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CORPORATE GOVERNANCE

Valuence Holdings Inc.

Last Updated: November 26, 2025

Valuence Holdings Inc.
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This document provides an overview of Valuence Holdings Inc. (the "Company") corporate governance.

I. Corporate Governance Philosophy, Capital Structure, Corporate Attributes, Other Basic Information

1. Basic Philosophy

The Valuence Group including the Company has established "Circular Design for the Earth and Us" as our purpose and "To Encourage More People to Focus on What is Most Important in Their Lives" as our mission. We are working to maintain and improve management transparency, fairness, and speed by implementing and strengthening corporate governance. Through dialogue with all stakeholders, we are working to achieve sustainable growth and increase corporate and shareholder value over the medium to long term.

[Reasons for not implementing the principles in the Corporate Governance Code]

The Company adopts and implements the general principles defined under the Corporate Governance Code.

2. Capital Structure

Percentage of Shares Held by Foreign Nationals	10% or more but less than 20%

[Major Shareholders]

Name of Individual or Company	No. of Shares Held (Shares)	No. of Shares Held (%)
SF Property Management Inc.	7,368,200	56.03
Shinsuke Sakimoto	560,600	4.26
Kouji Sakimoto	448,000	3.40
SIX SIS LTD.	434,500	3.30
TAKUMI CAPITAL MANAGEMENT MASTER FUND LP	354,400	2.69
Custody Bank of Japan, Ltd. (Trust Account)	241,200	1.83
Nomura Securities Co.,Ltd.	121,456	0.92
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	92,699	0.70
MSIP CLIENT SECURITIES	89,800	0.68
STATE STREET BANK AND TRUST COMPANY 510499	81,700	0.62

Majority Shareholders (Excluding Parent Company)	SF Property Management Inc.
Parent Company	None

Supplementary Explanation

1. The above Percentage of Shares Held by Foreign Nationals and Majority Shareholders are as of August 31, 2025.
2. The percentage of shares held has been calculated after excluding treasury shares (594,880 shares). The values are rounded down to the second decimal place.

3. In a publicly available Report on Changes to Statement of Large Volume Holdings dated August 1, 2025, it is stated that as of July 25, 2025, VIS Advisors, LP held 846,600 shares, but as the Company has been unable to confirm the actual number of shares held as of August 31, 2025, this information is not included in the major shareholders above.
4. SF Property Management Inc. functions as the personal asset management entity of Representative Director Shinsuke Sakimoto.

3. Corporate Overview

Stock Exchange Listing and Section	Tokyo – Growth
Fiscal Year-End	August
Industry Sector	Wholesale
No. of Employees at End of Previous Fiscal Year (Consolidated)	More than 1,000
Net Sales in the Previous Fiscal Year (Consolidated)	From 10 billion yen to less than 100 billion yen
No. of Consolidated Subsidiaries at the End of Previous Fiscal Year	From 10 to less than 50

4. Guidelines on Measures to Protect Minority Shareholders During Dealings with Majority Shareholders

While the Company, as a general principle, does not engage in transactions with its controlling shareholder or such shareholder's relatives, any such transaction, if undertaken, must be conducted under conditions equivalent to those applicable to ordinary transactions. Regardless of the transaction amount, the content and appropriateness of the transaction must be reviewed, taking into consideration the views of independent outside directors and Audit and Supervisory Committee members, and must obtain approval from the Board of Directors. Through this process, the Company endeavors to protect the interests of minority shareholders.

5. Other Special Conditions That May Have a Major Influence on Corporate Governance

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II. Administrative Organizational Structure Covering Decision-Making, Execution, and Supervision in Management Activities, and Other Corporate Governance Systems

1. Matters Related to Institutional Structure and Organizational Operations

Organizational Form	Company with Audit and Supervisory Committee

[Director Relationships]

No. of Directors Under Articles of Incorporation	15
Director Term of Service Under Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
No. of Directors	10
Appointment of External directors	Appointed
No. of External Directors	5
No. of External Directors Designated as Independent Officers	4

Relationships to the Company (1)

Name	Category	Relationship to the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kenji Fuma	From another company											
Ibun Hirahara	From another company											
Masahide Kamachi	Certified Public Accountant											
Takashi Goto	Attorney											
Mina Kobayashi	Attorney											

∗ Categories of Relationships to the Company

* A ○ icon indicates a category applicable to the said person currently or recently. A △ icon indicates a category applicable to the said person in the past.
* A ● icon indicates a category applicable to a close family member currently or recently. A ▲ icon indicates a category applicable to a close family member in the past.

a Executive of the Company or its subsidiary
b Executive or non-executive director of the parent company of the Company
c Executive of a fellow subsidiary of the Company
d Person of the Company considered as a major client, or an executive of the said company
e Major client of the Company or an executive of the said company
f Consultant, accounting expert, or legal expert receiving a large monetary sum or other property other than corporate officer remuneration
g Major shareholder of the Company (if the major shareholder is a corporation, an executive of the said corporation)
h Executive (said person only) of a client (not covered by items d, e, and f) of the Company
i Executive (said person only) of an entity with a mutual appointment of an outside member of the audit and supervisory board
j Executive (said person only) of an entity to whom the Company makes donations
k Other relationship

Relationships to the Company (2)

