

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2018  
(Based on Japanese GAAP)**

May 11, 2018

Company name: CREO CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 9698 URL <http://www.creo.co.jp>  
 Representative: President and Representative Director Junichi Kakizaki  
 Inquiries: Managing Director, Financial Director Takashi Ameda TEL 03-5783-3560  
 Scheduled date of ordinary general meeting of shareholders: June 26, 2018  
 Scheduled date to file Securities Report: June 28, 2018  
 Scheduled date to commence dividend payments: June 27, 2018  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (May 14, 2018)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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 March 31, 2018 | 12,268          | 6.1  | 410              | 38.3   | 457             | 37.3  | 305                                     | 14.4   |
| Year ended March 31, 2017 | 11,559          | 12.2 | 296              | (14.8) | 333             | (9.5) | 267                                     | (35.4) |

|                           | 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 March 31, 2018 | 36.79              | –                          | 5.9  | 6.2                          | 3.3                        |
| Year ended March 31, 2017 | 31.11              | –                          | 5.2  | 4.7                          | 2.6                        |

(2) Consolidated financial position

|                      | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
|                      | Millions of yen | Millions of yen | %            | Yen                  |
| As of March 31, 2018 | 7,525           | 5,315           | 70.2         | 636.37               |
| As of March 31, 2017 | 7,255           | 5,160           | 70.7         | 611.12               |

(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 March 31, 2018 | 429                                  | (109)                                | (165)                                | 3,483                                      |
| Year ended March 31, 2017 | 502                                  | (529)                                | (243)                                | 3,328                                      |

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 March 31, 2017             | –                          | 0.00            | –               | 13.00           | 13.00 | 109                          | 41.8                                 | 2.1   |
| Year ended March 31, 2018             | –                          | 0.00            | –               | 15.00           | 15.00 | 124                          | 40.8                                 | 2.4   |
| Year ending March 31, 2019 (Forecast) | –                          | 0.00            | –               | 20.00           | 20.00 |                              | 41.6                                 |   |

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018 | 6,000           | 7.5 | 30               | 0.2  | 50              | (14.5) | 20                                      | (4.1) | 2.41               |
| Full year                            | 13,100          | 6.8 | 570              | 38.8 | 590             | 28.8   | 400                                     | 30.9  | 48.20              |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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: No

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 March 31, 2018 | 8,650,369 shares | As of March 31, 2017 | 8,650,369 shares |
|----------------------|------------------|----------------------|------------------|

Number of treasury shares at the end of the period

|                      |                |                      |                |
|----------------------|----------------|----------------------|----------------|
| As of March 31, 2018 | 350,927 shares | As of March 31, 2017 | 257,720 shares |
|----------------------|----------------|----------------------|----------------|

Average number of shares during the period

|                           |                  |                           |                  |
|---------------------------|------------------|---------------------------|------------------|
| Year ended March 31, 2018 | 8,309,239 shares | Year ended March 31, 2017 | 8,590,397 shares |
|---------------------------|------------------|---------------------------|------------------|

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|  | As of March 31, 2017 | As of March 31, 2018 |
|--|----------------------|----------------------|
| Assets                                       |                      |                      |
| Current assets                               |                      |                      |
| Cash and deposits                            | 3,328                | 3,483                |
| Notes and accounts receivable - trade        | 2,234                | 2,514                |
| Merchandise and finished goods               | 2                    | 4                    |
| Work in process                              | 145                  | 235                  |
| Other  | 278                  | 218                  |
| Total current assets                         | 5,990                | 6,457                |
| Non-current assets                           |                      |                      |
| Property, plant and equipment                |                      |                      |
| Buildings and structures                     | 303                  | 310                  |
| Accumulated depreciation and impairment loss | (70)                 | (88)                 |
| Buildings and structures, net                | 233                  | 221                  |
| Tools, furniture and fixtures                | 180                  | 172                  |
| Accumulated depreciation and impairment loss | (113)                | (108)                |
| Tools, furniture and fixtures, net           | 66                   | 63                   |
| Leased assets                                | 46                   | 40                   |
| Accumulated depreciation                     | (12)                 | (16)                 |
| Leased assets, net                           | 34                   | 24                   |
| Land   | 18                   | 18                   |
| Total property, plant and equipment          | 352                  | 328                  |
| Intangible assets                            |                      |                      |
| Goodwill                                     | 132                  | 93                   |
| Patent right                                 | 1                    | 1                    |
| Software                                     | 428                  | 272                  |
| Software in progress                         | 36                   | 95                   |
| Other  | 2                    | 0                    |
| Total intangible assets                      | 600                  | 463                  |
| Investments and other assets                 |                      |                      |
| Investment securities                        | 9                    | 3                    |
| Other  | 326                  | 296                  |
| Allowance for doubtful accounts              | (23)                 | (23)                 |
| Total investments and other assets           | 312                  | 276                  |
| Total non-current assets                     | 1,265                | 1,068                |
| Total assets                                 | 7,255                | 7,525                |

