

KOMEHYO

Earnings Results Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2021

February 12, 2021

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Second Section, Tokyo and Nagoya Stock Exchanges)

Corporate Planning Department IR strategy group

Phone +81-52-249-5366

FY 2021 3Q Financial Summary

KOMEHYO

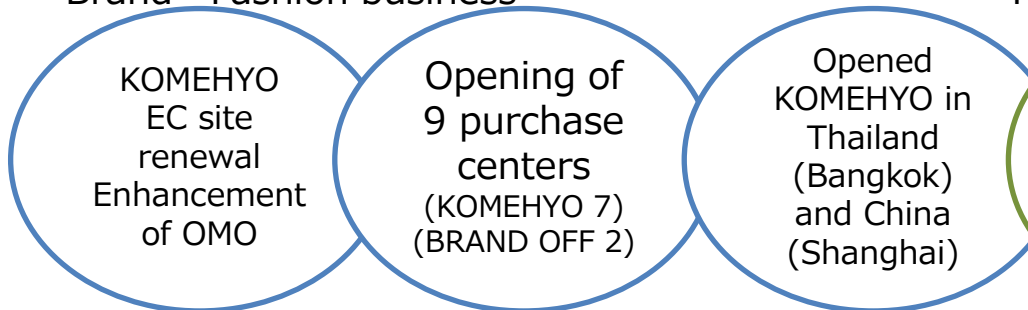
【Performance Highlights】

Consolidated	FY2021 9months (million of yen)	YoY	Non-consolidated (KOMEHYO HD※)	FY2021 9months (million of yen)	YoY
Net Sales	35,951	84.1%	Net Sales	14,944	—
Operating income	61	13.0%	Operating income	△524	—
Net income attributable to owners of parent	△666	—	Net income	△832	—

