

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

August 14, 2023

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Tokyo and Nagoya Stock Exchanges)

IR • PR Department

TEL: +81-52-249-5366

Email [ir@komehyo.co.jp](mailto:ir@komehyo.co.jp)

# 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 1Q Financial Summary

## Brand • Fashion business

Net sales	Operating income	Purchase from individual customers
<b>24,075</b>	<b>1,683</b>	<b>13,519</b>
Millions of yen (YoY 135.3%)	Millions of yen (YoY 230.5%)	Millions of yen (YoY 122.3%)

P.19 Increase in revenue and profit

P.23,27 Purchases from individuals were strong chiefly due to strong purchases at existing stores, new store openings, and purchase events.

P.26,30 33 purchase centers, including 14 franchised centers, and three overseas stores opened and one flagship BRAND OFF store was relocated.

P.32 Accompanying strong individual purchases, corporate sales also performed well.

## Tire and Wheel business

Net sales	Operating income
<b>1,009</b>	<b>2</b>
Millions of yen (YoY 106.5%)	Millions of yen (YoY 79.9%)

P.19,33

- Net sales reached a record high in the first quarter.
- Sales of used products improved, and online sales of summer and winter tires were strong, maintaining operating profit.
- Due to a temporary slowdown in the production of information on products sold on the e-commerce site, the share of new products as a percentage of online net sales increased, and gross profit margin declined.
- The number of high-grade BRADLEY FORGED TAKUMI tires sold, mainly for export overseas, jumped significantly by 505% year over year.

# Earnings forecast revision Main factors

As prices continue to rise and the yen depreciates, demand for second-hand goods and popular brand items is high, including among foreign visitors to Japan, and sales of high-priced items are strong.

	Initial Plan	1Q	After 2Q
Purchase	<ul style="list-style-type: none"> <li>• Purchase (individual purchase + corporate purchase) : YoY 118%</li> <li>• The market price for each product is flat or gently rising</li> </ul>	<ul style="list-style-type: none"> <li>• Strong market prices for each product Purchase from individual customers : YoY122%</li> <li>• 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.</li> <li>• Existing stores are performing well due to purchase campaigns and promotions</li> </ul>	Maintain the current level on the assumption that there will be no major fluctuations in the market.
Net sales	Duty free sales were at the same level as the fourth quarter of last year.	<ul style="list-style-type: none"> <li>• Duty-free sales increased 1.3 times from the previous 4Q.</li> <li>• Respond to immediate inbound demand by enriching sales stores with attractive products, including active corporate purchases.</li> <li>• Corporate sales also increased more than expected due to strong individual purchases</li> </ul>	<ul style="list-style-type: none"> <li>• In the second half, although year-on-year sales are expected to slow down, retail sales are expected to remain strong.</li> <li>• Inventory disposal in September is expected to be minimal due to high inventory freshness.</li> </ul>
Gross profit margin	Improve gross profit margin by increasing the ratio of retail sales to sales	<ul style="list-style-type: none"> <li>• The ratio of retail sales to sales increased more than expected due to aggressive purchases, etc.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• The 2Q trended at the same level as the current situation, as usual. Expected to be higher in 3Q.</li> </ul>
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"> <li>• Continuing investments that lead to growth based on initial plans.</li> </ul>



# Revision of results forecasts for the first half and the fiscal year ending March 31, 2024

Inventory secured in the first quarter is expected to contribute to net sales and operating income in the second quarter and beyond.

	(Millions of yen)	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
1H FY2024	Forecasts released previously	48,000	2,250	2,250	1,600	146.03
	<b>Revised forecasts announced on this occasion</b>	<b>51,000</b>	<b>3,200</b>	<b>3,250</b>	<b>2,200</b>	<b>200.80</b>
	Change	3,000	950	1,000	600	—
	Rate of change	6.3%	42.2%	44.4%	37.5%	—
FY2024	Forecasts released previously	100,000	5,800	5,800	4,000	223.61
	<b>Revised forecasts announced on this occasion</b>	<b>106,000</b>	<b>7,200</b>	<b>7,230</b>	<b>4,820</b>	<b>439.93</b>
	Change	6,000	1,400	1,430	820	—
	Rate of change	6.0%	24.1%	24.7%	20.5%	—

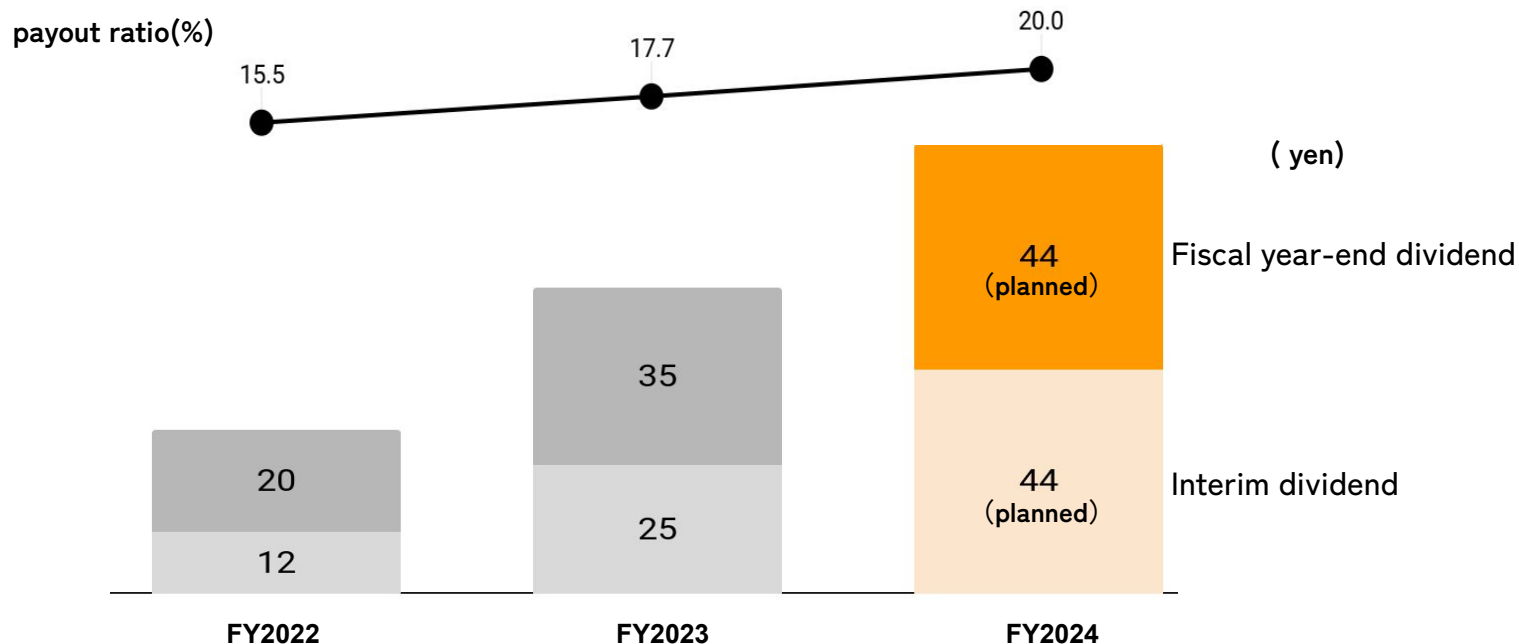
# Medium-term management target(Until FY2026)

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
R O E	—	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%

