

# **Financial Results Briefing Material for the Three Months Ended June 30, 2022**

(April 01, 2022 - June 30, 2022)

**August 1, 2022**  
**NAFCO Corporation**  
**(Securities Code: 2790)**

## Summary of Financial Results for the Three Months Ended June 30, 2022

<b>Net sales</b>	<b>53.9</b>	<b>Billion yen</b>	<b>YoY Change</b>	<b>96.0</b>	<b>%</b>
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- Sales of summer products remained strong due to the early end of the rainy season
- Household goods segment struggled as there was no signs of recovery in core business sectors such as domestic houseware

<b>Operating profit</b>	<b>4.2</b>	<b>Billion yen</b>	<b>YoY Change</b>	<b>96.8</b>	<b>%</b>
			<b>% of sales</b>	<b>8.0</b>	<b>% (YoY Change +0.1%)</b>

- Gross profit margin improved, partly due to the effect of improving private brand ratio
- Selling, general and administrative expenses reduced by compensating for the increase in advertising expenses and utility expenses by implementing cost controls such as reducing logistics expenses

<b>Ordinary profit</b>	<b>4.3</b>	<b>Billion yen</b>	<b>YoY Change</b>	<b>96.8</b>	<b>%</b>
			<b>% of sales</b>	<b>8.1</b>	<b>% (YoY Change +0.0%)</b>

<b>Profit</b>	<b>2.7</b>	<b>Billion yen</b>	<b>YoY Change</b>	<b>98.2</b>	<b>%</b>
			<b>% of sales</b>	<b>5.1</b>	<b>% (YoY Change +0.1%)</b>

## Statements of Income for the Three Months Ended June 30, 2022

(Millions of yen)

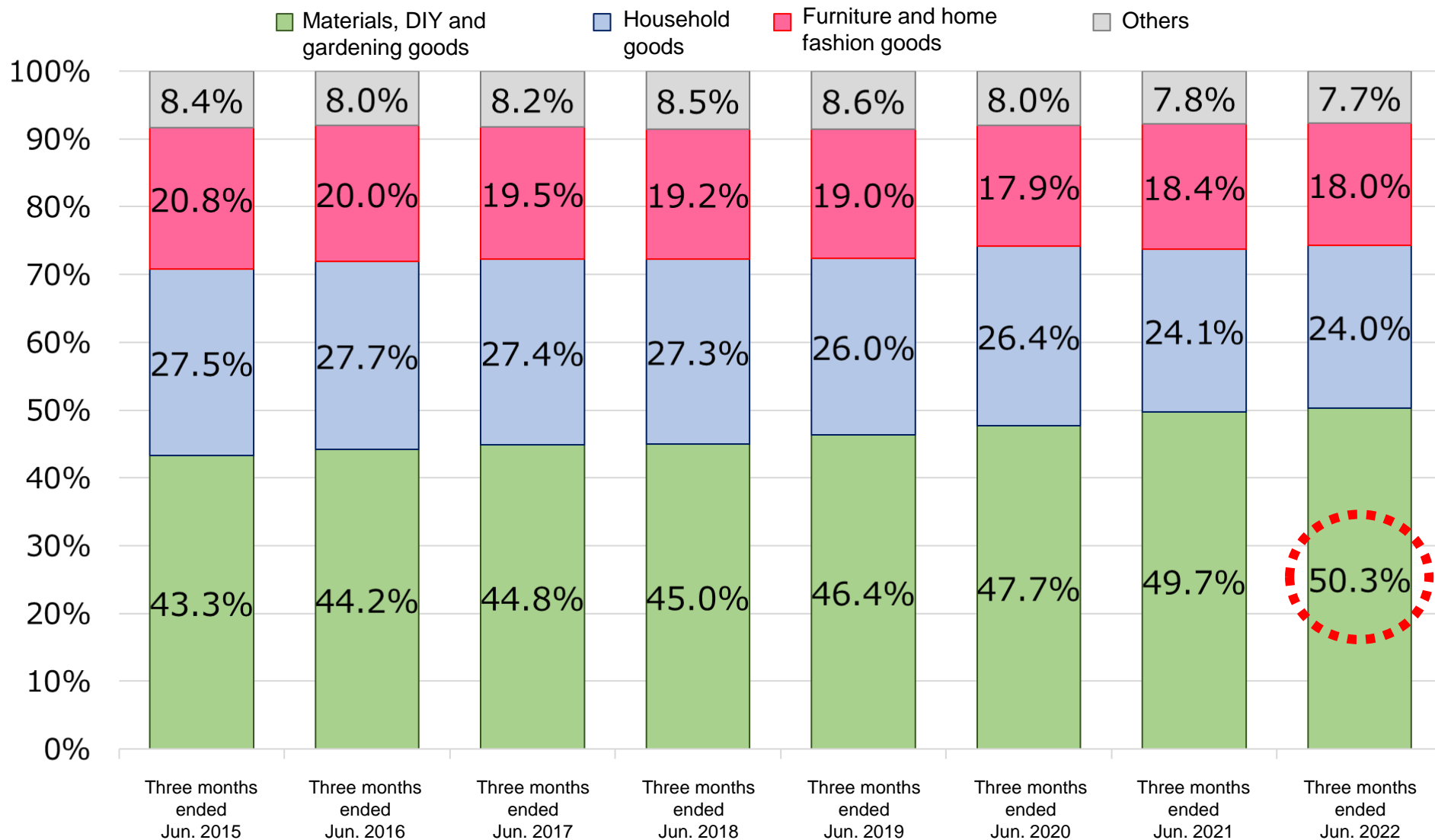
	Three months ended June 30, 2021	% of sales	Three months ended June 30, 2022	% of sales	YoY Change
Net sales	56,238	100.0%	53,961	100.0%	96.0%
Gross profit	19,565	34.8%	18,934	35.1%	96.8%
Operating gross profit	19,648	34.9%	19,020	35.2%	96.8%
Selling, general and administrative expenses	15,191	27.0%	14,725	27.3%	96.9%
Operating profit	4,456	7.9%	4,295	8.0%	96.4%
Ordinary profit	4,541	8.1%	4,394	8.1%	96.8%
Profit	2,817	5.0%	2,766	5.1%	98.2%

# Balance Sheets

(Millions of yen)

