

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2019 (Based on Japanese GAAP)

August 14, 2019

Company name: Value HR Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6078 URL <https://www.valuehr.com/>
 Representative: President & CEO Michio Fujita
 Inquiries: Senior Managing Director Gentaro Fujita TEL 03-6380-1300
 Scheduled date to file Quarterly Securities Report: August 14, 2019
 Scheduled date to commence dividend payments: August 26, 2019
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2019 (from January 1, 2019 to June 30, 2019)

(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 June 30, 2019	2,122	20.6	381	33.4	368	200.7	241	241.3
Six months ended June 30, 2018	1,759	20.4	285	34.4	122	(44.3)	70	(47.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2019	40.85	40.30
Six months ended June 30, 2018	12.39	11.72

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2019	10,532	2,349	22.3	397.39
As of December 31, 2018	10,768	2,264	21.0	381.14

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2018	—	8.50	—	15.50	24.00
Year ending December 31, 2019	—	13.00			
Year ending December 31, 2019 (Forecast)			—	17.00	30.00

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

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	4,233	17.9	778	34.5	734	87.0	483	98.9	81.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (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 June 30, 2019	6,058,600 shares	As of December 31, 2018	6,050,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	151,821 shares	As of December 31, 2018	116,321 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2019	5,917,636 shares	Six months ended June 30, 2018	5,714,970 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	1,900,124	1,380,910
Accounts receivable - trade	365,584	409,090
Merchandise	1,691	2,137
Work in process	3,281	5,994
Supplies	19,692	15,929
Other	245,411	308,751
Total current assets	2,535,785	2,122,813
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	700,340	689,533
Land	6,224,802	6,224,802
Other, net	491,546	590,167
Total property, plant and equipment	7,416,690	7,504,504
Intangible assets	253,504	282,336
Investments and other assets	562,244	623,060
Total non-current assets	8,232,439	8,409,901
Total assets	10,768,224	10,532,714
Liabilities		
Current liabilities		
Accounts payable - trade	92,819	115,642
Short-term loans payable	189,956	159,620
Income taxes payable	108,504	141,246
Deposits received	1,188,349	597,620
Other	1,140,946	1,264,424
Total current liabilities	2,720,575	2,278,553
Non-current liabilities		
Long-term loans payable	5,650,332	5,731,636
Other	132,840	172,999
Total non-current liabilities	5,783,172	5,904,635
Total liabilities	8,503,748	8,183,188
Net assets		
Shareholders' equity		
Capital stock	515,796	520,763
Capital surplus	559,707	564,675
Retained earnings	1,355,904	1,505,670
Treasury shares	(207,476)	(295,466)
Total shareholders' equity	2,223,932	2,295,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,643	51,664
Total accumulated other comprehensive income	37,643	51,664
Share acquisition rights	2,901	2,217
Total net assets	2,264,476	2,349,526
Total liabilities and net assets	10,768,224	10,532,714

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

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended June 30, 2018	Six months ended June 30, 2019
Net sales	1,759,478	2,122,668
Cost of sales	1,041,622	1,263,785
Gross profit	717,856	858,883
Selling, general and administrative expenses	431,950	477,565
Operating profit	285,906	381,318
Non-operating income		
Interest income	5	5
Dividend income	1,298	3,409
Subsidy income	23,356	3,438
Other	433	1,095
Total non-operating income	25,093	7,948
Non-operating expenses		
Interest expenses	16,299	19,389
Commission for syndicate loan	170,000	—
Other	2,292	1,739
Total non-operating expenses	188,592	21,128
Ordinary profit	122,407	368,138
Extraordinary income		
Gain on reversal of share acquisition rights	—	498
Total extraordinary income	—	498
Profit before income taxes	122,407	368,636
Income taxes	51,573	126,898
Profit	70,833	241,738
Profit attributable to owners of parent	70,833	241,738

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Profit	70,833	241,738
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,079)	14,021
Total other comprehensive income	(7,079)	14,021
Comprehensive income	63,754	255,759
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	63,754	255,759
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	122,407	368,636
Depreciation	59,491	69,439
Amortization of lease and guarantee deposits	3,950	4,528
Interest and dividend income	(1,303)	(3,414)
Subsidy income	(23,356)	(3,438)
Interest expenses	16,299	19,389
Commission For Syndicate Loan	170,000	–
Decrease (increase) in notes and accounts receivable - trade	(2,641)	(43,505)
Decrease (increase) in inventories	(14,258)	603
Increase (decrease) in lease obligations	117	37,761
Decrease (increase) in lease investment assets	(22)	(38,600)
Increase (decrease) in notes and accounts payable - trade	37,296	22,822
Increase (decrease) in deposits received	(517,965)	(590,728)
Other, net	106,187	92,431
Subtotal	(43,797)	(64,073)
Interest and dividend income received	1,303	3,414
Interest expenses paid	(16,304)	(19,393)
Income taxes paid	(89,655)	(92,373)
Proceeds from subsidy income	23,356	3,438
Net cash provided by (used in) operating activities	(125,098)	(168,988)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,598,958)	(111,487)
Purchase of intangible assets	(60,376)	(66,342)
Purchase of investment securities	–	(56,616)
Payments for lease and guarantee deposits	(29,692)	(1,880)
Proceeds from collection of lease and guarantee deposits	870	–
Repayments of guarantee deposits received	–	(7,310)
Proceeds from guarantee deposits received	7,288	13,591
Other, net	(4,900)	–
Net cash provided by (used in) investing activities	(4,685,769)	(230,045)
Cash flows from financing activities		
Proceeds from long-term loans payable	4,680,000	161,700
Repayments of long-term loans payable	(117,024)	(110,732)
Proceeds from exercise of share options	13,304	9,750
Proceeds from issuance of share acquisition rights	440	–
Purchase of treasury shares	(100)	(87,990)
Cash dividends paid	(72,742)	(92,047)
Commission For Syndicate Loan Paid	(170,000)	–
Other, net	(824)	(860)
Net cash provided by (used in) financing activities	4,333,054	(120,179)
Net increase (decrease) in cash and cash equivalents	(477,813)	(519,213)
Cash and cash equivalents at beginning of period	1,904,307	1,900,124
Cash and cash equivalents at end of period	1,426,494	1,380,910