

Translation

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**Summary of Consolidated Financial Results
for the Nine Months Ended December 31, 2020
(Based on Japanese GAAP)**

February 12, 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 to file Quarterly Securities Report: February 12, 2021

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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 | % |
| Nine months ended December 31, 2020 | 1,849 | (9.2) | (48) | (170.9) | (41) | (160.6) | (74) | (377.2) |
| Nine months ended December 31, 2019 | 2,037 | 42.7 | 68 | (56.6) | 68 | (56.5) | 27 | 344.0 |

| | Earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2020 | (23.09) | — |
| Nine months ended December 31, 2019 | 8.59 | 8.40 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2020 | 2,521 | 1,096 | 43.1 |
| 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 |
| Year ended March 31, 2020 | Yen — | Yen 0.00 | Yen — | Yen 10.00 | Yen 10.00 |
| Year ending March 31, 2021 | — | 0.00 | — | — | — |
| Year ending March 31, 2021 (Forecast) | | | | 0.00 | 0.00 |

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 | 2,478 | (6.3) | (63) | (415.3) | (58) | (409.3) | (98) | — | (30.46) |

4. Notes

| | | | |
|--|------------------|-------------------------------------|------------------|
| (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2020 | 3,252,437 shares | As of March 31, 2020 | 3,237,337 shares |
| Number of treasury shares at the end of the period | | | |
| As of December 31, 2020 | 117 shares | As of March 31, 2020 | 71 shares |
| Average number of shares during the period (cumulative from the beginning of the fiscal year) | | | |
| Nine months ended December 31, 2020 | 3,245,867 shares | Nine months ended December 31, 2019 | 3,147,679 shares |

Quarterly consolidated financial statements

Consolidated balance sheets

| | (Thousands of yen) | |
|--|----------------------|-------------------------|
| | As of March 31, 2020 | As of December 31, 2020 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 789,785 | 979,731 |
| Accounts receivable - trade | 215,038 | 279,187 |
| Income taxes receivable | 84,912 | 24,706 |
| Other | 70,115 | 57,136 |
| Allowance for doubtful accounts | (373) | (217) |
| Total current assets | 1,159,478 | 1,340,544 |
| Non-current assets | | |
| Property, plant and equipment | 234,764 | 216,923 |
| Intangible assets | | |
| Goodwill | 198,858 | 182,734 |
| Trademark right | 176,339 | 169,469 |
| Intangible assets | 299,056 | 282,128 |
| Other | 79,744 | 87,445 |
| Total intangible assets | 753,998 | 721,778 |
| Investments and other assets | | |
| Other | 267,864 | 249,223 |
| Allowance for doubtful accounts | (24,327) | (7,117) |
| Total investments and other assets | 243,536 | 242,105 |
| Total non-current assets | 1,232,300 | 1,180,808 |
| Total assets | 2,391,778 | 2,521,353 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 7,873 | 28,097 |
| 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 | 40,855 |
| Provision for bonuses | 41,336 | 26,798 |
| Provision for repayment | 5,239 | 3,794 |
| Accounts payable - other | 223,995 | 181,245 |
| Advances received | 122,769 | 169,658 |
| Asset retirement obligations | – | 7,040 |
| Other | 66,136 | 51,444 |
| Total current liabilities | 543,444 | 833,666 |
| Non-current liabilities | | |
| Bonds payable | 30,000 | 10,000 |
| Long-term borrowings | 322,219 | 282,850 |
| Provision for retirement benefits for directors (and other officers) | 78,716 | 82,879 |
| Asset retirement obligations | 75,989 | 70,474 |
| Other | 150,797 | 144,679 |
| Total non-current liabilities | 657,722 | 590,882 |
| Total liabilities | 1,201,166 | 1,424,548 |

| | (Thousands of yen) | |
|---|----------------------|-------------------------|
| | As of March 31, 2020 | As of December 31, 2020 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 173,871 | 176,416 |
| Capital surplus | 364,197 | 366,741 |
| Retained earnings | 647,529 | 543,490 |
| Treasury shares | (87) | (122) |
| Total shareholders' equity | 1,185,511 | 1,086,525 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (37) | 3 |
| Total accumulated other comprehensive income | (37) | 3 |
| Share acquisition rights | 5,137 | 10,275 |
| Total net assets | 1,190,611 | 1,096,804 |
| Total liabilities and net assets | 2,391,778 | 2,521,353 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

| | (Thousands of yen) | |
|---|--|--|
| | Nine months ended December 31, 2019 | Nine months ended December 31, 2020 |
| Net sales | 2,037,756 | 1,849,302 |
| Cost of sales | 434,960 | 371,544 |
| Gross profit | 1,602,795 | 1,477,758 |
| Selling, general and administrative expenses | 1,534,577 | 1,526,119 |
| Operating profit (loss) | 68,218 | (48,360) |
| Non-operating income | | |
| Interest income | 341 | 361 |
| Subsidy income | 800 | 21,744 |
| Other | 29 | 64 |
| Total non-operating income | 1,170 | 22,171 |
| Non-operating expenses | | |
| Interest expenses | 1,140 | 1,876 |
| Share of loss of entities accounted for using equity method | — | 12,522 |
| Foreign exchange losses | 131 | 38 |
| Other | 48 | 636 |
| Total non-operating expenses | 1,319 | 15,073 |
| Ordinary profit (loss) | 68,069 | (41,263) |
| Extraordinary losses | | |
| Impairment loss | — | 1,717 |
| Loss on valuation of shares of subsidiaries and associates | 952 | — |
| Total extraordinary losses | 952 | 1,717 |
| Profit (loss) before income taxes | 67,117 | (42,980) |
| Income taxes | 40,086 | 31,956 |
| Profit (loss) | 27,030 | (74,937) |
| Profit (loss) attributable to owners of parent | 27,030 | (74,937) |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2019 | Nine months ended December 31, 2020 |
|---|--|--|
| Profit (loss) | 27,030 | (74,937) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (27) | 40 |
| Total other comprehensive income | (27) | 40 |
| Comprehensive income | 27,003 | (74,897) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 27,003 | (74,897) |