

**Consolidated Financial Results**  
**for the Three Months Ended June 30, 2020**  
**<under Japanese GAAP>**

Name of the Listed Company: **H.U. Group Holdings, Inc.**  
Listed Stock Exchanges: Tokyo Stock Exchange  
Securities Code: 4544  
URL: <https://www.hugp.com/>  
Representative: Shigekazu Takeuchi, Director, President and Group CEO  
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Scheduled date to submit Quarterly Securities Report: August 13, 2020  
Scheduled date to commence dividend payments: —  
Preparation of supplementary materials on quarterly financial results: Yes  
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

**1. Consolidated financial results for the three months ended June 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	%
Three months ended								
June 30, 2020	43,904	(5.1)	1,124	(63.7)	364	(84.6)	(1,383)	—
June 30, 2019	46,284	2.9	3,100	(9.8)	2,368	(18.8)	1,155	(37.3)

Note: Comprehensive income  
Three months ended June 30, 2020: ¥(1,439) million [ —%]  
Three months ended June 30, 2019: ¥316 million [ (87.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2020	(24.27)	—
June 30, 2019	20.29	20.29

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2020	214,242	97,988	45.7	1,716.87
March 31, 2020	219,403	103,228	47.0	1,809.18

Reference: Equity  
As of June 30, 2020: ¥97,844 million As of March 31, 2020: ¥103,086 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	–	65.00	–	65.00	130.00
Fiscal year ending March 31, 2021	–				
Fiscal year ending March 31, 2021 (Forecast)		–	–	–	–

Note: Revisions to the cash dividend forecasts most recently announced: None

The cash dividend forecasts for the fiscal year ending March 31, 2021 are “undetermined.”

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The global spread of the COVID-19 pandemic has had significant impact on the Company, which engages in business centered on the medical and healthcare domain. Many uncertainties remain as to both the positive and negative effects on business performance, making it extremely difficult to calculate appropriate and rational forecasts of business results at this time. As a result, consolidated earnings forecasts for the fiscal year ending March 31, 2021 are “undetermined.” The Company will promptly disclose its consolidated earnings forecasts for the fiscal year ending March 31, 2021, when it is able to calculate appropriate and rational forecasts of its consolidated business results.

### \* Notes

- (1) Changes in significant subsidiaries during the current period under review (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None
  - d. Restatement: None
- (4) Number of shares issued (common shares)
  - a. Total number of shares issued at the end of the period (including treasury shares)

As of June 30, 2020	57,387,861 shares
As of March 31, 2020	57,387,861 shares

- b. Number of treasury shares at the end of the period

As of June 30, 2020	397,774 shares
As of March 31, 2020	408,064 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	56,983,115 shares
Three months ended June 30, 2019	56,957,005 shares

Note: The Company has introduced a Board Incentive Plan (BIP) trust as part of officer remuneration, 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.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* 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, 2021 have not yet been determined as it is difficult at this stage to provide any appropriate and rational estimation.

(How to access supplementary materials on quarterly financial results and the details of quarterly financial results presentation meeting)

The Company is scheduled to hold a quarterly financial results presentation meeting for institutional investors and analysts via telephone conference on Friday, August 7, 2020, and to post the materials used in the meeting on the Company's website immediately after the meeting.

## Quarterly consolidated financial statements

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	36,357	27,995
Notes and accounts receivable - trade	32,737	31,991
Merchandise and finished goods	6,796	7,034
Work in process	5,325	6,322
Raw materials and supplies	5,829	6,169
Other	16,943	18,753
Allowance for doubtful accounts	(90)	(90)
Total current assets	103,899	98,177
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,372	17,289
Tools, furniture and fixtures, net	18,572	19,091
Land	11,670	11,664
Other, net	10,714	11,341
Total property, plant and equipment	58,330	59,387
Intangible assets		
Goodwill	1,514	1,357
Customer-related intangible assets	970	957
Software	5,904	6,680
Other	12,637	12,794
Total intangible assets	21,027	21,790
Investments and other assets		
Investment securities	11,394	10,822
Other	24,607	23,926
Allowance for doubtful accounts	(27)	(27)
Total investments and other assets	35,975	34,721
Total non-current assets	115,332	115,900
Deferred assets	171	165
Total assets	219,403	214,242

