
Medium-Term Management Plan

“VG1000 ver2.0”

Looking Back on the Medium-Term Management Plan VG1000 (FY21-25)

	FY20 (At time of formulation)	FY22 (Year 2 of Plan)	FY25 (Final year of plan)
GMV (Gross merchandises value)	37.5 billion yen	64.5 billion yen	120 billion yen
Auction consignment ratio	3.5%	9.5%	50%
Overseas sales ratio	8.3%	23.4%	20%
Buying offices (domestic/overseas)	86	164	270

FY20



Formulating a medium-term management plan VG1000 based on the **assumptions of post-pandemic situation**.

FY21



Despite growth in sales and profits for two consecutive periods, delays in progress against the medium-term targets due to **investment made as planned** under the prolonged impact of COVID-19.

FY22



FY23~



Reviewed the assumptions of medium-term plan and set **“VG1000 ver2.0”**
Set up a Valuenue Group Purpose on longer-term perspectives.



A stylized, light gray globe is positioned on the left side of the slide, showing the outlines of continents. It is partially cut off by the left edge of the frame.

PURPOSE

Our purpose

Circular Design for the Earth and Us

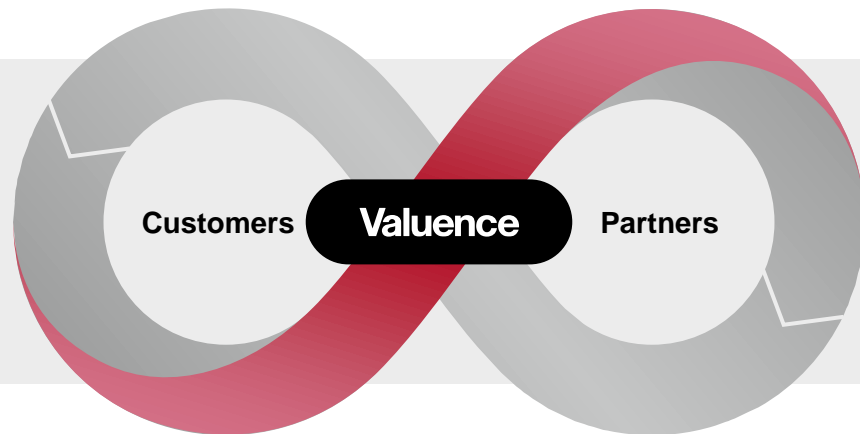
MISSION

Our mission

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

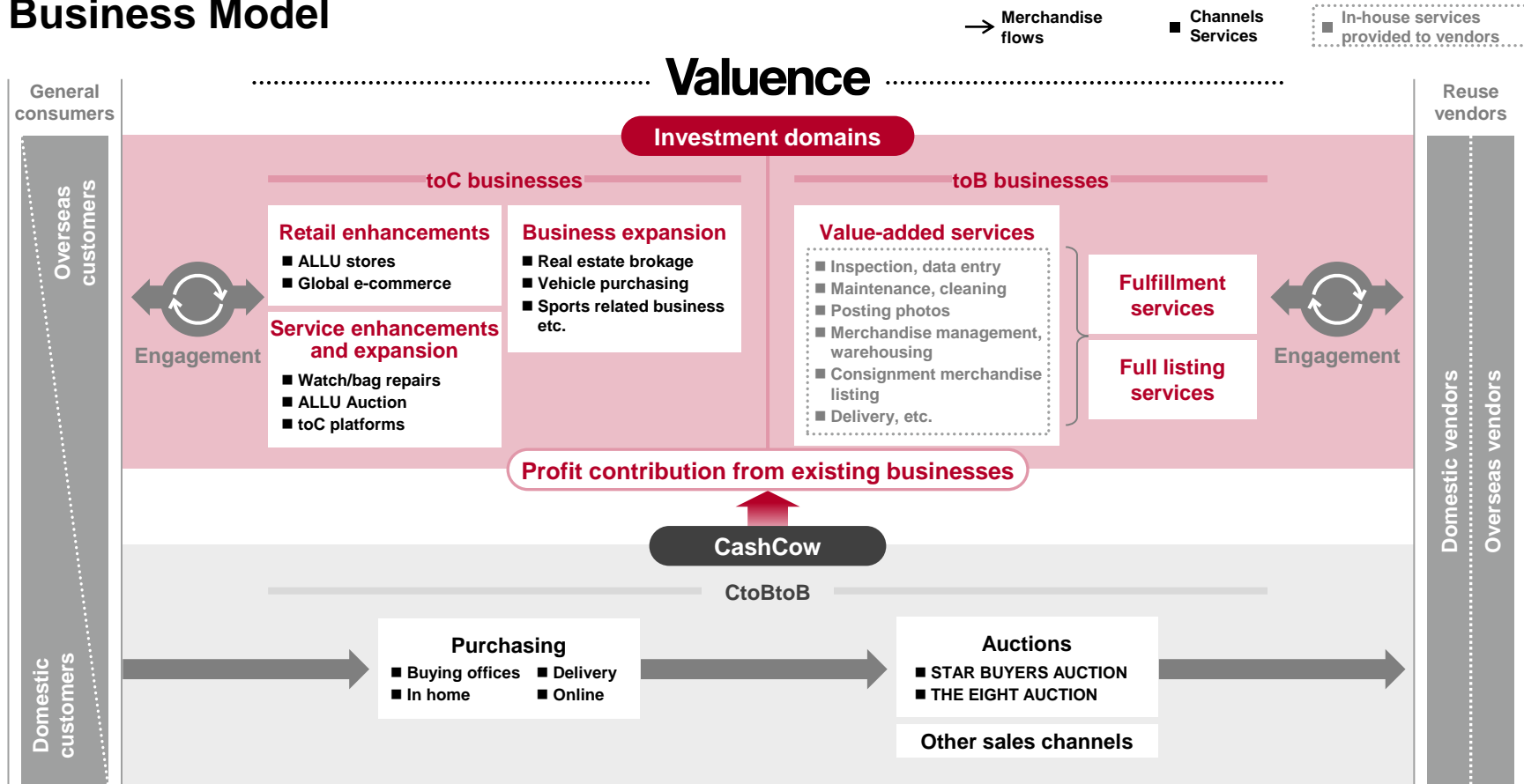
Circular Design Company - The Goal for FY30

