

Earnings Results Briefing for the Second Quarter of the Fiscal Year Ending March 31, 2025

November 13, 2024

Komehyo Holdings Co., Ltd.

Securities code: 2780 (Tokyo and Nagoya Stock Exchanges)

IR ・ PR Department TEL:+81-52-249-5366

Summary of financial results for the second quarter of the fiscal year ending March 31, 2025

1

Sales increased and profits decreased compared to the same period last year. Full-year target remains unchanged

- Since the rapid exchange rate fluctuations in August 2024, the market environment for transactions between corporations has been unstable.
- Tax-free sales increased 187.5% compared to the same period last year in the 3 months of the second quarter of the fiscal year ending March 2025
- Struggling to secure gross profit
- SG&A expenses remained as expected

2

Store openings in Japan and overseas are progressing smoothly

【 Domestic store openings for 3 months in the second quarter 】

KOMEHYO specializing in purchasing store : 4stores / BRAND OFF specializing in purchasing store : 1 directly managed store, 8 FC stores
KOMEHYO Futakotamagawa Rise Oak Mall (August 8th,2024) 、 KOMEHYO LaLaport Aichi Togo (September 13, 2024)

【 Opening overseas stores for 3 months in the second quarter 】

BRAND OFF Causeway Bay Kai Chiu Road store (Hong Kong) 、 BRAND OFF Sha Tin Citylink store (Hong Kong)

3

Actively invest for sustainable growth

- Continue to make upfront investments in high-quality inventory with the aim of achieving sales growth from the third quarter of the fiscal year ending March 2025 onwards.
- Expansion of inspection services at Rakuten Rakuma (Service start: October 13, 2024)
- Announced M&A of two companies (recorded in PL from 4th quarter)
- An agreement to establish a joint venture with J.Front Retailing Co., Ltd. was announced today, November 13, 2024 (scheduled to be established in March 2025)

Promote business plans that leverage competitive advantages
while seizing opportunities to achieve the medium-term management plan

Contents

- | | |
|--|------|
| 1. Our business model and
Medium-term management plan | P.4 |
| 2. Consolidated results for the Second Quarter
of the Fiscal Year Ending March 31, 2025 | P.12 |
| 3. Segment overview for the Second Quarter
of the Fiscal Year Ending March 31, 2025 | P.26 |
| 4. Future outlook and initiatives to achieve the
medium-term management plan | P.37 |
| 5. Appendix | P.48 |

1. Our business model and Medium-term management plan

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

Vision

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

Mission

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

Value

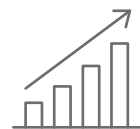
We listen and empathize with what others say.
We value the importance of talking.
We take action proactively.
We are not afraid of creating change.



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

Company Highlights (Consolidated)

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



Founding

1947 年

Net sales ^{*1}

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

Individual purchase amount ^{*1}

61,205 millions of yen



Number of employees ^{*1}

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

Talent retention rate ^{*1}

92.0%



Number of stores in Japan ^{*2}

244 stores

Breakdown: 10 sales stores, 187 purchase centers,
and 47 stores annexed with purchase facilities

Number of overseas
stores ^{*2}

23 stores

(5 countries/regions)

Market share ^{*3}

Brands and
jewelry

No.1

Number of operating
companies ^{*2}

17 companies

Business Domains of Komehyo Holdings Group

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

KOMEHYO



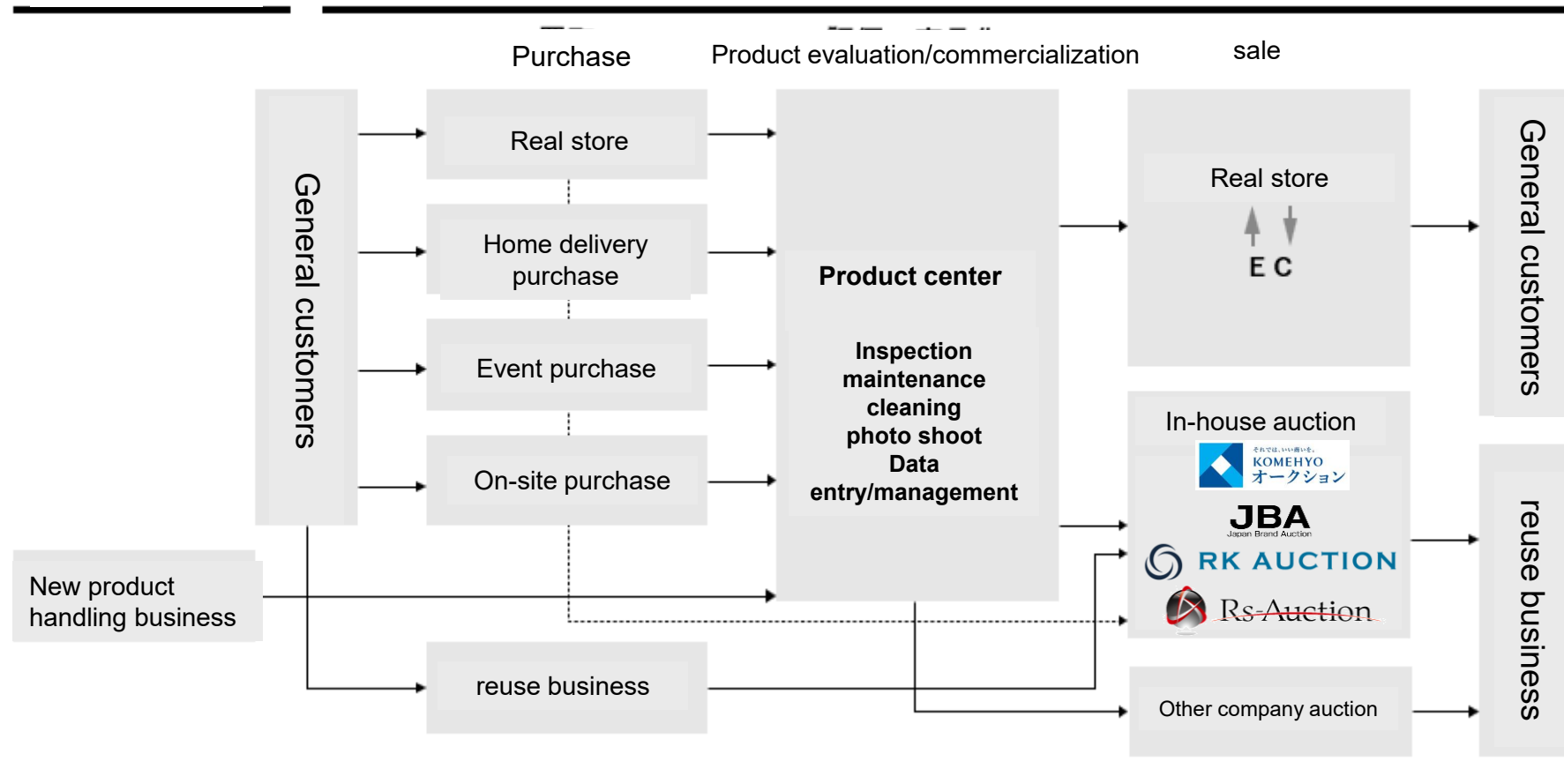
BRAND OFF
TOKYO

RECLO MIKE MUSEUM



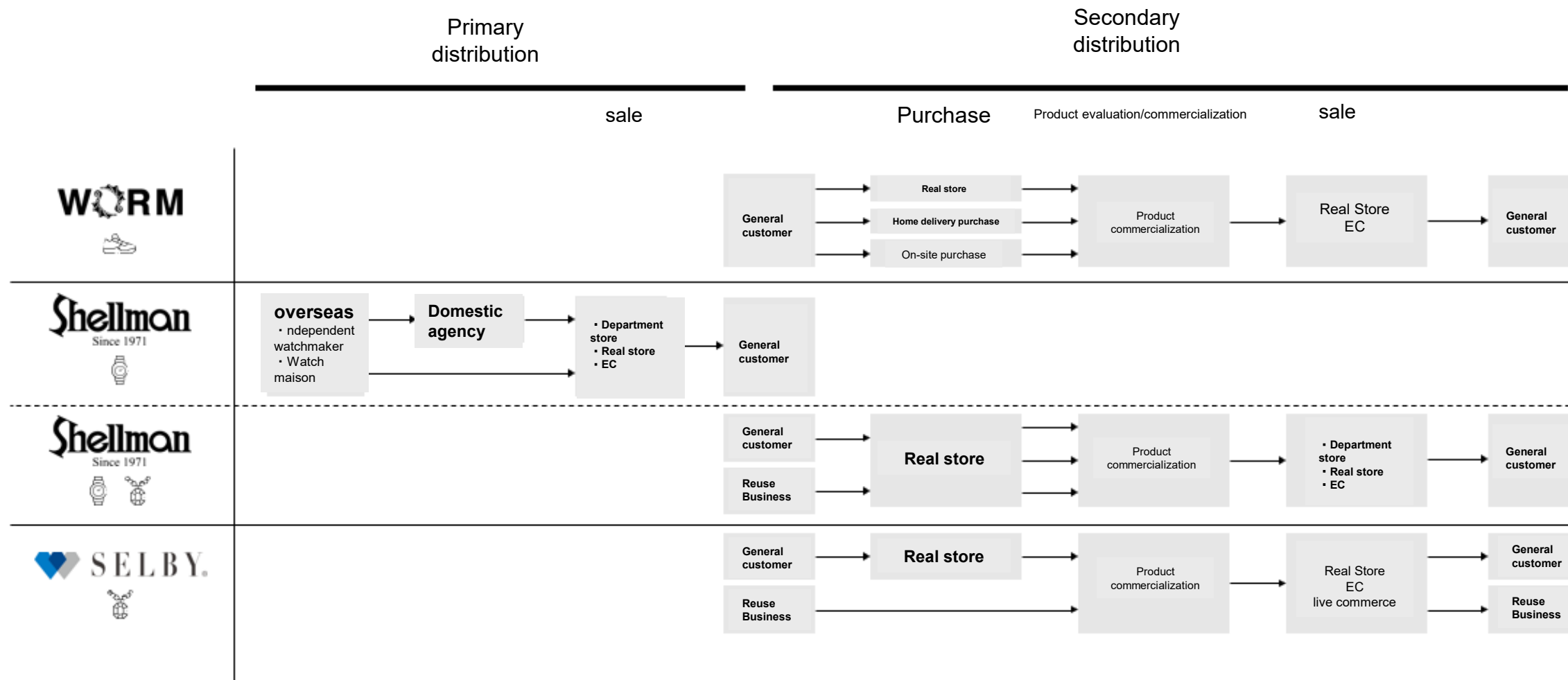
Primary
distribution

Secondary
distribution



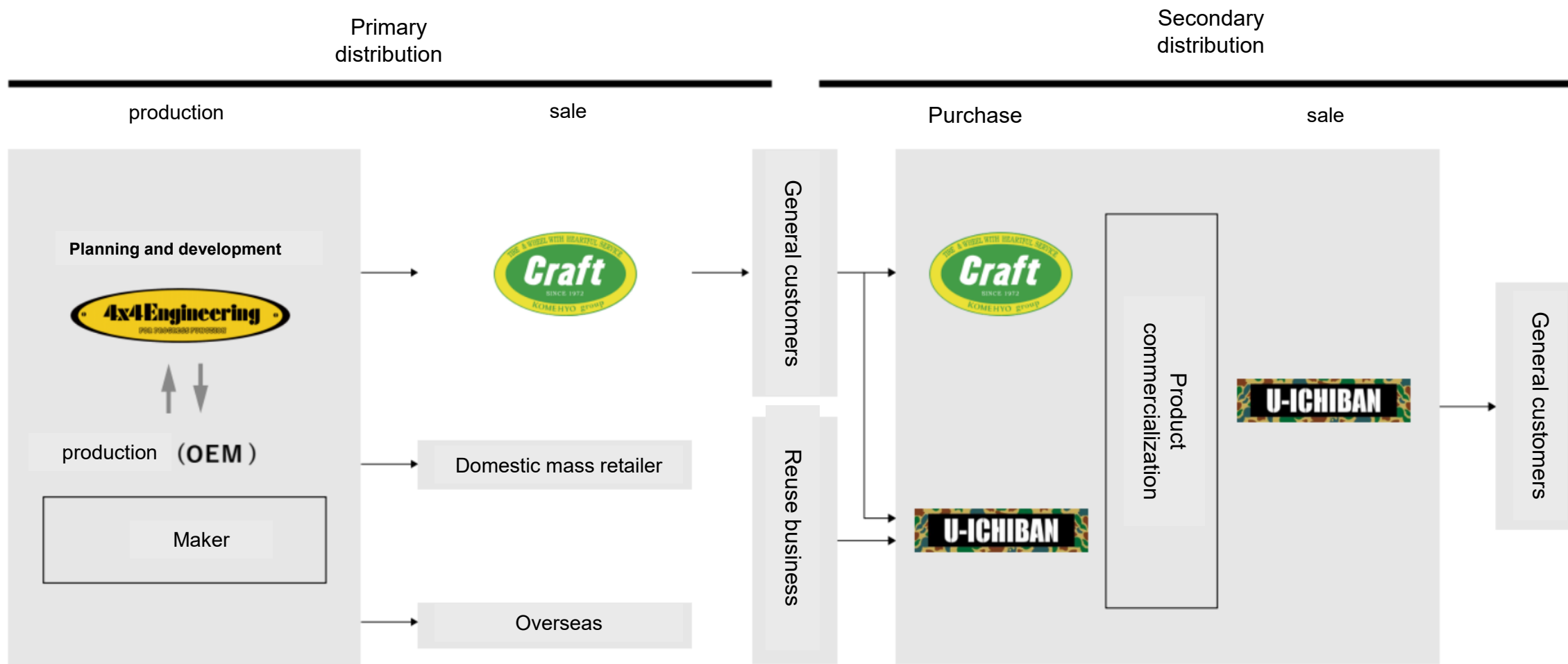
Business Domains of Komehyo Holdings Group

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



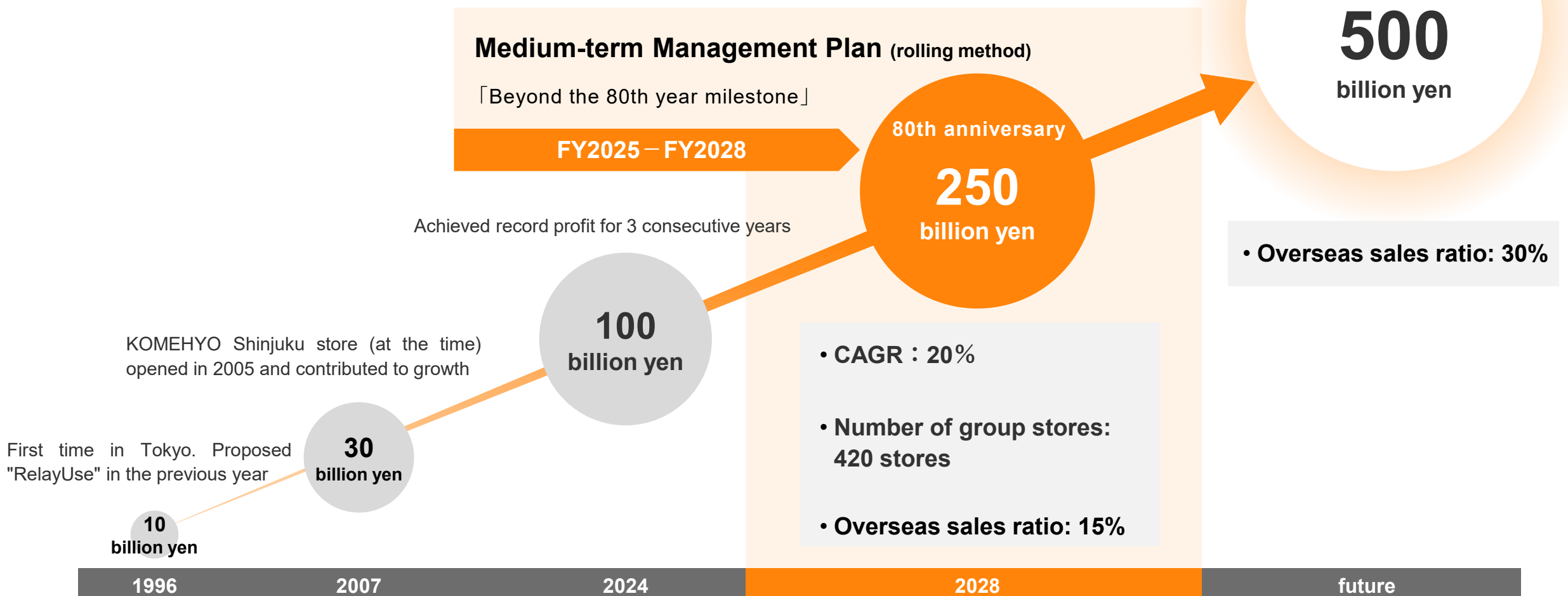
Business Domains of Komehyo Holdings Group

Tire and Wheel Business



Position of the Medium-term Management Plan

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



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

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

1 Achieving business growth

Brand · Fashion business (BF)

Increasing domestic and overseas market shares through multi-branding

Implementing measures based on the characteristics of each business

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

Strengthen ability to respond to market conditions

M & A
strategies



Tire Wheel business (TW)

Stable increase in sales and profit

Growth achieved by leveraging the power of the Group

Area strategies



2 Deepening sustainable management

Contribution to a carbon-neutral society

Aggressive investment in human resources

Strengthening governance



3 Advancing management with an awareness of capital cost

Exceed the cost of capital
Continuation of ROE and ROIC*



* According to the results at the end of the previous fiscal year, the target has been revised from "achieved" to "Continuation".

