KOMEHYO

Earnings Results Briefing for the First Six Months of the Fiscal Year Ending March 31, 2021

November 13,2020
Komehyo Holdings Co., Ltd.
Securities code: 2780
(Second Section, Tokyo and Nagoya Stock Exchanges)
Corporate Planning Department IR strategy group
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FY 2020 2Q Financial Summary

KOMEHYO

【Performance Highlights】 After hitting bottom in 1Q, results showed signs of recovering in 2Q

Consolidated	FY2021 1H (Millions of yen)	YoY
Net sales	20,819	75.1%
Operating loss	△956	–
Net loss attributable to owners of parent	△1,379	–

KOMEHYO	FY2021 1H (Millions of yen)	YoY
Net sales	14,741	59.3%
Operating loss	△563	–
Net loss	△858	–
Purchases from individual customers	6,544	52.2%

【Business Topics】

Brand・Fashion business

- Operations for "new normal" Enhancement of OMO
- Opened five purchase centers
- Opened『KOMEHYO SHINJUKU WOMEN』

Tire and Wheel business

- New wheel "Air / G Rocks" Release

Economic Trend

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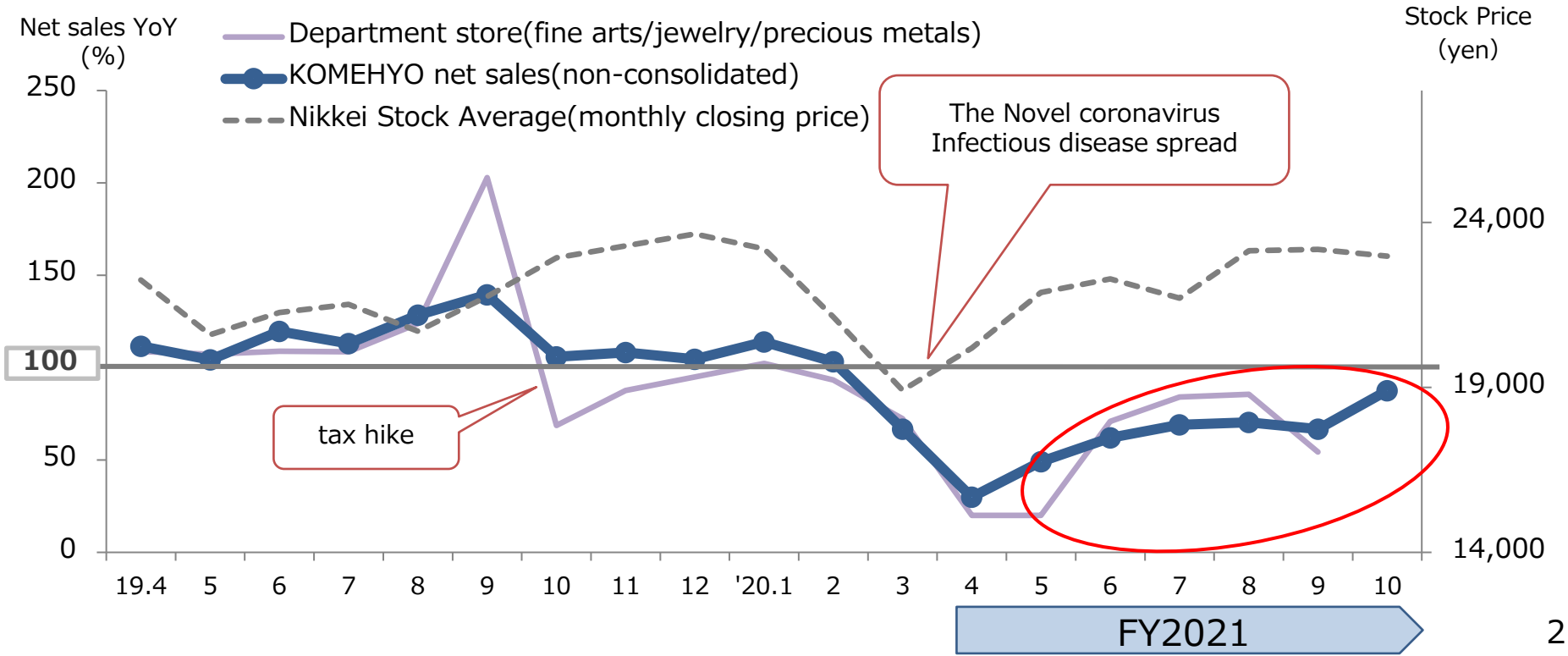
Despite the impact of the Novel coronavirus, KOMEHYO sales are recovering



(Source : JAPAN DEPARTMENT STORES)

Overview of Income Statement
(Consolidated)

KOMEHYO

(Millions of yen)	FY2021 1Q	YoY	FY2021 2Q	YoY	**FY2021 1H**	**YoY**
Net sales	7,861	63.2%	12,957	84.7%	**20,819**	**75.1%**
Gross profit	1,888	55.2%	3,385	92.2%	**5,273**	**74.3%**
Gross profit margin	24.0%	△3.5pt	26.1%	+2.1pt	**25.3%**	**△0.3pt**
SG&A expenses	2,748	82.6%	3,481	101.0%	**6,229**	**91.9%**
Operating income	△860	–	△96	–	**△956**	–
Ordinary income	△937	–	△107	–	**△1,044**	–
Net income attributable to owners of parent	△1,229	–	△149	–	**△1,379**	–

Overview of Income Statement
(KOMEHYO)