(Millions of yen)

|   | As of March 31, 2017 | As of March 31, 2018 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| Current liabilities                                   |                      |                      |
| Accounts payable - trade                              | 531                  | 518                  |
| Accounts payable - other                              | 291                  | 324                  |
| Income taxes payable                                  | 65                   | 119                  |
| Provision for bonuses                                 | 395                  | 485                  |
| Provision for directors' bonuses                      | 4                    | 5                    |
| Other   | 653                  | 615                  |
| Total current liabilities                             | 1,941                | 2,067                |
| Non-current liabilities                               |                      |                      |
| Accrued directors' retirement benefits                | 26                   | 26                   |
| Net defined benefit liability                         | –                    | 1                    |
| Asset retirement obligations                          | 59                   | 63                   |
| Other   | 68                   | 51                   |
| Total non-current liabilities                         | 154                  | 142                  |
| Total liabilities                                     | 2,095                | 2,210                |
| <b>Net assets</b>                                     |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Capital stock   | 3,149                | 3,149                |
| Capital surplus                                       | 562                  | 562                  |
| Retained earnings                                     | 1,521                | 1,718                |
| Treasury shares                                       | (106)                | (148)                |
| Total shareholders' equity                            | 5,127                | 5,281                |
| Accumulated other comprehensive income                |                      |                      |
| Valuation difference on available-for-sale securities | 1                    | 0                    |
| Total accumulated other comprehensive income          | 1                    | 0                    |
| Non-controlling interests                             | 31                   | 33                   |
| Total net assets                                      | 5,160                | 5,315                |
| Total liabilities and net assets                      | 7,255                | 7,525                |

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

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2017 | Fiscal year ended<br>March 31, 2018 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 11,559                              | 12,268                              |
| Cost of sales                                      | 9,272                               | 9,722                               |
| Gross profit                                       | 2,287                               | 2,545                               |
| Selling, general and administrative expenses       |                                     |                                     |
| Promotion expenses                                 | 5                                   | 4                                   |
| Advertising expenses                               | 59                                  | 79                                  |
| Salaries, allowances and bonuses                   | 674                                 | 810                                 |
| Retirement benefit expenses                        | 22                                  | 29                                  |
| Provision for bonuses                              | 55                                  | 72                                  |
| Provision for directors' bonuses                   | 4                                   | 5                                   |
| Other  | 1,169                               | 1,134                               |
| Total selling, general and administrative expenses | 1,990                               | 2,134                               |
| Operating profit                                   | 296                                 | 410                                 |
| Non-operating income                               |                                     |                                     |
| Interest income                                    | 1                                   | 2                                   |
| Dividend income                                    | 3                                   | 0                                   |
| Subsidy income                                     | 20                                  | 35                                  |
| Other  | 14                                  | 10                                  |
| Total non-operating income                         | 39                                  | 49                                  |
| Non-operating expenses                             |                                     |                                     |
| Interest expenses                                  | 0                                   | 0                                   |
| Other  | 2                                   | 0                                   |
| Total non-operating expenses                       | 3                                   | 1                                   |
| Ordinary profit                                    | 333                                 | 457                                 |
| Extraordinary income                               |                                     |                                     |
| Gain on abolishment of retirement benefit plan     | 28                                  | –                                   |
| Gain on sales of investment securities             | 36                                  | 2                                   |
| Total extraordinary income                         | 65                                  | 2                                   |
| Extraordinary losses                               |                                     |                                     |
| Loss on retirement of non-current assets           | 0                                   | 2                                   |
| appraisal loss software                            | –                                   | 20                                  |
| Office transfer expenses                           | 25                                  | –                                   |
| Other  | 1                                   | 1                                   |
| Total extraordinary losses                         | 27                                  | 23                                  |
| Profit before income taxes                         | 371                                 | 436                                 |
| Income taxes - current                             | 92                                  | 125                                 |
| Income taxes - deferred                            | 5                                   | 1                                   |
| Total income taxes                                 | 97                                  | 127                                 |
| Profit   | 273                                 | 309                                 |
| Profit attributable to non-controlling interests   | 6                                   | 3                                   |
| Profit attributable to owners of parent            | 267                                 | 305                                 |