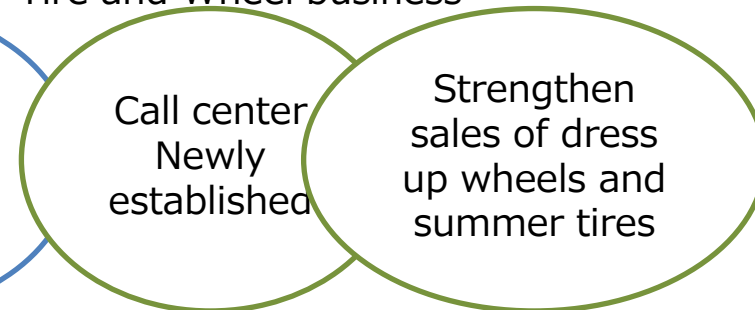
【Business Topics】

※ Transition to holding company system in October 2020

Brand・Fashion business



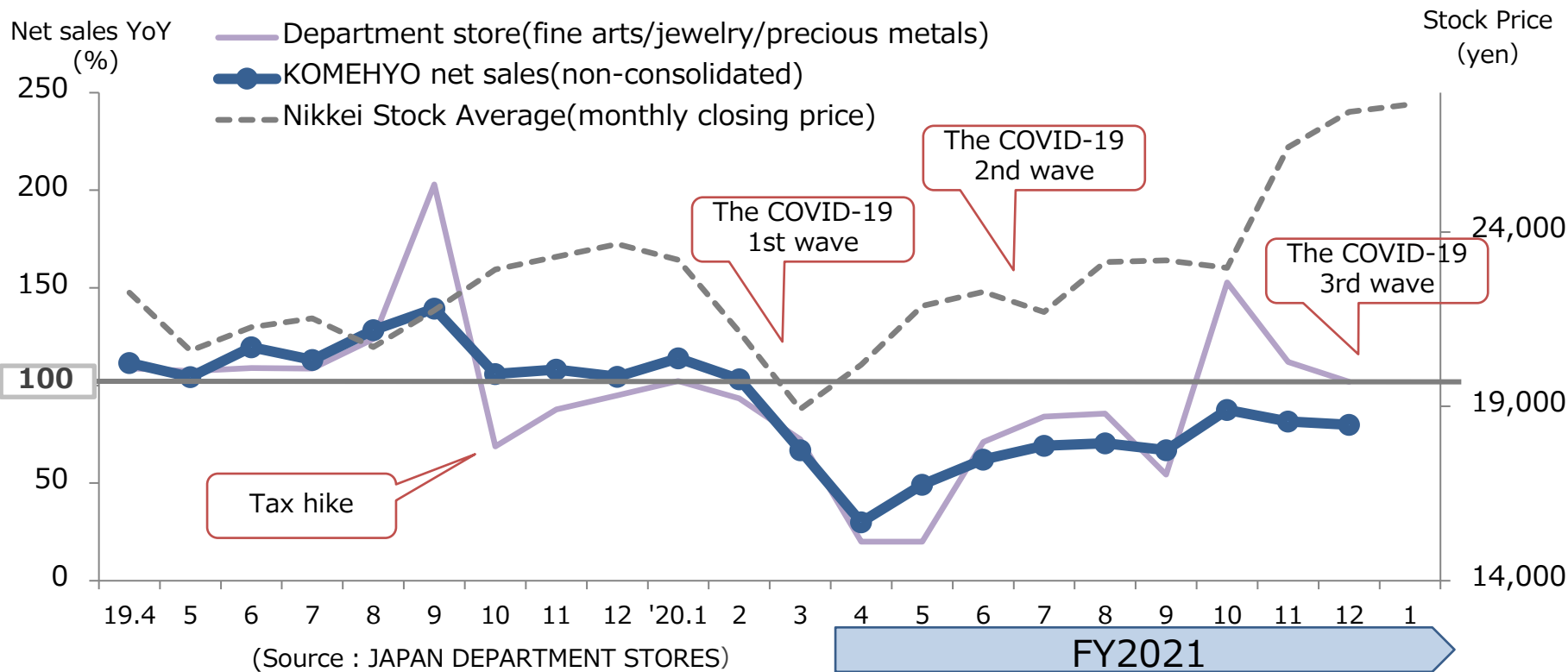
Tire and Wheel business



Economic Trend

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The impact of the COVID-19 pandemic expanded from December 2020



Overview of Income Statement (Consolidated)

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(Millions of yen)	FY2021 1Q	YoY	FY2021 2Q	YoY	FY2021 3Q	YoY	FY2021 9months	YoY
Net sales	7,861	63.2%	12,957	84.7%	15,132	<u>100.9%</u>	35,951	84.1%
Gross profit	1,888	55.2%	3,385	92.2%	4,472	<u>115.3%</u>	9,745	88.8%
Gross profit margin	24.0%	△3.5pt	26.1%	+2.1pt	29.6%	<u>+3.7pt</u>	27.1%	+1.4pt
SG&A expenses	2,748	82.6%	3,481	101.0%	3,453	<u>92.8%</u>	9,683	92.3%
Operating income	△860	—	△96	—	1,018	<u>639.8%</u>	61	13.0%
Ordinary income	△937	—	△107	—	974	<u>2207.3%</u>	△ 70	—
Net income attributable to owners of parent	△1,229	—	△149	—	712	—	△ 666	—

Progress of Plan for the Fiscal Year Ending March 31, 2021 (Consolidated)

KOMEHYO

(Millions of yen)	FY2020	FY2021 9months	FY2021 (plan)	Progress rate
Net sales	57,510	35,951	49,000	73.4%
Gross profit	14,562	9,745	13,000	75.0%
Gross profit margin	25.3%	27.1%	26.5%	—
SG&A expenses	14,265	9,683	13,670	70.8%
Operating income	297	61	△670	—
Ordinary income	9	△ 70	△800	—
Net income attributable to owners of parent	△234	△ 666	△1,210	—

