

Financial Results Briefing Material for the Nine Months Ended December 31, 2021

January 31, 2022
NAFCO Corporation
(Securities code: 2790)

Summary of Financial Results for the Nine Months Ended December 31, 2021

- **Net sales decreased due to repercussions from the demand created by “countermeasure against COVID-19 infection” and “special cash payments” in the previous year, in addition to sluggish sales of winter products.**
- **Gardening merchandise continued to perform strongly in our main sectors of materials, DIY and gardening merchandises.**
- **Gross profit margin was 34.9%, a 0.5 point increase from the end of the previous year, which was itself a record high.**
- **Private brand ratio increased 5.3 points from the end of the previous year to 42.5%.**

Financial Results for the Nine Months Ended December 31, 2021

(Millions of yen)

	Nine months ended December 31, 2020		Nine months ended December 31, 2021		YoY Change (reference)
		% of sales		% of sales	
Net sales	186,892	100.0%	161,991	100.0%	86.7%
Gross profit	64,553	34.5%	56,473	34.9%	87.5%
Operating gross profit	64,553	34.5%	56,714	35.0%	87.9%
Selling, general and administrative expenses	46,226	24.7%	45,401	28.0%	98.2%
Operating profit	18,326	9.8%	11,313	7.0%	61.7%
Ordinary profit	18,826	10.1%	11,632	7.2%	61.8%
Profit	11,564	6.2%	7,245	4.5%	62.7%

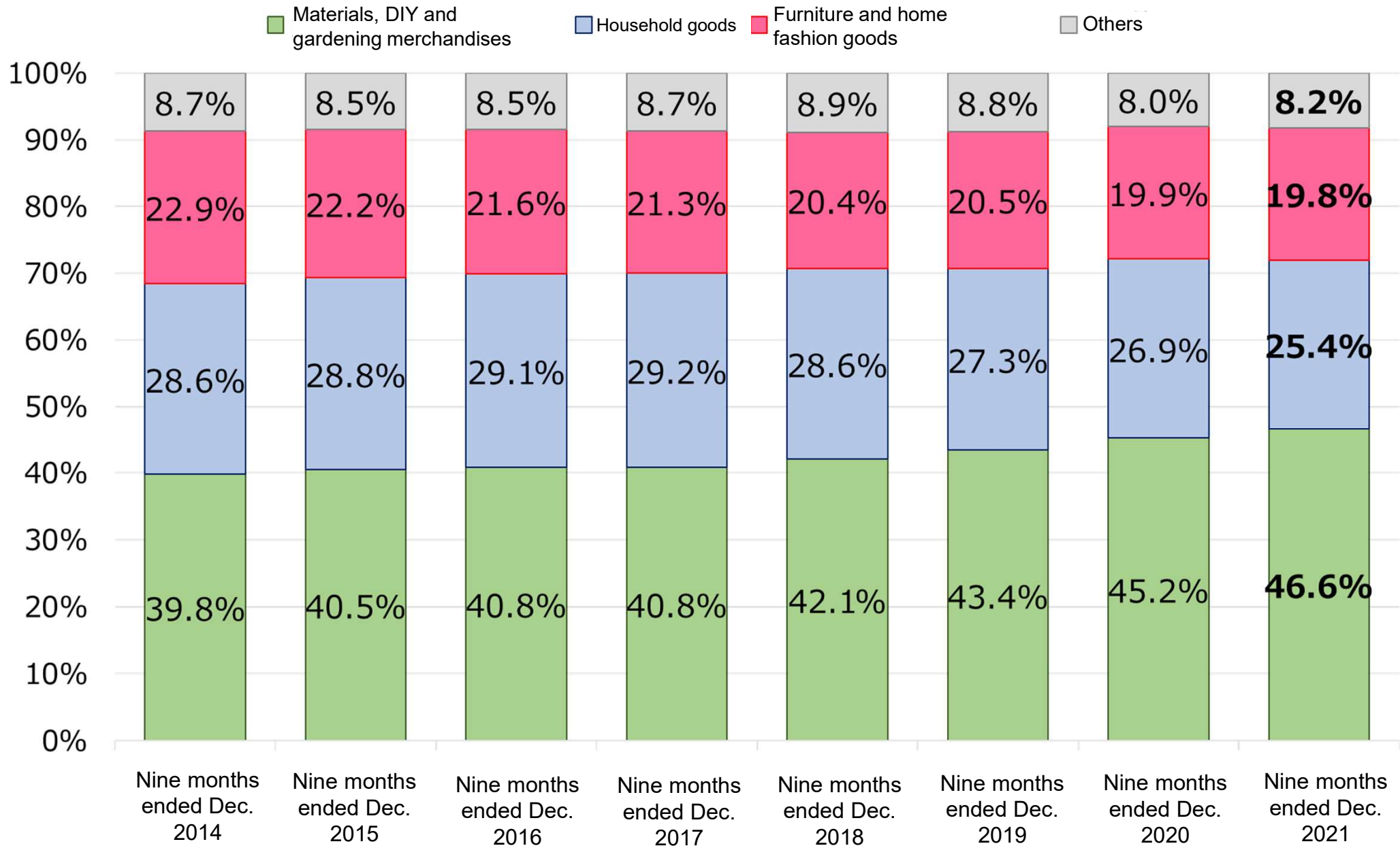
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Balance Sheets

