

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

February 13, 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.

With a high staff retention rate, Komehyo Holdings is able to train highly specialized appraisers and salespeople with extensive product knowledge. In this way, through human intervention, we can provide high value-added services and achieve sustainable growth.

1.7 million
items handled
annually



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

By handling a large number of products, we can optimally supply products to multiple sales channels. Utilizing the wealth of product and customer data you have accumulated in-house, you can achieve appropriate inventory control and effective marketing.

Brand reuse

No.1 *



The power of our long-established brand, supported by trust, security, and high recognition as the No.1 brand reuse company, will enable us to demonstrate high competitiveness not only in domestic growth but also in global expansion.

As a pioneer in the reuse market, Komehyo Holdings is able to accurately grasp the needs of domestic and overseas customers and provide services that will please many people.

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1. Cumulative results for the third quarter of the fiscal year ending March 2024 P. 6
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FY 2024 3Q Financial Summary

Brand • Fashion business

Purchase from individual customers

46,558

Millions of yen

(YoY**139.7%**)

Net sales

80,115

Millions of yen

(YoY**136.1%**)

Operating income

4,671

Millions of yen

(YoY**138.6%**)

Capitalizing on ample inventory from strong purchases from individuals, retail and corporate sales were brisk, driving significant growth in net sales. We increased net sales and operating income by controlling expenses as planned, despite soft market prices and a decline in gross profit margin.

Purchase

P.8,19,26,27

- Personal purchases were strong due to the growth of existing stores and the opening of new stores. Highest purchase amount ever in a quarter
- Opened 34 purchasing specialty stores (including 8 FCs), 1 flagship store, 1 purchasing store, and 3 overseas stores.

Gross profit margin

P.8,22

- Gross profit margin declines due to falling market prices for watches and bags
- Prioritize sale of high-risk inventory through corporate auctions while securing retail inventory

SG&A expenses

P.8,12

- Continue to actively invest in human resources for future business expansion.
- SG&A expenses were controlled almost as planned



Tire and Wheel buisness

Net sales

3,991

Millions of yen

(YoY**104.8%**)

Operating income

268

Millions of yen

(YoY**90.6%**)

Sales increased due to strong online sales of summer and winter tires, as well as increased domestic sales of wheels designed in-house. Gross profit margin declined as the snowfall season was later than usual and winter products struggled. Profit decreased due to an increase in selling, general and administrative expenses.

Net sales

P.18

- Opened one purchasing store
- In-house designed wheel "Air/G" series sold well, 121% compared to the same period last year

Gross profit margin

- Due to soaring wheel prices, single tire sales were strong, while set sales, which have a high gross profit margin, were weak. Gross profit margin decreased

SG&A expenses

P.34

- SG&A expenses increased due to an increase in personnel and warehouse costs for storing and consigning inventory.



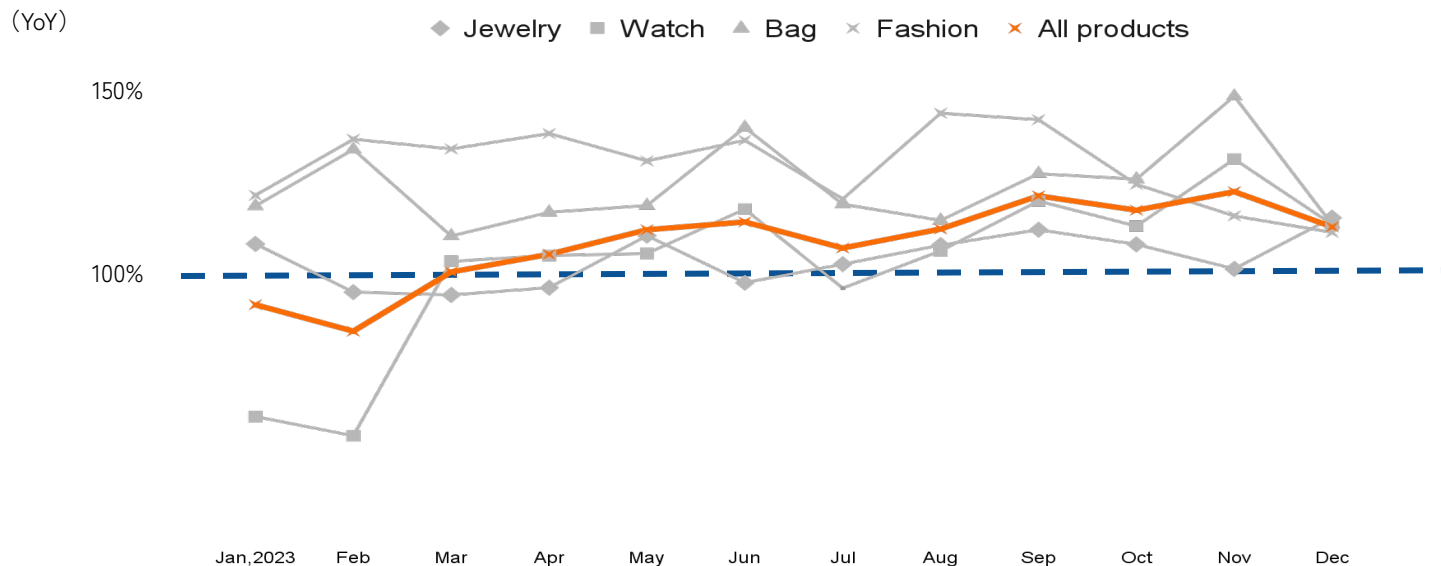
Brand fashion business 3Q progress

	Initial Plan	2Q	3Q
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 146.0% • 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%. 	<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.
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: 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. 	<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.
Gross profit margin	Improve gross profit margin by increasing the ratio of retail sales to sales	<ul style="list-style-type: none"> • Gross profit margin was expected to be at the same level as 1Q of this fiscal year, but it decreased by 2.1 points. • 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. 	<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.
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"> • Aggressive investment in human resources in anticipation of future business expansion. • Controlled almost exactly as planned. 	<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

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



Due to purchase price control in line with market price fluctuations for watches and bags from late November onward, unit purchase price per customer also followed a downward trend. We have strengthened the purchasing of high unit price clothing since last year, and the purchase prices have calmed somewhat compared with the same months in the previous year. For jewelry, the number of customers bringing in gold ingots has slowed, and although market prices of diamonds have had an impact, business has remained steady without major fluctuations.



FY 2024 3Q Performance

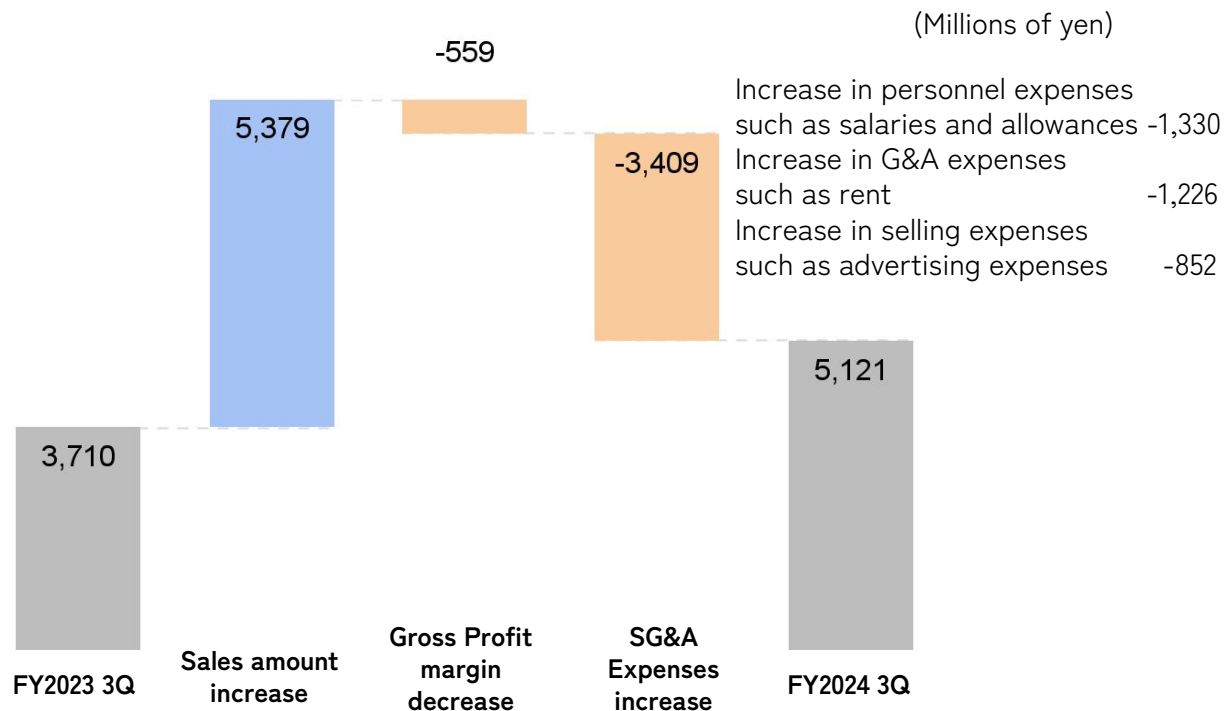
In the first nine months, record sales and profit at every level

