

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 9, 2023

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, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: June 23, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	14,689	(0.6)	904	(14.7)	911	(17.7)	487	(25.9)
Year ended March 31, 2022	14,784	–	1,060	–	1,107	–	657	–

	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, 2023	60.99	–	7.0	9.3	6.2
Year ended March 31, 2022	80.28	–	9.6	11.6	7.2

(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, 2023	9,748	6,904	70.8	869.04
As of March 31, 2022	9,777	6,997	71.6	854.65

(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, 2023	515	(350)	(571)	3,910
Year ended March 31, 2022	1,110	(389)	(330)	4,317

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, 2022	–	0.00	–	39.00	39.00	334	48.6	4.7
Year ended March 31, 2023	–	0.00	–	40.00	40.00	333	65.6	4.6
Year ending March 31, 2024 (Forecast)	–	0.00	–	40.00	40.00		44.1	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	7,030	(2.0)	332	(9.5)	333	(8.5)	200	(9.1)	25.17
Full year	15,000	2.1	1,070	18.3	1,080	18.4	720	47.8	90.63

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	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 March 31, 2023	641,000 shares	As of March 31, 2022	463,281 shares
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Average number of shares during the period

Year ended March 31, 2023	7,989,239 shares	Year ended March 31, 2022	8,186,091 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,317	3,910
Notes and accounts receivable - trade, and contract assets	3,228	3,567
Merchandise and finished goods	13	13
Work in process	259	293
Other	198	201
Total current assets	8,017	7,985
Non-current assets		
Property, plant and equipment		
Buildings and structures	358	369
Accumulated depreciation and impairment	(142)	(165)
Buildings and structures, net	215	203
Tools, furniture and fixtures	200	196
Accumulated depreciation and impairment	(145)	(155)
Tools, furniture and fixtures, net	55	41
Leased assets	23	17
Accumulated depreciation	(16)	(13)
Leased assets, net	7	3
Land	18	18
Total property, plant and equipment	295	267
Intangible assets		
Software	596	661
Software in progress	99	60
Other	0	0
Total intangible assets	695	722
Investments and other assets		
Investment securities	118	153
Deferred tax assets	315	281
Other	337	341
Allowance for doubtful accounts	(2)	(3)
Total investments and other assets	767	773
Total non-current assets	1,759	1,762
Total assets	9,777	9,748

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	668	608
Accounts payable - other	194	236
Income taxes payable	243	174
Provision for bonuses	556	598
Provision for loss on projects	165	197
Other	747	815
Total current liabilities	2,575	2,630
Non-current liabilities		
Accrued directors' retirement benefits	22	22
Provision for share awards	76	88
Asset retirement obligations	96	97
Other	8	5
Total non-current liabilities	204	213
Total liabilities	2,780	2,844
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	757	698
Retained earnings	3,605	3,757
Treasury shares	(535)	(704)
Total shareholders' equity	6,976	6,901
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20	2
Total accumulated other comprehensive income	20	2
Total net assets	6,997	6,904
Total liabilities and net assets	9,777	9,748

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	14,784	14,689
Cost of sales	11,377	11,441
Gross profit	3,406	3,248
Selling, general and administrative expenses		
Promotion expenses	6	4
Advertising expenses	106	104
Remuneration for directors (and other officers)	207	244
Salaries, allowances and bonuses	874	845
Retirement benefit expenses	30	30
Provision for bonuses	83	81
Provision for share awards	37	24
Other	999	1,009
Total selling, general and administrative expenses	2,345	2,344
Operating profit	1,060	904
Non-operating income		
Interest income	0	0
Dividend income	0	0
Insurance claim income	0	4
Subsidy income	37	12
Compensation for damage income	12	–
Other	6	4
Total non-operating income	57	21
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	9	4
Foreign exchange losses	–	4
Commission expenses	–	3
Other	0	1
Total non-operating expenses	10	14
Ordinary profit	1,107	911
Extraordinary income		
Gain on sale of businesses	2	–
Total extraordinary income	2	–
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Bad debts expenses	–	17
Office relocation expenses	58	–
Settlement payments	1	22
Loss on valuation of software	49	24
Total extraordinary losses	108	65
Profit before income taxes	1,001	846
Income taxes - current	379	318
Income taxes - deferred	(35)	41
Total income taxes	343	359
Profit	657	487
Profit attributable to owners of parent	657	487

