



Consolidated Financial Results for the Six Months Ended February 28, 2025 [Japanese GAAP]

April 11, 2025

Company name: Valence Holdings Inc.

Securities code: 9270

Representative: (Title) Representative Director

Contact: (Title) Director and CFO

Scheduled date for filing semi-annual securities report:

April 11, 2025

Stock exchange listing: Tokyo Stock Exchange

URL: <https://www.valence.inc/>

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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 six months ended February 28, 2025 (September 1, 2024 to February 28, 2025)

(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	%
Six months ended February 28, 2025	40,831	3.6	698	—	669	—	283	—
Six months ended February 29, 2024	39,427	17.2	(1,052)	—	(1,160)	—	(897)	—

Note: Comprehensive income: Six months ended February 28, 2025 321 million yen [—%] Six months ended February 29, 2024 (870) million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2025	21.69	21.61
Six months ended February 29, 2024	(69.22)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
As of February 28, 2025	28,880	7,326	24.3
As of August 31, 2024	26,648	6,855	24.5

(Reference only) Equity: As of February 28, 2025 7,007 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	—	0.00			
Fiscal year ending in August 2025 (forecast)			—	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	84,200	3.4	1,300	—	1,150	—	400	—	30.50

Note: Revision to the financial results forecast announced most recently: Yes

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Accounting treatments adopted specially for the preparation of semi-annual 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)

2) Number of shares of treasury shares at the end of the period

3) Average number of shares of common stock during the period

As of February 28, 2025	13,744,460 shares	As of August 31, 2024	13,532,950 shares
As of February 28, 2025	590,679 shares	As of August 31, 2024	508,879 shares
Six months ended February 28, 2025	13,073,071 shares	Six months ended February 29, 2024	12,963,442 shares

* Semi-annual financial results reports are exempt from review conducted 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. Qualitative information on semi-annual financial results (3) Explanation of consolidated financial results forecast and other forward-looking information” on page 6 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 semi-annual 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 six months under review were as follows.

(Unit: million yen)

	Previous six-month period (from September 1, 2023 to February 29, 2024)	Six months under review (from September 1, 2024 to February 28, 2025)	Year-on-year change	
			Amount	Percentage
Net sales	39,427	40,831	1,403	3.6%
Operating profit (loss)	(1,052)	698	1,750	-
Ordinary profit (loss)	(1,160)	669	1,830	-
Profit (loss) attributable to owners of parent	(897)	283	1,180	-

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

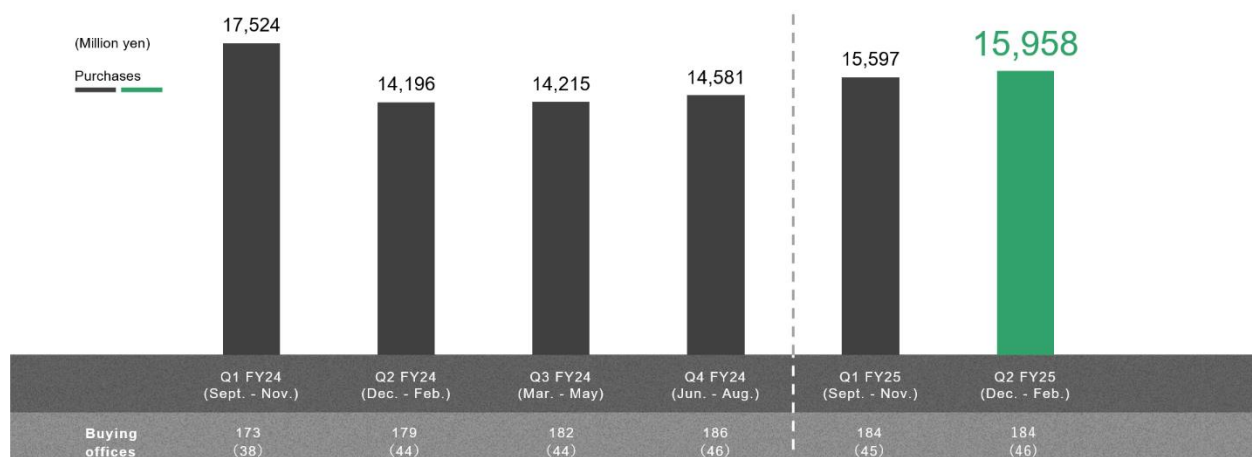
With regard to purchases, the Company Group continued purchases prioritizing the gross profit margin. Also, in addition to promoting per-office efficiency both in Japan and overseas, the Company Group focused on purchases through alliances with companies such as department stores and financial institutions. 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 six months under review totaled 31,555 million yen (down 165 million yen, or 0.5%, from the previous corresponding period).

