

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

Company name: HUMAN ASSOCIATES HOLDINGS, Inc.
 Stock exchange listing: Tokyo
 Stock code: 6575 URL <https://www.humanassociates.com>
 Representative: Representative Director, President Akihiko Watanabe
 Inquiries: Chief Financial Officer Yuichiro Furuya TEL 03-6747-4700
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021
 Scheduled date to file Securities Report: June 25, 2021
 Scheduled date to commence dividend payments: –
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	2,492	(5.7)	(59)	–	(52)	–	(106)	–
Year ended March 31, 2020	2,643	40.4	20	(86.4)	18	(87.3)	(25)	–

	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, 2021	(32.76)	–	(9.5)	(2.2)	(2.4)
Year ended March 31, 2020	(7.97)	–	(2.3)	0.9	0.8

(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, 2021	2,481	1,067	42.5	324.49
As of March 31, 2020	2,391	1,190	49.6	366.20

(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, 2021	154	(60)	148	1,031
Year ended March 31, 2020	182	(505)	303	789

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, 2020	–	0.00	–	10.00	10.00	32	–	2.9
Year ended March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	0.00	–	6.00	6.00		30.0	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	2,926	17.4	137	—	129	—	65	—	20.03

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021	3,253,237 shares	As of March 31, 2020	3,237,337 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	117 shares	As of March 31, 2020	71 shares
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Average number of shares during the period

Year ended March 31, 2021	3,247,512 shares	Year ended March 31, 2020	3,169,618 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	789,785	1,031,756
Accounts receivable - trade	215,038	236,558
Income taxes receivable	84,912	3,511
Other	70,115	47,612
Allowance for doubtful accounts	(373)	(840)
Total current assets	1,159,478	1,318,598
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	199,168	184,553
Other, net	35,596	27,185
Total property, plant and equipment	234,764	211,739
Intangible assets		
Goodwill	198,858	177,360
Trademark right	176,339	167,179
Intangible assets	299,056	276,486
Other	79,744	90,999
Total intangible assets	753,998	712,024
Investments and other assets		
Investments in capital of subsidiaries and associates	10,756	3,383
Long-term loans receivable from subsidiaries and associates	26,248	13,324
Deferred tax assets	24,240	24,675
Leasehold deposits	148,898	137,748
Other	57,721	67,286
Allowance for doubtful accounts	(24,327)	(6,877)
Total investments and other assets	243,536	239,541
Total non-current assets	1,232,300	1,163,305
Total assets	2,391,778	2,481,904

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	7,873	24,632
Short-term borrowings	—	250,000
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	54,732	54,732
Income taxes payable	1,361	36,484
Accrued consumption taxes	52,636	44,073
Provision for bonuses	41,336	41,884
Provision for repayment	5,239	2,990
Accounts payable - other	223,995	203,364
Advances received	122,769	125,746
Other	13,499	14,096
Total current liabilities	543,444	818,003
Non-current liabilities		
Bonds payable	30,000	10,000
Long-term borrowings	322,219	267,487
Provision for retirement benefits for directors (and other officers)	78,716	94,022
Deferred tax liabilities	144,728	150,218
Asset retirement obligations	75,989	70,501
Other	6,069	4,072
Total non-current liabilities	657,722	596,302
Total liabilities	1,201,166	1,414,305
Net assets		
Shareholders' equity		
Share capital	173,871	176,689
Capital surplus	364,197	367,015
Retained earnings	647,529	512,026
Treasury shares	(87)	(122)
Total shareholders' equity	1,185,511	1,055,609
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(37)	1
Total accumulated other comprehensive income	(37)	1
Share acquisition rights	5,137	11,987
Total net assets	1,190,611	1,067,598
Total liabilities and net assets	2,391,778	2,481,904

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

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	2,643,917	2,492,319
Cost of sales	551,610	502,456
Gross profit	2,092,307	1,989,862
Selling, general and administrative expenses	2,072,289	2,049,207
Operating profit (loss)	20,017	(59,345)
Non-operating income		
Interest income	493	505
Subsidy income	1,100	24,761
Other	142	1,101
Total non-operating income	1,735	26,368
Non-operating expenses		
Interest expenses	1,640	2,412
Share of loss of entities accounted for using equity method	—	16,017
Foreign exchange losses	1,228	—
Other	0	1,435
Total non-operating expenses	2,869	19,864
Ordinary profit (loss)	18,883	(52,840)
Extraordinary losses		
Impairment losses	—	1,717
Loss on valuation of shares of subsidiaries and associates	952	—
Loss on valuation of investments in capital of subsidiaries and associates	17,803	—
Total extraordinary losses	18,755	1,717
Profit (loss) before income taxes	128	(54,558)
Income taxes - current	35,630	46,807
Income taxes - deferred	(10,229)	5,034
Total income taxes	25,401	51,842
Loss	(25,273)	(106,401)
Loss attributable to owners of parent	(25,273)	(106,401)

