

# Financial Results Presentation

## 1Q FY8/2022

January 14, 2022

Valuence Holdings Inc.

(Securities Code: TSE Mothers 9270)

The logo for Valuence, featuring the word "Valuence" in a bold, black, sans-serif font.

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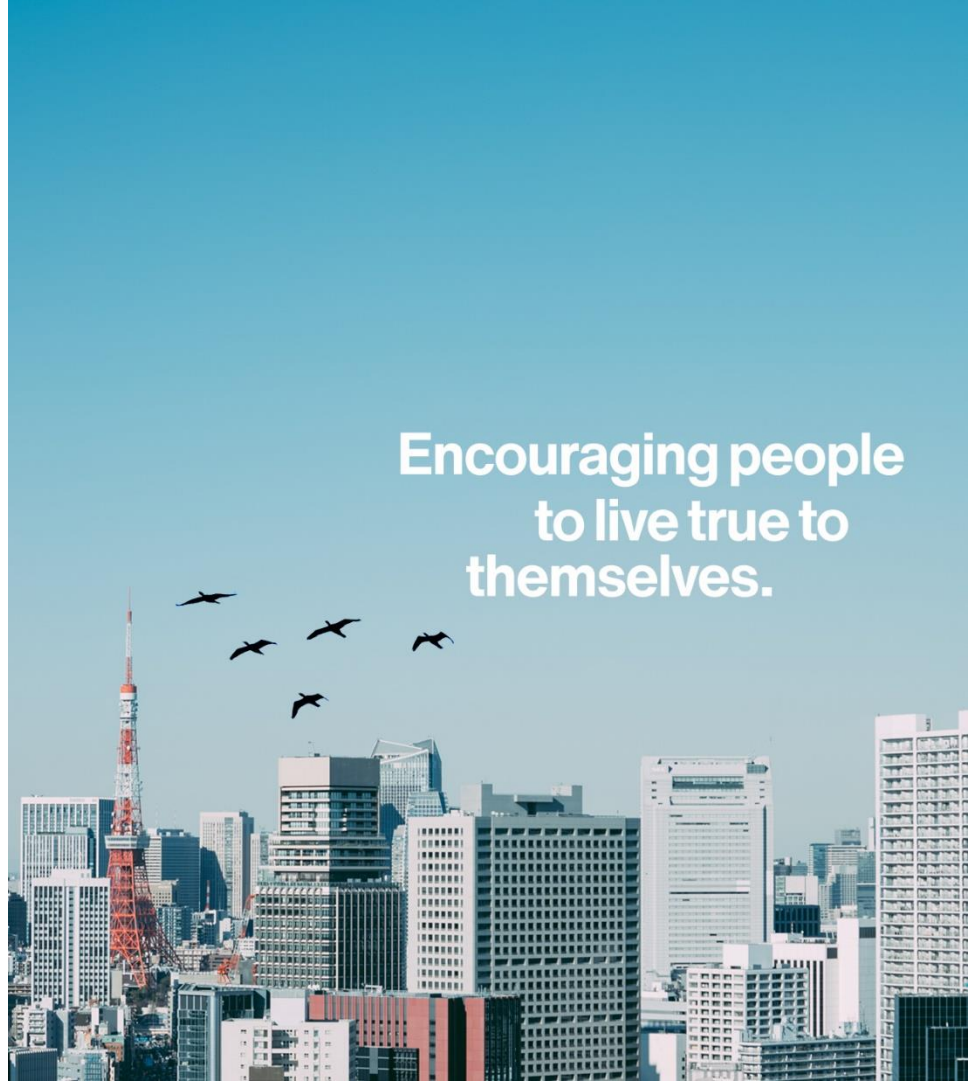
Appendix

The logo for Valuence, featuring the word "Valuence" in a bold, white, sans-serif font against a black background.

**Valuence**

# Corporate Profile

Encouraging people  
to live true to  
themselves.



# Valuence

Value × Intelligence  
Experience

Leverage our expertise gained to provide experiences  
of life-changing value through our business activities to the world

## Corporate Philosophy

### Mission

**Encouraging people to live in a way  
that is true to themselves.**

### Vision

**Providing life-changing value to the world.**

# Corporate Profile

Company Name	Valuence Holdings Inc.
Representative	Shinsuke Sakimoto
Head Office	1 Konan, Minato-ku, Tokyo
Founded	Dec. 2011
Capital	1,146 million yen (as of November 30, 2021)
Employees	871 (as of November 30, 2021) Consolidated, full time only
Segments	Luxury brand items, antiques, art, and other reuse businesses
Affiliates	10 Consolidated subsidiaries 1 equity-method affiliate (as of November 30, 2021)

## Group Business and Brands

### Purchasing



### Real estate



### Auctions



### Retail

ALLU

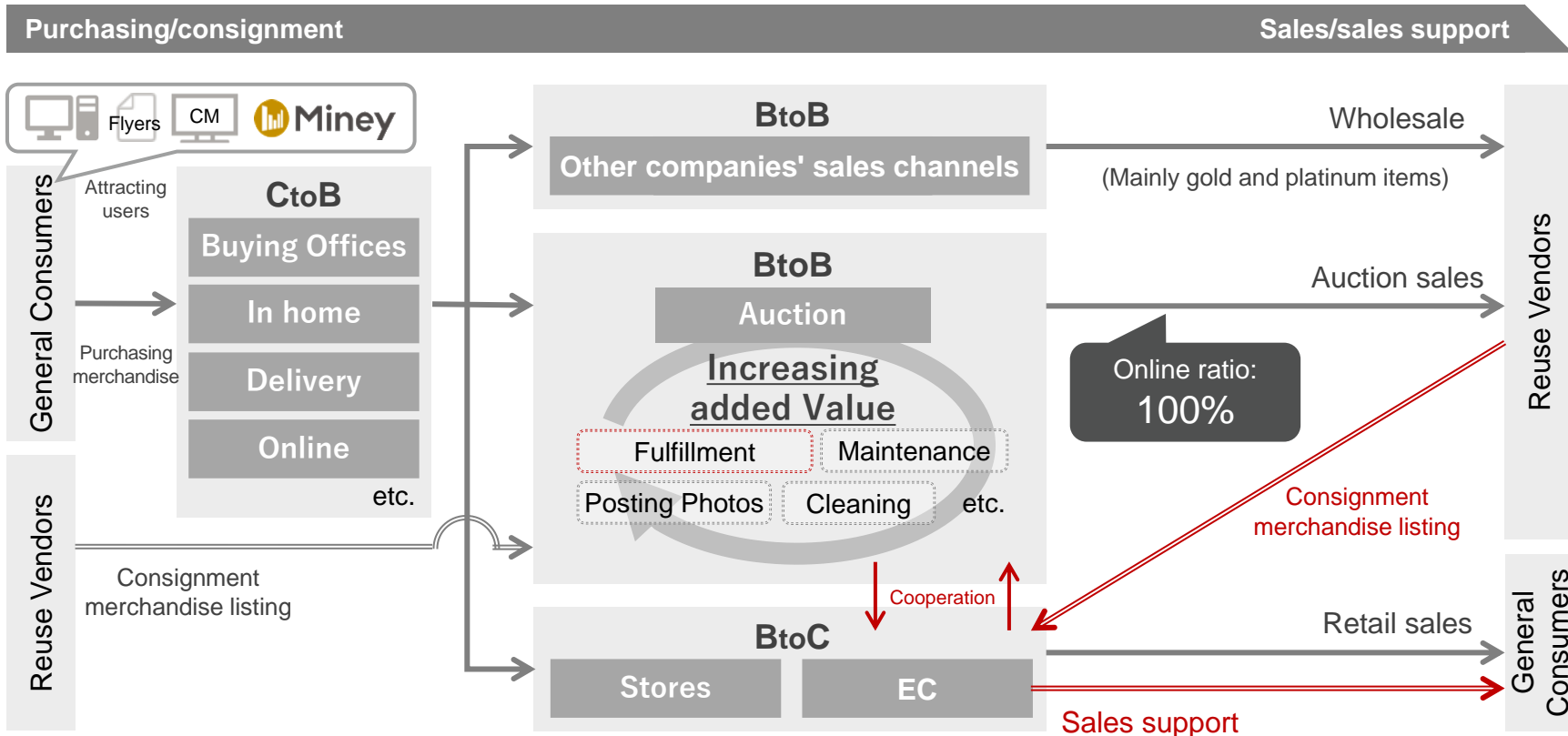
### Apps



# Business Model

Merchandise purchased by the Company (company's inventory)  
 Consignment merchandise (other companies' inventory)

Red: Now under preparation



# Financial Results





## Summary for 1Q FY8/2022

- **Net sales were ¥13.2 billion (up 12.1% YoY); operating profit was ¥0.19 billion (down 57.5% YoY). Financial results proceeded in line with initial plans.**
- **Plans also reflect reduced earnings due to the prioritization of securing retail stocks, in addition to the shortage of starting inventories.**
- **No. of users served recovered since mid-Sept. Solid purchases resulted in a new record high in the 1Q.**

**GMV**

**¥13.4 billion**  
(+12.0% YoY)

**Net sales**

**¥13.2 billion**  
(+12.1% YoY)

**Gross profit margin**

**26.9%**  
(+0.6pts YoY)

**Operating profits**

**¥0.19 billion**  
(-57.5% YoY)

## Topics for 1Q FY8/2022 (Sept. – Nov.)

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- Purchases**
- ✓ Following a temporary decline, No. of users served recovered since mid-Sept., thanks to a plateau in new COVID-19 cases, purchases set **a new record high**.
  - ✓ TV commercials contributed to improvements in **recognition rate and top share of mind**.
  - ✓ Total No. of Group offices reached **128 domestic offices and 24 overseas offices**.
- 
- Sales**
- ✓ Plans **already accounted for** the temporary sales dip.
  - ✓ Retail sales were strengthened, and **retail stocks were secured** in preparation for measures in 2Q and beyond.
  - ✓ No. of SBA partners grew steadily, **up 187 companies from the previous quarter to 1,426 companies** (1,089 domestic, 337 overseas).
  - ✓ No. of SBA held **increased significantly** since Nov.

