

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2020
(Based on Japanese GAAP)**

February 12, 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 of ordinary general meeting of shareholders: March 25, 2021
 Scheduled date to file Securities Report: March 25, 2021
 Scheduled date to commence dividend payments: March 26, 2021
 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, 2020 (from January 1, 2020 to December 31, 2020)

(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, 2020 | 10,778 | 7.2 | 612 | 26.1 | 593 | 28.9 | 339 | 18.0 |
| Year ended December 31, 2019 | 10,050 | 6.9 | 485 | 42.6 | 460 | 56.6 | 287 | 76.0 |

| | 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, 2020 | 72.83 | 72.06 | 17.2 | 8.8 | 5.7 |
| Year ended December 31, 2019 | 62.81 | 61.20 | 17.6 | 7.4 | 4.8 |

(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, 2020 | 7,419 | 2,127 | 28.7 | 456.84 |
| As of December 31, 2019 | 6,131 | 1,824 | 29.8 | 392.72 |

(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, 2020 | 508 | (1,103) | 677 | 1,865 |
| Year ended December 31, 2019 | 518 | (252) | (501) | 1,783 |

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, 2019 | — | 0.00 | — | 8.00 | 8.00 | 37 | 12.7 | 2.2 |
| Year ended December 31, 2020 | — | 0.00 | — | 8.20 | 8.20 | 38 | 11.3 | 1.9 |
| Year ending December 31, 2021 (Forecast) | — | 0.00 | — | 8.40 | 8.40 | | 10.7 | |

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 | 0.0 | 364 | 7.3 | 78.16 |

4. Notes

- (1) Changes in significant subsidiaries during the year ended December 31, 2020
(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: No
- 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, 2020 | 4,657,500 shares | As of December 31, 2019 | 4,646,700 shares |
|-------------------------|------------------|-------------------------|------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|------------|-------------------------|------------|
| As of December 31, 2020 | 183 shares | As of December 31, 2019 | 183 shares |
|-------------------------|------------|-------------------------|------------|

Average number of shares during the period

| | | | |
|------------------------------|------------------|------------------------------|------------------|
| Year ended December 31, 2020 | 4,656,237 shares | Year ended December 31, 2019 | 4,573,953 shares |
|------------------------------|------------------|------------------------------|------------------|

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of December 31, 2019 | As of December 31, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,804,055 | 1,895,696 |
| Accounts receivable - trade | 862,059 | 955,655 |
| Other | 327,276 | 356,148 |
| Allowance for doubtful accounts | (1,848) | (1,028) |
| Total current assets | 2,991,542 | 3,206,472 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 1,825,169 | 2,376,863 |
| Accumulated depreciation | (546,366) | (723,967) |
| Buildings and structures, net | 1,278,803 | 1,652,896 |
| Leased assets | 6,691 | 15,633 |
| Accumulated depreciation | (3,122) | (10,770) |
| Leased assets, net | 3,568 | 4,863 |
| Construction in progress | 154,294 | 81,040 |
| Other | 281,087 | 341,161 |
| Accumulated depreciation | (248,410) | (291,906) |
| Other, net | 32,676 | 49,254 |
| Total property, plant and equipment | 1,469,342 | 1,788,055 |
| Intangible assets | | |
| Goodwill | 32,968 | 710,548 |
| Other | 73,015 | 110,618 |
| Total intangible assets | 105,983 | 821,167 |
| Investments and other assets | | |
| Long-term loans receivable | 819,159 | 818,039 |
| Long-term prepaid expenses | 340,984 | 355,249 |
| Deferred tax assets | 49,163 | 58,681 |
| Leasehold and guarantee deposits | 355,105 | 371,501 |
| Other | 892 | 581 |
| Allowance for doubtful accounts | (892) | (581) |
| Total investments and other assets | 1,564,413 | 1,603,471 |
| Total non-current assets | 3,139,740 | 4,212,694 |
| Total assets | 6,131,282 | 7,419,167 |

(Thousands of yen)

| | As of December 31, 2019 | As of December 31, 2020 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 21,248 | 24,001 |
| Short-term borrowings | 400,000 | 300,000 |
| Current portion of long-term borrowings | 330,664 | 441,312 |
| Accounts payable - other | 696,925 | 795,981 |
| Income taxes payable | 132,333 | 185,859 |
| Provision for bonuses | 35,949 | 47,924 |
| Other | 586,821 | 600,794 |
| Total current liabilities | 2,203,942 | 2,395,874 |
| Non-current liabilities | | |
| Long-term borrowings | 2,038,164 | 2,767,782 |
| Deferred tax liabilities | – | 2,764 |
| Provision for retirement benefits for directors (and other officers) | 13,010 | 16,513 |
| Asset retirement obligations | 48,928 | 92,197 |
| Other | 2,464 | 16,369 |
| Total non-current liabilities | 2,102,567 | 2,895,627 |
| Total liabilities | 4,306,509 | 5,291,501 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 450,658 | 451,141 |
| Capital surplus | 528,158 | 528,641 |
| Retained earnings | 846,148 | 1,148,074 |
| Treasury shares | (191) | (191) |
| Total shareholders' equity | 1,824,772 | 2,127,665 |
| Total net assets | 1,824,772 | 2,127,665 |
| Total liabilities and net assets | 6,131,282 | 7,419,167 |

