

Q1 FY8/2023 Financial Results



Valuence

Valuence Holdings Inc.
(Securities Code: TSE Growth 9270)

January 13, 2023

Index

Financial Results

Highlights for Q1 FY23

Initiatives during Q2 and Beyond

Sustainability

Appendix

Valuence

Financial Results

Summary for Q1 FY8/2023

Results exceeded those of the same period of the previous year.

- Net sales and operating profit decreased QoQ due to securing inventory for retail initiatives but increased significantly YoY.
- Gross profit margin recovered to the same level as in the same period of the previous year.
- Re-expansion of COVID-19 had no impact on business performance.

GMV
(Gross merchandises value)

19.2 billion yen
(+43.1% YoY)

Net sales

17.2 billion yen
(+30.2% YoY)

Gross profit margin

26.7%
(-0.2pts YoY)

Operating profit

0.28 billion yen
(+44.0% YoY)

Topics for Q1 FY8/2023 (Sept. – Nov.)



Purchases

- Purchases remained steady and have not affected by the spread of COVID-19.
- Acceleration of new buying office openings in domestic. The No. of buying offices was **134 in domestic and 36 overseas**.
- Good results achieved through “i’m green”, a purchasing collaboration with Isetan Mitsukoshi.



Sales

- Expectations of an inbound recovery have led to an **increase in the ratio of domestic sales at in-house auction**.
- Consignments at in-house auction continued to increase due to the free charge of commission fee/listing fee.
- Merchandise were strategically **kept as retail inventory** for the preparation of sales during Christmas season in Q2.

Financial Results for Q1 FY8/2023

- Achieved double-digit growth in both net sales and profits compared with the same period of the previous year.

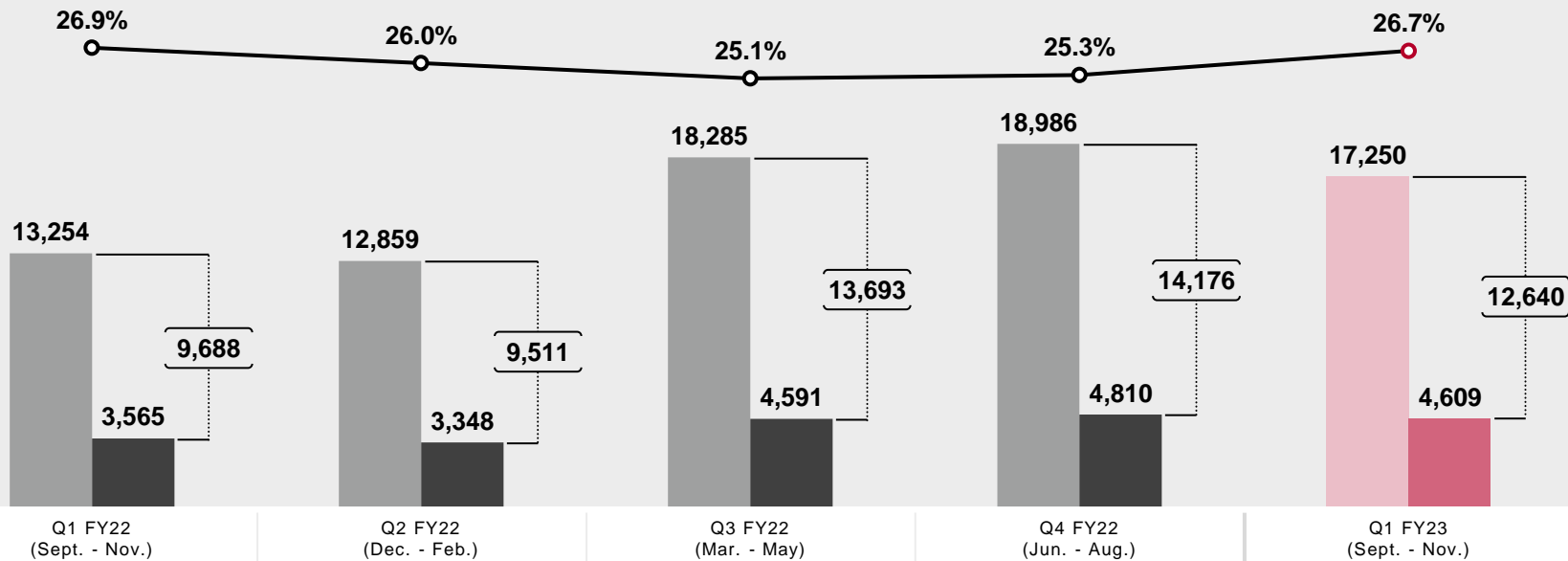
(Million yen)	Q1 FY22	Q1 FY23	YoY change	FY23 plan	Achievement rate
Net sales	13,254	17,250	+30.2%	78,500	22.0%
Gross profit	3,565	4,609	+29.3%	21,400	21.5%
Gross profit margin	26.9%	26.7%	(0.2pts)	27.3%	-
SG&A	3,368	4,325	+28.4%	18,900	22.9%
Operating profit	197	283	+44.0%	2,500	11.4%
Ordinary profit	169	259	+52.8%	2,350	11.0%
Ordinary profit margin	1.3%	1.5%	+0.2pts	3.0%	-
Profit attributable to owners of parent	45	133	+193.9%	1,300	10.3%

Net Sales and Gross Profit

- Strategic inventory pooling for new retail store opening and toC auction, resulted a decline in net sales QoQ.
- In-house auction's high margin contributed to the improvement of the overall gross profit margin.

