

# Financial Results Presentation

## 1Q FY8/2021

January 14, 2021

Valuence Holdings Inc.

(Securities Code: TSE Mothers 9270)

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

## Contents

1. Corporate Profile
2. Financial Results
3. Initiatives during 2Q and Beyond

**Valuence**

# **Corporate Profile**

**Encouraging people  
to live in a way  
that is true to themselves.**



# Valuence

Value × Intelligence  
Experience

Leverage our expertise gained to provide experiences  
of life-changing value through our business activities to the world

## Corporate Philosophy

### Mission

**Encouraging people to live in a way  
that is true to themselves.**

### Vision

**Providing life-changing value to the world.**

# Corporate Profile

Company Name	Valuence Holdings Inc.
Representative	Shinsuke Sakimoto
Head Office	1 Konan, Minato-ku, Tokyo
Founded	December 2011
Capital	1,123 million yen (as of November 30, 2020)
Employees	742 (as of November 30, 2020) * Consolidated, full time only; including NEO-STANDARD
Segments	Luxury brand items, antiques, art, and other reuse businesses
Consolidated subsidiaries	Nine (as of November 30, 2020)

## Group Businesses and Brands

### Purchasing



### Real estate



### Auctions (toB)



### Retail (toC)

ALLU

### Apps



# Directors

The governance structure is being enhanced under the leadership of the directors, a majority of whom are Independent Outside Directors.

---



Representative Director  
and President  
Shinsuke Sakimoto

Former J. League soccer player who identified the potential of the luxury brand item reuse business while working in the recycling business after retirement. Established the Company in 2011 and assigned as representative.



Director  
Susumu Muguruma

Joined the Company in 2018 after a career with Sony, Amazon Japan, and other businesses. Oversees both purchases and sales; responsible for promoting business expansion and globalization.



Director  
Shinichiro Sato

Joined the Company in 2020 after a career with organizations including the Daiwa Institute of Research and Digital Garage, Inc. Promotes enhancements in corporate governance and growth in corporate value as director responsible for the sections overseeing corporate planning & administration.



Director  
Hiroki Tomiyama

Has served as a representative of various operating companies including SATUDORA HOLDINGS; joined the Company management team as Outside Director in 2020.

Independent  
Outside Director



Director  
Yoshihiko Takubo

Served for many years as Professor in the Graduate School of Management, GLOBIS University and as an outside director for various operating companies; joined the Company management team as Outside Director in 2020.

Independent  
Outside Director

# Directors



Director

Masahide Kamachi

Independent  
Outside Director

Audit and Supervisory  
Committee Member

Offers a wealth of knowledge as a CPA and licensed tax accountant; also serves as Outside director and outside auditor of listed companies and other organizations; joined the Company management team in 2016 as Outside Director; appointed Audit and Supervisory Committee Member in 2019.



Director

Kenta Takami

Audit and Supervisory  
Committee Member

Joined the Company as General Manager of the Internal Audit Office after a career with audit firms and management planning sections of operating companies; supervises internal auditing division; appointed as a full-time Audit and Supervisory Committee Member in 2020.



Director

Kiyohito Hamada

Independent  
Outside Director

Audit and Supervisory  
Committee Member

Has a wealth of knowledge of corporate accounting as a CPA; also serves as outside director and outside auditor for listed companies and other organizations; appointed Company Outside Director in 2016; appointed Outside Director (Audit and Supervisory Committee Member) in 2019.



Director

Takashi Goto

Independent  
Outside Director

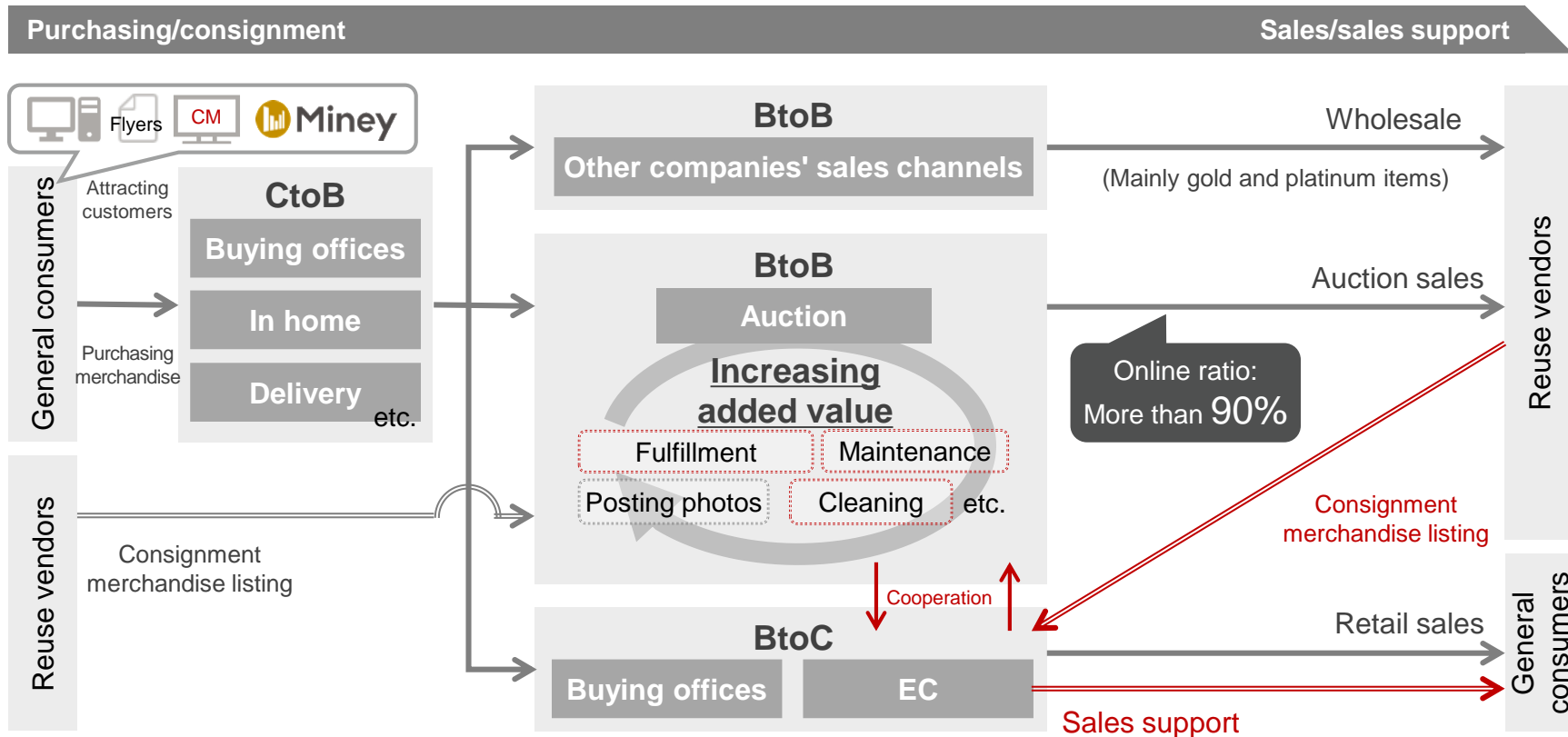
Audit and Supervisory  
Committee Member

Has a wealth of specialized legal and regulatory knowledge as an attorney; also serves as outside director and outside auditor for listed companies and other organizations; appointed Company Outside Director in 2017; appointed Outside Director (Audit and Supervisory Committee Member) in 2019.

