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October 15, 2024

Non-consolidated Financial Results for the Six Months Ended August 31, 2024 (Under Japanese GAAP)

Company name: VALUE CREATION Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 9238
URL: http:/value-creation.jp
Representative: Akito Shinya, CEO
Inquiries: Koichi Wada, Executive Officer
Telephone: +81-3-5468-6877

Scheduled date to file semi-annual securities report: October 15, 2024
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	1,782	21.4	56	(54.2)	51	(56.2)	29	(61.7)
August 31, 2023	1,468	-	122	-	118	-	76	-

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2024	12.76	11.50
August 31, 2023	38.31	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2024	3,827	524	13.7
February 29, 2024	3,628	509	14.0

Reference: Equity
As of August 31, 2024 : ¥ 524 million
As of February 29, 2024: ¥ 509 million

Note: 1. As the Company did not prepare interim financial statements for the first half of the fiscal year ending February 28, 2023, the percentage change from the previous first half is not shown for the first half of the fiscal year ending February 29, 2024.

2. Diluted net income per share for the interim period of the fiscal year ending February 29, 2024 is not shown in the above table, because although there are residual shares, the Company's shares are unlisted and the average share price during the period cannot be determined.

3. The Company conducted a 20-for-1 common stock split on August 25, 2023 and a 2-for-1 common stock split on March 16, 2024. Net income per share and diluted net income per share are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	-	0.00	-	12.00	12.00
Fiscal year ending February 28, 2025	-	0.00			
Fiscal year ending February 28, 2025 (Forecast)				6.50	6.50

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of non-consolidated financial results for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2025	3,238	9.8	179	3.9	181	8.8	119	4.3	51.84

Note: Revisions to the earnings forecasts most recently announced: None

On March 16, 2024, the Company conducted a 2-for-1 stock split of its common stock. Net income per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year.

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of August 31, 2024	2,300,800 shares
As of February 29, 2024	2,300,800 shares

(ii) Number of treasury shares at the end of the period

As of August 31, 2024	74 shares
As of February 29, 2024	74 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2024	2,300,726 shares
Six months ended August 31, 2023	2,000,000 shares

Note: The Company conducted a 20-for-1 common stock split on August 25, 2023 and a 2-for-1 common stock split on March 16, 2024. “Total number of issued shares at the end of the period,” “number of treasury shares at the end of the period,” and “average number of shares outstanding during the period” are calculated on the assumption that the said share split was conducted at the beginning of the previous fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. Please refer to "1. Operating Results (3) Explanation of Forward-Looking Statements" on page 3 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

Semi-annual balance sheet

(Thousands of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	1,212,314	831,930
Accounts receivable - trade	2,237,769	2,725,147
Advance payments to suppliers	23,329	19,124
Prepaid expenses	10,743	11,270
Other	22,724	101
Allowance for doubtful accounts	(1,537)	(1,384)
Total current assets	3,505,343	3,586,189
Non-current assets		
Property, plant and equipment	8,708	94,156
Intangible assets	27,272	24,545
Investments and other assets	87,062	122,529
Total non-current assets	123,044	241,231
Total assets	3,628,388	3,827,420
Liabilities		
Current liabilities		
Accounts payable - trade	1,761,981	1,834,852
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	243,216	248,416
Accounts payable - other	471,504	546,494
Accrued expenses	56,640	107,902
Income taxes payable	48,708	27,515
Contract liabilities	13,098	14,176
Deposits received	10,615	17,809
Other	33,593	22,593
Total current liabilities	2,739,357	2,919,759
Non-current liabilities		
Long-term borrowings	379,783	382,865
Total non-current liabilities	379,783	382,865
Total liabilities	3,119,140	3,302,624
Net assets		
Shareholders' equity		
Share capital	157,839	157,839
Capital surplus	123,839	123,839
Retained earnings	227,651	243,200
Treasury shares	(82)	(82)
Total shareholders' equity	509,247	524,796
Total net assets	509,247	524,796
Total liabilities and net assets	3,628,388	3,827,420

Semi-annual statement of income

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Net sales	1,468,186	1,782,195
Cost of sales	962,756	1,225,823
Gross profit	505,429	556,372
Selling, general and administrative expenses	382,676	500,198
Operating profit	122,753	56,173
Non-operating income		
Refund	2,477	396
Other	29	236
Total non-operating income	2,507	632
Non-operating expenses		
Interest expenses	5,187	4,991
Listing expenses	2,000	-
Other	12	50
Total non-operating expenses	7,199	5,042
Ordinary profit	118,061	51,764
Profit before income taxes	118,061	51,764
Income taxes - current	42,974	23,580
Income taxes - deferred	(1,527)	(1,169)
Total income taxes	41,446	22,410
Profit	76,614	29,353

Semi-annual statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	118,061	51,764
Depreciation	2,439	10,064
Interest income	(2)	(39)
Interest expenses	5,187	4,991
Decrease (increase) in trade receivables	298,939	(487,377)
Increase (decrease) in trade payables	(155,908)	147,358
Increase (decrease) in accrued expenses	3,200	50,952
Other, net	7,533	16,918
Subtotal	279,450	(205,368)
Interest received	2	39
Interest paid	(5,187)	(4,682)
Income taxes paid	(27,807)	(41,093)
Net cash provided by (used in) operating activities	246,458	(251,104)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,757)	(92,784)
Payments for investments in capital	-	(50,000)
Proceeds from refund of leasehold deposits	-	18,924
Other, net	-	103
Net cash provided by (used in) investing activities	(1,757)	(123,756)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20,838)	-
Proceeds from long-term borrowings	250,000	130,000
Repayments of long-term borrowings	(193,736)	(121,718)
Dividends paid	-	(13,804)
Net cash provided by (used in) financing activities	35,426	(5,522)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	280,126	(380,383)
Cash and cash equivalents at beginning of period	833,150	1,212,314
Cash and cash equivalents at end of period	1,113,277	831,930