



VERISERVE

# Financial Results for the Fiscal Year Ending March 2018

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*April 25, 2018*

VeriServe Corporation

## Financial Results of Operations for the Fiscal Year Ending March 2018

### ◆ Executive Summary

### ◆ Highlights

- **Outline for Results of Operations**
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- **Trend in Net Sales by our customers products**
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- **Consolidated Financial Forecasts for FY2018**

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# Executive Summary

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Results of Operations	<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">❑</span> VeriServe's net sales rose to a record high <b><u>11,366 million JPY</u></b>, an increase of 7.6 percent compared to previous year.           </li> <li> <span style="font-size: 1.2em;">❑</span> <b>Net Sales</b>                    <b><u>11,366 Million JPY</u></b>                    <b>&lt;YOY +7.6%&gt;</b> </li> <li> <span style="font-size: 1.2em;">❑</span> <b>Operating Income</b>            <b><u>1,547 Million JPY</u></b>                    <b>&lt;YOY +9.3%&gt;</b> </li> <li> <span style="font-size: 1.2em;">❑</span> <b>Net Income</b>                    <b><u>1,069 Million JPY</u></b>                    <b>&lt;YOY +9.3%&gt;</b> </li> </ul> <ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">◆</span> Automotive : Despite of ending of large projects, net sales is upheld high level and exceeds the previous year by starting of new projects. <b>&lt;YOY 12.8%&gt;</b> </li> <li> <span style="font-size: 1.2em;">◆</span> Enterprise system : This field increased by <b>15.4%</b> over the previous year because of acquiring new some businesses like a "Project Management Office", "Automatically Test" and so on.           </li> </ul>
	<ul style="list-style-type: none"> <li> <span style="font-size: 1.2em;">❑</span> <b>Backlog</b>    <b><u>2,678 Million JPY</u></b>                    <b>&lt;YOY +6.2% &gt;</b> </li> </ul> <p>Automotive backlog accounts for around half. Large projects ended but some new projects are acquired.</p>
Dividend per Share	<p>Year-end dividend payment    <b><u>12 JPY per share</u></b></p> <p><b><u>Full year 22 JPY per share</u></b>    &lt; interim 10JPY + Year-end dividend 12JPY    <b>YOY +5 JPY</b> &gt;</p>
<b>FY2018</b> (March, 2019) <b>Consolidated Financial Forecasts</b>	<p><b>Net sales</b>                    <b><u>12,500 million JPY</u></b></p> <p><b>Operating Income</b>        <b><u>1,600 million JPY</u></b></p> <p>Dividend per share will be made <b><u>¥27 JPY per share</u></b> on next year.</p> <p style="text-align: center;"><b>&lt; interim 12 JPY + Year-end dividend 15 JPY    YOY +5 JPY &gt;</b></p>

# Outline for Results of Operations

**Net sales** 11,366 million JPY <YOY +798 million JPY +7.6%> **Record high**

**Operating Income** 1,547 million JPY <YOY +131 million JPY +9.3%> **Record high**

- Net sales increased by 7.6% from the previous year. All of operating profit, ordinary profit and net income reached new highs for two consecutive years.
- Automotive : Despite of ending of large projects, net sales is upheld high level and exceeds the previous year by starting of new projects. <YOY +12.8%>
- Selling, general and administrative expenses is the same level as a previous year.

