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Consolidated Financial Results for the Nine Months Ended May 31, 2020
[Japanese GAAP]

July 15, 2020

Company name: Valuence Holdings Inc. Stock exchange listing: Tokyo Stock Exchange
Securities code: 9270 URL: https://www.valuence.inc/
Representative: Shinsuke Sakimoto, Representative Director and President
Contact: Shinichiro Sato, General Manager, Business Administration Division Phone: +81-3-4580-9983
Scheduled date for filing quarterly securities report: July 15, 2020 Scheduled date for commencing dividend payments: —
Preparation of supplementary quarterly financial results briefing materials: Yes
Holding of quarterly financial results briefing: No

(Amounts of less than one million yen are truncated.)

1. Consolidated financial results for the nine months ended May 31, 2020 (September 1, 2019 to May 31, 2020)

(1) Consolidated operating results (cumulative) (% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 31, 2020	25,242	(8.3)	(315)	—	(368)	—	(585)	—
Nine months ended May 31, 2019	27,538	19.3	1,537	5.4	1,537	10.1	1,015	6.0

(Note) Comprehensive income: Nine months ended May 31, 2020: (581) million yen [—%]
Nine months ended May 31, 2019: 1,012 million yen [5.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2020	(45.25)	—
Nine months ended May 31, 2019	83.93	76.94

(Notes) 1. The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2019. Figures for basic earnings per share and diluted earnings per share are calculated as if the stock splits had occurred at the beginning of the fiscal year ended August 31, 2019.
2. The figure of diluted earnings per share for the nine months ended May 31, 2020, is not presented as the Company recorded a basic loss per share, despite the fact that there were dilutive shares during the period.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2020	16,841	5,832	34.6
As of August 31, 2019	14,111	6,695	47.4

(Reference) Equity: As of May 31, 2020: 5,832 million yen
As of August 31, 2019: 6,695 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2019	—	0.00	—	70.00	70.00
Fiscal year ending August 31, 2020	—	0.00	—		
Fiscal year ending August 31, 2020 (Forecast)				—	—

(Notes) 1. Revision to the dividend forecast announced most recently: None
2. The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2019. Dividends for the fiscal year ended August 31, 2019 are presented as the actual amounts of dividends paid prior to the stock split.
3. The year-end dividend for the fiscal year ending August 31, 2020 is undecided at this time.

3. Consolidated financial results forecast for the fiscal year ending August 31, 2020 (September 1, 2019 to August 31, 2020)

(% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	—	—	—	—	—	—	—	—	—

(Note) 1. Revision to the financial results forecast announced most recently: None

2. At present, as it is difficult to calculate the financial results forecast, it remains undecided. The consolidated financial results forecast for the fiscal year ending August 31, 2020 will be disclosed as soon as reasonable calculations become possible.

* Notes

(1) Changes in significant subsidiaries during the current period: None

(2) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

1) Changes in accounting policies due to application of new or revised accounting standards: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatements: None

(4) Number of shares of common stock issued

1) Number of shares issued at the end of the period (including treasury stock)	As of May 31, 2020	13,148,450 shares	As of August 31, 2019	12,747,860 shares
2) Number of shares of treasury stock at the end of the period	As of May 31, 2020	40,430 shares	As of August 31, 2019	21,612 shares
3) Average number of shares of common stock during the period (cumulative)	Nine months ended May 31, 2020	12,947,354 shares	Nine months ended May 31, 2019	12,104,985 shares

(Note) The Company conducted a 2-for-1 stock split of its common stock effective September 1, 2019. Figures for the number of shares of common stock issued are calculated as if the stock splits had occurred at the beginning of the fiscal year ended August 31, 2019.

* These quarterly financial results are not subject to quarterly review procedures to be performed by certified public accountants or an audit firm.

* Explanation on appropriate use of financial results forecasts and other matters of note

Financial results forecasts and other forward-looking statements provided in these materials are based on information available to the Company and certain other assumptions deemed reasonable as of the date of publication of this document, and do not represent any guarantee that the Company will achieve these results. Actual financial results and other aspects of business performance may differ significantly from these forecasts owing to various factors. Please refer to “1. (3) Explanation of consolidated financial results forecast and other forward-looking information” on page 3 of the Japanese version of the attached materials for conditions forming the basis for financial results forecasts, notes regarding the use of financial results forecasts, and other information.

