

Earnings Results Briefing for the First Quarter of the Fiscal Year Ending March 31, 2022

August 13, 2021

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Second Section, Tokyo and Nagoya Stock Exchanges)

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FY 2022 1Q Financial Summary

【First quarter results】

- Both net sales and profits grew year on year attributable to contributions made by sales to corporations in the brand and fashion business.
- Strong individual purchases due to store openings and purchase events, etc.
- Opened 1 store annexed with sales facilities(Hong Kong Tsim Sha Tsui) and 11 Purchase centers.
- Test introduction of AI authenticity / model number judgment at 16 stores including Purchase centers

【Full-year performance plan】

- Favorable results for the first quarter under review.
- Changes were made to business plans for the first half and the fiscal year announced at the beginning of the fiscal year.
- We do not expect sales from foreigners visiting Japan this term.

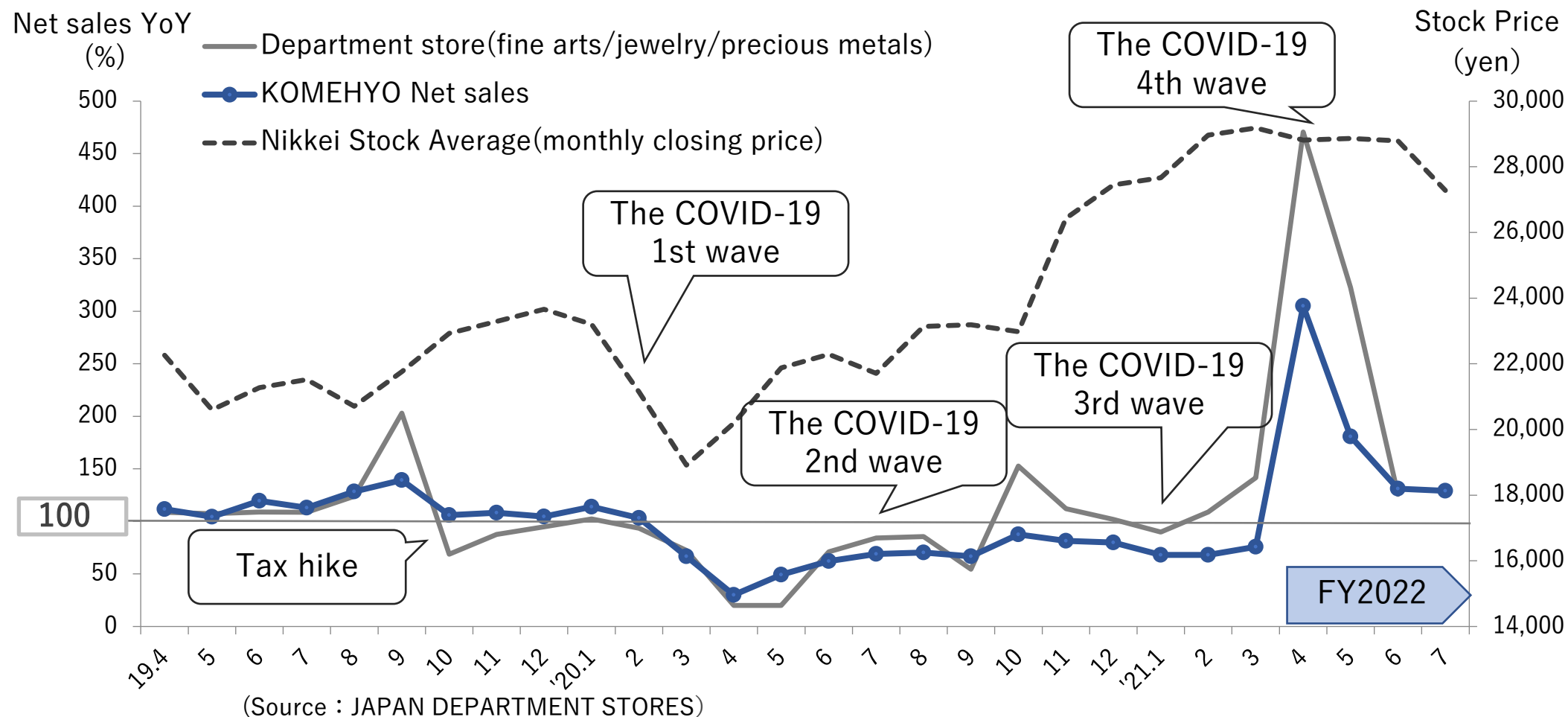


Revision of results forecasts for the first half and the fiscal year ending March 31, 2022

Strong individual purchases、 E-commerce hubs such as OMOs, contact centers, and corporate auctions have been successful under COVID-19

	(Millions of yen)	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
1H FY2022	Forecasts released previously	26,800	380	340	210	19.17
	Revised forecasts announced on this occasion	30,000	1,020	1,000	680	62.06
	Change	3,200	640	660	470	—
	Rate of change	11.9%	168.4%	194.1%	223.8%	—
FY2022	Forecasts released previously	60,000	1,550	1,450	1,000	91.27
	Revised forecasts announced on this occasion	63,200	2,190	2,110	1,470	134.17
	Change	3,200	640	660	470	—
	Rate of change	5.3%	41.3%	45.5%	47.0%	—

Economic Trend : New coronavirus etc. had a big impact



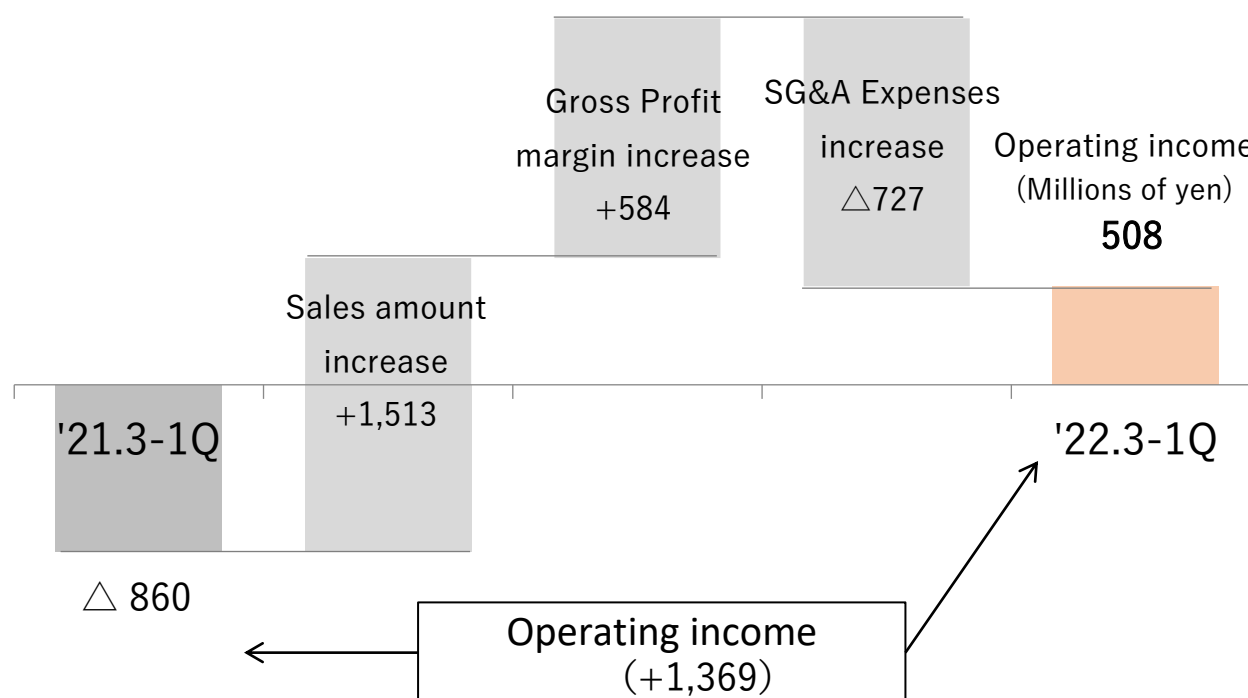
Overview of income statement

(百万円)	FY2020 1Q	FY2021 1Q	FY2022 1Q	Change※	YoY※
Net sales	12,439	7,861	14,162	6,300	180.1%
Gross profit	3,421	1,888	3,985	2,097	211.1%
Gross profit margin	27.5%	24.0%	28.1%	+4.1pt	—
SG&A expenses	3,328	2,748	3,476	727	126.5%
Operating income	92	△860	508	1,369	—
Operating profit margin	0.7%	△10.9%	3.6%	+14.5pt	—
Ordinary income	81	△937	515	1,452	—
Net income attributable to owners of parent	49	△1,229	337	1,566	—

※Figures for the first quarter under review after the application of the Accounting Standard for Revenue Recognition and figures for the first quarter of the previous fiscal year before its application are compared.

