

Financial Results Briefing Material for the Six Months Ended September 30, 2021

**October 25, 2021
NAFCO Corporation**

Summary of Financial Results for the Six Months Ended September 30, 2021

- **Net sales decreased due to repercussions from “countermeasure against COVID-19 infection” and “special cash payments” in the previous year, in addition to the impact of heavy rains.**
- **Gardening merchandise showed steady growth in our main sectors of materials, DIY, and gardening merchandises.**
- **Gross profit margin exceeded its highest record in FY2021.**
- **Private brand ratio increased 4.4 points, to 41.6% in FY2021.**

Financial Results for the Six Months Ended September 30, 2021

(Millions of yen)

	Six months ended September 30, 2020		Six months ended September 30, 2021		YoY Change (reference)
		% of sales		% of sales	
Net sales	126,865	100.0%	107,975	100.0%	85.1%
Gross profit	44,057	34.7%	37,529	34.8%	85.2%
Operating gross profit	-	-	37,689	34.9%	-
Selling, general and administrative expenses	30,346	23.9%	30,603	28.3%	100.8%
Operating profit	13,711	10.8%	7,086	6.6%	51.7%
Ordinary profit	13,910	11.0%	7,304	6.8%	52.5%
Profit	8,465	6.7%	4,531	4.2%	53.5%

*The Company has applied "Accounting Standard for Revenue 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.

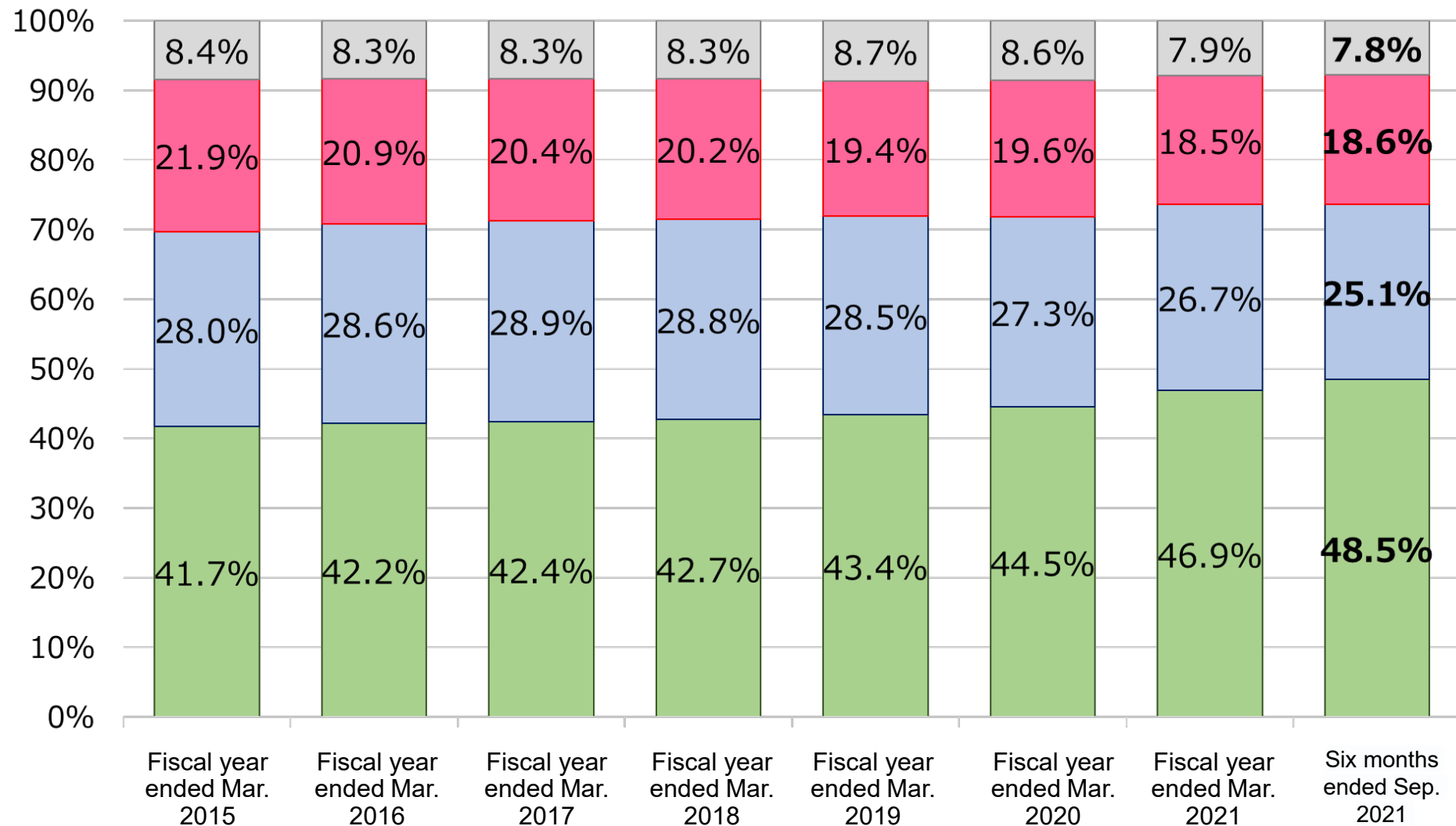
Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2021	Six months ended September 30, 2021	Change From the End of the Previous Fiscal Year
Total assets	236,164	233,856	(2,307)
Current assets	102,419	99,845	(2,573)
Of which, cash and deposits	40,984	36,079	(4,904)
Non-current assets	133,744	134,010	+266
Of which, property, plant and equipment	119,942	119,570	(371)
Liabilities	83,342	78,721	(4,620)
Interest-bearing liabilities	22,038	20,973	(1,064)
Of which, short-term borrowings	20,245	19,915	(330)
Of which, current portion of long-term borrowings	1,084	699	(384)
Of which, long-term borrowings	708	358	(349)
Net assets	152,821	155,134	+2,312
Cash and deposit ratio (%)	17.4	15.4	
Ratio of interest-bearing liabilities (%)	9.3	9.0	
Equity ratio (%)	64.7	66.3	