(Millions of yen)	FY2024 1Q	YoY	FY2024 2Q	YoY	FY2024 3Q	YoY	FY2024 3Q 9months	YoY	vs full year plan*
Net sales	25,096	133.8%	27,667	135.2%	31,377	133.7%	84,141	134.2%	79.4%
Gross profit	6,592	139.7%	6,698	131.5%	7,815	120.7%	21,107	129.6%	-
Gross profit margin	26.3%	+1.1pt	24.2%	△0.7pt	24.9%	△2.7pt	25.1%	△0.9pt	-
SG&A expenses	4,867	122.4%	5,212	127.5%	5,905	130.9%	15,986	127.1%	-
Operating profit	1,724	233.2%	1,485	147.9%	1,910	97.2%	5,121	138.0%	71.1%
Operating profit margin	6.9%	+3.0pt	5.4%	+0.5pt	6.1%	△2.3pt	6.1%	+0.2pt	-
Ordinary profit	1,762	231.9%	1,508	158.9%	1,887	83.2%	5,158	129.7%	71.4%
Net income attributable to owners of parent	1,183	227.9%	953	166.6%	1,536	95.9%	3,674	136.3%	76.2%

※ *Announcement of "Notice Concerning Revision of Earnings Forecast and Dividend Forecast" on August 14, 2023

Operating profit increase and decrease factor

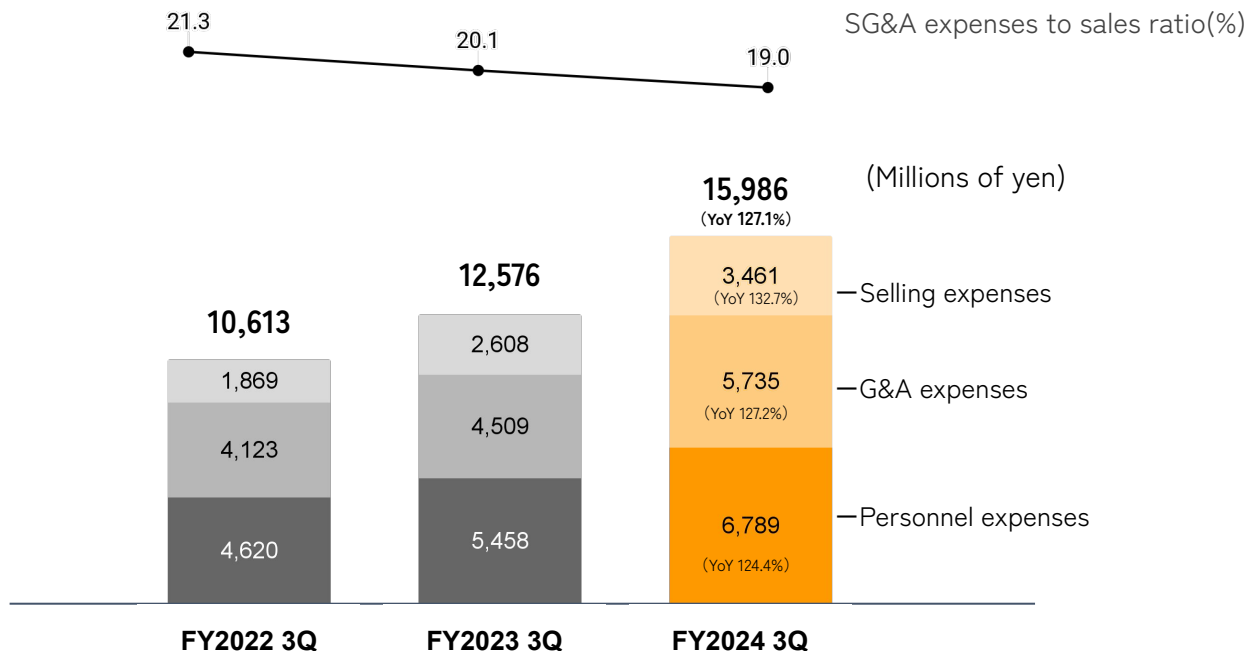
Purchasing remained strong, and sales increased significantly for both retail and corporate sales.
Due to sales growth, profit increased by absorbing the decline in gross profit margin and increase in SG&A expenses.



Changes in selling, general and administrative expenses

Hiring and training was strengthened to secure the staff needed to open large stores annexed with sales facilities and purchase centers, resulting in higher personnel expenses.

The SG&A to net sales ratio declined as we managed to control SG&A expenses as planned.



Active investment in human resources (FY2024 9months Komehyo Co., Ltd.)

With an eye on domestic business growth and global expansion, we will proactively invest in our human resources, which is our strength. Aim to expand business scale while controlling overall personnel costs and increase share in the growing reuse market



Personnel expenses

YoY **124.4%**

Recruitment cost

YoY **232.8%**

Education and training expenses

YoY **193.5%**

Number of regular employees hired

YoY **206.7%**

*Not including personnel expenses for in-house instructors

Recruitment cost per regular employee

YoY **112.6%**

expenses per regular employee

YoY **159.7%**

Net sales per regular employee

YoY **141.9%**

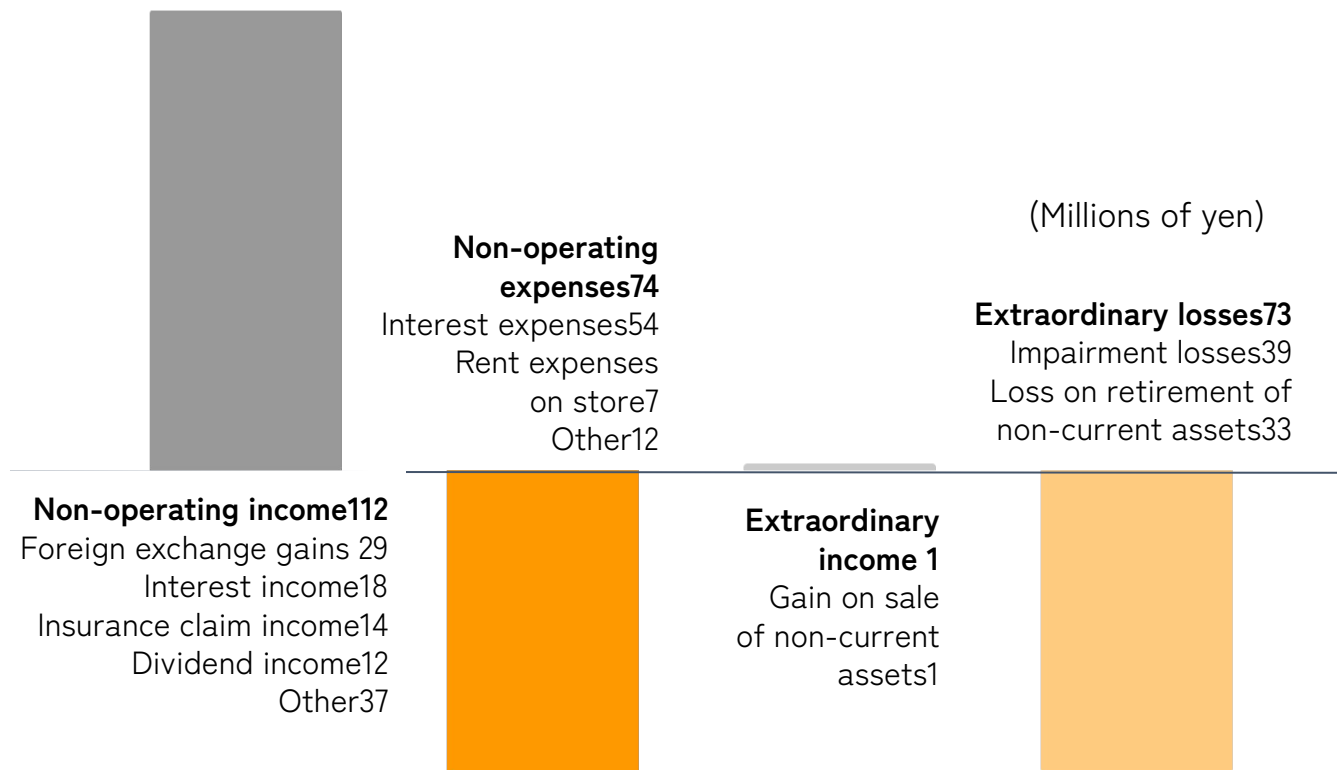
22. Purchase amount per regular employee