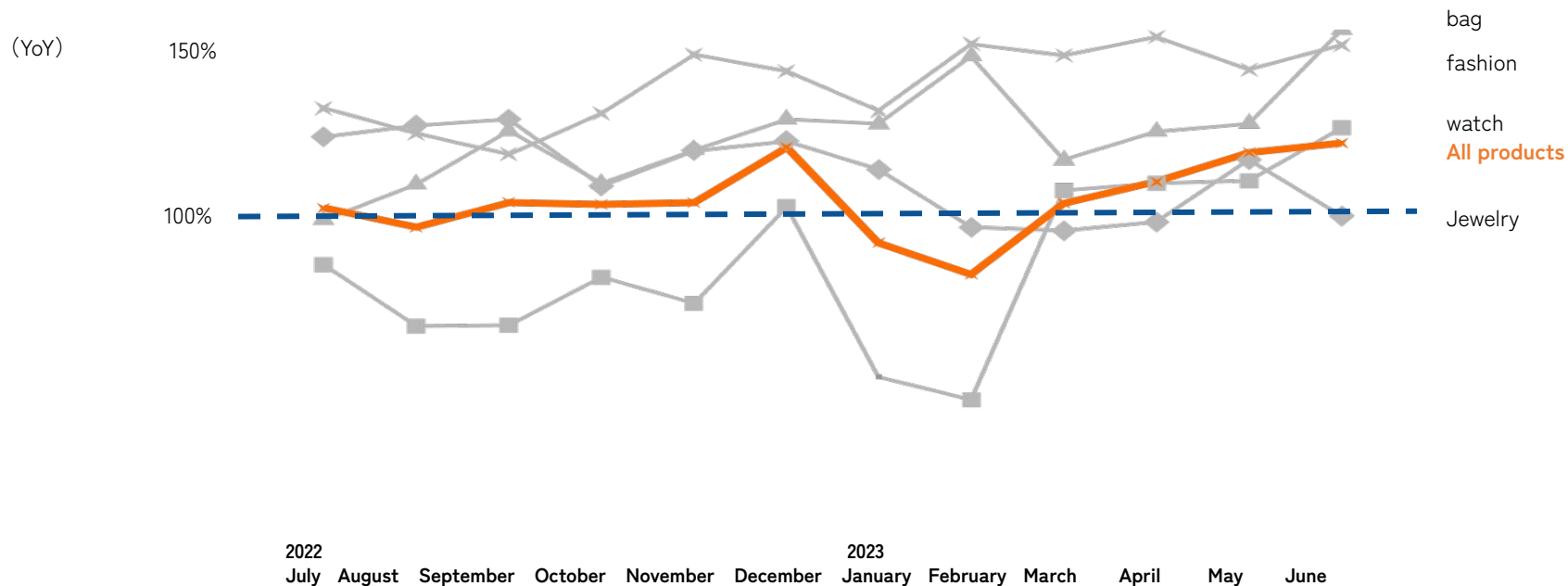
# Shareholder return

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).



# Changes in average purchaser unit price by product

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 rebounding market prices for watches.



# FY 2024 1Q Performance

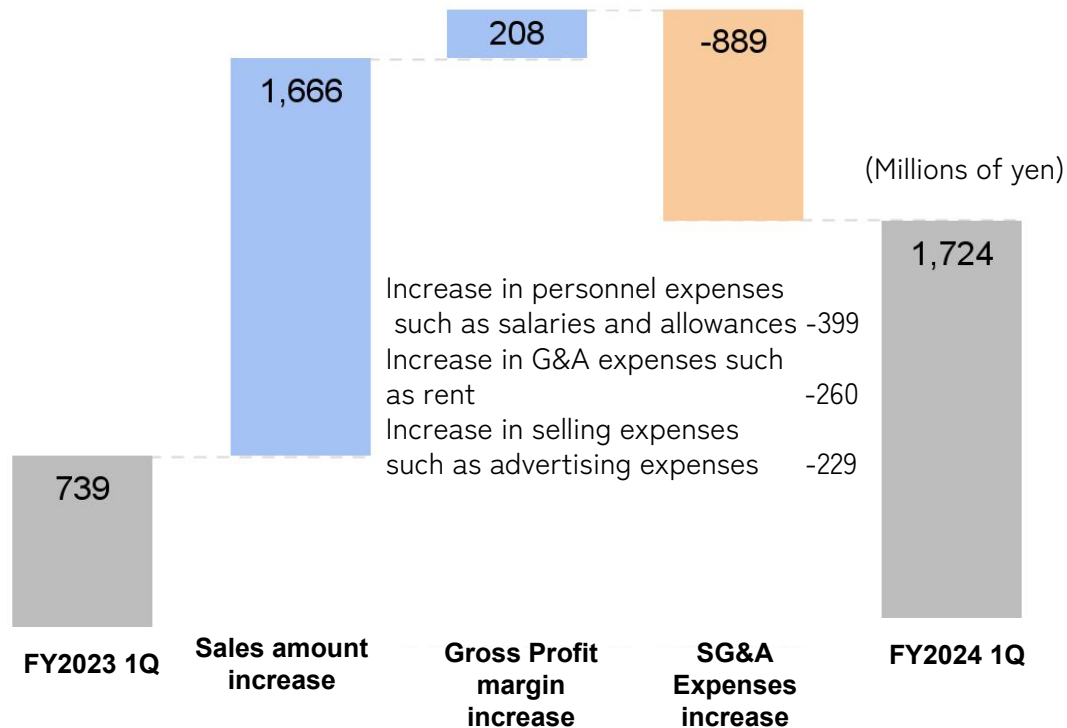
Both net sales and each profit reached record highs

(Millions of yen)	FY2022 1Q	FY2023 1Q	<b>FY2024 1Q</b>	Change	YoY	Plan progress rate*
Net sales	14,162	18,753	<b>25,096</b>	6,342	133.8%	23.7%
Gross profit	3,985	4,717	<b>6,592</b>	1,874	139.7%	—
Gross profit margin	28.1%	25.2%	<b>26.3%</b>	+1.1pt	—	—
Gross profit margin	3,476	3,978	<b>4,867</b>	889	122.4%	—
Operating income	508	739	<b>1,724</b>	985	233.2%	24.0%
Operating profit margin	3.6%	3.9%	<b>6.9%</b>	+3.0%	—	—
Ordinary income	515	760	<b>1,762</b>	1,002	231.9%	24.4%
Net income attributable to owners of parent	337	519	<b>1,183</b>	664	227.9%	24.6%

\* Progress rate of the full-year plan for the fiscal year ending March 31, 2024 stated in "Notice of Revisions to Results and Dividend Forecasts" published on August 14, 2023.

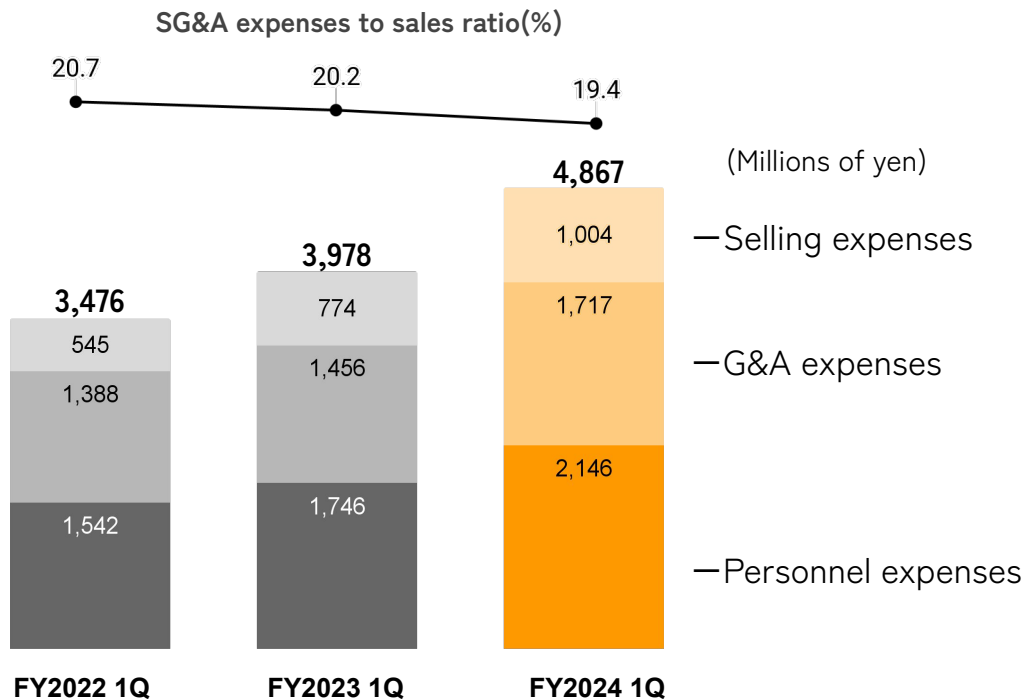
# Operating income increase and decrease factor

