

# Financial Results Presentation

## 3Q FY8/2021

July 14, 2021

Valuence Holdings Inc.

(Securities Code: TSE Mothers 9270)

# Valuence

## Contents

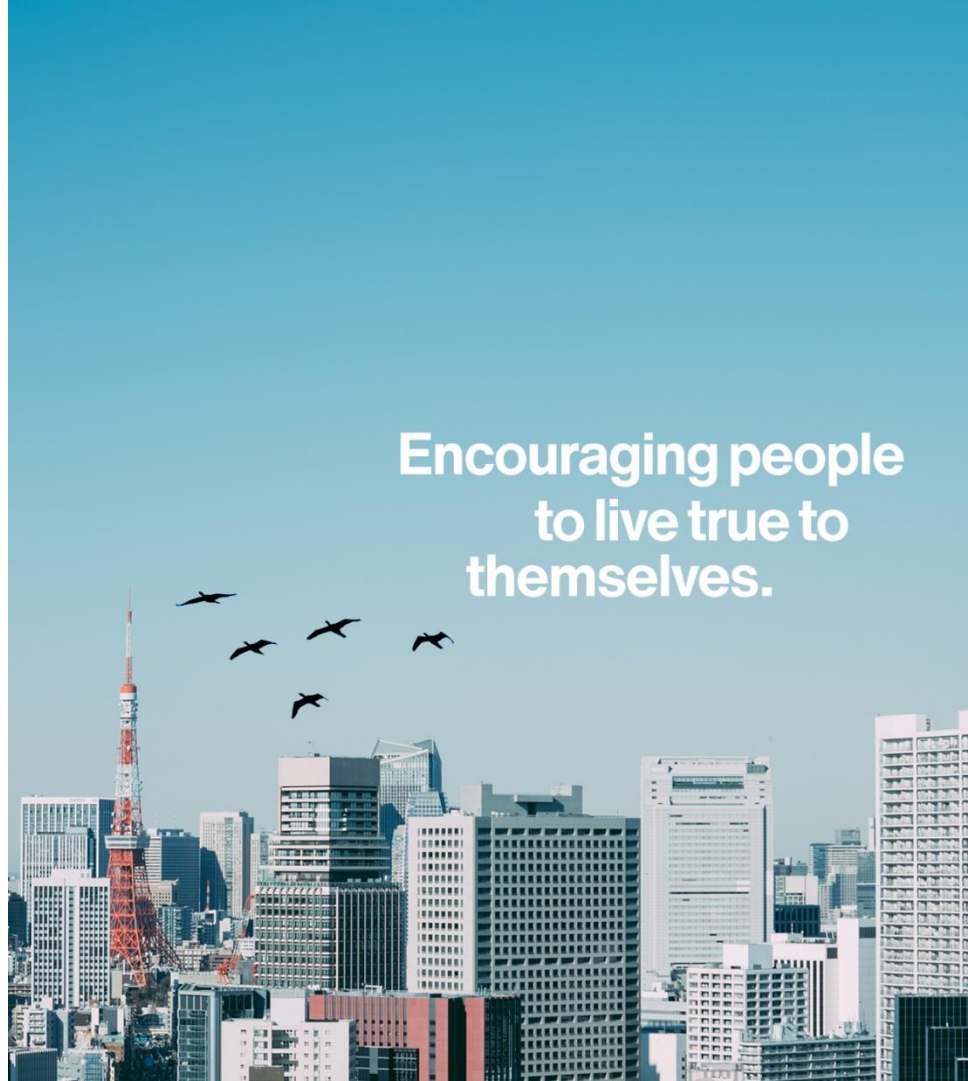
1. Corporate Profile
2. Financial Results
3. Full-year Forecasts
4. Topics for 3Q FY8/2021
5. Initiatives during 4Q and Beyond

Appendix

The Valuence logo is displayed in white text on a black rectangular background. The word "Valuence" is written in a bold, sans-serif font, with the "V" being significantly larger and more prominent than the other letters.

# Corporate Profile

Encouraging people  
to live 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	Dec. 2011
Capital	1,142 million yen (as of May 31, 2021)
Employees	880 (as of May 31, 2021) * Consolidated, full time only
Segments	Luxury brand items, antiques, art, and other reuse businesses
Consolidated subsidiaries	11 (as of May 31, 2021)

\* Operation of HATTRICK sports auctions began Jun 1.

## Group Business and Brands

### Purchasing



### Real estate



### Auctions



### Retail



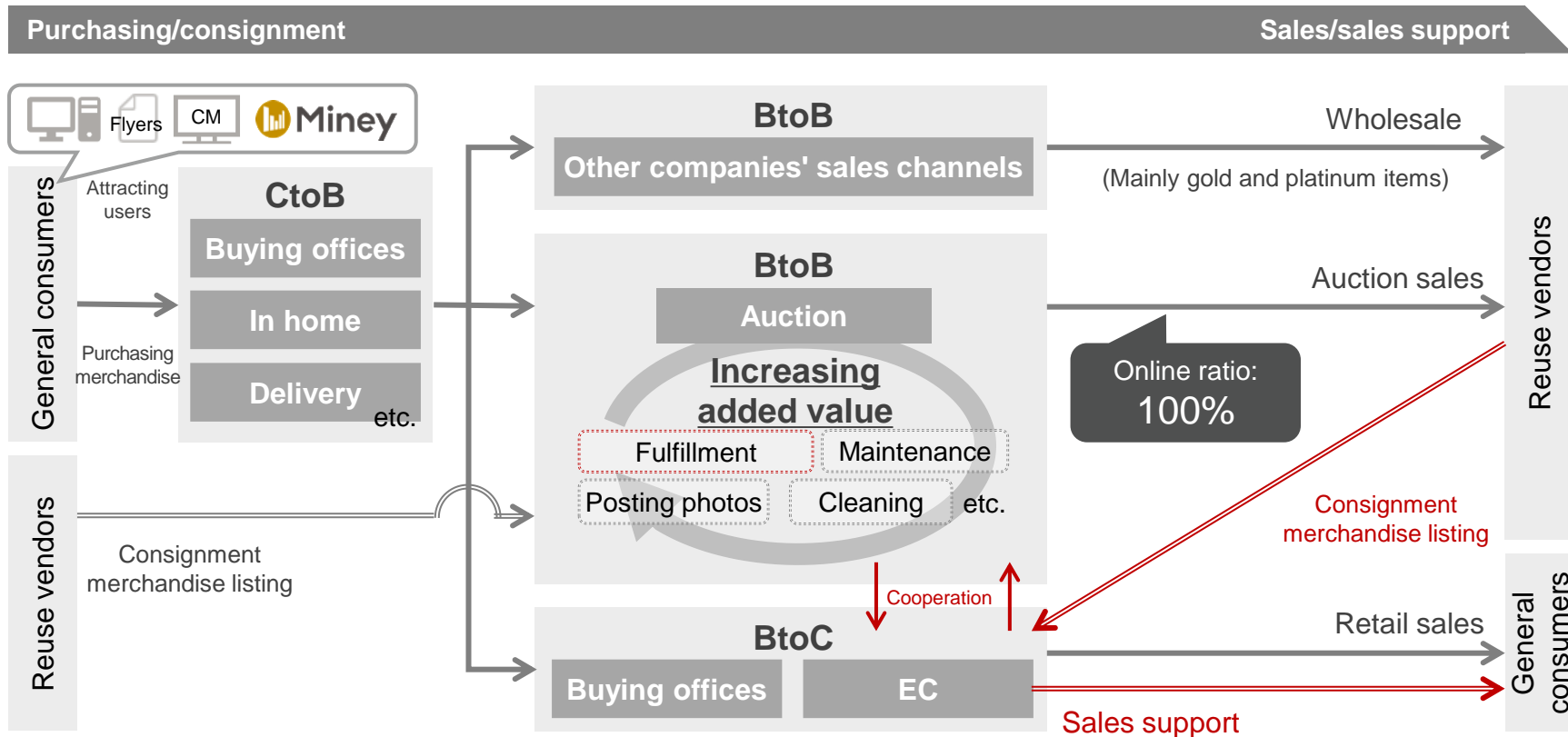
### Apps



# Business Model

Red: Now under preparation

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



# Financial Results



## Summary for 3Q FY8/2021 (Cumulative)

- Growth in main segment of online auctions drove overall sales growth, with net sales up 48% YoY.
- Gross profit margin was back on a recovery trend since the decline in 2Q, up 2 points YoY.
- Operating profit turned from a deficit of ¥0.3 billion in the same period last year to a surplus, expanding to ¥0.4 billion in 3Q FY8/2021.

### GMV

¥38.0 billion  
(+53.3% YoY)

### Net sales

¥37.4 billion  
(+48.2% YoY)

### Gross profit margin

25.9%  
(+2.0 pts. YoY)

### Operating margin

¥0.4 billion  
(-¥0.3 billion in 3Q FY8/2020)

## Topics for 3Q FY8/2021 (Mar - May)

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Purchases	✓	Purchases were affected by temporary office closures and shorter hours due to declaration of state of emergency, but <b>increased 15% QoQ</b> .
	✓	The domestic buying offices increased to <b>126</b> with promoting the opening of new buying offices. Overseas offices grew to <b>14</b> with accelerating overseas expansion.
	✓	TV commercials contributed to improving brand recognition, also an important management issue.
Sales	✓	Achieved <b>record high net sales</b> with growth in auctions despite COVID-19.
	✓	The number of <b>SBA* partners grew steadily to 1,243 companies</b> overall (823 domestic, 420 overseas); 330 companies were added from the end of 2Q FY8/2021.
	✓	Diamond auctions(SBA HK) were held <b>online</b> in Apr.

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

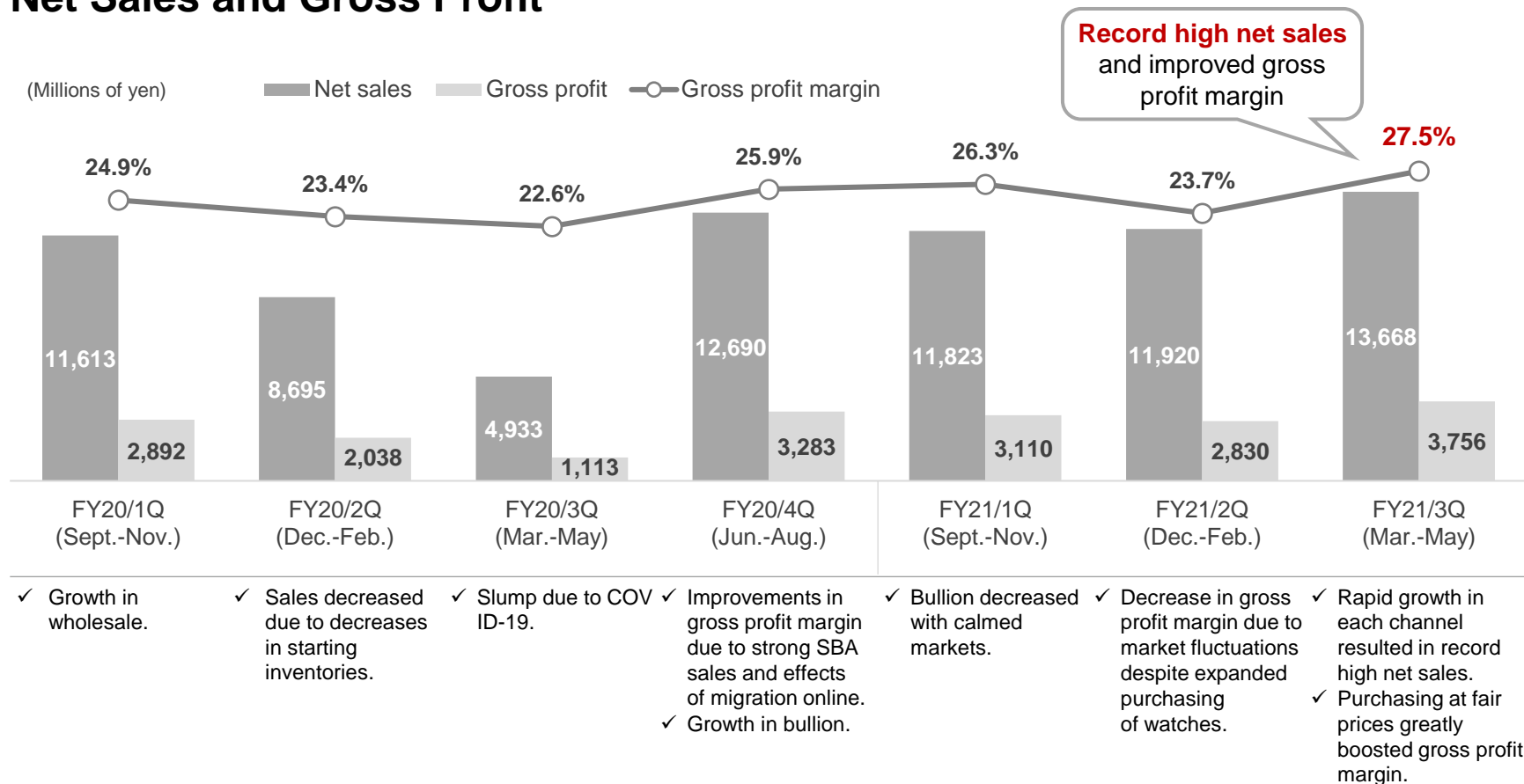
# Financial Results for 3Q FY8/2021

- ✓ Both sales and profit grew despite repeated declarations of state of emergency.
- ✓ Gross profit margin improved thanks to migration of auctions online.

