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November 20, 2020

To Whom It May Concern

Company name: Valuence Holdings Inc.
Representative: Shinsuke Sakimoto,
Representative Director and President
(Securities Code: 9270 TSE Mothers)
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Announcement Concerning Disposal of Treasury Shares as Restricted Stock Compensation

Valuence Holdings Inc. (the “Company”) announces that at a Board of Directors meeting held today, a resolution was made on the disposal of treasury shares as restricted stock compensation (the “Treasury Share Disposal”) as follows.

1. Details of disposal

(1) Disposal deadline	December 15, 2020
(2) Type and number of shares to be disposed	14,600 shares of common stock
(3) Disposal price	4,210 yen per share
(4) Total disposal amount	61,466,000 yen
(5) Persons, number of persons, and number of shares to receive share allotment	Directors of the Company (excluding Outside Directors): 3 persons 10,400 shares Executive Officers of the Company: 1 person 600 shares Directors of subsidiaries of the Company: 7 persons 3,600 shares

2. Objectives and reasons for disposal

At a Board of Directors meeting held on October 15, 2018, and the 7th Ordinary General Meeting of Shareholders held on November 22, 2018, the Company introduced a “Restricted Stock Compensation System” (the “System”). The System has the objective of further increasing the desire by Directors and employees of the Company and the Company’s subsidiaries (the “Group”) to contribute to a higher share price and the improvement of corporate value by having them share the benefits and risks of changes in the share price with shareholders.

Based on the System, at a Board of Directors meeting held today, a resolution was made to allot

14,600 shares of the Company's common stock as restricted stock to three Directors and one Executive Officer of the Company and seven Directors of subsidiaries of the Company (the "Allottees") for a total amount of 61,466,000 yen in monetary compensation claims as restricted stock compensation for the target remuneration period in the chart below, with benefits provided via the method of Allottees acquiring all of the said monetary compensation claims through contributions in kind. Additionally, the amounts of monetary compensation claims to be paid to each Allottee are determined after comprehensive consideration of various matters including the level of contribution to the Group by each Allottee. Furthermore, based on the System, the payment of monetary compensation claims and allotment of the Company's common stock to be allotted (the "Allotted Shares") to each Allottee regarding this Treasury Share Disposal will be implemented under conditions that include each Allottee concluding a Restricted Stock Allotment Agreement (the "Allotment Agreement") with the Company as outlined below.

Additionally, the Allotted Shares are restricted stock that the Company may acquire gratis as a matter of course, either in whole or in part, according to the level of achievement against business results targets that are set for the transfer restriction period.

Allottee	Target remuneration period
Directors of the Company	December 15, 2020 to December 15, 2022
Executive Officers of the Company	December 15, 2020 to December 15, 2021
Directors of subsidiaries of the Company	December 15, 2020 to December 15, 2021

3. Summary of Allotment Agreement

(1) Transfer restriction period

During the transfer restriction period defined below, Allottees may not transfer, establish pledge rights, establish mortgages, gift inter vivos, bequest, or otherwise dispose of the Allotted Shares (the "Transfer Restrictions").

Allottee	Transfer restriction period
Directors of the Company	December 15, 2020 to December 15, 2022
Executive Officers of the Company	December 15, 2020 to December 15, 2021
Directors of subsidiaries of the Company	December 15, 2020 to December 15, 2021

(2) Gratis acquisition of restricted stock

If an Allottee forfeits a designated position (indicates the position of Director of the Company for Directors of the Company and the positions of Director, Corporate Auditor, or employee of the Company and subsidiaries, etc., of the Company (including entities accounted for using equity method; the same shall apply hereinafter) for Executive Officers of the Company and Directors of

subsidiaries of the Company; hereinafter collectively referred to as the “Positions”) before the expiration of the transfer restriction period (however, excluding expiration of term of office or other reasons deemed legitimate by the Board of Directors), all Allotted Shares held by the Allottee to which the circumstances apply will be acquired gratis as a matter of course at the time that the circumstances transpire.

