

Earnings Results Briefing for the Fiscal Year Ended March 31, 2023

May 2023

Komehyo Holdings Co., Ltd.

Securities code: 2780

(Tokyo and Nagoya Stock Exchanges)

IR ・ PR Department

TEL:+81-52-249-5366

From reuse to relay use We will inherit that "value".

Maintenance, remake, editing, connection with people.
"Relay youth" is not just a downcycle of the value of things,
but an upcycle of increasing the value, even though it is
reused.

As values for a sustainable future society spread, we will
contribute to the formation of a sustainable society by
respecting producers and users and relaying their "feelings".



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.

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.

VISION

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

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.

Competitive Advantages of the KOMEHYO Holdings Group

Since its founding, the Group has consistently worked on reuse.
Developing Business with Three Competitive Advantages

Talent retention
rate of
90% or more



In order to acquire a wealth of product knowledge and the ability to determine authenticity, it is necessary to learn many things while accumulating experience.

Komehyo Holdings has a staff retention rate of over 90% for two consecutive years.

Since we provide many opportunities to develop human resources and play an active role, we have a foundation for cultivating highly specialized human resources without wasting our investment

1.7 million
items handled
annually



More than 1.7 million brands and fashion-related items handled by KOMEHYO are available annually.

The entire group, including B2B auctions, distributes a large number of products.

By accumulating product data and customer data, we are able to offer many attractive products that meet customer expectations.

Brand reuse
No.1*



In addition to trust and security as the No. 1 brand reuse company, we have the power of a long-established brand that is supported by a high degree of recognition.

As a market pioneer, we will contribute to the realization of a sustainable society through our business by accurately grasping customer needs and providing services that please many people.

*Source: Reuse Market Data Book 2022

Contents

1. Overview of Financial Results and Initiatives p.6
for the Fiscal Year Ended March 31, 2023
2. Medium-term Management Plan p.33

1. Overview of Financial Results and Initiatives for the Fiscal Year Ended March 31, 2023

2. Medium-term Management Plan

FY 2023 Financial Summary

Brand · Fashion business

Net sales

81,234

Millions of yen
(YoY **121.8%**)

Operating income

4,856

Millions of yen
(YoY **149.2%**)

Purchase from individual customers

43,486

Millions of yen
(YoY **127.8%**)

P.18

Increase in revenue and profit

P.20

Purchases from individuals were strong chiefly due to strong purchases at existing stores, new store openings, and purchase events.

P.24

Accompanying strong individual purchases, corporate sales also performed well.

42 purchase centers, including 14 franchised centers, one KOMEHYO flagship store, one WORM store, and three overseas stores opened. One BRAND OFF flagship store was relocated.



Tire and Wheel business

Net sales

4,833

Millions of yen
(YoY **110.3%**)

Operating income

245

Millions of yen
(YoY **166.7%**)

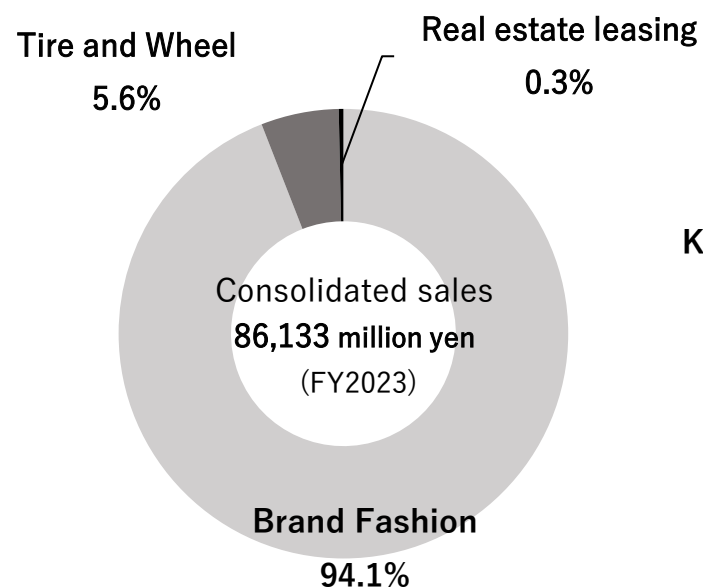
P.32

- Increase in revenue and profit
- The Tire and Wheel business contributed to the growth of sales due to strong sales driven by the rush demand before manufacturers' price increases.
- Reinforced online sales and the streamlined production of information on products sold on the e-commerce site resulted in a 120% increase in sales of used products, which led to an increase in gross profit.
- Overseas sales channels were developed and brand image was promoted.

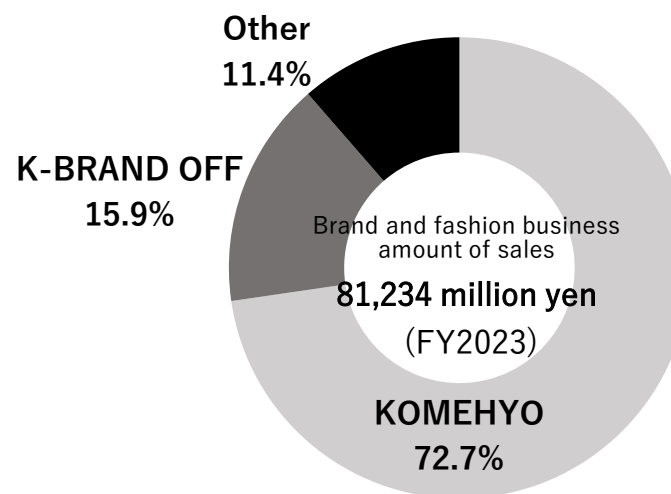


Sales shares by segment and by sales channel (FY2023)

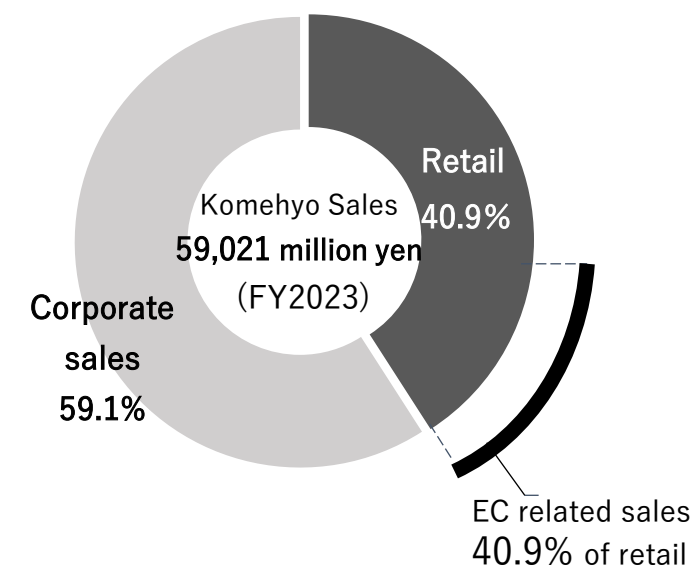
■ By segment



■ Brand/fashion business



■ By sales channel

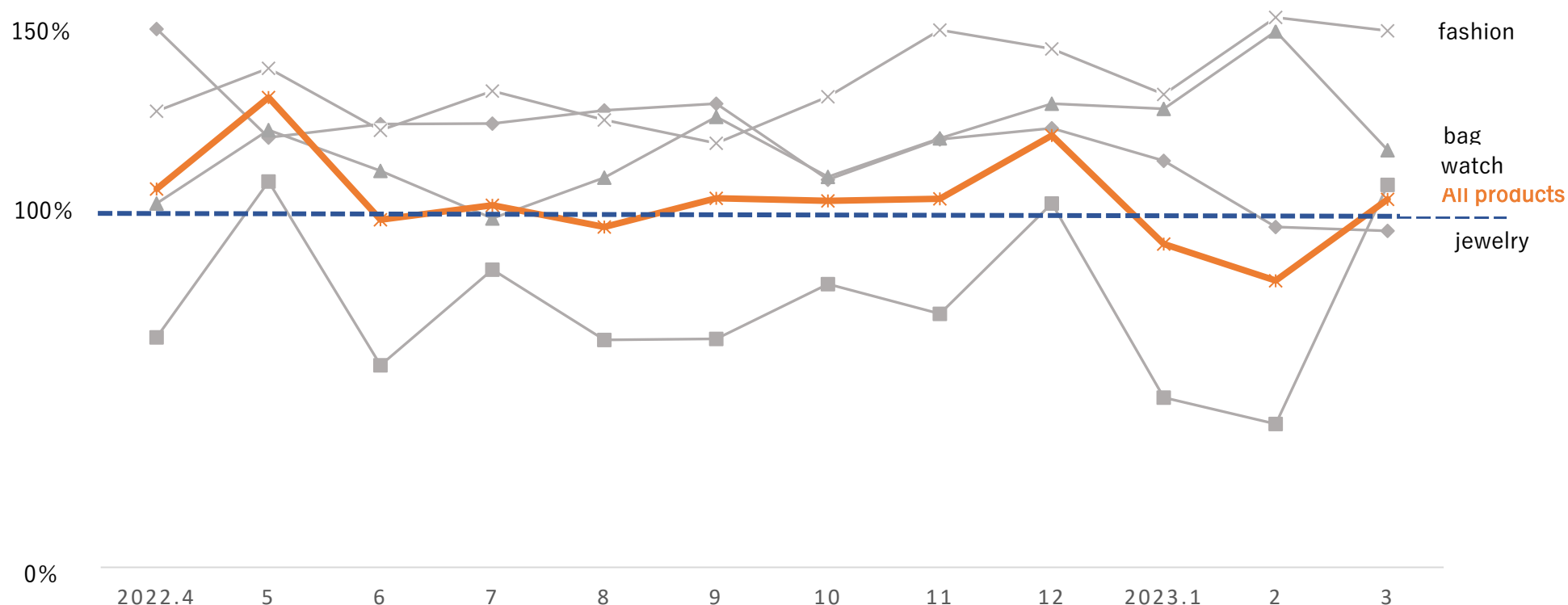


Changes in average purchaser unit price by product (KOMEHYO)

Due to purchase price control in line with market fluctuations, watch sales per customer were low compared to the same month of the previous year.

However, thanks to strong sales of jewelry and precious metals in 1Q and bags and clothing in 2Q and beyond, the unit purchase price per customer for all products was at the same level as in the previous year.