## Consolidated statements of comprehensive income

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2017 | Fiscal year ended<br>March 31, 2018 |
|--|-------------------------------------|-------------------------------------|
| Profit   | 273                                 | 309                                 |
| Other comprehensive income                                     |                                     |                                     |
| Valuation difference on available-for-sale securities          | (20)                                | (1)                                 |
| Total other comprehensive income                               | (20)                                | (1)                                 |
| Comprehensive income   | 253                                 | 308                                 |
| Comprehensive income attributable to                           |                                     |                                     |
| Comprehensive income attributable to owners of parent          | 246                                 | 304                                 |
| Comprehensive income attributable to non-controlling interests | 6                                   | 3                                   |

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period  | 3,149                | 743             | 1,384             | (180)           | 5,096                      |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Dividends of surplus  |                      |                 | (129)             |                 | (129)                      |
| Profit attributable to owners of parent   |                      |                 | 267               |                 | 267                        |
| Purchase of treasury shares   |                      |                 |                   | (108)           | (108)                      |
| Retirement of treasury shares   |                      | (182)           |                   | 182             | –                          |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | 1               |                   |                 | 1                          |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                 |                            |
| Total changes of items during period  | –                    | (181)           | 137               | 74              | 30                         |
| Balance at end of current period  | 3,149                | 562             | 1,521             | (106)           | 5,127                      |

|   | Accumulated other comprehensive income                |  | Non-controlling interests | Total net assets |
|---|---|--|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period  | 21  | 21   | 47                        | 5,165            |
| Changes of items during period  |   |  |                           |                  |
| Dividends of surplus  |   |  |                           | (129)            |
| Profit attributable to owners of parent   |   |  |                           | 267              |
| Purchase of treasury shares   |   |  |                           | (108)            |
| Retirement of treasury shares   |   |  |                           | –                |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |  |                           | 1                |
| Net changes of items other than shareholders' equity                                      | (20)  | (20)   | (15)                      | (36)             |
| Total changes of items during period  | (20)  | (20)   | (15)                      | (5)              |
| Balance at end of current period  | 1   | 1  | 31                        | 5,160            |

Fiscal year ended March 31, 2018

(Millions of yen)

|   | Shareholders' equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period  | 3,149                | 562             | 1,521             | (106)           | 5,127                      |
| Changes of items during period  |                      |                 |                   |                 |                            |
| Dividends of surplus  |                      |                 | (109)             |                 | (109)                      |
| Profit attributable to owners of parent   |                      |                 | 305               |                 | 305                        |
| Purchase of treasury shares   |                      |                 |                   | (42)            | (42)                       |
| Retirement of treasury shares   |                      |                 |                   |                 |                            |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      |                 |                   |                 |                            |
| Net changes of items other than shareholders' equity                                      |                      |                 |                   |                 |                            |
| Total changes of items during period  | –                    | –               | 196               | (42)            | 154                        |
| Balance at end of current period  | 3,149                | 562             | 1,718             | (148)           | 5,281                      |

|   | Accumulated other comprehensive income                |  | Non-controlling interests | Total net assets |
|---|---|--|---------------------------|------------------|
|   | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of current period  | 1   | 1  | 31                        | 5,160            |
| Changes of items during period  |   |  |                           |                  |
| Dividends of surplus  |   |  |                           | (109)            |
| Profit attributable to owners of parent   |   |  |                           | 305              |
| Purchase of treasury shares   |   |  |                           | (42)             |
| Retirement of treasury shares   |   |  |                           |                  |
| Change in ownership interest of parent due to transactions with non-controlling interests |   |  |                           |                  |
| Net changes of items other than shareholders' equity                                      | (1)   | (1)  | 2                         | 0                |
| Total changes of items during period  | (1)   | (1)  | 2                         | 154              |
| Balance at end of current period  | 0   | 0  | 33                        | 5,315            |



