

KOMEHYO GROUP

Earnings Results Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2020

February 14, 2020

KOMEHYO Co., Ltd.

Securities code: 2780

(Second Section, Tokyo and Nagoya Stock Exchanges)

Corporate Planning Department IR strategy group

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FY 2020 3Q Financial Summary

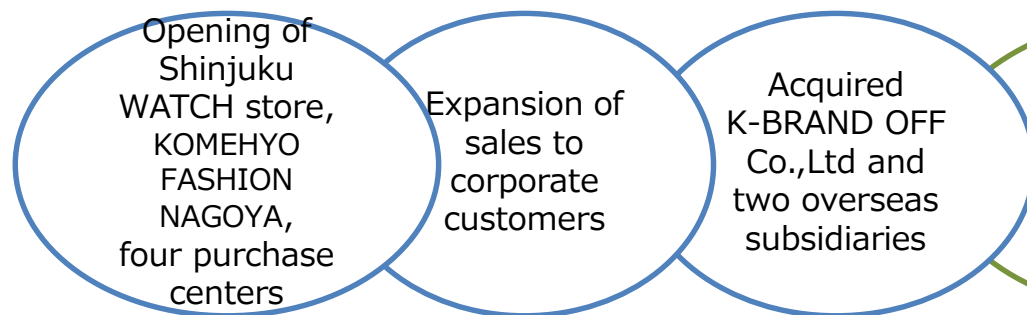
KOMEHYO GROUP

【Performance Highlights】 Downward revision of FY 2020 earnings forecast due to decreases in operating income and quarterly net income

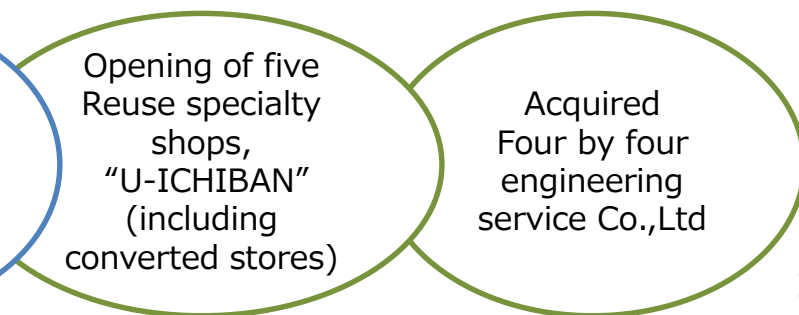
Consolidated	FY2020 9months YoY	Revised FY2020 Plan YoY	Non-Consolidated	FY2020 9months YoY	Revised FY2020 Plan YoY
Net Sales	114.1%	111.5%	Net Sales	115.0%	109.3%
Operating income	33.9%	16.1%	Operating income	48.7%	29.7%
Net income attributable to owners of parent	17.9%	4.0%	Net income	57.8%	30.8%

【Business Topics】

Brand · Fashion business



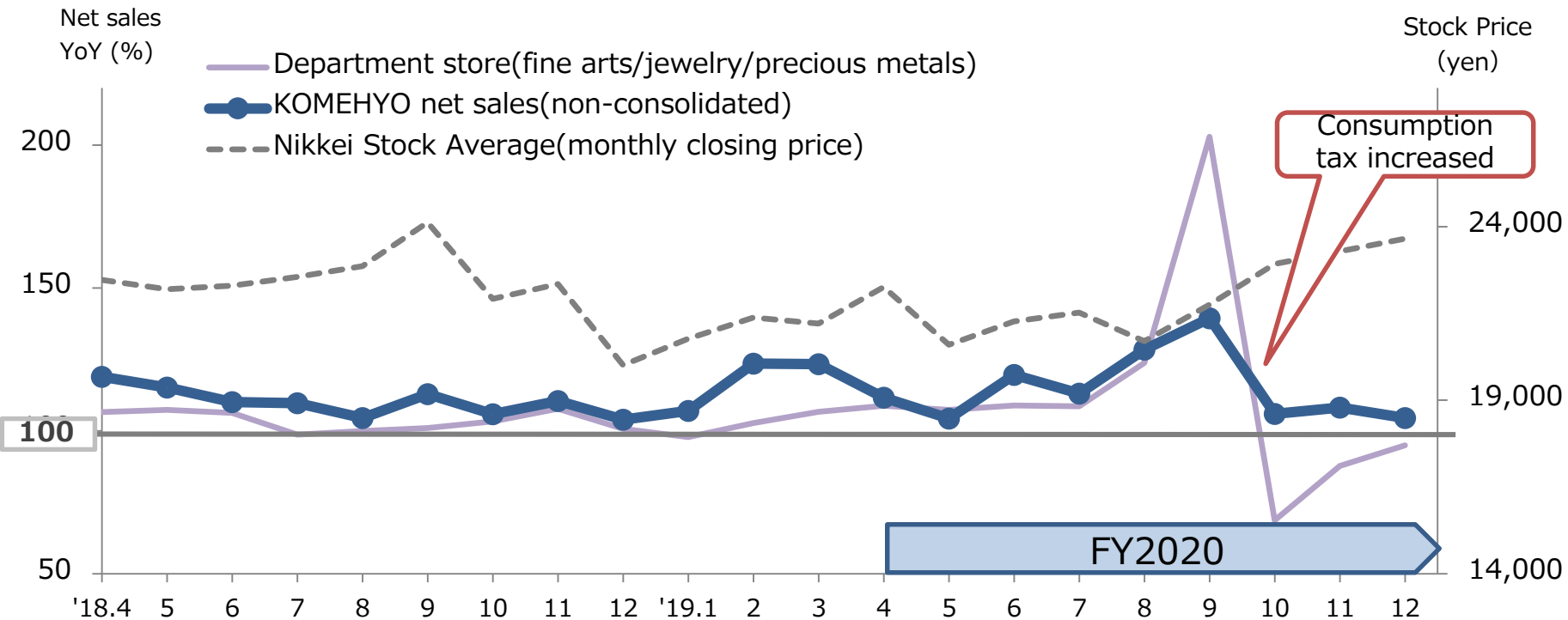
Tire and Wheel business



Economic Trend

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Most recently, impact of the consumption tax hike



