

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 13, 2020

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 to file Quarterly Securities Report: November 13, 2020  
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	1,133	(10.7)	(101)	–	(99)	–	(73)	–
Six months ended September 30, 2019	1,269	37.9	52	(42.7)	51	(43.3)	25	(56.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	(22.55)	–
Six months ended September 30, 2019	8.09	7.91

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	2,484	1,092	43.6
As of March 31, 2020	2,391	1,190	49.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	0.00	–	10.00	10.00
Year ending March 31, 2021	–	0.00			
Year ending March 31, 2021 (Forecast)			–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	2,717	2.8	50	154.5	66	250.8	32	–	10.13

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020  
(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: Yes
- (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, 2020	3,249,937 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 September 30, 2020	71 shares	As of March 31, 2020	71 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, 2020	3,243,092 shares	Six months ended September 30, 2019	3,106,171 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	789,785	887,579
Accounts receivable - trade	215,038	295,581
Income taxes receivable	84,912	11,423
Other	70,115	62,573
Allowance for doubtful accounts	(373)	(214)
Total current assets	1,159,478	1,256,942
Non-current assets		
Property, plant and equipment	234,764	224,748
Intangible assets		
Goodwill	198,858	188,109
Trademark right	176,339	171,759
Intangible assets	299,056	287,771
Other	79,744	92,504
Total intangible assets	753,998	740,144
Investments and other assets		
Other	267,864	269,923
Allowance for doubtful accounts	(24,327)	(6,977)
Total investments and other assets	243,536	262,946
Total non-current assets	1,232,300	1,227,839
Total assets	2,391,778	2,484,782
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	7,873	24,908
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	10,593
Provision for bonuses	41,336	35,429
Provision for repayment	5,239	4,147
Accounts payable - other	223,995	164,723
Advances received	122,769	163,265
Asset retirement obligations	–	7,040
Other	66,136	56,962
Total current liabilities	543,444	791,803
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	322,219	294,853
Provision for retirement benefits for directors (and other officers)	78,716	82,879
Asset retirement obligations	75,989	70,447
Other	150,797	131,999
Total non-current liabilities	657,722	600,179
Total liabilities	1,201,166	1,391,982

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	173,871	175,994
Capital surplus	364,197	366,320
Retained earnings	647,529	542,015
Treasury shares	(87)	(87)
Total shareholders' equity	1,185,511	1,084,242
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(37)	(4)
Total accumulated other comprehensive income	(37)	(4)
Share acquisition rights	5,137	8,562
Total net assets	1,190,611	1,092,800
Total liabilities and net assets	2,391,778	2,484,782

**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, 2019	Six months ended September 30, 2020
Net sales	1,269,839	1,133,929
Cost of sales	261,791	205,867
Gross profit	1,008,047	928,061
Selling, general and administrative expenses	955,738	1,029,331
Operating profit (loss)	52,309	(101,269)
Non-operating income		
Interest income	186	256
Subsidy income	–	3,843
Other	20	42
Total non-operating income	206	4,142
Non-operating expenses		
Interest expenses	712	1,291
Foreign exchange losses	462	116
Loss on retirement of non-current assets	–	604
Other	48	30
Total non-operating expenses	1,224	2,043
Ordinary profit (loss)	51,292	(99,171)
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	701	–
Total extraordinary losses	701	–
Profit (loss) before income taxes	50,590	(99,171)
Income taxes	25,447	(26,029)
Profit (loss)	25,143	(73,142)
Profit (loss) attributable to owners of parent	25,143	(73,142)

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit (loss)	25,143	(73,142)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	32
Total other comprehensive income	(6)	32
Comprehensive income	25,136	(73,109)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,136	(73,109)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	50,590	(99,171)
Depreciation	16,877	45,255
Amortization of goodwill	5,374	10,749
Loss on valuation of shares of subsidiaries and associates	701	–
Loss on retirement of non-current assets	–	604
Interest expenses	712	1,291
Increase (decrease) in allowance for doubtful accounts	24	(17,509)
Increase (decrease) in provision for bonuses	30,336	(5,907)
Increase(decrease) in provision for repayment	491	(1,091)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	4,162
Decrease (increase) in trade receivables	(134,110)	(80,542)
Increase (decrease) in trade payables	11,610	17,035
Increase (decrease) in accounts payable - other	(24,448)	(66,590)
Increase (decrease) in advances received	35,011	40,495
Other, net	6,121	21,082
Subtotal	(706)	(130,135)
Interest and dividends received	186	256
Interest paid	(712)	(1,291)
Proceeds from compensation for forced relocation	302,346	–
Payments of relocation expenses	(13,108)	–
Income taxes refund	70	82,360
Income taxes paid	(165,784)	(11,315)
Net cash provided by (used in) operating activities	122,290	(60,126)
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	(141,652)	(4,573)
Purchase of intangible assets	(24,277)	(19,428)
Proceeds from refund of leasehold deposits	57,184	–
Purchase of insurance funds	–	(2,584)
Net cash provided by (used in) investing activities	(472,940)	(26,587)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	250,000
Proceeds from long-term borrowings	400,000	–
Repayments of long-term borrowings	(14,754)	(27,366)
Redemption of bonds	–	(10,000)
Proceeds from issuance of shares	6,113	4,246
Purchase of treasury shares	(28)	–
Dividends paid	(54,797)	(32,372)
Net cash provided by (used in) financing activities	336,533	184,507
Effect of exchange rate change on cash and cash equivalents	2	–
Net increase (decrease) in cash and cash equivalents	(14,113)	97,794
Cash and cash equivalents at beginning of period	808,602	789,785
Cash and cash equivalents at end of period	794,488	887,579