

INVESTORS' GUIDE

2020



Translation

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**Summary of Consolidated Financial Results
for the Fiscal Year Ended March 31, 2020
(Based on Japanese GAAP)**

April 28, 2020

Company name: KOMERI CO., LTD.
 Stock exchange listing: Tokyo
 Code number: 8218 URL <https://www.komeri.bit.or.jp>
 Representative: Yuichiro Sasage President, CEO and COO Director and Executive Officer of the
 Contact person: Hiroshi Hayakawa Company, General Manager of Strategic Planning Office
 Phone 025-371-4111
 Scheduled date of ordinary general meeting of shareholders: June 25, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date of payment of cash dividends: June 26, 2020
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	348,573	0.5	18,469	1.9	18,625	2.1	11,941	9.2
Year ended March 31, 2019	346,863	1.4	18,123	6.8	18,237	6.7	10,935	0.3

	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, 2020	236.58	236.36	6.7	5.7	5.3
Year ended March 31, 2019	215.90	215.64	6.5	5.6	5.2

(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, 2020	331,140	181,990	55.0	3,659.43
As of March 31, 2019	326,435	173,968	53.2	3,431.62

(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, 2020	24,475	(9,816)	(9,039)	9,330
Year ended March 31, 2019	23,336	(20,280)	(6,170)	3,710

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, 2019	–	20.00	–	20.00	40.00	2,026	18.5	1.2
Year ended March 31, 2020	–	21.00	–	21.00	42.00	2,110	17.8	1.2
Year ending March 31, 2021 (Forecast)	–	21.00	–	21.00	42.00		18.5	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	185,000	(0.6)	12,000	(6.1)	12,100	(6.3)	8,150	(6.1)	163.88
Full year	353,000	1.3	19,000	2.9	19,100	2.6	11,300	(5.4)	227.22

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	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 March 31, 2020	4,677,174 shares	As of March 31, 2019	3,756,762 shares
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Average number of shares during the period

Year ended March 31, 2020	50,474,190 shares	Year ended March 31, 2019	50,652,445 shares
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1. Overview of operating results and others

(1) Overview of operating results for the year ended March 31, 2020

1) Operating results for the year ended March 31, 2020

The Japanese economy during the fiscal year under review faced an unavoidable decline in private consumption due to the effects of the consumption tax hike on consumer sentiment and the recent government request for citizens to stay at home to prevent the global spread and lasting effects of COVID-19. Furthermore, uncertainty over the future of the economy rapidly increased, including over the economic effects of the decision to postpone the Tokyo Olympics due to COVID-19.

In the retail industry, the business environment has been made more challenging than ever by increasingly intense sales competition that transcends conventional boundaries of business sectors and formats, the impact of inclement weather and natural disasters, spiking personnel and distribution costs, the effects of the consumption tax hike, and the effects on store operations including closed businesses and reduced operations across a broad range of industries resulting from the response to COVID-19.

Operating under these circumstances, to fulfill our role in the social infrastructure in response to changes in the business environment, in addition to the products that our customers require for everyday living, we worked to supply agricultural materials for farmers and building materials to building contractors.

Regarding store openings, due to the persistently high cost of construction, we revised store specifications to allow for low-cost store openings and adjusted store opening schedules. Due to the restriction of store opening numbers compared to typical years, we opened two Power stores (PW stores), eight Hard & Green stores (HG stores), and one PRO store. We also proactively renovated existing stores, renovating a total of 110,000 *tsubo*, 40% more than in typical years. The Group closed six HG stores due to expiration of contract terms, etc. As a result, the number of stores at the end of the fiscal year under review stood at 1,197 stores, consisting of 66 PW stores, 1,120 HG stores, three PRO stores, and eight Athena stores.

Regarding sales, sales of seasonal goods were weak due to a cooler early spring and a warm winter with less snow. However, sales of agricultural materials for farmers and the materials required by building contractors including renovation materials that are little affected by the weather were strong. Furthermore, sales of product holding services, which allow items ordered online to be picked up in stores, were strong, and the number of customers using these services also increased due to increasing shipping costs.