(Millions of yen)

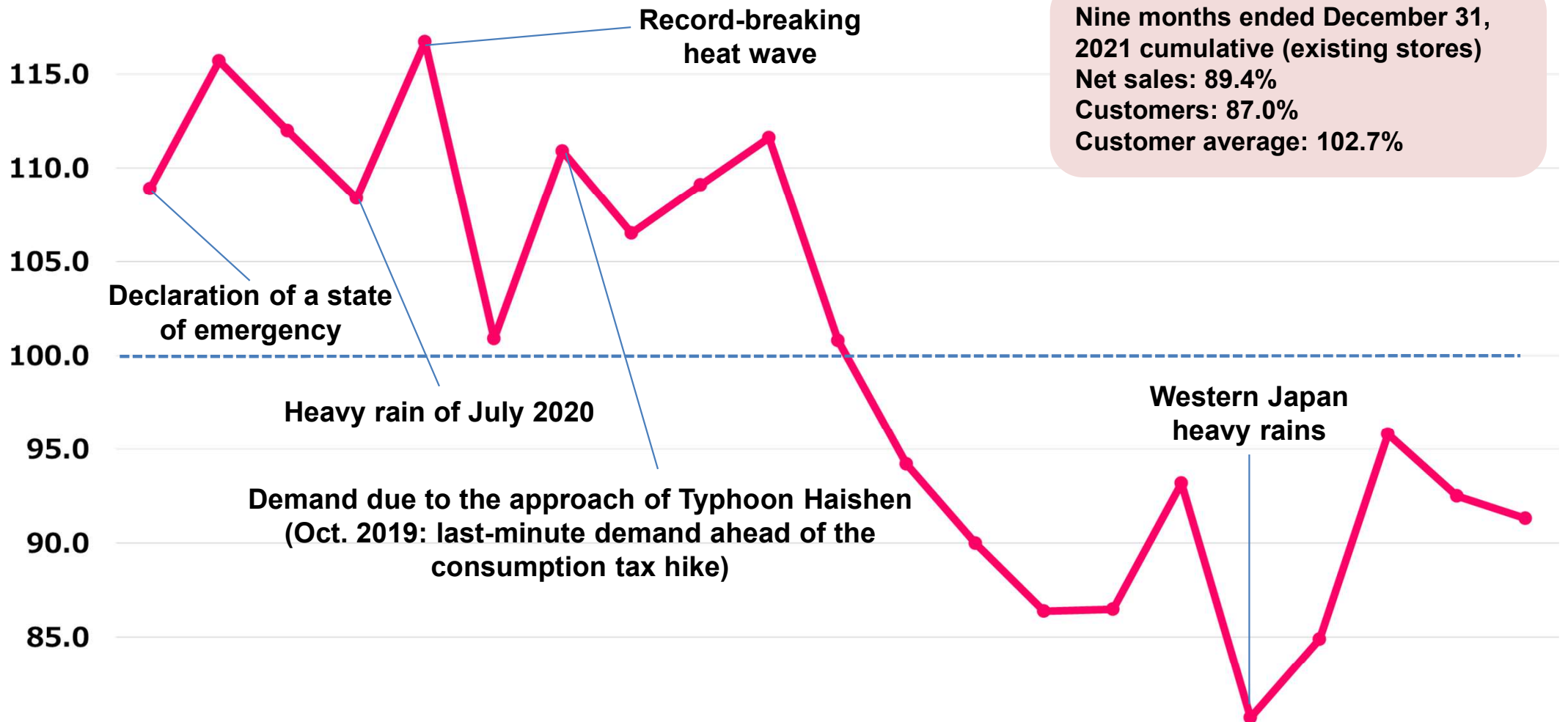
	Fiscal Year Ended March 31, 2021	Nine months ended December 31, 2021	Change From the End of the Previous Fiscal Year
Total assets	236,164	237,578	+1,413
Current assets	102,419	103,166	+746
Of which, cash and deposits	40,984	37,312	(3,671)
Non-current assets	133,744	134,411	+667
Of which, property, plant and equipment	119,942	119,914	(28)
Liabilities	83,342	80,536	(2,805)
Interest-bearing liabilities	22,038	20,688	(1,349)
Of which, short-term borrowings	20,245	19,805	(440)
Of which, current portion of long-term borrowings	1,084	699	(384)
Of which, long-term borrowings	708	183	(524)
Net assets	152,821	157,041	+4,219
Cash and deposit ratio (%)	17.4	15.7	
Ratio of interest-bearing liabilities (%)	9.3	8.7	
Equity ratio (%)	64.7	66.1	

