

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes.  
In the event of any discrepancy between this translated version and the original Japanese version, the latter shall prevail.



February 14, 2022

## Summary of Consolidated Financial Results for the Full-Term of the Fiscal Year 2021 (FY12/2021) [Japanese GAAP] (Consolidated)

Company name: teno Holdings Company Limited  
 Stock exchange listing: Tokyo, Fukuoka  
 Securities code: 7037 URL: <https://www.teno.co.jp/>  
 Representative: President & CEO Hiroko Ikeuchi  
 Inquiries: Director Haruhiko Yoshino TEL: 81-92-263-3550  
 Scheduled date of ordinary general meeting of shareholders: March 24, 2022  
 Scheduled date to file Securities Report: March 24, 2022  
 Scheduled date to commence dividend payments: March 25, 2022  
 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 of FY12/2021 (January 1, 2021 – December 31, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year increase/decrease)

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY12/2021	11,454	6.3	467	(23.6)	455	(23.3)	237	(30.1)
FY12/2020	10,778	7.2	612	26.1	593	28.9	339	18.0

(Note) Comprehensive income FY12/2021: 237 million yen [(30.1)%]  
 FY12/2020: 339 million yen [18.0%]

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to total assets ratio
	yen	yen	%	%	%
FY12/2021	50.71	50.35	10.6	6.2	4.1
FY12/2020	72.83	72.06	17.2	8.8	5.7

(Reference) Share of loss of entities accounted for using equity method FY2021: – million yen  
 FY2020: – million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY12/2021	7,294	2,331	32.0	497.82
FY12/2020	7,419	2,127	28.7	456.84

(Reference) Shareholders equity FY12/2021: 2,331 million yen  
 FY12/2020: 2,127 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	million yen	million yen	million yen	million yen
FY12/2021	292	(251)	(161)	1,745
FY12/2020	508	(1,103)	677	1,865

### 2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY12/2020	—	0.00	—	8.20	8.20	38	11.3	1.9
FY12/2021	—	0.00	—	8.40	8.40	39	16.6	1.8
FY12/2022 (forecasts)	—	0.00	—	9.00	9.00		16.4	

### 3. Consolidated performance forecasts for FY12/2022 (January 1, 2022 – December 31, 2022)

Percentages indicate year-on-year increase/decrease

	Net sales		Operating profit		Ordinary profit		Net profit attributable to owners of parent		Net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-term	12,500	9.1	477	2.0	459	0.8	257	8.4	54.88

**\*Notes**

- (1) Changes in significant subsidiaries during the period  
(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
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement of prior period financial statements: No

## (3) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury stock)

FY12/2021:	4,683,300 shares	FY12/2020:	4,657,500 shares
------------	------------------	------------	------------------

- ② Number of treasury stock at the end of the period

FY12/2021:	224 shares	FY12/2020:	183 shares
------------	------------	------------	------------

- ③ Average number of shares during the period

FY12/2021:	4,676,356 shares	FY12/2020:	4,656,237 shares
------------	------------------	------------	------------------

## (Reference) Unconsolidated financial results

## 1. Unconsolidated financial results of FY12/2021 (January 1, 2021 – December 31, 2021)

## (1) Unconsolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%
FY12/2021	528	5.8	99	5.2	147	0.6	100	0.7
FY12/2020	500	19.0	94	115.4	146	69.8	99	73.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
FY12/2021	21.40		21.25	
FY12/2020	21.34		21.12	

## (2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
FY12/2021	5,030	1,534	30.5	327.71
FY12/2020	5,107	1,468	28.7	315.23

(Reference) Shareholders equity FY12/2020: 1,534 million yen  
FY12/2021: 1,468 million yen

\* Summary of financial results is not covered by audit by a certified public accountant or an auditing firm.

\* Explanation regarding appropriate use of the performance forecasts and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 4, "1. Overall Operating Results, etc., (4) Forecasts for the future".

(How to obtain supplementary material on financial results)

Briefing for institutional investors and analysts will be held on February 17, 2022 (Thu.). Supplementary material on financial results will be posted on our website on the same day of financial results briefing. The briefing will be held as follows.

【Date and time】 February 17, 2022 (Thu.), 16:00 - 17:00

【Form of briefing】 Live streaming with online tools

【Entry form】 Please visit: <https://forms.gle/CSBx2GM1PGGc3h1M9>

## ○ Table of Contents: Appendix

1. Overall Operating Results, etc. ....	2
(1) Overall operating results of the current period.....	2
(2) Overall financial position of the current period .....	3
(3) Overall cash flows of the current period .....	3
(4) Forecasts for the future .....	4
(5) Basic principle of profit allocation and dividends for the current/next term.....	5
2. Basic Idea for the Selection of Accounting Standards .....	5
3. Consolidated Financial Statements and Principal Notes .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Income and Statements of Comprehensive Income.....	8
Consolidated Statements of Income .....	8
Consolidated Statements of Comprehensive Income .....	8
(3) Consolidated Statements of Changes in Equity .....	9
(4) Consolidated Cash Flow Statements .....	10
(5) Notes on Consolidated Financial Statements .....	11
(Going Concern Assumption).....	11
(Notes on Consolidated Statements of Income) .....	11
(Segment Information, etc.).....	11
(Per Share Data) .....	16
(Significant Post-Balance Sheet Events) .....	17

**1. Overall Operating Results, etc.****(1) Overall operating results of the current period**

During the current consolidated fiscal year, despite national progress of vaccination against COVID-19, Japanese economy has still experienced restrictions on social and economic activities due to rapid spread of mutant strains and consequential announcement of State of Emergency Declaration and Stricter Countermeasures. In addition, the highly-infectious Omicron variant has spread since around the end of 2021 and we still cannot predict when such a situation would come to an end, so it is still necessary to consider carefully about impacts of the movement of this pandemic on our economy.

