

Q1 FY24 Financial Results

January 12, 2024

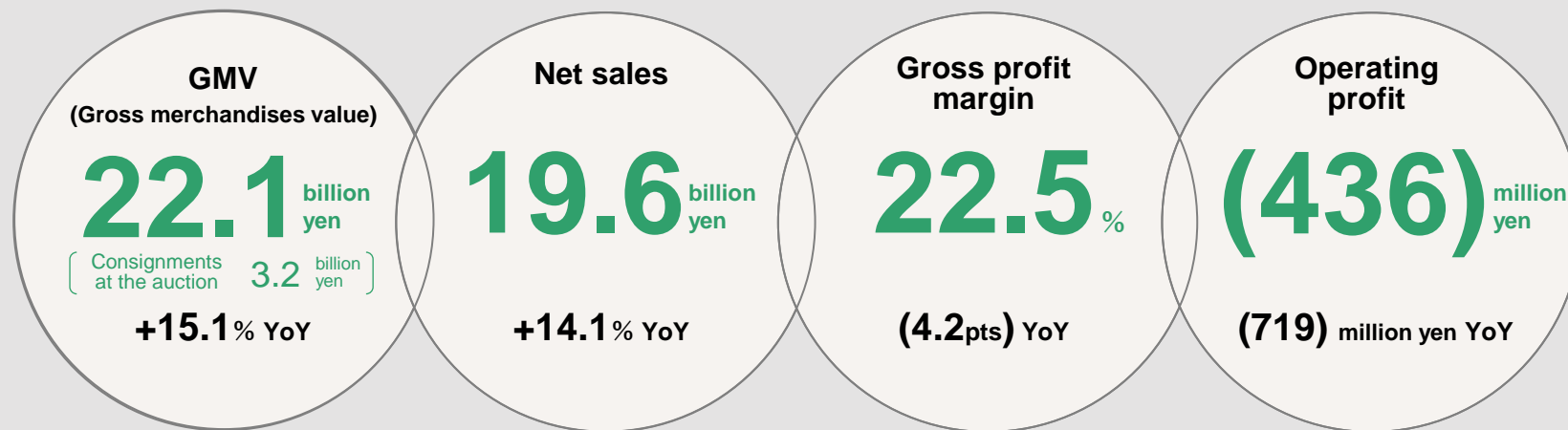
Valuence Holdings Inc.
(Securities Code: TSE Growth 9270)

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Financial Results		Highlights for Q1 FY24		Appendix	



Financial Results

Summary for Q1 FY8/2024



Purchases increased 26.1% YoY to a record high of 17.5 billion yen

- New SaaS functions at the auction also contributed to the expansion of consignments at the auction, and the GMV of winning bids on consignments at the auction increased 15.3% YoY to 3.2 billion yen, and the consignment ratio of the auction (as a percentage of the auction GMV) increased 4.0pts to a record high of 25.7%.
- Despite the impact of reducing the number of auctions held from 4 to 3 in September 2023, net sales increased 14.1% to 19.6 billion yen due to factors including an increase in bullion sales and continued strong inbound demand and retail sales grew.
- Gross profit margin decreased by 4.2pts to 22.5% (see P.9 for further discussion) due to a weak year-on-year rise in the number of competitors for the auction, mainly overseas partners, continued high bullion prices, weak watch and diamond prices, and delays in the launch of measures to strengthen retailing.
- While continuing to focus on growth-oriented investments in personnel expansion and marketing, SG&A expenses decreased compared to the forecast due to streamlining, but operating profit was (436) million yen.

Financial Results for Q1 FY24

- Net sales increased by 14.1% YoY to 19.6 billion yen due to an increase in net sales of bullion and growth in retail sales, while the number of auctions was reduced.
- Gross profit margin decreased by 4.2pts YoY to 22.5% mainly due to weaker-than-normal competition in the auction, the external environmental impact of market prices, etc., and the launch of measures to strengthen retailing from the beginning of the fiscal year, which insulated behind forecasts.
- SG&A expenses increased by 12.4% YoY to 4.8 billion yen due to continued focus on growth investments such as measures to strengthen retail sales and marketing, including overseas.

(Million yen)	FY23/1Q	FY24/1Q	YoY	H1 FY24 (Forecast)	Achievement rate
Net sales	17,250	19,689	+14.1%	40,870	48.2%
Cost of sales	12,640	15,262	+20.7%	29,920	51.0%
Gross profit	4,609	4,426	(4.0%)	10,950	40.4%
Gross profit margin	26.7%	22.5%	(4.2pts)	26.8%	-
SG&A expenses	4,325	4,862	+12.4%	10,280	47.3%
Operating profit (loss)	283	(436)	-	670	-
Operating profit margin	1.6%	-	-	1.6%	-
Ordinary profit (loss)	259	(474)	-	490	-
Ordinary profit margin	1.5%	-	-	1.2%	-
Profit (loss) attributable to owners of parent	133	(404)	-	200	-

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

Topics for Q1 FY24 (Sep. – Nov.)



Purchases

- **Purchases increased by 26.1% YoY to 17.5 billion yen, a record high**, mainly due to the continued Q1 FY24 of the bullion market rise from the second half of FY23.
- Procurement with Isetan Mitsukoshi Ltd. through “I’m green” and alliances with financial institutions remained strong.
- With the opening of two new buying offices overseas and the closing of two buying offices, there were **135 domestic offices and 38 overseas offices** at the end of Q1 FY24. Buying office openings are expected to be overlapped in 2H, FY24.



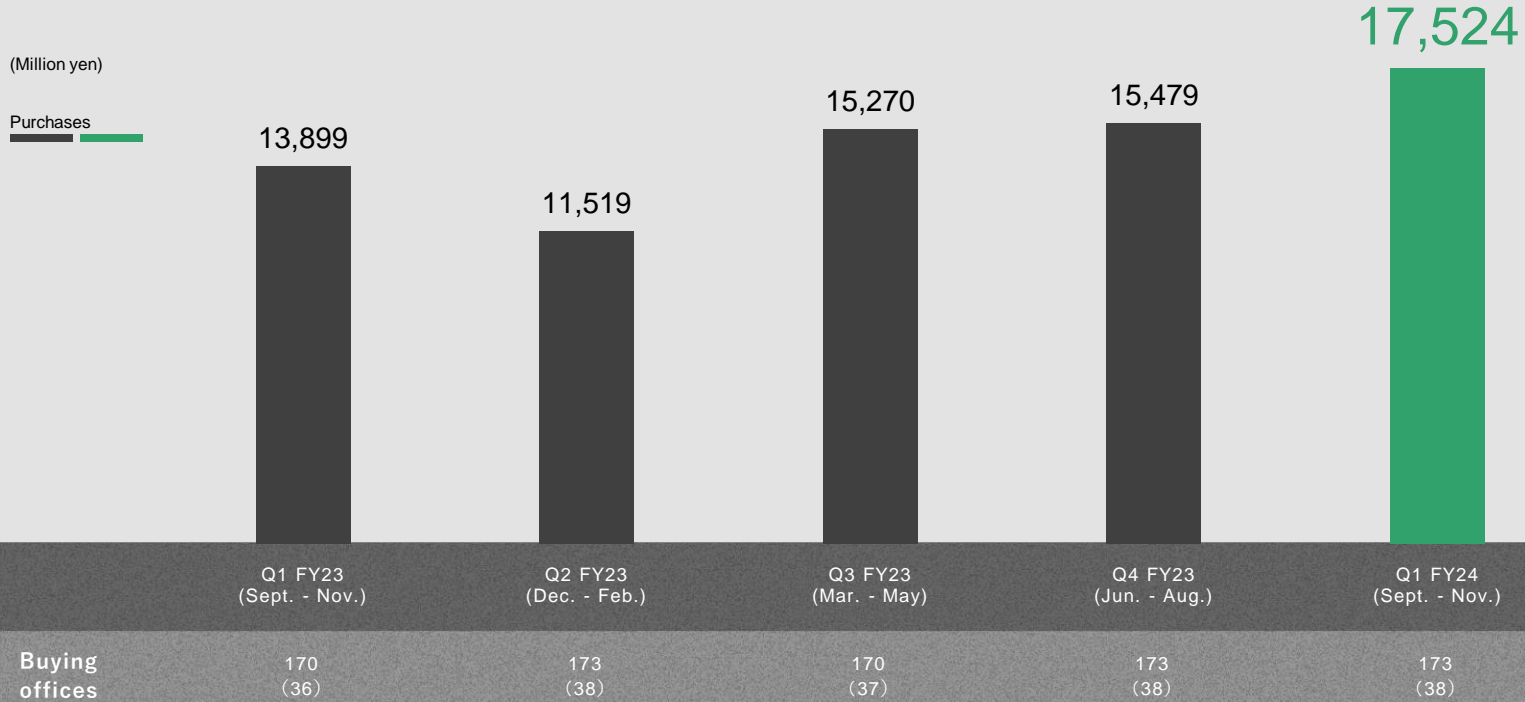
Sales

- **Net sales increased by 14.1% YoY to 19.6 billion yen** due to higher sales of bullion and retailing, despite the impact of the reduction in the number of STAR BUYERS AUCTION (SBA) and SBA HK* held.
- In the auction sales declined, but **consignments at the auction continued to be strong**, partly due to the contribution of the new SaaS function. **Sales of auction commission remained flat.**
- Retail sales increased by 62.1% YoY to 2.5 billion yen despite a delay in the launch of retail sales compared to the plan due to strategic efforts to allocate inventory to retail from the beginning of the fiscal year in order to strengthen retail sales.