Net sales increased, reflecting enhanced purchasing of popular products from corporations in addition to strong purchases from individual customers. The retail as a percentage of total net sales has increased, improving gross profit margin. Operating income increased significantly, in part due to control of expenses.



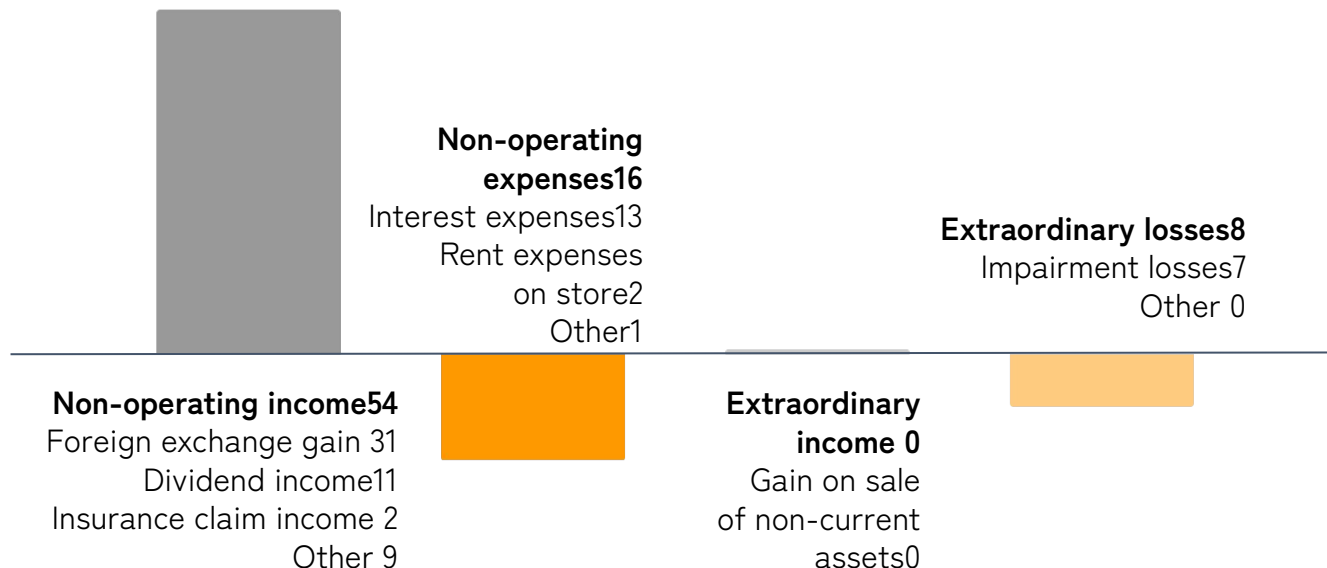
# Changes in selling, general and administrative expenses

Hiring and training was strengthened to secure the staff needed to open stores, resulting in higher personnel expenses. However, SG&A expenses as a percentage of net sales fell thanks to growth in net sales.



# Non-operating income(loss) / Extraordinary income(loss)

(Millions of yen)





# Balance sheet overview

(Millions of yen)	FY2023	FY2024 1Q	Change
Current assets	35,322	<b>39,741</b>	4,418
Cash and deposits	10,382	<b>9,380</b>	-1,001
Inventories	18,705	<b>22,921</b>	4,216
Other current assets	6,234	<b>7,439</b>	1,204
Non-current assets	11,430	<b>11,723</b>	292
Assets	46,753	<b>51,464</b>	4,711
Liabilities	22,506	<b>26,337</b>	3,830
Interest-bearing liabilities	16,498	<b>20,405</b>	3,906
Other liabilities	6,007	<b>5,931</b>	-75
Net assets	24,247	<b>25,127</b>	880
Liabilities and net Assets	46,753	<b>51,464</b>	4,711

→Emphasis on efficiency of cash on hand

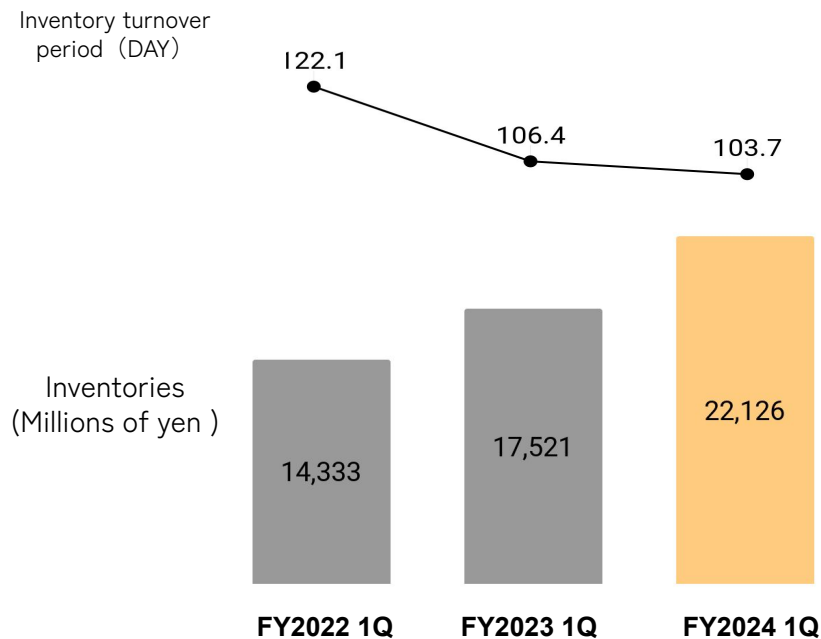
→Inventories increased due to strong Individual purchases

→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
1Q Gross profit margin <sup>①</sup>	27.7%	24.6%	26.0%
1Q inventory turnover <sup>②</sup>	3.0	3.4	3.5
1Q ①×②	82.72%	84.2%	91.1%
FY Inventory write-down (Millions of yen)	59	42	—

# 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)	FY2022 1Q	FY2023 1Q	<b>FY2024 1Q</b>	Change	YoY
Brand Fashion	Net salesc	13,277	17,794	<b>24,075</b>	6,281	135.3%
	Operating income	472	730	<b>1,683</b>	952	230.5%
	Operating margin	3.6%	4.1%	<b>7.0%</b>	+2.9pt	—
Tire and Wheel	Net salesc	864	947	<b>1,009</b>	61	106.5%
	Operating income	△20	2	<b>2</b>	-0	79.9%
	Operating margin	—	0.3%	<b>0.2%</b>	-0.1pt	—
Real estate leasing	Net salesc	84	71	<b>71</b>	0	100.1%
	Operating income	25	21	<b>21</b>	0	100.0%
	Operating margin	29.8%	30.3%	<b>30.3%</b>	+0.0pt	—

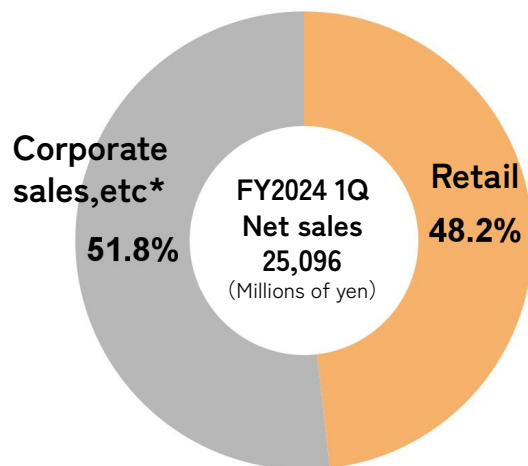
# Breakdown of consolidated Net sales (Retail / Overseas/Domestic tax-free sales)

【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.

