

# Earnings Results Briefing for the Fiscal Year Ended March 31, 2021

May 2021

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Second Section, Tokyo and Nagoya Stock Exchanges)

IR ・ PR Department

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創る人に敬意を

繋ぐ人に感謝を

手にする人に感動を

# 1. Company Profile, etc.

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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: 940    Non-consolidated: 16    (As of March 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.

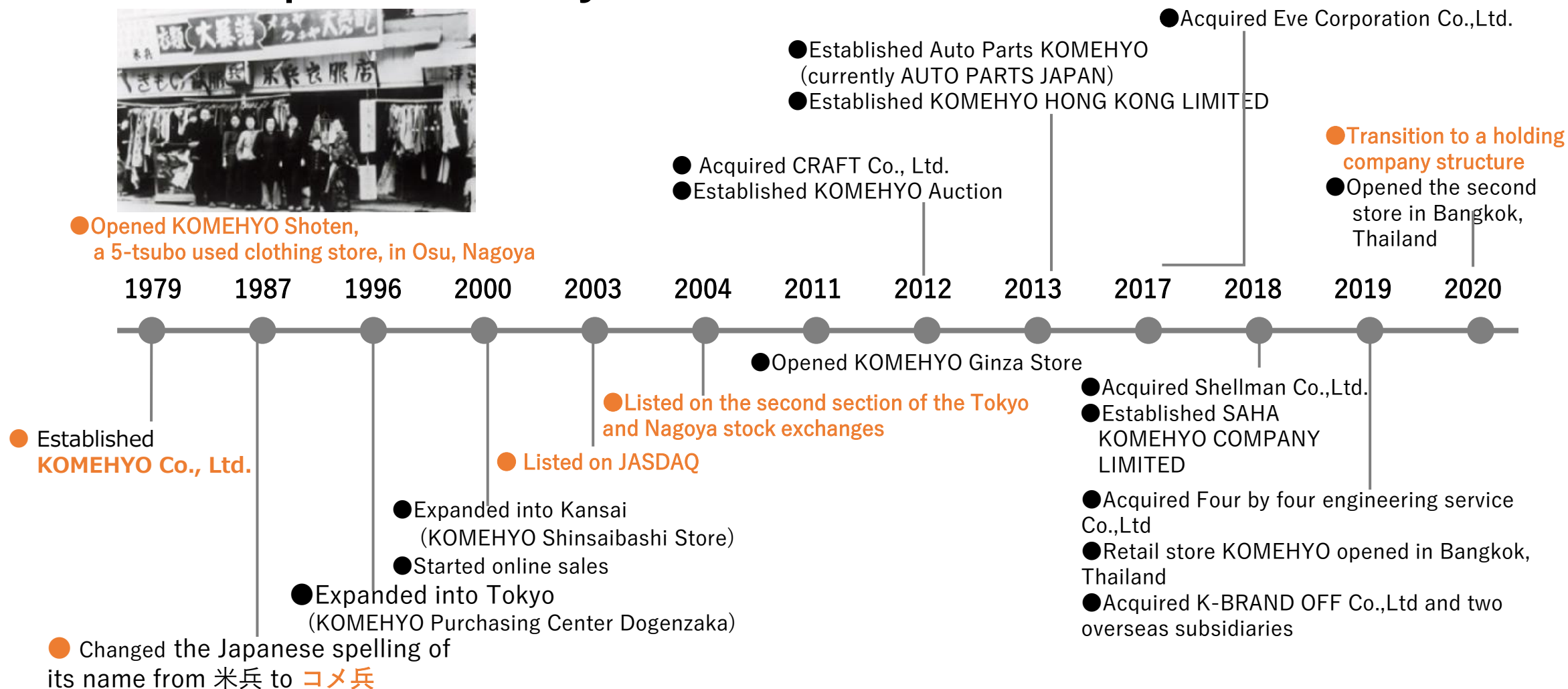
目指す姿  
VISION

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

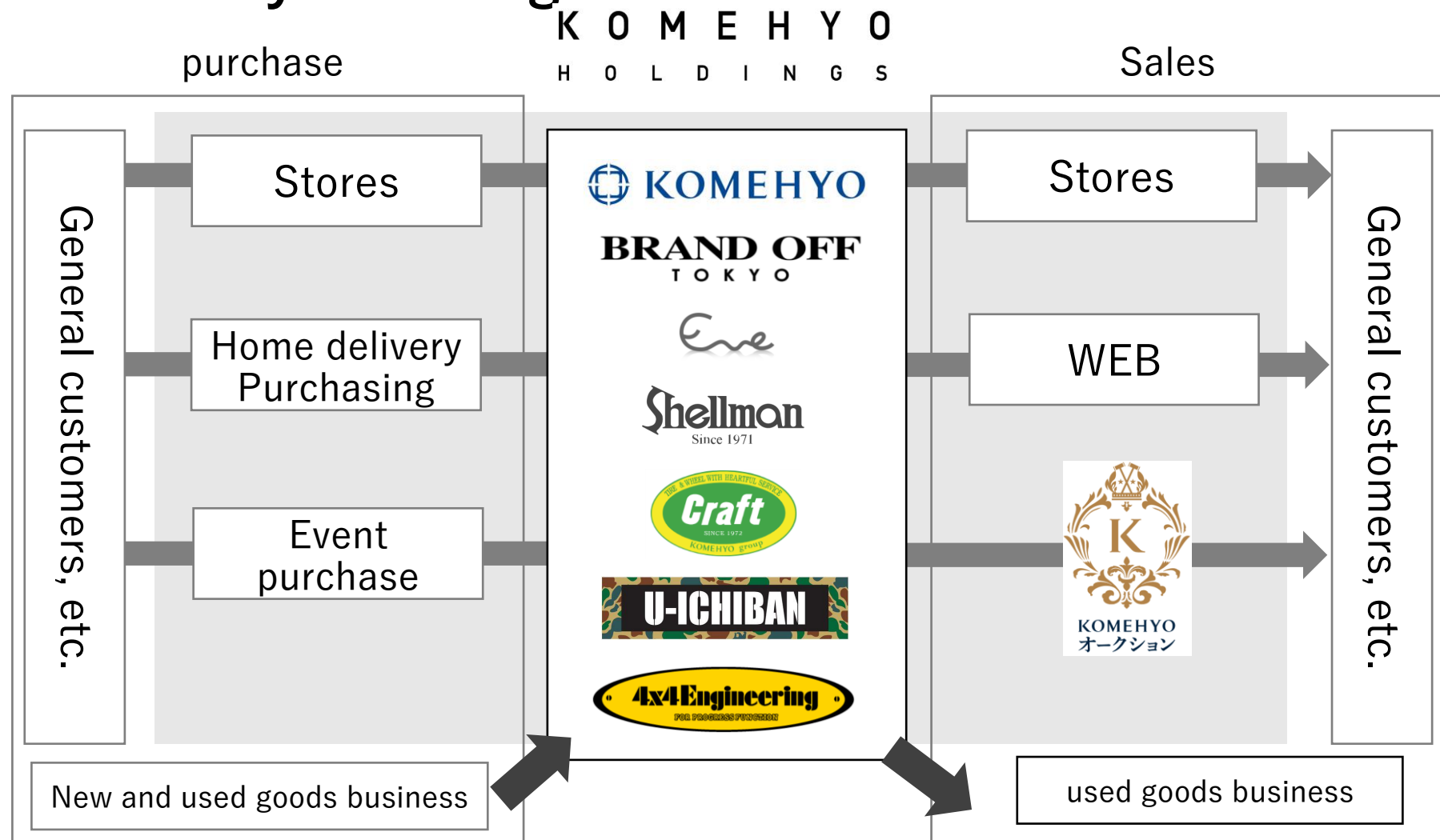
価値観  
VALUE

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.

# Corporate History



# Business system diagram



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# FY 2021 Financial Summary

## 【 Performance Highlights 】

Consolidated	FY2021 (Millions of yen)	YoY	Non-Consolidated	FY2021 (Millions of yen)	YoY
Net Sales	50,723	88.2%	Net Sales	15,144	—
Operating income	590	—	Operating income	△493	—
Net income attributable to owners of parent	△595	—	Net income	△1,262	—

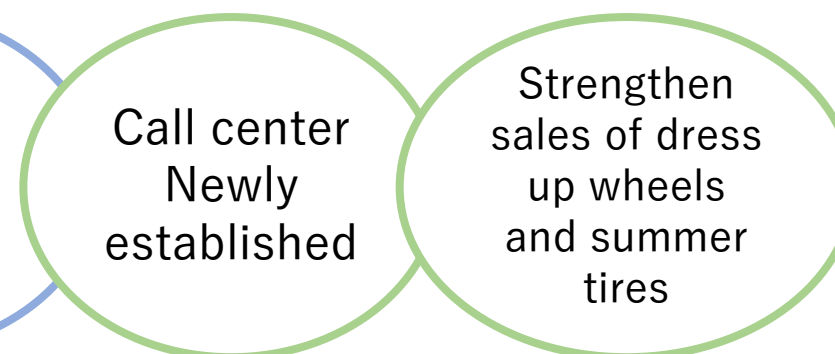
※ Transition to holding company system in October 2020

