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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

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: +81-574-60-0858

Scheduled date of Annual General Meeting of Shareholders: June 27, 2024

Scheduled date of commencing dividend payments: June 12, 2024

Scheduled date of filing annual securities report: June 28, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

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

	Operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	807,795	6.3	22,844	13.9	25,604	11.1	11,945	57.1
March 31, 2023	759,977	3.7	20,062	(5.4)	23,049	(4.5)	7,603	(15.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 15,514 million [71.6%]
Fiscal year ended March 31, 2023: ¥ 9,038 million [(16.7)%]

	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, 2024	223.02	223.00	7.5	5.9	2.8
March 31, 2023	141.61	141.58	5.0	5.6	2.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ (70) million
Fiscal year ended March 31, 2023: ¥ 57 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	444,807	179,328	36.9	3,062.60
March 31, 2023	417,107	167,520	36.6	2,851.73

(Reference) Equity: As of March 31, 2024: ¥ 164,049 million
As of March 31, 2023: ¥ 152,733 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	38,449	(26,055)	(4,558)	28,813
March 31, 2023	36,229	(25,717)	(12,329)	20,973

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	Millions of yen	%	%
March 31, 2023	-	27.00	-	31.00	58.00	3,119	41.0	2.1
March 31, 2024	-	28.00	-	37.00	65.00	3,496	29.1	2.2
Fiscal year ending March 31, 2025 (Forecast)	-	29.00	-	39.00	68.00		-	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Operating revenues		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
Six months ending September 30, 2024	415,000	4.0	11,500	3.2	12,900	2.0	6,800	2.6	126.95
Full year	840,000	4.0	23,500	2.9	26,400	3.1	12,300	3.0	229.64

* 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: Yes

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, 2024: 53,987,499 shares

March 31, 2023: 53,987,499 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 421,996 shares

March 31, 2023: 429,374 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 53,562,287 shares

Fiscal Year ended March 31, 2023: 53,691,248 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	21,482	29,598
Notes and accounts receivable - trade, and contract assets	16,701	25,976
Merchandise and finished goods	59,701	63,065
Raw materials and supplies	1,418	1,454
Other	16,379	16,041
Allowance for doubtful accounts	(11)	(536)
Total current assets	115,671	135,600
Non-current assets		
Property, plant and equipment		
Buildings and structures	318,091	332,721
Accumulated depreciation	(170,491)	(181,310)
Buildings and structures, net	147,599	151,411
Machinery, equipment and vehicles	14,765	16,394
Accumulated depreciation	(10,726)	(11,998)
Machinery, equipment and vehicles, net	4,039	4,396
Land	54,524	53,191
Leased assets	21,140	21,142
Accumulated depreciation	(14,503)	(13,858)
Leased assets, net	6,637	7,283
Construction in progress	2,448	1,990
Other	49,669	54,037
Accumulated depreciation	(39,514)	(42,907)
Other, net	10,155	11,130
Total property, plant and equipment	225,405	229,404
Intangible assets		
Goodwill	1,807	1,828
Leased assets	139	111
Other	16,479	15,823
Total intangible assets	18,426	17,763
Investments and other assets		
Investment securities	9,981	13,616
Long-term loans receivable	1,061	1,124
Deferred tax assets	10,508	10,631
Guarantee deposits	32,482	32,954
Other	3,909	4,060
Allowance for doubtful accounts	(339)	(347)
Total investments and other assets	57,603	62,039
Total non-current assets	301,436	309,207
Total assets	417,107	444,807

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,504	64,662
Short-term borrowings	20,041	22,793
Commercial papers	19,000	19,000
Current portion of long-term borrowings	11,736	14,132
Lease liabilities	2,286	3,188
Income taxes payable	4,744	5,267
Provision for bonuses	3,670	4,146
Provision for bonuses for directors (and other officers)	210	228
Provision for point card certificates	519	661
Provision for loss on store closings	-	14
Asset retirement obligations	82	228
Other	28,637	32,596
Total current liabilities	150,433	166,919
Non-current liabilities		
Bonds payable	10,000	10,100
Long-term borrowings	45,766	44,395
Lease liabilities	9,950	9,439
Deferred tax liabilities	231	269
Provision for retirement benefits for directors (and other officers)	411	528
Retirement benefit liability	6,502	6,683
Asset retirement obligations	18,151	19,205
Long-term guarantee deposits	6,700	6,527
Other	1,439	1,410
Total non-current liabilities	99,153	98,560
Total liabilities	249,587	265,479
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,062	20,066
Retained earnings	119,567	128,340
Treasury shares	(831)	(816)
Total shareholders' equity	152,408	161,200
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	673	3,143
Deferred gains or losses on hedges	(2)	8
Foreign currency translation adjustment	(207)	(296)
Remeasurements of defined benefit plans	(138)	(6)
Total accumulated other comprehensive income	325	2,849
Share acquisition rights	19	19
Non-controlling interests	14,766	15,258
Total net assets	167,520	179,328
Total liabilities and net assets	417,107	444,807