(Million yen)

■ Net sales
 ■ Gross profit
 —○— Gross profit margin
 □ Cost of sales

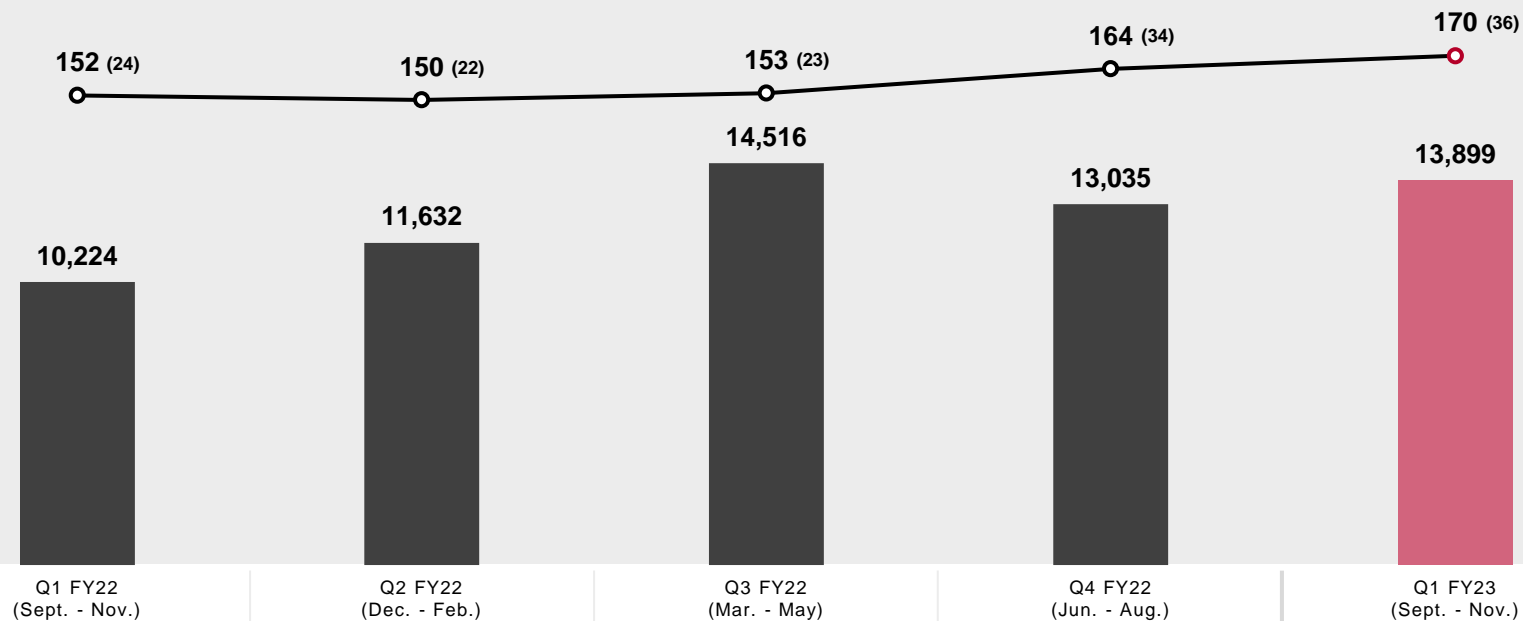


Purchases and Buying Offices

- Not affected by the rebound COVID-19, purchases remained steady.
- Re-accelerated the speed of buying office openings in domestic, which had been temporarily slowed in FY22.

(Million yen)

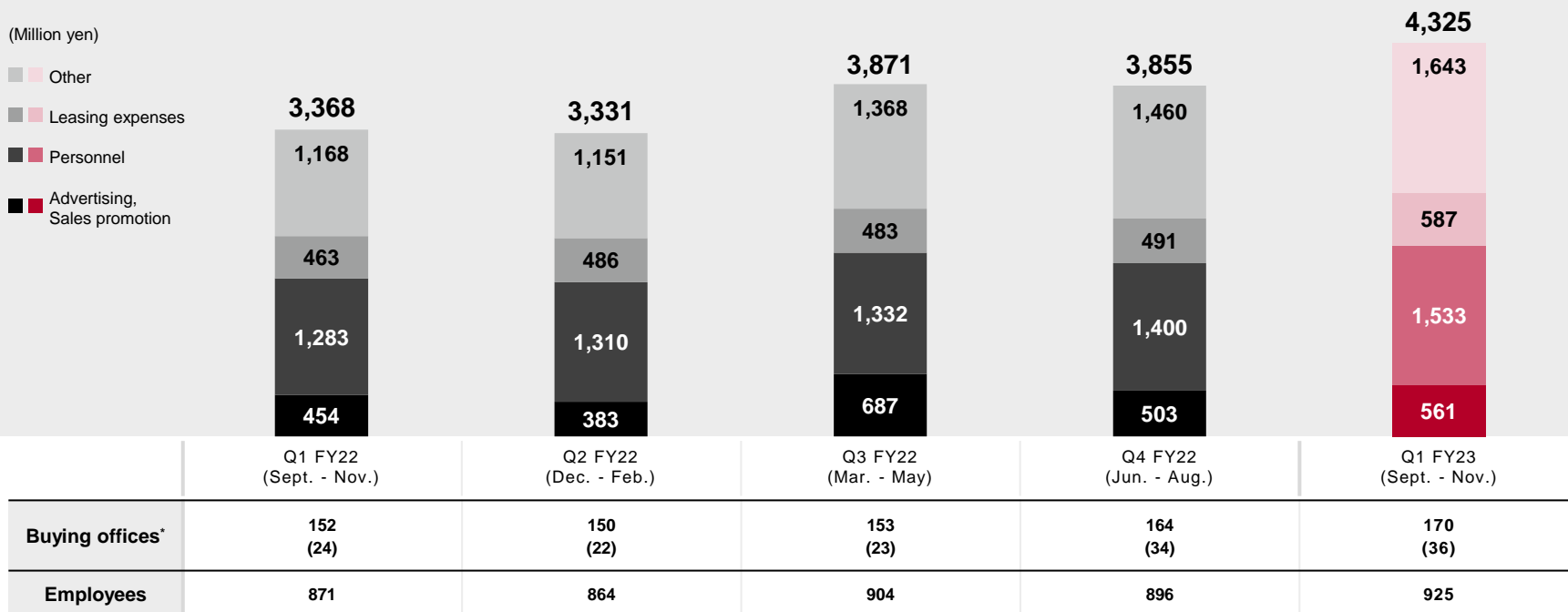
■ Purchases ○ Buying offices



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

SG&A Expenses

- SG&A expenses increased due to personnel expansion and one-time costs for office relocation, etc.