## Consolidated statements of cash flows

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2017 | Fiscal year ended<br>March 31, 2018 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities  |                                     |                                     |
| Profit before income taxes  | 371                                 | 436                                 |
| Depreciation  | 274                                 | 264                                 |
| Amortization of goodwill  | 38                                  | 38                                  |
| Increase (decrease) in allowance for doubtful accounts  | (5)                                 | –                                   |
| Increase (decrease) in provision for bonuses  | (33)                                | 89                                  |
| Increase (decrease) in provision for directors' bonuses   | 2                                   | 1                                   |
| Increase (decrease) in provision for retirement benefits  | (96)                                | 1                                   |
| Interest and dividend income  | (4)                                 | (2)                                 |
| Interest expenses   | 0                                   | 0                                   |
| Loss on retirement of property, plant and equipment   | 0                                   | 0                                   |
| Loss on retirement of intangible assets   | –                                   | 1                                   |
| Loss (gain) on sales and valuation of investment securities                                       | (36)                                | (2)                                 |
| appraisal loss software   | –                                   | 20                                  |
| Decrease (increase) in notes and accounts receivable - trade                                      | 56                                  | (279)                               |
| Decrease (increase) in inventories  | 41                                  | (92)                                |
| Increase (decrease) in notes and accounts payable - trade   | 53                                  | (12)                                |
| Increase (decrease) in accounts payable - other   | (85)                                | 32                                  |
| Increase (decrease) in accrued consumption taxes  | 44                                  | (49)                                |
| Other, net  | (56)                                | 86                                  |
| Subtotal  | 564                                 | 534                                 |
| Interest and dividend income received   | 4                                   | 2                                   |
| Interest expenses paid  | (0)                                 | (0)                                 |
| Income taxes paid   | (66)                                | (105)                               |
| Net cash provided by (used in) operating activities   | 502                                 | 429                                 |
| Cash flows from investing activities  |                                     |                                     |
| Purchase of property, plant and equipment   | (189)                               | (20)                                |
| Purchase of intangible assets   | (295)                               | (139)                               |
| Proceeds from sales of investment securities  | 97                                  | 6                                   |
| Payments for guarantee deposits   | (136)                               | (17)                                |
| Proceeds from collection of guarantee deposits  | 61                                  | 46                                  |
| Purchase of shares of subsidiaries  | (19)                                | –                                   |
| Proceeds from purchase of shares of subsidiaries resulting in<br>change in scope of consolidation | 38                                  | –                                   |
| Payments of short-term loans receivable   | (50)                                | –                                   |
| Collection of short-term loans receivable   | 0                                   | 15                                  |
| Proceeds from maturity of insurance funds   | 5                                   | –                                   |
| Payments for asset retirement obligations   | (43)                                | –                                   |
| Other, net  | 0                                   | (0)                                 |
| Net cash provided by (used in) investing activities   | (529)                               | (109)                               |

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2017 | Fiscal year ended<br>March 31, 2018 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from financing activities                 |                                     |                                     |
| Cash dividends paid                                  | (129)                               | (108)                               |
| Purchase of treasury shares                          | (108)                               | (42)                                |
| Dividends paid to non-controlling interests          | (1)                                 | (1)                                 |
| Repayments of lease obligations                      | (3)                                 | (12)                                |
| Net cash provided by (used in) financing activities  | (243)                               | (165)                               |
| Net increase (decrease) in cash and cash equivalents | (270)                               | 155                                 |
| Cash and cash equivalents at beginning of period     | 3,599                               | 3,328                               |
| Cash and cash equivalents at end of period           | 3,328                               | 3,483                               |