

Quarterly Report

(58th Term 1st Quarter)

(Started October 1, 2023;
ended December 31, 2023)

Kabushiki Kaisha TKC

1758 Tsurutamachi, Utsunomiya-shi, Tochigi

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Section 1 [Information on the Company]

Part 1 [Overview of the Company]

1 [Key Financial Data]

Term & Period	57th Term 1st Quarter consolidated cumulative period	58th Term 1st Quarter consolidated cumulative period	57th Term
Accounting period	Started October 1, 2022 Ended December 31, 2022	Started October 1, 2023 Ended December 31, 2023	Started October 1, 2022 Ended September 30, 2023
Net sales (millions of yen)	16,908	17,124	71,915
Ordinary income (millions of yen)	4,175	3,933	14,772
Quarterly (current) net income attributable to owners of parent (millions of yen)	2,890	2,710	10,826
Quarterly comprehensive income or comprehensive income (millions of yen)	3,831	2,478	13,210
Net assets (millions of yen)	88,941	95,115	95,308
Total assets (millions of yen)	105,006	110,949	116,356
Quarterly (current) net income per share (yen)	55.12	51.97	206.54
Quarterly (current) diluted net income per share (yen)	—	—	—
Equity ratio (%)	84.7	85.7	81.9

(Notes) 1. Changes in key financial data, etc. of the Company are not stated here, as they are included in the Company's quarterly consolidated financial statements.

2. The Company maintains a Board Incentive Plan (BIP) Trust and records the stocks held by said Trust as treasury stocks. Accordingly, for the purpose of calculating the quarterly (current) net income per share, they are included in the treasury stocks to be deducted in calculating the average number of shares outstanding.

3. The quarterly (current) diluted net income per share is not stated as there were no dilutive shares.

2 [Description of Business]

There are no significant changes in the description of the business operated by TKC Group (TKC Corporation and its affiliated companies) for the current 1st Quarter consolidated cumulative period. There are no changes in the major affiliated companies.

Part 2 [Business Overview]

1 [Risk Factors]

There are no risks pertaining to new business operations, etc., that arose during the current 1st Quarter consolidated cumulative period. There are no significant changes in risks regarding business operations, etc., described in the annual securities report of the previous fiscal year.

2 [Management Analysis of Consolidated Financial Conditions, Operating Results, and Cash Flows]

I. Operating Results

In the current 1st Quarter consolidated cumulative period (hereinafter, “current 1st Quarter”), the Japanese economy continued to gradually recover against the background of an improvement in corporate performance due to the recovery of consumption and the progress of price pass-through, and other factors. On the other hand, the increase in bankruptcies and increasingly difficult financing for small- and medium-sized enterprises (SMEs) indicate that the future of the economy remains uncertain. Furthermore, social systems also changed greatly, including implementation of the consumption tax invoicing system and commencement of the operation of e-invoices as a consequence of the enforcement of the amended Consumption Tax Act, among other changes.

The Group has continued to develop systems and provide services that promptly cater to such changes in the social environment while carrying out business operations that contribute to our customers as well as local communities.

The Accounting Firm Business Division supports certified public tax accountants and certified public accountants that are customers of TKC (hereinafter, “TKC Members”) in providing their clients with accounting, taxation, and financing as escort supporters of SMEs. We also support SMEs in achieving profitable results and proper filing by providing and supporting the implementation of cloud-based accounting systems.

The Local Governments Business Division is working on systems development to ensure that customer municipalities are able to smoothly carry out system transition by the deadline for conformity with the standard specifications (March 31, 2026), in accordance with the Basic Policy for Standardizing Information Systems in Local Governments decided by the Cabinet on September 8, 2023.

As a result of these activities, the operating results for the current 1st Quarter of the consolidated Group comprising TKC Corporation and its six consolidated subsidiaries recorded net sales of 17,124 million yen (increased 1.3% year on year), operating income of 3,739 million yen (decreased 6.8% year on year), ordinary income of 3,933 million yen (decreased 5.8% year on year), and quarterly net income attributable to owners of parent of 2,710 million yen (decreased 6.2% year on year).

Net sales for the current 1st Quarter by business division are as shown below.

1. Results of operation for the 1st Quarter

(1) Net sales of the Accounting Firm Business Division

Net sales of the Accounting Firm Business Division were 11,601 million yen (increased 3.2% year on year); operating income was 3,008 million yen (increased 4.9% year on year). Breakdown of key sales is as follows:

- (i) Sales from computer services increased by 3.3% year on year. This was attributable to the increase in the amount of data used in data centers caused by the growth in number of implementations of the FX Cloud Series in the context of the digital transformation (DX) of accounting work in clients, and the increasing adoption of the Office Management System (OMS Cloud) for Tax Accounting Firms and the OMS Connect which allows them to work remotely using the OMS from home or outside their offices.
- (ii) Software sales increased by 3.9% year on year. This was attributable to increase in clients who used the FX Cloud Series equipped with “qualified invoice issuer check functions” and “documented evidence storage functions” for the first time to comply with the consumption tax invoicing system and the Revised Act on Book and Record Keeping through Electronic Methods.
- (iii) Sales from consulting services increased by 4.0% year on year. This was due to an increase in the number of implementations of the FX4 Cloud launch support services for medium-sized enterprises.
- (iv) Hardware sales increased by 6.0% year on year. This was mainly due to the costs for the purchase of hardware now being covered by funding under the Subsidy Program for Introducing IT to Businesses for Productivity Improvement in Services, etc. (“Subsidies for Introduction of IT”) of the Small and Medium Enterprise Agency, new purchases of computers and scanners increasing as a consequence of the expiration on December 31, 2023 of safe harbor rules concerning electronic transaction data under the Revised Act on Book and Record Keeping through Electronic Methods, and the rise in the sales unit price of IT devices.
- (v) Sales from supplies decreased by 7.0% year on year. This was due to the orders expected in the current 1st Quarter occurring in the 2nd Quarter instead.
- (vi) Improvement in operating income year-on-year was a result of sales of computer services and software with higher profit

margins growing steadily.

