



# **Earnings Results Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2019**

February 8 2019

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.

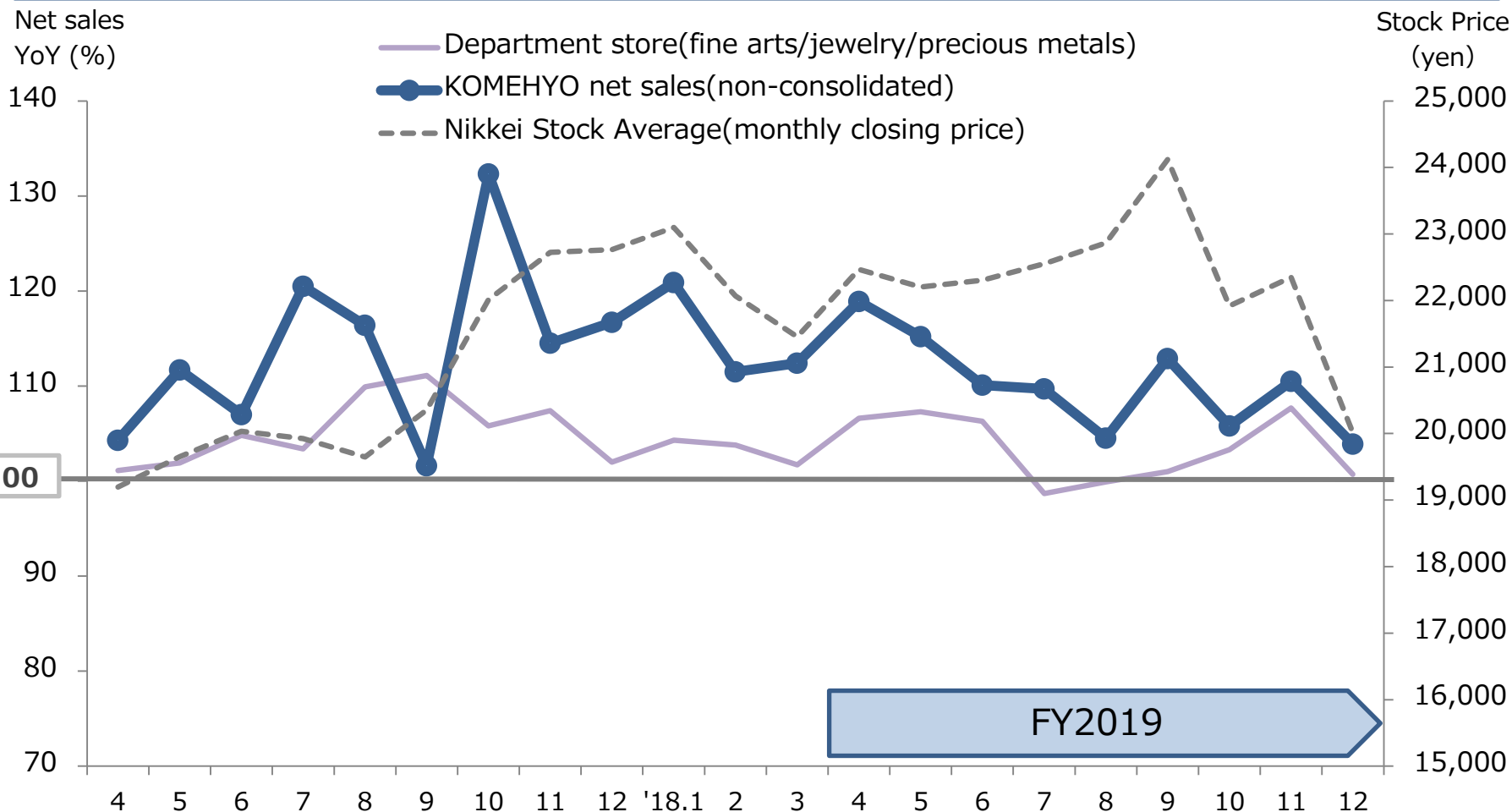
These statements are prepared based on assumptions of the management of KOMEHYO Co., Ltd. using currently available information.

