

KOMEHYO GROUP

Earnings Results Briefing for the First Six Months of the Fiscal Year Ending March 31, 2020

November 11, 2019

KOMEHYO Co., Ltd.

Securities code: 2780

(Second Section, Tokyo and Nagoya Stock Exchanges)

Corporate Planning Department IR strategy group

Phone +81-52-249-5366

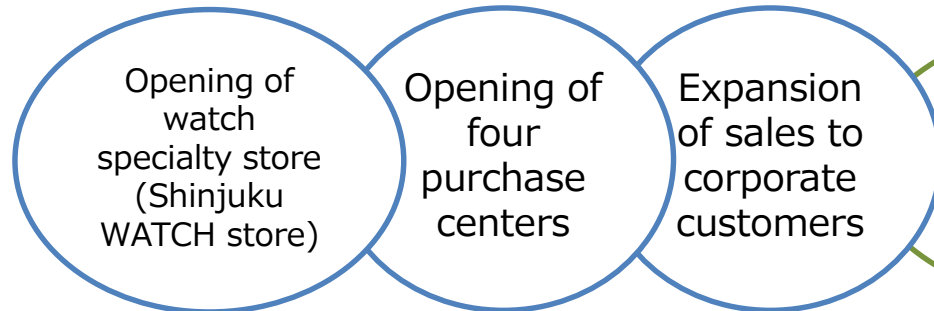
FY 2020 2Q Financial Summary KOMEHYO GROUP

【Performance Highlights】

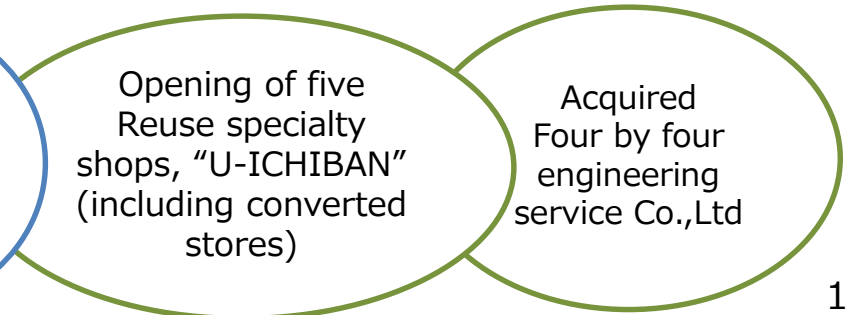
Net Sales(Consolidated) YoY	118.9%	Net Sales(Non-consolidated) YoY	120.0%
Amount of purchase from individual customers YoY	125.2%	※Full-year consolidated sales plan YoY	110.7%