(2) Net sales of the Local Governments Business Division

Net sales of the Local Governments Business Division were 4,861 million yen (decreased 1.9% year-on-year); operating income was 912 million yen (decreased 24.6% year-on-year). Breakdown of key sales is as follows:

- (i) Sales from computer services decreased by 0.3% year on year. This was due to the fact that in the current fiscal year there were no printing operations such as vouchers, etc., for COVID-19 vaccine booster shots which we received orders for in the previous fiscal year, which more than offset the fact that the service fees from the support services for the digitalization of administrative services such as the TASK Cloud Smart Application System trended steadily due to the increase in the number of customer organizations.
- (ii) Software sales decreased by 18.3% year-on-year. This was due to the fact that in the current fiscal year there were no temporary system upgrading operations arising from legal amendments which we received orders for in the previous fiscal year, such as the one-stop service for completing moving in/out procedures.
- (iii) Sales from consulting services increased by 83.9% year on year. This was due to the increase in implementation support operations as a consequence of expanded local taxes electronic filing procedures, and in system implementation support operations such as newly-ordered support services for the digitalization of administrative services, etc.
- (iv) Hardware sales increased by 2.2% year on year. This was due to an increase in the replacement of hardware as a consequence of system renewals in customer organizations which use mission-critical systems.
- (v) Note that operating income decreased compared to the previous fiscal year due to the fact that upgrading operations for systems with higher profit margins decreased in the current fiscal year, among other factors.

(3) Net sales of the Printing Business Division (Subsidiary: TLP Corporation)

Net sales of the Printing Business Division were 662 million yen (decreased 7.4% year-on-year); operating loss was 180 million yen (compared to an operating loss of 62 million yen in the 1st Quarter of the previous fiscal year). Breakdown of key sales is as follows:

- (i) Sales of products related to the data printing service (hereinafter, "DPS") decreased by 21.1% year on year. This was due to the fact that in the current fiscal year there were no printing operations for COVID-19 vaccine vouchers or operations related to the support benefits to address rising prices of electricity, gas and food, etc. which we received orders for from the customer municipalities in the previous fiscal year.
- (ii) Business form-related sales decreased by 9.8% year-on-year. This was due to the fact that orders for slip printing operations decreased as a consequence of the progress of digitalization in client companies.
- (iii) Sales related to the printing of commercial-use creative materials (catalogs, books, etc.) decreased by 21.6% year on year. This was due to the fact that there were no manuals explaining the consumption tax invoicing system or printing operations related to client companies' anniversary activities which we had received orders for last year.

2. Important Matters with respect to the Company as a Whole

(1) Commencement of the sending of e-invoices using the Peppol network

In response to the fact that under the amended Consumption Tax Act enforced on October 1, 2023 the sending and receiving of invoices using electromagnetic methods became permitted, TKC Corporation switched to e-invoices, the sending and receiving of invoices using the Peppol network, in November the same year. By switching our invoices to e-invoices, we have been succeeding in cutting the man-hours pertaining to the issuance of invoices in-house by 99.8%. Our policy is to accumulate know-how in the digitalization of accounting operations and actively provide information to the customers of TKC Systems by applying the latest technology to the operations in our company.

* TKC was certified as the first Peppol service provider in Japan on August 19, 2022 by the Digital Agency, the Japan Peppol authority, and OpenPeppol, the association responsible for the management of Peppol (headquarters: Belgium).

(2) TKC Customer Support Service Co., Ltd. (TCSS) rated “3 Star” for three consecutive years in HDI Benchmarking

TCSS is a fully owned subsidiary of the Company that specializes in offering call center services. On October 18, 2023, TCSS was awarded the highest “3 Star” rating by HDI-Japan in its quality ranking benchmark for the phone support services provided.

This marks the third consecutive year that TCSS has received the highest rating.

3. Business activities and operating results of the Accounting Firm Business Division

The Accounting Firm Business Division is working on the development and provision of products and services in close collaboration with the TKCNF in order to support the sustainable development of accounting firms and SMEs, which are the clients of the accounting firms.

Furthermore, it is providing a full range of cloud services to large-scale enterprises such as listed companies, etc. and law firms, universities, law schools, etc.

(1) Activities to achieve “positive balance” and “proper filing”

(i) Promotion of self-accounting by the TKC method (promotion of the FX Series)

SMEs are currently facing a challenging business environment due to inflation and soaring fuel costs and repayment of the virtually interest-free/unsecured loans (“zero/zero loans”) extended during the COVID-19 pandemic, and other factors. For that reason, we provided support so that management can quickly implement strategic decision-making through the utilization of functions incorporated in the FX Series Financial Accounting System for Enterprises for the management strategy level (the 365 Days Floating Income Statement, budget entry, management by division, financing results spreadsheet, and annual forecast management). Moreover, in order for management to utilize these features effectively, it is necessary for them to enter accounting transaction data in a timely and accurate manner and establish a system for monthly settlements. Therefore, the Company has also provided support for the utilization of the functions of the daily-task-level, including a feature for receiving bank credit data, through which bank deposit transaction data can be received via online banking and journal entries generated automatically, as well as a feature for the integration of salary journals with the strategic salary information system (PX2).

In addition to the above, it is supporting preparation for the consumption tax invoicing system which commenced from October 2023. The FX Series developed and provided by TKC Corporation is equipped with the following three features, and is capable of executing accounting treatment which is fully compliant with the amended Consumption Tax Act.

<Three features>

- Whether a supplier is a qualified invoice issuer among business contacts is automatically identified by the name.
(There is no need to enter a 13-digit registration number each time a journal entry is input.)

- The applicability of transitional measures or special provisions is automatically checked, and a list of journal entries that should be corrected is displayed.

This allows the user to identify the entries to which transitional measures apply, along with entries to which transitional measures have been applied by mistake.

- All forms are managed in one process, from accounting records to a consumption tax return.

Full conformance to the principle-based treatment stated in Supplementary Provisions 22 (1) (i) and 23 (1) (i) of the 2018 order for amendment.

Moreover, the FX Series is standardly equipped with functions for sending and receiving e-invoices compliant with the standard specifications for e-invoices in Japan (JP PINT) using the Peppol network.

In recognition of this, more than 310,000 companies were using the FX series as of December 31, 2023. Through the implementation of the FX series, the Company will continue working to support SMEs in establishing a system for monthly settlements and achieving positive balance and proper filing.

(ii) Support for the preparation of highly reliable financial statements based on timely and accurate bookkeeping

The biggest feature of the financial accounting system provided by TKC Corporation is that it is predicated on the field audits and monthly settlements which the TKC member firms implement for their clients every month, and prohibits retroactive

revisions and processing of insertions or deletions in the transaction data after implementation of the field audits. It utilizes this feature to issue free of charge the Certificate of Bookkeeping Timeliness which serves as materials used by financial institutions and others to objectively determine the operational levels of TKC member firms.

