# Financial Results Presentation for the Three Months Ended November 30, 2019

January 14, 2020

SOU Inc.

(Securities Code: TSE Mothers 9270)



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- Long-Term Strategy, Fiscal Year Ending August 31, 2020 and Beyond
  (Excerpt From Financial Results Presentation for the Fiscal Year Ended August 31, 2019)
- Detailed Business Model and SOU Strengths
- SOU Business Brands


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# Corporate Profile




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# Company Overview

SOU

SOU is a luxury item reuse company that integrates the digital and real worlds to offer services related to brand-name goods, antiques, and art objects from a new perspective.


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# Corporate Profile

| | |
|---|---|
| Company Name | SOU Inc. |
| Representative | Shinsuke Sakimoto |
| Head Office | 1 Konan, Minato-ku, Tokyo |
| Founded | December 2011 |
| Capital | ¥1,066 million (as of November 2019) |
| Employees | 475 (as of November 2019) *Consolidated, full-time only |
| Business | Purchase and sales of luxury brand items, precious metals, antiques, and other products |
| Segments | Luxury brand items, antiques, art, and other reuse businesses (stand-alone) |
| Consolidated Subsidiaries | Hakkoudo Inc., STAR BUYERS LIMITED<br>SOU Technologies, Inc. |

*In preparation to transition to a holding company structure in March 2020, the Company established SOU Preparatory Split Company Inc. (Valuence Japan, Inc.) in September 2019.

## Group Businesses and Brands

Purchasing

なんぼや BRAND REUSE NANBOYA

BRAND CONCIER

古美術 八光堂

Auctions (toB)

STAR BUYERS AUCTION

THE EIGHT AUCTION

Retail (toC)

ALLU

USUS

Apps

Miney

SOU

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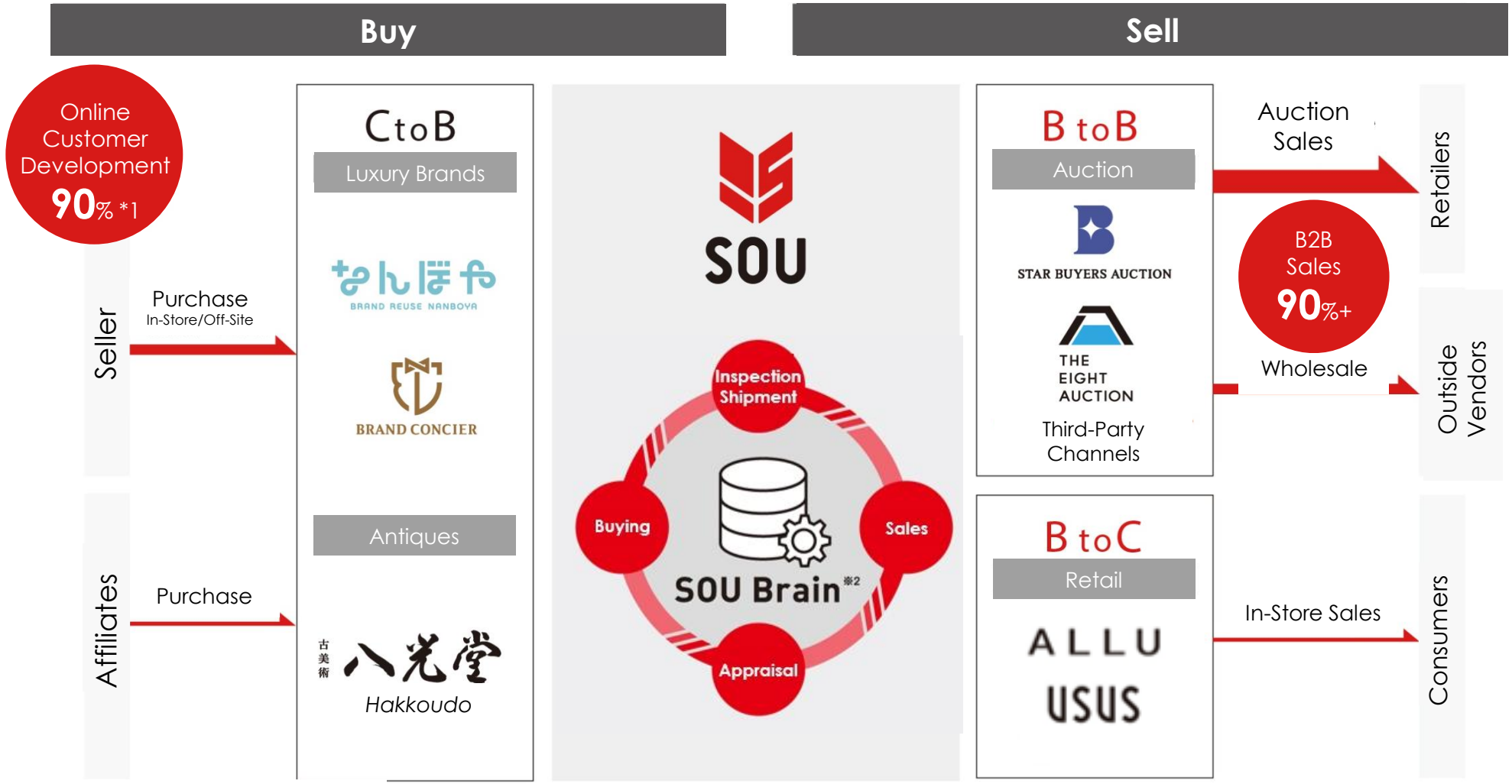
# Business Model




*1 Based on questionnaire results

*2 SOU Brain: SOU in-house system/database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# Financial Results for the Three Months Ended November 30, 2019



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# Key Points for the Three Months Ended November 30, 2019

## Higher YoY sales and profits, despite a difficult external business environment

■ Sales

- ✓ Net sales rose 29.6% year on year
- ✓ Growth in scrap gold and bullion, wholesales had a significant positive impact on results. Growth of STAR BUYERS AUCTION (SBA) in Japan also contributed to results.

■ Profits

- ✓ Gross profit margin declined (-2.3%) due to the impact of growth in bullion sales and wholesales in Japan (other than bullion)
- ✓ Despite a decline in gross profit margin, higher sales drove higher results for each profit category

■ Purchasing

- ✓ Recovering trend, despite a decrease in upgrade/replacement demand and sluggish purchasing due to increase in consumption tax rates (delay in buying new items) and the impact of typhoons and other natural disasters


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# Financial Results for the Three Months Ended November 30, 2019

(Millions of yen)

| | Three Months Ended November 30, 2018 | Three Months Ended November 30, 2019 | Change | Fiscal Year Ending August 31, 2020 Forecasts | Progress |
|---|---|---|---|---|---|
| Net sales | 8,961 | **11,613** | **+29.6%** | **43,700** | **26.6%** |
| Gross profit | 2,441 | **2,892** | **+18.4%** | **11,450** | **25.3%** |
| Gross profit margin | 27.2% | **24.9%** | **-2.3pts** | **26.2%** | **—** |
| SG&A | 1,821 | **2,146** | **+17.8%** | **8,800** | **24.4%** |
| Operating profit | 620 | **746** | **+20.3%** | **2,650** | **28.2%** |
| Ordinary profit | 627 | **724** | **+15.5%** | **2,600** | **27.9%** |
| Ordinary profit ratio | 7.0% | **6.2%** | **-0.8pts** | **5.9%** | **—** |
| Profit attributable to owners of parent | 422 | **467** | **+10.7%** | **1,650** | **28.3%** |


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# Balance Sheet

(Millions of yen)

| | Fiscal Year Ended August 31, 2019 | **Three Months Ended November 30, 2019** | Difference |
|---|---|---|---|
| Current assets | 9,874 | **9,901** | +26 |
| Cash and deposits | 4,103 | **5,011** | +907 |
| Merchandise | 4,865 | **3,653** | -1,212 |
| Other | 904 | **1,236** | +331 |
| PPE | 4,237 | **4,262** | +24 |
| Total assets | 14,111 | **14,163** | +51 |
| Liabilities | 7,416 | **7,360** | -55 |
| Interest-bearing debt | 5,435 | **5,217** | -217 |
| Other | 1,981 | **2,142** | +161 |
| Net assets | 6,695 | **6,802** | +107 |
| Total liabilities and net assets | 14,111 | **14,163** | +51 |

Increase in liquidity due to higher item sales

Sluggish purchasing due to consumption tax increase, natural disasters, and increased sales of certain merchandise

Decrease in goodwill and contrasting increase in buildings and structures (net) and guarantee deposits in connection with new buying offices

Repayments of short-term loans payable and long-term loans payable

Increase in retained earnings, equity and capital surplus due to the exercise of stock options


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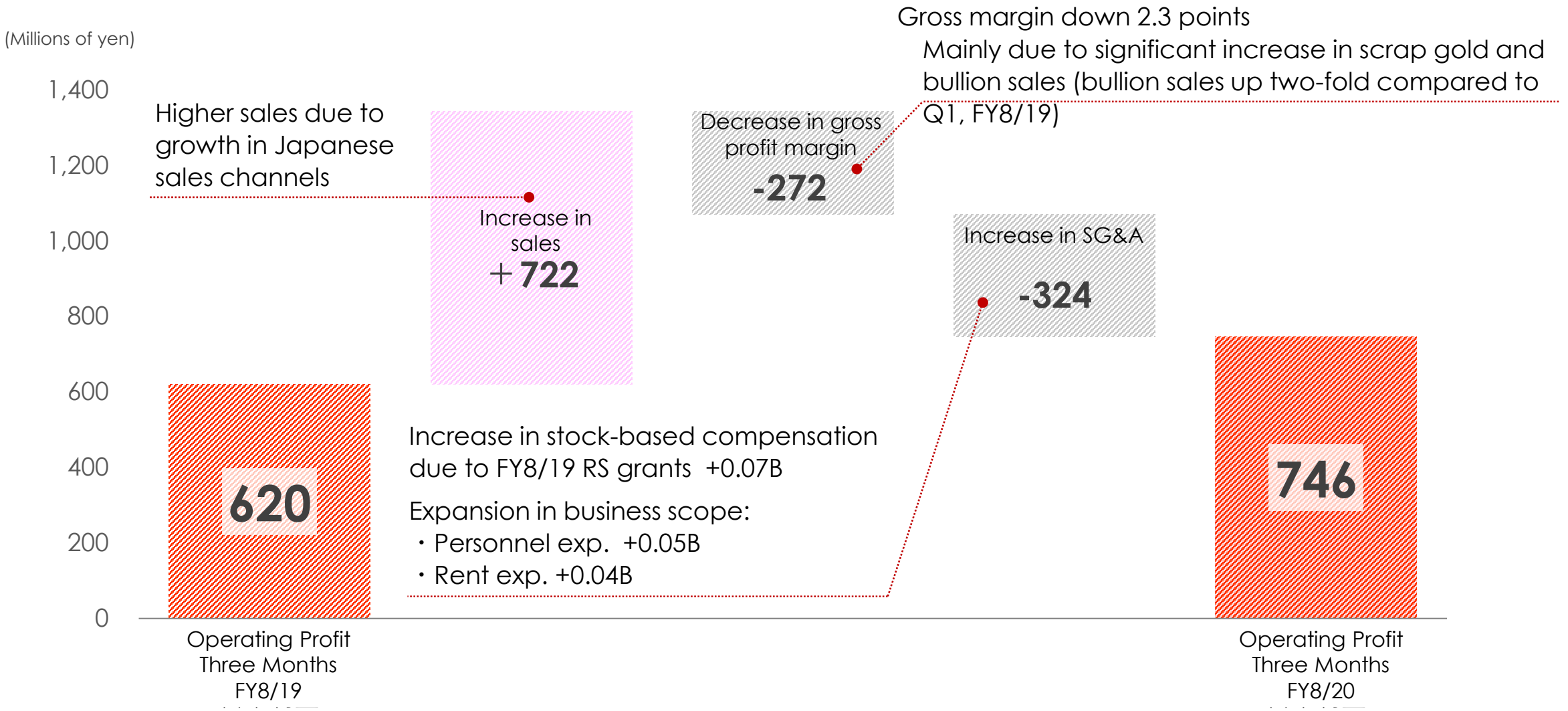
# Operating Profit Change

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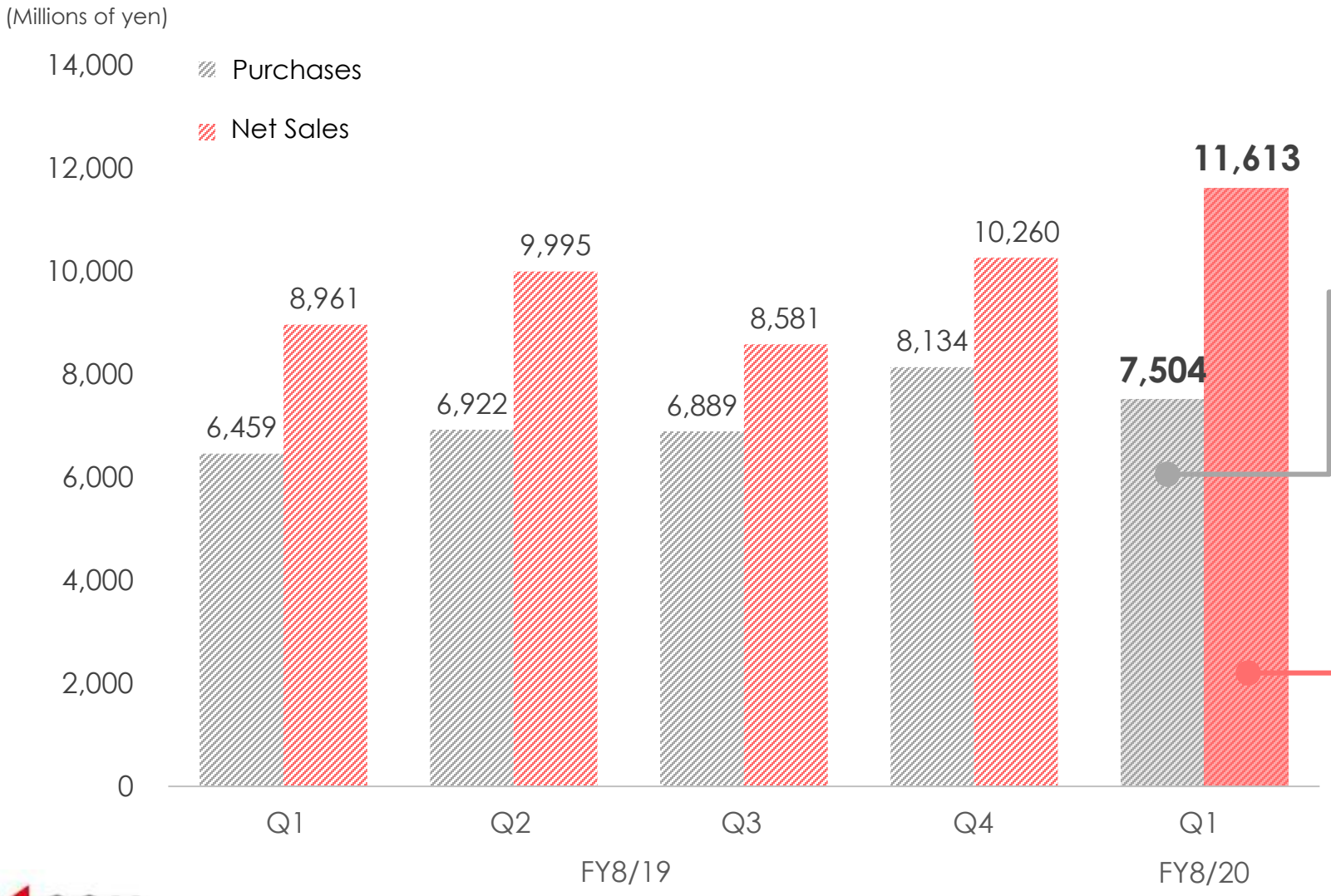
# Purchases and Net Sales




**Purchases**

- ✓ A 7.7% decline quarter on quarter due to a decrease in upgrade/replacement caused by consumption tax increase (delay in buying new items) and the impact of typhoons and other natural disasters

**Net Sales**

- ✓ Increase in wholesales (including scrap gold and bullion) resulted in 29.6% increase YoY, up 13.2% quarter on quarter

