

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2022 (Based on Japanese GAAP)

November 9, 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 of ordinary general meeting of shareholders: December 16, 2022
 Scheduled date to file Securities Report: December 19, 2022
 Scheduled date to commence dividend payments: December 19, 2022
 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, 2022 (from October 1, 2021 to September 30, 2022)

(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, 2022	67,838	2.4	13,351	8.4	13,677	7.9	9,317	7.3
Year ended September 30, 2021	66,221	(2.3)	12,314	8.2	12,673	8.5	8,686	11.1

	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, 2022	177.62	–	10.9	12.9	19.7
Year ended September 30, 2021	164.93	–	10.8	12.6	18.6

(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, 2022	109,225	87,325	80.0	1,665.68
As of September 30, 2021	103,406	83,416	80.7	1,582.45

(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, 2022	13,050	(4,342)	(5,214)	26,620
Year ended September 30, 2021	10,550	(7,201)	(3,691)	23,126

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, 2021	–	65.00	–	39.50	–	3,811	43.7	4.7
Year ended September 30, 2022	–	36.00	–	42.00	78.00	4,105	43.9	4.8
Year ending September 30, 2023 (Forecast)	–	39.00	–	39.00	78.00		43.8	

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
Six months ending March 31, 2023	34,500	2.2	7,800	(5.2)	7,950	(5.7)	5,450	(6.3)	103.90
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 year ended September 30, 2022

(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, 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 September 30, 2022	1,035,472 shares	As of September 30, 2021	748,935 shares
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Average number of shares during the period

Year ended September 30, 2022	52,452,746 shares	Year ended September 30, 2021	52,669,150 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	26,426	29,920
Notes receivable - trade	54	47
Accounts receivable - trade	6,919	7,881
Contract assets	525	391
Investments in leases	384	362
Merchandise and finished goods	222	278
Work in process	51	69
Raw materials and supplies	138	146
Other	1,399	1,630
Allowance for doubtful accounts	(14)	(12)
Total current assets	36,107	40,715
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,855	7,651
Machinery, equipment and vehicles, net	611	501
Tools, furniture and fixtures, net	2,050	1,820
Land	6,802	6,802
Leased assets, net	220	376
Total property, plant and equipment	17,540	17,153
Intangible assets		
Software	2,654	3,073
Software in progress	924	1,567
Other	25	25
Total intangible assets	3,605	4,666
Investments and other assets		
Investment securities	19,705	18,748
Long-term loans receivable	120	65
Deferred tax assets	7,209	8,032
Long-term time deposits	16,600	17,700
Guarantee deposits	1,440	1,486
Long-term lease investment assets	539	198
Other	537	458
Total investments and other assets	46,152	46,689
Total non-current assets	67,298	68,510
Total assets	103,406	109,225

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	2,402	2,973
Electronically recorded obligations - operating	834	799
Current portion of long-term borrowings	80	71
Lease liabilities	468	492
Accounts payable - other	1,786	2,187
Income taxes payable	2,211	3,167
Accrued consumption taxes	780	819
Contract liabilities	673	1,104
Provision for bonuses	4,073	4,953
Provision for loss on construction contracts	141	65
Other	1,269	1,044
Total current liabilities	14,721	17,679
Non-current liabilities		
Long-term borrowings	214	142
Lease liabilities	694	481
Retirement benefit liability	3,554	2,806
Provision for share awards	307	306
Other	498	482
Total non-current liabilities	5,268	4,219
Total liabilities	19,990	21,899
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,589	6,589
Retained earnings	73,411	78,743
Treasury shares	(1,352)	(2,359)
Total shareholders' equity	84,348	88,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	449	(138)
Remeasurements of defined benefit plans	(1,382)	(1,207)
Total accumulated other comprehensive income	(932)	(1,346)
Total net assets	83,416	87,325
Total liabilities and net assets	103,406	109,225

