

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 14, 2017

Company name: Human Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2415 URL <http://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, 2017
 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, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	38,673	5.3	978	(18.5)	1,029	(18.4)	616	(9.5)
Six months ended September 30, 2016	36,736	9.6	1,200	34.9	1,262	27.0	681	21.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	56.69		–	
Six months ended September 30, 2016	62.63		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	37,552	9,258	24.7
As of March 31, 2017	34,857	8,843	25.4

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, 2017	–	0.00	–	18.50	18.50
Year ending March 31, 2018	–	0.00			
Year ending March 31, 2018 (Forecast)			–	26.50	26.50

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	81,593	9.6	2,290	23.9	2,327	18.0	1,433	43.0	131.80

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(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, 2017	10,987,200 shares	As of March 31, 2017	10,987,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	108,921 shares	As of March 31, 2017	108,921 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, 2017	10,878,279 shares	Six months ended September 30, 2016	10,878,279 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	16,814,135	19,326,386
Notes and accounts receivable - trade	8,830,345	8,285,268
Merchandise	542,694	501,215
Supplies	28,322	34,546
Other	1,074,469	1,057,530
Allowance for doubtful accounts	(8,782)	(7,953)
Total current assets	27,281,185	29,196,993
Non-current assets		
Property, plant and equipment	3,393,826	3,448,284
Intangible assets		
Goodwill	307,830	268,394
Other	803,325	878,179
Total intangible assets	1,111,156	1,146,574
Investments and other assets		
Guarantee deposits	2,211,182	2,193,308
Other	1,012,433	1,720,544
Allowance for doubtful accounts	(152,360)	(153,393)
Total investments and other assets	3,071,255	3,760,458
Total non-current assets	7,576,238	8,355,317
Total assets	34,857,423	37,552,310
Liabilities		
Current liabilities		
Accounts payable - trade	251,424	294,324
Short-term loans payable	220,000	450,000
Current portion of long-term loans payable	1,610,129	2,112,124
Advances received	10,814,852	9,486,109
Accounts payable - other	5,591,619	6,619,843
Income taxes payable	399,690	340,133
Provision for bonuses	758,611	791,247
Asset retirement obligations	57,543	2,464
Other	2,305,810	2,383,699
Total current liabilities	22,009,680	22,479,947
Non-current liabilities		
Long-term loans payable	3,122,161	4,862,469
Provision for directors' retirement benefits	380,767	400,513
Asset retirement obligations	296,804	320,751
Other	204,366	229,929
Total non-current liabilities	4,004,099	5,813,662
Total liabilities	26,013,780	28,293,610

(Thousands of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	6,805,824	7,221,316
Treasury shares	(66,314)	(66,314)
Total shareholders' equity	8,849,310	9,264,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(270)	(318)
Foreign currency translation adjustment	(5,397)	(5,783)
Total accumulated other comprehensive income	(5,667)	(6,102)
Total net assets	8,843,643	9,258,700
Total liabilities and net assets	34,857,423	37,552,310

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, 2016	Six months ended September 30, 2017
Net sales	36,736,661	38,673,789
Cost of sales	26,270,623	27,724,091
Gross profit	10,466,038	10,949,697
Selling, general and administrative expenses	9,265,722	9,971,111
Operating profit	1,200,316	978,585
Non-operating income		
Interest income	1,723	4,016
Dividend income	1,437	1,880
Subsidy income	33,387	6,804
Other	50,553	57,947
Total non-operating income	87,102	70,649
Non-operating expenses		
Interest expenses	9,171	7,934
Foreign exchange losses	12,482	–
Settlement package	1,108	5,846
Other	1,852	5,592
Total non-operating expenses	24,614	19,373
Ordinary profit	1,262,804	1,029,860
Extraordinary income		
Gain on sales of investment securities	2,285	–
Total extraordinary income	2,285	–
Extraordinary losses		
Loss on retirement of non-current assets	1,028	0
Loss on sales of investment securities	1,444	–
Loss on valuation of investment securities	–	53
Impairment loss	43,909	15,591
Provision of allowance for doubtful accounts	20,497	602
Total extraordinary losses	66,879	16,246
Profit before income taxes	1,198,209	1,013,614
Income taxes	516,912	396,874
Profit	681,297	616,739
Profit attributable to owners of parent	681,297	616,739

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	681,297	616,739
Other comprehensive income		
Valuation difference on available-for-sale securities	1,236	(48)
Foreign currency translation adjustment	(254)	(386)
Total other comprehensive income	982	(434)
Comprehensive income	682,280	616,305
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	682,280	616,305
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,198,209	1,013,614
Depreciation	322,700	388,617
Impairment loss	43,909	15,591
Amortization of goodwill	47,956	44,277
Increase (decrease) in allowance for doubtful accounts	6,347	204
Increase (decrease) in provision for bonuses	101,020	32,636
Increase (decrease) in provision for directors' retirement benefits	4,368	19,745
Interest and dividend income	(3,160)	(5,897)
Interest expenses	9,171	7,934
Decrease (increase) in notes and accounts receivable - trade	553,017	545,109
Decrease (increase) in inventories	(66,937)	24,220
Increase (decrease) in notes and accounts payable - trade	(68,812)	42,911
Increase (decrease) in advances received	(1,778,385)	(1,329,111)
Increase (decrease) in accounts payable - other	(223,718)	1,063,325
Other, net	(32,759)	(32,826)
Subtotal	112,925	1,830,355
Interest and dividend income received	2,793	4,168
Interest expenses paid	(9,285)	(8,189)
Proceeds from compensation	60,650	–
Income taxes (paid) refund	(333,026)	(450,147)
Net cash provided by (used in) operating activities	(165,942)	1,376,187
Cash flows from investing activities		
Purchase of property, plant and equipment	(422,999)	(473,518)
Purchase of intangible assets	(88,404)	(228,780)
Purchase of investment securities	(160,866)	(394,974)
Proceeds from sales of investment securities	87,070	–
Payments for guarantee deposits	(342,400)	(94,677)
Proceeds from collection of guarantee deposits	29,544	140,649
Payments of loans receivable	(47,233)	(287,421)
Collection of loans receivable	1,054	96,040
Subsidy income	137,271	155,833
Other, net	(11,813)	(46,289)
Net cash provided by (used in) investing activities	(818,777)	(1,133,139)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(260,000)	230,000
Proceeds from long-term loans payable	2,900,000	3,200,000
Repayments of long-term loans payable	(761,598)	(957,697)
Cash dividends paid	(217,565)	(201,248)
Other, net	(449)	(2,342)
Net cash provided by (used in) financing activities	1,660,387	2,268,712
Effect of exchange rate change on cash and cash equivalents	(2,128)	491
Net increase (decrease) in cash and cash equivalents	673,539	2,512,251
Cash and cash equivalents at beginning of period	15,095,189	16,814,135
Increase in cash and cash equivalents from newly consolidated subsidiary	48,448	–
Cash and cash equivalents at end of period	15,817,176	19,326,386