

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

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 and Managing Executive Officer Kiyotsugu Nakanishi TEL 03-3235-5511
 Scheduled date to file Quarterly Securities Report: May 11, 2022
 Scheduled date to commence dividend payments: June 13, 2022
 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, 2022 (from October 1, 2021 to March 31, 2022)

(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, 2022	33,768	1.2	8,225	4.0	8,431	4.3	5,816	5.8
Six months ended March 31, 2021	33,372	(5.0)	7,906	13.1	8,086	13.1	5,495	16.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2022	110.82		-	
Six months ended March 31, 2021	104.42		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	105,934	86,338	81.5
As of September 30, 2021	103,406	83,416	80.7

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, 2021	-	65.00	-	39.50	-
Year ending September 30, 2022	-	36.00	-	-	-
Year ending September 30, 2022 (Forecast)	-	-	-	36.00	72.00

3. Forecast of consolidated financial results for the year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

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	67,550	2.0	12,560	2.0	12,930	2.0	8,860	2.0	168.21

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2022
 (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, 2022	53,462,066 shares	As of September 30, 2021	53,462,066 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	1,044,518 shares	As of September 30, 2021	748,935 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, 2022	52,479,814 shares	Six months ended March 31, 2021	52,625,150 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	26,426	25,065
Notes and accounts receivable - trade	6,973	–
Notes and accounts receivable - trade, and contract assets	–	9,791
Inventories	412	562
Other	2,309	1,602
Allowance for doubtful accounts	(14)	(10)
Total current assets	36,107	37,010
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,855	7,621
Land	6,802	6,802
Other, net	2,882	2,782
Total property, plant and equipment	17,540	17,206
Intangible assets	3,605	3,901
Investments and other assets		
Investment securities	19,705	20,895
Long-term time deposits	16,600	17,700
Guarantee deposits	1,440	1,436
Other	8,406	7,783
Total investments and other assets	46,152	47,815
Total non-current assets	67,298	68,923
Total assets	103,406	105,934
Liabilities		
Current liabilities		
Accounts payable - trade	2,402	2,768
Electronically recorded obligations - operating	834	840
Short-term borrowings	80	71
Accounts payable - other	3,034	2,450
Income taxes payable	2,211	2,579
Contract liabilities	–	288
Provision for bonuses	4,073	3,140
Other	2,083	2,168
Total current liabilities	14,721	14,308
Non-current liabilities		
Long-term borrowings	214	178
Retirement benefit liability	3,554	3,613
Provision for share awards	307	314
Other	1,192	1,180
Total non-current liabilities	5,268	5,287
Total liabilities	19,990	19,595

(Millions of yen)

	As of September 30, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,589	6,589
Retained earnings	73,411	77,136
Treasury shares	(1,352)	(2,377)
Total shareholders' equity	84,348	87,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	449	584
Remeasurements of defined benefit plans	(1,382)	(1,294)
Total accumulated other comprehensive income	(932)	(710)
Total net assets	83,416	86,338
Total liabilities and net assets	103,406	105,934

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, 2021	Six months ended March 31, 2022
Net sales	33,372	33,768
Cost of sales	9,640	9,689
Gross profit	23,731	24,079
Selling, general and administrative expenses	15,825	15,854
Operating profit	7,906	8,225
Non-operating income		
Interest income	23	34
Dividend income	70	83
Dividend income of insurance	12	18
Rental income from land and buildings	25	26
Other	48	65
Total non-operating income	180	228
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	0	–
Surcharge	–	20
Other	–	1
Total non-operating expenses	0	21
Ordinary profit	8,086	8,431
Extraordinary income		
Gain on sale of non-current assets	1	1
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale of non-current assets	22	–
Loss on retirement of non-current assets	14	1
Total extraordinary losses	36	1
Profit before income taxes	8,050	8,431
Income taxes - current	2,277	2,382
Income taxes - deferred	277	232
Total income taxes	2,555	2,615
Profit	5,495	5,816
Profit attributable to owners of parent	5,495	5,816

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Profit	5,495	5,816
Other comprehensive income		
Valuation difference on available-for-sale securities	738	134
Remeasurements of defined benefit plans, net of tax	85	87
Total other comprehensive income	824	222
Comprehensive income	6,319	6,038
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,319	6,038

Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2021	Six months ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,050	8,431
Depreciation	1,464	1,494
Loss (gain) on sale of non-current assets	20	(1)
Loss on retirement of non-current assets	14	1
Increase (decrease) in provision for share awards	(293)	7
Increase (decrease) in provision for bonuses	(531)	(933)
Increase (decrease) in retirement benefit liability	127	184
Decrease (increase) in trade receivables	(3,128)	(2,416)
Decrease (increase) in other assets	72	(21)
Increase (decrease) in trade payables	990	144
Increase (decrease) in other liabilities	(1,525)	184
Other, net	224	(104)
Subtotal	5,487	6,970
Interest and dividends received	110	135
Interest paid	(0)	(0)
Income taxes paid	(2,442)	(2,018)
Net cash provided by (used in) operating activities	3,154	5,086
Cash flows from investing activities		
Payments into time deposits	(1,700)	(2,800)
Proceeds from withdrawal of time deposits	1,700	1,700
Purchase of property, plant and equipment	(473)	(97)
Purchase of intangible assets	(604)	(1,045)
Purchase of investment securities	(2,030)	(1,014)
Other, net	34	28
Net cash provided by (used in) investing activities	(3,074)	(3,229)
Cash flows from financing activities		
Repayments of long-term borrowings	(71)	(45)
Proceeds from sale of treasury shares	–	0
Purchase of treasury shares	(5)	(1,034)
Dividends paid	(1,726)	(2,088)
Other, net	(48)	(51)
Net cash provided by (used in) financing activities	(1,852)	(3,219)
Net increase (decrease) in cash and cash equivalents	(1,771)	(1,361)
Cash and cash equivalents at beginning of period	23,469	23,126
Cash and cash equivalents at end of period	21,697	21,765