



KOMERI

CORPORATE PROFILE



Always beside you, always.



KOMERI CO., LTD.

Head Office
4501-1 Shimizu, Minami-ku, Niigata City, Niigata Prefecture, 950-1492 Japan
TEL: +81-25-371-4111 (main switchboard number)

<https://www.komeri.bit.or.jp>

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Wish of KOMERI

We wish for our business to exist for the happiness of people in society, for the happiness of the people who gather here, and for the happiness of everyone encompassing our business.

Among the three necessities of life — food, clothing, and housing — it is distribution in the “housing,” or housing-related category, that has been slowest to keep up with the times.

Still today, within this sector, the modernization of sale channels and logistics has yet to be fully charted in terms of reaching customers with products such as materials, building materials, hardware, tools, and supplies for gardening and agriculture. At KOMERI, we consider it our social mission to provide customers with better products at lower prices. To accomplish this, we leverage our advantage of operating the greatest number of stores in Japan to structure frameworks from production all the way through sales that feature low cost and the most logical designs.

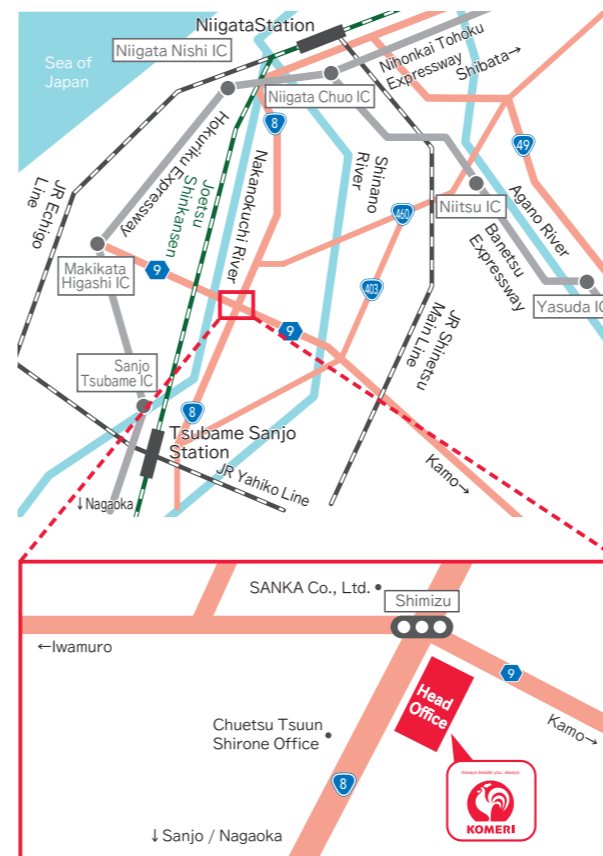
KOMERI stands today thanks to the great number of people who have supported us. We wish for our business to exist for the happiness of all who interact with us, including customers who make use of our stores, our shareholders and investors, those who work with us at financial institutions, business partners and local residents who cooperate with us to grow our business, and our employees, who strive hard at their work daily with the wish to put smiles on customers’ faces. In the years ahead, we will continue with our aim to be truly beneficial to the world and to our customers in the hope that all may feel gladdened by the existence of KOMERI.

President, CEO
KOMERI Co., Ltd.

Yuichiro Sasage



Company Name	KOMERI Co., Ltd.
President & CEO	Yuichiro Sasage
Description of Business	Operating retail chains, including KOMERI Power and KOMERI Hard & Green
Founded	April 1952
Established	July 1962
Capital Stock	18,802 million yen
Stock Listed	Tokyo Stock Exchange Prime Market
Head Office	4501-1 Shimizu, Minami-ku, Niigata City, Niigata Prefecture Tel: +81-25-371-4111 (main switchboard number)
Tokyo Information Center	7F, Akihabara UDX Bldg., 4-14-1 Soto Kanda, Chiyoda-ku, Tokyo
URL	https://www.komeri.bit.or.jp/en/



History of KOMERI

Initially founded as a rice-dealing firm, KOMERI subsequently began selling fuel before being prompted by 1973 the oil crisis to make its entry into the world of home improvement center business. KOMERI is committed to always staying attuned with the times and venturing into new businesses. We aim to fulfill our role in providing social infrastructure in the categories of housing, daily living, and agriculture, as well as maintaining regionally indispensable businesses through the ways we assist customers in realizing lives of abundance.

