

Note: This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the 2nd Quarter (Interim Period) of the Fiscal Year Ending September 30, 2025 [Under Japanese GAAP]

May 14, 2025

Listed company name TKC Corporation
 Securities code 9746 URL <https://www.tkc.jp/>
 Representative (Position and title) Representative Director, President and Executive Officer (Name) Masanori Iizuka
 Inquiries (Position and title) Executive Officer, Chief of Business Administration Headquarters (Name) Yoshinori Nakajima Telephone +81-3-3235-5511
 Scheduled date to submit semi-annual report May 15, 2025 Scheduled date to commence dividend payments June 16, 2025
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated business results for the 2nd quarter (interim period) of the fiscal year ending September 2025 (October 1, 2024, to March 31, 2025)

(1) Consolidated operating results (cumulative) (Percentages indicate changes from the same interim period of the previous year.)

	Turnover		Operating profit		Ordinary profit		Interim net profit attributable to owners of parent company	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Interim period of FY ending September 2025	39,227	5.9	8,676	(3.5)	8,867	(4.2)	6,314	(1.0)
Interim period of FY ended September 2024	37,047	2.8	8,989	2.9	9,253	4.5	6,376	3.9

(Note) Comprehensive income Interim period of FY ending September 2025 8,007 million yen (10.9%) Interim period of FY ended September 2024 7,223 million yen (6.0%)

	Interim net profit per share	Interim diluted net profit per share
	yen	yen
Interim period of FY ending September 2025	121.53	-
Interim period of FY ended September 2024	122.28	-

(Note) The interim diluted net profit per share is not stated as there were no dilutive shares.

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
Interim period of FY ending September 2025	122,320	104,018	85.0
FY ended September 2024	124,882	102,176	81.8

(Reference) Equity Interim period of FY ending September 2025 104,018 million yen FY ended September 2024 102,176 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
FY ended September 2024	-	45.00	-	55.00	100.00
FY ending September 2025	-	50.00			
FY ending September 2025 (forecast)			-	50.00	100.00

(Notes) 1. Revisions to the forecast of dividends announced most recently: None

2. Breakdown of fiscal year-end dividends for the FY ended September 2024: common dividends 45.00 yen, special dividends 10.00 yen

3. Consolidated business results forecast for the fiscal year ending September 2025 (October 1, 2024, to September 30, 2025)

(Percentages indicate year-on-year changes.)

	Turnover		Operating profit		Ordinary profit		Net profit attributable to owners of parent company		Net profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	80,000	6.4	15,700	1.3	16,200	1.0	11,400	1.1	218.61

(Note) Revisions to the business results forecast announced most recently: None

*Notes to financial statements

(1) Significant changes in the scope of consolidation during the interim period under review: None

(2) Adoption of accounting treatment specific to the preparation of consolidated interim financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

Interim period of FY ending September 2025	52,301,466shares	FY ended September 2024	53,166,466shares
Interim period of FY ending September 2025	1,012,457shares	FY ended September 2024	1,019,246shares
Interim period of FY ending September 2025	51,955,392shares	Interim period of FY ended September 2024	52,146,680shares

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares outstanding during the period (interim period)

(Note) The Company maintains a Board Incentive Plan (BIP) Trust, and shares of the Company held by said Trust are included as treasury shares to be deducted from the calculations of the number of treasury shares at the end of the period and the average number of shares outstanding during the period (interim period).

*The financial results for the 2nd quarter (interim period) are not subject to review by certified public accountants or an audit firm

*Explanation of the proper use of business results forecasts and other special notes

Future business results and other forward-looking statements contained in this document are based on information available to the Company as of the date on which this document was published and certain assumptions judged to be reasonable by the Company, and as such, various factors could cause actual business results to differ materially from those contained in the document. Please see "Qualitative information on consolidated business results forecast" on page 11 of the Consolidated Financial Results for the 2nd Quarter (Interim Period) (Attachments) for the assumptions used for business results forecasts and precautions, etc., regarding their use.

4. Supplementary information

(1) Non-consolidated business results for the interim period of the fiscal year ending September 2025 (October 1, 2024, to March 31, 2025)

(i) Non-consolidated operating results (cumulative) (Percentages indicate changes from the same interim period of the previous year.)

	Turnover		Operating profit		Ordinary profit		Interim net profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Interim period of FY ending September 2025	36,888	5.3	8,298	(6.8)	8,726	(7.5)	6,250	(5.1)
Interim period of FY ended September 2024	35,036	3.0	8,898	3.7	9,435	7.5	6,585	8.5

	Interim net profit per share	Interim diluted net profit per share
	yen	yen
Interim period of FY ending September 2025	120.31	-
Interim period of FY ended September 2024	126.29	-

(Note) The interim diluted net profit per share is not stated as there were no dilutive shares.

(ii) Non-consolidated financial conditions

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
Interim period of FY ending September 2025	113,853	99,564	87.4
FY ended September 2024	116,040	97,910	84.4

(Reference) Equity	Interim period of FY ending September 2025	99,564 million yen	FY ended September 2024	97,910 million yen
--------------------	--	--------------------	-------------------------	--------------------

(2) Non-consolidated business results forecast for the fiscal year ending September 2025 (October 1, 2024, to September 30, 2025)

(Percentages indicate year-on-year changes.)

