

Financial Results Presentation

3Q FY8/2022

July 14, 2022

Valuence Holdings Inc.

(Securities Code: TSE Growth 9270)

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

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

Financial Results



Summary for 3Q FY8/2022 (Cumulative)

- **Net sales were ¥44.3 billion (up 18.7% YoY); operating profit was ¥0.93 billion (up 105.0% YoY).**
- **Purchasing conditions were favorable due to the influence of watch and bullion market prices. Plentiful inventories were secured in preparation for 4Q.**
- **Bid rates improved due to the success of the change in the No. of SBA held (from daily to weekly).**

GMV

¥ 44.6 billion
(+17.6% YOY)

Net sales

¥ 44.3 billion
(+18.7% YoY)

Gross profit margin

25.9%
(± 0pts YoY)

Operating profit

¥ 0.93 billion
(+105.0% YoY)

* SBA: STAR BUYERS AUCTION (the same hereinafter)

Topics for 3Q FY8/2022 (Mar. – May)

Purchases

- ✓ Purchases **greatly exceeded the previous record** thanks in part to favorable bullion market conditions.
 - ✓ Ranked first in both the Distribution and Reuse sectors in terms of commercial favorability after airing TV commercials.
 - ✓ The No. of buying offices reached 130 in domestic and 23 overseas through the opening of new buying offices in regional cities. Relocation of the buying offices in Ginza area also implemented.
-

Sales

- ✓ Gross profit margin fell by 0.9 pts from 2Q due to a higher sales mix of bullion.
 - ✓ **Bid rates improved** as issues related to the dispersal of partners were resolved by changing the No. of SBA held from daily to weekly beginning in Mar. **Auction sales were strong** thanks to expanded purchases.
 - ✓ To diversify risks, increased sales at SBA in a flexible manner while considering the watch market conditions. As a result, retail sales declined from 2Q.
-

Financial Results for 3Q FY8/2022

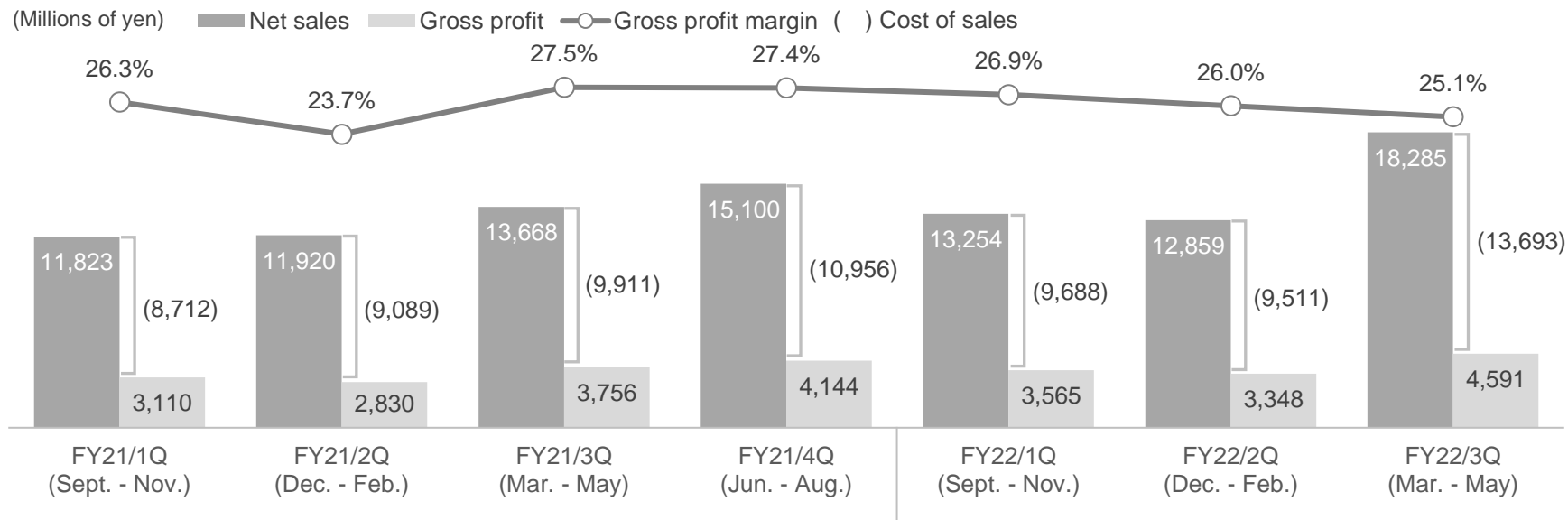
- ✓ Both net sales and operating profit greatly exceeded the previous year's results thanks to favorable purchasing conditions and the effects of SBA improvements.

(Millions of yen)

	FY21/3Q (Cumulative)	FY22/3Q (Cumulative)	YoY change	FY22 Forecast	Achievement rate
Net sales	37,412	44,399	+18.7%	64,300	69.1%
Gross profit	9,697	11,506	+18.7%	16,300	70.6%
Gross profit margin	25.9%	25.9%	± 0pts	25.3%	-
SG&A	9,241	10,571	+14.4%	14,500	72.9%
Operating profit	455	934	+105.0%	1,800	51.9%
Ordinary profit	258	879	+240.5%	1,700	51.7%
Ordinary profit margin	0.7%	2.0%	+1.3pts	2.6%	-
Profit attributable to owners of parent	460	367	(20.0%)	920	40.0%

* Due to the application of the Revenue Recognition Accounting Standard, etc. from FY22/1Q, net sales decreased by 356 million yen, and operating profit, ordinary profit, and profit before income taxes each decreased by 80 million yen respectively in FY22/3Q (cumulative).

