

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 13, 2023

Company name: TECMIRA HOLDINGS INC.
 Stock exchange listing: Tokyo
 Stock code: 3627 URL <https://www.tecmira.com/>
 Representative: President & Representative Director Masashi Ikeda
 Inquiries: Corporate Planning Department Director Satoru Fujishiro TEL (03)6838-8800
 Scheduled date to file Quarterly Securities Report: October 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(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, 2023	4,134	8.9	(34)	–	54	2.1	34	117.9
Six months ended August 31, 2022	3,795	(19.8)	(48)	–	53	(47.1)	15	(97.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2023	2.93		2.88	
Six months ended August 31, 2022	1.34		1.29	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2023	7,920	5,790	72.3	485.45
As of February 28, 2023	8,021	5,593	69.1	474.68

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2023	–	0.00	–	5.00	5.00
Year ending February 29, 2024	–	0.00			
Year ending February 29, 2024 (Forecast)			–	6.00	6.00

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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	10,200	17.8	–	–	500	29.4	360	36.9	30.82

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly 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, 2023	12,459,800 shares	As of February 28, 2023	12,339,500 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	660,105 shares	As of February 28, 2023	660,105 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, 2023	11,734,260 shares	Six months ended August 31, 2022	11,824,770 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	2,983,960	2,249,345
Notes and accounts receivable - trade, and contract assets	1,705,890	1,394,213
Merchandise and finished goods	317,461	328,038
Work in process	246,024	326,214
Raw materials	354,499	221,152
Short-term loans receivable from subsidiaries and associates	100,000	–
Advance payments to suppliers	98,507	300,563
Other	354,646	297,988
Total current assets	6,160,990	5,117,516
Non-current assets		
Property, plant and equipment		
Buildings, net	128,712	176,929
Vehicles, net	1,732	1,847
furniture and fixtures, net	78,393	79,872
Construction in progress	1,433	1,433
Total property, plant and equipment	210,272	260,083
Intangible assets		
Software	211,522	316,043
Software in progress	329,524	507,722
Goodwill	2,891	–
Other	7,573	8,447
Total intangible assets	551,511	832,213
Investments and other assets		
Investment securities	717,300	817,757
Investments in capital	–	450,000
Long-term loans receivable	–	80,000
Deferred tax assets	182,156	181,859
Guarantee deposits	207,909	189,752
Other	28,882	28,478
Allowance for doubtful accounts	(37,131)	(37,131)
Total investments and other assets	1,099,116	1,710,715
Total non-current assets	1,860,900	2,803,012
Total assets	8,021,890	7,920,529

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	357,787	320,164
Short-term borrowings	–	43,860
Current portion of long-term borrowings	399,016	374,180
Income taxes payable	5,866	34,962
Contract liabilities	128,840	247,255
Provision for bonuses	215,515	125,135
Provision for product warranties	40,637	961
Other	435,505	307,443
Total current liabilities	1,583,169	1,453,962
Non-current liabilities		
Long-term borrowings	792,196	619,504
Deferred tax liabilities	10,955	15,235
Asset retirement obligations	35,368	35,548
Other	6,236	6,120
Total non-current liabilities	844,755	676,408
Total liabilities	2,427,924	2,130,371
Net assets		
Shareholders' equity		
Share capital	2,403,000	2,409,496
Capital surplus	1,511,991	1,518,487
Retained earnings	1,794,478	1,770,230
Treasury shares	(297,166)	(297,166)
Total shareholders' equity	5,412,304	5,401,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,250	142,322
Deferred gains or losses on hedges	(22,173)	7,791
Foreign currency translation adjustment	143,538	176,958
Total accumulated other comprehensive income	131,615	327,073
Share acquisition rights	50,045	57,167
Non-controlling interests	–	4,868
Total net assets	5,593,965	5,790,157
Total liabilities and net assets	8,021,890	7,920,529

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, 2022	Six months ended August 31, 2023
Net sales	3,795,042	4,134,186
Cost of sales	2,348,005	2,687,384
Gross profit	1,447,036	1,446,802
Selling, general and administrative expenses	1,495,865	1,481,511
Operating loss	(48,828)	(34,709)
Non-operating income		
Gain on sale of investment securities	–	72,734
Other	109,555	21,689
Total non-operating income	109,555	94,423
Non-operating expenses		
Interest expenses	4,964	3,891
Other	2,566	1,505
Total non-operating expenses	7,530	5,396
Ordinary profit	53,196	54,317
Profit before income taxes	53,196	54,317
Income taxes	37,405	21,982
Profit	15,790	32,335
Loss attributable to non-controlling interests	–	(2,067)
Profit attributable to owners of parent	15,790	34,403

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	15,790	32,335
Other comprehensive income		
Valuation difference on available-for-sale securities	75,307	132,072
Deferred gains or losses on hedges	26,304	29,965
Foreign currency translation adjustment	136,672	33,420
Total other comprehensive income	238,284	195,457
Comprehensive income	254,074	227,793
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	254,074	229,861
Comprehensive income attributable to non-controlling interests	–	(2,067)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	53,196	54,317
Depreciation	118,029	96,494
Amortization of goodwill	17,349	2,891
Share of loss (profit) of entities accounted for using equity method	1,014	(108)
Loss (gain) on sale of investment securities	–	(72,734)
Increase (decrease) in allowance for doubtful accounts	(755)	–
Increase (decrease) in provision for bonuses	(129,905)	(90,379)
Increase (decrease) in provision for product warranties	–	(39,676)
Decrease (increase) in trade receivables , and contract assets	155,937	313,399
Decrease (increase) in inventories	(279,708)	42,673
Increase (decrease) in trade payables	(131,932)	(37,622)
Increase (decrease) in contract liabilities	68,083	118,415
Decrease (increase) in advance payments to suppliers	(39,739)	(202,055)
Other, net	(182,357)	(29,034)
Subtotal	(350,788)	156,579
Interest and dividends received	1,906	1,730
Interest paid	(4,469)	(4,426)
Payments of relocation expenses	–	(31,220)
Income taxes paid	(271,874)	(32,994)
Income taxes refund	5,306	103,459
Net cash provided by (used in) operating activities	(619,919)	193,128
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,271)	(48,560)
Purchase of intangible assets	(204,263)	(350,719)
Purchase of investment securities	(10,000)	(152,840)
Proceeds from sale of investment securities	–	234,882
Payments for investments in capital	–	(450,000)
Long-term loan advances	–	(80,000)
Net cash provided by (used in) investing activities	(222,535)	(847,237)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(89,539)	42,291
Repayments of long-term borrowings	(217,190)	(197,528)
Proceeds from issuance of shares	4	12,678
Proceeds from share issuance to non-controlling shareholders	–	5,000
Purchase of treasury shares	(181,800)	–
Repayments of lease liabilities	(445)	(477)
Dividends paid	(118,467)	(58,045)
Net cash provided by (used in) financing activities	(607,439)	(196,081)
Effect of exchange rate change on cash and cash equivalents	165,583	43,224
Net increase (decrease) in cash and cash equivalents	(1,284,310)	(806,966)
Cash and cash equivalents at beginning of period	4,982,263	2,983,960
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	72,352
Cash and cash equivalents at end of period	3,697,953	2,249,345