Name	Audit and Supervisory Committee Members	Independent Officers	Supplementary Explanation Related to Applicable Items	Reason for Selection
Kenji Fuma			—	Mr. Kenji Fuma has managed a company that provides advisory services related to sustainability and ESG investment since 2013 and possesses a wealth of experience and deep insight. He has provided practical and objective advice on overall management, especially the ESG strategy of the Company's Group. The Company has determined that he can be expected to continue to contribute to further growth of the Company's Group.
Ibun Hirahara		Yes	—	Ms. Ibun Hirahara possesses a achievements and insight in sustainability, education, and international business through her experience studying abroad in several countries and experience at a major pharmaceutical company and other places. We have received practical and objective advice on the Company Group's overseas strategy and organizational HR areas. We have determined that she can be expected to continue to contribute to the further growth of the Company's Group in the future. Furthermore, as he has no special interests in the Company, there is no risk of a conflict of interest with general shareholders, and his independence is duly ensured.
Masahide Kamachi	Yes	Yes	—	Mr. Masahide Kamachi possesses advanced expert knowledge developed as a certified public accountant and tax accountant, as well as a wealth of experience as an outside officer at other companies, equipping him with significant knowledge to oversee corporate management. In our judgment, he can be expected to continue to play a significant role in the supervision of business execution, etc., as an Audit and Supervisory Committee Member. Furthermore, as he has no special interests in the Company, there is no risk of a conflict of interest with general shareholders, and his independence is duly ensured.
Takashi Goto	Yes	Yes	—	Mr. Takashi Goto possesses a wealth of expert knowledge as a lawyer, as well as a wealth of experience as an outside officer at other companies, equipping him with significant knowledge to oversee corporate management. In our judgment, he can be expected to continue to play a significant role in the supervision of business execution, etc., as an Audit and Supervisory Committee Member. Furthermore, as he has no special interests in the Company, there is no risk of a conflict of interest with general shareholders, and his independence is duly ensured.

Name	Audit and Supervisory Committee Members	Independent Officers	Supplementary Explanation Related to Applicable Items	Reason for Selection
Mina Kobayashi	Yes	Yes	—	Ms. Mina Kobayashi possesses extensive knowledge and a high level of professional insight cultivated through her experience as an attorney.. We believe that she will be able to provide proactive and constructive opinions regarding the future global expansion of our Group and its ESG initiatives. Furthermore, as she has no special interests in the Company, there is no risk of a conflict of interest with general shareholders, and her independence is duly ensured.

[Audit and Supervisory Committee]

Member Composition and Attributes of Chairperson

	Total No. of Members	No. of Full-time Members	No. of Internal Directors	Outside Director	Chairperson
Audit and Supervisory Committee	4	1	1	3	Outside director

Directors and Employees who Should Assist in the Duties of the Audit and Supervisory Committee	None

Reason for Adopting the Current System

Of the members of the Audit and Supervisory Committee, 1 internal director works full-time and conducts regular information gathering including attendance at important meeting bodies such as the Executive Management Meeting while ensuring appropriate communication of information in coordination with the internal auditing division. Therefore, there are no directors or employees who should assist in the duties of the Audit and Supervisory Committee. In the future, when the Audit and Supervisory Committee requests the personnel who should aid in these duties, these personnel shall be deemed as appointed/assigned.

Coordination Among Members of the Audit and Supervisory Committee, Financial Statement Auditors, and Internal Auditing Division

The Audit and Supervisory Committee receives explanations of audit planning and reports on audit results from the accounting auditor, and monitors/verifies that the accounting auditor maintains an independent position and conducts appropriate audits. In addition, we share information once each quarter with internal auditing staff and the accounting auditor, share issues found in the audit process, and work to ensure appropriate audits. The Internal Audit Office regularly reports the results of internal audits to the representative director as well as to the Audit and Supervisory Committee, exchanging information on these occasions in the interest of mutual cooperation.

[Optional Committees]

Establishment of an Optional Committee Corresponding to a Nominating Committee or Compensation Committee	Yes

Establishment Status of Optional Committees, Member Compositions and Attributes of Chairpersons

	Name of Committee	Total No. of Members	No. of Full-time Members	No. of Internal Directors	Outside Director	No. of Outside Experts	No. of Others	Chair-person
Optional Committee Corresponding to a Nominating Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside director
Optional Committee Corresponding to a Compensation Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside director

Supplementary Explanation

The Company's Nomination and Compensation Committee is comprised of 3 or more directors with a majority of independent outside directors and includes 1 representative director, and have been appointed by the resolution of the Board of Directors. Currently, the Nomination and Compensation Committee is comprised of 3 members: Shinsuke Sakimoto, representative director; Takashi Goto, independent outside director (chairperson); and Masahide Kamachi, independent outside director.

The Nomination and Compensation Committee deliberates on the following matters as consulted by the Board of Directors, and reports to the Board of Directors.

(1) Matters regarding the appointment and dismissal of directors (matters to be resolved by the general meeting of shareholders)

(2) Matters regarding the selection and dismissal of representative director

(3) Matters regarding the selection and dismissal of directors with special titles

(4) Matters regarding the compensation, etc. of directors (excluding members of the Audit and Supervisory Committee)

(5) Matters regarding the maximum compensation of directors (members of the Audit and Supervisory Committee) (matters to be resolved by the general meeting of shareholders)

(6) Matters regarding the successor planning (including development)

(7) Other important management matters that are deemed necessary by the Board of Directors

[Independent Officer Relationships]

No. of Independent Officers	5

Other Items Related to Independent Officers

The Company has established the criteria for independence of outside directors (https://www.valuence.inc/wp-content/uploads/2021/10/independence-criteria-en.pdf) in order to ensure the independence of independent officers and to establish a corporate governance system. After assessing the independence of outside directors based on these criteria, the Company designates all outside directors who qualify as independent officers as independent officers.

