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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: TECNOS JAPAN INCORPORATED

Listing: Tokyo

Securities code: 3666

URL: <http://www.tecnos.co.jp/>

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Representative Director

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Director

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2024	3,338	2.3	478	3.5	482	(2.7)	318	12.7
June 30, 2023	3,262	32.5	462	68.1	495	58.4	282	32.4

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 406 million [18.9%]
Three months ended June 30, 2023: ¥ 341 million [5.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	16.60	16.57
June 30, 2023	14.72	14.72

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2024	9,945	7,360	72.7
March 31, 2024	9,897	7,298	72.5

(Reference) Equity: As of June 30, 2024: ¥ 7,226 million
As of March 31, 2024: ¥ 7,174 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, 2024	-	0.00	-	18.00	18.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		0.00	-	19.00	19.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending March 31, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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
Six months ending September 30, 2024	6,713	4.9	719	(10.7)	729	(15.7)	504	(41.6)	26.29
Full year	14,300	13.1	1,638	10.0	1,644	6.4	1,138	(17.0)	59.30

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:)
Excluded:	-	(Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

June 30, 2024:	20,400,000 shares
March 31, 2024:	20,400,000 shares

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

June 30, 2024:	1,205,045 shares
March 31, 2024:	1,203,545 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024:	19,195,993 shares
Three months ended June 30, 2023:	19,196,344 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes(voluntary)

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,150,867	3,954,243
Trade receivables and contract asset	2,434,848	2,669,455
Electronically recorded monetary claims - operating	121,503	177,094
Work in process	3,659	-
Prepaid expenses	109,868	140,805
Other	154,904	141,164
Allowance for doubtful accounts	(2,836)	(5,533)
Total current assets	6,972,816	7,077,230
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	246,489	246,649
Accumulated depreciation	(129,888)	(133,631)
Facilities attached to buildings, net	116,601	113,017
Tools, furniture and fixtures	98,408	106,763
Accumulated depreciation	(81,845)	(83,681)
Tools, furniture and fixtures, net	16,563	23,082
Total property, plant and equipment	133,164	136,100
Intangible assets		
Software	1,890	1,580
Customer relationship	443,510	440,636
Goodwill	209,561	198,917
Other	64	64
Total intangible assets	655,026	641,198
Investments and other assets		
Investment securities	1,533,401	1,505,095
Shares of subsidiaries and associates	19,847	-
Long-term loans receivable from subsidiaries and associates	33,312	36,224
Long-term prepaid expenses	58,622	56,219
Deferred tax assets	58,593	61,317
Leasehold and guarantee deposits	234,906	235,550
Insurance funds	91,350	89,675
Other	106,743	106,848
Total investments and other assets	2,136,777	2,090,932
Total non-current assets	2,924,969	2,868,230
Total assets	9,897,785	9,945,461

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	482,234	490,756
Current portion of long-term borrowings	90,000	90,000
Accounts payable - other	215,741	223,388
Accrued expenses	200,991	144,301
Income taxes payable	174,047	144,180
Accrued consumption taxes	104,831	91,882
Reserve for guarantee for after-care of products	17,976	11,562
Provision for bonuses	181,109	227,305
Provision for shareholder benefit program	22,081	8,379
Other	277,140	362,598
Total current liabilities	1,766,154	1,794,355
Non-current liabilities		
Long-term borrowings	360,000	337,500
Deferred tax liabilities	305,192	307,396
Provision for retirement benefits for directors (and other officers)	26,960	-
Retirement benefit liability	53,099	58,535
Asset retirement obligations	87,619	87,610
Total non-current liabilities	832,871	791,042
Total liabilities	2,599,025	2,585,397
Net assets		
Shareholders' equity		
Share capital	562,520	562,520
Capital surplus	202,747	202,747
Retained earnings	6,199,838	6,172,917
Treasury shares	(812,786)	(812,786)
Total shareholders' equity	6,152,319	6,125,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	811,072	791,428
Foreign currency translation adjustment	215,492	311,620
Remeasurements of defined benefit plans	(3,971)	(2,224)
Total accumulated other comprehensive income	1,022,594	1,100,823
Share award rights	48,489	49,204
Share acquisition rights	5,849	5,849
Non-controlling interests	69,506	78,786
Total net assets	7,298,759	7,360,063
Total liabilities and net assets	9,897,785	9,945,461

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

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	3,262,504	3,338,528
Cost of sales	2,199,867	2,146,201
Gross profit	1,062,637	1,192,326
Selling, general and administrative expenses	600,173	713,560
Operating profit	462,463	478,765
Non-operating income		
Interest income	77	76
Dividend income	19,680	12,480
Share of profit of entities accounted for using equity method	1,583	-
Subsidy income	9,531	6,545
Foreign exchange gains	1,346	-
Other	1,977	1,918
Total non-operating income	34,197	21,020
Non-operating expenses		
Interest expenses	1,067	499
Share of loss of entities accounted for using equity method	-	16,935
Foreign exchange losses	-	213
Other	-	25
Total non-operating expenses	1,067	17,673
Ordinary profit	495,593	482,112
Extraordinary income		
Surrender value of insurance policies	891	3,825
Total extraordinary income	891	3,825
Extraordinary losses		
Loss on cancellation of insurance policies	-	22
Total extraordinary losses	-	22
Profit before income taxes	496,485	485,915
Income taxes - current	174,068	156,864
Income taxes - deferred	32,874	6,074
Total income taxes	206,943	162,938
Profit	289,542	322,977
Profit attributable to non-controlling interests	6,947	4,361
Profit attributable to owners of parent	282,594	318,615

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

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	289,542	322,977
Other comprehensive income		
Valuation difference on available-for-sale securities	46,289	(19,644)
Foreign currency translation adjustment	14,468	100,954
Remeasurements of defined benefit plans, net of tax	(8,780)	1,838
Total other comprehensive income	51,978	83,148
Comprehensive income	341,520	406,125
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	334,425	396,844
Comprehensive income attributable to non-controlling interests	7,094	9,280