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	735,385	782,601
Cost of sales	539,963	573,352
Gross profit	195,422	209,249
Operating revenue	24,591	25,194
Operating gross profit	220,014	234,443
Selling, general and administrative expenses		
Advertising expenses	4,697	4,669
Wrapping expenses	151	172
Supplies expenses	1,251	1,613
Distribution expenses	1,863	1,901
Provision for point card certificates	1,748	2,024
Provision of allowance for doubtful accounts	0	1,014
Remuneration for directors (and other officers)	964	1,115
Salaries and allowances	75,264	78,888
Bonuses	6,177	7,045
Provision for bonuses	3,388	3,641
Provision for bonuses for directors (and other officers)	208	217
Retirement benefit expenses	1,125	1,206
Provision for retirement benefits for directors (and other officers)	42	63
Legal and other welfare expenses	13,231	14,138
Utilities expenses	13,691	12,081
Rent expenses	32,937	33,780
Repair and maintenance expenses	4,942	5,630
Depreciation	18,476	19,927
Amortization of goodwill	711	690
Other	19,075	21,774
Total selling, general and administrative expenses	199,951	211,599
Operating profit	20,062	22,844
Non-operating income		
Interest income	123	145
Dividend income	193	248
Administrative service fee income	1,555	1,550
Rental income	683	825
Share of profit of entities accounted for using equity method	57	-
Other	1,845	1,677
Total non-operating income	4,460	4,447
Non-operating expenses		
Interest expenses	746	730
Rental costs on real estate	492	618
Share of loss of entities accounted for using equity method	-	70
Other	234	267
Total non-operating expenses	1,473	1,687
Ordinary profit	23,049	25,604

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of non-current assets	29	651
Gain on sale of investment securities	39	3
Gain on bargain purchase	1	15
Penalty income	263	181
Subsidy income	293	151
Gain on reversal of foreign currency translation adjustment	163	-
Gain on reversal of share acquisition rights	101	-
Other	64	-
Total extraordinary income	957	1,003
Extraordinary losses		
Loss on sale of non-current assets	10	14
Loss on retirement of non-current assets	154	150
Impairment losses	5,939	4,853
Loss on tax purpose reduction entry of non-current assets	221	98
Other	349	229
Total extraordinary losses	6,675	5,346
Profit before income taxes	17,331	21,262
Income taxes - current	8,633	9,196
Income taxes - deferred	(578)	(959)
Total income taxes	8,055	8,237
Profit	9,276	13,025
Profit attributable to non-controlling interests	1,672	1,079
Profit attributable to owners of parent	7,603	11,945

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	9,276	13,025
Other comprehensive income		
Valuation difference on available-for-sale securities	113	2,500
Deferred gains or losses on hedges	(8)	10
Foreign currency translation adjustment	(491)	(176)
Remeasurements of defined benefit plans, net of tax	147	153
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	(237)	2,489
Comprehensive income	9,038	15,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,497	14,469
Comprehensive income attributable to non-controlling interests	1,541	1,044

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,609	20,063	115,030	(547)	148,156
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Dividends of surplus			(3,065)		(3,065)
Profit attributable to owners of parent			7,603		7,603
Purchase of treasury shares				(300)	(300)
Disposal of treasury shares		0		15	16
Net changes in items other than shareholders' equity					
Total changes during period	-	(1)	4,537	(284)	4,251
Balance at end of period	13,609	20,062	119,567	(831)	152,408