## 【Business Topics】

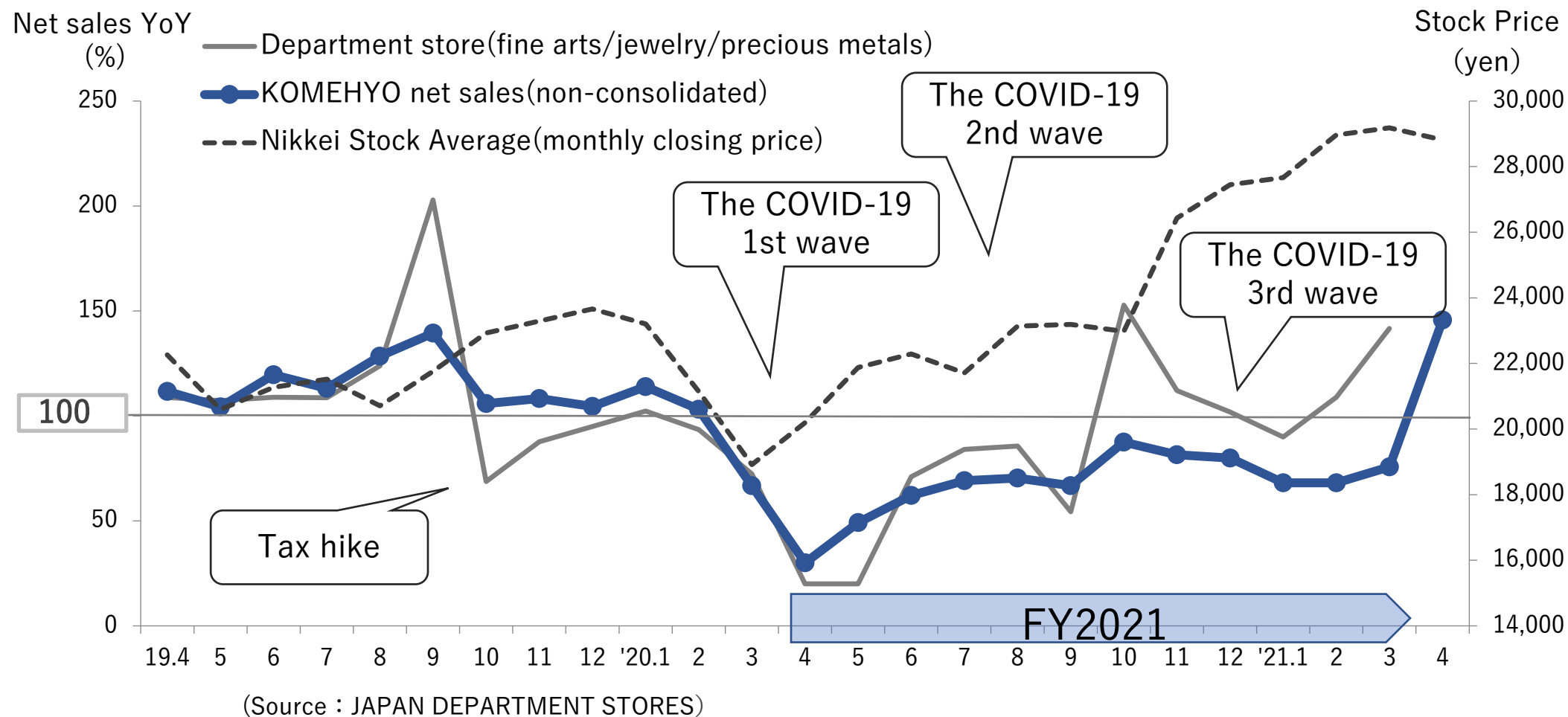
### Brand · Fashion business



### Tire and Wheel business



## Economic Trend : New coronavirus etc. had a big impact



## FY 2021 Performance :

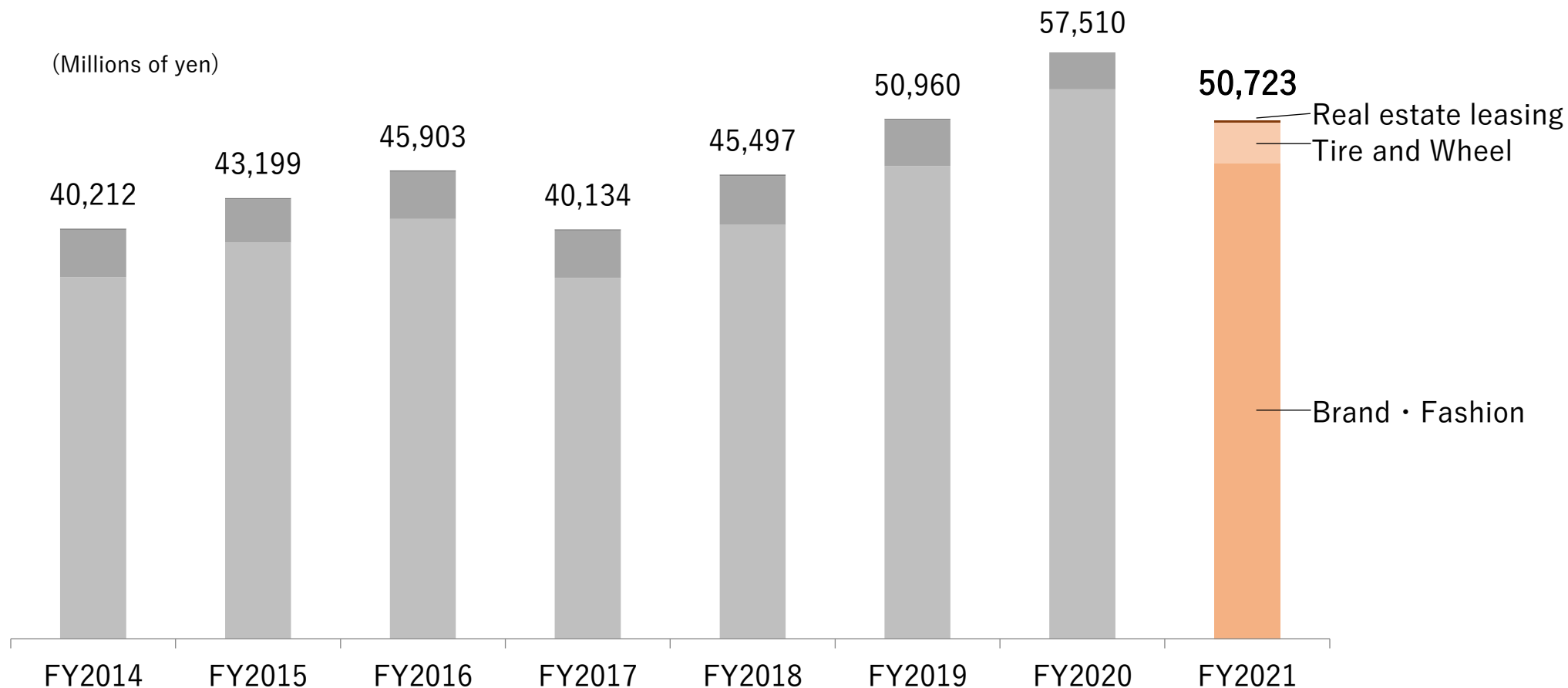
Operating income and ordinary income increased despite a decrease in net sales

(Millions of yen)	FY2019	FY2020	FY2021	Change	YoY
Net sales	50,960	57,510	50,723	△6,787	88.2%
Gross profit	13,796	14,562	13,836	△726	95.0%
Gross profit margin	27.1%	25.3%	27.3%	+2.0pt	—
SG&A expenses	11,936	14,265	13,245	△1,019	92.9%
Operating income	1,860	297	590	+293	198.5%
Ordinary income	1,826	9	431	+422	—
Net income attributable to owners of parent	1,009	△234	△595	△361	—

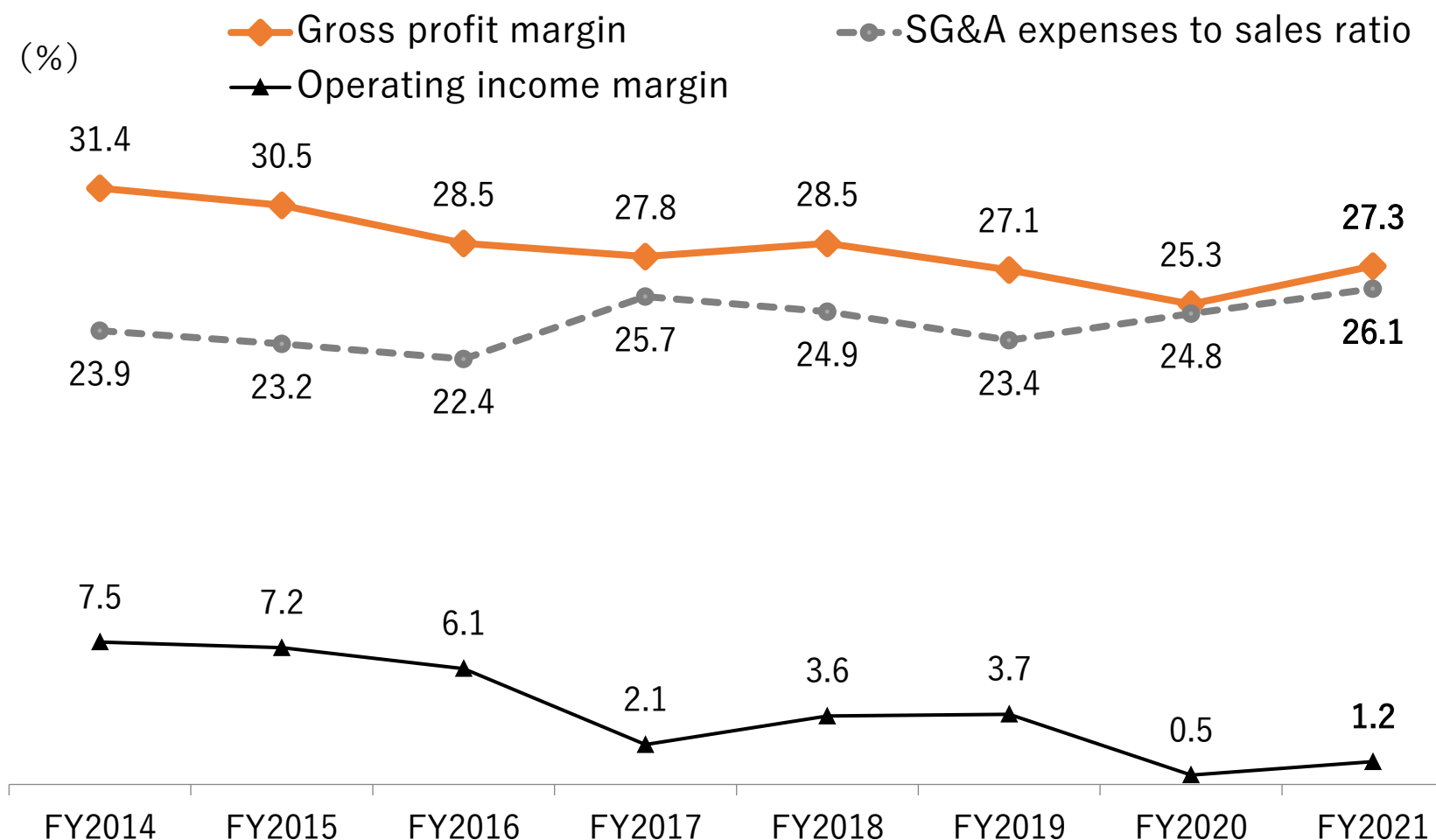
## FY 2021 quarterly results : Results were recovering, starting in the third quarter.

(Millions of yen)	FY2021 1Q	YoY	FY2021 2Q	YoY	FY2021 3Q	YoY	FY2021 4Q	YoY
Net sales	7,861	63.2%	12,957	84.7%	15,132	100.9%	14,771	99.9%
Gross profit	1,888	55.2%	3,385	92.2%	4,472	115.3%	4,090	114.0%
Gross profit margin	24.0%	△3.5pt	26.1%	+ 2.1pt	29.6%	+3.7pt	27.7%	+3.4pt
SG&A expenses	2,748	82.6%	3,481	101.0%	3,453	92.8%	3,562	94.5%
Operating income	△860	—	△96	—	1,018	639.8%	528	—
Ordinary income	△937	—	△107	—	974	2207.3%	501	—
Net income attributable to owners of parent	△1,229	—	△149	—	712	—	71	—

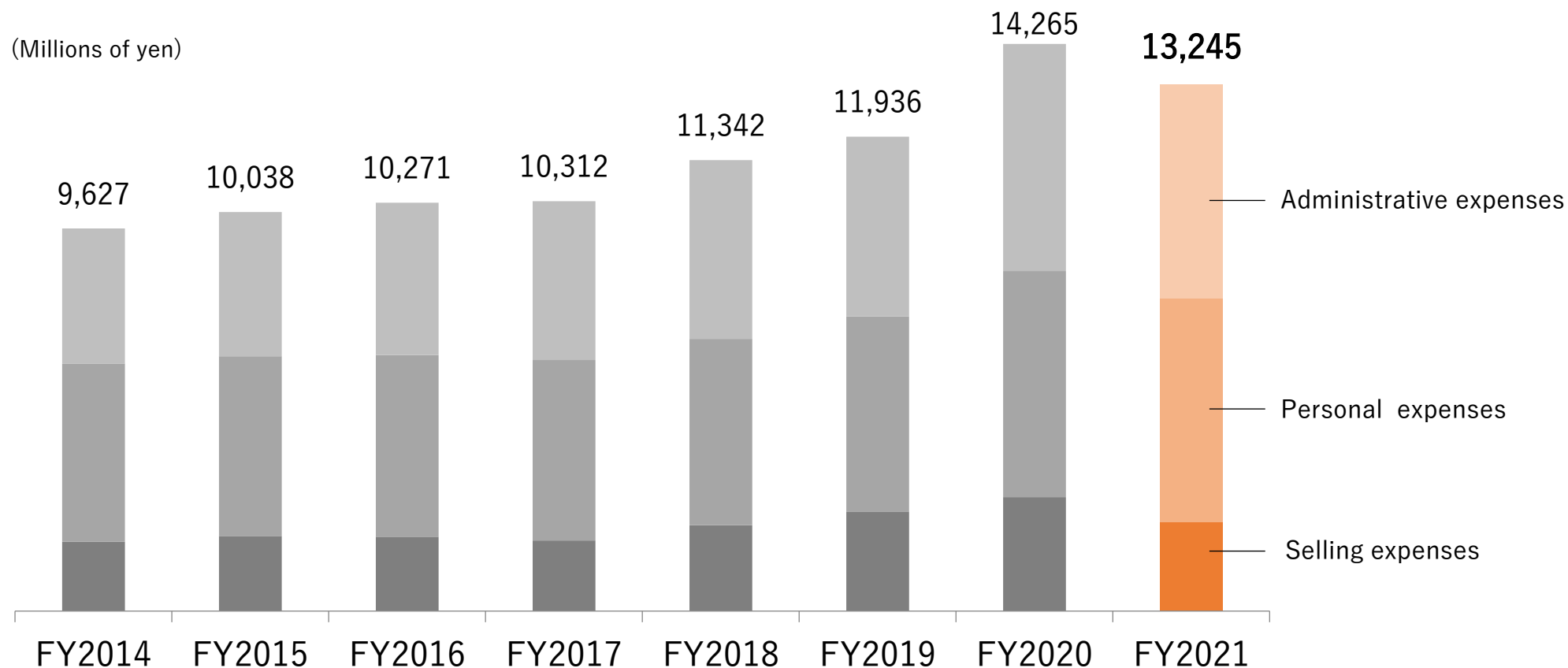
## Changes in net sales: Net sales fell, mainly due to the suspension of store operations in the first quarter