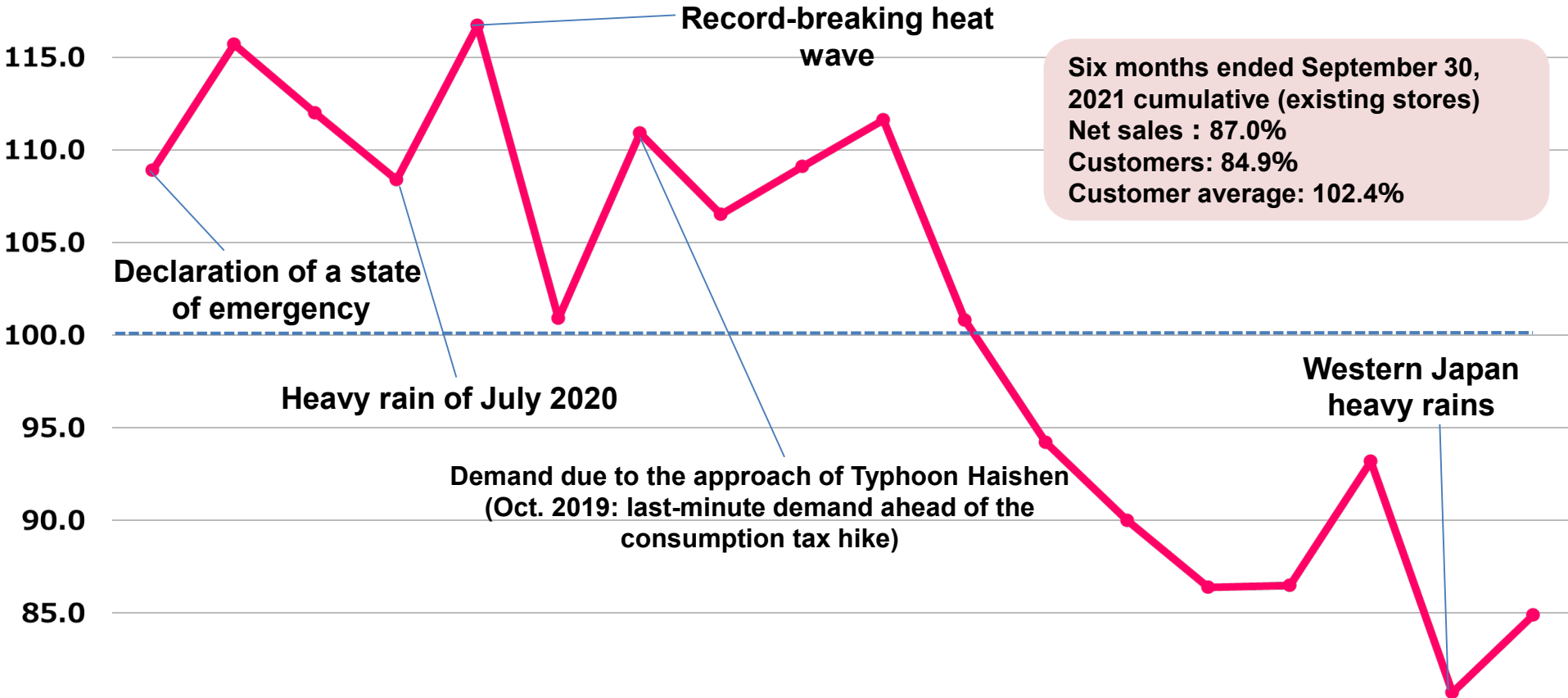
Trends in Sales Composition by Product

■ Materials, DIY and gardening goods
 ■ Household goods
 ■ Furniture and home fashion goods
 ■ Others



