

Translation

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

April 28, 2020

Company name: KOMERI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8218 URL <https://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 25, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date to commence dividend payments: June 26, 2020
 Preparation of supplementary material 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)
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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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)
NetDecrease (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