

Earnings Results Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2024 (Reference information)

February 13, 2023

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Tokyo Stock Exchange and Nagoya Stock Exchange)

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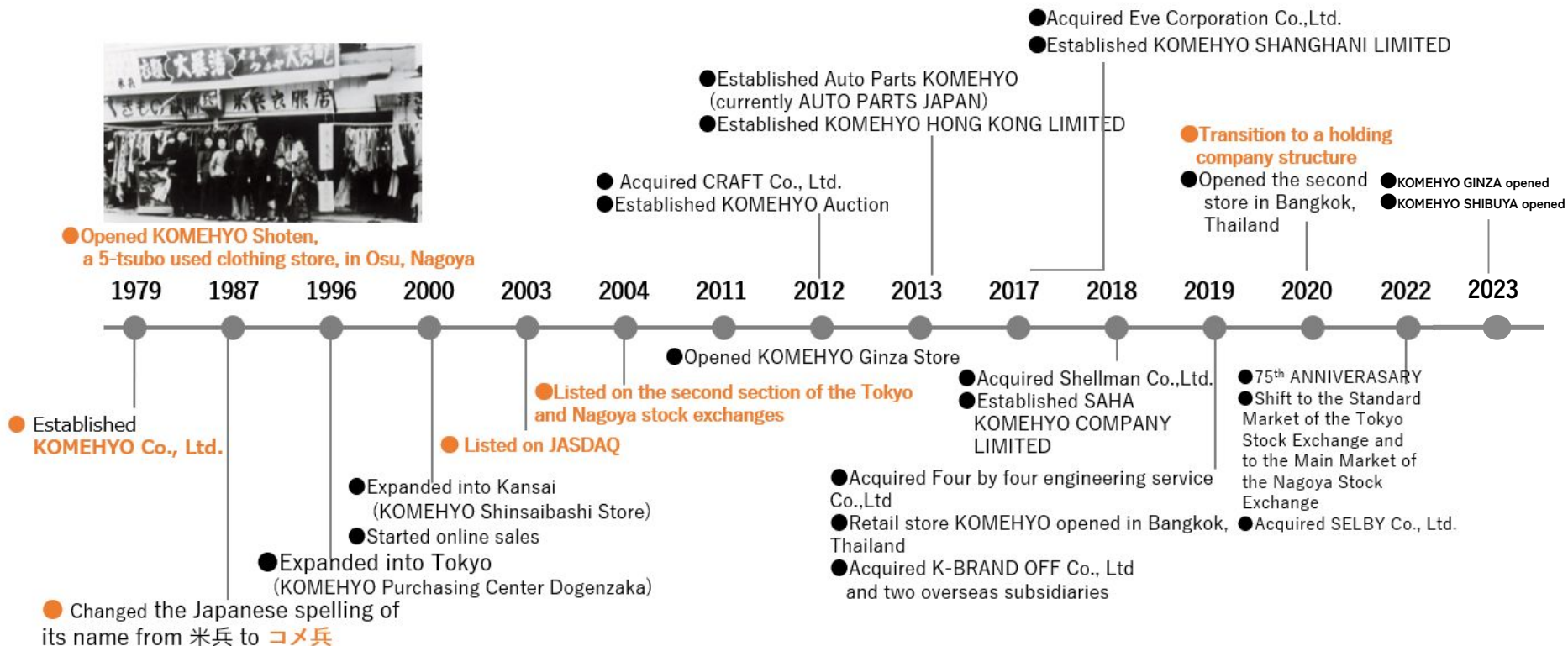
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Corporate Profile

