



# Summary of Earnings Report for the 3rd quarter of Fiscal Year Ending February 28, 2018

January 15, 2018

Name of listed company TKP Corporation Tokyo Stock Exchange  
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 Scheduled date of filing: January 15, 2018 Scheduled date of dividend payment  
 Scheduled date of filing:  
 Additional material of financial result: Yes  
 Result meeting: Yes

(Millions yen, rounded down)

## 1. Consolidated Results for the 3rd quarter of Fiscal Year Ending February 28, 2018 (March 1, 2017–Nov. 30, 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	%
3rd quarter year ending Feb. 2018	21,301	29.0	3,042	17.0	2,821	12.8	1,984	47.6
3rd quarter year ended Feb. 2017	16,510	—	2,599	—	2,501	—	1,344	—

(Note) Comprehensive income 3rd quarter year ending Feb. 2018 2,136 Millions yen (64.5%) 3rd quarter year ended Feb. 2017 1,298 Millions yen (—%)

	Net income per share	Diluted net income per share
	¥	¥
3rd quarter year ending Feb. 2018	61.41	60.43
3rd quarter year ended Feb. 2017	44.96	—

### (2) Consolidated Financial Conditions

	Total assets	Net Assets	Shareholders' Equity Ratio	Net Asset per Share
	¥ millions	¥ millions	%	Yen
3rd quarter year ending Feb. 2018	29,857	8,763	29.2	267.33
Year ended Feb. 2017	24,140	4,470	18.3	148.08

(Notes) Shareholders' equity 3rd quarter year ending Feb. 2018 8,716 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	—	0.00	—		
Year ending Feb. 2018 (forecast)				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
Full year	26,839	22.1	3,271	21.4	3,021	18.4	1,705	26.1	52.66

Note: Revision to most recently announced results forecast: None

The figures (forecasts) for net income per share for full year ending February 2018 was 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)	3Q of year ending Feb. 2018	33,110,000 shares	Year ended Feb. 2017	33,110,000 shares
② Treasury stock at year end	3Q of year ending Feb. 2018	504,700 shares	Year ended Feb. 2017	3,208,800 shares
③ Average number of shares during current quarter	3Q of year ending Feb. 2018	32,316,989 shares	3Q of year ended Feb. 2017	29,901,200 shares

Note: On January 14, 2017, our company conducted a 100:1 stock split and on September 1, 2017, our company conducted a 7:1 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

Backed by companies' active recruitment of new graduates and the shifting of part-time workers to full-time employees as a result of pressure on supply in the labor market, the environment surrounding the TKP Group has seen strong demand for our company's conference rooms as a result of growing needs for employee training and other purposes. The improvement in our business results has also led to greater use of our high-quality facilities, and an increase in demand for our highest-quality grade Garden City PREMIUM is expected. In addition, demand for our LecTore series of resort training hotels is also expected to continue to grow as a result of the increasing use of accommodation-type training.

Under these conditions, the TKP Group became listed on the Mothers market at the Tokyo Stock Exchange on March 27, 2017. The company has launched a number of new initiatives including the acquisition of subsidiary Majors Inc. and entry into the high added-value event production business, as well as a capital and business alliance with Otsuka Kagu, Ltd., and the space regeneration of commercial facilities other than office buildings and hotels for use as conference rooms, banquet facilities, and event halls.

Primary openings of new facilities during this third quarter included the remodeled and expanded of APA Hotel TKP Sapporo Ekikita EXCELLENT, the renovated opening of LecTore Atami Koarashi, the new opening of the TKP Garden City Hiroshima Ekimae Ohashi facility that includes co-working spaces, and our company's first compact hotel First Cabin TKP Nagoyaeki.

As a result, the number of rental conference rooms operated by the TKP Group at the end of this consolidated third quarter was 1,829 (up 4.4% from the end of the previous fiscal year), centered primarily on major cities across Japan.

As described above, we succeeded in actively acquiring growing corporate demand and accelerating the opening of new facilities. Consequently, the results for the consolidated first three quarters were sales of 21.301 billion yen (up 29.0% year-on-year), operating income of 3.042 billion yen (up 17.0% year-on-year), ordinary income of 2.821 billion yen (up 12.8% year-on-year), and net income attributable to owners of the parent of 1.984 billion yen (up 47.6% year-on-year).

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

#### (Current assets)

Current assets at the end of this consolidated third quarter increased by 1.907 billion yen from the end of the previous consolidated fiscal year to reach 10.397 billion yen. The primary reason for the increase was an increase in cash and savings of 1.421 billion yen.

#### (Fixed assets)

Fixed assets at the end of this consolidated third quarter increased by 3.809 billion yen from the end of the previous consolidated fiscal year to reach 19.459 billion yen. The primary reasons for the increase were an increase of 1.471 billion yen in buildings and structures, an increase of 629 million yen in lease and guarantee deposits, an increase of 1.576 billion yen in construction in process that is categorized under "Tangible fixed assets – Others", and an increase in investment securities of 1.272 billion yen that is categorized under "Investments and other assets – Others". At the same time, there was a decrease of 2.066 billion yen in land.

#### (Current liabilities)

Current liabilities at the end of this consolidated third quarter increased by 1.635 billion yen from the end of the previous consolidated fiscal year to reach 6.919 billion yen. The primary reasons for the increase were an increase of 623 million yen in the current portion of long-term loans payable, an increase of 309 million yen in accounts payable, and an increase of 185 million yen in income taxes payable.

