

Financial Results Briefing Material for the Three Months Ended June 30, 2023

(April 01, 2023 – June 30, 2023)

July 31, 2023
NAFCO Corporation
(Securities Code: 2790)

Financial Results for the Three Months Ended June 30, 2023

(April 01, 2023 – June 30, 2023)

Statements of Income for the Three Months Ended June 30, 2023

(Millions of yen)

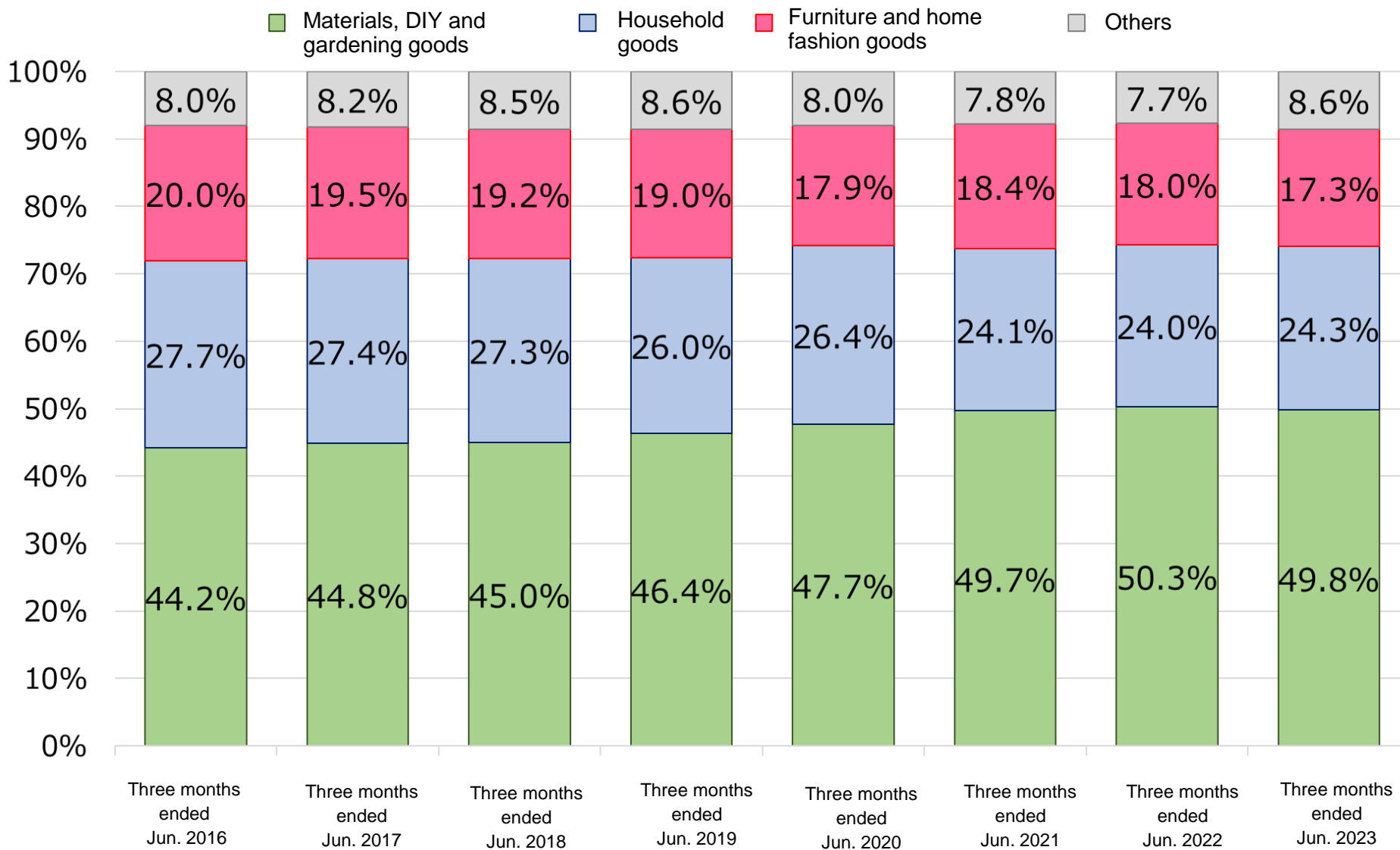
| | Three months ended June 30, 2022 | % of sales | Three months ended June 30, 2023 | % of sales | YoY Change |
|---|-------------------------------------|---------------|-------------------------------------|---------------|---------------|
| Net sales | 53,961 | 100.0% | 51,732 | 100.0% | 95.9% |
| Gross profit | 18,934 | 35.1% | 17,434 | 33.7% | 92.1% |
| Operating gross profit | 19,020 | 35.2% | 17,517 | 33.9% | 92.1% |
| Selling, general and administrative expenses | 14,725 | 27.3% | 14,915 | 28.8% | 101.3% |
| Operating profit | 4,295 | 8.0% | 2,602 | 5.0% | 60.6% |
| Ordinary profit | 4,394 | 8.1% | 2,688 | 5.2% | 61.2% |
| Profit | 2,766 | 5.1% | 1,619 | 3.1% | 58.5% |

Balance Sheets

(Millions of yen)