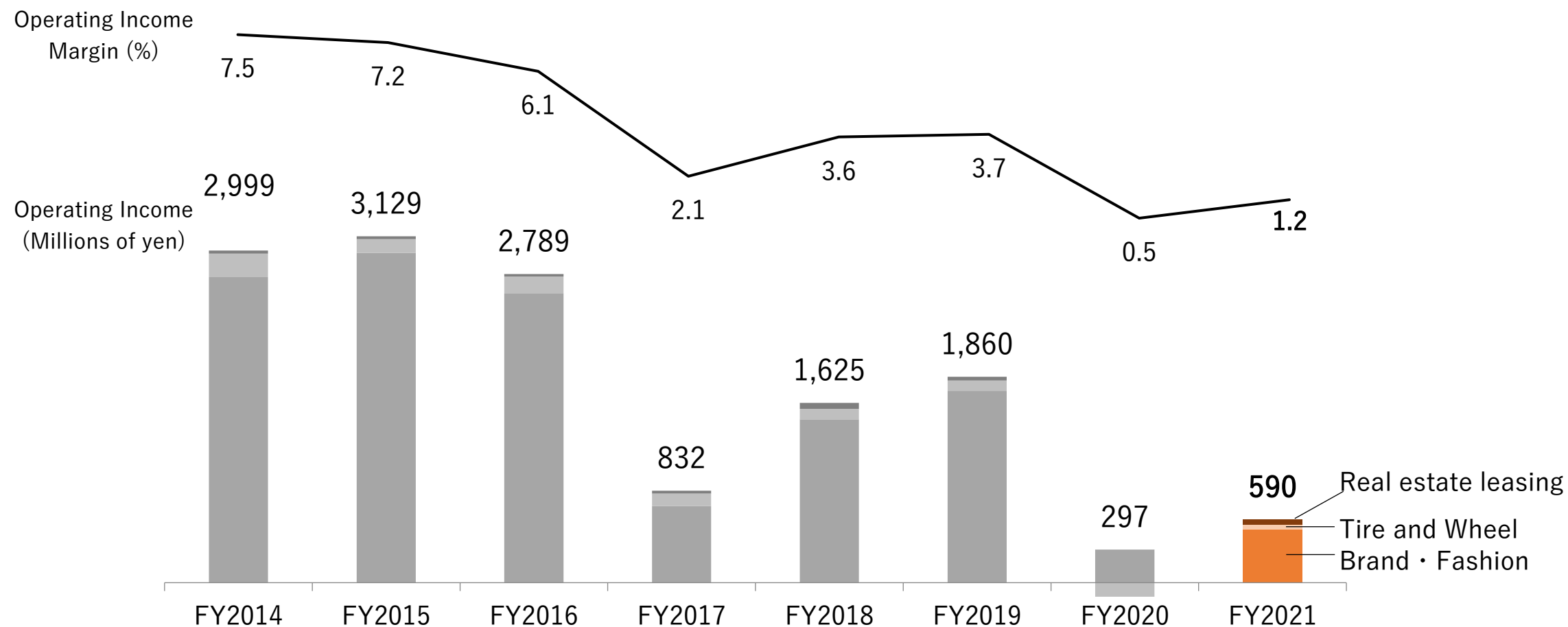
## Changes in profit ratios: Gross profit and operating margin rose



