

KOMEHYO GROUP

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

August 13, 2020

KOMEHYO Co., Ltd.

Securities code: 2780

(Second Section, Tokyo and Nagoya Stock Exchanges)





Corporate Planning Department IR strategy group

Phone +81-52-249-5366

Business restart status of each company in KOMEHYO GROUP

KOMEHYO GROUP

Determine sales policies by giving top priority to
the safety of customers and employees

Brand Fashion	Stores   	Chubu area • All Purchase center : May 18 reopened Kansai area : May 22 reopened Kanto area : May 26 reopened Online store : Continued sales
	KOMEHYO AUCTION	Real : Stopped from the second half of April Online auction : Started from May
	K-BRAND OFF (AUCTION)	Real : Stopped from May Live net auction : Increased from once a week (Kanazawa) to twice a week (Kanazawa/Ginza)
	Tire and Wheel Stores 	All stores : May 9 reopened Online store : Continued sales

【Installed a splash prevention sheet】



【Temperature
measurement
at the store
entrance】

Measures to prevent the spread of the novel coronavirus

KOMEHYO GROUP

April ~ Late May : temporary store shutdown/reduced opening hours,
online store sales, web-based education, and telecommuting

【Measures taken during temporary store shutdown】

Customers	<ul style="list-style-type: none">• Online store : Open for business• Home delivery Purchasing : Open for business(Non-Consolidated)
Suppliers	<ul style="list-style-type: none">• Scheduled to launch an online auction• Shortening the payment period for purchase from corporations
employees	<ul style="list-style-type: none">• In principle, all employees' attendance at work has been suspended (Only some employees come to work, depending on the type of work they perform)• Management and planning departments are telecommuting• Specialized training curriculum on the web for appraisers• Payment of leave allowance to employees and part-timers



FY 2021 1Q Financial Summary **KOMEHYO GROUP**

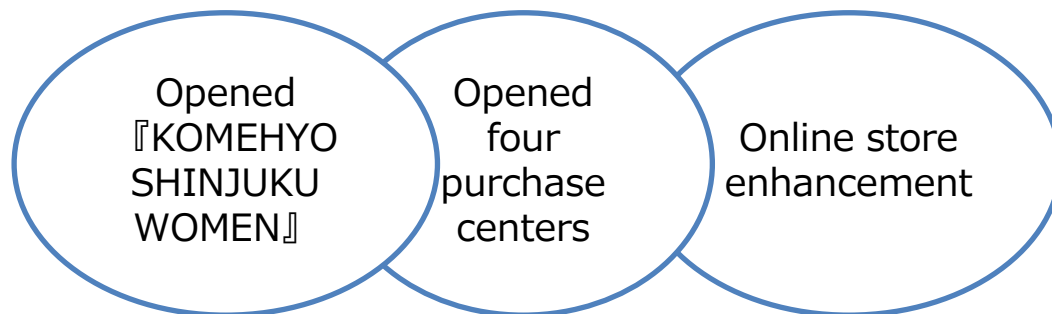
【Performance Highlights】

Significant decline in net sales and recording operating losses due to temporary store closures

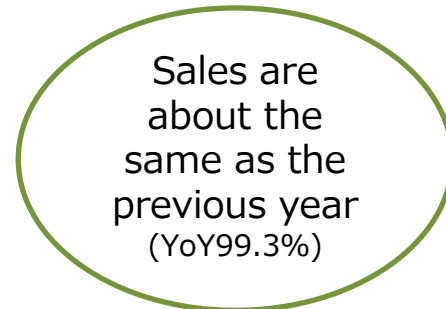
Consolidated	FY2021 1Q (Millions of yen)	YoY	Non-Consolidated	FY2021 1Q (Millions of yen)	YoY
Net sales	7,861	63.2%	Net sales	5,321	47.9%
Operating loss	△860	—	Operating loss	△598	—
Net loss attributable to owners of parent	△1,229	—	Net loss	△881	—
			Purchases from individual customers	1,920	31.6%

