

# Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2020 (Based on Japanese GAAP)

February 12, 2021

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 of ordinary general meeting of shareholders: March 26, 2021  
 Scheduled date to file Securities Report: March 29, 2021  
 Scheduled date to commence dividend payments: March 12, 2021  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### (1) Consolidated operating results

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	%
Year ended December 31, 2020	4,493	4.9	713	(4.7)	743	(7.8)	460	(16.8)
Year ended December 31, 2019	4,283	19.3	748	29.3	806	105.3	553	127.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2020	38.80	38.36	16.5	5.8	15.9
Year ended December 31, 2019	46.79	46.11	22.8	7.1	17.5

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	13,815	2,976	21.5	249.67
As of December 31, 2019	11,829	2,593	21.9	218.92

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2020	582	(1,366)	1,138	2,719
Year ended December 31, 2019	1,233	(479)	(289)	2,364

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2019	—	13.00	—	20.00	33.00	195	35.3	8.1
Year ended December 31, 2020	—	7.50	—	10.00	17.50	200	45.1	7.5
Year ending December 31, 2021 (Forecast)	—	8.50	—	11.00	19.50		42.4	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	5,440	21.1	940	31.9	900	21.1	547	19.1	46.02

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of December 31, 2020	12,214,400 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 December 31, 2020	317,062 shares	As of December 31, 2019	317,042 shares
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Average number of shares during the period

Year ended December 31, 2020	11,855,684 shares	Year ended December 31, 2019	11,820,655 shares
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# Consolidated financial statements

## Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	2,364,210	2,719,011
Accounts receivable - trade	408,552	473,272
Investments in leases	34,531	26,640
Merchandise	1,598	1,521
Work in process	4,058	4,291
Supplies	31,288	35,771
Accounts receivable - other	209,995	269,596
Other	89,335	137,739
Total current assets	3,143,569	3,667,845
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,213,829	2,957,635
Accumulated depreciation	(377,605)	(418,440)
Buildings and structures, net	836,223	2,539,194
Machinery and equipment	—	35,131
Accumulated depreciation	—	(585)
Machinery and equipment, net	—	34,545
Land	6,224,802	6,279,626
Construction in progress	428,251	—
Other	334,491	378,558
Accumulated depreciation	(235,453)	(260,105)
Other, net	99,037	118,453
Total property, plant and equipment	7,588,315	8,971,820
Intangible assets		
Software	280,337	334,918
Software in progress	23,880	7,571
Other	565	526
Total intangible assets	304,782	343,015
Investments and other assets		
Investment securities	588,614	601,662
Long-term loans receivable	—	54,545
Sales guarantee deposits	42,967	42,955
Leasehold and guarantee deposits	119,339	79,686
Deferred tax assets	7,158	890
Other	35,203	53,235
Total investments and other assets	793,283	832,975
Total non-current assets	8,686,382	10,147,811
Total assets	11,829,951	13,815,656

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	110,480	60,848
Current portion of long-term borrowings	256,335	456,737
Lease obligations	10,190	10,190
Accounts payable - other	254,715	591,376
Income taxes payable	204,028	135,707
Advances received	233,378	254,633
Deposits received	1,630,672	1,771,533
Customer deposits received	708,506	638,202
Other	111,551	31,920
Total current liabilities	3,519,860	3,951,150
Non-current liabilities		
Long-term borrowings	5,547,610	6,661,468
Lease obligations	30,800	20,610
Long-term guarantee deposits	137,853	145,722
Deferred tax liabilities	—	32,440
Provision for share-based remuneration	—	27,371
Total non-current liabilities	5,716,263	6,887,613
Total liabilities	9,236,124	10,838,764
Net assets		
Shareholders' equity		
Share capital	529,344	542,542
Capital surplus	573,256	610,378
Retained earnings	1,740,260	1,992,620
Treasury shares	(317,437)	(341,398)
Total shareholders' equity	2,525,424	2,804,142
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,323	166,284
Total accumulated other comprehensive income	66,323	166,284
Share acquisition rights	2,079	1,862
Non-controlling interests	—	4,602
Total net assets	2,593,827	2,976,892
Total liabilities and net assets	11,829,951	13,815,656

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	4,283,630	4,493,019
Cost of sales	2,568,959	2,783,085
Gross profit	1,714,671	1,709,933
Selling, general and administrative expenses	966,246	996,711
Operating profit	748,424	713,222
Non-operating income		
Interest income	10	460
Dividend income	5,843	6,374
Gain on sales of investment securities	85,613	938
Subsidy income	3,438	7,926
Subsidy income	—	24,335
Gain on unused point	132	26,213
Other	7,052	7,999
Total non-operating income	102,090	74,246
Non-operating expenses		
Interest expenses	39,115	39,308
Other	5,218	4,610
Total non-operating expenses	44,333	43,919
Ordinary profit	806,181	743,550
Extraordinary income		
Gain on reversal of share acquisition rights	498	3,168
Total extraordinary income	498	3,168
Extraordinary losses		
Loss on retirement of property, plant and equipment	—	18,188
Office relocation expenses	—	24,321
Total extraordinary losses	—	42,509
Profit before income taxes	806,679	704,209
Income taxes - current	262,394	249,718
Income taxes - deferred	(8,831)	(5,408)
Total income taxes	253,563	244,310
Profit	553,116	459,898
Profit (loss) attributable to non-controlling interests	—	(197)
Profit attributable to owners of parent	553,116	460,095

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	553,116	459,898
Other comprehensive income		
Valuation difference on available-for-sale securities	28,680	99,961
Total other comprehensive income	28,680	99,961
Comprehensive income	581,796	559,860
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	581,796	560,057
Comprehensive income attributable to non-controlling interests	—	(197)