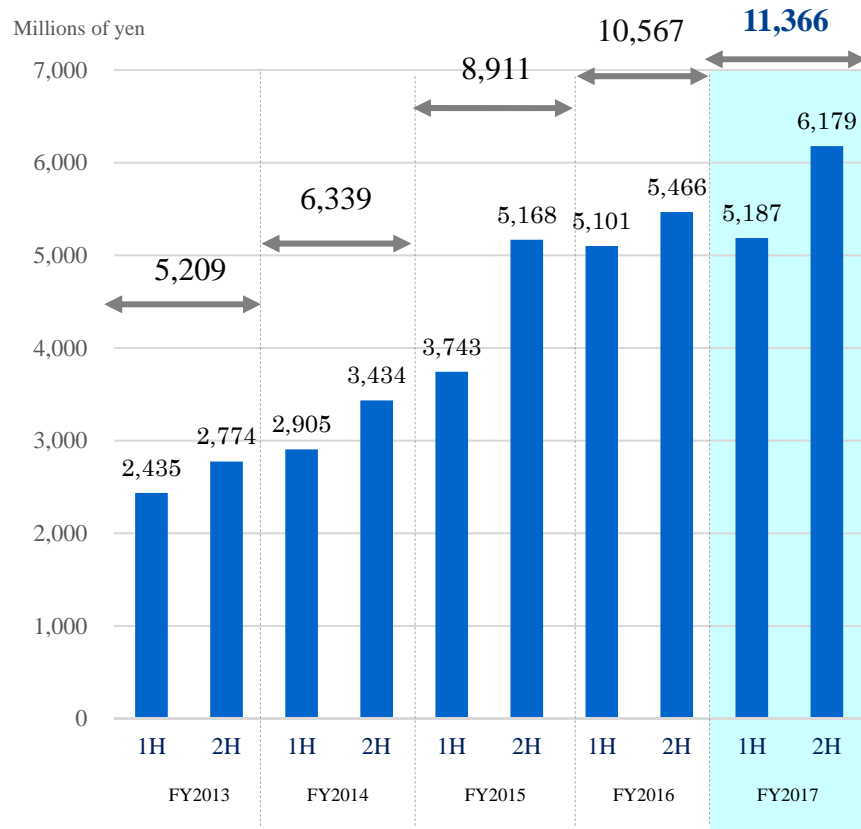
(millions of Yen)	FY2016 Apr.2016- Mar.2017	FY2017 Apr.2017- Mar.2018	Increase /Decrease (YOY)		Plan	
			Amount	Change%	FY2017 Full year	Increase/ decrease
<b>Net Sales</b>	<b>10,567</b>	<b>11,366</b>	798	7.6%	<b>11,500</b>	- 133
<b>Operating I n c o m e</b>	<b>1,415</b> 13.4%	<b>1,547</b> 13.6%	131	9.3%	<b>1,500</b>	47
<b>Ordinary I n c o m e</b>	<b>1,421</b> 13.5%	<b>1,554</b> 13.7%	132	9.3%	<b>1,510</b>	44
<b>Net Income</b>	<b>977</b> 9.3%	<b>1,069</b> 9.4%	91	9.3%	<b>1,040</b>	29



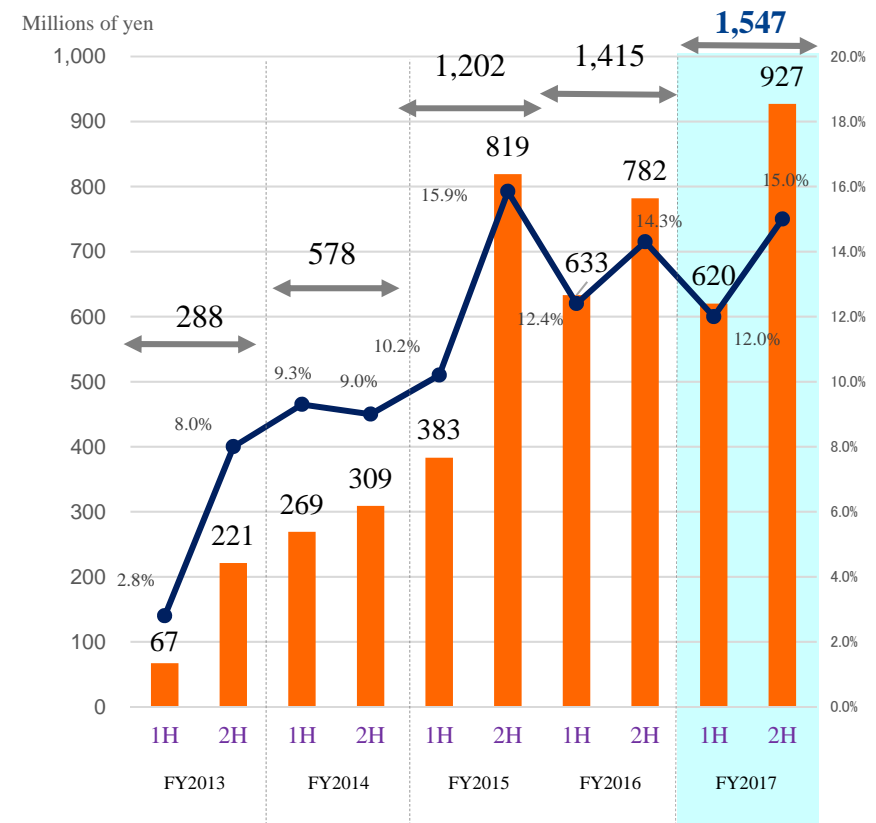
# Trend of Net Sales and Operating Income