(Source : JAPAN DEPARTMENT STORES)

Overview of Income Statement (Consolidated)

KOMEHYO GROUP

(Millions of yen)	FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 3Q	YoY	FY2020 9months	YoY
Net sales	12,439	110.4%	15,288	126.9%	14,999	106.1%	42,728	114.1%
Gross profit	3,421	106.1%	3,672	118.6%	3,879	97.5%	10,973	106.5%
Gross profit margin	27.5%	△1.1pt	24.0%	△1.7pt	25.9%	△2.3pt	25.7%	△1.8pt
SG&A expenses	3,328	115.0%	3,447	117.4%	3,720	121.6%	10,496	118.1%
Operating income	92	28.1%	225	140.8%	159	17.3%	477	33.9%
Ordinary income	81	25.1%	209	121.7%	44	4.9%	335	24.0%
Net income attributable to owners of parent	49	23.6%	136	123.4%	△22	—	163	17.9%

Overview of Income Statement (Non-Consolidated)

KOMEHYO GROUP

(Millions of yen)	FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 3Q	YoY	FY2020 9months	YoY
Net sales	11,105	111.8%	13,755	127.5%	12,289	106.0%	37,151	115.0%
Gross profit	2,928	107.1%	3,103	115.4%	2,977	94.1%	9,010	104.9%
Gross profit margin	26.4%	△1.1pt	22.6%	△2.3pt	24.2%	△3.1pt	24.3%	△ 2.3pt
SG&A expenses	2,791	114.1%	2,886	113.5%	2,814	111.0%	8,492	112.9%
Operating income	137	47.4%	217	148.5%	163	26.0%	518	48.7%
Ordinary income	227	77.8%	209	129.3%	140	22.9%	577	54.0%
Net income	169	86.1%	148	137.5%	98	23.6%	415	57.8%

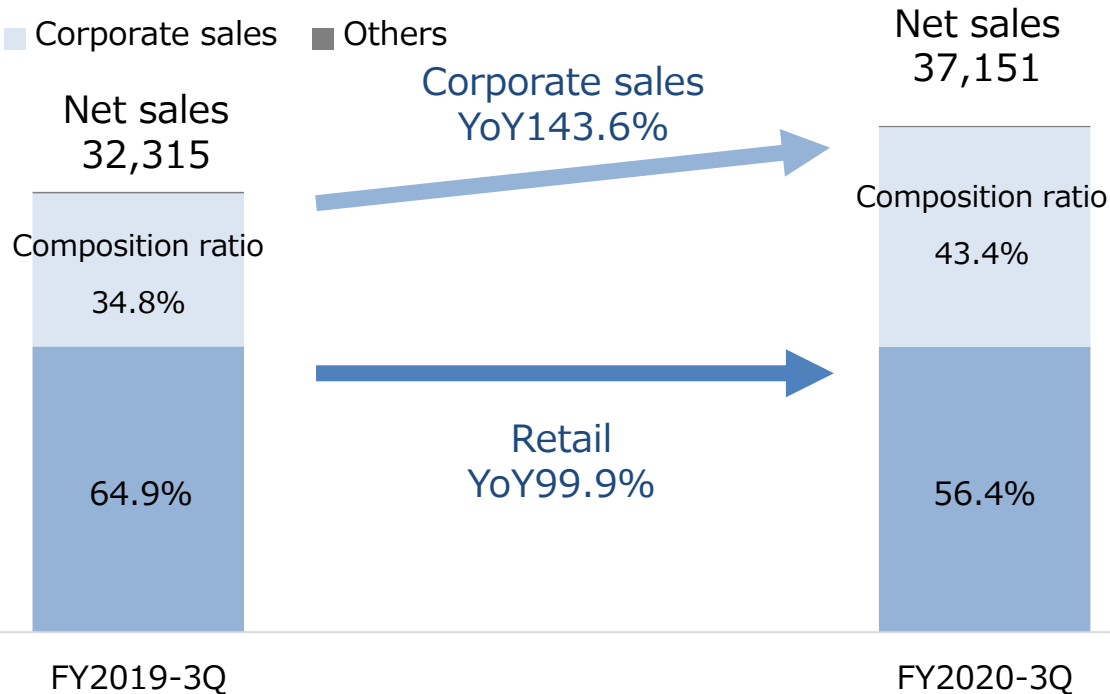
Sales by sales channel (Non-Consolidated)

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Corporate sales made progress

Retail/Corporate sales(Millions of yen)