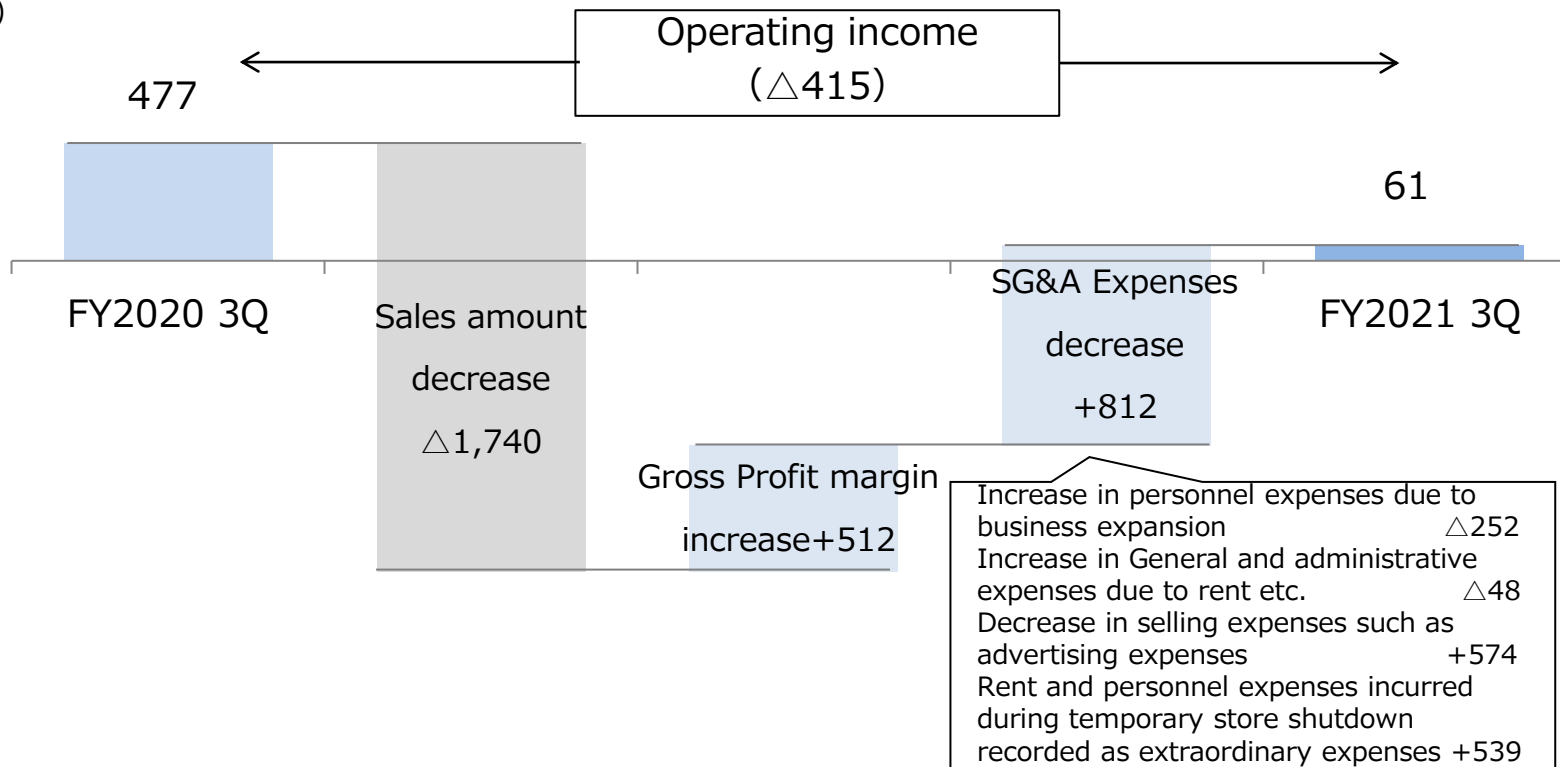
※As uncertainty is high due to the declaration of a state of emergency, there are currently no changes to the forecast of Q4 consolidated results.

Operating income increase and decrease factor (Consolidated)

KOMEHYO

Operating in the black due to rising gross profit margin and lower selling expenses, etc.

(百万円)



Non-operating profit and loss Extraordinary profit and loss (Consolidated)

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Extraordinary loss : In Q3 there was almost no impact due to COVID-19.

(million of yen)

9 months	
Commission income	4
Insurance claim income	4
Dividend income	4
Other	22

3Q

2Q

1Q

9 months	
Grant income	310
Asset retirement obligation reversal gain	34
Gain on sale of fixed assets	5

Non-operating income 35

Non-operating loss 167

Extraordinary income 350

Extraordinary loss 655

9 months	
Foreign exchange losses	81
pre-opening store rent	41
Interest expenses	36
Share of loss of entities accounted for using equity method	1
Other	8

9 months	
Loss due to temporary closure	539
Loss on retirement of fixed assets, etc.	49
Impairment loss	33
Loss on cancellation of lease contract	32

