KOMEHYO HOLDINGS

75th ANNIVERSARY

# Earnings Results Briefing for the First Six Months of the Fiscal Year Ending March 31, 2023

November 14, 2022

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# FY 2022 2Q Financial Summary

## Brand Fashion

**Net sales**
**37,314**
Millions of yen
(YoY 128.9%)

**Operating income**
**1,733**
Millions of yen
(YoY 166.3%)

**Purchase from individual customers**
**21,604**
Millions of yen
(YoY 141.2%)

| | |
|---|---|
| P13. | Increase in revenue and profit |
| P20-22. | Purchases from individuals were strong chiefly due to strong purchases at existing stores, new store openings, and purchase events. |
| P16,23. | Accompanying strong individual purchases, corporate sales also performed well |
| P19,27. | 24 purchase centers opened (of which eleven centers are franchise stores).<br>A WORM store opened. |



Opened WORM KOBE



Selby Co., Ltd. has become a Group company.



BRAND OFF opened new franchise stores.
Purchases at BRAND OFF stores were strong.

## Tire and Wheel

**Net sales**
**1,882**
Millions of yen
(YoY 113.8%)

**operating loss**
**6**
Millions of yen
(—)

P13,30.

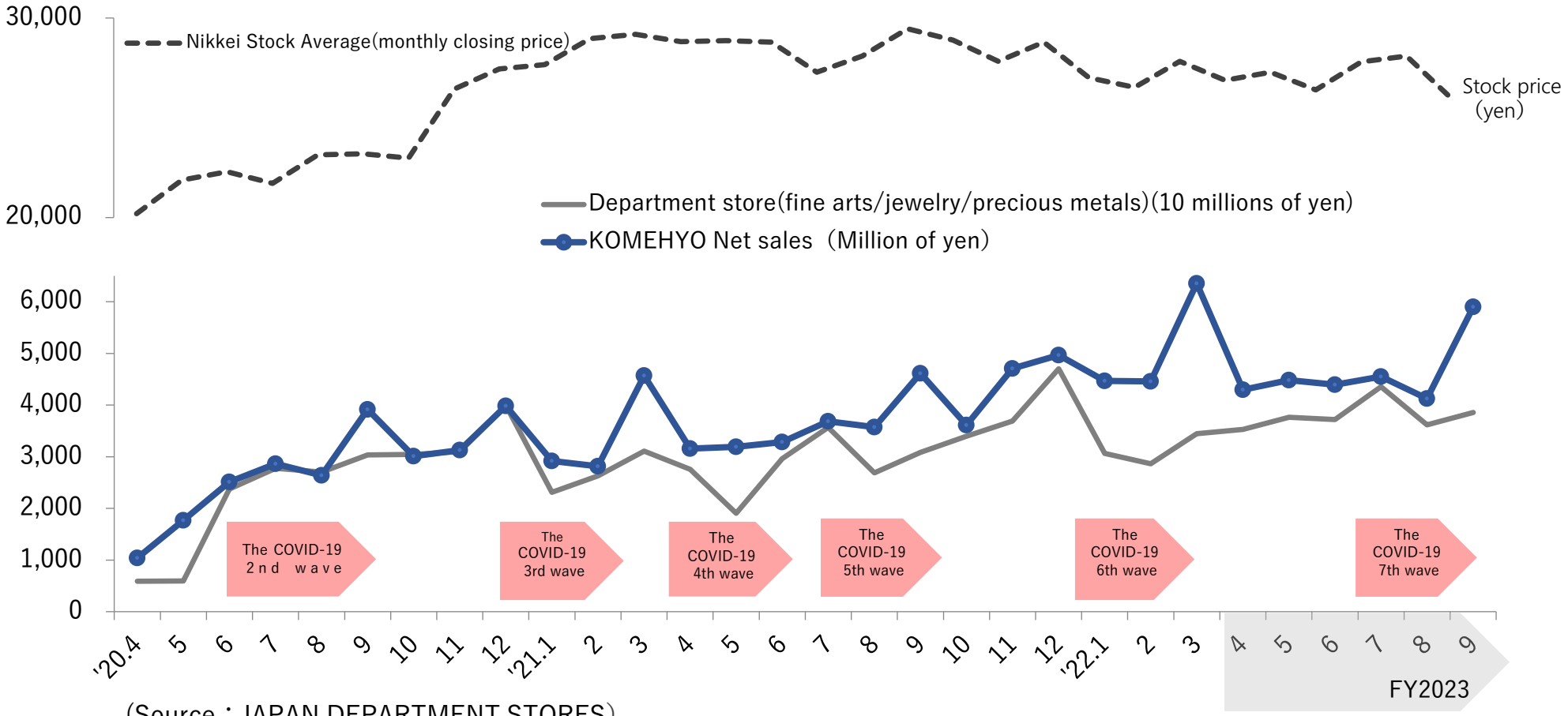
- Shrink operating loss
- CRAFT's 50th anniversary campaign produced strong results.
  Sales per customer rose after the acquisition of new custom product users.
- Release of new products from 4×4 Engineering Services.
  The Group strengthened sales overseas, and sales increased.





# Economic Trend

Demand for high-priced items remained strong, as at department stores.




(Source：JAPAN DEPARTMENT STORES)

# Overview of income statement

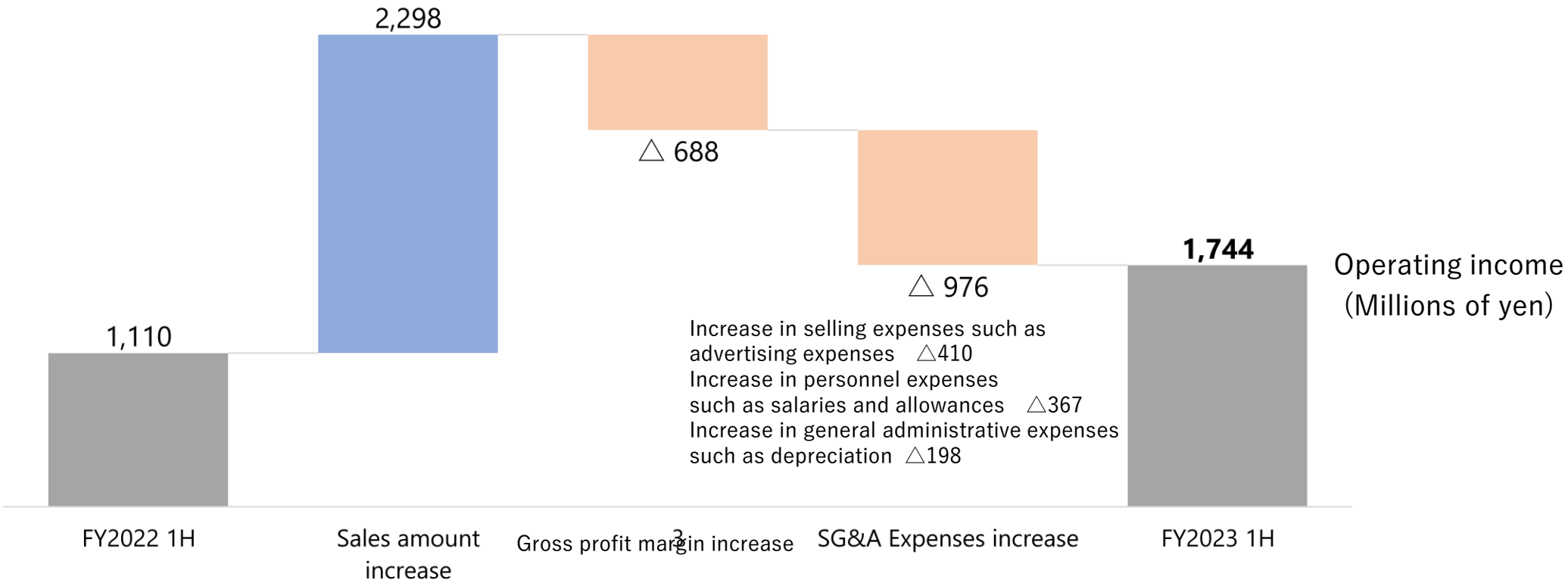
Record-high sales and profits

| (Millions of yen) | FY2023 1Q | YoY | FY2023 2Q | YoY | FY2023 1H | YoY | vs 1H plan※ |
|---|---|---|---|---|---|---|---|
| Net sales | 18,753 | 132.4% | 20,466 | 124.2% | **39,220** | **128.0%** | **101.9%** |
| Gross profit | 4,717 | 118.4% | 5,092 | 120.8% | **9,810** | **119.6%** | – |
| Gross profit margin | 25.2% | △2.9pt | 24.9% | △0.7pt | **25.0%** | **△1.8pt** | – |
| SG&A expenses | 3,978 | 114.4% | 4,088 | 113.1% | **8,066** | **113.8%** | – |
| Operating income | 739 | 145.3% | 1,004 | 166.9% | **1,744** | **157.0%** | **112.5%** |
| Operating profit margin | 3.9% | +0.3pt | 4.9% | +1.2pt | **4.4%** | **+0.8pt** | – |
| Ordinary income | 760 | 147.4% | 949 | 155.6% | **1,709** | **151.8%** | **119.5%** |
| Net income attributable to owners of parent | 519 | 154.0% | 572 | 148.4% | **1,091** | **151.0%** | **109.2%** |

※ Earnings forecast announced on August 8, 2022

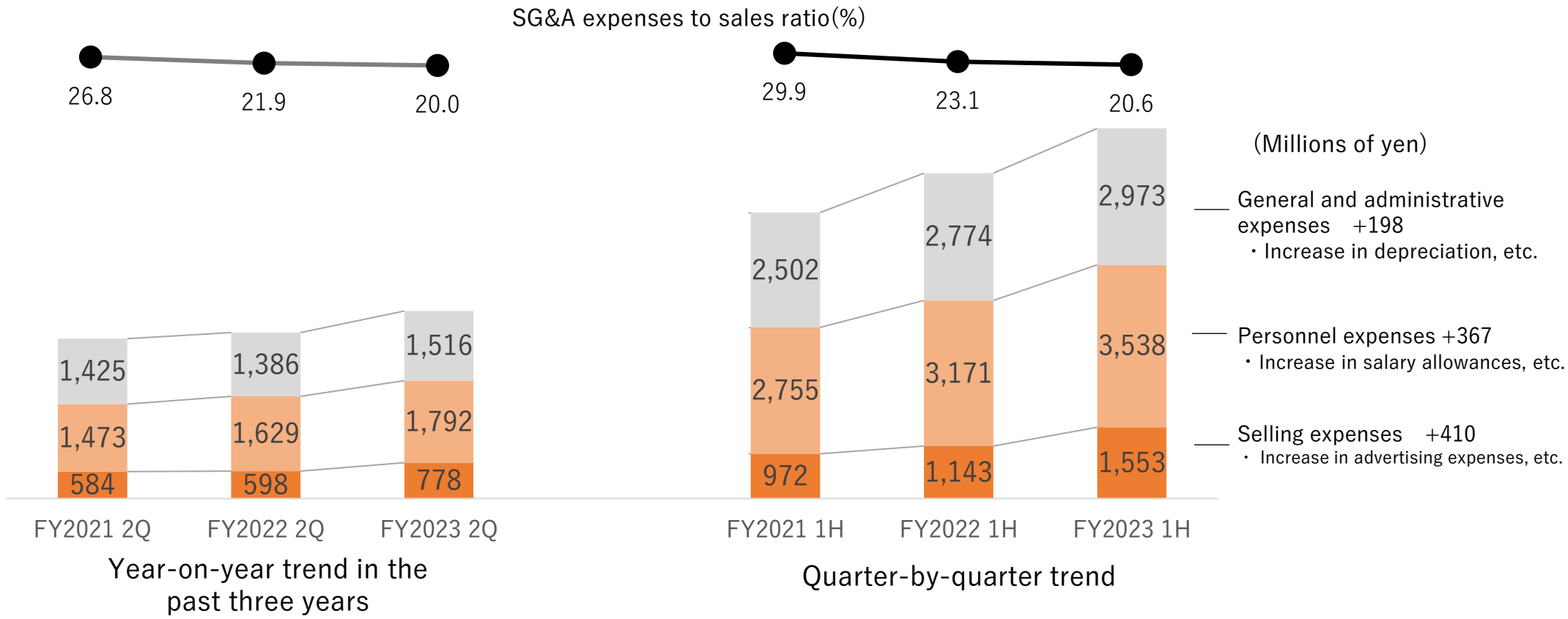
# Operating income increase and decrease factor

Purchases from individuals remained strong and net sales increased.
Operating income grew significantly thanks to expense control and other efforts.

