

**Financial Results Briefing Material
for the Six Months Ended September 30, 2023**
(April 01, 2023 – September 30, 2023)

October 30, 2023
NAFCO Corporation
(Securities Code: 2790)

Financial Results for the Six Months Ended September 30, 2023

(April 01, 2023 – September 30, 2023)

Statements of Income for the Six Months Ended September 30, 2023

(Millions of yen)

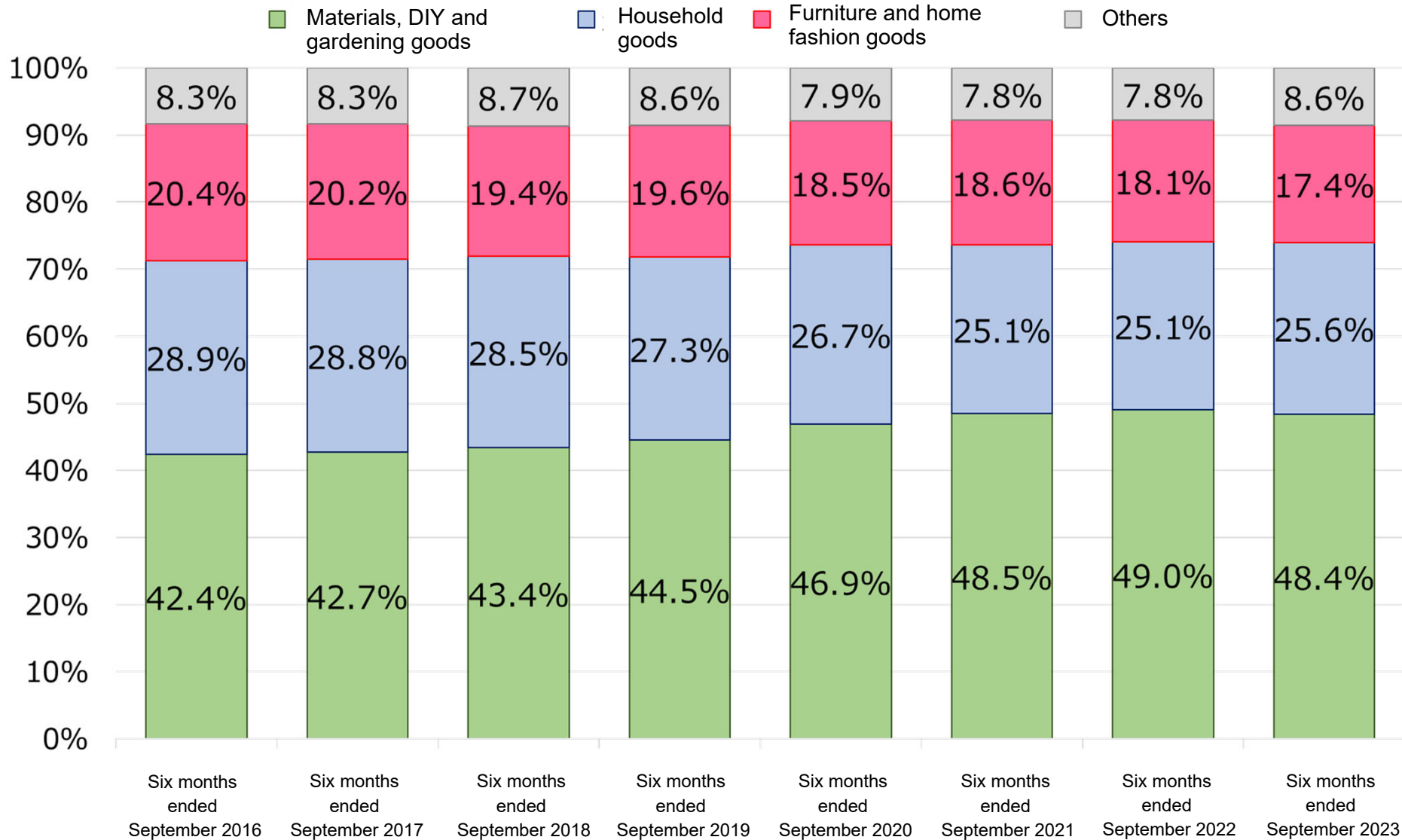
	Six months ended September 30, 2022	% of sales	Six months ended September 30, 2023	% of sales	YoY Change
Net sales	104,629	100.0%	101,033	100.0%	96.6%
Gross profit	36,512	34.9%	34,021	33.7%	93.2%
Operating gross profit	36,701	35.1%	34,199	33.9%	93.2%
Selling, general and administrative expenses	30,078	28.7%	30,165	29.9%	100.3%
Operating profit	6,622	6.3%	4,033	4.0%	60.9%
Ordinary profit	6,831	6.5%	4,209	4.2%	61.6%
Profit	4,203	4.0%	2,487	2.5%	59.2%

