

Financial Results Briefing Material for the Three Months Ended June 30, 2021

**July 26, 2021
NAFCO Corporation**

Summary of Financial Results for the Three Months Ended June 30, 2021

**Amidst the backlash from the previous fiscal year,
both sales and profits continue to be in a difficult situation**

- **The impact of an immediate surge in demand for consumption from staying at home, etc. in the previous year has almost receded in the market. Consequently, we have had a difficult time mainly in the sector of household goods.**
- **Meanwhile, the main sectors of materials, DIY, and gardening merchandises showed steady growth.**
- **Our efforts to strengthen our product appeal, which we have been promoting thus far, have led to the continuous growth of gross profit margin.**

Financial Results for the Three Months Ended June 30, 2021

(Millions of yen)

	Three months ended June 30, 2020		Three months ended June 30, 2021		YoY Change (reference)
		% of sales		% of sales	
Net sales	65,142	100.0%	56,238	100.0%	86.3%
Gross profit	22,599	34.7%	19,565	34.8%	86.6%
Operating gross profit	-	-	19,648	34.9%	-
Selling, general and administrative expenses	15,027	23.1%	15,191	27.0%	101.1%
Operating profit	7,572	11.6%	4,456	7.9%	58.9%
Ordinary profit	7,672	11.8%	4,541	8.1%	59.2%
Profit	4,722	7.2%	2,817	5.0%	59.7%

*The Company has applied "Accounting Standard for Recognition" and others since the beginning of the fiscal year ending March 31, 2022.

The figures before the application of such Standard and others are presented based on the disclosed figures before the application.

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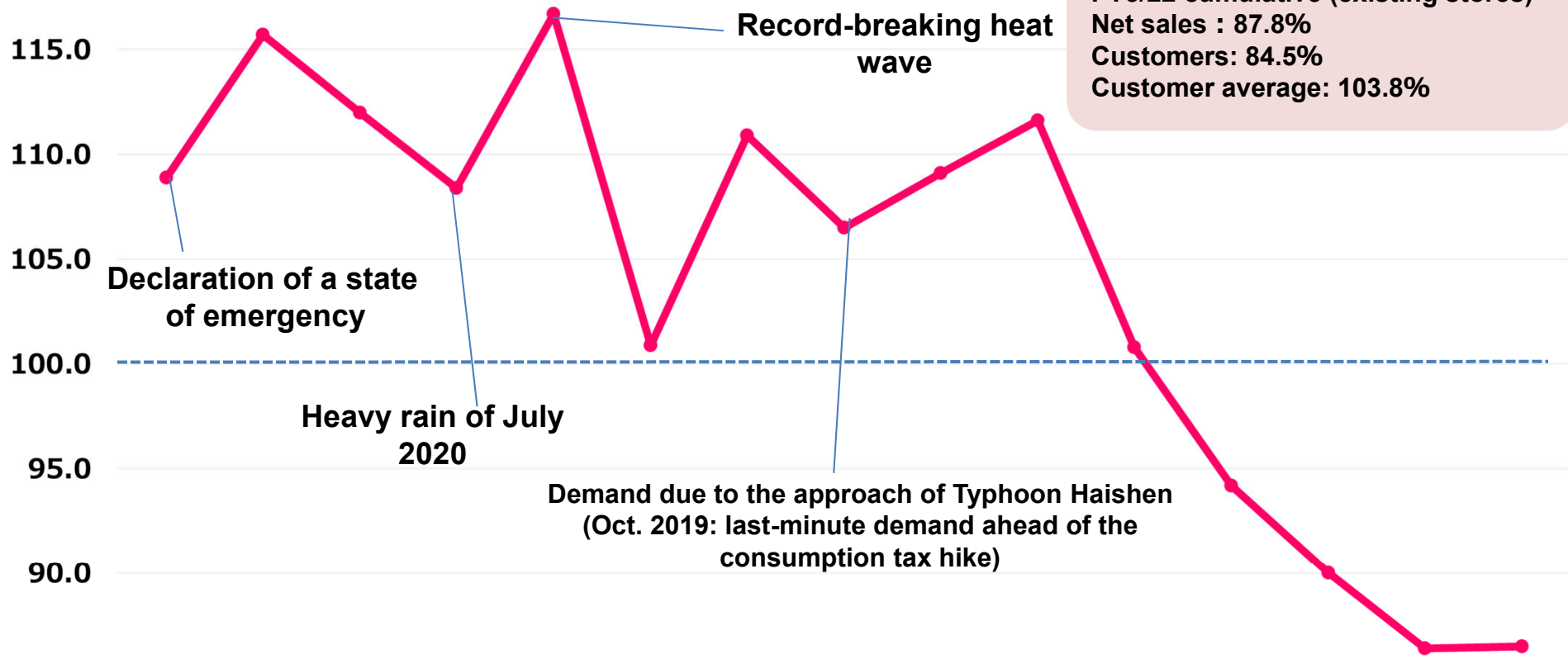
Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2021	Three months ended June 30, 2021	Change From the End of the Previous Fiscal Year
Total assets	236,164	235,590	(574)
Current assets	102,419	101,538	(881)
Of which, cash and deposits	40,984	37,982	(3,001)
Non-current assets	133,744	134,051	+306
Of which, property, plant and equipment	119,942	119,625	(316)
Liabilities	83,342	82,174	(1,167)
Interest-bearing liabilities	22,038	21,499	(539)
Of which, short-term borrowings	20,245	20,080	(165)
Of which, current portion of long-term borrowings	1,084	885	(199)
Of which, long-term borrowings	708	533	(174)
Net assets	152,821	153,415	+593
Cash and deposit ratio (%)	17.4	16.1	
Ratio of interest-bearing liabilities (%)	9.3	9.1	
Equity ratio (%)	64.7	65.1	