Concerning the business environment surrounding the Group, in line with the “Intensive Policy to Accelerate the Empowerment of Women 2021” adopted by the government in June 2021 and under the policy to strongly work on creating an environment in which both men and women are able to balance their work with child-raising and other matters, there are keen interests in promoting diverse ways of working and infrastructure development worth for empowerment of women, including expanding capacity of childcare facilities and measures for enhanced support for child-raising responsive to various needs.

“New Plans for Secure Child-raising” published in December 2020 indicates that it is necessary to create additional capacity of childcare facilities for about 140,000 children in four fiscal years between 2021 and 2024. Also, target of employment rate of women had previously been set as 80%, but the Cabinet decided to raise it to 82% (by 2025) (Source: “The Second Phase of ‘Comprehensive Strategy for Town / People / Job Creation’”, February 2019). Following these government policies, continuous expansion of market size can be anticipated, and we think the roles of businesses carried out by the Group as a social infrastructure to support regional welfare will be more significant than ever.

Amid such environment, in order to respond to greater needs for childcare facilities and various needs created by advancement of women into society, the Group has started new business operations as follows during the current consolidated fiscal year.

(Public Childcare Business)	3 facilities in total
Certified childcare centers	3 facilities in total
Tokyo	3 (2 in Chuo Ward; 1 in Shinagawa Ward)
(Contracted Childcare Business)	10 facilities in total
Childcare centers inside companies/hospitals	5 facilities in total
Fukuoka Pref.	4 (1 in Fukuoka City; 1 in Dazaifu City; 1 in Nakagawa City; 1 in Onga Town)
Osaka Pref.	1 (in Toyonaka City)
After-school childcare centers	5 facilities in total
Fukuoka Pref.	5 (1 in Fukuoka City; 4 in Kawara Town)

Meanwhile, considering business environment surrounding the Group and in order to make better use of limited management resources, just one facility of Public Childcare Business ceased its operation at the end of March 2021. In addition, 17 facilities of Contracted Childcare Business ceased their operations by the end of December 2021, because of expiration of contract term and some other reasons.

Consequently, numbers of facilities in operation are 64 in Public Childcare Business (45 certified childcare centers and 19 small certified childcare centers); 218 in Contracted Childcare Business (130 contracted childcare centers, 56 after-school childcare centers, and 32 Waiwai Parks); and 7 in Other Business (4 non-certified childcare centers, 1 small childcare center (In-establishment Childcare Business), and 2 nursing homes (day-service)); namely 289 facilities in total.

Consequently, financial results of the current consolidated fiscal year were as follows: Net sales of 11,454,747 thousand yen (increase by 6.3% YoY); Operating profit of 467,875 thousand yen (decrease by 23.6% YoY); Ordinary profit of 455,384 thousand yen (decrease by 23.3% YoY); and Net profit attributable to owners of parent of 237,150 thousand yen (decrease by 30.1% YoY).

Operating results of individual business segments are as follows. It should be noted that segment results as shown below are those before offsetting inter-segment transactions.

(Public Childcare Business)

In the Public Childcare Business segment, 3 new certified childcare centers were opened during the current consolidated fiscal year. In addition, each existing facility has put efforts to improved quality of childcare and enhanced efficiency of operation. During the previous FY variable expenses were suppressed due to temporal closure and voluntary staying home, but during the current FY normal facility operations could be resumed and therefore variable expenses increased, resulting in profitability pushed down. For the current consolidated fiscal year, these operations resulted in Net sales of 7,404,767 thousand yen (increase by 14.2% YoY), and Segment profit of 771,322 thousand yen (decrease by 4.5% YoY).

(Contracted Childcare Business)

In the Contracted Childcare Business segment, efforts were put to sales activities for obtaining new contracts for childcare facilities provided by companies/hospitals, after-school childcare centers and Waiwai Parks, resulting in 10 new facilities (5 contracted childcare centers and 5 after-school childcare centers) in operation. 5 new after-school childcare centers were opened, 4 of which are those having started operation upon entering into deal with Kawara Town, Fukuoka Pref. In addition, each existing facility has put efforts to improved quality of childcare and enhanced efficiency of operation. However, because of ceasing operation of 17 facilities during the current consolidated fiscal year, numbers of facilities currently in operation decreased as compare to the previous year. Also, due to influence of COVID-19 and consequential increase in people working from home and having longer child care leave, and "refraining from day-care" in fear of infection risk, fewer facilities have been in operation since the third quarter. For the current consolidated fiscal year, these operations resulted in Net sales of 3,479,209 thousand yen (decrease by 7.2% YoY), and Segment profit of 138,745 thousand yen (decrease by 36.6% YoY).