【Business Topics】

Brand · Fashion business



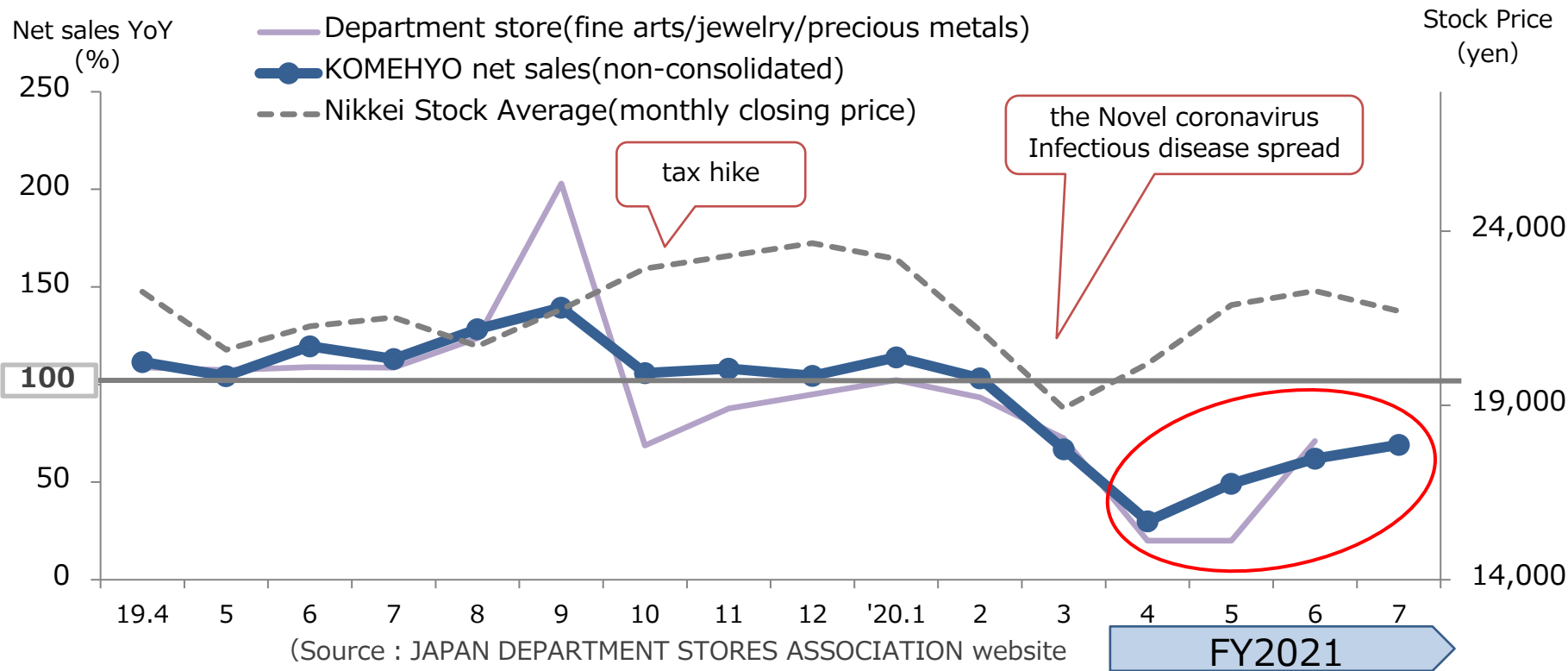
Tire and Wheel business



Economic Trend

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Despite the impact of the Novel coronavirus, Non-consolidated sales are recovering



Overview of Income Statement (Consolidated)

KOMEHYO GROUP

Consolidated (Millions of yen)	FY2019 1Q	FY2020 1Q	FY2021 1Q	Change	YoY
Net sales	11,271	12,439	7,861	△4,577	63.2%
Gross profit	3,224	3,421	1,888	△1,533	55.2%
Gross profit margin	28.6%	27.5%	24.0%	△3.5pt	—
SG&A expenses	2,894	3,328	2,748	△579	82.6%
Operating income	329	92	△860	△953	—
Ordinary income	326	81	△937	△1,019	—
Net income attributable to owners of parent	211	49	△1,229	△1,279	—

Overview of Income Statement (Non-Consolidated)

