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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 05, 2022

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 12, 2022

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, 2022 (April 01, 2022 to June 30, 2022)

(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, 2022 | 2,462 | 6.9 | 275 | (21.5) | 312 | (16.2) | 213 | (15.5) |
| June 30, 2021 | 2,303 | 14.5 | 350 | 34.5 | 373 | 34.6 | 252 | 27.5 |

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 323 million [34.3%]
Three months ended June 30, 2021: ¥ 240 million [(59.8)%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen | Yen |
| June 30, 2022 | 10.91 | 10.91 |
| June 30, 2021 | 12.81 | 12.80 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|----------------|--------------|-------------|------------------------|
| As of | Million yen | Million yen | % |
| June 30, 2022 | 6,493 | 5,085 | 77.5 |
| March 31, 2022 | 6,803 | 5,308 | 77.5 |

(Reference) Equity: As of June 30, 2022: ¥ 5,033 million
As of March 31, 2022: ¥ 5,270 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, 2022 | - | 0.00 | - | 14.00 | 14.00 |
| Fiscal year ending March 31, 2023 | - | | | | |
| Fiscal year ending March 31, 2023 (Forecast) | | 0.00 | - | 14.10 | 14.10 |

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

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2023 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% 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, 2022 | 5,160 | 12.4 | 600 | (9.9) | 615 | (10.9) | 415 | (7.5) | 21.03 |
| Full year | 10,390 | 14.8 | 1,200 | 4.9 | 1,240 | 4.1 | 830 | 27.6 | 42.06 |

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

* Notes:

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
(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: 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, 2022: | 20,400,000 shares |
| March 31, 2022: | 20,400,000 shares |

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

| | |
|-----------------|------------------|
| June 30, 2022: | 1,224,999 shares |
| March 31, 2022: | 666,628 shares |

3) Average number of shares during the period:

| | |
|-----------------------------------|-------------------|
| Three months ended June 30, 2022: | 19,565,324 shares |
| Three months ended June 30, 2021: | 19,724,272 shares |

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousand yen)

| | As of March 31,2022 | As of June 30,2022 |
|--|---------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,873,508 | 2,218,959 |
| Trade receivables and contract asset | 1,753,295 | 1,945,126 |
| Work in process | 3,684 | 4,404 |
| Prepaid expenses | 91,550 | 102,826 |
| Other | 96,648 | 129,084 |
| Allowance for doubtful accounts | (10,768) | (5,428) |
| Total current assets | 4,807,919 | 4,394,971 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Facilities attached to buildings | 224,141 | 224,257 |
| Accumulated depreciation | (87,883) | (91,581) |
| Facilities attached to buildings, net | 136,258 | 132,676 |
| Tools, furniture and fixtures | 88,412 | 91,124 |
| Accumulated depreciation | (68,095) | (72,265) |
| Tools, furniture and fixtures, net | 20,317 | 18,859 |
| Other, net | - | 8,337 |
| Total property, plant and equipment | 156,576 | 159,873 |
| Intangible assets | | |
| Software | 4,949 | 4,294 |
| Customer relationship | 148,279 | 153,139 |
| Goodwill | 80,090 | 79,135 |
| Other | 36 | 36 |
| Total intangible assets | 233,356 | 236,606 |
| Investments and other assets | | |
| Investment securities | 1,179,669 | 1,250,329 |
| Long-term prepaid expenses | 50,915 | 52,135 |
| Deferred tax assets | 23,589 | 22,866 |
| Leasehold and guarantee deposits | 213,892 | 211,491 |
| Insurance funds | 95,104 | 97,623 |
| Other | 42,472 | 67,472 |
| Total investments and other assets | 1,605,643 | 1,701,918 |
| Total non-current assets | 1,995,576 | 2,098,399 |
| Total assets | 6,803,496 | 6,493,371 |

(Thousand yen)

| | As of March 31,2022 | As of June 30,2022 |
|--|---------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 416,610 | 383,584 |
| Current portion of long-term borrowings | 21,436 | - |
| Accounts payable - other | 107,644 | 94,494 |
| Accrued expenses | 150,322 | 123,663 |
| Income taxes payable | 169,893 | 98,176 |
| Accrued consumption taxes | 76,970 | 89,995 |
| Reserve for guarantee for after-care of products | 24,214 | 26,342 |
| Provision for bonuses | 71,511 | 106,065 |
| Provision for bonuses for directors (and other officers) | 7,759 | 12,029 |
| Other | 183,993 | 195,880 |
| Total current liabilities | 1,230,356 | 1,130,231 |
| Non-current liabilities | | |
| Deferred tax liabilities | 157,967 | 173,602 |
| Asset retirement obligations | 77,983 | 77,965 |
| Other | 28,239 | 25,765 |
| Total non-current liabilities | 264,191 | 277,333 |
| Total liabilities | 1,494,547 | 1,407,565 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 562,520 | 562,520 |
| Capital surplus | 202,747 | 202,747 |
| Retained earnings | 4,514,586 | 4,449,961 |
| Treasury shares | (568,269) | (841,844) |
| Total shareholders' equity | 4,711,584 | 4,373,384 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 531,628 | 580,666 |
| Foreign currency translation adjustment | 26,807 | 79,286 |
| Total accumulated other comprehensive income | 558,436 | 659,952 |
| Share award rights | - | 5,396 |
| Share acquisition rights | 6,946 | 6,946 |
| Non-controlling interests | 31,982 | 40,126 |
| Total net assets | 5,308,949 | 5,085,806 |
| Total liabilities and net assets | 6,803,496 | 6,493,371 |

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 30,2021 | For the three months ended June 30,2022 |
|--|--|--|
| Net sales | 2,303,757 | 2,462,880 |
| Cost of sales | 1,565,934 | 1,740,519 |
| Gross profit | 737,823 | 722,361 |
| Selling, general and administrative expenses | 387,289 | 447,301 |
| Operating profit | 350,534 | 275,060 |
| Non-operating income | | |
| Dividend income | 16,240 | 13,420 |
| Gain on forgiveness of debts | - | 22,090 |
| Subsidy income | 4,220 | 2,562 |
| Foreign exchange gains | 294 | 1,811 |
| Other | 2,002 | 788 |
| Total non-operating income | 22,757 | 40,673 |
| Non-operating expenses | | |
| Commission expenses | - | 2,797 |
| Total non-operating expenses | - | 2,797 |
| Ordinary profit | 373,292 | 312,935 |
| Extraordinary income | | |
| Surrender value of insurance policies | 911 | - |
| Total extraordinary income | 911 | - |
| Profit before income taxes | 374,203 | 312,935 |
| Income taxes - current | 120,978 | 100,680 |
| Income taxes - deferred | (3,076) | (7,039) |
| Total income taxes | 117,901 | 93,641 |
| Profit | 256,301 | 219,294 |
| Profit attributable to non-controlling interests | 3,649 | 5,838 |
| Profit attributable to owners of parent | 252,652 | 213,455 |

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

(Thousand yen)

| | For the three months ended June 30,2021 | For the three months ended June 30,2022 |
|--|--|--|
| Profit | 256,301 | 219,294 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (50,231) | 49,038 |
| Foreign currency translation adjustment | 34,590 | 54,784 |
| Total other comprehensive income | (15,641) | 103,822 |
| Comprehensive income | 240,660 | 323,116 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 235,581 | 314,972 |
| Comprehensive income attributable to non-controlling interests | 5,079 | 8,144 |