

Earnings Results Briefing for the Second Quarter of the Fiscal Year Ending March 31, 2024

November 14, 2023

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Tokyo Stock Exchange and Nagoya Stock Exchange)

From reuse to relay use

We will inherit that "value".

Maintenance, remake, editing, connection with people.
"Relay youth" is not just a downcycle of the value of things,
but an upcycle of increasing the value, even though it is
reused.

As values for a sustainable future society spread, we will
contribute to the formation of a sustainable society by
respecting producers and users and relaying their "feelings".



Komehyo Holdings is necessary for a sustainable recycling society.
It acts as a relay point in the connection of “people,” “things,” and “society.”
We will strive to connect “good quality” and “value” to the future.

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.

VISION

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

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.

Competitive Advantages of the KOMEHYO Holdings Group

Since its founding, the Group has consistently worked on reuse.
Developing Business with Three Competitive Advantages.

Talent retention
rate of
90% or more



In order to acquire a wealth of product knowledge and the ability to determine authenticity, it is necessary to learn many things while accumulating experience.

Komehyo Holdings has a staff retention rate of over 90% for two consecutive years. Since we provide many opportunities to develop human resources and play an active role, we have a foundation for cultivating highly specialized human resources without wasting our investment

1.7 million
items handled
annually



More than 1.7 million brands and fashion-related items handled by KOMEHYO are available annually.

The entire group, including B2B auctions, distributes a large number of products.

By accumulating product data and customer data, we are able to offer many attractive products that meet customer expectations.

Brand reuse
No.1*



In addition to trust and security as the No. 1 brand reuse company, we have the power of a long-established brand that is supported by a high degree of recognition.

As a market pioneer, we will contribute to the realization of a sustainable society through our business by accurately grasping customer needs and providing services that please many people.

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FY 2024 2Q Financial Summary

Brand • Fashion business

Net sales	Operating income	Purchase from individual customers
50,800	3,125	28,989
Millions of yen (YoY136.1%)	Millions of yen (YoY180.4%)	Millions of yen (YoY134.2%)

P.19

Increase in revenue and profit.

P.20,28

Purchases from individuals were strong chiefly due to strong purchases at existing stores, new store openings, and purchase events.

P.27,33

Twenty two purchase centers opened (of which five centers are franchise stores).

P.34

Accompanying strong individual purchases, corporate sales also performed well.

Tire and Wheel business

Net sales	Operating income
1,940	6
Millions of yen (YoY103.1%)	Millions of yen (—)

P.19,35

- The composition ratio of new summer tires with low profit margins has increased, and the gross profit margin has declined.
- Used sasage operations at the product center have been streamlined, and Yahoo! Auctions has been made more efficient. The listing rate for rose significantly to +38 points, and second-hand sales were strong.
- Domestic sales of in-house designed wheels were strong, 112% compared to the same period last year, due to the success of active event exhibitions and awareness activities through SNS, etc.



Brand fashion business 2Q progress

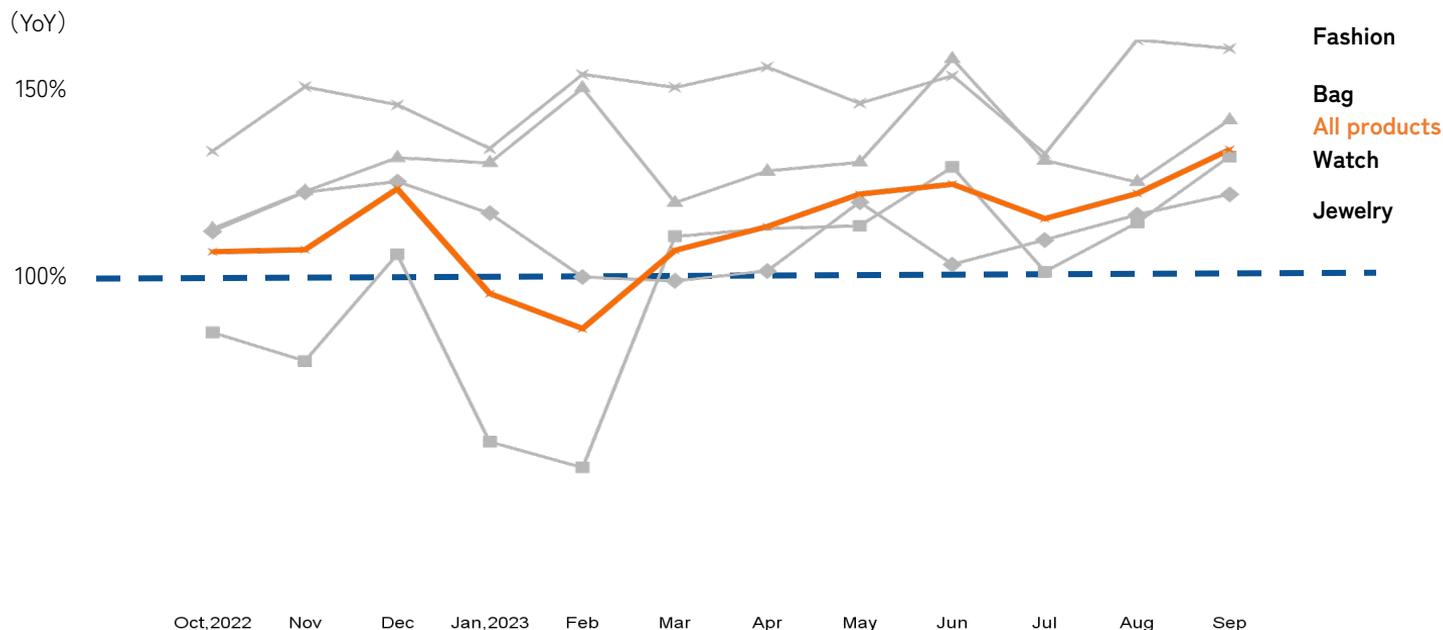
Purchasing was also strong in 2Q. Corporate purchasing remain strong, and was particularly noticeable with bags, as buyers sought to secure popular items while maintaining well-balanced purchases. Although retail sales remained strong, with no significant increase or decrease in the number of visitors from overseas to Japan, the gross profit margin declined due to a change in the sales share ratio of merchandise.

The gross profit margin has declined due to changes in the sales composition of products, but this is within expectations.

	Initial Plan	1Q	2Q
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"> • Strong market prices for each product. • Purchase from individual customers : YoY122% • For items that are popular both in Japan and overseas, we will adjust the purchase price and focus on purchases that are well-balanced, such as securing inventory. • Existing stores are performing well due to purchase campaigns and promotions. 	<ul style="list-style-type: none"> • Individual purchases: YoY 134% • Despite unstable diamond and watch market conditions, well-balanced purchases continued to strengthen with a focus on retail-oriented products. • Domestic retail gold prices exceeded 10,000 yen/g at the end of August, and jewelry purchases (KOMEHYO, BRAND OFF, and Selby) in September were up YoY 203%.
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 increased 1.3 times from the previous 4Q. • Respond to immediate inbound demand by enriching sales stores with attractive products, including active corporate purchases. • Corporate sales also increased more than expected due to strong individual purchases. 	<ul style="list-style-type: none"> • Duty-free sales: 104% compared to 1Q, continued steady growth • Corporate sales also increased more than expected due to strong individual purchases. Corporate sales of gold bullion and watches increased in particular • Maintaining strong retail sales by making sure to stock popular products. • Bags performed well, and the sales share ratio increased.
Gross profit margin	Improve gross profit margin by increasing the ratio of retail sales to sales	<ul style="list-style-type: none"> • The ratio of retail sales to sales increased more than expected due to aggressive purchases, etc. • In addition to the increase in the number of members, the overall sales of reuse are strong, so the volume of the company's corporate auctions is trending favorably. 	<ul style="list-style-type: none"> • Assumed the same level as 1Q, but down 2.1 pt. • In bags, the gross profit margin declined due to an increase in the sales share of popular products. • Decline in diamond prices and an increase in the gold bullion ratio led to a lower gross profit margin on corporate sales of jewelry.
Changes in selling, general and administrative expenses	We will make active investments to drive continuous growth in Japan and overseas.	Controlled almost as planned , including variable costs.	<ul style="list-style-type: none"> • Aggressive investment in human resources in anticipation of future business expansion. • Controlled almost exactly as planned.

Changes in average purchaser unit price by product (Komehyo Co., Ltd.)

The unit purchase price per individual customer is on the rise, reflecting stronger sales of bags against the backdrop of inbound demand, clothing with a stronger strategic focus on items with a high unit price, and aggressive purchasing of products for retails for jewelries and watches both. It is assumed that high-quality inventory will be secured and will contribute to the opening of "KOMEHYO SHIBUYA" stores in the third quarter and sales during the year-end sales season. It is assumed that high-quality inventory will be secured and that the opening of KOMEHYO SHIBUYA stores in 3Q will contribute to sales during the year-end sales season.