*Diamond auction held once a quarter in Hong Kong.

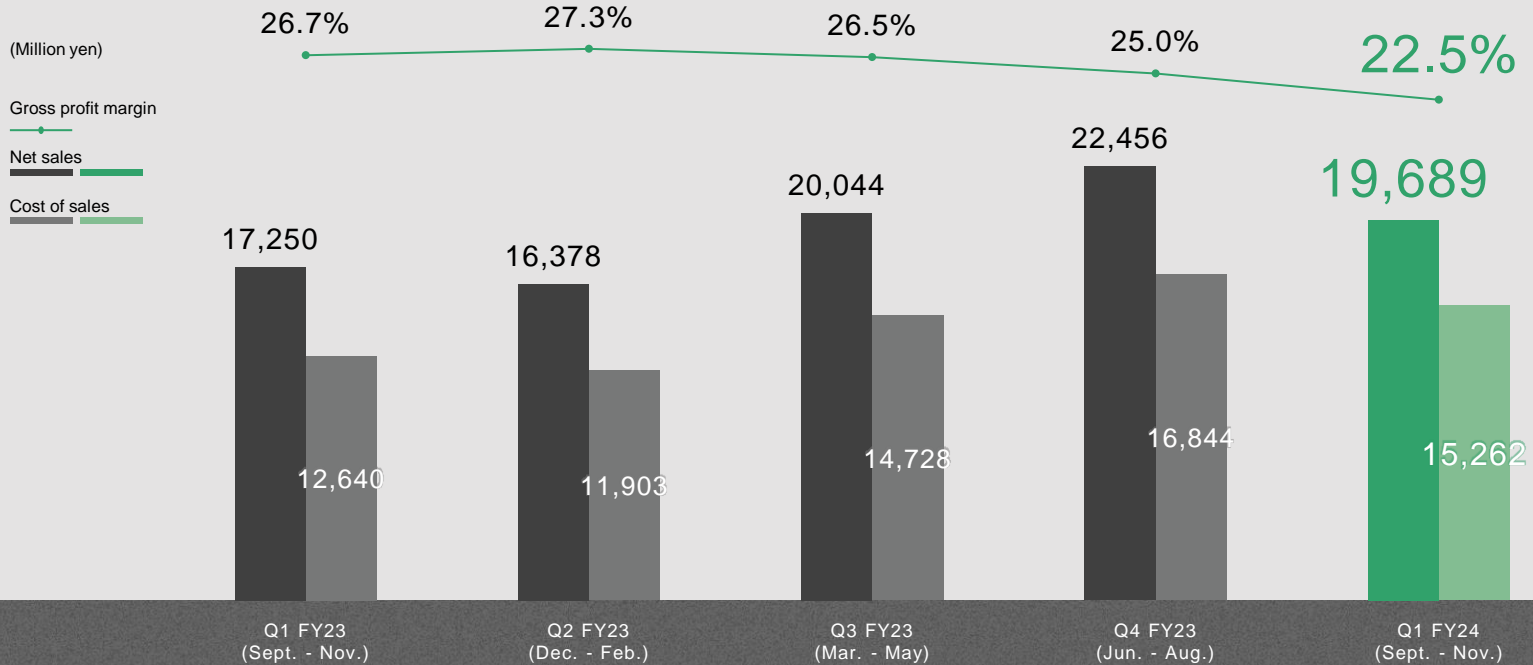
Purchases and Buying Offices

• Purchases increased by 26.1% YoY to 17.5 billion yen, a record high, due to favorable bullion market and strong expansion of alliance initiatives.



Net Sales and Gross Profit Margin

- Although the auction sales fell 7.5% YoY due to a reduction in the number of auctions held, net sales increased 14.1% YoY to 19.6 billion yen due to factors including an increase in bullion sales and solid retail sales.
- Gross profit margin decreased by 4.2pts to 22.5% (see P.9 for more information).



Factors influencing Gross profit

① Factors by sales channel

STAR BUYERS AUCTION (SBA)

- Gross profit margin worsened due to weaker auction competition from overseas partners, especially in the U.S., compared with the same period of the previous fiscal year, due to lower competition than expected.
- It was also attributable to the fact that we secured retail inventories on a priority basis for products that are normally used for SBA in preparation for the opening of retail stores after Q2 and so on.

SBA HK (Diamond auction)

- Since the market for diamonds was weak, we adjourned SBA HK once a quarter for Q1 .

Retail

- Although inbound demand is strong, simultaneous auction/retail listings and an increase in the number of EC listings are slower than planned.

② Factors by products

Bullion

- Wholesale (bullion) sales, which have a low gross profit margin, increased as the bullion price remained above the 10,000 yen/g.

Watches

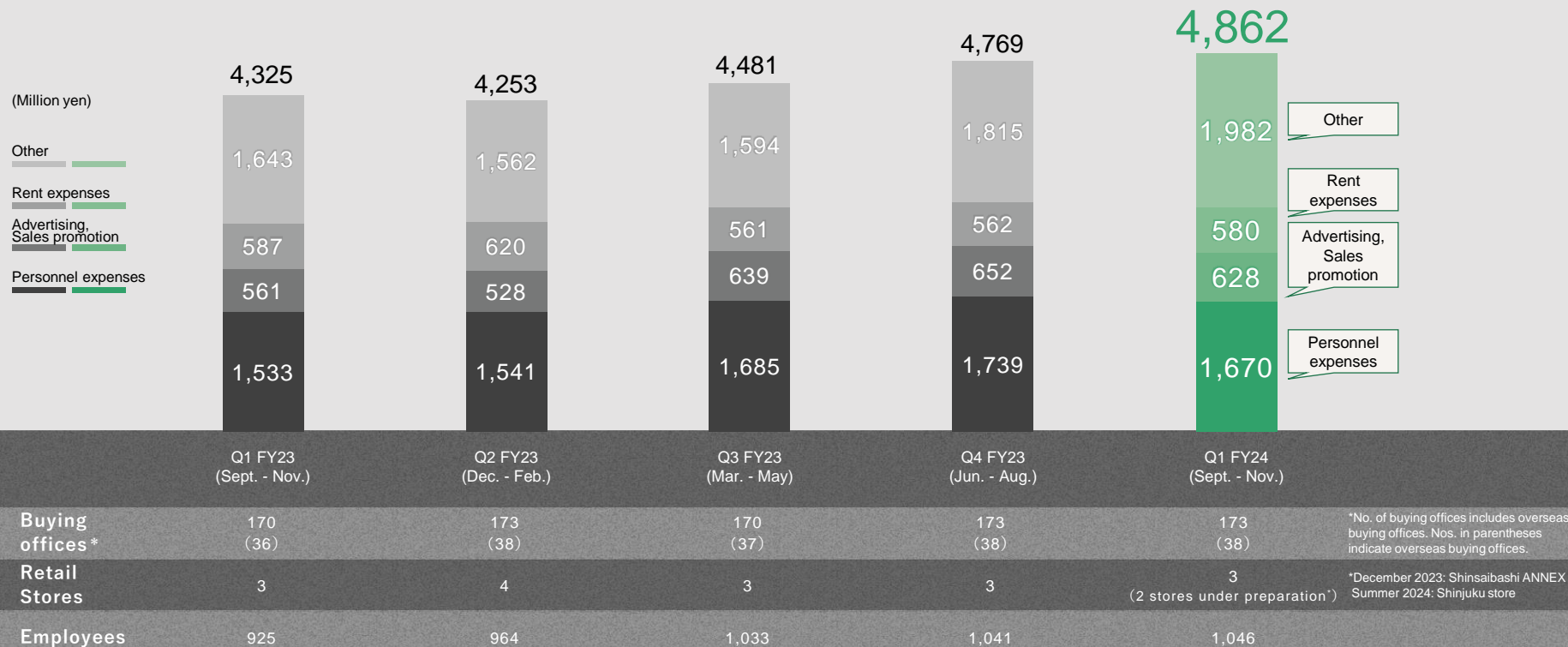
- Watch market remains weak, with no significant improvement in gross profit margin.
- Especially, in the first half of Q1, demand was weak due to the abundant inventory of U.S. auction partners. Price-based competition in SBA has not risen (current recovery trend).

Bags

- In anticipation of inbound demand, other companies in the same industry are also strengthening their purchases, and the competitive environment for purchases continues to be severe.