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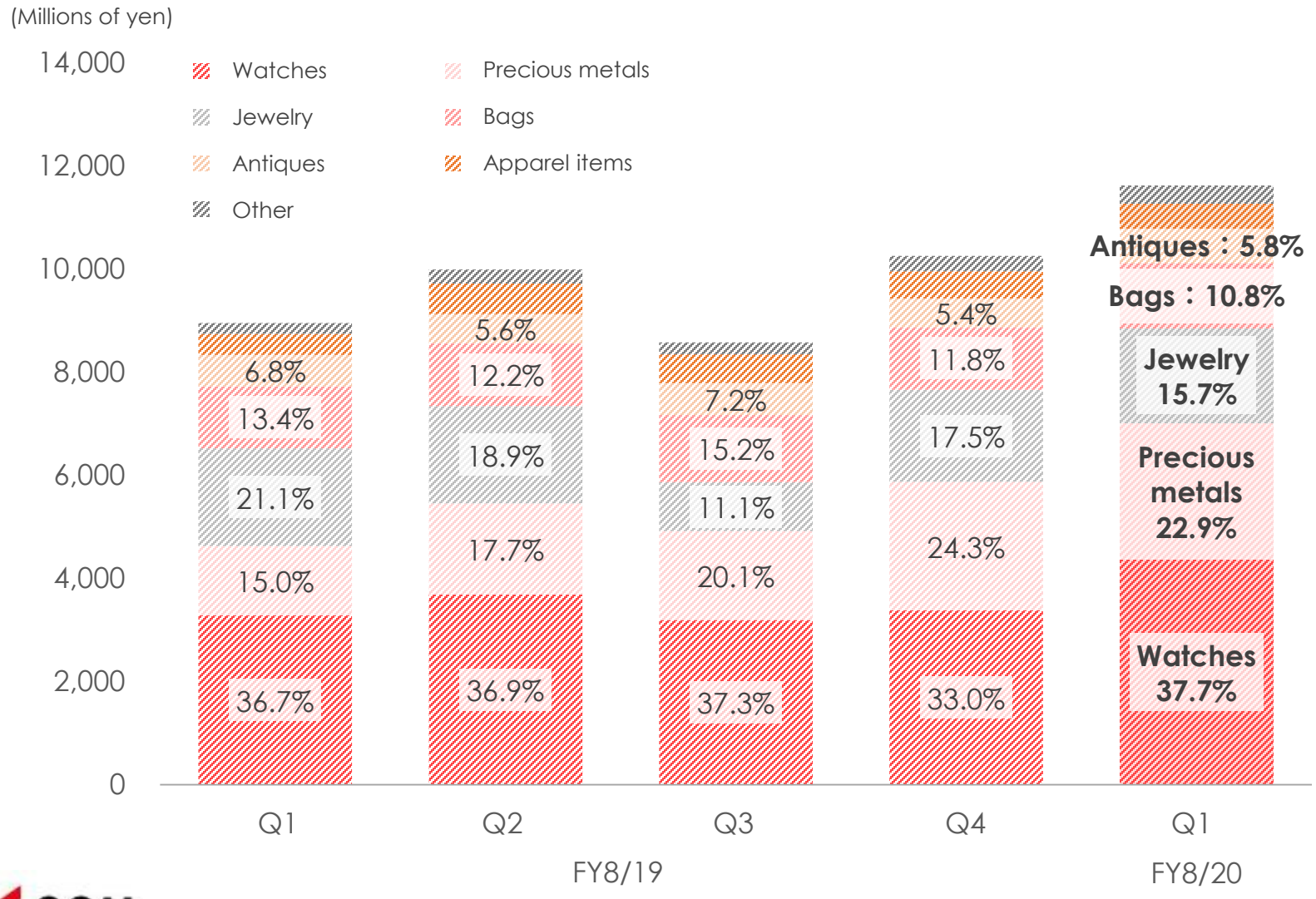
# Net Sales by Category




- ✓ Continued impact of the rise in the gold market resulted in scrap gold and bullion sales up two-fold year on year; however, the trend leveled in the prior quarter and share of net sales fell 1.4 points
- ✓ Wholesales to overseas dealers and others resulted in higher sales and profit margins for watches

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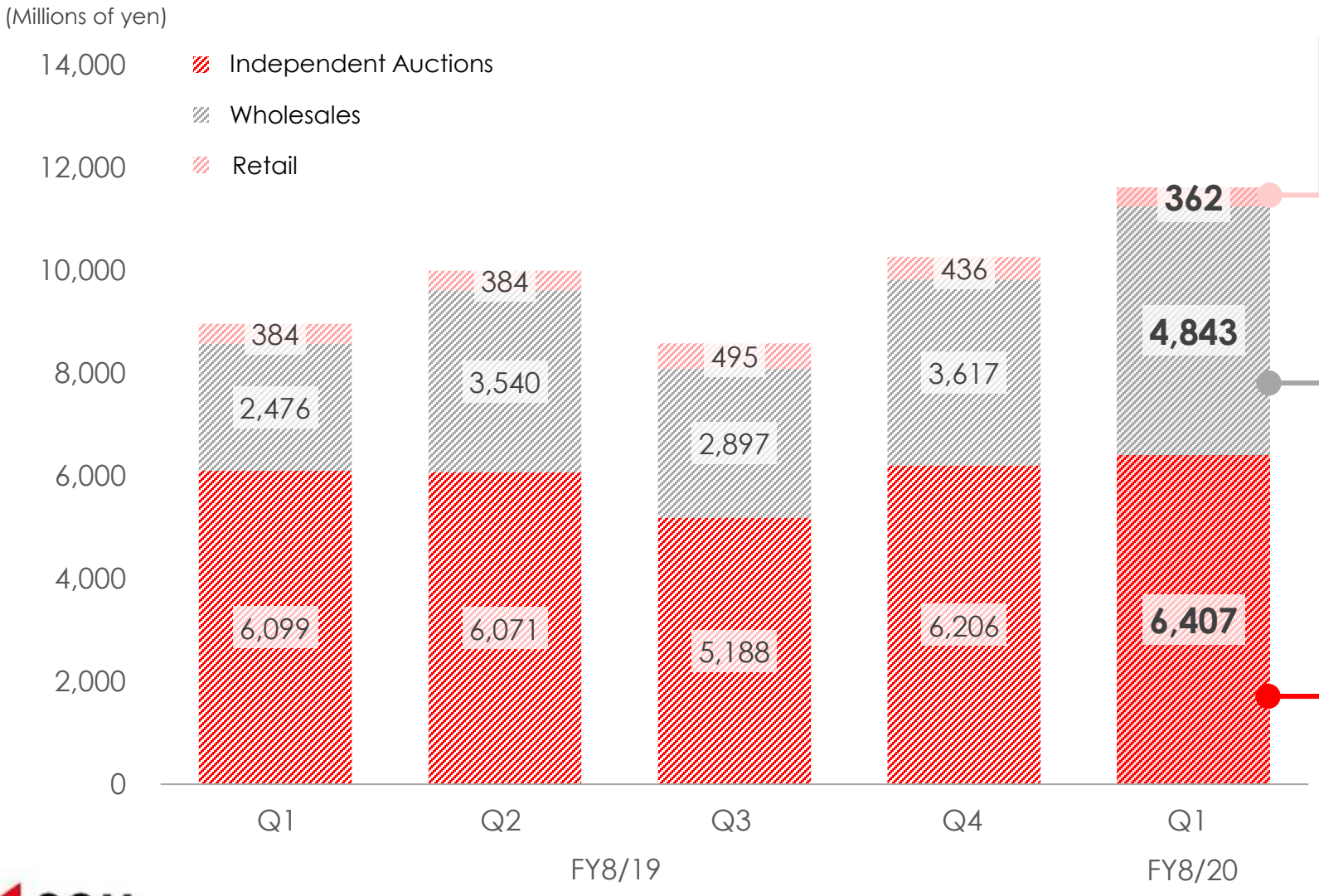
# Net Sales by Channel (to B, to C)




**Retail**

- ✓ Lower year on year and quarter on quarter, mainly due to the impact of weather and consumption tax rate increases

**Wholesales**

- ✓ Higher 95.6% year on year and 33.9% quarter on quarter, mainly due to increase in scrap gold and bullion sales and increase in wholesales (Japan and overseas)
- ✓ Includes sales from bids of overseas dealers in Japanese auctions

**Independent Auctions**

- ✓ Increase in Japanese auctions resulted in 5.0% year-on-year increase, 3.2% increase quarter on quarter

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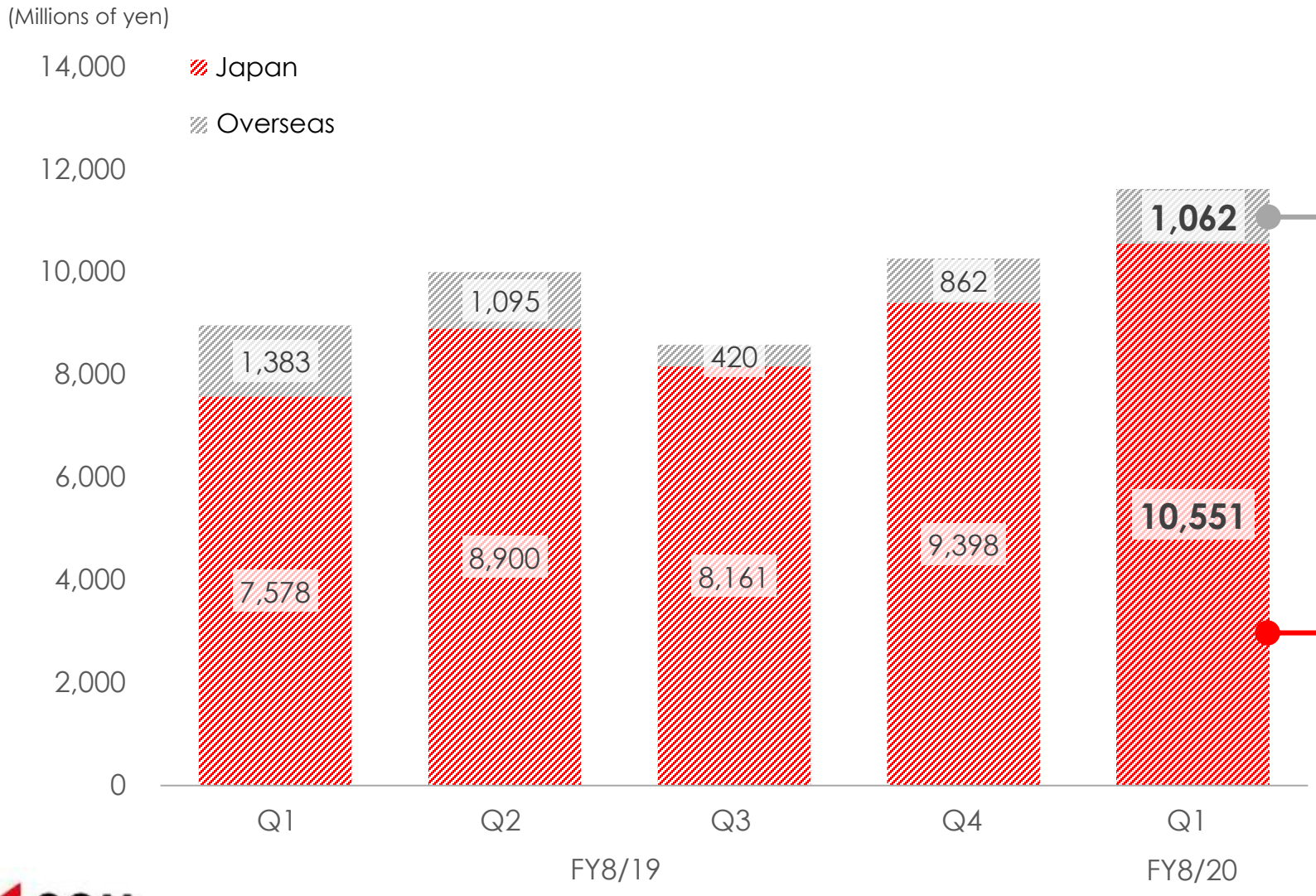
# Net Sales by Channel (Japan, Overseas)




## Overseas

- ✓ Compared to the watch auction conducted once during Q1 FY8/19 in Hong Kong, the volume of jewelry auction conducted this quarter was lower, resulting in a 23.2% decrease year on year (see the following page for Hong Kong auctions)
- ✓ Favorable sales to overseas dealers through Japanese SBA

## Japan

- ✓ Expanded Japanese auctions and increase in sales channels for scrap gold and bullion and wholesales resulted in 39.2% year-on-year growth, +12.3% quarter on quarter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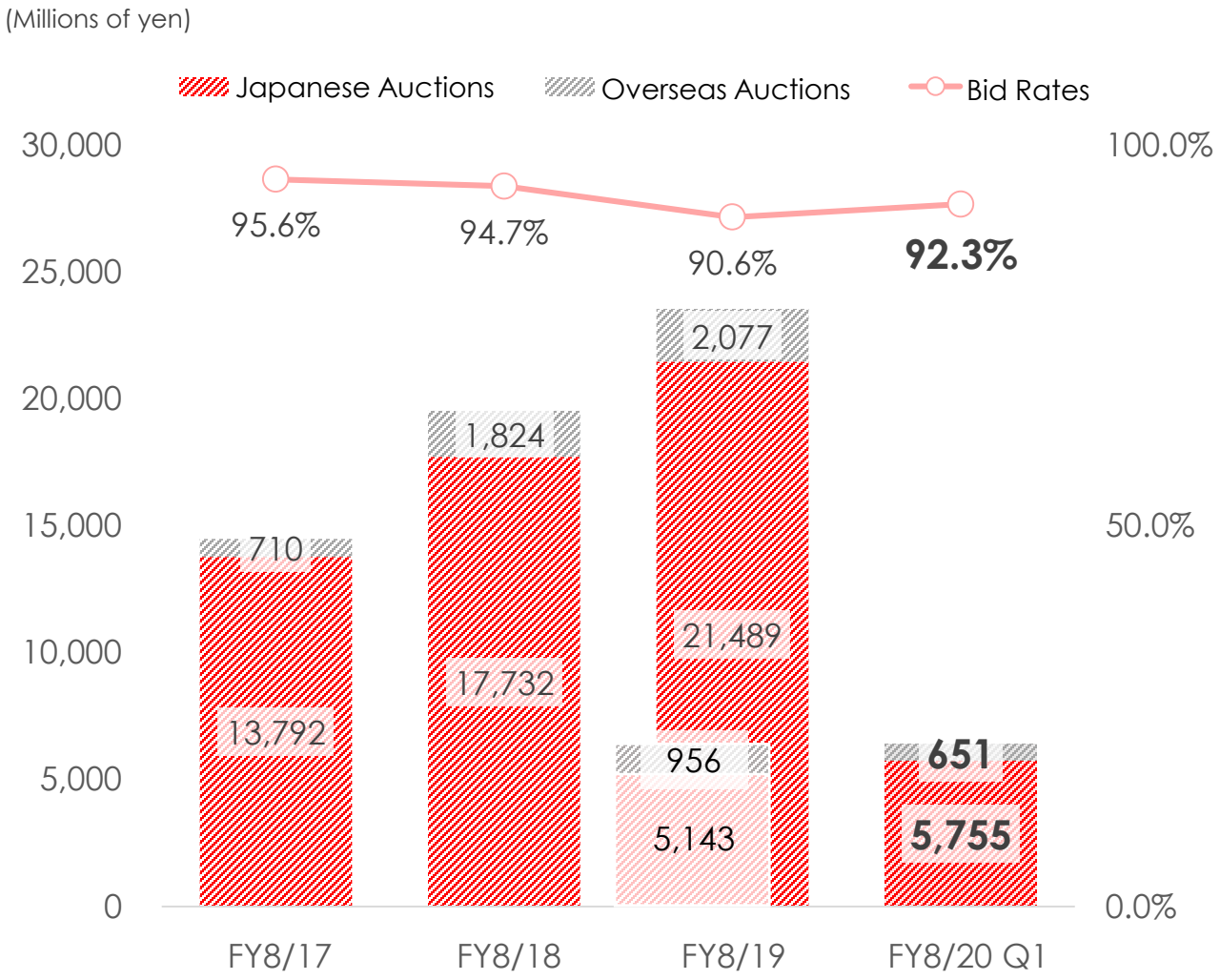
# Auctions




## Japan Auctions

- ✓ Favorable SBA growth in Japan resulted in 11.9% year-on-year increase
- ✓ **Bid Amount by Overseas exceeded ¥2,000 million**

## Overseas Auctions

- ✓ Hong Kong Auctions
  Q1 FY8/19: Diamonds (2x), watches (1x)
  Q4 FY8/19: Diamonds (1x), jewelry (1x; test)
  Q1 FY8/20: Diamonds (2x), jewelry (2x)
- ✓ Decrease of 31.9% year on year due to lower transaction volume for jewelry auctions compared to watch auctions

## Bid Rates

- ✓ Japanese SBA, Hong Kong SBA, and THE EIGHT AUCTION showed improved bid rates for independent auctions

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# Highlights for the Three Months Ended November 30, 2019
## (Long-Term Strategy, Progress for the Fiscal Year Ending August 31, 2020 and Beyond)




