

Translation

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

February 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: February 14, 2022  
 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, 2021 (from October 1, 2021 to December 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                         | %    |
| Three months ended December 31, 2021 | 15,292          | 3.1   | 3,091            | 15.7 | 3,242           | 15.1 | 2,228                                   | 18.9 |
| Three months ended December 31, 2020 | 14,837          | (9.1) | 2,670            | 8.4  | 2,816           | 9.1  | 1,873                                   | 17.5 |

|                                      | Earnings per share |  | Diluted earnings per share |  |
|--------------------------------------|--------------------|--|----------------------------|--|
|                                      | Yen                |  | Yen                        |  |
| Three months ended December 31, 2021 | 42.41              |  | –                          |  |
| Three months ended December 31, 2020 | 35.64              |  | –                          |  |

(2) Consolidated financial position

|                          | Total assets    | Net assets      | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
|                          | Millions of yen | Millions of yen | %            |
| As of December 31, 2021  | 98,860          | 82,409          | 83.4         |
| 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            | –                          |                 |                 |                 |       |
| Year ending September 30, 2022 (Forecast) |                            | 36.00           | –               | 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                |
| 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 three months ended December 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 December 31, 2021 | 53,462,066 shares | As of September 30, 2021 | 53,462,066 shares |
|-------------------------|-------------------|--------------------------|-------------------|

Number of treasury shares at the end of the period

|                         |                  |                          |                |
|-------------------------|------------------|--------------------------|----------------|
| As of December 31, 2021 | 1,048,903 shares | As of September 30, 2021 | 748,935 shares |
|-------------------------|------------------|--------------------------|----------------|

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

|                                      |                   |                                      |                   |
|--------------------------------------|-------------------|--------------------------------------|-------------------|
| Three months ended December 31, 2021 | 52,543,592 shares | Three months ended December 31, 2020 | 52,562,719 shares |
|--------------------------------------|-------------------|--------------------------------------|-------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

|  | As of September 30, 2021 | As of December 31, 2021 |
|--|--------------------------|-------------------------|
| <b>Assets</b>  |                          |                         |
| Current assets   |                          |                         |
| Cash and deposits  | 26,426                   | 23,918                  |
| Notes and accounts receivable - trade                      | 6,973                    | –                       |
| Notes and accounts receivable - trade, and contract assets | –                        | 6,911                   |
| Inventories  | 412                      | 562                     |
| Other  | 2,309                    | 1,597                   |
| Allowance for doubtful accounts                            | (14)                     | (9)                     |
| Total current assets                                       | 36,107                   | 32,979                  |
| Non-current assets   |                          |                         |
| Property, plant and equipment                              |                          |                         |
| Buildings and structures, net                              | 7,855                    | 7,741                   |
| Land   | 6,802                    | 6,802                   |
| Other, net   | 2,882                    | 2,798                   |
| Total property, plant and equipment                        | 17,540                   | 17,342                  |
| Intangible assets  | 3,605                    | 3,696                   |
| Investments and other assets                               |                          |                         |
| Investment securities                                      | 19,705                   | 19,475                  |
| Long-term time deposits                                    | 16,600                   | 16,600                  |
| Guarantee deposits   | 1,440                    | 1,436                   |
| Other  | 8,406                    | 7,329                   |
| Total investments and other assets                         | 46,152                   | 44,841                  |
| Total non-current assets                                   | 67,298                   | 65,880                  |
| Total assets   | 103,406                  | 98,860                  |
| <b>Liabilities</b>   |                          |                         |
| Current liabilities  |                          |                         |
| Accounts payable - trade                                   | 2,402                    | 2,034                   |
| Electronically recorded obligations - operating            | 834                      | 858                     |
| Short-term borrowings                                      | 80                       | 71                      |
| Accounts payable - other                                   | 3,034                    | 2,660                   |
| Income taxes payable                                       | 2,211                    | 106                     |
| Contract liabilities                                       | –                        | 498                     |
| Provision for bonuses                                      | 4,073                    | 1,491                   |
| Other  | 2,083                    | 3,436                   |
| Total current liabilities                                  | 14,721                   | 11,158                  |
| Non-current liabilities                                    |                          |                         |
| Long-term borrowings                                       | 214                      | 214                     |
| Retirement benefit liability                               | 3,554                    | 3,576                   |
| Provision for share awards                                 | 307                      | 313                     |
| Other  | 1,192                    | 1,187                   |
| Total non-current liabilities                              | 5,268                    | 5,292                   |
| Total liabilities  | 19,990                   | 16,450                  |