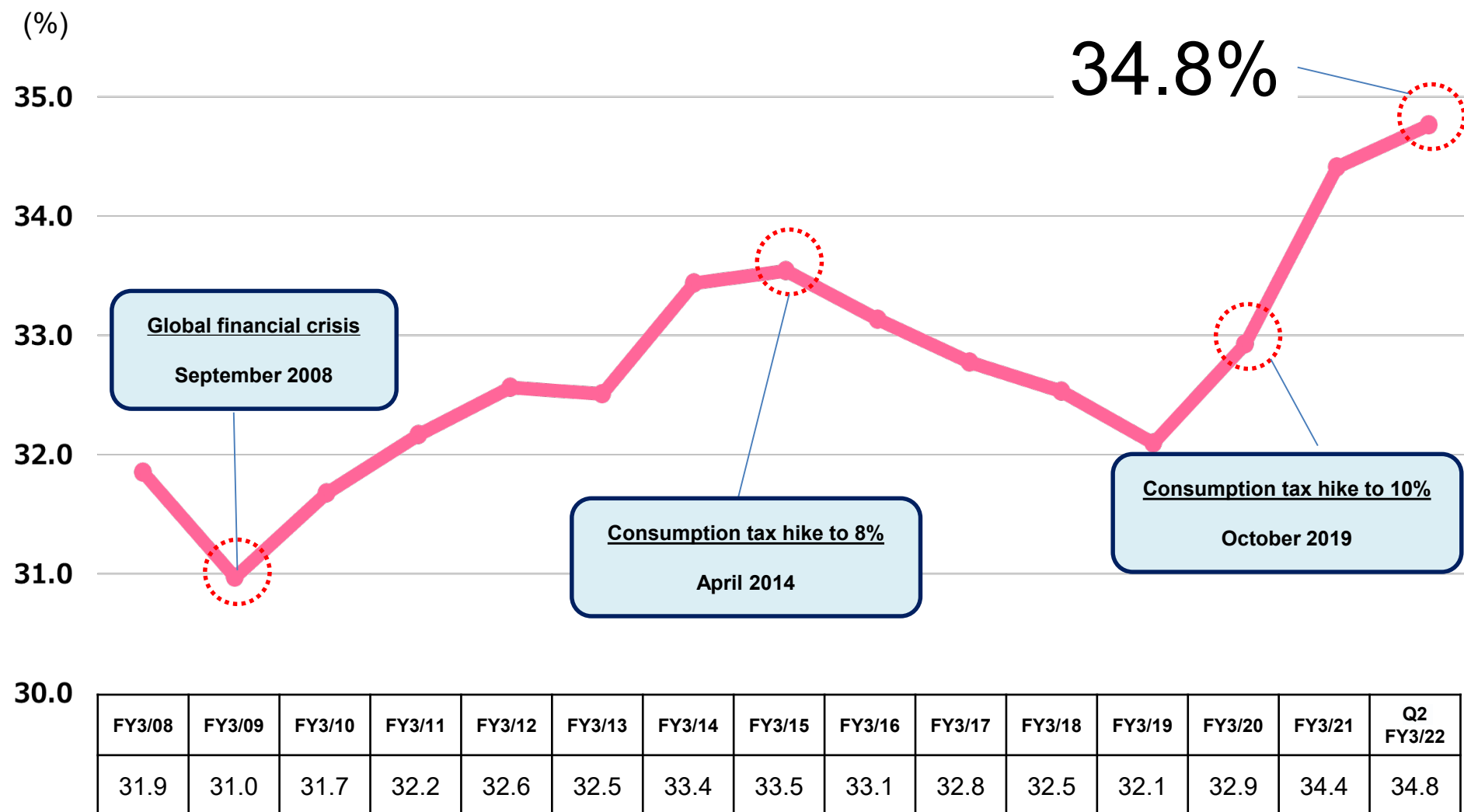
Trends in Existing Stores

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

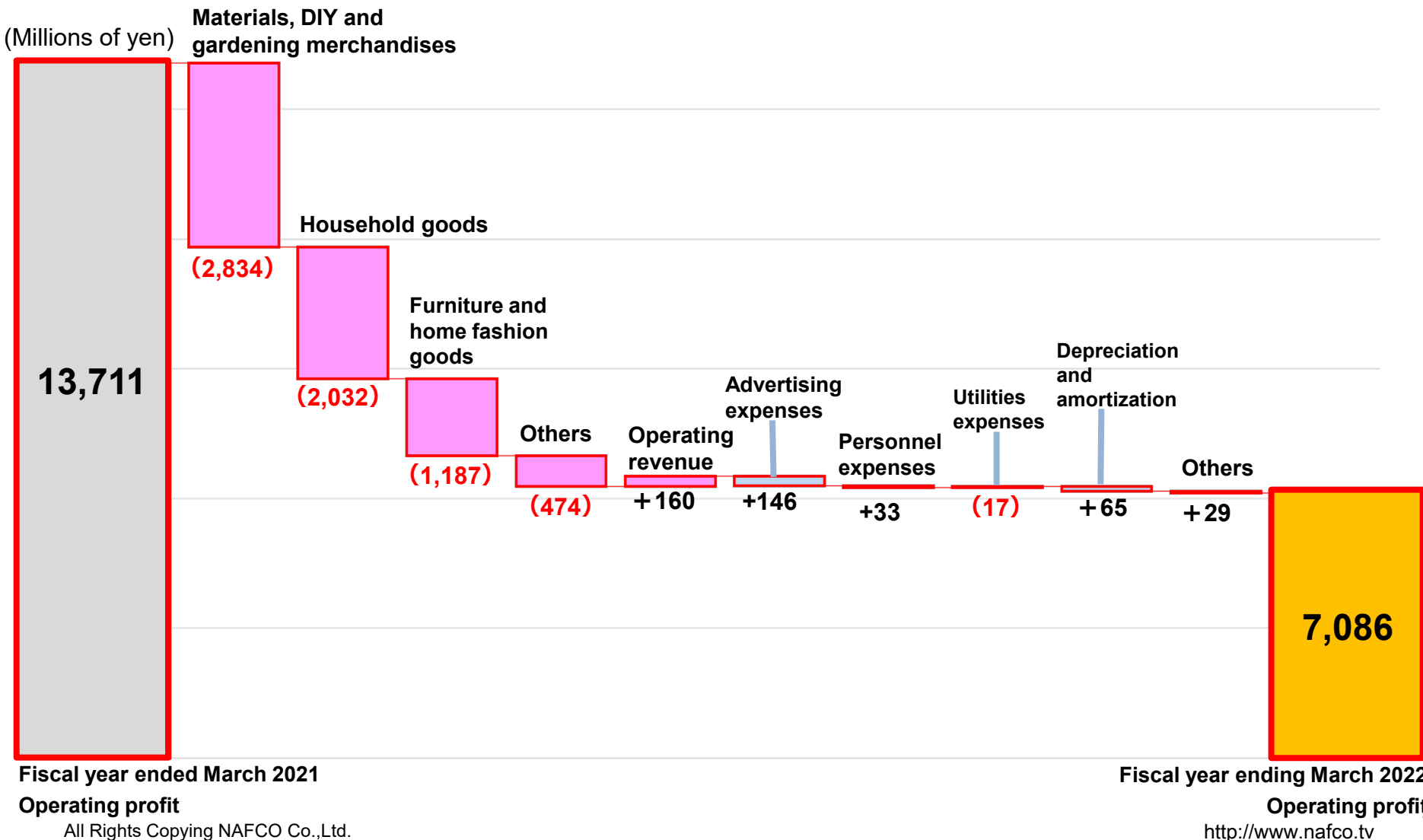


	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.
Sales	108.9	115.7	112.0	108.4	116.7	100.9	110.9	106.5	109.1	111.6	100.8	94.2	90.0	86.4	86.5	93.2	80.7	84.9
Customers	111.9	114.3	105.0	102.0	108.9	106.4	105.4	100.8	101.6	103.2	91.4	85.6	83.9	82.3	87.4	90.9	81.4	84.0
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	102.6	99.1	101.0

