

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 7, 2022

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, 2022
 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, 2022 (from March 1, 2022 to May 31, 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	%
Three months ended May 31, 2022	11,371	7.3	1,687	37.1	1,695	35.9	1,244	41.3
Three months ended May 31, 2021	10,599	11.7	1,230	17.3	1,247	17.3	881	24.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2022	55.85	55.32
Three months ended May 31, 2021	39.52	39.49

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2022	21,307	13,084	60.4
As of February 28, 2022	19,930	12,238	60.5

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, 2022	–	0.00	–	20.00	20.00
Year ending February 28, 2023	–				
Year ending February 28, 2023 (Forecast)		0.00	–	23.00	23.00

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 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
Six months ending August 31, 2022	23,000	9.3	2,500	15.9	2,500	15.0	1,600	13.8	71.78
Full year	44,000	5.3	4,000	17.2	4,000	17.0	2,500	12.4	112.15

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 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: Yes
- 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, 2022	23,009,000 shares	As of February 28, 2022	23,009,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	717,745 shares	As of February 28, 2022	717,700 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, 2022	22,291,277 shares	Three months ended May 31, 2021	22,291,333 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	9,204,599	9,819,469
Notes and accounts receivable - trade	5,434,336	—
Notes and accounts receivable - trade, and contract assets	—	6,001,796
Merchandise	24,903	16,856
Finished goods	17,469	11,393
Work in process	192,036	85,569
Supplies	4,663	4,001
Other	698,184	763,326
Allowance for doubtful accounts	(44,607)	(46,777)
Total current assets	15,531,586	16,655,636
Non-current assets		
Property, plant and equipment	643,143	626,699
Intangible assets		
Goodwill	157,102	441,445
Software	421,023	433,325
Other	139,352	181,112
Total intangible assets	717,478	1,055,883
Investments and other assets		
Investment securities	911,557	943,143
Investments in capital	333,510	335,510
Leasehold and guarantee deposits	889,045	884,731
Deferred tax assets	425,359	320,970
Other	577,773	583,020
Allowance for doubtful accounts	(99,324)	(97,869)
Total investments and other assets	3,037,921	2,969,506
Total non-current assets	4,398,544	4,652,089
Total assets	19,930,130	21,307,725
Liabilities		
Current liabilities		
Trade accounts payable	2,533,852	2,277,159
Short-term borrowings	850,121	860,260
Current portion of long-term borrowings	114,784	122,428
Income taxes payable	537,365	498,921
Accrued consumption taxes	593,945	763,852
Accrued expenses	638,106	927,579
Provision for bonuses	417,809	338,035
Guarantee implementation reserve	19,247	—
Other	934,212	1,278,580
Total current liabilities	6,639,445	7,066,817
Non-current liabilities		
Long-term borrowings	645,768	696,705
Retirement benefit liability	78,726	79,179
Provision for share awards	217,686	273,563
Other	109,915	106,969
Total non-current liabilities	1,052,095	1,156,417
Total liabilities	7,691,541	8,223,234

	(Thousands of yen)	
	As of February 28, 2022	As of May 31, 2022
Net assets		
Shareholders' equity		
Share capital	1,177,194	1,177,194
Capital surplus	2,250,451	2,250,451
Retained earnings	9,008,755	9,796,678
Treasury shares	(476,070)	(476,168)
Total shareholders' equity	11,960,332	12,748,157
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61,494	83,408
Foreign currency translation adjustment	34,007	44,904
Total accumulated other comprehensive income	95,501	128,312
Share acquisition rights	800	800
Non-controlling interests	181,955	207,220
Total net assets	12,238,589	13,084,490
Total liabilities and net assets	19,930,130	21,307,725

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, 2021	Three months ended May 31, 2022
Net sales	10,599,172	11,371,273
Cost of sales	6,415,852	6,514,244
Gross profit	4,183,320	4,857,029
Selling, general and administrative expenses	2,952,668	3,169,530
Operating profit	1,230,652	1,687,498
Non-operating income		
Interest income	1,291	1,588
Foreign exchange gains	—	828
Surrender value of insurance policies	332	—
Subsidy income	8,617	999
Share of profit of entities accounted for using equity method	3,847	8,930
Miscellaneous income	2,334	463
Other	3,443	302
Total non-operating income	19,867	13,113
Non-operating expenses		
Interest expenses	1,511	1,207
Foreign exchange losses	1	—
Provision of allowance for doubtful accounts	1,873	—
Miscellaneous losses	—	3,424
Other	49	606
Total non-operating expenses	3,436	5,238
Ordinary profit	1,247,083	1,695,372
Extraordinary income		
Gain on sale of investment securities	14,825	—
Gain on sale of shares of subsidiaries	1,000	—
Gain on reversal of share acquisition rights	5,750	—
Gain on bargain purchase	552	—
Gain on step acquisitions	—	95,900
Total extraordinary income	22,127	95,900
Extraordinary losses		
Loss on retirement of non-current assets	48	25
Office relocation expenses	—	1,591
Loss due to new corona virus infection	507	1,362
Total extraordinary losses	556	2,978
Profit before income taxes	1,268,654	1,788,294
Income taxes - current	266,965	441,456
Income taxes - deferred	115,386	95,881
Total income taxes	382,351	537,338
Profit	886,302	1,250,955
Profit attributable to non-controlling interests	5,300	6,038
Profit attributable to owners of parent	881,002	1,244,916

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	886,302	1,250,955
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,854)	21,914
Foreign currency translation adjustment	39,918	10,896
Total other comprehensive income	32,063	32,811
Comprehensive income	918,366	1,283,767
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	913,066	1,277,728
Comprehensive income attributable to non-controlling interests	5,300	6,038