

FY23 Financial Results

Oct 13, 2023

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



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Corporate Profile

Valuence
Circular Design Company

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 Aug. 31, 2023)
Employees	1,041 (as of Aug. 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 Aug. 31, 2023)

Group Business and Brands

Purchasing



Auctions



Retail



Automobiles



Real estate



Purpose

Circular Design for the Earth and Us

Mission

A high-angle, low-key photograph of a person's lower half and feet. The person is wearing a long, flowing black dress and black boots. They are walking on a light-colored tiled floor with dark grout. To the left is a textured, grey wall. The lighting is dramatic, casting long shadows on the floor.

To Encourage More People
to Focus on What is Most Important
in Their Lives

Circular Design Company The Goal for FY30



Creating new earning opportunities by offering a broad range of choices and promoting circular use of the things not only owned by us but also owned by customers and partners.



Financial Results

Summary for FY23 (Cumulative)



Achieved increases in sales and profits for the third consecutive year, and operating income was 2.18 billion yen

- The start of new SaaS functions at the auction contributed to the expansion of consignments at the auction, and winning bids on consignments at the auction increased 2.9 times YoY to 10.5 billion yen. The consignment ratio of the auction increased 11.2pts to 20.7%. GMV rose 29.2% YoY to a record high of 83.3 billion yen.
- Purchases* increased 13.7% YoY to 56.1 billion yen due to factors including the focus on attracting customers mainly through WEB marketing and favorable bullion market prices. Net sales increased 20.1% YoY to 76.1 billion yen due to an increase in auction sales and retail sales in line with the recovery in inbound demand, overcoming the difficult environment in which watches market prices remained weak throughout the year.
- Operating income increased 15.6% YoY to 2.18 billion yen, despite an increase in SG&A expenses due to aggressive investment in human capital, strengthening of WEB marketing, opening of buying offices and one retail store, relocation of head office, M&A of YONE MORTORS CORPRATION, etc.

* Excluding purchase of YONE MORTORS CORPRATION, which was PL consolidated from Q3 FY23. (The same hereinafter)

Financial Results for FY23

- Net sales for Q4 FY23 (Jun.-Aug.) increased 18.3% YoY to a record high of 22.4 billion yen. Gross profit margin remained flat YoY at 25.0% due to factors such as continued high bullion market prices and weak watch market prices, while auction consignment and retail sales were firm.
- Operating profit for Q4 FY23 (Jun.-Aug.) decreased 11.7% YoY to 843 million yen, as a result of efforts to expand personnel and focus on marketing towards FY24.

(Million yen)	Q4 FY22	Q4 FY23	YoY	FY22 (Cumulative)	FY23 (Cumulative)	YoY (Cumulative)	FY23 Full-year forecast (corrective plan)	Achievement rate
Net sales	18,986	22,456	+18.3%	63,385	76,130	+20.1%	75,000	101.5%
Gross profit	4,810	5,612	+16.7%	16,316	20,013	+22.7%	20,400	98.1%
Gross profit margin	25.3%	25.0%	(0.3pts)	25.7%	26.3%	+0.5pts	27.2%	-
SG&A expenses	3,855	4,769	+23.7%	14,427	17,829	+23.6%	17,900	99.6%
Operating profit	954	843	(11.7%)	1,888	2,183	+15.6%	2,500	87.3%
Operating profit margin	5.0%	3.8%	(1.3pts)	3.0%	2.9%	(0.1pts)	3.3%	-
Ordinary profit	911	795	(12.7%)	1,791	2,034	+13.6%	2,350	86.6%
Ordinary profit margin	4.8%	3.5%	(1.3pts)	2.8%	2.7%	(0.2pts)	3.1%	-
Profit attributable to owners of parent	601	409	(31.8%)	969	1,050	+8.4%	1,240	84.7%

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

Topics for Q4 FY23 (Jun. – Aug.)

Purchases

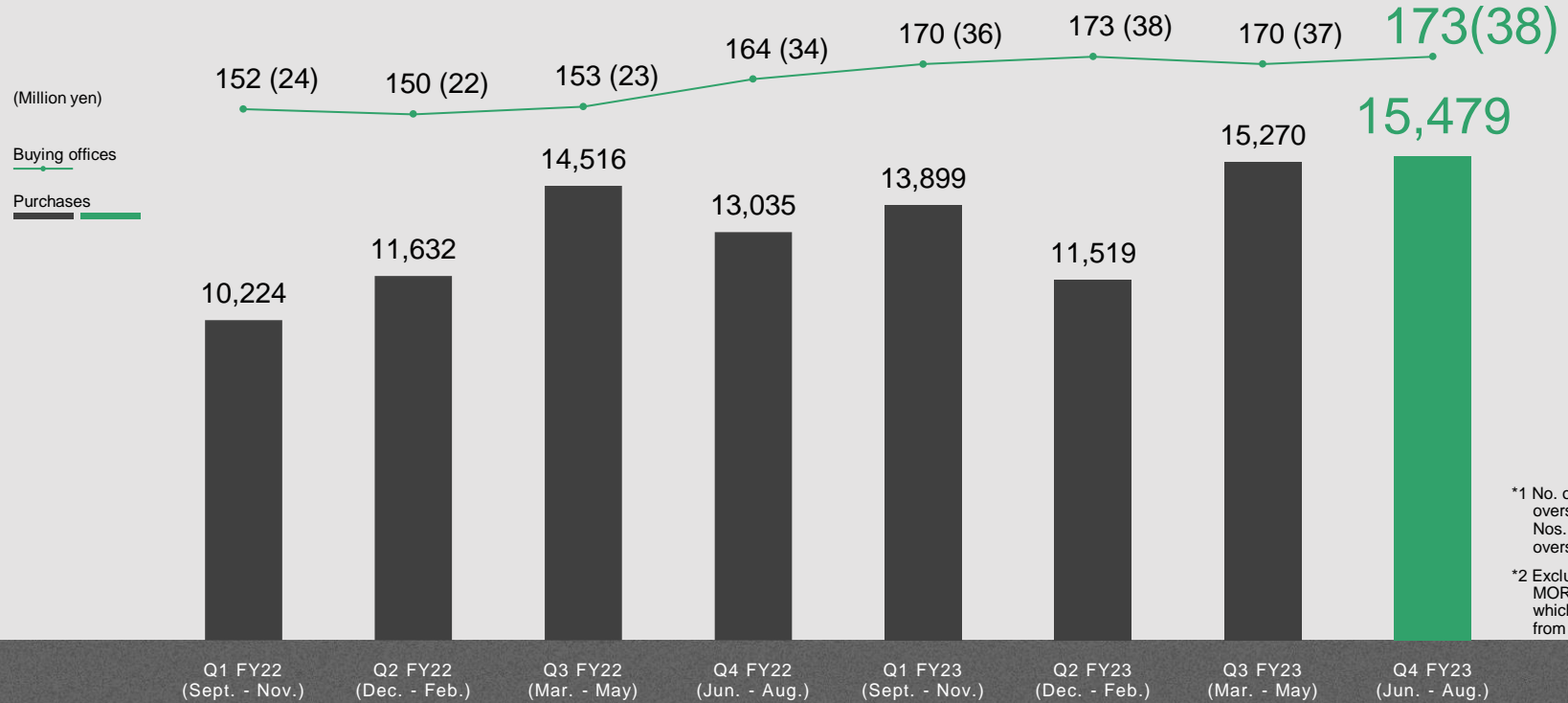
- Purchases remained strong following Q3 FY23, and the bullion market prices rose toward the end of the fiscal year. As a result, **the purchase amount was 15.4 billion yen, a record high.**
- Purchases through alliance such as “i’m green” initiative with Isetan Mitsukoshi Ltd., and financial institutions etc., were also strong.
- With the opening of two domestic and three overseas offices, **the total number of buying offices was 135 domestic and 38 overseas.**

Sales

- **Retail store sales grew further** due to continued **strength in inbound demand.** Retail e-commerce sales also performed well.
- **Consignments at the auctions remains strong,** partly due to contribution new SaaS functions.
- Gross margin declined 0.3pts YoY to 25.0% due to the expansion of sales in the automotive business, the high level of wholesale(bullion) sales, and the weak watch market prices.

Purchases and Buying Offices

- Purchases in Q4 FY23 (Jun.-Aug.) increased 18.7% YoY to a record high of 15.4 billion yen.
In addition to the continued strength of the bullion market prices, alliances expanded favorably.

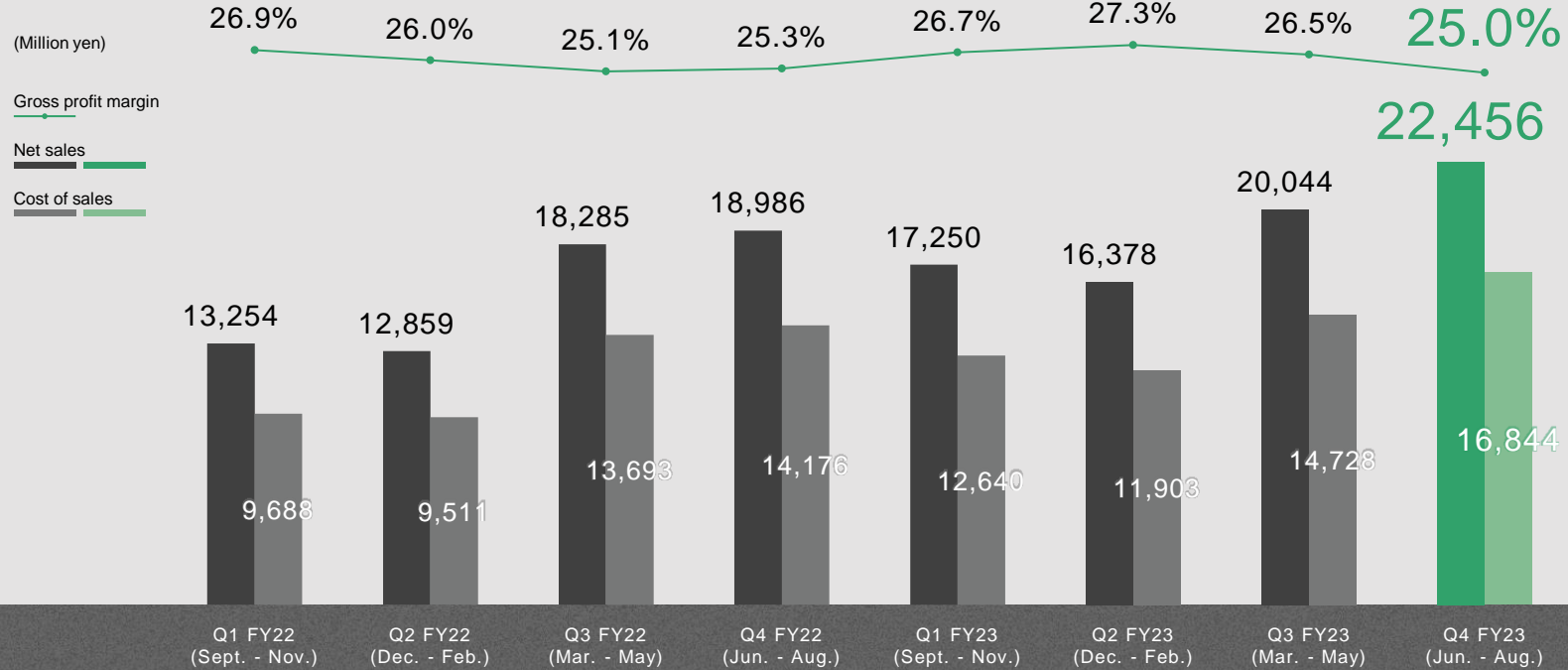


*1 No. of buying offices includes overseas buying offices.
Nos. in parentheses indicate overseas buying offices.

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

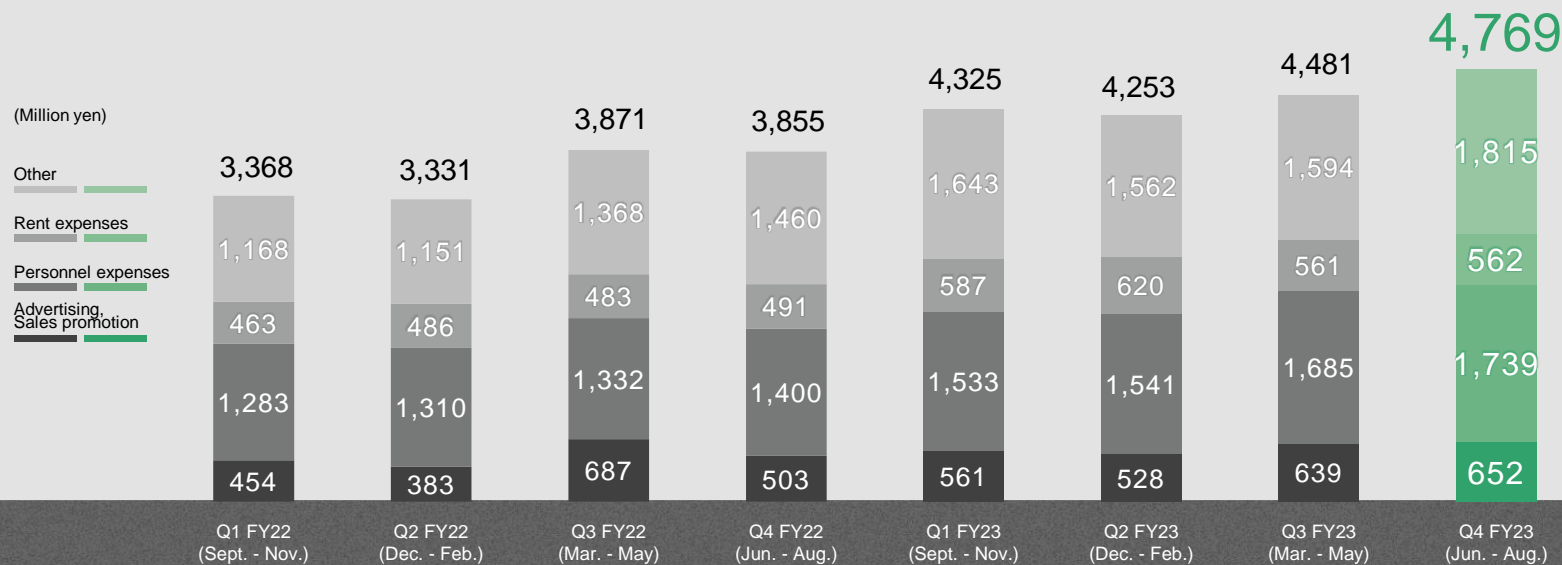
Net Sales and Gross Profit Margin

- Net sales for Q4 FY23 increased 18.3% YoY to 22.4 billion yen.
- Despite an increase in retail sales, gross profit margin decreased 0.3pts YoY to 25.0%, mainly due to growth in wholesale sales (including automobiles) and bullion sales, which have low gross profit margins, and a decline in the gross profit margin for watches due to weak watch market.