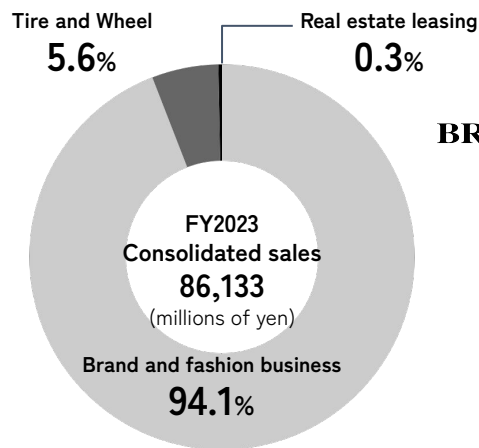
Company name	Komehyo Holdings Co., Ltd.
Established	May 1979 ※Transition to holding company system in October 2020
Head Office	3-25-31 Osu, Naka-ku, Nagoya
Representative	President, Representative Director: Takuji Ishihara
Capital	1,803 million yen
No. of employees	Consolidated: 1,365 Non-consolidated: 27 (As of December 2023)
Business activities	Management planning, business operation support, administration and others for the corporate group engaging in the Brand-Fashion Business and the Tire-Wheel Business
Fiscal year-end	March
Stock	Second Section, Tokyo and Nagoya Stock Exchanges (Securities code: 2780; Unit: 100 shares)

Corporate History

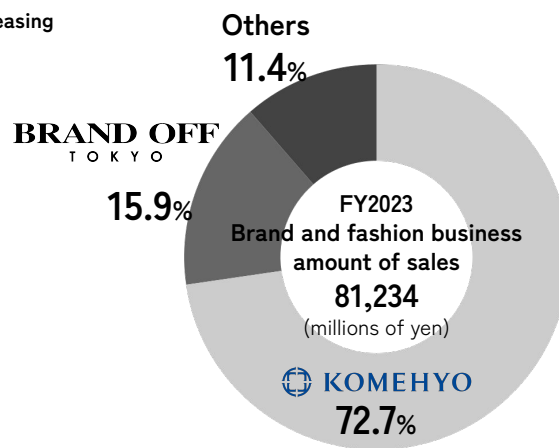


Sales shares by segment and by sales channel (FY2023)

By segment



Brand/fashion business



By sales channel

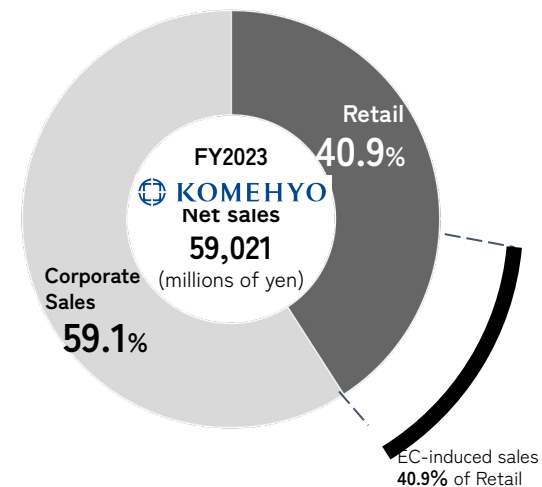
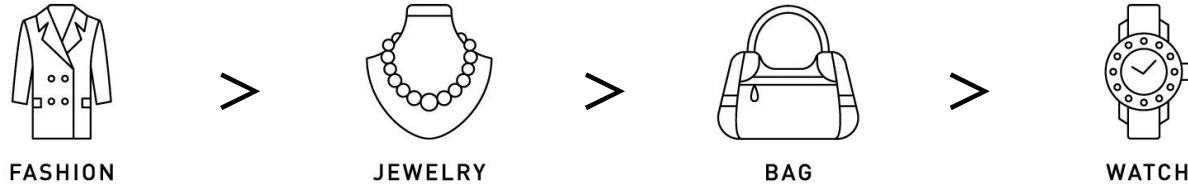


Image of profit margin by product



*Changes depending on the composition ratio of gold bullion

- ▶ Fashion has high profit margins because trends are emphasized and retention periods tend to be long due to seasonality.
- ▶ Jewelry, watches, bags, clothing, and other popular brands are subject to price competition and tend to result in thin profits.
- ▶ All gold and bullion are sold to corporations as raw materials. Low profit as the transaction price is clear

Customer characteristics

(Komehyo Co., Ltd., fiscal year ending March 2023)