## Changes in expenses: Sales expenses such as advertising expenses were reduced

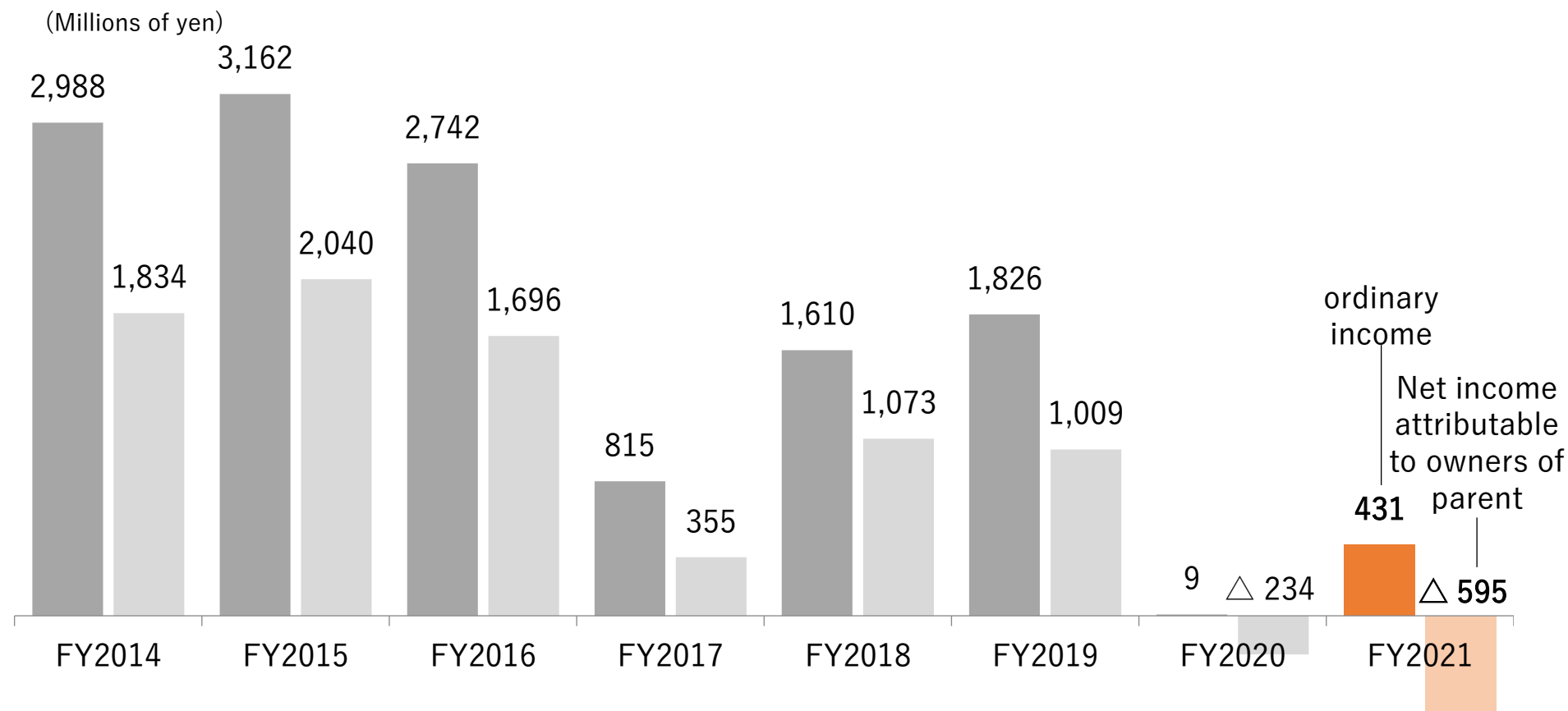


## Changes in Operating income : Increased

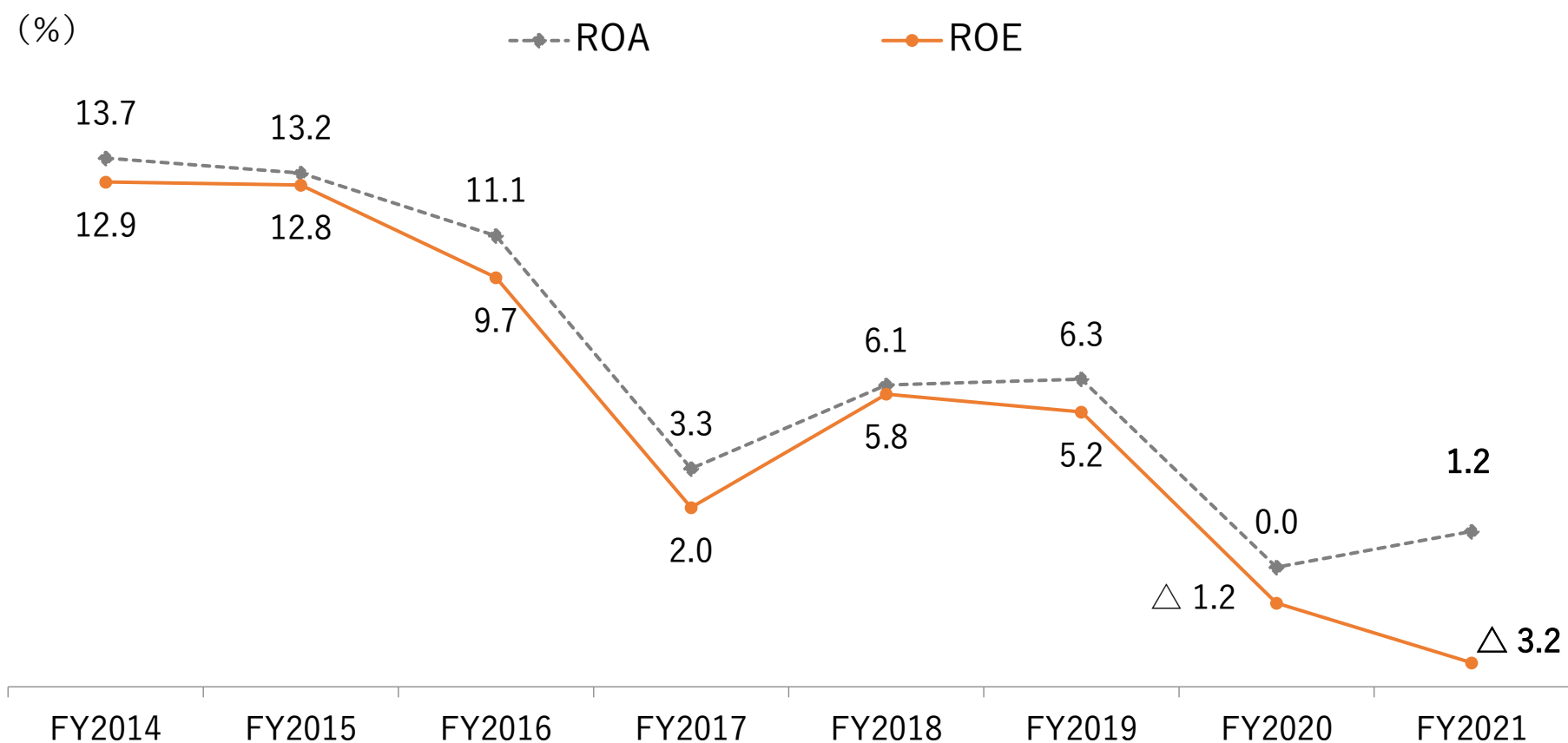




## Changes in ordinary income / net income: Net income declined partly due to the posting of extraordinary losses

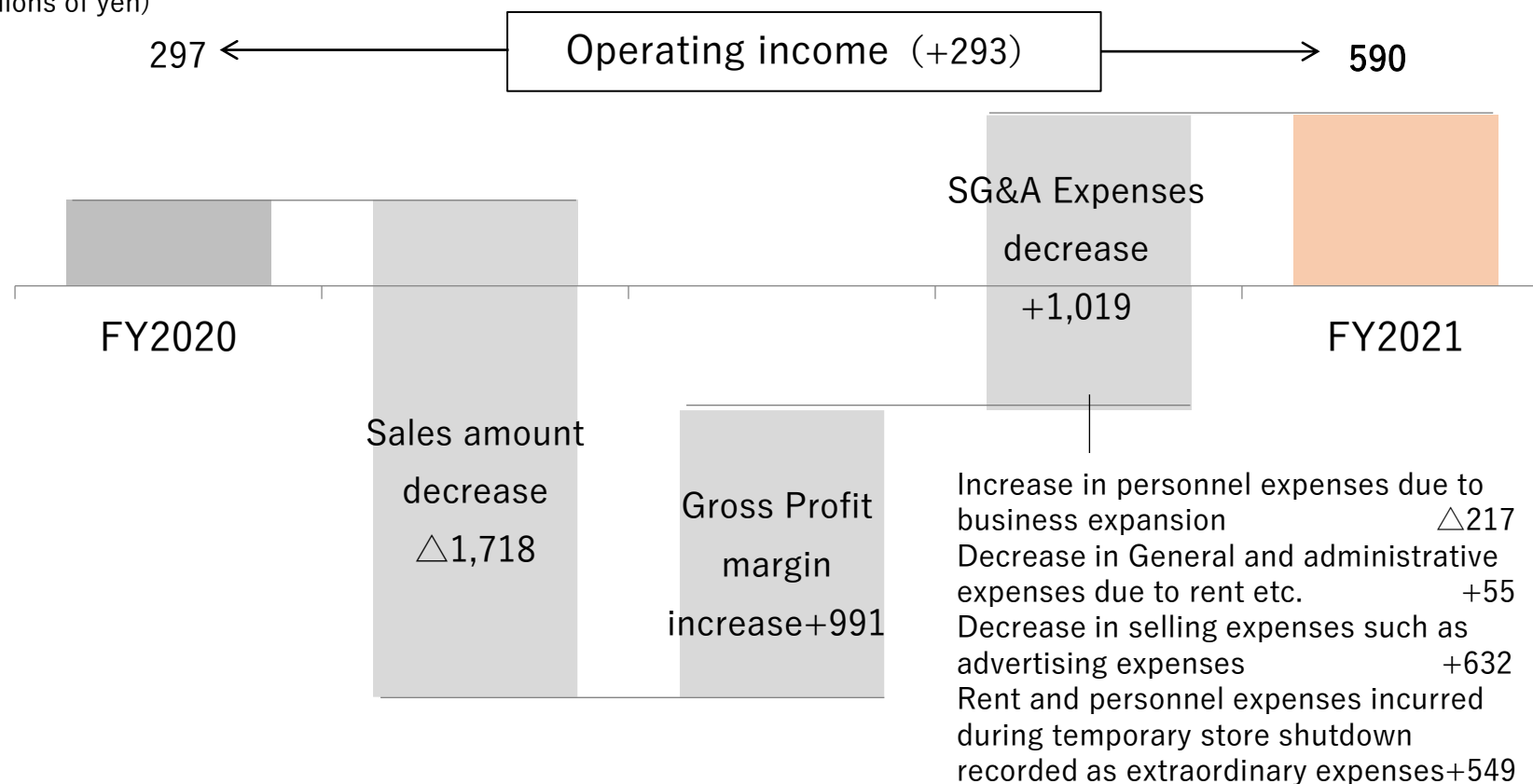


# Changes in ROA/ROE

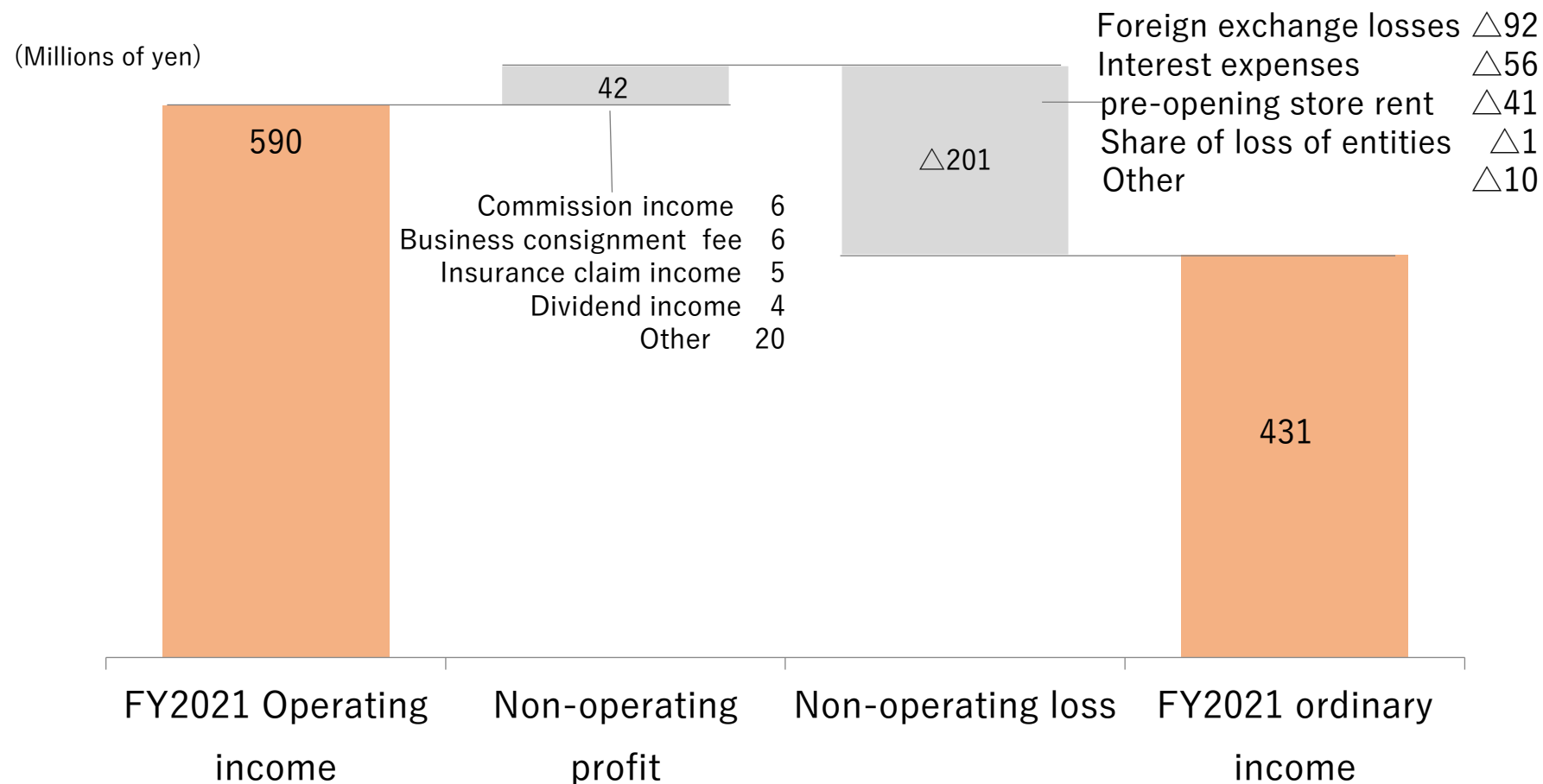


# Operating income increase and decrease factor

(Millions of yen)



# Non-operating profit and loss



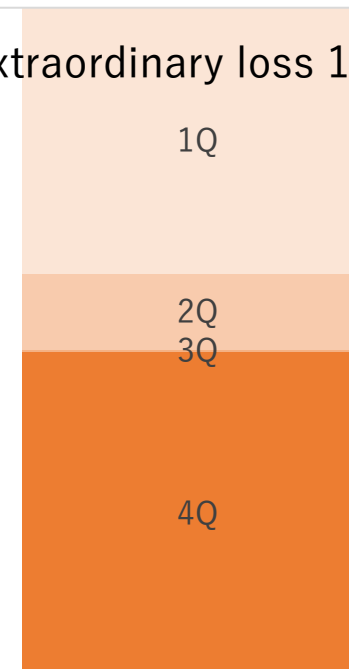
## Extraordinary income (loss): Recorded the impairment of goodwill and unprofitable stores' non-current assets



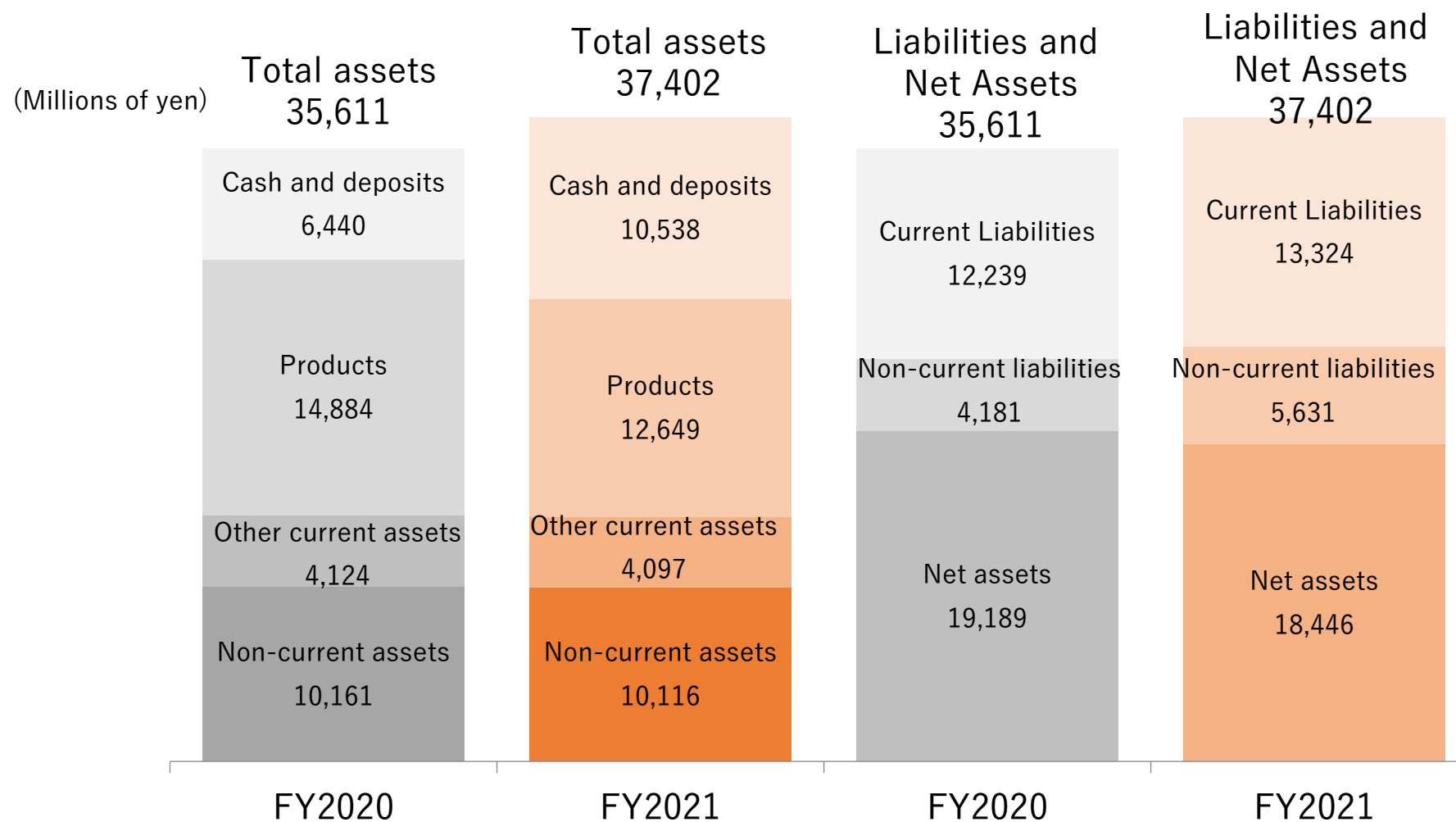
Extraordinary income 383

Grant income	319
Asset retirement obligation reversal gain	58
Gain on sale of fixed assets	6