2. Consolidated results for the Second Quarter of the Fiscal Year Ending March 31, 2025

Highlights of cumulative 2nd quarter financial results for the fiscal year ending March 31, 2025

Consolidated financial results for the second quarter of the fiscal year ending March 2025

Individual purchase
amount (consolidated)

36,052

millions of yen

YoY 124.4%

Consolidated sales

69,447

millions of yen

YoY 131.6%
Plan ratio^{*1} 101.4%

Consolidated
operating profit

3,126

millions of yen

YoY 97.4%
Plan ratio^{*1} 92.0%

Consolidated
ordinary income

3,069

millions of yen

YoY 93.8%
Plan ratio^{*1} 90.8%

Interim net income
attributable to parent
company shareholders

1,961

millions of yen

YoY 91.8%
Plan ratio^{*1} 88.7%

Breakdown of consolidated sales

retail ratio **49.8%**

Overseas ratio **13.6%**

Domestic tax exemption ratio **17.1%**

Number of stores opened

34 stores

- 2 retail stores
- 27 purchase specialty stores
- 5 purchasing stores^{*2}

Consolidated gross volume (GMV)

88,672

million of yen

YoY 131.1%

^{*1} Comparison of the "Notice of Revision of Earnings Forecasts" disclosed on August 13, 2024 to the first half plan for the fiscal year ending March 2025

^{*2} Including overseas

Second quarter results for the fiscal year ending March 2025 Main factors

Due to rapid exchange rate fluctuations, prices of some items, especially high-priced items such as watches and bags, have continued to decline. Increased inventory fluidity and covers the decline in unit prices in corporate sales, but due to an increase in the bullion ratio, the gross profit margin was lower than expected.

	Initial plan	Outlook for 2Q and beyond (as of August 13, 2024)	2Q 3 month results
Purchase	<ul style="list-style-type: none"> Purchasing (individual purchase + corporate purchase) : Compared to the previous fiscal year 118.0% The market price is relatively stable. Each product is flat or moderately rising 	<ul style="list-style-type: none"> Individual purchases: 133.3% year-on-year Record results for a quarter New store openings are going well Pricing with a sharp balance while taking into account the auction market For the purpose of strengthening the product lineup of stores, we actively carry out corporate purchases. 	<ul style="list-style-type: none"> YoY comparison: 116.6% Due to rapid exchange rate fluctuations, some high-value items such as watches and bags may be Commodity prices continue to decline in August and September Due to market fluctuations, the average purchase price per customer decreased compared to the first quarter. Purchases of precious metals remain strong due to soaring gold prices Continue to strengthen purchasing for corporate and retail customers towards the third quarter
Net sales	117.2% compared to the previous fiscal year <ul style="list-style-type: none"> Retail sales ratio is expected to be about 50% Tax-free sales remained at the level of the previous fiscal year in the fourth quarter. 	<ul style="list-style-type: none"> Retail sales ratio: 53.0% year-on-year Duty-free sales: 199.0% year-on-year Sales to domestic customers also exceeded the previous year's level. Sales of overseas subsidiaries were also strong. Due to strong individual purchases, corporate sales are also strong. 	<ul style="list-style-type: none"> YoY comparison of tax-free sales: 187.5% Retail ratio: 46.9% Strengthen corporate sales for the purpose of inventory control Sales of bullion, which has a low gross profit margin, increased
Gross profit margin	<ul style="list-style-type: none"> Assumed gross profit rate 26.2% First half +0.6pt Second half +2.4pt 	<ul style="list-style-type: none"> The market price is stable Retail sales ratio improved, but there was a difference in market trends compared to the first quarter of the previous year. and an increase in the proportion of corporate purchases, resulting in a year-on-year decline of 0.7pt The volume of corporate auctions reached a record high in a quarter, Contributes to the improvement of gross profit margin 	<ul style="list-style-type: none"> YoY comparison: Δ2.6pt Prioritize inventory replacement due to weak market prices Increase corporate purchasing ratio by strengthening corporate purchasing with an eye on the third quarter
SG&A expenses	<ul style="list-style-type: none"> 129.8% compared to the previous fiscal year Continued investment in growth, focusing on personnel costs 	<ul style="list-style-type: none"> Actively invest in human resources necessary for domestic growth and global expansion Generally controlled as planned 	<ul style="list-style-type: none"> Continue to invest in growth, including store openings and human resources SG&A expenses remain as planned

FY 2025 2Q Performance

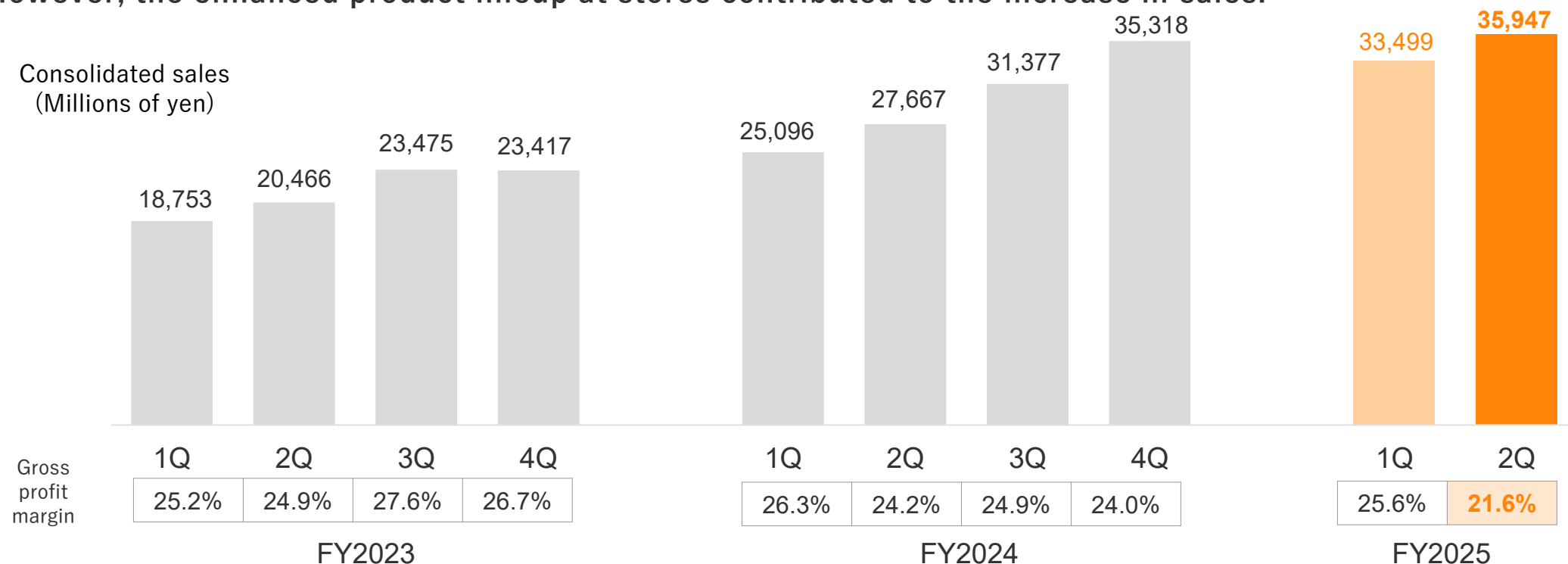
Net sales and gross profit were record highs on a cumulative period basis, although each profit level under operating profit decreased due to the decline of the gross profit margin.

(Millions of yen)	FY2025 1Q	YoY	FY2025 2Q	YoY	FY2025 1H	YoY	vs FY plan*
Net sales	33,499	133.5%	35,947	129.9%	69,447	131.6%	101.4%
Gross profit	8,579	130.1%	7,767	115.9%	16,346	123.0%	-
Gross profit margin	25.6%	-	21.6%	-	23.5%	-	-
SG&A expenses	6,442	132.3%	6,777	130.0%	13,220	131.1%	-
Operating profit	2,137	123.9%	989	66.6%	3,126	97.4%	92.0%
Operating profit margin	6.4%	-	2.8%	-	4.5%	-	-
Ordinary profit	2,186	124.1%	882	58.5%	3,069	93.8%	90.8%
Net income attributable to owners of parent	1,412	119.3%	548	57.6%	1,961	91.8%	88.7%

*Comparison with the full-year plan for the fiscal year ending March 31, 2025 stated in the Notice Concerning Revision of Earnings Forecast published on August 13, 2024.

FY 2025 2Q Performance

In addition to individual purchases remaining strong, we strengthened corporate purchases to seize sales opportunities with customers in Japan and overseas. The gross profit margin declined 2.6 points year on year in Q2. However, the enhanced product lineup at stores contributed to the increase in sales.



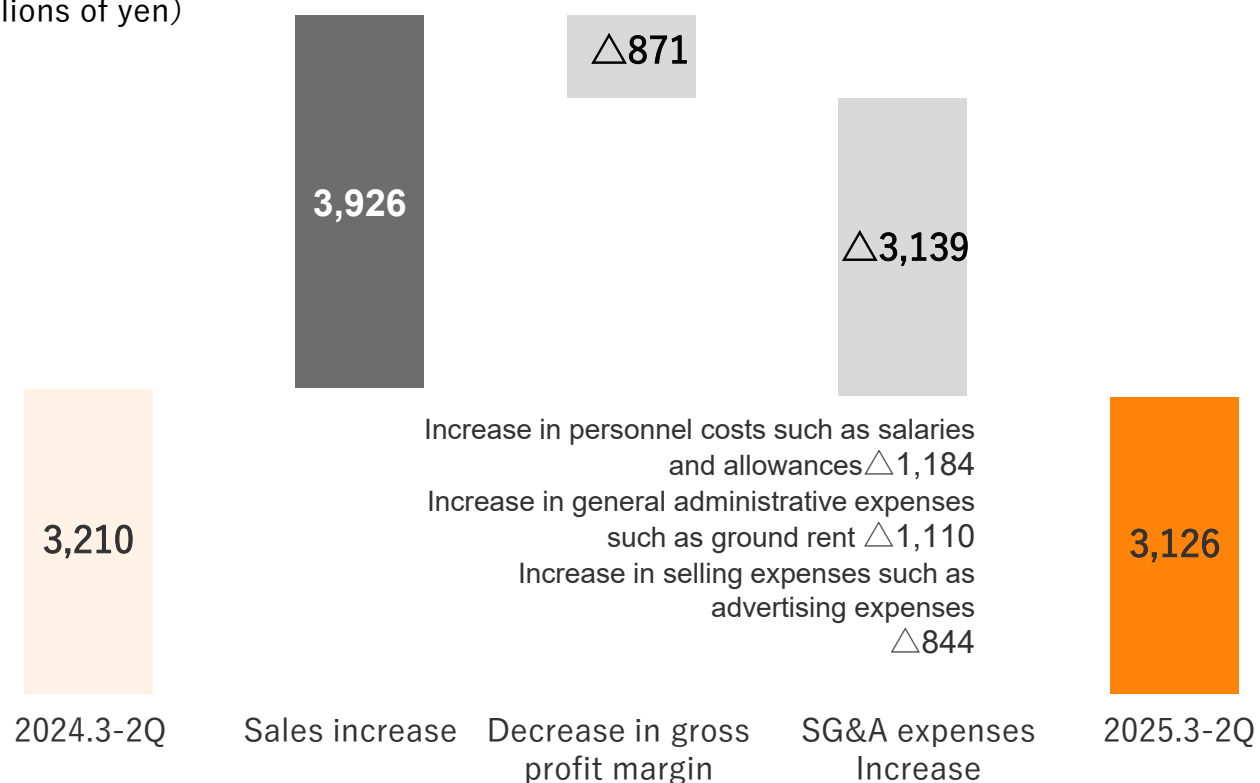
Factors behind fluctuations in gross profit

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

Analysis of consolidated operating income

Purchases remained strong, which resulted in sufficient in-store inventories. Regarding net sales, both retail sales and corporate sales increased significantly. Profit decreased 2.6% year on year, reflecting higher SG&A expenses linked to growth investments and the low gross profit margin.

(Millions of yen)



Net Sales

- Purchasing is strong and inventory is substantial.
- Growth in both retail and corporate sales
- Corporate purchases were leveraged to increase inventory liquidity.

Gross profit

- A decline of 1.7 points was recorded, largely reflecting measures to respond to market price fluctuations, as well as increased purchases of gold and bullion.