#### (Fixed liabilities)

Fixed liabilities at the end of this consolidated third quarter decreased by 212 million yen from the end of the previous consolidated fiscal year to reach 14.173 billion yen. The primary reason for the decrease was a decrease of 535 million yen in long-term loans payable, while at the same time there was an increase of 278 million yen in bonds.

#### (Net assets)

Net assets at the end of this consolidated third quarter increased by 4.293 billion yen from the end of the previous consolidated fiscal year to reach 8.763 billion yen. The primary reasons for the increase were an increase of 2.060 billion yen

in capital surplus and an increase of 1.984 billion yen in retained earnings.

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

The consolidated results forecast is presently under examination and any necessary changes will be promptly announced.

## 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 3Q (ended Nov. 30, 2017)
<b>Assets</b>		
Current assets		
Cash and savings	5,494	6,915
Accounts receivable	2,165	2,571
Others	841	918
Allowance for doubtful accounts	(12)	(8)
<b>Total current assets</b>	<b>8,489</b>	<b>10,397</b>
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	4,035	5,506
Land	6,507	4,441
Others (net)	279	2,000
<b>Total tangible fixed assets</b>	<b>10,822</b>	<b>11,948</b>
Intangible fixed assets	64	284
Investments and other assets		
Lease and guarantee deposits	4,021	4,713
Others	776	2,512
Allowance for doubtful accounts	(34)	—
<b>Total investments and other assets</b>	<b>4,763</b>	<b>7,226</b>
<b>Total tangible fixed assets</b>	<b>15,650</b>	<b>19,459</b>
<b>Total assets</b>	<b>24,140</b>	<b>29,857</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	400	709
Income taxes payable	681	866
Current portion of bonds	770	840
Current portion of long-term loans payable	1,903	2,526
Others	1,528	1,976
<b>Total current liabilities</b>	<b>5,284</b>	<b>6,919</b>
Fixed liabilities		
Bonds	3,571	3,850
Long-term loans payable	10,363	9,827
Asset retirement obligations	263	266
Others	187	228
<b>Total fixed liabilities</b>	<b>14,385</b>	<b>14,173</b>
<b>Total liabilities</b>	<b>19,669</b>	<b>21,093</b>

(Units: Millions yen)

	Previous consolidated fiscal year (ended Feb. 2017)	Current consolidated 3Q (ended Nov. 30, 2017)
Net assets		
Shareholders' equity		
Capital	287	287
Capital surplus	242	2,302
Retained earnings	3,927	5,912
Treasury stock	(110)	(17)
Total shareholders' equity	4,346	8,485
Total accumulated other comprehensive income		
Net unrealized holding gains on securities	47	201
Deferred gains (losses) on hedging instruments	(13)	(9)
Foreign currency translation adjustment	47	39
Total accumulated other comprehensive income	80	230
Stock option	—	3
Non-controlling interest	42	43
Total net assets	4,470	8,763
Total net assets and liabilities	24,140	29,857

(2) Quarterly profit and loss statement and quarterly consolidated statement of comprehensive income  
 (Quarterly profit and loss statement)  
 (Consolidated 3Q)

(Units: Millions yen)

	Previous consolidated 3Q (March 1, 2016 – Nov 30, 2016)	Current consolidated 3Q (March 1, 2017 – Nov 30, 2017)
Sales	16,510	21,301
Cost of sales	10,088	12,977
Gross profit on sales	6,421	8,324
Sales, general and administrative expenses	3,821	5,282
Operating income	2,599	3,042
Non-operating income		
Interest income	2	1
Dividend income	5	5
Reversal of allowance of doubtful	3	38
Others	25	21
Total non-operating income	36	66
Non-operating expenses		
Interest paid	83	107
Commissions paid	6	136
Others	44	43
Total non-operating expenses	134	287
Ordinary income	2,501	2,821
Extraordinary income		
Profit from sale of fixed asset	—	487
Total extraordinary income	—	487
Extraordinary losses		
Extraordinary losses	136	—
Total extraordinary losses	136	—
Net income before income taxes	2,365	3,308
Corporate and income tax	1,040	1,297
Income tax adjustment	(18)	25
Total income taxes	1,022	1,322
Net income	1,342	1,985
Net income (loss) attributable to non-controlling interests	(1)	0
Net income attributable to owners of the parent	1,344	1,984

(3) Additional notes

(Important capital expenditure)

Our company decided at our special board meeting held on Dec. 28, 2017 to spend the amount blow for our hotel business.

1. Object of capital expenditure

Construction investment for expansion of accommodation business

2. Content of investment

1, Hakata Daimyo

Location	Daimyo, chuo-ku, Fukuoka-city
Reason of investment	Land and building for hotel
Planned investment	About 3,358 million yen (Land 1,458 million yen, Building about 1,800 million yen)

2, Hakata East Ebisu

Location	East Ebisu, Hakata-ku, Fukuoka-city
Reason of investment	Land and building for hotel
Planned investment	About 2,539 million yen (Land 939 million yen, Building about 1,500 million yen)

3, Planned schedule

1, Hakata Daimyo

Land purchase	Jan. 2018
Opening	Nov. 2019

2, Hakata East Ebisu

Land purchase	Jan. 2018
Opening	Nov. 2019