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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 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: +81-574-60-0864

Scheduled date of Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 13, 2023

Scheduled date of filing annual securities report: June 30, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 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	%
Fiscal year ended March 31, 2023	759,977	3.7	20,062	(5.4)	23,049	(4.5)	7,603	(15.7)
March 31, 2022	732,519	-	21,205	-	24,140	-	9,014	-

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 9,038 million [(16.7)%]
Fiscal year ended March 31, 2022: ¥ 10,850 million [-%]

	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, 2023	141.61	141.58	5.0	5.6	2.6
March 31, 2022	167.87	167.82	6.2	5.9	2.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ 57 million
Fiscal year ended March 31, 2022: ¥ 85 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	417,107	167,520	36.6	2,851.73
March 31, 2022	410,365	162,521	36.2	2,766.89

(Reference) Equity: As of March 31, 2023: ¥ 152,733 million
As of March 31, 2022: ¥ 148,587 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	36,397	(25,885)	(12,329)	20,973
March 31, 2022	24,361	(26,729)	(4,115)	22,867

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	Millions of yen	%	%
March 31, 2022	-	26.00	-	30.00	56.00	3,011	33.4	2.1
March 31, 2023	-	27.00	-	31.00	58.00	3,119	41.0	2.1
Fiscal year ending March 31, 2024 (Forecast)	-	28.00	-	32.00	60.00		-	

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
Six months ending September 30, 2023	384,000	2.5	9,900	3.5	11,300	1.7	6,300	9.8	117.34
Full year	772,000	1.6	20,500	2.2	23,300	1.1	9,300	22.3	173.21

* 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, 2023: 53,987,499 shares

March 31, 2022: 53,987,499 shares

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

March 31, 2023: 429,374 shares

March 31, 2022: 285,341 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 53,691,248 shares

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

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	23,260	21,482
Notes and accounts receivable - trade, and contract assets	14,905	16,701
Merchandise and finished goods	56,261	59,701
Raw materials and supplies	1,128	1,418
Other	14,670	16,379
Allowance for doubtful accounts	(9)	(11)
Total current assets	110,217	115,671
Non-current assets		
Property, plant and equipment		
Buildings and structures	305,319	318,091
Accumulated depreciation	(161,166)	(170,491)
Buildings and structures, net	144,152	147,599
Machinery, equipment and vehicles	14,241	14,765
Accumulated depreciation	(10,009)	(10,726)
Machinery, equipment and vehicles, net	4,231	4,039
Land	54,282	54,524
Leased assets	23,227	21,140
Accumulated depreciation	(15,266)	(14,503)
Leased assets, net	7,961	6,637
Construction in progress	4,497	2,448
Other	46,764	49,669
Accumulated depreciation	(36,577)	(39,514)
Other, net	10,186	10,155
Total property, plant and equipment	225,312	225,405
Intangible assets		
Goodwill	2,323	1,807
Leased assets	112	139
Other	15,323	16,479
Total intangible assets	17,759	18,426
Investments and other assets		
Investment securities	9,787	9,981
Long-term loans receivable	1,078	1,061
Deferred tax assets	9,900	10,508
Guarantee deposits	32,578	32,482
Other	4,092	3,909
Allowance for doubtful accounts	(360)	(339)
Total investments and other assets	57,077	57,603
Total non-current assets	300,148	301,436
Total assets	410,365	417,107

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,237	59,911
Short-term borrowings	19,841	20,041
Commercial papers	17,000	19,000
Current portion of long-term borrowings	17,795	11,736
Lease liabilities	2,445	2,286
Income taxes payable	3,480	4,744
Provision for bonuses	3,540	3,670
Provision for bonuses for directors (and other officers)	198	210
Provision for point card certificates	485	519
Provision for loss on store closings	58	-
Asset retirement obligations	65	82
Other	25,895	28,230
Total current liabilities	148,045	150,433
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	47,511	45,766
Lease liabilities	10,862	9,950
Deferred tax liabilities	198	231
Provision for retirement benefits for directors (and other officers)	496	411
Retirement benefit liability	6,297	6,502
Asset retirement obligations	16,143	18,151
Long-term guarantee deposits	6,821	6,700
Other	1,468	1,439
Total non-current liabilities	99,799	99,153
Total liabilities	247,844	249,587
Net assets		
Shareholders' equity		
Share capital	13,609	13,609
Capital surplus	20,063	20,062
Retained earnings	115,030	119,567
Treasury shares	(547)	(831)
Total shareholders' equity	148,156	152,408
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	559	673
Deferred gains or losses on hedges	5	(2)
Foreign currency translation adjustment	132	(207)
Remeasurements of defined benefit plans	(266)	(138)
Total accumulated other comprehensive income	431	325
Share acquisition rights	121	19
Non-controlling interests	13,811	14,766
Total net assets	162,521	167,520
Total liabilities and net assets	410,365	417,107

