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MEMBERSHIP

February 7, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 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 commence dividend payments: –
 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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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	%
Nine months ended December 31, 2024	182,047	2.6	2,657	–	4,289	–	2,794	–
December 31, 2023	177,511	(11.7)	(1,147)	–	(2,863)	–	(3,345)	–

Note: Comprehensive income For the nine months ended December 31, 2024: ¥3,325 million [606.2%]
 For the nine months ended December 31, 2023: ¥470 million [(97.7)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	49.18	–
December 31, 2023	(58.78)	–

(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
December 31, 2024	285,914	138,993	48.5	2,440.80
March 31, 2024	290,849	142,505	49.0	2,506.50

Reference: Equity

As of December 31, 2024: ¥138,682 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	4,500	–	6,000	–	3,000	–	52.80

Note: Revisions to the earnings forecasts most recently announced: Yes
For details, please refer to “Notice Concerning Recording of Non-operating Income (Gain on Investments in Capital) and Revisions to Full-Year Consolidated Earnings Forecast” announced today, February 7, 2025.

* Notes

- (1) Significant changes in the scope of consolidation during the period: 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: 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 December 31, 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 December 31, 2024	655,341 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)

Nine months ended December 31, 2024	56,818,627 shares
Nine months ended December 31, 2023	56,909,004 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.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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, February 7, 2025, 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, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	39,947	37,349
Notes and accounts receivable - trade, and contract assets	47,425	48,826
Merchandise and finished goods	6,093	6,197
Work in process	7,929	9,151
Raw materials and supplies	8,439	8,039
Other	14,063	16,302
Allowance for doubtful accounts	(678)	(880)
Total current assets	123,220	124,986
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,441	26,707
Machinery, equipment and vehicles, net	13,338	6,501
Tools, furniture and fixtures, net	16,847	14,570
Land	10,129	9,998
Other, net	12,644	17,681
Total property, plant and equipment	81,400	75,459
Intangible assets		
Goodwill	7,399	8,080
Customer-related intangible assets	1,968	1,815
Software	17,825	18,665
Other	18,638	16,886
Total intangible assets	45,832	45,448
Investments and other assets		
Investment securities	6,438	5,138
Other	34,269	34,804
Allowance for doubtful accounts	(411)	(1)
Total investments and other assets	40,297	39,942
Total non-current assets	167,530	160,850
Deferred assets	99	76
Total assets	290,849	285,914

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,729	19,284
Electronically recorded obligations - operating	1,091	367
Short-term borrowings	–	10,000
Current portion of bonds payable	10,000	–
Current portion of long-term borrowings	–	52
Accounts payable - other	16,027	11,233
Income taxes payable	785	947
Provision for bonuses	6,109	4,067
Provision for loss on liquidation of subsidiaries and associates	–	914
Other	10,325	17,168
Total current liabilities	64,070	64,036
Non-current liabilities		
Bonds payable	31,100	31,100
Long-term borrowings	29,000	29,192
Retirement benefit liability	7,174	7,319
Asset retirement obligations	1,571	1,563
Provision for share awards	75	211
Provision for compensation loss	637	162
Provision for loss on guarantees	699	–
Other	14,016	13,334
Total non-current liabilities	84,274	82,884
Total liabilities	148,344	146,920
Net assets		
Shareholders' equity		
Share capital	9,279	9,279
Capital surplus	25,001	25,094
Retained earnings	97,700	93,343
Treasury shares	(2,256)	(2,258)
Total shareholders' equity	129,724	125,459
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,498	11
Foreign currency translation adjustment	13,209	15,012
Remeasurements of defined benefit plans	(2,014)	(1,800)
Total accumulated other comprehensive income	12,692	13,223
Share acquisition rights	88	100
Non-controlling interests	–	210
Total net assets	142,505	138,993
Total liabilities and net assets	290,849	285,914