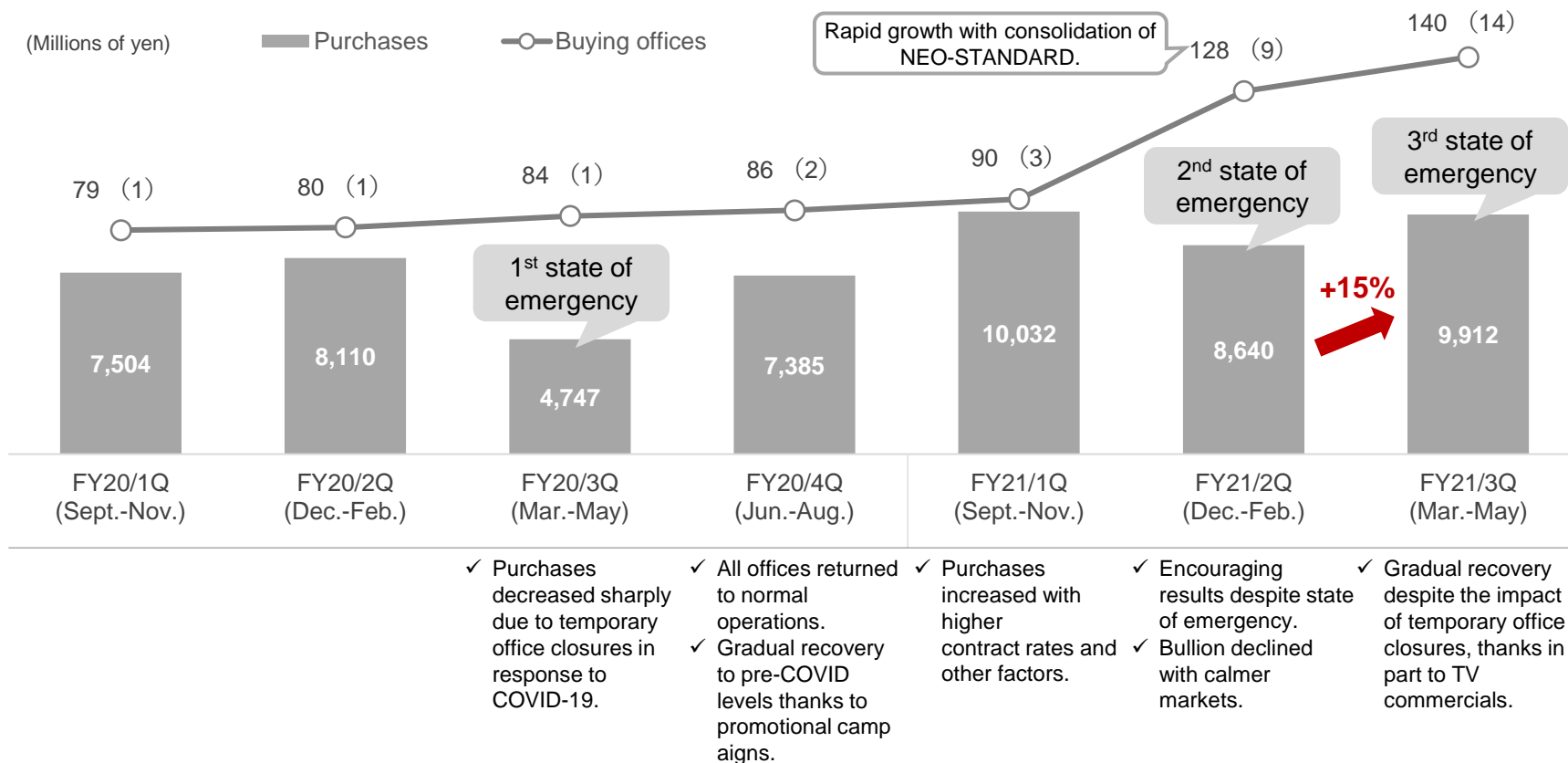
(Millions of yen)

	FY20/3Q (Cumulative)	FY21/3Q (Cumulative)	YoY change
Net sales	25,242	<b>37,412</b>	+48.2%
Gross profit	6,044	<b>9,697</b>	+60.4%
Gross profit margin	23.9%	<b>25.9%</b>	+2.0pts
SG&A	6,359	<b>9,241</b>	+45.3%
Operating profit	(315)	<b>455</b>	-
Ordinary profit	(368)	<b>258</b>	-
Ordinary profit ratio	-	<b>0.7%</b>	-
Profit attributable to owners of parent	(585)	<b>460</b>	-

# Net Sales and Gross Profit



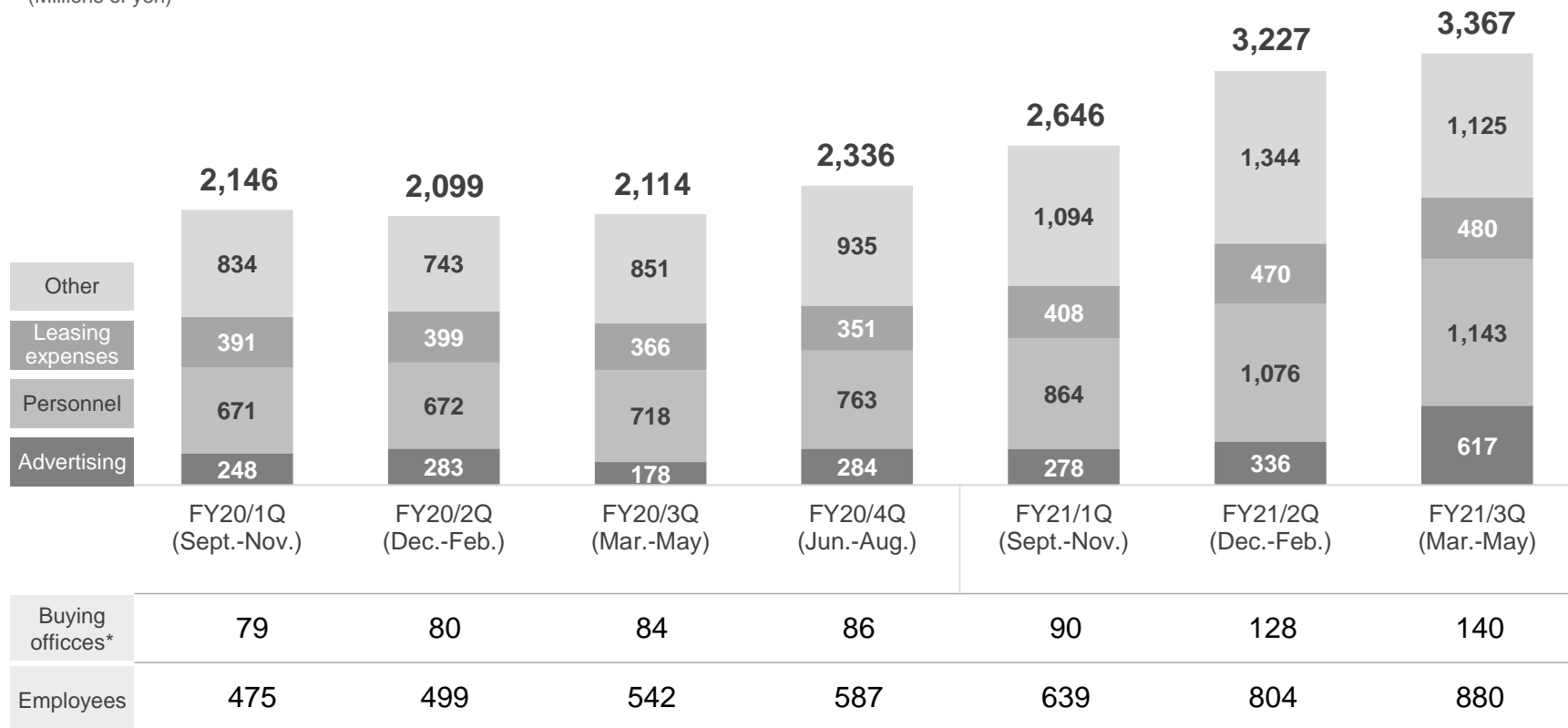
# Purchases and Buying Offices



\* Number of buying offices in parentheses indicate overseas buying offices.

# SG&A Expenses

(Millions of yen)



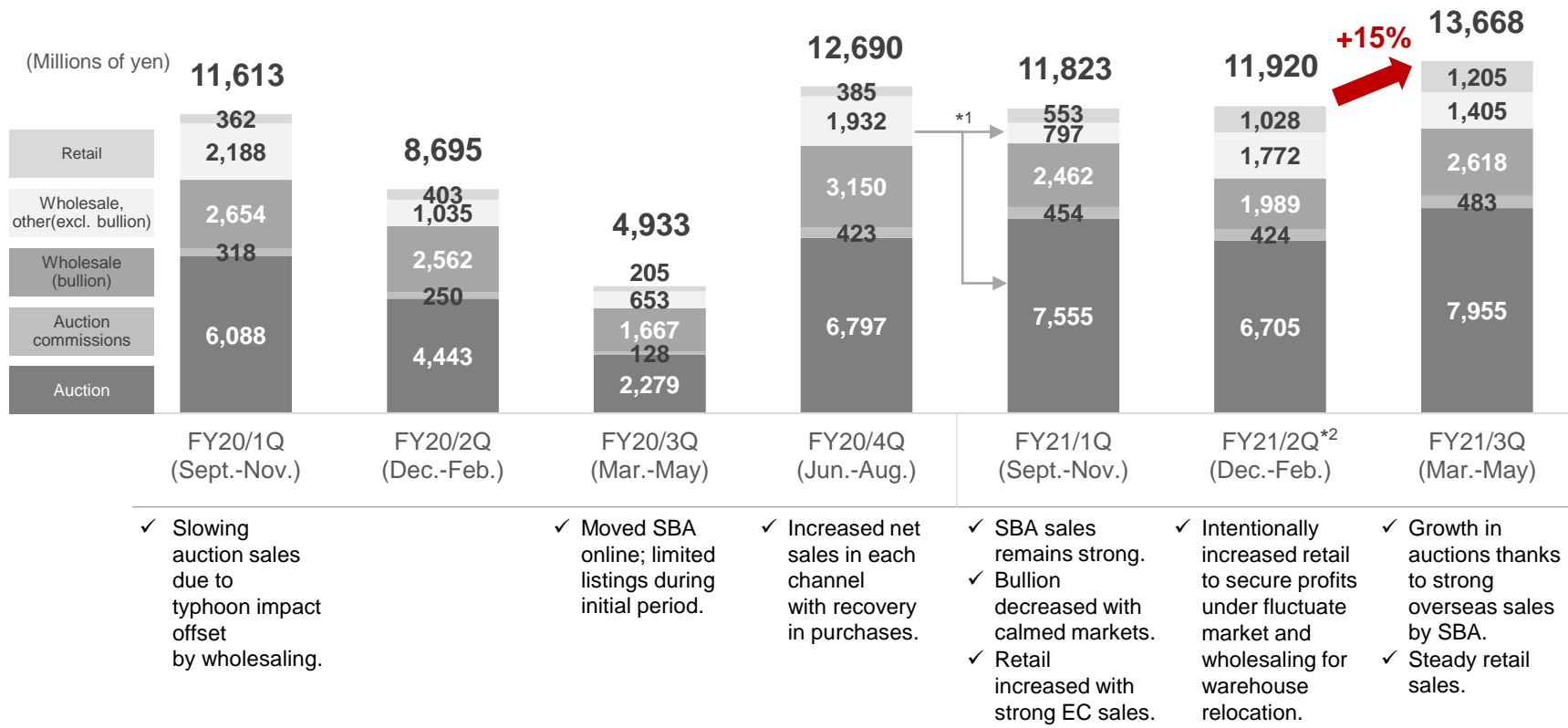
\* Numbers of buying offices include overseas buying offices.

