

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

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 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	91,574	6.1	2,253	(8.9)	2,516	(7.2)	1,452	(11.8)
Year ended March 31, 2022	86,292	0.6	2,474	(8.4)	2,711	(16.7)	1,646	14.4

	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, 2023	133.51	–	10.2	5.3	2.5
Year ended March 31, 2022	151.41	–	12.6	6.1	2.9

(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, 2023	48,694	14,716	30.2	1,352.85
As of March 31, 2022	46,320	13,625	29.4	1,252.58

(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, 2023	2,527	(1,029)	(114)	27,169
Year ended March 31, 2022	1,826	(1,271)	2,099	25,496

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, 2022	–	0.00	–	30.50	30.50	331	20.1	2.5
Year ended March 31, 2023	–	0.00	–	27.00	27.00	293	20.2	2.1
Year ending March 31, 2024 (Forecast)	–	0.00	–	42.50	42.50		30.1	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	97,053	6.0	2,697	19.7	2,632	4.6	1,537	5.8	141.31

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	10,987,200 shares	As of March 31, 2022	10,987,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	109,201 shares	As of March 31, 2022	109,201 shares
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Average number of shares during the period

Year ended March 31, 2023	10,877,999 shares	Year ended March 31, 2022	10,877,999 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	25,496,356	27,169,621
Notes receivable - trade	98,975	43,018
Accounts receivable - trade	10,346,499	10,959,886
Contract assets	39,150	70,223
Merchandise	709,725	843,219
Supplies	20,326	21,846
Other	1,035,863	1,387,226
Allowance for doubtful accounts	(3,131)	(4,088)
Total current assets	37,743,765	40,490,953
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,446,378	2,276,290
Tools, furniture and fixtures, net	271,400	230,034
Land	502,700	502,700
Construction in progress	5,940	–
Total property, plant and equipment	3,226,419	3,009,024
Intangible assets		
Software	1,084,382	1,209,322
Goodwill	8,604	52,786
Other	91,302	85,018
Total intangible assets	1,184,289	1,347,127
Investments and other assets		
Investment securities	479,383	309,335
Long-term loans receivable	442,373	409,820
Guarantee deposits	2,108,622	2,133,681
Deferred tax assets	584,325	554,278
Other	797,086	755,984
Allowance for doubtful accounts	(245,342)	(315,342)
Total investments and other assets	4,166,448	3,847,757
Total non-current assets	8,577,157	8,203,909
Total assets	46,320,923	48,694,862

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	232,033	344,320
Current portion of long-term borrowings	3,212,476	3,332,487
Contract liabilities	10,289,761	10,310,915
Accounts payable - other	6,555,913	6,649,768
Income taxes payable	254,275	461,588
Accrued consumption taxes	1,013,383	1,292,221
Provision for bonuses	868,345	884,437
Asset retirement obligations	1,079	–
Other	1,380,323	1,371,640
Total current liabilities	23,807,591	24,647,378
Non-current liabilities		
Long-term borrowings	7,631,917	7,938,026
Provision for retirement benefits for directors (and other officers)	506,522	558,577
Asset retirement obligations	355,387	363,405
Other	393,911	471,184
Total non-current liabilities	8,887,739	9,331,193
Total liabilities	32,695,331	33,978,571
Net assets		
Shareholders' equity		
Share capital	1,299,900	1,299,900
Capital surplus	799,691	734,737
Retained earnings	11,620,385	12,744,362
Treasury shares	(66,834)	(66,834)
Total shareholders' equity	13,653,142	14,712,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	990	1,447
Foreign currency translation adjustment	(28,540)	2,677
Total accumulated other comprehensive income	(27,550)	4,124
Total net assets	13,625,592	14,716,291
Total liabilities and net assets	46,320,923	48,694,862

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	86,292,937	91,574,995
Cost of sales	64,490,999	68,796,456
Gross profit	21,801,938	22,778,539
Selling, general and administrative expenses	19,327,443	20,524,607
Operating profit	2,474,495	2,253,931
Non-operating income		
Interest income	9,352	11,630
Dividend income	109	130
Subsidy income	163,317	342,014
Foreign exchange gains	48,360	49,371
Other	88,946	71,672
Total non-operating income	310,086	474,820
Non-operating expenses		
Interest expenses	20,708	29,078
Provision of allowance for doubtful accounts	19,330	151,975
Settlement payments	9,781	3,383
Other	23,339	27,699
Total non-operating expenses	73,159	212,137
Ordinary profit	2,711,421	2,516,614
Extraordinary income		
Gain on sale of non-current assets	3,238	7,000
Gain on sale of shares of subsidiaries and associates	–	28,335
Total extraordinary income	3,238	35,335
Extraordinary losses		
Loss on retirement of non-current assets	4,721	198
Loss on sale of non-current assets	141	–
Loss on valuation of shares of subsidiaries and associates	2,120	58,969
Impairment losses	44,968	71,154
Loss on liquidation of subsidiaries and associates	–	42,174
Total extraordinary losses	51,951	172,496
Profit before income taxes	2,662,707	2,379,454
Income taxes - current	1,036,132	904,244
Income taxes - deferred	(20,415)	22,891
Total income taxes	1,015,717	927,135
Profit	1,646,990	1,452,318
Profit attributable to owners of parent	1,646,990	1,452,318