The total number of buying offices as of the end of the six months under review amounted to 184 offices, including 138 domestic offices and 46 overseas offices.

In addition, purchases for the second quarter of the current fiscal year totaled 15,958 million yen (up 1,761 million yen, or 12.4%, from the previous corresponding period), owing to the increase in purchases at Nanboya, the favorable performance of purchases through alliances, as well as the markets for watches and bags steadily.

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.

The above figure for purchases does not include purchases of automobiles.

With respect to selling operations, net sales for the six months under review amounted to 40,831 million yen (up 1,403 million yen, or 3.6%, from the previous corresponding period), largely due to the selling of inventory at retail that had been strategically built up since the beginning of the fiscal year and strong purchases through alliances.

As for the auction, the Company Group has been reducing the volume of items listed on the STAR BUYERS AUCTION (“SBA”) since the first quarter of the current fiscal year in response to the inventory shortage at the beginning of the period and as part of efforts to aggressively allocate products to retail. As a result, net sales from the auction totaled 15,350 million yen (down 3,108 million yen, or 16.8%, from the previous corresponding period) during the six months under review. Meanwhile, the auction consignments remained strong, and GMV of winning bids on consignments at the auctions for the six months under review amounted to 9,821 million yen (up 3,546 million yen, or 56.5%, from the previous corresponding period). As a result, net sales from auction commissions amounted to 1,509 million yen (up 16 million yen, or 1.1%, from the previous corresponding period) during the six months under review.

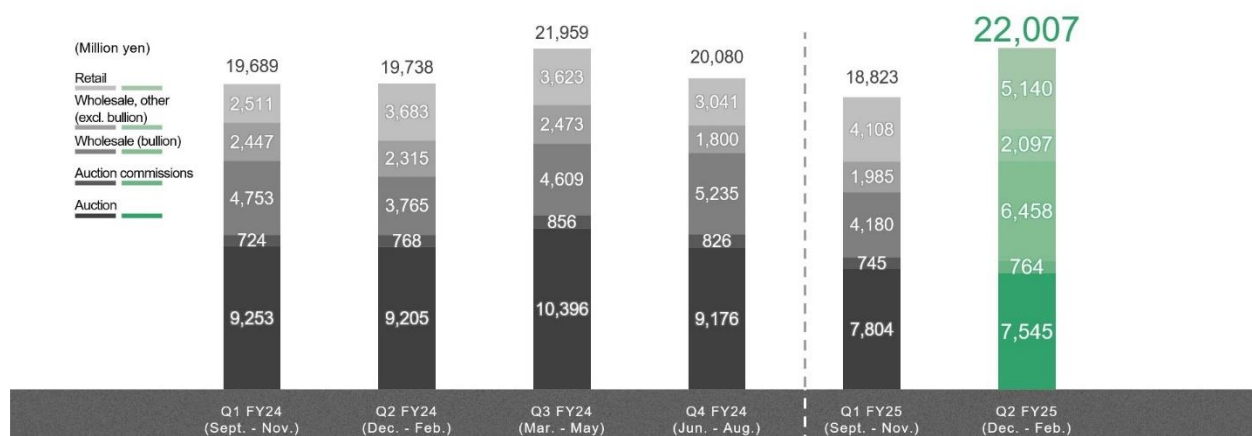
In terms of retail, five stores are now in operation with the opening of the retail store ALLU SHINJUKU in October 2024, and strong sales resulted from seamless listing, which allows products to be listed on retail e-commerce sites by taking advantage of the lead time for the SBA listing. As a result, retail net sales amounted to 9,249 million yen (up 3,054 million yen, or 49.3%, from the previous corresponding period) during the six months under review.

