

# Translation

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## Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 6, 2023

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 of ordinary general meeting of shareholders: May 24, 2023  
 Scheduled date to file Securities Report: May 25, 2023  
 Scheduled date to commence dividend payments: May 25, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

#### (1) Consolidated operating results

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	%
Year ended February 28, 2023	44,121	5.6	3,956	16.0	4,002	17.0	2,899	30.4
Year ended February 28, 2022	41,799	12.0	3,411	39.4	3,419	37.6	2,224	35.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2023	130.52	129.05	22.2	18.8	9.0
Year ended February 28, 2022	99.77	99.20	20.0	18.0	8.2

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2023	22,752	14,244	61.7	637.32
As of February 28, 2022	19,930	12,238	60.5	540.83

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2023	2,261	(950)	(605)	9,034
Year ended February 28, 2022	2,521	(1,185)	(705)	8,294

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2022	—	0.00	—	20.00	20.00	454	20.0	4.1
Year ended February 28, 2023	—	0.00	—	27.00	27.00	606	20.7	4.6
Year ending February 29, 2024 (Forecast)	—	0.00	—	41.00	41.00		30.4	

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
Six months ending August 31, 2023	25,300	13.3	2,550	1.5	2,550	1.1	1,700	(5.0)	76.52
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 year ended February 28, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2023	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 February 28, 2023	972,685 shares	As of February 28, 2022	717,700 shares
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Average number of shares during the period

Year ended February 28, 2023	22,215,953 shares	Year ended February 28, 2022	22,291,314 shares
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# Consolidated financial statements

## Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,204,599	9,255,060
Notes and accounts receivable - trade	5,434,336	—
Notes receivable - trade	—	1,760
Accounts receivable - trade	—	6,022,725
Contract assets	—	583,107
Merchandise	24,903	6,802
Finished goods	17,469	24,556
Work in process	192,036	130,621
Supplies	4,663	3,331
Other	698,184	782,904
Allowance for doubtful accounts	(44,607)	(45,355)
Total current assets	15,531,586	16,765,514
Non-current assets		
Property, plant and equipment		
Buildings and structures	621,028	676,327
Accumulated depreciation	(203,973)	(264,638)
Buildings and structures, net	417,055	411,689
Machinery, equipment and vehicles	1,000	3,904
Accumulated depreciation	(999)	(3,904)
Machinery, equipment and vehicles, net	0	0
Land	2,211	2,215
Tools, furniture and fixtures	704,095	860,424
Accumulated depreciation	(482,067)	(642,372)
Tools, furniture and fixtures, net	222,027	218,051
Leased assets	3,000	7,665
Accumulated depreciation	(1,150)	(5,638)
Leased assets, net	1,850	2,027
Construction in progress	—	10,164
Total property, plant and equipment	643,143	644,148
Intangible assets		
Goodwill	157,102	664,939
Software	421,023	536,443
Other	139,352	164,731
Total intangible assets	717,478	1,366,114
Investments and other assets		
Investment securities	911,557	1,388,101
Investments in capital	333,510	335,560
Leasehold and guarantee deposits	889,045	919,598
Deferred tax assets	425,359	405,283
Other	577,773	1,029,265
Allowance for doubtful accounts	(99,324)	(100,666)
Total investments and other assets	3,037,921	3,977,142
Total non-current assets	4,398,544	5,987,405
Total assets	19,930,130	22,752,920

(Thousands of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Trade accounts payable	2,533,852	2,819,298
Short-term borrowings	850,121	1,350,000
Current portion of long-term borrowings	114,784	585,740
Income taxes payable	537,365	476,153
Accrued consumption taxes	593,945	688,181
Contract liabilities	—	2,759
Accrued expenses	638,106	580,902
Provision for bonuses	417,809	420,118
Guarantee implementation reserve	19,247	—
Other	934,212	994,149
Total current liabilities	6,639,445	7,917,304
Non-current liabilities		
Long-term borrowings	645,768	95,000
Retirement benefit liability	78,726	119,695
Provision for share awards	217,686	273,563
Deferred tax liabilities	—	31,755
Other	109,915	71,422
Total non-current liabilities	1,052,095	591,436
Total liabilities	7,691,541	8,508,741
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	11,451,385
Treasury shares	(476,070)	(1,002,701)
Total shareholders' equity	11,960,332	13,876,331
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61,494	81,964
Foreign currency translation adjustment	34,007	85,908
Total accumulated other comprehensive income	95,501	167,873
Share acquisition rights	800	800
Non-controlling interests	181,955	199,174
Total net assets	12,238,589	14,244,178
Total liabilities and net assets	19,930,130	22,752,920