## Financial Results for 1Q FY8/2022

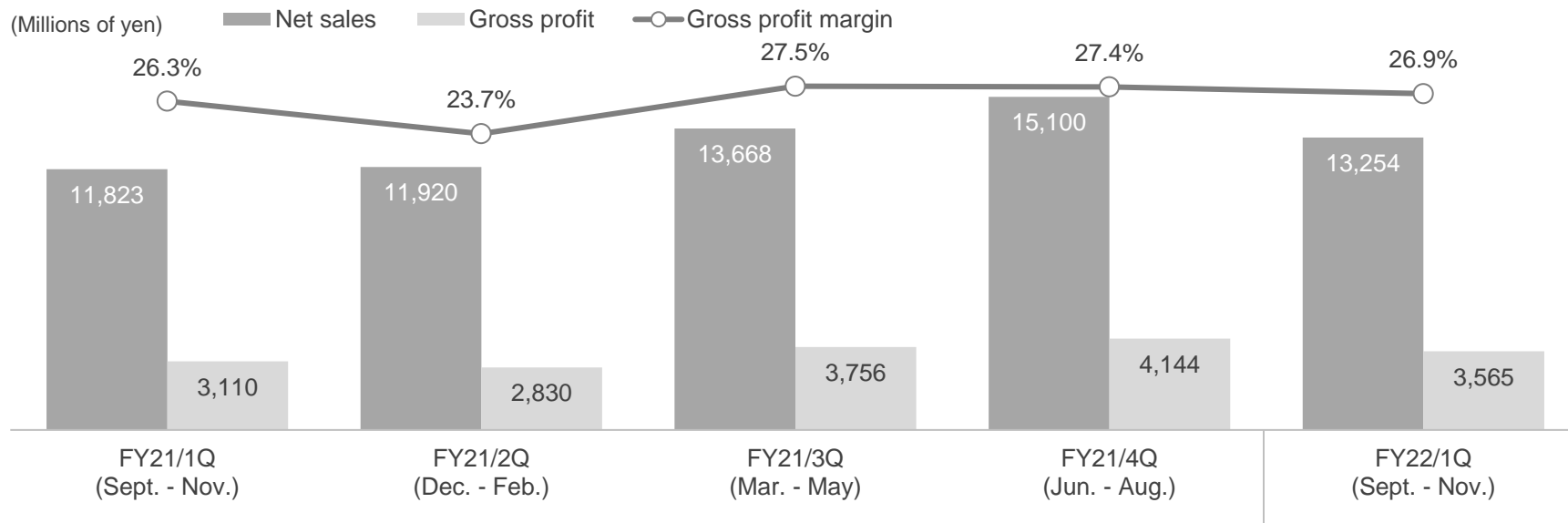
- ✓ Despite the impact of securing retail stocks and the shortage of starting inventories, progress proceeded according to plan.

(Millions of yen)

	FY21/1Q	FY22/1Q	YoY change	FY22 Full-year plan	Achievement rate
Net sales	11,823	<b>13,254</b>	+12.1%	64,300	20.6%
Gross profit	3,110	<b>3,565</b>	+14.6%	18,600	19.2%
Gross profit margin	26.3%	<b>26.9%</b>	+0.6pts	28.9%	-
SG&A	2,646	<b>3,368</b>	+27.3%	16,800	20.1%
Operating profit	464	<b>197</b>	-57.5%	1,800	10.9%
Ordinary profit	450	<b>169</b>	-62.4%	1,700	10.0%
Ordinary profit ratio	3.8%	<b>1.3%</b>	-2.5pts	2.6%	-
Profit attributable to owners of parent	217	<b>45</b>	-79.1%	920	4.9%

\* Due to the application of the Revenue Recognition Accounting Standard, etc., from FY22/1Q, net sales were ¥51 million higher, and operating profit, ordinary profit, and net income before taxes in FY22/1Q were each ¥6 million lower than under the preceding method.

# Net Sales and Gross Profit



✓ Bullion decreased with calmed markets.

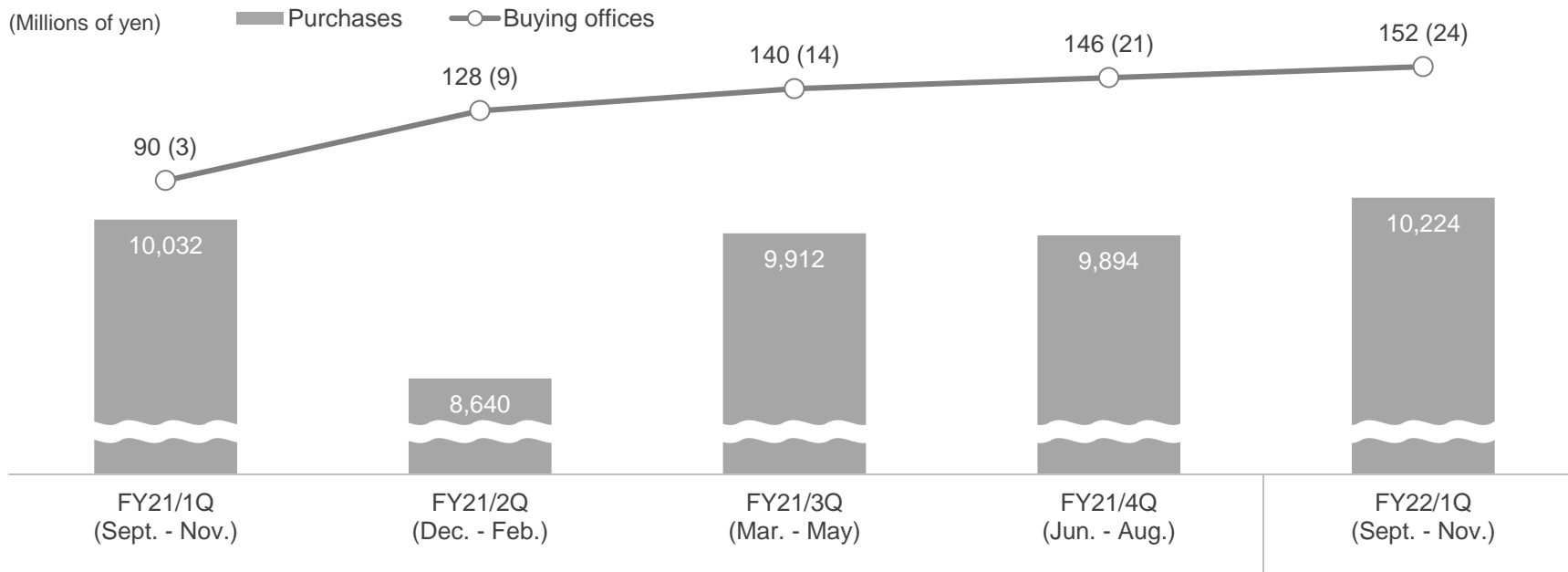
✓ Decrease in gross profit margin due to market fluctuations despite expanded purchasing watches.

✓ Purchasing at fair prices greatly boosted gross profit margin.

✓ Net sales set a new record high.  
 ✓ Gross profit margin remained high.

✓ Sales fell due to the shortage of starting inventories and the emphasis on securing retail stocks.  
 ✓ Gross profit margin declined due to fewer 8AUC and SBA Hong Kong held.

# Purchases and Buying Offices



✓ Purchases increased with higher contract rates and other factors.

✓ Encouraging results despite state of emergency.  
 ✓ Bullion declined with calmer markets.

✓ Gradual recovery despite the impact of temporary office closures, thanks in part to TV commercials.

✓ Purchases declined in Aug. due to the spread of COVID variants and abysmal weather impacts.