SG&A Expenses

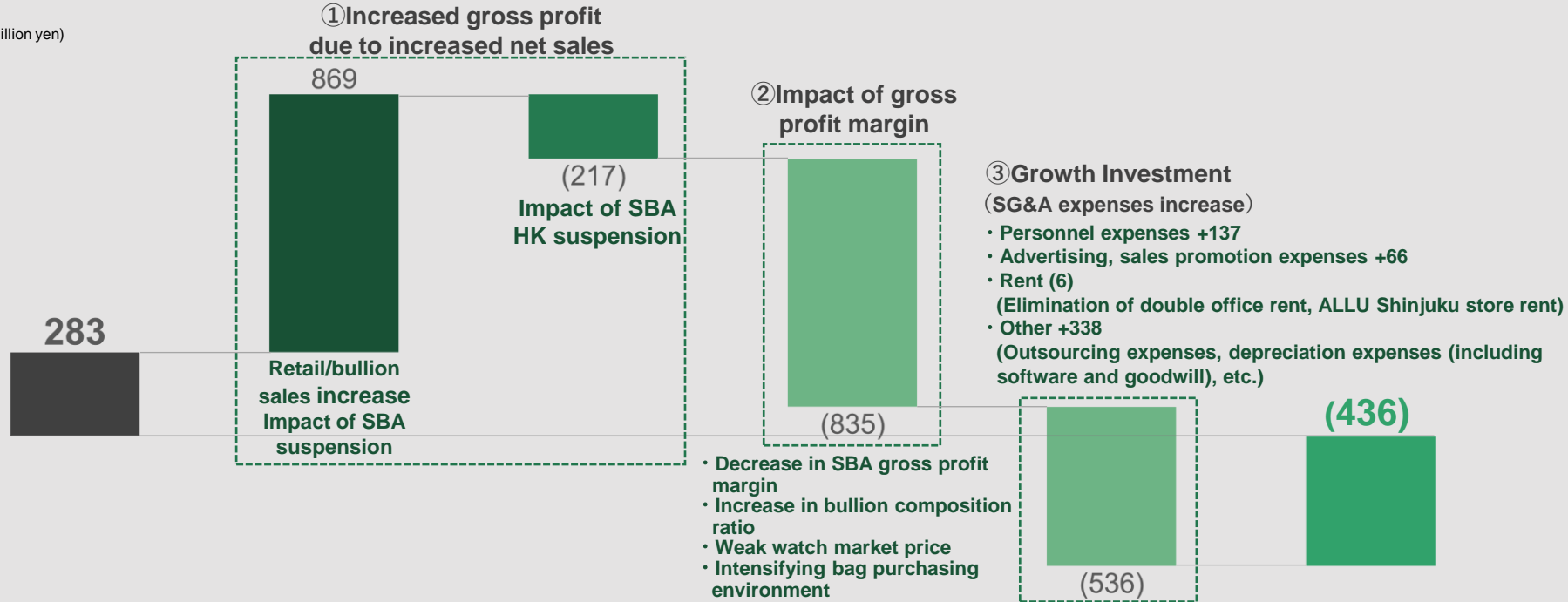
• SG&A expenses were 4.8 billion yen due to continued focus on personnel expansion and marketing, etc.



Operating profit increase/decrease

- Despite net sales growth, operating profit (436) million due to the impact of gross profit and growth-oriented investments.

(Million yen)



Q1 FY23
(Sept. - Nov.)

Q1 FY24
(Sept. - Nov.)

Balance Sheet

(Million yen)

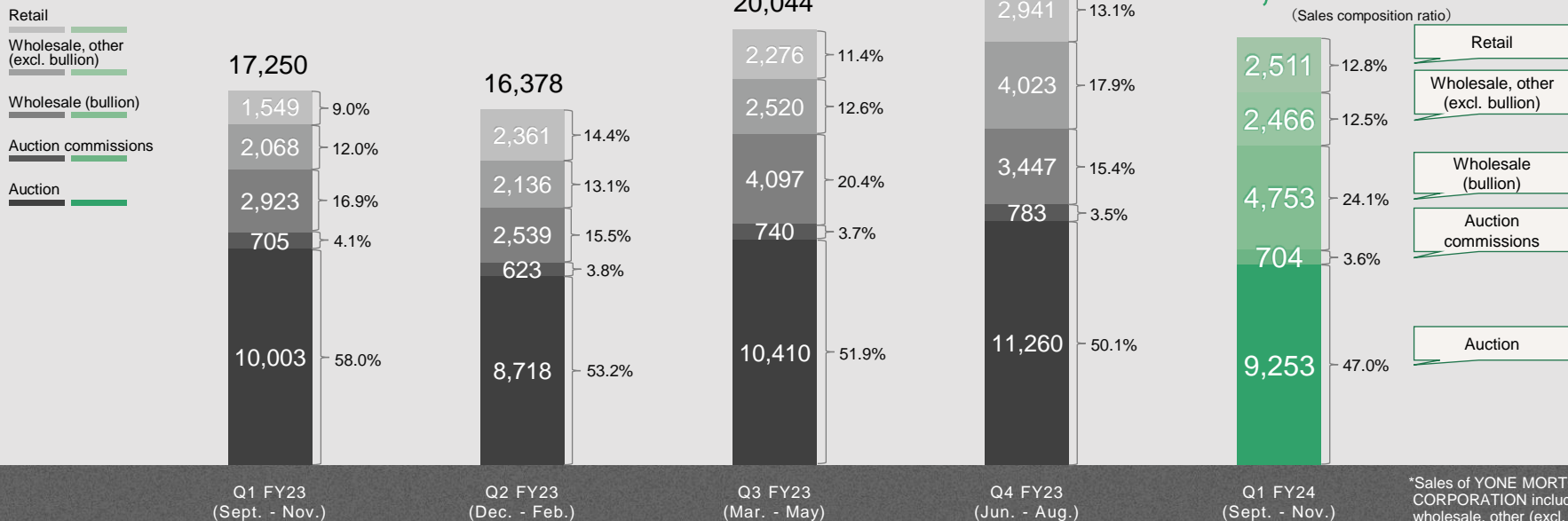
	FY23	Q1/FY24	Difference	
Current assets	19,227	21,111	+1,884	
Cash and deposits	8,336	7,032	(1,303)	Increased due to purchasing expansion, Q2 holiday shopping season, and the securing of retail inventories for new store openings. Inventory turnover is 64 days. (merchandise of YONE MOTORS CORPORATION is about 0.3 billion)
Merchandise	7,633	10,106	+2,473	
Other	3,257	3,972	+714	Increase due to an increase in security deposits at ALLU Shinjuku Store, which is scheduled to open around summer 2024, and an increase in intangible assets associated with system-development, etc.
Non-current assets	8,448	9,280	+832	
Total assets	27,675	30,391	+2,716	
Liabilities	18,841	22,370	+3,529	Increase in short-term borrowings through financing of purchases.
Interest-bearing debt*	15,260	18,644	+3,384	Increase due to recording of reserve for bonuses.
Other	3,580	3,725	+144	
Net assets	8,834	8,021	(812)	Due to the recording of quarterly net loss attributable to owners of the parent and the payment of dividends.
Total liabilities and net assets	27,675	30,391	+2,716	

*Including lease obligations

Net Sales by Channel (toB, toC)

- Due to the fact that we suspended SBA once in September 2023 considering the beginning of the period inventory volume and suspended SBA in Hong Kong once a quarter in view of the diamond market conditions, and due to the strategic allocation of inventory to retailing, in the auction sales decreased by 7.5% YoY to 9.2 billion yen.
- Although in the auction sales decreased, in the auction commissions remained unchanged from the same period of the previous fiscal year due to the strong performance of auction consignments.
- Wholesale (bullion) sales increased by 62.6% YoY to 4.7 billion yen as the bullion price remained above the 10,000 yen/g.