■ Retail ■ Corporate sales ■ Others



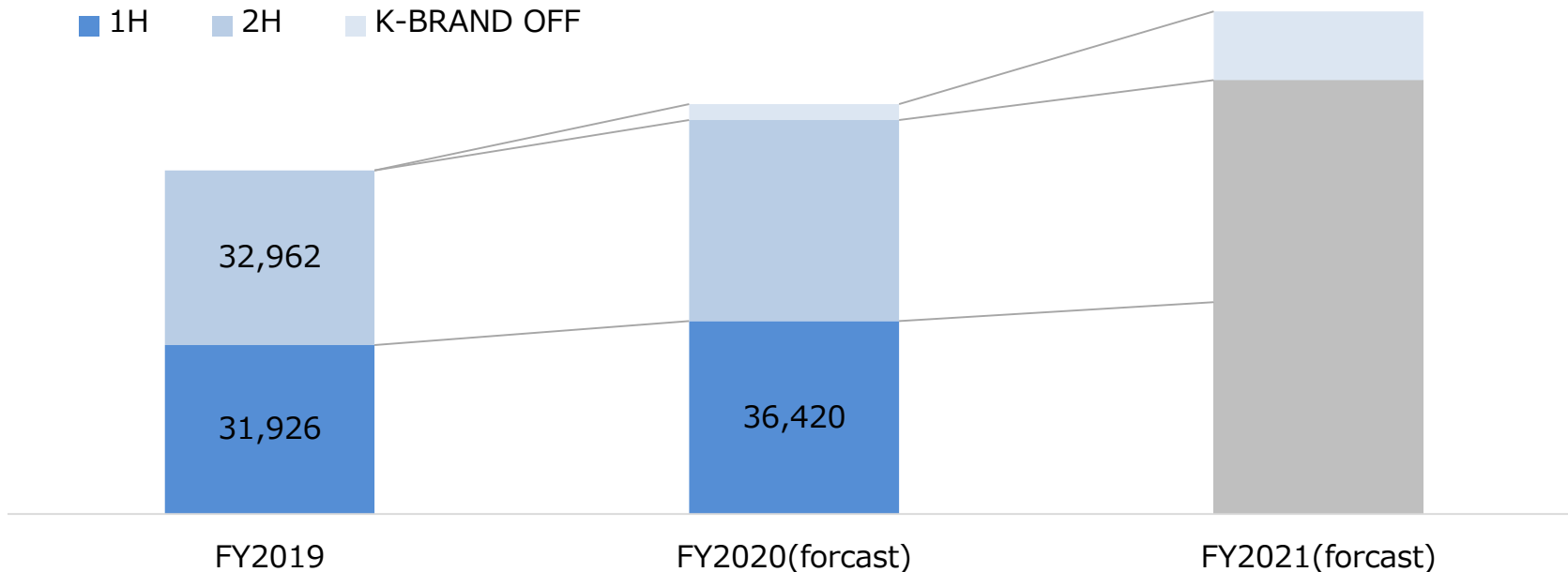
Gross Merchandise Value (Consolidated)

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Expansion expected thanks to increasing purchases from individuals
and turning K-Brand OFF into a group company

Gross Merchandise Value(Millions of yen)

■ 1H ■ 2H ■ K-BRAND OFF

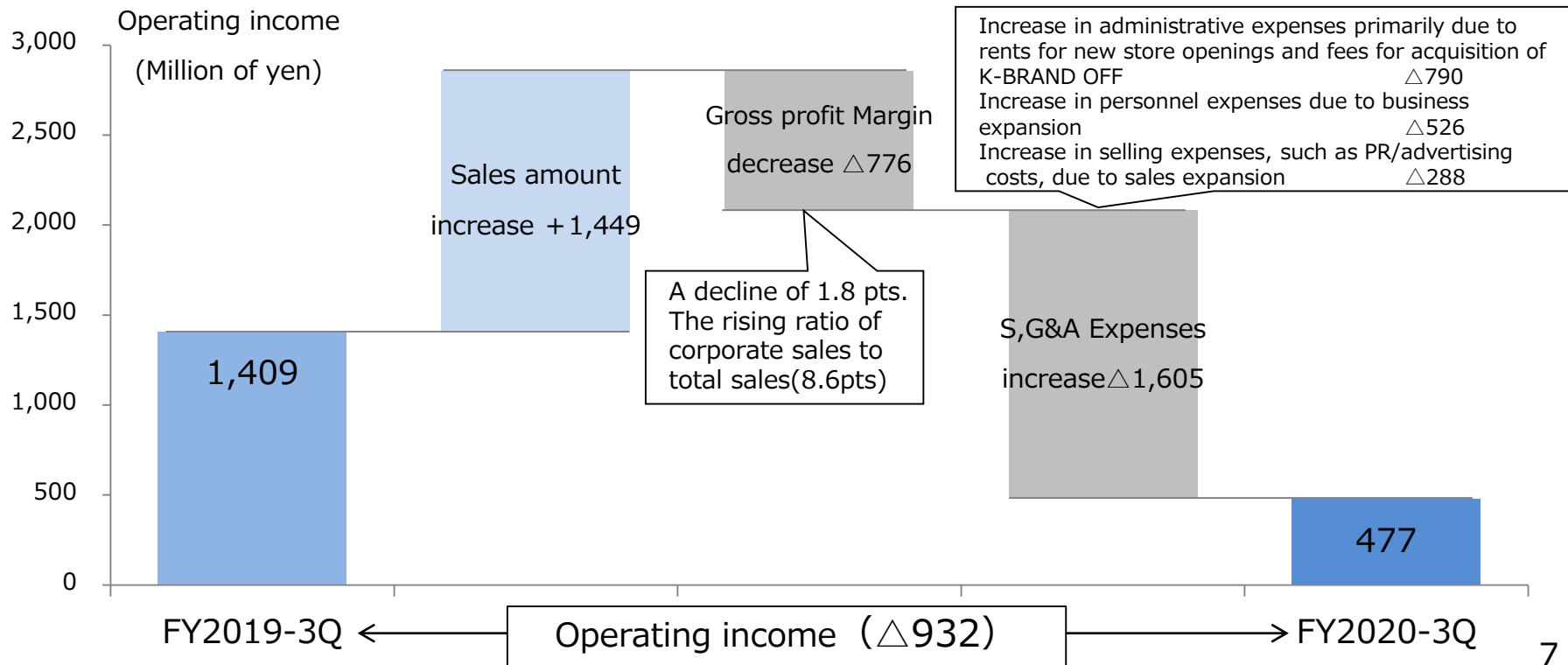


GMV is calculated simply by adding and subtracting sales and volume information at the KOMEHYO auction based on consolidated sales.