【Business Topics】

Brand · Fashion business



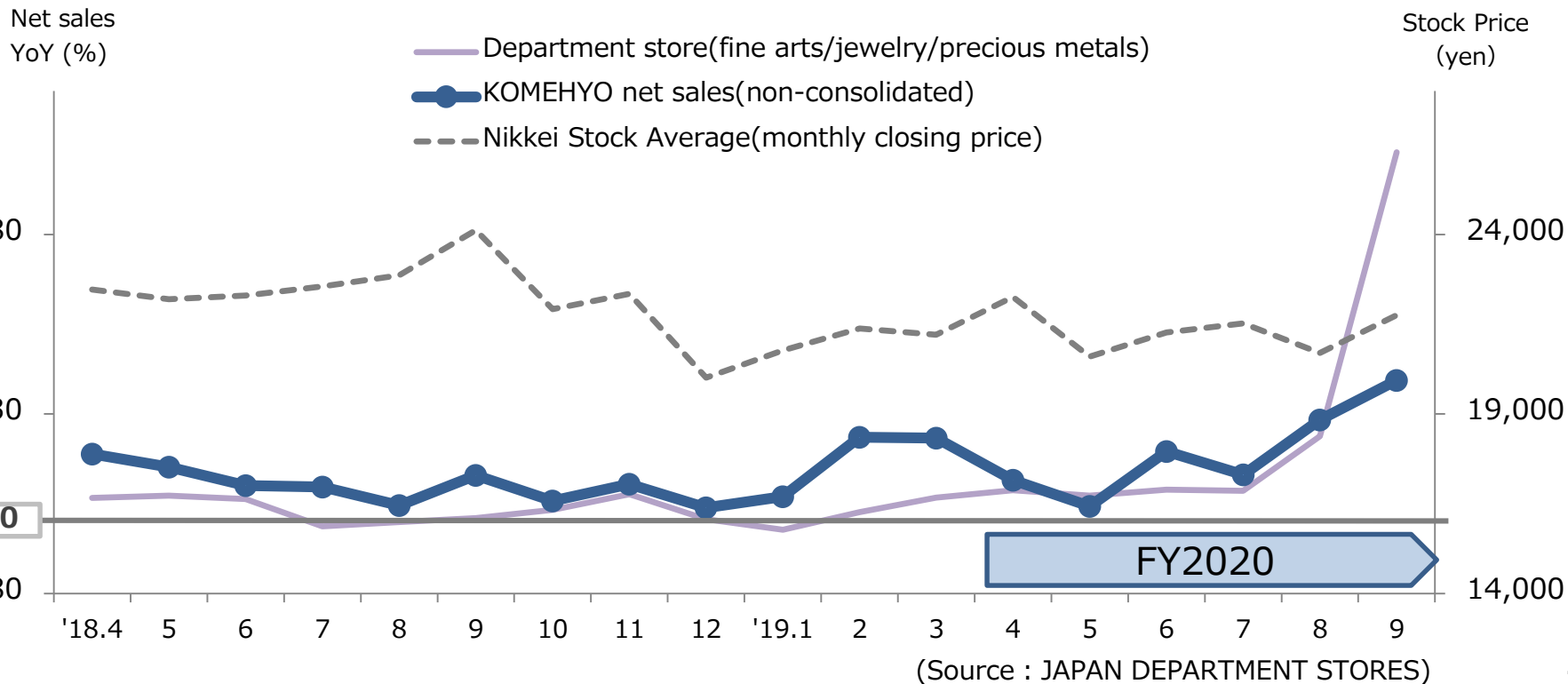
Tire and Wheel business



Economic Trend

KOMEHYO GROUP

The economic environment remains on a moderate recovery path



Overview of Income Statement (Consolidated)

KOMEHYO GROUP

(Millions of yen)	FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 1H	YoY	Plan ratio
Net sales	12,439	110.4%	15,288	126.9%	27,728	118.9%	102.7%
Gross profit	3,421	106.1%	3,672	118.6%	7,093	112.2%	—
Gross profit margin	27.5%	△1.1pt	24.0%	△1.7pt	25.6%	△1.5pt	—
SG&A expenses	3,328	115.0%	3,447	117.4%	6,775	116.2%	—
Operating income	92	28.1%	225	140.8%	317	64.9%	69.4%
Ordinary income	81	25.1%	209	121.7%	291	58.5%	68.3%
Net income attributable to owners of parent	49	23.6%	136	123.4%	185	57.9%	76.5%

Overview of Income Statement (Non-Consolidated)

KOMEHYO GROUP

(Millions of yen)	FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 1H	YoY	Plan ratio
Net sales	11,105	111.8%	13,755	127.5%	24,861	120.0%	104.5%
Gross profit	2,928	107.1%	3,103	115.4%	6,032	111.2%	—
Gross profit margin	26.4%	△1.1pt	22.6%	△2.3pt	24.3%	△ 1.9pt	—
SG&A expenses	2,791	114.1%	2,886	113.5%	5,677	113.8%	—
Operating income	137	47.4%	217	148.5%	355	81.3%	90.8%
Ordinary income	227	77.8%	209	129.3%	437	96.1%	89.4%
Net income	169	86.1%	148	137.5%	317	104.3%	89.5%

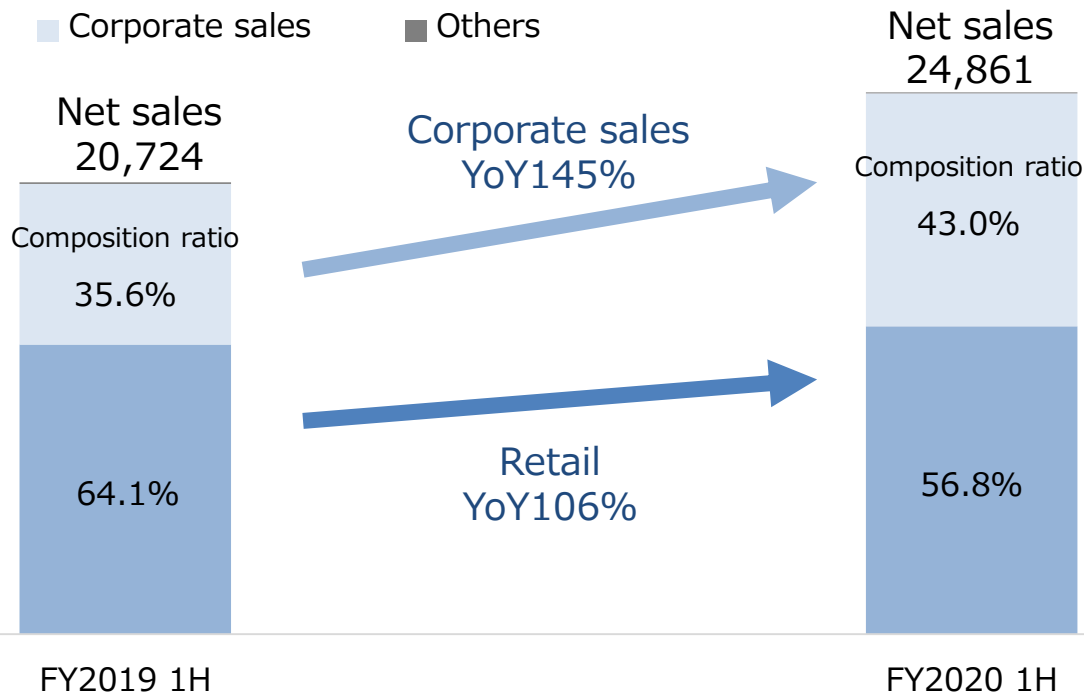
Sales by sales channel (Non-Consolidated)

KOMEHYO GROUP

Corporate sales made progress

Retail/Corporate sales(Millions of yen)