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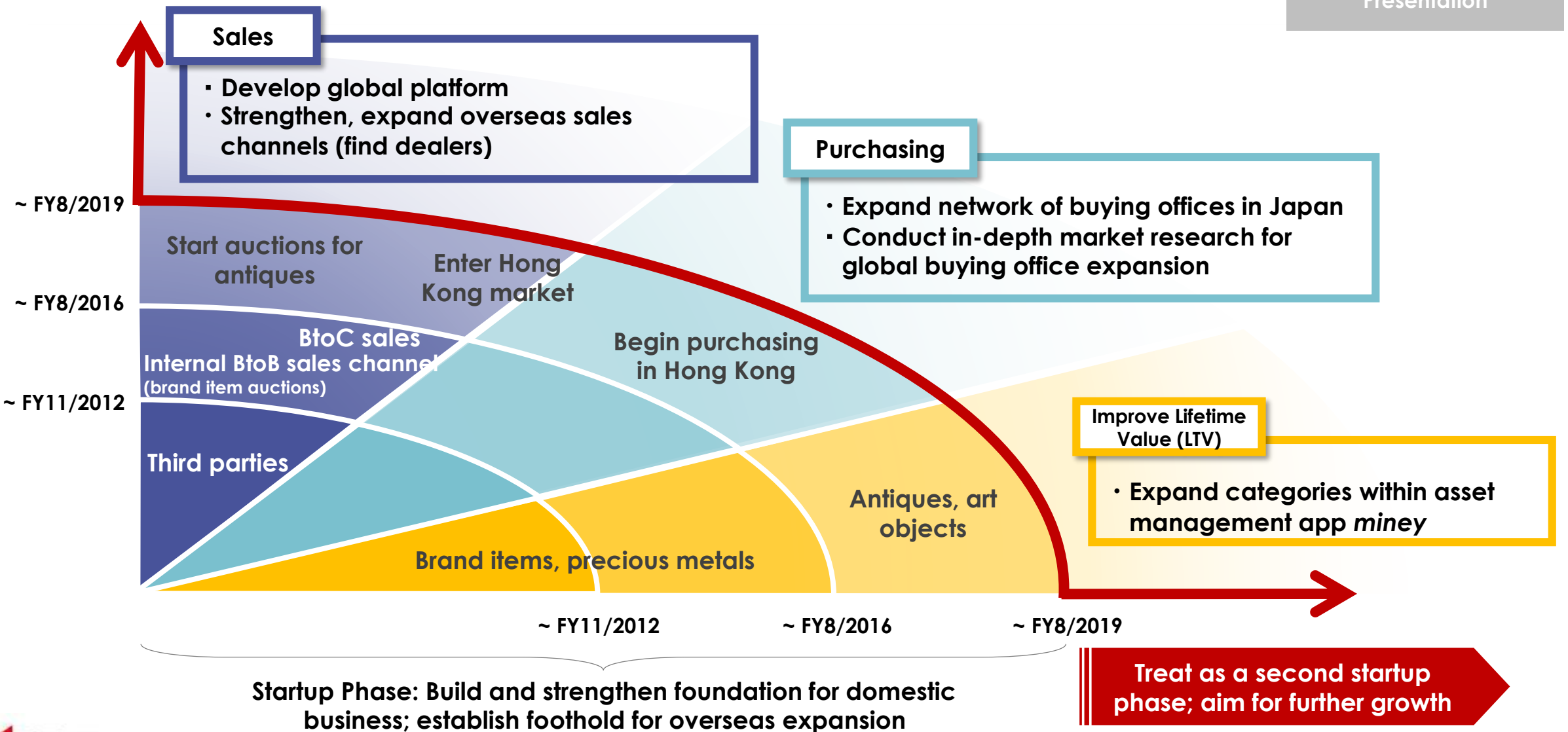
# SOU Group: A Second Startup Phase

Excerpt from FY8/19 Financial Results Presentation

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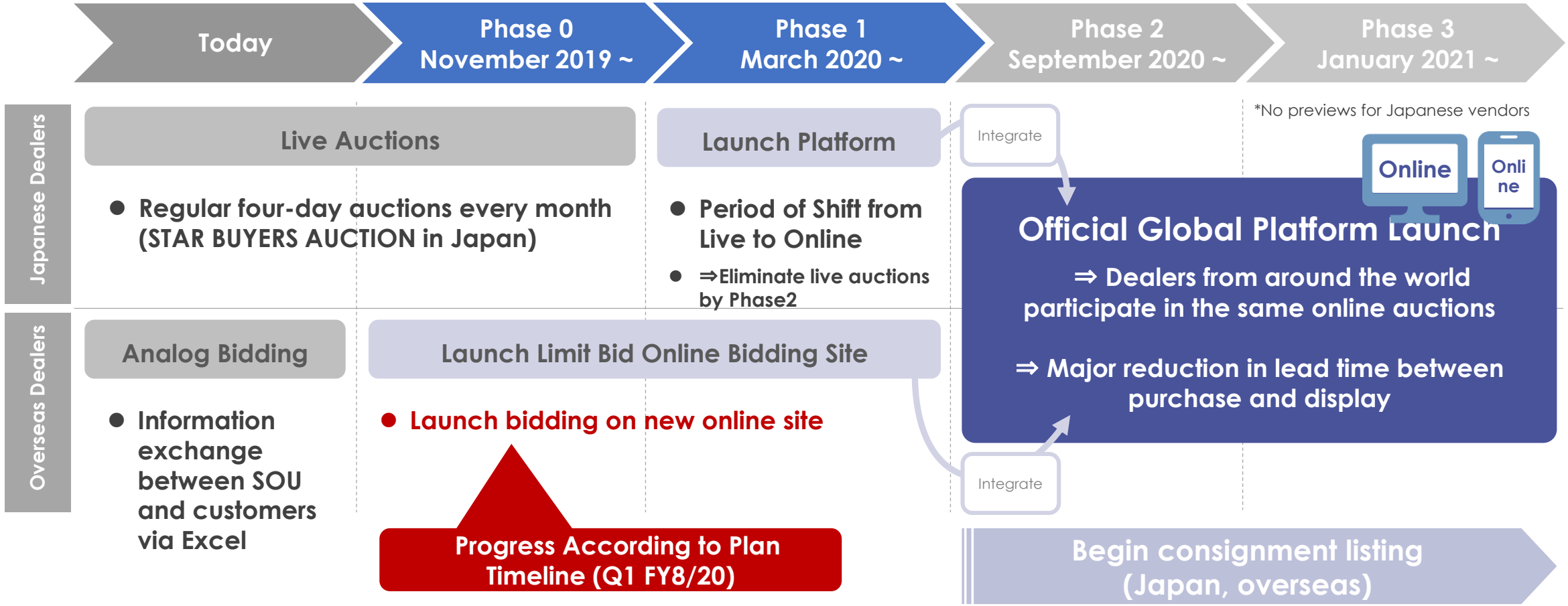
Sales

# Develop Global Platform

Excerpt from FY8/19 Financial Results Presentation
*Partially revised

## ☐ Parallel implementation of system development and transition from live to online auctions




*Schedule may change due to circumstances surrounding development work.
*We plan to integrate the online bid auctions held on the 23rd of each month into the platform during Phase 1. ⇒Completed due to transition preparation in December 2019

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# Develop Global Platform

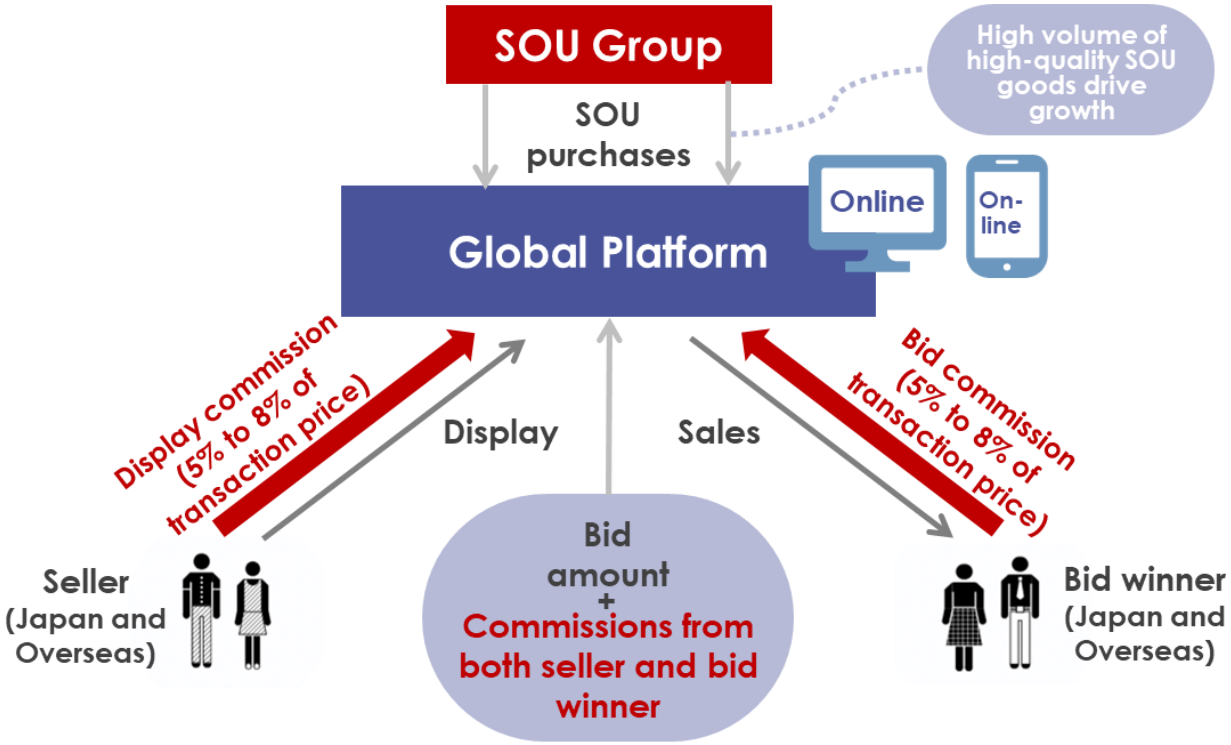
## ☐ STAR BUYERS AUCTION (Luxury Brand Items)/Japan

### Launch of Phase 0

- Launched online bidding website (watches and bags) for overseas vendors specifically in November 2019
  ⇒Allowed overseas vendors to participate online in Japanese auctions
- Sixteen vendors from seven countries, including Asia, US, Europe, etc. participated, representing a total of approximately ¥1.0 billion in bids (November)
- Concluded online bid auctions (23rd of each month) in November 2019 for overall auction operational efficiencies
  ⇒Decrease in auction days, compensated through sales of live auctions (11th to 14th of each month), and other channels

**Transition of Japanese live auctions to online auctions, global platform creation progressing on schedule Q1 FY8/20**

### <Global Platform Overview>





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# Other Initiatives (toB, toC)

## ☐ STAR BUYERS AUCTION (Diamonds, Etc.)/Hong Kong

- Launched full operations for jewelry auctions
- Launch of consignment sales for diamond auctions
- Auctions:

  Diamond Auctions: 2 (September/November 2019)

  Jewelry Auctions: 2 (September/November 2019)



*Close coordination between local staff and participating dealers during auctions have precluded any impact of the Hong Kong demonstrations.

## ☐ usus

- Listed products on au Wowma! to expand sales via increased customer interactions
- Linked inventory with usus e-commerce site (about 6,000 items at any given time) for greater sales efficiency

USUS

au Wowma!

**USUS:**

Retail e-commerce site launched in January 2019. Luxury brand, street brand, and other items across a wide range of categories and styles.



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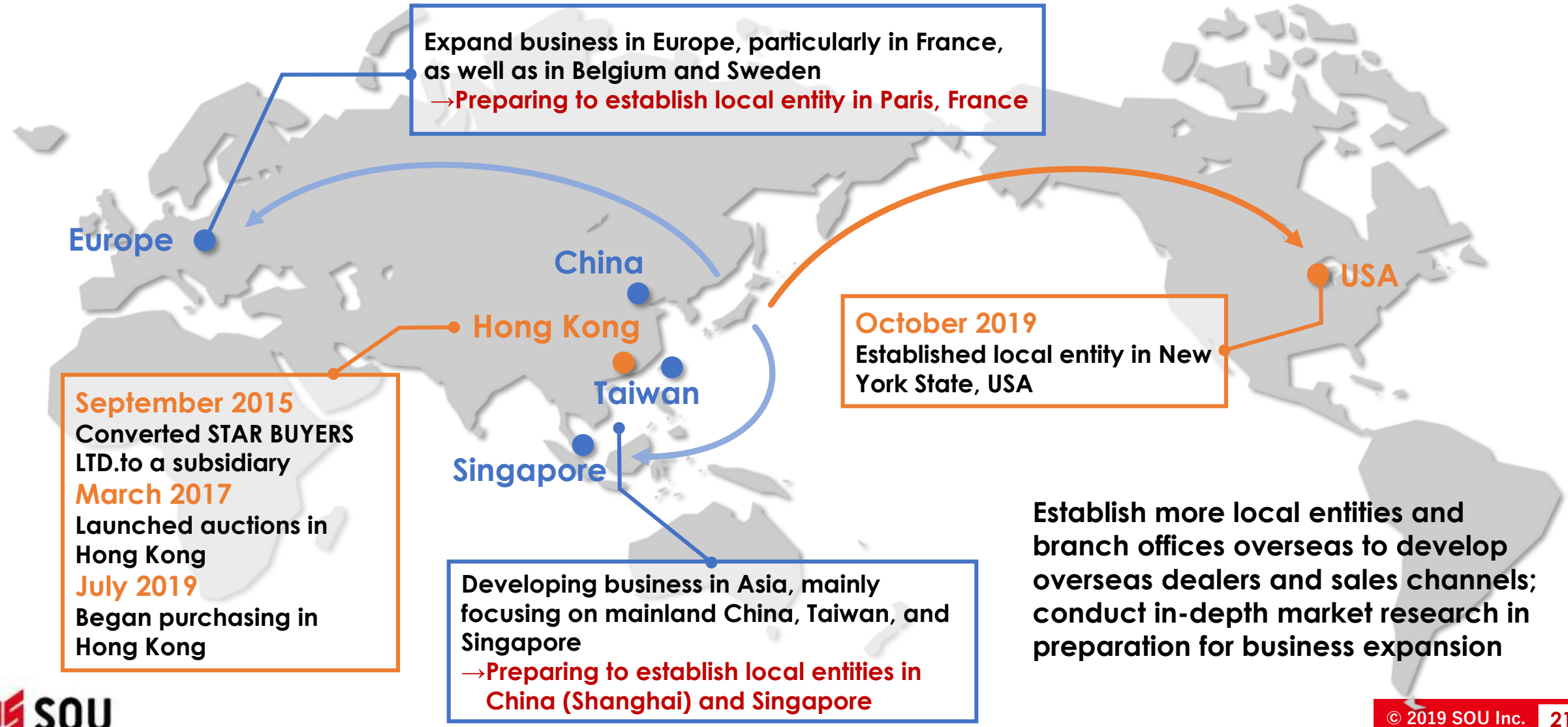
# Strengthen, Expand Overseas Sales Channels

Excerpt from FY8/19 Financial Results Presentation
*Partially revised




Establish more local entities and branch offices overseas to develop overseas dealers and sales channels; conduct in-depth market research in preparation for business expansion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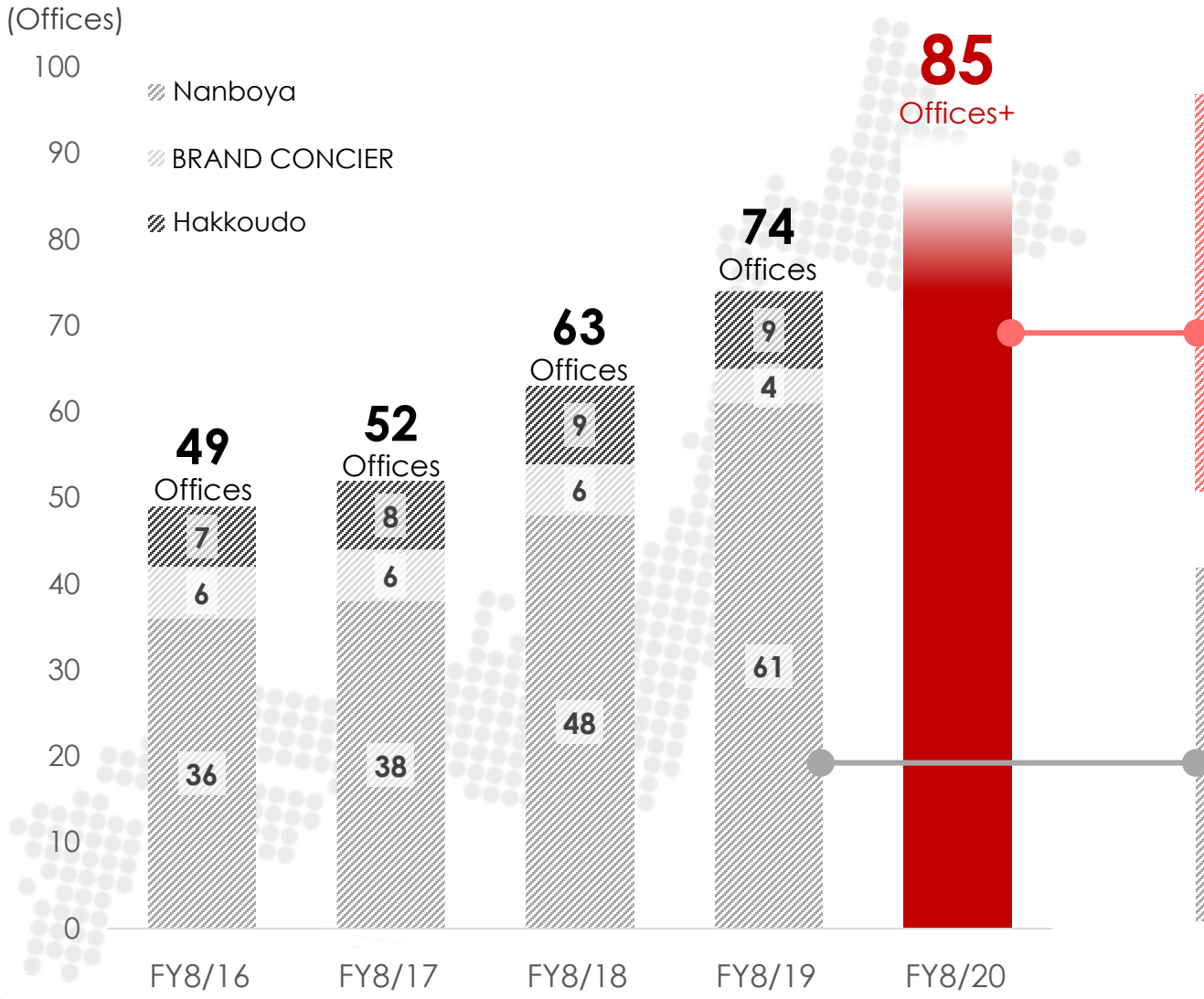
Purchasing

