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December 22, 2022

To Whom It May Concern,

Company name: Valence Holdings Inc.
Representative: Shinsuke Sakimoto, Representative Director
(Securities Code: 9270; TSE Growth Market)
Contact: Shinichiro Sato, Director and CFO
(Phone +81-3-4580-9983)

**Announcement of YONE MOTORS CORPORATION
Becoming a Wholly Owned Subsidiary of Valence Holdings Inc.
Through Share Acquisition and Simplified Share Exchange**

Valence Holdings Inc. (the “Company”) hereby announces that the Company resolved at the meeting of the Board of Directors held today to acquire a portion of the outstanding shares (“Share Acquisition”) of YONE MOTORS CORPORATION (“YONE MOTORS”) and exchange shares of the aforementioned two parties (“Share Exchange”), thereby making the Company the sole parent company of YONE MOTORS and YONE MOTORS will be a wholly owned subsidiary of the Company. The two parties have executed a share transfer contract and share exchange contract on the same date, the details of which are provided below.

The Company plans on executing this Share Exchange by means of a simplified share exchange pursuant to Article 796 (2) of the Companies Act without obtaining approval of its general meeting of shareholders.

As the Share Exchange is expected to be a share exchange transaction where YONE MOTORS’s total assets as of the last day of its previous fiscal year will be less than 10% of the Company’s total assets as of the last day of its previous fiscal year, and YONE MOTORS’s net sales during its previous fiscal year will be less than 3% of the Company’s net sales during its previous fiscal year, this disclosure is being made with certain related facts and content omitted.

1. Objective of the Share Acquisition and the Share Exchange

As per its defined corporate purpose of promoting “Circular Design for the Earth and Us,” the Company strives to be a Circular Design Company that works to improve the sustainability of its businesses and the global environment, thereby establishing its competitive advantage over the med- to long-term.

Engaged in the reuse business mainly involving the purchase and sale of brand-name items, antiques, art, etc., the Company facilitates the transition to a circular economy in which goods that are no longer needed by their owners, rather than being discarded, are transferred to those who need them. The Company thus strives to contribute to a sustainable society by encouraging reuse among its customers, while appreciating the many stories customers may have of their belongings. In addition, the Company started dealing in automobiles in April 2021 with the goal of becoming a one-stop solution provider for all tangible property, not just that in current genres, thus improving the customer lifetime value while maximizing the Company earnings opportunities.

Founded in 2013, YONE MOTORS is a company mainly involved in the sale and purchase of new and used domestic and imported automobiles that also operates its own garages where mandatory automobile inspections, check-ups, and other maintenance services are performed. YONE MOTORS’ distinct advantage is its ability to service imported premium automobiles at its own facilities. The Company believes that this Share Acquisition and Share Exchange will allow it to sell purchased automobiles directly to consumers by leveraging YONE MOTORS’ existing sales channels, while also leveraging YONE MOTORS’ strong technical capabilities in automobile maintenance to extend the length and

quality of automobile usable lifespans for consumers, thereby cultivating long-term relationship with customers and facilitating the transition to a recycling-based society in which goods that are no longer needed are transferred to those who need them.

2. Share Acquisition and Share Exchange method

While YONE MOTORS has 100 outstanding shares in total, the Company plans to purchase 84 shares through the Share Acquisition and acquire the remaining 16 shares through the Share Exchange, thereby making YONE MOTORS a wholly owned subsidiary of the Company.

3. Share Acquisition outline

(1) Share Acquisition timeline

(1) Date of the Board of Directors' resolution approving the share acquisition	December 22, 2022
(2) Share transfer contract execution date	December 22, 2022
(3) Share acquisition completion date	January 31, 2023 (expected)

(2) Profile of the Share Acquisition target

(1) Name	Takeshi Yone
(2) Address	Machida-shi, Tokyo
(3) Relationship between the Company and the individual	No capital, personal, or transactional relationship exists between the Company and the individual or any of its close relatives.

(3) Number of shares to be acquired, acquisition amount, and shares held before and after the Share Acquisition

(1) Number of shares held before the transaction	0 shares (Ownership ratio of voting rights: 0.0%)
(2) Number of shares to be acquired	84 shares (Ownership ratio of voting rights: 84.0%)
(3) Acquisition amount	Shares of common stock of YONE MOTORS: 504,000,000 yen Advisory expenses (estimate): 10,000,000 yen Total (estimate): 514,000,000 yen
(4) Number of shares to be held after the transaction	84 shares (Ownership ratio of voting rights: 84.0%)

4. Share Exchange outline

(1) Share Exchange timeline

(1) Date of the Board of Directors' resolution approving the share exchange	December 22, 2022
(2) Share exchange contract execution date	December 22, 2022
(3) Date of YONE MOTORS's resolution at its extraordinary general meeting of shareholders	January 26, 2023 (expected)
(4) Share exchange effective date	February 28, 2023 (expected)

Note: The Company intends to execute this Share Exchange by means of a simplified share exchange pursuant to Article 796 (2) of the Companies Act, without obtaining approval by resolution of its general meeting of shareholders.