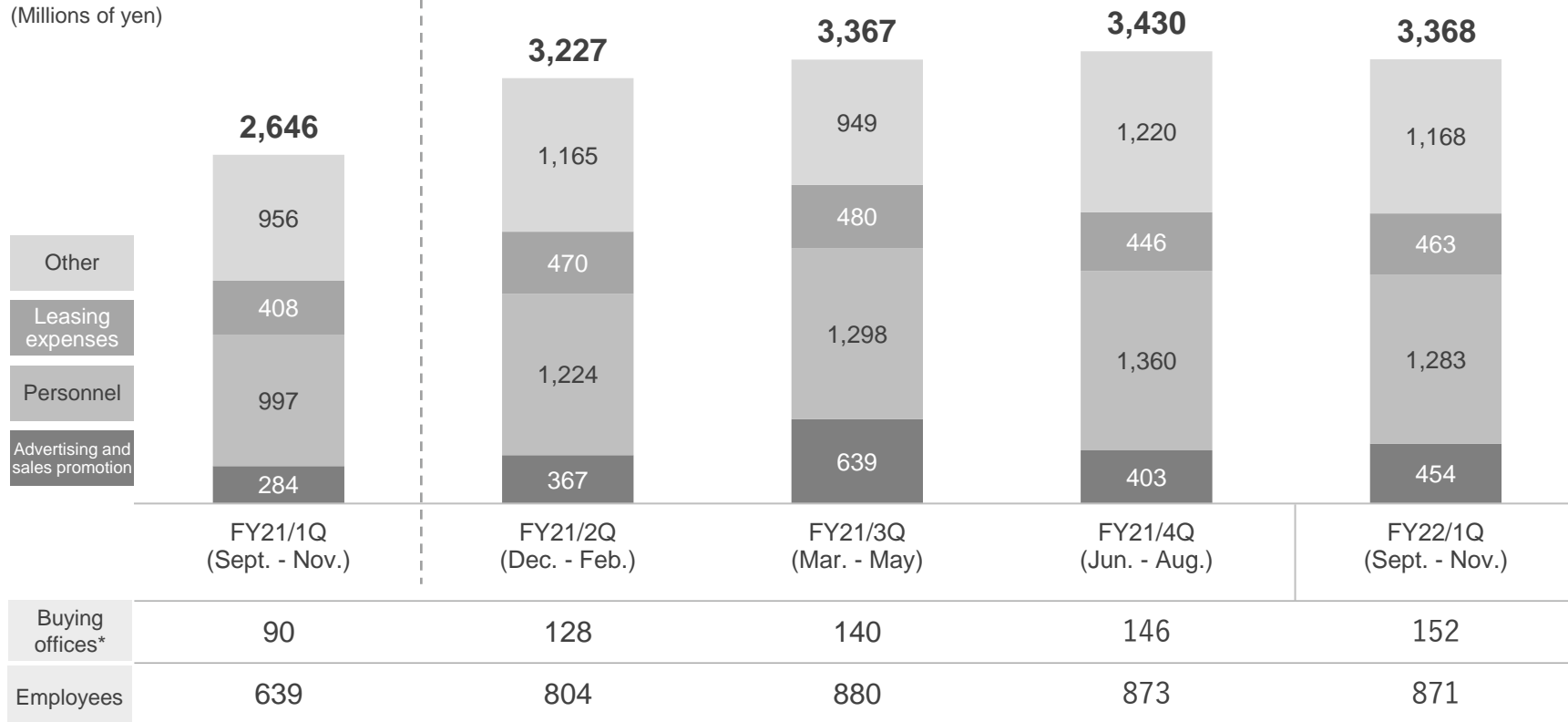
✓ Purchases for the fiscal period recovered to **a record high** after remaining low through mid-Sept.

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

# SG&A Expenses

(Millions of yen)

Consolidation of NEO-STANDARD  
(profit/loss consolidation)



\*1 No. of buying offices include overseas buying offices.

\*2 SG&A expenses have been restructured beginning in FY22/1Q, and the same way was applied for FY21 results.

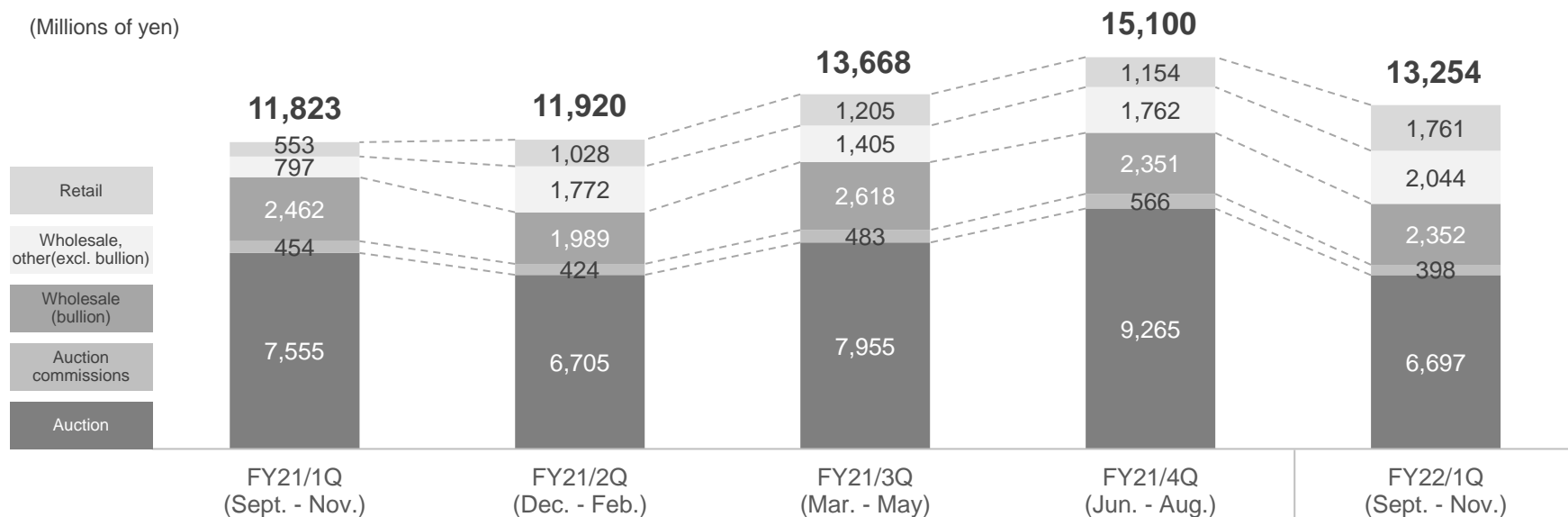
# Balance Sheet

(Millions of yen)

	FY21	FY22/1Q	Difference	
Current assets	13,409	<b>14,810</b>	+ 1,401	
Cash and deposits	8,270	<b>8,516</b>	+ 245	Increase in cash on hand to secure working capital and purchase funds.
Merchandise	3,921	<b>4,538</b>	+ 617	Merchandise increased due to recovery in purchases and efforts to secure retail inventories.
Other	1,218	<b>1,755</b>	+ 537	
Non-current assets	5,317	<b>5,682</b>	+ 365	Due mainly to the purchase of tangible non-current assets accompanying the opening of new retail offices, etc.
Total assets	18,727	<b>20,493</b>	+ 1,766	
Liabilities	11,457	<b>13,440</b>	+ 1,983	
Interest-bearing debt	8,848	<b>11,052</b>	+ 2,204	Increase in short-term loans payable to secure funds for purchasing and business growth.
Other	2,609	<b>2,388</b>	▲220	Due to decline in retained earnings resulting from payment of dividends and application of the Revenue Recognition Standard.
Net assets	7,270	<b>7,053</b>	▲217	
Total liabilities and net assets	18,727	<b>20,493</b>	+ 1,766	

# [Net Sales] Channel (toB, toC)

(Millions of yen)



- ✓ SBA sales remains strong and EC sales increased.
- ✓ Bullion decreased with calmed markets.

- ✓ Intentionally increased retail to secure profits under fluctuate market and wholesaling for warehouse relocation.