	Turnover		Ordinary profit		Net profit		Net profit per share
	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full year	75,000	5.6	15,800	0.3	11,200	0.3	214.77

(Note) Revisions to the business results forecast announced most recently: None

○Table of Contents – Attachments

I. Qualitative Information on Interim Financial Results	2
1. Explanation of operating results	2
2. Qualitative information on consolidated financial conditions	9
3. Qualitative information on consolidated business results forecast.....	11
II. Consolidated Interim Financial Statements and Principal Notes	12
1. Consolidated interim balance sheets.....	12
2. Consolidated interim statements of income and consolidated interim statements of comprehensive income.....	14
Consolidated interim statements of income	14
Consolidated interim statements of comprehensive income	15
3. Consolidated interim statements of cash flows.....	16
4. Notes to consolidated interim financial statements.....	17
(Notes on going concern assumption).....	17
(Notes in case of significant changes in shareholders' equity)	17
(Notes on segment information, etc.).....	17
III. Supplementary Information (Reference)	18
Non-consolidated interim financial statements.....	18
1. Interim balance sheets	18
2. Interim statements of income.....	20

I. Qualitative Information on Interim Financial Results

1. Explanation of operating results

During the current consolidated interim accounting period (hereinafter, “current 2nd quarter”), Japanese economy faced growing uncertainty due to surging raw material prices, fluctuating interest rates, and geopolitical instability in various countries.

Amid these conditions, TKC Group continued to develop systems and deliver services that quickly adapt to changes in the social environment and government policies, while conducting operations that contribute to both our clients and local communities.

In collaboration with the TKC National Federation (TKCNF), the Accounting Firm Business Division has helped client SMEs to achieve “Profitable Settlement” and “Compliant Tax Returns. As a result, 57.2% of SMEs using TKC systems reported a profit, significantly higher than the 36.0% of profitable filers announced by the National Tax Agency. However, the continued rise in various costs has created an increasingly difficult management environment for SMEs. Recognizing the need for monthly financial closing to enable sustained profitability, TKC launched the “Quick Monthly Report Service” in November 2024 to strengthen support for TKCNF member firms in helping client SMEs establish monthly closing practices. Within three months of launch, over 6,000 companies had adopted the service, which continues to expand steadily. Following the introduction of the consumption tax invoice system, accounting departments at both large enterprises and SMEs have seen a significant increase in workload. To address this, we are promoting greater use of TKC’s integrated digital solutions, which enable seamless processing—from Peppol invoice exchange and journal entry creation to monthly trial balances, financial statements, and tax filing and payments.

The Local Governments Business Division has been working on system development and transition support to ensure the smooth migration of systems by the deadline for compliance with the standard specifications (March 31, 2026), in accordance with "Local Government Information System Standardization Basic Policy" resolved by the Cabinet on September 8, 2023. In the current 2nd quarter, a mission-critical business system compliant with the standard specifications (hereinafter, “Standard compliance systems”) went live in Misato town, Saitama Prefecture, on January 14, 2025, as the second organization following Moka City, Tochigi Prefecture (where the system went live on December 23, 2024). System migration was completed without needing to suspend operations at the customer organization, and the system has been operating stably ever since. We are leveraging this knowledge and expertise in preparing to complete the switchover to Standard compliance systems for all customers by March 31, 2026.

As a result of these activities, the operating results for the current 2nd quarter of the consolidated Group comprising TKC Corporation and its six consolidated subsidiaries, etc., recorded a turnover of 39,227 million yen (increased 5.9% year on year), operating profit of 8,676 million yen (decreased 3.5% year on year), ordinary profit of 8,867 million yen (decreased 4.2% year on year), and interim net profit attributable to owners of parent company of 6,314 million yen (decreased 1.0% year on year).

Income increased and profit decreased during the current 2nd quarter, in line with the business results forecast disclosed on February 13, 2025. The decrease in profit was due to the absence in the period under review of turnover from software and consulting services for the Local Governments Business Division that had been contracted in the previous period, as described below, as well as the start of depreciation related to capitalized software following the start of provision of Standard compliance systems. We forecast an increase in both income and profit for the full year.

Turnover for the current 2nd quarter by business division is as shown below.

(1) Business results for the 2nd quarter

(i) Turnover of the Accounting Firm Business Division

Turnover of the Accounting Firm Business Division was 25,520 million yen (increased 3.6% year on year); operating profit was 7,000 million yen (increased 9.0% year on year). Breakdown of key turnover is as follows:

- 1) Turnover from computer services increased by 5.4% year on year. This was attributable to an increase in client SMEs that started using the FX Cloud Series(Cloud Accounting System) in promoting the digital transformation (DX) of accounting work, along with an increase in the use of cloud services as more accounting firms use TKC systems remotely from home or outside the office with the TKC-Phone SE3, a newly launched smartphone with enhanced security to comply with Tax Consultant Act.
- 2) Turnover from software products increased by 2.6% year on year. This was attributable to an increase in

client companies that started using the FX Cloud Series, which is capable of not only sending and receiving Peppol invoices but also the electronic preservation of vouchers, automatic generation of journal entries, as well as the preparation of superior electronic books, in an integrated and seamless digital process(Digital Seamless).

- 3) Turnover from consulting services increased by 0.8% year on year. This was due to an increase in the number of implementations of launch and operation support services accompanying new orders for FX4 Cloud, a financial accounting system that caters to medium-sized enterprises.
- 4) Turnover from hardware increased by 0.2% year on year. This was due to an increase in the unit sales prices of IT equipment.
- 5) The high growth in operating profit compared to the growth in turnover year on year was a result of turnover from computer services and software with higher profit margins growing steadily, as well as a reduction in fixed costs due to the implementation of the transfer of processing at Data Processing and Printing Centers (hereinafter, "DPPC") from the 57th Term through the 58th Term, as described below.

