

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 2023

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 Motoshi Okada TEL 092 (263) 3550
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2023	7,156	20.7	271	11.5	71	(8.0)	83	(3.3)	81	220.1
Six months ended June 30, 2022	5,929	2.3	235	(41.6)	77	(71.7)	86	(69.8)	25	(85.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	17.95		17.87	
Six months ended June 30, 2022	5.53		5.50	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	9,223	2,221	24.1
As of December 31, 2022	9,323	2,180	23.4

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, 2022	–	0.00	–	9.00	9.00
Year ending December 31, 2023	–	0.00			
Year ending December 31, 2023 (Forecast)			–	9.00	9.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	14,700	21.2	200	29.7	190	21.3	120	–	25.58

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2023
 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2023	4,690,500 shares	As of December 31, 2022	4,685,700 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	132,724 shares	As of December 31, 2022	132,724 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, 2023	4,556,980 shares	Six months ended June 30, 2022	4,621,114 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,174	1,766
Accounts receivable - trade and contract assets	1,147	1,132
Inventories	67	68
Other	604	847
Allowance for doubtful accounts	(3)	(3)
Total current assets	3,989	3,811
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,679	2,719
Accumulated depreciation	(1,121)	(1,203)
Buildings and structures, net	1,557	1,516
Leased assets	48	48
Accumulated depreciation	(42)	(43)
Leased assets, net	6	5
Construction in progress	105	9
Other	454	465
Accumulated depreciation	(395)	(415)
Other, net	58	50
Total property, plant and equipment	1,728	1,581
Intangible assets		
Goodwill	1,636	1,752
Other	229	259
Total intangible assets	1,865	2,011
Investments and other assets		
Investment securities	10	10
Long-term loans receivable	737	717
Long-term prepaid expenses	328	323
Deferred tax assets	165	225
Leasehold and guarantee deposits	497	542
Other	1	2
Allowance for doubtful accounts	(1)	(2)
Total investments and other assets	1,739	1,818
Total non-current assets	5,333	5,411
Total assets	9,323	9,223

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	60	42
Short-term borrowings	1,140	1,139
Current portion of long-term borrowings	652	531
Accounts payable - other	801	675
Income taxes payable	26	66
Provision for bonuses	64	296
Contract liabilities	624	487
Other	370	626
Total current liabilities	3,739	3,865
Non-current liabilities		
Long-term borrowings	3,137	2,858
Deferred tax liabilities	8	–
Provision for retirement benefits for directors (and other officers)	26	35
Asset retirement obligations	209	222
Other	20	19
Total non-current liabilities	3,402	3,136
Total liabilities	7,142	7,001
Net assets		
Shareholders' equity		
Share capital	453	454
Capital surplus	531	531
Retained earnings	1,280	1,321
Treasury shares	(84)	(84)
Total shareholders' equity	2,180	2,221
Total net assets	2,180	2,221
Total liabilities and net assets	9,323	9,223

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	5,929	7,156
Cost of sales	5,035	6,061
Gross profit	894	1,094
Selling, general and administrative expenses	817	1,023
Operating profit	77	71
Non-operating income		
Interest income	2	2
Subsidy income	19	20
Other	3	2
Total non-operating income	25	25
Non-operating expenses		
Interest expenses	8	10
Commission for purchase of treasury shares	4	–
Other	4	2
Total non-operating expenses	16	12
Ordinary profit	86	83
Extraordinary income		
Subsidy income	246	290
Total extraordinary income	246	290
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	246	290
Total extraordinary losses	246	290
Profit before income taxes	86	83
Income taxes - current	149	65
Income taxes - deferred	(88)	(63)
Total income taxes	61	1
Profit	25	81
Profit attributable to owners of parent	25	81

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	25	81
Comprehensive income	25	81
Comprehensive income attributable to Comprehensive income attributable to owners of parent	25	81

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	86	83
Depreciation	98	116
Amortization of goodwill	59	84
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for bonuses	212	232
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	(3)
Interest and dividend income	(2)	(2)
Interest expenses	8	10
Subsidy income	(246)	(290)
Loss on tax purpose reduction entry of non-current assets	246	290
Decrease (increase) in trade receivables and contract assets	79	14
Increase (decrease) in trade payables	8	(18)
Increase (decrease) in accounts payable - other	(112)	(131)
Increase (decrease) in contract liabilities	(64)	(137)
Other, net	(11)	(24)
Subtotal	362	223
Interest and dividends received	0	0
Interest paid	(8)	(10)
Income taxes paid	(111)	(25)
Net cash provided by (used in) operating activities	242	187
Cash flows from investing activities		
Payments into time deposits	(10)	(1)
Purchase of property, plant and equipment	(214)	(225)
Purchase of intangible assets	(53)	(34)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(463)	(172)
Subsidies received	246	290
Proceeds from collection of long-term loans receivable	22	22
Payments of leasehold and guarantee deposits	(22)	(34)
Proceeds from refund of leasehold and guarantee deposits	5	2
Net cash provided by (used in) investing activities	(489)	(152)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50)	(1)
Proceeds from long-term borrowings	800	–
Repayments of long-term borrowings	(523)	(399)
Repayments of lease liabilities	(1)	(2)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	0
Purchase of treasury shares	(88)	–
Dividends paid	(39)	(41)
Net cash provided by (used in) financing activities	97	(443)
Net increase (decrease) in cash and cash equivalents	(149)	(408)
Cash and cash equivalents at beginning of period	1,745	2,113
Cash and cash equivalents at end of period	1,595	1,704