

Q3 FY8/2023 Financial Results

July 14, 2023

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



	03		16		24
Financial Results		Highlights for Q3 FY23		Appendix	



Financial Results

Summary for Q3 FY8/2023 (Cumulative)



Operating profit increased +43.5% YoY

- Provision of new SaaS functions at the auction launched in March 2023 started steadily, contributing to the expansion of consignments at the auction. GMV increased 31.6% YoY to 58.8 billion yen. The consignment ratio of the auction increased 13.5pts YoY to 21.2%.
- Watches market prices bottomed out and showed signs of recovery, resulting in increased our purchases. Retail sales from capturing inbound demand were also strong, with net sales increasing 20.9% YoY to 53.6 billion yen and gross profit margin increasing 0.9pts to 26.8%.
- Although continued augment personnel and focus on marketing with purchasing strategy, operating profit increased 43.5% YoY to 1.3 billion yen.

Financial Results for Q3 FY8/2023

- Net sales for Q3 FY22 (Mar.-May) were favorable due to soaring bullion and watches market prices, nevertheless net sales for Q3 FY23 (Mar.-May) increased 9.6% YoY to 20 billion yen, renewed record high net sales.
- Operating profit for Q3 FY23 (Mar.-May) increased 15.9% YoY to 0.8 billion yen, a well performance versus full-year forecasts.

(Million yen)	Q3 FY22	Q3 FY23	YoY	Q3 FY22 (Cumulative)	Q3 FY23 (Cumulative)	YoY (Cumulative)	FY23 Full-year forecast	Achievement rate
Net sales	18,285	20,044	+9.6%	44,399	53,673	+20.9%	75,000	71.6%
Gross profit	4,591	5,316	+15.8%	11,506	14,401	+25.2%	20,400	70.6%
Gross profit margin	25.1%	26.5%	+1.4pts	25.9%	26.8%	+0.9pts	27.2%	-
SG&A expenses	3,871	4,481	+15.8%	10,571	13,060	+23.5%	17,900	73.0%
Operating profit	720	834	+15.9%	934	1,340	+43.5%	2,500	53.6%
Operating profit margin	3.9%	4.2%	+0.2pts	2.1%	2.5%	+0.4pts	3.3%	-
Ordinary profit	696	753	+8.2%	879	1,238	+40.9%	2,350	52.7%
Ordinary profit margin	3.8%	3.8%	0.0pts	2.0%	2.3%	+0.3pts	3.1%	-
Profit attributable to owners of parent	415	481	+15.8%	367	640	+74.1%	1,240	51.7%

* All amounts are rounded down to the nearest million yen; all percentages are round off to one decimal place. (The same hereinafter)

Topics for Q3 FY8/2023 (Mar. - May)

Purchases

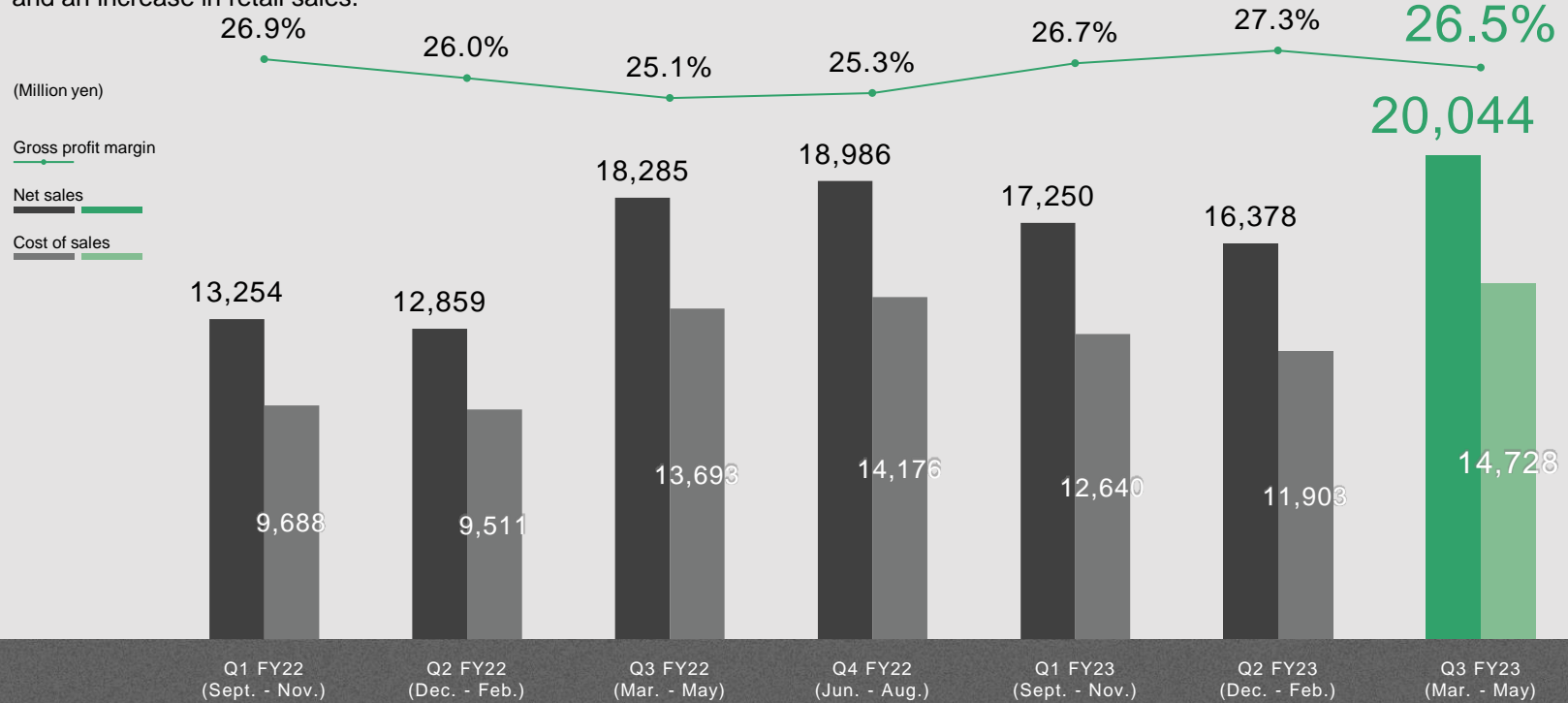
- **Purchases renewed a record high of 15.2 billion yen** due to the elimination of seasonal factors in Q2 and to the fact that the watches market prices bottomed out and continued to recover.
- Purchases through alliance strategies, including “i’m green” initiative with Isetan Mitsukoshi Ltd., were also strong.
- **The total number of buying offices was 133 domestic and 37 overseas**, due to the opening of 2 offices in Japan and the closing of 4 unprofitable offices, etc.

Sales

- **Sales were also strong as purchases recovered.**
The strong sales of consignments at the auctions, moreover, **sales of retail store due to inbound demand were also strong.**
- The domestic sales ratio in auctions continued to rise due to recovery of inbound demand.
- Gross profit margin declined 0.8pts QoQ to 26.5% due to an increase sales of bullion resulting from higher bullion market prices and a decrease sales of retail e-commerce due to system replacements.