1952
Founded



Active as dealer of rice, fuel, and household furnishings

1977



Opens first KOMERI Home Center store (Sanjo City, Niigata Prefecture)

1983



Opens first KOMERI Hard & Green store (Shibata City, Niigata Prefecture)

1996

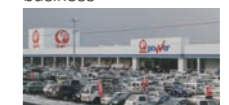
Establishes Greenery Aid Foundation (currently, KOMERI Midori Ikuseizaidan/Public Interest Incorporated Foundation)

2000



Enters home remodeling business Begins online sales

2003



Opens first KOMERI Power store (Presently, Akiha Ward, Niigata City, Niigata Prefecture)

2005

Establishes KOMERI Disaster Management Center NPO

2014



Opens first KOMERI PRO store (Tsu City, Mie Prefecture)

2019



Begins cooperative business with Kamiina Agricultural Cooperative

2020

Opens 1,200th KOMERI store

2021



Opens first KOMERI store in Thailand

2022

70th anniversary of foundation





Always beside you, always

KOMERI originated in Niigata Prefecture's Sanjo, a city with a well-established history of producing hardware.

The verdant Echigo Plain is one of the leading agricultural regions of Japan, and the Shinano River basin is home to an extensive area of horticultural production.

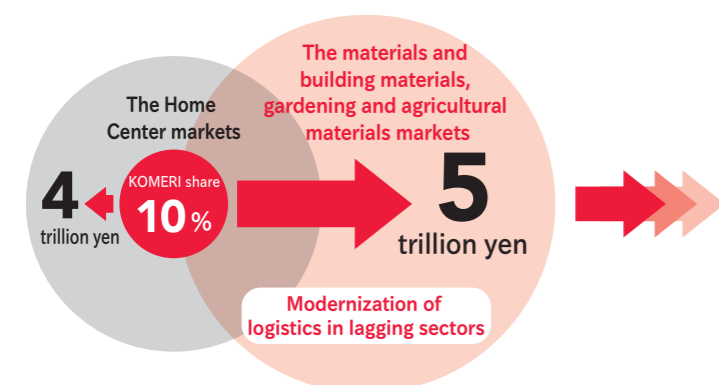
KOMERI found this to be fertile ground for making its entry into the home improvement center business, in which it has focused on products such as materials, building materials, hardware, tools, and supplies for gardening and agriculture.

Our dream is to create retail chain stores worthy of the KOMERI name that are not found anywhere else, and to provide more and more customers with better products at lower prices in every town and city, and lives of greater abundance as well.

Looking forward, in the midst of drastic social changes, we will remain steadfastly committed to these themes.



Mission of KOMERI



We are committed to being there for our customers and expanding our network of stores in line with local needs to help people realize lives of abundance.

Forming areas of dominance within more limited trading areas
to stay close to our customers and provide them with better living environments.



Sources: KOMERI estimates based on "Current Survey of Commerce" (Ministry of Economy, Trade and Industry), "National Household Income and Expenditure Structure Survey" (Statistics Bureau, Ministry of Internal Affairs and Communications), "Census of Agriculture and Forestry" and "Business Statistics by Farming Type" (Ministry of Agriculture, Forestry and Fisheries)

We are committed to sparking logistics-related innovation in the Housing and Gardening/Agriculture sectors to support changing lifestyles.

Amid the striking changes occurring in modern society, KOMERI is committed to leveraging its original services and operations to resolve customers' issues.

Proprietary logistics network and information system



Original product development



Strengthening of service capabilities



Through our home improvement center business, we aim to help achieve the SDGs and create a sustainable world.

We aim to make expansions in the Housing and Gardening/Agriculture sectors, take on challenges presented by new business opportunities, and improve our corporate value by tackling each of the issues associated with the SDGs.

