

INVESTORS' GUIDE

2019



Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

April 24, 2019

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 of ordinary general meeting of shareholders: June 21, 2019
 Scheduled date to file Securities Report: June 21, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	346,863	1.4	18,123	6.8	18,237	6.7	10,935	0.3
Year ended March 31, 2018	341,956	3.8	16,964	1.6	17,087	1.6	10,907	(1.0)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/operating revenue
	Yen	Yen	%	%	%
Year ended March 31, 2019	215.90	215.64	6.5	5.6	5.2
Year ended March 31, 2018	215.35	215.12	6.8	5.5	5.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	326,435	173,968	53.2	3,431.62
As of March 31, 2018	319,681	164,958	51.6	3,254.23

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	23,336	(20,280)	(6,170)	3,710
Year ended March 31, 2018	22,400	(16,914)	(6,229)	6,819

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	19.00	–	20.00	39.00	1,975	18.1	1.2
Year ended March 31, 2019	–	20.00	–	20.00	40.00	2,026	18.5	1.2
Year ending March 31, 2020 (Forecast)	–	21.00	–	21.00	42.00		18.2	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	190,000	5.5	15,100	22.9	15,100	22.2	10,200	23.8	201.37
Full year	358,000	3.2	20,000	10.4	20,000	9.7	11,700	7.0	230.99

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	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 March 31, 2019	3,756,762 shares	As of March 31, 2018	3,756,596 shares
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Average number of shares during the period

Year ended March 31, 2019	50,652,445 shares	Year ended March 31, 2018	50,650,695 shares
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1. Overview of operating results and others

(1) Overview of operating results for the year ended March 31, 2019

1) Operating results for the year ended March 31, 2019

Consolidated operating results

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Year-on-year comparison (%)
Operating revenue	341,956	346,863	101.4
Operating profit	16,964	18,123	106.8
Ordinary profit	17,087	18,237	106.7
Profit attributable to owners of the parent	10,907	10,935	100.3

Non-consolidated operating results

	Year ended March 31, 2018	Year ended March 31, 2019	Year-on-year comparison (%)
Operating revenue	328,491	332,972	101.4
Operating profit	11,111	12,653	113.9
Ordinary profit	12,254	13,704	111.8
Profit	7,964	8,227	103.3

During the fiscal year under review, the Japanese economy saw increases in capital investment against a backdrop of strong corporate results, and further improvements in income and employment conditions, but factors such as the impact of the slowdown in the Chinese economy, trade friction between the US and China, and the departure of the UK from the EU have led to a rising sense of uncertainty.

In the retail industry the business environment has been made more challenging by such factors as increasingly intense sales competition that transcends conventional boundaries of business sectors and formats, the impact of inclement weather and natural disasters that have occurred across the country, and rising expenses, particularly personnel expenses.

Operating under these circumstances, the Group's operating results by business in the fiscal year under review were as follows.

Home Center business

The Group is aiming to achieve a store model that makes customers feel that it is an essential part of their lives, under the catchphrase of "For this and that, it has to be Komeri," and focused on renovating existing outlets in Power stores (PW stores), Home Center stores (HC stores), and Hard & Green stores (HG stores)

In the fiscal year under review, we renovated 18 PW stores, 18 HC stores, and 135 HG stores for a total of 171 renovations, and worked to revitalize sales floors. After renovation, strong sales were recorded, mainly in construction-related areas such as "Tools, hardware and work-related products."

In addition, the optimization of inventory on which we have been working continuously across the Company as a whole has been bearing fruit, for example in the form of enhanced precision in the order placement system. Inventory at existing stores at the end of the fiscal year under review fell 3.4% year on year, marking the third consecutive year of improvements.

In terms of profits, by introducing newly developed products, promoting everyday low price (EDLP) measures, and pursuing even lower cost operations through the implementation of business process re-engineering (BPR), we achieved increases in gross profit and operating profit.

The number of cardholders of the cards that consolidated subsidiary KOMERI CAPITAL Co., Ltd. independently issues such as KOMERI Card (credit card) and AQUA Card (prepaid card) has been steadily increasing, surpassing 3,300,000 members during the fiscal year under review. These cards enable us to

identify our customers' product needs in a timely manner utilizing big data. Also, by means of an FSP program in which benefits increase along with the frequency of usage, we are making progress in creating repeat customers.

Stores

With regard to store openings, a total of nine new PW stores were opened in Hokkaido, Tochigi, Chiba, Shizuoka, Aichi, Shiga, and Fukuoka Prefectures. In addition, two HC stores in Yamagata and Mie Prefectures were converted to the PW format. This brought the total number of PW stores in Hokkaido and 28 other prefectures to 64. Three HG stores were opened, and we implemented scrap and build to convert four stores to the HC format.