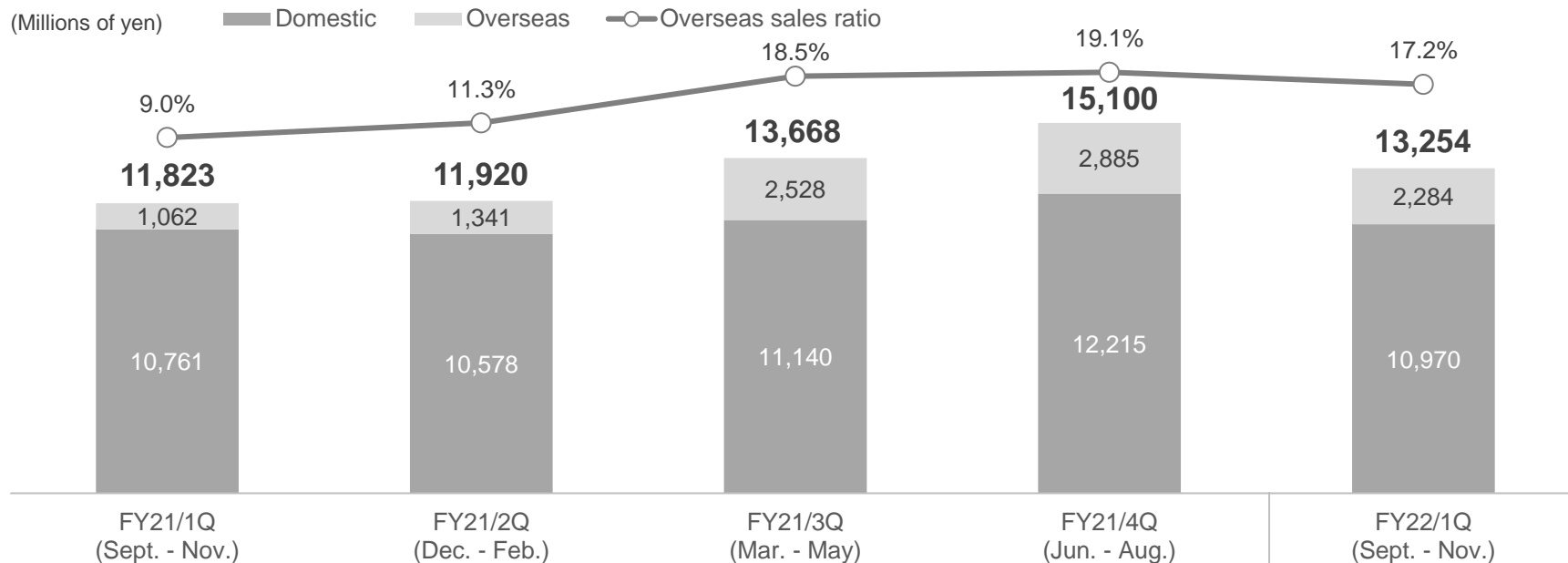
- ✓ Growth in auctions thanks to strong overseas sales by SBA.
- ✓ Steady retail sales.

- ✓ Growth in auctions thanks in part to auctions held in HK.
- ✓ Steadily increased in retail sales.

- ✓ Auctions fell due to the impact of reduced starting inventories and efforts to secure retail stocks.
- ✓ Retail sales were up approx. 1.5 times from the preceding quarter.



# [Net Sales] Channel (Domestic, Overseas)



- ✓ SBA HK held in Nov.
- ✓ Steady trends in domestic sales.

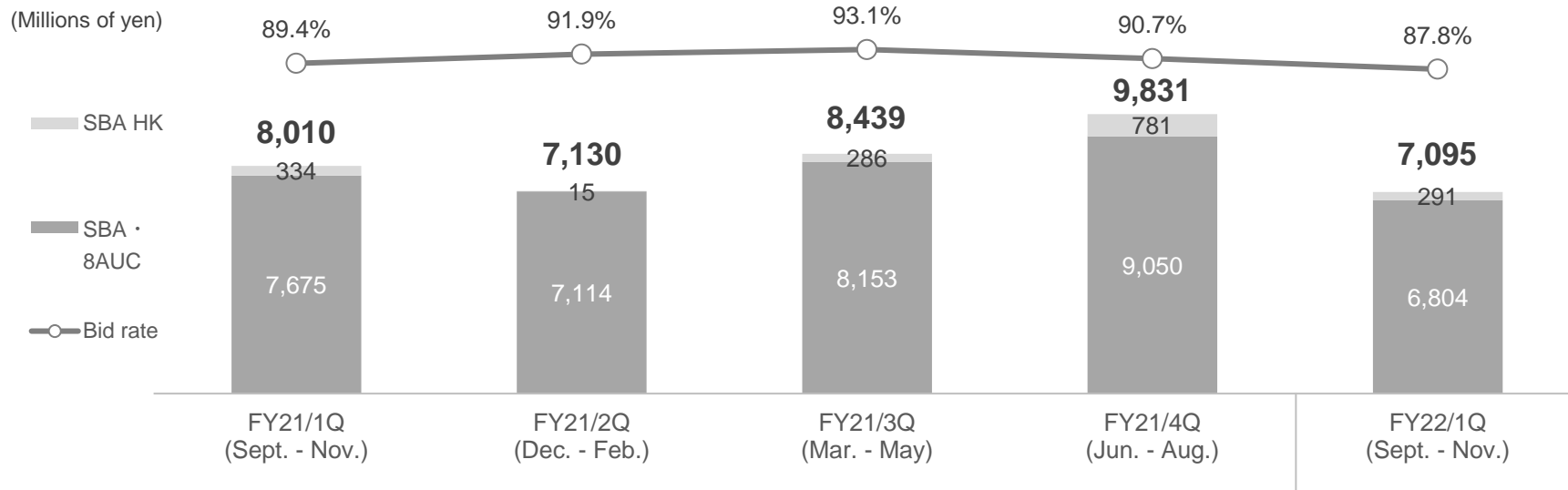
- ✓ Steady growth in SBA overseas sales even though SBA HK was not held.

- ✓ Overseas sales ratio increased significantly due to in part to SBA HK held online.

- ✓ SBA HK held in Jun. and Aug.
- ✓ SBA overseas sales continued to be solid.

- ✓ Due to lower SBA sales, the overseas the sales ratio against gross sales slightly declined.

# [Net Sales] Auction Results

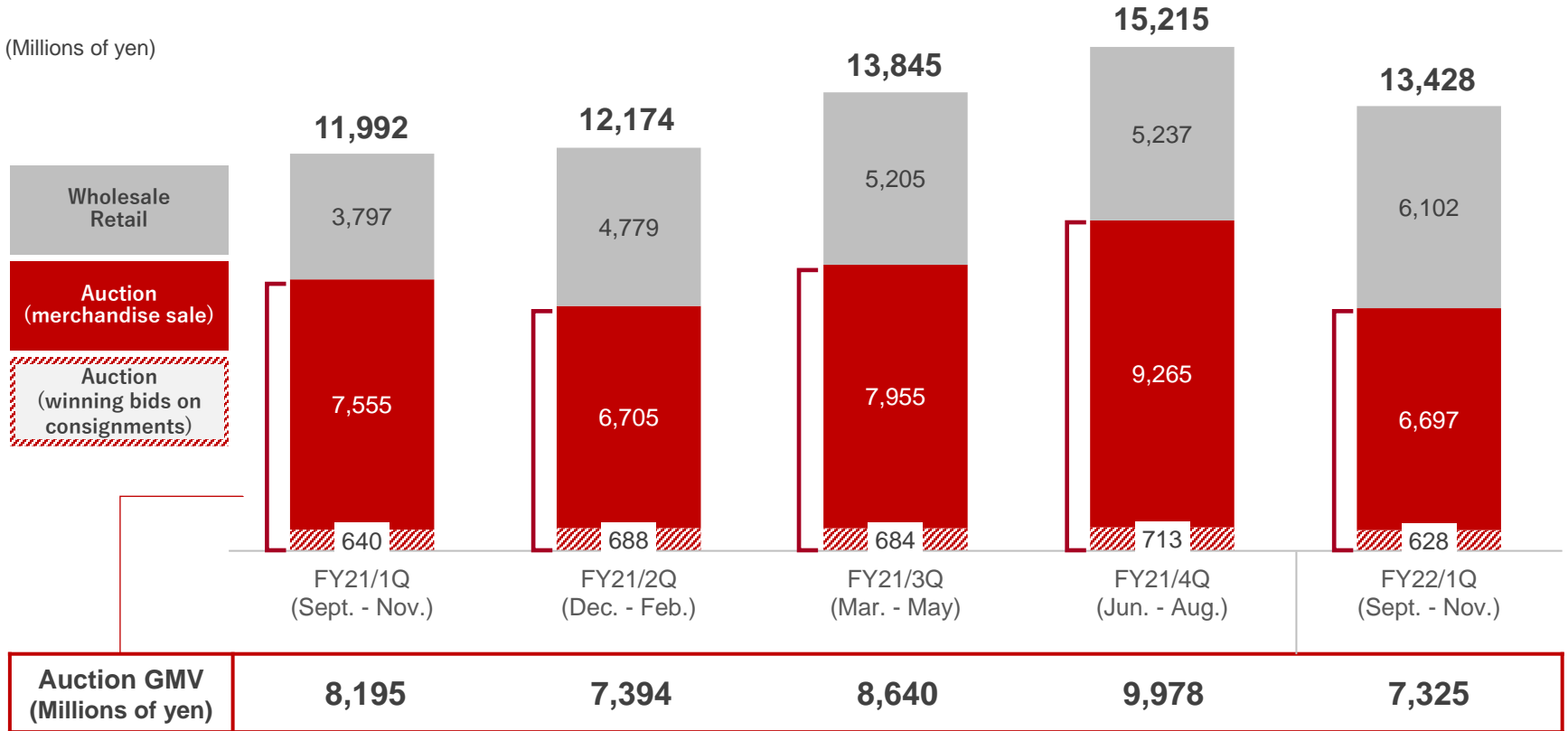


Domestic	SBA	Twice/Month (Once in Oct.)	Twice/Month (Once in Jan.)	Twice/Month (Once in Mar.)	Twice/Month	Twice/Month Four times/week from Nov.
	8AUC*	Sept., Nov.	Dec., Feb.	Monthly	Monthly	Oct., Nov.
Over seas	SBA HK	Nov.	-	Apr.	Jun., Aug.	Nov.