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	41,799,798	44,121,199
Cost of sales	26,393,301	27,102,536
Gross profit	15,406,497	17,018,662
Selling, general and administrative expenses	11,994,968	13,062,532
Operating profit	3,411,529	3,956,130
Non-operating income		
Interest income	5,129	7,194
Dividend income	7,238	7,851
Surrender value of insurance policies	821	—
Subsidy income	10,837	6,769
Share of profit of entities accounted for using equity method	—	27,566
Miscellaneous income	8,332	12,295
Other	4,063	2,737
Total non-operating income	36,423	64,415
Non-operating expenses		
Interest expenses	5,302	4,398
Foreign exchange losses	1,496	488
Loss on cancellation of insurance policies	5,031	—
Provision of allowance for doubtful accounts	1,873	—
Share of loss of entities accounted for using equity method	8,940	—
Miscellaneous losses	4,896	10,303
Other	1,153	3,322
Total non-operating expenses	28,693	18,513
Ordinary profit	3,419,258	4,002,032
Extraordinary income		
Gain on sale of non-current assets	581	—
Gain on sale of investment securities	15,038	30,000
Gain on sale of shares of subsidiaries	1,000	36,377
Gain on reversal of share acquisition rights	5,750	—
Gain on bargain purchase	552	—
Gain on termination of retirement benefit plan	17,913	—
Gain on step acquisitions	—	95,900
Total extraordinary income	40,836	162,277
Extraordinary losses		
Loss on retirement of non-current assets	23,804	3,553
Office transfer expense	—	1,591
Settlement payments	—	57,497
Loss due to new corona virus infection	10,227	1,362
Impairment losses	77,258	—
Total extraordinary losses	111,291	64,005
Profit before income taxes	3,348,803	4,100,305
Income taxes - current	1,112,267	1,194,225
Income taxes - deferred	6,701	12,802
Total income taxes	1,118,969	1,207,027
Profit	2,229,834	2,893,278
Profit (loss) attributable to non-controlling interests	5,725	(6,345)
Profit attributable to owners of parent	2,224,108	2,899,623

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	2,229,834	2,893,278
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,751)	20,470
Foreign currency translation adjustment	47,431	51,901
Total other comprehensive income	21,679	72,371
Comprehensive income	2,251,513	2,965,649
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,245,788	2,971,995
Comprehensive income attributable to non-controlling interests	5,725	(6,345)

## Consolidated statements of changes in equity

Fiscal year ended February 28, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,177,194	2,250,451	7,136,504	(476,011)	10,088,139
Cumulative effects of changes in accounting policies					
Restated balance	1,177,194	2,250,451	7,136,504	(476,011)	10,088,139
Changes during period					
Dividends of surplus			(363,381)		(363,381)
Profit attributable to owners of parent			2,224,108		2,224,108
Purchase of treasury shares				(58)	(58)
Change in scope of consolidation			11,524		11,524
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,872,251	(58)	1,872,192
Balance at end of period	1,177,194	2,250,451	9,008,755	(476,070)	11,960,332

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	87,245	(13,423)	73,822	5,750	150,921	10,318,633
Cumulative effects of changes in accounting policies						
Restated balance	87,245	(13,423)	73,822	5,750	150,921	10,318,633
Changes during period						
Dividends of surplus						(363,381)
Profit attributable to owners of parent						2,224,108
Purchase of treasury shares						(58)
Change in scope of consolidation						11,524
Net changes in items other than shareholders' equity	(25,751)	47,431	21,679	(4,950)	31,033	47,762
Total changes during period	(25,751)	47,431	21,679	(4,950)	31,033	1,919,955
Balance at end of period	61,494	34,007	95,501	800	181,955	12,238,589

Fiscal year ended February 28, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,177,194	2,250,451	9,008,755	(476,070)	11,960,332
Cumulative effects of changes in accounting policies			(2,767)		(2,767)
Restated balance	1,177,194	2,250,451	9,005,987	(476,070)	11,957,564
Changes during period					
Dividends of surplus			(454,226)		(454,226)
Profit attributable to owners of parent			2,899,623		2,899,623
Purchase of treasury shares				(526,631)	(526,631)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,445,397	(526,631)	1,918,766
Balance at end of period	1,177,194	2,250,451	11,451,385	(1,002,701)	13,876,331

