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MEMBERSHIP  
August 8, 2023

## Consolidated Financial Results for the Three Months Ended June 30, 2023 (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: Atsuko Murakami, Executive Officer and CFO  
 Telephone: +81-3-6279-0926  
 Scheduled date to file quarterly securities report: August 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (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, 2023	56,620	(13.3)	(1,711)	–	(1,468)	–	(1,120)	–
June 30, 2022	65,331	2.9	8,580	(29.8)	8,455	(29.1)	5,587	(33.0)

Note: Comprehensive income For the three months ended June 30, 2023: ¥2,940 million [(68.8)%]  
 For the three months ended June 30, 2022: ¥9,420 million [10.3%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	(19.67)	–
June 30, 2022	98.25	98.24

#### (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
June 30, 2023	289,590	149,787	51.7	2,623.90
March 31, 2023	297,924	150,047	50.3	2,635.26

Reference: Equity

As of June 30, 2023: ¥149,715 million  
 As of March 31, 2023: ¥149,972 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, 2023	–	62.00	–	63.00	125.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		62.00	–	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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	245,000	(6.1)	14,000	(40.1)	12,000	(45.5)	6,000	(61.7)	105.20

Note: Revisions to the earnings forecasts most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly 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: None
  - (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 June 30, 2023	57,473,522 shares
As of March 31, 2023	57,471,867 shares

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

As of June 30, 2023	414,975 shares
As of March 31, 2023	561,968 shares

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

Three months ended June 30, 2023	56,959,700 shares
Three months ended June 30, 2022	56,877,409 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, 2024 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 quarterly financial results and the details of quarterly financial results briefing)

The Company is scheduled to hold a quarterly financial results briefing for institutional investors and analysts via telephone conference on Tuesday, August 8, 2023, and to post the material 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, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	44,186	32,736
Notes and accounts receivable - trade, and contract assets	46,946	45,120
Merchandise and finished goods	6,469	6,549
Work in process	7,072	7,920
Raw materials and supplies	8,587	9,260
Other	19,359	20,215
Allowance for doubtful accounts	(770)	(559)
Total current assets	131,851	121,243
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,062	26,200
Tools, furniture and fixtures, net	21,846	21,735
Land	10,836	10,915
Other, net	23,467	21,655
Total property, plant and equipment	80,214	80,506
Intangible assets		
Goodwill	4,453	4,715
Customer-related intangible assets	1,956	2,061
Software	22,186	21,416
Other	16,776	17,363
Total intangible assets	45,373	45,558
Investments and other assets		
Investment securities	6,997	7,232
Other	33,558	35,391
Allowance for doubtful accounts	(165)	(431)
Total investments and other assets	40,390	42,191
Total non-current assets	165,977	168,256
Deferred assets	95	89
Total assets	297,924	289,590

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,512	19,302
Electronically recorded obligations - operating	1,800	1,313
Short-term borrowings	–	3,500
Current portion of long-term borrowings	3,700	–
Accounts payable - other	12,368	12,318
Income taxes payable	1,782	929
Provision for bonuses	6,256	2,488
Other	17,950	13,156
<b>Total current liabilities</b>	<b>64,371</b>	<b>53,008</b>
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	25,000	27,800
Retirement benefit liability	6,609	6,710
Asset retirement obligations	1,576	1,584
Provision for share awards	743	791
Provision for compensation loss	562	610
Provision for loss on guarantees	264	155
Other	13,750	14,141
<b>Total non-current liabilities</b>	<b>83,506</b>	<b>86,794</b>
<b>Total liabilities</b>	<b>147,877</b>	<b>139,803</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,274	9,278
Capital surplus	24,996	25,001
Retained earnings	112,422	107,697
Treasury shares	(2,060)	(1,662)
<b>Total shareholders' equity</b>	<b>144,633</b>	<b>140,315</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	118	378
Foreign currency translation adjustment	7,140	10,897
Remeasurements of defined benefit plans	(1,919)	(1,875)
<b>Total accumulated other comprehensive income</b>	<b>5,339</b>	<b>9,400</b>
Share acquisition rights	74	71
<b>Total net assets</b>	<b>150,047</b>	<b>149,787</b>
<b>Total liabilities and net assets</b>	<b>297,924</b>	<b>289,590</b>

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	65,331	56,620
Cost of sales	40,435	41,643
Gross profit	24,896	14,976
Selling, general and administrative expenses	16,315	16,687
Operating profit (loss)	8,580	(1,711)
Non-operating income		
Interest income	24	104
Dividend income	27	62
Foreign exchange gains	598	744
Other	158	103
Total non-operating income	809	1,015
Non-operating expenses		
Interest expenses	95	95
Share of loss of entities accounted for using equity method	768	253
Loss on investments in capital	–	277
Other	70	145
Total non-operating expenses	933	772
Ordinary profit (loss)	8,455	(1,468)
Extraordinary income		
Gain on sale of non-current assets	0	–
Gain on sale of businesses	–	377
Total extraordinary income	0	377
Extraordinary losses		
Loss on valuation of investment securities	17	58
Loss on valuation of investments in capital	149	–
Loss on valuation of other investments	67	–
Other	91	16
Total extraordinary losses	326	75
Profit (loss) before income taxes	8,128	(1,165)
Income taxes - current	840	453
Income taxes - deferred	1,700	(499)
Total income taxes	2,541	(45)
Profit (loss)	5,587	(1,120)
Profit (loss) attributable to owners of parent	5,587	(1,120)

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	5,587	(1,120)
Other comprehensive income		
Valuation difference on available-for-sale securities	(293)	259
Foreign currency translation adjustment	4,074	3,757
Remeasurements of defined benefit plans, net of tax	51	44
Total other comprehensive income	3,832	4,061
Comprehensive income	9,420	2,940
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	9,420	2,940

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	8,128	(1,165)
Depreciation	4,443	5,062
Amortization of goodwill	8	71
Foreign exchange losses (gains)	(494)	(875)
Share of loss (profit) of entities accounted for using equity method	768	253
Decrease (increase) in trade receivables and contract assets	6,775	2,523
Decrease (increase) in inventories	(842)	(834)
Increase (decrease) in trade payables	(56)	(1,847)
Increase (decrease) in provision for bonuses	(4,421)	(3,826)
Increase (decrease) in accrued consumption taxes	(333)	1,446
Decrease (increase) in other current assets	(1,705)	(1,180)
Increase (decrease) in other current liabilities	(1,830)	(4,793)
Other, net	172	83
Subtotal	10,612	(5,082)
Income taxes paid	(4,453)	(1,171)
Other, net	(65)	53
Net cash provided by (used in) operating activities	6,092	(6,200)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,730)	(2,520)
Purchase of intangible assets	(1,921)	(1,526)
Other, net	(637)	96
Net cash provided by (used in) investing activities	(7,289)	(3,950)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	–	2,800
Repayments of long-term borrowings	(1,811)	(3,700)
Dividends paid	(3,579)	(3,583)
Net increase (decrease) in short-term borrowings	–	3,500
Repayments of finance lease liabilities	(1,052)	(1,086)
Other, net	0	398
Net cash provided by (used in) financing activities	(6,442)	(1,671)
Effect of exchange rate change on cash and cash equivalents	887	371
Net increase (decrease) in cash and cash equivalents	(6,752)	(11,450)
Cash and cash equivalents at beginning of period	46,479	44,185
Cash and cash equivalents at end of period	39,727	32,735