

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 15, 2023  
 Scheduled date to commence dividend payments: June 12, 2023  
 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, 2023 (from October 1, 2022 to March 31, 2023)

(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, 2023	36,050	6.8	8,735	6.2	8,858	5.1	6,134	5.5
Six months ended March 31, 2022	33,768	1.2	8,225	4.0	8,431	4.3	5,816	5.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2023	117.01		-	
Six months ended March 31, 2022	110.82		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	111,179	91,916	82.7
As of September 30, 2022	109,225	87,325	80.0

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, 2022	-	36.00	-	42.00	78.00
Year ending September 30, 2023	-	39.00	-	-	-
Year ending September 30, 2023 (Forecast)	-	-	-	39.00	78.00

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

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	69,000	1.7	13,400	0.4	13,680	0.0	9,350	0.4	178.25

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2023  
 (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 March 31, 2023	53,462,066 shares	As of September 30, 2022	53,462,066 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,039,335 shares	As of September 30, 2022	1,035,472 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, 2023	52,424,822 shares	Six months ended March 31, 2022	52,479,814 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	29,920	29,363
Notes and accounts receivable - trade, and contract assets	8,320	10,142
Inventories	494	620
Other	1,993	1,781
Allowance for doubtful accounts	(12)	(11)
Total current assets	40,715	41,896
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,651	7,412
Land	6,802	6,852
Other, net	2,699	2,567
Total property, plant and equipment	17,153	16,833
Intangible assets	4,666	4,905
Investments and other assets		
Investment securities	18,748	19,608
Long-term time deposits	17,700	18,700
Guarantee deposits	1,486	1,456
Other	8,754	7,779
Total investments and other assets	46,689	47,544
Total non-current assets	68,510	69,283
Total assets	109,225	111,179
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,973	3,308
Electronically recorded obligations - operating	799	741
Short-term borrowings	71	71
Accounts payable - other	3,499	2,377
Income taxes payable	3,167	2,482
Contract liabilities	811	711
Provision for bonuses	4,953	3,297
Other	1,403	2,108
Total current liabilities	17,679	15,098
Non-current liabilities		
Long-term borrowings	142	107
Retirement benefit liability	2,806	2,781
Provision for share awards	306	327
Other	964	947
Total non-current liabilities	4,219	4,163
Total liabilities	21,899	19,262

(Millions of yen)

	As of September 30, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,589	6,589
Retained earnings	78,743	82,667
Treasury shares	(2,359)	(2,373)
Total shareholders' equity	88,672	92,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(138)	454
Remeasurements of defined benefit plans	(1,207)	(1,120)
Total accumulated other comprehensive income	(1,346)	(666)
Total net assets	87,325	91,916
Total liabilities and net assets	109,225	111,179

**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, 2022	Six months ended March 31, 2023
Net sales	33,768	36,050
Cost of sales	9,689	10,785
Gross profit	24,079	25,265
Selling, general and administrative expenses	15,854	16,529
Operating profit	8,225	8,735
Non-operating income		
Interest income	34	35
Dividend income	83	96
Dividend income of insurance	18	21
Rental income from land and buildings	26	20
Share of profit of entities accounted for using equity method	–	25
Other	65	30
Total non-operating income	228	229
Non-operating expenses		
Interest expenses	0	0
Surcharge	20	–
Provision for compensation for damage	–	106
Other	1	0
Total non-operating expenses	21	106
Ordinary profit	8,431	8,858
Extraordinary income		
Gain on sale of investment securities	–	0
Gain on sale of non-current assets	1	0
Total extraordinary income	1	1
Extraordinary losses		
Loss on retirement of non-current assets	1	9
Total extraordinary losses	1	9
Profit before income taxes	8,431	8,849
Income taxes - current	2,382	2,285
Income taxes - deferred	232	429
Total income taxes	2,615	2,714
Profit	5,816	6,134
Profit attributable to owners of parent	5,816	6,134

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

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Profit	5,816	6,134
Other comprehensive income		
Valuation difference on available-for-sale securities	134	593
Remeasurements of defined benefit plans, net of tax	87	87
Total other comprehensive income	222	680
Comprehensive income	6,038	6,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,038	6,815

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,431	8,849
Depreciation	1,494	1,730
Loss (gain) on sale of investment securities	–	(0)
Loss (gain) on sale of non-current assets	(1)	(0)
Loss on retirement of non-current assets	1	9
Increase (decrease) in provision for share awards	7	20
Increase (decrease) in provision for bonuses	(933)	(1,656)
Increase (decrease) in retirement benefit liability	184	100
Decrease (increase) in trade receivables	(2,416)	(2,019)
Decrease (increase) in other assets	(21)	54
Increase (decrease) in trade payables	144	198
Increase (decrease) in other liabilities	184	(19)
Other, net	(104)	(154)
Subtotal	6,970	7,113
Interest and dividends received	135	138
Interest paid	(0)	(0)
Income taxes paid	(2,018)	(2,925)
Penalty paid	–	(11)
Net cash provided by (used in) operating activities	5,086	4,314
Cash flows from investing activities		
Payments into time deposits	(2,800)	(2,700)
Proceeds from withdrawal of time deposits	1,700	1,700
Purchase of property, plant and equipment	(97)	(398)
Purchase of intangible assets	(1,045)	(1,219)
Purchase of investment securities	(1,014)	(0)
Other, net	28	71
Net cash provided by (used in) investing activities	(3,229)	(2,547)
Cash flows from financing activities		
Repayments of long-term borrowings	(45)	(35)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(1,034)	(13)
Dividends paid	(2,088)	(2,209)
Other, net	(51)	(65)
Net cash provided by (used in) financing activities	(3,219)	(2,324)
Net increase (decrease) in cash and cash equivalents	(1,361)	(557)
Cash and cash equivalents at beginning of period	23,126	26,620
Cash and cash equivalents at end of period	21,765	26,063