This service was developed with the aim of improving the reliability of financial statements and tax returns prepared by TKC Members and facilitating smooth financing for the clients of TKC Members. TKC Corporation proves, as a third party, that TKC Members have visited clients on a monthly basis to provide guidance on accurate bookkeeping (monthly Field Audits), and that all work processes from monthly settlements to the final settlement of accounts and electronic tax filings have been completed by a one-stop, full line process in a timely manner. In this way the Certificate of Bookkeeping Timeliness enables “the frequency of audits” to be determined at a glance, and we believe that it will be even more important going forward.

(iii) Promotion of TKC Monitoring Information Service

TKC Monitoring Information Service is a free cloud-based service that allows TKC Members, upon the request of the management of their clients, to disclose to financial institutions information such as monthly trial balance sheets, financial statements, and tax returns prepared by TKC member firms after monthly field audits and monthly settlements.

The Company communicates to financial institutions that the reliability of financial statements prepared by SMEs can be verified using the following three sets of documents sent by the TKC Monitoring Information Service:

- 1) Supporting documents submitted by TKC Members as stipulated under Article 33-2 of the Certified Public Tax Accountants Act of Japan;
- 2) Certificate of Bookkeeping Timeliness, with which TKC Corporation certifies the timeliness in the preparation of accounting books as required under Article 432 of the Companies Act of Japan and the correlation between financial statements and tax returns for the past three years; and
- 3) The Chusho Kaikei Yoryo (Guidelines for SME Accounting) checklist developed by the Japan Federation of Certified Public Tax Accountants’ Associations and the Japan Federation of Credit Guarantee Corporations.

As a result of these activities, TKC Monitoring Information Service has been adopted by 487 financial institutions as of December 31, 2023, surpassing 330,000 instances of use.

As a tool which can confirm the three requirements presented in the Guidelines on Management Guarantees (distinguishing and separating relationships with corporations and individuals, strengthening of the financial foundation, and ensuring the transparency of management through accurate ascertainment of the financial position and timely and appropriate information disclosure), the TKC Monitoring Information Service is highly evaluated by financial institutions and credit guarantee corporations offering management support to SMEs.

(iv) Fostering of good-standing companies through collaboration with TKCNF

The Accounting Firm Business Division is carrying out business operations aimed at the realization of “positive balance and proper filing” through close collaboration with the TKCNF, which is organized by 11,400 TKC Members (as of December 31, 2023).

The TKCNF has set the activity policy for the three years from 2022 as follows.

“TKC accountants challenging the future—push through field auditing and support companies in achieving positive balance and proper filing”

- 1) Massively expand superior electronic books—Promotion of self-accounting by the TKC methods
- 2) Become guardians of tax justice—Promotion of *Shomen-tempu* (attachment of tax audit reports) by the TKC methods
- 3) Support the achievement of positive balance and foster good-standing companies—Promotion of field auditing and managerial advisory services

To support the activities of TKCNF and the achievement of their targets, the Company will engage in sales activities focused on the promotion of self-accounting by the TKC methods.

Note that TKCNF is issuing the TKC Management Indicators (BAST), which contains the financial statement data of more than 250,000 companies and companies that satisfy the following criteria are defined as “BAST good-standing companies.”

- Self-accounting by the TKC methods used to implement monthly settlements
- Practice of *shomen-tempu* (attachment of tax audit reports) in accordance with Article 33-2, paragraph (1) of the Certified Public Tax Accountants Act of Japan
- Compliance with the Chusho Kaikei Yoryo (Guidelines for SME Accounting) (including corporate accounting standards and SMEs accounting principles)
- Increase of marginal income for two consecutive fiscal years
- Equity ratio of 30% or greater
- Positive net income before taxes

TKC Corporation is supporting the fostering of good-standing companies by TKC Members.

(v) Soliciting new members (promoting membership of TKCNF)

TKCNF has set a goal of having at least 1,000 firms join the federation as new TKC Members over the three-year period from 2022 to 2024. To achieve this goal, the Company has strengthened its efforts in collaboration with the TKCNF New Members Service Committee. At the same time, the Company has strengthened its support system to facilitate effective utilization of TKC Systems, including the Office Management System (OMS Cloud) for Tax Accounting Firms, for accounting firms that recently joined TKCNF.

(2) Expansion into large-scale enterprise market

The Company contributes to the compliance and rationalization of tax and accounting operations at large enterprises through the use of TKC systems, especially at listed companies, and is actively working to solicit these companies and their affiliates to become clients of TKC Members.

(i) Response to e-invoices

In August 2023 TKC was installed as representative managing corporation of the E-Invoice Promotion Association (EIPA), and together with approximately 200 association member companies, primarily system vendors, we are working on activities to disseminate e-invoices.

In the Back Office Trends Seminar (Osaka) held in November 2023, as the representative managing corporation of the EIPA, TKC Corporation gave a lecture together with the Osaka Regional Taxation Bureau, Taxation Department No. 2, Consumption Tax Section about the utilization of e-invoices. Moreover, in December we exhibited as the EIPA in the Certified Public Tax Accountants Information Forum 2023 hosted by the Tokyo Certified Public Tax Accountants' Association, and used our Invoice Manager to carry out a system demonstration of sending and receiving e-invoices among different system vendors.

In addition, from January 2024, electronic retention of electronic transaction data was mandated in the Revised Act on Book and Record Keeping through Electronic Methods. Due to that, the need for electronic retention of electronic transaction data grew, and in the current 1st Quarter the Invoice Manager gained orders from 240 companies, an all-time high.

As a result of these kinds of activities, Invoice Manager has been implemented in 910 medium- and large-sized companies as of December 31, 2023. The Company will continue to promote the use of e-invoices going forward.

(ii) Expansion of market share among large-scale enterprises and support for expanding the client base of TKC Members

The consolidated taxation system has been reformed for the fiscal year starting after April 1, 2022, and the new Group Tax Sharing System has been commenced. The Group Tax Shared Filing System (e-TAX Group Sharing) provided by TKC Corporation has been highly praised by the market, and is being used in many companies which have adopted the group tax sharing system.

