KOMEHYO HOLDINGS

February 13,2025

Company name: Komehyo Holdings Co., Ltd.
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(Securities code: 2780; TOKYO STANDARD / NAGOYA MAIN)
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Notice Concerning Revision of Earnings Forecasts

Komehyo Holdings Co., Ltd. (the "Company") announces that in light of the most recent operating trends, a resolution was passed by the Board of Directors at its meeting held on the date of this release to revise the financial results forecasts for the fiscal year ending March 31, 2025 (April 1,2024 through March 31,2025) that were disclosed on August 13, 2024 as detailed below.

1. Revision of Earnings Forecast

Revisions to consolidated financial results forecasts for the current fiscal year (April 1,2024 through March 31,2025)

(Millions of yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent	Consolidated earnings per share(yen)
Previously announced forecasts (A)	144,500	8,470	8,400	5,560	507.47
Revised forecasts (B)	158,500	6,000	5,860	4,280	390.58
Change (B-A)	14,000	△2,470	△2,540	△1,280	—
Change (%)	9.7	△29.2	△30.2	△23.0	—
(Reference) Actual consolidated results for the previous fiscal year (Fiscal year ended March 31, 2024)	119,459	7,452	7,479	5,025	458.65

2. Reason for revision

The Company operates a fashion brand business, a tire and wheel business, and a real estate rental business. The explanation below will focus mainly on the fashion brand business in view of its impact on the consolidated financial results forecasts.

In the brand reuse market during the third quarter of the fiscal year under review, the inter-corporate transaction market was continuously unstable due mainly to the sharp foreign exchange fluctuations in early August 2024 and the prolonged economic slowdown in China. The market prices of high-priced watches, bags and other items remained unchanged or lowered. The market situation was adverse both in and outside Japan. At the same time, the market price of gold stayed high.

In these circumstances, the Company carried out initiatives with the goal of achieving its targets for the full current fiscal year and the targets set in the medium-term management plan. They include actively opening new stores in and outside the country, procuring popular items using corporate purchases to strengthen retail, and implementing M&A activities and capital alliances with a view toward continued growth.

Net sales exceeded the initial targets in both retail and corporate sales, which follows the Company's strong performance in terms of purchases from individual customers and the enrichment of merchandise using corporate purchases to maximize retail sales opportunities.

As for profits, amid unstable inter-corporate market conditions and concerns about the risk of continued market downturns, the Company endeavored to control its inventories, strengthen corporate sales and improve the liquidity of its inventories, with gross profit as its top priority. This led to the growth of retail as expected and to increases in the ratio of corporate sales, the ratio of corporate purchases to in-store inventories and the sales share of products and items with relatively low gross profit margins. A combination of these factors resulted in a low gross profit margin. In addition, although fixed costs such as new store openings and human resource recruitment were controlled as expected, SG&A expenses increased more than originally planned due to an increase in variable costs and other factors.

Net sales and profits did rise in the three-month period of the third quarter of the fiscal year under review, but this did not compensate for the Company's falling short of its first-half targets. Consequently, operating profit and ordinary profit were below the targets.

Regarding the current situation, although we are working to improve the gross profit margin by strengthening our retail operations, strengthening individual purchases, and controlling inventory, we expect that the improvement in the gross profit margin in the fourth quarter will be limited due to the uncertain market environment and other factors.
In addition, we plan to make investments as planned to expand our share in the brand reuse market, which is expected to continue to grow both domestically and internationally.

For the reasons mentioned above, the Company is revising its full-year financial results forecasts for the fiscal year ending March 31, 2025 that were announced on August 13, 2024.

Note: The forecasts above have been created on the basis of the information available as of the date of publication of this document, and actual results may differ from the forecasts stated in this document.