YoY **115.5%**

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

*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 3Q	Change
Current assets	35,322	52,566	17,243
Cash and deposits	10,382	11,234	852
Inventories	18,705	30,061	11,355
Other current assets	6,234	11,270	5,035
Non-current assets	11,430	13,087	1,656
Assets	46,753	65,653	18,899
Liabilities	22,506	38,116	15,610
Interest-bearing liabilities	16,498	31,980	15,482
Other liabilities	6,007	6,135	127
Net assets	24,247	27,536	3,289
Liabilities and net Assets	46,753	65,653	18,899

→Due to strong individual purchasing and strengthening of corporate purchasing Inventories, which are the source of sales, increased

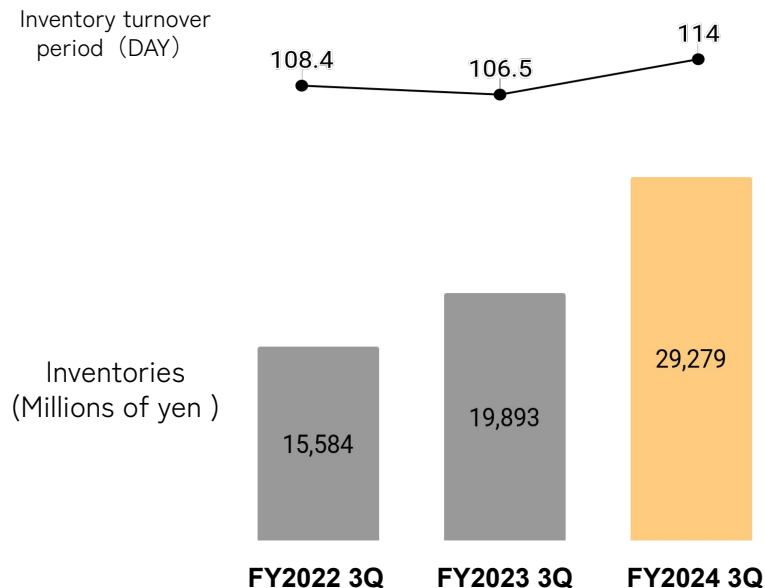
→Increase in cash on hand and inventories, increase in interest-bearing debt

→Attributable to an increase in retained earnings and other factors

Inventory Turnover (Brand • Fashion business)

To address the drop in market prices for watches and bags, we have been converting high-risk inventory into cash on a priority basis while ensuring retail inventory.

Abundant inventory is directly linked to future sales and profits, so inventory control maintains quality and freshness.



	FY2022	FY2023	FY2024
3 Q			
Gross profit margin①	26.0%	25.3%	24.6%
3 Q			
inventory turnover②	3.4	3.4	3.2
3 Q			
①×②	88.4%	86.0%	78.7%
FY			
Inventory write-down (Millions of yen)	59	42	—

Reference: Trends during market fluctuations and our countermeasures



Overview by segment

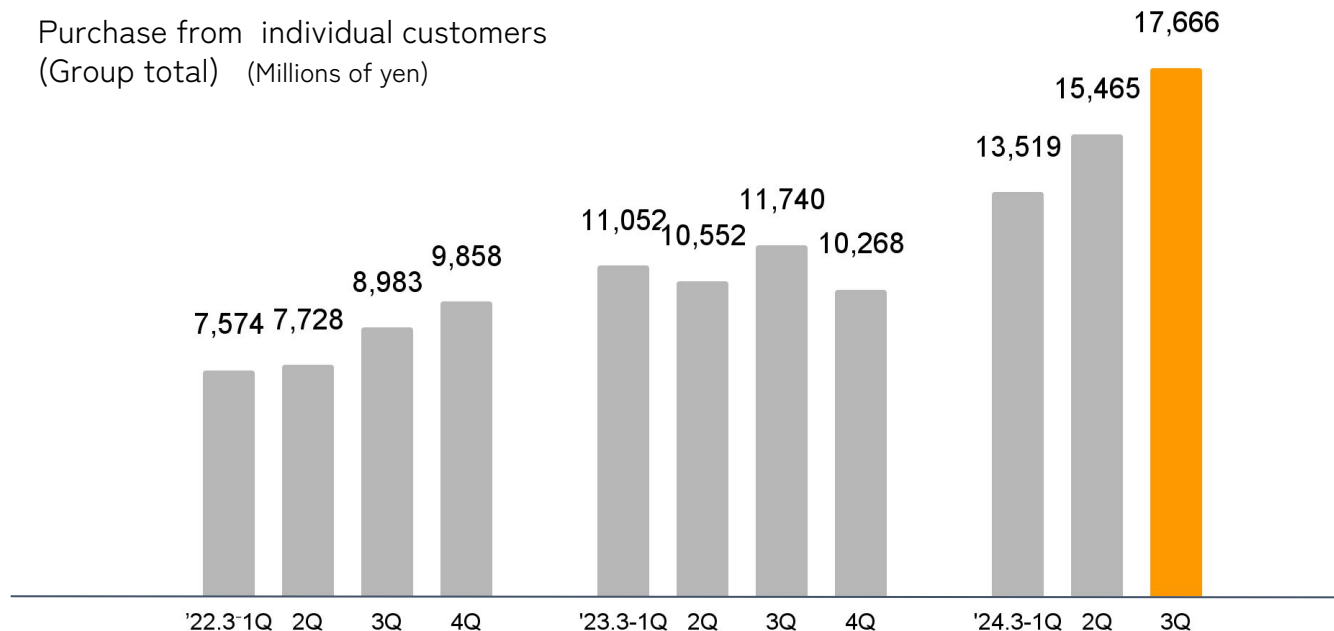
In the cumulative 3Q, the brand and fashion business saw an increase in sales and profits due to strong performance in personal purchases and retail sales. In the tire and wheel business, sales increased due to strong online sales of new tires.

	(Millions of yen)	FY2024 1Q	YoY	FY2024 2Q	YoY	FY2024 3Q	YoY	FY2024 9months	YoY
Brand Fashion	Net sales	24,075	135.3%	26,724	136.9%	29,314	136.1%	80,115	136.1%
	Operating income	1,683	230.5%	1,442	143.8%	1,545	94.4%	4,671	138.6%
	Operating margin	7.0%	+2.9pt	5.4%	+0.3pt	5.3%	△2.3pt	5.8%	+0.1pt
Tire and Wheel	Net sales	1,009	106.5%	931	99.6%	2,051	106.6%	3,991	104.8%
	Operating income	2	79.9%	△8	-	275	90.7%	268	90.6%
	Operating margin	0.2%	△0.1pt	-	-	13.4%	△2.4pt	6.7%	△1.1pt
Real estate leasing	Net sales	71	100.1%	71	100.1%	71	99.9%	214	100.0%
	Operating income	21	100.0%	21	104.0%	21	97.2%	64	100.3%
	Operating margin	30.3%	-	30.0%	+1.2pt	30.0%	△0.8pt	30.1%	+0.1pt

Purchase from individual customers (Group total)

In part due to the ongoing opening of new purchase centers, the number of customers increased, and was up 150% YoY in the third quarter. The amount spend on purchases was a record high for a quarter.

