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Consolidated Financial Results for the Six Months Ended August 31, 2024 [Japanese GAAP]

October 11, 2024

Company name: TECMIRA HOLDINGS INC.

Listing: Tokyo

Securities code: 3627

URL: <https://www.tecmira.com/>

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President & Representative Director

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Scheduled date to file semi-annual securities report: October 11, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated Financial Results for the Six Months Ended August 31, 2024 (March 1, 2024 to August 31, 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	%
Six months ended August 31, 2024	5,554	34.4	11	-	65	20.1	(66)	-
August 31, 2023	4,134	8.9	(34)	-	54	2.1	34	117.9

(Note) Comprehensive income: Six months ended August 31, 2024: ¥ 22 million [(90.0)%]
Six months ended August 31, 2023: ¥ 227 million [(10.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended August 31, 2024	Yen (5.65)	Yen -
August 31, 2023	2.93	2.88

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of August 31, 2024	Millions of yen 10,188	Millions of yen 6,314	61.3%
February 29, 2024	10,110	6,343	62.0

(Reference) Equity: As of August 31, 2024: ¥ 6,243 million
As of February 29, 2024: ¥ 6,272 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 February 29, 2024	-	0.00	-	5.00	5.00
Fiscal year ending February 28, 2025	-	0.00			
Fiscal year ending February 28, 2025 (Forecast)			-	5.00	5.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending February 28, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025(March 1, 2024 to February 28, 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
Full year	10,000	14.5	-	-	300	126.1	200	170.5	16.99

(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 semi-annual consolidated financial statements: Yes

(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: None
- 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):

August 31, 2024:	12,491,500 shares
February 29, 2024:	12,472,200 shares

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

August 31, 2024:	660,105 shares
February 29, 2024:	660,105 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2024:	11,822,494 shares
Six months ended August 31, 2023:	11,734,260 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	2,662,384	3,696,256
Notes and accounts receivable - trade, and contract assets	1,790,080	944,424
Merchandise and finished goods	355,169	351,167
Work in process	131,165	208,684
Raw materials	233,750	203,624
Short-term loans receivable	20,000	-
Advance payments to suppliers	348,556	593,722
Other	558,975	229,536
Allowance for doubtful accounts	(951)	(806)
Total current assets	6,099,131	6,226,609
Non-current assets		
Property, plant and equipment		
Buildings, net	167,754	170,570
Vehicles, net	1,362	1,168
Furniture and fixtures, net	73,102	85,890
Construction in progress	649	1,914
Total property, plant and equipment	242,870	259,544
Intangible assets		
Software	668,101	557,795
Software in progress	305,619	256,537
Goodwill	1,213,872	1,153,178
Other	8,700	10,090
Total intangible assets	2,196,293	1,977,603
Investments and other assets		
Investment securities	713,627	804,323
Investments in capital	474,638	472,443
Deferred tax assets	186,391	193,819
Guarantee deposits	196,153	250,159
Other	1,024	4,278
Total investments and other assets	1,571,835	1,725,023
Total non-current assets	4,010,999	3,962,171
Total assets	10,110,131	10,188,780

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	468,460	331,395
Current portion of long-term borrowings	612,471	580,831
Income taxes payable	22,760	49,572
Contract liabilities	147,371	737,464
Provision for bonuses	204,509	125,895
Provision for loss on construction contracts	8,339	-
Provision for product warranties	427	427
Other	475,086	442,741
Total current liabilities	1,939,426	2,268,328
Non-current liabilities		
Long-term borrowings	1,788,528	1,552,795
Deferred tax liabilities	-	9,906
Asset retirement obligations	35,728	40,389
Other	3,347	3,357
Total non-current liabilities	1,827,605	1,606,448
Total liabilities	3,767,031	3,874,777
Net assets		
Shareholders' equity		
Share capital	2,410,273	2,414,163
Capital surplus	2,339,982	2,343,872
Retained earnings	1,633,298	1,507,416
Treasury shares	(297,166)	(297,166)
Total shareholders' equity	6,086,388	5,968,285
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,889	76,355
Deferred gains or losses on hedges	8,533	(40,715)
Foreign currency translation adjustment	147,915	239,574
Total accumulated other comprehensive income	186,338	275,215
Share acquisition rights	64,289	63,610
Non-controlling interests	6,083	6,892
Total net assets	6,343,099	6,314,003
Total liabilities and net assets	10,110,131	10,188,780