# Balance Sheet

(Millions of yen)

	FY20	FY21/3Q	Difference	
Current assets	11,260	<b>13,817</b>	+ 2,557	
Cash and deposits	6,276	<b>7,361</b>	+ 1,084	Increase in cash on hand to secure working capital and purchase funds.
Merchandise	4,011	<b>4,970</b>	+ 959	
Other	972	<b>1,485</b>	+ 512	Steadily increase in inventory, which had been down at the end of the previous fiscal year due to strong sales.
Non-current assets	4,118	<b>5,172</b>	+ 1,053	
Total assets	15,378	<b>18,989</b>	+ 3,610	Increase in buildings and structures (net) with addition of buying offices, along with relocated warehouse, and an increase in deferred tax assets.
Liabilities	8,642	<b>11,875</b>	+ 3,232	
Interest-bearing debt	6,956	<b>9,549</b>	+ 2,592	Increase in short-term loans payable to secure funds for purchasing and business growth.
Other	1,686	<b>2,325</b>	+ 639	
Net assets	6,735	<b>7,114</b>	+ 378	Due to increase in retained earnings, etc.
Total liabilities and net assets	15,378	<b>18,989</b>	+ 3,610	

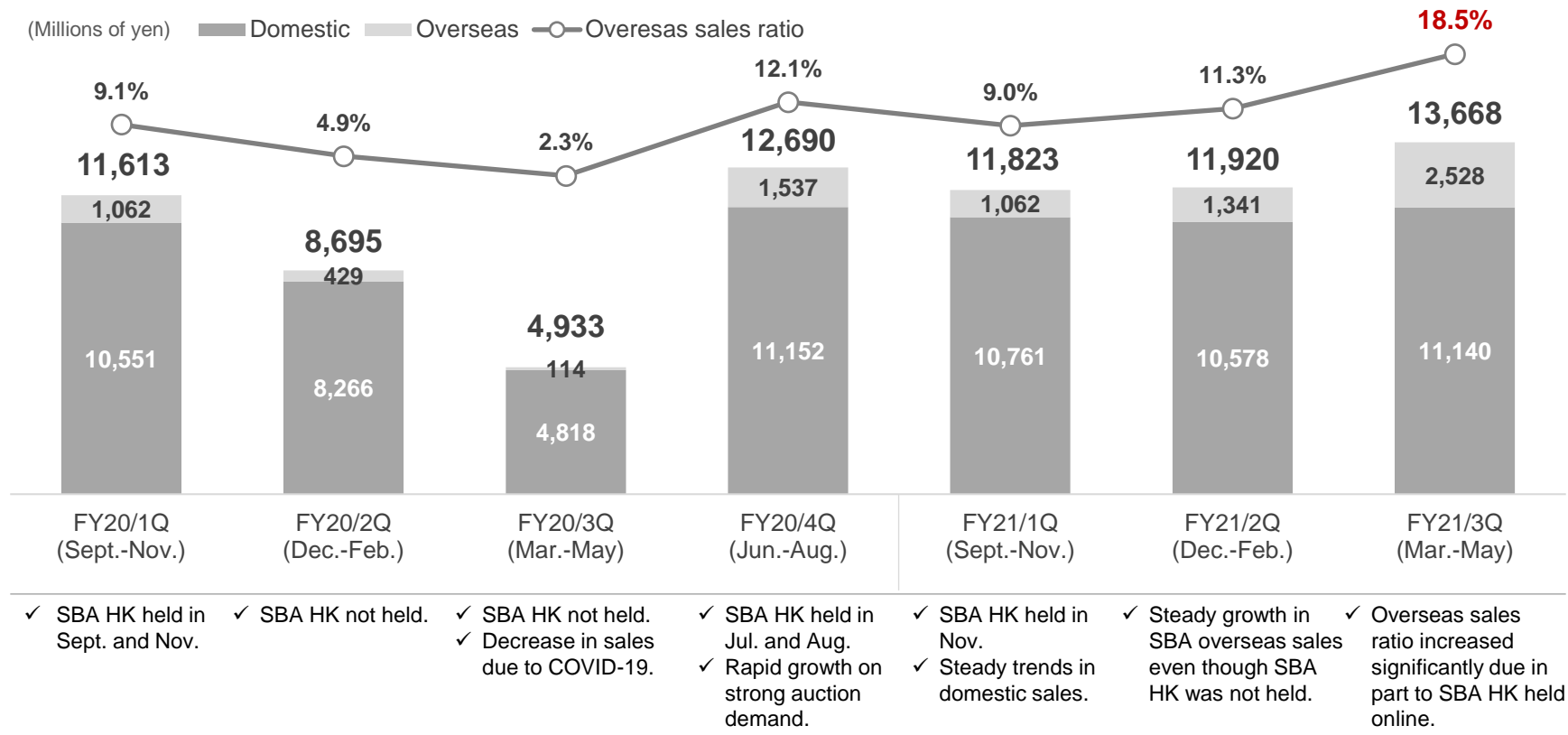
# [Net Sales] Channel (to B, to C)



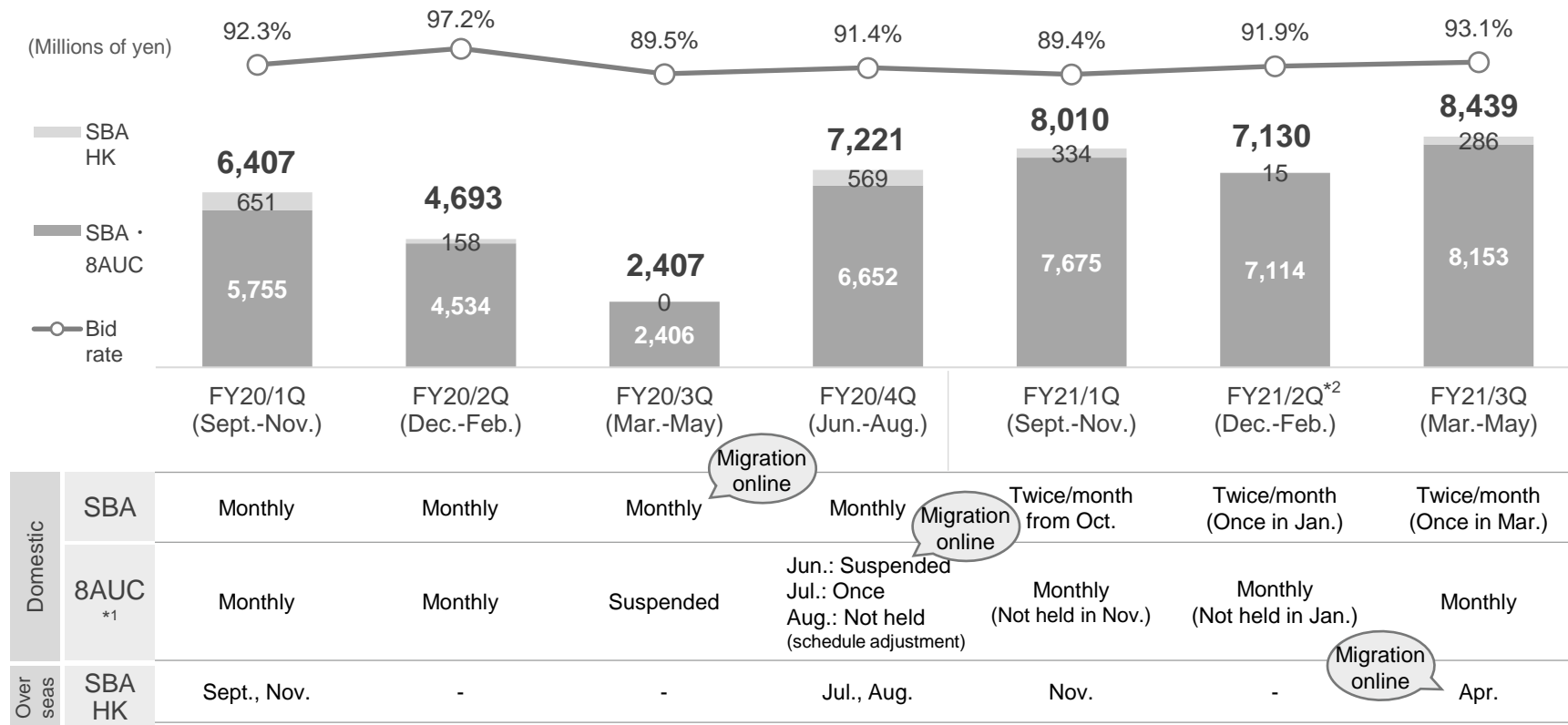
\*1 SBA sales to overseas partners included under "Wholesale, other (excl. bullion)" move to "Auction" since FY21/1Q.

\*2 Net sales for FY21/2Q differ from the figure provided in financial results announced on Apr. 14, 2021. Because 571 million yen in net sales at NEO-STANDARD Co., Ltd. that were included in "Retail" has been allocated to "Auction", "Wholesale (bullion)", and "Wholesale, other (excl. bullion)", in the amounts of 103 million yen, 220 million yen, and 247 million yen, respectively.

# [Net Sales] Channel (Domestic, Overseas)



# [Net Sales] Auctions Results

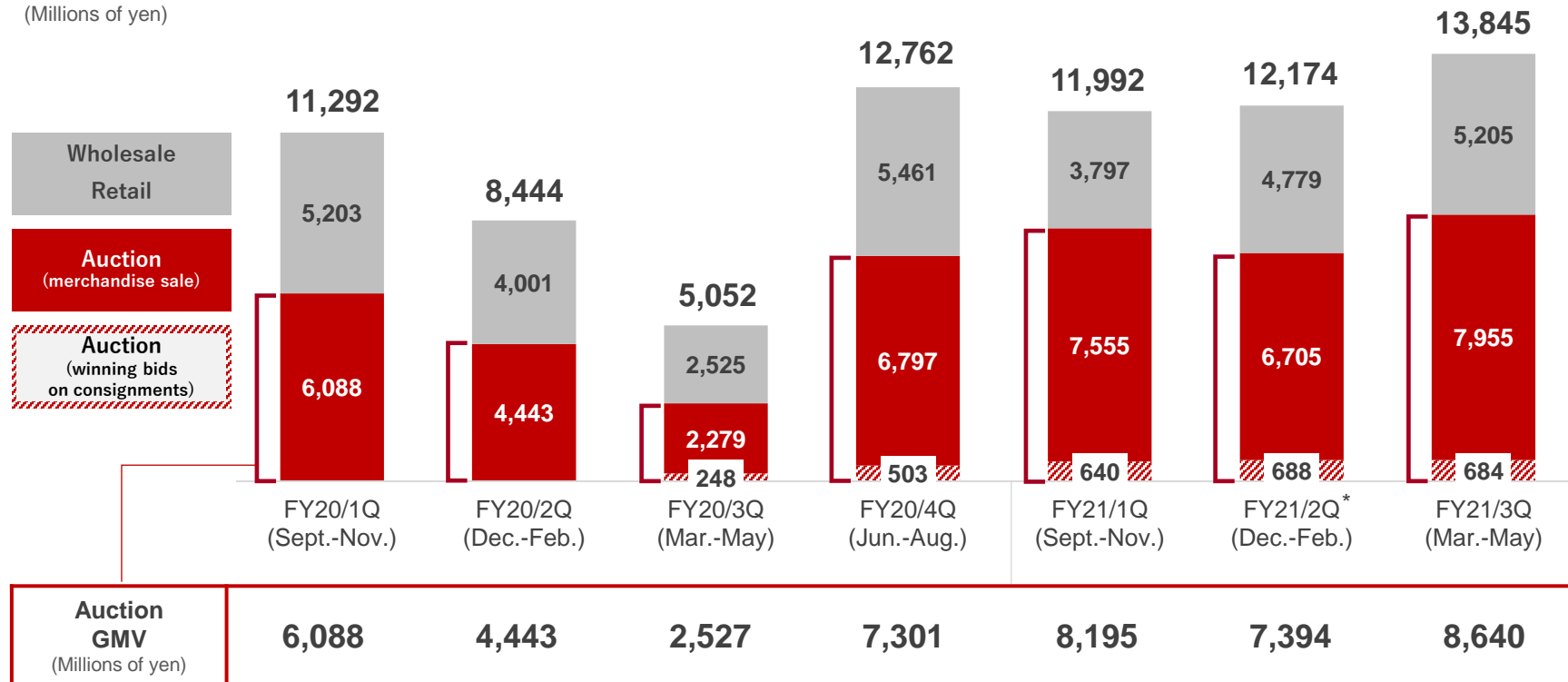


\*1 8AUC: THE EIGHT AUCTION (the same hereinafter)

\*2 Net sales for FY21/2Q differ from the figure provided in financial results announced on Apr. 14, 2021. Because 571 million yen in net sales at NEO-STANDARD Co., Ltd. that were included in "Retail" has been allocated to "Auction", "Wholesale (bullion)", and "Wholesale, other (excl. bullion)", in the amounts of 103 million yen, 220 million yen, and 247 million yen, respectively.