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.

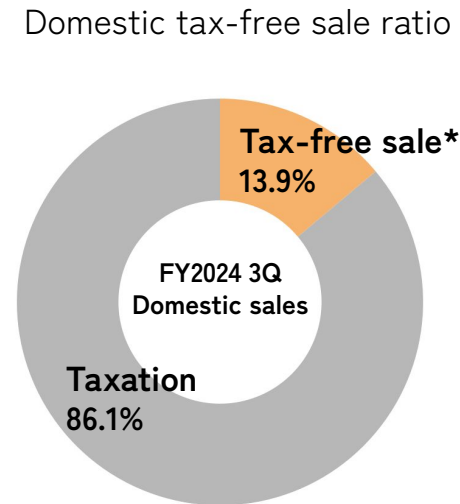
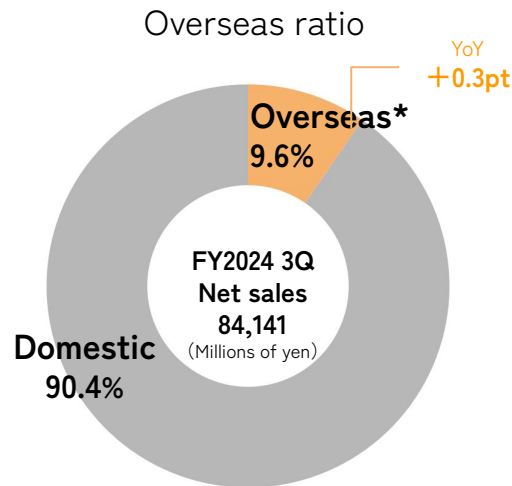
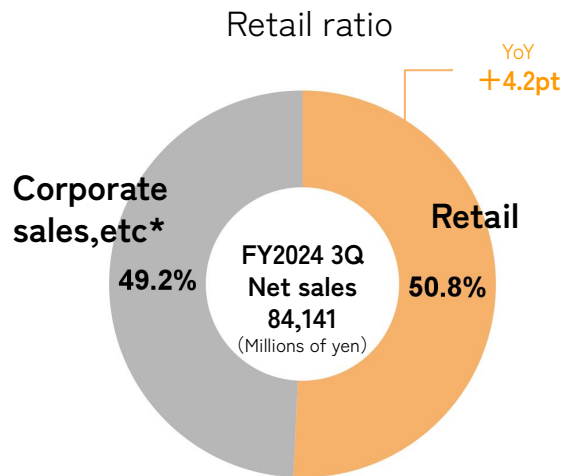
• Purchasing at stores • Purchasing at visited sites • Purchasing at events (KOMEHYO) • Purchasing using home delivery services KOMEHYO

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

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

[Overseas] Overseas sales were strong due to store relocations and the opening of new stores in Hong Kong and Taiwan.

[Duty free] Duty free sales performed well due to stores being kept well stocked.



* "Corporate sales" includes auction fees.

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

*Total sales of overseas group companies

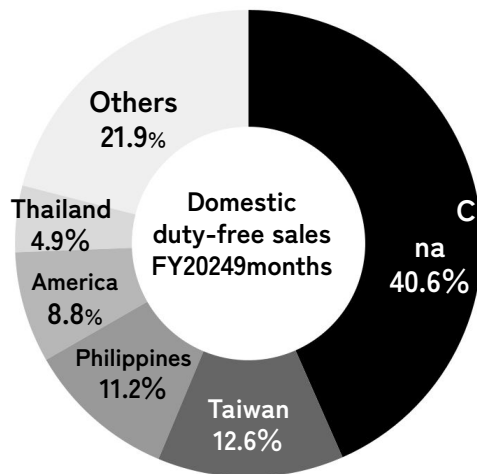
* Calculated before eliminating internal transactions.

Breakdown of domestic duty-free sales

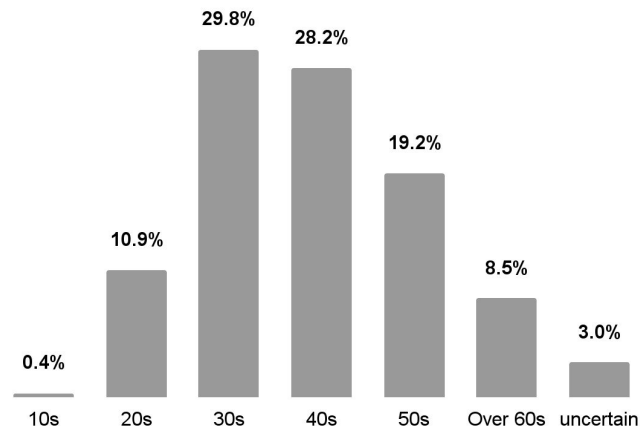
【Composition ratio by country/region】 40% of customers are Chinese, and there have been no major shifts in the trend of the top five countries accounting for just under 80% of all customers. During the peak inbound period in the fiscal year ended March 31, 2015, Chinese customers accounted for 50% of customers, suggesting there is room for growth.

【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

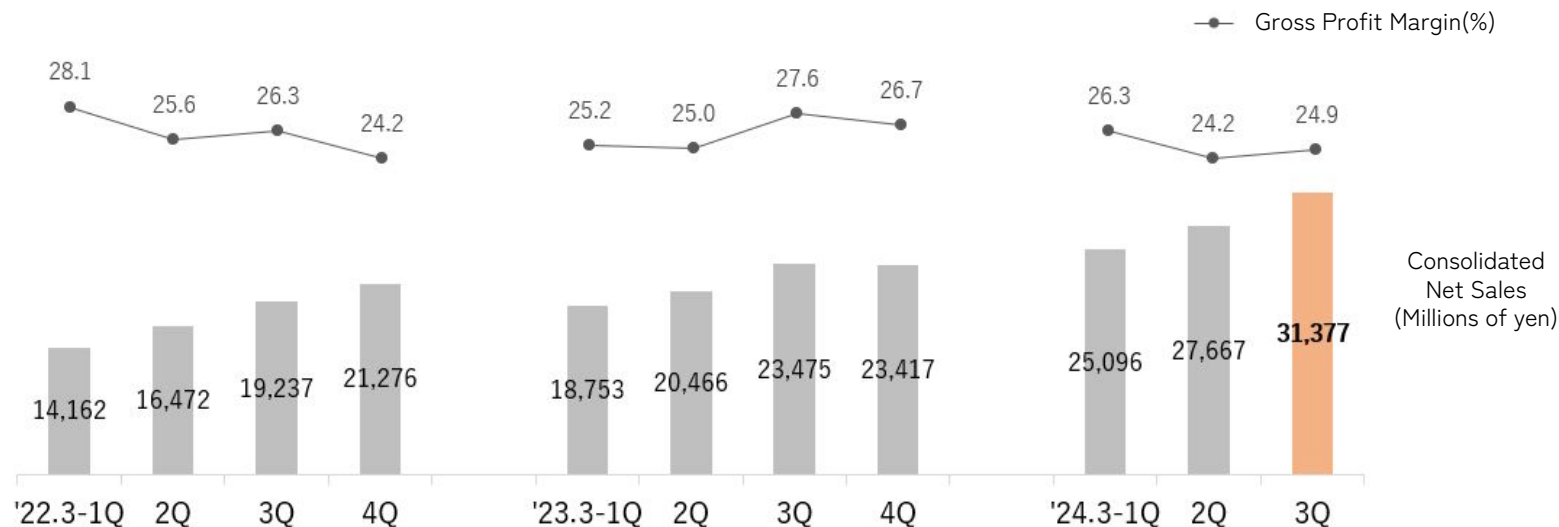


*Aggregated by issuing country/region from passports

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 and corporate purchases.

[Gross profit margin] Gross profit margin declined for both retail and corporate sales due to falling market prices for watches and bags.