In addition, net sales for the second quarter of the current fiscal year amounted to 22,007 million yen (up 2,268 million yen, or 11.5%, from the previous corresponding period).

Retail net sales reached a record high of 5,140 million yen (up 1,457 million yen, or 39.6%, from the previous corresponding period) during the second quarter of the current fiscal year, as inventory that was built up for retail from the beginning of the fiscal year in preparation for the retail peak season was sold at retail stores as planned. Furthermore, net sales from wholesale (bullion) were 6,458 million yen (up 2,693 million yen, or 71.5%, from the previous corresponding period) during the second quarter of the current fiscal year, mainly due to strong purchases through alliances and a rise in the bullion market.

Quarterly net sales by channel are as follows.

Net Sales by Channel



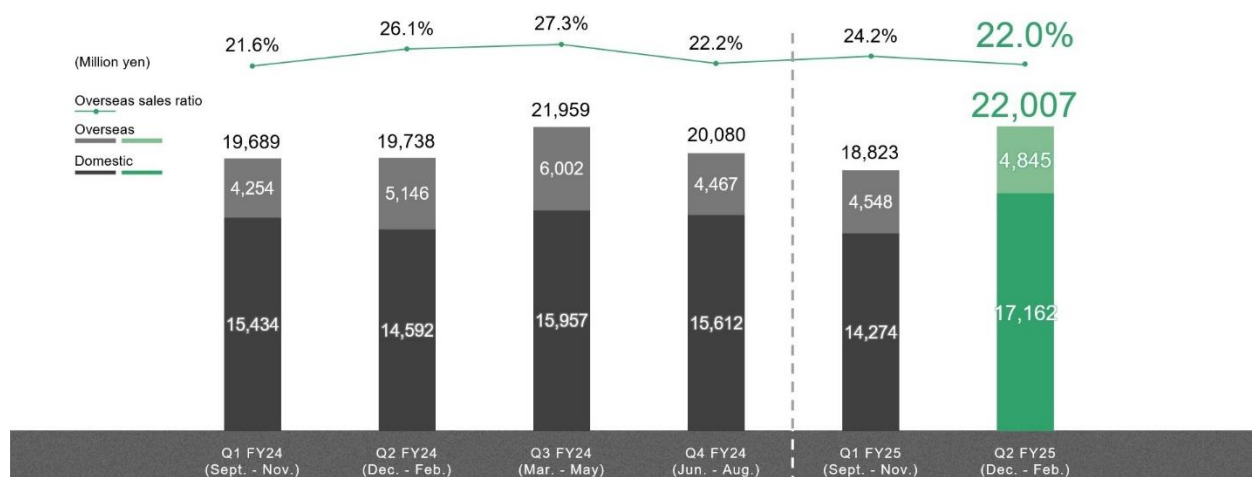
*1 Sales for the automobile business are included in wholesale, other (excl. bullion).

*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 second quarter of the current fiscal year, domestic net sales reached 17,162 million yen (up 2,569 million yen, or 17.6%, from the previous corresponding period) due to the retail peak season and higher net sales from wholesale (bullion). Meanwhile, the ratio of overseas sales to total sales was 22.0%, as a result of the adjustment of inventory volume allocated to the auctions.

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 six months under review was 25.6% (up 3.2 percentage points from the previous corresponding period). This is largely due to the continued application of a purchase policy emphasizing the gross profit margin and markets for watches and bags steadily.

