

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

May 15, 2020

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 of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 26, 2020
 Scheduled date to commence dividend payments: June 26, 2020
 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, 2020 (from April 1, 2019 to March 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 March 31, 2020	85,989	2.0	2,002	(5.2)	2,127	(2.1)	848	(30.3)
Year ended March 31, 2019	84,313	7.0	2,111	11.4	2,172	8.7	1,217	7.7

	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, 2020	78.00	–	7.7	5.3	2.3
Year ended March 31, 2019	111.95	–	11.9	5.6	2.5

(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, 2020	40,154	11,323	28.2	1,040.95
As of March 31, 2019	40,311	10,719	26.6	985.40

(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, 2020	1,400	(1,221)	(333)	20,138
Year ended March 31, 2019	2,692	(1,210)	348	20,294

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, 2019	–	0.00	–	22.50	22.50	244	20.1	2.4
Year ended March 31, 2020	–	0.00	–	16.00	16.00	174	20.5	1.6
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (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, 2020	10,987,200 shares	As of March 31, 2019	10,987,200 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2020	109,159 shares	As of March 31, 2019	109,159 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2020	10,878,041 shares	Year ended March 31, 2019	10,878,198 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	20,294,996	20,138,690
Notes and accounts receivable - trade	9,502,787	9,766,497
Merchandise	611,639	636,713
Supplies	21,671	33,787
Other	940,283	828,126
Allowance for doubtful accounts	(6,550)	(10,110)
Total current assets	31,364,828	31,393,705
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,602,748	2,446,523
Tools, furniture and fixtures, net	260,978	253,497
Land	502,700	502,700
Construction in progress	–	3,412
Total property, plant and equipment	3,366,426	3,206,133
Intangible assets		
Software	1,301,968	1,313,052
Goodwill	125,252	52,034
Other	99,453	98,971
Total intangible assets	1,526,674	1,464,058
Investments and other assets		
Investment securities	553,804	500,796
Long-term loans receivable	305,259	340,897
Guarantee deposits	2,195,043	2,272,842
Deferred tax assets	418,961	431,215
Other	709,415	680,538
Allowance for doubtful accounts	(128,909)	(135,955)
Total investments and other assets	4,053,575	4,090,336
Total non-current assets	8,946,676	8,760,528
Total assets	40,311,505	40,154,233

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	259,787	242,956
Short-term borrowings	260,000	280,000
Current portion of long-term borrowings	2,045,755	2,292,521
Advances received	10,731,012	10,644,179
Accounts payable - other	7,049,617	5,949,388
Income taxes payable	486,022	495,426
Accrued consumption taxes	1,030,794	1,401,707
Provision for bonuses	835,796	859,006
Other	1,454,639	1,538,393
Total current liabilities	24,153,424	23,703,579
Non-current liabilities		
Long-term borrowings	4,389,013	4,033,995
Provision for retirement benefits for directors (and other officers)	457,768	489,235
Asset retirement obligations	345,146	354,570
Deferred tax liabilities	1,400	–
Other	245,494	249,319
Total non-current liabilities	5,438,823	5,127,119
Total liabilities	29,592,248	28,830,699
Net assets		
Shareholders' equity		
Share capital	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	8,682,602	9,286,285
Treasury shares	(66,794)	(66,794)
Total shareholders' equity	10,725,608	11,329,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(637)	–
Foreign currency translation adjustment	(5,714)	(5,757)
Total accumulated other comprehensive income	(6,351)	(5,757)
Total net assets	10,719,257	11,323,533
Total liabilities and net assets	40,311,505	40,154,233

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	84,313,286	85,989,819
Cost of sales	61,173,073	62,529,695
Gross profit	23,140,213	23,460,124
Selling, general and administrative expenses	21,028,826	21,457,614
Operating profit	2,111,386	2,002,510
Non-operating income		
Interest income	10,377	11,198
Dividend income	832	112
Examination fee	26,580	19,782
Reversal of allowance for doubtful accounts	28,367	–
Subsidy income	24,333	57,665
Compensation income	1,653	43,236
Other	72,752	66,804
Total non-operating income	164,896	198,800
Non-operating expenses		
Interest expenses	14,521	13,848
Settlement package	77,210	6,570
Foreign exchange losses	310	19,572
Loss on abandonment of supplies	4,075	10,187
Other	7,761	23,841
Total non-operating expenses	103,879	74,020
Ordinary profit	2,172,403	2,127,290
Extraordinary income		
Gain on sales of non-current assets	–	196
Gain on sales of investment securities	41,673	–
Gain on transfer of receivables	–	548
Total extraordinary income	41,673	744
Extraordinary losses		
Loss on retirement of non-current assets	23,104	11,468
Loss on valuation of investment securities	–	16,041
Loss on valuation of shares of subsidiaries and associates	–	141,942
Impairment loss	148,001	128,707
Total extraordinary losses	171,105	298,159
Profit before income taxes	2,042,970	1,829,875
Income taxes - current	894,057	995,091
Income taxes - deferred	(68,870)	(13,654)
Total income taxes	825,186	981,436
Profit	1,217,783	848,438
Profit attributable to owners of parent	1,217,783	848,438