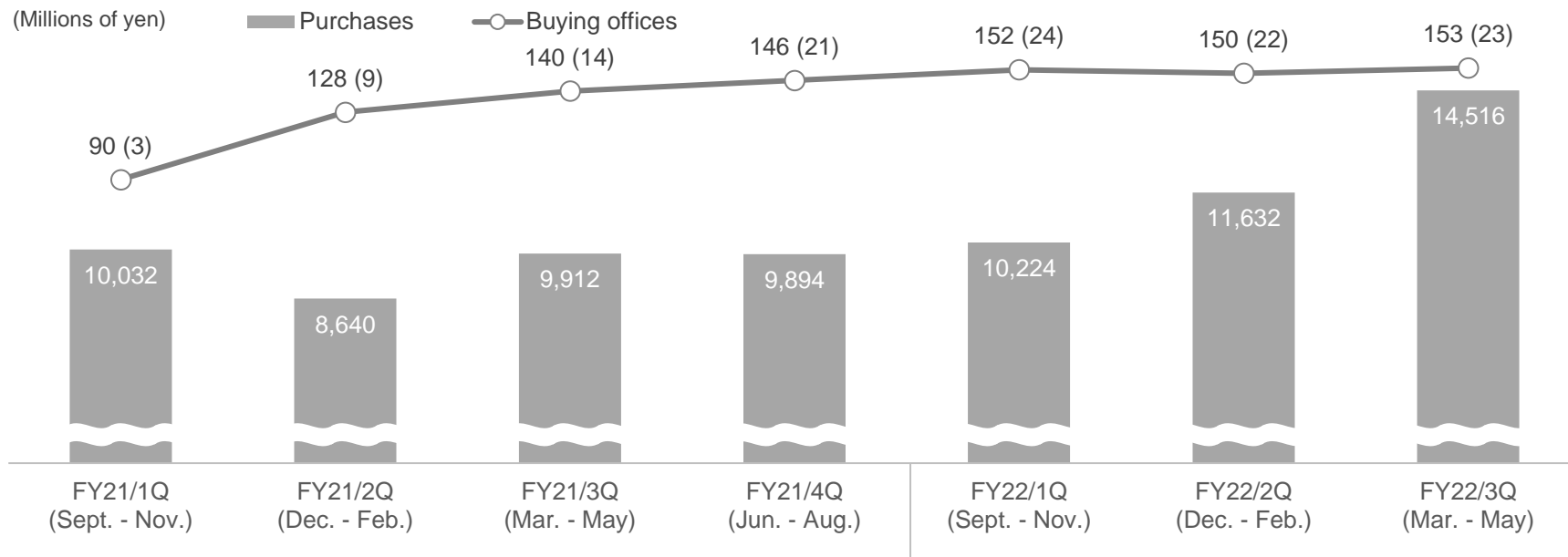
Net Sales and Gross Profit



- ✓ 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 increased.
- ✓ Gross profit margin remained high.
- ✓ Shortage of starting inventories and securing retail stocks caused low sales.
- ✓ Gross profit margin declined due to fewer 8AUC* and SBA HK held.
- ✓ Sales fell due to securing retail inventories.
- ✓ Gross profit margin declined due to daily auction and great portion of bullion and watches.
- ✓ Sales grew significantly due to favorable purchasing conditions.
- ✓ Gross profit margin declined due to a higher sales mix of bullion.

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

Purchases and Buying Offices



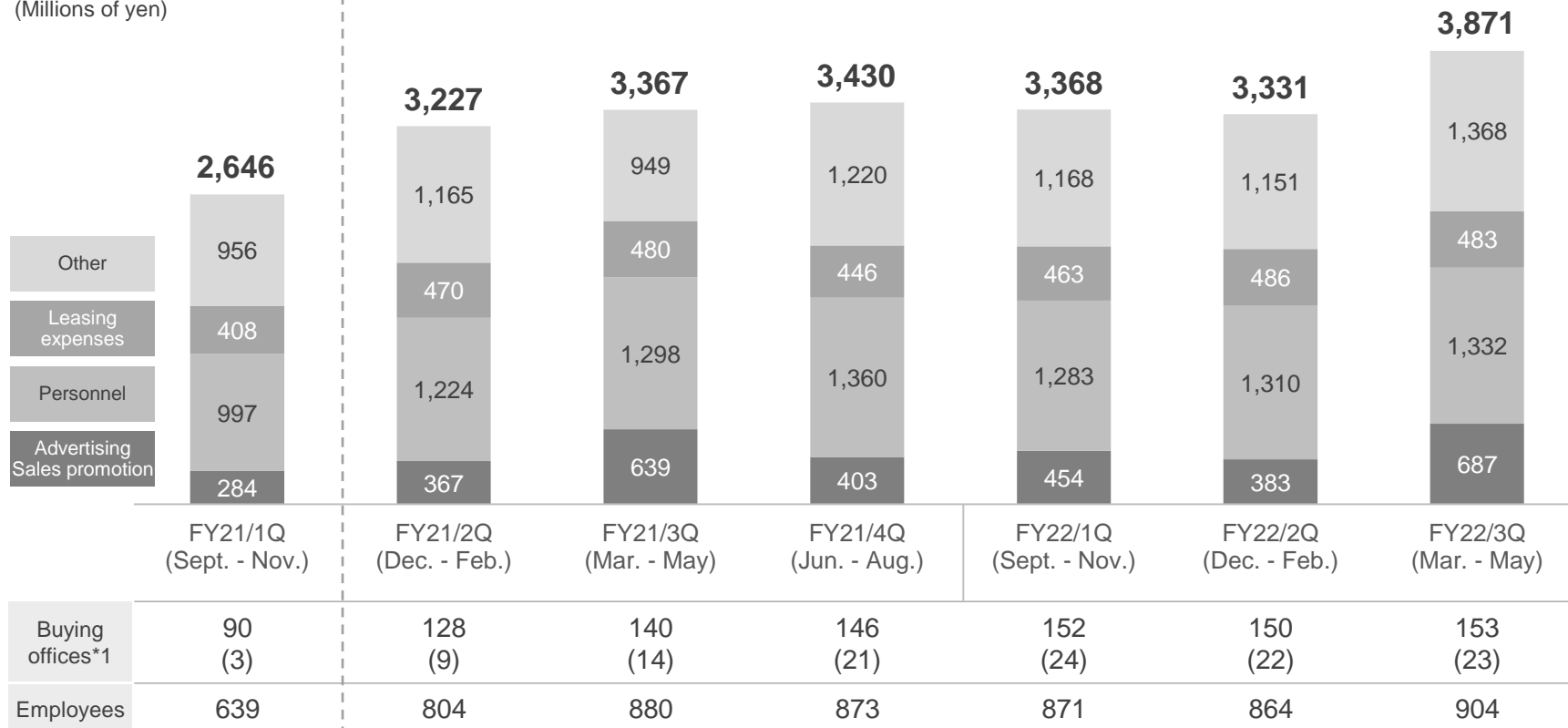
- ✓ Purchases increased with higher contract rates and other factors.
- ✓ Encouraging results despite state of emergency.
- ✓ Bullion declined with calmer markets.
- ✓ Gradual recovery despite the impact of temporary office closures, thanks in part to TV commercials.
- ✓ Purchases declined in Aug. due to the spread of COVID variants and abysmal weather impacts.
- ✓ Purchases remain low until mid-Sept., recovered thereafter.
- ✓ Although growth was sluggish in Jan. due to weather conditions, purchases was strong from Feb. onward.
- ✓ Purchases hit a record high due to strong bullion market.

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

SG&A Expenses

Consolidation of NEO-STANDARD
(P&L statement consolidation)

(Millions of yen)



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

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

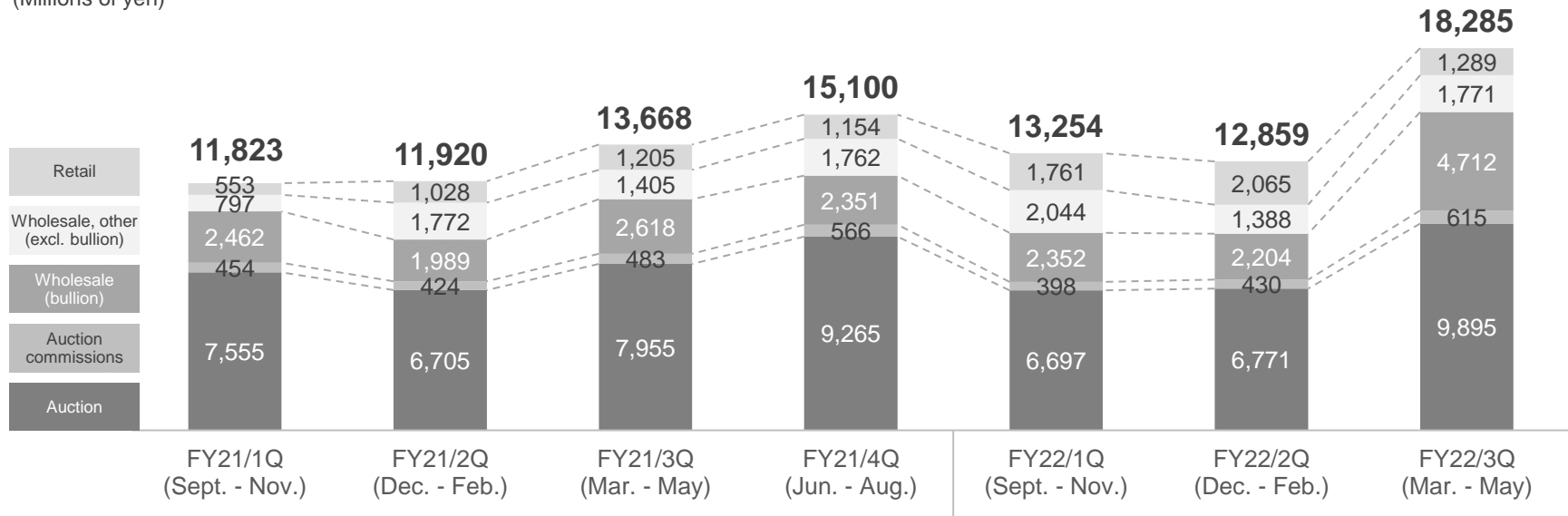
Balance Sheet

(Millions of yen)