KOMEHYO

(Millions of yen)	FY2021 1Q	YoY	FY2021 2Q	YoY	**FY2021 1H**	**YoY**
Net sales	5,321	47.9%	9,420	68.5%	**14,741**	**59.3%**
Gross profit	1,192	40.7%	2,365	76.2%	**3,558**	**59.0%**
Gross profit margin	22.4%	△4.0pt	25.1%	+2.5pt	**24.1%**	**△0.2pt**
SG&A expenses	1,790	64.2%	2,331	80.8%	**4,121**	**72.6%**
Operating income	△598	–	34	15.9%	**△563**	**–**
Ordinary income	△648	–	26	12.5%	**△622**	**–**
Net income	△881	–	23	16.0%	**△858**	**–**

Trends in sales by sales channel
(KOMEHYO)

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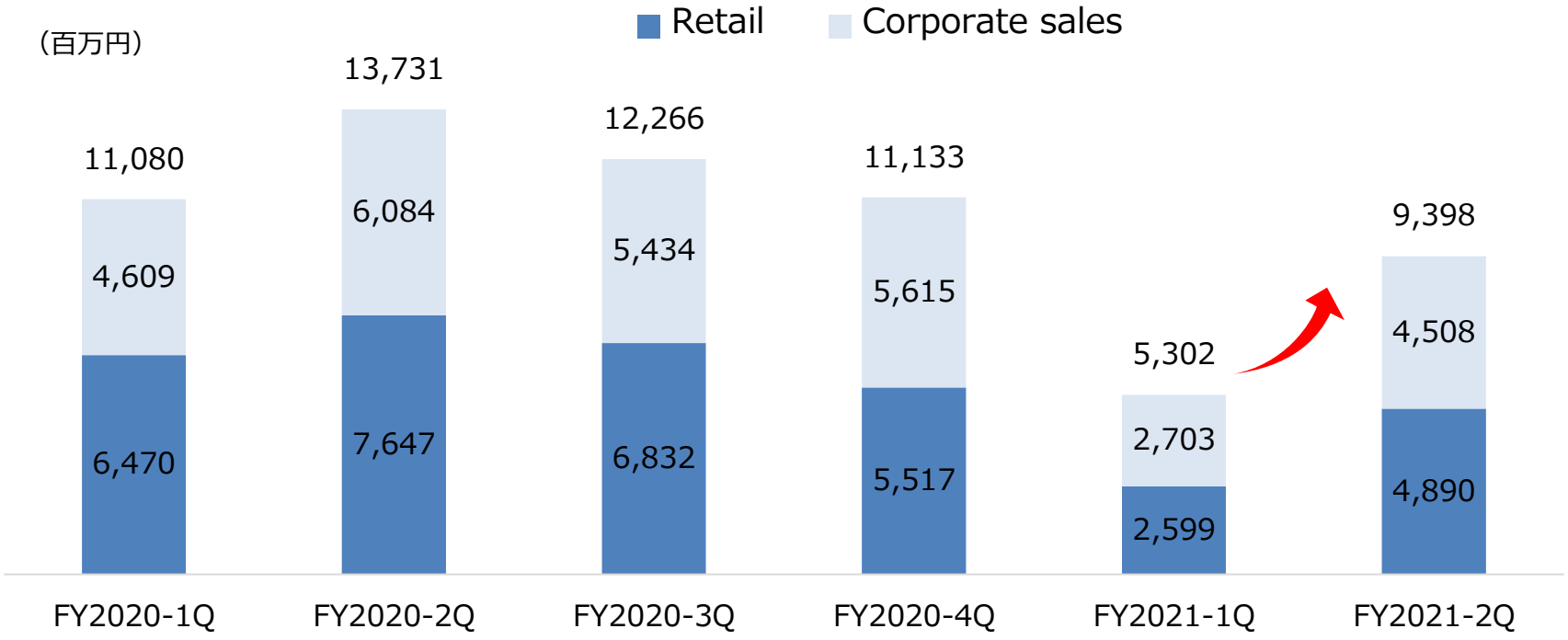
After hitting bottom in 1Q, results showed signs of recovering in 2Q