# [GMV] GMV Trends

(Millions of yen)



\* Net sales for FY21/2Q differ from the figure provided in financial results announced on Apr. 14, 2021. Because 571 million yen in net sales at NEO-STANDARD Co., Ltd. that were included in "Retail" has been allocated to "Auction", "Wholesale (bullion)", and "Wholesale, other (excl. bullion)", in the amounts of 103 million yen, 220 million yen, and 247 million yen, respectively.

# Full-year Forecasts



## 3Q FY8/2021 (Cumulative) Progress

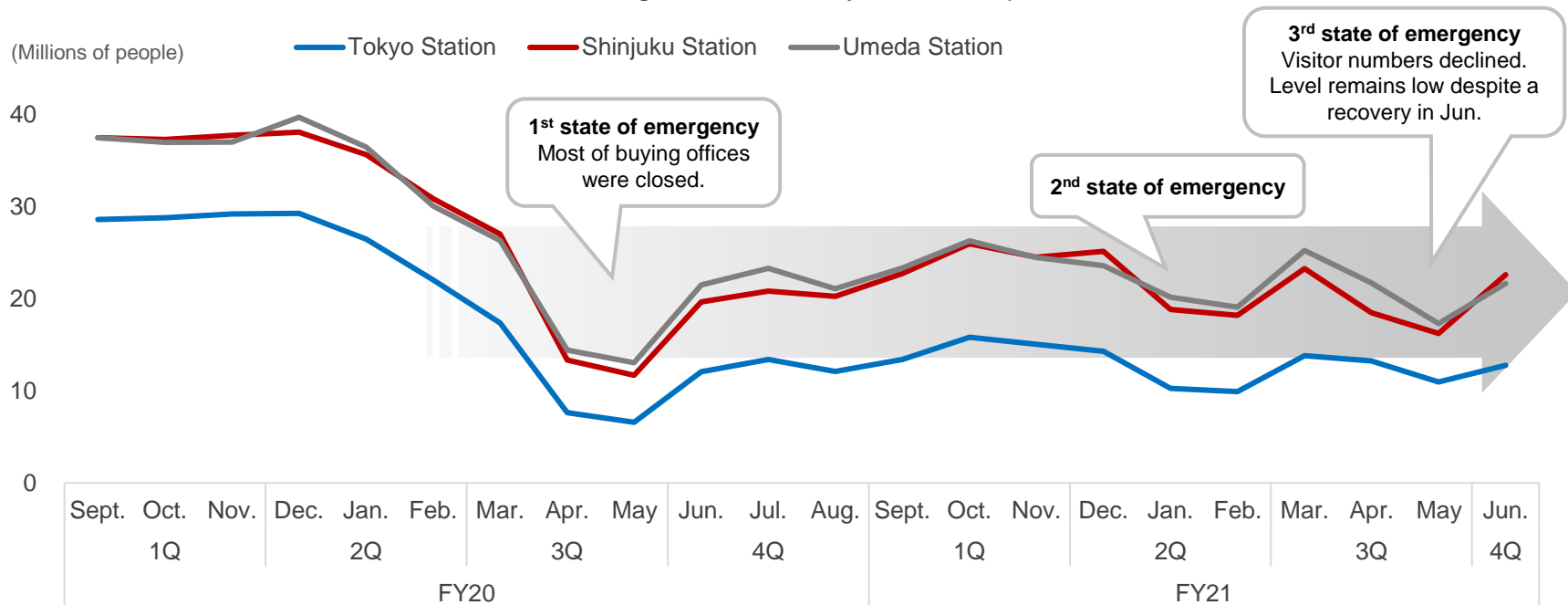
- ✓ Despite significant recovery in business results during 3Q, purchases did not reach the expected level due to the state of emergency. Hence the sales and profit fell below the initial plan.

(Millions of yen)

	FY21/3Q Results (Cumulative)	FY8/2021 Initial Plan	Progress
Net sales	37,412	<b>58,000</b>	64.5%
Gross profit	9,697	<b>15,300</b>	63.4%
Gross profit margin	25.9%	<b>26.4%</b>	-
SG&A	9,241	<b>12,800</b>	72.2%
Operating profit	455	<b>2,500</b>	18.2%
Ordinary profit	258	<b>2,450</b>	10.5%
Ordinary profit ratio	0.7%	<b>4.2%</b>	-
Profit attribute to owners of parent	460	<b>1,500</b>	30.7%

## [Reference] Visitor Trends

- ✓ Visitor flows at major railway stations declined due to the declaration of the 3<sup>rd</sup> state of emergency.
- ✓ Even if the visitor flows have shown recovering from Jun., not yet to reach pre-COVID levels.



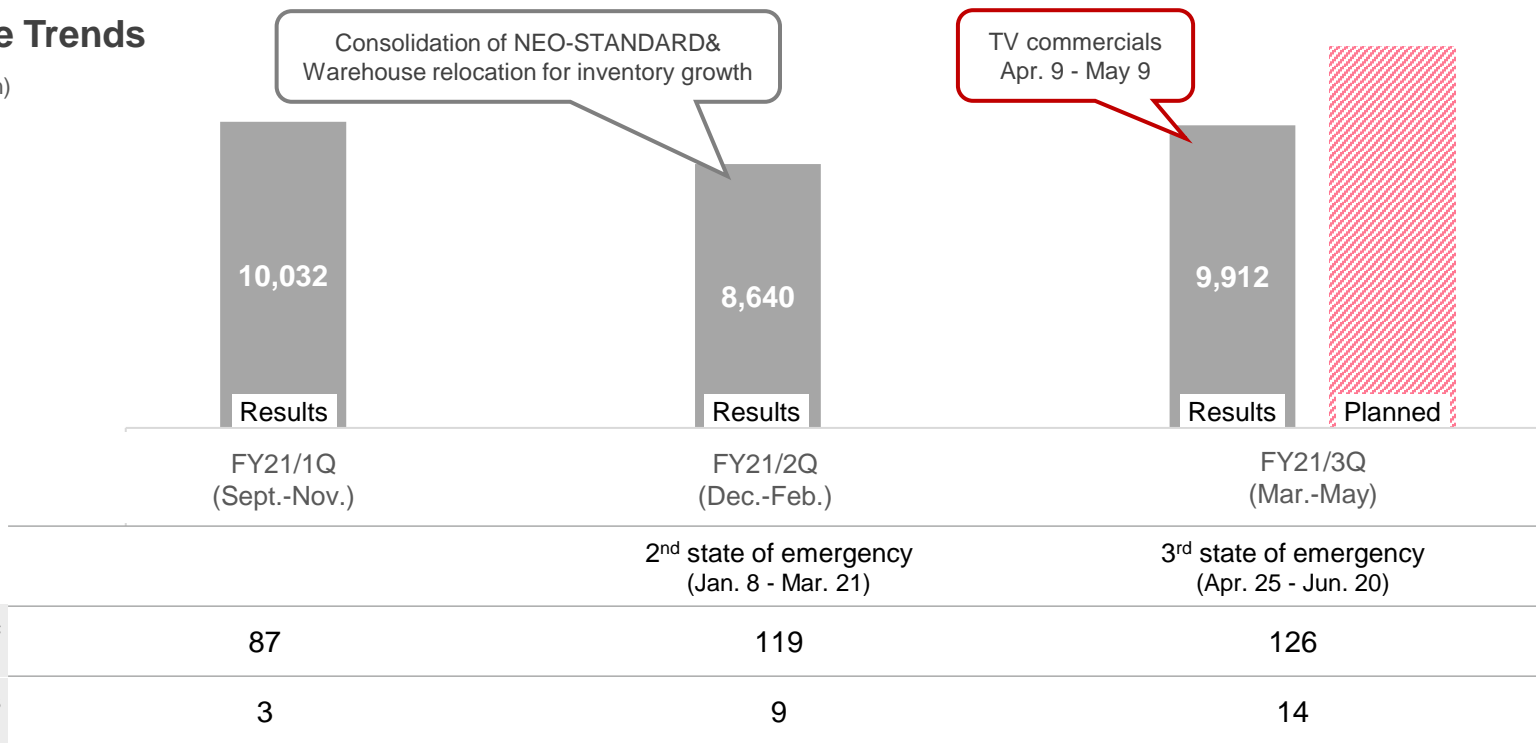
\* Visitor numbers are estimated using AI-processed big data to ascertain changes in visitor flows.  
(Data source: X-Locations Inc.)

# Purchase Results and Initial Plan

- ✓ Purchases fell below than initial plan due to effects of reduced visitor flows and temporary office closures following declaration of state of emergency.

## Purchase Trends

(Millions of yen)



\* Up to 19 offices were temporarily closed due to the declaration of 3<sup>rd</sup> state of emergency.

# Revisions of Full-year Financial Results Forecast and Dividends Forecast

- ✓ Full-year consolidated earnings forecast has been revised downward based on business performance.
- ✓ Revised year-end dividends forecast to ¥25/share (initial forecast: ¥35/share).

(Millions of yen)

Revision of Full-year Financial Results Forecast	Net Sales	Operating Profit	Ordinary Profit	Profit Attribute to Owners of Parent
<b>FY8/2021 Initial Plan(A)</b>	58,000	2,500	2,450	1,500
<b>Revised FY8/2021 Plan(B)</b>	52,700	1,000	800	750
<b>Change from Initial Plan(B)-(A)</b>	(5,300)	(1,500)	(1,650)	(750)
<b>Change Rate(%)</b>	(9.1%)	(60.0%)	(67.3%)	(50.0%)