	FY21	FY22/3Q	Difference	
Current assets	13,409	16,474	+3,064	
Cash and deposits	8,270	6,527	(1,742)	Decrease in cash on hand due to purchase of merchandise.
Merchandise	3,921	7,467	+3,546	Increase in merchandise due to expanded purchases.
Other	1,218	2,478	+1,260	
Non-current assets	5,317	6,005	+688	Increase in property, plant and equipment associated with new buying offices openings and increase in intangible assets associated with system development.
Total assets	18,727	22,479	+3,752	
Liabilities	11,457	15,045	+3,587	
Interest-bearing debt	8,848	12,016	+3,168	Increase in short-term loans payable to secure funds for purchasing.
Other	2,609	3,028	+419	Decrease due to purchase of treasury stock on the one hand, increase in foreign currency translation adjustments and stock acquisition rights on the other.
Net assets	7,270	7,434	+164	
Total liabilities and net assets	18,727	22,479	+3,752	

[Net Sales] Channel (toB, toC)

(Millions of yen)



✓ SBA sales remains strong.
✓ 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 growth in retail sales.

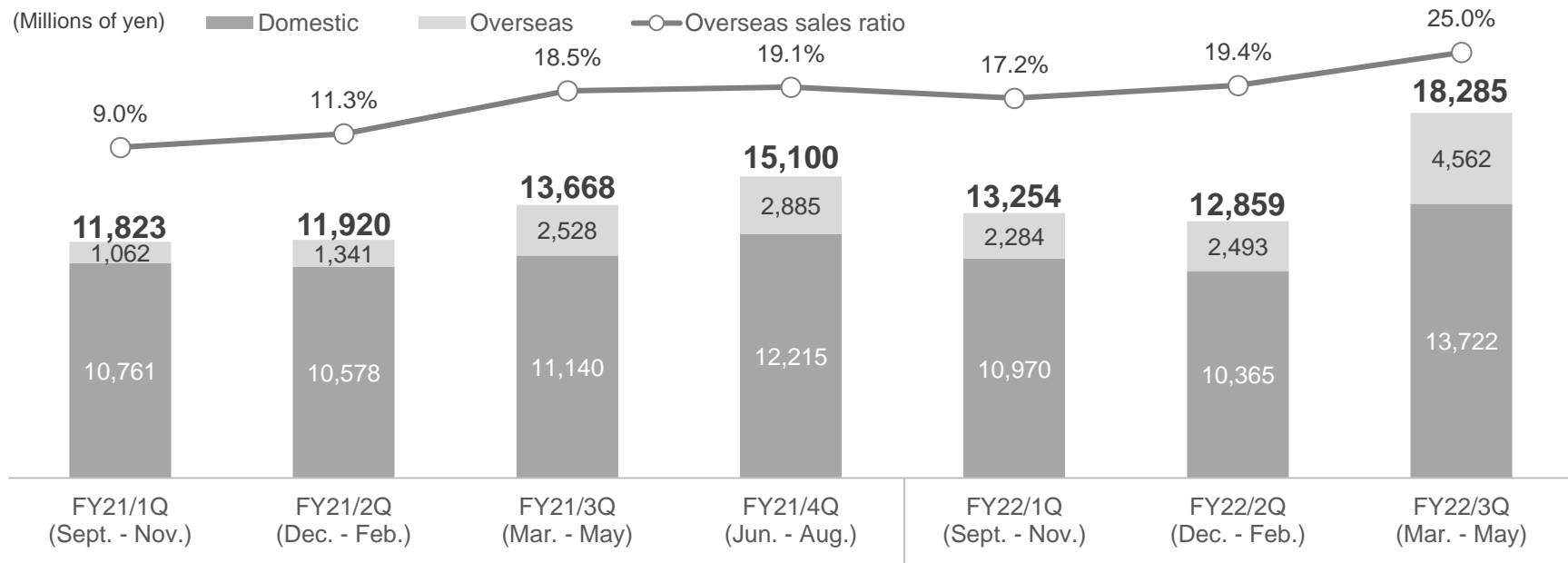
✓ Growth in auctions thanks in part to auctions held in HK.

✓ Auctions fell due to the impact of lower starting inventories and efforts to secure retail inventories.
✓ Retail increased 50% QoQ.

✓ Sales increased by allocating inventories to retail preferentially.
✓ Auction sales remained flat due to the impact of daily auctions.

✓ SBA sales increased due to change in No. of auctions held.
✓ Significant growth in bullion sales due to market effects.

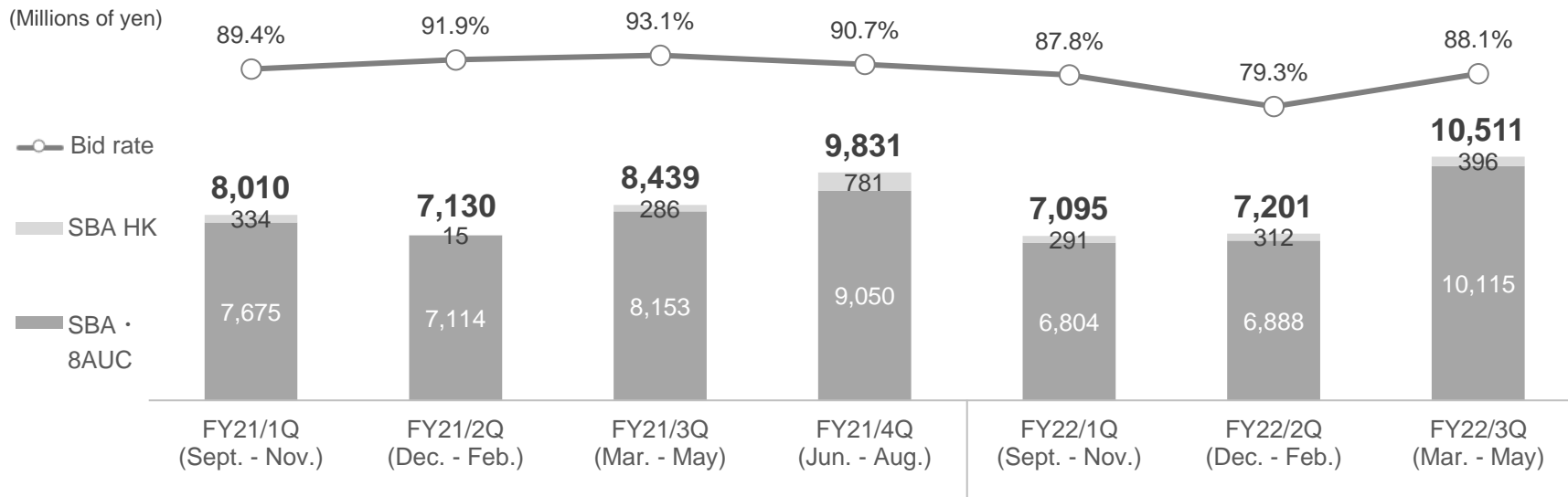
[Net Sales] Channel (Domestic, Overseas)



- ✓ 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 sales ratio against gross sales slightly declined.
- ✓ Overseas sales ratio rose due to the impact of weaker yen and a higher sales mix of watches with many overseas bids.
- ✓ Overseas sales ratio rose due to ongoing weaker yen impact.
- ✓ Domestic sales ratio rose due mainly to increased sales of bullion.