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

While the economic environment remains on a moderate recovery path, uncertainty is growing in the global economy.



# Rate of progress of the plan for the fiscal year ending March 31, 2019

Consolidated:

Both net sales and each profit type marked increases of about 75%.

Consolidated (Millions of yen)	FY2019 plan	FY2019- 9months rate of progress	Non- Consolidated (Millions of yen)	FY2019 plan	FY2019- 9months rate of progress
Net sales	50,000	74.9%	Net sales	43,000	75.2%
Operating income	1,900	74.2%	Operating income	1,500	70.9%
Ordinary income	1,900	73.7%	Operating income	1,500	71.3%
Net income attributable to owners of parent	1,200	76.1%	Net income	1,000	71.9%

# Overview of Income Statement ( Consolidated )

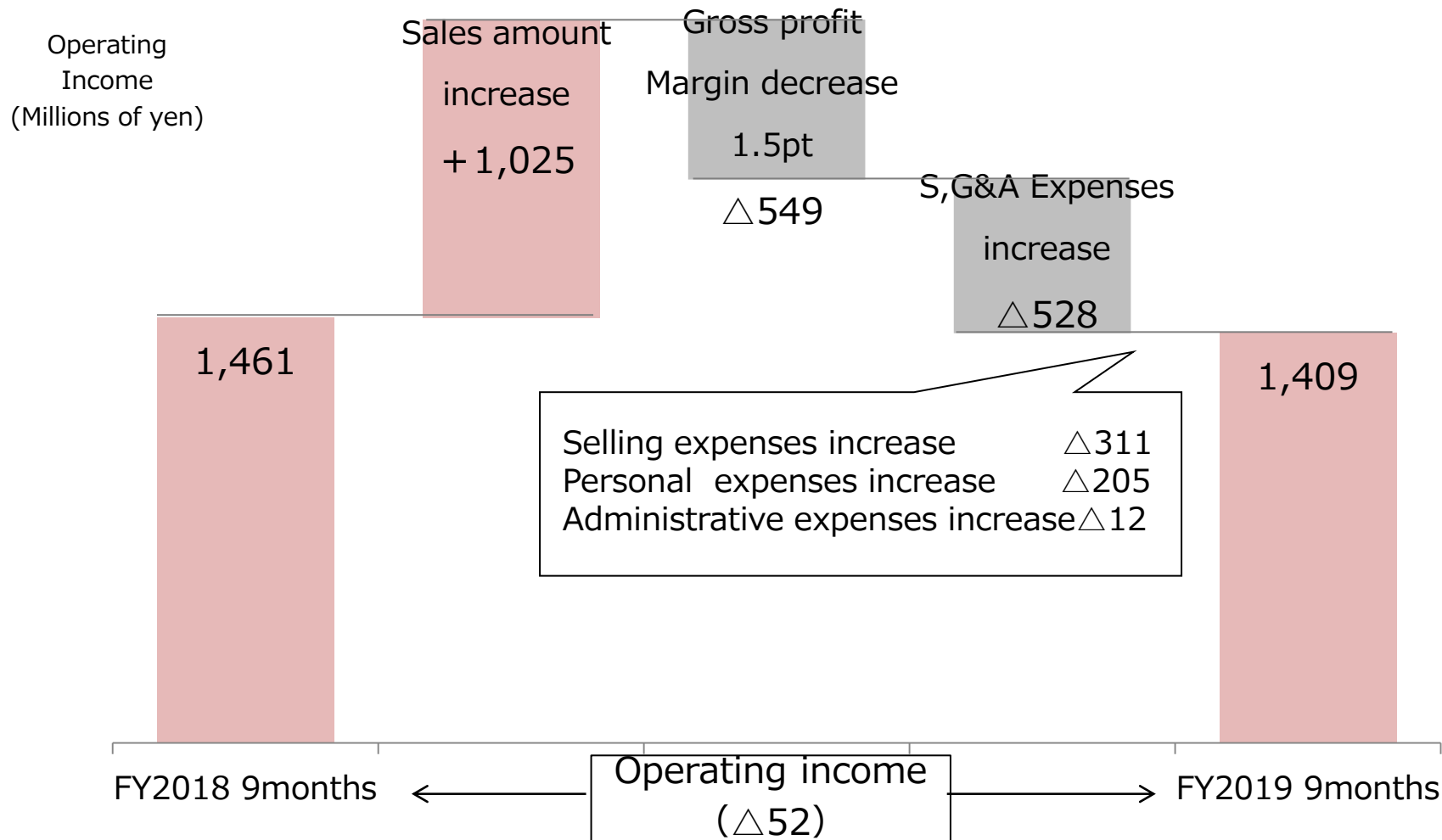
Consolidated (Millions of yen)	FY2019 1Q	YoY	FY2019 2Q	YoY	FY2019 3Q	YoY	FY2019 9months	YoY
Net sales	11,271	114.4%	12,051	110.4%	14,133	107.5%	37,457	110.4%
Gross profit	3,224	109.7%	3,096	103.6%	3,979	102.1%	10,300	104.8%
Gross profit margin	28.6%	△1.3pt	25.7%	△1.7pt	28.2%	△1.4pt	27.5%	△1.5pt
SG&A expenses	2,894	104.6%	2,937	108.8%	3,059	105.7%	8,891	106.3%
Operating income	329	190.3%	159	55.5%	919	91.9%	1,409	96.4%
Ordinary income	326	176.2%	172	59.8%	901	90.2%	1,400	95.1%
Net income attributable to owners of parent	211	210.5%	110	56.5%	591	88.6%	913	94.8%