FY 2024 2Q Performance

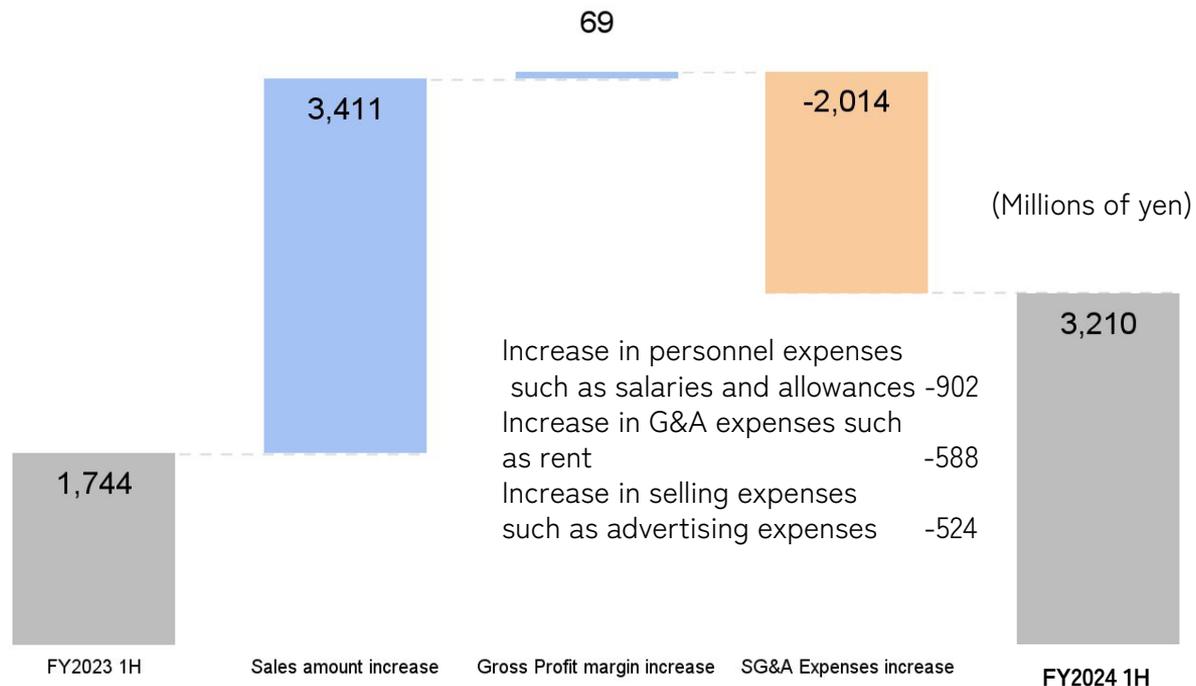
Record sales and profit at every level in the 1H period.

(Millions of yen)	FY2024 1Q	YoY	FY2024 2Q	YoY	FY2024 1H	YoY	vs FY plan※
Net sales	25,096	133.8%	27,667	135.2%	52,764	134.5%	49.8%
Gross profit	6,592	139.7%	6,698	131.5%	13,291	135.5%	—
Gross profit margin	26.3%	+1.1pt	24.2%	△0.7pt	25.2%	+0.2pt	—
SG&A expenses	4,867	122.4%	5,212	127.5%	10,080	125.0%	—
Operating profit	1,724	233.2%	1,485	147.9%	3,210	184.1%	44.6%
Operating profit margin	6.9%	+3.0pt	5.4%	+0.5pt	6.1%	+1.7pt	—
Ordinary profit	1,762	231.9%	1,508	158.9%	3,271	191.4%	45.2%
Net income attributable to owners of parent	1,183	227.9%	953	166.6%	2,137	195.8%	44.3%

※ Earnings forecast announced on August 14, 2023

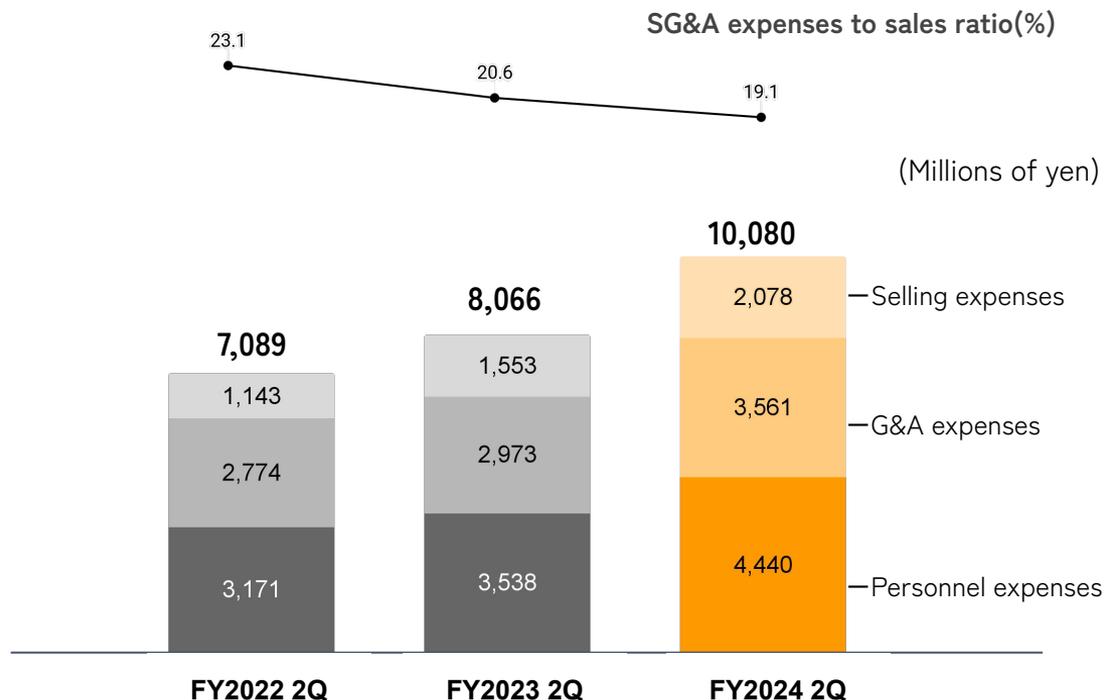
Operating profit increase and decrease factor

Net sales increased, reflecting enhanced purchasing of popular products from corporations in addition to strong purchases from individual customers. Operating income increased significantly as SG&A expenses progressed as planned.



Changes in selling, general and administrative expenses

Hiring and training was strengthened to secure the staff needed to open stores, resulting in higher personnel expenses. The SG&A to net sales ratio declined as SG&A expenses progressed as planned in relation to net sales growth.



Active investment in human resources (FY2024 1H Komehyo Co., Ltd.)

Promoting the creation of a rewarding work environment, including giving back to employees in line with business growth.
Aggressively invest in human resources, particularly in hiring and training, with a view to continued growth for the future.



