

Earnings Results Briefing for the Fiscal Year Ended March 31, 2024

May 2024

Komehyo Holdings Co., Ltd.

Securities code: 2780 (Tokyo and Nagoya Stock Exchanges)

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Contents

P.3

1. Company introduction

P.10

2. Earnings Results for the Fiscal Year Ended March 31, 2024

P.21

3. Segment overview for the fiscal year ending March 2024

P.32

4. Medium-term management plan “Beyond the 80th year milestone”

P.59

5. Initiatives for the fiscal year ending March 2025

P.69

6. Appendix

1. Company introduction

From reuse to relay use We will inherit that "value".

Vision

We develop a concept of environmentally and socially conscious recycling into a culture

Mission

We respect people for making products, thank people for providing products for use by other people, and make people who reuse such products happy, and by doing so, create an empathy-based recycling society.

Value

We listen and empathize with what others say.
We value the importance of talking.
We take action proactively.
We are not afraid of creating change.





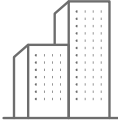
Our unique concept is that "things fulfill their mission only when they are passed down from person to person (relay) and put to effective use (use)." Our group does not simply provide products, but instead plays a role in proposing value to customers and co-creating value with them. We value the thoughts of the people who create things and the thoughts of those who connect things "for someone else," and make the next person who uses them smile, happy, and enriched. The entire group will work to create a society where such thoughts and efforts are commonplace.

Business list

We operate three businesses: Brand Fashion, Tire and Wheel, and real estate leasing. We support "Relay Use," the handing down of goods from person to person and their effective utilization, both in Japan and other countries.

Consolidated sales for the fiscal year ending March 2024

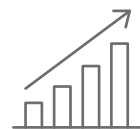
119,459¹ millions of yen

	Sales ratio	Business content	Main customers	Overseas sales ratio
 <p>Brand Fashion (BF)</p>	95.5%	Purchasing used goods from individuals and businesses that handle used goods Offering a wide range of products from popular used products to regular new products	<ul style="list-style-type: none"> - individual - Corporation 	<p>Domestic 90.2%</p> <p>Overseas*¹ 9.8%</p> <p>119,459 Millions of yen</p>
 <p>Tire and Wheel (TW)</p>	4.2%	Purchasing and selling tires, aluminum wheels, and automotive accessories		<p>Retail ratio</p> <p>Corporate sales*² 51.6%</p> <p>Retail 48.4%</p> <p>119,459 Millions of yen</p>
 <p>Real estate leasing</p>	0.3%	Leasing and management of stores, leasing of stores within the Group	<ul style="list-style-type: none"> - Corporation 	

*1 "Overseas" does not include domestic duty-free sales, etc. *2 Including auction fee

Company Highlights (Consolidated)

A leading player in the reuse industry, which operates KOMEHYO, BRAND OFF, and other brands in Japan and other countries



Founding

1947年

Net sales ^{*1}

119,459 millions of yen
(Growth achieved in three consecutive terms)

Individual purchase amount ^{*1}

61,205 millions of yen



Number of employees ^{*2}

1,405 people
Breakdown : appraisers in the brand fashion business **699** people

Talent retention rate ^{*1}

92.0%



Number of stores in Japan ^{*2}

215 stores
Breakdown: 10 sales stores, 160 purchase centers,
and 45 stores annexed with purchase facilities

Number of overseas
stores ^{*2}

19 stores
(5 countries/regions)

Market share ^{*3}

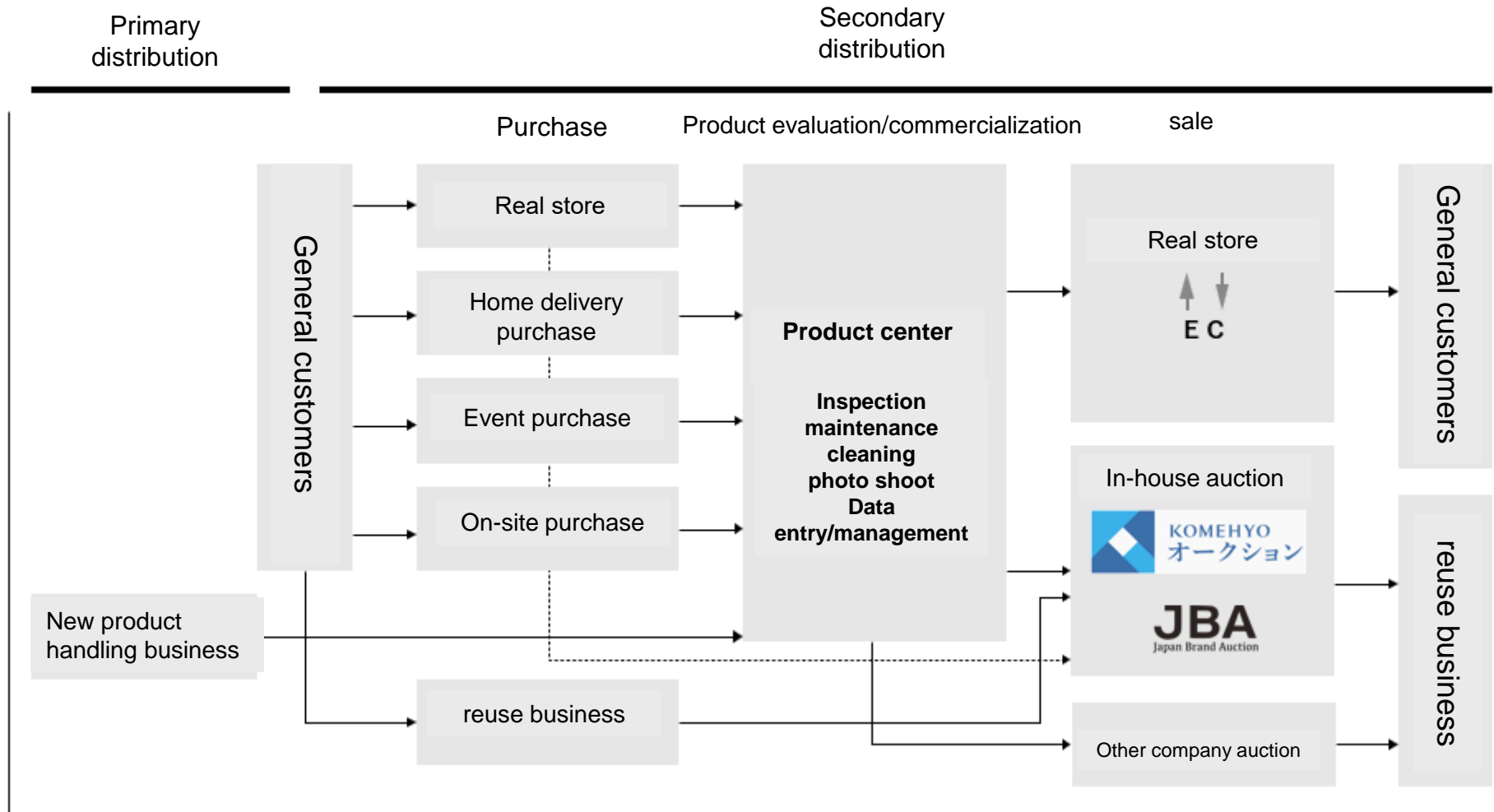
Brands and
jewelry
No.1

Number of operating
companies ^{*2}

15 companies

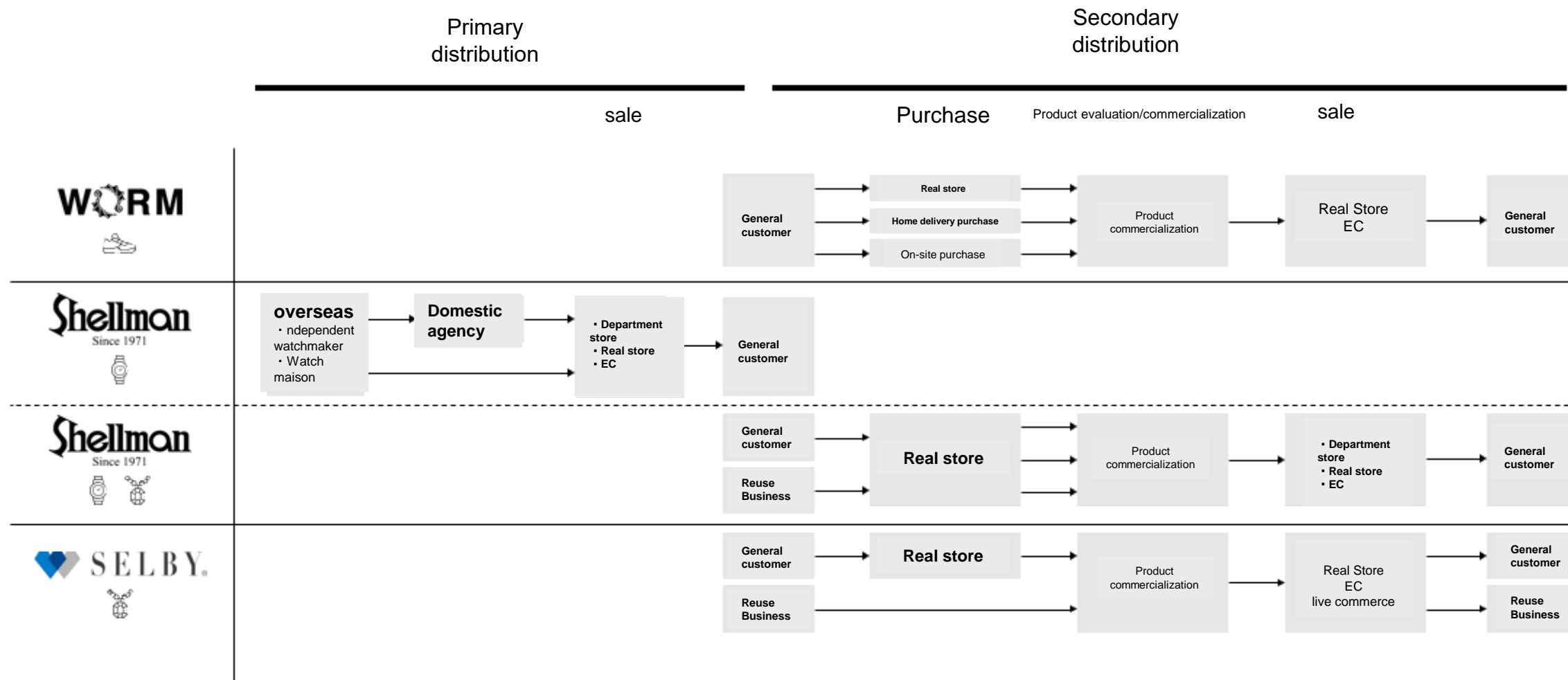
Business Domains of Komehyo Holdings Group

Brand Fashion Business (General): Aim to be No. 1 in sales volume.



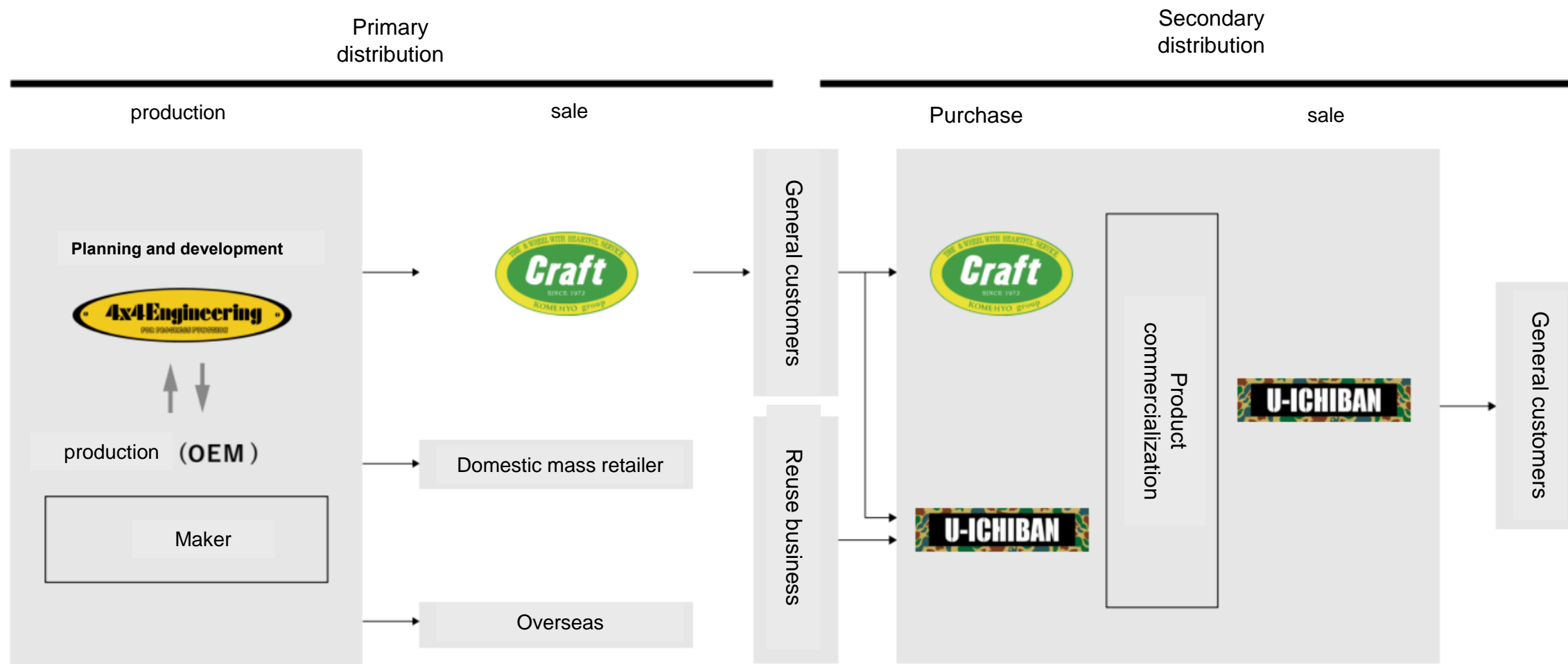
Business Domains of Komehyo Holdings Group

Brand Fashion Business (Specialized): Aim to be one-of-a-kind with core fans.



Business Domains of Komehyo Holdings Group

Tire and Wheel Business



2. Earnings Results for the Fiscal Year Ended March 31, 2024

Summary of Consolidated Earnings Results for the Fiscal Year Ended March 31, 2024

Retail sales including sales to inbound tourists remained strong, capitalizing on ample inventory from strong purchases from individuals. Strengthening of corporate sales aimed for inventory control, which was made in response to soft market prices, also contributed to sales growth. Growth in net sales offset the decline in gross profit margin and increase in SG&A expenses, leading to increased sales and profit.

Individual purchase amount

61,205 millions of yen

YoY
140.0%

Achieved record purchase price

- In addition to aggressively opening new stores and stepping up promotions, we worked to set purchase prices with a balanced approach in response to market fluctuations, while taking into account prices in corporate auctions.
- In addition to an increase in the number of customers, the purchase amount per customer is trending favorably.

Consolidated sales

119,459 millions of yen

YoY
138.7%

Plan ratio*
112.7%

Record high for 3 consecutive terms

- Retail sales, including sales to inbound tourists, were strong, capitalizing on ample inventory from strong purchases from individuals.
- Despite soft market prices, we made group-wide efforts to strengthen sales activities and strengthened corporate sales with a focus on high-risk inventory, taking into account trends in market prices. This resulted in higher-than-expected net sales.

Operating income

7,452 millions of yen

YoY
144.2%

Plan ratio*
103.5%

Record high for 3 consecutive terms

- Although the gross profit margin decreased by 1.4 points from the previous fiscal year, gross profit increased due to the effect of increased sales.
- Operating profit also increased despite an increase in SG&A expenses, including personnel expenses, because they were controlled within the planned range.

*Comparison with the full-year plan for the fiscal year ended March 31, 2024 stated in "Notice Concerning Revision of Earnings Forecast" published on August 14, 2023.

FY 2024 Performance

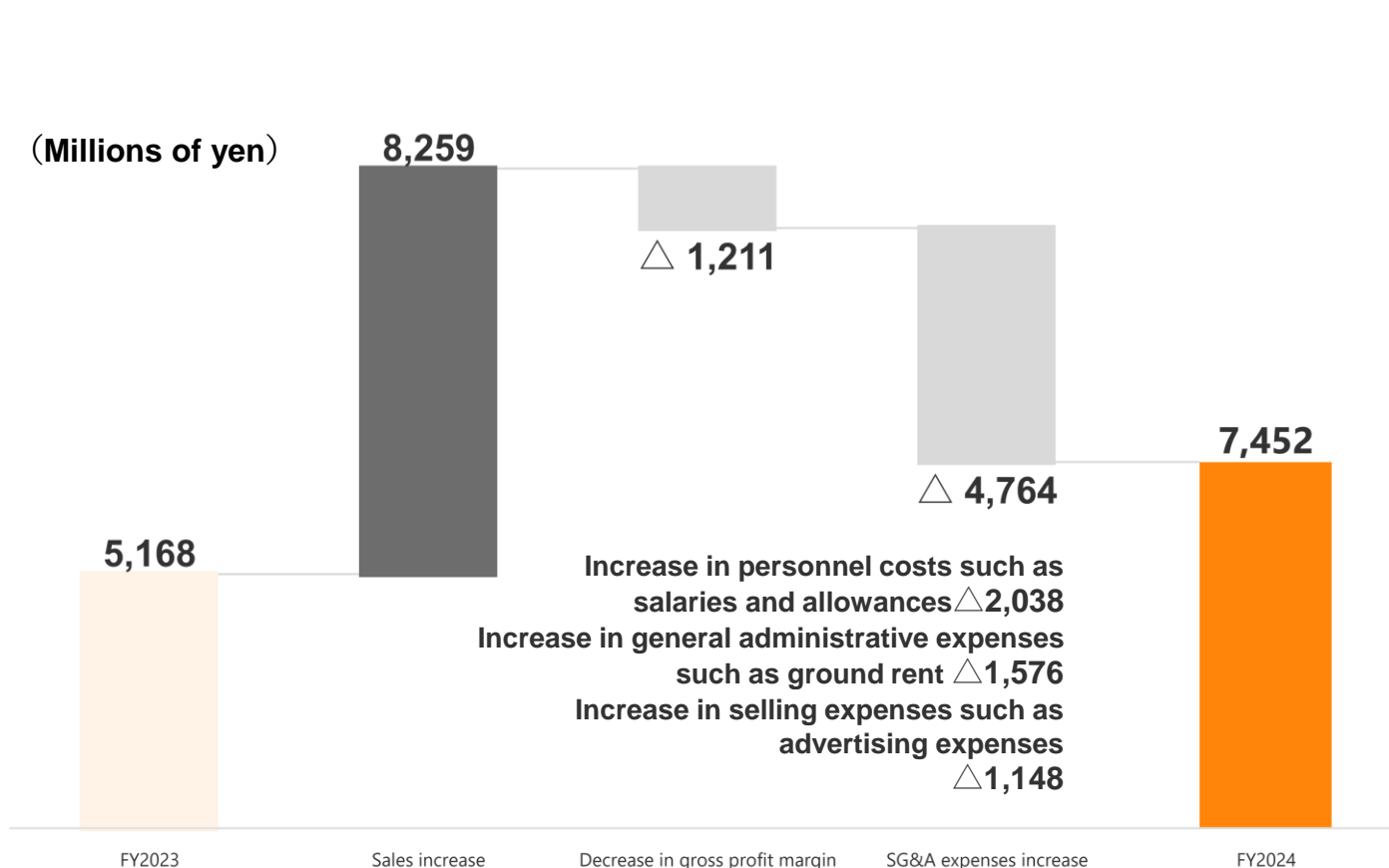
In the full year, both net sales and profits were at record highs. Sales and profit increased for three consecutive fiscal years.

(Millions of yen)	FY2022	FY2023	FY2024	Changes	YoY	Plan ratio*
Net sales	71,148	86,113	119,459	33,346	138.7%	112.7%
Gross profit	18,415	22,542	29,590	7,048	131.3%	-
Gross profit margin	25.9%	26.2%	24.8%	△1.4pt	-	-
SG&A expenses	14,700	17,373	22,137	4,764	127.4%	-
Operating profit	3,714	5,168	7,452	2,283	144.2%	103.5%
Operating profit margin	5.2%	6.0%	6.2%	+ 0.2pt	-	-
Ordinary profit	3,772	5,406	7,479	2,072	138.3%	103.4%
Net income attributable to owners of parent	2,259	3,706	5,025	1,318	135.6%	104.3%

*Comparison with the full-year plan for the fiscal year ended March 31, 2024 stated in "Notice Concerning Revision of Earnings Forecast" published on August 14, 2023.

Analysis of consolidated operating income

Purchasing remained strong, and sales increased significantly in both retail and corporate sales. Due to sales growth, profit increased by absorbing the decline in gross profit margin and increase in SG&A expenses.



Net Sales

- Purchasing is going well
- Growth in both retail and corporate sales
- Retail sales ratio increased by 1.5 points compared to the previous quarter

Gross profit

Gross profit margins for both retail and corporate sales declined due to the decline in market prices for watches and bags during the period.