Extraordinary loss 1,268

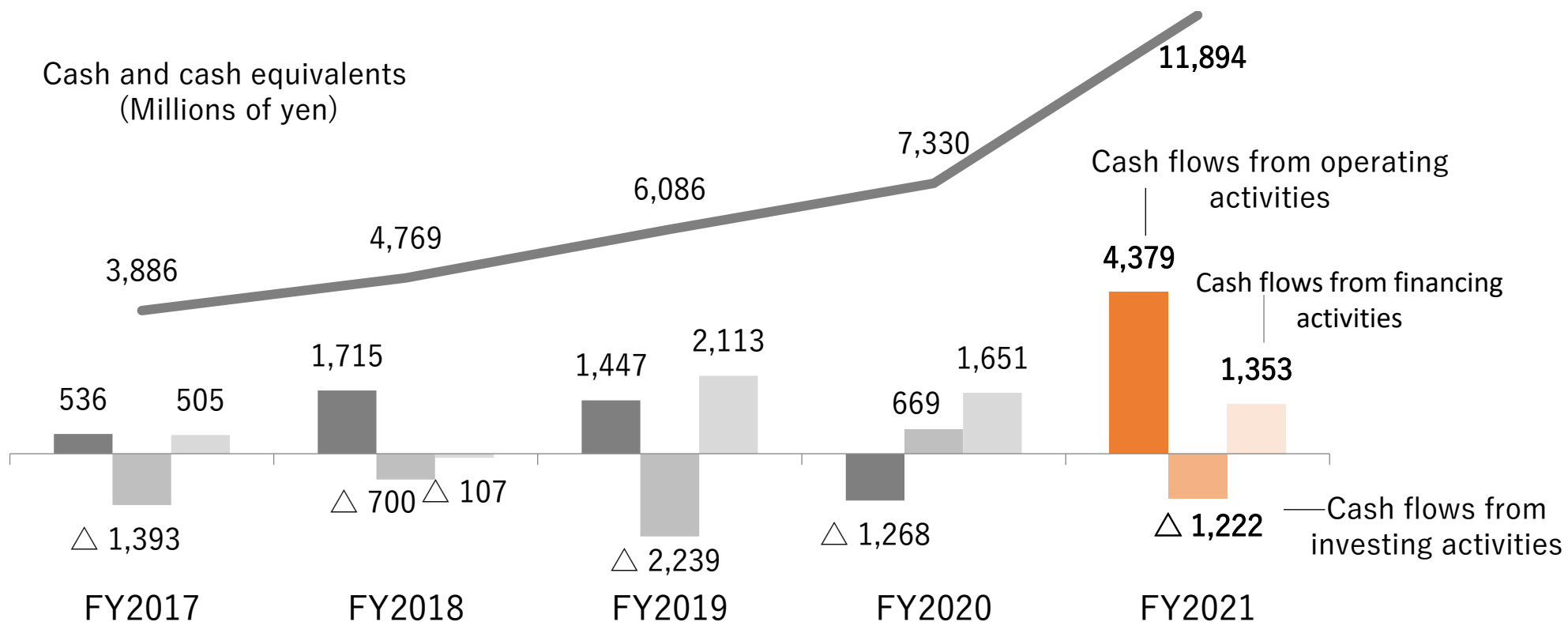


## Balance sheet: Increased cash on hand for emergencies amid the COVID-19 pandemic



# Statement of Cash Flows :

## Increased cash on hand for emergencies amid the COVID-19 pandemic



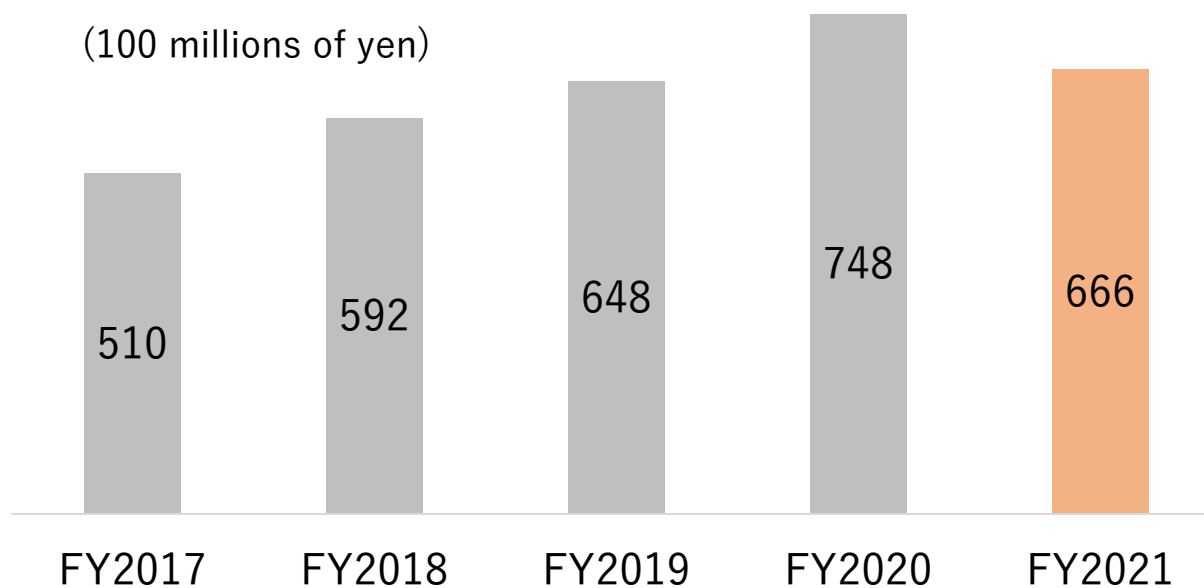
## By Segment :

The Brand Fashion and Tire / Wheel businesses recorded positive operating income.

	(million of yen)	FY2021 1Q	YoY	FY2021 2Q	YoY	FY2021 3Q	YoY	FY2021 4Q	YoY	FY2021	YoY
Brand Fashion	Net sales	7,137	61.0%	12,159	84.2%	13,460	98.7%	13,851	82.3%	46,608	86.5%
	Operating income	△823	—	△46	—	770	784.4%	583	—	484	113.9%
	Operating margin	—	—	—	—	5.7%	—	4.2%	—	1.0%	—
Tire and Wheel	Net sales	711	99.3%	780	94.6%	1,652	122.8%	902	108.9%	4,046	114.1%
	Operating income	△33	—	△47	—	207	309.3%	△87	—	39	—
	Operating margin	—	—	—	—	12.6%	—	—	—	1.0%	—
Real estate leasing	Net sales	16	66.9%	19	86.4%	85	395.7%	82	175.9%	204	228.2%
	Operating income	△3	—	△1	—	24	—	26	—	45	—
	Operating margin	—	—	—	—	29.1%	—	31.6%	—	22.3%	—



## Changes in gross merchandise value: Decreased mainly due to the suspension of auctions



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.

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# KOMEHYO : Opening of 9 purchase centers



**Domestic 44 stores**

Flagship stores  
5 stores

Stores annexed with  
sales facilities  
11 stores

Purchasing Center  
28 stores



**5 stores**



**3 stores**



**Overseas 3 stores**

Thailand (Bangkok)  
2 stores

China (Shanghai)  
1 store



**Total 55 stores ('21.3)**

# BRAND OFF : Opening of 5 purchase centers



**Domestic 11 stores**  
 Flagship stores 2 stores  
 Stores annexed with  
 sales facilities  
 3 stores  
 (Including FC 1 store)  
 Purchasing Center  
 6 stores

**Overseas 11 stores**  
 HONG KONG 7 stores  
 TAIWAN 3 stores  
 Thailand 1 stores  
 (Including FC 1 store)

**Total 22 stores ('21.3)**





# WORM(sneakers) ・ Shellman(Antique clock, etc.)Stores

**WORM** Domestic 1 store



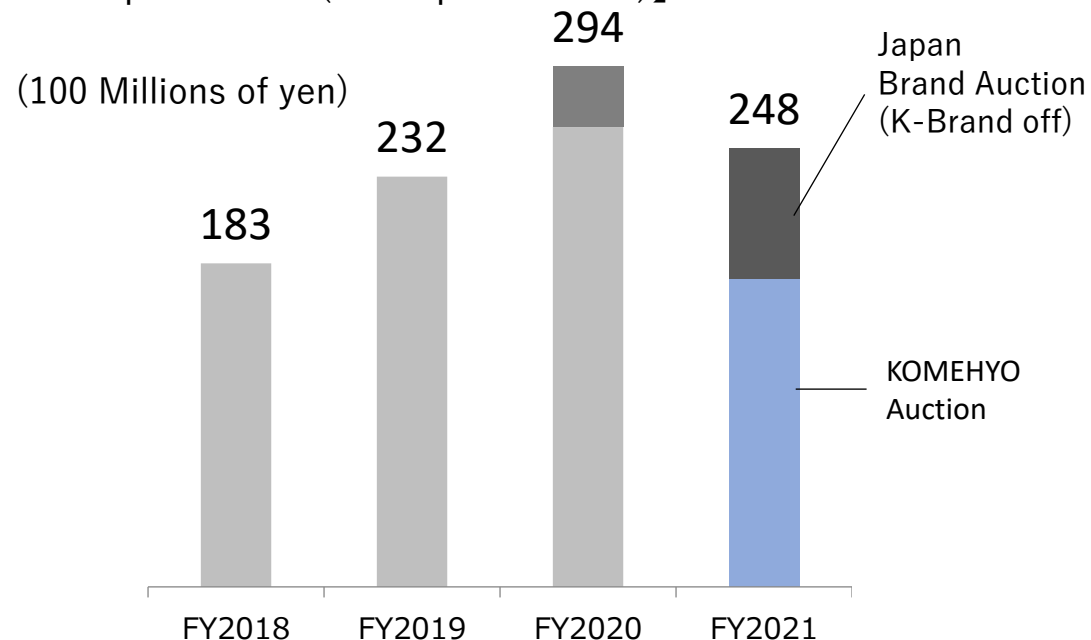
**Shellman** Domestic 7 stores  
Since 1971



## Expanded the auction business through the complementary efforts of the two companies in terms of venues, etc.

(Millions of yen)	Trade volume (Two companies total)	YoY	Number of registered members (total for each auction)
FY2021	24,876	83.6%	2,755

【Transition of auction distribution amount for domestic corporations (2 companies total)】



	KOMEHYO Auction	Japan Brand Auction
Item	Jewels/watches/ Brand bag/ Apparel clothes	Jewels watches Brand bag
Online auction	Jewels/watches/ Brand bag : 2 times / month Apparel clothes : Monthly	Every Monday and Thursday
Real auction	Nagoya Closed	Kanazawa Monthly

'Profitability improved in KOMEHYO Auction as a result of revisions to bid fees in November 2020.

