

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 25, 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 to file Quarterly Securities Report: November 13, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	6,983	(2.6)	429	17.1	437	20.3	288	31.1
Six months ended September 30, 2022	7,173	0.1	366	(22.9)	363	(26.5)	219	(14.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	36.27		–	
Six months ended September 30, 2022	27.38		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	9,753	6,867	70.4
As of March 31, 2023	9,748	6,904	70.8

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, 2023	–	0.00	–	40.00	40.00
Year ending March 31, 2024	–	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	40.00	40.00

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
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 six months ended September 30, 2023
(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, 2023	8,585,688 shares	As of March 31, 2023	8,585,688 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	636,765 shares	As of March 31, 2023	641,000 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, 2023	7,947,204 shares	Six months ended September 30, 2022	8,034,378 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,910	4,556
Notes and accounts receivable - trade, and contract assets	3,567	2,887
Merchandise and finished goods	13	13
Work in process	293	414
Other	201	212
Total current assets	7,985	8,085
Non-current assets		
Property, plant and equipment	267	253
Intangible assets		
Software	661	596
Software in progress	60	44
Other	0	0
Total intangible assets	722	640
Investments and other assets		
Investment securities	153	153
Deferred tax assets	281	280
Other	341	339
Allowance for doubtful accounts	(3)	(0)
Total investments and other assets	773	773
Total non-current assets	1,762	1,667
Total assets	9,748	9,753

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	608	487
Accounts payable - other	236	300
Income taxes payable	174	75
Provision for bonuses	598	566
Provision for loss on projects	197	197
Other	815	1,030
Total current liabilities	2,630	2,658
Non-current liabilities		
Directors' retirement benefits payable	22	22
Provision for share awards	88	101
Asset retirement obligations	97	97
Other	5	4
Total non-current liabilities	213	227
Total liabilities	2,844	2,885
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	698	698
Retained earnings	3,757	3,712
Treasury shares	(704)	(699)
Total shareholders' equity	6,901	6,861
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	5
Total accumulated other comprehensive income	2	5
Total net assets	6,904	6,867
Total liabilities and net assets	9,748	9,753

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, 2022	Six months ended September 30, 2023
Net sales	7,173	6,983
Cost of sales	5,660	5,395
Gross profit	1,512	1,587
Selling, general and administrative expenses	1,146	1,158
Operating profit	366	429
Non-operating income		
Interest income	0	0
Dividend income	0	0
Insurance claim income	4	0
Subsidy income	0	6
Other	2	3
Total non-operating income	7	9
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	2	1
Commission expenses	3	–
Foreign exchange losses	4	–
Other	0	0
Total non-operating expenses	10	1
Ordinary profit	363	437
Extraordinary income		
Gain on reversal of allowance for doubtful accounts	–	2
Total extraordinary income	–	2
Extraordinary losses		
Bad debts expenses	17	–
Loss on retirement of non-current assets	0	–
Loss on valuation of software	–	16
Total extraordinary losses	17	16
Profit before income taxes	346	424
Total income taxes	126	136
Profit	219	288
Profit attributable to owners of parent	219	288

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	219	288
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	3
Total other comprehensive income	(13)	3
Comprehensive income	206	291
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	206	291
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	346	424
Depreciation	131	139
Increase (decrease) in allowance for doubtful accounts	–	(2)
Increase (decrease) in provision for bonuses	(6)	(31)
Increase (decrease) in provision for loss on project contracts	63	–
Increase (decrease) in provision for share awards	4	13
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	2	1
Bad debt expenses	17	–
Loss on valuation of software	–	16
Decrease (increase) in trade receivables and contract asset	173	680
Decrease (increase) in inventories	(142)	(122)
Increase (decrease) in trade payables	(131)	(121)
Increase (decrease) in accounts payable - other	(0)	62
Increase (decrease) in accrued consumption taxes	(87)	(64)
Other, net	210	278
Subtotal	582	1,274
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(242)	(238)
Net cash provided by (used in) operating activities	339	1,035
Cash flows from investing activities		
Purchase of property, plant and equipment	(11)	(4)
Purchase of intangible assets	(136)	(55)
Purchase of investment securities	(66)	–
Proceeds from sale of investment securities	–	2
Payments of guarantee deposits	(3)	(1)
Proceeds from refund of guarantee deposits	0	0
Other, net	–	(0)
Net cash provided by (used in) investing activities	(216)	(59)
Cash flows from financing activities		
Dividends paid	(333)	(332)
Purchase of treasury shares	(236)	(0)
Proceeds from disposal of treasury shares	7	5
Repayments of lease liabilities	(2)	(2)
Net cash provided by (used in) financing activities	(565)	(330)
Net increase (decrease) in cash and cash equivalents	(442)	645
Cash and cash equivalents at beginning of period	4,317	3,910
Cash and cash equivalents at end of period	3,875	4,556