

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 8, 2021

Company name: CREEK & RIVER Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4763 URL <https://www.cri.co.jp/>
 Representative: President and Representative Director Yukihiro Ikawa
 Inquiries: Director Jun Kurosaki TEL 03-4550-0011
 Scheduled date to file Quarterly Securities Report: July 13, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(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 May 31, 2021	10,599	11.7	1,230	17.3	1,247	17.3	881	24.1
Three months ended May 31, 2020	9,486	15.2	1,049	33.2	1,062	34.5	709	40.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2021	39.52		39.49	
Three months ended May 31, 2020	32.53		32.45	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2021	18,960	10,905	56.6
As of February 28, 2021	18,087	10,318	56.2

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 February 28, 2021	–	0.00	–	16.00	16.00
Year ending February 28, 2022	–				
Year ending February 28, 2022 (Forecast)		0.00	–	17.00	17.00

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 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 August 31, 2021	19,700	6.8	1,600	9.9	1,600	8.4	1,050	8.6	47.10
Full year	40,000	7.2	2,850	16.4	2,850	14.7	1,750	6.2	78.51

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2021
(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 May 31, 2021	23,009,000 shares	As of February 28, 2021	23,009,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	717,667 shares	As of February 28, 2021	717,667 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2021	22,291,333 shares	Three months ended May 31, 2020	21,817,343 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	8,315,320	9,188,895
Notes and accounts receivable - trade	5,043,213	5,217,081
Merchandise	5,255	19,656
Finished goods	332	3,527
Work in process	184,548	175,766
Supplies	1,631	2,232
Other	614,336	488,828
Allowance for doubtful accounts	(40,088)	(43,517)
Total current assets	14,124,550	15,052,470
Non-current assets		
Property, plant and equipment	691,664	674,624
Intangible assets		
Goodwill	159,301	199,106
Software	427,845	433,893
Other	43,502	74,901
Total intangible assets	630,648	707,901
Investments and other assets		
Investment securities	742,370	826,551
Leasehold and guarantee deposits	898,765	902,841
Deferred tax assets	422,580	309,117
Other	582,491	585,459
Allowance for doubtful accounts	(5,944)	(98,572)
Total investments and other assets	2,640,263	2,525,395
Total non-current assets	3,962,576	3,907,921
Total assets	18,087,126	18,960,392
Liabilities		
Current liabilities		
Trade accounts payable	2,230,143	2,224,139
Accrued expenses	808,127	1,016,673
Short-term borrowings	1,008,230	950,367
Current portion of long-term borrowings	195,140	157,140
Income taxes payable	382,724	323,679
Accrued consumption taxes	724,322	681,803
Provision for bonuses	340,753	310,225
Guarantee implementation reserve	19,045	36,887
Other	927,656	1,150,043
Total current liabilities	6,636,145	6,850,959
Non-current liabilities		
Long-term borrowings	711,518	737,237
Retirement benefit liability	247,555	246,029
Provision for share-based remuneration	169,761	217,686
Other	3,512	2,978
Total non-current liabilities	1,132,347	1,203,931
Total liabilities	7,768,493	8,054,891

	(Thousands of yen)	
	As of February 28, 2021	As of May 31, 2021
Net assets		
Shareholders' equity		
Share capital	1,177,194	1,177,194
Capital surplus	2,250,451	2,250,451
Retained earnings	7,136,504	7,665,649
Treasury shares	(476,011)	(476,011)
Total shareholders' equity	10,088,139	10,617,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87,245	79,390
Foreign currency translation adjustment	(13,423)	26,495
Total accumulated other comprehensive income	73,822	105,886
Share acquisition rights	5,750	800
Non-controlling interests	150,921	181,530
Total net assets	10,318,633	10,905,501
Total liabilities and net assets	18,087,126	18,960,392

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Net sales	9,486,442	10,599,172
Cost of sales	5,726,291	6,415,852
Gross profit	3,760,150	4,183,320
Selling, general and administrative expenses	2,710,668	2,952,668
Operating profit	1,049,481	1,230,652
Non-operating income		
Interest income	618	1,291
Surrender value of insurance policies	1,693	332
Subsidy income	583	8,617
Share of profit of entities accounted for using equity method	9,089	3,847
Miscellaneous income	4,204	2,334
Other	1,020	3,443
Total non-operating income	17,209	19,867
Non-operating expenses		
Interest expenses	922	1,511
Foreign exchange losses	110	1
Provision of allowance for doubtful accounts	—	1,873
Other	2,752	49
Total non-operating expenses	3,785	3,436
Ordinary profit	1,062,906	1,247,083
Extraordinary income		
Gain on sales of investment securities	—	14,825
Gain on sales of shares of subsidiaries	—	1,000
Gain on reversal of share acquisition rights	—	5,750
Gain on bargain purchase	—	552
Total extraordinary income	—	22,127
Extraordinary losses		
Loss on retirement of non-current assets	1,048	48
Loss due to new corona virus infection	15,539	507
Total extraordinary losses	16,587	556
Profit before income taxes	1,046,318	1,268,654
Income taxes - current	263,865	266,965
Income taxes - deferred	73,187	115,386
Total income taxes	337,052	382,351
Profit	709,266	886,302
Profit (loss) attributable to non-controlling interests	(542)	5,300
Profit attributable to owners of parent	709,809	881,002

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit	709,266	886,302
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,563)	(7,854)
Foreign currency translation adjustment	(1,006)	39,918
Total other comprehensive income	(2,570)	32,063
Comprehensive income	706,696	918,366
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	707,239	913,066
Comprehensive income attributable to non-controlling interests	(542)	5,300