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November 25, 2021

To Whom It May Concern

Company name: Valuence Holdings Inc.  
 Representative: Shinsuke Sakimoto,  
 Representative Director  
 (Securities Code: 9270 TSE Mothers)  
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### **Announcement Concerning Disposal of Treasury Shares as Restricted Stock Compensation**

Valuence Holdings Inc. (the “Company”) announces that at a Board of Directors meeting held today, a resolution was made on the disposal of treasury shares as restricted stock compensation (the “Treasury Share Disposal”) as follows.

#### 1. Details of disposal

(1)	Disposal deadline	December 24, 2021
(2)	Type and number of shares to disposed	43,800 shares of common stock
(3)	Disposal price	2,799 yen per share
(4)	Total disposal amount	122,596,200 yen
(5)	Persons to receive disposal	<p>Directors of the Company (excluding Directors who are Audit &amp; Supervisory Committee Members and Outside Directors):</p> <p style="text-align: right;">3 persons                      24,500 shares</p> <p>Management employees of the Company:</p> <p style="text-align: right;">11 persons                      6,200 shares</p> <p>Directors of subsidiaries of the Company:</p> <p style="text-align: right;">5 persons                      3,900 shares</p> <p>Management employees of subsidiaries of the Company:</p> <p style="text-align: right;">15 persons                      9,200 shares</p>
(6)	Other	This Treasury Share Disposal shall be subject to a securities registration statement becoming effective in accordance with the Financial Instruments and Exchange Act.

#### 2. Objectives and reasons for disposal

At a Board of Directors meeting held on October 15, 2018, and the 7th Ordinary General Meeting of

Shareholders held on November 22, 2018, the Company resolved to introduce a “Restricted Stock Compensation System” (the “System”). Subsequently, at the 10th Ordinary General Meeting of Shareholders held on November 25, 2021, the Company resolved to revise compensation related to the System, as part of measures to revise the compensation system for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members). This Treasury Share Disposal will be performed based on a resolution at a meeting of the Board of Directors held on the date of this notice, with the objective of further increasing the desire by Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and management employees of the Company and Directors and management employees of the Company’s subsidiaries to contribute to a higher share price and the improvement of corporate value by having them share the benefits and risks of changes in the share price with shareholders, based on the System.

At a Board of Directors meeting held today, a resolution was made to allot 43,800 shares of the Company’s common stock as restricted stock to three Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and 11 management employees of the Company and five Directors and 15 management employees of the Company’s subsidiaries (hereinafter, collectively referred to as the “Allottees”), as restricted stock compensation for the target remuneration periods listed in the table below, in return for the payment as in-kind contributions of monetary compensation claims (totaling 122,596,200 yen) paid to the Allottees. Additionally, the amounts of monetary compensation claims to be paid to each Allottee are determined after comprehensive consideration of various matters including the level of contribution to the Group by each Allottee. Furthermore, based on the System, the payment of monetary compensation claims and allotment of the Company’s common stock to be allotted to each Allottee regarding this Treasury Share Disposal will be implemented under conditions that include each Allottee concluding a Restricted Stock Allotment Agreement (the “Allotment Agreement”) with the Company as outlined below.

Additionally, the restricted stock under the System that is subject to this Treasury Share Disposal consists of two types, as shown in the table below: (1) restricted stock granted to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and management employees of the Company as well as Directors and management employees of subsidiaries of the Company, that the Company will acquire gratis as a matter of course in certain circumstances, such as business results targets set by the Board of Directors of the Company not being achieved (“Restricted Stock I”), and (2) restricted stock granted only to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) of the Company, with the transfer restriction period set as the period until the retirement of the Director (“Restricted Stock II”).

