (used in) investing activities	(210)	(216)
Cash flows from financing activities		
Purchase of treasury shares	–	(236)
Proceeds from disposal of treasury shares	0	7
Dividends paid	(325)	(333)
Repayments of lease liabilities	(3)	(2)
Net cash provided by (used in) financing activities	(328)	(565)
Net increase (decrease) in cash and cash equivalents	65	(442)
Cash and cash equivalents at beginning of period	3,927	4,317
Cash and cash equivalents at end of period	3,993	3,875