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# Consolidated Financial Results for the Three Months Ended November 30, 2024 [Japanese GAAP]

January 10, 2025

Company name: Valuence Holdings Inc.
Stock exchange listing: Tokyo Stock Exchange
Securities code: 9270
URL: https://www.valuence.inc/
Representative: (Title) Representative Director (Name) Shinsuke Sakimoto
Contact: (Title) Director and CFO (Name) Shinichiro Sato (TEL) +81-3-4580-9983

Scheduled date for commencing dividend payments: —
Preparation of supplementary financial results briefing materials: Yes
Holding of financial results briefing: Yes

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

## 1. Consolidated financial results for the three months ended November 30, 2024 (September 1, 2024 to November 30, 2024)

### (1) Consolidated operating results

(% 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 | % |
| Three months ended November 30, 2024 | 18,823 | (4.4) | (80) | — | (170) | — | (260) | — |
| Three months ended November 30, 2023 | 19,689 | 14.1 | (436) | — | (474) | — | (404) | — |

Note: Comprehensive income: Three months ended November 30, 2024 (222) million yen [—%] Three months ended November 30, 2023 (391) million yen [—%]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| Three months ended November 30, 2024 | (20.04) | — |
| Three months ended November 30, 2023 | (31.27) | — |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity capital ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| As of November 30, 2024 | 29,398 | 6,631 | 21.5 |
| As of August 31, 2024 | 26,648 | 6,855 | 24.5 |

(Reference only) Equity: As of November 30, 2024 6,308 million yen As of August 31, 2024 6,530 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 in August 2024 | — | 0.00 | — | 0.00 | 0.00 |
| Fiscal year ending in August 2025 | — | | | | |
| Fiscal year ending in August 2025 (forecast) | | 0.00 | — | 5.00 | 5.00 |

Note: Revision to the dividend forecast announced most recently: None

## 3. Consolidated financial results forecast for the fiscal year ending in August 2025 (September 1, 2024 to August 31, 2025)

(% 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 | 84,000 | 3.1 | 600 | — | 430 | — | 50 | — | 3.84 |

Note: Revision to the financial results forecast announced most recently: None

* Notes

(1) Significant changes in the scope of consolidation during the 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: Yes
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 shares) | As of November 30, 2024 | 13,533,950 shares | As of August 31, 2024 | 13,532,950 shares |
| 2) Number of shares of treasury shares at the end of the period | As of November 30, 2024 | 520,079 shares | As of August 31, 2024 | 508,879 shares |
| 3) Average number of shares of common stock during the period | Three months ended November 30, 2024 | 13,014,212 shares | Three months ended November 30, 2023 | 12,927,446 shares |

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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. Qualitative information on quarterly financial results (3) Explanation of consolidated financial results forecast and other forward-looking information” on page 5 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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# 1. Qualitative information on quarterly financial results

## (1) Explanation of business results

The reuse industry in which the Company Group operates is expected to continue to grow. The size of the reuse market increased by 7.8% year on year to 3,122.7 billion yen in 2023 and is expected to reach 4 trillion yen in 2030 (source: “2024 Estimate of the Reuse Industry’s Market Size (2023 Edition)” published by The Japan Journal of Remodeling (September 2024)).

As a company whose core business is “reuse,” one of the key initiatives in creating a circular society, the Company Group aims to contribute to a sustainable society through its business activities with “Circular Design for the Earth and Us” set as its purpose. Furthermore, the Company Group aims to become a “Circular Design Company” by 2030, creating new revenue opportunities by offering a variety of options to its customers and partners and promoting the circulation of not only the goods owned by the Company Group but also those owned by its customers and partners.

In the mid-term management plan “To the Next Stage: For 2030 Revival Vision” covering the 3-year period through the fiscal year ending in August 2027, the Company Group is striving to expand its business with the basic policy of carrying out structural reforms to improve profitability and carefully selecting investments that will contribute to expanding the retail business and overseas purchasing, which have been designated as priority areas.