Regarding cooperation with Kamiina Agricultural Co-operatives (JA Kamiina), a new initiative, on March 1, 2020, we held renewal openings for agricultural product sales venues at eight of the Companies stores in the Kamiina District of Nagano Prefecture. In the past, exclusive products such as fertilizers and agrochemicals carried by JA Kamiina and private label products were sold together, allowing a broad product selection and being well received by local farmers.

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 3,600,000 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 the point return rate increases along with the frequency of usage, we are making progress in creating repeat customers.

Furthermore, on October 1, 2019, the Company transferred a portion of our lump-sum retirement benefit plan to the defined contribution plan, closed the employee retirement benefit plan for the portion transferred to the defined contribution plan, and recorded 1,157 million yen in extraordinary income in the third quarter.

As a result of the above, operating revenue in the fiscal year under review rose 0.5% on a consolidated basis from the previous fiscal year to 348,573 million yen. Operating profit rose 1.9% to 18,469 million yen and ordinary profit rose 2.1% to 18,625 million yen. Profit attributable to owners of the parent rose 9.2% to 11,941 million yen.

Operating results by product category

Tools, hardware and work-related products

Sales of power tools and related parts were strong. Sales of private label products were also strong, including comfortable, ventilated clothing for summer work. As a result, net sales in this product category rose 1.6% year on year to 60,468 million yen.

Renovation materials and exterior goods

Sales of materials such as interior finishing materials for professional use were strong. Furthermore, sales were strong for products required for installation work including built-in stoves and bathroom sinks. As a result, net sales in this product category rose 2.4% year on year to 48,943 million yen.

Gardening and agricultural goods

Due to a cooler early spring, sales were weak for flower seedlings and small-bag fertilizer for home use, but sales were strong for agricultural materials for farmers. Sales of herbicides were also strong with the heavy summer rains. As a result, net sales in this product category rose 0.2% year on year to 77,007 million yen.

Commodities and pet supplies

Pet supplies, such as private label cat cages were strong. Sales were also strong for hygienic products such as masks and hand soaps. As a result, net sales in this product category rose 3.3% year on year to 59,897 million yen.

Major appliances and leisure goods

Sales of heating products were weak due to the warm winter with less snow, but sales of bicycles were strong due to expanded sales of electrically power assisted bicycles. Sales were also strong for barbeque stoves for home enjoyment and camping goods such as coal. As a result, net sales in this product category fell 1.9% year on year to 40,417 million yen.

Interior items and household goods

Sales were strong for cookware such as private label frying pans and pots, but sales were weak for seasonal goods such as summer carpets and floor pads due to low temperatures in July. As a result, net sales in this product category fell 2.0% year on year to 31,664 million yen.

Kerosene and others

Sales of kerosene were weak due to the warm winter with less snow. As a result, net sales in this product category fell 3.3% year on year to 13,894 million yen.

Net sales results by product category

(Millions of yen, %)

Product category	Year ended March 31, 2019		Year ended March 31, 2020		Year-on-year comparison (%)
	(April 1, 2018 to March 31, 2019)		(April 1, 2019 to March 31, 2020)		
	Amount	Percentage	Amount	Percentage	
Tools, hardware and work-related products	59,515	17.2	60,468	17.4	101.6
Renovation materials and exterior goods	47,778	13.8	48,943	14.0	102.4
Gardening and agricultural goods	76,820	22.1	77,007	22.1	100.2
Commodities and pet supplies	57,986	16.7	59,897	17.2	103.3
Major appliances and leisure goods	41,198	11.9	40,417	11.6	98.1
Interior items and household goods	32,308	9.3	31,664	9.1	98.0
Kerosene and others	14,360	4.1	13,894	4.0	96.7
Home Center division total	329,967	95.1	332,292	95.4	100.7
Others	5,140	1.5	5,033	1.4	97.9
Net sales	335,107	96.6	337,326	96.8	100.7
Operating income	11,755	3.4	11,247	3.2	95.7
Operating revenue	346,863	100.0	348,573	100.0	100.5

2) Outlook for the year ending March 31, 2021

For the year ending March 31, 2021, on a consolidated basis, the Group expects operating revenue to rise 1.3% year on year to 353,000 million yen, operating profit to rise 2.9% to 19,000 million yen, ordinary profit to rise 2.6% to 19,100 million yen and profit attributable to owners of the parent to fall 5.4% to 11,300 million yen.

