



Earnings Results Briefing for the First Six Months of the Fiscal Year Ending March 31, 2019

November 13, 2018

KOMEHYO Co., Ltd.

Securities code: 2780 (Second Section, Tokyo and Nagoya Stock Exchanges)

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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.

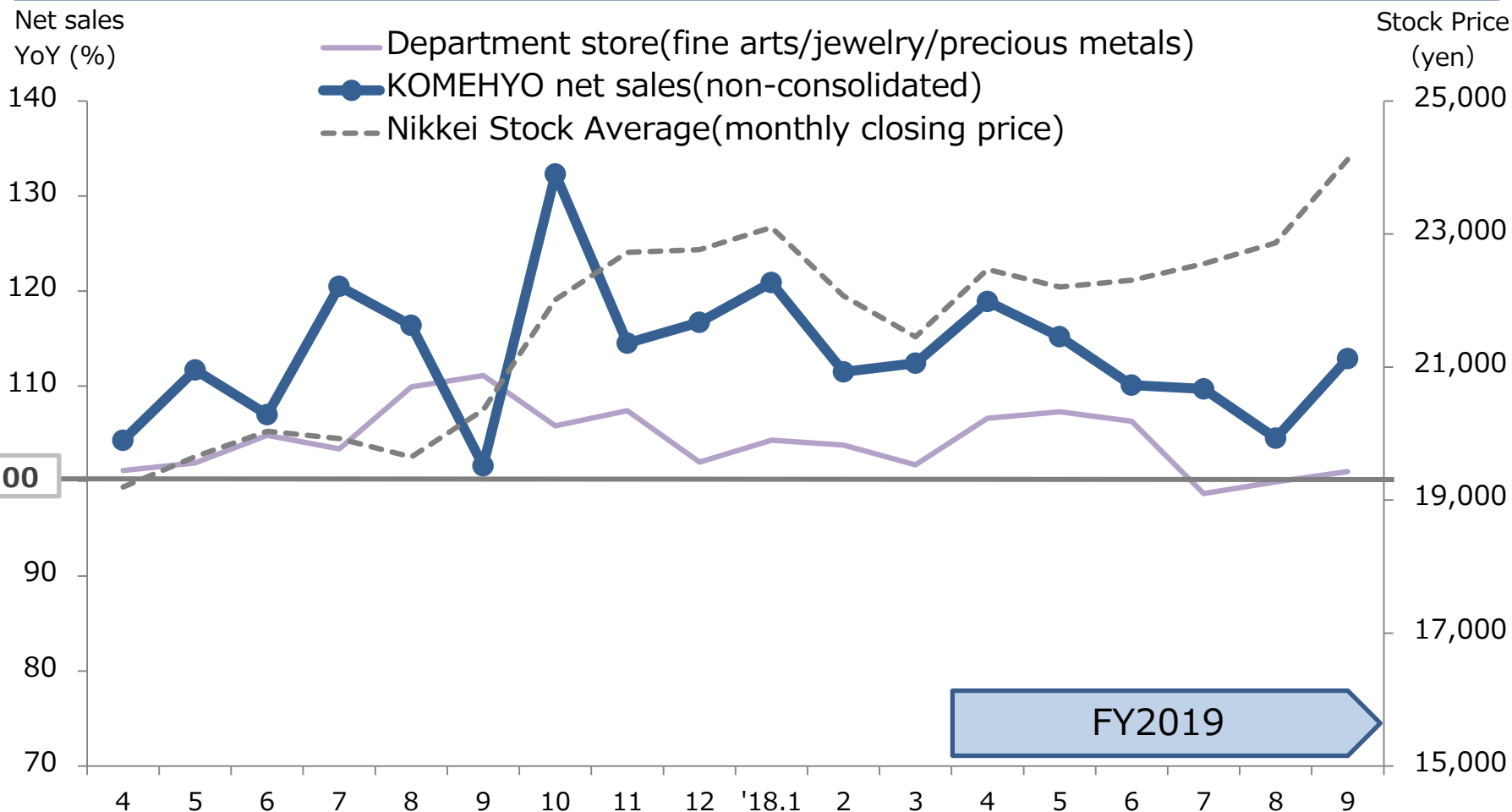
These statements are prepared based on assumptions of the management of KOMEHYO Co., Ltd. using currently available information.

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.

