

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 29, 2024
(Based on Japanese GAAP)**

April 12, 2024

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 of ordinary general meeting of shareholders: May 29, 2024
 Scheduled date to file Securities Report: May 30, 2024
 Scheduled date to commence dividend payments: May 30, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2024 (from March 1, 2023 to February 29, 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	%
Year ended February 29, 2024	8,736	0.9	(122)	–	132	(65.7)	73	(71.9)
Year ended February 28, 2023	8,659	(9.3)	180	(65.0)	386	(10.8)	262	(25.6)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2024	6.28	6.17	1.3	1.5	–
Year ended February 28, 2023	22.45	21.81	4.7	4.6	2.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	10,110	6,343	62.0	531.04
As of February 28, 2023	8,021	5,593	69.1	474.68

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2024	60	(1,258)	807	2,662
Year ended February 28, 2023	(699)	(601)	(783)	2,983

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2023	–	0.00	–	5.00	5.00	58	22.3	1.1
Year ended February 29, 2024	–	0.00	–	5.00	5.00	59	79.6	1.0
Year ending February 28, 2025 (Forecast)	–	0.00	–	5.00	5.00		29.4	

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
Six months ending August 31, 2024	4,600	11.3	–	–	(80)	–	(50)	–	(4.25)
Full year	10,000	14.5	–	–	300	126.1	200	170.5	16.99

4. Notes

(1) Changes in significant subsidiaries during the year ended February 29, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of February 29, 2024	12,472,200 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 February 29, 2024	660,105 shares	As of February 28, 2023	660,105 shares
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Average number of shares during the period

Year ended February 29, 2024	11,770,445 shares	Year ended February 28, 2023	11,707,241 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	2,983,960	2,662,384
Notes and accounts receivable - trade	1,282,284	1,251,672
Contract assets	423,605	538,408
Merchandise and finished goods	317,461	355,169
Work in process	246,024	131,165
Raw materials	354,499	233,750
Short-term loans receivable	–	20,000
Short-term loans receivable from subsidiaries and associates	100,000	–
Advance payments to suppliers	98,507	348,556
Other	354,646	558,975
Allowance for doubtful accounts	–	(951)
Total current assets	6,160,990	6,099,131
Non-current assets		
Property, plant and equipment		
Buildings, net	128,712	167,754
Vehicles, net	1,732	1,362
furniture and fixtures, net	78,393	73,102
Construction in progress	1,433	649
Total property, plant and equipment	210,272	242,870
Intangible assets		
Software	211,522	668,101
Software in progress	329,524	305,619
Goodwill	2,891	1,213,872
Other	7,573	8,700
Total intangible assets	551,511	2,196,293
Investments and other assets		
Investment securities	717,300	713,627
Investments in capital	–	474,638
Deferred tax assets	182,156	186,391
Guarantee deposits	207,909	196,153
Other	28,882	1,024
Allowance for doubtful accounts	(37,131)	–
Total investments and other assets	1,099,116	1,571,835
Total non-current assets	1,860,900	4,010,999
Total assets	8,021,890	10,110,131

(Thousands of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	357,787	468,460
Current portion of long-term borrowings	399,016	612,471
Income taxes payable	5,866	22,760
Contract liabilities	128,840	147,371
Provision for bonuses	215,515	204,509
Provision for loss on construction contracts	–	8,339
Provision for product warranties	40,637	427
Other	435,505	475,086
Total current liabilities	1,583,169	1,939,426
Non-current liabilities		
Long-term borrowings	792,196	1,788,528
Deferred tax liabilities	10,955	–
Asset retirement obligations	35,368	35,728
Other	6,236	3,347
Total non-current liabilities	844,755	1,827,605
Total liabilities	2,427,924	3,767,031
Net assets		
Shareholders' equity		
Share capital	2,403,000	2,410,273
Capital surplus	1,511,991	2,339,982
Retained earnings	1,794,478	1,633,298
Treasury shares	(297,166)	(297,166)
Total shareholders' equity	5,412,304	6,086,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,250	29,889
Deferred gains or losses on hedges	(22,173)	8,533
Foreign currency translation adjustment	143,538	147,915
Total accumulated other comprehensive income	131,615	186,338
Share acquisition rights	50,045	64,289
Non-controlling interests	–	6,083
Total net assets	5,593,965	6,343,099
Total liabilities and net assets	8,021,890	10,110,131

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Net sales	8,659,226	8,736,684
Cost of sales	5,565,684	5,865,159
Gross profit	3,093,542	2,871,525
Selling, general and administrative expenses	2,912,963	2,994,504
Operating profit (loss)	180,578	(122,979)
Non-operating income		
Foreign exchange gains	207,300	119,988
Gain on sale of investment securities	–	114,142
Other	12,186	39,456
Total non-operating income	219,486	273,587
Non-operating expenses		
Interest expenses	9,273	10,261
Loss on abandonment of inventories	–	2,412
Other	4,300	5,273
Total non-operating expenses	13,573	17,947
Ordinary profit	386,491	132,661
Extraordinary income		
Gain on reversal of share acquisition rights	313	–
Total extraordinary income	313	–
Extraordinary losses		
Impairment losses	17,368	–
Loss on valuation of investment securities	–	46,996
Business restructuring expenses	–	8,026
Office relocation expenses	35,382	–
Settlement money paid	37,364	–
Total extraordinary losses	90,115	55,023
Profit before income taxes	296,689	77,637
Income taxes - current	53,948	22,592
Income taxes - deferred	(20,133)	(18,029)
Total income taxes	33,814	4,563
Profit	262,874	73,074
Loss attributable to non-controlling interests	–	(852)
Profit attributable to owners of parent	262,874	73,927

