

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 14, 2022

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 of ordinary general meeting of shareholders: March 29, 2022
 Scheduled date to file Securities Report: March 30, 2022
 Scheduled date to commence dividend payments: March 15, 2022
 Preparation of supplementary material on financial results: Yes
 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, 2021 (from January 1, 2021 to December 31, 2021)

(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, 2021	5,526	23.0	1,009	41.6	989	33.0	662	44.0
Year ended December 31, 2020	4,493	4.9	713	(4.7)	743	(7.8)	460	(16.8)

	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, 2021	55.28	54.87	16.1	6.5	18.3
Year ended December 31, 2020	38.80	38.36	16.5	5.8	15.9

(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, 2021	16,539	5,272	31.8	403.29
As of December 31, 2020	13,815	2,976	21.5	249.67

(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, 2021	1,144	(472)	1,702	5,094
Year ended December 31, 2020	582	(1,366)	1,138	2,719

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, 2020	—	7.50	—	10.00	17.50	200	45.1	7.5
Year ended December 31, 2021	—	8.50	—	16.00	24.50	310	44.3	7.5
Year ending December 31, 2022 (Forecast)	—	13.00	—	17.00	30.00		46.9	

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	6,400	15.8	1,300	28.8	1,252	26.7	835	26.1	64.00

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(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, 2021	13,270,000 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 December 31, 2021	217,136 shares	As of December 31, 2020	317,062 shares
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Average number of shares during the period

Year ended December 31, 2021	11,983,646 shares	Year ended December 31, 2020	11,855,684 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	2,719,011	5,094,462
Accounts receivable - trade	473,272	657,272
Investments in leases	26,640	91,525
Merchandise	1,521	990
Work in process	4,291	3,697
Supplies	35,771	60,527
Accounts receivable - other	269,596	504,483
Other	137,739	156,740
Total current assets	3,667,845	6,569,700
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,957,635	3,000,090
Accumulated depreciation	(418,440)	(509,216)
Buildings and structures, net	2,539,194	2,490,873
Machinery and equipment	35,131	35,531
Accumulated depreciation	(585)	(7,548)
Machinery and equipment, net	34,545	27,983
Land	6,279,626	6,279,626
Other	378,558	454,154
Accumulated depreciation	(260,105)	(308,269)
Other, net	118,453	145,884
Total property, plant and equipment	8,971,820	8,944,368
Intangible assets		
Software	334,918	365,765
Software in progress	7,571	502
Other	526	487
Total intangible assets	343,015	366,754
Investments and other assets		
Investment securities	601,662	435,484
Long-term loans receivable	54,545	–
Sales guarantee deposits	42,955	37,123
Leasehold and guarantee deposits	79,686	60,022
Deferred tax assets	890	72,740
Other	53,235	52,876
Total investments and other assets	832,975	658,248
Total non-current assets	10,147,811	9,969,371
Total assets	13,815,656	16,539,071

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	60,848	90,086
Short-term borrowings	40,000	–
Current portion of long-term borrowings	416,737	507,148
Lease obligations	10,190	30,503
Accounts payable - other	591,376	361,275
Income taxes payable	135,707	193,685
Advances received	254,633	311,085
Deposits received	1,771,533	2,030,460
Customer deposits received	638,202	586,675
Provision for share awards	–	114,998
Other	31,920	297,753
Total current liabilities	3,951,150	4,523,670
Non-current liabilities		
Long-term borrowings	6,661,468	6,511,590
Lease obligations	20,610	76,941
Long-term guarantee deposits	145,722	154,771
Deferred tax liabilities	32,440	–
Provision for share awards	27,371	–
Total non-current liabilities	6,887,613	6,743,302
Total liabilities	10,838,764	11,266,973
Net assets		
Shareholders' equity		
Share capital	542,542	1,556,859
Capital surplus	610,378	1,538,791
Retained earnings	1,992,620	2,419,375
Treasury shares	(341,398)	(241,381)
Total shareholders' equity	2,804,142	5,273,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166,284	(9,467)
Total accumulated other comprehensive income	166,284	(9,467)
Share acquisition rights	1,862	3,500
Non-controlling interests	4,602	4,419
Total net assets	2,976,892	5,272,098
Total liabilities and net assets	13,815,656	16,539,071

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	4,493,019	5,526,489
Cost of sales	2,783,085	3,291,606
Gross profit	1,709,933	2,234,882
Selling, general and administrative expenses	996,711	1,225,197
Operating profit	713,222	1,009,685
Non-operating income		
Interest income	460	673
Dividend income	6,374	6,704
Gain on sale of investment securities	938	–
Subsidy income	7,926	600
Subsidy income	24,335	9,836
Gain on unused point	26,213	538
consumption tax difference income	2,450	3,935
Other	5,548	12,603
Total non-operating income	74,246	34,894
Non-operating expenses		
Interest expenses	39,308	41,545
Share issuance costs	–	12,886
Other	4,610	1,064
Total non-operating expenses	43,919	55,496
Ordinary profit	743,550	989,083
Extraordinary income		
Gain on reversal of share acquisition rights	3,168	–
Total extraordinary income	3,168	–
Extraordinary losses		
Loss on retirement of non-current assets	18,188	38,341
Office relocation expenses	24,321	26,994
Total extraordinary losses	42,509	65,335
Profit before income taxes	704,209	923,747
Income taxes - current	249,718	288,097
Income taxes - deferred	(5,408)	(26,725)
Total income taxes	244,310	261,372
Profit	459,898	662,375
Loss attributable to non-controlling interests	(197)	(183)
Profit attributable to owners of parent	460,095	662,558