Trends in Sales Composition by Product



Trends in Existing Stores

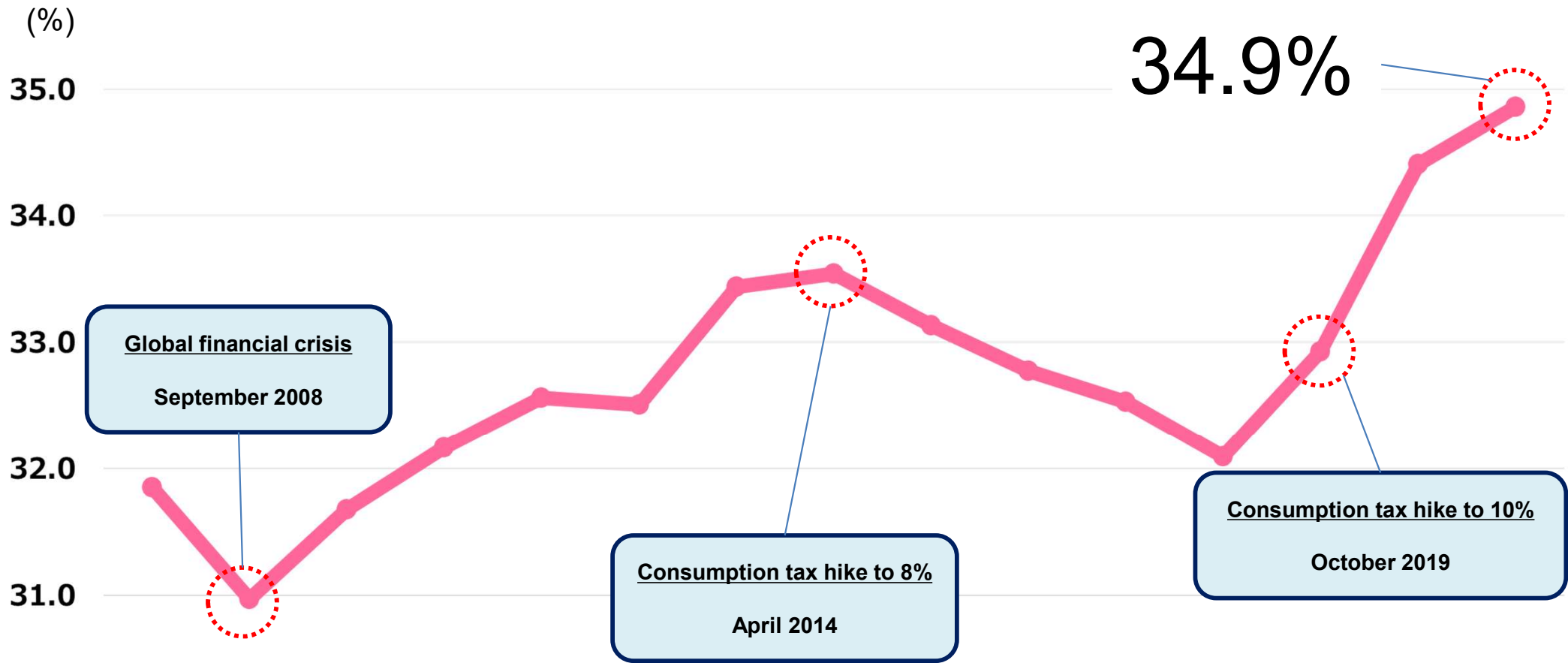
Net sales of existing stores compared to previous year (%)



Nine months ended December 31,
2021 cumulative (existing stores)
Net sales: 89.4%
Customers: 87.0%
Customer average: 102.7%

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
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	95.8	92.5	91.3
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	92.5	90.4	88.9
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	103.5	102.3	102.7