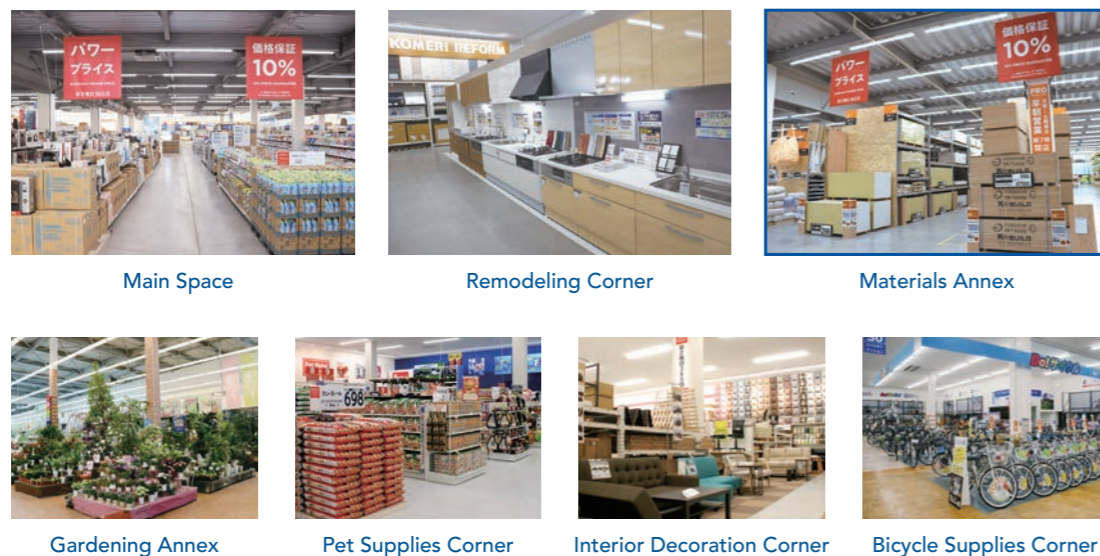
SUSTAINABLE DEVELOPMENT GOALS





Aiming to be a store where customers can consult and find solutions to any challenges they might be having with their living spaces. Making advantageous use of their sales floor spaces of approx. 9,256 m² to 12,233 m², the stores provide ample lineups of products and services, helping customers create pleasant and enjoyable living spaces. Further, as total product centers offering comprehensive support for professional customers, the stores are set up to offer the products their work requires, always at affordable prices, and with necessary amounts in stock so that they are immediately available for purchase.

An aggregation of specialty shops: The seven KOMERI Power sales zones



The highly specialized Materials Annex, in a stand-alone form



A store specializing in two core categories: the “Hard” sector consisting of materials, building materials and other hardware, tools, and so on; and the “Green” sector focusing on gardening and agricultural supplies. With the low cost of operations for the stores, they can even be opened in smaller trading areas with populations of around 10,000. Providing locally appropriate products and services at reasonable prices, they work to be stores regarded as essential by customers as a form of infrastructure that supports the lives of local residents.



KOMERI PRO, an independent form of the KOMERI Power Materials Annex

A store specializing in materials, building materials, hardware, and tools, formed as a stand-alone version of the Materials Annex sales zone from the mega home improvement center KOMERI Power. Provides a product lineup comparable to KOMERI Power for these sectors, making it a dependable choice for professional customers such as building contractors as well.

Differentiation from Competition with Two Core Categories



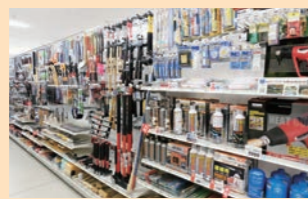
Since KOMERI opened the first Hard & Green store in 1983, it has worked to differentiate these stores from competitors with its pair of core categories: the “Hard” sector consisting of materials, building materials, hardware, tools and so on; and the “Green” sector focusing on gardening and agricultural supplies. We have also bolstered product lineups of materials to make the stores a reliable choice not only for customers working on DIY home repairs and maintenance, gardening and home vegetable plots, but also professionals in the construction industry, including building contractors, and farmers who make a living from agriculture. Also, in these times with an aging society and declining birthrate in Japan, it is important to provide not only products but services such as installation and construction. We are striving to improve customer convenience by providing remodeling-related proposals mainly at KOMERI Power locations and services aimed at offering solutions concerning living environment that customers can access at more than 1,200 stores throughout the country.

Remodeling-Related Materials Market



Products used in large quantities on a daily basis by construction industry professionals such as building contractors are kept continually in stock, providing a reliable environment.

We are committed to providing support for the resolution of issues with living environment problems by expanding our lineup of tools, building and other materials to respond to the needs of everyone from DIYers to professionals.



We also offer remodeling services for customers who may experience difficulty performing the work themselves. From simple replacement work to full-scale remodeling, we operate the greatest number of home improvement stores in Japan.

We also offer a wide range of other services to help customers resolve problems around the home that they may find difficult to perform themselves, including house cleaning, upkeep of garden trees and shrubs, and termite extermination.