Balance Sheets

(Millions of yen)

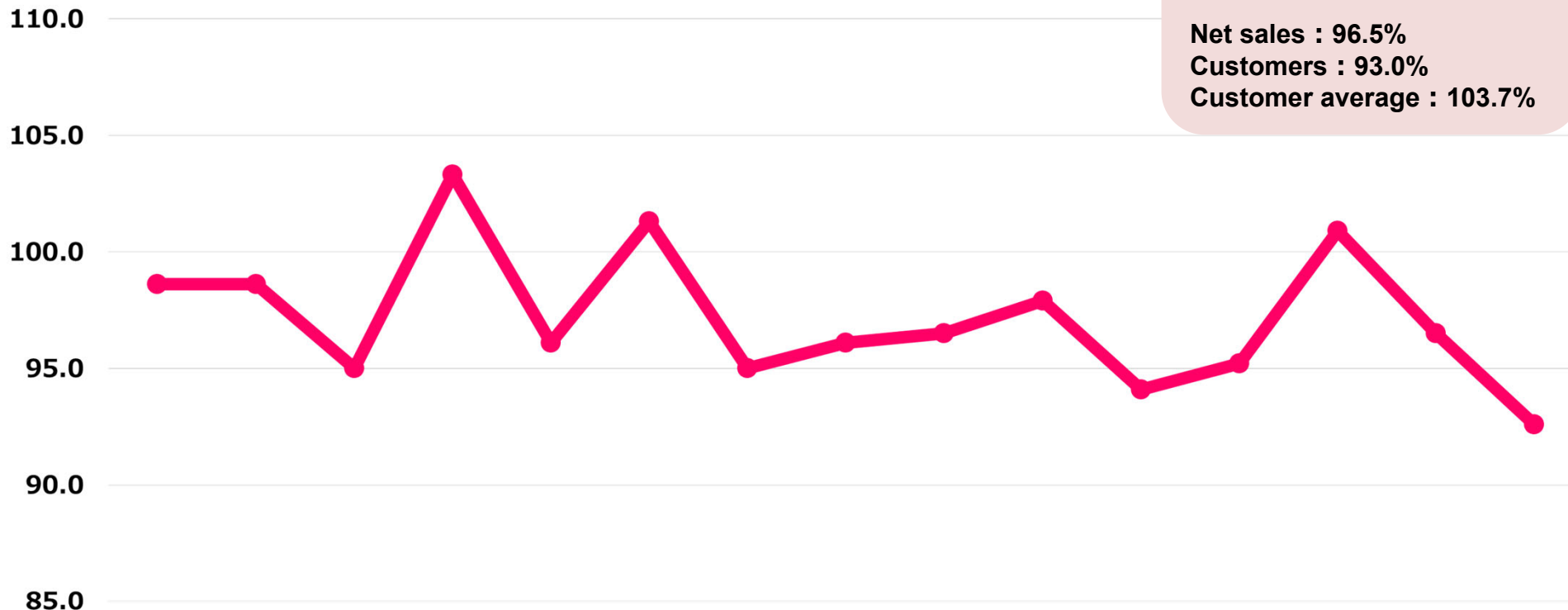
	Fiscal Year Ended March 31, 2023	Six months ended September 30, 2023	Change From the End of the Previous Fiscal Year
Total assets	238,408	239,190	+781
Current assets	105,748	106,540	+792
Of which, cash and deposits	36,123	40,133	+4,010
Non-current assets	132,660	132,649	(10)
Of which, property, plant and equipment	119,010	119,080	+69
Liabilities	76,594	75,637	(957)
Of which, interest-bearing liabilities (short-term borrowings, current portion of long-term borrowings, long-term borrowings)	19,033	18,808	(224)
Net assets	161,813	163,553	+1,739
Cash and deposit ratio (%)	15.2	15.8	
Ratio of interest-bearing liabilities (%)	8.0	7.9	
Equity ratio (%)	67.9	68.4	
Current ratio (%)	167.3	172.3	
Non-current ratio (%)	82.0	81.1	

