

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

February 9, 2024

Company name: TECNOS JAPAN INCORPORATED
 Stock exchange listing: Tokyo
 Code number: 3666
 URL: <http://www.tecnos.co.jp/>
 Representative: Takashi Yoshioka Representative Director
 Contact: Kiyoshi Kobayashi Director
 Phone: +81-3-3374-1212
 Scheduled date of filing quarterly securities report: February 14, 2024
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	9,509	18.9	1,173	4.3	1,230	4.0	1,111	41.6
December 31, 2022	7,996	18.1	1,124	16.5	1,183	18.7	784	49.0

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 848 million [(31.9)%]
 Nine months ended December 31, 2022: ¥ 1,245 million [188.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	57.89	57.70
December 31, 2022	40.70	40.65

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	9,491	7,139	73.9
March 31, 2023	9,867	6,564	65.7

(Reference) Equity: As of December 31, 2023: ¥ 7,017 million
 As of March 31, 2023: ¥ 6,485 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	15.50	15.50
Fiscal year ending March 31, 2024	-	0.00	-		
Fiscal year ending March 31, 2024 (Forecast)				16.00	16.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,700	15.2	1,440	11.0	1,475	8.7	1,260	39.7	65.63

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

December 31, 2023: 20,400,000 shares

March 31, 2023: 20,400,000 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 1,205,740 shares

March 31, 2023: 1,203,656 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 19,196,350 shares

Nine months ended December 31, 2022: 19,279,008 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	3,138,635	3,200,988
Trade receivables and contract asset	2,325,234	2,826,799
Electronically recorded monetary claims - operating	406,732	216,097
Merchandise	130	103
Work in process	209	3,254
Prepaid expenses	113,537	104,588
Other	133,497	147,027
Allowance for doubtful accounts	(6,201)	(3,283)
Total current assets	6,111,775	6,495,575
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	248,451	248,097
Accumulated depreciation	(120,114)	(131,029)
Facilities attached to buildings, net	128,336	117,068
Tools, furniture and fixtures	114,281	110,599
Accumulated depreciation	(94,640)	(94,891)
Tools, furniture and fixtures, net	19,641	15,707
Other, net	3,623	-
Total property, plant and equipment	151,601	132,776
Intangible assets		
Software	2,562	1,607
Software in progress	-	600
Customer relationship	490,945	465,899
Goodwill	257,128	225,286
Other	64	64
Total intangible assets	750,701	693,458
Investments and other assets		
Investment securities	2,269,729	1,582,669
Shares of subsidiaries and associates	22,182	20,431
Long-term loans receivable from subsidiaries and associates	15,000	32,648
Long-term prepaid expenses	53,727	58,806
Deferred tax assets	87,353	40,065
Leasehold and guarantee deposits	228,526	228,735
Insurance funds	90,682	94,269
Other	86,096	112,474
Total investments and other assets	2,853,299	2,170,100
Total non-current assets	3,755,601	2,996,335
Total assets	9,867,377	9,491,910

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	669,609	505,636
Short-term borrowings	450,000	300,000
Accounts payable - other	281,236	189,489
Accrued expenses	180,092	171,326
Income taxes payable	378,091	188,264
Accrued consumption taxes	119,224	90,869
Reserve for guarantee for after-care of products	27,024	29,634
Provision for bonuses	301,215	129,574
Provision for bonuses for directors (and other officers)	36,178	-
Provision for shareholder benefit program	15,139	1,582
Other	235,624	276,460
Total current liabilities	2,693,437	1,882,837
Non-current liabilities		
Deferred tax liabilities	466,933	299,886
Provision for retirement benefits for directors (and other officers)	24,870	26,430
Retirement benefit liability	30,089	56,177
Asset retirement obligations	87,672	86,979
Total non-current liabilities	609,565	469,473
Total liabilities	3,303,003	2,352,311
Net assets		
Shareholders' equity		
Share capital	562,520	562,520
Capital surplus	202,747	202,747
Retained earnings	5,125,198	5,939,217
Treasury shares	(819,050)	(815,957)
Total shareholders' equity	5,071,414	5,888,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,288,129	845,874
Foreign currency translation adjustment	127,373	289,289
Remeasurements of defined benefit plans	(1,898)	(5,947)
Total accumulated other comprehensive income	1,413,605	1,129,215
Share award rights	21,585	43,301
Share acquisition rights	6,946	5,849
Non-controlling interests	50,821	72,704
Total net assets	6,564,373	7,139,598
Total liabilities and net assets	9,867,377	9,491,910

Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	7,996,449	9,509,160
Cost of sales	5,508,963	6,469,799
Gross profit	2,487,486	3,039,361
Selling, general and administrative expenses	1,362,833	1,865,904
Operating profit	1,124,652	1,173,457
Non-operating income		
Interest income	10	237
Dividend income	20,980	26,032
Commission income	-	17,280
Gain on forgiveness of debts	22,090	-
Share of profit of entities accounted for using equity method	-	819
Subsidy income	5,590	10,501
Foreign exchange gains	9,908	2,304
Gain on investments in investment partnerships	-	1,880
Other	3,916	5,849
Total non-operating income	62,496	64,905
Non-operating expenses		
Interest expenses	-	2,513
Commission expenses	2,999	5,736
Share of loss of entities accounted for using equity method	583	-
Loss on investments in investment partnerships	316	-
Other	-	0
Total non-operating expenses	3,899	8,250
Ordinary profit	1,183,250	1,230,112
Extraordinary income		
Surrender value of insurance policies	3,673	949
Gain on sale of investment securities	-	459,859
Total extraordinary income	3,673	460,808
Extraordinary losses		
Loss on cancellation of insurance policies	89	61
Total extraordinary losses	89	61
Profit before income taxes	1,186,833	1,690,860
Income taxes - current	432,750	491,536
Income taxes - deferred	(42,899)	73,997
Total income taxes	389,851	565,533
Profit	796,982	1,125,326
Profit attributable to non-controlling interests	12,243	14,016
Profit attributable to owners of parent	784,739	1,111,309

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Thousands of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	796,982	1,125,326
Other comprehensive income		
Valuation difference on available-for-sale securities	238,486	(442,255)
Foreign currency translation adjustment	210,190	169,995
Remeasurements of defined benefit plans, net of tax	-	(4,262)
Total other comprehensive income	448,677	(276,523)
Comprehensive income	1,245,659	848,803
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,223,941	826,920
Comprehensive income attributable to non-controlling interests	21,717	21,882