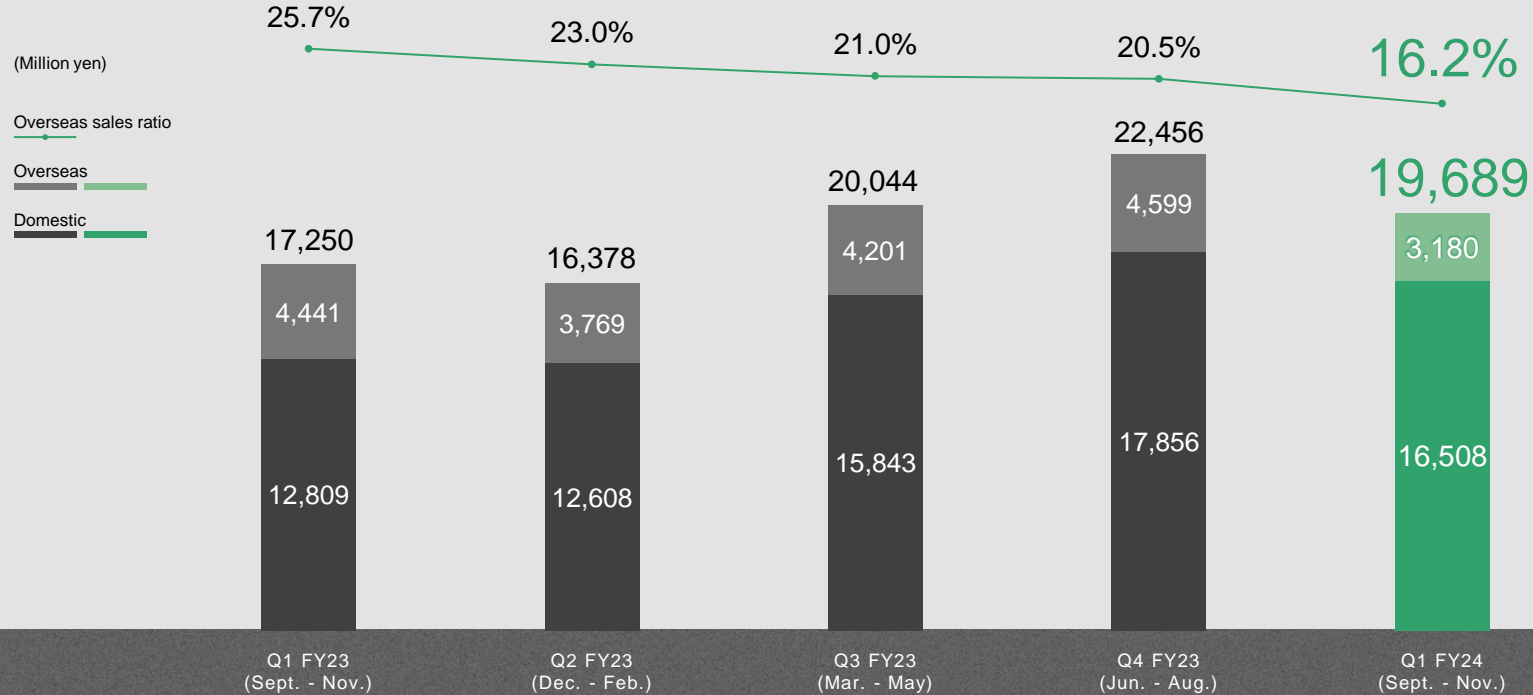
(Million yen)



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

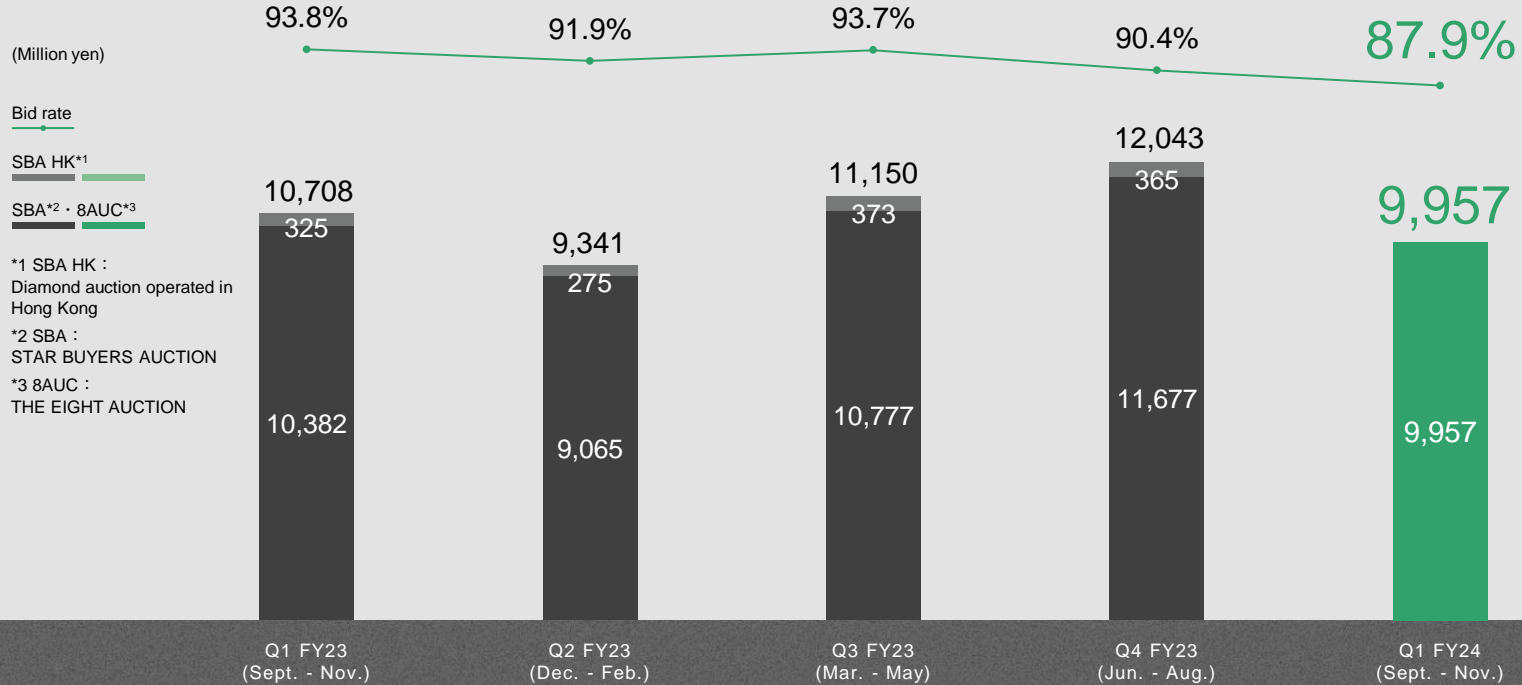
Net Sales by Channel (Domestic, Overseas)

- Overseas sales decreased by 28.4% YoY to 3.1 billion yen due to factors such as a decline in the appetite of overseas partners, particularly in the U.S., and weak competition in the auction due to the weak watch market despite the weak yen trend.



To B Auction Results

- SBA HK (the diamond auction operated in Hong Kong), which meets once a quarter, is closed considering the diamond market conditions.
- Auction sales and the successful bid rate decreased due to the impact of strategically allocating inventory to retail rather than SBA toward strengthen retail.





Highlights for Q1 FY24

GMV Trends

- GMV increased 15.1% YoY to 22.1 billion yen, and the auction GMV decreased 2.5% YoY to 12.4 billion yen.
- Consignments at the auction amounted to 3.2 billion of the auction GMV, and the consignment ratio of the auction reached a record high of 25.7%.

(Million yen)

Wholesale and Retail

Auction
(merchandise sale)

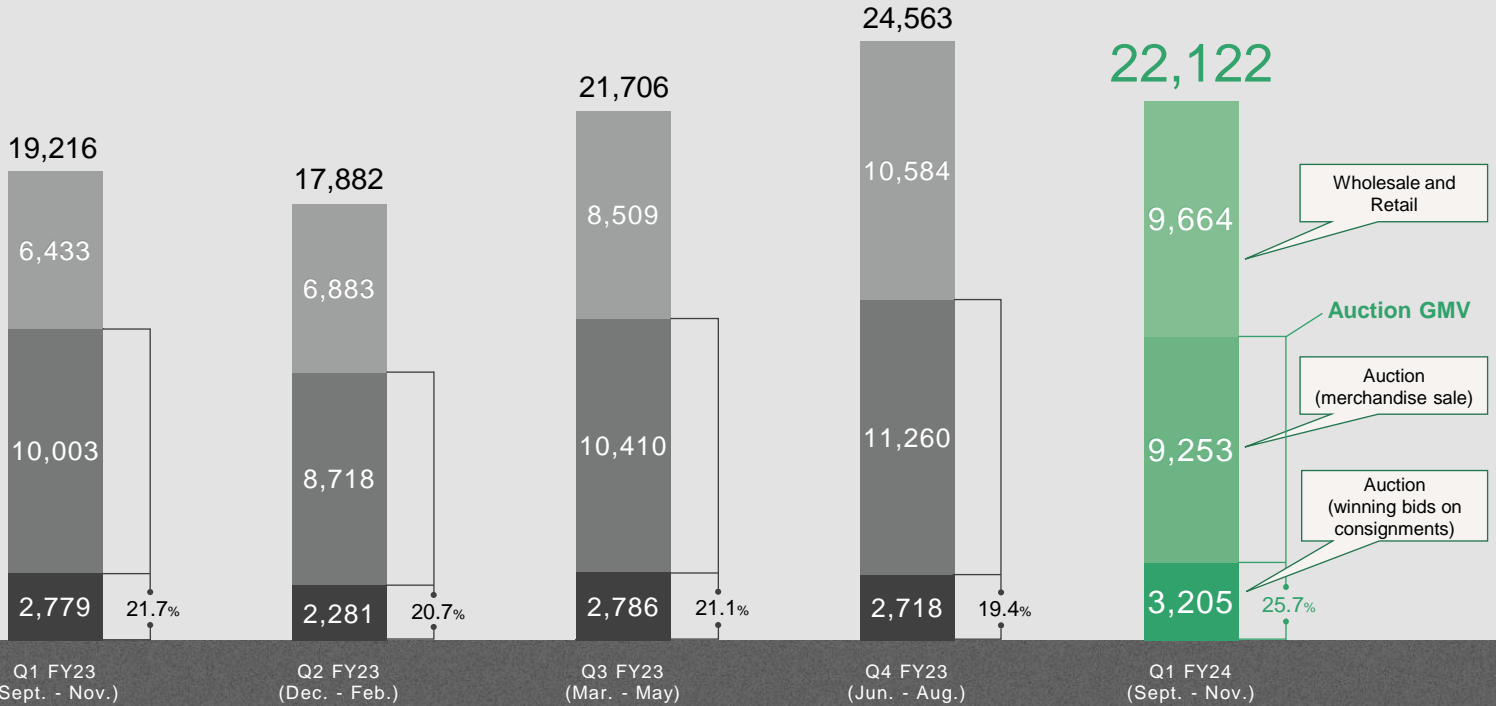
Auction
(winning bids on consignments)

