

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 15, 2019

Company name: Human Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2415 URL <http://www.athuman.com/>
 Representative: Representative Director, President and CEO Tomonari Sato
 Inquiries: Director, Corporate Planning Division Yasuhiro Sato TEL 03-6846-8002
 Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to file Securities Report: June 28, 2019
 Scheduled date to commence dividend payments: June 28, 2019
 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 March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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 March 31, 2019	84,313	7.0	2,111	11.4	2,172	8.7	1,217	7.7
Year ended March 31, 2018	78,763	5.8	1,895	2.6	1,999	1.3	1,131	12.8

	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 March 31, 2019	111.95	–	11.9	5.6	2.5
Year ended March 31, 2018	103.98	–	12.2	5.5	2.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	40,311	10,719	26.6	985.40
As of March 31, 2018	37,638	9,773	26.0	898.42

(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 March 31, 2019	2,692	(1,210)	348	20,294
Year ended March 31, 2018	2,539	(1,858)	961	18,461

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 March 31, 2018	–	0.00	–	21.00	21.00	228	20.2	2.5
Year ended March 31, 2019	–	0.00	–	22.50	22.50	244	20.1	2.4
Year ending March 31, 2020 (Forecast)	–	0.00	–	24.00	24.00		20.2	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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
Six months ending September 30, 2019	43,072	3.7	679	(21.9)	674	(21.8)	308	(39.3)	28.38
Full year	89,909	6.6	2,283	8.2	2,273	4.7	1,291	6.0	118.68

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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

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 March 31, 2019	10,987,200 shares	As of March 31, 2018	10,987,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	109,159 shares	As of March 31, 2018	108,966 shares
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Average number of shares during the period

Year ended March 31, 2019	10,878,198 shares	Year ended March 31, 2018	10,878,264 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	18,461,766	20,294,996
Notes and accounts receivable - trade	9,148,096	9,502,787
Merchandise	514,545	611,639
Supplies	24,850	21,671
Other	706,746	940,283
Allowance for doubtful accounts	(6,138)	(6,550)
Total current assets	28,849,866	31,364,828
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,563,725	2,602,748
Tools, furniture and fixtures, net	309,151	260,978
Land	502,700	502,700
Construction in progress	129,364	–
Total property, plant and equipment	3,504,940	3,366,426
Intangible assets		
Software	866,274	1,301,968
Goodwill	209,783	125,252
Other	104,867	99,453
Total intangible assets	1,180,925	1,526,674
Investments and other assets		
Investment securities	674,624	553,804
Long-term loans receivable	389,423	305,259
Guarantee deposits	2,202,357	2,195,043
Deferred tax assets	348,690	418,961
Other	651,956	709,415
Allowance for doubtful accounts	(164,097)	(128,909)
Total investments and other assets	4,102,954	4,053,575
Total non-current assets	8,788,820	8,946,676
Total assets	37,638,687	40,311,505

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	201,963	259,787
Short-term loans payable	250,000	260,000
Current portion of long-term loans payable	1,861,354	2,045,755
Advances received	10,465,132	10,731,012
Accounts payable - other	6,633,915	7,049,617
Income taxes payable	371,855	486,022
Accrued consumption taxes	929,147	1,030,794
Provision for bonuses	796,883	835,796
Asset retirement obligations	6,200	–
Other	1,386,964	1,454,639
Total current liabilities	22,903,416	24,153,424
Non-current liabilities		
Long-term loans payable	4,006,407	4,389,013
Deferred tax liabilities	–	1,400
Provision for retirement benefits for directors (and other officers)	421,117	457,768
Asset retirement obligations	316,761	345,146
Other	217,783	245,494
Total non-current liabilities	4,962,069	5,438,823
Total liabilities	27,865,486	29,592,248
Net assets		
Shareholders' equity		
Capital stock	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	7,735,653	8,682,602
Treasury shares	(66,392)	(66,794)
Total shareholders' equity	9,779,060	10,725,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(124)	(637)
Foreign currency translation adjustment	(5,735)	(5,714)
Total accumulated other comprehensive income	(5,860)	(6,351)
Total net assets	9,773,200	10,719,257
Total liabilities and net assets	37,638,687	40,311,505

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

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	78,763,428	84,313,286
Cost of sales	56,934,997	61,173,073
Gross profit	21,828,431	23,140,213
Selling, general and administrative expenses	19,932,809	21,028,826
Operating profit	1,895,621	2,111,386
Non-operating income		
Interest income	8,077	10,377
Dividend income	1,899	832
Examination fee	28,540	26,580
Reversal of allowance for doubtful accounts	–	28,367
Subsidy income	39,450	24,333
Other	71,965	74,405
Total non-operating income	149,933	164,896
Non-operating expenses		
Interest expenses	15,300	14,521
Provision of allowance for doubtful accounts	7,560	–
Settlement package	12,146	77,210
Other	11,424	12,147
Total non-operating expenses	46,431	103,879
Ordinary profit	1,999,122	2,172,403
Extraordinary income		
Gain on sales of investment securities	–	41,673
Total extraordinary income	–	41,673
Extraordinary losses		
Loss on retirement of non-current assets	318	23,104
Loss on valuation of investment securities	3,777	–
Impairment loss	68,526	148,001
Total extraordinary losses	72,622	171,105
Profit before income taxes	1,926,500	2,042,970
Income taxes - current	758,632	894,057
Income taxes - deferred	36,790	(68,870)
Total income taxes	795,423	825,186
Profit	1,131,076	1,217,783
Profit attributable to owners of parent	1,131,076	1,217,783

