

Translation

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## Summary of Consolidated Financial Results for the Year Ended September 30, 2021 (Based on Japanese GAAP)

November 9, 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 of ordinary general meeting of shareholders: December 17, 2021  
 Scheduled date to file Securities Report: December 20, 2021  
 Scheduled date to commence dividend payments: December 20, 2021  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

#### (1) Consolidated operating results

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	%
Year ended September 30, 2021	66,221	(2.3)	12,314	8.2	12,673	8.5	8,686	11.1
Year ended September 30, 2020	67,814	2.6	11,381	21.8	11,685	20.8	7,821	16.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2021	164.93	–	10.8	12.6	18.6
Year ended September 30, 2020	148.81	–	10.5	12.0	16.8

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	103,406	83,416	80.7	1,582.45
As of September 30, 2020	97,671	77,075	78.9	1,466.56

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2021	10,550	(7,201)	(3,691)	23,126
Year ended September 30, 2020	10,569	(10,124)	(3,786)	23,469

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2020	–	55.00	–	65.00	120.00	3,176	40.3	4.2
Year ended September 30, 2021	–	65.00	–	39.50	–	3,811	43.7	4.7
Year ending September 30, 2022 (Forecast)	–	36.00	–	36.00	72.00		42.8	

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
Six months ending March 31, 2022	33,140	(0.7)	6,730	(14.9)	6,920	(14.4)	4,740	(13.7)	89.99
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 year ended September 30, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 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 September 30, 2021	748,935 shares	As of September 30, 2020	906,630 shares
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Average number of shares during the period

Year ended September 30, 2021	52,669,150 shares	Year ended September 30, 2020	52,558,775 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	26,769	26,426
Notes and accounts receivable - trade	7,014	6,973
Investments in leases	432	384
Merchandise and finished goods	238	222
Work in process	307	51
Raw materials and supplies	177	138
Other	924	1,925
Allowance for doubtful accounts	(19)	(14)
Total current assets	35,844	36,107
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,182	7,855
Machinery, equipment and vehicles, net	547	611
Tools, furniture and fixtures, net	1,857	2,050
Land	6,911	6,802
Leased assets, net	290	220
Construction in progress	5	-
Total property, plant and equipment	17,794	17,540
Intangible assets		
Software	2,724	2,654
Software in progress	370	924
Other	25	25
Total intangible assets	3,120	3,605
Investments and other assets		
Investment securities	16,282	19,705
Long-term loans receivable	163	120
Deferred tax assets	7,360	7,209
Long-term time deposits	14,600	16,600
Guarantee deposits	1,438	1,440
Long-term lease investment assets	889	539
Other	178	537
Total investments and other assets	40,911	46,152
Total non-current assets	61,826	67,298
Total assets	97,671	103,406

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,181	2,402
Electronically recorded obligations - operating	802	834
Current portion of long-term borrowings	142	80
Lease obligations	522	468
Accounts payable - other	2,184	1,786
Income taxes payable	2,549	2,211
Accrued consumption taxes	1,520	780
Provision for bonuses	3,673	4,073
Provision for loss on construction contracts	–	141
Other	1,124	1,942
<b>Total current liabilities</b>	<b>14,701</b>	<b>14,721</b>
<b>Non-current liabilities</b>		
Long-term borrowings	295	214
Lease obligations	1,113	694
Retirement benefit liability	3,400	3,554
Provision for share awards	599	307
Other	485	498
<b>Total non-current liabilities</b>	<b>5,893</b>	<b>5,268</b>
<b>Total liabilities</b>	<b>20,595</b>	<b>19,990</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,700	5,700
Capital surplus	6,588	6,589
Retained earnings	68,533	73,411
Treasury shares	(1,660)	(1,352)
<b>Total shareholders' equity</b>	<b>79,161</b>	<b>84,348</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(553)	449
Remeasurements of defined benefit plans	(1,532)	(1,382)
<b>Total accumulated other comprehensive income</b>	<b>(2,085)</b>	<b>(932)</b>
<b>Total net assets</b>	<b>77,075</b>	<b>83,416</b>
<b>Total liabilities and net assets</b>	<b>97,671</b>	<b>103,406</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales	67,814	66,221
Cost of sales	22,667	19,319
Gross profit	45,147	46,902
Selling, general and administrative expenses	33,766	34,587
Operating profit	11,381	12,314
Non-operating income		
Interest income	37	51
Dividend income	146	150
Rental income from land and buildings	50	51
Subsidy income	15	13
Other	56	92
Total non-operating income	306	359
Non-operating expenses		
Interest expenses	1	0
Loss on sale of securities	–	0
Other	0	0
Total non-operating expenses	1	0
Ordinary profit	11,685	12,673
Extraordinary income		
Gain on sale of non-current assets	2	111
Other	–	9
Total extraordinary income	2	121
Extraordinary losses		
Loss on sale of non-current assets	–	22
Loss on retirement of non-current assets	40	23
Loss on valuation of investment securities	–	89
Other	0	–
Total extraordinary losses	41	134
Profit before income taxes	11,646	12,660
Income taxes - current	4,070	4,156
Income taxes - deferred	(225)	(183)
Total income taxes	3,845	3,973
Profit	7,801	8,686
Loss attributable to non-controlling interests	(20)	–
Profit attributable to owners of parent	7,821	8,686

