

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]

April 27, 2021

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 24, 2021

Scheduled date of filing annual securities report: June 25, 2021

Scheduled date of commencing dividend payments: June 25, 2021

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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	234,578	7.7	18,221	119.0	18,918	111.1	11,688	136.5
March 31, 2020	217,753	(2.5)	8,319	18.9	8,964	19.1	4,941	9.4

	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, 2021	409.22	–	7.9	8.3	7.8
March 31, 2020	173.01	–	3.5	4.0	3.8

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	236,164	152,821	64.7	5,350.42
As of March 31, 2020	221,037	142,324	64.4	4,982.87

(Reference) Equity: As of March 31, 2021: ¥152,821 million

As of March 31, 2020: ¥142,324 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, 2021	24,781	(3,495)	(4,492)	38,091
March 31, 2020	11,885	(5,415)	(5,368)	21,297

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, 2020	-	19.00	-	20.00	39.00	1,113	22.5	0.8
March 31, 2021	-	23.00	-	27.00	50.00	1,428	12.2	0.9
Fiscal year ending March 31, 2022 (Forecast)	-	28.00	-	28.00	56.00		14.0	

3. Projected Operating Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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)	119,351	-	11,717	-	11,995	-	7,391	-	258.76
Full year	226,400	-	18,791	-	19,491	-	11,400	-	399.12

The projected operating results are based on “Accounting Standard for Revenue Recognition” and others which the Company plans to apply from the beginning of the fiscal year ending March 31, 2022. Therefore, changes from the actual figures before applying such Standard and others are not presented.

* 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, 2021: 29,784,400 shares

March 31, 2020: 29,784,400 shares

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

March 31, 2021: 1,221,812 shares

March 31, 2020: 1,221,670 shares

3) Average number of shares during the term:

Fiscal year ended March 31, 2021: 28,562,630 shares

Fiscal year ended March 31, 2020: 28,562,781 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.

3. Financial Statements and 2Primary Notes

(1) Balance Sheets

(Millions of yen)

	End of Previous Fiscal year (March 31, 2020)	End of Current Fiscal year (March 31, 2021)
Assets		
Current assets		
Cash and deposits	24,190	40,984
Accounts receivable - trade	2,952	3,034
Merchandise	57,068	56,871
Supplies	7	13
Prepaid expenses	905	899
Accounts receivable - other	101	103
Other	515	516
Allowance for doubtful accounts	(2)	(4)
Total current assets	85,738	102,419
Non-current assets		
Property, plant and equipment		
Buildings	125,493	128,037
Accumulated depreciation	(61,473)	(64,405)
Buildings, net	64,019	63,631
Structures	22,759	22,985
Accumulated depreciation	(18,079)	(18,669)
Structures, net	4,680	4,316
Vehicles	5	5
Accumulated depreciation	(5)	(5)
Vehicles, net	0	0
Tools, furniture and fixtures	10,331	10,444
Accumulated depreciation	(9,037)	(9,453)
Tools, furniture and fixtures, net	1,293	990
Land	48,580	48,531
Leased assets	12,444	13,192
Accumulated depreciation	(9,957)	(10,825)
Leased assets, net	2,487	2,366
Construction in progress	239	104
Total property, plant and equipment	121,301	119,942
Intangible assets		
Leasehold interests in land	2,481	2,500
Software	137	145
Telephone subscription right	47	47
Leased assets	287	415
Other	105	96
Total intangible assets	3,059	3,204
Investments and other assets		
Investment securities	240	293
Shares of subsidiaries and associates	21	21
Investments in capital	0	0
Distressed receivables	1	1
Long-term prepaid expenses	448	341
Deferred tax assets	3,674	3,573
Leasehold and guarantee deposits	6,521	6,353
Construction assistance fund receivables	33	15
Other	7	7
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	10,937	10,597

(Millions of yen)

	End of Previous Fiscal year (March 31, 2020)	End of Current Fiscal year (March 31, 2021)
Total non-current assets	135,298	133,744
Total assets	221,037	236,164
Liabilities		
Current liabilities		
Notes payable - trade	15,104	16,441
Accounts payable - trade	13,012	13,547
Short-term borrowings	20,905	20,245
Current portion of long-term borrowings	1,496	1,084
Lease obligations	996	946
Accounts payable - other	3,904	5,081
Income taxes payable	2,237	5,800
Accrued consumption taxes	1,204	2,082
Advance deposits received	922	1,168
Deposits received	338	313
Unearned revenue	44	43
Provision for bonuses	1,003	1,032
Provision for bonuses for directors (and other officers)	28	28
Provision for point card certificates	1,179	1,033
Notes payable – facilities	2,112	1,921
Asset retirement obligations	119	7
Other	331	353
Total current liabilities	64,939	71,131
Non-current liabilities		
Long-term borrowings	1,793	708
Lease obligations	1,746	1,808
Provision for retirement benefits	3,148	3,093
Provision for retirement benefits for directors (and other officers)	1,028	367
Asset retirement obligations	5,620	5,835
Other	435	397
Total non-current liabilities	13,773	12,210
Total liabilities	78,713	83,342

(Millions of yen)

	End of Previous Fiscal year (March 31, 2020)	End of Current Fiscal Year (March 31, 2021)
Net assets		
Shareholders' equity		
Share capital	3,538	3,538
Capital surplus		
Legal capital surplus	4,223	4,223
Total capital surplus	4,223	4,223
Retained earnings		
Legal retained earnings	37	37
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	620	615
General reserve	124,000	127,000
Retained earnings brought forward	12,195	19,661
Total retained earnings	136,853	147,313
Treasury shares	(2,350)	(2,351)
Total shareholders' equity	142,263	152,724
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	60	97
Total valuation and translation adjustments	60	97
Total net assets	142,324	152,821
Total liabilities and net assets	221,037	236,164

