

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 14, 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 of ordinary general meeting of shareholders: March 23, 2023
 Scheduled date to file Securities Report: March 23, 2023
 Scheduled date to commence dividend payments: March 24, 2023
 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 December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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 December 31, 2022	12,128	5.9	154	(67.0)	156	(65.6)	(27)	–
Year ended December 31, 2021	11,454	6.3	467	(23.6)	455	(23.3)	237	(30.1)

	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 December 31, 2022	(5.99)	–	(1.2)	1.9	1.3
Year ended December 31, 2021	50.71	50.35	10.6	6.2	4.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	9,323	2,180	23.4	478.86
As of December 31, 2021	7,294	2,331	32.0	497.82

(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 December 31, 2022	297	(967)	1,037	2,113
Year ended December 31, 2021	292	(251)	(161)	1,745

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 December 31, 2021	–	0.00	–	8.40	8.40	39	16.6	1.8
Year ended December 31, 2022	–	0.00	–	9.00	9.00	40	–	1.8
Year ending December 31, 2023 (Forecast)	–	0.00	–	9.00	9.00		30.7	

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	15,170	25.1	320	107.5	285	82.0	137	-	29.36

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: Yes
- 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 December 31, 2022	4,685,700 shares	As of December 31, 2021	4,683,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	132,724 shares	As of December 31, 2021	224 shares
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Average number of shares during the period

Year ended December 31, 2022	4,585,726 shares	Year ended December 31, 2021	4,676,356 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	1,793	2,174
Accounts receivable - trade	980	–
Accounts receivable - trade and contract assets	–	1,147
Other	441	671
Allowance for doubtful accounts	(0)	(3)
Total current assets	3,215	3,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,392	2,679
Accumulated depreciation	(874)	(1,121)
Buildings and structures, net	1,518	1,557
Leased assets	15	48
Accumulated depreciation	(13)	(42)
Leased assets, net	2	6
Construction in progress	108	105
Other	359	454
Accumulated depreciation	(314)	(395)
Other, net	45	58
Total property, plant and equipment	1,675	1,728
Intangible assets		
Goodwill	649	1,636
Other	169	229
Total intangible assets	819	1,865
Investments and other assets		
Investment securities	10	10
Long-term loans receivable	777	737
Long-term prepaid expenses	323	328
Deferred tax assets	110	165
Leasehold and guarantee deposits	362	497
Other	5	1
Allowance for doubtful accounts	(5)	(1)
Total investments and other assets	1,584	1,739
Total non-current assets	4,079	5,333
Total assets	7,294	9,323

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	22	60
Short-term borrowings	550	1,140
Current portion of long-term borrowings	444	652
Accounts payable - other	718	801
Income taxes payable	87	26
Provision for bonuses	62	64
Contract liabilities	–	624
Other	543	370
Total current liabilities	2,427	3,739
Non-current liabilities		
Long-term borrowings	2,390	3,137
Deferred tax liabilities	13	8
Provision for retirement benefits for directors (and other officers)	23	26
Asset retirement obligations	92	209
Other	15	20
Total non-current liabilities	2,535	3,402
Total liabilities	4,962	7,142
Net assets		
Shareholders' equity		
Share capital	453	453
Capital surplus	531	531
Retained earnings	1,347	1,280
Treasury shares	(0)	(84)
Total shareholders' equity	2,331	2,180
Total net assets	2,331	2,180
Total liabilities and net assets	7,294	9,323

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

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	11,454	12,128
Cost of sales	9,652	10,384
Gross profit	1,801	1,744
Selling, general and administrative expenses	1,334	1,589
Operating profit	467	154
Non-operating income		
Interest income	5	5
Subsidy income	22	25
Other	1	5
Total non-operating income	29	35
Non-operating expenses		
Interest expenses	16	16
Payments for employment of persons with disabilities	4	4
subsidies return loss	16	4
Commission for purchase of treasury shares	–	4
Other	4	3
Total non-operating expenses	42	32
Ordinary profit	455	156
Extraordinary income		
Subsidy income	711	248
Other	4	–
Total extraordinary income	716	248
Extraordinary losses		
Impairment losses	58	9
Loss on tax purpose reduction entry of non-current assets	711	247
Other	4	–
Total extraordinary losses	774	257
Profit before income taxes	397	146
Income taxes - current	200	129
Income taxes - deferred	(40)	44
Total income taxes	160	174
Profit (loss)	237	(27)
Profit (loss) attributable to owners of parent	237	(27)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit (loss)	237	(27)
Comprehensive income	237	(27)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	237	(27)

Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	451	528	1,148	(0)	2,127	2,127
Changes during period						
Issuance of new shares - exercise of share acquisition rights	2	2			4	4
Profit (loss) attributable to owners of parent			237		237	237
Dividends of surplus			(38)		(38)	(38)
Purchase of treasury shares				(0)	(0)	(0)
Total changes during period	2	2	198	(0)	203	203
Balance at end of period	453	531	1,347	(0)	2,331	2,331

Fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	453	531	1,347	(0)	2,331	2,331
Changes during period						
Issuance of new shares - exercise of share acquisition rights	0	0			0	0
Profit (loss) attributable to owners of parent			(27)		(27)	(27)
Dividends of surplus			(39)		(39)	(39)
Purchase of treasury shares				(84)	(84)	(84)
Total changes during period	0	0	(66)	(84)	(151)	(151)
Balance at end of period	453	531	1,280	(84)	2,180	2,180

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	397	146
Depreciation	204	207
Impairment losses	58	9
Amortization of goodwill	60	129
Increase (decrease) in allowance for doubtful accounts	5	(3)
Increase (decrease) in provision for bonuses	14	(4)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6	3
Interest income	(5)	(5)
Interest expenses	16	16
Subsidy income	(711)	(248)
Loss on tax purpose reduction entry of non-current assets	711	247
Decrease (increase) in trade receivables	(24)	(75)
Increase (decrease) in trade payables	(1)	12
Increase (decrease) in accounts payable - other	(33)	36
Other, net	(78)	65
Subtotal	618	539
Interest received	0	0
Interest paid	(16)	(16)
Income taxes paid	(309)	(225)
Net cash provided by (used in) operating activities	292	297
Cash flows from investing activities		
Payments into time deposits	(18)	(13)
Purchase of securities	(10)	–
Purchase of property, plant and equipment	(870)	(363)
Purchase of intangible assets	(96)	(79)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(788)
Subsidies received	711	248
Proceeds from collection of long-term loans receivable	45	45
Payments of leasehold and guarantee deposits	(20)	(23)
Proceeds from refund of leasehold and guarantee deposits	6	7
Net cash provided by (used in) investing activities	(251)	(967)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	250	550
Proceeds from long-term borrowings	70	1,390
Repayments of long-term borrowings	(444)	(771)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4	0
Purchase of treasury shares	(0)	(88)
Dividends paid	(38)	(39)
Repayments of lease liabilities	(3)	(2)
Net cash provided by (used in) financing activities	(161)	1,037
Net increase (decrease) in cash and cash equivalents	(119)	367
Cash and cash equivalents at beginning of period	1,865	1,745
Cash and cash equivalents at end of period	1,745	2,113