(Other Business)

In Other Business segment, efforts were put to, for example, staffing services mainly to kindergartens and childcare centers, improved service quality at directly run non-certified childcare centers and nursing homes, and enhanced efficiency of operation. However, due to on-and-off announcement of State of Emergency Declaration and Stricter Countermeasures, facilities operation rates improved as compared to the previous year but could not restore to normal level. For the current consolidated fiscal year, these operations resulted in Net sales of 584,513 thousand yen (increase by 2.4% YoY), and Segment loss of 20,849 thousand yen (as opposed to Segment profit of 25,647 thousand yen in the previous FY).

## (2) Overall financial position of the current period

(Assets)

Total assets at the end of the current consolidated fiscal year was 7,294,187 thousand yen (decrease by 124,979 thousand yen YoY).

Current assets was 3,215,120 thousand yen (increase by 8,647 thousand yen YoY). This is mainly due to decrease in cash and deposits by 101,971 thousand yen, increase in accounts receivable - trade by 24,860 thousand yen, and increase in other current assets by 85,725 thousand yen.

Non-current assets was 4,079,066 thousand yen (decrease by 133,627 thousand yen YoY). This is mainly due to decrease in property, plant and equipment (buildings and structures of certified childcare centers) by 112,757 thousand yen, decrease in intangible assets by 1,921 thousand yen, and decrease in investment and other assets by 18,948 thousand yen.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year was 4,962,864 thousand yen (decrease by 328,637 thousand yen YoY).

Current liabilities was 2,427,822 thousand yen (increase by 31,947 thousand yen YoY). This is mainly due to decrease in short-term loans payable by 77,664 thousand yen, increase in current portion of long-term loans payable by 2,764 thousand yen, decrease in income taxes payable by 97,947 thousand yen, and decrease in other current liabilities by 57,558 thousand yen.

Non-current liabilities was 2,535,042 thousand yen (decrease by 360,585 thousand yen YoY). This is mainly due to decrease in long-term loans payable by 377,574 thousand yen, and increase in asset retirement obligations by 363 thousand yen.

(Net assets)

Total net assets at the end of the current consolidated fiscal year was 2,331,323 thousand yen (increase by 203,657 thousand yen YoY). This is due to increase in both capital stock and capital surplus by 2,373 thousand yen respectively because of issuance of new shares, decrease in retained earnings by 38,190 thousand yen because of paying dividends, and increase in retained earnings by 237,150 thousand yen because of allocating net profit attributable to owners of parent.

## (3) Overall cash flows of the current period

With respect to cash and cash equivalents (hereinafter, "business fund") at the end of the current consolidated fiscal year, due to 292,834 thousand yen provided from operating activities, 251,352 thousand yen used in investment activities, and 161,453 thousand yen used in financial activities, business fund decreased by 119,971 thousand yen as compared to the end of the previous consolidated fiscal year and thus it was 1,745,725 thousand yen.

Each cash flow status and factors thereof in the current consolidated fiscal year are as follows.

(Cash flows from operating activities)

Business fund provided by of operating activities was 292,834 thousand yen (it was 508,611 thousand yen at the end of the previous consolidated fiscal year). This is mainly due to net profit before income taxes and minority interests of 397,206 thousand yen, depreciation of 204,169 thousand yen, and income taxed paid of 309,609 thousand yen.

(Cash flows from investing activities)

Business fund used in investment activities was 251,352 thousand yen (it was 1,103,539 thousand yen at the end of the previous consolidated fiscal year). This is mainly due to purchase of property, plant and equipment of 6,243 thousand yen pertaining to opening new certified childcare centers, payments for lease and guarantee deposits of 20,081 thousand yen, and subsidy received of 711,706 thousand yen.

(Cash flows from financing activities)

Business fund used in financial activities was 161,453 thousand yen (in comparison, 677,568 thousand yen was provided at the end of the previous consolidated fiscal year). This is mainly due to proceeds from long-term loans payable of 70,000 thousand yen, net increase in short-term loans pay of 250,000 thousand yen, and dividends paid of 38,256 thousand yen.

#### (4) Forecasts for the future

The Group has its management philosophy as

“We support women’s life stages.”

“We think from other person’s viewpoint.”

“We promote compliance.”

“We contribute to society through our business.”

and has developed its business considering what services are necessary for creating a society where “women” raise their children, do housework and take care of elderlies while still being bright and successful.

For the future as well, centered on childcare businesses drawing high social attention and being expected to expand their market size, the Group will provide even more childcare facilities and high quality services which continue to be chosen by users.

Also, the Group will put efforts to development of new services around “Supporting women’s life stages” which is one of the Group’s business domains as an approach to creating its future principal business.

Consolidated performance forecasts for the next consolidated fiscal year (FY12/2022) are as follows: Net sales of 12,500,000 thousand yen (increase by 9.1% YoY); Operating profit of 477,000 thousand yen (increase by 2.0% YoY); Ordinary profit of 459,000 thousand yen (increase by 0.8% YoY); and Net profit attributable to owners of parent of 257,000 thousand yen (increase by 8.4% YoY).

Preconditions for the next fiscal year (FY12/2022) are as follows.

##### ① Net sales

Public Childcare Business segment operates public childcare centers such as certified childcare centers and small certified childcare centers. During FY12/2022, 1 certified childcare centers are planned to be opened (1 in April 2022).

