

Non-Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 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 filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 2, 2022

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, 2022 (April 1, 2022 to September 30, 2022)

(1) Operating Results (cumulative)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	104,629	(3.1)	6,622	(6.5)	6,831	(6.5)	4,203	(7.2)
September 30, 2021	107,975	-	7,086	-	7,304	-	4,531	-

The Company has applied “Accounting Standard for Revenue Recognition” and others since the beginning of the fiscal year ended 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	
	Yen		Yen	
Six months ended				
September 30, 2022	147.18		-	
September 30, 2021	158.64		-	

(2) Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of September 30, 2022	240,177		161,160		67.1		5,642.37	
As of March 31, 2022	233,075		157,763		67.7		5,523.42	

(Reference) Equity: As of September 30, 2022: ¥161,160 million

As of March 31, 2022: ¥157,763 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen -	Yen 28.00	Yen -	Yen 28.00	Yen 56.00
Fiscal year ending March 31, 2023	-	28.00			
Fiscal year ending March 31, 2023 (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, 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
Full year	208,100	0.8	12,800	6.6	13,200	5.0	8,000	0.5	280.08

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

* 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: No

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 shares):

September 30, 2022: 29,784,400 shares

March 31, 2022: 29,784,400 shares

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

September 30, 2022: 1,221,812 shares

March 31, 2022: 1,221,812 shares

3) Average number of shares during the term:

Six months ended September 30, 2022: 28,562,588 shares

Six months ended September 30, 2021: 28,562,588 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, 2022)	End of Second Quarter of Current Fiscal Year (September 30, 2022)
Assets		
Current assets		
Cash and deposits	34,111	38,925
Accounts receivable - trade	3,901	3,934
Merchandise	60,845	62,833
Other	1,889	1,788
Allowance for doubtful accounts	(4)	(4)
Total current assets	100,744	107,477
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	65,853	65,852
Land	48,515	48,515
Construction in progress	171	539
Other, net	4,017	3,979
Total property, plant and equipment	118,557	118,886
Intangible assets	3,372	3,411
Investments and other assets	10,401	10,401
Total non-current assets	132,331	132,699
Total assets	233,075	240,177
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,038	29,054
Short-term borrowings	19,585	19,255
Current portion of long-term borrowings	599	299
Income taxes payable	517	2,749
Accounts payable - other	3,567	4,358
Notes payable - facilities	1,758	2,255
Provision for bonuses	1,043	1,080
Provision for bonuses for directors (and other officers)	28	—
Contract liabilities	3,209	3,299
Other	3,195	3,742
Total current liabilities	62,545	66,095
Non-current liabilities		
Long-term borrowings	108	58
Provision for retirement benefits	3,063	3,046
Provision for retirement benefits for directors (and other officers)	384	397
Asset retirement obligations	6,074	6,322
Other	3,136	3,096
Total non-current liabilities	12,767	12,920
Total liabilities	75,312	79,016

(Millions of yen)

	End of Previous Fiscal year (March 31, 2022)	End of Second Quarter of Current Fiscal Year (September 30, 2022)
Net assets		
Shareholders' equity		
Share capital	3,538	3,538
Capital surplus	4,223	4,223
Retained earnings	152,268	155,673
Treasury shares	(2,351)	(2,351)
Total shareholders' equity	157,679	161,083
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	83	77
Total valuation and translation adjustments	83	77
Total net assets	157,763	161,160
Total liabilities and net assets	233,075	240,177

(2) Statements of Income
Statements of Income

(Millions of yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Net sales	107,975	104,629
Cost of sales	70,446	68,116
Gross profit	37,529	36,512
Operating revenue	160	189
Operating gross profit	37,689	36,701
Selling, general and administrative expenses	30,603	30,078
Operating profit	7,086	6,622
Non-operating income		
Interest income	0	0
Dividend income	7	9
Commission income	62	57
Rental income from buildings	256	261
Insurance claim income	51	31
Other	71	65
Total non-operating income	449	425
Non-operating expenses		
Interest expenses	57	53
Rental costs on real estate	105	108
Loss on disaster	50	43
Other	18	10
Total non-operating expenses	231	216
Ordinary profit	7,304	6,831
Extraordinary losses		
Loss on retirement of non-current assets	40	53
Impairment losses	—	53
System failure countermeasure costs	—	51
Other	2	—
Total extraordinary losses	42	159
Profit before income taxes	7,261	6,672
Income taxes	2,730	2,468
Profit	4,531	4,203

(3) Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	7,261	6,672
Depreciation	2,774	2,728
Impairment losses	—	53
Amortization of intangible assets	101	121
Amortization of long-term prepaid expenses	28	27
Loss on retirement of property, plant and equipment	40	53
Other extraordinary loss (income)	2	—
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for retirement benefits	(12)	(16)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	12
Increase (decrease) in provision for bonuses for directors (and other officers)	(28)	(28)
Increase (decrease) in provision for bonuses	42	36
Interest and dividend income	(7)	(9)
Interest expenses	57	53
Decrease (increase) in trade receivables	(198)	(78)
Decrease (increase) in inventories	(1,934)	(1,991)
Increase (decrease) in trade payables	(440)	15
Increase (decrease) in accrued consumption taxes	(1,424)	966
Decrease (increase) in other assets	(157)	(54)
Increase (decrease) in other liabilities	(655)	300
Other, net	5	13
Subtotal	5,456	8,877
Interest and dividends received	7	9
Interest paid	(56)	(53)
Income taxes paid	(5,420)	(296)
Net cash provided by (used in) operating activities	(13)	8,538

(Millions of yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,427)	(1,477)
Purchase of intangible assets	(36)	(19)
Payments for retirement of non-current assets	(39)	(50)
Payments for asset retirement obligations	(24)	—
Payments of leasehold and guarantee deposits	(31)	(24)
Proceeds from refund of leasehold and guarantee deposits	89	17
Decrease (increase) in investments and other assets	(55)	(81)
Net cash provided by (used in) investing activities	(2,525)	(1,636)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(330)	(330)
Repayments of long-term borrowings	(734)	(349)
Repayments of lease liabilities	(583)	(661)
Dividends paid	(770)	(799)
Net cash provided by (used in) financing activities	(2,418)	(2,141)
Net increase (decrease) in cash and cash equivalents	(4,958)	4,760
Cash and cash equivalents at beginning of period	38,091	31,218
Cash and cash equivalents at end of period	33,132	35,978