

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

Company name: VALTES CO.,LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4442 URL <https://www.valtes.co.jp/>  
 Representative: President Shinji Tanaka  
 Inquiries: Director Yuichi Nishimura TEL 06(6534)6561  
 Scheduled date to file Quarterly Securities Report: November 14, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	4,169	38.7	478	912.2	483	893.3	310	738.0
Six months ended September 30, 2021	3,005	24.5	47	(65.3)	48	(64.8)	37	(57.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	45.83		45.61	
Six months ended September 30, 2021	5.36		5.33	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	3,388	2,064	60.9
As of March 31, 2022	2,930	1,712	58.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	0.00	0.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	0.00	0.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,847	31.9	962	68.8	972	67.6	647	56.6	95.41

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2022	7,150,000 shares	As of March 31, 2022	7,150,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	351,701 shares	As of March 31, 2022	375,617 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	6,784,685 shares	Six months ended September 30, 2021	6,924,268 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,356,533	1,180,261
Notes and accounts receivable - trade, and contract assets	911,131	1,026,512
Electronically recorded monetary claims - operating	8,194	7,110
Other	69,714	108,292
Total current assets	2,345,573	2,322,176
Non-current assets		
Property, plant and equipment	89,460	83,631
Intangible assets		
Goodwill	64,077	360,408
Other	133,268	120,110
Total intangible assets	197,346	480,518
Investments and other assets		
Deferred tax assets	156,187	165,685
Other	142,265	336,089
Total investments and other assets	298,452	501,774
Total non-current assets	585,259	1,065,924
Total assets	2,930,833	3,388,101
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	175,606	259,368
Short-term borrowings	120,000	115,000
Current portion of long-term borrowings	21,948	21,948
Accounts payable - other	387,421	395,527
Income taxes payable	126,356	172,927
Provision for bonuses	143,608	149,916
Other	184,502	163,741
Total current liabilities	1,159,442	1,278,428
Non-current liabilities		
Long-term borrowings	54,747	43,773
Retirement benefit liability	60	60
Other	3,666	1,537
Total non-current liabilities	58,473	45,370
Total liabilities	1,217,916	1,323,799
<b>Net assets</b>		
Shareholders' equity		
Share capital	90,000	90,000
Capital surplus	760,431	788,279
Retained earnings	1,067,995	1,378,941
Treasury shares	(205,097)	(191,972)
Total shareholders' equity	1,713,329	2,065,249
Accumulated other comprehensive income		
Foreign currency translation adjustment	(412)	(946)
Total accumulated other comprehensive income	(412)	(946)
Total net assets	1,712,917	2,064,302
Total liabilities and net assets	2,930,833	3,388,101

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	3,005,975	4,169,257
Cost of sales	2,317,744	2,964,494
Gross profit	688,230	1,204,762
Selling, general and administrative expenses	640,977	726,458
Operating profit	47,253	478,304
Non-operating income		
Interest income	9	10
Subsidy income	3,315	2,616
Foreign exchange gains	–	2,948
Other	363	718
Total non-operating income	3,688	6,294
Non-operating expenses		
Interest expenses	911	811
Guarantee commission	308	308
Foreign exchange losses	1,050	–
Total non-operating expenses	2,269	1,119
Ordinary profit	48,672	483,479
Extraordinary losses		
Loss on retirement of non-current assets	–	1,092
Total extraordinary losses	–	1,092
Profit before income taxes	48,672	482,386
Income taxes - current	22,894	173,416
Income taxes - deferred	(11,327)	(1,976)
Total income taxes	11,567	171,440
Profit	37,104	310,946
Profit attributable to owners of parent	37,104	310,946

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	37,104	310,946
Other comprehensive income		
Foreign currency translation adjustment	635	(534)
Total other comprehensive income	635	(534)
Comprehensive income	37,740	310,412
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,740	310,412
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	48,672	482,386
Depreciation	24,976	29,754
Amortization of goodwill	2,373	18,094
Loss on retirement of non-current assets	–	1,092
Increase (decrease) in provision for bonuses	3,949	6,272
Increase (decrease) in retirement benefit liability	18	–
Increase (decrease) in provision for loss on orders received	(3,211)	–
Interest and dividend income	(11)	(12)
Interest expenses	911	811
Decrease (increase) in trade receivables and contract assets	(12,881)	(98,152)
Decrease (increase) in works in process	28,038	–
Increase (decrease) in trade payables	16,760	84,446
Increase (decrease) in accounts payable - other	19,231	(12,615)
Increase (decrease) in accrued consumption taxes	(46,175)	(38,190)
Other, net	5,400	(24,132)
Subtotal	88,053	449,754
Interest and dividends received	11	12
Interest paid	(911)	(811)
Income taxes paid	(68,623)	(126,655)
Net cash provided by (used in) operating activities	18,530	322,300
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,544)	(5,435)
Purchase of intangible assets	(12,822)	(6,424)
Purchase of investment securities	–	(100,000)
Payments of leasehold and guarantee deposits	–	(73,030)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(296,295)
Other, net	–	10
Net cash provided by (used in) investing activities	(17,366)	(481,175)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(5,000)
Repayments of long-term borrowings	(10,974)	(10,974)
Purchase Of Stock Acquisition Rights	(4,282)	–
Purchase of treasury shares	–	(67)
Other, net	(1,388)	(2,158)
Net cash provided by (used in) financing activities	(16,644)	(18,199)
Effect of exchange rate change on cash and cash equivalents	(770)	802
Net increase (decrease) in cash and cash equivalents	(16,251)	(176,272)
Cash and cash equivalents at beginning of period	1,170,437	1,336,533
Cash and cash equivalents at end of period	1,154,185	1,160,261