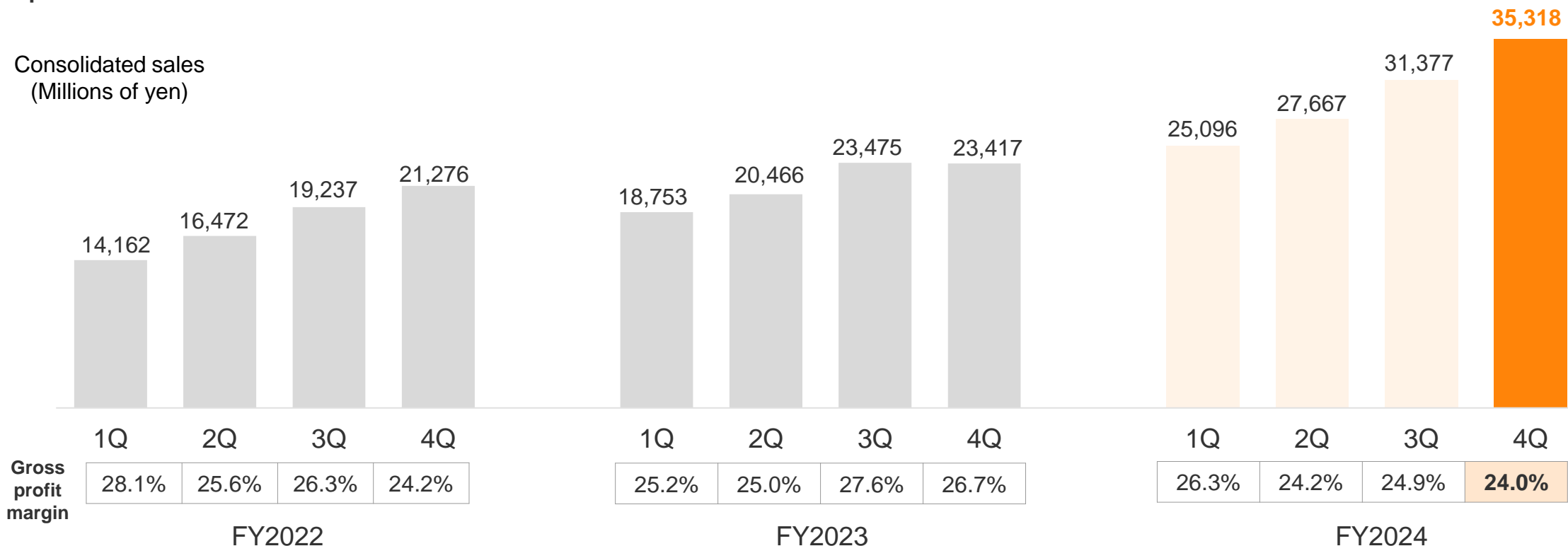
SG&A expenses

- Increase in salary allowances due to base increase and increase in employees
- Increase in ground rent, etc. due to store openings
- Increase in advertising expenses due to enhanced promotions

Trends in Consolidated Net Sales and Gross Profit Margin

Sales increased significantly for both retail and corporate customers due to strong individual purchases.

Market prices for watches and bags will decline in the third quarter of 2023, and gross profit margins will decline for both retail and corporate sales in the second half.



Factors behind fluctuations in gross profit

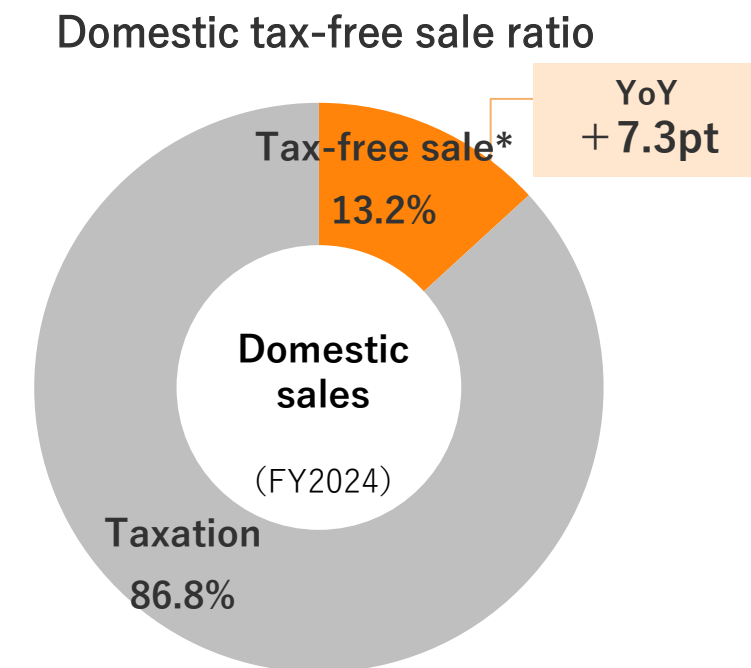
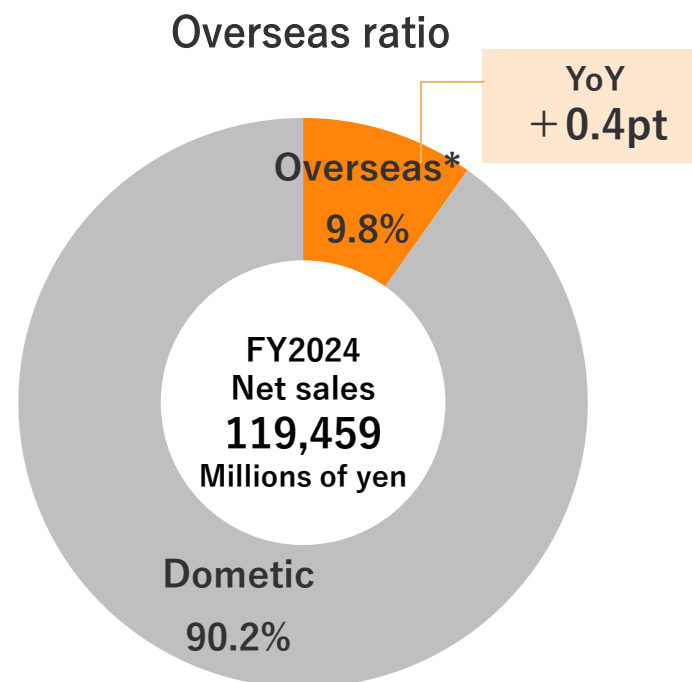
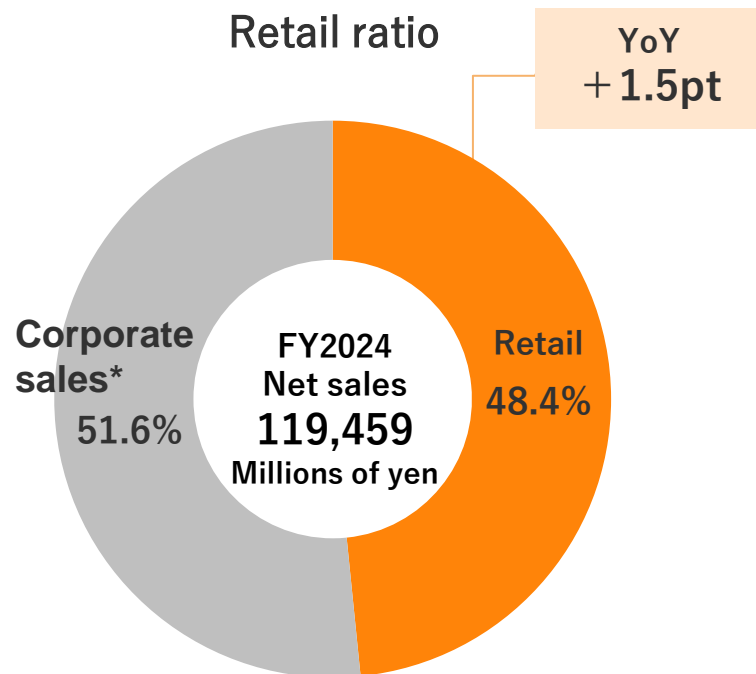
- Varies depending on product composition ratio (fashion > jewelry/precious metals > bags > watches)
- Varies depending on the composition ratio of individual purchases and corporate purchases (individual purchases > corporate purchases)
- Varies depending on the composition ratio of retail and corporate sales (Retail > Corporate sales)

Breakdown of consolidated Net sales (Retail / Overseas/Domestic tax-free sales)

【Retail】 Strengthening of retailing has increased the retail ratio, maintaining an ideal composition ratio (Retail: Corporate = 50:50).

【Overseas】 Overseas sales are strong due to relocation and store openings in Hong Kong and Taiwan

【Domestic tax-free sales】 Maintaining strong sales by keeping stores well stocked



※「法人販売」にはオークション手数料が含まれております

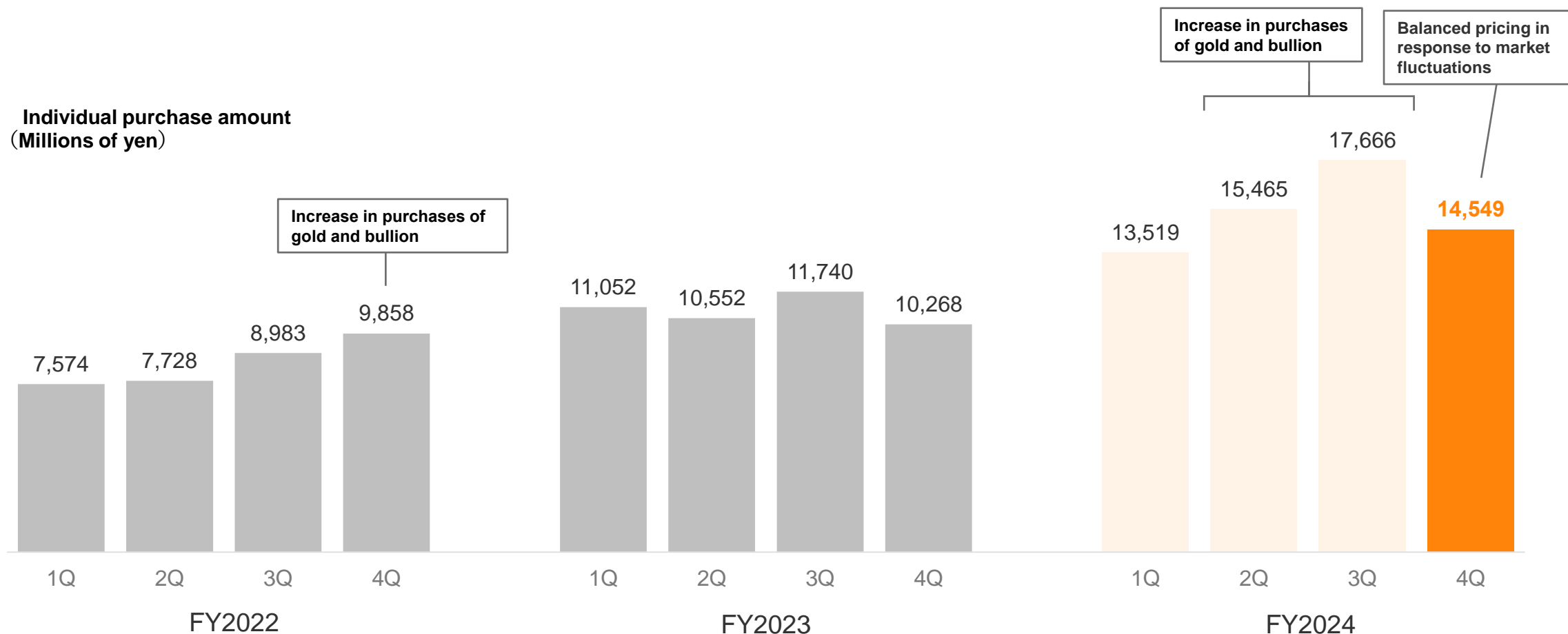
* The ratio of overseas business does not include domestic tax-free sales, etc.

*Total sales of overseas group companies

* Calculated before eliminating internal transactions.

Purchase from individual customers (Group total)

Factors including the continued opening of purchase centers and growth at existing stores produced a solid trend in the number of customers and in the purchase amount per customer, resulting in a record purchase amount for the full year at 140.1% compared to the previous fiscal year.

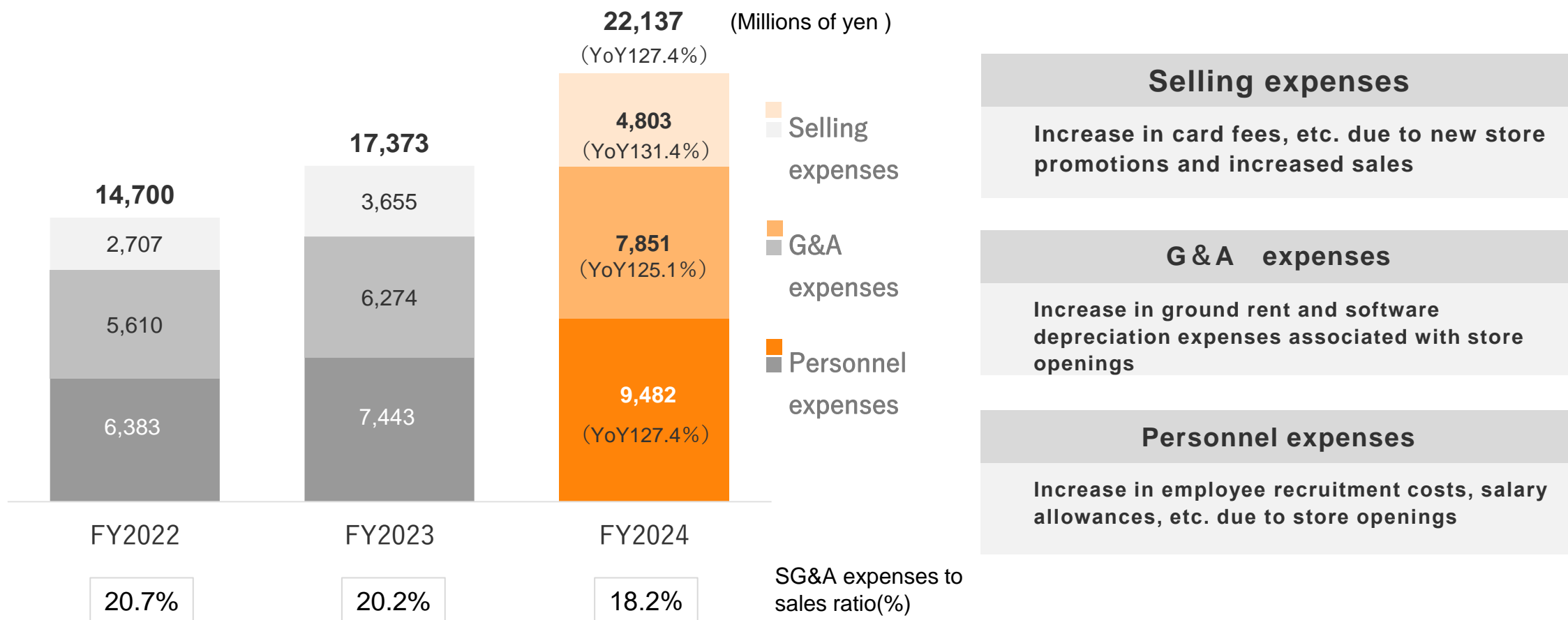


* The individual purchase amount is the amount purchased from an individual customer through the following route.

· Purchasing at stores · Purchasing at visited sites · Purchasing at events (KOMEHYO) · Purchasing using home delivery services KOMEHYO

Changes in selling, general and administrative expenses

Factors including the continued opening of purchase centers and growth at existing stores produced a solid trend in the number of customers and in the purchase amount per customer, resulting in a record purchase amount for the full year at 140.1% compared to the previous fiscal year.



Balance sheet overview

In addition to strong individual purchases, we have strengthened corporate purchasing and secured ample inventory in preparation for business expansion and new store openings. Inventory assets, which are the source of increased sales and directly linked to growth, have increased significantly. We control inventory keeping period and unrealized profits in mind.

(Millions of yen)	March 2023	March 2024	Change
Current assets	35,322	49,926	14,604
Cash and deposits	10,382	15,208	4,826
Inventories	18,705	24,353	5,647
Other current assets	6,234	10,364	4,128
Non-current assets	11,430	14,112	2,681
Assets	46,753	64,039	17,285
Liabilities	22,506	35,269	12,763
Interest-bearing liabilities	16,498	27,733	11,235
Other liabilities	6,007	7,535	1,527
Net assets	24,247	28,770	4,522
Liabilities and net Assets	46,753	64,039	17,285

Inventories

Inventory assets, which are the source of sales, increased due to strong individual purchases and strengthened corporate purchasing.

In the reuse business, the quality and quantity of inventory, which is the source of sales, is important, and a large and fresh inventory is a competitive advantage.

Interest-bearing liabilities

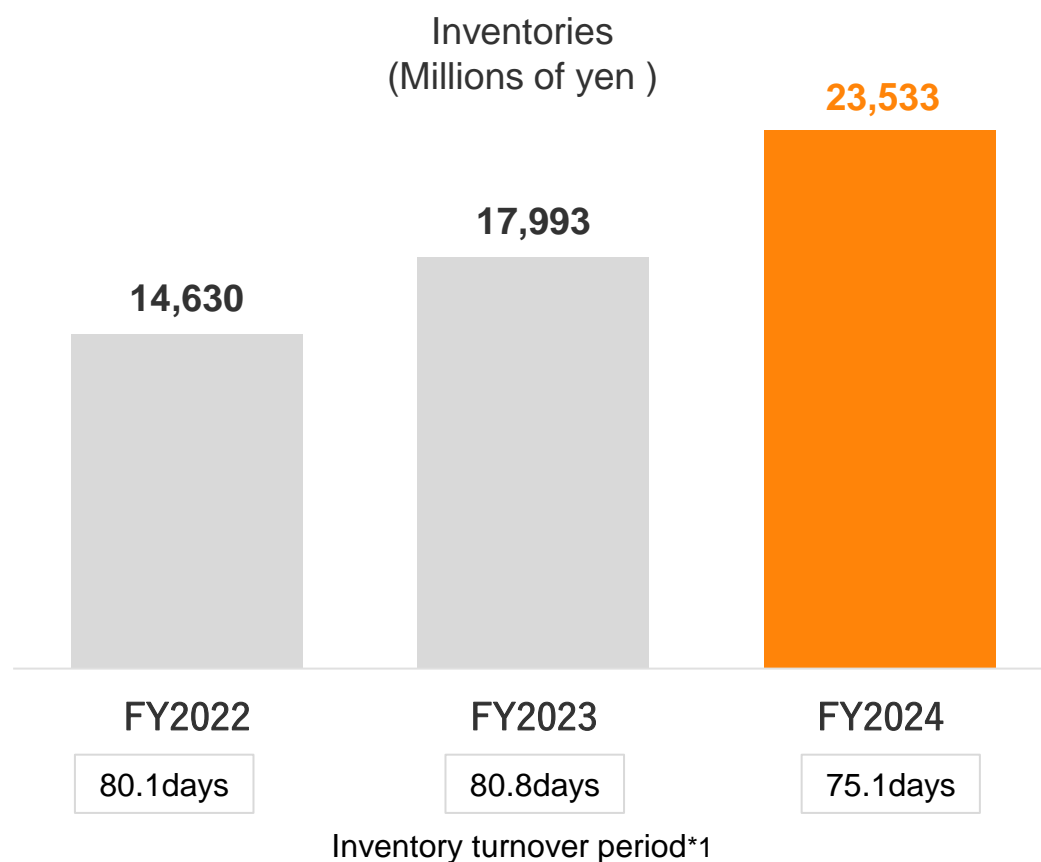
Interest-bearing debt increased due to increase in inventories

Net assets

Increase in retained earnings, etc.