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	708,484	735,385
Cost of sales	520,255	539,963
Gross profit	188,228	195,422
Operating revenue	24,034	24,591
Operating gross profit	212,263	220,014
Selling, general and administrative expenses		
Advertising expenses	5,080	4,697
Wrapping expenses	159	151
Supplies expenses	1,512	1,251
Distribution expenses	1,864	1,863
Provision for point card certificates	1,587	1,748
Provision of allowance for doubtful accounts	2	0
Remuneration for directors (and other officers)	989	964
Salaries and allowances	73,227	75,264
Bonuses	6,282	6,177
Provision for bonuses	3,226	3,388
Provision for bonuses for directors (and other officers)	179	208
Retirement benefit expenses	1,067	1,125
Provision for retirement benefits for directors (and other officers)	(16)	42
Legal and other welfare expenses	12,636	13,231
Utilities expenses	10,226	13,691
Rent expenses	31,915	32,937
Repair and maintenance expenses	4,811	4,942
Depreciation	18,071	18,476
Amortization of goodwill	652	711
Other	17,579	19,075
Total selling, general and administrative expenses	191,057	199,951
Operating profit	21,205	20,062
Non-operating income		
Interest income	134	123
Dividend income	182	193
Administrative service fee income	1,588	1,555
Rental income	648	683
Share of profit of entities accounted for using equity method	85	57
Other	1,963	1,845
Total non-operating income	4,603	4,460
Non-operating expenses		
Interest expenses	764	746
Rental costs on real estate	497	492
Other	405	234
Total non-operating expenses	1,668	1,473
Ordinary profit	24,140	23,049

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	84	29
Gain on sale of investment securities	1	39
Gain on bargain purchase	0	1
Penalty income	77	263
Subsidy income	582	293
Gain on reversal of foreign currency translation adjustment	-	163
Gain on reversal of share acquisition rights	-	101
Other	95	64
Total extraordinary income	841	957
Extraordinary losses		
Loss on sale of non-current assets	42	10
Loss on retirement of non-current assets	186	154
Impairment losses	3,308	5,939
Loss on tax purpose reduction entry of non-current assets	421	221
Loss on valuation of investment securities	6	-
Other	358	349
Total extraordinary losses	4,324	6,675
Profit before income taxes	20,657	17,331
Income taxes - current	7,985	8,633
Income taxes - deferred	1,421	(578)
Total income taxes	9,407	8,055
Profit	11,250	9,276
Profit attributable to non-controlling interests	2,235	1,672
Profit attributable to owners of parent	9,014	7,603

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	11,250	9,276
Other comprehensive income		
Valuation difference on available-for-sale securities	(348)	113
Deferred gains or losses on hedges	5	(8)
Foreign currency translation adjustment	(45)	(491)
Remeasurements of defined benefit plans, net of tax	(11)	147
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(400)	(237)
Comprehensive income	10,850	9,038
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,679	7,497
Comprehensive income attributable to non-controlling interests	2,170	1,541

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of 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

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,609	20,063	115,030	(547)	148,156
Cumulative effects of changes in accounting policies					-
Restated balance	13,609	20,063	115,030	(547)	148,156
Changes during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Dividends of surplus			(3,065)		(3,065)
Profit attributable to owners of parent			7,603		7,603
Purchase of treasury shares				(300)	(300)
Disposal of treasury shares		0		15	16
Net changes in items other than shareholders' equity					
Total changes during period	-	(1)	4,537	(284)	4,251
Balance at end of period	13,609	20,062	119,567	(831)	152,408