# Overview of Income Statement ( Non-consolidated )

Non-Consolidated (Millions of yen)	FY2019 1Q	YoY	FY2019 2Q	YoY	FY2019 3Q	YoY	FY2019 9months	YoY
Net sales	9,934	114.5%	10,789	109.4%	11,590	106.4%	32,315	109.8%
Gross profit	2,735	109.5%	2,688	104.3%	3,163	101.9%	8,588	105.0%
Gross profit margin	27.5%	△1.3Pt	24.9%	△1.3Pt	27.3%	△1.2Pt	26.6%	△1.2Pt
SG&A expenses	2,445	101.8%	2,542	107.7%	2,536	104.2%	7,524	104.5%
Operating income	289	296.5%	146	67.2%	627	93.8%	1,063	108.1%
Ordinary income	292	129.1%	161	74.5%	615	92.3%	1,070	96.3%
Net income	196	116.6%	107	72.4%	414	91.1%	719	93.1%

# Operating income decrease factor ( Consolidated )

Gross profit margin decreased 1.5 points.  
Profit fell mainly due to an increase in SG&A expenses.

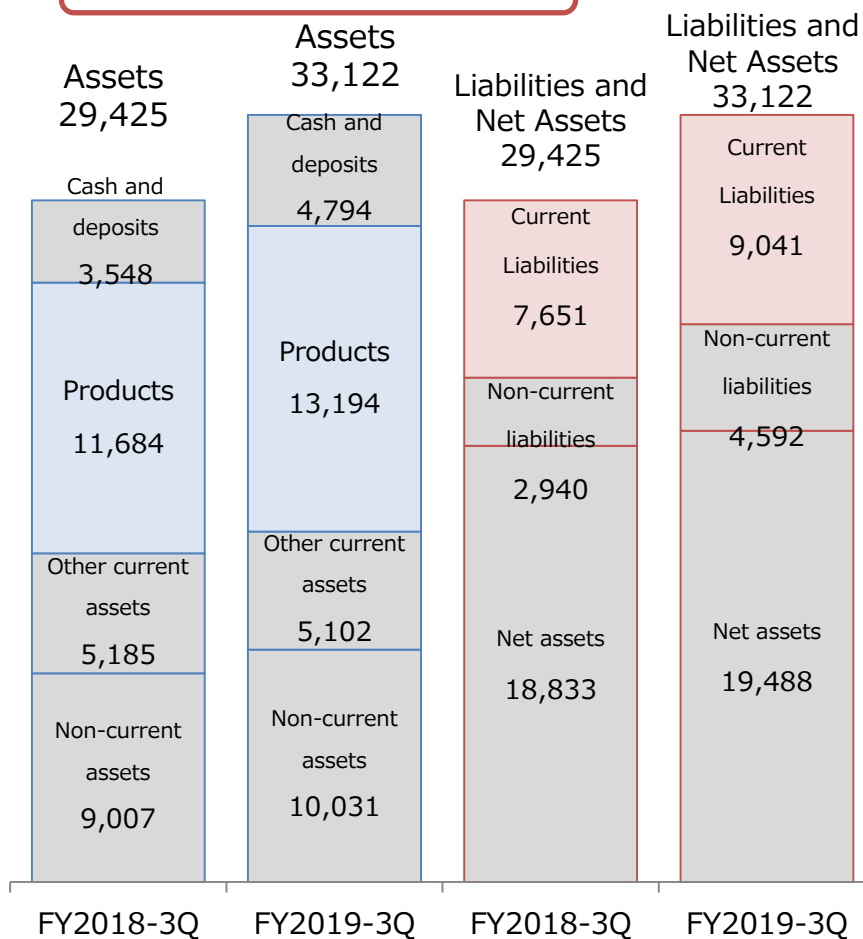


# Overview of Balance Sheet

Products increased due to favorable purchasing performance.

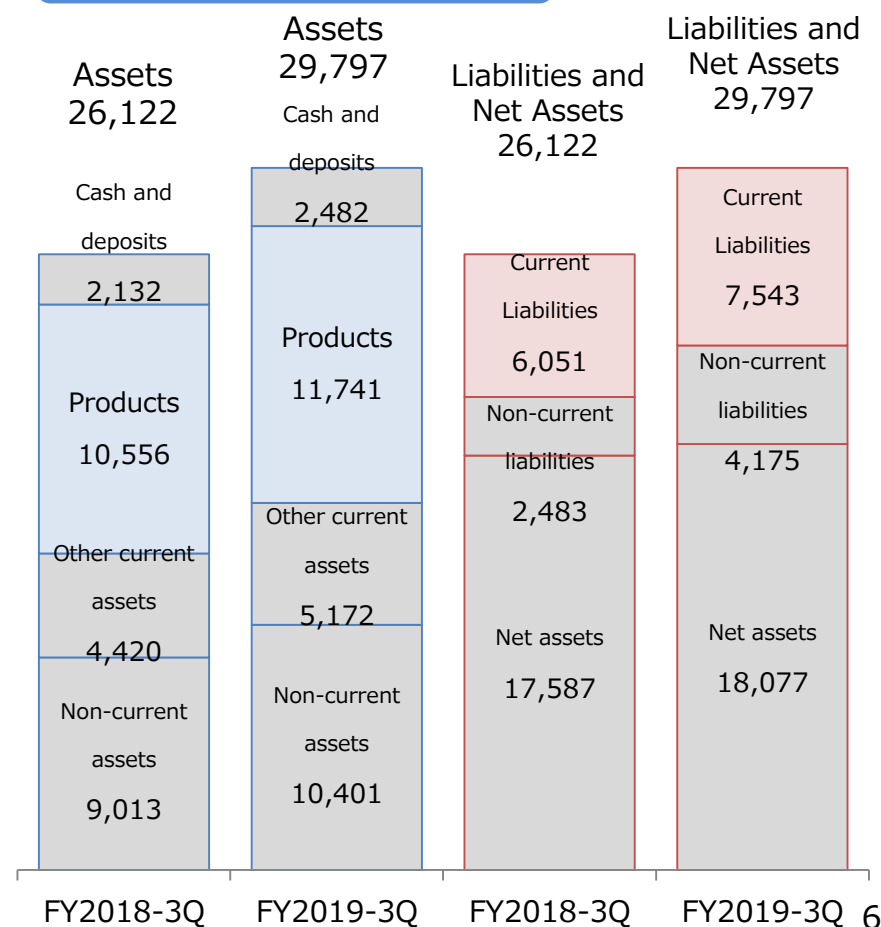
## Consolidated

(Millions of yen)