Personnel expenses

YoY **122.3%**

Recruitment cost

YoY **231.3%**

Education and training expenses

YoY **156.8%**

*Not including personnel expenses for in-house instructors

Number of regular employees hired

YoY **182.1%**

Recruitment cost per regular employee

YoY **127.0%**

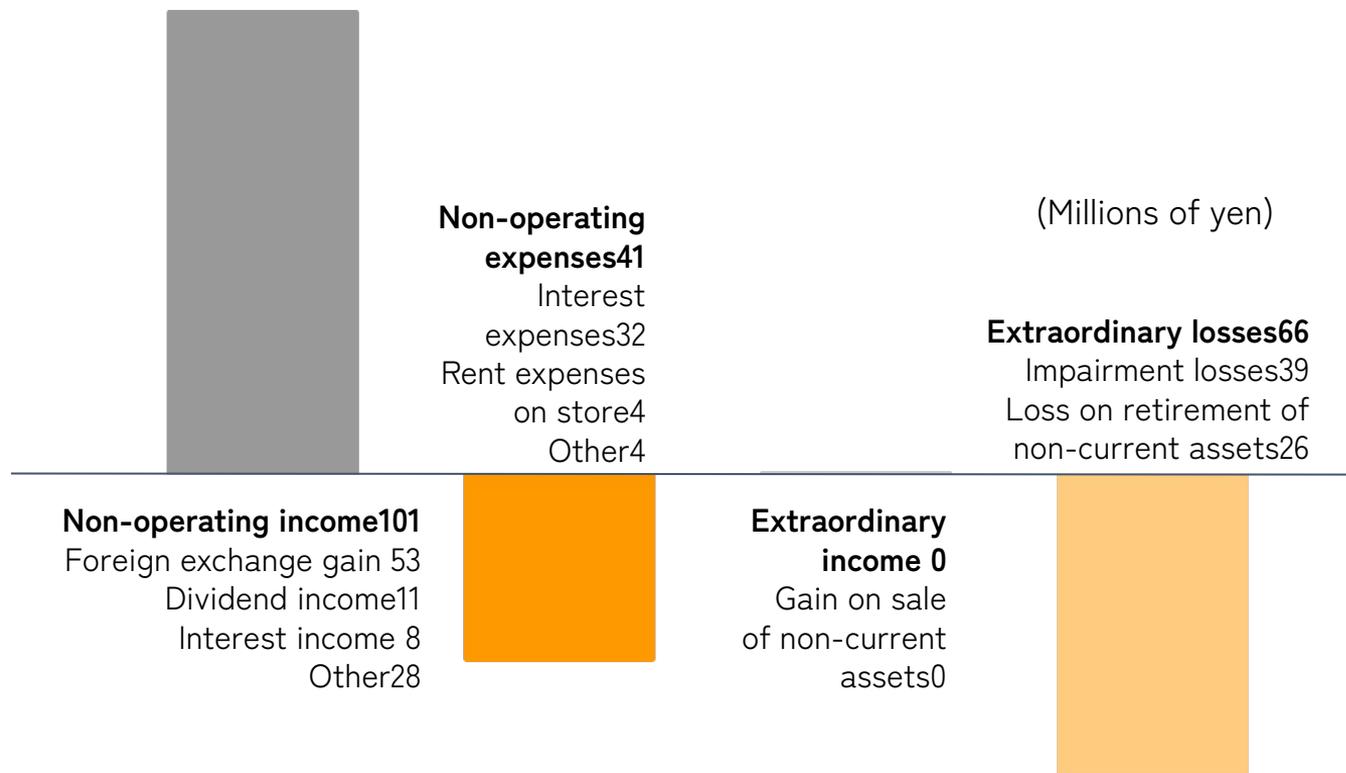
*Recruitment cost per person: Recruitment cost/number of recruits

Education and training expenses per regular employee

YoY **125.8%**

*Education and training expenses per employee: Education and training expenses/number of regular employees

Non-operating income(expenses) / Extraordinary income(losses)



Balance sheet overview

(Millions of yen)	FY2023	FY2024 1H	Change
Current assets	35,322	45,695	10,373
Cash and deposits	10,382	11,689	1,306
Inventories	18,705	25,837	7,132
Other current assets	6,234	8,168	1,934
Non-current assets	11,430	12,558	1,127
Assets	46,753	58,254	11,501
Liabilities	22,506	31,855	9,349
Interest-bearing liabilities	16,498	24,893	8,395
Other liabilities	6,007	6,962	954
Net assets	24,247	26,398	2,151
Liabilities and net Assets	46,753	58,254	11,501

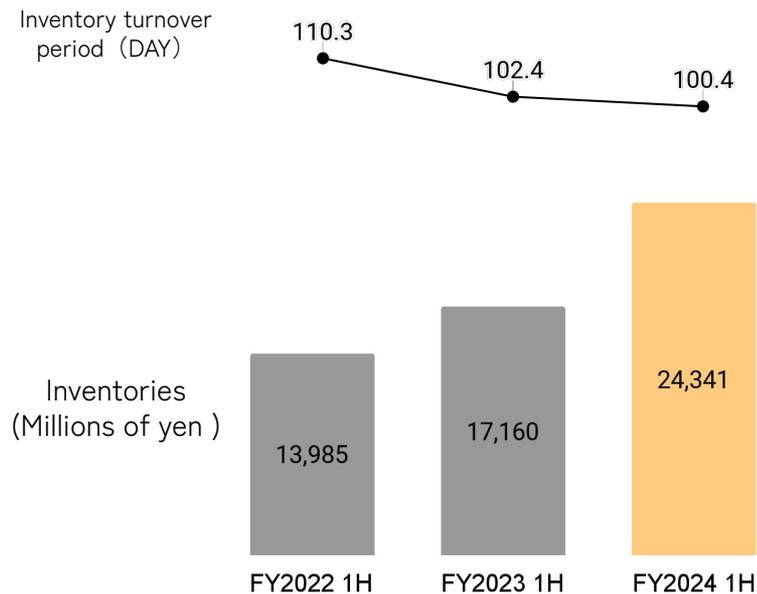
→Inventories increased due to strong Individual purchases

→Interest-bearing debt increased due to an increase in inventories

→Net assets increased due to an increase in retained earnings, etc.

Inventory Turnover (Brand • Fashion business)

Inventory was properly supplied and prices were adequately controlled by utilizing multiple sales channels while taking into account market prices and foreign exchange rates. This led to an improvement in the ratio of gross profit to inventory investment (gross profit margin multiplied by inventory turnover ratio), allowing the company to maintain a high level of fresh inventory.

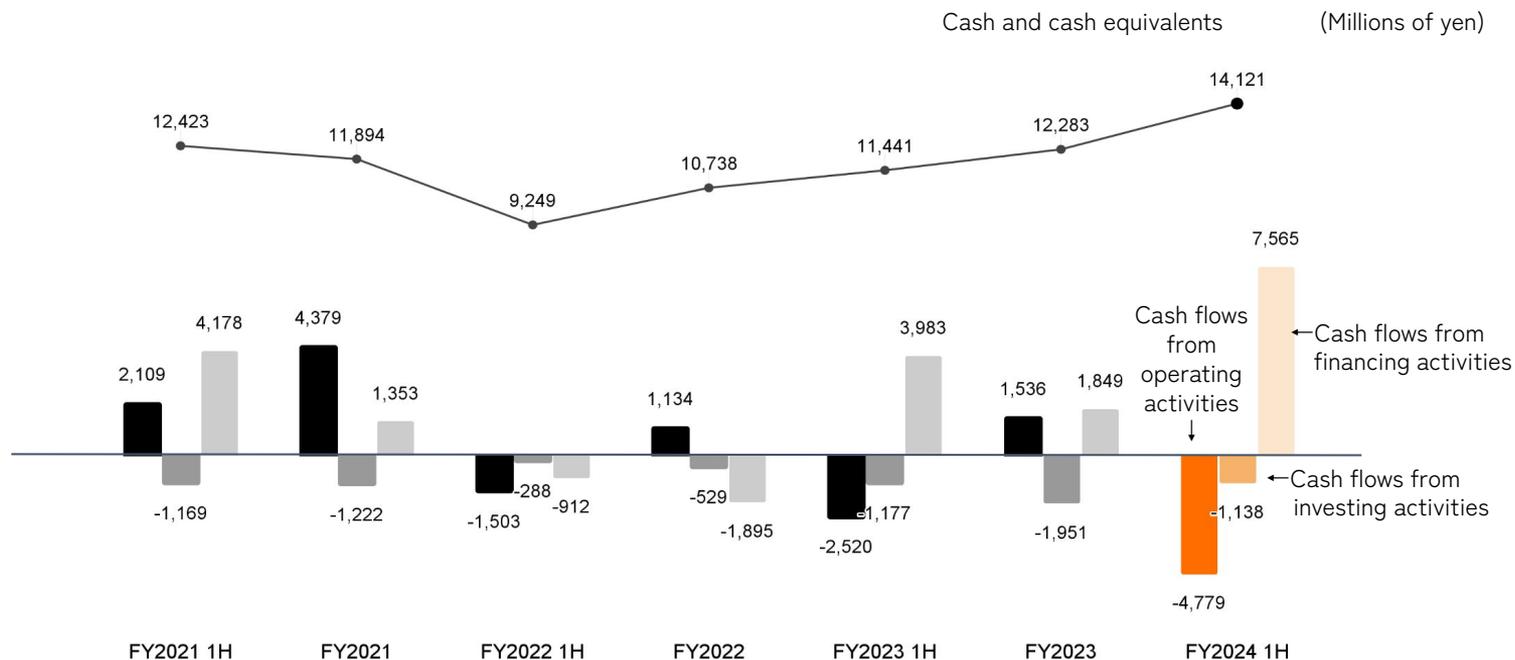


	FY2022	FY2023	FY2024
1H Gross profit margin ^①	26.3%	24.5%	24.8%
1H inventory turnover ^②	3.3	3.6	3.6
1H ① × ②	86.8%	88.2%	89.3%
FY Inventory write-down (Millions of yen)	59	42	—