Trends in Existing Stores

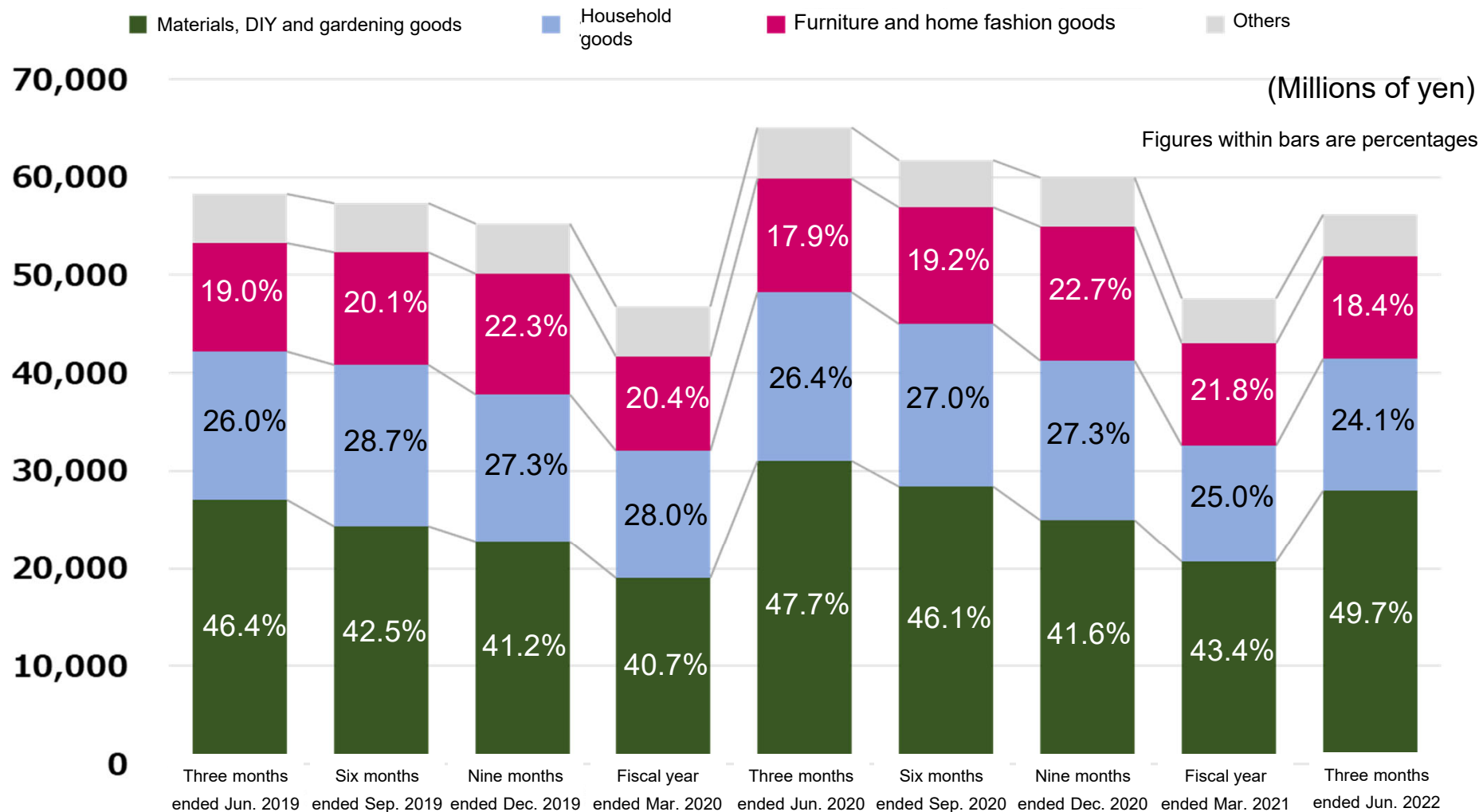
Net sales of existing stores compared to previous year (%)