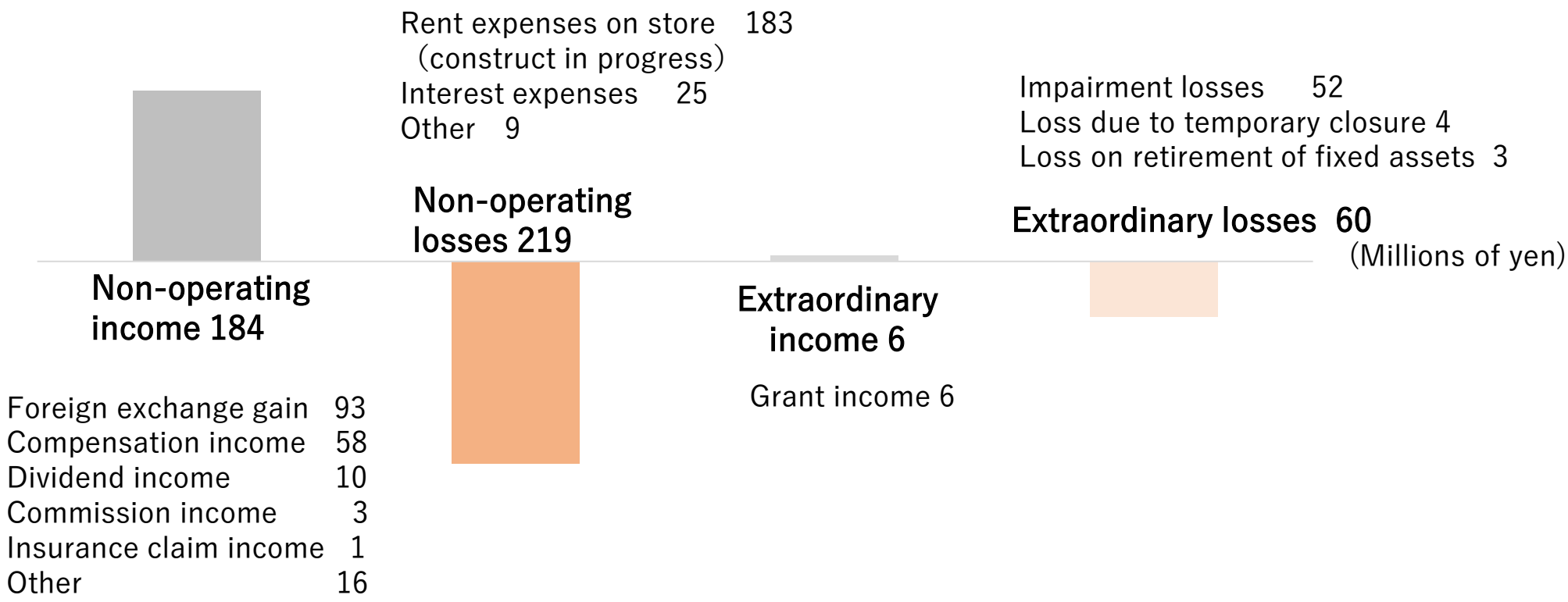


# Changes in selling, general and administrative expenses

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



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

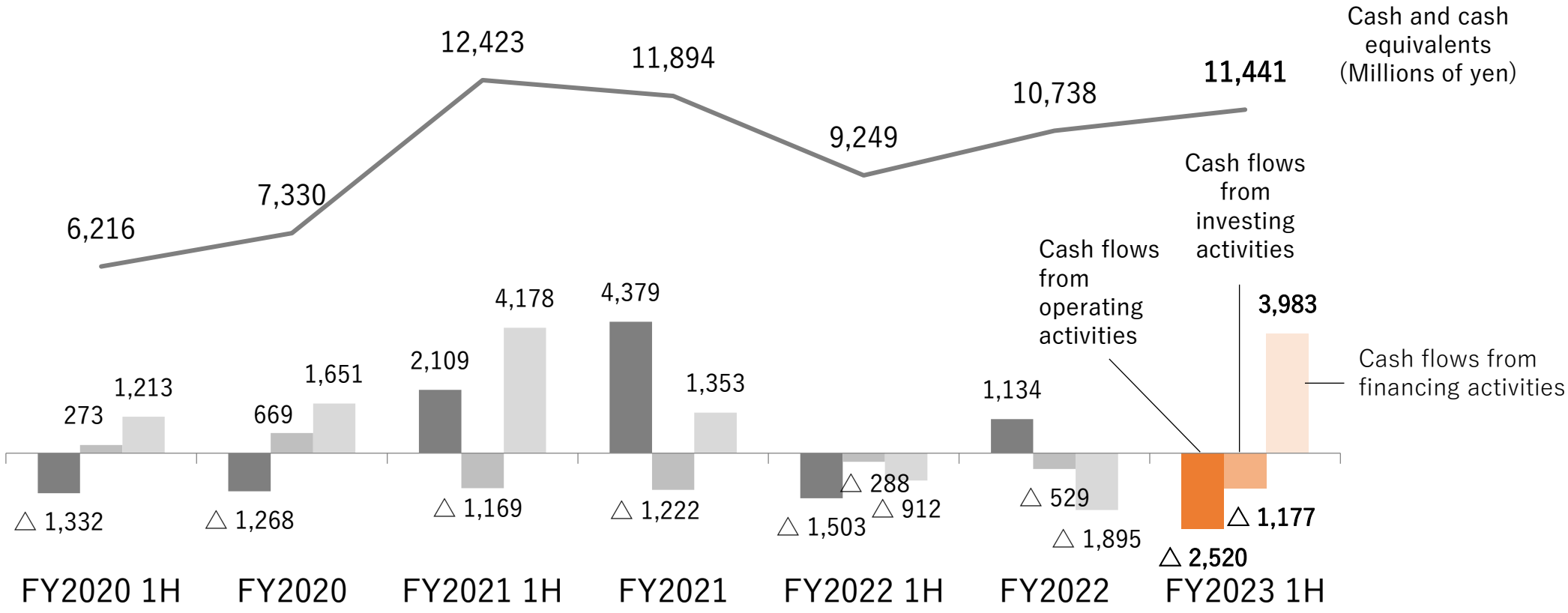


# Balance sheet overview

| (Millions of yen) | FY2022 | FY2023 1H | Change | |
|---|---|---|---|---|
| Current assets | 29,453 | 34,061 | +4,608 | |
| Cash and deposits | 9,080 | 9,706 | +626 | |
| Inventories | 15,308 | 18,813 | +3,505 | →Increase cash on hand in preparation for personal purchases |
| Other current assets | 5,065 | 5,541 | +475 | →Individual purchases are brisk, SELBY Co., Ltd. Inventory increased due to grouping |
| Non-current assets | 10,213 | 11,147 | +934 | |
| Assets | 39,667 | 45,209 | +5,542 | |
| Liabilities | 18,966 | 23,154 | +4,187 | |
| Interest-bearing liabilities | 13,519 | 18,316 | +4,796 | →Borrowings increased due to an increase in cash on hand and inventories and the purchase of shares of SELBY Co., Ltd. |
| Other liabilities | 5,446 | 4,838 | −608 | |
| Net assets | 20,700 | 22,055 | +1,354 | →Attributable to an increase in retained earnings and other factors |
| Liabilities and net Assets | 39,667 | 45,209 | +5,542 | |

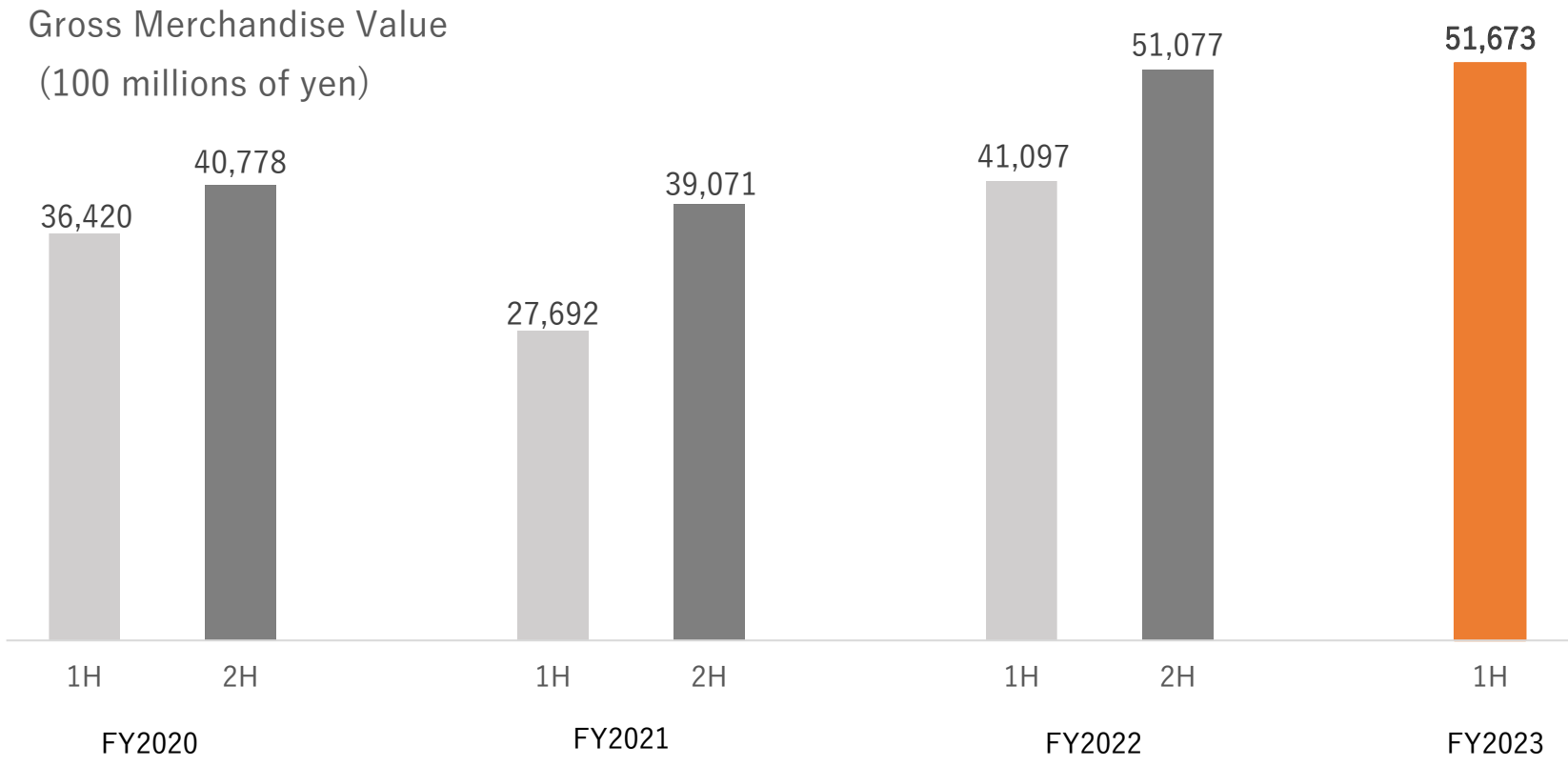
# Cash Flow trend

Operating cash flow decreased partly due to an increase in inventories in preparation for a busy season in the second half of the fiscal year.
Cash and cash equivalents increased due to an increase in short-term borrowings, etc.



# Gross Merchandise Value

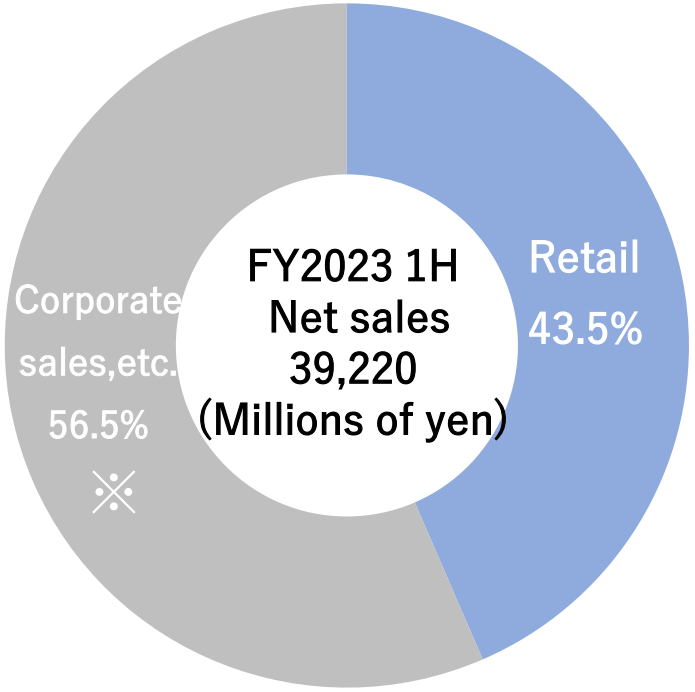
GMV,which indicates the scale of our business , is an indicator of the promotion of relay use.
GMV groeth leads to business growth and improved profitability.



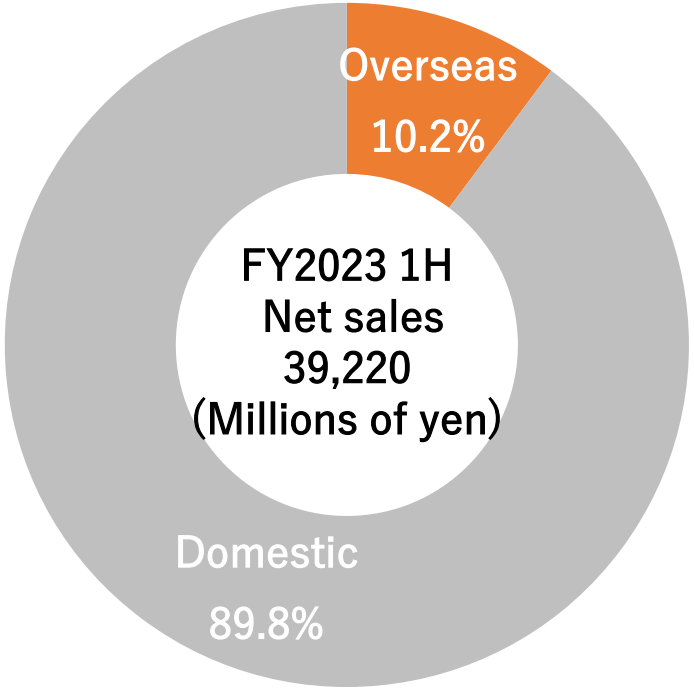

GMV is calculated simply by adding and subtracting sales and volume information at the KOMEHYO auction based on consolidated sales.

