

FY 2024 1Q

Financial Presentation



株式会社 **VALOR** ホールディングス

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Key Points of FY24 1Q Financial Results



➤ Summary

- We posted a record high operating revenues, continuing on from last year.
- In the supermarket business, we opened *Omihachiman* store in April, and existing store sales grew 2.8% YoY. *Tachiya* and *Yaosen*, which opened in the previous fiscal year, also contributed to the sales growth.
In the drugstore business, existing store sales grew 5.9% YoY. Sales increased and reached a record high, partly due to the consolidation of companies made subsidiaries during the quarter, SHOWAFILM Co., Ltd. and Unidpack Co., Ltd.
- Operating income and ordinary income were the third-highest on record, and net income was the fourth-highest on record.

➤ FY24 Forecast

- **¥772.0 billion** in Operating revenues, **¥20.5 billion** in Operating income
¥23.3 billion in Ordinary income, and **¥9.3 billion** in Net income
attributable to owners of parent

FY2024 1Q Results



- Record-high operating revenues.
- Gross profit rates improved, and operating income and other incomes also increased.

(Yen in millions, except for EPS)

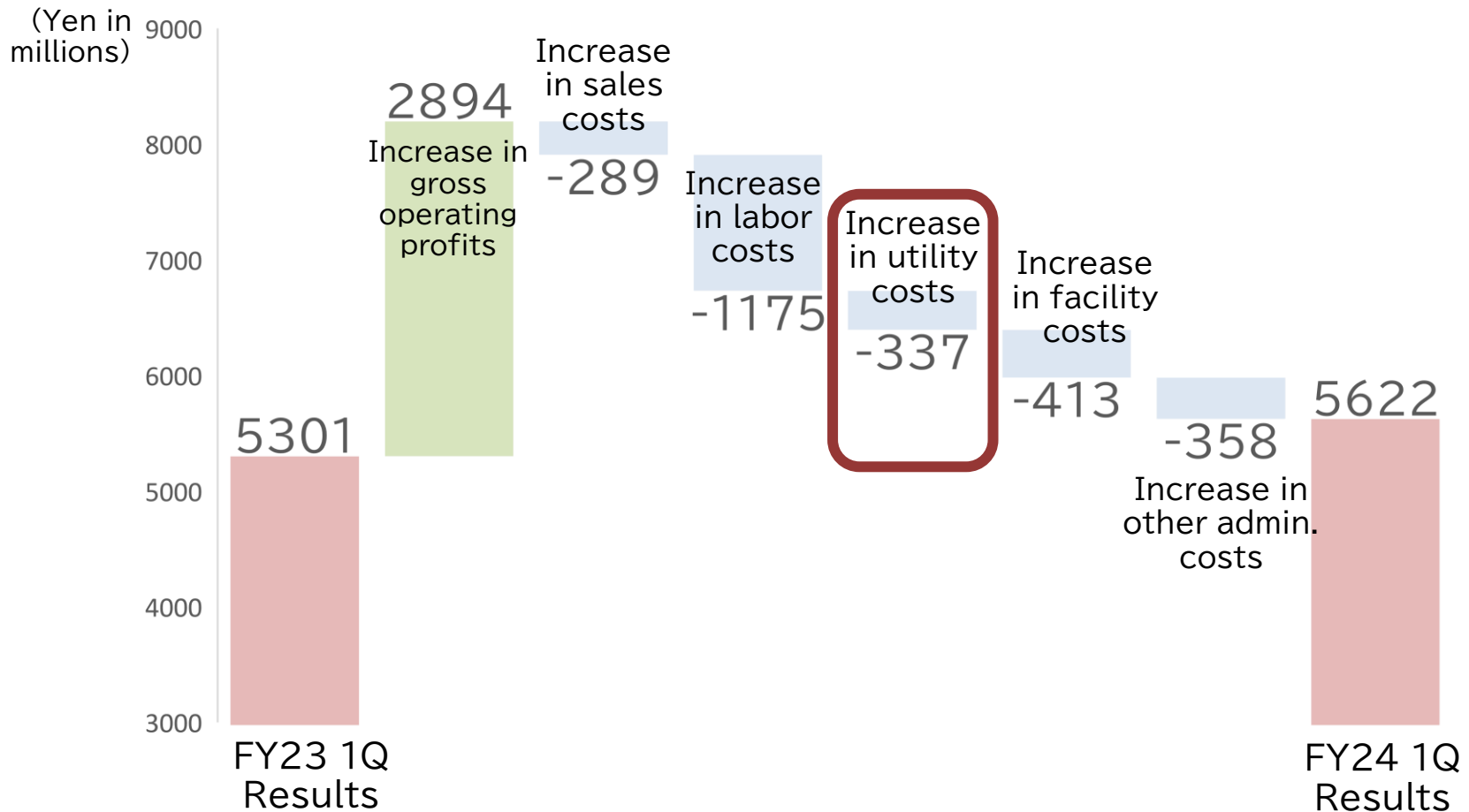
	<i>FY21 1Q</i>	<i>FY22 1Q</i>	<i>FY23 1Q</i>	<i>FY24/6</i>		
	<i>Results</i>	<i>Results</i>	<i>Results</i>	Plan	Results	<i>vs. Plan</i>
Operating revenues	183,002	182,601	186,630	192,000	196,270	+2.2%
Operating income	9,038	6,454	5,301	4,980	5,622	+12.9%
Ordinary income	9,485	7,263	6,040	5,380	6,245	+16.1%
Net income attributable to owners of parent	4,644	3,796	3,096	2,780	3,453	+24.2%