Note that approximately 40% of the 20,800 some companies with a capital of 100 million yen or greater now use our ASP1000R electronic tax filing system for corporations, the eConsoliTax consolidated tax payment system, and the Group Tax Shared Filing System (e-TAX Group Sharing) as of December 31, 2023.

At the same time, the number of corporate groups using the TKC Consolidated Group Solution totaled approximately 5,550 corporate groups as of December 31, 2023. Currently, its market share in the listed companies of Japan has reached 43%, and 93 companies out of the 100 companies with the top net sales among the listed companies of Japan (93%) are using the systems of TKC.

(3) Expansion of markets for legal information database services

TKC Corporation is widely providing legal information services to the legal community, particularly accounting firms, and to the academic market, corporate legal departments, etc.

(i) Expanded rollout of the records in the TKC Law Library

TKC Corporation provides the TKC Law Library, a legal information database which boasts the industry's largest archive (more than 339,000 judicial precedents). Centered on judicial precedent information (LEX/DB), it comprehensively covers laws, documents, law journals, specialized books on law, and related additional information, and we are constantly enhancing the content in the Library. Since November 2022, we have been periodically sending out to our customers email magazines containing the latest information including articles and we have established a system that offers direct access to the service. As a result of these activities, there has been a transition from paper-based research that makes use of reference rooms and libraries to online research, which has led to a steady increase in the number of customers adopting our service. For the period under review, use progressed in TKC member firms, universities, law schools, government offices, law firms, patent offices, corporate legal departments, and overseas research institutions, and 59,000 IDs in over 26,000 institutions were using the Library as of December 31, 2023.

(ii) The academic market and learning support for students preparing for the bar exam

Many universities and law schools are promoting the digital transformation of their learning environment to allow for online use of materials and research. The features of our TKC Educational and Research Support System and TKC Law Library are that they can be used online anytime, anywhere, and contain a diverse variety of content that surpasses that of other companies. They

are also equipped with various features such as report submission, online exercises, tests, and other components that support classes and self-study. More than 140 universities have signed a contract in FY2023 to adopt our TKC Educational and Research Support System and TKC Law Library, which are rated highly by faculty members and students.

Furthermore, for law school students, graduates, individuals who have passed the preliminary exam, who aim to sit for the bar exam, we support their preparation for the bar exam by providing a learning environment equipped with a system that contains practice questions for the bar exam and by conducting the TKC Standardized Nationwide Mock Exam. In 2023, there were 4,165 bar exam applicants and the TKC Standardized Nationwide Mock Exam had 2,598 examinees (62.4%), which was a record high. We had more than five times the numbers of mock test takers offered by our competitors for six consecutive years, and we offer the industry's top-ranked standardized mock test. Going forward, we will advance preparations to gradually offer digital answer input, digital correction, re-practice functions, etc. in the system for the transition to the CBT exam in 2026 announced by the Ministry of Justice, and will aim to further expand the number of examinees.

4. Business activities and operating results of the Local Governments Business Division

The Local Governments Business Division offers specialized information services in order to help promote the welfare of residents by improving administrative efficiency. The TKC Government Cloud Service provided by TKC Corporation to municipalities has been adopted by more than 1,140 municipalities (prefectures, cities, wards, towns, villages, etc.) as of December 31, 2023.

(1) Meeting the needs of the standardization of local government information systems

The Basic Policy for Standardizing Information Systems in Local Governments (hereinafter, the "Basic Policy") was formulated in October 2022 based on the Act on Standardization of Local Government Information Systems (Act No. 40 of 2021) and revised in September 2023. Due to this, it is now mandatory for municipalities to use mission-critical operations systems which conform with the standardization criteria (hereinafter, "standardization-compliant systems"). Note that there is a duty to strive to use the Government Cloud with standardization-compliant systems.

TASK Cloud Service, the mission-critical operations system that we currently provide, is a single-version package system operated at our data centers that is designed to allow shared usage by multiple institutions. Service fees are charged in the form of a subscription fee, which also includes one regular upgrade per year. Moreover, through provision of the TASK Outsourcing Service, we provide integrated support for massive batch printing of forms such as tax papers and entry tickets for elections. In recognition of this, the mission-critical system-related services of TKC Corporation have been adopted by approximately 170 local municipalities as of December 31, 2023.

In order to support the standardization of the mission-critical operations systems, TKC Corporation is developing standardization-compliant systems and implementing a full range of support activities for our customer municipalities to accomplish the transition within the deadline.

(2) Support for digitalization of administrative services

(i) Support for digitalization and online provision of administrative procedures

The Company provides support services for the digitalization of administrative services to achieve digital counter services with the "3 No's (no visiting, no waiting, and no writing)."

For the period under review, we have greatly enhanced the functionalities of the TASK Cloud Smart Application System, the TASK Cloud Easy Counter Service System, and the TASK Cloud My Number Card Issuance Reservation and Management System. As a result of this, the TASK Cloud Smart Application System has been adopted by at least 50 agencies, including government ordinance-designated cities such as Osaka and Yokohama, while the TASK Cloud Easy Counter Service System and the TASK Cloud My Number Card Issuance Reservation and Management System have been adopted by at least 100 and 170 agencies, respectively, as of December 31, 2023.

(ii) Support for digitalization of local tax administrations

As an authorized contractor of the Local Tax Agency, TKC Corporation provides cloud-based services for standard systems such as the inspection system eLTAX (local tax portal system) offered by the Agency. We also develop and provide a Data Integration Service as our proprietary feature to integrate these systems with the individual tax systems of various municipalities.

In promoting these services, we have jointly developed proposals with approximately 50 partner companies with which we have ongoing alliance partner agreements. As a result, our TASK Cloud Local Taxes Electronic Filing Support Service is currently used by approximately 790 agencies, which account for more than 40% of all prefectures and local municipalities, as of December 31, 2023.

In the current fiscal year, we provided implementation support as a consequence of the expansion of local taxes electronic filing procedures which was commenced in October 2023.

(iii) Support for the digitalization of internal administration

TKC Corporation provides the TASK Cloud Public Accounting System as well as its related systems in order to support the digitalization of internal administration centered on the financial accounting (public accounting) system.

In the current fiscal year, we greatly strengthened features such as sustainable financial management through the visualization of financial status, electronic payments and integration with electronic invoicing. As a result, the TASK Cloud Public Accounting System is adopted by not less than 330 agencies as of December 31, 2023. Going forward, we will work to support e-invoices for the further streamlining of the operations of our customers.