Inventory Turnover

In order to respond to the decline in market prices for watches and other items starting in November 2023, we have prioritized risky inventory with low profit margins for corporate sales. As a result, although the gross profit margin decreased, risk inventory could be disposed of as planned and the inventory turnover period was shortened. Crossover ratio increases



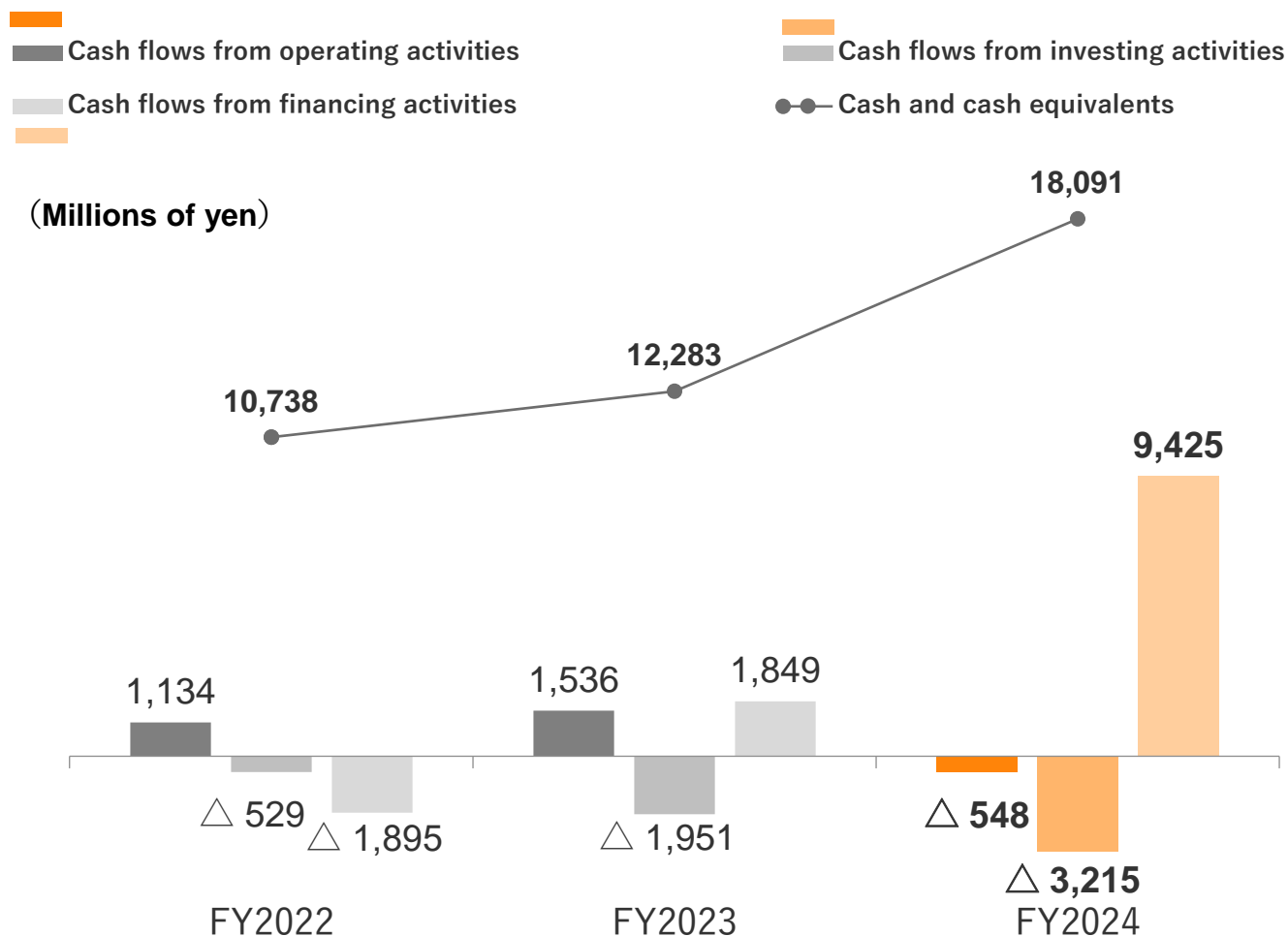
	FY2022	FY2023	FY2024
Gross profit margin	25.3%	25.6%	24.3%
inventory turnover	3.8 turn over	3.7 turn over	4.3 turn over
Cross-Ratio*2	96.1%	94.7%	104.5%
FY Inventory write-down	59 Millions of yen	42 Millions of yen	—

*1 Inventories/Net sales

*2 An indicator that is emphasized within the group, calculated as gross profit margin x inventory turnover rate.

Consolidated cash flow

Cash was used in operating activities, mainly reflecting an increase in inventories in preparation for business scale expansion and new store openings, as well as an increase in income taxes. There were significant cash inflows from financing activities due in part to strong purchases from individuals and increased borrowings.



Cash flows from operating activities

Increase in inventories and corporate tax payments, etc.

Cash flows from investing activities

Increase in tangible and intangible fixed assets due to store openings, etc.

Cash flows from financing activities

Due to strong individual purchases, the amount increased significantly due to the use of loans to cover payments to customers.

3. Summary of Consolidated Earnings Results for the Fiscal Year Ended March 31, 2024

Summary of financial results by segment for the fiscal year ending March 2024

Brand fashion business (BF)

Individual purchase
amount

61,076

Millions of yen

(YoY140.1%)

Net sales

114,339

Millions of yen

(YoY140.8%)

Operating income

6,891

Millions of yen

(YoY141.9%)

Purchase

Opened 54 purchase specialty stores (KOMEHYO41, BRAND OFF14)
Opened 1 flagship store and 4 overseas stores. Personal purchases were strong due to the growth of existing stores and the opening of new stores. Highest purchase amount ever

Net sales

Retail and corporate sales were strong, capitalized by abundant inventory due to strong individual purchases. Sales increased significantly.

Gross profit margin

From the second half of November 2023 onwards, the market prices of watches and bags will decline. As a result, while securing retail inventory, we are strengthening our efforts to allocate high-risk inventory to corporate sales, which have lower gross margins. Therefore, gross profit margin will decline

SG&A expenses

Actively invest in human resources to expand business. SG&A expenses increased, but were controlled as planned

Tire and wheel business (TW)

Net sales

5,073

Millions of yen

(YoY105.0%)

Operating income

267

Millions of yen

(YoY108.9%)

Net Sales

Sales of winter tires were sluggish due to the warm winter. However, new and used online sales and sales of in-house designed wheels were strong both domestically and overseas.

Gross profit margin

Sales of winter tires, which have a high gross profit margin, were sluggish. Additionally, sales of tire and wheel sets were struggling. This resulted in a decline in gross profit margin.

販管費

SG&A expenses increased compared to the previous fiscal year, but controls were successful. SG&A expenses were suppressed more than expected, contributing to profit increase

Overview by segment

Achieved increases in sales and profits in each business

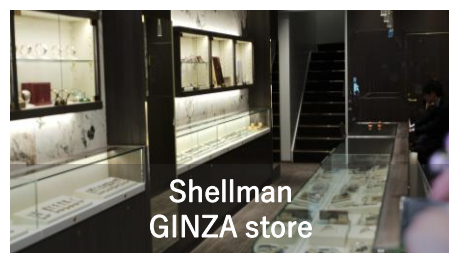
		(Millions of yen)									
		'24.3-1Q	YoY	'24.3-2Q	YoY	'24.3-3Q	YoY	'24.3-4Q	YoY	FY2024*	YoY
Fashion Brand	Net sales	24,075	135.3%	26,724	136.9%	29,314	136.1%	34,224	152.9%	114,339	140.8%
	Operating income	1,683	230.5%	1,442	143.8%	1,545	94.4%	2,219	149.5%	6,891	141.9%
	Operating margin	7.0%	+ 2.9pt	5.4%	+ 0.3pt	5.3%	△2.3pt	6.5%	△0.1pt	6.0%	± 0
Tire and wheel	Net sales	1,009	106.5%	931	99.6%	2,051	106.6%	1,082	105.5%	5,073	105.0%
	Operating income	2	79.9%	△8	-	275	90.7%	△1	-	267	108.9%
	Operating margin	0.2%	△0.1pt	-	-	13.4%	△2.4pt	-	-	5.3%	+ 0.2pt
Real estate leasing	Net sales	71	100.1%	71	100.1%	71	99.9%	72	101.0%	287	100.3%
	Operating income	21	100.0%	21	104.0%	21	97.2%	22	107.3%	86	102.0%
	Operating margin	30.3%	-	30.0%	+ 1.2pt	30.0%	△0.8pt	30.4%	+ 1.7pt	30.2%	+ 0.5pt

*Adjustment amount: Sales -240 million yen, operating income 207 million yen

Stores | 234 stores in total for the Group (as of March 2024)

KOMEHYO opened 101 new purchase centers in the three years (41 stores in the fiscal year under review) and achieved the goal of opening 100 stores in three years. BRAND OFF opened 14 franchised purchase centers and 5 overseas stores*2 in the fiscal year under review.

	Brand Fashion					Tire and wheel	
	 KOMEHYO	 BRAND OFF T O K Y O	 Shellman Since 1971	 WORM	 SELBY®	 Craft	 U-ICHIBAN
flagshipstore	6	3	1				
Sales Stores	1		6	3			
Stores annexed with sales facilities	18	3			2	10	2
Purchasing Center	126 (15,-1) ^{※2}	6					
Franchised purchasing center		28 (4) ^{※2}					
Overseas	4(-2) ^{※2}	15 (2) ^{※2}					
Total	155	55	7	3	2	10	2



*1 Including Shanghai store

*2 The figure in parentheses () represents the increase during the fourth quarter.

Brand and fashion business overview

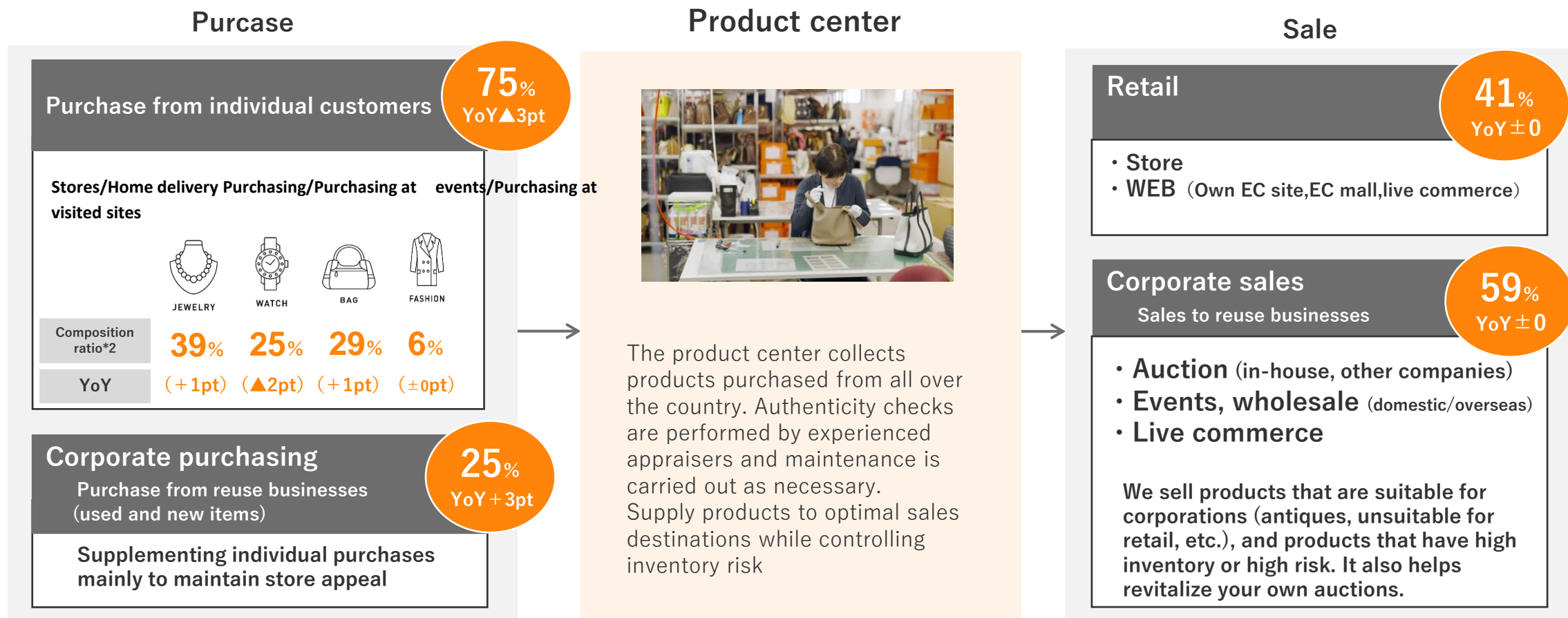
In the fourth quarter, both purchases and sales remained strong, unchanged from the third quarter. Gross profit margin is negative compared to the same period last year

	Initial Plan	3Q	4Q
Purchase	<ul style="list-style-type: none"> Purchase (individual purchase + corporate purchase) : YoY 118% The market price for each product is flat or gently rising 	<ul style="list-style-type: none"> Individual purchases: YoY 149.8% In October the impact of domestic gold retail prices exceeding 10,000 yen per gram continued, resulting in strong performance with jewelry purchases. From mid-November onwards market prices started to fall, particularly for high-priced watches and bags. We controlled purchase prices by referencing market prices on auction sites. 	<ul style="list-style-type: none"> Personal purchase: YoY comparison: 141.7% Market price has remained flat since 3Q Domestic retail gold prices are on the rise, partly due to the impact of exchange rates Proactively purchase retail items that are popular both domestically and internationally. Focus on focused purchasing, such as strengthening Continue to strengthen corporate purchasing to improve the attractiveness of sales stores
Net sales	Duty free sales were at the same level as the fourth quarter of last year.	<ul style="list-style-type: none"> Duty-free sales: 144% compared to 2Q, Continues to be strong We strengthened corporate sales with a focus on high-risk inventory, taking into account trends in market prices The bonus season discount campaign got off to a weak start, and additional price reductions were made during the campaign period. Due to the warm winter we struggled to sell winter clothing in the first half. 	<ul style="list-style-type: none"> Tax-free sales: 3Q: 100.3% / YoY: 222.6% By enriching our stores with attractive products from ample inventory, Retail is doing well Strengthen corporate sales aimed at inventory control, focusing on inventory with low profit margins due to market fluctuations
Gross profit margin	Improve gross profit margin by increasing the ratio of retail sales to sales	<ul style="list-style-type: none"> The gross profit margin was expected to be at the same level as the previous year, but it decreased by 2.6 points. Gross profit margin for corporate sales declined due to fluctuations in market prices. Gross profit margin declined significantly especially for high-priced watches and bags. Gross profit margin declined due to retail sales prices also being adjusted based on fluctuations in market prices. 	<ul style="list-style-type: none"> Compared to the same period last year, -2.7pt Priority was given to inventory control, and profit margins were low due to falling market prices. Gross profit margin decreased due to aggressive sales of products at retail and corporate stores Gross profit margin decreased due to increase in corporate ratio
Changes in selling, general and administrative expenses	We will make active investments to drive continuous growth in Japan and overseas.	<ul style="list-style-type: none"> We continued to actively invest in human resources aimed at growth in Japan and overseas. SG&A expenses were controlled largely in line with plans 	<ul style="list-style-type: none"> Continue to invest in human resources for growth, including store openings Control investment timing from the perspective of importance and urgency

KOMEHYO | Purchasing and sales status by route ^{*1}

BF business

Domestic retail gold prices remain high in terms of the composition of products purchased by individuals. As a result, jewelry and precious metals account for about 40%. We actively engaged in corporate purchasing in preparation for store openings and inbound demand, and the corporate purchasing ratio increased by 3 points compared to the previous fiscal year.

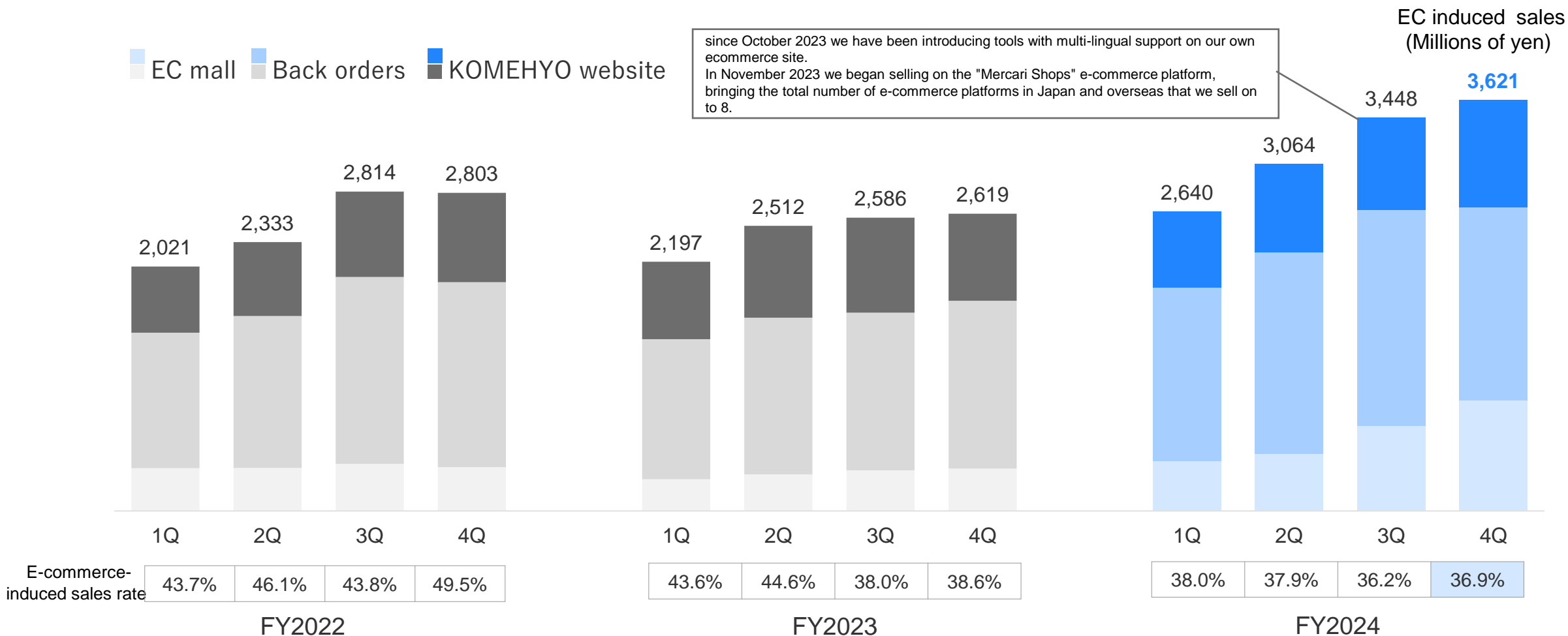


*1 Cumulative total for the fiscal year ending March 2024 *2 Composition ratio of each product to individual purchase amount

KOMEHYO | E-commerce-induced sales rate

BF business

Due to the increase in the number of customers, EC-related sales*1 reached a record high of 129% compared to the previous period. The EC involvement rate*2 remains at just under 40% due to an increase in the sales ratio of foreign visitors to Japan at retail stores

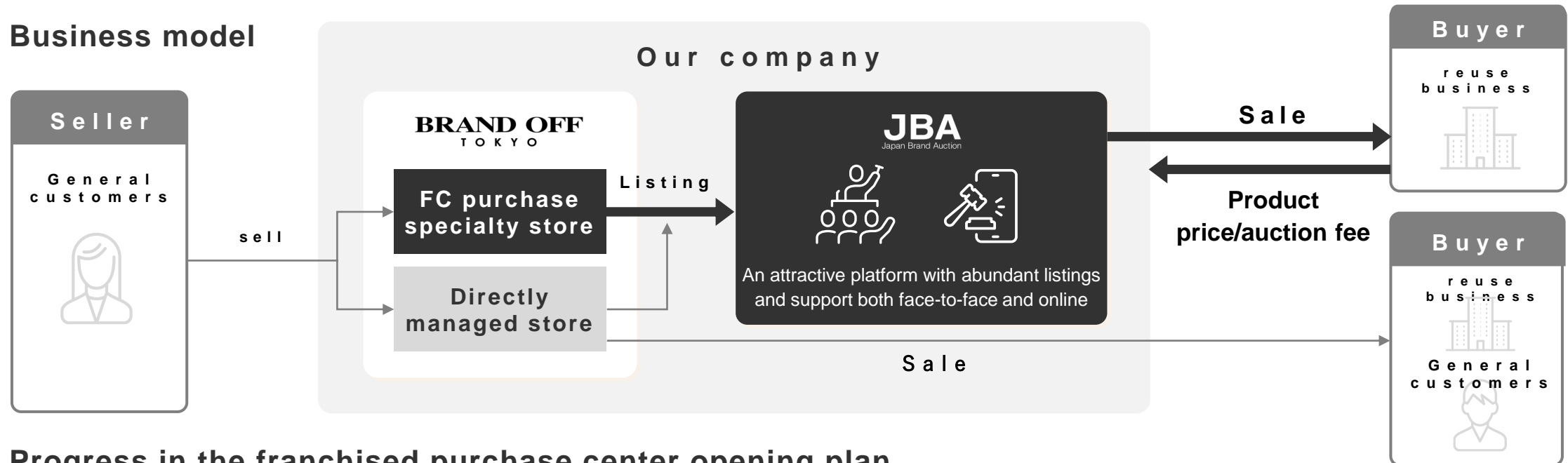


*1 Sales that are the sum of sales from the company's own e-commerce site and e-commerce mall, and sales from customers purchasing products at stores via the company's e-commerce site. Integration with offline is essential for digital marketing strategies that leverage our strengths *2 EC-related sales/retail sales

Improving Profitability starting with Franchised Purchase Centers

Increase purchase volume by opening more franchised purchase centers and strengthen the flow of items to be sold on the company-operated Japan Brand Auction (JBA). Increase JBA's GMV (trading volume) and improve profitability with auction fees.

