

**Non-Consolidated Financial Results
for the Three Months Ended June 30, 2020
[Japanese GAAP]**

July 31, 2020

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: August 7, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled

(Amounts below one million yen are truncated.)

1. Financial and Operating Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(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, 2020	65,142	11.7	7,572	138.5	7,672	133.0	4,722	138.1
June 30, 2019	58,318	(1.0)	3,175	4.3	3,292	4.2	1,982	22.7

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2020	165.33	-
June 30, 2019	69.42	-

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	232,047	146,492	63.1	5,128.79
As of March 31, 2020	221,037	142,324	64.4	4,982.87

(Reference) Equity: As of June 30, 2020: ¥146,492 million

As of March 31, 2020: ¥142,324 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen -	Yen 19.00	Yen -	Yen 20.00	Yen 39.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		20.00	-	20.00	40.00

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

3. Projected Operating Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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)	121,235	4.8	9,434	75.3	9,687	71.5	5,799	76.8	203.02
Full year	223,235	2.5	12,434	49.4	12,987	44.9	7,499	51.7	262.54

(Note) Revision from the most recently announced projected operating results: Yes

For details, please refer to the “Announcement of the Revision of the Operating Results Projection” released today (July 31, 2020).

* 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, 2020: 29,784,400 shares

March 31, 2020: 29,784,400 shares

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

June 30, 2020: 1,221,706 shares

March 31, 2020: 1,221,670 shares

3) Average number of shares during the term:

Three months ended June 30, 2020: 28,562,694 shares

Three months ended June 30, 2019: 28,562,806 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, 2020)	End of First Quarter of Current Fiscal Year (June 30, 2020)
Assets		
Current assets		
Cash and deposits	24,190	35,959
Accounts receivable – trade	2,952	3,273
Merchandise	57,068	56,807
Other	1,528	1,678
Allowance for doubtful accounts	(2)	(5)
Total current assets	85,738	97,714
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,700	68,088
Land	48,580	48,580
Construction in progress	239	211
Other, net	3,781	3,601
Total property, plant and equipment	121,301	120,482
Intangible assets	3,059	3,073
Investments and other assets	10,937	10,776
Total non-current assets	135,298	134,332
Total assets	221,037	232,047
Liabilities		
Current liabilities		
Notes and accounts payable – trade	28,116	34,511
Short-term borrowings	20,905	20,740
Current portion of long-term borrowings	1,496	1,496
Income taxes payable	2,237	3,072
Accounts payable – other	3,904	4,865
Notes payable – facilities	2,112	2,182
Provision for bonuses	1,003	504
Provision for bonuses for directors (and other officers)	28	—
Provision for point card certificates	1,179	1,101
Asset retirement obligations	119	26
Other	3,837	4,406
Total current liabilities	64,939	72,908
Non-current liabilities		
Long-term borrowings	1,793	1,419
Provision for retirement benefits	3,148	3,134
Provision for retirement benefits for directors (and other officers)	1,028	348
Asset retirement obligations	5,620	5,625
Other	2,181	2,119
Total non-current liabilities	13,773	12,647
Total liabilities	78,713	85,555

(Millions of yen)

	End of Previous Fiscal year (March 31, 2020)	End of First Quarter of Current Fiscal Year (June 30, 2020)
Net assets		
Shareholders' equity		
Share capital	3,538	3,538
Capital surplus	4,223	4,223
Retained earnings	136,853	141,004
Treasury shares	(2,350)	(2,350)
Total shareholders' equity	142,263	146,415
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	60	77
Total valuation and translation adjustments	60	77
Total net assets	142,324	146,492
Total liabilities and net assets	221,037	232,047

(2) Statements of Income
Statements of Income

(Millions of yen)

	Three Months Ended June 30, 2019 (From April 1, 2019 to June 30, 2019)	Three Months Ended June 30, 2020 (From April 1, 2020 to June 30, 2020)
Net sales	58,318	65,142
Cost of sales	39,147	42,542
Gross profit	19,171	22,599
Selling, general and administrative expenses	15,996	15,027
Operating profit	3,175	7,572
Non-operating income		
Interest income	0	0
Dividend income	7	7
Commission income	42	45
Rental income from buildings	114	126
Insurance claim income	9	14
Other	34	9
Total non-operating income	208	203
Non-operating expenses		
Interest expenses	35	31
Rental costs on real estate	44	47
Other	10	25
Total non-operating expenses	90	103
Ordinary profit	3,292	7,672
Extraordinary income		
Gain on sales of non-current assets	3	—
Total extraordinary income	3	—
Extraordinary losses		
Loss on retirement of non-current assets	34	18
Impairment loss	8	—
Loss on cancellation of rental contracts	28	—
Other	0	—
Total extraordinary losses	71	18
Profit before income taxes	3,224	7,653
Income taxes	1,241	2,931
Profit	1,982	4,722