# Breakdown of Net sales (Retail / Overseas)

Corporate sales had a higher percentage due to strong purchases and for keeping stock new and fresh. Retail was also bullish and sales rose 10.8% year on year.
Overseas sales were steady partly due to the easing of lockdowns in Shanghai.




※ "Corporate sales" includes auction fees.




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

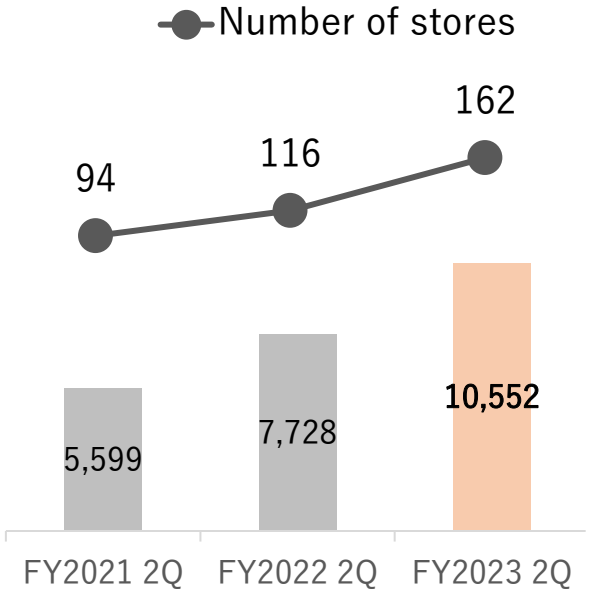
# Overview by segment

In the Brand Fashion business, both sales and profit increased thanks to strong purchases from individuals and the strong results of auctions for companies. Sales and profit also increased in the Tire and Wheel business owing to the strong sales of custom products.

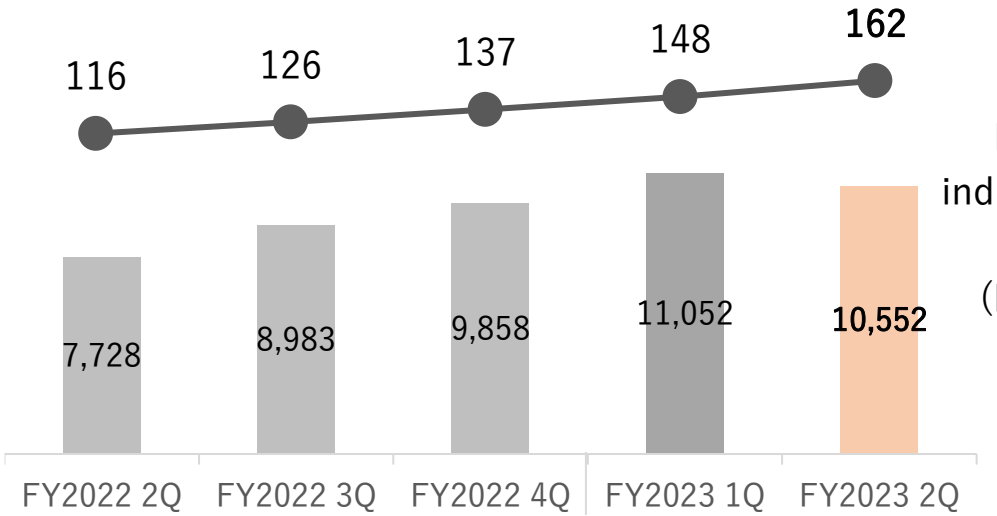
| | (Millions of yen) | FY2023 1Q | YoY | FY2023 2Q | YoY | FY2023 1H | YoY |
|---|---|---|---|---|---|---|---|
| Brand Fashion | Net sales | 17,794 | 134.0% | 19,519 | 124.6% | 37,314 | **128.9%** |
| | Operating income | 730 | 154.4% | 1,002 | 176.1% | 1,733 | **166.3%** |
| | Operating margin | 4.1% | +0.5pt | 5.1% | +1.5pt | 4.6% | – |
| Tire and Wheel | Net sales | 947 | 109.6% | 935 | 118.4 % | 1,882 | **113.8%** |
| | Operating income | 2 | – | △9 | – | △6 | – |
| | Operating margin | 0.3% | – | – | – | – | – |
| Real estate leasing | Net sales | 71 | 84.9% | 71 | 84.5% | 143 | **84.7%** |
| | Operating income | 21 | 86.5% | 20 | 80.8% | 42 | **83.6%** |
| | Operating margin | 30.3% | +0.5pt | 28.8% | △1.4pt | 29.6% | – |

# Purchase from individual customers (Group total)

Purchases from individuals remained favorable, rising 39.3% year on year, with the opening of Komehyo's purchasing centers and BRAND OFF's purchasing centers (franchise stores), the holding of Kaitori Go purchasing events, and an increase in the amount of purchases per customer.




Year-on-year trend in the past three years




Quarter-by-quarter trend

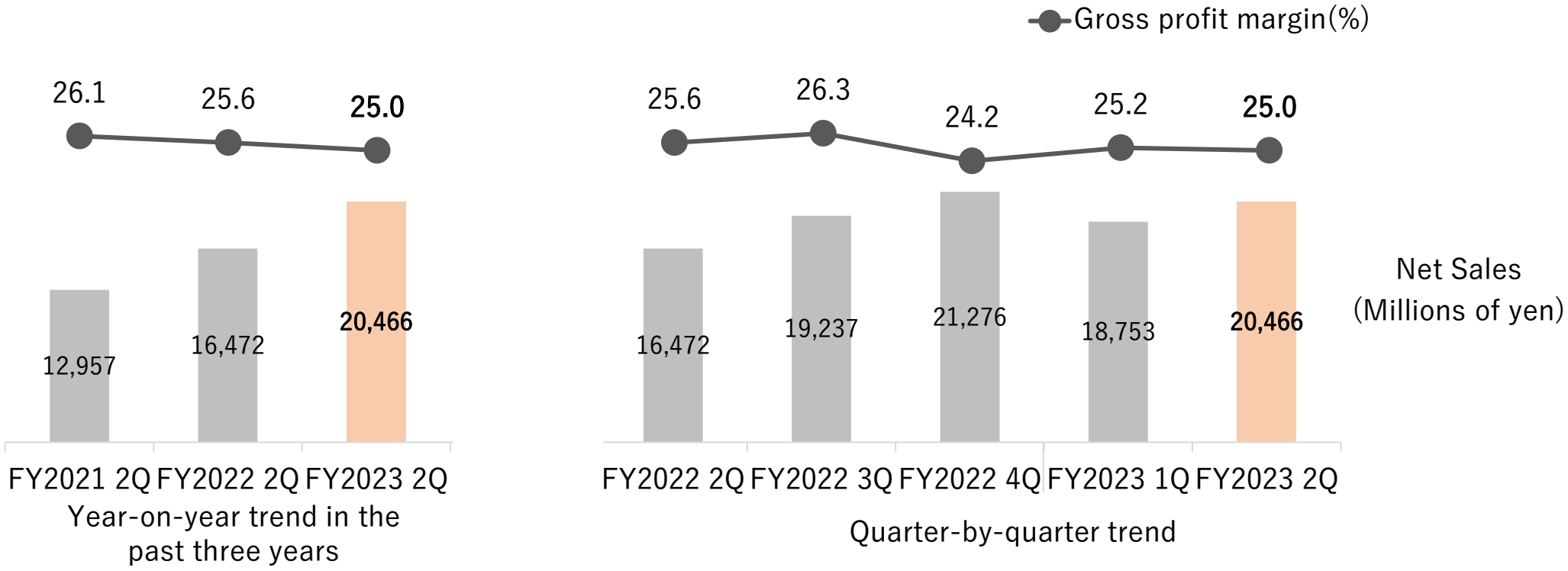
Purchase from individual customers (Group total) (Millions of yen)

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

- Purchasing at stores
- Purchasing at events
- Purchasing at visited sites
- Purchasing using home delivery services

# Trends in Net sales and Gross Profit Margin

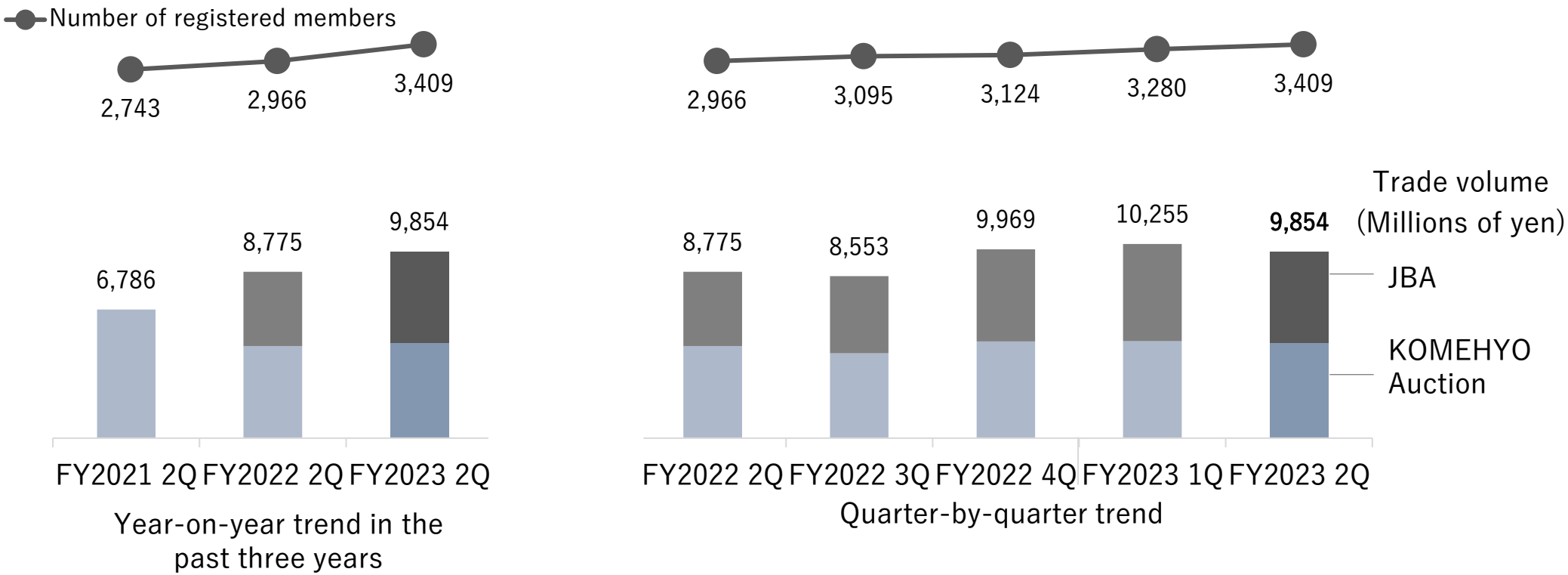
Purchases from individuals were strong. The ratio of corporate sales with low gross margins increased.




| | |
|---|---|
| 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.<br>・Inventories are revised in September and in March. The figure tends to fall in the second and fourth quarters.<br>・The figure may vary depending on the weightings of items that can be purchased. |

# Changes in corporate auction trade volume

The corporate auction trade volume remained strong chiefly due to an increase in the number of registered members.

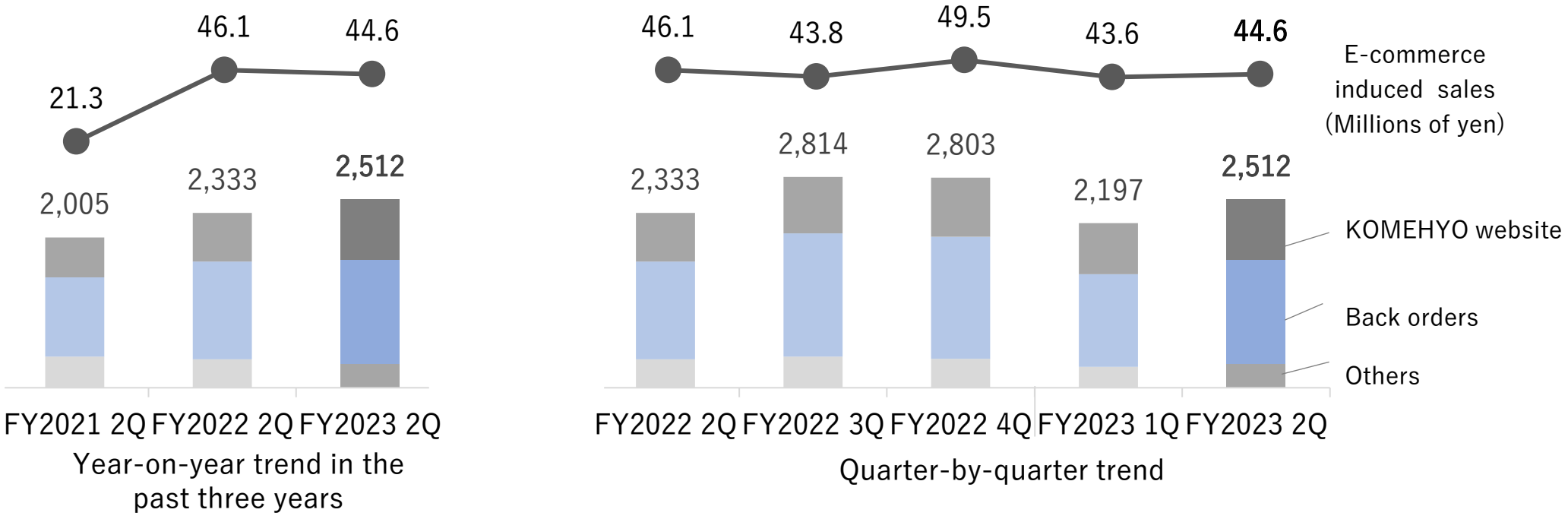



※KOMEHYO auction：The online auction method
※K-BRAND OFF：Japan Brand Auction(JBA)TOKYO－the real bidding method
Japan Brand Auction(JBA)KANAZAWA－the live auction method
JBA Live Net Auction－The online bidding method

# E-commerce-induced sales rate(KOMEHYO)

While the infection situation of the new corona is calming down, shopping habits via EC are firmly established
Focus on own EC site (KOMEHYO ONLINE) with high advertising cost-effectiveness by controlling the number of listings on other companies' sites

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




※KOMEHYO website: Make a purchase by directly clicking the KOMEHYO online 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 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.