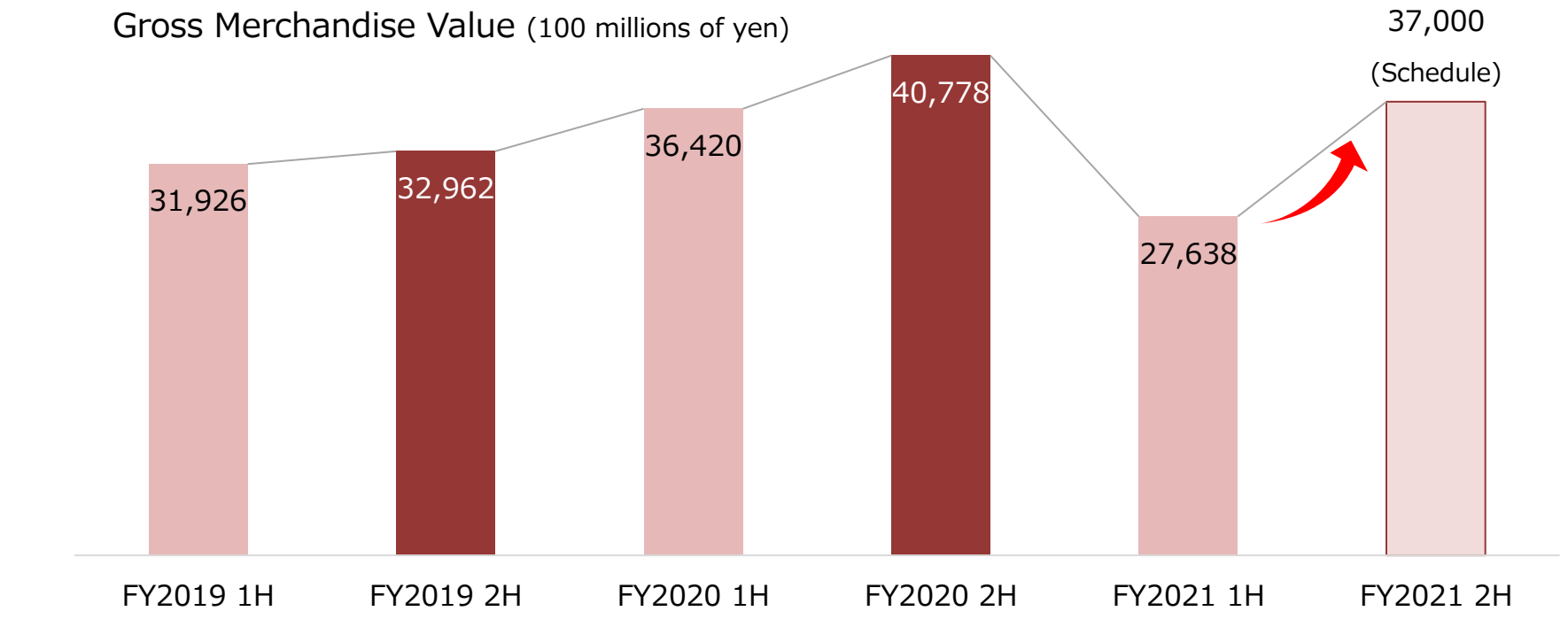


※ Real estate rental income is not included.

Gross Merchandise Value
(Consolidated)

KOMEHYO

Expected recovery from the second half



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

Operating income increase and decrease factor
(Consolidated)

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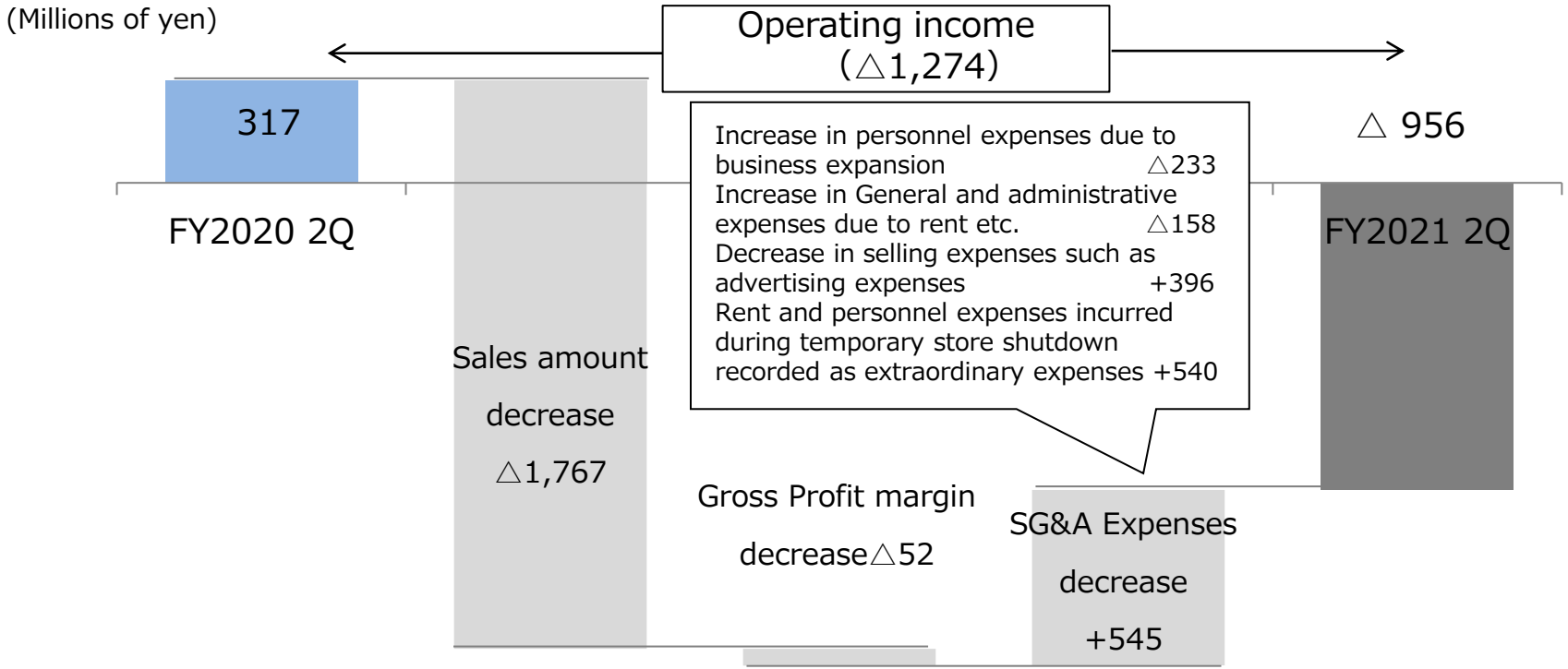
The company was forced to temporarily close stores and operated at a loss due to a decline in net sales.