# Assessment of authenticity and model numbers through AI

## 【Assessment using AI authenticator】



## 【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

## 【Overview】

Introduced stores : KOMEHYO Nagoya main branch,  
Purchase center in the eastern Japan area (partial)

Corresponding brand : Louis Vuitton、Gucci

Corresponding product : Bags, wallets, accessories



# 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)



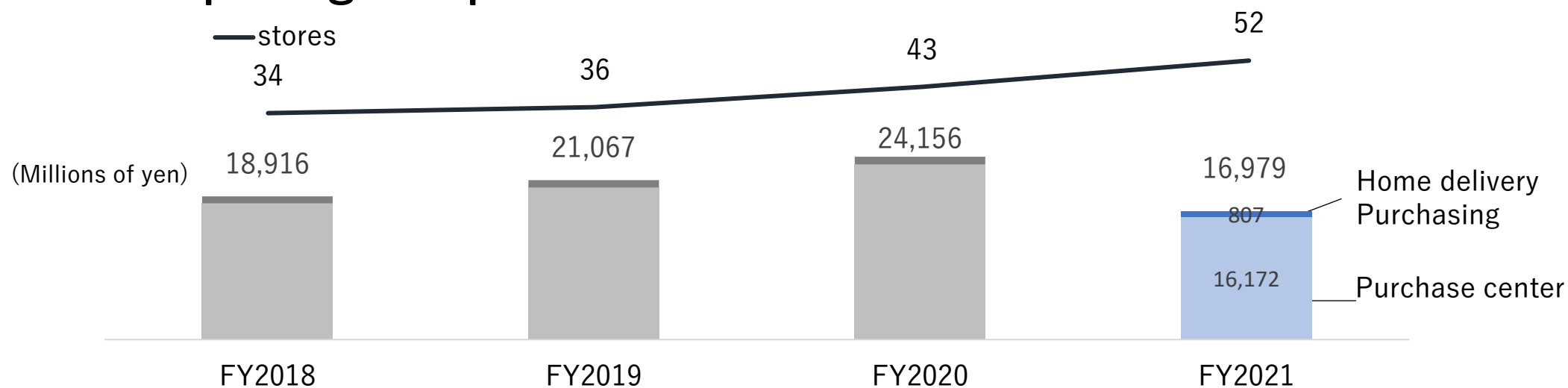
## 【KOMEHYO AOYAMA】

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

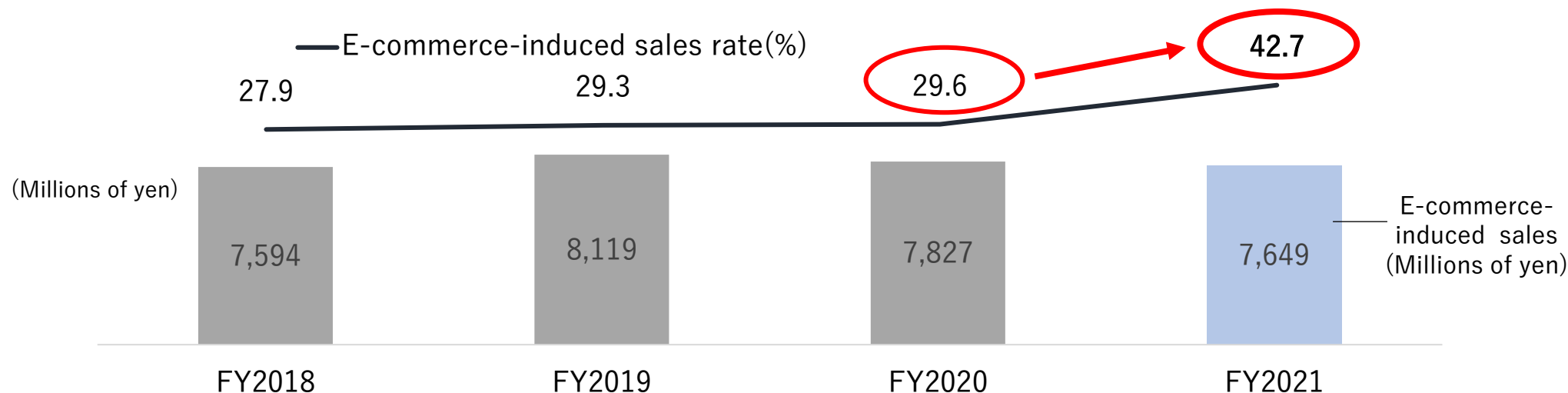




# Purchase from individual customers ( KOMEHYO ) : Opening of 9 purchase centers



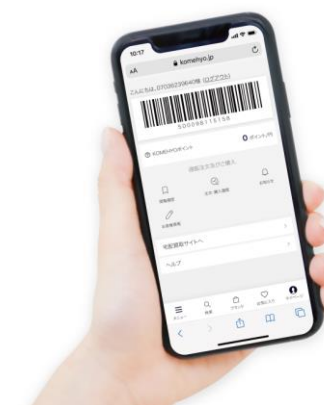
## EC(KOMEHYO) : The rate of involvement in e-commerce increased 13 percentage points due to the COVID-19 pandemic.



※E-commerce-induced sales rate : EC Sales as a Percentage of Retail Sales

### 【EC site renewal】

- Helping customers find their desired merchandise more easily by modifying the website design and improving searchability.
- Providing a convenient shopping experience including the placement of orders via phone by leveraging the synergies created with the call center.



# Customers' shopping experience (KOMEHYO)

**KOMEHYO  
MEMBERS**

Number of members : Over **1.2 million**  
※Including KOMEHYO online members



- Designed a service of providing customers with a shopping experience, starting with access to e-commerce websites
- Increased the frequency of purchases and the ratio of continuous use of the service by providing customers with the opportunity to use the service for selling and then for purchasing.



EC site



Contact center (customer service)



Visit → Sales  
(Store / EC)



Purchase

- The LTV increases if customers use multiple channels.



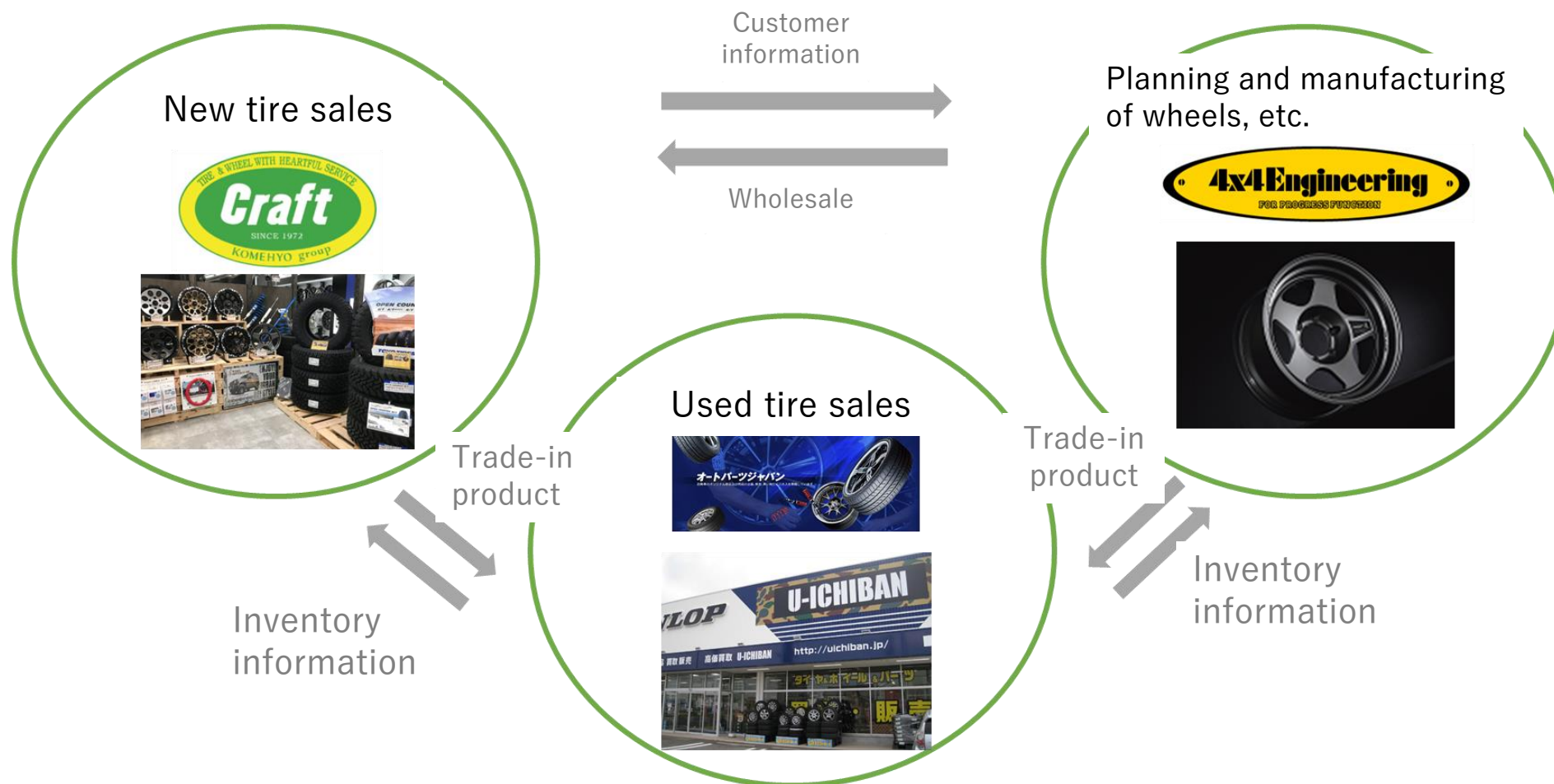
**4times**



**13times**



# Tire · Wheel : Strengthening of collaboration among group companies



# 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】

- Strong sales of both summer and winter tires
- Greater-than-expected customer attraction through a sale held after total renovation of the Atsugi store

### 【Auto parts Japan】

- Wide variety of tires and wheels traded in at CRAFT are sold at the U-ICHIBAN used specialty store.
- Establishment of a call center following the opening of CRAFT.

### 【4×4 Engineering Services】

- Successful awareness enhancement activities through social media
- Favorable effects on existing products, as well as new products
- Strong sales to overseas customers



Atsugi store



New product BRADLEY FORGED TAKUMI

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# 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.