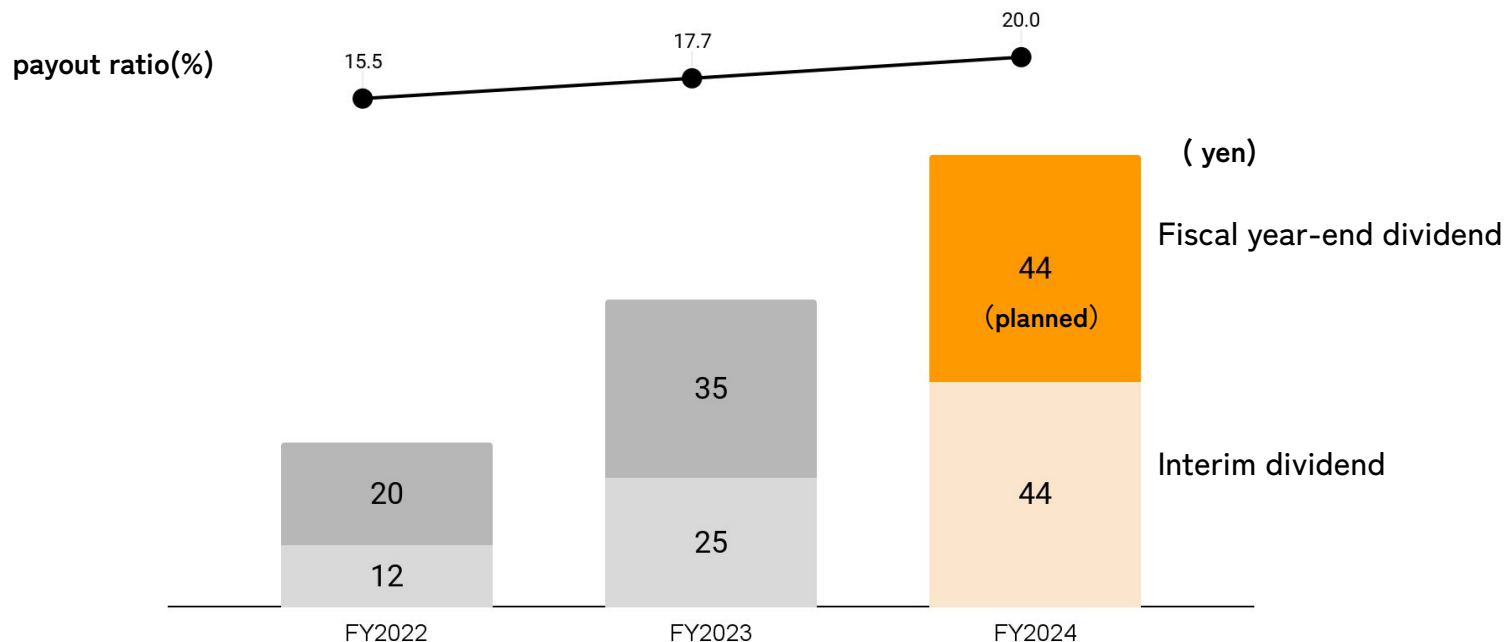


Factors behind fluctuations in gross profit

- 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).










1. Cumulative results for the third quarter of the fiscal year ending March 2024 P. 6
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FY 2024 3Q Initiative Summary

B r a n d • F a s h i o n	KOMEHYO	<ul style="list-style-type: none"> • 9 new purchase centers (directly operated) were opened. We are making progress in securing properties and expect to meet our full-year target for the number of newly opened stores. • KOMEHYO SHIBUYUA was newly opened as a flagship store annexed with sales facilities. This has expanded the customer demographic, with mainly young customers from Japan and overseas visiting the store. • Existing stores also set growth of 127.1% YoY • In addition to strong individual purchases, we actively utilized purchases from corporations in anticipation of the year-end shopping season and inbound demand, and as a result the ratio of purchases from individuals to purchases from corporations was 73% to 27% (corporate purchases were up 4 percentage points YoY). • The breakdown of amounts spend to purchase from individuals by major product type was jewelry & precious metals: 39%, watches: 26%, bags: 29% and fashion: 6%. • By improving store inventory, we were able to capitalize on inbound demand, resulting in strong retail sales. The ratio of retail sales to corporate sales was 41% to 59% (retail sales increased by 1 percentage point YoY). • E-commerce-induced sales hit a record high. We started selling on the "Mercari Shops" platform, and have placed items on a total of eight e-commerce malls.
	BRAND OFF	<ul style="list-style-type: none"> • Three new franchised purchase centers were opened. We expect to fall short of the target number of new openers for the full year. As we have prioritized resources on renovations and new openings of domestic and overseas stores annexed with sales facilities, the speed of new store openings has slowed. In the future we will strengthen the headquarters system in order to provide sales and support to major corporates that are expected to open new stores. • We continued to strengthen retail sales, including the opening of two new stores annexed with sales facilities in Japan and overseas, and the redesign of our flagship store.
	Corporate Auction (KOMEHYO Auction, JBA)	<ul style="list-style-type: none"> • Due to an increase in the number of member companies and strong performance of JBA offline auctions, total trading volume for the two companies was 12,780 million yen, increasing 20% year on year and hitting a record high.
T i r e • W h e e l	Craft	<ul style="list-style-type: none"> • The number of secondhand items purchased at stores was steady at 103.1% YoY. We have managed to secure good quality inventory of genuine manufacturer's products through trade-ins.
	U-ICHIBAN AUTO PARTS JAPAN	<ul style="list-style-type: none"> • By streamlining the process of preparing secondhand items for resale, the number of items put up for sale increased by 120% YoY, and online sales of summer and winter tires were also strong.
	4×4 engineering service	<ul style="list-style-type: none"> • The "Air/G series" is selling well, led by the new "VULCAN", a new wheel designed in-house for the domestic market.

Stores : Group total 216 stores (As of December 2023)

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

	Brand fashion					Tire and Wheel	
	 KOMEHYO	 BRAND OFF TOKYO	 Shellman Since 1971	 WORM	 SELBY.	 Craft SINCE 1971 KOMEHYO STORE	 U-ICHIBAN
flagshipstore	6 (1)	3	1				
Sales Stores	1		6	3			
Stores annexed with sales facilities	18	3 (1)			2	10 (1)	2
Purchasing Center	112 (9,-1)	6					
Franchised purchasing center		24 (3)					
Overseas	6	13 (1)					
Total	143	49	7	3	2	10	2



