



Summary of Earnings Report for the 1st quarter of Fiscal Year Ending February 28, 2019

July 17, 2018

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, 2019 (March 1, 2018–May 31, 2018)

(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. 2019	9,118	25.7	1,765	24.8	1,708	36.9	992	32.7
1 st quarter year ended Feb. 2018	7,253	—	1,415	—	1,247	—	747	—

(Note) Comprehensive income 1st quarter year ending Feb. 2019 851 Millions yen (15.0%) 1st quarter year ended Feb. 2018 740 Millions yen (—%)

	Net income per share	Diluted net income per share
	¥	¥
1 st quarter year ending Feb. 2019	30.44	29.76
1 st quarter year ended Feb. 2018	23.56	23.21

(2) Consolidated Financial Conditions

	Total assets	Net Assets	Shareholders' Equity Ratio
	¥ millions	¥ millions	%
1 st quarter year ending Feb. 2019	38,057	9,508	24.8
Year ended Feb. 2018	34,530	8,655	24.9

(Notes) Shareholders' equity 1st quarter year ending Feb. 2019 9,457 Millions yen Year ended Feb. 2017 8,606 Millions yen

2 Dividend information

	Dividend per Share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Feb. 2018	—	0.00	—	0.00	0.00
Year ending Feb. 2019	—				
Year ending Feb. 2019 (forecast))		0.00	—	0.00	0.00

3. Consolidated Business Plan for the Fiscal Year Ending February 28, 2019

(%: 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	17,222	23.2	2,445	6.4	2,319	9.6	1,342	(13.7)	41.17
Full year	34,550	20.4	4,004	16.1	3,729	16.5	2,120	2.4	65.05

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

① Number of shares issued at year end (inc. treasury stock)	1Q of year ending Feb. 2019	33,110,000 shares	Year ended Feb. 2018	33,110,000 shares
② Treasury stock at year end	1Q of year ending Feb. 2019	504,700 shares	Year ended Feb. 2018	504,700 shares
③ Average number of shares during current quarter	1Q of year ending Feb. 2019	32,605,300 shares	1Q of year ended Feb. 2019	31,743,501 shares

1. Qualitative information concerning the quarterly results

(1) Explanation of business results

During this consolidated 1st quarter (March 1, 2018 – May 31, 2018), the environment surrounding the TKP Group saw a large increase in demand for the rental conference rooms and banquet facilities which our Group operates. This increase was driven by growing demand for employee training and related matters as companies are actively recruiting new employees. This is the result of pressure on supply in the labor market that can be seen in the high openings-to-applications ratio. Improved corporate performance has also led to greater use of our high-quality facilities, and there was continued growing demand for our highest-quality grade Garden City PREMIUM.

Under these conditions, the TKP Group is planning to expand the opening of new facilities located inside commercial shops. We opened CIRQ Shinjuku in March 2018 and TKP Garden City PREMIUM Sendai Nishiguchi in April 2018. In April 2018, we also acquired the IPC International Productivity Center at Shonan Village, consisting of 22 training rooms and 160 guest rooms on approximately 40,000 m² of grounds. This facility has been reopened under the TKP Group LecTore brand of corporate accommodation and training facilities, and is now operating as LecTore Hayama Shonan Kokusaimura.

※New facilities opened during 1st quarter are as follows

Period	Open	Name of Facilities	Object	Area
1Q (March –May 2018)	March	CIRQ Shinjuku	Hotel banquet hall, meeting room	Tokyo
	April	TKP Garden City PREMIUM Sendai Nishiguchi	Hotel banquet hall, meeting room	Miyagi
	April	TKP Garden City PREMIUM Minatomirai	Hotel banquet hall, meeting room	Kanagawa
	April	LecTore Hayama Shonan Kokusaimura	Resort training hotel	Kanagawa
	May	TKP Tokyo Station Central Conference Center	Hotel banquet hall, meeting room	Tokyo

As a result of the above, at the end of this consolidated 1st quarter the TKP Group was operating a total of 2,004 conference rooms and banquet facilities (up 7.9% from the end of the previous fiscal year) centered in major cities across Japan.

As a result, the results for this consolidated 1st quarter were sales of 9.118 billion yen (up 25.7% year-on-year), operating income of 1.765 billion yen (up 24.8% year-on-year), ordinary income of 1.708 billion yen (up 36.9% year-on-year), and net income attributable to owners of the parent of 992 million yen (up 32.7% year-on-year).