\* 8AUC: THE EIGHT AUCTION (the same hereinafter)

# [GMV] GMV Trends

(Millions of yen)

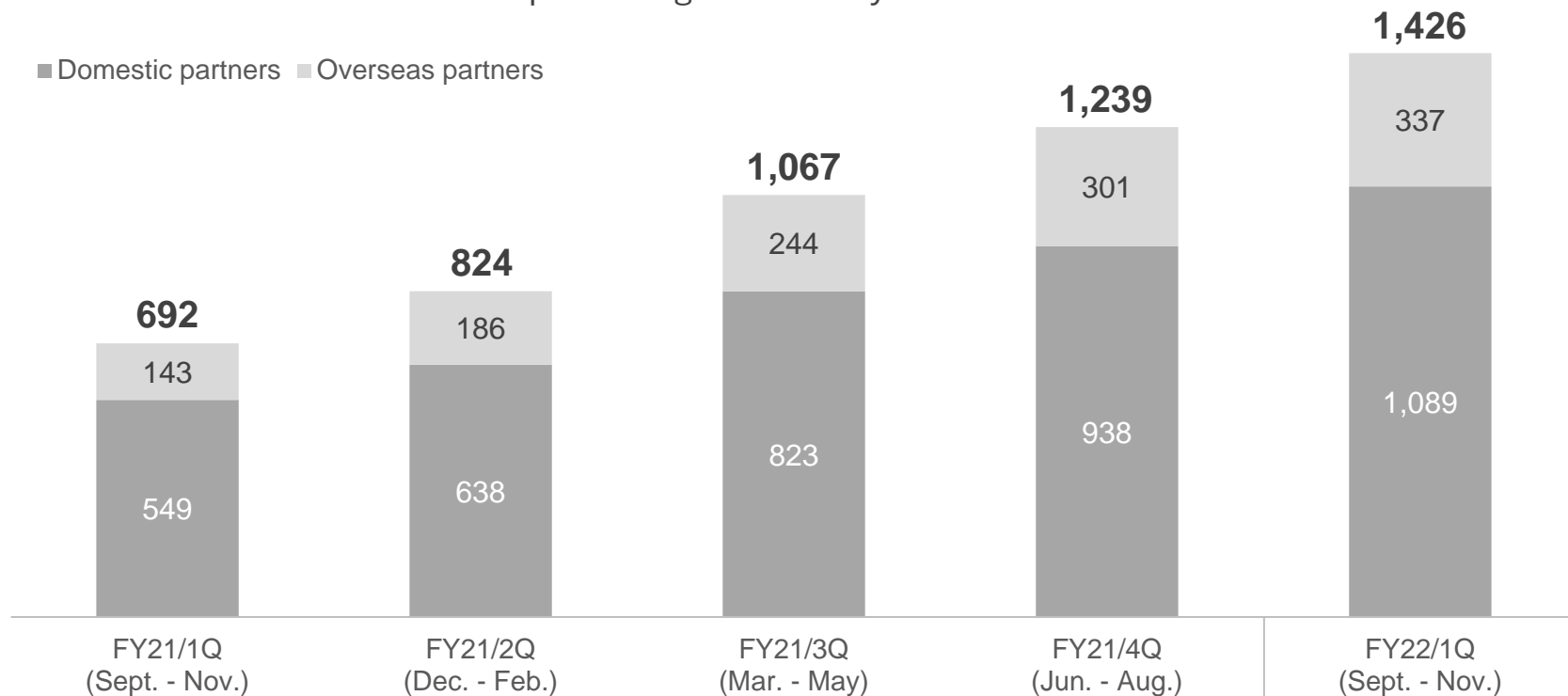


# Highlights for 1Q FY8/2022



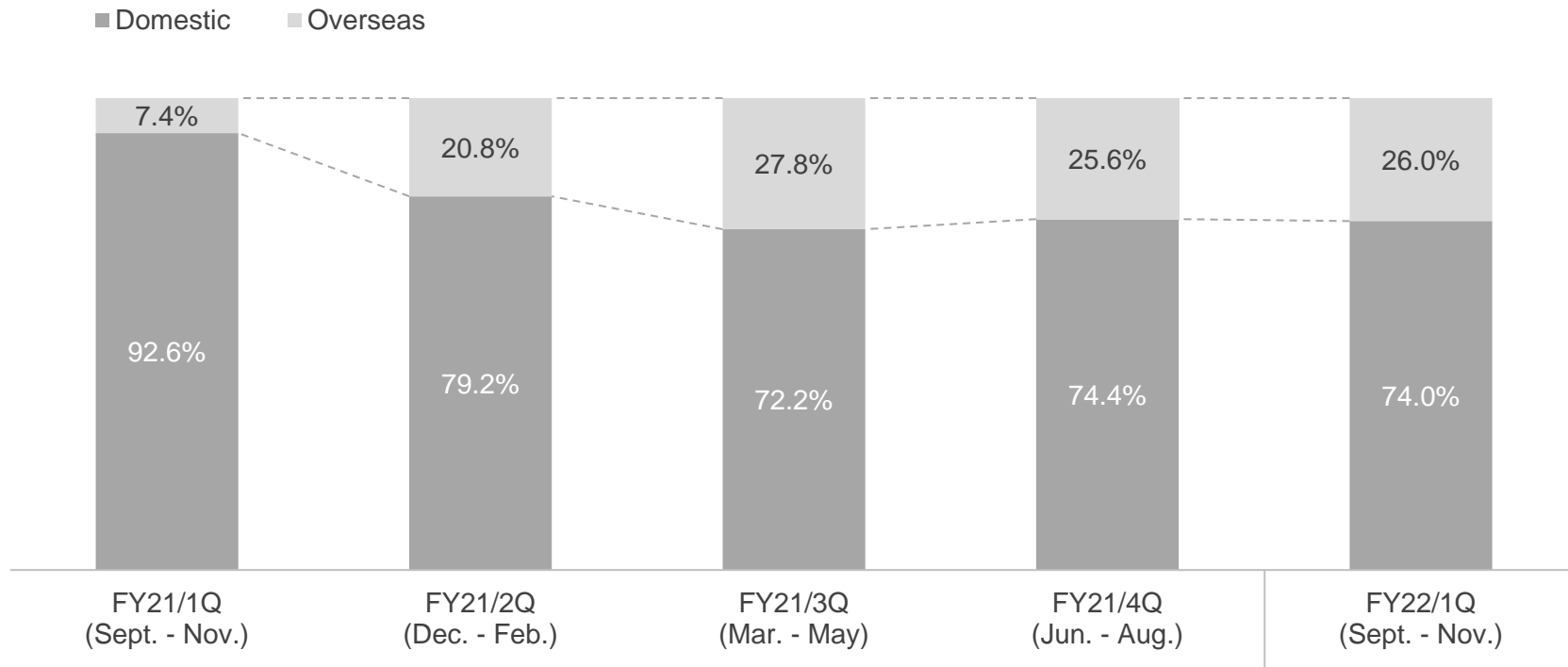
## No. of SBA partners

✓ No. of domestic and overseas partners grew steadily.



## Domestic/ Overseas Ratio of SBA Winning Bids

- ✓ The overseas ratio of winning bids remained high.



## Dramatic Increase in No. of SBA Held

- ✓ Daily held SBA\* beginning Nov. 3, 2021, for enhanced convenience.



∖ Increase Auction Frequency ∖

Twice-Monthly Auctions to  
*Daily Auction*

\* Every Wednesday through Saturday

**STAR BUYERS AUCTION**

- Easier for partners to participate. Bidding is available at any time.
- Consignment merchandise listing is possible at partners' preferred timing.

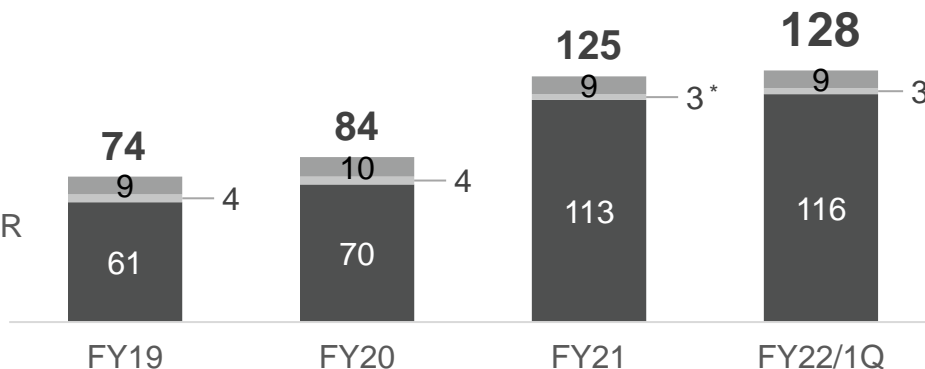
**Optimizing methods of holding auctions through repeated fine-tuning**

\* New merchandise is listed daily Wednesday – Saturday each week. Bids are accepted at any time during the bidding period (seven days from the listing date).