[Incentives]

Remunerative Incentives for Directors	Introduction of performance-linked compensation plan

Supplementary Explanation

At the 7th Annual General Meeting of Shareholders held on November 22, 2018, the Company resolved to introduce a Restricted Stock Compensation Plan with the aim of strengthening the linkage between director compensation and the Company's business performance and share price. The purpose of this plan is to heighten directors' motivation to contribute to the improvement of business performance and corporate value by enabling them to share not only the benefits arising from increases in the share price, but also the risks associated with declines in business performance or the share price, together with shareholders. With respect to incentives for directors of the Company (excluding directors who serve as Audit and Supervisory Committee members), at the Board of Directors meeting held on September 30, 2021, the Company resolved the policy for determining remuneration and other compensation for each individual director, and introduced two types of performance-linked restricted stock compensation plans as consideration for contributions to the enhancement of both short-term and long-term business performance and corporate value. Furthermore, at the 14th Annual General Meeting of Shareholders held on November 26, 2025, the Company resolved that the total monetary claims to be granted as compensation related to restricted stock shall be limited to an annual amount of up to 500 million yen, and that the total number of restricted shares to be allotted shall be capped at 500,000 shares per fiscal year.

Persons Eligible for Stock Options	Employees, directors of subsidiaries, employees of subsidiaries

Supplementary Explanation

The reason why employees of the Company, directors and employees of our subsidiaries are eligible for the award is to link our performance with the interests of employees of the Company, directors and employees of our subsidiaries in order to increase the motivation of the Valuence Group including the Company to contribute to the medium-to long-term improvement of performance and enhancement of corporate value.

[Matters Related to Director Compensation]

Disclosure of Individual Director Compensation	The Company makes individual disclosure for some directors.

Supplementary Explanation

The total amount of compensation, etc. of directors for the fiscal year ended August 31, 2025 was 291 million yen, and the breakdown by director category is as follows:
Remuneration for Directors (excluding Audit and Supervisory Committee members and outside directors) was 230 million yen (4 persons)
Remuneration for Audit committee member (excluding outside directors) was 14 million yen (1 person)
Remuneration for Outside directors was 45 million yen (7 persons)
In addition, individuals whose total remuneration exceeds 100 million yen are disclosed on an individual basis in the Annual Securities Report for the 14th fiscal period.

Policy for Determining Compensation Amount and Method of Calculation	Yes

Information Disclosure for Regarding Policy for Determining Compensation Amount and Method of Calculation

1. Policy for Determining Individual Compensation, etc., for Directors
(1) Basic compensation
Basic compensation consists of fixed monetary compensation paid monthly as consideration for the execution of duties by directors. The amount is a prescribed amount based on the position of the director and his or her role and contributions.
(2) Short-term performance-linked compensation (share-based compensation)
Short-term performance-linked compensation consists of restricted stock compensation paid each year as consideration for the director's contribution to short-term earnings and the improvement of corporate value. In restricted stock compensation, a number of shares equivalent to 25-40% of basic compensation is granted to the director in accordance with the position of the director and his or her role and contributions. After the transfer restriction period of 1 year has passed, transfer restrictions are lifted in accordance with the level of achievement of consolidated operating profit targets. If the level of achievement is 70-100%, transfer restrictions are lifted on the equivalent proportion of the restricted stock, with the Company acquiring any shares on which restrictions have not been lifted without consideration. Furthermore, if the level of achievement is less than 70%, the Company will acquire all shares without consideration.
(3) Long-term performance-linked compensation (share-based compensation)

Long-term performance-linked compensation consists of restricted stock compensation paid each year to directors as consideration for long-term earnings and the improvement of corporate value during their time in office. In restricted stock compensation, a number of shares equivalent to 25% of basic compensation is granted as a flat percentage to directors, regardless of their role. The transfer restriction period lasts until a director retires. Furthermore, if a director retires prior to the day before the day when the first Ordinary General Meeting of Shareholders is held after the first day of the transfer restriction period, the Company will acquire all applicable shares granted without consideration.
(4) Ratio of payment amounts by type of compensation, etc.
Based on the understanding that approaching management from a medium- to long-term perspective is important, when determining the proportions of basic compensation and share-based compensation, the Company prioritizes the level and stability of basic compensation, while also considering the enhancement of earnings over the medium to long term and shareholders' interests. Based on these factors, the Company sets the ratio of share-based compensation to basic compensation for directors at around 20-40%, depending on their responsibilities.

2. Methods for determining the content of compensation, etc.
(1) Nomination and Compensation Committee
In order to improve fairness, transparency, and objectiveness of procedures relating to the compensation, etc. of directors and to enhance corporate governance, the Company has established the Nomination and Compensation Committee, which consists of 1 representative director, as well as independent outside directors for a majority of its members.
(2) Method of determining compensation
The Board of Directors determines the policy for determining the individual compensation, etc., of directors, after deliberation by the Nomination and Compensation Committee. In addition, the Board of Directors determines the amounts of compensation for individual directors following deliberation by the Nomination and Compensation Committee and consultation with the committee, based on the aforementioned policy and taking into consideration such factors as the position of each director and his or her role and contribution. Furthermore, the compensation of directors who are members of the Audit and Supervisory Committee is determined by discussion among directors who are members of the Audit and Supervisory Committee.

[Support System for Outside Directors]

With regard to the support system for outside directors, the Legal Division, which serves as the secretariat for the Board of Directors, sends materials regarding board meetings in advance to all officers including outside directors who are members of the Audit and Supervisory Committee, so that they can attend board meetings after understanding the specific details of the agenda. In addition, supplementary explanations are given as needed.