Regarding the effects of COVID-19 on the Group, with the spread and prolonged impact of the virus, there is concern over store closings, supply chain stoppages, and reduced consumption. However, home centers are essential as social infrastructure in providing both essential goods to regular people and for professional customers such as farmers and building contractors. In this way, we are creating a platform to protect the everyday lives of many customers, and we expect no significant effects on either customer traffic or net sales.

Going forward, while we envision various risks in the retail industry, we will make prompt disclosures in the event revisions are made to our results forecasts.

(2) Overview of financial position for the year ended March 31, 2020

1) Assets, liabilities and net assets

Total assets at the end of the fiscal year under review increased by 4,705 million yen from the previous fiscal year-end to 331,140 million yen. This was mainly due to increases in cash and deposits of 5,620 million yen and notes and accounts receivable - trade of 2,122 million yen, although there was a decrease in property, plant and equipment of 2,188 million yen.

Liabilities decreased by 3,316 million yen from the previous fiscal year-end to 149,149 million yen. This was mainly due to a decrease in current portion of long-term loans payable of 8,000 million yen as well as a decrease in retirement benefit liability of 6,088 million yen following the transfer of a portion of our lump-sum retirement benefit plan to the defined contribution pension plan, although there were increases in long-term loans payable of 6,330 million yen and notes and accounts payable - trade of 2,250 million yen.

Net assets increased by 8,022 million yen from the previous fiscal year-end to 181,990 million yen. This was mainly due to an increase in retained earnings.

2) Consolidated cash flows

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Year-on-year comparison
Net cash provided by operating activities	23,336	24,475	1,139
Net cash used in investing activities	(20,280)	(9,816)	10,464
Net cash used in financing activities	(6,170)	(9,039)	(2,868)
Increase (decrease) in cash and cash equivalents	(3,109)	5,620	8,729
Cash and cash equivalents, end of year	3,710	9,330	5,620

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled 9,330 million yen. Factors affecting cash flows include the followings:

(Net cash provided by operating activities)

Net cash provided by operating activities increased by 4.9% from the previous fiscal year to 24,475 million yen. The main sources of cash provided were profit before income taxes of 18,006 million yen in addition to depreciation of 11,350 million yen. The main reason for cash usage was income taxes paid of 6,112 million yen.

(Net cash used in investing activities)

Net cash used in investing activities decreased by 51.6% from the previous fiscal year to 9,816 million yen. The main reason for cash usage was purchase of property, plant and equipment.

(Net cash provided by and used in financing activities)

Net cash used in financing activities decreased by 46.5% from the previous fiscal year to 9,039 million yen. The main source of cash provided was proceeds from long-term loans payable of 10,500 million yen. The main reasons for cash usage were repayments of long-term loans payable of 12,239 million yen, purchase of treasury shares of 2,112 million yen and cash dividends paid of 2,075 million yen.

Trends in cash flow indices

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020
Equity ratio (%)	51.6	53.2	55.0
Equity ratio based on market prices (%)	44.9	42.1	29.1
Interest-bearing debt to cash flows ratio (years)	2.8	2.5	2.3
Interest coverage ratio (times)	82.7	108.0	144.8

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

Equity ratio: shareholders' equity/total assets

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

Interest-bearing debt to cash flows ratio: interest-bearing debt/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 shares).

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 21 yen per share, as announced on April 24, 2019.

As a result, the annual dividend will be 42 yen per share including an interim dividend of 21 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.