Operating income decrease factor (Consolidated)

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

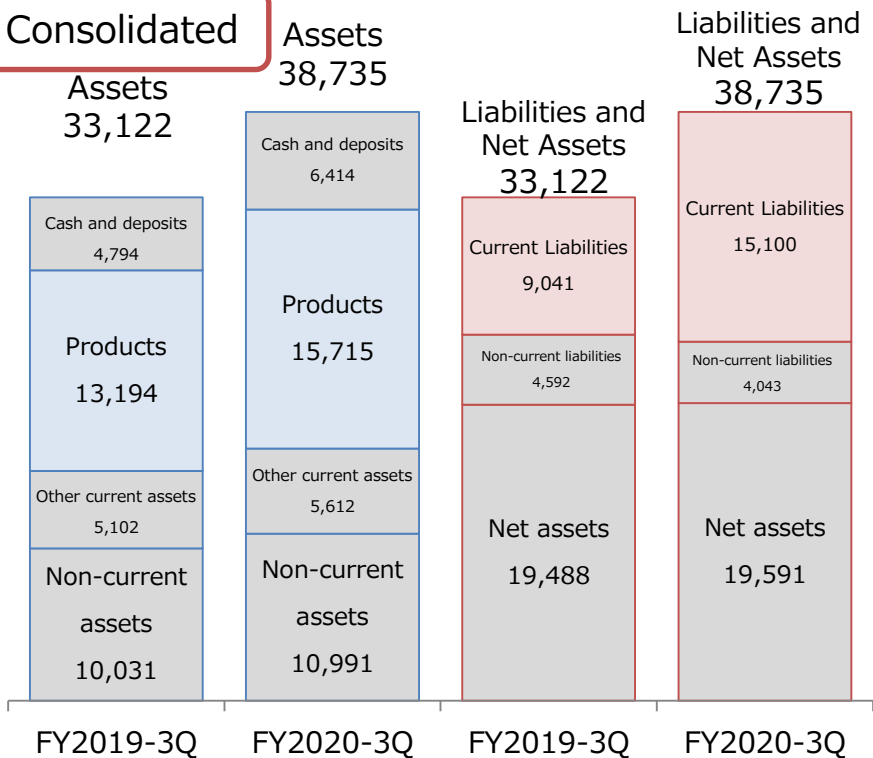


Overview of Balance Sheet

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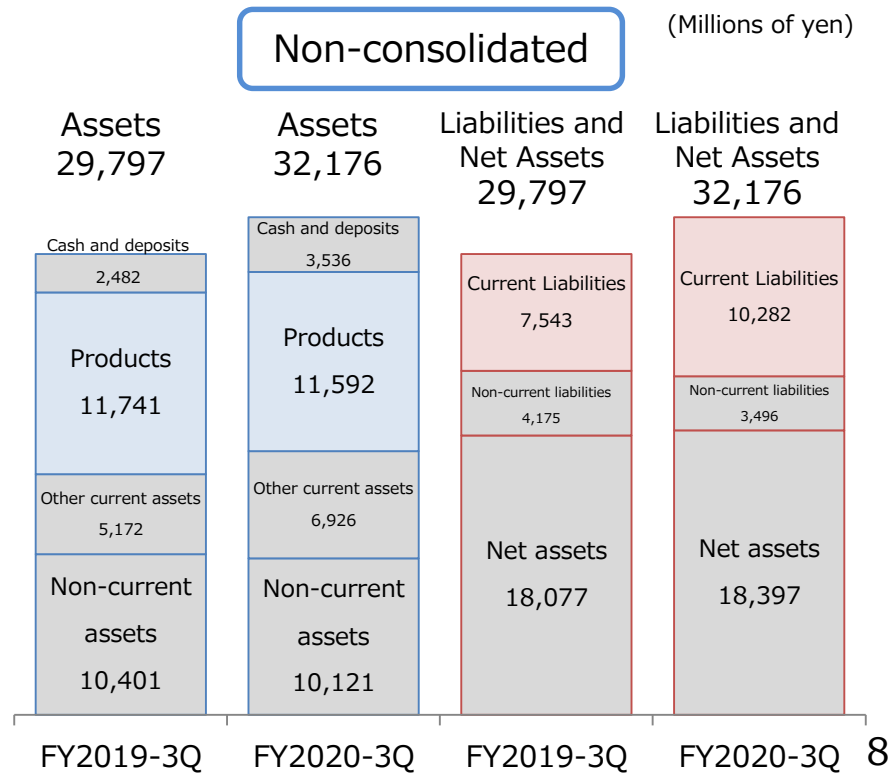
(Consolidated) Surge in current liabilities mainly due to turning K-Brand OFF into a group company

Consolidated



Non-consolidated

(Millions of yen)



By Segment

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(Millions of yen)		FY2020 1Q	YoY	FY2020 2Q	YoY	FY2020 3Q	YoY	FY2020 9months	YoY
Brand Fashion	Net sales	11,701	112.8%	14,443	129.0%	13,635	112.3%	39,780	118.0%
	Operating income	184	53.8%	266	131.0%	98	14.3%	549	44.6%
	Operating margin	1.6%	–	1.8%	–	0.7%	–	1.4%	–
Tire and Wheel	Net sales	716	81.5%	824	98.5%	1,345	68.2%	2,886	78.3%
	Operating income	△95	–	△43	–	67	30.3%	△72	–
	Operating margin	△13.4%	–	△5.3%	–	5.0%	–	△2.5%	–
Others	Net sales	24	77.5%	23	71.2%	21	63.2%	69	70.5%
	Operating income	3	37.6%	1	19.0%	△6	–	△0	–
	Operating margin	15.5%	–	7.8%	–	△28.6%	–	△0.8%	–

※ K-BRAND OFF is included in the “Brand fashion” business.