(2) Explanation of the financial position

(Current assets)

Current assets at the end of this consolidated 1st quarter increased by 814 million yen from the end of the previous consolidated fiscal year to reach 10.529 billion yen. The primary reasons for the increase were an increase of 494 million yen in cash and savings and an increase of 311 million yen in accounts receivable.

(Fixed assets)

Fixed assets at the end of this consolidated 1st quarter increased by 2.712 billion yen from the end of the previous consolidated fiscal year to reach 27.528 billion yen. The primary reason for the increase was an increase of 2.453 billion yen in tangible fixed assets.

(Current liabilities)

Current liabilities at the end of this consolidated 1st quarter decreased by 186 million yen from the end of the previous consolidated fiscal year to reach 7.785 billion yen. Although there was an increase of 416 million yen in the current portion of long-term loans payable, this result was primarily due to a decrease of 512 million yen in income taxes payable.

(Fixed liabilities)

Fixed liabilities at the end of this consolidated 1st quarter increased by 2.859 billion yen from the end of the previous consolidated fiscal year to reach 20.763 billion yen. The primary reason for the increase was an increase of 2.983 billion yen in long-term loans payable.

(Net assets)

Net assets at the end of this consolidated 1st quarter increased by 853 million yen from the end of the previous consolidated fiscal year to reach 9.508 billion yen. The primary reason for the increase was an increase of 992 million yen in retained earnings

2. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheet

(Units: Millions yen)

	Previous consolidated fiscal year (ended Feb. 2018)	Current consolidated 1Q (ended May 31, 2018)
Assets		
Current assets		
Cash and savings	5,706	6,200
Accounts receivable	2,879	3,191
Others	1,153	1,150
Allowance for doubtful accounts	(23)	(12)
Total current assets	9,715	10,529
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	5,551	7,262
Land	8,356	8,509
Others (net)	3,113	3,702
Total tangible fixed assets	17,021	19,474
Intangible fixed assets	273	265
Investments and other assets		
Lease and guarantee deposits	4,983	5,297
Others	2,537	2,490
Total investments and other assets	7,521	7,787
Total tangible fixed assets	24,815	27,528
Total assets	34,530	38,057
Liabilities		
Current liabilities		
Accounts payable	591	692
Income taxes payable	1,123	611
Current portion of bonds	840	790
Current portion of long-term loans payable	3,154	3,570
Others	2,261	2,120
Total current liabilities	7,971	7,785
Fixed liabilities		
Bonds	3,696	3,480
Long-term loans payable	13,668	16,652
Asset retirement obligations	320	390
Others	218	240
Total fixed liabilities	17,904	20,763
Total liabilities	25,875	28,549

(Units: Millions yen)

	Previous consolidated fiscal year (ended Feb. 2018)	Current consolidated 1Q (ended May 31, 2018)
Net assets		
Shareholders' equity		
Capital	287	287
Capital surplus	2,302	2,302
Retained earnings	5,998	6,990
Treasury stock	(17)	(17)
Total shareholders' equity	8,571	9,564
Total accumulated other comprehensive income		
Net unrealized holding gains on securities	8	(91)
Deferred gains (losses) on hedging instruments	(7)	(31)
Foreign currency translation adjustment	34	15
Total accumulated other comprehensive income	34	(107)
Stock Option	5	7
Non-controlling interest	43	43
Total net assets	8,655	9,508
Total net assets and liabilities	34,530	38,057

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

(Units: Millions yen)

	Previous consolidated 1Q (March 1, 2017 – May 31, 2017)	Current consolidated 1Q (March 1, 2018 – May 31, 2018)
Sales	7,253	9,118
Cost of sales	4,127	5,153
Gross profit on sales	3,125	3,964
Sales, general and administrative expenses	1,710	2,199
Operating income	1,415	1,765
Non-operating income		
Dividend income	2	51
Others	12	23
Total non-operating income	14	74
Non-operating expenses		
Interest paid	38	42
Commissions paid	118	37
Loss on sales of fixed assets	—	46
Others	24	5
Total non-operating expenses	181	131
Ordinary income	1,247	1,708
Net income before income taxes	1,247	1,708
Income taxes – current	462	580
Income taxes – adjustment	38	134
Total income taxes	500	715
Net income	746	992
Net income (loss) attributable to non-controlling interests	(1)	0
Net income attributable to owners of the parent	747	992