2. Matters on Functions Related to Business Execution, Auditing and Supervision, Appointments, and Remuneration (Overview of Current Corporate Governance System)

1. Board of Directors
The Company's Board of Directors is composed of 10 members: 6 directors who are not members of the Audit and Supervisory Committee, of which 2 are outside directors, and 4 directors who are members of the Audit and Supervisory Committee, of which 3 are outside directors. Of the total, 4 directors are independent outside directors.
The board meets regularly once per month, as well as in special board meetings convened as necessary. The board supervises business operations and makes important management decisions, including company policies and business strategy. Directors who are Audit and Supervisory Committee members attend all board of director meetings to audit the state of business execution by the directors.
In the fiscal year ending August 2025, a total of 16 Board of Directors meetings were held, and all directors (excluding those appointed during the fiscal year) attended all meetings. Mr. Mitsutoshi Tomita, who was newly appointed at the 13th Annual General Meeting of Shareholders held on November 22, 2024, attended all 13 meetings of the Board of Directors convened following his appointment.
At the meetings of the Board of Directors held during the fiscal year ending August 2025, matters submitted for resolution included issues related to financial results and business plans, management policies and strategies, and matters concerning officers (including remuneration). Matters reported to the Board included business performance, business progress and outlook, management strategies based on the medium-term management plan, internal controls, compliance, and other relevant topics.

2. Audit and Supervisory Committee
The Company's Audit and Supervisory Committee consists of 4 members, of which 3 are outside directors. In principle, this committee meets once each month. In addition, the committee exchanges information and opinions with the financial statement auditors and Internal Audit Office as necessary, working to substantially improve audits.
In the fiscal year ending August 2025, a total of 13 meetings of the Audit and Supervisory Committee were held, and all committee members attended all meetings. At the meetings of the Audit and Supervisory Committee held during the fiscal year ending August 2025, deliberations were conducted regarding the annual audit policy, audit plan, audit procedures, and the allocation of responsibilities among committee members. The Committee also evaluated and consented to the reappointment of the accounting auditor and provided consent regarding the remuneration of the accounting auditor, among other matters.

3. Executive Management Meeting
In order to speed up and improve the efficiency of business execution, the Company holds, in principle, 2 meetings of the Executive Management Meeting each month. This meeting is comprised of representative director, directors designated by the representative director and executive officers, etc. to formulate business strategies, check progress, and share issues between departments. The executive management meeting functions effectively as an entity for directing and communicating important business matters, as well as in promoting a unified awareness organization-wide. The director who is a full-time member of the Audit and Supervisory Committee attends all meetings of the Executive Management Meeting, striving to grasp the situations within the Company as well as risks.

4. Nomination and Compensation Committee
The Company has established the Nomination and Compensation Committee as an optional advisory body to the Board of Directors. The Nomination and Compensation Committee consists of the representative director, and 2 outside directors to improve fairness, transparency, and objectiveness of the procedures relating to the nomination and compensation, etc. of directors and strive to enhance corporate governance.
In the fiscal year ending August 2025, a total of six meetings of the Nomination and Compensation Committee were held, and all committee members attended all meetings. At the meetings of the Nomination and Compensation Committee held during the fiscal year ending August 2025, deliberations were conducted on matters such as the nomination of director candidates, executive remuneration, and succession planning.

5. Risk Management Committee
The Company has established the Risk Management Committee, chaired by the representative director. The Risk Management Committee meets once per month in principle and collects and analyzes organization-wide compliance and risk information and manages risks exhaustively and comprehensively.

6. ESG Promotion Committee
The Company has established the ESG Promotion Committee chaired by the director in charge of ESG promotion. ESG Promotion Committee meets once per month in principle and discusses major policies and measures related to the promotion of ESG and reports on the planning and progress to the Board of Directors.

7. Internal Audits
The Company's internal audits are carried out by the Internal Audit Office (comprised of 2 members), established as an independent division directly reporting to the representative director, and internal audits on all areas of business are conducted based on the internal audit plan formulated at the beginning of each fiscal year. As a section independent from the sections being audited, the Internal Audit Office conducts activities that include checking on the state of compliance with internal rules, laws, regulations, etc., based on the Internal Audit Rules, checking on the state of operation of internal control systems, and identifying and reporting on matters related to efficiency, security, etc. As an effort to ensure the effectiveness of internal audits, the results of audits by the Internal Audit Office are reported directly to the representative director each month, and the general manager of the Internal Audit Office attends meetings of the Board of Directors to report on the results of internal audits. In addition, the Internal Audit Office attends the Audit and Supervisory Committee, which is held every month, to share audit results and related risk issues and discuss them. It instructs audited sections on making improvements based on the audit results and compels it to report on the state of such improvements without delay following the audit, to ensure the efficacy of internal audits.

8. Evaluation of effectiveness of Board of Directors
The Company analyzes and evaluates the effectiveness of the Board of Directors as follows.

1) Method of evaluation
The secretariat of the Board of Directors created an effectiveness evaluation survey after obtaining the opinion of an outside organization, and sent it to all directors, who each provided answers.
An outside organization was commissioned to analyze the results of the survey and provide a report to the Board of Directors together with a comparison of other companies. The secretariat for the Board of Directors also analyzed the results and considered proposals for measures to address issues, which were deliberated at a meeting of the Board of Directors.

2) Survey items
The major items covered in the survey were as follows.
1. The role and structure of the Board of Directors
2. Composition of the Board of Directors
3. Operation of the Board of Directors
4.
Quality of Deliberations by the the Board of Directors
5. Monitoring functions of the Board of Directors
6. Performance of outside directors
7. Dialogue with Shareholders (Investors)
8. Directors' own initiatives
9. Audit and Supervisory Committee
10. Overall Assessment

3) Survey Results Regarding Issues Identified in the Effectiveness Evaluation for the Fiscal Year Ending August 2024

With respect to the issues identified in the fiscal year ending August 2024, the score for the future composition of the Board of Directors showed signs of improvement through continued discussions at the Nomination and Compensation Committee. However, the need for further examination was still recognized. On the other hand, regarding the monitoring of new domestic businesses, oversight of subsidiaries, and governance enhancement, the evaluation indicated that certain improvements had been made through the strengthening of subsidiary structures and audit functions.