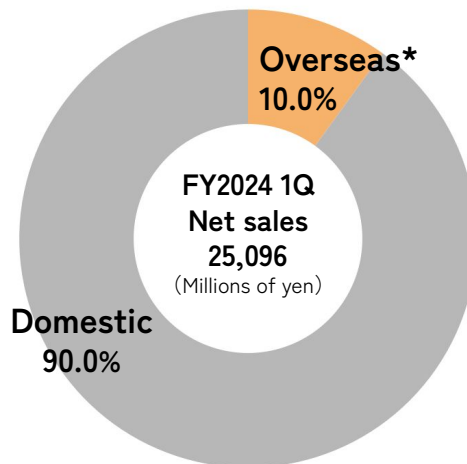
【Domestic tax-free sales】 Compared with results from the fourth quarter (three-month period) of the previous year, the percentage of duty-free sales increased by 3 percentage points.

Retail ratio



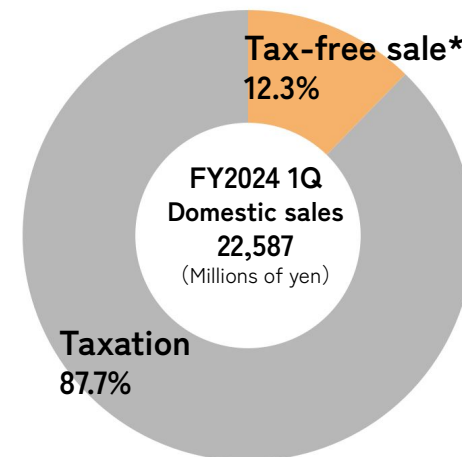
\* "Corporate sales" includes auction fees.

Overseas ratio



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

Domestic tax-free sale



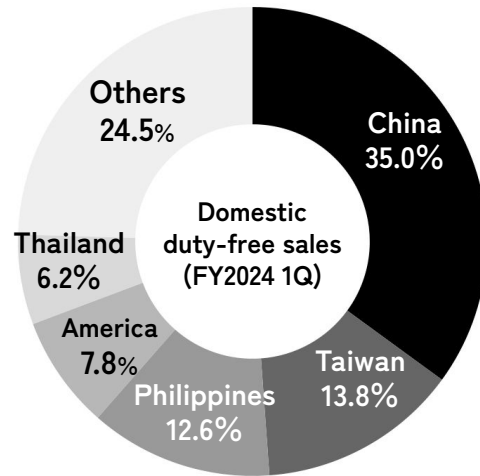
\* Calculated before eliminating internal transactions.

# Breakdown of domestic duty-free sales

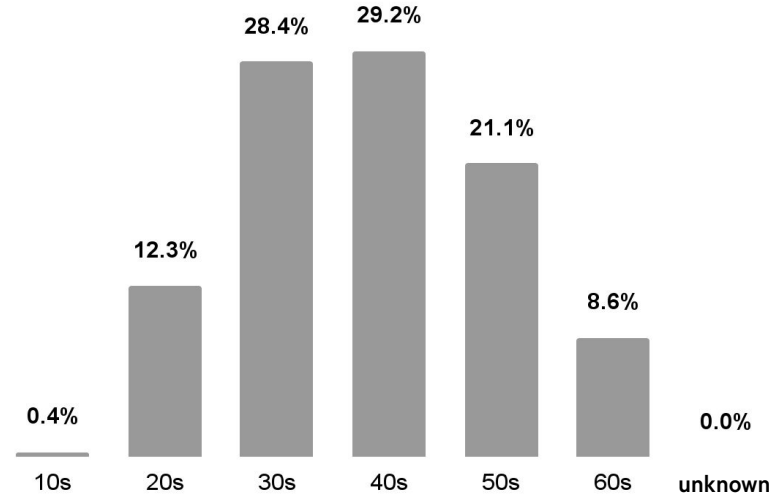
【Composition ratio by country/region】 Chinese and Taiwanese customers account for roughly half of sales and make up 75% of sales from the top five countries.

【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

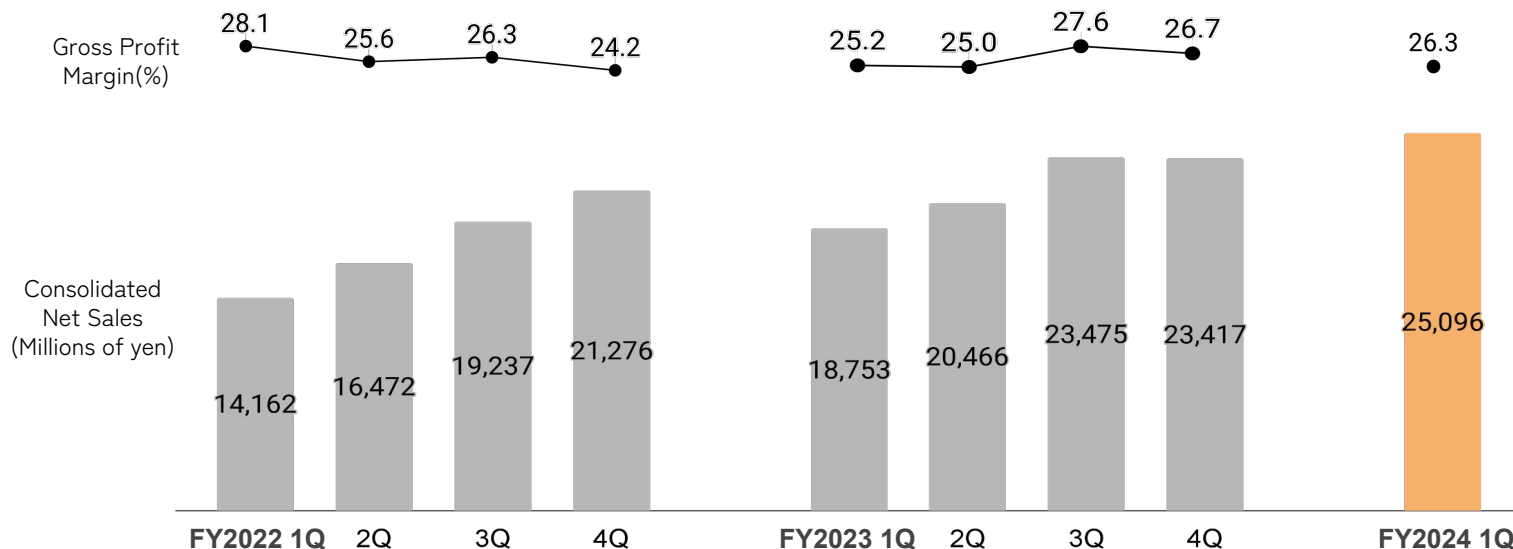


\*Aggregated by issuing country/region from passports

# Quarterly Trends in Consolidated Net Sales and Gross Profit Margin

【 Net sales 】 Both retail and corporate sales increased due to strong individual purchases.