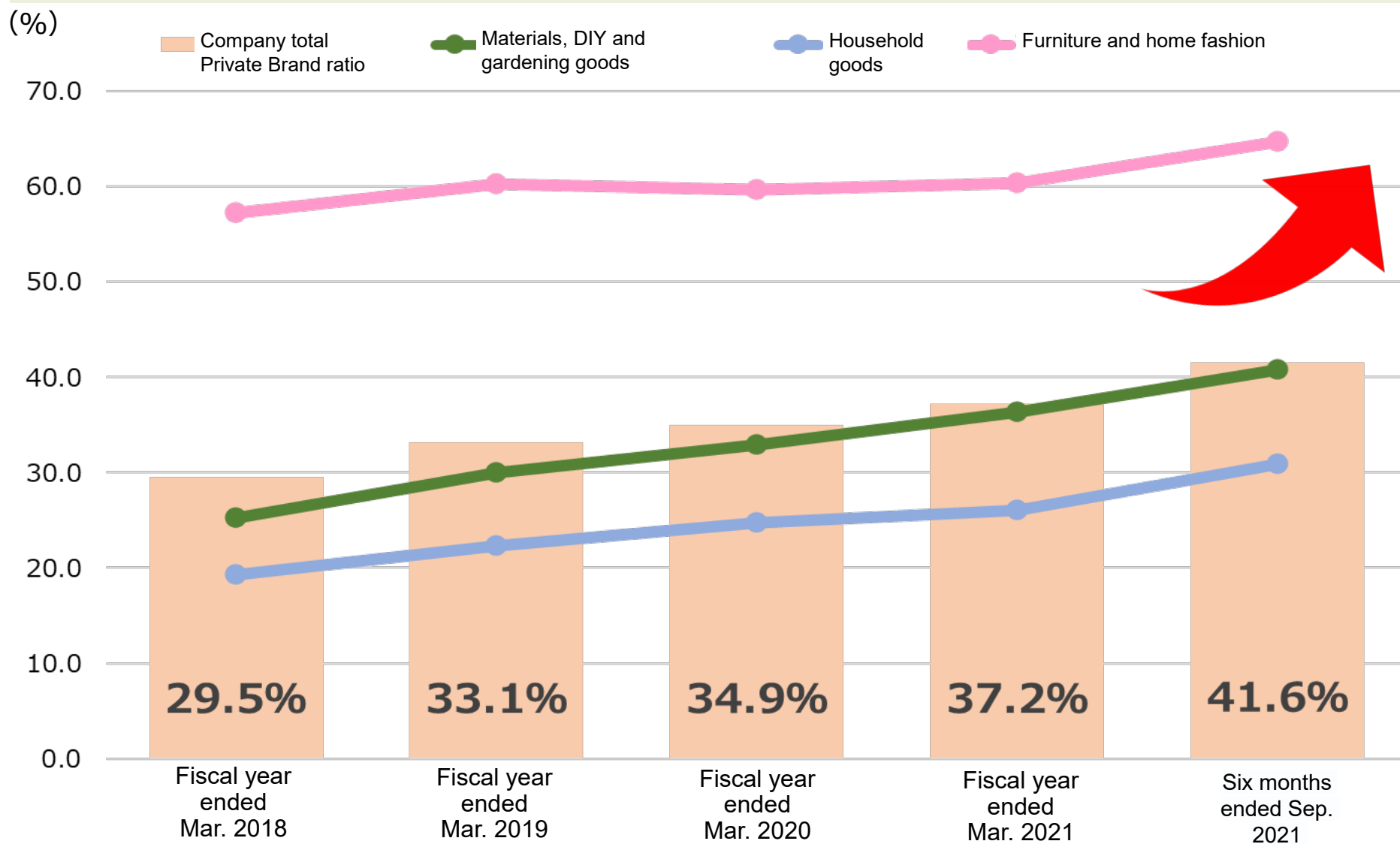
Trends in Gross Profit Margin



Factors for a Change in Operating Profit (Six months ended September 30, 2021)



Trends in Private Brand Ratio



Rechargeable Pole-Chainsaw



Non-slip and easy to hold grip for pruning hard to reach branches on high or distant garden trees.

Matte Finish latex paint



Chic and subdued indoor-outdoor paint matte finish featuring low odor.

Fluffy Soft Towels



Room shoes



Specially processed untwisted thread providing fluffy soft feel.

Room shoes that fit your feet perfectly made from lightweight material.