There were a total of 12 closures: three HC stores (including conversions to different formats), eight HG stores (including conversions to different formats) and one Athena (“AT”) store.

As a result, the number of stores at the end of the fiscal year under review stood at 1,192 stores, consisting of 64 PW stores, 164 HC stores, 956 HG stores, and 8 AT stores.

Consolidated operating results

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Year-on-year comparison (%)
Home Center division total	325,576	329,967	101.3
Number of stores	1,186	1,192	-
Number of stores newly opened	17	12	-

Operating results of Home Center division (by product category)

- Tools, hardware and work-related products

Sales of power tools and related parts were firm. In addition, emergency supplies and the like were strong. As a result, net sales in this product category rose 5.4% year on year to 59,515 million yen.

- Renovation materials and exterior goods

Building materials such as scaffold pipes and plywood were firm. In addition, sales of housing equipment for kitchen, gas ranges, bathroom sinks and the like were strong. As a result, net sales in this product category rose 9.2% year on year to 47,778 million yen.

- Gardening and agricultural goods

Greenhouse materials and agrichemicals for paddy rice were firm, but sales of plants, particularly flower seedlings were weak. As a result, net sales in this product category fell 0.3% year on year to 76,820 million yen.

- Commodities and pet supplies

Pet supplies, particularly private label products were firm, but daily consumables were weak. As a result, net sales in this product category fell 0.3% year on year to 57,986 million yen.

- Major appliances and leisure goods

Leisure products, such as charcoal and tents, and air conditioning products sold well, but due to the impact of the warm winter, sales of heating products such as kerosene fan heaters and *kotatsu* tables with integrated heaters were weak. As a result, net sales in this product category fell 0.4% year on year to 41,198 million yen.

- Interior items and household goods

Household goods such as private label storage containers and cooking tools were firm. As a result, net sales in this product category rose 0.2% year on year to 32,308 million yen.

- Kerosene and others

Sales of kerosene were weak due to the warm winter. As a result, net sales in this product category fell 13.4% year on year to 14,360 million yen.

Net sales results by product category

(Millions of yen, %)

Product category	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Year-on-year comparison (%)
	Net sales	Percentage	Net sales	Percentage	
Tools, hardware and work-related products	56,467	17.3	59,515	18.0	105.4
Renovation materials and exterior goods	43,749	13.4	47,778	14.5	109.2
Gardening and agricultural goods	77,050	23.7	76,820	23.3	99.7
Commodities and pet supplies	58,133	17.9	57,986	17.6	99.7
Major appliances and leisure goods	41,359	12.7	41,198	12.5	99.6
Interior items and household goods	32,234	9.9	32,308	9.8	100.2
Kerosene and others	16,581	5.1	14,360	4.3	86.6
Home Center division total	325,576	100.0	329,967	100.0	101.3

Operating results of other divisions

- Logistics

HOKUSEI SANGYO Co., Ltd. operates 10 distribution centers nationwide which function as the logistics bases of the Group.

- Information technology

BIT-A Co., Ltd. develops, operates and maintains such computer systems as POS, logistics, online shopping, and Web-EDI.

- Credit cards

KOMERI CAPITAL Co., Ltd. performs card business, other contingent business and insurance agent business. The number of cardholders exceeded 3,300,000 members and the company is working to respond to diverse methods of payment made at stores and to promote cashless settlement.

Other businesses

LIFE KOMERI Co., Ltd. sells liquefied petroleum gas, gasoline, kerosene, and related equipment. This company secured top share in liquefied petroleum gas sales in Niigata Prefecture and has expanded its network of sales offices into Nagano Prefecture.

MOVIE TIME Co., Ltd. sells books, etc.

As a result of the above, operating revenue in the fiscal year under review rose 1.4% on a consolidated basis from the previous fiscal year to 346,863 million yen. Operating profit rose 6.8% to 18,123 million yen and ordinary profit rose 6.7% to 18,237 million yen. Profit attributable to owners of the parent rose 0.3% to 10,935 million yen.

2) Outlook for the year ending March 31, 2020

Consolidated operating results

(Millions of yen)

	6 months	Year-on-year comparison (%)	Annual	Year-on-year comparison (%)
Operating revenue	190,000	105.5	358,000	103.2
Operating profit	15,100	122.9	20,000	110.4
Ordinary profit	15,100	122.2	20,000	109.7
Profit attributable to owners of the parent	10,200	123.8	11,700	107.0

Non-consolidated operating results

	6 months	Year-on-year comparison (%)	Annual	Year-on-year comparison (%)
Operating revenue	183,000	105.6	344,000	103.3
Operating profit	13,600	142.8	17,200	135.9
Ordinary profit	14,100	140.0	18,000	131.3
Profit	9,700	141.0	10,600	128.8

With respect to our outlook for the year ending March 31, 2020, we anticipate continued instability in the global economy, driven by the slowing of the Chinese economy and the exit of the UK from the EU. As for the domestic economy, an increase in consumption tax is scheduled for October 2019, and we expect this to lead to uncertainty with regard to the trend for business conditions and personal consumption.