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	262,874	73,074
Other comprehensive income		
Valuation difference on available-for-sale securities	(39,097)	19,638
Deferred gains or losses on hedges	(28,073)	30,707
Foreign currency translation adjustment	70,908	4,376
Total other comprehensive income	3,737	54,722
Comprehensive income	266,611	127,797
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	266,611	128,649
Comprehensive income attributable to non-controlling interests	–	(852)

Consolidated statements of changes in equity

Fiscal year ended February 28, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,391,423	1,500,413	1,650,907	(115,366)	5,427,378
Changes during period					
Issuance of new shares	11,577	11,577			23,154
Dividends of surplus			(119,302)		(119,302)
Profit attributable to owners of parent			262,874		262,874
Purchase of treasury shares				(181,800)	(181,800)
Change in scope of consolidation					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					–
Total changes during period	11,577	11,577	143,571	(181,800)	(15,073)
Balance at end of period	2,403,000	1,511,991	1,794,478	(297,166)	5,412,304

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	49,348	5,899	72,630	127,877	37,754	–	5,593,010
Changes during period							
Issuance of new shares							23,154
Dividends of surplus							(119,302)
Profit attributable to owners of parent							262,874
Purchase of treasury shares							(181,800)
Change in scope of consolidation							–
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes in items other than shareholders' equity	(39,097)	(28,073)	70,908	3,737	12,291		16,029
Total changes during period	(39,097)	(28,073)	70,908	3,737	12,291		955
Balance at end of period	10,250	(22,173)	143,538	131,615	50,045	–	5,593,965

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,403,000	1,511,991	1,794,478	(297,166)	5,412,304
Changes during period					
Issuance of new shares	7,273	7,273			14,546
Dividends of surplus			(58,396)		(58,396)
Profit attributable to owners of parent			73,927		73,927
Purchase of treasury shares					–
Change in scope of consolidation		822,717	(176,710)		646,006
Change in ownership interest of parent due to transactions with non-controlling interests		(2,000)			(2,000)
Net changes in items other than shareholders' equity					–
Total changes during period	7,273	827,991	(161,180)		674,084
Balance at end of period	2,410,273	2,339,982	1,633,298	(297,166)	6,086,388

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	10,250	(22,173)	143,538	131,615	50,045	–	5,593,965
Changes during period							
Issuance of new shares							14,546
Dividends of surplus							(58,396)
Profit attributable to owners of parent							73,927
Purchase of treasury shares							–
Change in scope of consolidation						1,936	647,943
Change in ownership interest of parent due to transactions with non-controlling interests							(2,000)
Net changes in items other than shareholders' equity	19,638	30,707	4,376	54,722	14,243	4,147	73,113
Total changes during period	19,638	30,707	4,376	54,722	14,243	6,083	749,133
Balance at end of period	29,889	8,533	147,915	186,338	64,289	6,083	6,343,099

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	296,689	77,637
Depreciation	240,259	263,566
Impairment losses	17,368	–
Amortization of goodwill	34,698	2,891
Increase (decrease) in allowance for doubtful accounts	(5,146)	(36,180)
Increase (decrease) in provision for bonuses	(44,339)	(11,006)
Increase (decrease) in provision for loss on construction contracts	–	8,339
Increase (decrease) in provision for product warranties	40,210	(40,210)
Loss (gain) on sale of investment securities	–	(114,142)
Loss (gain) on valuation of investment securities	–	46,996
Loss (gain) on investments in investment partnerships	–	(25,542)
Business restructuring expenses	–	8,026
Office relocation expenses	35,382	–
Settlement money paid	37,364	–
Decrease (increase) in trade receivables , and contract assets	(571,272)	(36,720)
Decrease (increase) in inventories	(420,724)	242,374
Increase (decrease) in trade payables	(12,660)	62,241
Increase (decrease) in contract liabilities	28,612	(90,421)
Decrease (increase) in advance payments to suppliers	192,834	(242,300)
Other, net	(132,378)	(35,405)
Subtotal	(263,101)	80,146
Interest and dividends received	2,762	2,690
Interest paid	(8,920)	(8,726)
Payments for business restructuring	–	(8,026)
Payments of relocation expenses	–	(31,220)
Settlement paid	(37,364)	–
Income taxes paid	(393,189)	(77,633)
Income taxes refund	–	103,459
Net cash provided by (used in) operating activities	(699,812)	60,689
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,519)	(81,740)
Purchase of intangible assets	(471,784)	(610,306)
Purchase of investment securities	(18,000)	(222,770)
Proceeds from sale of investment securities	–	278,728
Payments for investments in capital	–	(450,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(42,212)
Loan advances	(100,000)	(195,000)
Proceeds from collection of loans receivable	–	65,000
Net cash provided by (used in) investing activities	(601,303)	(1,258,299)

(Thousands of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(89,539)	(2,562)
Proceeds from long-term borrowings	–	1,249,016
Repayments of long-term borrowings	(413,526)	(399,016)
Proceeds from issuance of shares	20,674	13,919
Proceeds from share issuance to non-controlling shareholders	–	5,000
Purchase of treasury shares	(181,800)	–
Repayments of lease liabilities	(923)	(954)
Dividends paid	(118,596)	(58,298)
Net cash provided by (used in) financing activities	(783,710)	807,105
Effect of exchange rate change on cash and cash equivalents	86,524	(3,423)
Net increase (decrease) in cash and cash equivalents	(1,998,303)	(393,928)
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	2,983,960	2,662,384