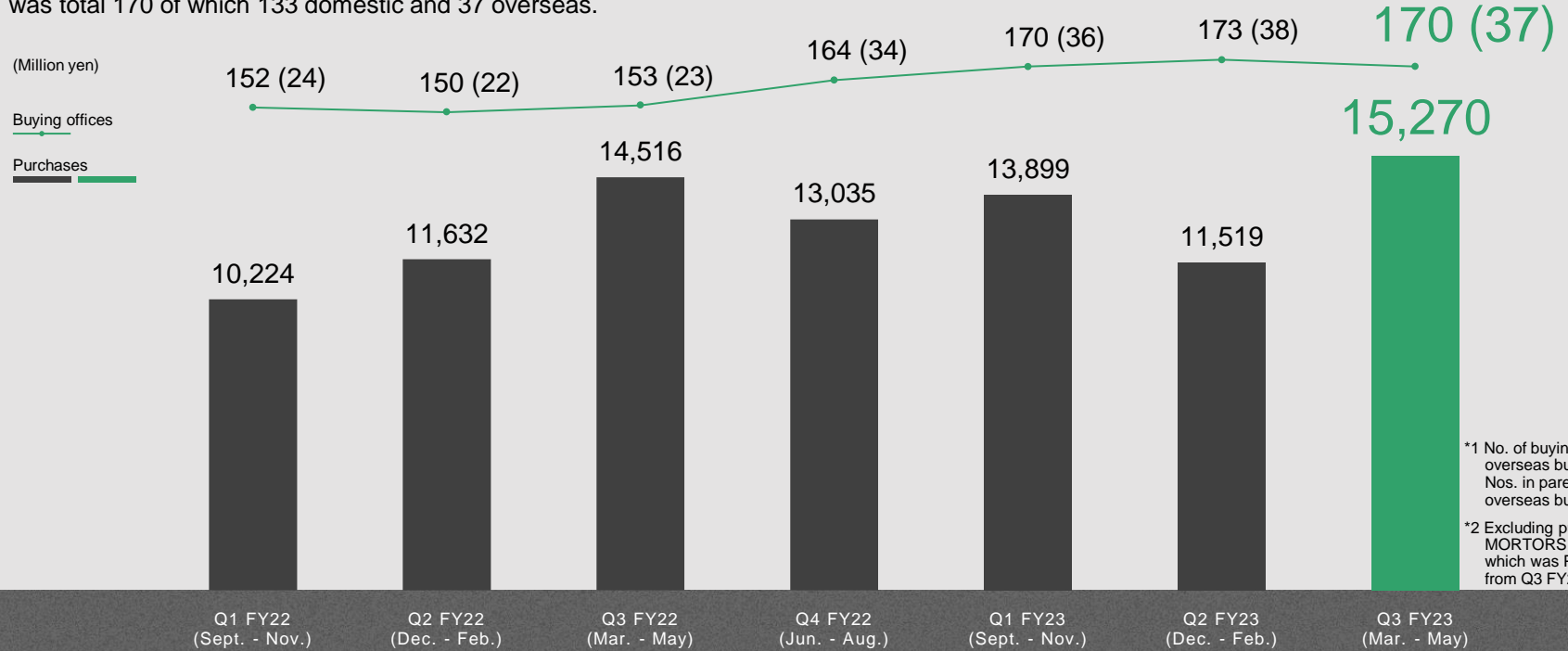
Net Sales and Gross Profit Margin

- Net sales for Q3 FY23 increased 9.6% YoY to 20 billion yen.
- Gross profit margin increased 1.4pts YoY to 26.5% due to a decrease in the sales composition ratio of bullion, which have a low gross profit margin, and an increase in retail sales.



Purchases and Buying Offices

- Purchases in Q3 FY23 renewed a record high of 15.2 billion yen, increased to a level exceeding purchases for Q3 FY22, which increased due to the soaring bullion market prices, and our revised full-year forecast of 14.5 billion yen.
- Continued openings of new buying offices as planned, also closed unprofitable offices. As a result, the number of offices as of Q3 FY23 was total 170 of which 133 domestic and 37 overseas.



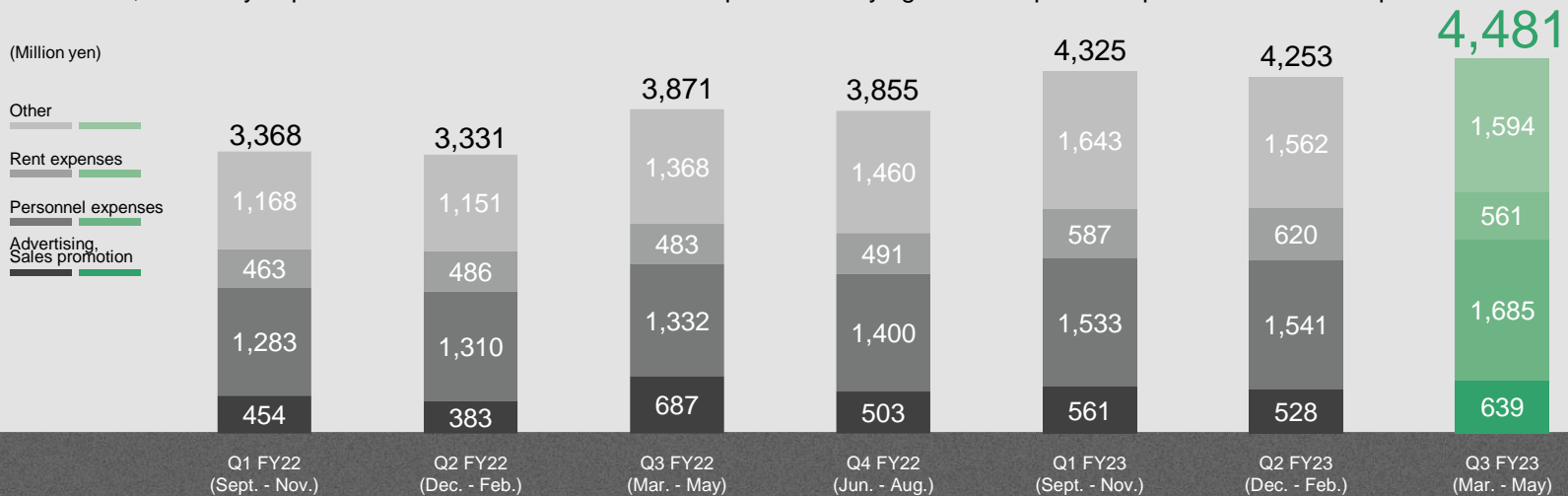
*1 No. of buying offices includes overseas buying offices. Nos. in parentheses indicate overseas buying offices.

*2 Excluding purchase of YONE MORTORS CORPRATION, which was PL consolidated from Q3 FY23.

SG&A Expenses

- Personnel expenses increased due to continued augment personnel (including new graduates and M&A), and advertising, sales promotion expenses also increased due to marketing aimed at expanding purchases.
- On the other hand, the relocation of head office was completed in February, and double rent expenses was eliminated in Q3. In addition, efficiency improvements such as the closure of unprofitable buying offices kept rent expenses and other expenses down.

(Million yen)



Buying offices*

Q1 FY22 (Sept. - Nov.)	152 (24)	150 (22)	153 (23)	164 (34)	170 (36)	173 (38)	170 (37)
------------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

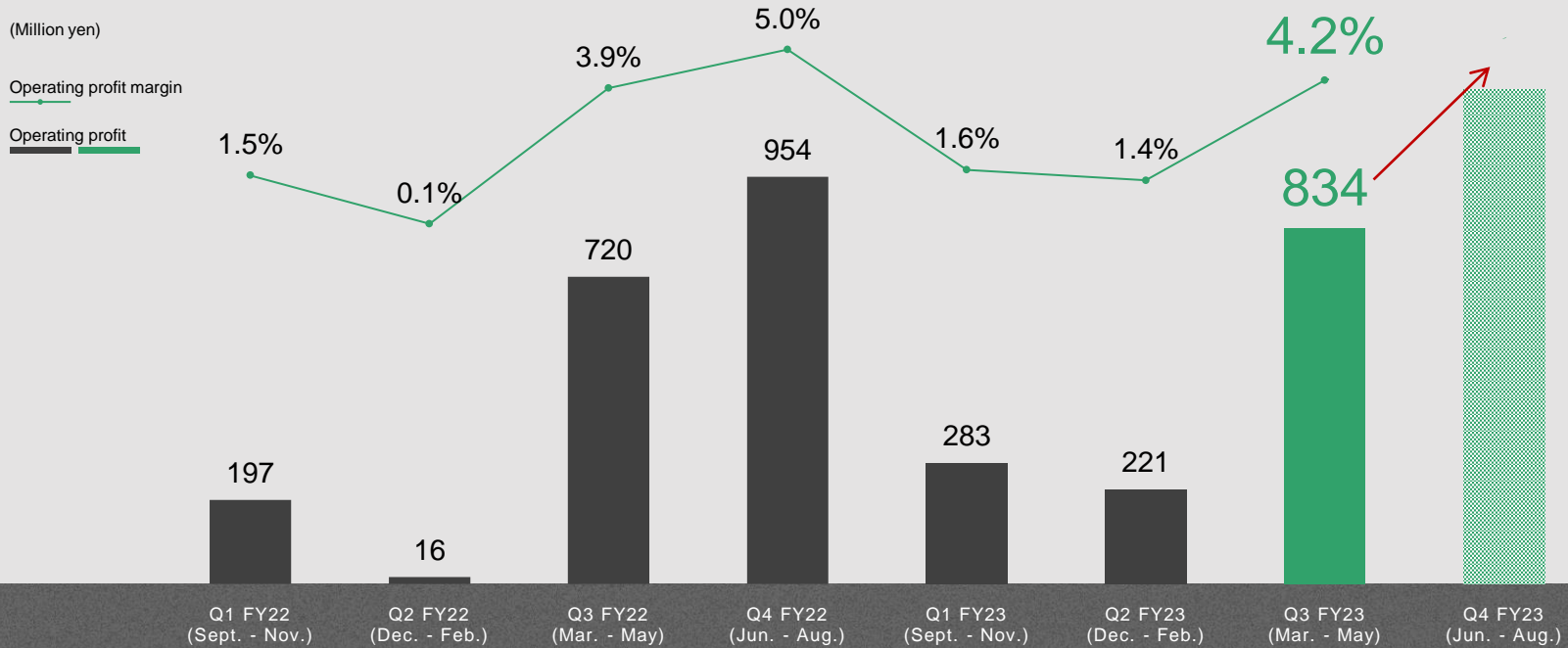
*No. of buying offices includes overseas buying offices. Nos. in parentheses indicate overseas buying offices.