Operating income increase and decrease factor

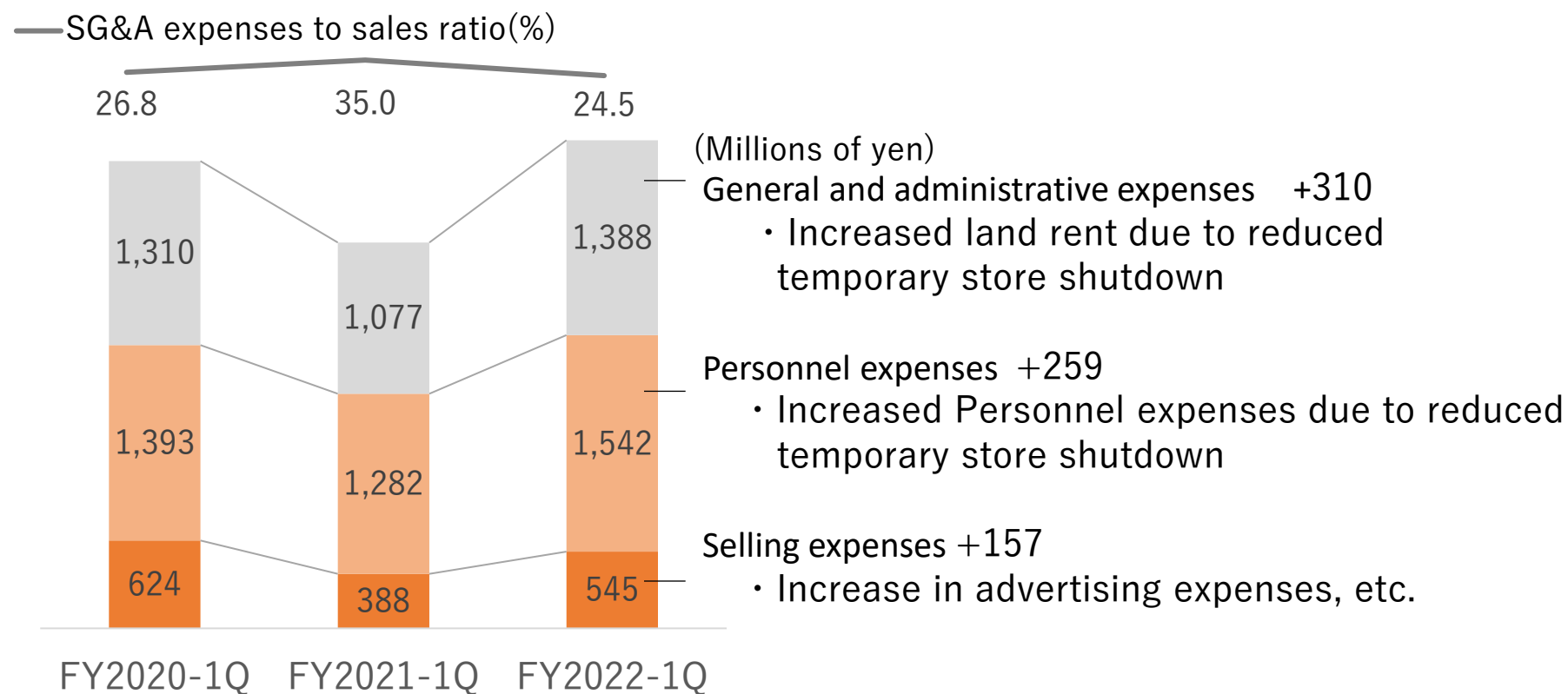
Successful efforts under the under COVID-19, sales increased, the market price of corporate auctions, Gross profit margin increased due to rise, etc., and operating income increased significantly due to expense control, etc.



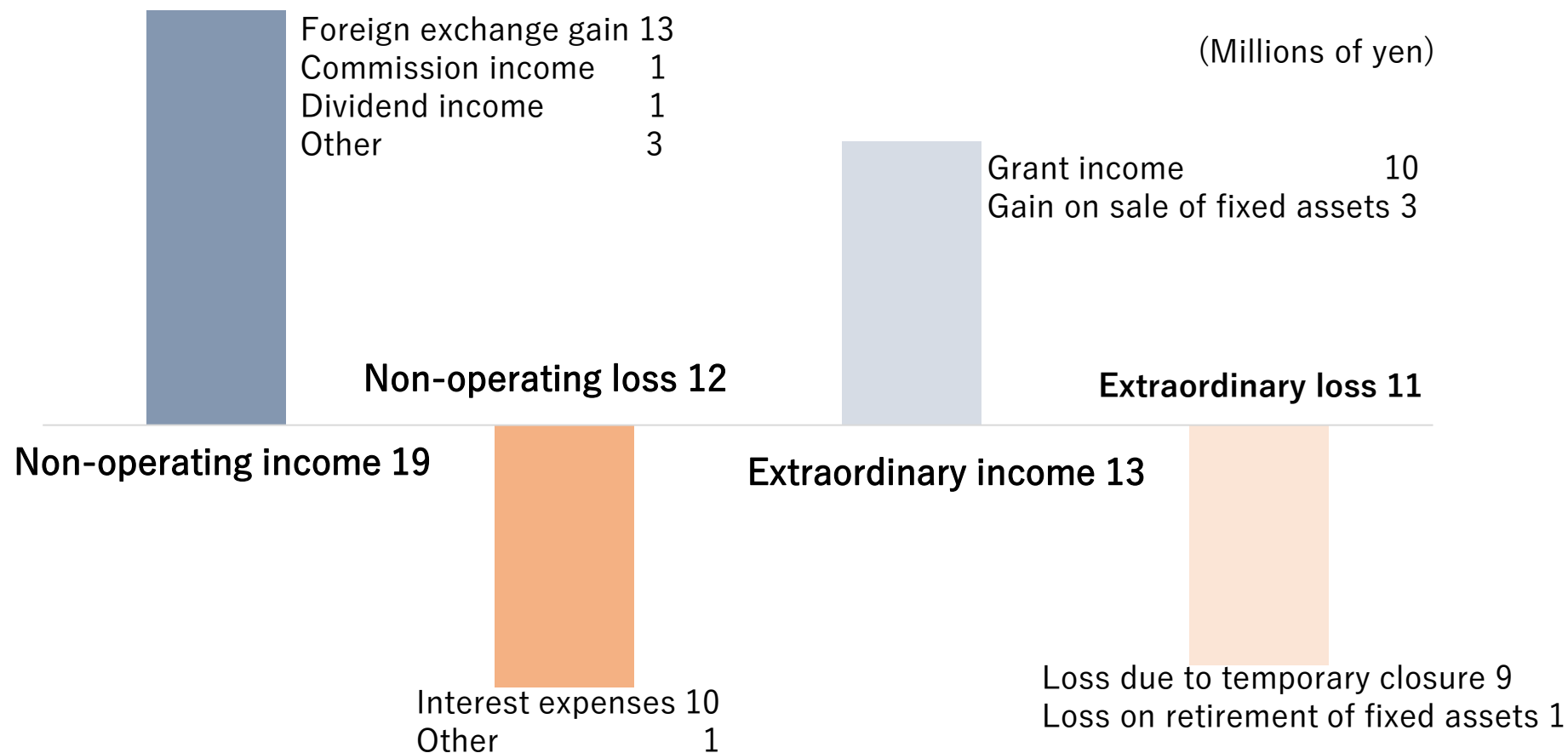
Increase in general and administrative expenses such as land rent △311
An increase in personnel expenses for temporary store shutdowns and other measures △269
Increase in selling expenses such as advertising expenses △157
Rent and personnel expenses incurred during temporary store shutdown recorded as extraordinary expenses +9

Changes in selling, general and administrative expenses

SG&A ratios declined due to efficiency-oriented advertisements.



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



Balance sheet overview

(Millions of yen)	FY2021	FY2022 1Q	Change
Current assets	27,286	26,328	△957
Cash and deposits	10,538	7,084	△3,454
Products	12,649	15,085	+2,435
Other current assets	4,097	4,158	+61
Non-current assets	10,116	10,143	+27
Total assets	37,402	36,471	△930
Liabilities	18,955	17,644	△1,311
Interest-bearing liabilities	14,746	13,956	△789
Other liabilities	4,209	3,687	△521
Net assets	18,446	18,827	+380
Liabilities and Net Assets	37,402	36,471	△930

→Normalization of cash on hand as a precaution against COVID-19

→Merchandise increased with improved purchases from individuals.