Consignment ratio of the auction*

*Consignment ratio of the auction

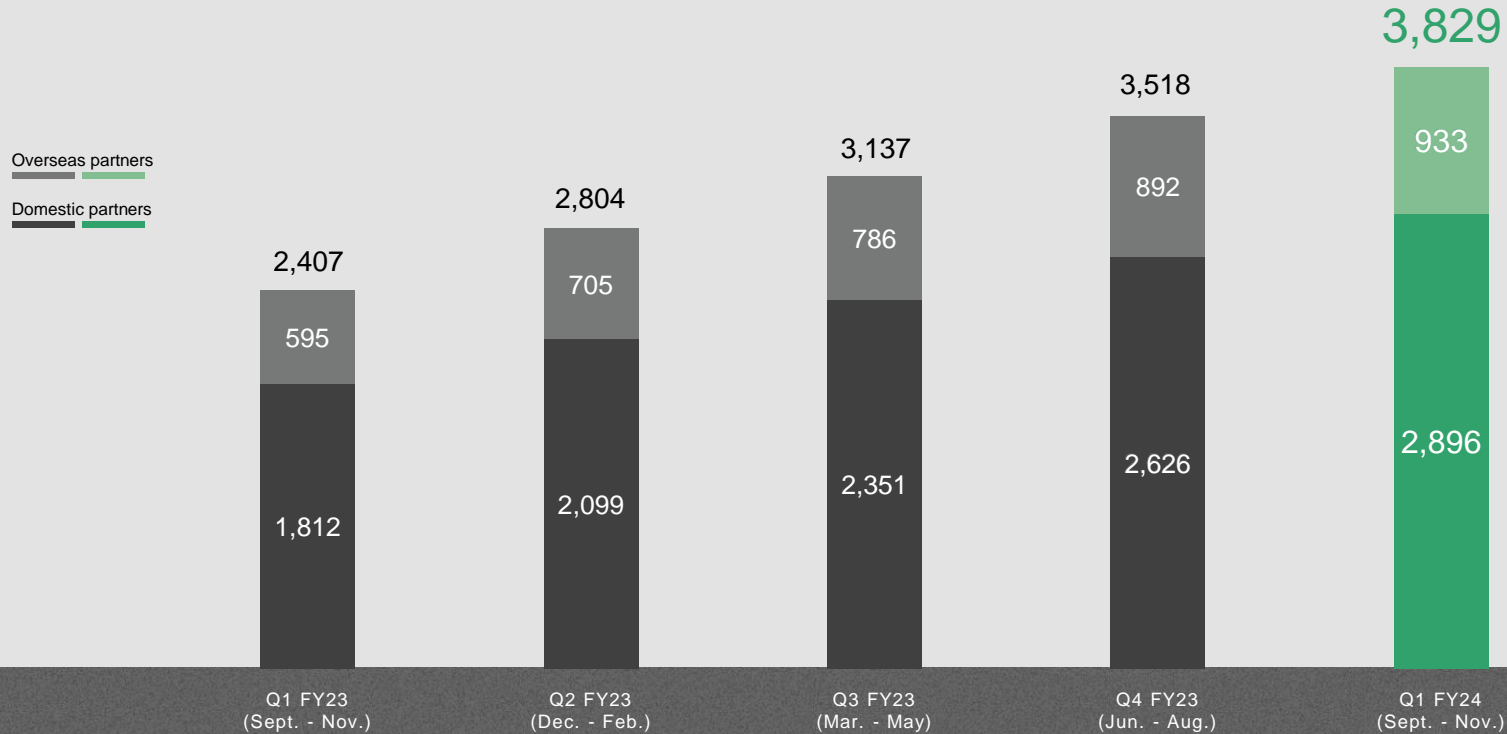
Auction
(winning bids on consignments)

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



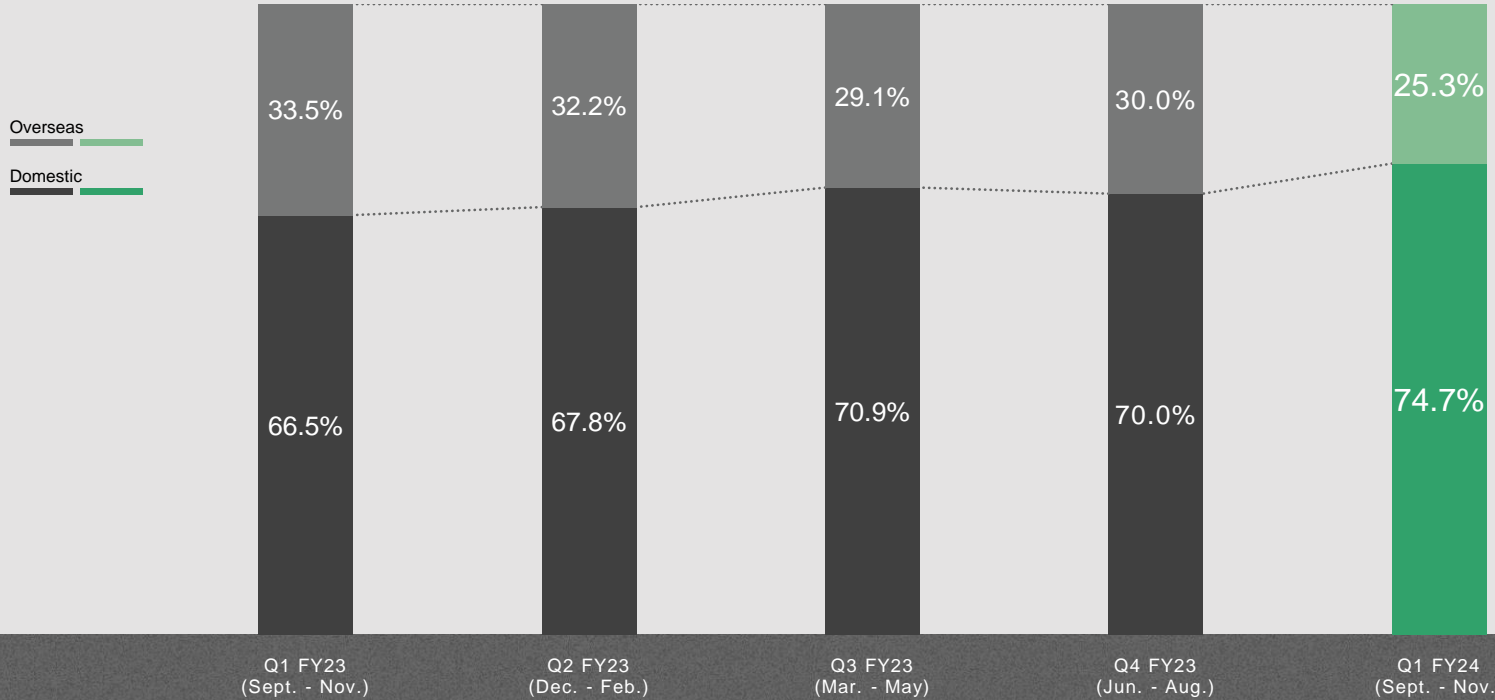
No. of STAR BUYERS AUCTION (SBA) Partners

- Strong growth in both domestic and overseas partners; steady progress toward 1,000 medium-term plan targets for overseas partners.



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

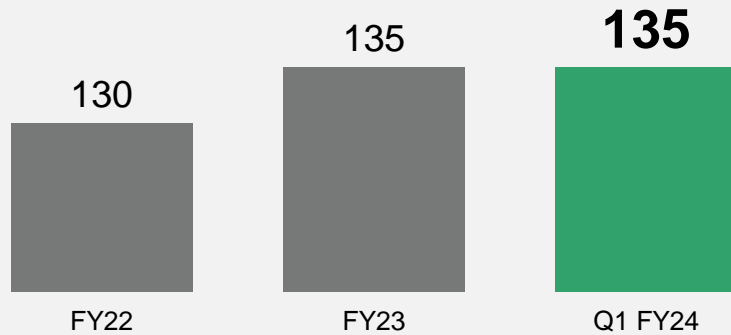
- Domestic ratio of SBA winning bids settled at 74.7% due to continuing strong appetite from domestic partners due to inbound demand and weak competition from overseas partners.



