

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Based on Japanese GAAP)

May 11, 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: May 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2021 (from January 1, 2021 to March 31, 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	%
Three months ended March 31, 2021	2,965	12.5	220	16.2	236	26.2	147	24.7
Three months ended March 31, 2020	2,634	3.1	189	21.8	186	24.8	118	20.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2021	31.59		31.31	
Three months ended March 31, 2020	25.41		25.14	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2021	7,998	2,239	28.0
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	–				
Year ending December 31, 2021 (Forecast)		0.00	–	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 three months ended March 31, 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 March 31, 2021	4,673,100 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 March 31, 2021	183 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)

Three months ended March 31, 2021	4,667,830 shares	Three months ended March 31, 2020	4,654,093 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	1,895,696	1,885,683
Accounts receivable - trade	955,655	982,009
Other	356,148	500,978
Allowance for doubtful accounts	(1,028)	(971)
Total current assets	3,206,472	3,367,699
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,376,863	2,376,863
Accumulated depreciation	(723,967)	(760,841)
Buildings and structures, net	1,652,896	1,616,022
Leased assets	15,633	15,633
Accumulated depreciation	(10,770)	(11,477)
Leased assets, net	4,863	4,156
Construction in progress	81,040	517,964
Other	341,161	347,119
Accumulated depreciation	(291,906)	(295,426)
Other, net	49,254	51,692
Total property, plant and equipment	1,788,055	2,189,836
Intangible assets		
Goodwill	710,548	695,357
Other	110,618	132,361
Total intangible assets	821,167	827,718
Investments and other assets		
Long-term loans receivable	818,039	808,043
Long-term prepaid expenses	355,249	348,132
Deferred tax assets	58,681	82,733
Leasehold and guarantee deposits	371,501	374,659
Other	581	673
Allowance for doubtful accounts	(581)	(673)
Total investments and other assets	1,603,471	1,613,567
Total non-current assets	4,212,694	4,631,122
Total assets	7,419,167	7,998,822
Liabilities		
Current liabilities		
Accounts payable - trade	24,001	27,899
Short-term borrowings	300,000	1,200,000
Current portion of long-term borrowings	441,312	441,312
Accounts payable - other	795,981	726,922
Income taxes payable	185,859	114,331
Provision for bonuses	47,924	150,093
Other	600,794	329,737
Total current liabilities	2,395,874	2,990,296

	(Thousands of yen)	
	As of December 31, 2020	As of March 31, 2021
Non-current liabilities		
Long-term borrowings	2,767,782	2,643,219
Deferred tax liabilities	2,764	–
Provision for retirement benefits for directors (and other officers)	16,513	17,409
Asset retirement obligations	92,197	92,288
Other	16,369	15,796
Total non-current liabilities	<u>2,895,627</u>	<u>2,768,713</u>
Total liabilities	<u>5,291,501</u>	<u>5,759,009</u>
Net assets		
Shareholders' equity		
Share capital	451,141	452,576
Capital surplus	528,641	530,076
Retained earnings	1,148,074	1,257,351
Treasury shares	(191)	(191)
Total shareholders' equity	<u>2,127,665</u>	<u>2,239,813</u>
Total net assets	<u>2,127,665</u>	<u>2,239,813</u>
Total liabilities and net assets	<u>7,419,167</u>	<u>7,998,822</u>

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	2,634,619	2,965,103
Cost of sales	2,171,114	2,449,817
Gross profit	463,504	515,286
Selling, general and administrative expenses	274,101	295,166
Operating profit	189,403	220,120
Non-operating income		
Interest income	1,372	1,338
Subsidy income	150	18,181
Other	500	1,472
Total non-operating income	2,023	20,992
Non-operating expenses		
Interest expenses	3,926	4,221
Other	513	862
Total non-operating expenses	4,440	5,083
Ordinary profit	186,986	236,029
Extraordinary income		
Subsidy income	–	27,955
Total extraordinary income	–	27,955
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	–	26,301
subsidiaries return loss	–	4,444
Total extraordinary losses	–	30,745
Profit before income taxes	186,986	233,239
Income taxes - current	99,179	82,558
Income taxes - deferred	(30,468)	3,213
Total income taxes	68,710	85,772
Profit	118,276	147,467
Profit attributable to owners of parent	118,276	147,467

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	118,276	147,467
Comprehensive income	118,276	147,467
Comprehensive income attributable to Comprehensive income attributable to owners of parent	118,276	147,467