(YoY)



FY 2023 Performance

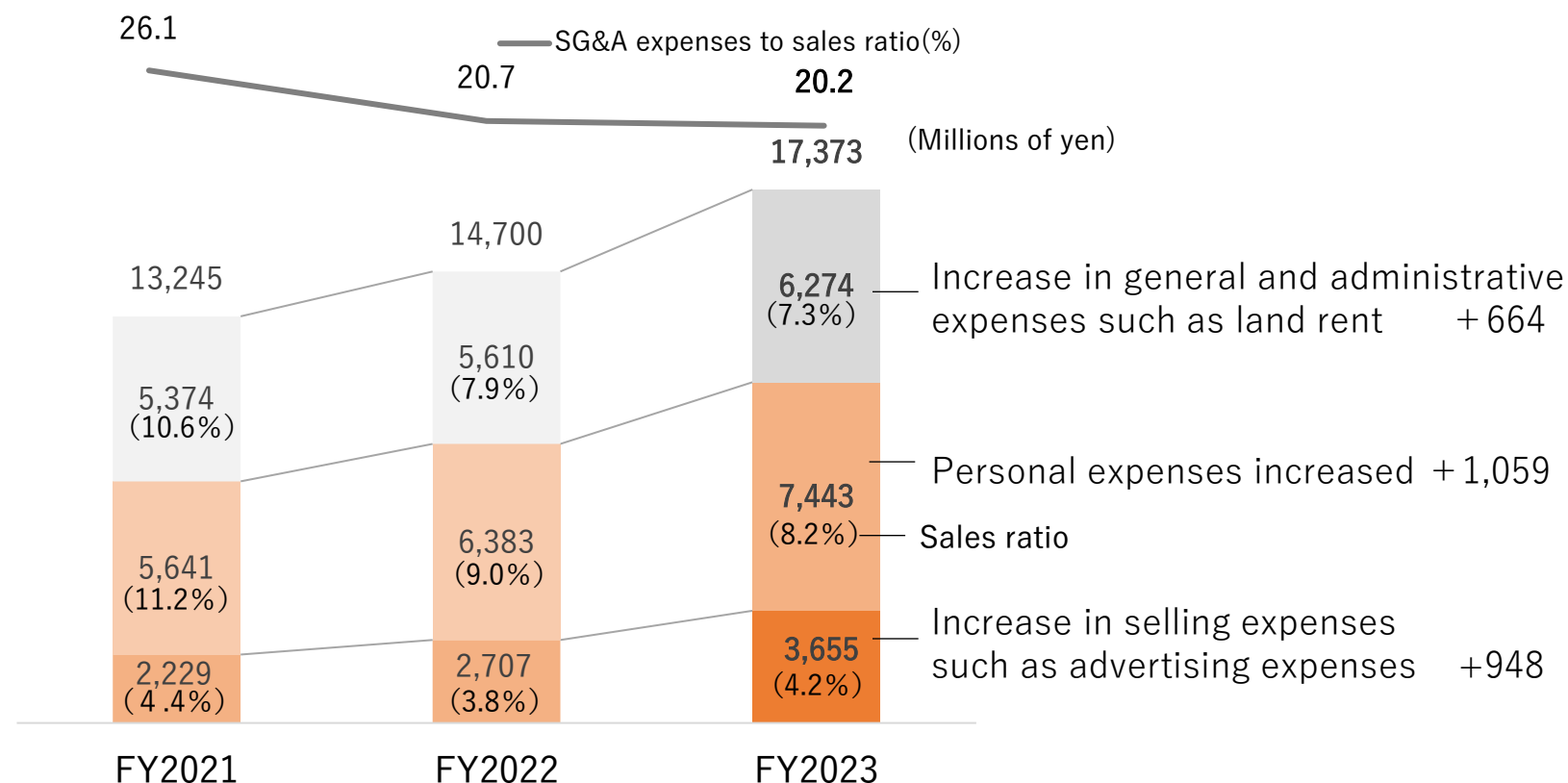
Strong purchases from individuals secured sales resources, leading to growth in both retail and corporate sales.

(Millions of yen)	FY2021	FY2022	FY2023	Change	YoY
Net sales	50,723	71,148	86,113	14,965	121.0%
Gross profit	13,836	18,415	22,542	4,126	122.4%
Gross profit margin	27.3%	25.9%	26.2%	+ 0.3pt	—
SG&A expenses	13,245	14,700	17,373	2,672	118.2%
Operating income	590	3,714	5,168	1,454	139.1%
Ordinary income	431	3,772	5,406	1,634	143.3%
Net income attributable to owners of parent	△595	2,259	3,706	1,447	164.1%

Details of expenses

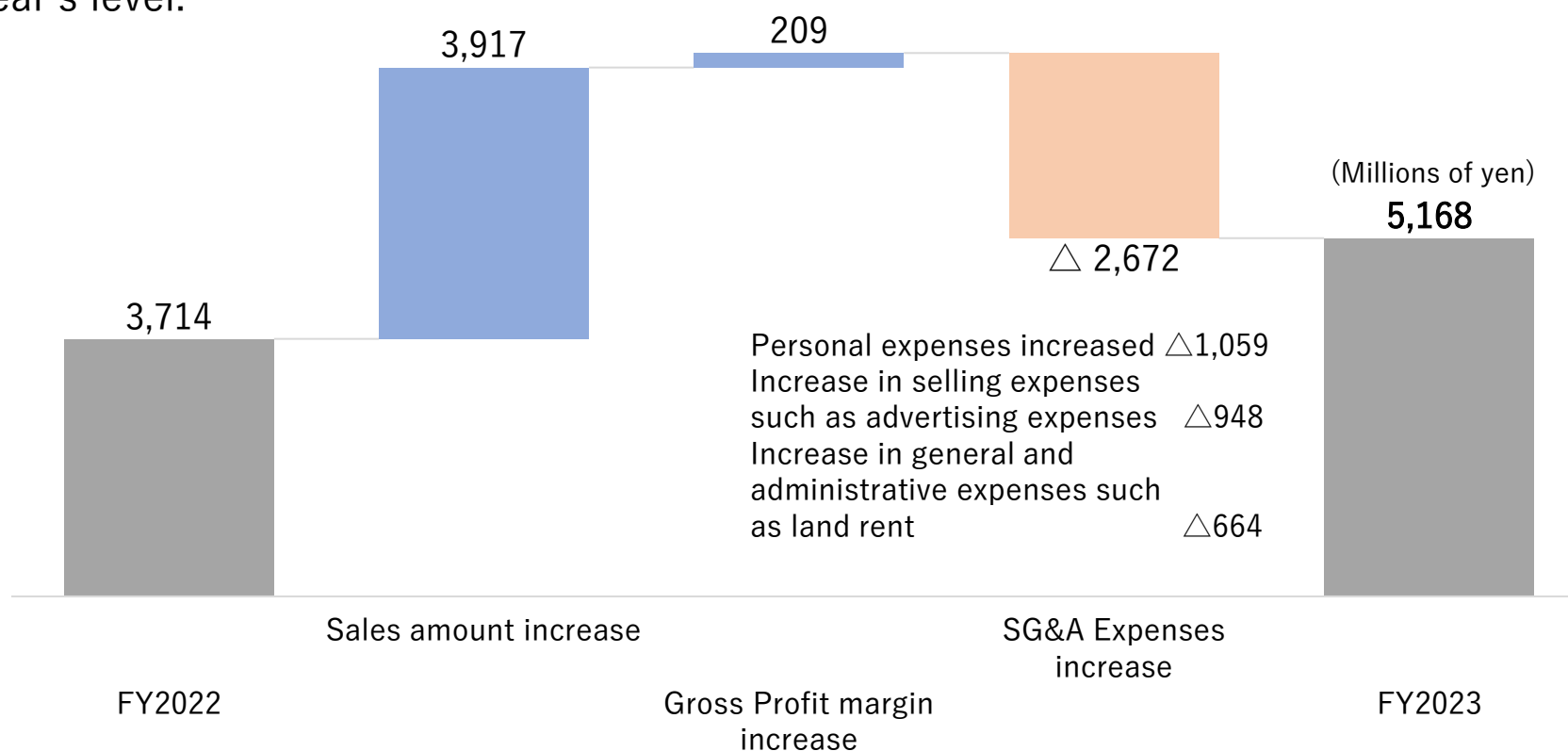
SG & A expenses are on an upward trend due to upfront investment in opening KOMEHYO GINZA stores specializing in purchases, strengthening hiring through store expansion, and advertising expenses centered on promoting purchases.

SG&A expenses to sales ratio declined due to efficiency-oriented advertising, etc.



Operating income increase and decrease factor

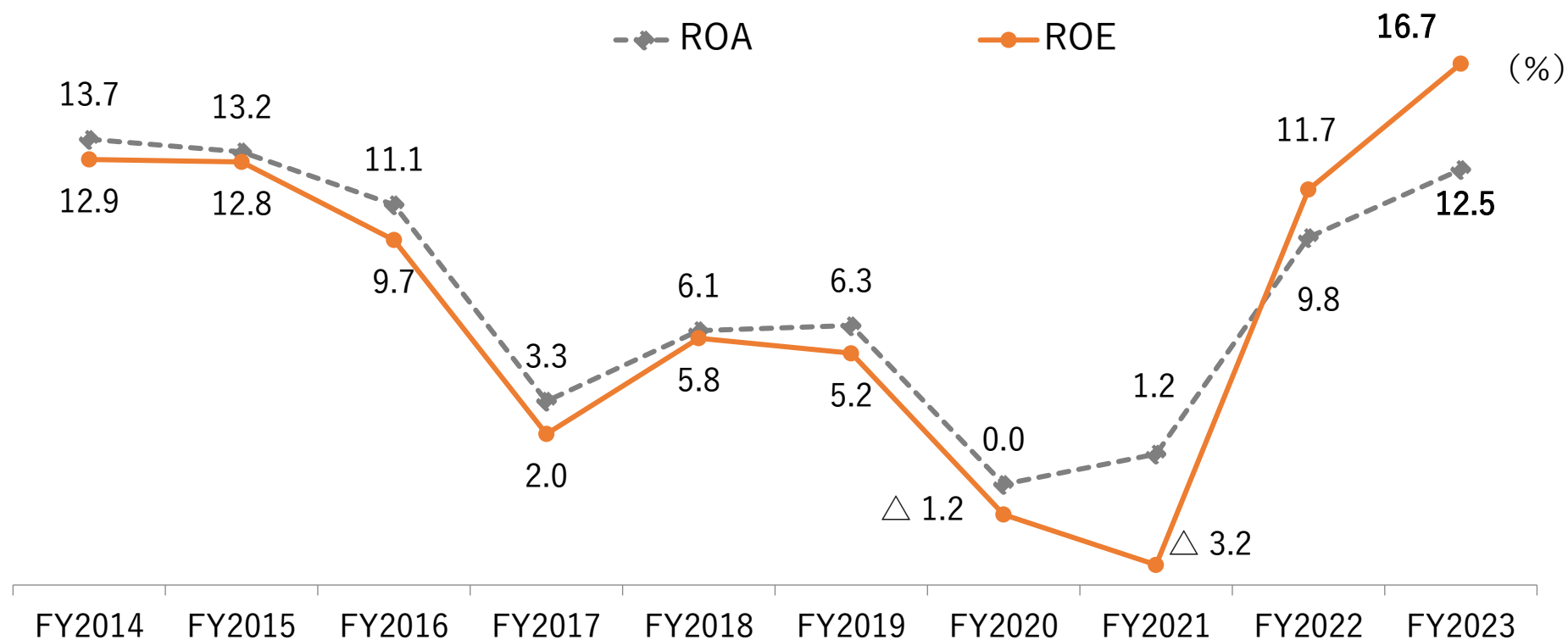
Strong purchases from individuals led to an increase in net sales and gross profit. As the increase in gross profit exceeded the increase in expenses, operating income rose sharply to 139% of the previous year's level.