Trends in Sales Composition by Product



Trends in Existing Stores

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



Six months ended
September 30, 2023 cumulative
(existing stores)

Net sales : 96.5%
Customers : 93.0%
Customer average : 103.7%

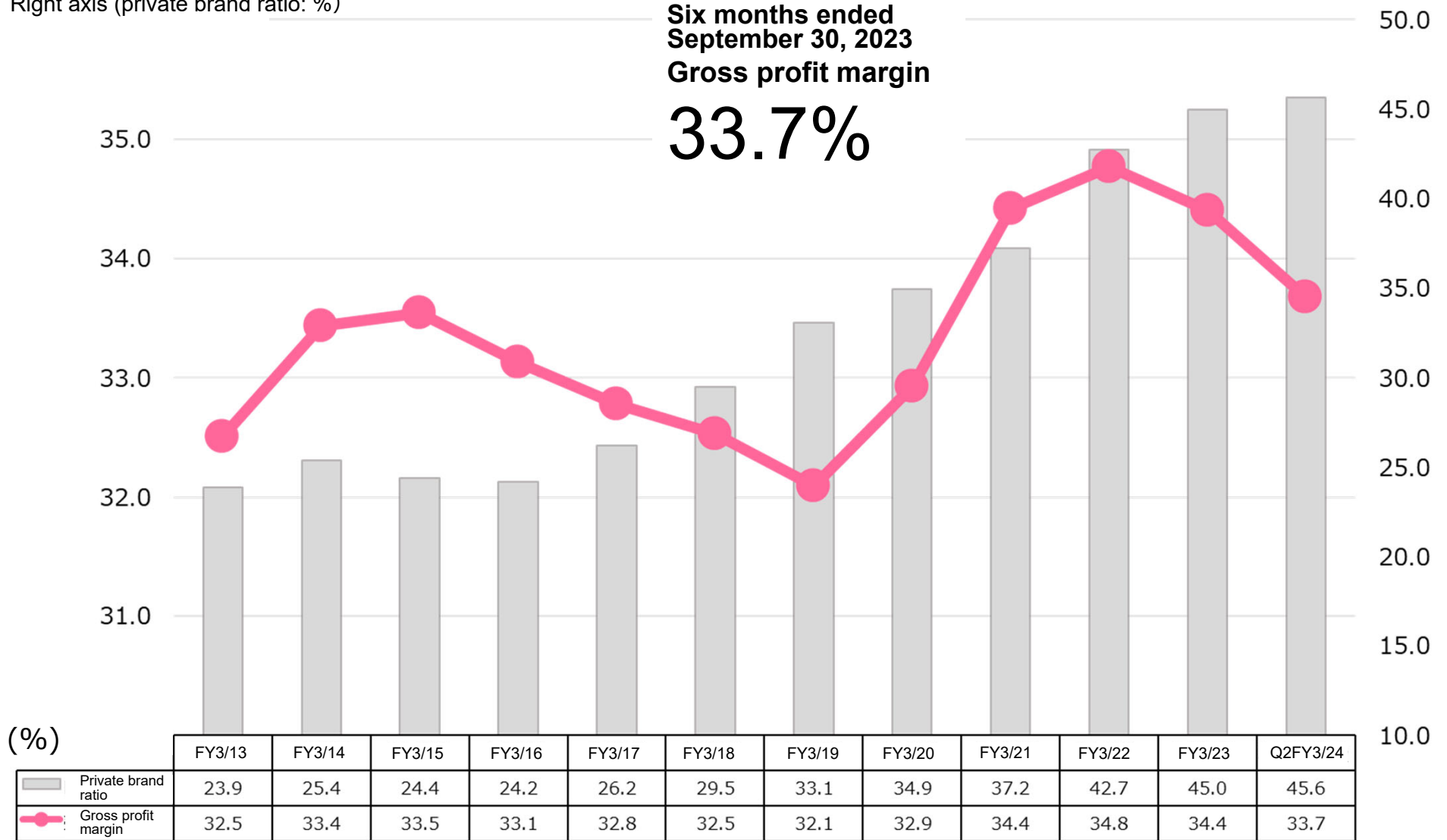
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Sales	98.6	98.6	95.0	103.3	96.1	101.3	95.0	96.1	96.5	97.9	94.1	95.2	100.9	96.5	92.6
Customers	93.7	94.7	90.3	98.6	92.8	95.9	92.7	94.3	93.1	93.9	88.9	93.6	97.0	93.6	90.3
Customer average	105.1	104.1	105.1	104.7	103.5	105.5	102.4	101.9	103.7	104.3	105.8	101.7	103.9	103.1	102.5

