

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 15, 2018

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 28, 2018
 Scheduled date to file Securities Report: June 29, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	78,763	5.8	1,895	2.6	1,999	1.3	1,131	12.8
Year ended March 31, 2017	74,416	7.7	1,847	(1.9)	1,972	(6.5)	1,002	(5.7)

	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, 2018	103.98	—	12.2	5.5	2.4
Year ended March 31, 2017	92.15	—	11.8	5.9	2.5

(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, 2018	37,666	9,773	25.9	898.42
As of March 31, 2017	34,857	8,843	25.4	812.96

(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, 2018	2,539	(1,858)	961	18,461
Year ended March 31, 2017	2,512	(1,566)	726	16,814

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, 2017	—	0.00	—	18.50	18.50	201	20.1	2.4
Year ended March 31, 2018	—	0.00	—	21.00	21.00	228	20.2	2.5
Year ending March 31, 2019 (Forecast)	—	0.00	—	19.00	19.00		20.2	

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
Six months ending September 30, 2018	41,890	8.3	440	(54.9)	475	(53.8)	179	(70.9)	16.51
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 year ended March 31, 2018

(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, 2018	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 March 31, 2018	108,966 shares	As of March 31, 2017	108,921 shares
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Average number of shares during the period

Year ended March 31, 2018	10,878,264 shares	Year ended March 31, 2017	10,878,279 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	16,814,135	18,461,766
Notes and accounts receivable - trade	8,830,345	9,148,096
Merchandise	542,694	514,545
Supplies	28,322	24,850
Deferred tax assets	405,538	371,403
Other	668,931	706,746
Allowance for doubtful accounts	(8,782)	(6,138)
Total current assets	27,281,185	29,221,270
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,406,101	2,563,725
Tools, furniture and fixtures, net	301,531	309,151
Land	502,700	502,700
Construction in progress	183,493	129,364
Total property, plant and equipment	3,393,826	3,504,940
Intangible assets		
Software	699,894	866,274
Goodwill	307,830	209,783
Other	103,431	104,867
Total intangible assets	1,111,156	1,180,925
Investments and other assets		
Investment securities	210,177	674,624
Long-term loans receivable	222,893	389,423
Guarantee deposits	2,211,182	2,202,357
Deferred tax assets	1,004	5,521
Other	578,357	651,956
Allowance for doubtful accounts	(152,360)	(164,097)
Total investments and other assets	3,071,255	3,759,785
Total non-current assets	7,576,238	8,445,651
Total assets	34,857,423	37,666,922

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	251,424	201,963
Short-term loans payable	220,000	250,000
Current portion of long-term loans payable	1,610,129	1,861,354
Advances received	10,814,852	10,465,132
Accounts payable - other	5,591,619	6,633,915
Income taxes payable	399,690	371,855
Accrued consumption taxes	961,548	929,147
Provision for bonuses	758,611	796,883
Asset retirement obligations	57,543	6,200
Other	1,344,261	1,386,964
Total current liabilities	22,009,680	22,903,416
Non-current liabilities		
Long-term loans payable	3,122,161	4,006,407
Deferred tax liabilities	21,062	28,234
Provision for directors' retirement benefits	380,767	421,117
Asset retirement obligations	296,804	316,761
Other	183,303	217,783
Total non-current liabilities	4,004,099	4,990,304
Total liabilities	26,013,780	27,893,721
Net assets		
Shareholders' equity		
Capital stock	1,299,900	1,299,900
Capital surplus	809,900	809,900
Retained earnings	6,805,824	7,735,653
Treasury shares	(66,314)	(66,392)
Total shareholders' equity	8,849,310	9,779,060
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(270)	(124)
Foreign currency translation adjustment	(5,397)	(5,735)
Total accumulated other comprehensive income	(5,667)	(5,860)
Total net assets	8,843,643	9,773,200
Total liabilities and net assets	34,857,423	37,666,922