FY3/22 cumulative (existing stores)
 Net sales : 87.8%
 Customers: 84.5%
 Customer average: 103.8%

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.
Sales	108.9	115.7	112.0	108.4	116.7	100.9	110.9	106.5	109.1	111.6	100.8	94.2	90.0	86.4	86.5
Customers	111.9	114.3	105.0	102.0	108.9	106.4	105.4	100.8	101.6	103.2	91.4	85.6	83.9	82.3	87.4
Customer average	97.3	101.1	106.6	106.2	107.0	94.8	105.1	105.6	107.3	108.0	110.2	109.9	107.3	104.9	98.9

Sales by Quarter



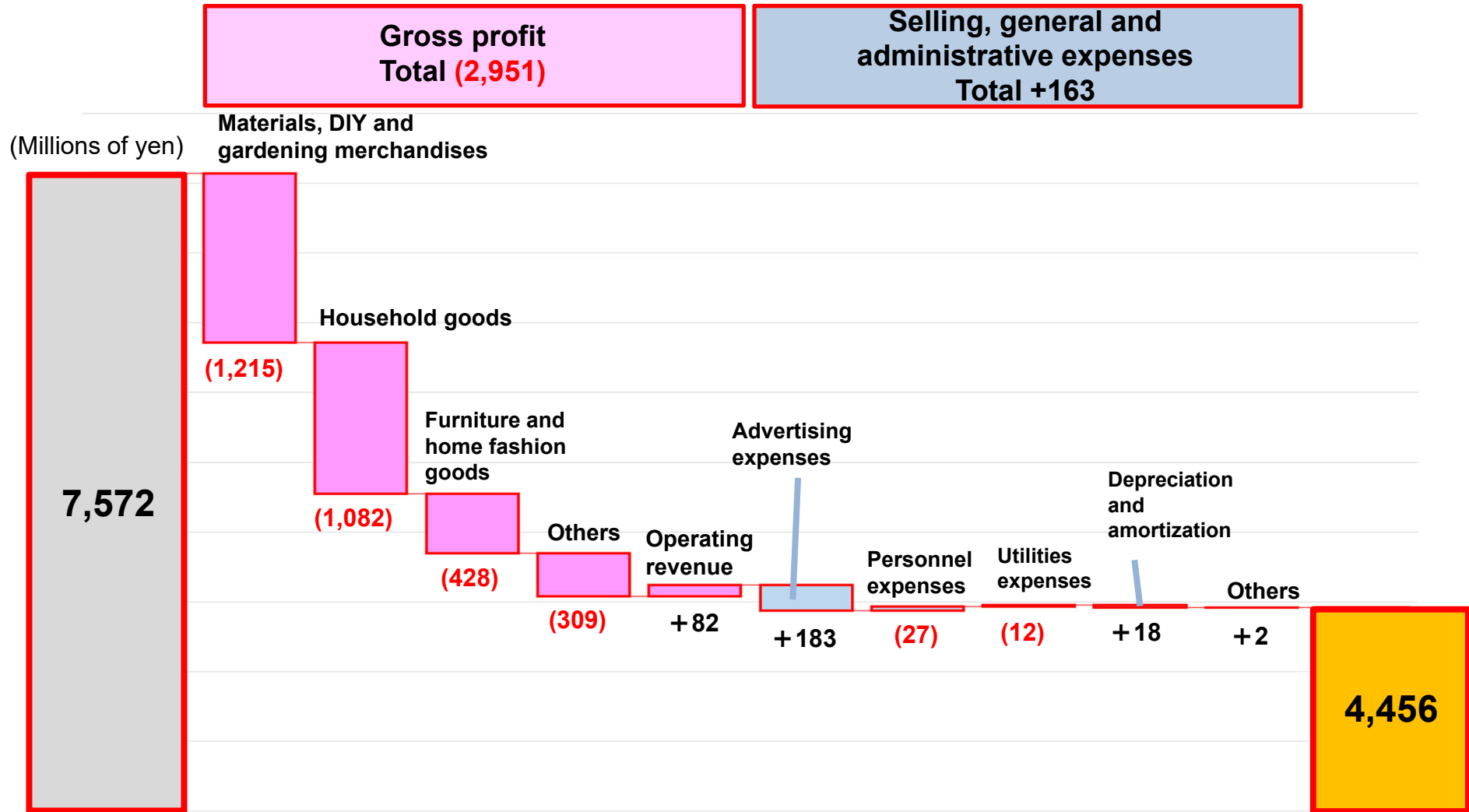
Fiscal year ended March 2020

Fiscal year ended March 2021

Fiscal Year Ending March 2022

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Factors for a Change in Operating Profit (Three months ended June 30, 2021)



Fiscal year ended March 2021

Operating profit

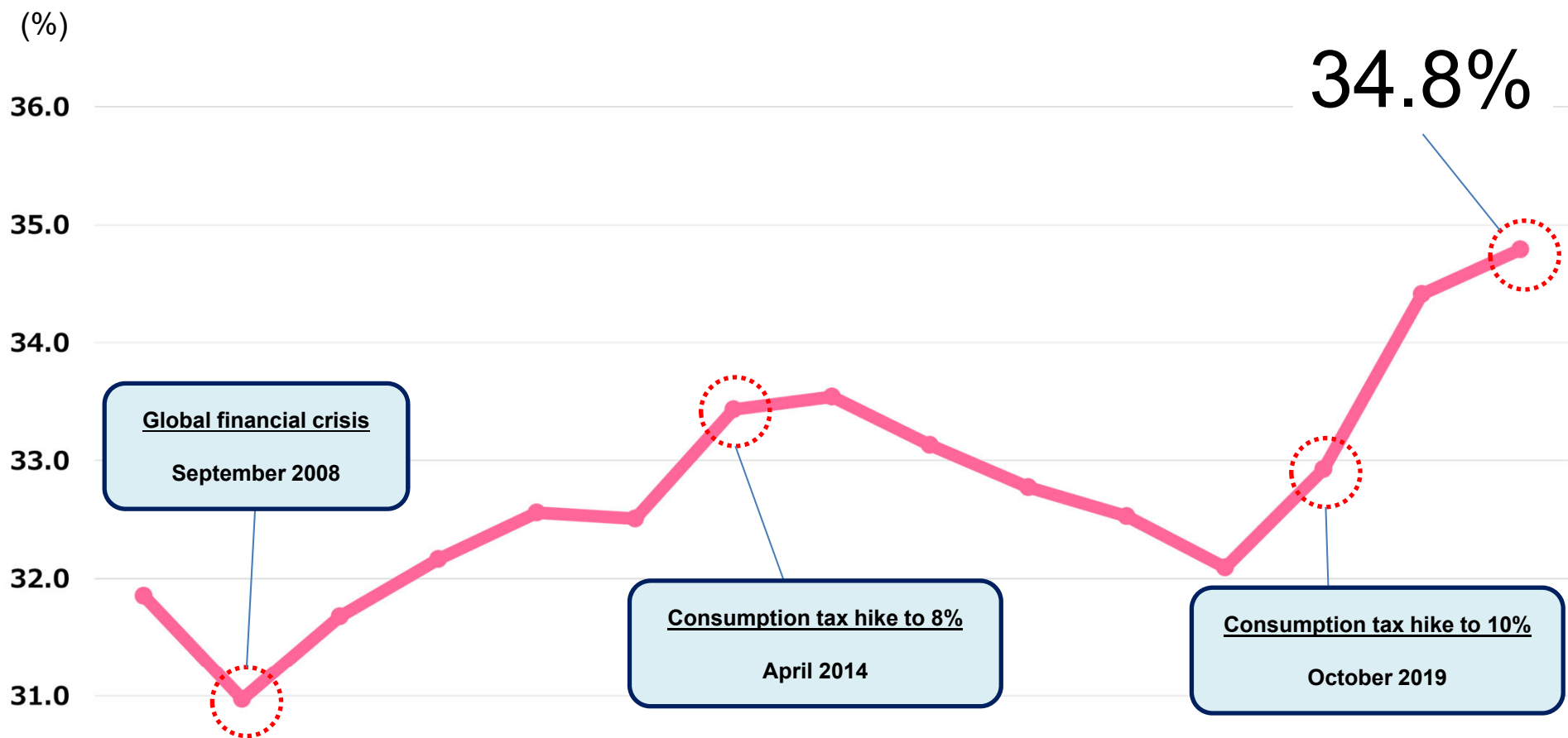
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Fiscal year ending March 2022

