

# Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]

May 10, 2019

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 Annual General Meeting of Shareholders: June 27, 2019

Scheduled date of filing annual securities report: June 28, 2019

Scheduled date of commencing dividend payments: June 28, 2019

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Operating Results (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	%
Fiscal year ended								
March 31, 2019	223,246	(1.0)	6,997	(8.6)	7,525	(7.0)	4,518	3.2
March 31, 2018	225,511	(2.4)	7,654	(12.4)	8,093	(11.7)	4,380	0.5

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2019	157.65	–	3.3	3.4	3.1
March 31, 2018	147.06	–	3.2	3.6	3.4

## (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	222,501	138,540	62.3	4,850.37
As of March 31, 2018	224,507	137,503	61.2	4,616.67

(Reference) Equity: As of March 31, 2019: ¥138,540 million

As of March 31, 2018: ¥137,503 million

## (3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2019	7,115	(3,607)	(7,537)	20,196
March 31, 2018	12,696	(7,593)	(2,539)	24,226

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio	Net asset payout ratio
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2018	-	19.00	-	19.00	38.00	1,131	25.8	0.8
March 31, 2019	-	19.00	-	19.00	38.00	1,085	24.1	0.8
Fiscal year ending March 31, 2020 (Forecast)	-	19.00	-	19.00	38.00			

## 3. Projected Operating Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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)	118,854	3.1	6,558	34.9	6,850	34.2	3,810	49.1	133.39
Full year	224,997	0.8	8,426	20.4	8,971	19.2	4,781	5.8	167.38

### \* Notes:

#### (1) 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

#### (2) Total number of issued shares (common shares)

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

March 31, 2019: 29,784,400 shares

March 31, 2018: 29,784,400 shares

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

March 31, 2019: 1,221,594 shares

March 31, 2018: 294 shares

##### 3) Average number of shares during the term:

Fiscal year ended March 31, 2019: 28,664,581 shares

Fiscal year ended March 31, 2018: 29,784,106 shares

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

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

- 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. Overview of Operating Results, etc. (1) Overview of Operating Results for the Current Fiscal Year” on page 3 of the attached document.
- The Company plans to hold a financial results briefing for institutional investors and analysts on May 13 and 14, 2019. The materials that will be used at the briefing are scheduled to be posted on our website promptly after their disclosure.

### 3. Financial Statements and Primary Notes

#### (1) Balance Sheets

(Millions of yen)

	End of Previous Fiscal year (March 31, 2018)	End of Current Fiscal year (March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	27,118	23,088
Accounts receivable - trade	2,849	3,312
Merchandise	56,263	57,619
Supplies	4	2
Prepaid expenses	967	940
Accounts receivable - other	114	104
Other	526	515
Allowance for doubtful accounts	(1)	(1)
Total current assets	87,841	85,581
Non-current assets		
Property, plant and equipment		
Buildings	121,148	123,298
Accumulated depreciation	(56,102)	(58,800)
Buildings, net	65,045	64,497
Structures	22,179	22,398
Accumulated depreciation	(16,720)	(17,402)
Structures, net	5,458	4,996
Vehicles	199	92
Accumulated depreciation	(198)	(92)
Vehicles, net	0	0
Tools, furniture and fixtures	9,385	9,951
Accumulated depreciation	(8,060)	(8,516)
Tools, furniture and fixtures, net	1,324	1,435
Land	47,937	48,685
Leased assets	10,844	11,649
Accumulated depreciation	(7,967)	(8,923)
Leased assets, net	2,876	2,726
Construction in progress	329	1,003
Total property, plant and equipment	122,973	123,344
Intangible assets		
Leasehold right	2,447	2,444
Software	70	85
Telephone subscription right	47	47
Leased assets	224	198
Other	109	139
Total intangible assets	2,898	2,915
Investments and other assets		
Investment securities	427	393
Shares of subsidiaries and associates	21	21
Investments in capital	0	0
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Long-term prepaid expenses	483	550
Deferred tax assets	3,114	3,175
Leasehold and guarantee deposits	6,629	6,470
Construction assistance fund receivables	119	52
Other	6	6
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	10,793	10,660

(Millions of yen)