Cash Flow trend

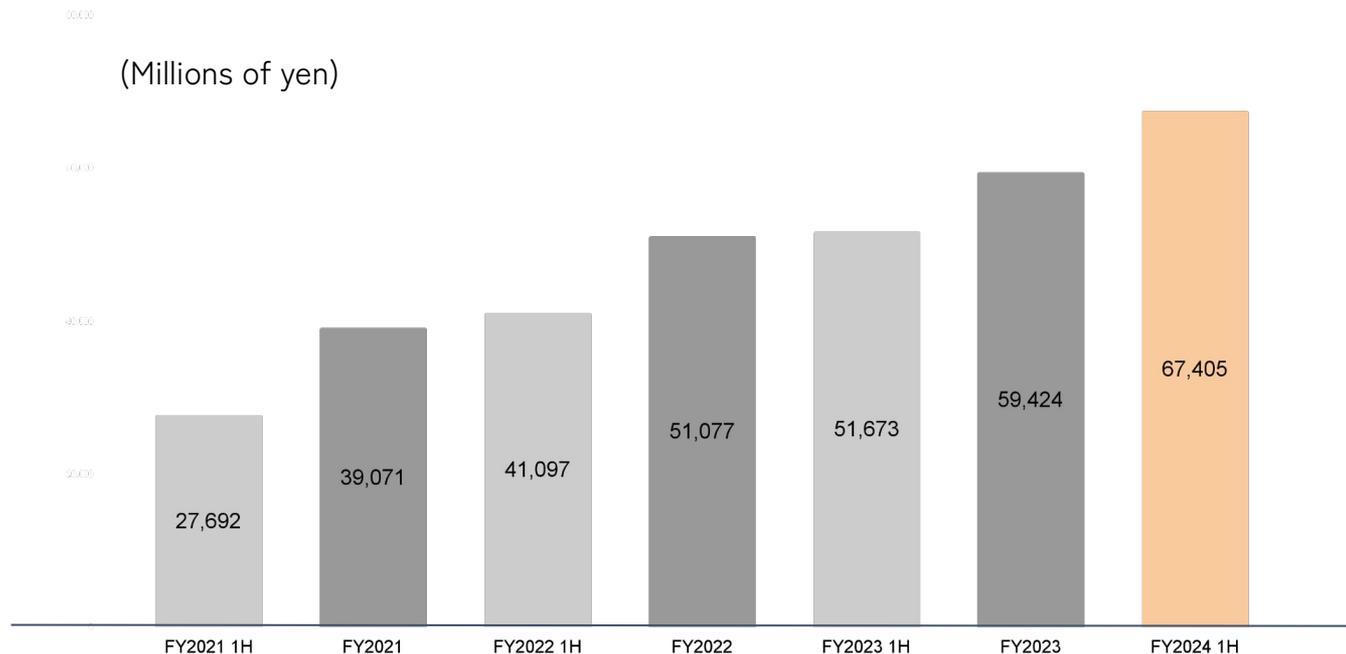
Operating cash flow decreased partly due to an increase in inventories in preparation for a busy season in the second half of the fiscal year.

Purchase from individual customers were strong, short-term borrowings increased, and financing cash flow increased significantly.



Changes in gross merchandise value

GMV, which indicates the scale of our business, is an indicator of the promotion of relay use.
GMV growth leads to business growth and improved profitability.



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

Overview by segment

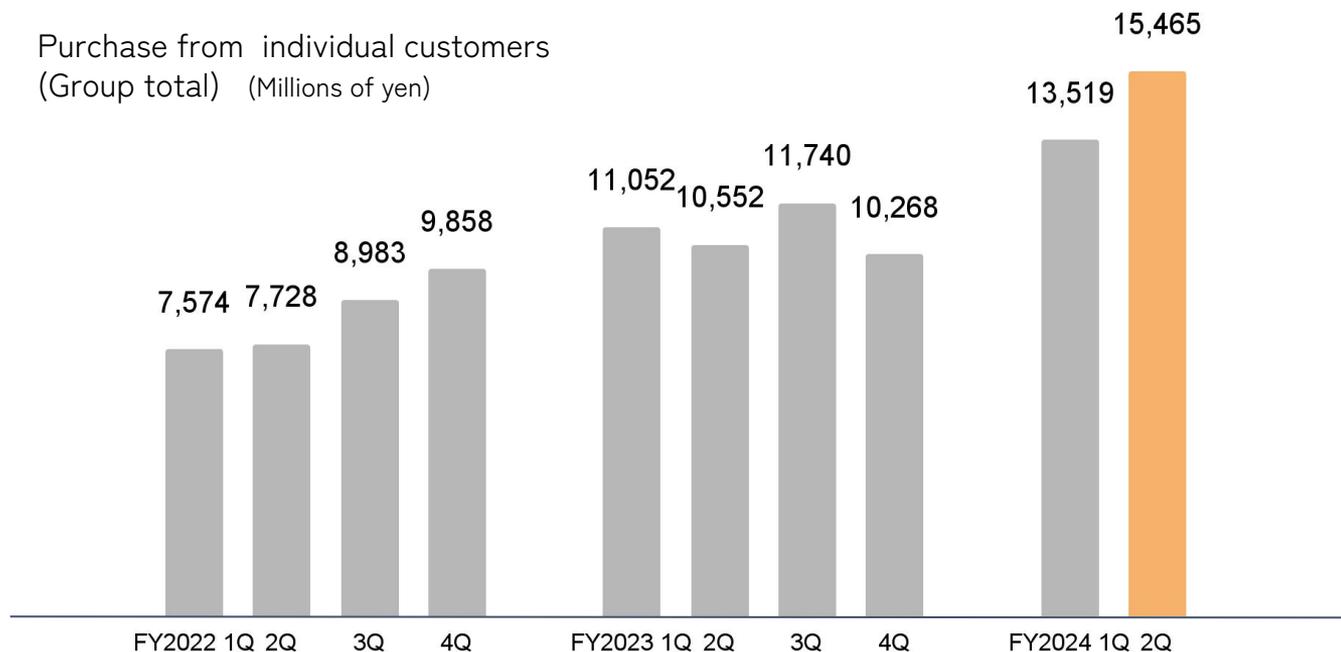
In the Brand Fashion business, purchases from individuals and retail were strong.

In the Tire and Wheel business, only sales of new products performed solidly.

	(Millions of yen)	FY2024 1Q	YoY	FY2024 2Q	YoY	FY2024 2Q 1H	YoY
Brand Fashion	Net salesc	24,075	135.3%	26,724	136.9%	50,800	136.1%
	Operating income	1,683	230.5%	1,442	143.8%	3,125	180.4%
	Operating margin	7.0%	+2.9pt	5.4%	+0.3pt	6.2%	+1.6pt
Tire and Wheel	Net salesc	1,009	106.5%	931	99.6%	1,940	103.1 %
	Operating income	2	79.9%	△8	-	△6	-
	Operating margin	0.2%	△0.1pt	-	-	-	-
Real estate leasing	Net salesc	71	100.1%	71	100.1%	143	100.1%
	Operating income	21	100.0%	21	104.0%	43	102.0%
	Operating margin	30.3%	-	30.0%	+1.2pt	30.1%	+0.5pt

Purchase from individual customers (Group total)

In addition to an increase in the number of customers due to the continued opening of purchase center and other factors, the amount of purchases per customer remained strong. Record purchase price for the quarter.



* 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 servicesKOMEHYO)

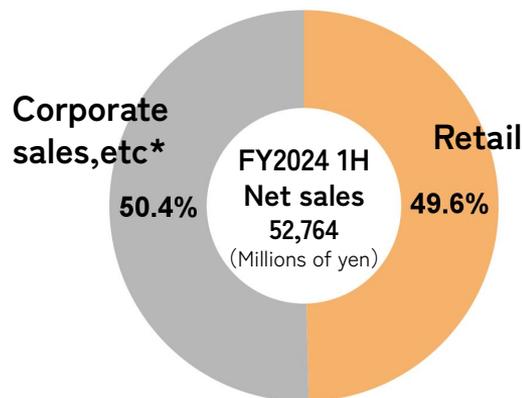
Breakdown of consolidated Net sales (Retail / Overseas/Domestic tax-free sales)

【Retail】 The retail ratio increased due to the strengthening of the retail business, achieving the ideal composition ratio (Retail: Corporate sales = 50:50)

【Overseas】 Overseas sales were also healthy following the transfer to Hong Kong and Taiwan, and new store openings.

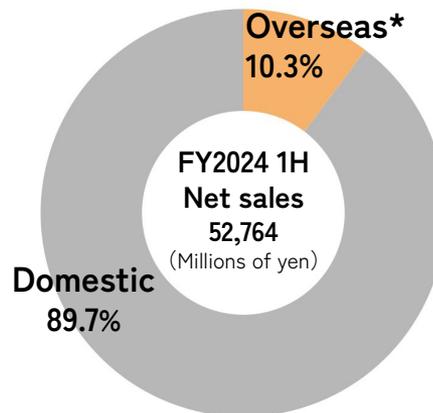
【Domestic tax-free sales】 Continued strong performance, up 104% from 1Q

Retail ratio



* "Corporate sales" includes auction fees.