【 Gross Profit Margin 】 Due to the percentage of retail increasing, gross profit margin increased by 1.1 percentage points year over year.



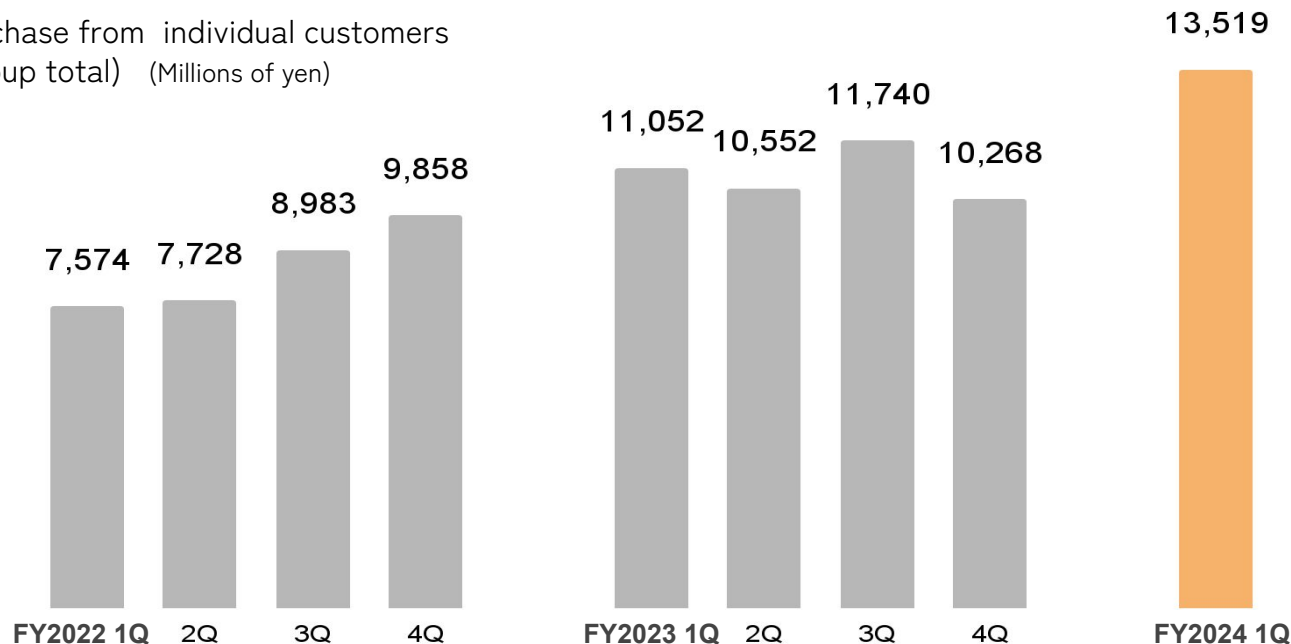
Factors behind fluctuations in gross profit

- 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.
- he figure may vary depending on the weightings of items that can be purchased.

# Purchase from individual customers (Group total)

The number of customers has increased due to the opening of purchasing centers under the KOMEHYO and BRAND OFF (franchise) brands, and the amounts purchased per customer at existing stores has remained strong, resulting in record highs of purchase amounts in the fiscal period.

Purchase from individual customers  
(Group total) (Millions of yen)



\* 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)

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# Stores : Group total 188 stores (As of June 2023)

\*Figures in parentheses ( ) are change during the first quarters

	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 <small>Since 1977</small>	 U-ICHIBAN
Flagship stores	5		3	1				
Sales stores		1		6	3			
Stores annexed with sales facilities	18 ( 1 )	1	2			2	10	2 ( -1 )
Purchasing Center	92 ( 6 )		6 ( -1 )					
Franchised purchasing centers			18 ( 2 )					
Overseas	6		12					
<b>Total</b>	<b>121</b>	<b>2</b>	<b>41</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>2</b>



# Efforts of each brand



## ▶ Continuing to open stores specializing in purchases (3rd year of opening 100 stores in 3 years)

In the first quarter, six purchasing centers were opened.

## ▶ Stores annexed with sales facilities

KOMEHYO SHIBUYA is scheduled to open in mid-November 2023.

Against a backdrop of strong purchasing, we will try to strengthen retail by enhancing fashion offerings with a focus on brands generating high levels of interest among Generation Z to Generation Y in Japan and overseas.

## ▶ Growth of overseas stores

In December 2022, KOMEHYO SINGAPORE PTE. LTD. was established.

The company began purchasing from May 2023.

Purchasing activity has been going strong, particularly handbags.



### KOMEHYO SHIBUYA

Location :  
16-9 Udagawacho, Shibuya-ku, Tokyo  
Shibuya ZERO GATE 1st-4th floors

open : Mid-November 2023

Contract area: about 733m<sup>2</sup>

Main items handled:  
jewelry, precious metals, watches, bags, writing instruments, clothing, etc.



### KOMEHYO SINGAPORE PTE.LTD.

location :  
Orchard Road,SINGAPORE

Date of establishment: December 2022

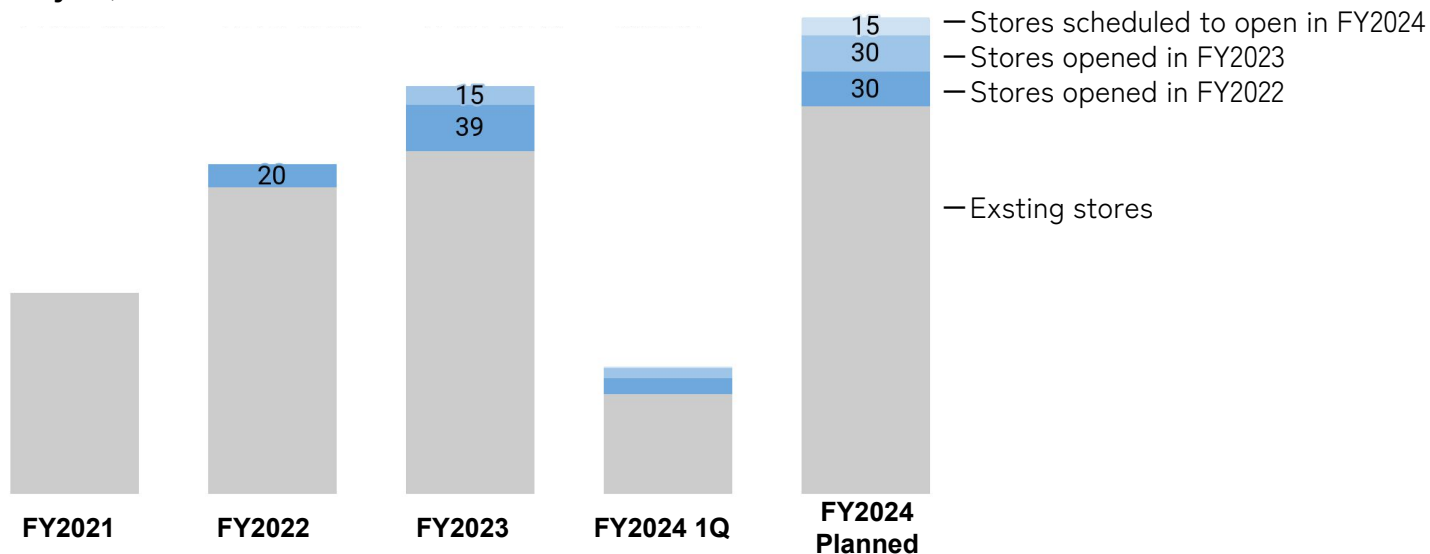
Description of business:  
Purchase and sale of jewelry, precious metals, watches, and bags