Employees

Q1 FY22 (Sept. - Nov.)	871	864	904	896	925	964	1,033
------------------------	-----	-----	-----	-----	-----	-----	-------

Operating profit and Operating profit margin

- Operating profit for Q3 FY23 increased 15.9% YoY to 0.8 billion yen, and operating profit margin increased to 4.2%.
- We are making good progress toward our full-year operating profit target of 2.5 billion yen, which we emphasize as a management indicator. Based on the current situation and annual trends, operating profit is expected to increase further in Q4.



Balance Sheet

(Million yen)

	FY22	Q3 FY23	Difference	
Current assets	16,804	20,267	+3,463	
Cash and deposits	7,807	8,687	+879	
Merchandise	6,329	8,577	+2,248	Increase in merchandise due to the expanded purchase volume in Q3. (merchandise of YONE MOTORS CORPORATION is about 0.5 billion)
Other	2,667	3,002	+335	Increase in property, plant, and equipment associated with new retail store opening (some unprofitable shops were closed.) and office relocation, etc. Also, goodwill was added resulting from the acquisition of YONE MOTORS CORPORATION.
Non-current assets	6,445	8,441	+1,996	
Total assets	23,249	28,709	+5,459	Increase in long-term borrowings to secure funds for purchasing, capital investment, and M&A.
Liabilities	15,395	20,301	+4,906	
Interest-bearing debt	12,515	16,743	+4,228	Increase due to the recording of asset retirement obligations related to new offices and the recording of accrued bonuses.
Other	2,880	3,557	+677	
Net assets	7,853	8,407	+553	Difference due to posting profit attributable to owners of parent and dividend payments.
Total liabilities and net assets	23,249	28,709	+5,459	

GMV Trends

- GMV increased 18.0% YoY to 21.7 billion yen, renewed record high.
- The consignment ratio of the auction remained strong at over 20%.

(Million yen)

Wholesale and Retail

Auction
(merchandise sale)

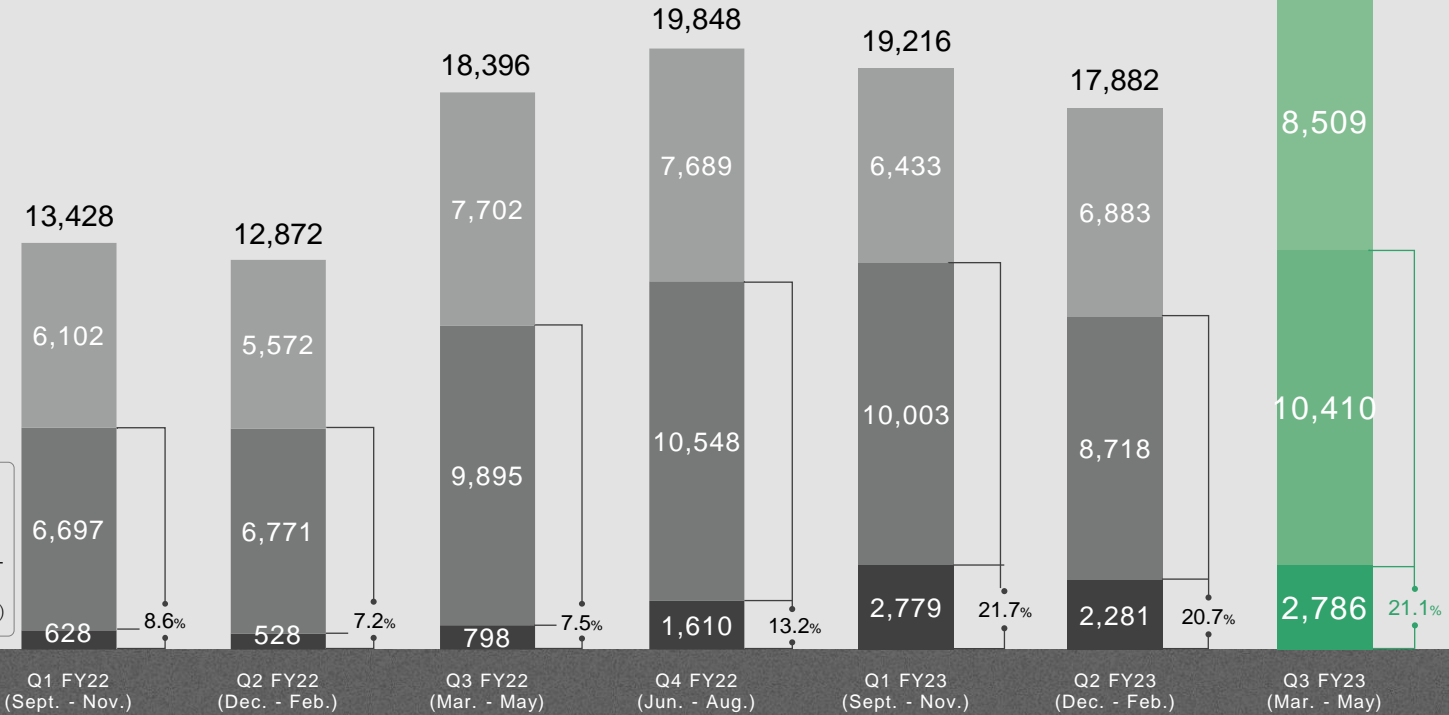
Auction
(winning bids on consignments)

Consignment ratio
of the auction*

*Consignment ratio of the auction

Auction
(winning bids on consignments)

Auction (merchandise sale) + Auction (winning bids on consignments)

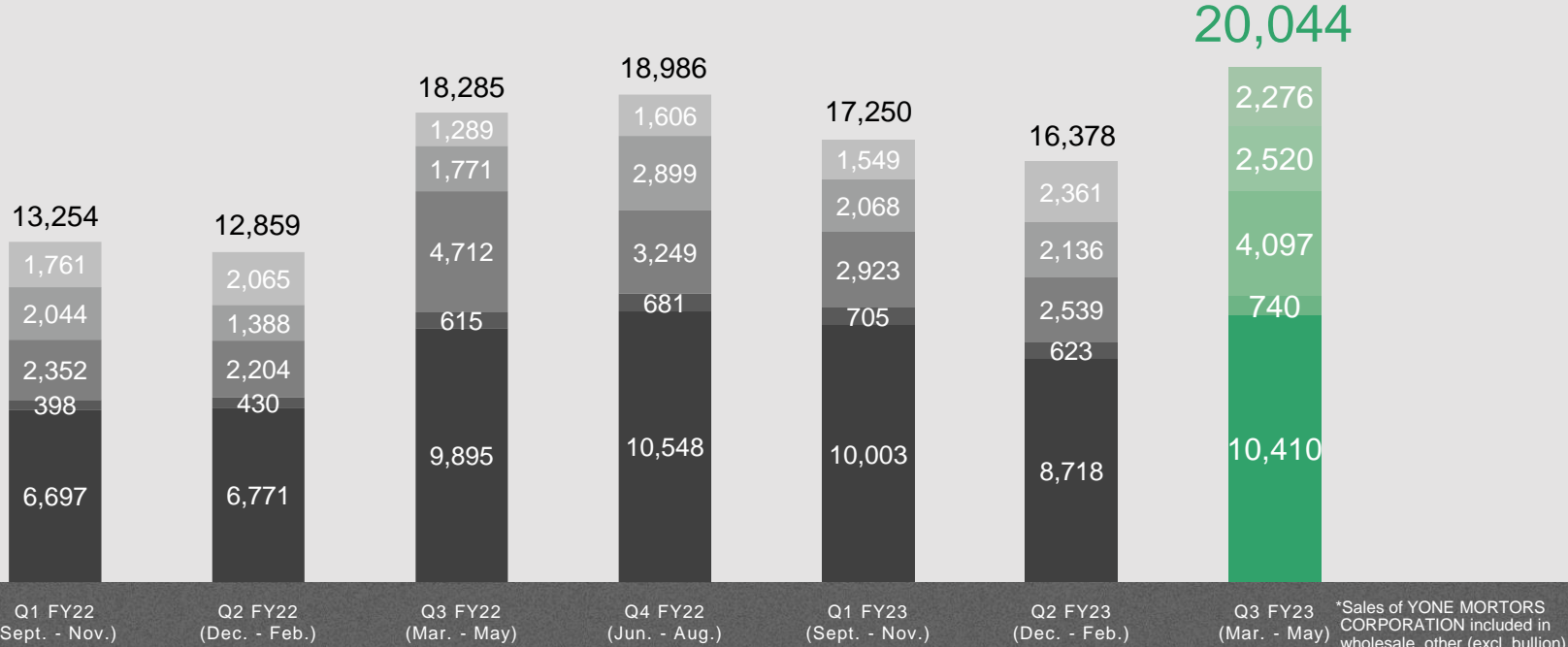


Net Sales by Channel (toB, toC)

- Despite strong retail store sales due to inbound demand, retail sales decreased 3.6% QoQ to 2.2 billion yen due to system replacement of e-commerce (increased 76.5% YoY).
- Auction commissions increased 20.2% YoY to 0.7 billion yen due to strong sales of consignments at the auction.