The business environment for the home center industry is expected to remain difficult due to Internet shopping, competition from other industries such as drugstores, etc., and deteriorating profitability as a result of rising expenses, primarily personnel expenses, amongst other factors.

Facing these circumstances, the Group will make efforts to further strengthen global sourcing and selling power, with the customer-first spirit, which means to provide customers with better products at lower prices.

As a major policy measure, the Group will fortify its existing area of operations, and push ahead with renovations of existing stores. We will work on the horizontal roll-out of model stores, and optimize store formats by use of scrap and build. With regard to products, we will focus our efforts on the further promotion of EDLP measures and on the development of new products that win the support of customers. In addition, in the field of agricultural products, we are striving to build a structure that will allow us to address larger farms.

Taking the above-mentioned circumstances into consideration, for the year ending March 31, 2020, on a consolidated basis, the Group expects operating revenue to rise 3.2% year on year to 358,000 million yen, operating profit to rise 10.4% to 20,000 million yen, ordinary profit to rise 9.7% to 20,000 million yen and profit attributable to owners of the parent to rise 7.0% to 11,700 million yen.

(2) Overview of financial position for the year ended March 31, 2019

1) Assets, liabilities and net assets

Total assets at the end of the fiscal year under review increased by 6,753 million yen from the previous fiscal year-end to 326,435 million yen. This was mainly due to increases in property, plant and equipment of 5,655 million yen and merchandise inventories of 1,863 million yen.

Liabilities decreased by 2,256 million yen from the previous fiscal year-end to 152,466 million yen. This was mainly due to a decrease in long-term debt including current portion of 12,169 million yen, although there was an increase in short-term bank loans of 9,800 million yen.

Net assets increased by 9,010 million yen from the previous fiscal year-end to 173,968 million yen. This was mainly due to an increase in retained earnings.

2) Consolidated cash flows

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Year-on-year comparison (%)
Net cash provided by operating activities	22,400	23,336	936
Net cash used in investing activities	(16,914)	(20,280)	(3,365)
Net cash used in financing activities	(6,229)	(6,170)	58
Increase (decrease) in cash and cash equivalents	(748)	(3,109)	(2,361)
Cash and cash equivalents, end of year	6,819	3,710	(3,109)

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled 3,710 million yen. Factors affecting cash flows include the followings:

(Net cash provided by operating activities)

Net cash provided by operating activities increased by 4.2% from the previous fiscal year to 23,336 million yen. The main sources of cash provided were profit before income taxes of 16,537 million yen in addition to depreciation of 11,400 million yen. The main reason for cash usage was income taxes paid of 6,109 million yen.

(Net cash used in investing activities)

Net cash used in investing activities increased by 19.9% from the previous fiscal year to 20,280 million yen. The main reason for cash usage was the purchases of property, plant and equipment.

(Net cash used in financing activities)

Net cash used in financing activities decreased by 0.9% from the previous fiscal year to 6,170 million yen. The main source of cash provided was proceeds from short-term bank loans of 9,800 million yen and the main reasons for cash usage was 17,169 million yen used for repayments of long-term debt.

Trends in cash flow indices

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019
Equity ratio (%)	50.6	51.6	53.2
Equity ratio based on market prices (%)	45.5	44.9	42.1
Years of debt redemption (years)	2.4	2.8	2.5
Interest coverage ratio (times)	81.7	82.7	108.0

(Notes) 1. The calculation formulas are as follows:

Equity ratio: shareholders' equity/total assets

Equity ratio based on market prices: market capitalization/total assets

Years of debt redemption: interest-bearing liabilities/operating cash flow

Interest coverage ratio: operating cash flow/interest payments

2. Each of the foregoing indices is calculated on the basis of consolidated financial data.

3. "Market capitalization" is calculated by multiplying the share price on the final day of the fiscal year by the number of issued shares on the same day (excluding treasury stock).

4. For "operating cash flow," we use the figure of "net cash provided by operating activities" in the consolidated statement of cash flows.

5. "Interest-bearing liabilities" refers to all liabilities on the consolidated balance sheet on which interest payments are made. For "interest payments," we use the figure of "interest expense" in the consolidated statement of cash flows.

(3) Basic policy on distribution of profits and dividends for the fiscal year under review and the next fiscal year

The Group places the highest priority on increasing returns to shareholders by constantly raising its corporate value. In distributing profits, we are working to continuously provide stable dividends while strengthening the Group's operating base and financial structure.