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

Balance Sheet

(Million yen)	FY23	Q1 FY23	Difference
Current assets	16,804	18,266	+1,462
Cash and deposits	7,807	7,635	(172)
Merchandise	6,329	7,651	+1,322
Other	2,667	2,980	+313
Non-current assets	6,445	6,722	+276
Total assets	23,249	24,989	+1,739
Liabilities	15,395	17,295	+1,900
Interest-bearing debt	12,515	14,229	+1,713
Other	2,880	3,066	+186
Net assets	7,853	7,693	(160)
Total liabilities and net assets	23,249	24,989	+1,739

Decrease in cash on hand due to purchase of merchandise and capital investment.

Increase in merchandise due to strategically pooled inventory for retail sales in Q2, in addition to expanded purchases.

Increase in property, plant and equipment associated with new buying offices and new retail store opening and increase in intangible assets associated with system development.

Increase in long-term loans payable to secure funds for purchasing and capital investment.

Dividend payments, which offset the profit attributable to owners of parent company for the period, results in a decrease in net assets.

Net Sales by Channel (toB, toC)

- In-house auction sales decreased, but auction commissions increased due to increased consignment.

(Million yen)

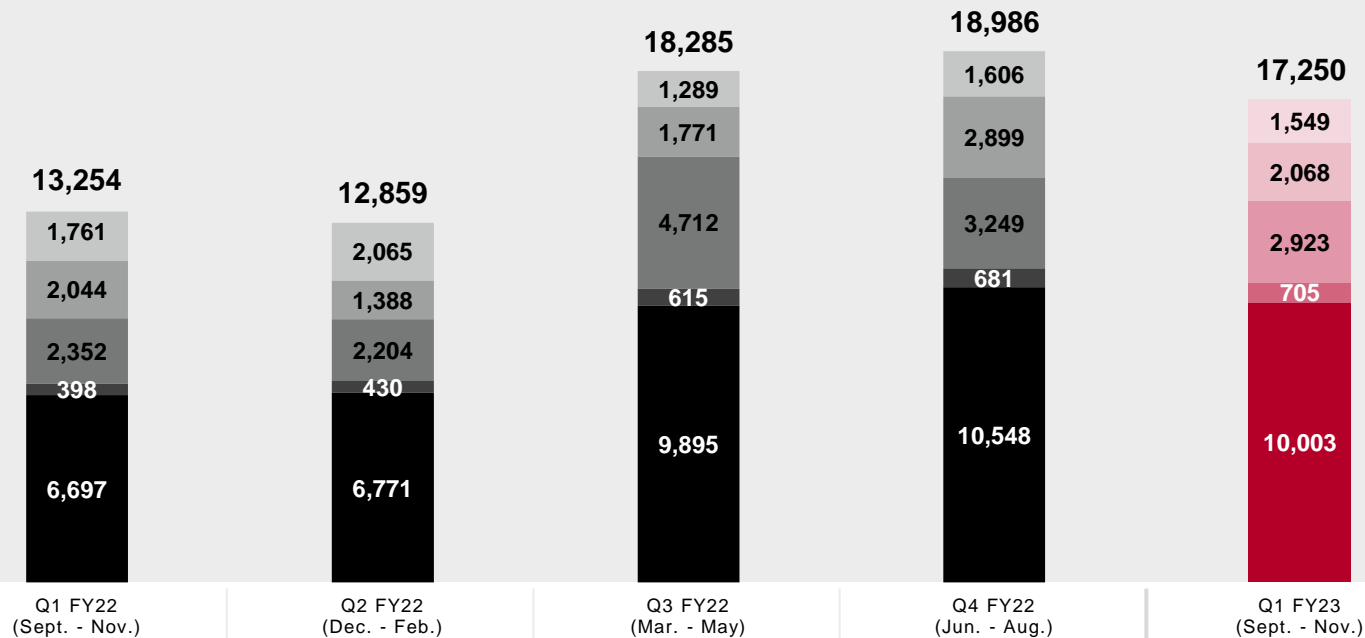
■ Retail

■ Wholesale, other
(excl. bullion)

■ Wholesale (bullion)

■ Auction commissions

■ Auction



Net Sales by Channel (Domestic, Overseas)

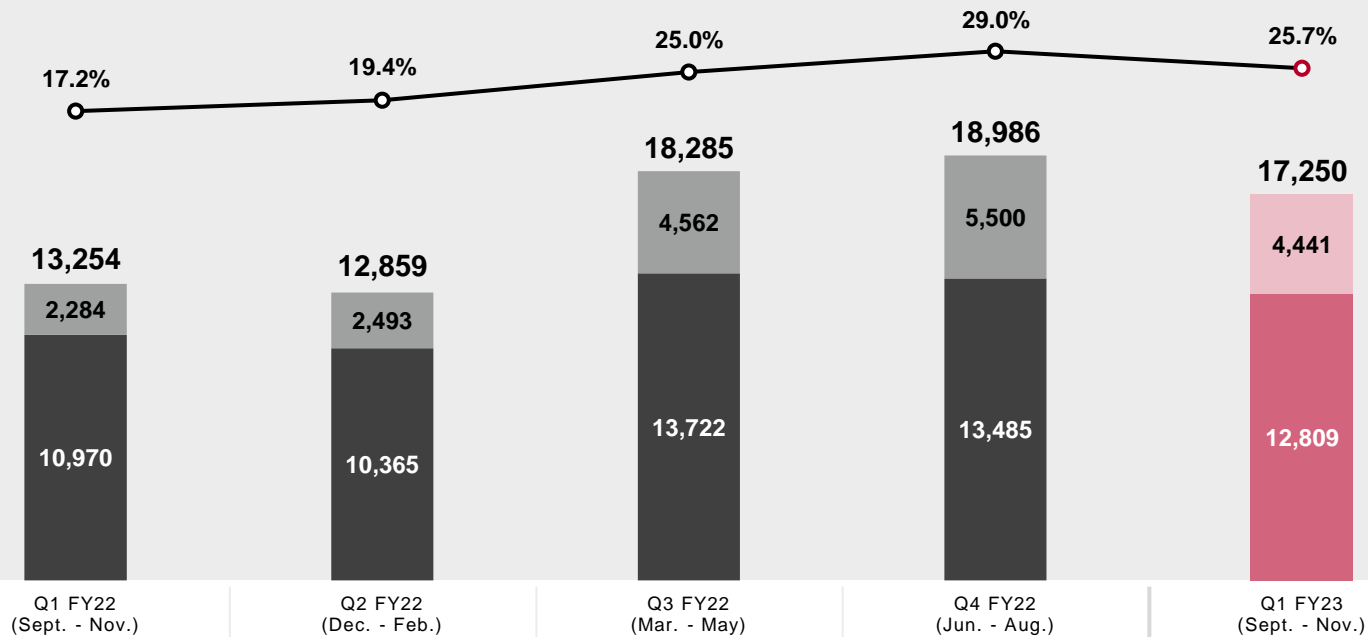
- Domestic sales ratio increased driven by strong in-house auction. Also, overseas sales ratio remained high.