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

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	66,221	67,838
Cost of sales	19,319	19,909
Gross profit	46,902	47,929
Selling, general and administrative expenses	34,587	34,578
Operating profit	12,314	13,351
Non-operating income		
Interest income	51	70
Dividend income	150	176
Rental income from land and buildings	51	47
Subsidy income	13	9
Share of profit of entities accounted for using equity method	–	3
Other	92	98
Total non-operating income	359	407
Non-operating expenses		
Interest expenses	0	1
Loss on sale of securities	0	–
Surcharge	–	20
Penalty fee	–	58
Other	0	1
Total non-operating expenses	0	80
Ordinary profit	12,673	13,677
Extraordinary income		
Gain on sale of non-current assets	111	3
Other	9	–
Total extraordinary income	121	3
Extraordinary losses		
Loss on sale of non-current assets	22	0
Loss on retirement of non-current assets	23	30
Loss on valuation of investment securities	89	–
Total extraordinary losses	134	30
Profit before income taxes	12,660	13,650
Income taxes - current	4,156	4,976
Income taxes - deferred	(183)	(643)
Total income taxes	3,973	4,332
Profit	8,686	9,317
Profit attributable to owners of parent	8,686	9,317

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	8,686	9,317
Other comprehensive income		
Valuation difference on available-for-sale securities	1,002	(588)
Remeasurements of defined benefit plans, net of tax	150	174
Total other comprehensive income	1,153	(414)
Comprehensive income	9,839	8,902
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,839	8,902

Consolidated statements of changes in equity

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

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	12,660	13,650
Depreciation	2,945	3,050
Increase (decrease) in allowance for doubtful accounts	(5)	(1)
Increase (decrease) in provision for bonuses	400	880
Increase (decrease) in provision for loss on construction contracts	33	(76)
Increase (decrease) in retirement benefit liability	367	503
Contribution to retirement benefit trust	–	(1,000)
Increase (decrease) in provision for share awards	(291)	(1)
Interest and dividend income	(201)	(246)
Interest expenses	0	1
Surcharge	–	20
Penalty fee	–	58
Share of loss (profit) of entities accounted for using equity method	–	(3)
Loss on retirement of non-current assets	23	30
Loss (gain) on sale of non-current assets	(89)	(2)
Loss (gain) on valuation of investment securities	89	–
Decrease (increase) in trade receivables	159	(1,180)
Decrease (increase) in inventories	31	(82)
Decrease (increase) in other assets	(679)	84
Increase (decrease) in trade payables	131	462
Increase (decrease) in other liabilities	(283)	642
Increase (decrease) in accrued consumption taxes	(739)	39
Other, net	281	60
Subtotal	14,832	16,888
Interest and dividends received	234	283
Interest paid	(0)	(1)
Surcharge paid	–	(20)
Penalty paid	–	(35)
Income taxes paid	(4,516)	(4,063)
Net cash provided by (used in) operating activities	10,550	13,050
Cash flows from investing activities		
Payments into time deposits	(5,300)	(4,400)
Proceeds from withdrawal of time deposits	3,300	3,300
Purchase of property, plant and equipment	(1,420)	(760)
Proceeds from sale of property, plant and equipment	201	6
Purchase of intangible assets	(1,887)	(2,573)
Purchase of investment securities	(4,118)	(2,015)
Proceeds from sale of investment securities	13	1
Proceeds from redemption of investment securities	2,000	2,100
Payments of guarantee deposits	(47)	(59)
Proceeds from refund of guarantee deposits	44	14
Proceeds from collection of loans receivable	12	43
Other payments	(0)	–
Other proceeds	–	0
Net cash provided by (used in) investing activities	(7,201)	(4,342)

(Millions of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(142)	(80)
Repayments of lease liabilities	(91)	(118)
Purchase of treasury shares	(6)	(1,035)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(3,449)	(3,979)
Net cash provided by (used in) financing activities	(3,691)	(5,214)
Net increase (decrease) in cash and cash equivalents	(342)	3,493
Cash and cash equivalents at beginning of period	23,469	23,126
Cash and cash equivalents at end of period	23,126	26,620