	End of Previous Fiscal year (March 31, 2018)	End of Current Fiscal year (March 31, 2019)
Total non-current assets	136,666	136,920
Total assets	224,507	222,501
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	16,210	16,412
Accounts payable - trade	15,055	14,081
Short-term loans payable	22,630	22,465
Current portion of long-term loans payable	2,724	1,896
Lease obligations	1,119	1,083
Accounts payable - other	4,198	4,260
Income taxes payable	1,838	1,071
Accrued consumption taxes	503	205
Advance deposits received	1,070	1,123
Deposits received	301	310
Unearned revenue	27	35
Provision for bonuses	1,055	1,010
Provision for bonuses for directors (and other officers)	31	26
Provision for point card certificates	1,245	1,199
Notes payable - facilities	1,723	3,861
Asset retirement obligations	43	46
Other	245	243
Total current liabilities	70,024	69,333
Non-current liabilities		
Long-term loans payable	4,810	2,914
Lease obligations	1,882	1,726
Provision for retirement benefits	3,164	3,162
Provision for retirement benefits for directors (and other officers)	1,554	975
Asset retirement obligations	5,271	5,405
Other	297	442
Total non-current liabilities	16,980	14,628
Total liabilities	87,004	83,961

(Millions of yen)

	End of Previous Fiscal year (March 31, 2018)	End of Current Fiscal Year (March 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	3,538	3,538
Capital surplus		
Legal capital surplus	4,223	4,223
Total capital surpluses	4,223	4,223
Retained earnings		
Legal retained earnings	37	37
Other retained earnings		
Reserve for advanced depreciation of non-current assets	630	627
General reserve	118,000	121,000
Retained earnings brought forward	10,918	11,332
Total retained earnings	129,586	132,996
Treasury shares	(0)	(2,350)
Total shareholders' equity	137,347	138,407
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	156	132
Total valuation and translation adjustments	156	132
Total net assets	137,503	138,540
Total liabilities and net assets	224,507	222,501

## (2) Statements of Income

### Statements of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Net sales	225,511	223,246
Cost of sales		
Beginning goods	57,179	56,263
Cost of purchased goods	151,235	152,949
Total	208,414	209,212
Ending goods	56,263	57,619
Total cost of sales	152,151	151,592
Gross profit	73,360	71,653
Selling, general and administrative expenses		
Advertising expenses	4,239	4,155
Distribution expenses	2,533	2,714
Provision of allowance for doubtful accounts	(1)	(0)
Remuneration, salaries and allowances for directors (and other officers)	19,464	19,636
Employees' bonuses	1,056	1,029
Provision for bonuses for directors (and other officers)	31	26
Provision for bonuses	1,055	1,010
Provision for point card certificates	(4)	(45)
Retirement benefit expenses	615	400
Provision for retirement benefits for directors (and other officers)	52	42
Legal welfare expenses	2,691	2,658
Rents	9,429	9,036
Depreciation	6,386	6,092
Utilities expenses	3,653	3,167
Security fee	1,520	1,585
Taxes and dues	2,613	2,640
Other	10,367	10,503
Total selling, general and administrative expenses	65,705	64,655
Operating profit	7,654	6,997
Non-operating income		
Interest income	25	2
Dividend income	8	9
Rent income	265	356
Office work fee	54	56
Commission income	145	140
Insurance income	82	169
Other	215	209
Total non-operating income	797	944
Non-operating expenses		
Interest expenses	159	148
Cost of lease revenue	135	152
Loss on disaster	46	103
Other	16	11
Total non-operating expenses	358	416
Ordinary profit	8,093	7,525

(Millions of yen)

	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
Extraordinary income		
Gain on sales of non-current assets	1	347
Insurance income	16	1,020
Reversal of asset retirement obligations	14	22
Total extraordinary income	32	1,390
Extraordinary losses		
Loss on retirement of non-current assets	122	63
Impairment loss	680	692
Loss on disaster	-	809
Retirement benefits for directors (and other officers)	-	290
Loss on cancellation of rental contracts	-	217
Other	115	29
Total extraordinary losses	917	2,103
Profit before income taxes	7,208	6,812
Income taxes - current	3,091	2,344
Income taxes - deferred	(262)	(50)
Total income taxes	2,828	2,293
Profit	4,380	4,518

## (3) Statements of Changes in Net Assets

Previous Fiscal Year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	3,538	4,223	4,223	37	633	115,000	10,667	126,338
Changes of items during period								
Provision of reserve for advanced depreciation of non-current assets					(3)		3	—
Provision of general reserve						3,000	(3,000)	—
Dividends of surplus							(1,131)	(1,131)
Profit							4,380	4,380
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	(3)	3,000	251	3,248
Balance at end of current period	3,538	4,223	4,223	37	630	118,000	10,918	129,586