5. Business activities and operating results of the Printing Business Division

TLP Corporation (hereinafter, "TLP"), which is responsible for the Group's Printing Business, operates with a primary focus on the DPS business, business form printing, and the printing of commercial-use creative materials.

The DPS business received orders for notification operations related to the emergency support benefits to address rising prices, etc. from the customer municipalities of the TASK Outsourcing Service and the customer municipalities of the TLP Printing Business Division, and supported their administrative services. Meanwhile, with respect to private companies, it continued the proposal of outsourcing (BPO) with the objectives of rationalizing the creation of direct mails (hereinafter, "DMs") and notification-related operations of general administration, accounting, and personnel departments. In particular, in the creation of DMs, we are working to increase the value offered to customers who use the Company's services, including the measurement of DMs' effects through utilization of the QR code.

In the business form printing field, the use of business forms and slips is decreasing due to the increasing adoption of paperless methods, but even now there is demand for handwritten forms and specific forms, so we will engage in sales activities utilizing our strength of form printing.

In the commercial-use creative materials field (catalogs, books, etc.), we are continuing support to provide in a timely manner the publications required by the client companies, for example, printing operations for the anniversary events of client companies, revised editions of specialist books due to legal revisions, etc. Furthermore, the holding of face-to-face seminars and events is increasing in number and demand for the creation of distributed materials is also growing. We are bringing in new demand by increasing added value further; for example, we receive orders for the entire process from creation of the design to the printing.

Furthermore, TLP acquired the FSC® certification (CoC certification/FSC-C182216) on October 3, 2022. Against the backdrop of an increasing number of environmentally conscious customers, we have steadily increased the use of FSC-certified paper. We have also begun producing and selling paper files as an environmentally friendly alternative to clear files. We seek to cater to the needs of customers who are environmentally conscious through the development and production of these environmentally friendly products.

II. Qualitative Information on Consolidated Financial Conditions

1. Assets

Total assets as of the end of the current 1st Quarter consolidated accounting period amounted to 110,949 million yen, a 5,406 million yen decrease from the 116,356 million yen as of the end of the previous consolidated fiscal year.

(1) Current assets

Current assets as of the end of the current 1st Quarter consolidated accounting period amounted to 38,944 million yen, a 4,229 million yen decrease from the 43,173 million yen as of the end of the previous consolidated fiscal year.

This was mainly attributable to a 3,012 million yen decrease in cash and deposits and a 1,090 million yen decrease in notes, accounts receivable, and contract assets.

(2) Non-current assets

Non-current assets as of the end of the current 1st Quarter consolidated accounting period amounted to 72,004 million yen, a 1,177 million yen decrease compared to 73,182 million yen as of the end of the previous consolidated fiscal year.

This was mainly attributable to a decrease of 1,106 million yen in long-term deferred tax assets included in Other.

2. Liabilities

Total liabilities as of the end of the current 1st Quarter consolidated accounting period amounted to 15,834 million yen, a 5,213 million yen decrease compared to 21,047 million yen as of the end of the previous consolidated fiscal year.

(1) Current liabilities

Current liabilities as of the end of the current 1st Quarter consolidated accounting period amounted to 11,621 million yen, a 5,176 million yen decrease compared to 16,797 million yen as of the end of the previous consolidated fiscal year.

This was mainly attributable to a 3,354 million yen decrease in provisions for bonuses and a 2,340 million yen decrease in income taxes payable.

(2) Non-current liabilities

Non-current liabilities as of the end of the current 1st Quarter consolidated accounting period amounted to 4,213 million yen, a 36 million yen decrease compared to 4,249 million yen as of the end of the previous consolidated fiscal year.

This was mainly attributable to a decrease of 37 million yen in long-term lease obligations included in Other.

3. Net assets

Total net assets as of the end of the current 1st Quarter consolidated accounting period amounted to 95,115 million yen, a 193 million yen decrease compared to 95,308 million yen as of the end of the previous consolidated fiscal year.

This was mainly attributable to a decrease of 275 million yen in valuation difference on available-for-sale securities, which more than offset an increase of 40 million yen in retained earnings.

Equity ratio as of the end of the current 1st Quarter consolidated accounting period was 85.7%, a 3.8 percentage point increase from the ratio of 81.9% as of the end of the previous consolidated fiscal year.

III. Operational and Financial Challenges Facing TKC Group

There are no significant changes in the challenges faced by TKC Group during the current 1st Quarter consolidated cumulative period.

IV. Research and Development Activities

There were no research and development expenses spent by TKC Group during the current 1st Quarter consolidated cumulative period.

There are no significant changes in the status of research and development activities under TKC Group during the current 1st Quarter consolidated cumulative period.

3 [Material Agreements, etc.]

There has been no decision or conclusion of material agreements, etc., during the current 1st Quarter consolidated accounting period.

Part 3 [Information on the Company]

1 [Information on the Company's Stock]

(1) [Total number of shares, etc.]

(i) [Total number of shares]

Class	Total number of shares authorized to be issued (shares)
Common stock	120,000,000
Total	120,000,000

(ii) [Issued shares]

Class	Number of shares issued as of the end of 1st Quarter accounting period (shares) (December 31, 2023)	Number of shares issued as of the filing date (shares) (February 13, 2024)	Name of stock exchange on which the Company is listed, or name of Authorized Financial Instruments Firms Association	Description
Common stock	53,166,466	53,166,466	Tokyo Stock Exchange Prime Market	Number of shares constituting a unit: 100 shares
Total	53,166,466	53,166,466	—	—

(2) [Share subscription rights, etc.]

(i) [Stock option scheme]

None to be disclosed.

(ii) [Other share subscription rights, etc.]

None to be disclosed.

(3) [Exercise of bonds with share subscription rights containing a clause for exercise price adjustment, etc.]

None to be disclosed.

(4) [Changes in total number of issued shares, capital stock, etc.]

Date	Increase or decrease in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Increase or decrease in capital stock (millions of yen)	Balance of capital stock (millions of yen)	Increase or decrease in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
October 1, 2023 - December 31, 2023	—	53,166,466	—	5,700	—	5,409

(5) [Major shareholders]

There is nothing applicable to be disclosed as the current quarter is the 1st Quarter accounting period.

(6) [Status of voting rights]

The status of voting rights as of the end of the current 1st Quarter accounting period indicated hereunder is based on the shareholders registry as of the most recent record date (September 30, 2023) because the content of the shareholders registry cannot be verified and reflected.