(Millions of yen)

|   | As of September 30, 2021 | As of December 31, 2021 |
|---|--------------------------|-------------------------|
| Net assets  |                          |                         |
| Shareholders' equity                                  |                          |                         |
| Share capital   | 5,700                    | 5,700                   |
| Capital surplus                                       | 6,589                    | 6,589                   |
| Retained earnings                                     | 73,411                   | 73,549                  |
| Treasury shares                                       | (1,352)                  | (2,385)                 |
| Total shareholders' equity                            | 84,348                   | 83,452                  |
| Accumulated other comprehensive income                |                          |                         |
| Valuation difference on available-for-sale securities | 449                      | 295                     |
| Remeasurements of defined benefit plans               | (1,382)                  | (1,338)                 |
| Total accumulated other comprehensive income          | (932)                    | (1,042)                 |
| Total net assets                                      | 83,416                   | 82,409                  |
| Total liabilities and net assets                      | 103,406                  | 98,860                  |

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

|  | Three months ended<br>December 31, 2020 | Three months ended<br>December 31, 2021 |
|--|---|---|
| Net sales                                    | 14,837                                  | 15,292                                  |
| Cost of sales                                | 4,295                                   | 4,348                                   |
| Gross profit                                 | 10,542                                  | 10,943                                  |
| Selling, general and administrative expenses | 7,871                                   | 7,852                                   |
| Operating profit                             | 2,670                                   | 3,091                                   |
| Non-operating income                         |   |   |
| Interest income                              | 11                                      | 16                                      |
| Dividend income                              | 70                                      | 83                                      |
| Dividend income of insurance                 | 12                                      | 18                                      |
| Rental income from land and buildings        | 12                                      | 13                                      |
| Other  | 38                                      | 18                                      |
| Total non-operating income                   | 145                                     | 151                                     |
| Non-operating expenses                       |   |   |
| Interest expenses                            | 0                                       | 0                                       |
| Commission for purchase of treasury shares   | —                                       | 0                                       |
| Total non-operating expenses                 | 0                                       | 0                                       |
| Ordinary profit                              | 2,816                                   | 3,242                                   |
| Extraordinary income                         |   |   |
| Gain on sale of non-current assets           | 0                                       | 0                                       |
| Total extraordinary income                   | 0                                       | 0                                       |
| Extraordinary losses                         |   |   |
| Loss on retirement of non-current assets     | 0                                       | 1                                       |
| Total extraordinary losses                   | 0                                       | 1                                       |
| Profit before income taxes                   | 2,815                                   | 3,241                                   |
| Income taxes - current                       | 106                                     | 45                                      |
| Income taxes - deferred                      | 834                                     | 967                                     |
| Total income taxes                           | 941                                     | 1,013                                   |
| Profit                                       | 1,873                                   | 2,228                                   |
| Profit attributable to owners of parent      | 1,873                                   | 2,228                                   |

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

(Millions of yen)

|   | Three months ended<br>December 31, 2020 | Three months ended<br>December 31, 2021 |
|---|---|---|
| Profit  | 1,873                                   | 2,228                                   |
| Other comprehensive income                            |   |   |
| Valuation difference on available-for-sale securities | 296                                     | (154)                                   |
| Remeasurements of defined benefit plans, net of tax   | 42                                      | 43                                      |
| Total other comprehensive income                      | 339                                     | (110)                                   |
| Comprehensive income                                  | 2,213                                   | 2,117                                   |
| Comprehensive income attributable to                  |   |   |
| Comprehensive income attributable to owners of parent | 2,213                                   | 2,117                                   |