With respect to net sales, benefits received based on the criteria established by national government and subsidies granted based on the specific criteria established by local governments are calculated for each childcare center (combining increase/decrease in net sales at existing centers and increase in net sales at new centers). It should be noted that benefits and subsidies are determined basically based on numbers of children to be kept and of staff, and therefore they are calculated based on estimation of such numbers for each center.

Given the above, Public Childcare Business segment expects net sales of 7,850,000 thousand yen (increase by 6.0% YoY).

Contracted Childcare Business operates contracted childcare centers, after-school childcare centers and Waiwai Parks. Net sales at contracted childcare centers are calculated for each childcare center (combining increase/decrease in net sales at existing centers and increase in net sales at new centers). Net sales is calculated by multiplying contractual unit price set for each center by estimated number of operational hours to run the center based on the Group’s actual results in the previous year.

Net sales at after-school childcare centers are calculated based on specified management fees according to contracts with local governments and actual amount of center usage fees during the previous year.

Net sales at Waiwai Parks are calculated based on actual amount of contracted service fees according to contracts with local governments.

Given the above, Contracted Childcare Business segment expects net sales of 3,530,000 thousand yen (decrease by 1.5% YoY).

Other Business segment provides services responsive to various needs: such as staffing services to kindergartens and childcare centers, baby-sitter services and house services; operation of tenoSCHOOLS, 4 non-certified childcare centers, 1 small certified childcare center (In-establishment Childcare Business), 2 day-care nursing facilities, and operation of marriage counseling service “Tenomari”. In April 2022, one new day-care nursing facility will be opened. Also, operating results of Forte Co., Ltd. which became a subsidiary of the Company on January 31, 2022, will be included in the net sales at Other

Business segment.

Net sales in Other Business segment is calculated considering average unit price, operational hours, number of projects, number of children to be kept and other factors based on actual results in the previous year for each service.

Given the above, Other Business segment expects net sales of 1,120,000 thousand yen (increase by 96.2% YoY).

② Operating profit

Operating profit is forecasted as the amount calculated based on sales cost and SG&A expenses planned according to forecasted net sales.

In planning sales cost, labor cost and other expenses are calculated with reference to actual results in the previous year for each segment. In addition, labor cost accounts for a high proportion of sales cost, and increase in labor cost due to salary increase for existing staff and opening new facilities is taken into account and included in the plan.

SG&A expenses is planned based on business plans, equipment plans, personnel plans and others for each segment. SG&A expenses includes mainly personnel expenses for indirect departments belonging to administration department, sales department and each business department, and recruitment expenses pertaining to employment of childcare personnel and others.

Recruitment expenses includes mainly those pertaining to employment/recruitment of childcare personnel and others to be newly hired with increasing number of centers operated by the Group. Meanwhile, in April that is the beginning of a new academic year, start-up cost for the new year and expenses required for employment/recruitment of childcare personnel tend to concentrate.

Given the above, operating profit in each segment is forecasted as follows: Public Childcare Business: 770,000 thousand yen (decrease by 0.2% YoY); Contracted Childcare Business: 128,000 thousand yen (decrease by 7.7%); and Other Business: 120,000 thousand yen (in comparison, operating loss of 20,850 thousand yen was recorded in the previous term).

③ Ordinary profit

Ordinary profit is forecasted as the amount calculated considering non-operating profit and non-operating expenses which would accrue during the next term. Non-operating expenses includes mainly interest expenses which is calculated according to the Group's financing plan.

④ Net profit attributable to owners of parent

Net profit attributable to owners of parent is forecasted as the amount calculated considering extraordinary profit, extraordinary losses and tax expenses which would accrue during the next term. Extraordinary profit includes mainly subsidy income (subsidy for construction of facilities) from local governments in Public Childcare Business segment. This subsidy is calculated based on those granted to the three centers newly opened during FY12/2022 and is forecasted as 257,000 thousand yen (decrease by 66.8% YoY).

As for accounting treatment of subsidies received from local governments (subsidy for construction of facilities, etc.), the Group has adopted "direct reduction method" as its accounting policy, which allocates loss on reduction of non-current assets, directly reduce book values of relevant non-current assets, and also allocates depreciation in each term based on such reduced amounts.

It should be noted the above performance forecasts are based on currently available information. Actual results may differ from these forecasts due to various factors in the future.

**(5) Basic principle of profit allocation and dividends for the current/next term**

① Basic principle of profit allocation

The Company has its basic principle as to continuously provide stable dividends while ensuring internal reserve necessary for future business development and improved balance sheet.

② Dividends for the current/next term

The Company has its basic principle as to provide dividends from surplus funds annually as year-end dividends. For the current consolidated fiscal year, given the abovementioned basic principle of profit allocation, the Company intends to suggest at the regular shareholders meeting to be held on March 24, 2022, that it will set its ordinary dividend per share as of the end of the current consolidated fiscal year as 8.40 yen. In addition, with respect to dividend per share for the next term, the Company intends to set its dividend per share as 9.00 yen, considering the situation of enhanced internal reserve and balance with return of profit to shareholders.

**2. Basic Idea for the Selection of Accounting Standards**

The Group produces its consolidated financial statements in accordance with Japanese standards, taking into account year-on-year comparability of consolidated financial statements and comparability with other companies. Meanwhile, for the future, the Group intends to proceed with discussion on applying International Financial Reporting Standards, considering for example domestic trends in accounting standards and in applying the Standards by our industry peers.