KOMEHYO GROUP

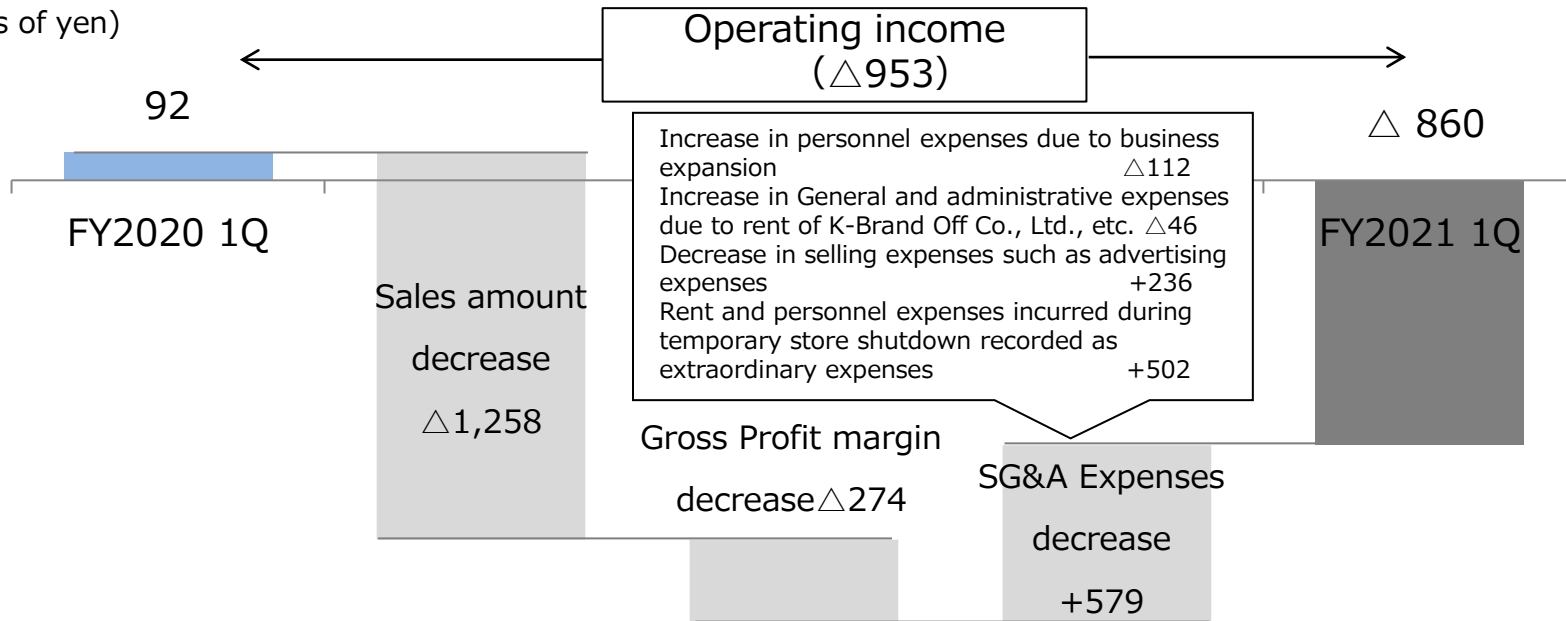
Non-Consolidated (Millions of yen)	FY2019 1Q	FY2020 1Q	FY2021 1Q	Change	YoY
Net sales	9,934	11,105	5,321	△5,784	47.9%
Gross profit	2,735	2,928	1,192	△1,736	40.7%
Gross profit margin	27.5%	26.4%	22.4%	△4.0pt	—
SG&A expenses	2,445	2,791	1,790	△1,000	64.2%
Operating income	289	137	△598	△735	—
Ordinary income	292	227	△648	△876	—
Net income	196	169	△881	△1,051	—

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.

(Millions of yen)