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	61,494	34,007	95,501	800	181,955	12,238,589
Cumulative effects of changes in accounting policies						(2,767)
Restated balance	61,494	34,007	95,501	800	181,955	12,235,821
Changes during period						
Dividends of surplus						(454,226)
Profit attributable to owners of parent						2,899,623
Purchase of treasury shares						(526,631)
Net changes in items other than shareholders' equity	20,470	51,901	72,371	–	17,219	89,590
Total changes during period	20,470	51,901	72,371	–	17,219	2,008,357
Balance at end of period	81,964	85,908	167,873	800	199,174	14,244,178

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	3,348,803	4,100,305
Depreciation	331,669	323,265
Impairment losses	77,258	—
Gain on reversal of share acquisition rights	(5,750)	—
Amortization of goodwill	56,005	122,452
Gain on bargain purchase	(552)	—
Share of loss (profit) of entities accounted for using equity method	8,940	(27,566)
Loss (gain) on step acquisitions	—	(95,900)
Increase (decrease) in allowance for doubtful accounts	6,020	(1,453)
Increase (decrease) in provision for bonuses	74,549	663
Increase (decrease) in retirement benefit liability	(169,576)	(7,449)
Increase (decrease) in Guarantee implementation reserve	202	—
Increase (decrease) in provision for share awards	47,925	55,877
Interest and dividend income	(12,367)	(15,046)
Interest expenses	5,302	4,398
Foreign exchange losses (gains)	—	4,791
Surrender value of insurance policies	(821)	—
Loss (gain) on cancellation of insurance policies	5,031	—
Loss (gain) on sale of investment securities	(15,038)	(30,000)
Gain on sale of non-current assets	(581)	—
Loss on retirement of non-current assets	23,804	3,553
Decrease (increase) in trade receivables	(344,293)	—
Decrease (increase) in trade receivables and contract assets	—	(872,905)
Decrease (increase) in inventories	(41,945)	80,789
Increase (decrease) in trade payables	283,446	92,592
Decrease (increase) in other assets	63,846	(30,211)
Increase (decrease) in other liabilities	(213,275)	(214,426)
Subtotal	3,528,602	3,493,730
Interest and dividends received	10,983	13,946
Interest paid	(5,205)	(4,412)
Income taxes refund (paid)	(1,013,162)	(1,242,220)
Net cash provided by (used in) operating activities	2,521,219	2,261,043

	(Thousands of yen)	
	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from investing activities		
Payments into time deposits	(91,000)	(110,000)
Proceeds from withdrawal of time deposits	—	810,000
Purchase of investment securities	(211,627)	(388,906)
Proceeds from sale of investment securities	21,325	30,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(771,312)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(20,774)	(21,745)
Payments for investments in capital	(333,000)	(2,050)
Purchase of property, plant and equipment	(89,460)	(103,481)
Proceeds from sale of property, plant and equipment	1,211	—
Purchase of intangible assets	(416,751)	(340,781)
Loan advances	(40,000)	—
Proceeds from collection of loans receivable	20,816	42,398
Payments of leasehold and guarantee deposits	(10,485)	(8,522)
Proceeds from refund of leasehold and guarantee deposits	1,556	12,044
Other payments	(24,556)	(98,373)
Other proceeds	6,913	—
Net cash provided by (used in) investing activities	(1,185,833)	(950,728)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(150,250)	501,022
Proceeds from long-term borrowings	5,000	—
Repayments of long-term borrowings	(196,306)	(114,285)
Proceeds from issuance of share acquisition rights	800	—
Purchase of treasury shares	(58)	(526,631)
Dividends paid	(362,173)	(455,163)
Repayments of lease liabilities	(2,741)	(9,960)
Net cash provided by (used in) financing activities	(705,731)	(605,017)
Effect of exchange rate change on cash and cash equivalents	46,763	34,163
Net increase (decrease) in cash and cash equivalents	676,417	739,461
Cash and cash equivalents at beginning of period	7,498,320	8,294,599
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	119,862	—
Cash and cash equivalents at end of period	8,294,599	9,034,060