Allottees	Type of restricted stock	Target remuneration period
Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	Restricted Stock I	December 24, 2021 to December 31, 2022
Management employees of the Company		

Directors of subsidiaries of the Company		
Management employees of subsidiaries of the Company		
Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	Restricted Stock II	December 24, 2021 to the date of the Ordinary General Meeting of Shareholders to be held in November 2022

### 3. Summary of Allotment Agreement

#### (1) Transfer restriction period

During the transfer restriction periods defined below (hereinafter, the transfer restriction period for Restricted Stock I is referred to as the “Transfer Restriction Period I,” and the transfer restriction period for Restricted Stock II is referred to as the “Transfer Restriction Period II”), Allottees may not transfer, establish pledge rights, establish mortgages, gift inter vivos, bequest, or otherwise dispose of Restricted Stock I and II allotted to the relevant Allottees (the “Allotted Shares I” and “Allotted Shares II”) (the “Transfer Restrictions”).

Type of restricted stock	Transfer restriction period
Restricted Stock I	December 24, 2021 to December 31, 2022
Restricted Stock II	Until the day the Director of the Company retires

#### (2) Gratis acquisition of restricted stock

##### (Restricted Stock I)

If an Allottee forfeit a designated position (indicates the position of Director of the Company for Directors of the Company and the positions of Director, Corporate Auditor, or management employee of the Company and subsidiaries, etc., of the Company (including entities accounted for using equity method; the same shall apply hereinafter) for management employees of the Company and Directors and employees of subsidiaries of the Company; hereinafter collectively referred to as the “Positions”) before the expiration of the transfer restriction period (however, excluding expiration of term of office or other reasons deemed legitimate by the Board of Directors), all Allotted Shares held by the Allottee to which the circumstances apply will be acquired gratis as a matter of course at the time that the circumstances transpire.

If an Allottee forfeits a Position due to expiration of term of office or other reasons deemed legitimate by the Board of Directors before the expiration of the transfer restriction period, of the Allotted Shares held by the Allottee to which the circumstances apply, a portion corresponding to the proportion of the period in office of the Allottee to the transfer restriction period will be acquired gratis as a matter of course at the time that the circumstances transpire.

Also, of the Allotted Shares, if there are portions for which the transfer restrictions have not been

canceled at the same time of expiration of the transfer restriction period based on the stipulations in “3. Cancellation of transfer restrictions” below, the Company will acquire these shares gratis as a matter of course at the time immediately following the expiration of the transfer restriction period.

(Restricted Stock II)

In the event that an Allottee retires as a Director of the Company during the period from the start date of Transfer Restriction Period II until the day before the day of the first Ordinary General Meeting of Shareholders of the Company (the “Service Provision Period”) (excluding cases when the reason is deemed legitimate by the Board of Directors of the Company), the Company shall acquire gratis as a matter of course all the Allotted Shares II held by the Allottee to whom these circumstances apply.

In addition, if an Allottee retires as a Director of the Company prior to the expiration of the Service Provision Period for reasons deemed legitimate by the Board of Directors of the Company, of the Allotted Shares II held by the Allottee to which the circumstances apply, a portion corresponding to the proportion of the period in office of the Allottee to the transfer restriction period will be acquired gratis as a matter of course at the time that the circumstances transpire, ahead of the cancellation of the transfer restrictions as described in the below item 3).

(3) Cancellation of transfer restrictions

(Restricted Stock I)

Upon expiration of Transfer Restriction Period I, the Company will cancel transfer restrictions for a number of Allotted Shares I equal to the number of Allotted Shares I held by an Allottee as of that time multiplied by the transfer restriction cancellation ratio corresponding to the level of achievement against consolidated operating profit targets for the 11th fiscal year (September 1, 2021 to August 31, 2022) of the Company under the condition that the Allottee has continuously been in office in the Position during Transfer Restriction Period I. However, if the Allottee has forfeited the Position before the expiration of Transfer Restriction Period I owing to the expiration of term of office or other reasons deemed legitimate by the Board of Directors of the Company, transfer restrictions shall be cancelled on all Allotted Shares I held by the Allottee at that time.