# Business Model

Red: Now under preparation

— Merchandise purchased by the Company  
(company's inventory)  
= Consignment merchandise  
(other companies' inventory)



# Financial Results



## Summary for 1Q FY8/2021

- **Sales increased with positive auction performance.**
- **Gross profit margin improved as a result of shifting to online auctions.**
- **Proactive investment in business expansion continued.**

### GMV

¥11.9 billion  
(+6.0% YoY)

### Net sales

¥11.8 billion  
(+1.8% YoY)

### Gross profit margin

26.3%  
(+1.4 pts. YoY)

### Operating profit

¥0.46 billion  
(-37.8% YoY)

## Topics for 1Q FY8/2021

---

### Purchases

- ✓ New record high in purchase reached.
- ✓ The total number of domestic buying offices increased to **115** (including 28 offices from the acquisition of NEO-STANDARD, which will contribute to financial results beginning from 2Q).
- ✓ The number of overseas buying offices grew to **three** with the opening of a *Nanboya* office in **Singapore**.

---

### Sales

- ✓ SBA<sup>(\*)</sup> held **twice monthly** beginning in October. **Consignment merchandise** grew steadily with increase in listing capacity.
- ✓ The number of SBA partner members increased by 155 companies (as of August 31, 2020) to **757 companies** (549 in domestic/ 208 overseas).
- ✓ **SBA Hong Kong** held in November.

---

\* SBA: STAR BUYERS AUCTION (the same hereinafter)

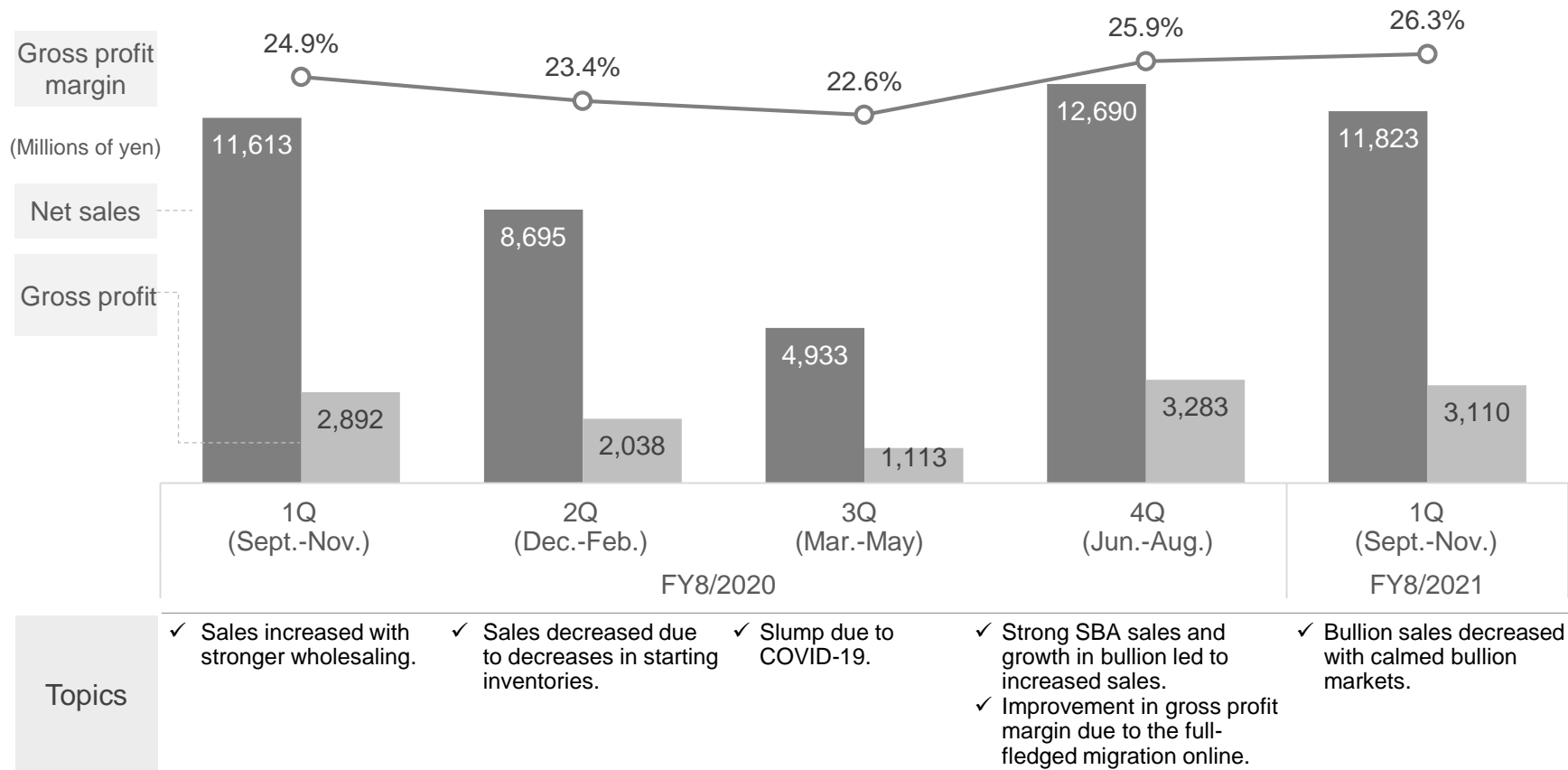
# Financial Results for 1Q FY8/2021

✓ Sales increased with growth of auctions. Profits declined due to continuing growth investment.