4) Results of evaluation the fiscal year ending August 2025 and future initiatives

In the fiscal year ending August 2025, similar to the previous year, discussions regarding management strategies and management planning, as well as the formulation and implementation of a succession plan, were recognized as ongoing issues. Additionally, matters such as the enhancement of deliberations related to ESG and sustainability initiatives and their reflection in management strategies, as well as the need to increase opportunities for opinion exchange among outside directors outside the Board meetings, were also identified as issues. The Company will continue working to enhance the effectiveness of the Board of Directors and strengthen its governance framework by addressing the issues identified through the evaluation.

3. Reasons for Selecting the Current System of Corporate Governance

In order to speed up decision making and improve the agility of the Board of Directors, and to further improve corporate governance and enhance effectiveness through further strengthening of the monitoring system and supervisory function, the Company has adopted the system of a company with an Audit and Supervisory Committee.

III. Measures for Shareholders and Other Stakeholders

1. Efforts to Boost Participation in General Shareholders' Meetings and to Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Shareholder Meetings	The Company strives to close financial records quickly to facilitate sending convocation notices as early as possible.
Scheduling Meetings to Avoid Peak Meeting Day	The Company endeavors to avoid scheduling general shareholders' meetings during the peak meeting days in Japan.
Exercise of Voting Rights by Electromagnetic Means	The exercise of voting rights via the internet is possible.
Participation in Electronic Voting Platform and other measures to improve the environment for Institutional Investors to exercise voting rights	The Company participate in an electronic voting platform, to improve the environment for domestic and overseas institutional investors to exercise their voting rights.
Provision of Convocation Notices (Summary) in English	The Company provides convocation notices in a narrow sense as well as reference materials for the general meeting of shareholders in English.

2. Investor Relations Activities

	Supplementary Explanation	Explanation from Representative
Creation and Announcement of Disclosure Policy	The Company establishes a Disclosure Policy and announces it on its website. (https://www.valuence.inc/en/ir/management/policy/)	
Regular Investor Briefings for Individual Investors	The company regularly holds individual investor briefings.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	Briefings on financial results and future business strategies for analysts and institutional investors by the Representative Director or Director in charge of IR are held every quarter after the announcement of financial results. IR meetings with domestic and overseas institutional investors and analysts are also held on a regular basis.	Yes
Regular Investor Briefings for Overseas Investor	IR meetings with overseas institutional investors and analysts are held regularly. Information that the Company deems necessary to be disclosed in English (timely disclosure materials, press releases, financial results presentation materials, transcripts of financial results meetings, Q&A, corporate governance reports, etc.) is actively disclosed on the Company's English website.	Yes
Posting of IR Materials on Website	Timely disclosure materials are posted on the Company's website immediately after disclosure. Past disclosure materials are also posted on the IR page of its website. In addition, the Company holds quarterly financial results briefings for analysts and institutional investors and discloses the materials of these briefings on the Timely Disclosure network Service and posts videos of the second quarter and full-year financial results briefing on the Company's website (https://www.valuence.inc/ir/).	

Establishment of Investor Relations Department	The Corporate Planning Division is in charge of investor relations, with the Division Manager of the Corporate Planning Division as the responsible party.

3. Respecting the Position of Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company strives to promptly provide information to all stakeholders, including shareholders and investors, based on the principles of transparency, fairness and continuity. The Company's basic policy is to disclose information in accordance with the Timely Disclosure Rules stipulated by the Financial Instruments and Exchange Law and the Tokyo Stock Exchange. For information that is not subject to the Timely Disclosure Rules, the Company strives to disclose such information in a proactive and timely manner as much as possible, if the Company deems it useful in gaining an understanding of the Company. In addition, the Company endeavors to enhance information disclosure in English by establishing its English-language corporate website and preparing English versions of notices of general meetings of shareholders, financial results presentation materials, and important press releases.
Implementation of Environmental Preservation Activities, CSR Activities, etc.	Based on the recognition that sustainability is one of the most important management issues for the Company Group, it has established various policies on sustainability initiatives based on its purpose, "Circular Design for the Earth and the US," and are promoting company-wide initiatives that contribute to sustainability. In September 2022, the Company Group expressed its support for the TCFD (Task Force on Climate-related Financial Disclosures) established by the Financial Stability Board and is promoting disclosure based on TCFD recommendations. The Company Group has also set greenhouse gas emissions as an indicator of its efforts to address climate change and has set a goal of achieving carbon neutrality throughout its value chain by the Fiscal Year Ended August 31, 2030. The Company Group works to understand its current situation, including the calculation of greenhouse gas emissions, considering specific measures to reduce its environmental impact, and further enhancing its disclosure. Please visit our website for information on sustainability. (https://www.valuence.inc/sustainability/)
Formulation of Guidelines for Providing Information to Stakeholders	In keeping with the Disclosure Policy published on the Company’s website, the Company’s policy is to provide timely and appropriate information actively to all stakeholders through financial documents, financial briefings, and other information published through its website. In handling inside information, the Company appropriately manages such information in accordance with the Insider Trading Management Rules.

