

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <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
 Contact: Atsuko Murakami, Executive Officer and CFO
 TEL: +81-3-5909-3337

Scheduled date of ordinary general meeting of shareholders: June 21, 2022
 Scheduled date to commence dividend payments: May 31, 2022
 Scheduled date to submit Securities Report: June 22, 2022
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2022

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year 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	%
March 31, 2022	272,944	22.4	50,490	98.8	47,422	86.3	29,599	69.5
March 31, 2021	223,016	18.2	25,392	155.5	25,458	293.6	17,468	—

Note: Comprehensive income

Fiscal year ended March 31, 2022: ¥34,238 million [81.0%]

Fiscal year ended March 31, 2021: ¥18,914 million [-%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Operating margin
	Yen	Yen	%	%	%
March 31, 2022	519.55	519.42	23.2	17.6	18.5
March 31, 2021	306.38	306.32	16.0	10.8	11.4

Reference: Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2022: ¥(2,342) million

Fiscal year ended March 31, 2021: ¥(1,671) million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	286,587	140,178	48.9	2,463.33
March 31, 2021	252,751	115,298	45.6	2,020.01

Reference: Equity

As of March 31, 2022: ¥140,106 million As of March 31, 2021: ¥115,195 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	55,229	(30,862)	(21,725)	46,479
March 31, 2021	35,588	(28,273)	(1,566)	42,950

2. Cash dividends

	Annual dividends					Total dividend payments (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	50.00	–	94.00	144.00	8,230	47.1	7.5
Fiscal year ended March 31, 2022	–	62.00	–	63.00	125.00	7,147	24.1	5.6
Fiscal year ending March 31, 2023 (Forecast)	–	62.00	–	63.00	125.00		56.9	

Note: Breakdown of year-end dividend for the fiscal year ended March 31, 2021:

Ordinary dividend: ¥75.00 Commemorative dividend: ¥19.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	254,000	(6.9)	21,000	(58.4)	18,000	(62.0)	12,500	(57.8)	219.77

* 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) 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

(3) Number of shares issued (common shares)

a. Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2022	57,446,657 shares
As of March 31, 2021	57,416,407 shares

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

As of March 31, 2022	569,941 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)

Fiscal year ended March 31, 2022	56,971,532 shares
Fiscal year ended March 31, 2021	57,014,057 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.

Reference: Summary of non-consolidated results

Non-consolidated financial results for the fiscal year ended March 31, 2022

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2022	17,132	13.8	8,743	27.3	4,223	(45.3)	5,872	-
March 31, 2021	15,049	(62.4)	6,866	(79.0)	7,720	(76.4)	115	(99.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2022	103.08	103.05
March 31, 2021	2.02	2.02

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2022	173,744	58,816	33.8	1,032.83
March 31, 2021	167,659	60,494	36.0	1,058.77

Reference: Equity

As of March 31, 2022: ¥58,744 million As of March 31, 2021: ¥60,378 million

* Financial results reports are exempt from audit 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 financial results and the details of financial results presentation meeting)

The Company is scheduled to hold a financial results presentation meeting for institutional investors and analysts via online distribution on Thursday, May 12, 2022, and to post the materials used in the meeting on the Company's website immediately after the announcement of financial results.

Consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	42,961	46,490
Notes and accounts receivable - trade	46,619	–
Notes and accounts receivable - trade, and contract assets	–	59,238
Investments in leases	801	221
Merchandise and finished goods	5,756	5,148
Work in process	6,392	6,605
Raw materials and supplies	6,654	7,731
Other	9,401	7,781
Allowance for doubtful accounts	(574)	(675)
Total current assets	118,013	132,542
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,428	43,890
Accumulated depreciation	(24,996)	(22,662)
Buildings and structures, net	15,431	21,227
Machinery, equipment and vehicles	18,047	18,824
Accumulated depreciation	(13,327)	(13,806)
Machinery, equipment and vehicles, net	4,720	5,017
Tools, furniture and fixtures	39,873	42,724
Accumulated depreciation	(27,836)	(27,946)
Tools, furniture and fixtures, net	12,036	14,777
Land	9,691	10,488
Leased assets	20,111	24,083
Accumulated depreciation	(7,032)	(10,437)
Leased assets, net	13,079	13,645
Construction in progress	6,203	11,363
Total property, plant and equipment	61,162	76,520
Intangible assets		
Goodwill	760	201
Customer-related intangible assets	947	897
Software	7,827	22,250
Leased assets	1,019	779
Software in progress	14,610	8,088
Other	2,297	2,188
Total intangible assets	27,462	34,406
Investments and other assets		
Investment securities	10,388	8,300
Long-term loans receivable	4,003	4,212
Guarantee deposits	18,260	18,286
Deferred tax assets	9,458	7,387
Other	3,997	4,975
Allowance for doubtful accounts	(140)	(165)
Total investments and other assets	45,966	42,996
Total non-current assets	134,591	153,923
Deferred assets		
Bond issuance costs	146	121
Total deferred assets	146	121
Total assets	252,751	286,587