Internal reserves will be used for investments in growth to further strengthen the Group's operating base, such as new store openings, renovation of existing stores, and system development, and thereby we enhance our corporate value.

To show our gratitude to our shareholders, we will pay a year-end dividend of 20 yen per share, as announced on April 27, 2018. As a result, the annual dividend will be 40 yen per share including an interim dividend of 20 yen per share.

For the next fiscal year, we plan to pay an annual dividend of 42 yen per share, consisting of an interim dividend of 21 yen per share and a year-end dividend of 21 yen per share.

(4) Business and other risks

The business risks faced by the Group have not changed materially since they were listed in the securities report that was filed on June 22, 2018, and so they have been omitted here.

2. Management policy

(1) Fundamental management policy

The Group's philosophy is based on the concept that "A company should serve the purpose of making people happy, and by making people happy, it will be supported by society, and thus remain a going concern." This has not changed since the Company was founded.

Based on the above management philosophy, the Group leverages its strengths in business areas normally handled by home centers such as those involving building materials, hardware and agricultural materials, and is also working to modernize obsolete distribution systems in such areas of business.

(2) Target management indices

The Group is targeting the goals of achieving "33.3% labor's share, 10% ROA, and 10% ROE" and is striving to increase productivity of both our people and our capital.

As of the end of the fiscal year under review, ROA and ROE stood at 5.6% and 6.5%, respectively.

(3) The medium-to-long-term management strategy

The environment in which the Group operates is forecast to become increasingly difficult, characterized by extraordinarily rapid changes in the market, declines in market size caused by the shrinking population, and intensifying sales competition that transcends the conventional boundaries of business sectors and formats.

Facing such circumstances, the Group will concentrate on "home" and "agriculture," offering products and services that match customer lifestyles, with the aim of becoming an home improvement company regarded as indispensable to regional Japan.

3. Basic rationale for selecting the accounting standard

As the Company is currently engaged in business within Japan, among other reasons, the Company's policy in the immediate term is to prepare its consolidated financial statements on the basis of Japanese GAAP.

The Company intends to examine the application of International Financial Reporting Standards (IFRS) in consideration of such factors as future business development and trends inside and outside Japan.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,124	4,004
Notes and accounts receivable - trade	16,078	17,698
Merchandise and finished goods	107,941	109,805
Raw materials and supplies	264	275
Prepaid expenses	1,532	1,948
Other	4,373	4,431
Allowance for doubtful accounts	(242)	(357)
Total current assets	137,073	137,806
Non-current assets		
Property, plant and equipment		
Buildings and structures	222,917	233,682
Accumulated depreciation	(111,567)	(117,851)
Buildings and structures, net	111,349	115,830
Machinery, equipment and vehicles	13,798	14,626
Accumulated depreciation	(10,626)	(11,303)
Machinery, equipment and vehicles, net	3,172	3,323
Land	31,077	32,976
Leased assets	9,813	9,602
Accumulated depreciation	(5,699)	(5,479)
Leased assets, net	4,113	4,122
Construction in progress	3,446	2,571
Other	13,838	14,446
Accumulated depreciation	(11,958)	(12,575)
Other, net	1,879	1,870
Total property, plant and equipment	155,038	160,694
Intangible assets		
Leasehold right	5,170	5,336
Other	2,443	2,464
Total intangible assets	7,613	7,801
Investments and other assets		
Investment securities	2,092	1,820
Long-term prepaid expenses	1,097	1,143
Deferred tax assets	7,728	8,290
Leasehold and guarantee deposits	8,505	8,379
Other	531	499
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	19,955	20,133
Total non-current assets	182,608	188,629
Total assets	319,681	326,435

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,026	25,762
Electronically recorded obligations - operating	23,403	25,863
Short-term loans payable	200	10,000
Current portion of long-term loans payable	17,169	12,169
Accounts payable - other	9,594	8,033
Accrued expenses	308	299
Lease obligations	1,604	1,579
Income taxes payable	3,589	3,736
Accrued consumption taxes	998	1,741
Provision for bonuses	1,573	1,681
Provision for bonuses for directors (and other officers)	19	19
Provision for loss on store closing	44	44
Provision for point card certificates	656	682
Provision for loss on disaster	9	0
Notes payable - facilities	2,883	1,011
Other	3,448	3,836
Total current liabilities	92,530	96,462
Non-current liabilities		
Long-term loans payable	39,479	32,309
Lease obligations	3,205	3,116
Deferred tax liabilities	124	56
Provision for retirement benefits for directors (and other officers)	124	124
Retirement benefit liability	10,950	11,503
Long-term guarantee deposited	1,691	1,597
Asset retirement obligations	6,286	6,862
Other	328	433
Total non-current liabilities	62,192	56,004
Total liabilities	154,723	152,466
Net assets		
Shareholders' equity		
Capital stock	18,802	18,802
Capital surplus	25,260	25,260
Retained earnings	129,901	138,811
Treasury shares	(9,126)	(9,126)
Total shareholders' equity	164,838	173,747
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	586	401
Deferred gains or losses on hedges	(9)	—
Remeasurements of defined benefit plans	(580)	(328)
Total accumulated other comprehensive income	(3)	72
Share acquisition rights	123	148
Total net assets	164,958	173,968
Total liabilities and net assets	319,681	326,435

