

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 5, 2021

Company name: teno.Holdings Company Limited  
 Stock exchange listing: Tokyo, Fukuoka  
 Stock code: 7037 URL <https://www.teno.co.jp/>  
 Representative: President & CEO Hiroko Ikeuchi  
 Inquiries: Director, GM of Administrative Headquarter Haruhiko Yoshino TEL 092 (263) 3550  
 Scheduled date to file Quarterly Securities Report: August 6, 2021  
 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 June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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 June 30, 2021	5,794	8.4	272	(21.8)	286	(16.3)	177	(16.7)
Six months ended June 30, 2020	5,344	6.7	349	43.6	341	46.3	212	42.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	37.93		37.63	
Six months ended June 30, 2020	45.69		45.22	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	7,462	2,270	30.4
As of December 31, 2020	7,419	2,127	28.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	–	0.00	–	8.20	8.20
Year ending December 31, 2021	–	0.00			
Year ending December 31, 2021 (Forecast)			–	8.40	8.40

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	12,000	11.3	620	1.3	594	–	364	7.3	78.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021  
 (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: No
- (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 June 30, 2021	4,679,700 shares	As of December 31, 2020	4,657,500 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	224 shares	As of December 31, 2020	183 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	4,672,812 shares	Six months ended June 30, 2020	4,655,405 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	1,895,696	2,138,067
Accounts receivable - trade	955,655	753,389
Other	356,148	317,524
Allowance for doubtful accounts	(1,028)	(1,081)
Total current assets	3,206,472	3,207,900
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,376,863	2,427,725
Accumulated depreciation	(723,967)	(794,608)
Buildings and structures, net	1,652,896	1,633,117
Leased assets	15,633	15,633
Accumulated depreciation	(10,770)	(12,184)
Leased assets, net	4,863	3,449
Construction in progress	81,040	78,386
Other	341,161	355,235
Accumulated depreciation	(291,906)	(301,422)
Other, net	49,254	53,813
Total property, plant and equipment	1,788,055	1,768,766
Intangible assets		
Goodwill	710,548	680,166
Other	110,618	150,823
Total intangible assets	821,167	830,990
Investments and other assets		
Long-term loans receivable	818,039	798,031
Long-term prepaid expenses	355,249	355,200
Deferred tax assets	58,681	141,638
Leasehold and guarantee deposits	371,501	359,630
Other	581	1,004
Allowance for doubtful accounts	(581)	(1,004)
Total investments and other assets	1,603,471	1,654,500
Total non-current assets	4,212,694	4,254,257
Total assets	7,419,167	7,462,158

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	24,001	25,319
Short-term borrowings	300,000	500,000
Current portion of long-term borrowings	441,312	448,288
Accounts payable - other	795,981	613,922
Income taxes payable	185,859	195,198
Provision for bonuses	47,924	270,960
Other	600,794	416,247
<b>Total current liabilities</b>	<b>2,395,874</b>	<b>2,469,938</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,767,782	2,595,331
Deferred tax liabilities	2,764	—
Provision for retirement benefits for directors (and other officers)	16,513	18,342
Asset retirement obligations	92,197	92,379
Other	16,369	15,416
<b>Total non-current liabilities</b>	<b>2,895,627</b>	<b>2,721,470</b>
<b>Total liabilities</b>	<b>5,291,501</b>	<b>5,191,408</b>

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	451,141	453,184
Capital surplus	528,641	530,684
Retained earnings	1,148,074	1,287,123
Treasury shares	(191)	(241)
Total shareholders' equity	2,127,665	2,270,749
Total net assets	2,127,665	2,270,749
Total liabilities and net assets	7,419,167	7,462,158

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	5,344,175	5,794,707
Cost of sales	4,329,605	4,821,191
Gross profit	1,014,569	973,515
Selling, general and administrative expenses	665,506	700,613
Operating profit	349,063	272,902
Non-operating income		
Interest income	2,728	2,514
Subsidy income	150	20,816
Other	677	453
Total non-operating income	3,555	23,785
Non-operating expenses		
Interest expenses	7,776	8,408
Payments for employment of persons with disabilities	2,340	945
Other	609	1,287
Total non-operating expenses	10,726	10,641
Ordinary profit	341,892	286,046
Extraordinary income		
Subsidy income	399,029	478,810
Total extraordinary income	399,029	478,810
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	398,930	476,868
Other	–	4,444
Total extraordinary losses	398,930	481,312
Profit before income taxes	341,991	283,543
Income taxes - current	206,573	192,025
Income taxes - deferred	(77,275)	(85,721)
Total income taxes	129,298	106,304
Profit	212,693	177,239
Profit attributable to owners of parent	212,693	177,239

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	212,693	177,239
Comprehensive income	212,693	177,239
Comprehensive income attributable to Comprehensive income attributable to owners of parent	212,693	177,239

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	341,991	283,543
Depreciation	84,201	100,474
Amortization of goodwill	10,382	30,382
Increase (decrease) in allowance for doubtful accounts	(1,331)	476
Increase (decrease) in provision for bonuses	200,119	223,036
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1,749	1,828
Interest and dividend income	(2,728)	(2,514)
Interest expenses	7,776	8,408
Subsidy income	(399,029)	(478,810)
Loss on tax purpose reduction entry of non-current assets	398,930	476,868
Decrease (increase) in trade receivables	109,968	202,265
Increase (decrease) in trade payables	1,186	1,317
Increase (decrease) in accounts payable - other	(117,741)	(142,080)
Other, net	(117,953)	(129,075)
Subtotal	517,521	576,122
Interest and dividends received	4	5
Interest paid	(8,333)	(8,997)
Income taxes paid	(127,972)	(181,663)
Net cash provided by (used in) operating activities	381,220	385,467
Cash flows from investing activities		
Payments into time deposits	(1,000)	(9,000)
Purchase of property, plant and equipment	(732,264)	(570,112)
Purchase of intangible assets	(32,010)	(69,115)
Payments for acquisition of businesses	(242,000)	–
Subsidies received	399,029	478,810
Long-term loan advances	(19,952)	–
Collection of long-term loans receivable	22,267	22,659
Payments of leasehold and guarantee deposits	(17,118)	(9,934)
Proceeds from refund of leasehold and guarantee deposits	8,273	5,739
Net cash provided by (used in) investing activities	(614,774)	(150,952)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20,800)	200,000
Proceeds from long-term borrowings	170,000	70,000
Repayments of long-term borrowings	(179,037)	(235,474)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	856	4,084
Purchase of treasury shares	–	(50)
Dividends paid	(36,796)	(38,163)
Repayments of lease obligations	(728)	(1,540)
Net cash provided by (used in) financing activities	(66,506)	(1,143)
Net increase (decrease) in cash and cash equivalents	(300,060)	233,371
Cash and cash equivalents at beginning of period	1,783,055	1,865,696
Cash and cash equivalents at end of period	1,482,994	2,099,067