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## Net Sales



## Operating income / margin

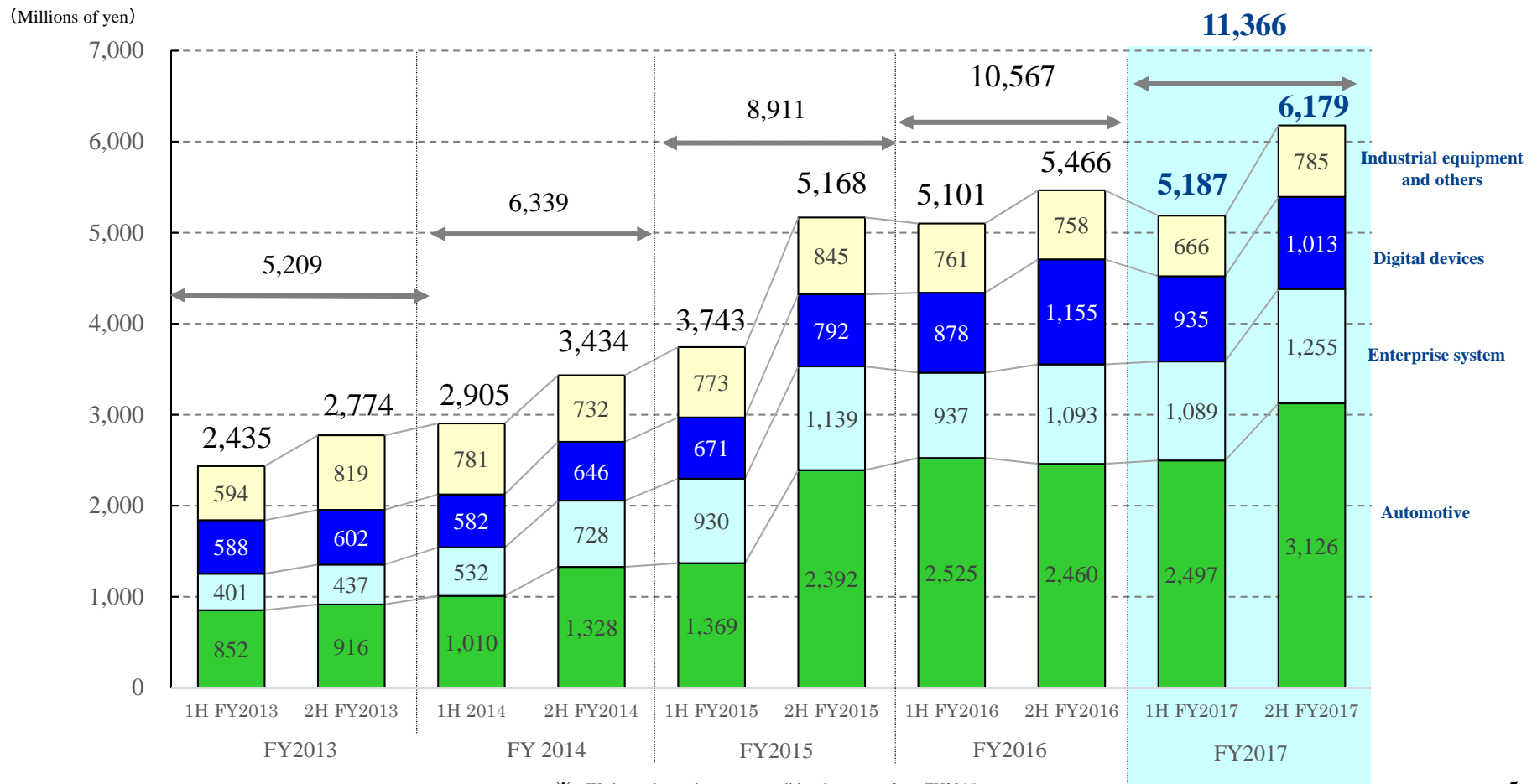


※ We have changed to non-consolidated accounts from FY2015.

# Trend in net sales by our customers products

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- Automotive : Despite of ending of large projects, net sales is upheld high level and exceeds the previous year by starting of new projects. <YOY +12.8%>
- Enterprise system : This field increased by 15.4% over the previous year because of acquiring new some businesses like a "Project Management Office", "Automatically Test" and so on.

