

# **Financial Results Briefing Material for the Nine Months Ended December 31, 2022**

(April 01, 2022 - December 31, 2022)

**January 30, 2023**  
**NAFCO Corporation**  
**(Securities Code: 2790)**

## Summary of Financial Results for the Nine Months Ended December 31, 2022

**Net sales**      **159.2** Billion yen      YoY Change      **98.3** %

- Sales of seasonal products were strong both in summer and winter, while sales in September struggled due to typhoon hitting every weekend.
- Household goods and commodities trended toward recovery as a result of sales promotions for attracting customers such as “Living Support Sale,” while infection control products were not very successful.

**Operating profit**      **9.4** Billion yen      YoY Change      **83.8** %

% of sales      **5.9** % (YoY Change (1.1%))

- Gross profit margin continuously improved, partly due to the increased private brand ratio.
- Selling, general and administrative expenses remained unchanged due to significant decline in logistics expenses despite increases in advertising expenses and utility expenses.

**Ordinary profit**      **9.8** Billion yen      YoY Change      **84.8** %

% of sales      **6.2** % (YoY Change (1.0%))

**Profit**      **6.0** Billion yen      YoY Change      **83.5** %

% of sales      **3.8** % (YoY Change (0.7%))

## Statements of Income for the Nine Months Ended December 31, 2022

(Millions of yen)

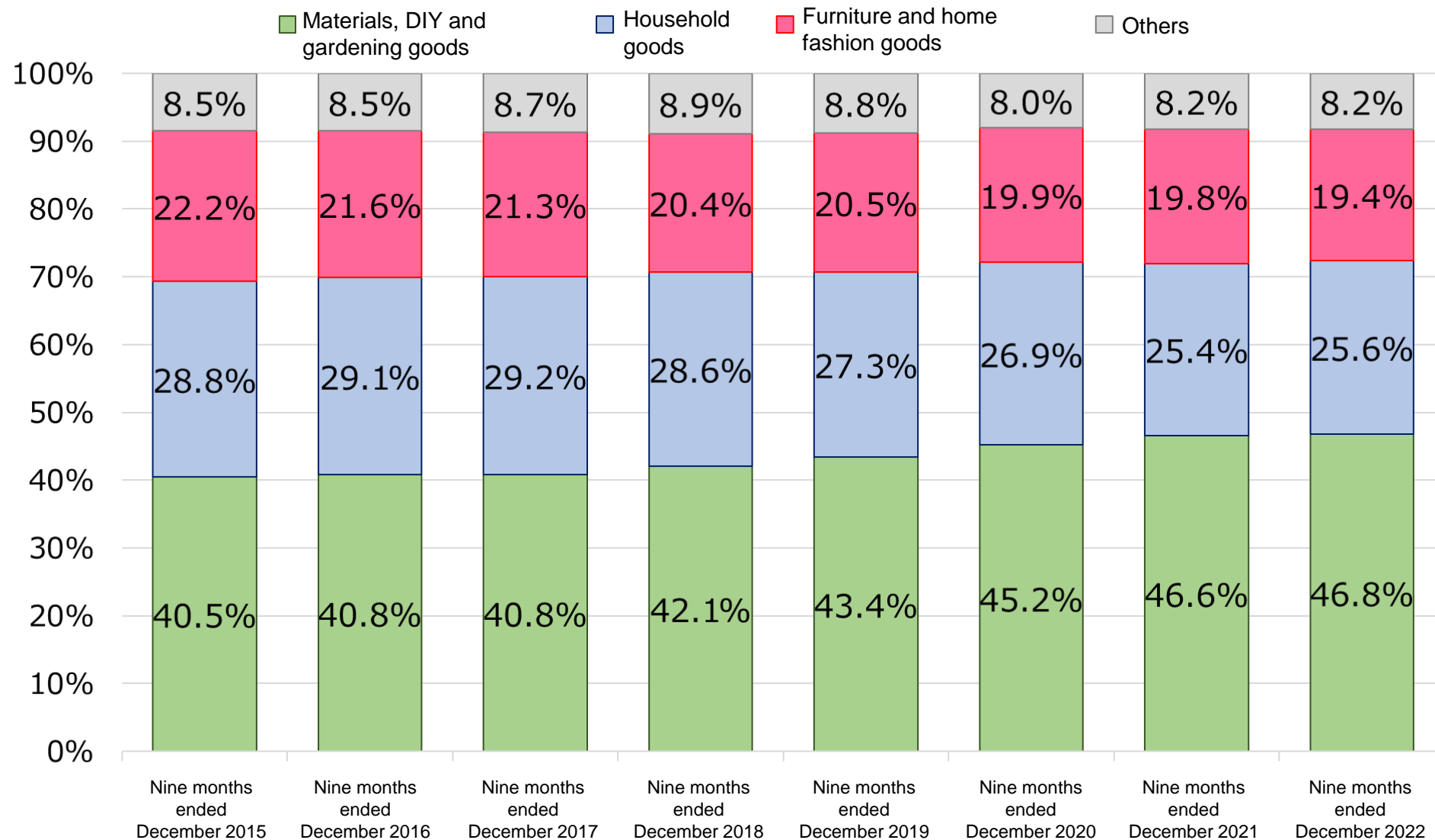
	Nine months ended December 31, 2021	% of sales	Nine months ended December 31, 2022	% of sales	YoY Change
<b>Net sales</b>	<b>161,991</b>	<b>100.0%</b>	<b>159,297</b>	<b>100.0%</b>	<b>98.3%</b>
<b>Gross profit</b>	<b>56,473</b>	<b>34.9%</b>	<b>54,953</b>	<b>34.5%</b>	<b>97.3%</b>
<b>Operating gross profit</b>	<b>56,714</b>	<b>35.0%</b>	<b>55,243</b>	<b>34.7%</b>	<b>97.4%</b>
<b>Selling, general and administrative expenses</b>	<b>45,401</b>	<b>28.0%</b>	<b>45,767</b>	<b>28.7%</b>	<b>100.8%</b>
<b>Operating profit</b>	<b>11,313</b>	<b>7.0%</b>	<b>9,475</b>	<b>5.9%</b>	<b>83.8%</b>
<b>Ordinary profit</b>	<b>11,632</b>	<b>7.2%</b>	<b>9,866</b>	<b>6.2%</b>	<b>84.8%</b>
<b>Profit</b>	<b>7,245</b>	<b>4.5%</b>	<b>6,046</b>	<b>3.8%</b>	<b>83.5%</b>

# Balance Sheets

(Millions of yen)

