

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Three Months Ended December 31, 2020 (Based on Japanese GAAP)

February 10, 2021

Company name: TKC Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 9746 URL <https://www.tkc.jp/>  
 Representative: President and Representative Director Masanori Iizuka  
 Inquiries: Director Corporate Officer Kiyotsugu Nakanishi TEL 03-3235-5511  
 Scheduled date to file Quarterly Securities Report: February 12, 2021  
 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, 2020 (from October 1, 2020 to December 31, 2020)

(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, 2020	14,837	(9.1)	2,670	8.4	2,816	9.1	1,873	17.5
Three months ended December 31, 2019	16,320	15.4	2,464	52.2	2,581	49.3	1,594	36.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2020	71.29		–	
Three months ended December 31, 2019	60.68		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	93,799	77,291	82.4
As of September 30, 2020	97,671	77,075	78.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2020	–	55.00	–	65.00	120.00
Year ending September 30, 2021	–				
Year ending September 30, 2021 (Forecast)		65.00	–	65.00	130.00

3. Forecast of consolidated financial results for the year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

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, 2021	31,000	(11.8)	5,900	(15.6)	6,050	(15.4)	4,100	(13.0)	156.01
Full year	66,000	(2.7)	11,400	0.2	11,700	0.1	7,850	0.4	298.71

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2020  
(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: Yes
- 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, 2020	26,731,033 shares	As of September 30, 2020	26,731,033 shares
-------------------------	-------------------	--------------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2020	430,444 shares	As of September 30, 2020	453,315 shares
-------------------------	----------------	--------------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2020	26,281,359 shares	Three months ended December 31, 2019	26,282,735 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

## Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

	As of September 30, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	26,769	23,997
Notes and accounts receivable - trade	7,014	6,234
Inventories	723	486
Other	1,357	1,851
Allowance for doubtful accounts	(19)	(15)
Total current assets	35,844	32,554
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,182	8,078
Land	6,911	6,911
Other, net	2,699	2,774
Total property, plant and equipment	17,794	17,764
Intangible assets	3,120	3,034
Investments and other assets		
Investment securities	16,282	16,703
Long-term time deposits	14,600	14,600
Guarantee deposits	1,438	1,423
Other	8,591	7,719
Total investments and other assets	40,911	40,446
Total non-current assets	61,826	61,245
Total assets	97,671	93,799
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,181	2,100
Electronically recorded obligations - operating	802	833
Short-term borrowings	142	134
Accounts payable - other	4,227	2,549
Income taxes payable	2,549	94
Provision for bonuses	3,673	1,429
Other	1,124	3,656
Total current liabilities	14,701	10,798
Non-current liabilities		
Long-term borrowings	295	285
Retirement benefit liability	3,400	3,403
Provision for share-based remuneration	599	513
Other	1,598	1,507
Total non-current liabilities	5,893	5,710
Total liabilities	20,595	16,508

(Millions of yen)

	As of September 30, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,588	6,588
Retained earnings	68,533	68,319
Treasury shares	(1,660)	(1,571)
Total shareholders' equity	79,161	79,036
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(553)	(256)
Remeasurements of defined benefit plans	(1,532)	(1,489)
Total accumulated other comprehensive income	(2,085)	(1,745)
Total net assets	77,075	77,291
Total liabilities and net assets	97,671	93,799

**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, 2019	Three months ended December 31, 2020
Net sales	16,320	14,837
Cost of sales	5,928	4,295
Gross profit	10,392	10,542
Selling, general and administrative expenses	7,928	7,871
Operating profit	2,464	2,670
Non-operating income		
Interest income	7	11
Dividend income	70	70
Dividend income of insurance	3	12
Rental income from land and buildings	12	12
Other	23	38
Total non-operating income	117	145
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	0	–
Other	0	–
Total non-operating expenses	0	0
Ordinary profit	2,581	2,816
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	2,578	2,815
Income taxes - current	236	106
Income taxes - deferred	773	834
Total income taxes	1,009	941
Profit	1,568	1,873
Loss attributable to non-controlling interests	(26)	–
Profit attributable to owners of parent	1,594	1,873

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended December 31, 2019	Three months ended December 31, 2020
Profit	1,568	1,873
Other comprehensive income		
Valuation difference on available-for-sale securities	342	296
Remeasurements of defined benefit plans, net of tax	42	42
Total other comprehensive income	384	339
Comprehensive income	1,953	2,213
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,978	2,213
Comprehensive income attributable to non-controlling interests	(25)	–