(Restricted Stock II)

Upon expiration of Transfer Restriction Period II, the Company will cancel transfer restrictions for all Allotted Shares II held by an Allottee as of that time under the condition that the Allottee has continuously been in office in the Position during the Service Provision Period. However, if the Allottee has retired from the Position before the expiration of the Service Provision Period owing to reasons deemed legitimate by the Board of Directors of the Company, transfer restrictions shall be cancelled on all Allotted Shares II held by the Allottee at that time.

(4) Provisions concerning share management

Allottees are to complete opening an account to enter or record the Allotted Shares I and Allotted Shares II

with Nomura Securities Co., Ltd. via a method designated by the Company and store and maintain the Allotted Shares I and Allotted Shares II in the said account until cancellation of the transfer restrictions.

(5) Handling of organizational restructuring, etc.

If during Transfer Restriction Period I or Transfer Restriction Period II, approval is granted at a General Meeting of Shareholders of the Company (however, if approval from a General Meeting of Shareholders of the Company is not required for said organizational restructuring, etc., the Board of Directors) for a proposal for a merger agreement wherein the Company is the dissolving company, a share exchange agreement or share transfer plan wherein the Company becomes a wholly-owned subsidiary, or other organizational restructuring, etc. (however, only if the effective date of said organizational restructuring, etc., is before the expiration of Transfer Restriction Period I or Transfer Restriction Period II), the transfer restrictions will not be canceled on any of the Allotted Shares I, but will be cancelled on all of the Allotted Shares II. In this case, the Company will cancel transfer restrictions on all Allotted Shares II on the business day immediately preceding the effective date of said organizational restructuring, etc.

4. Calculation based and specific content of paid-in amount

To ensure that arbitrary factors are excluded, the disposal price of the Treasury Share Disposal has been set at 2,799 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding (November 24, 2021) the resolution of the Board of Directors of the Company. This is the market price on the day immediately preceding the resolution of the Board of Directors of the Company, and the Company believes that this is rational and cannot be considered a particularly advantageous price.

5. Matters concerning transactions with majority shareholders, etc.

(1) Appropriateness of transactions with majority shareholders, etc., and status of compliance with policies regarding measures to protect minority shareholders

Some portions of the Treasury Share Disposal have Shinsuke Sakimoto, the Company's Representative Director, as the Allottee. He is a shareholder holding 99.8% of the voting rights of SF Property Management Inc., the majority shareholder of the Company, and as he concurrently serves as Representative Director of the said Company, this classifies as a transaction with a majority shareholder, etc.

The "Guidelines on Measures to Protect Minority Shareholders during Dealings with Majority Shareholders" recorded in the Corporate Governance Report disclosed by the Company on November 25, 2021, is as follows.

"When considering transactions with controlling shareholders or close family members of said shareholders, Valence Holdings Inc. may, after deliberating the details and validity of the transactions at a meeting of the board of directors, approve such transactions. Such transactions are predicated on an underlying necessity, subject to the same basic terms and conditions as normal transactions and allowed regardless of the financial amount involved. Through this process, the company strives to protect the interests of minority shareholders."

The Treasury Share Disposal was determined according to this policy.

(2) Matters concerning measures to secure fairness and measures to avoid conflicts of interest

The Treasury Share Disposal is implemented in accordance with regulations and procedures stipulated by laws, regulations, and various statutes. Additionally, concerning the method for determining the paid-in amount and other content and conditions of the disposal as well, as stated in “2. Objectives and reasons for disposal” above, the restricted stock compensation is typical in content and condition and is appropriate, has been reported to the Board of Directors after deliberation in the Nomination and Compensation Committee, and received a resolution at the meeting at the Board of Directors. Furthermore, from the perspective of avoiding conflicts of interest, Shinsuke Sakimoto, the Company’s Representative Director, as not participated in the deliberation and resolution in the Board of Directors regarding the Treasury Share Disposal.