1Q

2Q

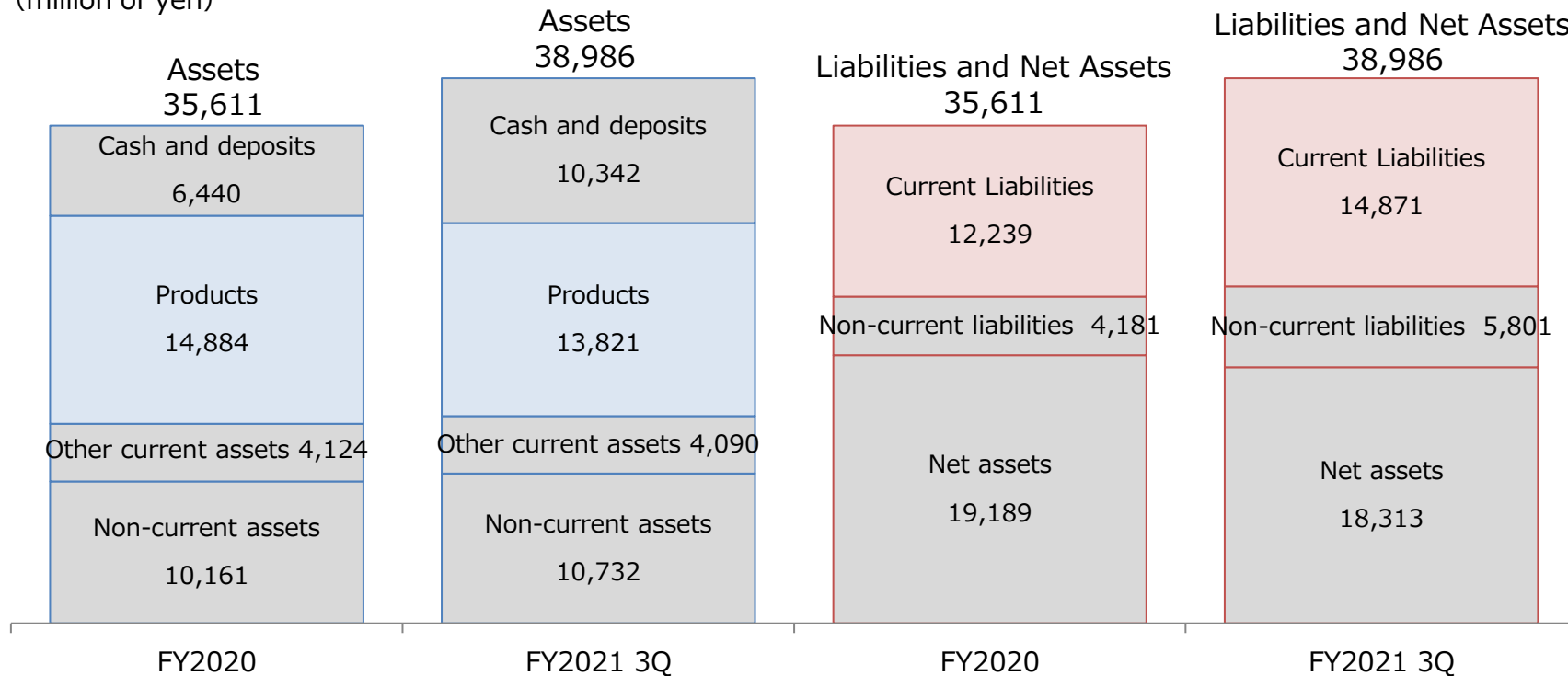
3Q

Overview of Balance Sheet (Consolidated)

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Cash in reserves secured through borrowing to combat the novel coronavirus pandemic

(million of yen)



By Segment

KOMEHYO

(million of yen)		FY2021 1Q	YoY	FY2021 2Q	YoY	FY2021 3Q	YoY	FY2021 9months	YoY
Brand Fashion	Net sales	7,137	61.0%	12,159	84.2%	13,460 (10,126)	98.7%	32,757	82.3%
	Operating income	△823	—	△46	—	770 (543)	784.4%	△99	—
	Operating margin	—	—	—	—	5.7% (5.4%)	—	—	—
Tire and Wheel	Net sales	711	99.3%	780	94.6%	1,652	122.8%	3,143	108.9%
	Operating income	△33	—	△47	—	207	309.3%	126	—
	Operating margin	—	—	—	—	12.6%	—	4.0%	—
Real estate leasing	Net sales	16	66.9%	19	86.4%	85	395.7%	121	175.9%
	Operating income	△3	—	△1	—	24	—	19	—
	Operating margin	—	—	—	—	29.1%	—	16.0%	—

※Figures in parentheses in the Brand Fashion business are KOMEHYO Co., Ltd. results.

Brand Fashion Store ① KOMEHYO

KOMEHYO



42 stores



Large-scale

**Nagoya Store, Meieki Store,
Ginza Store, Umeda Store,
SHINJUKU**

Sales/Purchase

Jewelry, precious metals,
watches, bags, clothing, etc.

5 stores

Mid-scale

Opening stores in large major cities

Sales/Purchase

3 stores

Small-scale

Opening stores in major cities

Sales/Purchase

8 stores

Purchasing Center

Opening stores in major cities

Purchase only

26 stores



5 stores

Sale and purchase *
Ladies casual clothing,
Bags, small items, etc.



3 stores

Sale and purchase *
Clothing at a lower price point
Bags, small items, etc.

*Some stores only sell

Total 50 stores ('20.12)

Brand Fashion Store ② K-BRAND OFF

KOMEHYO



Domestic : 8 directly managed stores, 2 FC stores

(Opened : Kawasaki Mizonokuchi store , OtsuTerrace store Closed : Namba store)

Hong Kong : 7 directly managed stores

Thailand : 1 FC store

Taiwan : 3 directly managed store **Total 21 Stores** ('20.12)



【Kawasaki Mizonokuchi store '20.10 opened】



【Otsu Terrace store '20.12 opened】

Brand Fashion Store ③ Shanghai · THAI KOMEHYO

【KOMEHYO Shanghai '20.9 Opened】



※Opened a store in Shanghai Meilongzhen Isetan
on a limited one-year basis

【KOMEHYO@Central Bangna '20.10 Opened】






※Opened the second store in Bangkok, Thailand

Brand Fashion Auction ①

KOMEHYO

We will continue to hold auctions in-person and online (highest bid format / live)