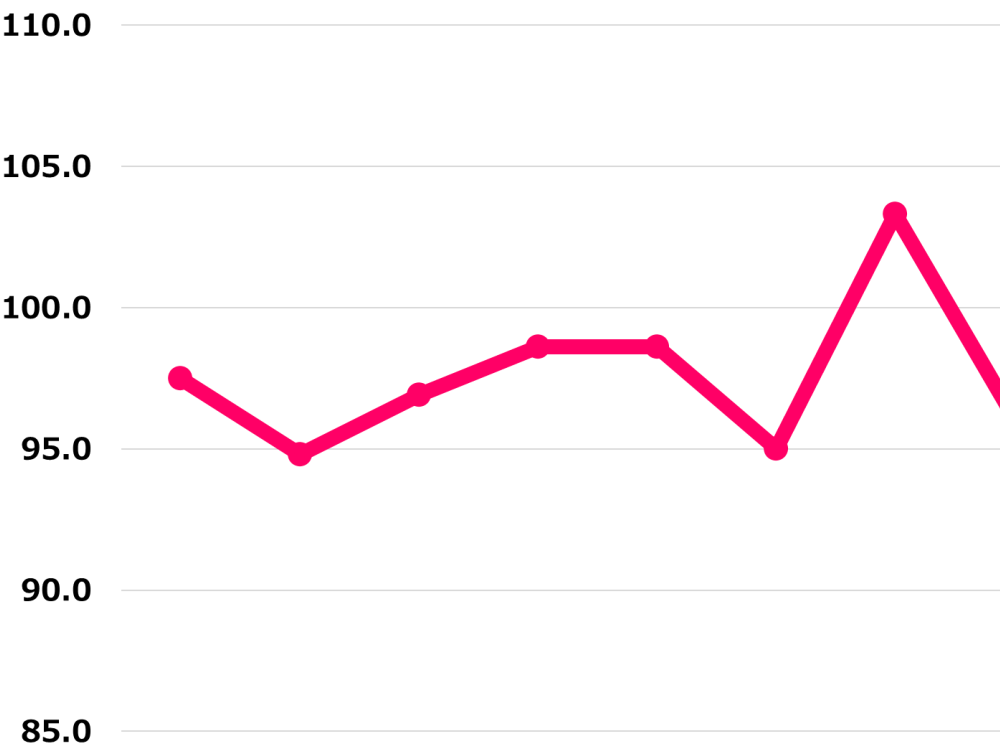
| | Fiscal Year Ended March 31, 2023 | Three months ended June 30, 2023 | Change From the End of the Previous Fiscal Year |
|---|-------------------------------------|-------------------------------------|---|
| Total assets | 238,408 | 241,402 | +2,993 |
| Current assets | 105,748 | 108,373 | +2,625 |
| Of which, cash and deposits | 36,123 | 38,036 | 1,913 |
| Non-current assets | 132,660 | 133,028 | +368 |
| Of which, property, plant and equipment | 119,010 | 119,441 | +431 |
| Liabilities | 76,594 | 78,744 | +2,149 |
| Of which, interest-bearing liabilities (short-term borrowings, current portion of long-term borrowings, long-term borrowings) | 19,033 | 18,843 | (189) |
| Net assets | 161,813 | 162,657 | +843 |
| Cash and deposit ratio (%) | 15.2 | 15.8 | |
| Ratio of interest-bearing liabilities (%) | 8.0 | 7.8 | |
| Equity ratio (%) | 67.9 | 67.4 | |
| Current ratio (%) | 167.3 | 166.3 | |
| Non-current ratio (%) | 82.0 | 81.8 | |

Trends in Sales Composition by Product



Trends in Existing Stores

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



Three months ended June 30, 2023
cumulative
(existing stores)

Net sales : 95.8%
Customers : 92.0%
Customer average : 104.1%

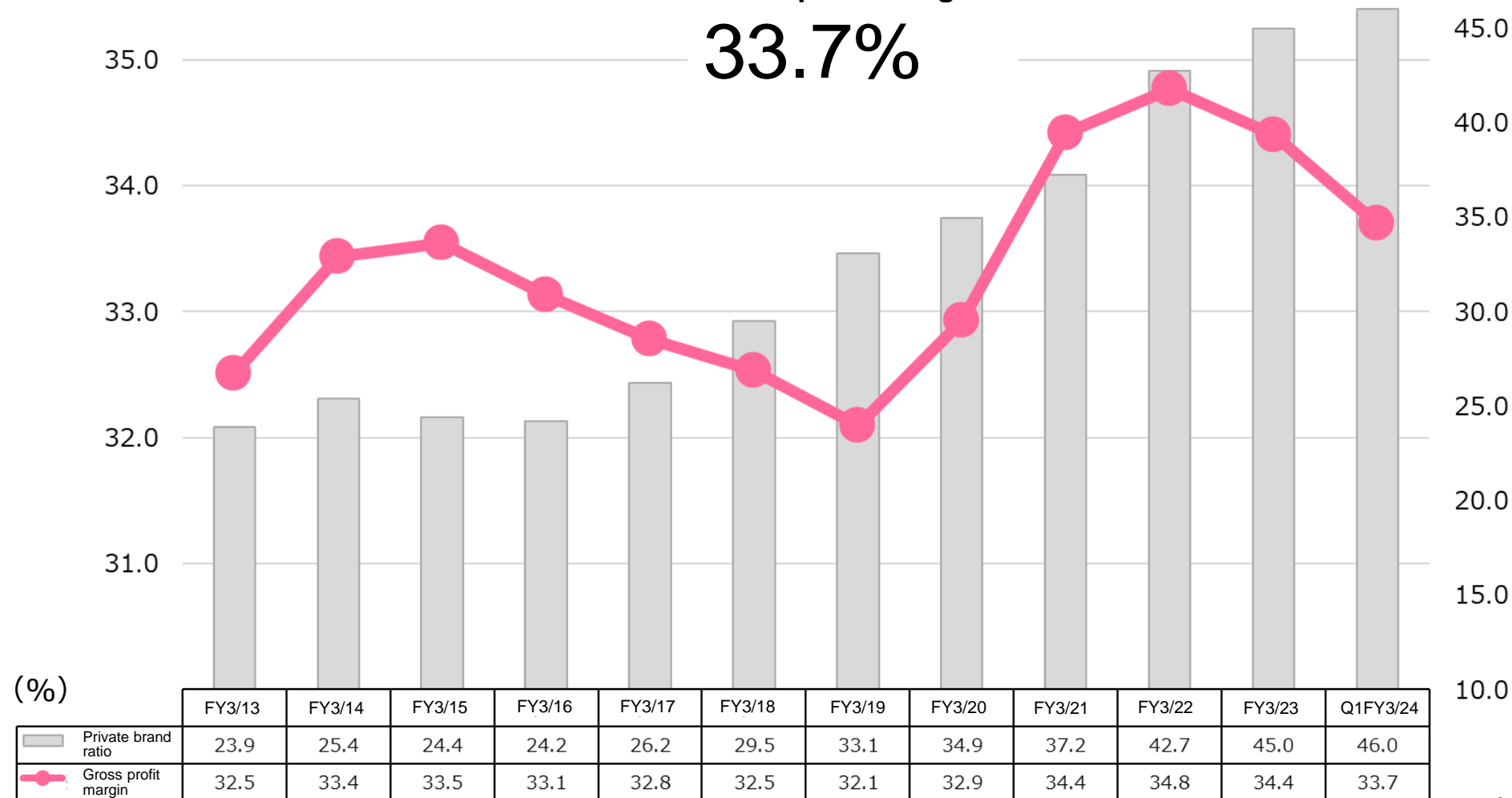
| | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | Jun. |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales | 97.5 | 94.8 | 96.9 | 98.6 | 98.6 | 95.0 | 103.3 | 96.1 | 101.3 | 95.0 | 96.1 | 96.5 | 97.9 | 94.1 | 95.2 |
| Customers | 92.5 | 92.4 | 91.0 | 93.7 | 94.7 | 90.3 | 98.6 | 92.8 | 95.9 | 92.7 | 94.3 | 93.1 | 93.9 | 88.9 | 93.6 |
| Customer average | 105.3 | 102.6 | 106.4 | 105.1 | 104.1 | 105.1 | 104.7 | 103.5 | 105.5 | 102.4 | 101.9 | 103.7 | 104.3 | 105.8 | 101.7 |