	Fiscal Year Ended March 31, 2022	Nine months ended December 31, 2022	Change From the End of the Previous Fiscal Year
<b>Net assets</b>	<b>233,075</b>	<b>245,465</b>	<b>+12,389</b>
<b>Current assets</b>	<b>100,744</b>	<b>112,179</b>	<b>+11,435</b>
Of which, cash and deposits	34,111	40,762	+6,651
<b>Non-current assets</b>	<b>132,331</b>	<b>133,285</b>	<b>+953</b>
Of which, property, plant and equipment	118,557	119,534	+976
<b>Liabilities</b>	<b>75,312</b>	<b>83,243</b>	<b>+7,931</b>
Interest-bearing liabilities	<b>20,293</b>	<b>19,328</b>	<b>(964)</b>
Of which, short-term borrowings	19,585	19,145	(440)
Of which, current portion of long-term borrowings	599	149	(450)
Of which, long-term borrowings	108	33	(74)
<b>Net assets</b>	<b>157,763</b>	<b>162,221</b>	<b>+4,458</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>7.9</b>	
<b>Equity ratio (%)</b>	<b>67.7</b>	<b>66.1</b>	
<b>Current ratio (%)</b>	<b>161.1</b>	<b>160.2</b>	
<b>Non-current ratio (%)</b>	<b>83.9</b>	<b>82.2</b>	

## Trends in Sales Composition by Product

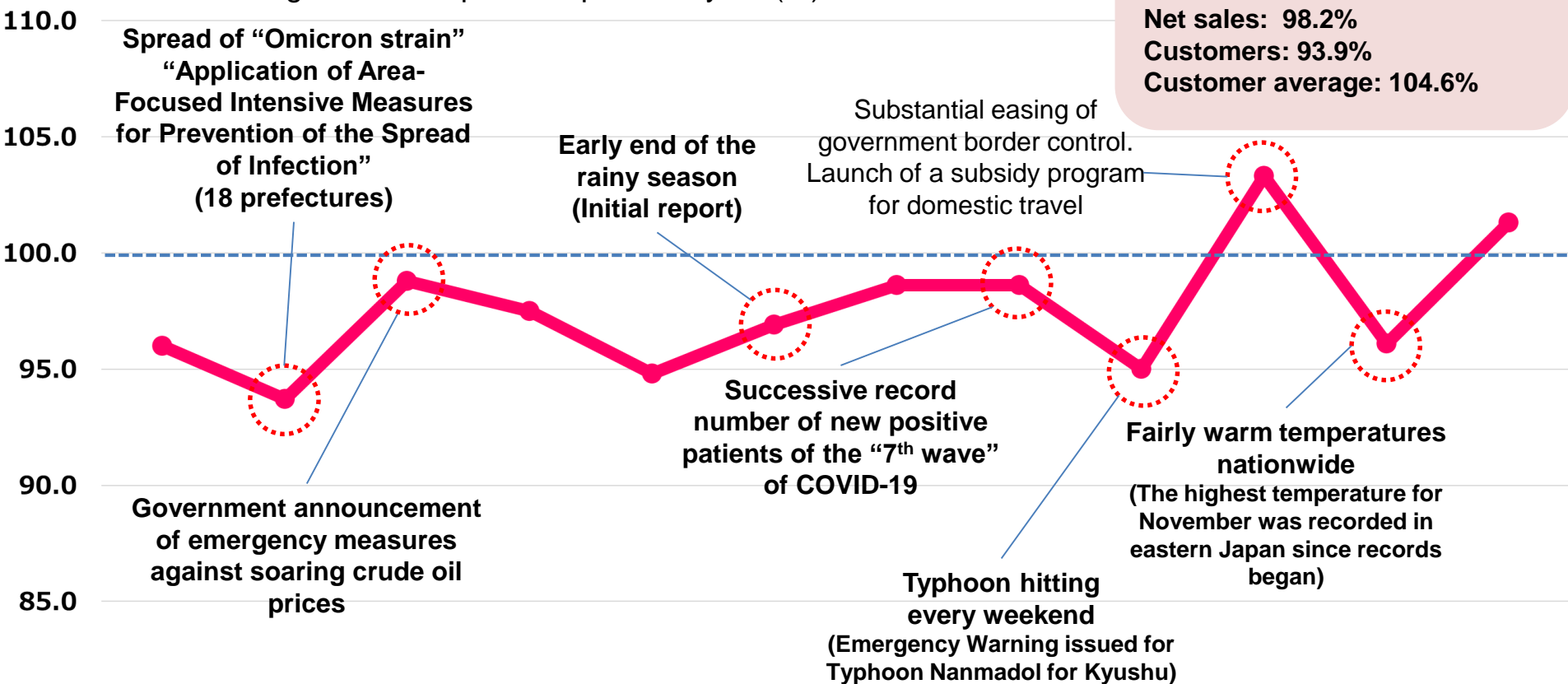


# Trends in Existing Stores

Nine months ended December 31,  
2022 cumulative  
(existing stores)