→Borrowings decreased with the normalization of cash on hand.

→Attributable to an increase in retained earnings and other factors

Overview by segment

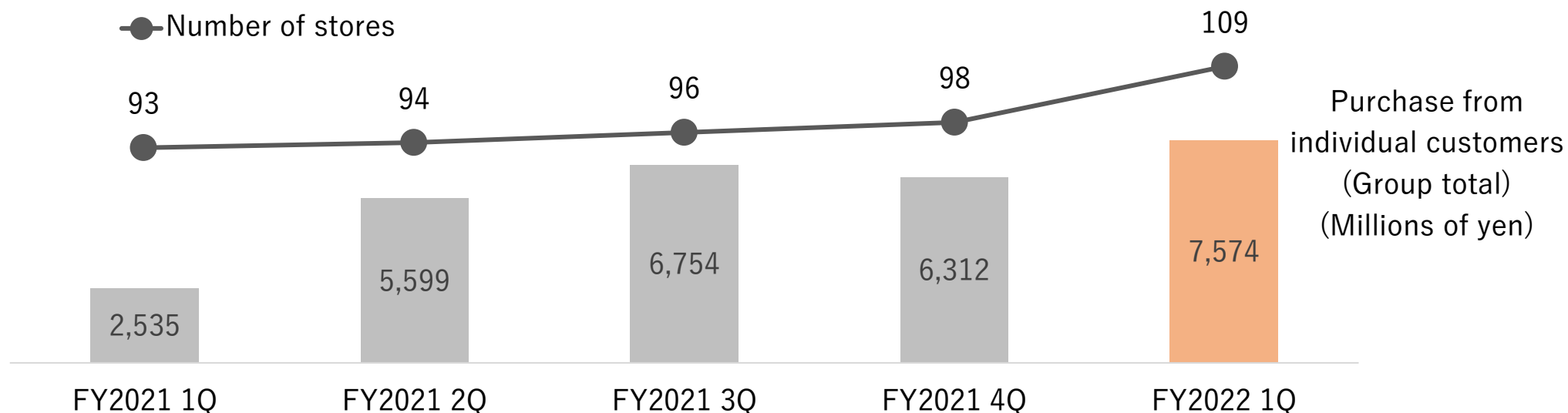
In the brand / fashion business, individual purchases are strong and the market price of corporate auctions is rising, and in the tire / wheel business, custom products are strong.

	(Millions of yen)	FY2020 1Q	FY2021 1Q	FY2022 1Q	Change	YoY
Brand Fashion	Net sales	11,701	7,137	13,277	6,140	186.0%
	Operating income	184	△823	472	1,295	—
	Operating margin	1.6%	—	3.6%	—	—
Tire and Wheel	Net sales	716	711	864	153	121.5%
	Operating income	△95	△33	△20	13	—
	Operating margin	—	—	—	—	—
Real estate leasing	Net sales	24	16	84	67	513.1%
	Operating income	3	△3	25	28	—
	Operating margin	15.5%	—	29.8%	—	—

※Figures for the first quarter under review after the application of the Accounting Standard for Revenue Recognition and figures for the first quarter of the previous fiscal year before its application are compared.

Purchase from individual customers (Group total)

The purchase price per customer has increased due to the rise in the market price of watches and brand bags.

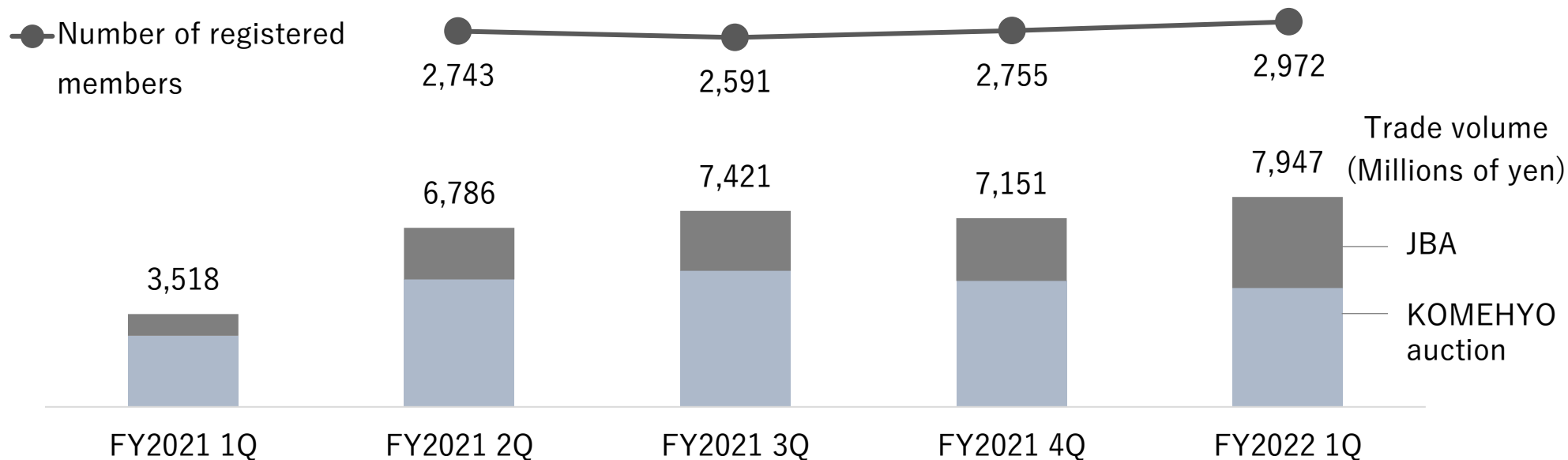


※The individual purchase amount is the amount purchased from an individual customer through the following route.

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

Changes in corporate auction trade volume

Hold the online bidding and the live auction method,
trade volume increased due to rising prices of watches and brand bags

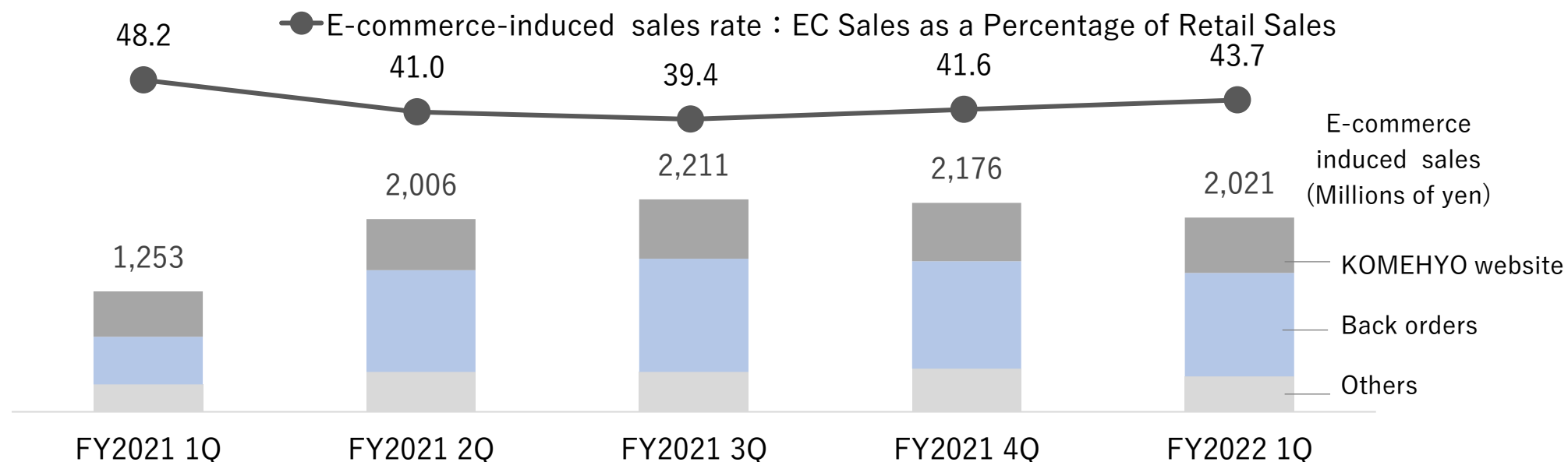


※KOMEHYO auction : The online bidding method

※K-BRAND OFF : Japan Brand Auction(JBA)TOKYO – the real bidding method
Japan Brand Auction(JBA)KANAZAWA – the live auction method
JBA Live Net Auction – The online bidding method

EC(KOMEHYO)

With proposals for 1on1 customer service, EC replacement, and contact center operation
The composition ratio of orders increased compared to the same period of the previous year



※KOMEHYO's online store: 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.

