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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

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 filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: December 5, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(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	%
Six months ended September 30, 2023	399,140	6.5	11,142	16.5	12,643	13.8	6,627	15.5
September 30, 2022	374,661	2.4	9,567	(23.2)	11,106	(20.9)	5,736	(6.0)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 9,222 million [63.9%]
Six months ended September 30, 2022: ¥ 5,628 million [(21.7)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	123.75	123.73
September 30, 2022	106.81	106.79

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	433,826	174,868	36.7
March 31, 2023	417,107	167,520	36.6

(Reference) Equity: As of September 30, 2023: ¥ 159,337 million
As of March 31, 2023: ¥ 152,733 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	27.00	-	31.00	58.00
Fiscal year ending March 31, 2024	-	28.00			
Fiscal year ending March 31, 2024 (Forecast)			-	32.00	60.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% 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
Full year	772,000	1.6	20,500	2.2	23,300	1.1	9,300	22.3	173.64

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

September 30, 2023: 53,987,499 shares

March 31, 2023: 53,987,499 shares

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

September 30, 2023: 425,079 shares

March 31, 2023: 429,374 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 53,559,424 shares

Six months ended September 30, 2022: 53,703,355 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	21,482	23,996
Notes and accounts receivable - trade, and contract assets	16,701	21,971
Merchandise and finished goods	59,701	62,797
Raw materials and supplies	1,418	1,385
Other	16,379	17,623
Allowance for doubtful accounts	(11)	(269)
Total current assets	115,671	127,504
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	147,599	149,056
Land	54,524	53,680
Other, net	23,280	24,524
Total property, plant and equipment	225,405	227,261
Intangible assets		
Goodwill	1,807	1,999
Other	16,619	16,761
Total intangible assets	18,426	18,761
Investments and other assets		
Guarantee deposits	32,482	32,764
Other	25,460	27,893
Allowance for doubtful accounts	(339)	(358)
Total investments and other assets	57,603	60,298
Total non-current assets	301,436	306,321
Total assets	417,107	433,826

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,504	65,271
Short-term borrowings	31,777	35,947
Commercial papers	19,000	16,000
Income taxes payable	4,744	4,990
Provision for bonuses	3,670	3,943
Provisions	730	833
Asset retirement obligations	82	103
Other	30,924	33,905
Total current liabilities	150,433	160,995
Non-current liabilities		
Bonds payable	10,000	10,100
Long-term borrowings	45,766	44,558
Provisions	411	481
Retirement benefit liability	6,502	6,636
Asset retirement obligations	18,151	18,313
Other	18,322	17,874
Total non-current liabilities	99,153	97,963
Total liabilities	249,587	258,958
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,062	20,084
Retained earnings	119,567	124,528
Treasury shares	(831)	(823)
Total shareholders' equity	152,408	157,399
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	673	2,336
Deferred gains or losses on hedges	(2)	8
Foreign currency translation adjustment	(207)	(282)
Remeasurements of defined benefit plans	(138)	(123)
Total accumulated other comprehensive income	325	1,938
Share acquisition rights	19	19
Non-controlling interests	14,766	15,511
Total net assets	167,520	174,868
Total liabilities and net assets	417,107	433,826

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	362,317	386,512
Cost of sales	266,268	284,102
Gross profit	96,049	102,410
Operating revenue	12,343	12,628
Operating gross profit	108,393	115,038
Selling, general and administrative expenses	98,825	103,896
Operating profit	9,567	11,142
Non-operating income		
Interest income	62	59
Dividend income	96	111
Administrative service fee income	798	800
Rental income	335	408
Share of profit of entities accounted for using equity method	35	1
Other	947	926
Total non-operating income	2,276	2,307
Non-operating expenses		
Interest expenses	378	360
Rental costs on real estate	248	331
Other	110	113
Total non-operating expenses	737	806
Ordinary profit	11,106	12,643
Extraordinary income		
Gain on sale of non-current assets	12	645
Gain on bargain purchase	1	15
Penalty income	66	73
Subsidy income	14	-
Gain on reversal of foreign currency translation adjustment	163	-
Gain on reversal of share acquisition rights	101	-
Other	72	1
Total extraordinary income	431	736
Extraordinary losses		
Loss on sale of non-current assets	-	4
Loss on retirement of non-current assets	52	53
Impairment losses	326	714
Loss on tax purpose reduction entry of non-current assets	5	-
Other	156	97
Total extraordinary losses	540	868
Profit before income taxes	10,997	12,511
Income taxes - current	4,225	5,053
Income taxes - deferred	(229)	(207)
Total income taxes	3,995	4,845
Profit	7,002	7,666
Profit attributable to non-controlling interests	1,266	1,038
Profit attributable to owners of parent	5,736	6,627

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	7,002	7,666
Other comprehensive income		
Valuation difference on available-for-sale securities	(922)	1,680
Deferred gains or losses on hedges	(4)	10
Foreign currency translation adjustment	(468)	(150)
Remeasurements of defined benefit plans, net of tax	21	14
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	(1,373)	1,556
Comprehensive income	5,628	9,222
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,507	8,240
Comprehensive income attributable to non-controlling interests	1,120	981

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	10,997	12,511
Depreciation	10,101	10,195
Impairment losses	326	714
Amortization of goodwill	377	344
Gain on bargain purchase	(1)	(15)
Increase (decrease) in allowance for doubtful accounts	(37)	253
Increase (decrease) in retirement benefit liability	198	128
Interest and dividend income	(160)	(170)
Interest expenses	378	360
Share of loss (profit) of entities accounted for using equity method	(35)	(1)
Gain on reversal of foreign currency translation adjustment	(163)	-
Gain on reversal of share acquisition rights	(101)	-
Loss (gain) on sale of non-current assets	(12)	(641)
Loss on retirement of non-current assets	52	53
Decrease (increase) in trade receivables	(785)	(2,825)
Decrease (increase) in inventories	(3,108)	(2,777)
Increase (decrease) in trade payables	2,819	3,573
Increase (decrease) in accounts payable - other, and accrued expenses	(427)	3,831
Other, net	(1,662)	(2,339)
Subtotal	18,756	23,195
Interest and dividends received	115	126
Interest paid	(371)	(351)
Income taxes paid	(3,078)	(4,314)
Net cash provided by (used in) operating activities	15,421	18,655
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,595)	(11,237)
Proceeds from sale of property, plant and equipment	157	1,687
Purchase of intangible assets	(802)	(888)
Payments of guarantee deposits	(604)	(920)
Proceeds from refund of guarantee deposits	821	585
Guarantee deposits received	105	83
Refund of guarantee deposits received	(184)	(265)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27)	(946)
Payments for acquisition of businesses	(128)	(165)
Other, net	9	(88)
Net cash provided by (used in) investing activities	(11,247)	(12,156)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500	1,800
Net increase (decrease) in commercial papers	1,000	(3,000)
Proceeds from long-term borrowings	3,000	5,500
Repayments of long-term borrowings	(8,942)	(5,371)
Repayments of finance lease liabilities	(1,401)	(1,322)
Dividends paid	(1,613)	(1,667)
Dividends paid to non-controlling interests	(295)	(324)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	50
Other, net	8	9
Net cash provided by (used in) financing activities	(7,743)	(4,325)
Effect of exchange rate change on cash and cash equivalents	11	3
Net increase (decrease) in cash and cash equivalents	(3,558)	2,176
Cash and cash equivalents at beginning of period	22,867	20,973
Cash and cash equivalents at end of period	19,309	23,149