

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended June 30, 2018
(Based on Japanese GAAP)**

July 31, 2018

Company name: KOMERI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8218 URL <http://www.komeri.bit.or.jp>
 Representative: President, CEO and COO Yuichiro Sasage
 Director and Executive Officer of the
 Inquiries: Company, General Manager of Strategic Planning Office Hiroshi Hayakawa TEL 025-371-4111
 Scheduled date to file Quarterly Securities Report: August 14, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2018	95,609	1.8	7,112	2.0	7,046	1.8	4,727	1.3
Three months ended June 30, 2017	93,931	2.8	6,975	7.6	6,920	9.3	4,666	12.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	93.34		93.24	
Three months ended June 30, 2017	92.14		92.05	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	325,146	168,830	51.9
As of March 31, 2018	319,681	164,958	51.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	19.00	–	20.00	39.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (Forecast)		20.00	–	20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	182,000	3.4	12,200	7.4	12,400	8.2	8,100	6.5	159.91
Full year	358,000	4.7	18,700	10.2	18,800	10.0	11,700	7.3	230.99

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2018	54,409,168 shares	As of March 31, 2018	54,409,168 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	3,756,680 shares	As of March 31, 2018	3,756,596 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	50,652,490 shares	Three months ended June 30, 2017	50,644,182 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	7,124	9,838
Notes and accounts receivable - trade	16,078	16,513
Merchandise and finished goods	107,941	104,673
Raw materials and supplies	264	237
Other	5,906	9,798
Allowance for doubtful accounts	(242)	(244)
Total current assets	137,073	140,816
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	111,349	112,273
Land	31,077	31,077
Leased assets, net	4,113	3,995
Other, net	8,497	9,112
Total property, plant and equipment	155,038	156,458
Intangible assets	7,613	7,611
Investments and other assets		
Investment securities	2,092	2,229
Deferred tax assets	7,728	7,902
Lease and guarantee deposits	8,505	8,472
Other	1,629	1,655
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	19,955	20,259
Total non-current assets	182,608	184,329
Total assets	319,681	325,146

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,026	24,087
Electronically recorded obligations - operating	23,403	32,616
Short-term loans payable	200	180
Current portion of long-term loans payable	17,169	12,169
Lease obligations	1,604	1,578
Income taxes payable	3,589	2,627
Provision for bonuses	1,573	2,519
Provision for directors' bonuses	19	4
Provision for loss on store closing	44	44
Provision for point card certificates	656	707
Provision for loss on disaster	9	9
Other	17,234	17,849
Total current liabilities	92,530	94,393
Non-current liabilities		
Long-term loans payable	39,479	39,030
Lease obligations	3,205	3,085
Provision for directors' retirement benefits	124	124
Net defined benefit liability	10,950	11,124
Asset retirement obligations	6,286	6,418
Other	2,145	2,137
Total non-current liabilities	62,192	61,921
Total liabilities	154,723	156,315
Net assets		
Shareholders' equity		
Capital stock	18,802	18,802
Capital surplus	25,260	25,260
Retained earnings	129,901	133,616
Treasury shares	(9,126)	(9,126)
Total shareholders' equity	164,838	168,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	586	675
Deferred gains or losses on hedges	(9)	0
Remeasurements of defined benefit plans	(580)	(527)
Total accumulated other comprehensive income	(3)	148
Share acquisition rights	123	129
Total net assets	164,958	168,830
Total liabilities and net assets	319,681	325,146

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	90,967	92,545
Cost of sales	62,338	63,414
Gross profit	28,629	29,131
Operating revenue	2,964	3,063
Operating gross profit	31,593	32,195
Selling, general and administrative expenses	24,617	25,083
Operating profit	6,975	7,112
Non-operating income		
Interest income	4	3
Foreign exchange gains	27	–
Gain on valuation of derivatives	22	32
Other	45	86
Total non-operating income	99	123
Non-operating expenses		
Interest expenses	72	60
Foreign exchange losses	–	79
Burial cultural asset investigation expense	44	–
Other	37	47
Total non-operating expenses	154	188
Ordinary profit	6,920	7,046
Extraordinary income		
Insurance income	5	12
Compensation income	51	–
Total extraordinary income	56	12
Extraordinary losses		
Loss on disposal of non-current assets	28	40
Loss on disaster	1	10
Impairment loss	6	19
Total extraordinary losses	35	69
Profit before income taxes	6,941	6,989
Income taxes - current	2,522	2,446
Income taxes - deferred	(247)	(184)
Total income taxes	2,275	2,261
Profit	4,666	4,727
Profit attributable to owners of parent	4,666	4,727

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	4,666	4,727
Other comprehensive income		
Valuation difference on available-for-sale securities	273	89
Deferred gains or losses on hedges	27	9
Remeasurements of defined benefit plans, net of tax	54	52
Total other comprehensive income	355	151
Comprehensive income	5,022	4,879
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,022	4,879
Comprehensive income attributable to non-controlling interests	—	—