Brand · Fashion purchase

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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 3Q	YoY	FY2020 9months	YoY
Purchasing Center	5,818	117.6%	6,213	135.9%	6,357	111.9%	18,389	121.0%
Home delivery Purchasing	260	104.7%	246	102.1%	238	100.0%	744	102.3%
Total (Millions of yen)	6,078	116.9%	6,460	134.2%	6,595	111.5%	19,134	120.1%



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 TAKASHIMAYA Gate Tower Mall】

Brand · Fashion Events

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Going to "Customer's usual location" to make reuse more accessible.

Main Event Partners ※Q3 and later	period
SANYO department store	2019 10.29~11.5
MITOKEISEI department store	10.24~11.5
KEIHAN department store Moriguchi store	11.21~11.27
MEITETSU · EMUZA	11.5~11.16
mozo WONDER CITY	12.9~12.30
MARUHIRO department store Ageo store	12.11~12.24
YAMAGATAYA(KAGOSHIMA)	2020 1.22~1.28



【 Purchase event at mozo WONDER CITY】 11

Opening of five purchase stores

【Purchase center Shinkoiwa-minamiguchi '19.5】 【Purchase center Gakugeidaigaku-nishiguchi '19.7】



【Purchase center Kokubunji-minamiguchi '19.9】



【Purchase center Kamata-nishiguchi '19.9】



【Purchase center Sankenjyaya-sakaedori '19.11】



Store Type (Non-Consolidated)

KOMEHYO GROUP



32 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

16 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.

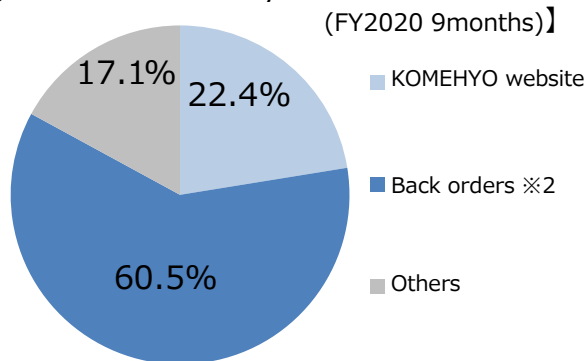
*Some stores only sell

Total 40 stores ('19.12)

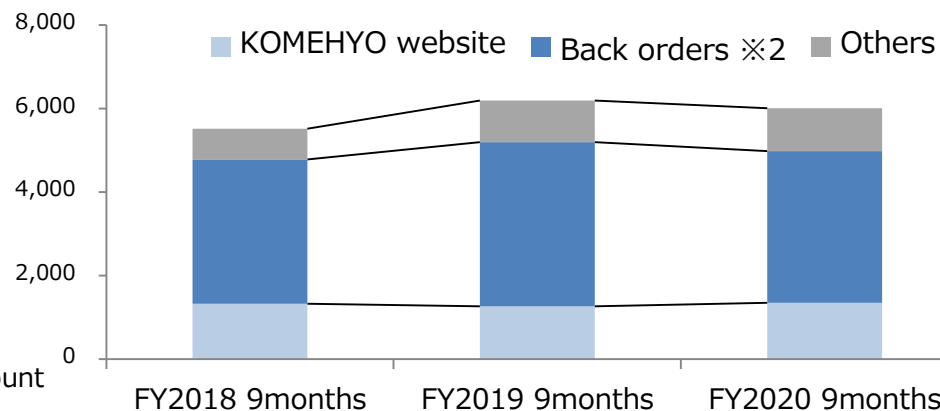
Increase in the number of products sold by strengthening the handling of clothing and others

(Millions of yen)	FY2018 9months	FY2019 9months	FY2020 9months	Net sales YoY	No. of products sold YoY
E-commerce-induced sales	5,518	6,192	6,010	97.1%	104.7%
E-commerce-induced sales rate(※1)	27.0%	29.5%	28.7%	—	—

【 Percentage of online sales by channel



(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

Nagoya main store renewal

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KOMEHYO FASHION NAGOYA opened

(the camera and musical instrument sections relocated to the main store.)

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



【KOMEHYO FASHION NAGOYA '19.11】



Shinjuku store relocation completed

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

【KOMEHYO Shinjyuku store FASHION Building '20.4 Scheduled】



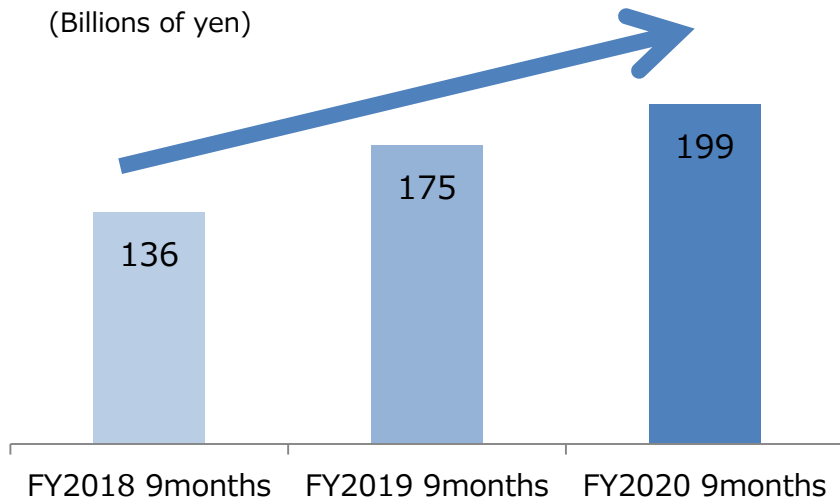
【Image of FASHION building】



Auction Trade volume for domestic corporations is expanding trend

	Trade volume (Millions of yen)	YoY	No. of member companies
FY2020 9months	19,952	113.9%	1,023 ※98 companies increased YoY

【 Transition of auction Trade volume for domestic corporations 】



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

【KOMEHYO@CENTRAL WORLD (Bangkok) 】



K-BRAND OFF (Acquired on December 3, 2019)

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Domestic business was profitable in the month of December - Injection of knowhow, governance, funds, etc.