(Million yen)

Overseas

Domestic

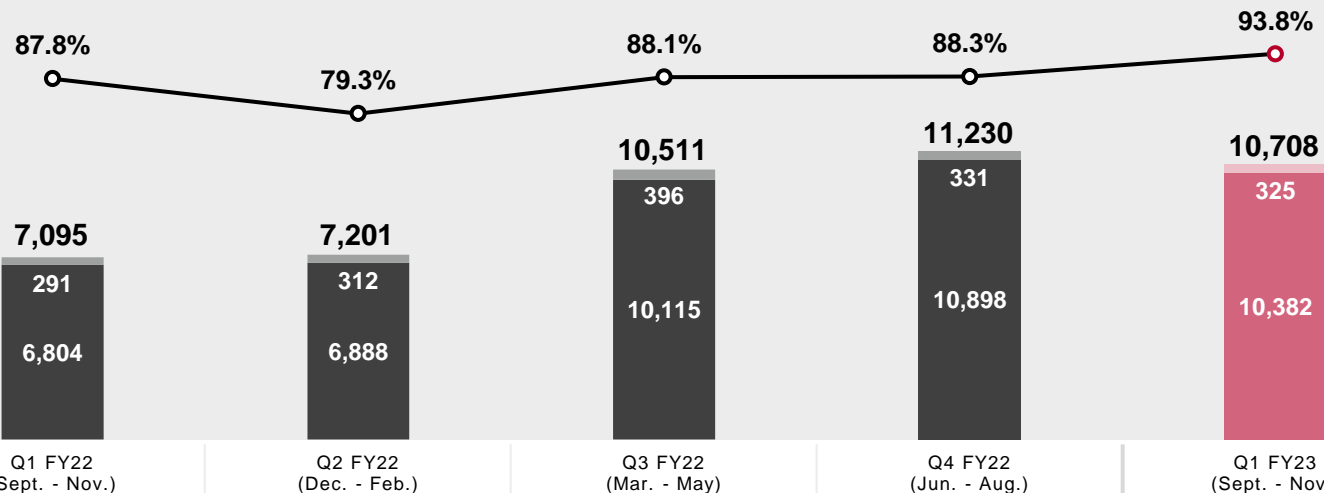
Overseas sales ratio



Auction Results

(Million yen)

■ SBA HK
 ■ SBA ·8AUC
 ○ Bid rate



		Q1 FY22 (Sept. - Nov.)	Q2 FY22 (Dec. - Feb.)	Q3 FY22 (Mar. - May)	Q4 FY22 (Jun. - Aug.)	Q1 FY23 (Sept. - Nov.)
Domestic	SBA ^{*1}	Twice/Month Daily from Nov.	Daily	Weekly	Weekly	Weekly
	8AUC ^{*2}	Oct., Nov.	Monthly	Monthly	Monthly	Monthly
Over seas	SBA HK	Nov.	Feb.	May	Aug.	Nov.

*1 SBA...STAR BUYERS AUCTION (The same hereinafter)

*2 8AUC...THE EIGHT AUCTION (The same hereinafter)

GMV Trends

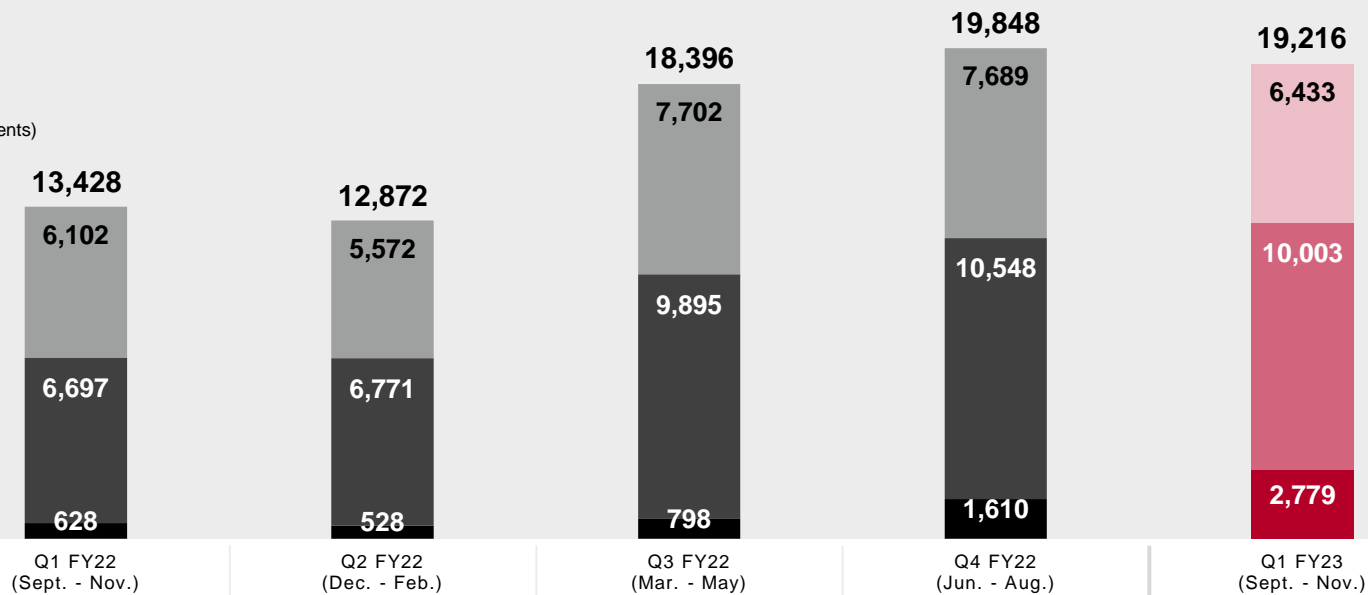
- Consignments grew due to free charge of commission fee and increased brand recognition of auction platform.

