

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2023 (Based on Japanese GAAP)

November 14, 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 of ordinary general meeting of shareholders: December 15, 2023
 Scheduled date to file Securities Report: December 18, 2023
 Scheduled date to commence dividend payments: December 18, 2023
 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	71,915	6.0	14,338	7.4	14,772	8.0	10,826	16.2
Year ended September 30, 2022	67,838	2.4	13,351	8.4	13,677	7.9	9,317	7.3

	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, 2023	206.54	–	11.9	13.1	19.9
Year ended September 30, 2022	177.62	–	10.9	12.9	19.7

(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, 2023	116,356	95,308	81.9	1,827.70
As of September 30, 2022	109,225	87,325	80.0	1,665.68

(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, 2023	13,067	(5,861)	(5,571)	28,793
Year ended September 30, 2022	13,050	(4,342)	(5,214)	26,620

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, 2022	–	36.00	–	42.00	78.00	4,105	43.9	4.8
Year ended September 30, 2023	–	39.00	–	51.00	90.00	4,722	43.6	5.2
Year ending September 30, 2024 (Forecast)	–	45.00	–	45.00	90.00		43.6	

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

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, 2024	36,330	0.8	8,740	0.1	8,870	0.1	6,140	0.1	117.13
Full year	74,340	3.4	14,820	3.4	15,200	2.9	10,830	0.0	206.61

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2023

(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: No

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, 2023	53,166,466 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 September 30, 2023	1,019,768 shares	As of September 30, 2022	1,035,472 shares
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Average number of shares during the period

Year ended September 30, 2023	52,417,466 shares	Year ended September 30, 2022	52,452,746 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	29,920	32,093
Notes receivable - trade	47	50
Accounts receivable - trade	7,881	8,332
Contract assets	391	301
Investments in leases	362	154
Merchandise and finished goods	278	246
Work in process	69	41
Raw materials and supplies	146	137
Other	1,630	1,835
Allowance for doubtful accounts	(12)	(19)
Total current assets	40,715	43,173
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,651	7,491
Machinery, equipment and vehicles, net	501	445
Tools, furniture and fixtures, net	1,820	2,023
Land	6,802	6,915
Leased assets, net	376	432
Total property, plant and equipment	17,153	17,308
Intangible assets		
Software	3,073	2,973
Software in progress	1,567	2,813
Other	25	25
Total intangible assets	4,666	5,813
Investments and other assets		
Investment securities	18,748	22,050
Long-term loans receivable	65	19
Deferred tax assets	8,032	7,383
Long-term time deposits	17,700	18,700
Guarantee deposits	1,486	1,452
Long-term lease investment assets	198	44
Other	458	423
Allowance for doubtful accounts	-	(12)
Total investments and other assets	46,689	50,061
Total non-current assets	68,510	73,182
Total assets	109,225	116,356

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,973	2,698
Electronically recorded obligations - operating	799	780
Current portion of long-term borrowings	71	71
Lease liabilities	492	283
Accounts payable - other	2,187	2,387
Income taxes payable	3,167	2,437
Accrued consumption taxes	819	771
Contract liabilities	1,104	1,210
Provision for bonuses	4,953	4,810
Provision for loss on construction contracts	65	14
Other	1,044	1,332
Total current liabilities	17,679	16,797
Non-current liabilities		
Long-term borrowings	142	71
Lease liabilities	481	391
Retirement benefit liability	2,806	2,956
Provision for share awards	306	341
Provision for loss on guarantees	–	3
Other	482	484
Total non-current liabilities	4,219	4,249
Total liabilities	21,899	21,047
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,589	6,286
Retained earnings	78,743	84,890
Treasury shares	(2,359)	(2,604)
Total shareholders' equity	88,672	94,271
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(138)	2,070
Remeasurements of defined benefit plans	(1,207)	(1,033)
Total accumulated other comprehensive income	(1,346)	1,036
Total net assets	87,325	95,308
Total liabilities and net assets	109,225	116,356

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

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	67,838	71,915
Cost of sales	19,909	21,474
Gross profit	47,929	50,440
Selling, general and administrative expenses	34,578	36,102
Operating profit	13,351	14,338
Non-operating income		
Interest income	70	66
Dividend income	176	195
Rental income from land and buildings	47	40
Subsidy income	9	10
Share of profit of entities accounted for using equity method	3	55
Other	98	67
Total non-operating income	407	436
Non-operating expenses		
Interest expenses	1	1
Loss on sale of securities	–	0
Commission for purchase of treasury shares	0	0
Provision for loss on guarantees	–	0
Surcharge	20	–
Penalty fee	58	–
Other	0	0
Total non-operating expenses	80	2
Ordinary profit	13,677	14,772
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on extinguishment of tie-in shares	–	365
Other	–	15
Total extraordinary income	3	382
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	30	19
Total extraordinary losses	30	19
Profit before income taxes	13,650	15,135
Income taxes - current	4,976	4,707
Income taxes - deferred	(643)	(399)
Total income taxes	4,332	4,308
Profit	9,317	10,826
Profit attributable to owners of parent	9,317	10,826

