

Translation

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

October 7, 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: October 14, 2021
 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 six months ended August 31, 2021 (from March 1, 2021 to August 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	%
Six months ended August 31, 2021	21,035	14.0	2,157	48.2	2,173	47.3	1,406	45.4
Six months ended August 31, 2020	18,454	11.8	1,455	15.0	1,476	16.3	966	22.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2021	63.09		62.94	
Six months ended August 31, 2020	43.81		43.70	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2021	19,032	11,428	59.1
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				
Year ended February 28, 2021	–	0.00	–	16.00	16.00
Year ending February 28, 2022	–	0.00			
Year ending February 28, 2022 (Forecast)			–	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
Full year	41,300	10.7	3,200	30.7	3,200	28.7	1,950	18.4	87.48

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 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 August 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 August 31, 2021	717,700 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)

Six months ended August 31, 2021	22,291,328 shares	Six months ended August 31, 2020	22,069,838 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	8,315,320	9,003,536
Notes and accounts receivable - trade	5,043,213	5,239,301
Merchandise	5,255	23,172
Finished goods	332	6,255
Work in process	184,548	129,044
Supplies	1,631	2,111
Other	614,336	431,359
Allowance for doubtful accounts	(40,088)	(44,452)
Total current assets	14,124,550	14,790,329
Non-current assets		
Property, plant and equipment	691,664	673,495
Intangible assets		
Goodwill	159,301	185,105
Software	427,845	428,075
Other	43,502	41,741
Total intangible assets	630,648	654,921
Investments and other assets		
Investment securities	742,370	822,524
Leasehold and guarantee deposits	898,765	893,909
Investments in capital	510	333,510
Deferred tax assets	422,580	363,634
Other	581,981	598,427
Allowance for doubtful accounts	(5,944)	(97,972)
Total investments and other assets	2,640,263	2,914,032
Total non-current assets	3,962,576	4,242,449
Total assets	18,087,126	19,032,779
Liabilities		
Current liabilities		
Trade accounts payable	2,230,143	2,354,316
Accrued expenses	808,127	714,978
Short-term borrowings	1,008,230	850,352
Current portion of long-term borrowings	195,140	137,140
Income taxes payable	382,724	608,235
Accrued consumption taxes	724,322	588,526
Provision for bonuses	340,753	430,397
Guarantee implementation reserve	19,045	38,402
Other	927,656	700,034
Total current liabilities	6,636,145	6,422,383
Non-current liabilities		
Long-term borrowings	711,518	710,010
Retirement benefit liability	247,555	252,012
Provision for Shares benefits	169,761	217,686
Other	3,512	2,443
Total non-current liabilities	1,132,347	1,182,152
Total liabilities	7,768,493	7,604,536

(Thousands of yen)

	As of February 28, 2021	As of August 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	8,190,932
Treasury shares	(476,011)	(476,070)
Total shareholders' equity	10,088,139	11,142,509
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87,245	71,755
Foreign currency translation adjustment	(13,423)	27,351
Total accumulated other comprehensive income	73,822	99,106
Share acquisition rights	5,750	800
Non-controlling interests	150,921	185,827
Total net assets	10,318,633	11,428,243
Total liabilities and net assets	18,087,126	19,032,779

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Net sales	18,454,080	21,035,330
Cost of sales	11,565,475	12,921,048
Gross profit	6,888,604	8,114,281
Selling, general and administrative expenses	5,433,072	5,956,577
Operating profit	1,455,532	2,157,703
Non-operating income		
Interest income	2,135	2,565
Dividend income	573	211
Surrender value of insurance policies	4	565
Subsidy income	8,646	9,554
Share of profit of entities accounted for using equity method	6,168	–
Miscellaneous income	6,424	7,034
Other	1,675	4,162
Total non-operating income	25,628	24,095
Non-operating expenses		
Interest expenses	2,603	2,846
Miscellaneous loss	1,353	–
Share of loss of entities accounted for using equity method	–	1,512
Provision of allowance for doubtful accounts	–	1,873
Other	1,159	1,713
Total non-operating expenses	5,116	7,945
Ordinary profit	1,476,044	2,173,853
Extraordinary income		
Gain on sales of investment securities	–	14,881
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	–	22,183
Extraordinary losses		
Loss on retirement of non-current assets	1,070	7,504
Impairment loss	–	77,258
Loss due to new corona virus infection	25,693	507
Total extraordinary losses	26,764	85,270
Profit before income taxes	1,449,280	2,110,766
Income taxes - current	442,958	630,777
Income taxes - deferred	42,084	64,106
Total income taxes	485,042	694,883
Profit	964,238	1,415,883
Profit (loss) attributable to non-controlling interests	(2,621)	9,597
Profit attributable to owners of parent	966,859	1,406,285

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	964,238	1,415,883
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,707)	(15,490)
Foreign currency translation adjustment	(2,317)	40,775
Total other comprehensive income	(8,025)	25,284
Comprehensive income	956,213	1,441,167
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	958,834	1,431,570
Comprehensive income attributable to non-controlling interests	(2,621)	9,597