【Number of corporate auctions held】

		FY20 1Q	FY20 2Q	FY20 3Q	FY20 4Q	FY21 1Q	FY21 2Q	FY21 3Q
KOMEHYO Auction	Jewels / watches / bags	Real auction 2 times / month				Canceled in late April	Online auction 2 times/ month from May	
	Apparel clothing	Real auction Monthly				Canceled in April	Online auction Monthly from May	
K-BRAND OFF	JBA Kanazawa				From December Real auction Monthly	Cancel	Real auction Monthly	
	JBA Tokyo (JBA Ginza)				From December Real auction 2 times / month	Switch online ↓		
	JBA Live net				Online auction Every Thursday	Online auction Every Monday and Thursday from mid-May		



Brand Fashion Auction ②

KOMEHYO

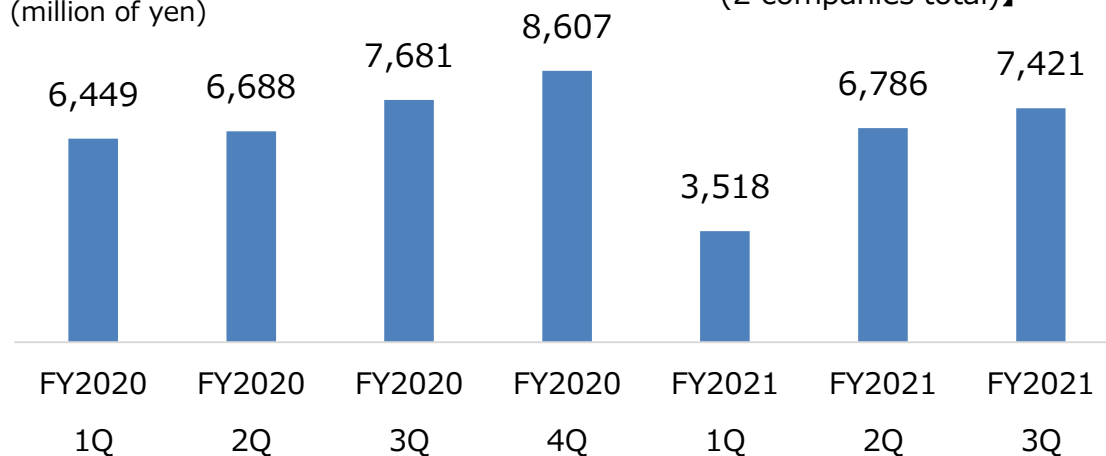
We aim to increase volume and profits through auctions of brand products

(Millions of yen)	Trade volume (Two companies total)	YoY	Number of registered members (total for each auction)
FY2021 3Q	17,726	85.1%	2,591

【Transition of auction distribution amount for domestic corporations

(2 companies total)】

(million of yen)



KOMEHYO オークション

Onlineオークション商品リスト

2021年1月10日Online バッグ(出品189箱)

箱番号: 43

枚数	修正	画像	商品名	入札価格	入札者数	入札開始	品名	ブランド	商品詳細	商品ランク	数量
1			高級二重		60,000	0	バッグ	GUCCI	552872 PPRKX GGキャンパス 9585 BEIGE+LIGHT BROWN 外ポケット角ばつれ 表面スレ	A	1
2			高級二重		70,000	3	バッグ	CELINE	16521 HUGO MINI LUGGAGE ケース 2ND COCOCHOLLOT F LA-RUSH FCTE18 パンツのみ、上部2つは縫製	AB	1
3			高級二重		40,000	1	バッグ	LOEWE	PAULA'S BEZA CUBISON TOTE キャンバス LIGHT BLUE+WHITE 70361	AB	1
4			高級二重		20,000	2	バッグ	LOEWE	AJ21092304 ラッパ NATURAL+NEON YELLOW SMILEYWORLD 413617	AB	1
5			高級二重		70,000	3	バッグ	HERMES	09402ACK ガーデンパーティー 36 トワールアッシュ BROWN B G パンドルコ2つ(縫製) 内側ヤグ (0) 裏面上に77,200円	A	1
6			高級二重						1636 ヴァンダスホム・パティ・ダグワット軍用		
7			高級二重		60,000	0	バッグ	CHANEL	11406 カーフ B88022E ラグジュアリー ライン 10006799 シール縫製付 内ポケット軍用 表裏縫製	B	1
8			高級二重		100,000	1	バッグ	CHANEL	20995 エメラルドBLACK 13183683 香水袋	B	1

※画像: 1/2/3/4/5/6/7/8/9/10/11/12

Brand Fashion AI Authenticator

KOMEHYO

Testing on "authentication check" and "date code check" functions has also started overseas