# Buying Offices Expansion

## Domestic

- *Hakkoudo*
- BRAND CONCIER
- *Nanboya*

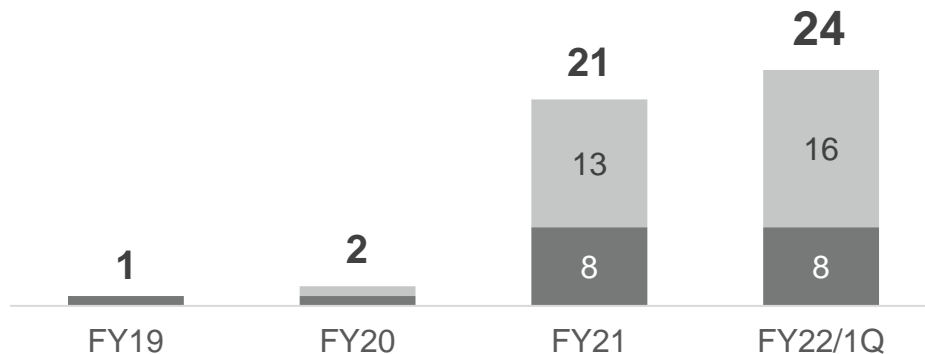


\* One BRAND CONCIER was rebranded into Nanboya office.

- Opened offices in the local cities of Morioka, Utsunomiya, and Takamatsu.
- Office opening pace has slowed, as we focus on stimulation of existing offices.

## Overseas

- Partner offices
- Directly operated



- Opened three offices through joint efforts with partners.



# Enhancement of Buying Alliances

- ✓ Deploying appraisal support through “i’m green,” operated by Mitsukoshi Isetan.

i'm green



<i'm green>

- A buying/collecting service operated by Mitsukoshi Isetan department store.
- A prototype office opened at Nihombashi Mitsukoshi Main Store in Oct. 2020.
- After a test period of about one year, a permanent office was opened at Isetan Shinjuku Store on Oct. 1, 2021.

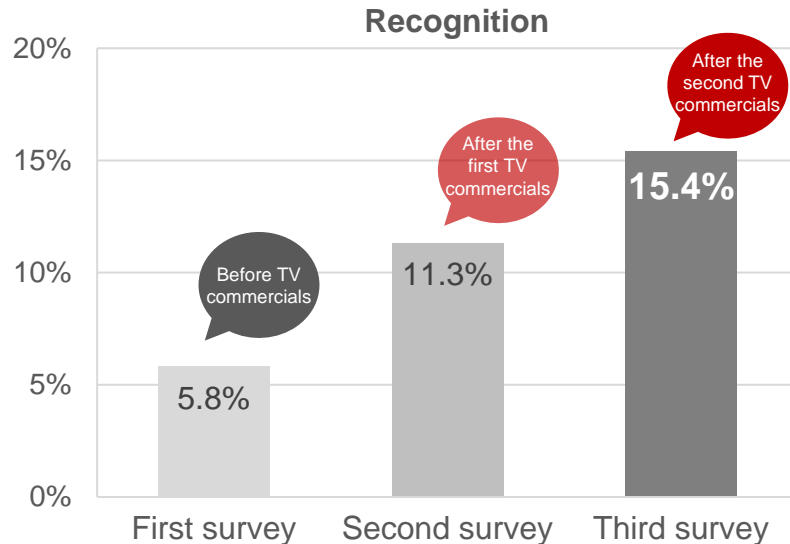
- Under this alliance, Mitsukoshi Isetan handles tasks such as attracting and serving customers, and Valence provides appraisal support.
- Valence purchases all merchandise bought through “i’m green.”



**Enables expansion of purchases from sellers other than Nanboya customers**

# Running TV Commercials

- ✓ Running TV commercials nationwide and maximizing the effects of Web marketing.
- ✓ Recognition rate, which had been a concern, increases each time the commercials are broadcast.\*1
- ✓ TV commercials account for an overwhelming majority of 59.1% of all routes to recognition.\*2



Periods for running TV commercials:

- First** Apr. 9 – May 9, 2021
- Second** Sept. 3 – 26, 2021

\*1 Recognition rates were surveyed before and after the TV commercials (n: 7,000).

\*2 Those who were aware of Nanboya were surveyed (n: 1,077).

- Survey contractor: D&M, Inc. (with survey panels provided by Cross Marketing Inc.)

# Initiatives during 2Q and Beyond



# Remodeling of Nanboya Ginza Main Office

- ✓ Remodeled Nanboya Ginza Main Office will reopen in Mar. 2022.
- ✓ The office will relocate from the sixth-floor of the Kyukyodo Building to Floor B1.
- ✓ Hakkoudo Ginza Main Office will occupy the sixth-floor space (relocating from a street-level office).

Nanboya Ginza Main Office



- This flagship office, which boasts the highest buying amounts in the Valence Group, will reopen in a more refined space.
- Plans call for enhancing customer engagement through providing an elegant reuse experience.

# Growing toC Businesses

- ✓ Plans call for opening new stores and launching toC auctions to enhance the ALLU retail brand.
- ✓ The expansion of toC businesses will be a milestone for retail outsourcing in fulfillment services.

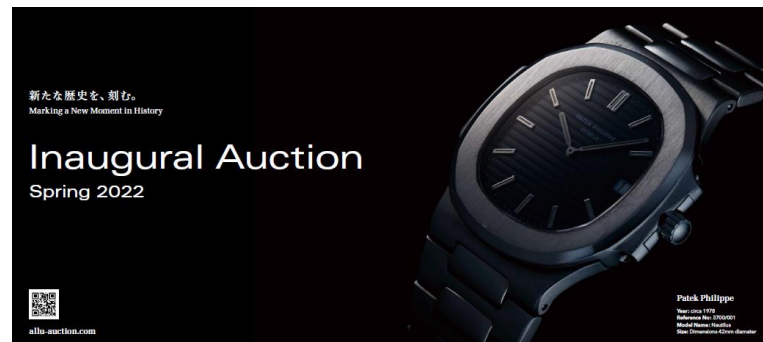
## ALLU Omotesando Store

- Plans call for opening the flagship store in Omotesando in Feb. 2022.
- This will be the third store, after Ginza and Shinsaibashi.
- Customer contact points will increase through the provision of watch repair and other peripheral services, in addition to sales.



## ALLU AUCTION

- Plans call for launching ALLU Auction in spring 2022 as our first toC auction.
- Positioned as the high-end service by ALLU brand, merchandise with high levels of scarcity value will be listed.
- This will offer experience values, including a special atmosphere and status.



# Inspiring Customer Loyalty

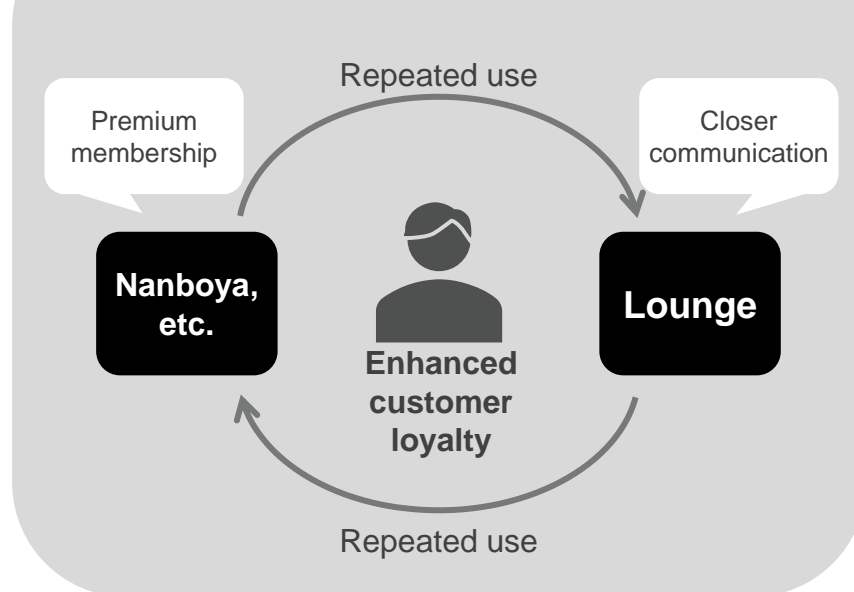
- ✓ We will seek to enhance customer loyalty by providing exceptional services (premium membership) to Valence Group customers.