Trends in Gross Profit Margin at the End of the Term

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

Six months ended
 September 30, 2023
 Gross profit margin

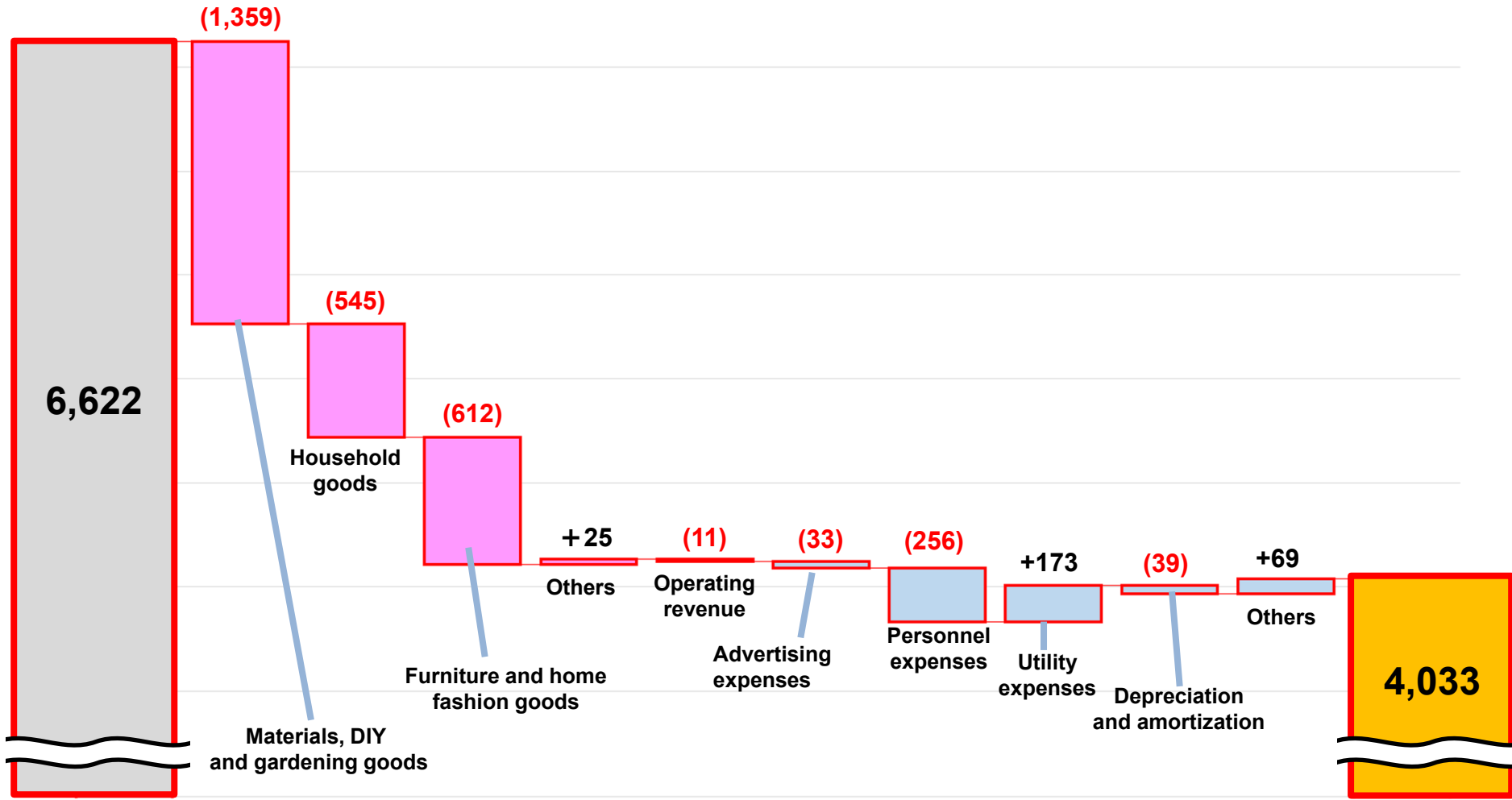