Distribution of Buying Offices

- We plans to open 10 to 15 new domestic buying offices this fiscal year. Plans to open one store in Q2 are the same as in the current fiscal year due to the concentration of buying offices openings in the second half of the previous year.
- Overseas, the company opened two partner offices in Singapore and closed two offices, bringing the total to 38. Three partner offices openings planned in Q2.

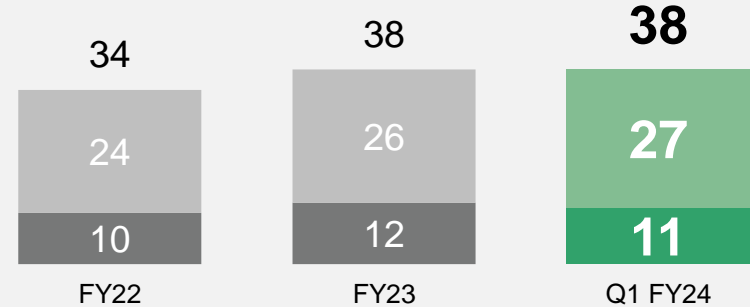
Japan



Open	5	10	0
Close	0	5	0

Global

Partner Offices
Directly operated



Open	17	10	2
Close	4	6	2

FY24 initiatives ~ Expansion of SBA commissions ~

- In addition to the conventional handling of consigned products, in March 2023 we began offering new SaaS functions for SBA that are mainly marketed by partner companies.
- In addition to increase auction GMV, increase auction commission sales also contributed to improved gross profit margin.

< Image of consignment at the auction >



< Fee structure at SBA >

	Our products	Consignment products	New SaaS functions
From bidder	Commission of successful bid (A fixed rate for the winning bid amount)		
From exhibitor	None		

*Listing fee/1 item will be charged separately

< New SaaS functions >

A service that allows partner companies to act as market owners and hold own auctions on the SBA site.

< Benefits for partner companies >

- ✓ Partners can hold an auction under their own name without needing know-how or finding participating companies.
- ✓ Partners can sell to all SBA partners, including overseas partners.

Currently being used by 1 company at the end of Q1 FY24
(3 companies are preparing to use it)
Aiming for further expansion in the future

FY24 initiatives ~ Measures to strengthen retail ~

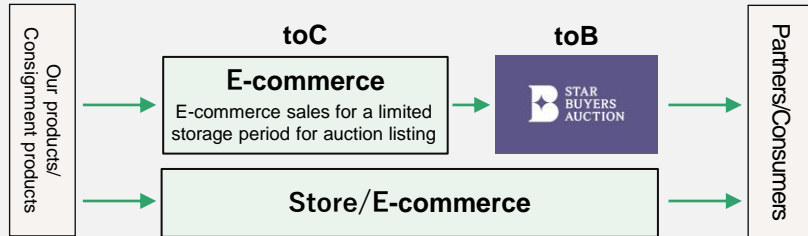
- In addition to the overseas expansion of CtoBtoB model established in Japan, we have begun to strengthen our efforts in CtoBtoC model all over the world.
- Aiming to strengthen retail sales not only domestically but also abroad by opening domestic retail stores and building the global e-commerce.
- Aim to improve gross profit margin and expand consignment at retail in fulfillment services by strengthening retail sales capabilities.

Retail Stores (Domestic)

- ✓ Opened two stores in Tokyo (Ginza and Omotesando) and one store in Osaka (Shinsaibashi) as of the end of Q1 FY24
- ✓ Planning to open the second Shinsaibashi store in December 2023 and the Shinjuku store in the 2H of FY24
- ✓ Domestic store openings progressed as planned

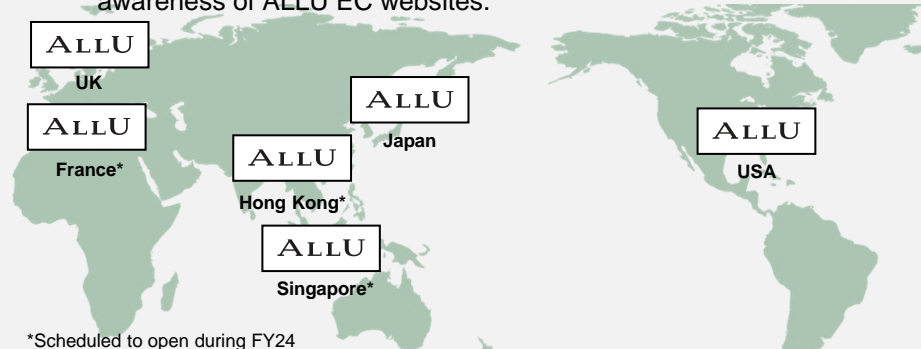
Simultaneous listing of toB and toC

- ✓ Aiming to efficiently expand retail sales and improve gross profit margin through EC sales utilizing lead times to auction sales.
- ✓ Simultaneous listing volume was below target, and start-up is currently behind schedule.



Global e-commerce (Domestic/Overseas)

- ✓ In addition to domestic, we have launched EC websites in various regions of the world, and in the future, we will be able to buy our products from anywhere in the world by linking our inventories.
- ✓ Aiming to expand retail sales by focusing on retailing WEB marketing.
- ✓ Planned growth in product listings on domestic EC websites but delayed launch of Q1 FY24.
- ✓ Despite the launch of overseas EC websites as planned, the challenge is to improve eBay and other overseas EC platforms' awareness of ALLU EC websites.



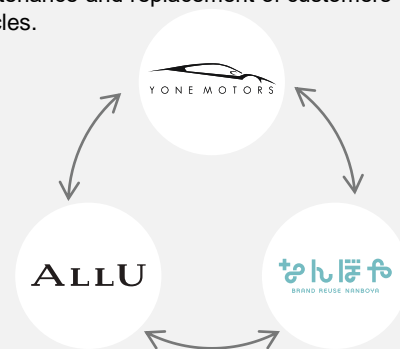
FY24 initiatives ~ New store opening of “ALLU Shinsaibashi ANNEX” ~

- The second Shinsaibashi store was opened on December 22, 2023, as the first complex to handle not only brand-name items but also automobiles.
- Aiming to improve customers' LTV through a high affinity between brand-name items and automobiles.



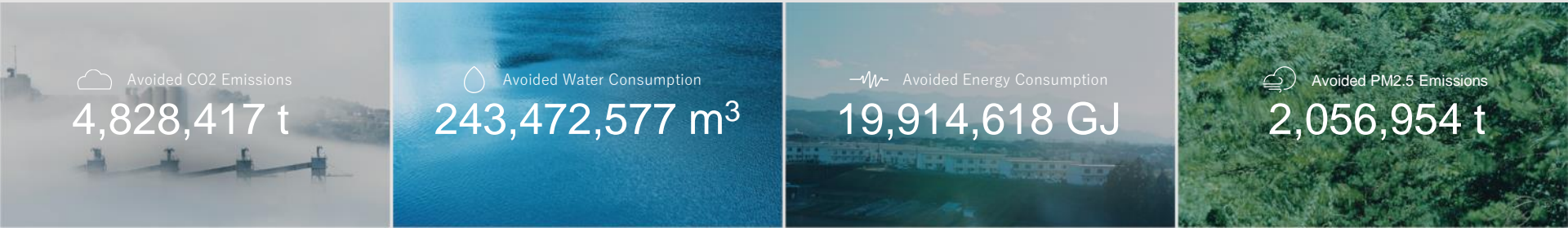
< Mutual customers to each other within Valence group >

- ✓ We are focusing on introducing and proposing automotive services to *Nanboya*/ALLU customers, and our track record is gradually expanding.
- ✓ The aim is to build long-term relationships with customers, including in existing areas such as brand-name items, through regular contact points such as maintenance and replacement of customers' owned vehicles.



FY23 Resale Impact

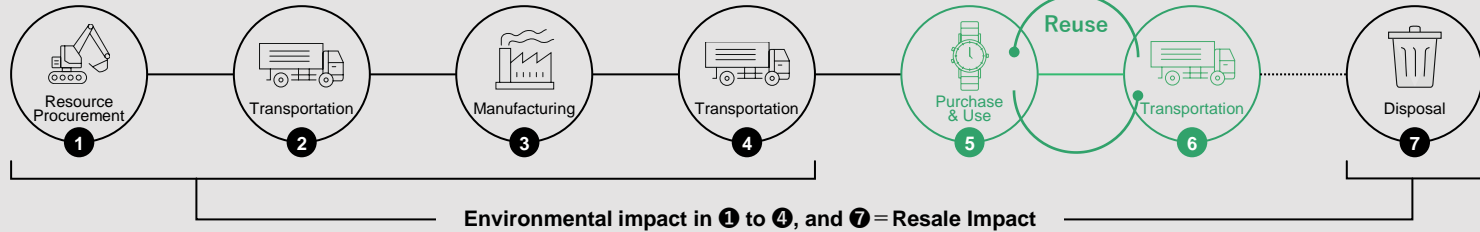
- Quantified the amount of avoided CO₂ emissions, water consumption, energy consumption, and PM2.5 emissions of the products we handled.



