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## Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 12, 2021

Company name: VALOR HOLDINGS CO.,LTD.

Stock exchange listing: Tokyo, Nagoya

Code number: 9956

URL: <https://valorholdings.co.jp/>

Representative: Masami Tashiro

President and Representative Director

Contact: Akira Shinohana

Executive Director

Phone: 0574-60-0864

Scheduled date of Annual General Meeting of Shareholders: June 25, 2021

Scheduled date of commencing dividend payments: June 09, 2021

Scheduled date of filing annual securities report: June 28, 2021

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	730,168	7.7	25,648	65.3	28,397	68.2	12,592	94.4
March 31, 2020	678,096	19.8	15,515	9.2	16,878	4.9	6,477	(18.1)

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 17,769 million [ 239.3%]  
Fiscal year ended March 31, 2020: ¥ 5,237 million [ (35.8)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to operating revenues ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	234.52	234.42	9.2	7.2	3.5
March 31, 2020	120.63	120.59	5.1	4.9	2.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ 19 million  
Fiscal year ended March 31, 2020: ¥ 39 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	404,458	155,190	35.3	2,660.56
March 31, 2020	383,919	140,645	34.1	2,435.06

(Reference) Equity: As of March 31, 2021: ¥ 142,862 million  
As of March 31, 2020: ¥ 130,748 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 the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	44,138	(28,137)	(10,472)	29,349
March 31, 2020	30,871	(26,659)	(551)	24,115

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	24.00	-	28.00	52.00	2,796	43.1	2.2
March 31, 2021	-	25.00	-	29.00	54.00	2,904	23.0	2.1
Fiscal year ending March 31, 2022 (Forecast)	-	26.00	-	30.00	56.00		-	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2021	368,000	-	12,200	(25.3)	13,200	(24.6)	7,100	(19.3)	132.23
Full year	732,000	-	23,000	(10.3)	25,000	(12.0)	12,000	(4.7)	223.48

### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2021: 53,987,499 shares

March 31, 2020: 53,987,499 shares

2) Total number of treasury shares at the end of the period:

March 31, 2021: 291,212 shares

March 31, 2020: 293,255 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 53,695,727 shares

Fiscal Year ended March 31, 2020: 53,694,267 shares

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,687	29,924
Notes and accounts receivable - trade	12,779	13,717
Merchandise and finished goods	51,284	52,878
Raw materials and supplies	891	1,149
Other	14,932	14,537
Allowance for doubtful accounts	(10)	(7)
<b>Total current assets</b>	<b>104,565</b>	<b>112,199</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	277,323	292,338
Accumulated depreciation	(144,695)	(152,877)
Buildings and structures, net	132,628	139,460
Machinery, equipment and vehicles	10,229	13,593
Accumulated depreciation	(6,966)	(9,094)
Machinery, equipment and vehicles, net	3,263	4,499
Land	51,636	52,096
Leased assets	22,397	23,681
Accumulated depreciation	(13,209)	(14,777)
Leased assets, net	9,188	8,903
Construction in progress	3,576	3,669
Other	42,398	43,311
Accumulated depreciation	(33,259)	(33,767)
Other, net	9,139	9,544
<b>Total property, plant and equipment</b>	<b>209,431</b>	<b>218,173</b>
<b>Intangible assets</b>		
Goodwill	1,390	1,496
Leased assets	144	157
Other	14,172	14,339
<b>Total intangible assets</b>	<b>15,706</b>	<b>15,993</b>
<b>Investments and other assets</b>		
Investment securities	7,141	9,964
Long-term loans receivable	1,052	1,106
Deferred tax assets	9,599	11,039
Guarantee deposits	32,102	32,350
Other	4,660	4,023
Allowance for doubtful accounts	(341)	(392)
<b>Total investments and other assets</b>	<b>54,215</b>	<b>58,092</b>
<b>Total non-current assets</b>	<b>279,353</b>	<b>292,259</b>
<b>Total assets</b>	<b>383,919</b>	<b>404,458</b>

(Million yen)