Trends in Gross Profit Margin at the End of the Term

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

Three months ended
June 30, 2023
Gross profit margin

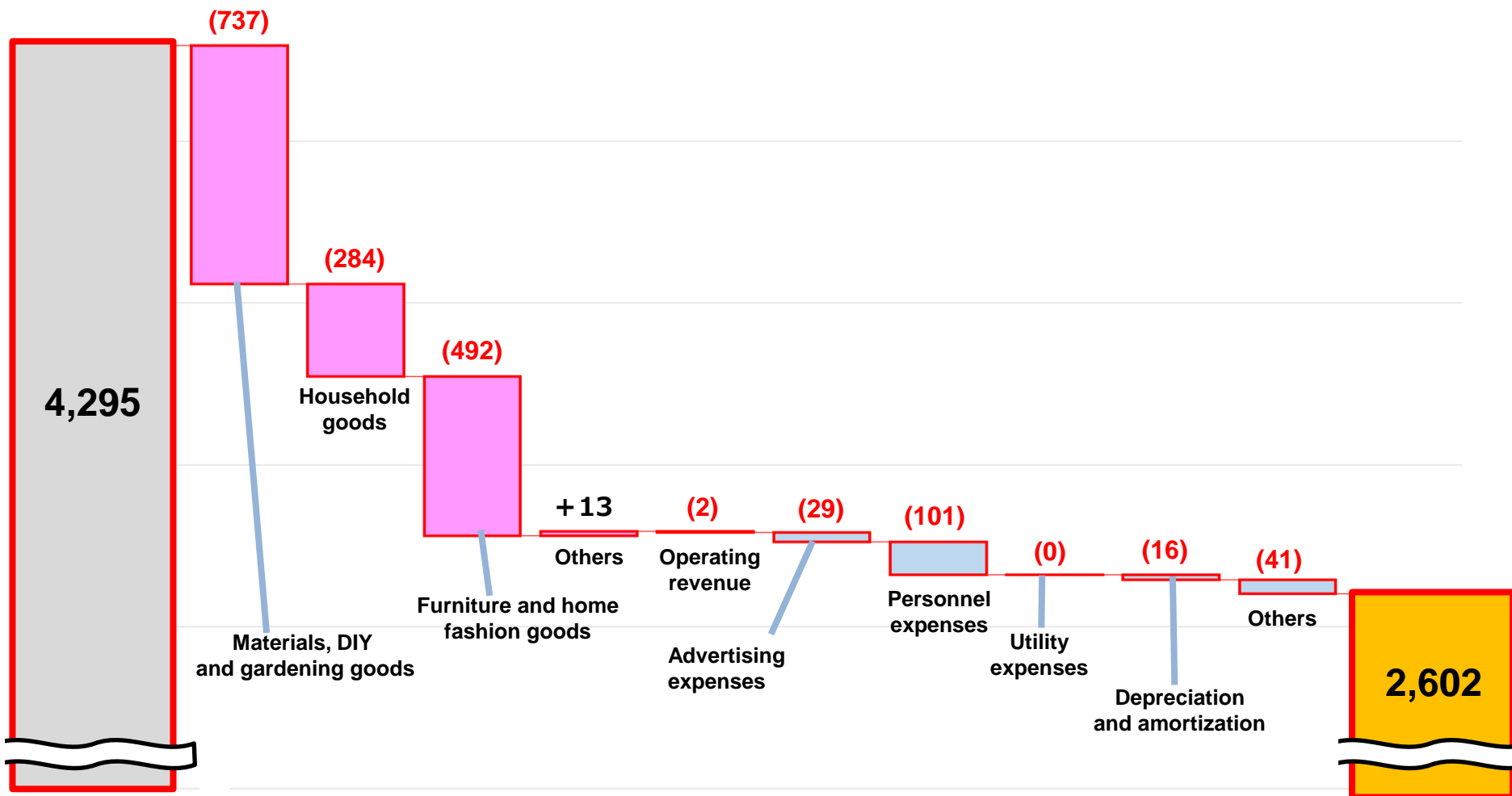
33.7%



Factors for a Change in Operating Profit

(Millions of yen)

