

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

July 31, 2018

Company name: CREO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9698 URL <http://www.creo.co.jp>
 Representative: President and Representative Director Junichi Kakizaki
 Inquiries: Managing Director, Financial Director Takashi Ameda TEL 03-5783-3560
 Scheduled date to file Quarterly Securities Report: August 14, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(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	%
Three months ended June 30, 2018	2,839	10.2	4	–	7	–	(1)	–
Three months ended June 30, 2017	2,577	6.5	(115)	–	(111)	–	(127)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	(0.21)	–
Three months ended June 30, 2017	(15.34)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	7,326	5,188	70.4
As of March 31, 2018	7,525	5,315	70.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	0.00	–	15.00	15.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	0.00	–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	6,000	7.5	30	0.2	50	(14.5)	20	(4.1)	2.41
Full year	13,100	6.8	570	38.8	590	28.8	400	30.9	48.20

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
 (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: No
- (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: Yes
- 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 June 30, 2018	8,650,369 shares	As of March 31, 2018	8,650,369 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	350,951 shares	As of March 31, 2018	350,927 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	8,299,419 shares	Three months ended June 30, 2017	8,338,517 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	3,483	3,917
Notes and accounts receivable - trade	2,514	1,689
Merchandise and finished goods	4	2
Work in process	235	461
Other	206	197
Total current assets	6,445	6,269
Non-current assets		
Property, plant and equipment	328	323
Intangible assets		
Goodwill	93	84
Patent right	1	1
Software	272	243
Software in progress	95	120
Other	0	0
Total intangible assets	463	449
Investments and other assets		
Investment securities	3	2
Other	308	305
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	288	284
Total non-current assets	1,079	1,057
Total assets	7,525	7,326
Liabilities		
Current liabilities		
Accounts payable - trade	518	465
Accounts payable - other	324	319
Income taxes payable	119	18
Advances received	184	444
Provision for bonuses	485	250
Provision for directors' bonuses	5	—
Other	430	508
Total current liabilities	2,067	2,006
Non-current liabilities		
Directors' retirement benefits payable	26	26
Asset retirement obligations	63	62
Other	52	42
Total non-current liabilities	142	131
Total liabilities	2,210	2,137

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	3,149	3,149
Capital surplus	562	562
Retained earnings	1,718	1,591
Treasury shares	(148)	(148)
Total shareholders' equity	5,281	5,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Non-controlling interests	33	33
Total net assets	5,315	5,188
Total liabilities and net assets	7,525	7,326

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	2,577	2,839
Cost of sales	2,144	2,298
Gross profit	432	541
Selling, general and administrative expenses	548	536
Operating profit (loss)	(115)	4
Non-operating income		
Interest income	0	0
Dividend income	0	0
Subsidy income	–	1
Other	5	2
Total non-operating income	6	4
Non-operating expenses		
Interest expenses	0	0
Other	1	0
Total non-operating expenses	1	0
Ordinary profit (loss)	(111)	7
Extraordinary losses		
Loss on disposal of non-current assets	2	–
Other	0	–
Total extraordinary losses	2	–
Profit (loss) before income taxes	(113)	7
Income taxes - current	5	2
Income taxes - deferred	7	6
Total income taxes	13	8
Loss	(127)	(0)
Profit attributable to non-controlling interests	0	1
Loss attributable to owners of parent	(127)	(1)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Loss	(127)	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total other comprehensive income	0	0
Comprehensive income	(126)	(0)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(127)	(1)
Comprehensive income attributable to non-controlling interests	0	1