

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 9, 2024

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 Semi-annual Securities Report: August 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	7,980	11.5	235	(13.4)	(0)	–	(6)	–	(56)	–
Six months ended June 30, 2023	7,156	20.7	271	11.5	71	(8.0)	83	(3.3)	81	220.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2024	(12.33)		–	
Six months ended June 30, 2023	17.95		17.87	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	10,414	2,144	20.6
As of December 31, 2023	9,527	2,242	23.5

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, 2023	–	0.00	–	9.00	9.00
Year ending December 31, 2024	–	0.00			
Year ending December 31, 2024 (Forecast)			–	9.00	9.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	15,880	9.1	155	(17.2)	138	(28.9)	32	(67.7)	7.87

4. Notes

- (1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: No
- (2) Application of special accounting methods for preparing interim 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, 2024	4,701,300 shares	As of December 31, 2023	4,701,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	132,724 shares	As of December 31, 2023	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, 2024	4,568,576 shares	Six months ended June 30, 2023	4,568,576 shares
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Interim consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	1,925	2,027
Accounts receivable - trade and contract assets	1,194	1,307
Inventories	66	63
Other	911	887
Allowance for doubtful accounts	(3)	(14)
Total current assets	4,094	4,272
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,840	3,406
Accumulated depreciation	(1,290)	(1,534)
Buildings and structures, net	1,550	1,872
Leased assets	38	38
Accumulated depreciation	(35)	(36)
Leased assets, net	3	2
Construction in progress	73	12
Other	508	633
Accumulated depreciation	(430)	(469)
Other, net	78	164
Total property, plant and equipment	1,705	2,051
Intangible assets		
Goodwill	1,670	2,017
Other	244	256
Total intangible assets	1,915	2,273
Investments and other assets		
Investment securities	10	10
Long-term loans receivable	697	676
Long-term prepaid expenses	321	338
Deferred tax assets	181	247
Leasehold and guarantee deposits	601	543
Other	2	3
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	1,811	1,816
Total non-current assets	5,432	6,142
Total assets	9,527	10,414

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	56	43
Short-term borrowings	1,339	1,689
Current portion of long-term borrowings	569	725
Accounts payable - other	909	824
Income taxes payable	73	104
Provision for bonuses	65	302
Contract liabilities	561	493
Other	561	729
Total current liabilities	4,136	4,911
Non-current liabilities		
Long-term borrowings	2,855	3,059
Deferred tax liabilities	4	–
Provision for retirement benefits for directors (and other officers)	37	40
Asset retirement obligations	222	222
Other	27	35
Total non-current liabilities	3,148	3,357
Total liabilities	7,285	8,269
Net assets		
Shareholders' equity		
Share capital	455	455
Capital surplus	532	532
Retained earnings	1,339	1,242
Treasury shares	(84)	(84)
Total shareholders' equity	2,242	2,144
Total net assets	2,242	2,144
Total liabilities and net assets	9,527	10,414

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, 2023	Six months ended June 30, 2024
Net sales	7,156	7,980
Cost of sales	6,061	6,818
Gross profit	1,094	1,161
Selling, general and administrative expenses	1,023	1,162
Operating profit (loss)	71	(0)
Non-operating income		
Interest income	2	2
Subsidy income	20	5
Other	2	1
Total non-operating income	25	9
Non-operating expenses		
Interest expenses	10	12
Compensation expenses	–	1
Other	2	1
Total non-operating expenses	12	15
Ordinary profit (loss)	83	(6)
Extraordinary income		
Subsidy income	290	27
Total extraordinary income	290	27
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	290	27
Total extraordinary losses	290	27
Profit (loss) before income taxes	83	(6)
Income taxes - current	65	98
Income taxes - deferred	(63)	(48)
Total income taxes	1	49
Profit (loss)	81	(56)
Profit (loss) attributable to owners of parent	81	(56)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit (loss)	81	(56)
Comprehensive income	81	(56)
Comprehensive income attributable to Comprehensive income attributable to owners of parent	81	(56)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	83	(6)
Depreciation	116	135
Amortization of goodwill	84	100
Increase (decrease) in allowance for doubtful accounts	(1)	3
Increase (decrease) in provision for bonuses	232	233
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(3)	2
Interest and dividend income	(2)	(2)
Interest expenses	10	12
Subsidy income	(290)	(27)
Loss on tax purpose reduction entry of non-current assets	290	27
Decrease (increase) in trade receivables and contract assets	14	(71)
Increase (decrease) in trade payables	(18)	(13)
Increase (decrease) in accounts payable - other	(131)	(80)
Increase (decrease) in contract liabilities	(137)	(101)
Other, net	(24)	243
Subtotal	223	455
Interest and dividends received	0	0
Interest paid	(10)	(12)
Income taxes paid	(25)	(71)
Net cash provided by (used in) operating activities	187	371
Cash flows from investing activities		
Payments into time deposits	(1)	(0)
Purchase of property, plant and equipment	(225)	(208)
Purchase of intangible assets	(34)	(17)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(172)	(468)
Payments for acquisition of businesses	–	(204)
Subsidies received	290	27
Proceeds from collection of long-term loans receivable	22	22
Payments of leasehold and guarantee deposits	(34)	(16)
Proceeds from refund of leasehold and guarantee deposits	2	20
Net cash provided by (used in) investing activities	(152)	(845)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1)	339
Proceeds from long-term borrowings	–	600
Repayments of long-term borrowings	(399)	(330)
Repayments of lease liabilities	(2)	(1)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	0	–
Dividends paid	(41)	(40)
Net cash provided by (used in) financing activities	(443)	566
Net increase (decrease) in cash and cash equivalents	(408)	92
Cash and cash equivalents at beginning of period	2,113	1,862
Cash and cash equivalents at end of period	1,704	1,955