* EBITDA is calculated based on operating income + amortization (CF basis)

EBITDA*	13,258	11,113	10,310	-	10,647	
EPS	86.50	70.69	57.66	-	64.48	(Yen)

Factors of Increase/Decrease in Operating Income

- Gross operating income increased approx. ¥2.9 billion, partly due to improvement in gross profit rates.
- Rise in utilities costs is approx. ¥300 million.



Operating Results by Segment

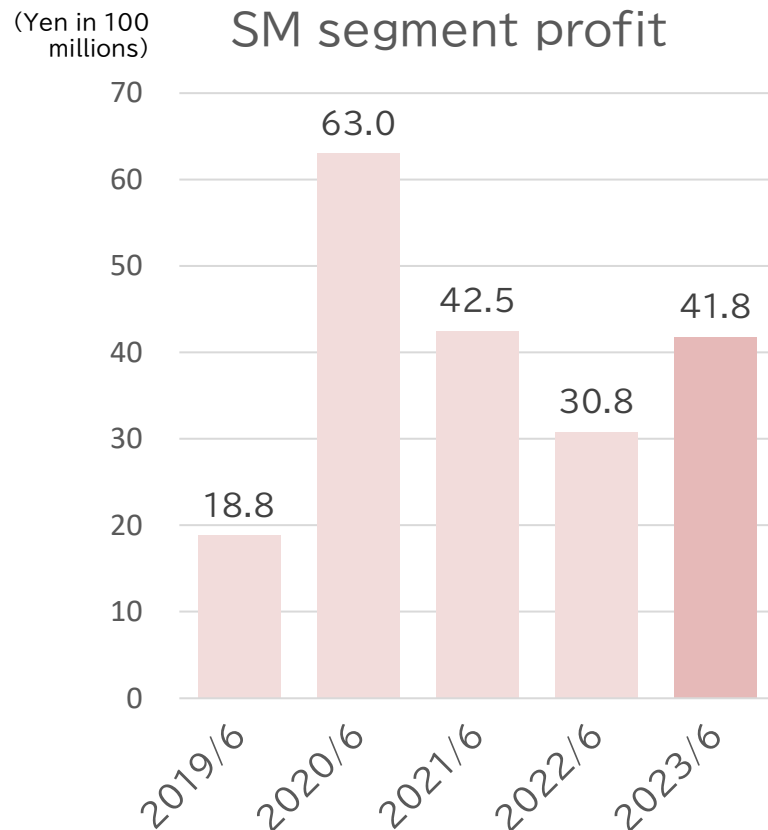


- **Supermarkets:** Sales and income increased due to new store openings and strong existing store sales
- **Drugstores:** Sales and income increased due to the growth in the dispensing and cosmetics divisions and higher gross profit rates.
- **Home improvement centers:** Sales and income decreased partly due to a slowdown in existing stores sales and larger expenses regarding higher resource prices.
- **Sports clubs:** Operating loss increased due to the inability to absorb the increase in the cost of sales, including personnel and facility expenses.