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	330,711	335,107
Cost of sales	225,678	227,753
Gross profit	105,032	107,353
Operating revenue		
Rent income of real estate	11,244	11,755
Operating gross profit	116,277	119,109
Selling, general and administrative expenses		
Advertising expenses	4,342	4,174
Sales supplies expenses	654	744
Provision for point card certificates	656	682
Salaries and allowances	33,171	34,221
Bonuses	1,758	1,639
Welfare expenses	6,391	6,450
Provision for bonuses	1,573	1,681
Provision for bonuses for directors (and other officers)	19	19
Retirement benefit expenses	1,347	1,339
Supplies expenses	1,068	1,029
Utilities expenses	4,275	4,305
Taxes and dues	2,718	2,831
Enterprise tax	961	982
Rent expenses	12,067	12,300
Depreciation	11,098	11,400
Store maintenance expenses	1,800	1,849
Other	15,407	15,333
Total selling, general and administrative expenses	99,313	100,986
Operating profit	16,964	18,123
Non-operating income		
Interest income	18	16
Dividend income	166	244
Foreign exchange gains	111	–
Other	361	288
Total non-operating income	658	549
Non-operating expenses		
Interest expenses	271	217
Foreign exchange losses	–	89
Other	263	129
Total non-operating expenses	535	436
Ordinary profit	17,087	18,237

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary income		
Insurance income	74	691
Compensation income	288	–
Total extraordinary income	362	691
Extraordinary losses		
Loss on disposal of non-current assets	154	152
Impairment loss	716	1,464
Loss on disaster	73	773
Total extraordinary losses	943	2,390
Profit before income taxes	16,506	16,537
Income taxes - current	5,872	6,254
Income taxes - deferred	(273)	(652)
Total income taxes	5,598	5,602
Profit	10,907	10,935
Profit attributable to owners of parent	10,907	10,935

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	10,907	10,935
Other comprehensive income		
Valuation difference on available-for-sale securities	423	(185)
Deferred gains or losses on hedges	44	9
Remeasurements of defined benefit plans, net of tax	242	252
Total other comprehensive income	710	75
Comprehensive income	11,618	11,011
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,618	11,011
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,802	25,260	120,919	(9,147)	155,835
Changes of items during period					
Dividends of surplus			(1,924)		(1,924)
Profit attributable to owners of parent			10,907		10,907
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)	(0)	23	22
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	8,982	20	9,002
Balance at end of current period	18,802	25,260	129,901	(9,126)	164,838

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	162	(53)	(823)	(714)	120	155,241
Changes of items during period						
Dividends of surplus						(1,924)
Profit attributable to owners of parent						10,907
Purchase of treasury shares						(2)
Disposal of treasury shares						22
Net changes of items other than shareholders' equity	423	44	242	710	2	713
Total changes of items during period	423	44	242	710	2	9,716
Balance at end of current period	586	(9)	(580)	(3)	123	164,958

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,802	25,260	129,901	(9,126)	164,838
Changes of items during period					
Dividends of surplus			(2,026)		(2,026)
Profit attributable to owners of parent			10,935		10,935
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	8,909	(0)	8,909
Balance at end of current period	18,802	25,260	138,811	(9,126)	173,747

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	586	(9)	(580)	(3)	123	164,958
Changes of items during period						
Dividends of surplus						(2,026)
Profit attributable to owners of parent						10,935
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	(185)	9	252	75	25	101
Total changes of items during period	(185)	9	252	75	25	9,010
Balance at end of current period	401	-	(328)	72	148	173,968