	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	559	5	132	(266)	431	121	13,811	162,521
Cumulative effects of changes in accounting policies								-
Restated balance	559	5	132	(266)	431	121	13,811	162,521
Changes during period								
Change in ownership interest of parent due to transactions with non-controlling interests								(1)
Dividends of surplus								(3,065)
Profit attributable to owners of parent								7,603
Purchase of treasury shares								(300)
Disposal of treasury shares								16
Net changes in items other than shareholders' equity	113	(8)	(340)	128	(106)	(101)	954	746
Total changes during period	113	(8)	(340)	128	(106)	(101)	954	4,998
Balance at end of period	673	(2)	(207)	(138)	325	19	14,766	167,520

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	20,657	17,331
Depreciation	20,228	20,691
Impairment losses	3,308	5,939
Amortization of goodwill	652	711
Gain on bargain purchase	(0)	(1)
Increase (decrease) in allowance for doubtful accounts	(35)	(19)
Increase (decrease) in retirement benefit liability	471	448
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(197)	(110)
Increase (decrease) in provision for point card certificates	108	41
Interest and dividend income	(317)	(317)
Interest expenses	764	746
Loss on retirement of non-current assets	186	154
Loss on tax purpose reduction entry of non-current assets	421	221
Loss (gain) on valuation of investment securities	6	-
Share of loss (profit) of entities accounted for using equity method	(85)	(57)
Gain on reversal of foreign currency translation adjustment	-	(163)
Gain on reversal of share acquisition rights	-	(101)
Subsidy income	(582)	(293)
Penalty income ⁰¹	(77)	(263)
Decrease (increase) in trade receivables	(987)	(1,869)
Decrease (increase) in inventories	(3,206)	(3,733)
Increase (decrease) in trade payables	(2,515)	2,732
Increase (decrease) in accrued consumption taxes	(705)	87
Increase (decrease) in accounts payable - other, and accrued expenses	(1,958)	903
Other, net	1,370	1,038
Subtotal	37,507	44,116
Interest and dividends received	218	227
Penalty income received	77	263
Interest paid	(753)	(733)
Income taxes paid	(12,687)	(7,477)
Net cash provided by (used in) operating activities	24,361	36,397

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(221)	(332)
Proceeds from withdrawal of time deposits	462	276
Purchase of property, plant and equipment	(24,339)	(23,358)
Proceeds from sale of property, plant and equipment	228	232
Purchase of intangible assets	(2,506)	(2,299)
Purchase of investment securities	(355)	(131)
Proceeds from sale of investment securities	7	39
Loan advances	(29)	(54)
Proceeds from collection of loans receivable	676	74
Payments of guarantee deposits	(2,003)	(1,294)
Proceeds from refund of guarantee deposits	1,738	1,498
Guarantee deposits received	653	380
Refund of guarantee deposits received	(341)	(497)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,570)	(100)
Payments for acquisition of businesses	(92)	(128)
Proceeds from government subsidy	582	293
Other, net	381	(484)
Net cash provided by (used in) investing activities	(26,729)	(25,885)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,121)	200
Net increase (decrease) in commercial papers	7,000	2,000
Proceeds from long-term borrowings	21,800	10,100
Repayments of long-term borrowings	(23,982)	(17,942)
Proceeds from issuance of bonds	9,950	-
Redemption of bonds	(10,010)	-
Repayments of finance lease liabilities	(3,221)	(2,697)
Proceeds from sale of treasury shares	15	16
Purchase of treasury shares	(0)	(300)
Dividends paid	(2,958)	(3,066)
Dividends paid to non-controlling interests	(586)	(577)
Other, net	0	(61)
Net cash provided by (used in) financing activities	(4,115)	(12,329)
Effect of exchange rate change on cash and cash equivalents	0	(76)
Net increase (decrease) in cash and cash equivalents	(6,482)	(1,894)
Cash and cash equivalents at beginning of period	29,349	22,867
Cash and cash equivalents at end of period	22,867	20,973