■ Retail ■ Corporate sales ■ Others



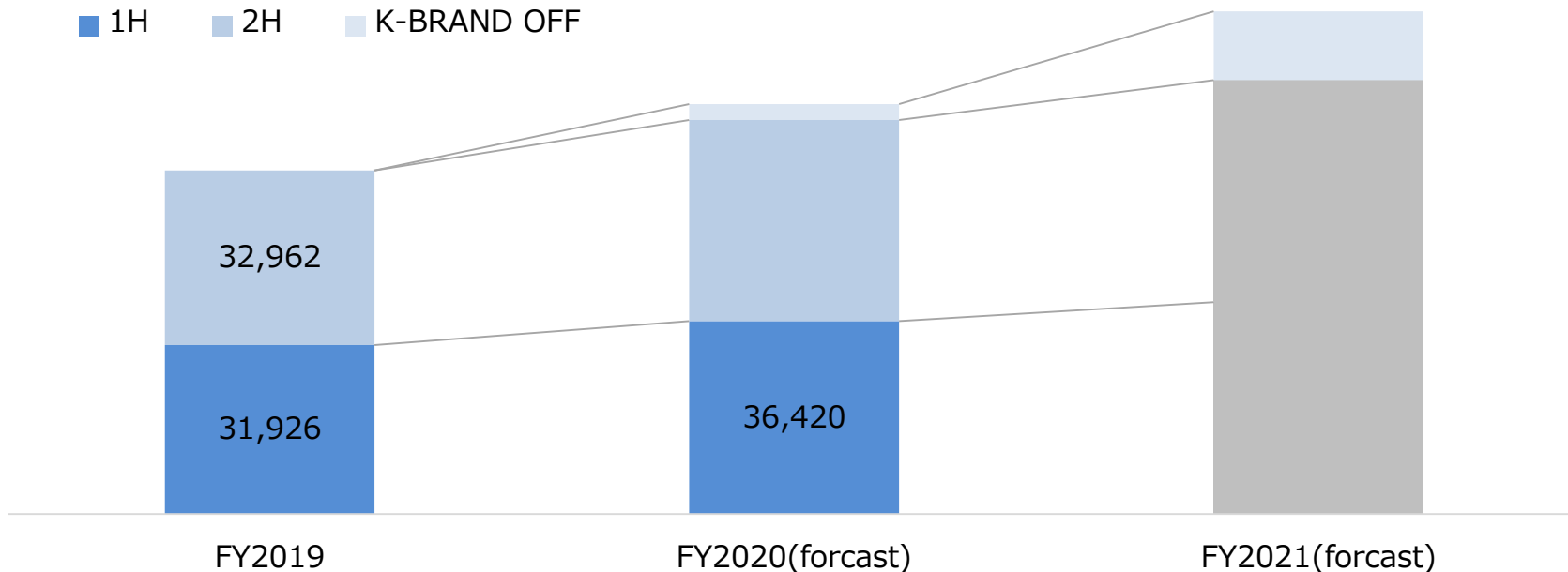
Gross Merchandise Value (Consolidated)

KOMEHYO GROUP

Increase in purchases from individuals. The expansion thereof is expected due to K-Brand OFF.

Gross Merchandise Value(Millions of yen)