**3. Consolidated Financial Statements and Principal Notes****(1) Consolidated Balance Sheets**

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
(thousand yen)		
<b>Assets</b>		
Current assets		
Cash and deposits	1,895,696	1,793,725
Accounts receivable - trade	955,655	980,515
Others	356,148	441,874
Allowance for doubtful accounts	(1,028)	(995)
Total current assets	3,206,472	3,215,120
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,376,863	2,392,990
Accumulated depreciation	(723,967)	(874,043)
Buildings and structures (net)	1,652,896	1,518,946
Leased assets	15,633	15,633
Accumulated depreciation	(10,770)	(13,598)
Leased assets (net)	4,863	2,035
Construction in progress	81,040	108,916
Others	341,161	359,971
Accumulated depreciation	(291,906)	(314,571)
Others (net)	49,254	45,399
Total property, plant and equipment	1,788,055	1,675,297
Intangible assets		
Goodwill	710,548	649,783
Others	110,618	169,462
Total intangible assets	821,167	819,246
Investments and other assets		
Investment securities	—	10,000
Long-term loans receivable	818,039	777,962
Long-term prepaid expenses	355,249	323,622
Deferred tax assets	58,681	110,108
Lease and guarantee deposits	371,501	362,830
Others	581	5,924
Allowance for doubtful accounts	(581)	(5,924)
Total investments and other assets	1,603,471	1,584,522
Total non-current assets	4,212,694	4,079,066
<b>Total assets</b>	<b>7,419,167</b>	<b>7,294,187</b>



(thousand yen)

	Previous consolidated fiscal year (December 31, 2020)	Current consolidated fiscal year (December 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,001	22,185
Short-term loans payable	300,000	550,000
Current portion of long-term loans payable	441,312	444,076
Accounts payable - other	795,981	718,316
Income taxes payable	185,859	87,912
Provision for bonuses	47,924	62,095
Others	600,794	543,235
Total current liabilities	2,395,874	2,427,822
Non-current liabilities		
Long-term loans payable	2,767,782	2,390,207
Deferred tax liabilities	2,764	13,673
Provision for directors' retirement benefits	16,513	23,447
Asset retirement obligations	92,197	92,560
Others	16,369	15,152
Total non-current liabilities	2,895,627	2,535,042
Total liabilities	5,291,501	4,962,864
<b>Net assets</b>		
Shareholders' equity		
Capital stock	451,141	453,515
Capital surplus	528,641	531,015
Retained earnings	1,148,074	1,347,034
Treasury shares	(191)	(241)
Total shareholders' equity	2,127,665	2,331,323
Total net assets	2,127,665	2,331,323
Total liabilities and net assets	7,419,167	7,294,187

**(2) Consolidated Statements of Income and Statements of Comprehensive Income**

(Consolidated Statements of Income)

(thousand yen)

	Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)	Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)
Net sales	10,778,909	11,454,747
Cost of sales	8,893,322	9,652,802
Gross profit	1,885,586	1,801,945
SG&A expenses	1,273,267	1,334,069
Operating profit (loss)	612,319	467,875
Non-operating profit (loss)		
Interest income	5,437	5,252
Subsidy income	240	22,960
Others	840	1,605
Total non-operating profit (loss)	6,517	29,818
Non-operating expenses		
Interest expenses	15,550	16,539
Employment levy for persons with disabilities	6,100	4,975
Subsidy returned	682	16,763
Others	2,576	4,032
Total non-operating expenses	24,909	42,310
Ordinary profit (loss)	593,927	455,384
Extraordinary profit		
Subsidy income	828,660	711,706
Others	—	4,400
Total extraordinary profit	828,660	716,106
Extraordinary losses		
Impairment loss	*1 24,407	*1 58,135
Loss on reduction of non-current assets	828,394	711,705
Others	—	4,444
Total extraordinary losses	852,801	774,284
Net profit (loss) before income taxes and minority interests	569,785	397,206
Income taxes	229,565	200,573
Income taxes - deferred	1,122	(40,517)
Total income taxes	230,687	160,056
Net profit (loss)	339,098	237,150
Net profit (loss) attributable to owners of parent	339,098	237,150

(Consolidated Statements of Comprehensive Income)

(thousand yen)

	Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)	Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)
Net profit (loss)	339,098	237,150
Comprehensive income (loss)	339,098	237,150
(detail)		
Comprehensive income (loss) attributable to owners of parent	339,098	237,150

**(3) Consolidated Statements of Changes in Equity**

Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)

(thousand yen)

	Shareholders' equity					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance at beginning of current period	450,658	528,158	846,148	(191)	1,824,772	1,824,772
Changes of items during period						
Issuance of new shares (exercise of subscription rights to shares)	483	483			967	967
Net profit attributable to owners of parent			339,098		339,098	339,098
Dividends of surplus			(37,172)		(37,172)	(37,172)
Purchase of treasury stock					—	—
Total changes of items during period	483	483	301,926	—	302,893	302,893
Balance at end of current period	451,141	528,641	1,148,074	(191)	2,127,665	2,127,665

Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)

(thousand yen)