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	16,506	16,537
Depreciation	11,098	11,400
Impairment loss	716	1,464
Loss (gain) on valuation of derivatives	(68)	(17)
Loss on disaster	64	773
Insurance income	(74)	(691)
Compensation income	(51)	(25)
Increase (decrease) in provision for bonuses	(90)	107
Increase (decrease) in provision for bonuses for directors (and other officers)	0	0
Increase (decrease) in retirement benefit liability	1,034	915
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(53)	–
Increase (decrease) in provision for point card certificates	75	26
Increase (decrease) in provision for loss on store closing	(30)	–
Increase (decrease) in allowance for doubtful accounts	17	115
Interest and dividend income	(185)	(261)
Interest expenses	271	217
Loss (gain) on disposal of property, plant and equipment	153	152
Decrease (increase) in notes and accounts receivable - trade	(1,634)	(1,620)
Decrease (increase) in inventories	(1,778)	(2,222)
Decrease (increase) in accounts receivable - other	582	260
Decrease (increase) in deposits paid	(292)	(376)
Increase (decrease) in notes and accounts payable - trade	(277)	1,195
Increase (decrease) in accounts payable - other	843	267
Increase (decrease) in accrued consumption taxes	140	743
Other, net	843	34
Subtotal	27,809	28,996
Interest and dividend income received	181	275
Interest expenses paid	(271)	(216)
Income taxes paid	(5,379)	(6,109)
Proceeds from compensation	51	25
Proceeds from subsidy income	–	55
Proceeds from insurance income	74	691
Payments for loss on disaster	(64)	(380)
Net cash provided by (used in) operating activities	22,400	23,336

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	9
Purchase of property, plant and equipment	(15,573)	(19,056)
Proceeds from sales of property, plant and equipment	167	37
Purchase of intangible assets	(1,054)	(1,016)
Net Decrease (increase) in lease and guarantee deposits	(114)	125
Other, net	(339)	(379)
Net cash provided by (used in) investing activities	(16,914)	(20,280)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(7,000)	9,800
Proceeds from long-term loans payable	9,000	5,000
Repayments of long-term loans payable	(4,480)	(17,169)
Repayments of lease obligations	(1,822)	(1,776)
Purchase of treasury shares	(2)	(0)
Proceeds from disposal of treasury shares	0	0
Cash dividends paid	(1,924)	(2,024)
Net cash provided by (used in) financing activities	(6,229)	(6,170)
Effect of exchange rate change on cash and cash equivalents	(5)	5
Net increase (decrease) in cash and cash equivalents	(748)	(3,109)
Cash and cash equivalents at beginning of period	7,568	6,819
Cash and cash equivalents at end of period	6,819	3,710

(5). Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Changes in presentation)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16, 2018) from the beginning of the fiscal year. Accordingly, the Company presents deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities.

(Segment information, etc.)

Segment information

Disclosure of the Group’s reportable segments has been omitted as the Group only operates the Home Center business.

Related information

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

1. Information by products and services

This information has been omitted, as sales to external customers in a single product or service category account for more than 90% of sales recorded on the consolidated statement of income.

2. Information by geographic area

(1) Sales

This information has been omitted, as the Company has no sales from customers outside Japan.

(2) Property, plant and equipment

This information has been omitted, as the Company has no property, plant and equipment outside Japan.

3. Information by major customer

This information has been omitted, as there were no sales from a single external customer accounting for 10% or more of sales on the consolidated statement of income.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

1. Information by products and services

This information has been omitted, as sales to external customers in a single product or service category account for more than 90% of sales recorded on the consolidated statement of income.

2. Information by geographic area

(1) Sales

This information has been omitted, as the Company has no sales from customers outside Japan.

(2) Property, plant and equipment

This information has been omitted, as the Company has no property, plant and equipment outside Japan.

3. Information by major customer

This information has been omitted, as there were no sales from a single external customer accounting for 10% or more of sales on the consolidated statement of income.

Information on impairment loss of non-current assets by reportable segment

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

This information has been omitted, as the Group has only one reportable segment, which is the Home Center business, and there is no impairment loss that has not been allocated to the reportable segment.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

This information has been omitted as the Group has only one reportable segment, which is the Home Center business, and there is no impairment loss that has not been allocated to the reportable segment.

Information on amortization of goodwill and unamortized balance by reportable segment

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Not applicable.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Not applicable.

Information on gains on negative goodwill by reported segment

Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

Not applicable.

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

Not applicable.

(Earnings per share)

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Net assets per share (Yen)	3,254.23	3,431.62
Earnings per share (Yen)	215.35	215.90
Diluted earnings per share (Yen)	215.12	215.64

(Notes) 1. The basis of the calculation of net assets per share is as follows.