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit	9,317	10,826
Other comprehensive income		
Valuation difference on available-for-sale securities	(588)	2,209
Remeasurements of defined benefit plans, net of tax	174	174
Total other comprehensive income	(414)	2,383
Comprehensive income	8,902	13,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,902	13,210

Consolidated statements of changes in equity

Fiscal year ended September 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,700	6,589	73,411	(1,352)	84,348
Changes during period					
Dividends of surplus			(3,985)		(3,985)
Profit attributable to owners of parent			9,317		9,317
Purchase of treasury shares				(1,035)	(1,035)
Disposal of treasury shares		0		27	27
Net changes in items other than shareholders' equity					
Total changes during period	-	0	5,331	(1,007)	4,324
Balance at end of period	5,700	6,589	78,743	(2,359)	88,672

	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	449	(1,382)	(932)	83,416
Changes during period				
Dividends of surplus				(3,985)
Profit attributable to owners of parent				9,317
Purchase of treasury shares				(1,035)
Disposal of treasury shares				27
Net changes in items other than shareholders' equity	(588)	174	(414)	(414)
Total changes during period	(588)	174	(414)	3,909
Balance at end of period	(138)	(1,207)	(1,346)	87,325

Fiscal year ended September 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,700	6,589	78,743	(2,359)	88,672
Changes during period					
Dividends of surplus			(4,263)		(4,263)
Profit attributable to owners of parent			10,826		10,826
Purchase of treasury shares				(1,089)	(1,089)
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		(381)	(416)	798	-
Increase by merger		78		47	125
Net changes in items other than shareholders' equity					
Total changes during period	-	(302)	6,146	(244)	5,599
Balance at end of period	5,700	6,286	84,890	(2,604)	94,271

	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	(138)	(1,207)	(1,346)	87,325
Changes during period				
Dividends of surplus				(4,263)
Profit attributable to owners of parent				10,826
Purchase of treasury shares				(1,089)
Disposal of treasury shares				0
Cancellation of treasury shares				-
Increase by merger				125
Net changes in items other than shareholders' equity	2,209	174	2,383	2,383
Total changes during period	2,209	174	2,383	7,982
Balance at end of period	2,070	(1,033)	1,036	95,308

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	13,650	15,135
Depreciation	3,050	3,533
Increase (decrease) in allowance for doubtful accounts	(1)	19
Increase (decrease) in provision for bonuses	880	(143)
Increase (decrease) in provision for loss on construction contracts	(76)	(51)
Increase (decrease) in retirement benefit liability	503	401
Contribution to retirement benefit trust	(1,000)	–
Increase (decrease) in provision for share awards	(1)	35
Interest and dividend income	(246)	(262)
Interest expenses	1	1
Surcharge	20	–
Penalty fee	58	–
Share of loss (profit) of entities accounted for using equity method	(3)	(55)
Loss on retirement of non-current assets	30	19
Loss (gain) on sale of non-current assets	(2)	(1)
Loss (gain) on extinguishment of tie-in shares	–	(365)
Decrease (increase) in trade receivables	(1,180)	(566)
Decrease (increase) in inventories	(82)	69
Decrease (increase) in other assets	84	46
Increase (decrease) in trade payables	462	(382)
Increase (decrease) in other liabilities	642	857
Increase (decrease) in accrued consumption taxes	39	(48)
Other, net	60	(17)
Subtotal	16,888	18,224
Interest and dividends received	283	280
Interest paid	(1)	(1)
Surcharge paid	(20)	–
Penalty paid	(35)	(11)
Income taxes paid	(4,063)	(5,424)
Net cash provided by (used in) operating activities	13,050	13,067
Cash flows from investing activities		
Payments into time deposits	(4,400)	(4,300)
Proceeds from withdrawal of time deposits	3,300	3,300
Purchase of property, plant and equipment	(760)	(1,671)
Proceeds from sale of property, plant and equipment	6	1
Purchase of intangible assets	(2,573)	(3,119)
Purchase of investment securities	(2,015)	(1,501)
Proceeds from sale of investment securities	1	38
Proceeds from redemption of investment securities	2,100	1,300
Payments of guarantee deposits	(59)	(11)
Proceeds from refund of guarantee deposits	14	45
Proceeds from collection of loans receivable	43	57
Other proceeds	0	–
Net cash provided by (used in) investing activities	(4,342)	(5,861)

(Millions of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(80)	(71)
Repayments of lease liabilities	(118)	(149)
Purchase of treasury shares	(1,035)	(1,090)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(3,979)	(4,260)
Net cash provided by (used in) financing activities	(5,214)	(5,571)
Net increase (decrease) in cash and cash equivalents	3,493	1,634
Cash and cash equivalents at beginning of period	23,126	26,620
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	538
Cash and cash equivalents at end of period	26,620	28,793