Net sales: 98.2%  
Customers: 93.9%  
Customer average: 104.6%

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



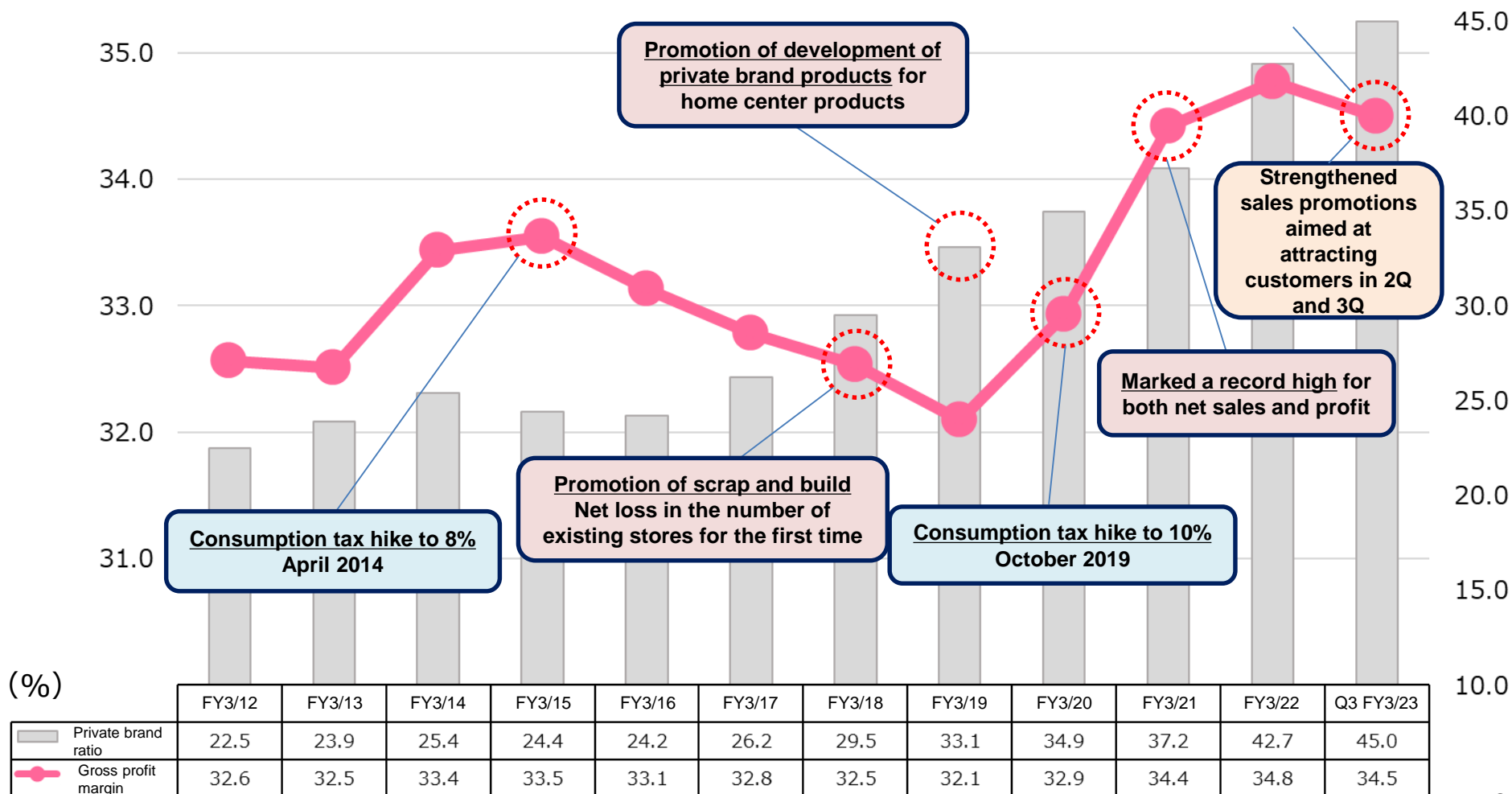
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Sales	96.0	93.7	98.8	97.5	94.8	96.9	98.6	98.6	95.0	103.3	96.1	101.3
Customers	92.0	88.3	94.8	92.5	92.4	91.0	93.7	94.7	90.3	98.6	92.8	95.9
Customer average	104.3	106.1	104.2	105.3	102.6	106.4	105.1	104.1	105.1	104.7	103.5	105.5

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

Left axis (gross profit margin: %)  
Right axis (private brand ratio: %)

Gross profit margin

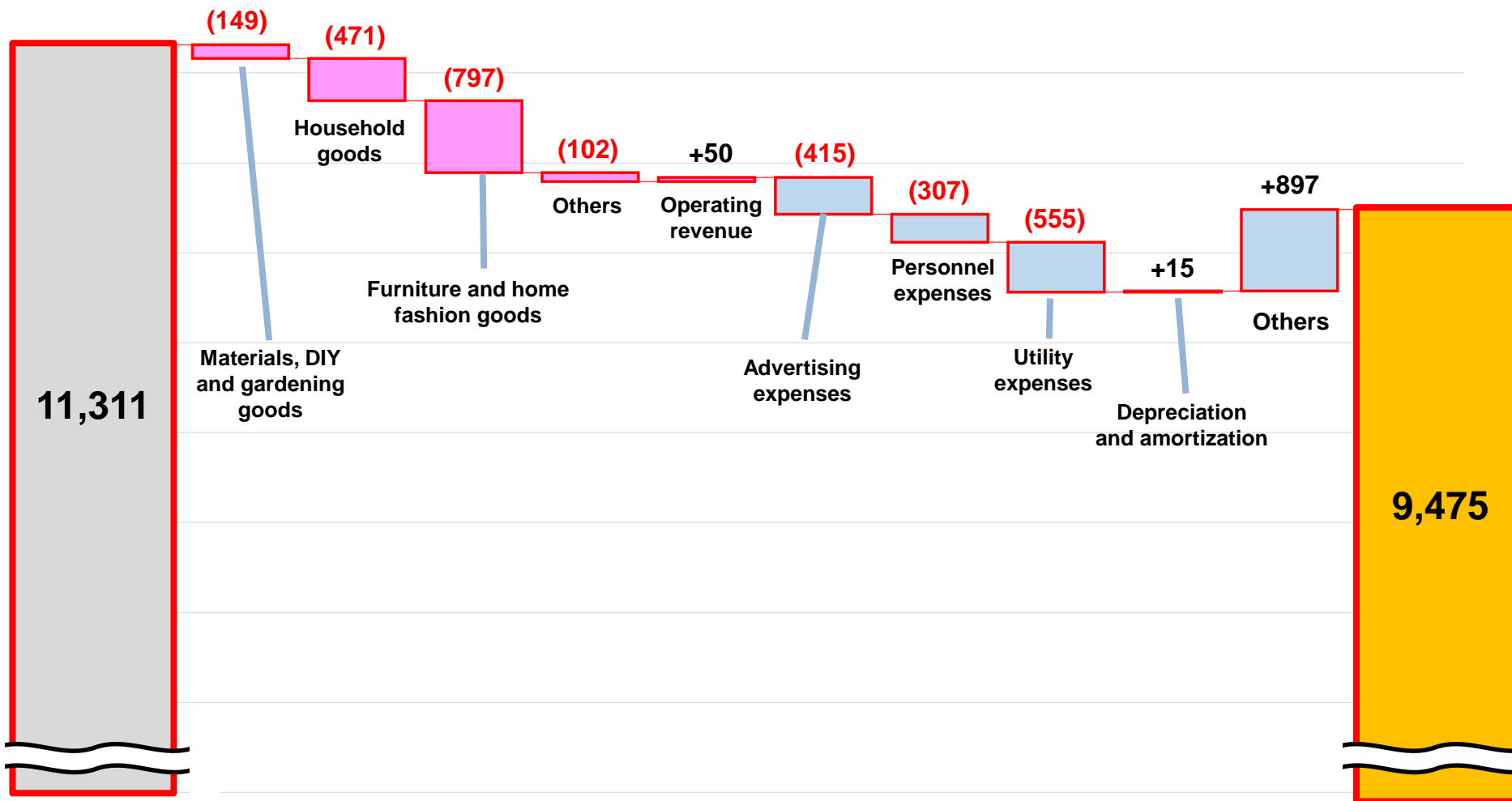
34.5%



# Factors for a Change in Operating Profit

(Millions of yen)