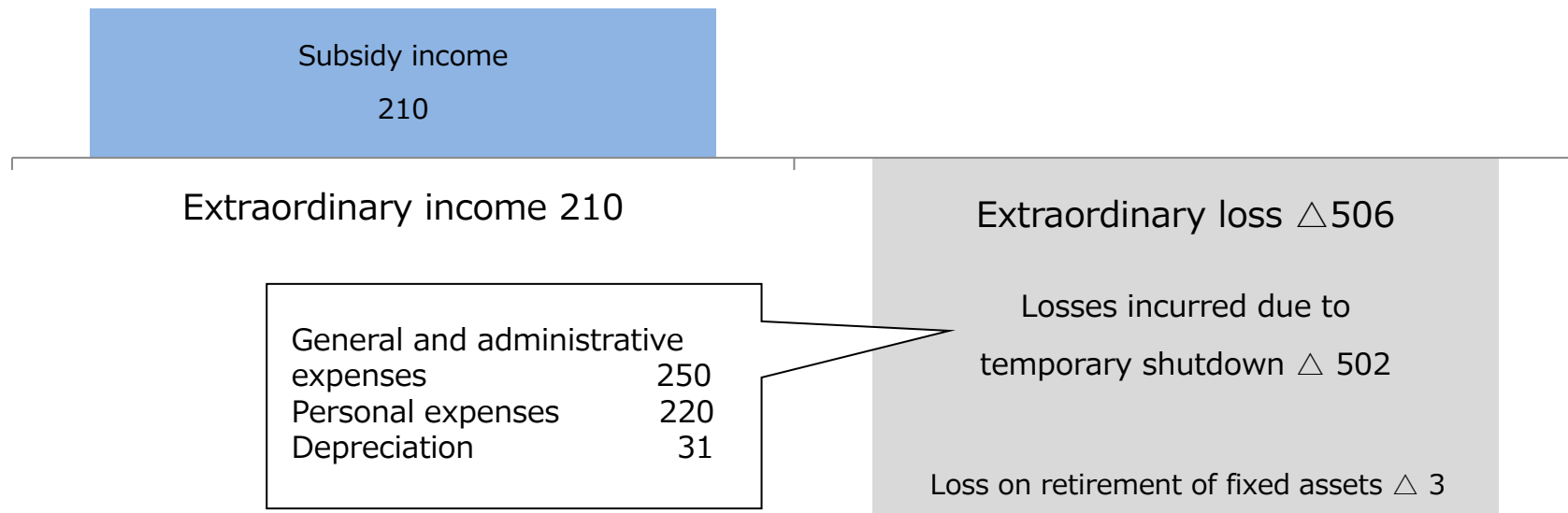


Extraordinary income/ Extraordinary loss(Consolidated)

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

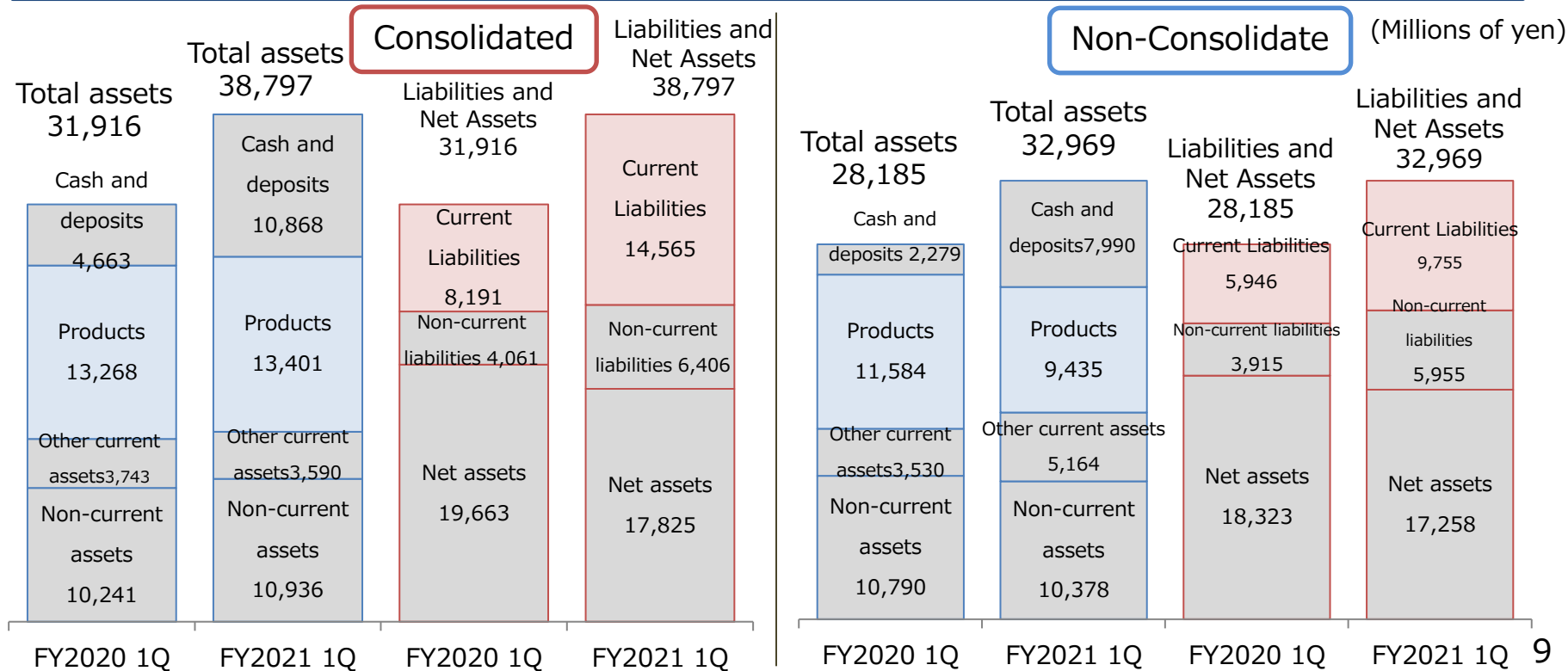
(Millions of yen)



