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Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 12, 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: 0574-60-0864

Scheduled date of Annual General Meeting of Shareholders: June 30, 2022

Scheduled date of commencing dividend payments: June 14, 2022

Scheduled date of filing annual securities report: June 30, 2022

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, 2022 (April 01, 2021 to March 31, 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	%
Fiscal year ended March 31, 2022	732,519	-	21,205	-	24,140	-	9,014	-
March 31, 2021	730,168	7.7	25,648	65.3	28,397	68.2	12,592	94.4

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 10,850 million [-%]
Fiscal year ended March 31, 2021: ¥ 17,769 million [239.3%]

	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, 2022	167.87	167.82	6.2	5.9	2.9
March 31, 2021	234.52	234.42	9.2	7.2	3.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 85 million
Fiscal year ended March 31, 2021: ¥ 19 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, 2022	410,365	162,521	36.2	2,766.89
March 31, 2021	404,458	155,190	35.3	2,660.56

(Reference) Equity: As of March 31, 2022: ¥ 148,587 million
As of March 31, 2021: ¥ 142,862 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, 2022	24,361	(26,729)	(4,115)	22,867
March 31, 2021	44,138	(28,137)	(10,472)	29,349

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, 2021	-	25.00	-	29.00	54.00	2,904	23.0	2.1
March 31, 2022	-	26.00	-	30.00	56.00	3,011	33.4	2.1
Fiscal year ending March 31, 2023 (Forecast)	-	27.00	-	31.00	58.00		-	

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
Six months ended September 30, 2022	375,000	2.5	12,600	1.1	14,100	0.4	7,500	22.9	139.66
Full year	750,000	2.4	22,700	7.0	25,000	3.6	11,500	27.6	214.15

* 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: Yes

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, 2022: 53,987,499 shares

March 31, 2021: 53,987,499 shares

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

March 31, 2022: 285,341 shares

March 31, 2021: 291,212 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 53,700,271 shares

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

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	29,924	23,260
Notes and accounts receivable - trade, and contract assets	-	14,905
Notes and accounts receivable - trade	13,717	-
Merchandise and finished goods	52,878	56,261
Raw materials and supplies	1,149	1,128
Other	14,537	14,670
Allowance for doubtful accounts	(7)	(9)
Total current assets	112,199	110,217
Non-current assets		
Property, plant and equipment		
Buildings and structures	292,338	305,319
Accumulated depreciation	(152,877)	(161,166)
Buildings and structures, net	139,460	144,152
Machinery, equipment and vehicles	13,593	14,241
Accumulated depreciation	(9,094)	(10,009)
Machinery, equipment and vehicles, net	4,499	4,231
Land	52,096	54,282
Leased assets	23,681	23,227
Accumulated depreciation	(14,777)	(15,266)
Leased assets, net	8,903	7,961
Construction in progress	3,669	4,497
Other	43,311	46,764
Accumulated depreciation	(33,767)	(36,577)
Other, net	9,544	10,186
Total property, plant and equipment	218,173	225,312
Intangible assets		
Goodwill	1,496	2,323
Leased assets	157	112
Other	14,339	15,323
Total intangible assets	15,993	17,759
Investments and other assets		
Investment securities	9,964	9,787
Long-term loans receivable	1,106	1,078
Deferred tax assets	11,039	9,900
Guarantee deposits	32,350	32,578
Other	4,023	4,092
Allowance for doubtful accounts	(392)	(360)
Total investments and other assets	58,092	57,077
Total non-current assets	292,259	300,148
Total assets	404,458	410,365

