



Summary of Earnings Report for the 1st quarter of Fiscal Year Ending February 28, 2018

July 12 2017

Name of listed company: TKP Corporation Tokyo Stock Exchange
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 Additional material of financial result: Yes
 Result meeting: Yes

(Millions yen, rounded down)

1. Consolidated Results for the 1st quarter of Fiscal Year Ending February 28, 2018 (March 1, 2017–May 31, 2017)

(1) Consolidated business results (%: Quarter-on-quarter comparison)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
1 st quarter year ending Feb. 2018	7,253	—	1,415	—	1,247	—	747	—
1 st quarter year ended Feb. 2017	—	—	—	—	—	—	—	—

(Note) Comprehensive income 1st quarter year ending Feb. 2018 740 Millions yen (—%) 1st quarter year ended Feb. 2017 — Millions yen (—%)

	Net income per share	Diluted net income per share
	¥	¥
1 st quarter year ending Feb. 2018	164.93	162.47
1 st quarter year ended Feb. 2017	—	—

(2) Consolidated Financial Conditions

	Total assets	Net Assets	Shareholders' Equity Ratio	Net Asset per Share
	¥ millions	¥ millions	%	Yen
1 st quarter year ending Feb. 2018	28,956	7,364	25.3	1,572.01
Year ended Feb. 2017	24,140	4,470	18.3	1,036.59

(Notes) Shareholders' equity 1st quarter year ending Feb. 2018 7,322 Millions yen Year ended Feb. 2017 4,427 Millions yen

2 Dividend information

	Dividend per Share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2017	—	0.00	—	0.00	0.00
Year ending Feb. 2018	—				
Year ending Feb. 2018 (forecast)		0.00	—	0.00	0.00

3. Consolidated Business Plan for the Fiscal Year Ending February 28, 2018

(%: Comparison with the previous period)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Interim	13,615	21.9	2,244	4.8	2,104	1.2	1,237	11.2	272.62
Full year	26,839	22.1	3,271	21.4	3,021	18.4	1,705	26.1	374.00

Note: Revision to most recently announced results forecast: None

The figures (forecasts) for net income per share for the second quarter of the year ending Feb. 2018 (cumulative) and full year were calculated based on the average number of issued shares during the period, with consideration for the sale of treasury stock (310,000 shares) resulting from public offering related to the new exchange listing, and for the sale of treasury stock (76,300 shares) resulting from third-party allocation related to secondary offering by way of over-allotment.

(4) Total number of shares issued (ordinary shares)

① Number of shares issued at year end (inc. treasury stock)	1Q of year ending Feb. 2018	4,730,000 shares	Year ended Feb. 2017	4,730,000 shares
② Treasury stock at year end	1Q of year ending Feb. 2018	72,100 shares	Year ended Feb. 2017	458,400 shares
③ Average number of shares during current quarter	1Q of year ending Feb. 2018	4,534,786 shares	1Q of year ended Feb. 2017	4,271,600 shares

Note: On January 14, 2017, our company conducted a 100:1 stock split. The number of issued shares (ordinary shares) has been calculated assuming that this stock split took place at the start of the preceding consolidated fiscal year.

1. Qualitative information concerning the quarterly results

(1) Explanation of business results

As a result of the shortage in the labor supply, the environment surrounding the TKP Group saw growth in the demand for our company's conference rooms due to active recruiting activities by many companies, as well as to employee training and other needs involved in transitioning part-time workers to full-time employees. The improved business results can also be seen in the growing use of our high-quality event facilities, and we expect continued growth in demand for the "Garden City PREMIUM" top quality grade.

Under these conditions, the TKP Group became listed on the Mothers market at the Tokyo Stock Exchange on March 27, 2017. We also began operation of the Cloudspace space matching service. In addition, we entered the co-working office and rental office market as a result of a business transfer.

In terms of domestic conference rooms, we actively opened the TKP Osaka Honmachi Conference Center, TKP Sapporo Convention Hall, and TKP Garden City Hamamatsucho (inside the Hotel Azur Takeshiba). In terms of accommodation facilities, we began operating the Bayside Hotel Azur Takeshiba – an urban resort seminar hotel, and Lectore Yugawara – a hybrid resort training hotel.

Overseas, we opened the TKP Kuala Lumpur Conference Center in Kuala Lumpur, Malaysia, making it the 7th overseas city where we are operating.

As a result, at the end of this consolidated first quarter, we are operating 1,833 rental conference rooms located across the country and primarily in the Tokyo Metropolitan Area (an increase of 4.6% from the end of the previous fiscal year).

As a result of the above, the results for this consolidated first quarter were sales of 7.253 billion yen, operating income of 1.415 billion yen, ordinary income of 1.247 billion yen, and net income attributable to owners of the parent of 747 million yen.

Because this is the only segment of our space regeneration & distribution business, the explanation of results by segment will be omitted.

(2) Explanation of the financial position

(Assets, liabilities, and net assets)

(Current assets)

The balance of current assets at the end of this consolidated first quarter increased by 4.326 billion yen from the end of the previous fiscal year to reach 12.815 billion yen. The primary reasons for the increase were an increase of 3.446 billion yen in cash and savings, and an increase of 741 million in accounts receivable.