Business model



Progress in the franchised purchase center opening plan



Reasons for the delay (Strategic decisions made in consideration of the business environment)

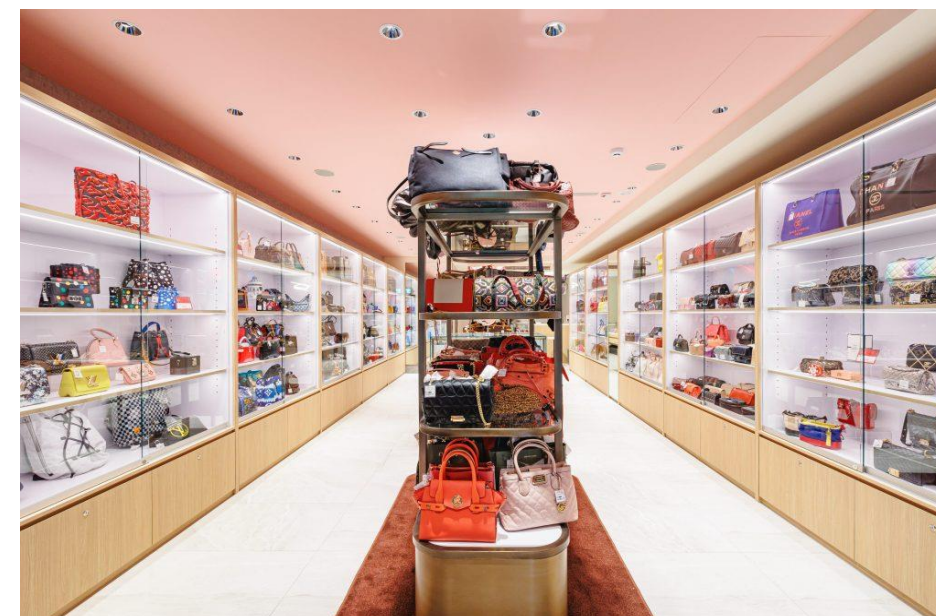
- We prioritized resources for retail store renovations and store openings in light of strong performance maintained by Ginza main store and overseas stores.
- We have emphasized sustainable growth after opening new stores and had discussion with owner candidates carefully. For franchise stores which have already opened, we strengthened support for increasing the amount of purchases per store. ▶ Keeping the number of stores which closed due to unprofitability at zero
- We strengthened sales activities targeting major corporations that can operate multiple franchise stores.

Strong performance has continued at the existing BRAND OFF Ginza Main Store flagship and at overseas stores in Hong Kong and Taiwan. We have continued to enhance points of contact with new customers by renovating retail stores, opening new stores and making active improvements in e-commerce, in both Japan and other countries.

| Overseas stores



January 2024 Newly opened "BRAND OFF Takashimaya Used Luxury Goods Store (Shanghai, China)*.



February 2024 Relocated and opened "BRAND OFF Taipei Main Store (Taiwan)."

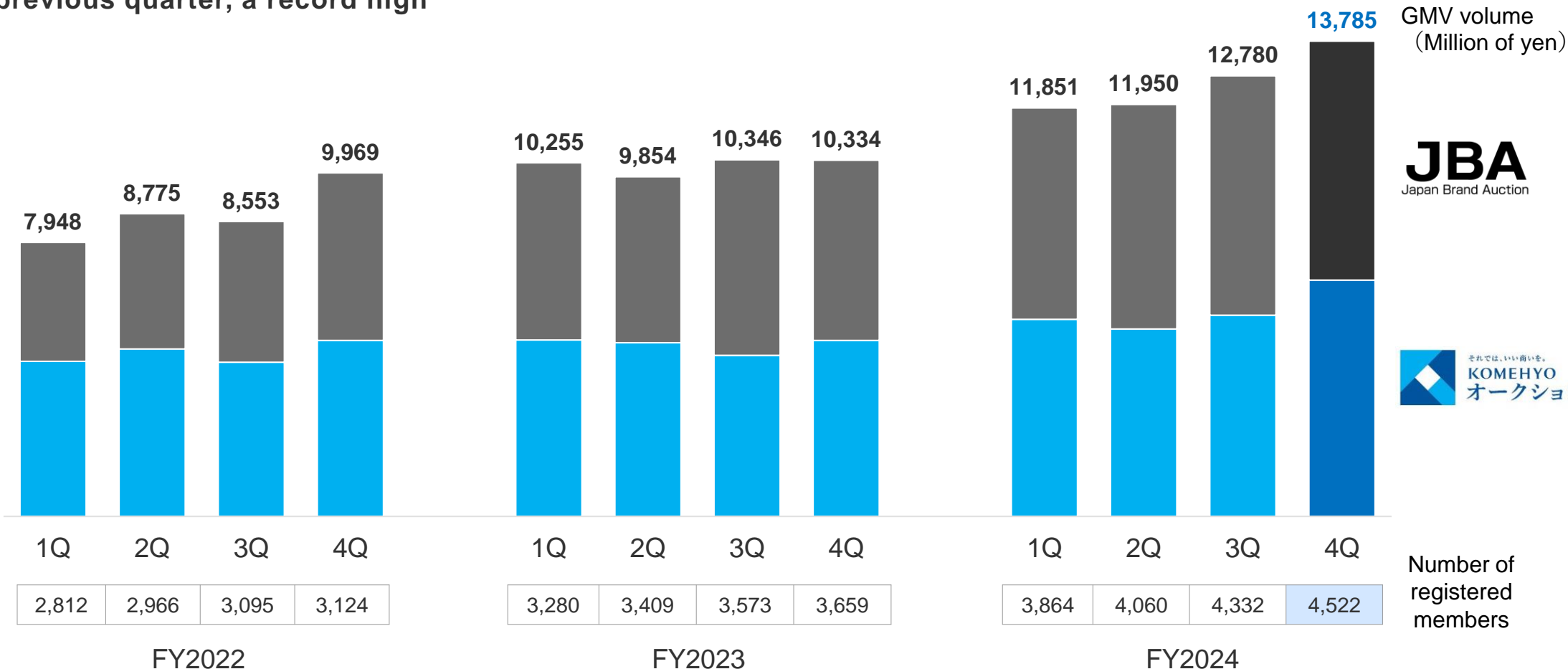
* Stores operated under the KOMEHYO trade name have been changed to the "BRAND OFF" trade name, which is highly recognized in Greater China.



Corporate auction GMV (volume) growth

BF business

Due to an increase in the number of member companies, JBA's real auction at Kanazawa venue was particularly successful. Total GMV of the two companies (KOMEHYO Auction and JBA) for the full year was 123.6% compared to the previous quarter, a record high



Number of registered members



Overview of tire and wheel business

TW business

Due to the warm winter, sales of high-margin winter tires have been difficult. However, new and used online sales, as well as sales of in-house designed wheels both in Japan and overseas, remained strong. Sales increased by achieving sales of 5 billion yen for the first time in the tire and hole business. SG&A expenses were suppressed more than expected, contributing to profit increase

Craft

• Purchase/trade-in

The amount of used items purchased at stores was strong, 117% compared to the previous quarter. Secure high-quality genuine tires and wheels when installed on a new car through trade-in.

• Sales

- Sales of new tires and wheels for summer products remained steady at 109% compared to the previous period.
- Sales of winter tires are struggling due to the warm winter. In addition, tire and wheel set sales decreased due to price increases in primary distribution.



Strengthen in-store trade-ins and purchases

Auto parts japan

• Purchasing/corporate purchasing

Due to increased competition with suppliers, corporate purchasing amount decreased by 95% compared to the previous period

• Sales

- U-ICHIBAN Used product sales at stores are struggling with tire and wheel set sales due to the impact of the warm winter and price hikes in primary distribution.
- Web sales remained strong, with new products increasing by 133% and used products increasing by 106% compared to the previous period.



Increased number of items listed on EC mall due to improved sasage efficiency

4 × 4 engineering service

- We are expanding the size of our main brand Bradley series, which will lead to the development of new partners in Japan and overseas.
- Started direct transactions with overseas partners. Aiming for further growth and expansion.
- Expand awareness activities by exhibiting for the first time at Japan's largest car festival "Tokyo Auto Salon 2024"



Forged 4WD wheel "BRADLEY FORGED Takumi"

3. Medium-term management plan “Beyond the 80th year milestone”

Position of the Medium-term Management Plan

We aim to achieve sales of 250 billion yen by the 80th anniversary of the company's founding, which is the final year of the Medium-term Management Plan, with a view to becoming the world's No. 1 company in sales of brand goods for reuse (net sales of 500 billion yen).

the world's **No. 1** company
in sales of brand goods for reuse

500
billion yen

Medium-term Management Plan (rolling method)

「Beyond the 80th year milestone」

FY2025 – FY2028

80th anniversary

250
billion yen

Achieved record profit for 3 consecutive years

100
billion yen

KOMEHYO Shinjuku store (at the time)
opened in 2005 and contributed to growth

30
billion yen

First time in Tokyo. Proposed
"RelayUse" in the previous year

10
billion yen

- CAGR : 20%
- Number of group stores:
420 stores
- Overseas sales ratio: 15%

• Overseas sales ratio: 30%

1996

2007

2024

2028

future

Quantitative Targets (FY2025 to FY2028)

During the period for the current Medium-term Management Plan, we will achieve business growth *that exceeds market growth through aggressive investment, aiming to achieve net sales of 250 billion yen and operating profit of 15 billion yen in the fiscal year ending March 31, 2028, which is the final year of the plan.

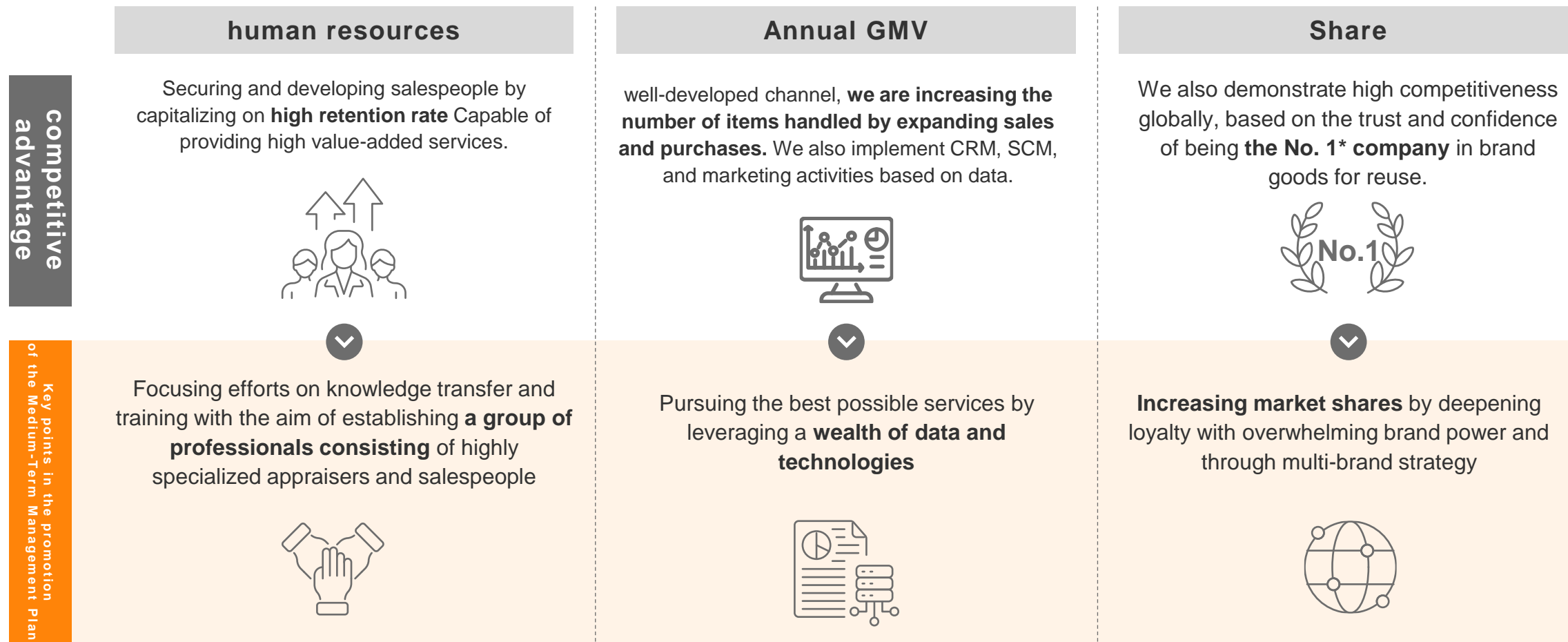


(Millions of yen)	FY2024 (results)	FY2025 (forecast)	FY2026 (plan)	FY2027 (plan)	80th anniversary FY2028 (plan)	CAGR 20%
Net Sales	119,459	140,000	170,000	200,000	250,000	
Operating income	7,452	8,000	9,800	12,000	15,000	
Operating margin	6.2%	5.7%	5.8%	6.0%	6.0%	
Ordinary profit	7,479	7,900				
Net income attributable to owners of parent	5,025	5,200				
ROE	19.2%	17.1%			18% or more	
Capital adequacy ratio	44.4%	Approximately 45%			Approximately 45%	
EPS (yen)	458.7	474.6				
Dividend payout ratio	19.2%	21.1%			Approximately 20%	

*Reuse market performance in 2021 Average annual growth rate 7.5% Reform Sangyo Shimbun "Reuse Market Data 2023"

Operating the Medium-term Management Plan Based on Competitive Advantages

Since its founding, the Group has been consistently engaged in reuse and has established competitive advantages based on its human resources, channels, and market share. The Medium-term Management Plan will be based on the business environment and competitive advantages, and we will pursue constant growth.

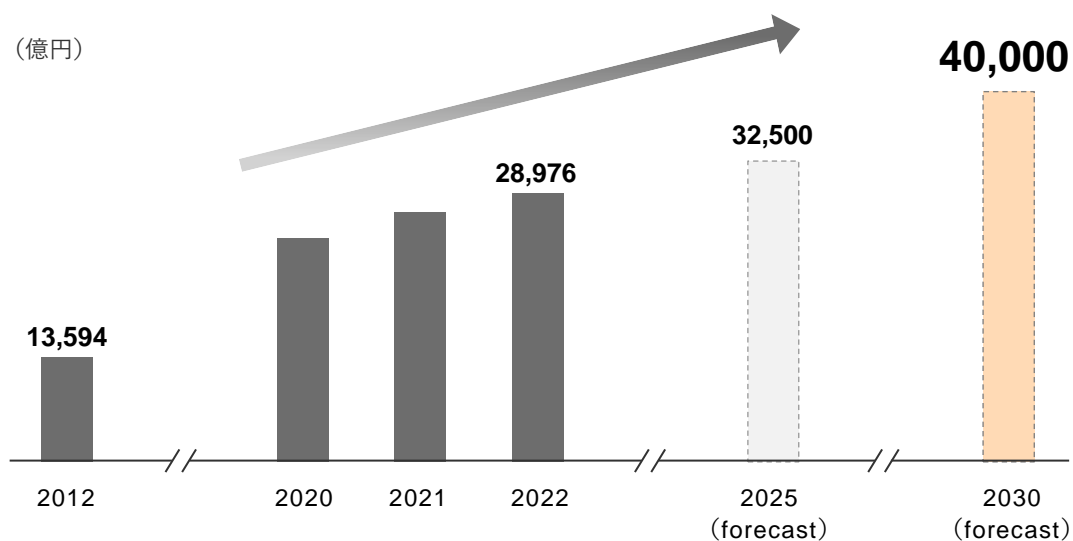


*The Japan Journal of RemodelingSource: Reuse Market Databook 2023.

Outlook of the Reuse Market

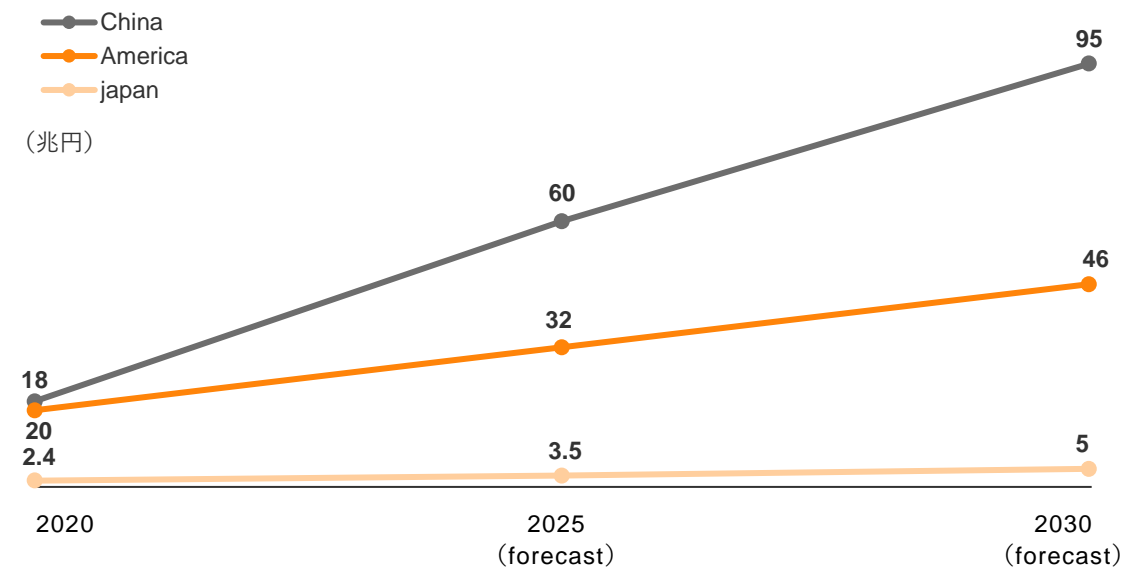
The reuse market is on an expansion trend in both Japan and other countries. The growth is expected to continue, coupled with growing interest in sustainable/recycling-oriented society.

Domestic reuse market size *1



- As long as there is primary distribution, sources for the reuse market will continue to expand.
- The Japanese people value things, so we expect them to be reused multiple times.
- The current reuse rate is as low as 4.2%. There is room for growth.

Overseas reuse market size *3



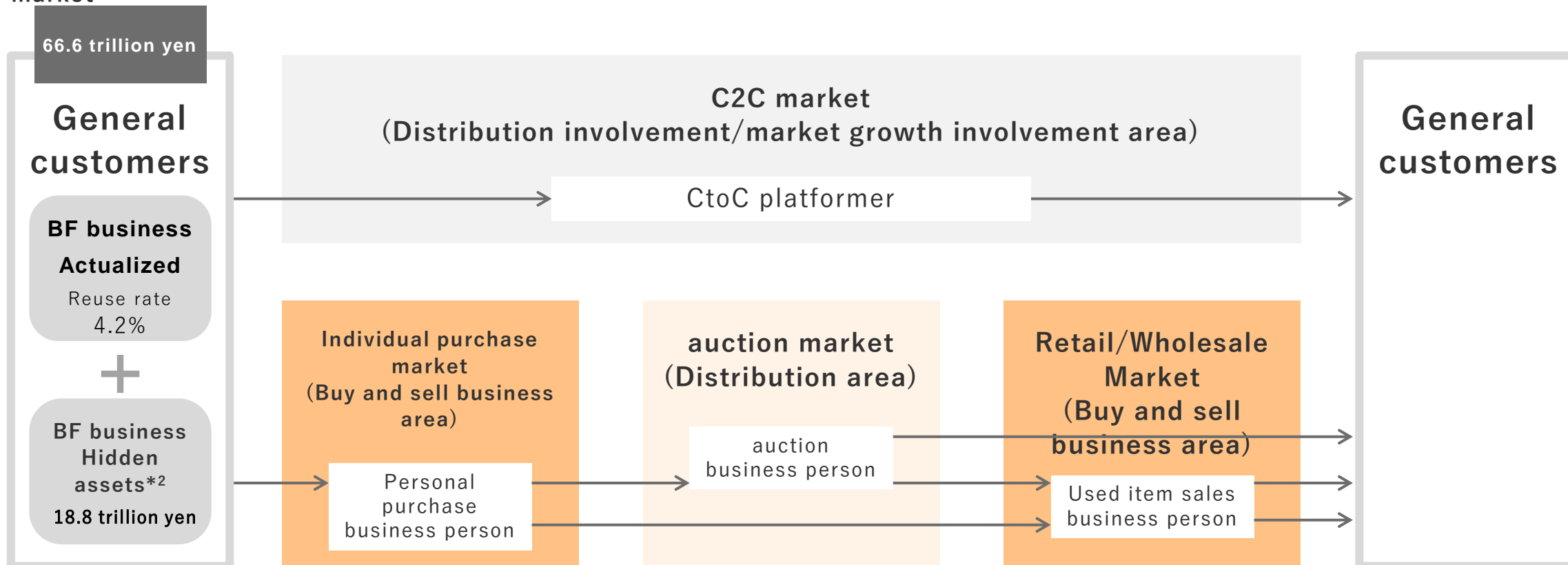
- In the U.S. and China, there are markets that are larger than the Japanese market. They are also growing at a remarkable speed.
- Asia is expected to drive the growth of the luxury market. The reuse market of Asia, which attracts goods, has great potential.

*1 The Japan Journal of RemodelingSource: Reuse Market Databook 2023. *2 Our estimate

*3 Estimated by us based on the Reuse Market Databook 2022, report from Mercari USA, industry report by Frost & Sullivan, and other sources.