■ Gross profit
 ■ Selling, general and administrative expenses



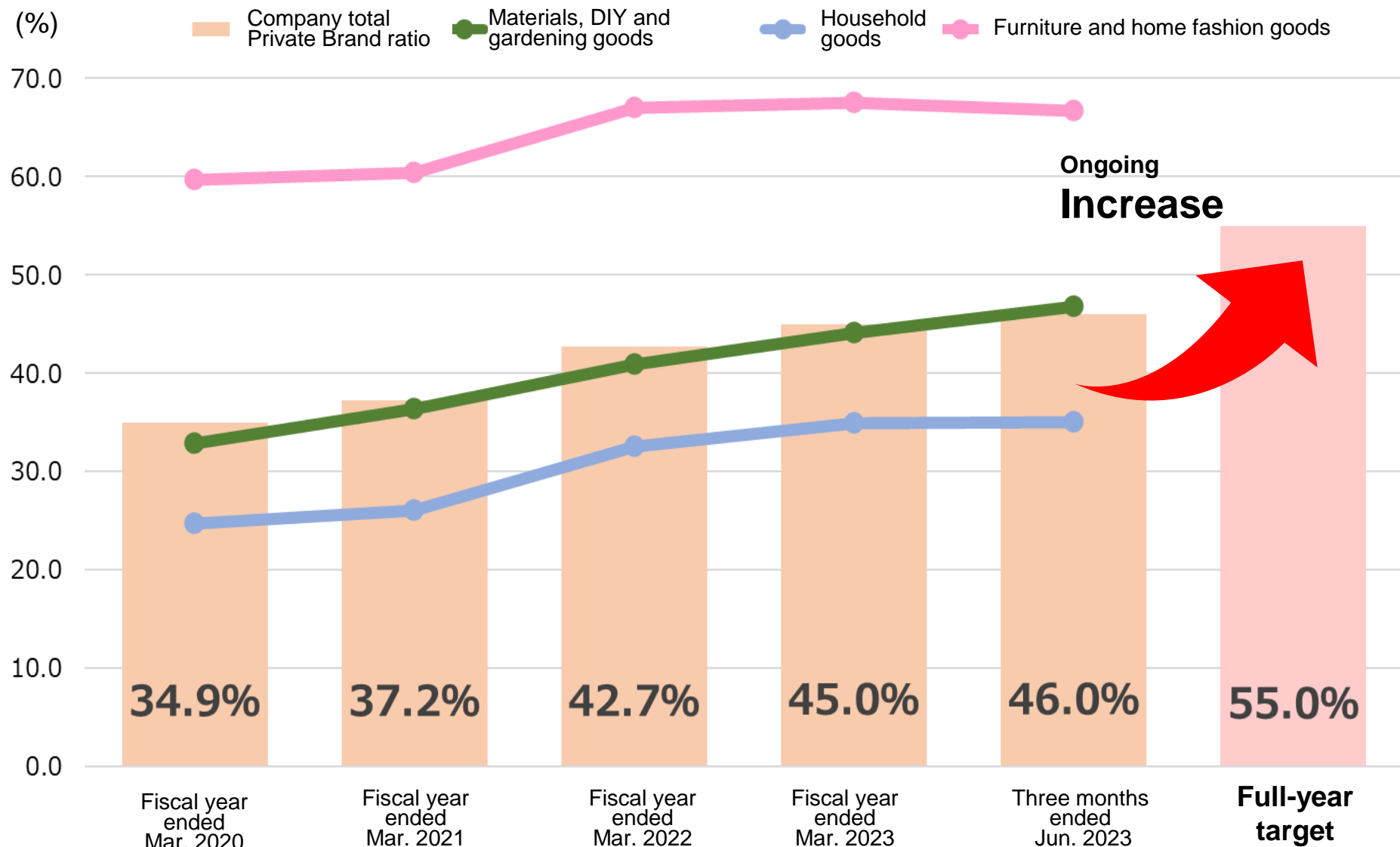
Three months ended June 30, 2022
Operating profit

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Three months ended June 30, 2023
Operating profit

<http://www.nafco.tv>

Trends in Private Brand Ratio at the End of the Term



Rechargeable Handy Pole Chainsaw

高木の太枝から幹の剪定まで!

これ
1台で **簡単お手入れ!!**



**強力バッテリーで
軽く切れる!**

はずし
使える

最大
切断径 **120mm**

重量 **2.6kg**

満充電時
切断本数 **180本**

18V

連続運転時間
(無負荷時/目安)
約45分
充電時間 約60分



18Vバッテリー・
充電器付

刈払機の
選び方

あなたに最適な刈払機を見つけましょう!

刈払機には、様々なタイプがあります。目的に沿った刈払機を使用することで、作業がより安全で効率的に行えるようになります。



パワフルなのに排ガスゼロ、燃料ゼロ

ナフコは充電技術で環境負荷の最小限化に貢献します



Towels and Slippers

Organic cotton



Bamboo slippers



Bamboo materials that absorb heat from the soles and keeps them cool



Natural materials and rush grass that feel like summer

Living Room Sofa

NF Sei series



リビングソファ
NFセイ-TN 2P
00107907 /CGY
148×80.5×85cm 税込 ¥39,900



リビングソファ
NFセイ-TN 3P
00107914 /GY
178×80.5×85cm 税込 ¥49,900



マルチソファ
NFセイマルチ
0030941 /LGY
195×137.5×85cm 税込 ¥49,900



マルチソファ
NFセイ-TN
00107945 /CGY
195×137.5×85cm 税込 ¥59,900



[Features]:

- The seat has pocket coils, and the coils in each pocket provide comfortable support for the body
- The stool is movable and designed for efficient use of the room without waste

Summer Catalog 2023



Store Openings and Expansion/Renovation (Expansion/Renovation)