2. 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	4,004	9,625
Notes and accounts receivable - trade	17,698	19,821
Merchandise and finished goods	109,805	109,119
Raw materials and supplies	275	512
Prepaid expenses	1,948	1,624
Other	4,431	5,481
Allowance for doubtful accounts	(357)	(534)
Total current assets	137,806	145,651
Non-current assets		
Property, plant and equipment		
Buildings and structures	233,682	236,612
Accumulated depreciation	(117,851)	(124,258)
Buildings and structures, net	115,830	112,353
Machinery, equipment and vehicles	14,626	14,773
Accumulated depreciation	(11,303)	(11,923)
Machinery, equipment and vehicles, net	3,323	2,850
Land	32,976	34,355
Leased assets	9,602	8,391
Accumulated depreciation	(5,479)	(4,876)
Leased assets, net	4,122	3,515
Construction in progress	2,571	3,141
Other	14,446	13,251
Accumulated depreciation	(12,575)	(10,960)
Other, net	1,870	2,290
Total property, plant and equipment	160,694	158,505
Intangible assets		
Leasehold interests in land	5,336	5,349
Other	2,464	2,694
Total intangible assets	7,801	8,043
Investments and other assets		
Investment securities	1,820	1,322
Long-term prepaid expenses	1,143	1,016
Deferred tax assets	8,290	7,820
Leasehold and guarantee deposits	8,379	8,218
Other	499	563
Allowance for doubtful accounts	(0)	(2)
Total investments and other assets	20,133	18,939
Total non-current assets	188,629	185,489
Total assets	326,435	331,140

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,762	28,012
Electronically recorded obligations - operating	25,863	26,454
Short-term borrowings	10,000	8,500
Current portion of long-term borrowings	12,169	4,169
Accounts payable - other	8,033	7,728
Accrued expenses	299	268
Lease obligations	1,579	1,370
Income taxes payable	3,736	3,438
Accrued consumption taxes	1,741	2,722
Provision for bonuses	1,681	1,818
Provision for bonuses for directors (and other officers)	19	19
Provision for loss on store closings	44	44
Provision for point card certificates	682	739
Provision for loss on disaster	0	4
Notes payable - facilities	1,011	1,652
Other	3,836	4,100
Total current liabilities	96,462	91,044
Non-current liabilities		
Long-term borrowings	32,309	38,640
Lease obligations	3,116	2,618
Deferred tax liabilities	56	–
Provision for retirement benefits for directors (and other officers)	124	124
Provision for share-based remuneration for directors (and other officers)	–	152
Retirement benefit liability	11,503	5,414
Long-term guarantee deposits	1,597	1,558
Asset retirement obligations	6,862	7,071
Other	433	2,524
Total non-current liabilities	56,004	58,105
Total liabilities	152,466	149,149
Net assets		
Shareholders' equity		
Share capital	18,802	18,802
Capital surplus	25,260	25,260
Retained earnings	138,811	148,676
Treasury shares	(9,126)	(11,239)
Total shareholders' equity	173,747	181,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	401	72
Deferred gains or losses on hedges	–	27
Remeasurements of defined benefit plans	(328)	390
Total accumulated other comprehensive income	72	491
Share acquisition rights	148	–
Total net assets	173,968	181,990
Total liabilities and net assets	326,435	331,140

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	335,107	337,326
Cost of sales	227,753	229,170
Gross profit	107,353	108,155
Operating revenue		
Real estate lease revenue	11,755	11,247
Operating gross profit	119,109	119,402
Selling, general and administrative expenses		
Advertising expenses	4,174	3,766
Sales supplies expenses	744	600
Provision for point card certificates	682	739
Salaries and allowances	34,221	34,397
Bonuses	1,639	1,753
Welfare expenses	6,450	6,461
Provision for bonuses	1,681	1,818
Provision for bonuses for directors (and other officers)	19	19
Retirement benefit expenses	1,339	1,029
Supplies expenses	1,029	1,248
Utilities expenses	4,305	3,932
Taxes and dues	2,831	2,857
Enterprise tax	982	1,006
Rent expenses	12,300	12,559
Depreciation	11,400	11,350
Store maintenance expenses	1,849	1,876
Other	15,333	15,516
Total selling, general and administrative expenses	100,986	100,933
Operating profit	18,123	18,469
Non-operating income		
Interest income	16	14
Dividend income	244	95
Foreign exchange gains	–	82
Other	288	297
Total non-operating income	549	490
Non-operating expenses		
Interest expenses	217	170
Foreign exchange losses	89	–
Burial cultural asset investigation expense	14	69
Loss On Processed Gift Certificates	–	44
Other	114	49
Total non-operating expenses	436	334
Ordinary profit	18,237	18,625

