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November 8, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: **H.U. Group Holdings, Inc.**
 Listing: Tokyo Stock Exchange
 Securities code: 4544
 URL: <https://www.hugp.com/>
 Representative: Shigekazu Takeuchi, Chairman, President and Group CEO
 Inquiries: Naoki Kitamura, Managing Executive Officer and CFO
 Telephone: +81-3-6279-0926
 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: December 12, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	119,987	3.0	956	—	(1,257)	—	(821)	—
September 30, 2023	116,543	(13.1)	(1,569)	—	(1,571)	—	(1,822)	—

Note: Comprehensive income For the six months ended September 30, 2024: ¥(2,826) million [—%]
 For the six months ended September 30, 2023: ¥3,889 million [(81.1)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	(14.47)	—
September 30, 2023	(32.00)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	291,371	136,080	46.7	2,393.33
March 31, 2024	290,849	142,505	49.0	2,506.50

Reference: Equity

As of September 30, 2024: ¥135,985 million
 As of March 31, 2024: ¥142,417 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	62.00	—	63.00	125.00
Fiscal year ending March 31, 2025	—	62.00			
Fiscal year ending March 31, 2025 (Forecast)			—	63.00	125.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	241,000	1.7	10,000	—	8,500	—	5,000	—	88.00

Note: Revisions to the earnings forecasts most recently announced: Yes

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	57,473,822 shares
As of March 31, 2024	57,473,822 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2024	655,304 shares
As of March 31, 2024	654,819 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	56,818,701 shares
Six months ended September 30, 2023	56,954,147 shares

Note: The Company has introduced a trust-type share-based compensation scheme, and the number of shares of the Company held by the said trust is included in the number of treasury shares excluded from calculations of the number of treasury shares at the end of the period, and the average number of shares during the period.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Note regarding the forecast figures)

The consolidated earnings forecasts for the fiscal year ending March 31, 2025 are based on information available to the Company as of the date of announcement of this report and assumptions as of the same date on many uncertain factors that could affect the future performance of the Company. Actual results may differ substantially from the forecasts due to various factors in the future.

(How to access supplementary material on financial results and the details of financial results briefing)

The Company is scheduled to hold a financial results briefing for institutional investors and analysts via telephone conference on Friday, November 8, 2024, and to post the material used in the meeting on the Company's website immediately after the announcement of financial results.

Semi-annual consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	39,947	47,018
Notes and accounts receivable - trade, and contract assets	47,425	45,497
Merchandise and finished goods	6,093	5,650
Work in process	7,929	8,598
Raw materials and supplies	8,439	7,952
Other	14,063	13,611
Allowance for doubtful accounts	(678)	(940)
Total current assets	123,220	127,387
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,441	27,229
Machinery, equipment and vehicles, net	13,338	6,481
Tools, furniture and fixtures, net	16,847	15,511
Land	10,129	9,901
Other, net	12,644	18,037
Total property, plant and equipment	81,400	77,162
Intangible assets		
Goodwill	7,399	6,886
Customer-related intangible assets	1,968	1,808
Software	17,825	16,857
Other	18,638	19,139
Total intangible assets	45,832	44,692
Investments and other assets		
Investment securities	6,438	5,307
Other	34,269	36,740
Allowance for doubtful accounts	(411)	(1)
Total investments and other assets	40,297	42,047
Total non-current assets	167,530	163,901
Deferred assets	99	82
Total assets	290,849	291,371

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,729	18,514
Electronically recorded obligations - operating	1,091	455
Short-term borrowings	–	10,000
Current portion of bonds payable	10,000	10,000
Accounts payable - other	16,027	10,175
Income taxes payable	785	994
Provision for bonuses	6,109	5,005
Other	10,325	11,883
Total current liabilities	64,070	67,028
Non-current liabilities		
Bonds payable	31,100	31,100
Long-term borrowings	29,000	29,000
Retirement benefit liability	7,174	7,278
Asset retirement obligations	1,571	1,687
Provision for share awards	75	164
Provision for compensation loss	637	–
Provision for loss on guarantees	699	20
Provision for loss on liquidation of subsidiaries and associates	–	817
Other	14,016	18,193
Total non-current liabilities	84,274	88,262
Total liabilities	148,344	155,290
Net assets		
Shareholders' equity		
Share capital	9,279	9,279
Capital surplus	25,001	25,001
Retained earnings	97,700	93,273
Treasury shares	(2,256)	(2,258)
Total shareholders' equity	129,724	125,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,498	1,755
Foreign currency translation adjustment	13,209	10,805
Remeasurements of defined benefit plans	(2,014)	(1,871)
Total accumulated other comprehensive income	12,692	10,688
Share acquisition rights	88	95
Total net assets	142,505	136,080
Total liabilities and net assets	290,849	291,371