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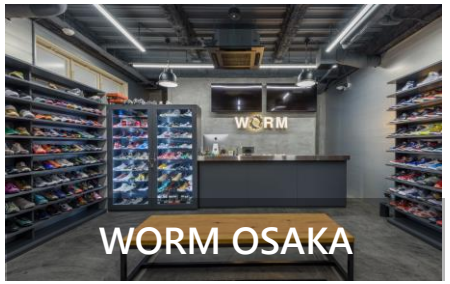
# Stores：Group total 162 stores (As of September 2022 )

The figure in parentheses ( ) represents the increase during the second quarter.

| | Brand Fashion | | | | | | Tire and Wheel | |
|---|---|---|---|---|---|---|---|---|
| | KOMEHYO | LINKSMILE by KOMEHYO USED MARKET by KOMEHYO | BRAND OFF TOKYO | Shellman Since 1971 | WORM | SELBY | Craft | U-ICHIBAN |
| Flagship stores | 5 | | 2 | 1 | | | | |
| Sales Stores | | 2 | | 6 | 3 (1) | | | |
| Stores annexed with sales facilities | 12 | 6 | 2 | | | 2 | 10 | 3 (−1) |
| Purchasing Center | 71 ( 4 ) | | 8 | | | | | |
| Franchised purchasing centers | | | 13 ( 8 ) | | | | | |
| Overseas | 5 | | 11 | | | | | |
| **Total** | **93** | **8** | **36** | **7** | **3** | **2** | **10** | **3** |


BRAND OFF KANAZAWA store


Shellman GINZA store



WORM OSAKA



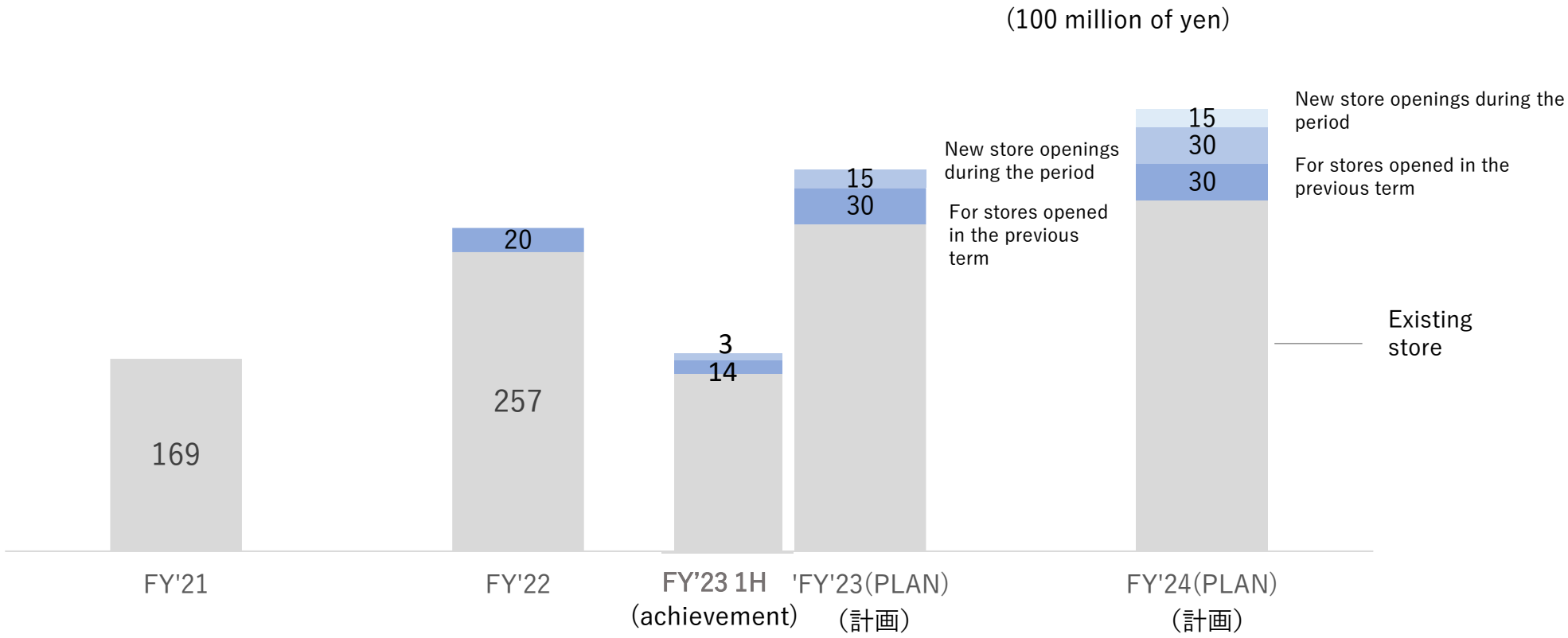
Craft NAKAGAWA store



SELBY OKAMACHI store

# Effect of opening the purchase center (KOMEHYO)

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.



# Efforts to strengthen purchasing（KOMEHYO）

## Five purchasing centers launched

Miyazaki Yamagataya / Meitetsu Department Store/
Keikyu Department Store / Tachikawa Takashimaya S.C. / Yagoto




## 36 purchase events held

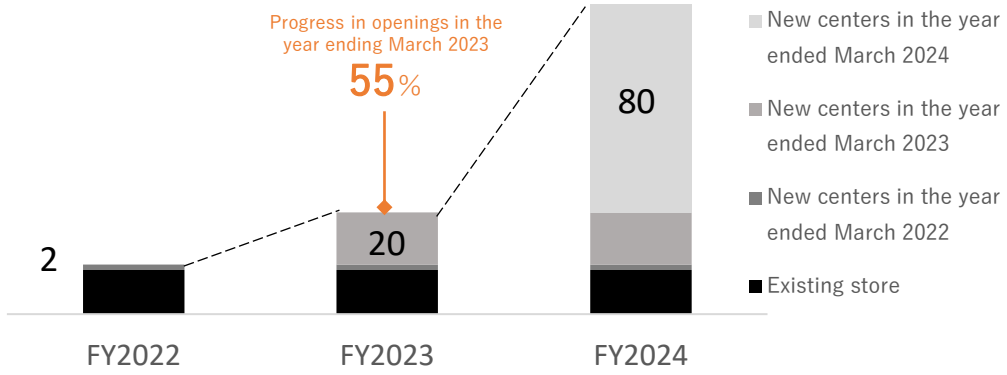
- At commercial facilities and department stores considered to be reassuring, familiar and close to consumers since they are found in their daily life
- Events may lead to launch of permanent stores.



# Efforts to strengthen purchasing (K-BRAND OFF)

A hundred franchised purchase centers will be set up in the three-year period starting in the previous fiscal year.
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.

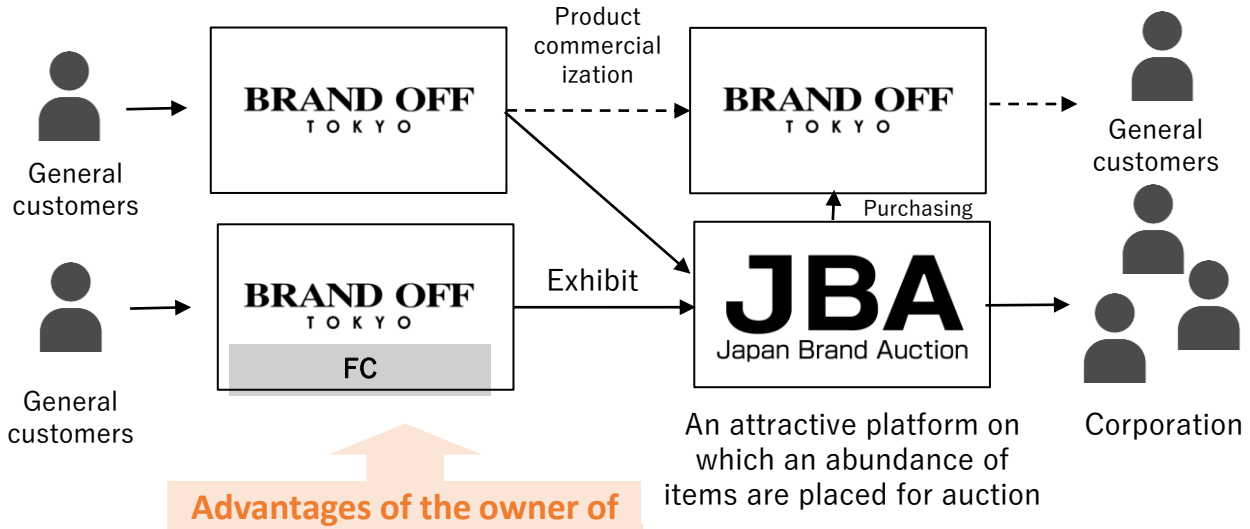
## Franchise purchasing center specialty store opening plan (domestic)




## Opened 11 FC purchasing specialty stores

| FY2023-1Q | FY2023-2Q | FY2023 1H |
|---|---|---|
| 3 store | 8 store | 11 store |

## An increase in bases for purchase helped increase the trade volume in the auction.




**Advantages of the owner of a franchise center**

- Opening a center at low cost
- Educational support
- Use of AI (assessing authenticity and model numbers)
- call center

# Product distribution (FY2023-1H KOMEHYO)

## Purchasing

**Purchase from individual customers** — 78%

Stores/Home delivery Purchasing/Purchasing at events/Purchasing at visited sites




41% 28% 26% 5%

**Purchase from corporations** — 22%

Supplementing individual purchases mainly for the purpose of maintaining the attractiveness of stores

## quality/market/distribution

**KOMEHYO Merchandise center**



Products purchased nationwide are sent here, and skilled appraisers assess their authenticity and maintain them as needed.

The center manages individual items, paying attention to turnover and inventory risk, and links online store inventory and physical store inventory to provide products to the most appropriate buyers.

## Sale

43% → **Retail**

Suitable for retail

**Store**
**WEB** (company,Other company,live commerce)

- Not appropriate for retail (bad condition, etc.)
- Expensive stock
- High market price risk

57% → **Corporate sales**

**Auction** (company,Other company)
**Ivent**
**wholesale** (domestic・overseas)
**Live commerce**

# Continue strengthening OMO (FY2023-1H KOMEHYO)



## Customer services on smartphones

A total of 287 staff members across the country holds smartphones exclusively for customer services to digitally communicate directly with customers.
After-sales services and customer needs are stored in form of data and notices are given about incoming goods.
That opens the way for more in-depth one-to-one communication.

**actual results**

| | |
|---|---|
| Number of customers that can be communicated | 1.1 Folds YoY |
| Number of sales | 1.3 Folds YoY |
| Number of purchases | 1.3 Folds YoY |

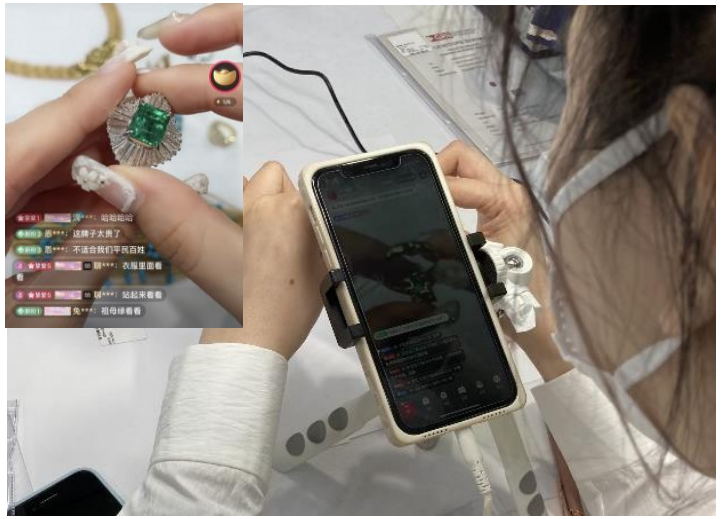


## Live Commerce

Chinese influencers launch live commerce sites on social media.
That increases frequency of live commerce events.
KOMEHYO will handle inventories for live commerce in a bid to boost profitability of corporate sales.

**actual results**

| | |
|---|---|
| Sales | 1.3 folds YoY |
| Gross profit | 1.4 folds YoY |



## Contact center

A contact center was set up in August 2020 as a function for the e-commerce.
It responds to inquiries on goods, how to operate and others through voice and chat communication.
KOMEHYO seeks to build a shopping environment that allows customers to purchase without worries on the non-face-to-face platform and to easily obtain information they want.