	Shareholders' equity					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance at beginning of current period	451,141	528,641	1,148,074	(191)	2,127,665	2,127,665
Changes of items during period						
Issuance of new shares (exercise of subscription rights to shares)	2,373	2,373			4,747	4,747
Net profit attributable to owners of parent			237,150		237,150	237,150
Dividends of surplus			(38,190)		(38,190)	(38,190)
Purchase of treasury stock				(50)	(50)	(50)
Total changes of items during period	2,373	2,373	198,960	(50)	203,657	203,657
Balance at end of current period	453,515	531,015	1,347,034	(241)	2,331,323	2,331,323

## (4) Consolidated Cash Flow Statements

(thousand yen)

	Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)	Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes and minority interests	569,785	397,206
Depreciation	179,929	204,169
Impairment loss	24,407	58,135
Amortization of goodwill	27,003	60,765
Increase (decrease) in allowance for doubtful accounts	(1,138)	5,310
Increase (decrease) in provision for bonuses	(11,867)	14,170
Increase (decrease) in provision for directors' retirement benefits	3,503	6,933
Interest income	(5,437)	(5,252)
Interest expenses	15,550	16,396
Subsidy income	(828,660)	(711,706)
Loss on reduction of non-current assets	828,394	711,705
Decrease (increase) in notes and accounts receivable - trade	(91,863)	(24,860)
Increase (decrease) in notes and accounts payable - trade	2,753	(1,816)
Increase (decrease) in accounts payable - other	3,260	(33,709)
Others	19,305	(78,625)
Subtotal	734,927	618,822
Interest income received	8	10
Interest expenses paid	(15,565)	(16,388)
Income taxed paid	(210,758)	(309,609)
Net cash provided by (used in) operating activities	508,611	292,834
<b>Cash flows from investing activities</b>		
Payments into time deposits	(9,000)	(18,000)
Purchase of securities	—	(10,000)
Purchase of property, plant and equipment	(1,137,617)	(870,653)
Purchase of intangible assets	(60,907)	(96,232)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(456,493)	—
Payments for transfer of business	(242,000)	—
Proceeds from subsidy	828,660	711,706
Payments of long-term loans receivable	(38,415)	—
Collection of long-term loans receivable	44,967	45,319
Payments for lease and guarantee deposits	(41,400)	(20,081)
Proceeds from collection of lease and guarantee deposits	8,666	6,589
Net cash provided by (used in) investing activities	(1,103,539)	(251,352)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(100,000)	250,000
Proceeds from long-term loans payable	1,240,000	70,000
Repayments of long-term loans payable	(424,998)	(444,810)
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	967	4,747
Purchase of treasury stock	—	(50)
Cash dividends paid	(36,805)	(38,256)
Repayments of lease obligations	(1,594)	(3,083)
Net cash provided by (used in) financing activities	677,568	(161,453)
Net increase (decrease) in cash and cash equivalents	82,641	(119,971)
Cash and cash equivalents at beginning of period	1,783,055	1,865,696
Cash and cash equivalents at end of period	1,865,696	1,745,725

**(5) Notes on Consolidated Financial Statements**

(Going Concern Assumption)

Not applicable.

(Notes on Consolidated Statements of Income)

## \*1 Impairment loss

Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)

During the current consolidated fiscal year, the Group allocated impairment loss to the assets groups as listed below.

Purpose	Type	Location	Impairment loss (thousand yen)
Childcare centers (8 centers)	Buildings and structure Property, plant and equipment - “Others” Intangible assets - “Others”	Fukuoka City (Fukuoka Pref.) and others	24,407

The Group carries out grouping of its assets taking facilities such as childcare centers as basic units, on the ground that they represent minimal units to generate cash flows. Of these facilities, with respect to the ones whose operating profit/loss are worsening, book values have been reduced to recoverable values, and the portions of such reduction are allocated to extraordinary losses as impairment losses (Buildings and structure: 21,959 thousand yen; Property, plant and equipment - “Others”: 401 thousand yen; Intangible assets - “Others”: 2,046 thousand yen).

Meanwhile, recoverable values are determined according to their use values but at present they are evaluated as zero since there is no prospect of generating cash flows in the future.

Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)

During the current consolidated fiscal year, the Group allocated impairment loss to the assets groups as listed below.

Purpose	Type	Location	Impairment loss (thousand yen)
Childcare centers (2 centers)	Buildings and structure Intangible assets - “Others”	Soka City (Saitama Pref.) and others	58,135

The Group carries out grouping of its assets taking facilities such as childcare centers as basic units, on the ground that they represent minimal units to generate cash flows. Of these facilities, with respect to the ones whose operating profit/loss are worsening, book values have been reduced to recoverable values, and the portions of such reduction are allocated to extraordinary losses as impairment losses (Buildings and structure: 57,827 thousand yen; Property, plant and equipment - “Others”: 307 thousand yen and Intangible assets - “Others”: 307 thousand yen).

Meanwhile, recoverable values are determined according to their use values and future cash flow is calculated on the basis of discount by 4.1%.

(Segment Information, etc.)

## 【Segment information】

## 1. Overview of reportable segments

The Group's reportable segments are those being its constituent units for which separated financial information is available and are subject to periodic review by the board of directors for determining allocation of management resources and for evaluating business performance.

The Group has established several business departments specific to service targets which design their overarching strategies for the service they handle and develop their business activities respectively.

Accordingly, the Group consists of several business segments each of which are based on business departments, and sets two reportable segments as “Public Childcare Business” and “Contracted Childcare Business”.