SG&A Expenses

· In anticipation of FY24, the company focused on personnel expansion and marketing. As a result, SG&A expenses in Q4 FY23 were 4.7 billion yen.

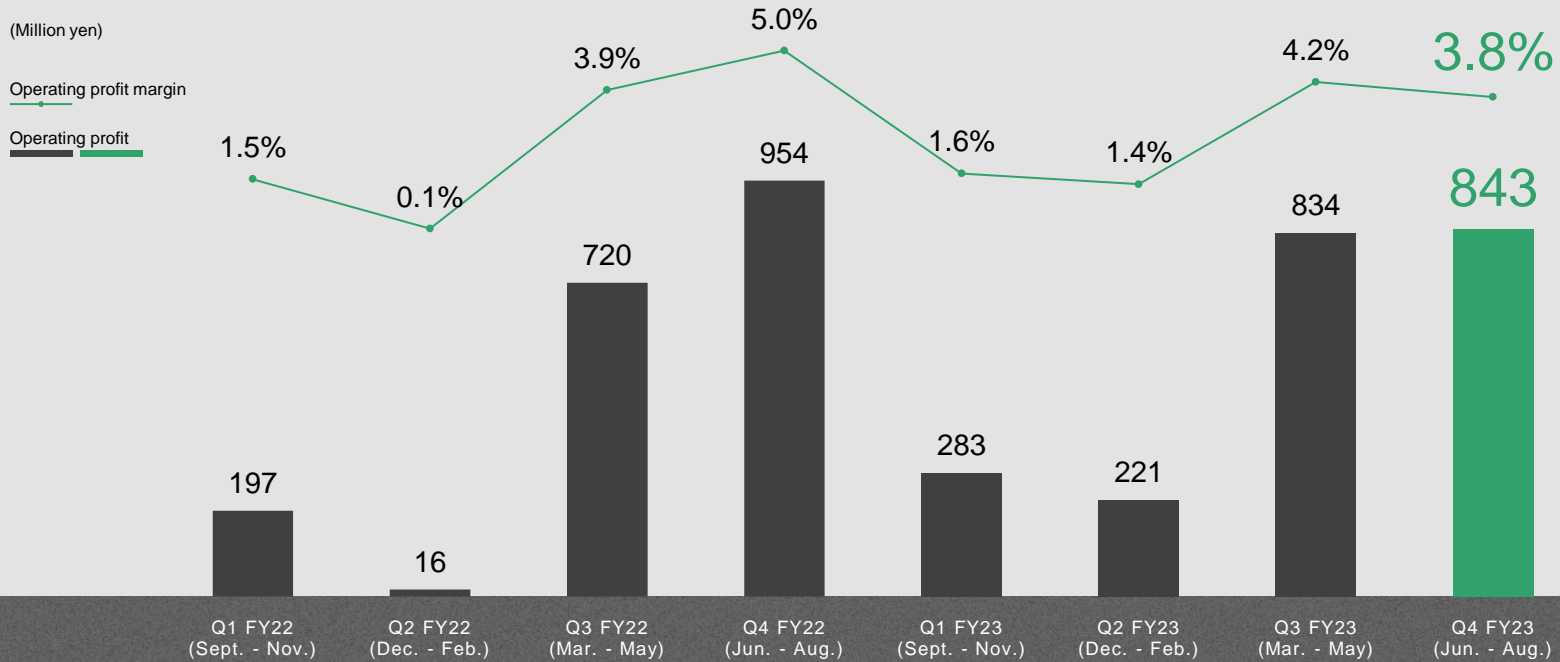


Buying offices*	152 (24)	150 (22)	153 (23)	164 (34)	170 (36)	173 (38)	170 (37)	173 (38)
Employees	871	864	904	896	925	964	1,033	1,041

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

Operating profit and Operating profit margin

- Operating profit for Q4 FY23 decreased 11.7% YoY to 843 million yen, and Operating profit margin was 3.8%, due to upfront investment for FY24.



Balance Sheet

(Million yen)

	FY22	FY23	Difference
Current assets	16,804	19,227	+2,423
Cash and deposits	7,807	8,336	+528
Merchandise	6,329	7,633	+1,304
Other	2,667	3,257	+590
Non-current assets	6,445	8,448	+2,002
Total assets	23,249	27,675	+4,425
Liabilities	15,395	18,841	+3,445
Interest-bearing debt	12,515	15,260	+2,744
Other	2,880	3,580	+700
Net assets	7,853	8,834	+980
Total liabilities and net assets	23,249	27,675	+4,425

Increase in merchandise due to the expanded purchase volume. (merchandise of YONE MOTORS CORPORATION is about 0.3 billion)

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.

Increase in long-term borrowings to secure funds for purchasing, capital investment, and M&A.

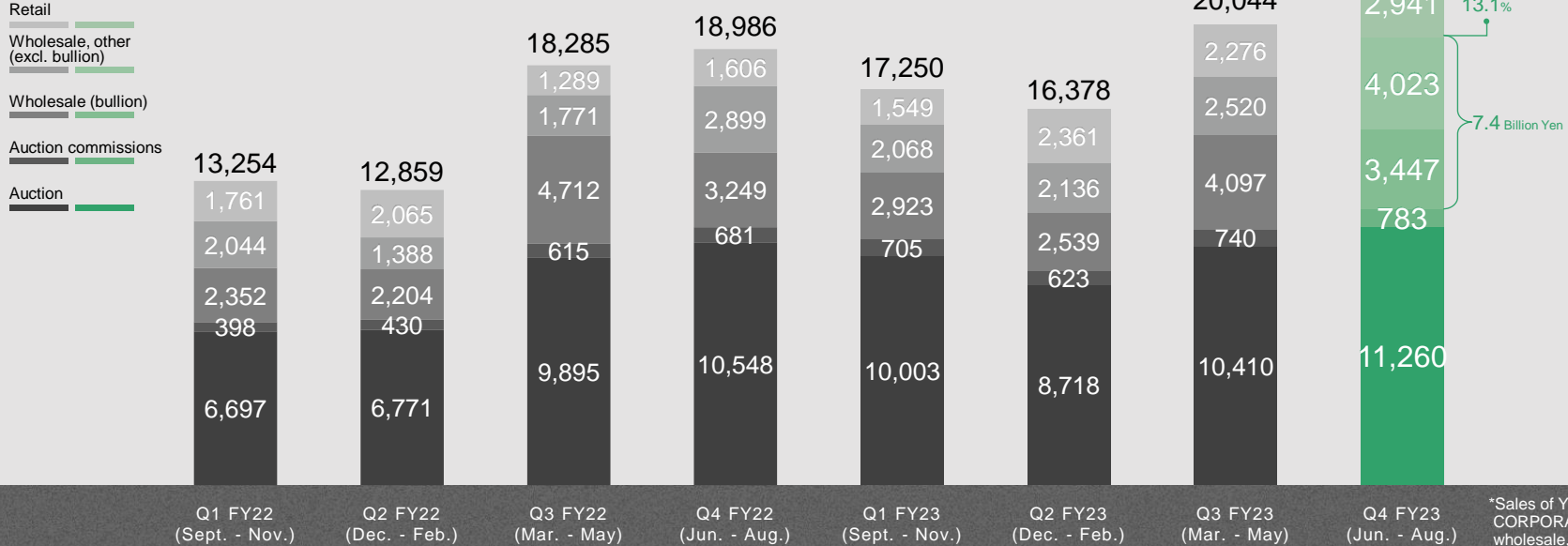
Increase due to the recording of asset retirement obligations related to new offices and the recording of accrued bonuses.

Difference due to posting profit attributable to owners of parent and dividend payments.

Net Sales by Channel (toB, toC)

- Retail store sales continued to expand due to inbound demand, and Retail e-commerce sales were strong. Retail sales increased 83.1% YoY to 2.9 billion yen and Retail ratio rose 4.6pts YoY to 13.1%.
- Wholesale and other sales, including bullion, increased 21.5% YoY to 7.4 billion yen due to the sales of the automobile are beginning to take off and the continued strong bullion market prices.

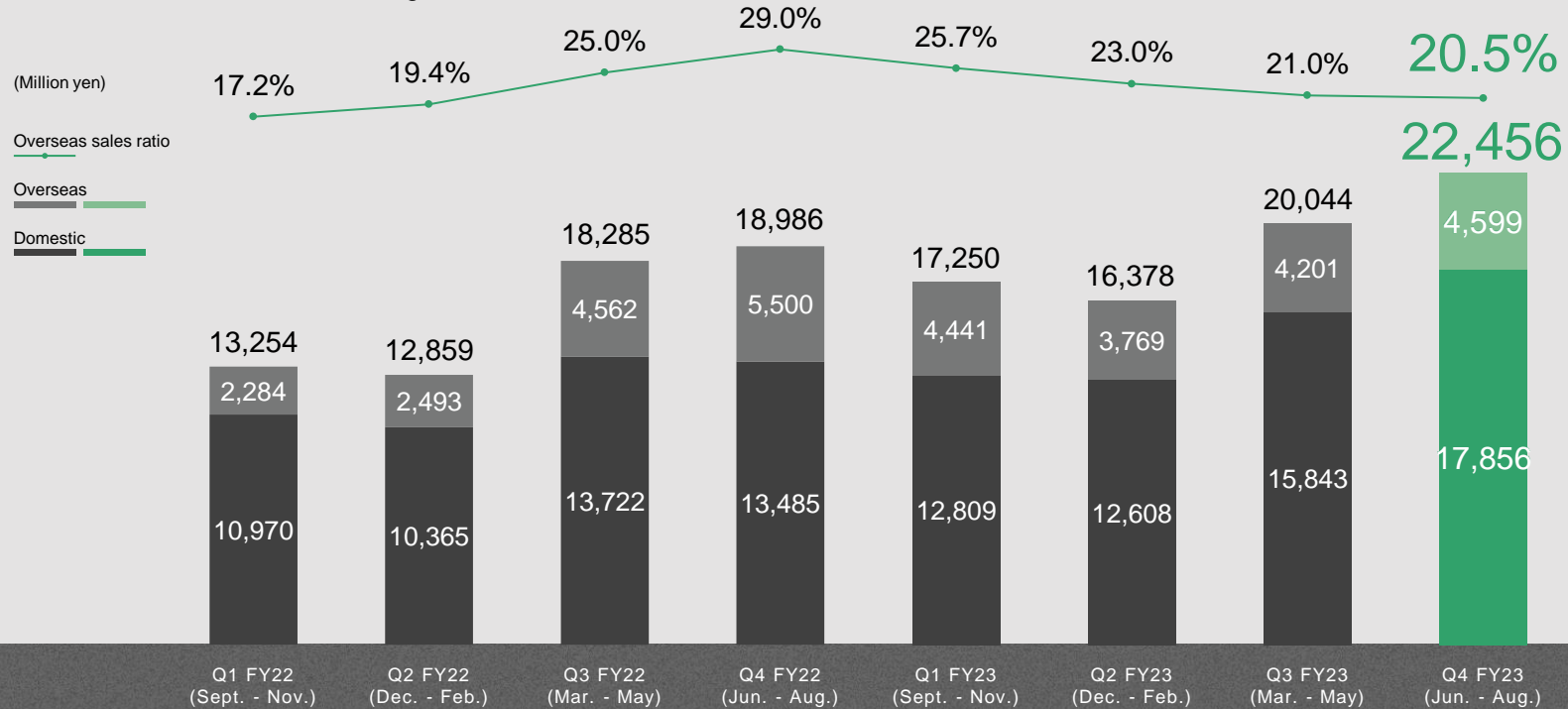
(Million yen)



*Sales of YONE MORTORS CORPORATION included in wholesale, other (excl. bullion) from Q3 FY23

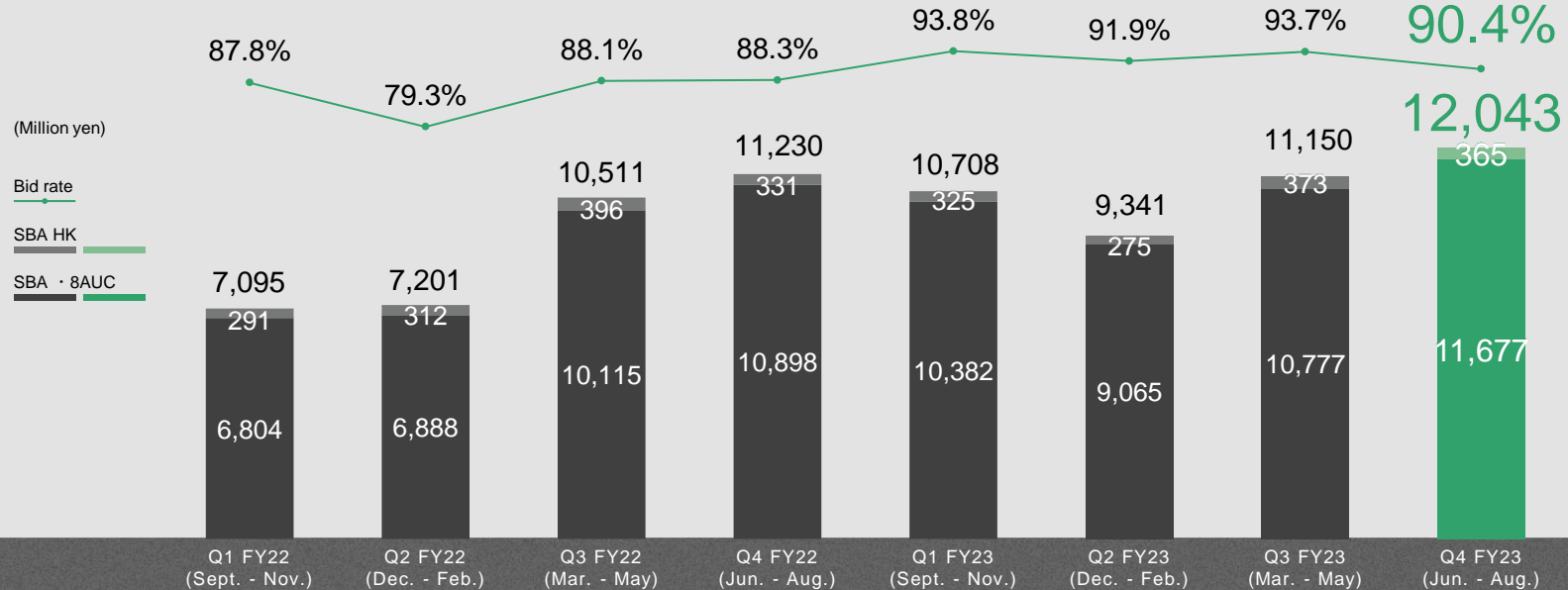
Net Sales by Channel (Domestic, Overseas)

- Domestic sales increased 32.4% YoY to 17.8 billion yen due to increase auction sales to domestic partners and retail sales in line with the recovery in inbound demand in addition to the increase in wholesale sales including automobiles.
- Overseas sales ratio remains high at 20.5%.