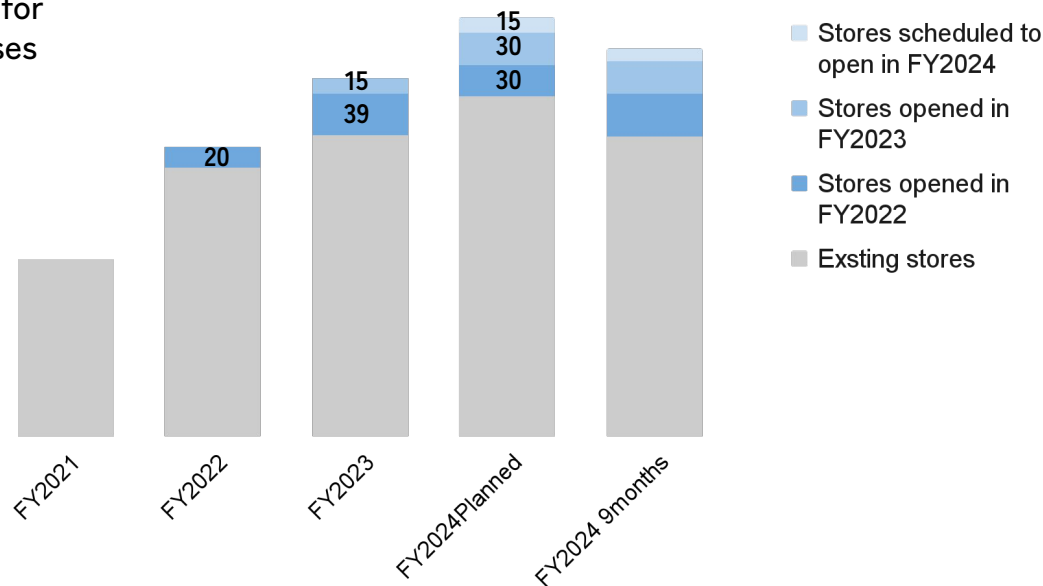
Opening the purchase center



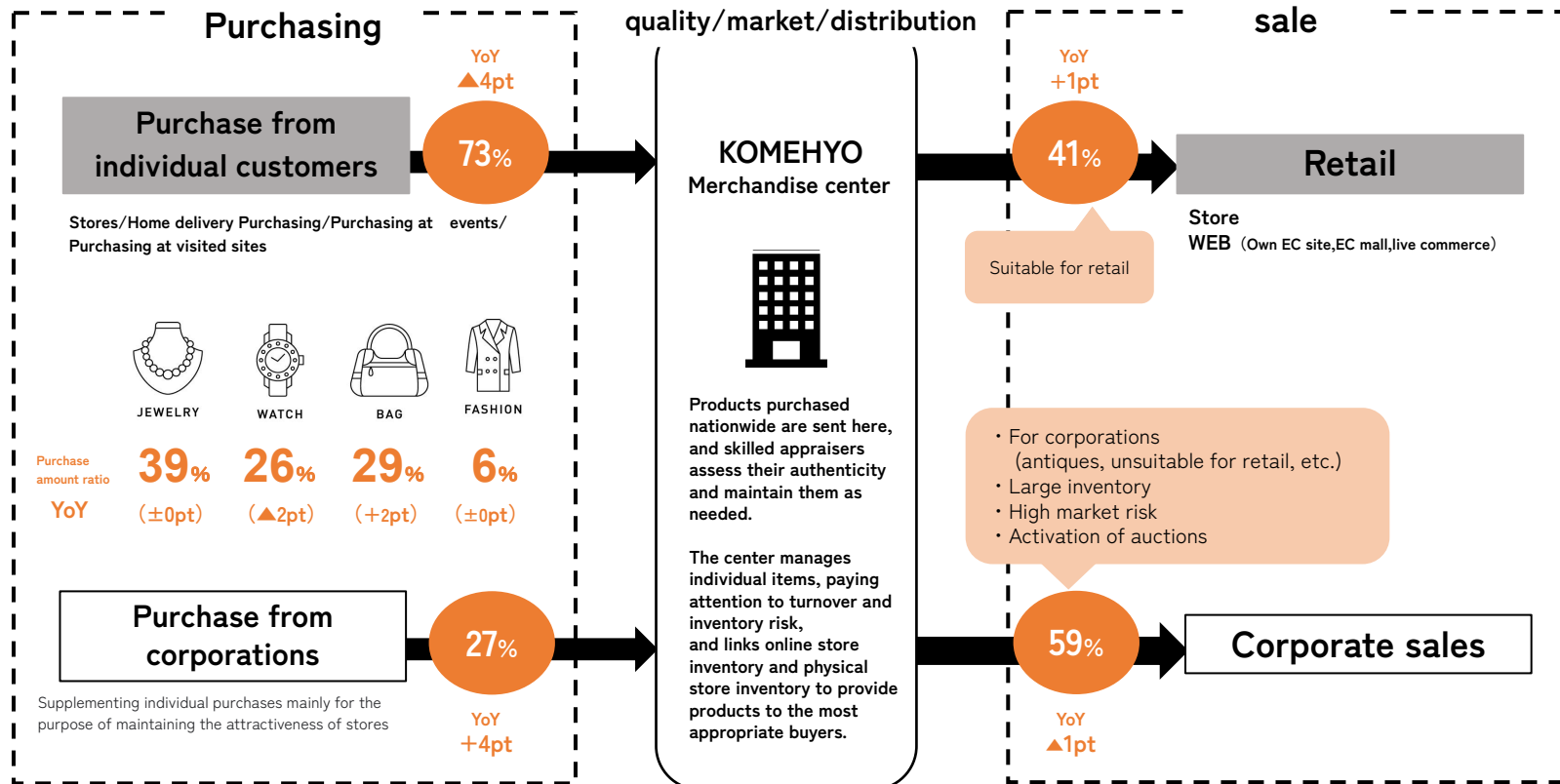
Store opening plan : The amount of purchase per store remained strong. The store openings added 3.9 billion yen.(1.5 billion yen during the fiscal year) to the annual purchase amount.Signboard effect from new store openings had a positive impact on existing stores.

New store openings: KOMEHYO opened **26 new purchase centers** in the first nine months of the fiscal year. For the full year, we expect to achieve have opened a **cumulative 40 new stores and achieve our three-year target of 100 new store openings.**

Trends and plans for
individual purchases
(Billions of yen)



Product distribution (FY2024 9months)



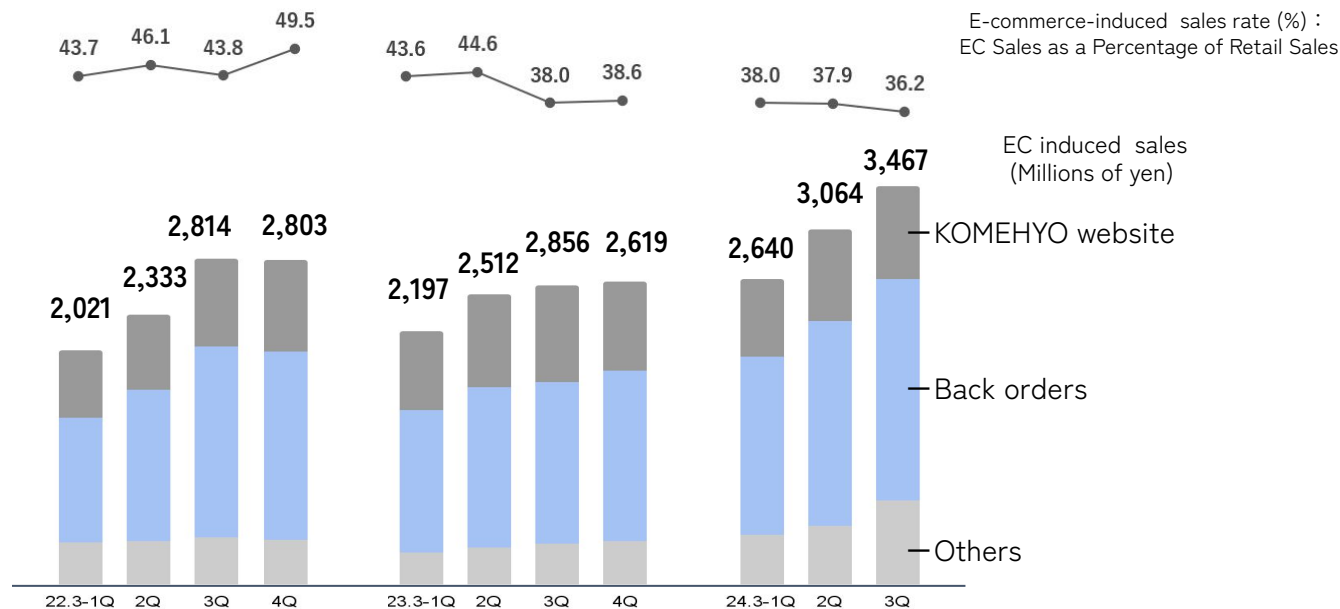
E-commerce-induced sales rate (Komehyo Co., Ltd.)



In addition to an increase in the number of customers, the per-customer spending rose, resulting in e-commerce-induced sales of 134% 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. As part of efforts to improve the purchasing environment for customers from overseas,

since October 2023 we have been introducing tools with multi-lingual support on our own ecommerce site.

In November 2023 we began selling on the "Mercari Shops" e-commerce platform, bringing the total number of e-commerce platforms in Japan and overseas that we sell on to 8.



*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 nearby KOMEHYO store and making sure of the product in person.