- (1) Public Childcare Business: Operation of certified/accredited childcare centers, etc.
- (2) Contracted Childcare Business: Contracted childcare business inside companies/hospitals, etc.

## 2. How to calculate amounts of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Accounting treatment methods for the business segments as reported herein are almost identical to those employed for preparing consolidated financial statements.

Figures of segment profit of individual reportable segments are based on their operating profit.

Inter-segment revenue and transfer are based on actual market prices.

## 3. Information on amounts of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)

	Reportable segments			Other Business (Note1)	Total	Adjustment (Note 2)	Amount allocated on consolidated statements of income (Note 3)
	Public Childcare Business	Contracted Childcare Business	Subtotal				
Net sales							
Sales from external customers	6,485,972	3,748,803	10,234,775	544,133	10,778,909	—	10,778,909
Inter-segment sales or transfer	—	—	—	26,659	26,659	(26,659)	—
Total	6,485,972	3,748,803	10,234,775	570,793	10,805,568	(26,659)	10,778,909
Segment profit (loss)	807,666	218,814	1,026,480	25,467	1,051,948	(439,628)	612,319
Segment assets	5,481,940	960,798	6,442,738	314,762	6,757,501	661,665	7,419,167
Other items							
Depreciation	146,250	690	146,941	10,779	157,721	22,208	179,929
Amortization of goodwill	2,752	—	2,752	24,251	27,003	—	27,003
Impairment loss	20,799	—	20,799	3,608	24,407	—	24,407
Increase/decrease in property, plant and equipment and in intangible assets	1,002,621	—	1,002,621	247,863	1,250,484	53,986	1,304,470

Notes 1. "Other Business" category is a segment not included in the reportable segments and includes services responsive to various needs such as staffing services to kindergartens and childcare centers, baby-sitter services and house services; operation of tenoSCHOOLS, non-certified childcare centers, certified childcare center (In-establishment Childcare Business) and nursing homes (day-service).

2. Specific adjustments are as follows.

Segment profit (loss) (thousand yen)

	Previous consolidated fiscal year
Corporate expenses (see Note)	(439,628)
Inter-segment transaction elimination	—
Total	(439,628)

Note: Corporate expenses includes mainly those for operating the Company (holding company).

Segment assets (thousand yen)

	Previous consolidated fiscal year
Corporate assets	666,361
Inter-segment transaction elimination	(4,695)
Total	661,665

3. Segment profit (loss) has been aligned with the operating profit (loss) presented on the Consolidated Financial Statements.

Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)

	Reportable segments			Other Business (Note1)	Total	Adjustment (Note 2)	Amount allocated on consolidated statements of income (Note 3)
	Public Childcare Business	Contracted Childcare Business	Subtotal				
Net sales							
Sales from external customers	7,404,767	3,479,209	10,883,977	570,770	11,454,747	—	11,454,747
Inter-segment sales or transfer	—	—	—	13,743	13,743	(13,743)	—
Total	7,404,767	3,479,209	10,883,977	584,513	11,468,491	(13,743)	11,454,747
Segment profit (loss)	771,322	138,745	910,067	(20,849)	889,217	(421,341)	467,875
Segment assets	5,294,463	893,556	6,188,020	331,782	6,519,803	774,384	7,294,187
Other items							
Depreciation	161,312	1,735	163,048	14,299	177,347	26,822	204,169
Amortization of goodwill	33,028	—	33,028	27,737	60,765	—	60,765
Impairment loss	58,135	—	58,135	—	58,135	—	58,135
Increase/decrease in property, plant and equipment and in intangible assets	97,003	—	97,003	18,262	115,265	7,048	122,314

- Notes 1. “Other Business” category is a segment not included in the reportable segments and includes services responsive to various needs such as staffing services to kindergartens and childcare centers, baby-sitter services and house services; operation of tenoSCHOOLS, non-certified childcare centers, certified childcare center (In-establishment Childcare Business), nursing homes (day-service), and marriage counseling services.
2. Specific adjustments are as follows.

Segment profit (loss) (thousand yen)

	Current consolidated fiscal year
Corporate expenses (see Note)	(421,341)
Inter-segment transaction elimination	—
Total	(421,341)

Note: Corporate expenses includes mainly those for operating the Company (holding company).

Segment assets (thousand yen)

	Current consolidated fiscal year
Corporate assets	776,643
Inter-segment transaction elimination	(2,258)
Total	774,384

3. Segment profit (loss) has been aligned with the operating profit (loss) presented on the Consolidated Financial Statements.

**【Relevant information】**

Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)

## 1. Information for each product and service

This is omitted since similar information is disclosed under “Segment information”.

## 2. Information for each region

## (1) Net sales

Not applicable, since there is no net sales to customers outside Japan.

## (2) Property, plant and equipment

Not applicable, since there is no property, plant and equipment outside Japan.

## 3. Information for each major customer

Name	Net sales (thousand yen)	Relevant segment
Itabashi Ward, Tokyo	1,271,932	Public Childcare Business
Shinjuku Ward, Tokyo	1,094,815	Public Childcare Business

Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)

## 1. Information for each product and service

This is omitted since similar information is disclosed under “Segment information”.

## 2. Information for each region

## (1) Net sales

Not applicable, since there is no net sales to customers outside Japan.