[Net Sales] Auction Results

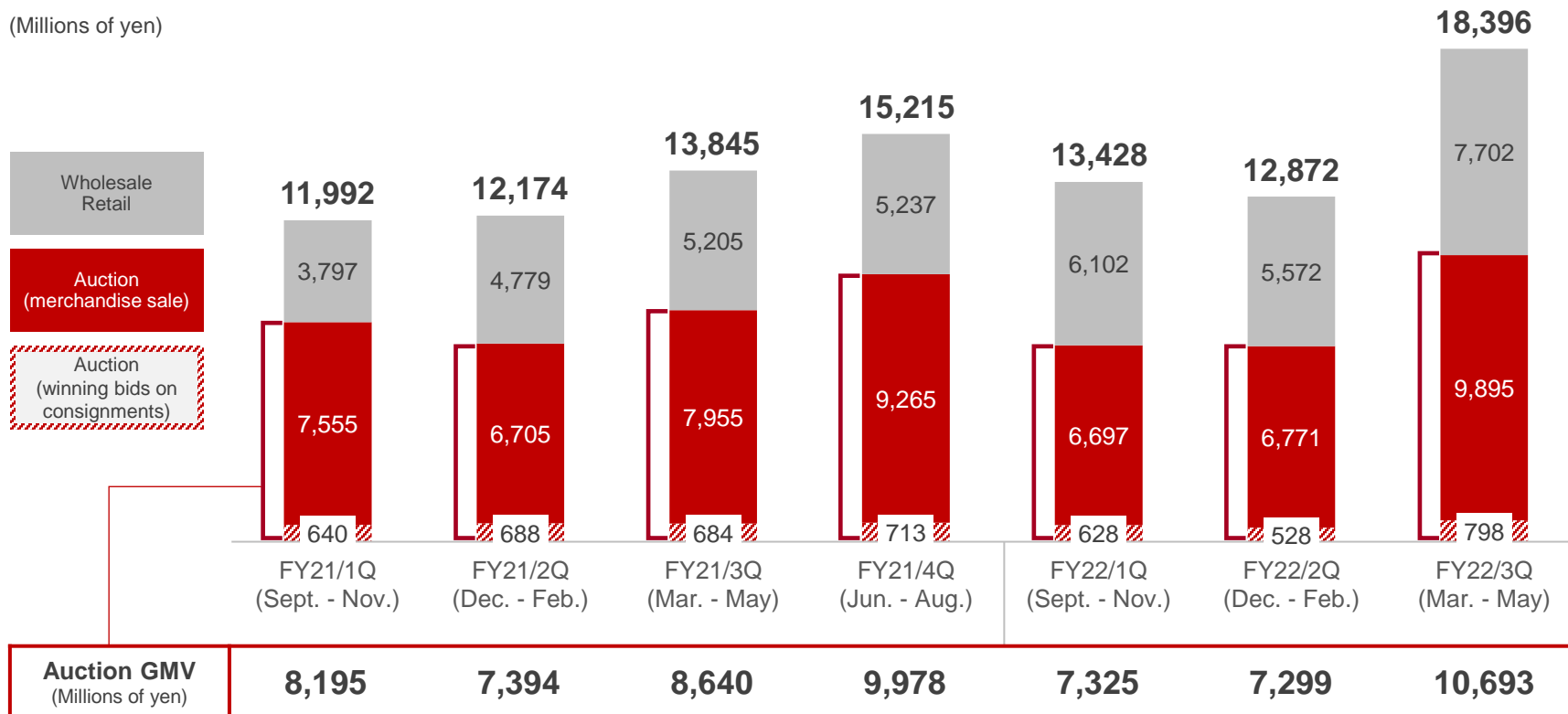
(Millions of yen)



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

[GMV] GMV Trends

(Millions of yen)