Overview of Balance Sheet

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



By Segment

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(Millions of yen)		FY2019 1Q	FY2020 1Q	FY2021 1Q	Change	YoY
Brand Fashion	Net sales	10,374	11,701	7,137	△4,564	61.0%
	Operating income	343	184	△823	△1,008	—
	Operating margin	3.3%	1.6%	—	—	—
Tire and Wheel	Net sales	879	716	711	△5	99.3%
	Operating income	△23	△95	△33	62	—
	Operating margin	△2.7%	△13.4%	—	—	—
Others	Net sales	31	24	16	△8	66.9%
	Operating income	10	3	△3	△7	—
	Operating margin	32.0%	15.5%	—	—	—

Brand・Fashion purchase (Non-Consolidated)

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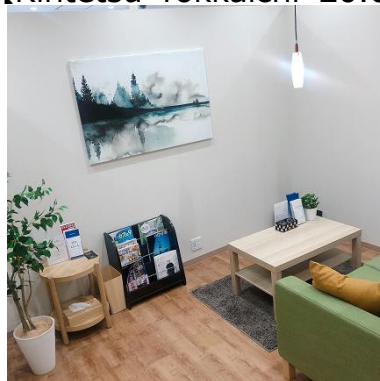
Four purchase centers opened.
Non-face-to-face home delivery purchasing continued.

Amount of purchase from individual customers (Millions of yen)	FY2019 1Q	FY2020 1Q	FY2021 1Q	Change	YoY
Purchase center (Includes purchase events)	4,949	5,818	1,690	△4,127	29.1%
Home delivery Purchasing	248	260	229	△30	88.2%
Total	5,198	6,078	1,920	△4,158	31.6%

【Musashi-koyama '20.5】 【Motosumiyoshi '20.5】



【Kintetsu-Yokkaichi '20.6】



【Hills Walk-Tokushige '20.6】



Brand · Fashion New store (Non-Consolidated)

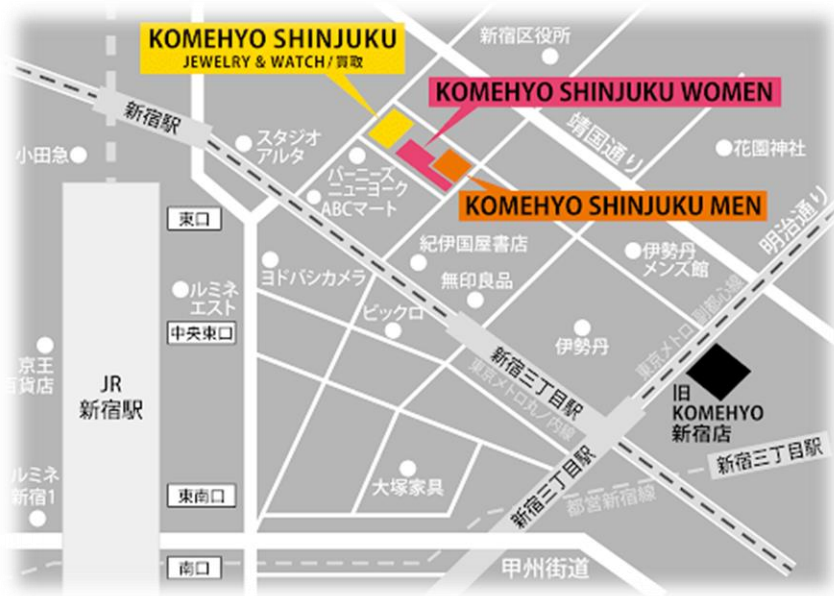
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A three-store system in the proximity of Shinjuku Station was completed,
enhancing convenience for customers