(ii) Turnover of the Local Governments Business Division

Turnover of the Local Governments Business Division was 12,150 million yen (increased 10.2% year on year); operating profit was 1,680 million yen (decreased 37.8% year on year). Breakdown of key turnover is as follows:

- 1) Turnover from computer services increased by 0.3% year on year. This was attributable to the printing and processing of admission tickets, etc., for the House of Representatives election held in October 2024, which was outsourced to TKC Group, and the increase in service fees for the TASK Cloud Easy Service-Counter System and other services contracted up to the previous period.
- 2) Turnover from software products decreased by 3.3% year on year. This was due to the absence in the period under review of one-time system upgrading operations undertaken in the previous period, such as the 2023 system upgrading operations accompanying the migration to Standard compliance systems and response to measures to alleviate the economic burden on child-rearing households. In addition, subscription-type software usage fees, such as those for the TASK Cloud Public Accounting System, are increasing steadily.
- 3) Turnover from consulting services decreased by 6.8% year on year. This was due to the absence in the period under review of adoption support services related to the expansion of electronic local tax filing procedures, which had been outsourced to TKC Group in the previous period.
- 4) Turnover from hardware increased by 74.6% year on year. This was due to an increase in the number of customers installing servers to be set up in government offices following the standardization of systems and a concentration of customers who renewed their hardware devices related to Juki-Net in the period under review.
- 5) The decrease in operating profit year on year despite the increase in turnover from hardware was, as outlined above, primarily due to the absence in the period under review of turnover from software and consulting services with high profit margins that had been contracted in the previous period, as well as the increase in depreciation related to capitalized software following the start of provision of Standard compliance systems.

(iii) Turnover of the Printing Business Division (Subsidiary: TLP Corporation)

Turnover of the Printing Business Division was 1,556 million yen (increased 11.7% year on year); operating loss was 9 million yen (compared to an operating loss of 145 million yen in the previous fiscal year).

Breakdown of key turnover is as follows:

- 1) Turnover from products related to data printing services (hereinafter, "DPS") increased by 25.5% year on year. This was due to receiving orders from municipalities for notification operations related to the House of Representatives election held in October 2024, as well as orders for new operations such as those from agencies and municipalities for eligibility confirmation letter notification operations.
- 2) Business form-related turnover decreased by 14.8% year on year. This was due to declining demand for form printing operations at customer enterprises because of advances in digitalization, as well as a reactionary decline from the rush of orders for business and other forms in September 2024 in response to a price revision implemented in October 2024.
- 3) Turnover related to the printing of commercial-use creative materials (catalogs, books, etc.) decreased by 7.6% year on year. This was due to the absence in the period under review of printing operations related to manuals explaining the consumption tax invoicing system, for which we had received orders in the previous period.

(2) Significant issues concerning the whole organization

(i) Number of users of TKC's Peppol access points exceeds 7,000

The number of users of Peppol access points provided by TKC Corporation exceeded 7,000 (as of January 24, 2025). The number of Peppol invoices sent and received via these access points has also increased steadily. TKC is actively working to promote the use of Peppol invoices to help improve the efficiency of accounting operations.

(ii) Obtained patent for internal audit support feature of the Overseas Business Monitor

On January 6, 2025, TKC obtained a patent (Patent No. 7614430) for the internal audit support feature "confirmation of journal entry approval flow (implemented in August 2024)," which was incorporated into the Overseas Business Monitor, a cloud service for enterprises expanding overseas. This feature analyzes the approval flow of journal entries and allows potentially fraudulent journal entries to be extracted.

(iii) Standard compliance system went live in Misato town, Saitama Prefecture

A Standard compliance system went live in Misato town, Saitama Prefecture, on January 14, 2025. This makes Misato town the second organization in this regard following Moka City, Tochigi Prefecture. Smooth system migration and operation was achieved for Misato town, Saitama Prefecture, as was the case with Moka City.

(iv) Fixed costs reduced through the transfer of processing at Data Processing and Printing Centers (DPPC)

Considering the declining demand for the printing of forms as TKCNF member firms and their client SMEs take steps to comply with the Electronic Book Preservation Act, we are in the process of integrating TKC DPPC that carry out the printing of forms. In the 57th Term, the printing operations of the Okinawa DPPC were transferred to the Kyushu DPPC. In the 58th Term, the printing operations of the Chushikoku DPPC were transferred to the Kansai DPPC. Furthermore, in October 2025, the printing operations of the Tohoku DPPC will be transferred to the Tokyo DPPC, through which we will work to not only encourage TKCNF member firms to go paperless but also improve the profitability of the Accounting Firm Business Division by reducing fixed costs.

(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 TKCNF to support the sustainable development of TKCNF member firms and SMEs that are client companies of TKCNF member firms.

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

(i) Activities to achieve "Profitable Settlement" and "Compliant Tax Returns"

1) Support for establishment of monthly financial closing system by TKCNF member firms at their client companies

SMEs are facing a challenging business environment due to inflation and depreciation of the yen, as well as the resulting soaring raw material costs and pressure to increase wages. Under these circumstances, TKCNF member firms have been pursuing the following activities for achieving "Profitable Settlement" and "Compliant Tax Returns" at their client SMEs.

a) At our 56 sales locations nationwide, System Consulting Group (SCG) employees provide support for the adoption and operation of the FX Cloud Series, a financial accounting system for enterprises, with the aim of establishing a monthly financial closing system at client SMEs.

b) To support business owners in their strategic decision making, the FX Cloud Series includes "Strategy-level" features such as the 365 Days Marginal Income Statement, forecast and actual results management, management by division, financing results spreadsheets, monthly reports of customer rankings, annual forecast management, and more. For business owners to utilize these features effectively, it is necessary for them to input accounting transaction data in a timely and accurate manner and establish a monthly financial closing system. Therefore, TKC has also provided support for the utilization of a feature for preserving vouchers, which automatically generates journal entries from electronic transaction data and Peppol invoices, as well as a feature for receiving bank credit data, through which bank deposit transaction data can be received via online banking and converted into journal entries. As a result of these activities, 325,000 enterprises were using the FX Series financial accounting system as of March 31, 2025.