Establishing a world where things circulate around Valence through customers and partners relationships.



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.

Business Model



Enhancing Engagement with General Consumers

→ Customer flows

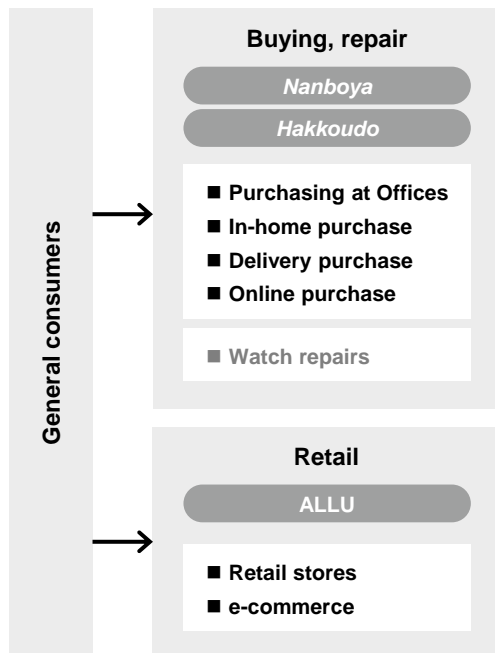
■ Channels, services

■ Repair services



Before

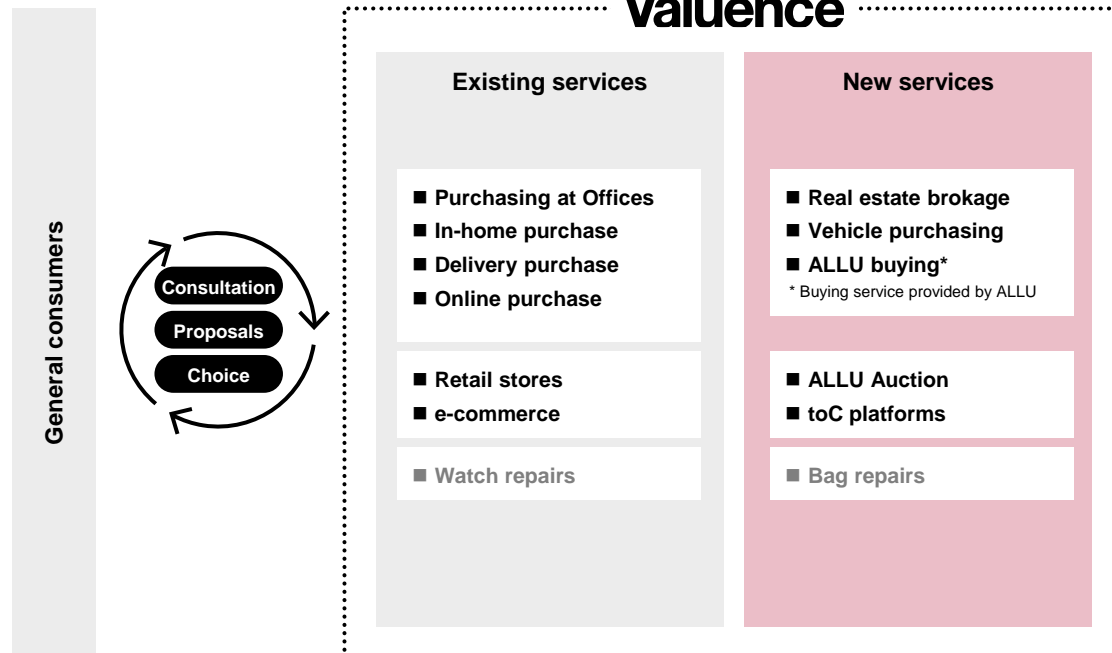
One-way relationship



After

Two-way communication

Valuence



Enhancing Engagement with Partners

→ Merchandise flows

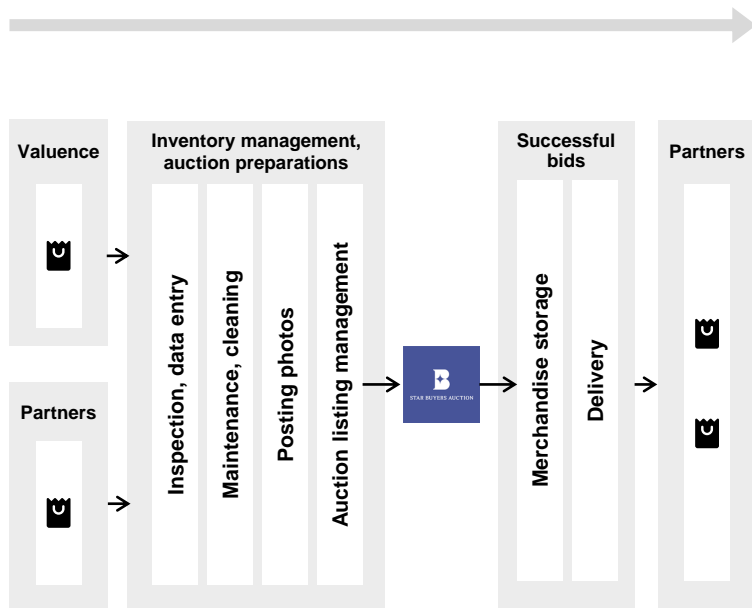
Processes, functions

Fulfillment



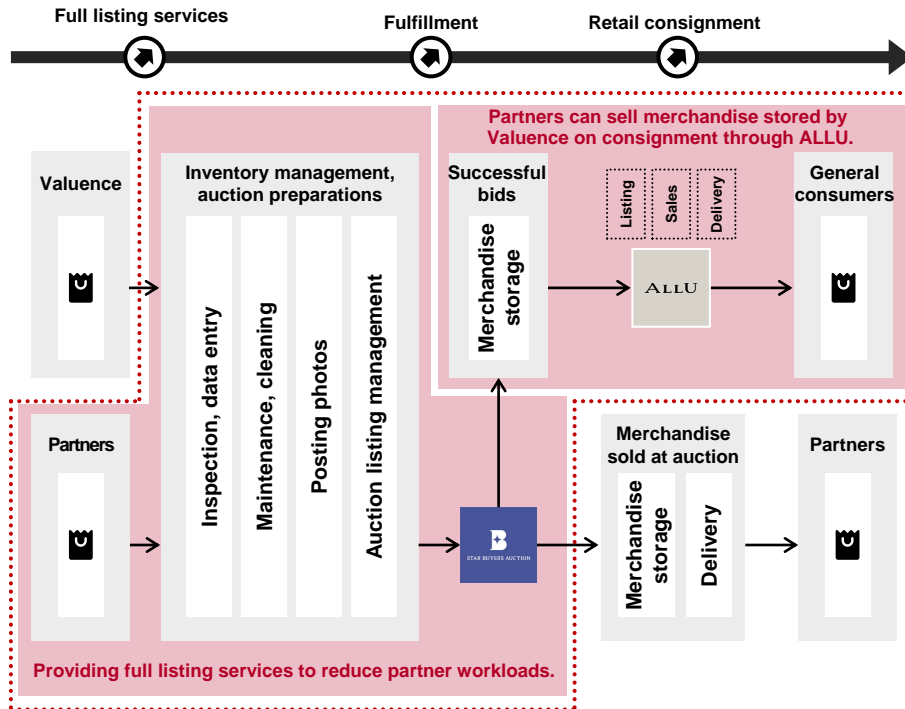