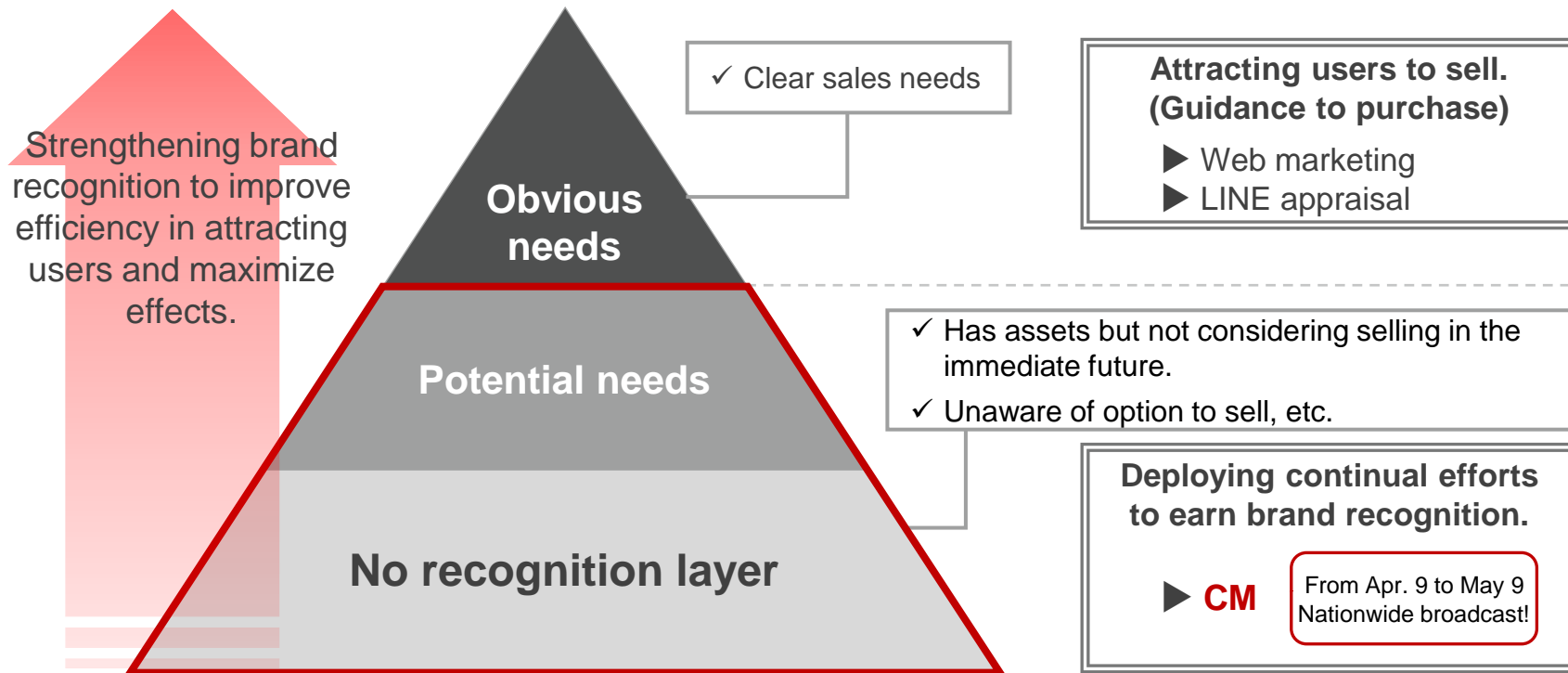
Revision of Dividend Forecast	Annual Dividends		
	End of First Half	Year-end	Total
<b>Previous Forecast</b> (Oct. 15, 2020)	—	35.00 yen	35.00 yen
<b>Revised Forecast</b>	—	25.00 yen	25.00 yen

# Topics for 3Q FY8/2021



# Deployment of Integrated Marketing Strategies

- ✓ Deploying full scale approach including mass marketing.



# Increasing Brand Recognition Through Mass Advertising

- ✓ TV commercials aired to increase brand recognition. (Broadcast period: Apr. 9 - May 9)

Brand Recognition Up<sup>\*1</sup>

5.8%→**11.3%**

No. of Search by Name

Searches including *Nanboya*

**45% Up**

No. of Buying Office CV<sup>\*2</sup>

**32% Up**



<sup>\*1</sup> Brand recognition was surveyed by D&M, Inc via cross marketing's survey monitoring services before and after TV commercials. (subjects: 7,000 males and females aged 20-69 across Japan)

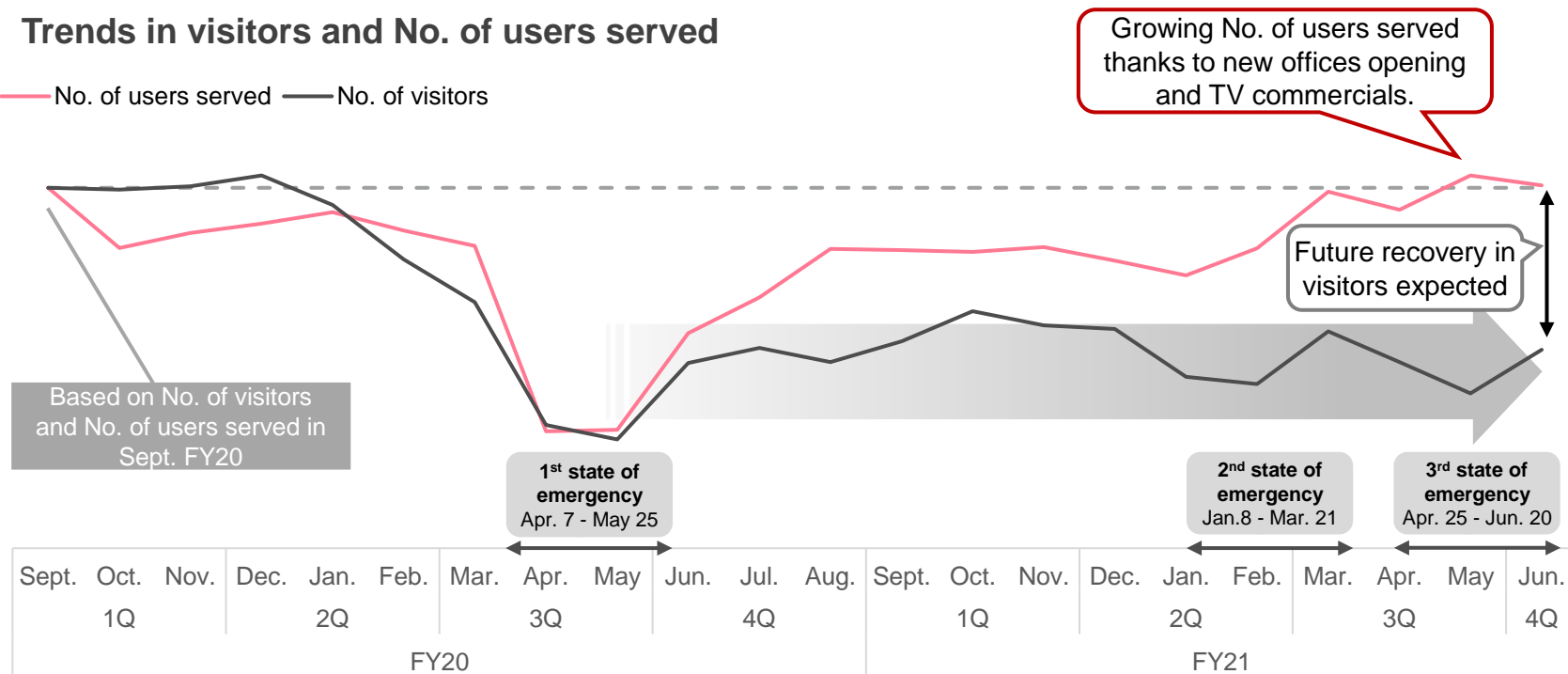
<sup>\*2</sup> No. of visitors accessing detailed information webpage of buying offices through searches including *Nanboya*.

# Attracting More Users Through Marketing Measures During COVID-19

- ✓ Despite fewer visitors,<sup>\*1</sup> No. of user served<sup>\*2</sup> returned to pre-COVID level.

## Trends in visitors and No. of users served

— No. of users served — No. of visitors

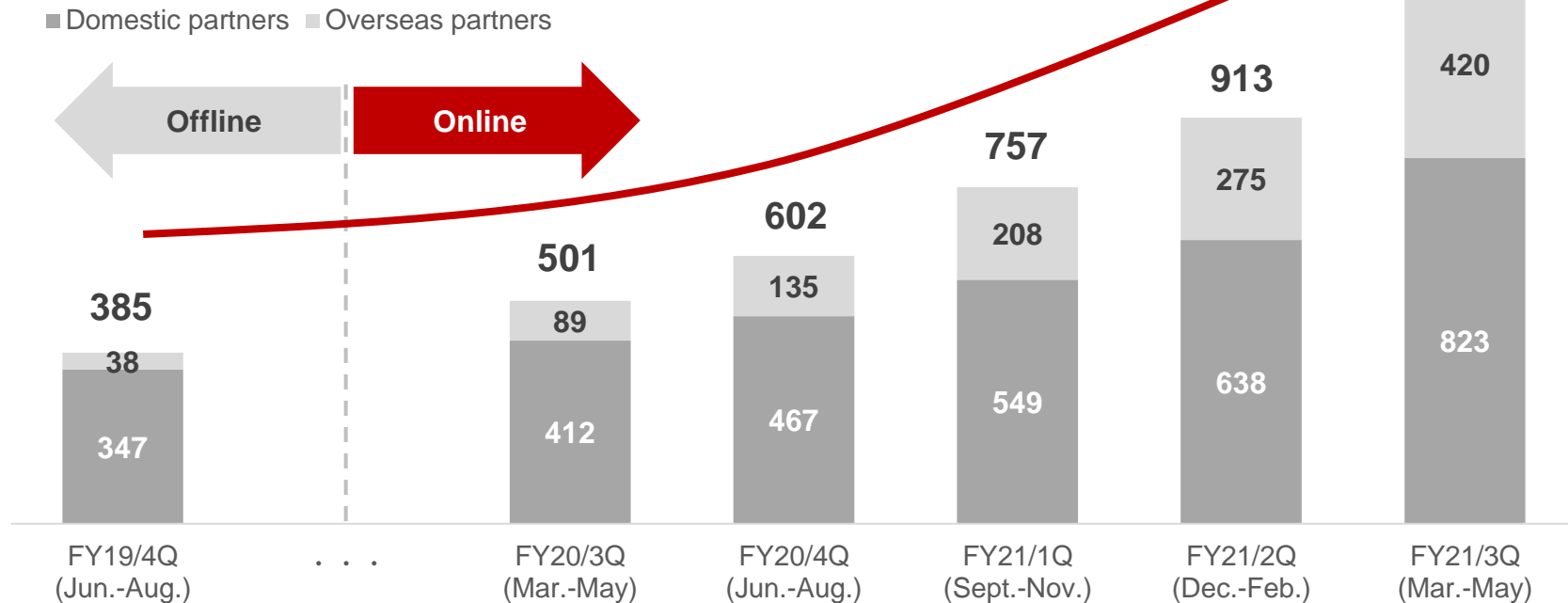


<sup>\*1</sup> Visitor numbers are estimated using AI-processed big data to ascertain changes in visitor flows, above figures are the sum of visitors from Tokyo Station, Shinjuku Station and Umeda Station. (Data source: X-Locations Inc.)

<sup>\*2</sup> Users served shown are for Nanboya and BRAND CONCIER.

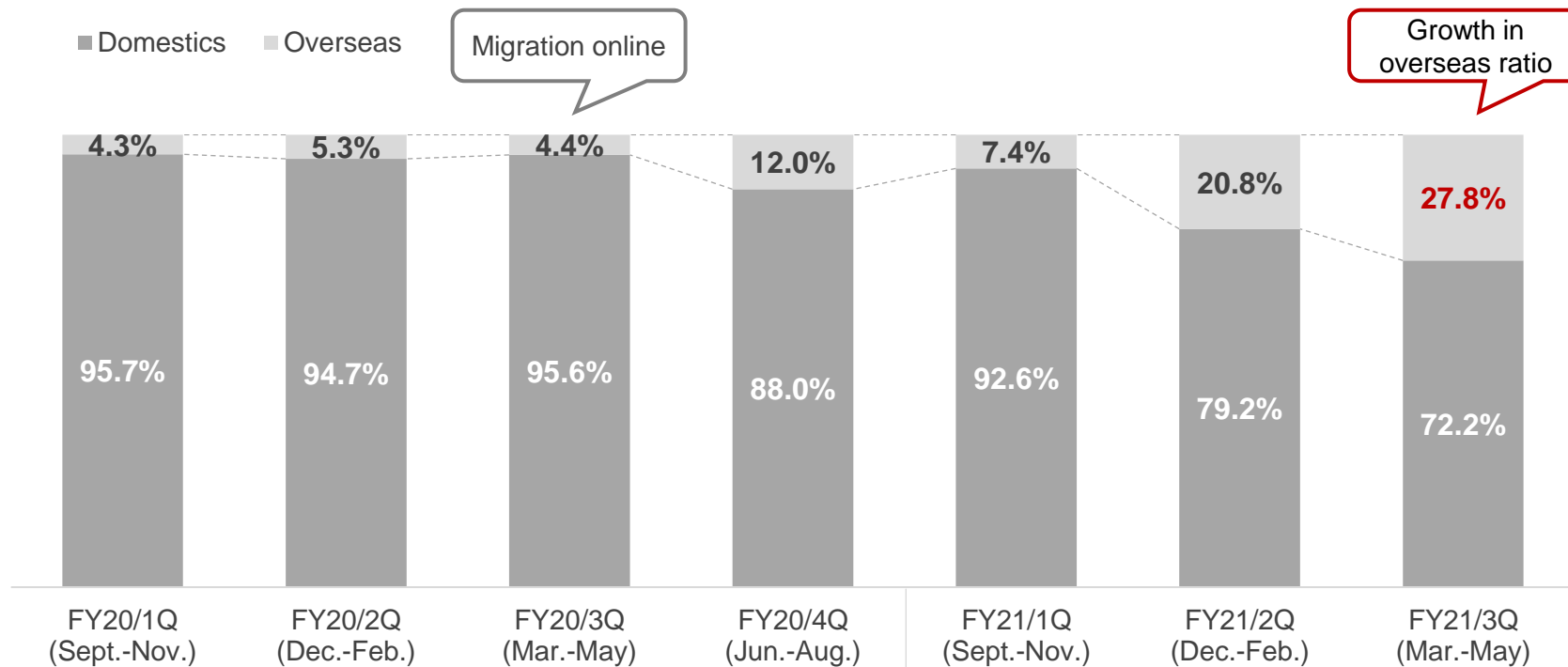
# Strong Growth in No. of SBA Partners

- ✓ Migration online facilitates participation in auctions.
- ✓ No. of **overseas partners** has increased **4 times more** than the same period last year.