Changes in ROA/ROE

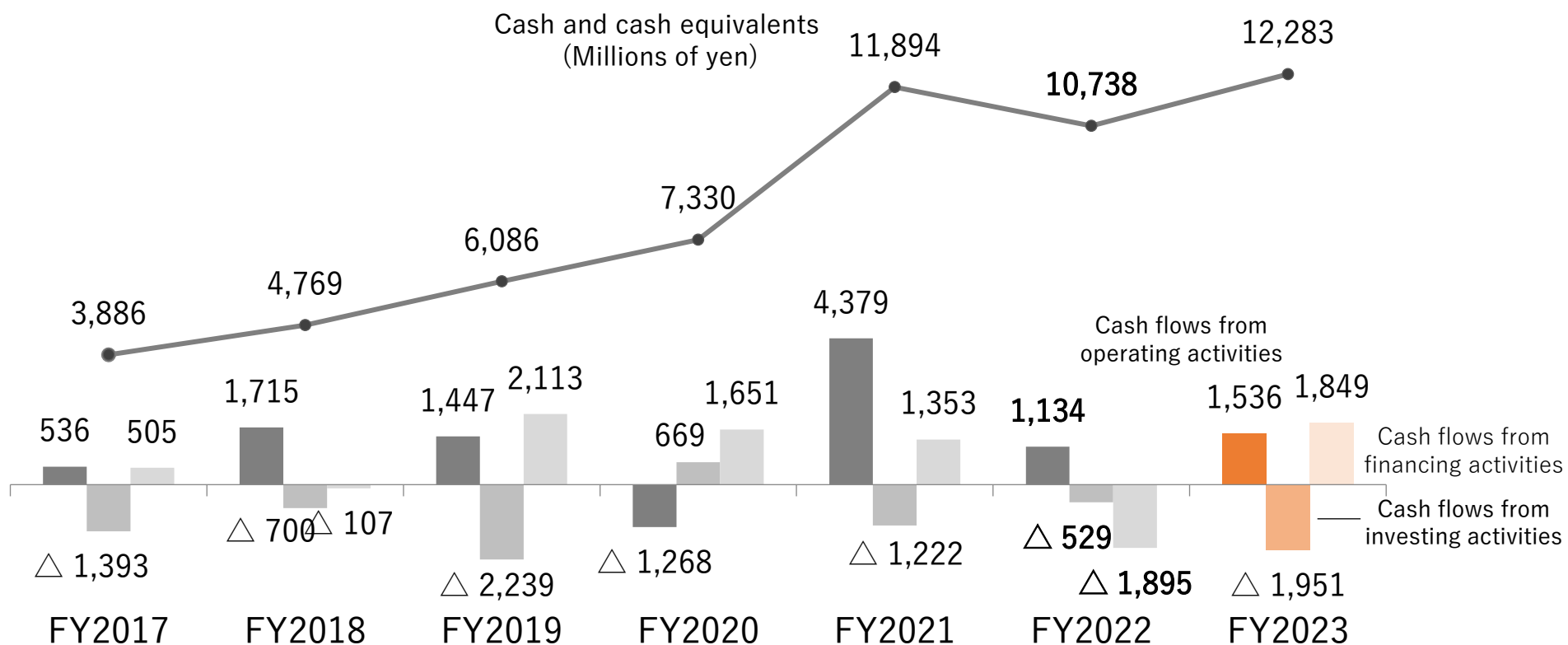
Debt increased due to strong purchases.

ROE rose sharply as the increase in fresh inventory generated profits

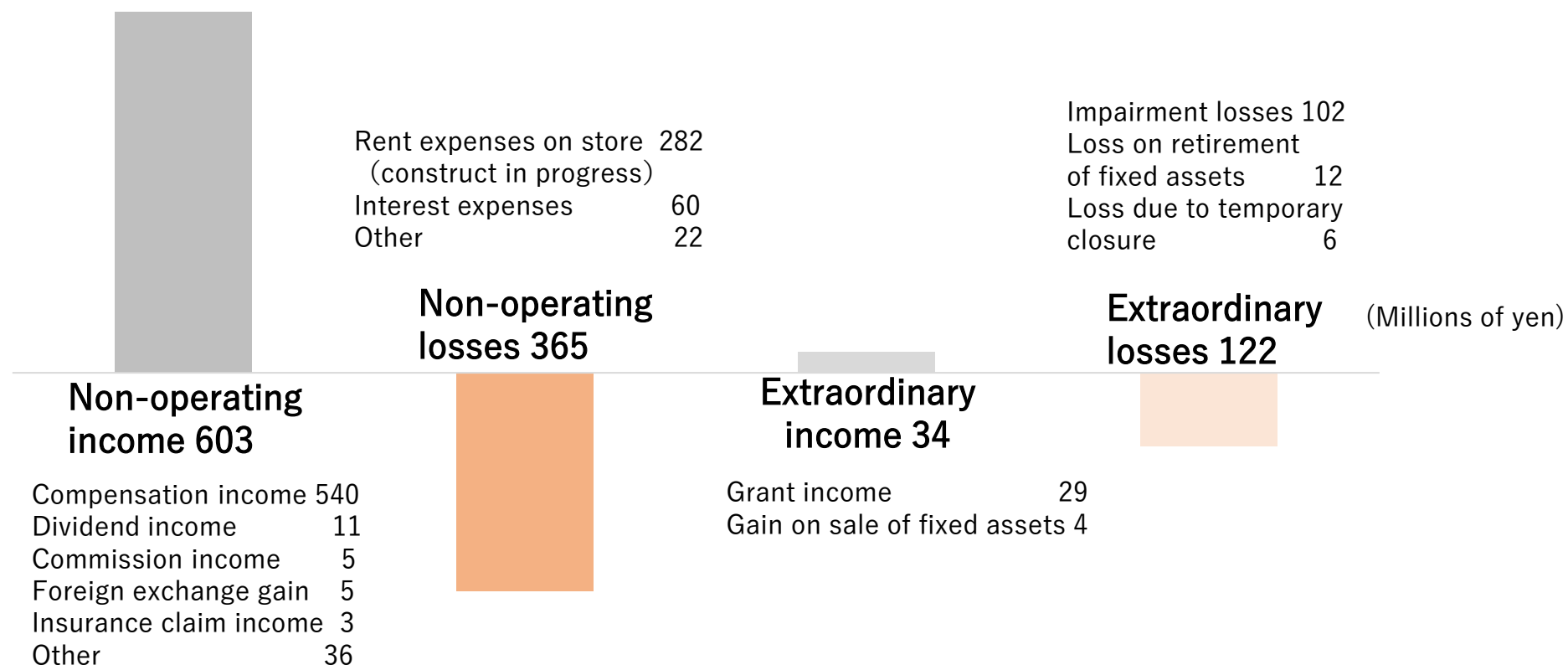


Statement of Cash Flows

Cash flows from financing activities turned positive due to increased investment in securing inventory and opening new stores, etc.



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



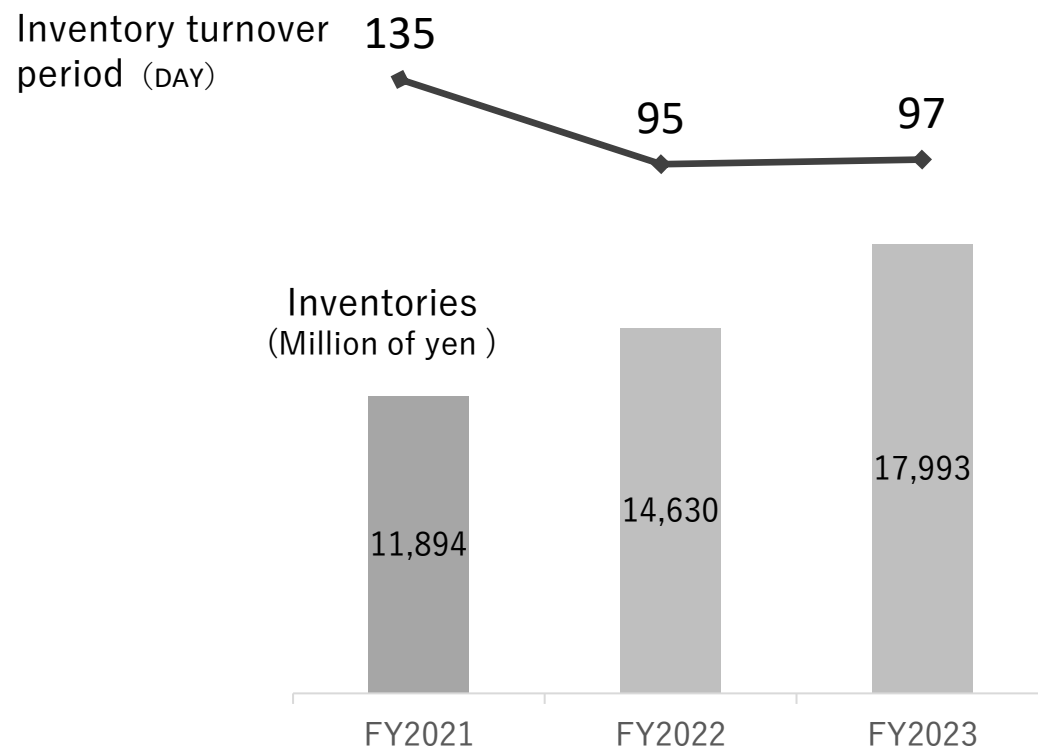
Balance sheet overview

(Millions of yen)	FY2022	FY2023	Change	
Current assets	29,453	35,322	5,868	
Cash and deposits	9,080	10,382	1,302	
Inventories	15,308	18,705	3,397	→Increase cash on hand in preparation for personal purchases
Other current assets	5,096	6,234	1,169	→Individual purchases are brisk, SELBY Co., Ltd. Inventory increased due to grouping
Non-current assets	10,213	11,430	1,217	
Assets	39,667	46,753	7,086	
Liabilities	18,966	22,506	3,539	
Interest-bearing liabilities	13,519	16,498	2,979	→Increase in cash on hand and inventories, increase in interest bearing dept
Other liabilities	5,446	6,007	560	
Net assets	20,700	24,247	3,546	→Attributable to an increase in retained earnings and other factors
Liabilities and net Assets	39,667	46,753	7,086	

Inventory Turnover (Brand・Fashion business)

Inventory was properly supplied and prices were adequately controlled by utilizing multiple sales channels while taking into account market prices and foreign exchange rates.

