

**Translation**

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

October 30, 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: November 14, 2018  
 Scheduled date to commence dividend payments: December 3, 2018  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 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	%
Six months ended September 30, 2018	180,054	2.3	12,288	8.2	12,352	7.8	8,241	8.4
Six months ended September 30, 2017	175,977	3.2	11,358	5.1	11,455	7.4	7,602	10.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	162.70		162.52	
Six months ended September 30, 2017	150.11		149.96	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	322,766	172,295	53.3
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				
Year ended March 31, 2018	–	19.00	–	20.00	39.00
Year ending March 31, 2019	–	20.00	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	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
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 six months ended September 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 September 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 September 30, 2018	3,756,729 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)

Six months ended September 30, 2018	50,652,471 shares	Six months ended September 30, 2017	50,648,661 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	7,124	4,566
Notes and accounts receivable - trade	16,078	16,804
Merchandise and finished goods	107,941	104,317
Raw materials and supplies	264	226
Other	5,906	10,686
Allowance for doubtful accounts	(242)	(252)
Total current assets	137,073	136,348
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	111,349	113,834
Land	31,077	31,077
Leased assets, net	4,113	3,879
Other, net	8,497	10,024
Total property, plant and equipment	155,038	158,815
Intangible assets	7,613	7,601
Investments and other assets		
Investment securities	2,092	2,065
Deferred tax assets	7,728	7,866
Lease and guarantee deposits	8,505	8,448
Other	1,629	1,619
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	19,955	20,000
Total non-current assets	182,608	186,417
Total assets	319,681	322,766

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	27,026	24,626
Electronically recorded obligations - operating	23,403	28,419
Short-term loans payable	200	2,080
Current portion of long-term loans payable	17,169	17,169
Lease obligations	1,604	1,544
Income taxes payable	3,589	4,551
Provision for bonuses	1,573	1,611
Provision for directors' bonuses	19	9
Provision for loss on store closing	44	44
Provision for point card certificates	656	777
Provision for loss on disaster	9	157
Other	17,234	18,123
Total current liabilities	92,530	99,115
Non-current liabilities		
Long-term loans payable	39,479	28,394
Lease obligations	3,205	2,973
Provision for directors' retirement benefits	124	124
Net defined benefit liability	10,950	11,283
Asset retirement obligations	6,286	6,550
Other	2,145	2,027
Total non-current liabilities	62,192	51,354
<b>Total liabilities</b>	<b>154,723</b>	<b>150,470</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,802	18,802
Capital surplus	25,260	25,260
Retained earnings	129,901	137,129
Treasury shares	(9,126)	(9,126)
Total shareholders' equity	164,838	172,065
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	586	569
Deferred gains or losses on hedges	(9)	–
Remeasurements of defined benefit plans	(580)	(475)
Total accumulated other comprehensive income	(3)	94
Share acquisition rights	123	136
<b>Total net assets</b>	<b>164,958</b>	<b>172,295</b>
<b>Total liabilities and net assets</b>	<b>319,681</b>	<b>322,766</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	170,205	174,079
Cost of sales	114,927	117,656
Gross profit	55,278	56,422
Operating revenue	5,772	5,974
Operating gross profit	61,050	62,397
Selling, general and administrative expenses		
Provision for point card certificates	230	121
Salaries and allowances	16,613	17,101
Provision for bonuses	1,738	1,611
Provision for directors' bonuses	9	9
Provision of allowance for doubtful accounts	67	93
Retirement benefit expenses	680	670
Other	30,353	30,500
Total selling, general and administrative expenses	49,692	50,108
Operating profit	11,358	12,288
Non-operating income		
Interest income	10	9
Dividend income	143	214
Foreign exchange gains	24	–
Gain on valuation of derivatives	60	48
Other	158	114
Total non-operating income	398	386
Non-operating expenses		
Interest expenses	141	116
Foreign exchange losses	–	135
Burial cultural asset investigation expense	72	–
Other	87	70
Total non-operating expenses	301	322
Ordinary profit	11,455	12,352
Extraordinary income		
Insurance income	30	577
Compensation income	51	–
Total extraordinary income	81	577
Extraordinary losses		
Loss on disposal of non-current assets	69	79
Loss on disaster	26	641
Impairment loss	80	24
Total extraordinary losses	176	745
Profit before income taxes	11,360	12,184
Income taxes - current	3,991	4,126
Income taxes - deferred	(233)	(182)
Total income taxes	3,757	3,943
Profit	7,602	8,241
Profit attributable to owners of parent	7,602	8,241

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	7,602	8,241
Other comprehensive income		
Valuation difference on available-for-sale securities	252	(17)
Deferred gains or losses on hedges	50	9
Remeasurements of defined benefit plans, net of tax	109	105
Total other comprehensive income	412	97
Comprehensive income	8,014	8,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,014	8,338
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	11,360	12,184
Depreciation	5,415	5,582
Impairment loss	80	24
Loss (gain) on valuation of derivatives	(60)	(48)
Loss on disaster	26	641
Insurance income	(30)	(577)
Increase (decrease) in provision for bonuses	74	38
Increase (decrease) in net defined benefit liability	557	484
Increase (decrease) in provision for point card certificates	230	121
Interest and dividend income	(154)	(224)
Interest expenses	141	116
Loss (gain) on disposal of property, plant and equipment	69	79
Decrease (increase) in notes and accounts receivable - trade	(519)	(726)
Decrease (increase) in inventories	1,130	3,315
Decrease (increase) in accounts receivable - other	524	(132)
Decrease (increase) in deposits paid	(3,086)	(3,219)
Decrease (increase) in prepaid expenses	(902)	(869)
Increase (decrease) in notes and accounts payable - trade	671	2,615
Increase (decrease) in accounts payable - other	386	(600)
Increase (decrease) in accrued consumption taxes	647	818
Other, net	307	62
Subtotal	16,870	19,687
Interest and dividend income received	151	218
Interest expenses paid	(138)	(115)
Proceeds from insurance income	9	9
Proceeds from compensation	51	0
Proceeds from subsidy income	–	21
Payments for loss on disaster	(13)	(97)
Income taxes paid	(2,706)	(3,186)
Net cash provided by (used in) operating activities	14,223	16,538
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,750)	(7,481)
Proceeds from sales of property, plant and equipment	33	21
Purchase of intangible assets	(576)	(413)
Net Decrease (increase) in lease and guarantee deposits	(29)	56
Other, net	(207)	(197)
Net cash provided by (used in) investing activities	(5,530)	(8,014)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(6,920)	1,880
Proceeds from long-term loans payable	5,000	–
Repayments of long-term loans payable	(2,953)	(11,084)
Repayments of lease obligations	(915)	(883)
Proceeds from disposal of treasury shares	0	0
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(961)	(1,011)
Net cash provided by (used in) financing activities	(6,751)	(11,100)
Effect of exchange rate change on cash and cash equivalents	0	–
Net increase (decrease) in cash and cash equivalents	1,941	(2,576)
Cash and cash equivalents at beginning of period	7,568	6,819
Cash and cash equivalents at end of period	9,510	4,243