■ Gross profit    ■ Selling, general and administrative expenses

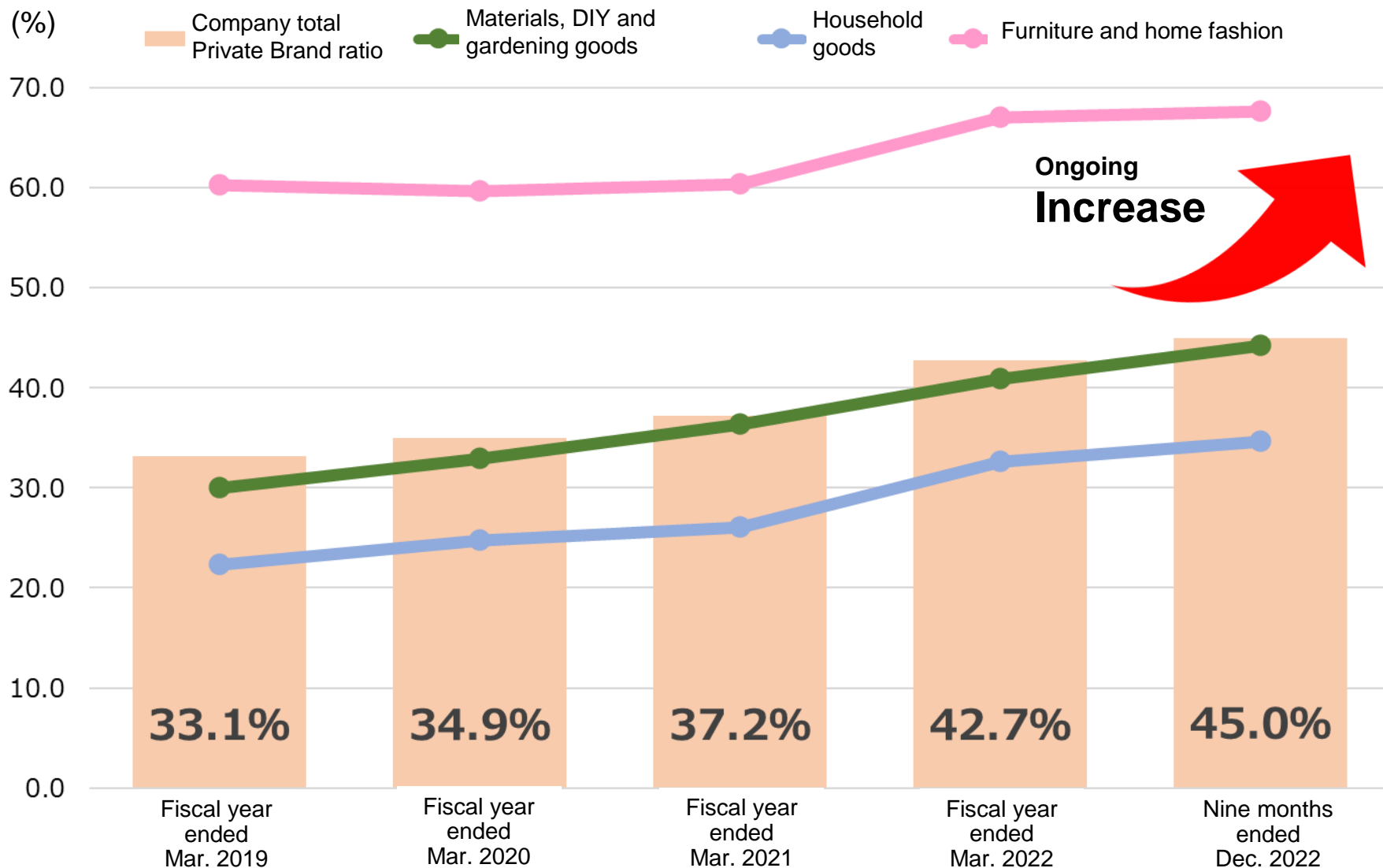


Nine months ended December 31, 2021  
Operating profit

Nine months ended December 31, 2022  
Operating profit



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



# Tipped Saws

Original high-quality tipped saws for improved work efficiency and mitigated workload, in response to an increasing need for weed control

1st line released in December 2022

2nd line to be released in March 2023



Outer diameter: 230mm  
Number of blades: 44



Outer diameter: 255mm  
Number of blades: 48



Large-sized tipped saws, a type resistant to stones

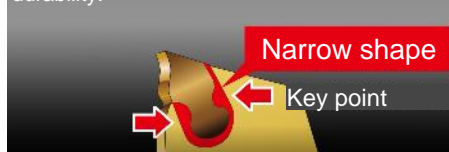
## Improved sharpness

Adopted a rounded blade for tip!  
Sharp cutting edge achieves amazing sharpness!



## Increased durability

The blade narrow in the middle prevents slipping and achieves a structure excellent in durability.



## Higher convenience

The increased number of blades fit for wide-ranging use, from cutting common grasses to mowing bamboo groves and thickets.



## Japanese Industrial Standards (JIS) quality



# Storage

## Original containers TIAMOS coming in various shapes and materials



- Container boxes with a wide variety of sizes capable of storing neatly both large tools and small parts



## Newly added fabric bags to the big hit TIAMOS series

- Inner buckets for more comfortable use of TIAMOS containers



- Actively supporting daily use and outdoor leisure activities with the toughness withstanding the hard use by workers



## Safety Shoes



Safety shoes  
Light weight    Breathability    Resin core



Safety shoes  
Light weight    Breathability    Resin core

Safety shoes

Light weight

Breathability

Toe box  
Resin core



## Slippers and Towels



### Organic cotton



### Hygroscopic heat generation slippers



Insole made from functional fabric with antibacterial and deodorant treatment



# Chairs

## Original chairs

Developed products with added values in colors, designs, and functions, catering to the emerging need such as for “chairing,” a new outdoor activity for relaxing



KING chair



QUEEN chair



# Flame Stove

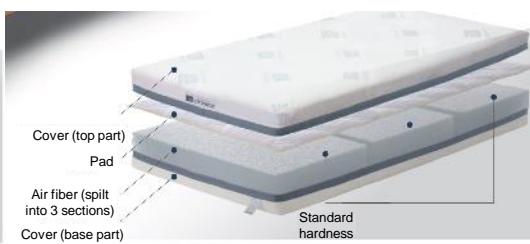
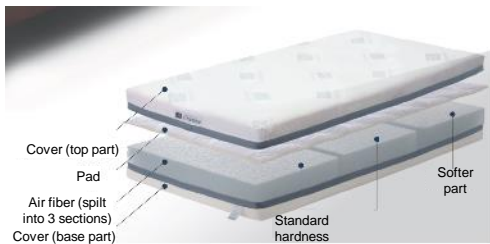
## Flame stove series

