

**Translation**

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**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2019  
(Based on Japanese GAAP)**

October 29, 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 to file Quarterly Securities Report: November 14, 2019  
 Scheduled date to commence dividend payments: December 2, 2019  
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	186,047	3.3	12,779	4.0	12,911	4.5	8,683	5.4
Six months ended September 30, 2018	180,054	2.3	12,288	8.2	12,352	7.8	8,241	8.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	171.51		171.35	
Six months ended September 30, 2018	162.70		162.52	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	332,989	181,788	54.6
As of March 31, 2019	326,435	173,968	53.2

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, 2019	–	20.00	–	20.00	40.00
Year ending March 31, 2020	–	21.00	–	–	–
Year ending March 31, 2020 (Forecast)	–	–	–	21.00	42.00

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
Full year	358,000	3.2	20,000	10.4	20,000	9.7	11,700	7.0	231.32

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019  
(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, 2019	54,409,168 shares	As of March 31, 2019	54,409,168 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	3,876,890 shares	As of March 31, 2019	3,756,762 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, 2019	50,626,956 shares	Six months ended September 30, 2018	50,652,471 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	4,004	10,411
Notes and accounts receivable - trade	17,698	20,507
Merchandise and finished goods	109,805	102,570
Raw materials and supplies	275	260
Other	6,379	11,280
Allowance for doubtful accounts	(357)	(438)
Total current assets	137,806	144,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	115,830	114,642
Land	32,976	34,530
Leased assets, net	4,122	3,796
Other, net	7,765	7,320
Total property, plant and equipment	160,694	160,289
Intangible assets	7,801	8,087
Investments and other assets		
Investment securities	1,820	1,875
Deferred tax assets	8,290	8,203
Leasehold and guarantee deposits	8,379	8,357
Other	1,642	1,583
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	20,133	20,020
Total non-current assets	188,629	188,397
Total assets	326,435	332,989

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	25,762	25,321
Electronically recorded obligations - operating	25,863	28,681
Short-term borrowings	10,000	7,100
Current portion of long-term borrowings	12,169	4,169
Lease obligations	1,579	1,490
Income taxes payable	3,736	4,695
Provision for bonuses	1,681	1,779
Provision for bonuses for directors (and other officers)	19	9
Provision for loss on store closings	44	44
Provision for point card certificates	682	876
Provision for loss on disaster	0	18
Other	14,922	14,098
Total current liabilities	96,462	88,285
Non-current liabilities		
Long-term borrowings	32,309	39,725
Lease obligations	3,116	2,829
Provision for retirement benefits for directors (and other officers)	124	124
Provision for share-based remuneration for directors (and other officers)	–	139
Retirement benefit liability	11,503	11,105
Asset retirement obligations	6,862	6,943
Other	2,087	2,047
Total non-current liabilities	56,004	62,915
Total liabilities	152,466	151,201
<b>Net assets</b>		
Shareholders' equity		
Share capital	18,802	18,802
Capital surplus	25,260	25,260
Retained earnings	138,811	146,481
Treasury shares	(9,126)	(9,382)
Total shareholders' equity	173,747	181,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	401	437
Remeasurements of defined benefit plans	(328)	189
Total accumulated other comprehensive income	72	626
Share acquisition rights	148	–
Total net assets	173,968	181,788
Total liabilities and net assets	326,435	332,989