Horticultural and Agricultural Materials Market



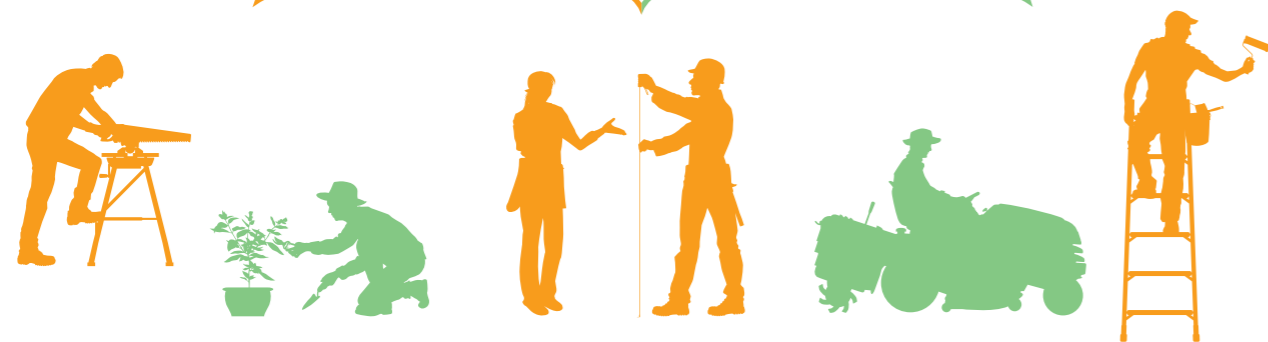
We have agricultural advisors stationed throughout Japan to support farmers by providing guidance on farming and advice on products.

We work to meet the needs of farmers by providing a full lineup of the materials they may need in all stages of their work, from the planting through the harvest of agricultural produce.



We engage in sales of agricultural products produced by farmers in all parts of Japan online and through other channels to support distribution of the farmers' agricultural products.

We stock ample selections of seasonal flowers and vegetable seedlings along with products necessary for garden work, spaces where even beginners are comfortable trying their hand at gardening and planting home vegetable plots.



Product Development



Based on a philosophy of providing better products at lower prices and not burdening customers with a single yen in unnecessary costs, the KOMERI Group has realized its low-cost operations by employing standardized chain store operations, along with proprietary distribution and information systems, and product development, leveraging its operation of the greatest number of home center stores in Japan. We remain committed to building a framework to support sustainable growth.

Advantages of KOMERI

Comprehensive Handling of Logistics from Production through Sales

Product capabilities, Logistics/information system, Low-cost operations



The strength of having more than 1,200 stores



Store Brand Products

KOMERI has engaged in product development ever since opening its our first KOMERI Home Center store. We develop products for daily life from the standpoints of “users” and “buyers,” focusing on building and construction materials, hardware and tools, and gardening and agricultural products, which are handled as core categories.



Toward a Stage of Product Development One Cut Above



UBERMANN is an original KOMERI brand for which we perform all stages of production in-house in a consistent manner, from product planning and design to the creation of molds for the products. Based on the concept of delivering “the quality a professional would choose,” the products are manufactured with high-quality materials in strictly managed factories, finished to the level of quality that professionals demand for each consideration, from their durability and operability to repairs and the product lineup.

Advantages of Having the Greatest Number of Home Improvement Stores in Japan

KOMERI has opened more than 1,200 stores throughout Japan to date. Still, in terms of the number of municipalities within the country, less than half have opened KOMERI stores at present. This indicates the potential for us to open additional stores in the future to achieve further growth.

Also, with the standardized product lineups and store operations of KOMERI stores, the power of the number of standardized stores translates into higher product development capabilities and lower costs for store operations. Add to this our proprietary logistics and information systems, and the break-even point becomes even lower. This is one of the greatest advantages KOMERI offers.