Washinomiya Store



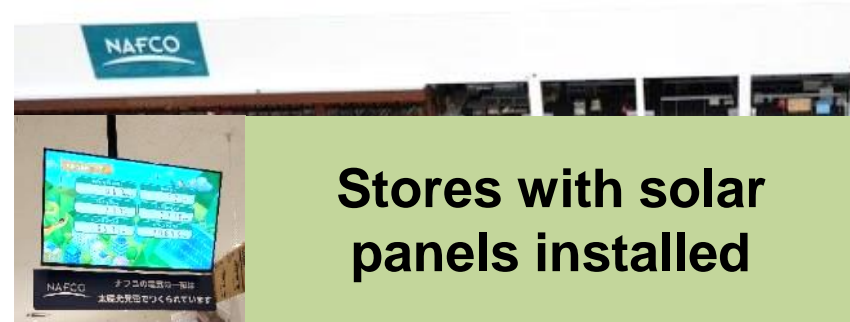
| | Store Name | Opening | Location | Store style |
|--------------------------|-----------------|---------|-----------|---------------------------------|
| New Stores | Nogata | June | Fukuoka | Home center |
| | Ube (Furniture) | April | Yamaguchi | Furniture house (TWO-ONE STYLE) |
| Expansion/ Renovation | Washinomiya | May | Saitama | Home center |