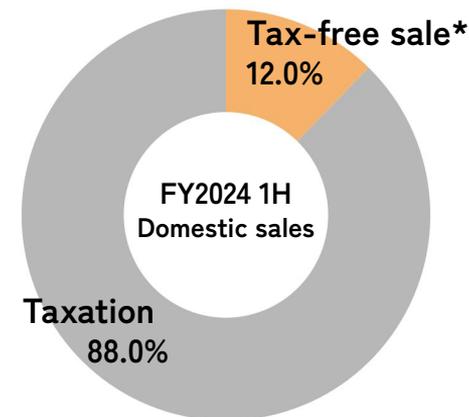
Overseas ratio



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

*Total sales of overseas group companies

Domestic tax-free sale ratio



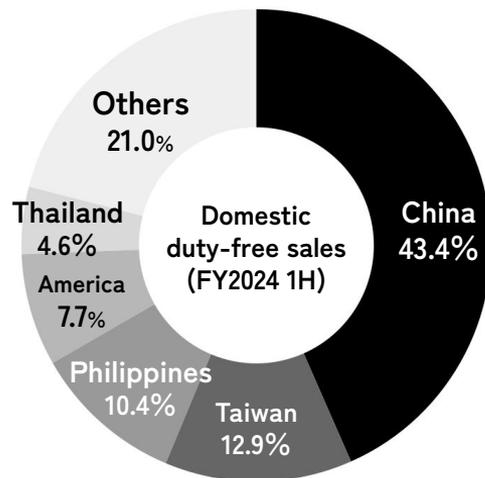
* Calculated before eliminating internal transactions.

Breakdown of domestic duty-free sales

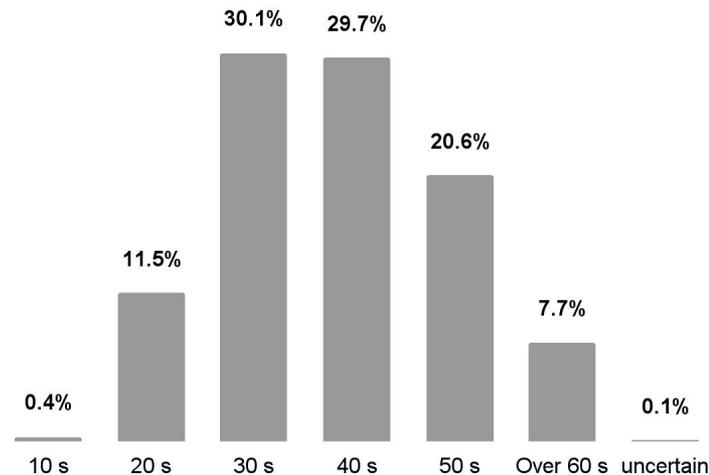
【 Composition ratio by country/region 】 Customers in China increased 8.4 pt from 1Q, accounting for nearly 80% of total customers in the top 5 countries.

【 Percentage of purchasers by age group 】 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

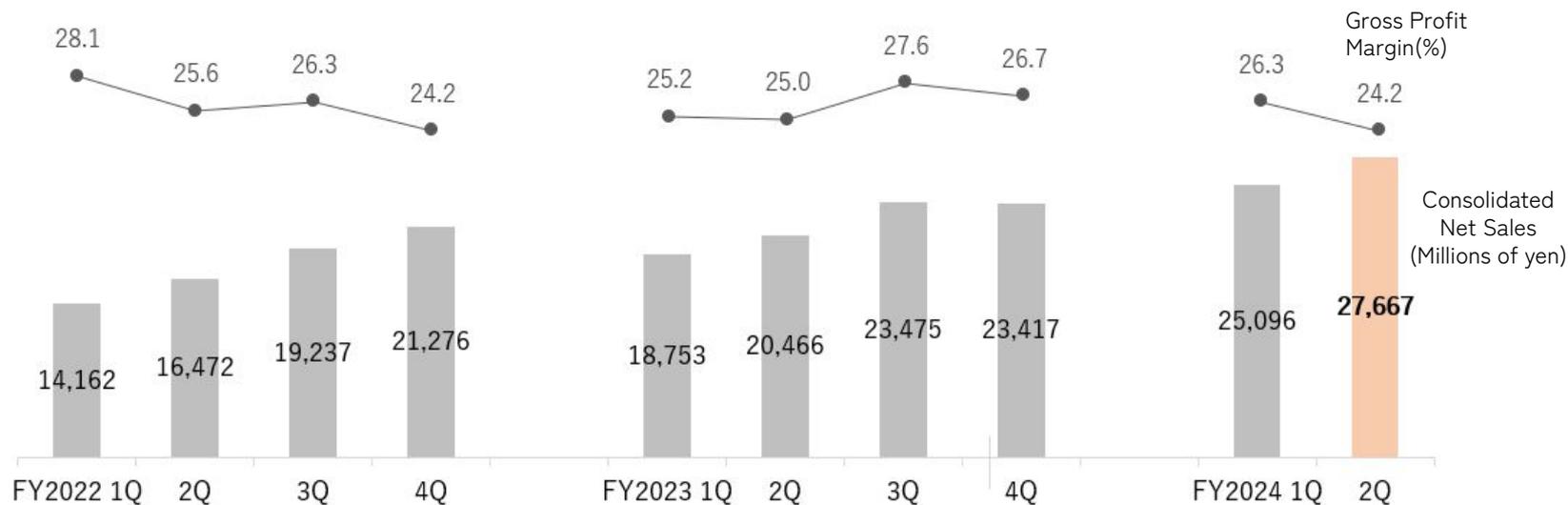


*Aggregated by issuing country/region from passports

Quarterly Trends in Consolidated Net Sales and Gross Profit Margin

【Net sales】 Sales increased in both retail and corporate sales due to strong individual purchases.

【Gross Profit Margin】 In order to secure popular products such as bags, we also strengthened corporate purchasing with low gross profit margins.

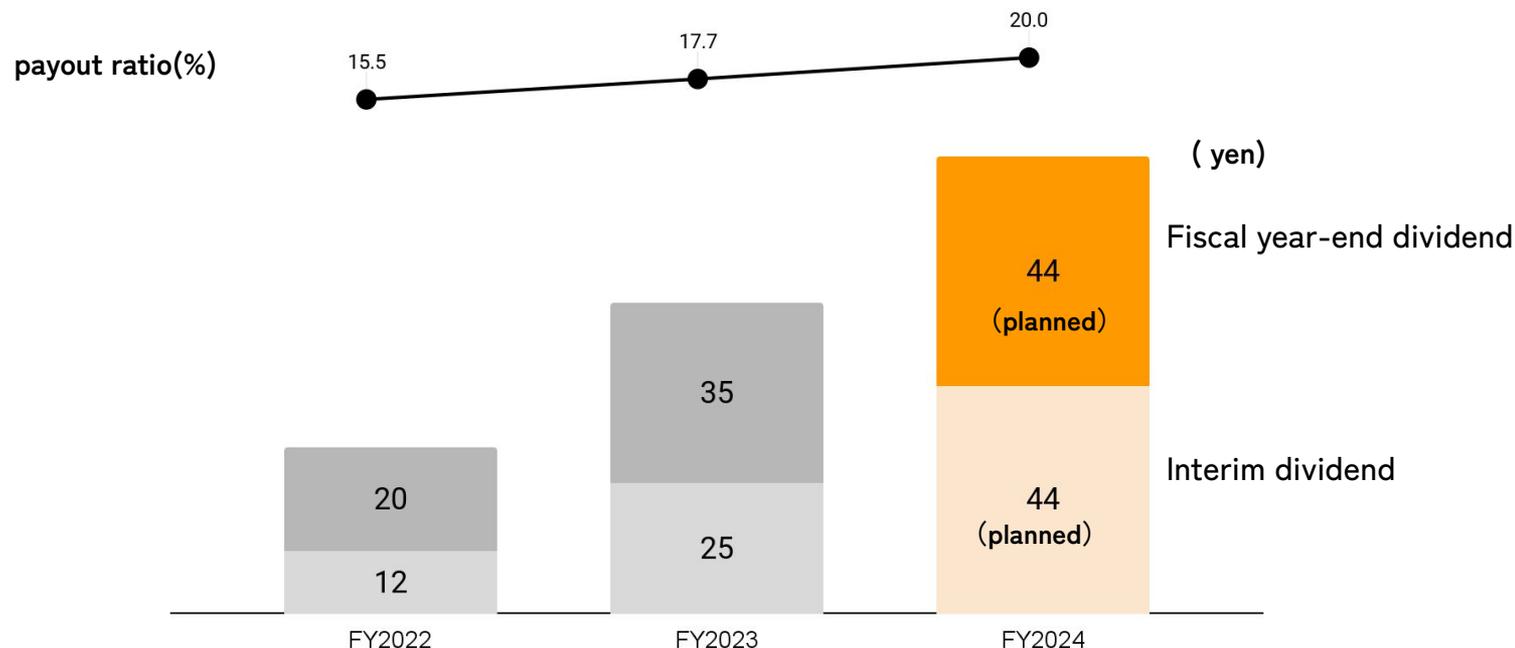


Factors behind fluctuations in gross profit

- Tend to rise as the composition ratio of retail sales increases
- The ratio of corporate sales is on the rise as inventory is revised in September and March.
- The figure may vary depending on the weightings of items that can be purchased.