Currently, the cloud version of the FX Series accounts for approximately 37% of total usage. For this reason, we will continue to support the standalone version of this service until the end of 2030, and we will work to encourage switching over to the cloud version over the next five years. This will allow us to concentrate our

development resources on the cloud version of the system and further expedite system development.

- c) From November 2024, we began providing the Quick Monthly Report Service, through which business results bulletins on monthly financial closing are sent to the email addresses of business owners when monthly field audits are completed by accounting firms. This enables business owners to quickly confirm monthly financial closing results on their smartphones. In addition, accounting firms can use this service as a tool for enhancing managerial advice and communication with business owners.

- 2) Support for the preparation of highly reliable financial statements based on timely and accurate bookkeeping
The biggest advantage of the financial accounting system provided by TKC Corporation is that it is predicated on the field audits and monthly financial closing that TKCNF member firms implement for their client SMEs every month, and it prohibits retroactive revisions and the processing of insertions or deletions in respect of the transaction data after the implementation of field audits. It utilizes this advantage to issue free of charge the Certificate of Bookkeeping Timeliness, which serves as a document used by financial institutions and others to objectively evaluate the reliability of accounting records.

This service was developed with the aim of improving the reliability of financial statements prepared by TKCNF Members and facilitating smooth financing for their client SMEs. TKC Corporation proves, as a third party, that TKCNF Members have visited client SMEs monthly to supervise accurate bookkeeping (monthly field audits), and that all work processes from monthly financial closing to the final financial closing and electronic tax filing have been completed through a one-stop, full-line process in a timely manner. With the recent increase in the number of bankruptcies due to non-compliance (fraud), the Certificate of Bookkeeping Timeliness is a document that can demonstrate the “power of evidence of accounting books”, and we believe that its importance will grow going forward.

- 3) Promotion of TKC Monitoring Information Service

The TKC Monitoring Information Service is a free cloud service that allows TKCNF member firms to disclose to financial institutions information such as monthly trial balance sheets, financial statements, and tax returns prepared by TKCNF member firms after monthly field audits and monthly financial closing upon the request of the business owners of their client SMEs.

TKC Corporation 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 TKC Monitoring Information Service:

- a) Tax Audit Report under Article 33-2 of the Tax Consultant Act
- b) 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, and the correlation between financial statements and tax returns for the past three years; and
- c) The Chusho Kaikei Yoryo (General Accounting Standard for SMEs) checklist developed by the Japan Federation of Tax Consultants' Associations and the Japan Federation of Credit Guarantee Corporations.

As a result of these activities, the TKC Monitoring Information Service has been adopted by 495 financial institutions as of March 31, 2025, surpassing 350,000 instances of use.

As a tool that can verify the three requirements presented in “Guidelines for Personal Guarantee Provided by Business Owners” (distinguishing and separating relationships between corporations and individuals, strengthening financial foundation, and ensuring the transparency of management through the accurate determination of financial position as well as timely and appropriate information disclosures), the TKC Monitoring Information Service is highly rated by financial institutions and credit guarantee corporations that offer management support to SMEs.

- 4) Fostering of good-standing enterprises through collaboration with TKCNF

The Accounting Firm Business Division is carrying out business operations aimed at achieving “Profitable Settlement” and “Compliant Tax Returns” through close collaboration with TKCNF, which is composed of 11,400 TKCNF Members (as of March 31, 2025).

TKCNF has set its activity policy for the six-year period from 2025 and begun working on efforts as follows.

“Complete the Four Major Business Areas of Tax Consultants and Energize Small and Medium-Sized Enterprises! Establishing a Monthly Financial Closing System is the fundamental Basis for Everything”

- a) Increase the number of SMEs which monthly field audits are implemented
- b) Promote self-accounting by the TKC method with the FX Cloud Series
- c) Utilize the Quick Monthly Report Service to support the improvement of equity ratio

- 5) Soliciting new members (promoting membership of TKCNF)

TKCNF has set a goal of soliciting 360 new members by September 30, 2025. To achieve this goal, we are working closely with TKCNF's New Members Service Committee to step up the solicitation of new members and follow-up activities for new member firms.

(ii) Expansion into the listed-Enterprise market

TKC Corporation contributes to the compliance and rationalization of tax and accounting operations at large companies using TKC systems, especially at listed companies, and is actively working to solicit these companies and their affiliates to become client companies of TKCNF Members.

1) Initiative of Digital Invoices

In August 2023, TKC was installed as the representative managing corporation of the E-Invoice Promotion Association (EIPA), and together with approximately 180 association member companies, primarily system vendors, we have worked on activities to promote Digital Invoices. As a result, Invoice Manager has been introduced in approximately 1,000 medium and large companies as of March 31, 2025. TKC Corporation will continue to promote the use of Digital Invoices going forward.

2) Communication of initiatives related to the adoption of the revised lease accounting standards

On September 13, 2024, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 34, "Accounting Standard for Leases," which will be mandatorily applied to listed companies from April 2027. To ensure companies can grasp the amount of financial impact this will have on financial statements while preparing to apply the standard, TKC Corporation has developed a tool for estimating the amount of financial impact of the revised lease accounting standard and began providing it to enterprises who are users of TKC systems starting from January 2025. The tool can also be used as the basis for preparing reports for business managers, etc., and has been highly rated by many user enterprises.

3) Expansion of market share among listed Enterprises and support for expanding the client base of TKCNF Members

The Group Relief Corporate Tax System (e-TAX Group Relief) provided by TKC Corporation has been highly praised by the market, and it is being used in many enterprises that adopt the Group Relief Corporate Tax System. Approximately 45% of the 20,000-odd enterprises with a share capital of more than 100 million yen now use our ASP1000R electronic tax filing system for corporations or the Group Relief Corporate Tax System (e-TAX Group Relief) as of March 31, 2025.