(Million yen)

■ Wholesale and Retail

■ Auction (merchandise sale)

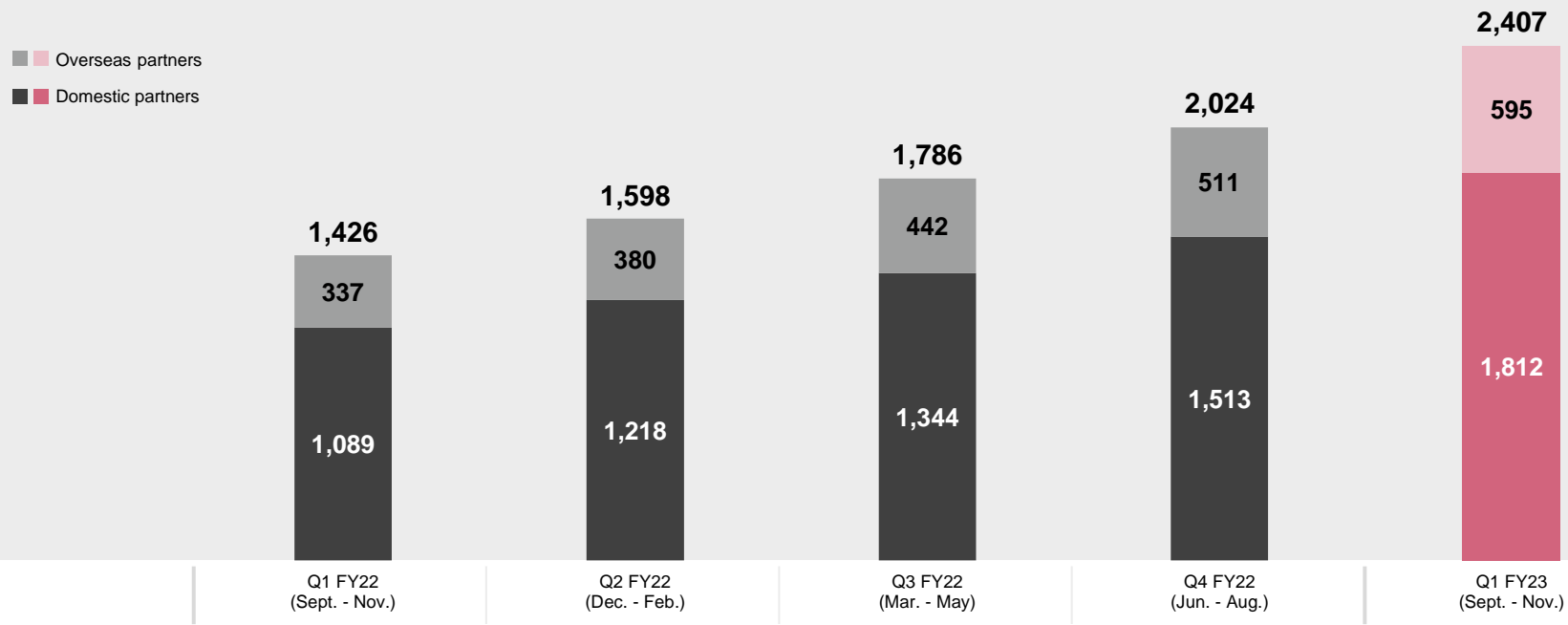
■ Auction (winning bids on consignments)



Highlights for Q1 FY23

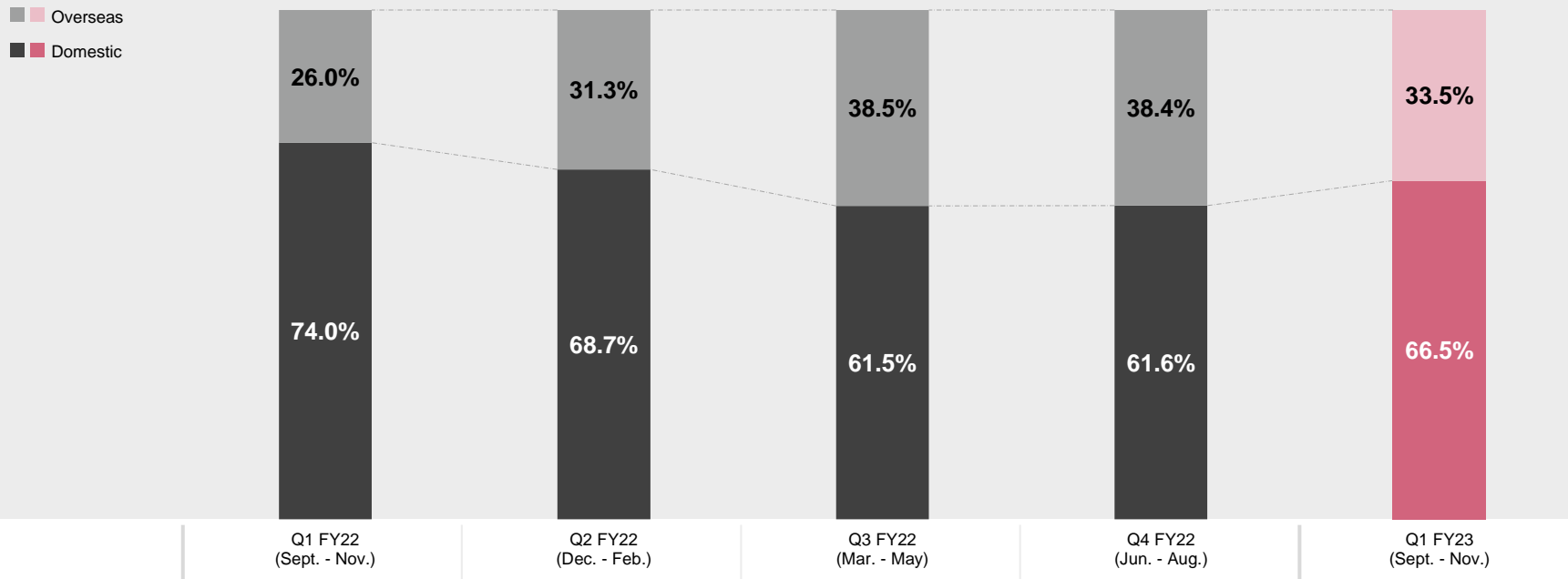
No. of SBA Partners

- Continued expansion both domestically and internationally.



