

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2017 (Based on Japanese GAAP)

February 9, 2018

Company name: TKC Corporation
 Stock exchange listing: Tokyo
 Stock code: 9746 URL <http://www.tkc.jp/>
 Representative: President and Representative Director Kazuyuki Sumi
 Vice President and Representative Director,
 Inquiries: General Manager of Management Hitoshi Iwata TEL 03-3235-5511
 Administration Division
 Scheduled date to file Quarterly Securities Report: February 13, 2018
 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, 2017 (from October 1, 2017 to December 31, 2017)

(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, 2017	14,664	9.2	2,429	58.0	2,524	55.3	1,698	56.9
Three months ended December 31, 2016	13,423	(4.6)	1,537	(38.3)	1,626	(36.2)	1,082	(37.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2017	64.38	64.12
Three months ended December 31, 2016	40.75	40.55

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	81,794	69,603	83.1
As of September 30, 2017	85,428	68,892	78.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2017	–	40.00	–	60.00	100.00
Year ending September 30, 2018	–				
Year ending September 30, 2018 (Forecast)		45.00	–	45.00	90.00

3. Forecast of consolidated financial results for the year ending September 30, 2018 (from October 1, 2017 to September 30, 2018)

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, 2018	28,600	(5.3)	3,750	(21.2)	3,900	(19.9)	2,600	(21.4)	98.13
Full year	60,000	0.5	7,500	(12.5)	7,700	(12.4)	5,000	(17.6)	188.71

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2017
(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 December 31, 2017	26,731,033 shares	As of September 30, 2017	26,731,033 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	351,949 shares	As of September 30, 2017	351,714 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2017	26,379,191 shares	Three months ended December 31, 2016	26,553,229 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	20,039	17,272
Notes and accounts receivable - trade	6,555	5,719
Inventories	755	696
Other	3,229	2,486
Allowance for doubtful accounts	(33)	(39)
Total current assets	30,545	26,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,619	6,516
Land	6,922	6,922
Other, net	2,669	3,091
Total property, plant and equipment	16,212	16,530
Intangible assets	3,812	3,735
Investments and other assets		
Investment securities	23,659	24,473
Long-term time deposits	6,000	6,000
Guarantee deposits	1,310	1,329
Other	3,888	3,590
Total investments and other assets	34,858	35,393
Total non-current assets	54,883	55,659
Total assets	85,428	81,794
Liabilities		
Current liabilities		
Accounts payable - trade	2,392	1,802
Electronically recorded obligations - operating	897	909
Short-term loans payable	71	71
Accounts payable - other	3,814	2,320
Income taxes payable	1,445	283
Provision for bonuses	3,028	1,292
Other	1,694	2,358
Total current liabilities	13,345	9,037
Non-current liabilities		
Long-term loans payable	223	205
Net defined benefit liability	1,668	1,745
Other	1,298	1,202
Total non-current liabilities	3,191	3,154
Total liabilities	16,536	12,191

(Millions of yen)

	As of September 30, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,409	5,409
Retained earnings	56,549	56,665
Treasury shares	(968)	(968)
Total shareholders' equity	66,690	66,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621	1,172
Total accumulated other comprehensive income	621	1,172
Subscription rights to shares	178	235
Non-controlling interests	1,401	1,388
Total net assets	68,892	69,603
Total liabilities and net assets	85,428	81,794

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2016	Three months ended December 31, 2017
Net sales	13,423	14,664
Cost of sales	4,738	4,859
Gross profit	8,685	9,804
Selling, general and administrative expenses	7,148	7,375
Operating profit	1,537	2,429
Non-operating income		
Interest income	9	16
Dividend income	50	54
Dividend income of insurance	11	4
Land and house rent received	9	11
Share of profit of entities accounted for using equity method	1	1
Other	7	7
Total non-operating income	90	96
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	0	0
Other	0	0
Total non-operating expenses	1	0
Ordinary profit	1,626	2,524
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	0	2
Total extraordinary losses	0	2
Profit before income taxes	1,625	2,522
Income taxes - current	27	258
Income taxes - deferred	514	573
Total income taxes	541	832
Profit	1,083	1,690
Profit (loss) attributable to non-controlling interests	1	(8)
Profit attributable to owners of parent	1,082	1,698

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2016	Three months ended December 31, 2017
Profit	1,083	1,690
Other comprehensive income		
Valuation difference on available-for-sale securities	806	557
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	806	557
Comprehensive income	1,890	2,248
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,884	2,249
Comprehensive income attributable to non-controlling interests	6	(1)