

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2024 (Based on Japanese GAAP)

October 15, 2024

Company name: TerraSky Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3915 URL <http://www.terrasky.co.jp>
 Representative: Representative Director Executive President and CEO Hideya Sato
 Director Executive Managing Officer and CFO Koichiro Tsukada
 Inquiries: TEL 03-5255-3410
 Scheduled date to file Semi-annual Securities Report: October 15, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

(1) Consolidated operating results (cumulative)

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	11,929	33.5	610	177.3	677	126.5	367	217.9
Six months ended August 31, 2023	8,936	22.4	219	(40.2)	298	(20.2)	115	(16.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2024	28.54		28.51	
Six months ended August 31, 2023	9.01		8.97	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	18,221	12,157	58.3
As of February 29, 2024	18,446	12,553	60.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2024	–	0.00	–	0.00	0.00
Year ending February 28, 2025	–	0.00	–	–	–
Year ending February 28, 2025 (Forecast)	–	–	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,024	25.5	905	73.3	1,000	52.7	565	88.6	44.02

4. Notes

- (1) Significant changes in the scope of consolidation during the six months ended August 31, 2024: No
- (2) Application of special accounting methods for preparing interim consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of August 31, 2024	12,918,380 shares	As of February 29, 2024	12,866,380 shares
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Number of treasury shares at the end of the period

As of August 31, 2024	8,961 shares	As of February 29, 2024	8,116 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2024	12,893,106 shares	Six months ended August 31, 2023	12,845,387 shares
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Interim consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	5,616,176	5,408,951
Accounts receivable - trade, and contract assets	3,487,748	4,306,810
Prepaid expenses	1,497,985	1,544,338
Other	40,101	39,921
Total current assets	10,642,010	11,300,021
Non-current assets		
Property, plant and equipment	308,584	403,007
Intangible assets		
Software	641,497	647,114
Goodwill	38,952	23,371
Other	245,903	391,592
Total intangible assets	926,353	1,062,078
Investments and other assets		
Investment securities	5,948,726	4,766,874
Deferred tax assets	48,795	50,676
Leasehold and guarantee deposits	510,535	588,731
Other	61,593	50,164
Total investments and other assets	6,569,651	5,456,446
Total non-current assets	7,804,589	6,921,532
Total assets	18,446,600	18,221,554
Liabilities		
Current liabilities		
Accounts payable - trade	1,243,758	1,445,658
Short-term borrowings	200,000	200,000
Current portion of long-term borrowings	23,122	4,362
Income taxes payable	157,779	272,896
Contract liabilities	1,853,712	1,957,685
Other	944,196	1,095,999
Total current liabilities	4,422,569	4,976,602
Non-current liabilities		
Long-term borrowings	5,958	4,122
Deferred tax liabilities	1,452,272	1,072,191
Other	11,870	10,901
Total non-current liabilities	1,470,100	1,087,215
Total liabilities	5,892,670	6,063,817

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Net assets		
Shareholders' equity		
Share capital	1,252,993	1,256,892
Capital surplus	1,711,191	1,715,090
Retained earnings	4,781,663	5,149,647
Treasury shares	(650)	(746)
Total shareholders' equity	7,745,198	8,120,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,342,846	2,490,008
Foreign currency translation adjustment	15,514	10,317
Total accumulated other comprehensive income	3,358,360	2,500,325
Share acquisition rights	–	6,934
Non-controlling interests	1,450,371	1,529,591
Total net assets	12,553,930	12,157,736
Total liabilities and net assets	18,446,600	18,221,554

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Net sales	8,936,675	11,929,182
Cost of sales	6,573,929	8,748,015
Gross profit	2,362,745	3,181,166
Selling, general and administrative expenses	2,142,762	2,571,148
Operating profit	219,983	610,018
Non-operating income		
Commission income	12,089	6,339
Dividend income	8,316	12,615
Subsidy income	10,829	14,363
Foreign exchange gains	2,057	646
Share of profit of entities accounted for using equity method	37,897	19,692
Gain on investments in investment partnerships	–	10,351
Other	12,368	3,775
Total non-operating income	83,558	67,785
Non-operating expenses		
Interest expenses	541	742
Loss on investments in investment partnerships	4,044	–
Total non-operating expenses	4,585	742
Ordinary profit	298,956	677,061
Profit before income taxes	298,956	677,061
Income taxes	131,318	215,855
Profit	167,638	461,205
Profit attributable to non-controlling interests	51,898	93,222
Profit attributable to owners of parent	115,739	367,983

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	167,638	461,205
Other comprehensive income		
Valuation difference on available-for-sale securities	549,479	(852,837)
Foreign currency translation adjustment	(316)	(5,196)
Total other comprehensive income	549,163	(858,034)
Comprehensive income	716,801	(396,828)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	662,793	(480,184)
Comprehensive income attributable to non-controlling interests	54,007	83,355

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	298,956	677,061
Depreciation	174,740	229,284
Amortization of goodwill	16,624	15,580
Share-based payment expenses	7,526	4,910
Interest income	(61)	(463)
Dividend income	(8,316)	(12,615)
Interest expenses	541	742
Share of loss (profit) of entities accounted for using equity method	(37,897)	(19,692)
Decrease (increase) in trade receivables and contract assets	(266,625)	(818,871)
Decrease (increase) in prepaid expenses	15,525	(46,650)
Increase (decrease) in trade payables	110,532	201,899
Increase (decrease) in deposits received	21,100	118,534
Increase (decrease) in accounts payable - other, and accrued expenses	(136,195)	58,131
Increase (decrease) in accrued consumption taxes	79,343	(80,798)
Increase (decrease) in contract liability	65,662	104,048
Increase (decrease) in long-term accounts payable - other	(968)	(968)
Other, net	(37,990)	57,367
Subtotal	302,497	487,500
Interest and dividends received	8,377	13,079
Interest paid	(586)	(739)
Income taxes paid	(143,151)	(112,166)
Income taxes refund	0	–
Subsidy income	10,829	14,363
Net cash provided by (used in) operating activities	177,965	402,037
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,779)	(119,247)
Purchase of intangible assets	(292,757)	(353,077)
Purchase of investment securities	(109,409)	(39,771)
Proceeds from sale of investment securities	–	15,746
Payments of leasehold and guarantee deposits	–	(102,494)
Proceeds from refund of leasehold and guarantee deposits	87	–
Net cash provided by (used in) investing activities	(446,859)	(598,844)
Cash flows from financing activities		
Repayments of long-term borrowings	(40,568)	(20,596)
Proceeds from issuance of shares	1,408	7,799
Proceeds from issuance of share acquisition rights	–	6,934
Distributions to non-controlling interests in consolidated investment funds	–	(4,135)
Other, net	(288)	–
Net cash provided by (used in) financing activities	(39,448)	(9,998)
Effect of exchange rate change on cash and cash equivalents	3,672	(419)
Net increase (decrease) in cash and cash equivalents	(304,669)	(207,224)
Cash and cash equivalents at beginning of period	5,893,872	5,616,176
Cash and cash equivalents at end of period	5,589,202	5,408,951