This led to an improvement in the ratio of gross profit to inventory investment (gross profit margin multiplied by inventory turnover ratio), allowing the company to maintain a high level of fresh inventory.



(Million of yen)	FY2022	FY2023	Change
Gross profit margin①	25.3%	25.6%	+ 0.3pt
inventory turnover②	3.8	3.7	—
① × ②	96.1%	94.7%	△1.4pt
Inventory write-down	59	*	—

At KOMEHYO, in addition to quarterly review of inventory valuation, inventory items that have been stagnant for more than one year were repriced to encourage turnover.

* not calculated

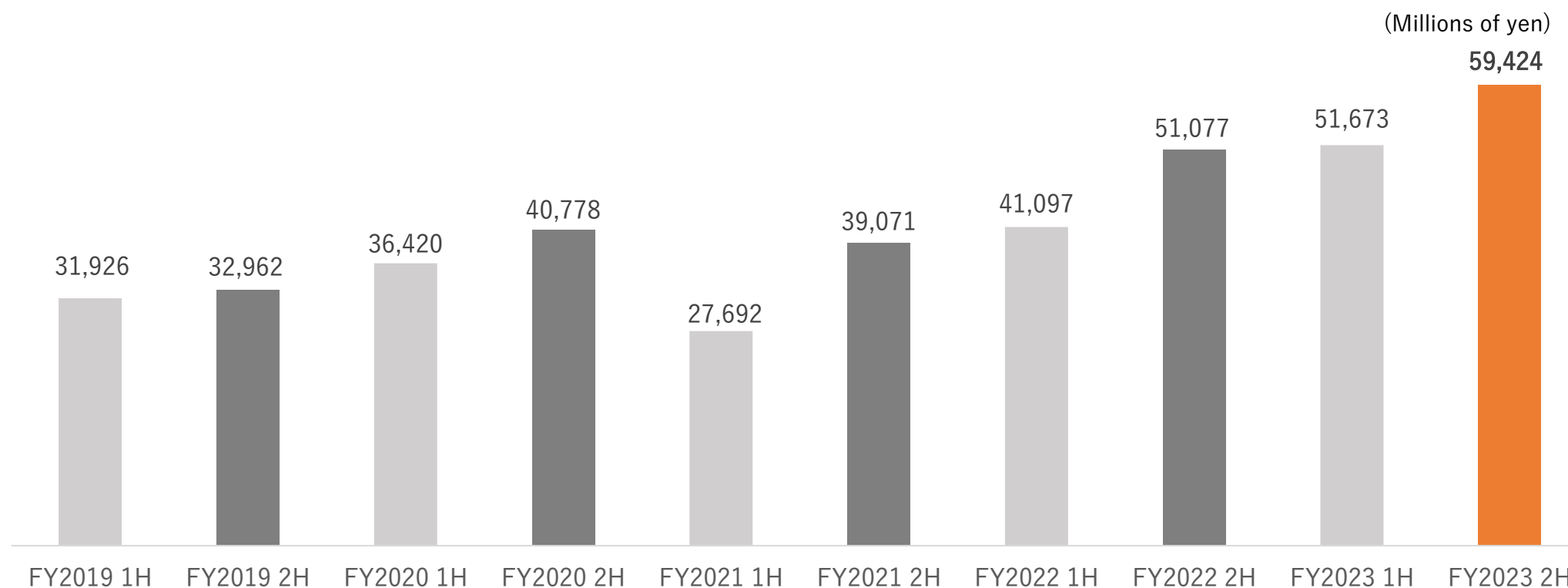
Overview by segment

The Brand Fashion business performed well in all areas: purchases from individuals, retail/corporate sales, and auctions for corporate clients. The Tire and Wheel business also performed well in both the new and used goods businesses, with both sales and profits increasing.

(million of yen)			1Q	YoY	2Q	YoY	3Q	YoY	4Q	YoY	FY2023
Brand Fashion	Net sales	17,794	134.0%	19,519	124.6%	21,538	123.4%	22,380	110.3%	81,234	121.8%
	Operating income	730	154.4%	1,002	176.1%	1,638	145.1%	1,485	137.1%	4,856	149.2%
	Operating margin	4.1%	+ 0.5pt	5.1%	+ 1.5pt	7.6%	+ 1.1pt	6.6%	+ 1.3pt	5.9%	+ 1.1pt
Tire and Wheel	Net sales	947	109.6%	935	118.4 %	1,925	109.0%	1,025	106.6%	4,833	110.3%
	Operating income	2	—	△9	—	303	131.9%	△50	—	245	166.7%
	Operating margin	0.3%	—	—	—	15.8%	+ 2.8pt	—	—	5.1%	+ 1.7pt
Real estate leasing	Net sales	71	84.9%	71	84.5%	71	84.7%	71	88.5%	286	85.6%
	Operating income	21	86.5%	20	80.8%	22	83.1%	20	85.7%	84	84.0%
	Operating margin	30.3%	+ 0.5pt	28.8%	△1.4pt	30.8%	△0.6pt	28.7%	△0.9pt	29.7%	△0.5pt

Changes in gross merchandise value

GMV, which indicates the scale of our business, is an indicator of the promotion of relay use.
GMV growth leads to business growth and improved profitability



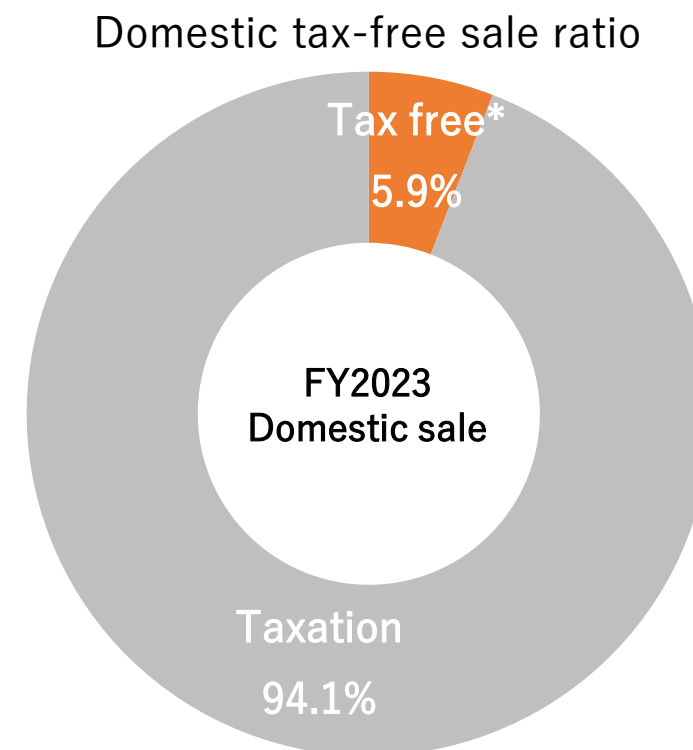
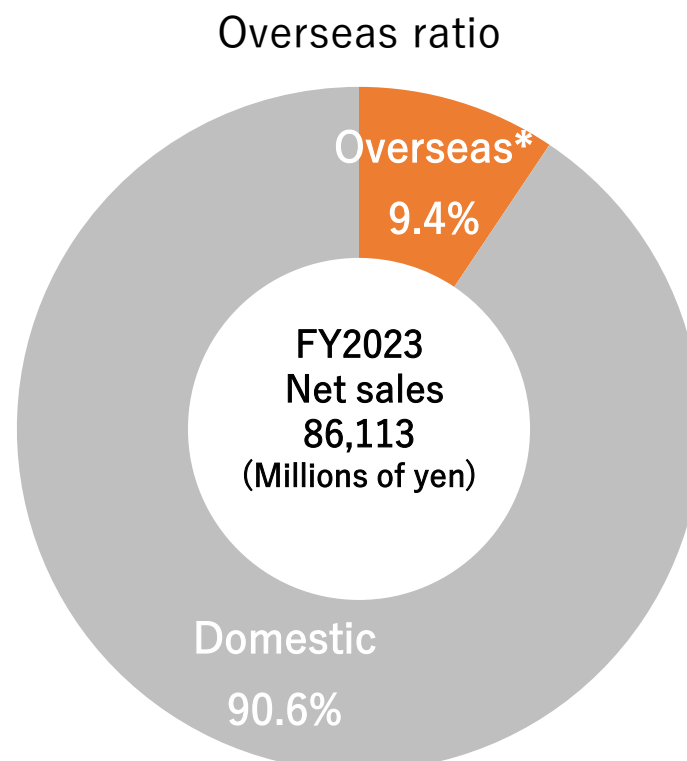
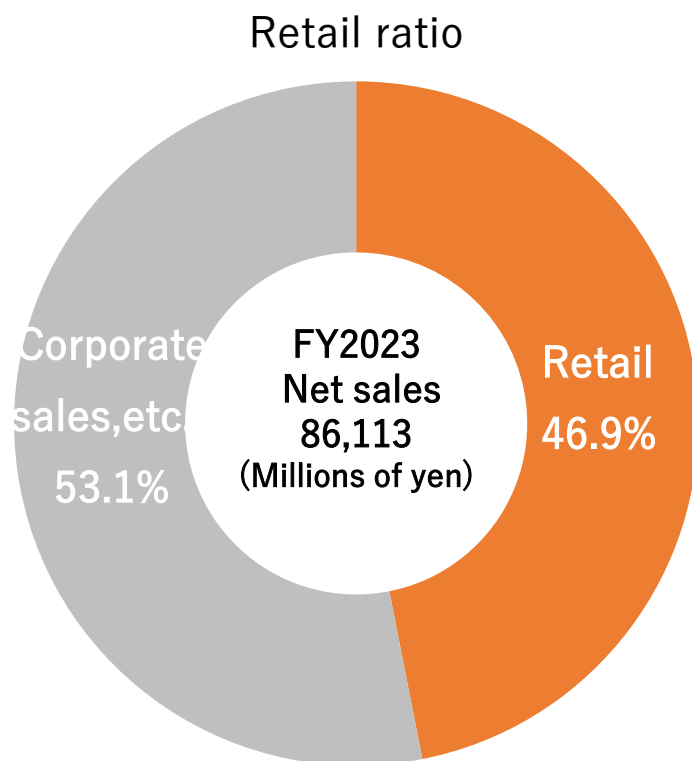
GMV is calculated simply by adding and subtracting sales and volume information at the KOMEHYO auction based on consolidated sales.