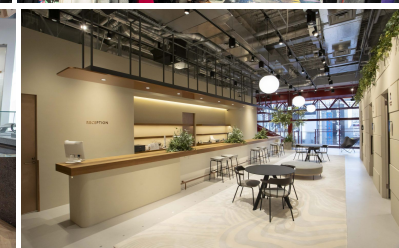
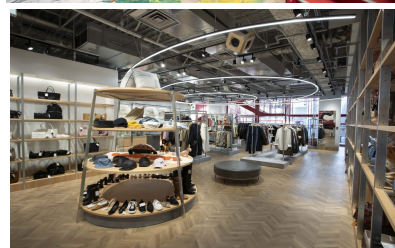
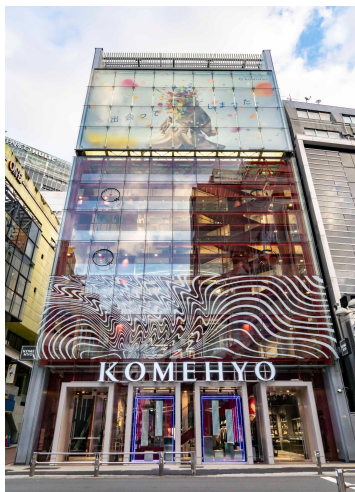
Others(Other companies' websites): Make a purchase at a store KOMEHYO set up at an Internet sales site operated by another company.

Expanding customer base Opening of “KOMEHYO SHIBUYA” KOMEHYO

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.

[Results] Progressed according to plan towards annual sales target of 2.5 billion yen

[Customer demographic] According to our own member data, the volume zone of the customer demographic for all KOMEHYO stores is in their 40s to 50s (45% of members). On the other hand, KOMEHYO SHIBUYA's high-volume customer base is those in their **20s to 30s (45% of members)**. Efforts are being made to expand the target group of future customers. The location is frequented by many tourists visiting Japan, and it is used by people of various nationalities.



BRAND OFF Strengthen retail

BRAND OFF
T O K Y O

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.



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



In October of the same year, ` BRAND OFF Kanazawa Main Store" was renovated.



December of the same year
Opened "BRAND OFF Tsuen Wan Plaza store (Hong Kong)"

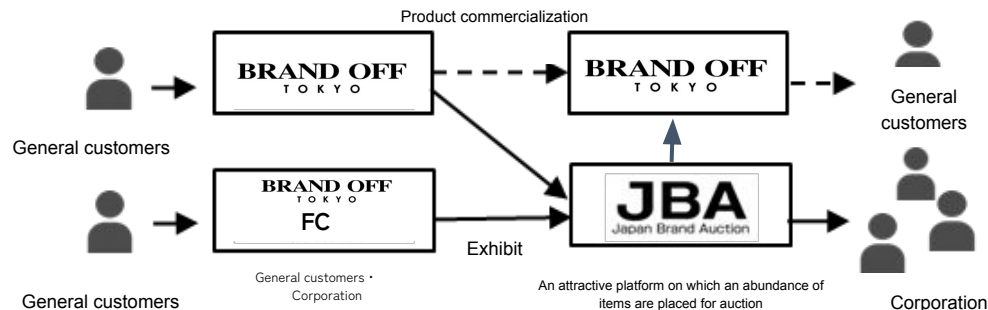
* Impact from the 2024 Noto Earthquake: Although BRAND OFF Kanazawa Main Store suffered partial damage on a small scale, the damage did not disrupt operations.

BRAND OFF FC purchase store opened

BRAND OFF
T O K Y OJBA
Japan Brand Auction

▶Continue opening franchise stores

Planning to open 40 stores in FY03/24. Products purchased at specialized purchasing stores (FC) are sold through the most appropriate channels, mainly through the auction JBA, which we operate in-house. A mechanism that increases the number of auction items by opening a FC store and contributes to an increase in trading volume.

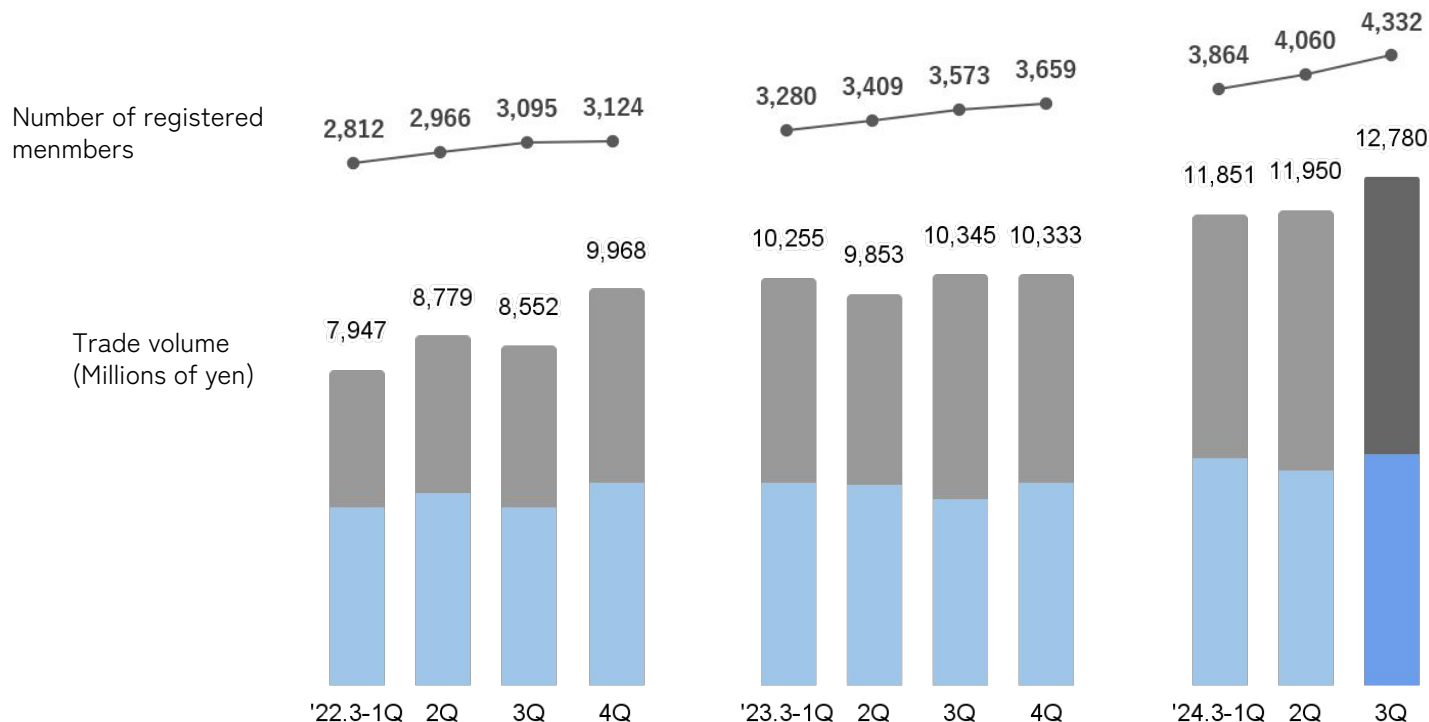


In the first nine months, **eight new franchised purchase centers** were opened (target progress rate: 20%). For the full year we expect to open 14 new stores, falling short of our target.

- BRAND OFF Ginza main store, JBA, and Hong Kong and Taiwan stores performed well. Prioritizing resources for retail store renovations and store openings.
- We have emphasized continued growth after opening new stores, and spend time discussing matters with franchise owners. None of the newly opened franchise stores have been closed due to unprofitability.
- We are currently strengthening the headquarters system providing support to franchise owners, with the aim of increasing the amount of purchases per newly opened franchise store and improving their self-reliance.
- We strengthened sales targeting major corporations 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 120.1% year on year, hitting a record high.



JBA
Japan Brand Auction



Tire and Wheel

Sales increased due to strong online sales of summer and winter tires, as well as increased domestic sales of in-house designed wheels. Gross profit margin declined as the snowfall season was later than usual and winter products struggled. Profit decreased due to an increase in selling, general and administrative expenses.



- Sales of new tires and wheels for the summer were strong, increasing 113% compared to the same period last year. However, due to an increase in sales prices in primary distribution, sales of wheel and tire sets, which have a high gross profit margin, decreased.
- The number of used items purchased at stores was steady at 3.1% compared to the same period last year. We are able to secure high-quality stock of genuine manufacturer's products through trade-in.