(2) Statements of Income
Statements of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales	217,753	234,578
Cost of sales		
Beginning merchandise inventory	57,619	57,068
Cost of purchased goods	145,496	153,654
Total	203,116	210,723
Ending merchandise inventory	57,068	56,871
Total cost of sales	146,047	153,851
Gross profit	71,705	80,726
Selling, general and administrative expenses	63,386	62,504
Operating profit	8,319	18,221
Non-operating income		
Interest income	0	0
Dividend income	10	10
Rental income	474	499
Administrative service fee income	52	58
Commission income	177	171
Insurance claim income	289	195
Other	155	228
Total non-operating income	1,161	1,164
Non-operating expenses		
Interest expenses	139	120
Rental costs	184	192
Loss on disaster	161	113
Other	31	40
Total non-operating expenses	516	466
Ordinary profit	8,964	18,918
Extraordinary income		
Gain on sale of non-current assets	20	11
Insurance claim income	-	297
Total extraordinary income	20	309
Extraordinary loss		
Loss on retirement of non-current assets	97	109
Impairment loss	1,170	244
Loss on disaster	-	197
Loss on cancellation of rental contracts	28	-
Other	49	-
Total extraordinary losses	1,345	551
Profit before income taxes	7,639	18,677
Income taxes - current	3,164	6,904
Income taxes - deferred	(467)	84
Total income taxes	2,697	6,988
Profit	4,941	11,688

(3) Statements of Changes in Net Assets

Previous Fiscal Year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,538	4,223	4,223	37	627	121,000	11,332	132,996
Changes during period								
Provision of reserve for tax purpose reduction entry of non-current assets					(6)		6	—
Provision of general reserve						3,000	(3,000)	—
Dividends of surplus							(1,085)	(1,085)
Profit							4,941	4,941
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	(6)	3,000	863	3,856
Balance at end of period	3,538	4,223	4,223	37	620	124,000	12,195	136,853

	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 period	(2,350)	138,407	132	132	138,540
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,085)			(1,085)
Profit		4,941			4,941
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			(72)	(72)	(72)
Total changes during period	(0)	3,856	(72)	(72)	3,784
Balance at end of period	(2,350)	142,263	60	60	142,324

Current Fiscal Year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,538	4,223	4,223	37	620	124,000	12,195	136,853
Changes during period								
Provision of reserve for tax purpose reduction entry of non-current assets					(4)		4	—
Provision of general reserve						3,000	(3,000)	—
Dividends of surplus							(1,228)	(1,228)
Profit							11,688	11,688
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	(4)	3,000	7,465	10,460
Balance at end of period	3,538	4,223	4,223	37	615	127,000	19,661	147,313

	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 period	(2,350)	142,263	60	60	142,324
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,228)			(1,228)
Profit		11,688			11,688
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			37	37	37
Total changes during period	(0)	10,460	37	37	10,497
Balance at end of period	(2,351)	152,724	97	97	152,821

(4) Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	7,639	18,677
Depreciation	5,925	5,583
Impairment losses	1,170	244
Amortization of intangible assets	165	158
Amortization of long-term prepaid expenses	64	59
Loss on retirement of property, plant and equipment	97	109
Loss (gain) on sale of property, plant and equipment	(20)	(11)
Other extraordinary loss (income)	77	-
Increase (decrease) in allowance for doubtful accounts	1	1
Increase (decrease) in provision for retirement benefits	(13)	(55)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	52	(660)
Increase (decrease) in provision for bonuses for directors (and other officers)	1	-
Increase (decrease) in provision for bonuses	(7)	29
Increase (decrease) in provision for point card certificates	(20)	(145)
Interest and dividend income	(10)	(10)
Insurance claim income	-	(297)
Interest expenses	139	120
Loss due disaster	-	197
Decrease (increase) in trade receivables	159	157
Decrease (increase) in inventories	500	75
Increase (decrease) in trade payables	(2,371)	1,872
Increase (decrease) in accrued consumption taxes	1,102	982
Decrease (increase) in other assets	86	17
Increase (decrease) in other liabilities	(462)	1,279
Other, net	1	5
Subtotal	14,280	28,388
Interest and dividends received	10	10
Proceeds from insurance income	-	297
Interest paid	(141)	(119)
Payments associated with disaster loss	-	(84)
Income taxes paid	(2,263)	(3,711)
Net cash provided by (used in) operating activities	11,885	24,781

(Millions of yen)

	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,143)	(3,870)
Proceeds from sale of property, plant and equipment	111	423
Purchase of intangible assets	(181)	(87)
Payments for retirement of non-current assets	(89)	(75)
Payments for asset retirement obligations	(85)	(119)
Payments of leasehold and guarantee deposits	(181)	(160)
Proceeds from refund of leasehold and guarantee deposits	101	328
Decrease (increase) in investments and other assets	52	65
Net cash provided by (used in) investing activities	(5,415)	(3,495)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,560)	(660)
Proceeds from long-term borrowings	500	-
Repayments of long-term borrowings	(2,021)	(1,496)
Repayments of lease obligations	(1,202)	(1,108)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,084)	(1,227)
Net cash provided by (used in) financing activities	(5,368)	(4,492)
Net increase (decrease) in cash and cash equivalents	1,101	16,793
Cash and cash equivalents at beginning of period	20,196	21,297
Cash and cash equivalents at end of period	21,297	38,091