To B Auction Results

• The successful bid rate in Q4 FY23 has remained stable at 90.4%.



Category	Auction Type	Q1 FY22 (Sept. - Nov.)	Q2 FY22 (Dec. - Feb.)	Q3 FY22 (Mar. - May)	Q4 FY22 (Jun. - Aug.)	Q1 FY23 (Sept. - Nov.)	Q2 FY23 (Dec. - Feb.)	Q3 FY23 (Mar. - May)	Q4 FY23 (Jun. - Aug.)
Domestic	SBA*1	Twice/Month Daily from Nov.	Daily	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly
	8AUC*2	Oct., Nov.	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Overseas	SBA HK	Nov.	Feb.	May	Aug.	Nov.	Jan.	Apr.	Jul.

*1 SBA : STAR BUYERS AUCTION (The same hereinafter)
 *2 8AUC : THE EIGHT AUCTION (The same hereinafter)



Highlights for Q4 FY23

GMV Trends

- GMV increased 23.8% YoY to 24.5 billion yen.
- The consignment ratio of the auction remained strong at 19.4%.

(Million yen)

Wholesale and Retail

Auction
(merchandise sale)

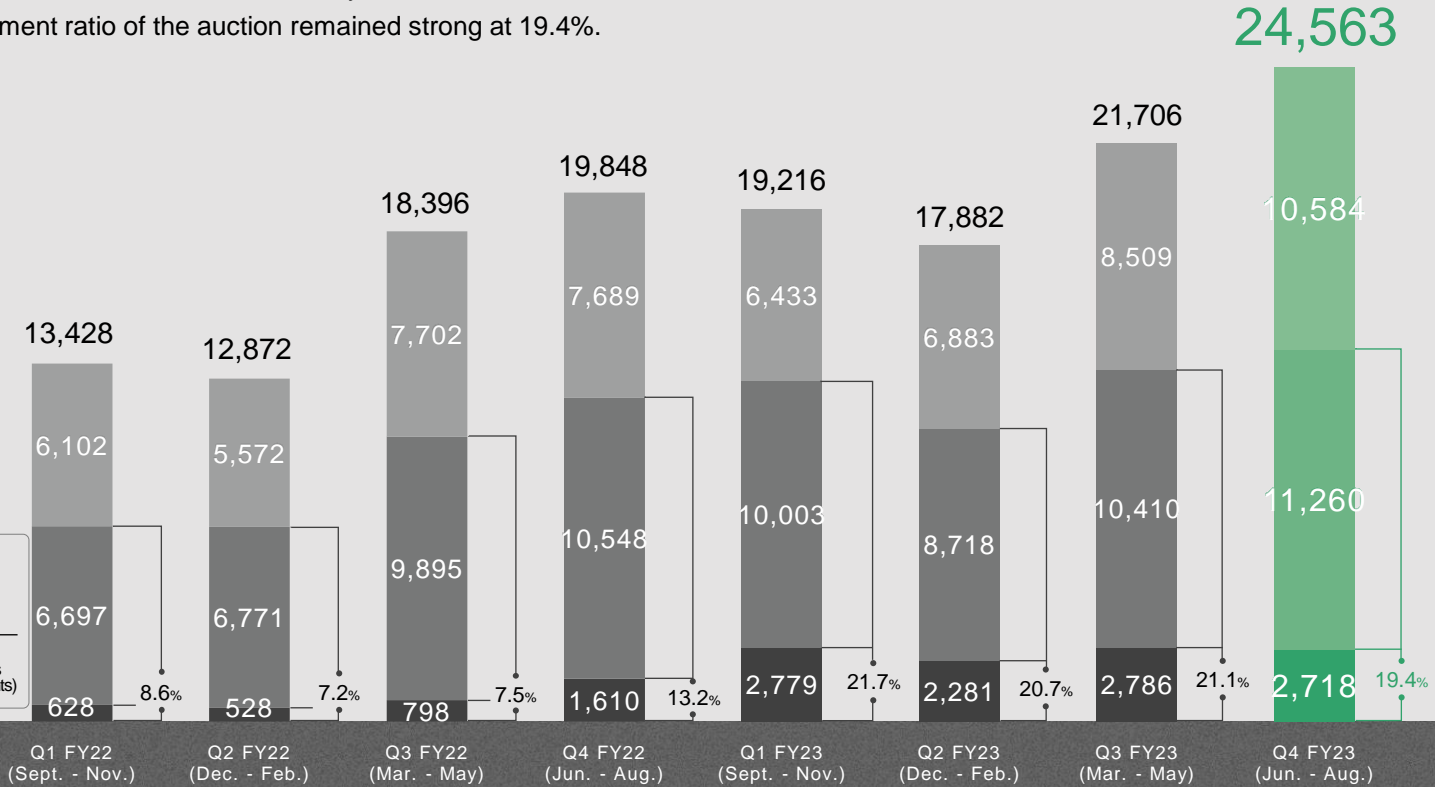
Auction
(winning bids on consignments)

Consignment ratio
of the auction*

*Consignment ratio of the auction

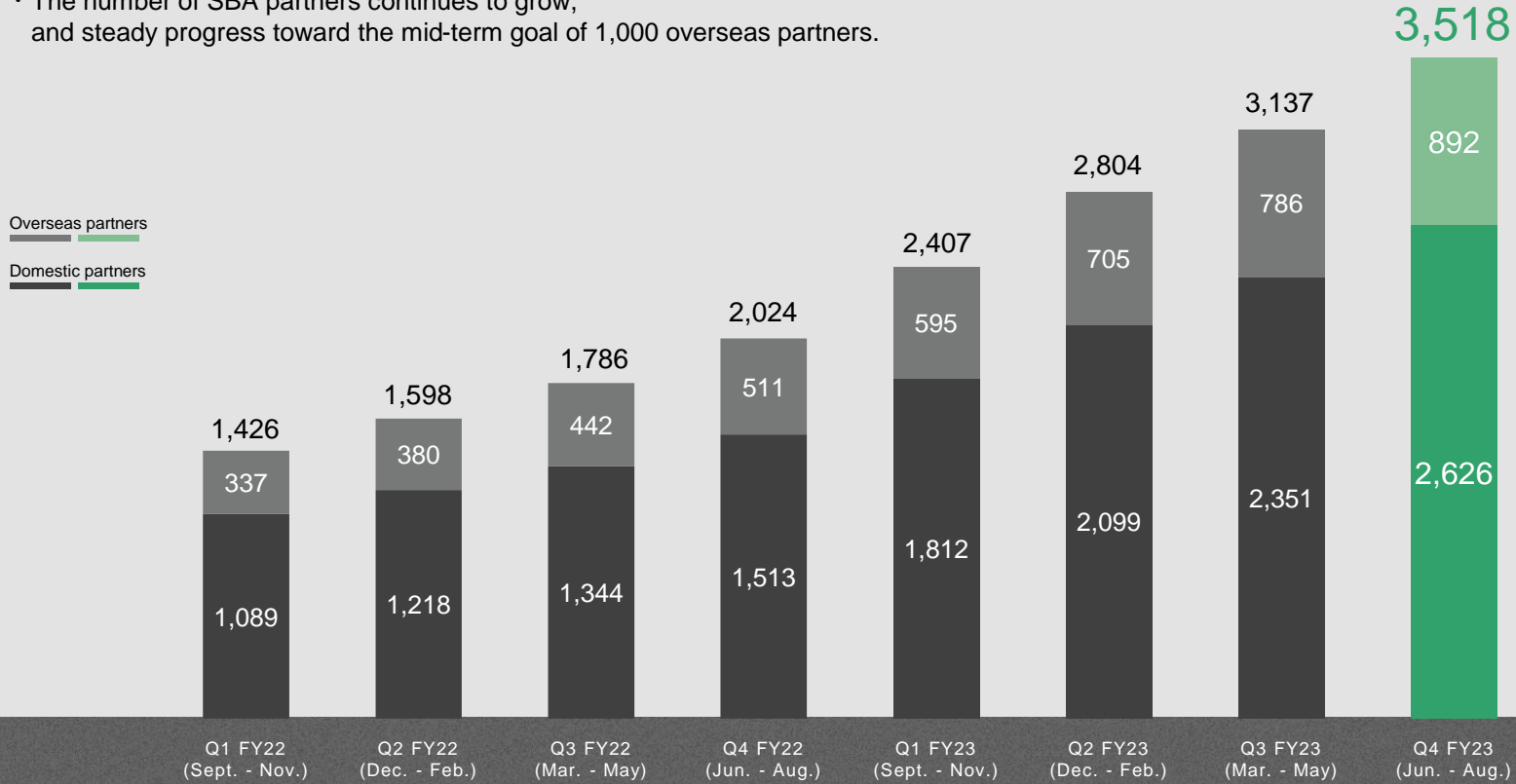
Auction
(winning bids on consignments)

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



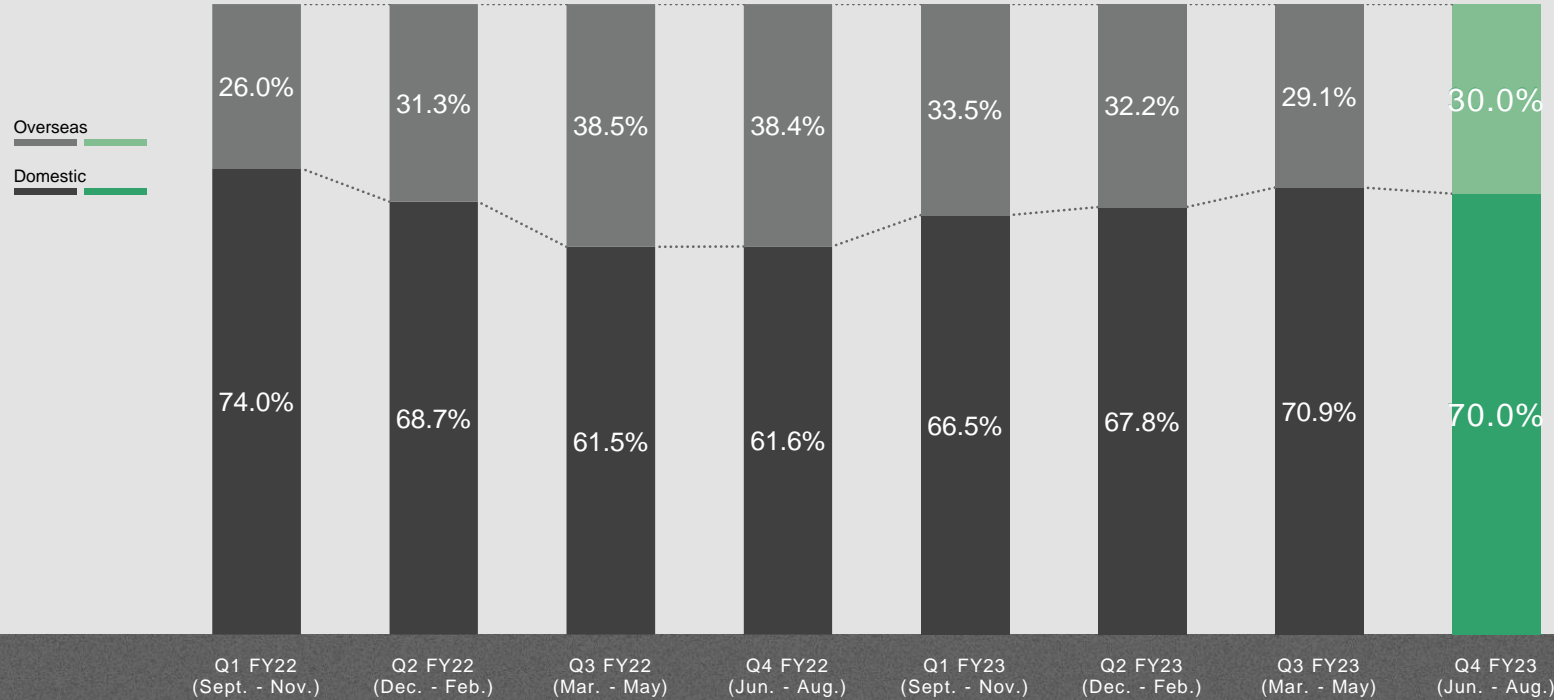
No. of STAR BUYERS AUCTION (SBA) Partners

- The number of SBA partners continues to grow, and steady progress toward the mid-term goal of 1,000 overseas partners.



