

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2021 (Based on Japanese GAAP)

May 7, 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: May 10, 2021  
 Scheduled date to commence dividend payments: June 14, 2021  
 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 six months ended March 31, 2021 (from October 1, 2020 to March 31, 2021)

(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	%
Six months ended March 31, 2021	33,372	(5.0)	7,906	13.1	8,086	13.1	5,495	16.6
Six months ended March 31, 2020	35,137	10.0	6,991	49.4	7,149	47.4	4,712	36.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2021	104.42		-	
Six months ended March 31, 2020	89.66		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2021	101,067	81,611	80.7
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	-	65.00	-	-	-
Year ending September 30, 2021 (Forecast)	-	-	-	32.50	-

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
Full year	66,000	(2.7)	11,400	0.2	11,700	0.1	7,850	0.4	149.36

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2021  
(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 March 31, 2021	53,462,066 shares	As of September 30, 2020	53,462,066 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	751,814 shares	As of September 30, 2020	906,630 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2021	52,625,150 shares	Six months ended March 31, 2020	52,561,655 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

	As of September 30, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	26,769	24,997
Notes and accounts receivable - trade	7,014	10,110
Inventories	723	579
Other	1,357	1,654
Allowance for doubtful accounts	(19)	(16)
Total current assets	35,844	37,325
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,182	7,950
Land	6,911	6,911
Other, net	2,699	2,581
Total property, plant and equipment	17,794	17,443
Intangible assets	3,120	2,995
Investments and other assets		
Investment securities	16,282	19,348
Long-term time deposits	14,600	14,600
Guarantee deposits	1,438	1,404
Other	8,591	7,950
Total investments and other assets	40,911	43,303
Total non-current assets	61,826	63,742
Total assets	97,671	101,067
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,181	3,210
Electronically recorded obligations - operating	802	740
Short-term borrowings	142	116
Accounts payable - other	4,227	2,232
Income taxes payable	2,549	2,396
Provision for bonuses	3,673	3,141
Other	1,124	2,252
Total current liabilities	14,701	14,090
Non-current liabilities		
Long-term borrowings	295	250
Retirement benefit liability	3,400	3,403
Provision for share-based remuneration	599	305
Other	1,598	1,406
Total non-current liabilities	5,893	5,365
Total liabilities	20,595	19,456

(Millions of yen)

	As of September 30, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,588	6,588
Retained earnings	68,533	71,940
Treasury shares	(1,660)	(1,357)
Total shareholders' equity	79,161	82,872
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(553)	185
Remeasurements of defined benefit plans	(1,532)	(1,446)
Total accumulated other comprehensive income	(2,085)	(1,260)
Total net assets	77,075	81,611
Total liabilities and net assets	97,671	101,067

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Net sales	35,137	33,372
Cost of sales	12,199	9,640
Gross profit	22,938	23,731
Selling, general and administrative expenses	15,946	15,825
Operating profit	6,991	7,906
Non-operating income		
Interest income	19	23
Dividend income	70	70
Dividend income of insurance	3	12
Rental income from land and buildings	25	25
Other	40	48
Total non-operating income	159	180
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	0	0
Other	0	–
Total non-operating expenses	1	0
Ordinary profit	7,149	8,086
Extraordinary income		
Gain on sales of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales of non-current assets	–	22
Loss on retirement of non-current assets	4	14
Total extraordinary losses	4	36
Profit before income taxes	7,144	8,050
Income taxes - current	2,310	2,277
Income taxes - deferred	142	277
Total income taxes	2,452	2,555
Profit	4,692	5,495
Loss attributable to non-controlling interests	(20)	–
Profit attributable to owners of parent	4,712	5,495

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

(Millions of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Profit	4,692	5,495
Other comprehensive income		
Valuation difference on available-for-sale securities	(666)	738
Remeasurements of defined benefit plans, net of tax	85	85
Total other comprehensive income	(580)	824
Comprehensive income	4,112	6,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,134	6,319
Comprehensive income attributable to non-controlling interests	(22)	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	7,144	8,050
Depreciation	1,573	1,464
Loss (gain) on sales of non-current assets	(0)	20
Loss on retirement of non-current assets	4	14
Increase (decrease) in provision for share-based remuneration	24	(293)
Increase (decrease) in provision for bonuses	(619)	(531)
Increase (decrease) in retirement benefit liability	(993)	127
Decrease (increase) in trade receivables	(1,565)	(3,128)
Decrease (increase) in other assets	487	72
Increase (decrease) in trade payables	(1,039)	990
Increase (decrease) in other liabilities	(65)	(1,525)
Other, net	(75)	224
Subtotal	4,875	5,487
Interest and dividends received	99	110
Interest paid	(0)	(0)
Income taxes paid	(2,247)	(2,442)
Net cash provided by (used in) operating activities	2,726	3,154
Cash flows from investing activities		
Payments into time deposits	(5,800)	(1,700)
Proceeds from withdrawal of time deposits	1,500	1,700
Purchase of property, plant and equipment	(623)	(473)
Purchase of intangible assets	(507)	(604)
Purchase of investment securities	(4,504)	(2,030)
Proceeds from redemption of investment securities	4,000	–
Purchase of shares of subsidiaries	(593)	–
Other, net	(172)	34
Net cash provided by (used in) investing activities	(6,702)	(3,074)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	70	–
Repayments of long-term borrowings	(71)	(71)
Proceeds from sales of treasury shares	0	–
Purchase of treasury shares	(31)	(5)
Dividends paid	(1,452)	(1,726)
Dividends paid to non-controlling interests	(11)	–
Other, net	(50)	(48)
Net cash provided by (used in) financing activities	(1,545)	(1,852)
Net increase (decrease) in cash and cash equivalents	(5,521)	(1,771)
Cash and cash equivalents at beginning of period	26,810	23,469
Cash and cash equivalents at end of period	21,289	21,697