## Non-consolidated

(Millions of yen)



# By Segment

3Q cumulative total:  
Brand Fashion Business significantly increased both income and profit.

(Millions of yen)			FY2019 1Q	YoY	FY2019 2Q	YoY	FY2019 3Q	YoY	FY2019 9months
Brand Fashion	Net sales	10,374	117.5%	11,195	111.7%	12,140	109.4%	33,711	112.6%
	Operating income	343	218.3%	203	64.6%	685	91.7%	1,232	101.0%
	Operating margin	3.3%	—	1.8%	—	5.6%	△1.1pt	3.7%	△0.4pt
Tire and Wheel	Net sales	879	88.1%	837	97.1%	1,972	96.8%	3,688	94.6%
	Operating income	△23	—	△53	—	221	92.6%	145	72.9%
	Operating margin	△2.7%	—	△6.4%	—	11.2%	△0.5pt	3.9%	△1.2pt
Others	Net sales	31	82.4%	32	86.0%	34	94.3%	98	87.4%
	Operating income	10	66.9%	9	67.0%	11	91.6%	31	74.5%
	Operating margin	32.0%	—	29.2%	—	35.0%	△1.1pt	32.1%	△5.6pt



# 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】

Komeda Coffee's main store × KOMEHYO  
(‘18.10.28~11.11)



【A purchasing caravan】

Takashimaya Gate Tower Mall × KOMEHYO  
(‘19.1.30~2.26)



# Purchases from individual customers

Due to the success of purchasing centers and events in particular, purchases from individual customers remained strong.

Amount of purchase from individual customers	FY2017 9 months	FY2018 9 months	FY2019 9 months	YoY
Purchasing Center	11,938	13,690	15,200	111.0%
Home delivery Purchasing	600	675	728	107.7%
Total (Millions of yen)	12,539	14,366	15,928	110.9%

## 【 A limited-time purchasing event 】

HOSHIGAOKA TERRACE shopping mall × KOMEHYO  
( '18.6.13~7.9 ) → Add schedule( '19.1.9~31 )

Takashimaya Gate Tower Mall × KOMEHYO

The first event for purchasing brand products at Takashimaya Gate Tower Mall was held. ( '19.1.30~2.26 )



# New Store(1)

## The purchasing center

	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
Purchasing Center HOSHIGAOKA TERRACE	Nagoya city, Aichi ken	'19.3(planned)

【KOMEHYO Purchasing Center Toyota】





# New Store(2) The purchasing center New format

Good location in front of the station , relaxing negotiating space

【 KOMEHYO Purchasing Center Kyodo-noen-dori】

【 KOMEHYO Purchasing Center mukogaokayuen-ekimae】



# New Store(3) Shinjyuku area (Planned to open in April 2019)

	Shinjyuku store	Shinjyuku store ANNEX	Shinjyuku WATCH store
'19.2	Jewelry, precious metals, watches, bags, lady's clothing, Purchasing Center	men's bags, men's clothing, Purchasing Center	
'19.4 (planned)	Jewelry, precious metals, bags, lady's clothing, Purchasing Center	Normal sales	
'20.2 (planned)	Closed	Renewal open	



New open

Renewal open

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



# Store Type

A total of 35 stores are open across the nation

## KOMEHYO 27 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-higashi-guchi  
Store, etc.

#### Sales/Purchase

8 stores

### Purchasing Center

Yurakucho, Ikebukuro-nishiguchi,  
shibuya, etc.

