

Consolidated Financial Results for the Six Months Ended September 30, 2021 <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: November 11, 2021
 Scheduled date to commence dividend payments: December 10, 2021
 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 six months ended September 30, 2021

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	133,739	35.7	26,951	230.9	26,745	264.3	19,519	282.5
September 30, 2020	98,566	5.4	8,146	41.5	7,342	62.2	5,102	100.5

Note: Comprehensive income

Six months ended September 30, 2021: ¥20,896 million [336.1%]

Six months ended September 30, 2020: ¥4,791 million [279.9%]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2021	342.23	342.10
September 30, 2020	89.52	89.50

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2021	271,518	130,863	48.2	2,293.08
March 31, 2021	252,751	115,298	45.6	2,020.01

Reference: Equity

As of September 30, 2021: ¥130,823 million

As of March 31, 2021: ¥115,195 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, 2021	–	50.00	–	94.00	144.00
Fiscal year ending March 31, 2022	–	62.00			
Fiscal year ending March 31, 2022 (Forecast)			–	63.00	125.00

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

3. Consolidated earnings forecasts for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	254,700	14.2	35,500	39.8	33,700	32.4	23,500	34.5	411.97

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

For details, please refer to “Notice of Differences between the Consolidated Earnings Forecasts and Results for the First Six-Months of the Fiscal Year Ending March 31, 2022, and Revisions to the Full-Year Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022” announced today, November 9, 2021.

* 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: Yes
 - 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 September 30, 2021	57,441,238 shares
As of March 31, 2021	57,416,407 shares

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

As of September 30, 2021	389,715 shares
As of March 31, 2021	389,287 shares

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

Six months ended September 30, 2021	57,035,865 shares
Six months ended September 30, 2020	57,000,822 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 forecasts stated above 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 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 teleconference on Tuesday, November 9, 2021, and to post the materials used in the meeting on the Company's website immediately after the announcement of financial results.

Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	42,961	41,820
Notes and accounts receivable - trade	46,619	–
Notes and accounts receivable - trade, and contract assets	–	55,992
Merchandise and finished goods	5,756	5,506
Work in process	6,392	6,733
Raw materials and supplies	6,654	6,898
Other	10,202	9,914
Allowance for doubtful accounts	(574)	(556)
Total current assets	118,013	126,310
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,431	15,320
Tools, furniture and fixtures, net	12,036	11,711
Land	9,691	9,676
Other, net	24,002	30,728
Total property, plant and equipment	61,162	67,437
Intangible assets		
Goodwill	760	705
Customer-related intangible assets	947	899
Software	7,827	7,611
Other	17,927	23,239
Total intangible assets	27,462	32,455
Investments and other assets		
Investment securities	10,388	9,457
Other	35,719	35,862
Allowance for doubtful accounts	(140)	(139)
Total investments and other assets	45,966	45,180
Total non-current assets	134,591	145,073
Deferred assets	146	134
Total assets	252,751	271,518

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,150	18,664
Electronically recorded obligations - operating	2,115	1,687
Short-term borrowings	4,500	4,500
Current portion of long-term borrowings	3,899	3,622
Accounts payable - other	12,407	12,797
Income taxes payable	2,374	6,070
Provision for bonuses	7,104	5,941
Other	12,366	12,296
Total current liabilities	62,918	65,579
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	22,321	20,510
Retirement benefit liability	3,801	5,104
Asset retirement obligations	1,053	1,058
Provision for share awards	279	450
Provision for compensation loss	466	471
Other	11,611	12,479
Total non-current liabilities	74,534	75,075
Total liabilities	137,452	140,655
Net assets		
Shareholders' equity		
Share capital	9,184	9,220
Capital surplus	24,906	24,942
Retained earnings	83,269	97,421
Treasury shares	(1,583)	(1,585)
Total shareholders' equity	115,775	129,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(152)	1,500
Foreign currency translation adjustment	400	802
Remeasurements of defined benefit plans	(828)	(1,478)
Total accumulated other comprehensive income	(579)	824
Share acquisition rights	116	80
Non-controlling interests	(13)	(40)
Total net assets	115,298	130,863
Total liabilities and net assets	252,751	271,518