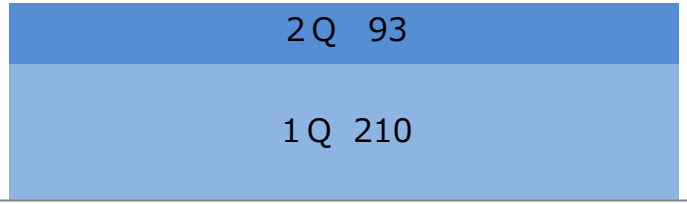


Extraordinary income/Extraordinary loss
(Consolidated)

KOMEHYO

Rent and personnel expenses incurred during temporary store shutdown recorded as extraordinary expenses

(Millions of yen)



1Q
Subsidy income 210
2Q
Subsidy income 84
Others 8

Extraordinary income 303

Extraordinary loss △649

1Q △ 506

2Q △ 143

1Q
Loss due to temporary closure 502
Loss on retirement of fixed assets, etc. 3
2Q
Loss on retirement of fixed assets, etc. 43
Loss due to temporary closure 38
Loss on cancellation of lease contract 32
Impairment loss 29

Overview of Balance Sheet

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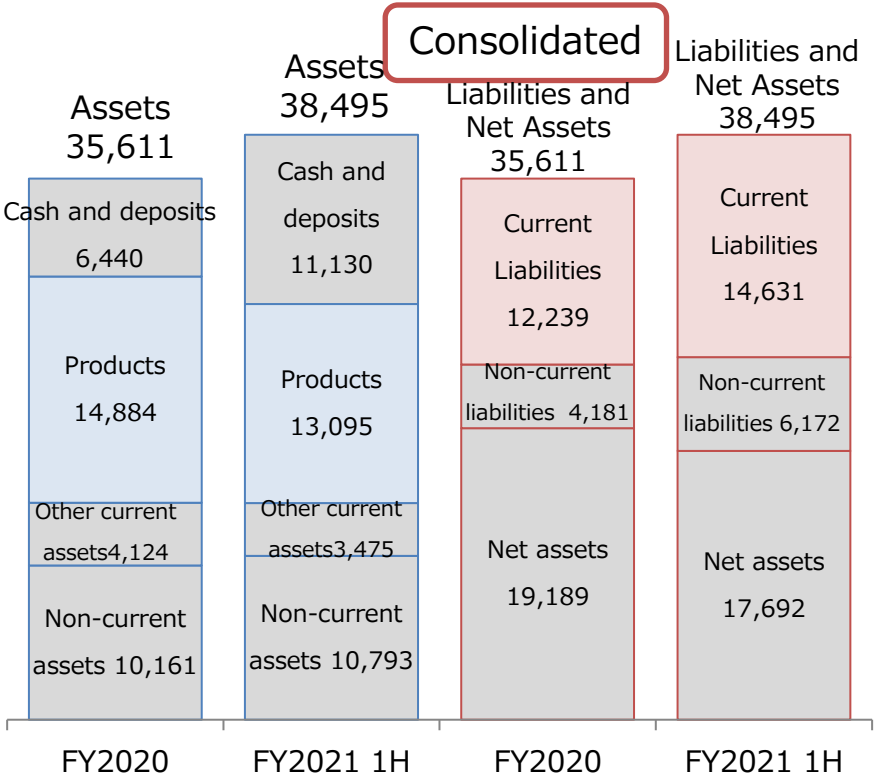
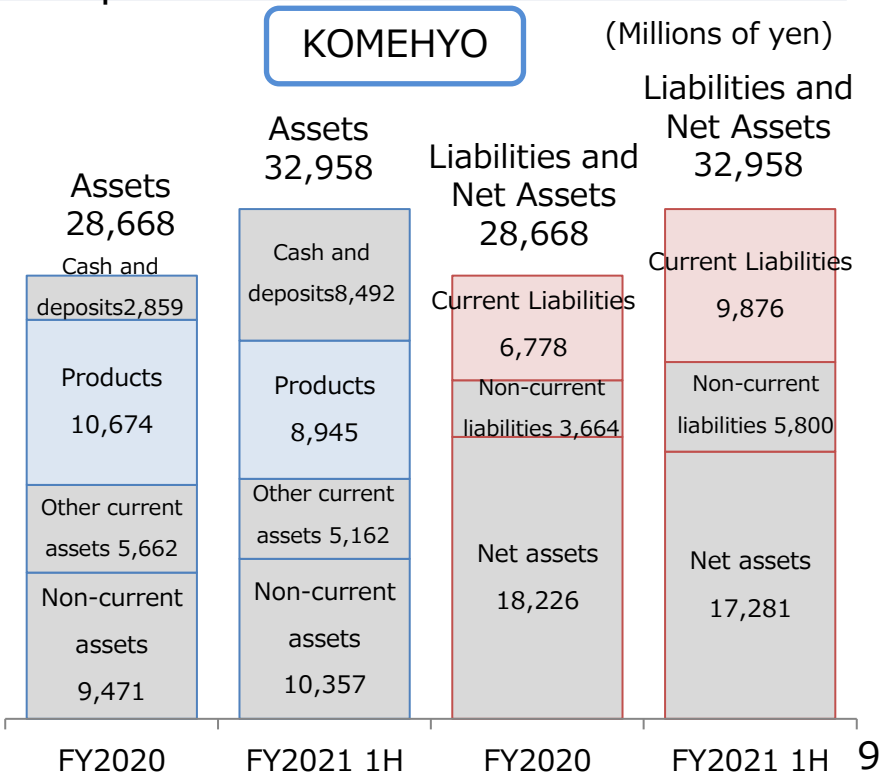
Cash in reserves secured through borrowing to combat the novel coronavirus pandemic