# Open More Buying Offices in Japan

Excerpt from FY8/19 Financial Results Presentation
*Partially revised




- Planning to add 11 or more new (net) offices, mainly in Japanese department stores and commercial facilities
- Leverage Nanboya brand for new locations to maximize advertising and promotion effectiveness (customer traffic generation)

- July 2019
  Launch of purchasing at Nanboya Hong Kong
  *Not included in number of locations noted at left

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Purchasing

# Domestic Buying Office Relocations, New Openings

## ◘ Q1, FY8/20 Openings

なんぼや BRAND REUSE NANBOYA



9/2019 Machida Tokyu Twins
*Relocation



9/2019 Tokyu Plaza Kamata



9/2019 mi:ts Kokubunji



9/2019 Kintetsu Hyakkaten



11/2019 Nagoya Esca



11/2019 Shinjuku Alta

BRAND CONCIER




11/2019 Matsuzakaya Nagoya

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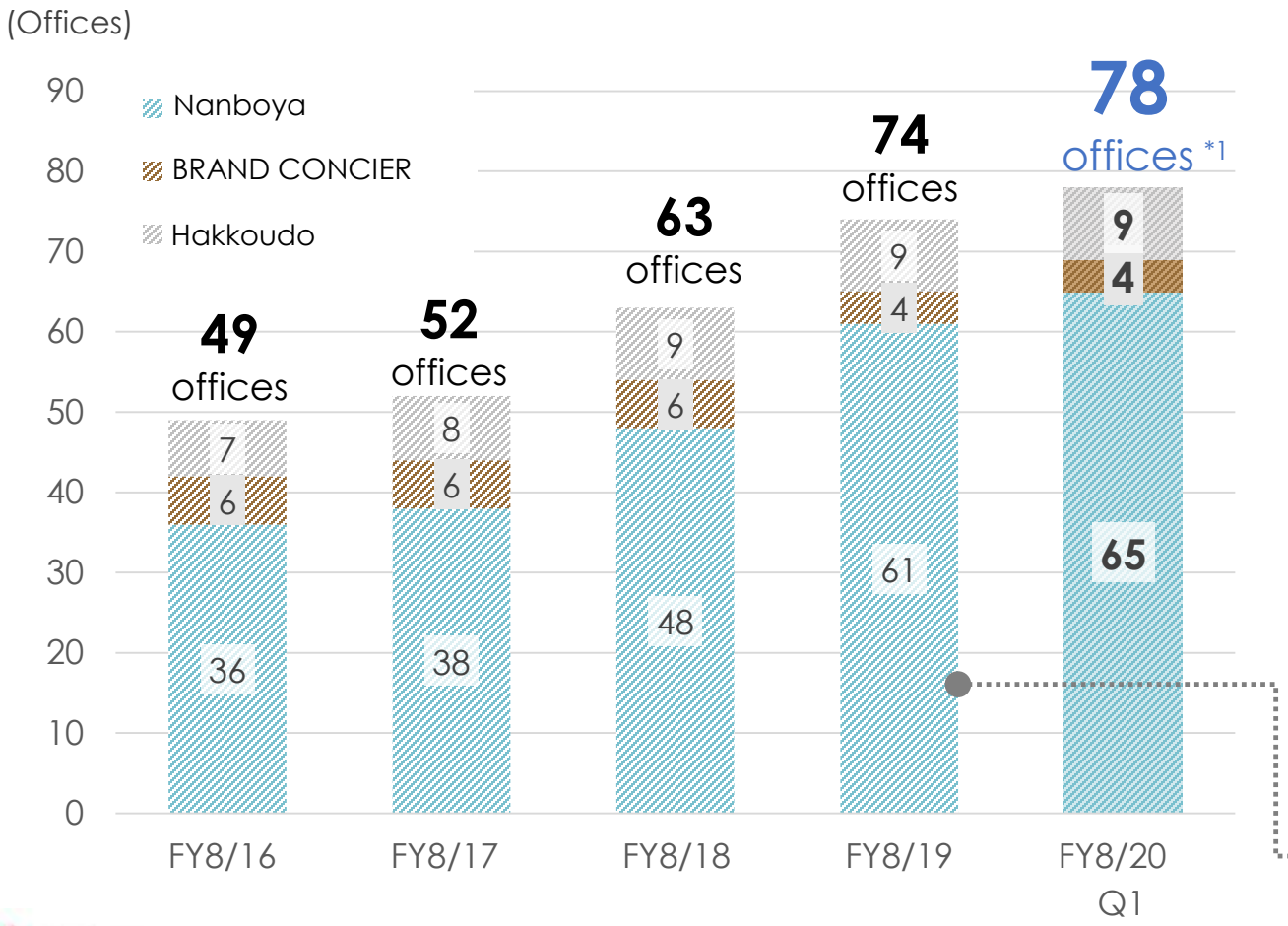
Purchasing

# Buying Office Relocations, New Openings

## ☐ Buying Offices




## ☐ Q2, FY8/2020 and Beyond

[New Locations]

- Dec. 5, 2019
  : Nanboya + Miney Tokyu Plaza Shibuya (*2)
- Dec. 12, 2019
  : Nanboya JR Kanda Sta. East Exit

[Closed Locations]

- Nov. 30, 2019
  : Nanboya Sannomiya San Plaza
- Jan. 31, 2020
  : Nanboya Fujisawa OPA (*3)

*1 Net increase of four locations, including closures of Nanboya Ginza Sukiyabashi and BRAND CONCIER Shinjuku

*2 Nanboya location with a real asset consultation desk. Consultation desk provides customers with support for real asset management using the Miney app.

*3 Ended parallel operations moving entire location to Nanboya Fujisawa ODAKYU Shonan Gate.

● July 2019 Launch of Nanboya purchasing in Hong Kong

*Not included in number of locations noted at left

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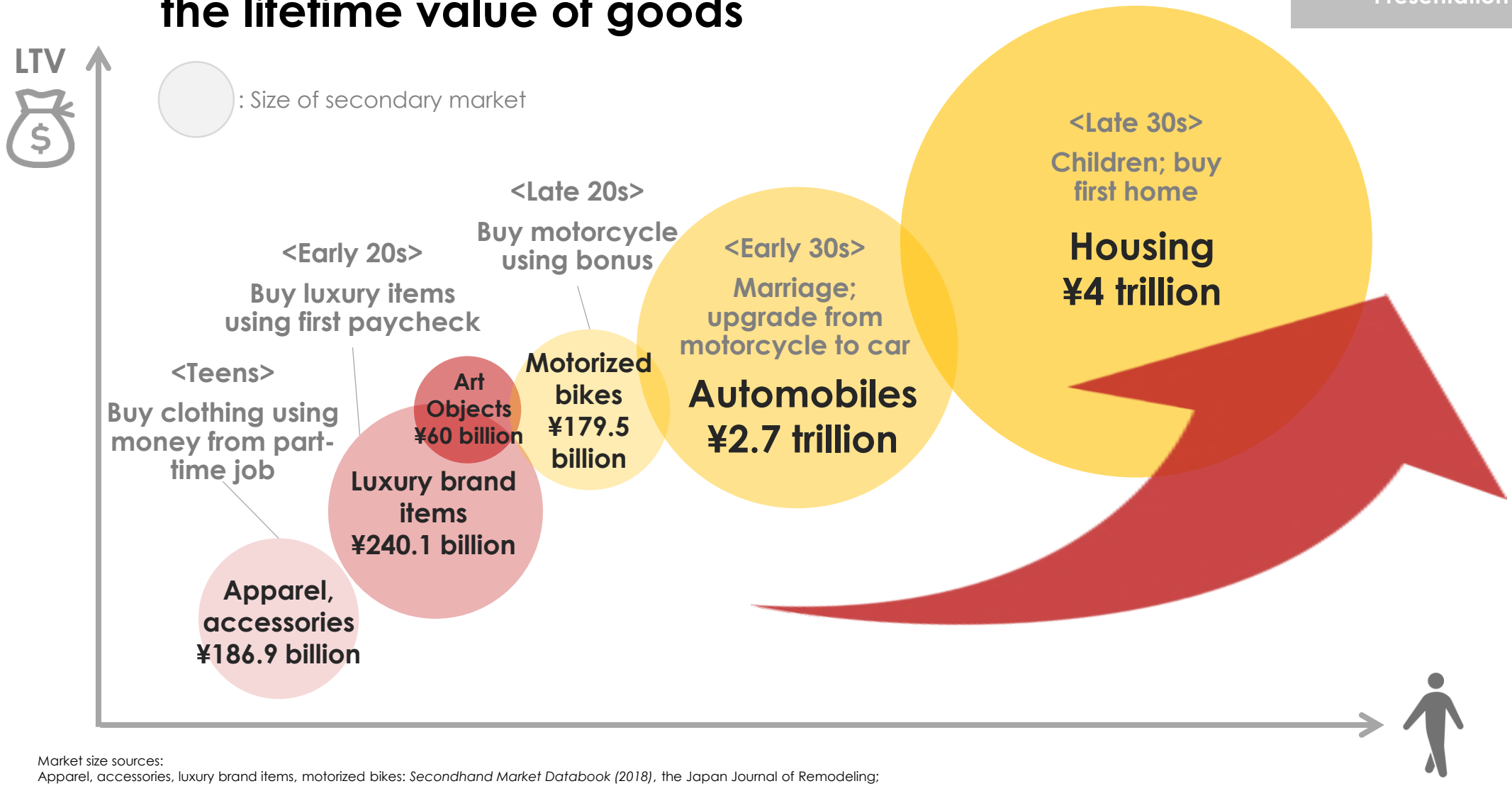
Improve LTV

# Expand categories to increase the lifetime value of goods

Excerpt from FY8/19 Financial Results Presentation




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

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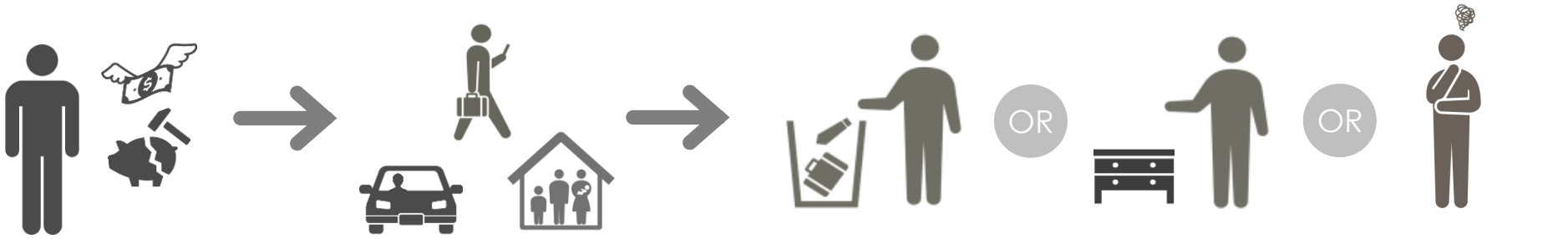
Improve LTV

# Strategic Role of Miney

Excerpt from FY8/19 Financial Results Presentation

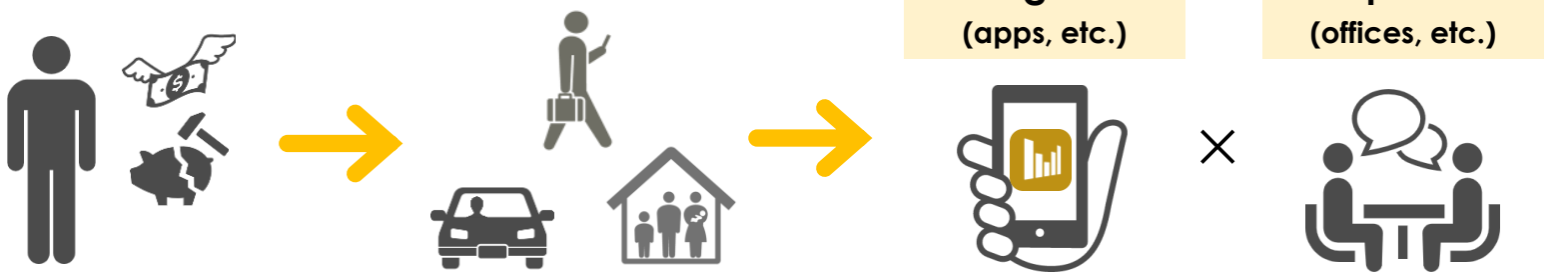
## ☐ Service offering integrated digital management of all estate assets

**The Past**




Purchase → Use → (Unaware of value) Dispose / (For now...) Store / (Item by item) Ask consultant

**The Future**



Purchase → Use → Digital (apps, etc.) / In-person (offices, etc.)

Integrated management × Consult re: selling, investment

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Improve LTV

# Improve Usability for Asset Management App *Miney*

## ☐ Expand categories

### ◆ Paintings, antiques, art objects

- Added categories traditionally difficult to appraise/assess value (paintings, antiques, art objects)
- Important reference data for inheritance, estate liquidation, and life planning to prevent disposal of items without knowing their true value



Paintings | Modern Art | Art Objects | Antiques | Wall Hangings | Chinese Art

### ◆ Real estate

- Added real estate category (one of the most important assets owned by individuals)
- Property owners can confirm the current value of their land, houses, or condominiums anywhere in Japan




## ☐ Released automated AI-based appraisal function (β version)

Incorporate AI into watch appraisal function; simply take photo of item with smartphone to add item information automatically and provide appraisal result within three seconds




*Automated appraisals available only for Rolex watches. Other watches, other brands, and bag/jewelry categories function as normal


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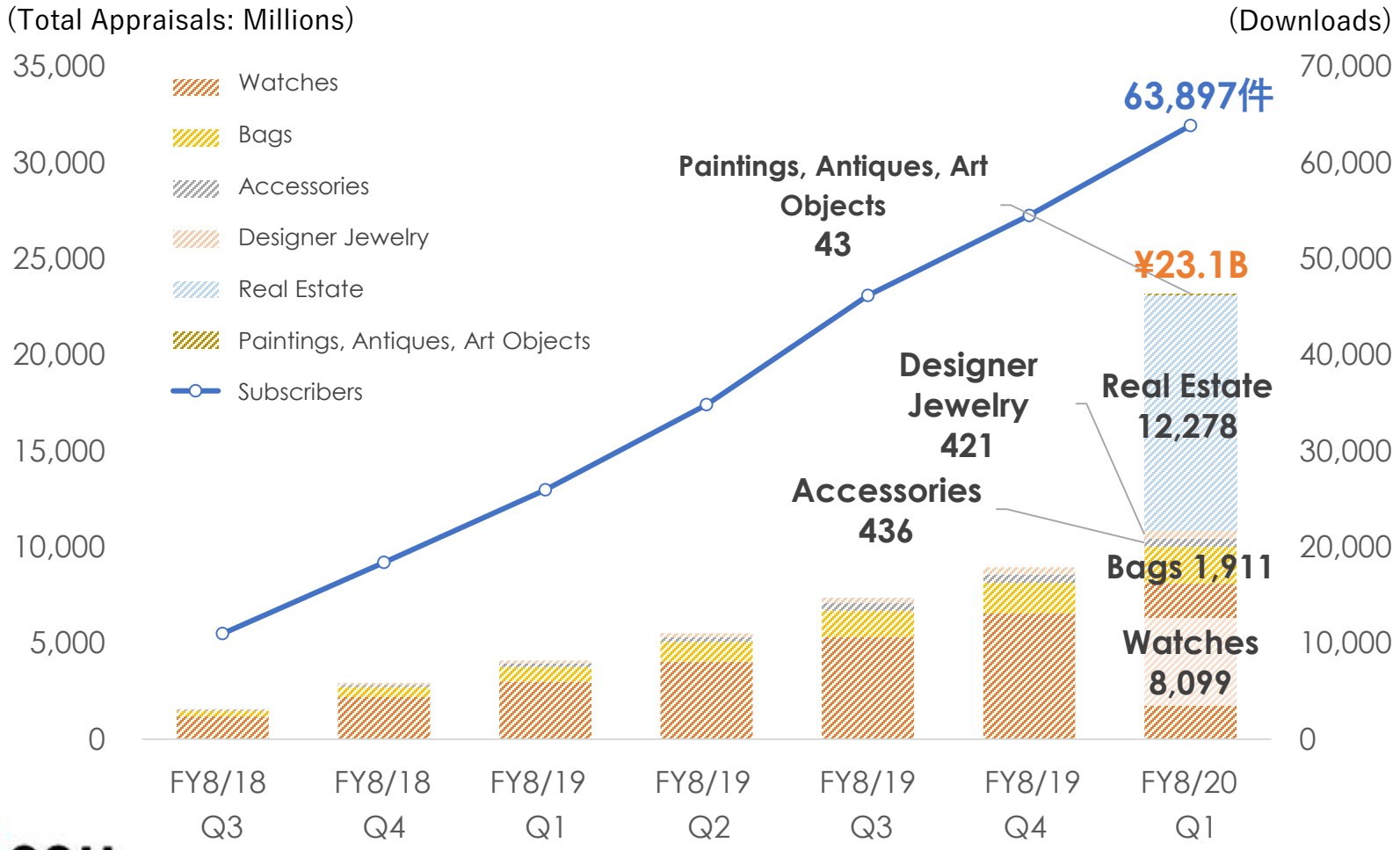
Improve LTV

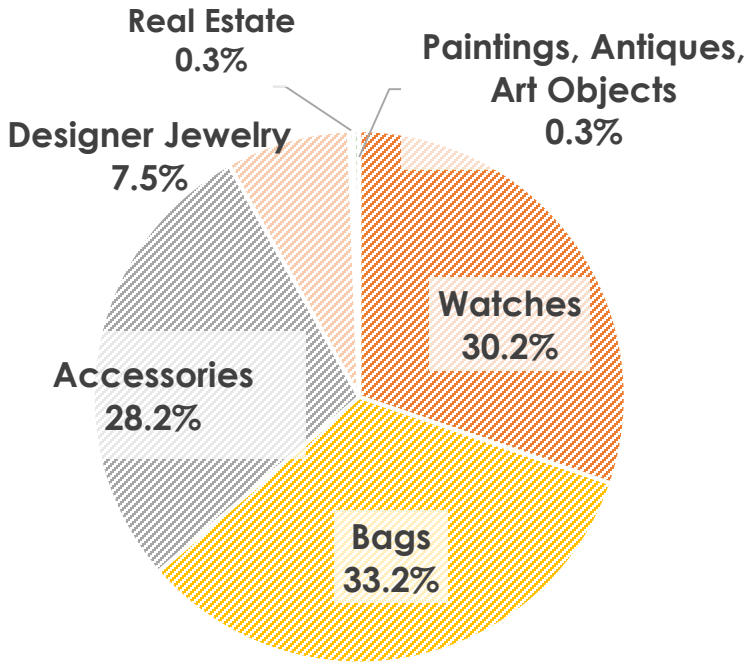
# Asset Management App *miney*

## ☐ Downloads and Total Appraisals




**Total No. of Appraised Items**

**66,000**

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Other

# Topics

## Stock Split

The company conducted a one-for-two stock split effective September 1, 2019.