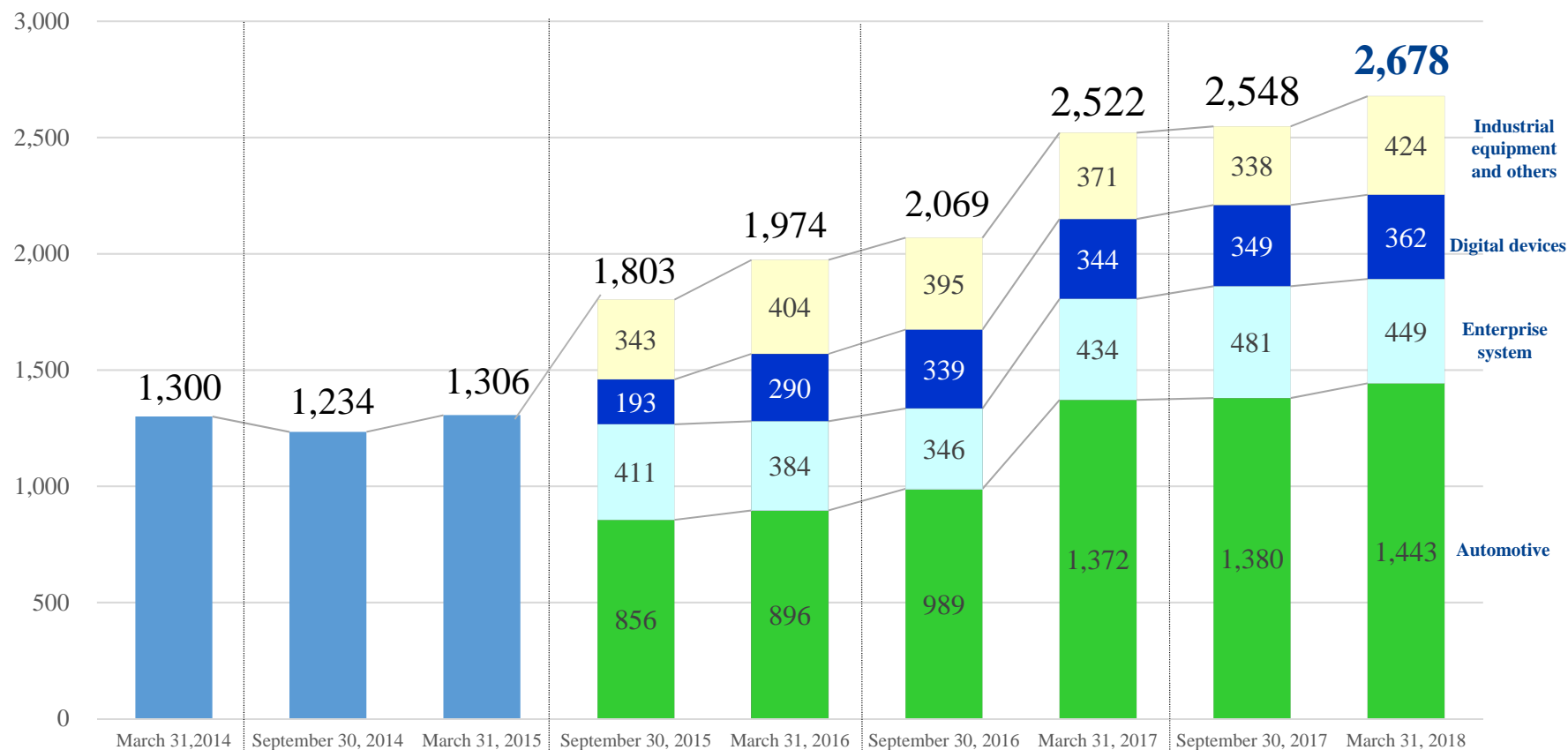


# Backlog

■ Backlog **2,678 million JPY** (YOY +6.2%)

■ Automotive backlog accounts for around half. Large projects ended but some new projects are acquired.