■ 1H ■ 2H ■ K-BRAND OFF

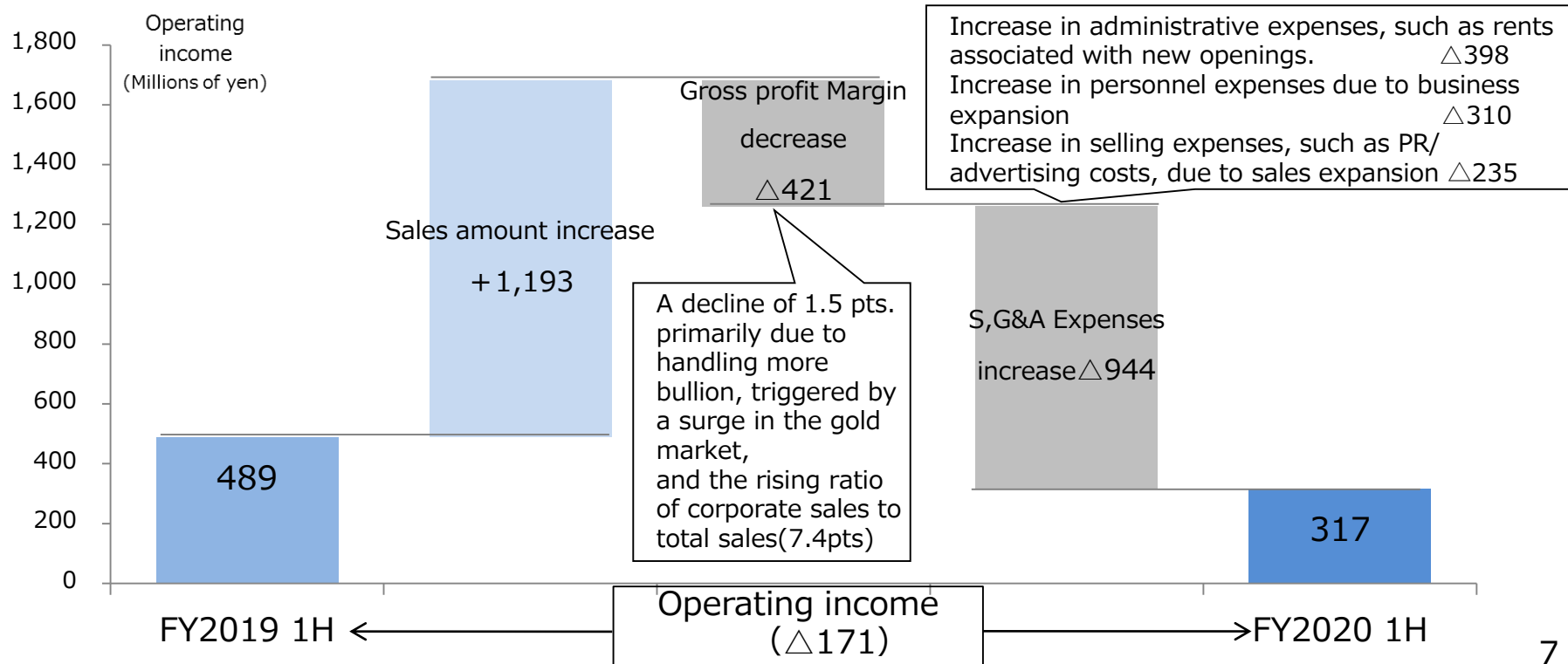


GMV is calculated simply by adding and subtracting sales and volume information at the KOMEHYO auction based on consolidated sales.

Operating income decrease factor (Consolidated)

KOMEHYO GROUP

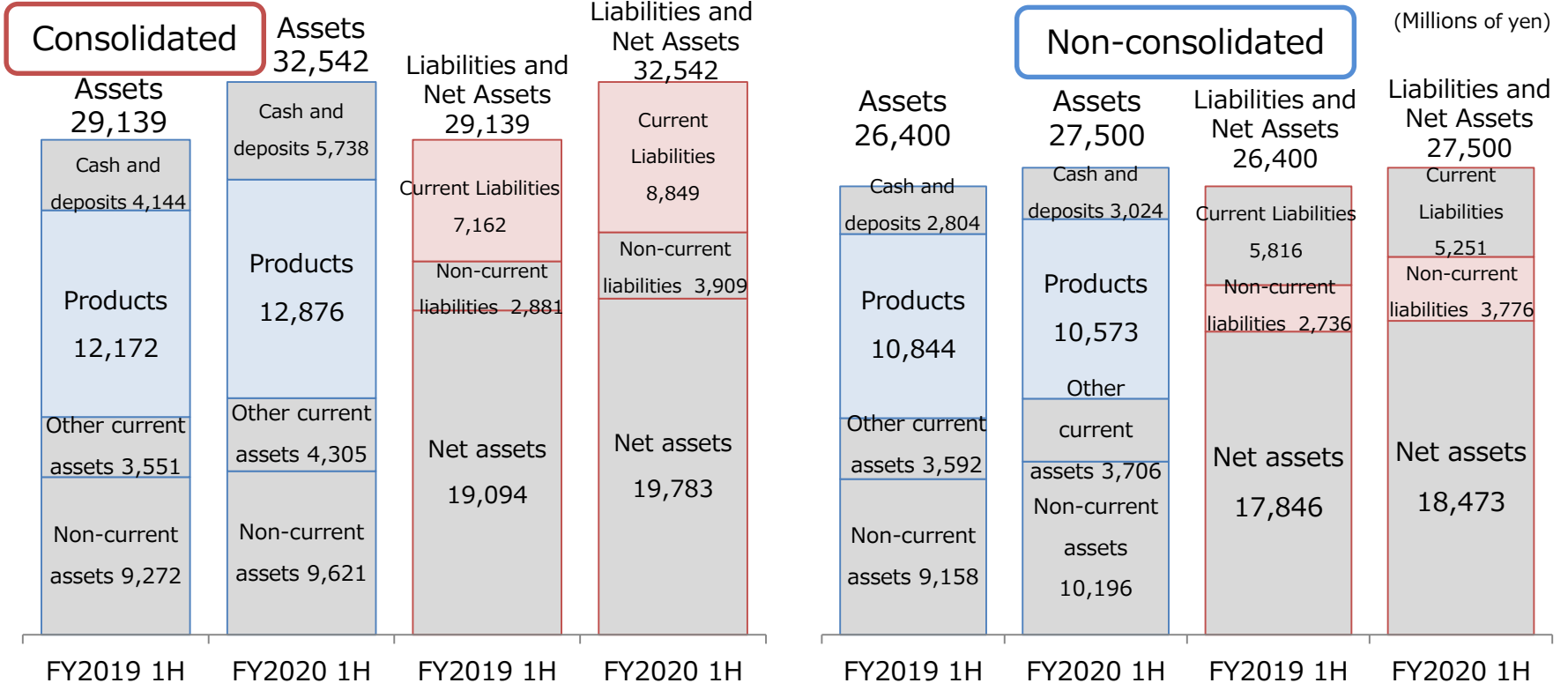
Profit decrease due to increases in expenses, such as rents and personnel expenses



Overview of Balance Sheet

KOMEHYO GROUP

(Consolidated) Increase in total assets primarily due to an increase in the number of group companies