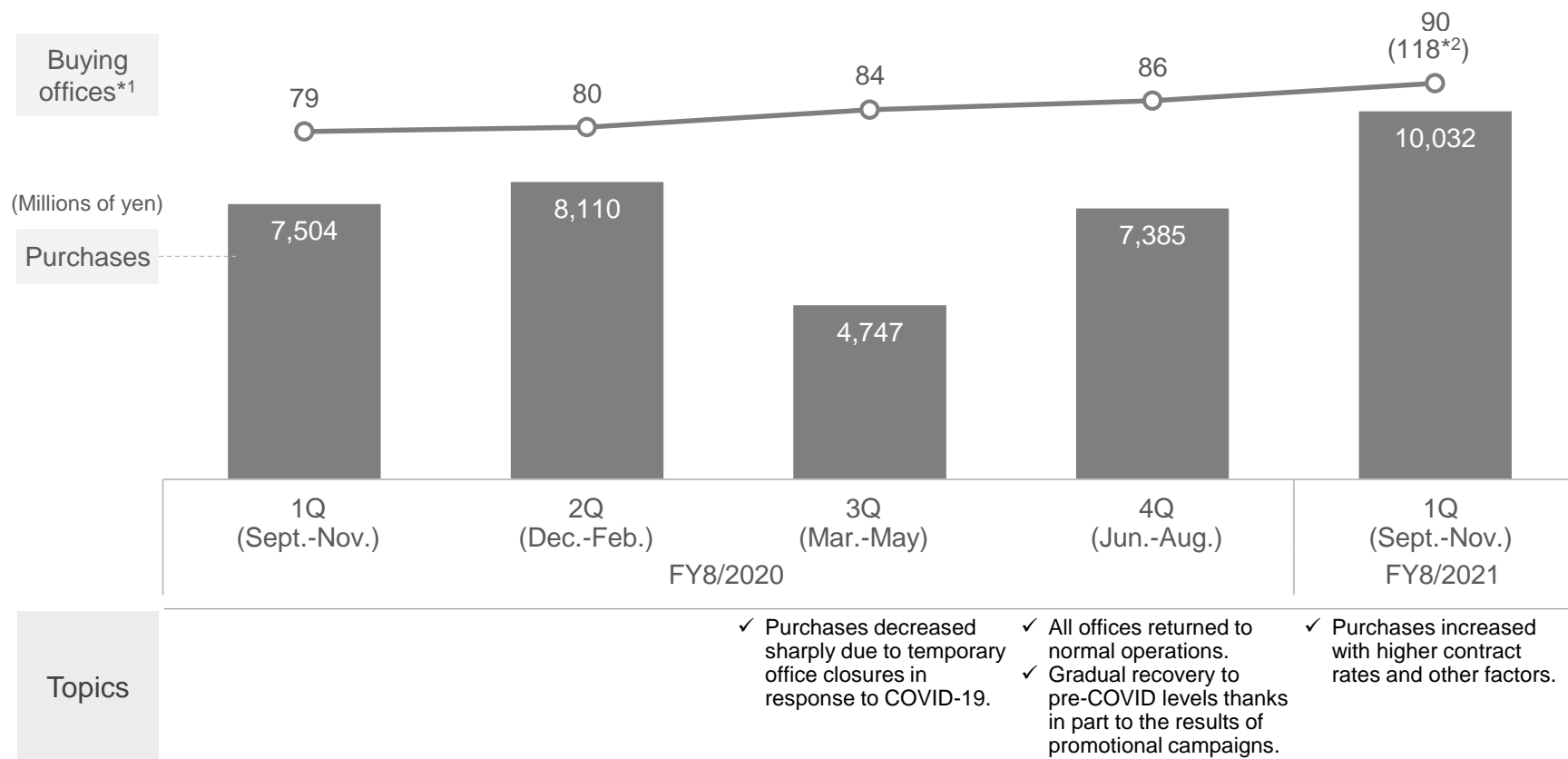
(Millions of yen)

	FY8/2020 1Q	FY8/2021 1Q	YoY Change	FY8/2021 Full-year plan	Achievement rate
Net sales	11,613	<b>11,823</b>	+1.8%	58,000	20.4%
Gross profit	2,892	<b>3,110</b>	+7.6%	15,300	20.3%
Gross profit margin	24.9%	<b>26.3%</b>	+1.4pts	26.4%	-
SG&A	2,146	<b>2,646</b>	23.3%	12,800	20.7%
Operating profit	746	<b>464</b>	-37.8%	2,500	18.6%
Ordinary profit	724	<b>450</b>	-37.8%	2,450	18.4%
Ordinary profit ratio	6.2%	<b>3.8%</b>	-2.4pts	4.2%	-
Profit attributable to owners of parent	467	<b>217</b>	-53.5%	1,500	14.5%

# Net Sales and Gross Profit



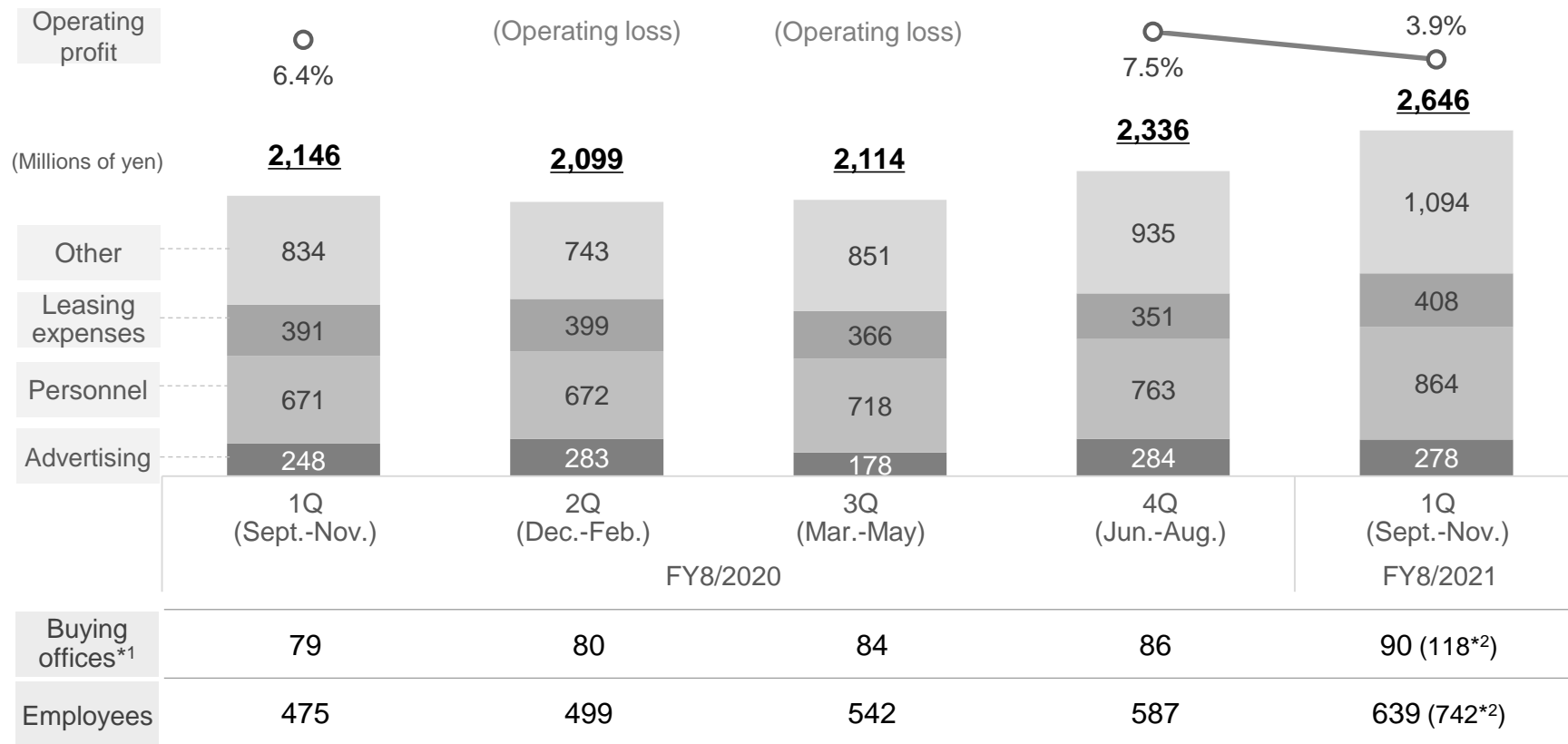
# Purchases and Buying Offices



\*1 Numbers of buying offices include overseas buying offices.

\*2 Figures in parentheses indicate numbers of buying offices, including NEO-STANDARD. Since NEO-STANDARD was added to the scope of consolidation at the end of the term, it will impact financial results beginning from 2Q.

# SG&A Expenses



\*1 Numbers of buying offices include overseas buying offices.

