

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2019 (Based on Japanese GAAP)

August 9, 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: August 13, 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 nine months ended June 30, 2019 (from October 1, 2018 to June 30, 2019)

(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, 2019	47,721	5.4	7,280	(2.6)	7,564	(2.1)	5,171	2.0
Nine months ended June 30, 2018	45,289	1.5	7,472	7.2	7,725	7.8	5,069	6.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2019	196.46	195.94
Nine months ended June 30, 2018	192.17	191.31

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	88,922	73,037	80.4
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	–	55.00	–		
Year ending September 30, 2019 (Forecast)				55.00	110.00

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
Full year	63,450	3.0	8,700	0.2	9,000	0.4	6,230	1.2	237.51

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2019
 (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, 2019	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 June 30, 2019	500,717 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)

Nine months ended June 30, 2019	26,322,187 shares	Nine months ended June 30, 2018	26,378,986 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	22,268	21,062
Notes and accounts receivable - trade	7,690	7,577
Inventories	619	823
Other	1,204	1,314
Allowance for doubtful accounts	(35)	(25)
Total current assets	31,747	30,752
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,991	8,476
Land	6,922	6,892
Other, net	2,550	2,598
Total property, plant and equipment	17,464	17,967
Intangible assets	3,707	3,294
Investments and other assets		
Investment securities	24,026	22,471
Long-term time deposits	6,000	6,500
Guarantee deposits	1,318	1,310
Other	5,937	6,625
Total investments and other assets	37,282	36,907
Total non-current assets	58,454	58,170
Total assets	90,202	88,922
Liabilities		
Current liabilities		
Accounts payable - trade	2,824	1,835
Electronically recorded obligations - operating	1,080	1,098
Short-term loans payable	142	212
Accounts payable - other	3,661	2,716
Income taxes payable	1,689	668
Provision for bonuses	3,169	1,367
Other	1,387	2,870
Total current liabilities	13,955	10,771
Non-current liabilities		
Long-term loans payable	580	491
Net defined benefit liability	2,036	2,196
Provision for stock benefits	–	527
Other	1,078	1,897
Total non-current liabilities	3,696	5,114
Total liabilities	17,651	15,885

(Millions of yen)

	As of September 30, 2018	As of June 30, 2019
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	5,409	5,637
Retained earnings	59,806	62,073
Treasury shares	(971)	(1,799)
Total shareholders' equity	69,944	71,611
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	917	(108)
Total accumulated other comprehensive income	917	(108)
Share acquisition rights	235	–
Non-controlling interests	1,453	1,534
Total net assets	72,550	73,037
Total liabilities and net assets	90,202	88,922

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, 2018	Nine months ended June 30, 2019
Net sales	45,289	47,721
Cost of sales	14,874	16,187
Gross profit	30,414	31,534
Selling, general and administrative expenses	22,941	24,254
Operating profit	7,472	7,280
Non-operating income		
Interest income	23	23
Dividend income	122	135
Dividend income of insurance	5	6
Land and house rent received	34	43
Share of profit of entities accounted for using equity method	11	18
Other	58	58
Total non-operating income	255	286
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	0	0
Other	0	0
Total non-operating expenses	2	2
Ordinary profit	7,725	7,564
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on reversal of share acquisition rights	–	274
Other	–	8
Total extraordinary income	0	283
Extraordinary losses		
Loss on sales of non-current assets	–	10
Loss on retirement of non-current assets	4	5
Loss on valuation of investment securities	53	–
Other	–	0
Total extraordinary losses	58	16
Profit before income taxes	7,667	7,832
Income taxes - current	2,057	2,112
Income taxes - deferred	451	450
Total income taxes	2,508	2,563
Profit	5,158	5,269
Profit attributable to non-controlling interests	89	97
Profit attributable to owners of parent	5,069	5,171

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2018	Nine months ended June 30, 2019
Profit	5,158	5,269
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	(1,026)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(44)	(1,026)
Comprehensive income	5,114	4,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,021	4,145
Comprehensive income attributable to non-controlling interests	92	96