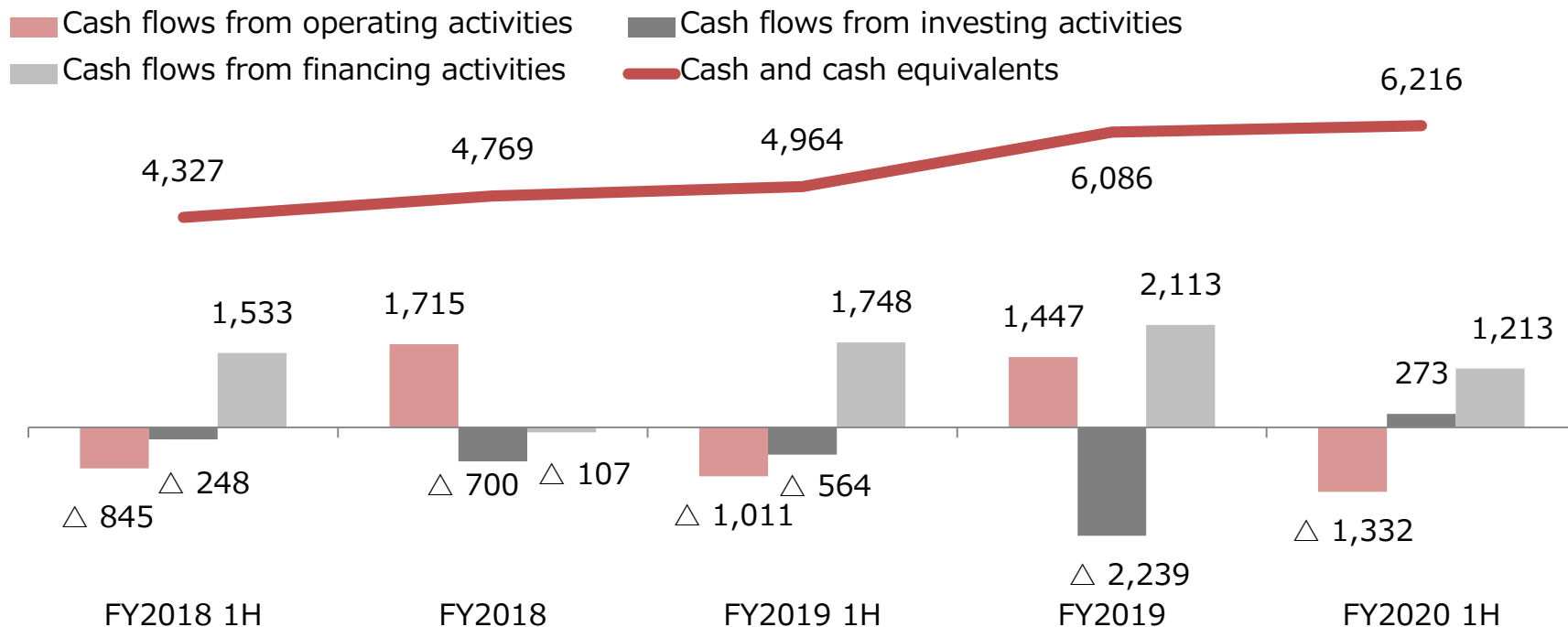
Statement of Cash Flows

KOMEHYO GROUP

Cash flows from operating activities were negative due mainly to an increase in Products

Consolidated

(Millions of yen)



By Segment

KOMEHYO GROUP

(Millions of yen)		FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 1H	YoY
Brand Fashion	Net sales	11,701	112.8%	14,443	129.0%	26,144	121.2%
	Operating income	184	53.8%	266	131.0%	451	82.6%
	Operating margin	1.6%	—	1.8%	—	1.7%	—
Tire and Wheel	Net sales	716	81.5%	824	98.5%	1,541	89.8%
	Operating income	△95	—	△43	—	△139	—
	Operating margin	△13.4%	—	△5.3%	—	△9.0%	—
Others	Net sales	24	77.5%	23	71.2%	47	74.3%
	Operating income	3	37.6%	1	19.0%	5	28.6%
	Operating margin	15.5%	—	7.8%	—	11.8%	—

The amount of purchases from individual customers is on the rise due to various measures to promote purchases.

Amount of purchase from individual customers	FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 1H	YoY
Purchasing Center	5,818	117.6%	6,213	135.9%	12,032	126.4%
Home delivery Purchasing	260	104.7%	246	102.1%	506	103.4%
Total (Millions of yen)	6,078	116.9%	6,460	134.2%	12,539	125.2%



1. KAITORI GO

A special unit was launched to focus on tie-ups and events with department stores and other companies.

2. Open stores specializing in purchasing

【Purchase event at YURAKUCHO-MARUI】
(Sales events for sustainable jewelry 「mi luna」 are also held at the same time.)

Brand · Fashion Events

KOMEHYO GROUP

Partial amendment of the Secondhand Articles Dealer Act,
we went to "Customer's usual location" to make reuse more accessible.