	As of March 31,2020	As of March 31,2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	51,400	53,222
Short-term borrowings	26,159	21,962
Commercial papers	-	10,000
Current portion of bonds payable	20	10,010
Current portion of long-term borrowings	21,180	20,495
Lease obligations	2,529	2,574
Income taxes payable	3,659	7,848
Provision for bonuses	3,143	3,634
Provision for bonuses for directors (and other officers)	141	205
Provision for point card certificates	1,479	1,542
Provision for gift certificate	275	291
Provision for loss on store closings	562	248
Asset retirement obligations	91	30
Other	31,143	33,419
Total current liabilities	141,786	165,484
Non-current liabilities		
Bonds payable	10,010	-
Long-term borrowings	53,489	44,520
Lease obligations	11,483	11,320
Deferred tax liabilities	219	247
Provision for retirement benefits for directors (and other officers)	627	673
Retirement benefit liability	4,743	5,804
Asset retirement obligations	12,703	13,342
Long-term guarantee deposits	6,906	6,603
Other	1,301	1,269
Total non-current liabilities	101,486	83,783
Total liabilities	243,273	249,267
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,076	20,049
Retained earnings	99,256	108,998
Treasury shares	(566)	(561)
Total shareholders' equity	132,375	142,095
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,865)	880
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	273	140
Remeasurements of defined benefit plans	(34)	(254)
Total accumulated other comprehensive income	(1,627)	766
Share acquisition rights	142	134
Non-controlling interests	9,754	12,194
Total net assets	140,645	155,190
Total liabilities and net assets	383,919	404,458

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	655,859	706,331
Cost of sales	485,339	519,555
Gross profit	170,519	186,775
Operating revenue	22,237	23,837
Operating gross profit	192,757	210,613
Selling, general and administrative expenses		
Advertising expenses	8,486	5,842
Wrapping expenses	38	141
Supplies expenses	1,206	1,405
Distribution expenses	1,353	1,679
Provision for point card certificates	3,352	3,601
Provision of allowance for doubtful accounts	2	4
Remuneration for directors (and other officers)	972	988
Salaries and allowances	65,435	69,773
Bonuses	5,258	6,120
Provision for bonuses	2,919	3,403
Provision for bonuses for directors (and other officers)	136	203
Retirement benefit expenses	908	1,240
Provision for retirement benefits for directors (and other officers)	40	61
Legal and other welfare expenses	11,141	12,099
Utilities expenses	10,014	9,299
Rent expenses	29,330	30,286
Repair and maintenance expenses	4,110	4,758
Depreciation	15,412	16,283
Amortization of goodwill	391	434
Other	16,728	17,336
Total selling, general and administrative expenses	177,241	184,964
Operating profit	15,515	25,648
Non-operating income		
Interest income	133	133
Dividend income	223	186
Administrative service fee income	1,425	1,576
Rental income	834	855
Share of profit of entities accounted for using equity method	39	19
Other	1,356	1,927
Total non-operating income	4,013	4,698
Non-operating expenses		
Interest expenses	875	854
Foreign exchange losses	710	-
Rental costs on real estate	696	680
Other	367	415
Total non-operating expenses	2,650	1,950
Ordinary profit	16,878	28,397

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Extraordinary income		
Gain on sale of non-current assets	10	47
Gain on sale of investment securities	2	42
Gain on bargain purchase	40	17
Penalty income	150	170
Subsidy income	283	467
Insurance claim income	303	-
Other	138	154
Total extraordinary income	930	898
Extraordinary losses		
Loss on sale of non-current assets	3	24
Loss on retirement of non-current assets	218	287
Impairment losses	3,065	2,843
Loss on tax purpose reduction entry of non-current assets	221	197
Loss on valuation of investment securities	90	138
Loss on disaster	365	-
Loss on voluntarily close	272	702
Other	707	557
Total extraordinary losses	4,944	4,751
Profit before income taxes	12,863	24,544
Income taxes - current	6,439	10,877
Income taxes - deferred	(903)	(1,793)
Total income taxes	5,535	9,083
Profit	7,328	15,461
Profit attributable to non-controlling interests	851	2,868
Profit attributable to owners of parent	6,477	12,592

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	7,328	15,461
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,286)	2,775
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	196	(232)
Remeasurements of defined benefit plans, net of tax	(0)	(235)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(2,091)	2,308
Comprehensive income	5,237	17,769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,305	14,986
Comprehensive income attributable to non-controlling interests	931	2,783

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,609	15,543	95,468	(566)	124,054
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(269)			(269)
Increase by share exchanges		4,802			4,802
Dividends of surplus			(2,689)		(2,689)
Profit attributable to owners of parent			6,477		6,477
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	4,532	3,788	(0)	8,320
Balance at end of period	13,609	20,076	99,256	(566)	132,375

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	421	0	155	(33)	544	101	693	125,395
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								(269)
Increase by share exchanges								4,802
Dividends of surplus								(2,689)
Profit attributable to owners of parent								6,477
Purchase of treasury shares								(0)
Disposal of treasury shares								0
Net changes in items other than shareholders' equity	(2,287)	(0)	117	(1)	(2,171)	40	9,060	6,929
Total changes during period	(2,287)	(0)	117	(1)	(2,171)	40	9,060	15,250
Balance at end of period	(1,865)	0	273	(34)	(1,627)	142	9,754	140,645



