

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 14, 2019

Company name: Human Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2415 URL <https://www.athuman.com/>
 Representative: Representative Director, President and CEO Tomonari Sato
 Inquiries: Director, Corporate Planning Division Yasuhiro Sato TEL 03-6846-8002
 Scheduled date to file Quarterly Securities Report: November 14, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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	%
Six months ended September 30, 2019	42,585	2.5	963	10.8	992	15.1	430	(15.4)
Six months ended September 30, 2018	41,527	7.4	869	(11.1)	862	(16.3)	508	(17.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	39.56		–	
Six months ended September 30, 2018	46.74		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	38,274	10,904	28.5
As of March 31, 2019	40,311	10,719	26.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	0.00	–	22.50	22.50
Year ending March 31, 2020	–	0.00			
Year ending March 31, 2020 (Forecast)			–	24.00	24.00

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
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 six months ended September 30, 2019
(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 September 30, 2019	10,987,200 shares	As of March 31, 2019	10,987,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	109,159 shares	As of March 31, 2019	109,159 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	10,878,041 shares	Six months ended September 30, 2018	10,878,233 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	20,294,996	19,234,795
Notes and accounts receivable - trade	9,502,787	8,806,039
Merchandise	611,639	558,508
Supplies	21,671	26,191
Other	940,283	834,976
Allowance for doubtful accounts	(6,550)	(6,340)
Total current assets	31,364,828	29,454,171
Non-current assets		
Property, plant and equipment	3,366,426	3,265,294
Intangible assets		
Goodwill	125,252	94,972
Other	1,401,422	1,431,111
Total intangible assets	1,526,674	1,526,083
Investments and other assets		
Guarantee deposits	2,195,043	2,219,344
Other	1,987,441	1,947,692
Allowance for doubtful accounts	(128,909)	(137,965)
Total investments and other assets	4,053,575	4,029,070
Total non-current assets	8,946,676	8,820,449
Total assets	40,311,505	38,274,620
Liabilities		
Current liabilities		
Accounts payable - trade	259,787	220,298
Short-term borrowings	260,000	300,000
Current portion of long-term borrowings	2,045,755	2,370,496
Advances received	10,731,012	9,604,270
Accounts payable - other	7,049,617	5,254,254
Income taxes payable	486,022	389,214
Provision for bonuses	835,796	876,192
Asset retirement obligations	—	1,395
Other	2,485,433	2,207,677
Total current liabilities	24,153,424	21,223,800
Non-current liabilities		
Long-term borrowings	4,389,013	5,069,568
Provision for retirement benefits for directors (and other officers)	457,768	478,616
Asset retirement obligations	345,146	346,064
Other	246,894	252,304
Total non-current liabilities	5,438,823	6,146,554
Total liabilities	29,592,248	27,370,354

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	8,682,602	8,868,131
Treasury shares	(66,794)	(66,794)
Total shareholders' equity	10,725,608	10,911,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(637)	(1,097)
Foreign currency translation adjustment	(5,714)	(5,773)
Total accumulated other comprehensive income	(6,351)	(6,871)
Total net assets	10,719,257	10,904,266
Total liabilities and net assets	40,311,505	38,274,620

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	41,527,980	42,585,203
Cost of sales	30,100,013	30,845,726
Gross profit	11,427,966	11,739,476
Selling, general and administrative expenses	10,558,043	10,775,847
Operating profit	869,922	963,628
Non-operating income		
Interest income	4,860	5,727
Dividend income	821	106
Compensation income	1,204	22,273
Subsidy income	8,294	1,717
Other	53,940	37,622
Total non-operating income	69,121	67,447
Non-operating expenses		
Interest expenses	7,052	6,983
Settlement package	61,677	3,114
Loss on abandonment of supplies	1,721	9,313
Provision of allowance for doubtful accounts	–	8,839
Other	6,557	10,329
Total non-operating expenses	77,010	38,580
Ordinary profit	862,034	992,495
Extraordinary income		
Gain on sales of non-current assets	–	196
Total extraordinary income	–	196
Extraordinary losses		
Loss on retirement of non-current assets	5,400	7,253
Loss on valuation of investment securities	–	13,706
Loss on valuation of shares of subsidiaries and associates	–	46,122
Impairment loss	2,506	62,007
Total extraordinary losses	7,906	129,089
Profit before income taxes	854,127	863,601
Income taxes	345,723	433,316
Profit	508,403	430,284
Profit attributable to owners of parent	508,403	430,284

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	508,403	430,284
Other comprehensive income		
Valuation difference on available-for-sale securities	480	(460)
Foreign currency translation adjustment	171	(58)
Total other comprehensive income	652	(519)
Comprehensive income	509,055	429,765
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	509,055	429,765
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	854,127	863,601
Depreciation	397,090	428,974
Impairment loss	2,506	62,007
Amortization of goodwill	50,401	42,885
Settlement package	61,677	3,114
Loss (gain) on valuation of investment securities	–	13,706
Loss on valuation of shares of subsidiaries and associates	–	46,122
Loss on retirement of non-current assets	5,400	7,253
Gain on sales of non-current assets	–	(196)
Compensation income	(1,204)	(22,273)
Increase (decrease) in allowance for doubtful accounts	(6,615)	8,853
Increase (decrease) in provision for bonuses	55,787	40,396
Increase (decrease) in provision for retirement benefits for directors (and other officers)	18,628	20,847
Interest and dividend income	(5,682)	(5,834)
Interest expenses	7,052	6,983
Decrease (increase) in trade receivables	754,338	701,153
Decrease (increase) in inventories	(97,286)	44,424
Increase (decrease) in trade payables	80,264	(39,489)
Increase (decrease) in advances received	(1,131,784)	(1,124,995)
Increase (decrease) in accounts payable - other	142,165	(1,502,900)
Other, net	236,695	(256,255)
Subtotal	1,423,563	(661,619)
Interest and dividends received	4,078	7,138
Interest paid	(7,365)	(7,074)
Settlement package paid	(8,480)	(3,587)
Proceeds from compensation	1,204	1,273
Income taxes (paid) refund	(410,910)	(575,726)
Net cash provided by (used in) operating activities	1,002,089	(1,239,596)
Cash flows from investing activities		
Purchase of property, plant and equipment	(340,563)	(350,532)
Purchase of intangible assets	(197,984)	(361,272)
Purchase of investment securities	(2,520)	(4,338)
Payments of guarantee deposits	(23,915)	(29,330)
Proceeds from refund of guarantee deposits	21,919	12,138
Loan advances	(93,229)	(25,268)
Collection of loans receivable	11,054	37,395
Subsidy income	144,000	135,000
Payments for acquisition of businesses	–	(33,399)
Other, net	2,206	196
Net cash provided by (used in) investing activities	(479,033)	(619,410)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	160,000	40,000
Proceeds from long-term borrowings	2,500,000	2,150,000
Repayments of long-term borrowings	(1,110,292)	(1,144,704)
Dividends paid	(228,442)	(244,755)
Other, net	(3)	–
Net cash provided by (used in) financing activities	1,321,262	800,540
Effect of exchange rate change on cash and cash equivalents	(2,150)	(1,733)
Net increase (decrease) in cash and cash equivalents	1,842,167	(1,060,201)
Cash and cash equivalents at beginning of period	18,461,766	20,294,996
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	6,420	–
Cash and cash equivalents at end of period	20,310,353	19,234,795