**Objective:** To improve liquidity and increase share numbers, looking ahead to change to the first section of the TSE.

## Transition to Company with Audit and Supervisory Committee

The company transitioned from a company with Audit & Supervisory Board to a company with Audit and Supervisory Committee on November 22, 2019.

**Objective:** To raise our level of corporate governance and effectiveness through a stronger oversight structure and supervisory functions for faster decision-making and improved agility among our board of directors.

## Transition to Holding Company Structure

The company decided to transition to a holding company structure effective March 1, 2020.

**Objective:** To ensure greater business efficiency and flexibility in adapting to changes in the market; to generate greater group-wide growth through more clearly defined responsibilities and roles for each company acting independently.




*Planning to change company names under new structure effective March 1, 2020
*The company established SOU Technologies in November 2019 to strengthen our systems development business; Valuence Real Estate to be established in March 2020 to launch real estate brokerage and other real estate related businesses, beginning official operations in June


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# Appendix

- Long-Term Strategy, Fiscal Year Ending August 31, 2020 and Beyond
  (Excerpt From Financial Results Presentation for the Fiscal Year Ended August 31, 2019)
- Detailed Business Model and SOU Strengths
- SOU Business Brands

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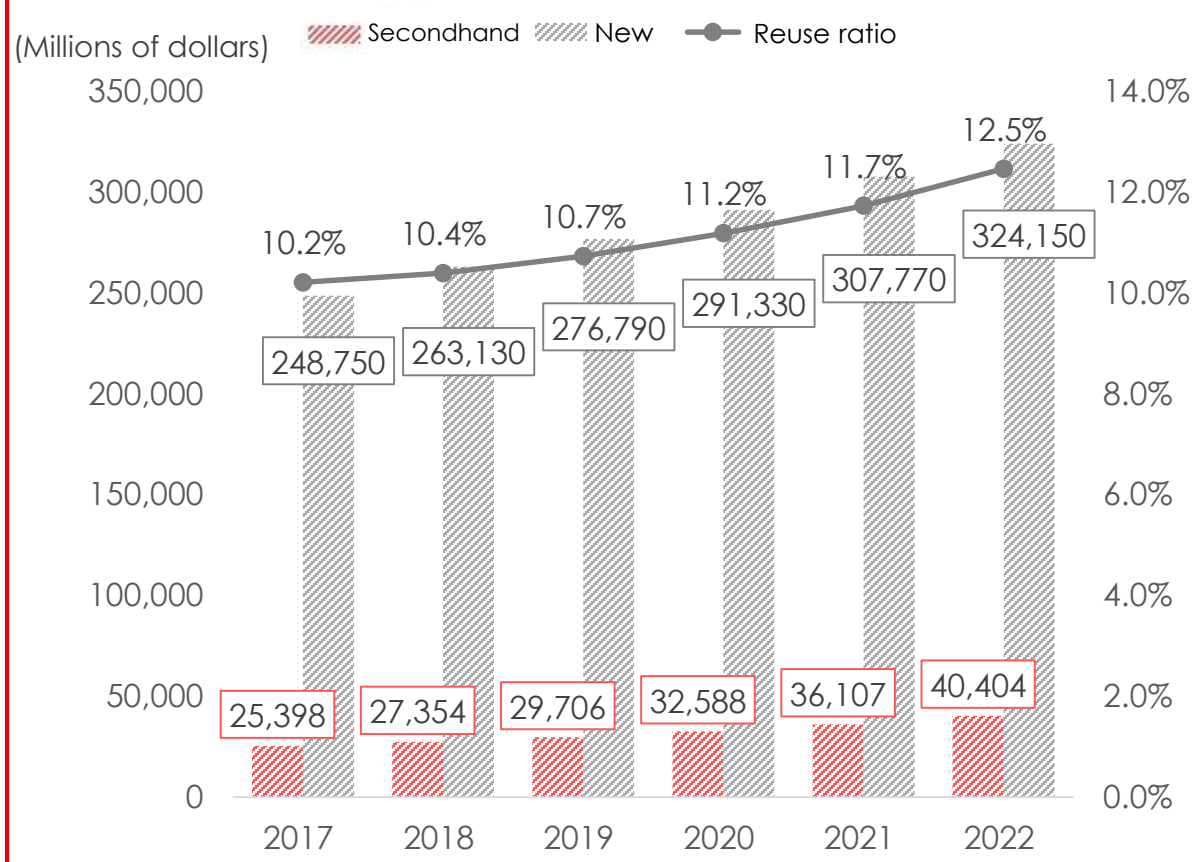
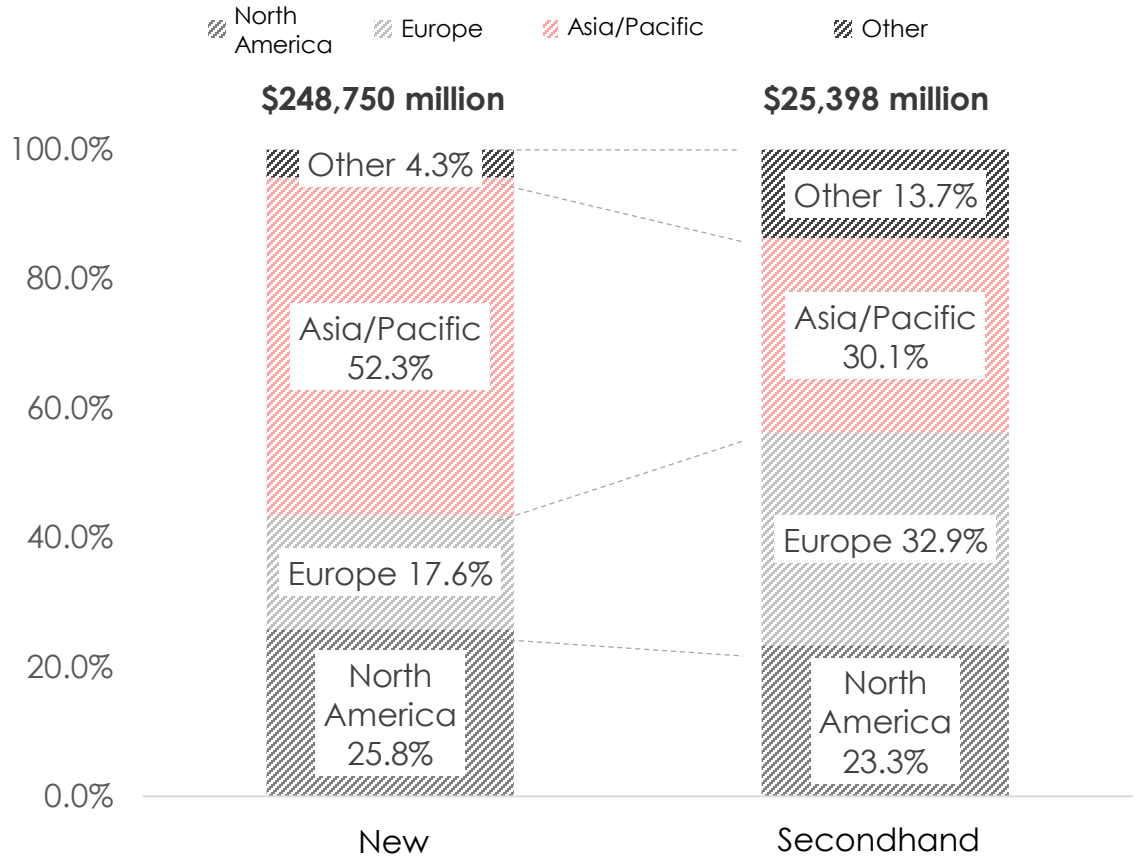
# The Global Luxury Brand Item Market

## Global luxury brand new, secondhand markets; reuse ratio




## Luxury brand new, secondhand item market size by region (2017)




* New: Luxury Apparels, Jewelry, Premium watches, Luxury Accessories (eyewear, bonnet, handbags, cravat etc.)
* Secondhand: Luxury Apparels, Jewelry, Watches, Bags, Accessories, Footwear
* Source: (New) Daedal Research / (Second Hand) Kay Dee Market Insights

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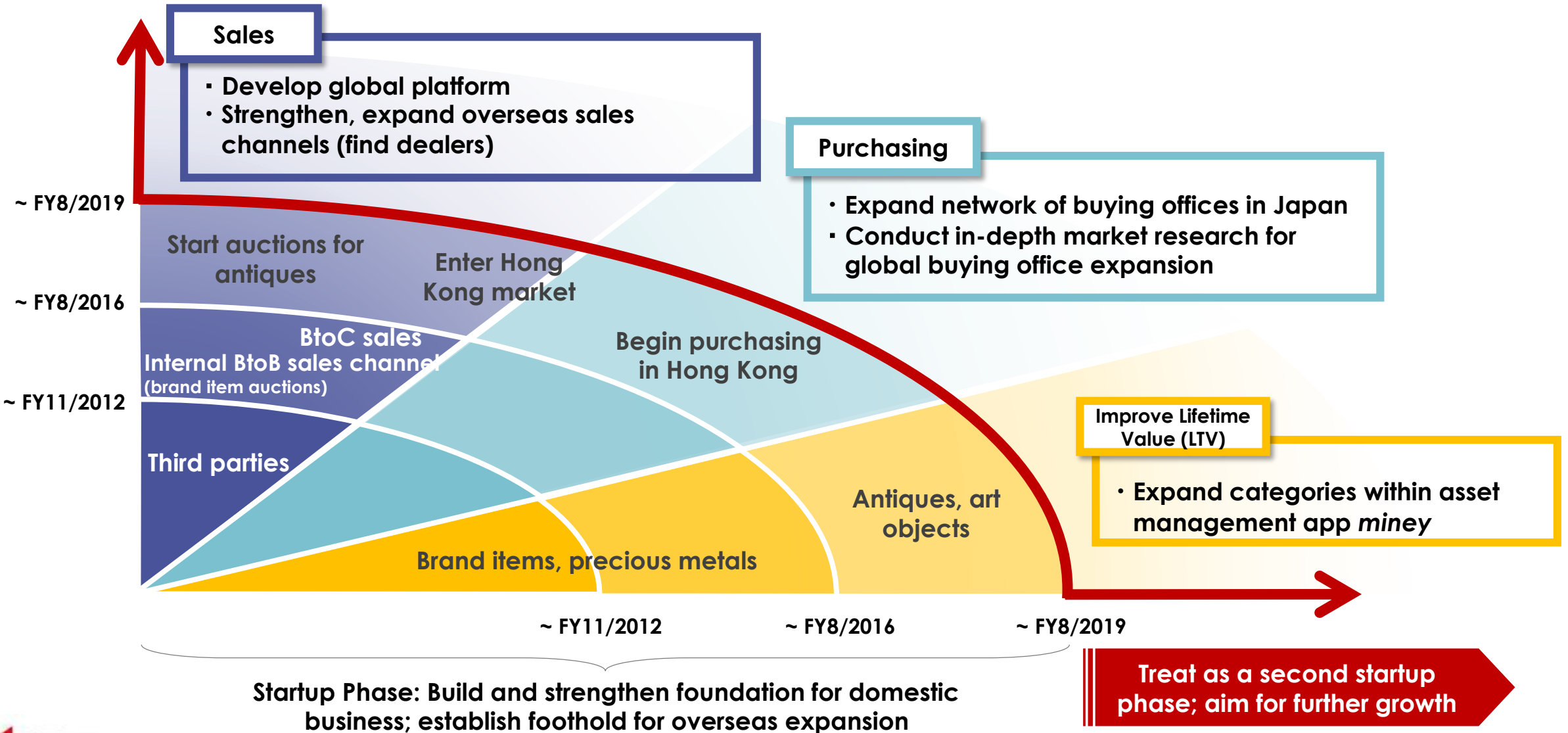
# SOU Group: A Second Startup Phase

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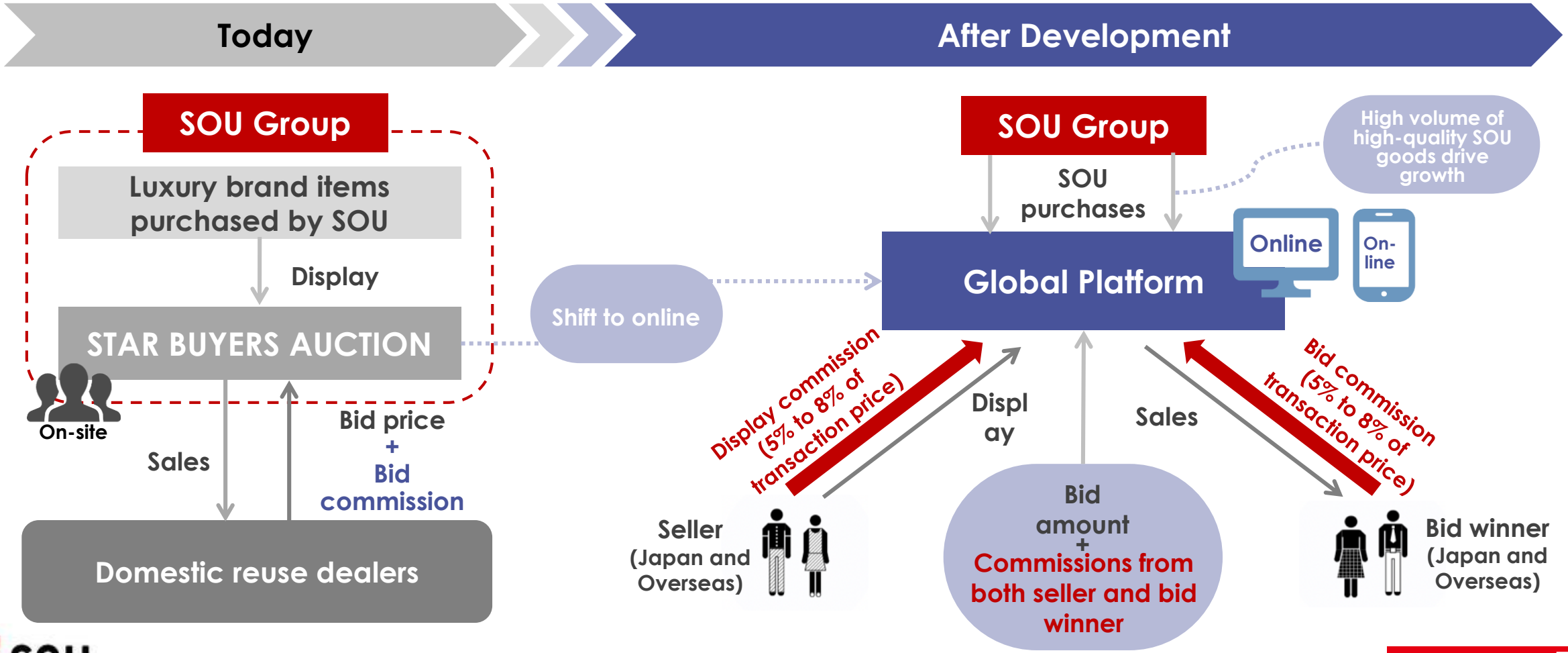
Sales