	K-BRAND OFF (Japan)	BRAND OFF LIMITED (HONG KONG)	名流國際名品股份 有限公司(Taiwan)
Retail store [BRAND OFF]	7 directly managed stores, 2 FC stores	6 directly managed stores, 2 FC stores (HONG KONG, THAI)	3 directly managed stores
BtoB Auction business [Japan Brand Auction]	2 venues (Kanazawa and Ginza)	—	—

【Representative director and other staff were dispatched】



【Head Office (Kanazawa City, Ishikawa Prefecture)】



【Japan Brand Auction】



China business

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Beijing joint venture company was dissolved,
but experience and resources are concentrated in Shanghai to strengthen the China business

【BEIJING HUAXIA KOMEHYO LIMITED】

Established in June 2017

[LuxStory] retail store opened in September 2018

Dissolved in December 2019 (Resolution)

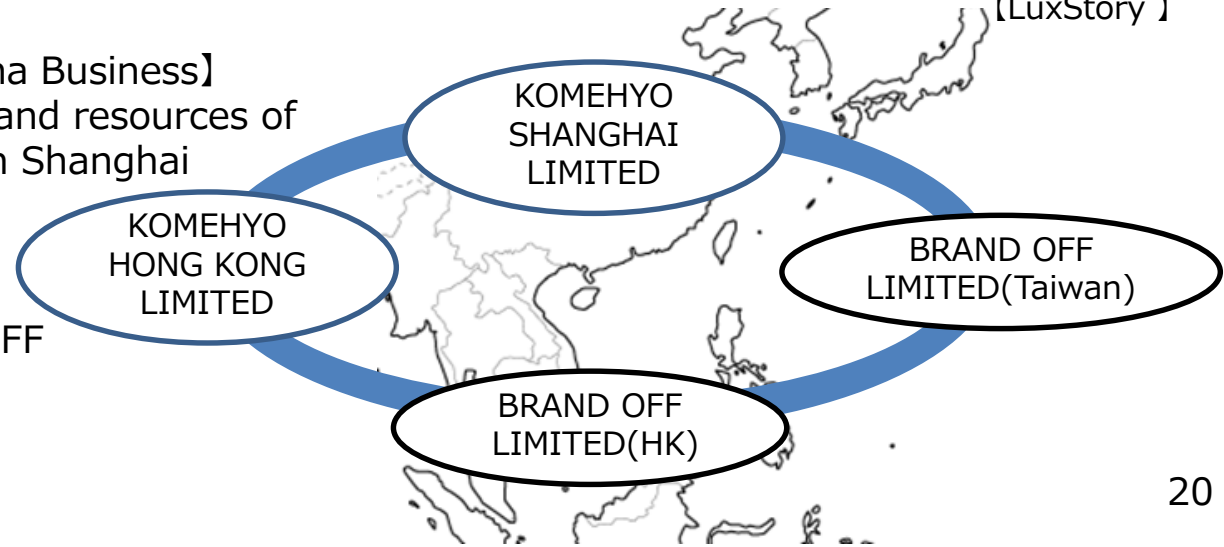


【LuxStory】

【Future direction of the China Business】

Experience, achievements and resources of Beijing are concentrated on Shanghai

The China Business is reinforced by adopting the knowhow of K-Brand OFF subsidiaries



Tire and Wheel New Stores

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Opened reuse specialty store "U-ICHIBAN"

