

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 23, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	9,059	35.1	970	70.1	982	69.4	651	57.4
Year ended March 31, 2022	6,707	27.5	570	65.4	580	66.9	413	67.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	95.83	95.49	31.6	28.0	10.7
Year ended March 31, 2022	60.17	59.85	25.8	21.2	8.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	4,089	2,406	58.9	352.61
As of March 31, 2022	2,930	1,712	58.4	252.85

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	846	(639)	(29)	1,515
Year ended March 31, 2022	505	(104)	(235)	1,336

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	0.00	–	12.00	12.00		9.8	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	11,178	23.4	1,228	26.7	1,233	25.5	833	28.0	122.15

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	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 March 31, 2023	325,146 shares	As of March 31, 2022	375,617 shares
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Average number of shares during the period

Year ended March 31, 2023	6,798,335 shares	Year ended March 31, 2022	6,877,804 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,356,533	1,535,447
Accounts receivable - trade	864,661	1,119,589
Contract assets	46,470	88,699
Electronically recorded monetary claims - operating	8,194	7,003
Other	69,714	143,364
Total current assets	2,345,573	2,894,104
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	79,335	158,019
Accumulated depreciation	(20,989)	(24,579)
Facilities attached to buildings, net	58,345	133,440
Tools, furniture and fixtures	102,351	130,525
Accumulated depreciation	(78,720)	(81,505)
Tools, furniture and fixtures, net	23,630	49,019
Leased assets	17,959	17,959
Accumulated depreciation	(11,261)	(15,206)
Leased assets, net	6,698	2,752
Construction in progress	786	–
Total property, plant and equipment	89,460	185,212
Intangible assets		
Goodwill	64,077	350,142
Software	133,260	101,326
Other	7	7
Total intangible assets	197,346	451,476
Investments and other assets		
Investment securities	62,000	192,000
Guarantee deposits	76,876	169,727
Deferred tax assets	156,187	178,743
Other	3,388	17,836
Total investments and other assets	298,452	558,306
Total non-current assets	585,259	1,194,995
Total assets	2,930,833	4,089,100

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	175,606	310,107
Short-term borrowings	120,000	115,000
Current portion of long-term borrowings	21,948	21,948
Accounts payable - other	387,421	556,967
Income taxes payable	126,356	255,876
Contract liabilities	4,108	5,494
Accrued consumption taxes	143,495	145,567
Provision for bonuses	143,608	175,550
Other	36,898	62,418
Total current liabilities	1,159,442	1,648,930
Non-current liabilities		
Long-term borrowings	54,747	32,799
Retirement benefit liability	60	72
Other	3,666	802
Total non-current liabilities	58,473	33,673
Total liabilities	1,217,916	1,682,603
Net assets		
Shareholders' equity		
Share capital	90,000	90,000
Capital surplus	760,431	775,589
Retained earnings	1,067,995	1,719,472
Treasury shares	(205,097)	(177,373)
Total shareholders' equity	1,713,329	2,407,687
Accumulated other comprehensive income		
Foreign currency translation adjustment	(412)	(1,191)
Total accumulated other comprehensive income	(412)	(1,191)
Total net assets	1,712,917	2,406,496
Total liabilities and net assets	2,930,833	4,089,100

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	6,707,361	9,059,300
Cost of sales	4,841,605	6,356,134
Gross profit	1,865,756	2,703,165
Selling, general and administrative expenses	1,295,463	1,733,028
Operating profit	570,292	970,136
Non-operating income		
Interest and dividend income	20	21
Subsidy income	11,423	10,476
Foreign exchange gains	794	2,807
Other	596	1,372
Total non-operating income	12,835	14,677
Non-operating expenses		
Interest expenses	1,816	1,564
Guarantee commission	308	308
Commission for purchase of treasury shares	899	–
Total non-operating expenses	3,024	1,872
Ordinary profit	580,102	982,941
Extraordinary losses		
Loss on retirement of non-current assets	–	1,092
Total extraordinary losses	–	1,092
Profit before income taxes	580,102	981,848
Income taxes - current	184,827	348,162
Income taxes - deferred	(18,564)	(17,790)
Total income taxes	166,263	330,372
Profit	413,839	651,476
Profit attributable to owners of parent	413,839	651,476