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	177,511	182,047
Cost of sales	128,798	131,301
Gross profit	48,712	50,745
Selling, general and administrative expenses	49,860	48,087
Operating profit (loss)	(1,147)	2,657
Non-operating income		
Interest income	335	383
Dividend income	89	67
Foreign exchange gains	406	525
Gain on investments in capital	–	2,820
Other	251	257
Total non-operating income	1,083	4,054
Non-operating expenses		
Interest expenses	292	413
Share of loss of entities accounted for using equity method	1,844	1,541
Loss on investments in capital	328	–
Other	333	468
Total non-operating expenses	2,800	2,422
Ordinary profit (loss)	(2,863)	4,289
Extraordinary income		
Gain on step acquisitions	–	150
Reversal of provision for compensation loss	–	678
Other	880	9
Total extraordinary income	880	838
Extraordinary losses		
Loss on retirement of non-current assets	863	191
Loss on valuation of investment securities	295	–
Loss on liquidation of subsidiaries and associates	–	912
Other	94	311
Total extraordinary losses	1,253	1,415
Profit (loss) before income taxes	(3,236)	3,712
Income taxes - current	2,149	2,804
Income taxes - deferred	(2,040)	(1,886)
Total income taxes	108	917
Profit (loss)	(3,345)	2,794
Profit (loss) attributable to owners of parent	(3,345)	2,794

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit (loss)	(3,345)	2,794
Other comprehensive income		
Valuation difference on available-for-sale securities	480	(1,486)
Foreign currency translation adjustment	3,210	1,803
Remeasurements of defined benefit plans, net of tax	125	214
Total other comprehensive income	3,816	530
Comprehensive income	470	3,325
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	470	3,325

(3) Consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(3,236)	3,712
Depreciation	15,181	15,056
Amortization of goodwill	220	346
Share of loss (profit) of entities accounted for using equity method	1,844	1,541
Decrease (increase) in accounts receivable - trade, and contract assets	(754)	(1,317)
Decrease (increase) in inventories	(60)	(573)
Increase (decrease) in trade payables	(2,180)	(1,231)
Increase (decrease) in provision for bonuses	(2,813)	(2,096)
Loss (gain) on investments in capital	328	(2,820)
Loss on liquidation of subsidiaries and associates	–	912
Reversal of provision for compensation loss	–	(678)
Increase (decrease) in accrued consumption taxes	795	2,083
Increase (decrease) in other current liabilities	(5,554)	5,221
Increase (decrease) in other non-current liabilities	931	(5,618)
Other, net	(2,351)	314
Subtotal	2,350	14,852
Interest and dividends received	426	536
Income taxes refund (paid)	6,901	(1,806)
Other, net	(303)	(478)
Net cash provided by (used in) operating activities	9,375	13,104
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,398)	(3,339)
Proceeds from sale of property, plant and equipment	1,135	756
Purchase of intangible assets	(4,187)	(4,783)
Loan advances	(279)	(1,351)
Payments of contingent consideration for shares of subsidiaries	–	(3,005)
Other, net	571	(88)
Net cash provided by (used in) investing activities	(9,159)	(11,812)
Cash flows from financing activities		
Proceeds from long-term borrowings	4,000	–
Repayments of long-term borrowings	(3,700)	–
Proceeds from issuance of bonds	6,100	–
Redemption of bonds	–	(10,000)
Dividends paid	(7,123)	(7,114)
Net increase (decrease) in short-term borrowings	–	10,000
Repayments of finance lease liabilities	(3,235)	(3,330)
Proceeds from sale and leaseback transactions	–	6,396
Other, net	(616)	(1)
Net cash provided by (used in) financing activities	(4,575)	(4,049)
Effect of exchange rate change on cash and cash equivalents	576	159
Net increase (decrease) in cash and cash equivalents	(3,783)	(2,598)
Cash and cash equivalents at beginning of period	44,185	39,946
Cash and cash equivalents at end of period	40,402	37,348