Expansion of the Target Market

We have already built a foundation in Japan by facing multiple markets, including the market of purchases from individuals, auction market, and retail and wholesale market. If the CtoC market is also considered, business opportunities exist in a vast market



**Luxury items circulate in each market many times.
Contributing to the solid trend of the overall reuse market**

*1 Survey on “2023 Edition: Hidden Assets in Japanese Families” supervised by Mercari Nissei Research Institute, announced on November 15, 2023

*2 Our estimate

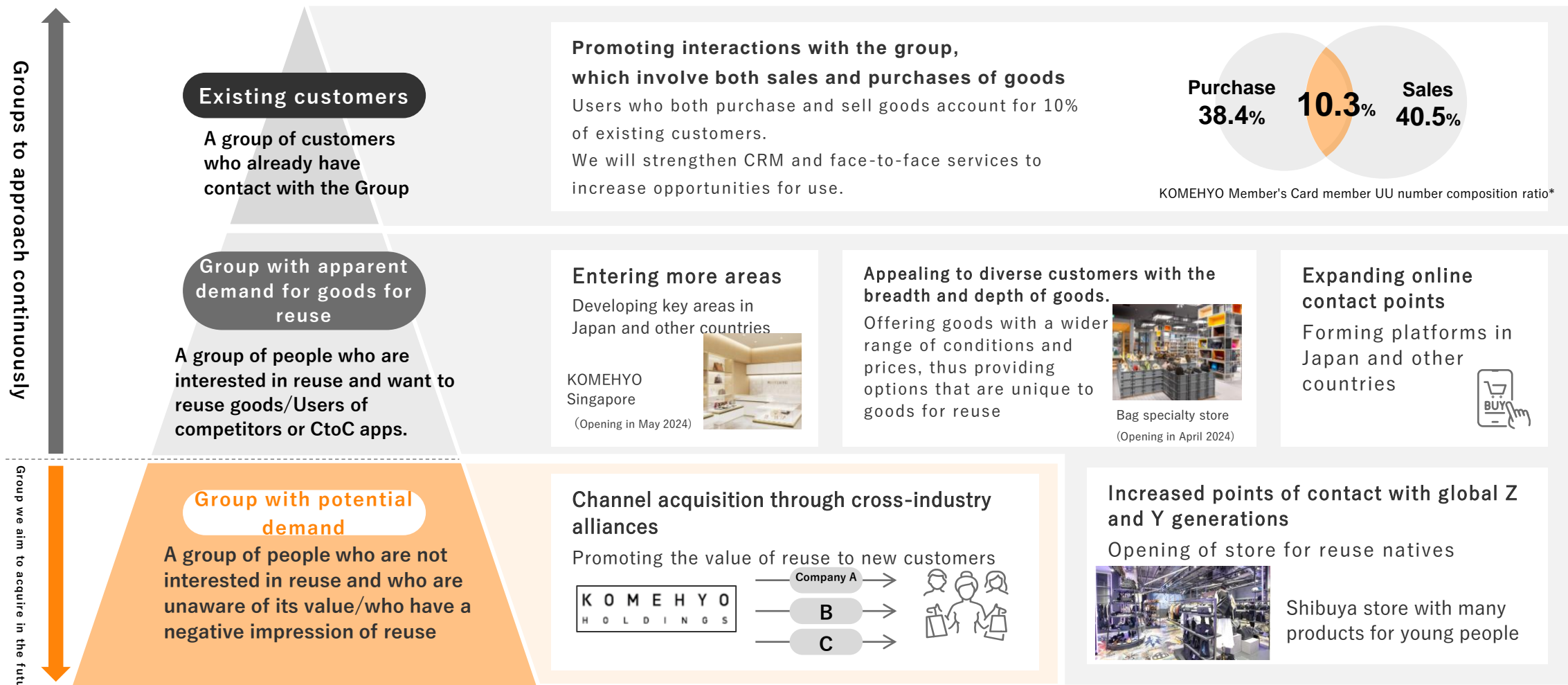
Concept for business growth

Based on market trends and competitive advantages, we will set key investment items, supporting management platforms, and tactical options. For the mainstay Brand Fashion business, we aim to expand sales and GMV globally by defining three businesses: (1) trading business, (2) business that contributes to distribution, and (3) business that contributes to market growth.



Approach to Business Growth Approach by Target Group

Our expertise in the reuse market enable a detailed approach to each target group.



※ Cumulative results from 2014 to 2024

Basic Policies for the Medium-term Management Plan "Beyond the 80th year milestone"

Strive to achieve business growth and higher social value under a policy based on the business environment and competitive advantages.

1 Achieving business growth

Brand · Fashion business (BF)

Increasing domestic and overseas market shares through multi-branding

Implementing measures based on the characteristics of each business

- (1) Trading business (Japan and other countries)
- (2) Business that contributes to distribution
- (3) Business that contributes to market growth

Strengthen ability to respond to market conditions

M & A
strategies



Tire Wheel business (TW)

Stable increase in sales and profit

Growth achieved by leveraging the power of the Group

Area strategies



2 Deepening sustainable management

Contribution to a carbon-neutral society

Aggressive investment in human resources

Strengthening governance



3 Advancing management with an awareness of capital cost

Achieving ROE and ROIC exceeding capital cost



Basic Policy ① Achieving business growth

BF business: (1) Trading business (Japan)

Maintain No. 1 market share in the growing brand reuse market. Strengthen investments in store openings, e-commerce, and other areas to improve competitiveness and achieve sustainable growth.

■ Main initiatives

Purchase Stepping up store openings, marketing, and alliances

QCD Improving the quality of reworking and maintenance, reducing lead time, and enhancing merchandising

Retail Expanding channels such as stores, e-commerce, and inbound tourists

Corporate sales Enhancing in-house auctions and distributing goods more widely

■ KPI

- Opening 90 new KOMEHYO purchase centers in three years
- Opening one new KOMEHYO large flagship store per year

■ New store opening

- Purchase centers
- Stores annexed with purchase facilities (Japan and other countries)
- Product editing type store
- Flagship stores
- Trying new store formats



■ Collaboration and utilization of assets

- Customer data
- Product data
- Appraiser training scheme
- Marketing
- Brand power



Basic Policy ① Achieving business growth

BF business: (1) Trading business (Global)

Open stores in regions with large growth potential and build new channels.

■ Main initiatives

- Opening new stores in a wider area (North America, ASEAN, and East Asia)
- Building a global reuse chain (QCD, B to B reinforcement)

■ KPI

- Overseas sales: 15%
- Number of new store openings: 30 or more

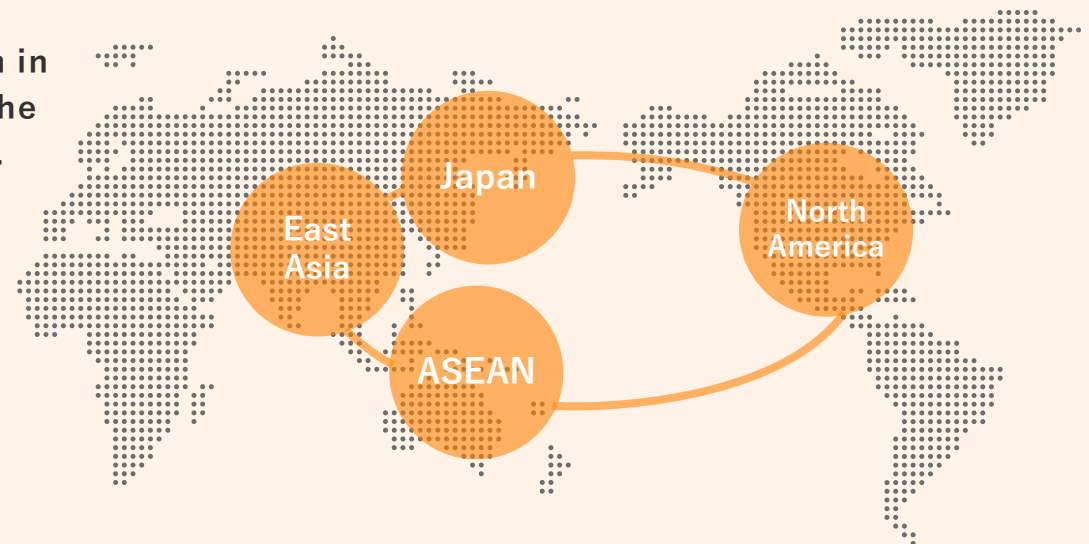
■ Future vision- Global reuse chain

Establish a system of local production for local consumption in each country/region and understand the characteristics of the market. Develop the system into inter-regional transactions.

- Local production for local consumption within a region (for illustration purposes only)



▶ Evolving into cross-border transactions



Basic Policy ① Achieving business growth

BF business
(2) Businesses that contribute to distribution

Increase GMV (trading volume) through activation of auctions and in-store purchases. Strengthen intra-group cooperation and franchise (FC) network.

■ Main initiatives

- Expand the number of overseas auction members
- Expand marketing to acquire auction members
- Acceleration of FC store openings
- Strengthening collaboration between groups

■ KPI

- Number of auction items +140% (2026.3)
- Overseas member GMV as a percentage of trading volume +30% (end of March 2025)
- BRAND OFF purchase specialty store 50 stores in 3 years

■ Auction GMV growth

- Continuing to hold both real and digital auctions
- Due to system changes, the ratio of overseas members to trading volume has increased
- Increase in distribution volume through DX



■ K-brand off FC store opening

- Increase in JBA distribution volume through FC store openings
- Continued expansion of store openings, including multiple store openings by major corporations



Basic Policy ① Achieving business growth

BF business
(3) Businesses that contribute to market growth

Achieve business growth beyond conventional frameworks by providing inspection services to the domain of CtoC reuse of brand goods and building a reuse platform that leverages data and technologies.

Main initiatives

Inspection business

- Providing services to CtoC market
- Improving efficiency and quality using AI

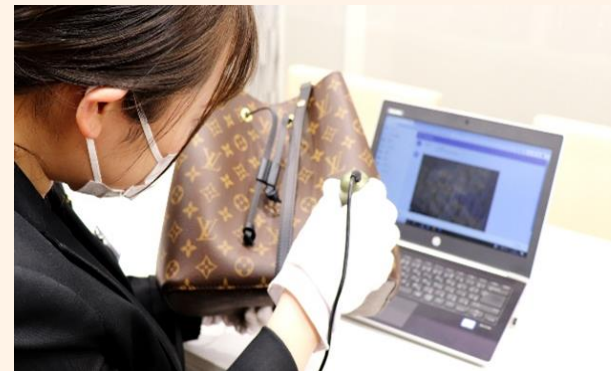
new business

- Building a reuse platform using OMRIS*, the core system
- Strengthening alliances with other industries and creating markets
- New technology development and new business utilizing open innovation, etc.

事例



Provision of KOMEHYO Kantei, a brand inspection service, to Rakuten Rakuma (Jan. 2024 -)



Introduction of AI-based assessment of authenticity and model numbers



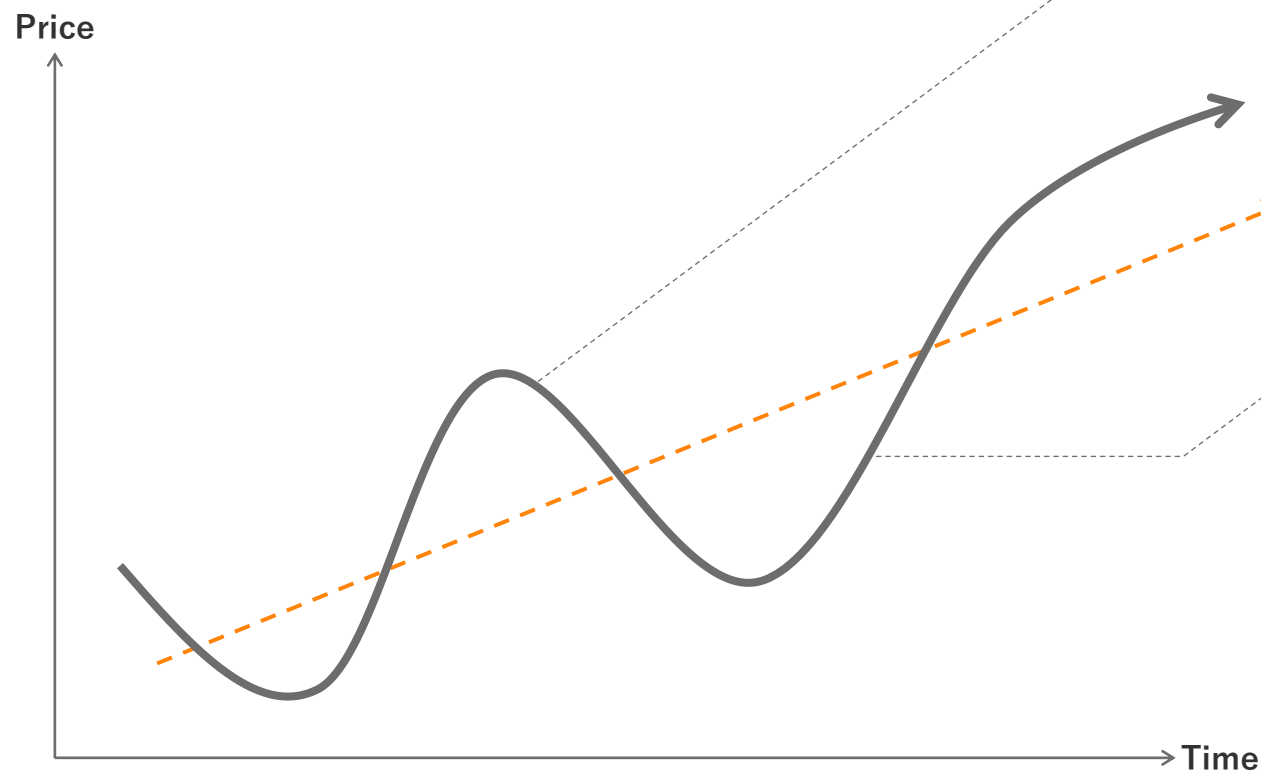
Building an OMRIS-based reuse platform

* Our core system (system that handles everything from purchasing to inventory management, listing on multiple EC malls, and order/shipping management)

Basic Policy ① Achieving business growth

Based on our extensive track record of transactions at in-house auctions, etc., we identify changes in market prices at an early stage and take appropriate countermeasures in a timely manner. We ensure profit accumulation and minimize the negative impacts.

Market fluctuations and their impact on business



When the market is soft
= Gross margins tend to decline

- Setting purchase prices with a good balance
- Emphasizing inventory turnover Strengthening corporate sales
- Reduce the price to the optimal selling price

When the market is strong
= Gross margins trend higher

- Active purchasing
- Emphasizing the balance between retail and corporate sales
- Lowering sales prices to appropriate levels

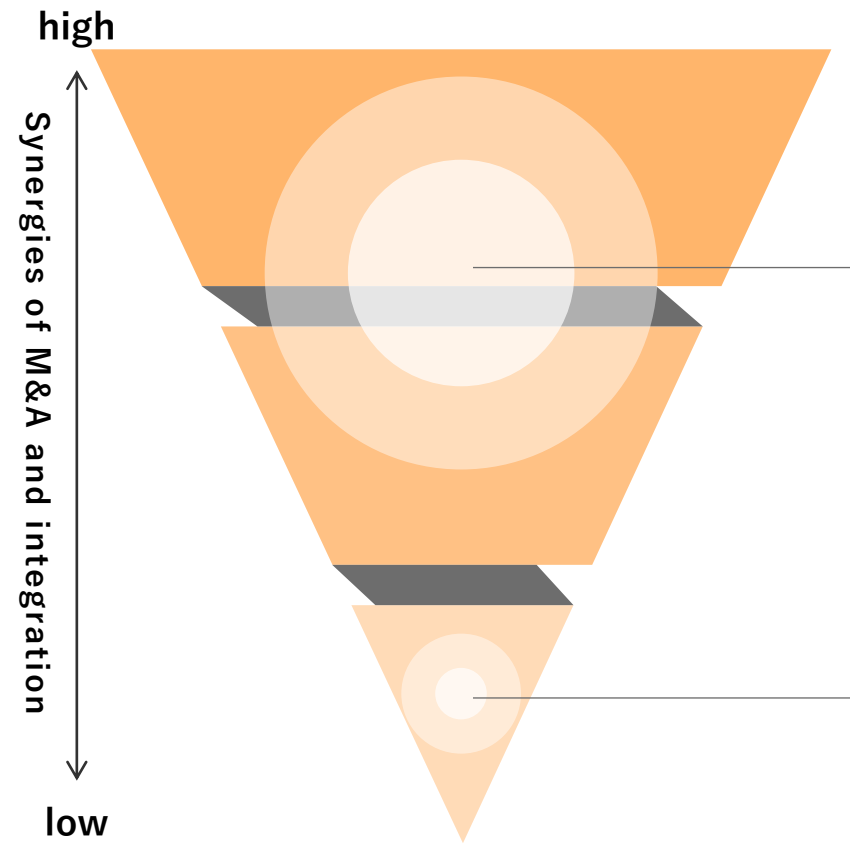
Sophistication of market

- Stable purchases from individuals (customer base and price control)
- Scale of retailing (customer base and channels)
- Advanced inventory control (by product, by channel, quality, latent profit, and speed)

Basic Policy ① Achieving business growth

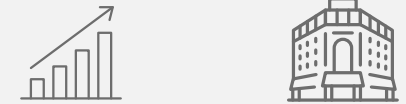
Consider M&A in overseas markets with excellent growth potential and areas that will lead to higher customer value, aiming to strengthen the business portfolio in addition to achieving organic growth.

Approach to alliances



Expand the scale and strengthen competitiveness of existing businesses

- Increasing the number of stores and expanding areas in the Brand Fashion business
- Enhancing purchase/sales channels (e-commerce, visits, home delivery, cross-border, pawn)
- Operation of auctions



- Businesses and companies that contribute to improving added value and operational efficiency (DX of repair and value chain)
- Overseas companies operating brand fashion business



Exploring unexplored areas

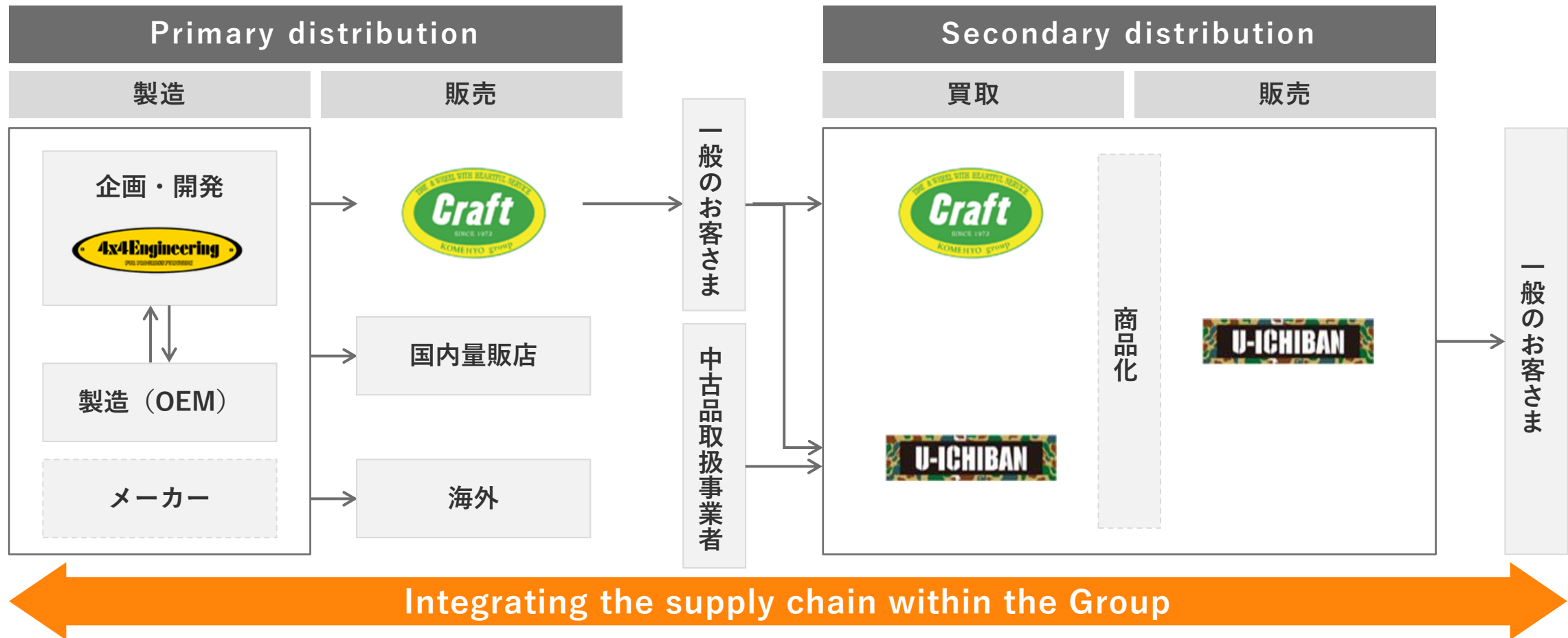
- Businesses and companies with high affinity with the clientele (alcoholic beverages, antiques, paintings)



Basic Policy ① Achieving business growth

TW Business Growth leveraging group strength

Demonstrate presence and competitiveness by involving three Group companies in main processes of the supply chain, each achieving growth. Achieve stable increases in sales and profit.



Basic Policy ① Achieving business growth

TW business Area strategy

Demonstrate presence and competitiveness by involving three Group companies in main processes of the supply chain, each achieving growth. Achieve stable increases in sales and profit.

Main initiatives

Domestic

New

- Stepping up store openings, marketing, and e-commerce
- Expanding trade-ins

Used

- Strengthening e-commerce (improving the quality and efficiency of the process of preparing secondhand items for resale)

Global

- Increasing the brand power and visibility of BRADLEY
- Expanding sales channels and accelerating product development

KPI

- Overseas sales ratio of 10%
- Ratio of sales of secondhand goods to total sales of 20%

Participating in events such as exhibitions



Tokyo Auto Salon (2024.1)

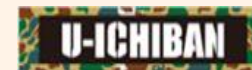
Strengthen promotion



In-house planned wheel (Bradley etc.)