	Operating revenues				Segment profits			
	<i>FY22 1Q</i>	<i>FY23 1Q</i>	<i>FY24 1Q</i>		<i>FY22 1Q</i>	<i>FY23 1Q</i>	<i>FY24 1Q</i>	
	<i>Results</i>	<i>Results</i>	<i>Results</i>	<i>YoY(%)</i>	<i>Results</i>	<i>Results</i>	<i>Results</i>	<i>YoY(%)</i>
(Yen in millions)								
Supermarket business	100,518	102,054	107,777	+5.6%	4,253	3,086	4,181	+35.5%
Drugstore business	38,018	39,370	41,947	+6.5%	630	789	1,155	+46.3%
Home improvement center business	32,213	32,732	32,413	Δ1.0%	2,092	1,968	1,437	Δ26.9%
Sports club business	2,386	2,447	2,371	Δ3.1%	Δ194	Δ225	Δ290	<i>Loss increased</i>
Distribution-related business	2,404	2,664	3,966	+48.9%	816	887	873	Δ1.6%
Others	7,058	7,360	7,793	+5.9%	632	492	59	Δ87.8%
Elimination or corporate expenses					Δ1,775	Δ1,698	Δ1,795	
計	182,601	186,630	196,270		6,454	5,301	5,622	

Supermarkets

- Income level of approx. ¥2.3 billion higher than before the COVID-19 pandemic (FY2020 1Q).
- Gross profit rates improved from 27.7% to 28.1%.



Analyses of 1Q results

(factors of the change from the plan and from the previous year)

Operating revenues	vs. plan	+	Existing stores sales +2.8%.
	YoY	+	1 new store, 9 renovated.
Operating income	vs. plan	+	Gross profit rates improved.
	YoY	+	Increase in profits at Tachiya, Shokusenkan Taiyo and other SM group companies in addition to Valor Co., Ltd.

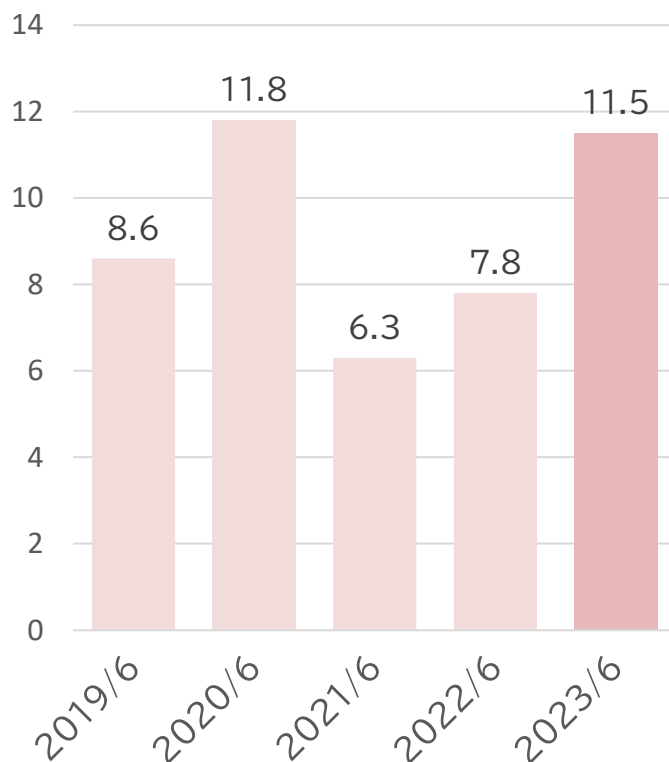
※+:increase, ▲:decrease, ±:in line with the plan

Drugstores

- Income level of approx. ¥300 million higher than before the COVID-19 pandemic (FY2020 1Q).
- Strong existing store sales (+5.9%), capturing demand for pharmaceuticals and cosmetics, despite a slowdown in products related to the shift of COVID-19 to Class 5.

(Yen in 100 millions)

DgS segment profit



Analyses of 1Q results

(factors of the change from the plan and from the previous year)

Operating revenues	vs. plan	+	Existing stores sales +5.9%.
	YoY	+	Strong performance of downtown stores due to recovery of inbound demand.
Operating income	vs. plan	+	Improved profitability by controlling sales and facility costs and investing in labor costs, including wage increases.
	YoY	+	Gross profit rates improved from 24.8% to 25.1%.