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	1,217,783	848,438
Other comprehensive income		
Valuation difference on available-for-sale securities	(512)	637
Foreign currency translation adjustment	21	(42)
Total other comprehensive income	(491)	594
Comprehensive income	1,217,292	849,032
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,217,292	849,032
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,900	809,900	7,735,653	(66,392)	9,779,060
Changes 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 in scope of consolidation			(42,391)		(42,391)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	946,949	(401)	946,548
Balance at end of 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 period	(124)	(5,735)	(5,860)	9,773,200
Changes during period				
Dividends of surplus				(228,442)
Profit attributable to owners of parent				1,217,783
Purchase of treasury shares				(401)
Change in scope of consolidation				(42,391)
Net changes in items other than shareholders' equity	(512)	21	(491)	(491)
Total changes during period	(512)	21	(491)	946,056
Balance at end of period	(637)	(5,714)	(6,351)	10,719,257

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,900	809,900	8,682,602	(66,794)	10,725,608
Changes during period					
Dividends of surplus			(244,755)		(244,755)
Profit attributable to owners of parent			848,438		848,438
Purchase of treasury shares					
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	603,682	–	603,682
Balance at end of period	1,299,900	809,900	9,286,285	(66,794)	11,329,291

	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 period	(637)	(5,714)	(6,351)	10,719,257
Changes during period				
Dividends of surplus				(244,755)
Profit attributable to owners of parent				848,438
Purchase of treasury shares				–
Change in scope of consolidation				–
Net changes in items other than shareholders' equity	637	(42)	594	594
Total changes during period	637	(42)	594	604,276
Balance at end of period	–	(5,757)	(5,757)	11,323,533

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,042,970	1,829,875
Depreciation	838,418	888,974
Impairment loss	148,001	128,707
Amortization of goodwill	100,803	85,823
Increase (decrease) in allowance for doubtful accounts	(35,784)	10,595
Increase (decrease) in provision for bonuses	38,912	23,210
Increase (decrease) in provision for retirement benefits for directors (and other officers)	36,276	31,466
Settlement package	77,210	6,570
Interest and dividend income	(11,209)	(11,311)
Interest expenses	14,521	13,848
Loss on retirement of non-current assets	23,104	11,468
Gain on sales of non-current assets	–	(196)
Loss (gain) on valuation of investment securities	–	16,041
Loss (gain) on sales of investment securities	(41,673)	–
Gain on transfer of receivables	–	(548)
Loss on valuation of shares of subsidiaries and associates	–	141,942
Compensation income	(1,653)	(43,236)
Decrease (increase) in trade receivables	(245,752)	(259,233)
Decrease (increase) in inventories	(86,563)	(40,513)
Increase (decrease) in trade payables	57,823	(16,830)
Increase (decrease) in advances received	270,509	(84,453)
Increase (decrease) in accounts payable - other	158,751	(938,666)
Increase (decrease) in accrued consumption taxes	88,462	428,989
Other, net	74,333	146,772
Subtotal	3,547,464	2,369,296
Interest and dividends received	7,559	11,333
Interest paid	(14,673)	(13,843)
Settlement package paid	(76,449)	(7,043)
Proceeds from compensation	1,433	43,236
Income taxes (paid) refund	(772,730)	(1,002,382)
Net cash provided by (used in) operating activities	2,692,604	1,400,597
Cash flows from investing activities		
Purchase of property, plant and equipment	(617,023)	(595,130)
Purchase of intangible assets	(654,550)	(538,866)
Purchase of investment securities	(2,520)	(104,338)
Proceeds from sales of investment securities	87,500	–
Payments for acquisition of businesses	–	(33,399)
Proceeds from divestments	14,760	–
Payments of guarantee deposits	(105,352)	(110,701)
Proceeds from refund of guarantee deposits	60,719	19,766
Loan advances	(162,666)	(76,002)
Collection of loans receivable	23,043	81,794
Subsidy income	144,000	135,000
Other, net	1,985	186
Net cash provided by (used in) investing activities	(1,210,105)	(1,221,691)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,000	20,000
Proceeds from long-term borrowings	2,800,000	2,250,000
Repayments of long-term borrowings	(2,232,993)	(2,358,252)
Dividends paid	(228,442)	(244,755)
Other, net	(401)	–
Net cash provided by (used in) financing activities	348,162	(333,007)
Effect of exchange rate change on cash and cash equivalents	(3,851)	(2,203)
Net increase (decrease) in cash and cash equivalents	1,826,809	(156,305)
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	20,294,996	20,138,690