## Ginza Lounge

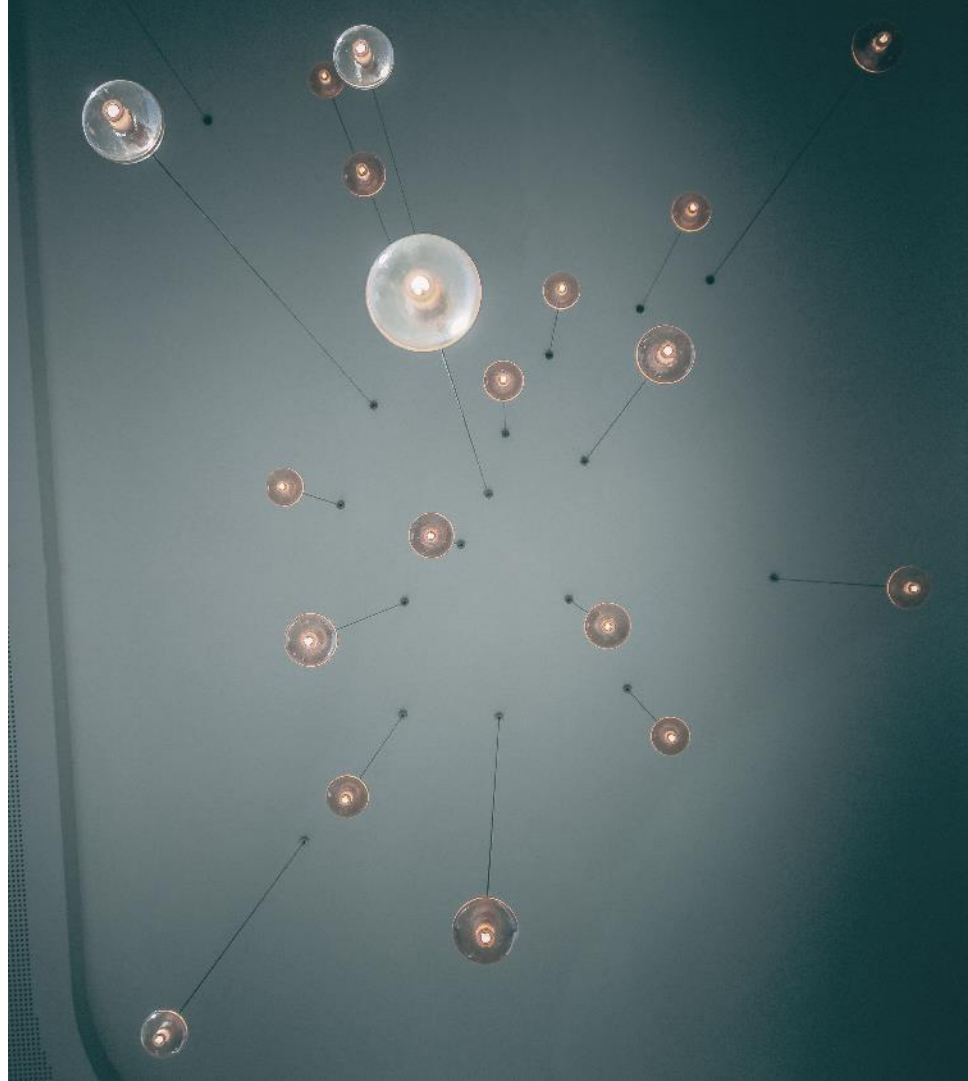
- Plans call for opening a lounge for premium members in Ginza in Mar. 2022.
- The lounge will offer an elegant space reflecting consideration for sustainability.
- Plans also call for exclusive services such as appraisal and sales meets.



## Toward a recurrent business model



# Sustainability



## Valuence Joins the Ellen MacArthur Foundation as the First Japanese Company in the Domestic Reuse Industry



The Ellen MacArthur Foundation is an international charity based in the UK that develops and promotes the circular economy in order to tackle some of the biggest challenges of our time, including climate change, biodiversity loss, waste, and pollution.

In January 2022, we became a member of the Ellen MacArthur Foundation's Network. Through our membership in the network, which includes more than 300 leading companies worldwide, we will acquire advanced knowledge about the circular economy and collaborate with global member companies to contribute to the transition to a circular economy in Japan and abroad.



# Strengthening Nankatsu SC Activities

- ✓ Targeting sustainable club management through IP businesses utilizing “Captain Tsubasa.”
- ✓ Contributing to the vitalization of community and sports culture through participation in the management of Nankatsu SC.

## Deploying IP businesses

Partnering with partners in Japan and worldwide via the Valuence network.

**Valuence** ×



©高橋陽一／集英社

Initiatives are underway with **ten companies**, centered on overseas allies

Revenues ↑

↓ IP

Partner firm

Partner firm

Partner firm

Utilizing IP



Revenues →

## Strengthening and expanding Nankatsu SC

Sustainable club management independent of sponsorships, entertainment, and merchandise sales



- ✓ Athlete training
- ✓ Athlete reinforcement
- ✓ Club operation

→ Securing funding for strengthening and operation expenses

Promotion to the Kanto Soccer League (Div. 1) finalized on Dec. 25, 2021!

**Targeting promotion to the J. League and growing into a leading global soccer team**

# Director Structure

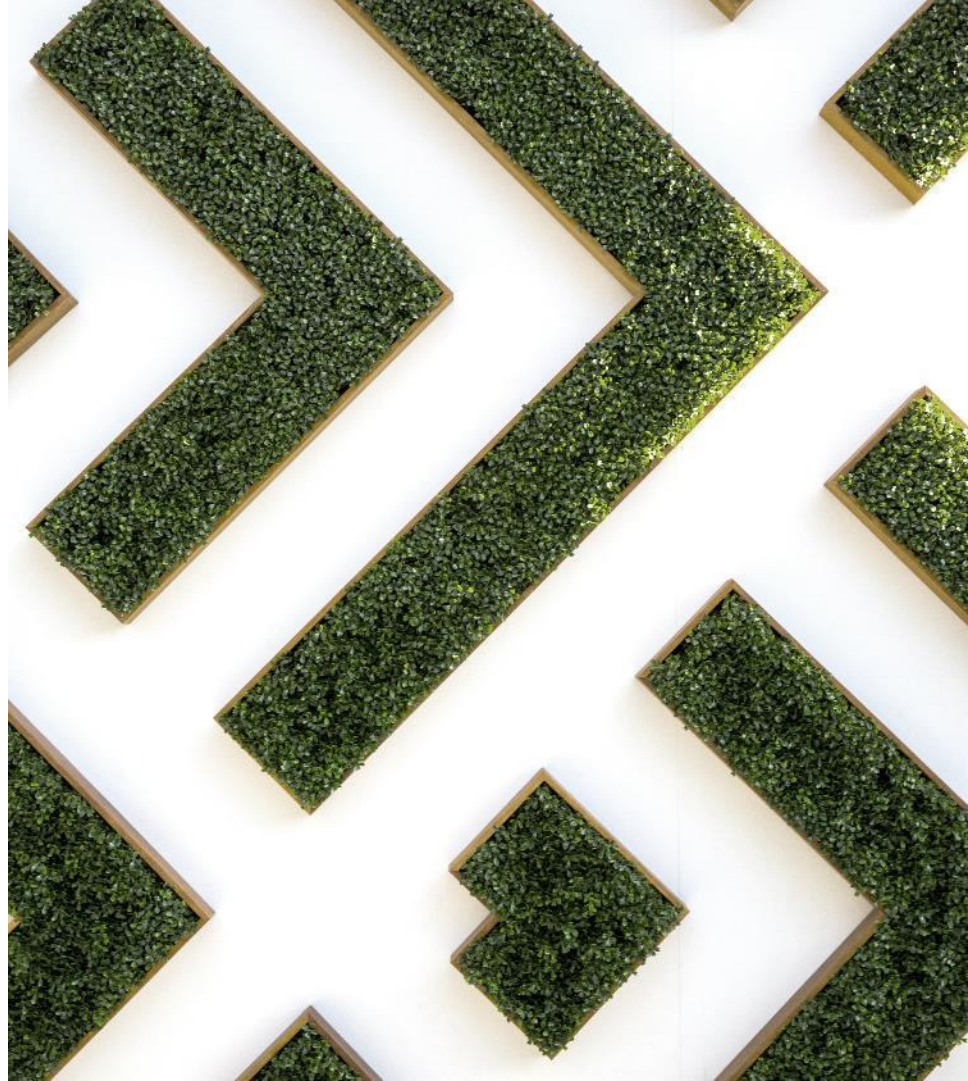
✓ Appointing a woman director and strengthening the ESG promotion structure



Name		Shinsuke Sakimoto	Susumu Muguruma	Shinichiro Sato	Kenta Takami	Hiroki Tomiyama	Yoshihiko Takubo	Kenji Fuma	Masahide Kamachi	Takashi Goto	Emi Omura
Title		Representative Director and President M	Director	Director	Director (Full-time member of the Audit and Supervisory Committee)	Outside Director	Outside Director	Outside Director	Outside Director (Member of the Audit and Supervisory Committee)	Outside Director (Member of the Audit and Supervisory Committee)	Outside Director (Member of the Audit and Supervisory Committee)
Attributes	Independence					Independent	Independent		Independent	Independent	Independent
	Gender	Male	Male	Male	Male	Male	Male	Male	Male	Male	Female
Skill	Corporate management	◆	◆			◆	◆				
	Finance, accounting			◆	◆				◆		
	Legal affairs, risk management									◆	◆
	Personnel Affairs	◆		◆			◆				
	International business		◆					◆			◆
	Sustainability	◆		◆			◆	◆			◆

◆ : Refers to items that the Company particularly expects.

