

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 13, 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: Executive Vice President Gentaro Fujita TEL 03-6380-1300  
 Scheduled date to file Quarterly Securities Report: August 13, 2021  
 Scheduled date to commence dividend payments: August 23, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 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, 2021 (from January 1, 2021 to June 30, 2021)

(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, 2021	2,624	18.5	419	22.5	415	25.5	219	3.8
Six months ended June 30, 2020	2,214	4.3	342	(10.3)	331	(10.0)	212	(12.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	18.46		18.30	
Six months ended June 30, 2020	17.90		17.68	

(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, 2021	13,005	3,002	23.0	250.64
As of December 31, 2020	13,815	2,976	21.5	249.67

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, 2020	–	7.50	–	10.00	17.50
Year ending December 31, 2021	–	8.50			
Year ending December 31, 2021 (Forecast)			–	16.00	24.50

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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,440	21.1	940	31.9	900	21.1	547	19.1	46.02

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021  
 (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, 2021	12,266,400 shares	As of December 31, 2020	12,214,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	317,110 shares	As of December 31, 2020	317,062 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, 2021	11,910,091 shares	Six months ended June 30, 2020	11,840,234 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	2,719,011	1,891,518
Accounts receivable - trade	473,272	513,995
Merchandise	1,521	1,591
Work in process	4,291	3,966
Supplies	35,771	28,157
Other	433,976	580,999
Total current assets	<u>3,667,845</u>	<u>3,020,229</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,539,194	2,544,718
Machinery and equipment, net	34,545	31,477
Land	6,279,626	6,279,626
Other, net	118,453	160,191
Total property, plant and equipment	<u>8,971,820</u>	<u>9,016,013</u>
Intangible assets	343,015	354,882
Investments and other assets	832,975	614,501
Total non-current assets	<u>10,147,811</u>	<u>9,985,397</u>
Total assets	<u>13,815,656</u>	<u>13,005,627</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	60,848	69,195
Short-term borrowings	456,737	523,812
Income taxes payable	135,707	148,895
Deposits received	1,771,533	771,023
Provision for share-based remuneration	–	48,461
Other	1,526,323	1,432,457
Total current liabilities	<u>3,951,150</u>	<u>2,993,845</u>
Non-current liabilities		
Long-term borrowings	6,661,468	6,781,836
Provision for share-based remuneration	27,371	–
Other	198,773	227,890
Total non-current liabilities	<u>6,887,613</u>	<u>7,009,726</u>
Total liabilities	<u>10,838,764</u>	<u>10,003,571</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	542,542	557,962
Capital surplus	610,378	625,799
Retained earnings	1,992,620	2,093,013
Treasury shares	(341,398)	(341,490)
Total shareholders' equity	<u>2,804,142</u>	<u>2,935,285</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166,284	59,730
Total accumulated other comprehensive income	<u>166,284</u>	<u>59,730</u>
Share acquisition rights	1,862	2,568
Non-controlling interests	4,602	4,471
Total net assets	<u>2,976,892</u>	<u>3,002,055</u>
Total liabilities and net assets	<u>13,815,656</u>	<u>13,005,627</u>

**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, 2020	Six months ended June 30, 2021
Net sales	2,214,030	2,624,379
Cost of sales	1,368,246	1,609,271
Gross profit	845,783	1,015,108
Selling, general and administrative expenses	503,698	595,950
Operating profit	342,085	419,157
Non-operating income		
Interest income	5	502
Dividend income	3,627	3,613
Subsidy income	–	8,936
Subsidy income	6,250	600
Gain on sales of investment securities	938	–
Other	2,135	4,554
Total non-operating income	12,956	18,207
Non-operating expenses		
Interest expenses	19,689	21,248
Other	4,036	198
Total non-operating expenses	23,725	21,446
Ordinary profit	331,317	415,917
Extraordinary losses		
Loss on retirement of non-current assets	–	38,050
Office relocation expenses	–	20,013
Total extraordinary losses	–	58,063
Profit before income taxes	331,317	357,854
Income taxes	119,309	138,019
Profit	212,008	219,835
Loss attributable to non-controlling interests	–	(131)
Profit attributable to owners of parent	212,008	219,966

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	212,008	219,835
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,330)	(106,554)
Total other comprehensive income	(12,330)	(106,554)
Comprehensive income	199,677	113,280
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	199,677	113,411
Comprehensive income attributable to non-controlling interests	–	(131)

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	331,317	357,854
Depreciation	84,346	140,550
Amortization of lease and guarantee deposits	1,984	79
Share-based remuneration expenses	–	650
Increase (decrease) in provision for share-based remuneration	4,211	21,089
Interest and dividend income	(3,632)	(4,116)
Subsidy income	–	(8,936)
Subsidy income	(6,250)	(600)
Interest expenses	19,689	21,248
Loss (gain) on sales of investment securities	(938)	–
Loss on retirement of non-current assets	–	38,050
Decrease (increase) in trade receivables	(23,827)	(40,723)
Decrease (increase) in inventories	9,727	7,868
Increase (decrease) in lease obligations	(4,884)	74,577
Decrease (increase) in investments in leases	4,407	(65,000)
Increase (decrease) in trade payables	(66,331)	8,346
Increase (decrease) in deposits received	(1,194,409)	(1,000,510)
Other, net	7,089	67,888
Subtotal	(837,501)	(381,682)
Interest and dividends received	3,632	4,116
Interest paid	(19,655)	(20,966)
Income taxes paid	(185,956)	(126,052)
Proceeds from subsidy income	–	10,425
Subsidies received	6,250	600
Net cash provided by (used in) operating activities	(1,033,231)	(513,560)
Cash flows from investing activities		
Purchase of property, plant and equipment	(532,073)	(382,791)
Purchase of intangible assets	(63,456)	(70,837)
Purchase of investment securities	(14,777)	–
Proceeds from sales of investment securities	146,253	–
Payments of leasehold and guarantee deposits	(929)	(742)
Proceeds from refund of leasehold and guarantee deposits	–	37,861
Refund of guarantee deposits received	–	(3,522)
Guarantee deposits received	4,968	8,327
Net cash provided by (used in) investing activities	(460,014)	(411,705)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	63,332	(40,000)
Proceeds from long-term borrowings	560,948	399,716
Repayments of long-term borrowings	(72,310)	(172,274)
Proceeds from exercise of employee share options	6,408	30,237
Proceeds from issuance of share acquisition rights	3,168	660
Proceeds from sales of treasury shares	84,000	–
Purchase of treasury shares	(84,000)	(91)
Dividends paid	(118,319)	(119,565)
Other, net	(908)	(908)
Net cash provided by (used in) financing activities	442,318	97,773
Net increase (decrease) in cash and cash equivalents	(1,050,927)	(827,492)
Cash and cash equivalents at beginning of period	2,364,210	2,719,011
Cash and cash equivalents at end of period	1,313,283	1,891,518