SG&A expenses

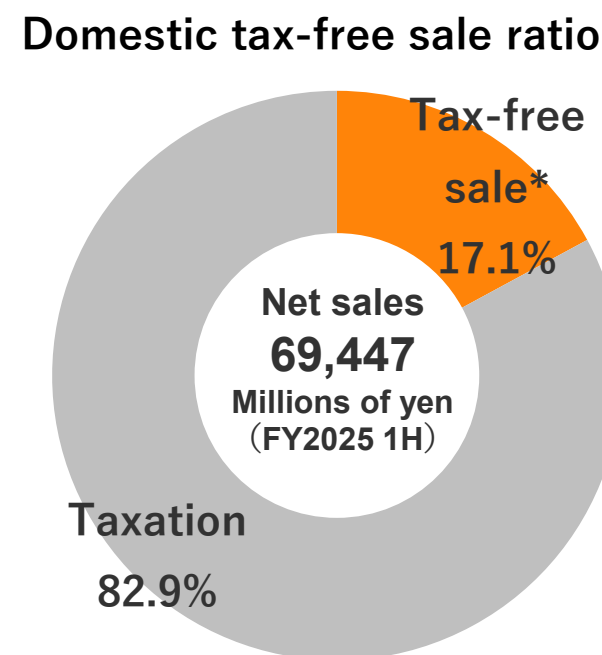
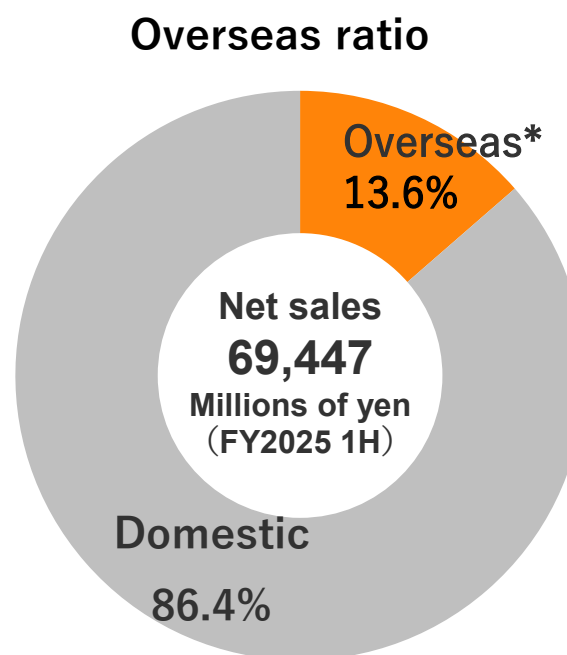
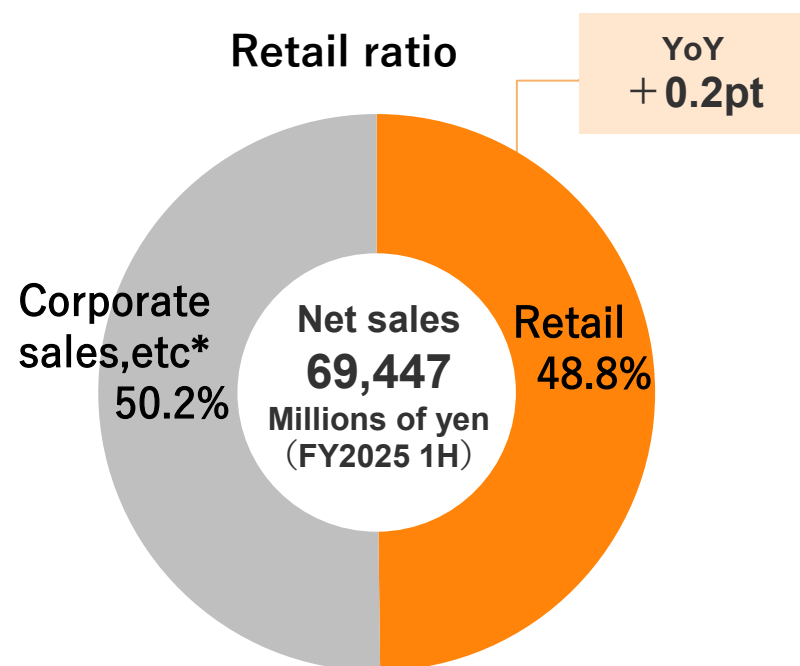
- Increase in salary allowances due to base pay increases and employee increases
- Increase in ground rent, etc. due to opening stores
- Increase in advertising expenses due to enhanced promotions

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

【Retail】 The retail ratio increased due to the opening of sales stores and the increase in customers, and the ideal composition ratio (retail: corporate = 50:50) was maintained.

【Overseas】 Overseas sales remained strong due to store openings and relocations in ASEAN countries and Taiwan.

【 Domestic tax-free sales】 Duty free sales performed well due to stores being kept well stocked.



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

*From March 2025-1Q, the overseas ratio will be calculated as (sales of overseas group companies + overseas export sales) / consolidated net sales.

*According to the conventional formula (sales of overseas group companies/consolidated sales), the ratio of overseas sales is 10.7%.

*The figures have not been audited by an auditing firm, and there may be differences from the figures at the time of final settlement.

*Calculated before eliminating internal transactions.

*Calculated from domestic tax-free sales/ consolidated sales from 2025.3-1Q

*Conventional formula (Domestic tax-free sales /((Consolidated sales) -Overseas group company sales)): 18.1%

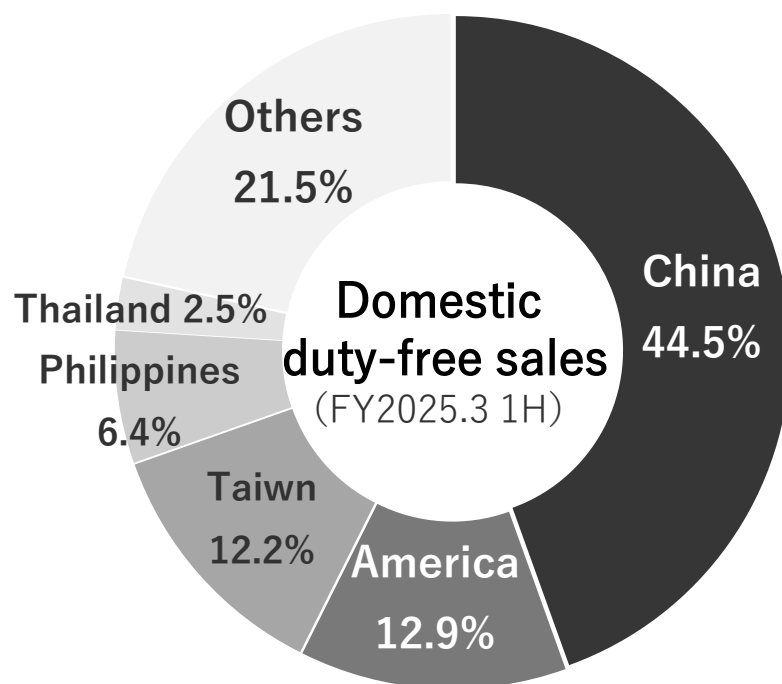
* "Corporate sales" includes auction fees.

Breakdown of domestic duty-free sales

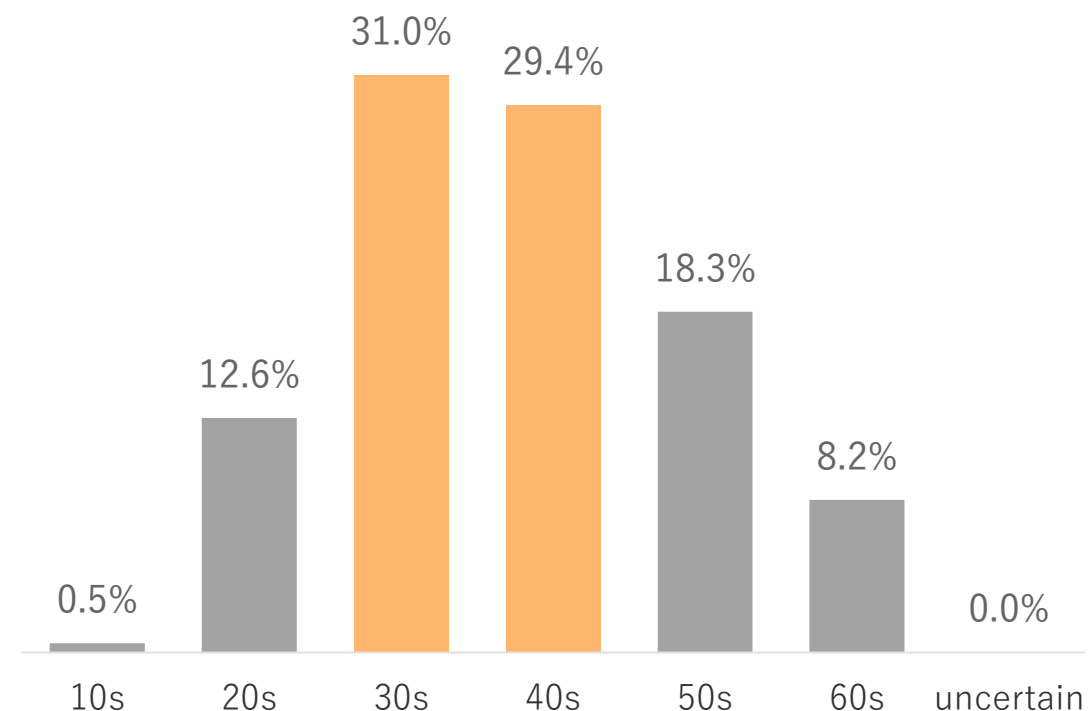
Just under 60% of the customers are from China (including Hong Kong), Taiwan, and Thailand, where KOMEHYO and BRAND OFF have stores.

They are younger than the domestic customer base, with the volume zone being customers in their 30s to 40s.

Composition ratio by country/region



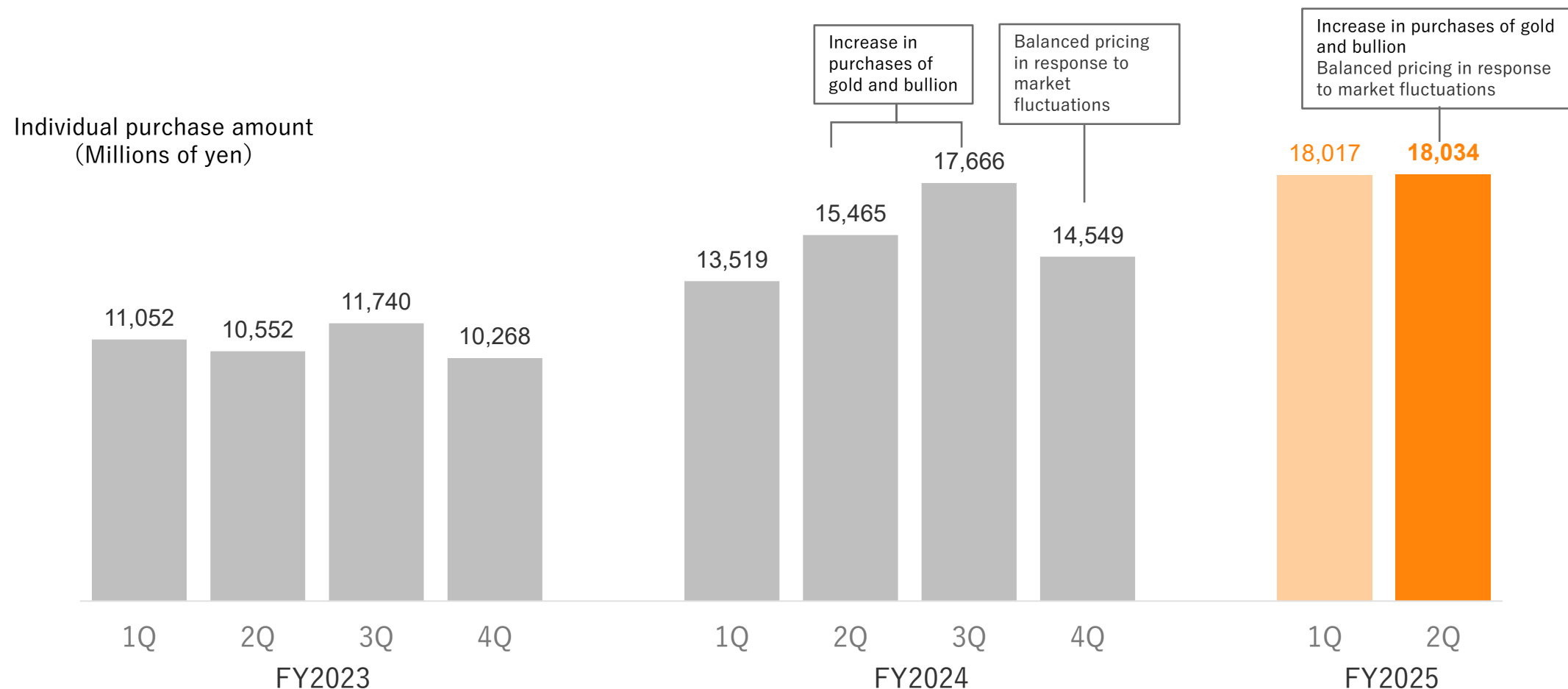
Percentage of purchasers by age group (FY2025 1H)



*Aggregated by issuing country/region from passports

Purchase from individual customers (Group total)

Factors including the continued opening of purchase centers and the growth of existing stores resulted in a solid trend in the purchase amount per customer, resulting in the purchase amount for the three months of the second quarter under review being 116.6% of the amount in same period of the previous fiscal year.

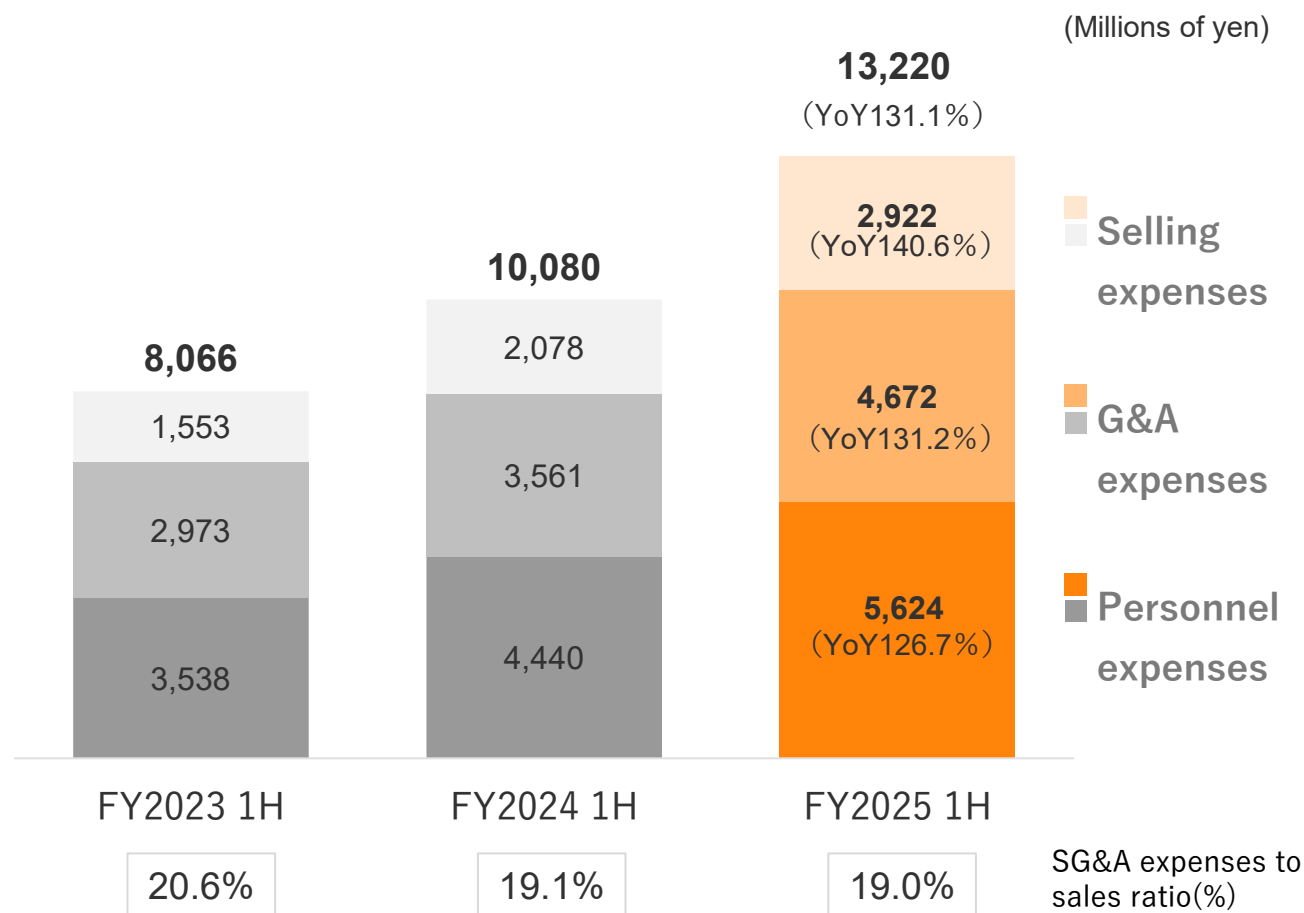


* The individual purchase amount is the amount purchased from an individual customer through the following route.