# Opening the purchase center

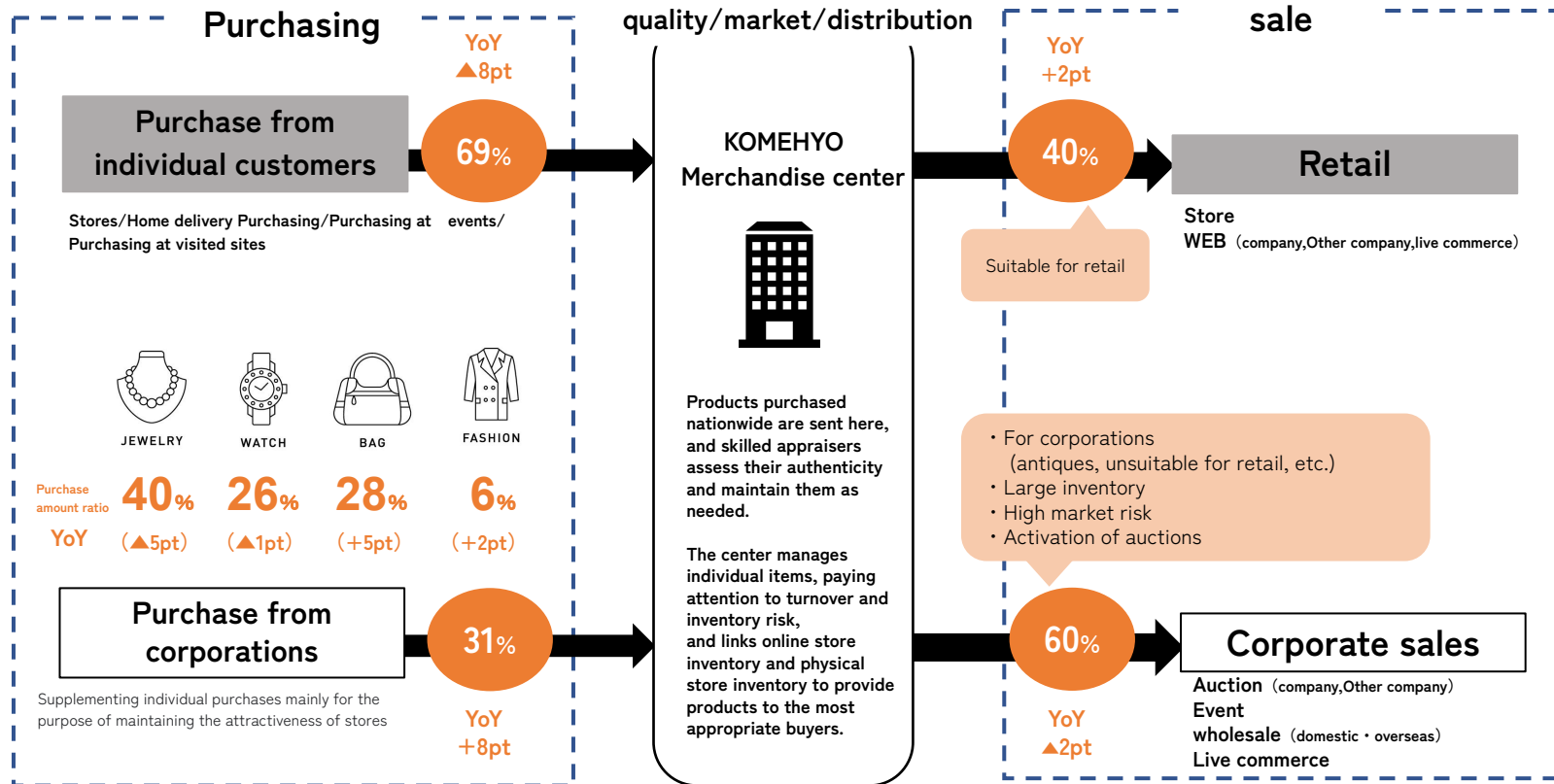


The amount of purchase per store remained strong. The store openings added 3.9 billion yen.(1.5 billion yen during the fiscal year) to the annual purchase amount. Signboard effect from new store openings had a positive impact on existing stores.

Trends and plans for individual purchases  
(Billions of yen)

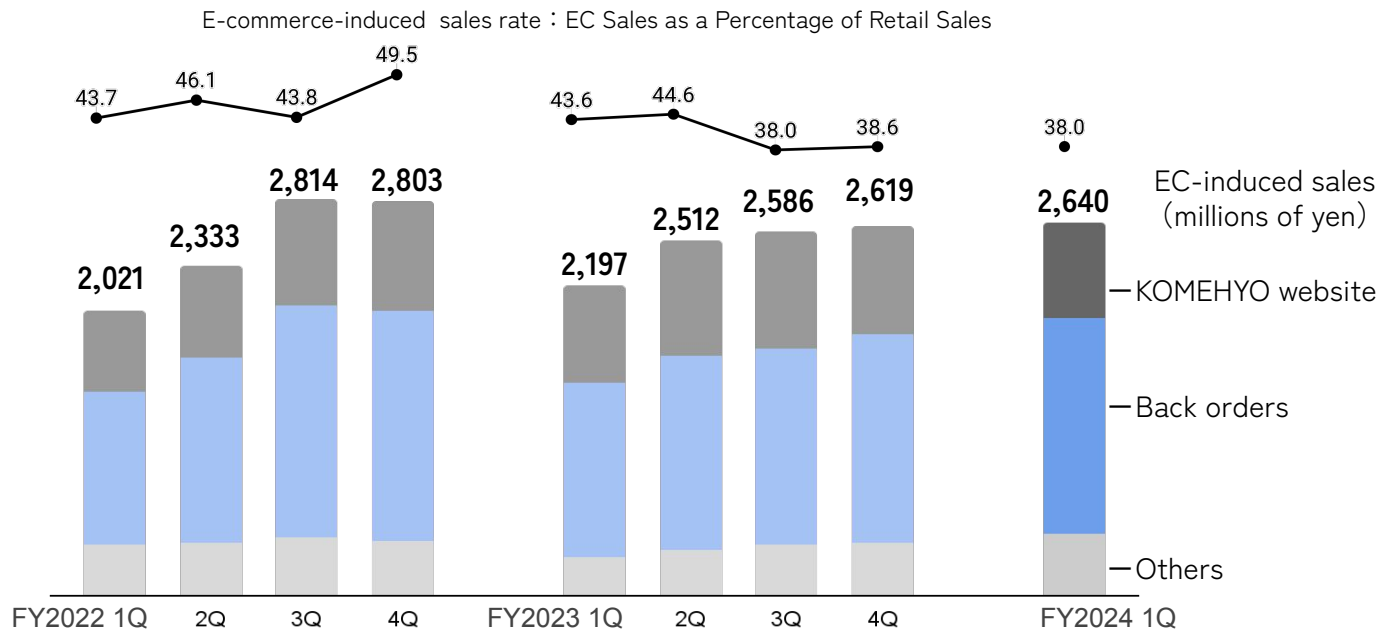


# Product distribution



# E-commerce-induced sales rate KOMEHYO

E-commerce involvement in net sales reached a record high during the fiscal period due to strong performance of websites from other companies (cross-border e-commerce) driven by the weakening yen. Due to an increase in sales from foreigners visiting Japan at retail stores, e-commerce involvement in net sales declined.



\*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.

# Efforts of each brand

**BRAND OFF**  
T O K Y O

## ▶Strengthening retail

The BRAND OFF Ginza main store, which moved in October 2022, is performing well.

Net sales YoY **309%**

Purchase amount YoY **175%**



## ▶Growth of overseas business

- In May 2023, BRAND OFF The One reopened after relocating.
- In June 2023, BRANDOFF Taichung Kuang San SOGO Store opened.

