

**Non-Consolidated Financial Results
for the Six Months Ended September 30, 2021
[Japanese GAAP]**

October 22, 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 filing quarterly securities report: November 12, 2021

Scheduled date of commencing dividend payments: December 3, 2021

Availability of supplementary briefing material on quarterly financial results: 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, 2021 (April 1, 2021 to September 30, 2021)

(1) Operating Results (cumulative)

(Percentages refer to changes from the corresponding period of the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	107,975	-	7,086	-	7,304	-	4,531	-
September 30, 2020	126,865	9.7	13,711	154.8	13,910	146.3	8,465	158.1

The Company has applied “Accounting Standard for Revenue Recognition” and others since 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.

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	158.64	-
September 30, 2020	296.40	-

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	233,856	155,134	66.3	5,431.40
As of March 31, 2021	236,164	152,821	64.7	5,350.42

(Reference) Equity: As of September 30, 2021: ¥155,134 million

As of March 31, 2021: ¥152,821 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen -	Yen 23.00	Yen -	Yen 27.00	Yen 50.00
Fiscal year ending March 31, 2022	-	28.00			
Fiscal year ending March 31, 2022 (Forecast)			-	28.00	56.00

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

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 profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	207,600	-	13,700	-	14,300	-	8,200	-	287.08

(Note) Revision from the most recently announced projected operating results: None

The projected operating results are based on “Accounting Standard for Revenue Recognition” and others, which the Company has applied since 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) 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: Yes

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, 2021: 29,784,400 shares

March 31, 2021: 29,784,400 shares

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

September 30, 2021: 1,221,812 shares

March 31, 2021: 1,221,812 shares

3) Average number of shares during the term:

Six months ended September 30, 2021: 28,562,588 shares

Six months ended September 30, 2020: 28,562,666 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, 2021)	End of Second Quarter of Current Fiscal Year (September 30, 2021)
Assets		
Current assets		
Cash and deposits	40,984	36,079
Accounts receivable - trade	3,034	3,241
Merchandise	56,871	58,746
Other	1,533	1,782
Allowance for doubtful accounts	(4)	(3)
Total current assets	102,419	99,845
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	67,948	66,453
Land	48,531	48,531
Construction in progress	104	756
Other, net	3,357	3,829
Total property, plant and equipment	119,942	119,570
Intangible assets	3,204	3,304
Investments and other assets	10,597	11,135
Total non-current assets	133,744	134,010
Total assets	236,164	233,856
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,989	29,548
Short-term borrowings	20,245	19,915
Current portion of long-term borrowings	1,084	699
Income taxes payable	5,800	3,054
Accounts payable - other	5,081	3,637
Notes payable - facilities	1,921	1,729
Provision for bonuses	1,032	1,074
Provision for bonuses for directors (and other officers)	28	—
Provision for point card certificates	1,033	—
Asset retirement obligations	7	7
Contract liabilities	—	3,158
Other	4,908	3,384
Total current liabilities	71,131	66,208
Non-current liabilities		
Long-term borrowings	708	358
Provision for retirement benefits	3,093	3,081
Provision for retirement benefits for directors (and other officers)	367	371
Asset retirement obligations	5,835	5,901
Other	2,205	2,800
Total non-current liabilities	12,210	12,512
Total liabilities	83,342	78,721

(Millions of yen)

	End of Previous Fiscal year (March 31, 2021)	End of Second Quarter of Current Fiscal Year (September 30, 2021)
Net assets		
Shareholders' equity		
Share capital	3,538	3,538
Capital surplus	4,223	4,223
Retained earnings	147,313	149,638
Treasury shares	(2,351)	(2,351)
Total shareholders' equity	152,724	155,048
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	97	86
Total valuation and translation adjustments	97	86
Total net assets	152,821	155,134
Total liabilities and net assets	236,164	233,856

(2) Statements of Income
Statements of Income

(Millions of yen)

	Six Months Ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net sales	126,865	107,975
Cost of sales	82,808	70,446
Gross profit	44,057	37,529
Operating revenue	—	160
Operating gross profit	44,057	37,689
Selling, general and administrative expenses	30,346	30,603
Operating profit	13,711	7,086
Non-operating income		
Interest income	0	0
Dividend income	7	7
Commission income	93	62
Rental income from buildings	249	256
Insurance claim income	27	51
Other	78	71
Total non-operating income	455	449
Non-operating expenses		
Interest expenses	61	57
Rental costs on real estate	94	105
Loss on disaster	81	50
Other	18	18
Total non-operating expenses	256	231
Ordinary profit	13,910	7,304
Extraordinary income		
Insurance claim income	13	—
Total extraordinary income	13	—
Extraordinary losses		
Loss on retirement of non-current assets	27	40
Loss on disaster	197	—
Other	—	2
Total extraordinary losses	224	42
Profit before income taxes	13,699	7,261
Income taxes	5,233	2,730
Profit	8,465	4,531

(3) Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	13,699	7,261
Depreciation	2,734	2,774
Amortization of intangible assets	75	101
Amortization of long-term prepaid expenses	29	28
Loss on retirement of property, plant and equipment	27	40
Other extraordinary loss (income)	—	2
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for retirement benefits	(20)	(12)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(673)	3
Increase (decrease) in provision for bonuses for directors (and other officers)	(28)	(28)
Increase (decrease) in provision for bonuses	2	42
Increase (decrease) in provision for point card certificates	(106)	—
Interest and dividend income	(7)	(7)
Insurance claim income	(13)	—
Interest expenses	61	57
Loss on disaster	197	—
Decrease (increase) in trade receivables	65	(198)
Decrease (increase) in inventories	1,789	(1,934)
Increase (decrease) in trade payables	5,641	(440)
Increase (decrease) in accrued consumption taxes	945	(1,424)
Decrease (increase) in other assets	(265)	(157)
Increase (decrease) in other liabilities	211	(655)
Other, net	5	5
Subtotal	24,371	5,456
Interest and dividends received	7	7
Proceeds from insurance income	13	—
Interest paid	(61)	(56)
Payments associated with disaster loss	(9)	—
Income taxes paid	(1,968)	(5,420)
Net cash provided by (used in) operating activities	22,352	(13)

(Millions of yen)

	Six Months Ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,878)	(2,427)
Purchase of intangible assets	(28)	(36)
Payments for retirement of non-current assets	(24)	(39)
Payments for asset retirement obligations	(111)	(24)
Payments of leasehold and guarantee deposits	(110)	(31)
Proceeds from refund of leasehold and guarantee deposits	252	89
Decrease (increase) in investments and other assets	(10)	(55)
Net cash provided by (used in) investing activities	(1,912)	(2,525)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(330)	(330)
Repayments of long-term borrowings	(748)	(734)
Repayments of lease obligations	(563)	(583)
Purchase of treasury shares	(0)	—
Dividends paid	(571)	(770)
Net cash provided by (used in) financing activities	(2,212)	(2,418)
Net increase (decrease) in cash and cash equivalents	18,227	(4,958)
Cash and cash equivalents at beginning of period	21,297	38,091
Cash and cash equivalents at end of period	39,525	33,132