

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 14, 2018

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, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	41,527	7.4	869	(11.1)	862	(16.3)	508	(17.6)
Six months ended September 30, 2017	38,673	5.3	978	(18.5)	1,029	(18.4)	616	(9.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	46.74		–	
Six months ended September 30, 2017	56.69		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	39,176	10,011	25.6
As of March 31, 2018	37,638	9,773	26.0

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, 2018	–	0.00	–	21.00	21.00
Year ending March 31, 2019	–	0.00			
Year ending March 31, 2019 (Forecast)			–	19.00	19.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	85,978	9.2	1,878	(0.9)	1,939	(3.0)	1,021	(9.7)	93.86

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(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, 2018	10,987,200 shares	As of March 31, 2018	10,987,200 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	108,968 shares	As of March 31, 2018	108,966 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, 2018	10,878,233 shares	Six months ended September 30, 2017	10,878,279 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	18,461,766	20,310,353
Notes and accounts receivable - trade	9,148,096	8,502,813
Merchandise	514,545	609,188
Supplies	24,850	20,626
Other	706,746	673,655
Allowance for doubtful accounts	(6,138)	(7,071)
Total current assets	28,849,866	30,109,566
Non-current assets		
Property, plant and equipment	3,504,940	3,443,123
Intangible assets		
Goodwill	209,783	224,471
Other	971,141	1,317,530
Total intangible assets	1,180,925	1,542,002
Investments and other assets		
Guarantee deposits	2,202,357	2,170,808
Other	2,064,694	2,068,433
Allowance for doubtful accounts	(164,097)	(157,566)
Total investments and other assets	4,102,954	4,081,674
Total non-current assets	8,788,820	9,066,801
Total assets	37,638,687	39,176,367
Liabilities		
Current liabilities		
Accounts payable - trade	201,963	282,227
Short-term loans payable	250,000	410,000
Current portion of long-term loans payable	1,861,354	2,128,309
Advances received	10,465,132	9,330,500
Accounts payable - other	6,633,915	7,127,598
Income taxes payable	371,855	326,327
Provision for bonuses	796,883	852,671
Asset retirement obligations	6,200	3,796
Other	2,316,111	2,554,672
Total current liabilities	22,903,416	23,016,103
Non-current liabilities		
Long-term loans payable	4,006,407	5,129,160
Provision for directors' retirement benefits	421,117	440,121
Asset retirement obligations	316,761	334,528
Other	217,783	245,035
Total non-current liabilities	4,962,069	6,148,845
Total liabilities	27,865,486	29,164,948

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	7,735,653	7,973,222
Treasury shares	(66,392)	(66,396)
Total shareholders' equity	9,779,060	10,016,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(124)	356
Foreign currency translation adjustment	(5,735)	(5,564)
Total accumulated other comprehensive income	(5,860)	(5,207)
Total net assets	9,773,200	10,011,418
Total liabilities and net assets	37,638,687	39,176,367

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, 2017	Six months ended September 30, 2018
Net sales	38,673,789	41,527,980
Cost of sales	27,724,091	30,100,013
Gross profit	10,949,697	11,427,966
Selling, general and administrative expenses	9,971,111	10,558,043
Operating profit	978,585	869,922
Non-operating income		
Interest income	4,016	4,860
Dividend income	1,880	821
Subsidy income	6,804	8,294
Other	57,947	55,144
Total non-operating income	70,649	69,121
Non-operating expenses		
Interest expenses	7,934	7,052
Settlement package	5,846	61,677
Other	5,592	8,279
Total non-operating expenses	19,373	77,010
Ordinary profit	1,029,860	862,034
Extraordinary losses		
Loss on retirement of non-current assets	0	5,400
Loss on valuation of investment securities	53	–
Impairment loss	15,591	2,506
Provision of allowance for doubtful accounts	602	–
Total extraordinary losses	16,246	7,906
Profit before income taxes	1,013,614	854,127
Income taxes	396,874	345,723
Profit	616,739	508,403
Profit attributable to owners of parent	616,739	508,403

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	616,739	508,403
Other comprehensive income		
Valuation difference on available-for-sale securities	(48)	480
Foreign currency translation adjustment	(386)	171
Total other comprehensive income	(434)	652
Comprehensive income	616,305	509,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	616,305	509,055
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	1,013,614	854,127
Depreciation	388,617	397,090
Impairment loss	15,591	2,506
Amortization of goodwill	44,277	50,401
Settlement package	5,846	61,677
Loss on retirement of non-current assets	0	5,400
Increase (decrease) in allowance for doubtful accounts	204	(6,615)
Increase (decrease) in provision for bonuses	32,636	55,787
Increase (decrease) in provision for directors' retirement benefits	19,745	18,628
Interest and dividend income	(5,897)	(5,682)
Interest expenses	7,934	7,052
Decrease (increase) in notes and accounts receivable - trade	545,109	754,338
Decrease (increase) in inventories	24,220	(97,286)
Increase (decrease) in notes and accounts payable - trade	42,911	80,264
Increase (decrease) in advances received	(1,329,111)	(1,131,784)
Increase (decrease) in accounts payable - other	1,063,325	142,165
Other, net	(32,826)	236,695
Subtotal	1,836,201	1,424,768
Interest and dividend income received	4,168	4,078
Interest expenses paid	(8,189)	(7,365)
Settlement package paid	(5,846)	(8,480)
Income taxes (paid) refund	(450,147)	(410,910)
Net cash provided by (used in) operating activities	1,376,187	1,002,089
Cash flows from investing activities		
Purchase of property, plant and equipment	(473,518)	(340,563)
Purchase of intangible assets	(228,780)	(197,984)
Purchase of investment securities	(394,974)	(2,520)
Payments for guarantee deposits	(94,677)	(23,915)
Proceeds from collection of guarantee deposits	140,649	21,919
Payments of loans receivable	(287,421)	(93,229)
Collection of loans receivable	96,040	11,054
Subsidy income	155,833	144,000
Other, net	(46,289)	2,206
Net cash provided by (used in) investing activities	(1,133,139)	(479,033)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	230,000	160,000
Proceeds from long-term loans payable	3,200,000	2,500,000
Repayments of long-term loans payable	(957,697)	(1,110,292)
Cash dividends paid	(201,248)	(228,442)
Other, net	(2,342)	(3)
Net cash provided by (used in) financing activities	2,268,712	1,321,262
Effect of exchange rate change on cash and cash equivalents	491	(2,150)
Net increase (decrease) in cash and cash equivalents	2,512,251	1,842,167
Cash and cash equivalents at beginning of period	16,814,135	18,461,766
Increase in cash and cash equivalents from newly consolidated subsidiary	–	6,420
Cash and cash equivalents at end of period	19,326,386	20,310,353