Main Event Partners	period	
MARUHIRO department store Kawagoe store	7.17~7.30	
TAKASHIMAYA Gate Tower Mall	7.17~8.19	
MIYAZAKI-YAMAGATAYA	8.19~8.23 9.4~9.16	
YURAKUCHO-MARUI	8.27~9.13	
GOLFTEC by GDO ROPPONGI	9.12~9.16	
HONOKUNI department store	9.26~10.01	
HIROSHIMA-MITSUKOSHI	10.01~10.31	

【 Purchase event at GOLFTEC by GDO ROPPONGI】

Brand · Fashion New stores

KOMEHYO GROUP

Opening of large-scale watch specialty store* and four purchase stores in the Kanto area

【KOMEHYO Shinjyuku WATCH store '19.4】



【Purchase center
Shinkoiwa-minamiguchi '19.5】



【Purchase center
Gakugeidaigaku-nishiguchi '19.7】



【Purchase center
Kokubunji-minamiguchi '19.9】



【Purchase center
Kamata-nishiguchi '19.9】



※ Relocation of the watch section from the Shinjuku store, and conversion of the newly vacant space to a jewelry section.

Store Type (Non-Consolidated)

KOMEHYO GROUP



31 stores



Large-scale

Nagoya Store, Meieki Store, Ginza Store, Umeda Store, Shinjuku store (including Shinjuku ANNEX and Shinjuku WATCH store)

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

15 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 39 stores ('19.9)

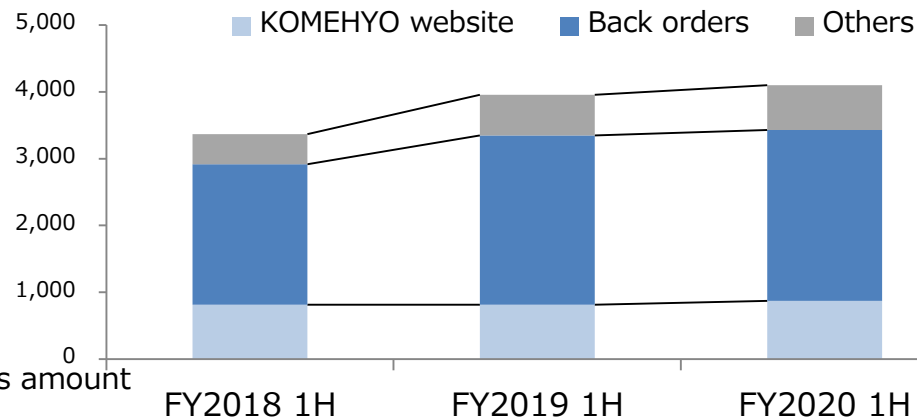
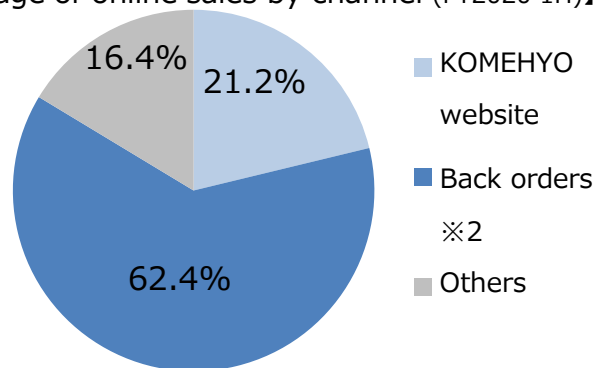
E-commerce (Non-Consolidated)

KOMEHYO GROUP

Increase in the number of products sold by strengthening the handling of clothing and others

(Millions of yen)	FY2018 1H	FY2019 1H	FY2020 1H	Net sales YoY	No. of products sold YoY
E-commerce-induced sales	3,367	3,957	4,103	103.7%	110.1%
E-commerce-induced sales rate(※1)	26.5%	29.8%	29.1%	—	—

【 Percentage of online sales by channel (FY2020 1H)】 (Millions of yen) 【Online sales trend by channel】



※1 Ratio of E-commerce induced sales to the retail sales amount

※2 Customers specify a store to do back orders online

Upcoming measures : Nagoya main store renewal

KOMEHYO GROUP

Conversion of camera/musical instrument stores to fashion stores

【 Relocation of the camera/musical instrument
Section to the main store '19.10】



【KOMEHYO FASHION NAGOYA '19.11】



Upcoming measures : Overseas business

KOMEHYO GROUP

First overseas opening under the name of "KOMEHYO"
in Bangkok, Thailand, in November 2019