(3) Summary of opinion from a party with no interest in the majority shareholder stating that said transaction, etc., will not cause harm interests to the minority shareholders

The validity of the content and conditions of the Treasury Share Disposal has been reported to the Company’s Board of Directors after deliberation in the Nomination and Compensation Committee and has been resolved by the Board of Directors. Additionally, Yoshihiko Takubo (Member of the Audit and Supervisory Committee; Outside Director: Independent Officer) provided the following opinion.

1 Regarding the objective of the Treasury Share Disposal

The Treasury Share Disposal will be conducted based on the System, which is the “Restricted Stock Compensation System” introduced by the Board of Directors meeting of your company held on October 15, 2018 and the 7th Ordinary General Meeting of Shareholders of your company held on November 22, 2018. In addition, at the 10th Ordinary General Meeting of Shareholders of your company held on November 25, 2021, your company resolved to revise compensation related to the System, as part of measures to revise the compensation system for Directors of your company (excluding Directors who are Audit & Supervisory Committee Members).

This Treasury Share Disposal based on the System has the objective of further increasing the desire by Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and management employees of your company and Directors and management employees of your company’s subsidiaries to contribute to a higher share price and the improvement of corporate value by having them share the benefits and risks of changes in the share price with shareholders. It can also be thought that providing stock to Allottees, including Shinsuke Sakimoto, will work to share value between Allottees and shareholders while also further increasing the desire to contribute to a higher share price and the improvement of corporate value, and therefore the Treasury Share Disposal will contribute to improving the corporate value of Your Group.

2 Regarding the validity of the content and conditions, etc., of the Treasury Share Disposal

The following are recognized regarding the validity of the content and conditions of the Treasury

#### Share Disposal.

- (1) The number of shares of common stock of your company subject to disposal is a total of 43,800 shares (of which, the number planned to be allotted to Mr. Sakimoto is 16,500 share), and the ratio against the total number of issued shares (13,326,170 shares as of August 31, 2021) is 0.33%. The number planned to be allotted to Mr. Sakimoto is 0.12%, and the ratio of diffusion is insignificant.
- (2) The disposal price is 2,799 yen, the closing price of your company's common stock on the Tokyo Stock Exchange on the business day immediately preceding (November 19, 2020) the resolution by your company's Board of Directors. This is the market price on the day immediately preceding the resolution of the Board of Directors of your company, the price reflects that arbitrary factors were excluded from the determination process, and it can be thought that it is rational and not a particularly advantageous price;
- (3) The content of the Restricted Stock Allotment Agreement planned to be concluded with Allottees, including Mr. Sakimoto, is thought to be typical in content and conditions and appropriate in comparison with restricted stock allotment agreements typically found in restricted stock transfer systems at other companies of the same type

In consideration of the above, the content and conditions of the Treasury Share Disposal are valid.

#### 3 Regarding the fairness of the determination process of the Treasury Share Disposal

The following are recognized regarding the determination process of the Treasury Share Disposal.

- (1) As stated in 2 (3) above, the content and conditions of the Treasury Share Disposal are thought to be typical in content and conditions and appropriate as restricted stock compensation;
- (2) The Treasury Share Disposal is planned to be implemented based on laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, statutes stipulated by the Tokyo Stock Exchange, and internal statutes at your company, and no particular content in violation of these has been recognized;
- (3) In undertaking the Treasury Share Disposal, after deliberation by the Nomination and Compensation Committee for which an Audit and Supervisory Committee Member who is an Outside Director and Independent Officer of your company a resolution is planned to be conducted by the Board of Directors of your company, and Mr. Sakimoto is not planned to participate in the deliberation and resolution for said resolution

In consideration of the above, the determination process of the Treasury Share Disposal is fair.

#### 4 Conclusion

In consideration of the content of the above items 1 through 3, the Treasury Share Disposal does not harm the interests of minority shareholders of your company.