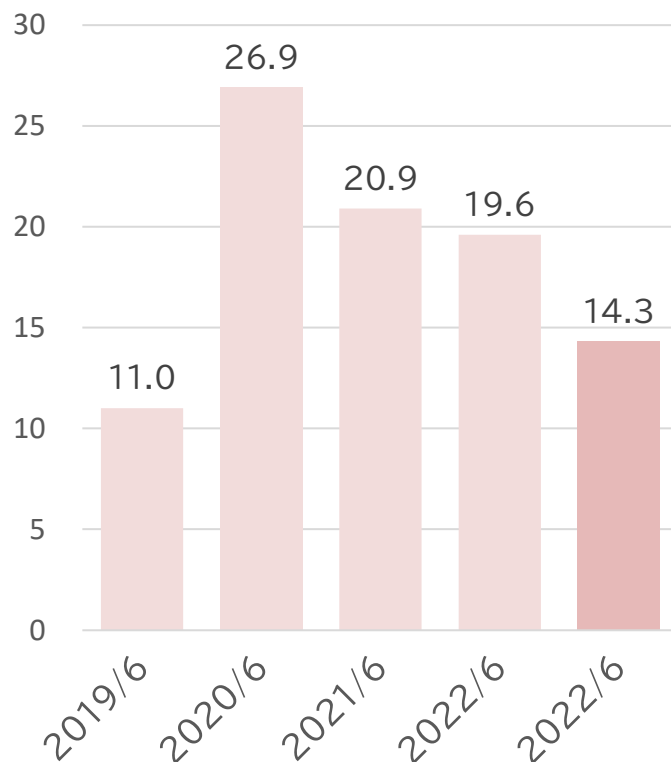
※+:increase, ▲:decrease, ±:in line with the plan

Home Improvement Centers **valor** Holdings

- Income level of approx. ¥300 million higher than before the COVID-19 pandemic (FY2020 1Q).
- Customers' changes in attitudes and behavior associated with the shift of COVID-19 to Class 5.
- Need to take actions due to soaring raw material prices.

(Yen in 100 millions)

HC segment profit



Analyses of 1Q results

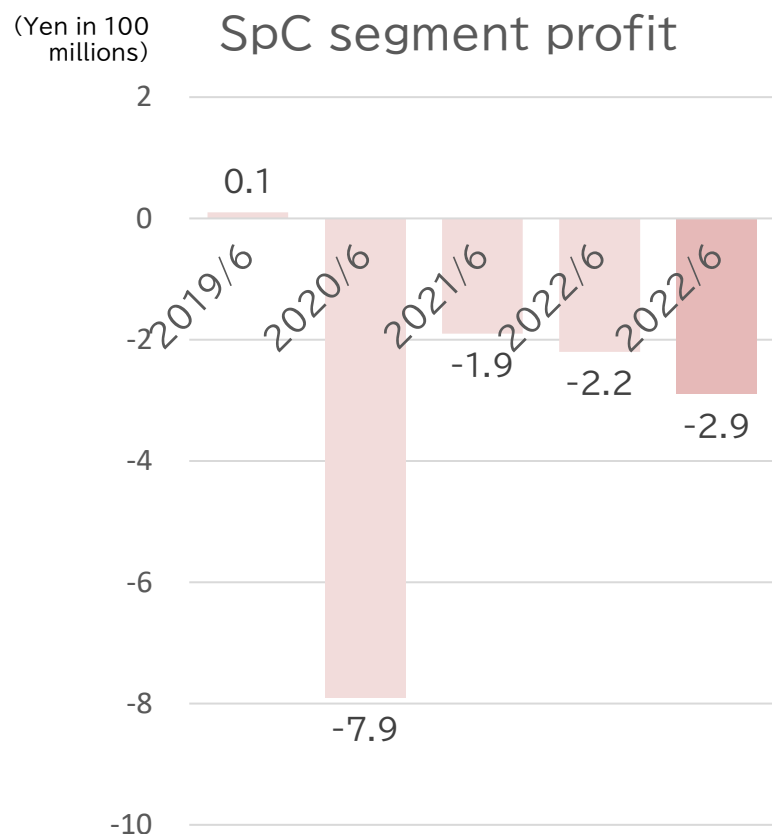
(factors of the change from the plan and from the previous year)

Operating revenues	vs. plan	▲	Soaring commodity prices.
	YoY	▲	Rebound of special demand for repair materials, tools, etc. at Daiyu Eight Co., Ltd. caused by an earthquake in Fukushima occurred in March 2022.
Operating income	vs. plan	▲	Although expenses are under control, gross profit rates decreased due to the downturn of the top line.
	YoY	▲	Increased utilities and other expenses due to higher resource prices.