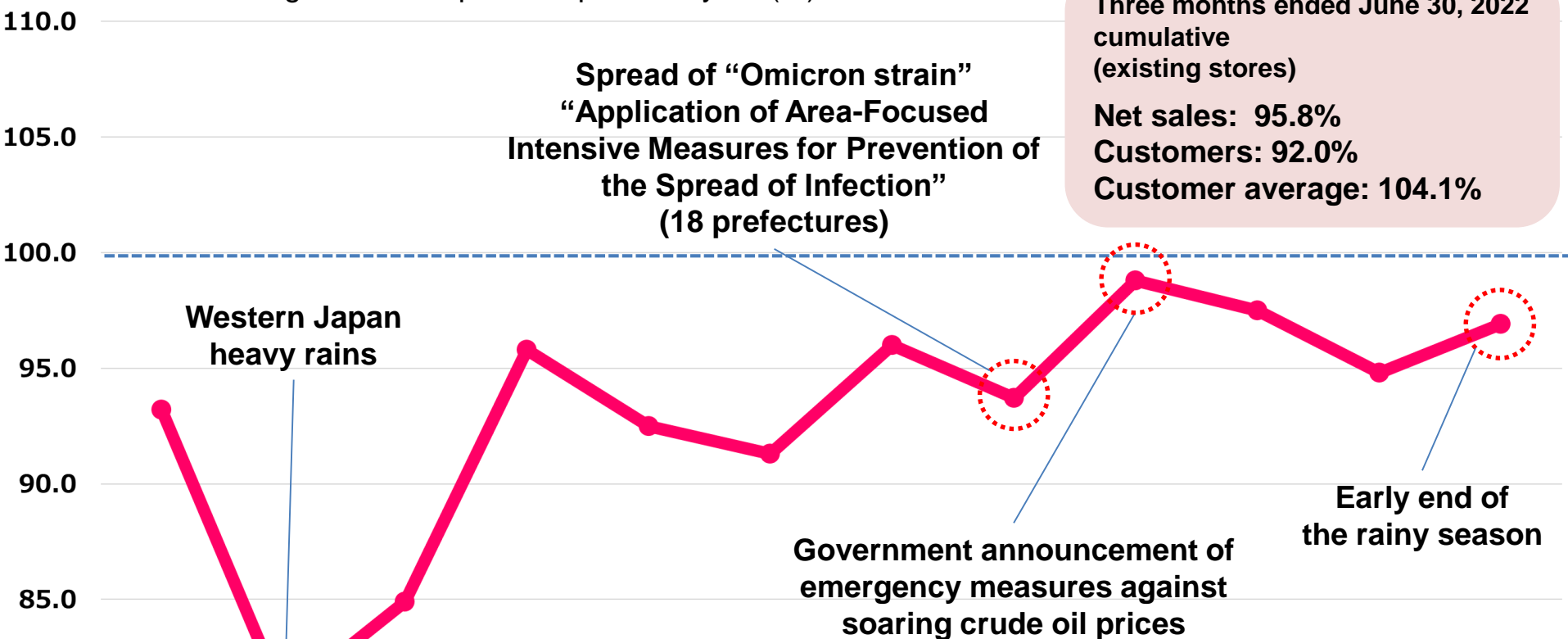
	Fiscal Year Ended March 31, 2022	Three Months Ended June 30, 2022	Change From the End of the Previous Fiscal Year
<b>Net assets</b>	<b>233,075</b>	<b>240,274</b>	<b>+7,198</b>
<b>Current assets</b>	<b>100,744</b>	<b>107,791</b>	<b>+7,047</b>
Of which, cash and deposits	34,111	39,852	+5,741
<b>Non-current assets</b>	<b>132,331</b>	<b>132,482</b>	<b>+151</b>
Of which, property, plant and equipment	118,557	118,614	+57
<b>Liabilities</b>	<b>75,312</b>	<b>80,547</b>	<b>+5,235</b>
Interest-bearing liabilities	<b>20,293</b>	<b>19,953</b>	<b>(339)</b>
Of which, short-term borrowings	19,585	19,420	(165)
Of which, current portion of long-term borrowings	599	449	(150)
Of which, long-term borrowings	108	83	(24)
<b>Net assets</b>	<b>157,763</b>	<b>159,726</b>	<b>+1,963</b>
<b>Cash and deposit ratio (%)</b>	<b>14.6</b>	<b>16.6</b>	
<b>Ratio of interest-bearing liabilities (%)</b>	<b>8.7</b>	<b>8.3</b>	
<b>Equity ratio (%)</b>	<b>67.7</b>	<b>66.5</b>	
<b>Current ratio (%)</b>	<b>161.1</b>	<b>159.3</b>	
<b>Non-current ratio (%)</b>	<b>83.9</b>	<b>82.9</b>	