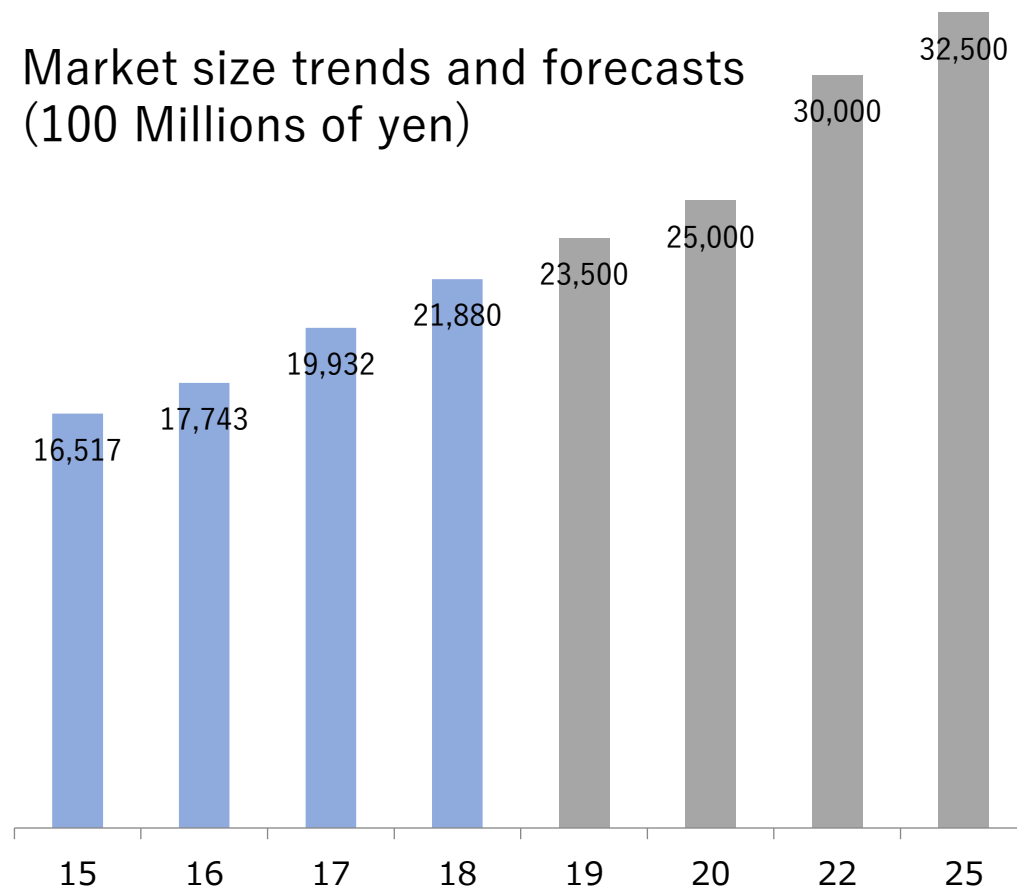
As more people share common value with an eye toward the creation of a sustainable society going forward, we will contribute to establishing such a society by promoting the concept of respecting producers and users while simultaneously sharing such concept with as many people as possible.





## Japanese reuse market

Market size trends and forecasts  
(100 Millions of yen)



Business sentiment is unclear

×

The number of people who use the reuse service will continue to increase, contributing to a rise in products' recycling ratios.

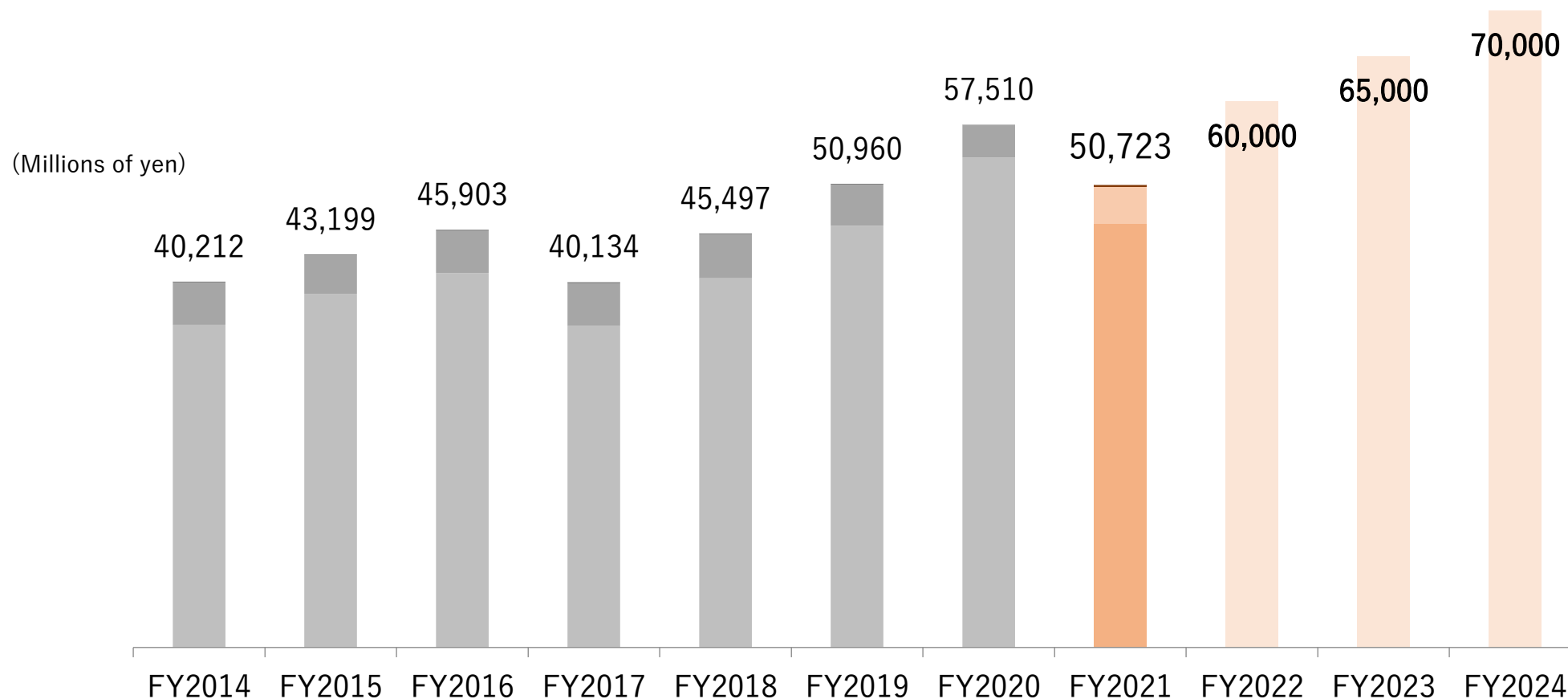


**Japanese reuse market  
continues to grow**

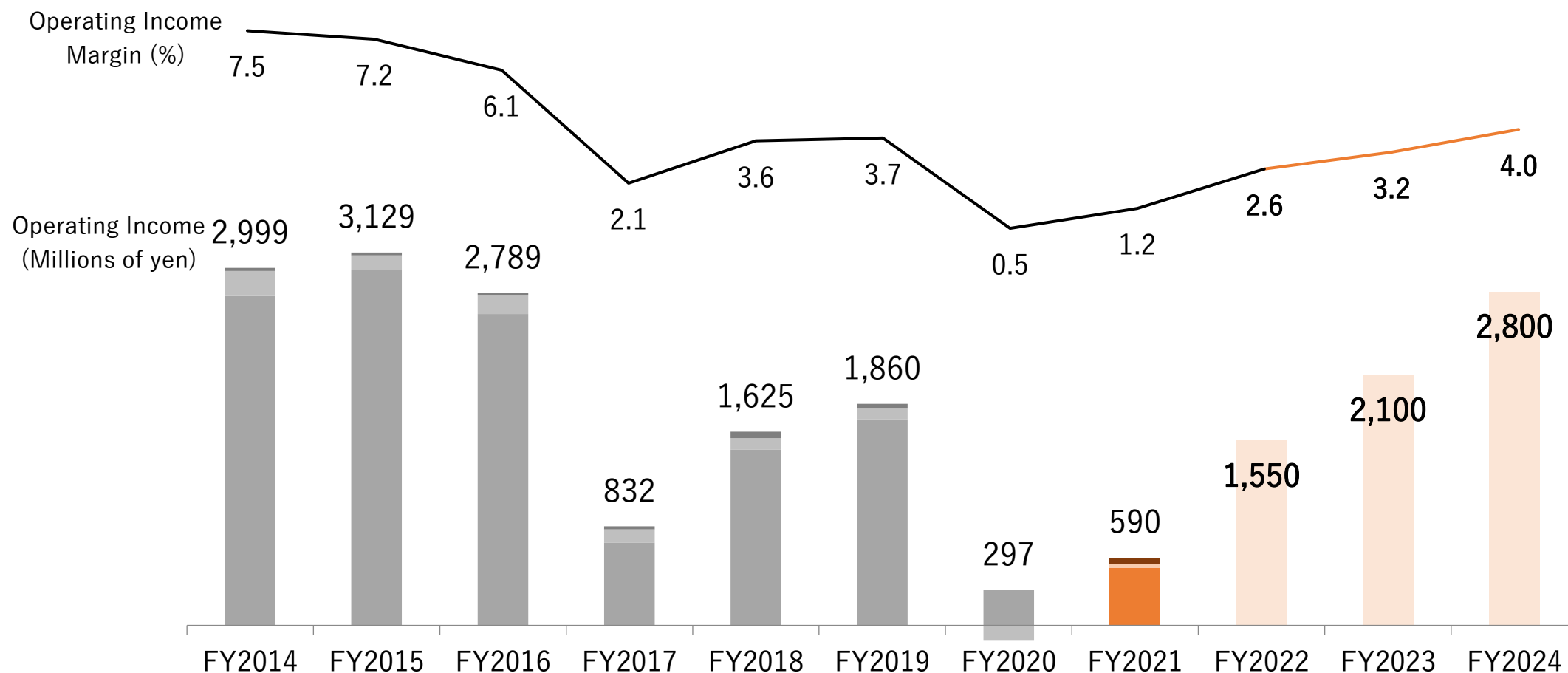
## Medium-term management target (until FY2024)

(Millions of yen)	FY2022		FY2023	FY2024
	1H	Full year	Full year	Full year
Net sales	26,800	60,000	65,000	70,000
Operating income	380	1,550	2,100	2,800
Operating profit margin	1.4 %	2.6 %	3.2 %	4.0 %
Ordinary income	340	1,450	2,000	2,700
Net income attributable to owners of parent	210	1,000	1,300	1,800