Purchasing from a catalog: Make a purchase after choosing a product from a catalog at the KOMEHYO online store, having the product delivered to a nearby KOMEHYO store and making sure of the product in person.

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

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Stores : KOMEHYO 63 stores ('21.6)

The purchasing center opened 8 stores in the first quarter out of the 30 stores targeted for annual store openings.



〔Domestic〕

Flagship stores 5 stores

Stores annexed with

sales facilities 11 stores

Purchasing Center

36 stores



5 stores



3 stores



Purchasing Center
Versawalk NISIO



Purchasing Center
Sapporo Tokyu Department Store

〔Overseas〕

Thailand (Bangkok)

2 stores



KOMEHYO@Central Bangna
(Bangkok, Thailand)

China (Shanghai)

1 store



KOMEHYO Shanghai
(Shanghai, China)

Stores : BRAND OFF 25 stores ('21.6)

Opened 3 purchasing centers in the first quarter and the Tsim Sha Tsui store in Hong Kong

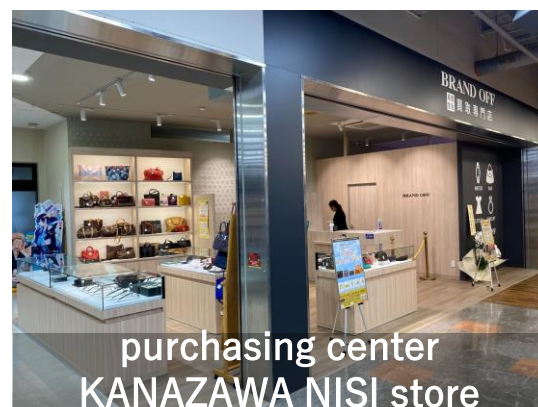


〔Domestic〕

Flagship stores 2 stores

Stores annexed with
sales facilities 2 stores

Purchasing Center
9 stores



〔Overseas〕

HONG KONG 8 stores

TAIWAN 3 stores

Thailand 1 stores
(Including FC 1 store)



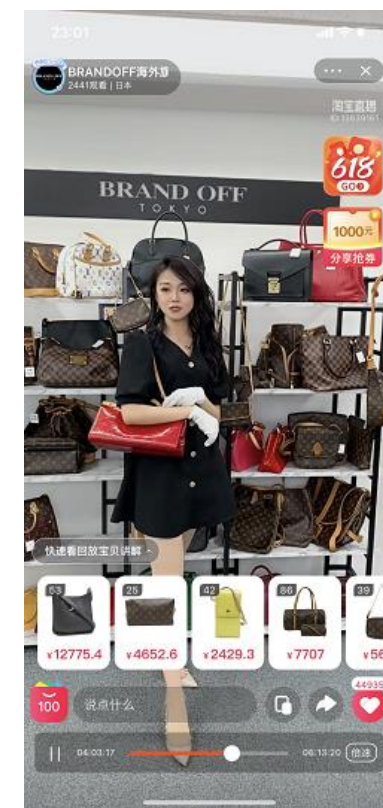
Cross-border EC

Focusing on cross-border e-commerce for customers in China under COVID-19

Opened "BRAND OFF Overseas Flagship Store" at T-mall Global in June



T-mall Live



WORM(sneakers) • Shellman(Antique clock, etc.)Stores

WORM Domestic 1 store



Shellman Domestic 7 stores
Since 1971



Assessment of authenticity and model numbers through AI

Test introduction expanded to KOMEHYO Nagoya main store and
16 Purchase centers in the Kanto area - aim to introduce it to all stores this term

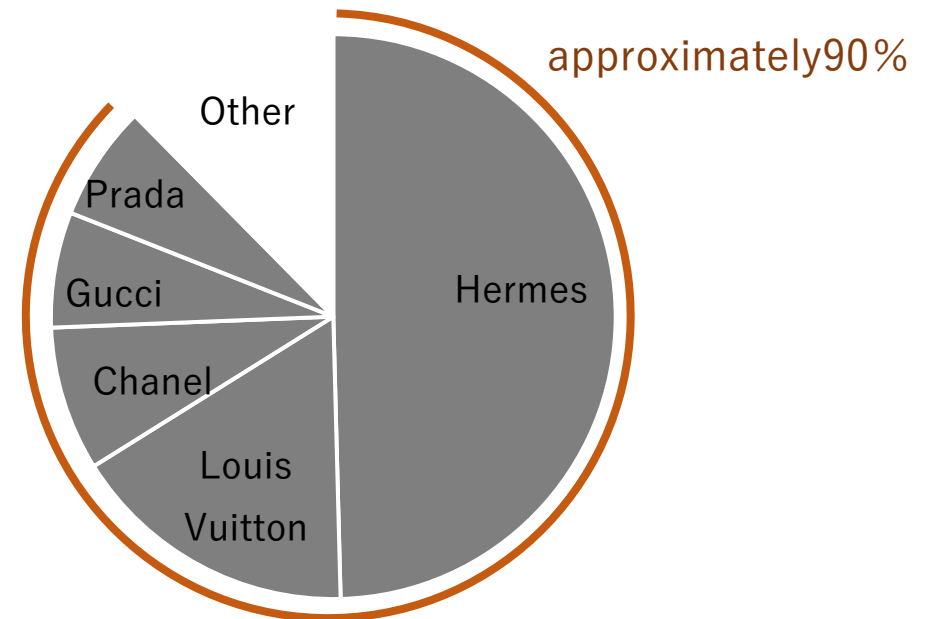
【Purpose of development】

Formation of reuse market which customers can use
with peace of mind

- Improvement of communication with customers
- Elimination of counterfeit goods
- Global expansion
- Quicker development of assessors



【AI development coverage※】



※KOMEHYO brand bag purchase price base

Craft/U-ICHIBAN Stores



Domestic 10 stores



4 stores with "URBAN OFF CRAFT"



1 store with "EURO STYLE Craft"



Domestic 4 stores

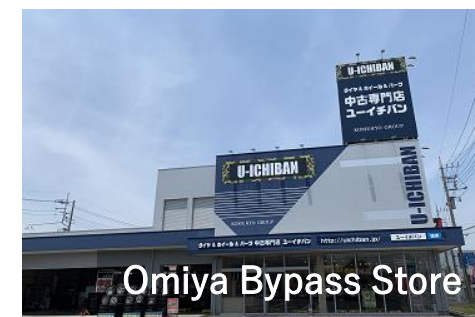
(Closed: Kagamigahara store, Inazawa store, Okazaki store)



Nakagawa store



Nagoya dome WEST store



Omiya Bypass Store

Tire • Wheel Initiatives

【Craft】

Success in capturing custom-segment demand for wheels and other supplies.

4WD / SUV specialty store "URBAN OFF CRAFT" is doing well



【4 × 4 Engineering Services】

All items such as wheels and suspensions are performing well, including overseas.



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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: 953 Non-consolidated: 16 (As of June 2021)
Business activities	Groupwide corporate planning, management and marketing, and real estate business
Fiscal year-end	March
Stock	Second Section, Tokyo and Nagoya Stock Exchanges (Securities code: 2780; Unit: 100 shares)

Mission

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.

存在意義
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.

目指す姿
VISION

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

価値観
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.