Added a new lineup to meet the needs of outdoor enthusiasts



# Bed (mattress)

**airweave** X TWO-ONE STYLE  
The Quality Sleep



耐久性に優れたコイルを2層に使用した豪華なダブルコイル構造。しっかりと全身を支える寝心地です

コイルは耐圧性・耐疲労性に優れた設計  
コイルに採用している鋼材は、20年以上にわたり市場を占める信頼性の高い鋼材を使用。長寿命に耐えています。

コイルの配置は、20cm間隔で並べられています。長寿命に耐えています。

コイルは2層に使用した豪華なダブルコイル構造。しっかりと全身を支える寝心地です

仕様	生地 (ポリエステル 100%) アイロン マットレス (ECO) ポリエステル繊維 ウレタン ウレタン ウレタン ダブルコイル (10.1cm×12.1cm) 不織布 ダブルコイル (10.1cm×12.1cm) ウレタン 生地 (ポリエステル 100%)
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**GRANREVE**  
JM-600

Made in Japan



## Study Desks



**KIDS  
DESK**

CHILDREN LOVE THEIR STORY DESK. IT CAN HOLD ALL  
OF THEIR WRITING SUPPLIES AND IS A GREAT PRIVATE SPACE  
TO STUDY. WHICH DESK IS RIGHT FOR YOUR CHILD?

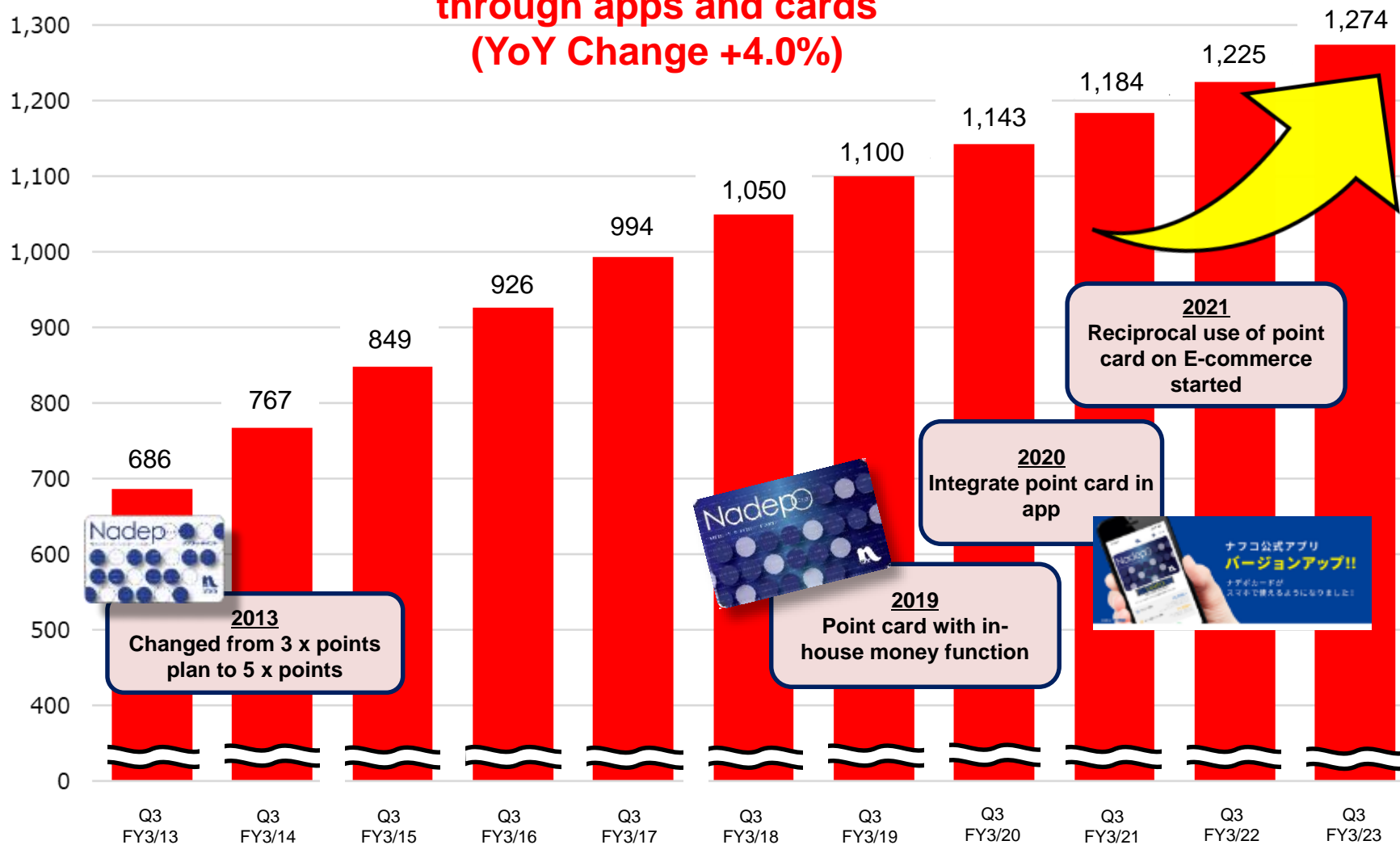
23



# Number of Point Card Members

(Ten thousand people)

**Point card membership is increasing  
through apps and cards  
(YoY Change +4.0%)**



# Social Media Utilization

## Instagram



■ Mainly sharing our private brand products



■ Actual products can be experienced at stores



Integrating social media and real stores

## Facebook



## Twitter



## LINE



# Outline of ESG initiatives



The main items are listed.

【Solar power generation】

Field	Items	Outline
<b>E</b>	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>
<b>S</b>	Role in Disasters	<ul style="list-style-type: none"> <li>Number of local authorities (including police) with which we have entered agreements for the supply of disaster supplies: 328 (as of December 31, 2022)</li> <li>Product supplies through immediate store restoration in the disaster area</li> </ul>
<b>G</b>	Corporate Governance	<ul style="list-style-type: none"> <li>Disclosing skill matrix</li> <li>Participation in the "Electronic Voting Platform"</li> </ul>



【New Store】Kurobe Store (Toyama Prefecture)



Enzan Store



Chino Store



# Store Openings and Expansion/Renovation (New Stores)

**TWO-ONE STYLE**  
Kyoto  
Katsura-minami  
Store



	Store Name	Opening	Location	Store style
New stores	TWO-ONE STYLE Matsuzakaya Shizuoka	April	Shizuoka	Furniture and home fashion store
	Kurobe	September	Toyama	Home center
	TWO-ONE STYLE Takarazuka Itami	September	Hyogo	Furniture and home fashion store
	TWO-ONE STYLE Kyoto Katsura-minami	November	Kyoto	Furniture and home fashion store
	Yasu	December	Shiga	Home center