# Trends in Sales Composition by Product



# Trends in Existing Stores

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



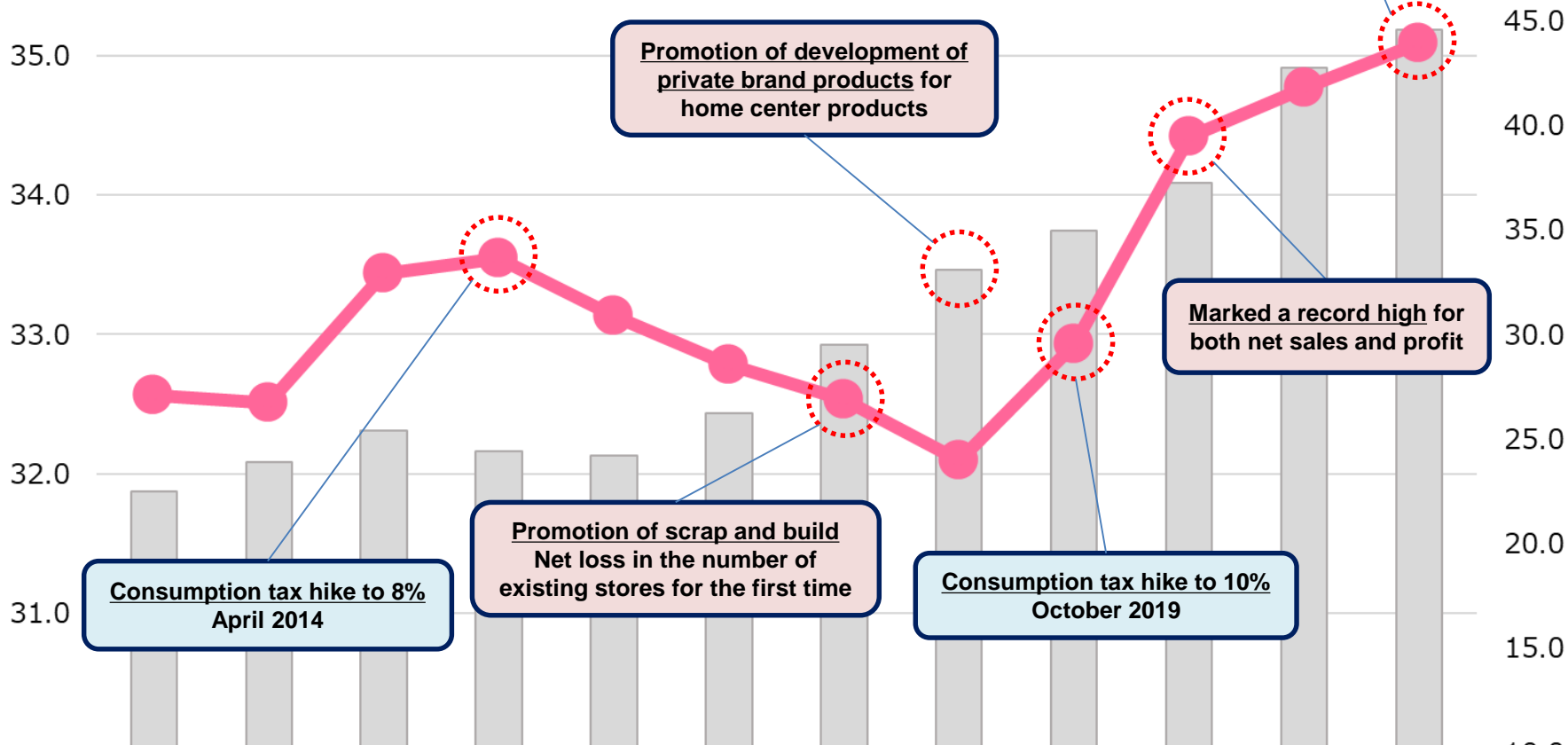
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Sales	93.2	80.7	84.9	95.8	92.5	91.3	96.0	93.7	98.8	97.5	94.8	96.9
Customers	90.9	81.4	84.0	92.5	90.4	88.9	92.0	88.3	94.8	92.5	92.4	91.0
Customer average	102.6	99.1	101.0	103.5	102.3	102.7	104.3	106.1	104.2	105.3	102.6	106.4

# Trends in Gross Profit Margin at the End of the Term

Left axis (gross profit margin: %)

Right axis (private brand ratio: %)

# 35.1%



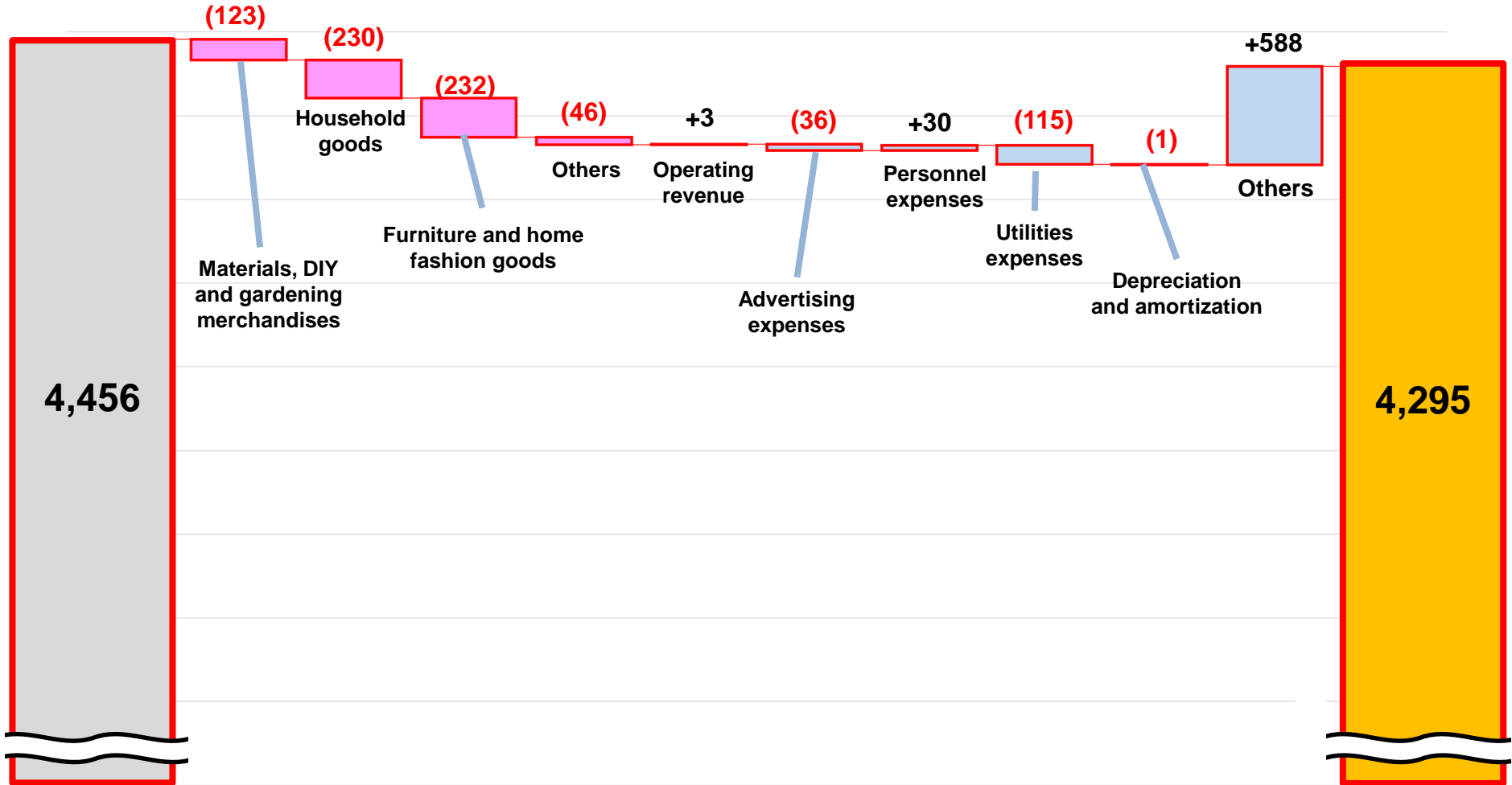
(%)

	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	Q1 FY3/23
Private brand ratio	22.5	23.9	25.4	24.4	24.2	26.2	29.5	33.1	34.9	37.2	42.7	44.6
Private brand ratio	32.6	32.5	33.4	33.5	33.1	32.8	32.5	32.1	32.9	34.4	34.8	35.1