Statement of Cash Flows
(Consolidated)

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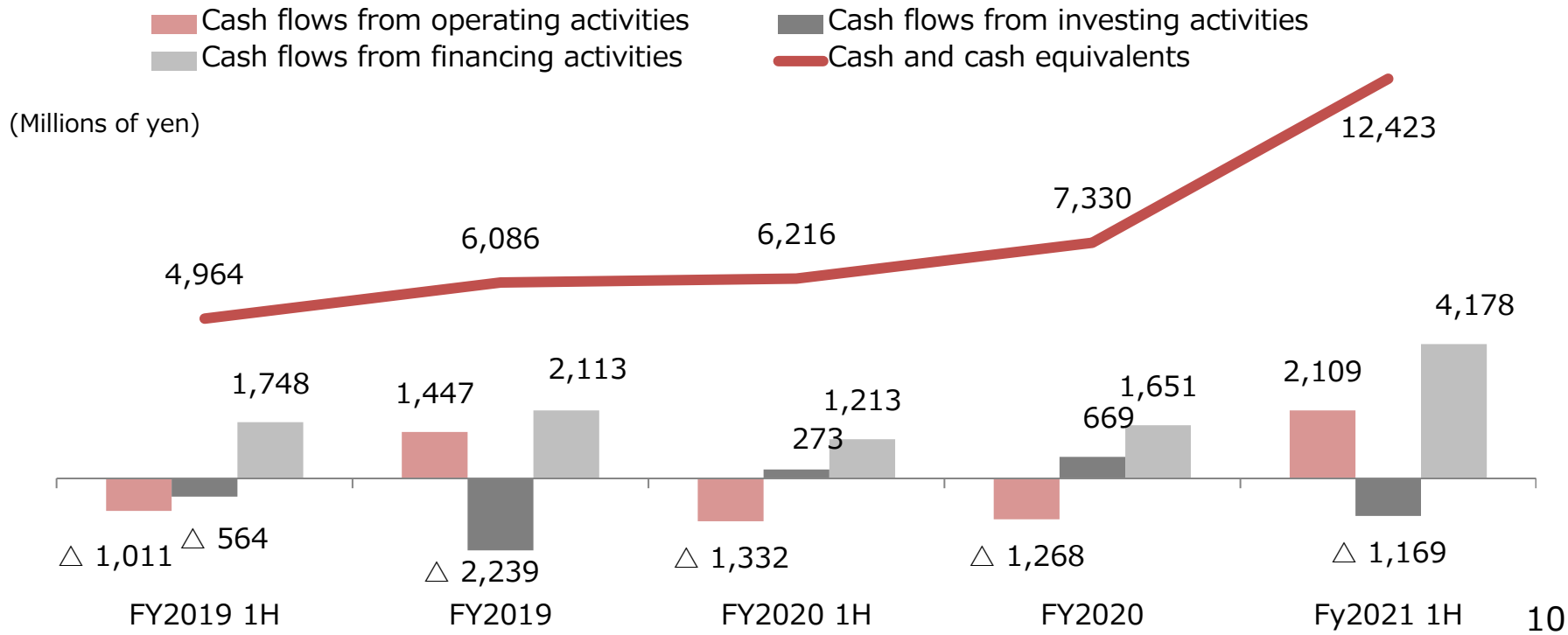
Measures such as product control resulted in a positive cash flow from operating activities



By Segment

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	(Millions of yen)	FY2021 1Q	YoY	FY2021 2Q	YoY	FY2021 1H	YoY
Brand Fashion	Net sales	7,137	61.0%	12,159	84.2%	19,296	73.8%
	Operating Loss(△)	△823	–	△46	–	△870	–
Tire and Wheel	Net sales	711	99.3%	780	94.6%	1,491	96.8%
	Operating Loss(△)	△33	–	△47	–	△80	–
Other	Net sales	16	66.9%	19	86.4%	36	76.3%
	Operating Loss(△)	△3	–	△1	–	△5	–

Purchase from individual customers
(KOMEHYO)

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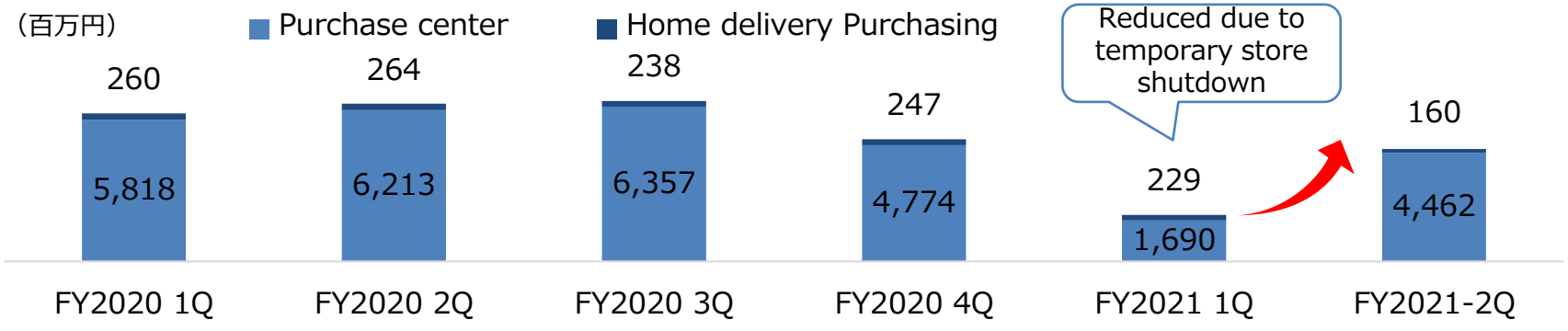
During H1, five purchase centers were opened and purchasing events were held at 30 sites