Developing various purchasing/assessment methods



In-store purchase



On-site purchase (corporate)



LINE assessment

Basic Policy ② Deepening sustainable management

Set the Basic Sustainability Policy to accelerate the expansion of our reuse businesses and the penetration of relay use, based on the understanding that our businesses themselves represent sustainability. Help to build a truly affluent society by eliminating environmental destruction caused by mass production, consumption, and disposal.

Sustainability Policy

Komehyo Holdings Group contributes to the creation of affluent lifestyles and the realization of a sustainable society by building a relay use culture, a concept connecting “things” and “feelings” from one person to another.

Market Creation

To achieve sustainable production and consumption, we enhance the value of used products and create a healthy reuse market.

Business Growth

We are committed to addressing environmental and social challenges and achieving corporate growth at the same time through responsible business activities centered on relay use.

Co-Creation with Stakeholders

We build relationships of trust with stakeholders with integrity and fulfill our social responsibilities as a company chosen by them.

Basic Policy ② Deepening sustainable management Contribution to SDGs

Contribute to the realization of a truly affluent society based on a circular economy by building a relay-use value chain. Aim to achieve "Responsible Consumption and Production," which is one of the SDGs, with our businesses themselves.

Relay-use value chain

Developing the reuse market further

Contribute to market development by proposing high-quality items by leveraging the diversity of products such as new, unused, and reused products.

Restoring value with our unique technical capabilities

Understand the inherent value of things and create new value by leveraging the know-how accumulated over many years



Making reuse a common practice in society

Promoting education and creating opportunities to break away from the social structure of mass production and mass consumption

Pursuing fair sustainability

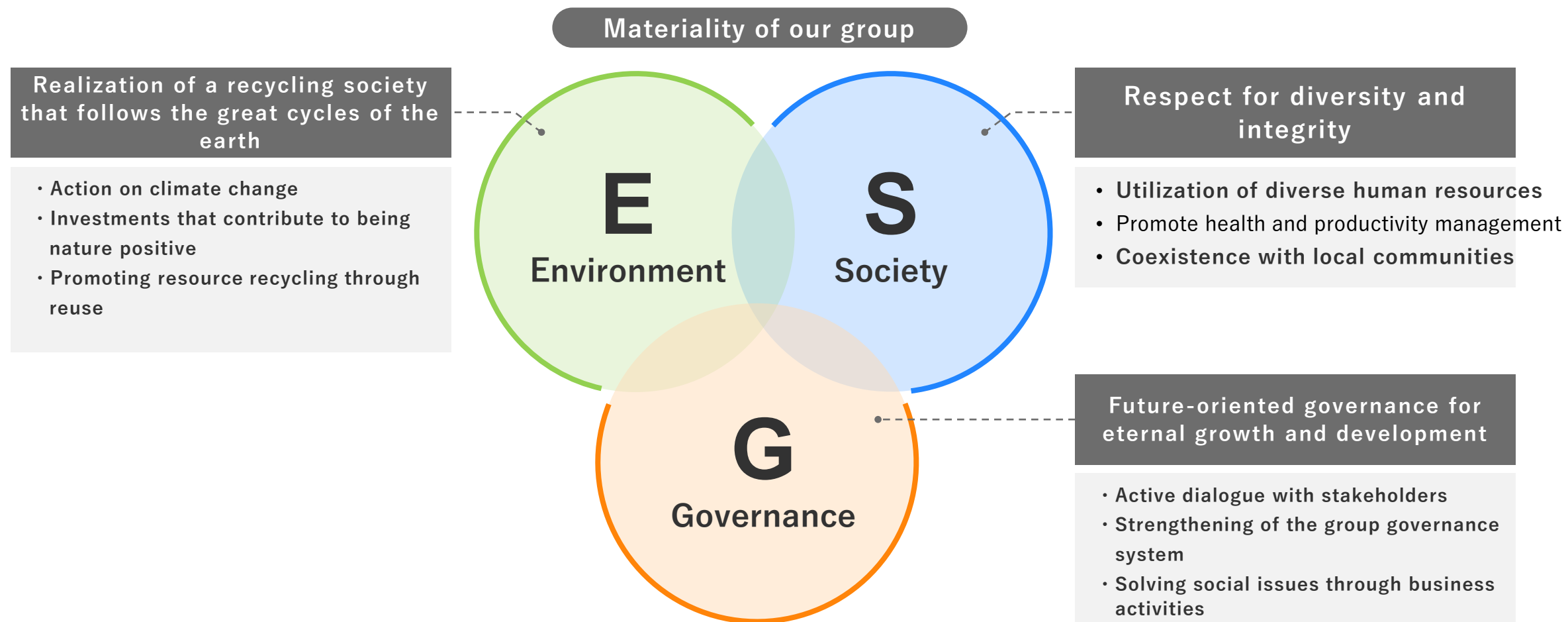
Creating a healthy reuse market where everyone can feel safe using our group's "technology to assess value"

Contribution to SDGs



Basic Policy ② Deepening sustainable management Materiality

Set priority social issues that the Group should address as material issues, from the perspective of ESG. Expand businesses and increase the number of people who are sympathetic to relay use by advancing related measures, thus helping realize a sustainable society.



Basic Policy ② Deepening sustainable management

Improving individual performance through human resource development and organizational development

At the Company, where human resources are the growth driver, both human resource development and organizational development, which support our businesses, are important management tasks that we need to work on over the medium and long terms. We will focus our efforts on building a system for improving the performance of each individual and maximizing the team strengths, by focusing on both human resources and the organization.

Basic approach to human resource management

Performance

=

The skills you possess

Specialized skills

Portable skills

×

How you feel about what you do

Mind

Amount of heat

Priority items

- "A rewarding work environment"
- "Career formation"
- "Diversity"
- "Instillation of values"

Measures

- Revision to and operation of a points-addition personnel system
- Enhancing training and educational programs
- Communication design based on purposes
- Holding a Future Conference for considering the future of the team

KPI

- Human resource retention rate of 90% or higher
- Increase in sales per person*1 (Results for the fiscal year ending March 2024: 85 million yen)
- Improving the ToMo Index**2 (May2024 : 23.2pt)

※ 1 Consolidated sales/consolidated number of full-time employees

※ 2 Total Motivation

Basic Policy ② **Deepening sustainable management** Contribution to a carbon-neutral society

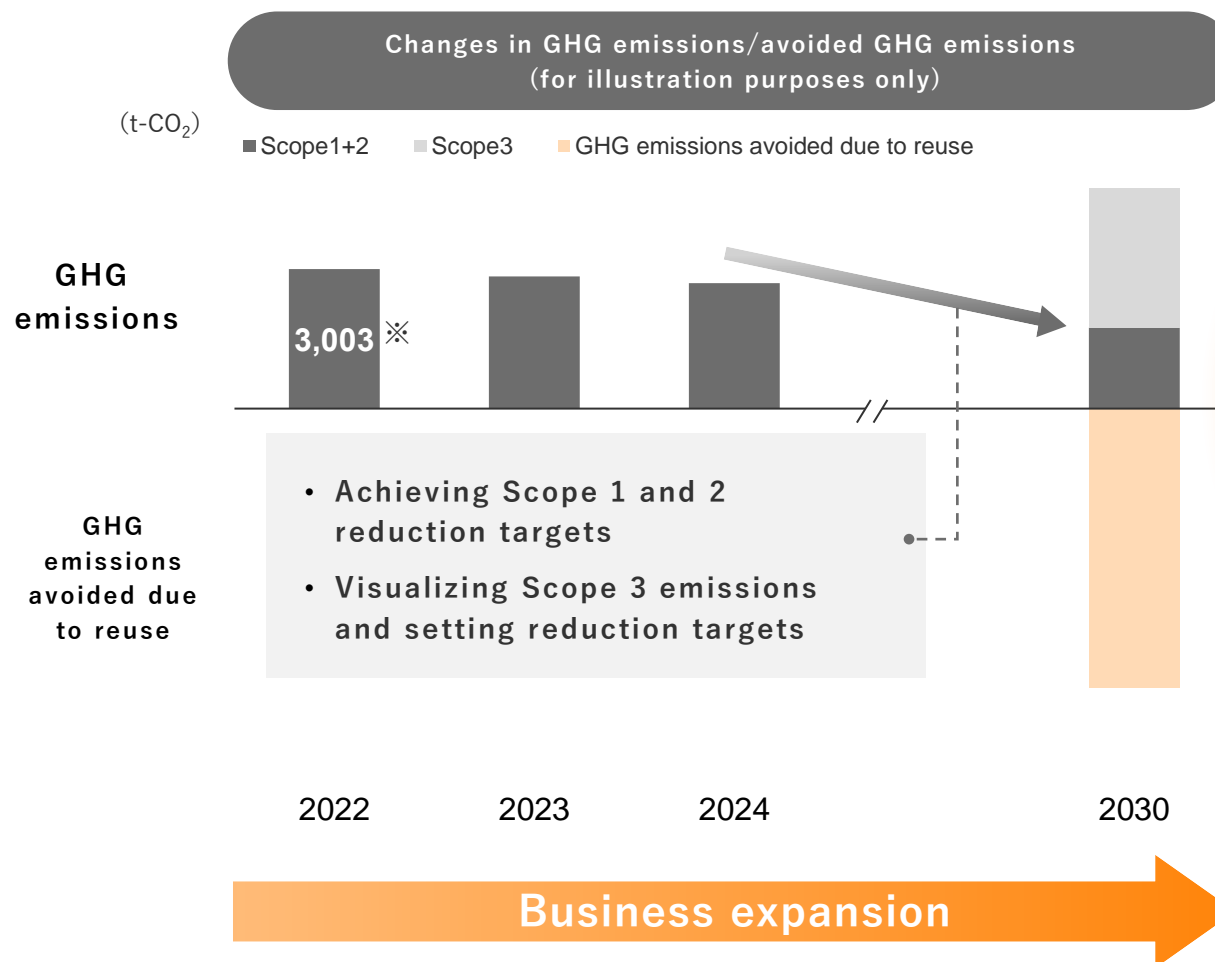
Set and visualize quantitative targets for GHG emissions/reduced contributions. In addition, we will deepen our contribution to a carbon-neutral society by expanding our reuse business.

Quantitative target

GHG emissions
(Scope 1 and 2)

2022→2030年

**42%
reduction**



Reducing and avoiding GHG emissions
simultaneously
through reuse

※ Scope1:292t-CO₂ Scope2:2,711t-CO₂

Basic Policy ② Deepening sustainable management Strengthening Group Governance

Promote the creation of a strong governance structure that is in line with the Group's sustainable growth, including business expansion and global development, as well as changes in the business environment.

Policy

Strengthening compliance and driving risk management

Taking actions to accelerate global expansion

Priority measures

Redefining critical risks

Strengthening Group BCM*

Upgrading risk management systems

Enhancing training and education

Collaborating with the Sustainability Committee
Reinforcing the information security system

Reinforcing the whistle-blowing system

Strengthening tax governance

Reviewing the personnel system

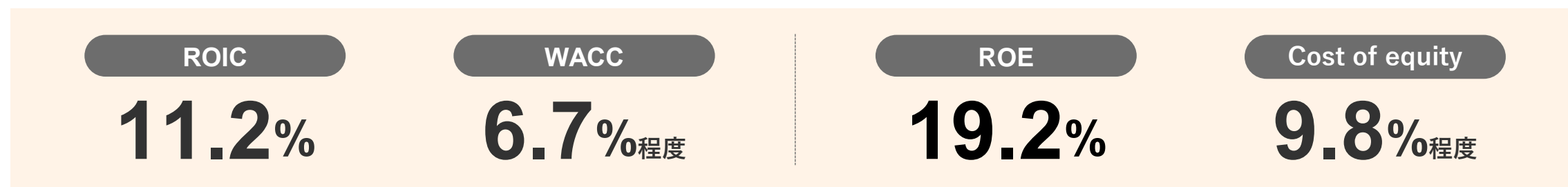
Future-oriented Governance
for eternal growth and development

* Business Continuity Management

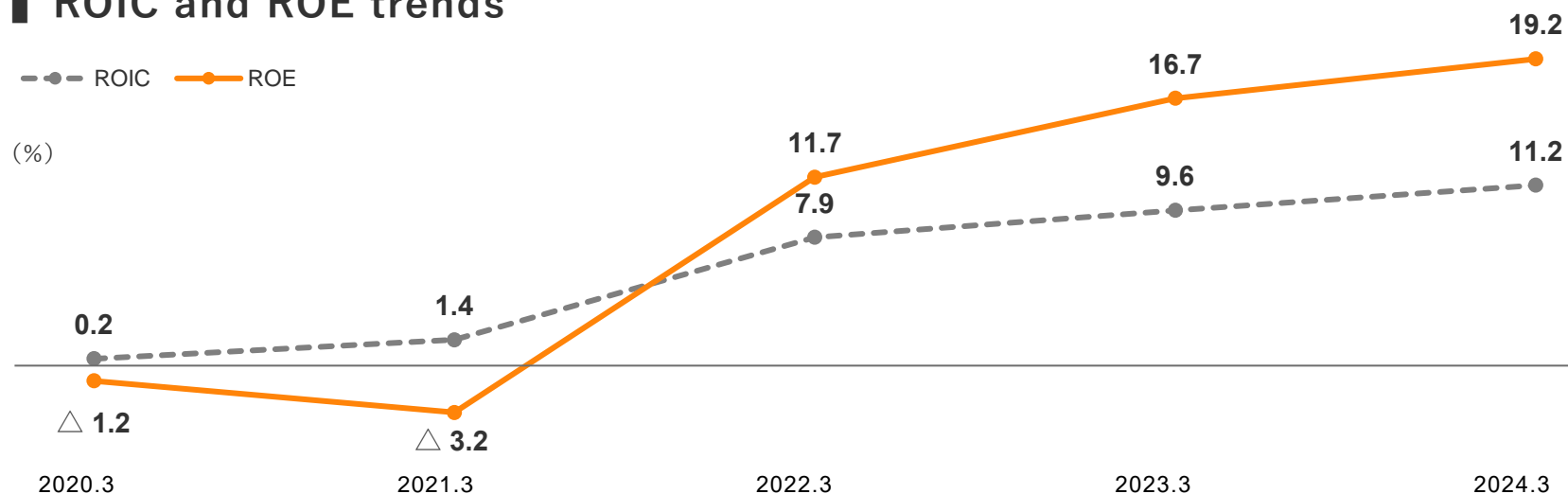
Basic Policy ③ Advancing management with an awareness of capital cost Analysis and evaluation of current situation

Fresh inventory is essential for building up profits in the reuse business. In the most recent period, purchases from individuals remained strong due in part to the store opening strategy. This led to revenue growth, resulting in ROIC and ROE exceeding the cost of capital

■ Status for the fiscal year ending March 2024



■ ROIC and ROE trends



Level above the cost of capital

Basic Policy ③ Advancing management with an awareness of capital cost Policy/Plan

We will continue to strive to maintain ROE, etc. that exceeds the cost of capital. Furthermore, by implementing growth investments and stable shareholder returns while ensuring financial soundness, we will maintain a high level of ROE that exceeds the cost of capital and improve corporate value.

Growth investment

- Securing inventory that is essential for sales growth
- Strengthening human resources who support the Group (recruitment, training, reskilling)
- Creating new points of contact with customers (opening new stores, etc.)
- Acquiring advanced technologies for driving DX
- Increasing market share in overseas markets (such as acquiring partners)
- Searching for new business

Shareholder return

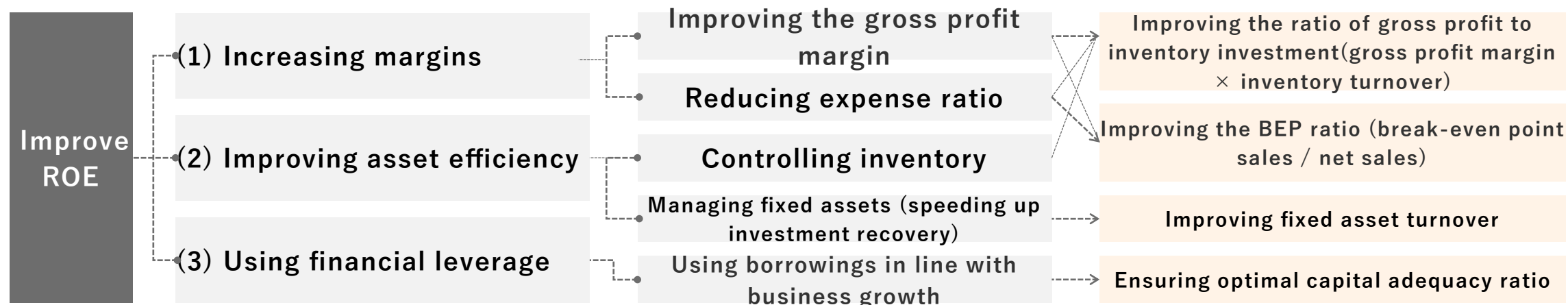
- Stable dividend increase

ROE of
18% or higher
Capital adequacy of
approx. 45%
Dividend payout ratio of
approx. 20%

Basic Policy ③ Advancing management with an awareness of capital cost Initiatives

Make exhaustive efforts to increase margins, improve capital efficiency, and use financial leverage in order to achieve an ROE of 18% or higher, based on the premise that business growth exceeding market growth will be achieved. Control the cost of capital through constructive dialogue with the market.

Initiatives to Improve ROE

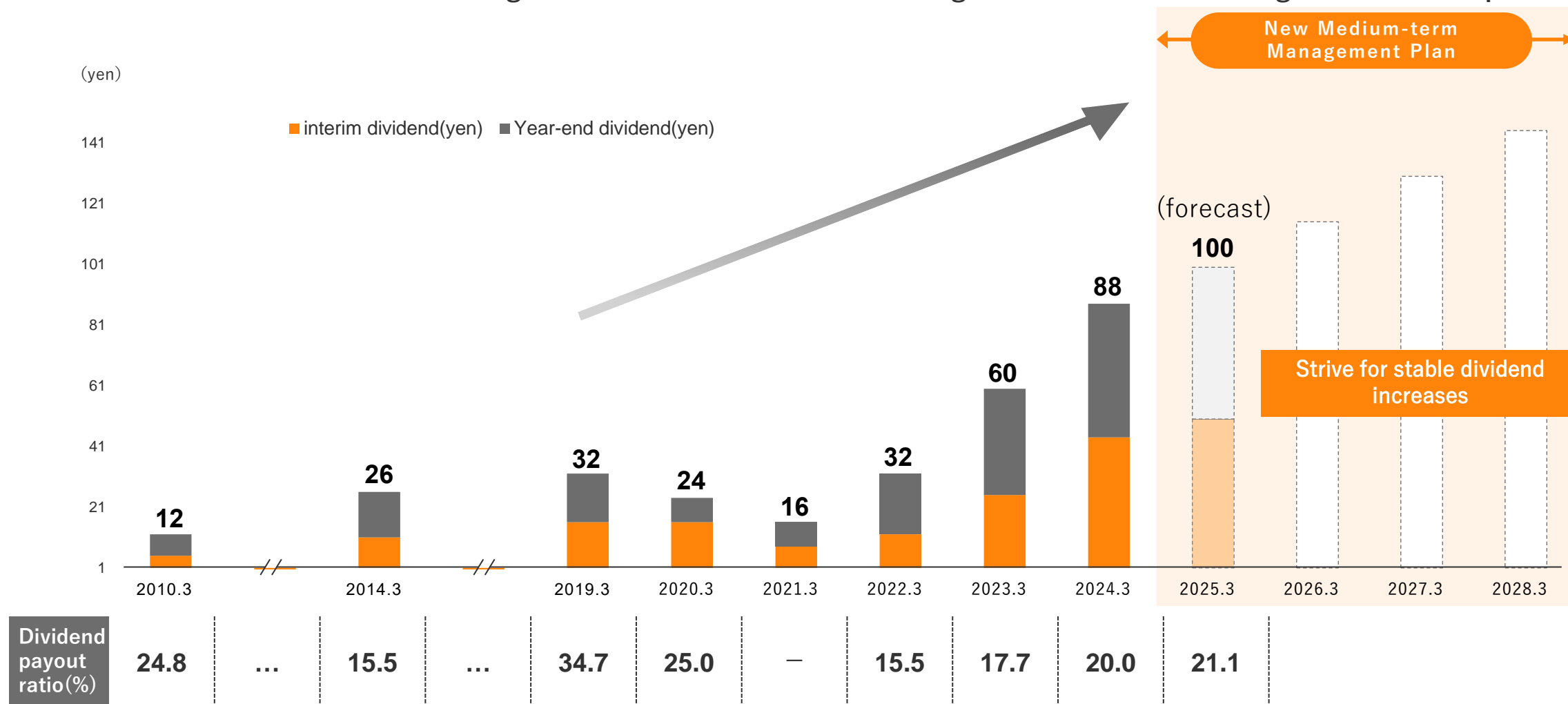


Promoting dialogue with the market (strengthening IR activities)

Financial results briefing	<ul style="list-style-type: none"> For institutional investors and analysts: Holding quarterly online briefings via video streaming For individual investors: Holding online briefings (held twice in 2023) 	Individual IR interview	<ul style="list-style-type: none"> Fiscal year ending March 2023: 128 cases, Fiscal year ending March 2024: 168 cases
		Others	<ul style="list-style-type: none"> Disclosing information in English and disclosing the monthly results of the Brand Fashion business

Basic Policy ③ Advancing management with an awareness of capital cost shareholder return

Enhance shareholder returns to maintain an appropriate capital adequacy ratio and enhance corporate value.
Continue to focus efforts on ensuring stable dividends and increasing dividends based on higher sales and profits.