# Factors for a Change in Operating Profit

(Millions of yen)

■ Gross profit    
 □ Selling, general and administrative expenses

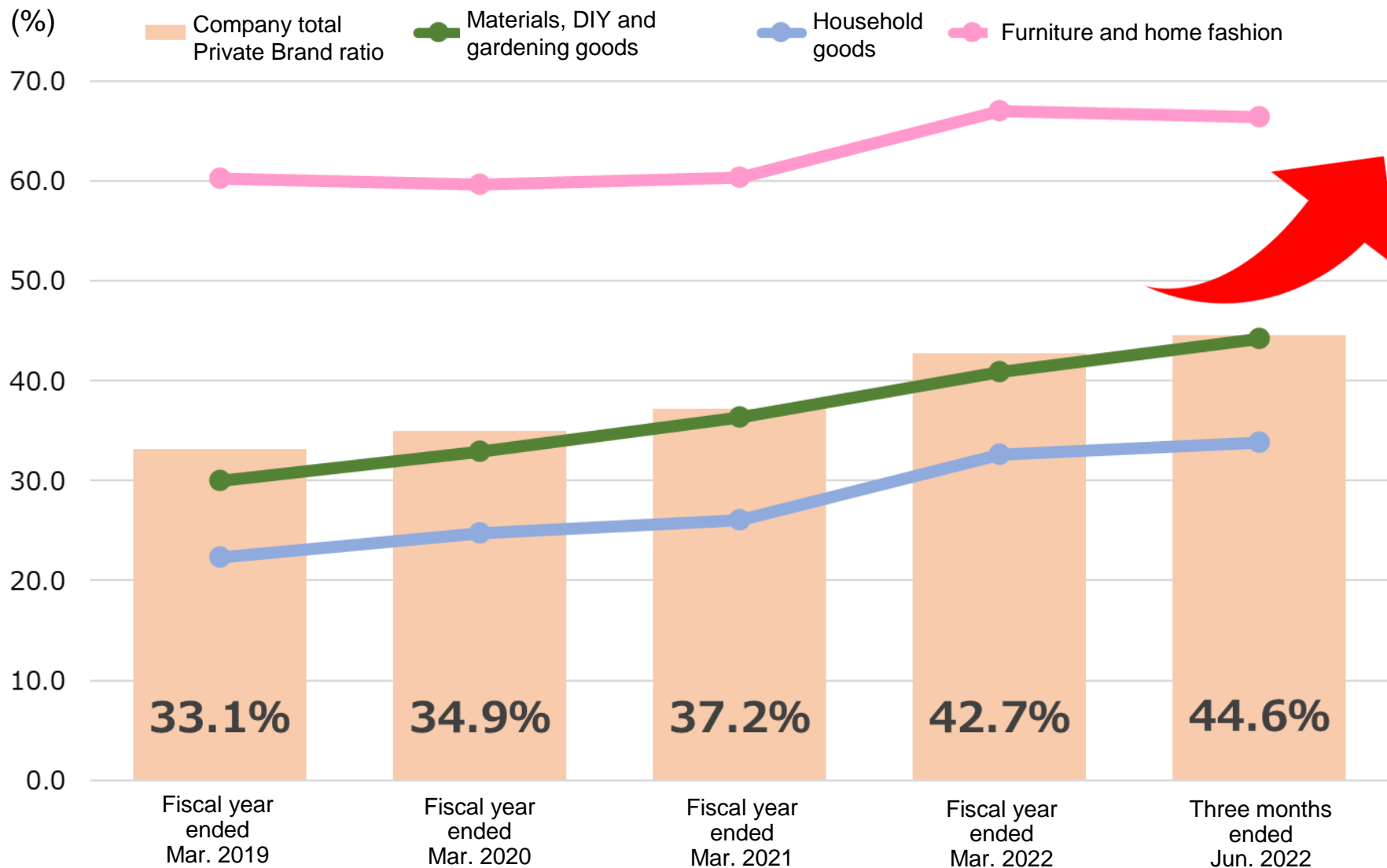


Three months ended June 30, 2021  
Operating profit

Three months ended June 30, 2022  
Operating profit



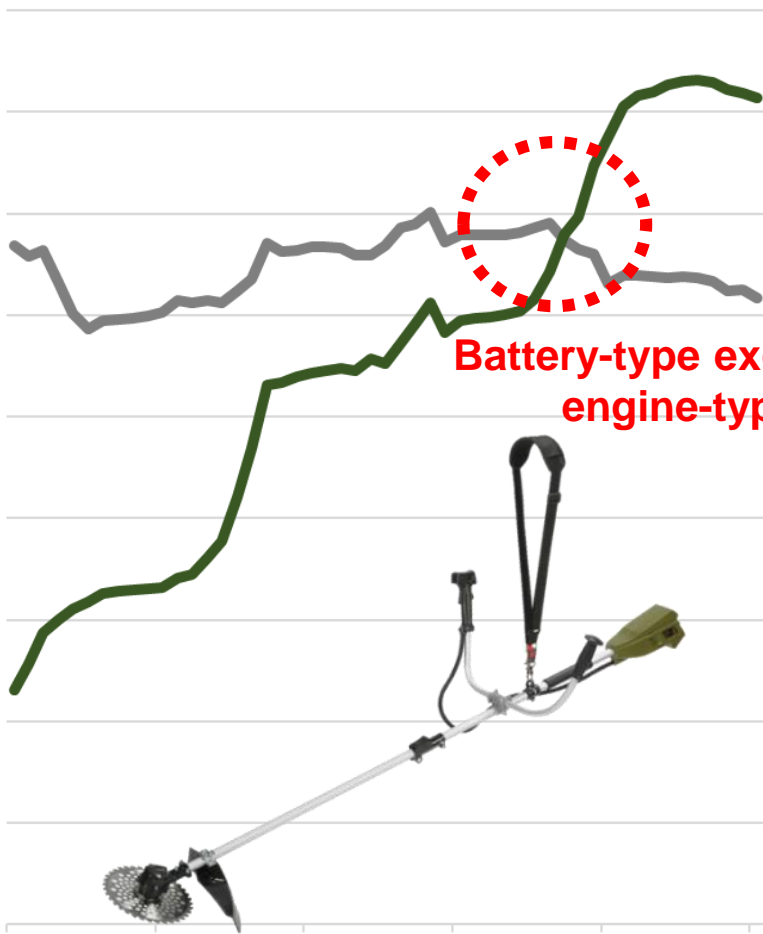
## Trends in Private Brand Ratio at the End of the Term