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(0)	134,099	103	103	134,202
Changes of items during period					
Provision of reserve for advanced depreciation of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,131)			(1,131)
Profit		4,380			4,380
Purchase of treasury shares	—	—			
Net changes of items other than shareholders' equity			52	52	52
Total changes of items during period	—	3,248	52	52	3,300
Balance at end of current period	(0)	137,347	156	156	137,503



Current Fiscal Year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	3,538	4,223	4,223	37	630	118,000	10,918	129,586
Changes of items during period								
Provision of reserve for advanced depreciation of non-current assets					(3)		3	—
Provision of general reserve						3,000	(3,000)	—
Dividends of surplus							(1,108)	(1,108)
Profit							4,518	4,518
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	(3)	3,000	413	3,410
Balance at end of current period	3,538	4,223	4,223	37	627	121,000	11,332	132,996

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(0)	137,347	156	156	137,503
Changes of items during period					
Provision of reserve for advanced depreciation of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,108)			(1,108)
Profit		4,518			4,518
Purchase of treasury shares	(2,350)	(2,350)			(2,350)
Net changes of items other than shareholders' equity			(23)	(23)	(23)
Total changes of items during period	(2,350)	1,060	(23)	(23)	1,036
Balance at end of current period	(2,350)	138,407	132	132	138,540

#### (4) Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,208	6,812
Depreciation	6,144	5,896
Impairment loss	680	692
Amortization of intangible assets	186	148
Amortization of long-term prepaid expenses	72	68
Loss on retirement of property, plant and equipment	122	63
Loss (gain) on sales of property, plant and equipment	(1)	(347)
Other extraordinary loss (income)	115	29
Reversal of asset retirement obligations	(14)	(22)
Increase (decrease) in allowance for doubtful accounts	(1)	(0)
Increase (decrease) in provision for retirement benefits	213	(1)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	13	(578)
Increase (decrease) in provision for bonuses for directors (and other officers)	(3)	(4)
Increase (decrease) in provision for bonuses	(24)	(45)
Increase (decrease) in provision for point card certificates	(4)	(45)
Interest and dividend income	(34)	(12)
Insurance income	(16)	(1,020)
Interest expenses	159	148
Loss due disaster	-	809
Decrease (increase) in notes and accounts receivable - trade	(226)	(404)
Decrease (increase) in inventories	920	(1,740)
Increase (decrease) in notes and accounts payable - trade	191	(763)
Increase (decrease) in accrued consumption taxes	(862)	(226)
Decrease (increase) in other assets	142	52
Increase (decrease) in other liabilities	427	213
Other, net	(25)	(4)
Subtotal	15,378	9,719
Interest and dividend income received	35	10
Proceeds from insurance income	16	1,020
Interest expenses paid	(153)	(150)
Payments for loss on disaster	-	(380)
Income taxes paid	(2,580)	(3,103)
Net cash provided by (used in) operating activities	12,696	7,115

(Millions of yen)

	Previous Fiscal Year (From April 1, 2017 to March 31, 2018)	Current Fiscal Year (From April 1, 2018 to March 31, 2019)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,985)	(4,236)
Proceeds from sales of property, plant and equipment	2	805
Purchase of intangible assets	(86)	(119)
Payments for retirement of non-current assets	(111)	(56)
Payments for asset retirement obligations	(29)	(89)
Collection of loans receivable	500	-
Payments for leasehold and guarantee deposits	(67)	(102)
Proceeds from collection of leasehold and guarantee deposits	79	259
Decrease (increase) in other investments	106	(67)
Net cash provided by (used in) investing activities	(7,593)	(3,607)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	(165)
Proceeds from long-term loans payable	3,000	-
Repayments of long-term loans payable	(3,039)	(2,724)
Repayments of lease obligations	(1,368)	(1,189)
Purchase of treasury shares	-	(2,350)
Cash dividends paid	(1,131)	(1,108)
Net cash provided by (used in) financing activities	(2,539)	(7,537)
Net increase (decrease) in cash and cash equivalents	2,562	(4,029)
Cash and cash equivalents at beginning of period	21,663	24,226
Cash and cash equivalents at end of period	24,226	20,196