(Million yen)

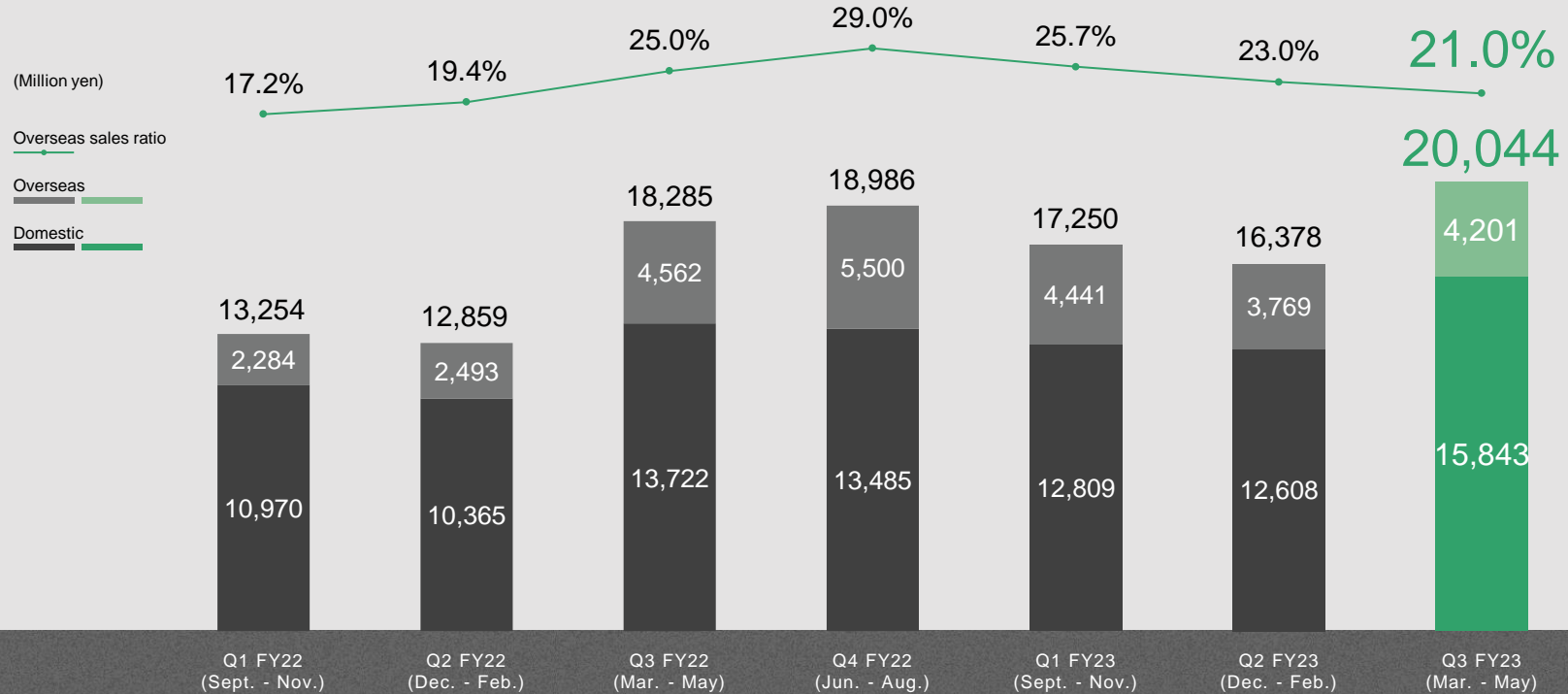
Retail
Wholesale, other (excl. bullion)
Wholesale (bullion)
Auction commissions
Auction



*Sales of YONE MORTORS CORPORATION included in wholesale, other (excl. bullion)

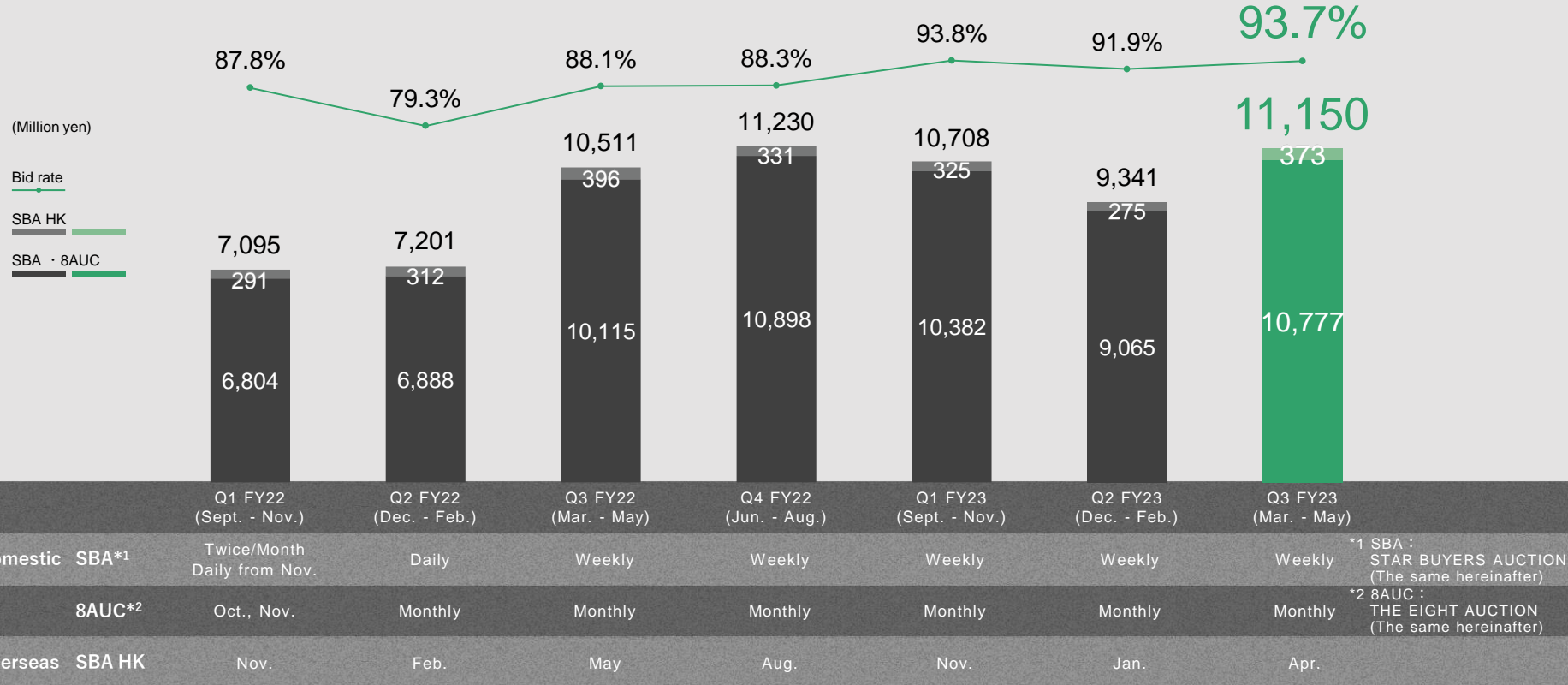
Net Sales by Channel (Domestic, Overseas)

- Domestic sales increased 15.5% YoY to 15.8 billion yen as retail sales increased due to inbound recovery and auction sales increased.
- Overseas sales ratio remains high at 21.0%.