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Extraordinary income		
Insurance claim income	691	400
Gain on reversal of share acquisition rights	–	154
Gain on transition of retirement benefit plan	–	1,157
Total extraordinary income	691	1,712
Extraordinary losses		
Loss on disposal of non-current assets	152	163
Impairment loss	1,464	1,607
Loss on disaster	773	427
Provision for share-based remuneration for directors (and other officers)	–	133
Total extraordinary losses	2,390	2,331
Profit before income taxes	16,537	18,006
Income taxes - current	6,254	5,810
Income taxes - deferred	(652)	254
Total income taxes	5,602	6,064
Profit	10,935	11,941
Profit attributable to owners of parent	10,935	11,941

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	10,935	11,941
Other comprehensive income		
Valuation difference on available-for-sale securities	(185)	(328)
Deferred gains or losses on hedges	9	27
Remeasurements of defined benefit plans, net of tax	252	719
Total other comprehensive income	75	418
Comprehensive income	11,011	12,359
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,011	12,359
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,802	25,260	129,901	(9,126)	164,838
Changes 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 in items other than shareholders' equity					
Total changes during period	-	0	8,909	(0)	8,909
Balance at end of 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 period	586	(9)	(580)	(3)	123	164,958
Changes 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 in items other than shareholders' equity	(185)	9	252	75	25	101
Total changes during period	(185)	9	252	75	25	9,010
Balance at end of period	401	-	(328)	72	148	173,968

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	18,802	25,260	138,811	(9,126)	173,747
Changes during period					
Dividends of surplus			(2,076)		(2,076)
Profit attributable to owners of parent			11,941		11,941
Purchase of treasury shares				(2,112)	(2,112)
Disposal of treasury shares		(0)		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	9,864	(2,112)	7,752
Balance at end of period	18,802	25,260	148,676	(11,239)	181,499

	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 period	401	-	(328)	72	148	173,968
Changes during period						
Dividends of surplus						(2,076)
Profit attributable to owners of parent						11,941
Purchase of treasury shares						(2,112)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(328)	27	719	418	(148)	270
Total changes during period	(328)	27	719	418	(148)	8,022
Balance at end of period	72	27	390	491	-	181,990

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	16,537	18,006
Depreciation	11,400	11,350
Impairment loss	1,464	1,607
Loss (gain) on valuation of derivatives	(17)	(29)
Loss on disaster	773	427
Insurance claim income	(691)	(400)
Compensation income	(25)	(68)
Gain on reversal of share acquisition rights	–	(154)
Increase (decrease) in provision for bonuses	107	136
Increase (decrease) in provision for bonuses for directors (and other officers)	0	0
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	–	152
Increase (decrease) in retirement benefit liability	915	(5,054)
Increase (decrease) in provision for point card certificates	26	56
Increase (decrease) in allowance for doubtful accounts	115	178
Interest and dividend income	(261)	(110)
Interest expenses	217	170
Loss (gain) on disposal of property, plant and equipment	152	163
Decrease (increase) in trade receivables	(1,620)	(2,122)
Decrease (increase) in inventories	(2,222)	281
Decrease (increase) in accounts receivable - other	260	(674)
Decrease (increase) in deposits paid	(376)	396
Increase (decrease) in trade payables	1,195	2,841
Increase (decrease) in accounts payable - other	267	241
Increase (decrease) in accrued consumption taxes	743	980
Other, net	33	1,940
Subtotal	28,996	30,314
Interest and dividends received	275	109
Interest paid	(216)	(169)
Income taxes paid	(6,109)	(6,112)
Proceeds from compensation	25	68
Subsidies received	55	45
Proceeds from insurance income	691	400
Payments associated with disaster loss	(380)	(181)
Net cash provided by (used in) operating activities	23,336	24,475

