

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2020 (Based on Japanese GAAP)

August 14, 2020

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, 2020
 Scheduled date to commence dividend payments: August 24, 2020
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

(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, 2020	2,214	4.3	342	(10.3)	331	(10.0)	212	(12.3)
Six months ended June 30, 2019	2,122	20.6	381	33.4	368	200.7	241	241.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2020	17.90	17.68
Six months ended June 30, 2019	20.42	20.15

(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, 2020	11,170	2,684	24.0	226.05
As of December 31, 2019	11,829	2,593	21.9	218.92

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, 2019	—	13.00	—	20.00	33.00
Year ending December 31, 2020	—	7.50			
Year ending December 31, 2020 (Forecast)			—	10.00	17.50

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	5,024	17.3	870	16.3	825	2.4	478	(13.6)	40.38

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2020
(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, 2020	12,170,400 shares	As of December 31, 2019	12,155,600 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	317,042 shares	As of December 31, 2019	317,042 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, 2020	11,840,234 shares	Six months ended June 30, 2019	11,835,272 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	2,364,210	1,313,283
Accounts receivable - trade	408,552	432,380
Merchandise	1,598	1,785
Work in process	4,058	2,411
Supplies	31,288	23,020
Other	333,861	343,028
Total current assets	3,143,569	2,115,909
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	836,223	816,308
Land	6,224,802	6,224,802
Other, net	527,289	1,040,385
Total property, plant and equipment	7,588,315	8,081,496
Intangible assets	304,782	322,784
Investments and other assets	793,283	650,592
Total non-current assets	8,686,382	9,054,873
Total assets	11,829,951	11,170,783
Liabilities		
Current liabilities		
Accounts payable - trade	110,480	44,149
Short-term borrowings	256,335	281,032
Income taxes payable	204,028	133,752
Deposits received	1,630,672	436,263
Other	1,318,342	1,343,965
Total current liabilities	3,519,860	2,239,163
Non-current liabilities		
Long-term borrowings	5,547,610	6,074,883
Provision for share-based remuneration	—	4,211
Other	168,653	167,829
Total non-current liabilities	5,716,263	6,246,923
Total liabilities	9,236,124	8,486,087
Net assets		
Shareholders' equity		
Share capital	529,344	532,571
Capital surplus	573,256	600,408
Retained earnings	1,740,260	1,833,883
Treasury shares	(317,437)	(341,362)
Total shareholders' equity	2,525,424	2,625,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,323	53,992
Total accumulated other comprehensive income	66,323	53,992
Share acquisition rights	2,079	5,203
Total net assets	2,593,827	2,684,695
Total liabilities and net assets	11,829,951	11,170,783

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, 2019	Six months ended June 30, 2020
Net sales	2,122,668	2,214,030
Cost of sales	1,263,785	1,368,246
Gross profit	858,883	845,783
Selling, general and administrative expenses	477,565	503,698
Operating profit	381,318	342,085
Non-operating income		
Interest income	5	5
Dividend income	3,409	3,627
Subsidy income	3,438	6,250
Gain on sales of investment securities	—	938
Other	1,095	2,135
Total non-operating income	7,948	12,956
Non-operating expenses		
Interest expenses	19,389	19,689
Other	1,739	4,036
Total non-operating expenses	21,128	23,725
Ordinary profit	368,138	331,317
Extraordinary income		
Gain on reversal of share acquisition rights	498	—
Total extraordinary income	498	—
Profit before income taxes	368,636	331,317
Income taxes	126,898	119,309
Profit	241,738	212,008
Profit attributable to owners of parent	241,738	212,008

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	241,738	212,008
Other comprehensive income		
Valuation difference on available-for-sale securities	14,021	(12,330)
Total other comprehensive income	14,021	(12,330)
Comprehensive income	255,759	199,677
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	255,759	199,677
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	368,636	331,317
Depreciation	69,439	84,346
Amortization of lease and guarantee deposits	4,528	1,984
Increase (decrease) in provision for share-based remuneration	—	4,211
Interest and dividend income	(3,414)	(3,632)
Subsidy income	(3,438)	(6,250)
Interest expenses	19,389	19,689
Loss (gain) on sales of investment securities	—	(938)
Decrease (increase) in trade receivables	(43,505)	(23,827)
Decrease (increase) in inventories	603	9,727
Increase (decrease) in lease obligations	37,761	(4,884)
Decrease (increase) in investments in leases	(38,600)	4,407
Increase (decrease) in trade payables	22,822	(66,331)
Increase (decrease) in deposits received	(590,728)	(1,194,409)
Other, net	92,431	7,089
Subtotal	(64,073)	(837,501)
Interest and dividends received	3,414	3,632
Interest paid	(19,393)	(19,655)
Income taxes paid	(92,373)	(185,956)
Subsidies received	3,438	6,250
Net cash provided by (used in) operating activities	(168,988)	(1,033,231)
Cash flows from investing activities		
Purchase of property, plant and equipment	(111,487)	(532,073)
Purchase of intangible assets	(66,342)	(63,456)
Purchase of investment securities	(56,616)	(14,777)
Proceeds from sales of investment securities	—	146,253
Payments of leasehold and guarantee deposits	(1,880)	(929)
Refund of guarantee deposits received	(7,310)	—
Guarantee deposits received	13,591	4,968
Net cash provided by (used in) investing activities	(230,045)	(460,014)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	63,332
Proceeds from long-term borrowings	161,700	560,948
Repayments of long-term borrowings	(110,732)	(72,310)
Proceeds from exercise of employee share options	9,750	6,408
Proceeds from issuance of share acquisition rights	—	3,168
Proceeds from sales of treasury shares	—	84,000
Purchase of treasury shares	(87,990)	(84,000)
Dividends paid	(92,047)	(118,319)
Other, net	(860)	(908)
Net cash provided by (used in) financing activities	(120,179)	442,318
Net increase (decrease) in cash and cash equivalents	(519,213)	(1,050,927)
Cash and cash equivalents at beginning of period	1,900,124	2,364,210
Cash and cash equivalents at end of period	1,380,910	1,313,283