Ube Store (Furniture)



Store Openings and Expansion/Renovation (New Stores)

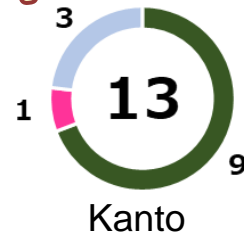
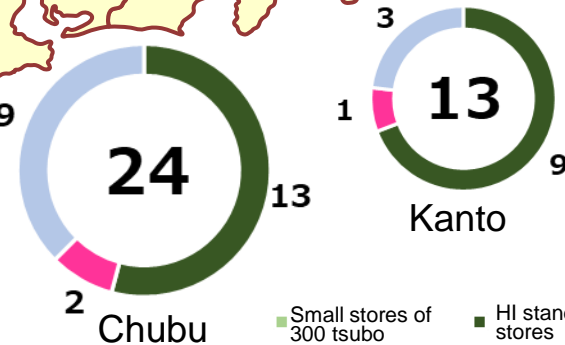
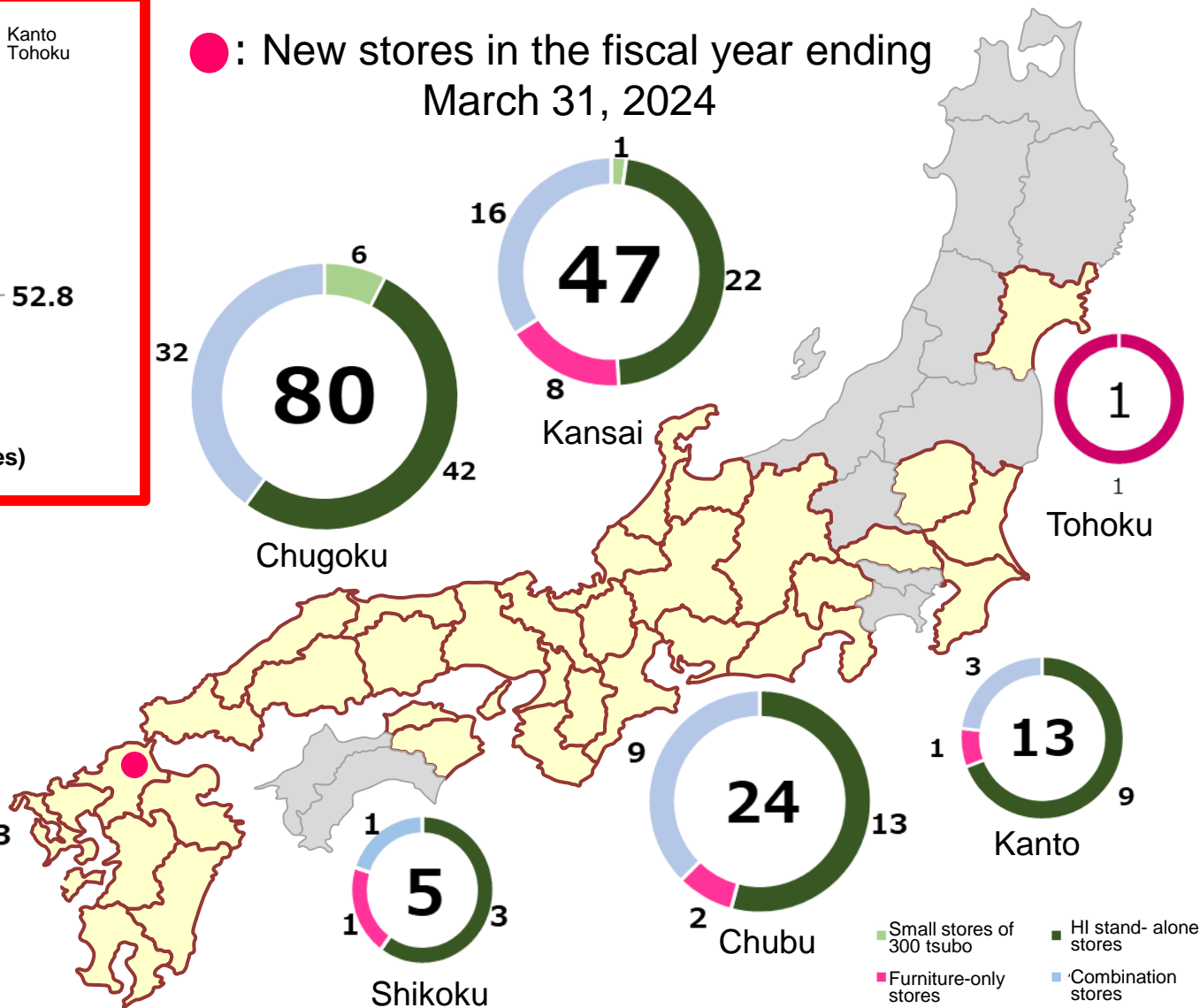
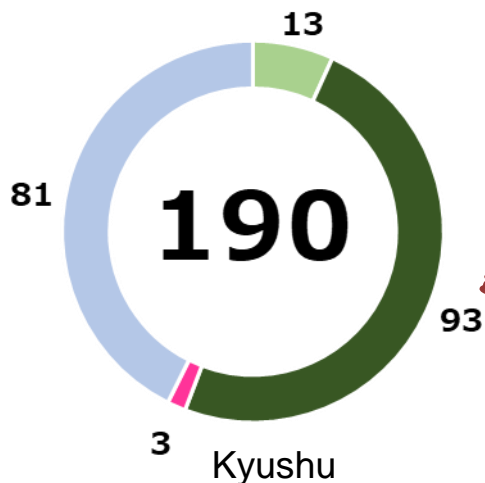
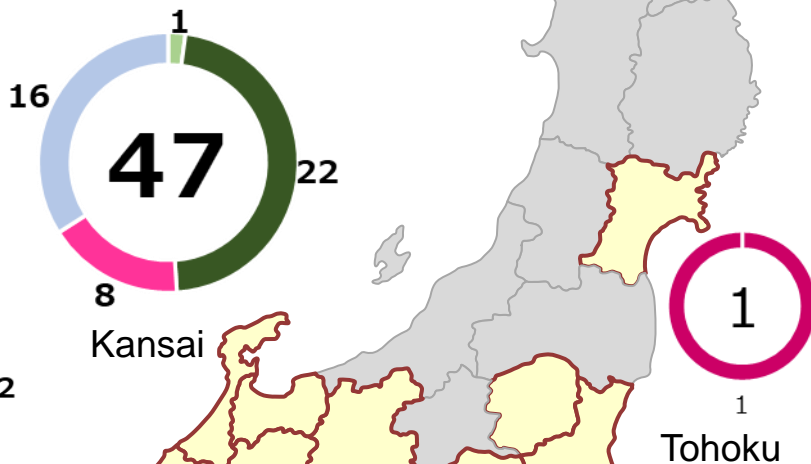
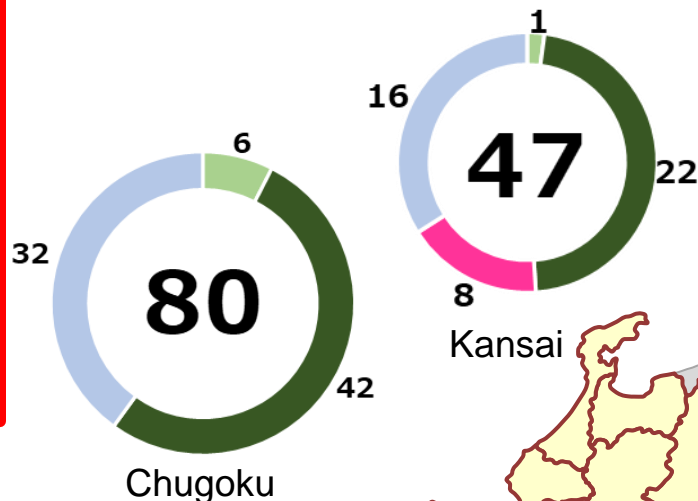
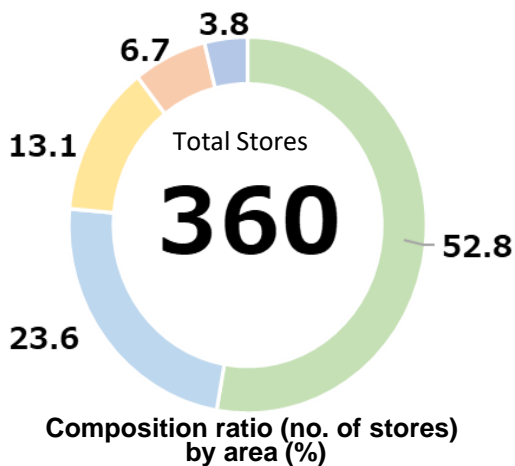
Nogata Store (HC)