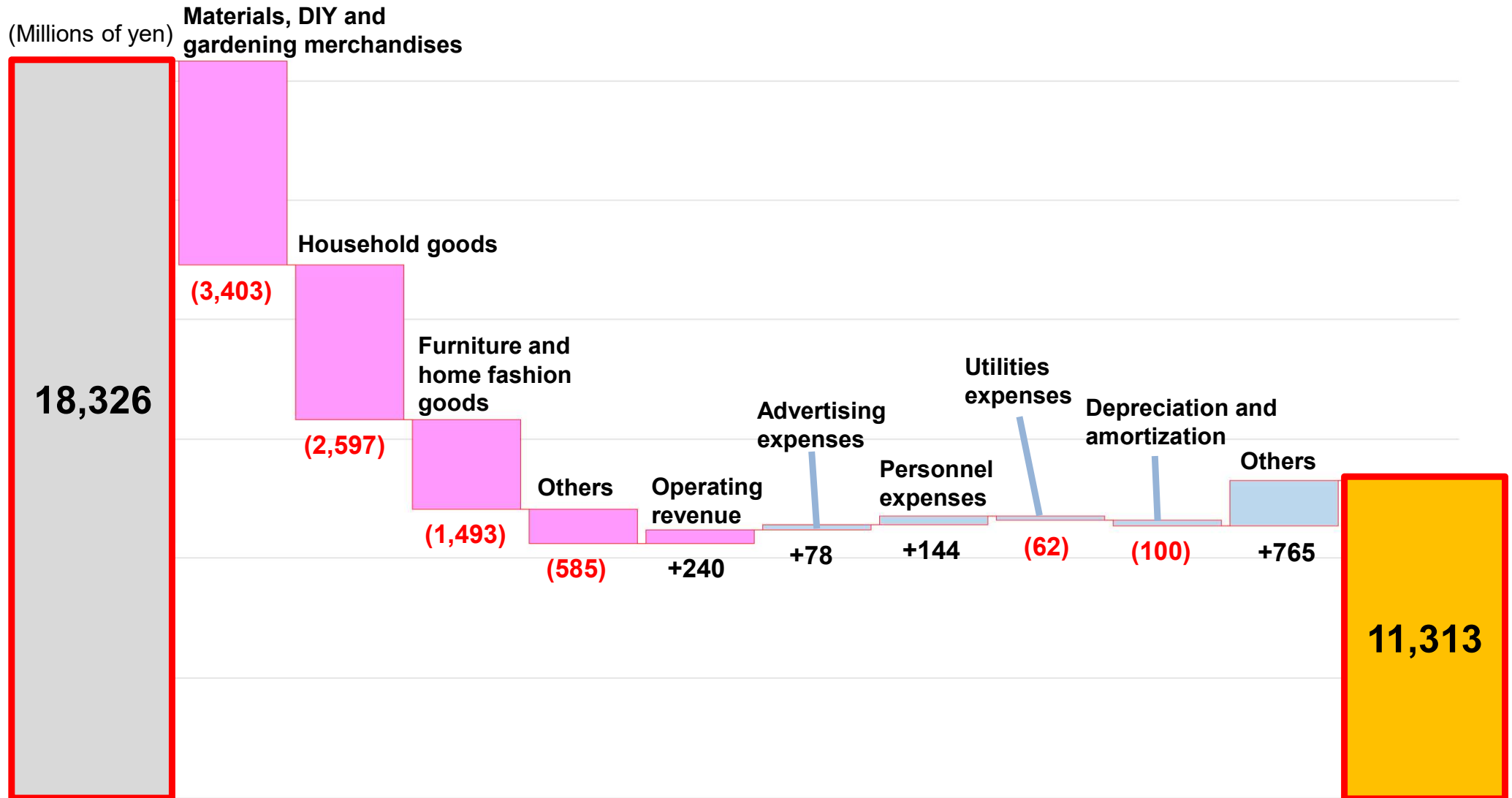
Trends in Gross Profit Margin



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	Q3 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	34.9

Factors for a Change in Operating Profit (Nine months ended December 31, 2021)