【KOMEHYO SHINJUKU WOMEN '20.6】



【Image】



Store Type (Non-Consolidated)

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39 stores



Large-scale

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

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

23 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.

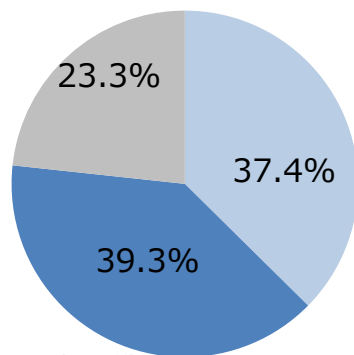
*Some stores only sell

Total 47 stores ('20.6)

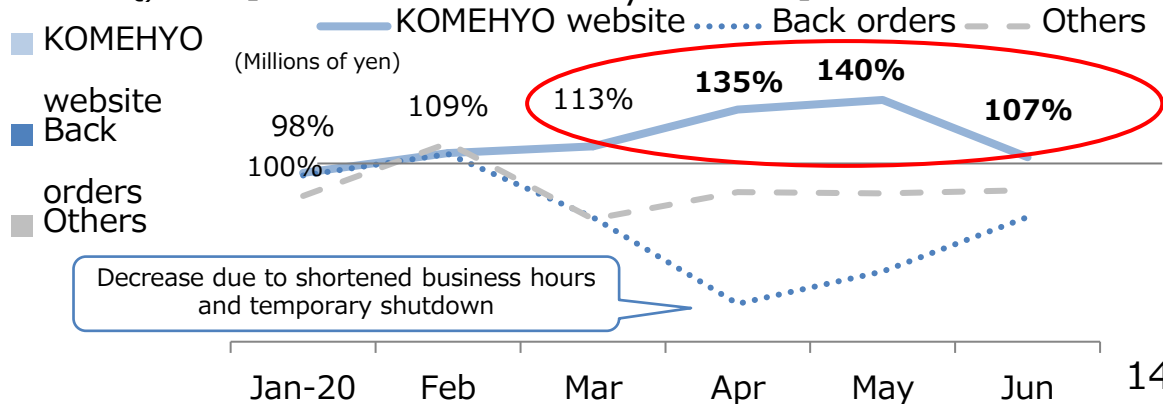
Rapid increase in the use of "in-house EC" in March
due to the influence of people refraining from going out

(Millions of yen)	FY2019 1Q	FY2020 1Q	FY2021 1Q	Net sales YoY	No. of products sold YoY
E-commerce-induced sales	1,866	1,765	1,253	71.0%	94.8%
E-commerce-induced sales rate※※	28.5%	27.3%	48.2%	—	—

【 Percentage of online sales by channel (FY2021 1Q)】



【Online sales trend by channel】



※Online Merges with Offline

※※EC Sales as a Percentage of Retail Sales

Sales to corporate customers

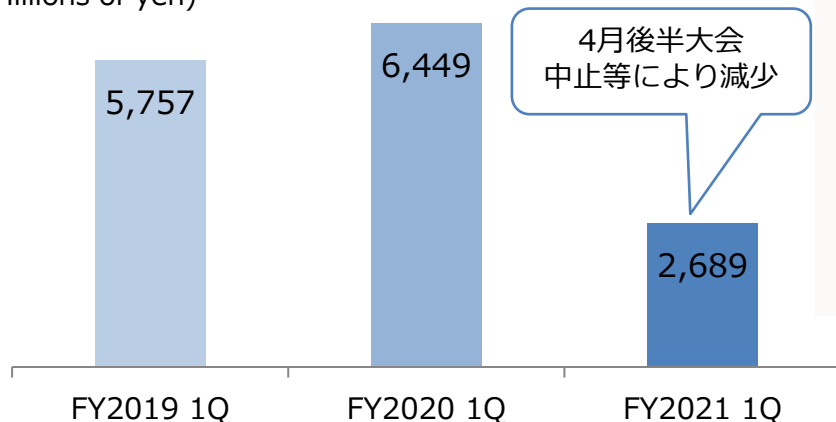
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Online bidding auctions started in May 2020.