In the current 2nd quarter, we have also upgraded our consolidated accounting system (eCA-DRIVER) and implemented a feature to share consolidated financial closing data with Ernst & Young ShinNihon LLC's Consolidation Workpaper Generator (CWPG) through API integration.

As a result of these activities, the number of corporate groups using the TKC Consolidated Group Solution totaled approximately 5,930 corporate groups as of March 31, 2025. Currently, our market share of the listed companies in Japan has reached 44%, with 91 companies out of the top 100 companies with the highest turnover among the listed companies in Japan (91%) using the systems of TKC.

(iii) Expansion of market for legal information database services

TKC Corporation is providing a wide range of legal information services to the legal professions, particularly accounting firms, as well as to the Law school and legal education market, corporate legal departments, etc.

1) Expansion of the number of records and content 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 351,000 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 of the TKC Law Library.

In this reporting period, usage of the TKC Law Library gained traction at TKCNF member firms, universities, law schools, government offices, law firms, patent offices, corporate legal departments, and overseas research institutions, with as many as 70,000 IDs from around 27,000 institutions using the Library as of March 31, 2025.

2) Expansion into the Law school and legal education market

Our TKC Law School Educational and Research Support System can be used online anytime, anywhere, and contains a diverse variety of content that surpasses that of other companies. It also boasts the advantage of being equipped with various features such as report submission, online exercises, tests, and other components that support classes and self-study. More than 160 universities have signed a contract in FY2025 to adopt our TKC Law School Educational and Research Support System, which continues to be rated highly by faculty members and students.

Furthermore, for law school students, graduates, and individuals who have passed the preliminary exam, who aim to sit for the bar exam, we also support their preparation for the bar exam by conducting the TKC All-Japan Unified Mock Examination. More than 2,600 individuals have already taken the 2025 TKC All-Japan Unified Mock Examination, which is over 65% of the 4,000 students who are expected to take the bar exam in 2025. The Ministry of Justice plans to transition to CBT examinations in 2026. Therefore, TKC Corporation has been working on setting up the environment by introducing the TKC Digital Test since April 2025 to provide services to universities and further increase the number of individuals taking the exam. As a result of these activities, we plan to continue our track record of ranking first in the industry going forward by offering the standard mock exam for the bar exam.

(4) Business activities and operating results of the Local Governments Business Division

The Local Governments Business Division offers specialized information services to promote social welfare by the improvement of Local Governments' administrative Efficiency. The TKC Government Cloud Service has been adopted by more than 1,140 municipalities (prefectures, cities, wards, towns, villages, etc.) as of March 31, 2025.

(i) Compliance with standardized specifications for local government systems

Local governments are now obligated to use Standard compliance systems, and they have a duty to strive to use such systems on the Gov-Cloud environment. We completed the migration to Standard compliance systems on the Gov-Cloud environment in Moka City, Tochigi Prefecture, on December 23, 2024, followed by Misato town, Saitama Prefecture, as the second organization on January 14, 2025, with both systems currently live. As of March 31, 2025, approximately 170 agencies have adopted our mission-critical business systems, and we plan to complete the migration to Standard compliance systems for all these customer organizations by the migration deadline of March 31, 2026. Full-scale migration work is scheduled to begin between July and December 2025 to avoid the peak business periods at customer organizations.

(ii) Support for digitalization of administrative services

TKC Corporation develops and provides support solutions for the digitalization of administrative services to achieve digital counter services with the "3 No's for citizens (no visiting, no waiting, and no writing)." In this reporting period, we have updated all aspects of the TASK Cloud My Number Card Issuance Reservation and Management System, and completed the switchover to the new system for all customers. In addition, we launched a demonstration experiment jointly with Misato City, Saitama Prefecture, for remote counter services that facilitate online consultation and application procedures for administrative services by linking public facilities close to residents with main government buildings. As a result, as of March 31, 2025, the TASK Cloud Smart Application System has been adopted by at least 60 agencies, including government ordinance-designated cities such as Osaka and Yokohama. Moreover, the TASK Cloud Easy Service Counter System has been adopted by at least 120 agencies, while the TASK Cloud My Number Card Issuance Reservation and Management System has been adopted by at least 180 agencies.

(iii) Support for digitalization of local tax administrative procedures

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 the Data Integration Service as our proprietary feature to integrate these systems with the individual tax systems of various municipalities.

In promoting this service, we have jointly developed proposals with approximately 50 partner enterprises with which we have ongoing alliance partner agreements. As a result, our TASK Cloud e-Filing of Local Tax Return (Service) is currently adopted by approximately 790 local governments, which account for more than 40% of all prefectures and local municipalities, as of March 31, 2025.

(iv) Support for digitalization of internal administrative work

TKC Corporation develops and provides the TASK Cloud Public Accounting System, an integrated financial accounting system for local government accounting, as well as related systems.

In this reporting period, we worked on enhancing various features and the electronic approval system, and on renewing related services such as the document management system as well as the HR and payroll system. In addition, we conducted a demonstration experiment jointly with Taka town, Hyogo Prefecture, on the use of Peppol invoices (Digital Invoices) in municipalities to improve the effectiveness and efficiency of operations. As a result, the TASK Cloud Public Accounting System has been adopted by approximately 380 agencies as of March 31, 2025.

(5) Business activities and operating results of the Printing Business Division

TLP Corporation, which is responsible for the TKC Group's Printing Business, prints business forms used at the TKC Data Processing and Printing Centers of our Accounting Firm Business Division and printed and typed tax ledgers and other forms for the outsourcing services of Local Governments Business Division, in addition to creating printed materials and similar for our customers. TLP Corporation operates with a primary focus on Data Print Service (DPS), business form printing, and the printing of commercial use materials for general enterprises, government offices, and local governments.