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,646,990	1,452,318
Other comprehensive income		
Valuation difference on available-for-sale securities	270	457
Foreign currency translation adjustment	(9,728)	27,887
Total other comprehensive income	(9,457)	28,344
Comprehensive income	1,637,532	1,480,662
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,637,532	1,480,662
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,900	799,691	10,438,395	(66,834)	12,471,152
Cumulative effects of changes in accounting policies			(176,733)		(176,733)
Restated balance	1,299,900	799,691	10,261,661	(66,834)	12,294,418
Changes during period					
Dividends of surplus			(288,267)		(288,267)
Profit attributable to owners of parent			1,646,990		1,646,990
Change in scope of consolidation					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,358,723	–	1,358,723
Balance at end of period	1,299,900	799,691	11,620,385	(66,834)	13,653,142

	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	719	(18,812)	(18,092)	12,453,059
Cumulative effects of changes in accounting policies				(176,733)
Restated balance	719	(18,812)	(18,092)	12,276,326
Changes during period				
Dividends of surplus				(288,267)
Profit attributable to owners of parent				1,646,990
Change in scope of consolidation				–
Net changes in items other than shareholders' equity	270	(9,728)	(9,457)	(9,457)
Total changes during period	270	(9,728)	(9,457)	1,349,265
Balance at end of period	990	(28,540)	(27,550)	13,625,592

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,299,900	799,691	11,620,385	(66,834)	13,653,142
Cumulative effects of changes in accounting policies					–
Restated balance	1,299,900	799,691	11,620,385	(66,834)	13,653,142
Changes during period					
Dividends of surplus			(331,779)		(331,779)
Profit attributable to owners of parent			1,452,318		1,452,318
Change in scope of consolidation		(64,953)	3,438		(61,515)
Net changes in items other than shareholders' equity					
Total changes during period	–	(64,953)	1,123,977	–	1,059,023
Balance at end of period	1,299,900	734,737	12,744,362	(66,834)	14,712,166

	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	990	(28,540)	(27,550)	13,625,592
Cumulative effects of changes in accounting policies				–
Restated balance	990	(28,540)	(27,550)	13,625,592
Changes during period				
Dividends of surplus				(331,779)
Profit attributable to owners of parent				1,452,318
Change in scope of consolidation				(61,515)
Net changes in items other than shareholders' equity	457	31,218	31,675	31,675
Total changes during period	457	31,218	31,675	1,090,699
Balance at end of period	1,447	2,677	4,124	14,716,291

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,662,707	2,379,454
Depreciation	938,320	884,648
Impairment losses	44,968	71,154
Amortization of goodwill	18,969	22,881
Increase (decrease) in allowance for doubtful accounts	19,431	161,213
Increase (decrease) in provision for bonuses	(23,504)	16,092
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21,239	(141,870)
Settlement payments	9,781	3,383
Interest and dividend income	(9,462)	(11,761)
Subsidy income	(163,317)	(342,014)
Interest expenses	20,708	29,078
Loss on retirement of non-current assets	4,721	198
Gain on sale of non-current assets	(3,097)	(7,000)
Loss (gain) on liquidation of subsidiaries and associates	–	42,174
Loss (gain) on sale of shares of subsidiaries and associates	–	(28,335)
Loss on valuation of shares of subsidiaries and associates	2,120	58,969
Decrease (increase) in trade receivables	(158,588)	(545,243)
Decrease (increase) in inventories	(26,509)	(134,470)
Increase (decrease) in trade payables	(101,504)	112,287
Increase (decrease) in contract liabilities	257,572	41,561
Increase (decrease) in accounts payable - other	214,026	143,468
Increase (decrease) in accrued consumption taxes	(328,092)	272,940
Other, net	(44,911)	11,959
Subtotal	3,355,581	3,040,770
Interest and dividends received	9,411	11,871
Interest paid	(20,513)	(28,838)
Settlement paid	(10,069)	(3,383)
Subsidies received	267,667	281,952
Income taxes refund (paid)	(1,775,509)	(774,888)
Net cash provided by (used in) operating activities	1,826,568	2,527,484
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	171,870
Purchase of property, plant and equipment	(719,221)	(696,527)
Purchase of intangible assets	(422,126)	(511,707)
Purchase of investment securities	(258,677)	(113,222)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(25,933)
Payments of guarantee deposits	(95,004)	(82,253)
Proceeds from refund of guarantee deposits	125,519	27,736
Loan advances	(112,428)	(59,804)
Proceeds from collection of loans receivable	49,461	72,882
Subsidy income	151,464	162,750
Proceeds from cancellation of insurance funds	–	20,275
Other, net	9,544	4,397
Net cash provided by (used in) investing activities	(1,271,468)	(1,029,536)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(150,000)	–
Proceeds from long-term borrowings	6,002,630	4,000,000
Repayments of long-term borrowings	(3,464,966)	(3,563,076)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(220,000)
Dividends paid	(288,267)	(331,769)
Net cash provided by (used in) financing activities	2,099,397	(114,845)
Effect of exchange rate change on cash and cash equivalents	(6,878)	1,496
Net increase (decrease) in cash and cash equivalents	2,647,618	1,384,598
Cash and cash equivalents at beginning of period	22,848,737	25,496,356
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	288,667
Cash and cash equivalents at end of period	25,496,356	27,169,621