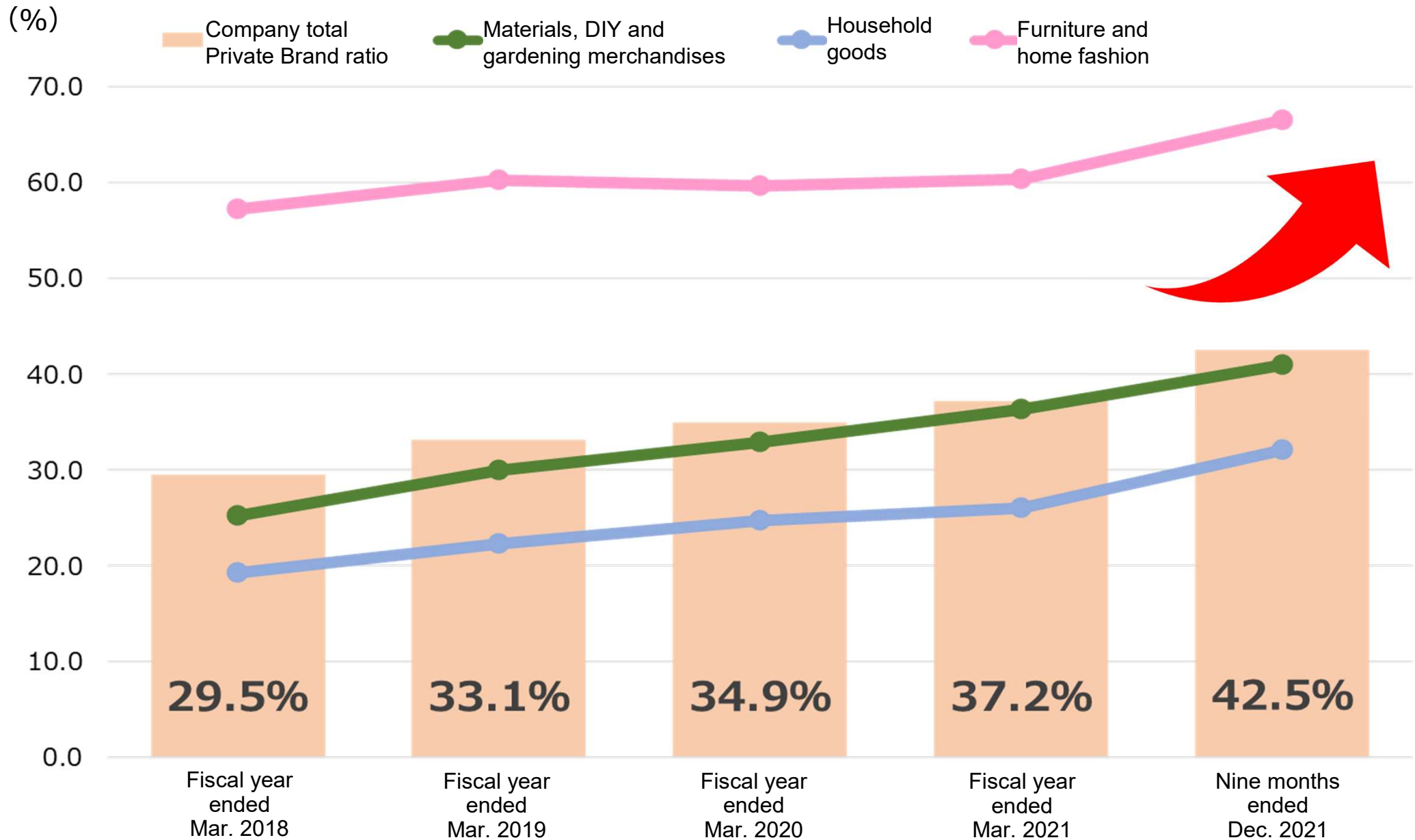
■ Operating gross profit ■ Selling, general and administrative expenses



Fiscal year ended March 2021
Operating profit

Fiscal year ending March 2022
Operating profit

Trends in Private Brand Ratio



Applying the Technologies Developed through Our Professional-use Products to Outdoor Products



【Outdoor glove】

Heat-resistant, high-performance split cowhide gloves that offer professional-use quality.



【Flame-retardant quilted blouson jacket with shaggy liner】
Blouson jackets treated to prevent flame spread when struck by sparks.



Advanced, Reasonably-priced Outdoor Products



【Duralumin-framed 2-way chair】
Frame made of lightweight, sturdy duralumin.
The chair's legs can be switched between a low and high profile to fit individual usage scenarios.



【Low cushioned bench】
A highly portable cushioned bench.



West Coast-themed Interior Decor Coordination



【Milieu Rug Series】



【La Mer Comforter Cover Series】



【Matin Curtain Series】

Designs that use the fresh, casual feel of the coast to create open, relaxing spaces

Original Products



【Sei Series】

Pocket coil bottom cushions and feet high enough for cleaning by robotic vacuums.



【Smart Series】

Modular unit desks.