Operating profit

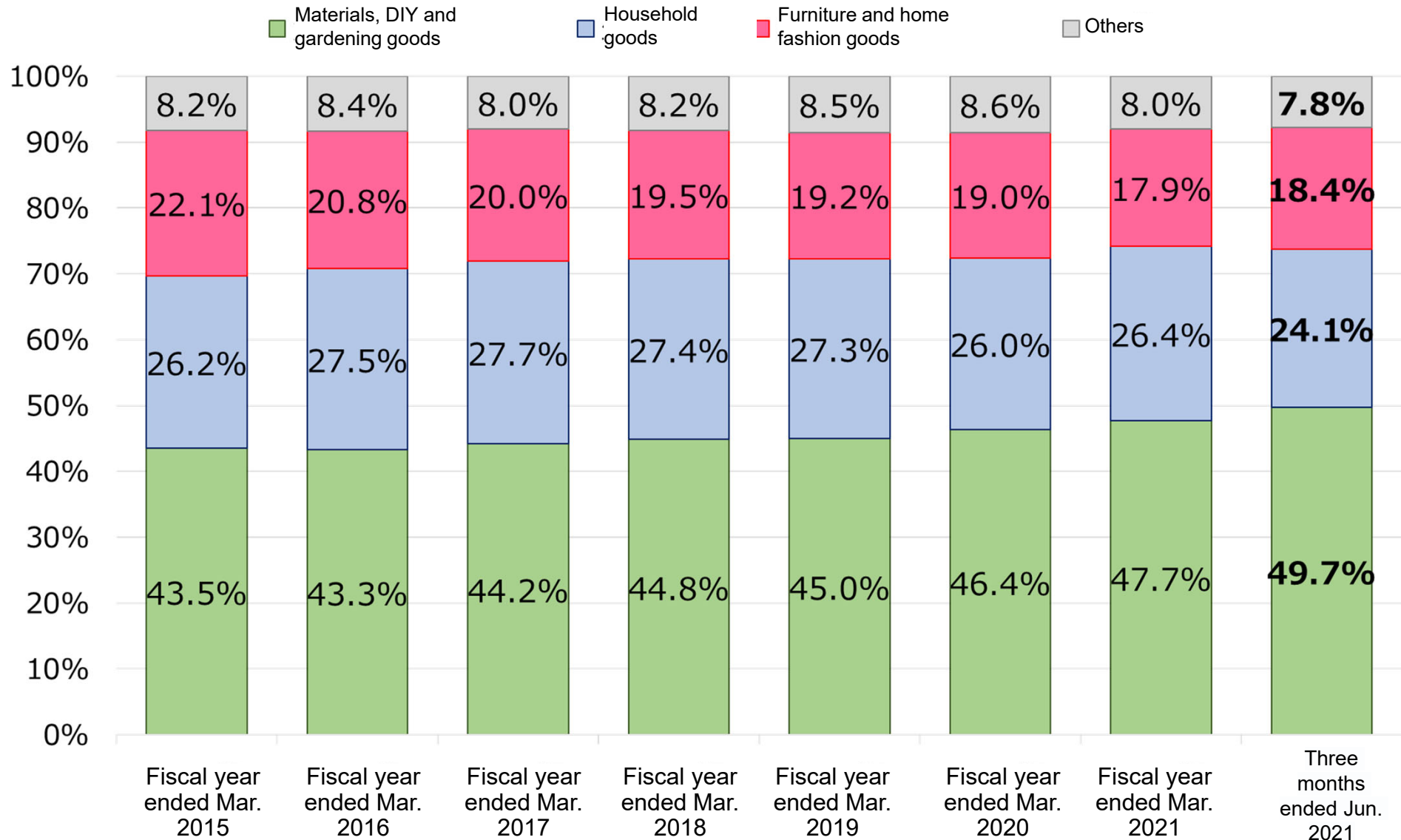
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Trends in Gross Profit Margin

