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November 22, 2024

To Whom It May Concern,

Company name: Valuence Holdings Inc.
Representative: Shinsuke Sakimoto, Representative Director
(Securities Code: 9270; TSE Growth Market)
Contact: Shinichiro Sato, Director and CFO
(Phone +81-3-4580-9983)

# Announcement Concerning Issuance of New Shares as Restricted Stock Compensation

Valuence Holdings Inc. (the "Company") announces that at a Board of Directors meeting held today, a resolution was made on the issuance of new shares as restricted stock compensation (the "New Share Issuance") as follows.

1. Details of issuance

| | | |
|---|---|---|
| (1) | Payment deadline | December 20, 2024 |
| (2) | Type and number of shares to be issued | 208,900 shares of common stock of the Company |
| (3) | Issuance price | 740 yen per share |
| (4) | Total issuance amount | 154,586,000 yen |
| (5) | Persons to receive allotment | Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors):<br>4 persons 115,500 shares<br>Employees of the Company:<br>9 persons 31,500 shares<br>Directors of subsidiaries of the Company:<br>1 persons 2,600 shares<br>Employees of subsidiaries of the Company:<br>22 persons 59,300 shares |
| (6) | Other | This New Share Issuance shall be subject to a securities registration statement becoming effective in accordance with the Financial Instruments and Exchange Act. |

2. Objectives and reasons for issuance

At a Board of Directors meeting held on October 15, 2018, and the 7th Ordinary General Meeting of Shareholders held on November 22, 2018, the Company resolved to introduce a "Restricted Stock

Compensation System" (the "System"). Subsequently, at the 10th Ordinary General Meeting of Shareholders held on November 25, 2021, the Company resolved to revise compensation related to the System, as part of measures to revise the compensation system for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members). This New Share Issuance will be performed based on a resolution at a meeting of the Board of Directors held on the date of this notice, with the objective of further increasing the desire by Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and employees of the Company and Directors and employees of the Company's subsidiaries to contribute to a higher share price and the improvement of corporate value by having them share the benefits and risks of changes in the share price with shareholders, based on the System.

At a Board of Directors meeting held today, a resolution was made to allot 208,900 shares of the Company's common stock as restricted stock to 4 Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and 9 employees of the Company and 1 Directors and 22 employees of the Company's subsidiaries (hereinafter, collectively referred to as the "Allottees"), as restricted stock compensation for the target remuneration periods listed in the table below, in return for the payment as in-kind contributions of monetary compensation claims (totaling 154,586,000 yen) paid to the Allottees. Additionally, the amounts of monetary compensation claims to be paid to each Allottee are determined after comprehensive consideration of various matters including the level of contribution to the Group by each Allottee. Furthermore, based on the System, the payment of monetary compensation claims and allotment of the Company's common stock to be allotted to each Allottee regarding this New Share Issuance will be implemented under conditions that include each Allottee concluding a Restricted Stock Allotment Agreement (the "Allotment Agreement") with the Company as outlined below.

Additionally, the restricted stock under the System that is subject to this New Share Issuance consists of two types, as shown in the table below: (1) restricted stock granted to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) and employees of the Company as well as Directors and employees of subsidiaries of the Company, that the Company will acquire gratis as a matter of course in certain circumstances, such as business results targets set by the Board of Directors of the Company not being achieved ("Restricted Stock I"), and (2) restricted stock granted only to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) of the Company, with the transfer restriction period set as the period until the retirement of the Director ("Restricted Stock II"). Among the 208,900 shares of the Company's common stock planned to be allotted as restricted stock, 158,200 shares are Restricted Stock I and 50,700 shares are Restricted Stock II.

| Allottees | Type of restricted stock | Target remuneration period |
|---|---|---|
| Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) | Restricted Stock I | December 20, 2024 to December 31, 2025 |
| Employees of the Company | | |
| Directors of subsidiaries of the Company | | |
| Employees of subsidiaries of the Company | | |
| Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) | Restricted Stock II | December 20, 2024 to the date of the Ordinary General Meeting of Shareholders to be held in November 2025 |