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

Changes in selling, general and administrative expenses

In order to secure the human resources necessary for opening new stores, labor costs increased due to the strengthening of recruitment and training. With the increase in sales, SG&A expenses were suppressed as planned, and the SG&A ratio decreased



Selling expenses

- Promotions for new store openings
- Increased sales commission due to increased sales

G & A expenses

- Ground rent associated with opening a new store, increased software depreciation and amortization

Personnel expenses

- Employee recruitment costs associated with opening new stores, increase in salary allowances, etc. due to base pay increases

Balance sheet overview

In addition to strong individual purchases, we strengthened corporate purchases to expand the size of business and strengthen retail trade, which resulted in the securing of sufficient inventories.

Inventory assets, which are the source of sales growth and are directly linked to growth, increased significantly.

(Millions of yen)	March 2024	September 2024	Change
Current assets	49,926	58,694	8,767
Cash and deposits	15,208	15,472	263
Inventories	24,353	32,238	7,885
Other current assets	10,364	10,983	618
Non-current assets	14,112	16,012	1,900
Assets	64,039	74,707	10,667
Liabilities	35,269	43,794	8,524
Interest-bearing liabilities	27,733	35,543	7,809
Other liabilities	7,535	8,250	714
Net assets	28,770	30,913	2,143
Liabilities and net Assets	64,039	74,707	10,667

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

Inventories

Strong individual purchases and an increase in inventories, which are the source of sales, due to strengthening corporate purchases

Interest-bearing liabilities

Interest-bearing debt increased due to increase in inventories

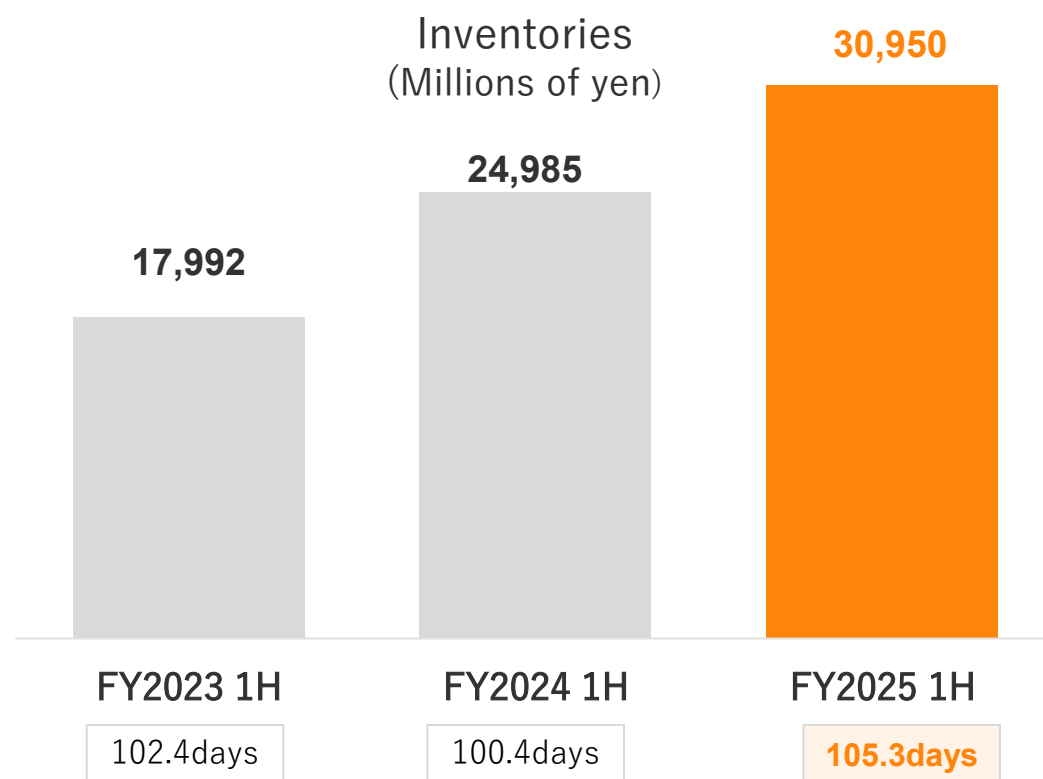
Net assets

Increase in retained earnings, etc.

Inventory Turnover

In response to the fluctuation of product market prices, we increased inventory liquidity.

This resulted in a 1.7 point decline in the gross profit margin, but we maintained the inventory turnover rate.



Inventory turnover period*1

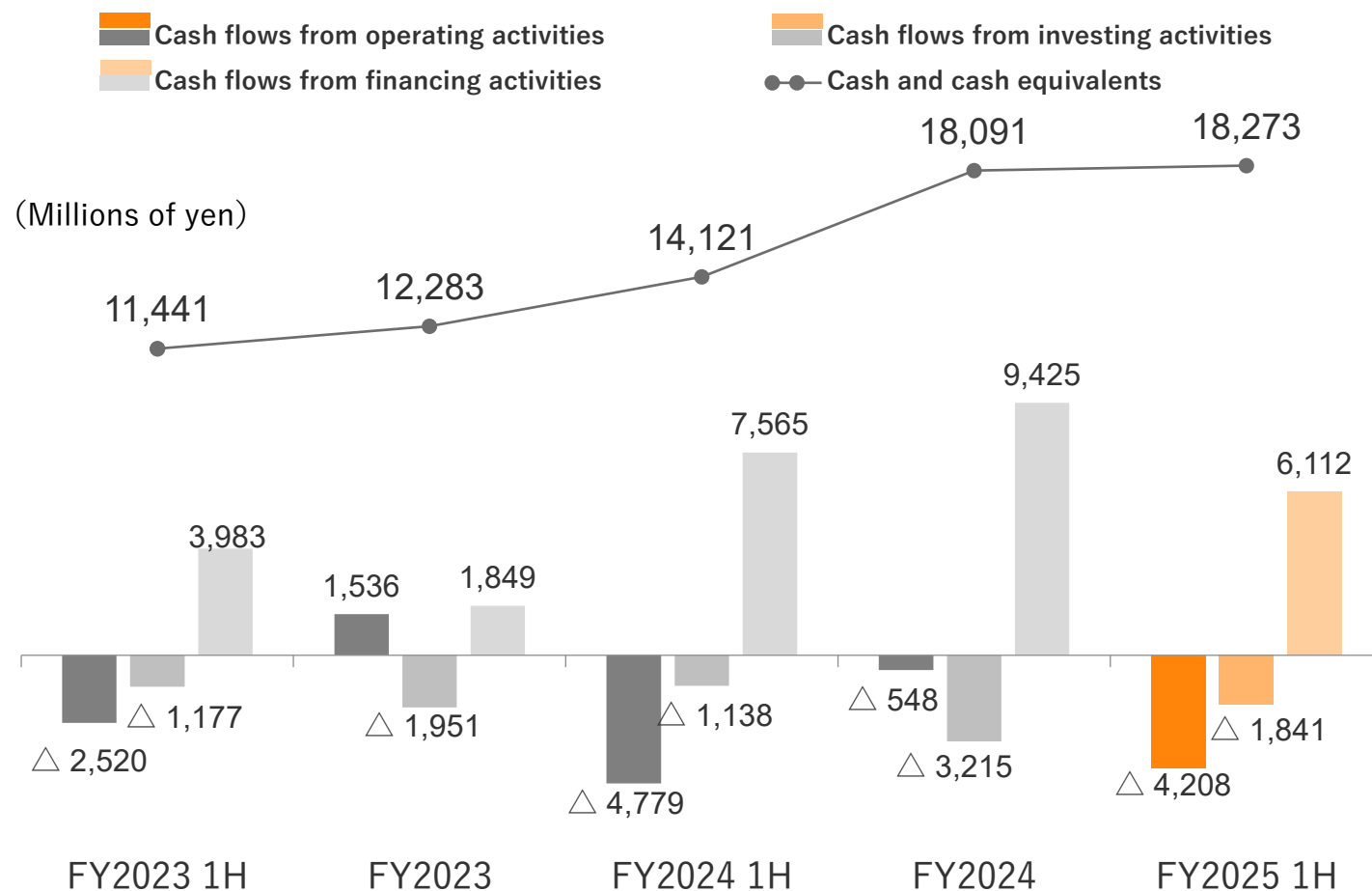
	FY2023 1H	FY2024 1H	FY2025 1H
Gross profit margin	24.5%	24.8%	23.1%
inventory turn over	3.6 turns	3.6 turns	3.5 turns
Cross-Ratio *2	88.2%	89.3%	80.9%
Inventories Write-downs*3	Uncalculated	Uncalculated	111 Millions of yen

*1 Inventories /Cost of sales *2 An indicator that is emphasized within the group, calculated as gross profit margin x inventory turnover rate.

*3 Since the figures have not been audited by an audit firm, there may be discrepancies from the figures for the current fiscal year.

Consolidated cash flow

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



Cash flows from operating activities

Increase in inventories and corporate tax payments, etc.

Cash flows from investing activities

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

Cash flows from financing activities

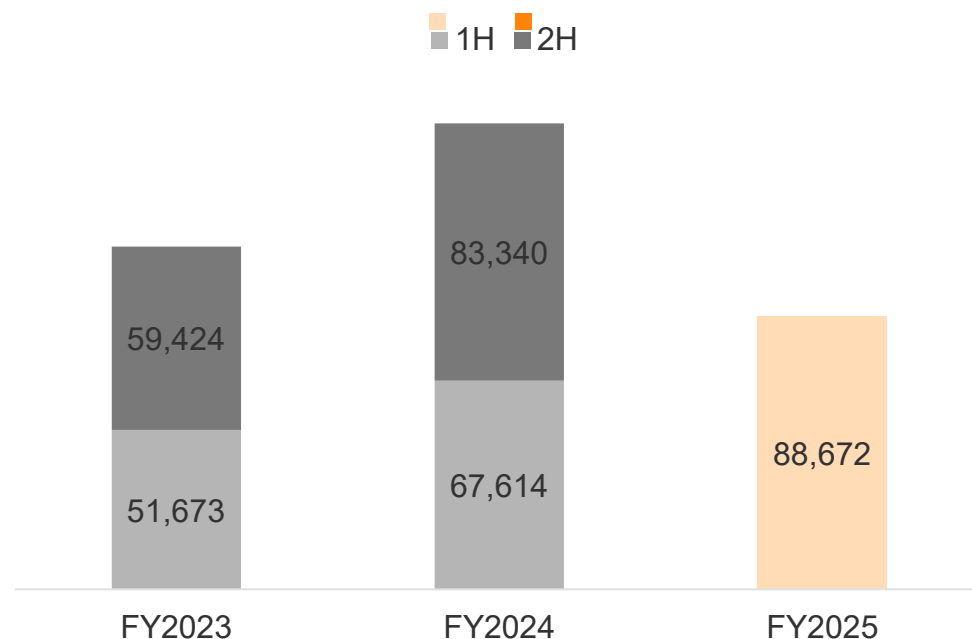
- An increase in short-term borrowings and other cash in-flows to cover strong purchases from individuals.

Changes in gross merchandise value

GMV*, which indicates the scale of our business, is an indicator for the promotion of relay use. 131.1% compared to the same period last year, the highest ever. The growth of GMV leads to the growth of the business and the improvement of profitability on a medium- to long-term basis.

Changes in gross merchandise value

(Millions of yen)



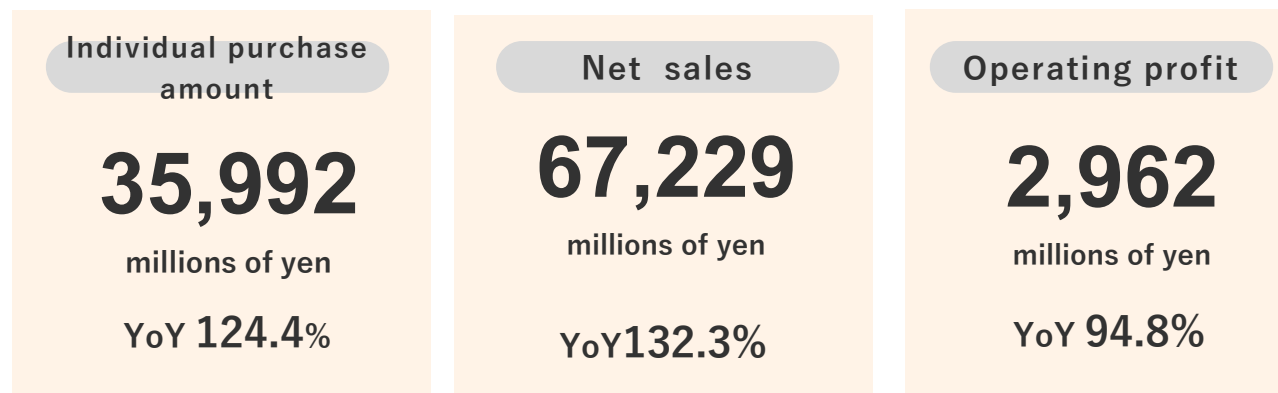
- Consolidated sales increased significantly
- Expansion of auction GMV (volume)
 - KOMEHYO Auction
Increase in trading volume due to increase in number of members and number of listings
 - Japan Brand Auction (JBA)
We aim to increase GMV through the listing of purchased items. The progress rate of BRAND OFF 's purchase center openings are 70.6% compared to the plan. Real auction (JBA Kanazawa) performed particularly well and the trading volume increased.
- Increase in GMV from inspection business
 - Partnered with "Rakuten Rakuma",
Full-scale launch of inspection business from January 2024

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

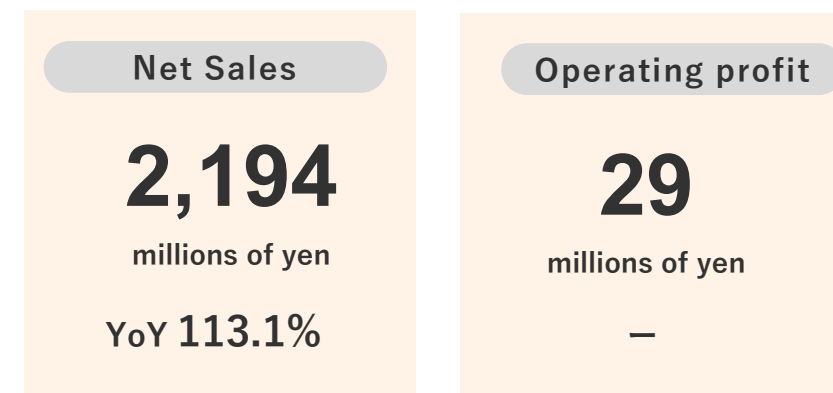
3. Segment overview for the Second Quarter of the Fiscal Year Ending March 31, 2025

Summary by segment for the second quarter of the fiscal year ending March 31, 2025

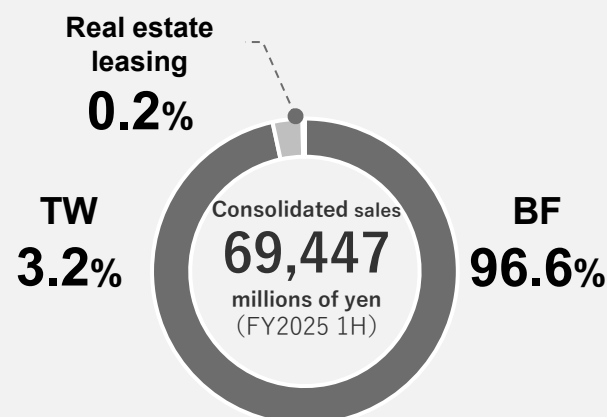
Brand Fashion business (BF) ^{*1}



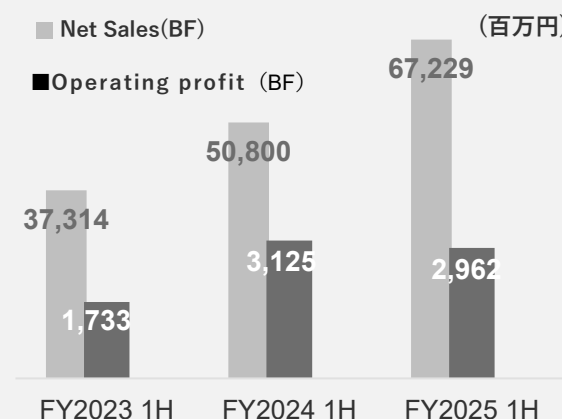
Tire and wheel business (TW)



Sales composition ratio



BF business performance trends compared to the same period in the last three years



Progress of store openings specializing in purchasing



^{*1} There is a difference from monthly sales due to the effects of currency translation, etc.