To B Auction Results

· The successful bid rate in Q3 FY23 has remained high at 93.7%.

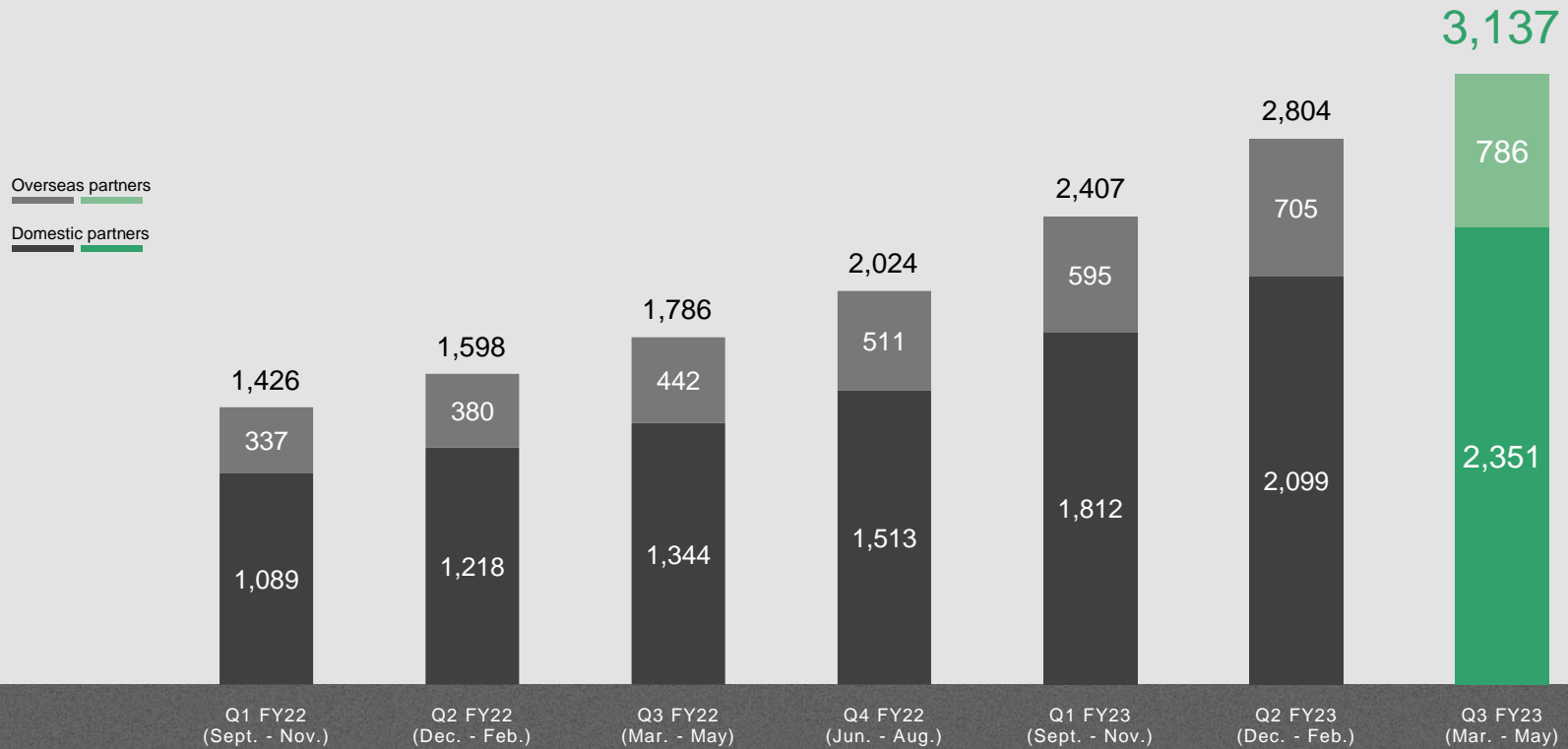




Highlights for Q3 FY23

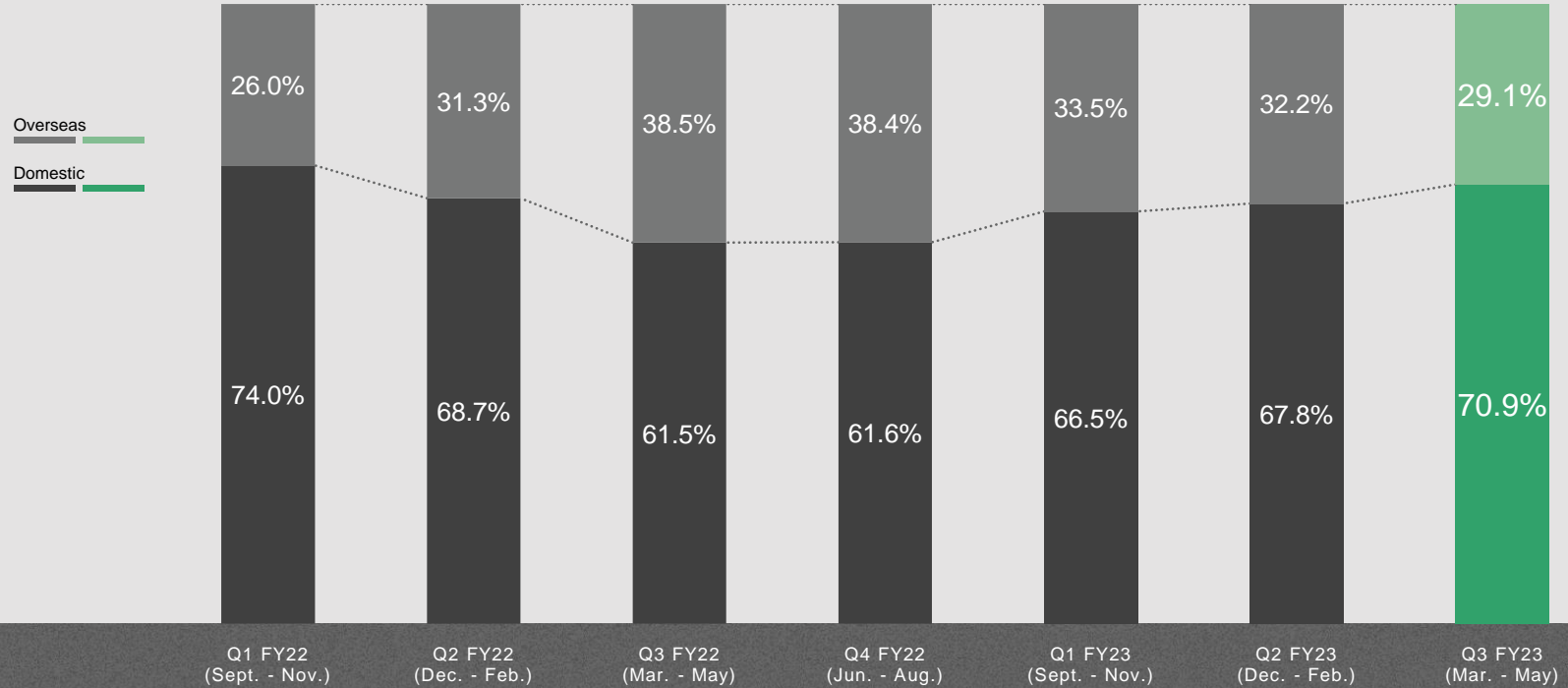
No. of STAR BUYERS AUCTION (SBA) Partners

- The number of SBA partners has grown steadily, and the number of domestic partners has exceeded 3,000.



Domestic/Overseas Ratio of STAR BUYERS AUCTION (SBA) Winning Bids

- Domestic partners' willingness to win bids continue to be strong with the recovery of inbound demand, and the domestic ratio increased.



Distribution of Buying Offices

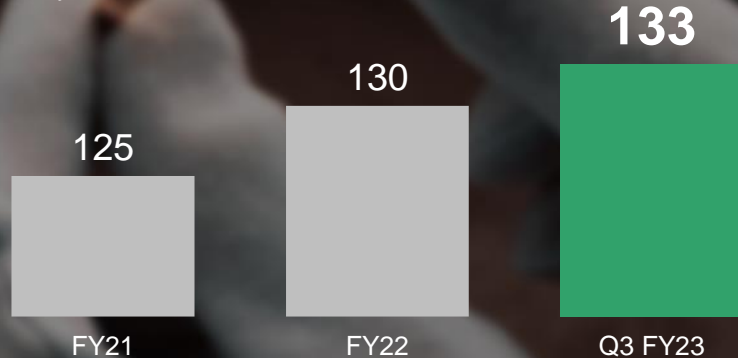
- By the end of Q3 FY23, we had opened 14 new buying offices, including 7 domestic and 7 overseas.
(Closed 4 domestic and 4 overseas (partner offices), including unprofitable offices, etc.)
- Opened Nanboya Kirarina Keio Kichijoji on Jul. 7, 2023, and planning to open buying offices in Iidabashi and Sakai, Osaka by the end of Q4 FY23.