33.7%



Factors for a Change in Operating Profit

(Millions of yen)

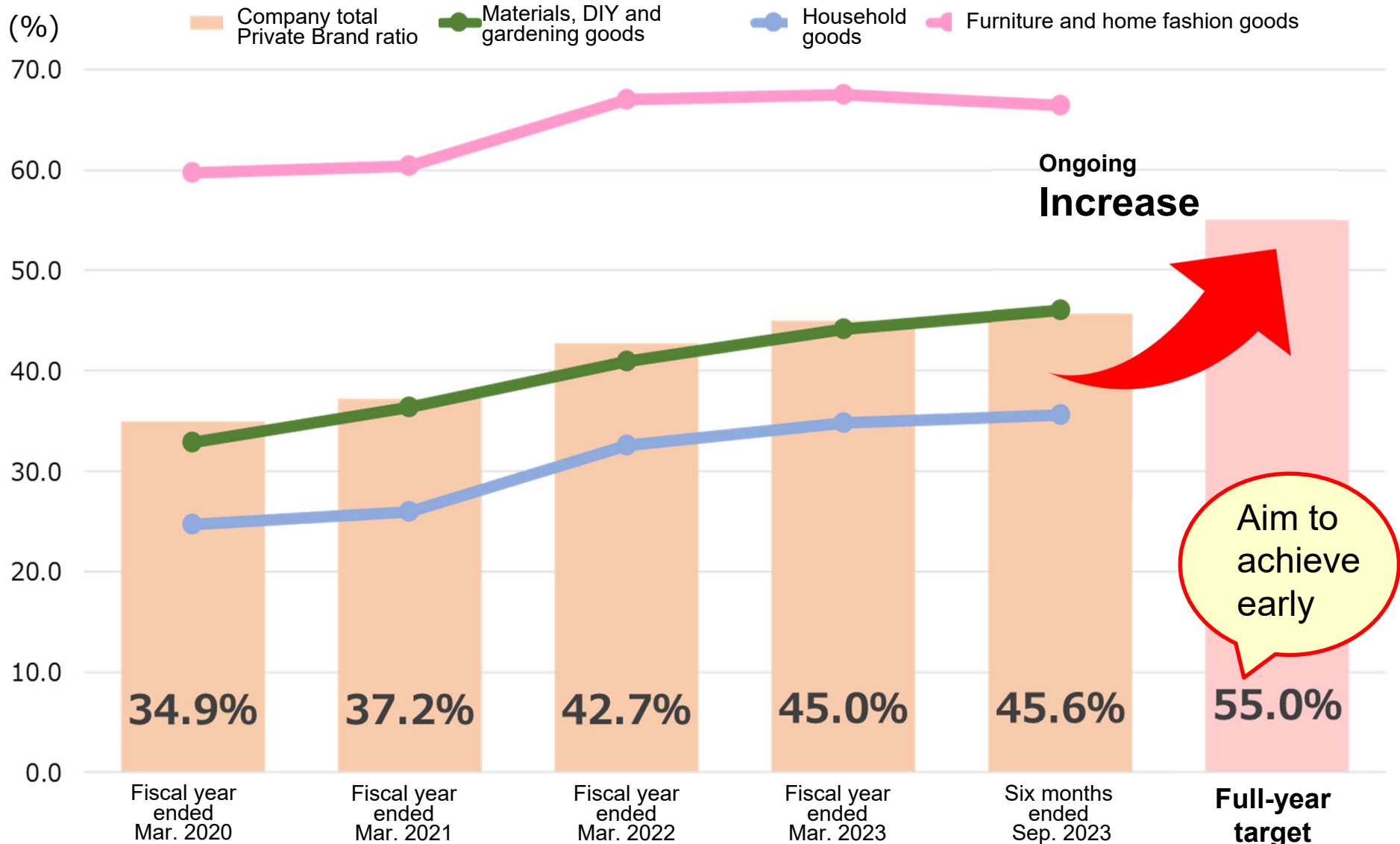
■ Gross profit
 ■ Selling, general and administrative expenses



