TOPPAN FORMS CO., LTD.

April 27, 2018

Financial Summary for the Fiscal Year Ended March 31, 2018

1. Overview of Operating Results

(1) Overview of operating results in the fiscal year under review

In the fiscal year under review, the Japanese economy followed a moderate recovery trend against a background of improved corporate earnings and consumer spending. Meanwhile, the overseas economy remained uncertain, primarily because of the situations of East Asia and developments in US policies.

In the environment surrounding the TOPPAN FORMS GROUP (the Group), the Group has remained in a difficult situation because of companies' comprehensive efforts regarding cost reductions and lower prices due to intensified competition, decreasing demand for paper media with the advance of the IT revolution/networking and higher personnel costs. Amidst the increased threat of cyber attacks such as targeted attacks, information security measures took on greater importance.

In this business environment, to achieve sustainable growth, the Group is focusing on the efforts of "DigitalHybrid," which provides new value by combining conventional solutions with the latest digital technologies. To accelerate these efforts, the Group revamped its portfolio and restructured into four business sectors: "DigitalHybrid," "IT Innovation," "Business Product," and "Global Business," clarifying the strategy and optimizing the allocation of management resources.

The Group also made investments in the IT sector to achieve its medium-/long-term growth vision and considered a proactive investment in the business.

As a result, while the Group worked to develop market in industries such as manufacturing, distribution, and central and local governments and attracted demand for business process outsourcing (BPO) particularly of financial institutions, factors such as a decline in computer-related products in the Hong Kong market, lower sales of business forms (BF) in Japan, and a reduction in scale of large projects at some of the Group's major clients significantly affected the Group's financial performance, and net sales declined 7.9% year on year to ¥237.3 billion, operating income was down 24.9% to ¥7.1 billion, ordinary income decreased 24.4% to ¥7.6 billion, and profit attributable to owners of parent fell 33.9% to ¥3.8 billion.

Million yen (rounded off)

Consolidated operating results	Year ended March 31, 2018	Year ended March 31, 2017	Change	Rate of change
Net sales	237,317	257,734	(20,416)	(7.9%)
Operating income	7,114	9,474	(2,359)	(24.9%)
Ordinary income	7,604	10,065	(2,460)	(24.4%)
Profit attributable to owners of parent	3,884	5,876	(1,992)	(33.9%)

(2) Operating results by segment

(i) DigitalHybrid Business

In DigitalHybrid, the Company actively promoted the Enterprise Form Management Service (EFMS), which is a comprehensive, paper and electronic-based support of companies' operation management of forms, increasing sales and share for our existing clients and finding new customers.

In this business, contracts for data print services (DPS) such as transactional communication mainly from financial institutions increased steadily while segment sales declined from the previous year due in part to reduced sales volume for some clients and price falls.

In digital solutions, sales rose from the level of the previous year due to increased sales of electronic delivery services for billing statements and other communications and attendance management systems, despite a reactionary fall from sales of document management systems for financial institutions.

In BPO, the Company absorbed new demand resulting from legislative amendments, mainly from financial institutions, but sales declined significantly from the previous year given the rapid reduction in temporary benefit-related orders and large projects from some clients.

In BF, the Company increasingly absorbed demand for revisions due to business mergers and changes of services, but sales declined from the previous year primarily because of declining unit prices due to simplified product specifications and decreasing demand resulting from digitization.

As a result, overall sales in DigitalHybrid declined significantly.

While income from digital solutions and production cost reduction had some benefit, operating income declined significantly due chiefly to reduced sales from BPO and BF.

(ii) IT Innovation Business

In IT Innovation, despite the impact of a decline in sales from ID cards, point cards and RFID labels for medical use, the Company increased sales from system operation management services due chiefly to the expansion in the range of orders accepted by the Company and new orders. It also provided payment services on a full scale, centered on the e-money payment platform Thincacloud, which has been widely introduced in the amusement and logistics/retail industries. As a result, sales increased slightly.

Operating income improved markedly due to increased sales from payment services and system operation management services.

(iii) Business Product Business

In Business Products, despite the impact of reduced sales from high-functionality labels for product management and high-functionality refrigerant, sales remained on a par with the level of the previous year due to increased demand for custom-order equipment from the logistics industry.

Operating income rose considerably due to increased sales of equipment and products with high added value.