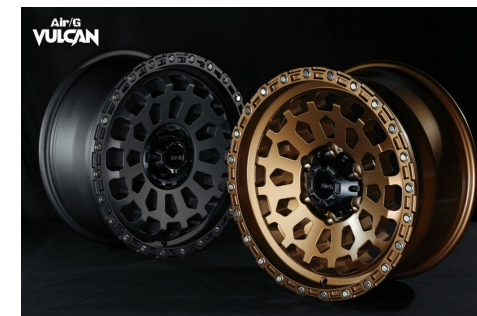


AUTO PARTS JAPAN

- Sales of new winter tires at malls such as Rakuten Market were strong, increasing by 20% compared to the previous quarter.
- The number of listings increased significantly by 122% compared to the same period last year due to streamlining operations. Both used sales amount and number exceeded the same period last year, so there is room for growth.



- Sales of the “Air/G” series of in-house designed wheels for the domestic market were strong. In particular, the new product “VULCAN” is doing well.
- SG&A expenses increased due to increase in personnel



1. Cumulative results for the third quarter of the fiscal year ending March 2024 P. 6
2. Initiatives for the third quarter of the fiscal year ending March 2024 P.24
3. Future outlook P.35

Brand and Fashion business 4Q assumption

In light of predictions about market price trends for key goods, we expect that increased net sales will absorb the decline in gross profit margin, with operating income staying in line with forecasts.

The forecasted market trend of mainstay products



JEWELRY

Jewelry

Market prices for diamonds with the exception of melee diamonds (small diamonds) are expected to bottom out but remain weak, while the domestic gold prices are expected to remain high. Brand jewelry prices are expected to remain flat, not linked with changes to sales prices in primary distribution.



WATCH

Watch

Market prices are on a declining trend, particularly high-priced items, and instability is expected to persist due to exchange rate fluctuations and a changing economic environment. Fluctuations in market prices of retail products from popular brands are limited, and are expected to remain flat in the future.



BAG

Bag

Market prices for popular brands, particularly high-priced items, are on a declining trend, and with sales prices in primary distribution continuing to rise, linked increases in market prices that have been seen to date are not expected to continue. Market prices for vintage items are expected to remain flat.



FASHION

Fashion

We project that demand for high-priced items will continue, with market prices for luxury brand fashion items remaining flat or steadily increasing. Market prices for sneakers are expected to continue their downward trend with the exception of some highly rare items.

Forecast for 4Q

	Forecast for 4Q
Purchase	<ul style="list-style-type: none"> We will continue to strengthen purchasing of retail-oriented products while placing an emphasis on price control based on market prices for both purchases from individuals and purchases from corporations. New store openings will continue to have positive effects. The rise in purchase amounts per customer is expected to top out, while purchases from individuals are expected to remain strong.
Sales	<ul style="list-style-type: none"> We will strengthen corporate sales with a focus on high-risk inventory while maintaining an awareness of inventory turnover. Inbound demand will continue to be strong, and as the positive effects from the opening of KOMEHYO SHIBUYA will continue, retail is expected to be steady.
Gross profit margin	<ul style="list-style-type: none"> As we will set prices to reflect fluctuating market prices particularly for high-priced watches and bags, and since corporate sales will account for an increasing percentage of total sales, we expect the gross profit margin to be similar to 3Q of this year.
Operating income	<ul style="list-style-type: none"> SG&A expenses are expected to fall in line with targets, reflecting ongoing investment in the human resources that will support future growth, and higher land rent for new store openings. We expect to be able to ensure our target operating income for the full year thanks to an increase the gross profit margin driven by higher net sales.

Medium-term management target (Fiscal year ending March 2024 to March 2026)

Operating income, ordinary income, and net income attributable to owners of parent company are expected to achieve their targets for the fiscal year ending March 2025 one year ahead of schedule. Plans for the fiscal year ending March 2025 and beyond are scheduled to 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%

Scheduled to be announced again in May 2024

To expand the customer base, “KOMEHYO Kannon-dori store (tentative name)” will open in late April 2024

Due to rising sales prices in primary distribution, branded items are becoming difficult to obtain. Against this background, we will open a store in the well-known Nagoya Osu area that sells used bags and accessories at lower prices than regular retail products. This store aims to re-promote the appeal of second-hand goods, strengthen retail sales, and expand the customer base.



“KOMEHYO Kannon-dori store (tentative name)”

location : 2-chome Osu, Naka-ku, Nagoya, Aichi Prefecture
Contract area : Approximately 700㎡ (Stores are on the first floor only)
Main sales items : brand bags

Global expansion ①

Supplying good quality used goods leveraging the trust engendered by "Checked by KOMEHYO Group."
In the future, we will aim for overseas sales including e-commerce sales to account for 30% of total sales.

【Planning to expand city】 We will expand into major cities and engage in purchasing and sales locally, employing a local-production-for-local-consumption strategy for business expansion.



Hong Kong



Shanghai



Taiwan



Bangkok

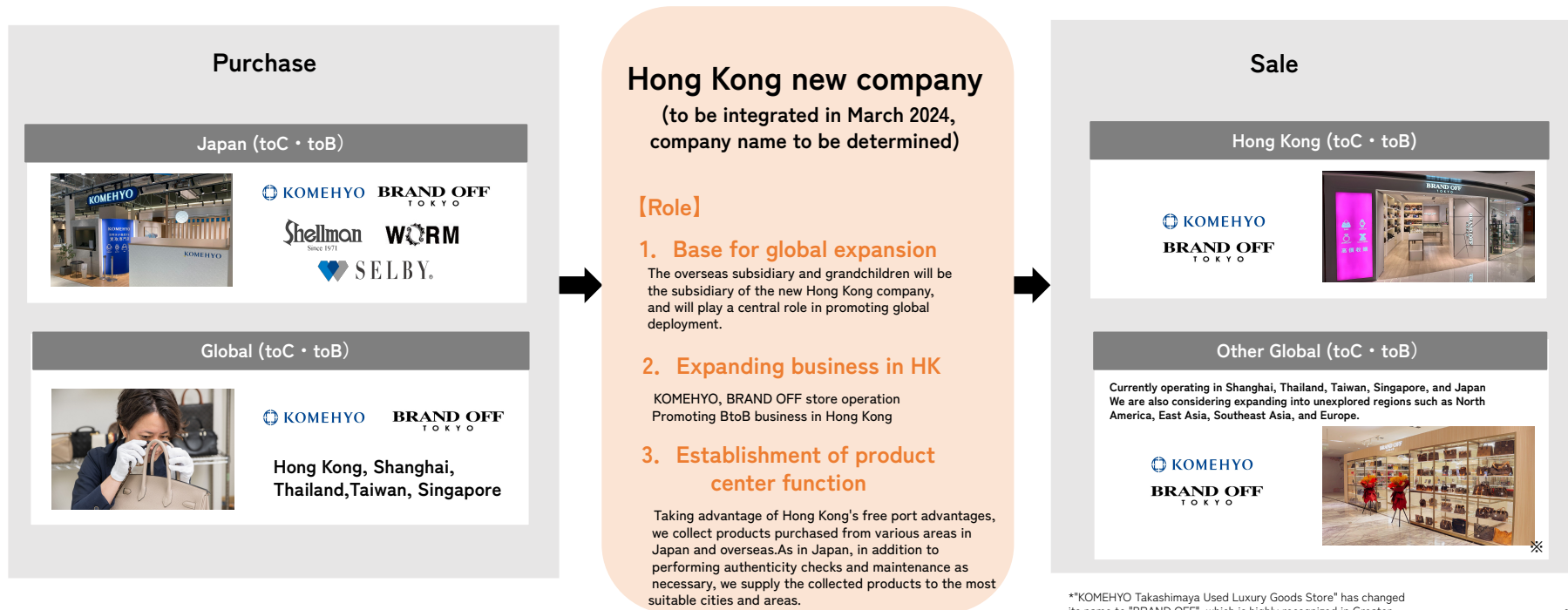


Singapore

【New development】 We will also establish local subsidiaries and launch business operations in areas we have not yet expanded into, including North America, East Asia, Southeast Asia and Europe.

Global expansion ②

We will roll out the multi-channel and multi-brand strategies of the domestic business globally.
Working from Hong Kong as our base, we will aim to achieve a "re-use value chain" through which goods are distributed globally.



**KOMEHYO Takashimaya Used Luxury Goods Store* has changed its name to "BRAND OFF", which is highly recognized in Greater China.

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Note:

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