Breakdown of consolidated Net sales (Retail / Overseas/Domestic tax-free sales)

【Retail】 Corporate sales had a higher percentage due to strong purchases and for keeping stock new and fresh, whereas retail was also bullish, keeping its share at slightly below 50%.

【Overseas】 The overseas sales ratio dropped mainly due to buoyant domestic sales and the impact of lockdowns in Shanghai.

【Tax Free】 The ratio of tax-free sales was trending upward with the easing of entry restrictions in October 2022.



* "Corporate sales" includes auction fees.

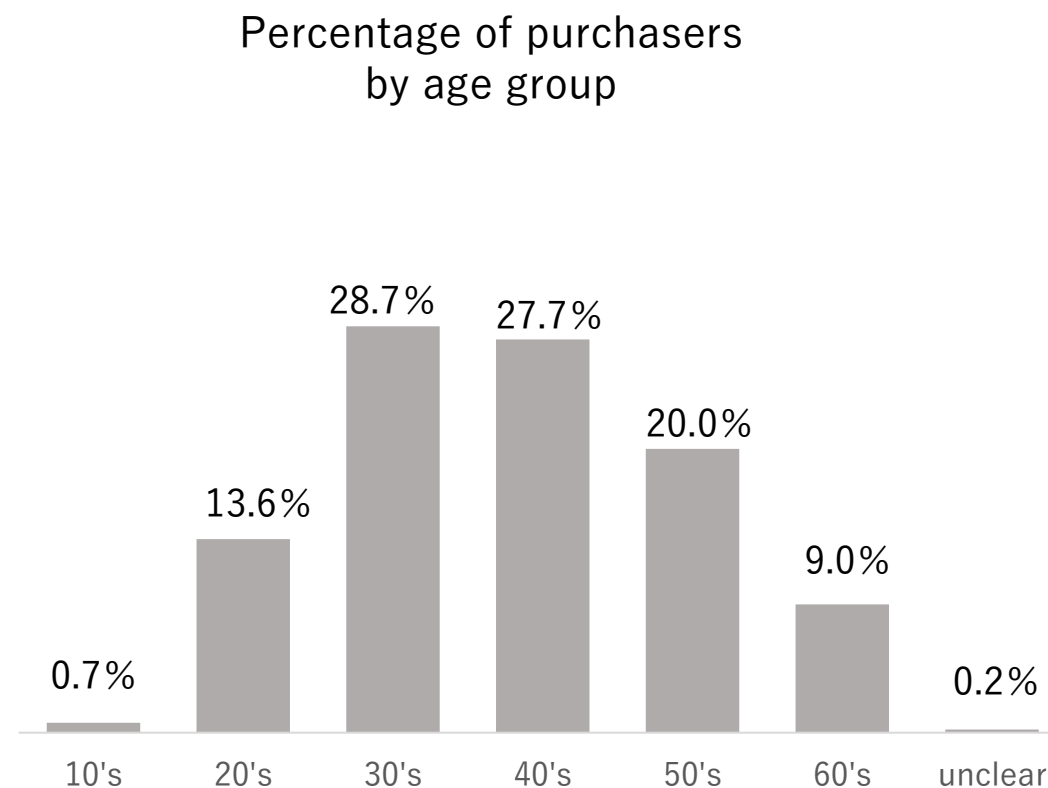
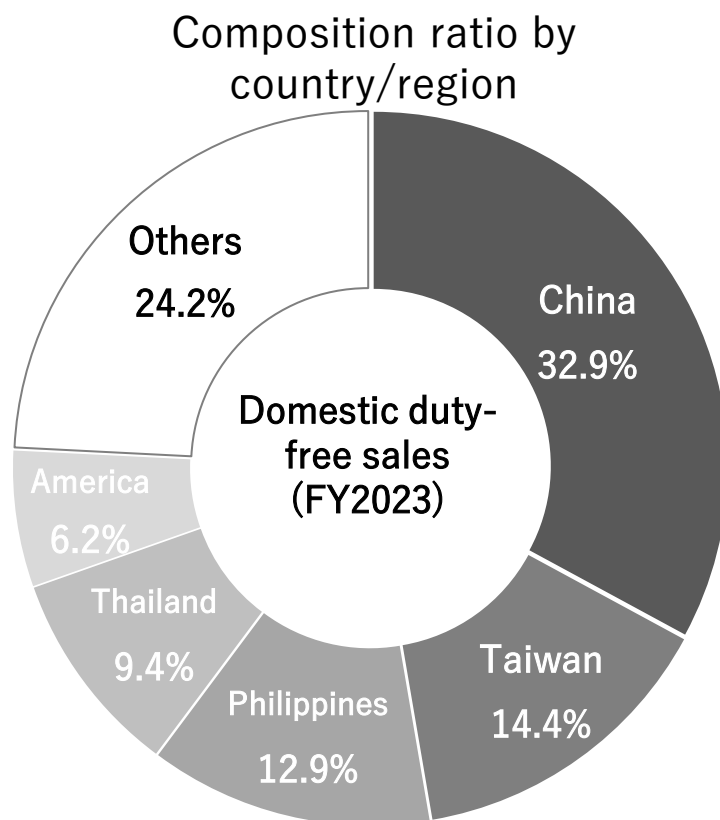
* The ratio of overseas business does not include domestic tax-free sales, etc.

*Calculated before elimination of internal transactions

Breakdown of domestic duty-free sales

【 Composition ratio by country/region】 The top four countries are in Asia, accounting for about 70%

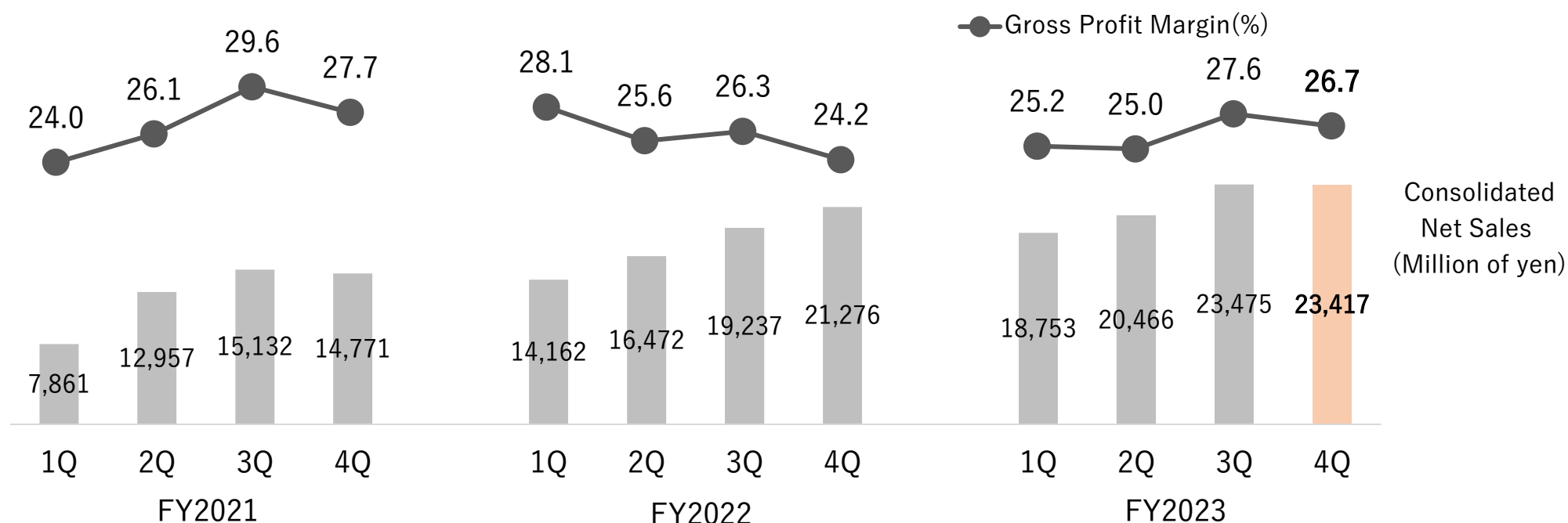
【Percentage of purchasers by age group】 Younger than the domestic customer base, generation Y is the volume zone



Quarterly Trends in Consolidated Net Sales and Gross Profit Margin

【 Net sales 】 Both retail and corporate sales increased due to strong individual purchases.

【 Gross profit margin 】 Gross profit margin increased 2.5 pt YoY due to an improved purchase ratio and a decrease in the sales composition ratio of watches with lower gross profit margins.