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Net decrease (increase) in time deposits	9	(0)
Purchase of property, plant and equipment	(19,056)	(8,691)
Proceeds from sales of property, plant and equipment	37	30
Purchase of intangible assets	(1,016)	(1,062)
Net Decrease (increase) in lease and guarantee deposits	125	160
Other, net	(379)	(253)
Net cash provided by (used in) investing activities	(20,280)	(9,816)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,800	(1,430)
Proceeds from long-term borrowings	5,000	10,500
Repayments of long-term borrowings	(17,169)	(12,239)
Repayments of lease obligations	(1,776)	(1,682)
Purchase of treasury shares	(0)	(2,112)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(2,024)	(2,075)
Net cash provided by (used in) financing activities	(6,170)	(9,039)
Effect of exchange rate change on cash and cash equivalents	5	(0)
Net increase (decrease) in cash and cash equivalents	(3,109)	5,620
Cash and cash equivalents at beginning of period	6,819	3,710
Cash and cash equivalents at end of period	3,710	9,330

(5). Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Additional information)

Performance-linked Share-based Remuneration Plan for Directors

The Company has introduced a Share-based Remuneration Plan for Directors (the “Plan”) since August 20, 2019, based on the resolution at the 58th Ordinary General Meeting of Shareholders held on June 21, 2019.

(1) Outline of the Plan

The Plan is a performance-linked share-based remuneration plan under which the Company’s shares are acquired through a trust (hereinafter the trust that is established based on the Plan is referred to as the “Trust”) using money contributed by the Company as the financial funds, and the Directors are provided with the Company’s shares and an amount of money equivalent to the market value of the Company’s shares (the “Company’s Shares, etc.”) through the Trust in accordance with the Share Delivery Regulations for Officers established by the Company. The Directors shall receive the Company’s Shares, etc. upon their retirement, in principle.

(2) The Company’s shares remaining in the Trust

The Company’s remaining shares in the Trust were recorded as treasury shares in the net asset category according to their book value in the Trust (excluding ancillary expenses). The book value of the treasury shares in question at the end of the fiscal year under review was 255 million yen, and the number of shares was 120,000.

On the condition that the appropriate amount of points is granted to them through the Plan, Directors owning unexercised share acquisition rights granted to them as stock options shall forfeit those rights.

As a result, for share acquisition rights for which rights were forfeited in the fiscal year under review, we recorded 154 million yen in extraordinary income as gain on reversal of share acquisition rights, and for the appropriate amount of point allocations based on this system, we recorded 133 million yen in extraordinary losses as provision for share-based remuneration for directors (and other officers).

(Changes to the employee retirement benefit plan)

On October 1, 2019, the Company transferred a portion of our lump-sum retirement benefit plan to the defined contribution plan, resulting in the application of the “Accounting Procedures for the Transfer, etc. Among Employee Retirement Benefit Plans” (ASBJ Guidance No. 1, December 16, 2016) and the “Operational Handling for Accounting Procedures for the Transfer, etc. Among Employee Retirement Benefit Plans” (ASBJ PITF No. 2, February 7, 2007), and closed the employee retirement benefit plan for the portion transferred to the defined contribution plan.

As a result, for profit and loss recognized in the fiscal year under review, we recorded 1,157 million yen in extraordinary income as gain on transition of retirement benefit plan.

(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, 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.

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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, 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.

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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

Not applicable.

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Not applicable.

Information on gains on negative goodwill by reported segment

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

Not applicable.

Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Not applicable.

(Earnings per share)

	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Net assets per share (Yen)	3,431.62	3,659.43
Earnings per share (Yen)	215.90	236.58
Diluted earnings per share (Yen)	215.64	236.36

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

	As of March 31, 2019	As of March 31, 2020
Total net assets (Millions of yen)	173,968	181,990
Amounts to be deducted from total net assets (Millions of yen)	148	–
Of the above, share acquisition rights (Millions of yen)	148	–
Net assets at the end of period, related to common shares (Millions of yen)	173,820	181,990
Number of common shares at end of period used in the calculation of net asset per share (Thousands of shares)	50,652	49,731

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

	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)
Earnings per share		
Profit attributable to owners of the parent (Millions of yen)	10,935	11,941
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent available of common shares (Millions of yen)	10,935	11,941
Average number of shares during the period (Thousands of shares)	50,652	50,474
Diluted earnings per share		
Profit attributable to owners of the parent (Millions of yen)	–	–
Increase in the number of common shares (Thousands of shares)	60	48
Of the above, share acquisition rights (Thousands of shares)	60	48
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.