As a result of the business activities based on the above plan, the Company Group’s consolidated financial results for the three months under review were as follows.

(Unit: million yen)

| | Previous three-month period (from September 1, 2023 to November 30, 2023) | Three months under review (from September 1, 2024 to November 30, 2024) | Year-on-year change | |
|---|---|---|---|---|
| | | | Amount | Percentage |
| Net sales | 19,689 | 18,823 | (865) | (4.4% ) |
| (Operating loss) | (436) | (80) | 356 | – |
| (Ordinary loss) | (474) | (170) | 303 | – |
| (Loss attributable to owners of parent) | (404) | (260) | 143 | – |

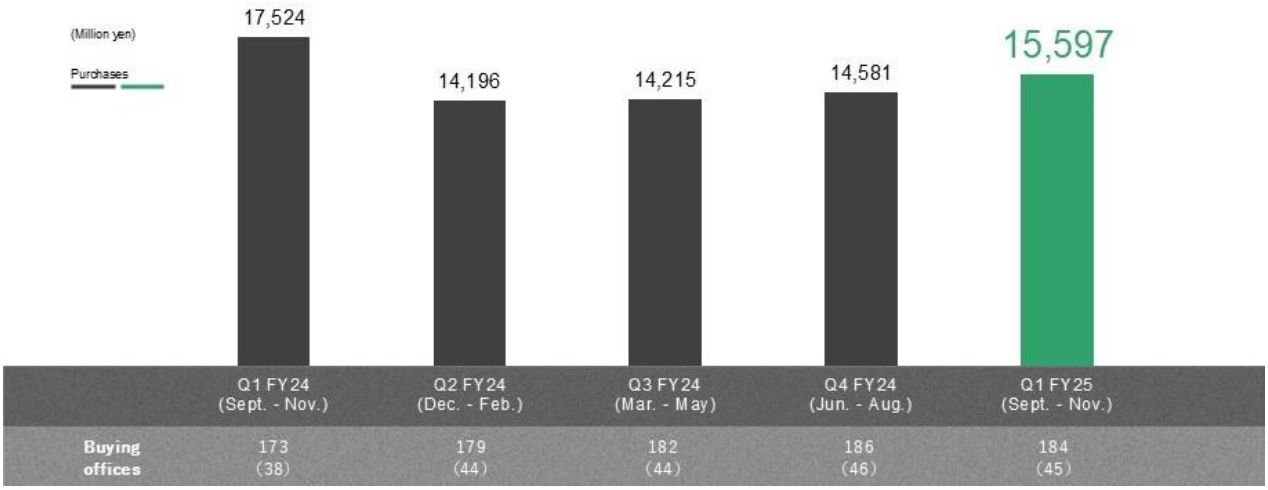
Specific initiatives in the three months under review were as follows.

With regard to purchases, the Company Group continued purchases prioritizing the gross profit margin and also focused on strengthening purchases through alliances with companies such as department stores and financial institutions. The overseas business implemented the scrap-and-build approach and strived to expand purchasing in Asia and the Middle East, while also continuing to strengthen web marketing. As a result of these initiatives, purchases during the three months under review totaled 15,597 million yen (down 1,926 million yen, or 11.0%, from the previous corresponding period).

In addition, the total number of buying offices as of the end of the three months under review amounted to 139 domestic offices and 45 overseas offices.

Quarterly trends in purchases and the number of buying offices are as follows.

**Purchases and Buying Offices**




* No. of buying offices includes overseas buying offices. Nos. in parentheses indicate overseas buying offices.