# Appendix



# Our Businesses and Services

## Purchasing

Connecting the “Value” of your good to the new investment of your life.

### ◆ *Nanboya*/BRAND CONCIER ◆

- ✓ Buying offices for luxury brand items, etc.
- ✓ 100+ *Nanboya* offices in domestic and overseas;  
BRAND CONCIER operates mainly in department stores in Japan.
- ✓ Handling in-home buying, delivery and online buying.

なんぼや BRAND REUSE  
NANBOYA



BRAND CONCIER



### ◆ *Hakkoudo* ◆

- ✓ Buying offices for antiques, art, and other reuse goods.
- ✓ Antique appraisers mainly handle in-home buying.
- ✓ Other services include estate liquidation and pre-departure cleaning.

八光堂



# Our Businesses and Services

## Auction

Aiming to become an industry hub, the world's largest auction platform.

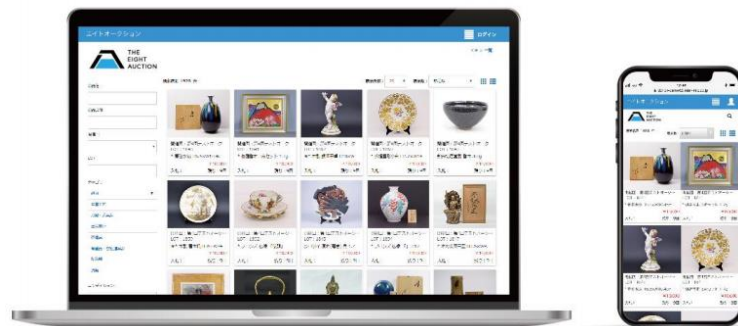
### ◆ STAR BUYERS AUCTION ◆

- ✓ BtoB auctions for luxury brand items, etc.
- ✓ Since going online in Mar. 2020, the auctions have drawn numerous partners around the world.
- ✓ Online auctions specializing in diamonds



### ◆ THE EIGHT AUCTION ◆

- ✓ BtoB auctions for antiques and art.
- ✓ Offline auctions are the mainstream in the antiques and art business; going online in Jul. 2020 marked an innovation.



# Our Businesses and Services

## Retail

**BtoC Sales business that brings about new meeting opportunities for our customers.**

### ◆ ALLU ◆

- ✓ Two retail stores (Ginza, Shinsaibashi) and an e-commerce site.
- ✓ Selling across worldwide through own e-commerce site and partner e-commerce shopping malls.
- ✓ Seamless integration of offline and online services, such as purchase pickups at ALLU stores and live streaming sales.



# Our Businesses and Services

## Application

Managing and leveraging your personal assets with more convenience.

### ◆ Miney ◆

- ✓ Asset management app to make appraisals visible.
- ✓ Automated AI appraisal\* based on photos of items captured with smartphone.
- ✓ Inspires people to see belongings as assets and to think about sale and asset management.



Scan to download!

<https://miney.jp/>

売れどきアラート  
**Miney**

Mineyはあなたの持ち物をスマホで撮影するだけで、  
AIが資産価値を見る化し、売りどきを教えてくれるアプリです。

ベストな売りどきを教えてくれる  
「売りどきアラート」アプリ

動画でわかる Miney

今すぐかんたん無料登録!

登録料・利用料  
**無料**

資産総額  
¥123,456,789

売却履歴

売却日時	売却品名	売却額	売却率
2023/10/10	プラチナ ダイヤモンドネックレス	¥123,456	売却比 -2%
2023/09/25	ブレスレット ヲクチャイエローゴールド	¥123,456	売却比 +10%
2023/08/15	ハンドバッグ クラッチバッグ	¥123,456	売却比 -2%
2023/07/01	ピンクゴールド18Kダイヤモン	¥123,456	売却比 -

売却予定価格  
¥5,515 - ¥7,745 万円

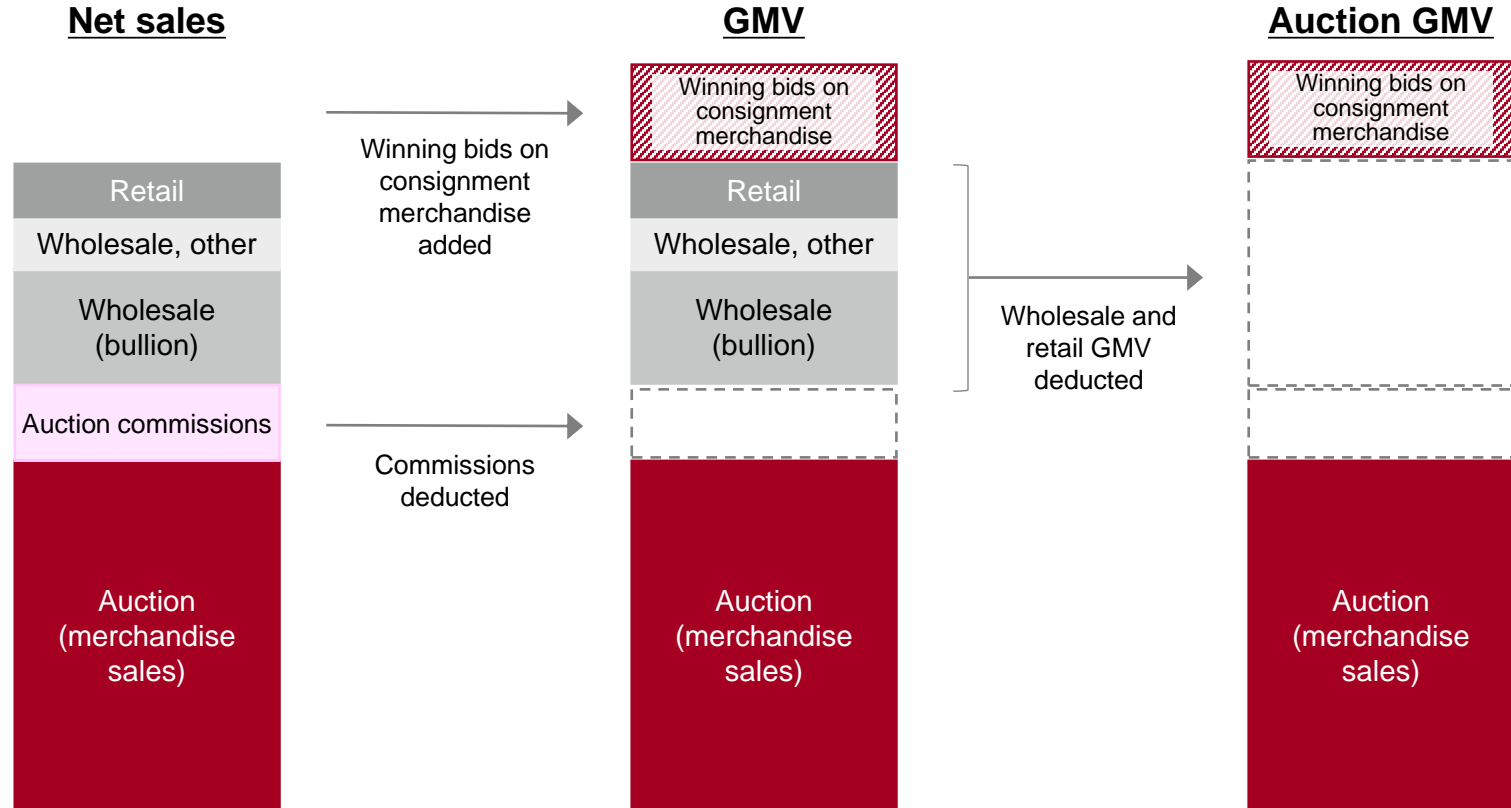
売却履歴

売却額

売却日時

\* AI appraisal available for watches and real estate only.

# [GMV] Relationship between Net Sales and GMV



\* Some sales revenues from commissions are included under "Wholesale, other" and "Retail". Those commissions are excluded from GMV calculations.



- Net sales by channel, auction results, and GMV trends contained herein are for reference purposes. The figures have not been audited by independent auditors.
- Financial results forecasts, etc. are based on information available at the time and certain assumptions deemed rational. Actual results and policies are subject to change due to various risks, uncertainties, and other factors, including changes in global trends and conditions.
- The preparation of this document complies with the *Consolidated Financial Results for the Three Months Ended November 30, 2021*.

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The logo for Valuence, featuring the word "Valuence" in a bold, white, sans-serif font against a black background.