【AEON STYLE Higashi-totsuka '20.9】



【Mosaic Mall Kohoku '20.10】



【Event : Tokyu Department Sapporo Store '20.8】



New store （KOMEHYO）

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A three-store system in the proximity of Shinjuku Station was completed, enhancing convenience for customers

【KOMEHYO SHINJUKU WOMEN ’20.6】





Store Type （KOMEHYO）

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KOMEHYO **40 stores**







Large-scale

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

Sales/Purchase

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

5stores

Mid-scale

Opening stores in large major cities

Sales/Purchase

3stores

Small-scale

Opening stores in major cities

Sales/Purchase

8stores

Purchasing Center

Opening stores in major cities

Purchase only

24stores

LINK SMILE by KOMEHYO



5 stores

Sale and purchase *

Ladies casual clothing,
Bags, small items, etc.

USED MARKET by KOMEHYO



3 stores

Sale and purchase *

Clothing at a lower price point
Bags, small items, etc.

*Some stores only sell

Total 48 stores (’20.9)

Store Type (K-BRAND OFF)

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BRAND OFF TOKYO

Domestic :7 directly managed stores, 2 FC stores
Hong Kong:7 directly managed stores
Thailand :1 FC store
Taiwan :3 directly managed store

Total 20 Stores (‘20.9)







Enhancement of OMO （KOMEHYO）

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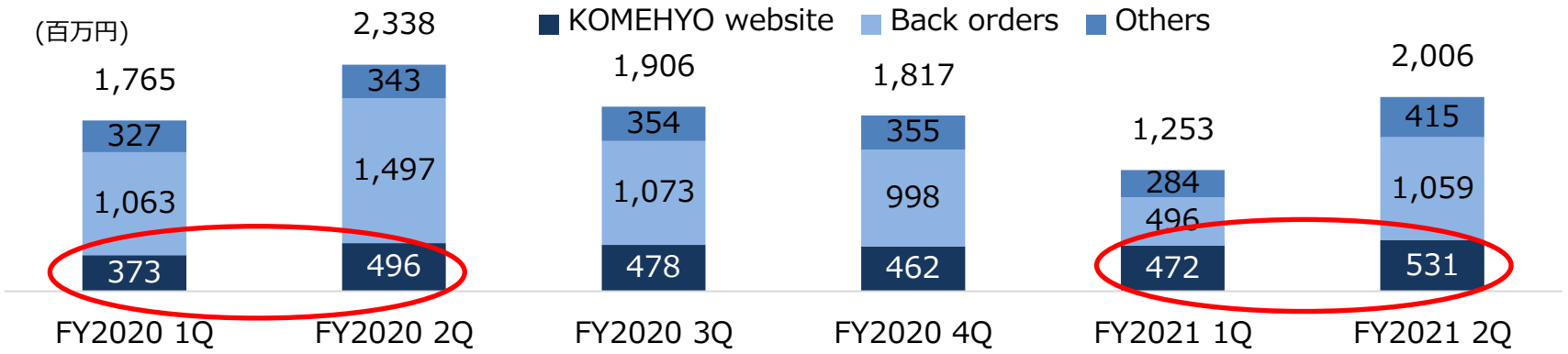
Renewal of EC site: Contact center improvements for the "new normal"



【Contact center improvements】

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

【Improvement of one-to-one communication】

One-to-one communication with customers via smartphones for customer service

- Customer needs are met, building trust in staff and improving customer satisfaction
- Use of LINE and SMS facilitates timely communication

AI Authenticator

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"Authentication check" and "date code check" functions currently being tested at Nagoya main branch

【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)

Overseas expansion
(KOMEHYO SHANG-HAI・SAHA KOMEHYO)

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Acceleration of global expansion through store openings in Shanghai, China and Thailand

【'20.9 KOMEHYO Shanghai Opend】



※KOMEHYO Shanghai to be opened for limited one-year period only

【'20.10 KOMEHYO@Central Bangna Opened】



Auction (KOMEHYO Auction・K-BRAND OFF)

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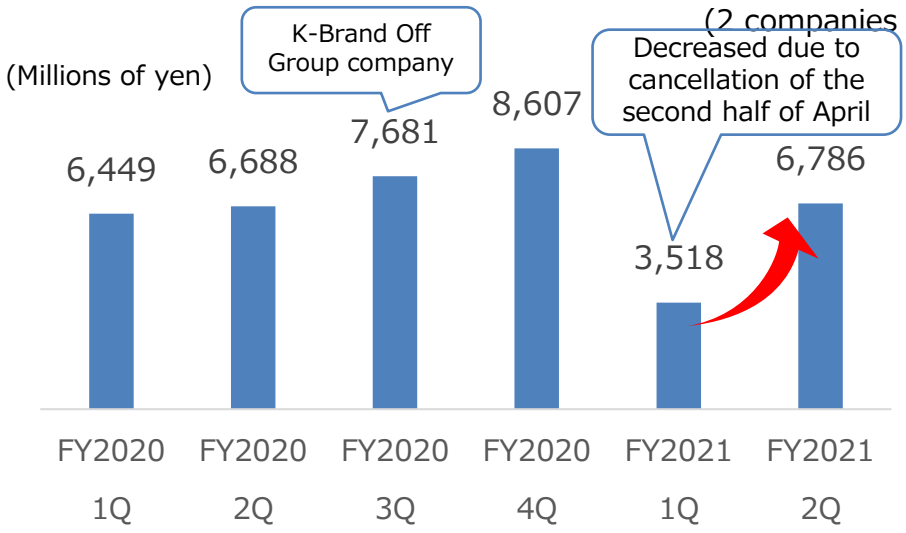
Switch to online bidding auction from May (KOMEHYO Auction)