## 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, 2018	Six months ended September 30, 2019
Net sales	174,079	180,370
Cost of sales	117,656	122,615
Gross profit	56,422	57,754
Operating revenue	5,974	5,677
Operating gross profit	62,397	63,432
Selling, general and administrative expenses		
Provision for point card certificates	121	193
Salaries and allowances	17,101	17,363
Provision for bonuses	1,611	1,779
Provision for bonuses for directors (and other officers)	9	9
Provision of allowance for doubtful accounts	93	160
Retirement benefit expenses	670	601
Other	30,500	30,543
Total selling, general and administrative expenses	50,108	50,652
Operating profit	12,288	12,779
Non-operating income		
Interest income	9	7
Dividend income	214	60
Foreign exchange gains	–	86
Gain on valuation of derivatives	48	0
Other	114	113
Total non-operating income	386	268
Non-operating expenses		
Interest expenses	116	90
Foreign exchange losses	135	–
Burial cultural asset investigation expense	–	30
Other	70	16
Total non-operating expenses	322	137
Ordinary profit	12,352	12,911
Extraordinary income		
Insurance claim income	577	13
Gain on reversal of share acquisition rights	–	154
Total extraordinary income	577	167
Extraordinary losses		
Loss on disposal of non-current assets	79	44
Loss on disaster	641	56
Impairment loss	24	7
Provision for share-based remuneration for directors (and other officers)	–	133
Total extraordinary losses	745	241
Profit before income taxes	12,184	12,837
Income taxes - current	4,126	4,268
Income taxes - deferred	(182)	(114)
Total income taxes	3,943	4,154
Profit	8,241	8,683
Profit attributable to owners of parent	8,241	8,683

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	8,241	8,683
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	36
Deferred gains or losses on hedges	9	–
Remeasurements of defined benefit plans, net of tax	105	517
Total other comprehensive income	97	553
Comprehensive income	8,338	9,237
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,338	9,237
Comprehensive income attributable to non-controlling interests	–	–

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	12,184	12,837
Depreciation	5,582	5,631
Impairment loss	24	7
Loss (gain) on valuation of derivatives	(48)	(0)
Loss on disaster	641	56
Insurance claim income	(577)	(13)
Gain on reversal of share acquisition rights	–	(154)
Increase (decrease) in provision for bonuses	38	97
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	–	139
Increase (decrease) in retirement benefit liability	484	347
Increase (decrease) in provision for point card certificates	121	193
Interest and dividend income	(224)	(68)
Interest expenses	116	90
Loss (gain) on disposal of property, plant and equipment	79	44
Decrease (increase) in trade receivables	(726)	(2,808)
Decrease (increase) in inventories	3,315	7,234
Decrease (increase) in accounts receivable - other	(132)	(505)
Decrease (increase) in deposits paid	(3,219)	(3,335)
Decrease (increase) in prepaid expenses	(869)	(893)
Increase (decrease) in trade payables	2,615	2,376
Increase (decrease) in accounts payable - other	(600)	(1,490)
Increase (decrease) in accrued consumption taxes	818	661
Other, net	62	202
Subtotal	19,687	20,651
Interest and dividends received	218	66
Interest paid	(115)	(90)
Proceeds from insurance income	9	13
Proceeds from compensation	0	36
Subsidies received	21	0
Payments associated with disaster loss	(97)	(19)
Income taxes paid	(3,186)	(3,326)
Net cash provided by (used in) operating activities	16,538	17,330
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,481)	(4,486)
Proceeds from sales of property, plant and equipment	21	3
Purchase of intangible assets	(413)	(682)
NetDecrease (increase) in lease and guarantee deposits	56	22
Other, net	(197)	(186)
Net cash provided by (used in) investing activities	(8,014)	(5,329)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,880	(2,900)
Proceeds from long-term borrowings	–	10,500
Repayments of long-term borrowings	(11,084)	(11,084)
Repayments of lease obligations	(883)	(859)
Proceeds from disposal of treasury shares	0	0
Purchase of treasury shares	(0)	(255)
Dividends paid	(1,011)	(1,012)
Net cash provided by (used in) financing activities	(11,100)	(5,611)
Effect of exchange rate change on cash and cash equivalents	–	(0)
Net increase (decrease) in cash and cash equivalents	(2,576)	6,388
Cash and cash equivalents at beginning of period	6,819	3,710
Cash and cash equivalents at end of period	4,243	10,099