4. Others
 (1) Sales results

(Millions of yen, %)

Product category	Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)		Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)		Year-on-year comparison
	Amount	Percentage	Amount	Percentage	
Tools, hardware and work-related products	59,515	17.2	60,468	17.4	101.6
Renovation materials and exterior goods	47,778	13.8	48,943	14.0	102.4
Gardening and agricultural goods	76,820	22.1	77,007	22.1	100.2
Commodities and pet supplies	57,986	16.7	59,897	17.2	103.3
Major appliances and leisure goods	41,198	11.9	40,417	11.6	98.1
Interior items and household goods	32,308	9.3	31,664	9.1	98.0
Kerosene and others	14,360	4.1	13,894	4.0	96.7
Home Center division total	329,967	95.1	332,292	95.4	100.7
Others	5,140	1.5	5,033	1.4	97.9
Net sales	335,107	96.6	337,326	96.8	100.7
Operating income	11,755	3.4	11,247	3.2	95.7
Operating revenue	346,863	100.0	348,573	100.0	100.5

(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.)

(2) Changes in officers

1) Changes in other officers

- New candidates for Director

Director Hiromu Wada (former President of Nagaoka Institute of Design)

(Notes) Hiromu Wada is a candidate for Outside Director.

2) Scheduled date of assuming office

June 25, 2020

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										
		FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010	FY2009
<Profit and loss data>	%											
Operating revenue	0.8	348,573	346,863	341,956	329,588	324,343	316,969	335,567	319,245	312,017	298,594	285,480
Revenue growth rate	—	0.5	1.4	3.8	1.6	2.3	△ 5.5	5.1	2.3	4.5	4.6	2.9
Cost of sales	0.5	229,170	227,753	225,678	217,208	212,497	207,222	223,185	211,149	205,609	200,896	192,797
Selling, general and administrative expenses	1.8	100,933	100,986	99,313	95,690	93,917	93,638	92,134	88,917	86,181	81,829	77,611
Operating profit	△ 1.8	18,469	18,123	16,964	16,689	17,928	16,108	20,246	19,178	20,226	15,869	15,072
Operating profit growth rate	—	1.9	6.8	1.6	△ 6.9	11.3	△ 20.4	5.6	△ 5.2	27.5	5.3	2.4
Profit before income taxes	0.0	18,006	16,537	16,506	16,129	15,229	12,049	18,027	17,183	18,820	10,347	12,474
Net income attributable to owners of the parent	2.5	11,941	10,935	10,907	11,017	9,585	7,171	10,573	10,000	9,687	5,698	6,460
Net income attributable to owners of the parent growth rate	—	9.2	0.3	△ 1.0	14.9	33.7	△ 32.2	5.7	3.2	70.0	△ 11.8	0.6
Earnings per share	2.6	236.58	215.90	215.35	217.54	189.33	141.44	208.22	196.94	190.78	111.86	126.39
Earnings per share growth rate	—	9.6	0.3	△ 1.0	14.9	33.9	△ 32.1	5.7	3.2	70.6	△ 11.5	1.7
Average number of shares issued during the period (thousand)	△ 0.1	50,474	50,652	50,650	50,644	50,630	50,704	50,784	50,779	50,777	50,942	51,113
Gross margin ratio	—	34.3	34.3	34.0	34.1	34.5	34.6	33.5	33.9	34.1	32.7	32.5
SG&A expenses to operating revenue	—	29.0	29.1	29.0	29.0	29.0	29.5	27.5	27.9	27.6	27.4	27.2