^{*2} By the end of March 2027, KOMEHYO plans to open 90 stores specializing in purchasing, and BRAND OFF plans to open 50 stores specializing in purchasing.

Overview by segment

In the brand and fashion business, individual purchases and retail/corporate sales were strong.

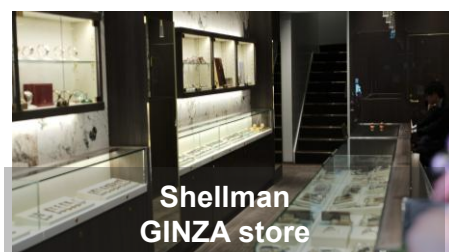
In the tire and wheel business, sales of tire and wheel sets were strong. Used sales increased and profit margin improved

(Millions of yen)		'25.3-1Q	YoY	'25.3-2Q	YoY	'25.3-1H	YoY
Brand Fashion	Net sales	32,377	134.5%	34,852	130.4%	67,229	132.3%
	Operating income	2,106	125.1%	855	59.3%	2,962	94.8%
	Operating margin	6.5%	-	2.5%	-	4.4%	-
Tire and wheel	Net sales	1,111	110.1%	1,083	116.3%	2,194	113.1%
	Operating income	▲3	-	33	-	29	-
	Operating margin	-	-	3.1%	-	1.3%	-
Real estate leasing	Net sales	82	115.0%	93	130.1%	175	122.5%
	Operating income	27	125.9%	30	144.3%	58	135.1%
	Operating margin	33.2%	-	33.2%	-	33.2%	-

Stores | 267 stores in total for the Group (as of September 2024)

In 1H, the Group opened 34 stores, mainly specializing in purchasing. (17 stores in the second quarter)

	Brand Fashion					Tire and wheel	
	 KOMEHYO	 BRAND OFF TOKYO	 Shellman Since 1971	 WORM	 SELBY.	 Craft	 U-ICHIBAN
flagship store	6	3	1				
Sales Stores	2 (2)		6	3			
Stores annexed with sales facilities	19	3			2	10	2
Purchasing Center	141(4)	10 (1)					
Franchised purchasing center		36 (8)					
Overseas	6	17 (2)					
Total	174	69	7	3	2	10	2



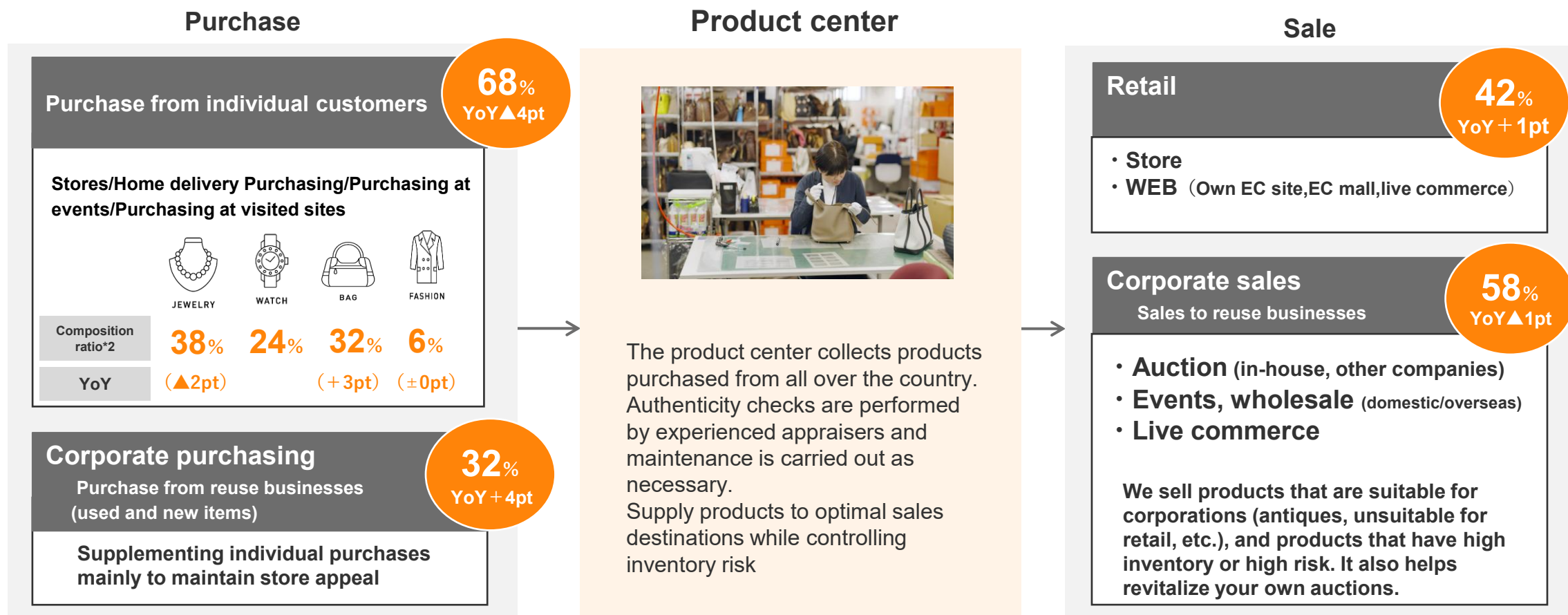
*1 The figure in parentheses () represents the increase during the second quarter.

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

BF business

Domestic retail gold prices remain high in terms of the composition of products purchased by individuals. As a result, jewelry and precious metals account for about 40%.

The composition ratio of corporate purchases, which was strengthened to seize sales opportunities from customers in Japan and overseas, increased 4 points year on year.



*1 Second quarter cumulative total for fiscal year ending March 2025

*2 Composition ratio of each product to individual purchase amount



| Status of sales reinforcement

BF business

In Japan, we tried new store operation formats, experimenting with a range of factors including their sizes, location, and the items they offer.

Established a company in America and started developing new local corporations

■ Domestic

KOMEHYO La Laport Aichi Togo Store



We also took on the challenge of opening small-scale stores annexed to sales facilities. In September 2024, we opened the "KOMEHYO La Laport Aichi Togo Store," an approximately 231-square meter store annexed to a sales facility, within a shopping complex in Aichi Prefecture, where our brand recognition is high.

■ Abroad

Exhibitions held in North America



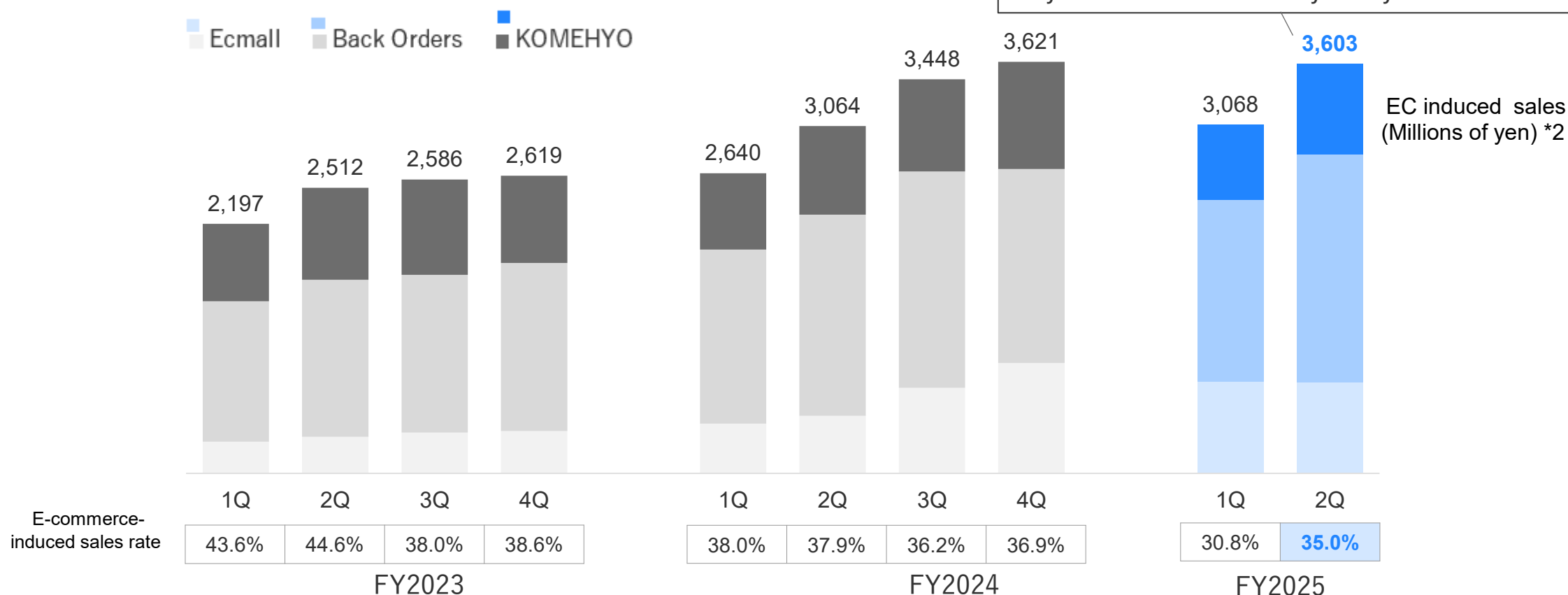
July 2024 KOMEHYO USA inc. established. Exported domestic inventory and started corporate sales through exhibitions and negotiable transactions. In addition to developing new business partners, we are preparing a system for starting individual purchases from next fiscal year onward.

KOMEHYO | E-commerce-induced sales rate

BF business

Due to an increase in the number of customers and the unit price per person, EC sales increased by 117.6% compared to the same period of the previous year in the 3 months of the second quarter. E-commerce inventory has increased due to strong purchasing activity. Sales amount from backorders grew by 125% compared to the previous quarter, and EC involvement rate*1 also increased.

The number of listings at online shopping malls stood at eight in Japan. Sales at online shopping malls were strong. In particular, eBay's net sales increased 206% year on year.



*1 EC-related sales/retail sales

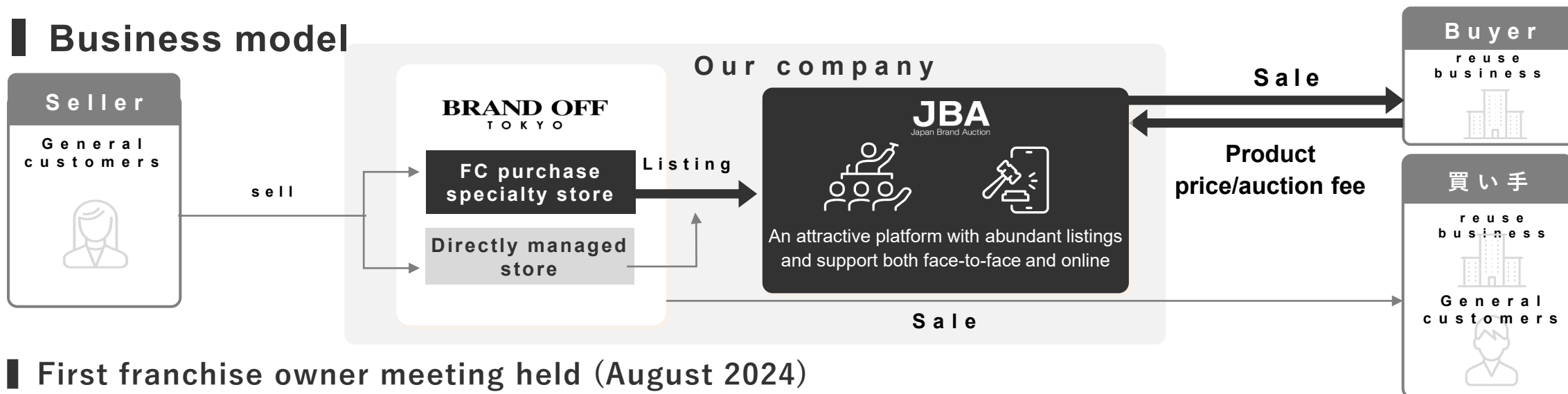
*2 Sales that are the sum of sales from the company's own e-commerce site and e-commerce mall, and sales from customers purchasing products at stores via the company's e-commerce site. Integration with offline is essential for digital marketing strategies that leverage our strengths

Improving Profitability starting with Franchised Purchase Centers

BF business

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

Business model



First franchise owner meeting held (August 2024)



overview

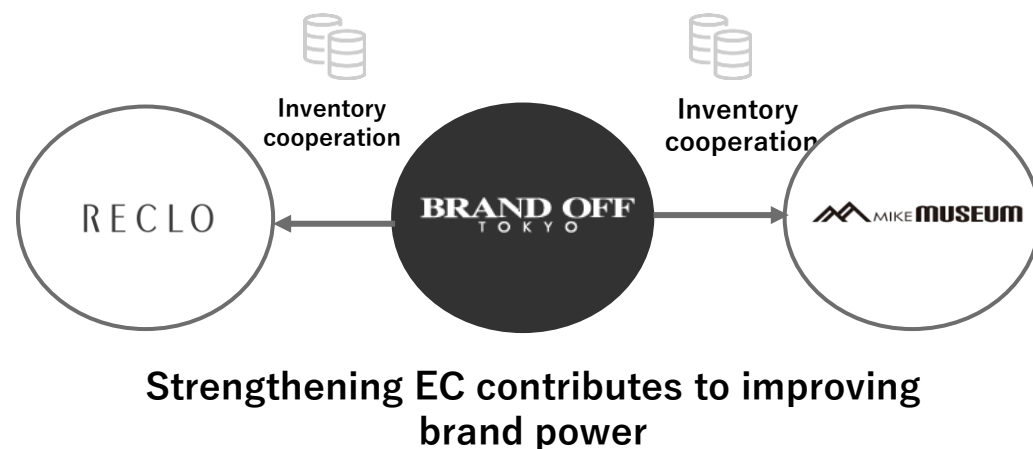
- We held the event to provide the headquarters and owners with an opportunity to learn from each other through interactions, socialize and share successful experiences, while also seeking to build strong partnerships to facilitate the growth of business through co-creation.
- A total of 79 people participated, including FC owners.

Future BRAND OFF franchise business initiatives

- Strengthening sales to a major corporation that can operate multiple FC stores in the future
- After opening a store, while emphasizing sustainable growth, we will strengthen support to increase the purchase price per store.

Tax-free sales, mainly at BRAND OFF Ginza Main Store, increased significantly by 184% year-on-year in the first three months of the second quarter. We actively opened new stores with purchasing facilities and strengthened e-commerce, creating points of contact with new customers. Continue to strengthen

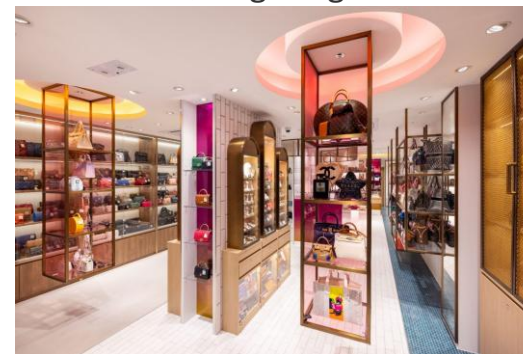
Strengthen EC



BRAND OFF inventory to EC “RECLO” *1 and “MIKE MUSEUM” *2 alignment. As the number of product listings increased significantly by 1.6 times, EC sales for the second quarter three months increased by 132% compared to the same period last year. The increase in the number of products listed has also led to the effect of attracting customers to stores.