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	459,898	662,375
Other comprehensive income		
Valuation difference on available-for-sale securities	99,961	(175,752)
Total other comprehensive income	99,961	(175,752)
Comprehensive income	559,860	486,622
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	560,057	486,806
Comprehensive income attributable to non-controlling interests	(197)	(183)

Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income
Balance at beginning of period	529,344	573,256	1,740,260	(317,437)	2,525,424	66,323	66,323
Changes during period							
Issuance of new shares	13,197	13,197			26,394		
Dividends of surplus			(207,735)		(207,735)		
Profit attributable to owners of parent			460,095		460,095		
Purchase of treasury shares				(84,036)	(84,036)		
Disposal of treasury shares		23,925		60,074	84,000		
Transfer of loss on disposal of treasury shares							
Net changes in items other than shareholders' equity						99,961	99,961
Total changes during period	13,197	37,122	252,360	(23,961)	278,718	99,961	99,961
Balance at end of period	542,542	610,378	1,992,620	(341,398)	2,804,142	166,284	166,284

(Thousands of yen)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	2,079	–	2,593,827
Changes during period			
Issuance of new shares			26,394
Dividends of surplus			(207,735)
Profit attributable to owners of parent			460,095
Purchase of treasury shares			(84,036)
Disposal of treasury shares			84,000
Transfer of loss on disposal of treasury shares			
Net changes in items other than shareholders' equity	(217)	4,602	104,347
Total changes during period	(217)	4,602	383,065
Balance at end of period	1,862	4,602	2,976,892

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income
Balance at beginning of period	542,542	610,378	1,992,620	(341,398)	2,804,142	166,284	166,284
Changes during period							
Issuance of new shares	1,014,317	1,014,317			2,028,635		
Dividends of surplus			(221,652)		(221,652)		
Profit attributable to owners of parent			662,558		662,558		
Purchase of treasury shares				(138)	(138)		
Disposal of treasury shares		(100,055)		100,155	100		
Transfer of loss on disposal of treasury shares		14,150	(14,150)				
Net changes in items other than shareholders' equity						(175,752)	(175,752)
Total changes during period	1,014,317	928,412	426,755	100,017	2,469,503	(175,752)	(175,752)
Balance at end of period	1,556,859	1,538,791	2,419,375	(241,381)	5,273,646	(9,467)	(9,467)

(Thousands of yen)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	1,862	4,602	2,976,892
Changes during period			
Issuance of new shares			2,028,635
Dividends of surplus			(221,652)
Profit attributable to owners of parent			662,558
Purchase of treasury shares			(138)
Disposal of treasury shares			100
Transfer of loss on disposal of treasury shares			
Net changes in items other than shareholders' equity	1,638	(183)	(174,297)
Total changes during period	1,638	(183)	2,295,206
Balance at end of period	3,500	4,419	5,272,098

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	704,209	923,747
Depreciation	181,659	290,717
Amortization of lease and guarantee deposits	4,121	184
Share-based payment expenses	–	1,951
Increase (decrease) in provision for share awards	27,371	87,626
Interest and dividend income	(6,834)	(7,377)
Subsidy income	(24,335)	(9,836)
Subsidy income	(7,926)	(600)
Interest expenses	39,308	41,545
Gain on reversal of share acquisition rights	(3,168)	–
Loss (gain) on sale of investment securities	(938)	–
Loss on retirement of non-current assets	18,188	38,341
Decrease (increase) in trade receivables	(64,719)	(184,000)
Decrease (increase) in inventories	(4,639)	(23,631)
Increase (decrease) in lease obligations	(8,374)	81,176
Decrease (increase) in investments in leases	7,890	(64,885)
Increase (decrease) in trade payables	(49,632)	29,237
Increase (decrease) in deposits received	140,860	258,926
Increase (decrease) in customer deposits	(70,304)	(51,527)
Other, net	18,869	(1,959)
Subtotal	901,606	1,409,636
Interest and dividends received	6,834	7,377
Interest paid	(39,122)	(41,472)
Income taxes paid	(317,377)	(242,548)
Subsidies received	22,138	11,325
Subsidies received	7,926	600
Net cash provided by (used in) operating activities	582,005	1,144,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,257,994)	(415,880)
Purchase of intangible assets	(132,635)	(144,106)
Purchase of investment securities	(14,777)	(87,140)
Proceeds from sale of investment securities	146,253	–
Payments for investments in capital of subsidiaries and associates	(13,000)	–
Payments of leasehold and guarantee deposits	(1,846)	(748)
Proceeds from refund of leasehold and guarantee deposits	–	66,678
Refund of guarantee deposits received	(79)	(4,402)
Guarantee deposits received	7,949	13,450
Loan advances	(100,000)	(100,000)
Proceeds from collection of loans receivable	–	200,000
Other, net	–	19
Net cash provided by (used in) investing activities	(1,366,131)	(472,130)

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	40,000	(40,000)
Proceeds from long-term borrowings	1,412,212	399,716
Repayments of long-term borrowings	(137,952)	(459,184)
Proceeds from exercise of employee share options	26,176	49,402
Proceeds from issuance of share acquisition rights	3,168	660
Proceeds from issuance of shares	–	1,978,260
Proceeds from sale of treasury shares	84,000	100
Purchase of treasury shares	(84,036)	(138)
Repayments of lease obligations	(1,816)	(4,532)
Dividends paid	(207,624)	(221,622)
Proceeds from share issuance to non-controlling shareholders	4,800	–
Net cash provided by (used in) financing activities	1,138,928	1,702,661
Net increase (decrease) in cash and cash equivalents	354,801	2,375,450
Cash and cash equivalents at beginning of period	2,364,210	2,719,011
Cash and cash equivalents at end of period	2,719,011	5,094,462