



April 14, 2020

To whom it may concern

Company name: Valence Holdings Inc.
 Representative: Shinsuke Sakimoto, Representative Director and President
 (Securities Code: 9270 TSE Mothers)
 Contact: Taro Okamura, Head of Investor Relations
 (Phone +81-3-4580-9983)

Notice Concerning Revision of Full-Year Financial Results Forecast for Fiscal Year Ending August 31, 2020

Valence Holdings Inc. ("the Company") announced that a resolution was made at the Board of Directors meeting held today to withdraw the Company's financial results forecast for the fiscal year ending August 31, 2020 (September 1, 2019 – August 31, 2020) announced on October 15, 2019, and to leave the outlook undetermined as of now in light of recent earnings trends and the impact of COVID-19 pandemic. Details are as follows.

1. Revision of consolidated financial results forecast for the fiscal year ending August 31, 2020 (September 1, 2019– August 31, 2020)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 43,700	Million yen 2,650	Million yen 2,600	Million yen 1,650	Yen 129.65
Revised forecast (B)	Undetermined	Undetermined	Undetermined	Undetermined	Undetermined
Difference (B – A)	—	—	—	—	—
Change (%)	—	—	—	—	—
Reference: Consolidated financial results for the fiscal year ended August 31, 2019	37,799	2,240	2,262	1,458	119.67

2. Reasons for revision

In the first half of the current fiscal year, the Company's purchases and net sales were adversely affected across the board by the consumption tax hike and the impact of multiple large typhoons in Japan, although an increase in gold purchases and sales following the rise in gold prices contributed to earnings. In the first quarter, the Company was able to stay on track with its forecast for full-year financial results by accelerating wholesale sales to dealers. However, in the second quarter, the Company prioritized selling inventory through optimal channels at the best timing and did not engage in sales promotions. Also, its auction in Hong Kong scheduled for February 2020 was postponed to March due to the large-scale demonstrations that took place in the area. As a result, quarterly earnings declined sharply.

Further, the Company has been hit by growing impact of the spread of COVID-19, such as reduced customer traffic and purchasing volume amid government orders for people to stay home. Recent developments also included the second postponement of the Hong Kong auction (once postponed to March) to the fourth quarter of the current fiscal year or later, and the cancellation of March and April auctions of THE EIGHT AUCTION (antiques and art) with uncertain prospects for the May auction as well. The Company has ramped up its efforts in response to the current challenging environment. For instance, it accelerated the rollout of online platform for auctioning luxury brand items in Japan, and took the whole process including preliminary inspections fully online for listings of all auction categories from April onward. However, developments going forward may result in further declines in purchasing and weak auction sales stemming from the slump in retail markets, including inbound demand. Given the difficulty of making an accurate estimate of the impact of recent events, the Company decided to withdraw its full-year financial results forecast announced on October 15, 2019. The Company shall disclose its forecast without delay once it is possible to make a reasonable estimate.