# Develop Global Platform

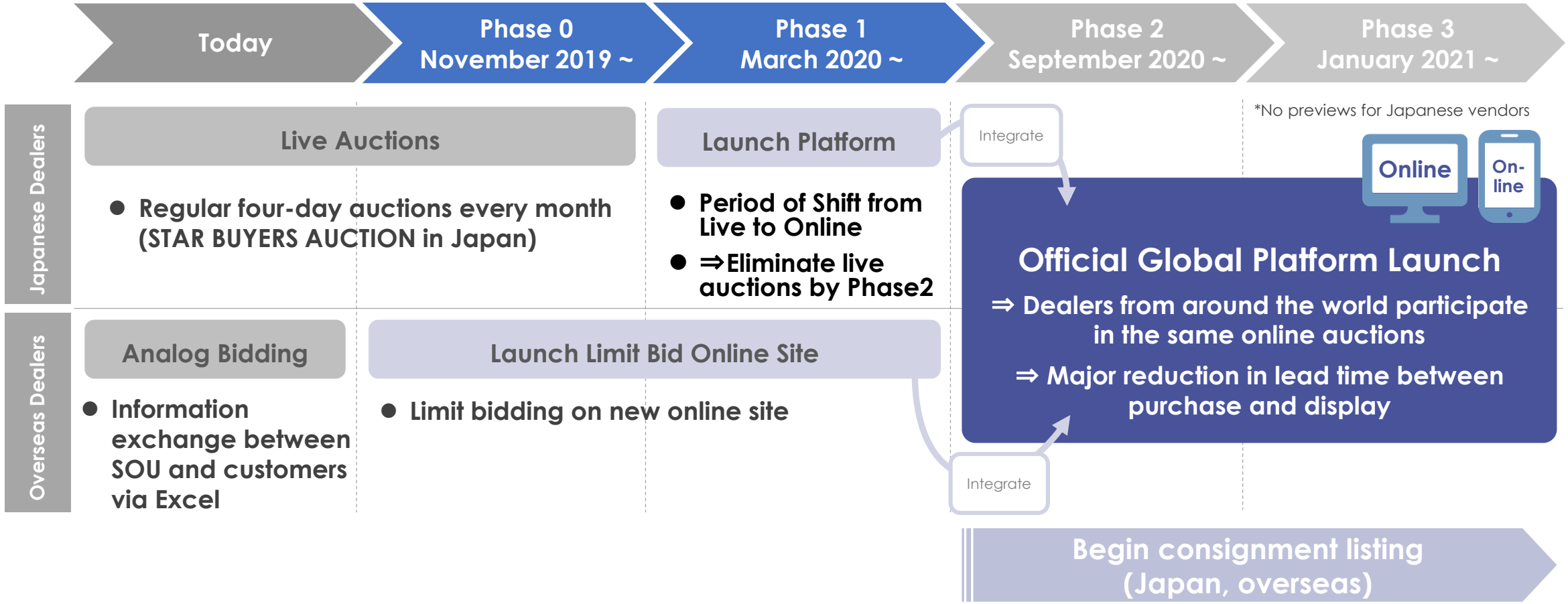
☐ Transform Japan STAR BUYERS AUCTION into a worldwide global platform



Sales

# Develop Global Platform

## ☐ Parallel implementation of system development and transition from live to online auctions




*Schedule may change due to circumstances surrounding development work.
*We plan to integrate the online bid auctions held on the 23rd of each month into the platform during Phase 1.

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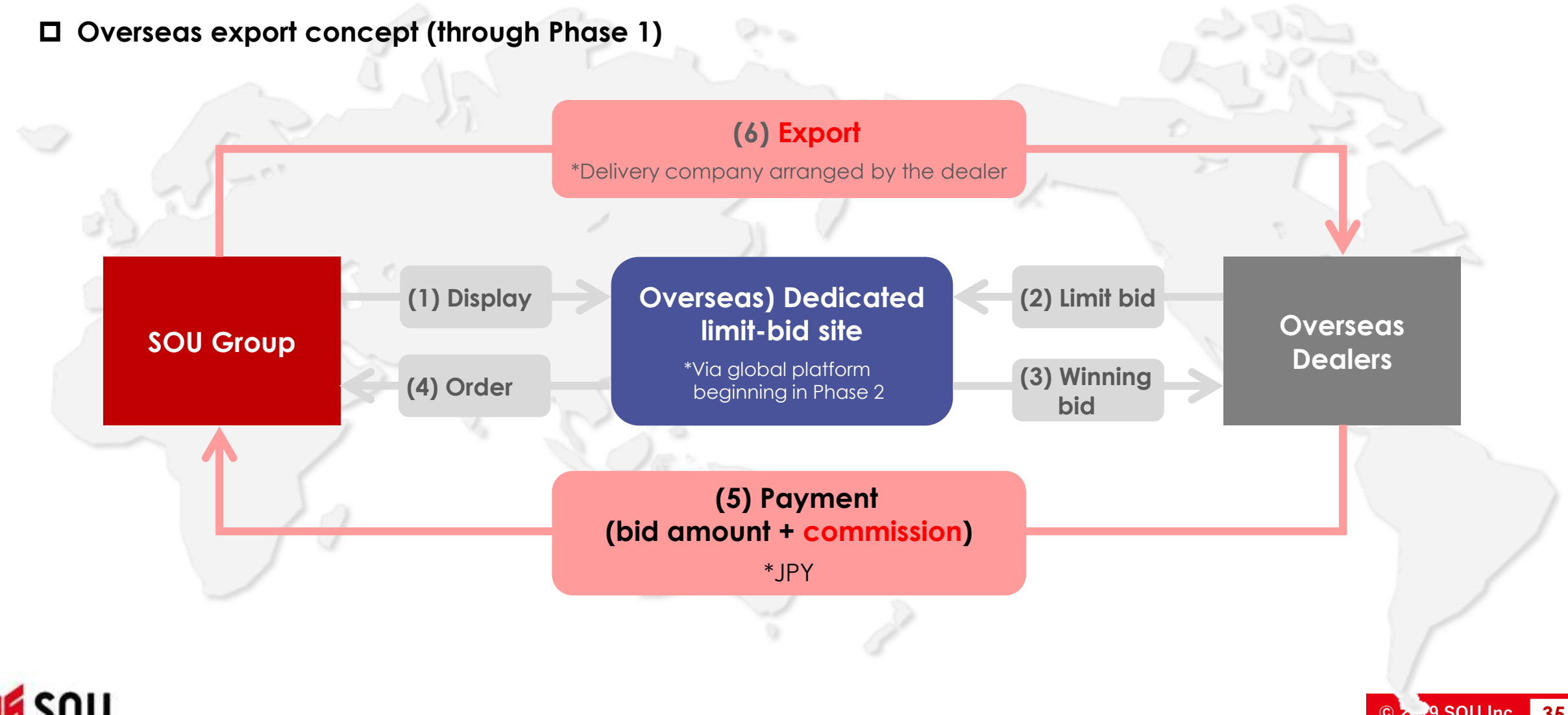
# Develop Global Platform

## ☐ Overseas export concept (through Phase 1)





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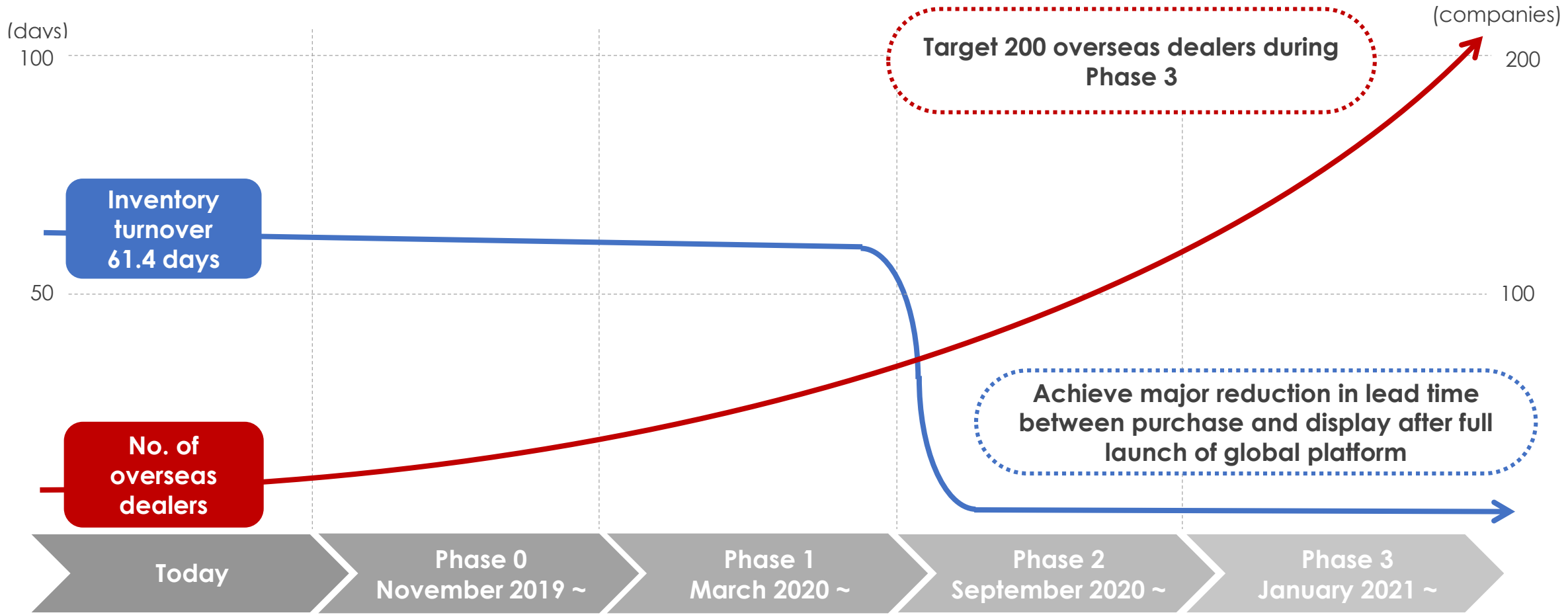
Sales

# Develop Global Platform

## ☐ Inventory turnover and number of overseas dealers




*Schedule may change due to circumstances surrounding development work.

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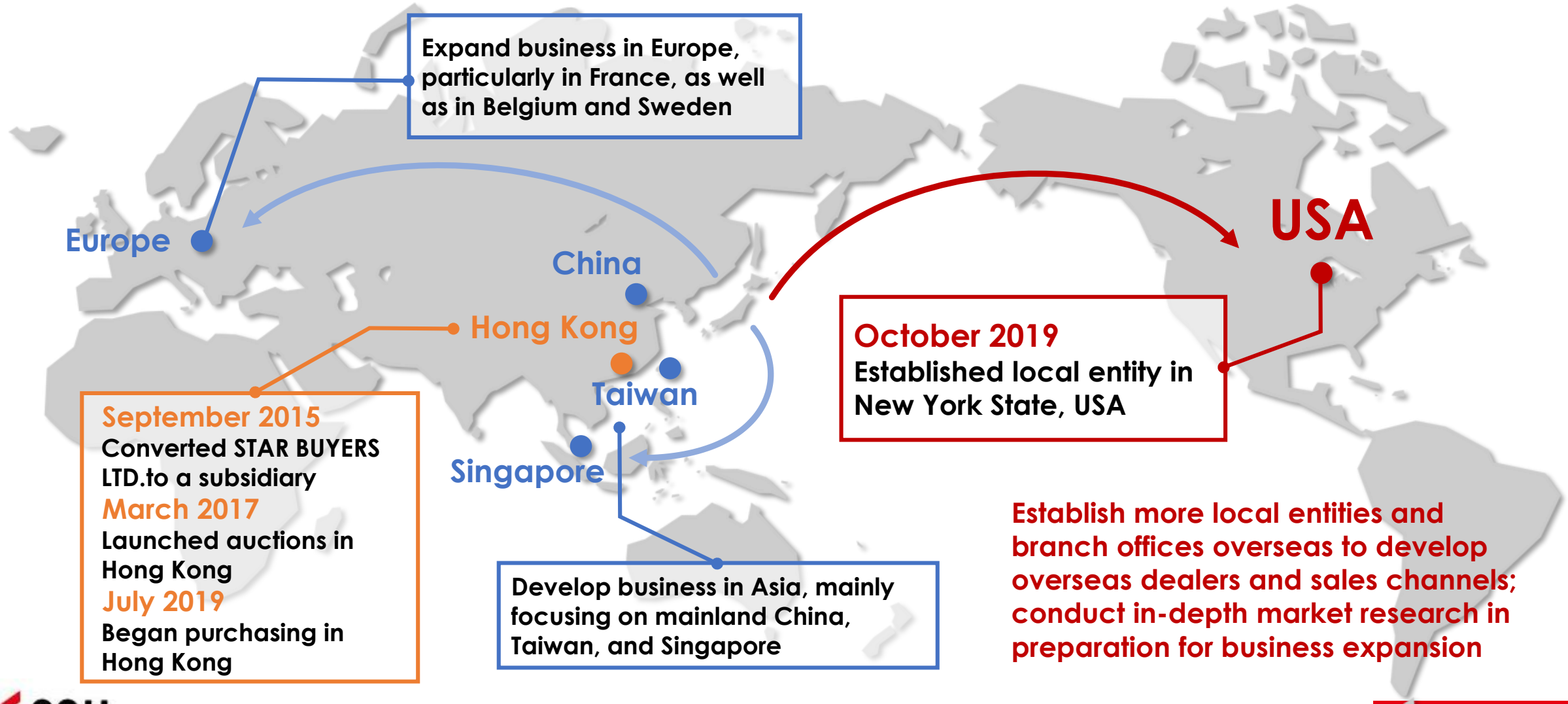
Sales

# Strengthen, Expand Overseas Sales Channels




Establish more local entities and branch offices overseas to develop overseas dealers and sales channels; conduct in-depth market research in preparation for business expansion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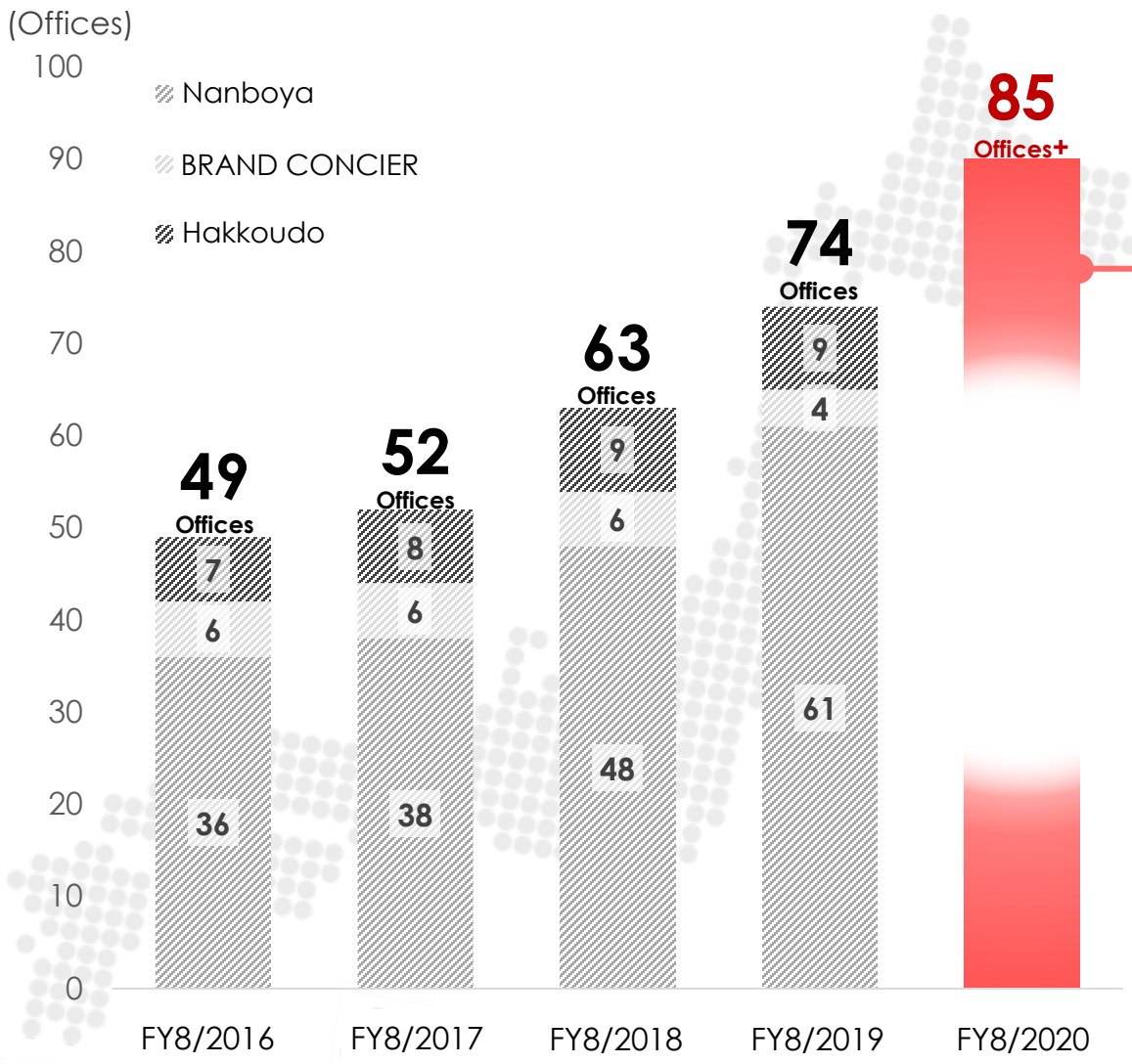
Purchasing

# Open More Buying Offices in Japan




- Planning to add 11 or more new (net) offices, mainly in Japanese department stores and commercial facilities
- Leverage Nanboya brand for new locations to maximize advertising and promotion effectiveness (customer traffic generation)

## - Topic: Luxury Item Buying + Estate Asset Management and Investing -

New Nanboya+Miney business to open in Tokyu Plaza Shibuya December 2019



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Purchasing

# Conduct In-Depth Market Research for Global Buying Office Expansion




**September 2015**
Converted STAR BUYERS LTD.to a subsidiary

**March 2017**
Launched auctions in Hong Kong

**July 2019**
Began purchasing in Hong Kong

**October 2019**
Established local entity in New York State, USA

**Establish buying offices/business locations around the world; conduct market research and strengthen purchasing structure**


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Improve LTV

# Luxury brand items are not the only estate assets accumulated throughout one's lifetime




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Improve LTV

# Luxury brand items are not the only estate assets one can dispose of




- ✓ Reuse shop?
- ✓ Flea market app?
- ✓ Online auctions?
- ✓ Consult with tax accountant?
- ✓ Real estate agent?
- ✓ Used car seller?
- ✓ Estate sales agent? … etc

**No single place to address every concern and need**





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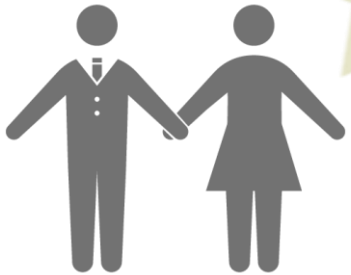
Improve LTV

# Luxury brand items are not the only estate assets one can dispose of



Asset disposal

## SOU Group

Brand items, precious metals

なんぼや BRAND REUSE NANBOYA

BRAND CONCIER

Antiques, art objects

古美術 八光堂

Real estate, automobiles, etc.