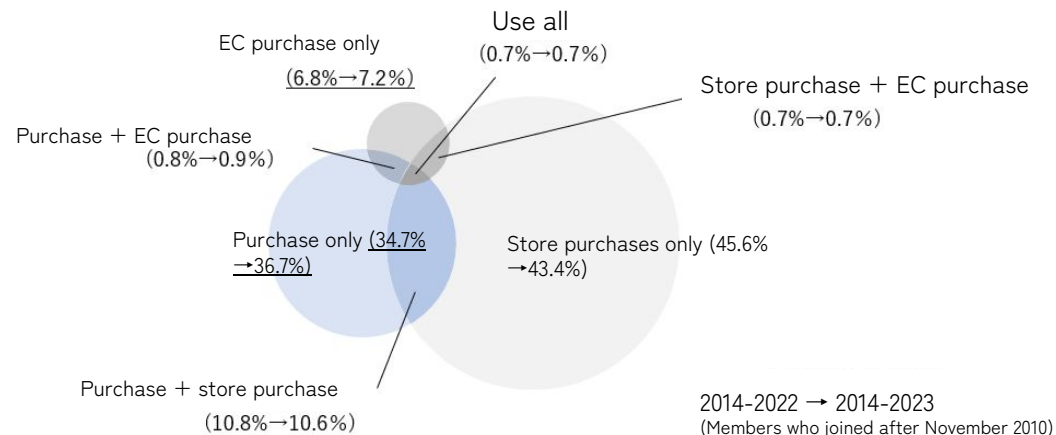


[Customer demographic] Varies depending on the product, but many are over 40s, and promoting usage among younger people is an issue
 [Service usage status] Only about 10% of people use purchasing and selling services at the same time. Promote mutual use through store openings and OMO strategies

[Customer attributes by product]

 JEWELRY	Jewelry	50s • women
 WATCH	Watch	50s • men
 BAG	Bag	40s • women
 FASHION	Fashion	30s • men and women

[Changes in member composition ratio]



KOMEHYO shifts to full-scale provision of inspection services for Rakuten Rakuma.

Since September 2023 KOMEHYO had been providing the Rakuma Authentication Service on a trial basis for the Rakuten Rakuma flea market app, utilizing KOMEHYO Authentication technologies utilizing expert judgment and AI for brand goods. On Monday, January 29, 2024, full-scale provision of the service was launched. We aim to provide constant support for safe and secure transactions for even more users, helping to form a sound brand re-use market not only in the B-to-C but also in the C-to-C market.

Rakuma Authentication Service Usage Flow

The Rakuma Authentication Service is a service that allows users who have purchased an eligible products on Rakuten Rakuma to have them inspected by KOMEHYO*2 free of charge (purchasers are only responsible for paying one-way shipping to the appraisal location). Eligible items include brand bags, clothing, watches and brand jewelry.



Reaction from users during the trial period

- Customer conversion rates and average unit prices for eligible products increased in A/B testing.
- Positive reaction from users ("my worries were dispelled," "the authentication speed was fast," etc.).
- Recognition of the service encouraged transactions. *3

It was found that the Rakuma Appraisal Service was in high demand as a service that encourages sellers to change their behavior toward buyers and provides purchasers with a sense of reassurance as if they were taking out insurance in case of emergency.

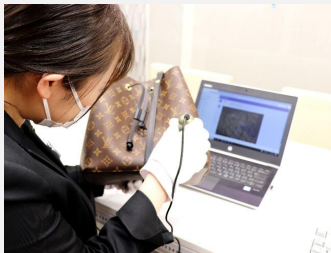
*1 A brand good inspection service provided by KOMEHYO with a track record of more than 300,000 appraisals annually (applicable period: April 2022 to March 2023). In providing the service to an external party, KOMEHYO has registered with Japan's Association Against Counterfeit Product Distribution (AACD), which conducts activities to eliminate counterfeit and fraudulent brand-name products.

*2 KOMEHYO's practice of determining the goods it deals with as "standard" and goods it will not deal with as "non-standard" based on past data and other information is referred to as "Inspection."

*3 Internet survey conducted between May 1, 2023 and October 31, 2023 among users who viewed goods eligible for use of the service on Rakuten Rakuma, and who did not make a purchase (sample number of 1,619 people).

Technology indispensable to store operation : AI

The system has been introduced to all the KOMEHYO purchase centers, all of K-Brand Off's franchised purchase centers. It will be introduced to purchase events and to the global business. It is a technology indispensable to removal of counterfeit goods from circulation and to growth of the KOMEHYO Holdings Group.