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

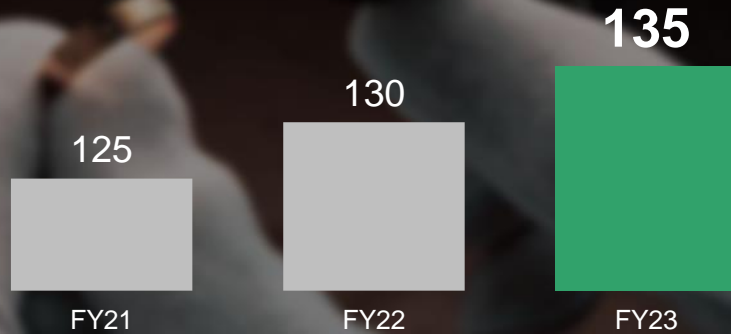
- Domestic partners' willingness to win bids continue to be strong with the recovery of inbound demand, and the domestic ratio unchanged at 70%.



Distribution of Buying Offices

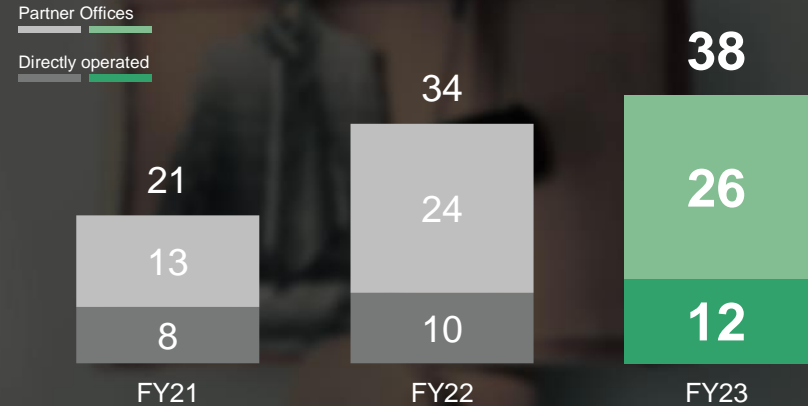
- Domestically, we opened 10 new buying offices, while closing 5 unprofitable buying offices. As a result, the number of stores at the end of FY23 totaled 135.
- Despite the opening of two directly operated buying offices overseas, the number of stores at the end of FY23 fiscal year totaled 38, partly due to the closure of partner-owned buying offices.
- FY24 has already opened 2 buying offices in Singapore (partner offices). Continue to aggressively open new buying offices, mainly through partner.

Japan



Open	46 (28 of which are M&A)	5	10
Close	5	0	5

Global

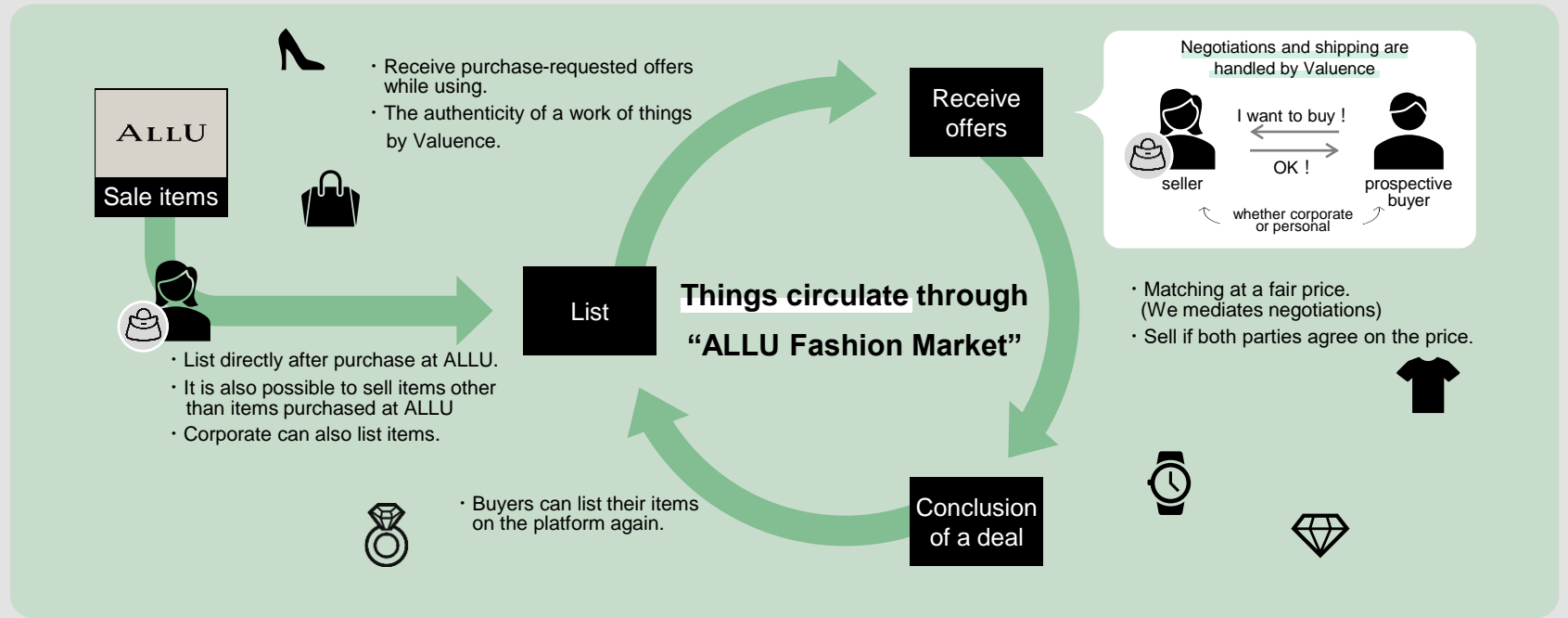


Open	19	17	10
Close	0	4	6



Launched “ALLU Fashion Market”

- Launched the new service “ALLU Fashion Market” in Jul. 2023 with the aim of creating a circular society as “Circular Design Company.”
- This service allows users (whether corporate or personal) to list items purchased at ALLU or owned items while using them and receive purchase-requested offers from other users. This service promotes buying and selling of pre-owned products and the circulation of things.





Key Strategies from FY24

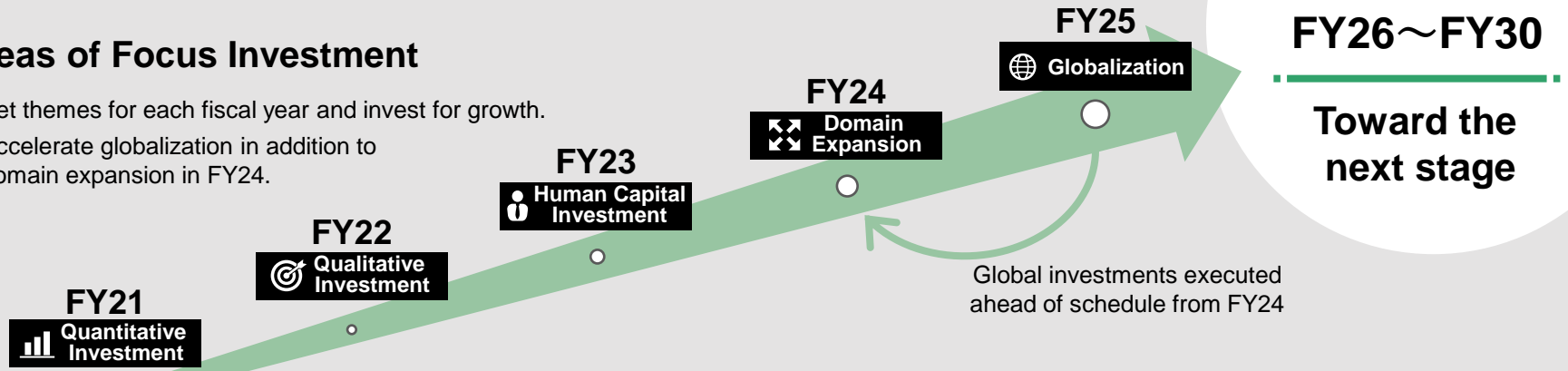
Medium-Term Management Plan "VG1000 ver2.0" KPI Trends

- Each KPI performed well as planned against targets for the final year of the medium-term management plan.

	FY25 (Final Year of Plan)	FY21 (Year 1 of Plan)	FY22 (Year 2 of Plan)	FY23 (Year 3 of Plan)
Net sales	100 billion yen	52.5 billion yen	63.3 billion yen	76.1 billion yen
No. of Domestic offices	170	125	130	135
No. of Overseas offices	100	21	34	38
No. of Overseas partners	1,000	301	511	892
Overseas ratio of sales	30%	14.9%	23.4%	22.3%

Areas of Focus Investment

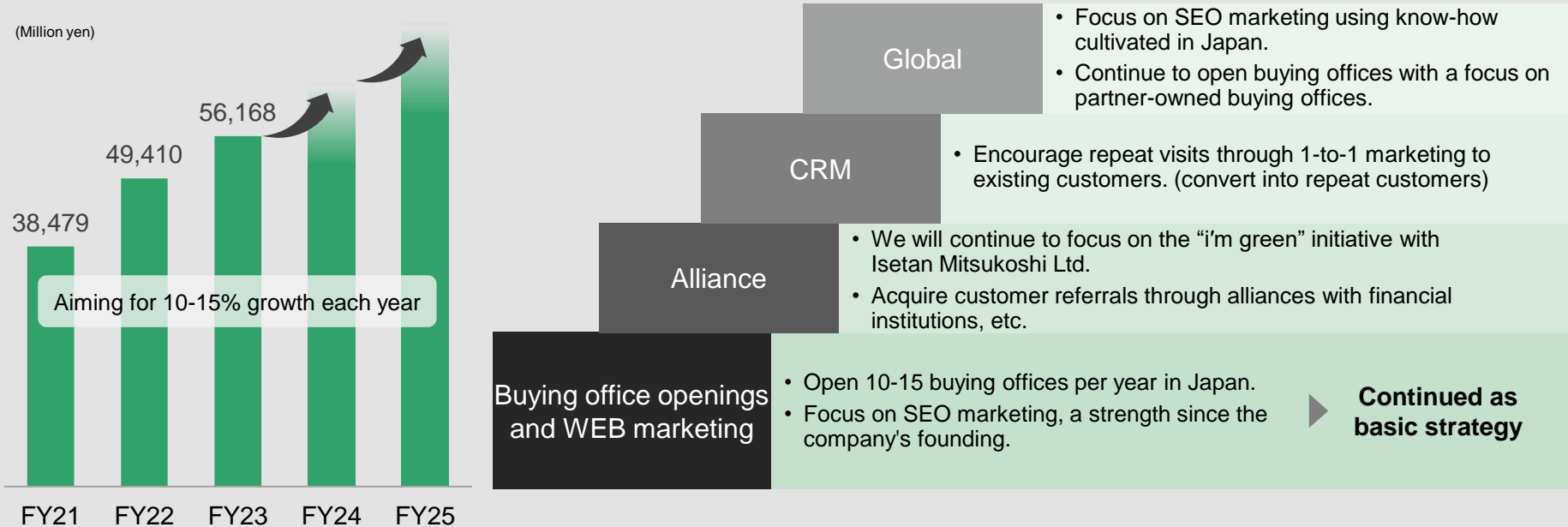
- Set themes for each fiscal year and invest for growth.
- Accelerate globalization in addition to domain expansion in FY24.



	FY21	FY22	FY23	FY24-FY25
Quantitative Investment	<ul style="list-style-type: none"> ✓ Expansion of buying offices ✓ M&A 	<ul style="list-style-type: none"> ✓ Carry on full-scale "i'm green" 	<ul style="list-style-type: none"> ✓ Strengthening Business Alliances 	<ul style="list-style-type: none"> ✓ Strengthen overseas purchasing
Qualitative Investment		<ul style="list-style-type: none"> ✓ Aggressive DX investment 	<ul style="list-style-type: none"> ✓ Fulfillment Services and new SaaS functions launched 	<ul style="list-style-type: none"> Enhancement and Expansion
Human Capital Investment			<ul style="list-style-type: none"> ✓ Expansion of personnel according to strategy 	<ul style="list-style-type: none"> ✓ Strengthen training and retention ✓ Philosophy Education and Penetration ✓ Seamless investment in human resources, both domestic and overseas
Domain Expansion			<ul style="list-style-type: none"> ✓ M&A of YONE MORTORS CORPORATION 	<ul style="list-style-type: none"> ✓ Strengthen Retail ✓ Strengthen automotive business ✓ Expansion of category to real assets other than brand items
Globalization			<ul style="list-style-type: none"> ✓ e-commerce system Replacement 	<ul style="list-style-type: none"> ✓ Opened overseas e-commerce in sequence, and full-scale sales in e-commerce worldwide ✓ Strengthen overseas WEB marketing

Expand Purchasing

- In addition to new buying office openings and WEB marketing, focus on efficient purchasing through CRM and alliances. Strengthen in-house purchases by expanding repeat customers and purchases from other companies' customer.
- Overseas, aim to expand purchases by introducing WEB marketing.



* Excluding purchase of YONE MORTORS CORPRATION, which was PL consolidated from Q3 FY23. (The same hereinafter)



Strengthening Retail ~ New Retail Store Openings ~

- FY24 plans to open two new retail stores in Tokyo/Osaka, aiming to attract inbound tourists and synergy with e-commerce sales.
- Aiming to increase the number of customers sent to other services, including purchases, we will expand points of contact with customers in retail sales.
- By strengthening ALLU's sales capabilities, also aims to expand retail consignments in fulfillment service.

ALLU Shinsaibashi ANNEX (Temporary name)

- ✓ ALLU Shinsaibashi ANNEX, the second retail store in Shinsaibashi, is scheduled to open in December.
- ✓ First complex retail store to sell brand-name items as well as automobiles.

4th store
Shinsaibashi ANNEX



ALLU Shinjuku (Temporary)

- ✓ Plans to open a large-scale retail store in Shinjuku as the 5th ALLU store in the second half of FY24.
- ✓ Aiming to increase awareness of the ALLU brand by opening new retail store in Shinjuku.