Collaborative Products



KOIZUMI × TWO-ONE STYLE



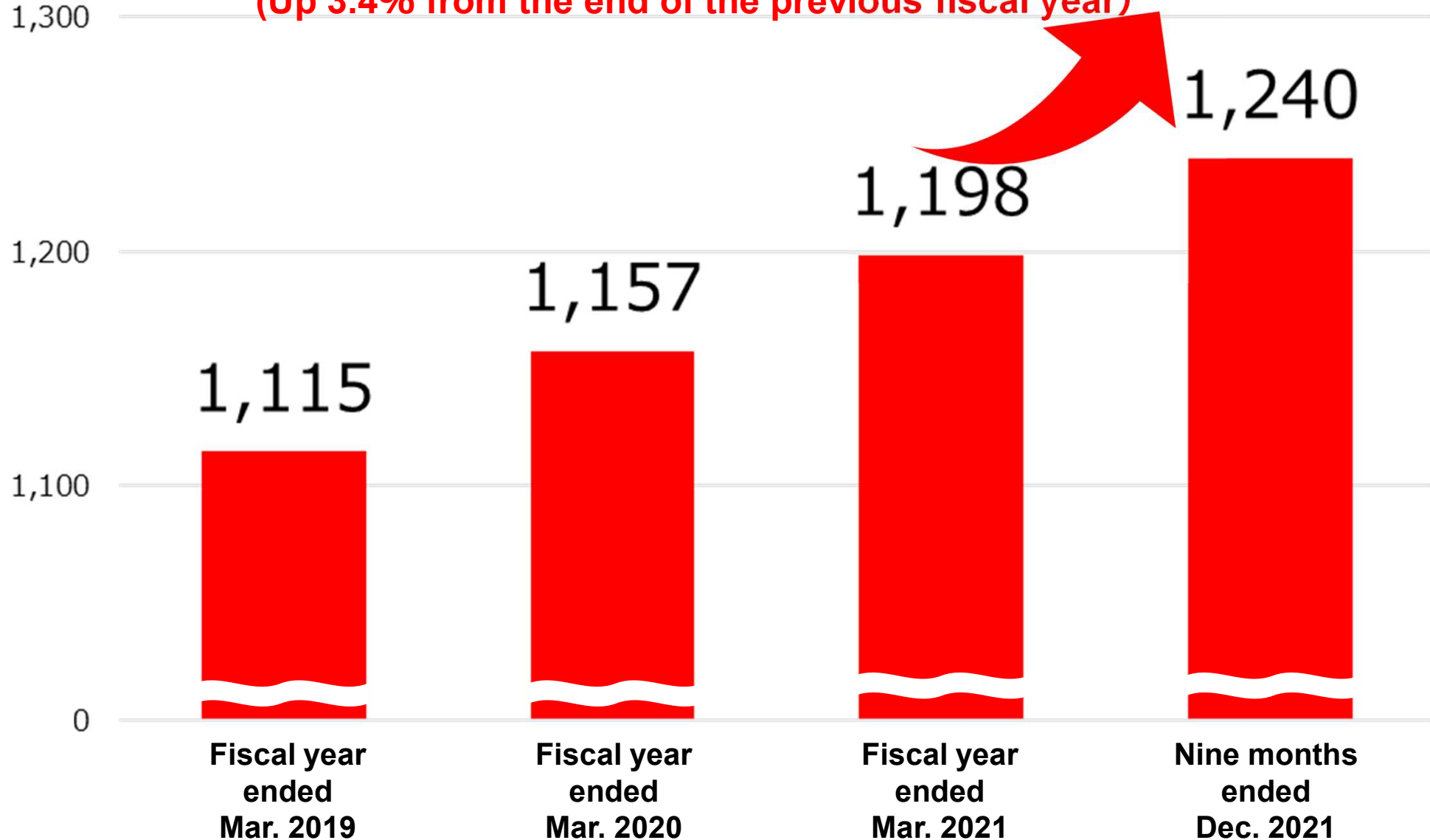
【Study desks】

Modular desks that can be reconfigured as children grow older. Include extensible function for making the desktop wider.

Number of Point Card Members

(Ten thousand people)