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,423	57,237
Short-term borrowings	21,962	19,841
Commercial papers	10,000	17,000
Current portion of bonds payable	10,010	-
Current portion of long-term borrowings	20,495	17,795
Lease liabilities	2,574	2,445
Income taxes payable	7,848	3,480
Provision for bonuses	3,634	3,540
Provision for bonuses for directors (and other officers)	205	198
Provision for point card certificates	1,542	485
Provision for gift certificate	291	-
Provision for loss on store closings	248	58
Asset retirement obligations	30	65
Other	27,218	25,895
Total current liabilities	165,484	148,045
Non-current liabilities		
Bonds payable	-	10,000
Long-term borrowings	44,520	47,511
Lease liabilities	11,320	10,862
Deferred tax liabilities	247	198
Provision for retirement benefits for directors (and other officers)	673	496
Retirement benefit liability	5,804	6,297
Asset retirement obligations	13,342	16,143
Long-term guarantee deposits	6,603	6,821
Other	1,269	1,468
Total non-current liabilities	83,783	99,799
Total liabilities	249,267	247,844
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,049	20,063
Retained earnings	108,998	115,030
Treasury shares	(561)	(547)
Total shareholders' equity	142,095	148,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	880	559
Deferred gains or losses on hedges	-	5
Foreign currency translation adjustment	140	132
Remeasurements of defined benefit plans	(254)	(266)
Total accumulated other comprehensive income	766	431
Share acquisition rights	134	121
Non-controlling interests	12,194	13,811
Total net assets	155,190	162,521
Total liabilities and net assets	404,458	410,365

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	706,331	708,484
Cost of sales	519,555	520,255
Gross profit	186,775	188,228
Operating revenue	23,837	24,034
Operating gross profit	210,613	212,263
Selling, general and administrative expenses		
Advertising expenses	5,842	5,080
Wrapping expenses	141	159
Supplies expenses	1,405	1,512
Distribution expenses	1,679	1,864
Provision for point card certificates	3,601	1,587
Provision of allowance for doubtful accounts	4	2
Remuneration for directors (and other officers)	988	989
Salaries and allowances	69,773	73,227
Bonuses	6,120	6,282
Provision for bonuses	3,403	3,226
Provision for bonuses for directors (and other officers)	203	179
Retirement benefit expenses	1,240	1,067
Provision for retirement benefits for directors (and other officers)	61	(16)
Legal and other welfare expenses	12,099	12,636
Utilities expenses	9,299	10,226
Rent expenses	30,286	31,915
Repair and maintenance expenses	4,758	4,811
Depreciation	16,283	18,071
Amortization of goodwill	434	652
Other	17,336	17,579
Total selling, general and administrative expenses	184,964	191,057
Operating profit	25,648	21,205
Non-operating income		
Interest income	133	134
Dividend income	186	182
Administrative service fee income	1,576	1,588
Rental income	855	648
Share of profit of entities accounted for using equity method	19	85
Other	1,927	1,963
Total non-operating income	4,698	4,603
Non-operating expenses		
Interest expenses	854	764
Rental costs on real estate	680	497
Other	415	405
Total non-operating expenses	1,950	1,668
Ordinary profit	28,397	24,140

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Extraordinary income		
Gain on sale of non-current assets	47	84
Gain on sale of investment securities	42	1
Gain on bargain purchase	17	0
Penalty income	170	77
Subsidy income	467	582
Other	154	95
Total extraordinary income	898	841
Extraordinary losses		
Loss on sale of non-current assets	24	42
Loss on retirement of non-current assets	287	186
Impairment losses	2,843	3,308
Loss on tax purpose reduction entry of non-current assets	197	421
Loss on valuation of investment securities	138	6
Loss on voluntarily close	702	-
Other	557	358
Total extraordinary losses	4,751	4,324
Profit before income taxes	24,544	20,657
Income taxes - current	10,877	7,985
Income taxes - deferred	(1,793)	1,421
Total income taxes	9,083	9,407
Profit	15,461	11,250
Profit attributable to non-controlling interests	2,868	2,235
Profit attributable to owners of parent	12,592	9,014

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	15,461	11,250
Other comprehensive income		
Valuation difference on available-for-sale securities	2,775	(348)
Deferred gains or losses on hedges	(0)	5
Foreign currency translation adjustment	(232)	(45)
Remeasurements of defined benefit plans, net of tax	(235)	(11)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	2,308	(400)
Comprehensive income	17,769	10,850
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,986	8,679
Comprehensive income attributable to non-controlling interests	2,783	2,170

Consolidated Statements of Changes in Net Assets

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
Cumulative effects of changes in accounting policies					-
Restated balance	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
Cumulative effects of changes in accounting policies								-
Restated balance	(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