Before

Relationship as trading partner

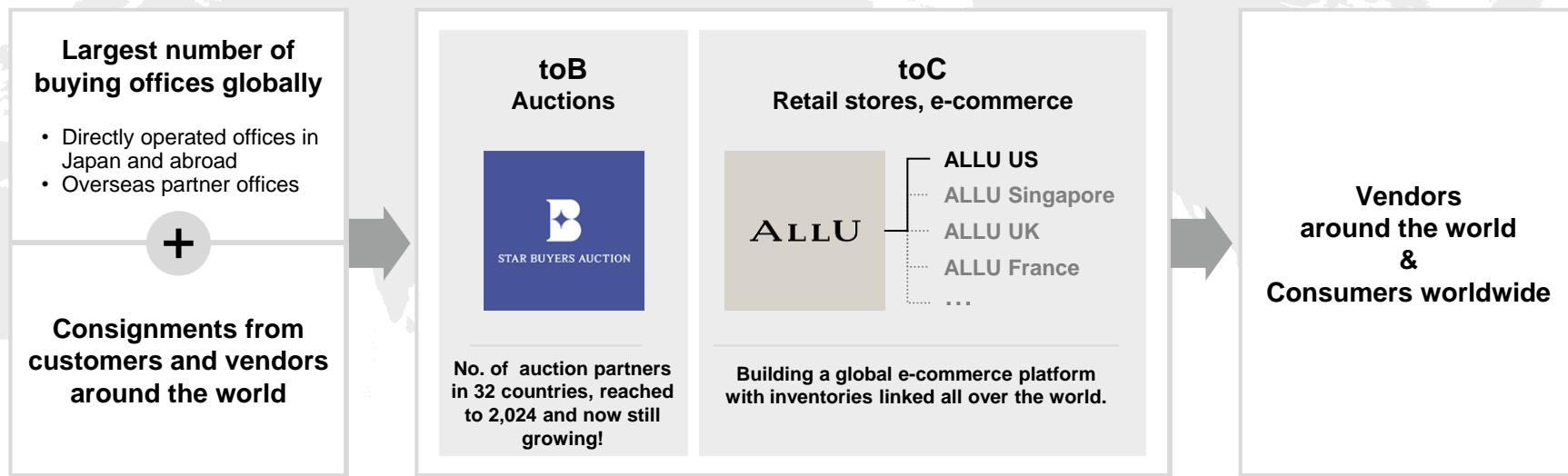


After

Enhancing engagement by increasing platform value

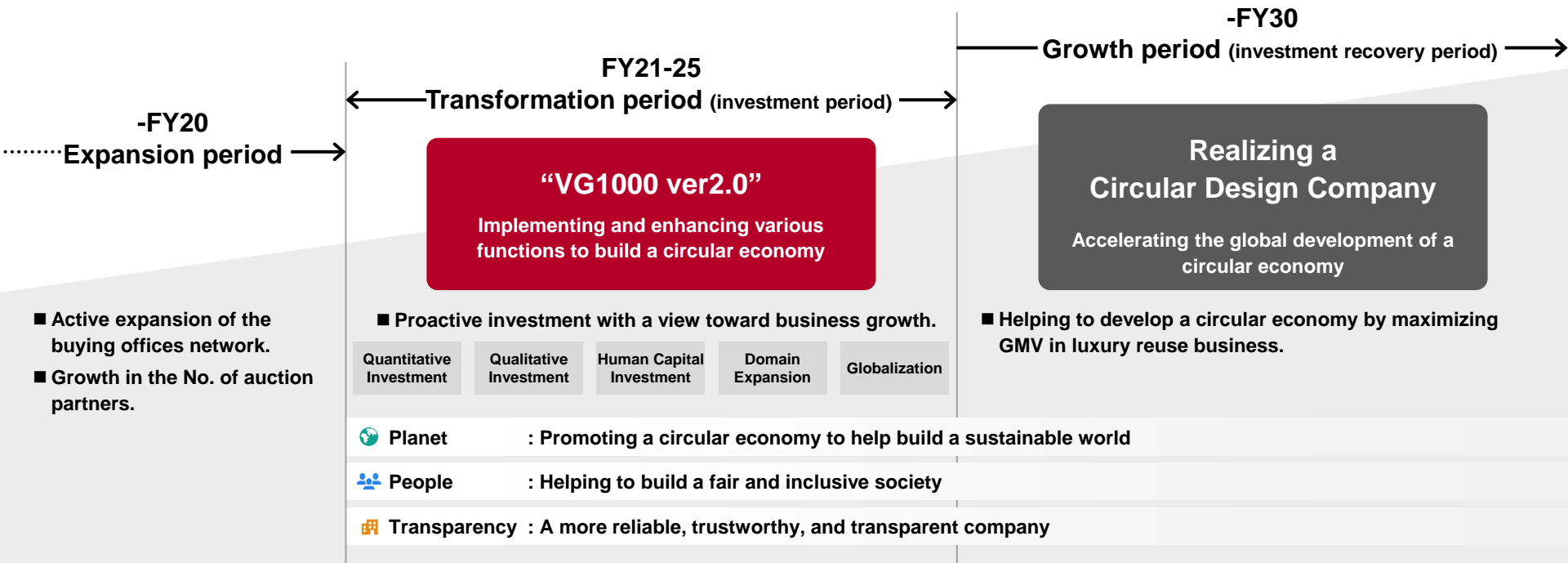


Achieving the Status of a Global Reuse Platform Provider



Positioning of the Medium-Term Management Plan “VG1000 ver2.0”