For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,609	20,076	99,256	(566)	132,375
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(26)			(26)
Dividends of surplus			(2,850)		(2,850)
Profit attributable to owners of parent			12,592		12,592
Disposal of treasury shares				5	5
Net changes in items other than shareholders' equity					
Total changes during period	-	(26)	9,742	5	9,720
Balance at end of period	13,609	20,049	108,998	(561)	142,095

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(1,865)	0	273	(34)	(1,627)	142	9,754	140,645
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								(26)
Dividends of surplus								(2,850)
Profit attributable to owners of parent								12,592
Disposal of treasury shares								5
Net changes in items other than shareholders' equity	2,746	(0)	(133)	(219)	2,393	(8)	2,440	4,825
Total changes during period	2,746	(0)	(133)	(219)	2,393	(8)	2,440	14,545
Balance at end of period	880	-	140	(254)	766	134	12,194	155,190

## Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,863	24,544
Depreciation	17,665	18,234
Impairment losses	3,065	2,843
Amortization of goodwill	391	434
Gain on bargain purchase	(40)	(17)
Increase (decrease) in allowance for doubtful accounts	(7)	42
Increase (decrease) in retirement benefit liability	334	624
Increase (decrease) in provision for retirement benefits for directors (and other officers)	28	21
Increase (decrease) in provision for point card certificates	178	57
Interest and dividend income	(356)	(320)
Interest expenses	875	854
Loss on retirement of non-current assets	218	287
Loss on tax purpose reduction entry of non-current assets	221	197
Loss on disaster	365	-
Loss on voluntarily close	272	702
Loss (gain) on valuation of investment securities	90	138
Share of loss (profit) of entities accounted for using equity method	(39)	(19)
Subsidy income	(283)	(467)
Insurance claim income	(303)	-
Decrease (increase) in trade receivables	(3,427)	(256)
Decrease (increase) in inventories	(917)	(1,552)
Increase (decrease) in trade payables	5,095	1,364
Increase (decrease) in accrued consumption taxes	(622)	1,306
Increase (decrease) in accounts payable - other, and accrued expenses	988	847
Other, net	1,486	1,952
<b>Subtotal</b>	<b>38,142</b>	<b>51,822</b>
Interest and dividends received	255	220
Interest paid	(818)	(834)
Income taxes paid	(6,708)	(7,069)
<b>Net cash provided by (used in) operating activities</b>	<b>30,871</b>	<b>44,138</b>

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
<b>Cash flows from investing activities</b>		
Payments into time deposits	(283)	(427)
Proceeds from withdrawal of time deposits	676	532
Purchase of property, plant and equipment	(22,469)	(26,981)
Proceeds from sale of property, plant and equipment	48	1,023
Purchase of intangible assets	(1,680)	(1,250)
Purchase of investment securities	(459)	(118)
Proceeds from sale of investment securities	115	227
Loan advances	(136)	(6)
Proceeds from collection of loans receivable	22	83
Payments of guarantee deposits	(1,607)	(1,766)
Proceeds from refund of guarantee deposits	1,967	1,868
Guarantee deposits received	333	450
Refund of guarantee deposits received	(651)	(770)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(680)	(193)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	43	102
Payments for acquisition of businesses	(1,182)	(76)
Proceeds from government subsidy	283	467
Other, net	(953)	(1,300)
Net cash provided by (used in) investing activities	(26,615)	(28,137)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	2,983	(4,241)
Net increase (decrease) in commercial papers	-	10,000
Proceeds from long-term borrowings	22,348	12,156
Repayments of long-term borrowings	(19,516)	(22,218)
Redemption of bonds	(100)	(34)
Repayments of finance lease obligations	(2,821)	(2,802)
Proceeds from sale of treasury shares	0	5
Purchase of treasury shares	(0)	(1)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(361)	(46)
Dividends paid	(2,690)	(2,848)
Dividends paid to non-controlling interests	(393)	(441)
Other, net	0	0
Net cash provided by (used in) financing activities	(551)	(10,472)
Effect of exchange rate change on cash and cash equivalents	(487)	(337)
Net increase (decrease) in cash and cash equivalents	3,217	5,190
Cash and cash equivalents at beginning of period	17,938	24,159
Increase in cash and cash equivalents from share exchange	3,003	-
Cash and cash equivalents at end of period	24,159	29,349