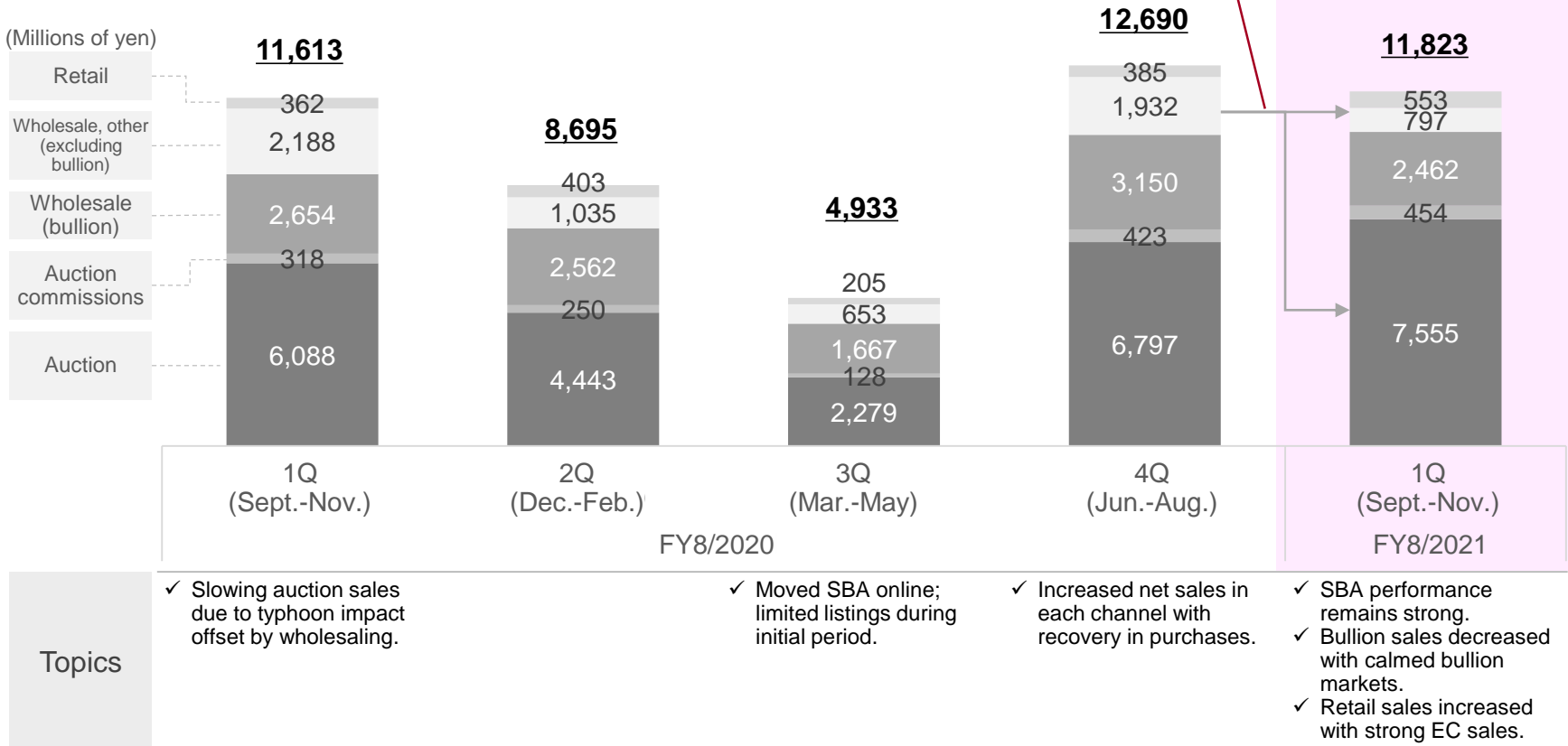
\*2 Figures in parentheses indicate numbers of buying offices and employees, including NEO-STANDARD. Since NEO-STANDARD was added to the scope of consolidation at the end of the term, it will impact financial results beginning from 2Q.

# Balance Sheet

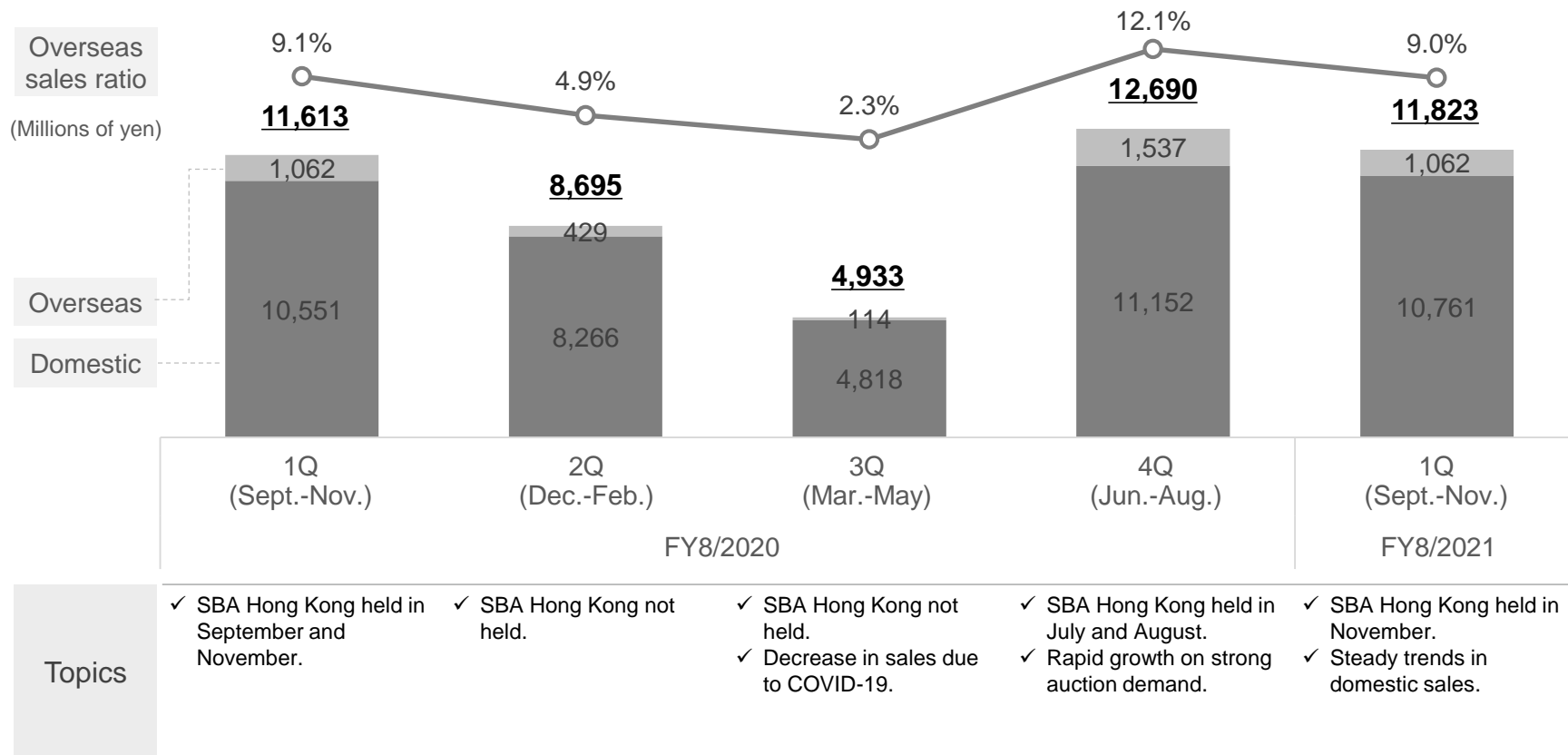
(millions of yen)