Domestic/Overseas Ratio of SBA Winning Bids

- The domestic ratio increased due to aggressive bidding by domestic partners anticipating inbound recovery.



Distribution of Buying Offices

- Continued to open in new locations both in Japan and overseas.

170 offices in 18 countries

2 offices
in Europe

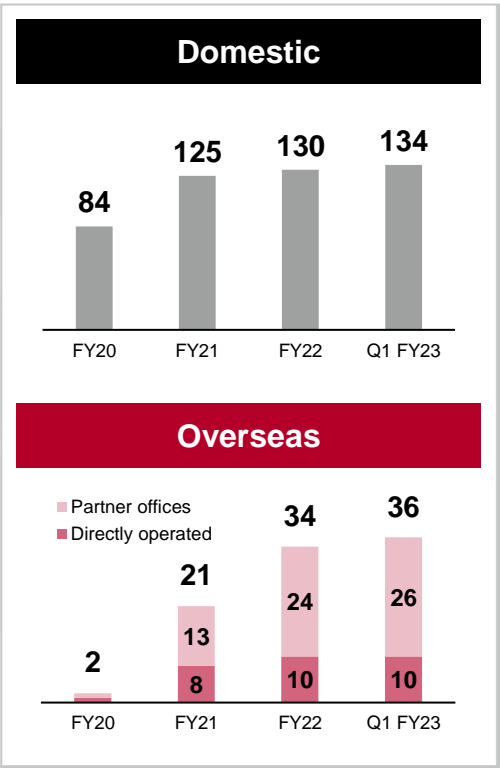
4 offices
in Middle East

3 offices
in Africa

25 offices
in Asia

134 offices
in Japan

2 offices
in America



Domestic Buying Office Expansion

- Aggressive in buying office openings in domestic, which had been temporarily slowed down in FY22.
- Plan to open 10-15 new buying offices per year; implemented four new openings and one relocation in Q1.

New openings



narafamily

Sept.



FUTAKO
TAMAGAWA
rise

Sept.



TOKUSHIMA
CLEMENT
PLAZA

Oct.



atre
kawagoe

Oct.

Relocation



Sapporo
APIA

Oct.

Initiatives during Q2 and Beyond

New Retail Store ALLU Shinsaibashi

- The fourth store opened in Dec. 2022 at Shinsaibashi, following Ginza, America-mura and Omotesando.
- High expectations for sales growth with the recovery of inbound tourism.



ALLU AUCTION

- ALLU AUCTION is a new auction service which individuals can participate. It scheduled to be held for the first time on Jan. 28, 2023, thereafter, held on a quarter basis.
- Starting with the luxury watches, consider expanding the item category in the future.

Venue *1: **VALON BY VALUENCE**, an art lounge operated by Valuence.

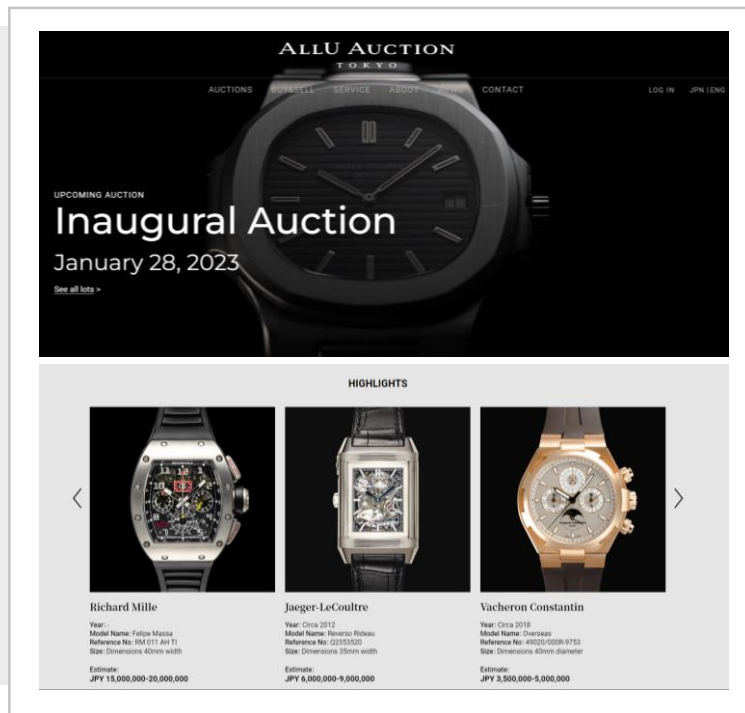
Participation form: on-site, online, written and phone bidding

Here for details and membership registration *2

Official website | <https://www.allu-auction.com/>

*1 The first event will be held at this venue.

*2 Membership registration and pre-application is mandatory to attend the event. Please check the official website for details.



[M&A] Acquisition Outline

- Concluded an agreement to make YONE MOTORS as a wholly owned subsidiary, which sells and purchases of new and used automobiles, conducts inspections and maintenance, etc.



Becoming a wholly owned subsidiary through share acquisition and simplified share exchange

- M&A to be completed on Feb. 28, 2023.
- BS consolidation is scheduled to complete by the end of Q2 and PL consolidation in Q3.

Overview of the acquiring company

Company name	YONE MOTORS CORPORATION
Owner	Representative Director Takeshi Yone Brief career summary : Joined Mitsubishi Fuso Truck and Bus Corporation in 1999. Engaged in manufacturing and maintenance of engines. Started own business focusing on luxury car maintenance in 2012 by utilizing his skills as an engineer. Since the company's establishment in 2013, business expanded to other areas including car sales etc. Currently, he is also involved in the technical training and development of employees.
Founded	May 2013
Business descriptions	<ul style="list-style-type: none">• Sale and purchase of new and used automobiles• Automobile inspections, check-ups, disassembly and maintenance, sheet metal painting, etc.
Business offices	<ul style="list-style-type: none">• Head Office, Azabu Showroom• Tama Showroom and garage• Ikebukuro garage

[M&A] Features of YONE MOTORS

- Offers high level of technical expertise and sophisticated repairs and maintenance skills of high-end imports.
- Possesses unique sales network of individual customers.