	Trade volume (Millions of yen)	YoY
FY2021 1Q	2,689	41.7%

【Transition of auction distribution amount for domestic corporations】

(Millions of yen)



【Online bidding auctions started in May 2020.】

KOMEHYO オークション

Onlineオークション商品リスト

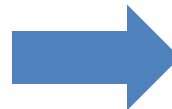
2020年05月後半Online大会 ノーブランドジュエリー(出品319 箱)

商品検索へ 正誤表(訂正履歴)へ

枚数	訂正	画像	画像一覧	入札金額	入札開始額	入札者数	品名	金性	商品詳細	重量	数量	付属品	下見メモ	自社出品
1			画像一覧		10,000	12	リング	PT900	ダイヤモンド1.02ct 状態ランクB	5.7	1			○
2			画像一覧		24,000	4	ネックレス	K18WG	マルチカラー1.03 0.25 ダイヤモンド 0.29CT 状態ランクB	3.0	1			○
3			画像一覧		12,000	4	ネックレス	K18	ルビー 0.69ct ダイヤモンド 0.08CT 状態ランクB	2.9	1			○
4			画像一覧		20,000	8	リング	PT900	サファイヤ1.17ct ダイヤモンド 0.44CT 状態ランクB	7.4	1			○

Disclosure when reasonably foreseeable

Net sales	Strengthening purchasing measures Propulsion of contactless business including contactless customers
SG&A expenses	Restraint through cost control



**Plan for the Fiscal Year
Ending March 31, 2021
Medium-term
Management Plan**

To be announced as soon as disclosure becomes possible

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: 958 Non-Consolidated: 544 (As of June 2020)
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)