# Store Openings and Expansion/Renovation (New Stores)

Yasu Store



## Store Openings and Expansion/Renovation (Expansion/Renovation)

	Store Name	Opening	Location	Store style
Expansion/ Renovation	Higashi-yatsushiro	August	Kumamoto	Combination store
	Ezu	August	Kumamoto	Combination store
	Ibusuki	October	Kagoshima	Combination store
	Yame	December	Fukuoka	Combination store
	Ouchi	December	Yamaguchi	Home center



# Store Openings and Expansion/Renovation (Expansion/Renovation)

Yame Store

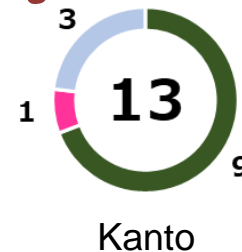
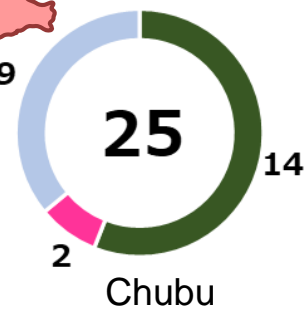
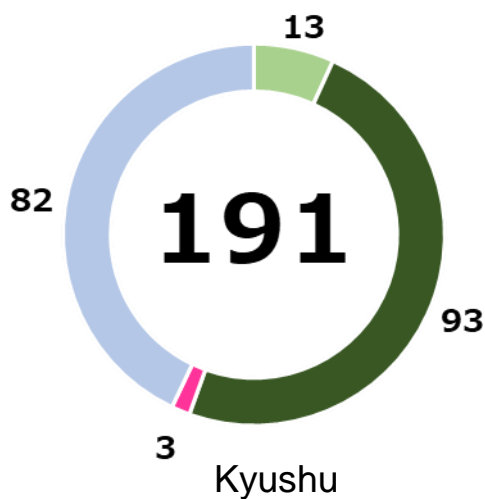
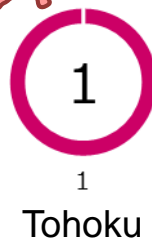
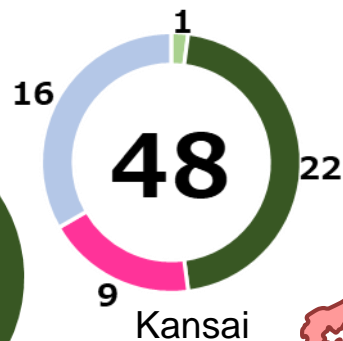
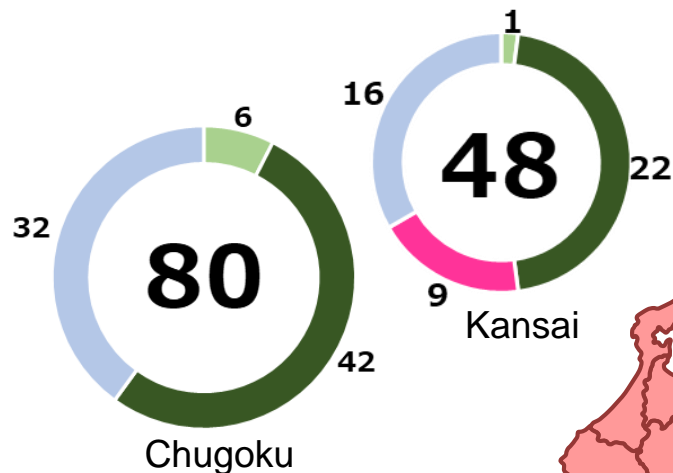
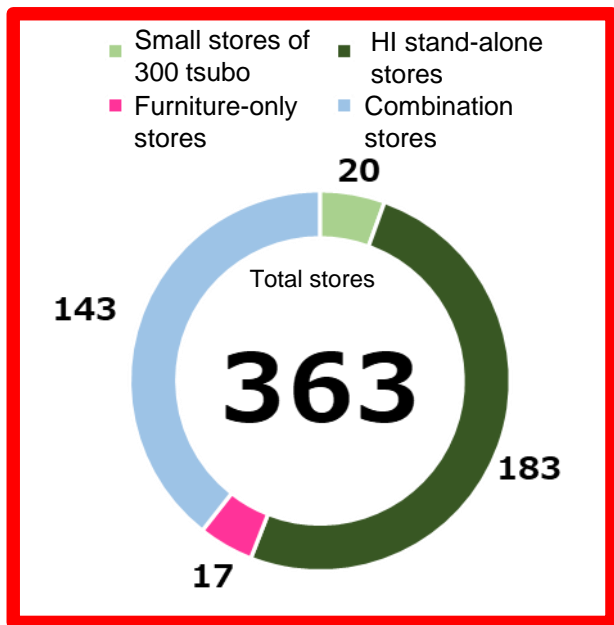


Ouchi Store





# 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 goods	Household goods	Furniture and home fashion goods	Other	Store area	Number of people in served business area
<b>Combination store</b>	<b>39.6%</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>50.4%</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>Furniture only store</b>	<b>4.4%</b>			<input type="radio"/>		<b>7,000 square meters</b>	<b>300,000</b>

# Shareholder Benefit Program

Expansion from Mar. 2023 was disclosed in the news release  
 “Expansion of Shareholder Benefit Program” on Sep. 20, 2022