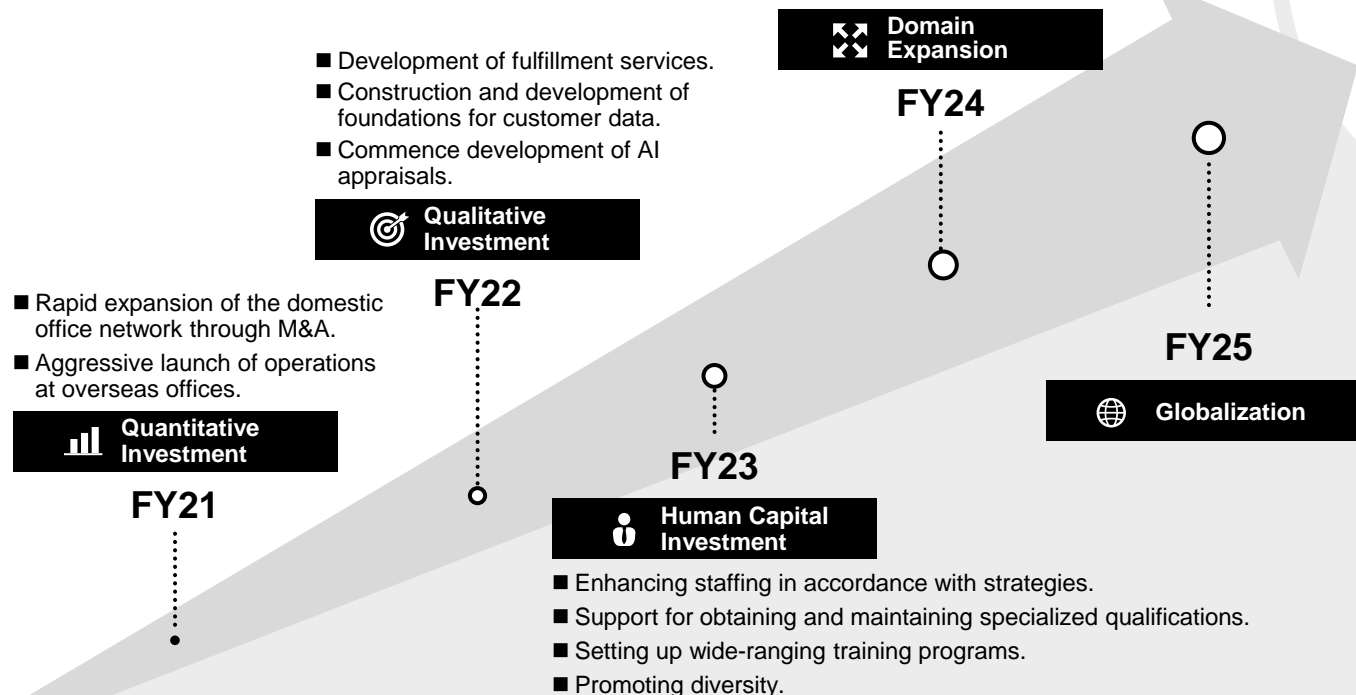
- Building an attractive platform serving as a one-stop provider of various services for pre-owned luxury products to a broad range of customers. Laying the foundation for the realization of a world where things circulate around Valuence.



“VG1000 ver2.0” Investment Priority

FY26-30


**Toward the
next stage**





Initiatives to Expand Purchasing

- Re-acceleration of new office openings in preparation of post-pandemic situation.
- Attracting customers via optimized marketing measures.



Expanding the network of buying offices

Domestics

- Opening new buying offices.
- Enhancing alliances with other industries.

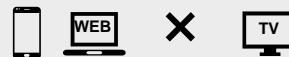
Overseas

- Primarily opening partner offices.



Expanding
purchasing

Synergistic effects of marketing measures and CRM enhancements to attract customer traffic.



- Attracting customers more efficiently by focusing on web marketing, including SEO, and strengthened brand recognition.
- Strengthening web marketing overseas by leveraging the knowledge accumulated in Japan.
- Making progress on securing repeat customers through CRM enhancements.



Initiatives to Expand Sales

- Further enhancing strengths as toB platform.
- Investing with a focus on toC services, including global services

Building a more attractive platform for business partners.

- Developing fulfillment services.
- Offering full listing services.
- Partners expansion worldwide.



**Sales
expansion**

Boosting customer engagement by increasing touchpoints.