In addition, selling, general and administrative expenses amounted to 9,745 million yen (down 148 million yen, or 1.5%, from the previous corresponding period) during the six months under review. This is due to continued efficiency-focused business operations with optimal resource allocation measures such as web marketing, despite higher expenses such as rent expenses and depreciation associated with the opening of ALLU

SHINJUKU, as well as an increase in sales commission fee stemming from increased sales.

As a result of the above, operating profit amounted to 698 million yen (1,052 million yen operating loss in the previous corresponding period) during the six months under review. In the second quarter of the current fiscal year, operating profit was 778 million yen (616 million yen operating loss in the previous corresponding period), owing to the continued application of a purchase policy emphasizing the gross profit margin and the implementation of structural reforms such as efficiency-focused business operations.

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

1) Status of assets, liabilities, and net assets

(Assets)

As of the end of the six months under review, total current assets were 19,476 million yen, up 1,875 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 463 million yen in cash and deposits and an increase of 1,650 million yen in merchandise. Total non-current assets were 9,404 million yen, up 356 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 151 million yen in property, plant and equipment resulting from the opening of retail stores and other factors, an increase of 64 million yen in intangible assets largely stemming from the recording of software associated with system development, and an increase of 141 million yen in investments and other assets largely resulting from the recording of guarantee deposits related to the new construction of an automobile maintenance shop. As a result, total assets were 28,880 million yen, up 2,232 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Total current liabilities as of the end of the six months under review were 12,296 million yen, up 2,084 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,900 million yen in short-term loans payable resulting from product procurement. Total non-current liabilities were 9,257 million yen, down 322 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 261 million yen in long-term loans payable resulting from scheduled payments. As a result, total liabilities were 21,554 million yen, up 1,762 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets as of the end of the six months under review were 7,326 million yen, up 470 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 77 million yen in both capital stock and capital surplus resulting from the issuance of new shares as restricted stock compensation, and an increase of 283 million yen in retained earnings resulting from the recording of profit attributable to owners of parent.

2) Status of cash flow

Cash and cash equivalents as of the end of the six months under review were 7,378 million yen, up 463 million yen from the end of the previous consolidated fiscal year.

An overview of cash flows by category in the six months under review and major underlying factors are presented below.

(Cash flow from operating activities)

Cash flow from operating activities in the six months under review was an outflow of 117 million yen (the result for the previous corresponding period was an outflow of 4,144 million yen), due mainly to fund increases, including 676 million yen in profit before income taxes, 653 million yen in depreciation expenses, and 716 million yen in decrease in consumption taxes receivable on the one hand, and fund decreases, including 394 million yen in increase in accounts receivable - trade, 1,648 million yen in increase in inventories, and 217 million yen in income taxes paid on the other hand.

(Cash flow from investment activities)

Cash flow from investment activities in the six months under review was an outflow of 843 million yen (the result for the previous corresponding period was an outflow of 1,193 million yen), due mainly to fund decreases, including 406 million yen in purchase of property, plant and equipment mainly for opening of retail stores, 333 million yen in purchase of intangible assets, and 115 million yen in payments for guarantee deposits mainly for the new construction of an automobile maintenance shop.

(Cash flow from financing activities)

Cash flow from financing activities in the six months under review was an inflow of 1,389 million yen (the result for the previous corresponding period was an inflow of 4,353 million yen), due mainly to fund decreases, including 297 million yen in repayment of long-term loans payable on the one hand, and fund increases, including 1,900 million yen in increase in short-term loans payable on the other hand.

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

The consolidated financial results forecast for the fiscal year ending in August 2025 has been revised in light of the financial results of the six months under review.

For details, please refer to “Notice of Revisions to Consolidated Financial Results Forecasts for the Fiscal Year Ending August 31, 2025” and “Q2 FY25 Financial Results” released today (April 11, 2025).