1st store
Ginza



2nd store
Omotesando

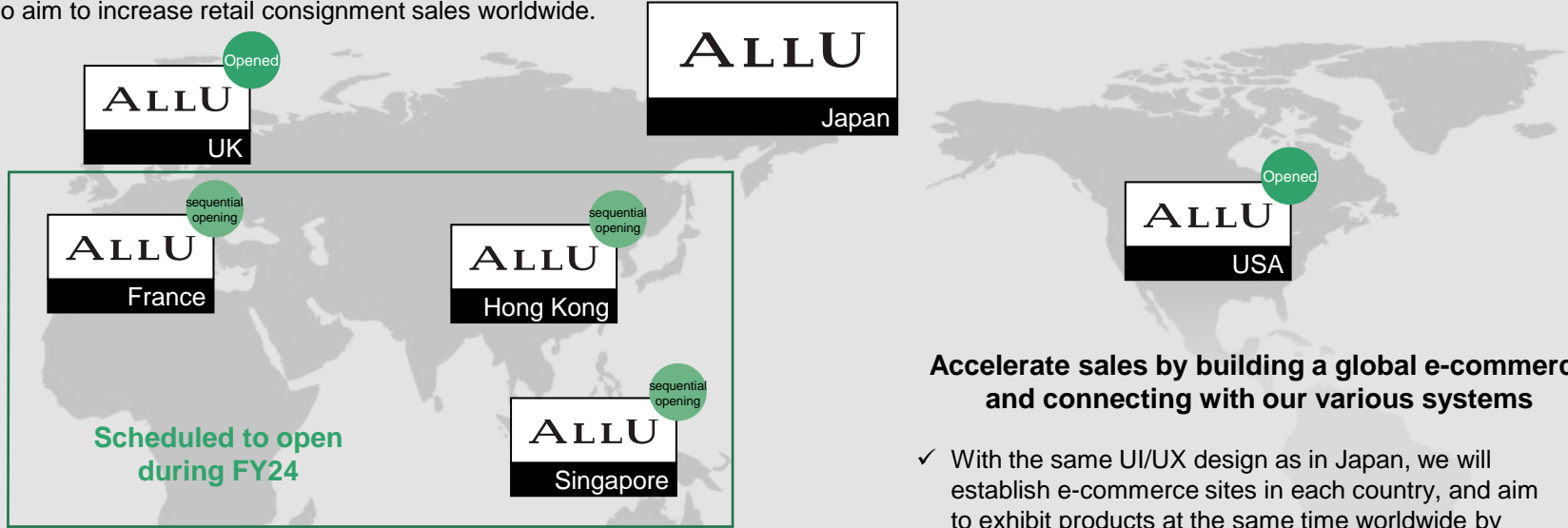


3rd store
Shinsaibashi



Strengthening Retail ~ Building Global e-commerce ~

- By developing e-commerce sites in various overseas regions and linking inventory in each region, we are able to sell our inventory to anywhere in the world.
- Focus on retail WEB marketing both domestically and internationally to expand retail sales.
- As it can cooperate with the fulfillment service, partners in our auctions can sell the winning products in the ALLU around the world in the future. Also aim to increase retail consignment sales worldwide.

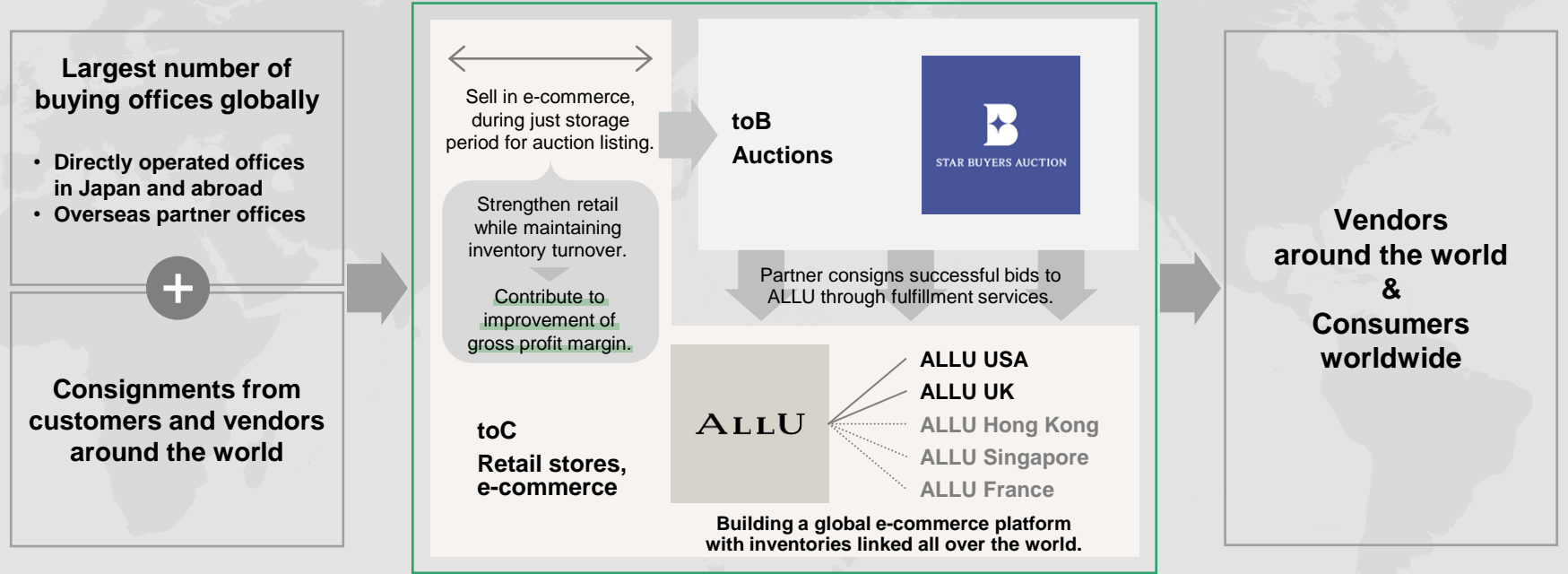


Accelerate sales by building a global e-commerce and connecting with our various systems

- ✓ With the same UI/UX design as in Japan, we will establish e-commerce sites 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.

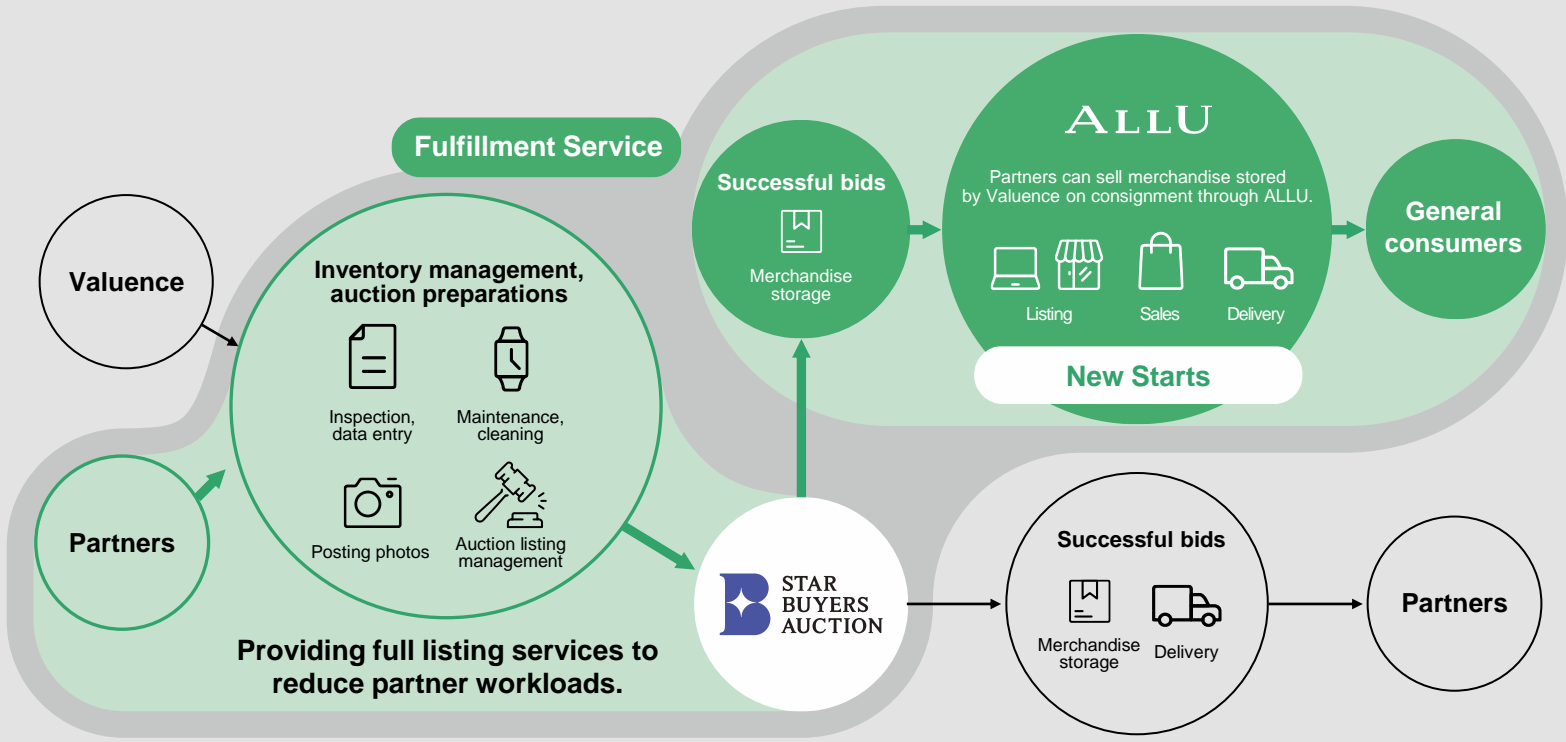
Strengthening Retail ~ Simultaneous listing of toB and toC ~

- Expanding CtoBtoB model established in Japan to overseas, and also expanding CtoBtoC model to the world by building a global e-commerce.
- Collect products from all over the world and sell them to businesses and consumers around the world through simultaneous listing in toB · toC through our inventory linking.
- Aim to efficiently expand retail sales and improve gross profit margin by starting e-commerce sales utilizing lead time to auction sales.



Strengthening Fulfillment Service

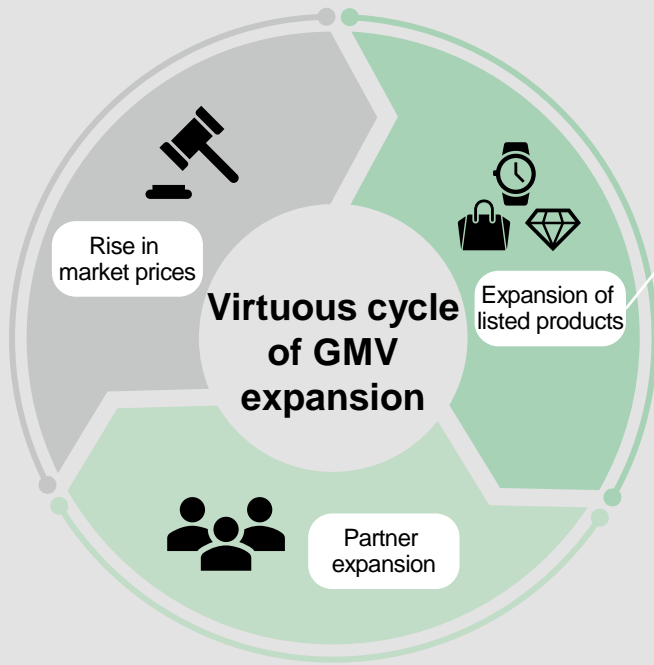
- Enhances the value of the platform by making it more convenient for partners, with the intention of strengthening engagement.





Strengthening Consignments at the Auction

- Consignments at the auction expanded favorably, thanks in part to the conversion of listing fees to free in April 2022. Aiming for further expansion of consignment through the provision of new SaaS functions at the auction.
- A virtuous cycle is realized in which domestic and overseas partners are increasingly participating through an abundance of products, the market is rising due to competition among the partners, and SBA is recognized as a high-selling auction, thereby gaining further consignment.



Expanding supply through consignments

Focus on expanding consignments by offering new SaaS functions at the auction, etc.

Consignment ratio of the auction

FY23	FY24
20%	

New SaaS functions at the auction (March 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.



Accelerate Overseas Expansion

- Accelerate overseas expansion in both purchase and sales by investing in global operations ahead of schedule from FY24.

Buying

- ✓ FY24 plans to aggressively open new buying offices, including partner offices.
- ✓ Plan to expand buying offices opening, mainly in the favorable Asian region.
- ✓ Utilizing the know-how cultivated domestically, expand purchasing by fully WEB marketing overseas as well.

Purchasing

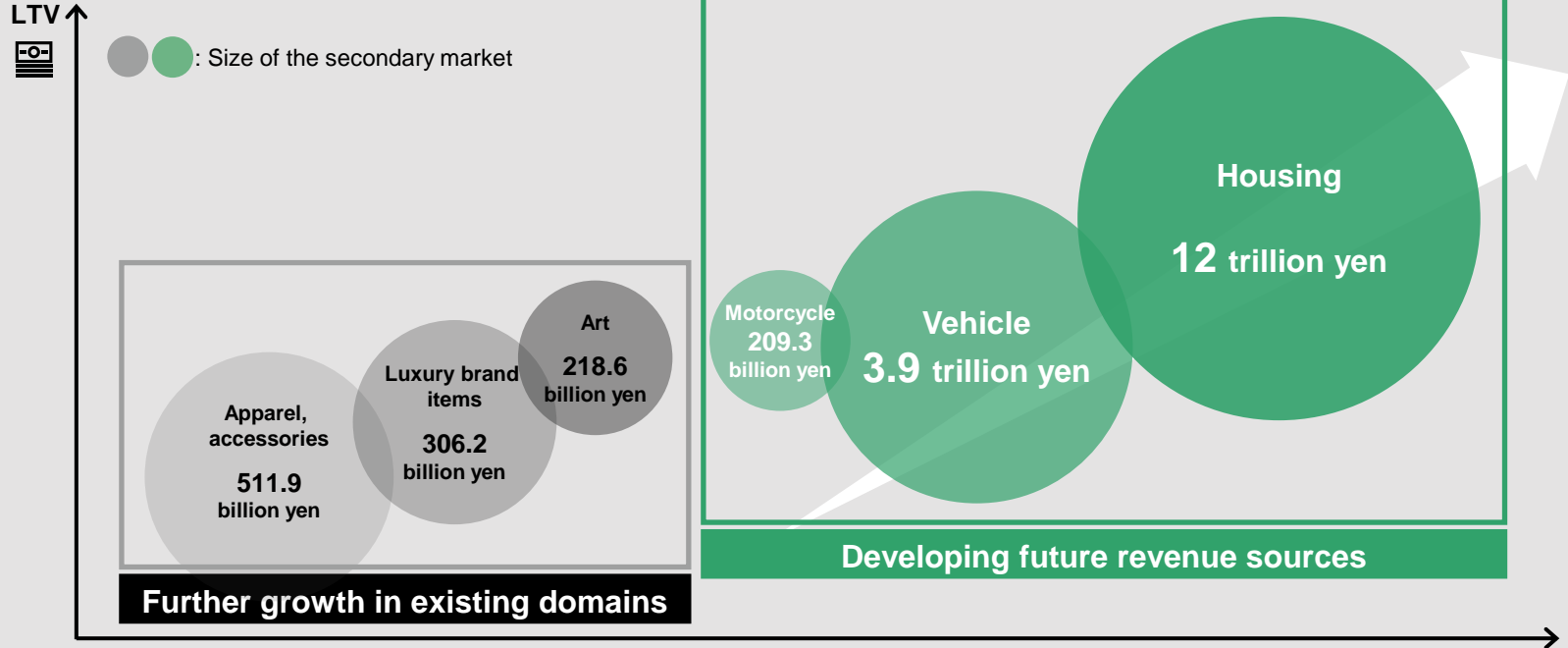
- ✓ Planning to complete the establishment of e-commerce sites in USA, UK and other locations in FY24.
- ✓ Collaboration with various systems enables integrated management of products and more agile selection of sales channels
- ✓ Continued to focus on expanding SBA partners.