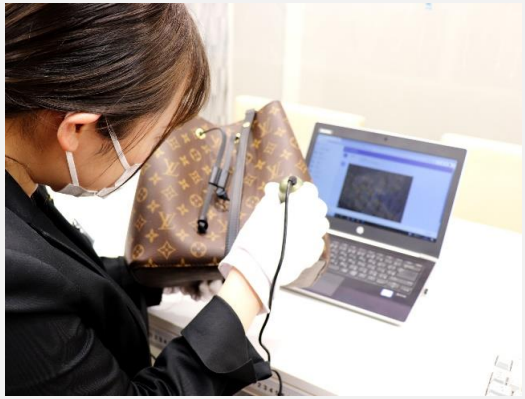
**actual results**

Number of chats 1.1 folds YoY
Number of orders placed over the phone 0.7 folds YoY
Sales per customer through the contact center
1.2 folds the level without through the contact center



# Technology indispensable to store operation：AI

The system has been introduced to all the KOMEHYO purchase centers, all of K-Brand Off's franchised purchase centers and some of the LINK SMILE and USED MARKET shops. It will be introduced to purchase events and to the global business. It is a technology indispensable to removal of counterfeit goods from circulation and to growth of the KOMEHYO Holdings Group.



Assessing authenticity and model numbers of bags, wallets, purses and small articles from famous brands. Supporting Hermes, Louis Vuitton, Chanel, Gucci and Prada

**purchase centers** KOMEHYO
LINK SMILE
USED MARKET

▼

Improvement of communication with customers
( Enhanced CX )

**training assessors**

▼

Curtailment of time for training assessors
(Shorter lead time for launch)

**Franchised purchasing centers** BRAND OFF

▼

Support for owners
(Superiority in acquisition of new franchisees)

**Future development plan**

Purchase events ▶ **Improvement of communication with customers**

**GLOBAL** ▶ **Prevention of the know-how drain**
**To be introduced to overseas stores as well**

# Format of auctions among companies

KOMEHYO Auction and JBA complement each other in terms of area, date and format of the event.

| | | Frequency of corporate auctions |
|---|---|---|
| それでは、いい商いを。 KOMEHYO オークション | Jewels / watches / bags | Online auction 2 times/ month |
| | Apparel clothing | Online auction Monthly |
| JBA Japan Brand Auction (K-BRAND OFF) | JBA Kanazawa | Real auction Monthly |
| | JBA Tokyo | Online auction Monthly |
| | JBA Live net | Online auction Every Monday and Thursday |





# The First Shop of Premier Sneaker Shop WORM in a Department Store Opens

WORM KOBE, the first WORM shop in a retail facility, opened on August 30, 2022. WORM has now three shops in Japan. The new shop can offer products to new types of customers, such as wealthy people browsing in the department store and female customers. Purchases have been favorable.






# Subsidiary SELBY Co., Ltd.

## Company Profile

| | |
|---|---|
| Company name | SELBY Co., Ltd. |
| Head Office | 2F RT Building, 5-22-4 Ueno, Taito-ku, Tokyo |
| Representative | Shinji Ishihara |
| Business content | Purchase and sale of used jewelry,<br>Digital business (system development, creation of websites) |
| Established | February 2001 |

## Outline of the consolidation

| | |
|---|---|
| Overview | SELBY Co., Ltd. has become a wholly owned subsidiary. |
| Subsidiary date | August 17, 2022 |

Date of consolidation

The balance sheets has been consolidated since the second FY2023-2Q.

The statements of income will be consolidated from FY2023-3Q.

Goodwill 152 million yen

## Business features

SELBY®




### Purchase and sale of used jewelry

- Runs two stores that buy and sell jewelry in Okachimachi and Ginza.
- Operates an e-commerce site, Re:QUEST.

**Strengthens sales and the purchase of jewelry, an important category of products.**

OMRIS®
OMnichannel Relational-selling Intelligent System
進化する意思決定支援システム



### Digital business

- Sale of OMRIS, a jewelry sales management and inventory linkage system, to external customers
- Digitally savvy human resources

**Promotes digital transformation in the entire Group and creates new value in the reuse tech area.**

# Plans to open stores overseas (Thailand, China)

## SAHA KOMEHYO（Thailand）

Will open two stores by December 2022 and run a total of four stores. 41.
Aims to run five stores by the fiscal year ending March 31, 2025.




KOMEHYO Terminal21 rama3 store
（Opening October 20,2022 ）




KOMEHYO J-park Sriracha NIHON-MURA
（ Scheduled to open on December 16 ）

## KOMEHYO SHANGHAI（China）

Will open a store by December 2022.




KOMEHYO MOHO SHANGHAI
（ Scheduled to open in late December ）

We will purchase and sell goods locally and expand business, while striving to get reuse to take root.
We aim to run a number of stores particularly in Asia.

# Tire and Wheel

Sales of used tires and wheels increased from a year ago due to strong online sales. The operating loss was reduced significantly.

## Craft

・The 50th anniversary renewal event was held to increase wheels and supplies for custom product users. The event attracted customers, and sales per customer rose.

・Sales of summer tires per customer and gross profit increased, reflecting price hikes at manufacturers.




## Auto Parts Japan

- Introduced an automatic washing machine to improve the efficiency of used product offering operations, which resulted in an increase in sales.
- Introduced an automatic washing machine to improve the efficiency of used product offering operations, which resulted in an increase in sales.



## 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
- Active participation in offline events led to acquisition of orders.
- Country suspensions for the new Mitsubishi Delica D:5 and other models sold well.



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1．Overview of Financial Results for First Six Months of the Fiscal Year Ending March 31, 2023

2．Initiatives for First Six Months of the Fiscal Year Ending March 31, 2023

3．Reference Information (Company Profile, etc.)

# 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: 1,049　Non-consolidated: 25　(As of September 2022) |
| Business activities | Management planning, business operation support, administration and others for the corporate group engaging in the Brand-Fashion Business and the Tire-Wheel Business |
| Fiscal year-end | March |
| Stock | Second Section, Tokyo and Nagoya Stock Exchanges<br>(Securities code: 2780; Unit: 100 shares) |

# Corporate History



●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 (KOMEHYO Purchasing Center Dogenzaka)

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

2003 ● Listed on JASDAQ

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

2011 ● Acquired CRAFT Co., Ltd. ●Established KOMEHYO Auction

2012 ●Opened KOMEHYO Ginza Store

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

2017 ●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

2018 ●Acquired Eve Corporation Co.,Ltd. ●Established KOMEHYO SHANGHANI LIMITED ●Acquired Shellman Co.,Ltd. ●Established SAHA KOMEHYO COMPANY LIMITED

2019 ●Transition to a holding company structure ●Opened the second store in Bangkok, Thailand

2020 ●75th ANNIVERASARY ●Shift to the Standard Market of the Tokyo Stock Exchange and to the Main Market of the Nagoya Stock Exchange ●Acquired SELBY Co., Ltd.

2022

# 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.




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.




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




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.

# 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 HD Group materiality (important issue)

Work on four tasks of purchase, sales, appraisal, and restoration to realize the circulation of value through environmentally and socially conscious recycling, in pursuit of both promotion and growth of reuse and value improvement of used goods.




Value Chain for RELAY USE

**Purchase** **Making reuse a common practice in society**

**Sales** **Developing the reuse market further**

**Promotion and growth of reuse**

**Appraisal** **Pursuing fair sustainability**

**Restoration** **Restoring value with our unique technical capabilities**

**Value improvement of used goods**

# A value chain where value circulates through relay use

## Developing the reuse market further

Contributing to the development of the reuse market by proposing quality items, taking advantage of the diversity of new items, unused items, items for reuse, and others

- Revitalizing the reuse market through BtoB auctions
- Providing unique value
- Disseminating the reuse culture to other countries to d used goods to the world
- Introducing environmentally friendly shopping bags
- Expanding the reuse customer base in Japan and overs

## Making reuse a common practice in society

Making it a common practice to sell goods which will no longer be used
Promoting education and creating opportunities for breaking away from the social structure of mass production for mass consumption

- Initiatives to ensure that recycling of goods creates new value and leads to happiness
- Strengthening measures to drive KAITORI GO (creating opportunities through cross-industrial collaboration)
- Improving engagement
- Disseminating the culture of handing down goods from person to person, from Japan to the world
- Creating an environment where goods can be purchased casually without worry
- Cooperating with related government ministries and agencies and related organizations




## Restoring value with our unique technical capabilities

Creating new value by understanding the intrinsic value of goods and applying expertise that has been accumulated internally over many years。

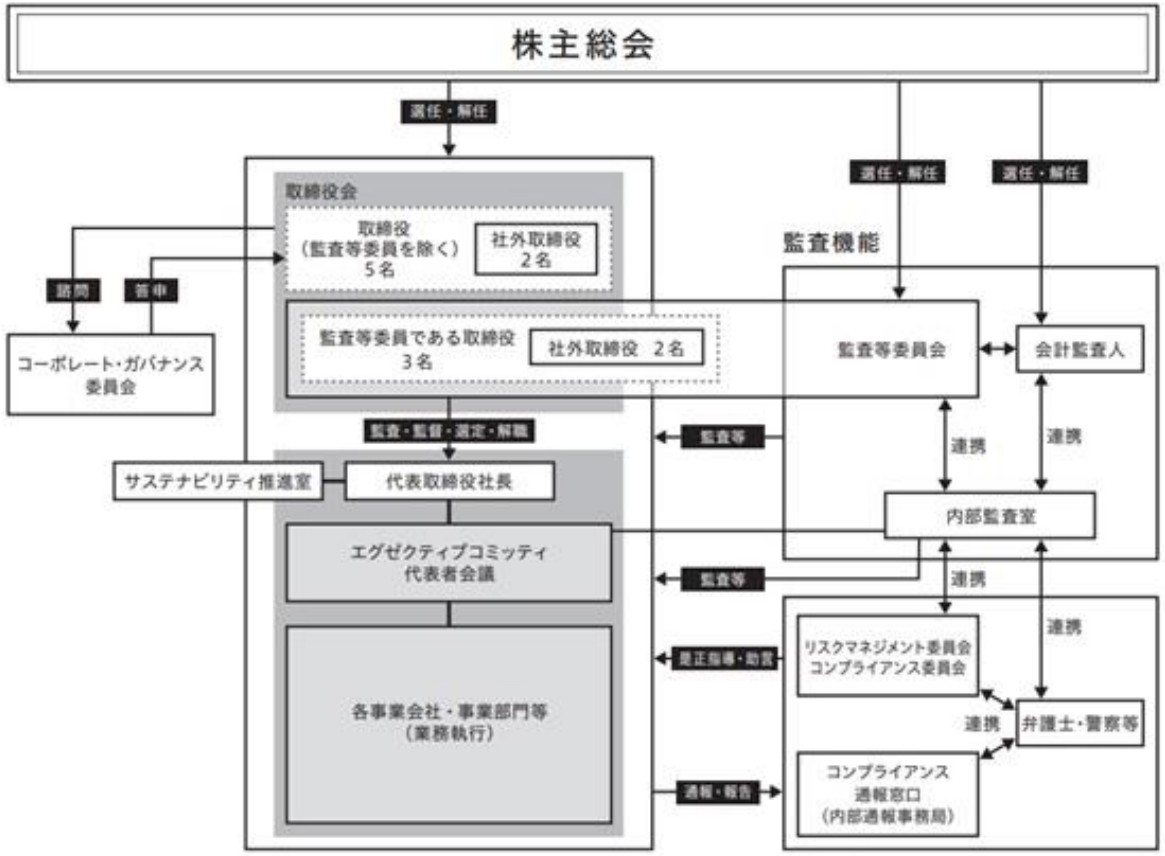
- Manufacturing and discovering distinct, attractive products
- Next vintage, vintage, and antique products
- Repair/restoration of fashion items, bags, watches, and jewelry
- Product lineup for offering good quality from all over the world
- Improving product knowledge
- Developing the standard of product quality of Japan in other countries

## Pursuing fair sustainability

Creating a sound reuse market, where anyone can have a sense of security, with the Komehyo Holdings Group's skills to determine the value

- Promoting reuse technologies (use of AI for assessing authenticity and model numbers)
- Eliminating counterfeit goods from the reuse market
- Working together with partners (business partners, franchised store owners, and auction members)
- Efforts to ensure fair purchase prices and sales prices
- Awareness-raising activities to prevent trouble or damage related to reuse , such as coercive buying
- Developing appraisers with a unique curriculum