**Undeveloped categories**
**= Opportunity loss**



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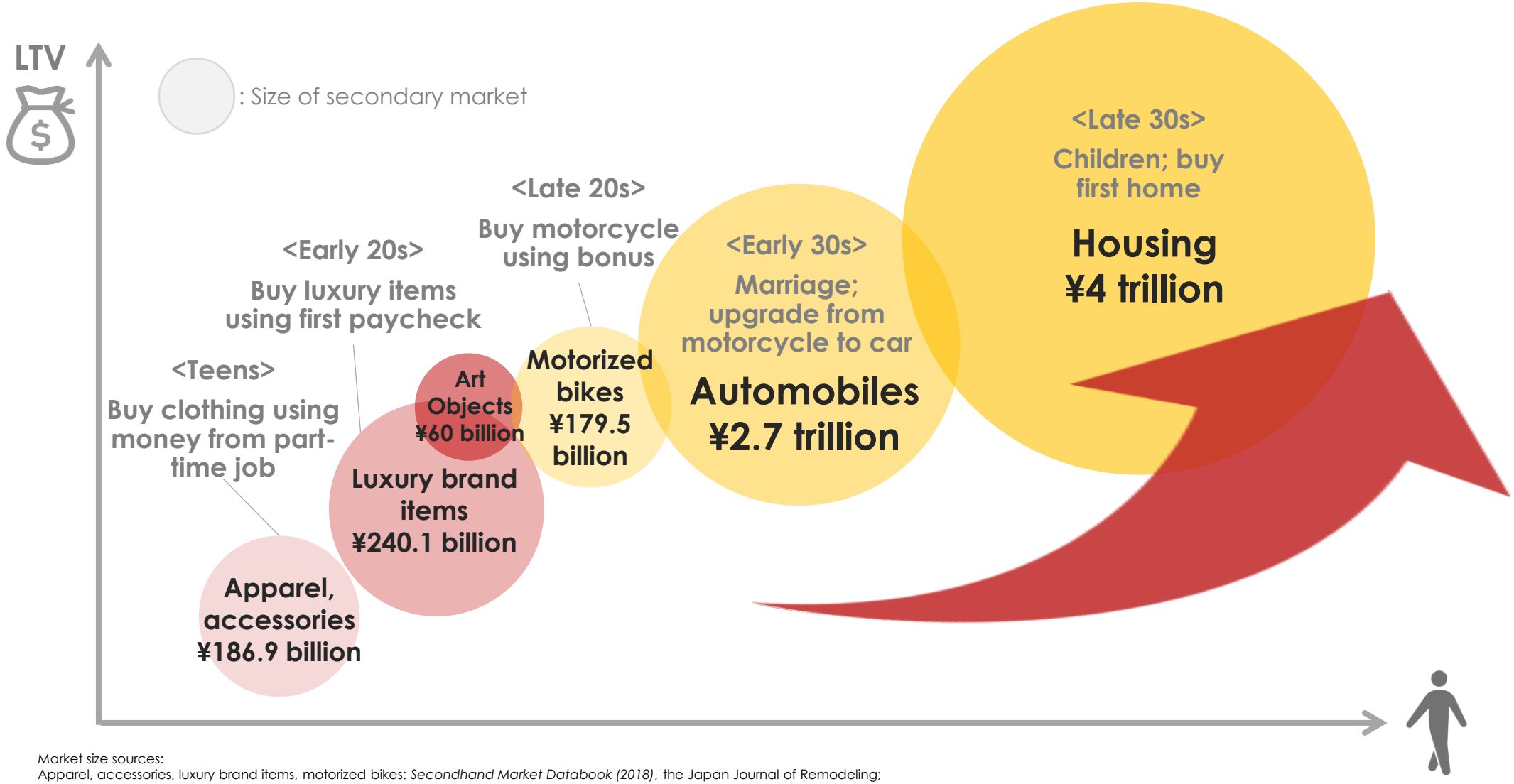
Improve LTV

# Expand categories to increase the lifetime value of goods




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

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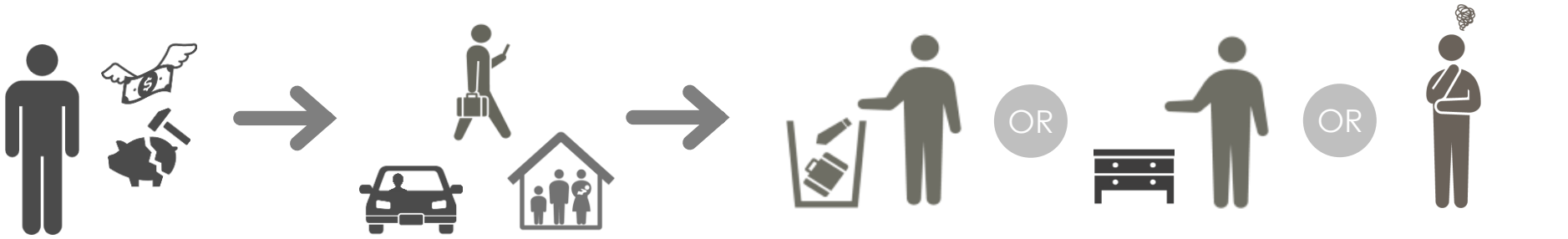
Improve LTV

# Strategic Role of Miney

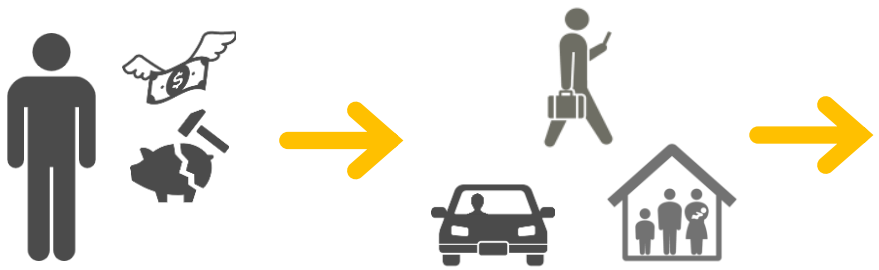
☐ Service offering integrated digital management of all estate assets

**The Past**




Purchase → Use → (Unaware of value) Dispose / (For now...) Store / (Item by item) Ask consultant

**The Future**



Purchase → Use → Digital (apps, etc.) / In-person (offices, etc.)

Integrated management × Consult re: selling, investment



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## Future Vision

# Global access to pricing and value data for smarter lifestyles.


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# Appendix

- Long-Term Strategy, Fiscal Year Ending August 31, 2020 and Beyond
  (Excerpt From Financial Results Presentation for the Fiscal Year Ended August 31, 2019)
- **Detailed Business Model and SOU Strengths**
- SOU Business Brands

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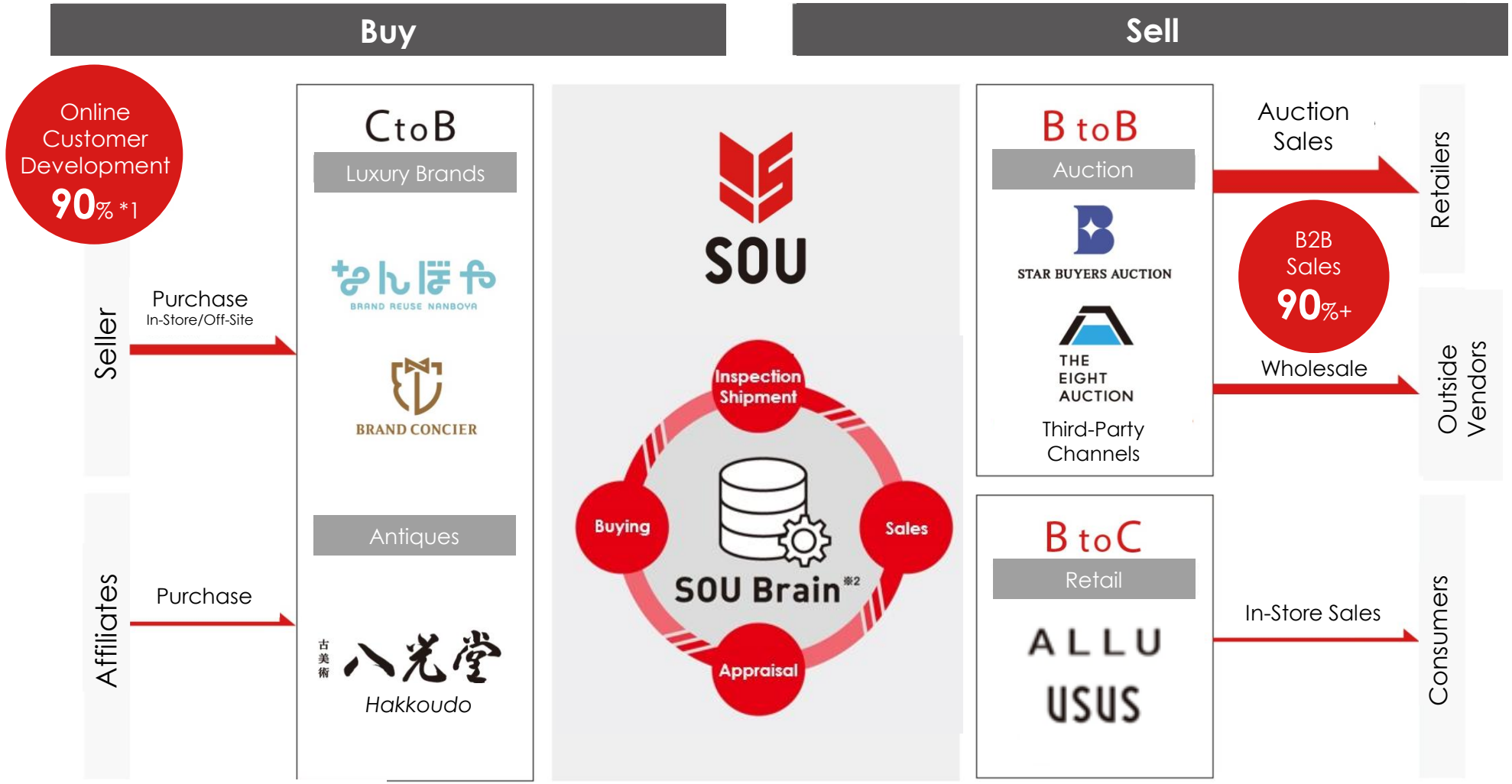
# Business Model




*1 Based on questionnaire results

*2 SOU Brain: SOU in-house system/database



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Customer Traffic

# Strong Appeal Among General Customers (Purchasing Online to Offline)

## ☐ The SOU O2O Model

**Online** → **90% of in-office customers come from online channels** → **Offline**

### SEO/List Ads

- Web promotion conducted in-house on ad-hoc basis
- Advertising expense limited to **2.1%** of net sales

* Three Months Ended November 30, 2019 actual







### LINE Appraisal

- Provide rough appraisal before customer comes to an office
- Nearly 20% of LINE Appraisal users come to an office (Accounts for 10% of total office customer traffic)

* FY8/2019 actual



90%

### 78 buying offices (as of November 2019)

- Choose major urban areas, public transit stations for locations
- High-value item purchasing is important gateway
- **Buying offices are the engine driving SOU growth**
















SOU

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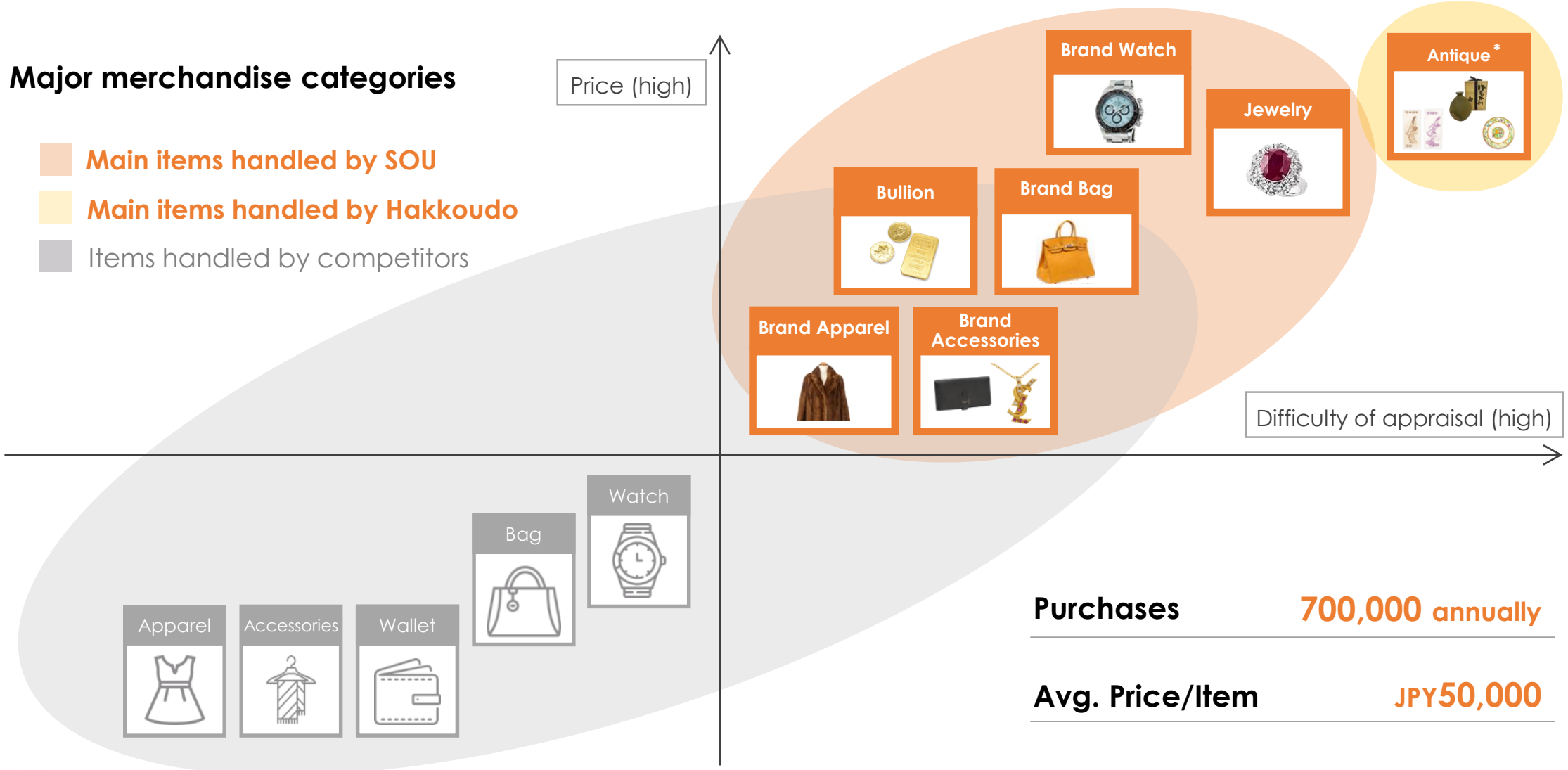
Purchasing (Purchasing Capacity)

# Mainly Difficult-to-Appraise High-Value Luxury Brand Items

## ☐ Major merchandise categories

- Main items handled by SOU
- Main items handled by Hakkoudo
- Items handled by competitors




| | |
|---|---|
| **Purchases** | **700,000 annually** |
| **Avg. Price/Item** | **JPY50,000** |

*Antiques, art handled by subsidiary Hakkoudo (converted to subsidiary in 2017 to build strength in appraising antiques and art objects)

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Sales Capacity

# How We Provide Merchandise to Competitors

## ☐ Providing merchandise to our competitors (C to B to B model)

⇒ Our customers are dealers who provide stable demand and serve as channel for mass sales of a variety of items. This provides information on fair market prices.