Number of Stores by Area

●: New stores in the fiscal year ending March 31, 2024

■ Kyushu ■ Chugoku Shikoku ■ Kansai ■ Chubu ■ Kanto Tohoku



■ Small stores of 300 tsubo ■ HI stand-alone stores
 ■ Furniture-only stores ■ Combination stores

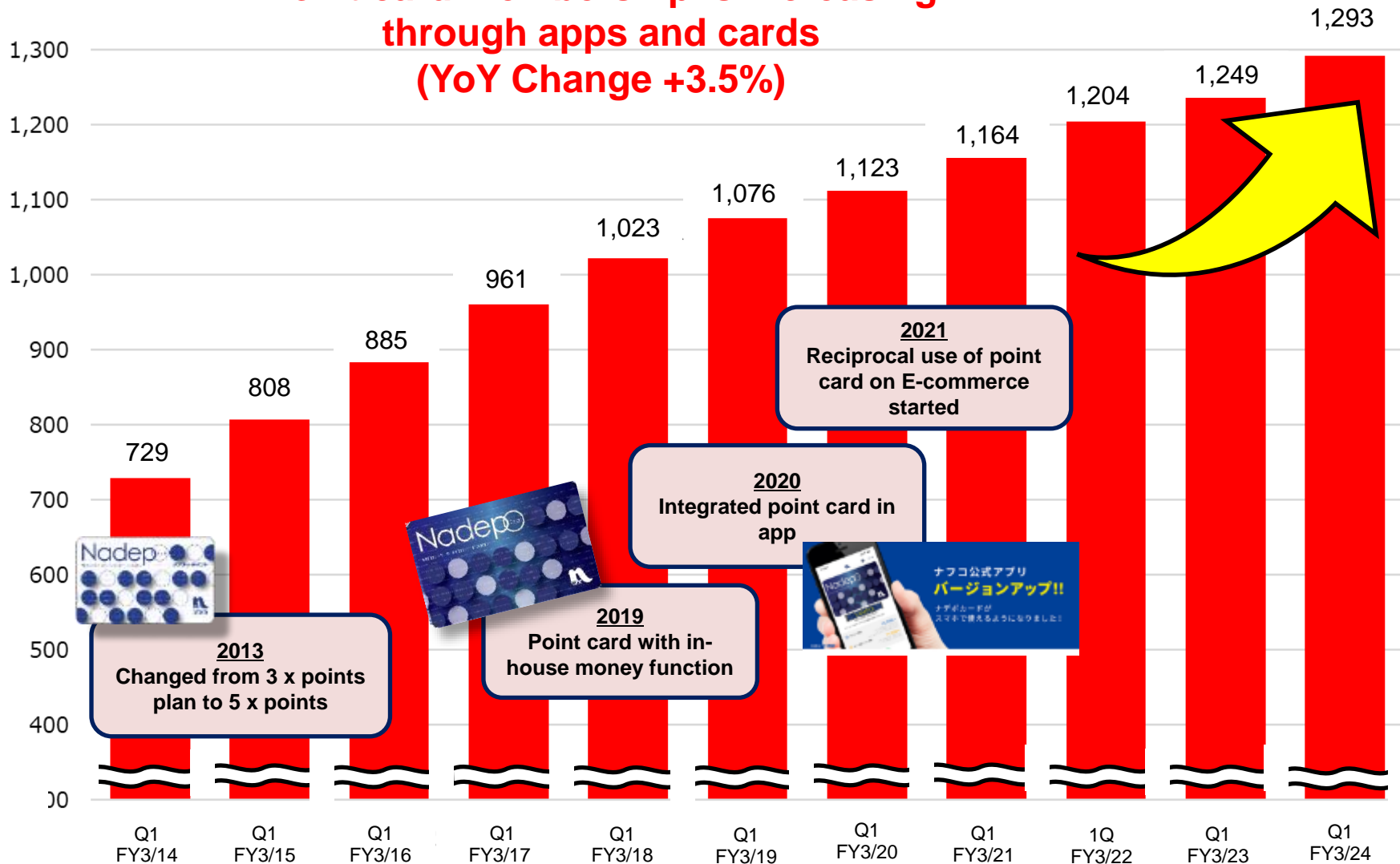
Business Growth Status

| | 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 |
| Combination store | 39.4% | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | 13,000 square meters or more | 200,000 |
| Home center | 50.6% | <input type="radio"/> | <input type="radio"/> | (some products) | <input type="radio"/> | 7,000 square meters, 10,000 square meters or more | 100,000 |
| Furniture only store | 5.6% | | | <input type="radio"/> | | 7,000 square meters | 300,000 |

Number of Point Card Members

(Ten thousand people)

**Point card membership is increasing
through apps and cards
(YoY Change +3.5%)**



Forecast for the Fiscal Year Ending March 31, 2024

(April 01, 2023 – March 31, 2024)

[Revision from information disclosed in April 2023 : None]

Forecast for the Fiscal Year Ending March 31, 2024

(Millions of yen)

| | Full-year (Plan) | % of sales | YoY Change (%) | Fiscal year ended March 31, 2023 (Results) | % of sales | Fiscal year ended March 31, 2022 (Results) | % of sales |
|------------------|--------------------------|---------------|----------------------|---|---------------|---|---------------|
| Net sales | 201,000 | 100.0% | 99.4% | 202,259 | 100.0% | 206,549 | 100.0% |
| Operating profit | 9,450 | 4.7% | 102.5% | 9,219 | 4.6% | 12,002 | 5.8% |
| Ordinary profit | 9,890 | 4.9% | 102.4% | 9,760 | 4.8% | 12,572 | 6.1% |
| Profit | 5,770 | 2.9% | 102.3% | 5,639 | 2.8% | 7,961 | 3.9% |
| Annual dividends | 58 yen (forecast) | | | 56 yen | | 56 yen | |

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, 2021 | | | Three months ended June 30, 2022 | | | Three months ended June 30, 2023 | | |
|---|---|---------------|---------------|---|---------------|---------------|---|---------------|---------------|
| | Results | YoY Change | % of sales | Results | YoY Change | % of sales | Results | YoY change | % of sales |
| Net sales | 56,238 | 86.3% | 100.0% | 53,961 | 96.0% | 100.0% | 51,732 | 95.9% | 100.0% |
| Gross profit | 19,565 | 86.6% | 34.8% | 18,934 | 96.8% | 35.1% | 17,434 | 92.1% | 33.7% |
| Operating gross profit | 19,648 | - | 34.9% | 19,020 | 96.8% | 35.2% | 17,517 | 92.1% | 33.9% |
| Selling, general and administrative expenses | 15,191 | 101.1% | 27.0% | 14,725 | 96.9% | 27.3% | 14,915 | 101.3% | 28.8% |
| Operating profit | 4,456 | 58.9% | 7.9% | 4,295 | 96.4% | 8.0% | 2,602 | 60.6% | 5.0% |
| Ordinary profit | 4,541 | 59.2% | 8.1% | 4,394 | 96.8% | 8.1% | 2,688 | 61.2% | 5.2% |
| Profit | 2,817 | 59.7% | 5.0% | 2,766 | 98.2% | 5.1% | 1,619 | 58.5% | 3.1% |
| Existing Stores (YoY Change) | Three months ended June 30, 2021 | | | Three months ended June 30, 2022 | | | Three months ended June 30, 2023 | | |
| Net sales | 87.8% | | | 95.8% | | | 95.8% | | |
| Customers | 84.5% | | | 92.0% | | | 92.0% | | |
| Customer average | 103.8% | | | 104.1% | | | 104.1% | | |