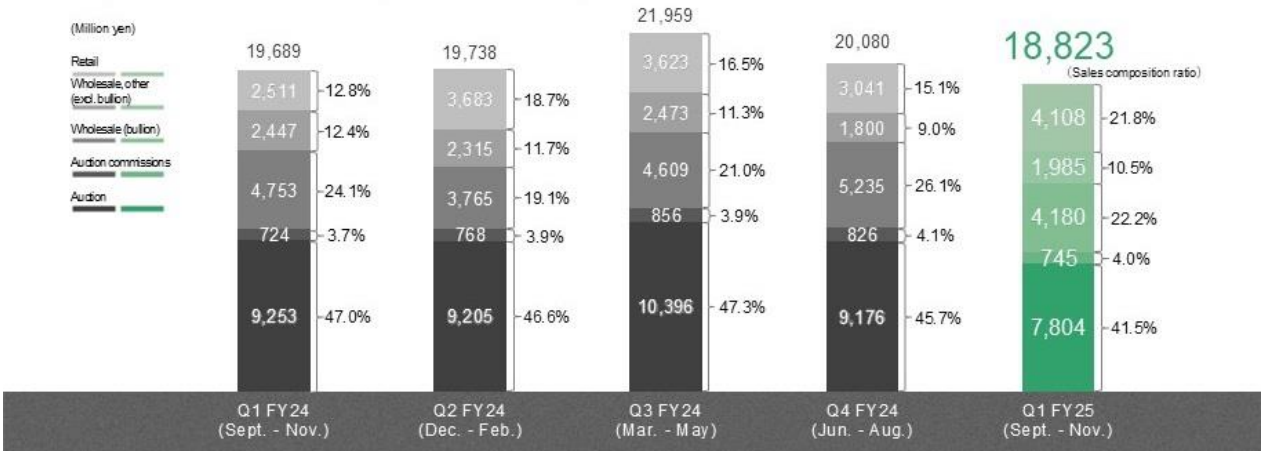
Purchases reported in "1. Qualitative information on quarterly financial results (1) Explanation of business results" do not include purchases of automobiles.

With respect to selling operations, net sales for the three months under review amounted to 18,823 million yen (down 865 million yen, or 4.4%, from the previous corresponding period), as there was a shortage of inventory at the beginning of the period due to purchase control resulting from market influence in August 2024 and other factors, and inventory was being built up in preparation for the opening of retail store ALLU SHINJUKU in October 2024.

As for the auction, the Company Group reduced the volume of items listed on the STAR BUYERS AUCTION ("SBA") in response to the inventory shortage at the beginning of the period and as part of efforts to aggressively allocate products to retail. In addition, strong sales resulted from seamless listing, which allows products to be listed on retail e-commerce sites by taking advantage of the lead time for the SBA listing. As a result, net sales from the auction totaled 7,804 million yen (down 1,448 million yen, or 15.7%, from the previous corresponding period) during the three months under review.
In terms of retail, in addition to firm e-commerce sales owing to seamless listing, the opening of ALLU SHINSAIBASHI ANNEX (opened in December 2023) and ALLU SHINJUKU (opened in October 2024) contributed to increased net sales.
As a result, retail net sales amounted to 4,108 million yen (up 1,597 million yen, or 63.6%, from the previous corresponding period) during the three months under review.
Furthermore, net sales from wholesale (bullion) were 4,180 million yen (down 572 million yen, or 12.0%, from the previous corresponding period) during the three months under review, due to the relatively stable bullion market compared to the previous three-month period.

Quarterly net sales by channel are as follows.