【Omiya Baipasu 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

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【New Tire and Wheel】



10 Stores



URBAN OFF CRAFT
4 Stores※



1 Store※



※Located in a craft store

【Reuse Tire and Wheel】

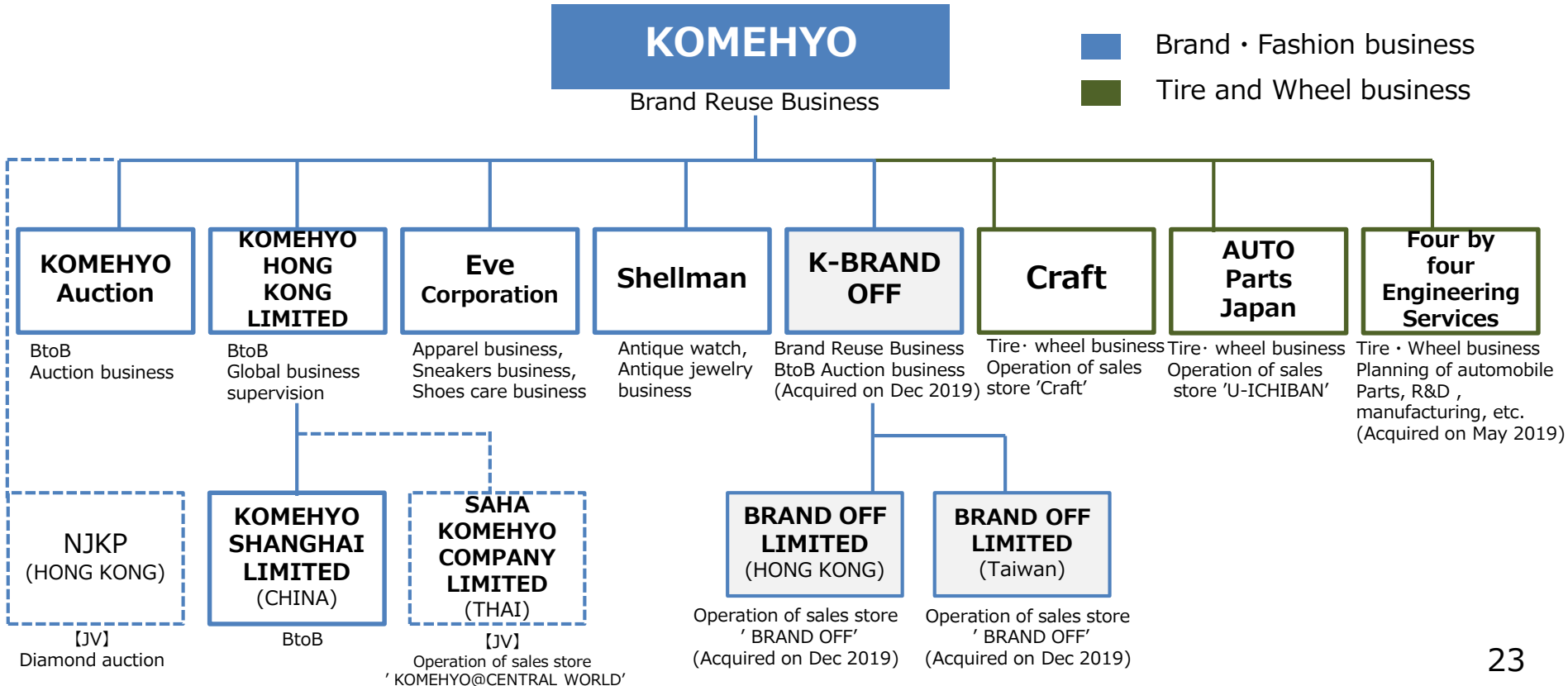


7 Stores



Group structure ('19.12)

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Revised FY2020 plan

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Forecast downward revision of respective incomes

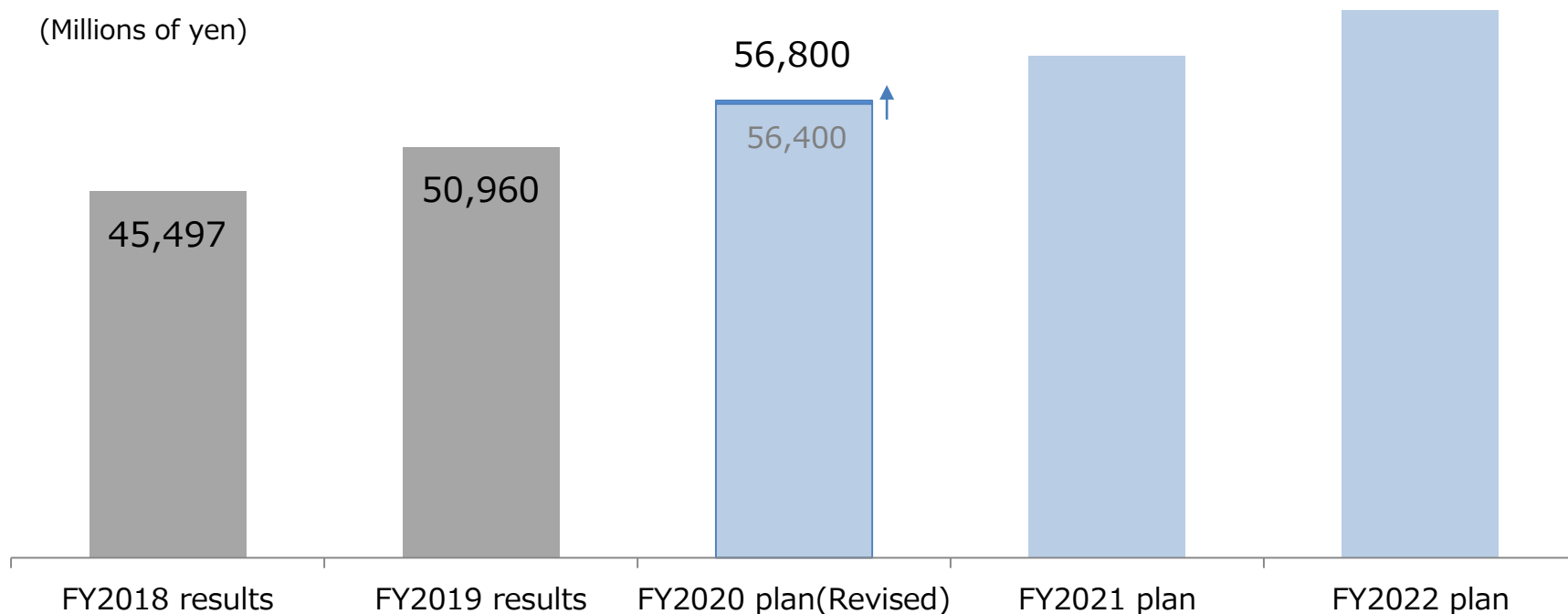
Consolidated (Millions of yen)	Revised FY2020 Plan	FY2019	YoY	Non- Consolidated (Millions of yen)	Revised FY2020 Plan	FY2019	YoY
Net sales	56,800	50,960	111.5%	Net sales	48,500	44,391	109.3%
Operating income	300	1,860	16.1%	Operating income	450	1,517	29.7%
Ordinary income	100	1,826	5.5%	Ordinary income	440	1,524	28.9%
Net income attributable to owners of parent	40	1,009	4.0%	Net income	300	974	30.8%

Net Sales Plan (Consolidated)

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Upward revision of the plan for the term ending March 2020

(Millions of yen)