# Common Battery

[Trends in Sales] (string trimmers, annual rate)

— Engine-type — Battery-type



**Battery-type exceeded engine-type**



**14.4v** Series

**17 model**

**New products released in June 2022**

**18v** Series

**11 model**

**NEW 18V garden blower**



**NEW 18V jigsaw**



**NEW 14.4V thunder**



**NEW 18V chainsaw**



Apr. 2018 Feb. 2019 Dec. 2019 Oct. 2020 | Aug. 2021 Jun. 2022

## Fan Wear



Fan wear for extreme heat measures

Expansion of usage scenarios  
broadens the range of potential market



**Short sleeve fan wear**

Design that creates air passages around the neck



**Battery set**

Up to 22 hours of use  
Compatible with operation by smartphone

**Fan set**

Large air volume  
Approx. 68 L/s  
Light weight  
Approx. 95g

# Casual Clothing

Clothing with natural insect repellent function



Lightweight trail shoes

# One-Touch Tent

Easy to set up in about 5 minutes

Favored by beginners

Reasonable and highly functional “Easy Up Tent”



Remove the inner tent  
for a canopy-style



Compact and easy to store



# Portable Spot Air Conditioner

Air Conditioner which requires no installation work, is portable, and is useful in variety of situations



Mini spot air conditioner NFS1W

Spot air conditioner NFS2WD



## Slippers

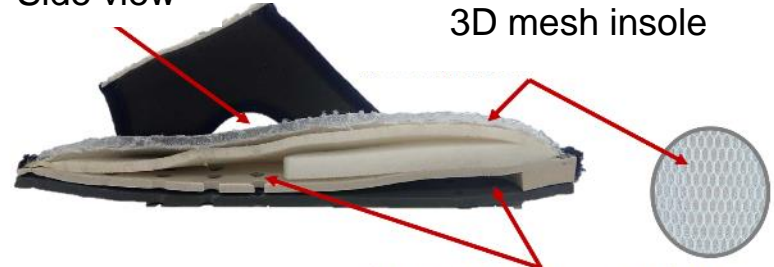
### Natural Material Series



### Functional Series

Side view

3D mesh insole



Ideal spacing improves breathability



# Dining

## Ceramic Tabletop Dining Series

[Louise]



- Ceramic Tabletop  
Resistant to "heat", "scratches/abrasion", "dirt/water stains"

[Montana]



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## North American White Oak Veneer Dining Series

[KANADE]



- Rustic finish  
Live edge tables enhance the oak texture





## Naturally-derived Cool Touch



[Naturally-derived and Cool Touch Bedding]  
Linen that feels cool to the touch and rayon, a naturally derived regenerated fiber with excellent moisture absorption, are used.

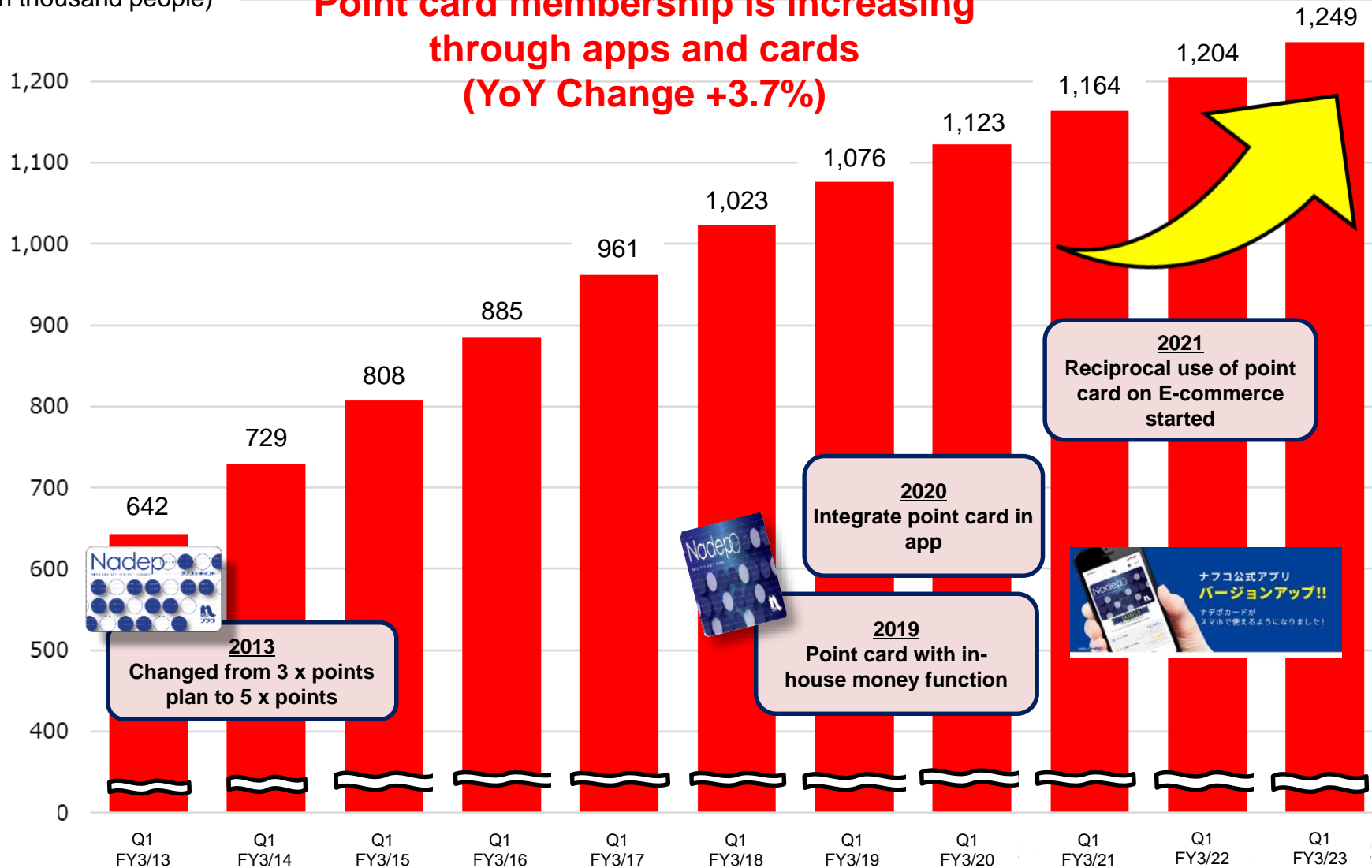
[Naturally-derived Cool Touch Rug]  
Bamboo rugs are desirable for their cool touch. These are products that make use of the characteristics of bamboo, such as "antibacterial material" and "high thermal conductivity material".