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

(Thousands of yen)

| | Fiscal year ended December 31, 2019 | Fiscal year ended December 31, 2020 |
|-----------------------------------------------------------|----------------------------------------|----------------------------------------|
| Net sales | 10,050,775 | 10,778,909 |
| Cost of sales | 8,463,628 | 8,893,322 |
| Gross profit | 1,587,147 | 1,885,586 |
| Selling, general and administrative expenses | 1,101,443 | 1,273,267 |
| Operating profit | 485,703 | 612,319 |
| Non-operating income | | |
| Interest income | 5,554 | 5,437 |
| Other | 1,721 | 1,080 |
| Total non-operating income | 7,275 | 6,517 |
| Non-operating expenses | | |
| Interest expenses | 18,795 | 15,550 |
| Share issuance costs | 417 | – |
| Payments for employment of persons with disabilities | 10,150 | 6,100 |
| Other | 2,918 | 3,259 |
| Total non-operating expenses | 32,280 | 24,909 |
| Ordinary profit | 460,698 | 593,927 |
| Extraordinary income | | |
| Subsidy income | 188,106 | 828,660 |
| Total extraordinary income | 188,106 | 828,660 |
| Extraordinary losses | | |
| Impairment loss | 10,399 | 24,407 |
| Loss on tax purpose reduction entry of non-current assets | 187,981 | 828,394 |
| Total extraordinary losses | 198,380 | 852,801 |
| Profit before income taxes | 450,424 | 569,785 |
| Income taxes - current | 194,749 | 229,565 |
| Income taxes - deferred | (31,602) | 1,122 |
| Total income taxes | 163,146 | 230,687 |
| Profit | 287,277 | 339,098 |
| Profit attributable to owners of parent | 287,277 | 339,098 |

Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended December 31, 2019 | Fiscal year ended December 31, 2020 |
|-----------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Profit | 287,277 | 339,098 |
| Comprehensive income | 287,277 | 339,098 |
| Comprehensive income attributable to Comprehensive income attributable to owners of parent | 287,277 | 339,098 |

Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Thousands of yen)

| | Shareholders' equity | | | | | Total net assets |
|---------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | |
| Balance at beginning of period | 399,520 | 477,020 | 558,870 | – | 1,435,410 | 1,435,410 |
| Changes during period | | | | | | |
| Issuance of new shares | 46,368 | 46,368 | | | 92,736 | 92,736 |
| Issuance of new shares - exercise of share acquisition rights | 4,770 | 4,770 | | | 9,540 | 9,540 |
| Profit attributable to owners of parent | | | 287,277 | | 287,277 | 287,277 |
| Dividends of surplus | | | | | – | – |
| Purchase of treasury shares | | | | (191) | (191) | (191) |
| Total changes during period | 51,138 | 51,138 | 287,277 | (191) | 389,361 | 389,361 |
| Balance at end of period | 450,658 | 528,158 | 846,148 | (191) | 1,824,772 | 1,824,772 |

Fiscal year ended December 31, 2020

(Thousands of yen)

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

Consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended December 31, 2019 | Fiscal year ended December 31, 2020 |
|---------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 450,424 | 569,785 |
| Depreciation | 187,685 | 179,929 |
| Share issuance costs | 417 | – |
| Impairment loss | 10,399 | 24,407 |
| Amortization of goodwill | 6,821 | 27,003 |
| Increase (decrease) in allowance for doubtful accounts | 864 | (1,138) |
| Increase (decrease) in provision for bonuses | (2,701) | (11,867) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 3,410 | 3,503 |
| Interest income | (5,554) | (5,437) |
| Interest expenses | 18,795 | 15,550 |
| Subsidy income | (188,106) | (828,660) |
| Loss on tax purpose reduction entry of non-current assets | 187,981 | 828,394 |
| Decrease (increase) in trade receivables | 38,838 | (91,863) |
| Increase (decrease) in trade payables | (1,309) | 2,753 |
| Increase (decrease) in accounts payable - other | 44,354 | 3,260 |
| Other, net | (89,793) | 19,305 |
| Subtotal | 662,527 | 734,927 |
| Interest received | 8 | 8 |
| Interest paid | (18,699) | (15,565) |
| Income taxes paid | (125,021) | (210,758) |
| Net cash provided by (used in) operating activities | 518,814 | 508,611 |
| Cash flows from investing activities | | |
| Payments into time deposits | (4,000) | (9,000) |
| Purchase of property, plant and equipment | (329,518) | (1,137,617) |
| Purchase of intangible assets | (46,812) | (60,907) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | – | (456,493) |
| Payments for acquisition of businesses | – | (242,000) |
| Subsidies received | 188,106 | 828,660 |
| Long-term loan advances | (68,178) | (38,415) |
| Collection of long-term loans receivable | 39,803 | 44,967 |
| Payments of leasehold and guarantee deposits | (38,170) | (41,400) |
| Proceeds from refund of leasehold and guarantee deposits | 6,190 | 8,666 |
| Other, net | 13 | – |
| Net cash provided by (used in) investing activities | (252,565) | (1,103,539) |

(Thousands of yen)

| | Fiscal year ended December 31, 2019 | Fiscal year ended December 31, 2020 |
|-----------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (516,780) | (100,000) |
| Proceeds from long-term borrowings | 600,000 | 1,240,000 |
| Repayments of long-term borrowings | (685,295) | (424,998) |
| Proceeds from issuance of shares | 92,736 | – |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | 9,540 | 967 |
| Payments for issuance of shares | (417) | – |
| Purchase of treasury shares | (191) | – |
| Dividends paid | – | (36,805) |
| Repayments of lease obligations | (1,447) | (1,594) |
| Net cash provided by (used in) financing activities | (501,856) | 677,568 |
| Net increase (decrease) in cash and cash equivalents | (235,607) | 82,641 |
| Cash and cash equivalents at beginning of period | 2,018,662 | 1,783,055 |
| Cash and cash equivalents at end of period | 1,783,055 | 1,865,696 |