【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

※To be gradually rolled out to other stores after testing

Corresponding brand : Louis Vuitton

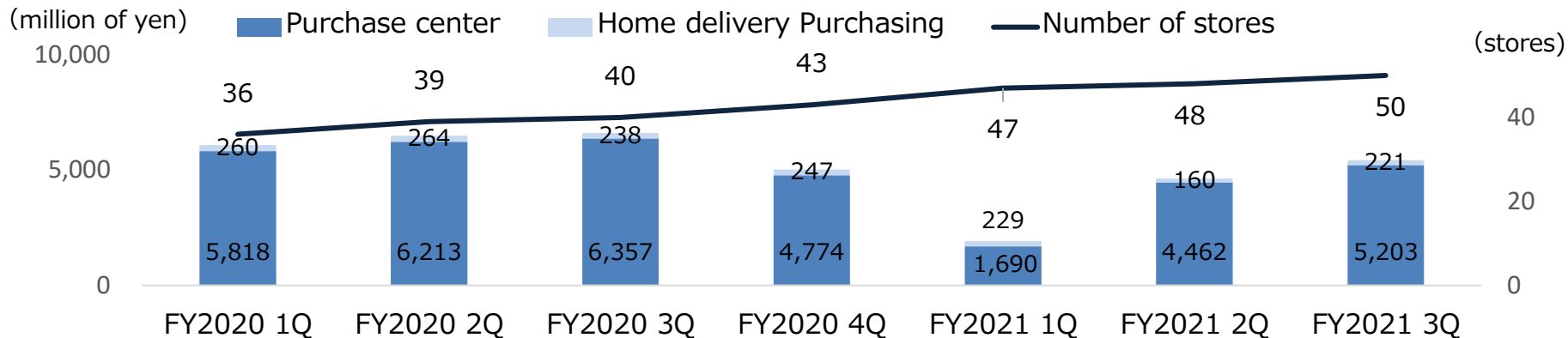
Corresponding product : Bags, wallets, accessories
99% accurate (varies depending on the model)

Brand Fashion

Purchase from individual customers (KOMEHYO)

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In 9 months, 7 purchase centers were opened and purchasing events were held at 74 sites



【Mosaic Mall Kohoku(Yokohama City) '20.10】

【Terrace Walk Ichinomiya(Aichi Prefecture) '20.12】



Brand Fashion

Enhancement of OMO (KOMEHYO)

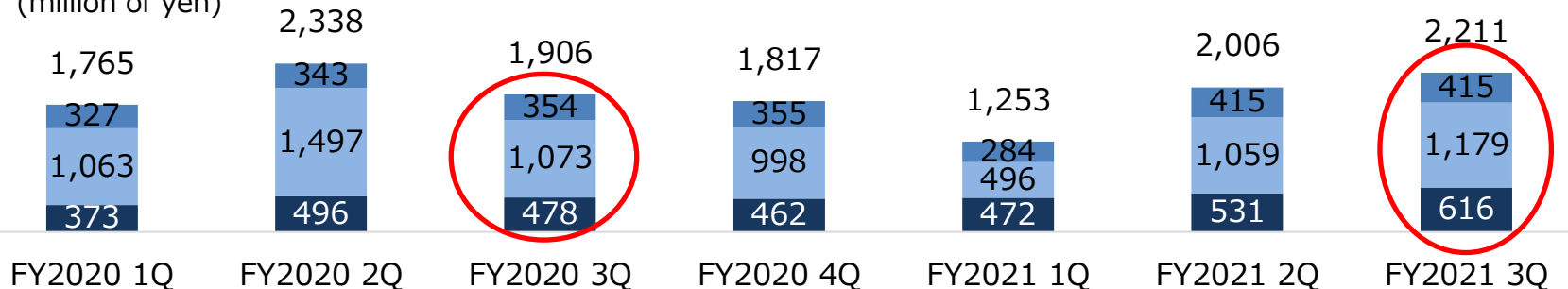
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Strengthen communication with customers primarily through e-commerce sites during a time when it is difficult to go outside

【E-commerce-induced sales】

■ KOMEHYO website ■ Back orders ■ Others

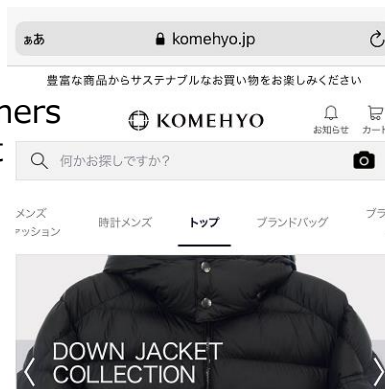
(million of yen)



【EC site renewed】

Centralized point of contact for queries from customers

- Telephone service for resolving any queries about products on the EC site
- Option of shopping over the telephone, without going into the store
- Proposal of optimal services based on past use



Brand Fashion

Promotion of Sustainability (KOMEHYO)

KOMEHYO

Ongoing pursuit of sustainable eco-friendly initiatives

【 Remade jewelry shop 】

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



【 Vintage product shop 】

A pop-up shop with a collection of HERMES MARGIELA era products ('20.11)