(2) Share Exchange method

This Share Exchange is a share exchange transaction through which the Company becomes the sole parent company of YONE MOTORS and YONE MOTORS becomes the Company's wholly owned subsidiary. In turn, the shareholder of YONE MOTORS will receive the consideration in this Share Exchange, typically the common stock of the Company.

(3) Share Exchange allocation

	Valuence Holdings Inc. (Sole parent company after the share exchange)	YONE MOTORS CORPORATION (Wholly owned subsidiary after the share exchange)
Share Exchange ratio allocation	1	2,175
Number of shares to be issued in the Share Exchange	The Company's common stock: 34,800	

Notes

1: Share allocation ratio

The Company will issue 2,175 shares of its common stock in exchange for each share of YONE MOTORS' common stock. However, shares of common stock held by the the Company as of immediately preceding the effective date (February 28, 2023 expected) will not be allocated and issued upon the Share Exchange.

2: Number of shares of the Company's common stock to be issued in the Share Exchange

The Company plans to issue 34,800 shares of its common stock in the Share Exchange as newly issued shares.

(4) Treatment of share options and corporate bonds with share options related to the Share Exchange

YONE MOTORS has no information to report on this matter as it has not issued any share options or corporate bonds with share options.

(5) Basis of share allocation calculation, etc. concerning the Share Exchange

(i) Ground and rationale behind the share allocation

To ensure fairness and reasonableness in calculating the share allocation ratio ("Share Exchange Ratio") as set forth in 4. (3) above that will be applied to the Share Exchange, the Company opted to hire a third-party appraisal body that is independent of the parties involved in the transaction to perform the task. The third party appointed was Growin' Partners Inc. ("Growin' Partners"; representative: Tetsuya Sano; address: 8F, Tokyu Fudosan Akasaka Building, 2-14-3 Nagatacho, Chiyoda-ku, Tokyo).

With reference to the share exchange ratio calculation result reported by Growin' Partners, the Company considered all related factors, including the parties' financial standing, asset status, future outlook, etc., and held a series of discussions and reviews on the Share Exchange Ratio between the parties.

Subsequently, the Company and YONE MOTORS reached an agreement on the Share Exchange Ratio that formed the basis for executing the Share Exchange, concluding that it was a reasonable figure for all shareholders involved.

If, however, any material change should occur that might affect the aforementioned calculation, the Share Exchange Ratio may be modified through the parties' consultation with each other pursuant to the share exchange contract.

(ii) Calculation process details

(Appraisal body's name and its relationship to the publicly listed company and the counterparty involved in the transaction)

As Growin' Partners is an appraisal body that is independent of the Company and YONE

MOTORS, it does not qualify as a related party to the Company or YONE MOTORS. Therefore, there is no relationship of material interest between Growin' Partners and the parties that should be stated as it relates to the Share Exchange.

(Calculation outline)

In terms of the value of the Company's stock, as it is publicly traded on the Tokyo Stock Exchange's Growth Market and its price changes daily, the market price average method was adopted in order to reflect the stock's average price in the past as well as the closing price on particular dates (for which December 21, 2022 was selected as the calculation reference date and the closing price of each market trading date over the previous three months up to the reference date was used to obtain the simple average price), arriving at a price of 2,751 yen per share. The closing price of the stock was 2,613 yen on the calculation reference date.

As for the valuation of the stock of YONE MOTORS, which is a private company, Growin' Partners was also asked to handle the calculation. Growin' Partners subsequently submitted a calculation report indicating a price range between 534 and 663 million yen. After careful discussions between the parties, they reached an agreement to set the price at 6 million yen per share.

For this calculation, Growin' Partners used the discounted cashflow (DCF) method to calculate the value of YONE MOTORS's stock, as its status as a private company would not allow the use of the market price method, and the basis of its stock valuation would largely depend on its future earnings capacity, which the DCF method could capture based on YONE MOTORS' forecasted business activities. In addition, the comparative multiple valuation method was also used to estimate the stock's value, as there were several publicly traded companies that could serve for comparison.

As for the financial projections upon which the calculation was based, YONE MOTORS' expected business performance and financial status after becoming the Company's wholly owned subsidiary were used. None of the fiscal periods considered involved an instance of significant profit increase/decrease or a major year-on-year change in assets or liabilities based on its financial statements.

Based on the calculation result as described above, the Company reviewed and negotiated the Share Exchange Ratio with YONE MOTORS, and the parties agreed to the allocation of 2,175 shares of the Company's stock for each share of YONE MOTORS' stock as stated in 4. (3) above.

In principle, Growin' Partners applied "as is" the provided information, information obtained through its own communications with both parties, and publicly available information to calculate the value of YONE MOTORS' stock.

Furthermore, as Growin' Partners assumed that all the documents and information used to perform the calculation were accurate and complete, that no undisclosed information existed that could have a material impact on the valuation of YONE MOTORS' stock, and that all of YONE MOTORS' future earnings plans and financial projections were based on the best models available at the time, Growin' Partners did not independently verify the aforementioned documents or information as to their accuracy or completeness.