Shareholder return

The policy is to aim for a dividend payout ratio of 20%. Taking into consideration the profit forecast level for the fiscal year ending March 31, 2024, the annual dividend for the fiscal year ending March 31, 2024 was revised from the initial plan of 76 yen to 88 yen (an increase of 28 yen from the previous year).



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FY 2024 2Q Initiative Summary

B r a n d • F a s h i o n	KOMEHYO	<ul style="list-style-type: none"> • Opened 11 purchasing stores. We are making progress in securing properties and expect to be able to achieve our full-year target of opening 30 to 40 stores. • Although individual purchases continue to be strong, the large-scale purchasing store "KOMEHYO SHIBUYA" scheduled to open in November 2023, the year-end sales season, As a result of strategically increasing corporate purchases in preparation for inbound demand, individual purchases: corporate purchases = 72%: 28%. (corporate purchases increased by 6 points compared to the same period last year) • The composition ratio of individual purchases of major products is jewelry/precious metals: watches: bags: clothing = 40:25:29:6 (%). In particular, bags increased by 3 points compared to the same period last year. • Due to strong individual purchases, we have been able to secure more inventory than retail stores, and as domestic retail gold prices remain high, corporate sales have also increased more than expected. In particular, corporate sales of gold bullion and watches increased, with the composition ratio being retail: corporate sales = 41%: 59% (corporate sales increased by 2 points compared to the same period last year). • Started partnership with flea market app "Rakuten Rakuma". As an inspection company, we will be providing "KOMEHYO Kantei" to an external party for the first time, contributing to the elimination of counterfeits in the second-hand market. The product inspection business is similar to the "market growth-related business," which is the growth pillar of the brand and fashion business.
	BRAND OFF	<ul style="list-style-type: none"> • Opened 3 purchasing stores (FC). The speed of store openings has slowed down as resources are prioritized for renovating and opening purchasing and sales stores in Japan and overseas. In the second half, we will continue to strengthen sales to major companies that are expected to open multiple stores. • The flagship store BRAND OFF Ginza Main Store, which was relocated and opened in October 2022, and overseas stores in Hong Kong and Taiwan continue to perform well. We are proactively renovating retail stores and opening new stores in Japan and overseas to strengthen the strength of points of contact with new customers.
	Corporate Auction (KOMEHYO Auction, JBA)	<ul style="list-style-type: none"> • Due to the increase in the number of member companies and the strong performance of JBA's real auctions, the combined trading volume of the two companies reached a record high of 11,950 million yen (121% compared to the same period last year).
T i r e • W h e e l	Craft	<ul style="list-style-type: none"> • The number of used items purchased at stores was 115% compared to the same period last year. We are able to secure high-quality stock of genuine manufacturer products. • Although the sales amount was the same as last year due to the increase in list prices, the number of units sold for each product decreased.
	U-ICHIBAN AUTO PARTS JAPAN	<ul style="list-style-type: none"> • We revised our website and sales of summer tires increased significantly by 307% compared to the same period last year. Contributing to an increase in used sales amount
	4×4 engineering service	<ul style="list-style-type: none"> • Domestic sales of in-house designed wheels were strong, 112% compared to the same period of the previous year, due to the success of active event exhibitions and awareness activities through SNS.

Stores : Group total 201 stores (As of September 2023)

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

*USED MARKET converted to KOMEHYO brand

KOMEHYO is making progress in securing properties and is expected to achieve its full-year target of opening 30 to 40 stores. BRAND OFF is prioritizing resources to renovate and open purchasing and sales stores in Japan and overseas, so the speed of store openings has slowed down. In the second half, we will strengthen sales to major companies that are expected to open multiple stores.

	Brand fashion						Tire and Wheel	
	 KOMEHYO	 USED MAR <small>by ICO</small>	 BRAND OFF <small>TOKYO</small>	 Shellman <small>Since 1971</small>	 WORM	 SELBY.	 Craft	 U-ICHIBAN
flagshipstore	5		3	1				
Sales Stores	1 (1)	0(-1)		6	3			
Stores annexed with sales facilities	18	0(-1)	2			2	9(-1)	2
Purchasing Center	104 (12)		6					
Franchised purchasing center			21 (3)					
Overseas	6		12					
Total	134	0	44	7	3	2	9	2

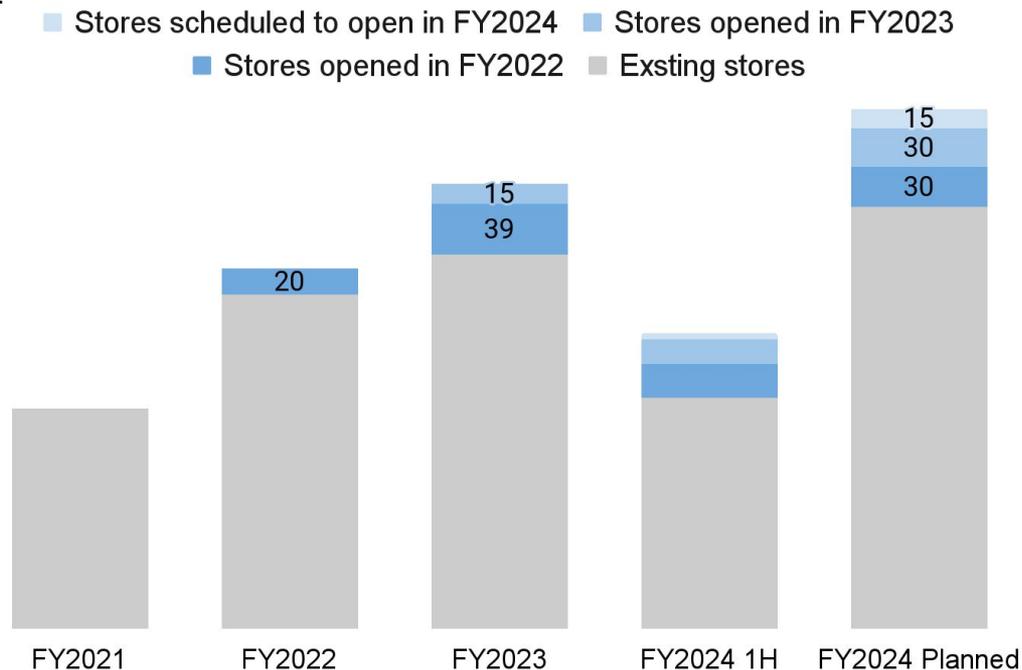


Opening the purchase center

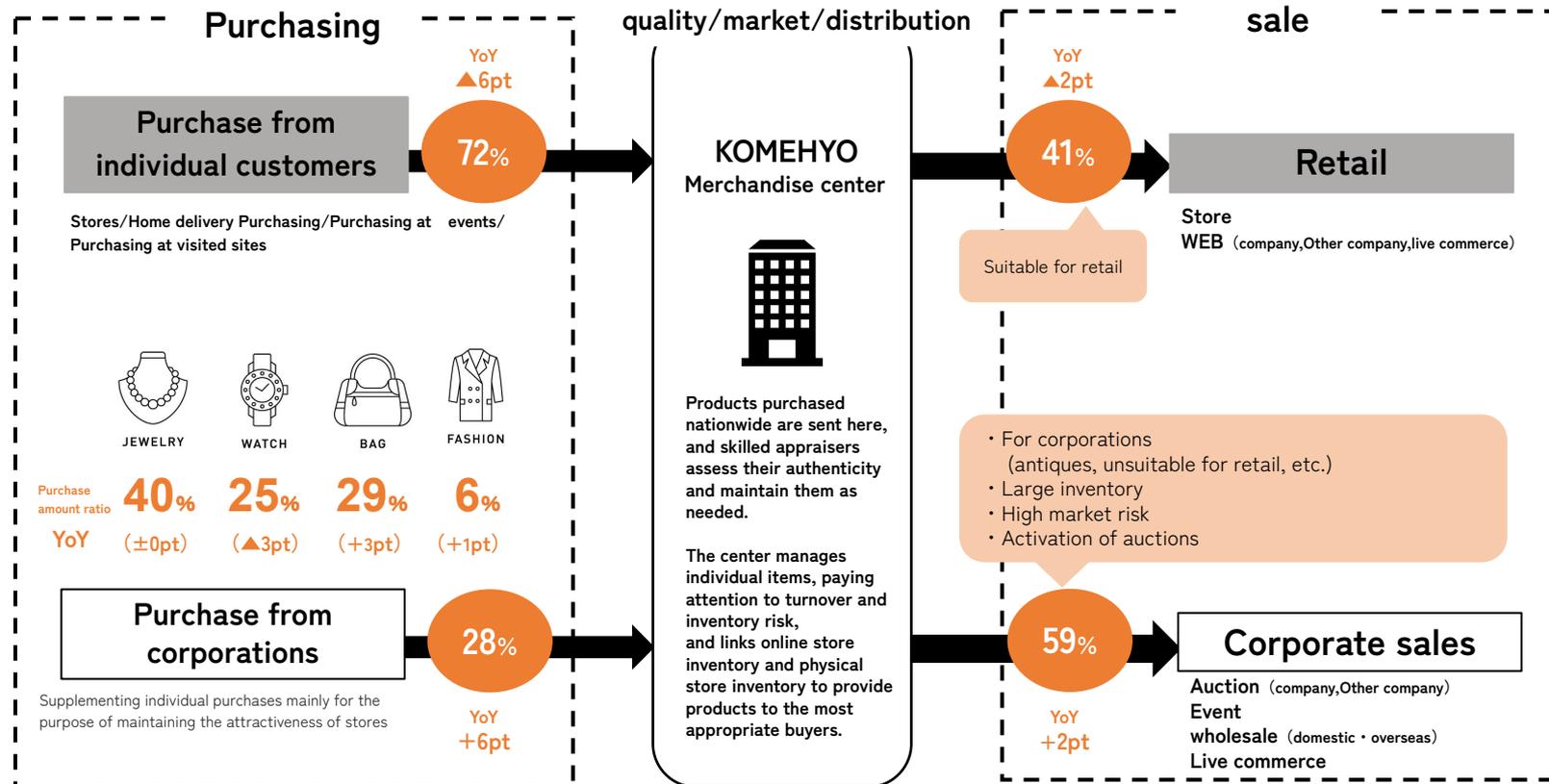
The amount of purchase per store remained strong. The store openings added 3.9 billion yen.(1.5 billion yen during the fiscal year) to the annual purchase amount. Signboard effect from new store openings had a positive impact on existing stores.