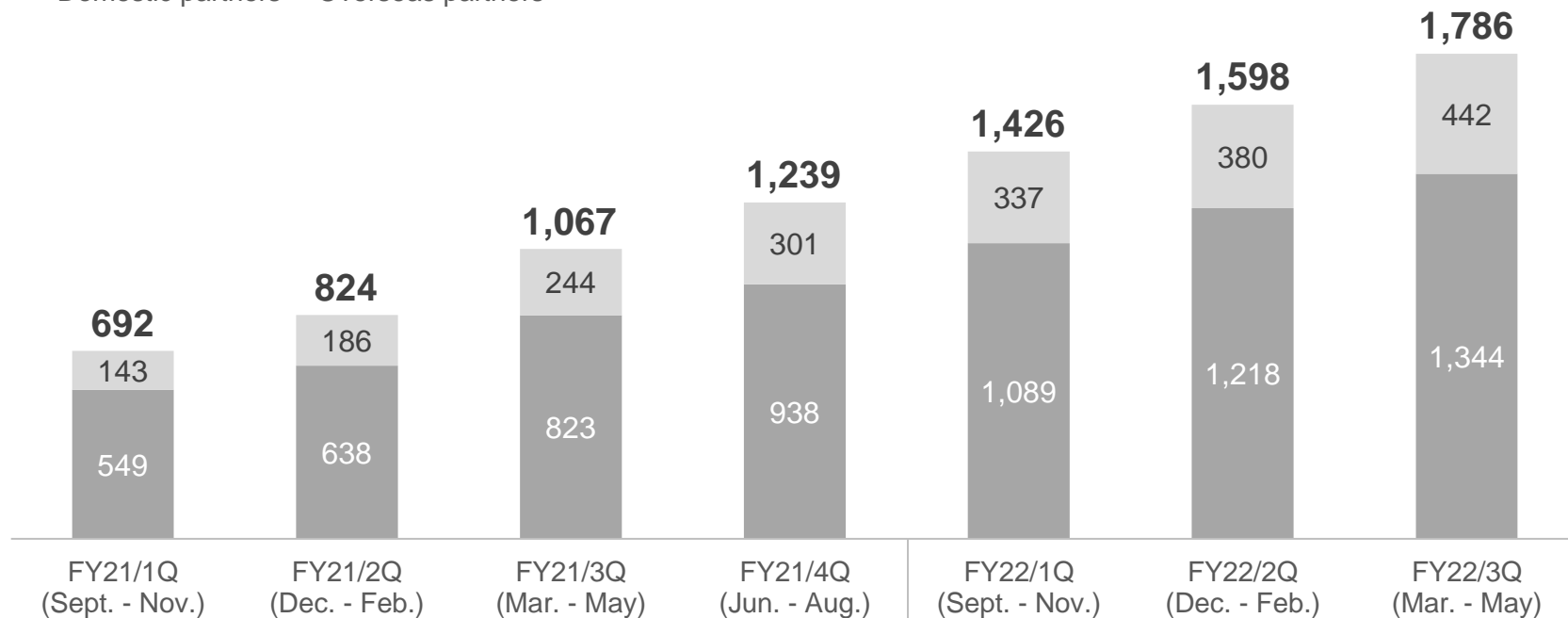
Highlights for 3Q FY8/2022



No. of SBA Partners

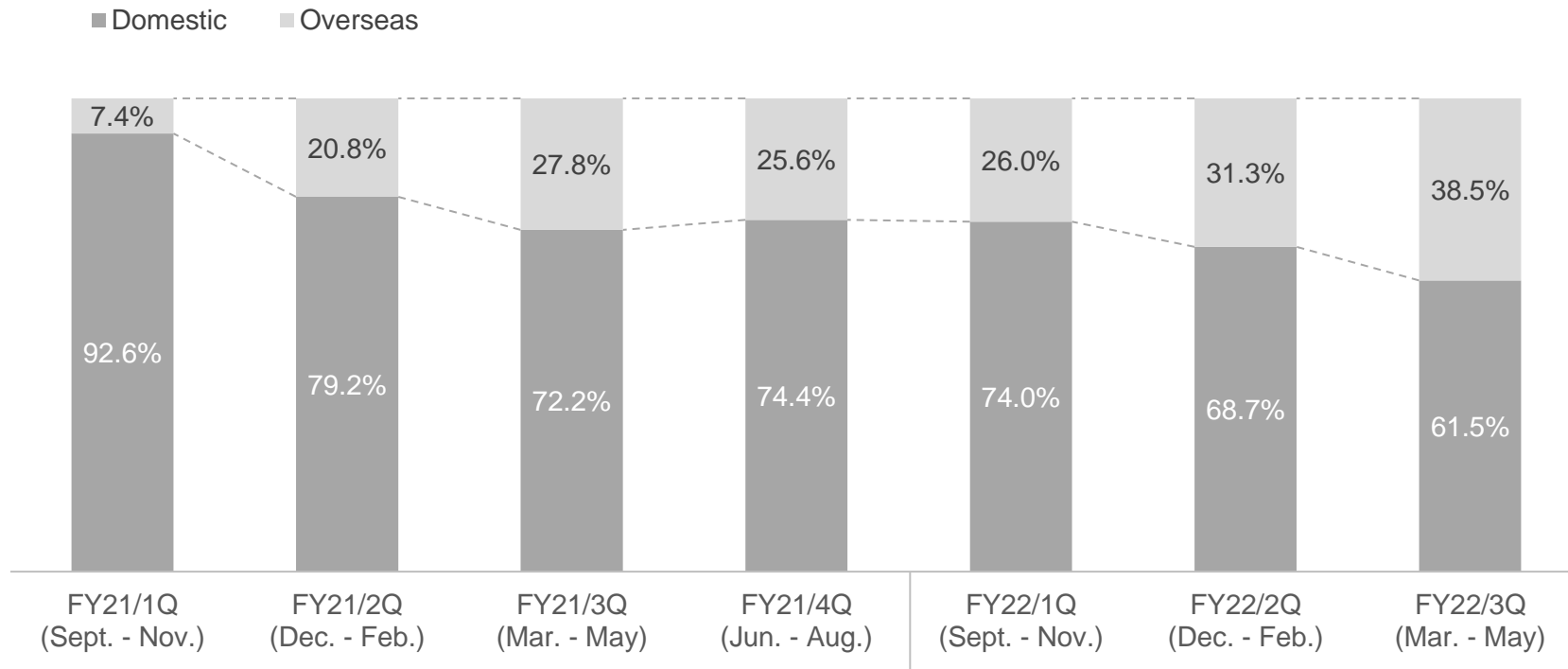
- ✓ Continued steady expansion both in domestic and overseas.

■ Domestic partners ■ Overseas partners



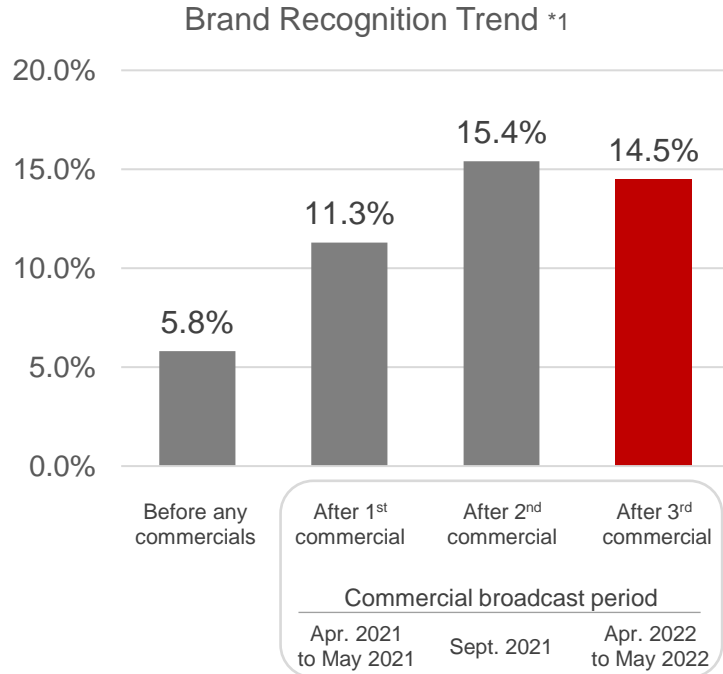
Domestic/ Overseas Ratio of SBA Winning Bids

- ✓ The overseas ratio remains high due to the ongoing impact of the weak yen.



Increasing Brand Recognition Through TV Commercials

- ✓ TV commercial featuring KANJANI Eight aired from Apr. 14 to May 8.
- ✓ Maintained recognition rate despite interval since last broadcast.



Commercial Favorability Survey *2

Rank 1st

among 142 companies in Distribution sector.
among 6 companies in Reuse sector.

*1 Summary of brand recognition survey

[Survey subject] n=7,000

[Survey period] Before any commercials: From Mar. 17, 2021 to Mar. 18, 2021

After 1st commercial: From May 10, 2021 to May 17, 2021

After 2nd commercial: From Sept. 27, 2021 to Oct. 3, 2021

After 3rd commercial: From May 9, 2022 to May 11, 2022

[Survey provider] D&M, Inc. (Cross-Marketing Survey Panel)

*2 Summary of favorability survey

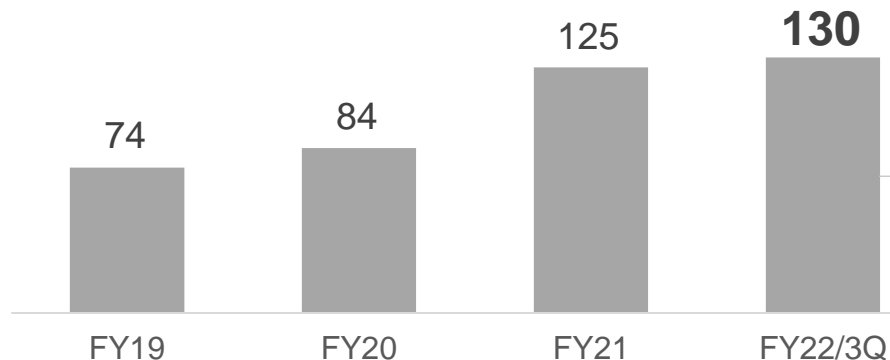
[Survey subject] n=4,500

[Survey period] From Apr. 5, 2022 to May 19, 2022

[Survey provider] CM Soken Consulting

Buying Offices Expansion

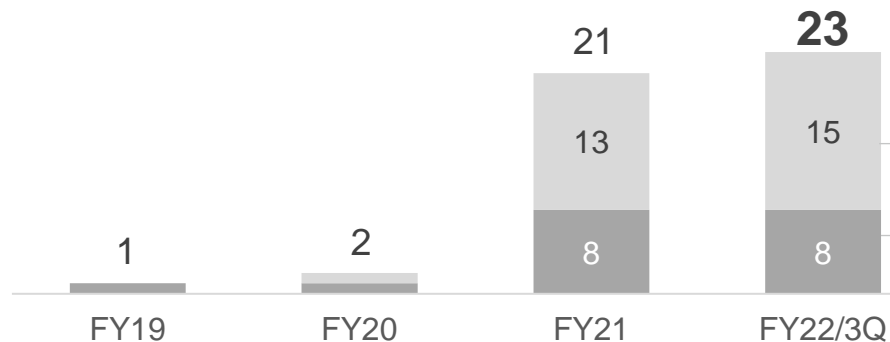
Domestic



- In FY22, new buying offices opened in regional cities under the strategy of restraining new openings overall.
- *Nanboya* Ginza Main office and *Hakkoudo* Ginza Main office were relocated in 3Q.