	As of March 31, 2018	As of March 31, 2019
Total net assets (Millions of yen)	164,958	173,968
Amounts to be deducted from total net assets (Millions of yen)	123	148
Of the above, share acquisition rights (Millions of yen)	123	148
Net assets at the end of period, related to common shares (Millions of yen)	164,834	173,820
Number of common shares at end of period used in the calculation of net asset per share (Thousands of shares)	50,652	50,652

2. The basis of calculating earnings per share and diluted earnings per share is as follows:

	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
Earnings per share		
Profit attributable to owners of the parent (Millions of yen)	10,907	10,935
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent available of common shares (Millions of yen)	10,907	10,935
Average number of shares during the period (Thousands of shares)	50,650	50,652
Diluted earnings per share		
Profit attributable to owners of the parent (Millions of yen)	–	–
Increase in the number of common shares (Thousands of shares)	53	60
Of the above, share acquisition rights (Thousands of shares)	53	60
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	–	–

(Significant subsequent events)

Not applicable.

5. Others

Sales results

(Millions of yen, %)

Product category	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)		Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Year-on-year comparison (%)
	Amount	Percentage	Amount	Percentage	
Tools, hardware and work-related products	56,467	16.5	59,515	17.2	105.4
Renovation materials and exterior goods	43,749	12.8	47,778	13.8	109.2
Gardening and agricultural goods	77,050	22.5	76,820	22.1	99.7
Commodities and pet supplies	58,133	17.0	57,986	16.7	99.7
Major appliances and leisure goods	41,359	12.1	41,198	11.9	99.6
Interior items and household goods	32,234	9.4	32,308	9.3	100.2
Kerosene and others	16,581	4.9	14,360	4.1	86.6
Home Center division total	325,576	95.2	329,967	95.1	101.3
Others	5,135	1.5	5,140	1.5	100.1
Net sales	330,711	96.7	335,107	96.6	101.3
Operating income	11,244	3.3	11,755	3.4	104.5
Operating revenue	341,956	100.0	346,863	100.0	101.4

(Notes)

- The respective contents by each product listed above are as follows:

Tools, hardware and work-related products	(Tools, building construction hardware, paint, repair goods, workwear, etc.)
Renovation materials and exterior goods	(Building materials, plumbing materials, lumber, housing equipment, exterior goods, etc.)
Gardening and agricultural goods	(Gardening goods, fertilizers and agrichemicals, agricultural materials, plants, etc.)
Commodities and pet supplies	(Daily consumables, health and beauty care products, foods, pet supplies, etc.)
Major appliances and leisure goods	(Major appliances, car accessories, leisure and cycle goods, stationery, etc.)
Interior items and household goods	(Interior furnishings, furniture and storage containers, household goods, dining ware, etc.)
- At the beginning of the fiscal year under review, we recategorized products in the home center business. For the purpose of year-on-year comparison, the figures for the previous fiscal year have been restated to reflect the revised categories.

Reference

Ten-year consolidated financial and operating results of Komeri Co., Ltd.

(JPY in millions)