# Corporate governance system



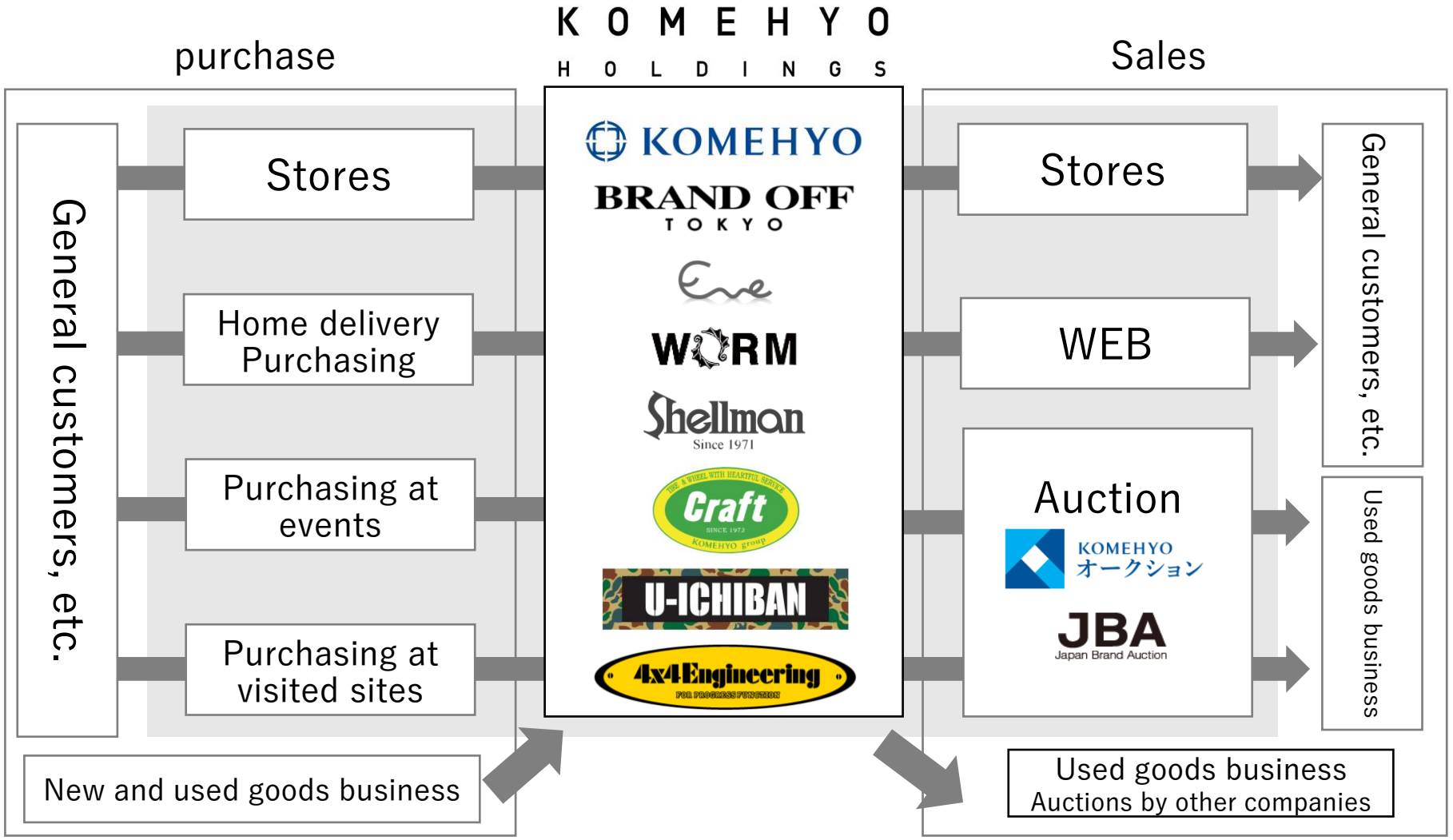

The Group's management efficiency and business performance are aimed at respecting the interests of not only shareholders, but also employees, customers, business partners, creditors, local communities, and other people who have great influences and interests. We are working on strengthening corporate governance with an emphasis on improvement and compliance as the most important management issue.

# Officer system



| Name | Takuji Ishihara | Toshio Sawada | Yuya Yamauchi | Masaru Hirauchi | Yoshiko Nakahara | Kazutoshi Torita | Momoko Murase | Miyuki Minamiru |
|---|---|---|---|---|---|---|---|---|
| Title | President and Representative Director | Managing Director | Director | Outside Director | Outside Director | Director (Audit and Supervisory Committee Member) | Outside Director (Audit and Supervisory Committee Member) | Outside Director (Audit and Supervisory Committee Member) |
| Skills matrix: Corporate management | ○ | ○ | ○ | ○ | | | | |
| Skills matrix: Management strategy and planning | ○ | ○ | ○ | ○ | ○ | ○ | | |
| Skills matrix: Marketing | ○ | | ○ | ○ | | | | |
| Skills matrix: Experience and knowledge in the industry | ○ | ○ | ○ | | | | | |
| Skills matrix: Business development and innovation | | | ○ | ○ | | | | |
| Skills matrix: Global | | ○ | ○ | ○ | | | | |
| Skills matrix: IT・DX | | | ○ | ○ | | | | |
| Skills matrix: Finance・Accounting | | | | | ○ | ○ | ○ | |
| Skills matrix: Legal・Risk Management | | | | | | | | ○ |
| Skills matrix: governance | | | | | ○ | ○ | ○ | ○ |
| Skills matrix: ESG・Sustainable | ○ | | | | ○ | | | |
| Qualifications, etc. | MBA | | | Small business doctor | | | CPA Tax accountant | Lawyer |

# Business system diagram

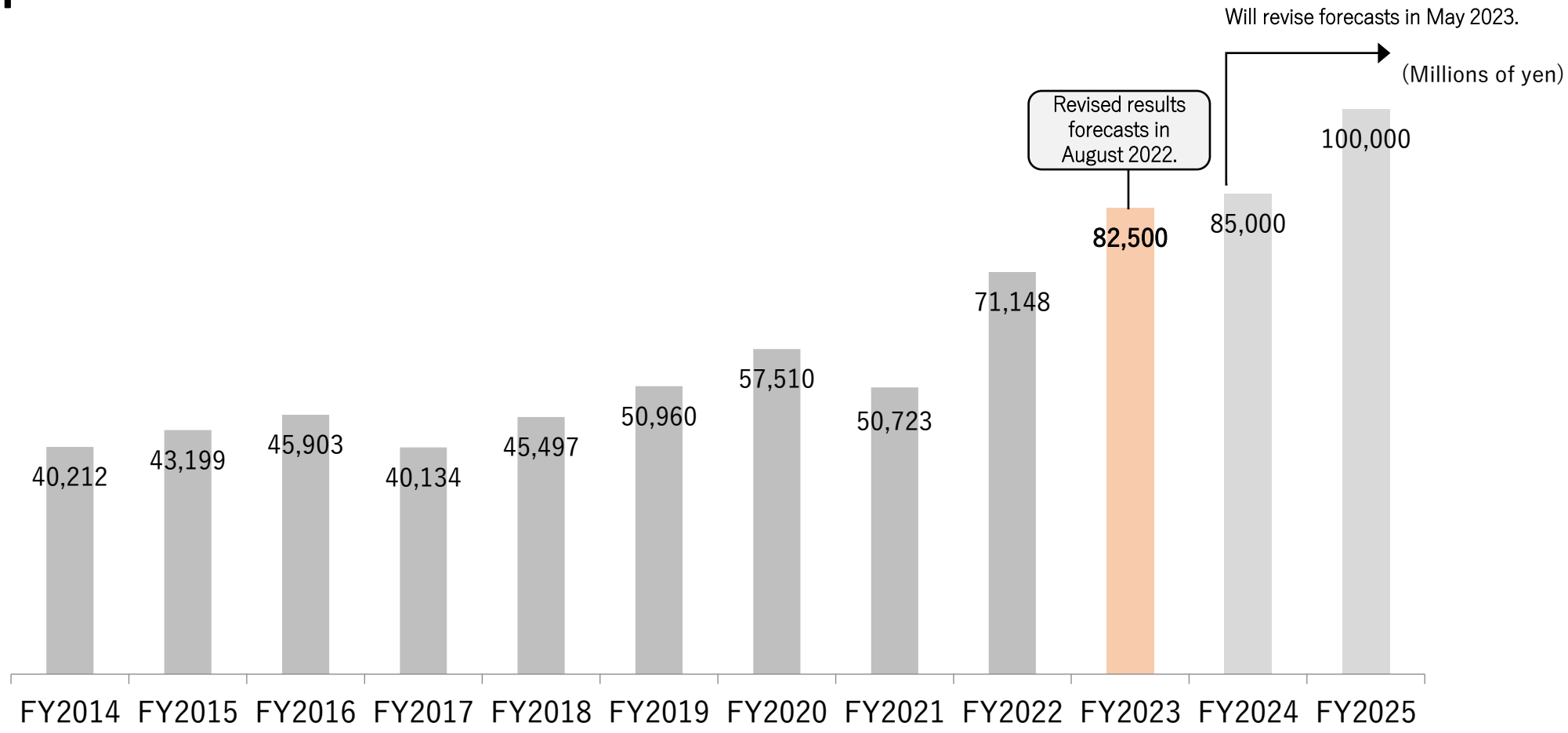


# Medium-term management target (until FY2025)

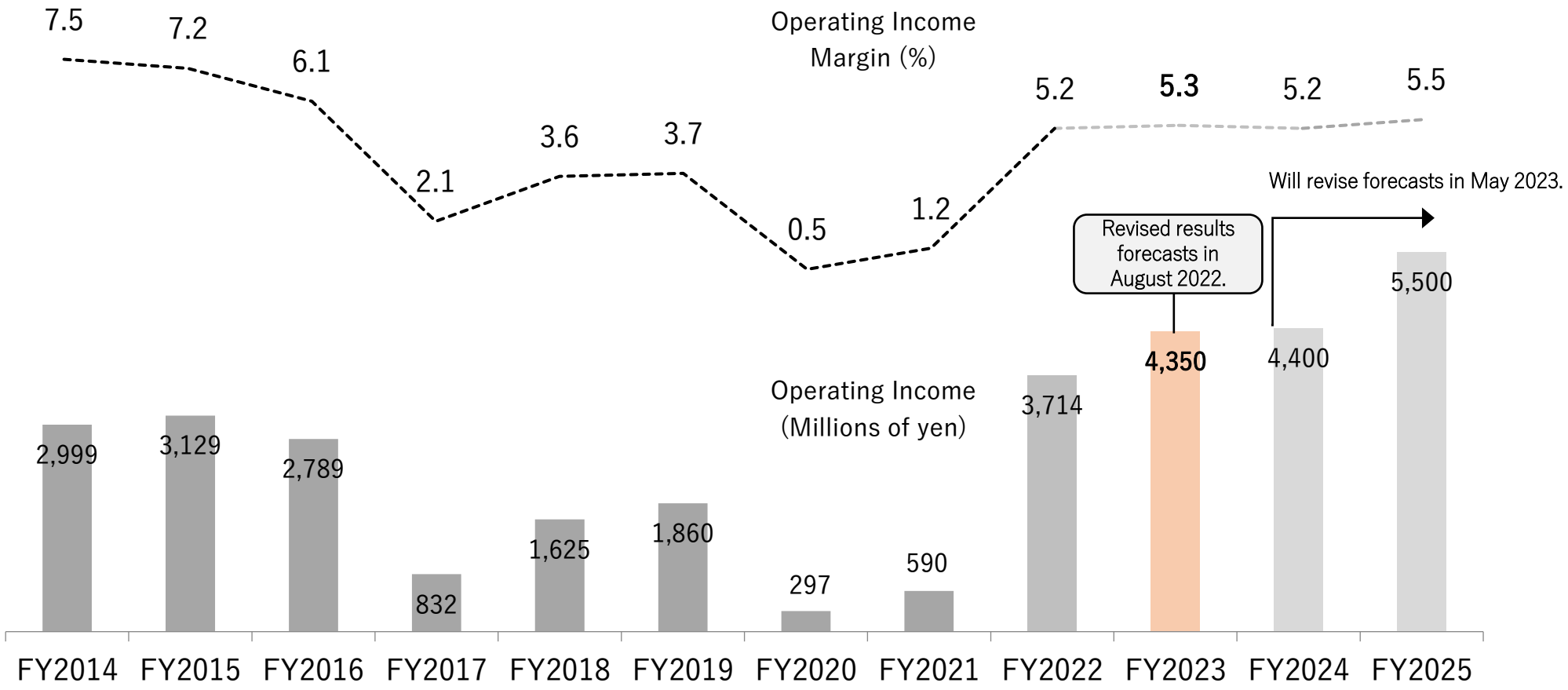
| (Millions of yen) | FY2023 *1 | | FY2024 *2 | FY2025 *2*3 |
|---|---|---|---|---|
| | 1H | Full year | Full year | Full year |
| Net sales | 38,500 | 82,500 | 85,000 | 100,000 |
| Operating income | 1,550 | 4,350 | 4,400 | 5,500 |
| Operating profit margin | 4.0% | 5.3% | 5.2% | 5.5% |
| Ordinary income | 1,430 | 4,350 | 4,400 | 5,500 |
| Net income attributable to owners of parent | 1,000 | 2,830 | 2,850 | 3,450 |

*1 Earnings forecast revised on August 8, 2022
*2 A rolling forecast will be provided in May 2024.
*3 It is expected that retail sales will increase as inbound demand returns in the fiscal year ending March 2025.