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	116,543	119,987
Cost of sales	84,968	87,299
Gross profit	31,575	32,687
Selling, general and administrative expenses	33,144	31,731
Operating profit (loss)	(1,569)	956
Non-operating income		
Interest income	212	249
Dividend income	63	40
Foreign exchange gains	1,096	–
Other	192	178
Total non-operating income	1,564	468
Non-operating expenses		
Interest expenses	195	238
Share of loss of entities accounted for using equity method	743	617
Loss on investments in capital	406	265
Foreign exchange losses	–	1,167
Other	221	393
Total non-operating expenses	1,567	2,682
Ordinary loss	(1,571)	(1,257)
Extraordinary income		
Gain on sale of businesses	377	–
Reversal of provision for compensation loss	–	678
Other	0	3
Total extraordinary income	377	681
Extraordinary losses		
Loss on retirement of non-current assets	15	125
Loss on valuation of investment securities	279	–
Loss on liquidation of subsidiaries and associates	–	817
Other	100	52
Total extraordinary losses	396	995
Loss before income taxes	(1,590)	(1,571)
Income taxes - current	1,631	2,095
Income taxes - deferred	(1,398)	(2,845)
Total income taxes	232	(749)
Loss	(1,822)	(821)
Loss attributable to owners of parent	(1,822)	(821)

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Loss	(1,822)	(821)
Other comprehensive income		
Valuation difference on available-for-sale securities	484	256
Foreign currency translation adjustment	5,142	(2,403)
Remeasurements of defined benefit plans, net of tax	84	142
Total other comprehensive income	5,711	(2,004)
Comprehensive income	3,889	(2,826)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,889	(2,826)

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Loss before income taxes	(1,590)	(1,571)
Depreciation	10,116	9,942
Amortization of goodwill	145	230
Foreign exchange losses (gains)	(1,082)	654
Share of loss (profit) of entities accounted for using equity method	743	617
Decrease (increase) in accounts receivable - trade, and contract assets	(434)	1,032
Decrease (increase) in inventories	504	(257)
Increase (decrease) in trade payables	(4,241)	(1,789)
Increase (decrease) in provision for bonuses	(1,519)	(1,061)
Loss on liquidation of subsidiaries and associates	—	817
Reversal of provision for compensation loss	—	(678)
Increase (decrease) in accrued consumption taxes	1,021	1,830
Decrease (increase) in other current assets	(989)	(1,566)
Increase (decrease) in other current liabilities	(6,302)	(1,925)
Increase (decrease) in other non-current liabilities	245	(863)
Other, net	(473)	2,320
Subtotal	(3,856)	7,732
Income taxes refund (paid)	9,297	(1,158)
Other, net	81	94
Net cash provided by (used in) operating activities	5,522	6,668
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,743)	(2,368)
Purchase of intangible assets	(2,938)	(3,403)
Loan advances	(39)	(999)
Payments of contingent consideration for shares of subsidiaries	—	(3,005)
Other, net	449	23
Net cash provided by (used in) investing activities	(7,272)	(9,753)
Cash flows from financing activities		
Proceeds from long-term borrowings	4,000	—
Repayments of long-term borrowings	(3,700)	—
Dividends paid	(3,601)	(3,597)
Net increase (decrease) in short-term borrowings	—	10,000
Repayments of finance lease liabilities	(2,167)	(2,130)
Proceeds from sale and leaseback transactions	—	6,396
Other, net	(587)	(1)
Net cash provided by (used in) financing activities	(6,055)	10,666
Effect of exchange rate change on cash and cash equivalents	716	(511)
Net increase (decrease) in cash and cash equivalents	(7,089)	7,070
Cash and cash equivalents at beginning of period	44,185	39,946
Cash and cash equivalents at end of period	37,096	47,017