

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2018 (Based on Japanese GAAP)

August 10, 2018

Company name: TKC Corporation
 Stock exchange listing: Tokyo
 Stock code: 9746 URL <https://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: August 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 nine months ended June 30, 2018 (from October 1, 2017 to June 30, 2018)

(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	%
Nine months ended June 30, 2018	45,289	1.5	7,472	7.2	7,725	7.8	5,069	6.7
Nine months ended June 30, 2017	44,625	2.1	6,968	(9.5)	7,163	(8.8)	4,748	(4.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2018	192.17	191.31
Nine months ended June 30, 2017	178.97	178.19

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	83,979	71,148	82.7
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	–	50.00	–		
Year ending September 30, 2018 (Forecast)				50.00	100.00

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
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 nine months ended June 30, 2018
(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 June 30, 2018	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 June 30, 2018	352,307 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)

Nine months ended June 30, 2018	26,378,986 shares	Nine months ended June 30, 2017	26,534,266 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	20,039	18,695
Notes and accounts receivable - trade	6,555	6,515
Inventories	755	793
Other	3,229	2,623
Allowance for doubtful accounts	(33)	(35)
Total current assets	30,545	28,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,619	7,890
Land	6,922	6,922
Other, net	2,669	2,150
Total property, plant and equipment	16,212	16,963
Intangible assets	3,812	3,687
Investments and other assets		
Investment securities	23,659	23,526
Long-term time deposits	6,000	6,000
Guarantee deposits	1,310	1,321
Other	3,888	3,887
Total investments and other assets	34,858	34,735
Total non-current assets	54,883	55,386
Deferred assets	—	0
Total assets	85,428	83,979
Liabilities		
Current liabilities		
Accounts payable - trade	2,392	1,676
Electronically recorded obligations - operating	897	1,018
Short-term loans payable	71	71
Accounts payable - other	3,814	2,454
Income taxes payable	1,445	641
Provision for bonuses	3,028	1,336
Other	1,694	2,428
Total current liabilities	13,345	9,627
Non-current liabilities		
Long-term loans payable	223	170
Net defined benefit liability	1,668	1,869
Other	1,298	1,164
Total non-current liabilities	3,191	3,204
Total liabilities	16,536	12,831

	(Millions of yen)	
	As of September 30, 2017	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,409	5,409
Retained earnings	56,549	58,717
Treasury shares	(968)	(970)
Total shareholders' equity	66,690	68,855
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621	573
Total accumulated other comprehensive income	621	573
Subscription rights to shares	178	235
Non-controlling interests	1,401	1,482
Total net assets	68,892	71,148
Total liabilities and net assets	85,428	83,979

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2017	Nine months ended June 30, 2018
Net sales	44,625	45,289
Cost of sales	15,501	14,874
Gross profit	29,124	30,414
Selling, general and administrative expenses	22,155	22,941
Operating profit	6,968	7,472
Non-operating income		
Interest income	23	23
Dividend income	110	122
Dividend income of insurance	12	5
Land and house rent received	32	34
Share of profit of entities accounted for using equity method	4	11
Other	16	58
Total non-operating income	198	255
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	0	0
Other	0	0
Total non-operating expenses	3	2
Ordinary profit	7,163	7,725
Extraordinary income		
Gain on sales of non-current assets	0	0
Reversal of provision for Asset retirement obligation	23	–
Total extraordinary income	23	0
Extraordinary losses		
Loss on retirement of non-current assets	1	4
Loss on valuation of investment securities	–	53
Total extraordinary losses	1	58
Profit before income taxes	7,185	7,667
Income taxes - current	1,841	2,057
Income taxes - deferred	525	451
Total income taxes	2,367	2,508
Profit	4,818	5,158
Profit attributable to non-controlling interests	69	89
Profit attributable to owners of parent	4,748	5,069

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2017	Nine months ended June 30, 2018
Profit	4,818	5,158
Other comprehensive income		
Valuation difference on available-for-sale securities	1,077	(44)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	1,078	(44)
Comprehensive income	5,896	5,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,818	5,021
Comprehensive income attributable to non-controlling interests	78	92