#### Purchase only

10 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 35 stores ('18.12)**

# Alliance with department store , Going to customer's house and purchasing

Expand purchase / sales service even in areas without stores

【Holding an alliance event with department store】

【Going to customer's house and purchasing】

USUI department store	(Fukushima)
KEIHAN department store	(Osaka)
SAGATAMAYA department store	(Saga)
HONOKUNI department store	(Aichi)
MATSUBISHI department store	(Mie)
MARUEI department store	(Aichi)
MARUHIRO department store	(Saitama)
MEITETSU department store	(Aichi)
YAGIHASHI department store	(Saitama)

## East Japan Area

Tokyo, Kanagawa, Saitama,  
Chiba, Ibaraki

## Central Japan Area

Aichi, Gifu, Mie

## West Japan Area

Osaka, Kyoto, Hyogo, Hiroshima,  
Fukuoka



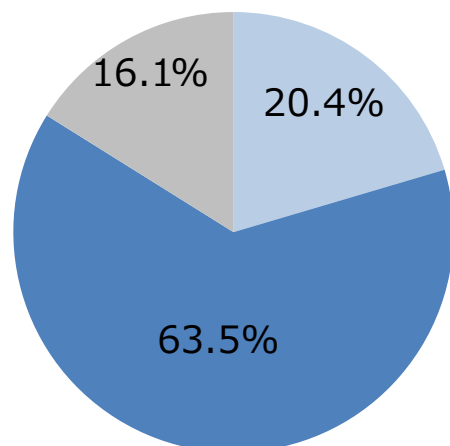
# E-commerce-induced sales

E-commerce-induced sales rate rose as a result of the “Buy Online and Pick up in Store” promotion, which connects brick-and-mortar stores with e-commerce sites.

(Millions of yen)	FY2017 9 months	FY2018 9 months	FY2019 9 months	YoY
E-commerce-induced sales	4,544	5,518	6,165	117.7%
E-commerce-induced sales rate	17.5%	18.8%	19.1%	—

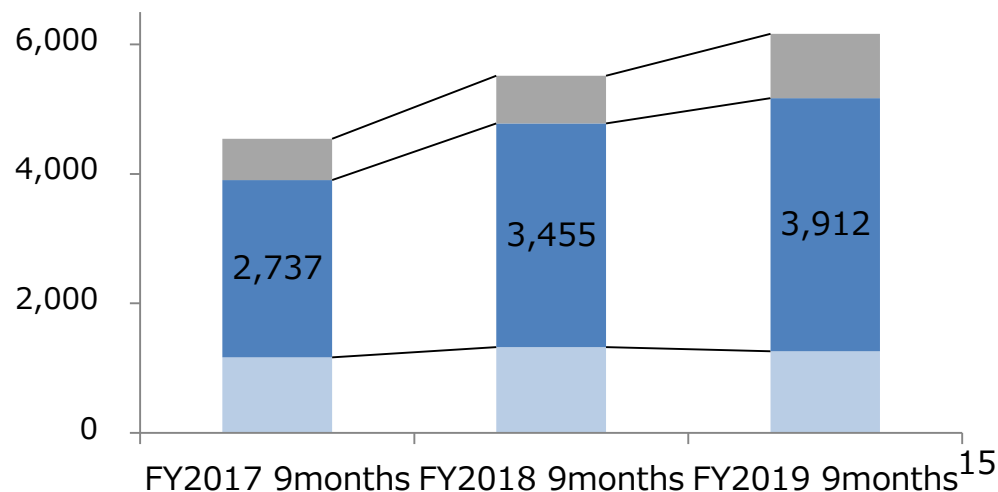
【 Percentage of online sales by channel (FY2019 9months)】