	FY8/2020	FY8/2021	Difference	
Current assets	11,260	<b>13,208</b>	+1,948	Increase in cash on hand to secure working capital and purchase funds.
Cash and deposits	6,276	<b>6,734</b>	+457	
Merchandise	4,011	<b>5,359</b>	+1,348	Increase in inventory with growth of strong purchase.
Other	972	<b>1,114</b>	+142	
Non-current assets	4,118	<b>4,385</b>	+266	Increase in buildings and structures (net) with addition of new buying offices and increase in guarantee deposits.
Total assets	15,378	<b>17,593</b>	+2,214	
Liabilities	8,642	<b>10,938</b>	+2,295	Increase in short-term loans payable to secure funds for purchasing and business growth.
Interest-bearing debt	6,956	<b>8,539</b>	+1,583	
Other	1,686	<b>2,398</b>	+712	Increase in capital surplus and capital stock from exercise of stock options, offset by a decrease in retained earnings due to payment of dividends.
Net assets	6,735	<b>6,655</b>	-80	
Total liabilities and net assets	15,378	<b>17,593</b>	+2,214	

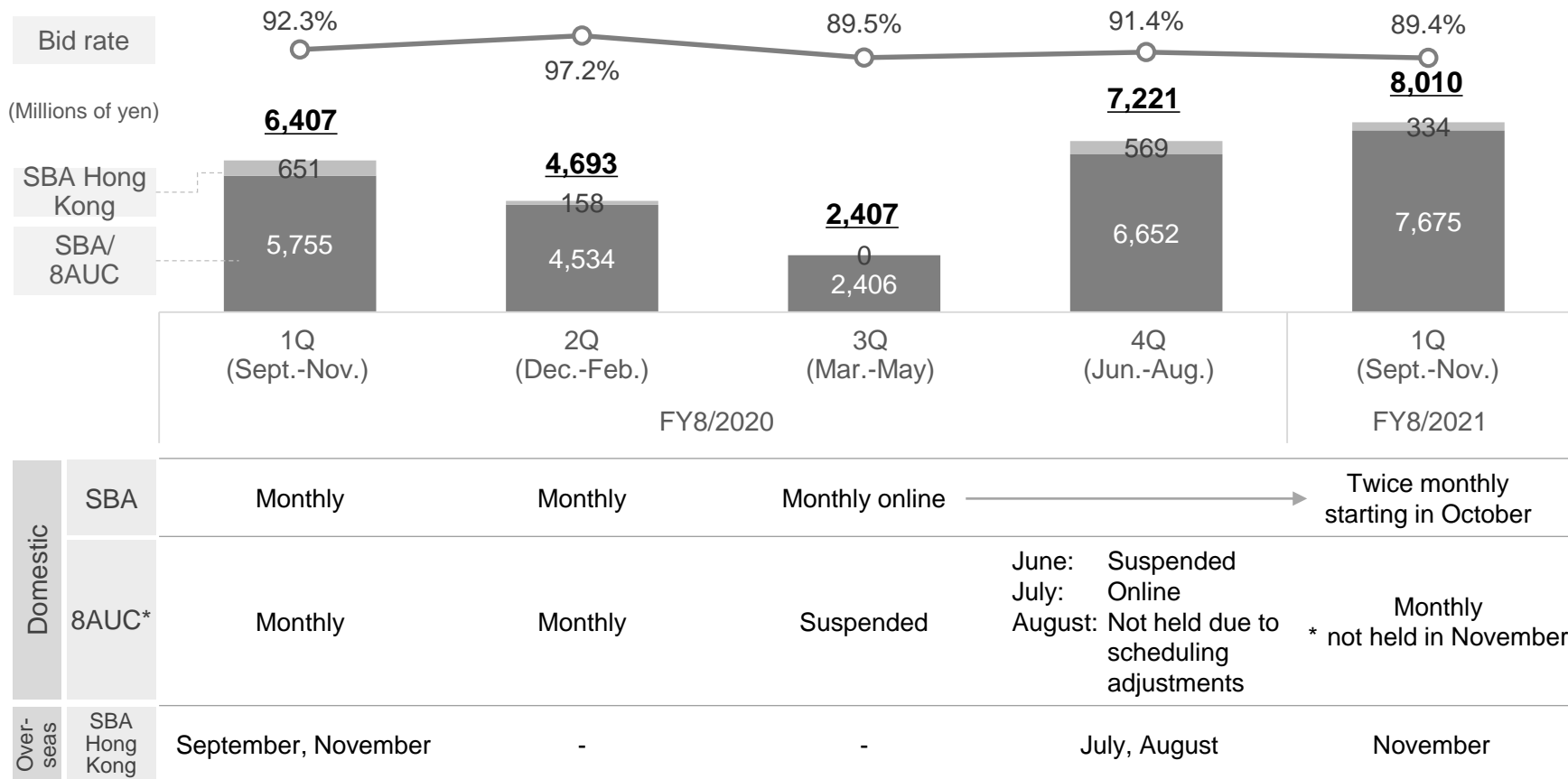
# Net Sales by Channel (to B, to C)



