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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 6, 2025

Company name: CRESCO LTD.
 Listing: Tokyo
 Securities code: 4674
 URL: <https://www.cresco.co.jp/ja/index.html>
 Representative: Hiroshi Tominaga, President, Executive Officer
 Inquiries: Kazuo Sugiyama, Director, Senior Managing Executive Officer
 Telephone: +81-03)5769-8011
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(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	%
Nine months ended December 31, 2024	43,102	11.8	4,154	25.9	4,426	13.9	2,926	22.0
December 31, 2023	38,544	9.0	3,298	(10.8)	3,887	21.4	2,398	7.5

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 3,760 million [25.5%]
 Nine months ended December 31, 2023: ¥ 2,996 million [63.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	71.02	-
December 31, 2023	57.84	-

(Note) The Company implemented a 2-for-1 share split of common shares as of July 1, 2024. Assuming that the stock split was implemented at the beginning of the entire consolidated fiscal year, the quarterly net income per share is calculated.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	41,775	30,156	72.2
March 31, 2024	39,714	27,681	69.7

(Reference) Equity: As of December 31, 2024: ¥ 30,156 million
 As of March 31, 2024: ¥ 27,681 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	25.00	-	27.00	52.00
Fiscal year ending March 31, 2025	-	19.00	-		
Fiscal year ending March 31, 2025 (Forecast)				19.00	38.00

(Note) Revision to the forecast for dividends announced most recently: None

The Company implemented a 2-for-1 share split of common shares as of July 1, 2024.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	58,500	10.9	5,900	15.2	6,000	6.0	4,000	7.3	96.99

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 (Company name: Jet Technologies. Co., Ltd. , TAKAGI SYSTEM CO., LTD)
Excluded: 2 (Company name: CRESCO Wireless, Inc. , Japan Software Design CO.,LTD.,)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

December 31, 2024: 44,000,000 shares
March 31, 2024: 44,000,000 shares

2) Number of treasury shares at the end of the period:

December 31, 2024: 2,759,452 shares
March 31, 2024: 2,800,764 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 41,210,048 shares
Nine months ended December 31, 2023: 41,464,662 shares

(Note) The Company implemented a 2-for-1 share split of common shares as of July 1, 2024. Assuming that the stock split was implemented at the beginning of the entire consolidated fiscal year, Number of Shares Outstanding at End of Period, Number of Treasury Shares at End of Period, and Average Number of Shares During the Period are calculated.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes(voluntary)

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	14,979,921	13,650,267
Accounts receivable - trade and contract assets	10,271,788	9,499,736
Electronically recorded monetary claims - operating	691,862	615,848
Securities	808,108	733,300
Money held in trust	107,113	-
Merchandise and finished goods	22,087	58,322
Work in process	372,387	499,067
Supplies	43,884	17,806
Other	604,948	987,107
Total current assets	27,902,101	26,061,456
Non-current assets		
Property, plant and equipment	701,038	1,000,442
Intangible assets		
Goodwill	1,145,242	2,848,049
Software	283,258	341,375
Other	14,334	14,149
Total intangible assets	1,442,835	3,203,575
Investments and other assets		
Investment securities	7,410,000	9,189,914
Other	2,365,639	2,422,068
Allowance for doubtful accounts	(107,209)	(102,425)
Total investments and other assets	9,668,430	11,509,557
Total non-current assets	11,812,303	15,713,575
Total assets	39,714,405	41,775,031