Segments

| Net sales (Millions of yen) | Three months ended June 30, 2021 | | | Three months ended June 30, 2022 | | | Three months ended June 30, 2023 | | |
|------------------------------------|-------------------------------------|---------------|---------------|-------------------------------------|---------------|---------------|-------------------------------------|---------------|---------------|
| | Results | YoY Change | % of sales | Results | YoY Change | % of sales | Results | YoY Change | % of Sales |
| Materials, DIY and gardening goods | 27,962 | 90.0% | 49.7% | 27,136 | 97.0% | 50.3% | 25,769 | 95.0% | 49.8% |
| Household goods | 13,567 | 78.8% | 24.1% | 12,924 | 95.3% | 24.0% | 12,588 | 97.4% | 24.3% |
| Furniture and home fashion goods | 10,361 | 89.1% | 18.4% | 9,708 | 93.7% | 18.0% | 8,968 | 92.4% | 17.3% |
| Others | 4,347 | 82.9% | 7.8% | 4,191 | 96.4% | 7.7% | 4,405 | 105.1% | 8.6% |
| Total | 56,238 | 86.3% | 100.0% | 53,961 | 96.0% | 100.0% | 51,732 | 95.9% | 100.0% |
| Gross profit (Millions of yen) | Three months ended June 30, 2021 | | | Three months ended June 30, 2023 | | | Three months ended June 30, 2023 | | |
| | Results | YoY Change | % of Sales | Results | YoY Change | % of Sales | Results | YoY Change | % of sales |
| Materials, DIY and gardening goods | 9,961 | 89.1% | 35.6% | 9,838 | 98.8% | 36.3% | 9,101 | 92.5% | 35.3% |
| Household goods | 3,922 | 78.4% | 28.9% | 3,692 | 94.1% | 28.6% | 3,407 | 92.3% | 27.1% |
| Furniture and home fashion goods | 4,350 | 91.0% | 42.0% | 4,118 | 94.7% | 42.4% | 3,625 | 88.0% | 40.4% |
| Others | 1,332 | 81.2% | 30.6% | 1,286 | 96.5% | 30.7% | 1,299 | 101.1% | 29.5% |
| Total | 19,565 | 86.6% | 34.8% | 18,934 | 96.8% | 35.1% | 17,434 | 91.6% | 33.7% |

Number of Stores by Area and Business Type

| Number of Stores at the End of the Term | Three months ended June 30, 2021 | | | Three months ended June 30, 2022 | | | Three months ended June 30, 2023 | | |
|---|-------------------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|------------------------------|
| | 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 | 82 | 106 | 3 | 82 | 106 | 3 | 81 | 106 | 3 |
| Chugoku and Shikoku | 33 | 52 | 1 | 33 | 52 | 1 | 33 | 51 | 1 |
| Kansai | 17 | 21 | 6 | 16 | 22 | 7 | 16 | 23 | 8 |
| Chubu | 9 | 13 | 1 | 9 | 13 | 2 | 9 | 13 | 2 |
| Kanto and Tohoku | 3 | 9 | 2 | 3 | 9 | 2 | 3 | 9 | 2 |
| Total | 144 | 201 | 13 | 143 | 202 | 15 | 142 | 202 | 16 |
| | 358 | | | 360 | | | 360 | | |

Balance Sheets

| Items (Millions of yen) | Fiscal Year Ended March 31, 2022 | | | Fiscal Year Ended March 31, 2023 | | | Three months ended June 30, 2023 | | |
|---|----------------------------------|--|--|----------------------------------|--|--|-------------------------------------|--|--|
| | 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 |
| Total assets | 233,075 | 98.7% | (3,088) | 238,408 | 102.3% | +5,333 | 241,402 | 101.3% | +2,993 |
| Current assets | 100,744 | 98.4% | (1,675) | 105,748 | 105.0% | +5,003 | 108,373 | 102.5% | +2,625 |
| Of which, cash and deposits | 34,111 | 83.2% | (6,872) | 36,123 | 105.9% | +2,011 | 38,036 | 105.3% | +1,913 |
| Non-current assets | 132,331 | 98.9% | (1,413) | 132,660 | 100.2% | +329 | 133,028 | 100.3% | +368 |
| Of which, property, plant and equipment | 118,557 | 98.8% | (1,384) | 119,010 | 100.4% | +452 | 119,441 | 100.4% | +431 |
| Liabilities | 75,312 | 90.4% | (8,029) | 76,594 | 101.7% | +1,282 | 78,744 | 102.8% | +2,149 |
| Interest-bearing liabilities | 20,293 | 92.1% | (1,744) | 19,033 | 93.8% | (1,259) | 18,843 | 99.0% | (189) |
| Net assets | 157,763 | 103.2% | 4,941 | 161,813 | 102.6% | 4,050 | 162,657 | 100.5% | +843 |
| | Fiscal Year Ended March 31, 2022 | | | Fiscal Year Ended March 31, 2023 | | | Three months ended June 30, 2023 | | |
| Cash and deposit ratio (%) | 14.6% | | | 15.2% | | | 15.8% | | |
| Ratio of interest- bearing liabilities (%) | 8.7% | | | 8.0% | | | 7.8% | | |
| Equity ratio (%) | 67.7% | | | 67.9% | | | 67.4% | | |

Stock (Full-year)

| | Fiscal Year Ended March 31, 2021 | Fiscal Year Ended March 31, 2022 | Fiscal Year Ended March 31, 2023 |
|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 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 (yen) | 5,350 | 5,523 | 5,665 |
| Dividend per Share (yen) | 50 | 56 | 56 |
| Earnings per Share (yen) | 409 | 279 | 197 |
| Payout Ratio | 12.2% | 20.1% | 28.4 |

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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)