# Net Sales by Channel (Domestic, Overseas)

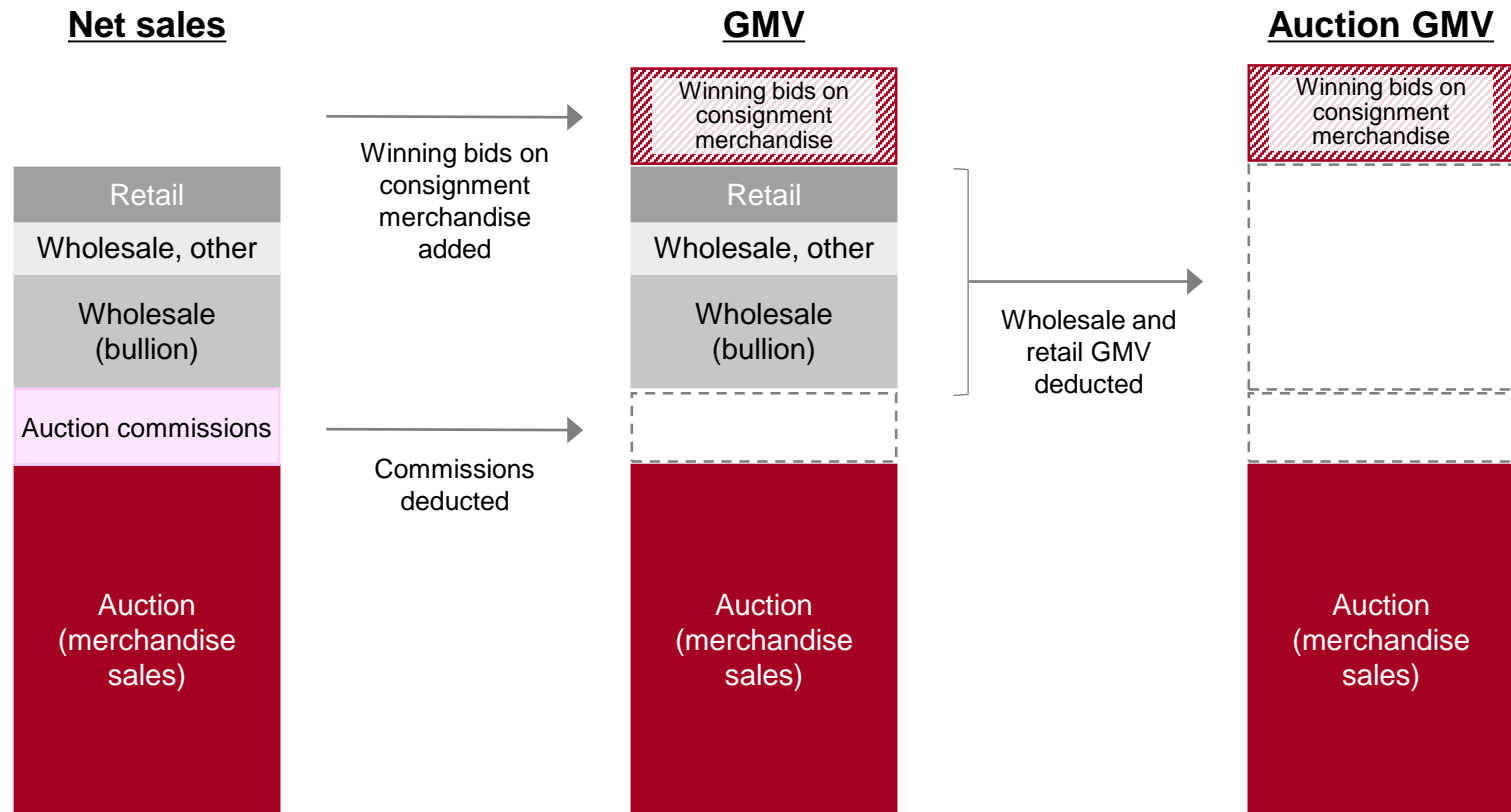


# Net Sales: Auctions



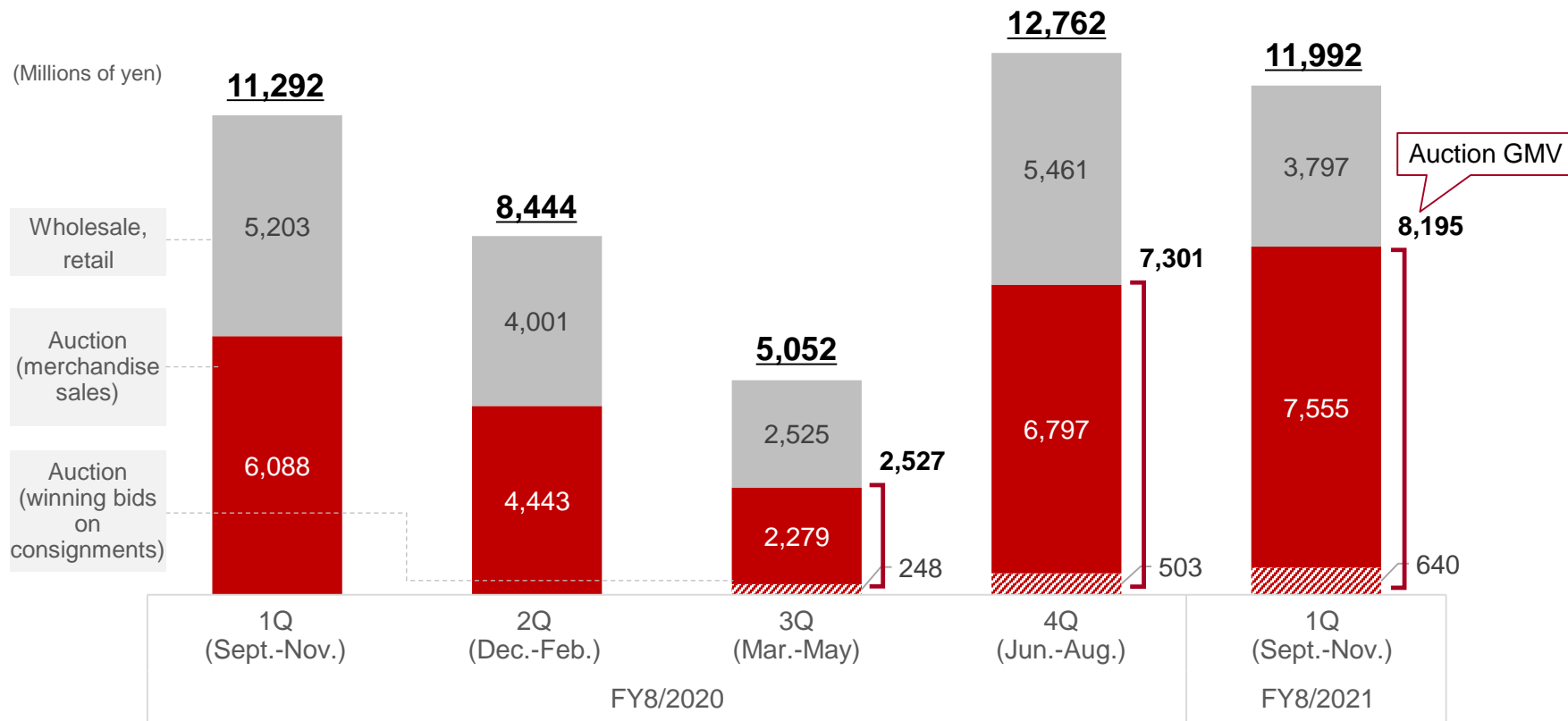
\* 8AUC: THE EIGHT AUCTION (the same on the next page)