In the 1H, 17 purchasing centers were opened.

Trends and plans for individual purchases
(Billions of yen)

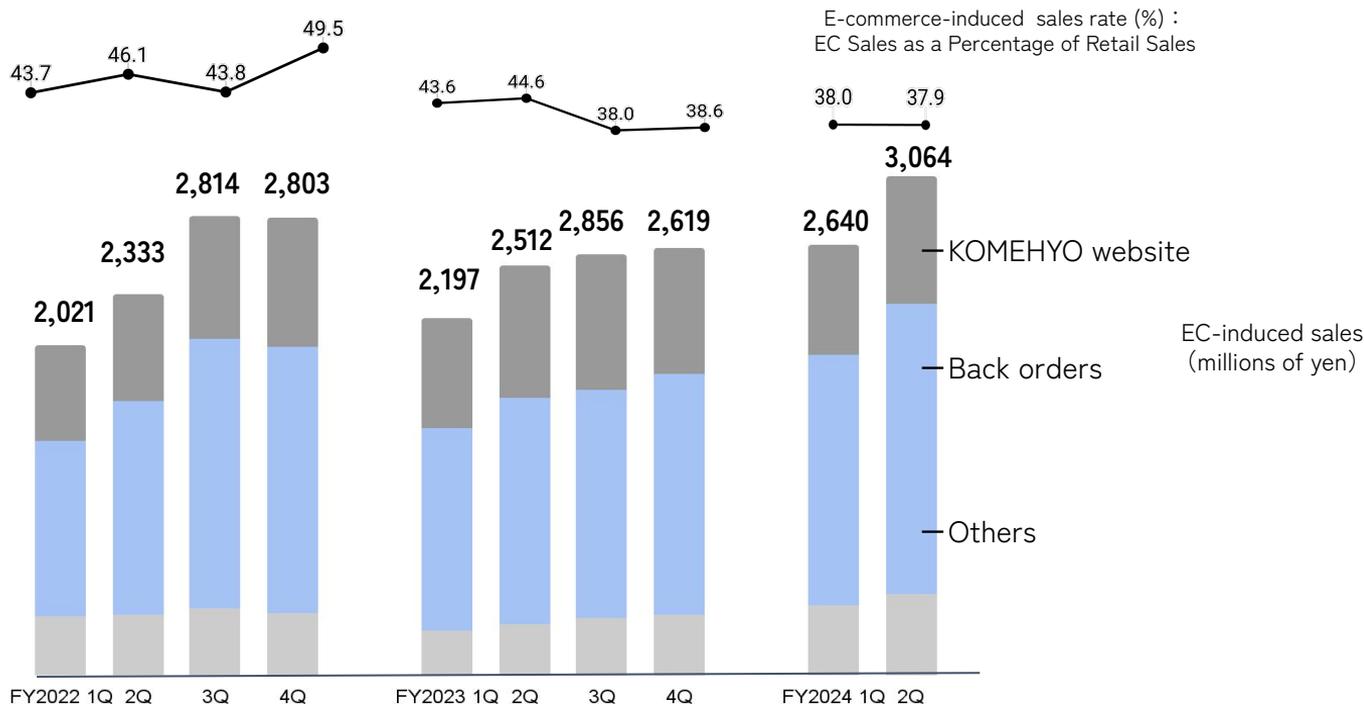


Product distribution (FY2024 1H)



E-commerce-induced sales rate (FY2024 1H Komehyo Co., Ltd.)

In addition to an increase in the number of customers, the per-customer spending rose, resulting in e-commerce-induced sales of 122% YoY, a record high for the quarter. E-commerce-induced sales rate was at just under 40% due to rising sales ratio of visitors from overseas to Japan at retail stores



*KOMEHYO website: Make a purchase by directly clicking the KOMEHYO online store or by making a phone call to a contact center and receiving a customer service.

Back orders(Purchasing from a catalog): Make a purchase after choosing a product from a catalog at the KOMEHYO online store, having the product delivered to a nearby KOMEHYO store and making sure of the product in person.

Others(Other companies' websites): Make a purchase at a store KOMEHYO set up at an Internet sales site operated by another company.

Partnered with CtoC platform Rakuten Rakuma (FY2024 1H Komehyo Co., Ltd.)

In partnership with Rakuten RAKUMA, a flea market application, the two companies have agreed to jointly provide a "RAKUMA Appraisal Service" on a trial basis from September 2023, allowing users who have purchased an item to request an inspection*1 as needed. First external provision of "KOMEHYO Kantei"*2 as an inspection provider.

Rakuten Rakuma

CtoC platform



KOMEHYO

Connoisseurship and highly accurate AI



- Working to eliminate counterfeit goods in the used goods market, provide safe reuse services and create a healthy reuse market
- Aiming to create a new business model that will revitalize partner services and enhance the value of the reuse experience

*1 "inspection" is used to describe the judgment that an item is "within standard" if it does not have any problems according to KOMEHYO standards, and "outside standard" if it does not meet the standards.

*2 Name of KOMEHYO's inspection service used since the operation of KANTEI, a flea market app that KOMEHYO operated until December 2022.

BRAND OFF Strengthen retail

BRAND OFF
T O K Y O

▶Strengthening retail

The flagship BRAND OFF Ginza main store, which relocated and opened in October 2022, as well as stores in Hong Kong and Taiwan continue to perform well.

Renovate retail stores in Japan and overseas and open new stores to strengthen contacts with new customers



July 2023
Renovation of BRAND OFF Osu Store (Japan)



September 2023
Renovation of BRAND OFF Sheung Shui Store (Hong Kong)



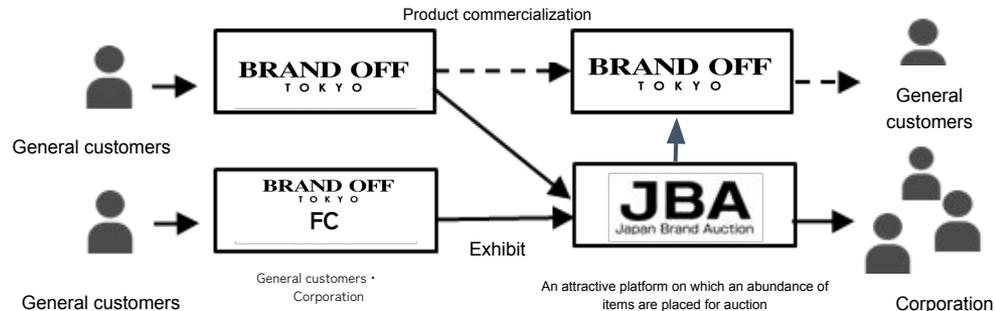
October 2023
Newly opened BRAND OFF Kanazawa Forus Store (Japan)".

BRAND OFF FC purchase store opened

▶Continue opening franchise stores

Planning to open 40 stores in FY03/24.

Items purchased at franchise purchase centers are put to auction (JBA). The trade volume thus increases.