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Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of August 31, 2019)	Nine months under review (As of May 31, 2020)
Assets		
Current assets		
Cash and deposits	4,103,508	5,847,781
Accounts receivable – trade	346,011	106,538
Merchandise	4,863,395	6,037,697
Other	766,581	951,752
Allowance for doubtful accounts	(205,240)	(134,247)
Total current assets	9,874,255	12,809,522
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,617,327	1,680,977
Other, net	310,866	296,384
Total property, plant and equipment	1,928,194	1,977,362
Intangible assets		
Goodwill	367,101	256,348
Other	220,113	274,264
Total intangible assets	587,214	530,613
Investments and other assets		
Guarantee deposits	1,084,640	1,080,099
Other	640,157	444,180
Allowance for doubtful accounts	(2,667)	(535)
Total investments and other assets	1,722,131	1,523,744
Total non-current assets	4,237,540	4,031,720
Total assets	14,111,795	16,841,242

(Thousand yen)

	Previous fiscal year (As of August 31, 2019)	Nine months under review (As of May 31, 2020)
Liabilities		
Current liabilities		
Accounts payable – trade	19,205	34,933
Short-term loans payable	4,440,000	8,937,092
Current portion of bonds	160,000	—
Current portion of long-term loans payable	254,088	239,088
Income taxes payable	607,496	45,240
Provision for bonuses	191,575	296,970
Asset retirement obligations	14,577	980
Other	552,468	420,783
Total current liabilities	6,239,411	9,975,088
Non-current liabilities		
Long-term loans payable	572,518	393,202
Provision for directors' retirement benefits	63,746	63,975
Asset retirement obligations	537,965	576,120
Other	2,703	—
Total non-current liabilities	1,176,933	1,033,297
Total liabilities	7,416,344	11,008,385
Net assets		
Shareholders' equity		
Capital stock	1,027,507	1,109,579
Capital surplus	1,015,284	1,097,357
Retained earnings	4,721,656	3,690,384
Treasury shares	(59,783)	(59,830)
Total shareholders' equity	6,704,665	5,837,490
Accumulated other comprehensive income		
Foreign currency translation adjustment	(9,214)	(4,633)
Total accumulated other comprehensive income	(9,214)	(4,633)
Total net assets	6,695,450	5,832,857
Total liabilities and net assets	14,111,795	16,841,242

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

For the nine months ended May 31

(Thousand yen)

	Previous nine month period (September 1, 2018 to May 31, 2019)	Nine months under review (September 1, 2019 to May 31, 2020)
Net sales	27,538,531	25,242,427
Cost of sales	20,464,197	19,198,390
Gross profit	7,074,333	6,044,036
Selling, general and administrative expenses	5,537,137	6,359,717
Operating profit (loss)	1,537,195	(315,681)
Non-operating income		
Interest income	60	59
Foreign exchange gains	30,666	—
Outsourcing service income	4,777	3,675
Rental income	2,838	6,463
Other	8,815	9,521
Total non-operating income	47,158	19,719
Non-operating expenses		
Interest expenses	23,197	26,763
Commission fee	10,205	1,220
Foreign exchange losses	—	8,526
Loss on extinguishment of share-based remuneration expenses	—	28,132
Other	13,672	7,479
Total non-operating expenses	47,076	72,122
Ordinary profit (loss)	1,537,278	(368,083)
Extraordinary losses		
Impairment loss	7,498	20,530
Total extraordinary losses	7,498	20,530
Profit (loss) before income taxes	1,529,780	(388,614)
Income taxes – current	531,668	225,762
Income taxes – deferred	(17,819)	(28,523)
Total income taxes	513,849	197,239
Profit (loss)	1,015,931	(585,853)
Profit (loss) attributable to owners of parent	1,015,931	(585,853)

Quarterly consolidated statements of comprehensive income
For the nine months ended May 31

(Thousand yen)

	Previous nine month period (September 1, 2018 to May 31, 2019)	Nine months under review (September 1, 2019 to May 31, 2020)
Profit (loss)	1,015,931	(585,853)
Other comprehensive income		
Foreign currency translation adjustment	(3,724)	4,580
Total other comprehensive income	(3,724)	4,580
Comprehensive income	1,012,207	(581,272)
Comprehensive income attributable to:		
Owners of parent	1,012,207	(581,272)