(Fixed assets)

The balance of fixed assets at the end of this consolidated first quarter increased by 490 million yen from the end of the previous fiscal year to reach 16.141 billion yen. The primary reason for the increase was an increase of 263 million yen in cash and savings.

(Current liabilities)

The balance of current liabilities at the end of this consolidated first quarter increased by 369 million yen from the end of the previous fiscal year to reach 5.654 billion yen. The primary reason for the increase was an increase of 209 million yen in the current portion of long-term loans payable.

(Fixed liabilities)

The balance of fixed liabilities at the end of this consolidated first quarter increased by 1.552 billion yen from the end of the previous fiscal year to reach 15.938 billion yen. The primary reasons for the increase were an increase of 699 million in corporate bonds and an increase of 861 million yen in long-term loans payable.

(Net assets)

The balance of net assets at the end of this consolidated first quarter increased by 2.893 billion yen from the end of the previous fiscal year to reach 7.364 billion yen. The primary reasons for the increase were an increase of 2.060 billion in capital surplus and an increase of 747 million yen in retained earnings.

(3) Explanation of consolidated results forecast and other future forecast information

There have been no changes to forecast of the cumulative second quarter results and full-year results that were announced in the *Summary of Earnings Report for the Fiscal Year Ended February 28, 2017* that was released on April 13, 2017.

2. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheet

(Units: Millions yen)

	Previous consolidated fiscal year (ended Feb. 2017)	Current consolidated 1Q (ended May 31, 2017)
Assets		
Current assets		
Cash and savings	5,494	8,940
Accounts receivable	2,165	2,907
Others	841	978
Allowance for doubtful accounts	(12)	(11)
Total current assets	8,489	12,815
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	4,035	4,082
Land	6,507	6,523
Others (net)	279	414
Total tangible fixed assets	10,822	11,019
Intangible fixed assets	64	93
Investments and other assets		
Lease and guarantee deposits	4,021	4,285
Others	776	776
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	4,763	5,027
Total tangible fixed assets	15,650	16,141
Total assets	24,140	28,956
Liabilities		
Current liabilities		
Accounts payable	400	471
Income taxes payable	681	511
Current portion of bonds	770	840
Current portion of long-term loans payable	1,903	2,112
Others	1,528	1,717
Total current liabilities	5,284	5,654
Fixed liabilities		
Bonds	3,571	4,271
Long-term loans payable	10,363	11,224
Asset retirement obligations	263	265
Others	187	177
Total fixed liabilities	14,385	15,938
Total liabilities	19,669	21,592

(Units: Millions yen)

	Previous consolidated fiscal year (ended Feb. 2017)	Current consolidated 1Q (ended May 31, 2017)
Net assets		
Shareholders' equity		
Capital	287	287
Capital surplus	242	2,302
Retained earnings	3,927	4,675
Treasury stock	(110)	(17)
Total shareholders' equity	4,346	7,248
Total accumulated other comprehensive income		
Net unrealized holding gains on securities	47	49
Deferred gains (losses) on hedging instruments	(13)	(12)
Foreign currency translation adjustment	47	36
Total accumulated other comprehensive income	80	73
Non-controlling interest	42	41
Total net assets	4,470	7,364
Total net assets and liabilities	24,140	28,956

(2) Quarterly profit and loss statement and quarterly consolidated statement of comprehensive income
 (Quarterly profit and loss statement)
 (Consolidated 1Q)

(Units: Millions yen)

	Current consolidated 1Q (March 1, 2017 – May 31, 2017)
Sales	7,253
Cost of sales	4,127
Gross profit on sales	3,125
Sales, general and administrative expenses	1,710
Operating income	1,415
Non-operating income	
Interest income	0
Dividend income	2
Compensation income	5
Others	6
Total non-operating income	14
Non-operating expenses	
Interest paid	38
Commissions paid	118
Foreign exchange loss	2
Others	22
Total non-operating expenses	181
Ordinary income	1,247
Net income before income taxes	1,247
Income taxes – current	462
Income taxes – deferred	38
Total income taxes	500
Net income	746
Net income (loss) attributable to non-controlling interests	(1)
Net income attributable to owners of the parent	747

(3) Notes related to the quarterly financial statements

(Significant subsequent events)

(Stock split)

The company adopted a resolution for execution of a stock split at an extraordinary meeting of the Board of Directors on July 3, 2017.

As a result of the above stock split, a portion of the Articles of Incorporation have been changed.

1. Purpose of stock split

The stock split will be carried out for the purposes of improving the liquidity of our company's stock and expanding the investor base.

2. Overview of the stock split

(1) Split method

The shares held by the shareholders listed or recorded in the final shareholders registry as of August 31, 2017 will be split at the ratio of 7 shares for each share held.

(2) Increase in the number of shares as a result of the stock split

Number of issued shares before stock split:	4,730,000
Number of added shares as a result of this stock split:	28,380,000
Total number of issued shares after stock split:	33,110,000
Total number of issuable shares after stock split:	84,000,000

(3) Effective date of stock split

September 1, 2017

(4) Effects on per-share information

If this stock split is assumed to have taken place at the start of this consolidated fiscal year, the per-share information is as shown below.

	Current consolidated 1Q (March 1, 2017 – May 31, 2017)
Net income per share	23.56 yen