(Millions of yen)	Trade volume (Two companies total)	YoY	Number of registered members (total for each auction)
FY2021 2Q	10,304	78.4%	2,743

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



【Online bidding auctions(KOMEHYO Auction)】

Item inspections are physical inspections, while auctions are held online in a highest-bidder format

→Growth in number of members participating in auctions due to increased convenience



Store Type （Craft・AUTO Parts Japan）

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【New Tire and Wheel】

TIRE & WHEEL WITH HEARTFULL SERVICE Craft SINCE 1972 KOMEHYO group

10 Stores



URBAN OFF CRAFT

4x4, SUV specialty store

4 Stores※



EURO STYLE Craft

European compact car specialty store 1 Store※



※Located in a craft store

【Reuse Tire and Wheel】

U-ICHIBAN

7 Stores



Initiatives
(Craft・Four by four Engineering Services)

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【Establishment of call center at CRAFT Co., Ltd.】

- Veteran staff solve customer problems over the phone
- Staff in the store have fewer telephone calls to deal with and can concentrate on providing services to customers and their other duties



【Launched mesh design wheel "Air / G Rocks"】

Four by four Engineering Services Co.,Ltd.

(Established in May '19)

Business : Planning and development, production and sale of automotive goods mainly for 4WDs

- Provision of after-sales parts that meet the expectations of 4WD users
- Extensive product lineup ranging from practical components to custom parts.



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

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Return to profitability in 2H through improvement in net sales and gross profit margin

(Millions of yen)	FY2020	FY2021 1H (results)	**FY2021 2H (plan)**	Change(2H)	**FY2021 (plan)**	**YoY**
Net sales	57,510	20,819	**28,180**	△1,600	**49,000**	**85.2%**
Gross profit	14,562	5,273	**7,726**	+257	**13,000**	**89.3%**
Gross profit margin	25.3%	25.3%	**27.4%**	+2.3pt	**26.5%**	**+1.2pt**
SG&A expenses	14,265	6,229	**7,440**	△49	**13,670**	**95.8%**
Operating income	297	△956	**286**	+306	**△670**	**–**
Ordinary income	9	△1,044	**244**	+527	**△800**	**–**
Net income attributable to owners of parent	△234	△1,379	**169**	+589	**△1,210**	**–**

Shareholder return

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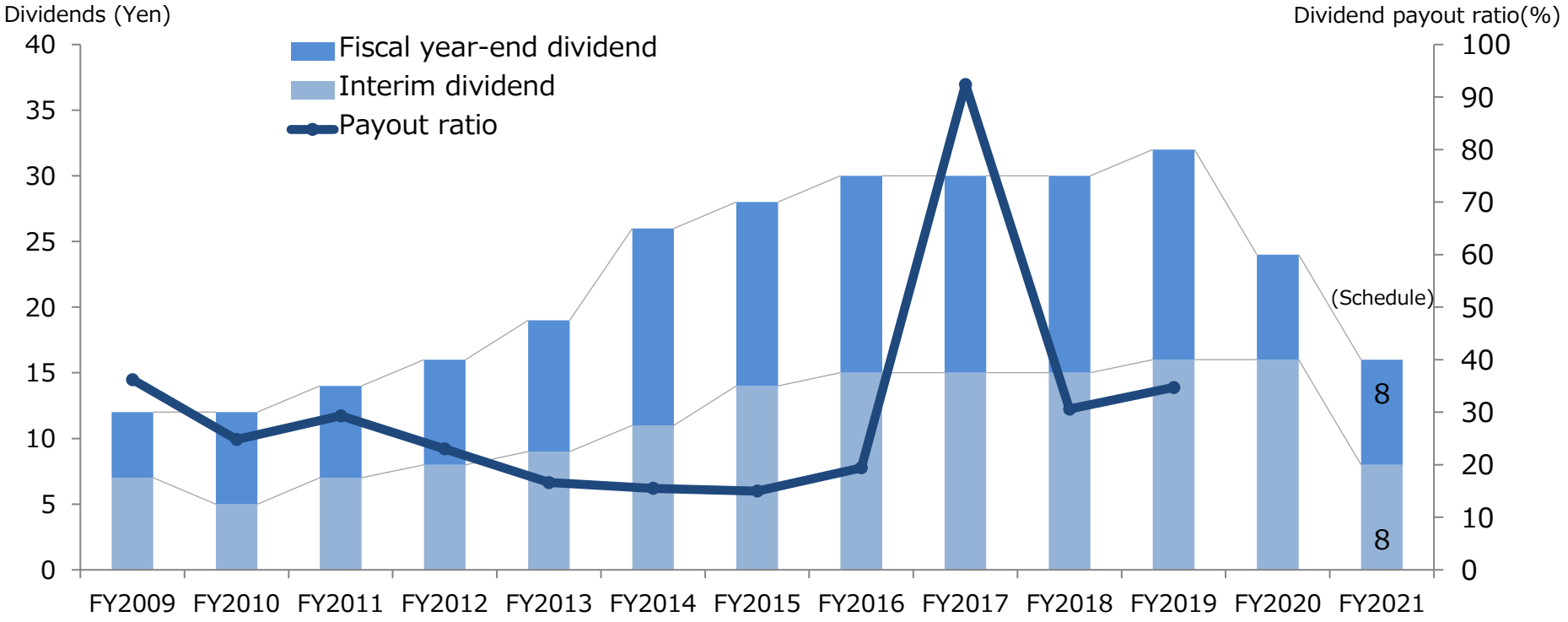
Dividend changes



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: 956　KOMEHYO: 541　(As of September 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)

Corporate History

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

1979 ●Established KOMEHYO Co., Ltd.