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# Industry Position

## Top 10 in Reuse Sales

| Rank | Company | Reuse Sales (JPY100M) | Total Sales (JPY100M) |
|---|---|---|---|
| 1 | GEO HOLDINGS CORPORATION | 994.2 | 2992.6 |
| 2 | BOOKOFF GROUP HOLDINGS LIMITED | 787.8 | 800.5 |
| 3 | DAIKOKUYA, Inc. (*tickets) | 446.0 | 446.0 |
| 4 | Komehyo Co.,Ltd. | 390.0 | 455.0 |
| **5** | **SOU** | **315.3** | **315.3** |
| 6 | KOUNAN Ticket Corporation. | 249.9 | 249.9 |
| 7 | Daikokuya Holdings Co., Ltd. | 201.0 | 205.0 |
| 8 | BIKE O & COMPANY Ltd. | 175.4 | 182.5 |
| 9 | A-too Inc. | 170.2 | 224.0 |
| 10 | HARD OFF CORPORATION Co, Ltd. | 169.4 | 185.2 |

## Top 10 in Luxury Brand Jewelry Sales

| Rank | Company | Luxury Brand Jewelry Sales (JPY100M) | Ratio to Total Sales |
|---|---|---|---|
| 1 | Komehyo Co.,Ltd. | 335.4 | 86.0% |
| **2** | **SOU** | **271.8** | **86.2%** |
| 3 | Daikokuya Holdings Co., Ltd. | 201.0 | 100.0% |
| 4 | HappyPrice | 126.2 | 100.0% |
| 5 | EcoRing Inc. | 125.3 | 87.5% |
| 6 | Okura | 106.7 | 100.0% |
| 7 | Brand off Co.,Ltd. | 99.2 | 97.0% |
| 8 | RK Enterprise co.,Ltd | 98.3 | 95.0% |
| 9 | K-GOLD INTERNATIONAL CORPORATION. | 85.0 | 100.0% |
| 10 | GALLERY RARE Ltd. | 73.8 | 94.0% |

Source: Secondhand Market Databook No.455, No.456, Japan Journal of Remodeling


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SNS

# NANBOYA LINE Appraisal

## LINE Appraisal

- Released as the first service in the industry to use LINE Business Connect in March 2015
- Send photo to the Nanboya LINE account and receive a rough appraisal in minutes
- Monthly appraisals: 10,000; Monthly appraised value: ¥1.95 billion; Office visits after using LINE appraisal: 20%

**Photograph**



STEP 1 Please photograph the item.

**Send**



STEP 2 Please send the image to the NANBOYA LINE account.

**Receive appraisal**



STEP 3 Appraisal results are sent.

＊Number of monthly appraisals, monthly appraised value, and percentage of customers making office visits are calculated based on results from the fiscal year ended August 31, 2018.


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Purchasing

# For luxury goods, precious metals, etc.

## NANBOYA

- Specialist buyer with 65 offices across Japan that serves as the flagship brand for the purchasing side of our business (As of November 30, 2019)
- Unique concierge service that listens to how customers met and parted ways with their possessions and a kind of salon atmosphere provide customers with high satisfaction




## BRAND CONCIER

- As a sister brand to NANBOYA, expanding offices to department stores, etc.
- Introduced the industry's first appointment system, taking reservations by phone, email, etc. to ensure a smooth experience with no waiting





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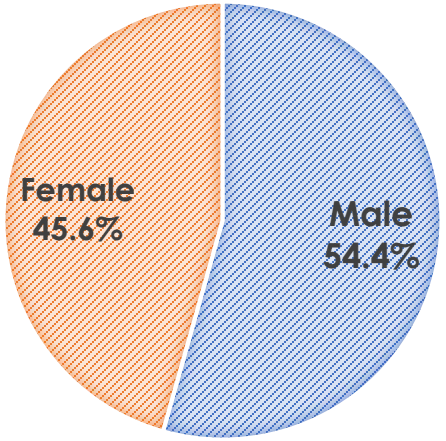
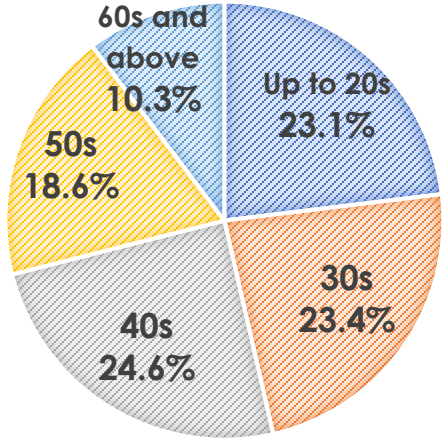
Purchasing

# NANBOYA・BRAND CONCIER

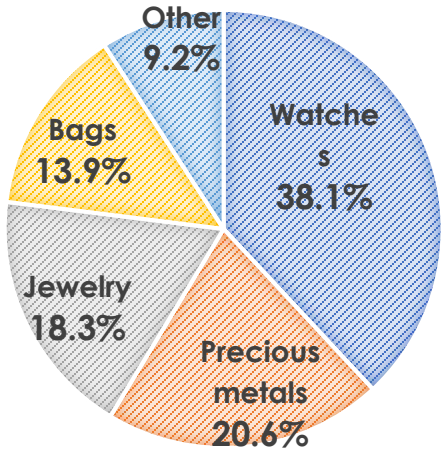
## Use by gender



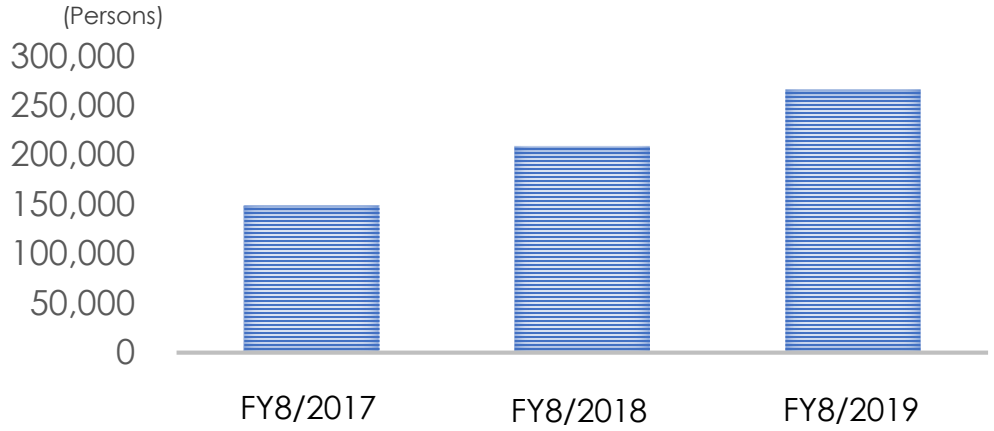

## Use by age




## Sales by category




## Number of users




*FY8/2019 actual (FY8/2017 actual for certain results)

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Purchasing

# For antiques and art objects

## ☐ HAKKOUDO

- Converted to a subsidiary in February 2017
- Specialty buyer of antiques, antique art, and modern art
- Approximately 40 antique appraisal professionals on staff; the company mainly conducts off-site purchases at estate-sales, life planning, etc.
- Hakkoudo works with tax accounting firms on inheritance related matters and holds tax planning seminars at event halls







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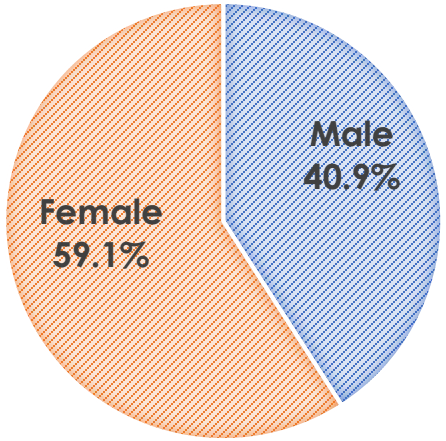
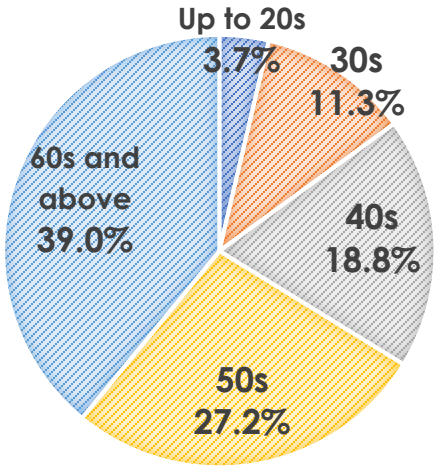
Purchasing

# HAKKOUDO Use Profile

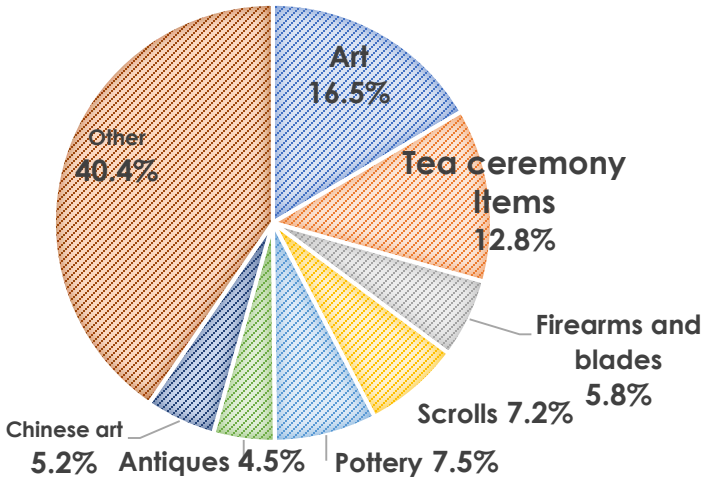
## Use by gender



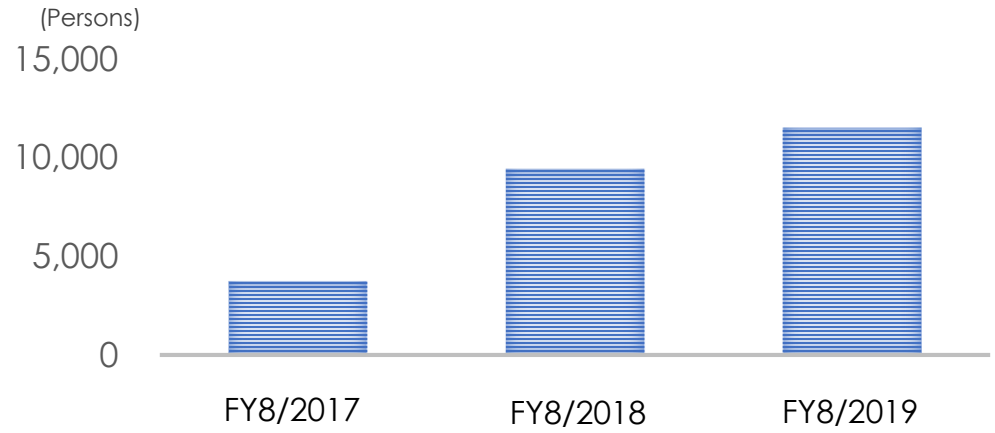

## Use by age




## Sales by category




## Number of users




*Excluding consignments by SOU *FY8/2019 actual (FY8/2017 actual for certain results) *FY8/2017 represents five months (due to change in fiscal year)

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# Sales For Luxury Goods, Jewelry, Etc.

## ☐ STAR BUYERS AUCTION

[Japan]

- Live dealer auctions for luxury goods, watches, and other items; launched in December 2013
- Consistently listing 25k to 30k items per month; total volume of ¥1.8 billion per month
- Live Auctions
  11th of every month: Apparel; 12th: Watches; 13th: Jewelry; 14th: Bags
  Online Bid Auctions
  23rd of every month: All categories
  *Concluded as of November 2019 in preparation to transition to auction platform

[Overseas]

- Launched Hong Kong auctions in March 2017, featuring loose diamonds (currently handling categories related to diamonds and jewelry)
- Established a dedicated company in February 2019 in Tsim Sha Tsui, Hong Kong to expand scope of operations






*Number of listed items and sales volume are calculated based on results for Q1, FY8/ 2020.
*Overseas auction frequency subject to change.

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Sales

# For Antiques, Art Objects, and Modern Art

## ☐ THE EIGHT AUCTION

- Launched in August 2018 as an independent sales channel for Hakkoudo Inc.
- Live action to sell products, purchased via off-site and carry-in buying services
- (Auction Schedule) [Even-numbered months] 8th - Antiques; 9th - Tea ceremony items
  [Odd-numbered months] 8th - Art; 9th - Calligraphy






SOU

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Sales

# For General Consumer Sales

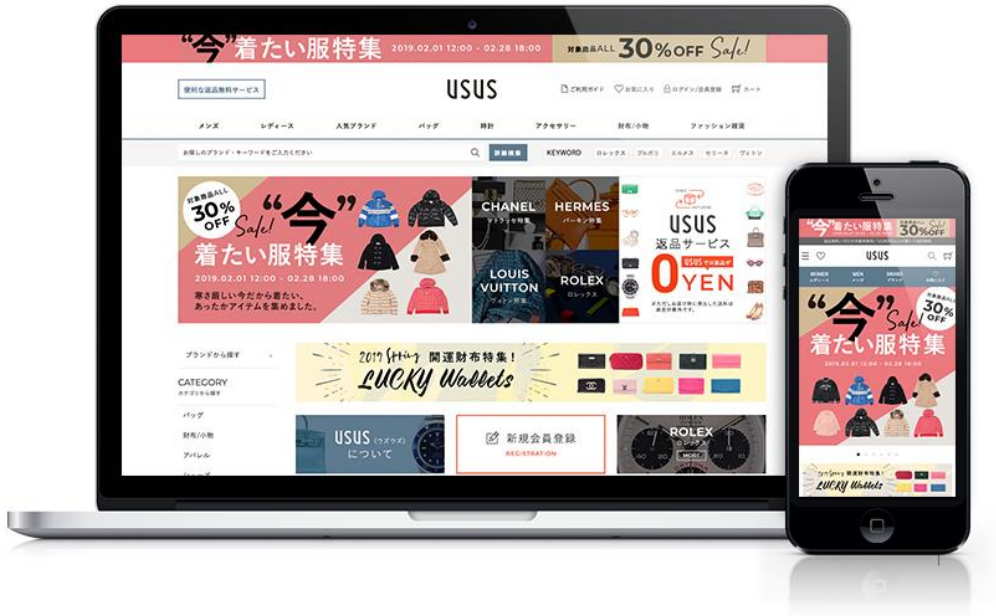
## ALLU

- Flagship store opened in Ginza, Tokyo in October 2016; second store opened in Shinsaibashi, Osaka in September 2018
- Large selection of vintage goods
- E-Commerce site operated on the Wandou Gongzhu cross-border shopping app




## USUS

- Launched independent e-commerce site in January 2019
- Cross-border archive fashion store, offering all genres from luxury to street fashion

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App

# Asset Management App

## Miney

- Asset management app released in October 2017
- Users can view not only the present values of their items, but also historic prices and the total value of all registered items
- Total No. of Appraised Items 66,000
  Total Appraised Value ¥23.1B
  (Q1, FY8/2020)
- Item Categories:
  Watches, luxury brand jewelry, bags, luxury brand accessories (wallets, etc.), real estate, paintings, antiques, art objects



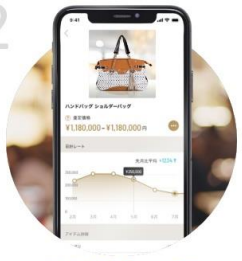

01



Photograph item

Take photo and
tap "Register"

02



See value of item in as little as one minute*

Receive price data
*May take up to 24 hours

03



See historic prices of each of your belongings

See current value of appraised item
In real time

04




View the present value of all your belongings

See total value of all registered items easily

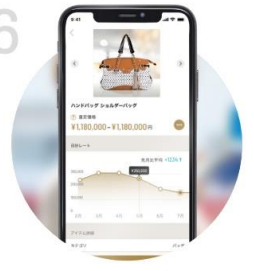
05



Receive updates on appraised items

Push alerts let you know when the value of appraised items change.

06



Sell them for cash any time!

One-click to sell,
in-office or home-delivery buying.
*Performed by *miney* partners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- Financial information, details of sales channels, and auction results presented for FY8/2015 and FY8/2016 are for reference. This information has not been audited by an independent financial statement auditor.

- Earnings forecasts and other statements are based on information available at the time and certain assumptions deemed rational by company management. Actual earnings may differ from forecasts due to various risks, uncertainties, and other factors that may arise in the future

- This document has been prepared in conformance with information presented in *Consolidated Financial Results Presentation for the Three Months Ended November 30, 2020*.

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