

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2017 (Based on Japanese GAAP)

August 10, 2017

Company name: Trust Tech Inc.
 Stock exchange listing: Tokyo
 Stock code: 2154 URL <http://www.trust-tech.jp/>
 Representative: President and Representative Director Yutaka Nishida
 Director, Senior Managing Corporate Executive Officer
 Inquiries: Noriyuki Murai TEL 03-5777-7727
 Scheduled date of ordinary general meeting of shareholders: September 22, 2017
 Scheduled date to file Securities Report: September 25, 2017
 Scheduled date to commence dividend payments: September 5, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

(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 June 30, 2017	43,035	42.8	3,220	26.3	3,185	26.0	1,923	26.3
Year ended June 30, 2016	30,143	44.8	2,549	59.6	2,528	55.8	1,523	48.7

Note: Comprehensive income Year ended June 30, 2017 ¥2,027 million [33.3%]
 Year ended June 30, 2016 ¥1,521 million [48.2%]

	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 June 30, 2017	99.17	98.92	32.3	22.2	7.5
Year ended June 30, 2016	78.91	78.34	31.3	25.7	8.5

Reference: Share of profit (loss) of investments accounted for using the equity method

Year ended June 30, 2017 ¥(3) million

Year ended June 30, 2016 ¥– million

* The Company implemented a 2-for-1 common stock split on April 1, 2016. Earnings per share and diluted earnings per share have been calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2017	16,805	6,697	39.2	339.37
As of June 30, 2016	11,914	5,322	44.6	274.80

Reference: Equity As of June 30, 2017: ¥6,594 million

As of June 30, 2016: ¥5,318 million

* The Company implemented a 2-for-1 common stock split on April 1, 2016. Net assets per share have been calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(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 June 30, 2017	2,274	(2,395)	764	4,581
Year ended June 30, 2016	1,418	(1,807)	1,287	3,930

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 June 30, 2016	–	30.00	–	25.00	–	773	50.7	15.9
Year ended June 30, 2017	–	15.00	–	30.00	45.00	874	45.4	14.7
Year ending June 30, 2018 (Forecast)	–	20.00	–	35.00	55.00		40.8	

* The Company implemented a 2-for-1 common stock split on April 1, 2016. The dividend for the second quarter of the fiscal year ended June 30, 2016 indicates the actual amount paid prior to the stock split. On the assumption that the stock split was implemented at the beginning of the previous fiscal year, annual dividend for the fiscal year ended June 30, 2016 would be 40.00 yen per share.

3. Forecast of consolidated financial results for the year ending June 30, 2018 (from July 1, 2017 to June 30, 2018)

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 December 31, 2017	24,620	20.3	2,065	58.0	2,062	60.6	1,273	75.3	65.52
Full year	51,500	19.7	4,250	32.0	4,250	33.4	2,620	36.2	134.83

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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 June 30, 2017	19,433,000 shares	As of June 30, 2016	19,353,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2017	493 shares	As of June 30, 2016	390 shares
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Average number of shares during the period

Year ended June 30, 2017	19,401,559 shares	Year ended June 30, 2016	19,312,066 shares
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* The Company implemented a 2-for-1 common stock split on April 1, 2016. Number of issued shares (common shares) have been calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June 30, 2017	21,160	24.5	2,497	19.8	2,678	22.4	1,895	30.3
Year ended June 30, 2016	17,002	35.1	2,084	53.2	2,187	43.9	1,454	44.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended June 30, 2017	97.71		97.46	
Year ended June 30, 2016	75.33		74.79	

* The Company implemented a 2-for-1 common stock split on April 1, 2016. Earnings per share and diluted earnings per share have been calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2017	14,869	6,045	40.6	310.89
As of June 30, 2016	9,915	4,877	49.1	251.79

Reference: Equity As of June 30, 2017 ¥6,041 million
As of June 30, 2016 ¥4,872 million

* The Company implemented a 2-for-1 common stock split on April 1, 2016. Net assets per share have been calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

* Financial results reports are not required to be audited.

* Explanation of the appropriate use of earnings forecasts and other special notes

Earnings forecasts and other forward-looking statements stated in this document are based on information currently available to the Company and certain assumptions that the Company considers to be reasonable. The actual results may differ materially from the forecasts due to various factors.

(Method for obtaining materials for financial results meeting)

Financial results meeting for institutional investors and analysts will be held on Thursday, August 10, 2017. Materials for the meeting will be provided on the Company's website as soon as possible after the meeting.