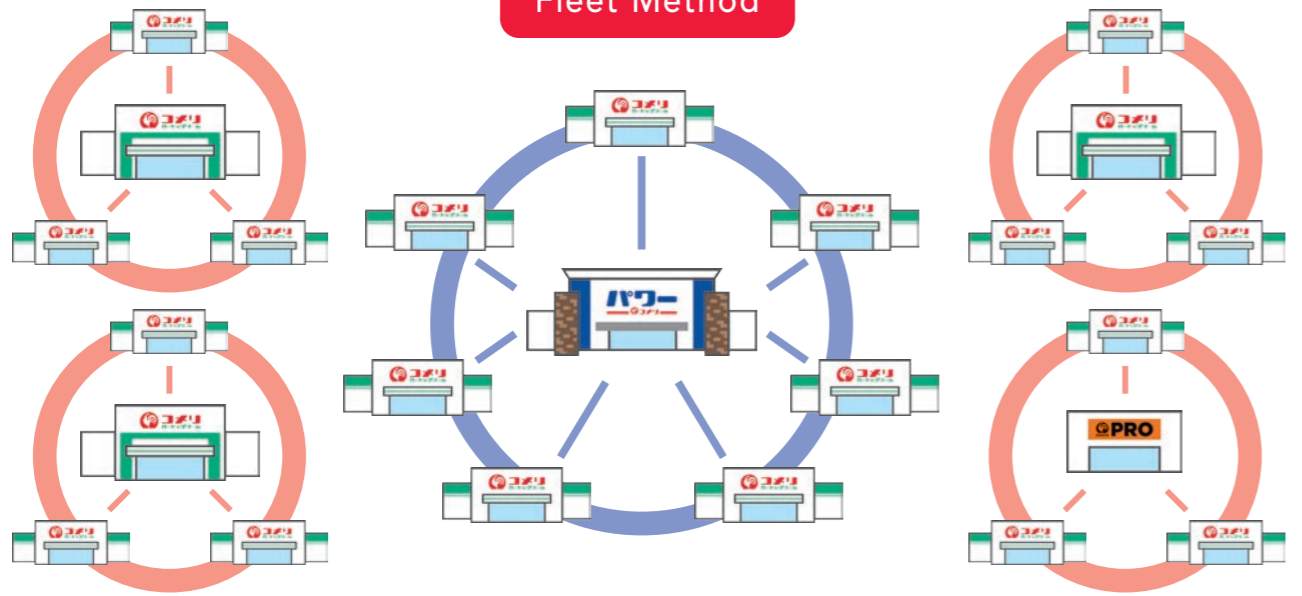
Store-Opening Strategy



Our strategy in opening stores is based on the “fleet method”—blanketing smaller trading areas with Hard & Green locations, and opening KOMERI Power locations in major trading areas—fleet method to create areas of dominance where our stores are concentrated. We believe customers choose stores based on proximity, affordability, and product lineups. We offer customers greater shopping convenience by opening KOMERI Power and Hard & Green locations throughout Japan in line with the population demographics of these trading areas.