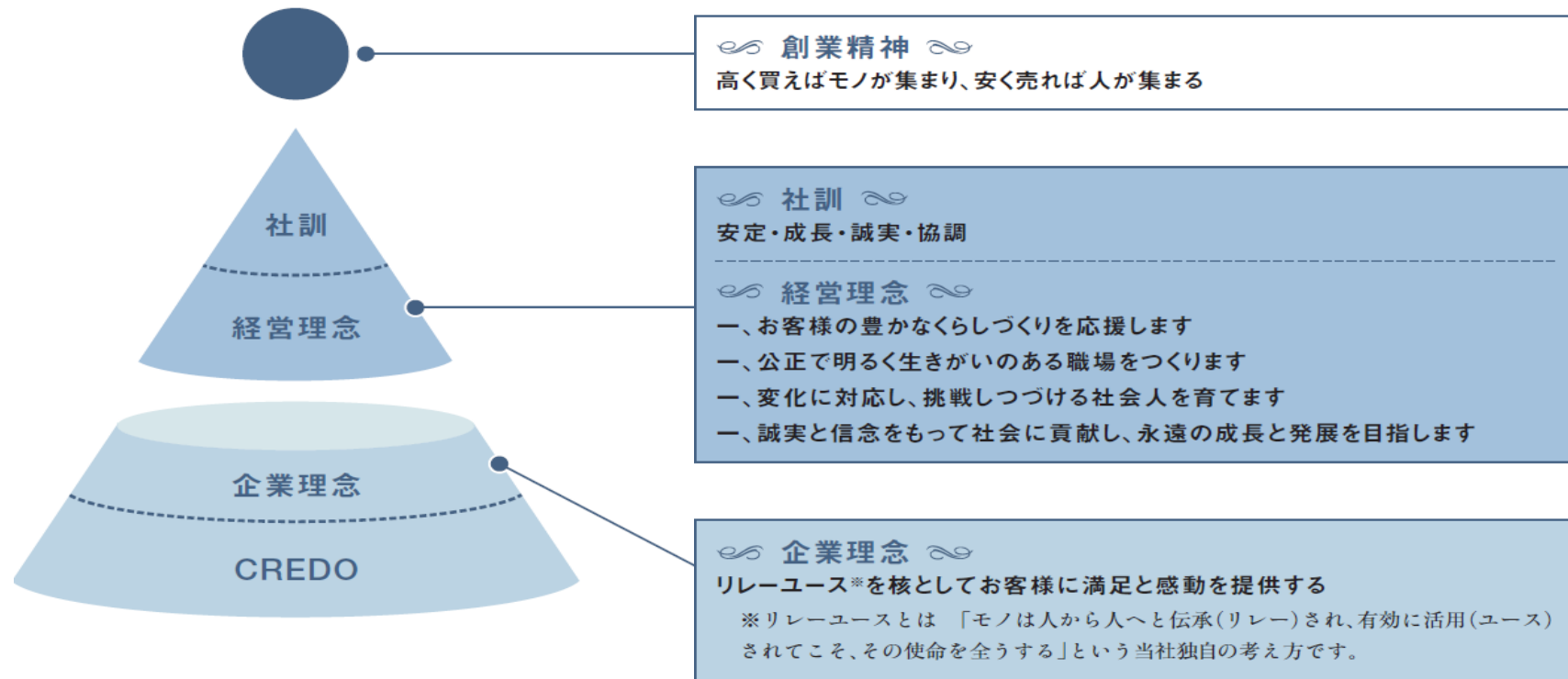
Corporate History

KOMEHYO GROUP



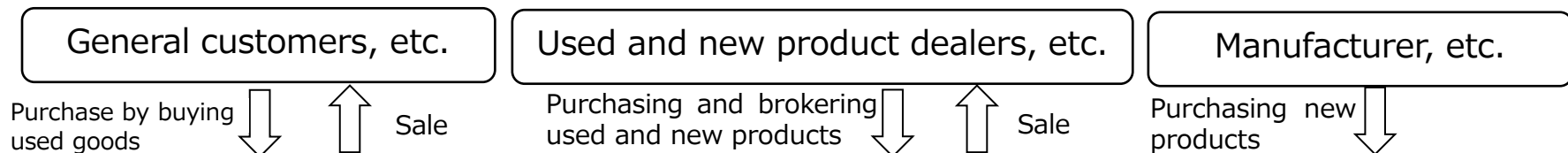
● Opened KOMEHYO Shoten,
a 5-tsubo used clothing store, in Osu, Nagoya

- 1979
- 1987
- 1996
 - Expanded into Tokyo (Purchasing Center Dogenzaka)
 - Changed the Japanese spelling of its name from 米兵 to コメ兵
 - Established KOMEHYO Co., Ltd.
- 2000
 - Expanded into Kansai (Shinsaibashi Store)
 - Started online sales
- 2003
 - Listed on JASDAQ
 - Opened Yurakucho Store (full-scale expansion into Tokyo)
- 2004
 - Acquired CRAFT Co., Ltd.
 - Established Product Center
 - Established KOMEHYO Auction
- 2011
 - Established Auto Parts KOMEHYO KK (currently AUTO PARTS JAPAN)
 - Established KOMEHYO HONG KONG LIMITED
- 2012
 - Opened Ginza Store
- 2013
 - Listed on the second section of the Tokyo and Nagoya stock exchanges
- 2017
 - Opened Umeda Store, Shinjuku Store ANNEX, Meiki 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 4 Stores
 - Opened Shinjuku 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
- 2020



Business system diagram

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【KOMEHYO GROUP】

KOMEHYO

Brand Reuse Business

- Brand · Fashion business
- Tire and Wheel business

**KOMEHYO
Auction**

**KOMEHYO
HONG
KONG
LIMITED**

**Eve
Corporation**

Shellman

**K-
BRAND OFF**

Craft

**AUTO
Parts
Japan**

**Four by four
Engineering
Services**

NJKP

**KOMEHYO
SHANGHAI
LIMITED**

**SAHA
KOMEHYO
COMPANY
LIMITED**

JV

**BRAND OFF
LIMITED
(HONG KONG)**

**BRAND OFF
LIMITED
(Taiwan)**

Talented person fixation degree (Non-Consolidated)

KOMEHYO GROUP

Staff turnover remained low , improving the stability of the work force