**Net Sales by Channel**

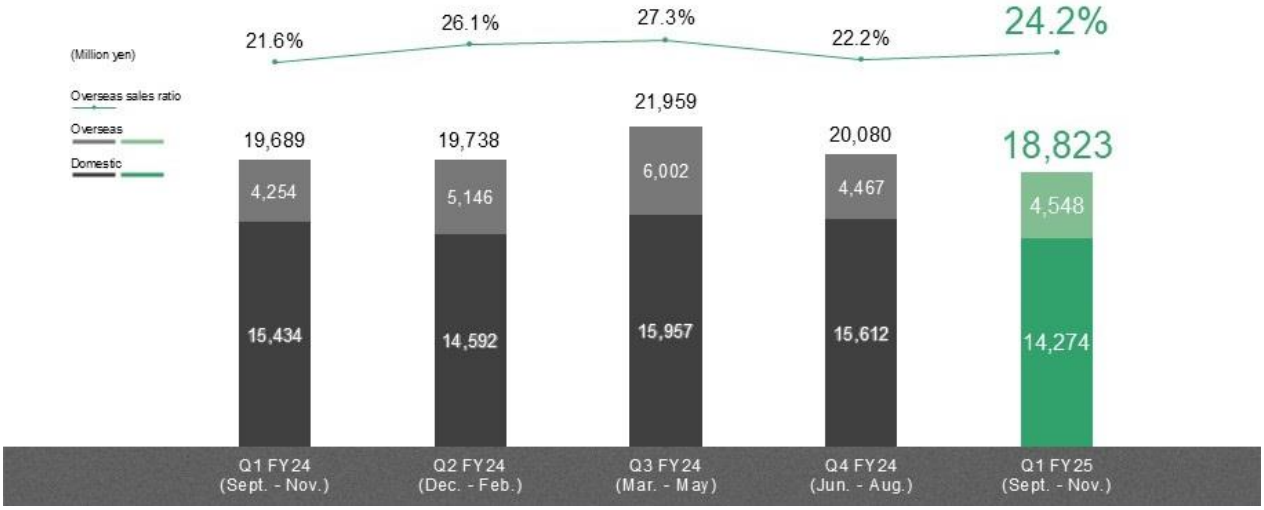



*1 Sales for the automobile business are included in wholesale, other (excl. bullion).
*2 From the first quarter of the current fiscal year, ALLU AUCTION net sales have been reclassified from retail to the auction and auction commissions. The same reclassification have been implemented for results for the fiscal year ended in August 2024.

In the first quarter of the current fiscal year, the ratio of overseas sales to total net sales was 24.2% (up 2.6 percentage points from the previous corresponding period), mainly due to growth in sales to inbound customers resulting from the opening of new retail stores.

Quarterly net sales (in domestic and overseas) are as follows.

**Net Sales (Domestic, Overseas)**




* From the first quarter of the current fiscal year, net sales to inbound customers have been reclassified from domestic to overseas. The same reclassification have been implemented for results for the fiscal year ended in August 2024.

The gross profit margin for the three months under review was 25.1% (up 2.6 percentage points from the previous corresponding period). The gross profit margin has been improving largely due to the continued application of a purchase policy emphasizing the gross profit margin from the nine months ended May 31, 2024, despite the partial impact of the weak bag market.

In addition, selling, general and administrative expenses amounted to 4,808 million yen (down 53 million yen, or 1.1%, from the previous corresponding period) during the three months under review. This was at the same level as the previous corresponding period as a result of ongoing structural reforms focusing on efficiency through optimal resource allocation, despite higher personnel expenses associated with workforce expansion and an increase in rent expenses associated with the opening of ALLU SHINJUKU.
As a result of the above, operating loss amounted to 80 million yen (436 million yen operating loss in the previous corresponding period) during the three months under review.

The Company Group has only one business segment—reuse business involving brand name products, antiques, works of art, and other articles. Thus, information by segment is omitted.

(2) Explanation of financial conditions

(Assets)

As of the end of the three months under review, total current assets were 20,020 million yen, up 2,420 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 541 million yen in cash and deposits resulting from product procurement on the one hand, and an increase of 591 million yen in accounts receivable - trade, an increase of 1,759 million yen in merchandise, and an increase of 596 million yen in consumption taxes refund receivable on the other hand. Total non-current assets were 9,377 million yen, up 330 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 231 million yen in property, plant and equipment resulting from an increase in buildings and structures associated with the opening of retail stores and other factors, an increase of 32 million yen in intangible assets stemming from the recording of software and software in progress associated with system development, and an increase of 75 million yen in guarantee deposits related to the new construction of an automobile maintenance shop. As a result, total assets were 29,398 million yen, up 2,750 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Total current liabilities as of the end of the three months under review were 13,346 million yen, up 3,133 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 3,000 million yen in short-term loans payable resulting from product procurement. Total non-current liabilities were 9,421 million yen, down 159 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 123 million yen in asset retirement obligations on the one hand, and a decrease of 100 million yen in bonds payable resulting from scheduled payments and a decrease of 130 million yen in long-term loans payable on the other hand. As a result, total liabilities were 22,767 million yen, up 2,974 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets as of the end of the three months under review were 6,631 million yen, down 224 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 260 million yen in retained earnings resulting from the recording of loss attributable to owners of parent.