3. Summary of Allotment Agreement

(1) Transfer restriction period

During the transfer restriction periods defined below (hereinafter, the transfer restriction period for Restricted Stock I is referred to as the "Transfer Restriction Period I," and the transfer restriction period for Restricted Stock II is referred to as the "Transfer Restriction Period II"), Allottees may not to third parties transfer, establish pledge rights, establish mortgages, gift inter vivos, bequest, or otherwise dispose of Restricted Stock I and II allotted to the relevant Allottees (the "Allotted Shares I" and "Allotted Shares II") (the "Transfer Restrictions").

| Type of restricted stock | Transfer restriction period |
|---|---|
| Restricted Stock I | December 20, 2024 to December 31, 2025 |
| Restricted Stock II | Until the day the Director of the Company retires |

(2) Gratis acquisition of restricted stock

(Restricted Stock I)

If an Allottee forfeit a designated position (indicates the position of Director of the Company for Directors of the Company and the positions of Director, Corporate Auditor, or employee of the Company and subsidiaries, etc. of the Company (including entities accounted for using equity method; the same shall apply hereinafter) for employees of the Company and Directors and employees of subsidiaries of the Company; hereinafter collectively referred to as the "Positions") before the expiration of Transfer Restriction Period I, (including cases due to death and excluding cases when the reason is deemed legitimate by the Board of Directors of the Company), the Company shall acquire gratis as a matter of course all the Allotted Shares I held by the Allottee to whom these circumstances apply at the time that the circumstances transpire.

If an Allottee forfeits a Position due to expiration of term of office or other reasons deemed legitimate by the Board of Directors of the Company before the expiration of Transfer Restriction Period I, of the Allotted Shares I held by the Allottee to which the circumstances apply, the Allottee shall acquire gratis a portion corresponding to the proportion of the period in office of the Allottee to the Transfer Restriction Period I as a matter of course at the time that the circumstances transpire.

Also, of the Allotted Shares I, if there are portions for which Transfer Restrictions have not been canceled at the same time of expiration of Transfer Restriction Period I based on the stipulations in "(3) Cancellation of Transfer Restrictions" below, the Company will acquire these shares gratis as a matter of course at the time immediately following the expiration of Transfer Restriction Period I.

(Restricted Stock II)

In the event that an Allottee retires as a Director of the Company during the period from the start date of Transfer Restriction Period II until the day before the day of the first Ordinary General Meeting of Shareholders of the Company (the "Service Provision Period") (including cases due to death and excluding cases when the reason is deemed legitimate by the Board of Directors of the Company), the Company shall acquire gratis as a matter of course all the Allotted Shares II held by the Allottee to whom these circumstances apply at the time that the circumstances transpire.

In addition, if an Allottee retires as a Director of the Company prior to the expiration of the Service Provision Period for reasons deemed legitimate by the Board of Directors of the Company, of the Allotted Shares II held by the Allottee to which the circumstances apply, the Allottee shall acquire gratis a portion corresponding to the proportion of the period in office of the Allottee to the Service Provision Period as a matter of course at the time that the circumstances transpire, ahead of the cancellation of the Transfer Restrictions as described in the below item (3).

(3) Cancellation of Transfer Restrictions

(Restricted Stock I)

Upon expiration of Transfer Restriction Period I, the Company will cancel Transfer Restrictions for a number of Allotted Shares I equal to the number of Allotted Shares I held by an Allottee as of that time multiplied by the transfer restriction cancellation ratio corresponding to the level of achievement against consolidated operating profit targets of 600 million yen for the 14th fiscal year (September 1, 2024 to August 31, 2025) of the Company under the condition that the Allottee has continuously been in office in the Position during Transfer Restriction Period I. To specify, the Company will apply the achievement ratio against consolidated operating profit targets (however, 0% for achievement ratio of less than 70% and 100% for achievement ratio of more than 100%) and cancel Transfer Restrictions, and acquire gratis any Allotted Shares I of which Transfer Restrictions are not cancelled. However, if the Allottee has forfeited the Position before the expiration of Transfer Restriction Period I owing to the expiration of term of office or other reasons deemed legitimate by the Board of Directors of the Company, Transfer Restrictions shall be cancelled on a number of Allotted Shares I equal to the number of Allotted Shares I held by the Allottee at that time multiplied by the transfer restriction cancellation ratio above upon expiration of Transfer Restriction Period I.

