

# Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]

April 28, 2022

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 23, 2022

Scheduled date of filing annual securities report: June 24, 2022

Scheduled date of commencing dividend payments: June 24, 2022

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, 2022 (April 1, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	206,549	-	12,002	-	12,572	-	7,961	-
March 31, 2021	234,578	7.7	18,221	119.0	18,918	111.1	11,688	136.5

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	278.75	-	5.1	5.4	5.8
March 31, 2021	409.22	-	7.9	8.3	7.8

## (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	233,075	157,763	67.7	5,523.42
As of March 31, 2021	236,164	152,821	64.7	5,350.42

(Reference) Equity: As of March 31, 2022: ¥157,763 million

As of March 31, 2021: ¥152,821 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, 2022	1,180	(3,496)	(4,556)	31,218
March 31, 2021	24,781	(3,495)	(4,492)	38,091

## 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, 2021	-	23.00	-	27.00	50.00	1,428	12.2	0.9
March 31, 2022	-	28.00	-	28.00	56.00	1,599	20.1	1.0
Fiscal year ending March 31, 2023 (Forecast)	-	28.00	-	28.00	56.00			

## 3. Projected Operating Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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
First half (Cumulative)	107,805	(0.2)	7,939	12.0	8,162	11.7	5,109	12.8	178.87
Full year	208,100	0.8	12,800	6.6	13,200	5.0	8,000	0.5	280.08

### \* 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: Yes
- 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 shares):

March 31, 2022: 29,784,400 shares

March 31, 2021: 29,784,400 shares

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

March 31, 2022: 1,221,812 shares

March 31, 2021: 1,221,812 shares

3) Average number of shares during the term:

Fiscal year ended March 31, 2022: 28,562,588 shares

Fiscal year ended March 31, 2021: 28,562,630 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 2 of the attached document.

### 3. Financial Statements and Primary Notes

#### (1) Balance Sheets

(Millions of yen)

	End of Previous Fiscal year (March 31, 2021)	End of Current Fiscal year (March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	40,984	34,111
Accounts receivable - trade	3,034	3,901
Merchandise	56,871	60,845
Supplies	13	15
Prepaid expenses	899	972
Accounts receivable - other	103	208
Other	516	693
Allowance for doubtful accounts	(4)	(4)
Total current assets	102,419	100,744
Non-current assets		
Property, plant and equipment		
Buildings	128,037	129,568
Accumulated depreciation	(64,405)	(67,679)
Buildings, net	63,631	61,889
Structures	22,985	23,231
Accumulated depreciation	(18,669)	(19,267)
Structures, net	4,316	3,964
Vehicles	5	4
Accumulated depreciation	(5)	(4)
Vehicles, net	0	0
Tools, furniture and fixtures	10,444	10,517
Accumulated depreciation	(9,453)	(9,818)
Tools, furniture and fixtures, net	990	698
Land	48,531	48,515
Leased assets	13,192	15,150
Accumulated depreciation	(10,825)	(11,831)
Leased assets, net	2,366	3,318
Construction in progress	104	171
Total property, plant and equipment	119,942	118,557
Intangible assets		
Leasehold interests in land	2,500	2,585
Software	145	160
Telephone subscription right	47	47
Leased assets	415	501
Other	96	78
Total intangible assets	3,204	3,372
Investments and other assets		
Investment securities	293	267
Shares of subsidiaries and associates	21	21
Investments in capital	0	0
Distressed receivables	1	1
Long-term prepaid expenses	341	290
Deferred tax assets	3,573	3,585
Leasehold and guarantee deposits	6,353	6,226
Construction assistance fund receivables	15	11
Other	7	8
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	10,597	10,401

(Millions of yen)

	End of Previous Fiscal year (March 31, 2021)	End of Current Fiscal year (March 31, 2022)
Total non-current assets	133,744	132,331
Total assets	236,164	233,075
<b>Liabilities</b>		
Current liabilities		
Notes payable - trade	16,441	14,881
Accounts payable - trade	13,547	14,156
Short-term borrowings	20,245	19,585
Current portion of long-term borrowings	1,084	599
Lease liabilities	946	1,209
Accounts payable - other	5,081	3,567
Income taxes payable	5,800	517
Accrued consumption taxes	2,082	-
Advance deposits received	1,168	1,268
Deposits received	313	301
Unearned revenue	43	57
Provision for bonuses	1,032	1,043
Provision for bonuses for directors (and other officers)	28	28
Provision for point card certificates	1,033	-
Notes payable - facilities	1,921	1,758
Asset retirement obligations	7	-
Contract liabilities	-	3,209
Other	353	358
Total current liabilities	71,131	62,545
Non-current liabilities		
Long-term borrowings	708	108
Lease liabilities	1,808	2,740
Provision for retirement benefits	3,093	3,063
Provision for retirement benefits for directors (and other officers)	367	384
Asset retirement obligations	5,835	6,074
Other	397	396
Total non-current liabilities	12,210	12,767
Total liabilities	83,342	75,312

(Millions of yen)

	End of Previous Fiscal year (March 31, 2021)	End of Current Fiscal Year (March 31, 2022)
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	615	610
General reserve	127,000	137,000
Retained earnings brought forward	19,661	14,621
Total retained earnings	147,313	152,268
Treasury shares	(2,351)	(2,351)
Total shareholders' equity	152,724	157,679
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	97	83
Total valuation and translation adjustments	97	83
Total net assets	152,821	157,763
Total liabilities and net assets	236,164	233,075