Overseas

- Partner offices
- Directly operated



- Opening of new offices in Southeast Asia; expanded the No. of offices in the Middle East.

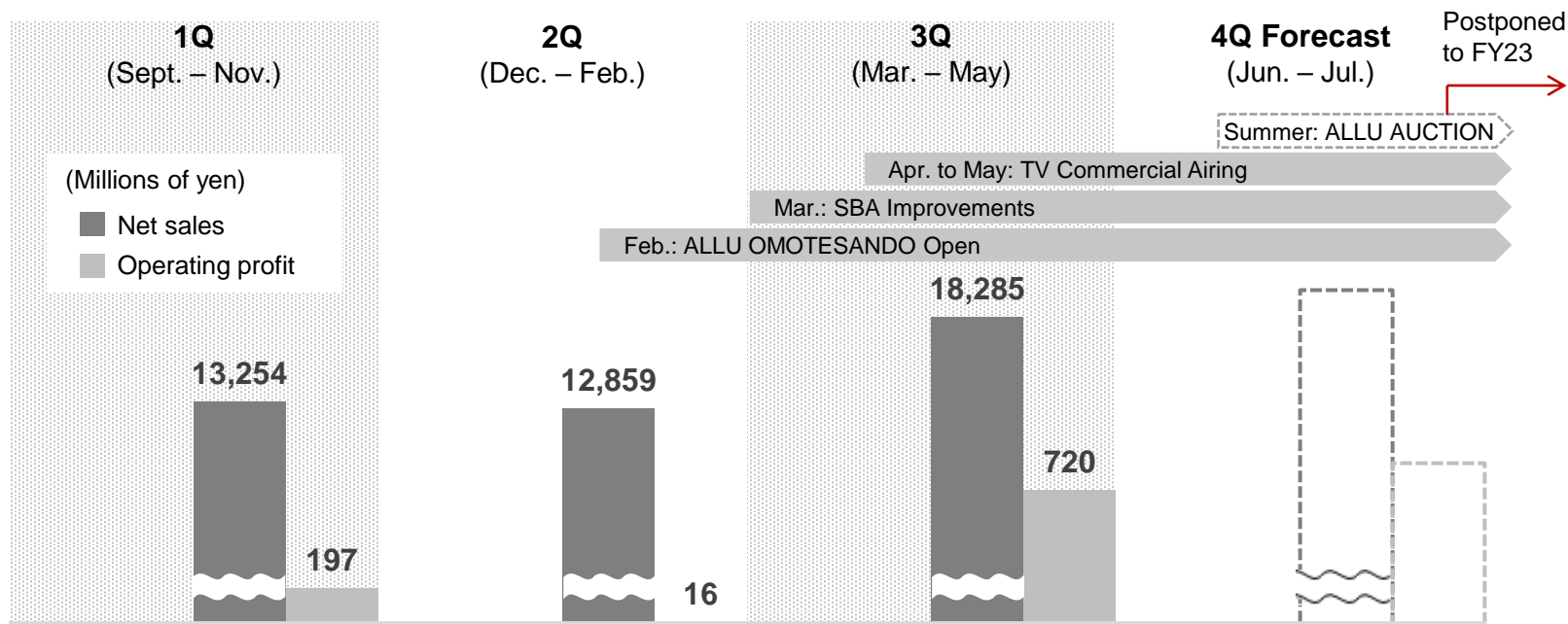
- First buying office in NY.
- Some offices were relocated or closed while opening new ones.

Full-year Forecast



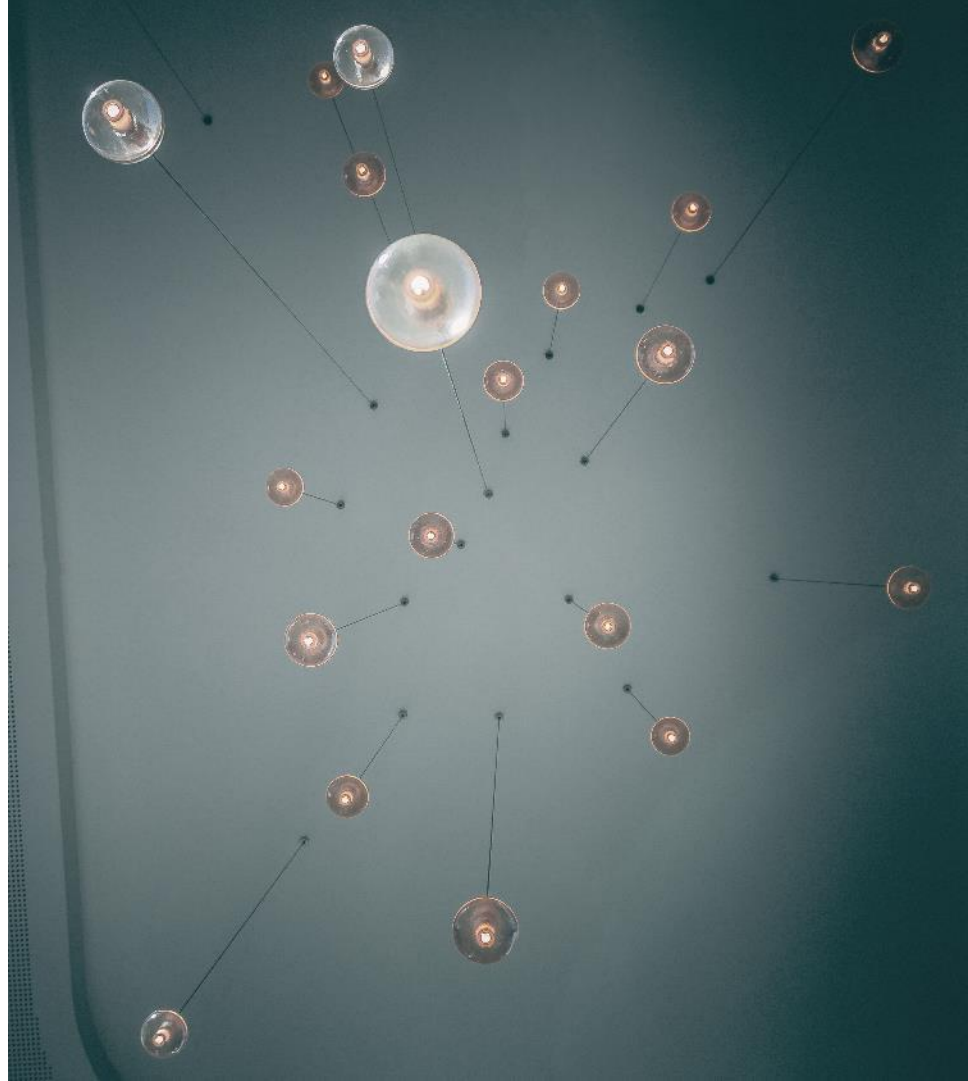
Full-year Forecast

- ✓ Results exceeded the plan as of 3Q due to the changes in product mix and SBA improvements.
- ✓ ALLU AUCTION postponed to next fiscal year, but **full-year forecast expected to be in line with plan.**



**Full-year forecast remains unchanged.
(net sales: ¥64.3 billion, operating profit: ¥1.8 billion)**

Topics



Disclosure of Scope 1 and 2 Emissions Measurement Results

- ✓ Measurement and disclosure of GHG emissions in FY21 in accordance with the GHG Protocol.

Scope 1 :

265 t-CO₂

Greenhouse gas emissions from air conditioning used in domestic buying offices, stores and administrative offices, business vehicles, etc.