IV. Matters Related to Internal Control Systems

1. Basic Philosophy and Creation of Internal Control Systems

1. Systems for Ensuring the Execution of Duties by Company and Subsidiary Directors, Executive Officers, and Employees In Compliance with Laws, Regulations, and Articles of Incorporation
(1) The Company management philosophy is to fulfill the social responsibility to shareholders, customers, business partners, local communities, employees, and all other stakeholders through achieving sustainable growth and ongoing corporate value improvement. To this end, the Company has established Compliance Rules to ensure officers and employees observe a strict compliance with laws, regulations, and the articles of incorporation. Further, the Internal Audit Office conducts internal audits of the Company and subsidiaries. The Company strives to build stronger internal control systems by improving the risk management structure, which includes internal reporting and external reporting systems.
(2) The Company has established Compliance Regulations and Code of Conduct to ensure employees comply strictly with laws, regulations, and the articles of incorporation. The Company also maintains a system for the ongoing improvement of internal control functions related to compliance.
(3) The Company has established Internal Reporting Regulations to provide a system for internal reporting related to any acts discovered that are in violation of compliance. The Company has established an internal contact point, as well as a third-party agent (consulting attorney), to whom reports may be made.
(4) In order to establish an external reporting system as a reporting system in the event that a third party discovers an act that violates the compliance of employees, the Company has established the Regulations on External Reporting and made it possible for us to notify the external reporting desk of the Company Group.

2. Systems for the Storage and Management of Information Related to the Execution of Duties by Directors
The Company practices the appropriate storage and management of the proceedings of the general meeting of shareholders and meetings of the Board of Directors, as well as important information and documents related to management and business execution in compliance with laws, regulations, the record management rules, the approval regulations, and other internal rules and related manuals.

3. Rules and other Systems to Manage the Risk of Loss by the Company and its Subsidiaries
(1) The Company has established the Risk Management Committee, chaired by the representative director, which makes determinations on systems and policies for risk management and evaluates and, if necessary, improves risk management structures within the Company group, including subsidiaries. The Company's Legal Division serves as the risk management division, controlling risk management activities and verifying/revising the Risk Management Rules.
(2) The Company has established an emergency response system, including a business continuity plan, to prepare against large-scale disasters.

4. Systems to Ensure Company and Subsidiary Directors Execute Duties Efficiently
(1) To ensure directors of the Company and its subsidiaries execute their duties efficiently, the Company has established the Board of Directors Rules, which provides for the operation of the Board of Directors. Regular Board of Director meetings are held once a month to make important decisions and oversee the status of business execution. Extraordinary board of director meetings are also held when deemed necessary.
(2) By adopting an executive officer system, directors focus on management functions such as speeding up management and strengthening the supervisory function to clarify responsibilities for execution through delegation of authority to execute business to executive officers.
(3) In accordance with the Board of Directors Rules, the Board of Directors that includes outside directors determines execution policies for management, matters prescribed by laws and regulations, and other important management matters, and supervises the status of business execution.
(4) In order to ensure fairness, transparency, and objectiveness in the decision-making process to determine nomination and compensation, etc. of directors, etc. at the Board of Directors, as well as to strengthen accountability, the Company establishes an optional Nomination and Compensation Committee comprised of multiple independent outside directors. The Nomination and Compensation Committee reports the results of its deliberation on the nomination and compensation, etc. of directors, etc. to the Board of Directors.
(5) The directors strive to grasp management information promptly and accurately by constructing an information system utilizing IT.

5. Systems to Ensure Appropriate Business Management for the Corporate Group, Consisting of the Company and its Subsidiaries
(1) Based on compliance policies for the Company's Group, etc., the Company provides direction and support to subsidiaries regarding the development of systems for compliance with laws and regulations and other systems to ensure appropriate business management.
(2) The Company dispatches directors and auditors to each subsidiary as necessary, as part of measures to enhance the soundness and efficiency of management. The Company's General Administration Division is responsible for overseeing the business operations of affiliated companies. Subsidiaries report to the Company any matters requiring approval, as provided for in the Affiliated Company Management Rules, provide regular reports on the progress of business operations, and share information related to business and risk management, while at the same time ensuring the appropriateness of systems for the execution of business operations.

(3) In accordance with the Affiliated Company Management Rules, any important matters related to the business operations of subsidiaries are deliberated at the Executive Management Meeting of the Company, and submitted as agenda items at meetings of the Board of Directors.
(4) If Representative Director identifies the danger of losses at a subsidiary, he or she immediately reports the details of the risk, the amount of losses that would occur, the impact on the Company, and other matters to the Board of Directors of the Company.
(5) The Internal Audit Office conducts regular audits of the Company and subsidiaries according to the Internal Audit Rules. The Head of the Internal Audit Office reports the status of internal audits to the Representative Director and also reports to the Board of Directors.

6. Matters Related to Directors and Employees Requested to Assist the Audit and Supervisory Committee in the Execution of its Duties ("Assistants"); Matters Related to Directors Independence Who Supervise the Said Directors and Employees (Excluding Directors who are Audit and Supervisory Committee Members); Matters Related to Ensuring Practicability of Instructions to Assistants As Per Directors and Employees Requirement.
(1) The Company does not have directors or employees assigned to assist members of the Audit and Supervisory Committee in their duties. However, the Company may appoint or assign directors or employees when it is necessary.
(2) The appointment or transfer of directors or employees assisting members of the Audit and Supervisory Committee requires approval by the Audit and Supervisory Committee.
(3) Directors and employees assigned to assist in the duties of the Audit and Supervisory Committee shall be considered as under the authority of the committee, and directors (excluding directors who are members of the Audit and Supervisory Committee) shall not have the authority to direct the said directors or employees. Evaluations of these directors or employees shall reflect the opinions of Audit and Supervisory Committee members.