## [Reference] Domestic/ Overseas Ratio of SBA Winning Bids

- ✓ Rapidly growing overseas ratio thanks to increase in No. of SBA partners.



# Stabilization of Auction Schedules

- ✓ With the launch of SBA HK online in Apr., auction online ratio becomes 100%.
- ✓ Expected to hold auctions stably after Jun.

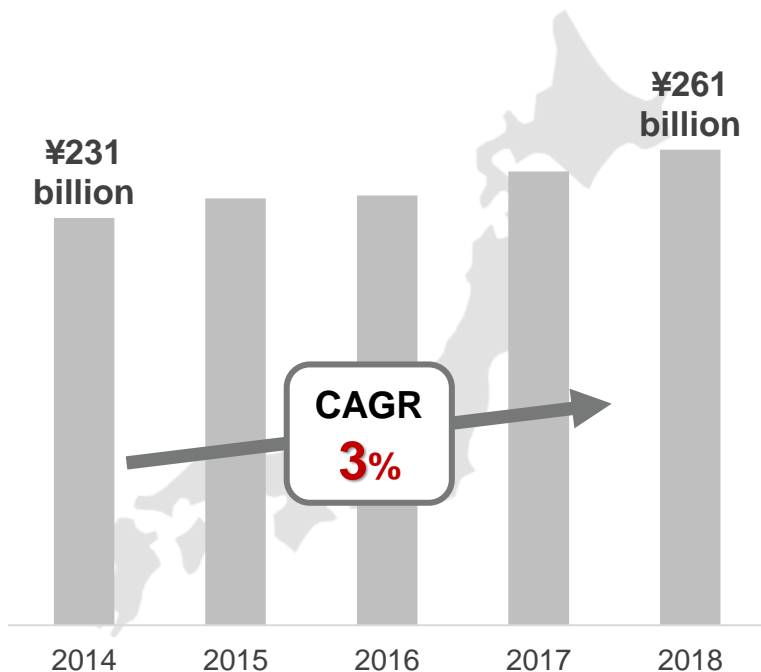
											Planned		
		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
Held domestic	SBA	Once	Twice	Twice	Twice	Once <sup>*1</sup>	Twice	Once <sup>*2</sup>	Twice	Twice	Twice	Twice	Twice
	8AUC	Once	Once	—	Once	— <sup>*1</sup>	Once	Once	Once	Once	Once	Once	Once
Held overseas	SBA HK			Once			Migration online		Once		Once		Once

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

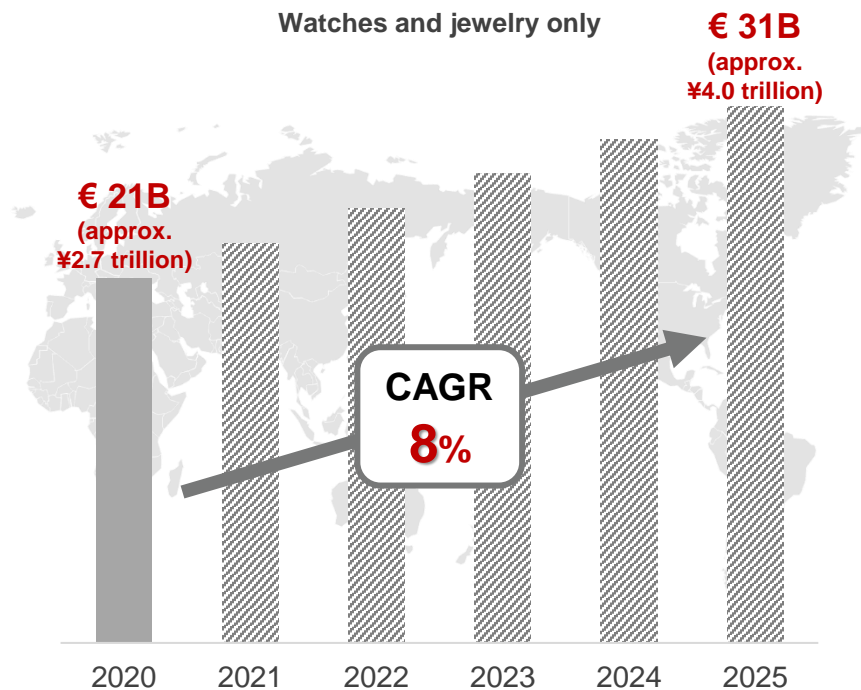
\*2 SBA held once due to the warehouse relocation.

# Trends in Luxury Items Reuse Market

## Results from Japanese market \*1



## Projection for overseas market \*2

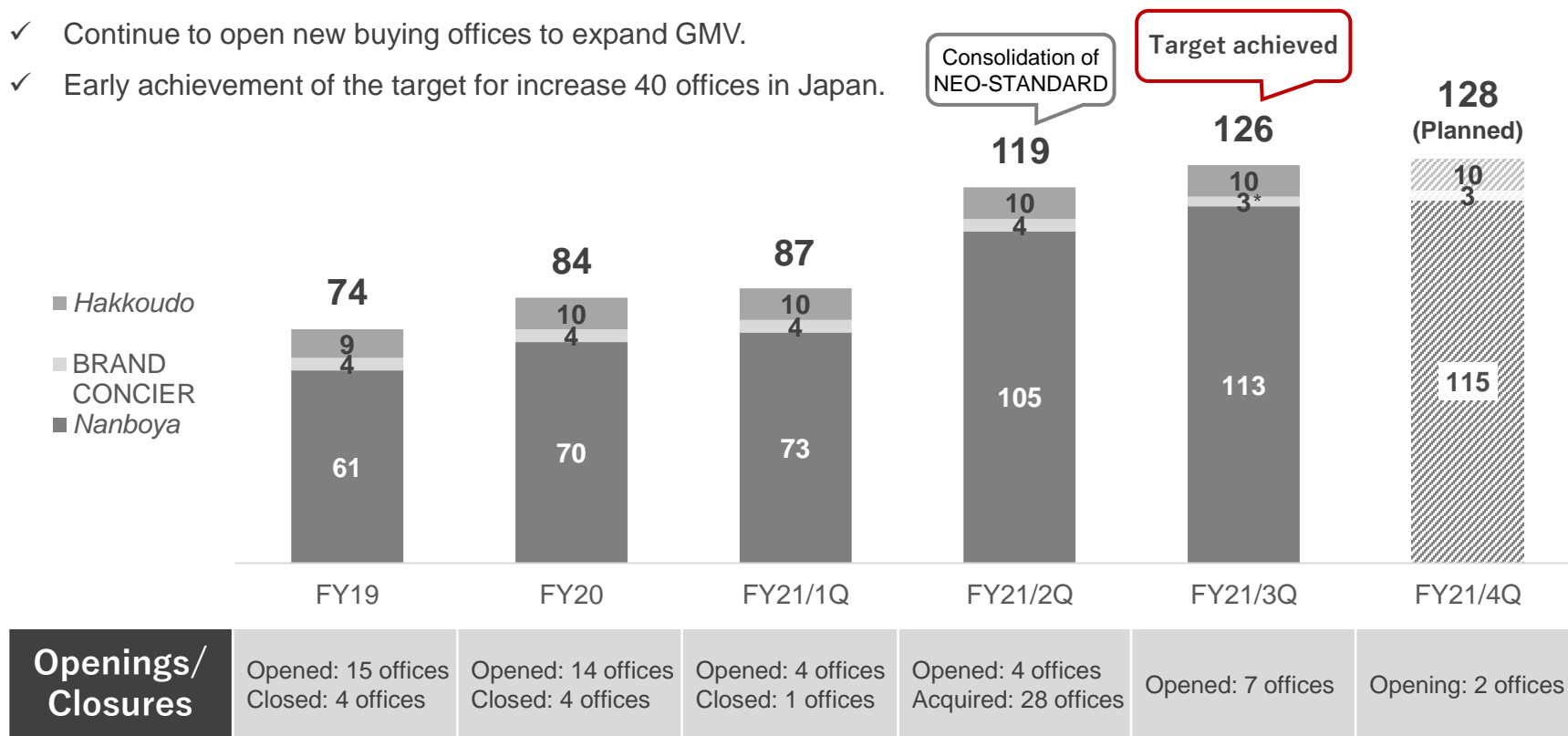


\*1 Prepared by Valence Holdings Inc. based on *Reuse Market Databook 2020*.

\*2 Prepared by Valence Holdings Inc. based on the Boston Consulting Group, "The Secondhand Opportunity in Hard Luxury".

# Domestic Office Development

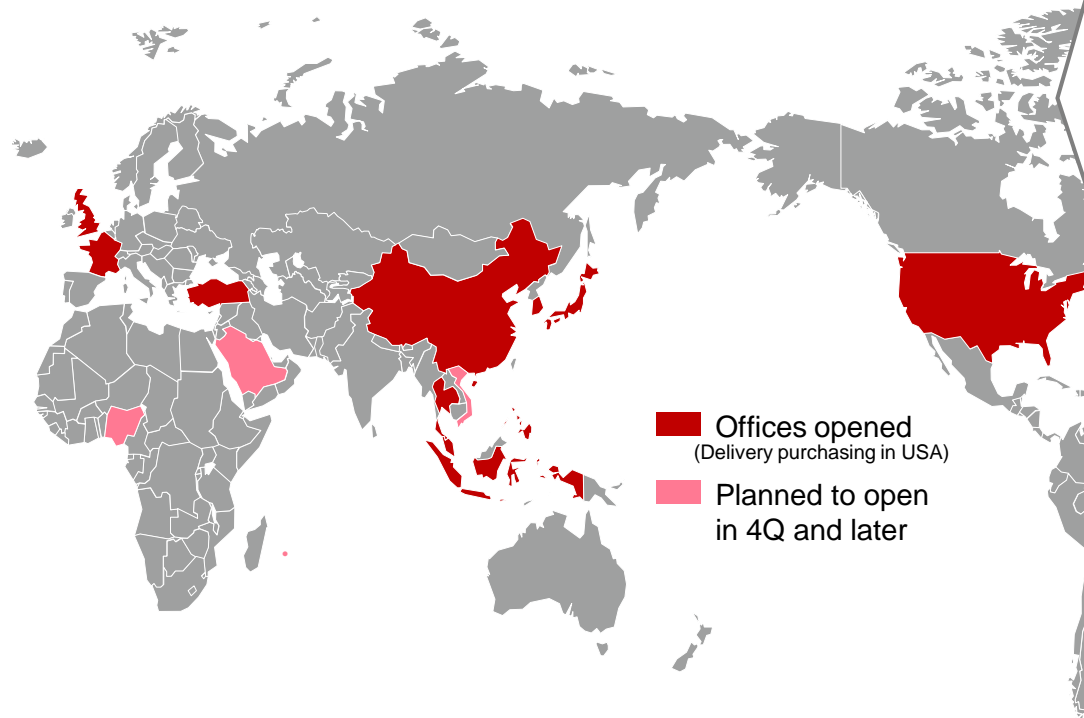
- ✓ Continue to open new buying offices to expand GMV.
- ✓ Early achievement of the target for increase 40 offices in Japan.



\* In FY21/3Q, one BRAND CONCIER office was rebranded into *Nanboya* office.

# Promoting Overseas Expansion

- ✓ Accelerating office opening overseas through joint efforts with partners.