Inspection and Repairs

- Has its own garage and employs skilled mechanics. Provides same level of maintenance services similar to those of authorized dealers.
- Particularly strong in high-end imported cars such as Aston Martin, Ferrari, and Lamborghini.



Sales

- Providing overall supports from pre-purchase consultation to maintenance and switching of new cars.
- Approximately 70% of customers are repeats and referrals.



[M&A] Acquisition Purposes

- Increase customer LTV through synergies with existing businesses.



Synergies with existing businesses	Create a new affiliation between automobile business with existing services by mutual customer referrals.
Strengthening the automobile business	Strengthen sales capabilities by leveraging the sales network of YONE MOTORS, as well as competitiveness in terms of purchases.
Contribution to recurring business	Maintain customer relationships through inspection and maintenance service.
Contribution to circular economy	Encourage regular maintenance to prolong the lifespan of the vehicles and increase the chances of car recycling.

Head Office Relocation

- Planning to move to Omotesando in Feb. 2023, where many luxury brands flagship stores were located.
- Aiming to foster a more sophisticated brand image.

Office area



Cafe space







* Images are for illustrative purposes only.

Address: 5-6-19 Minami-Aoyama, Minato-ku, Tokyo

Sustainability

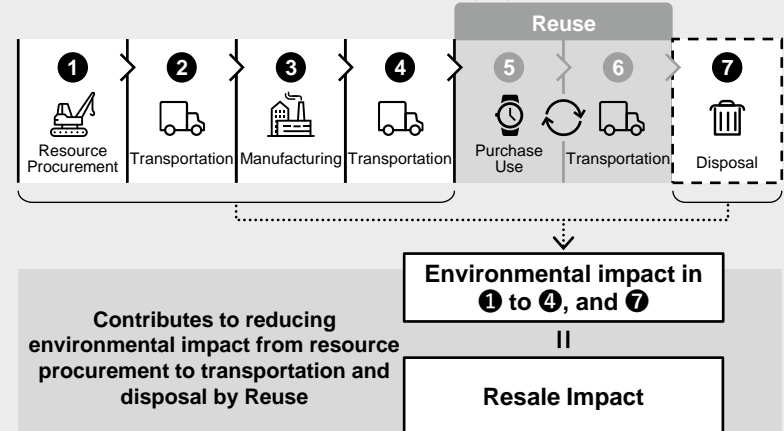
FY22 Resale Impact

- Quantified the amount of avoided CO2 emissions, water consumption, energy consumption, and PM2.5 emissions of the products we handled.

 Avoided CO2 Emissions	5,849,251t
 Avoided Water Consumption	297,032,752m³
 Avoided Energy Consumption	24,084,648GJ
 Avoided PM2.5 Emissions	2,489,485t

Resale Impact :

It shows the environmental impacts such as CO2 emissions and water consumption, that are estimated to be avoided when reusing products. Calculated the amount shown in the left table, using *Valuence Resale Impact Calculator*, developed independently by Valuence.



* Assuming no products are produced to the spread of reuse.

Participation in The Fashion Pact

- Strengthen efforts to create circular economies by joining The Fashion Pact.

Valuence
Circular Design Company



THE
**FASHION
PACT**

The Fashion Pact :

A global initiative of companies in the fashion and textile industry to reduce the environmental impact. It was first announced as a mission at the G7 Summit of the Group of Seven Leaders in Biarritz, Southern France, in Aug. 2019, pledged to working cooperatively to achieve practical goals in three areas: mitigate global warming, restore biodiversity, and protect the oceans. Currently, more than 200 brands from more than 70 companies are members.

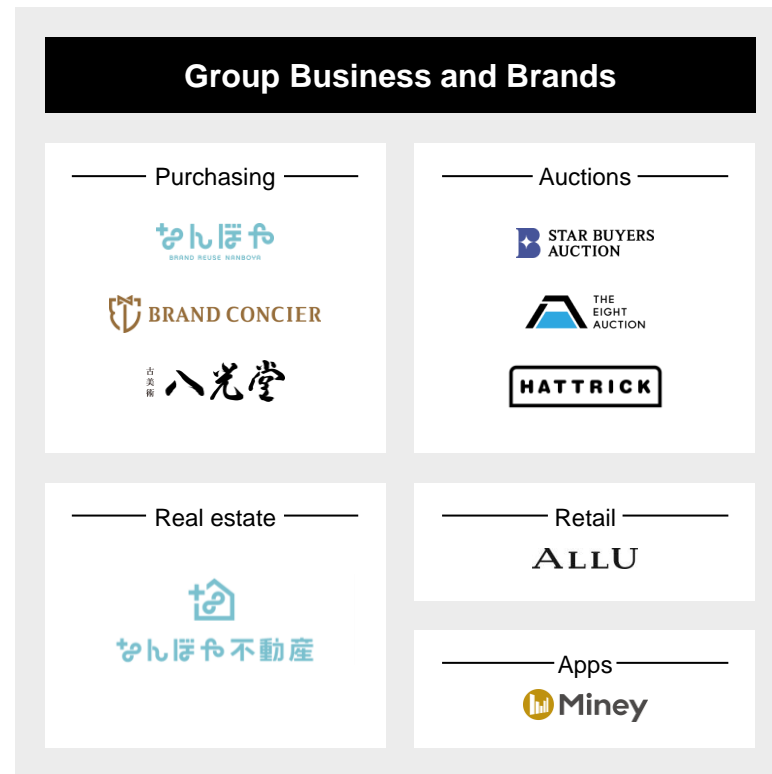
**Valuence became the first
company in domestic reuse
industry to join The Fashion
Pact!**