(i) [Shares issued]

As of September 30, 2023

Classification	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 813,700	—	—
Shares with full voting right (others)	Common stock 52,280,000	522,800	—
Shares less than one share unit	Common stock 72,766	—	—
Total number of shares issued	53,166,466	—	—
Total voting rights held by all shareholders	—	522,800	—

(Note) Shares with full voting right (others) include 1,300 shares (13 units of voting rights) registered in the name of the Japan Securities Depository Center, Inc., and 206,000 shares (2,060 units of voting rights) held by the BIP Trust.

(ii) [Treasury stock, etc.]

As of September 30, 2023

Name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under other names (shares)	Total shares held (shares)	Percentage of shares held to the total number of issued shares (%)
<i>Kabushiki Kaisha TKC</i>	1758 Tsurutamachi, Utsunomiya-shi, Tochigi	813,700	—	813,700	1.53
Total	—	813,700	—	813,700	1.53

(Note) In addition to the above, the 206,000 shares held by the BIP Trust are recorded as treasury stocks.

2 [Officers]

There has been no change in the officers during the current quarter cumulative period since the date of submission of the Annual Securities Report for the previous fiscal year.

Part 4 [Financial Information]

1. Method of Preparing Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements of the Company have been prepared in accordance with the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

2. Auditing and Attestation

The quarterly consolidated financial statements of the Company for the 1st Quarter consolidated accounting period (from October 1, 2023 to December 31, 2023) and the 1st Quarter consolidated cumulative period (from October 1, 2023 to December 31, 2023) have undergone quarterly review by Ernst & Young ShinNihon LLC pursuant to the provisions of Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act of Japan.

1 [Quarterly Consolidated Financial Statements]

(1) [Quarterly consolidated balance sheets]

(Unit: millions of yen)

	Previous consolidated fiscal year (September 30, 2023)	Current 1st Quarter consolidated accounting period (December 31, 2023)
Assets		
Current assets		
Cash and deposits	32,093	29,081
Notes, accounts receivable, and contract assets	8,684	7,594
Inventories	425	546
Other	1,989	1,741
Allowance for doubtful accounts	(19)	(18)
Total current assets	43,173	38,944
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net amount)	7,491	7,454
Land	6,915	6,915
Other (net amount)	2,901	2,791
Total property, plant, and equipment	17,308	17,160
Intangible assets	5,813	6,258
Investments and other assets		
Investment securities	22,050	21,652
Long-term time deposits	18,700	18,700
Guarantee deposits	1,452	1,450
Other	7,858	6,782
Total investments and other assets	50,061	48,585
Total non-current assets	73,182	72,004
Total assets	116,356	110,949
Liabilities		
Current liabilities		
Accounts payable—trade	2,698	2,016
Electronically recorded obligations—operating	780	649
Short-term loans payable	71	71
Accounts payable—other	3,441	2,879
Income taxes payable	2,437	97
Contract liabilities	1,210	960
Provisions for bonuses	4,810	1,455
Other	1,346	3,491
Total current liabilities	16,797	11,621
Non-current liabilities		
Long-term loans payable	71	71
Retirement benefit liabilities	2,956	2,964
Provisions for stocks payment	341	343
Other	879	834
Total non-current liabilities	4,249	4,213
Total liabilities	21,047	15,834

(Unit: millions of yen)

	Previous consolidated fiscal year (September 30, 2023)	Current 1st Quarter consolidated accounting period (December 31, 2023)
Net assets		
Shareholders' equity		
Capital stock	5,700	5,700
Capital surplus	6,286	6,286
Retained earnings	84,890	84,930
Treasury stock	(2,604)	(2,606)
Total shareholders' equity	94,271	94,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,070	1,795
Accumulated remeasurements of defined benefit plans	(1,033)	(990)
Total accumulated other comprehensive income	1,036	805
Total net assets	95,308	95,115
Total liabilities and net assets	116,356	110,949

(2) [Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income]
[Quarterly consolidated statements of income]
[1st Quarter consolidated cumulative period]

(Unit: millions of yen)

	Previous 1st Quarter consolidated cumulative period (Started October 1, 2022; ended December 31, 2022)	Current 1st Quarter consolidated cumulative period (Started October 1, 2023; ended December 31, 2023)
Net sales	16,908	17,124
Cost of sales	4,927	4,852
Gross profit	11,981	12,272
Selling, general, and administrative expenses	7,969	8,532
Operating income	4,012	3,739
Non-operating income		
Interest income	17	20
Dividend income	96	113
Insurance dividend income	21	22
Land and house rent received	10	10
Equity in earnings of affiliates	8	8
Other	9	17
Total non-operating income	163	193
Non-operating expenses		
Foreign exchange losses	—	0
Other	0	0
Total non-operating expenses	0	0
Ordinary income	4,175	3,933
Extraordinary income		
Gain on sale of investment securities	0	14
Total extraordinary income	0	14
Extraordinary loss		
Loss on retirement of non-current assets	6	1
Total extraordinary loss	6	1
Quarterly net income before taxes and adjustments	4,169	3,946
Income taxes—current	30	26
Income taxes—deferred	1,249	1,208
Total income taxes	1,279	1,235
Quarterly net income	2,890	2,710
Quarterly net income attributable to owners of parent	2,890	2,710

[Quarterly consolidated statements of comprehensive income]
[1st Quarter consolidated cumulative period]

(Unit: millions of yen)

	Previous 1st Quarter consolidated cumulative period (Started October 1, 2022; ended December 31, 2022)	Current 1st Quarter consolidated cumulative period (Started October 1, 2023; ended December 31, 2023)
Quarterly net income	2,890	2,710
Other comprehensive income		
Valuation difference on available-for-sale securities	898	(275)
Remeasurements of defined benefit plans	43	43
Total other comprehensive income	941	(231)
Quarterly comprehensive income	3,831	2,478
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	3,831	2,478

[Notes to Financial Statements]

(Additional Information)

(Stock-based compensation plan for officers)

1. Outline of transaction

Based on a resolution at the Meeting of the Board of Directors held on October 31, 2018, which was approved at the Ordinary General Meeting of Shareholders held on December 21, 2018, the Company introduced a stock-based compensation plan called the “BIP Trust.” The objectives of the plan are to clarify the correlation between the Company’s shareholder value and the remuneration for Directors, etc., and to motivate Directors, etc., to contribute more to enhancing our medium- to long-term corporate value by sharing a common interest with shareholders, including not only the benefits of rising share prices but also the risks associated with declining share prices.