Scope 2 :

1,161 t-CO₂

Greenhouse gas emissions from electricity and other energy used in in domestic buying offices, stores and administrative offices.

- * Greenhouse Gas Protocol: International standards for calculating greenhouse gas emissions.
- * Calculation period: Sept. 2020 – Aug. 2021
- * See ESG Data on the sustainability page of the Company website for more information.



▲ ESG data

Expanding Resale Impact Implementation

- ✓ Introduced Resale Impact display on product tags at ALLU stores in Ginza, Shinsaibashi and e-commerce following the store at Omotesando.

< Store >



Image of product tag

< e-commerce >



Nanboya HK Wins Top Prize at Largest Business Awards

- ✓ Award reflects high regard for the business activities of *Nanboya* HK, which has operated buying offices in HK since Jul. 2019.



< HONG KONG'S MOST OUTSTANDING BUSINESS AWARDS 2022 >

The largest business awards in Hong Kong organized by CORPHUB, a comprehensive business and digital media platform. More than 100 global companies from over 40 industries participated in this awards.

Nanboya HK currently operates three buying offices.



Participation in Japan's First Professional Dance League

- ✓ Forms a dance team called Valuence INFINITIES.



©D.LEAGUE 21-22

< D.LEAGUE >

A professional dance league launched in Japan in Aug. 2020 with the mission to “Bring dance into the lives of people around the world.”

We will be participating from the
2022-23 SEASON!



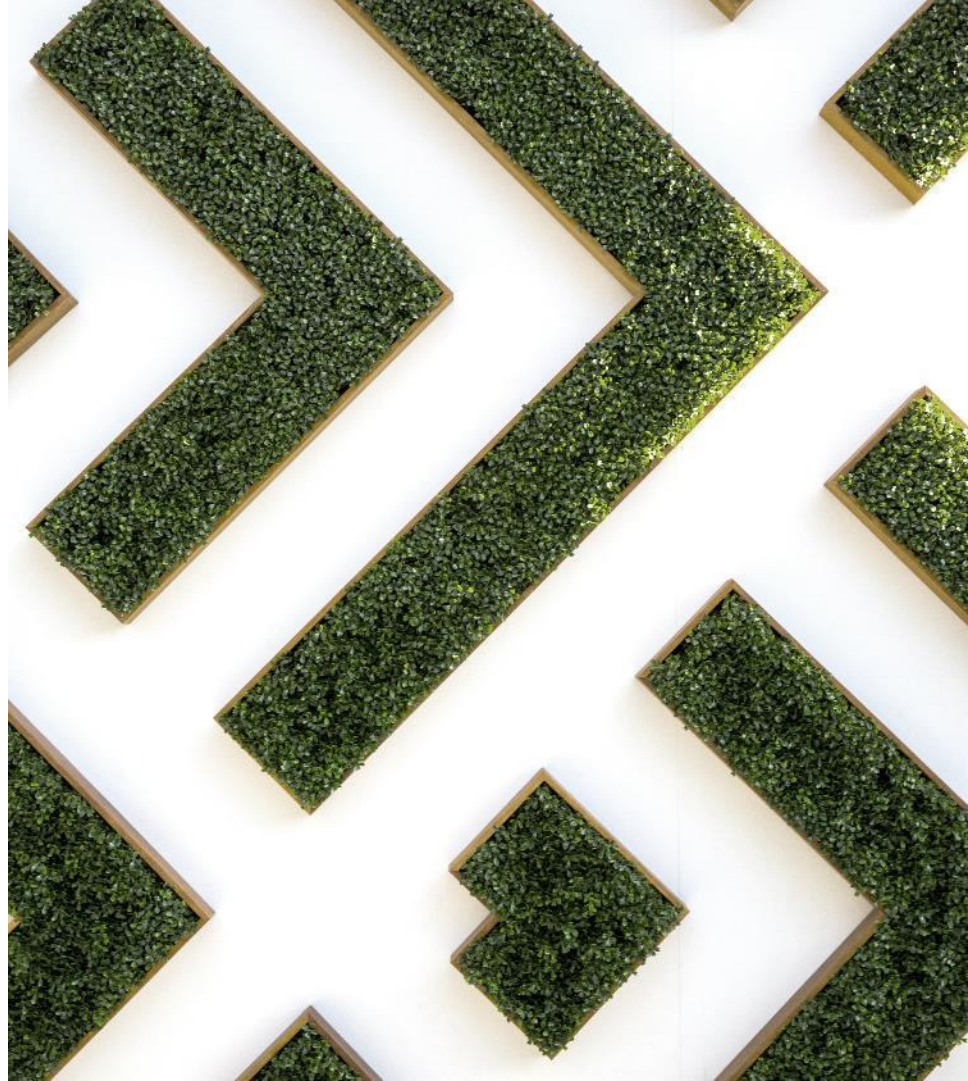
To express the Valuence Group's mission,
“Encouraging people to live in a way that is true
to themselves,” through dance.

Teams's Official SNS

-Instagram : https://www.instagram.com/valuence_infinities/

-Twitter : https://twitter.com/V_INFINITYES

Appendix



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 May 31, 2022)
Employees	904 (as of May 31, 2022) Consolidated, full time only
Segments	Luxury brand items, antiques, art, and other reuse businesses
Affiliates	10 Consolidated subsidiaries* 1 equity-method affiliate (as of May 31, 2022)