	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	559	5	132	(266)	431	121	13,811	162,521
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								(1)
Dividends of surplus								(3,065)
Profit attributable to owners of parent								7,603
Purchase of treasury shares								(300)
Disposal of treasury shares								16
Net changes in items other than shareholders' equity	113	(8)	(340)	128	(106)	(101)	954	746
Total changes during period	113	(8)	(340)	128	(106)	(101)	954	4,998
Balance at end of period	673	(2)	(207)	(138)	325	19	14,766	167,520

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,609	20,062	119,567	(831)	152,408
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		2			2
Dividends of surplus			(3,173)		(3,173)
Profit attributable to owners of parent			11,945		11,945
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		15	17
Net changes in items other than shareholders' equity					
Total changes during period	-	4	8,772	15	8,792
Balance at end of period	13,609	20,066	128,340	(816)	161,200

	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	673	(2)	(207)	(138)	325	19	14,766	167,520
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								2
Dividends of surplus								(3,173)
Profit attributable to owners of parent								11,945
Purchase of treasury shares								(0)
Disposal of treasury shares								17
Net changes in items other than shareholders' equity	2,470	10	(88)	131	2,524	-	492	3,016
Total changes during period	2,470	10	(88)	131	2,524	-	492	11,808
Balance at end of period	3,143	8	(296)	(6)	2,849	19	15,258	179,328

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	17,331	21,262
Depreciation	20,691	21,751
Impairment losses	5,939	4,853
Amortization of goodwill	711	690
Gain on bargain purchase	(1)	(15)
Increase (decrease) in allowance for doubtful accounts	(19)	508
Increase (decrease) in retirement benefit liability	448	339
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(110)	(188)
Increase (decrease) in provision for point card certificates	41	215
Interest and dividend income	(317)	(393)
Interest expenses	746	730
Loss on retirement of non-current assets	154	150
Loss on tax purpose reduction entry of non-current assets	221	98
Share of loss (profit) of entities accounted for using equity method	(57)	70
Gain on reversal of foreign currency translation adjustment	(163)	-
Gain on reversal of share acquisition rights	(101)	-
Subsidy income	(293)	(151)
Penalty income	(263)	(181)
Decrease (increase) in trade receivables	(1,869)	(6,729)
Decrease (increase) in inventories	(3,733)	(2,391)
Increase (decrease) in trade payables	2,732	3,185
Increase (decrease) in accrued consumption taxes	87	943
Increase (decrease) in accounts payable - other, and accrued expenses	903	3,978
Other, net	870	(1,594)
Subtotal	43,948	47,132
Interest and dividends received	227	281
Penalty income received	263	181
Interest paid	(733)	(716)
Income taxes paid	(7,477)	(8,431)
Net cash provided by (used in) operating activities	36,229	38,449

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(332)	(295)
Proceeds from withdrawal of time deposits	276	577
Purchase of property, plant and equipment	(23,177)	(23,429)
Proceeds from sale of property, plant and equipment	232	1,697
Purchase of intangible assets	(2,299)	(1,841)
Purchase of investment securities	(131)	(76)
Proceeds from sale of investment securities	39	18
Loan advances	(54)	(105)
Proceeds from collection of loans receivable	74	74
Payments of guarantee deposits	(1,294)	(1,965)
Proceeds from refund of guarantee deposits	1,498	1,537
Guarantee deposits received	380	254
Refund of guarantee deposits received	(497)	(576)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(112)	(1,468)
Purchase of investments in unconsolidated subsidiaries	-	(4)
Payments for acquisition of businesses	(128)	(165)
Proceeds from government subsidy	293	151
Other, net	(484)	(438)
Net cash provided by (used in) investing activities	(25,717)	(26,055)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	200	2,100
Net increase (decrease) in commercial papers	2,000	-
Proceeds from long-term borrowings	10,100	12,471
Repayments of long-term borrowings	(17,942)	(12,805)
Repayments of finance lease liabilities	(2,697)	(2,564)
Proceeds from sale of treasury shares	16	17
Purchase of treasury shares	(300)	(0)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	50
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(50)
Dividends paid	(3,066)	(3,172)
Dividends paid to non-controlling interests	(577)	(603)
Other, net	(61)	-
Net cash provided by (used in) financing activities	(12,329)	(4,558)
Effect of exchange rate change on cash and cash equivalents	(76)	4
Net increase (decrease) in cash and cash equivalents	(1,894)	7,839
Cash and cash equivalents at beginning of period	22,867	20,973
Cash and cash equivalents at end of period	20,973	28,813