

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 15, 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: November 15, 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	1,398	23.3	109	–	96	–	56	–
Six months ended September 30, 2020	1,133	(10.7)	(101)	–	(99)	–	(73)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	17.24	17.17
Six months ended September 30, 2020	(22.55)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	2,513	1,121	44.0
As of March 31, 2021	2,481	1,067	42.5

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, 2021	–	0.00	–	0.00	0.00
Year ending March 31, 2022	–	0.00			
Year ending March 31, 2022 (Forecast)			–	0.00	0.00

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,926	17.4	137	–	129	–	65	–	20.03

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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, 2021	3,255,237 shares	As of March 31, 2021	3,249,937 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	117 shares	As of March 31, 2021	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, 2021	3,253,998 shares	Six months ended September 30, 2020	3,243,092 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,031,756	916,835
Accounts receivable - trade	236,558	—
Accounts receivable - trade, and contract assets	—	366,675
Income taxes receivable	3,511	12,457
Other	47,612	98,285
Allowance for doubtful accounts	(840)	(1,354)
Total current assets	1,318,598	1,392,899
Non-current assets		
Property, plant and equipment	211,739	208,850
Intangible assets		
Goodwill	177,360	166,611
Trademark right	167,179	162,598
Intangible assets	276,486	265,200
Other	90,999	85,714
Total intangible assets	712,024	680,125
Investments and other assets		
Other	246,418	238,563
Allowance for doubtful accounts	(6,877)	(6,952)
Total investments and other assets	239,541	231,610
Total non-current assets	1,163,305	1,120,587
Total assets	2,481,904	2,513,486
Liabilities		
Current liabilities		
Accounts payable - trade	24,632	28,447
Short-term borrowings	250,000	200,000
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	54,732	53,232
Income taxes payable	36,484	44,201
Provision for bonuses	41,884	49,903
Provision for repayment	2,990	—
Refund liability	—	3,905
Accounts payable - other	203,364	160,155
Advances received	125,746	201,287
Other	58,169	69,570
Total current liabilities	818,003	830,703
Non-current liabilities		
Bonds payable	10,000	—
Long-term borrowings	267,487	241,621
Provision for retirement benefits for directors (and other officers)	94,022	101,522
Asset retirement obligations	70,501	70,556
Other	154,291	147,479
Total non-current liabilities	596,302	561,178
Total liabilities	1,414,305	1,391,882

	(Thousands of yen)	
	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	176,689	177,026
Capital surplus	367,015	367,352
Retained earnings	512,026	561,914
Treasury shares	(122)	(122)
Total shareholders' equity	1,055,609	1,106,172
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	18
Total accumulated other comprehensive income	1	18
Share acquisition rights	11,987	15,412
Total net assets	1,067,598	1,121,603
Total liabilities and net assets	2,481,904	2,513,486

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, 2020	Six months ended September 30, 2021
Net sales	1,133,929	1,398,169
Cost of sales	205,867	274,578
Gross profit	928,061	1,123,591
Selling, general and administrative expenses	1,029,331	1,013,783
Operating profit (loss)	(101,269)	109,807
Non-operating income		
Interest income	256	261
Subsidy income	3,843	738
Other	42	1
Total non-operating income	4,142	1,001
Non-operating expenses		
Interest expenses	1,291	1,193
Share of loss of entities accounted for using equity method	—	13,110
Loss on retirement of non-current assets	604	—
Other	147	188
Total non-operating expenses	2,043	14,492
Ordinary profit (loss)	(99,171)	96,316
Profit (loss) before income taxes	(99,171)	96,316
Income taxes	(26,029)	40,204
Profit (loss)	(73,142)	56,112
Profit (loss) attributable to owners of parent	(73,142)	56,112

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss)	(73,142)	56,112
Other comprehensive income		
Valuation difference on available-for-sale securities	32	17
Total other comprehensive income	32	17
Comprehensive income	(73,109)	56,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(73,109)	56,129

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	(99,171)	96,316
Depreciation	45,255	41,080
Amortization of goodwill	10,749	10,749
Loss on retirement of non-current assets	604	—
Interest expenses	1,291	1,193
Share of loss (profit) of entities accounted for using equity method	—	13,110
Increase (decrease) in allowance for doubtful accounts	(17,509)	589
Increase (decrease) in provision for bonuses	(5,907)	8,018
Increase(decrease) in provision for repayment refund liability	(1,091)	—
Increase (decrease) in provision for retirement benefits for directors (and other officers)	—	915
	4,162	7,500
Decrease (increase) in trade receivables	(80,542)	(130,116)
Decrease (increase) in prepaid expenses	9,649	(38,141)
Increase (decrease) in trade payables	17,035	3,815
Increase (decrease) in accounts payable - other	(66,590)	(41,211)
Increase (decrease) in advances received	40,495	66,025
Other, net	11,432	(2,954)
Subtotal	(130,135)	36,891
Interest and dividends received	256	261
Interest paid	(1,291)	(1,193)
Income taxes refund	82,360	4,176
Income taxes paid	(11,315)	(49,500)
Net cash provided by (used in) operating activities	(60,126)	(9,364)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,573)	(8,942)
Purchase of intangible assets	(19,428)	(9,922)
Purchase of insurance funds	(2,584)	—
Net cash provided by (used in) investing activities	(26,587)	(18,864)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	250,000	(50,000)
Repayments of long-term borrowings	(27,366)	(27,366)
Redemption of bonds	(10,000)	(10,000)
Proceeds from issuance of shares	4,246	674
Dividends paid	(32,372)	—
Net cash provided by (used in) financing activities	184,507	(86,692)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	97,794	(114,921)
Cash and cash equivalents at beginning of period	789,785	1,031,756
Cash and cash equivalents at end of period	887,579	916,835