Original Products

Collaborative products



【NS Light Series】
Interchangeable dining set and sofa made of natural woods

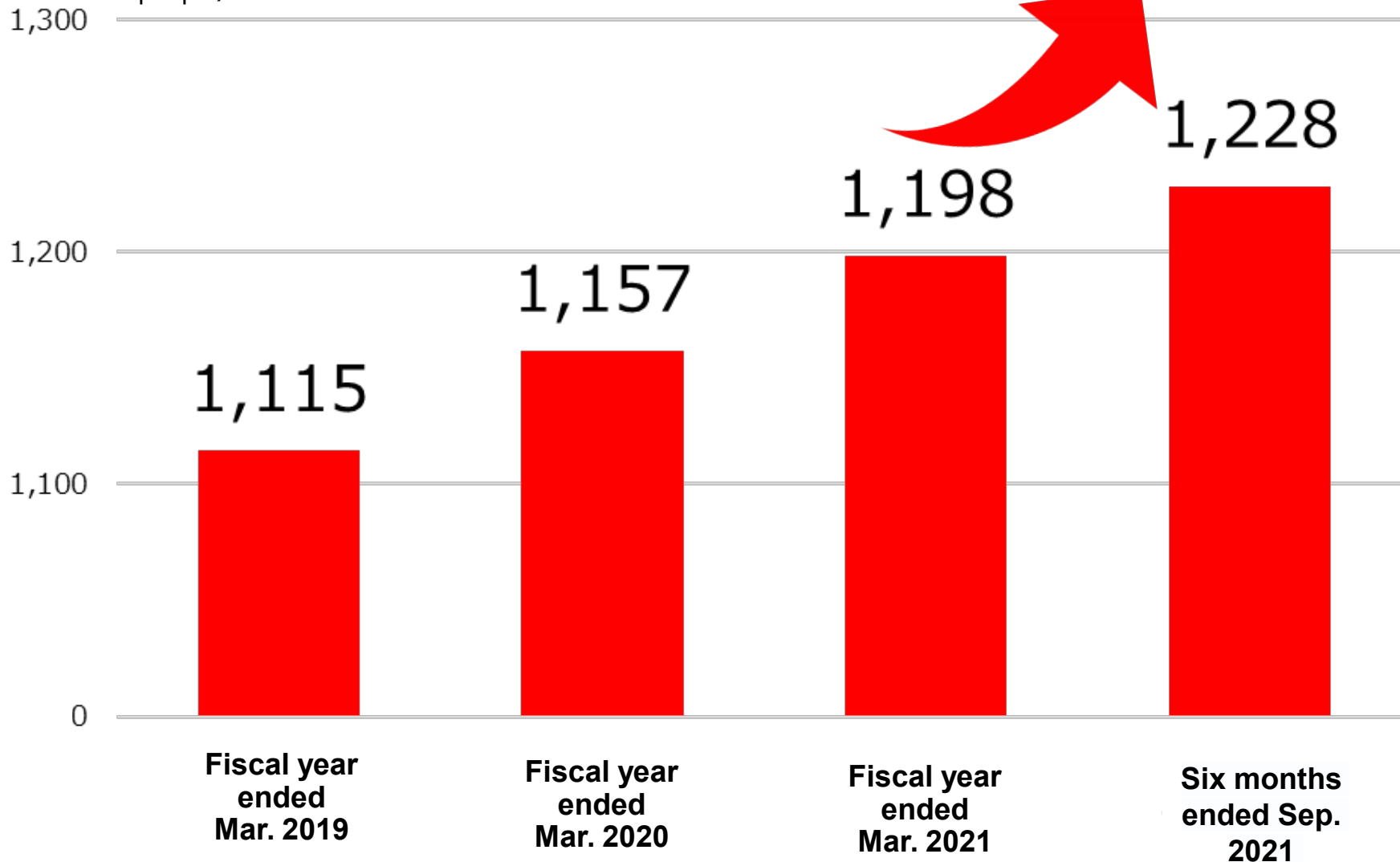
【Bear】
Reversible materials

nishikawa x TWO-ONE STYLE
【Shikibu】
Soft to the touch materials warm and durable

Number of Point Card Members

Point card membership is increasing through apps and cards (Up 2.5% YoY)

(Ten thousand people)