【KOMEHYO ZEN@CENTRAL WORLD (Bangkok)】

【Purchase event】



Upcoming measures : Shinjuku store relocation completed

KOMEHYO GROUP

Shift to a three-store system in the Shinjuku area in April 2020

【KOMEHYO Shinjuku store FASHION Building '20.4Scheduled】



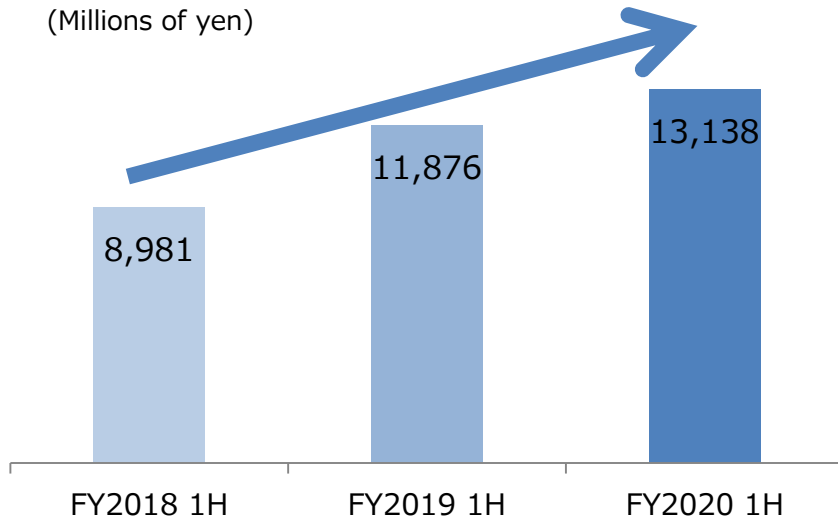
【Image of FASHION building】



Auction Trade volume for domestic corporations is expanding trend

	Trade volume (Millions of yen)	YoY	No. of member companies
FY2020 1H	13,138	110.6%	992 (91 companies increased YoY)

【 Transition of auction Trade volume for domestic corporations 】



K - BRAND OFF

KOMEHYO GROUP

Adoption of the know-how regarding overseas expansion and human resources

【BRAND OFF GROUP】

- 17 directly managed stores
- FC 5 stores
- Auction 2 venues
(Kanazawa / Ginza)
- 151 people
- Overseas / tax-free sales

BEIJING JV 1Store

TAIWAN 3Stores

HONGKONG
7Stores
FC 1store

THAI FC 1Store

【KOMEHYO GROUP】

- 39 directly managed stores
(KOMEHYO, etc.)
- 1 joint venture
- Auction 1 venue
(Nagoya)
- 530 people (non-consolidated)
- Omnichannel

(As of the end of September 2019)

Tire and Wheel New Stores

KOMEHYO GROUP

Opened reuse specialty store "U-ICHIBAN"

【Omiya Baipasus store '19.4
Convert from craft】



【Toyohashi store '19.5
Convert from craft】



【Yokkaichi store '19.5
Convert from craft】



【Okazaki store
'19.6 New store】



【Kagamigahara store
'19.8 New store】



Tire and Wheel Store Type

KOMEHYO GROUP

【New Tire and Wheel】



10 Stores



URBAN OFF CRAFT

4 Stores※



EURO STYLE Craft

1 Store※



※Located in a craft store

【Reuse Tire and Wheel】

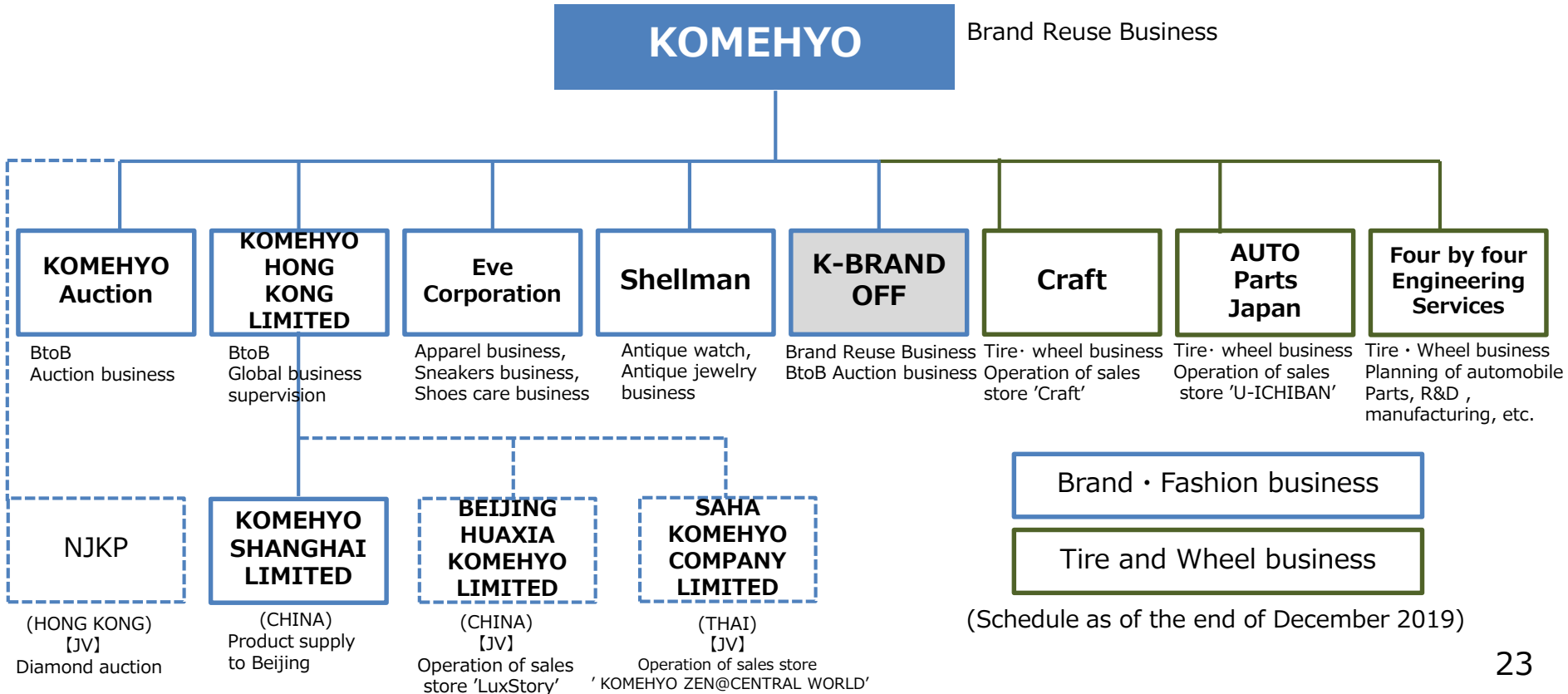


7 Stores



Group structure

KOMEHYO GROUP



Planned progress for the FY 2020 (consolidated)