If an Allottee forfeits a Position due to expiration of term of office or other reasons deemed legitimate by the Board of Directors before the expiration of the transfer restriction period, of the Allotted Shares held by the Allottee to which the circumstances apply, a portion corresponding to the proportion of the period in office of the Allottee to the transfer restriction period will be acquired gratis as a matter of course at the time that the circumstances transpire.

Also, of the Allotted Shares, if there are portions for which the transfer restrictions have not been canceled at the time of expiration of the transfer restriction period based on the stipulations in “3. Cancellation of transfer restrictions” below, the Company will acquire these shares gratis as a matter of course at the time immediately following the expiration of the transfer restriction period.

(3) Cancellation of transfer restrictions

Upon expiration of the transfer restriction period, the Company will cancel transfer restrictions for a number of Allotted Shares equal to the number of Allotted Shares held by an Allottee as of that time multiplied by the transfer restriction cancellation ratio corresponding to the level of achievement against consolidated operating profit targets for the 10th fiscal year (September 1, 2020 to August 31, 2021) of the Company under the condition that the Allottee has been in office in the Position during the transfer restriction period (however, if the Allottee has forfeited the Position before the expiration of the transfer restriction period owing to the expiration of term of office or other reasons deemed legitimate by the Board of Directors, the period up to forfeiture of the Position).

(4) Handling of organizational restructuring, etc.

If during the transfer restriction period, approval is granted at a General Meeting of Shareholders of the Company (however, if approval from a General Meeting of Shareholders of the Company is not required for said organizational restructuring, etc., the Board of Directors) for a proposal for a merger agreement wherein the Company is the dissolving company, a share exchange agreement or share transfer plan wherein the Company becomes a wholly-owned subsidiary, or other organizational restructuring, etc. (however, only if the effective date of said organizational restructuring, etc., is before the expiration of the transfer restriction period), the transfer restrictions will not be canceled. In this case, the Company will acquire gratis as a matter of course all Allotted Shares held by Allottees on the business day immediately preceding the effective date of said organizational restructuring, etc.

4. Matters concerning share management

Allottees are to complete opening an account to enter or record the Allotted Shares with SMBC Nikko Securities Inc. via a method designated by the Company and store and maintain the Allotted Shares in the said account until cancellation of the transfer restrictions.

5. Calculation basis and specific content of paid-in amount

To ensure that arbitrary factors are excluded, the disposal price of the Treasury Share Disposal has been set at 4,210 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding (November 19, 2020) the resolution of the Board of Directors of the Company. This is the market price on the day immediately preceding the resolution of the Board of Directors of the Company, and the Company believes that this is rational and cannot be considered a particularly advantageous price.

6. Matters concerning transactions with majority shareholders, etc.

- (1) Appropriateness of transactions with majority shareholders, etc., and status of compliance with policies regarding measures to protect minority shareholders

Some portions of the Treasury Share Disposal have Shinsuke Sakimoto, the Company's Representative Director and President, as the Allottee. He is a shareholder holding 99.8% of the voting rights of SF Property Management Inc., the majority shareholder of the Company, and as he concurrently serves as Representative Director of said company, this classifies as a transaction with a majority shareholder, etc.

The "Guidelines on Measures to Protect Minority Shareholders During Dealings with Majority Shareholders" recorded in the Corporate Governance Report disclosed by the Company on November 20, 2020, is as follows.

"When considering transactions with controlling shareholders or close family members of said shareholders, Valence Holdings Inc. may, after deliberating the details and validity of the transaction at a meeting of the board of directors, approve such transactions. Such transactions are predicated on an underlying necessity, subject to the same basic terms and conditions as normal transactions and allowed regardless of the financial amount involved. Through this process, the company strives to protect the interests of minority shareholders."

The Treasury Share Disposal was determined according to this policy.