Economic Trend

The economic environment remains on a moderate recovery path



Overview of Income Statement (Consolidated)

Consolidated (Millions of yen)	FY2019 1Q	YoY	FY2019 2Q	YoY	FY2019 1H	YoY
Net sales	11,271	114.4%	12,051	110.4%	23,323	112.3%
Gross profit	3,224	109.7%	3,096	103.6%	6,321	106.6%
Gross profit margin	28.6%	—	25.7%	—	27.1%	—
SG&A expenses	2,894	104.6%	2,937	108.8%	5,831	106.7%
Operating income	329	190.3%	159	55.5%	489	106.1%
Ordinary income	326	176.2%	172	59.8%	498	105.4%
Net income attributable to owners of parent	211	210.5%	110	56.5%	321	108.8%

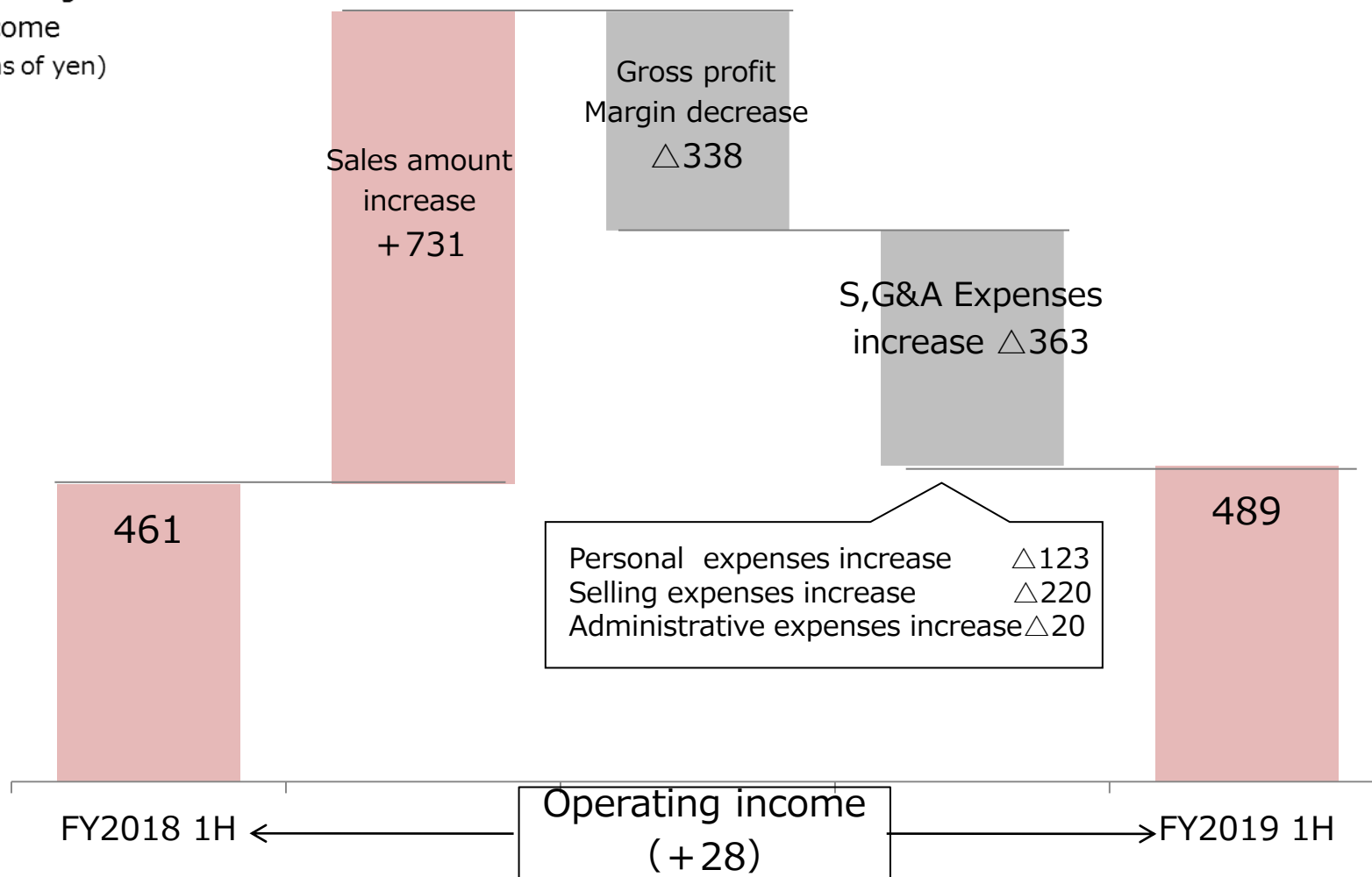
Overview of Income Statement (Non-consolidated)