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit	7,801	8,686
Other comprehensive income		
Valuation difference on available-for-sale securities	(471)	1,002
Remeasurements of defined benefit plans, net of tax	171	150
Total other comprehensive income	(299)	1,153
Comprehensive income	7,501	9,839
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,524	9,839
Comprehensive income attributable to non-controlling interests	(22)	–

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,700	5,711	63,623	(1,630)	73,404
Changes during period					
Dividends of surplus			(2,911)		(2,911)
Profit attributable to owners of parent			7,821		7,821
Purchase of treasury shares				(34)	(34)
Disposal of treasury shares		0		3	3
Change in ownership interest of parent due to transactions with non-controlling interests		877			877
Net changes in items other than shareholders' equity					
Total changes during period	–	877	4,909	(30)	5,756
Balance at end of period	5,700	6,588	68,533	(1,660)	79,161

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(83)	(1,704)	(1,787)	1,504	73,121
Changes during period					
Dividends of surplus					(2,911)
Profit attributable to owners of parent					7,821
Purchase of treasury shares					(34)
Disposal of treasury shares					3
Change in ownership interest of parent due to transactions with non-controlling interests					877
Net changes in items other than shareholders' equity	(469)	171	(297)	(1,504)	(1,801)
Total changes during period	(469)	171	(297)	(1,504)	3,954
Balance at end of period	(553)	(1,532)	(2,085)	–	77,075

Fiscal year ended September 30, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,700	6,588	68,533	(1,660)	79,161
Cumulative effects of changes in accounting policies			(367)		(367)
Restated balance	5,700	6,588	68,165	(1,660)	78,793
Changes during period					
Dividends of surplus			(3,440)		(3,440)
Profit attributable to owners of parent			8,686		8,686
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		0		315	315
Net changes in items other than shareholders' equity					
Total changes during period	–	0	5,246	308	5,555
Balance at end of period	5,700	6,589	73,411	(1,352)	84,348

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(553)	(1,532)	(2,085)	77,075
Cumulative effects of changes in accounting policies				(367)
Restated balance	(553)	(1,532)	(2,085)	76,707
Changes during period				
Dividends of surplus				(3,440)
Profit attributable to owners of parent				8,686
Purchase of treasury shares				(6)
Disposal of treasury shares				315
Net changes in items other than shareholders' equity	1,002	150	1,153	1,153
Total changes during period	1,002	150	1,153	6,708
Balance at end of period	449	(1,382)	(932)	83,416



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	11,646	12,660
Depreciation	3,070	2,945
Increase (decrease) in allowance for doubtful accounts	(21)	(5)
Increase (decrease) in provision for bonuses	72	400
Increase (decrease) in provision for loss on construction contracts	–	33
Increase (decrease) in retirement benefit liability	82	367
Contribution to retirement benefit trust	(1,200)	–
Increase (decrease) in provision for share awards	37	(291)
Interest and dividend income	(183)	(201)
Interest expenses	1	0
Loss on retirement of non-current assets	40	23
Loss (gain) on sale of non-current assets	(2)	(89)
Loss (gain) on valuation of investment securities	–	89
Decrease (increase) in trade receivables	1,257	159
Decrease (increase) in inventories	366	31
Decrease (increase) in other assets	68	(679)
Increase (decrease) in trade payables	(1,559)	131
Increase (decrease) in other liabilities	(211)	(283)
Increase (decrease) in accrued consumption taxes	798	(739)
Other, net	66	281
Subtotal	14,330	14,832
Interest and dividends received	212	234
Interest paid	(1)	(0)
Income taxes paid	(3,971)	(4,516)
Net cash provided by (used in) operating activities	10,569	10,550
Cash flows from investing activities		
Payments into time deposits	(8,400)	(5,300)
Proceeds from withdrawal of time deposits	3,000	3,300
Purchase of property, plant and equipment	(1,738)	(1,420)
Proceeds from sale of property, plant and equipment	2	201
Purchase of intangible assets	(1,369)	(1,887)
Purchase of investment securities	(5,505)	(4,118)
Proceeds from sale of investment securities	–	13
Proceeds from redemption of investment securities	4,050	2,000
Payments of guarantee deposits	(173)	(47)
Proceeds from refund of guarantee deposits	97	44
Loan advances	(230)	–
Proceeds from collection of loans receivable	141	12
Other payments	(0)	(0)
Other proceeds	1	–
Net cash provided by (used in) investing activities	(10,124)	(7,201)

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from financing activities		
Repayments of long-term borrowings	(142)	(142)
Repayments of lease obligations	(99)	(91)
Purchase of treasury shares	(34)	(6)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(2,905)	(3,449)
Dividends paid to non-controlling interests	(11)	–
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(593)	–
Net cash provided by (used in) financing activities	(3,786)	(3,691)
Net increase (decrease) in cash and cash equivalents	(3,341)	(342)
Cash and cash equivalents at beginning of period	26,810	23,469
Cash and cash equivalents at end of period	23,469	23,126