

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 15, 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 of ordinary general meeting of shareholders: June 29, 2017
 Scheduled date to file Securities Report: June 30, 2017
 Scheduled date to commence dividend payments: June 30, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	74,416	7.7	1,847	(1.9)	1,972	(6.5)	1,002	(5.7)
Year ended March 31, 2016	69,078	10.4	1,883	(8.6)	2,108	(5.4)	1,063	(6.9)

	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, 2017	92.15	—	11.8	5.9	2.5
Year ended March 31, 2016	97.74	—	13.8	6.7	2.7

(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, 2017	34,857	8,843	25.4	812.96
As of March 31, 2016	31,960	8,097	25.3	744.40

(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, 2017	2,512	(1,566)	726	16,814
Year ended March 31, 2016	1,532	(1,040)	(83)	15,095

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, 2016	—	0.00	—	20.00	20.00	217	20.5	2.7
Year ended March 31, 2017	—	0.00	—	18.50	18.50	201	20.1	2.4
Year ending March 31, 2018 (Forecast)	—	0.00	—	26.50	26.50		20.1	

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	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 year ended March 31, 2017

(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: Yes

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, 2017	10,987,200 shares	As of March 31, 2016	10,987,200 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	108,921 shares	As of March 31, 2016	108,921 shares
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Average number of shares during the period

Year ended March 31, 2017	10,878,279 shares	Year ended March 31, 2016	10,878,279 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	15,095,189	16,814,135
Notes and accounts receivable - trade	8,273,488	8,830,345
Merchandise	395,438	542,694
Supplies	27,734	28,322
Deferred tax assets	347,858	405,538
Other	761,319	668,931
Allowance for doubtful accounts	(7,624)	(8,782)
Total current assets	24,893,405	27,281,185
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,148,436	2,406,101
Tools, furniture and fixtures, net	199,305	301,531
Land	502,700	502,700
Construction in progress	169,218	183,493
Total property, plant and equipment	3,019,659	3,393,826
Intangible assets		
Software	603,498	699,894
Goodwill	381,207	307,830
Other	104,066	103,431
Total intangible assets	1,088,771	1,111,156
Investments and other assets		
Investment securities	294,544	210,177
Long-term loans receivable	126,241	222,893
Guarantee deposits	1,939,747	2,211,182
Deferred tax assets	6,691	1,004
Other	623,839	578,357
Allowance for doubtful accounts	(32,537)	(152,360)
Total investments and other assets	2,958,525	3,071,255
Total non-current assets	7,066,957	7,576,238
Total assets	31,960,362	34,857,423

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	247,741	251,424
Short-term loans payable	550,000	220,000
Current portion of long-term loans payable	1,217,526	1,610,129
Advances received	10,557,774	10,814,852
Accounts payable - other	5,009,778	5,591,619
Income taxes payable	346,806	399,690
Accrued consumption taxes	924,224	961,548
Provision for bonuses	732,226	758,611
Asset retirement obligations	2,264	57,543
Other	1,214,321	1,344,261
Total current liabilities	20,802,664	22,009,680
Non-current liabilities		
Long-term loans payable	2,225,420	3,122,161
Deferred tax liabilities	10,453	21,062
Provision for directors' retirement benefits	410,854	380,767
Asset retirement obligations	250,461	296,804
Other	162,740	183,303
Total non-current liabilities	3,059,930	4,004,099
Total liabilities	23,862,595	26,013,780
Net assets		
Shareholders' equity		
Capital stock	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	6,055,524	6,805,824
Treasury shares	(66,314)	(66,314)
Total shareholders' equity	8,099,009	8,849,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,242)	(270)
Foreign currency translation adjustment	—	(5,397)
Total accumulated other comprehensive income	(1,242)	(5,667)
Total net assets	8,097,767	8,843,643
Total liabilities and net assets	31,960,362	34,857,423

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

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	69,078,505	74,416,948
Cost of sales	49,890,568	53,945,927
Gross profit	19,187,937	20,471,021
Selling, general and administrative expenses	17,304,143	18,623,221
Operating profit	1,883,793	1,847,800
Non-operating income		
Interest income	2,171	4,122
Dividend income	2,141	3,498
Examination fee	27,019	27,940
Subsidy income	40,042	65,064
Compensation income	126,745	—
Gain on valuation of investment securities	2,774	6,047
Other	77,704	72,721
Total non-operating income	278,598	179,395
Non-operating expenses		
Interest expenses	19,953	17,548
Provision of allowance for doubtful accounts	171	22,594
Foreign exchange losses	6,375	5,609
Loss on cancellation of rental contracts	13,693	—
Settlement package	5,753	—
Other	7,696	8,947
Total non-operating expenses	53,643	54,699
Ordinary profit	2,108,748	1,972,496
Extraordinary income		
Gain on sales of investment securities	—	27,035
Total extraordinary income	—	27,035
Extraordinary losses		
Loss on retirement of non-current assets	16,133	16,818
Loss on sales of investment securities	—	1,444
Loss on valuation of investment securities	7,382	6,034
Provision of allowance for doubtful accounts	5,255	114,197
Impairment loss	156,323	114,433
Loss on valuation of investments in capital	—	16,499
Loss on business withdrawal	15,384	—
Total extraordinary losses	200,479	269,428
Profit before income taxes	1,908,269	1,730,103
Income taxes - current	680,525	769,793
Income taxes - deferred	164,512	(42,171)
Total income taxes	845,038	727,621
Profit	1,063,231	1,002,481
Profit attributable to owners of parent	1,063,231	1,002,481