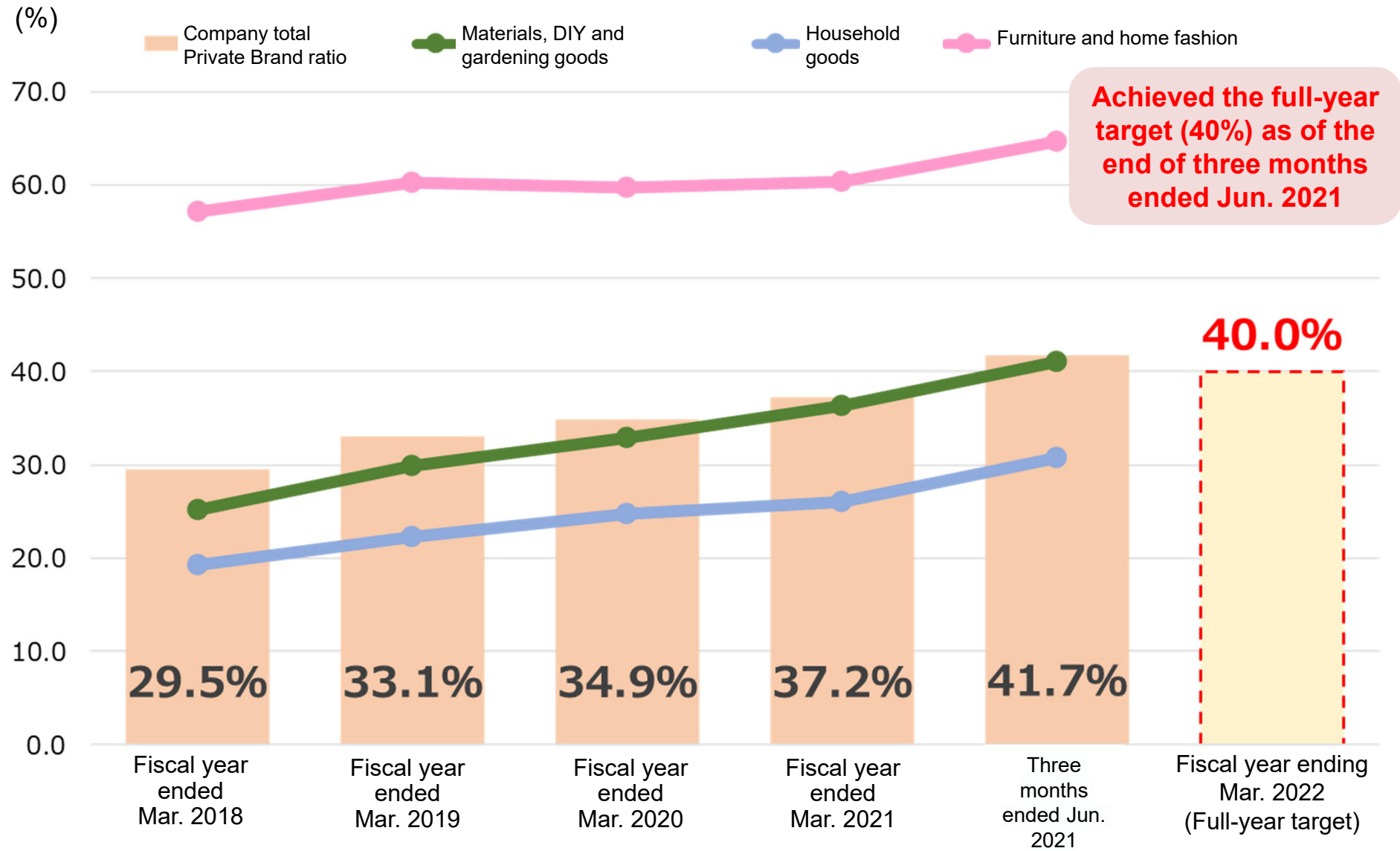


FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	Q1 FY3/22
31.9	31.0	31.7	32.2	32.6	32.5	33.4	33.5	33.1	32.8	32.5	32.1	32.9	34.4	34.8

Trends in Sales Composition by Product



Trends in Private Brand Ratio



Air Conditioners That Are Easy to Install



Spot air conditioner

Spot air conditioner with flexible exhaust air duct.