Store opening status

BRAND OFF
Causeway Bay Kai Chiu Road store
(Hong Kong)



BRAND OFF
Sha Tin Citylink store
(Hong Kong)



Opened two purchasing stores in Hong Kong (12th store in Hong Kong). There is room to open stores, and we will continue to actively expand.

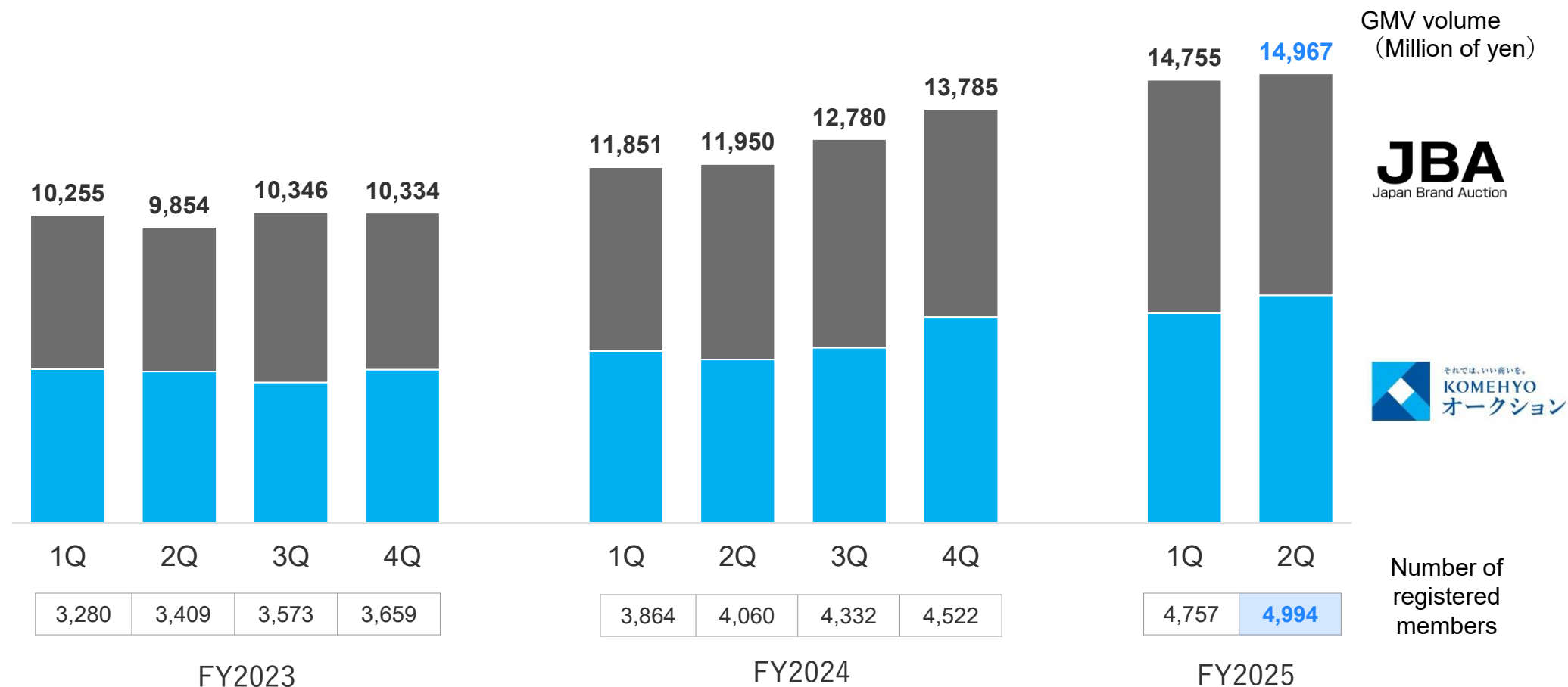
*1 An EC site that buys and sells used brand products

*2 An EC site that sells new apparel, shoes, shoe care products, and accessories purchased domestically and overseas

Corporate auction GMV (volume) growth

BF business

The number of member companies and the number of listings have increased due to an increase in the need for sales between corporations due to market fluctuations. Total GMV of the two companies was 125.2% compared to the same period of the previous year in the 3 months of the second quarter, a record high





Overview of tire and wheel business

TW事業

Ample inventories were secured mainly due to strong individual purchases. Net sales grew, reflecting strong results in terms of the number of tires and wheels sold as a set, the number of customizations, and domestic and overseas sales of wheels planned in-house following the revision of wheel prices. The profit margin is trending toward an improvement due to an increase in sales of used products.

Craft

• Purchase/trade-in

- Due to strengthened sales promotions, used purchases at stores increased by 118% compared to the same period last year.
- Secure high-quality genuine tires and wheels when installed on a new car through trade-in.

• Sales

- The number of sales as a set and number of customizations increased regarding tires and wheels, reflecting an increase in demand before the revision of wheel prices.



We strengthened trade-ins and purchases at all of our stores.

Auto parts japan

- Online sales remained strong with sales of new products and used product rising 109% and 103% year on year respectively.
- The profit margin improved due to the review of sales promotion measures for online sales.
- Sales of set products consisting of used wheels and new tires are strong due to price advantages.



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

4×4 engineering service

- Elimination of delivery delays for new wheels contributed to sales
- We are expanding the size of our main brand Bradley series, which will lead to the development of new partners in Japan and overseas.
- Sales of high-margin Bradley series and Air/G series are increasing.
- We have clients in 12 countries including ASEAN, Europe and the United States. Efforts were made to facilitate market development with a view toward increasing the overseas sales ratio.



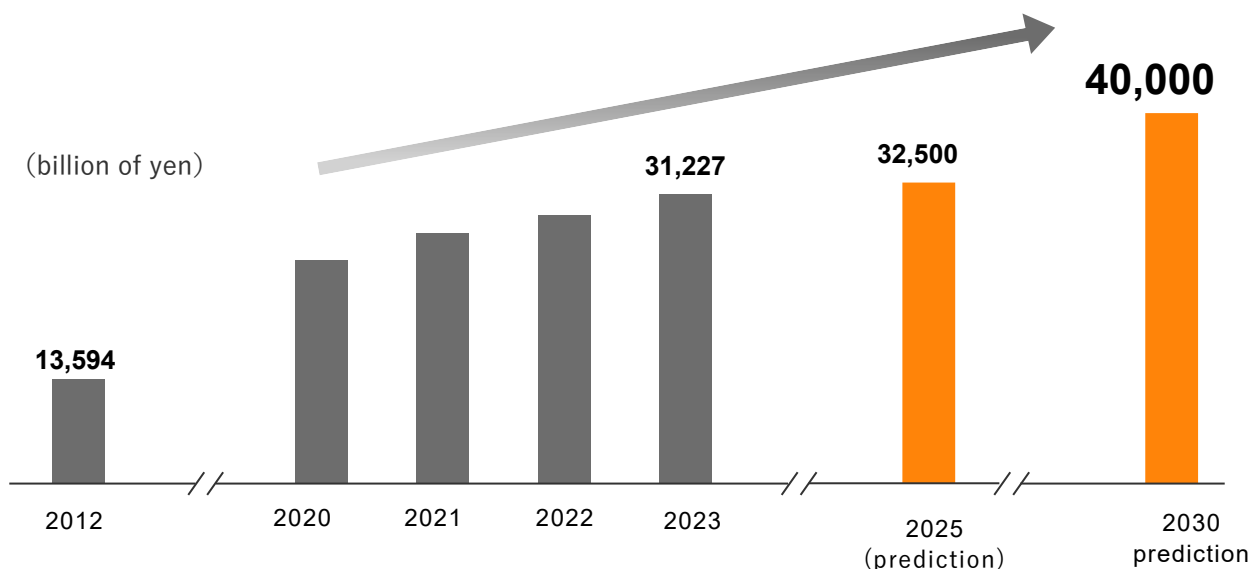
We strengthened the branding of products by promoting products in Japan and overseas through exhibitions, etc.

4. Future outlook and initiatives to achieve the medium-term management plan

Outlook for the reuse market

The domestic reuse market is steadily expanding, with an average annual growth rate of 4.2% expected from 2025 onwards.

Domestic reuse market size *



- As long as there is primary distribution, resources for the reuse market will expand.
- We expect to reuse items multiple times due to the Japanese people's characteristic of ``taking care of things.''
- Rising prices and inbound demand are tailwinds.

*“Reuse Market Data Book 2024” Reform Sangyo Shimbun, published in October 2024

Brand Fashion Business Second Half Assumptions

BF business

Although the gross profit margin is lower than expected, we aim to secure gross profit by increasing sales based on market trend forecasts for our main products.

Forecasting market trends for main products



JEWELRY

Domestic retail gold prices and branded jewelry are expected to trend upward gradually. Prices of colored stones and diamonds are basically flat or on a gradual downward trend. There is a high need for melee diamonds and high-quality items, and the upward trend is expected to continue.



WATCH

It is expected to rise moderately towards December, when retail sales will increase. Market prices tend to be weak at the end of each year and at the end of March, so we will control purchases while keeping a close eye on overseas market conditions. In particular, the situation is expected to remain unstable for ultra-high-priced items over 5 million yen.



BAG

Prices of high-priced items have been flat or on a downward trend, and the situation continues to be unstable. The bag market may remain weak depending on the trends of foreigners visiting Japan and the retail situation within the industry. As primary distribution prices have continued to rise so far, it is assumed that items will be divided into items for which the current market price is appropriate and items for which the market price is rising.



FASHION

The unit price of luxury items is rising due to the popularity of second-hand and vintage clothing among young people and foreign visitors to Japan. The market price is expected to continue to rise moderately due to the increase in primary distribution prices. Winter clothing sales are moving faster than last year, but the movement is slower compared to previous years.

Outlook for second half

Purchase

- Prices per individual customer for watches and bags, especially high-priced items, may be weak. Continue to strengthen individual purchasing, utilize well-balanced pricing and corporate purchasing. We will proactively make purchases that will lead to retail growth and maintain attractive stores that attract customers.
- Due to the rise in domestic gold retail prices, purchases of bullion are on the rise.

Net sales

- We will continue to increase inventory liquidity while utilizing corporate sales using the crossover ratio as a KPI. Additionally, with abundant inventory, we will increase the amount shipped to stores. The company aims to achieve sales that exceed plans by creating attractive stores and strengthening domestic sales by leveraging its customer base.
- Sales of the two M&A companies (RK Enterprises and Rs-JAPAN) will be recorded from the fourth quarter of the fiscal year ending March 2025.

Gross profit margin

- Transaction rates between corporations are unstable and bullion purchases are on the rise. Going forward, depending on the retail situation, including personal purchases and tax-free sales, the gross profit margin may be at the same level as the second half of the previous fiscal year.
- Continue to strengthen individual purchasing and retail sales. Aim to improve gross profit margin by increasing sales and accumulating gross profit

SG&A expenses

- In addition to increasing gross profit due to increased sales, necessary growth investments will continue. Control SG&A expenses and aim to secure operating profit

Continuing to open new stores aggressively

BF business

Amid intensifying competition in store openings, steady progress is being made in the opening of purchase centers at both KOMEHYO and BRAND OFF. Going forward, we will continue to open stores in Japan and overseas by adopting new concepts in terms of size and format with an eye toward strengthening individual purchases and retail trade.



Purchase from general customers at the office



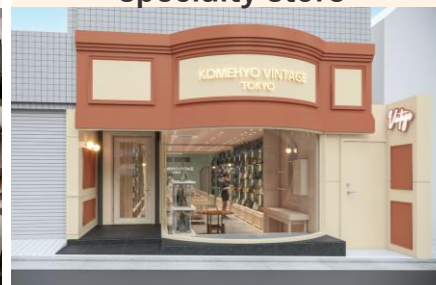
Opening on November 4, 2024
KOMEHYO
Bukit Bintang Kuala Lumpur
(Malaysia)

2nd store in Singapore



Opening on November 7, 2024
KOMEHYO
Plaza Singapura store
(Singapore)

The first vintage specialty store



Scheduled to open in early December 2024
KOMEHYO VINTAGE TOKYO
(Shibuya, Tokyo)

Purchase store



Opening October 4, 2024
BRAND OFF
Osaka Umeda store
(Osaka City, Osaka Prefecture)

Purchase store



Opening October 19, 2024
BRAND OFF
Hang Hau East Point City store
(Hong Kong)

Domestic flagship store is scheduled to open from next fiscal year onwards.

Investments and measures for sustainable growth

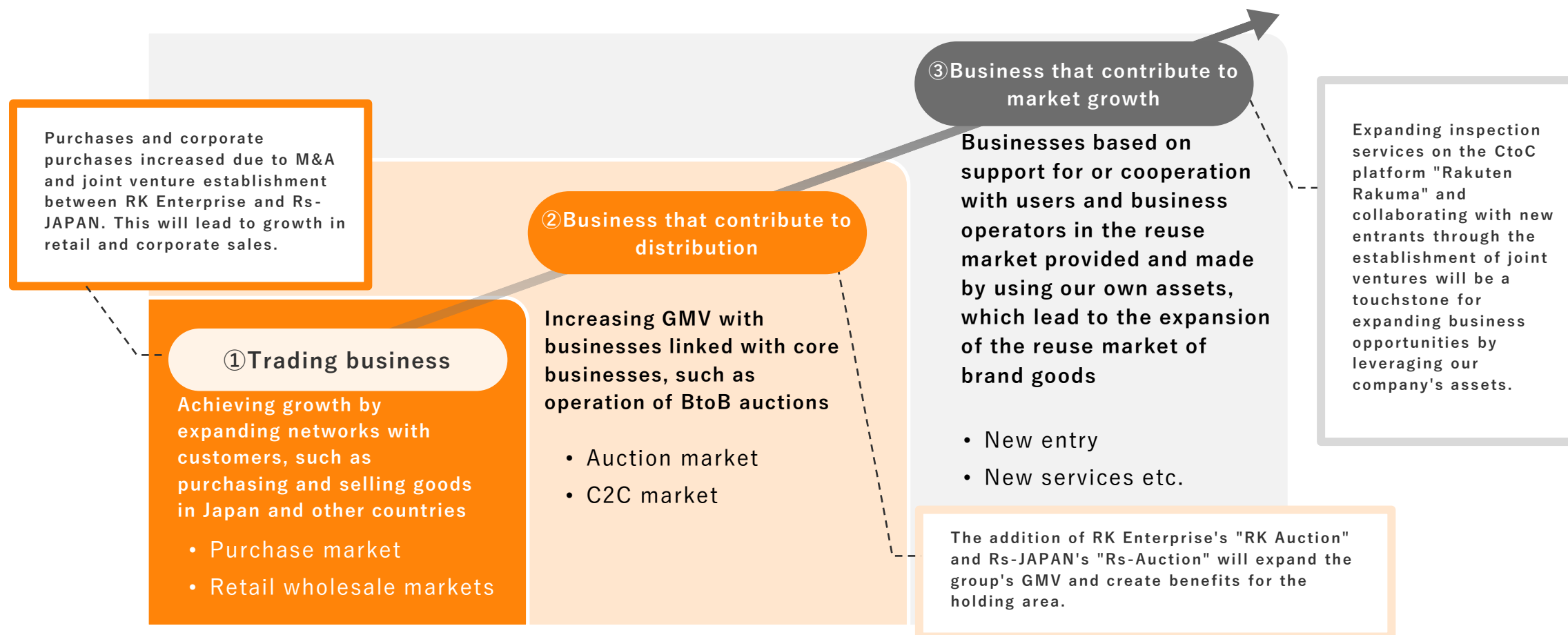
We will implement initiatives and investments in line with our basic policy to achieve sales of 250 billion yen and operating income of 15 billion yen in the fiscal year ending March 2028. Enhance competitive advantage, improve business momentum, and maintain high growth rates.



Increase of the Company's share of the re-use market through the promotion of the three businesses

M&A and J. Investments such as establishing a joint venture with Front Retailing will lead to expansion of the company's growth areas in line with the expansion of the brand reuse market.