(Restricted Stock II)

Upon expiration of Transfer Restriction Period II, the Company will cancel Transfer Restrictions for all Allotted Shares II held by an Allottee as of that time under the condition that the Allottee has continuously been in office in the Position during the Service Provision Period. However, if the Allottee has retired from the Position before the expiration of the Service Provision Period owing to reasons deemed legitimate by the Board of Directors of the Company, Transfer Restrictions shall be cancelled on all Allotted Shares II held by the Allottee at that time.

(4) Provisions concerning share management

Allottees are to complete opening an account to enter or record the Allotted Shares I and Allotted Shares II with Nomura Securities Co., Ltd. via a method designated by the Company and store and maintain the Allotted Shares I and Allotted Shares II in the said account until cancellation of the Transfer Restrictions.

(5) Handling of organizational restructuring, etc.

If during Transfer Restriction Period I or Transfer Restriction Period II, approval is granted at a General Meeting of Shareholders of the Company (however, if approval from a General Meeting of Shareholders of the Company is not required for said organizational restructuring, etc., the Board of Directors) for a proposal for a merger agreement wherein the Company is the dissolving company, a share exchange agreement or share transfer plan wherein the Company becomes a wholly-owned subsidiary, or other organizational restructuring, etc. (however, only if the effective date of said organizational restructuring, etc., is before the expiration of Transfer Restriction Period I or Transfer Restriction Period II), the Transfer Restrictions will not be canceled on any of the Allotted Shares I regardless of the level of achievement against consolidated operating profit targets, but will be cancelled on all of the Allotted Shares II. In this case, the Company will cancel Transfer Restrictions on all Allotted Shares II on the business day immediately preceding the effective date of said organizational restructuring, etc.

4. Calculation based and specific content of paid-in amount

To ensure that arbitrary factors are excluded, the issuance price of the New Share Issuance has been set at 740 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding (November 21, 2024) the resolution of the Board of Directors of the Company. This is the market price on the day immediately preceding the resolution of the Board of Directors of the Company, and the Company believes that this is rational and cannot be considered a particularly advantageous price.

5. Matters concerning transactions with majority shareholders, etc.

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

Some portions of the New Share Issuance have Shinsuke Sakimoto, the Company's Representative Director, as the Allottee. He is a shareholder holding 99.3% of the voting rights of SF Property Management Inc., the majority shareholder of the Company, and as he concurrently serves as Representative Director of the said Company, this classifies as a transaction with a majority shareholder, etc.

The "Guidelines on Measures to Protect Minority Shareholders during Dealings with Majority

Shareholders" recorded in the Corporate Governance Report disclosed by the Company on November 22, 2024, is as follows.

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

The New Share Issuance was determined according to this policy.

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

The New Share Issuance is implemented in accordance with regulations and procedures stipulated by laws, regulations, and various statutes. Additionally, concerning the method for determining the paid-in amount and other content and conditions of the issuance as well, as stated in "2. Objectives and reasons for issuance" above, the restricted stock compensation is typical in content and condition and is appropriate, has been reported to the Board of Directors after deliberation in the Nomination and Compensation Committee, and received a resolution at the meeting at the Board of Directors. Furthermore, from the perspective of avoiding conflicts of interest, Shinsuke Sakimoto, the Company's Representative Director, has not participated in the deliberation at the Nomination and Compensation Committee and the deliberation and resolution in the Board of Directors regarding the New Share Issuance.