Six months ended September 30, 2022
Operating profit

Six months ended September 30, 2023
Operating profit

Trends in Private Brand Ratio at the End of the Term



Battery Chainsaw


コンパクトで女性でも扱いやすい
重量設計
 重さ 約2.5kg

オイル残量確認ゲージ付


安全ロックボタン付


18V
 1充電あたりの目安
 最大切断回数
 米松(角)φ45mm木材
 約90回
 充電時間 約60分

**丸太、角材等、木材の切断
 薪切り作業に**

有効切断長 250mm



Broad range of chainsaw users are shifting to battery types

Professional users

Engine chainsaw



Opting for battery types because

They are lighter than engine types and easier to start
 They emit smaller noise and vibration, which reduces physical burden on users

Non-professional users

Corded electric chainsaw



Opting for battery types because

Battery types with no power cord allows users to work over a larger area

Loungewear and Slippers



Heat-generating slippers

PURPLE 
GRAY 

Warm, fluffy boa fleece



Functional fabric insole

PINK 
BLUE 

Many colors



Private Brand Products (Furniture and Home Fashion goods)

Kotatsu



nishikawa x TWO-ONE STYLE



- Entirely original product series.
- Nordiska-series products for total coordination.
- *The catalog below shows example coordinates



[NAFCO's e-commerce website "TWO-ONE STYLE" now featuring Kotatsu]
https://www.21style.co.jp/user_data/feature_2023_kotatsu_index.php

Store Openings and Expansion/Renovation (New Stores)

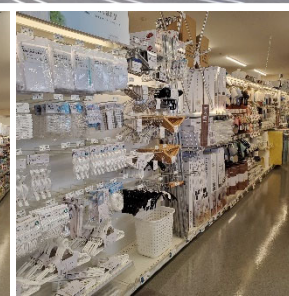
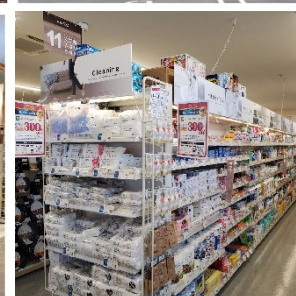
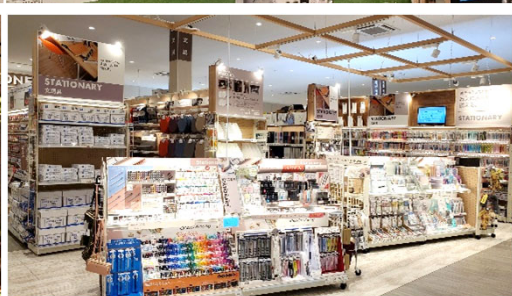
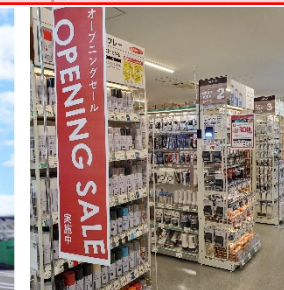