Group Business and Brands

Purchasing



Real estate



Auctions



Retail



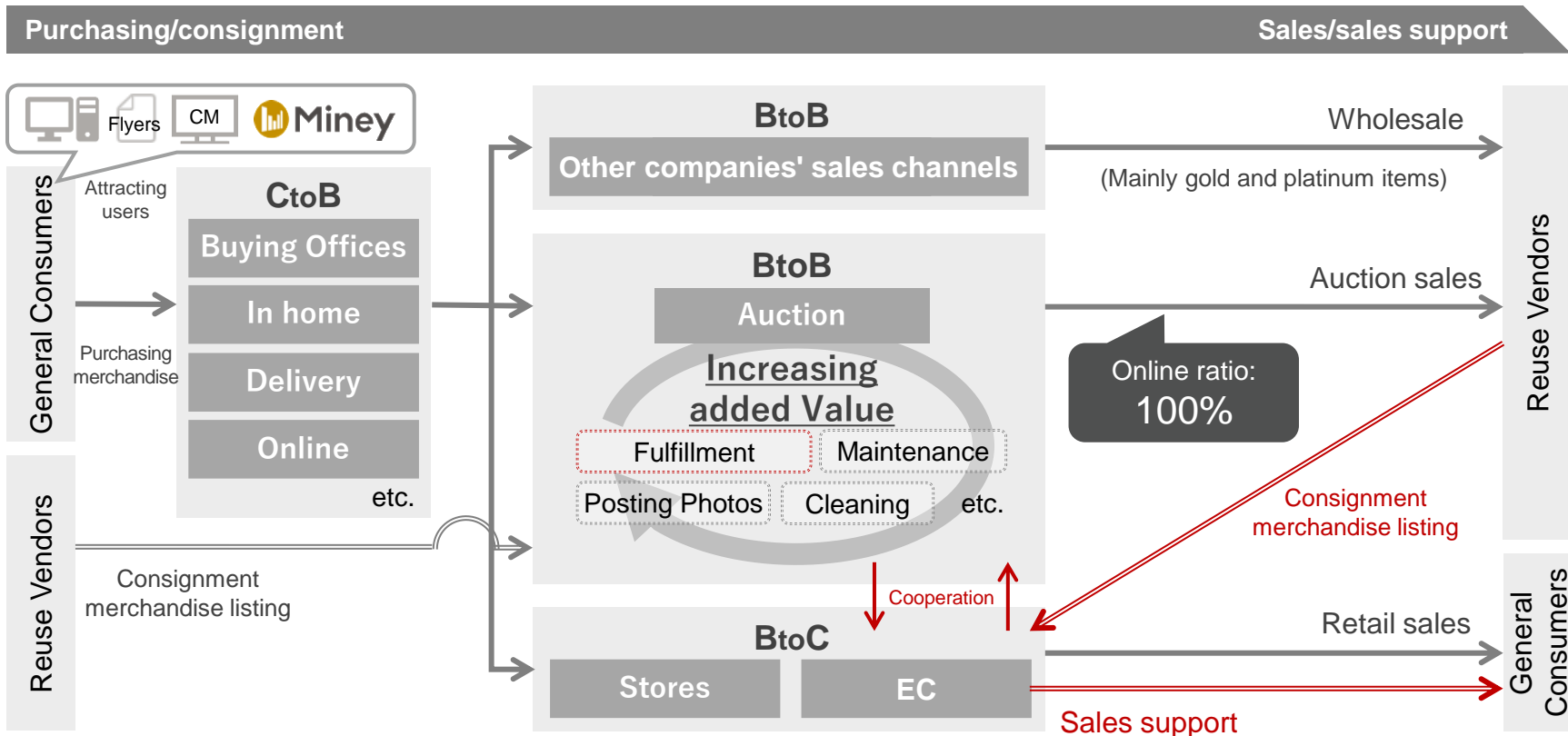
Apps



Business Model

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

Red: Now under preparation



Our Businesses

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.

智んぼや 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

Auction

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

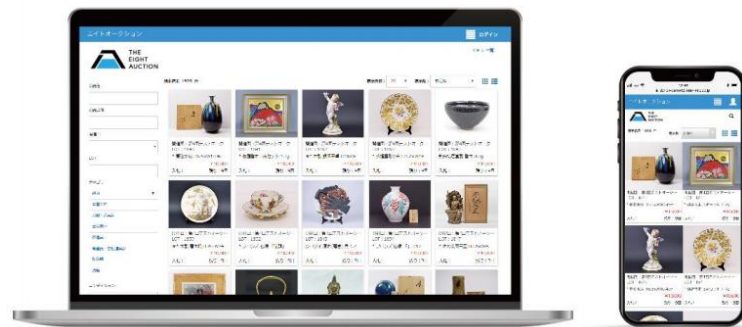
◆ STAR BUYERS AUCTION ◆

- ✓ BtoB auctions for luxury brand items, etc.
- ✓ Since going online in Mar. 2020, the auctions have drawn numerous partners around the world.
- ✓ Diamond auctions held in HK.(migrated online in Apr.)



◆ 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.



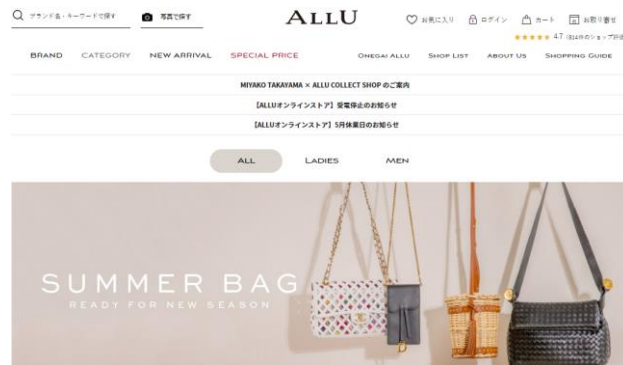
Our Businesses

Retail

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

◆ ALLU ◆

- ✓ Three retail stores (Ginza, Shinsaibashi, Omotesando) 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

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が資産価値を見るを化し、売れどきを教えてくれるアプリです。

ベストな売れどきを教えてくれる「売れどきアラート」アプリ

動画でわかるMiney

今すぐかんたん無料登録!

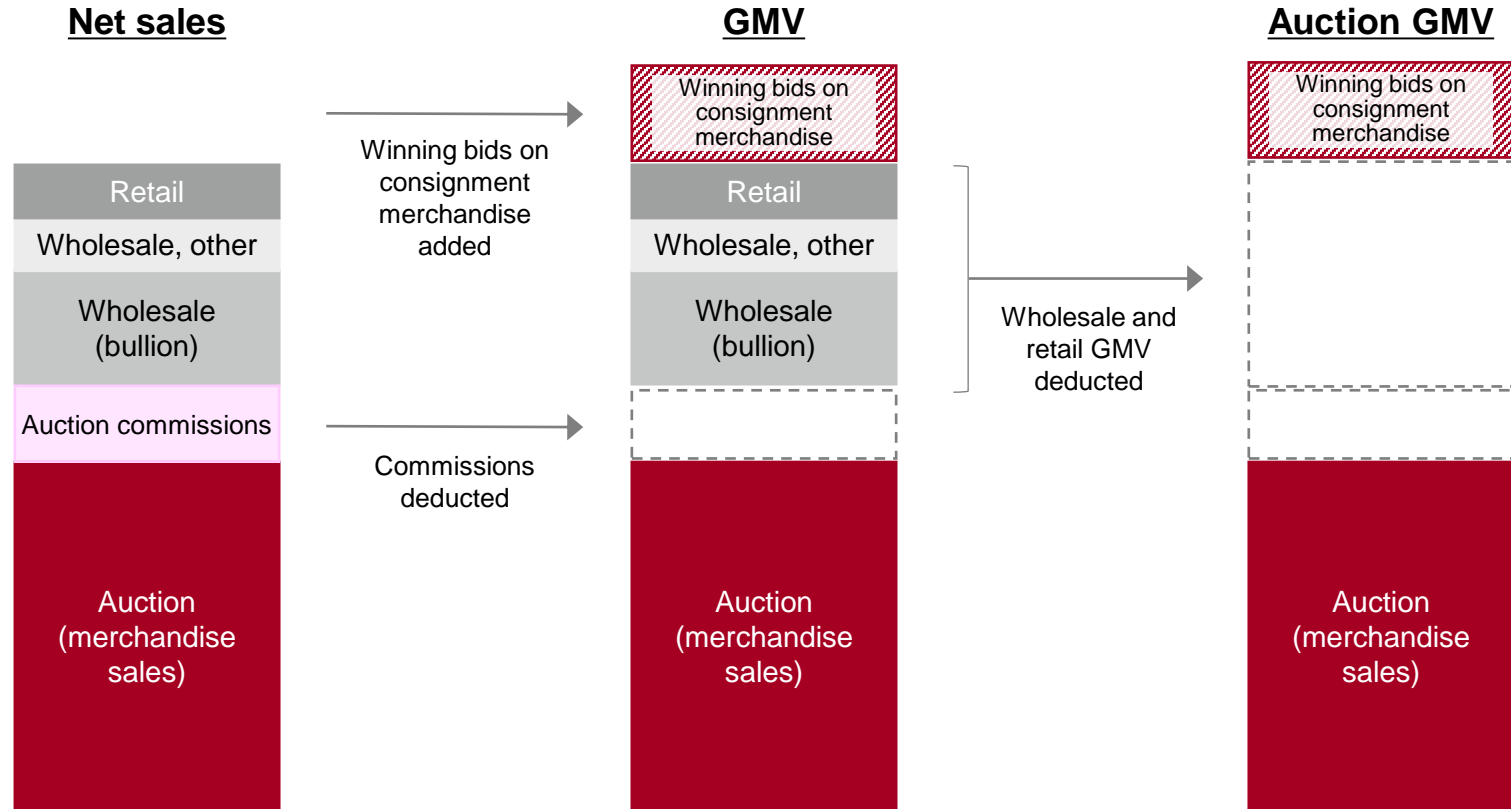
登録料・利用料 無料

Download on the App Store

Download on Google play

* 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 Nine Months Ended May 31, 2022*.

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