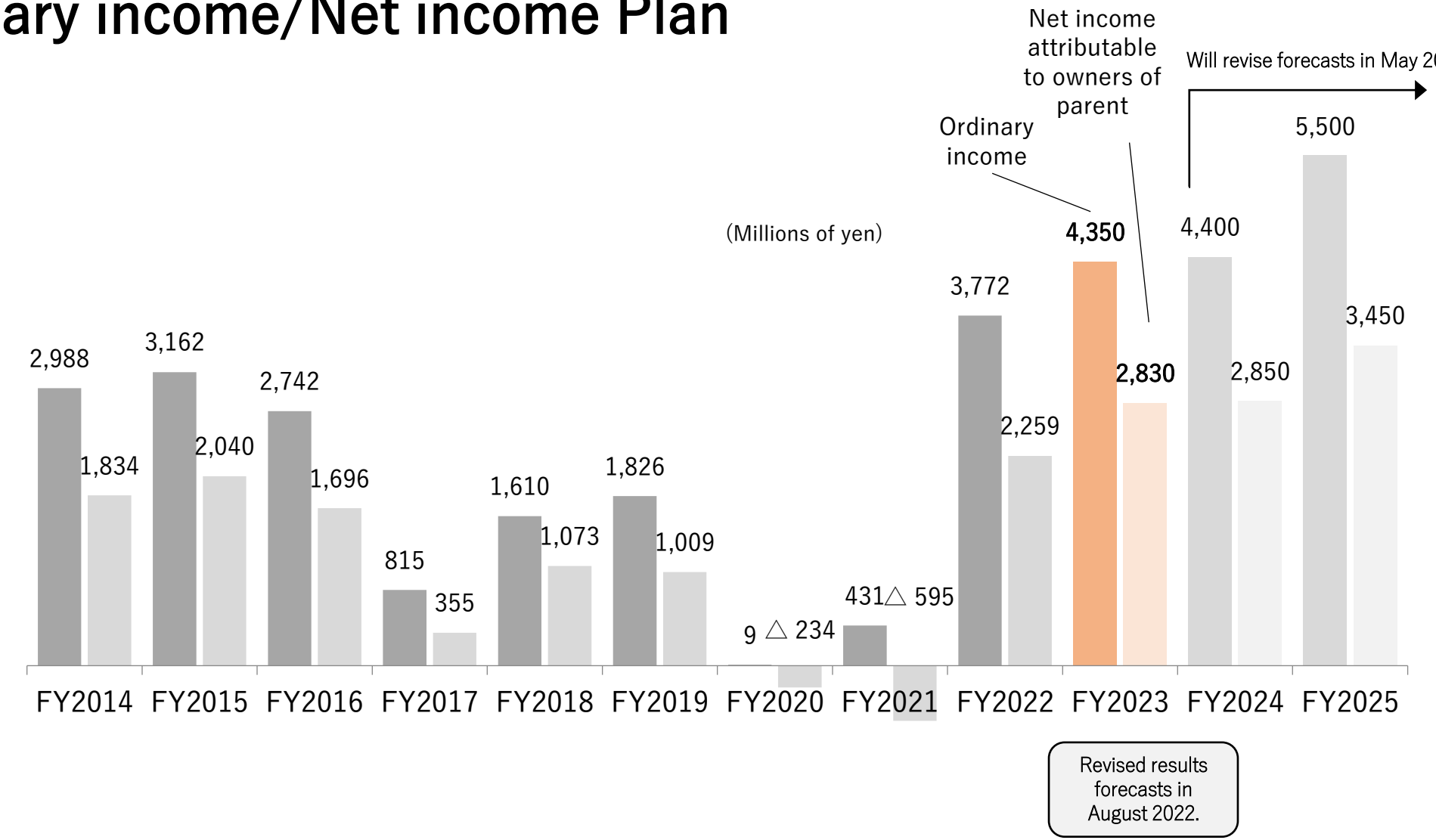
# Sales plan


Will revise forecasts in May 2023.
(Millions of yen)
Revised results forecasts in August 2022.
40,212
43,199
45,903
40,134
45,497
50,960
57,510
50,723
71,148
82,500
85,000
100,000
FY2014
FY2015
FY2016
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022
FY2023
FY2024
FY2025

# Operating Profit Plan

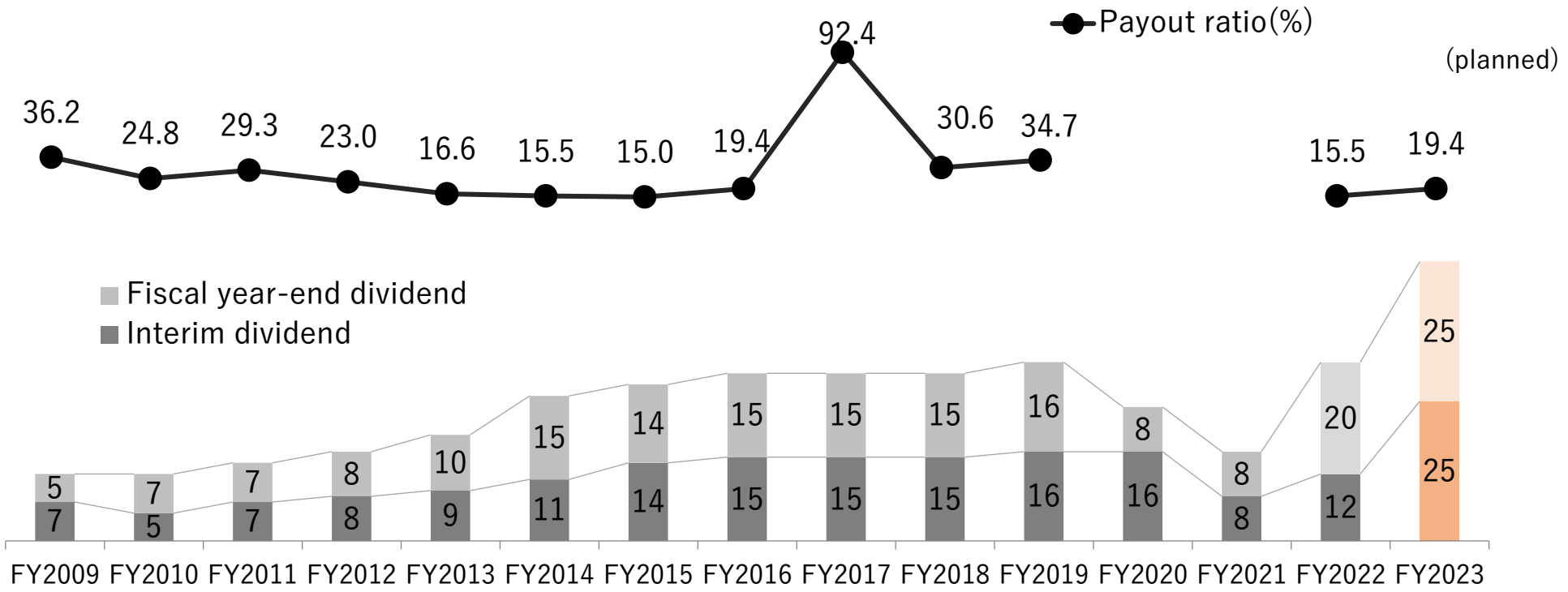


# Ordinary income/Net income Plan



# Shareholder return

The annual dividend forecast is revised upwards from 44 yen to 50 yen per share, in consideration of the projected income level and others for the fiscal year ending March 31, 2023.
Aiming to increase dividends consistently in line with the status of profit and cash flow.



75th ANNIVERSARY

**Medium-term management plan:**
**Continuous business expansion through investments in growth businesses and human resource development**

## Brand Fashion

1．Achieving growth with existing core businesses

2．Achieving growth with businesses that contribute to the distribution of used goods to revitalize the market

3．Achieving growth with businesses that contribute to market growth and the formation of a sound market

**BtoC**

KOMEHYO

BRAND OFF TOKYO

Shellman Since 1971

Eve

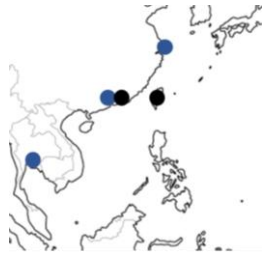
SELBY

**BtoB**

KOMEHYO オークション

JBA Japan Brand Auction

**Oversea**



KOMEHYO

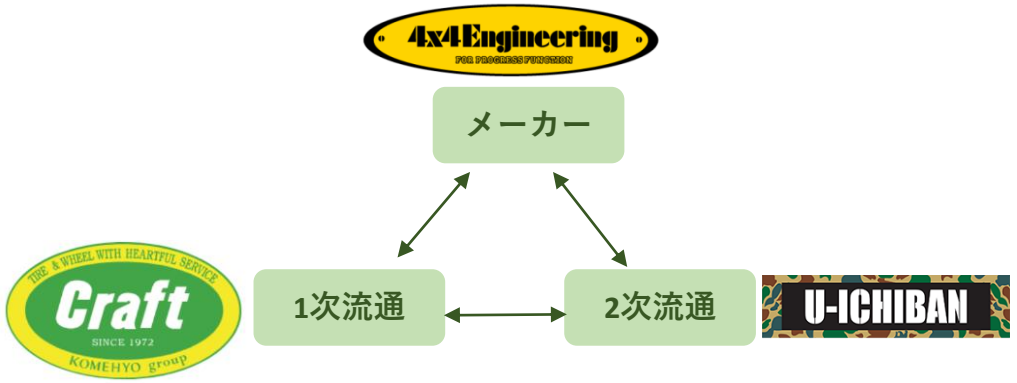
BRAND OFF

## Tire/Wheel

1．Strengthening profitability

2．Strengthening product development

3．Making attempts at businesses and items with affinity



# Growth in the brand reuse market image

**Important investment items**

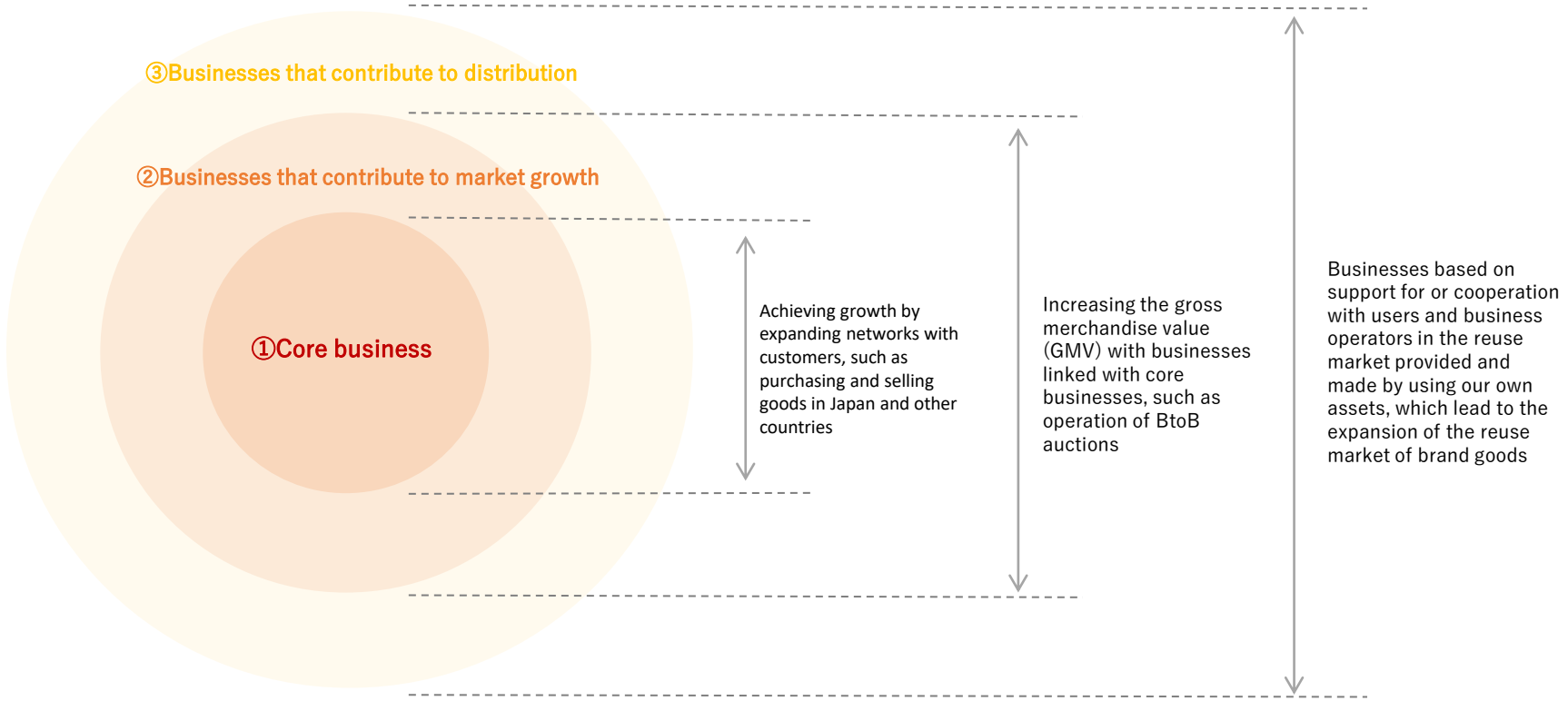
- Human resource recruitment and development
- Stores (openings/reorganization)
- IT (reuse technologies)
- Marketing
- Sustainability

**Supporting management foundations**

- Organizational development
- HR development

**Tactics options**

- M&A
- Capital alliance
- Business alliances



# Medium-term Management Plan : Brand・Fashion

Gaining more influence in the reuse market by making maximum use of the Group's assets

## 1. Achieving growth with existing core businesses

＝Domestic＝

- Increasing the number of purchasing channels
  (continuing to open purchase centers and strengthening alliances)
- Creating seamless customer touch points by using
  digital technologies and improving the customer experience value through the reorganization of stores
- Improving the value of used goods by means of upcycling

＝Overseas＝

- Strengthening purchase and sales through the opening of new stores at each base, etc.
- Developing new bases
- Building a network for the distribution of products among overseas bases






# Medium-term Management Plan : Brand・Fashion

Gaining more influence in the reuse market by making maximum use of the Group's assets

## 2. Achieving growth with businesses that contribute to the distribution of used goods to revitalize the market

- Auctioning more items through franchise development
  (openings of 100 purchase centers by franchised stores)
- Providing reuse technologies, expertise, and market information to member companies
- Acquiring new member companies in Japan and other countries by using digital technologies




