

**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results  
for the Nine Months Ended December 31, 2020  
(Based on Japanese GAAP)**

February 5, 2021

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, Kazuo Sugiyama  
 General Manager, Accounting & Finance Unit TEL +81-3-5769-8011  
 Scheduled date to file Quarterly Securities Report: February 8, 2021  
 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(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 December 31, 2020	29,018	0.2	2,388	(10.0)	3,123	(0.6)	2,193	9.5
Nine months ended December 31, 2019	28,957	12.1	2,653	14.6	3,141	18.4	2,003	19.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	104.46		–	
Nine months ended December 31, 2019	94.09		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	28,569	18,904	66.1
As of March 31, 2020	26,770	16,185	60.4

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, 2020	–	36.00	–	18.00	–
Year ending March 31, 2021	–	18.00	–		
Year ending March 31, 2021 (Forecast)				18.00	36.00

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	40,000	1.7	3,400	(4.4)	3,600	(3.0)	2,450	1.2	116.55

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020: 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 December 31, 2020	24,000,000 shares	As of March 31, 2020	24,000,000 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2020	2,978,723 shares	As of March 31, 2020	3,009,560 shares
-------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	20,996,224 shares	Nine months ended December 31, 2019	21,293,292 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	9,407,848	10,056,019
Notes and accounts receivable - trade	7,369,657	6,911,098
Electronically recorded monetary claims - operating	20,902	19,190
Securities	564,629	403,900
Money held in trust	50,946	61,236
Merchandise and finished goods	26,879	40,178
Work in process	258,504	355,802
Supplies	1,582	1,565
Other	445,354	491,722
Allowance for doubtful accounts	(1,995)	–
Total current assets	18,144,311	18,340,715
Non-current assets		
Property, plant and equipment	510,703	512,453
Intangible assets		
Goodwill	580,360	675,088
Software	623,079	573,214
Other	12,795	12,757
Total intangible assets	1,216,235	1,261,060
Investments and other assets		
Investment securities	4,533,224	6,716,283
Other	2,473,228	1,846,132
Allowance for doubtful accounts	(107,319)	(107,319)
Total investments and other assets	6,899,132	8,455,096
Total non-current assets	8,626,072	10,228,610
Total assets	26,770,383	28,569,325

(Thousands of yen)

As of March 31, 2020

As of December 31, 2020

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,815,951	1,721,307
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	663,336	672,768
Income taxes payable	418,051	451,301
Provision for bonuses	1,302,151	688,406
Provision for loss on order received	29,157	22,744
Other	1,741,514	1,835,719
<b>Total current liabilities</b>	<b>6,070,161</b>	<b>5,492,248</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,791,938	1,310,847
Long-term accounts payable - other	382,691	382,746
Retirement benefit liability	2,253,345	2,391,045
Asset retirement obligations	81,384	82,416
Lease obligations	4,934	4,925
Deferred tax liabilities	–	475
<b>Total non-current liabilities</b>	<b>4,514,294</b>	<b>4,172,456</b>
<b>Total liabilities</b>	<b>10,584,455</b>	<b>9,664,705</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,514,875	2,514,875
Capital surplus	4,473,108	4,478,262
Retained earnings	12,509,598	13,947,017
Treasury shares	(3,357,059)	(3,322,691)
<b>Total shareholders' equity</b>	<b>16,140,523</b>	<b>17,617,464</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	45,838	1,281,271
Foreign currency translation adjustment	0	(1,873)
Remeasurements of defined benefit plans	(8,579)	(385)
<b>Total accumulated other comprehensive income</b>	<b>37,259</b>	<b>1,279,011</b>
Share acquisition rights	8,144	8,144
<b>Total net assets</b>	<b>16,185,927</b>	<b>18,904,620</b>
<b>Total liabilities and net assets</b>	<b>26,770,383</b>	<b>28,569,325</b>

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

	(Thousands of yen)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	28,957,210	29,018,601
Cost of sales	23,577,578	23,890,880
Gross profit	5,379,631	5,127,721
Selling, general and administrative expenses		
Advertising expenses	26,854	25,869
Remuneration, salaries and allowances for directors (and other officers)	1,120,068	1,189,754
Provision for bonuses	60,684	91,296
Retirement benefit expenses	30,842	23,790
Legal welfare expenses	161,327	178,171
Recruiting expenses	125,668	117,324
Entertainment expenses	45,880	15,509
Rent expenses on land and buildings	129,710	120,696
Supplies expenses	68,496	41,921
Enterprise tax	123,302	142,147
Other	832,809	792,805
Total selling, general and administrative expenses	2,725,646	2,739,288
Operating profit	2,653,985	2,388,432
Non-operating income		
Interest income	278,077	214,077
Dividend income	92,655	64,323
Gain on sales of securities	53,238	52,034
Gain on investments in money held in trust	5,701	10,290
Subsidy income	15,954	37,952
Gain on valuation of derivatives	63,726	395,717
Share of profit of entities accounted for using equity method	41,674	13,908
Other	27,873	13,796
Total non-operating income	578,902	802,100
Non-operating expenses		
Interest expenses	3,890	4,949
Loss on valuation of securities	4,396	-
Investment advisory fee	41,845	46,361
Commission for purchase of treasury shares	23,232	-
Issuance cost of share acquisition rights	5,317	-
Foreign exchange losses	2,897	9,681
Other	9,603	5,859
Total non-operating expenses	91,182	66,853
Ordinary profit	3,141,705	3,123,680

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Extraordinary income		
Gain on sales of non-current assets	46	–
Gain on sales of investment securities	11,910	250,020
Gain on redemption of investment securities	–	896
Surrender value of insurance policies	28,773	28,539
Compensation income	3,000	–
Total extraordinary income	43,730	279,456
Extraordinary losses		
Loss on retirement of non-current assets	780	3,740
Loss on sales of investment securities	2,984	82,791
Loss on valuation of investment securities	82,409	–
Loss on redemption of investment securities	194,447	62,542
Office relocation expenses	6,597	–
Loss on sales of shares of subsidiaries and associates	–	1,076
Other	2,736	1,502
Total extraordinary losses	289,956	151,653
Profit before income taxes	2,895,480	3,251,483
Income taxes - current	745,030	861,590
Income taxes - deferred	147,014	196,651
Total income taxes	892,045	1,058,242
Profit	2,003,435	2,193,240
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,003,435	2,193,240

**Quarterly consolidated statements of comprehensive income**

	(Thousands of yen)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	2,003,435	2,193,240
Other comprehensive income		
Valuation difference on available-for-sale securities	94,366	1,235,432
Foreign currency translation adjustment	870	(1,873)
Remeasurements of defined benefit plans, net of tax	14,094	8,193
Total other comprehensive income	109,331	1,241,752
Comprehensive income	2,112,766	3,434,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,112,766	3,434,992
Comprehensive income attributable to non-controlling interests	-	-