7. System for Directors (Excluding Directors who are Members of the Audit and Supervisory Committee) and Employees to Report to the Audit and Supervisory Committee, Other Systems Related to Reporting to the Audit and Supervisory Committee
(1) Members of the Audit and Supervisory Committee attend meetings of the Board of Directors, as well as important meetings such as those of the Executive Management Meeting, and receive reports related to matters of importance to the Company, matters that may have a negative impact on the Company.
(2) Directors who are members of the Audit and Supervisory Committee shall receive reports as necessary from the Corporate Planning Department and the Internal Audit Office.
(3) Directors and employees report important matters discussed at the board of director meetings and other important meetings, the status of internal audits, and other important matters deemed necessary to the Audit and Supervisory Committee.
(4) Directors and employees shall provide necessary reports and information promptly to the Audit and Supervisory Committee upon request.

8. System for Directors, Members of Audit and Supervisory Committee, Employees of the Company Subsidiaries, and Persons Receiving Reports from Such Individuals to Report to the Audit and Supervisory Committee; Other Systems Related to Reporting to the Audit and Supervisory Committee
Directors, members of Audit and Supervisory Committee and employees of the Company subsidiaries shall report promptly to the Audit and Supervisory Committee upon discovery of important matters having a material impact on subsidiary management or business performance or significant violations of laws, regulations, or articles of incorporation that may cause significant damage to the Company.
Directors, members of Audit and Supervisory Committee and employees of the Company subsidiaries provides necessary reports and information promptly to the Audit and Supervisory Committee upon request.

9. System to Ensure Individuals Reporting to the Audit and Supervisory Committee are not Subjected to Disadvantageous Treatment
The Company's Internal Reporting Rules and External Reporting Rules provide those who submit reports shall not be subjected to any manner of disadvantageous treatment. This rule applies likewise to individuals who provide reports to the Audit and Supervisory Committee as described in the paragraph above.

10. Policy on Matters Regarding Expense Prepayments, Redemptions, Other Expenses, or Disposition of Debt Resulting from the Execution of Duties by Members of the Company's Audit and Supervisory Committee
When a member of the Audit and Supervisory Committee requests that the Company prepays expenses, the Company shall promptly pay such expenses or debt to the said member after a discussion with the relevant department, except where such expenses or debt is proven unnecessary to the execution of duties by the Audit and Supervisory Committee.

11. Other Systems to Ensure Internal Audits by Members of the Audit and Supervisory Committee are Performed Effectively
The Audit and Supervisory Committee hold regular conferences with the representative director to ensure communication and exchange opinions.
Further, the Audit and Supervisory Committee share information and exchange opinions with financial statement auditors and the Internal Audit Office as necessary for ongoing substantive improvements in audits.

12. Systems to Ensure Reliability of Financial Reporting
The Company recognizes the close interconnection among the 4 objectives of internal control system from the standpoint of financial reporting reliability: operational effectiveness and efficiency, financial reporting reliability, compliance with laws and

regulations related to business activities, and asset maintenance. Accordingly, company management works to establish, evaluate, and continuously improve internal controls related to financial reporting through enacting internal control systems and reporting of overall audits by internal auditors, etc.

2. Philosophy and Systems for Dealing with Anti-Social Forces

The Company rejects and eliminates relationships with anti-social forces and their organizations that may threaten social order and safety. Further, directors and employees constantly remain vigilant of anti-social forces. The Company establishes a system whereby the total organization can promptly handle situations in keeping with the Rules for Response to Anti-Social Forces and the Manual for Response to Anti-Social Forces when a case arises.