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	2,354,699	2,452,781
Short-term borrowings	100,000	100,000
Current portion of bonds payable	20,000	-
Current portion of long-term borrowings	641,938	443,336
Income taxes payable	1,212,654	358,977
Provision for bonuses	1,769,243	978,797
Provision for loss on orders received	99,562	148,041
Provision for compensation	-	86,000
Other	2,390,530	2,896,077
Total current liabilities	8,588,629	7,464,011
Non-current liabilities		
Long-term borrowings	1,595,000	1,271,108
Bonds payable	30,000	-
Long-term accounts payable - other	52,834	52,788
Retirement benefit liability	1,325,471	1,451,042
Provision for retirement benefits for directors (and other officers)	-	425,120
Asset retirement obligations	122,789	136,761
Deferred tax liabilities	316,422	771,124
Other	1,996	46,351
Total non-current liabilities	3,444,514	4,154,296
Total liabilities	12,033,143	11,618,308
Net assets		
Shareholders' equity		
Share capital	2,514,875	2,514,875
Capital surplus	2,979,869	3,007,179
Retained earnings	20,897,649	22,485,160
Treasury shares	(1,813,333)	(1,785,976)
Total shareholders' equity	24,579,061	26,221,238
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,920,375	3,780,321
Foreign currency translation adjustment	26,614	27,313
Remeasurements of defined benefit plans	155,210	127,848
Total accumulated other comprehensive income	3,102,199	3,935,484
Total net assets	27,681,261	30,156,723
Total liabilities and net assets	39,714,405	41,775,031

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	38,544,834	43,102,644
Cost of sales	31,342,203	34,597,102
Gross profit	7,202,631	8,505,542
Selling, general and administrative expenses		
Advertising expenses	81,659	108,462
Remuneration, salaries and allowances for directors (and other officers)	1,635,349	1,678,898
Provision for bonuses	107,481	117,168
Retirement benefit expenses	44,587	39,639
Provision for retirement benefits for directors (and other officers)	-	390
Legal welfare expenses	249,084	271,251
Hiring expenses	143,737	176,063
Education expense	155,935	118,662
Entertainment expenses	54,296	62,528
Rent expenses on land and buildings	140,104	167,133
Supplies expenses	61,671	66,869
Enterprise tax	158,767	166,059
Other	1,071,666	1,378,258
Total selling, general and administrative expenses	3,904,341	4,351,384
Operating profit	3,298,289	4,154,157
Non-operating income		
Interest income	202,280	183,432
Dividend income	64,171	67,753
Gain on sale of securities	5,444	17,464
Gain on valuation of securities	2,692	-
Gain on investments in money held in trust	19,370	3,964
Gain on valuation of derivatives	301,645	30,103
Subsidy income	28,202	40,316
Share of profit of entities accounted for using equity method	37,572	42,938
Other	29,524	36,496
Total non-operating income	690,904	422,470
Non-operating expenses		
Interest expenses	1,978	8,658
Loss on valuation of securities	-	29,784
Foreign exchange losses	26,429	68
Investment advisory fee	67,826	96,354
Other	5,260	15,341
Total non-operating expenses	101,495	150,207
Ordinary profit	3,887,699	4,426,420

(Thousands of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Extraordinary income		
Gain on sale of investment securities	4,854	57,074
Gain on redemption of investment securities	108,001	57,315
Surrender value of insurance policies	10,520	6,258
Gain on sale of shares of subsidiaries and associates	-	1,626
Other	-	3,197
Total extraordinary income	123,375	125,472
Extraordinary losses		
Loss on retirement of non-current assets	3,043	15,939
Loss on sale of investment securities	759	5,343
Loss on valuation of investment securities	5,807	23,209
Office relocation expenses	1,755	33,947
Provision for compensation losses	-	86,000
Impairment losses	209,564	-
Other	31,053	27,155
Total extraordinary losses	251,984	191,594
Profit before income taxes	3,759,089	4,360,298
Income taxes - current	1,095,554	1,136,725
Income taxes - deferred	265,390	296,762
Total income taxes	1,360,945	1,433,487
Profit	2,398,144	2,926,810
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,398,144	2,926,810

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Thousands of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	2,398,144	2,926,810
Other comprehensive income		
Valuation difference on available-for-sale securities	607,098	859,946
Foreign currency translation adjustment	1,959	699
Remeasurements of defined benefit plans, net of tax	(10,817)	(27,361)
Total other comprehensive income	598,239	833,284
Comprehensive income	2,996,384	3,760,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,996,384	3,760,094
Comprehensive income attributable to non-controlling interests	-	-