Nogata Store

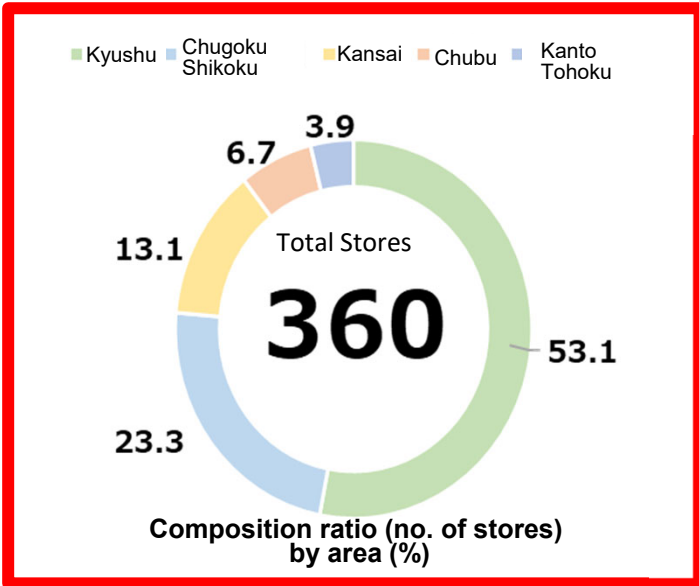
	Store Name	Opening	Location	Store style
New Stores	Nogata	June	Fukuoka	Home center
	Arie	July	Nagasaki	Home center (small store)
Renovation/Expansion	Ube (Furniture)	April	Yamaguchi	Furniture house (TWO-ONE STYLE)
	Washinomiya	May	Saitama	Home center