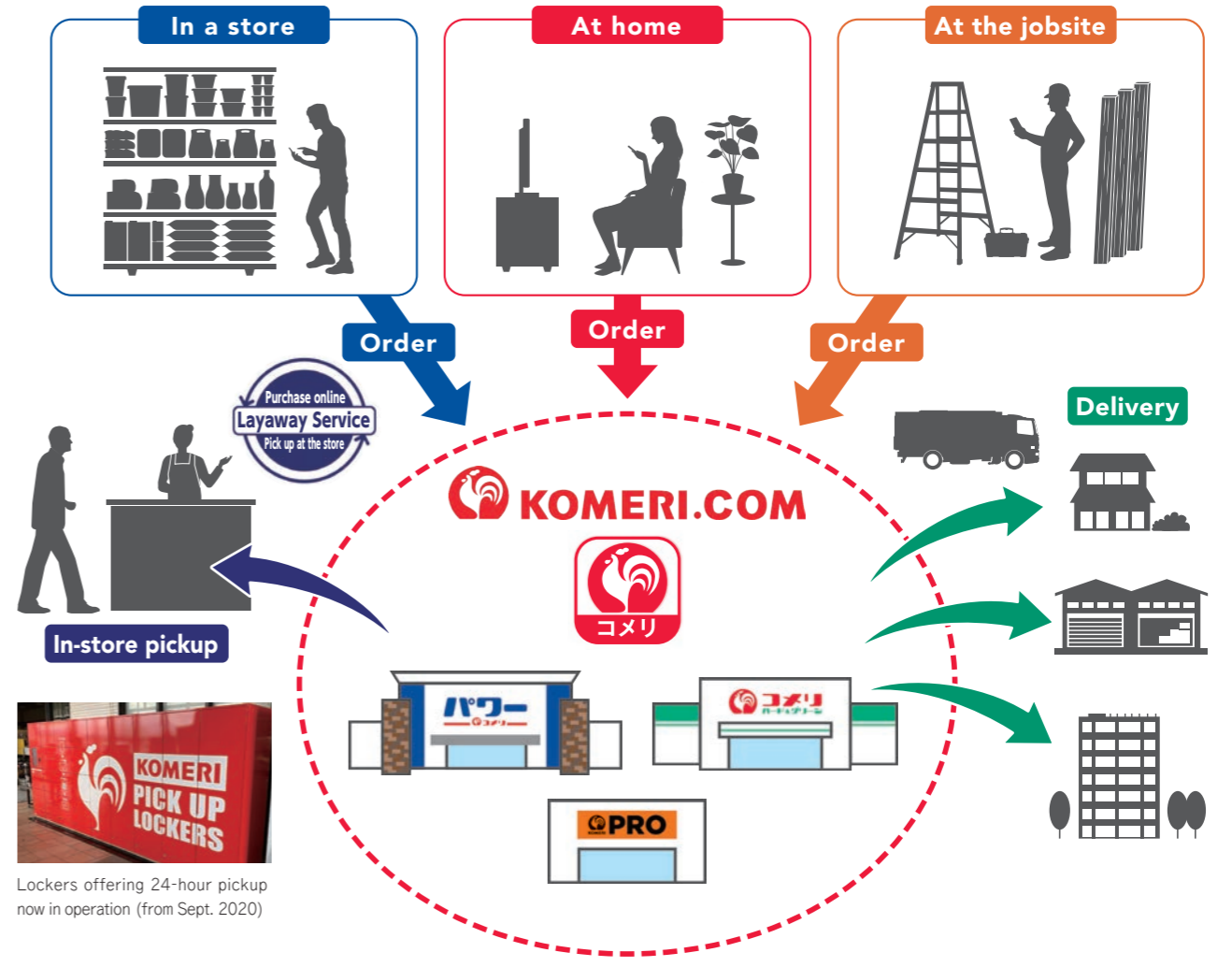
Fleet Method



E-Commerce

Since the 2000 launch of our e-commerce (EC) site, KOMERI.com, our e-commerce business has expanded annually, and we have gone beyond selling products by introducing installation services, product layaway services at stores, and more.

Through KOMERI.com, we aim to provide customers with improved convenience by supplementing our lineup of products that are more improved convenience by offering additional products online that are difficult to handle in our stores, while also offering a wide array of methods for customers to receive products. In particular, with our layaway service generally offering free shipping, which takes advantage of our industry-leading store locations and proprietary distribution system, we receive many orders for the large items, long items, and heavy items that tend to incur high costs for home delivery elsewhere.



Lockers offering 24-hour pickup now in operation (from Sept. 2020)

Establishing Regular Customers (Credit Card Business)

To meet customers' diverse account settlement needs, Group company KOMERI CAPITAL Co., Ltd. issues five different credit cards: the KOMERI Card and Aqua Card for general customers, the Business Card and Agri Card for businesses, and the Kankocho Card for government agencies. Furthermore, the KOMERI Card and Business Card offer programs in which the rate of return increases with the amount of money spent.

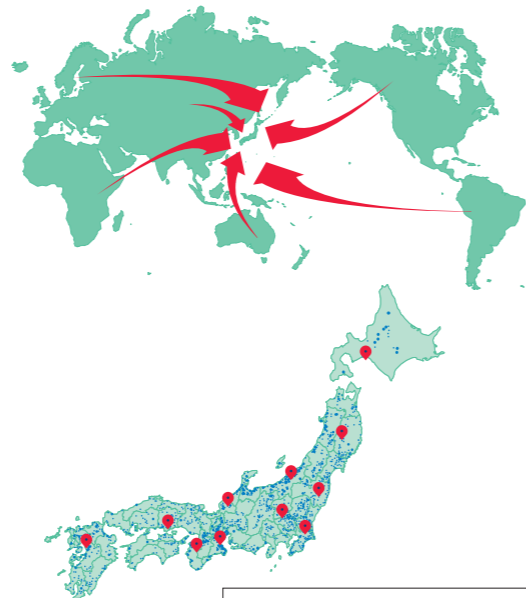


Store-Supporting Infrastructure

Logistics: From the Best Sources in the World

A key piece of the infrastructure supporting operations at the mass stores KOMERI operates is our logistics system. Based on the concept of establishing logistics centers and opening stores accordingly, we have been building our own logistics system since the opening of our first KOMERI Home Center, based on the premise of opening mass stores.