※+:increase, ▲:decrease, ±:in line with the plan

Sports Clubs

- Income level of approx. ¥300 million lower than before the COVID-19 pandemic (FY2020 1Q).
- Membership increased in 1Q, but product sales slowed down.
- Aiming to turn profitable in a single month at an early date.



Analyses of 1Q results

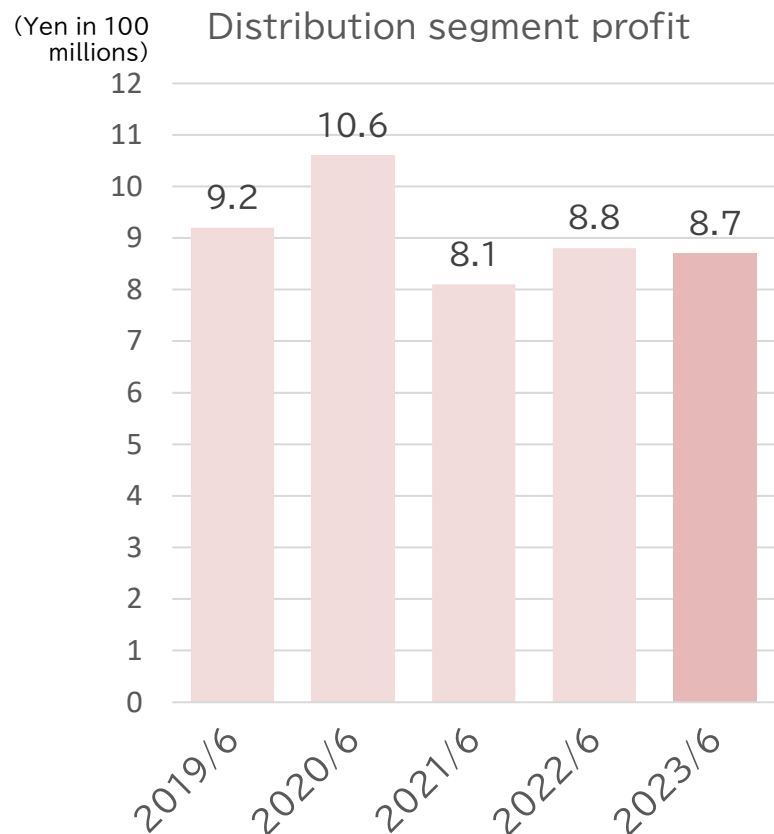
(factors of the change from the plan and from the previous year)

Operating revenues	vs. plan	▲	Slowdown in product sales.
	YoY	▲	Membership increased YoY.
Operating income	vs. plan	▲	Increase in cost of sales, including personnel and facility costs.
	YoY	▲	Decrease in top line.

※+:increase, ▲:decrease, ±:in line with the plan

Distribution-related business

- Income level of approx. 50 million yen lower than before the COVID-19 pandemic (FY2020/1Q).
- Contribution from SHOWAFILM Co., Ltd. and Unidopack Co., Ltd., which became subsidiaries during this period.



Analyses of 1Q results

(factors of the change from the plan and from the previous year)

Operating revenues	vs. plan	±	Increase in goods passing through the distribution centers due to the larger logistics volume by sales expansion in main businesses.
	YoY	+	Contribution by companies subsidiarized.
Operating income	vs. plan	±	Increase in labor costs
	YoY	±	Higher selling costs due to equipment purchases.

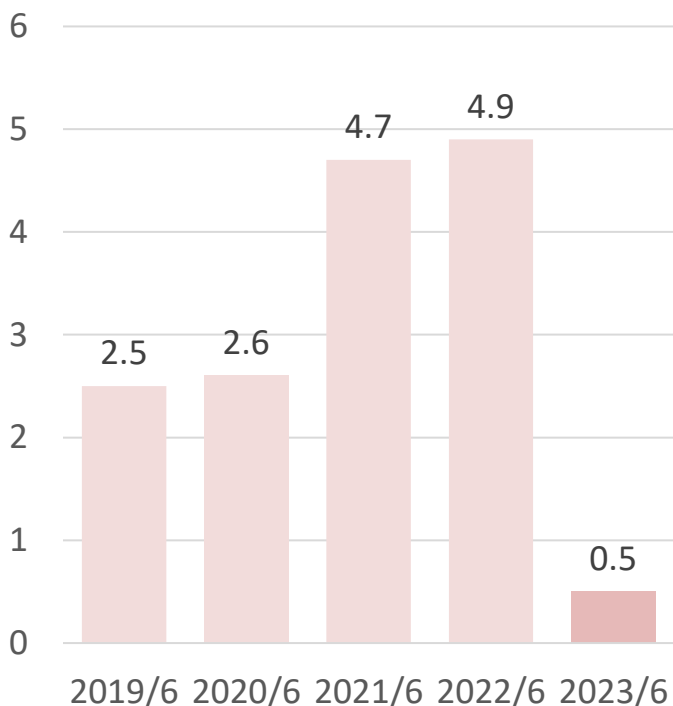
※+:increase, ▲:decrease, ±:in line with the plan