Results have been positive, with purchases being made from diverse demographics.



BRAND OFF TheOne



BRAND OFF Taichung Kuang San SOGO Store

# Efforts of each brand

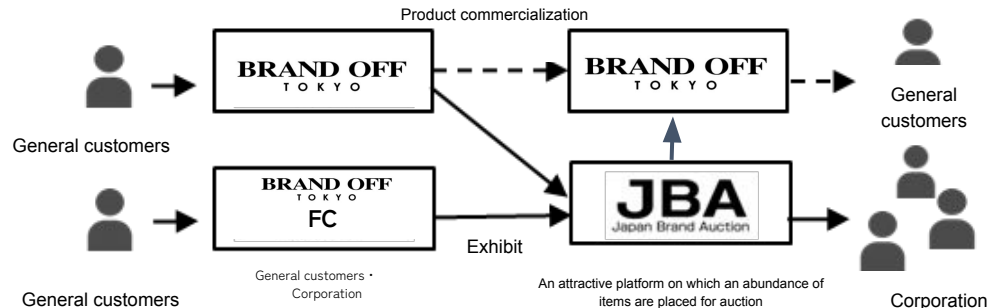
**BRAND OFF**  
T O K Y O

**JBA**  
Japan Brand Auction

## ▶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.

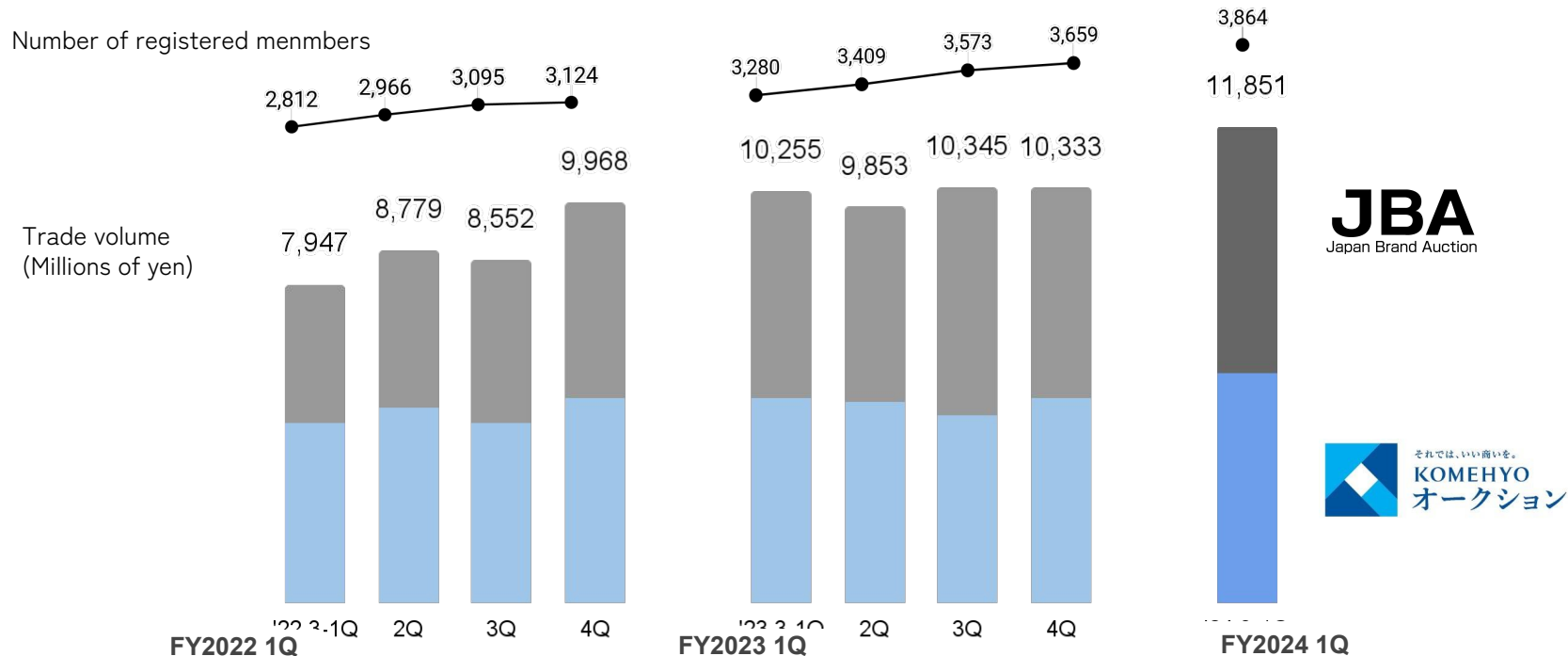


In 1Q, opened 2 stores specializing in purchasing FC (target: 5%)

- BRAND OFF Ginza main store, JBA, and Hong Kong/Taiwan stores are performing well, prioritizing resources
- 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.
- Strengthen sales to major companies that are expected to open multiple stores. The pace of store openings is expected to be biased toward the second half.

# 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 16% year on year, hitting a record high.





# Tire and Wheel

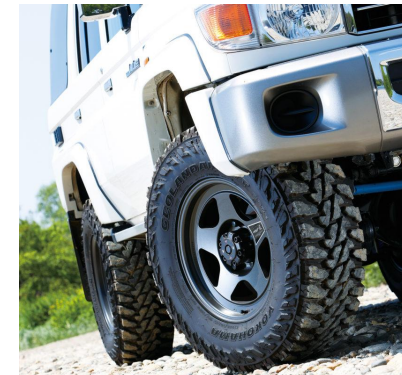
Maintained an operating profit thanks to stronger used product sales and strong online sales of summer and winter tires.



The number of used goods purchased through standalone purchasing and trade-ins was strong, up 22% year on year.

- Numbers of summer tires sold increased 46% year on year, mainly through online sales.
- Due to a temporary slowdown in the production of information on products sold on the e-commerce site, the share of new products as a percentage of online net sales increased, and gross profit margin declined.

Strengthened sales to SNS and overseas distributors, and increased the number of new dealers. BRADLEY FORGED TAKUMI, a high-end wheel, mainly for overseas exports, increased significantly by 505% year-on-year

