

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 Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

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, 2022
 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, 2022 (from April 1, 2022 to September 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	%
Six months ended September 30, 2022	44,942	5.4	743	(39.7)	891	(34.3)	560	(30.7)
Six months ended September 30, 2021	42,644	1.5	1,234	(0.3)	1,356	(5.7)	808	7.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	51.53		–	
Six months ended September 30, 2021	74.34		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	47,115	13,835	29.4
As of March 31, 2022	46,320	13,625	29.4

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, 2022	–	0.00	–	30.50	30.50
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	32.50	32.50

3. Forecast of consolidated financial results for the 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	91,454	6.0	2,900	17.2	2,936	8.3	1,742	5.8	160.19

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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, 2022	10,987,200 shares	As of March 31, 2022	10,987,200 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	109,201 shares	As of March 31, 2022	109,201 shares
--------------------------	----------------	----------------------	----------------

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

Six months ended September 30, 2022	10,877,999 shares	Six months ended September 30, 2021	10,877,999 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	25,496,356	26,999,335
Notes and accounts receivable - trade, and contract assets	10,484,625	9,914,661
Merchandise	709,725	656,860
Supplies	20,326	15,730
Other	1,035,863	984,330
Allowance for doubtful accounts	(3,131)	(2,688)
Total current assets	37,743,765	38,568,230
Non-current assets		
Property, plant and equipment	3,226,419	3,109,777
Intangible assets		
Goodwill	8,604	6,582
Other	1,175,685	1,259,409
Total intangible assets	1,184,289	1,265,992
Investments and other assets		
Guarantee deposits	2,108,622	2,103,052
Other	2,303,168	2,281,032
Allowance for doubtful accounts	(245,342)	(212,151)
Total investments and other assets	4,166,448	4,171,932
Total non-current assets	8,577,157	8,547,702
Total assets	46,320,923	47,115,932
Liabilities		
Current liabilities		
Accounts payable - trade	232,033	182,435
Current portion of long-term borrowings	3,212,476	3,478,706
Contract liabilities	10,289,761	9,215,138
Accounts payable - other	6,555,913	6,176,933
Income taxes payable	254,275	358,414
Provision for bonuses	868,345	925,950
Asset retirement obligations	1,079	–
Other	2,393,706	2,366,833
Total current liabilities	23,807,591	22,704,412
Non-current liabilities		
Long-term borrowings	7,631,917	9,271,345
Provision for retirement benefits for directors (and other officers)	506,522	517,091
Asset retirement obligations	355,387	357,577
Other	393,911	430,294
Total non-current liabilities	8,887,739	10,576,308
Total liabilities	32,695,331	33,280,720

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,299,900	1,299,900
Capital surplus	799,691	799,691
Retained earnings	11,620,385	11,849,202
Treasury shares	(66,834)	(66,834)
Total shareholders' equity	13,653,142	13,881,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	990	1,006
Foreign currency translation adjustment	(28,540)	(47,753)
Total accumulated other comprehensive income	(27,550)	(46,747)
Total net assets	13,625,592	13,835,212
Total liabilities and net assets	46,320,923	47,115,932

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, 2021	Six months ended September 30, 2022
Net sales	42,644,529	44,942,104
Cost of sales	31,670,970	33,838,008
Gross profit	10,973,559	11,104,096
Selling, general and administrative expenses	9,738,964	10,360,196
Operating profit	1,234,594	743,899
Non-operating income		
Interest income	4,316	5,895
Dividend income	42	63
Reversal of allowance for doubtful accounts	40,888	–
Subsidy income	59,894	115,987
Foreign exchange gains	9,247	80,906
Other	38,119	33,582
Total non-operating income	152,508	236,435
Non-operating expenses		
Interest expenses	9,321	12,644
Provision of allowance for doubtful accounts	–	57,274
Settlement payments	6,459	1,934
Other	14,761	16,840
Total non-operating expenses	30,541	88,693
Ordinary profit	1,356,561	891,641
Extraordinary income		
Gain on sale of non-current assets	518	7,000
Gain on sale of shares of subsidiaries and associates	–	28,335
Total extraordinary income	518	35,335
Extraordinary losses		
Loss on retirement of non-current assets	0	37
Loss on sale of non-current assets	141	–
Loss on valuation of shares of subsidiaries and associates	–	19,243
Impairment losses	37,343	6,387
Total extraordinary losses	37,484	25,668
Profit before income taxes	1,319,595	901,308
Income taxes	510,881	340,712
Profit	808,714	560,596
Profit attributable to owners of parent	808,714	560,596

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	808,714	560,596
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	15
Foreign currency translation adjustment	(7,242)	(19,212)
Total other comprehensive income	(7,269)	(19,196)
Comprehensive income	801,444	541,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	801,444	541,399
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,319,595	901,308
Depreciation	444,956	429,794
Impairment losses	37,343	6,387
Amortization of goodwill	14,700	2,021
Settlement payments	6,459	1,934
Loss on retirement of non-current assets	0	37
Loss (gain) on sale of non-current assets	(377)	(7,000)
Increase (decrease) in allowance for doubtful accounts	(39,142)	56,616
Increase (decrease) in provision for bonuses	58,464	57,605
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3,473	10,568
Subsidy income	(59,894)	(115,987)
Interest and dividend income	(4,358)	(5,958)
Interest expenses	9,321	12,644
Loss (gain) on sale of shares of subsidiaries and associates	–	(28,335)
Loss on valuation of shares of subsidiaries and associates	–	19,243
Decrease (increase) in trade receivables	974,639	567,475
Decrease (increase) in inventories	(957)	57,680
Increase (decrease) in trade payables	(87,188)	(49,597)
Increase (decrease) in contract liabilities	(1,423,988)	(1,037,633)
Increase (decrease) in accounts payable - other	(643,875)	(127,876)
Other, net	(487,965)	(114,792)
Subtotal	121,204	636,135
Interest and dividends received	4,373	6,050
Interest paid	(9,491)	(12,934)
Subsidies received	155,808	125,185
Settlement paid	(6,747)	(814)
Income taxes refund (paid)	(1,080,769)	(295,614)
Net cash provided by (used in) operating activities	(815,622)	458,008
Cash flows from investing activities		
Purchase of property, plant and equipment	(384,404)	(319,418)
Purchase of intangible assets	(160,953)	(283,142)
Purchase of investment securities	–	(63,800)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(25,933)
Payments of guarantee deposits	(61,781)	(29,889)
Proceeds from refund of guarantee deposits	55,578	23,253
Loan advances	(16,600)	(39,806)
Proceeds from collection of loans receivable	20,978	40,288
Subsidy income	150,464	162,750
Other, net	5,285	8,600
Net cash provided by (used in) investing activities	(391,432)	(527,098)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(150,000)	–
Proceeds from long-term borrowings	5,200,000	3,700,000
Repayments of long-term borrowings	(1,616,728)	(1,783,538)
Dividends paid	(288,267)	(331,779)
Net cash provided by (used in) financing activities	3,145,004	1,584,682
Effect of exchange rate change on cash and cash equivalents	(6,390)	(12,613)
Net increase (decrease) in cash and cash equivalents	1,931,559	1,502,979
Cash and cash equivalents at beginning of period	22,848,737	25,496,356
Cash and cash equivalents at end of period	24,780,296	26,999,335