Japan

New openings in Q3 FY23

[Apr.] LaLa Terrace Musashikosugi

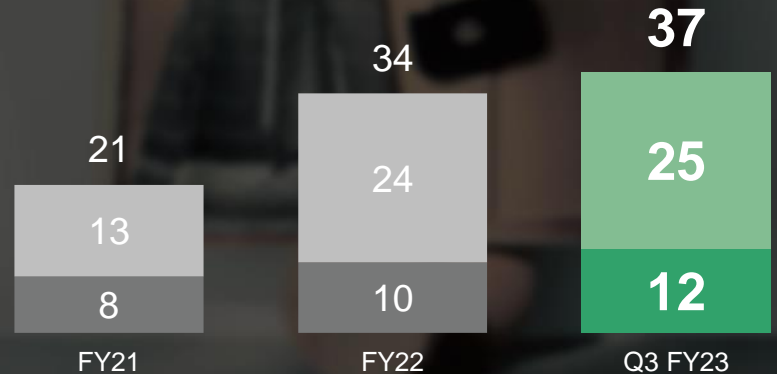
[May] KAWAGUCHI JU-MALL PLAZA



Global

Partner Offices

Directly operated



*Switched buying office in Dubai from partner offices to directly operated offices in Q3 FY23.

Expansion of services for partners

- Aimed to expand GMV by seeking to improve the convenience of our partners and working to expand the service functions of our platforms.

New SaaS functions at the auction (Mar. 2023~)

Partners can act as market makers and hold auctions within the SBA site.



Pros

- ✓ Partners don't need to cultivate auction participants themselves or know-how to hold auctions and can hold auctions under their own name.
- ✓ Partners can sell to all SBA partners, including overseas partners.



Partners continue to use with high successful bid rate, so both the exhibitor and the successful bidder are well received. Negotiations are underway to further expand the number of participating partners.

Fulfillment service (May 2023~)

Partners can sell their winning bid items on ALLU while keeping them in our warehouse.



Pros

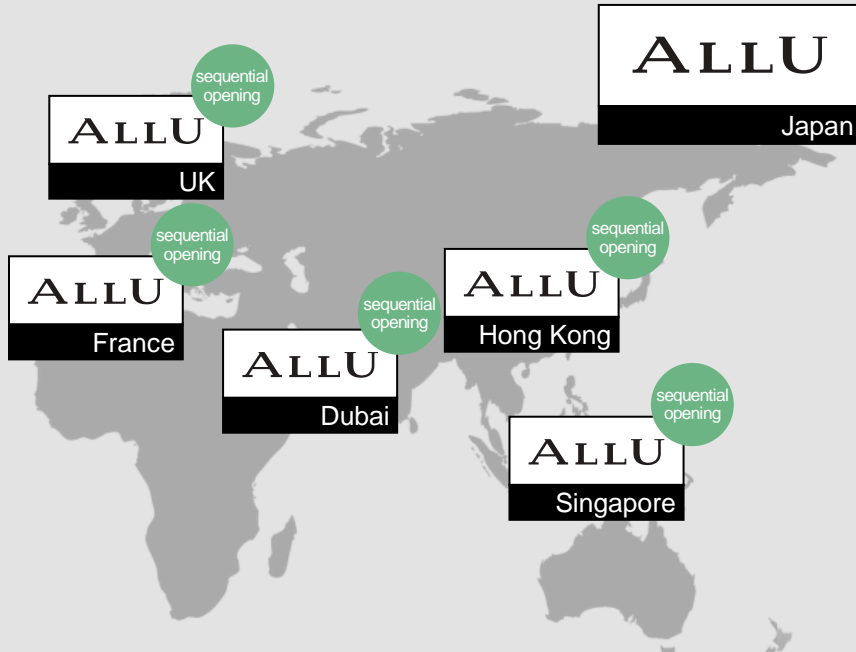
- ✓ Retail sales are possible without burden of inspection, photography, delivery, etc.
- ✓ It is possible to make a successful bid at SBA with a sales channel secured in advance.



We also aim to strengthen retail sale by supplying products to ALLU through fulfillment services. Focus on increasing active use by partners.

Accelerating Retail Global Expansion ~ System replacement of ALLU e-commerce site ~

- In Apr. 2023, switched e-commerce system to connect with our system more easily than in the past, with a view to expanding our e-commerce site global following USA.
- Through this initiative, we can rapidly build overseas e-commerce and reduce individual system development costs.
- It is possible to manage all of our products worldwide in an integrated fashion, as it also makes it easier to link with our various systems.
We also intend to increase our worldwide retail consignment sales, as this will enable us to automate retail listing operations in our fulfillment services.



Accelerate sales by building a global e-commerce and connecting with our various systems

- ✓ With the same UI/UX design as in Japan, we will establish e-commerce websites in each country, and aim to exhibit products at the same time worldwide by linking inventory.
- ✓ Maximize sales opportunities by enabling more flexible selection of sales channels.

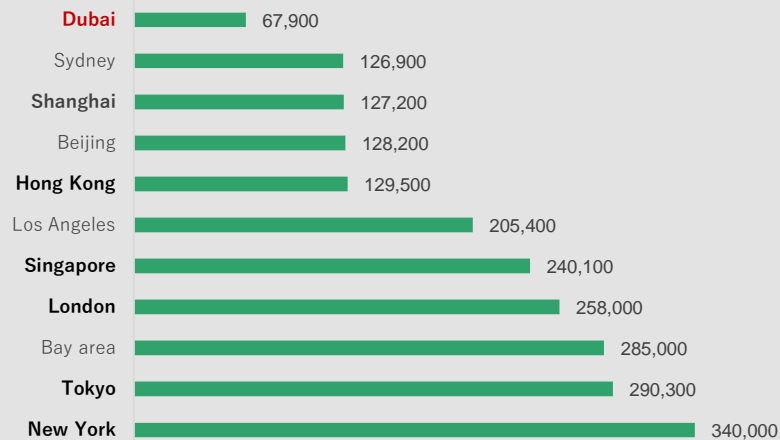
Established a local subsidiary in Dubai

- Established Valuence International MEA Trading LLC in May 2023, aiming to further expand business in the Middle East and Africa.
- Strengthening the approach to high net worth individuals by establishing a local subsidiary in Dubai, the top “Total number of millionaires with assets of USD 1 million or more” in the Middle East*.
- At the same time establishing a local subsidiary, in Feb. 2022, we switched from a partner office to a directly managed office. The office was relocated and renovated as a “ALLU UAE Barsha Heights.”

*Reference: JETRO Business Brief (<https://www.jetro.go.jp/biznews/2022/09/38fcb14d68c6c5f2.html>)



Total number of the world's wealthy (Millionaires) in 2022



*1 Prepared by the Company from “Henley & Partners, New World Wealth” and JETRO Business Brief

*2 Cities in bold are locations of our group companies, and those in red are newly established.

Disclosure of Information Based on TCFD Recommendations

- As a “Circular Design Company,” we recognize sustainability initiatives as a key management issue. This time, we disclosed information in line with TCFD disclosure framework based on scenario analysis of climate-related risks and opportunities.

*Please refer to our website for details (<https://www.valuence.inc/sustainability/>).

Disclosed information on climate-related risks in our business based on TCFD recommendations

Starting with this disclosure, we will promote measures to achieve carbon neutrality and further enhance information disclosure based on the findings from scenario analyses of climate-related risks and opportunities.



TCFD (Task Force on Climate-related Financial Disclosure):

An international initiative that encourages companies to disclose climate-related information that impacts their finances within the framework of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.”