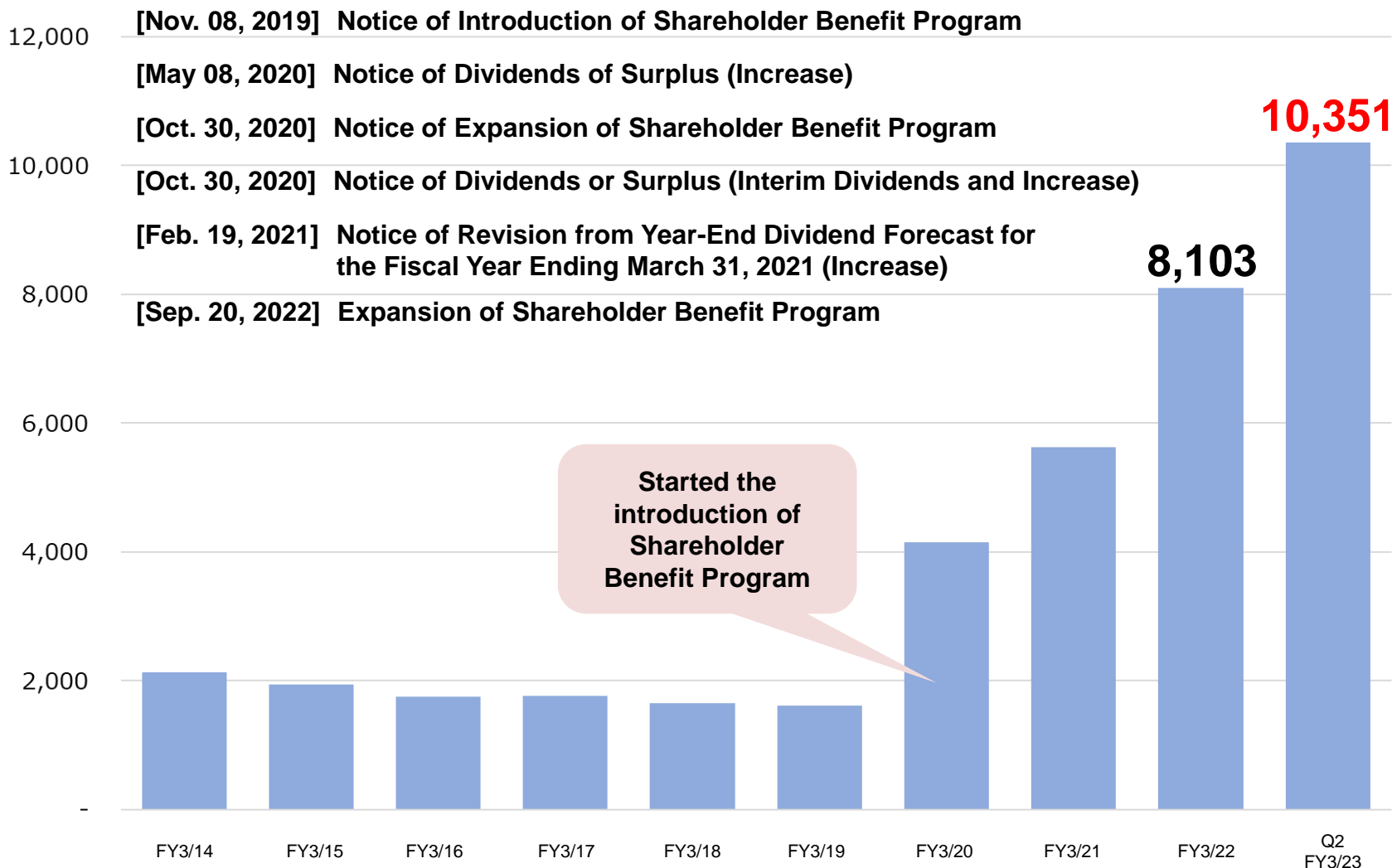
Number of Shares Held	End of September (Interim) 【Not changed this time】	End of March (Year-end) 【Either A or B】
100 or more but less than 500 shares	UC Gift Voucher worth ¥500	A. UC Gift Voucher worth ¥1,000 B. <b><u>NAFCO Shopping Voucher</u></b> <b>worth ¥2,000</b>
500 or more but less than 1,000 shares	UC Gift Voucher worth ¥1,500	A. UC Gift Voucher worth ¥3,000 B. <b><u>NAFCO Shopping Voucher</u></b> <b>worth ¥6,000</b>
1,000 or more shares	UC Gift Voucher worth ¥2,500	A. UC Gift Voucher worth ¥5,000 B. <b><u>NAFCO Shopping Voucher</u></b> <b>worth ¥10,000</b>

## Current benefit from the program

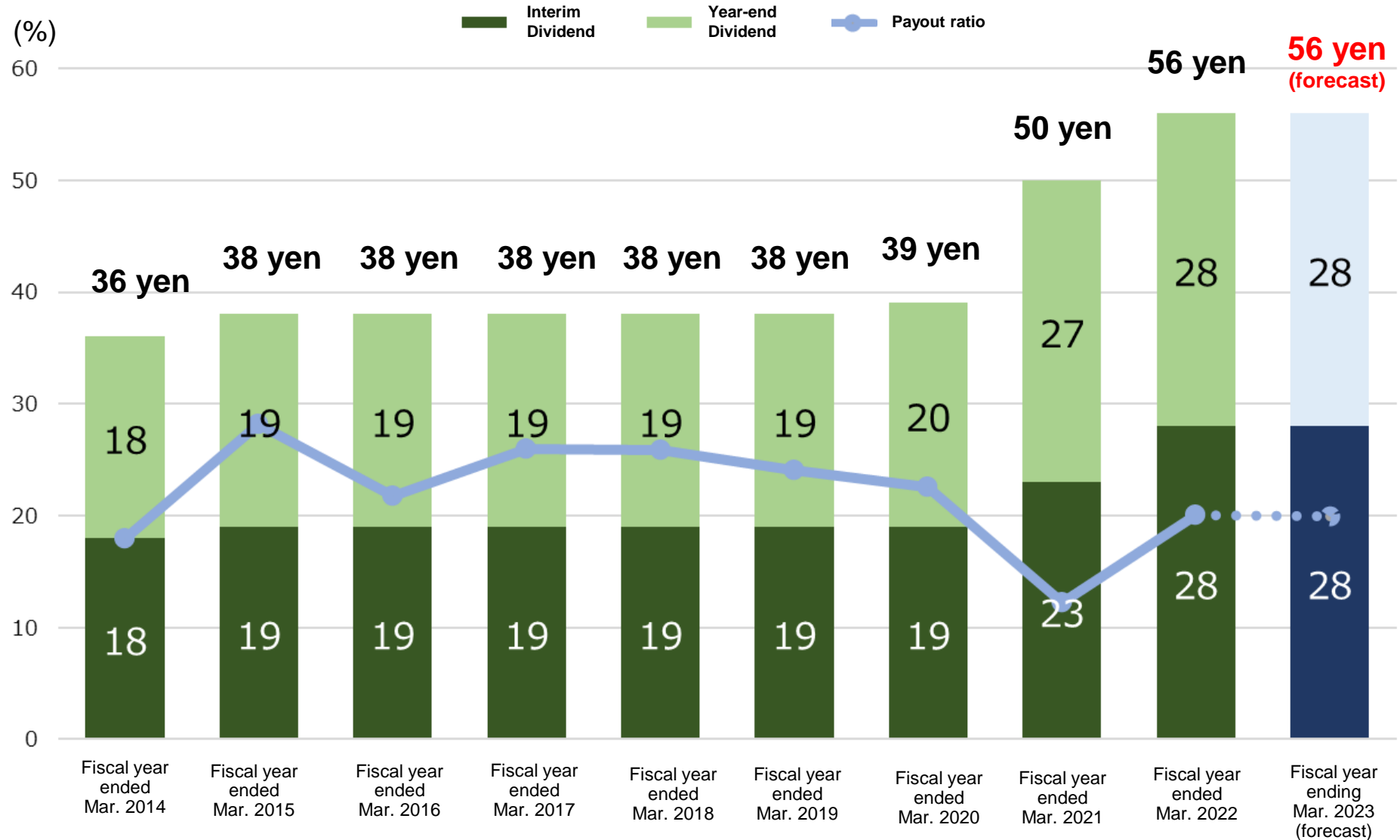
Number of Shares Held	End of September (Interim)	End of March (Year-end)
100 or more but less than 500 shares	UC Gift Voucher worth ¥500	UC Gift Voucher worth ¥1,000
500 or more but less than 1,000 shares	UC Gift Voucher worth ¥1,500	UC Gift Voucher worth ¥3,000
1,000 or more shares	UC Gift Voucher worth ¥2,500	UC Gift Voucher worth ¥5,000

# Trends in the Number of Shareholders

(People)



## Trends in Dividend



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

“Announcement of the Revision of the Operating Results Projection” disclosed on January 27, 2023.