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,150	21,307
Electronically recorded obligations - operating	2,115	1,025
Short-term borrowings	4,500	–
Current portion of long-term borrowings	3,899	3,621
Lease liabilities	3,444	4,029
Accounts payable - other	12,407	14,921
Income taxes payable	2,374	5,834
Provision for bonuses	7,104	6,870
Other	8,922	13,144
Total current liabilities	62,918	70,755
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	22,321	18,700
Lease liabilities	11,291	11,649
Retirement benefit liability	3,801	5,470
Asset retirement obligations	1,053	1,046
Provision for share awards	279	572
Provision for compensation loss	466	709
Provision for loss on guarantees	–	1,414
Other	319	1,089
Total non-current liabilities	74,534	75,653
Total liabilities	137,452	146,408
Net assets		
Shareholders' equity		
Share capital	9,184	9,231
Capital surplus	24,906	24,953
Retained earnings	83,269	103,957
Treasury shares	(1,583)	(2,081)
Total shareholders' equity	115,775	136,060
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(152)	1,620
Foreign currency translation adjustment	400	3,997
Remeasurements of defined benefit plans	(828)	(1,573)
Total accumulated other comprehensive income	(579)	4,045
Share acquisition rights	116	72
Non-controlling interests	(13)	–
Total net assets	115,298	140,178
Total liabilities and net assets	252,751	286,587

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	223,016	272,944
Cost of sales	146,808	161,145
Gross profit	76,208	111,799
Selling, general and administrative expenses	50,815	61,308
Operating profit	25,392	50,490
Non-operating income		
Interest income	150	45
Dividend income	23	31
Dividend income of insurance	20	27
Rental income	85	66
Outsourcing service income	17	14
Foreign exchange gains	–	335
Gain on investments in capital	1,298	1,009
Consumption taxes variance	816	–
Other	210	161
Total non-operating income	2,622	1,693
Non-operating expenses		
Interest expenses	309	395
Rental expenses	41	36
Share of loss of entities accounted for using equity method	1,671	2,342
Provision for loss on guarantees	–	1,414
Other	534	571
Total non-operating expenses	2,557	4,761
Ordinary profit	25,458	47,422
Extraordinary income		
Gain on sale of non-current assets	109	174
Gain on reversal of share acquisition rights	33	40
Other	10	59
Total extraordinary income	152	274
Extraordinary losses		
Loss on retirement of non-current assets	226	347
Loss on sale of non-current assets	1,540	447
Impairment losses	773	2,173
Loss on valuation of investment securities	–	676
Loss on valuation of other investments	–	782
Business restructuring expenses	1,504	680
Other	742	1,265
Total extraordinary losses	4,787	6,373
Profit before income taxes	20,823	41,323
Income taxes - current	4,415	9,904
Income taxes - deferred	(1,016)	1,806
Total income taxes	3,398	11,710
Profit	17,425	29,612
Profit (loss) attributable to non-controlling interests	(42)	13
Profit attributable to owners of parent	17,468	29,599

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	17,425	29,612
Other comprehensive income		
Valuation difference on available-for-sale securities	(34)	1,773
Foreign currency translation adjustment	1,605	3,597
Remeasurements of defined benefit plans, net of tax	(80)	(744)
Total other comprehensive income	1,489	4,625
Comprehensive income	18,914	34,238
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	18,957	34,225
Comprehensive income attributable to non-controlling interests	(42)	13

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,147	24,869	72,772	(1,633)	105,156
Changes during period					
Issuance of new shares - exercise of share acquisition rights	2	2			5
Issuance of new shares- Restricted Stock	33	33			66
Dividends of surplus			(6,571)		(6,571)
Profit attributable to owners of parent			17,468		17,468
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				51	51
Change in scope of consolidation			(399)		(399)
Net changes in items other than shareholders' equity					
Total changes during period	36	36	10,497	49	10,618
Balance at end of period	9,184	24,906	83,269	(1,583)	115,775