We will pass on the value of products through environmentally and socially conscious recycling instead of just reusing.。

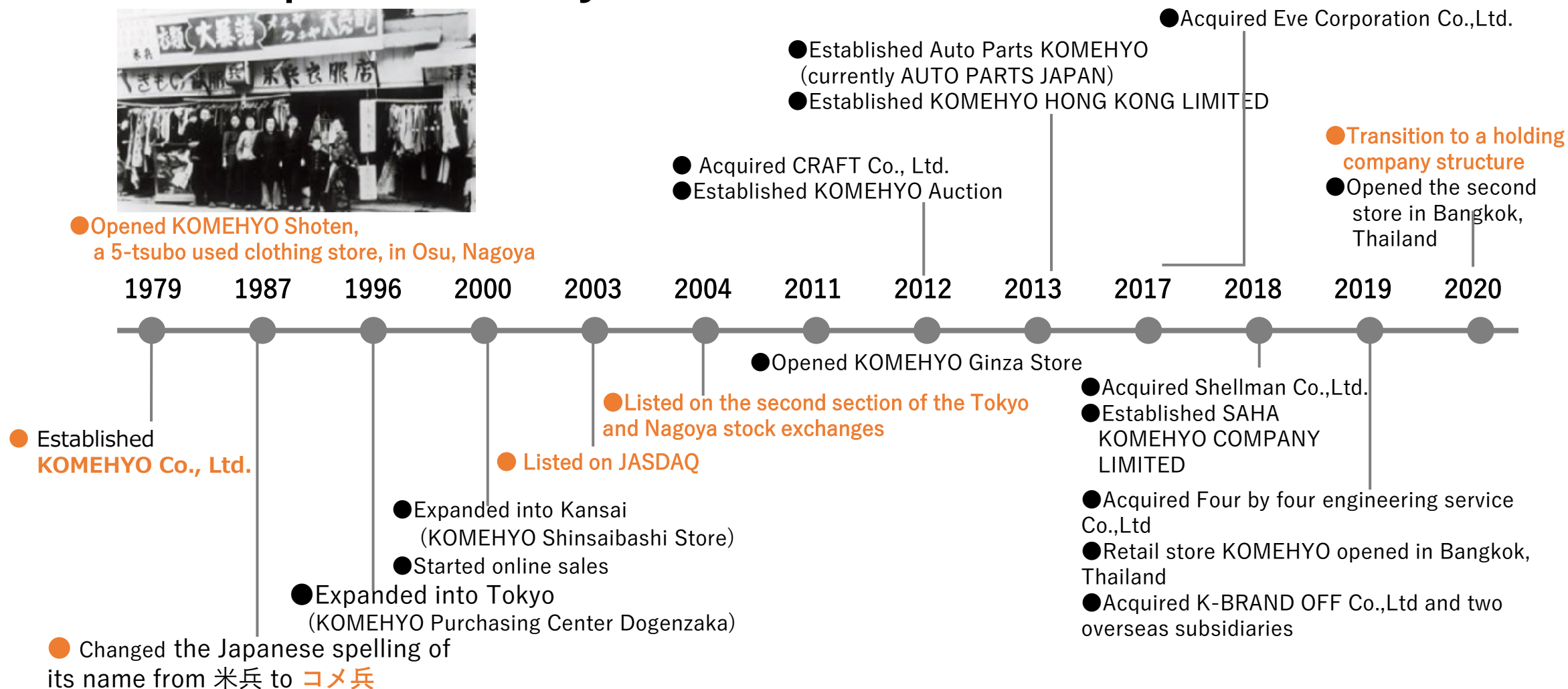
Maintenance, remaking, reorganizing and human relationships

Environmentally and socially conscious recycling, while it means reusing products, aims to pass down the concept of upcycling that enhances the value of products, instead of just downcycling products.

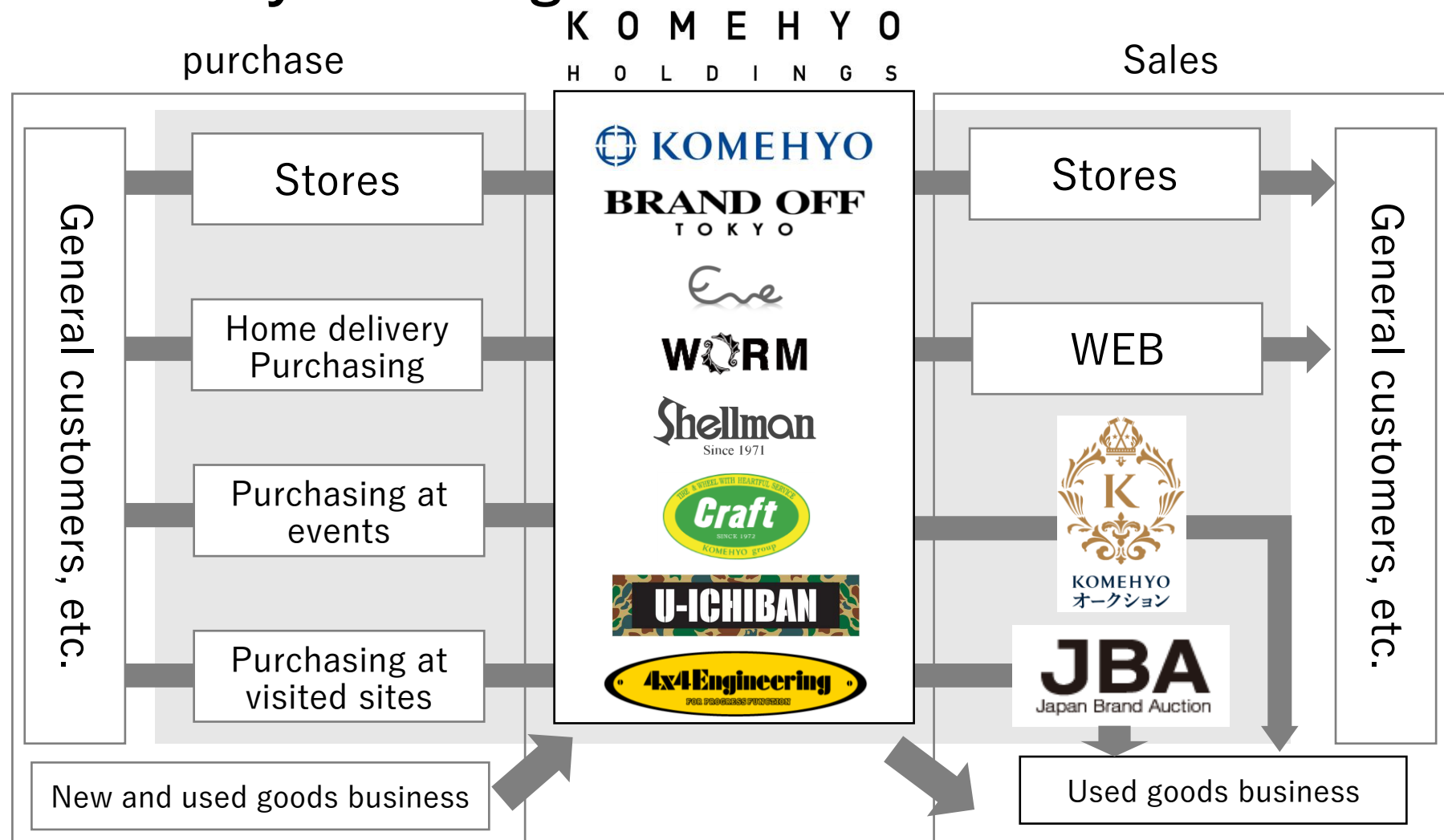
As more people share common value with an eye toward the creation of a sustainable society going forward, we will contribute to establishing such a society by promoting the concept of respecting producers and users while simultaneously sharing such concept with as many people as possible.