(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>203,400</b>	100.0%	98.5%	206,549	100.0%	234,578	100.0%
Operating profit	<b>10,100</b>	5.0%	84.2%	12,002	5.8%	18,221	7.8%
Ordinary profit	<b>10,500</b>	5.2%	83.5%	12,572	6.1%	18,918	8.1%
Profit	<b>6,200</b>	3.0%	77.9%	7,961	3.9%	11,688	5.0%
Annual dividends (Interim/ Full year)	<b>56 yen (forecast) (28 yen/28 yen)</b>			56 yen (28yen/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)	Nine months ended December 31, 2020			Nine months ended December 31, 2021			Nine months ended December 31, 2022		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
<b>Net Sales</b>	186,892	109.3%	100.0%	161,991	86.7%	100.0%	159,297	98.3%	100.0%
<b>Gross profit</b>	64,553	115.2%	34.5%	56,473	87.5%	34.9%	54,953	97.3%	34.5%
<b>Operating gross profit</b>	-	-	-	56,714	-	35.0%	55,243	97.4%	34.7%
<b>Selling, general and administrative expenses</b>	46,226	95.6%	24.7%	45,401	98.2%	28.0%	45,767	100.8%	28.7%
<b>Operating profit</b>	18,326	238.9%	9.8%	11,313	61.7%	7.0%	9,475	83.8%	5.9%
<b>Ordinary profit</b>	18,826	230.2%	10.1%	11,632	61.8%	7.2%	9,866	84.8%	6.2%
<b>Profit</b>	11,564	240.1%	6.2%	7,245	62.7%	4.5%	6,046	83.5%	3.8%

Existing Stores (YoY Change)	Nine months ended December 31, 2020		Nine months ended December 31, 2021		Nine months ended December 31, 2022	
<b>Net Sales</b>	110.0%		89.4%		98.2%	
<b>Customers</b>	106.6%		87.0%		93.9%	
<b>Customer average</b>	103.1%		102.7%		104.6%	

## Segments

Net Sales (Millions of yen)	Nine months ended December 31, 2020			Nine months ended December 31, 2021			Nine months ended December 31, 2022		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	84,443	113.8%	45.2%	75,479	89.4%	46.6%	74,566	98.8%	46.8%
Household goods	50,227	107.6%	26.9%	41,119	81.9%	25.4%	40,741	99.1%	25.6%
Furniture and home fashion goods	37,122	106.1%	19.9%	32,114	86.5%	19.8%	30,848	96.1%	19.4%
Others	15,098	99.8%	8.0%	13,277	87.9%	8.2%	13,140	99.0%	8.2%
<b>Total</b>	<b>186,892</b>	<b>109.3%</b>	<b>100.0%</b>	<b>161,991</b>	<b>86.7%</b>	<b>100.0%</b>	<b>159,297</b>	<b>98.3%</b>	<b>100.0%</b>
Gross profit (Millions of yen)	Nine months ended December 31, 2020			Nine months ended December 31, 2021			Nine months ended December 31, 2022		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	30,505	119.1%	36.1%	27,102	88.8%	35.9%	26,953	99.5%	36.1%
Household goods	14,646	117.0%	29.2%	12,047	82.3%	29.3%	11,575	96.1%	28.4%
Furniture and home fashion goods	14,770	109.0%	39.8%	13,276	89.9%	41.3%	12,478	94.0%	40.4%
Others	4,632	106.7%	30.7%	4,047	87.4%	30.5%	3,944	97.5%	30.0%
<b>Total</b>	<b>64,553</b>	<b>115.2%</b>	<b>34.5%</b>	<b>56,473</b>	<b>87.5%</b>	<b>34.9%</b>	<b>54,953</b>	<b>97.3%</b>	<b>34.5%</b>

## Number of Stores by Area and Business Type

Number of Stores at the End of the Term	Nine months ended December 31, 2020			Nine months ended December 31, 2021			Nine months ended December 31, 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
<b>Kyushu</b>	84	106	3	82	106	3	82	106	3
<b>Chugoku and Shikoku</b>	33	52	1	33	52	1	33	51	1
<b>Kansai</b>	17	21	5	16	22	7	16	23	9
<b>Chubu</b>	9	13	1	9	13	1	9	14	2
<b>Kanto and Tohoku</b>	3	9	2	3	9	2	3	9	2
<b>Total</b>	146	201	12	143	202	14	143	203	17
	<b>359</b>			<b>359</b>			<b>363</b>		

# Balance Sheets

Items (Millions of yen)	Fiscal Year Ended March 31, 2021			Fiscal Year Ended March 31, 2022			Nine months ended December 31, 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)	245,465	105.3%	12,389
<b>Current assets</b>	102,419	119.5%	16,681	100,744	98.4%	(1,675)	112,179	111.4%	11,435
<b>Of which, cash and deposits</b>	40,984	169.4%	16,793	34,111	83.2%	(6,872)	40,762	119.5%	6,651
<b>Non-current assets</b>	133,744	98.9%	(1,554)	132,331	98.9%	(1,413)	133,285	100.7%	953
<b>Of which, property, plant and equipment</b>	119,942	98.9%	(1,359)	118,557	98.8%	(1,384)	119,534	100.8%	976
<b>Liabilities</b>	83,342	105.9%	4,629	75,312	90.4%	(8,029)	83,243	110.5%	7,931
<b>Interest-bearing liabilities</b>	22,038	91.1%	(2,156)	20,293	92.1%	(1,744)	19,328	95.2%	(964)
<b>Net assets</b>	152,821	107.4%	10,497	157,763	103.2%	4,941	162,221	102.8%	4,458
	Fiscal Year Ended March 31, 2021			Fiscal Year Ended March 31, 2022			Nine months ended December 31, 2022		
<b>Cash and deposit ratio (%)</b>	17.4%			14.6%			16.6%		
<b>Ratio of interest- bearing liabilities (%)</b>	9.3%			8.7%			7.9%		
<b>Equity ratio (%)</b>	64.7%			67.7%			66.1%		

## Stock (Full-year)

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

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.

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