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

The validity of the content and conditions of the New Share Issuance has been reported to the Company's Board of Directors after deliberation in the Nomination and Compensation Committee and has been resolved by the Board of Directors. Additionally, Chairperson of the Nomination and Compensation Committee Takashi Goto (Outside Director who is the Audit and Supervisory Committee Member; Independent Officer) provided the following opinion concerning the determination of this New Share Issuance on November 21, 2024.

1 Regarding the objective of the New Share Issuance

The New Share Issuance will be conducted based on the System, which is the "Restricted Stock Compensation System" introduced by the Board of Directors meeting of the Company held on October 15, 2018 and the 7th Ordinary General Meeting of Shareholders of the Company held on November 22, 2018. In addition, at the 10th Ordinary General Meeting of Shareholders of the Company held on November 25, 2021, the Company resolved to revise compensation related to the System, as part of measures to revise the compensation system for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members).

This New Share Issuance based on the System has the objective of further increasing the desire by Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside

Directors) and employees of the Company and Directors and employees of the Company's subsidiaries to contribute to a higher share price and the improvement of corporate value by having them share the benefits and risks of changes in the share price with shareholders. It can also be thought that providing stock to Allottees, including Shinsuke Sakimoto, will work to share value between Allottees and shareholders while also further increasing the desire to contribute to a higher share price and the improvement of corporate value, and therefore the New Share Issuance will contribute to improving the corporate value of the Company group.

2 Regarding the validity of the content and conditions, etc., of the New Share Issuance

The following are recognized regarding the validity of the content and conditions of the New Share Issuance.

(1) The number of shares of common stock of the Company subject to issuance is a total of 208,900 shares (of which, the number planned to be allotted to Mr. Sakimoto is 65,600 shares; of which, 38,300 shares of Restricted Stock I and 27,300 shares of Restricted Stock II), and the ratio against the total number of issued shares (13,532,950 shares as of August 31, 2024) is 1.54%. (rounded to the second decimal place; the combined number of Restricted Stock I and Restricted Stock II planned to be allotted to Mr. Sakimoto is 0.48%), and the ratio of diffusion is insignificant.

(2) The issuance price is 740 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding (November 21, 2024) the resolution by the Company's Board of Directors. This is the market price on the day immediately preceding the resolution of the Board of Directors of the Company, the price reflects that arbitrary factors were excluded from the determination process, and it can be though that it is rational and not a particularly advantageous price.

(3) In undertaking the New Share Issuance, the content of the Restricted Stock Allotment Agreement for this New Share Issuance planned to be concluded with Allottees, including Mr. Sakimoto, is thought to be typical in content and conditions and appropriate in comparison with restricted stock allotment agreements typically found in restricted stock compensation systems at other companies of the same type.

In consideration of the above, the content and conditions of the New Share Issuance are valid.

3 Regarding the fairness of the determination process of the New Share Issuance

The following are recognized regarding the determination process of the New Share Issuance.

(1) As stated in 2. (3) above, the content and conditions of the New Share Issuance are thought to be typical in content and conditions and appropriate as restricted stock compensation.

(2) The New Share Issuance is planned to be implemented based on laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, statutes stipulated by the Tokyo Stock Exchange, and internal statutes at the Company, and no particular content in violation of these has been recognized.

(3) In undertaking the New Share Issuance, after deliberation and report to the Board of Director of the Company by the Nomination and Compensation Committee for which an Audit & Supervisory Committee Member who is an Outside Director and Independent Officer of the Company, a resolution is planned to be conducted by the Board of Directors of the Company, and Mr. Sakimoto is not planned to participate in the deliberation and resolution for said resolution.

In consideration of the above, the determination process of the New Share Issuance is fair.

4 Conclusion

In consideration of the content of the above items 1 through 3, the determination of matters pertaining to the New Share Issuance does not harm the interests of minority shareholders of the Company.