【 Shopping bags made from eco-friendly materials 】

Phasing in eco-friendly bags starting with the Nagoya main branch, switching from polyester bags to FSC-certified paper bags



Tire · Wheel store type

KOMEHYO

【New Tire and Wheel】



10 Stores



URBAN OFF CRAFT

4x4, SUV specialty store

4 Stores※

EUROSTYLE Craft

European compact car
specialty store 1 Store※

※Located in a craft store



【Reuse Tire and Wheel】



5 Stores

(Closed: Kagamigahara store, Inazawa store)



Tire • Wheel Initiatives

KOMEHYO

【Craft : Enhanced customer service focusing
on the customer experience】

- Establishment of call center and assignment of knowledgeable staff (Calls handled - August: 375→December:1,000)
- Higher purchase rates at stores through a system enabling a focus on serving customers and service
- During the bonus sales season, propose custom wheel parts and summer performance tires instead of relying on winter products.

【Auto parts Japan : Extensive volume of used products】

- Wide variety of tires and wheels traded in at CRAFT are sold at the U-ICHIBAN used specialty store.

【4×4 Engineering Services : New products are popular overseas】

- Activities aimed at renewed recognition have been successful
→all wheel, suspension and exterior products are performing well.
- 90% of orders for limited products are from overseas.



Corporate Profile

KOMEHYO

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: 951 (As of December 2020)
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)

Three important elements

KOMEHYO

存在意義

MISSION

つくる人に敬意をもち、つなぐ人に感謝し、手にする人に感動を
提供することで、循環型社会の共感を創っていきます。

目指す姿

VISION

リレーユースを「思想」から「文化」にする。

価値観

VALUE

聴くことで受けとめる

話すことを大切にする

自ら動く

変えることを恐れない

Corporate History

KOMEHYO



● Opened KOMEHYO Shoten, a 5-tsubo used clothing store, in Osu, Nagoya

1979 1987 1996 2000 2003 2004 2011 2012 2013 2017 2018 2019 2020

- Acquired CRAFT Co., Ltd.
- Established KOMEHYO Product Center
- Established KOMEHYO Auction

- Established Auto Parts KOMEHYO KK (currently AUTO PARTS JAPAN)
- Established KOMEHYO HONG KONG LIMITED

- Opened KOMEHYO Umeda Store, Shinjuku Store ANNEX, Meiki Store
- Acquired Eve Corporation Co., Ltd.

- Opened KOMEHYO SHINJUKU WOMEN, KOMEHYO Purchasing Center 10 stores

- Opened KOMEHYO Ginza Store

● Listed on the second section of the Tokyo and Nagoya stock exchanges

● Listed on JASDAQ

- Expanded into Kansai (KOMEHYO Shinsaibashi Store)
- Started online sales

- Expanded into Tokyo (KOMEHYO Purchasing Center Dogenzaka)

● Changed the Japanese spelling of its name from 米兵 to コメ兵

● Established KOMEHYO Co., Ltd.

- Opened KOMEHYO Purchasing Center 3 Stores
- Acquired Shellman Co., Ltd.
- Established SAHA KOMEHYO COMPANY LIMITED
- First Overseas Store Opened in Beijing, China (Closed in December 2019)

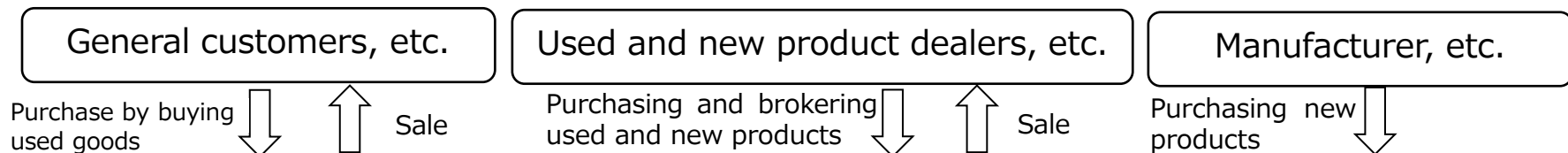
- Opened KOMEHYO Shinjuku WATCH store, Purchasing Center 6 Stores
- Acquired Four by four engineering service Co., Ltd
- Retail store KOMEHYO opened in Bangkok, Thailand
- Acquired K-BRAND OFF Co., Ltd and two overseas subsidiaries

● Transition to a holding company structure

- Opened BRAND OFF Purchasing store 2 stores
- Opened the second store in Bangkok, Thailand