(Millions of yen)



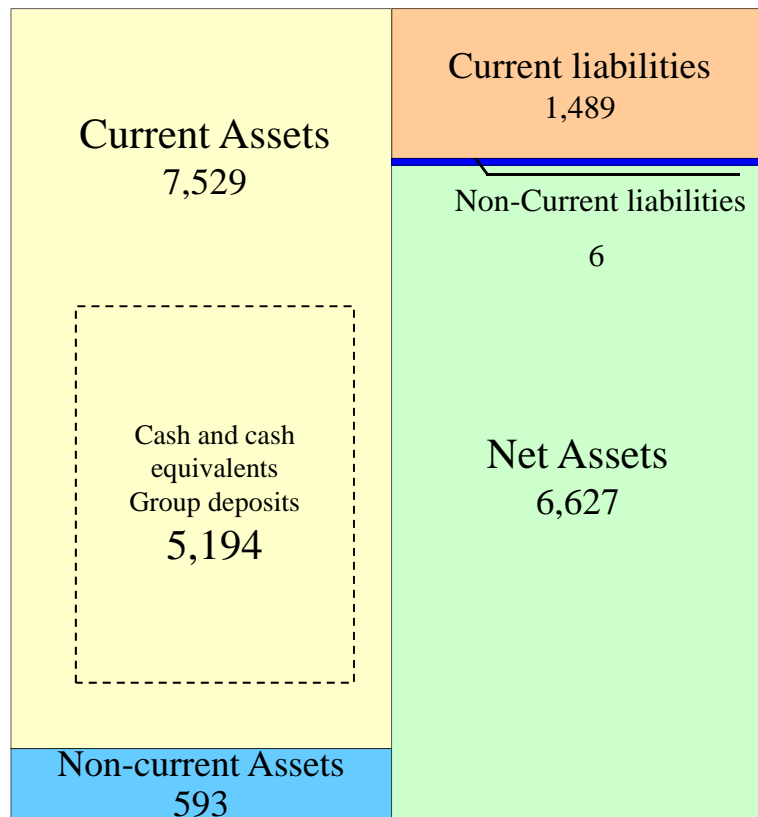
# Trend of Balance Sheets (summary)

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(Millions of yen)