In addition to the above meeting, the Company holds meetings for individual investors regarding our business and performance on a timely basis. For the schedule of these meetings, please refer to the Company's website.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2016	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	3,930,496	4,581,972
Notes and accounts receivable - trade	4,060,115	6,245,524
Deferred tax assets	400,482	529,790
Other	593,005	642,408
Total current assets	8,984,101	11,999,695
Non-current assets		
Property, plant and equipment		
Buildings and structures	189,314	319,814
Accumulated depreciation	(70,649)	(81,302)
Buildings and structures, net	118,664	238,511
Land	93,200	107,198
Other	206,212	286,715
Accumulated depreciation	(161,879)	(204,454)
Other, net	44,333	82,261
Total property, plant and equipment	256,198	427,970
Intangible assets		
Goodwill	2,006,108	3,681,754
Software	186,310	163,321
Leased assets	3,609	–
Other	6,633	135
Total intangible assets	2,202,661	3,845,211
Investments and other assets		
Deferred tax assets	28,337	25,954
Other	442,701	506,233
Total investments and other assets	471,039	532,187
Total non-current assets	2,929,899	4,805,369
Total assets	11,914,000	16,805,065

(Thousands of yen)

	As of June 30, 2016	As of June 30, 2017
Liabilities		
Current liabilities		
Short-term loans payable	1,900,000	1,075,934
Current portion of bonds	–	196,000
Current portion of long-term loans payable	–	300,000
Lease obligations	6,216	1,379
Accrued expenses	2,394,623	3,031,668
Income taxes payable	638,511	812,290
Accrued consumption taxes	644,290	742,448
Provision for bonuses	397,992	600,943
Other	549,865	880,668
Total current liabilities	6,531,500	7,641,333
Non-current liabilities		
Bonds payable	–	1,106,000
Long-term loans payable	–	1,200,000
Lease obligations	1,286	10
Net defined benefit liability	35,786	44,628
Deferred tax liabilities	20,135	24,031
Other	2,857	91,978
Total non-current liabilities	60,067	2,466,649
Total liabilities	6,591,568	10,107,983
Net assets		
Shareholders' equity		
Capital stock	1,538,690	1,562,705
Capital surplus	696,175	720,190
Retained earnings	3,089,478	4,238,432
Treasury shares	(397)	(569)
Total shareholders' equity	5,323,946	6,520,758
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(327)	148
Foreign currency translation adjustment	(5,613)	73,917
Total accumulated other comprehensive income	(5,940)	74,065
Subscription rights to shares	4,427	4,028
Non-controlling interests	–	98,230
Total net assets	5,322,432	6,697,082
Total liabilities and net assets	11,914,000	16,805,065

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

(Thousands of yen)

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Net sales	30,143,636	43,035,463
Cost of sales	22,951,055	33,690,697
Gross profit	7,192,581	9,344,766
Selling, general and administrative expenses		
Directors' compensations	227,990	225,224
Salaries and allowances	1,767,041	2,216,035
Retirement benefit expenses	13,748	16,219
Offering cost	352,331	448,897
Taxes and dues	66,613	158,844
Other	2,215,707	3,059,162
Total selling, general and administrative expenses	4,643,432	6,124,385
Operating profit	2,549,148	3,220,381
Non-operating income		
Interest income	724	251
Subsidy income	6,716	23,493
Other	4,190	2,149
Total non-operating income	11,631	25,895
Non-operating expenses		
Interest expenses	14,929	27,377
Bond issuance cost	–	20,083
Foreign exchange losses	16,988	6,359
Share of loss of entities accounted for using equity method	–	3,766
Other	298	3,030
Total non-operating expenses	32,216	60,617
Ordinary profit	2,528,564	3,185,658
Extraordinary income		
Gain on sales of non-current assets	22,486	179
Gain on reversal of subscription rights to shares	–	209
Total extraordinary income	22,486	388
Extraordinary losses		
Loss on retirement of non-current assets	1,669	34,636
Total extraordinary losses	1,669	34,636
Profit before income taxes	2,549,380	3,151,410
Income taxes - current	1,174,906	1,286,360
Income taxes - deferred	(149,358)	(93,231)
Total income taxes	1,025,547	1,193,129
Profit	1,523,833	1,958,280
Profit attributable to non-controlling interests	–	34,324
Profit attributable to owners of parent	1,523,833	1,923,956

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Profit	1,523,833	1,958,280
Other comprehensive income		
Valuation difference on available-for-sale securities	(388)	475
Foreign currency translation adjustment	(2,164)	68,106
Share of other comprehensive income of entities accounted for using equity method	–	967
Total other comprehensive income	(2,552)	69,549
Comprehensive income	1,521,280	2,027,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,521,280	2,003,963
Comprehensive income attributable to non-controlling interests	–	23,867