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,318	10,284
Electronically recorded obligations - operating	1,290	1,229
Short-term borrowings	10,000	20,000
Current portion of long-term borrowings	4,166	4,161
Accounts payable - other	7,107	7,327
Income taxes payable	1,050	285
Provision for bonuses	6,235	2,580
Other	13,130	11,533
Total current liabilities	55,299	57,401
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	16,216	14,402
Retirement benefit liability	3,167	3,248
Asset retirement obligations	709	711
Provision for share-based remuneration	51	51
Provision for compensation loss	458	453
Other	5,272	4,983
Total non-current liabilities	60,875	58,851
Total liabilities	116,175	116,253
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,147	9,147
Capital surplus	24,869	24,869
Retained earnings	72,772	67,559
Treasury shares	(1,633)	(1,606)
Total shareholders' equity	105,156	99,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(117)	(115)
Foreign currency translation adjustment	(1,204)	(1,296)
Remeasurements of defined benefit plans	(747)	(714)
Total accumulated other comprehensive income	(2,069)	(2,126)
Share acquisition rights	141	144
Total net assets	103,228	97,988
Total liabilities and net assets	219,403	214,242

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	46,284	43,904
Cost of sales	31,520	31,355
Gross profit	14,763	12,548
Selling, general and administrative expenses	11,663	11,424
Operating profit	3,100	1,124
Non-operating income		
Interest income	18	23
Dividend income	21	13
Gain on liquidation of Laborers' Welfare Foundation	-	41
Other	78	60
Total non-operating income	118	138
Non-operating expenses		
Interest expenses	57	69
Share of loss of entities accounted for using equity method	661	607
Other	131	222
Total non-operating expenses	850	898
Ordinary profit	2,368	364
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on reversal of share acquisition rights	43	-
Total extraordinary income	43	0
Extraordinary losses		
Loss on retirement of non-current assets	7	1
Loss on cancellation of leases	87	-
Loss on termination of contracts	323	-
Loss on liquidation of subsidiaries and associates	-	362
Business restructuring expenses	-	159
Other	0	4
Total extraordinary losses	418	527
Profit (loss) before income taxes	1,993	(163)
Income taxes - current	151	79
Income taxes - deferred	685	1,140
Total income taxes	837	1,220
Profit (loss)	1,155	(1,383)
Profit (loss) attributable to owners of parent	1,155	(1,383)

## Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss)	1,155	(1,383)
Other comprehensive income		
Valuation difference on available-for-sale securities	197	2
Foreign currency translation adjustment	(1,054)	(92)
Remeasurements of defined benefit plans, net of tax	17	32
Total other comprehensive income	(839)	(56)
Comprehensive income	316	(1,439)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	316	(1,439)

**(3) Consolidated statement of cash flows**

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	1,993	(163)
Depreciation	2,419	2,731
Amortization of goodwill	253	156
Loss on liquidation of subsidiaries and associates	–	362
Loss on cancellation of leases	87	–
Loss on termination of contracts	323	–
Increase (decrease) in provision for bonuses	(3,520)	(3,647)
Increase (decrease) in retirement benefit liability	120	125
Interest and dividend income	(40)	(36)
Interest expenses	57	69
Share of loss (profit) of entities accounted for using equity method	661	607
Decrease (increase) in trade receivables	779	450
Decrease (increase) in inventories	(863)	(1,594)
Increase (decrease) in trade payables	(1,051)	(2,091)
Increase (decrease) in accrued consumption taxes	685	(182)
Decrease (increase) in other current assets	(970)	(175)
Increase (decrease) in other current liabilities	4,659	(371)
Other, net	437	(162)
Subtotal	6,034	(3,921)
Interest and dividends received	46	36
Interest paid	(77)	(105)
Income taxes paid	(4,475)	(2,233)
Net cash provided by (used in) operating activities	1,527	(6,224)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,200)	(2,644)
Purchase of intangible assets	(1,914)	(2,387)
Purchase of investment securities	–	(771)
Loan advances	(939)	(255)
Purchase of shares of subsidiaries	(1,000)	(100)
Other, net	(61)	(185)
Net cash provided by (used in) investing activities	(6,115)	(6,344)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	–	10,000
Repayments of finance lease obligations	(264)	(386)
Repayments of long-term borrowings	(1,811)	(1,811)
Dividends paid	(3,691)	(3,684)
Other, net	(0)	27
Net cash provided by (used in) financing activities	(5,768)	4,145
Effect of exchange rate change on cash and cash equivalents	(149)	182
Net increase (decrease) in cash and cash equivalents	(10,505)	(8,241)
Cash and cash equivalents at beginning of period	33,688	36,226
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,131	–
Cash and cash equivalents at end of period	24,314	27,984