Non-consolidated (Millions of yen)	FY2019 1Q	YoY	FY2019 2Q	YoY	FY2019 1H	YoY
Net sales	9,934	114.5%	10,789	109.4%	20,724	111.8%
Gross profit	2,735	109.5%	2,688	104.3%	5,424	106.8%
Gross profit margin	27.5%	—	24.9%	—	26.2%	—
SG&A expenses	2,445	101.8%	2,542	107.7%	4,987	104.7%
Operating income	289	296.5%	146	67.2%	436	138.2%
Ordinary income	292	129.1%	161	74.5%	454	102.4%
Net income	196	116.6%	107	72.4%	304	95.9%

Operating income decrease factor (Consolidated)

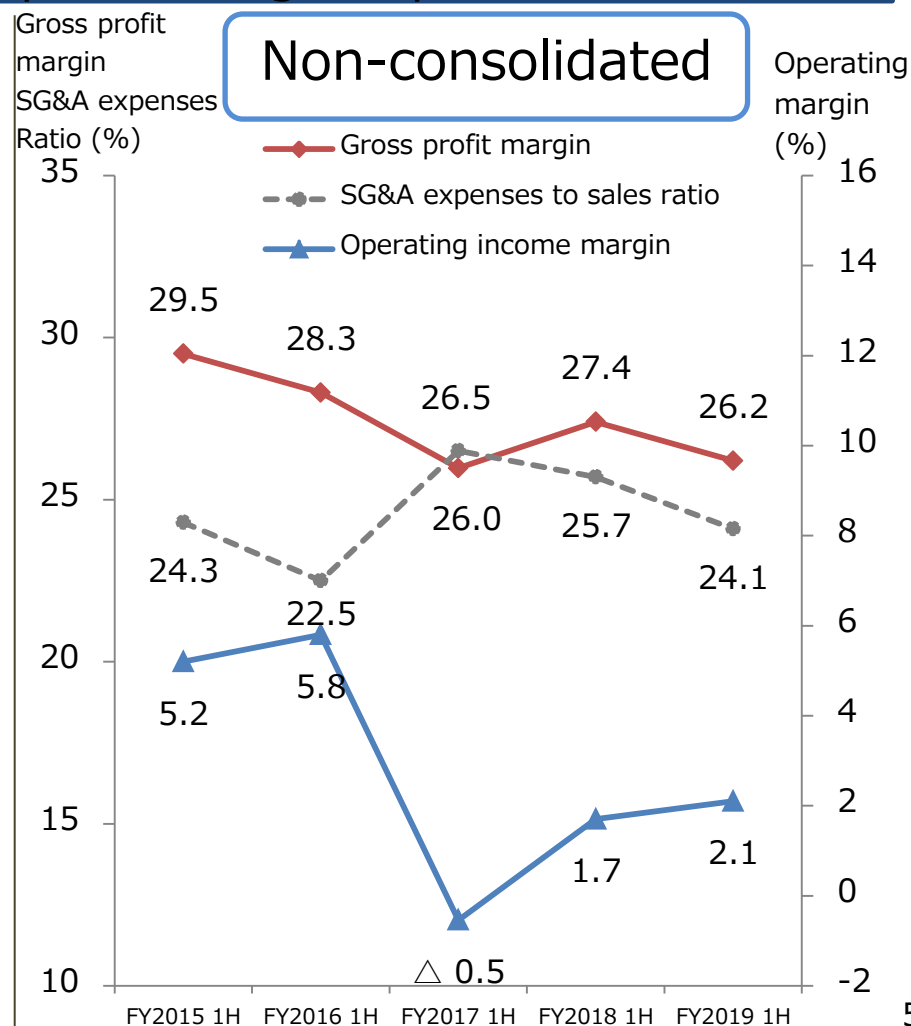
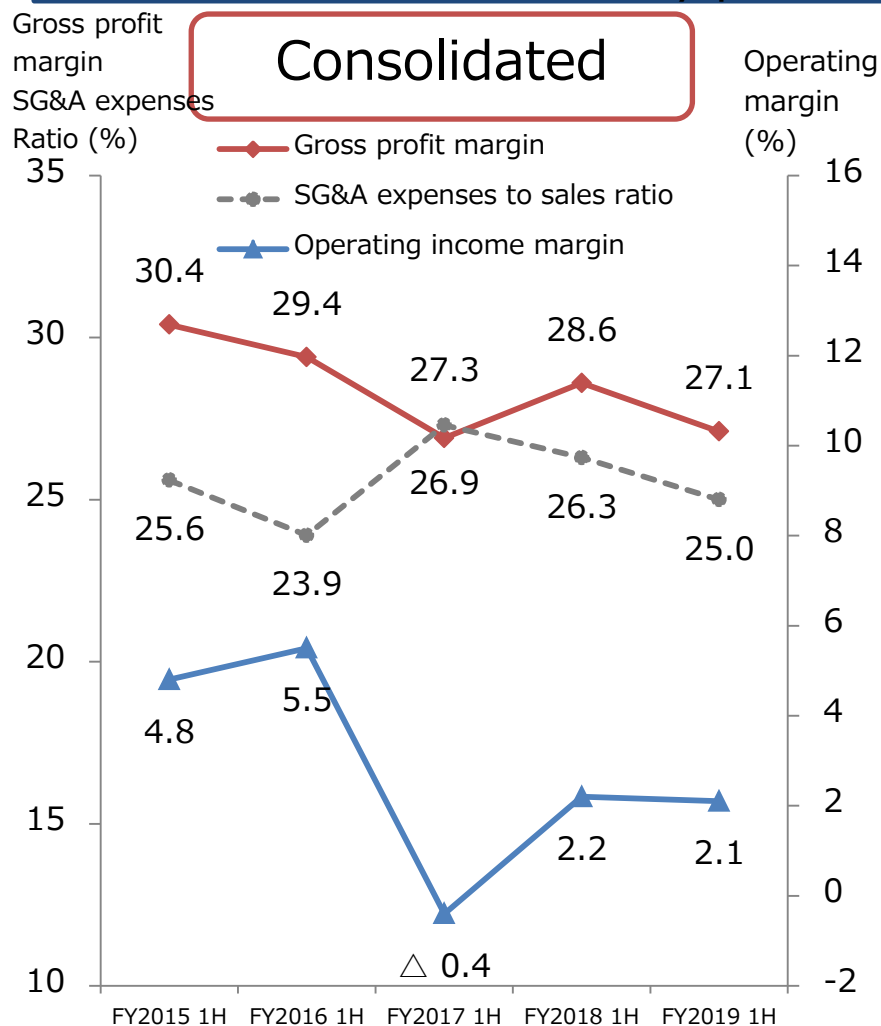
The gross profit margin decreased 1.5 points,
but operating income rose due to higher net sales.