# [GMV] Relationship between Net Sales and GMV

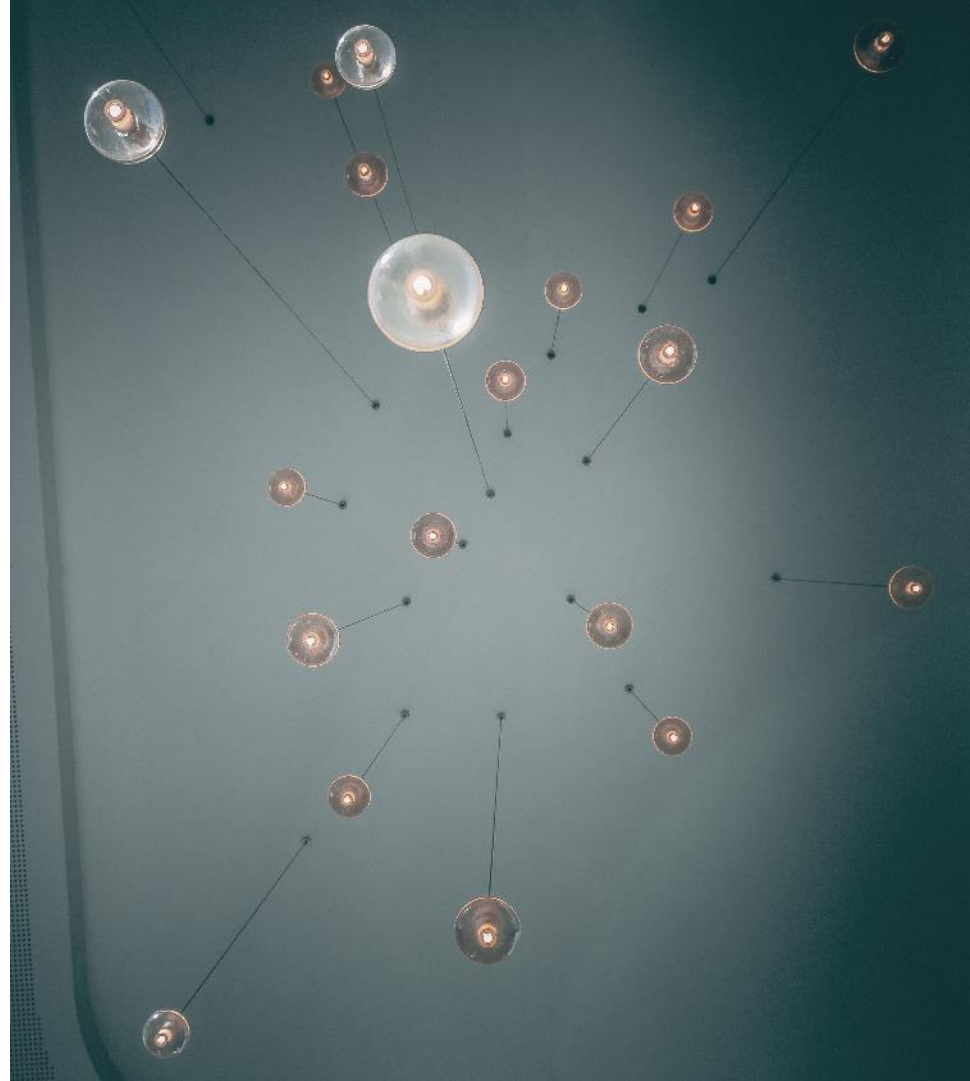


\* Some sales revenues from commissions are included under "Wholesale, other" and "Retail". Those commissions are excluded from GMV calculations.

# [GMV] GMV Trends



# Initiatives during 2Q and Beyond



Growing GMV based on a commitment to two SBA auctions monthly and structural improvements, including warehouse relocation.

		Planned							
		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April and later
Held domestic	SBA	Once	Twice		→	Once*1	Twice	Once*2	Twice monthly
	8AUC	Once	Once	None	Once	None*1	Once		→
Held overseas	SBA Hong Kong			Once				Once online	TBD

\*1 Due to the New Year holidays, SBA held once and 8AUC not held.

\*2 SBA held once due to the warehouse relocation.

◆ **Warehouse relocation (increasing number of items handled and improving efficiency through cost savings)**

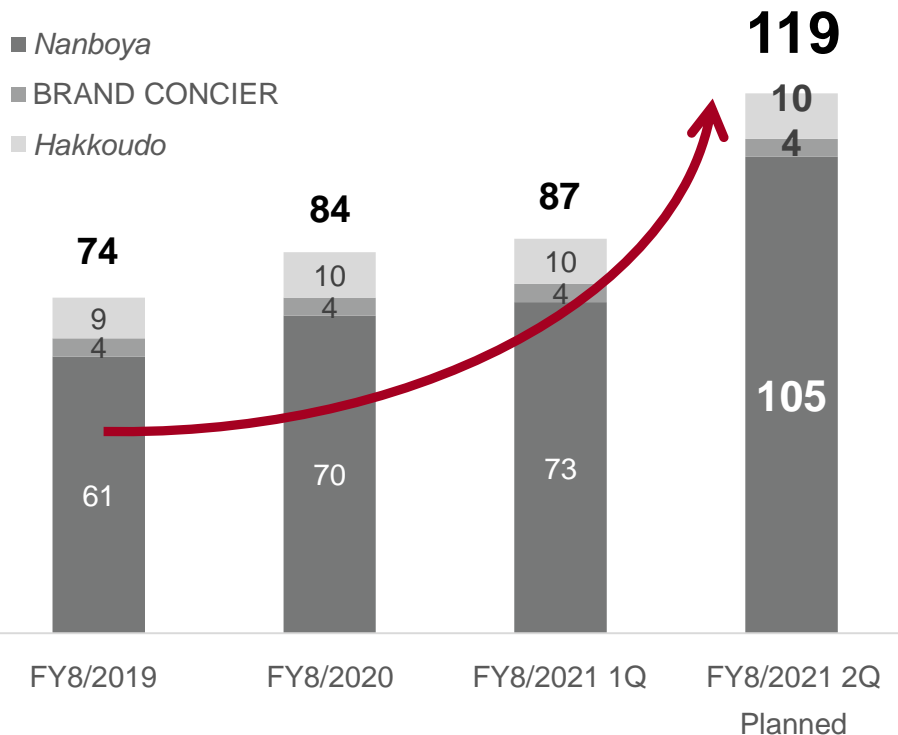
Plans for relocating the warehouse from the Shinagawa Office to Samezu in late February.

◆ **Online migration of SBA Hong Kong (hedging against external environmental risks and stimulation through increased bidding competition)**

The first online auction is planned for March. Items will be available for viewing in person to secure the conditions necessary to encourage strong bids.

## Opening Domestic Buying Offices

Building one of domestic largest networks of directly operated buying offices.



### Nanboya office count tops 100 offices domestic.

#### ◆ NEO-STANDARD offices (28) converted to Nanboya offices.

The converted offices opened on December 1 after various preparations, including remodeling and employee training. Efforts also target increased marketing efficiency.



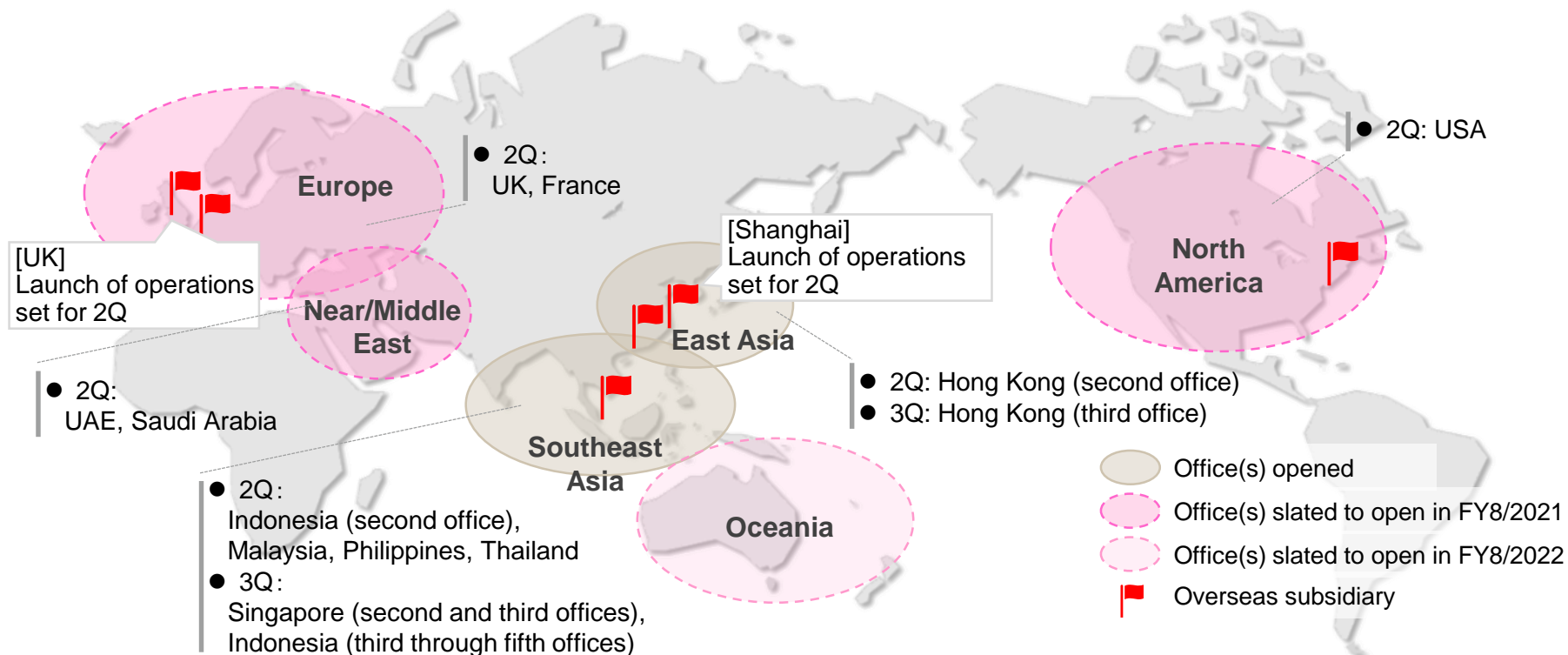
#### ◆ Continuing success prompts new office openings.