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings			Treasury shares	Total shareholders' equity
			Legal retained earnings	Other retained earnings	Retained earnings		
Balance at beginning of period	515,796	559,707	—	1,355,904	1,355,904	(207,476)	2,223,932
Changes during period							
Issuance of new shares	13,548	13,548					27,097
Dividends of surplus				(168,760)	(168,760)		(168,760)
Provision of legal retained earnings							
Profit attributable to owners of parent				553,116	553,116		553,116
Purchase of treasury shares						(109,961)	(109,961)
Disposal of treasury shares							
Increase in consolidated subsidiaries - non-controlling interests							
Net changes in items other than shareholders' equity							
Total changes during period	13,548	13,548		384,355	384,355	(109,961)	301,492
Balance at end of period	529,344	573,256	—	1,740,260	1,740,260	(317,437)	2,525,424

(Thousands of yen)

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	37,643	37,643	2,901	—	2,264,476
Changes during period					
Issuance of new shares					27,097
Dividends of surplus					(168,760)
Provision of legal retained earnings					
Profit attributable to owners of parent					553,116
Purchase of treasury shares					(109,961)
Disposal of treasury shares					
Increase in consolidated subsidiaries - non-controlling interests					
Net changes in items other than shareholders' equity	28,680	28,680	(821)		27,858
Total changes during period	28,680	28,680	(821)	—	329,350
Balance at end of period	66,323	66,323	2,079	—	2,593,827

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings			Treasury shares	Total shareholders' equity
			Legal retained earnings	Other retained earnings	Retained earnings		
Balance at beginning of period	529,344	573,256	–	1,740,260	1,740,260	(317,437)	2,525,424
Changes during period							
Issuance of new shares	13,197	13,197					26,394
Dividends of surplus				(207,735)	(207,735)		(207,735)
Provision of legal retained earnings			2,500	(2,500)	0		0
Profit attributable to owners of parent				460,095	460,095		460,095
Purchase of treasury shares						(84,036)	(84,036)
Disposal of treasury shares		23,925				60,074	84,000
Increase in consolidated subsidiaries - non-controlling interests							
Net changes in items other than shareholders' equity							
Total changes during period	13,197	37,122	2,500	249,860	252,360	(23,961)	278,718
Balance at end of period	542,542	610,378	2,500	1,990,120	1,992,620	(341,398)	2,804,142

(Thousands of yen)

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	66,323	66,323	2,079	–	2,593,827
Changes during period					
Issuance of new shares					26,394
Dividends of surplus					(207,735)
Provision of legal retained earnings					0
Profit attributable to owners of parent					460,095
Purchase of treasury shares					(84,036)
Disposal of treasury shares					84,000
Increase in consolidated subsidiaries - non-controlling interests				197	197
Net changes in items other than shareholders' equity	99,961	99,961	(217)	4,405	104,150
Total changes during period	99,961	99,961	(217)	4,602	383,065
Balance at end of period	166,284	166,284	1,862	4,602	2,976,892



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	806,679	704,209
Depreciation	152,500	181,659
Amortization of lease and guarantee deposits	8,341	4,121
Increase (decrease) in provision for share-based remuneration	—	27,371
Interest and dividend income	(5,853)	(6,834)
Subsidy income	—	(24,335)
Subsidy income	(3,438)	(7,926)
Interest expenses	39,115	39,308
Gain on reversal of share acquisition rights	—	(3,168)
Loss (gain) on sales of investment securities	(85,613)	(938)
Loss on retirement of non-current assets	—	18,188
Decrease (increase) in trade receivables	(42,967)	(64,719)
Decrease (increase) in inventories	(12,279)	(4,639)
Increase (decrease) in lease obligations	33,566	(8,374)
Decrease (increase) in investments in leases	(34,003)	7,890
Increase (decrease) in trade payables	17,661	(49,632)
Increase (decrease) in deposits received	442,323	140,860
Increase (decrease) in customer deposits	75,178	(70,304)
Other, net	41,182	18,869
Subtotal	1,432,393	901,606
Interest and dividends received	5,823	6,834
Interest paid	(39,119)	(39,122)
Income taxes paid	(168,915)	(317,377)
Proceeds from subsidy income	—	22,138
Subsidies received	3,438	7,926
Net cash provided by (used in) operating activities	1,233,618	582,005
Cash flows from investing activities		
Purchase of property, plant and equipment	(236,647)	(1,257,994)
Purchase of intangible assets	(130,501)	(132,635)
Purchase of investment securities	(347,212)	(27,777)
Proceeds from sales of investment securities	232,332	146,253
Payments of leasehold and guarantee deposits	(3,822)	(1,846)
Proceeds from refund of leasehold and guarantee deposits	60	—
Refund of guarantee deposits received	(9,004)	(79)
Guarantee deposits received	15,218	7,949
Loan advances	—	(100,000)
Other, net	13	—
Net cash provided by (used in) investing activities	(479,562)	(1,366,131)

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	40,000
Proceeds from long-term borrowings	161,700	1,412,212
Repayments of long-term borrowings	(198,042)	(137,952)
Proceeds from exercise of employee share options	26,774	26,176
Proceeds from issuance of share acquisition rights	–	3,168
Proceeds from sales of treasury shares	–	84,000
Purchase of treasury shares	(109,961)	(84,036)
Repayments of lease obligations	(1,609)	(1,816)
Dividends paid	(168,831)	(207,624)
Proceeds from share issuance to non-controlling shareholders	–	4,800
Net cash provided by (used in) financing activities	(289,969)	1,138,928
Net increase (decrease) in cash and cash equivalents	464,086	354,801
Cash and cash equivalents at beginning of period	1,900,124	2,364,210
Cash and cash equivalents at end of period	2,364,210	2,719,011