In the DPS field, it provides outsourcing services (BPO) aimed at rationalizing the creation of direct mail (DM) and notification-related operations of general administration, accounting, and HR departments. In particular, we are working to increase the value offered to customers who use our services, including the measurement of the effects of DM through the utilization of QR codes. In respect of local governments, we assist in resident notification, including creating various tax ledgers, polling station admission tickets, etc.

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

In the commercial-use creative materials field (catalogs, books, etc.), we are supporting the provision in a timely manner of the publications required by customer enterprises, including printed materials for the anniversary events of customer enterprises, revised editions of specialized books due to legal revisions, etc.

TLP Corporation was involved in a dispute with the Japan Pension Service over a lawsuit concerning bid rigging, which was the subject of a cease-and-desist order issued by the Japan Fair Trade Commission under the Antimonopoly Act. The lawsuit was filed by the Japan Pension Service on October 3, 2023, claiming damages not covered by the penalties already collected. A settlement was reached on January 29, 2025.

2. Qualitative information on consolidated financial conditions

(1) Assets, liabilities, and net assets

(i) Assets

Total assets as of the end of the current consolidated interim accounting period amounted to 122,320 million yen, a 2,562-million-yen decrease compared to 124,882 million yen as of the end of the previous consolidated fiscal year.

1) Current assets

Current assets as of the end of the current consolidated interim accounting period amounted to 47,750 million yen, a 1,077-million-yen increase compared to 46,672 million yen as of the end of the previous consolidated fiscal year.

This was attributable to a 1,194 million yen increase in notes receivable–trade, accounts receivable, and contract assets and a 458 million yen increase in inventories, despite a 542 million yen decrease in cash and deposits.

2) Non-current assets

Non-current assets as of the end of the current consolidated interim accounting period amounted to 74,569 million yen, a 3,639-million-yen decrease compared to 78,209 million yen as of the end of the previous consolidated fiscal year.

This was attributable to a 1,656 million yen decrease in investment securities and a 1,412 million yen decrease in long-term deferred tax assets included in “Other,” despite a 500 million yen increase in long-term deposits.

(ii) Liabilities

Total liabilities as of the end of the current consolidated interim accounting period amounted to 18,301 million yen, a 4,403-million-yen decrease compared to 22,705 million yen as of the end of the previous consolidated fiscal year.

1) Current liabilities

Current liabilities as of the end of the current consolidated interim accounting period amounted to 15,011 million yen, a 4,336-million-yen decrease compared to 19,347 million yen as of the end of the previous consolidated fiscal year.

This was attributable to a 2,895 million yen decrease in provisions for bonuses and a 1,052 million yen decrease in income taxes payable.

2) Non-current liabilities

Non-current liabilities as of the end of the current consolidated interim accounting period amounted to 3,290 million yen, a 67-million-yen decrease compared to 3,357 million yen as of the end of the previous consolidated fiscal year.

This was attributable to a 45 million yen decrease in long-term lease obligations included in “Other.”

(iii) Net assets

Total net assets as of the end of the current consolidated interim accounting period amounted to 104,018 million yen, a 1,841-million-yen increase compared to 102,176 million yen as of the end of the previous consolidated fiscal year.

This was attributable to a 1,596 million yen increase in valuation difference on available-for-sale securities and a 602 million yen increase in retained earnings, despite a decrease in net assets due to a 454 million yen increase in treasury stock.

The equity ratio as of the end of the current consolidated interim accounting period was 85.0%, a 3.2 percentage point increase compared to 81.8% as of the end of the previous consolidated fiscal year.

(2) Cash flows

The balance of cash and cash equivalents as of the end of the current consolidated interim accounting period decreased by 542 million yen from the end of the previous consolidated fiscal year, amounting to 29,855 million yen.

The overview of cash flows for the current consolidated interim accounting period and the major factors contributing to the results are as follows.

(i) Cash flows from operating activities

Cash flows from operating activities increased by 3,288 million yen (2,323 million yen decrease in revenue year on year). Major factors include the recording of 8,871 million yen in interim net profit before taxes and adjustments, a decrease of 2,895 million yen in provisions for bonuses, as well as a payment of 2,919 million

yen in income taxes.

(ii) Cash flows from investing activities

Cash flows from investing activities increased by 2,441 million yen (5,487 million yen decrease in spending year on year). Major factors include an expenditure of 2,100 million yen for payment into time deposits, proceeds of 1,600 million yen from the withdrawal of time deposits, proceeds of 4,000 million yen from the redemption of investment securities, and an expenditure of 1,015 million yen for the purchase of intangible assets.

(iii) Cash flows from financing activities

Cash flows from financing activities decreased by 6,272 million yen (3,495 million yen increase in spending year on year). Major factors include an expenditure of 3,302 million yen for the acquisition of treasury stock and a payment of 2,874 million yen for year-end dividends for the fiscal year ended September 2024 (dividend of 55 yen per share).

3. Qualitative information on consolidated business results forecast

(1) Consolidated business results forecast

The Group forecasts a turnover of 80,000 million yen (6.4% increase year on year), operating profit of 15,700 million yen (1.3% increase year on year), ordinary profit of 16,200 million yen (1.0% increase year on year), and net profit attributable to owners of parent company of 11,400 million yen (1.1% increase year on year).

(2) Dividends forecast

TKC's basic dividend policy is to maintain a dividend payout ratio (non-consolidated) of about 50% while continuing to maintain optimal profit in each fiscal year in order to meet the expectations of its shareholders. As initially planned, TKC Corporation plans to provide an ordinary dividend of 50 yen per share for the current 2nd quarter and an ordinary dividend of 50 yen per share for the year-end dividend.