Operating
income
(Millions of yen)



Profit Margin Trend

The operating income margin (non-consolidated) is on a recovery path despite lower gross profit.

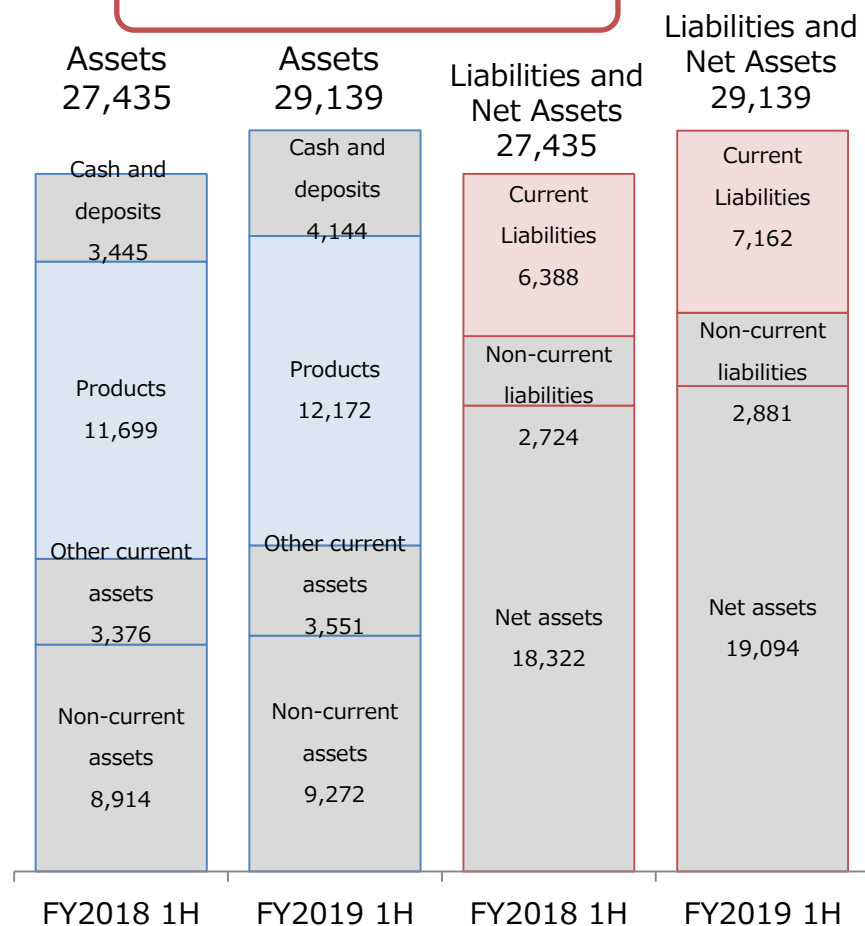


Overview of Balance Sheet

Products increased due to favorable performance in purchasing

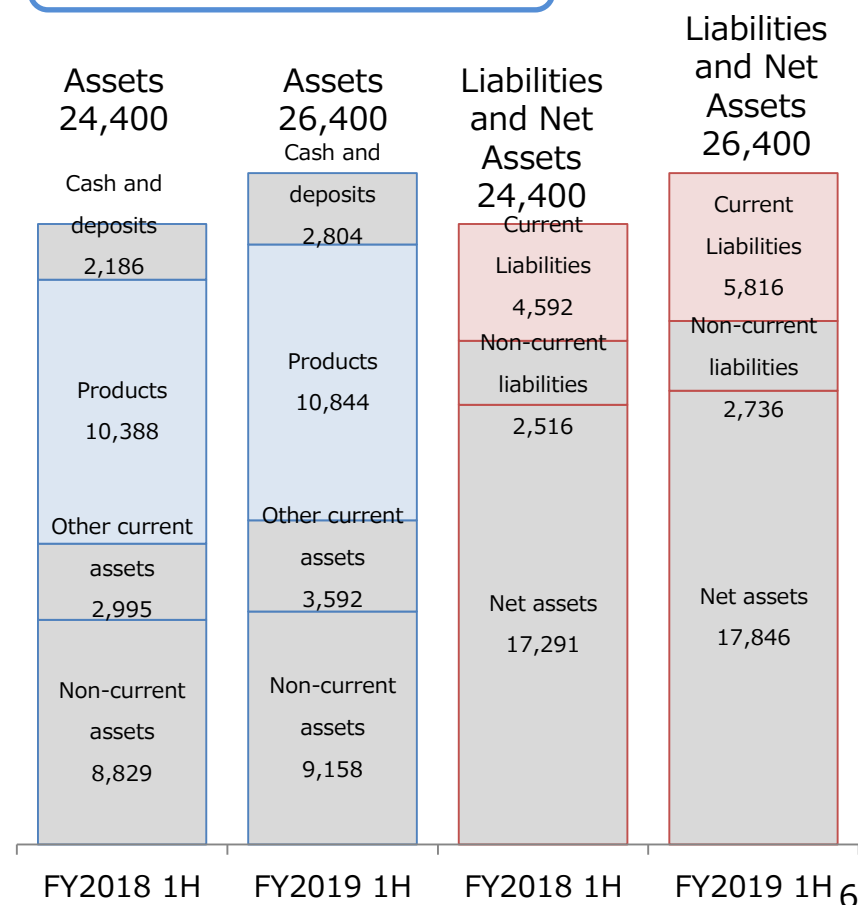
Consolidated

(Millions of yen)



Non-consolidated

(Millions of yen)