(3) Explanation of consolidated financial results forecast and other forward-looking information

At this time, no changes have been made to the consolidated financial results forecast for the fiscal year ending in August 2025 announced on October 11, 2024.

## 2. Quarterly consolidated financial statements and major notes

### (1) Quarterly consolidated balance sheet

(Unit: thousand yen)

| | Previous consolidated fiscal year (August 31, 2024) | Three months under review (November 30, 2024) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,916,859 | 6,375,452 |
| Accounts receivable - trade | 734,171 | 1,325,343 |
| Merchandise | 7,110,435 | 8,870,069 |
| Consumption taxes refund receivable | 1,692,149 | 2,288,589 |
| Other | 1,746,668 | 1,777,798 |
| Allowance for doubtful accounts | (599,469) | (616,368) |
| Total current assets | 17,600,815 | 20,020,885 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures (net) | 2,899,712 | 3,503,867 |
| Other (net) | 1,324,803 | 952,442 |
| Total property, plant and equipment | 4,224,516 | 4,456,309 |
| Intangible assets | | |
| Software | 1,595,588 | 1,679,957 |
| Other | 213,523 | 161,865 |
| Total intangible assets | 1,809,112 | 1,841,823 |
| Investments and other assets | | |
| Shares of subsidiaries and associates | 177,774 | 130,768 |
| Guarantee deposits | 1,941,027 | 2,016,357 |
| Other | 895,503 | 932,687 |
| Allowance for doubtful accounts | (125) | (70) |
| Total investments and other assets | 3,014,181 | 3,079,744 |
| Total non-current assets | 9,047,809 | 9,377,877 |
| Total assets | 26,648,624 | 29,398,762 |

(Unit: thousand yen)

| | Previous consolidated fiscal year (August 31, 2024) | Three months under review (November 30, 2024) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 366,983 | 500,469 |
| Short-term loans payable | 6,800,000 | 9,800,000 |
| Current portion of bonds payable | 200,000 | 200,000 |
| Current portion of long-term loans payable | 559,580 | 541,220 |
| Income taxes payable | 128,822 | 41,508 |
| Provision for bonuses | 335,220 | 487,219 |
| Asset retirement obligations | 23,897 | 25,552 |
| Other | 1,797,778 | 1,750,294 |
| Total current liabilities | 10,212,282 | 13,346,265 |
| Non-current liabilities | | |
| Bonds payable | 500,000 | 400,000 |
| Long-term loans payable | 8,013,153 | 7,882,358 |
| Asset retirement obligations | 833,455 | 956,530 |
| Other | 233,789 | 182,187 |
| Total non-current liabilities | 9,580,398 | 9,421,075 |
| Total liabilities | 19,792,680 | 22,767,340 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,295,404 | 1,295,629 |
| Capital surplus | 1,501,423 | 1,501,648 |
| Retained earnings | 4,234,439 | 3,973,514 |
| Treasury shares | (668,488) | (668,488) |
| Total shareholders' equity | 6,362,779 | 6,102,304 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 167,341 | 205,916 |
| Total accumulated other comprehensive income | 167,341 | 205,916 |
| Share acquisition rights | 325,823 | 323,201 |
| Total net assets | 6,855,943 | 6,631,422 |
| Total liabilities and net assets | 26,648,624 | 29,398,762 |