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	1,063,231	1,002,481
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,245)	972
Foreign currency translation adjustment	—	(886)
Total other comprehensive income	(7,245)	86
Comprehensive income	1,055,986	1,002,567
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,055,986	1,002,567
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,299,900	809,900	5,264,249	(66,314)	7,307,735
Changes of items during period					
Dividends of surplus			(271,956)		(271,956)
Profit attributable to owners of parent			1,063,231		1,063,231
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	791,274	—	791,274
Balance at end of current period	1,299,900	809,900	6,055,524	(66,314)	8,099,009

	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 current period	6,002	—	6,002	7,313,737
Changes of items during period				
Dividends of surplus				(271,956)
Profit attributable to owners of parent				1,063,231
Change of scope of consolidation				
Net changes of items other than shareholders' equity	(7,245)	—	(7,245)	(7,245)
Total changes of items during period	(7,245)	—	(7,245)	784,029
Balance at end of current period	(1,242)	—	(1,242)	8,097,767

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,299,900	809,900	6,055,524	(66,314)	8,099,009
Changes of items during period					
Dividends of surplus			(217,565)		(217,565)
Profit attributable to owners of parent			1,002,481		1,002,481
Change of scope of consolidation			(34,615)		(34,615)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	750,300	—	750,300
Balance at end of current period	1,299,900	809,900	6,805,824	(66,314)	8,849,310

	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 current period	(1,242)	—	(1,242)	8,097,767
Changes of items during period				
Dividends of surplus				(217,565)
Profit attributable to owners of parent				1,002,481
Change of scope of consolidation				(34,615)
Net changes of items other than shareholders' equity	972	(5,397)	(4,424)	(4,424)
Total changes of items during period	972	(5,397)	(4,424)	745,876
Balance at end of current period	(270)	(5,397)	(5,667)	8,843,643

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,908,269	1,730,103
Depreciation	631,067	754,368
Impairment loss	156,323	114,433
Amortization of goodwill	92,056	96,727
Increase (decrease) in allowance for doubtful accounts	8,842	120,980
Increase (decrease) in provision for bonuses	9,641	26,385
Increase (decrease) in provision for directors' retirement benefits	4,123	(30,086)
Interest and dividend income	(4,312)	(7,621)
Interest expenses	19,953	17,548
Loss on retirement of non-current assets	16,133	16,818
Loss (gain) on valuation of investment securities	4,608	(12)
Loss (gain) on sales of investment securities	–	(25,590)
Loss on valuation of investments in capital	–	16,499
Compensation income	(126,745)	–
Decrease (increase) in notes and accounts receivable - trade	(511,571)	(534,239)
Decrease (increase) in inventories	7,756	(146,723)
Increase (decrease) in notes and accounts payable - trade	38,644	(1,653)
Increase (decrease) in advances received	506,634	235,441
Increase (decrease) in accounts payable - other	472,607	483,362
Increase (decrease) in accrued consumption taxes	(900,337)	44,360
Other, net	82,127	196,662
Subtotal	2,415,824	3,107,764
Interest and dividend income received	5,119	7,503
Interest expenses paid	(20,244)	(17,509)
Proceeds from compensation	66,094	60,650
Income taxes (paid) refund	(933,854)	(645,754)
Net cash provided by (used in) operating activities	1,532,940	2,512,654
Cash flows from investing activities		
Purchase of property, plant and equipment	(853,261)	(1,029,186)
Purchase of intangible assets	(203,312)	(302,124)
Purchase of investment securities	(56,039)	(160,866)
Proceeds from sales of investment securities	–	186,070
Payments for guarantee deposits	(133,719)	(471,650)
Proceeds from collection of guarantee deposits	38,398	73,184
Payments of loans receivable	(96,626)	(102,729)
Collection of loans receivable	–	30,206
Subsidy income	282,790	156,126
Other, net	(18,578)	54,045
Net cash provided by (used in) investing activities	(1,040,348)	(1,566,925)

	(Thousands of yen)	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	350,000	(330,000)
Proceeds from long-term loans payable	1,267,271	2,900,000
Repayments of long-term loans payable	(1,427,978)	(1,621,364)
Cash dividends paid	(271,956)	(217,565)
Other, net	(960)	(4,945)
Net cash provided by (used in) financing activities	(83,624)	726,124
Effect of exchange rate change on cash and cash equivalents	–	(1,356)
Net increase (decrease) in cash and cash equivalents	408,967	1,670,497
Cash and cash equivalents at beginning of period	14,686,222	15,095,189
Increase in cash and cash equivalents from newly consolidated subsidiary	–	48,448
Cash and cash equivalents at end of period	15,095,189	16,814,135