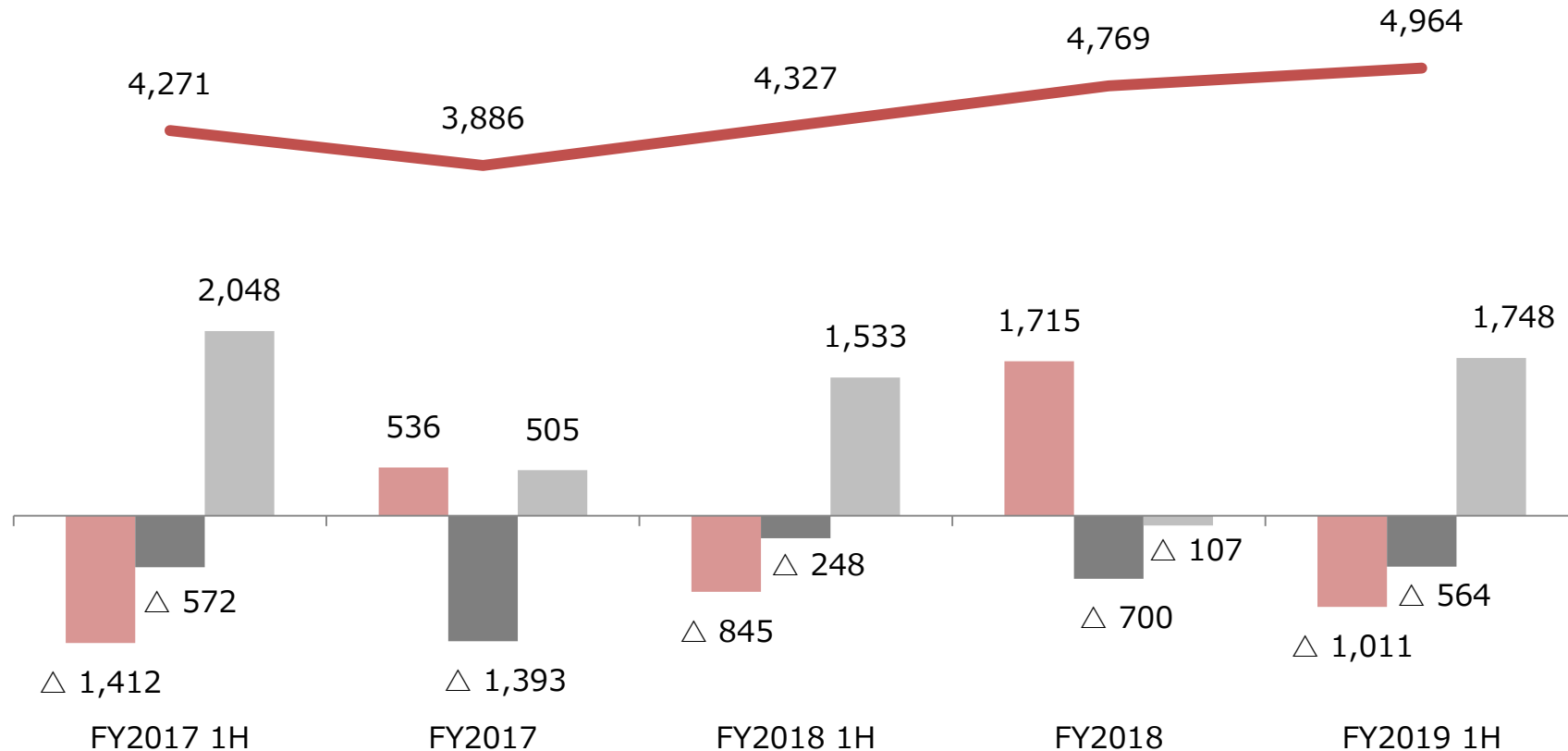
Statement of Cash Flows

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

(百万円)

Consolidated

■ Cash flows from operating activities ■ Cash flows from investing activities



By Segment

Mainstay brand fashion business:
significant increases in income and profit

(Millions of yen)		FY2019 1Q	YoY	FY2019 2Q	YoY	FY2019 1H	YoY
Brand Fashion	Net sales	10,374	117.5%	11,195	111.7%	21,570	114.4%
	Operating income	343	218.3%	203	64.6%	546	115.7%
	Operating margin	3.3%	—	1.8%	—	2.5%	—
Tire and Wheel	Net sales	879	88.1%	837	97.1%	1,716	92.3%
	Operating income	△23	—	△53	—	△76	—
	Operating margin	△2.7%	—	△6.4%	—	△4.5%	—
Others	Net sales	31	82.4%	32	86.0%	64	84.2%
	Operating income	10	66.9%	9	67.0%	19	66.9%
	Operating margin	32.0%	—	29.2%	—	30.6%	—

FY2019 plan

Increased profit and revenue are forecasted on both consolidated and non-consolidated bases

Consolidated (Millions of yen)	FY2019 plan	YoY	Non- Consolidated (Millions of yen)	FY2019 plan	YoY
Net sales	50,000	109.9%	Net sales	43,000	108.4%
Operating income	1,900	116.9%	Operating income	1,500	130.1%
Ordinary income	1,900	117.9%	Operating income	1,500	119.3%
Net income attributable to owners of parent	1,200	111.7%	Net income	1,000	111.6%