## (2) Quarterly consolidated statements of income and comprehensive income

### (Quarterly consolidated statement of income)

(For the three months ended November 30)

(Unit: thousand yen)

| | Previous three-month period (from September 1, 2023 to November 30, 2023) | Three months under review (from September 1, 2024 to November 30, 2024) |
|---|---|---|
| Net sales | 19,689,039 | 18,823,673 |
| Cost of sales | 15,262,809 | 14,094,872 |
| Gross profit | 4,426,229 | 4,728,801 |
| Selling, general and administrative expenses | 4,862,284 | 4,808,838 |
| (Operating loss) | (436,055) | (80,037) |
| Non-operating income | | |
| Interest income | 171 | 56 |
| Foreign exchange gains | 22,422 | – |
| Other | 4,270 | 3,397 |
| Total non-operating income | 26,864 | 3,453 |
| Non-operating expenses | | |
| Interest expenses | 22,411 | 38,309 |
| Foreign exchange losses | – | 7,250 |
| Share of loss of entities accounted for using equity method | 37,321 | 47,006 |
| Other | 5,177 | 1,373 |
| Total non-operating expenses | 64,910 | 93,939 |
| (Ordinary loss) | (474,100) | (170,522) |
| Extraordinary income | | |
| Gain on reversal of share acquisition rights | – | 9,688 |
| Total extraordinary income | – | 9,688 |
| Extraordinary losses | | |
| Impairment loss | 5,712 | 9,307 |
| Total extraordinary losses | 5,712 | 9,307 |
| (Loss before income taxes) | (479,813) | (170,141) |
| Income taxes - current | 75,295 | 125,909 |
| Income taxes - deferred | (150,785) | (35,125) |
| Total income taxes | (75,489) | 90,783 |
| (Loss) | (404,323) | (260,925) |
| (Loss attributable to owners of parent) | (404,323) | (260,925) |

(Quarterly consolidated statement of comprehensive income)

(For the three months ended November 30)

(Unit: thousand yen)

| | Previous three-month period (from September 1, 2023 to November 30, 2023) | Three months under review (from September 1, 2024 to November 30, 2024) |
|---|---|---|
| (Loss) | (404,323) | (260,925) |
| Other comprehensive income | | |
| Foreign currency translation adjustment | 13,224 | 38,575 |
| Total other comprehensive income | 13,224 | 38,575 |
| Comprehensive income | (391,098) | (222,349) |
| Comprehensive income attributable to: | | |
| Owners of parent | (391,098) | (222,349) |

(3) Notes on quarterly consolidated financial statements

(Significant matters that serve as the basis for preparation of quarterly consolidated financial statements)

The quarterly consolidated financial statements have been prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of the Tokyo Stock Exchange, Inc. and the Accounting Principles generally accepted in Japan regarding quarterly consolidated financial statements (Provided, however, that the omission of information set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. has been applied).

(Notes regarding going concern assumptions)

Not applicable

(Notes in the case of significant changes in the amount of shareholders' equity)

Not applicable

(Notes regarding changes in accounting policies)

The Company has adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022), Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022) and Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) from the start of the first quarter of the current fiscal year. This has no impact on the quarterly consolidated financial statements.

(Notes on Segment information, etc.)

The Company Group has only one business segment—reuse business involving brand name products, antiques, works of art, and other articles. Thus, information by segment is omitted.

(Notes regarding quarterly consolidated cash flow statement)

A quarterly consolidated cash flow statement is not prepared for the three months ended November 30, 2024. Depreciation expenses (including amortization of intangible assets other than goodwill) and goodwill amortization for the three months ended November 30, 2024 are as follows.

(Unit: thousand yen)

| | Previous three-month period (from September 1, 2023 to November 30, 2023) | Three months under review (from September 1, 2024 to November 30, 2024) |
|---|---|---|
| Depreciation expenses | 272,316 | 315,006 |
| Goodwill amortization | 18,123 | – |