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Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]

July 30, 2021

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: 03-3374-1212

Scheduled date of filing quarterly securities report: August 13, 2021

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 Three Months Ended June 30, 2021 (April 01, 2021 to June 30, 2021)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2021	2,303	14.5	350	34.5	373	34.6	252	27.5
June 30, 2020	2,011	6.7	260	54.2	277	55.0	198	74.9

(Note) Comprehensive income: Three months ended June 30, 2021: ¥ 240 million [(59.8)%]
Three months ended June 30, 2020: ¥ 598 million [264.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	12.81	12.80
June 30, 2020	10.05	10.05

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2021	6,563	4,976	75.4
March 31, 2021	6,550	4,974	75.6

(Reference) Equity: As of June 30, 2021: ¥ 4,946 million
As of March 31, 2021: ¥ 4,950 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, 2021	-	0.00	-	12.00	12.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		0.00	-	13.00	13.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2021	4,299	7.7	532	10.8	549	10.4	381	7.4	19.32
Full year	8,750	6.7	1,020	10.4	1,055	10.0	710	7.4	36.00

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2021
(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(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: Yes
- 2) Changes in accounting policies other than 1) above: No
- 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):

June 30, 2021:	20,400,000 shares
March 31, 2021:	20,400,000 shares

2) Total number of treasury shares at the end of the period:

June 30, 2021:	675,728 shares
March 31, 2021:	675,728 shares

3) Average number of shares during the period:

Three months ended June 30, 2021:	19,724,272 shares
Three months ended June 30, 2020:	19,719,800 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of June 30,2021
Assets		
Current assets		
Cash and deposits	2,412,436	2,403,530
Accounts receivable - trade	1,565,832	-
Trade receivables and contract asset	-	1,671,988
Work in process	17,871	2,030
Prepaid expenses	102,026	112,844
Other	82,914	75,411
Allowance for doubtful accounts	(9,492)	(7,541)
Total current assets	4,171,589	4,258,263
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	224,195	224,340
Accumulated depreciation	(72,458)	(76,434)
Facilities attached to buildings, net	151,736	147,906
Tools, furniture and fixtures	80,412	82,995
Accumulated depreciation	(59,652)	(62,680)
Tools, furniture and fixtures, net	20,759	20,315
Total property, plant and equipment	172,496	168,221
Intangible assets		
Software	7,445	7,879
Customer relationship	198,625	201,515
Goodwill	210,207	204,969
Other	36	36
Total intangible assets	416,316	414,401
Investments and other assets		
Investment securities	1,410,009	1,337,629
Long-term prepaid expenses	49,440	49,311
Deferred tax assets	11,929	12,866
Leasehold and guarantee deposits	213,473	213,817
Insurance funds	86,938	89,517
Other	18,767	19,264
Total investments and other assets	1,790,558	1,722,406
Total non-current assets	2,379,370	2,305,029
Total assets	6,550,960	6,563,293

(Thousand yen)

	As of March 31,2021	As of June 30,2021
Liabilities		
Current liabilities		
Accounts payable - trade	332,589	405,576
Current portion of long-term borrowings	9,867	17,696
Accounts payable - other	81,287	84,118
Accrued expenses	121,560	131,211
Income taxes payable	326,073	131,195
Accrued consumption taxes	34,281	85,711
Reserve for guarantee for after-care of products	18,109	22,720
Provision for loss on order received	5,636	-
Provision for bonuses	175,079	192,914
Provision for bonuses for directors (and other officers)	6,982	10,881
Other	113,137	183,722
Total current liabilities	1,224,605	1,265,749
Non-current liabilities		
Long-term borrowings	9,422	2,936
Deferred tax liabilities	238,455	220,058
Asset retirement obligations	78,046	78,033
Other	25,462	20,362
Total non-current liabilities	351,386	321,391
Total liabilities	1,575,991	1,587,140
Net assets		
Shareholders' equity		
Share capital	562,520	562,520
Capital surplus	205,461	205,461
Retained earnings	4,100,876	4,114,052
Treasury shares	(576,027)	(576,027)
Total shareholders' equity	4,292,830	4,306,007
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	691,484	641,252
Foreign currency translation adjustment	(34,196)	(1,035)
Total accumulated other comprehensive income	657,287	640,216
Share acquisition rights	6,946	6,946
Non-controlling interests	17,903	22,982
Total net assets	4,974,968	4,976,152
Total liabilities and net assets	6,550,960	6,563,293

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

(Thousand yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Net sales	2,011,731	2,303,757
Cost of sales	1,391,360	1,565,934
Gross profit	620,370	737,823
Selling, general and administrative expenses	359,675	387,289
Operating profit	260,695	350,534
Non-operating income		
Interest income	2	0
Interest on securities	157	-
Dividend income	8,480	16,240
Subsidy income	2,255	4,220
Foreign exchange gains	3,099	294
Other	2,717	2,002
Total non-operating income	16,712	22,757
Non-operating expenses		
Interest expenses	160	-
Total non-operating expenses	160	-
Ordinary profit	277,247	373,292
Extraordinary income		
Surrender value of insurance policies	-	911
Total extraordinary income	-	911
Extraordinary losses		
Loss on cancellation of insurance policies	115	-
Total extraordinary losses	115	-
Profit before income taxes	277,131	374,203
Income taxes - current	79,523	120,978
Income taxes - deferred	(2,052)	(3,076)
Total income taxes	77,470	117,901
Profit	199,660	256,301
Profit attributable to non-controlling interests	1,442	3,649
Profit attributable to owners of parent	198,218	252,652

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

(Thousand yen)

	For the three months ended June 30,2020	For the three months ended June 30,2021
Profit	199,660	256,301
Other comprehensive income		
Valuation difference on available-for-sale securities	404,879	(50,231)
Foreign currency translation adjustment	(5,649)	34,590
Total other comprehensive income	399,230	(15,641)
Comprehensive income	598,890	240,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	597,662	235,581
Comprehensive income attributable to non-controlling interests	1,228	5,079