Corporate History



Business system diagram

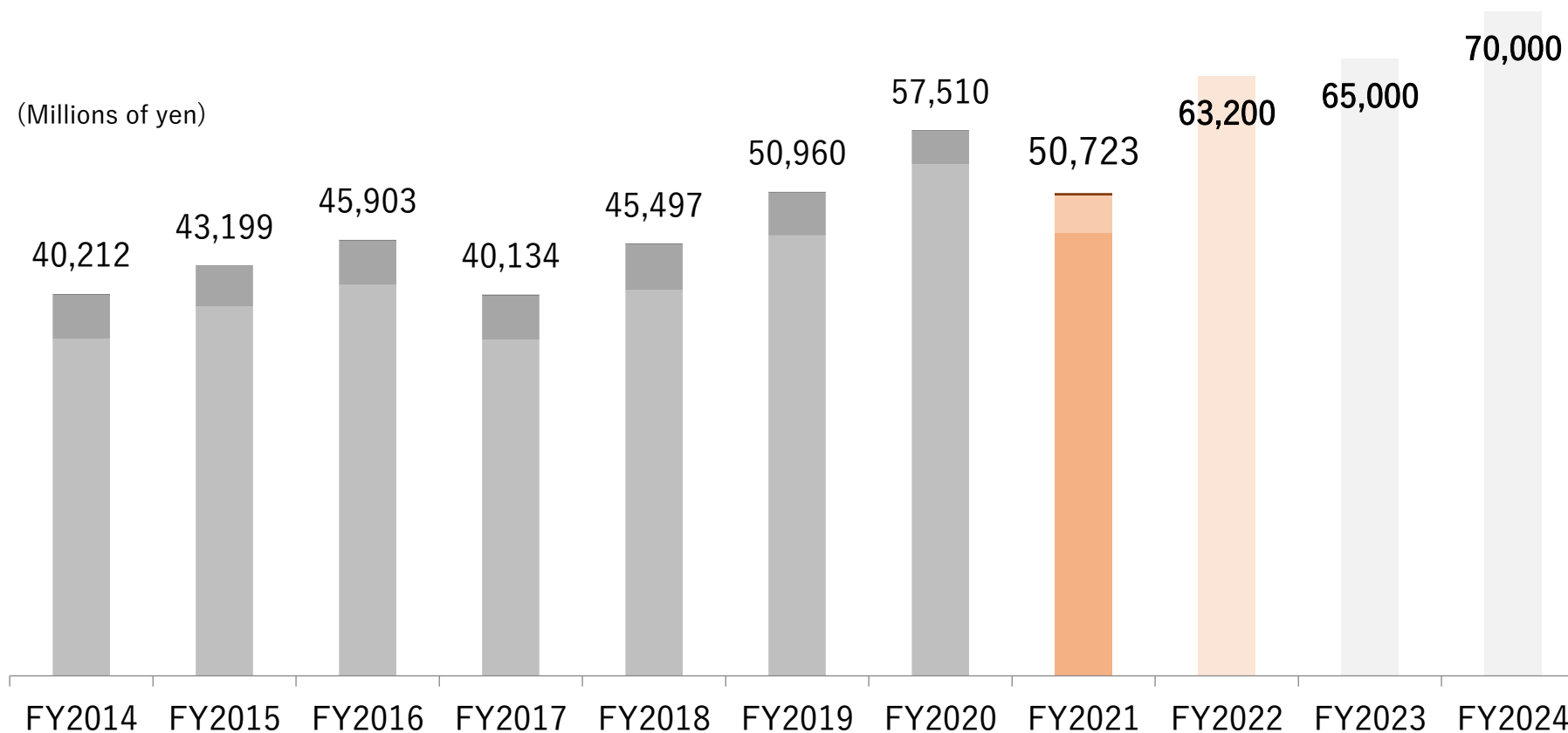


Medium-term management target (until FY2024)

(Millions of yen)	FY2022(Revised)		FY2023	FY2024
	1H	Full year	Full year	Full year
Net sales	30,000	63,200	65,000	70,000
Operating income	1,020	2,190	2,100	2,800
Operating profit margin	3.4 %	3.5 %	3.2 %	4.0 %
Ordinary income	1,000	2,110	2,000	2,700
Net income attributable to owners of parent	680	1,470	1,300	1,800

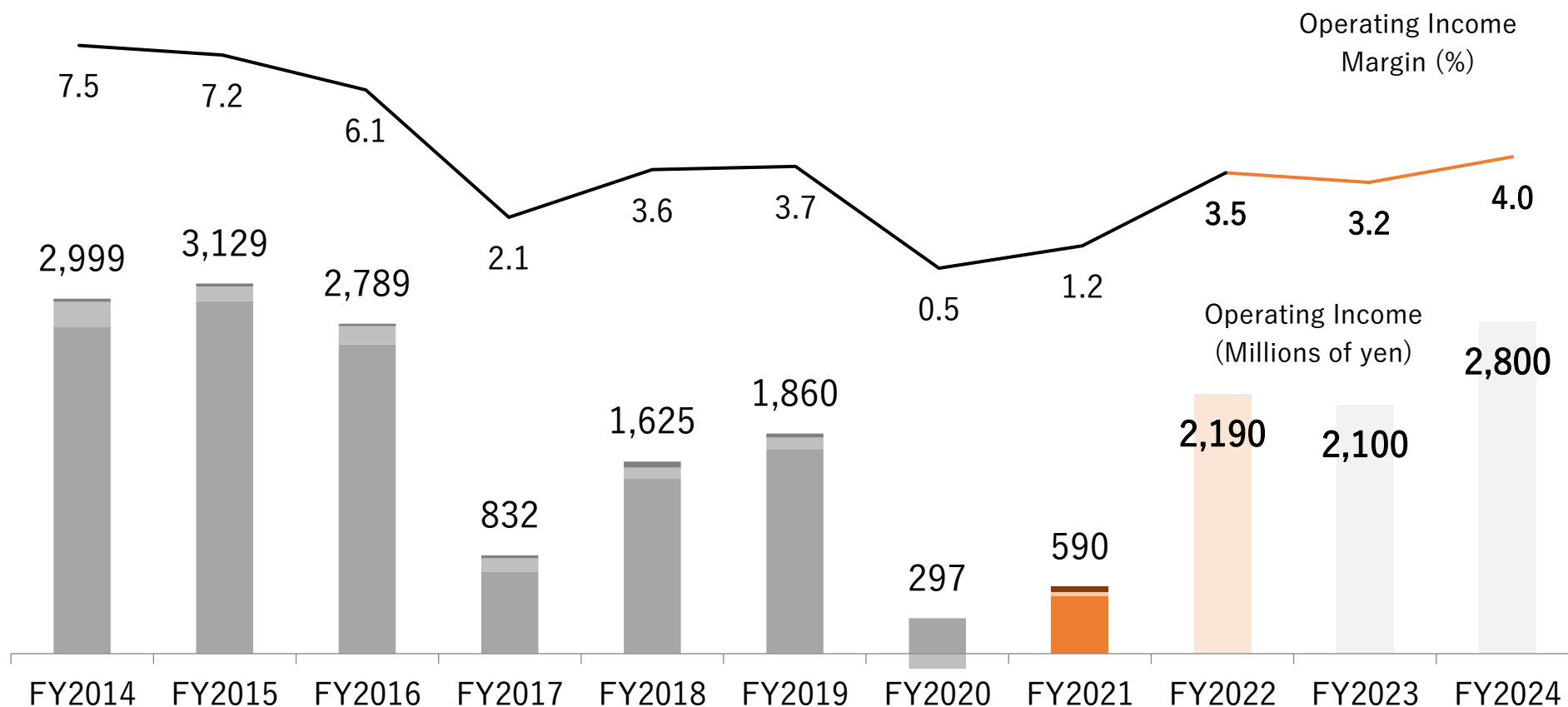
※ Changes were made to business plans for the first half and the fiscal year announced at the beginning of the fiscal year.
No change in medium-term plan.

Sales plan



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No change in medium-term plan.