**Point card membership is increasing through apps and cards
(Up 3.4% from the end of the previous fiscal year)**





Role in Disasters

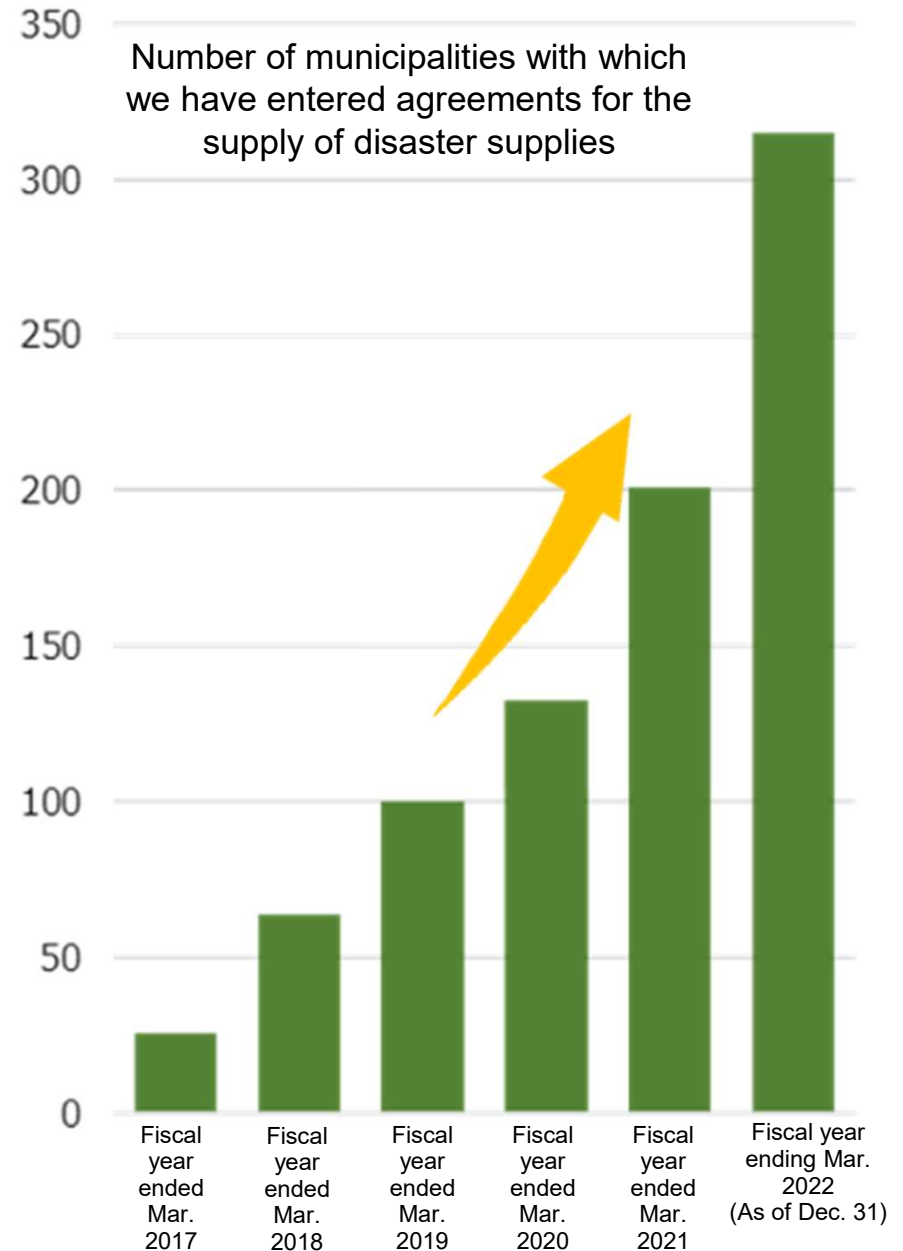
Number of municipalities that have concluded agreements

315 municipalities
As of December 31, 2021

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

Request status for Fiscal year ending March 2022

Municipalities (Name of prefecture)	Request details	Month	Request reasons
Kitahiroshima cho (Hiroshima)	Disaster Supplies	August	Heavy rain
Akitakata city (Hiroshima)	Disaster Supplies	August	Heavy rain
Kumamoto prefecture (Kumamoto)	Disaster Supplies	November	Epidemic control (avian flu)