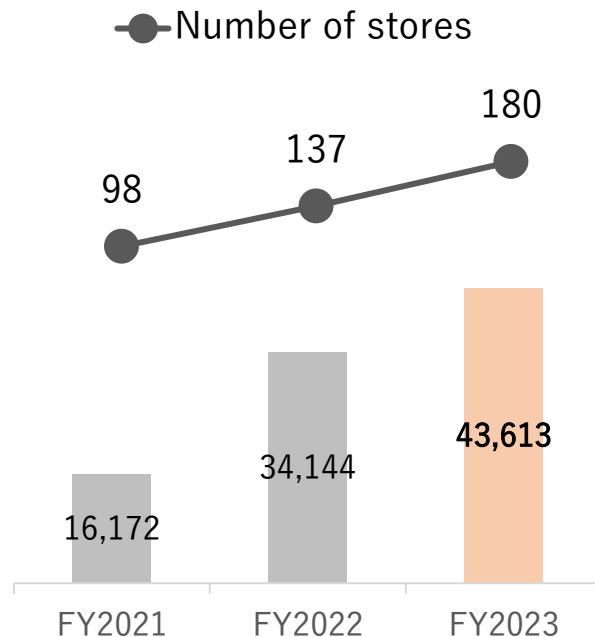


Trend in
gross profit margin

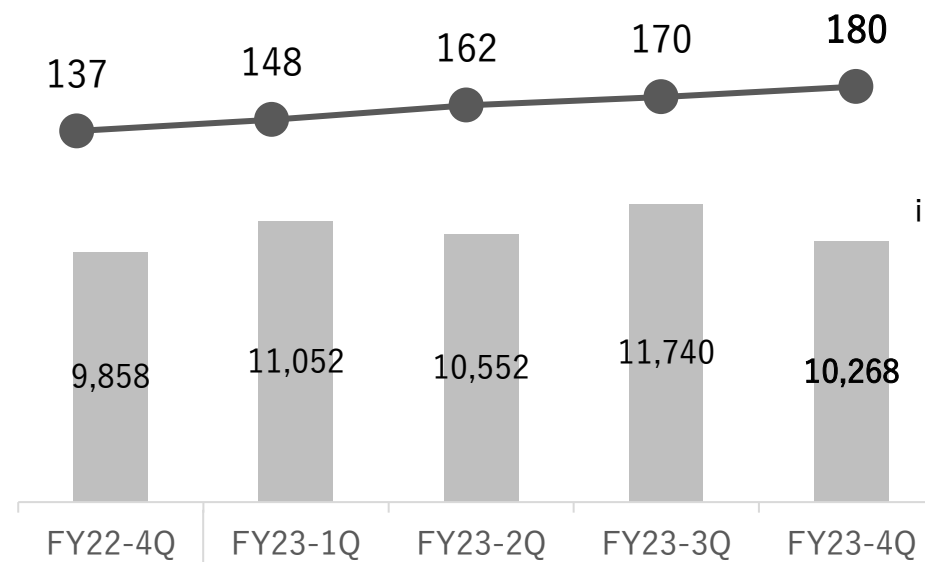
- The figure tends to rise in the third quarter, when the ratio of retail is high in the year-end busy season.
- Inventories are revised in September and in March. The figure tends to fall in the second and fourth quarters.
- The figure may vary depending on the weightings of items that can be purchased.

Purchase from individual customers (Group total)

In addition to the opening of KOMEHYO/BRAND OFF (FC) purchase centers and KOMEHYO GINZA, strong purchases at existing stores and events drove steady growth in the amount of purchases per customer, setting a new record for annual purchases per customer.



Compared to the same period in the last 3 years



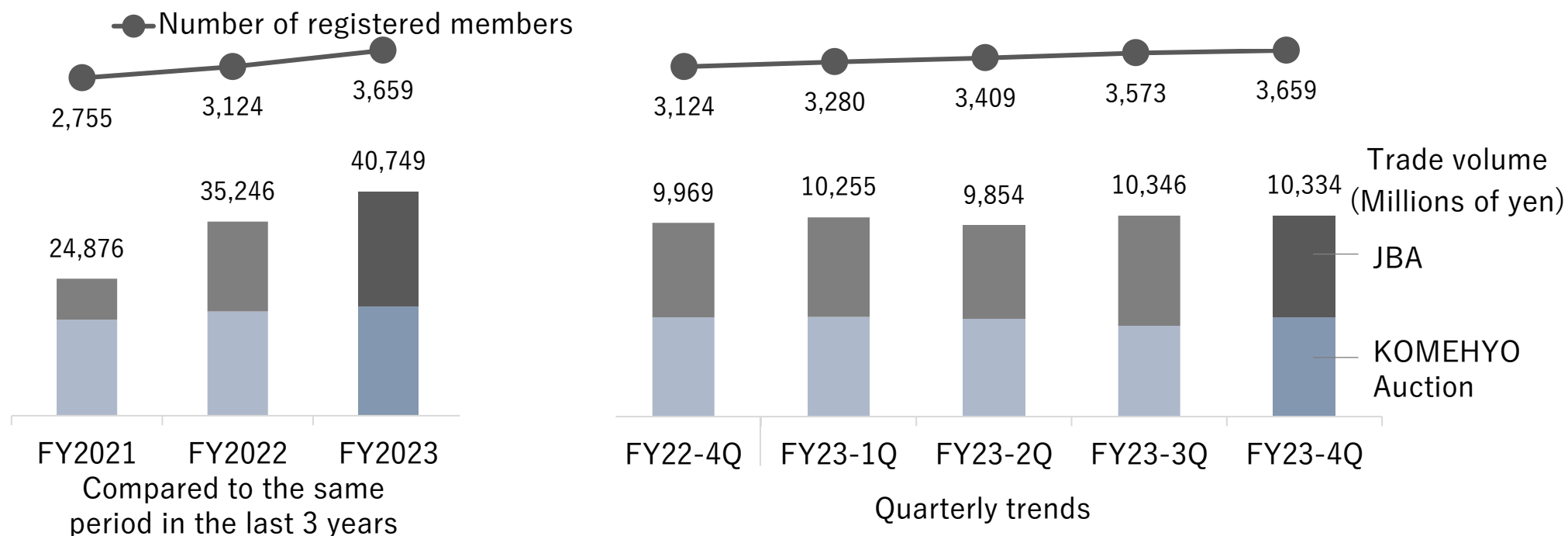
Quarterly trends

* 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

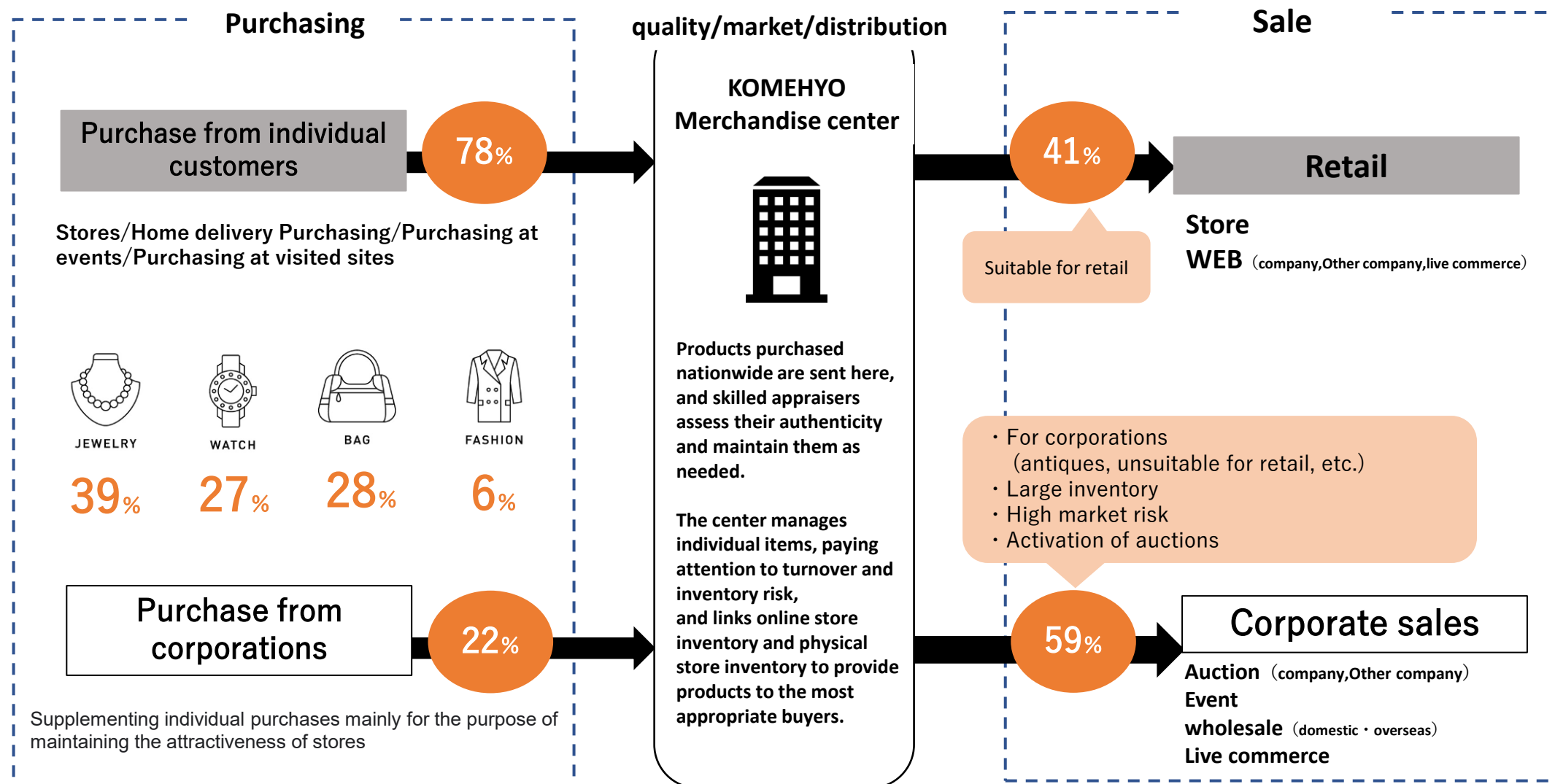
Corporate auction volume

JBA (especially real auctions in Kanazawa) is performing well due to an increase in the number of member companies. The total trading volume for the full year was 116% compared to last year, reaching a record high.



