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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

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: 0574-60-0858

Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: December 05, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(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	%
Six months ended September 30, 2022	374,661	2.4	9,567	(23.2)	11,106	(20.9)	5,736	(6.0)
September 30, 2021	365,934	-	12,458	-	14,044	-	6,104	-

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 5,628 million [(21.7)%]
Six months ended September 30, 2021: ¥ 7,185 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	106.81	106.79
September 30, 2021	113.69	113.64

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2022	412,702	166,200	36.7
March 31, 2022	410,365	162,521	36.2

(Reference) Equity: As of September 30, 2022: ¥ 151,494 million
As of March 31, 2022: ¥ 148,587 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	26.00	-	30.00	56.00
Fiscal year ending March 31, 2023	-	27.00			
Fiscal year ending March 31, 2023 (Forecast)			-	31.00	58.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% 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
Full year	750,000	2.4	22,700	7.0	25,000	3.6	11,500	27.6	214.14

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2022: 53,987,499 shares

March 31, 2022: 53,987,499 shares

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

September 30, 2022: 281,199 shares

March 31, 2022: 285,341 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 53,703,355 shares

Six months ended September 30, 2021: 53,698,661 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	23,260	19,795
Notes and accounts receivable - trade, and contract assets	14,905	15,717
Securities	-	87
Merchandise and finished goods	56,261	59,295
Raw materials and supplies	1,128	1,226
Other	14,670	16,281
Allowance for doubtful accounts	(9)	(1)
Total current assets	110,217	112,401
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	144,152	146,601
Land	54,282	54,493
Other, net	26,877	25,720
Total property, plant and equipment	225,312	226,815
Intangible assets		
Goodwill	2,323	2,069
Other	15,435	15,356
Total intangible assets	17,759	17,426
Investments and other assets		
Guarantee deposits	32,578	32,278
Other	24,859	24,111
Allowance for doubtful accounts	(360)	(330)
Total investments and other assets	57,077	56,059
Total non-current assets	300,148	300,300
Total assets	410,365	412,702

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,237	60,086
Short-term borrowings	37,636	34,736
Commercial papers	17,000	18,000
Income taxes payable	3,480	4,084
Provision for bonuses	3,540	3,664
Provisions	742	720
Asset retirement obligations	65	157
Other	28,341	27,573
Total current liabilities	148,045	149,021
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	47,511	45,003
Provisions	496	504
Retirement benefit liability	6,297	6,471
Asset retirement obligations	16,143	16,449
Other	19,350	19,051
Total non-current liabilities	99,799	97,480
Total liabilities	247,844	246,502
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,063	20,067
Retained earnings	115,030	119,152
Treasury shares	(547)	(538)
Total shareholders' equity	148,156	152,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	559	(357)
Deferred gains or losses on hedges	5	1
Foreign currency translation adjustment	132	(194)
Remeasurements of defined benefit plans	(266)	(246)
Total accumulated other comprehensive income	431	(796)
Share acquisition rights	121	19
Non-controlling interests	13,811	14,685
Total net assets	162,521	166,200
Total liabilities and net assets	410,365	412,702

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	353,780	362,317
Cost of sales	260,275	266,268
Gross profit	93,504	96,049
Operating revenue	12,153	12,343
Operating gross profit	105,658	108,393
Selling, general and administrative expenses	93,200	98,825
Operating profit	12,458	9,567
Non-operating income		
Interest income	66	62
Dividend income	90	96
Administrative service fee income	807	798
Rental income	320	335
Share of profit of entities accounted for using equity method	51	35
Other	1,098	947
Total non-operating income	2,434	2,276
Non-operating expenses		
Interest expenses	402	378
Rental costs on real estate	241	248
Other	204	110
Total non-operating expenses	848	737
Ordinary profit	14,044	11,106
Extraordinary income		
Gain on sale of non-current assets	67	12
Gain on bargain purchase	0	1
Penalty income	31	66
Subsidy income	379	14
Gain on reversal of foreign currency translation adjustment	-	163
Gain on reversal of share acquisition rights	-	101
Other	90	72
Total extraordinary income	569	431
Extraordinary losses		
Loss on sale of non-current assets	2	-
Loss on retirement of non-current assets	69	52
Impairment losses	462	326
Loss on tax purpose reduction entry of non-current assets	354	5
Other	112	156
Total extraordinary losses	1,000	540
Profit before income taxes	13,613	10,997
Income taxes - current	4,425	4,225
Income taxes - deferred	1,498	(229)
Total income taxes	5,923	3,995
Profit	7,689	7,002
Profit attributable to non-controlling interests	1,584	1,266
Profit attributable to owners of parent	6,104	5,736

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	7,689	7,002
Other comprehensive income		
Valuation difference on available-for-sale securities	(433)	(922)
Deferred gains or losses on hedges	0	(4)
Foreign currency translation adjustment	(90)	(468)
Remeasurements of defined benefit plans, net of tax	19	21
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(503)	(1,373)
Comprehensive income	7,185	5,628
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,646	4,507
Comprehensive income attributable to non-controlling interests	1,539	1,120

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	13,613	10,997
Depreciation	9,535	10,101
Impairment losses	462	326
Amortization of goodwill	264	377
Gain on bargain purchase	(0)	(1)
Increase (decrease) in allowance for doubtful accounts	14	(37)
Increase (decrease) in retirement benefit liability	172	198
Interest and dividend income	(157)	(160)
Interest expenses	402	378
Share of loss (profit) of entities accounted for using equity method	(51)	(35)
Gain on reversal of foreign currency translation adjustment	-	(163)
Gain on reversal of share acquisition rights	-	(101)
Loss on retirement of non-current assets	69	52
Decrease (increase) in trade receivables	(524)	(785)
Decrease (increase) in inventories	(2,998)	(3,108)
Increase (decrease) in trade payables	(601)	2,819
Increase (decrease) in accounts payable - other, and accrued expenses	(2,566)	(427)
Other, net	(1,759)	(1,674)
Subtotal	15,873	18,756
Interest and dividends received	109	115
Interest paid	(396)	(371)
Income taxes paid	(7,759)	(3,078)
Net cash provided by (used in) operating activities	7,827	15,421
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,972)	(10,595)
Proceeds from sale of property, plant and equipment	158	157
Purchase of intangible assets	(1,295)	(802)
Payments of guarantee deposits	(1,459)	(604)
Proceeds from refund of guarantee deposits	835	821
Guarantee deposits received	268	105
Refund of guarantee deposits received	(177)	(184)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(401)	(27)
Payments for acquisition of businesses	-	(128)
Other, net	306	9
Net cash provided by (used in) investing activities	(12,736)	(11,247)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,071)	500
Net increase (decrease) in commercial papers	5,000	1,000
Proceeds from long-term borrowings	5,632	3,000
Repayments of long-term borrowings	(8,781)	(8,942)
Proceeds from issuance of bonds	9,950	-
Redemption of bonds	(10,005)	-
Repayments of finance lease liabilities	(1,407)	(1,401)
Dividends paid	(1,560)	(1,613)
Dividends paid to non-controlling interests	(319)	(295)
Other, net	13	8
Net cash provided by (used in) financing activities	(2,548)	(7,743)
Effect of exchange rate change on cash and cash equivalents	2	11
Net increase (decrease) in cash and cash equivalents	(7,455)	(3,558)
Cash and cash equivalents at beginning of period	29,349	22,867
Cash and cash equivalents at end of period	21,894	19,309