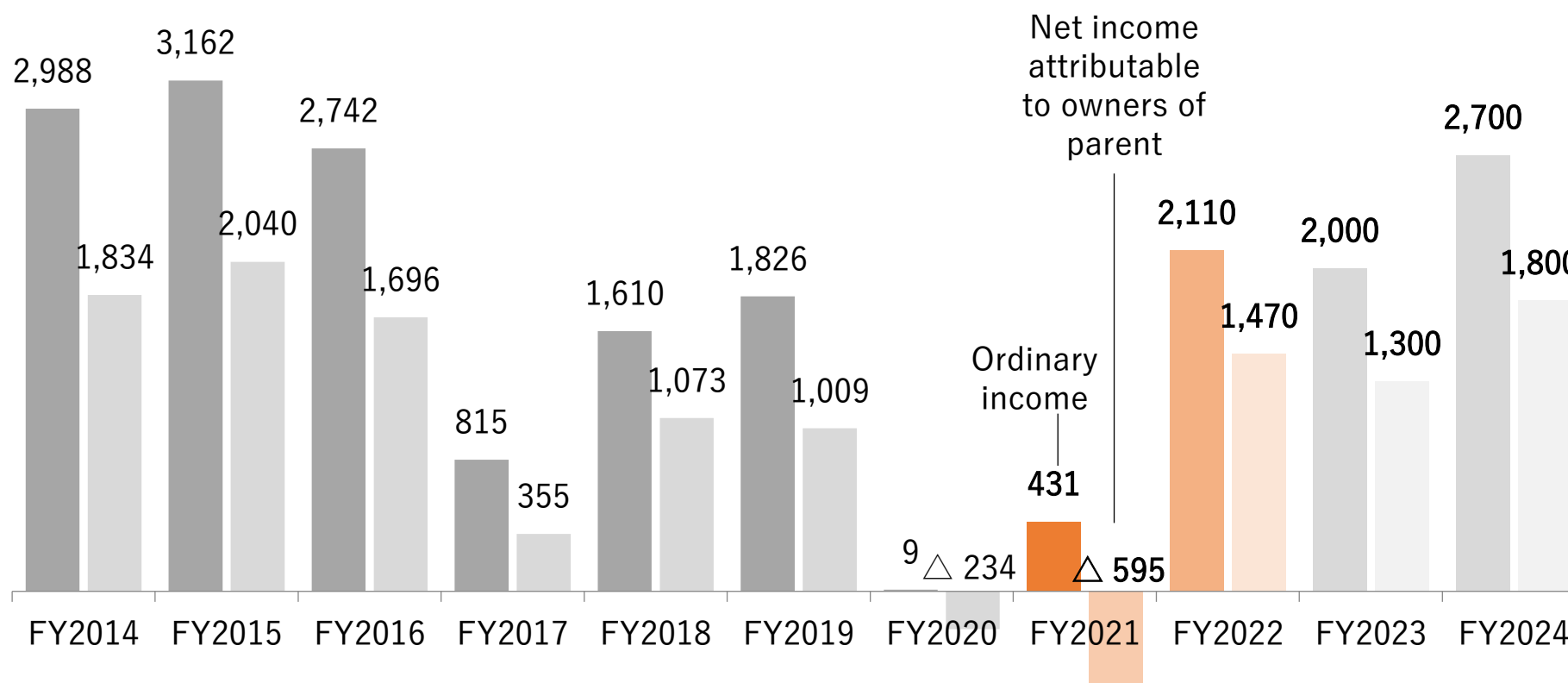
Operating Profit Plan



※ Changes were made to business plans for the first half and the fiscal year announced at the beginning of the fiscal year.
No change in medium-term plan.

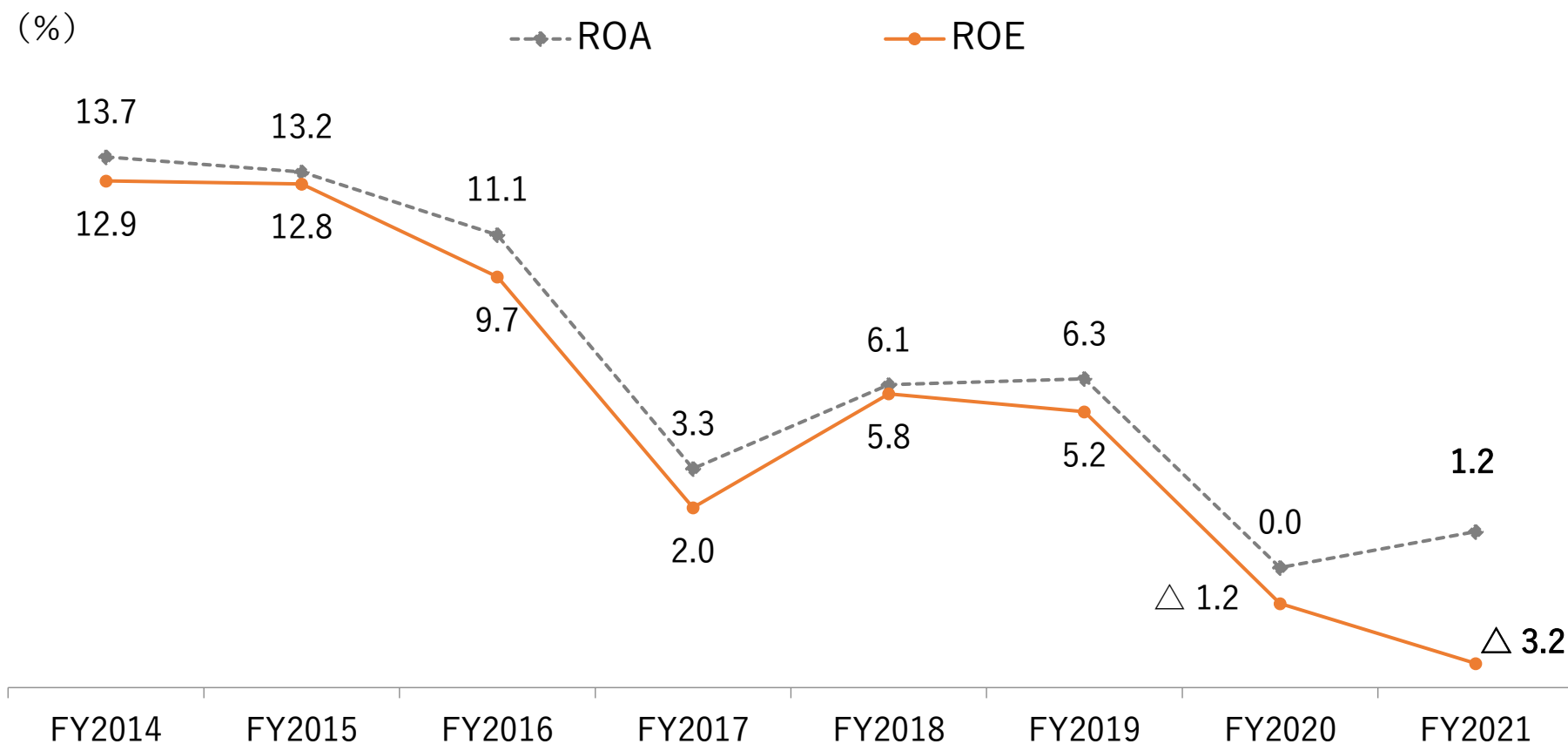
Ordinary income/Net income Plan

(Millions of yen)

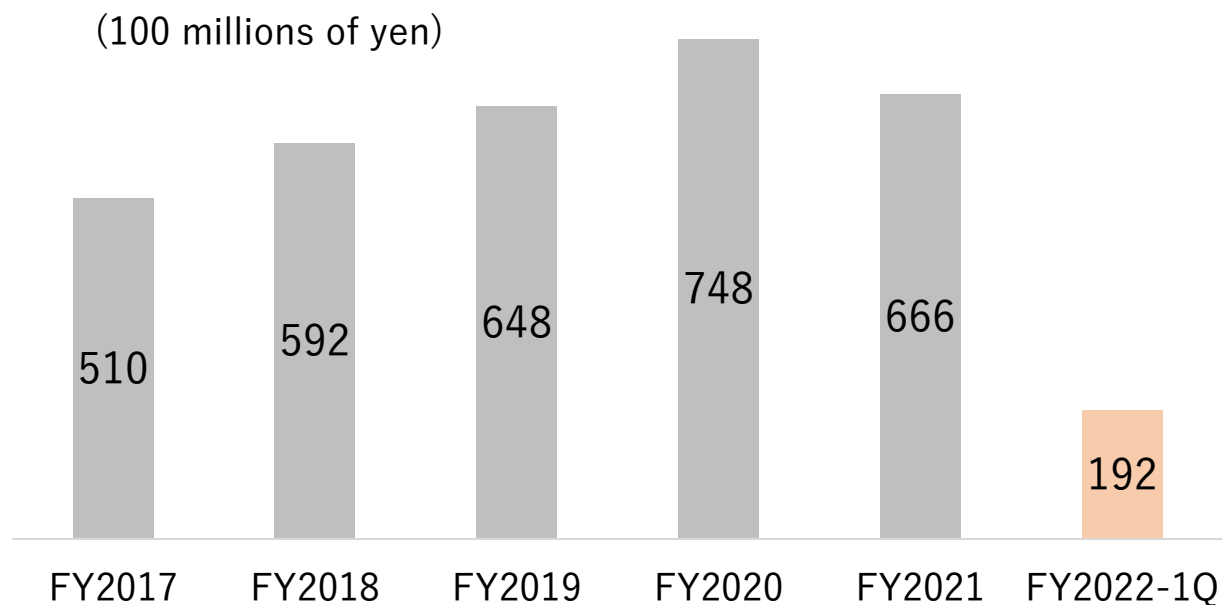


※ Changes were made to business plans for the first half and the fiscal year announced at the beginning of the fiscal year.
No change in medium-term plan.

Changes in ROA/ROE



Changes in gross merchandise value



KOMEHYO auction sales are mainly membership fees, and volume is not included in sales.

Total distribution volume (GMV) is a number that takes into account the volume of the auction and measures its influence in the reuse market. We think it is one of the indicators.

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

Medium-term Management Plan

Brand · Fashion business

1. Strengthening of the scheme of purchasing from individuals and retailing
2. Strengthening of the corporate business
3. Development of overseas businesses and strengthening of reuse technologies.