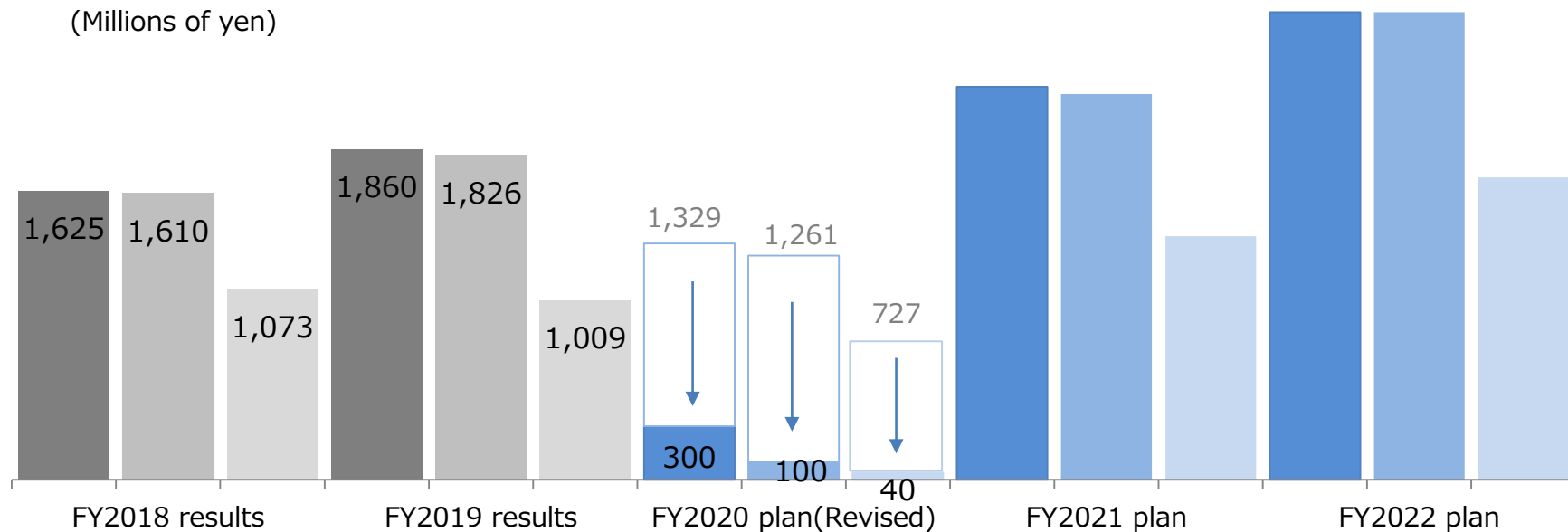
※ Target numbers in the medium-term management plan are revised in each term

Profit Plan (Consolidated)

KOMEHYO GROUP

Downward revision of the plan for the fiscal year ending March

■ Operating income ■ Ordinary income ■ Net income attributable to owners of parent
(Millions of yen)

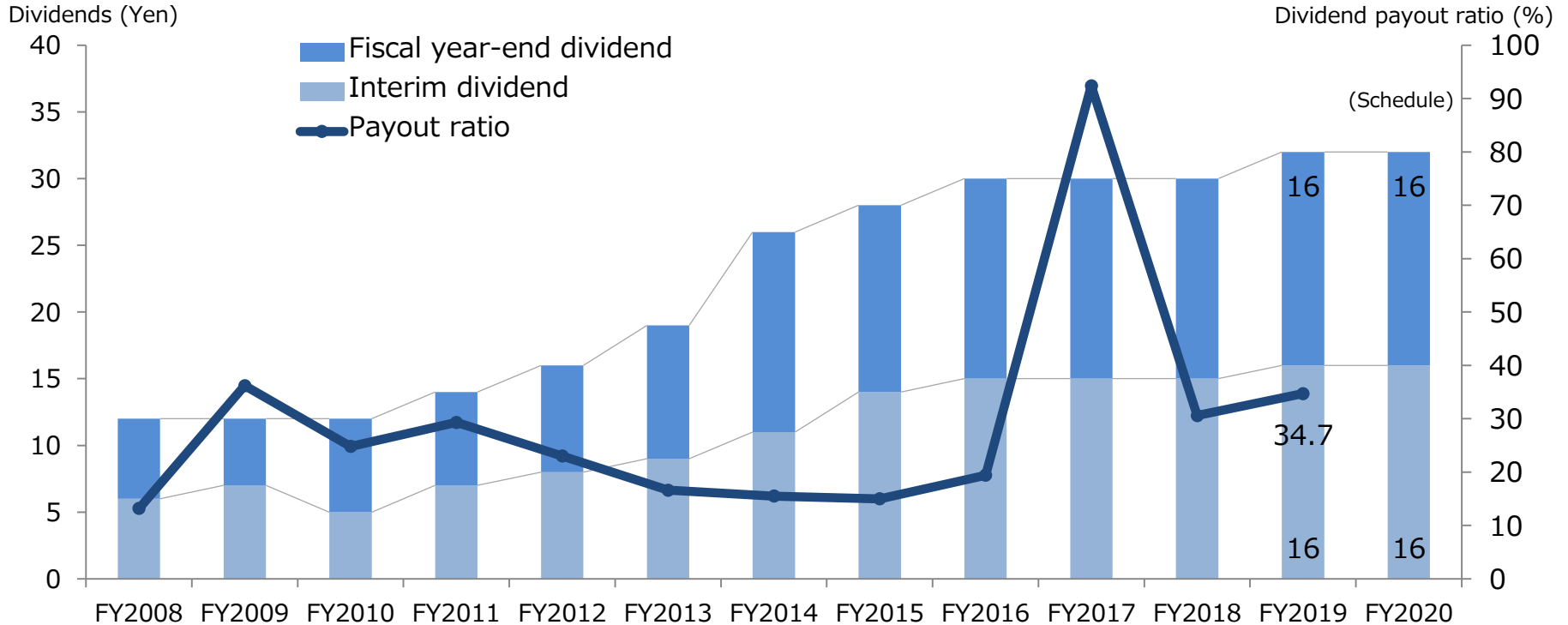


※ Target numbers in the medium-term management plan are revised in each term

Shareholder return

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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	Consolidated:948 Non-Consolidated: 539 (As of December 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