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

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	98,566	133,739
Cost of sales	66,857	78,832
Gross profit	31,708	54,907
Selling, general and administrative expenses	23,562	27,955
Operating profit	8,146	26,951
Non-operating income		
Interest income	45	18
Dividend income	15	21
Gain on investments in capital	67	1,169
Consumption taxes variance	423	-
Other	199	110
Total non-operating income	750	1,320
Non-operating expenses		
Interest expenses	128	197
Share of loss of entities accounted for using equity method	1,008	1,052
Other	417	277
Total non-operating expenses	1,554	1,527
Ordinary profit	7,342	26,745
Extraordinary income		
Gain on sale of non-current assets	0	79
Gain on reversal of share acquisition rights	33	40
Other	-	48
Total extraordinary income	33	168
Extraordinary losses		
Loss on retirement of non-current assets	105	35
Loss on valuation of other investments	-	619
Business restructuring expenses	776	503
Other	333	665
Total extraordinary losses	1,215	1,823
Profit before income taxes	6,160	25,090
Income taxes - current	1,435	5,511
Income taxes - deferred	(356)	87
Total income taxes	1,079	5,598
Profit	5,081	19,491
Loss attributable to non-controlling interests	(21)	(27)
Profit attributable to owners of parent	5,102	19,519

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	5,081	19,491
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	1,653
Foreign currency translation adjustment	(341)	401
Remeasurements of defined benefit plans, net of tax	65	(650)
Total other comprehensive income	(289)	1,404
Comprehensive income	4,791	20,896
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,812	20,923
Comprehensive income attributable to non-controlling interests	(21)	(27)

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	6,160	25,090
Depreciation	5,613	6,712
Amortization of goodwill	319	55
Interest and dividend income	(60)	(40)
Interest expenses	128	197
Share of loss (profit) of entities accounted for using equity method	1,008	1,052
Decrease (increase) in trade receivables	(6,345)	–
Decrease (increase) in trade receivables and contract assets	–	(7,303)
Decrease (increase) in inventories	(1,466)	(298)
Increase (decrease) in trade payables	3,045	71
Increase (decrease) in provision for bonuses	(1,200)	(1,165)
Increase (decrease) in retirement benefit liability	261	370
Gain on investments in capital	(67)	(1,169)
Loss on valuation of other investments	–	619
Decrease (increase) in other current assets	(1,099)	(3,484)
Other, net	(2,222)	1,278
Subtotal	4,073	21,987
Interest and dividends received	66	49
Interest paid	(138)	(198)
Income taxes refund (paid)	5,773	(981)
Net cash provided by (used in) operating activities	9,774	20,856
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,186)	(10,533)
Proceeds from sale of property, plant and equipment	145	303
Purchase of intangible assets	(5,154)	(6,426)
Purchase of investment securities	(1,865)	–
Payments for investments in capital	(311)	(935)
Proceeds from share of profits on investments in capital	186	3,563
Proceeds from refund of guarantee deposits	52	346
Subsidies received	–	1,696
Payments for other investments	(100)	(750)
Other, net	(479)	(53)
Net cash provided by (used in) investing activities	(12,714)	(12,788)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,000	–
Repayments of long-term borrowings	(2,080)	(2,087)
Dividends paid	(3,707)	(5,362)
Repayments of finance lease obligations	(836)	(1,888)
Other, net	26	49
Net cash provided by (used in) financing activities	4,403	(9,289)
Effect of exchange rate change on cash and cash equivalents	164	79
Net increase (decrease) in cash and cash equivalents	1,627	(1,141)
Cash and cash equivalents at beginning of period	36,226	42,950
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	113	0
Cash and cash equivalents at end of period	37,967	41,809