Role in Disasters

Number of municipalities that have concluded agreements

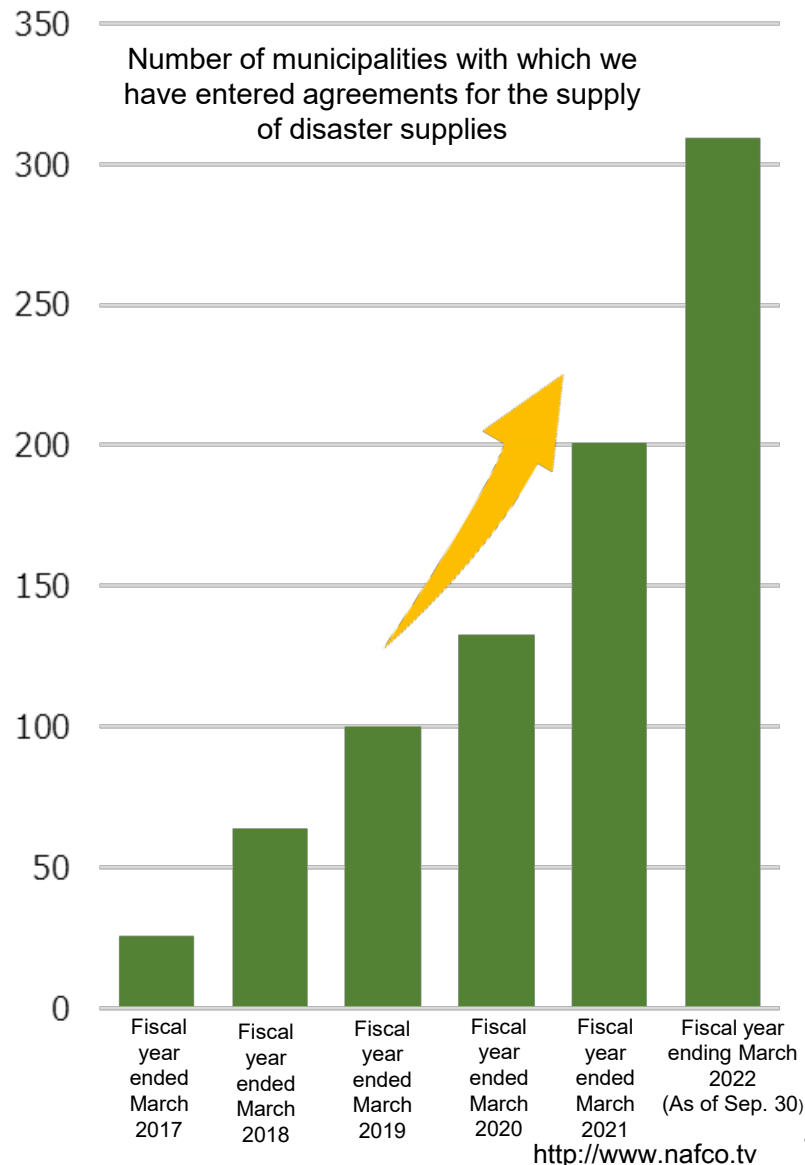
309 municipalities

As of September 30, 2021

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

Fiscal year ending March 2022 Request status

Municipalities	Prefecture	Request details	Month	Request reasons
Kita-Hiroshima	Hiroshima	Disaster Supplies	August	Heavy rain
Akitakata	Hiroshima	Disaster Supplies	August	Heavy rain