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	657	487
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(18)
Total other comprehensive income	20	(18)
Comprehensive income	677	469
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	677	469
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	757	3,271	(537)	6,641
Cumulative effects of changes in accounting policies			2		2
Restated balance	3,149	757	3,274	(537)	6,644
Changes during period					
Dividends of surplus			(326)		(326)
Profit attributable to owners of parent			657		657
Disposal of treasury shares by stock payment trust				1	1
Net changes in items other than shareholders' equity					
Total changes during period	–	–	330	1	332
Balance at end of period	3,149	757	3,605	(535)	6,976

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	0	0	6,642
Cumulative effects of changes in accounting policies			2
Restated balance	0	0	6,644
Changes during period			
Dividends of surplus			(326)
Profit attributable to owners of parent			657
Disposal of treasury shares by stock payment trust			1
Net changes in items other than shareholders' equity	19	19	19
Total changes during period	19	19	352
Balance at end of period	20	20	6,997

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	757	3,605	(535)	6,976
Changes during period					
Dividends of surplus			(334)		(334)
Profit attributable to owners of parent			487		487
Purchase of treasury shares				(236)	(236)
Cancellation of treasury shares		(58)		58	–
Disposal of treasury shares by stock payment trust				9	9
Net changes in items other than shareholders' equity					
Total changes during period	–	(58)	152	(168)	(74)
Balance at end of period	3,149	698	3,757	(704)	6,901

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	20	20	6,997
Changes during period			
Dividends of surplus			(334)
Profit attributable to owners of parent			487
Purchase of treasury shares			(236)
Cancellation of treasury shares			–
Disposal of treasury shares by stock payment trust			9
Net changes in items other than shareholders' equity	(18)	(18)	(18)
Total changes during period	(18)	(18)	(92)
Balance at end of period	2	2	6,904

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,001	846
Depreciation	271	258
Increase (decrease) in allowance for doubtful accounts	(23)	0
Increase (decrease) in provision for bonuses	(21)	42
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	–
Increase (decrease) in provision for loss on project contracts	165	31
Increase (decrease) in provision for share awards	28	11
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	9	4
Bad debt expenses	–	17
Loss on valuation of software	49	24
Decrease (increase) in trade receivables and contract asset	222	(338)
Decrease (increase) in inventories	(151)	(32)
Increase (decrease) in trade payables	(25)	(59)
Increase (decrease) in accounts payable - other	(35)	41
Increase (decrease) in accrued consumption taxes	(95)	29
Other, net	29	18
Subtotal	1,409	895
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(298)	(379)
Net cash provided by (used in) operating activities	1,110	515
Cash flows from investing activities		
Purchase of property, plant and equipment	(34)	(12)
Purchase of intangible assets	(327)	(268)
Purchase of investment securities	(60)	(66)
Payments of guarantee deposits	(3)	(4)
Proceeds from refund of guarantee deposits	37	0
Other, net	(1)	–
Net cash provided by (used in) investing activities	(389)	(350)
Cash flows from financing activities		
Dividends paid	(326)	(334)
Purchase of treasury shares	–	(236)
Proceeds from disposal of treasury shares	1	9
Repayments of lease liabilities	(6)	(9)
Net cash provided by (used in) financing activities	(330)	(571)
Net increase (decrease) in cash and cash equivalents	390	(406)
Cash and cash equivalents at beginning of period	3,927	4,317
Cash and cash equivalents at end of period	4,317	3,910