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(117)	(1,204)	(747)	(2,069)	141	-	103,228
Changes during period							
Issuance of new shares - exercise of share acquisition rights							5
Issuance of new shares- Restricted Stock							66
Dividends of surplus							(6,571)
Profit attributable to owners of parent							17,468
Purchase of treasury shares							(2)
Disposal of treasury shares							51
Change in scope of consolidation							(399)
Net changes in items other than shareholders' equity	(34)	1,605	(80)	1,489	(24)	(13)	1,451
Total changes during period	(34)	1,605	(80)	1,489	(24)	(13)	12,070
Balance at end of period	(152)	400	(828)	(579)	116	(13)	115,298

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,184	24,906	83,269	(1,583)	115,775
Cumulative effects of changes in accounting policies			6		6
Restated balance	9,184	24,906	83,275	(1,583)	115,781
Changes during period					
Issuance of new shares - exercise of share acquisition rights	14	14			29
Issuance of new shares- Restricted Stock	32	32			65
Dividends of surplus			(8,917)		(8,917)
Profit attributable to owners of parent			29,599		29,599
Purchase of treasury shares				(498)	(498)
Net changes in items other than shareholders' equity					
Total changes during period	47	47	20,681	(498)	20,279
Balance at end of period	9,231	24,953	103,957	(2,081)	136,060

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(152)	400	(828)	(579)	116	(13)	115,298
Cumulative effects of changes in accounting policies							6
Restated balance	(152)	400	(828)	(579)	116	(13)	115,305
Changes during period							
Issuance of new shares - exercise of share acquisition rights							29
Issuance of new shares- Restricted Stock							65
Dividends of surplus							(8,917)
Profit attributable to owners of parent							29,599
Purchase of treasury shares							(498)
Net changes in items other than shareholders' equity	1,773	3,597	(744)	4,625	(44)	13	4,594
Total changes during period	1,773	3,597	(744)	4,625	(44)	13	24,873
Balance at end of period	1,620	3,997	(1,573)	4,045	72	-	140,178

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	20,823	41,323
Depreciation	12,091	14,527
Impairment losses	773	2,173
Amortization of goodwill	403	99
Interest expenses	309	395
Share of loss (profit) of entities accounted for using equity method	1,671	2,342
Decrease (increase) in trade receivables	(13,933)	–
Decrease (increase) in trade receivables and contract assets	–	(10,036)
Decrease (increase) in inventories	(637)	(286)
Increase (decrease) in trade payables	6,580	1,941
Increase (decrease) in provision for bonuses	826	(328)
Increase (decrease) in retirement benefit liability	435	603
Increase (decrease) in provision for loss on guarantees	–	1,414
Loss (gain) on valuation of investment securities	–	676
Loss on sale of non-current assets	1,540	447
Loss on retirement of non-current assets	226	347
Gain on investments in capital	(1,298)	(1,009)
Loss on valuation of other investments	–	782
Increase (decrease) in accrued consumption taxes	1,230	(704)
Decrease (increase) in other current assets	(1,482)	(555)
Increase (decrease) in other current liabilities	(42)	5,739
Increase (decrease) in other non-current liabilities	(212)	2,374
Other, net	905	(980)
Subtotal	30,212	61,288
Interest and dividends received	173	86
Interest paid	(306)	(397)
Income taxes refund (paid)	5,509	(5,747)
Net cash provided by (used in) operating activities	35,588	55,229
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,530)	(23,733)
Proceeds from sale of property, plant and equipment	3,721	1,319
Purchase of intangible assets	(9,658)	(11,392)
Payments for investments in capital	(386)	(1,559)
Proceeds from share of profits on investments in capital	271	3,603
Proceeds from refund of guarantee deposits	128	388
Subsidies received	–	1,696
Payments for other investments	(100)	(750)
Other, net	(10,719)	(435)
Net cash provided by (used in) investing activities	(28,273)	(30,862)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,500)	(4,500)
Proceeds from long-term borrowings	10,000	–
Repayments of long-term borrowings	(4,150)	(3,898)
Purchase of treasury shares	(2)	(498)
Dividends paid	(6,561)	(8,906)
Repayments of finance lease liabilities	(2,264)	(3,989)
Proceeds from sale and leaseback transactions	6,812	–
Other, net	100	68
Net cash provided by (used in) financing activities	(1,566)	(21,725)
Effect of exchange rate change on cash and cash equivalents	862	886
Net increase (decrease) in cash and cash equivalents	6,610	3,528
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	42,950	46,479