The proposal to change the stock-based compensation plan for Directors, etc. (excluding Directors not holding executive positions), and full-time auditors to performance-linked compensation has been deliberated by the Nomination and Compensation Advisory Committee, whose chairperson and half of whose members are independent Outside Directors and outside experts, and it was approved at the Ordinary General Meeting of Shareholders held on December 20, 2019.

2. Stocks of the Company remaining in trust

The stocks of the Company remaining in trust are recorded as treasury stock under net assets based on the book values in the trust (not including expenses attributable thereto). The book value and number of stocks of said treasury stocks were 407 million yen and 206,000 shares, respectively, as of the end of the current 1st Quarter consolidated accounting period.

(Notes to quarterly consolidated statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the current 1st Quarter consolidated cumulative period. Depreciation (including amortization of intangible assets) for the current 1st Quarter consolidated cumulative period is as follows:

	Previous 1st Quarter consolidated cumulative period (Started October 1, 2022 ended December 31, 2022)	Current 1st Quarter consolidated cumulative period (Started October 1, 2023 ended December 31, 2023)
Depreciation	939 million yen	777 million yen

(Notes to shareholders' equity, etc.)

I. Previous 1st Quarter consolidated cumulative period (Started October 1, 2022; ended December 31, 2022)

Dividend payments

Resolution	Class of shares	Total amount of cash dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
December 16, 2022 Ordinary General Meeting of Shareholders	Common stock	2,210	42.00	September 30, 2022	December 19, 2022	Retained earnings

(Notes) The total amount of cash dividends determined by resolution at the Ordinary General Meeting of Shareholders on December 16, 2022, includes a cash dividend of 8 million yen for the stocks of the Company owned by the BIP Trust.

II. Current 1st Quarter consolidated cumulative period (Started October 1, 2023; ended December 31, 2023)

Dividend payments

Resolution	Class of shares	Total amount of cash dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date	Source of dividends
December 15, 2023 Ordinary General Meeting of Shareholders	Common stock	2,669	51.00	September 30, 2023	December 18, 2023	Retained earnings

(Notes) The total amount of cash dividends determined by resolution at the Ordinary General Meeting of Shareholders on December 15, 2023, includes a cash dividend of 10 million yen for the stocks of the Company owned by the BIP Trust.

(Segment Information, etc.)

[Segment Information]

I. Previous 1st Quarter consolidated cumulative period (Started October 1, 2022; ended December 31, 2022)

Information on net sales and profit or loss for each reportable segment

(Unit: millions of yen)

	Reportable segment				Adjustments (Note 1)	Amounts in quarterly consolidated statements of income (Note 2)
	Accounting Firm Business	Local Governments Business	Printing Business	Total		
Net sales						
(1) Sales to outside customers	11,237	4,956	714	16,908	—	16,908
(2) Inter-segment sales or transfers	1	0	419	421	(421)	—
Total	11,239	4,956	1,134	17,330	(421)	16,908
Segment profit (loss)	2,868	1,210	(62)	4,015	(3)	4,012

(Notes) 1. Adjustments of segment loss of 3 million yen include amounts for elimination of inter-segment transactions and adjustment of inventory assets.

2. Segment profit (loss) is adjusted with the operating profit presented in the quarterly consolidated statements of income.

II. Current 1st Quarter consolidated cumulative period (Started October 1, 2023; ended December 31, 2023)

Information on net sales and profit or loss for each reportable segment

(Unit: millions of yen)

	Reportable segment				Adjustments (Note 1)	Amounts in quarterly consolidated statements of income (Note 2)
	Accounting Firm Business	Local Governments Business	Printing Business	Total		
Net sales						
(1) Sales to outside customers	11,601	4,861	662	17,124	—	17,124
(2) Inter-segment sales or transfers	6	0	290	296	(296)	—
Total	11,607	4,861	952	17,421	(296)	17,124
Segment profit (loss)	3,008	912	(180)	3,740	(0)	3,739

(Notes) 1. Adjustments of segment loss of 0 million yen include amounts for elimination of inter-segment transactions and adjustment of inventory assets.

2. Segment profit (loss) is adjusted with the operating profit presented in the quarterly consolidated statements of income.

(Revenue recognition)

Net sales of the Company are primarily revenue recognized from contracts with customers. The Company's reportable segments can be disaggregated into the following categories of goods and services:

Previous 1st Quarter consolidated cumulative period (Started October 1, 2022; ended December 31, 2022)

(Unit: millions of yen)

	Reportable segment			Total
	Accounting Firm Business	Local Governments Business	Printing Business	
Revenue from computer services	3,829	2,066	—	5,895
Software sales	4,431	1,827	—	6,258
Revenue from consulting	1,760	270	—	2,031
Office equipment sales	944	792	—	1,736
Accounting supplies sales	271	—	—	271
Revenue from printing-related services	—	—	714	714
Sales to outside customers	11,237	4,956	714	16,908

Current 1st Quarter consolidated cumulative period (Started October 1, 2023; ended December 31, 2023)

(Unit: millions of yen)

	Reportable segment			Total
	Accounting Firm Business	Local Governments Business	Printing Business	
Revenue from computer services	3,971	2,060	—	6,032
Software sales	4,564	1,493	—	6,058
Revenue from consulting	1,831	497	—	2,328
Office equipment sales	1,000	809	—	1,810
Accounting supplies sales	232	—	—	232
Revenue from printing-related services	—	—	662	662
Sales to outside customers	11,601	4,861	662	17,124

(Earnings Per Share Information)

The amount of quarterly net income per share and the basis for the calculation thereof are as follows:

	Previous 1st Quarter consolidated cumulative period (Started October 1, 2022; ended December 31, 2022)	Current 1st Quarter consolidated cumulative period (Started October 1, 2023; ended December 31, 2023)
Quarterly net income per share	55.12 yen	51.97 yen
(Basis for calculation)		
Quarterly net income attributable to owners of parent (millions of yen)	2,890	2,710
Amount not attributable to common shareholders (millions of yen)	—	—
Quarterly net income from common stocks attributable to owners of parent (millions of yen)	2,890	2,710
Average number of common stocks outstanding (hundreds of shares)	524,264	521,466

(Notes) 1. The average number of stocks outstanding used in the calculation of the earnings per share information has been determined by including the stocks of the Company held by the BIP Trust (which was established with the introduction of the BIP Trust plan) as deductible treasury stocks.