Mini spot air conditioner

Mini spot air conditioner which is small but powerful.



Portable air conditioner

Portable air conditioner which is small but powerful.



1.6KW window air conditioner

Window air conditioner which you can use without installation work.



Air conditioner fan with LCD

Portable air conditioner with casters to be moved easily.

Outdoor Equipment



Full Moon Chair
Its design concept is "the chair which you can sit cross-legged on." It is designed to let you relax into it.



KING Chair
A voluminous chair which you can relax into.



Bonfire equipment which is popular in its healing effect of its 1/f fluctuation.



Swedish Torch



Fire Star Grill



Meshed Bonfire Stand

Garden Chairs



Desks & Chairs



Corner Desk Greed



Vintage Chair Rival



Desk with Rack N Jeunesse



Desk N Jeunesse



Private Brand Products (Furniture)

Product Development That Does Not Compromise on Quality Jointly Developed with Top Manufacturers



Marta series



- Modern Nordic design.
- French seam with thick piping enclosing the seam allowance.



Arena series

- You can choose the covering material and wood part according to your preference.
- Specially processed Italian leather is used.



E-commerce Approaches

NAFCO online store (home center)



TWO-ONE STYLE online shopping (furniture and home fashion)



Service enhancement by development of digital catalogues





Role in Disasters

台風に備える
その時に・・・

日常備蓄で災害に備える
“普段使わないものを用意する災害備蓄”から“普段から使う日用品や生活必需品を少し多めに備えておく日常備蓄”というスタイルへ。

停電に備える
その時に・・・

電源・灯りの確保

ゲリラ豪雨・浸水の対策

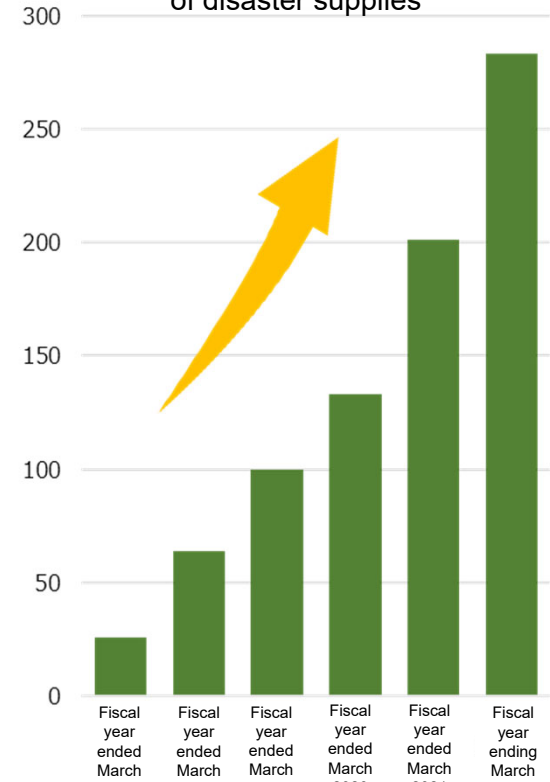
Number of municipalities that have concluded agreements

283 municipalities

As of June 30, 2021

* Municipalities include prefectural police, etc. (number of applications in process is excluded)

Number of municipalities with which we have entered agreements for the supply of disaster supplies



Online or telephone orders are available.

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Store Openings

TWO-ONE STYLE Mi Nara store



	Store name	Opening	Location	Store style
New store	TWO-ONE STYLE Mi Nara	April	Nara	Furniture and home fashion store
Expansion	Nobeoka-minami	April	Miyazaki	Combination store
Renovation	Nakabaru	June	Saga	Home center