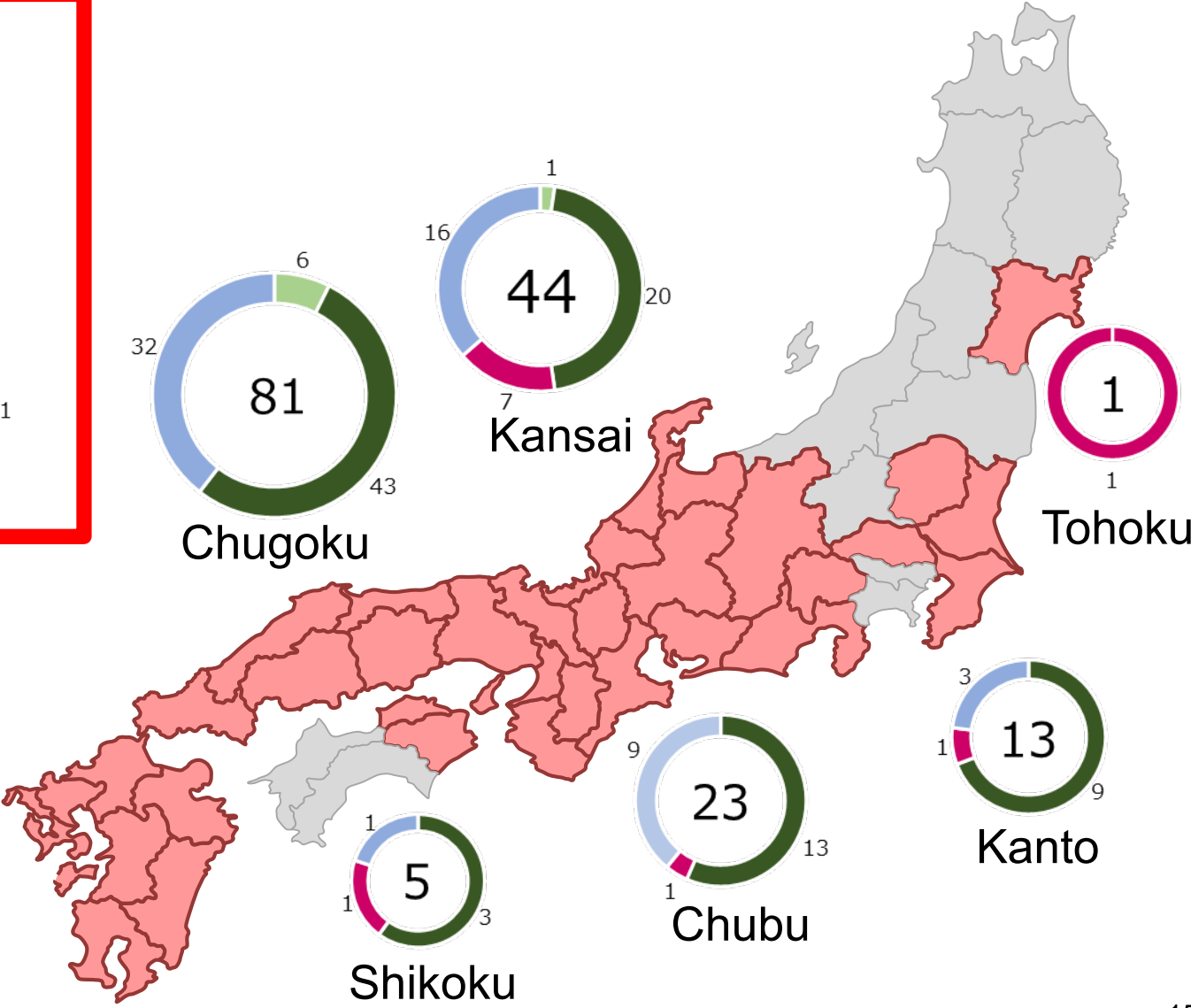
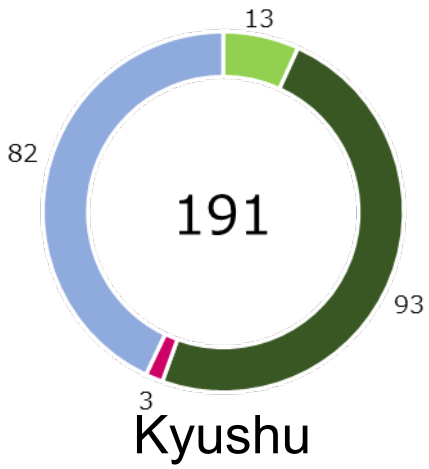
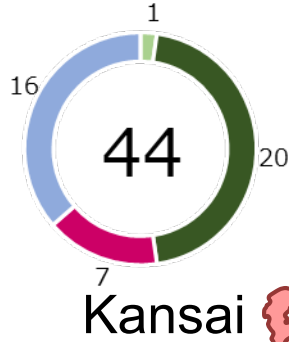
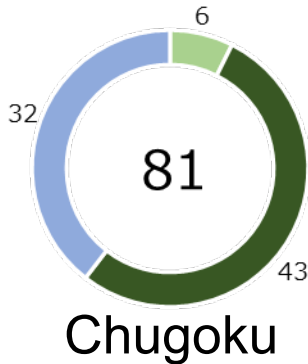
Store Openings



	Store name	Opening	Location	Store style
New store	TWO-ONE STYLE Mi Nara	April	Nara	Furniture and home fashion store
New store	TWO-ONE STYLE QANAT Nishi-Kobe	September	Hyogo	Furniture and home fashion store
Expansion	Nobeokaminami	April	Miyazaki	Combination store
Renovation	Nakabaru	June	Saga	Home center
Expansion	Togitsu	July	Nagasaki	Combination 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)	% of Sales	Fiscal year ended March 2020 (full-year cumulative results)	% of Sales
Net sales	207,600	100.0%	234,578	100.0%	217,753	100.0%
Operating profit	13,700	6.6%	18,221	7.8%	8,319	3.8%
Ordinary profit	14,300	6.9%	18,918	8.1%	8,964	4.1%
Profit	8,200	3.9%	11,688	5.0%	4,941	2.3%

“Notification on Revisions to Performance Forecasts” disclosed on October 19th, 2021

*The Company has applied “Accounting Standard for Revenue 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.

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.

- For inquiries about this document, please contact:

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(Securities code: 2790)