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	1,131,076	1,217,783
Other comprehensive income		
Valuation difference on available-for-sale securities	145	(512)
Foreign currency translation adjustment	(338)	21
Total other comprehensive income	(192)	(491)
Comprehensive income	1,130,884	1,217,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,130,884	1,217,292
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,299,900	809,900	6,805,824	(66,314)	8,849,310
Changes of items during period					
Dividends of surplus			(201,248)		(201,248)
Profit attributable to owners of parent			1,131,076		1,131,076
Purchase of treasury shares				(78)	(78)
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	929,828	(78)	929,749
Balance at end of current period	1,299,900	809,900	7,735,653	(66,392)	9,779,060

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	(270)	(5,397)	(5,667)	8,843,643
Changes of items during period				
Dividends of surplus				(201,248)
Profit attributable to owners of parent				1,131,076
Purchase of treasury shares				(78)
Change of scope of consolidation				
Net changes of items other than shareholders' equity	145	(338)	(192)	(192)
Total changes of items during period	145	(338)	(192)	929,557
Balance at end of current period	(124)	(5,735)	(5,860)	9,773,200

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,299,900	809,900	7,735,653	(66,392)	9,779,060
Changes of items during period					
Dividends of surplus			(228,442)		(228,442)
Profit attributable to owners of parent			1,217,783		1,217,783
Purchase of treasury shares				(401)	(401)
Change of scope of consolidation			(42,391)		(42,391)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	946,949	(401)	946,548
Balance at end of current period	1,299,900	809,900	8,682,602	(66,794)	10,725,608

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of current period	(124)	(5,735)	(5,860)	9,773,200
Changes of items during period				
Dividends of surplus				(228,442)
Profit attributable to owners of parent				1,217,783
Purchase of treasury shares				(401)
Change of scope of consolidation				(42,391)
Net changes of items other than shareholders' equity	(512)	21	(491)	(491)
Total changes of items during period	(512)	21	(491)	946,056
Balance at end of current period	(637)	(5,714)	(6,351)	10,719,257

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,926,500	2,042,970
Depreciation	813,792	838,418
Impairment loss	68,526	148,001
Amortization of goodwill	88,783	100,803
Increase (decrease) in allowance for doubtful accounts	9,092	(35,784)
Increase (decrease) in provision for bonuses	38,272	38,912
Increase (decrease) in provision for retirement benefits for directors (and other officers)	40,349	36,276
Settlement package	12,146	77,210
Interest and dividend income	(9,976)	(11,209)
Interest expenses	15,300	14,521
Loss on retirement of non-current assets	318	23,104
Loss (gain) on valuation of investment securities	3,777	–
Loss (gain) on sales of investment securities	–	(41,673)
Decrease (increase) in notes and accounts receivable - trade	(317,656)	(245,752)
Decrease (increase) in inventories	29,285	(86,563)
Increase (decrease) in notes and accounts payable - trade	(49,502)	57,823
Increase (decrease) in advances received	(353,775)	270,509
Increase (decrease) in accounts payable - other	1,137,608	158,751
Increase (decrease) in accrued consumption taxes	(78,147)	88,462
Other, net	(5,961)	74,113
Subtotal	3,368,734	3,548,898
Interest and dividend income received	9,809	7,559
Interest expenses paid	(15,474)	(14,673)
Settlement package paid	(12,146)	(76,449)
Income taxes (paid) refund	(811,639)	(772,730)
Net cash provided by (used in) operating activities	2,539,284	2,692,604
Cash flows from investing activities		
Purchase of property, plant and equipment	(929,571)	(617,023)
Purchase of intangible assets	(445,444)	(654,550)
Purchase of investment securities	(400,092)	(2,520)
Proceeds from sales of investment securities	–	87,500
Collection of investments in capital	–	14,760
Payments for guarantee deposits	(163,856)	(105,352)
Proceeds from collection of guarantee deposits	175,632	60,719
Payments of loans receivable	(325,414)	(162,666)
Collection of loans receivable	114,520	23,043
Subsidy income	155,833	144,000
Other, net	(39,674)	1,985
Net cash provided by (used in) investing activities	(1,858,067)	(1,210,105)

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	30,000	10,000
Proceeds from long-term loans payable	3,200,000	2,800,000
Repayments of long-term loans payable	(2,064,529)	(2,232,993)
Cash dividends paid	(201,248)	(228,442)
Other, net	(2,709)	(401)
Net cash provided by (used in) financing activities	961,513	348,162
Effect of exchange rate change on cash and cash equivalents	4,900	(3,851)
Net increase (decrease) in cash and cash equivalents	1,647,630	1,826,809
Cash and cash equivalents at beginning of period	16,814,135	18,461,766
Increase in cash and cash equivalents from newly consolidated subsidiary	–	6,420
Cash and cash equivalents at end of period	18,461,766	20,294,996