Business system diagram

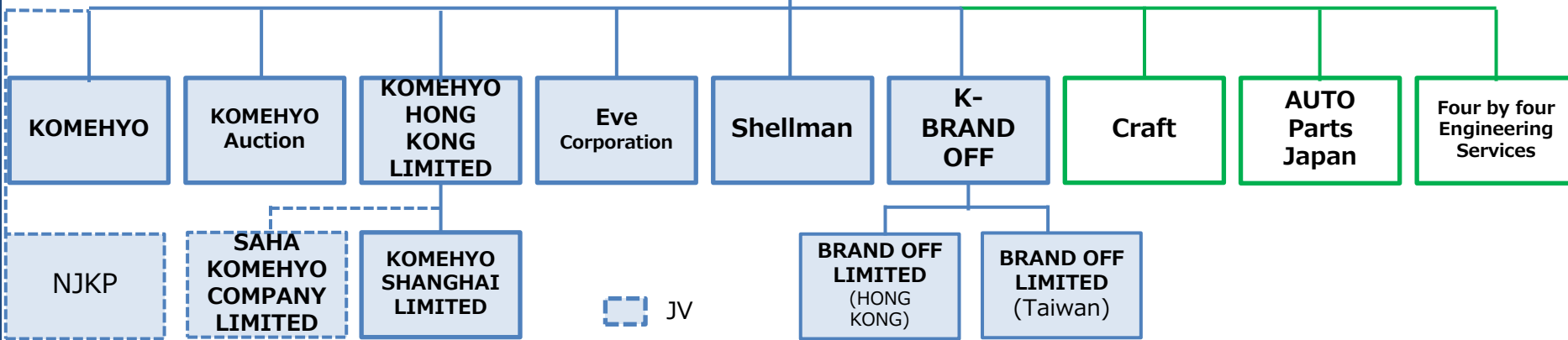
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【KOMEHYO HOLDINGS GROUP】

**Komehyo Holdings
Co.,Ltd.**

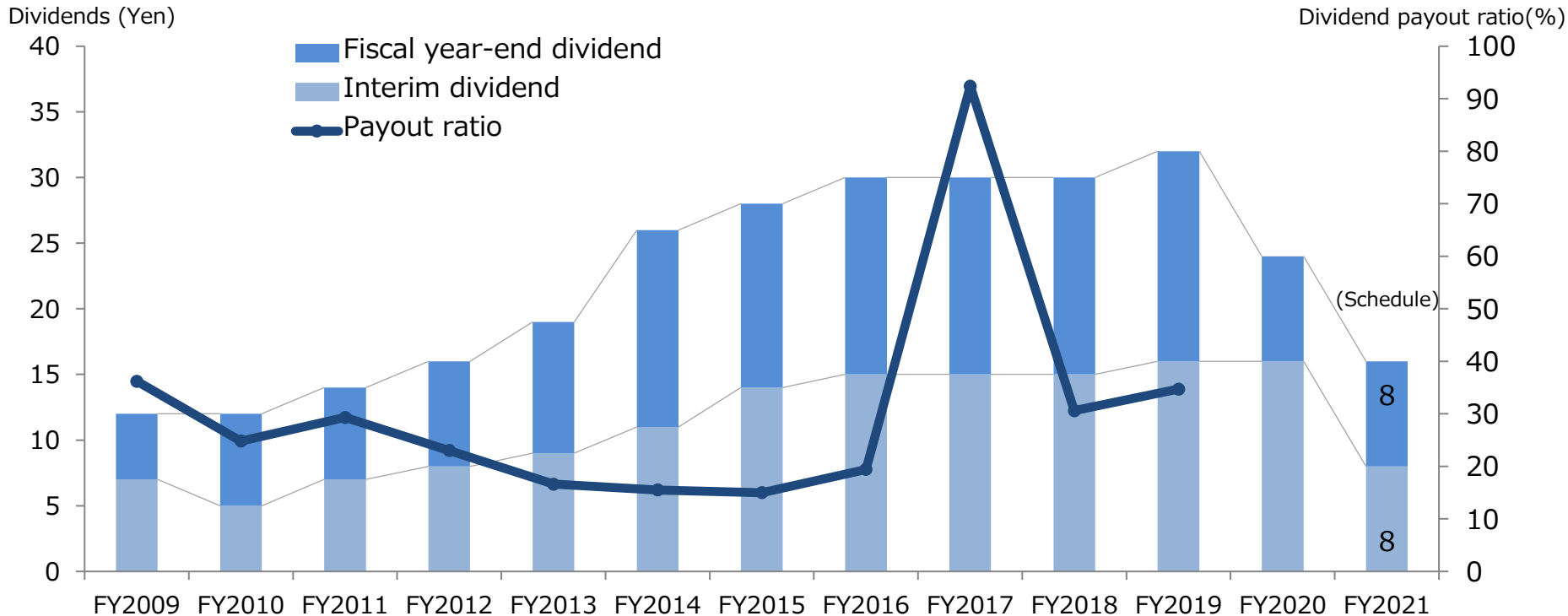
- Brand · Fashion business
- Tire and Wheel business



Shareholder return

KOMEHYO

Dividend changes



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