As of March 31,2017

**Total Assets 8,123**

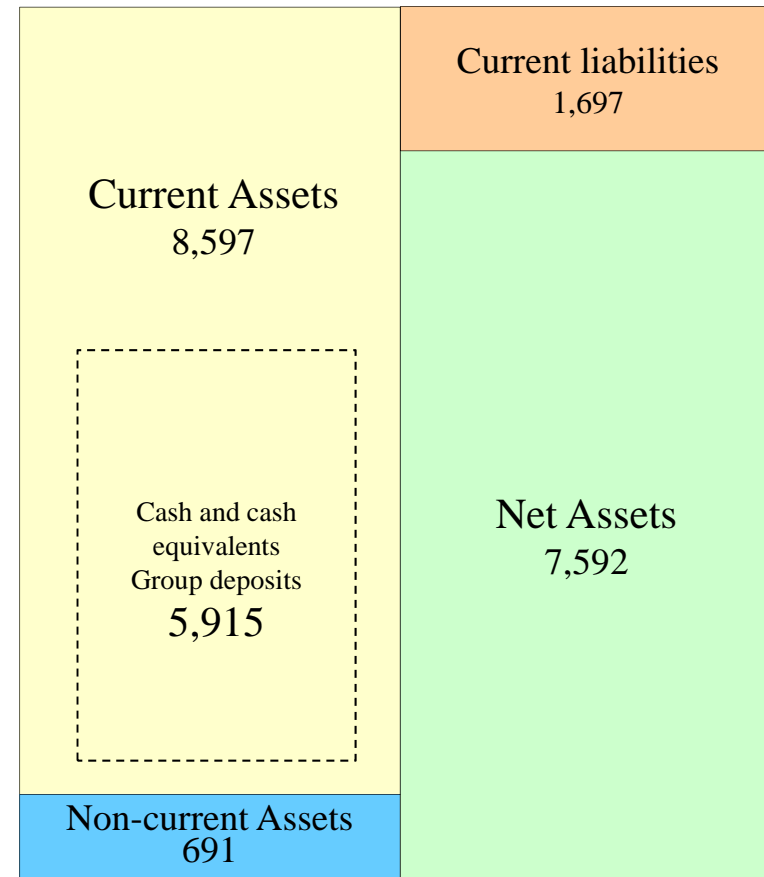


Equity ratio 81.6%

Net assets per share 1,270.46yen

As of March 31,2018

**Total Assets 9,289**



Equity ratio 81.7%

Net assets per share 1,455.38yen



# Cash Flow Position(summary)

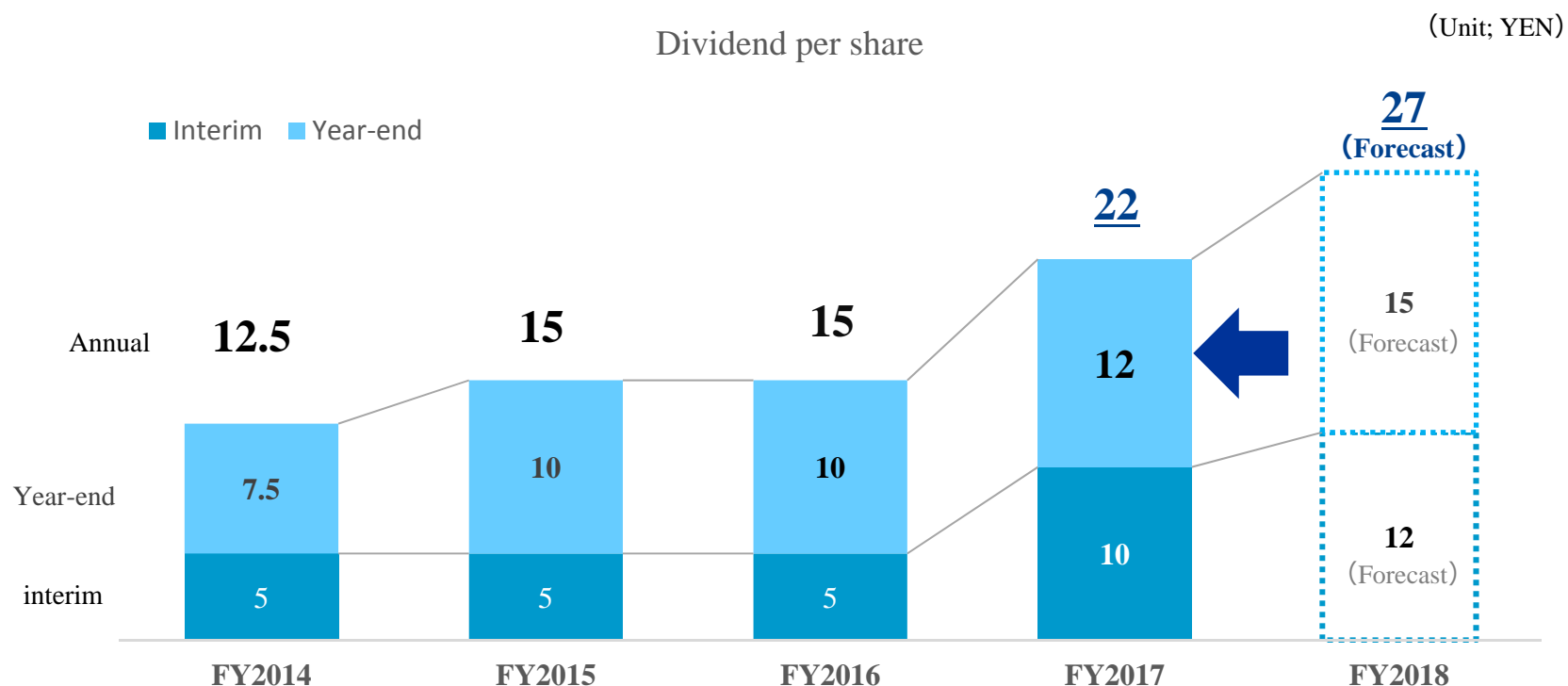
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(Millions of yen)