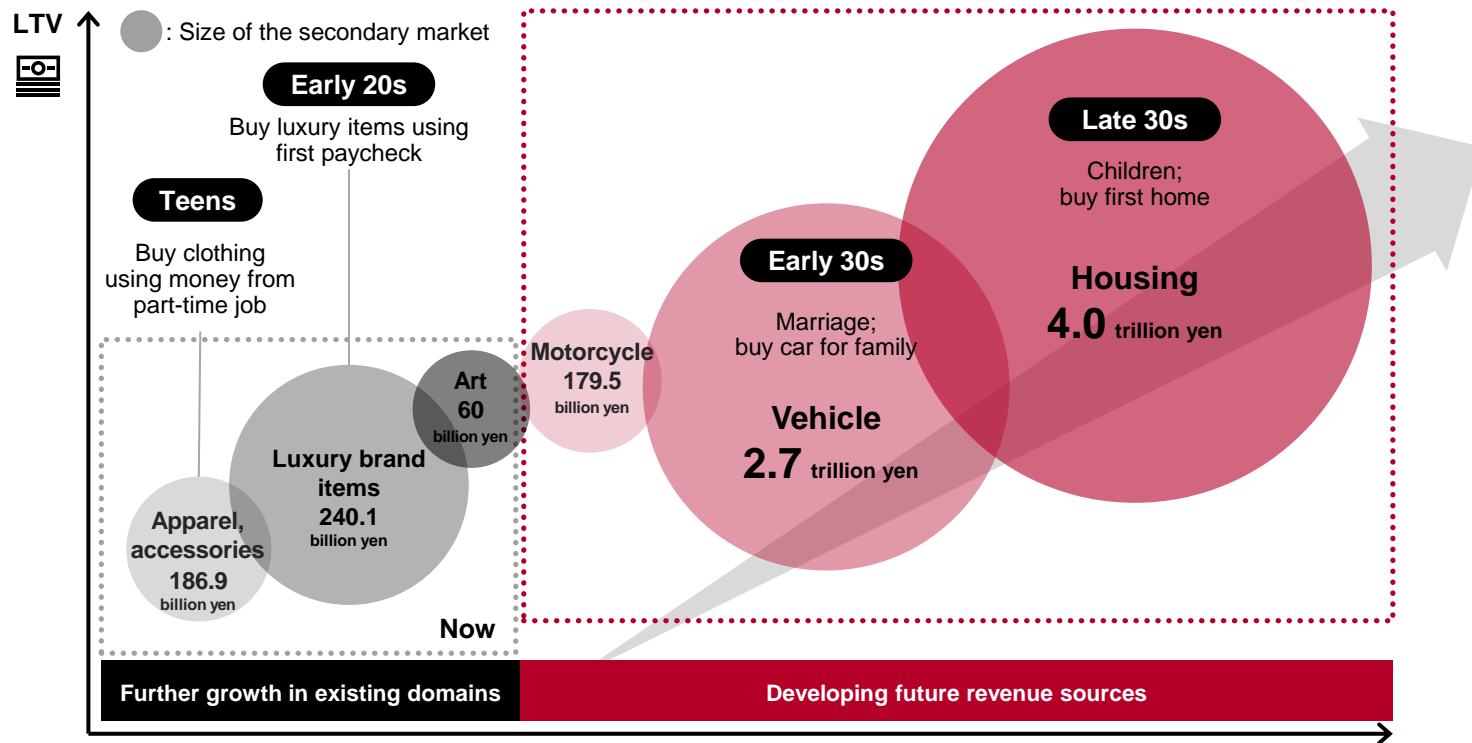
- Developing global e-commerce services.
- Enhancing toC services.
- Retail enhancement including opening new stores.

Maximizing profits by generating Group synergies.



Expanding Business Domains-Revenue Maximization

- Increasing customer LTV by providing one-stop solutions to issues related to real assets.



Market size sources: Apparel, accessories, luxury brand items, motorized bikes: Secondhand Market Databook (2018), the Japan Journal of Remodeling;

Art objects: Japanese Art Industry Market Research Survey 2016, Art Tokyo Association;

Automobiles: Used-Car Distribution Market in Japan: Key Research Findings 2017 (press release), Yano Research Institute; Housing: Basic Plan and Estimate on Housing (Japanese Nationwide Plan), Ministry of Land, Infrastructure, Transport and Tourism



Expanding Other Businesses

- Increasing corporate value by creating a new circular economy that connects things and ideas.

Managing the Nankatsu SC professional soccer team.

Promoting global IP business development via Captain *Tsubasa* IP asset.



Operating HATTRICK sports auctions.

Creating a new sport culture by attracting new fans and generating revenue for teams and athletes.



Participation in D.LEAGUE* 22-23 SEASON.

Formed Valence INFINITIES and joined from this season. Expecting to raise awareness while generating synergies with the group business.

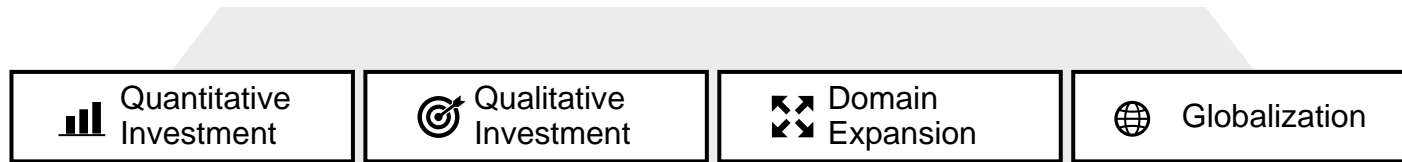


* D.LEAGUE is a professional dance league originated in Japan.