## (2) Property, plant and equipment

Not applicable, since there is no property, plant and equipment outside Japan.

## 3. Information for each major customer

Name	Net sales (thousand yen)	Relevant segment
Itabashi Ward, Tokyo	1,261,106	Public Childcare Business



**【Information on impairment loss of non-current assets for each reportable segment】**

Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)

(thousand yen)

		Contracted Childcare Business	Other Business	Total
Impairment loss	20,799	—	3,608	24,407

Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)

(thousand yen)

	Public Childcare Business	Contracted Childcare Business	Other Business	Total
Impairment loss	58,135	—	—	58,135

**【Information on amortization of goodwill and undepreciated balance for each reportable segment】**

Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)

(thousand yen)

	Public Childcare Business	Contracted Childcare Business	Other Business	Total
Amortization during the term	2,752	—	24,251	27,003
Balance at the end of the term	492,671	—	217,877	710,548

Note: The amounts under “Public Childcare Business” are due to purchasing stock of Office Palette Co., Ltd. “Other Business” is not a reportable segment and the amounts under it are those pertaining to staffing business to kindergartens and childcare centers and nursing business (day-service).

Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)

(thousand yen)

	Public Childcare Business	Contracted Childcare Business	Other Business	Total
Amortization during the term	33,028	—	27,737	60,765
Balance at the end of the term	459,642	—	190,140	649,783

Note: The amounts under “Public Childcare Business” are due to purchasing stock of Office Palette Co., Ltd. “Other Business” is not a reportable segment and the amounts under it are those pertaining to staffing business to kindergartens and childcare centers and nursing business (day-service).

**【Information on negative goodwill for each reportable segment】**

Not applicable.

(Per share data)

	Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)	Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)
Net assets per share	456.84 yen	497.82 yen
Net profit per share	72.83 yen	50.71 yen
Diluted net profit per share	72.06 yen	50.35 yen

Calculation bases of net profit per share and diluted net profit per share are as follows.

	Previous consolidated fiscal year (Jan. 1, 2020 – Dec. 31, 2020)	Current consolidated fiscal year (Jan. 1, 2021 – Dec. 31, 2021)
Net profit (loss) per share		
Net profit attributable to owners of parent (thousand yen)	339,098	237,150
Amount not attributable to common stockholders (thousand yen)	—	—
Net profit (loss) attributable to owners of parent applicable to common shares (thousand yen)	339,098	237,150
Average number of common shares outstanding during the period (shares)	4,656,237	4,676,356
Diluted net profit per share		
Adjusted quarterly net profit (loss) attributable to owners of parent (thousand yen)	—	—
Increased number of shares (common stock) (shares)	49,824	33,291
(number of shares with subscription rights) (shares)	(49,824)	(33,291)
Summary of residual securities not included in calculating diluted earnings per share, because of having no dilution effect	—	—

## (Significant Post-Balance Sheet Events)

(Making another company a subsidiary by share acquisition, and borrowing a large amount of funds)

At the board meeting on January 20, 2022, the Company decided to acquire shares of Forte Co., Ltd. to make it as subsidiary, and on the same day, executed a share transfer agreement.

## 1. Making another company a subsidiary by share acquisition

## (1) Summary of business combination

## ① Overview of the acquired company

Name of the acquired company: Forte Co., Ltd.

Content of business: Nursing business; Operation of houses for elderly people

## ② Main reason for business combination

The Group has one of its management philosophy as “We support women’s life stages.”, and has developed its business for responding to various needs basically considering “what is necessary” for “women” in a changing society to raise their children, do housework and take care of elderly while still being able to work. Also, in order for responding to diverse social needs surrounding women’s life stages, new business development in line with the Group’s business domains (child-raising, housework, nursing) is positioned as one of its important growth strategies.

Under such policies, in December 2019, the Group newly entered to nursing business (day-service) through transfer of business. The business combination this time is carried out for the purpose of further expansion of nursing business (operation of houses for elderly people).

In addition this business combination is a part of the Group’s efforts to realize its long-term vision “tenoVISION2030” and is believed to contribute to even greater mid- and long-term corporate values of the Group.

Forte Co., Ltd. operates, under its corporate philosophy as to contribute to “richness” of life for every people involved, four nursing homes in Osaka Pref., has built up its efforts to respond to the needs of each and every user of the homes which are indeed chosen by users. So the Group expected that by joining Forte Co., Ltd. it would be able to enhance its service lineup of nursing business and this would contribute to growth of its nursing business, and decided to acquire the latter’s shares to make it a subsidiary.

## ③ Date of business combination

January 31, 2022

## ④ Legal form of business combination

Share acquisition

## ⑤ Name of the company after combination

No change.

## ⑥ Percentage of voting rights after acquisition

100%

## ⑦ Ground for determining acquiring company

The Company acquires the shares in exchange of cash.

## (2) Cost of acquiring the acquired company, by type of consideration

Consideration for acquisition (cash):	566,000 thousand yen
<hr/>	
Acquisition cost:	566,000 thousand yen

## (3) Details and amount of major expenses related to acquisition

Compensation/commission and others for advisory services, etc. (approximate): 39,000 thousand yen

## (4) Amount of goodwill that occurred, cause for the occurrence, amortization method and amortization period

Not yet established at present.

## (5) Amount and principal breakdown of assets and liabilities assumed on the date of business combination

Not yet established at present.