## 3. Achieving growth with businesses that contribute to market growth in Japan and overseas and the formation of a sound reuse market

- Supporting the growth of reuse-related businesses with SaaS
- Supporting new entrant companies, etc. by using human resources and training systems
- Business cooperation using databases (customer data and product data)



# Medium-term Management Plan : Tire・Wheel

## Expanding the business by strengthening profitability and investing in growth drivers

### 1. Strengthening profitability through collaboration among the three companies

- Strengthening and opening specialty stores developed according to customer preference
- Strengthening the sale and purchase of used tires and wheels and controlling their inventory
- Improving productivity and strengthening expertise through investment in human resources



### 2. Investing in product development

- Planning and manufacturing wheels and automobile parts by taking advantage of brand power
- Stepping up efforts to supply products to overseas markets
- Maintaining and increasing brand power in Japan and overseas

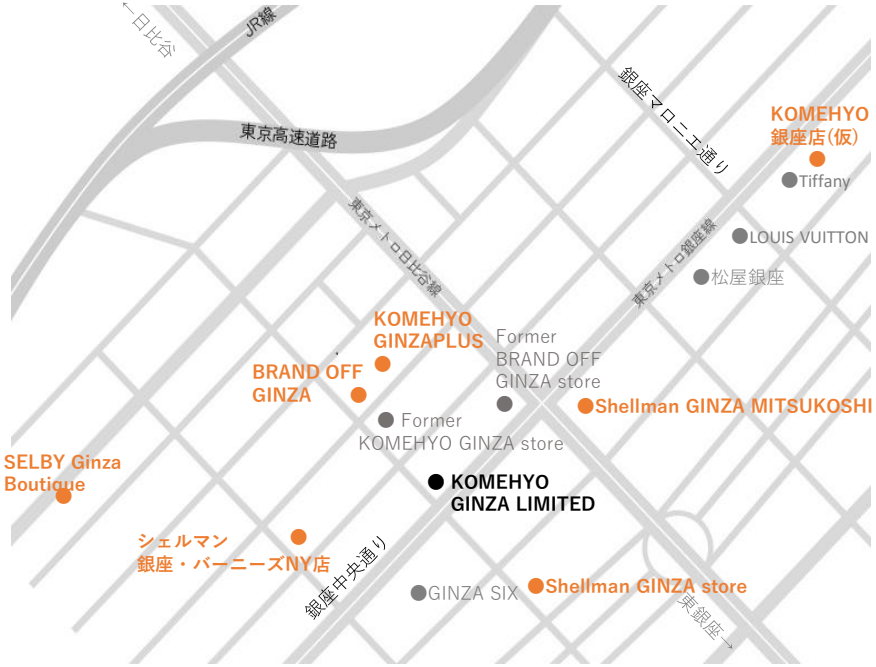



### 3. Approaching businesses and items with affinity

- Used cars
- Automotive supplies
- Car camping supplies

# Store development in the Ginza area

Ginza is an important area for strengthening retail sales.
Expand stores as a group and expand contact points with customers.






KOMEHYO GINZA PLUS




BRAND OFF GINZA Store

| | |
|---|---|
| February 15, 2022 | KOMEHYO GINZA CLOSED |
| Feb 18-Aug 28 | KOMEHYO GINZA LIMITED CLOSED |
| September 1 | KOMEHYO GINZA PLUS open |
| October 8 | BRAND OFF GINZA store open |
| January 2023 | KOMEHYO GINZA store Scheduled to open |

# Human capital management（KOMEHYO）

In the business model of environmentally and socially conscious recycling, humans play a wide range of roles (knowledge, skills, expertise, speed, relationship with customers, etc.), making it important to take initiatives to develop and retain human resources.









Sale

Purchase




Reproduction

Evaluation









# Human capital management（KOMEHYO）

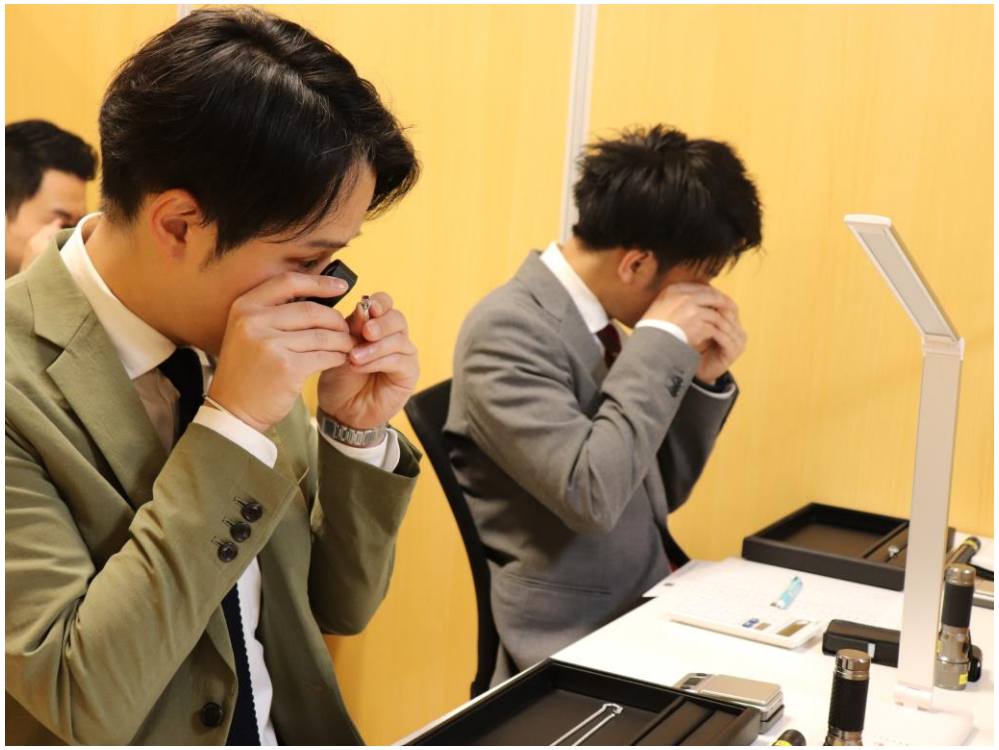
## Groupwide training of personnel for the next generation

KOMEHYO provide opportunities for groupwide training aimed at developing management personnel and executives for the next generation.
It continues training of staff to display their individual capabilities to the fullest degree.
It carries out organizational development directly linked to business operations to ensure effective human capital management.



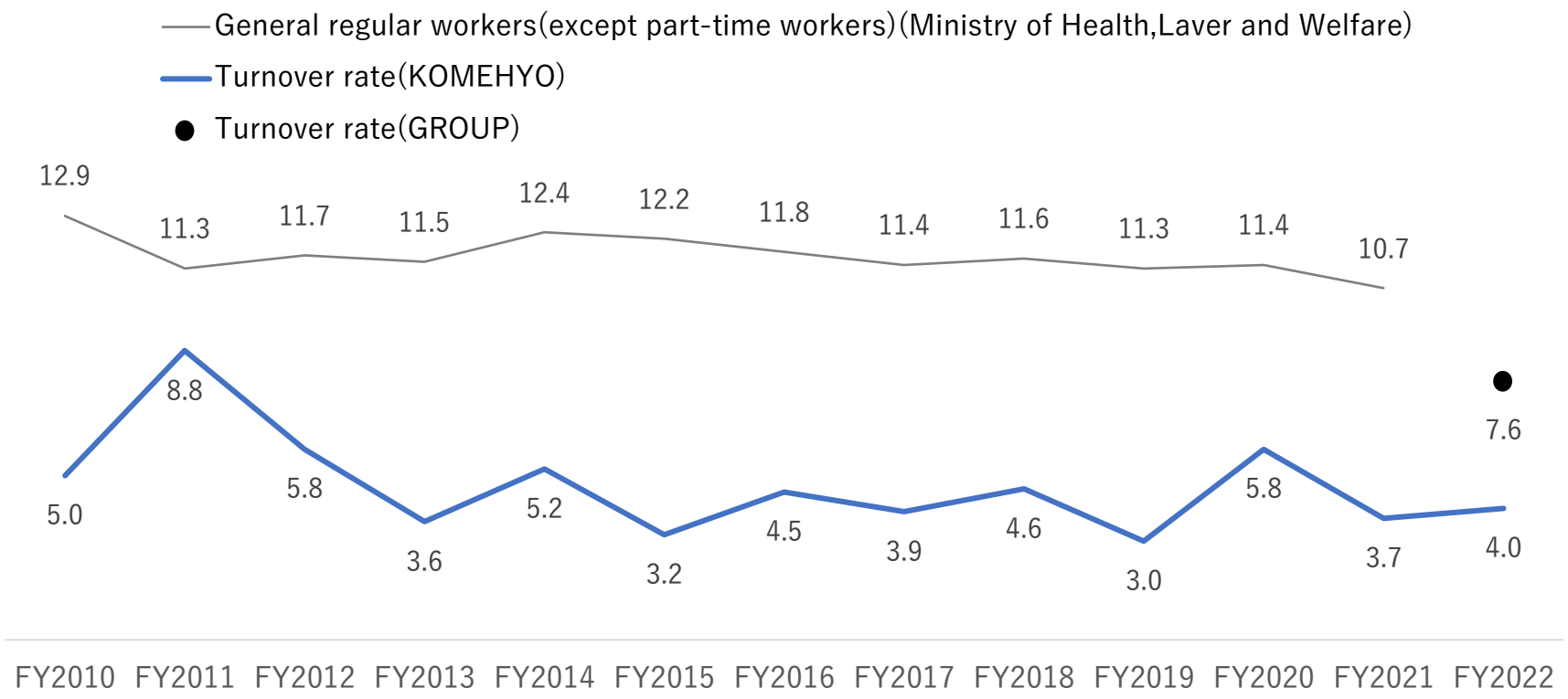
## Education of assessors by a team dedicated to education

KOMEHYO focuses its efforts on education of assessors and sales staff.
The education team has systematized various knowledge and skills involved in communication with customers.
The system will stably develop assessors requisite to store launch and help shorten the lead time for it.



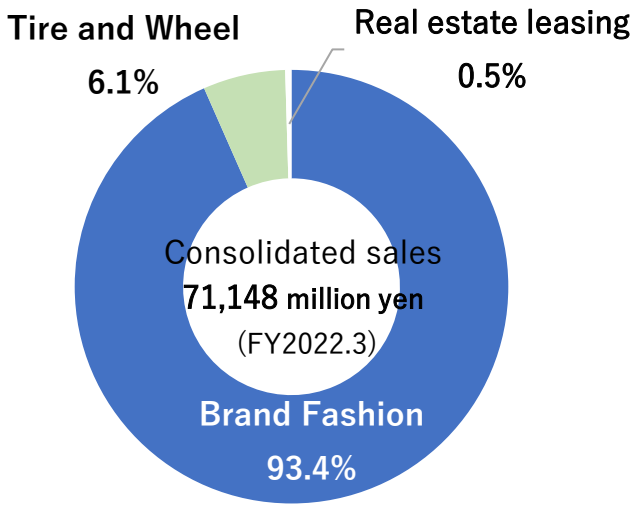
# Human resources retention rate

Employee turnover rate has been low, which means that the employee retention rate has been high.
This enables to accumulate expertise, laying a foundation for stable growth.

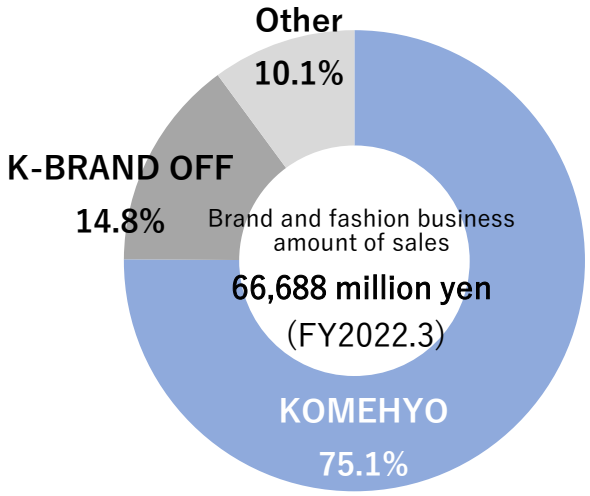


# Sales shares by segment and by sales channel (FY2022)

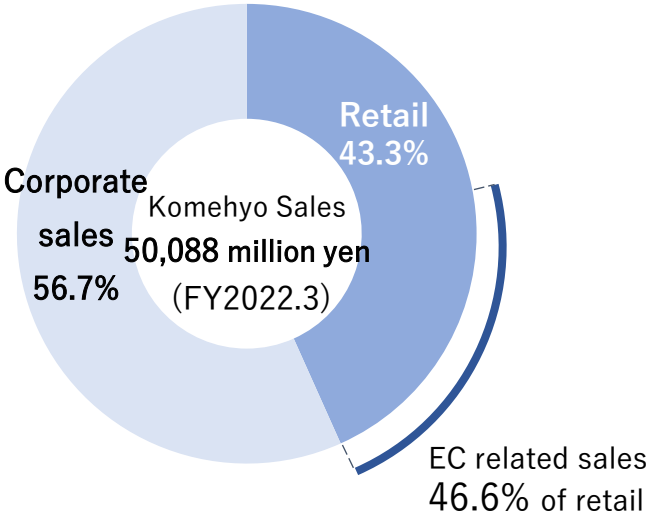
## By segment




## Brand/fashion business by operating company




## By sales channel



# 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.