Maximizing the Value of Human Resources

- Creating a foundation to support the promotion of management strategies and measures from a medium- to long-term perspective.



Human Capital
Investment

Specialization

Human Resource
Development

Career
Development
Support

Management
Enhancement



Diversity

Health and Safety
Management

Diversity
Management

Organizational
Culture Fostering

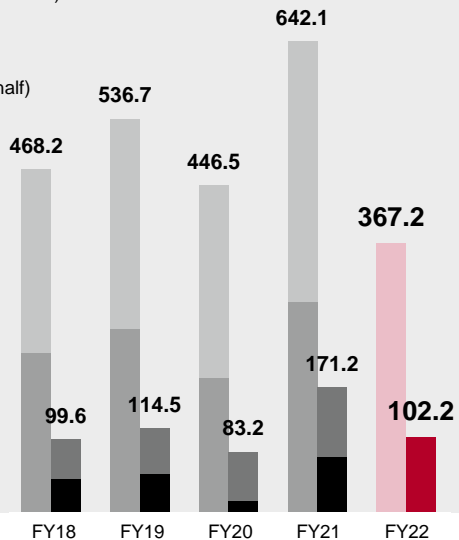
Examples of Luxury Brand Earning Results

- Luxury brands' performance rebounded well above pre-COVID levels.

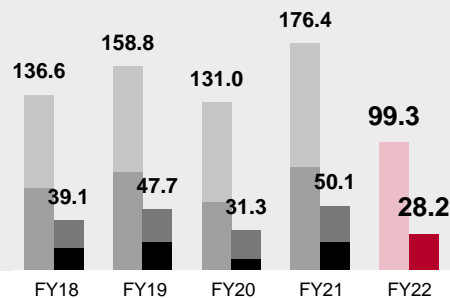
(Billion euro)

- Net sales (second half)
- Operating profit (second half)
- Net sales (first half)
- Operating profit (first half)

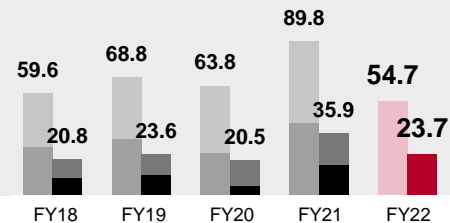
LVMH



KERING



HERMES



* Prepared by Valuence based on each company's financial data.

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

CAGR
8%

€ 31B
(Approx.
4.0 trillion yen)

2025
(Projection)

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)".

“VG1000 ver2.0” Key Performance Indicators

“VG1000 ver2.0”

	FY20 (At time of formulation)	FY22 (Year 2 of Plan)	FY25 (Targets at time of formulation)	FY25 (Target update)
Net sales	37.9 billion yen	63.3 billion yen	100 billion yen	100 billion yen
No. of Domestic offices	84	130	170	170
No. of Overseas offices	2	34	30	100
No. of Overseas partners	109	511	More than 500	1,000
Overseas ratio of sales	8.3%	23.4%	20%	30%

“VG1000 ver2.0” Important Financial Goals

Growth

Operating profit
growth rate

(FY22-)
CAGR 40%

Profitability

Return on equity

(FY25) **20%**

Shareholder returns

Dividend payout ratio

30% or better

Sustainability

Themes Addressed through Business Activities



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.



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.



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.

Planet / World

Stakeholders

Employees

Customers

Trading
partners

Investors

Future
generation

Local
communities

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.



Planet

By FY30

Carbon neutrality



People

By FY25

Employee engagement score

4.2



Transparency






By FY30

Ratio of female Directors

30%

Measuring Scope 3 Emissions in Addition to Scopes 1 and 2

- FY21 CO₂ emissions measurements and approaches to achieve reductions.

	FY21 emissions (t-CO ₂)	Approaches toward FY30
Scope 1	265	 <ul style="list-style-type: none"> ■ Review of fuel consumption of company vehicles and conversion to electric vehicles.
Scope 2	1,161	 <ul style="list-style-type: none"> ■ Introduction of renewable energy for electricity used in stores and offices.
Scope 3	Transportation: 8,156 <hr/> Procurement: 12,170 <hr/> Others: 2,263	 <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 24,015 t-CO ₂	

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.)

Support for International Initiatives

- Promoting approaches toward carbon neutrality.

TCFD

(Task Force on Climate-Related Financial Disclosures)

—

An international initiative that encourages corporations to disclose climate-related information affecting their finances.

Endorsed the TCFD and joined the TCFD Consortium to promote disclosure of governance, strategy, risk management, and indicators and targets related to climate change risks and opportunities based on the TCFD recommendations.