The average numbers of said treasury stocks outstanding deducted for the calculation of quarterly net income per share were 206,000 shares for the previous 1st Quarter consolidated cumulative period and 206,000 shares for the current 1st Quarter consolidated cumulative period.

2. The quarterly diluted net income per share is not stated as there were no dilutive shares.

(Material subsequent events)

None to be disclosed.

2 [Other]

None to be disclosed.

Section 2 [Information on Guarantors, etc., of the Company]

None to be disclosed.

Quarterly Review Report of
Independent Auditors

February 13, 2024

Kabushiki Kaisha TKC

To: The Board of Directors

Ernst & Young ShinNihon LLC
Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Shigeyuki Honda
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Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Toru Iizuka
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Auditor's Conclusion

Pursuant to Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act, we have conducted a quarterly review of the quarterly consolidated financial statements presented in the Financial Information section, which comprise the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and notes of TKC Corporation applicable to the 1st Quarter consolidated accounting period (from October 1, 2023 to December 31, 2023) and the 1st Quarter consolidated cumulative period (from October 1, 2023 to December 31, 2023) of the consolidated fiscal year started October 1, 2023, and ending September 30, 2024.

Based on our quarterly review, nothing has come to our attention that causes us to believe that the quarterly consolidated financial statements referred to above do not properly represent, in all material respects, the financial position of TKC Corporation and its consolidated subsidiaries as of December 31, 2023, and their financial performance for the 1st Quarter consolidated cumulative period then ended in conformity with the principles for the preparation of quarterly consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We have conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibilities under those standards for quarterly reviews are further described in the Auditor's Responsibilities for the Quarterly Review of Quarterly Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the code of professional ethics in Japan, and we have also fulfilled our other ethical responsibilities as auditors. We believe that we have obtained the evidence required to provide a basis for our conclusion.

Responsibilities of Management, Corporate Auditors, and Board of Auditors for Quarterly Consolidated Financial Statements

Management is responsible for the preparation and proper presentation of quarterly consolidated financial statements in accordance with the principles for the preparation of quarterly consolidated financial statements generally accepted in Japan. Responsibilities include designing and implementing the internal control determined by management as necessary to enable the preparation and proper presentation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, where applicable, matters related to going concern in accordance with the principles for the preparation of quarterly consolidated financial statements generally accepted in Japan.

Corporate auditors and the Board of Auditors are responsible for overseeing the Directors' performance of their duties in designing and implementing the financial reporting process.

Auditors' Responsibilities for the Quarterly Review of Quarterly Consolidated Financial Statements

Our responsibility as auditors is to express a conclusion on the quarterly consolidated financial statements in our quarterly review report from an independent standpoint based on our quarterly review.

In accordance with the quarterly review standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the quarterly review.

- We principally make inquiries to management and persons responsible for financial and accounting matters and perform analytical procedures and other quarterly review procedures. The procedure for quarterly reviews is a limited procedure compared to the procedure for annual financial statements performed in accordance with the auditing standards generally accepted in Japan.
- If we determine that there exists a material uncertainty related to events or conditions that may cast significant doubt on the Group's

ability to continue as a going concern, we will present our conclusion, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements have not been properly presented in accordance with the principles for the preparation of quarterly consolidated financial statements generally accepted in Japan. If we conclude that such material uncertainty exists, we are required to draw attention in our quarterly review report to the notes to the quarterly consolidated financial statements or, if such notes are inadequate to address the material uncertainty, to express a qualified conclusion or negative conclusion on the quarterly consolidated financial statements. Our conclusions are based on the evidence obtained up to the date of our quarterly review report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate whether anything has come to our attention that causes us to believe that the presentation of and notes to the quarterly consolidated financial statements are not in accordance with the principles for the preparation of quarterly consolidated financial statements generally accepted in Japan; and whether anything has come to our attention that causes us to believe that the overall presentation, structure, or content of the quarterly consolidated financial statements, including the notes thereto, or the quarterly consolidated financial statements themselves, do not represent the underlying transactions and accounting-related events in a manner that constitutes proper presentation.

- We obtain evidence regarding the financial information of the Company and its consolidated subsidiaries to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision, and performance of the quarterly review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with corporate auditors and the Board of Auditors regarding the planned scope and timing of the quarterly review and our significant findings therein.

We also provide corporate auditors and the Board of Auditors with a statement that we have complied with regulations on professional ethics in Japan regarding independence and communicate with them all matters that may reasonably be thought to bear on our independence as well as, where applicable, the measures taken to eliminate factors that may hinder our independence or the safeguards adopted to mitigate such factors to an acceptable level.

Conflicts of Interest

Our firm and its engagement partners have no interest in the Company or its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End of document

(Notes) 1. The original copy of the above quarterly review report is retained by TKC Corporation (the Company filing this quarterly report).

2. XBRL data is not included in the scope of this quarterly review.

[Front Cover]

[Document filed]	Confirmation Letter
[Applicable law]	Article 24-4-8, Paragraph 1, of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director of Kanto Local Finance Bureau
[Date filed]	February 13, 2024
[Company name]	<i>Kabushiki Kaisha TKC</i>
[Company name in English]	TKC Corporation
[Title and name of representative]	Masanori Iizuka, Representative Director, President and Executive Officer
[Title and name of Chief Financial Officer]	Kiyotsugu Nakanishi, Director, Managing Executive Officer, Chief of the Business Administration Headquarters
[Address of head office]	1758 Tsurutamachi, Utsunomiya-shi, Tochigi
[Place available for public inspection]	TKC Corporation, Tokyo Head Office (2-1 Agebacho, Shinjuku-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1 Nihonbashikabutocho, Chuo-ku, Tokyo)

1 [Matters Related to Adequacy of Statements Contained in the Quarterly Report]

Masanori Iizuka, Representative Director, President and Executive Officer of the Company, and Kiyotsugu Nakanishi, Chief Financial Officer of the Company, hereby confirm that the statements contained in the quarterly report for the 1st Quarter of the 58th term (started October 1, 2023; ended December 31, 2023) are adequate under the Financial Instruments and Exchange Act of Japan.

2 [Special Notes]

None to be disclosed.