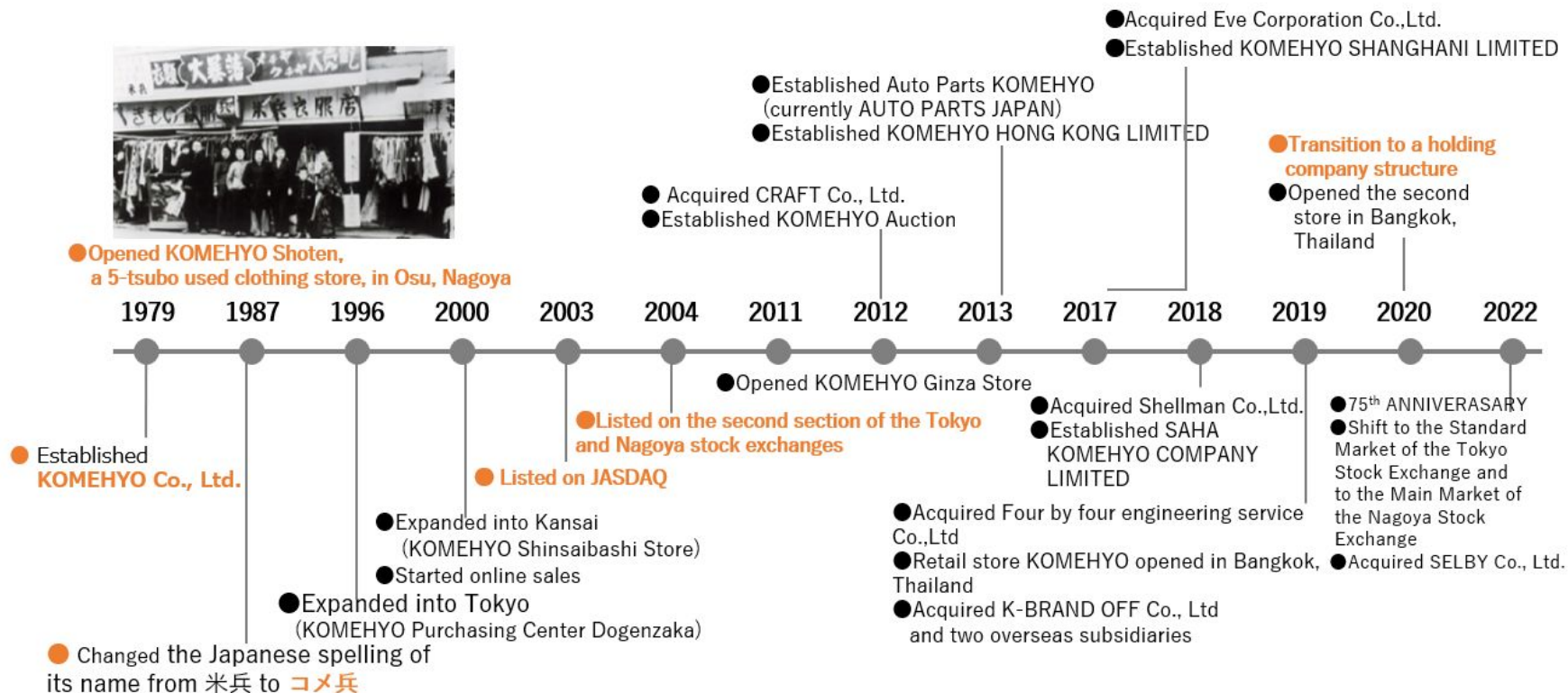


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# Corporate Profile

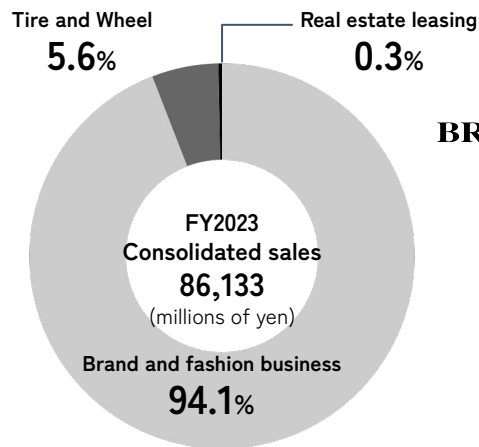
Company name	Komehyo Holdings Co., Ltd.
Established	May 1979 ※Transition to holding company system in October 2020
Head Office	3-25-31 Osu, Naka-ku, Nagoya
Representative	President, Representative Director: Takuji Ishihara
Capital	1,803 million yen
No. of employees	Consolidated: 1,157 Non-consolidated: 16 (As of June 2023)
Business activities	Management planning, business operation support, administration and others for the corporate group engaging in the Brand-Fashion Business and the Tire-Wheel Business
Fiscal year-end	March
Stock	Second Section, Tokyo and Nagoya Stock Exchanges (Securities code: 2780; Unit: 100 shares)

# Corporate History

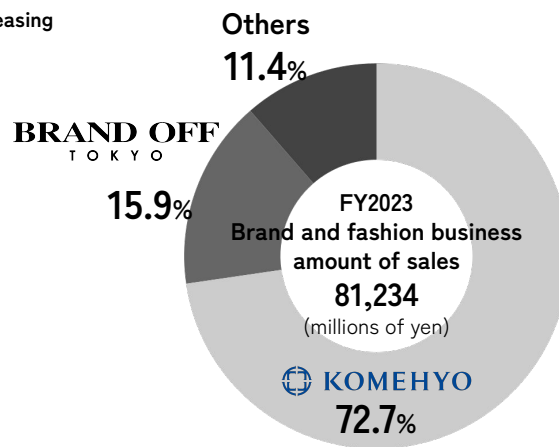


# Sales shares by segment and by sales channel (FY2023)

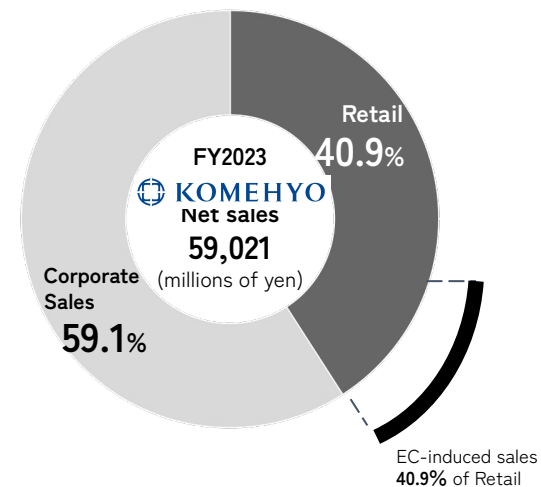
By segment



Brand/fashion business









By sales channel



# Overseas expansion

Opened stores in 4 overseas bases. We purchase and sell locally, and expand the scale while establishing a culture of reuse. We will continue to actively invest in anticipation of market expansion.

	Shanghai	Hong Kong		Thailand	Taiwan	Singapore
Brand	 KOMEHYO	 KOMEHYO	 BRAND OFF TOKYO	 KOMEHYO	 BRAND OFF TOKYO	 KOMEHYO
Services to deploy	Purchase(toC) Sale( toC)	Purchase(toC) Purchase(toB)	Purchase(toC) Sale(toC)	Purchase(toC) Sale(toC)	Purchase(toC) Purchase(toB) Sale(toC)	Purchase(toC)
Number of bases	2stores	1base	8stores	4stores	4stores	1base
Topics	Due to restrictions on going out, some stores were closed. Concentrate management resources and open sales/purchase flagship store in December 2022.	From October 2022, we will start purchasing from individuals. Favorable performance. Some of the purchased products are consigned to the BRAND OFF Hong Kong store for over-the-counter sales.	In May 2023, BRAND OFF The One reopened after relocating.	Two stores will open in the fiscal year ending March 31, 2023. Purchases are brisk, especially among the wealthy class.Aiming for a 5-store system by the fiscal year ending March 31, 2025	90% of purchases are from individuals, achieving a highly profitable structure. Live commerce utilizing social media has been another area of focus, with corresponding sales increasing 44.3% year on year.  In June 2023, BRANDOFF Taichung Kuang San SOGO Store opened.	Established in December 2022. In May 2023, we will open a base for individual purchases. Corporate sales will start in June.

# Capital allocation policy

Growth phase in which securing market share is a priority as the reuse market expands.

Generated profits will be used for growth investments (stock inventory, store openings, overseas expansion, etc.)

<b>Growth investment</b>	<ul style="list-style-type: none"><li>• Investment in inventory essential for securing sales</li><li>• Investment in human resources that support the Group (recruitment, training, reskilling)</li><li>• Capital investment in store openings, etc. that will become new customer contact points</li><li>• Investment in technologies such as IT and AI that promote DX</li><li>• Investment to expand market share in overseas markets</li><li>• Challenge to new business</li></ul>
<b>Shareholder return</b>	<ul style="list-style-type: none"><li>• Aiming for a stable increase in dividends, with a target payout ratio of around 20%</li></ul>

# IR contact

## IR • PR Department

**Phone : +81-52-249-5366**

**E-mail : [ir@komehyo.co.jp](mailto:ir@komehyo.co.jp)**

**Note:**

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.