## Sales plan: Strengthen individual purchases and increase sales steadily

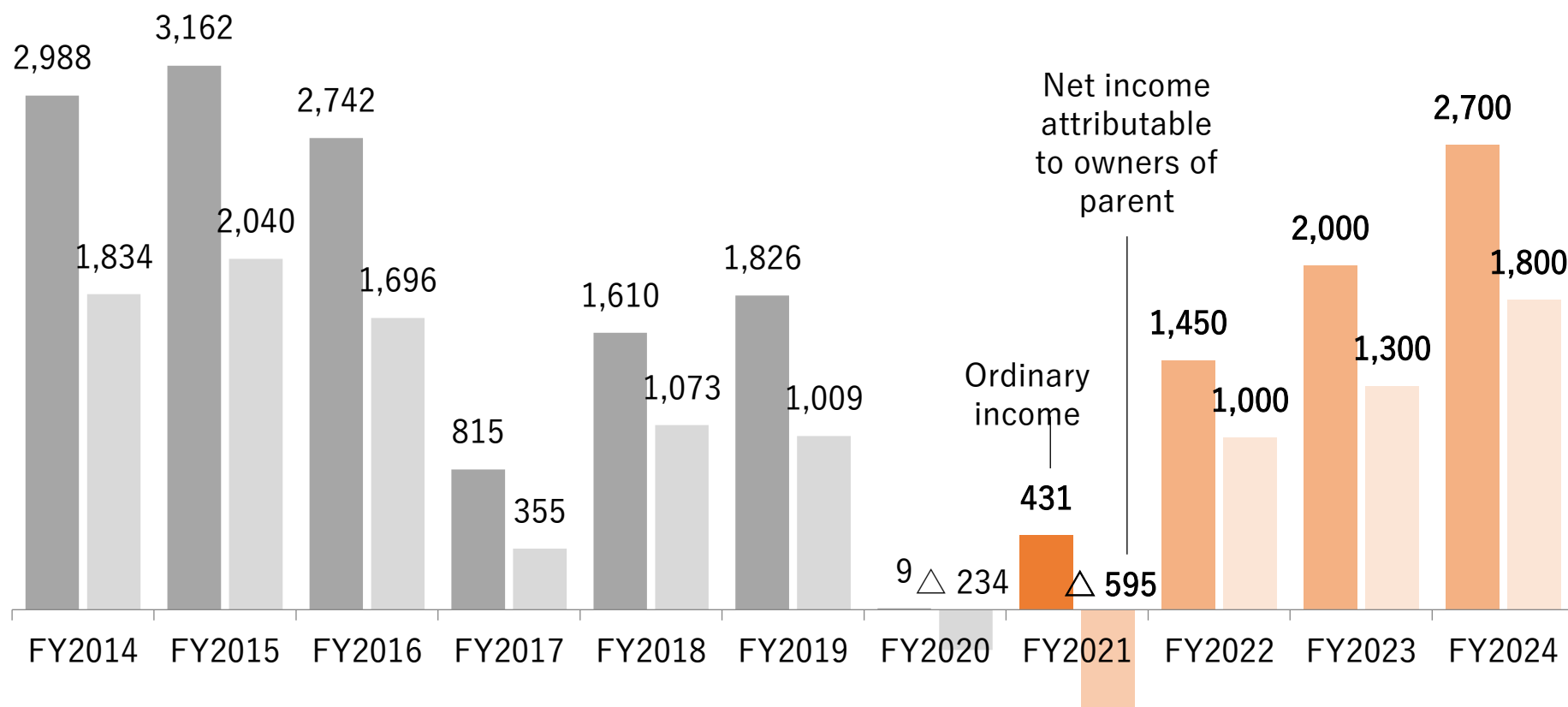


## Operating Profit Plan: Strengthen individual purchases and increase profitability

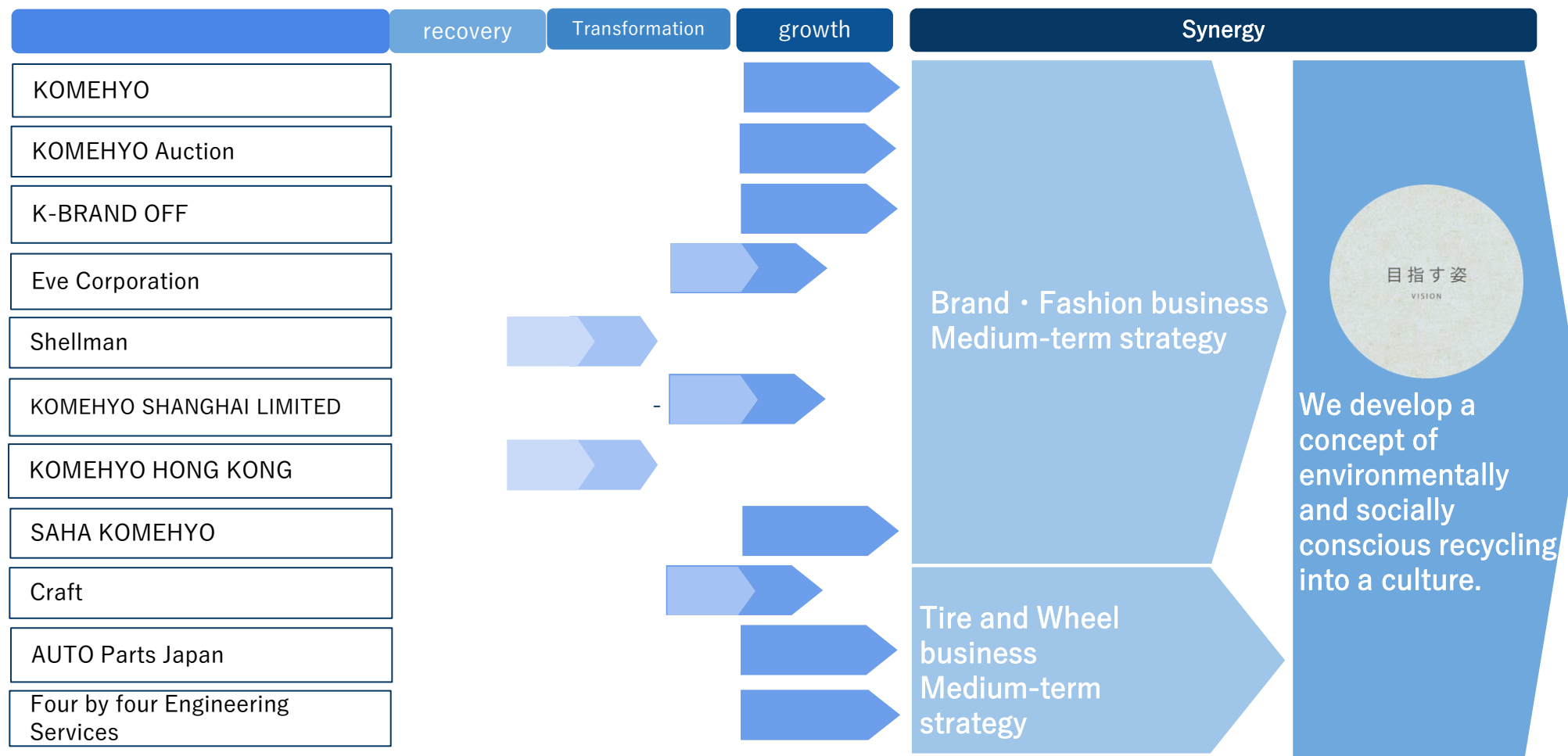


# Ordinary income/Net income Plan

(Millions of yen)



We will move into a phase in which each group company demonstrates group synergies while at the same time continues to grow.



# Medium-term Management Plan

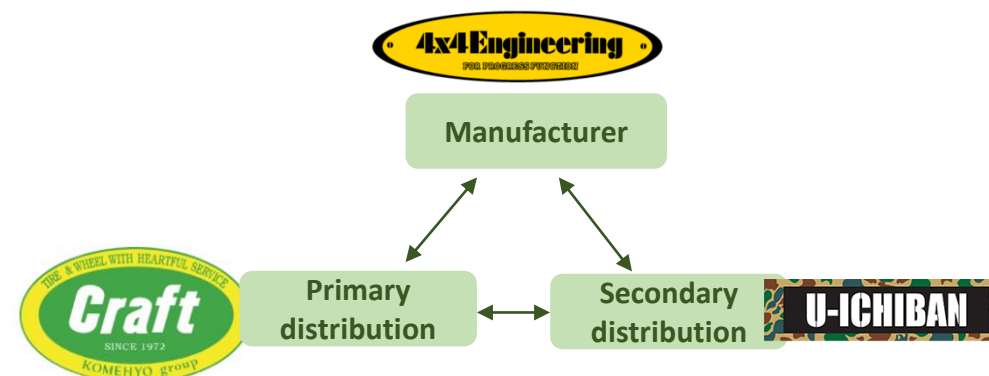
## Brand · Fashion business

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.



## 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

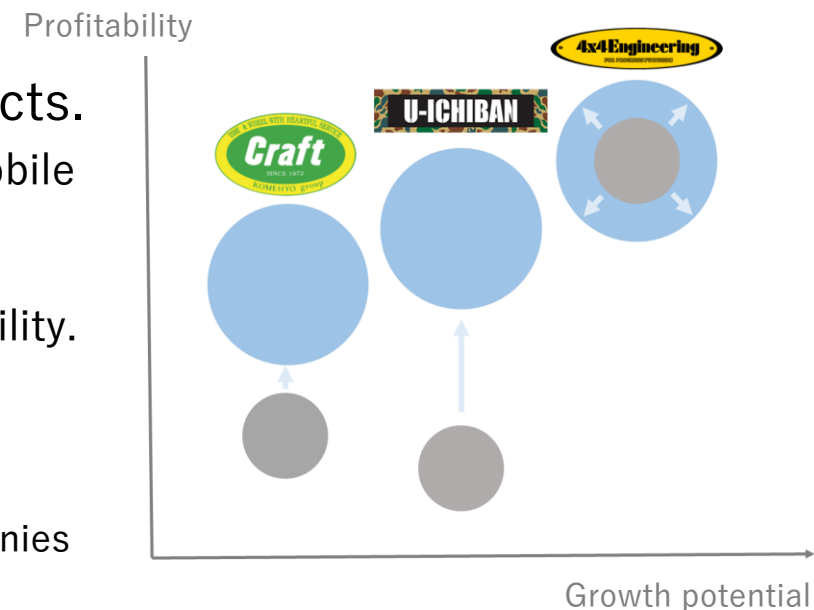
- Strengthen specialty stores developed according to customer preference and sales of which are not affected by the weather.
- Strengthen the sale and purchase of used tires and wheels.
- Implement inventory management utilizing databases and establish priority categories.



## 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



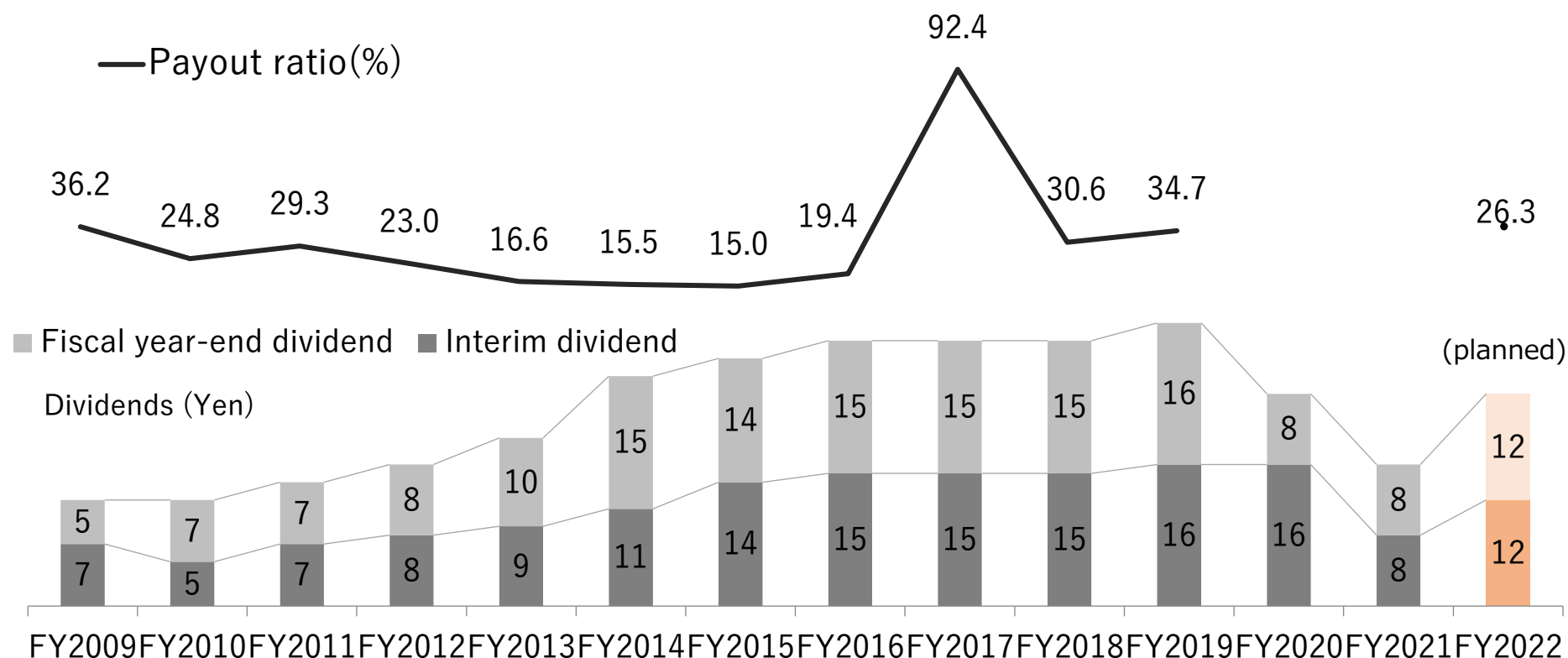
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# Shareholder return : Annual dividend for this term is 24 yen (planned)



## IR contact

### IR ・ PR Department

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**Note:**

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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.

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