II. Consolidated Interim Financial Statements and Principal Notes

1. Consolidated interim balance sheets

(Unit: millions of yen)

	Previous consolidated fiscal year (September 30, 2024)	Current consolidated interim accounting period (March 31, 2025)
Assets		
Current assets		
Cash and deposits	33,697	33,155
Notes receivable—trade, accounts receivable, and contract assets	10,039	11,234
Inventories	543	1,001
Other	2,412	2,379
Allowance for doubtful accounts	(20)	(20)
Total current assets	46,672	47,750
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net amount)	7,280	7,041
Land	6,915	6,863
Other (net amount)	2,898	2,690
Total property, plant, and equipment	17,094	16,594
Intangible assets	8,064	7,757
Investments and other assets		
Investment securities	21,700	20,043
Long-term deposits	20,200	20,700
Guarantee deposits	1,539	1,509
Other	9,609	7,963
Total investments and other assets	53,049	50,217
Total non-current assets	78,209	74,569
Total assets	124,882	122,320
Liabilities		
Current liabilities		
Accounts payable—trade	3,072	3,832
Electronically recorded obligations—operating	791	670
Short-term loans payable	71	35
Accounts payable—other	3,671	2,484
Income taxes payable	3,193	2,140
Contract liabilities	1,189	822
Provisions for bonuses	6,238	3,342
Other	1,119	1,682
Total current liabilities	19,347	15,011
Non-current liabilities		
Retirement benefit liabilities	2,251	2,236
Provisions for stocks payment	356	364
Other	749	690
Total non-current liabilities	3,357	3,290
Total liabilities	22,705	18,301

(Unit: millions of yen)

	Previous consolidated fiscal year (September 30, 2024)	Current consolidated interim accounting period (March 31, 2025)
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	6,286	6,286
Retained earnings	91,138	91,741
Treasury stock	(2,606)	(3,060)
Total shareholders' equity	100,519	100,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,543	4,139
Accumulated remeasurements of defined benefit plans	(885)	(788)
Total accumulated other comprehensive income	1,657	3,351
Total net assets	102,176	104,018
Total liabilities and net assets	124,882	122,320

2. Consolidated interim statements of income and consolidated interim statements of comprehensive income

(Consolidated interim statements of income)

(Unit: millions of yen)

	Previous consolidated interim accounting period (Started October 1, 2023; ended March 31, 2024)	Current consolidated interim accounting period (Started October 1, 2024; ended March 31, 2025)
Turnover	37,047	39,227
Cost of sales	10,463	12,054
Gross profit	26,583	27,173
Selling, general, and administrative expenses	17,594	18,496
Operating profit	8,989	8,676
Non-operating income		
Interest income	41	41
Dividend income	113	134
Insurance dividend income	23	14
Land and house rent received	20	18
Equity in earnings of affiliates	24	20
Other	42	34
Total non-operating income	265	264
Non-operating expenses		
Interest expenses	0	0
Settlement payments	-	71
Other	0	0
Total non-operating expenses	0	73
Ordinary profit	9,253	8,867
Extraordinary income		
Gain on sale of investment securities	14	42
Gain on sale of non-current assets	1	2
Total extraordinary income	15	45
Extraordinary loss		
Loss on sale of non-current assets	-	14
Loss on retirement of non-current assets	4	14
Loss on redemption of investment securities	-	12
Total extraordinary loss	4	41
Interim net profit before taxes and adjustments	9,264	8,871
Income taxes—current	2,569	1,955
Income taxes—deferred	318	601
Total income taxes	2,887	2,556
Interim net profit	6,376	6,314
Interim net profit attributable to owners of parent company	6,376	6,314

(Consolidated interim statements of comprehensive income)

(Unit: millions of yen)

	Previous consolidated interim accounting period (Started October 1, 2023; ended March 31, 2024)	Current consolidated interim accounting period (Started October 1, 2024; ended March 31, 2025)
Interim net profit	6,376	6,314
Other comprehensive income		
Valuation difference on available-for-sale securities	759	1,596
Remeasurements of defined benefit plans	87	97
Total other comprehensive income	846	1,693
Interim comprehensive income	7,223	8,007
(Breakdown)		
Interim comprehensive income attributable to owners of parent company	7,223	8,007

3. Consolidated interim statements of cash flows

(Unit: millions of yen)

	Previous consolidated interim accounting period (Started October 1, 2023; ended March 31, 2024)	Current consolidated interim accounting period (Started October 1, 2024; ended March 31, 2025)
Cash flows from operating activities		
Interim net profit before taxes and adjustments	9,264	8,871
Depreciation	1,753	2,129
Loss (gain) on sale of investment securities	(14)	(42)
Loss (gain) on redemption of investment securities	-	12
Loss (gain) on sale of non-current assets	(1)	12
Loss on retirement of non-current assets	4	14
Settlement payments	-	71
Increase (decrease) in provisions for stocks payment	8	7
Increase (decrease) in provisions for bonuses	(1,172)	(2,895)
Increase (decrease) in retirement benefit liabilities	141	111
Decrease (increase) in notes and accounts receivable– trade	(1,517)	(1,307)
Decrease (increase) in other assets	(113)	(279)
Increase (decrease) in trade payables	(438)	385
Increase (decrease) in other liabilities	(31)	(797)
Other	(215)	(197)
Subtotal	7,667	6,095
Interest and dividends received	158	184
Interest paid	(0)	(0)
Income taxes paid	(2,213)	(2,919)
Settlement payments paid	-	(71)
Cash flows from operating activities	5,611	3,288
Cash flows from investing activities		
Payments into time deposits	(2,700)	(2,100)
Proceeds from withdrawal of time deposits	1,700	1,600
Purchase of property, plant, and equipment	(338)	(193)
Purchase of intangible assets	(1,717)	(1,015)
Proceeds from redemption of investment securities	-	4,000
Other	10	150
Cash flows from investing activities	(3,045)	2,441
Cash flows from financing activities		
Repayment of long-term loans payable	(35)	(35)
Proceeds from sale of treasury stock	0	0
Purchase of treasury stock	(5)	(3,302)
Payment of dividends	(2,665)	(2,874)
Other	(70)	(59)
Cash flows from financing activities	(2,777)	(6,272)
Increase (decrease) in cash and cash equivalents	(211)	(542)
Balance of cash and cash equivalents at beginning of year	28,793	30,397
Balance of cash and cash equivalents at end of interim period	28,582	29,855

4. Notes to consolidated interim financial statements

(Notes on going concern assumption)

None to be disclosed.