Purchases from individual customers

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

Amount of purchase from individual customers	FY2017 1H	FY2018 1H	FY2019 1H	YoY
Purchasing Center	7,971	8,977	9,521	106.1%
Home delivery Purchasing	412	429	489	114.2%
Total (Millions of yen)	8,383	9,406	10,011	106.4%

【KOMEHYO purchasing shop HOSHIGAOKA TERRACE】

A limited-time purchasing event was held at HOSHIGAOKA TERRACE shopping mall



【Suburban stores are equipped with a purchasing function】

In August 2018, LINK SMILE Nisshin Takenoyama Store became the fifth store to be equipped with a purchasing function



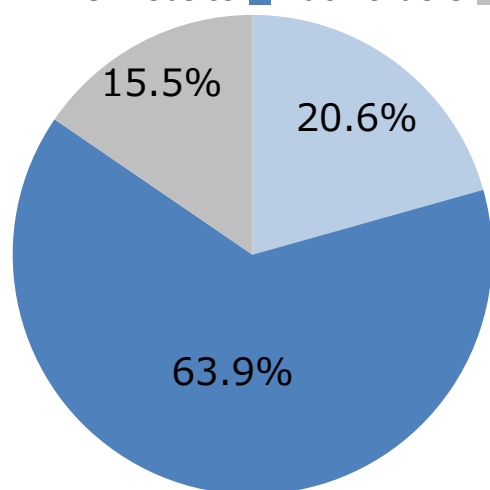
E-commerce-induced sales

“Buy Online and Pick up in Store,” connecting brick-and-mortar stores with e-commerce sites, is on an upward trend

(Millions of yen)	FY2017 1H	FY2018 1H	FY2019 1H	YoY
E-commerce-induced sales	2,816	3,367	3,933	116.8%
E-commerce-induced sales rate	16.7%	18.2%	19.0%	—

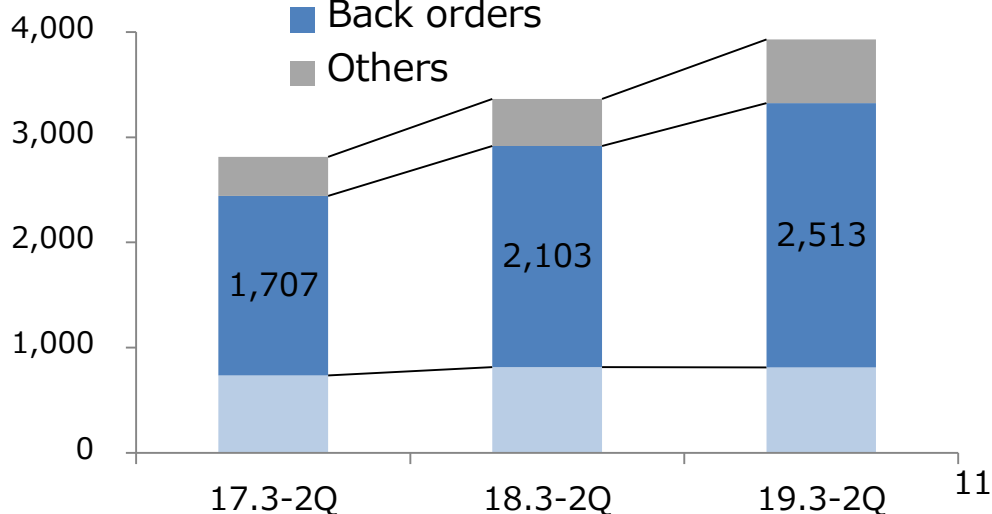
【 Percentage of online sales by channel (FY2019 1H)】 【Online sales trend by channel】

■ KOMEHYO website ■ Back orders ■ Others



(Millions of yen)

■ KOMEHYO website
■ Back orders
■ Others



Store Type

A total of 32 stores are open across the nation

KOMEHYO 26 stores



Large-scale

Nagoya Store, Meieki Store,
Shinjuku Store/ANNEX,
Ginza Store, Umeda Store

Sales/Purchase

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

6 stores



Mid-scale

Aoyama Store, Shinsaibashi Store,
Kobe Sannomiya Store

Sales/Purchase

3 stores



Small-scale

Jiyugaoka Store, Omiya-higashiguchi
Store, etc.

Sales/Purchase

8 stores

Purchasing Center

Yurakucho, Ikebukuro-nishiguchi,
shibuya, etc.