■ KOMEHYO website ■ Back orders ■ Others



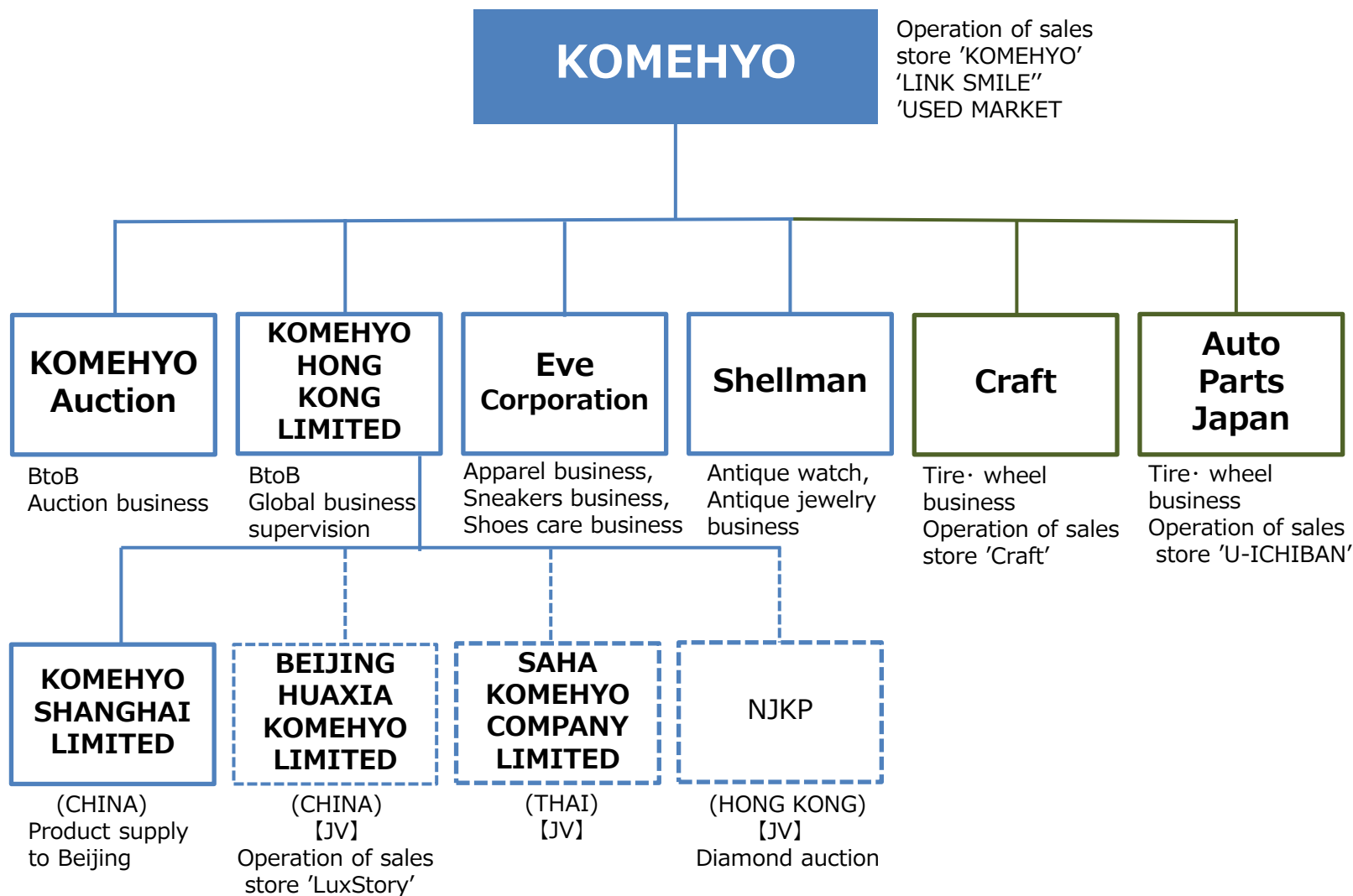
【Online sales trend by channel】

■ KOMEHYO website ■ Back orders ■ Others





# Group structure ('18.12)



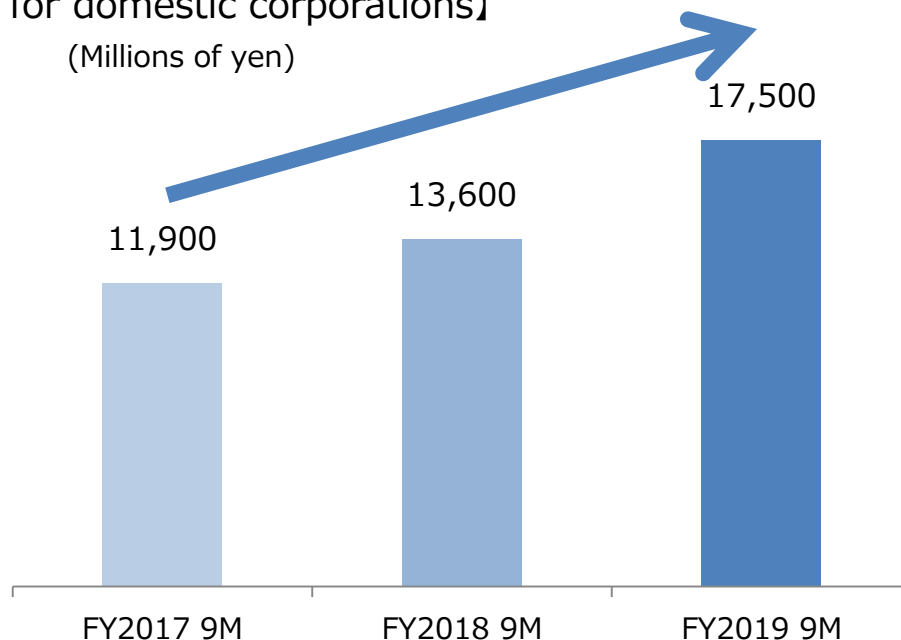
# Group company(1) KOMEHYO Auction

## Auction for domestic corporations, distribution total expansion trend

	distribution total (Millions of yen)	YoY	No. of member companies
FY2019 9months	17,500	128.7%	925 ※95 companies increased this term

### 【Transition of auction distribution amount for domestic corporations】

(Millions of yen)



### 【Auctions are held twice a month】

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



# Group company(2)-1 KOMEHYO HONG KONG

Develop Reused business for corporations in each country centering on Asia

Net sales

YoY

FY2019 9months

1,171

121.7%

【HONG KONG WATCH SHOW】



【 Sales negotiations at a Hong Kong office 】





# Group company(2)-2

## Beijing store Lux Story

【LuxStory Beijing Square store】 In September 2018, opening the first overseas store in the center of Beijing where old and new culture was mixed



# Group company(3)-1 Eve Corporation

## Aim for synergy with KOMEHYO Apparel Business

### Business activities

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"