2. Semi-annual consolidated financial statements and major notes

(1) Semi-annual consolidated balance sheet

(Unit: thousand yen)

	Previous consolidated fiscal year (August 31, 2024)	Six months under review (February 28, 2025)
Assets		
Current assets		
Cash and deposits	6,916,859	7,380,011
Accounts receivable - trade	734,171	1,128,630
Merchandise	7,110,435	8,760,464
Consumption taxes refund receivable	1,692,149	965,947
Other	1,746,668	1,825,014
Allowance for doubtful accounts	(599,469)	(584,043)
Total current assets	17,600,815	19,476,025
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	2,899,712	3,417,379
Other (net)	1,324,803	958,963
Total property, plant and equipment	4,224,516	4,376,343
Intangible assets		
Software	1,595,588	1,701,886
Other	213,523	171,291
Total intangible assets	1,809,112	1,873,178
Investments and other assets		
Shares of subsidiaries and associates	177,774	242,811
Guarantee deposits	1,941,027	2,034,499
Other	895,503	878,024
Allowance for doubtful accounts	(125)	(50)
Total investments and other assets	3,014,181	3,155,286
Total non-current assets	9,047,809	9,404,808
Total assets	26,648,624	28,880,833

(Unit: thousand yen)

	Previous consolidated fiscal year (August 31, 2024)	Six months under review (February 28, 2025)
Liabilities		
Current liabilities		
Accounts payable – trade	366,983	426,055
Short-term loans payable	6,800,000	8,700,000
Current portion of bonds payable	200,000	200,000
Current portion of long-term loans payable	559,580	523,180
Income taxes payable	128,822	331,352
Provision for bonuses	335,220	394,807
Asset retirement obligations	23,897	23,780
Other	1,797,778	1,697,809
Total current liabilities	10,212,282	12,296,985
Non-current liabilities		
Bonds payable	500,000	400,000
Long-term loans payable	8,013,153	7,751,563
Asset retirement obligations	833,455	958,875
Other	233,789	147,287
Total non-current liabilities	9,580,398	9,257,726
Total liabilities	19,792,680	21,554,711
Net assets		
Shareholders' equity		
Capital stock	1,295,404	1,373,285
Capital surplus	1,501,423	1,579,303
Retained earnings	4,234,439	4,518,017
Treasury shares	(668,488)	(668,488)
Total shareholders' equity	6,362,779	6,802,118
Accumulated other comprehensive income		
Foreign currency translation adjustment	167,341	205,185
Total accumulated other comprehensive income	167,341	205,185
Share acquisition rights	325,823	318,818
Total net assets	6,855,943	7,326,121
Total liabilities and net assets	26,648,624	28,880,833

(2) Semi-annual consolidated statements of income and comprehensive income
(Semi-annual consolidated statement of income)

(Unit: thousand yen)

	Previous six-month period (from September 1, 2023 to February 29, 2024)	Six months under review (from September 1, 2024 to February 28, 2025)
Net sales	39,427,908	40,831,286
Cost of sales	30,586,591	30,387,140
Gross profit	8,841,317	10,444,146
Selling, general and administrative expenses	9,893,589	9,745,584
Operating profit (loss)	(1,052,271)	698,562
Non-operating income		
Interest income	466	2,779
Share of profit of entities accounted for using equity method	14,930	65,036
Foreign exchange gains	23,323	—
Other	6,403	8,305
Total non-operating income	45,124	76,121
Non-operating expenses		
Interest expenses	46,848	82,453
Commission fee	99,836	984
Foreign exchange losses	—	18,265
Other	6,976	3,166
Total non-operating expenses	153,661	104,869
Ordinary profit (loss)	(1,160,808)	669,814
Extraordinary income		
Gain from sales of fixed asset	1,535	—
Gain on reversal of share acquisition rights	—	16,968
Total extraordinary income	1,535	16,968
Extraordinary losses		
Impairment loss	10,409	10,110
Total extraordinary losses	10,409	10,110
Profit (loss) before income taxes	(1,169,682)	676,672
Income taxes - current	164,604	376,831
Income taxes - deferred	(436,892)	16,263
Total income taxes	(272,287)	393,094
Profit (loss)	(897,394)	283,578
Profit (loss) attributable to owners of parent	(897,394)	283,578