5. Initiatives for the fiscal year ending March 2025

Consolidated and business segment plans for the fiscal year ending March 2025

Plans for increased sales and profits in both the BF business and the TW business

Consolidated earnings forecast for the FY 2025

(million of yen)	1H	FY
Net sales	64,000	140,000
Operating income	2,930	8,000
Operating margin	4.6%	5.7%

Earnings forecast by segment for the FY 2025

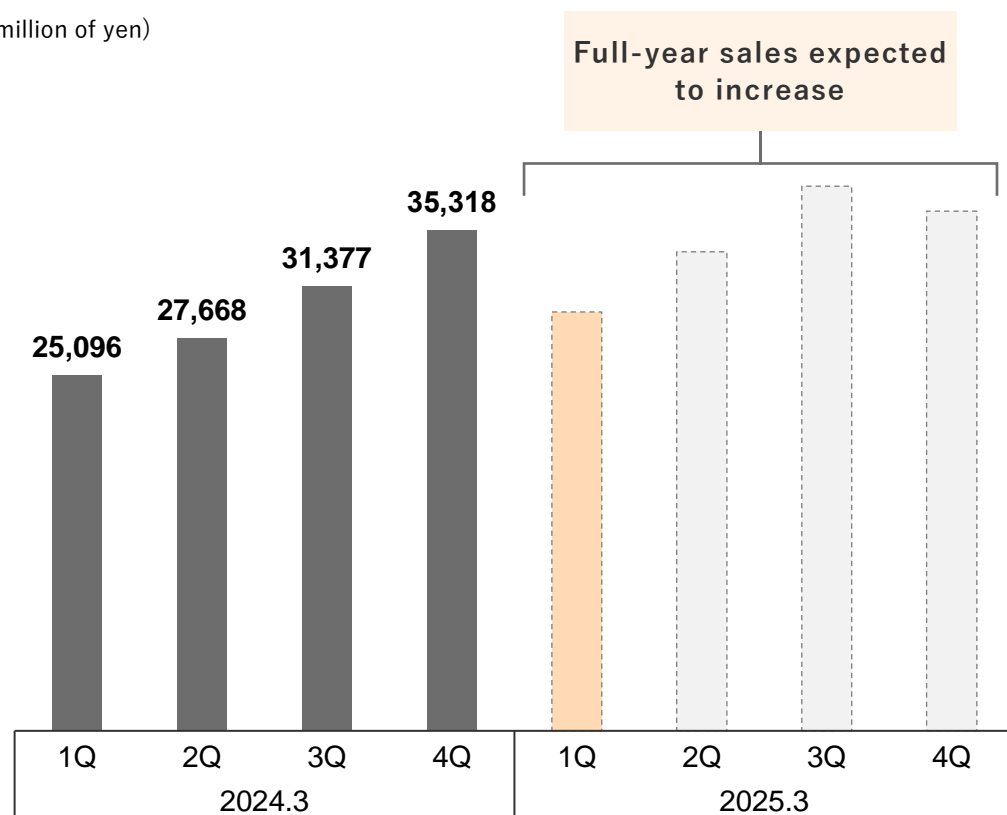
(million of yen)		FY2024	FY2025	Change
Brand Fashion	Net sales	114,335	134,187	19,852
	Operating income	6,891	7,644	753
	Operating margin	6.0%	5.7%	△0.3
Tire and Wheel	Net sales	5,073	5,526	453
	Operating income	267	270	3
	Operating margin	5.3%	4.9%	△0.4
Real estate leasing	Net sales	287	287	±0
	Operating income	86	86	±0
	Operating margin	30%	30%	-

Forecast of Consolidated Earnings Results by Quarter

Market conditions are expected to remain flat in the first quarter of this fiscal year, and personnel expenses are expected to increase. As a result, although sales are expected to remain at the same level as last year or slightly increase, profits are expected to be lower than the same period last year. For the full year, we expect sales and profits to increase year on year, assuming that business performance will continue to be strong in the second half.

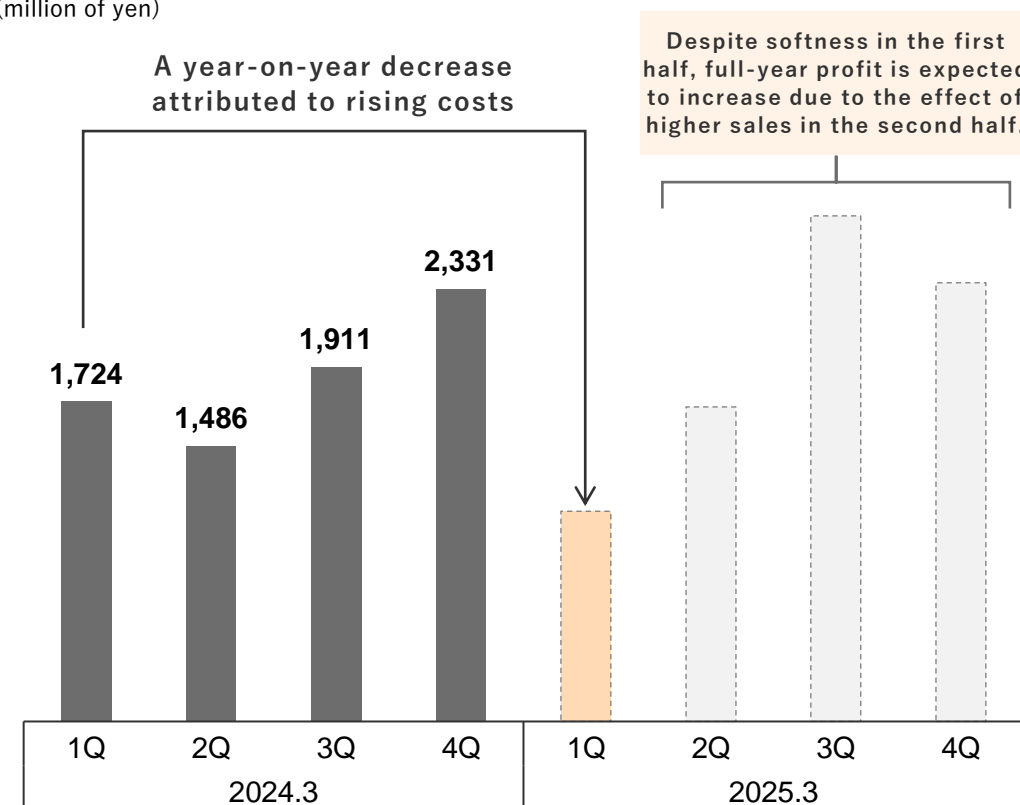
Net sales

(million of yen)



Operating income

(million of yen)



Analysis of consolidated operating income (forecast)

Sales are expected to increase 116.5% compared to the previous fiscal year due to increased purchasing. The company aims to improve gross profit margin by 1 to 1.5 points for the full year. SG&A expenses increased by 30% due to active investment in human resources, sales outlets, and IT. Aiming for a record high operating income of 7.9% year-on-year increase



Net sales

Strengthen both individual purchasing and corporate purchasing. Sales increased by 16.5% due to store openings in Japan and overseas, strengthening of EC, inbound demand, etc.

Gross profit margin

The first half is expected to be at the same level as the previous fiscal year, assuming that the inter-corporate transaction market will remain flat. Expected to improve by around 2 points in the second half, and improve by 1.4 points for the full year

SQ&A expenses

SG&A expenses are expected to increase significantly due to aggressive investment in human resources, store openings, IT, etc. to strengthen retail and expand globally.

Rearrangement of given matters that will affect this fiscal year's performance

The brand reuse market is in an expansion phase both domestically and internationally. A business environment that allows business growth by leveraging competitive advantages, provided that store opening properties and human resources recruitment proceed as planned.

External environment/opportunity

- Demand for high-priced items remains strong, and the brand reuse market is expected to continue growing.
- Due to new entrants and store openings by competing companies, purchase competition in each region and competition to acquire properties for new store openings are intensifying. As the market expands, social issues related to purchasing are also emerging, and reuse businesses are required to be sound and transparent, as “purchasing” is subject to the Act on Unfair Representations*.
- Current duty-free sales are also strong. Inbound demand is expected to remain strong, assuming the yen does not trend towards an extreme appreciation.
- Domestic reuse businesses are expanding overseas. The overseas reuse market is energized by the increasing number of companies expanding into Asia, mainly in Asia.
- In recent years, industry reorganization has become active. Weak market conditions from the end of 2023 onward may lead to further restructuring.

Internal environment/approach

- As the domestic and overseas markets are in an expansion phase, we need to increase our presence in the industry by expanding our sales share.
- In addition to the growth of each group company and brand, we are moving into a phase where we are increasing the driving force and collaboration of our mainstay branded fashion business.
- In order to actively utilize corporate purchasing, it is necessary to increase the speed of growth by working on new store formats and improving profits.
- As the business expands, we are hiring not only sales personnel such as appraisers, but also personnel in indirect departments. It is also necessary to expand talent pool for next-generation management and leadership, etc. Always review forward-looking succession plans and development plans Up
- Strengthening global expansion is essential for future sustainable growth. Continuous investment for the future, including promoting store openings, strengthening cross-border e-commerce, and human resource development

*April 18, 2024 Consumer Affairs Agency Public Notice “Regarding operational standards for public notices specifying premiums, etc.”

Market price forecast for main products for the fiscal year ending March 2025

The market trends for each product, which are the premise of this fiscal year's plan, are currently expected to be as follows, and unless there are sudden changes in the external environment such as exchange rates, each product is expected to remain flat or increase gradually.

Jewelry



JEWELRY

Domestic retail gold prices are expected to remain flat or rise moderately, remaining at record high levels. If the yen appreciates in exchange rates, there is a possibility that there will be a temporary decline.

The market price of diamonds is expected to recover gradually, and the market price of melee diamonds (small stones) is expected to remain stable.

As for branded jewelry, prices continue to rise for popular items from popular brands that are in high retail demand and for vintage items that can only be obtained second-hand.

Watches



WATCH

After bottoming out at the end of 2023, there will be a gradual recovery trend for popular brands and popular items. The upward trend is expected to continue in the future. Brands and items that are not in high demand are expected to remain flat, and market prices are expected to differ depending on demand. Sales prices of used products are expected to remain stable. Inter-corporate transactions are strongly influenced by exchange rates, so if the yen becomes extremely strong, there is a possibility that the market price will decline.

Bags



BAG

There are no major changes in the needs for branded items both in Japan and overseas, and the market prices of popular items and retail items are expected to gradually rise after bottoming out.

The impact on the used product market due to the increase in primary distribution prices for each brand is expected to be limited.

Inbound demand is expected to remain strong, so there is a possibility that some items, especially vintage items, will rise in price.

Fashion



FASHION

As with the previous period, although there is some seasonality, there are no major market fluctuations overall, and market prices are controlled by model year and condition.

Prices are expected to rise for highly rare items such as some popular luxury brand fashion and vintage items.

Initiatives of each brand ①



Initiatives for the fiscal year ending March 2025

Continue to strengthen purchases mainly through new store openings, while bolstering retail through new store openings and e-commerce, in Japan and other countries.

Opening a purchase specialty store

- Opening 30 to 40 purchase centers, mainly in Tokyo, Nagoya, and Osaka

Strengthening existing purchasing channels

- Alliance
 - Department store
 - Financial institutions
- On-site purchase
- Delivery purchase

Opening a sales store

- New store opening
 - Nagoya main store BAG+
 - Nihonbashi store
 - LaLa port Aichi Togo
 - Considering opening a large store
 - Considering opening an editorial store

Strengthen global expansion

- Expansion of area and stores
 - Opening of 5th store in Thailand
 - Sales start in Singapore
 - Start purchasing in Malaysia
 - Strengthen cross-border EC

Purchase center



Aiming to increase purchases by 1.5 to 2 billion yen through new store openings

Sales store



Opening of small and medium-sized retail stores with purchasing facilities

Global expansion



Store expansion in ASEAN

Initiatives of each brand ②



Initiatives for the fiscal year ending March 2025

BRAND OFF will strengthen domestic and overseas e-commerce sales by linking inventory with RECLO and MIKE MUSEUM. Aggressive new store openings will be continued overseas, mainly in Hong Kong and Taiwan.

Strengthening retail

- Strengthen CRM
- Incorporate global generation Z
- Strengthening in-house EC

Expansion of RECLO

- Promotion of PMI
- Strengthen cross-border e-commerce, which is our strength, through inventory collaboration

Cooperation with MIKE MUSEUM

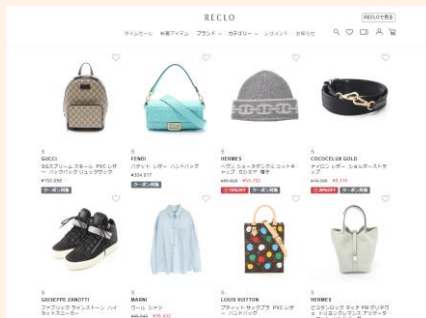
- Strengthen sales on domestic platforms through inventory collaboration

Strengthen global expansion

- Strengthening cooperation between Hong Kong and Shanghai
- New store openings in Hong Kong and Taiwan

“BRAND OFF” inventory will be linked with “RECLO” and “MIKE MUSEUM” to strengthen online contact points.

Strengthening EC



Increase the number of areas through inventory collaboration

Retail expansion in Hong Kong



Continuing to open new stores backed by high recognition

Retail expansion in Taiwan



Maintained strong performance due to relocation and store openings

Initiatives of each brand ③ Auction/Brands aiming to be the Only One

Leverage the strengths of each of the two auctions to expand the number of members and trading volume by capturing a wide range of needs Continue to refine the appeal of the brand to continue to be supported by fans as a unique brand

Corporate auction



それでは、いい商いを。

KOMEHYO
オークション

- Acquisition of members in North America
- Increase in number of listings due to improved productivity



Japan Brand Auction

- Opening a store specializing in FC purchase
- Continuation of real events

Increase the number of members and trading volume through collaboration



Working to expand GMV and improve productivity

A brand aiming to be the Only One



- Strengthening online contact points
- EC site renewal
- CRM using LINE
- Utilization of domestic and international SNS
- Core system replacement



- Strengthening purchasing domestically and overseas
- Interaction with overseas independent watchmakers and small maisons



- Construction of CRM using LINE
- Improve the ability to attract customers to your own EC site



WORM

Strengthening purchase and sales at stores



INDEPENDENT WATCHMAKERS & SMALL MAISON

Shellman

Differentiation with products from overseas independent watchmakers

Initiatives of each brand **4** Tire and wheel business

Aim for record sales of 10 billion yen by leveraging the characteristics of the three companies.

Product development and expansion of overseas sales channels



- New product development
- Product branding
- Acquisition of new overseas partners

Expand sales and strengthen used purchasing



- Promotion of store opening plan
- New store opening
- Change of business format
- Strengthening customer contact points through events
- Strengthening trade-in

Product management and online enhancement



- Strengthening used purchasing
- Corporation
- Individual
- Used goods store development
- Strengthen online

Hiring and training human resources to promote the tire and wheel business / Strengthening the supply chain within the group (core system/market system)



Promote products domestically and internationally at exhibitions, etc.



Strengthen in-store sales and trade-ins



Actively hold events that serve as points of contact with customers

6. Appendix

Corporate Profile

Company name	Komehyo Holdings Co., Ltd.
Established	May 1979 ※Transition to holding company system in October 2020
Head Office	3-25-31 Osu, Naka-ku, Nagoya
Representative	President, Representative Director: Takuji Ishihara
Capital	1,803 million yen
No. of employees	Consolidated: 1,405 Non-consolidated: 28 (As of March 2024)
Business activities	Groupwide corporate planning, management and marketing, and real estate business
Fiscal year-end	March
Stock	Tokyo and Nagoya Stock Exchanges (Securities code: 2780; Unit: 100 shares)

Human Capital Data

In the relay use business model, the roles played by people are wide-ranging (knowledge, skills, expertise, speed, connections with customers, etc.), and promoting the development and retention of human resources leads to improvements in business performance and corporate value.



Number of consolidated full-time employees*2

1,405 people

Talent retention rate*1

92%

Sales per full-time employee*1

85 百万円



Ratio of female managers*2

20.0%

Female employee ratio*2

consolidated **38.2%**

BF business **41.0%** TW business **5.7%**

Wage gap ratio*1

Full-time employee **73.9%**

All workers **50.6%** Part-time/fixed-term employee **73.6%**



Rate of male childcare leave taken*1

82.1%

ToMo*3

23.2

Engagement score*1*4

70(B-)

Paid acquisition rate*1

Full-time employee **61.4%**

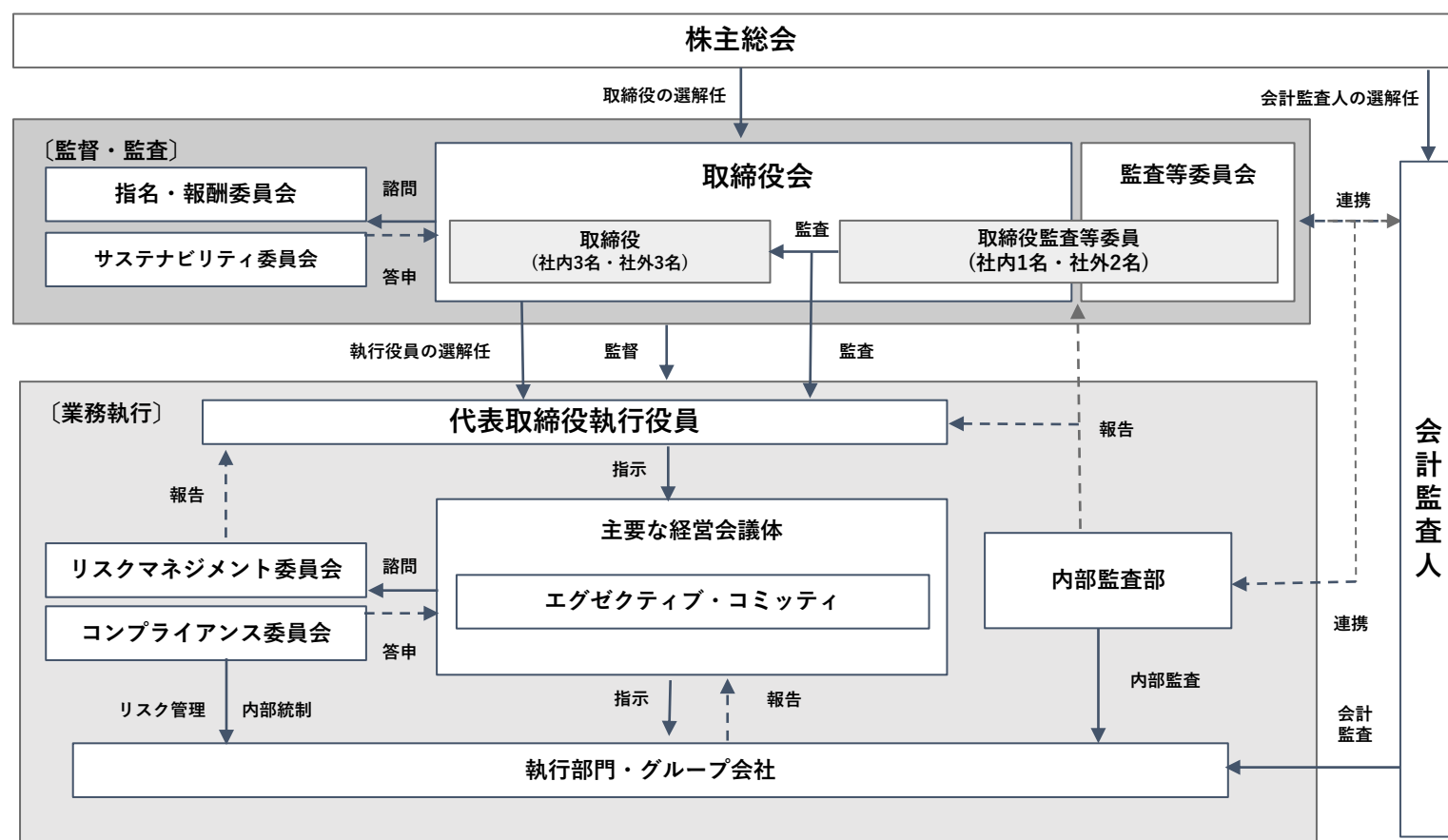
All workers **66.2%** Part-time/fixed-term employee **78.3%**

*1 Results for the fiscal year ending March 2024 *2 As of the end of March 2024

*3 Abbreviation for Total Motivation, which quantifies the "overall motivation" that affects work performance. *4 Komehyo Co., Ltd.

Corporate governance system

To ensure that management respects the interests of not only shareholders but also employees, customers, business partners, creditors, local communities and others who have a significant impact on or interest in the Komehyo Group, the Komehyo Group is tackling the strengthening of corporate governance based on management efficiency, improved operating results and an emphasis on compliance as a priority issue.