Assessing authenticity and model numbers of bags, wallets, purses and small articles from famous brands. Supporting Hermes, Louis Vuitton, Chanel, Gucci and Prada

**KOMEHYO
purchase
centers**

Improvement of
communication with
customers
(Enhanced CX)

**training
assessors**

Curtailment of time for
training assessors
(Shorter lead time for
launch)

**BRAND OFF
Franchised
purchasing
centers**

Support for owners
(Superiority in acquisition of
new franchisees)

**Inspection
business**

High precision inspection
(Market growth related
business)

**Future development
plan**

Purchase events

GLOBAL

Improvement of communication with customers

Prevention of the know-how drain
To be introduced to overseas stores as well

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

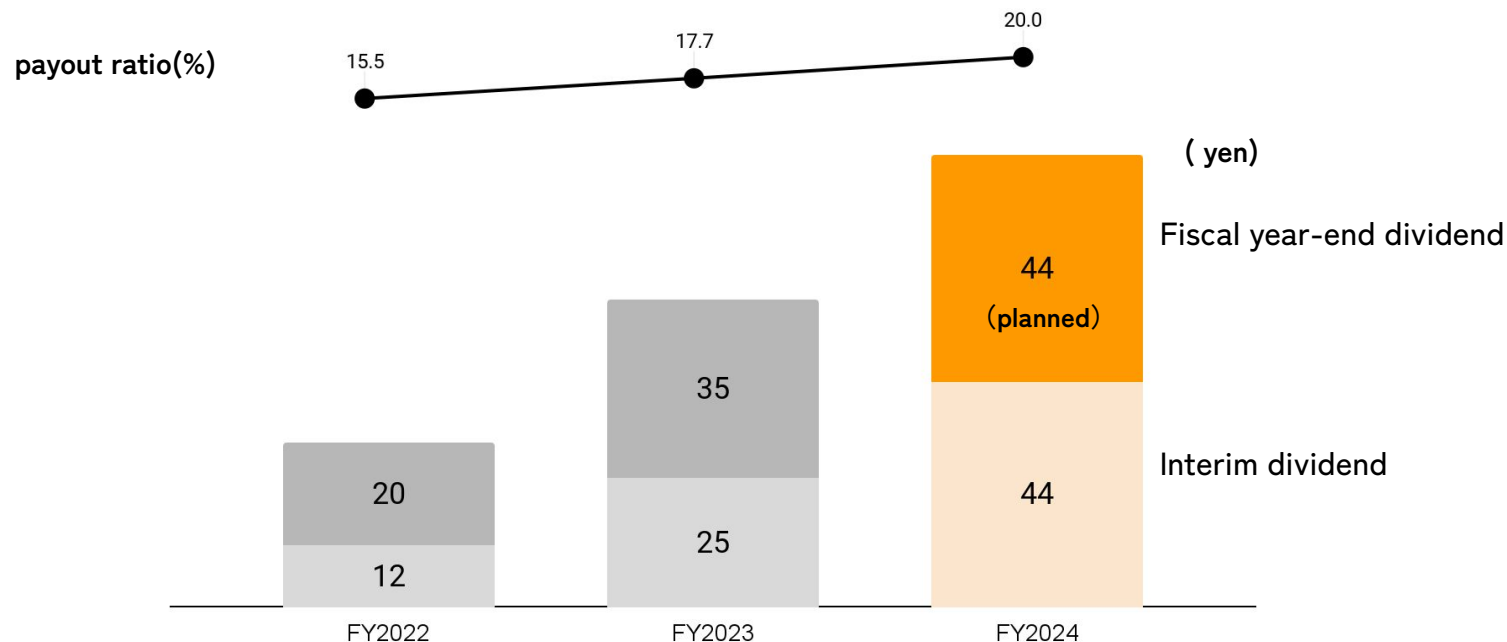
Operating income, ordinary income, and net income attributable to owners of parent company are expected to achieve their targets for the fiscal year ending March 2025 one year ahead of schedule. Plans for the fiscal year ending March 2025 and beyond are scheduled to be announced again in May 2024.

(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

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).



Capital allocation policy

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

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

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

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Note:

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

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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.

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