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,609	20,049	108,998	(561)	142,095
Cumulative effects of changes in accounting policies			(24)		(24)
Restated balance	13,609	20,049	108,973	(561)	142,070
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		13			13
Dividends of surplus			(2,958)		(2,958)
Profit attributable to owners of parent			9,014		9,014
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		14	15
Net changes in items other than shareholders' equity					
Total changes during period	-	14	6,056	14	6,085
Balance at end of period	13,609	20,063	115,030	(547)	148,156

	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	880	-	140	(254)	766	134	12,194	155,190
Cumulative effects of changes in accounting policies							(31)	(56)
Restated balance	880	-	140	(254)	766	134	12,162	155,134
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								13
Dividends of surplus								(2,958)
Profit attributable to owners of parent								9,014
Purchase of treasury shares								(0)
Disposal of treasury shares								15
Net changes in items other than shareholders' equity	(321)	5	(7)	(12)	(335)	(12)	1,649	1,301
Total changes during period	(321)	5	(7)	(12)	(335)	(12)	1,649	7,386
Balance at end of period	559	5	132	(266)	431	121	13,811	162,521

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	24,544	20,657
Depreciation	18,234	20,228
Impairment losses	2,843	3,308
Amortization of goodwill	434	652
Gain on bargain purchase	(17)	(0)
Increase (decrease) in allowance for doubtful accounts	42	(35)
Increase (decrease) in retirement benefit liability	624	471
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21	(197)
Increase (decrease) in provision for point card certificates	57	108
Interest and dividend income	(320)	(317)
Interest expenses	854	764
Loss on retirement of non-current assets	287	186
Loss on tax purpose reduction entry of non-current assets	197	421
Loss on voluntarily close	702	-
Loss (gain) on valuation of investment securities	138	6
Share of loss (profit) of entities accounted for using equity method	(19)	(85)
Subsidy income	(467)	(582)
Decrease (increase) in trade receivables	(256)	(987)
Decrease (increase) in inventories	(1,552)	(3,206)
Increase (decrease) in trade payables	1,364	(2,515)
Increase (decrease) in accrued consumption taxes	1,306	(705)
Increase (decrease) in accounts payable - other, and accrued expenses	847	(1,958)
Other, net	1,952	1,370
Subtotal	51,822	37,584
Interest and dividends received	220	218
Interest paid	(834)	(753)
Income taxes paid	(7,069)	(12,687)
Net cash provided by (used in) operating activities	44,138	24,361

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from investing activities		
Payments into time deposits	(427)	(221)
Proceeds from withdrawal of time deposits	532	462
Purchase of property, plant and equipment	(26,981)	(24,339)
Proceeds from sale of property, plant and equipment	1,023	228
Purchase of intangible assets	(1,250)	(2,506)
Purchase of investment securities	(118)	(355)
Proceeds from sale of investment securities	227	7
Loan advances	(6)	(29)
Proceeds from collection of loans receivable	83	676
Payments of guarantee deposits	(1,766)	(2,003)
Proceeds from refund of guarantee deposits	1,868	1,738
Guarantee deposits received	450	653
Refund of guarantee deposits received	(770)	(341)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(193)	(1,570)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	102	-
Payments for acquisition of businesses	(76)	(92)
Proceeds from government subsidy	467	582
Other, net	(1,300)	381
Net cash provided by (used in) investing activities	(28,137)	(26,729)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,241)	(2,121)
Net increase (decrease) in commercial papers	10,000	7,000
Proceeds from long-term borrowings	12,156	21,800
Repayments of long-term borrowings	(22,218)	(23,982)
Proceeds from issuance of bonds	-	9,950
Redemption of bonds	(34)	(10,010)
Repayments of finance lease liabilities	(2,802)	(3,221)
Proceeds from sale of treasury shares	5	15
Purchase of treasury shares	(1)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(46)	-
Dividends paid	(2,848)	(2,958)
Dividends paid to non-controlling interests	(441)	(586)
Other, net	0	0
Net cash provided by (used in) financing activities	(10,472)	(4,115)
Effect of exchange rate change on cash and cash equivalents	(337)	0
Net increase (decrease) in cash and cash equivalents	5,190	(6,482)
Cash and cash equivalents at beginning of period	24,159	29,349
Cash and cash equivalents at end of period	29,349	22,867