Officer system

We defined key areas where directors are expected to demonstrate their capabilities in a skills matrix, with the aim of continuously improving the audit function that is to be fulfilled by the Company's directors. Leveraging their diverse backgrounds, we strive to achieve medium- to long-term growth for the Group while strengthening governance.

Officer skill matrix

Name	Position	Outside Director	Qualifications, etc.	Major skills and careers												
				Corporate management	Management strategy and planning	Marketing	Experience and knowledge in the industry	Business development and innovation	Global	IT · DX	Personnel strategy	Finance · Accounting	Legal · Risk Management	governance	ESG · Sustainable	
Takuji Ishihara	President and Representative Director		MBA	●	●	●	●	●				●				●
Toshio Sawada	Managing Director			●	●		●		●							
Yuya Yamauchi	Director			●	●	●	●	●	●	●						
Masaru Hirauchi	Outside director	●		●	●	●		●	●	●						
Yoshiko Nakahara	Outside director	●			●							●		●		●
Junji Takaoka	Outside director	●	MBA	●	●	●		●	●	●						
Kazutoshi Torita	Director (Audit and Supervisory Committee Member)				●							●		●		
Miyuki Minamiru	Director (Audit and Supervisory Committee Member)	●	Certified accountant Tax accountant									●		●		
Momoko Murase	Director (Audit and Supervisory Committee Member)	●	Lawyer										●	●		

Business/service introduction | | KOMEHYO

The main brand of Komehyo Holdings, which mainly sells and buys used brand products. Aiming to improve market standards by creating "curiosity" among customers and society toward a seamless purchasing experience between online and offline

Store development



- 151 stores in Japan, 4 stores in Thailand, and 1 base in Singapore *1

- Sales outlets such as domestic flagship stores will be opened mainly in major cities in Japan.

Purchasing specialty stores open stores along the way of customers' lives with the concept of "purchasing at safe, usual, and nearby locations."

- All stores are directly managed, and appraisers who have undergone the company's certification system are in charge of purchasing.

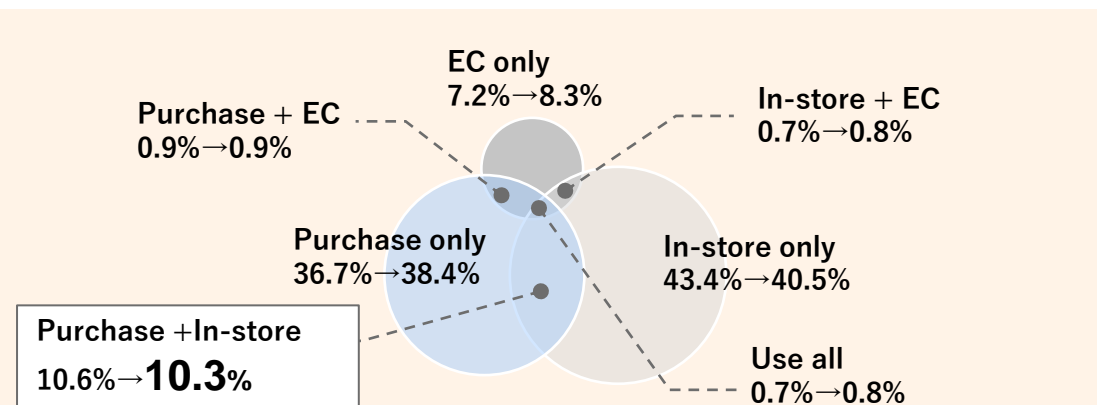
- A department specializing in education systematizes the training process and curriculum for appraisers.

We enable speedy store openings by producing efficient and stable human resources.

Customer attributes by product

Jewelry	50s · Female	Bags	40s · Female
Watches	50s · Male	Fashion	30s · Male and Female

Changes in the number of members*2 composition ratio



Only about 10% of people use buying and selling at the same time. Focus on building relationships with customers through store openings and OMO *3 strategies, one-to-one customer service, and promote mutual use.

*1 As of the end of March 2024 *2 Number of KOMEHYO membership card members UU Comparison of 2014-2023 → 2014-2024

*3 Abbreviation for online merge offline, which refers to the fusion of online (EC) and offline (store)

Trends in purchase price per customer by product | KOMEHYO

As we strengthened our purchasing activities in response to the market decline, the average purchase price per customer for some products fell below the previous year in the fourth quarter, but overall sales remained stable for all products. By handling multiple products, risks against market fluctuations can be diversified.

■ Trends for the 4Q of the fiscal year ending March 2024



JEWELRY

Although the number of customers purchasing gold bullion has stabilized, domestic retail gold prices continue to trend upward. Although there was an impact from the decline in diamond prices, the overall purchase price per customer remained flat.



WATCH

Due to the market decline from November to December, we strengthened our purchasing efforts at well-balanced prices. Purchase unit price increased compared to the same month last year due to increased overseas demand due to exchange rate effects



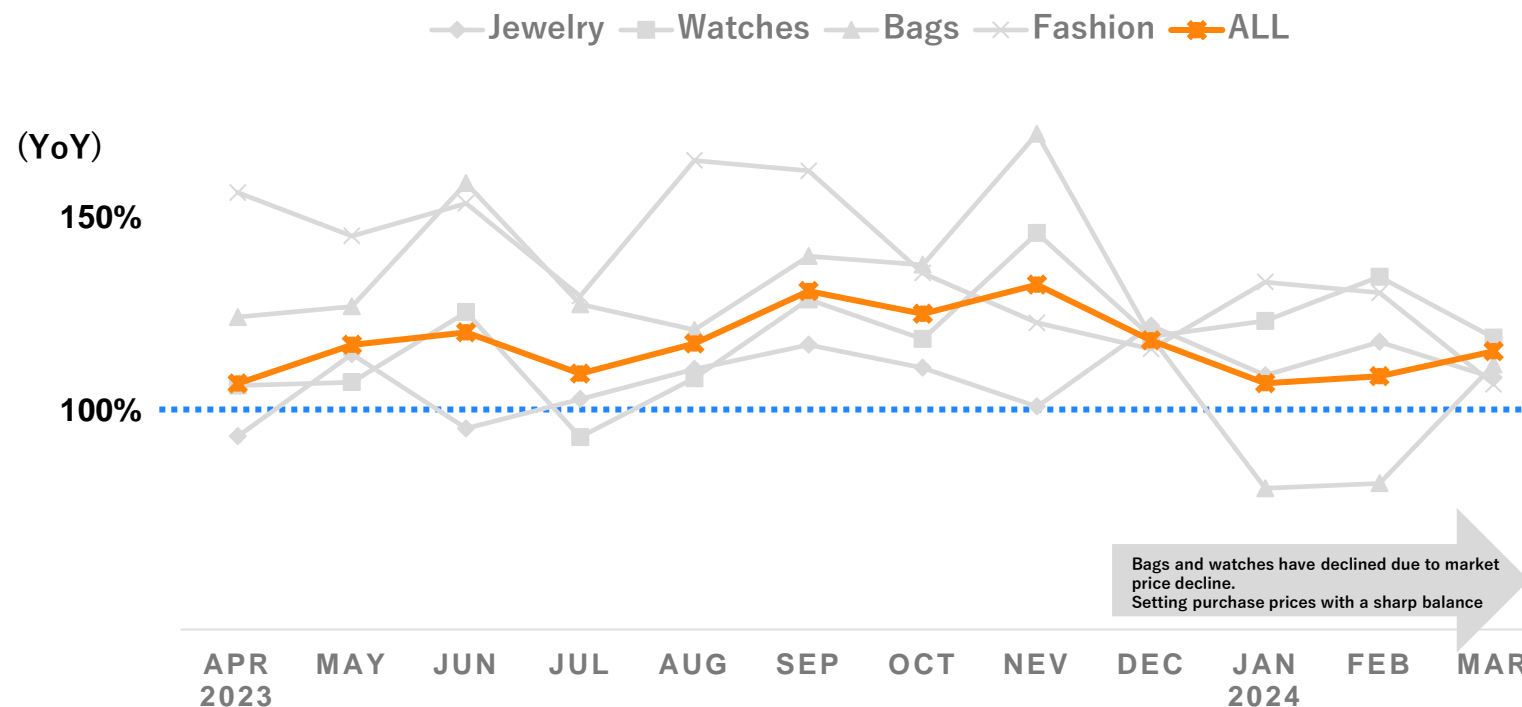
BAG

Contrary to last year's upward trend in market prices, the market bottomed out in December and remained flat, resulting in a decline in average customer spending. Recently, there has been a gradual recovery trend after a feeling of bottoming out, with a recovery in March.



FASHION

In clothing, we continued to strategically strengthen purchases of high-priced products from the previous fiscal year. As purchases continue to be strong, there has been no major change in the unit purchase price compared to the same month last year.



Business/service introduction || BRAND OFF TOKYO

Mainly sells, purchases, and quality used branded products. The tax-free ratio of sales is high, and the company has a particular strength in selling bags. Operates the corporate auction “JBA” and contributes to improving profitability

Store development



- 40 stores in Japan and 15 stores overseas (Hong Kong, Taiwan, Shanghai, China)*1
- Headquartered in Kanazawa City, Ishikawa Prefecture, has a strong customer base mainly in the Hokuriku region of Japan.

Actively opening FC-style purchasing specialty stores to revitalize auctions

FC purchasing specialty stores account for approximately 70% of domestic stores

- Expanded overseas since 2008. We are expanding our store network by leveraging the high recognition we have cultivated in Greater China and store management know-how.

*1 Results for the fiscal year ending March 2024

*2 On April 3, 2024, K-Brand Off Co., Ltd. acquired the shares of RECLO Co., Ltd. and became a group. An absorption-type merger is planned on July 1, 2024, with K-Brand off as the surviving company and RECLO as the dissolving company.

Strengthen EC

“BRAND OFF” inventory is linked with the group “RECLO” and “MIKE MUSEUM” to strengthen online contact points.

RECLO^{※2}

- Operates EC site “RECLO” that buys and sells used branded products
- We have a strong base of individual customers on sites such as Tmall, the largest e-commerce site in mainland China, and we have strength in cross-border e-commerce.

MIKE MUSEUM

Operates the e-commerce site “MIKE MUSEUM” that sells new apparel, shoes, shoe care products, and accessories purchased domestically and overseas.

Business/service introduction ||

JBA
Japan Brand Auction

Operate corporate auctions “KOMEHYO Auction” and “Japan Brand Auction (JBA)” Increase GMV (volume) and improve profitability through auction fees*1

■ KOMEHYO Auction Operated by KOMEHYO Auction Co., Ltd.



- Transition from real-life auctions to online auctions due to the coronavirus pandemic
- Using the inspection know-how cultivated by Komehyo HD, we support sellers and buyers.
- Bids from overseas are also possible
- Listings by other reuse businesses account for the majority, 70%*2

Products handled	Event format	
jewelry/watches/bags	Online	Bidding up method Twice a month
Apparel	Online	Bidding up method Once a month

■ Japan Brand Auction (JBA) Operated by K-Brand Off Co., Ltd.



- 3 types of holding formats: hand auction, bidding, and online auction
- While the number of online events is increasing, real-life events are proving useful and are performing well.
- Purchased items from BRAND OFF purchase specialty store (FC) are displayed, Contribute to auction GMV

	Event format	
JBA Kanazawa	Real	Bidding up method Once a month
JBA Tokyo	Real	Bidding method Once a month
JBA Live net	Online	Bidding up method Monday & Thursday

*1 Commission income from both seller and buyer *2 As of the end of March 2024

Business/service introduction | WORM Shellman Since 1971 SELBY.

A brand specializing in products. Aim to be one-of-a-kind with core fans.

WORM



- Purchasing and selling premium sneakers
- Opens 2 stores in Japan. Sneaker enthusiasts gather from home and abroad
- With the concept of “SNEAKER GAME FROM JAPAN TO THE WORLD.”, we also handle rare products that have a market value of tens of millions of yen and are only available in a few pairs in the world.

Shellman



- Consignment and sale of antique watches and jewelry, current watches made by independent watchmakers, and original Shellman watches.
- Opens 7 stores, mainly in directly managed stores and department stores. Supported by watch collectors both domestically and internationally

SELBY



- Purchasing and selling jewelry
- Opened two jewelry specialty stores. We focus on rare stones and rare brands and are supported by jewelry enthusiasts both domestically and internationally.
- Purchasing from corporations accounts for 90% of the total, and sales include in-store sales, live commerce, and EC. Inventory turnover is high in the channel.

* As of the end of March 2024

Business/service introduction |



A brand that handles new and used tires, wheels, etc. Integrated supply chain among three group companies

■ Craft



- Purchasing and selling new tires and wheels
- We have a wide selection of high-end wheels and coil over parts that are dress-up items, and specialize in customizing suspension parts.
- Highly specialized staff will make suggestions for tire selection, alignment, real matching, etc. according to customer requests.

■ U-ICHIBAN/Auto Parts Japan



- U-ICHIBAN
Purchase and sale of used tires and wheels
- Auto Parts Japan
WEB sales of used tires and wheels traded in and purchased at Craft stores and new tires and wheels purchased by corporations.

■ 4×4 engineering service



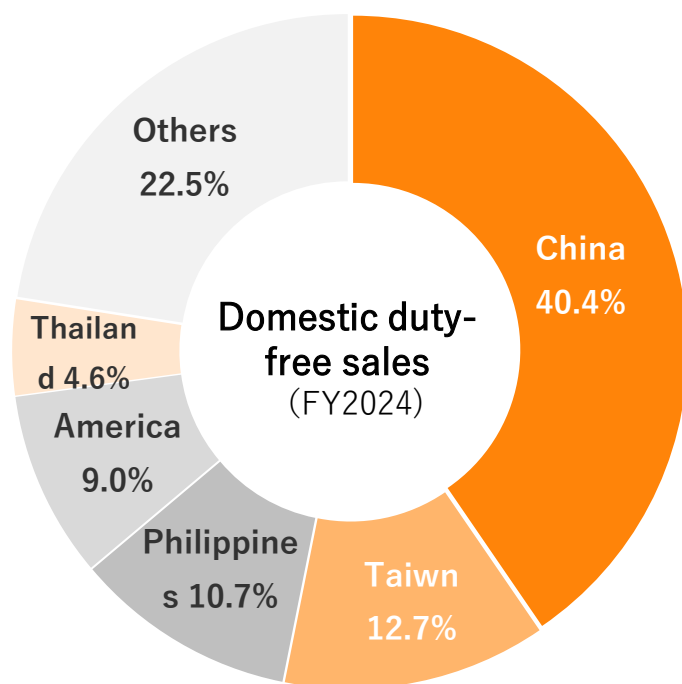
- Comprehensive manufacturer of wheels and suspensions. The main product is the "BRADLEY" series of wheels designed in-house. A long-selling full-fledged 4WD wheel
- Actively participates in off-road driving events, outdoor activities, camping events, etc. in Japan. Aiming to expand the fan base
- Aiming to expand overseas sales channels, overseas exclusive models will also be released.

* As of the end of March 2024

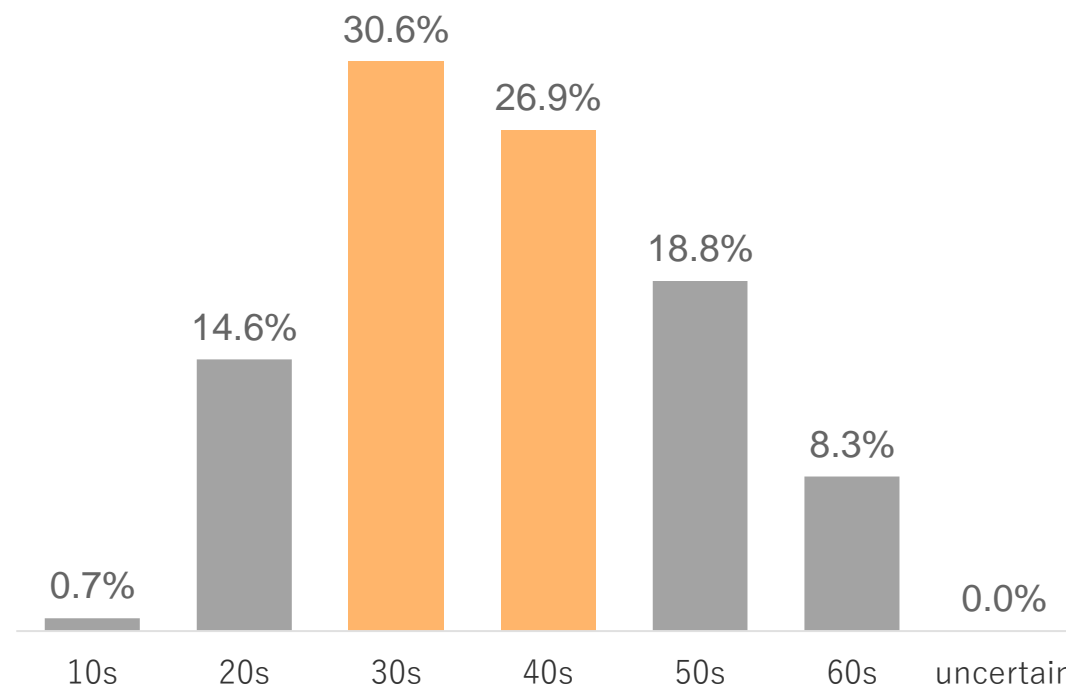
Breakdown of domestic duty-free sales

More than half of the customers are from China (including Hong Kong), Taiwan, and Thailand, where KOMEHYO and BRAND OFF have stores. They are younger than the domestic customer base, with the volume zone being customers in their 30s to 40s.

Composition ratio by country/region



Percentage of purchasers by age group (FY2024)

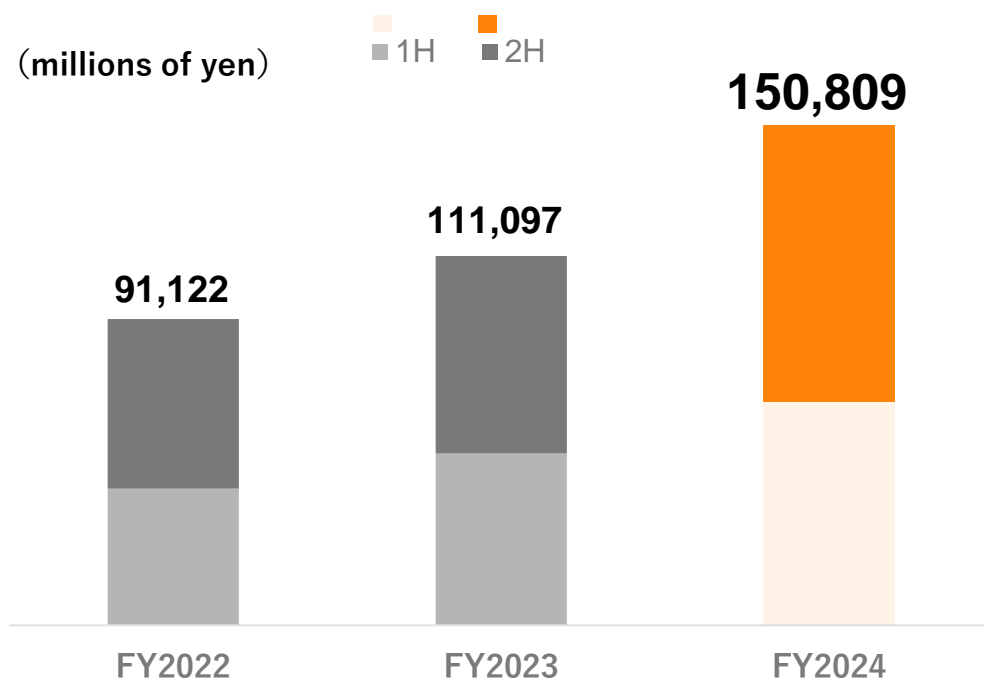


*Aggregated by issuing country/region from passports

Changes in gross merchandise value

GMV*, which indicates the scale of our business, is an indicator for the promotion of relay use. Growth in GMV leads to business growth and higher profitability.

Changes in gross merchandise value



- Consolidated sales increased significantly
- Expansion of auction GMV (volume)
 - KOMEHYO Auction
Increase in trading volume due to increase in number of members and number of listings
 - Japan Brand Auction (JBA)
BRAND OFF aims to increase sales volume by listing purchased items.
Although the opening of FC purchase specialty stores was 35% less than planned, the impact on plans is minor.
Real auction (JBA Kanazawa) performed particularly well and the trading volume increased.
- Increase in GMV from inspection business
 - Partnered with CtoC platform "Rakuten Rakuma",
Full-scale launch of inspection business from January 2024

※GMV is calculated simply by adding and subtracting sales and volume information at the KOMEHYO auction based on consolidated sales.

Disclaimer

This document is an English translation of a document prepared in Japanese.

Statements in this document that are not historical facts; statements concerning current plans, forecasts, strategies, and opinions of KOMEHYO Co., Ltd. are forward-looking statements subject to various risks and uncertainties.

These statements are prepared based on assumptions of the management of Komehyo Holdings Co.,Ltd. using currently available information.

Actual results may differ significantly from forecasts due to a variety of factors; therefore, investors should not place undue reliance upon them.

In addition, this document is not intended to solicit investments. Investors should make investment decisions at their own discretion.

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