# Number of Point Card Members

(Ten thousand people)

**Point card membership is increasing  
through apps and cards  
(YoY Change +3.7%)**



# App

画面はイメージです

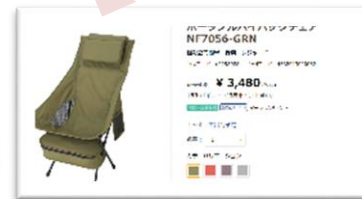


## [Product search function by barcode]



アプリ内の検索窓でお探しの商品のお買物ページへスムーズに移行!

Easy access to the website with product information from the barcode.



## [Points common to stores and online]



詳しくはアプリ内「オンラインストアをタップ」または「ネットで検索」  
 ナフコオンラインストア 検索 <https://nafco-online.com/>

## [AR measure and memo function] (added in update)

NEW

「ARメジャー」で  
簡単サイズ計測!



スマホでサイズが測れて  
その画像にメモ書きも可能!

アプリのダウンロードはこちら <https://www.nafco.life/hc/app/>



会員登録方法は中面をご覧ください



# Outline of ESG initiatives

The main items are listed.

Field	Items	Outline
E	Reduction of carbon dioxide emissions	<ul style="list-style-type: none"> <li>• Changing the lighting at stores to LED (completed 100%)</li> <li>• Installation of solar panels on the roof of stores</li> </ul>
	Environmentally friendly products	<ul style="list-style-type: none"> <li>• Development and sales of herbicides from natural ingredients</li> <li>• Development and sales of rechargeable electric string trimmer</li> </ul>
	Recycling after use	<ul style="list-style-type: none"> <li>• Collecting PET bottles</li> <li>• Collecting used ink cartridges</li> </ul>
S	Role in Disasters	<ul style="list-style-type: none"> <li>• Number of municipalities with which we have entered agreements for the supply of disaster supplies: 323</li> <li>• Product supplies through immediate store restoration in the disaster area</li> </ul>
G	Corporate Governance	<ul style="list-style-type: none"> <li>• Disclosing skill matrix</li> <li>• Participation in the “Electronic Voting Platform”</li> </ul>

## [Solar power generation]



**Enzan Store**  
(Yamanashi Prefecture)



**Chino Store**  
(Nagano Prefecture)

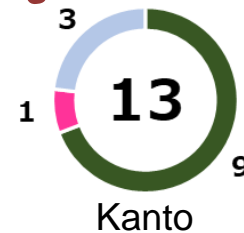
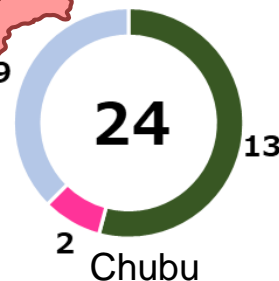
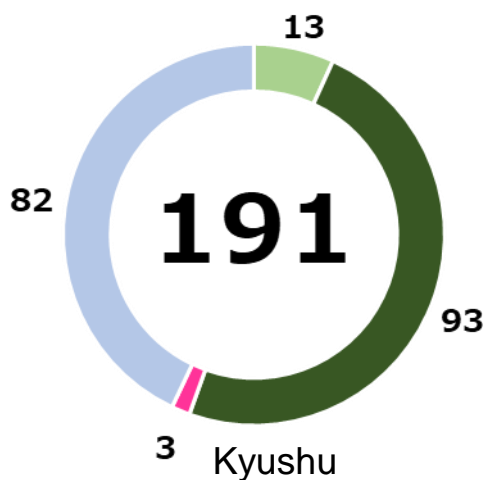
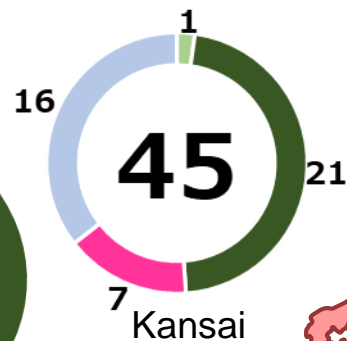
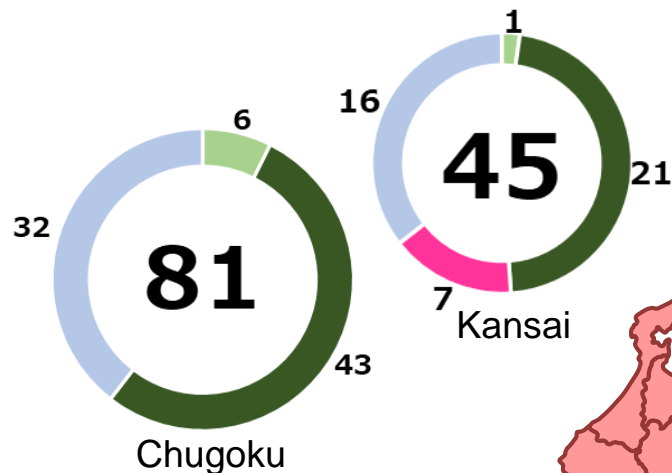
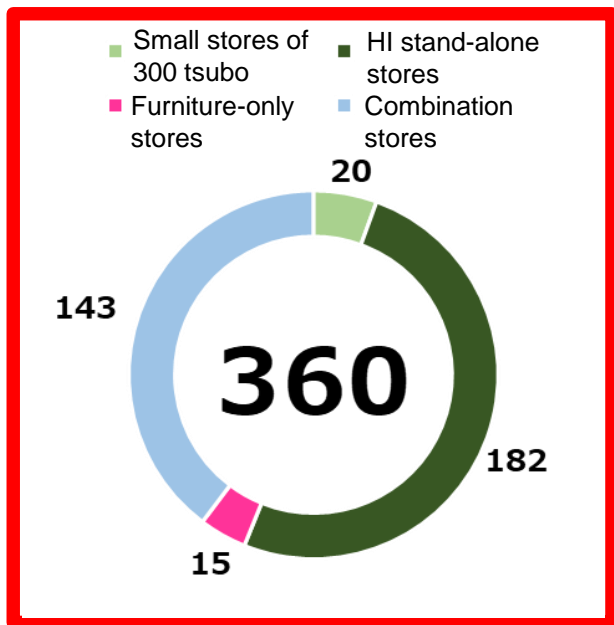
# Store Openings