■ Image of expansion of brand fashion business area (From the medium-term management plan "Beyond the 80th year milestone")



Promoting management with an awareness of capital costs

The M&A of the two companies, the establishment of a joint venture, and the expansion of inspection services are necessary for achieving an ROE of 18% or higher, including "increasing gross profit margin," "controlling inventory," and "utilizing debt in line with business growth." Initiatives that lead to.

Initiatives to Improve ROE (From the medium-term management plan "Beyond the 80th year milestone")



Equity ratio temporarily decreased due to increase in borrowings. Control debt by increasing inventory and cash liquidity and improve equity ratio during the medium-term management plan period.

Policy/Plan (From the medium-term management plan "Beyond the 80th year milestone")

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

Specific initiatives ① M&A: RK Enterprises

We acquired on October 23, 2024 all shares of RK Enterprise Co., Ltd., a company with a long history and a strong track record that has been operating branded product re-use and pawn businesses in the reuse industry, and Rodeo Drive Japan Co., Ltd., its subsidiary.

Business characteristics expected to produce synergy

Broad sales channels and firm customer base

- The company operates the Rodeo Drive stores, eight stores in Japan, mainly in the Kanagawa area, and one store overseas (Hong Kong), which engage in sales, purchasing and pawn businesses. It enjoys a high level of name recognition in the area.
- The company operates the RK Auction (real and online), one of the largest auctions in Japan. Notably, its connections with companies engaged in pawn businesses are the most extensive in the industry.



Rodeo Drive



RK AUCTION

Human resources with high-level expertise

- The company demonstrates its strengths in watch products due to the ownership of its own watch repair workshop, etc.
- The company has been employing many individuals with extensive experience in the branded product reuse industry, an industry the company has over 70 years of history and a strong track record in.



Toward the acceleration of growth and the enhancement of competitiveness regarding the Brand and Fashion businesses.

Strengthen purchases and retail with a focus on the Kanagawa area.

Strengthen corporate channels in response to the expansion of the auction business.

Implement more sophisticated measures to respond to market conditions regarding watch products in view of their unstable market prices.

Specific initiatives ② M&A: Rs-JAPAN/KOMEHYO reorganization

BF business

Komehyo Co., Ltd., our consolidated subsidiary, acquired on November 1, 2024, all of the shares of Rs-JAPAN Co., Ltd., which engages in purchases and sales of used branded products mainly for companies and operates Rs-Auction, one of the major auction companies in Japan.

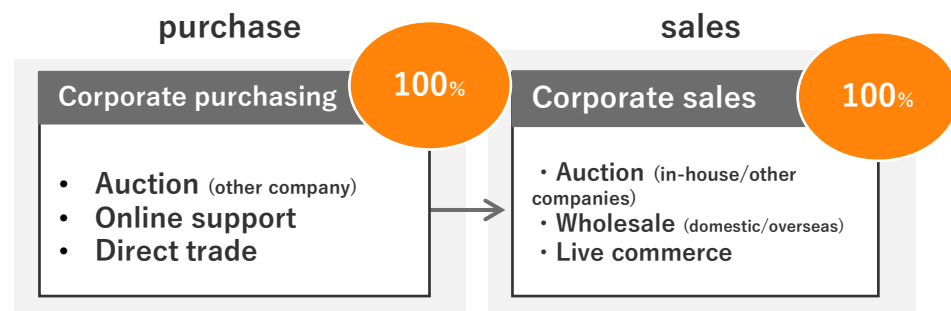
Business characteristics expected to produce synergy

Network specialized for corporations

- We have a network that supports reuse businesses' assessments online, leading to corporate purchases.
- Collaboration with reuse businesses through auctions

Highly specialized human resources

- To facilitate transactions between companies, the company has been employing many individuals who have extensive experience in the branded product reuse industry.
- It has been demonstrating its strengths in the sale of bags in particular.



組織再編の効果



The addition of large-scale auction business to Komehyo Co., Ltd. will improve the linkage between "individual purchases," "auctions," and "retail/corporate sales."

Improvement of profitability through value chain enhancement

Improvement of flexibility in purchasing

Improvement of inventory efficiency

Expansion of corporate auctions

Strengthen corporate channels by leveraging brand power

Improving management efficiency such as cash management

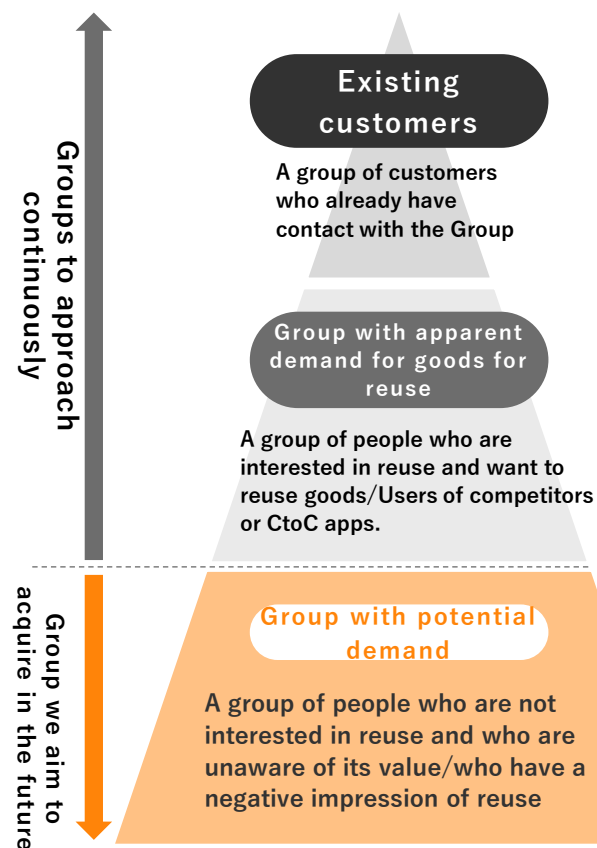
*The Company plans to implement an absorption-type merger in which Komehyo will be the surviving company and Rs-Japan will be the dissolved company on February 1, 2025.

Specific initiatives ③ Establishment of joint venture with J. Front Retailing

Komehyo, who is well versed in the brand reuse market, is promoting approaches to new target groups by providing assets.

BF business

Image of target group (From the medium-term management plan “Beyond the 80th year milestone”)



New company overview

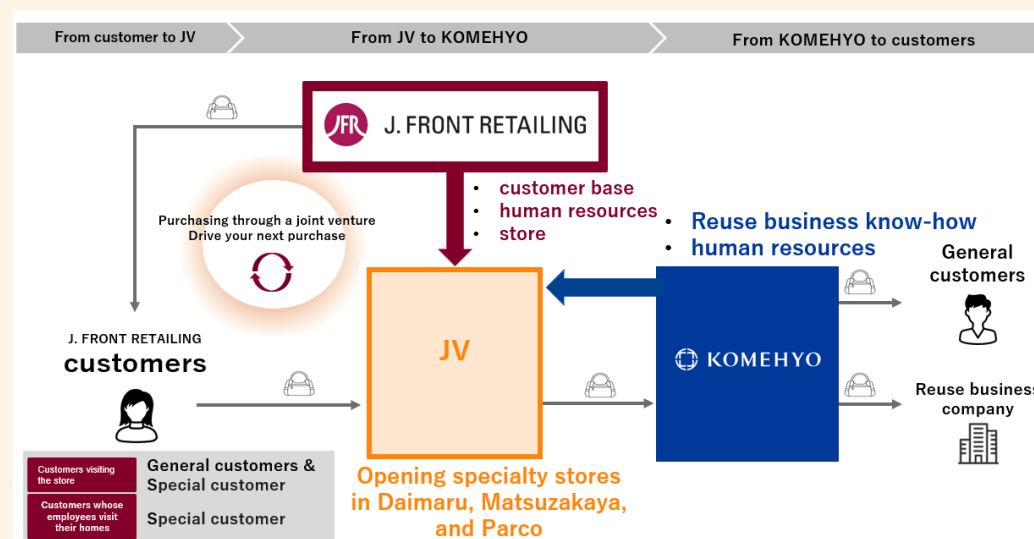
Business content : ① We have specialized purchasing stores in Daimaru, Matsuzakaya, and Parco, and purchase reused items from customers.

② Sell purchased reused items to Komehyo

Establishment: Scheduled for March 2025

Store opening plan: Scheduled to open stores in summer 2025 (planned)

Investment ratio: J. Front Retailing Co., Ltd. 51% / Komehyo Co., Ltd. 49%



*On November 13, 2024, a joint venture agreement regarding the establishment of a joint venture company will be concluded.

Specific initiatives ④ Expansion of the inspection service

Rakuten Rakuma × KOMEHYO

BF business

The scope of inspection services provided to Rakuten Rakuma will be expanded from October 2024. Contributing to the growth of the reuse market through market growth related businesses

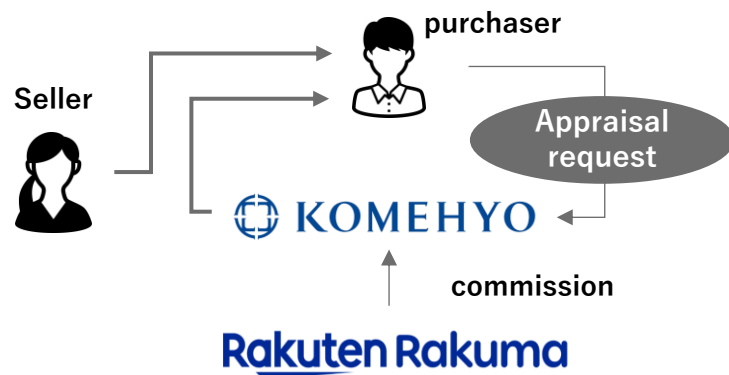
KOMEHYO Kantei, a goods inspection service

Refers to a service that inspects goods traded in the CtoC brand reuse field by utilizing a wealth of data owned by the Company and AI.

Until now

“Atokara Kantei” only

"Atokara Kantei" offers an optional inspection service after purchase.



From now

「Atokara Kantei」 + 「Otodokemae Kantei」

“Otodokemae Kantei” appraises all target products*

*Over 400 brands and over 20 Rakuten Rakuma categories



*Conditions such as specified delivery method apply.

5. Appendix

Appendix

- | | |
|--|-------------|
| 1. Company Profile | P.50 |
| 2. Dividend forecast | P.61 |
| 3. Quantitative targets of the medium-term management plan and outlook for the initial plan | P.62 |
| 4. Initiatives of each brand | P.65 |

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: 1,610 Non-consolidated: 34 (As of September 2024)
Business activities	Groupwide corporate planning, management and marketing, and real estate business
Fiscal year-end	March
Stock	Tokyo and Nagoya Stock Exchanges (Securities code: 2780; Unit: 100 shares)

Business list

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

Consolidated sales for the fiscal
year ending March 2024

119,4591 millions of yen

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

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

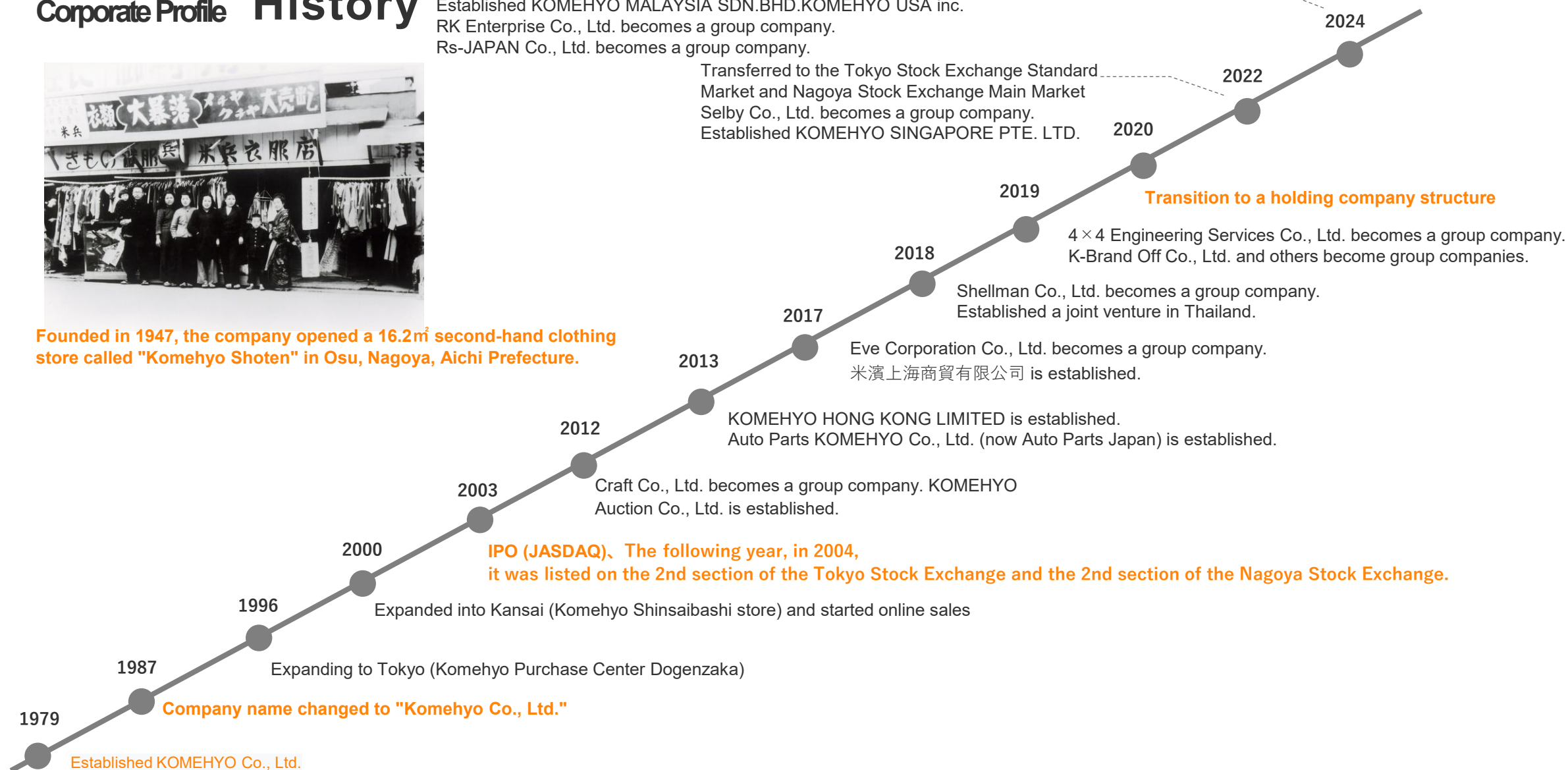
Corporate Profile History



Founded in 1947, the company opened a 16.2㎡ second-hand clothing store called "Komehyo Shoten" in Osu, Nagoya, Aichi Prefecture.

RECLO Inc. becomes a group company.
Establishment of KOMEHYO BRAND OFF ASIA LIMITED, AN IMPORTANT BASE IN ASIA.
Established KOMEHYO MALAYSIA SDN.BHD.KOMEHYO USA inc.
RK Enterprise Co., Ltd. becomes a group company.
Rs-JAPAN Co., Ltd. becomes a group company.

Transferred to the Tokyo Stock Exchange Standard Market and Nagoya Stock Exchange Main Market
Selby Co., Ltd. becomes a group company.
Established KOMEHYO SINGAPORE PTE. LTD.



