

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 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 to file Quarterly Securities Report: August 12, 2022
 Scheduled date to commence dividend payments: August 22, 2022
 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, 2022 (from January 1, 2022 to June 30, 2022)

(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, 2022	2,961	12.9	488	16.5	576	38.6	381	73.5
Six months ended June 30, 2021	2,624	18.5	419	22.5	415	25.5	219	3.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	14.57		14.52	
Six months ended June 30, 2021	9.23		9.15	

(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, 2022	15,030	5,391	35.8	204.88
As of December 31, 2021	16,539	5,272	31.8	201.64

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2021	–	8.50	–	16.00	24.50
Year ending December 31, 2022	–	8.50			
Year ending December 31, 2022 (Forecast)			–	8.50	17.00

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	32.00

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
 (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, 2022	26,624,000 shares	As of December 31, 2021	26,540,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	365,172 shares	As of December 31, 2021	434,272 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, 2022	26,193,166 shares	Six months ended June 30, 2021	23,820,182 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	5,094,462	3,524,597
Accounts receivable - trade	657,272	604,916
Merchandise	990	1,402
Work in process	3,697	3,603
Supplies	60,527	43,130
Other	752,750	475,912
Total current assets	6,569,700	4,653,563
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,490,873	2,476,291
Machinery and equipment, net	27,983	25,185
Land	6,279,626	6,279,626
Other, net	145,884	144,494
Total property, plant and equipment	8,944,368	8,925,596
Intangible assets	366,754	410,464
Investments and other assets	658,248	1,040,786
Total non-current assets	9,969,371	10,376,847
Total assets	16,539,071	15,030,410
Liabilities		
Current liabilities		
Accounts payable - trade	90,086	100,049
Short-term borrowings	507,148	507,148
Income taxes payable	193,685	213,472
Deposits received	2,030,460	822,112
Provision for share awards	114,998	5,682
Other	1,587,293	1,433,842
Total current liabilities	4,523,670	3,082,308
Non-current liabilities		
Long-term borrowings	6,511,590	6,258,016
Provision for share awards	–	34,866
Other	231,712	263,528
Total non-current liabilities	6,743,302	6,556,411
Total liabilities	11,266,973	9,638,719

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,556,859	1,568,752
Capital surplus	1,538,791	1,649,912
Retained earnings	2,419,375	2,591,316
Treasury shares	(241,381)	(317,695)
Total shareholders' equity	5,273,646	5,492,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(9,467)	(112,334)
Total accumulated other comprehensive income	(9,467)	(112,334)
Share acquisition rights	3,500	7,691
Non-controlling interests	4,419	4,046
Total net assets	5,272,098	5,391,690
Total liabilities and net assets	16,539,071	15,030,410

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, 2021	Six months ended June 30, 2022
Net sales	2,624,379	2,961,799
Cost of sales	1,609,271	1,774,516
Gross profit	1,015,108	1,187,282
Selling, general and administrative expenses	595,950	698,981
Operating profit	419,157	488,301
Non-operating income		
Interest income	502	11
Dividend income	3,613	57,877
Subsidy income	8,936	1,175
Gain on sale of investment securities	–	48,881
Other	5,154	8,832
Total non-operating income	18,207	116,778
Non-operating expenses		
Interest expenses	21,248	18,900
Office relocation expenses	–	7,022
Other	198	2,722
Total non-operating expenses	21,446	28,645
Ordinary profit	415,917	576,434
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	357,854	576,434
Income taxes	138,019	195,061
Profit	219,835	381,373
Loss attributable to non-controlling interests	(131)	(372)
Profit attributable to owners of parent	219,966	381,746

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	219,835	381,373
Other comprehensive income		
Valuation difference on available-for-sale securities	(106,554)	(102,866)
Total other comprehensive income	(106,554)	(102,866)
Comprehensive income	113,280	278,506
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	113,411	278,879
Comprehensive income attributable to non-controlling interests	(131)	(372)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	357,854	576,434
Depreciation	140,550	149,523
Amortization of lease and guarantee deposits	79	1,549
Share-based payment expenses	650	3,338
Increase (decrease) in provision for share awards	21,089	30,430
Interest and dividend income	(4,116)	(57,888)
Subsidy income	(8,936)	(1,175)
Subsidy income	(600)	(8,100)
Interest expenses	21,248	18,900
Loss (gain) on sale of investment securities	–	(48,881)
Loss on retirement of non-current assets	38,050	–
Decrease (increase) in trade receivables	(40,723)	52,355
Decrease (increase) in inventories	7,868	17,079
Increase (decrease) in lease obligations	74,577	30,352
Decrease (increase) in investments in leases	(65,000)	(26,337)
Increase (decrease) in trade payables	8,346	9,963
Increase (decrease) in deposits received	(1,000,510)	(1,208,347)
Other, net	67,888	151,592
Subtotal	(381,682)	(309,210)
Interest and dividends received	4,116	57,888
Interest paid	(20,966)	(18,937)
Income taxes paid	(126,052)	(172,718)
Subsidies received	10,425	1,175
Subsidies received	600	8,100
Net cash provided by (used in) operating activities	(513,560)	(433,701)
Cash flows from investing activities		
Purchase of property, plant and equipment	(382,791)	(67,345)
Purchase of intangible assets	(70,837)	(108,188)
Purchase of investment securities	–	(1,006,434)
Proceeds from sale of investment securities	–	572,360
Payments of leasehold and guarantee deposits	(742)	(15,555)
Proceeds from refund of leasehold and guarantee deposits	37,861	–
Refund of guarantee deposits received	(3,522)	–
Guarantee deposits received	8,327	12,218
Net cash provided by (used in) investing activities	(411,705)	(612,945)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(40,000)	–
Proceeds from long-term borrowings	399,716	–
Repayments of long-term borrowings	(172,274)	(253,574)
Proceeds from exercise of employee share options	30,237	23,360
Proceeds from issuance of share acquisition rights	660	1,278
Proceeds from sale of treasury shares	–	176,209
Purchase of treasury shares	(91)	(258,173)
Dividends paid	(119,565)	(209,649)
Other, net	(908)	(2,667)
Net cash provided by (used in) financing activities	97,773	(523,217)
Net increase (decrease) in cash and cash equivalents	(827,492)	(1,569,865)
Cash and cash equivalents at beginning of period	2,719,011	5,094,462
Cash and cash equivalents at end of period	1,891,518	3,524,597