Having opened four new offices in 1Q, four new offices are planned to open in 2Q. Multiple new offices are planned to open in 3Q and beyond.

# Building a Global Supply Chain

**[Purchases]** Accelerating overseas offices openings.

**[Sales, consignment]** Enhancing partnership development at subsidiaries overseas.

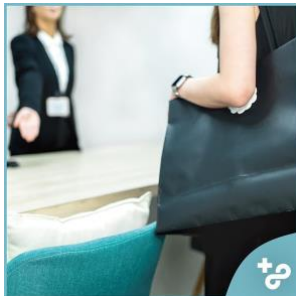


Note: Subject to change due to the impact of COVID-19.

# Expanding Domestic-level Purchases Globally

## Customer service, purchases

- ✓ Attentive customer service by concierges.
- ✓ Speedy appraisals.
- ✓ Immediate cash-based purchases.



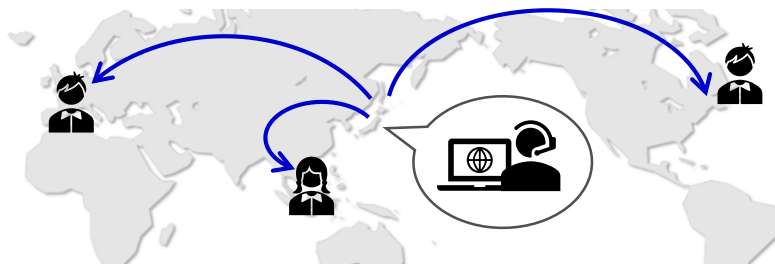
## Buying offices

- ✓ A bright, welcoming, salon-like atmosphere.
- ✓ Office designs that account for privacy considerations.



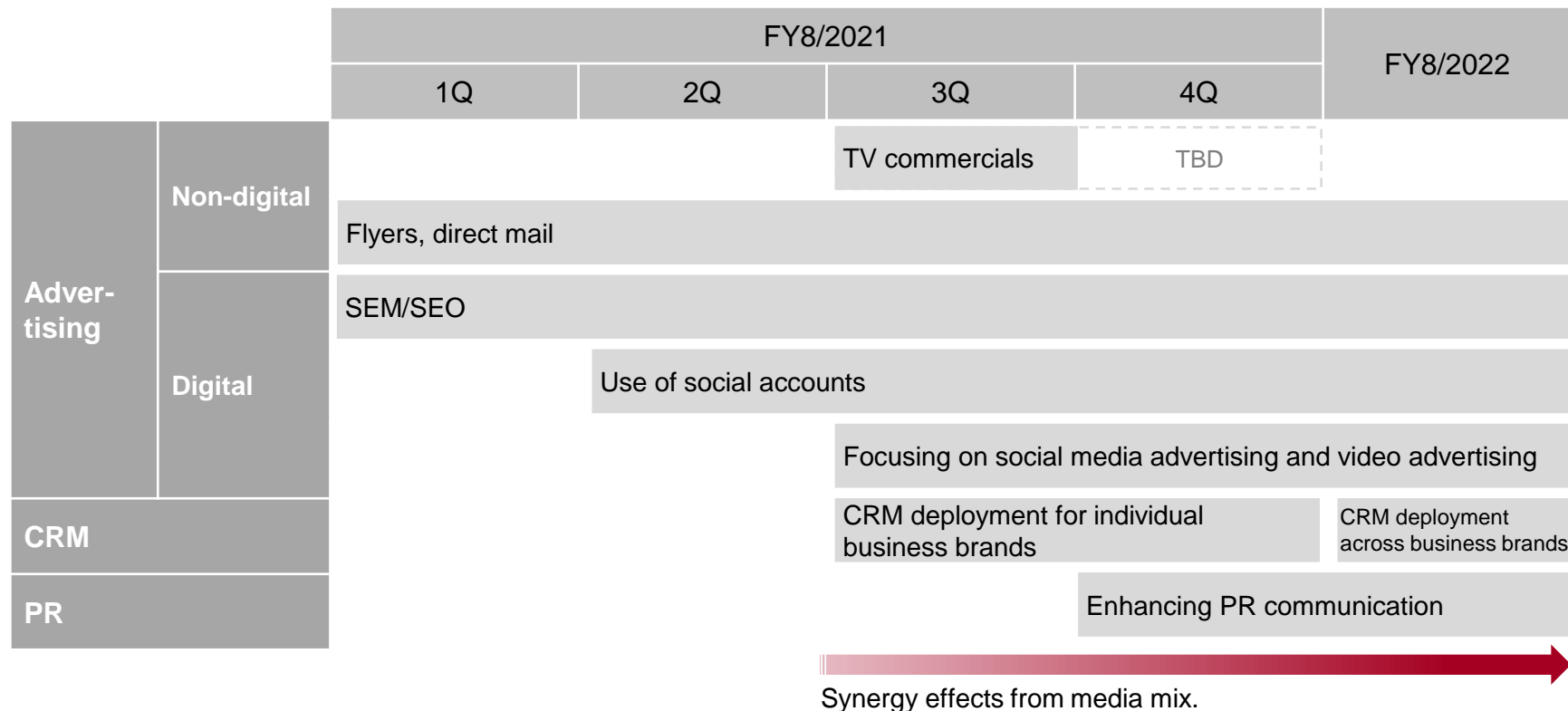
## Communications with the head office

- ✓ Highly experienced concierges benefit from remote support provided by the Shinagawa Office.



# Developing of an Integrated Marketing Strategy

Securing business brand recognition and maximizing LTV.



Note: Subject to change due to the impact of COVID-19.

- 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, 2020*.

Investor Relations Inquiries:

IR Office

Valuence Holdings Inc.

TEL: +81-3-4580-9983 / Mail: [contact@valuence.inc](mailto:contact@valuence.inc)

*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.*

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