	Store Name	Opening	Location	Store style
New store	<b>TWO-ONE STYLE Matsuzakaya Shizuoka</b>	<b>April</b>	<b>Shizuoka</b>	<b>Furniture and home fashion store</b>



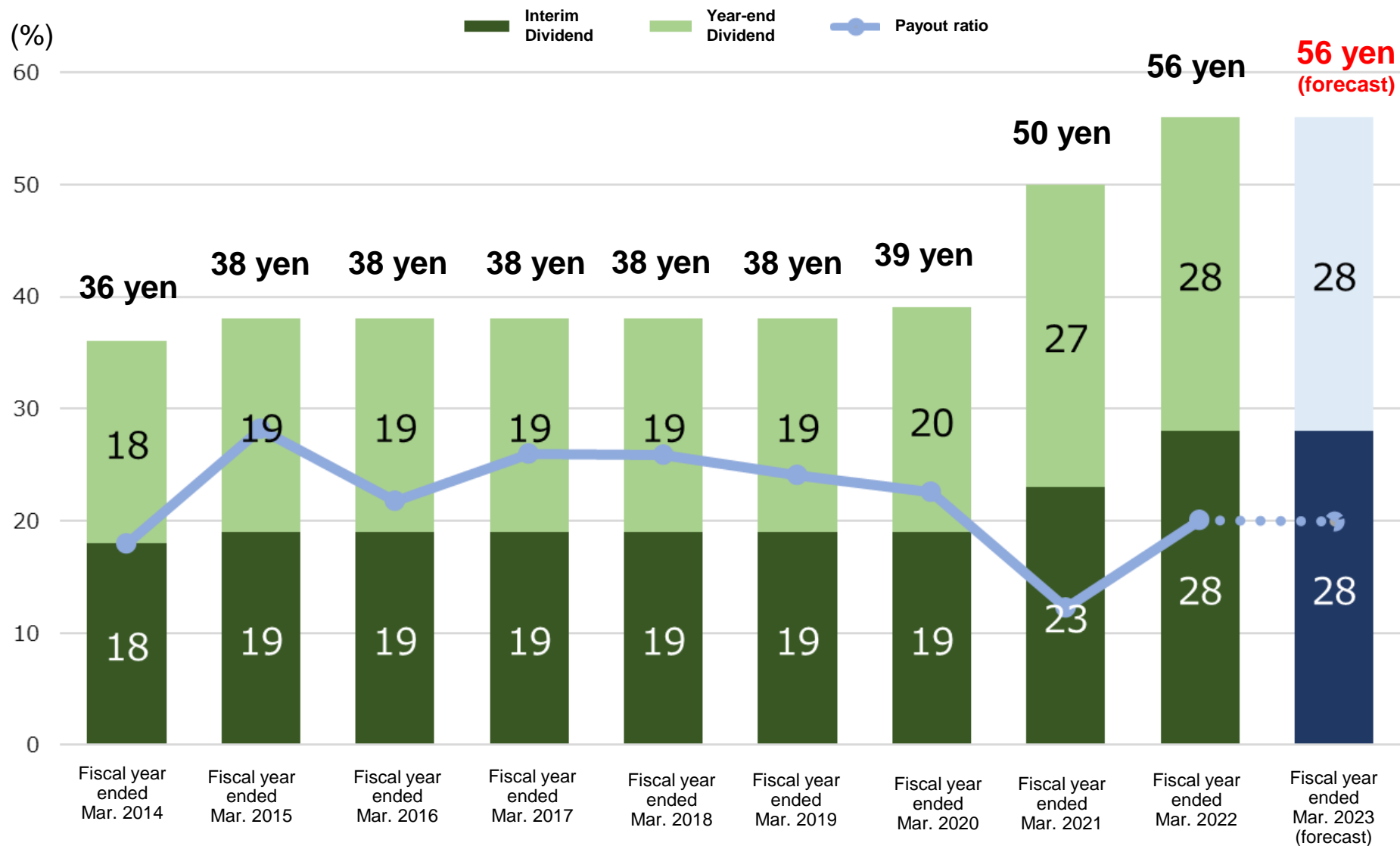
# Number of Stores by Business Type



## 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	Other	Store area	Number of people in served business area
<b>Combination store</b>	<b>39.8%</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>13,000 square meters or more</b>	<b>200,000</b>
<b>Home center</b>	<b>50.7%</b>	<input type="radio"/>	<input type="radio"/>	<b>(some products)</b>	<input type="radio"/>	<b>7,000 square meters, 10,000 square meters or more</b>	<b>100,000</b>
<b>Home fashion store</b>	<b>3.9%</b>			<input type="radio"/>		<b>7,000 square meters</b>	<b>300,000</b>

## Trends in Dividend





## Support for Household







- Approx. 260 popular items were discounted for a limited time
- The sales promotion was implemented both at stores and e-commerce to meet the needs for defending livelihoods
- Implemented in July



## Strengthened Outdoor Equipment



- Expansion of private brand products centered on the original brand “Feel Sky”
- Experience-based sales floor where customers can imagine the usage scenarios by "come, see, and touch"



## Renovation of Existing Stores

### Higashi-yatsushiro Store (Expansion of home center)



### Ezu Store (Renovation of home center)



	Store Name	Scheduled Opening	Location	Store style
Expansion	Higashi-yatsushiro	August	Kumamoto	Combination store
Renovation	Ezu	August	Kumamoto	Combination store

## Forecast for the Fiscal Year Ending March 31, 2023

No revisions have been made to the forecasts which were announced on April 28, 2022.

(Millions of yen)

	Full-year (Plan)	% of sales	YoY Change (%)	Fiscal year ended March 31, 2022 (Results)	% of sales	Fiscal year ended March31, 2021 (Results)	% of sales
Net Sales	<b>208,100</b>	100.0%	100.8%	206,549	100.0%	234,578	100.0%
Operating profit	<b>12,800</b>	6.2%	106.6%	12,002	5.8%	18,221	7.8%
Ordinary profit	<b>13,200</b>	6.3%	105.0%	12,572	6.1%	18,918	8.1%
Profit	<b>8,000</b>	3.8%	100.5%	7,961	3.9%	11,688	5.0%
Annual dividends (Interim/ Full year)	<b>56 yen (forecast) (28 yen/28 yen)</b>			56 yen (28 yen/28 yen)		50 yen (23 yen/27 yen)	

\*The Company has applied "Accounting Standard for Revenue Recognition" and others since the beginning of the fiscal year ended March 31, 2022. The figures before the application of such Standard and others are presented based on the disclosed figures before the application.