Building a system that enables us to purchase products worldwide and sell them worldwide.



Expansion of Category to Real Assets other than Brand Items

Increase customer LTV from mutual customers to other category and building an ongoing relationship with customers. Expand points of contact with customers by expanding and strengthening the category of products handled.



Market size sources: Apparel, accessories, luxury brand items, motorized bikes: Secondhand Market Databook (2022) / the Japan Journal of Remodeling
 Art objects: Japanese Art Industry Market Research Survey 2021 / Art Tokyo Association Automobiles: "Used Car Sales Market" Trend Survey (2022) / TEIKOKU DATABANK
 Housing: Basic Plan and Estimate on Housing (Japanese Nationwide Plan) *Existing housing distribution and renovation market size/ Ministry of Land, Infrastructure, Transport and Tourism



Strengthening Automotive Business

- Focus on strengthening the automotive business through YONE MORTORS CORPRATION, acquired through M&A in FY23, and maximizing synergies with existing businesses.

Partnership with Twisted Group Limited

- YONE MORTORS CORPRATION signed exclusive distribution agreement with Twisted Group Limited (UK) to customize and resell the "Defender" by utilizing YONE MORTORS CORPRATION's repair and maintenance capabilities for luxury imported vehicles.
- Customizing used cars allows for resale rather than disposal. Contribute to Circular Economy in Used Vehicles.



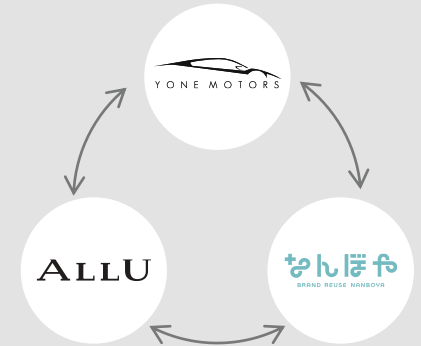
Development at ALLU

- ALLU Shinsaibashi ANNEX (tentative name) is scheduled to open as a complex store that will display and handle automobiles in addition to brand-name items.
- Generate synergies with sales of brand-name items in ALLU.



Mutual customers to each other within Valence group

- Gradually expanding our results by focusing on introducing and proposing automotive services to customers using *Namboya* and ALLU.
- Aim to build long-term relationships with customers, including existing domains such as brand-name items, through regular contact points such as maintenance and switching.



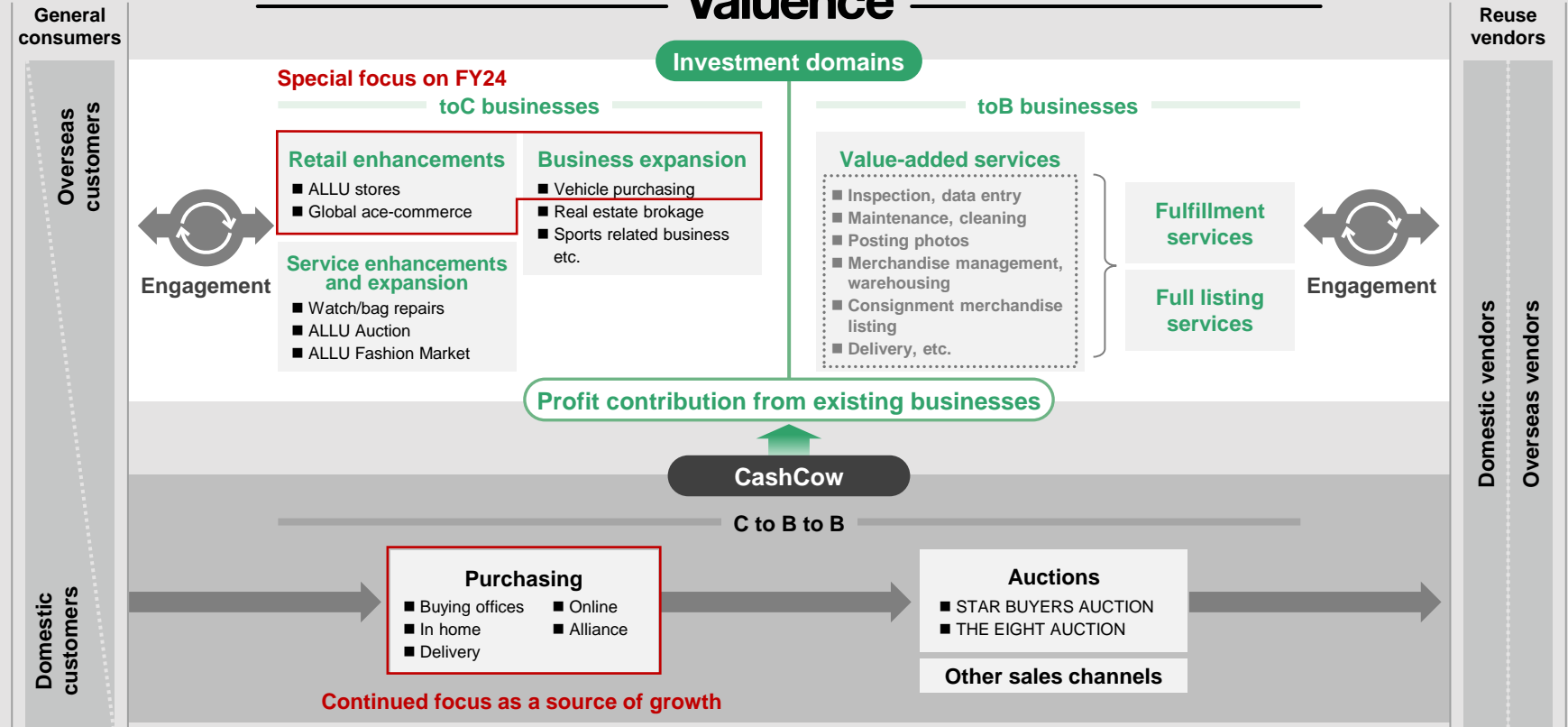
Areas of Focus Investment in the Business Model

→ Merchandise flows

■ Channels Services

■ In-house services provided to vendors

Valuence



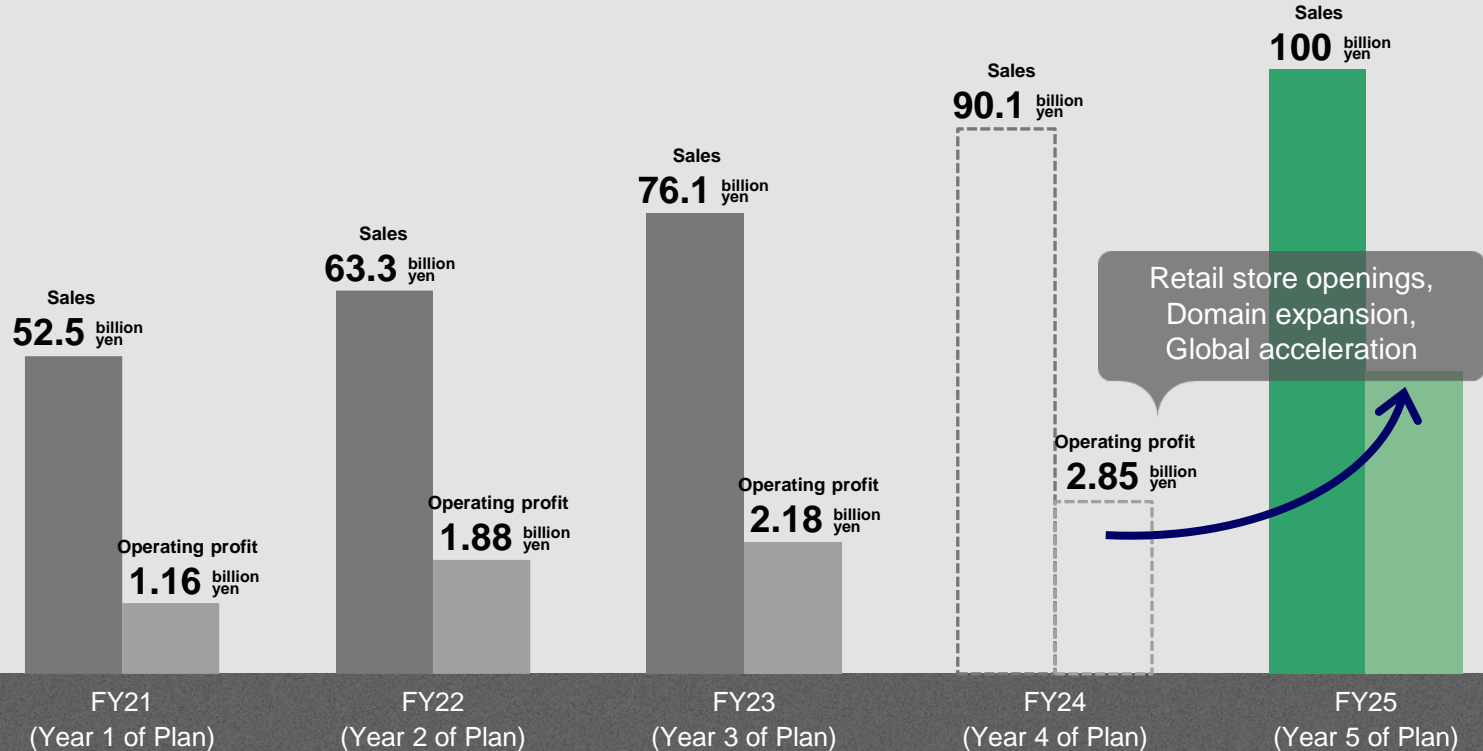
Make Global Reuse Platformer happen

- Aim to develop a platform that enables us to sell products collected from all over the world with our inventory linkage and to circulate products through our services after our sales.



Image of growth during the medium-term management plan period

- FY24 accelerate global investing, including launch e-commerce sites overseas and strengthening overseas marketing, mainly purchasing.
- Strengthen investment in expanding business domains by opening new retail stores and expanding automotive business.



Forecasts for FY24

Assumptions of the Forecasts for FY24

Net sales and operating profit are weighted toward the second half

External Environment Assumptions

- Watches market prices : Assumption of maintaining the same level as second half FY23.
- Bullion market prices : Market price spikes aren't take into account and it is assumed that there will be no major fluctuations.
- Anticipation that the competitive environment in terms of purchasing will remain severe.

Purchases

- Plans to open 10-15 new buying offices domestically.
- Based on the fact that purchases tend to fall in Q2 every year due to the small number of business days and seasonal factors, first half of FY24 is planning to purchase roughly the same level as in the second half of FY23.

Net sales

- We developed our sales plan based on the above purchases plan. Growth in second half due to an uptrend in demand for partners toward the holiday shopping season toward second half.
- Focus on strengthening retail sales by opening two new domestic retail stores and accelerating development of global e-commerce.
- Aiming to enhance auction platforms by providing fulfillment services and new SaaS functions at the auction, also aiming to expand commission sales and gross profit by expanding consignment at the auction.

Profit and loss

① Gross profit margin

- Gross profit margin is expected to improve 0.5pts from FY23. While the gross profit margin will increase due to an increase in the retail ratio and expansion of consignments at the auction, also took into account the strengthening of the automotive business, which has a low gross profit margin.

② SG&A expenses

- Rent expenses and depreciation expenses increased due to the opening of domestic retail stores and domestic and overseas buying offices.
- Strengthen WEB marketing in both purchasing and sales overseas. Plan to operate advertising and sales promotion expenses at around 3% of net sales.
- Continued to invest in human resources including recruitment.

③ Extraordinary income/loss

- There are no plans to close buying offices and retail stores, etc., and no extraordinary losses are assumed.

Forecast for FY24 ①

- Targeting Net sales in 18.4% YoY to 90.1 billion yen.
- Operating profit is planned to increase 30.5% YoY to 2.85 billion yen due to accelerated investment in domain expansion such as retail store openings, strengthening automotive business and global investment.

