

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

November 9, 2018

Company name: NAFCO Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 2790

URL: <http://www.nafco.tv>

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Scheduled date of filing quarterly securities report: November 9, 2018

Scheduled date of commencing dividend payments: December 7, 2018

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts below one million yen are truncated.)

**1. Financial and Operating Results for the Six Months Ended September 30, 2018**

**(April 1, 2018 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2018	115,268	(1.8)	4,860	(14.2)	5,104	(13.4)	2,554	(18.8)
September 30, 2017	117,335	(1.6)	5,663	(2.1)	5,895	(2.1)	3,146	19.1

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2018	88.81	-
September 30, 2017	105.63	-

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	222,943	137,207	61.5	4,803.72
As of March 31, 2018	224,507	137,503	61.2	4,616.67

(Reference) Equity: As of September 30, 2018: ¥137,207 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	-	19.00			
Fiscal year ending March 31, 2019 (Forecast)			-	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
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 (4) Notes on Quarterly Financial Statements (Accounting policies adopted specifically for the preparation of quarterly financial statements)” on page 9 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):

September 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:

September 30, 2018: 1,221,594 shares

March 31, 2018: 294 shares

3) Average number of shares during the term:

Six months ended September 30, 2018: 28,766,356 shares

Six months ended September 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 Second Quarter of Current Fiscal Year (September 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	27,118	25,870
Accounts receivable - trade	2,849	2,598
Merchandise	56,263	56,317
Other	1,611	1,755
Allowance for doubtful accounts	(1)	(1)
Total current assets	87,841	86,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	70,504	69,051
Land	47,937	48,980
Construction in progress	329	717
Other, net	4,201	4,012
Total property, plant and equipment	122,973	122,762
Intangible assets	2,898	2,914
Investments and other assets	10,793	10,725
Total non-current assets	136,666	136,402
Total assets	224,507	222,943
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,265	31,100
Short-term loans payable	22,630	22,630
Current portion of long-term loans payable	2,724	2,227
Income taxes payable	1,838	1,880
Accounts payable – other	4,198	5,351
Notes payable – facilities	1,723	2,002
Provision for bonuses	1,055	1,077
Provision for directors' bonuses	31	—
Provision for point card certificates	1,245	1,221
Asset retirement obligations	43	13
Other	3,267	3,093
Total current liabilities	70,024	70,598
Non-current liabilities		
Long-term loans payable	4,810	3,737
Provision for retirement benefits	3,164	3,221
Provision for directors' retirement benefits	1,554	956
Asset retirement obligations	5,271	5,303
Other	2,179	1,917
Total non-current liabilities	16,980	15,136
Total liabilities	87,004	85,735

(Millions of yen)

	End of Previous Fiscal year (March 31, 2018)	End of Second Quarter of Current Fiscal Year (September 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	3,538	3,538
Capital surplus	4,223	4,223
Retained earnings	129,586	131,575
Treasury shares	(0)	(2,350)
Total shareholders' equity	137,347	136,986
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	156	221
Total valuation and translation adjustments	156	221
Total net assets	137,503	137,207
Total liabilities and net assets	224,507	222,943

(2) Statements of Income  
Statements of Income

(Millions of yen)

	Six Months Ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six Months Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Net sales	117,335	115,268
Cost of sales	78,624	78,083
Gross profit	38,710	37,184
Selling, general and administrative expenses	33,047	32,324
Operating profit	5,663	4,860
Non-operating income		
Interest income	15	2
Dividend income	6	6
Commission fee	77	73
House rent income	120	164
Insurance income	12	79
Other	162	103
Total non-operating income	394	430
Non-operating expenses		
Interest expenses	81	76
Rent cost of real estate	62	75
Other	18	34
Total non-operating expenses	162	186
Ordinary profit	5,895	5,104
Extraordinary income		
Gain on sales of non-current assets	0	94
Insurance income	16	267
Reversal of asset retirement obligations	—	22
Total extraordinary income	17	384
Extraordinary losses		
Loss on retirement of non-current assets	91	11
Impairment loss	669	311
Loss on disaster	—	691
Directors' retirement benefits	—	290
Other	18	16
Total extraordinary losses	779	1,321
Profit before income taxes	5,132	4,167
Income taxes	1,986	1,612
Profit	3,146	2,554

## (3) Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six Months Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,132	4,167
Depreciation	3,012	2,862
Impairment loss	669	311
Amortization of intangible assets	91	75
Amortization of long-term prepaid expenses	36	34
Loss on retirement of property, plant and equipment	91	11
Loss (gain) on sales of property, plant and equipment	(0)	(94)
Other extraordinary loss (income)	18	16
Reversal of asset retirement obligations	—	(22)
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for retirement benefits	117	57
Increase (decrease) in provision for directors' retirement benefits	(12)	(598)
Increase (decrease) in provision for directors' bonuses	(34)	(31)
Increase (decrease) in provision for bonuses	55	21
Increase (decrease) in provision for point card certificates	(9)	(24)
Interest and dividend income	(21)	(9)
Insurance income	(16)	(267)
Interest expenses	81	76
Loss due disaster	—	691
Decrease (increase) in notes and accounts receivable - trade	(105)	(25)
Decrease (increase) in inventories	2,301	(419)
Increase (decrease) in notes and accounts payable - trade	(462)	(162)
Increase (decrease) in accrued consumption taxes	(549)	153
Decrease (increase) in other assets	125	(144)
Increase (decrease) in other liabilities	455	1,015
Other, net	(11)	(23)
Subtotal	10,963	7,673
Interest and dividend income received	19	7
Proceeds from insurance income	16	267
Interest expenses paid	(77)	(76)
Payments for loss on disaster	—	(115)
Income taxes paid	(1,081)	(1,572)
Net cash provided by (used in) operating activities	9,840	6,183

(Millions of yen)

	Six Months Ended September 30, 2017 (From April 1, 2017 to September 30, 2017)	Six Months Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,996)	(2,512)
Proceeds from sales of property, plant and equipment	0	171
Purchase of intangible assets	(59)	(51)
Payments for retirement of non-current assets	(89)	(11)
Payments for asset retirement obligations	(29)	(29)
Payments for lease and guarantee deposits	(32)	(38)
Proceeds from collection of lease and guarantee deposits	31	117
Decrease (increase) in other investments	3	(33)
Net cash provided by (used in) investing activities	(4,172)	(2,387)
Cash flows from financing activities		
Repayments of long-term loans payable	(1,436)	(1,569)
Repayments of lease obligations	(696)	(612)
Purchase of treasury shares	—	(2,350)
Cash dividends paid	(565)	(565)
Net cash provided by (used in) financing activities	(2,698)	(5,098)
Net increase (decrease) in cash and cash equivalents	2,969	(1,301)
Cash and cash equivalents at beginning of period	21,663	24,226
Cash and cash equivalents at end of period	24,632	22,924