**It is also the second Japanese
company!**

Appendix

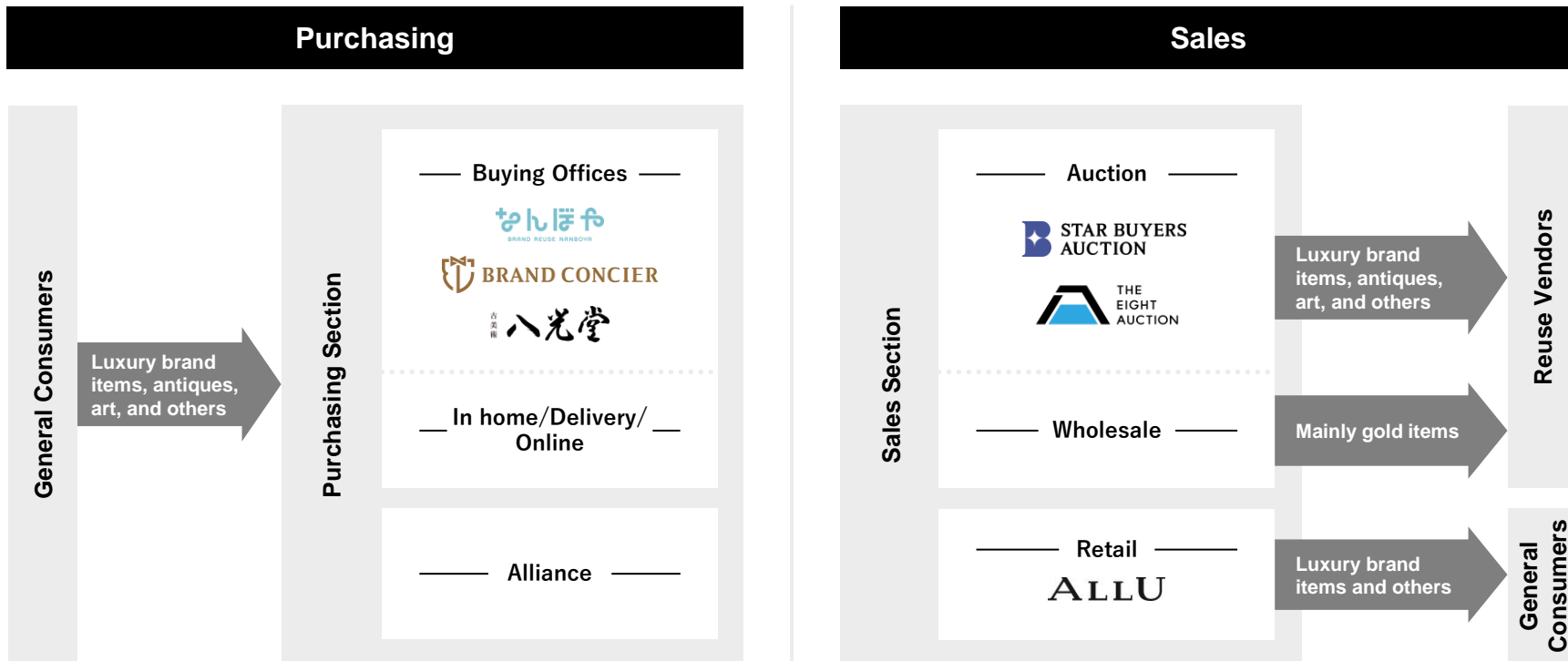
Corporate Profile

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 Nov. 30, 2022)
Employees	925 (as of Nov. 30, 2022) *Consolidated, full time only
Segments	Luxury brand items, antiques, art, and other reuse businesses
Affiliates	9 Consolidated subsidiaries 1 equity-method affiliate (as of Nov. 30, 2022)



Business Model

- Sales and profits are formed mainly by selling merchandises which purchased from the general consumers at the company's buying offices, at the in-house auction.



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.

nanboya 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.

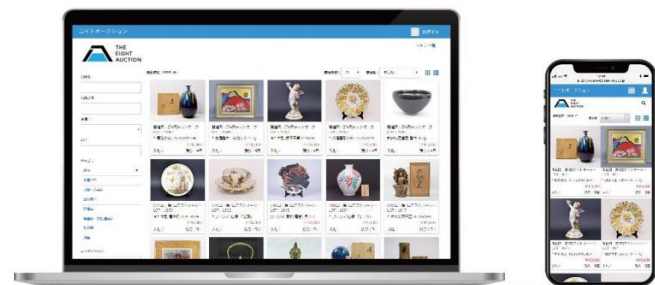
STAR BUYERS AUCTION

- 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.



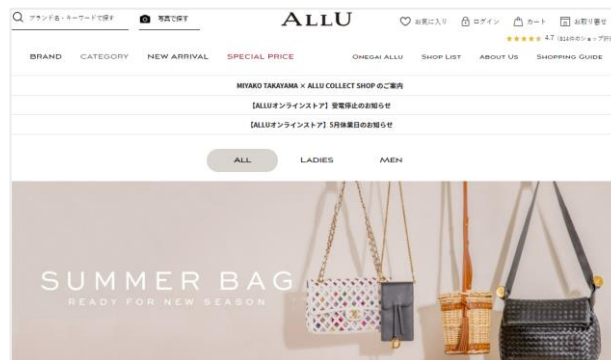
Our Businesses

Retail

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

ALLU

- The fourth store opened in Dec. 2022 at Shinsaibashi, following Ginza, America-mura and Omotesando.
- 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.



Trends in Financial Results

	FY21					FY22					FY23				
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Net sales (Million yen)	11,823	11,920	13,668	15,100	52,512	13,254	12,859	18,285	18,986	63,385	17,250	-	-	-	17,250
Gross profit (Million yen)	3,110	2,830	3,756	4,144	13,841	3,565	3,348	4,591	4,810	16,316	4,609	-	-	-	4,609
SG&A (Million yen)	2,646	3,227	3,367	3,430	12,672	3,368	3,331	3,871	3,855	14,427	4,325	-	-	-	4,325
Operating profit (Million yen)	464	(397)	389	713	1,169	197	16	720	954	1,888	283	-	-	-	283
Ordinary profit (Million yen)	450	(414)	221	718	976	169	13	696	911	1,791	259	-	-	-	259
Net profit (Million yen)	217	(341)	583	265	725	45	(93)	415	601	969	133	-	-	-	133
Employees	742	804	880	873	873	871	864	904	896	896	925	-	-	-	925
No. of Domestic buying offices	87	119	126	125	125	128	128	130	130	130	134	-	-	-	134
No. of Overseas buying offices	3	9	14	21	21	24	22	23	34	34	36	-	-	-	36

- 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, 2022*.

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