※ KOMEHYO AUCTION (KOMEHYO AUCTION is held) : online bidding. About 30% of all products handled are from group companies.
 JBA (K-BRAND OFF is held) : TOKYO – REAL (Bidding) 、 KANAZAWA – REAL (Bidding) 、 JBA Live Net AUCTION – online (Bidding)
 About 20% of all products are from group companies.
 ※ Corporate auction sales = Trade volume × commission

Product distribution (FY2023)

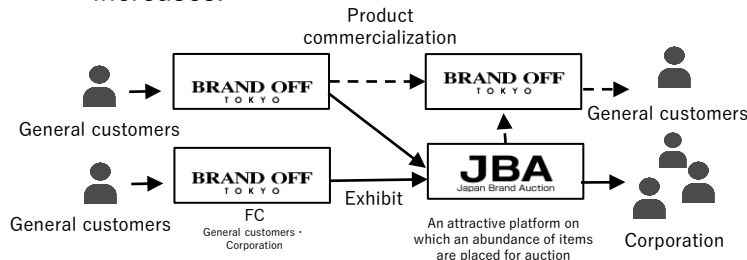


Efforts to strengthen purchasing (KOMEHYO)

Plan	achievement	
	New store opening	Purchase event , existing store
< branch store > More than 30 purchase centers have been opened since the previous fiscal year, and 100 purchase centers will have been opened in the three years, in places where customers pass by daily. We are planning to increase purchase from individual customers by 3.0 billion yen per year (1.5 billion yen during the fiscal year), targeting purchases from individual customers at 100 million yen per purchase center. < Purchase event > At commercial facilities and department stores considered to be reassuring, familiar and close to consumers since they are found in their daily life.	• Opened 28 stores specializing in purchases (directly managed). FY2022 32stores FY2023 28stores • 3.9 billion in store openings in the fiscal year ending March 2022 (120 million on average), 1.5 billion in store openings in the fiscal year ending March 2023. • Increased purchase amount of 5.4 billion yen. Signboard effects from increased number of stores have a positive impact on existing stores	< Purchase event > • Held a total of 135 times in 33 prefectures nationwide. • New rate is 90% • A place to build relationships with new customers who have never used KOMEHYO, department stores and commercial facilities. It is also connected to the opening of permanent stores. < existing store > • Existing stores: YoY 110.6%

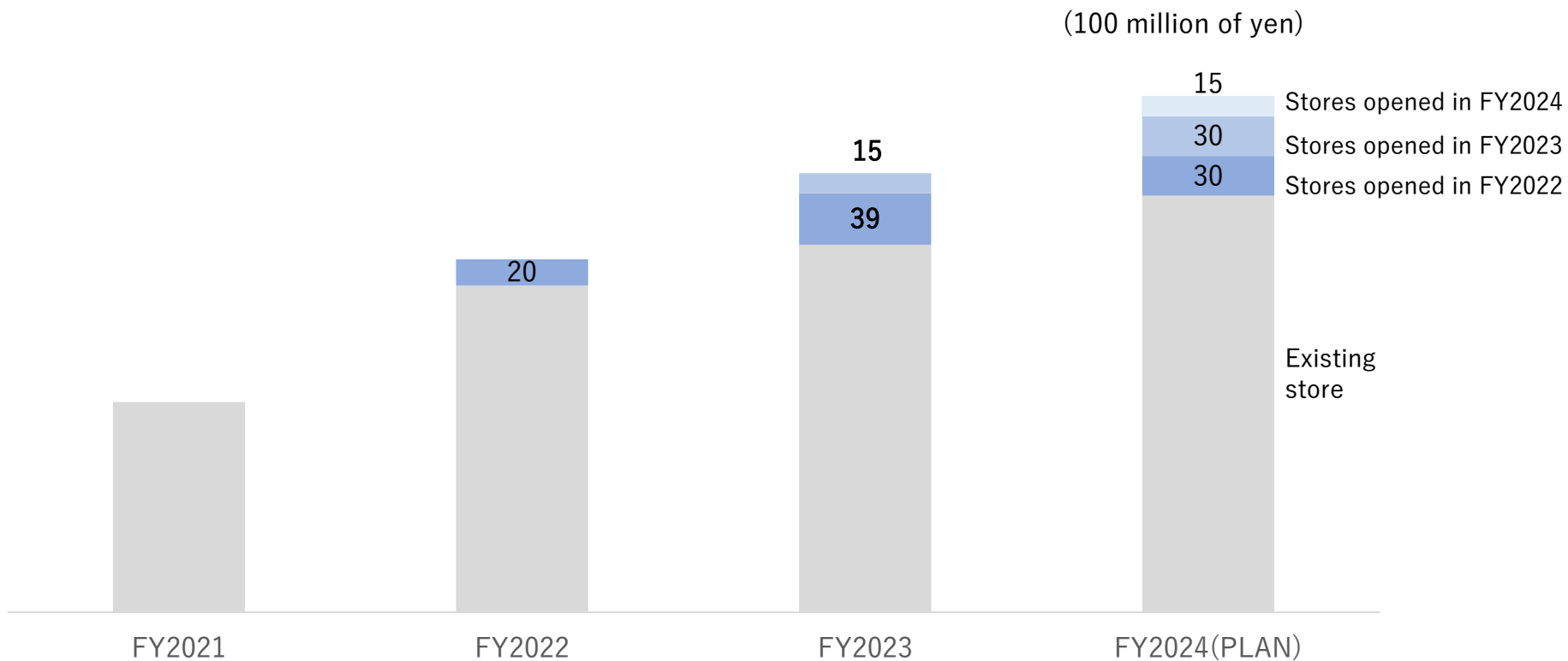


Efforts to strengthen purchasing (BRAND OFF)

Plan	achievement					
	New store opening	Purchase event , existing store				
<branch store,In-house auction> A hundred franchised purchase centers will be set up in the three-year period starting in the previous fiscal year. In FY2023, the second year of the store opening plan, the company plans to open 20 stores. We are aiming to introduce at least 20 new stores by the end of the current fiscal year. Items purchased at franchise purchase centers are put to auction (JBA). The trade volume thus increases. 	Opened 14 stores specializing in purchases (FC). <table><tr><td>FY2022</td><td>FY2023</td></tr><tr><td>2stores</td><td>14stores</td></tr></table> • The annual target of 20 stores has not been achieved. 【cause】 • The BRAND OFF Ginza main store, which opened in October 2022, performed well and prioritized resources. • Focusing on continuous growth after store opening, taking time to discuss with FC owners. (The number of store closures of purchased stores (FC) that opened is 0) 【plan revision】 Expecting to open 40 stores in the fiscal year ending March 31, 2024.	FY2022	FY2023	2stores	14stores	< Purchase event > • Regular purchase events will be held in Kagoshima, Kumamoto, and Miyazaki from September 2022. Held a total of 11 times. • New rate is 90% < existing store > • The BRAND OFF Ginza flagship store has performed well in terms of both sales and purchases since its relocation and opening in October. Average sales 6 months after relocation YoY172% Average purchase price for 6 months after relocation YoY152%
FY2022	FY2023					
2stores	14stores					

Opening the purchase center (KOMEHYO)

The amount of purchase per store remained strong. The store openings added 3.9 billion yen (1.5 billion yen during the fiscal year) to the annual purchase amount. Signboard effect from new store openings had a positive impact on existing stores.

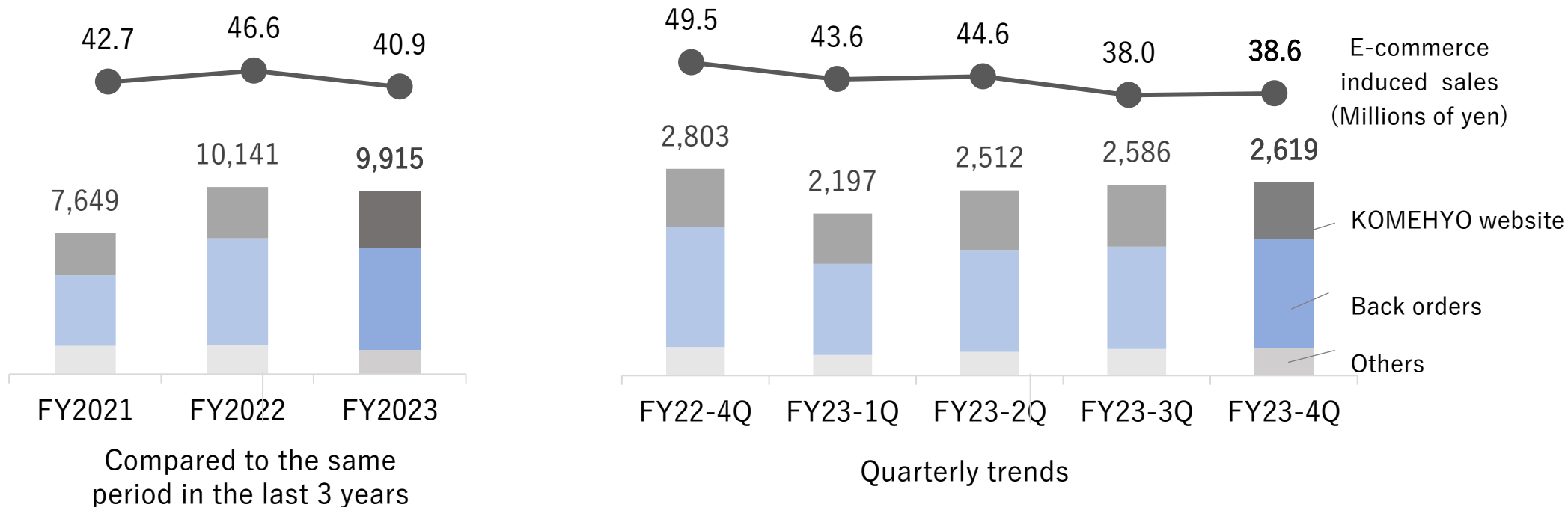


E-commerce-induced sales rate(KOMEHYO)

In 4Q, due to the impact of the watch market, the composition ratio of watches in the EC-related sales decreased by 10.8 points compared to the same period of the previous year.

Due to the increase in the sales ratio of foreign visitors to Japan, the EC-related sales ratio in FY2023.3 was 40.9%, down 5.7 points from the previous term.