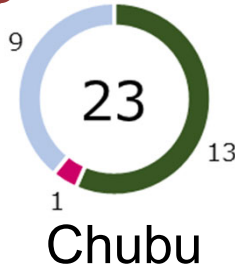
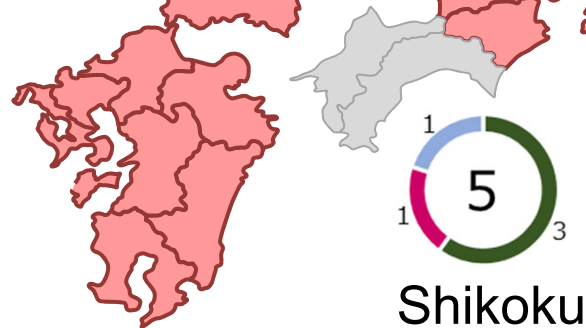
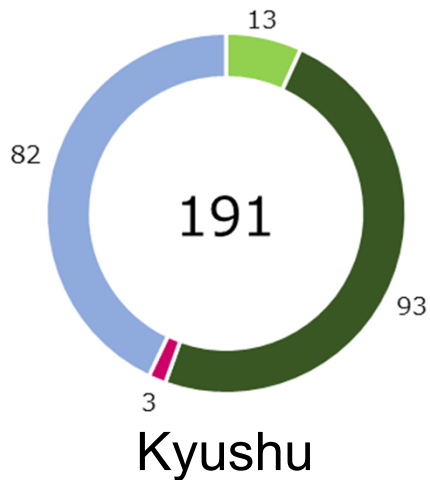
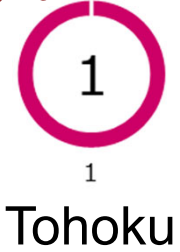
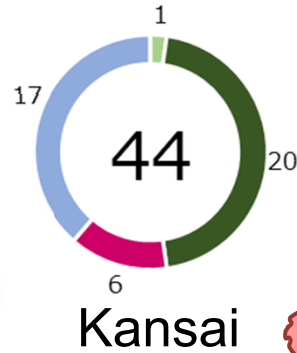
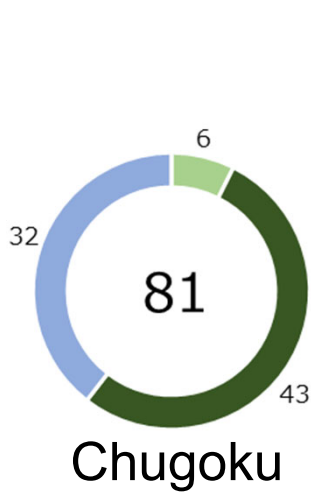
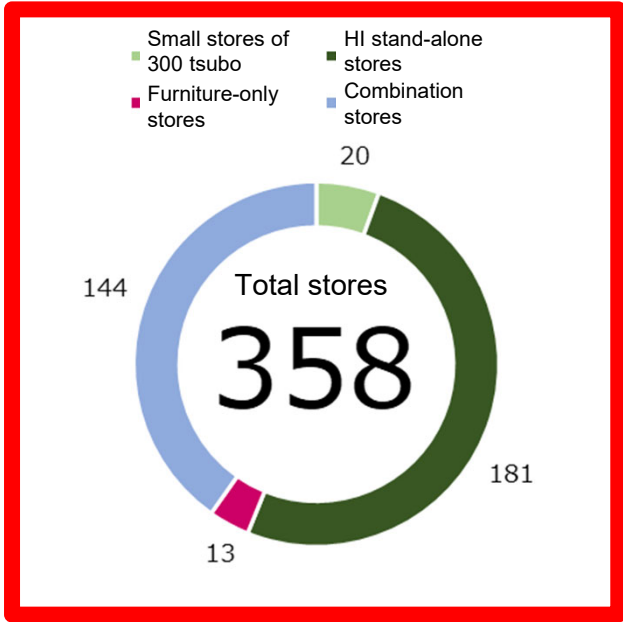
Nobeoka-minami store



Nakabaru store



Number of Stores by Business Type



Forecast for the Fiscal Year Ending March 31, 2022

(Millions of yen)

	Fiscal year ending March 2022 (full-year cumulative plan)	% of Sales	Fiscal year ended March 2021 (full-year cumulative results)	Fiscal year ended March 2020 (full-year cumulative results)
Net sales	226,400	100.0%	234,578	217,753
Operating profit	18,791	8.3%	18,221	8,319
Ordinary profit	19,491	8.6%	18,918	8,964
Profit	11,400	5.0%	11,688	4,941

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This document is intended solely for the purpose of providing information to investors.

We will disclose information as needed at an appropriate time depending on the external environment and the progress of business performance.

IR news is also updated on our website as needed.

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(Securities code: 2790)