

Translation

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Summary of Consolidated Financial Results for the Three Months Ended September 30, 2018 (Based on Japanese GAAP)

November 9, 2018

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 Noriyuki Murai
 Inquiries: Executive Officer TEL 03-5777-7727
 Scheduled date to file Quarterly Securities Report: November 13, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended September 30, 2018 (from July 1, 2018 to September 30, 2018)

(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 September 30, 2018	18,717	56.3	1,068	10.3	1,077	10.2	664	8.5
Three months ended September 30, 2017	11,977	16.6	968	94.4	978	106.0	612	188.2

Note: Comprehensive income Three months ended September 30, 2018 ¥503 million [(27.7) %]
 Three months ended September 30, 2017 ¥696 million [145.2 %]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended September 30, 2018	31.40		31.28	
Three months ended September 30, 2017	31.54		31.48	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	27,813	13,463	47.8
As of June 30, 2018	28,127	13,715	48.3

Reference: Equity As of September 30, 2018: ¥13,296 million
 As of June 30, 2018: ¥13,581 million

Note: The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending June 30, 2019. Accordingly, figures in the consolidated financial position as of June 30, 2018 are those after retrospective application of the standard and guidances.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2018	–	20.00	–	35.00	55.00
Year ending June 30, 2019	–				
Year ending June 30, 2019 (Forecast)		30.00	–	40.00	70.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending June 30, 2019 (from July 1, 2018 to June 30, 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 December 31, 2018	39,188	32.1	2,550	15.4	2,500	13.6	1,600	21.9	75.55
Full year	82,000	25.5	6,000	39.6	5,900	39.5	3,700	44.0	174.70

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended September 30, 2018 (changes in specified subsidiaries resulting in the change in scope of consolidation): 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 September 30, 2018	21,179,800 shares	As of June 30, 2018	21,179,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	687 shares	As of June 30, 2018	532 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2018	21,179,147 shares	Three months ended September 30, 2017	19,432,664 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	9,410	8,162
Notes and accounts receivable - trade	10,045	10,313
Other	763	871
Allowance for doubtful accounts	(28)	(24)
Total current assets	20,190	19,324
Non-current assets		
Property, plant and equipment	595	643
Intangible assets		
Goodwill	5,658	6,286
Other	301	289
Total intangible assets	5,960	6,576
Investments and other assets	1,380	1,269
Total non-current assets	7,936	8,489
Total assets	28,127	27,813
Liabilities		
Current liabilities		
Short-term loans payable	2,145	2,258
Current portion of bonds	196	196
Current portion of long-term loans payable	300	300
Accrued expenses	4,208	3,399
Income taxes payable	1,017	369
Accrued consumption taxes	1,817	1,796
Provision for bonuses	966	1,792
Other	1,754	2,115
Total current liabilities	12,405	12,228
Non-current liabilities		
Bonds payable	910	812
Long-term loans payable	900	756
Net defined benefit liability	47	48
Other	147	504
Total non-current liabilities	2,005	2,122
Total liabilities	14,411	14,350
Net assets		
Shareholders' equity		
Capital stock	4,199	4,199
Capital surplus	3,356	3,304
Retained earnings	5,830	5,753
Treasury shares	(0)	(1)
Total shareholders' equity	13,385	13,256

(Millions of yen)

	As of June 30, 2018	As of September 30, 2018
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	195	39
Total accumulated other comprehensive income	196	39
Share acquisition rights	3	3
Non-controlling interests	130	162
Total net assets	13,715	13,463
Total liabilities and net assets	28,127	27,813

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
Net sales	11,977	18,717
Cost of sales	9,367	14,916
Gross profit	2,610	3,801
Selling, general and administrative expenses	1,641	2,732
Operating profit	968	1,068
Non-operating income		
Interest income	0	0
Subsidy income	12	15
Foreign exchange gains	1	18
Share of profit of entities accounted for using equity method	0	–
Other	1	2
Total non-operating income	17	36
Non-operating expenses		
Interest expenses	7	20
Share of loss of entities accounted for using equity method	–	0
Other	0	5
Total non-operating expenses	7	27
Ordinary profit	978	1,077
Extraordinary income		
Gain on reversal of share acquisition rights	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	974	1,077
Income taxes - current	321	309
Income taxes - deferred	29	106
Total income taxes	351	415
Profit	623	662
Profit (loss) attributable to non-controlling interests	10	(2)
Profit attributable to owners of parent	612	664

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended September 30, 2017	Three months ended September 30, 2018
Profit	623	662
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	72	(157)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	72	(158)
Comprehensive income	696	503
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	681	508
Comprehensive income attributable to non-controlling interests	14	(5)