# appendix

\*The Company has applied “Accounting Standard for Revenue Recognition” and others since the beginning of the fiscal year ended March 31, 2022. The figures before the application of such Standard and others are presented based on the disclosed figures before the application.

# Statements of Income

Items (Millions of yen)	Three months ended June 30, 2020			Three months ended June 30, 2021			Three months ended June 30, 2022		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
<b>Net Sales</b>	65,142	111.7%	100.0%	56,238	86.3%	100.0%	53,961	96.0%	100.0%
<b>Gross profit</b>	22,599	117.9%	34.7%	19,565	86.6%	34.8%	18,934	96.8%	35.1%
<b>Operating gross profit</b>	-	-	-	19,648	-	34.9%	19,020	96.8%	35.2%
<b>Selling, general and administrative expenses</b>	15,027	93.9%	23.1%	15,191	101.1%	27.0%	14,725	96.9%	27.3%
<b>Operating profit</b>	7,572	238.5%	11.6%	4,456	58.9%	7.9%	4,295	96.4%	8.0%
<b>Ordinary profit</b>	7,672	233.0%	11.8%	4,541	59.2%	8.1%	4,394	96.8%	8.1%
<b>Profit</b>	4,722	238.1%	7.2%	2,817	59.7%	5.0%	2,766	98.2%	5.1%
<b>Existing Stores (YoY Change)</b>	<b>Three months ended June 30, 2020</b>			<b>Three months ended June 30, 2021</b>			<b>Three months ended June 30, 2022</b>		
<b>Net Sales</b>	112.3%			87.8%			95.8%		
<b>Customers</b>	110.6%			84.5%			92.0%		
<b>Customer average</b>	101.4%			103.8%			104.1%		

# Segments

Net Sales (Millions of yen)	Three months ended June 30, 2020			Three months ended June 30, 2021			Three months ended June 30, 2022		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	31,063	114.9%	47.7%	27,962	90.0%	49.7%	27,136	97.0%	50.3%
Household goods	17,206	113.4%	26.4%	13,567	78.8%	24.1%	12,924	95.3%	24.0%
Furniture and home fashion goods	11,628	104.9%	17.9%	10,361	89.1%	18.4%	9,708	93.7%	18.0%
Others	5,244	104.7%	8.0%	4,347	82.9%	7.8%	4,191	96.4%	7.7%
<b>Total</b>	<b>65,142</b>	<b>111.7%</b>	<b>100.0%</b>	<b>56,238</b>	<b>86.3%</b>	<b>100.0%</b>	<b>53,961</b>	<b>96.0%</b>	<b>100.0%</b>

Gross profit (Millions of yen)	Three months ended June 30, 2020			Three months ended June 30, 2021			Three months ended June 30, 2022		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	11,175	120.3%	36.0%	9,961	89.1%	35.6%	9,838	98.8%	36.3%
Household goods	5,004	123.7%	29.1%	3,922	78.4%	28.9%	3,692	94.1%	28.6%
Furniture and home fashion goods	4,777	108.8%	41.1%	4,350	91.0%	42.0%	4,118	94.7%	42.4%
Others	1,641	114.1%	31.3%	1,332	81.2%	30.6%	1,286	96.5%	30.7%
<b>Total</b>	<b>22,599</b>	<b>117.9%</b>	<b>34.7%</b>	<b>19,565</b>	<b>86.6%</b>	<b>34.8%</b>	<b>18,934</b>	<b>96.8%</b>	<b>35.1%</b>

## Number of Stores by Area and Business Type

Number of Stores at the End of the Term	Three months ended June 30, 2020			Three months ended June 30, 2021			Three months ended June 30, 2022		
	Combination stores	HI stand-alone stores	Furniture-only stores	Combination stores	HI stand-alone stores	Furniture-only stores	Combination stores	HI stand-alone stores	Furniture-only stores
Kyushu	85	104	3	82	106	3	82	106	3
Chugoku and Shikoku	33	52	1	33	52	1	33	52	1
Kansai	17	21	6	17	21	6	16	22	7
Chubu	9	13	1	9	13	1	9	13	2
Kanto and Tohoku	3	9	2	3	9	2	3	9	2
Total	147	199	13	144	201	13	143	202	15
	<b>359</b>			<b>358</b>			<b>360</b>		



# Balance Sheets

Items (Millions of yen)	Fiscal Year Ended March 31, 2021			Fiscal Year Ended March 31, 2022			Three Months Ended June 30, 2022		
	Results	Compared to the End of the Previous Fiscal Year	Change From the End of the Previous Fiscal Year	Results	Compared to the End of the Previous Fiscal Year	Change From the End of the Previous Fiscal Year	Results	Compared to the End of the Previous Fiscal Year	Change From the End of the Previous Fiscal Year
<b>Total assets</b>	236,164	106.8%	15,126	233,075	98.7%	(3,088)	240,274	103.1%	7,198
<b>Current assets</b>	102,419	119.5%	16,681	100,744	98.4%	(1,675)	107,791	107.0%	7,047
<b>Of which, cash and deposits</b>	40,984	169.4%	16,793	34,111	83.2%	(6,872)	39,852	116.8%	5,741
<b>Non-current assets</b>	133,744	98.9%	(1,554)	132,331	98.9%	(1,413)	132,482	100.1%	151
<b>Of which, property, plant and equipment</b>	119,942	98.9%	(1,359)	118,557	98.8%	(1,384)	118,614	100.0%	57
<b>Liabilities</b>	83,342	105.9%	4,629	75,312	90.4%	(8,029)	80,547	107.0%	5,235
<b>Interest-bearing liabilities</b>	22,038	91.1%	(2,156)	20,293	92.1%	(1,744)	19,953	98.3%	(339)
<b>Net assets</b>	152,821	107.4%	10,497	157,763	103.2%	4,941	159,726	101.2%	1,963
Items	Fiscal Year Ended March 31, 2021			Fiscal Year Ended March 31, 2022			Three Months Ended June 30, 2022		
<b>Cash and deposit ratio (%)</b>	17.4%			14.6%			16.6%		
<b>Ratio of interest-bearing liabilities (%)</b>	9.3%			8.7%			8.3%		
<b>Equity ratio (%)</b>	64.7%			67.7%			66.5%		

## Stock (Full-year)

Items	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Number of Issued Shares	29,784,400	29,784,400	29,784,400
Number of Treasury Shares	1,221,600	1,221,800	1,221,800
Net Assets per Share	4,983	5,350	5,523
Dividend per Share	39	50	56
Earnings per Share	173	409	279
Payout Ratio	22.5%	12.2%	20.1%

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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)