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Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

November 11, 2020

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 filing quarterly securities report: November 13, 2020

Scheduled date of commencing dividend payments: December 04, 2020

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 01, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	367,523	9.1	16,326	120.2	17,500	114.2	8,794	131.7
September 30, 2019	336,735	20.4	7,414	(2.2)	8,171	(4.7)	3,795	(25.8)

(Note) Comprehensive income: Six months ended September 30, 2020: ¥ 14,624 million [313.0%]
Six months ended September 30, 2019: ¥ 3,541 million [(30.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2020	163.79	163.75
September 30, 2019	70.69	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2020	405,138	153,680	35.0
March 31, 2020	383,919	140,645	34.1

(Reference) Equity: As of September 30, 2020: ¥ 141,843 million
As of March 31, 2020: ¥ 130,748 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, 2020	-	24.00	-	28.00	52.00
Fiscal year ending March 31, 2021	-	25.00			
Fiscal year ending March 31, 2021 (Forecast)			-	28.00	53.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021(April 01, 2020 to March 31, 2021)

(% 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
Full year	710,000	4.7	24,000	54.7	26,000	54.0	11,000	69.8	204.86

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2020

(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, 2020: 53,987,499 shares

March 31, 2020: 53,987,499 shares

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

September 30, 2020: 291,212 shares

March 31, 2020: 293,255 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 53,695,170 shares

Six months ended September 30, 2019: 53,694,271 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	24,687	32,544
Notes and accounts receivable - trade	12,779	13,535
Merchandise and finished goods	51,284	53,240
Raw materials and supplies	891	1,035
Other	14,932	15,021
Allowance for doubtful accounts	(10)	(10)
Total current assets	104,565	115,367
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	132,628	134,871
Land	51,636	52,263
Other, net	25,167	29,044
Total property, plant and equipment	209,431	216,178
Intangible assets		
Goodwill	1,390	1,365
Other	14,316	14,155
Total intangible assets	15,706	15,521
Investments and other assets		
Guarantee deposits	32,102	31,947
Other	22,453	26,566
Allowance for doubtful accounts	(341)	(441)
Total investments and other assets	54,215	58,071
Total non-current assets	279,353	289,771
Total assets	383,919	405,138

(Million yen)

	As of March 31,2020	As of September 30,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,400	50,497
Short-term borrowings	47,339	47,577
Current portion of bonds payable	20	10,024
Income taxes payable	3,659	6,722
Provision for bonuses	3,143	3,387
Provisions	2,458	2,254
Asset retirement obligations	91	60
Other	33,673	38,903
Total current liabilities	141,786	159,429
Non-current liabilities		
Bonds payable	10,010	5
Long-term borrowings	53,489	53,701
Provisions	627	630
Retirement benefit liability	4,743	5,031
Asset retirement obligations	12,703	13,049
Other	19,911	19,611
Total non-current liabilities	101,486	92,029
Total liabilities	243,273	251,458
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,076	20,082
Retained earnings	99,256	106,545
Treasury shares	(566)	(561)
Total shareholders' equity	132,375	139,676
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,865)	1,981
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	273	217
Remeasurements of defined benefit plans	(34)	(31)
Total accumulated other comprehensive income	(1,627)	2,167
Share acquisition rights	142	134
Non-controlling interests	9,754	11,702
Total net assets	140,645	153,680
Total liabilities and net assets	383,919	405,138

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

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Net sales	325,802	355,534
Cost of sales	242,215	261,256
Gross profit	83,587	94,278
Operating revenue	10,932	11,988
Operating gross profit	94,519	106,267
Selling, general and administrative expenses	87,105	89,940
Operating profit	7,414	16,326
Non-operating income		
Interest income	67	66
Dividend income	96	86
Share of profit of entities accounted for using equity method	23	25
Administrative service fee income	478	808
Rental income	409	435
Other	864	774
Total non-operating income	1,939	2,196
Non-operating expenses		
Interest expenses	430	435
Foreign exchange losses	310	-
Rental costs on real estate	339	372
Other	100	214
Total non-operating expenses	1,181	1,023
Ordinary profit	8,171	17,500
Extraordinary income		
Gain on sales of non-current assets	3	41
Gain on bargain purchase	-	17
Penalty income	98	146
Subsidy income	219	164
Other	27	151
Total extraordinary income	349	521
Extraordinary losses		
Loss on sales of non-current assets	0	20
Loss on retirement of non-current assets	40	82
Impairment loss	675	231
Loss on voluntarily close	-	702
Other	434	118
Total extraordinary losses	1,152	1,155
Profit before income taxes	7,369	16,866
Income taxes - current	3,106	6,552
Income taxes - deferred	(145)	(487)
Total income taxes	2,961	6,064
Profit	4,408	10,801
Profit attributable to non-controlling interests	612	2,006
Profit attributable to owners of parent	3,795	8,794

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

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Profit	4,408	10,801
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,025)	3,889
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	151	(66)
Remeasurements of defined benefit plans, net of tax	7	(0)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(866)	3,823
Comprehensive income	3,541	14,624
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,876	12,588
Comprehensive income attributable to non-controlling interests	665	2,035

Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Cash flows from operating activities		
Profit before income taxes	7,369	16,866
Depreciation	8,390	8,681
Impairment loss	675	231
Amortization of goodwill	185	198
Gain on bargain purchase	-	(17)
Increase (decrease) in allowance for doubtful accounts	(27)	99
Increase (decrease) in retirement benefit liability	192	194
Interest and dividend income	(163)	(153)
Interest expenses	430	435
Share of loss (profit) of entities accounted for using equity method	(23)	(25)
Loss on retirement of non-current assets	40	82
Loss on voluntarily close	-	702
Decrease (increase) in trade receivables	(2,618)	(195)
Decrease (increase) in inventories	(976)	(1,817)
Increase (decrease) in trade payables	4,556	329
Other, net	757	2,713
Subtotal	18,789	28,327
Interest and dividends received	102	103
Interest paid	(402)	(421)
Income taxes paid	(3,570)	(3,822)
Net cash provided by (used in) operating activities	14,919	24,186
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,082)	(13,406)
Proceeds from sales of property, plant and equipment	34	816
Purchase of intangible assets	(1,093)	(364)
Payments of guarantee deposits	(951)	(730)
Proceeds from refund of guarantee deposits	688	1,018
Guarantee deposits received	79	300
Refund of guarantee deposits received	(232)	(601)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(551)	(112)
Payments for acquisition of businesses	-	(159)
Other, net	144	(370)
Net cash provided by (used in) investing activities	(11,964)	(13,608)

(Million yen)

	For the six months ended September 30,2019	For the six months ended September 30,2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(538)	982
Proceeds from long-term borrowings	12,500	8,494
Repayments of long-term borrowings	(9,307)	(9,174)
Redemption of bonds	(50)	(15)
Repayments of finance lease obligations	(1,307)	(1,330)
Dividends paid	(1,398)	(1,504)
Dividends paid to non-controlling interests	(201)	(207)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(351)	-
Other, net	(0)	4
Net cash provided by (used in) financing activities	(656)	(2,749)
Effect of exchange rate change on cash and cash equivalents	(324)	(83)
Net increase (decrease) in cash and cash equivalents	1,973	7,744
Cash and cash equivalents at beginning of period	17,938	24,159
Increase in cash and cash equivalents from share exchange	3,003	-
Cash and cash equivalents at end of period	22,915	31,903