*The scope of sales channels for calculation was changed to SBA, ALLU, and wholesale (bullion) from FY23

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

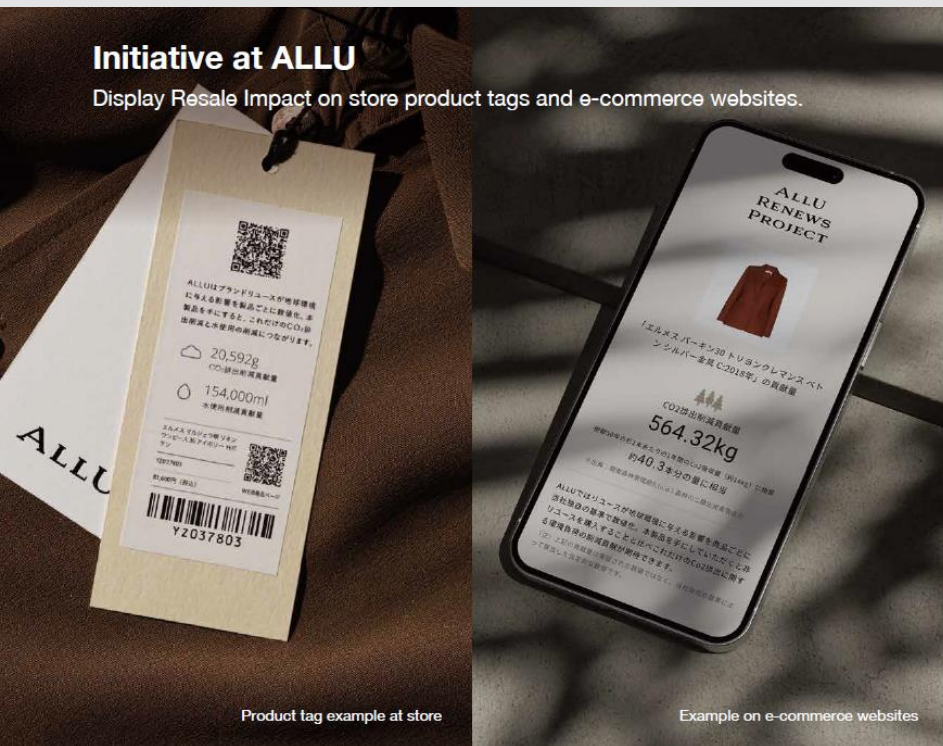
* Assuming no products are produced to the spread of reuse.

Resale Impact to Business

- Aiming to create new opportunities for reuse things and let people aware that “they are doing something good for the global environment through purchasing and selling at Valuence”.

Initiative at ALLU

Display Resale Impact on store product tags and e-commerce websites.



Product tag example at store

Example on e-commerce websites

Initiative at Nanboya

Visualize the Resale Impact publish it on each *Nanboya's* website.

Nanboya Giza Main Office example

<https://nanboya.com/shop/tokyo/ginza-brandshop/>



- ※ 2022年3月以降の累計数値となります。※ 100の位以下は切り捨ての数値となります。
- ※ バリュエンスグループのエコシステムで循環された商品（商品の返品を経て当社ヴィンテージ・ブランドショップ「ALLU」やBtoBラグジュアリーオークション「STAR BUYERS AUCTION」等にて販売した商品）を対象としています。
- ※ 当社サステナビリティページ（Resale Impact）

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 Nov. 30, 2023)
Employees	1,046 (as of Nov. 30, 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 Nov. 30, 2023)

Group Business and Brands

Purchasing



Auctions



Retail



Automobiles



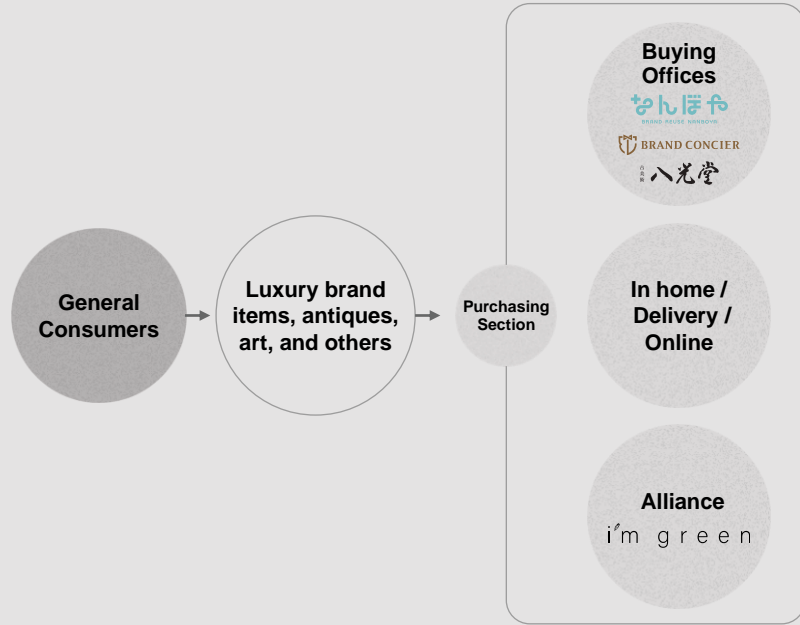
Real estate



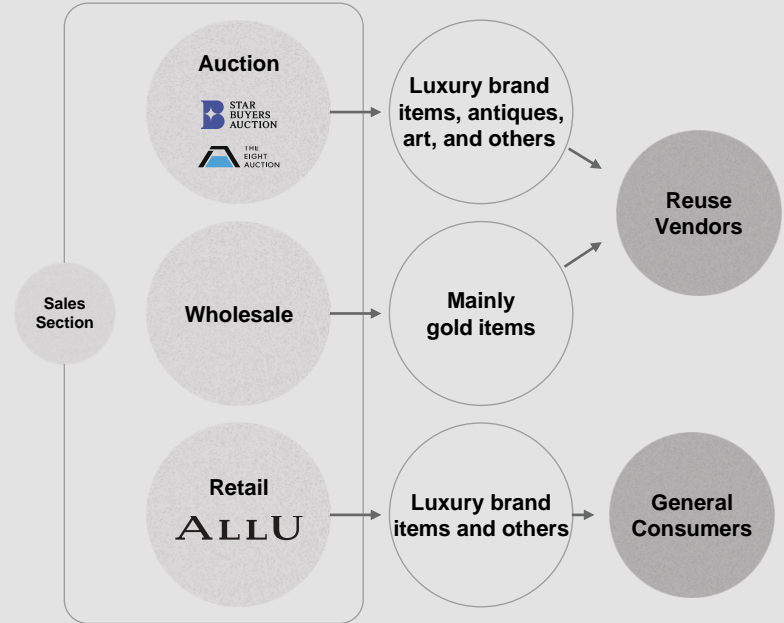
Our Business

- Business centered on the purchase and sale of Luxury brand items, etc.

