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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 31, 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: November 14, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 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	%
Six months ended September 30, 2022	5,124	11.6	662	(0.5)	705	2.3	473	5.4
September 30, 2021	4,589	15.0	666	38.7	690	38.7	448	26.5

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 685 million [ 79.1%]  
Six months ended September 30, 2021: ¥ 382 million [ (54.7)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	24.45	24.44
September 30, 2021	22.75	22.75

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2022	6,938	5,433	77.4
March 31, 2022	6,803	5,308	77.5

(Reference) Equity: As of September 30, 2022: ¥ 5,367 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	-	0.00			
Fiscal year ending March 31, 2023 (Forecast)			-	14.10	14.10

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

(Note) Breakdown of the 2nd 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
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 six months ended September 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):

September 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:

September 30, 2022: 1,266,799 shares

March 31, 2022: 666,628 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 19,349,457 shares

Six months ended September 30, 2021: 19,724,272 shares

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of September 30,2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,873,508	2,161,246
Trade receivables and contract asset	1,753,295	2,431,616
Work in process	3,684	680
Prepaid expenses	91,550	95,044
Other	96,648	152,903
Allowance for doubtful accounts	(10,768)	(6,932)
<b>Total current assets</b>	<b>4,807,919</b>	<b>4,834,559</b>
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	224,141	224,417
Accumulated depreciation	(87,883)	(95,283)
Facilities attached to buildings, net	136,258	129,133
Tools, furniture and fixtures	88,412	96,156
Accumulated depreciation	(68,095)	(76,263)
Tools, furniture and fixtures, net	20,317	19,893
Other	-	7,453
<b>Total property, plant and equipment</b>	<b>156,576</b>	<b>156,480</b>
Intangible assets		
Software	4,949	3,666
Customer relationship	148,279	165,837
Goodwill	80,090	81,576
Other	36	36
<b>Total intangible assets</b>	<b>233,356</b>	<b>251,117</b>
Investments and other assets		
Investment securities	1,179,669	1,250,049
Long-term prepaid expenses	50,915	49,856
Deferred tax assets	23,589	20,215
Leasehold and guarantee deposits	213,892	211,790
Insurance funds	95,104	97,873
Other	42,472	67,031
<b>Total investments and other assets</b>	<b>1,605,643</b>	<b>1,696,817</b>
<b>Total non-current assets</b>	<b>1,995,576</b>	<b>2,104,416</b>
<b>Total assets</b>	<b>6,803,496</b>	<b>6,938,975</b>

(Thousand yen)

	As of March 31,2022	As of September 30,2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	416,610	419,436
Current portion of long-term borrowings	21,436	-
Accounts payable - other	107,644	108,938
Accrued expenses	150,322	84,449
Income taxes payable	169,893	206,194
Accrued consumption taxes	76,970	71,618
Reserve for guarantee for after-care of products	24,214	22,110
Provision for bonuses	71,511	76,316
Provision for bonuses for directors (and other officers)	7,759	17,693
Other	183,993	213,215
<b>Total current liabilities</b>	<b>1,230,356</b>	<b>1,219,973</b>
Non-current liabilities		
Deferred tax liabilities	157,967	172,907
Asset retirement obligations	77,983	77,948
Other	28,239	34,328
<b>Total non-current liabilities</b>	<b>264,191</b>	<b>285,183</b>
<b>Total liabilities</b>	<b>1,494,547</b>	<b>1,505,157</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	562,520	562,520
Capital surplus	202,747	202,747
Retained earnings	4,514,586	4,709,609
Treasury shares	(568,269)	(862,018)
<b>Total shareholders' equity</b>	<b>4,711,584</b>	<b>4,612,858</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	531,628	580,471
Foreign currency translation adjustment	26,807	174,626
<b>Total accumulated other comprehensive income</b>	<b>558,436</b>	<b>755,098</b>
Share award rights	-	10,792
Share acquisition rights	6,946	6,946
Non-controlling interests	31,982	48,122
<b>Total net assets</b>	<b>5,308,949</b>	<b>5,433,818</b>
<b>Total liabilities and net assets</b>	<b>6,803,496</b>	<b>6,938,975</b>