Other businesses (Pet shops, Credit card services, etc.)

- Income level of approx. 200 million yen lower than before the COVID-19 pandemic (FY2020/1Q).
- Including sales promotion expenses for the "Lu Vit Credit Card," which began accepting members in April.

(Yen in 100 millions)

Other businesses Operating income



Analyses of 1Q results

(factors of the change from the plan and from the previous year)

Operating revenues	vs. plan	±	Decrease in sale figures of pet cages, circles, and other related items.
	YoY	±	Consumables, dog and cat treats, and premium food sales remained steady.
Operating income	vs. plan	±	Increase in costs such as cashless payment fees and utilities.
	YoY	▲	Sales promotion expenses for the "Lu Vit Credit Card," which began accepting members in April, etc.

※ + : increase, ▲ : decrease, ± : in line with the plan

Changes in Management Indicators

- ROA, ROE, and total asset turnover improved.
- Improvement of ROIC is an issue.

	<i>FY22 1Q</i>	<i>FY23 1Q</i>	<i>FY24 1Q</i>
	Results	Results	Results
ROA	7.2%	5.8%	5.9%
ROR	4.0%	3.2%	3.2%
Total Asset Turnover	1.8	1.8	1.9
ROE	10.6%	8.3%	9.0%
ROIC*	6.3%	4.8%	4.7%
Equity ratio	36.1%	35.8%	36.1%
D/E ratio	0.7	0.7	0.7
Net D/E ratio	0.6	0.6	0.6

*ROIC is calculated by dividing operating income after tax (using the effective tax rate) by (interest-bearing debt + net worth + noncontrolling interests).

FY2024 Forecast

- In the supermarket business, we aim to further improve profitability by promoting the shift to “Neo Destination Stores*.” *a company that is chosen by society
- In the drugstore business, we are working to improve the profitability of stores by attaching dispensing pharmacies and renovating sales floors, to improve the gross profit rate, and to increase productivity through an automatic ordering system.

(Yen in millions)

	FY24 1Q		FY24 2Q	FY24
	Results	Progress rates	Plan	Plan
Operating revenues	196,270	25.4%	384,000	772,000
Operating income	5,622	27.4%	9,900	20,500
Ordinary income	6,245	26.8%	11,300	23,300
Net income attributable to owners of parent	3,453	37.1%	6,300	9,300
<i>Existing stores sales growth rate</i>				
<i>Supermarkets</i>	<i>+2.8%</i>			<i>0.0%</i>
<i>Drugstores</i>	<i>+5.9%</i>			<i>1.5%</i>
<i>Home improvement centers</i>	<i>Δ2.7%</i>			<i>0.0%</i>

Number of Stores and Capital Investment Plan

- Valor is planning to open new stores in Kansai area in the supermarket business.
- Focusing on opening specialty stores in the home improvement center business.

(Number of stores)	FY23	FY24 1Q			FY24 Plan		
	FY end	Open	Closed	FY end	Open	Closed	FY end
Supermarkets	316	1	-	317	5	-	321
Delicatessen Specialty Stores	42	2	-	44	12	-	54
Drugstores	495	3	2	496	15	5	505
Home improvement centers	161	-	2	159	6	2	165
Sports clubs (FC)	184 (52)	2	5	181 (48)	2	8	178 (43)
Pet shops	119	2	-	121	6	1	124
Others	5	-	-	5	-	-	5
Total	1,322	10	9	1,323	46	16	1,352

(*) The number of AXIOS franchise stores at the end of FY23 excludes the number of franchise stores converted to company-operated stores during the period.

Capital investment	25,995	-	-	-	22,838	(Yen in millions) ※Payment basis
New investment	13,464	-	-	-	12,121	
Existing stores investment	11,726	-	-	-	6,645	
Others	805	-	-	-	4,065	

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