(2) Statements of Income  
Statements of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Net sales	234,578	206,549
Cost of sales		
Beginning merchandise inventory	57,068	56,871
Cost of purchased goods	153,654	138,713
Total	210,723	195,585
Ending merchandise inventory	56,871	60,845
Total cost of sales	153,851	134,739
Gross profit	80,726	71,809
Operating revenue	-	328
Operating gross profit	80,726	72,138
Selling, general and administrative expenses	62,504	60,136
Operating profit	18,221	12,002
Non-operating income		
Interest income	0	0
Dividend income	10	11
Rental income	499	531
Administrative service fee income	58	45
Commission income	171	114
Insurance claim income	195	92
Other	228	230
Total non-operating income	1,164	1,027
Non-operating expenses		
Interest expenses	120	112
Rental costs	192	211
Loss on disaster	113	97
Other	40	35
Total non-operating expenses	466	456
Ordinary profit	18,918	12,572
Extraordinary income		
Gain on sale of non-current assets	11	31
Insurance claim income	297	-
Total extraordinary income	309	31
Extraordinary losses		
Loss on retirement of non-current assets	109	62
Impairment losses	244	212
Loss on disaster	197	-
Other	-	2
Total extraordinary losses	551	277
Profit before income taxes	18,677	12,326
Income taxes - current	6,904	3,730
Income taxes - deferred	84	633
Total income taxes	6,988	4,364
Profit	11,688	7,961

### (3) Statements of Changes in Net Assets

Previous 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		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	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

Current Fiscal Year (From April 1, 2021 to March 31, 2022)

(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	615	127,000	19,661	147,313
Cumulative effects of changes in accounting policies							(1,435)	(1,435)
Restated balance	3,538	4,223	4,223	37	615	127,000	18,225	145,878
Changes during period								
Provision of reserve for tax purpose reduction entry of non-current assets					(4)		4	—
Provision of general reserve						10,000	(10,000)	—
Dividends of surplus							(1,570)	(1,570)
Profit							7,961	7,961
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	(4)	10,000	(3,604)	6,390
Balance at end of period	3,538	4,223	4,223	37	610	137,000	14,621	152,268

	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	(2,351)	152,724	97	97	152,821
Cumulative effects of changes in accounting policies		(1,435)			(1,435)
Restated balance	(2,351)	151,288	97	97	151,386
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,570)			(1,570)
Profit		7,961			7,961
Purchase of treasury shares		—			—
Net changes in items other than shareholders' equity			(13)	(13)	(13)
Total changes during period	—	6,390	(13)	(13)	6,376
Balance at end of period	(2,351)	157,679	83	83	157,763



#### (4) Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	18,677	12,326
Depreciation	5,583	5,657
Impairment losses	244	212
Amortization of intangible assets	158	214
Amortization of long-term prepaid expenses	59	55
Loss on retirement of property, plant and equipment	109	62
Loss (gain) on sale of property, plant and equipment	(11)	(31)
Other extraordinary loss (income)	-	2
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for retirement benefits	(55)	(30)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(660)	16
Increase (decrease) in provision for bonuses for directors (and other officers)	-	0
Increase (decrease) in provision for bonuses	29	11
Increase (decrease) in provision for point card certificates	(145)	-
Interest and dividend income	(10)	(11)
Insurance claim income	(297)	-
Interest expenses	120	112
Loss due disaster	197	-
Decrease (increase) in trade receivables	157	(698)
Decrease (increase) in inventories	75	(4,064)
Increase (decrease) in trade payables	1,872	(950)
Increase (decrease) in accrued consumption taxes	982	(2,014)
Decrease (increase) in other assets	17	(75)
Increase (decrease) in other liabilities	1,279	(656)
Other, net	5	12
<b>Subtotal</b>	<b>28,388</b>	<b>10,152</b>
Interest and dividends received	10	11
Proceeds from insurance income	297	-
Interest paid	(119)	(112)
Payments associated with disaster loss	(84)	-
Income taxes paid	(3,711)	(8,870)
<b>Net cash provided by (used in) operating activities</b>	<b>24,781</b>	<b>1,180</b>

(Millions of yen)

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,870)	(3,408)
Proceeds from sale of property, plant and equipment	423	48
Purchase of intangible assets	(87)	(150)
Payments for retirement of non-current assets	(75)	(56)
Payments for asset retirement obligations	(119)	(57)
Payments of leasehold and guarantee deposits	(160)	(50)
Proceeds from refund of leasehold and guarantee deposits	328	177
Decrease (increase) in investments and other assets	65	2
Net cash provided by (used in) investing activities	(3,495)	(3,496)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(660)	(660)
Repayments of long-term borrowings	(1,496)	(1,084)
Repayments of lease liabilities	(1,108)	(1,241)
Purchase of treasury shares	(0)	-
Dividends paid	(1,227)	(1,570)
Net cash provided by (used in) financing activities	(4,492)	(4,556)
Net increase (decrease) in cash and cash equivalents	16,793	(6,872)
Cash and cash equivalents at beginning of period	21,297	38,091
Cash and cash equivalents at end of period	38,091	31,218