※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(3)-2

## Store WORM TOKYO

【WORM TOKYO】 In August 2018, moved to Harajuku-Jingumae area and expanded. Rare sneakers etc. are displayed at more than 1000 feet at all times.



# Group company(4) Shellman

Integrated into one group, in November 2018,  
with the aim of further specializing in watches and jewelry.

## Business activities

- Import and sale of antique watches, jewelry, and others
- Development, sale, and others of original watches
- Operation of sales store 'Shellman'
  - Ginza store , Aoyama store , Sinjyuku-isetan-honkan store ,
  - Ginza-mitsukoshi store , Sinjyuku-isetan-men's kan store ,
  - Ginza-BERNEYS NEW YORK store , Roppongi BERNEYS NEW YORK store

【Antique watch】



【 Antique jewelry 】



【 Original watch 】





# Group company(5) Craft、Auto Parts Japan

## Opened reuse specialty shop "U-ICHIBAN"

Company name

Business activities

CRAFT Co., Ltd.

Sale of passenger-car tires, aluminum wheels, auto accessories, and parts

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

**EURO STYLE Craft**



### 【URBAN OFF CRAFT】

Proposing customization  
of Urban SUV



**URBAN OFF CRAFT**



### 【U-ICHIBAN】

Reuse specialty shop "U-ICHIBAN"

