

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2019 (Based on Japanese GAAP)

February 5, 2020

Company name: TKC Corporation
 Stock exchange listing: Tokyo
 Stock code: 9746 URL <https://www.tkc.jp/>
 Representative: President and Representative Director Masanori Iizuka
 Inquiries: Vice President and Representative Director Hitoshi Iwata TEL 03-3235-5511
 Scheduled date to file Quarterly Securities Report: February 6, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 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 December 31, 2019 (from October 1, 2019 to December 31, 2019)

(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 December 31, 2019	16,320	15.4	2,464	52.2	2,581	49.3	1,594	36.2
Three months ended December 31, 2018	14,141	(3.6)	1,618	(33.4)	1,729	(31.5)	1,170	(31.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2019	60.68	–
Three months ended December 31, 2018	44.38	44.17

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	92,093	73,376	79.3
As of September 30, 2019	96,989	73,121	73.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2019	–	55.00	–	55.00	110.00
Year ending September 30, 2020	–				
Year ending September 30, 2020 (Forecast)		55.00	–	55.00	110.00

3. Forecast of consolidated financial results for the year ending September 30, 2020 (from October 1, 2019 to September 30, 2020)

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 March 31, 2020	32,600	2.1	4,770	2.0	4,900	1.0	3,467	0.0	131.81
Full year	66,800	1.0	9,530	2.0	9,670	0.0	6,800	1.2	258.53

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2019
(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 December 31, 2019	26,731,033 shares	As of September 30, 2019	26,731,033 shares
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Number of treasury shares at the end of the period

As of December 31, 2019	449,441 shares	As of September 30, 2019	447,586 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2019	26,282,735 shares	Three months ended December 31, 2018	26,378,630 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of September 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	29,810	21,755
Notes and accounts receivable - trade	8,755	6,736
Inventories	1,090	814
Other	1,459	1,397
Allowance for doubtful accounts	(41)	(40)
Total current assets	41,073	30,662
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,404	8,309
Land	6,892	6,892
Other, net	2,666	2,644
Total property, plant and equipment	17,963	17,846
Intangible assets	3,290	3,179
Investments and other assets		
Investment securities	15,527	18,110
Long-term time deposits	9,500	13,500
Guarantee deposits	1,339	1,424
Other	8,294	7,370
Total investments and other assets	34,661	40,405
Total non-current assets	55,915	61,431
Total assets	96,989	92,093
Liabilities		
Current liabilities		
Accounts payable - trade	3,602	2,469
Electronically recorded obligations - operating	916	874
Short-term borrowings	142	212
Accounts payable - other	3,924	2,774
Income taxes payable	2,450	260
Provision for bonuses	3,600	1,412
Other	1,640	3,046
Total current liabilities	16,278	11,050
Non-current liabilities		
Long-term borrowings	438	420
Retirement benefit liability	4,764	4,814
Provision for share-based remuneration	562	576
Other	1,825	1,854
Total non-current liabilities	7,590	7,665
Total liabilities	23,868	18,716

	(Millions of yen)	
	As of September 30, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	5,711	6,633
Retained earnings	63,623	63,762
Treasury shares	(1,630)	(1,639)
Total shareholders' equity	73,404	74,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(83)	257
Remeasurements of defined benefit plans	(1,704)	(1,661)
Total accumulated other comprehensive income	(1,787)	(1,404)
Non-controlling interests	1,504	324
Total net assets	73,121	73,376
Total liabilities and net assets	96,989	92,093

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Net sales	14,141	16,320
Cost of sales	4,719	5,928
Gross profit	9,421	10,392
Selling, general and administrative expenses	7,802	7,928
Operating profit	1,618	2,464
Non-operating income		
Interest income	8	7
Dividend income	63	70
Dividend income of insurance	5	3
Rental income from land and buildings	13	12
Share of profit of entities accounted for using equity method	3	—
Other	17	23
Total non-operating income	111	117
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	0	0
Other	—	0
Total non-operating expenses	0	0
Ordinary profit	1,729	2,581
Extraordinary income		
Gain on sales of non-current assets	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on retirement of non-current assets	0	3
Total extraordinary losses	0	3
Profit before income taxes	1,729	2,578
Income taxes - current	37	236
Income taxes - deferred	532	773
Total income taxes	569	1,009
Profit	1,159	1,568
Loss attributable to non-controlling interests	(11)	(26)
Profit attributable to owners of parent	1,170	1,594

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit	1,159	1,568
Other comprehensive income		
Valuation difference on available-for-sale securities	(955)	342
Remeasurements of defined benefit plans, net of tax	—	42
Share of other comprehensive income of entities accounted for using equity method	(0)	—
Total other comprehensive income	(955)	384
Comprehensive income	204	1,953
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	217	1,978
Comprehensive income attributable to non-controlling interests	(13)	(25)