Operating profit ratio	—	5.3	5.2	5.0	5.1	5.5	5.1	6.0	6.0	6.5	5.3	5.3
Interest-bearing debt ratio	—	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.4
Pretax profit margin	—	5.2	4.8	4.8	4.9	4.7	3.8	5.4	5.4	6.0	3.5	4.4
Net income ratio	—	3.4	3.2	3.2	3.3	3.0	2.3	3.2	3.1	3.1	1.9	2.3
<Balance sheet data>	%											
Total assets	2.2	331,140	326,435	319,681	306,562	305,496	301,128	296,811	272,073	257,609	247,689	239,832
Inventory assets	2.0	109,119	109,805	107,941	106,243	106,660	103,736	98,944	91,649	88,231	79,724	83,755
Non-current assets	2.6	185,489	188,629	182,608	170,369	167,082	167,280	163,540	158,544	149,196	121,793	139,266
Non-current liabilities	5.8	58,105	56,004	62,192	69,229	65,040	54,984	43,934	35,370	26,409	28,577	18,935
Shareholders' equity	6.3	181,499	173,747	164,838	155,835	146,693	138,793	133,668	124,912	116,739	108,498	105,129
Net assets per share	6.8	3,659.4	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
Non-current liabilities ratio	—	32.0	32.2	37.7	44.4	44.3	39.6	32.9	28.3	22.6	26.3	18.0
Current ratio	—	1.60:1	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
Equity ratio	—	55.0	53.2	51.6	50.6	47.6	46.1	45	46.1	45.3	43.8	43.8
Inventory turnover ratio	—	3.2	3.2	3.2	3.1	3.1	3.1	3.5	3.5	3.7	3.7	3.5
Return on equity (ROE)	—	6.7	6.5	6.8	7.3	6.7	5.3	8.2	8.3	8.6	5.3	6.3
Return on assets (ROA)	—	5.7	5.6	5.5	5.5	5.7	5.2	6.9	7.0	7.8	6.3	6.0
<Cash flow data>	%											
Depreciation	△ 0.8	11,350	11,400	11,098	11,091	11,686	12,123	11,840	11,778	12,065	11,487	11,408
Cash flows from operating activities	1.9	24,475	23,336	22,400	26,719	21,834	14,900	22,293	17,511	17,620	20,535	19,928
Cash flows from investing activities	△ 11.6	△ 9,816	△ 20,280	△ 16,914	△ 13,923	△ 12,875	△ 17,088	△ 18,149	△ 17,913	△ 17,480	△ 9,975	△ 8,317
Cash flows from financing activities	—	△ 9,039	△ 6,170	△ 6,229	△ 14,854	△ 8,311	△ 1,539	5,543	△ 544	△ 6,306	△ 7,829	△ 12,239
Cash dividends per share (yen)	3.1	42.0	40.0	39.0	38.0	36.0	36.0	36.0	36.0	34.0	34.0	34.0
<Store Data>	%											
Number of stores	0.8	1,197	1,192	1,186	1,182	1,178	1,169	1,150	1,126	1,089	1,047	986
Number of Komeri Power stores	18.7	66	64	53	44	40	38	28	25	21	18	12
Number of Komeri Home Center stores	2.5	164	164	163	157	150	147	145	140	132	126	127
Number of Komeri Hard & Green stores	-0.1	959	956	961	968	975	970	962	945	919	885	847
Athena	△ 11.8	8	8	9	13	13	14	15	16	17	18	
Stores operated by subsidiaries	—	0	0	0	0	0	0	0	0	0	0	0
Sales floor space (square meters)	4.5	2,313,411	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
Average number of employees	1.0	9,820	9,536	9,594	9,450	9,402	9,354	9,340	8,985	8,625	8,164	7,856
Sales per employee(thousands of yen)	△ 0.2	35,496	36,373	35,643	34,877	34,497	33,886	35,928	35,531	36,176	36,574	36,339
Comparable store sales growth	—	△ 1.1	△ 1.3	1.1	△ 0.1	△ 0.3	△ 8.5	1.6	△ 1.1	1.4	2.5	0.8