SBT (Science Based Targets) Initiative

—

An international initiative promoting the setting of reduction targets consistent with scientific knowledge committed to the goal of keeping global average temperature increase to no more than 1.5°C relative to pre-Industrial Revolution level.

Submitted a letter of commitment to the SBT Initiative to obtain SBT certification.

Applying for B Corp Certification

- Aiming to be a better company for society and the environment.

B Corp

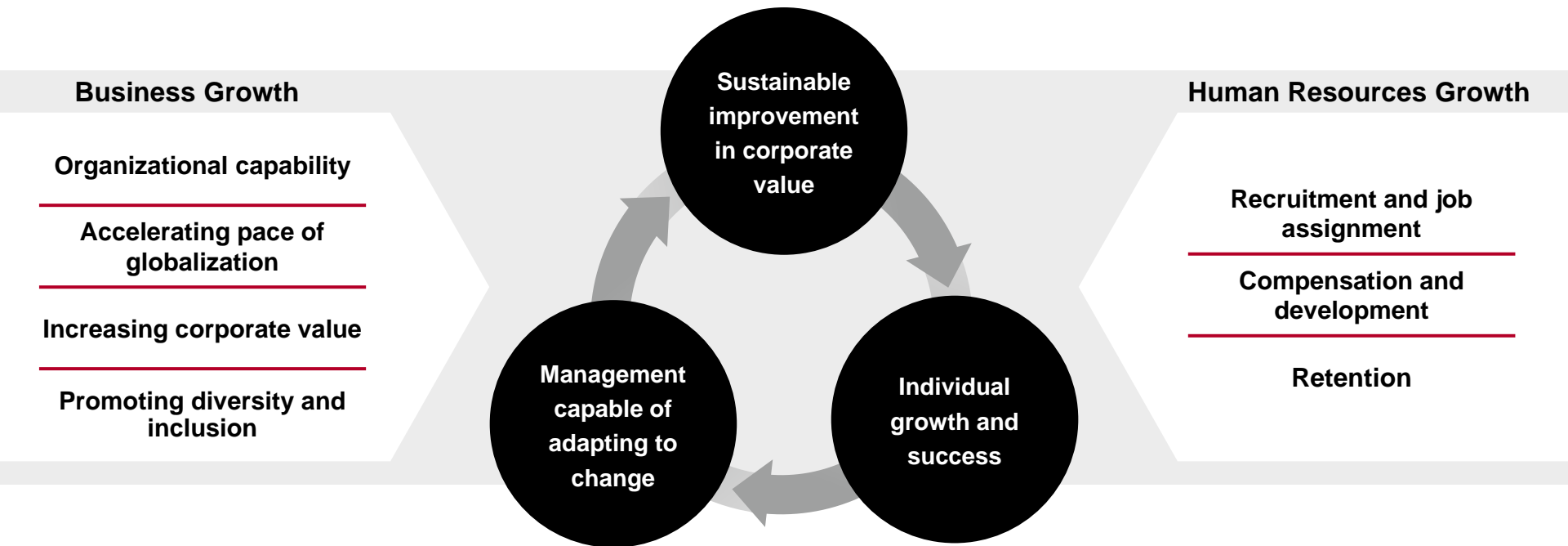
Operated by **B Lab**, a US-based nonprofit, B Corp is a program that certifies companies that make significant contributions to the public interest based on due consideration for environmental and societal issues. Companies are awarded B Corp certification if they are judged to satisfy certain standards, including assessments of activities intended to have a positive impact on **employees, customers, suppliers, communities, and the environment.**

“A company that expresses and acts in ways that are better for society and the environment.”

By obtaining "B Corp" certification, which is increasingly being obtained not only in the U.S. but also around the world, to demonstrate our commitment to society and the environment.

Human Capital Investments

- Drafting and executing strategies to strengthen the organization and human resources.



Director Structure



Name		Shinsuke Sakimoto	Susumu Muguruma	Shinichiro Sato	Ryoji Fukaya	Kenta Takami	Hiroki Tomiyama	Yoshihiko Takubo	Kenji Fuma	Masahide Kamachi	Takashi Goto	Emi Omura
Title		Representative Director	Director	Director	Director	Full-time Audit and Supervisory Committee	Director	Director	Director	Audit and Supervisory Committee	Audit and Supervisory Committee	Audit and Supervisory Committee
Attributes	Internal/external	Internal	Internal	Internal	Internal	Internal	External	External	External	External	External	External
	Independence						Independent	Independent		Independent	Independent	Independent
	Gender	Male	Male	Male	Male	Male	Male	Male	Male	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 Eleventh Regular General Meeting of Shareholders scheduled for November 25, 2022.

“VG1000 ver2.0” ESG Targets



Planet

Acquiring SBT certification.

Formulating and implementing a greenhouse gas emissions plan to achieve carbon neutrality by FY30.



People

Increasing employee engagement score to 4.2 by FY25.



Transparency

Complying all items with revised Corporate Governance Code with Prime market criteria.