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Net sales	4,134,186	5,554,704
Cost of sales	2,687,384	3,609,735
Gross profit	1,446,802	1,944,969
Selling, general and administrative expenses	1,481,511	1,933,256
Operating profit (loss)	(34,709)	11,713
Non-operating income		
Interest income	581	11,349
Foreign exchange gains	16,178	50,924
Gain on sale of investment securities	72,734	-
Other	4,930	5,696
Total non-operating income	94,423	67,970
Non-operating expenses		
Interest expenses	3,891	10,225
Other	1,505	4,239
Total non-operating expenses	5,396	14,464
Ordinary profit	54,317	65,219
Extraordinary income		
Gain on reversal of share acquisition rights	-	627
Total extraordinary income	-	627
Extraordinary losses		
Loss on valuation of investment securities	-	68,985
Office relocation expenses	-	2,482
Settlement payments	-	7,474
Total extraordinary losses	-	78,942
Profit (loss) before income taxes	54,317	(13,095)
Income taxes	21,982	52,917
Profit (loss)	32,335	(66,013)
Profit (loss) attributable to non-controlling interests	(2,067)	808
Profit (loss) attributable to owners of parent	34,403	(66,821)

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Profit (loss)	32,335	(66,013)
Other comprehensive income		
Valuation difference on available-for-sale securities	132,072	46,466
Deferred gains or losses on hedges	29,965	(49,249)
Foreign currency translation adjustment	33,420	91,659
Total other comprehensive income	195,457	88,877
Comprehensive income	227,793	22,863
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	229,861	22,055
Comprehensive income attributable to non-controlling interests	(2,067)	808

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	54,317	(13,095)
Depreciation	96,494	392,583
Amortization of goodwill	2,891	60,693
Increase (decrease) in provision for bonuses	(90,379)	(78,613)
Increase (decrease) in provision for loss on construction contracts	-	(8,339)
Increase (decrease) in provision for product warranties	(39,676)	-
Loss (gain) on sale of investment securities	(72,734)	-
Loss (gain) on valuation of investment securities	-	68,985
Gain on reversal of share acquisition rights	-	(627)
Office relocation expenses	-	2,482
Settlement payments	-	7,474
Decrease (increase) in trade receivables, and contract assets	313,399	876,253
Decrease (increase) in inventories	42,673	(3,725)
Increase (decrease) in trade payables	(37,622)	(156,147)
Increase (decrease) in contract liabilities	118,415	567,164
Decrease (increase) in advance payments to suppliers	(202,055)	(224,192)
Other, net	(29,143)	154,414
Subtotal	156,579	1,645,311
Interest and dividends received	1,730	13,025
Interest paid	(4,426)	(9,965)
Payments of relocation expenses	(31,220)	(2,482)
Settlement paid	-	(7,474)
Income taxes paid	(32,994)	(20,538)
Income taxes refund	103,459	66,941
Net cash provided by (used in) operating activities	193,128	1,684,815
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,560)	(31,881)
Purchase of intangible assets	(350,719)	(208,136)
Purchase of investment securities	(152,840)	(67,350)
Proceeds from sale of investment securities	234,882	-
Payments of guarantee deposits	-	(52,620)
Payments for investments in capital	(450,000)	-
Long-term loan advances	(80,000)	-
Net cash provided by (used in) investing activities	(847,237)	(359,988)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	500,000
Net increase (decrease) in short-term borrowings	42,291	-
Repayments of long-term borrowings	(197,528)	(767,373)
Proceeds from issuance of shares	12,678	292
Proceeds from share issuance to non-controlling shareholders	5,000	-
Repayments of lease liabilities	(477)	(959)
Dividends paid	(58,045)	(58,699)
Net cash provided by (used in) financing activities	(196,081)	(326,740)
Effect of exchange rate change on cash and cash equivalents	43,224	35,785
Net increase (decrease) in cash and cash equivalents	(806,966)	1,033,872
Cash and cash equivalents at beginning of period	2,983,960	2,662,384

(Thousands of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	72,352	-
Cash and cash equivalents at end of period	2,249,345	3,696,256