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

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	4,589,938	5,124,359
Cost of sales	3,101,034	3,573,988
Gross profit	1,488,903	1,550,371
Selling, general and administrative expenses	822,861	887,755
Operating profit	666,041	662,615
Non-operating income		
Interest income	10	10
Dividend income	16,240	13,420
Gain on forgiveness of debts	-	22,090
Subsidy income	4,220	3,372
Foreign exchange gains	1,354	5,060
Other	2,256	2,559
Total non-operating income	24,082	46,513
Non-operating expenses		
Loss on investments in investment partnerships	-	316
Commission expenses	-	2,999
Total non-operating expenses	-	3,315
Ordinary profit	690,124	705,812
Extraordinary income		
Surrender value of insurance policies	911	3,673
Total extraordinary income	911	3,673
Extraordinary losses		
Loss on cancellation of insurance policies	-	89
Total extraordinary losses	-	89
Profit before income taxes	691,035	709,396
Income taxes - current	212,800	235,689
Income taxes - deferred	22,946	(8,803)
Total income taxes	235,746	226,885
Profit	455,288	482,510
Profit attributable to non-controlling interests	6,482	9,406
Profit attributable to owners of parent	448,805	473,103

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

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	455,288	482,510
Other comprehensive income		
Valuation difference on available-for-sale securities	(106,417)	48,843
Foreign currency translation adjustment	34,082	154,552
Total other comprehensive income	(72,335)	203,396
Comprehensive income	382,952	685,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	375,100	669,766
Comprehensive income attributable to non-controlling interests	7,852	16,140

Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	691,035	709,396
Depreciation	29,462	23,390
Amortization of goodwill	23,086	12,224
Loss on insurance cancellation	-	89
Share-based payment expenses	-	15,199
Loss (gain) on investments in investment partnerships	-	316
Gain on forgiveness of debt	-	(22,090)
Increase (decrease) in allowance for doubtful accounts	(2,288)	(5,265)
Increase (decrease) in reserve for guarantee for after-care of products	(3,803)	(2,104)
Increase (decrease) in provision for loss on orders received	34,363	-
Increase (decrease) in provision for bonuses	(169,661)	4,804
Increase (decrease) in provision for bonuses for directors (and other officers)	(6,785)	7,617
Interest and dividend income	(16,250)	(13,430)
Commission expenses	-	2,999
Other loss (gain)	62	(519)
Decrease (increase) in trade receivables	(243,190)	(590,274)
Decrease (increase) in inventories	11,505	3,024
Increase (decrease) in trade payables	21,599	(15,307)
Increase (decrease) in accrued consumption taxes	25,583	1,925
Increase (decrease) in accounts payable - other	6,204	(8,612)
Increase (decrease) in advances received	96,226	18,439
Decrease (increase) in other assets	(20,420)	(48,278)
Increase (decrease) in other liabilities	(12,440)	(87,946)
Subtotal	464,286	5,598
Interest and dividends received	13,762	13,430
Income taxes paid	(348,160)	(202,072)
Net cash provided by (used in) operating activities	129,888	(183,043)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,968)	(4,806)
Proceeds from sale of property, plant and equipment	-	53
Purchase of intangible assets	(1,575)	-
Payments of leasehold and guarantee deposits	(35)	-
Proceeds from refund of leasehold and guarantee deposits	157	3,802
Purchase of insurance funds	(5,158)	(4,978)
Proceeds from cancellation of insurance funds	-	2,120
Payments for investments in capital	-	(25,000)
Net cash provided by (used in) investing activities	(9,579)	(28,808)

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from financing activities		
Purchase of treasury shares	-	(302,968)
Dividends paid	(236,691)	(275,531)
Net cash provided by (used in) financing activities	(236,691)	(578,500)
Effect of exchange rate change on cash and cash equivalents	14,454	78,090
Net increase (decrease) in cash and cash equivalents	(101,927)	(712,262)
Cash and cash equivalents at beginning of period	2,412,436	2,873,508
Cash and cash equivalents at end of period	2,310,508	2,161,246