	From Apr.1 2017 to Mar.31,2018	Main factors
Cash flows from operating activities	<b>970</b>	Income before income taxes 1,539M JPY Decrease (increase) in notes and accounts receivable-trade -326M JPY Decrease (increase) in inventories -10M JPY Increase (decrease) in provision for bonuses 58M JPY Depreciation and amortization 107M JPY Decrease (increase) in prepaid expenses -3M JPY Decrease (increase) in consumption taxes refund receivable -16M JPY Income taxes paid -482M JPY
Cash flows from investing activities	<b>-145</b>	Purchase of property, plant and equipment -63M JPY Purchase of intangible assets -74M JPY Payments for lease deposits -11M JPY
Cash flows from financing activities	<b>-104</b>	Cash dividends paid -103 Million
Effect of exchange rate change on cash and cash equivalents	<b>0</b>	
Increase (decrease) in cash and cash equivalents	<b>721</b>	
Cash and cash equivalents at beginning of period	<b>5,194</b>	
Cash and cash equivalents at end of period	<b>5,915</b>	

# Dividend per share

- Year-end dividend payment will be made **¥12 JPY per share** as scheduled.  
(Day of payment : June 4, 2018)
- Dividend per share will be made **¥27 JPY per share** on next year.



\* This statement of dividends per share is stated at the level after considering the stock split

# Consolidated Financial Forecasts for FY2018 (the year ending March 31, 2019 )

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The company will shift to consolidated accounts from the fiscal year ending March 2019.

Millions of yen	Consolidated forecasts for the year ending March 31, 2019	
	1st half	Full year
<b>Net Sales</b>	<b>5,810</b>	<b>12,500</b>
YOY	-	-
<b>Operating Income</b>	<b>670</b>	<b>1,600</b>
YOY	-	-
<b>Ordinary Income</b>	<b>670</b>	<b>1,600</b>
YOY	-	-
<b>Profit attributable to owners of parent</b>	<b>440</b>	<b>1,070</b>
YOY	-	-

\* The change rate is not started, because there is no consolidated performance in the previous year,

