

**Translation**

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**Summary of Consolidated Financial Results  
for the Three Months Ended June 30, 2019  
(Based on Japanese GAAP)**

August 6, 2019

Company name: CRESCO LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4674 URL <https://www.cresco.co.jp/>  
 Representative: President, Executive Officer Hiroyuki Nemoto  
 Director, Managing Executive Officer, and  
 Inquiries: Kazuo Sugiyama TEL +81-3-5769-8011  
 General Manager, Accounting & Finance Unit  
 Scheduled date to file Quarterly Securities Report: August 7, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(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 June 30, 2019	9,245	14.0	770	63.1	670	(7.6)	433	4.7
Three months ended June 30, 2018	8,113	5.9	472	(21.0)	725	0.8	413	(16.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	39.60		–	
Three months ended June 30, 2018	37.83		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	24,165	16,218	67.1
As of March 31, 2019	25,372	16,137	63.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	32.00	–	34.00	66.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	34.00	–	34.00	68.00

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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 September 30, 2019	18,460	8.3	1,500	6.7	1,704	(1.0)	1,117	3.8	102.10
Full year	37,880	7.5	3,400	6.0	3,813	4.2	2,416	5.7	220.84

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019: No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (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 June 30, 2019	12,000,000 shares	As of March 31, 2019	12,000,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	1,059,990 shares	As of March 31, 2019	1,059,912 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	10,940,043 shares	Three months ended June 30, 2018	10,940,254 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	6,223,102	5,187,003
Notes and accounts receivable - trade	7,718,113	7,017,204
Electronically recorded monetary claims - operating	3,823	11,329
Securities	1,193,665	1,046,581
Money held in trust	55,409	56,308
Merchandise and finished goods	24,083	24,156
Work in process	208,774	339,580
Supplies	1,898	1,737
Other	854,161	611,368
Allowance for doubtful accounts	(1,995)	(1,995)
Total current assets	16,281,037	14,293,273
Non-current assets		
Property, plant and equipment	559,548	552,864
Intangible assets		
Goodwill	700,796	670,687
Software	641,435	629,745
Other	13,028	12,834
Total intangible assets	1,355,261	1,313,267
Investments and other assets		
Investment securities	4,974,300	5,972,770
Other	2,309,593	2,140,725
Allowance for doubtful accounts	(107,319)	(107,643)
Total investments and other assets	7,176,574	8,005,852
Total non-current assets	9,091,384	9,871,984
Total assets	25,372,421	24,165,258

(Thousands of yen)

As of March 31, 2019

As of June 30, 2019

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,540,203	1,567,571
Short-term borrowings	40,000	65,000
Current portion of long-term borrowings	289,586	280,836
Income taxes payable	785,167	47,133
Provision for bonuses	1,287,797	584,923
Provision for loss on order received	9,387	–
Other	1,906,650	2,070,441
<b>Total current liabilities</b>	<b>5,858,792</b>	<b>4,615,905</b>
<b>Non-current liabilities</b>		
Long-term borrowings	655,274	589,440
Long-term accounts payable - other	429,788	444,566
Retirement benefit liability	2,189,290	2,210,476
Provision for retirement benefits for directors (and other officers)	14,800	–
Asset retirement obligations	80,033	80,371
Lease obligations	7,057	6,463
<b>Total non-current liabilities</b>	<b>3,376,244</b>	<b>3,331,317</b>
<b>Total liabilities</b>	<b>9,235,037</b>	<b>7,947,223</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,514,875	2,514,875
Capital surplus	4,292,000	4,292,000
Retained earnings	10,832,849	10,894,086
Treasury shares	(1,871,643)	(1,871,924)
<b>Total shareholders' equity</b>	<b>15,768,082</b>	<b>15,829,038</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	411,863	426,860
Remeasurements of defined benefit plans	(42,561)	(37,863)
<b>Total accumulated other comprehensive income</b>	<b>369,302</b>	<b>388,996</b>
<b>Total net assets</b>	<b>16,137,384</b>	<b>16,218,035</b>
<b>Total liabilities and net assets</b>	<b>25,372,421</b>	<b>24,165,258</b>

**Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**  
**Quarterly consolidated statements of income**

	(Thousands of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	8,113,014	9,245,930
Cost of sales	6,735,786	7,502,838
Gross profit	1,377,228	1,743,091
Selling, general and administrative expenses		
Advertising expenses	6,833	7,134
Remuneration, salaries and allowances for directors (and other officers)	359,024	388,613
Provision for bonuses	50,669	55,759
Retirement benefit expenses	9,458	12,676
Provision for retirement benefits for directors (and other officers)	1,753	–
Legal welfare expenses	52,181	56,413
Recruiting expenses	55,083	41,842
Entertainment expenses	15,063	15,185
Rent expenses on land and buildings	42,319	43,169
Supplies expenses	18,063	18,928
Enterprise tax	38,237	39,186
Other	256,187	293,992
Total selling, general and administrative expenses	904,875	972,902
Operating profit	472,353	770,189
Non-operating income		
Interest income	45,174	105,193
Dividend income	49,903	44,351
Gain on sales of securities	37,831	12,533
Gain on valuation of securities	74,165	–
Gain on investments in money held in trust	351	899
Gain on valuation of derivatives	39,258	–
Subsidy income	–	6,483
Share of profit of entities accounted for using equity method	4,835	4,671
Other	9,909	8,980
Total non-operating income	261,430	183,113
Non-operating expenses		
Interest expenses	1,256	912
Loss on valuation of securities	–	41,951
Loss on valuation of derivatives	–	219,830
Foreign exchange losses	–	3,094
Payment on employee disabled	450	–
Investment advisory fee	6,417	15,410
Other	276	1,998
Total non-operating expenses	8,400	283,197
Ordinary profit	725,383	670,104

(Thousands of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Extraordinary income		
Gain on sales of investment securities	–	38
Surrender value of insurance policies	7,023	4,020
Compensation income	11,800	–
Total extraordinary income	18,823	4,058
Extraordinary losses		
Loss on retirement of non-current assets	11,180	780
Loss on sales of investment securities	–	1,366
Loss on valuation of investment securities	3,374	53,583
Loss on redemption of investment securities	–	4,420
Office relocation expenses	31,073	3,302
Cost related to the anniversary of the establishment	70,197	–
Other	4,626	791
Total extraordinary losses	120,452	64,244
Profit before income taxes	623,754	609,917
Income taxes - current	44,157	15,393
Income taxes - deferred	165,675	161,323
Total income taxes	209,833	176,717
Profit	413,920	433,200
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	413,920	433,200

**Quarterly consolidated statements of comprehensive income**

	(Thousands of yen)	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	413,920	433,200
Other comprehensive income		
Valuation difference on available-for-sale securities	(83,775)	14,996
Remeasurements of defined benefit plans, net of tax	2,864	4,698
Total other comprehensive income	(80,911)	19,694
Comprehensive income	333,009	452,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	333,009	452,895
Comprehensive income attributable to non-controlling interests	-	-