

Translation

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

January 11, 2024

Company name: CREEK & RIVER Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4763 URL <https://www.cri.co.jp>
 Representative: President and Representative Director Jun Kurosaki
 Inquiries: Corporate Officer Yuki Tochio TEL 03-4550-0011
 Scheduled date to file Quarterly Securities Report: January 12, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2023 (from March 1, 2023 to November 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	%
Nine months ended November 30, 2023	37,828	13.9	3,482	4.9	3,524	5.2	2,277	(4.4)
Nine months ended November 30, 2022	33,224	6.2	3,320	10.3	3,349	11.0	2,382	20.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2023	103.35		102.22	
Nine months ended November 30, 2022	106.98		105.77	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	25,415	15,764	61.3
As of February 28, 2023	22,752	14,244	61.7

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, 2023	–	0.00	–	27.00	27.00
Year ending February 29, 2024	–	0.00	–		
Year ending February 29, 2024 (Forecast)				41.00	41.00

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 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	50,000	13.3	4,500	13.7	4,500	12.4	3,000	3.5	135.04

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 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: 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 November 30, 2023	23,009,000 shares	As of February 28, 2023	23,009,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2023	1,057,885 shares	As of February 28, 2023	972,685 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2023	22,035,172 shares	Nine months ended November 30, 2022	22,272,432 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	9,255,060	11,612,937
Notes and accounts receivable - trade, and contract assets	6,607,593	7,232,012
Merchandise	6,802	9,913
Finished goods	24,556	38,267
Work in process	130,621	157,965
Supplies	3,331	3,537
Other	782,904	828,412
Allowance for doubtful accounts	(45,355)	(47,943)
Total current assets	16,765,514	19,835,102
Non-current assets		
Property, plant and equipment	644,148	596,183
Intangible assets		
Goodwill	664,939	511,497
Software	536,443	592,568
Other	164,731	228,185
Total intangible assets	1,366,114	1,332,251
Investments and other assets		
Investment securities	1,388,101	1,185,134
Investments in capital	335,560	335,560
Leasehold and guarantee deposits	919,598	921,316
Deferred tax assets	405,283	329,957
Other	1,029,265	984,324
Allowance for doubtful accounts	(100,666)	(103,880)
Total investments and other assets	3,977,142	3,652,412
Total non-current assets	5,987,405	5,580,846
Total assets	22,752,920	25,415,948
Liabilities		
Current liabilities		
Trade accounts payable	2,819,298	3,057,719
Short-term borrowings	1,350,000	2,450,000
Current portion of long-term borrowings	585,740	10,740
Income taxes payable	476,153	590,465
Accrued consumption taxes	688,181	668,750
Accrued expenses	580,902	928,847
Provision for bonuses	420,118	393,126
Other	996,909	1,027,610
Total current liabilities	7,917,304	9,127,258
Non-current liabilities		
Long-term borrowings	95,000	86,945
Retirement benefit liability	119,695	95,617
Provision for Shares benefits	273,563	284,519
Other	103,177	57,547
Total non-current liabilities	591,436	524,629
Total liabilities	8,508,741	9,651,888

	(Thousands of yen)	
	As of February 28, 2023	As of November 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,177,194	1,177,194
Capital surplus	2,250,451	2,457,011
Retained earnings	11,451,385	13,122,487
Treasury shares	(1,002,701)	(1,392,781)
Total shareholders' equity	13,876,331	15,363,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81,964	100,852
Foreign currency translation adjustment	85,908	105,341
Total accumulated other comprehensive income	167,873	206,193
Share acquisition rights	800	1,750
Non-controlling interests	199,174	192,205
Total net assets	14,244,178	15,764,060
Total liabilities and net assets	22,752,920	25,415,948

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Net sales	33,224,640	37,828,624
Cost of sales	20,184,324	23,452,690
Gross profit	13,040,315	14,375,933
Selling, general and administrative expenses	9,719,822	10,893,041
Operating profit	3,320,492	3,482,891
Non-operating income		
Interest income	4,781	9,171
Dividend income	4,744	4,802
Foreign exchange gains	5,865	10,445
Surrender value of insurance policies	—	8,556
Subsidy income	4,782	6,337
Share of profit of entities accounted for using equity method	21,565	5,215
Miscellaneous income	1,923	3,277
Other	1,930	2,287
Total non-operating income	45,592	50,095
Non-operating expenses		
Interest expenses	3,369	4,181
Miscellaneous losses	9,923	3,814
Other	3,509	568
Total non-operating expenses	16,802	8,565
Ordinary profit	3,349,282	3,524,421
Extraordinary income		
Gain on sale of non-current assets	—	324
Gain on sale of investment securities	30,000	—
Gain on sale of shares of subsidiaries	36,377	—
Gain on step acquisitions	95,900	—
Total extraordinary income	162,277	324
Extraordinary losses		
Loss on retirement of non-current assets	3,347	1,421
Impairment losses	—	39,924
Loss on sale of investment securities	—	17,450
Loss on liquidation of subsidiaries	—	258
Office transfer expense	1,591	—
Settlement payments	7,496	—
Loss due to new corona virus infection	1,362	—
Total extraordinary losses	13,797	59,055
Profit before income taxes	3,497,762	3,465,690
Income taxes - current	1,025,596	1,130,071
Income taxes - deferred	89,022	69,521
Total income taxes	1,114,618	1,199,593
Profit	2,383,144	2,266,097
Profit (loss) attributable to non-controlling interests	477	(11,262)
Profit attributable to owners of parent	2,382,667	2,277,360

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Profit	2,383,144	2,266,097
Other comprehensive income		
Valuation difference on available-for-sale securities	31,881	18,888
Foreign currency translation adjustment	35,026	19,432
Total other comprehensive income	66,908	38,320
Comprehensive income	2,450,052	2,304,418
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,449,575	2,315,680
Comprehensive income attributable to non-controlling interests	477	(11,262)