Consolidated statements of changes in equity

Fiscal year ended June 30, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,529,690	687,175	2,193,146	(177)	4,409,835
Changes of items during period					
Issuance of new shares	9,000	9,000			18,000
Dividends of surplus			(627,501)		(627,501)
Profit attributable to owners of parent			1,523,833		1,523,833
Purchase of treasury shares				(220)	(220)
Net changes of items other than shareholders' equity					
Total changes of items during period	9,000	9,000	896,331	(220)	914,110
Balance at end of current period	1,538,690	696,175	3,089,478	(397)	5,323,946

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	61	(3,449)	(3,388)	–	4,406,446
Changes of items during period					
Issuance of new shares					18,000
Dividends of surplus					(627,501)
Profit attributable to owners of parent					1,523,833
Purchase of treasury shares					(220)
Net changes of items other than shareholders' equity	(388)	(2,164)	(2,552)	4,427	1,874
Total changes of items during period	(388)	(2,164)	(2,552)	4,427	915,985
Balance at end of current period	(327)	(5,613)	(5,940)	4,427	5,322,432

Fiscal year ended June 30, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,538,690	696,175	3,089,478	(397)	5,323,946
Changes of items during period					
Issuance of new shares	24,015	24,015			48,030
Dividends of surplus			(775,003)		(775,003)
Profit attributable to owners of parent			1,923,956		1,923,956
Purchase of treasury shares				(171)	(171)
Net changes of items other than shareholders' equity					
Total changes of items during period	24,015	24,015	1,148,953	(171)	1,196,812
Balance at end of current period	1,562,705	720,190	4,238,432	(569)	6,520,758

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(327)	(5,613)	(5,940)	4,427	–	5,322,432
Changes of items during period						
Issuance of new shares						48,030
Dividends of surplus						(775,003)
Profit attributable to owners of parent						1,923,956
Purchase of treasury shares						(171)
Net changes of items other than shareholders' equity	475	79,531	80,006	(399)	98,230	177,838
Total changes of items during period	475	79,531	80,006	(399)	98,230	1,374,650
Balance at end of current period	148	73,917	74,065	4,028	98,230	6,697,082

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2016	Fiscal year ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	2,549,380	3,151,410
Depreciation	105,843	142,776
Amortization of goodwill	236,495	382,409
Increase (decrease) in provision for bonuses	54,808	142,177
Increase (decrease) in net defined benefit liability	(6,105)	(15,954)
Interest and dividend income	(734)	(272)
Interest expenses	14,929	27,377
Share of (profit) loss of entities accounted for using equity method	–	3,766
Bond issuance cost	–	20,083
Loss on retirement of non-current assets	1,669	34,636
Decrease (increase) in notes and accounts receivable - trade	(631,781)	(985,706)
Increase (decrease) in accrued expenses	356,263	550,666
Other, net	(172,852)	55,272
Subtotal	2,507,917	3,508,644
Interest and dividend income received	734	272
Interest expenses paid	(15,721)	(35,551)
Income taxes paid	(1,074,256)	(1,198,423)
Net cash provided by (used in) operating activities	1,418,674	2,274,942
Cash flows from investing activities		
Purchase of property, plant and equipment	(61,978)	(148,838)
Purchase of intangible assets	(126,581)	(43,741)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,979,219)	(2,150,524)
Purchase of shares of subsidiaries and associates	–	(15,150)
Payments for transfer of business	(108,000)	–
Net decrease (increase) in lease and guarantee deposits	(112,421)	(40,252)
Proceeds from sales of investments in real estates	598,650	–
Other, net	(17,888)	2,990
Net cash provided by (used in) investing activities	(1,807,438)	(2,395,517)
Cash flows from financing activities		
Increase in short-term loans payable	2,300,000	3,000,000
Decrease in short-term loans payable	(400,000)	(4,284,805)
Proceeds from long-term loans payable	–	1,500,000
Proceeds from issuance of bonds	–	1,379,916
Redemption of bonds	–	(98,000)
Repayments of lease obligations	(7,018)	(6,246)
Cash dividends paid	(627,299)	(774,262)
Other, net	22,206	47,668
Net cash provided by (used in) financing activities	1,287,887	764,269
Effect of exchange rate change on cash and cash equivalents	(7,605)	7,782
Net increase (decrease) in cash and cash equivalents	891,518	651,476
Cash and cash equivalents at beginning of period	3,038,978	3,930,496
Cash and cash equivalents at end of period	3,930,496	4,581,972