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

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	74,416,948	78,763,428
Cost of sales	53,945,927	56,934,997
Gross profit	20,471,021	21,828,431
Selling, general and administrative expenses	18,623,221	19,932,809
Operating profit	1,847,800	1,895,621
Non-operating income		
Interest income	4,122	8,077
Dividend income	3,498	1,899
Examination fee	27,940	28,540
Subsidy income	65,064	39,450
Gain on valuation of investment securities	6,047	—
Other	72,721	71,965
Total non-operating income	179,395	149,933
Non-operating expenses		
Interest expenses	17,548	15,300
Provision of allowance for doubtful accounts	22,594	7,560
Foreign exchange losses	5,609	189
Settlement package	2,274	12,146
Other	6,673	11,234
Total non-operating expenses	54,699	46,431
Ordinary profit	1,972,496	1,999,122
Extraordinary income		
Gain on sales of investment securities	27,035	—
Total extraordinary income	27,035	—
Extraordinary losses		
Loss on retirement of non-current assets	16,818	318
Loss on sales of investment securities	1,444	—
Loss on valuation of investment securities	6,034	3,777
Loss on valuation of investments in capital	16,499	—
Provision of allowance for doubtful accounts	114,197	—
Impairment loss	114,433	68,526
Total extraordinary losses	269,428	72,622
Profit before income taxes	1,730,103	1,926,500
Income taxes - current	769,793	758,632
Income taxes - deferred	(42,171)	36,790
Total income taxes	727,621	795,423
Profit	1,002,481	1,131,076
Profit attributable to owners of parent	1,002,481	1,131,076

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,002,481	1,131,076
Other comprehensive income		
Valuation difference on available-for-sale securities	972	145
Foreign currency translation adjustment	(886)	(338)
Total other comprehensive income	86	(192)
Comprehensive income	1,002,567	1,130,884
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,002,567	1,130,884
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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
Purchase of treasury shares					
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
Purchase of treasury shares				
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

Fiscal year ended March 31, 2018

(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	6,805,824	(66,314)	8,849,310
Changes of items during period					
Dividends of surplus			(201,248)		(201,248)
Profit attributable to owners of parent			1,131,076		1,131,076
Purchase of treasury shares				(78)	(78)
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	929,828	(78)	929,749
Balance at end of current period	1,299,900	809,900	7,735,653	(66,392)	9,779,060

	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	(270)	(5,397)	(5,667)	8,843,643
Changes of items during period				
Dividends of surplus				(201,248)
Profit attributable to owners of parent				1,131,076
Purchase of treasury shares				(78)
Change of scope of consolidation				
Net changes of items other than shareholders' equity	145	(338)	(192)	(192)
Total changes of items during period	145	(338)	(192)	929,557
Balance at end of current period	(124)	(5,735)	(5,860)	9,773,200

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,730,103	1,926,500
Depreciation	754,368	813,792
Impairment loss	114,433	68,526
Amortization of goodwill	96,727	88,783
Increase (decrease) in allowance for doubtful accounts	120,980	9,092
Increase (decrease) in provision for bonuses	26,385	38,272
Increase (decrease) in provision for directors' retirement benefits	(30,086)	40,349
Interest and dividend income	(7,621)	(9,976)
Interest expenses	17,548	15,300
Loss on retirement of non-current assets	16,818	318
Loss (gain) on valuation of investment securities	(12)	3,777
Loss (gain) on sales of investment securities	(25,590)	—
Loss on valuation of investments in capital	16,499	—
Decrease (increase) in notes and accounts receivable - trade	(534,239)	(317,656)
Decrease (increase) in inventories	(146,723)	29,285
Increase (decrease) in notes and accounts payable - trade	(1,653)	(49,502)
Increase (decrease) in advances received	235,441	(353,775)
Increase (decrease) in accounts payable - other	483,362	1,137,608
Increase (decrease) in accrued consumption taxes	44,360	(78,147)
Other, net	196,662	(5,961)
Subtotal	3,107,764	3,356,588
Interest and dividend income received	7,503	9,809
Interest expenses paid	(17,509)	(15,474)
Proceeds from compensation	60,650	—
Income taxes (paid) refund	(645,754)	(811,639)
Net cash provided by (used in) operating activities	2,512,654	2,539,284
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,029,186)	(929,571)
Purchase of intangible assets	(302,124)	(445,444)
Purchase of investment securities	(160,866)	(400,092)
Proceeds from sales of investment securities	186,070	—
Payments for guarantee deposits	(471,650)	(163,856)
Proceeds from collection of guarantee deposits	73,184	175,632
Payments of loans receivable	(102,729)	(325,414)
Collection of loans receivable	30,206	114,520
Subsidy income	156,126	155,833
Other, net	54,045	(39,674)
Net cash provided by (used in) investing activities	(1,566,925)	(1,858,067)

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(330,000)	30,000
Proceeds from long-term loans payable	2,900,000	3,200,000
Repayments of long-term loans payable	(1,621,364)	(2,064,529)
Cash dividends paid	(217,565)	(201,248)
Other, net	(4,945)	(2,709)
Net cash provided by (used in) financing activities	726,124	961,513
Effect of exchange rate change on cash and cash equivalents	(1,356)	4,900
Net increase (decrease) in cash and cash equivalents	1,670,497	1,647,630
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	16,814,135	18,461,766