(Million yen)	FY22 (Results)	FY23 (Results)	YoY	FY24 (Forecast)	YoY
Net sales	63,385	76,130	+20.1%	90,120	+18.4%
Gross profit	16,316	20,013	+22.7%	24,150	+20.7%
Gross profit margin	25.7%	26.3%	+0.5pts	26.8%	+0.5pts
SG&A expenses	14,427	17,829	+23.6%	21,300	+19.5%
Operating profit	1,888	2,183	+15.6%	2,850	+30.5%
Operating profit margin	3.0%	2.9%	(0.1pts)	3.2%	+0.3pts
Ordinary profit	1,791	2,034	+13.6%	2,570	+26.3%
Ordinary profit margin	2.8%	2.7%	(0.2pts)	2.9%	+0.2pts
Profit attributable to owners of parent	969	1,050	+8.4%	1,600	+52.3%

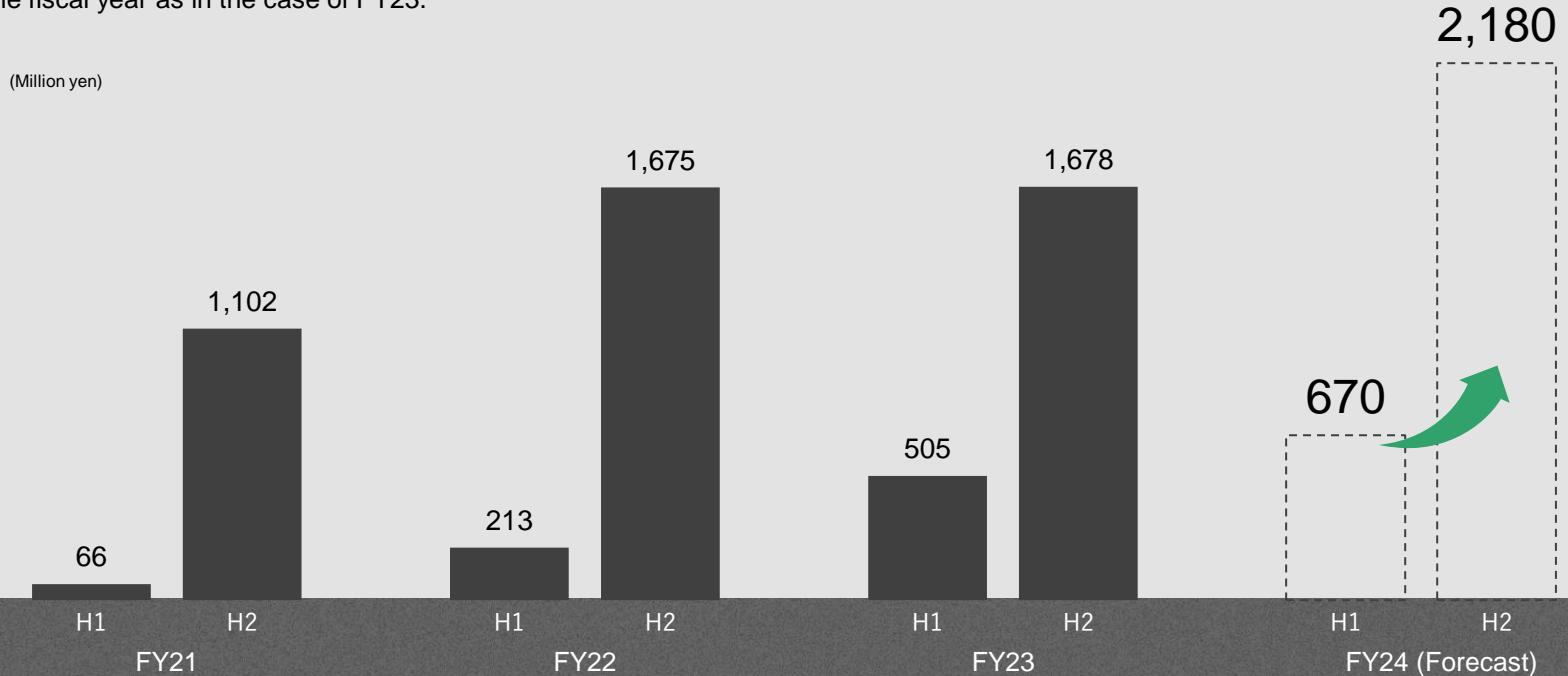
Forecast for FY24 ②

- There is a large difference between the first half and second half in our financial results, so we disclose our forecasts on a half-year basis from FY24.

(Million yen)	H1 FY24 (Forecast)	YoY	H2 FY24 (Forecast)	YoY	Difference	Rate of change
Net sales	40,870	+21.5%	49,250	+15.9%	+8,380	+20.5%
Gross profit	10,950	+20.5%	13,200	+20.8%	+2,250	+20.5%
Gross profit margin	26.8%	(0.2pts)	26.8%	+1.1pts	-	-
SG&A expenses	10,280	+19.8%	11,020	+19.1%	+740	+7.2%
Operating profit	670	+32.5%	2,180	+29.9%	+1,510	3.3x
Operating profit margin	1.6%	+0.1pts	4.4%	+0.5pts	+2.8pts	-
Ordinary profit	490	+1.0%	2,080	+34.2%	+1,590	4.2x
Ordinary profit margin	1.2%	(0.2pts)	4.2%	+0.6pts	+3.0pts	-
Profit attributable to owners of parent	200	+25.7%	1,400	+57.1%	+1,200	6.0x

Operating Profit Trend in H1/H2

- In winter, it is difficult to increase purchases due to climatic factors and the small number of business days. On the other hand, partners tend to be more aggressive in winning auctions in preparation for the holiday and year-end sales season in summer, so our financial results tend to be heavily weighted in the second half of the fiscal year.
- As FY24 will continue to invest aggressively at the beginning of the fiscal year, financial results are expected to be weighted toward the second half of the fiscal year as in the case of FY23.



Dividends Forecast

- The year-end dividend forecast of FY24 is 35.00 yen per share.

Basic Policy

Aiming to increase corporate value on a medium-to long-term basis and sustainably, we have positioned the return of profits to shareholders as an important management issue.

To maintain stable dividend payments by tanking the demand for funds for strategic investment with a view to future growth.

Consolidated dividend payout ratio target:

30% or better
in principle.

Year-end
dividend per share



FY24 Plan

35.00yen

* Dividend payments will be decided at the meeting of the Board of Directors meeting held on October 26, 2023.



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.

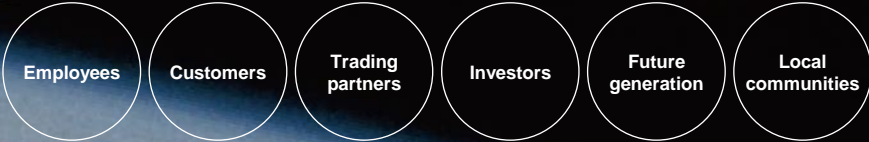
G:Transparency

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



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.

E:Planet

by FY30

**Carbon
Neutral**

S:People

Employee engagement score*
by FY25

4.2

G:Transparency

Ratio of female Directors
by FY30






30%

* 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 FY23: 3.3

Scope1,2,3

- CO₂ emissions of FY22 were measured and approach to reducing CO₂ emissions.

	FY22 emissions (t-co ₂)	Approaches toward FY30
Scope1	121	 <ul style="list-style-type: none"> ■ Review of fuel consumption of company vehicles and conversion to electric vehicles.
Scope2	1,104	 <ul style="list-style-type: none"> ■ Introduction of renewable energy for electricity used in stores and offices.
Scope3	20,780	 <ul style="list-style-type: none"> ■ Reduction of the weight of packing materials. ■ Conversion to low-carbon transportation.
		 <ul style="list-style-type: none"> ■ Identification of supplier emissions. ■ Preferential selection of low-carbon suppliers.
		 <ul style="list-style-type: none"> ■ Repurchasing of products sold. ■ Recommendation of low-carbon means of transportation for business trips.
Total	22,005	

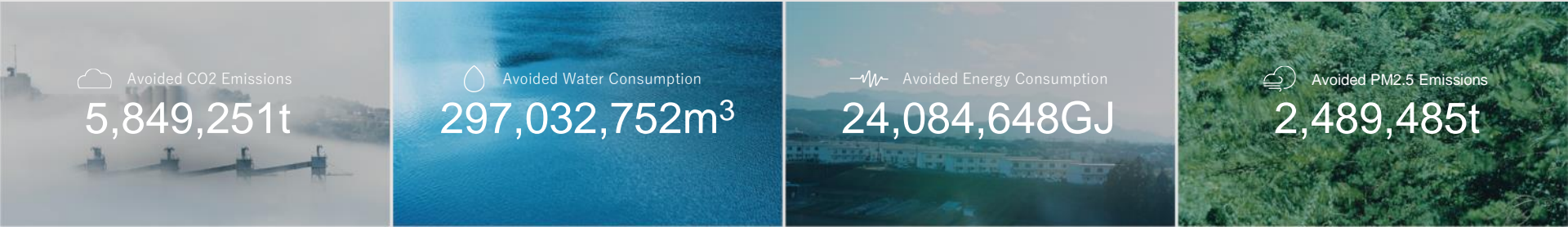
Scope 1: Greenhouse gas emissions from air conditioning and commercial vehicles used in stores, offices, and warehouses

Scope 2: Greenhouse gas emissions from electricity used in stores, offices, and warehouses

Scope 3: Greenhouse gas emissions from product transportation and procurement (purchased products, advertising, etc.)

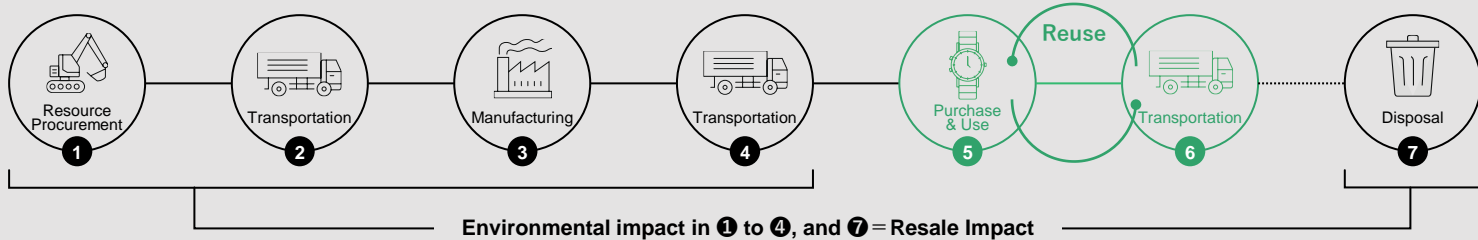
FY22 Resale Impact

- 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 avoiding environmental impact from resource procurement to transportation and disposal by Reuse

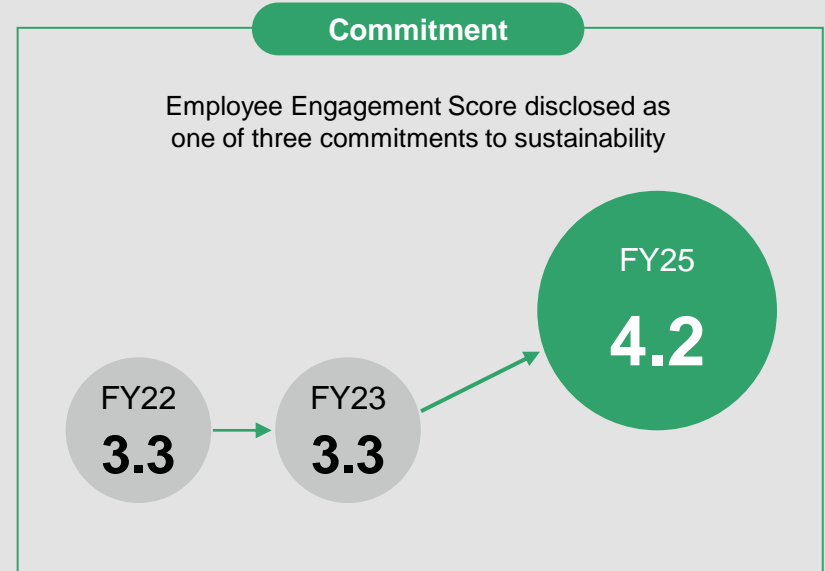
* Assuming no products are produced to the spread of reuse.

Human Capital

- Recognizing that maximizing the value of human resources is indispensable to achieving a purpose, we will strengthen the expertise of human resources and ensure diversity as an organization.
- We have established a human resource development policy and an internal environmental improvement policy with the aim of enabling all employees to work in the most productive and satisfying conditions.

Indicators and targets related to human resource development and internal environmental improvement policies

	FY23	FY25
Employee engagement score	3.3	4.2
Female ratio in management positions	19%	25%
Ratio of male employees taking maternity leave	32%	90%
Wage differential between male and female	76%	83%



Director Structure

- Strengthen governance by appointing outside directors to half of the board of directors.

						Outside Directors						
Name	Shinsuke Sakimoto	Susumu Muguruma	Shinichiro Sato	Ryoji Fukaya	Kenta Takami	Hiroki Tomiyama	Yoshihiko Takubo	Kenji Fuma	Ibun Hirahara	Masahide Kamachi	Takashi Goto	Emi Omura
Title	Representative Director	Director	Director	Director	Full-time Audit and Supervisory Committee	Director	Director	Director	Director	Audit and Supervisory Committee	Audit and Supervisory Committee	Audit and Supervisory Committee
Attributes	Internal/external	Internal	Internal	Internal	Internal	External	External	External	External	External	External	External
	Independence					Independent	Independent		Independent	Independent	Independent	Independent
	Gender	Male	Male	Male	Male	Male	Male	Male	Female	Male	Male	Female
Skill	Corporate management	◆	◆			◆	◆					
	Finance, accounting			◆						◆		
	Legal affairs, risk management										◆	◆
	Personnel Affairs	◆		◆			◆		◆			
	International business		◆					◆	◆			◆
	Sustainability	◆		◆			◆	◆	◆			◆
	Technology				◆							
	Marketing				◆							

*1 The skills that Company particularly expect are marked with ◆.

*2 Above director structure is tentative and will be in place after the conclusion of the 12th Regular General Meeting of Shareholders scheduled for November 27, 2023.