(iv) Global Business

In Global Business, sales from DPS and BPO increased steadily with the strengthening of the structure for contracted business, including the establishment of a new production site and the introduction of new equipment, and an increase in orders received for ID cards in Thailand, but overall sales declined, primarily because demand decreased for computer-related products and cards for financial institutions in the Hong Kong market.

Operating income increased substantially following in part an increase in sales of ID cards with high added value, despite a decrease in sales of computer-related products.

Million yen (rounded off)

Segment information	Year ended March 31, 2018		Year ended March 31, 2017		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
DigitalHybrid Business	161,849	8,341	181,467	11,893	(19,617)	(3,552)
IT Innovation Business	26,975	2,880	26,649	2,660	325	219
Business Product Business	31,922	975	31,705	414	217	561
Global Business	16,569	820	17,911	172	(1,341)	647

(3) Consolidated financial position

(Figures are rounded to the nearest unit, except for the equity ratio)

Consolidated operating results	Year ended March 31, 2018	Year ended March 31, 2017	Change
Total assets (million yen)	222,803	224,357	(1,553)
Shareholders' equity (million yen) (Note 1)	171,897	169,220	2,676
Equity ratio (%)	76.0%	74.4%	1.6%

Note 1: For shareholders' equity, minority interests are subtracted from total net assets.

(4) Consolidated cash flows

Million yen (rounded off)

Consolidated cash flows, etc.	Year ended March 31, 2018	Year ended March 31, 2017
Net cash provided by (used in) operating activities	12,582	10,957
Net cash provided by (used in) investing activities	(4,681)	(8,615)
Net cash provided by (used in) financing activities	(2,897)	(2,822)
Ending balance of cash and cash equivalents	63,852	58,919
Depreciation and amortization	8,334	8,998

* Impairment loss

Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

The Group generally categorizes the assets for business by plant/factory and the idle assets by individual property. In calculating the recoverable amount, generally the net realizable value is applied to the idle assets and the value in use to the other assets.

For the fiscal year under review, the Group recorded an impairment loss of ¥1,235 million for the assets described below.

Place	Purpose of use	Type
Head office Minato-ku, Tokyo, etc.	Assets for payment services	Software Tools, furniture and fixtures Software in progress Construction in progress Buildings and structures Machinery, equipment and vehicles

Prior investments were made in payment services as one of the areas driving the medium- to long-term growth of the Company. There was a delay in the launch of the services and as a consequence a short-term return is not expected. Accordingly, for the assets associated with these services, the book value is reduced to the scrap value.

The loss includes software of ¥769 million, tools, furniture and fixtures of ¥227 million, software in progress of ¥186 million, construction in progress of ¥35 million, buildings and structures of ¥15 million and machinery, equipment and vehicles of ¥0 million.

2. Outlook for the Fiscal Year Ending March 31, 2019

Looking ahead, the Japanese economy is expected to continue its recovery trend, albeit moderately, but an uncertain business environment is expected to continue in the coming months partly because of the effects of political and economic instability overseas on the domestic business.

The Company also expects that it will navigate tough business conditions for the time being due to such factors as concern over the possibility of increases in personnel expenses, raw material costs and logistics expenses, a decrease in the scale of large projects at some clients, as well as a decline in prices as a result of advances in IT and networks and intensified competition.

Despite this situation, with the achievement of medium- to long-term and sustainable growth in mind, the Group will strengthen its ability to execute strategies by accelerating growth in DigitalHybrid and allocating its management resources intensively to areas with significant room for growth. In addition, it will work to make proactive investments, facilitate structural reforms and implement cost reductions in earnest to further solidify its management base, thereby enhancing its business structure and ensuring profitability.

In its results forecast for the fiscal year ending March 31, 2019, the Company expects net sales to be ¥233.0 billion, operating income ¥6.5 billion, ordinary income ¥7.0 billion and profit attributable to owners of parent to be ¥3.5 billion.

Million yen (rounded off)

Results forecast for the fiscal year ending March 31, 2019	Forecast	Results in the previous fiscal year (ended March 31, 2018)	Change
Net sales	233,000	237,317	(4,317)
Operating income	6,500	7,114	(614)
Ordinary income	7,000	7,604	(604)
Profit attributable to owners of parent	3,500	3,884	(384)