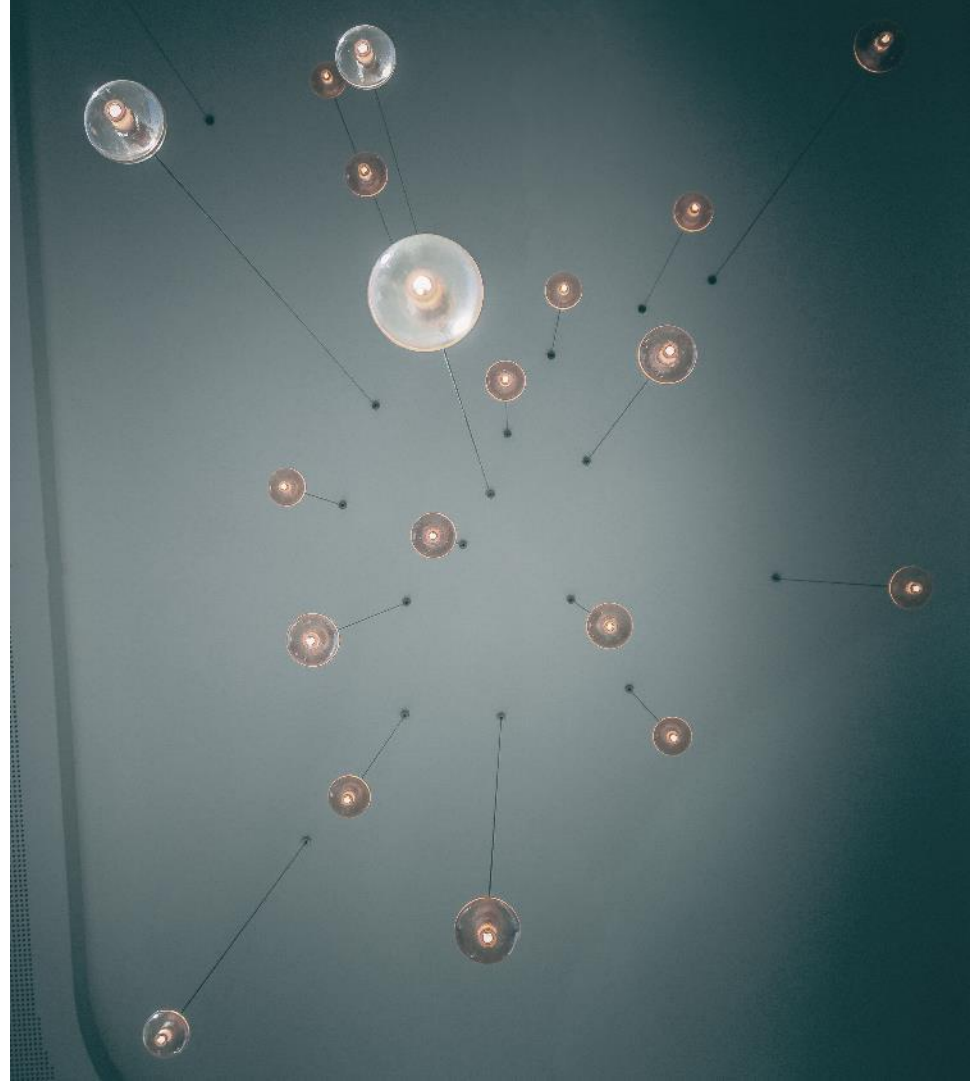


Oversea buying offices  
End of 3Q:14 offices in 10 countries

	Directly operated (End of 3Q : 6 offices)	Partner offices (End of 3Q: 8 offices)
1Q	<u>1 office</u> Singapore	
2Q	<u>2 offices</u> HK 2 <sup>nd</sup> office France <u>Delivery</u> USA	<u>4 offices</u> Indonesia 2 <sup>nd</sup> office Malaysia Philippines Thailand
3Q	<u>2 offices</u> Singapore 2 <sup>nd</sup> office UK	<u>3 offices</u> Indonesia 3 <sup>rd</sup> office South Korea Turkey

	Directly operated (1 office planned)	Partner offices (5 offices planned)
4Q and later	France 2 <sup>nd</sup> office	Mauritius Nigeria Saudi Arabia Vietnam etc.

# Initiatives during 4Q and Beyond



# New Initiatives

## Start of sports auctions HATTRICK

- ✓ Acquired the business of sports auction HATTRICK from Dual Career company.
- ✓ Hosts official auctions for athletes and sport-organizations with listing items such as uniforms, etc.
- ✓ Operates as a platform connecting athletes and sport-organizations with fans and generates revenue from listing fees and winning bids fees.

**HATTRICK**



©GAMBA OSAKA

## Investment in Nankatsu SC

- ✓ Resolved the acquisition(investment) of common stock in response to a third-party allotment implemented by Nankatsu SC Co., Ltd.
- ✓ Utilizing the high recognition and global influence of *Captain Tsubasa* to promote purchasing and develop auction partners.
- ✓ Contributing to community development and cultural formation through sports.

**Valuence**



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# ESG Concepts

E

Environment

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S

Society

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G

Governance

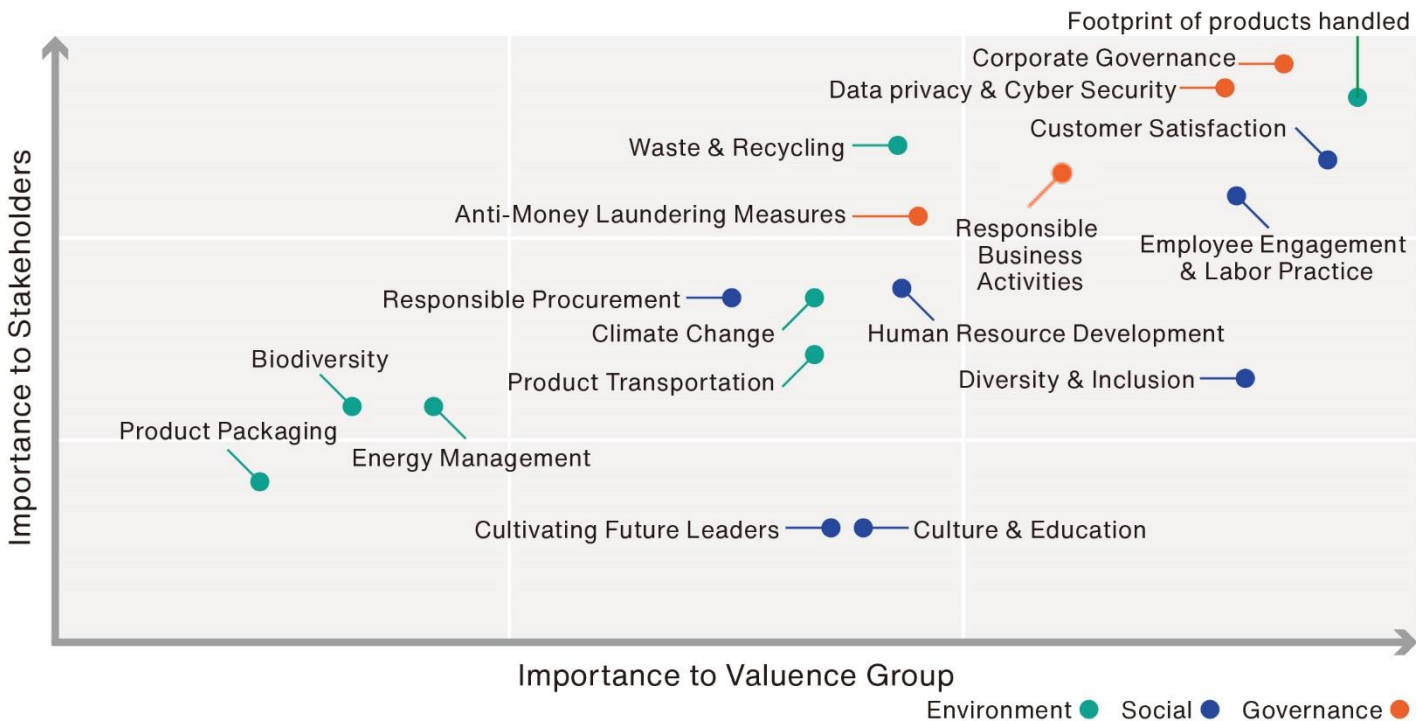
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## Basic Policy

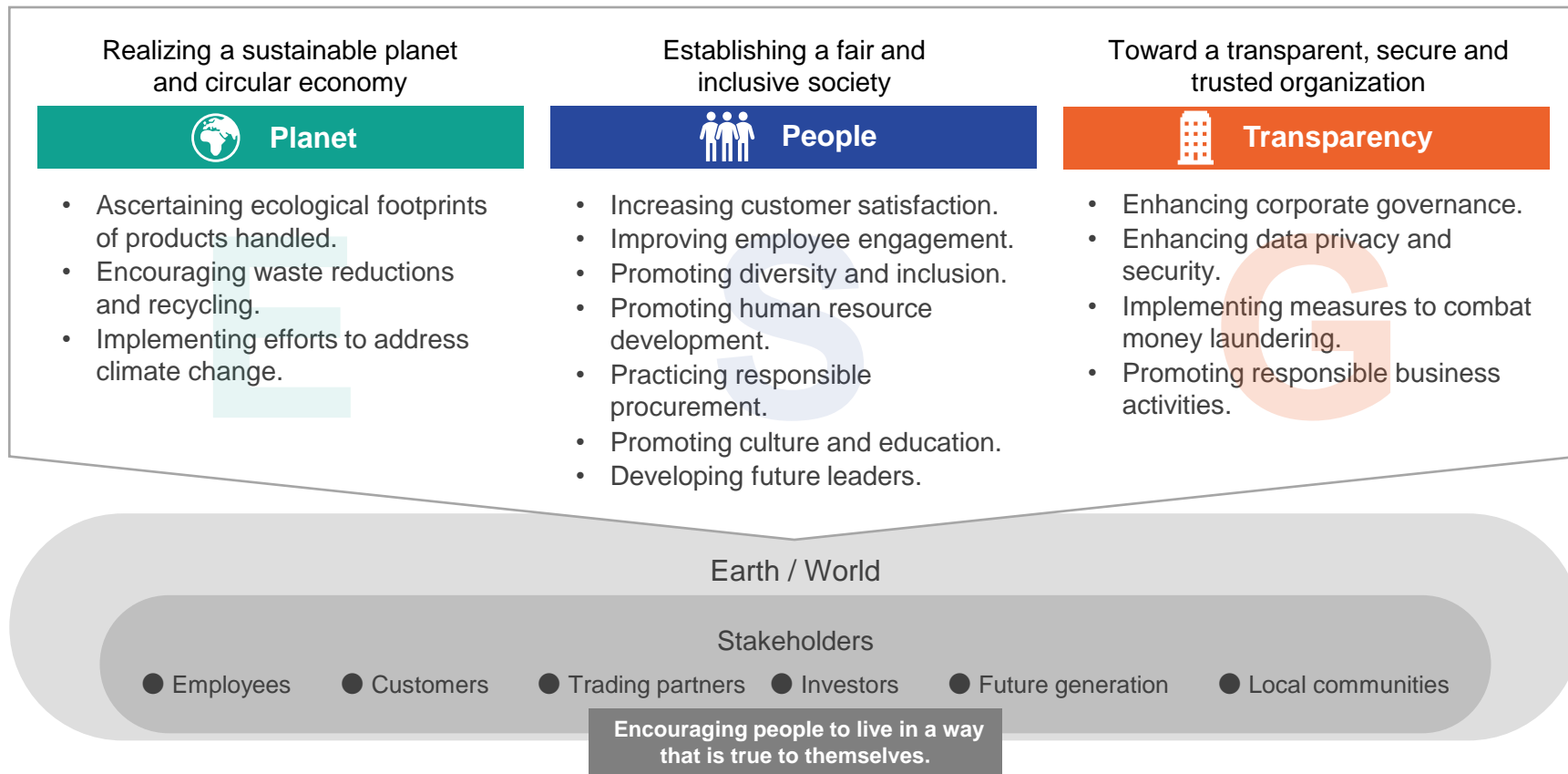
The concept of reuse is one of the main initiatives in a recycling society, and we believe the global development of our core reuse business will lead to the realization of a sustainable society. We also aim to maximize the corporate value by realizing a world in which all stakeholders can live in a way that is our corporate mission “Encouraging people to live in a way that is true to themselves.”, through proactive approach to ESG issues.