Appendix



Corporate Profile

Company Name	Valuence Holdings Inc.
Representative	Shinsuke Sakimoto
Head Office	5 Minamiaoyama, Minato-ku, Tokyo
Founded	Dec. 2011
Capital	1,219 million yen (as of May 31, 2023)
Employees	1,033 (as of May 31, 2023) *Consolidated, full-time only
Segments	Luxury brand items, antiques, art, and other reuse businesses
Affiliates	11 consolidated subsidiaries 1 equity-method affiliate (as of May 31, 2023)

Group Business and Brands

Purchasing



Auctions



Retail



Automobiles



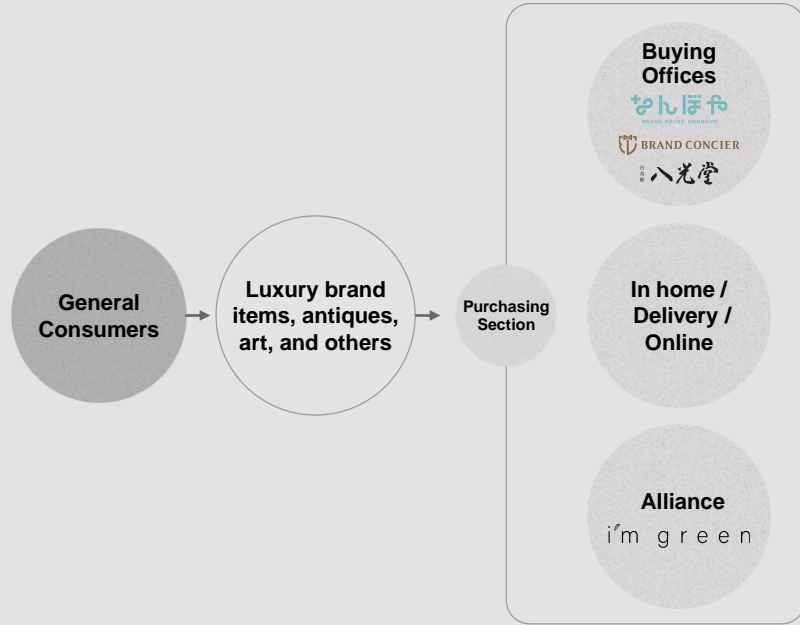
Real estate



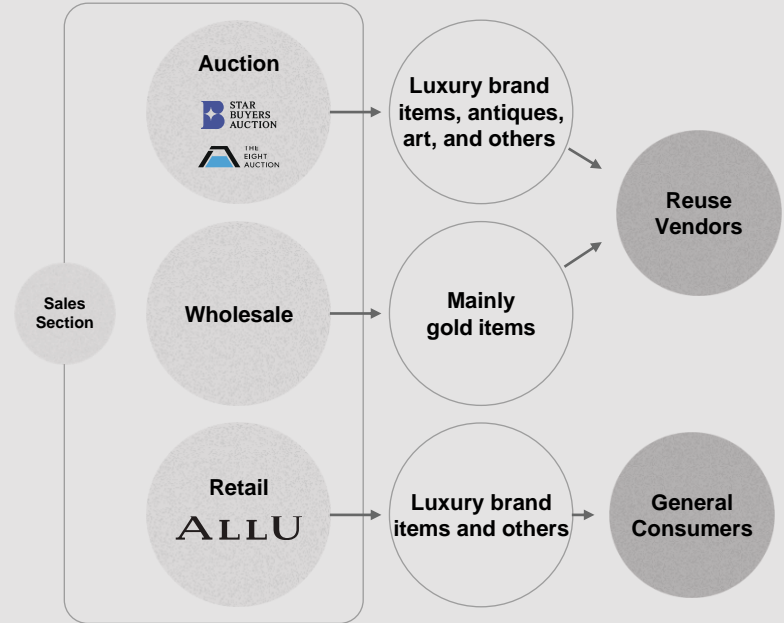
Our Business

- Sales and profits are formed by selling merchandise purchased from the general consumers at the company's buying offices through different sales channels, mainly at the auction.

Purchasing

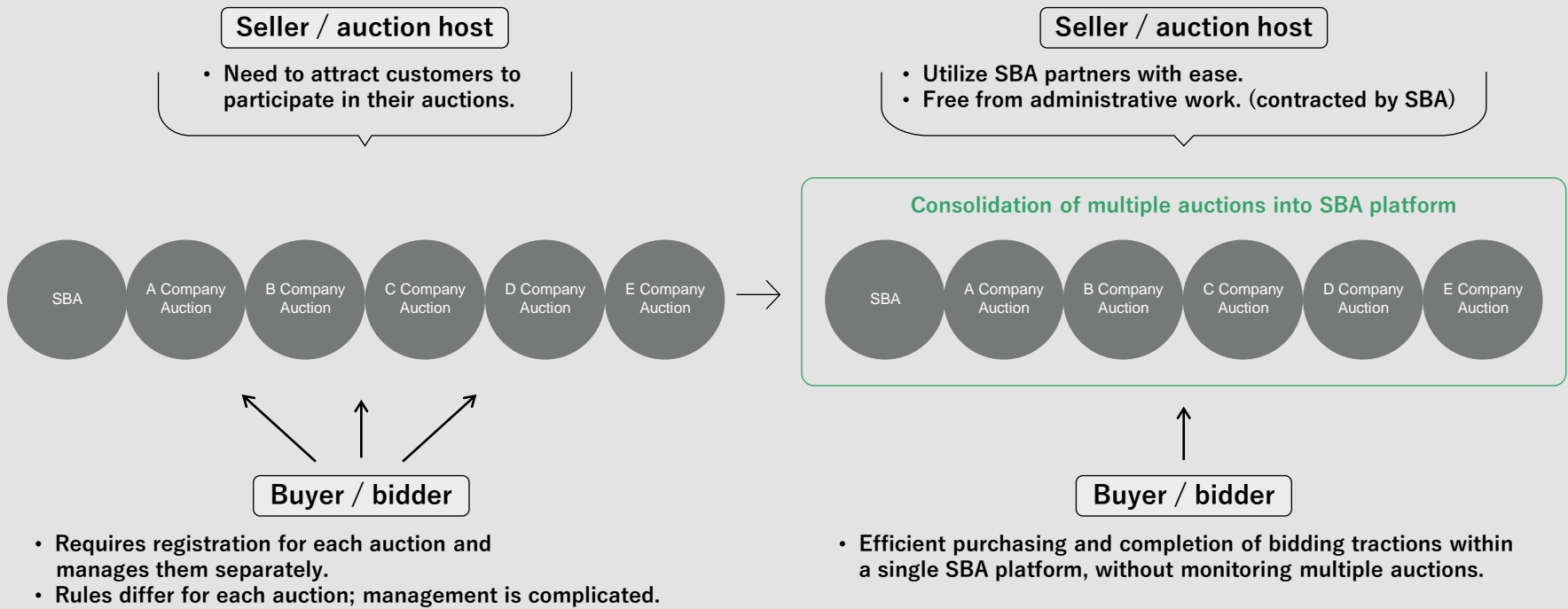


Sales



STAR BUYERS AUCTION (SBA) Begins to Provide New SaaS Functions

- New SaaS functions at SBA launched in Mar. 2023, allowing other companies to act as market makers and hold auctions.
- SBA acts as a marketplace, seller/auction host can now sell to SBA partners without having to gather buyers on their own.



Fulfillment Service - After May 2023

- Fulfillment services to be newly started in May 2023.
- Enhances the value of the platform by making it more convenient for partners, with the intention of strengthening engagement.



Our Business <Purchase>



nanboya
BRAND REUSE NANBOYA

 BRAND CONCIER

- Over100 *Nanboya* buying offices purchase mainly luxury brand items.
- Handling in-home buying, delivery, and online buying.
- BRAND CONCIER operates mainly in department stores in Japan.



古美術
八光堂

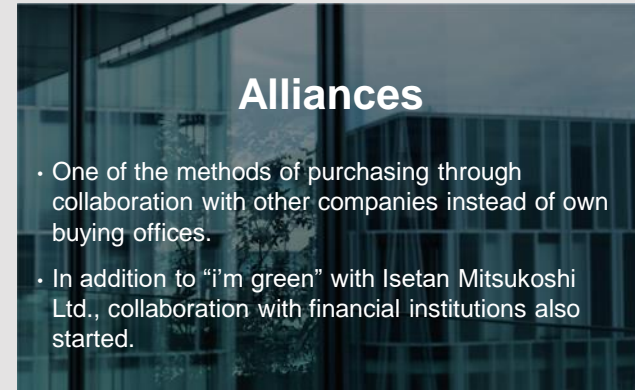
- Buying offices for antiques, art, and other reused goods.
- Antique appraisers mainly handle in-home buying.
- Other services include estate liquidation and pre-departure cleaning.



ALLU
(overseas)

- Expanding ALLU buying offices overseas.
- Directly operated and partner offices* worldwide.

* Partner offices: Buying offices operated in partnership with local companies.



Alliances

- One of the methods of purchasing through collaboration with other companies instead of own buying offices.
- In addition to “i’m green” with Isetan Mitsukoshi Ltd., collaboration with financial institutions also started.

