

**Non-Consolidated Financial Results
for the Three Months Ended June 30, 2018
[Japanese GAAP]**

August 10, 2018

Company name: NAFCO Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2790
 URL: <http://www.nafco.tv>
 Representative: Takumi Ishida, President and CEO
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 Scheduled date of filing quarterly securities report: August 10, 2018
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Not available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts below one million yen are truncated.)

1. Financial and Operating Results for the Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)

(1) Operating Results (cumulative)

(Percentages refer to changes from the corresponding period of the preceding fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2018	58,886	(3.2)	3,043	(19.9)	3,159	(18.7)	1,616	(17.7)
June 30, 2017	60,842	(1.5)	3,799	(6.1)	3,885	(5.5)	1,963	32.4

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
June 30, 2018	55.78	-
June 30, 2017	65.90	-

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2018	224,790	136,220	60.6	4,769.14
As of March 31, 2018	224,507	137,503	61.2	4,616.67

(Reference) Equity: As of June 30, 2018: ¥136,220 million
 As of March 31, 2018: ¥137,503 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	Yen -	Yen 19.00	Yen -	Yen 19.00	Yen 38.00
Fiscal year ending March 31, 2019	-				
Fiscal year ending March 31, 2019 (Forecast)		19.00	-	19.00	38.00

(Note) Revision from the most recently announced dividend forecast: None

3. Projected Operating Results for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (Cumulative)	116,300	(0.9)	5,600	(1.1)	5,700	(3.3)	3,100	(1.5)	107.77
Full year	226,000	0.2	8,800	15.0	9,000	11.2	4,700	7.3	163.97

(Note) Revision from the most recently announced projected operating results: None

* Notes:

(1) Accounting policies adopted specifically for the preparation of quarterly financial statements: Yes

(Note) For details please refer to “2. Quarterly Financial Statements and Primary Notes (3) Notes on Quarterly Financial Statements (Accounting policies adopted specifically for the preparation of quarterly financial statements)” on page 7 of the attached document.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the term (including treasury stock):

June 30, 2018: 29,784,400 shares

March 31, 2018: 29,784,400 shares

2) Total number of treasury stock at the end of the term:

June 30, 2018: 1,221,594 shares

March 31, 2018: 294 shares

3) Average number of shares during the term:

Three months ended June 30, 2018: 28,969,906 shares

Three months ended June 30, 2017: 29,784,106 shares

* These financial results are outside the scope of the quarterly review by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

(Cautionary note on forward-looking statement)

The earnings forecasts and other forward-looking statements provided herein are based on information that is currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not in any way guarantee the achievement of the projections. Actual results may differ significantly from the forecasts due to various factors. For details on the assumptions of the earnings forecasts and points to be noted in using the earnings forecasts, please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Forecast of Performance Results and Other Forward-Looking Information” on page 3 of the attached document.

2. Financial Statements and Primary Notes

(1) Balance Sheets

(Millions of yen)

	End of Previous Fiscal year (March 31, 2018)	End of First Quarter of Current Fiscal Year (June 30, 2018)
Assets		
Current assets		
Cash and deposits	27,118	26,829
Accounts receivable - trade	2,849	2,609
Merchandise	56,263	58,024
Other	1,611	1,843
Allowance for doubtful accounts	(1)	(1)
Total current assets	87,841	89,304
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	70,504	69,632
Land	47,937	47,860
Construction in progress	329	353
Other, net	4,201	4,018
Total property, plant and equipment	122,973	121,865
Intangible assets	2,898	2,867
Investments and other assets	10,793	10,753
Total non-current assets	136,666	135,486
Total assets	224,507	224,790
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,265	34,142
Short-term loans payable	22,630	22,630
Current portion of long-term loans payable	2,724	2,454
Income taxes payable	1,838	1,157
Accounts payable – other	4,198	5,842
Notes payable – facilities	1,723	1,650
Provision for bonuses	1,055	537
Provision for directors' bonuses	31	—
Provision for point card certificates	1,245	1,228
Asset retirement obligations	43	31
Other	3,267	3,201
Total current liabilities	70,024	72,878
Non-current liabilities		
Long-term loans payable	4,810	4,273
Provision for retirement benefits	3,164	3,190
Provision for directors' retirement benefits	1,554	946
Asset retirement obligations	5,271	5,311
Other	2,179	1,970
Total non-current liabilities	16,980	15,692
Total liabilities	87,004	88,570

(Millions of yen)

	End of Previous Fiscal year (March 31, 2018)	End of First Quarter of Current Fiscal Year (June 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	3,538	3,538
Capital surplus	4,223	4,223
Retained earnings	129,586	130,636
Treasury shares	(0)	(2,350)
Total shareholders' equity	137,347	136,047
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	156	172
Total valuation and translation adjustments	156	172
Total net assets	137,503	136,220
Total liabilities and net assets	224,507	224,790

(2) Statements of Income
Statements of Income

(Millions of yen)

	Previous Fiscal year (From April 1, 2017 to June 30, 2017)	End of First Quarter of Current Fiscal Year (From April 1, 2018 to June 30, 2018)
Net sales	60,842	58,886
Cost of sales	40,656	39,812
Gross profit	20,186	19,074
Selling, general and administrative expenses	16,386	16,031
Operating profit	3,799	3,043
Non-operating income		
Interest income	6	0
Dividend income	6	6
Commission fee	38	37
House rent income	58	78
Insurance income	4	57
Other	47	32
Total non-operating income	162	212
Non-operating expenses		
Interest expenses	41	39
Rent cost of real estate	27	37
Other	8	18
Total non-operating expenses	76	95
Ordinary profit	3,885	3,159
Extraordinary income		
Gain on sales of non-current assets	0	89
Insurance income	9	—
Total extraordinary income	9	89
Extraordinary losses		
Loss on retirement of non-current assets	8	3
Impairment loss	669	311
Directors' retirement benefits	—	290
Other	14	7
Total extraordinary losses	692	612
Profit before income taxes	3,202	2,636
Income taxes	1,239	1,020
Profit	1,963	1,616