# Sustainability Initiatives

- ✓ 18 ESG topics have been identified based on business properties and stakeholder expectations.



# Themes to be Addressed Through Business Activities



# Directors

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

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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

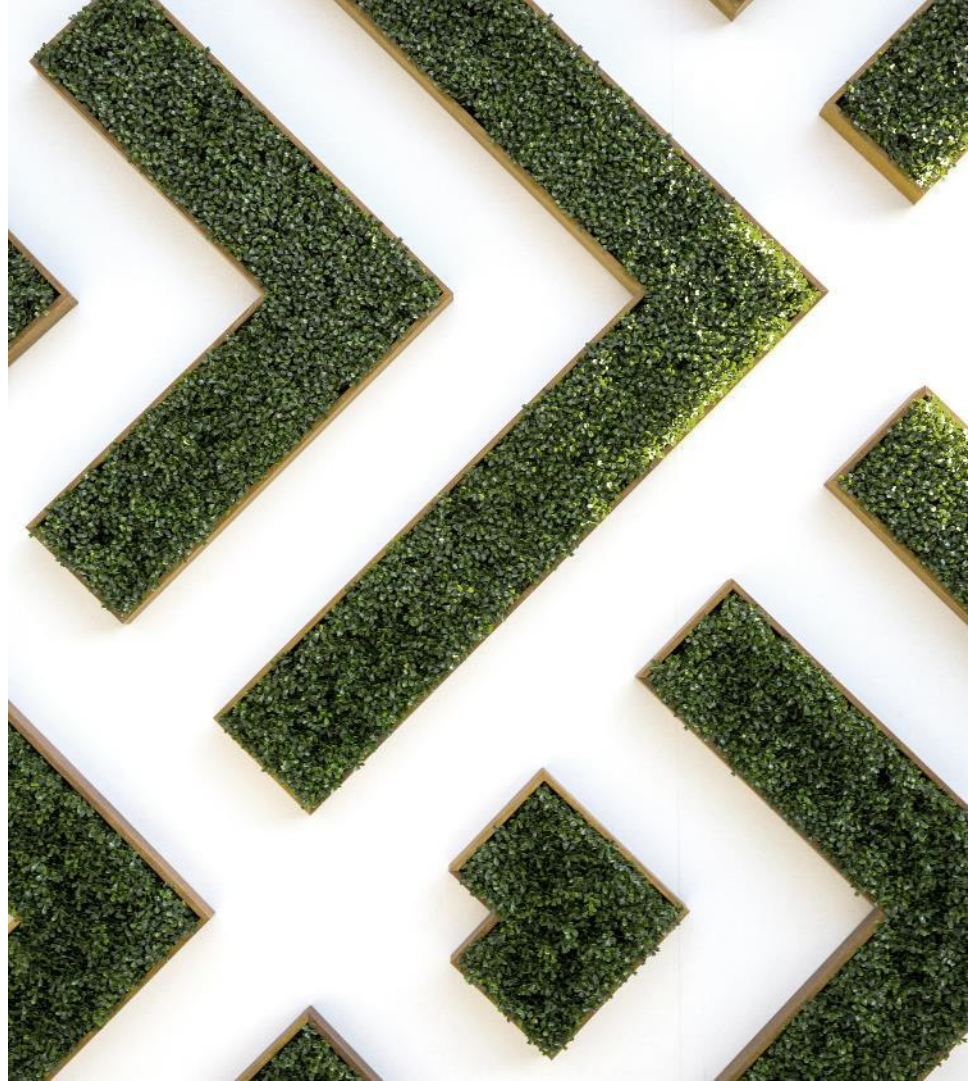
Takashi Goto

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.

# Appendix



# Our Businesses

## Purchasing

Connecting the “Value” of your good to the new investment of your life.

### ◆ Nanboya/BRAND CONCIER ◆

- ✓ Buying offices for luxury brand items, etc.
- ✓ 100+ *Nanboya* offices in domestic and overseas;  
BRAND CONCIER operates mainly in department stores in Japan.
- ✓ Handling in-home buying, delivery and online buying.

なんぼや BRAND REUSE  
NANBOYA



BRAND CONCIER



### ◆ Hakkoudo ◆

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

八光堂



# Our Businesses

## Auction

**Aiming to Become an Industry Hub, the World's Largest Auction Platform.**

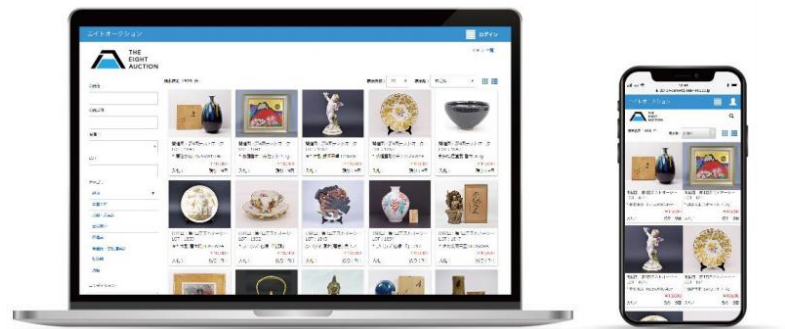
### ◆ STAR BUYERS AUCTION ◆

- ✓ BtoB auctions for luxury brand items, etc.
- ✓ Since going online in Mar. 2020, the auctions have drawn numerous partners around the world.
- ✓ Diamond auctions held in HK.(going online in Apr.)



### ◆ THE EIGHT AUCTION ◆

- ✓ BtoB auctions 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

**B to C Sales business that brings about new meeting opportunities for our customers.**

### ◆ ALLU ◆

- ✓ Two retail stores (Ginza, Shinsaibashi) and an e-commerce site.
- ✓ Selling across 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.



# Our Businesses

## Application

Managing and leveraging your personal assets with more convenience.

### ◆ Miney ◆

- ✓ Asset management app to make appraisals visible.
- ✓ Automated AI appraisal\*1 based on photos of items captured with smartphone.
- ✓ Inspires people to see belongings as assets and to think about sale and asset management.

Downloads

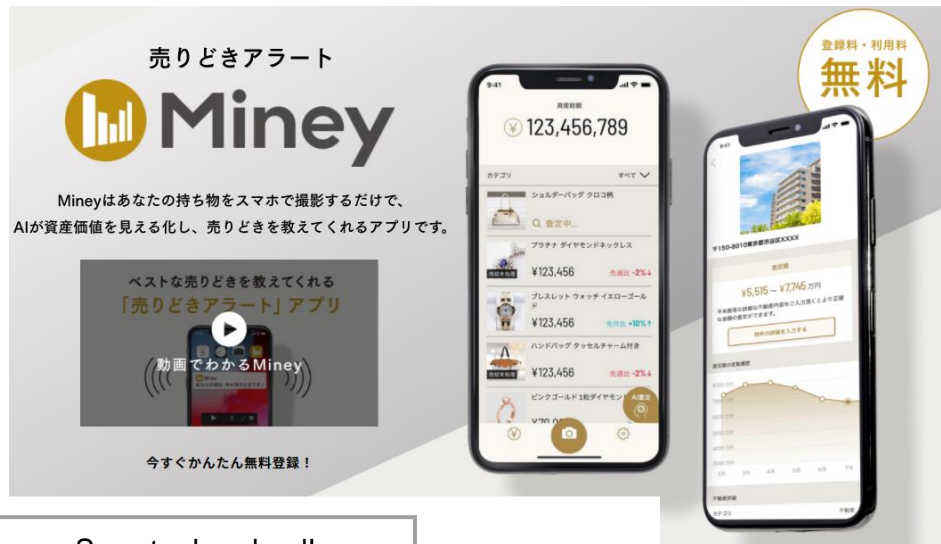
More than 110 thousand

Appraised valuation

Approx. 360 million yen/month\*2



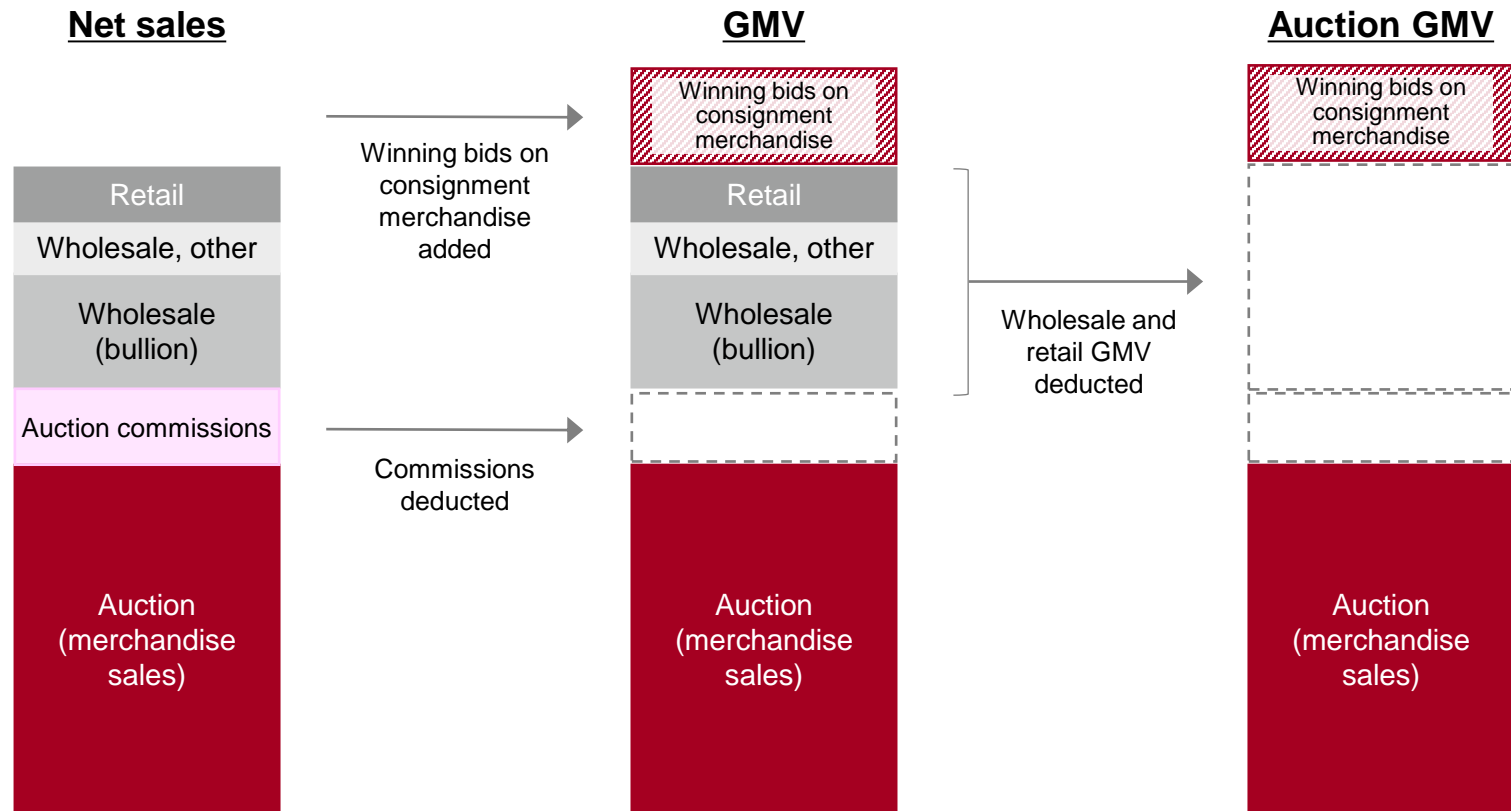
<https://miney.jp/>



\*1 AI appraisal available for watches and real estate only.

\*2 Not including real estate.

# [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.

- Net sales by channel, auction results, and GMV trends contained herein are for reference purposes. The figures have not been audited by independent auditors.
- Financial results forecasts, etc. are based on information available at the time and certain assumptions deemed rational. Actual results and policies are subject to change due to various risks, uncertainties, and other factors, including changes in global trends and conditions.
- The preparation of this document complies with the *Consolidated Financial Results for the Nine Months Ended May 31, 2021*.

Investor Relations Inquiries:

Investor Relations and ESG Office

Valuence Holdings Inc.

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The Valuence logo is displayed in white text on a black rectangular background. The word "Valuence" is written in a bold, sans-serif typeface.