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	413,839	651,476
Other comprehensive income		
Foreign currency translation adjustment	(302)	(778)
Total other comprehensive income	(302)	(778)
Comprehensive income	413,537	650,698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	413,537	650,698
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	90,000	755,896	654,156	(5,395)	1,494,656
Changes during period					
Profit attributable to owners of parent			413,839		413,839
Purchase of treasury shares				(199,996)	(199,996)
Disposal of treasury shares		4,535		294	4,830
Purchase and cancellation of share acquisition rights					–
Net changes in items other than shareholders' equity					
Total changes during period	–	4,535	413,839	(199,701)	218,673
Balance at end of period	90,000	760,431	1,067,995	(205,097)	1,713,329

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(110)	(110)	4,199	1,498,744
Changes during period				
Profit attributable to owners of parent				413,839
Purchase of treasury shares				(199,996)
Disposal of treasury shares				4,830
Purchase and cancellation of share acquisition rights			(4,199)	(4,199)
Net changes in items other than shareholders' equity	(302)	(302)		(302)
Total changes during period	(302)	(302)	(4,199)	214,172
Balance at end of period	(412)	(412)	–	1,712,917

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	90,000	760,431	1,067,995	(205,097)	1,713,329
Changes during period					
Profit attributable to owners of parent			651,476		651,476
Purchase of treasury shares				(206)	(206)
Disposal of treasury shares		15,157		27,930	43,088
Purchase and cancellation of share acquisition rights					–
Net changes in items other than shareholders' equity					
Total changes during period	–	15,157	651,476	27,724	694,357
Balance at end of period	90,000	775,589	1,719,472	(177,373)	2,407,687

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(412)	(412)	–	1,712,917
Changes during period				
Profit attributable to owners of parent				651,476
Purchase of treasury shares				(206)
Disposal of treasury shares				43,088
Purchase and cancellation of share acquisition rights			–	–
Net changes in items other than shareholders' equity	(778)	(778)		(778)
Total changes during period	(778)	(778)	–	693,579
Balance at end of period	(1,191)	(1,191)	–	2,406,496

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	580,102	981,848
Depreciation	52,196	72,292
Amortization of goodwill	4,746	35,878
Loss on retirement of non-current assets	–	1,092
Increase (decrease) in provision for bonuses	15,651	31,923
Increase (decrease) in retirement benefit liability	33	12
Increase (decrease) in provision for loss on orders received	(3,211)	–
Interest and dividend income	(22)	(22)
Interest expenses	1,816	1,564
Decrease (increase) in trade receivables and Contract assets	(176,657)	(279,927)
Decrease (increase) in works in process	28,219	–
Increase (decrease) in trade payables	59,860	135,745
Increase (decrease) in accounts payable - other	51,507	123,717
Increase (decrease) in accrued consumption taxes	21,413	(375)
Other, net	(2,539)	(36,795)
Subtotal	633,116	1,066,954
Interest and dividends received	22	22
Interest paid	(1,816)	(1,564)
Income taxes paid	(125,978)	(218,451)
Net cash provided by (used in) operating activities	505,343	846,961
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,602)	(98,689)
Purchase of intangible assets	(32,786)	(19,174)
Purchase of investment securities	(62,000)	(130,000)
Payments of leasehold and guarantee deposits	–	(108,660)
Proceeds from refund of leasehold and guarantee deposits	1,130	13,137
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	(104,258)	(639,671)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,000)	(5,000)
Repayments of long-term borrowings	(21,948)	(21,948)
Purchase of treasury shares	(200,896)	(206)
Purchase of share acquisition rights	(4,282)	–
Other, net	(3,486)	(2,284)
Net cash provided by (used in) financing activities	(235,613)	(29,438)
Effect of exchange rate change on cash and cash equivalents	624	1,062
Net increase (decrease) in cash and cash equivalents	166,096	178,914
Cash and cash equivalents at beginning of period	1,170,437	1,336,533
Cash and cash equivalents at end of period	1,336,533	1,515,447