Purchasing

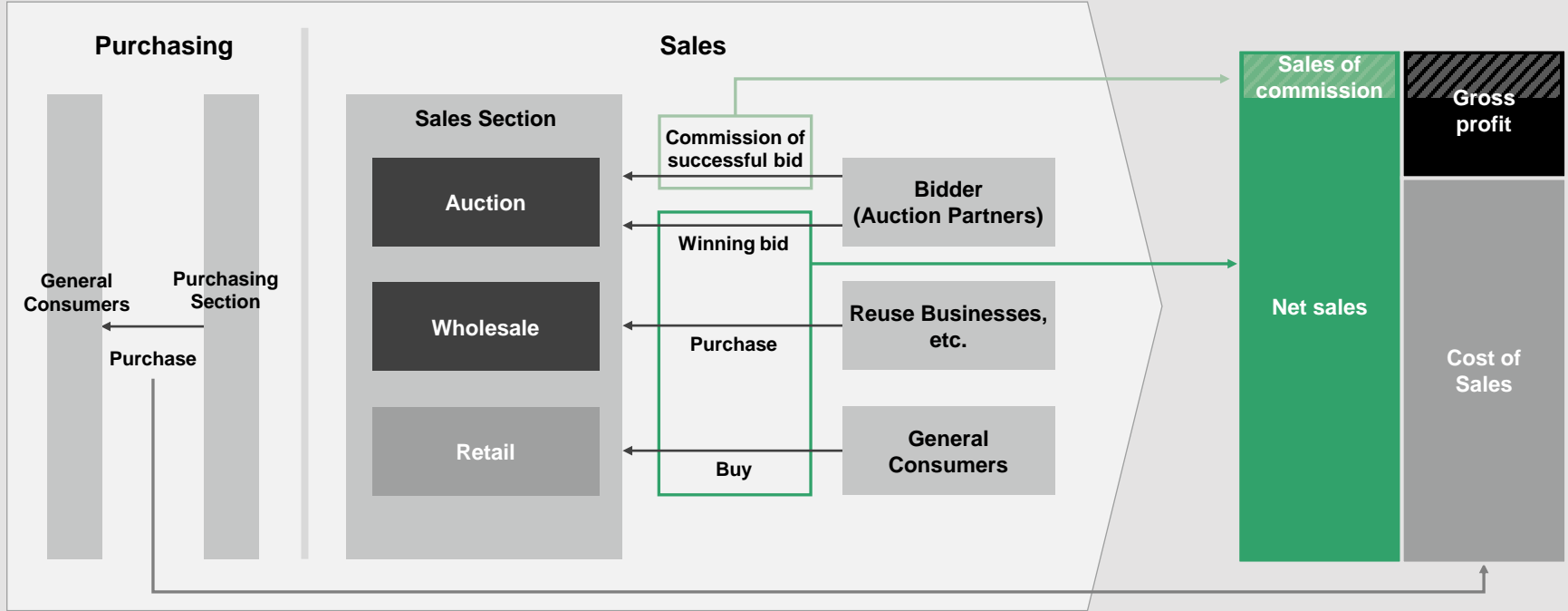


Sales



Earnings Structure

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



*Auction listing fees were free in April 2022

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

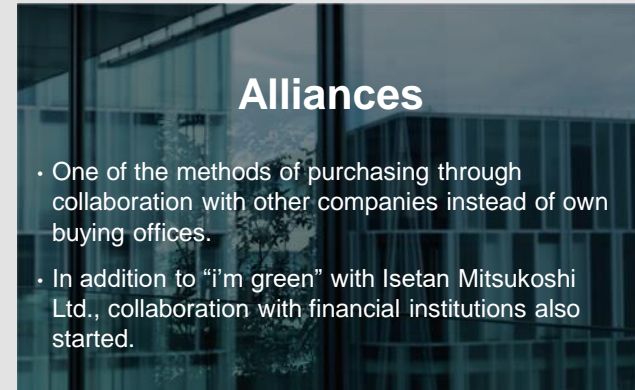
- Buying offices for antiques, art, and other reused goods.
- Antique appraisers mainly handle in-home buying.
- Other services include estate liquidation and pre-departure cleaning.



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)

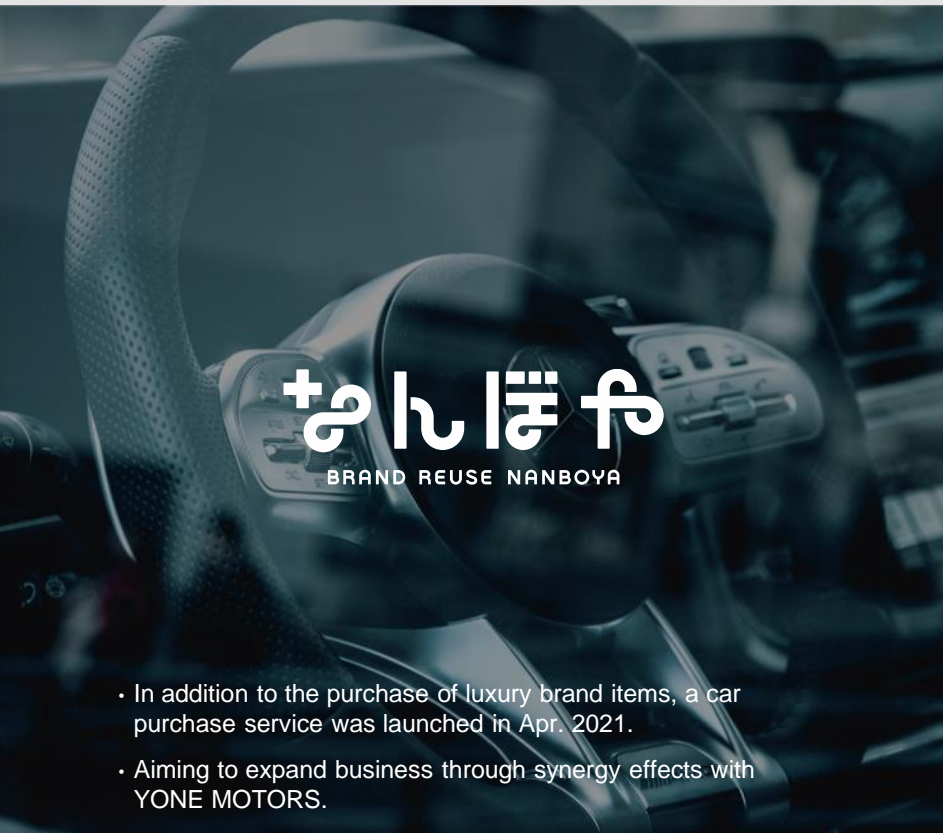
- Four stores located in Ginza, Omotesando, Shinsaibashi and Shinsaibashi ANNEX.
- Selling worldwide through own e-commerce site and partner e-commerce shopping malls.
- Seamless integration of offline and online services, such as purchase pickups at ALLU stores and live streaming sales.



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.



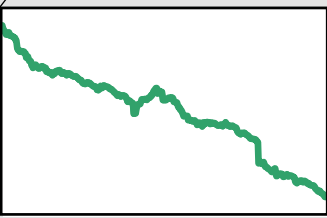
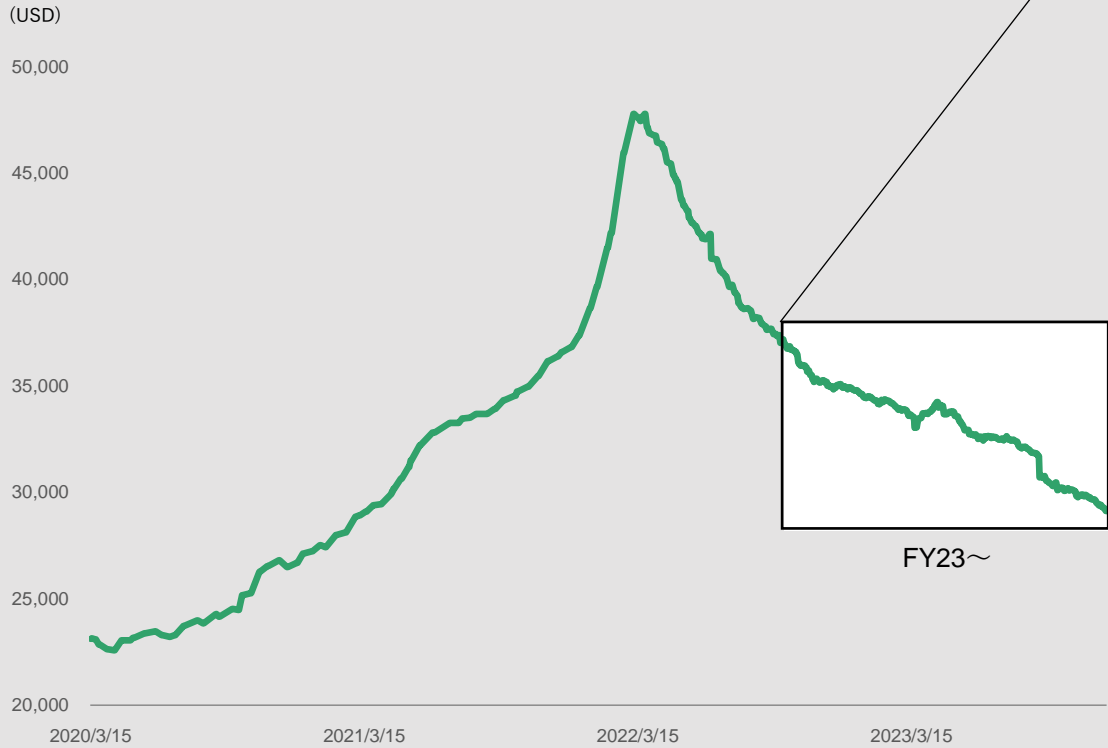
Planning your estate to ease the burden on your family.

- 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 FY22 to FY24)

	FY22					FY23					FY24				
	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Net sales (Million yen)	13,254	12,859	18,285	18,986	63,385	17,250	16,378	20,044	22,456	76,130	19,689	-	-	-	19,689
Cost of sales (Million yen)	9,688	9,511	13,693	14,176	47,069	12,640	11,903	14,728	16,844	56,116	15,262	-	-	-	15,262
Gross profit (Million yen)	3,565	3,348	4,591	4,810	16,316	4,609	4,474	5,316	5,612	20,013	4,426	-	-	-	4,426
SG&A expenses (Million yen)	3,368	3,331	3,871	3,855	14,427	4,325	4,253	4,481	4,769	17,829	4,862	-	-	-	4,862
Operating profit (Million yen)	197	16	720	954	1,888	283	221	834	843	2,183	▲436	-	-	-	▲436
Ordinary profit (Million yen)	169	13	696	911	1,791	259	226	753	795	2,034	▲474	-	-	-	▲474
Net profit (Million yen)	45	▲93	415	601	969	133	25	481	409	1,050	▲404	-	-	-	▲404
Employees	871	864	904	896	896	925	964	1,033	1,041	1,041	1,046	-	-	-	1,046
No. of Domestic buying offices	128	128	130	130	130	134	135	133	135	135	135	-	-	-	135
No. of Overseas buying offices	24	22	23	34	34	36	38	37	38	38	38	-	-	-	38

Trends of Watch Market Prices



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.

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- 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, 2023.

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