BtoC

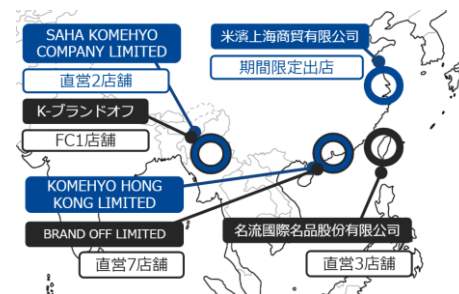

BRAND OFF
T O K Y O

Eve Shellman
Since 1971

BtoB

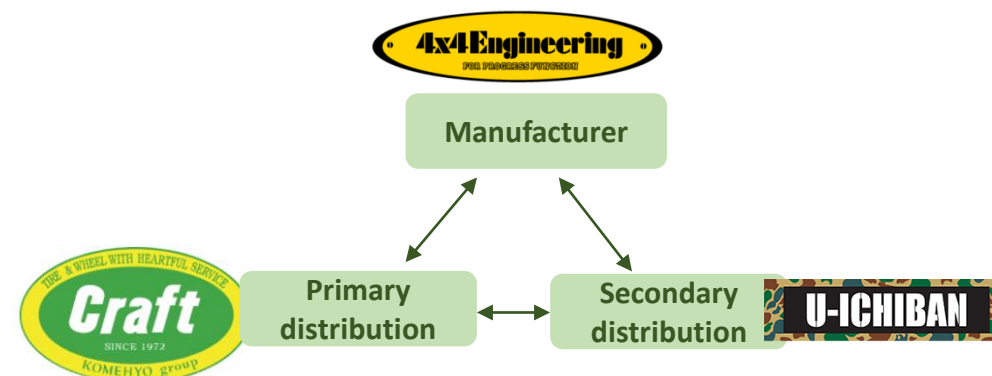


Overseas



Tire · Wheel business

1. Stabilization and strengthening of profitability
2. Strengthening of new products.



Medium-term Management Plan : Brand · Fashion

1. toC - Strengthening of the scheme of purchasing from individuals and retailing
 - Increase the number of purchasing channels (acceleration of new store openings and facilitation of FC and alliances).
 - Raise the capability of existing stores and improving CRM through OMO with a focus on LTV.
 - Facilitate the upcycling of purchased products.
2. toB - Strengthening of the corporate business
 - Strengthen and streamline the auction business.
 - Accelerate collaboration-based businesses.
 - Acquire new business partner companies.
3. Growth drivers - Development of overseas businesses and strengthening of reuse technologies.
 - Drive growth in overseas channels (enhance profit levels).
 - Utilize data on products and customers among the group companies.
 - Enhance purchasing channels through the utilization of AI.



Medium-term Management Plan : Tire · Wheel

1. Collaboration among the three companies – Stabilization and strengthening of profitability

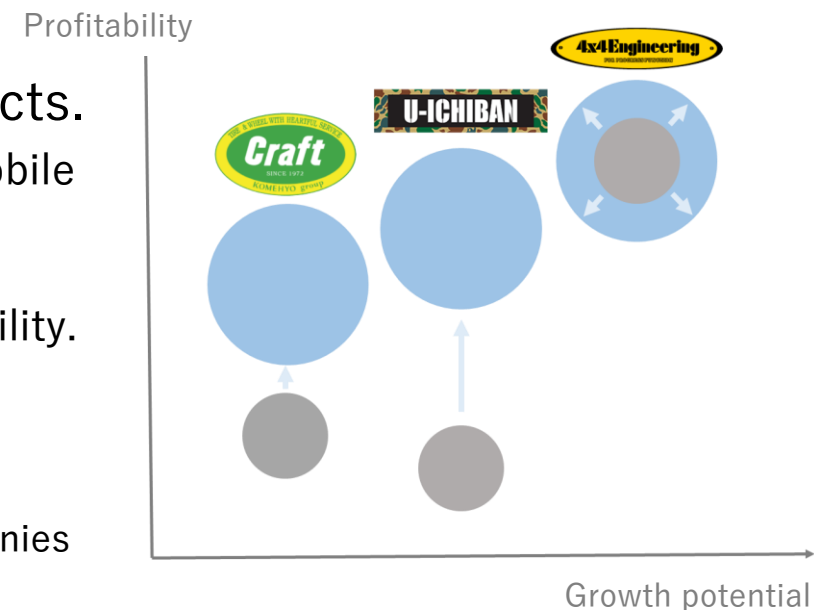
- Strengthen specialty stores developed according to customer preference and sales of which are not affected by the weather.
- Strengthen the sale and purchase of used tires and wheels.
- Implement inventory management utilizing databases and establish priority categories.



2. Growth drivers - Strengthening of new products.

- Facilitate the planning and manufacturing of automobile parts such as wheels.
- Step up efforts to supply product to global markets.
- Establish business portfolios with a focus on profitability.

Growth image of 3 companies



Sustainability: Promote "relay use"

【 Remade jewelry shop 】

A shop opened for a limited time in a department store to sell our own brand of gemstone jewelry ('20.10)



【KOMEHYO Kobe-sannomiya store】

Placement of antique furniture and use of environmentally conscious materials in more than 80% of the interior
(Relocation and opening in February 2021 after renewal)

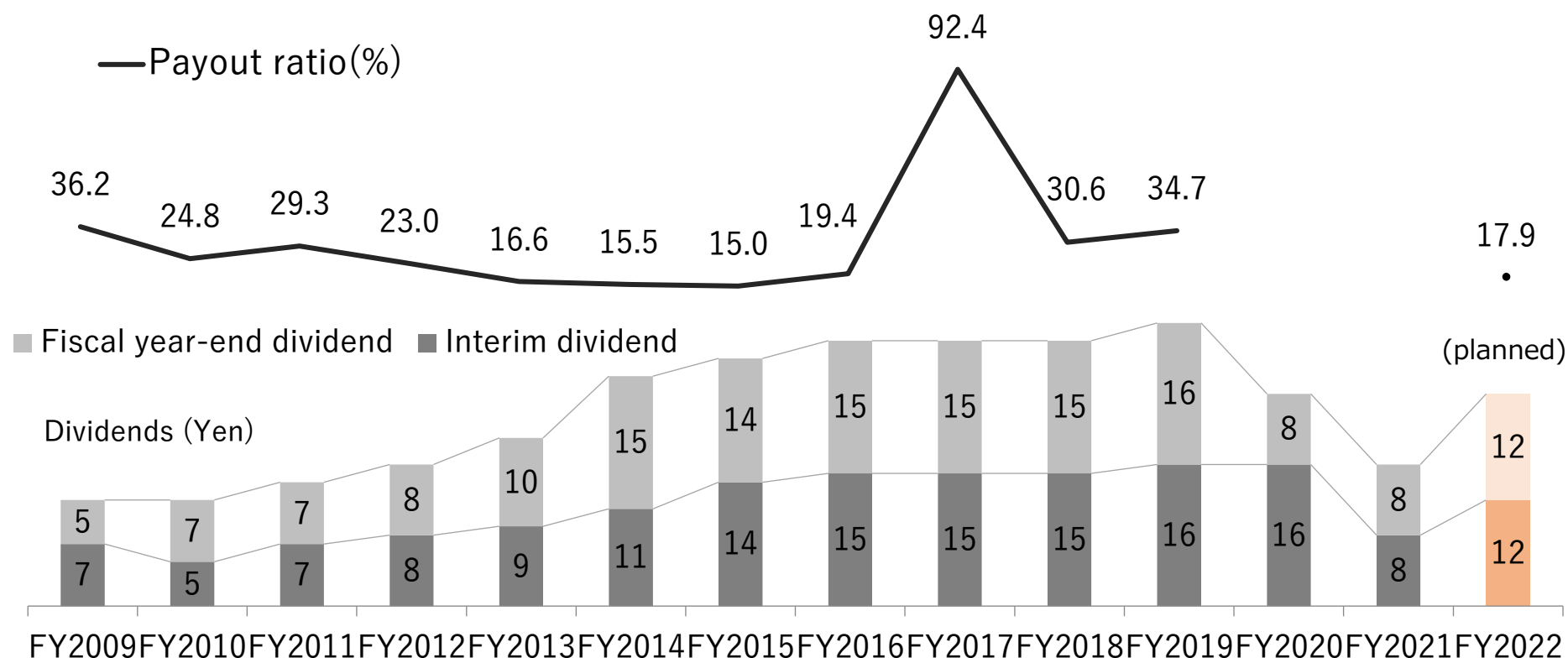


【KOMEHYO AOYAMA】

Store annexed with a gallery of Mr. Mago Nagasaka, a sustainability-focused artist.
(Relocation and opening in February 2021 after renewal)



Shareholder return : Annual dividend for this term is 24 yen (planned)



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Note:

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

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

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

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

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