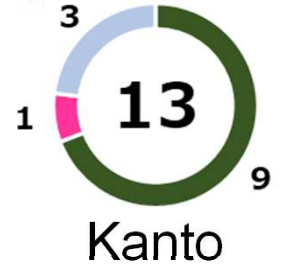
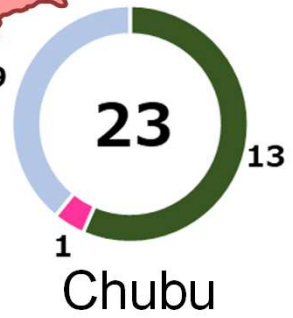
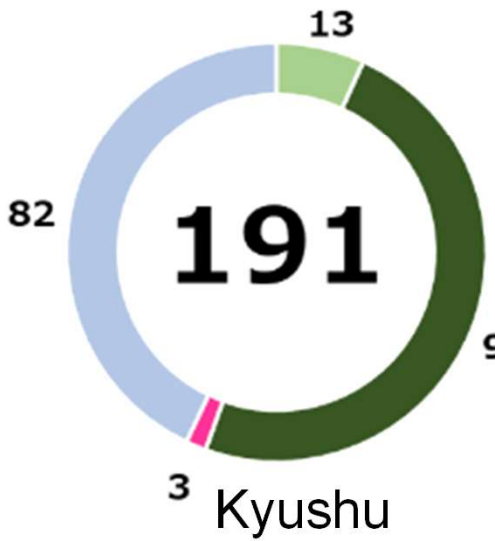
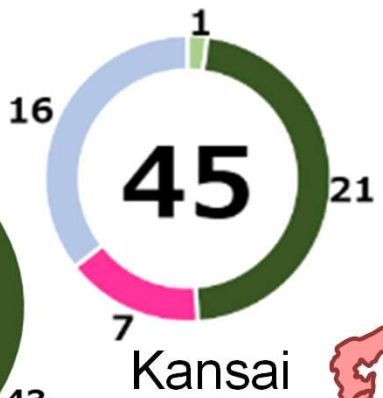
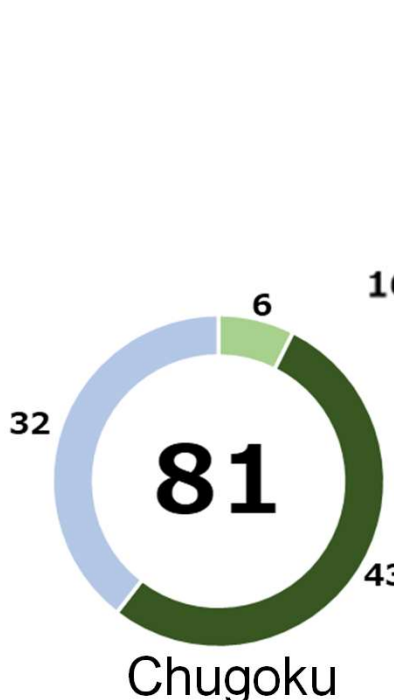
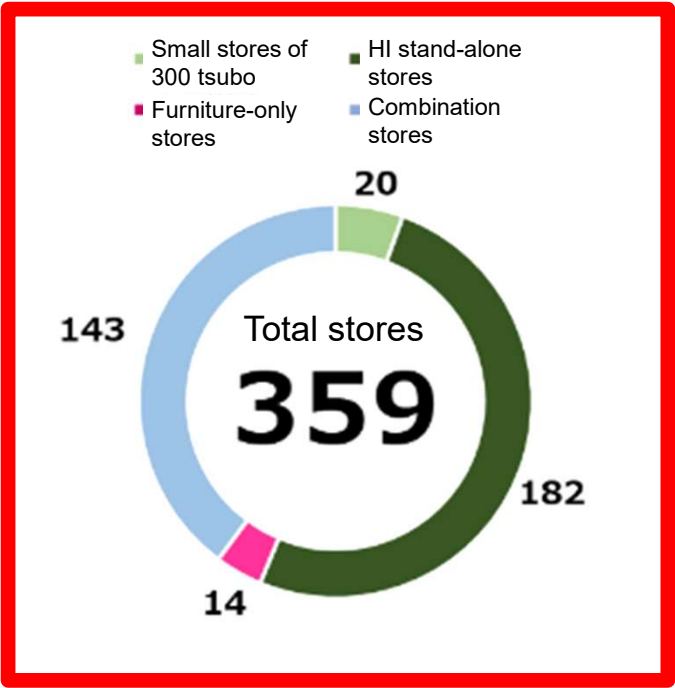


Store Openings



	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
New store	Yokkaichi	December	Mie	Home center
New store	Minami- yatsushiro	December	Kumamoto	Home center
Expansion	Nobeoka- minami	April	Miyazaki	Combination store
Renovation	Nakabaru	June	Saga	Home center
Expansion	Togitsu	July	Nagasaki	Combination store
Expansion	Hita	November	Oita	Home center

Number of Stores by Business Type



Business Growth Status

	Composition ratio (no. of stores)	Related segment(s)				Priority store opening pattern	
		Materials, DIY and gardening merchandises	Household goods	Furniture and home fashion goods	Others	Store area	Number of people in served business area
Combination store	39.8%	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	13,000 square meters or more	200,000
Home center	50.7%	<input type="radio"/>	<input type="radio"/>	(some products)	<input type="radio"/>	7,000 square meters, 10,000 square meters or more	100,000
Home fashion store	3.9%			<input type="radio"/>		7,000 square meters	300,000

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 19, 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.

This document may contain forward-looking statements. These statements are not statements of past fact, but are instead forecasts based on hypotheses and assumptions determined from information available at the current time.

They also involve risks and uncertainties related to economic trends, market environments, and the like.

Actual business performance may therefore differ from the Company's forecasts.

<http://www.nafco.tv>

(Securities code: 2790)