At our distribution centers, batch orders of products are made for all the stores in the delivery area, then inspected, sorted, and delivered to each of the stores. This makes delivery more efficient, reduces the workload at stores, and helps us achieve low-cost operations. Having the logistics centers also makes it possible for us to do business with suppliers who lack logistics functions of their own.



Our 11 logistics centers in Japan

The 11 logistics centers in Japan and overseas consolidation base we operate enable us to procure products from the best sources in the world.



HOKUSEI SANGYO Co., Ltd. is a Group company that manages and operates our logistics centers. It takes care of all operations, from procuring products to supplying them to stores, and helps support low-cost for operations of stores with its construction of an efficient logistics network appropriate for products carried by home improvement centers.

Information System

Another key piece of the infrastructure supporting operations at the mass of KOMERI stores is our information system. We have aimed to reduce workloads at our stores and improve their efficiency by constructing our own system for store operations and logistics, including product inventory management, order placement, and attendance management, tailored to home improvement center operations.

Also, we strive to provide enhanced customer service by constructing a system in line with the expansion of our business fields, such as the development and operation of e-commerce and credit card systems.



We have introduced smart phones as handheld terminals to improve work efficiency for store employees.



Bit-A Co., Ltd. is a Group company that handles the development and operation of the KOMERI Group's information system. In addition to the information processing and software development needed for the work KOMERI Group companies perform, the company also produces online and printed materials, engages in the sales and installation of various types of equipment, and performs network construction proxy services.

SDG Initiatives

We are working to resolve a variety of SDG issues, guided by the belief that focusing our efforts on the categories of Housing and Horticulture/Agriculture through our core home improvement center business will help contribute to implementation of the SDGs themselves. Our efforts toward realizing the SDGs will lead us to take on challenges with new business opportunities and improve our corporate value. It will also connect to the cultivation of our future executive management.

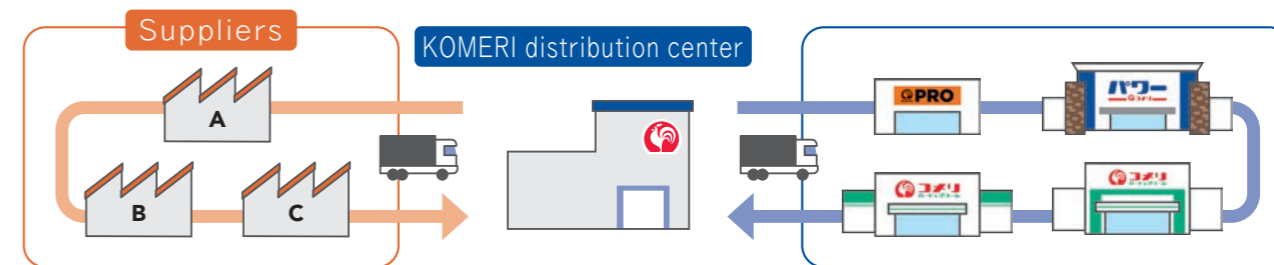
Climate Change and Decarbonization Initiatives



In our core category of building materials, we sell structural plywood made from domestically-grown *sugi* (Cryptomeria cedar) as a store brand product. By using domestic timber that has reached a suitable age for harvesting as a building material, we expect to help revitalize the forestry industry in Japan, increase forests' CO₂ absorption rates, and realize long-term storage of carbon by using it as a building material. We are also committed to contributing to reduced consumption of fossil fuel-derived energy through our provision of energy-efficient remodeling proposals encompassing housing with solar energy, high airtightness, high thermal insulation, and more.

Additionally, some of our KOMERI Power stores and distribution centers have rooftop systems for solar power generation.

Allowing suppliers to make use of our 11 distribution centers located throughout Japan enables us to improve delivery efficiency and reduce the amount of fuel used for transport.



Providing Local Infrastructure

Our KOMERI Hard & Green store format is viable even in smaller trading areas with populations of around 10,000. We hope to continue being of service to customers, including in areas with aging populations and declining birth rates, as local infrastructure allowing customers to purchase products related to housing and horticulture/agriculture nearby.