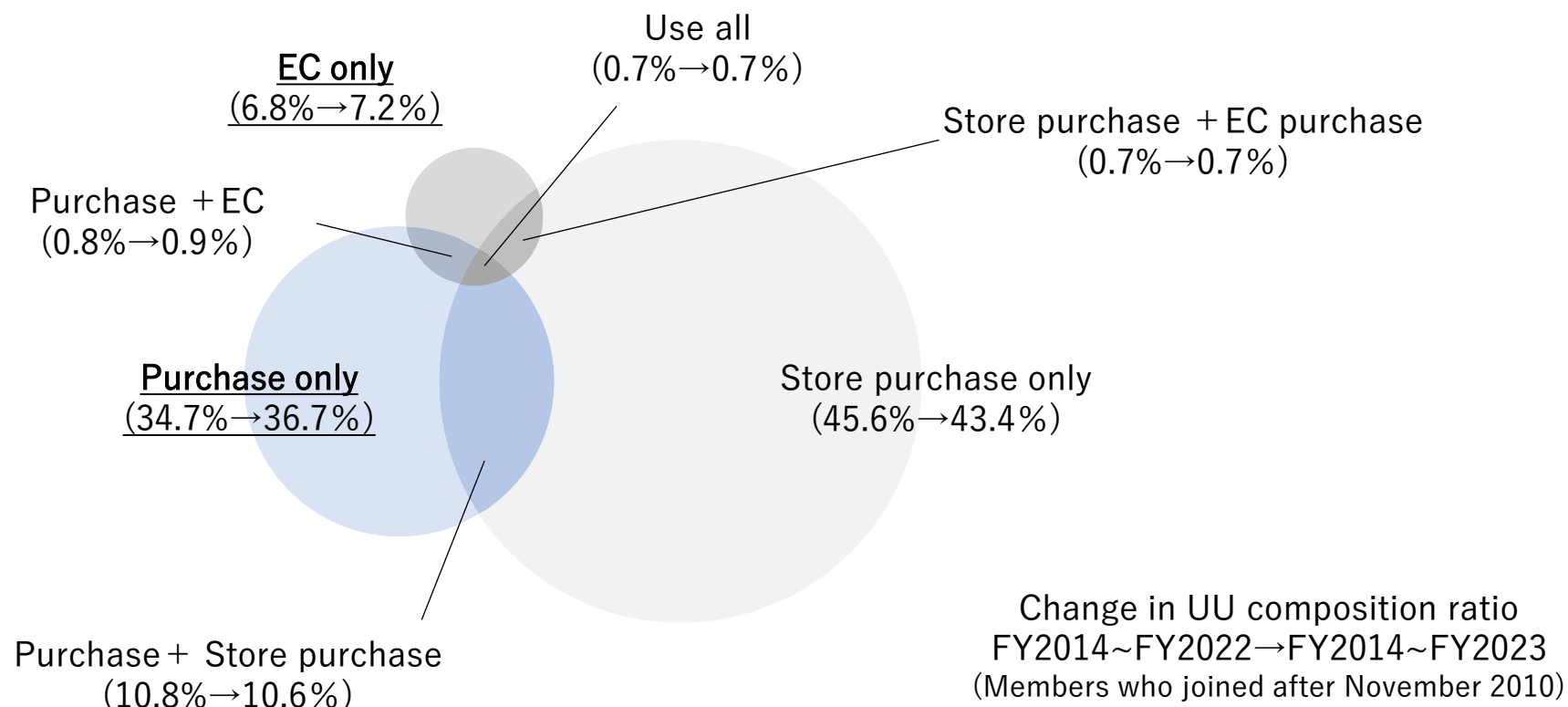
E-commerce-induced sales rate : EC Sales as a Percentage of Retail Sales



※KOMEHYO website: 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.
 Back orders(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.
 Others(Other companies' websites): Make a purchase at a store KOMEHYO set up at an Internet sales site operated by another company.

Usage status of members(KOMEHYO)

The majority of members use "store purchase only" and "purchase only", but there are some who use it repeatedly. OMO strategy and store openings specializing in purchases have increased the composition ratio of "EC purchase only" and "purchase only"



Overseas expansion

Opened stores in 4 overseas bases. We purchase and sell locally, and expand the scale while establishing a culture of reuse. We will continue to actively invest in anticipation of market expansion.

	Shanghai	Hong Kong		Thailand	Taiwan	Singapore
brand						
Services to deploy	Purchase (toC) Sale (toC)	Purchase (toC) Purchase (toB)	Purchase (toC) Sale (toC)	Purchase (toC) Sale (toC)	Purchase (toC) Purchase (toB) Sale (toC)	Purchase (toC)
Number of bases	2stores	1base	7stores	4stores	3stores	Opened in May 2023
Topics	Due to restrictions on going out, some stores were closed. Concentrate management resources and open sales/purchase flagship store in December 2022	From October 2022, we will start purchasing from individuals. Favorable performance. Some of the purchased products are consigned to the BRAND OFF Hong Kong store for over-the-counter sales.	The One store will be relocated and opened on May 26, 2023.	Two stores will open in the fiscal year ending March 31, 2023. Purchases are brisk, especially among the wealthy class. Aiming for a 5-store system by the fiscal year ending March 31, 2025	90% of purchases are made by individuals, realizing a highly profitable structure. We also focused on live commerce using SNS, and this sales increased by 239% compared to the previous year. Scheduled to open Taichung Guangzhong SOGO store on June 1, 2023.	Established in December 2022. In May 2023, we will open a purchasing base in the center of the country.
		Collaborate to strengthen retail				

Tire and Wheel

Non-snow season sales increased due to increased overseas export sales and strengthened used product sales

Craft

- Sales of winter tires grew steadily, up 10% year-on-year. Increased profit margin due to unit price increase due to manufacturer price hike

- 50th anniversary events are held throughout the year. custom

By increasing the number of wheels and accessories for users

Attracting customers and increasing unit purchase



Auto Parts Japan

- An automatic washing machine was introduced to improve the efficiency of used product offering operations. This widened the range of products handled in e-commerce malls, increased the number of items proposed and increased sales.
- Data on used items markets began to be stored for the construction of a system for making purchases at more appropriate prices.



4 × 4 engineering service

- Introduced an automatic washing machine to improve the efficiency of used product offering operations, which resulted in an increase in sales
- Overseas export sales leaped 51% year on year.
- The lineup of mainstay products such as Bradley and Air/G improved to increase the number of car models that are compatible with them as well as size variations. That bolstered sales in Japan and overseas.



1. Overview of Financial Results and Initiatives
for the Fiscal Year Ended March 31, 2023

2. Medium-term Management Plan

Medium-term management target(Until FY2026)

(million of yen)	FY2024		FY2025	FY2026
	first half	full year	full year	full year
Net sales	48,000	100,000	120,000	140,000
Operating income	2,250	5,800	7,000	8,100
Operating margin	5.0%	5.8%	5.8%	5.8%
Ordinary income	2,250	5,800	7,000	8,100
Net income attributable to owners of parent	1,600	4,000	4,800	5,600
R O E	—	15% or more	15% or more	15% or more
Capital adequacy ratio	—	50% or more	50% or more	50% or more
EPS (yen)	—	365	438	511
payout ratio	—	Aim for 20%	Aim for 20%	Aim for 20%

Capital allocation policy

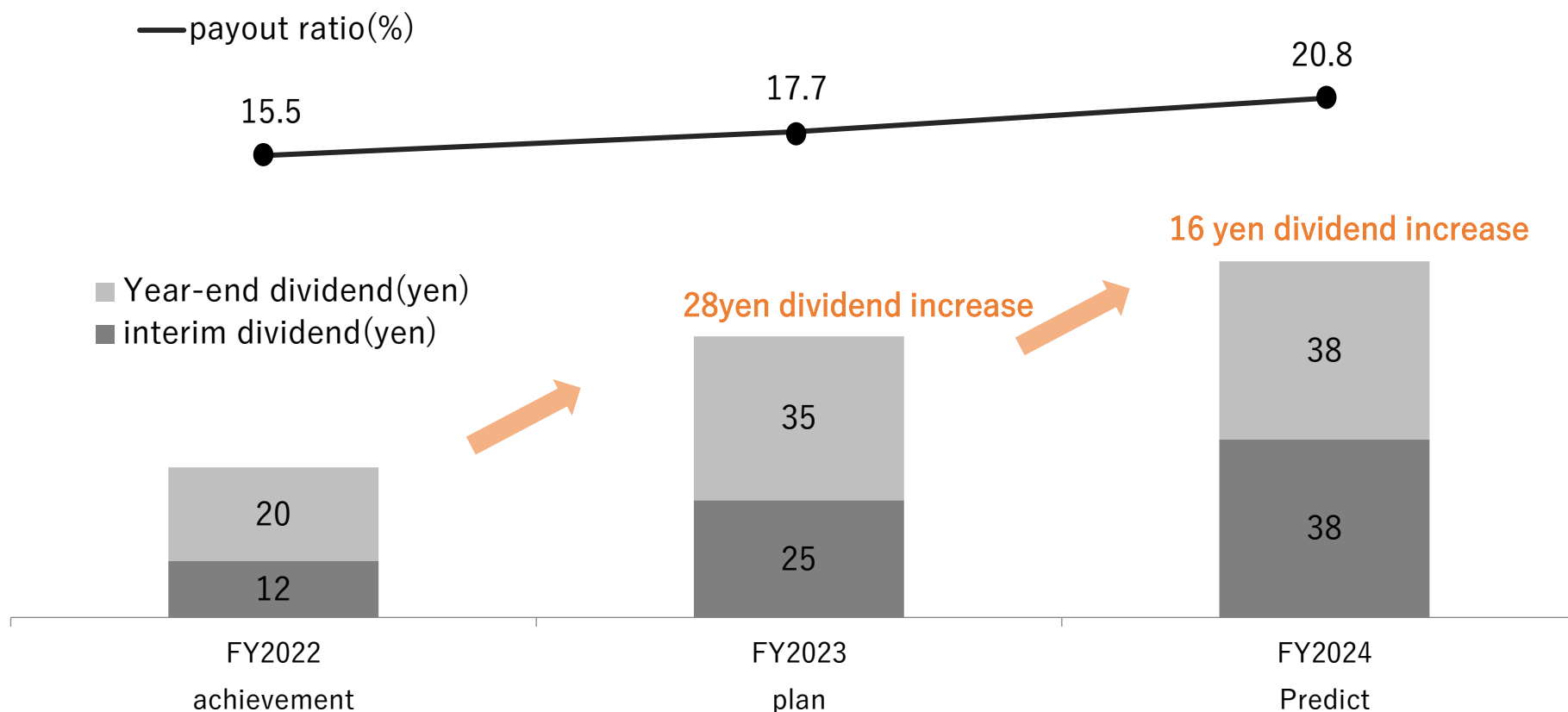
Growth phase in which securing market share is a priority as the reuse market expands.

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

Growth investment	• 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	• Aiming for a stable increase in dividends, with a target payout ratio of around 20%

Shareholder return policy

While giving top priority to investment for growth, we aim to increase dividends stably with a dividend payout ratio of 20% as a target for shareholder returns.



IR contact

IR ・ PR Department

Phone : +81-52-249-5366

E-mail : ir@komehyo.co.jp

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.