(6) Prospect of delisting and reason

As the Company will become the sole parent company of YONE MOTORS and YONE MOTORS will become the Company's wholly owned subsidiary through the Share Exchange, and because the latter is not a publicly traded company, the Company has no information to report on this matter.

5. Profiles of the prospective subsidiary and the companies involved in the Share Exchange

	Sole parent company following the transaction (as of August 31, 2022)	Wholly owned subsidiary following the transaction (as of August 31, 2022)
(1) Name	Valuence Holdings Inc.	YONE MOTORS CORPORATION
(2) Address	28F, Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo	1F, Higashi Azabu Annex Building, 1-10-13 Higashi-Azabu, Minato-ku, Tokyo
(3) Representative's name and title	Shinsuke Sakimoto Representative Director	Takeshi Yone Representative Director
(4) Business descriptions	Business administration, management enhancement, strategy planning and formulation for the Company Group	Sale and purchase of new and used domestic and imported automobiles, performance of mandatory automobile inspections, check-ups, automobile disassembly and maintenance, sheet metal painting, etc.
(5) Capital	1,146 million yen	5 million yen
(6) Date of establishment	December 28, 2011	May 1, 2013
(7) Total outstanding shares	13,335,620	100
(8) Accounting period	August 31	November 30
(9) Number of employees	108	13
(10) Main bank	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation
(11) Major shareholders and shareholding ratios	SF Property Management Inc.: 57.33% The Master Trust Bank of Japan, Ltd. (Trust Account): 5.41% Custody Bank of Japan, Ltd. (Trust Account): 5.11% Goldman Sachs Bank Europe SE, Luxembourg Branch: 3.68% Shinsuke Sakimoto: 3.66% NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY: 3.50% Kouji Sakimoto: 3.48% BBH/SUMITOMO MITSUI TRUST BANK, LIMITED (LONDON BRANCH) /SMTTIL/JAPAN SMALL CAP FUND CLT AC: 1.12% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC): 0.77% Custody Bank of Japan, Ltd. (Trust B Account): 0.71%	Takeshi Yone: 100.00%

	Sole parent company following the transaction (as of August 31, 2022)			Wholly owned subsidiary following the transaction (as of August 31, 2022)		
(12) Main business partners	Reuse vendors			USS Co., Ltd. Tokyo Used Car Dealers Association, etc.		
(13) Relationship between the parties involved in the transaction						
	Capital relationship			None		
	Personal relationship			None		
	Transactional relationship			None		
	Status of qualification as related parties			None		
(14) Financial performance and status over the past three years						
	Valuence Holdings Inc. (consolidated)			YONE MOTORS CORPORATION (non-consolidated)		
	Fiscal year ending Aug. 2020	Fiscal year ending Aug. 2021	Fiscal year ending Aug. 2022	Fiscal year ending Nov. 2019	Fiscal year ending Nov. 2020	Fiscal year ending Nov. 2021
Net assets (million yen)	6,735	7,270	7,853	20	47	70
Total assets (million yen)	15,378	18,727	23,249	201	334	469
Net assets per share (yen)	512.88	539.40	586.41	207,298.87	471,333.51	703,288.73
Net sales (million yen)	37,932	52,512	63,385	409	679	1,036
Operating profit (million yen)	631	1,169	1,888	14	29	22
Ordinary profit (million yen)	622	976	1,791	14	34	30
Net income (million yen)	305	725	969	12	26	23
Net income per share (yen)	23.53	54.87	74.06	120,007.43	264,034.64	231,955.22
Dividend per share (yen)	25.00	25.00	25.00	-	-	-

Note: The above shareholding ratios are calculated after subtracting treasury shares. All fractions below two decimal places are omitted.

6. Status after the Share Exchange

As the Company will be the sole parent company following the transaction, no change will occur to its trade name, head office location, representative, business description, capital, or fiscal period due to the Share Exchange. The amount of its net assets and total assets following the transaction have not yet been determined.

7. Accounting outline concerning the transaction

For the accounting of the Share Exchange, the accounting procedure for acquisitions pursuant to the Accounting Standard for Business Combinations will likely be applied. While goodwill is expected to arise based on this accounting, the exact amount has yet to be determined.

8. Future outlook

The deemed acquisition date related to the Share Acquisition and Share Exchange through which YONE MOTORS will become the Company's subsidiary is February 28, 2023. Accordingly, the Company intends to include YONE MOTORS only on the consolidated balance sheet for the second quarter of the consolidated accounting period and subsequently include YONE MOTORS on the consolidated statement of income from the third quarter of the consolidated accounting period. The impact that this transaction will have on the Company's financial performance during the fiscal year ending August 2023 is expected to be minor.

(Reference) Estimated consolidated financial results for the current fiscal year (published on October 14, 2022) and the previous year's consolidated financial results

(Unit: million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Estimated consolidated financial results for the current fiscal year (ending Aug. 2023)	78,500	2,500	2,350	1,300
Consolidated financial results from the previous fiscal year (ending Aug. 2022)	63,385	1,888	1,791	969