When natural disasters such as typhoons and earthquakes have occurred, we have been able to take on the role of supplying resources needed for recovery and reconstruction. We also plan activities through which employees volunteer in activities with children to plant flora and make their school grounds greener, from preschools and kindergartens to elementary and middle schools. Through these activities, we work to convey to children the richness and preciousness of nature by providing them with opportunities to come into contact with soil and plants to experience the joys of planting and nurturing flora.



During times of disaster, we work to continue supplying products in temporary sales spaces alongside store repair work that we perform.



We support employee efforts to increase greenery with local children and students on a volunteer basis.

Working with Employees



Creating Environments Where Diverse Human Resources Can Actively Participate

We strive to maintain environments in which diverse human resources are able to demonstrate their capabilities and play active roles at work in response to diversifying lifestyles amid Japan's falling birth rate and aging population. Beyond creating environments in which each employee can feel fulfilled in their work, we are also working to establish diverse work styles in order to develop and retain human resources.

Productivity Improvement Initiatives

Along with our approach of opening standardized stores in large numbers, since our founding have worked continually to simplify and standardize store operations and build a framework to maintain low-cost operations. By developing environments in which diverse human resources are more able to demonstrate their capabilities and play active roles at work, we are enhancing productivity levels and our working environments.



Human Resource Cultivation

The Path to Developing Specialists

After joining KOMERI, employees spend about three years gaining experience working to master store operations. Subsequently, individual career plans are formulated for employees according to their aptitudes and abilities, based on age-oriented technical goals and other criteria.



KOMERI Meister System

Through our Meister system, an internal qualification, we cultivate employees who are highly skilled at customer service, capable of solving customers' issues and offering proposals in response to their requests and demands.



Gardening/horticulture-related internal qualifications



Employee Award System

Based on the philosophy that "people are the most important mainstay of our business," we work to create environments in which each and every employee is able to fully demonstrate their abilities, perform their job with a sense of fulfillment, and help resolve social issues through their work. As part of these efforts, we have established an employee award system to recognize employees based on their efforts and achievements in accordance with priority policies set at the beginning of each year, an initiative that helps to increase employee motivation and strengthen solidarity.

Working with Business Partners

KOMERI Group is committed to engaging in fair and transparent transactions with business partners in order to build relationships of impartiality and equality as a trusted company. Additionally, we post our Promises to Business Partners at locations including the business meeting room at our main office outlining our ideals for relationships with business partners. We are committed to engaging in transactions with respect for our partners' standpoints on the basis of mutual trust of one another.

Promises to Business Partners

1. We will meet and consult with business partners in a positive and gentlemanly manner.
2. We will reliably uphold the promises we make to business partners.
3. We will not, in principle, make unreasonable returns to our business partners.
4. We will be fair in our dealings with business partners and shall neither accept entertainment or accommodations from business partners nor provide such to them.
5. We will not accept gifts from business partners as a company or on an individual basis.

Social Contribution Activities



In 1990, we established the KOMERI Greenery Fund. Every year since, we have allocated amounts equivalent to 1% of our profits to support regional greening and nature conservation activities, agricultural promotion, infrastructure development to ensure the stable supply of resources in times of disaster, and cultural and social contributions.

KOMERI Midori Ikuseizaidan (Public Interest Incorporated Foundation)

KOMERI Midori Ikuseizaidan aids regional greening and nature conservation activities, as well as facilitating employees' participation in volunteer program and conducting activities to promote local agriculture. Since the volunteer program was founded in 1999, around 20,000 employees have taken part. Additionally, the hands-on KOMERI Farm offers local residents opportunities to participate in rice planting, potato harvesting, and so on. We hope to contribute to sustainable agricultural development by helping people learn about farming while having fun at the same time.



KOMERI Disaster Management Center (Non-profit Organization)

KOMERI Disaster Management Center are part of a unified network of local governments from throughout Japan, KOMERI Group companies, and partner companies to ensure the prompt, uninterrupted supply of resources during times of disaster. In addition to providing disaster management-related information on our website, KOMERI Disaster Management Center also work to raise disaster prevention awareness by taking part in disaster drills held in various locations.



SETSURYOSHA Artistic Cultivation Foundation (Public Interest Incorporated Foundation)

SETSURYOSHA Museum of Art was established in 1993. The SETSURYOSHA Firenze Prize Exhibition, a public competition held annually with the aim of cultivating young artists, provides backing for creative activities by offering the grand prize winner support foreign study in Florence (Firenze), Italy.