KOMEHYO GROUP

Net sales have remained steady

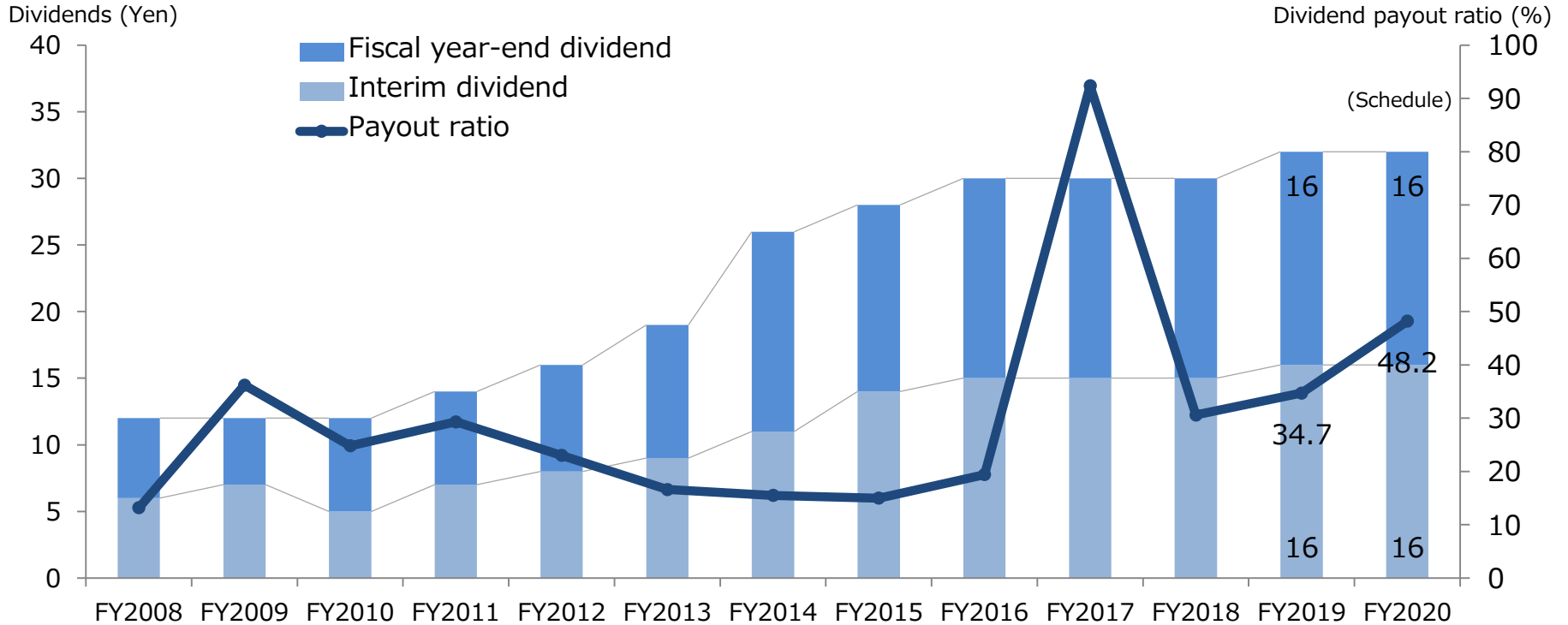
(Millions of yen)	1 H plan	FY2020 1H	Plan ratio	FY2020 plan	YoY
Net sales	27,000	27,728	102.7%	56,400	110.7%
Operating income	458	317	69.4%	1,329	71.4%
Ordinary income	427	291	68.3%	1,261	69.0%
Net income attributable to owners of parent	243	185	76.5%	727	72.0%

※Profits in the first half and full-year plans are expected to decline mainly due to rents arising from the opening of “KOMEHYO Shinjuku WATCH store” and an increase in personnel and other costs associated with business expansion.

Shareholder return

KOMEHYO GROUP

Dividend changes



Corporate Profile

KOMEHYO GROUP

Company name	KOMEHYO Co., Ltd.
Established	May 1979
Head Office	3-25-31 Osu, Naka-ku, Nagoya
Representative	President, Representative Director: Takuji Ishihara
Capital	1,803 million yen
No. of employees	Non-Consolidated: 530 (As of September 2019)
Business activities	Buying and selling used and new products including jewelry, precious metals, watches, bags, clothing, kimonos, cameras, and musical instruments, as well as real estate leasing
Fiscal year-end	March
Stock	Second Section, Tokyo and Nagoya Stock Exchanges (Securities code: 2780; Unit: 100 shares)

Corporate History

KOMEHYO GROUP



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