V. Other Matters

1. Anti-Takeover Measures

Anti-Takeover Measures	None

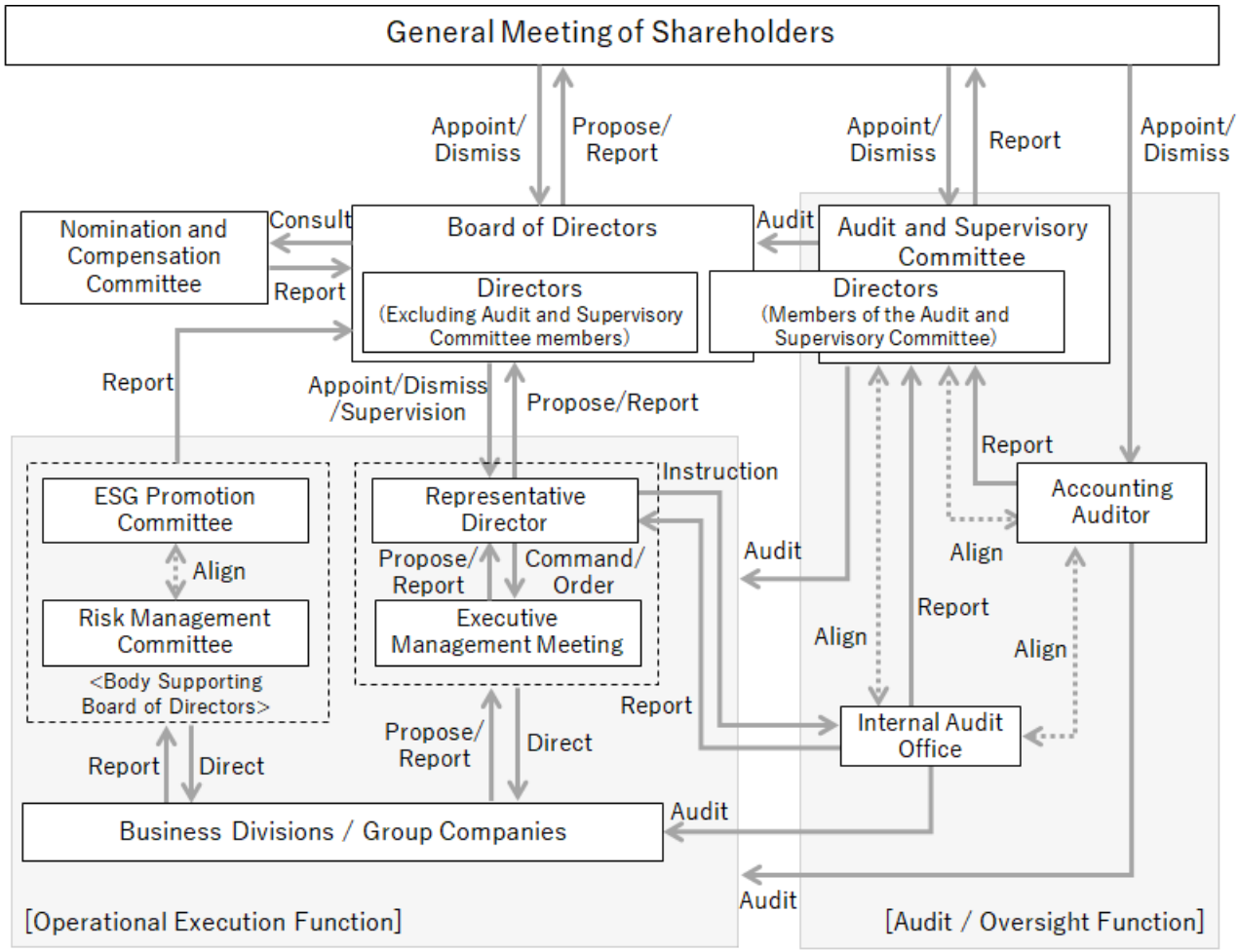
Supplementary Explanation

The Company has determined in its Basic Policy on Corporate Governance that it will not adopt Takeover Response Policies. If the Company adopts and implements Takeover Response Policies, the Board of Directors and the Audit and Supervisory Committee will thoroughly analyze the necessity and reasonableness of the introduction and operation of any such measures, ensure the appropriate procedures are followed, and provide sufficient explanation to shareholders, from the perspective of fulfilling their fiduciary responsibilities to shareholders, to ensure that such measures would not be intended to protect the interests of management and the Board of Directors.

2. Other Matters Related to Corporate Governance

The Company's diagrams of corporate governance structure, skill matrix of the Company's directors, and timely disclosure administrative procedures are attached for reference.

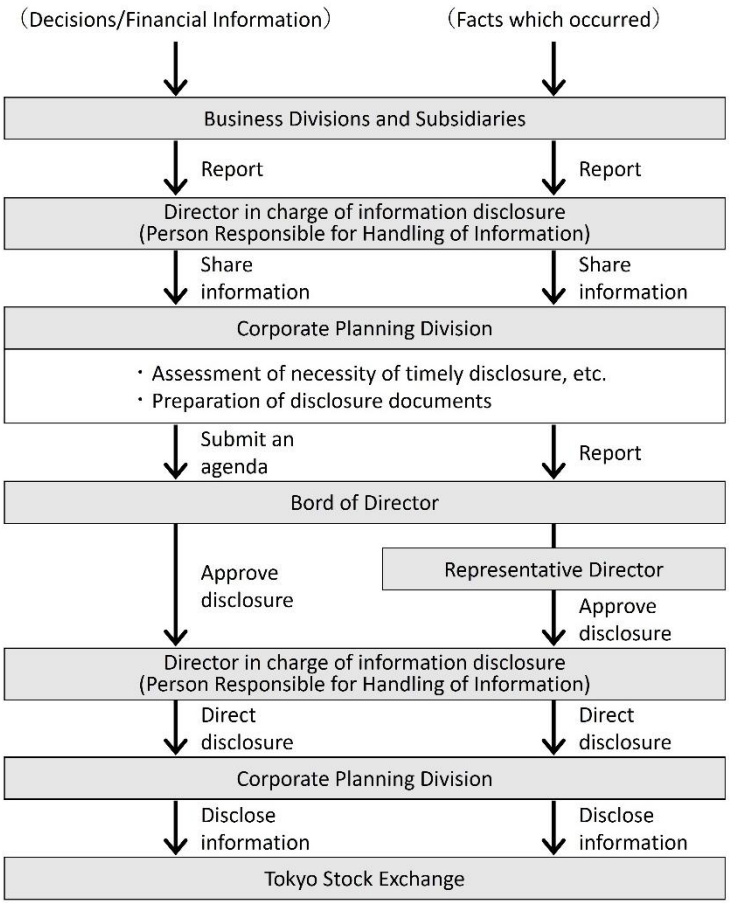
[Corporate Governance Structure]



[Expertise and Experience of the Company's Directors (Skill Matrix)]

Name	Title	Attributes		Experience, knowledge, expertise, etc.							
		Gender	Independence	Corporate management	Finance, accounting	Legal affairs, risk management	Personnel affairs	International business	Sustainability	Technology	Marketing
Shinsuke Sakimoto	Representative Director	Male		◆			◆		◆		◆
Susumu Muguruma	Director	Male		◆				◆			
Shinichiro Sato	Director	Male			◆	◆			◆		
Mitsutoshi Tomita	Director	Male								◆	◆
Kenji Fuma	Outside Director	Male						◆	◆		
Ibun Hirahara	Outside Director	Female	●				◆	◆	◆		
Kenta Takami	Director (Full-time Member of the Audit and Supervisory Committee)	Male			◆	◆					
Masahide Kamachi	Outside Director (Member of the Audit and Supervisory Committee)	Male	●		◆						
Takashi Goto	Outside Director (Member of the Audit and Supervisory Committee)	Male	●			◆					
Mina Kobayashi	Outside Director (Member of the Audit and Supervisory Committee)	Female	●			◆		◆	◆		

[Overview of Timely Disclosure Administrative Procedures]



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