- (2) Matters concerning measures to secure fairness and measures to avoid conflicts of interest

The Treasury Share Disposal is implemented in accordance with regulations and procedures stipulated by laws, regulations, and various statutes. Additionally, concerning the method for determining the paid-in amount and other content and conditions of the disposal as well, as stated in "2. Objectives and reasons for disposal" above, the restricted stock compensation is typical in

content and conditions and is appropriate, has been reported to the Board of Directors after deliberation in the Nomination and Compensation Committee, and received a resolution at a meeting at the Board of Directors. Furthermore, from the perspective of avoiding conflicts of interest, Shinsuke Sakimoto, the Company's Representative Director and President, has not participated in deliberation in the Company's Nomination and Compensation Committee nor deliberation and resolution in the Board of Directors regarding the Treasury Share Disposal.

- (3) Summary of opinion from a party with no interest in the majority shareholder stating that said transaction, etc., will not cause harm interests to the minority shareholders

The validity of the content and conditions of the Treasury Share Disposal has been reported to the Company's Board of Directors after deliberation in the Nomination and Compensation Committee and has been resolved by the Board of Directors. Additionally, Kiyohito Hamada (Member of the Audit and Supervisory Committee; Outside Director; Independent Officer), Chairperson of the Nomination and Compensation Committee, provided the following opinion.

1 Regarding the objective of the Treasury Share Disposal

The Treasury Share Disposal will be conducted based on the System, which is the "Restricted Stock Compensation System" introduced by the Board of Directors meeting of your company held on October 15, 2018 and the 7th Ordinary General Meeting of Shareholders of your company held on November 22, 2018.

In addition, the System has the objective of further increasing the desire by Directors and employees of your company and your company's subsidiaries ("Your Group") to contribute to a higher share price and the improvement of corporate value by having them share the benefits and risks of changes in the share price with shareholders.

It can be thought that providing stock to Allottees, including Shinsuke Sakimoto, via the Treasury Share Disposal will work to share value between Allottees and shareholders while also further increasing the desire to contribute to a higher share price and the improvement of corporate value, the Treasury Share Disposal will contribute to improving corporate value of Your Group.

2 Regarding the validity of the content and conditions, etc., of the Treasury Share Disposal

The following are recognized regarding the validity of the content and conditions of the Treasury Share Disposal.

- (1) The number of shares of common stock of your company subject to disposal is a total of 14,600 shares (of which, the number planned to be allotted to Mr. Sakimoto is 6,100 shares), and the ratio against the total number of issued shares (13,183,160 shares as of August 31, 2020) is 0.11%. The number planned to be allotted to Mr. Sakimoto is

0.05%, and the ratio of dilution is insignificant;

- (2) The disposal price is 4,210 yen, the closing price of your company's common stock on the Tokyo Stock Exchange on the business day immediately preceding (November 19, 2020) the resolution by your company's Board of Directors. This is the market price on the day immediately preceding the resolution of the Board of Directors of your company, the price reflects that arbitrary factors were excluded from the determination process, and it can be thought that it is rational and not a particularly advantageous price;
- (3) The content of the Restricted Stock Allotment Agreement planned to be concluded with Allottees, including Mr. Sakimoto, is thought to be typical in content and conditions and appropriate in comparison with restricted stock allotment agreements typically found in restricted stock transfer systems at other companies of the same type

In consideration of the above, the content and conditions of the Treasury Share Disposal are valid.

3 Regarding the fairness of the determination process of the Treasury Share Disposal

The following are recognized regarding the determination process of the Treasury Share Disposal.

- (1) As stated in 2 (3) above, the content and conditions of the Treasury Share Disposal are thought to be typical in content and conditions and appropriate as restricted stock compensation;
- (2) The Treasury Share Disposal is planned to be implemented based on laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, statutes stipulated by the Tokyo Stock Exchange, and internal statutes at your company, and no particular content in violation of these has been recognized;
- (3) In undertaking the Treasury Share Disposal, after deliberation by the Nomination and Compensation Committee for which an Audit and Supervisory Committee Member who is an Outside Director and Independent Officer of your company serves as Chairperson and reporting to the Board of Directors of your company, a resolution is planned to be conducted by the Board of Directors of your company, and Mr. Sakimoto is not planned to participate in the deliberation and resolution for said resolution

In consideration of the above, the determination process of the Treasury Share Disposal is fair.