(Semi-annual consolidated statement of comprehensive income)

(Unit: thousand yen)

	Previous six-month period (from September 1, 2023 to February 29, 2024)	Six months under review (from September 1, 2024 to February 28, 2025)
Profit (loss)	(897,394)	283,578
Other comprehensive income		
Foreign currency translation adjustment	26,622	37,844
Total other comprehensive income	26,622	37,844
Comprehensive income	(870,772)	321,422
Comprehensive income attributable to:		
Owners of parent	(870,772)	321,422

(3) Semi-annual consolidated cash flow statement

(Unit: thousand yen)

	Previous six-month period (from September 1, 2023 to February 29, 2024)	Six months under review (from September 1, 2024 to February 28, 2025)
Cash flow from operating activities		
Profit (loss) before income taxes	(1,169,682)	676,672
Depreciation expenses	548,999	653,494
Goodwill amortization	36,246	–
Share-based payment expenses	46,480	86,095
Increase (decrease) in allowance for doubtful accounts	120,612	(15,306)
Increase (decrease) in provision for bonuses	17,565	58,805
Interest and dividend income	(466)	(2,779)
Interest expenses	46,848	82,453
Share of loss (profit) of entities accounted for using equity method	(14,930)	(65,036)
Subsidy income	(1,161)	(1,201)
Gain on reversal of share acquisition rights	–	(16,968)
Loss (gain) on sale of fixed assets	(1,535)	–
Impairment loss	10,409	10,110
Decrease (increase) in accounts receivable - trade	(222,636)	(394,459)
Decrease (increase) in inventories	(1,635,648)	(1,648,768)
Increase (decrease) in accounts payable - trade	(65,010)	59,071
Decrease/increase in consumption taxes receivable/payable	(1,020,929)	716,197
Other	(432,421)	(198,011)
Subtotal	(3,737,260)	369
Interest and dividend income received	466	2,442
Interest expenses paid	(44,871)	(85,020)
Subsidies received	1,161	1,201
Income taxes paid	(370,224)	(217,567)
Income taxes refund	5,918	181,077
Cash flow from operating activities	(4,144,810)	(117,496)
Cash flow from investment activities		
Purchase of property, plant and equipment	(320,084)	(406,687)
Purchase of intangible assets	(406,922)	(333,335)
Fulfillment of asset retirement obligations	(1,469)	(1,257)
Payments for guarantee deposits	(481,856)	(115,172)
Proceeds from collection of guarantee deposits	14,878	13,200
Other	1,810	–
Cash flow from investment activities	(1,193,645)	(843,252)

(Unit: thousand yen)

	Previous six-month period (from September 1, 2023 to February 29, 2024)	Six months under review (from September 1, 2024 to February 28, 2025)
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	(1,200,000)	1,900,000
Proceeds from long-term borrowings	6,500,000	—
Repayment of long-term loans payable	(355,808)	(297,990)
Redemption of bonds	(100,000)	(100,000)
Proceeds from issuance of shares	—	1,174
Purchase of treasury shares	(55)	—
Cash dividends paid	(387,544)	(19)
Other	(103,360)	(113,916)
Cash flow from financing activities	4,353,232	1,389,248
Effect of exchange rate change on cash and cash equivalents	19,323	34,600
Increase (decrease) in cash and cash equivalents	(965,900)	463,100
Opening balance of cash and cash equivalents	8,334,817	6,915,372
Closing balance of cash and cash equivalents	7,368,916	7,378,473

(4) Notes on semi-annual consolidated financial statements

(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 six months under review. This has no impact on the semi-annual 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.