Our Business <Auction>



**STAR BUYERS
AUCTION**

- BtoB auctions (SBA) for luxury brand items, etc.
- Since going online in Mar. 2020, the auctions have drawn numerous partners around the world.
- Hosting online diamond auction (SBA HK).



**THE
EIGHT
AUCTION**

- BtoB auctions (8AUC) 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>



ALLU

(retail store/e-commerce)

- Three stores located in Ginza, Omotesando and Shinsaibashi.
- Selling 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.



ALLU AUCTION

- The first BtoC auction was held in Jan. 2023. Held once per quarter.
- Starting with luxury watches, consider expanding the item category in the future.

Our Businesses <Automobiles>



- In addition to the purchase of luxury brand items, a car purchase service was launched in Apr. 2021.
- Aiming to expand business through synergy effects with YONE MOTORS.



- YONE MOTORS CORPORATION was merged with Valuence Group in Feb. 2023.
- In addition to selling and purchasing new and secondhand cars domestically and internationally, YONE MOTORS also offers maintenance services at its own factory. Particularly strong in the maintenance of high-end imported cars.
- Providing overall support from pre-purchase consultation to maintenance and switching of new cars.

Our Businesses <Real Estate>

なんぼふ不動産



Your one-stop solution platform for the sale of important assets such as real estate, artwork, and brand items.



Providing housing solutions suitable for changing lifestyles at each life stage.



Available to check the value of your Property.



Preventing family inheritance issues from happening with thoughtful pre-departure cleaning.



Planning your estate to ease the burden on your family.

- Started real estate brokerage service in Jun. 2020.
- Attracting customers by utilizing existing customer resources of *Nanboya* and ALLU.
- Increasing customer lifetime value and mapping the different stages a customer goes through.

Trends in Financial Results (from FY21 to FY23)

	FY21					FY22					FY23				
	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Cumulative
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	16,378	20,044	-	53,673
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	4,474	5,316	-	14,401
SG&A expenses (Million yen)	2,646	3,227	3,367	3,430	12,672	3,368	3,331	3,871	3,855	14,427	4,325	4,253	4,481	-	13,060
Operating profit (Million yen)	464	-397	389	713	1,169	197	16	720	954	1,888	283	221	834	-	1,340
Ordinary profit (Million yen)	450	-414	221	718	976	169	13	696	911	1,791	259	226	753	-	1,238
Net profit (Million yen)	217	-341	583	265	725	45	-93	415	601	969	133	25	481	-	640
Employees	742	804	880	873	873	871	864	904	896	896	925	964	1,033	-	1,033
No. of Domestic buying offices	87	119	126	125	125	128	128	130	130	130	134	135	133	-	133
No. of Overseas buying offices	3	9	14	21	21	24	22	23	34	34	36	38	37	-	37



Sustainability

Themes Addressed through Business Activities

E:Planet

Realizing a sustainable planet and circular economy

- Ascertaining ecological footprints of products handled.
- Encouraging waste reductions and recycling.
- Implementing efforts to address climate change.

S:People

Establishing a fair and inclusive society

- Increasing customer satisfaction.
- Improving employee engagement.
- Promoting diversity and inclusion.
- Promoting human resource development.
- Practicing responsible procurement.
- Promoting culture and education.
- Developing future leaders.

G:Transparency

Toward a transparent, secure and trusted organization

- Enhancing corporate governance.
- Enhancing data privacy and security.
- Implementing measures to combat money laundering.
- Promoting responsible business activities.

Earth / World

Stakeholders

Employees

Customers

Trading partners

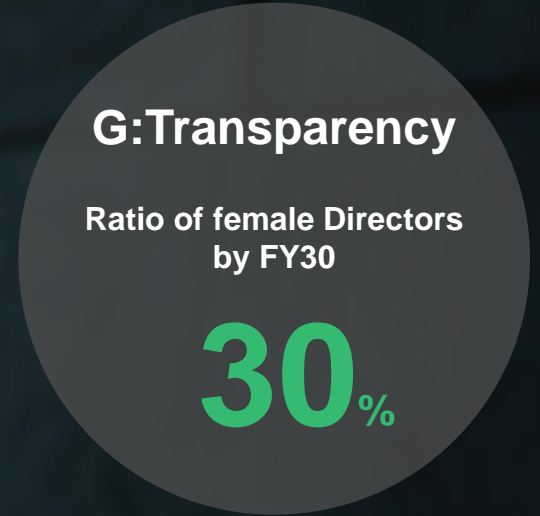
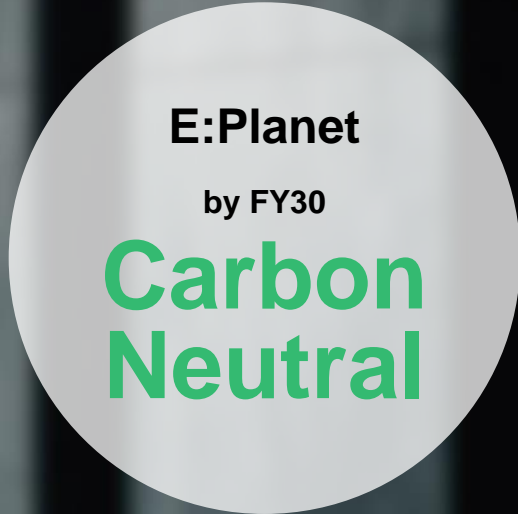
Investors

Future generation

Local communities

Commitment to Sustainability

- Set specific goals for E (Planet), S (People), and G (Transparency) to contribute to a sustainable society and achieve our sustainable growth.

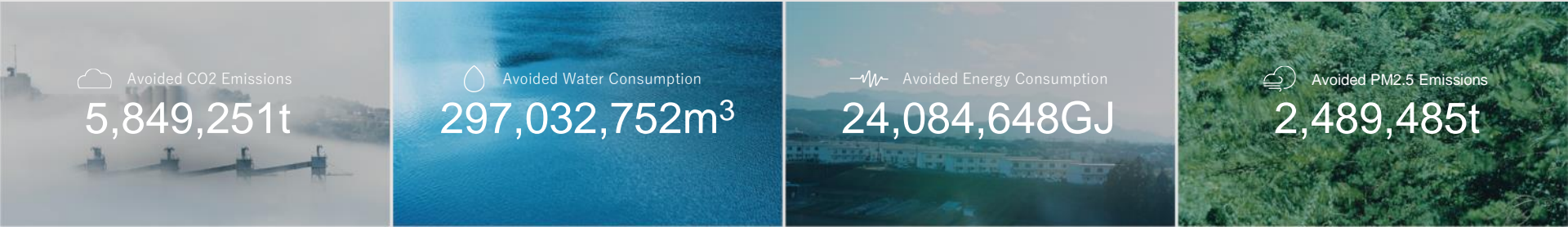


* The average of each score (on a scale of 1 to 5) in our external engagement survey (conducted by a third party): (1) Company satisfaction, (2) Job satisfaction, (3) Supervisor satisfaction, and (4) Workplace satisfaction.

* Score for FY22: 3.3

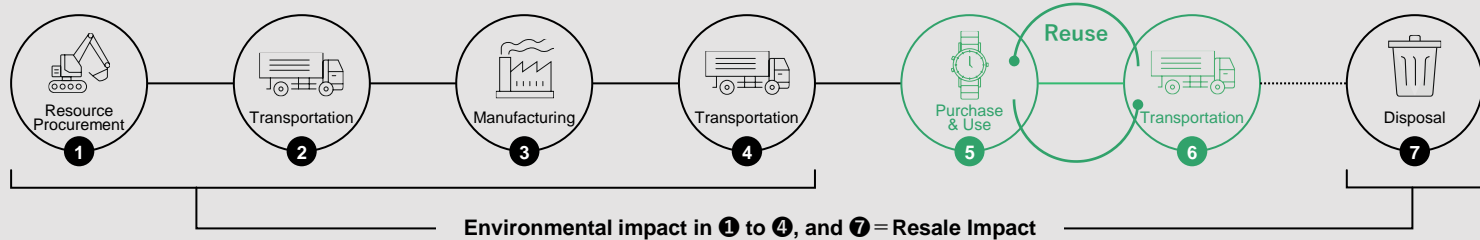
FY22 Resale Impact

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



About 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 on the above, using *Valuence Resale Impact Calculator*, developed independently by Valuence.



Contributes to reducing environmental impact from resource procurement to transportation and disposal by Reuse

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

Valuence

Circular Design Company

- 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, 2023.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect, or any other forms of damages arising from this translation.

Investor Relations Inquiries:
Investor Relations Section
Valuence Holdings Inc.
TEL: +81-3-4580-9983 / Mail: contactus@valuence.inc