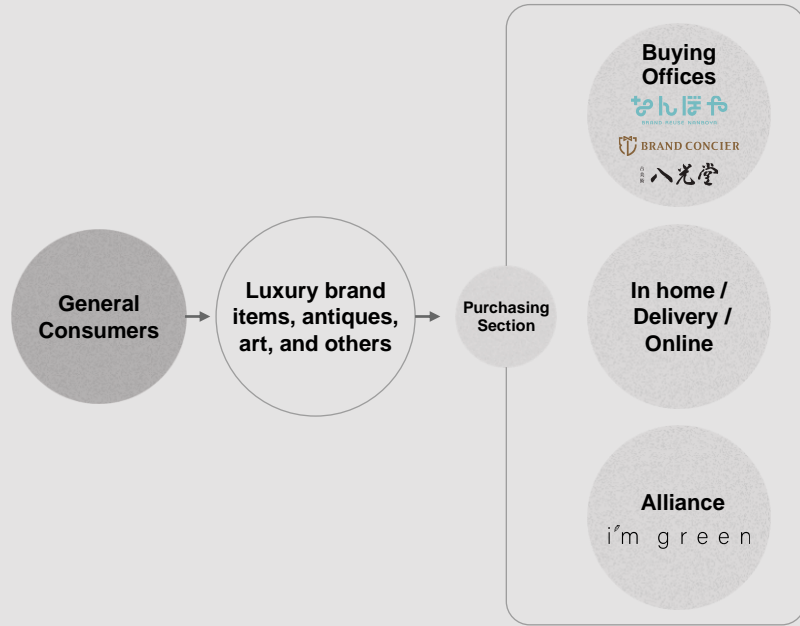
Appendix



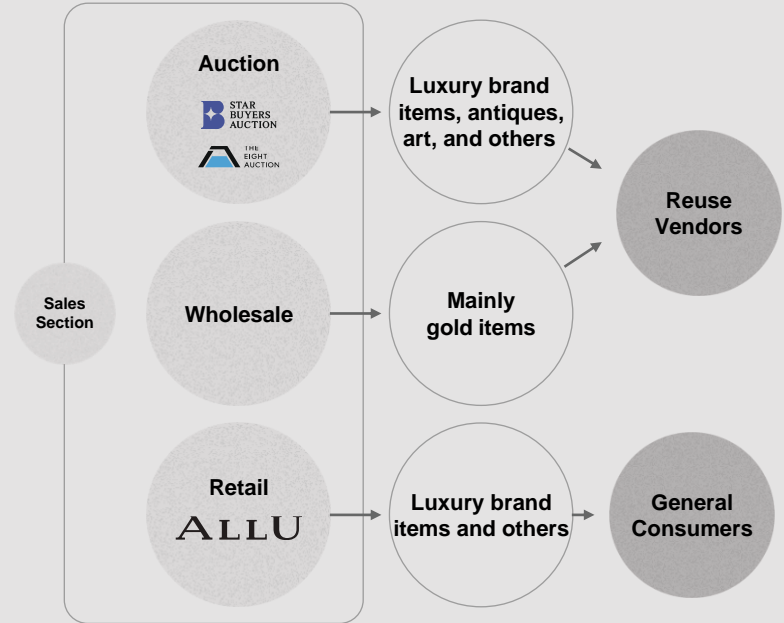
Our Business

- 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



Our Business <Purchase>

なんぼや

BRAND REUSE NANBOYA

BRAND CONCIER

- Over 100 *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)

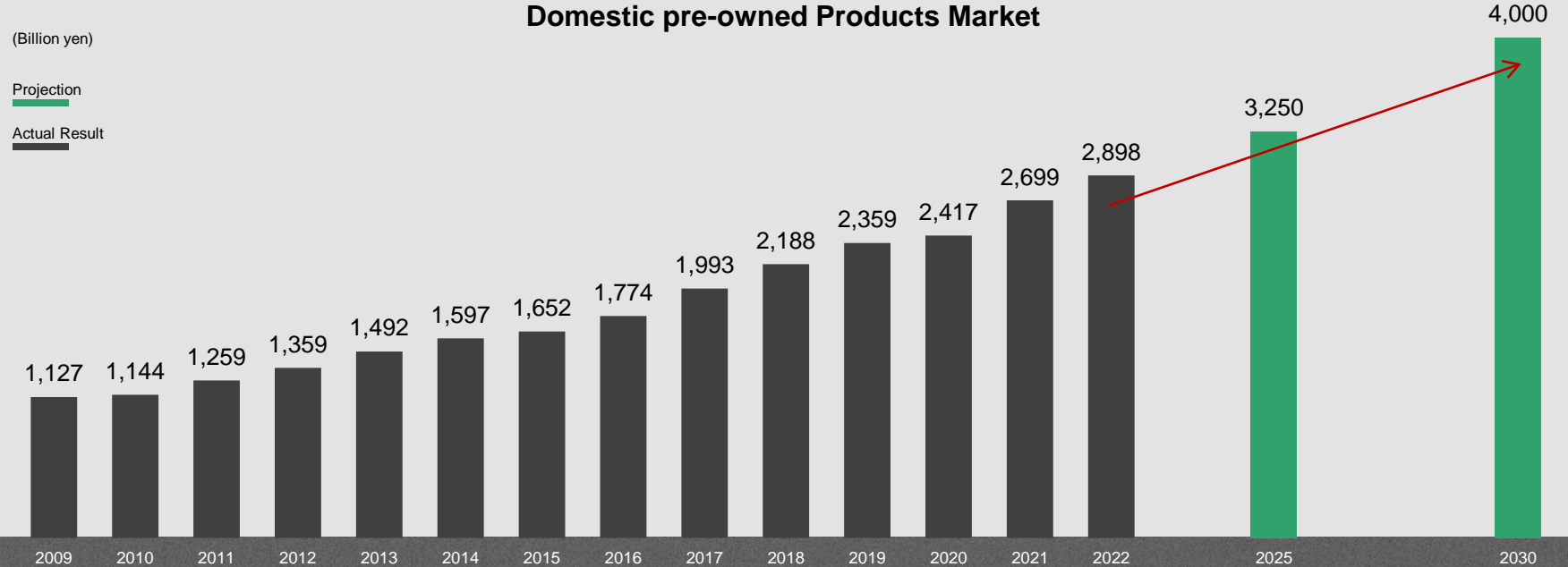
	FY21					FY22					FY23				
	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Net sales (Million yen)	11,823	11,920	13,668	15,100	52,512	13,254	12,859	18,285	18,986	63,385	17,250	16,378	20,044	22,456	76,130
Gross profit (Million yen)	3,110	2,830	3,756	4,144	13,841	3,565	3,348	4,591	4,810	16,316	4,609	4,474	5,316	5,612	20,013
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	4,769	17,829
Operating profit (Million yen)	464	(397)	389	713	1,169	197	16	720	954	1,888	283	221	834	843	2,183
Ordinary profit (Million yen)	450	(414)	221	718	976	169	13	696	911	1,791	259	226	753	795	2,034
Net profit (Million yen)	217	(341)	583	265	725	45	(93)	415	601	969	133	25	481	409	1,050
Employees	742	804	880	873	873	871	864	904	896	896	925	964	1,033	1,041	1,041
No. of Domestic buying offices	87	119	126	125	125	128	128	130	130	130	134	135	133	135	135
No. of Overseas buying offices	3	9	14	21	21	24	22	23	34	34	36	38	37	38	38



Market Trends

Secondhand Market Size in Japan

- The size of the domestic secondhand market in 2022 was 2.8 trillion yen, up 7.4% from the previous year.
- The market size is expected to reach 4 trillion yen by 2030.



*1 Source: Secondhand Market Databook (2022).

*2 Retail customer market size: Figures excluding housing and automobile.

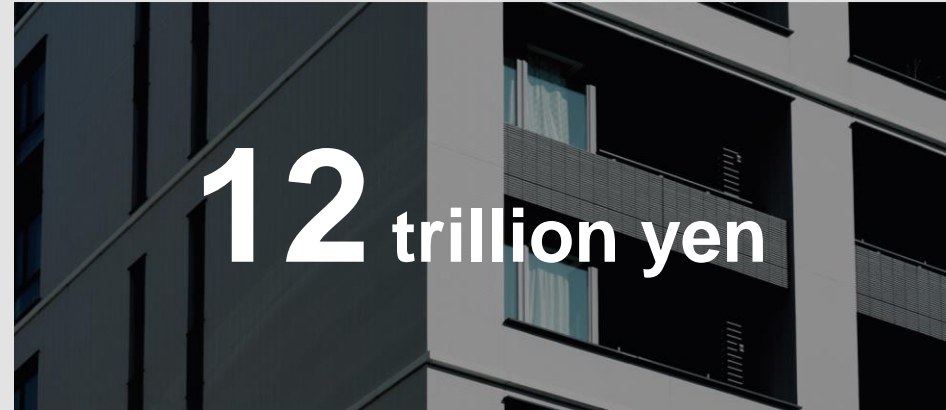
Market size of automobiles and real estate

- The used automobiles market in 2022 reached a new record high of 3.9 trillion yen.
- The total size of the real estate market in 2018 was 12 trillion yen for existing housing distribution and renovation, and according to the Ministry of Land, Infrastructure, Transport and Tourism, the target is 14 trillion yen in 2030

automobiles



real estate



Sources: Automotive Market Size: Survey of Used Car Sales Market (2022)/Teikoku Databank

Market size of real estate: "Basic Plan for Housing (National Plan) Estimate" * Market size of existing housing distribution and renovation/Ministry of Land, Infrastructure, Transport and Tourism

Competitive environment

Our CtoBtoB business model is highly competitive, and although there is partial competition, as for the business model as a whole, we recognize that there are no major competitors.

Purchases

Competitor : Reuse business that purchases from general consumers

- Many reuse businesses adopt a CtoBtoC model, so there is a lot of competition in terms of purchases.
- Reuse businesses that mainly sell toC also purchase from other reuse businesses to complement their product lineup, so they are also our sales destinations (Frenemies).

Sales

Competitor : Reuse business that manages auctions

- There is no platform that can be deployed globally on the scale of us.
- Many reuse businesses mainly sell toC, but we adopts a model that sells toC while focusing on toB sales.

Secondhand Market Size and Overseas Expansion

Overseas pre-owned Products Market

75% of global market for pre-owned luxury products is in **Europe and the U.S.**

€ **21B**
(Approx. 2.7 trillion yen)

2020年

CAGR
8%

€ **31B**
(Approx. 4.0 trillion yen)

2025年
(予測)

Global market for pre-owned luxury products expected to continue to grow.

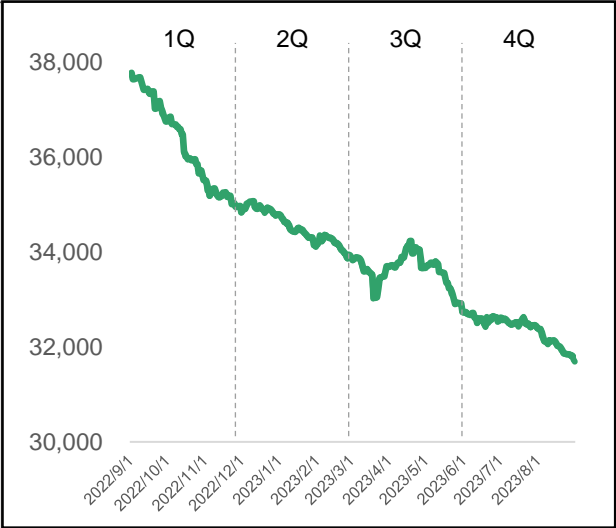
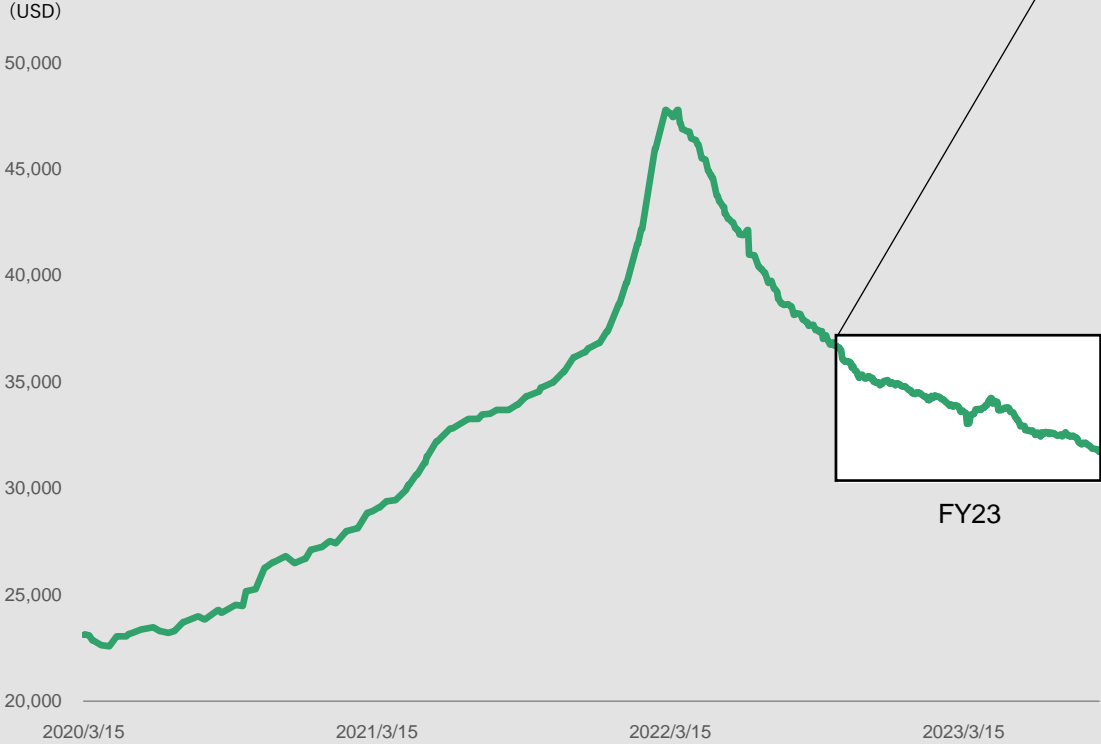
To a Large Market.
Aiming to Achieve
Medium-Term
Management Plan.

*1 Subject products: watches, jewelry.

*2 Prepared by Valence based on the Boston Consulting Group "The Secondhand Opportunity in Hard Luxury (2020)".

Trends of Watch Market Prices

- Watch market prices in FY23 was weak.



FY23

Sources:
 Prepared by us from the figures published by WatchCharts (<https://watchcharts.com/watches>) which consists of 60 watches selected from the top 10 luxury watch brands in terms of transaction value.

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 Fiscal Year Ended in August 2023.

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