# Information of Shareholders

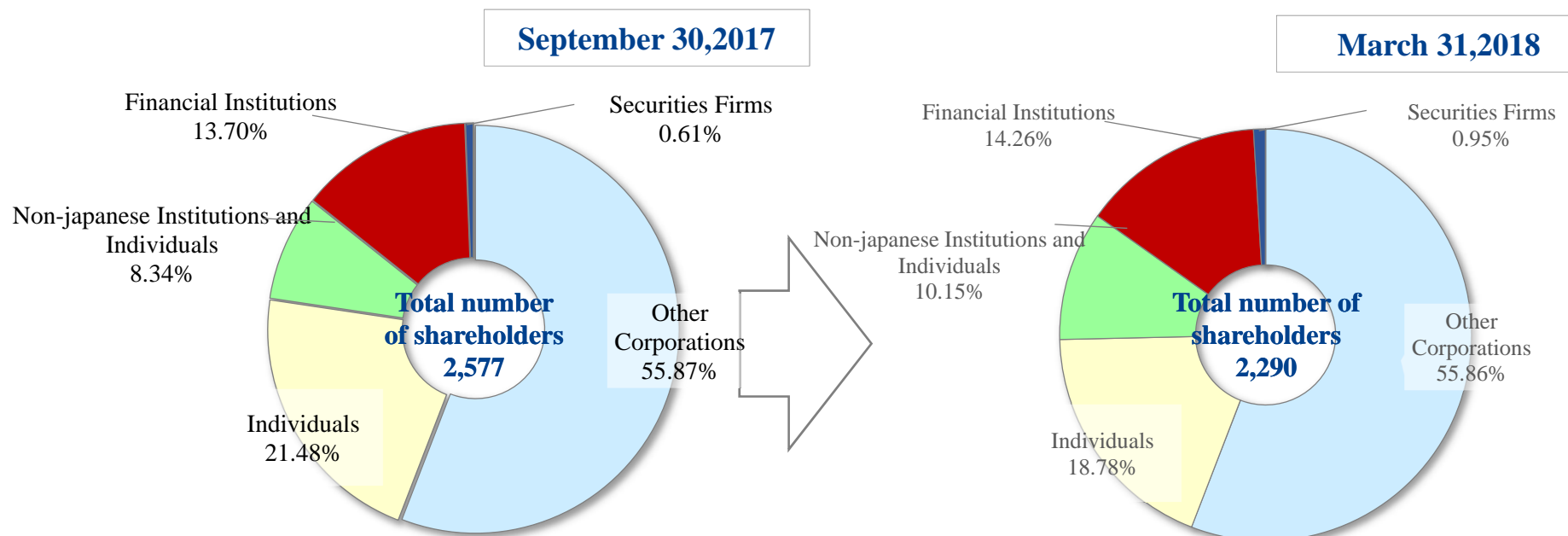
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- Total number of issued shares
- Total number of shareholders  
(include shares less than 1 unit )
- Number of shareholders (more than one unit)
- Distribution of stock ownership by owners

**5,216,800** shares

**2,291**

**2,117**



※ Excluding Treasury Stock : 76shares

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# Major Shareholders (as of March 31,2018)

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#	Shareholder	Number of Shares	Percentage of Total Shares in issue
1	SCSK Corporation	2,900,000	55.59%
2	State Street Bank and Trust Company 505224	385,000	7.38%
3	The Master trust Bank of Japan Ltd.(Trust Account)	354,500	6.80%
4	Japan Trustee Services Bank, Ltd.(Trust Account)	213,600	4.09%
5	VeriServe Employee Stock Ownership Association	204,000	3.91%
6	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	51,760	0.99%
7	Japan Trustee Services Bank, Ltd.(Trust Account5)	49,500	0.95%
8	Japan Trustee Services Bank, Ltd.(Trust Account1)	37,600	0.72%
9	Japan Trustee Services Bank, Ltd.(Trust Account2)	29,800	0.57%
10	Yutaka Takahashi	24,661	0.47%

## Corporate Philosophy

### Our Mission

# Create Our Future of Dreams

We create our future of dreams by establishing value based on our customers' trust.

### Our Promises

#### **Respecting each other**

We realize our potential by respecting each other.

#### **Providing excellent service utilizing reliable technology**

We delight customers through our service based on reliable technology and passion.

#### **Sustaining growth from a global and future perspective**

We, with our stakeholders, pursue sustainable growth for the world and the future.

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< Disclaimer >

This document is intended to provide information on the Company's financial results for the fiscal year ending March 31, 2018. It is not intended to solicit purchase or sale of shares of the Company. Although the contents of this material may include information on opinions and forecasts on future business results, these information are prepared based on our judgment at the time of document preparation.

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