Corporate Profile Human Capital Data

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



Number of consolidated full-time employees *2

1,405 people

Talent retention rate *1

92%

Sales per full-time employee *1

85 百万円



Ratio of female managers *2

20.0%

Female employee ratio *2

consolidated **38.2%**

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

Wage gap ratio *1

Full-time employee **73.9%**

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

Rate of male childcare leave taken *1

82.1%

ToMo *3

23.2

Engagement score *1 *4

70 (B-)

Paid acquisition rate *1

Full-time employee **61.4%**

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

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

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

Corporate Profile Business/service introduction |



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

Store development



• 168 stores in Japan, 5 stores in Thailand, and 1 base in Singapore *1

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

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

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

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

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

Customer attributes by product

Jewelry

50s · Female

Bags

40s · Female

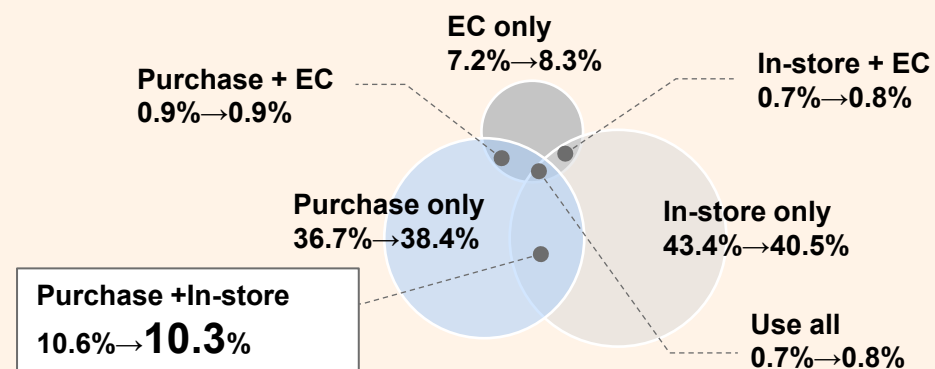
Watches

50s · Male

Fashion

30s · Male and Female

Changes in the number of members*2 composition ratio



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

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

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

Corporate Profile Trends in purchase price per customer by product | KOMEHYO

In light of the market fluctuations since August, we carried out purchases at well-balanced pricing, so the average purchase price per customer for watches and bags in September was lower than the previous year.

Although jewelry and clothing remained relatively stable, all products were on a downward trend.

Trends for the 2Q of the fiscal year ending March 2025



JEWELRY

The upward trend in domestic retail gold prices continues.

Although it was affected by the decline in the diamond market price, the overall trend remained flat, so the purchase price per customer remained higher than the previous year.



WATCH

Although sales remained steady until July, corporate transaction prices continued to decline in August and September for some items, especially high-priced items. Although the purchase price per customer remained flat overall, it was below the previous year's level in September due to the sharp purchase price setting.



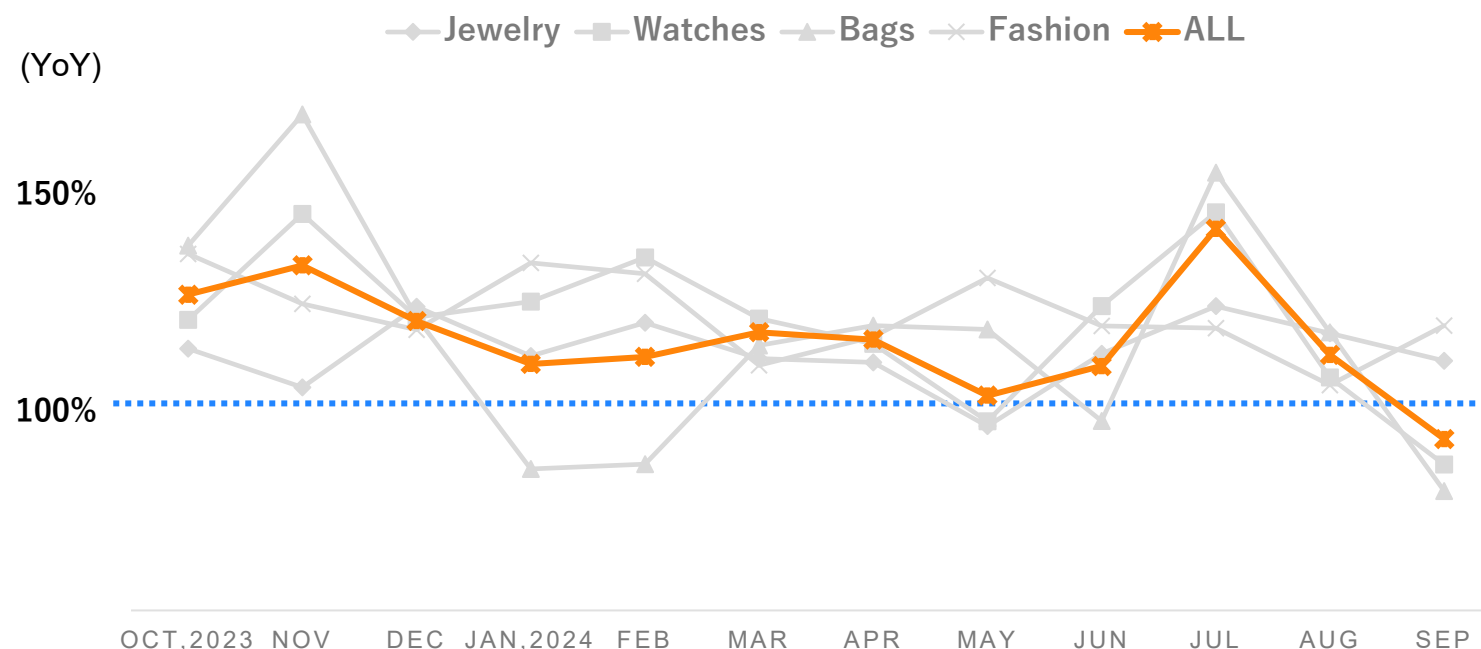
BAG

Corporate transaction prices have fallen significantly, especially for some high-priced items. The number of high-value items purchased remains weak, and the purchase price per customer has fallen significantly since September.



FASHION

As we continue to strategically strengthen purchases of high-priced items, sales of high-priced items have weakened due to the impact of exchange rates. The price of winter clothing is on the rise, allowing for stable purchases, and the overall purchase price per customer continues to be strong.



Corporate Profile Business/service introduction **BRAND OFF** T O K Y O

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

Store development



- 51 stores in Japan and 17 stores overseas (Hong Kong, Taiwan, Shanghai, China)*1
- Headquartered in Kanazawa City, Ishikawa Prefecture, has a strong customer base mainly in the Hokuriku region of Japan.

Actively opening FC-style purchasing specialty stores to revitalize auctions

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

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

Strengthen EC

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

RECLO^{※2}

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

 MIKE MUSEUM

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

* 1 Results for the fiscal year ending September 2024

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

Corporate Profile Business/service introduction



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

KOMEHYO Auction Operated by KOMEHYO Auction Co., Ltd.



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

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

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



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

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

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

Corporate Profile **Business/service introduction |**

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

WORM

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

Shellman

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

SELBY

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

* As of the end of September 2024

Corporate Profile Business/service introduction|



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

■ Craft



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

■ U-ICHIBAN/Auto Parts Japan



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

■ 4×4 engineering service



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


Corporate Profile

Global expansion| 21stores in total for the Group (as of September 2024)

Expanding into 7 overseas locations*2 with two brands, “KOMEHYO” and “BRAND OFF”

Establish a system for local production for local consumption in each country/region and grasp the characteristics of the market.

Aim to open stores in regions with large growth potential and build new channel.

	Hong Kong	Taiwan	Shanghai	Thailand	Singapore	Malaysia	United States of America
Brands	BRAND OFF T O K Y O						
Company Name	KOMEHYO BRAND OFF ASIA LIMITED *4	名流國際名品股份有限公司*3	米濱上海商貿有限公司*5	SAHA KOMEHYO COMPANY LIMITED	KOMEHYO SINGAPORE PTE. LTD.	KOMEHYO MALAYSIA SDN.BHD.	KOMEHYO USA inc.
Company Establishment Year	2024	2009	2017	2019	2022	2024	2024年
Business Route	Purchase : Purchase from individual customers /Corporate purchasing sales : Retail /Corporate sales	Purchase : Purchase from individual customers /Corporate purchasing sales : Retail /Corporate sales	Purchase : Purchase from individual customers /Corporate purchasing sales : Retail /Corporate sales	Purchase : Purchase from individual customers /Corporate purchasing *6 sales : Retail /Corporate sales	Purchase : Purchase from individual customers *6 sales : Retail /Corporate sales	-	-
Number of executives and employees	115	35	16	40	10	1	1
Sales Stores	-	-	-	5 (1)	1 (1)	-	-
Number of stores							
Stores annexed with sales facilities	10	4	1	-	-	-	-
Total	10	4	1	5	1	0	0

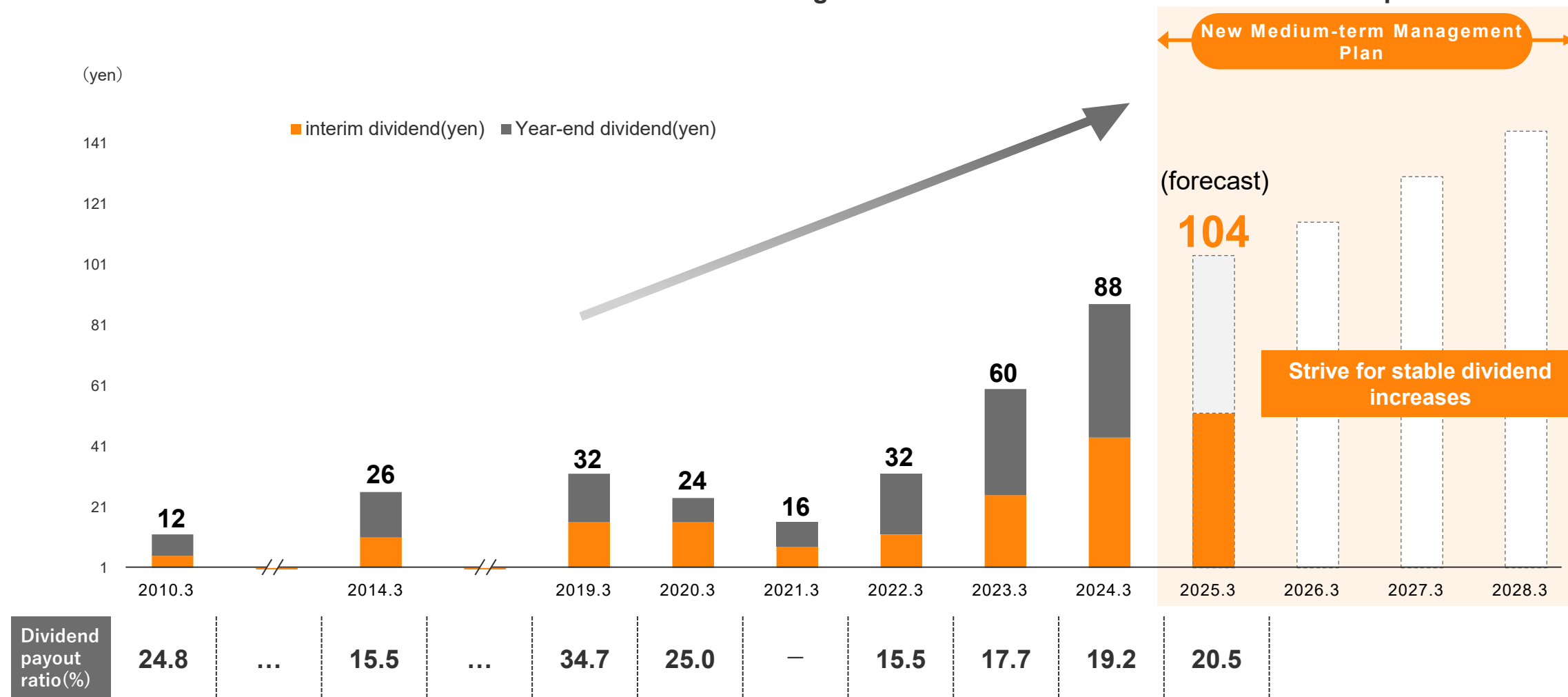
*1 The figure in parentheses () represents the increase during the second quarter. *2 As of July 15, 2024, KOMEHYO USA inc. has already established a subsidiary, KOMEHYO USA inc., in the United States.

*3 Joined the group in 2019 *4 Established by absorbing and merging consolidated subsidiaries BRAND OFF LIMITED and KOMEHYO HONG KONG LIMITED.

*5 The store name will be changed to BRAND OFF in January 2024. *6 Purchased by individual at the office

Dividend forecast revision

Based on the dividend policy, the annual dividend forecast has been revised to 104 yen, an increase of 4 yen.
We will continue to focus on stable dividends and increasing dividends based on increased sales and profits.



Quantitative Targets (FY2025 to FY2028)

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

	Medium-term management plan					
	FY2024 (results)	FY2025 *2 (forecast)	FY2026 (plan)	FY2027 (plan)	FY2028 (plan)	
(Millions of yen)						
Net Sales	119,459	144,500	170,000	200,000	250,000	CAGR 20%
Operating income	7,452	8,470	9,800	12,000	15,000	
Operating margin	6.2%	5.9%	5.8%	6.0%	6.0%	
Ordinary profit	7,479	8,400				
Net income attributable to owners of parent	5,025	5,560				
ROE	19.2%	18.1%			18% or more	
Capital adequacy ratio	44.4%	Approximately 45%			Approximately 45%	
EPS (yen)	458.7	507.47				
Dividend payout ratio	19.2%	20.5%			Approximately 20%	

*1Reuse market performance in 2023 Average annual growth rate 4.2% Reform Sangyo Shimbun "Reuse Market Data 2024" *2 Published on August 13, 2024

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

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

External environment/opportunity

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

Internal environment/approach

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

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

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

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

Jewelry



JEWELRY

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

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

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

Watches



WATCH

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

Bags



BAG

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

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

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

Fashion



FASHION

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

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

Initiatives of each brand 1



Initiatives for the fiscal
year ending March 2025

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

Opening a purchase specialty store

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

Strengthening existing purchasing channels

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

Opening a sales store

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

Strengthen global expansion

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

Purchase center



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

Sales store



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

Global expansion



Store expansion in ASEAN

Initiatives of each brand ②

BRAND OFF
T O K Y O

RECLO

MIKE MUSEUM

Initiatives for the fiscal
year ending March 2025

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

Strengthening retail

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

Expansion of RECLO

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

Cooperation with MIKE MUSEUM

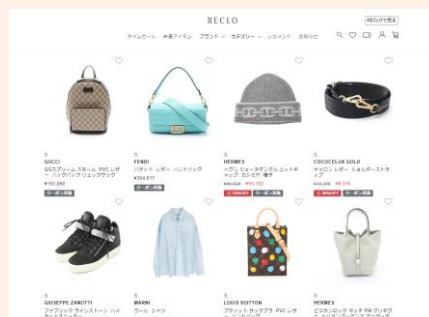
- Strengthen sales on domestic platforms through inventory collaboration

Strengthen global expansion

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

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

Strengthening EC



Increase the number of areas through
inventory collaboration

Retail expansion in Hong Kong



Continuing to open new stores
backed by high recognition

Retail expansion in Taiwan



Maintained strong performance due
to relocation and store openings

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

Initiatives for the fiscal year ending March 2025

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

Corporate auction



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



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

Increase the number of members and trading volume through collaboration



Working to expand GMV and improve productivity

A brand aiming to be the Only One



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



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



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



WORM

Strengthening purchase and sales at stores



Shellman

Differentiation with products from overseas independent watchmakers

Initiatives of each brand 4 Tire and wheel business

Initiatives for the fiscal
year ending March 2025

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

Product development and expansion of overseas sales channels



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

Expand sales and strengthen used purchasing



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

Product management and online enhancement



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

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



Promote products domestically and internationally at exhibitions, etc.



Strengthen in-store sales and trade-ins



Actively hold events that serve as points of contact with customers

Disclaimer

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

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

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

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

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

IR contact

Komehyo Holdings Co.,Ltd.

IR ・ PR Department

Phone : +81-52-249-5366

E-mail : ir@komehyo.co.jp