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MEMBERSHIP
August 9, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: **H.U. Group Holdings, Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 4544
 URL: <https://www.hugp.com/>
 Representative: Shigekazu Takeuchi, Director, President and Group CEO
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 Telephone: +81-3-5909-3337
 Scheduled date to file quarterly securities report: August 12, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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	%
Three months ended								
June 30, 2022	65,331	2.9	8,580	(29.8)	8,455	(29.1)	5,587	(33.0)
June 30, 2021	63,492	44.6	12,227	987.5	11,929	–	8,343	–

Note: Comprehensive income For the three months ended June 30, 2022: ¥9,420 million [10.3%]
 For the three months ended June 30, 2021: ¥8,540 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	98.25	98.24
June 30, 2021	146.30	146.23

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2022	278,275	146,002	52.4	2,565.64
March 31, 2022	286,587	140,178	48.9	2,463.33

Reference: Equity

As of June 30, 2022: ¥145,927 million
 As of March 31, 2022: ¥140,106 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	62.00	–	63.00	125.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		62.00	–	63.00	125.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	254,000	(6.9)	21,000	(58.4)	18,000	(62.0)	12,500	(57.8)	219.77

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	57,447,581 shares
As of March 31, 2022	57,446,657 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2022	570,018 shares
As of March 31, 2022	569,941 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	56,877,409 shares
Three months ended June 30, 2021	57,027,969 shares

Note: The Company has introduced a Board Incentive Plan (BIP) trust as part of officer remuneration, and the number of shares of the Company held by the said trust is included in the number of treasury shares excluded from calculations of the number of treasury shares at the end of the period, and the average number of shares during the period.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Note regarding the forecast figures)

The consolidated earnings forecasts for the fiscal year ending March 31, 2023 are based on information available to the Company as of the date of announcement of this report and assumptions as of the same date on many uncertain factors that could affect the future performance of the Company. Actual results may differ substantially from the forecasts due to various factors in the future.

(How to access supplementary material on quarterly financial results and the details of quarterly financial results briefing)

The Company is scheduled to hold a quarterly financial results briefing for institutional investors and analysts via teleconference on Tuesday, August 9, 2022, and to post the material used in the meeting on the Company's website immediately after the announcement of financial results.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	46,490	39,728
Notes and accounts receivable - trade, and contract assets	59,238	53,121
Merchandise and finished goods	5,148	5,268
Work in process	6,605	7,308
Raw materials and supplies	7,731	8,438
Other	8,003	9,707
Allowance for doubtful accounts	(675)	(665)
Total current assets	132,542	122,906
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,227	23,546
Tools, furniture and fixtures, net	14,777	17,045
Land	10,488	10,657
Other, net	30,026	27,086
Total property, plant and equipment	76,520	78,336
Intangible assets		
Goodwill	201	192
Customer-related intangible assets	897	914
Software	22,250	22,064
Other	11,057	11,197
Total intangible assets	34,406	34,367
Investments and other assets		
Investment securities	8,300	8,782
Other	34,861	33,942
Allowance for doubtful accounts	(165)	(175)
Total investments and other assets	42,996	42,549
Total non-current assets	153,923	155,253
Deferred assets	121	114
Total assets	286,587	278,275

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,307	20,905
Electronically recorded obligations - operating	1,025	1,489
Current portion of long-term borrowings	3,621	5,510
Accounts payable - other	14,921	13,865
Income taxes payable	5,834	1,585
Provision for bonuses	6,870	2,509
Other	17,174	14,201
Total current liabilities	70,755	60,067
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	18,700	15,000
Retirement benefit liability	5,470	5,562
Asset retirement obligations	1,046	1,205
Provision for share awards	572	630
Provision for compensation loss	709	851
Provision for loss on guarantees	1,414	1,236
Other	12,739	12,718
Total non-current liabilities	75,653	72,205
Total liabilities	146,408	132,272
Net assets		
Shareholders' equity		
Share capital	9,231	9,233
Capital surplus	24,953	24,955
Retained earnings	103,957	105,942
Treasury shares	(2,081)	(2,082)
Total shareholders' equity	136,060	138,049
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,620	1,326
Foreign currency translation adjustment	3,997	8,072
Remeasurements of defined benefit plans	(1,573)	(1,521)
Total accumulated other comprehensive income	4,045	7,878
Share acquisition rights	72	75
Total net assets	140,178	146,002
Total liabilities and net assets	286,587	278,275

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	63,492	65,331
Cost of sales	38,136	40,435
Gross profit	25,356	24,896
Selling, general and administrative expenses	13,129	16,315
Operating profit	12,227	8,580
Non-operating income		
Interest income	9	24
Dividend income	20	27
Foreign exchange gains	–	598
Other	592	158
Total non-operating income	622	809
Non-operating expenses		
Interest expenses	97	95
Share of loss of entities accounted for using equity method	703	768
Other	120	70
Total non-operating expenses	921	933
Ordinary profit	11,929	8,455
Extraordinary income		
Gain on sale of non-current assets	5	0
Gain on reversal of share acquisition rights	16	–
Other	48	–
Total extraordinary income	69	0
Extraordinary losses		
Loss on retirement of non-current assets	29	14
Loss on valuation of investments in capital	–	149
Loss on valuation of other investments	525	67
Other	28	94
Total extraordinary losses	583	326
Profit before income taxes	11,415	8,128
Income taxes - current	1,282	840
Income taxes - deferred	1,803	1,700
Total income taxes	3,085	2,541
Profit	8,329	5,587
Loss attributable to non-controlling interests	(13)	–
Profit attributable to owners of parent	8,343	5,587

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	8,329	5,587
Other comprehensive income		
Valuation difference on available-for-sale securities	4	(293)
Foreign currency translation adjustment	163	4,074
Remeasurements of defined benefit plans, net of tax	42	51
Total other comprehensive income	210	3,832
Comprehensive income	8,540	9,420
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	8,553	9,420
Comprehensive income attributable to non-controlling interests	(13)	–

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	11,415	8,128
Depreciation	3,217	4,443
Amortization of goodwill	30	8
Share of loss (profit) of entities accounted for using equity method	703	768
Decrease (increase) in trade receivables and contract assets	(351)	6,775
Decrease (increase) in inventories	(922)	(842)
Increase (decrease) in trade payables	75	(56)
Increase (decrease) in provision for bonuses	(4,387)	(4,421)
Decrease (increase) in other current assets	(2,119)	(1,705)
Increase (decrease) in other current liabilities	462	(1,830)
Increase (decrease) in other non-current liabilities	(5)	574
Other, net	(723)	(1,230)
Subtotal	7,393	10,612
Income taxes paid	(1,663)	(4,453)
Other, net	(84)	(65)
Net cash provided by (used in) operating activities	5,646	6,092
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,501)	(4,730)
Purchase of intangible assets	(3,739)	(1,921)
Proceeds from share of profits on investments in capital	3,016	–
Subsidies received	1,696	–
Other, net	89	(637)
Net cash provided by (used in) investing activities	(3,437)	(7,289)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,811)	(1,811)
Dividends paid	(5,268)	(3,579)
Repayments of finance lease liabilities	(930)	(1,052)
Other, net	(12)	0
Net cash provided by (used in) financing activities	(8,023)	(6,442)
Effect of exchange rate change on cash and cash equivalents	113	887
Net increase (decrease) in cash and cash equivalents	(5,700)	(6,752)
Cash and cash equivalents at beginning of period	42,950	46,479
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	0	–
Cash and cash equivalents at end of period	37,250	39,727