	Five-Year Compound Annual Growth Rate	Fiscal year (FY) starting April 1, ending March 31 next year										
		FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010	FY2009	FY2008
<Profit and loss data>	%											
Operating revenue	0.7	346,863	341,956	329,588	324,343	316,969	335,567	319,245	312,017	298,594	285,480	277,557
Revenue growth rate	—	1.4	3.8	1.6	2.3	△ 5.5	5.1	2.3	4.5	4.6	2.9	1.3
Cost of sales	0.4	227,753	225,678	217,208	212,497	207,222	223,185	211,149	205,609	200,896	192,797	188,043
Selling, general and administrative expenses	1.9	100,986	99,313	95,690	93,917	93,638	92,134	88,917	86,181	81,829	77,611	74,798
Operating profit	△ 2.2	18,123	16,964	16,689	17,928	16,108	20,246	19,178	20,226	15,869	15,072	14,716
Operating profit growth rate	—	6.8	1.6	△ 6.9	11.3	△ 20.4	5.6	△ 5.2	27.5	5.3	2.4	-5.6
Profit before income taxes	△ 1.7	16,537	16,506	16,129	15,229	12,049	18,027	17,183	18,820	10,347	12,474	11,495
Net income attributable to owners of the parent	0.7	10,935	10,907	11,017	9,585	7,171	10,573	10,000	9,687	5,698	6,460	6,421
Net income attributable to owners of the parent growth rate	—	0.3	△ 1.0	14.9	33.7	△ 32.2	5.7	3.2	70.0	△ 11.8	0.6	-22.6
Earnings per share	0.7	215.90	215.35	217.54	189.33	141.44	208.22	196.94	190.78	111.86	126.39	124.27
Earnings per share growth rate	—	0.3	△ 1.0	14.9	33.9	△ 32.10	5.7	3.2	70.6	△ 11.5	1.7	-20.9
Average number of shares issued during the period (thousand)	△ 0.1	50,652	50,650	50,644	50,630	50,704	50,784	50,779	50,777	50,942	51,113	51,672
Gross margin ratio	—	34.3	34.0	34.1	34.5	34.6	33.5	33.9	34.1	32.7	32.5	32.3
SG&A expenses to operating revenue	—	29.1	29.0	29.0	29.0	29.5	27.5	27.9	27.6	27.4	27.2	26.9
Operating profit ratio	—	5.2	5.0	5.1	5.5	5.1	6.0	6.0	6.5	5.3	5.3	5.3
Interest-bearing debt ratio	—	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.4	0.5
Pretax profit margin	—	4.8	4.8	4.9	4.7	3.8	5.4	5.4	6.0	3.5	4.4	4.1
Net income ratio	—	3.2	3.2	3.3	3.0	2.3	3.2	3.1	3.1	1.9	2.3	2.3
<Balance sheet data>	%											
Total assets	1.9	326,435	319,681	306,562	305,496	301,128	296,811	272,073	257,609	247,689	239,832	242,290
Inventory assets	2.1	109,805	107,941	106,243	106,660	103,736	98,944	91,649	88,231	79,724	83,755	80,070
Non-current assets	2.9	188,629	182,608	170,369	167,082	167,280	163,540	158,544	149,196	121,793	139,266	124,286
Non-current liabilities	5.0	56,004	62,192	69,229	65,040	54,984	43,934	35,370	26,409	28,577	18,935	23,516
Shareholders' equity	5.4	173,747	164,838	155,835	146,693	138,793	133,668	124,912	116,739	108,498	105,129	100,792
Net assets per share	5.4	3,431.6	3,254.2	3,063.0	2,873.0	2,746.5	2,631.9	2,467.8	2,300.0	2,136.7	2,058.1	1,967.0
Non-current liabilities ratio	—	32.2	37.7	44.4	44.3	39.6	32.9	28.3	22.6	26.3	18.0	23.3
Current ratio	—	1.43:1	1.48:1	1.66:1	1.46:1	1.25:1	1.12:1	1.02:1	0.95:1	0.94:1	0.87:1	0.83:0
Equity ratio	—	53.2	51.6	50.6	47.6	46.1	45	46.1	45.3	43.8	43.8	41.6
Inventory turnover ratio	—	3.2	3.2	3.1	3.1	3.1	3.5	3.5	3.7	3.7	3.5	3.5
Return on equity (ROE)	—	6.5	6.8	7.3	6.7	5.3	8.2	8.3	8.6	5.3	6.3	6.5
Return on assets (ROA)	—	3.4	3.4	3.6	3.1	2.4	3.7	3.7	3.8	2.3	2.7	2.7
<Cash flow data>	%											
Depreciation	△ 0.8	11,400	11,098	11,091	11,686	12,123	11,840	11,778	12,065	11,487	11,408	11,176
Cash flows from operating activities	0.9	23,336	22,400	26,719	21,834	14,900	22,293	17,511	17,620	20,535	19,928	13,131
Cash flows from investing activities	2.2	△ 20,280	△ 16,914	△ 13,923	△ 12,875	△ 17,088	△ 18,149	△ 17,913	△ 17,480	△ 9,975	△ 8,317	△ 14,529
Cash flows from financing activities	—	△ 6,170	△ 6,229	△ 14,854	△ 8,311	△ 1,539	5,543	△ 544	△ 6,306	△ 7,829	△ 12,239	△ 252
Cash dividends per share (yen)	2.1	40.0	39.0	38.0	36.0	36.0	36.0	36.0	34.0	34.0	34.0	34.0
<Store Data>	%											
Number of stores	0.7	1,192	1,186	1,182	1,178	1,169	1,150	1,126	1,089	1,047	986	949
Number of Komeri Power stores	18.0	64	53	44	40	38	28	25	21	18	12	
Number of Komeri Home Center stores	2.5	164	163	157	150	147	145	140	132	126	127	139
Number of Komeri Hard & Green stores	-0.1	956	961	968	975	970	962	945	919	885	847	810
Athena	△ 11.8	8	9	13	13	14	15	16	17	18		
Stores operated by subsidiaries	—	0	0	0	0	0	0	0	0	0	0	14
Sales floor space (square meters)	4.2	2,280,347	2,177,881	2,080,241	1,997,646	1,958,232	1,858,724	1,775,021	1,657,833	1,556,329	1,462,352	1,348,673
Average number of employees	0.4	9,536	9,594	9,450	9,402	9,354	9,340	8,985	8,625	8,164	7,856	7,414
Sales per employee(thousands of yen)	0.2	36,373	35,643	34,877	34,497	33,886	35,928	35,531	36,176	36,574	36,339	37,437
Comparable store sales growth	—	△ 1.3	1.1	△ 0.1	△ 0.3	△ 8.5	1.6	△ 1.1	1.4	2.5	0.8	△ 3.3