(Notes in case of significant changes in shareholders' equity)

Based on a resolution at the meeting of the Board of Directors held on February 13, 2025, the Company acquired 8,650 hundred shares of treasury stock during the current consolidated interim accounting period and retired all of them on February 28, 2025. These actions resulted in a decrease in the net amount of treasury stock of 467 million yen and a decrease in retained earnings of 2,832 million yen. As a result, the total number of issued shares of the Company after the retirement of treasury stock was 523,014 hundred shares.

(Notes on segment information, etc.)

[Segment information]

I. Previous consolidated interim accounting period (Started October 1, 2023; ended March 31, 2024)

Information on turnover and profit or loss for each reportable segment

(Unit: millions of yen)

	Reportable segment				Adjustments (Note 1)	Amounts in consolidated interim statements of income (Note 2)
	Accounting Firm Business	Local Governments Business	Printing Business	Total		
Turnover						
(1) Sales to outside customers	24,624	11,029	1,393	37,047	-	37,047
(2) Inter-segment sales or transfers	13	0	761	774	(774)	-
Total	24,637	11,029	2,154	37,822	(774)	37,047
Segment profit (loss)	6,422	2,703	(145)	8,980	8	8,989

(Notes) 1. Adjustments of segment profit of 8 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 consolidated interim statements of income.

II. Current consolidated interim accounting period (Started October 1, 2024; ended March 31, 2025)

Information on turnover and profit or loss for each reportable segment

(Unit: millions of yen)

	Reportable segment				Adjustments (Note 1)	Amounts in consolidated interim statements of income (Note 2)
	Accounting Firm Business	Local Governments Business	Printing Business	Total		
Turnover						
(1) Sales to outside customers	25,520	12,150	1,556	39,227	-	39,227
(2) Inter-segment sales or transfers	26	-	765	792	(792)	-
Total	25,547	12,150	2,322	40,019	(792)	39,227
Segment profit (loss)	7,000	1,680	(9)	8,671	5	8,676

(Notes) 1. Adjustments of segment profit of 5 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 consolidated interim statements of income.

III. Supplementary Information (Reference)

Non-consolidated interim financial statements

1. Interim balance sheets

(Unit: millions of yen)

	Previous fiscal year (September 30, 2024)	Current interim accounting period (March 31, 2025)
Assets		
Current assets		
Cash and deposits	28,547	28,479
Accounts receivable and contract assets	9,333	10,507
Inventories	266	583
Other	2,363	2,356
Allowance for doubtful accounts	(20)	(20)
Total current assets	40,491	41,907
Non-current assets		
Property, plant, and equipment		
Buildings and structures (net amount)	6,372	6,144
Land	6,637	6,585
Other (net amount)	2,007	1,768
Total property, plant, and equipment	15,017	14,498
Intangible assets	7,885	7,544
Investments and other assets		
Investment securities	22,616	20,933
Long-term deposits	20,000	20,500
Guarantee deposits	1,447	1,416
Other	8,582	7,052
Total investments and other assets	52,645	49,902
Total non-current assets	75,549	71,946
Total assets	116,040	113,853
Liabilities		
Current liabilities		
Accounts payable–trade	2,934	3,818
Accounts payable–other	3,300	2,088
Income taxes payable	3,127	2,050
Contract liabilities	1,189	822
Provisions for bonuses	5,680	2,980
Other	664	1,165
Total current liabilities	16,895	12,925
Non-current liabilities		
Provisions for retirement benefits	434	553
Provisions for stocks payment	356	364
Other	443	446
Total non-current liabilities	1,234	1,364
Total liabilities	18,130	14,289

	(Unit: millions of yen)	
	Previous fiscal year (September 30, 2024)	Current interim accounting period (March 31, 2025)
Net assets		
Shareholders' equity		
Share capital	5,700	5,700
Capital surplus	5,409	5,409
Retained earnings	86,901	87,440
Treasury stock	(2,606)	(3,060)
Total shareholders' equity	95,404	95,488
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,505	4,075
Total valuation and translation adjustments	2,505	4,075
Total net assets	97,910	99,564
Total liabilities and net assets	116,040	113,853

2. Interim statements of income

	(Unit: millions of yen)	
	Previous interim accounting period (Started October 1, 2023; ended March 31, 2024)	Current interim accounting period (Started October 1, 2024; ended March 31, 2025)
Turnover	35,036	36,888
Cost of sales	9,249	10,859
Gross profit	25,786	26,028
Selling, general, and administrative expenses	16,887	17,730
Operating profit	8,898	8,298
Non-operating income		
Interest income	41	38
Dividend income	408	324
Insurance dividend income	22	14
Land and house rent received	77	77
Other	37	23
Total non-operating income	588	478
Non-operating expenses		
Cost of lease revenue	51	49
Other	0	0
Total non-operating expenses	51	50
Ordinary profit	9,435	8,726
Extraordinary income		
Gain on sale of non-current assets	1	2
Total extraordinary income	1	2
Extraordinary loss		
Loss on sale of non-current assets	-	14
Loss on retirement of non-current assets	3	14
Loss on redemption of investment securities	-	12
Total extraordinary loss	3	41
Interim net profit before taxes	9,433	8,687
Income taxes—current	2,590	1,906
Income taxes—deferred	258	530
Total income taxes	2,848	2,436
Interim net profit	6,585	6,250