

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2018 (Based on Japanese GAAP)

February 6, 2019

Company name: TKC Corporation
 Stock exchange listing: Tokyo
 Stock code: 9746 URL <https://www.tkc.jp/>
 Representative: President and Representative Director Kazuyuki Sumi
 Inquiries: Vice President and Representative Director Hitoshi Iwata TEL 03-3235-5511
 Scheduled date to file Quarterly Securities Report: February 7, 2019
 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, 2018 (from October 1, 2018 to December 31, 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	%
Three months ended December 31, 2018	14,141	(3.6)	1,618	(33.4)	1,729	(31.5)	1,170	(31.1)
Three months ended December 31, 2017	14,664	9.2	2,429	58.0	2,524	55.3	1,698	56.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2018	44.38	44.17
Three months ended December 31, 2017	64.38	64.12

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	84,342	71,332	82.6
As of September 30, 2018	90,202	72,550	78.6

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, 2018	–	50.00	–	55.00	105.00
Year ending September 30, 2019	–				
Year ending September 30, 2019 (Forecast)		50.00	–	55.00	105.00

3. Forecast of consolidated financial results for the year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

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, 2019	30,000	(1.1)	3,200	(34.3)	3,300	(33.9)	2,000	(39.4)	75.82
Full year	62,000	0.6	8,400	(3.2)	8,700	(2.9)	5,600	(9.1)	212.29

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 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 December 31, 2018	26,731,033 shares	As of September 30, 2018	26,731,033 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	350,430 shares	As of September 30, 2018	352,535 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, 2018	26,378,630 shares	Three months ended December 31, 2017	26,379,191 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of September 30, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	22,268	19,390
Notes and accounts receivable - trade	7,690	5,910
Inventories	619	813
Other	1,204	1,187
Allowance for doubtful accounts	(35)	(32)
Total current assets	31,747	27,270
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,991	8,084
Land	6,922	6,922
Other, net	2,550	2,788
Total property, plant and equipment	17,464	17,795
Intangible assets	3,707	3,514
Investments and other assets		
Investment securities	24,026	22,583
Long-term time deposits	6,000	6,000
Guarantee deposits	1,318	1,318
Other	5,937	5,860
Total investments and other assets	37,282	35,762
Total non-current assets	58,454	57,072
Total assets	90,202	84,342
Liabilities		
Current liabilities		
Accounts payable - trade	2,824	1,794
Electronically recorded obligations - operating	1,080	866
Short-term loans payable	142	212
Accounts payable - other	3,661	2,369
Income taxes payable	1,689	77
Provision for bonuses	3,169	1,356
Other	1,387	2,432
Total current liabilities	13,955	9,109
Non-current liabilities		
Long-term loans payable	580	563
Net defined benefit liability	2,036	2,096
Other	1,078	1,241
Total non-current liabilities	3,696	3,901
Total liabilities	17,651	13,010

(Millions of yen)

	As of September 30, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,409	5,409
Retained earnings	59,806	59,526
Treasury shares	(971)	(965)
Total shareholders' equity	69,944	69,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	917	(36)
Total accumulated other comprehensive income	917	(36)
Share acquisition rights	235	274
Non-controlling interests	1,453	1,423
Total net assets	72,550	71,332
Total liabilities and net assets	90,202	84,342

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, 2017	Three months ended December 31, 2018
Net sales	14,664	14,141
Cost of sales	4,859	4,719
Gross profit	9,804	9,421
Selling, general and administrative expenses	7,375	7,802
Operating profit	2,429	1,618
Non-operating income		
Interest income	16	8
Dividend income	54	63
Dividend income of insurance	4	5
Land and house rent received	11	13
Share of profit of entities accounted for using equity method	1	3
Other	7	17
Total non-operating income	96	111
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	0	0
Other	0	—
Total non-operating expenses	0	0
Ordinary profit	2,524	1,729
Extraordinary income		
Gain on sales of non-current assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Loss on retirement of non-current assets	2	0
Total extraordinary losses	2	0
Profit before income taxes	2,522	1,729
Income taxes - current	258	37
Income taxes - deferred	573	532
Total income taxes	832	569
Profit	1,690	1,159
Loss attributable to non-controlling interests	(8)	(11)
Profit attributable to owners of parent	1,698	1,170

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2017	Three months ended December 31, 2018
Profit	1,690	1,159
Other comprehensive income		
Valuation difference on available-for-sale securities	557	(955)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	557	(955)
Comprehensive income	2,248	204
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,249	217
Comprehensive income attributable to non-controlling interests	(1)	(13)