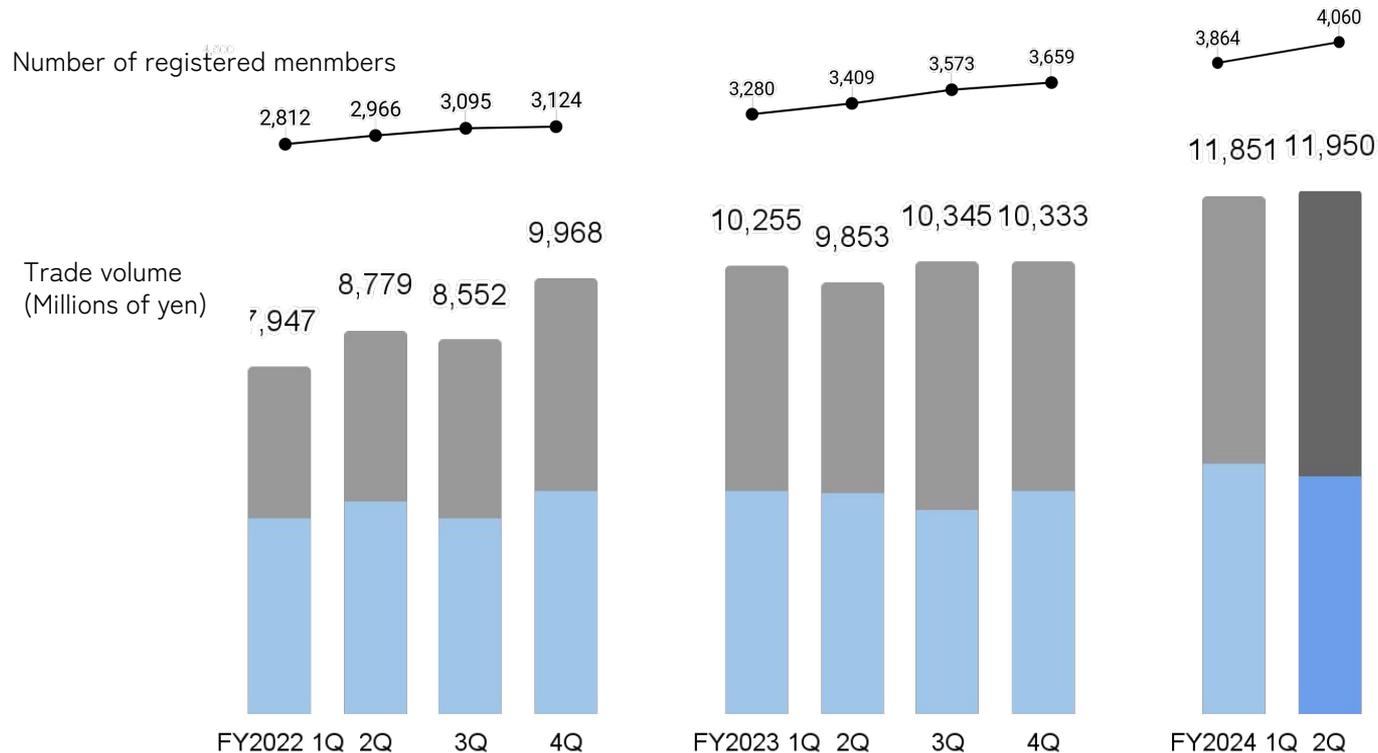


Opened **5 franchise purchase center** in 1H. (Target ratio: 13%)

- BRAND OFF Ginza main store, JBA, and Hong Kong and Taiwan stores performed well. Prioritizing resources for retail store renovations and store openings.
- Focusing on continuous growth after store opening, it takes time to discuss with FC owners. Zero closures due to unprofitability of opened franchise stores.
- Strengthening the support system for FC owners to increase the purchase amount per FC that has already opened.
- Strengthening sales to large companies that are expected to open multiple stores.

Corporate auction volume

JBA auctions, particularly offline auctions in Kanazawa, displayed strength due mainly to an increase in the number of registered members. The total trading volume of corporate auctions increased 121% year on year, hitting a record high.



JBA
Japan Brand Auction



Tire and Wheel

Strengthening of used product sales and strong online sales of summer tires.



- The number of used purchases at Kraft stores was strong, up 115% YoY. Good quality inventories of genuine manufacturer's products are secured.
- The sales amount was on par with the previous year following the fixed price increase, but the number of orders received declined 91% YoY.



AUTO PARTS JAPAN

- Sales of summer tires increased by 307% year-on-year due to a review of the web page.
- The old product preparing operations (photoshoot, measuring, and writing articles for them) at the commodity center have been streamlined. The ratio of product offerings to Yahoo Auction rose a sharp 38 pts.



- Domestic sales grew 112% YoY, thanks to active participation in events and publicity through social media, etc.
- Released "VULCAN", the third in the Air/G series of in-house designed wheels.



1. Overview of Financial Results for First Six Months of the Fiscal Year Ending March 31, 2024 P. 6
2. Initiatives for First Six Months of the Fiscal Year Ending March 31, 2024 P.25
3. Future outlook P.36

Medium-term management target(Until FY2026)

For the fiscal year ending March 31, 2024, the performance forecast as of August 14 will remain unchanged as the results of the 3Q will have a significant impact on the full-year results.

Plans for fiscal year ending March 31, 2025 onwards will be announced again in May 2024.

(millions of yen)	FY2024		FY2025	FY2026
	first half	full year	full year	full year
Net sales	51,000	106,000	120,000	140,000
Operating income	3,200	7,200	7,000	8,100
Operating margin	6.3%	6.8%	5.8%	5.8%
Ordinary income	3,250	7,230	7,000	8,100
Net income attributable to owners of parent	2,200	4,820	4,800	5,600
ROE	—	15% or more	15% or more	15% or more
Capital adequacy	—	50% or more	50% or more	50% or more
EPS (yen)	—	440	438	511
payout ratio	—	Aim for 20%	Aim for 20%	Aim for 20%

Brand and Fashion business 2H assumption

Based on the forecasted market trend of mainstay products, we expect purchasing and net sales to remain steady in 2H, and gross profit margin to be in line with our plan.

The forecasted market trend of mainstay products,



JEWELRY

Jewelry

The diamond market continues to be unstable. The domestic gold market is expected to maintain high prices mainly due to the effect of a weaker yen. Brand-name jewelry is expected to continue its upward trend in market prices linked to changes in list prices.



WATCH

Watch

The market is unstable as it continues to be influenced by the global economic environment. Retail-oriented products are trending steadily upward toward the end of the year as the market has not declined. Market prices are expected to remain flat after January 2024.



BAG

Bag

Market prices for popular brands and items are expected to remain high. Overall bag prices are expected to remain flat as market prices have calmed down, with the exception of certain products.



FASHION

Fashion

Market prices for luxury brand fashion items continue to rise as demand for higher-priced items continues to rise. Overall apparel is expected to remain flat to slightly rising.

	Forecast for 2H
Purchase	<ul style="list-style-type: none"> Continue to strengthen purchasing with an emphasis on inventory content for both individual purchases and corporate purchases. Continue to strengthen corporate purchasing, especially of products for retail The value of individual purchases is expected to remain strong given the effects of new store openings and the continuing upward trend in per-customer spending.
Sales	<ul style="list-style-type: none"> Both retail and corporate sales are expected to be favorable, leveraging ample inventory. YoY sales are expected to ease due to the effect of the opening of Ginza Store (KOMEHYO and BRAND OFF) and a lull in inbound demand
Gross profit margin	<ul style="list-style-type: none"> Since the company will continue to focus on expanding its market share and actively purchase products, it is likely to remain at the same level as the previous year, assuming no sudden changes in the external environment and no impact from the timing of snowfall.
Operating income	<ul style="list-style-type: none"> Rent will increase due to the opening of KOMEHYO SHIBUYA/purchase specialty store. Furthermore, we will continue to invest mainly in recruiting and training human resources. We expect to be able to secure the target operating income while using the expenses necessary for continued growth.

Opening of large store “KOMEHYO SHIBUYA”



KOMEHYO SHIBUYA, a large-scale sales store with purchase attached, will open on November 17, 2023. Strengthening of retail sales on the back of strong purchases. Targeting domestic and international fashion connoisseurs, mainly Generation Z and Y, the company deals mainly in fashion items such as clothing and bags.



NEW
OPEN

KOMEHYO SHIBUYA

location : 1-4F Shibuya ZERO GATE, 16-9 Udagawa-cho, Shibuya-ku, Tokyo

Store area : 733m²

Products handled: Bags, fashion, jewelry/precious metals, watches



Future overseas expansion

To prepare for growth in Japan and business expansion in overseas cities and areas, the two consolidated subsidiaries in Hong Kong are scheduled to be integrated in March 2024. With the aim of bolstering Hong Kong's local brand fashion business and accelerating the development of the overseas reuse market by fulfilling a merchandising function that effectively utilizes resources on a global basis, with a focus on Asia.



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Note:

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