1987 ●Changed the Japanese spelling of its name from 米兵 to コメ兵

1996 ●Expanded into Tokyo (Purchasing Center Dogenzaka)

2000 ●Started online sales
●Expanded into Kansai (Shinsaibashi Store)

2003 ●Listed on JASDAQ
●Opened Yurakucho Store (full-scale expansion into Tokyo)

2004 ●Listed on the second section of the Tokyo and Nagoya stock exchanges

2011 ●Opened Ginza Store

2012 ●Acquired CRAFT Co., Ltd.
●Established Product Center
●Established KOMEHYO Auction

2013 ●Established Auto Parts KOMEHYO KK (currently AUTO PARTS JAPAN)
●Established KOMEHYO HONG KONG LIMITED

2017 ●Opened Umeda Store, Shinjyuku Store ANNEX,Meieki Store
●Acquired Eve Corporation Co.,Ltd.

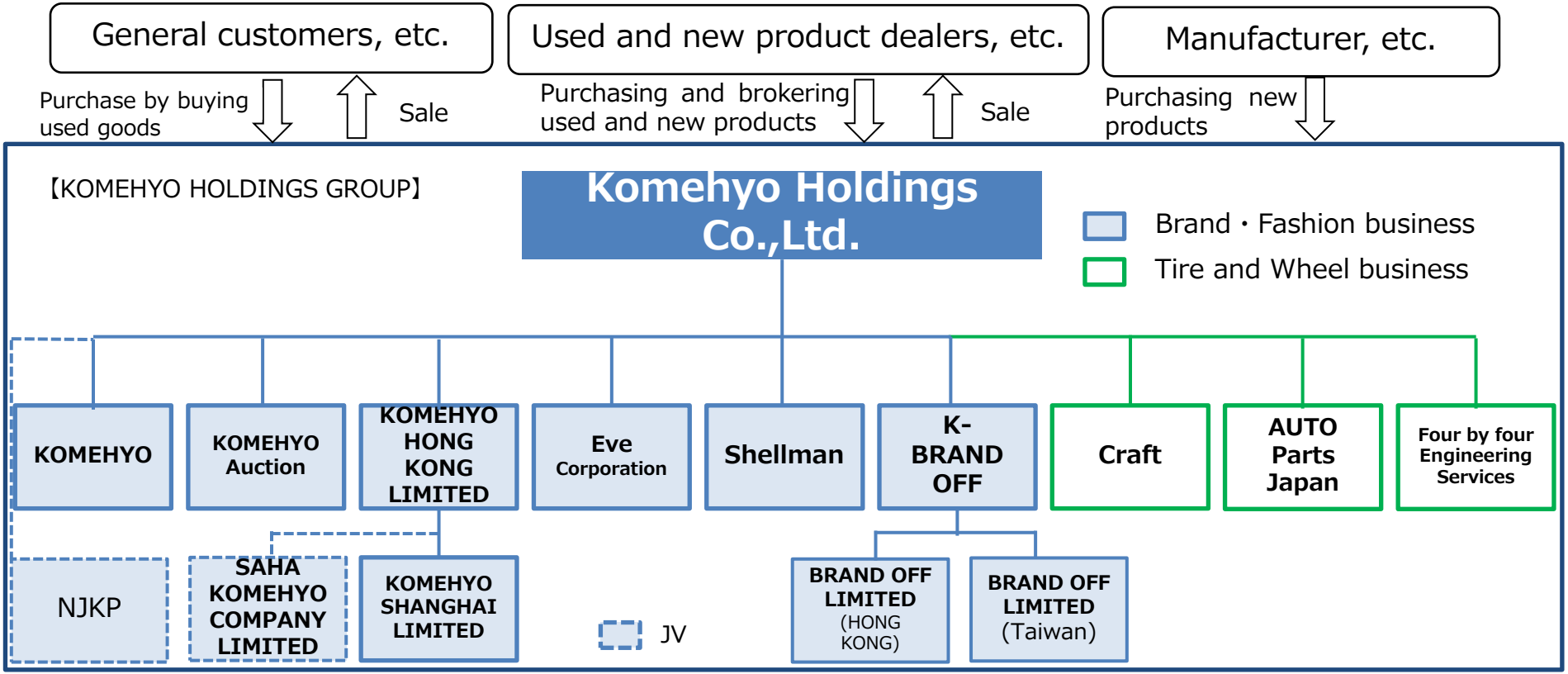
2018 ●Opened Purchasing Center 3 Stores
●Acquired Shellman Co.,Ltd.
●Established SAHA KOMEHYO COMPANY LIMITED
●First Overseas Store Opened in Beijing, China (Closed in December 2019)

2019 ●Opened KOMEHYO SHINJUKU WOMEN, Purchasing Center 6stores
●Transition to a holding company structure
●Opened the second store in Bangkok, Thailand

2020 ●Opened Shinjyuku 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

Business system diagram

KOMEHYO



IR contact

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