Purchase only

7 stores

LINKSMILE by KOMEHYO 5 stores



Sales/Purchase ※

Ladies casual
clothing, bags,
accessories

USED MARKET by KOMEHYO 3 stores



Sales/Purchase ※

clothing in the low
price range, bags,
accessories

(※ Some stores only as for the sale)

Total 32 stores ('18.9)

Large stores

The first anniversary of the opening of three large stores

	Umeda store	Shinjyuku store ANNEX	Meieki store
Opening date	'17.2	'17.5	'17.5
Location	Shibata2-2-1, Kita-ku, Osaka city OSAKA UK·GATE 1-3F	Shinjyuku3-19-7 Shinjyuku-ku Ranzan BLD B1-5F	Meieki4-8-24 Nakamura-ku Nagoya city MEI CLASSY BLD 1-2F



The purchasing center was opened

	Location	Opening date
Purchasing Center Toyota	Toyota city, Aichi ken	'18.10
Purchasing Center Kyodo nodai-street	Setagaya-ku,Tokyo to	'18.11
Purchasing Center Mukogaoka-yuen	Kawasaki city, Kanagawa ken	'18.12(planned)

【KOMEHYO Purchasing Center Toyota】



Partial amendment of the Secondhand Articles Dealer Act ~ allows temporary stores to purchase goods

<Main points of deregulation>

- 1. Revision to units to be licensed :** A place of business is permitted to be opened in other prefectures upon obtaining a license from the prefectural Public Safety Commission in charge of the location where the main business premises of the relevant secondhand articles dealer are situated
- 2. Revision to limitations on business :** “Temporary stores” are permitted to receive goods upon notifying the Public Safety Commission of the date, time and place beforehand.

【A purchasing caravan was held at Komeda Coffee's main store】 (18.10.28~11.11)



Items:

Jewelry, precious metals, watches, bags, wallets, etc

Benefits:

A special invitation card that offers a free drink to customers seeking appraisal of their goods



A New Store in Shinjyuku area (Planned to open in April 2019)

	Shinjyuku store	Shinjyuku store ANNEX	New Store
			
2018.11	Jewelry, precious metals, watches, bags, lady's clothing, Purchasing Center	men's bags, men's clothing, Purchasing Center	—
2019.04 (planned)	Normal sales	Normal sales	New open
2020.02 (planned)	Closed	Renewal open	Renewal open

※The floor layouts, etc. of Shinjuku Store Annex after reopening following renovation and a new store are pending

Group company(1) KOMEHYO Auction

Auctions are held twice a month

	Trade volume (Millions of yen)	YoY	No. of member companies
FY2019 1H	11,876	132.2%	901

【Auctions are held twice a month】

Since June 2018, we have been holding jewelry, watch and bag auctions twice a month to strengthen profitability



【KOMEHYO Auction】

Group company(2) KOMEHYO HONG KONG

Reuse business in Hong Kong remains strong

Net sales

YoY

FY2019 1H

381

154.1%

【Events in Hong Kong】



Beijing store Lux Story



Group company(3) Eve Corporation

Aim for synergy with KOMEHYO Apparel Business

Company name	Business activities	Head Office
Eve Corporation Co.,Ltd.	<p>Wholesale and retail of imported apparel,bags,and accessories; Operation of mail-order sites "Mike MUSEUM" Purchase and sales of shoes, etc. Operation of mail-order sites "WORM TOKYO" Operation of the store of "WORM TOKYO" Sales of shoe-care goods, shoe maintenance service, etc. Operation of mail-order site "SHOES MASTER"</p>	Shibuya Tokyo

※Eve Corporation Co., Ltd. and Ark marketing japan co., ltd . merged management on November 1, 2018 through an absorption-type merger into Eve Corporation Co., Ltd.



Group company store WORM TOKYO



Group company(4) Craft、Auto Parts Japan

Opened reuse specialty shop "U-ICHIBAN"

Company name	Business activities	Location
CRAFT Co., Ltd.	Sale of passenger-car tires, aluminum wheels, auto accessories, and parts	Nakagawa-ku Nagoya city
AUTO PARTS JAPAN Co., Ltd.	Import, sale, and purchase of auto parts Operation of sales store 'U-ICHIBAN'	
【EURO STYLE Craft】 Enhance customization of euro compact car  	【URBAN OFF CRAFT】 Proposing customization of Urban SUV  	【U-ICHIBAN】 Reuse specialty shop "U-ICHIBAN"  

Group company store U-ICHIBAN

【U-ICHIBAN】 Opend in April 2018, all tires and wheels are cleaned and reconditioned