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Loss	(25,273)	(106,401)
Other comprehensive income		
Valuation difference on available-for-sale securities	(70)	38
Total other comprehensive income	(70)	38
Comprehensive income	(25,343)	(106,362)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(25,343)	(106,362)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	168,528	155,080	727,601	(59)	1,051,151
Changes during period					
Issuance of new shares	5,343	5,343	—	—	10,686
Dividends of surplus	—	—	(54,797)	—	(54,797)
Loss attributable to owners of parent	—	—	(25,273)	—	(25,273)
Purchase of treasury shares	—	—	—	(28)	(28)
Change in scope of equity method	—	—	—	—	—
Increase by share exchanges	—	203,773	—	—	203,773
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	5,343	209,116	(80,071)	(28)	134,359
Balance at end of period	173,871	364,197	647,529	(87)	1,185,511

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	33	33	—	1,051,184
Changes during period				
Issuance of new shares	—	—	—	10,686
Dividends of surplus	—	—	—	(54,797)
Loss attributable to owners of parent	—	—	—	(25,273)
Purchase of treasury shares	—	—	—	(28)
Change in scope of equity method	—	—	—	—
Increase by share exchanges	—	—	—	203,773
Net changes in items other than shareholders' equity	(70)	(70)	5,137	5,067
Total changes during period	(70)	(70)	5,137	139,426
Balance at end of period	(37)	(37)	5,137	1,190,611

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	173,871	364,197	647,529	(87)	1,185,511
Changes during period					
Issuance of new shares	2,818	2,818	—	—	5,636
Dividends of surplus	—	—	(32,372)	—	(32,372)
Loss attributable to owners of parent	—	—	(106,401)	—	(106,401)
Purchase of treasury shares	—	—	—	(34)	(34)
Change in scope of equity method	—	—	3,270	—	3,270
Increase by share exchanges	—	—	—	—	—
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	2,818	2,818	(135,503)	(34)	(129,901)
Balance at end of period	176,689	367,015	512,026	(122)	1,055,609

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(37)	(37)	5,137	1,190,611
Changes during period				
Issuance of new shares	—	—	—	5,636
Dividends of surplus	—	—	—	(32,372)
Loss attributable to owners of parent	—	—	—	(106,401)
Purchase of treasury shares	—	—	—	(34)
Change in scope of equity method	—	—	—	3,270
Increase by share exchanges	—	—	—	—
Net changes in items other than shareholders' equity	38	38	6,850	6,888
Total changes during period	38	38	6,850	(123,013)
Balance at end of period	1	1	11,987	1,067,598

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	128	(54,558)
Depreciation	64,868	95,668
Amortization of goodwill	16,123	21,498
Impairment losses	—	1,717
Loss on valuation of shares of subsidiaries and associates	952	—
Loss on valuation of investments in capital of subsidiaries and associates	17,803	—
Subsidy income	(1,100)	(24,761)
Interest expenses	1,640	2,412
Share of loss (profit) of entities accounted for using equity method	—	16,017
Increase (decrease) in allowance for doubtful accounts	(189)	(16,984)
Increase (decrease) in provision for bonuses	23,548	548
Increase(decrease) in provision for repayment	2,038	(2,249)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8,995	15,305
Decrease (increase) in trade receivables	(8,760)	(21,519)
Decrease (increase) in prepaid expenses	(32,820)	24,056
Increase (decrease) in trade payables	(13,577)	16,759
Increase (decrease) in accounts payable - other	(3,104)	(27,834)
Increase (decrease) in advances received	3,937	2,977
Increase (decrease) in accrued consumption taxes	36,215	(8,563)
Other, net	20,041	24,610
Subtotal	136,741	65,099
Interest received	493	505
Interest paid	(1,640)	(2,412)
Subsidies received	1,100	24,761
Proceeds from compensation for forced relocation	302,346	—
Payments of relocation expenses	(13,108)	—
Income taxes refund	11,123	95,239
Income taxes paid	(254,283)	(28,723)
Net cash provided by (used in) operating activities	182,770	154,471
Cash flows from investing activities		
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(364,194)	—
Purchase of property, plant and equipment	(153,761)	(12,780)
Purchase of intangible assets	(30,740)	(32,940)
Payments for asset retirement obligations	—	(8,085)
Proceeds from sale of shares of subsidiaries and associates	780	—
Payments of leasehold deposits	(1,431)	—
Proceeds from refund of leasehold deposits	57,184	11,215
Purchase of insurance funds	(13,158)	(18,327)
Net cash provided by (used in) investing activities	(505,321)	(60,917)

	(Thousands of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	250,000
Redemption of bonds	(10,000)	(20,000)
Proceeds from long-term borrowings	400,000	—
Repayments of long-term borrowings	(42,120)	(54,732)
Proceeds from issuance of shares	10,686	5,636
Purchase of treasury shares	(28)	(34)
Dividends paid	(54,797)	(32,372)
Net cash provided by (used in) financing activities	303,739	148,497
Effect of exchange rate change on cash and cash equivalents	(5)	(79)
Net increase (decrease) in cash and cash equivalents	(18,817)	241,971
Cash and cash equivalents at beginning of period	808,602	789,785
Cash and cash equivalents at end of period	789,785	1,031,756