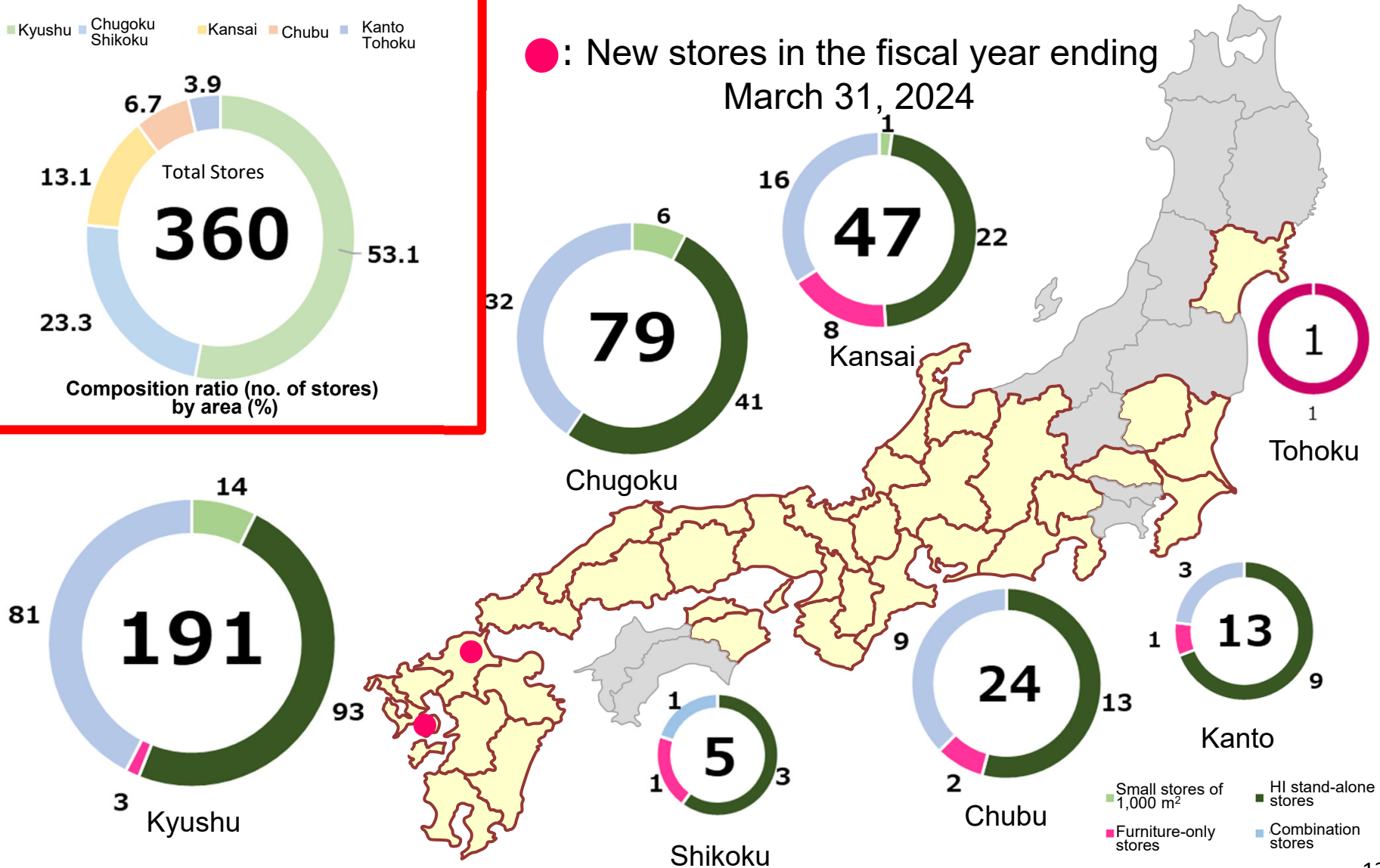
Arie Store



Number of Stores by Area



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



Business Growth Status

Furniture and home fashion goods

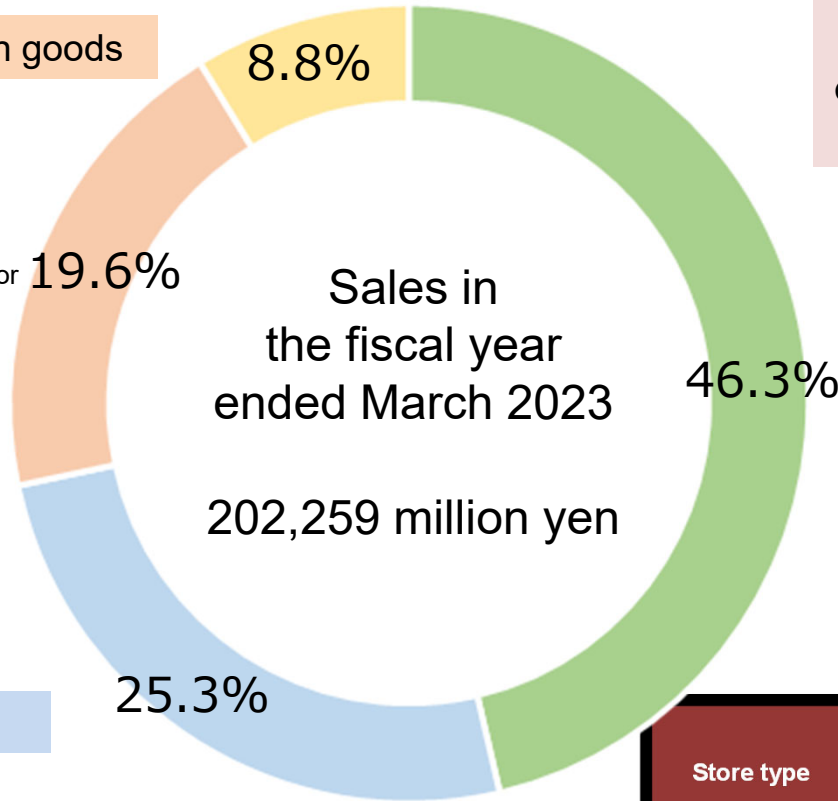
■ **Sold at:**
Combination stores, furniture only stores and home centers

■ **Products**
Furniture, floor coverings, curtains, interior goods, lightings, bedding, remodeling materials, floor materials

Household goods

■ **Sold at:**
Combination stores, home centers and small stores of about 1,000 m²

■ **Products**
Household goods, seasonal goods, storage containers, stationery, daily goods, cooking appliances, footwear, foods, cosmetics, outdoor goods



*Percentage figures represent sales composition by product category

Build a product strategy around the three cores and operate stores making full use of each store format

Materials, DIY and gardening goods

■ **Sold at:**
Combination stores, home centers and small stores of about 1,000 m²

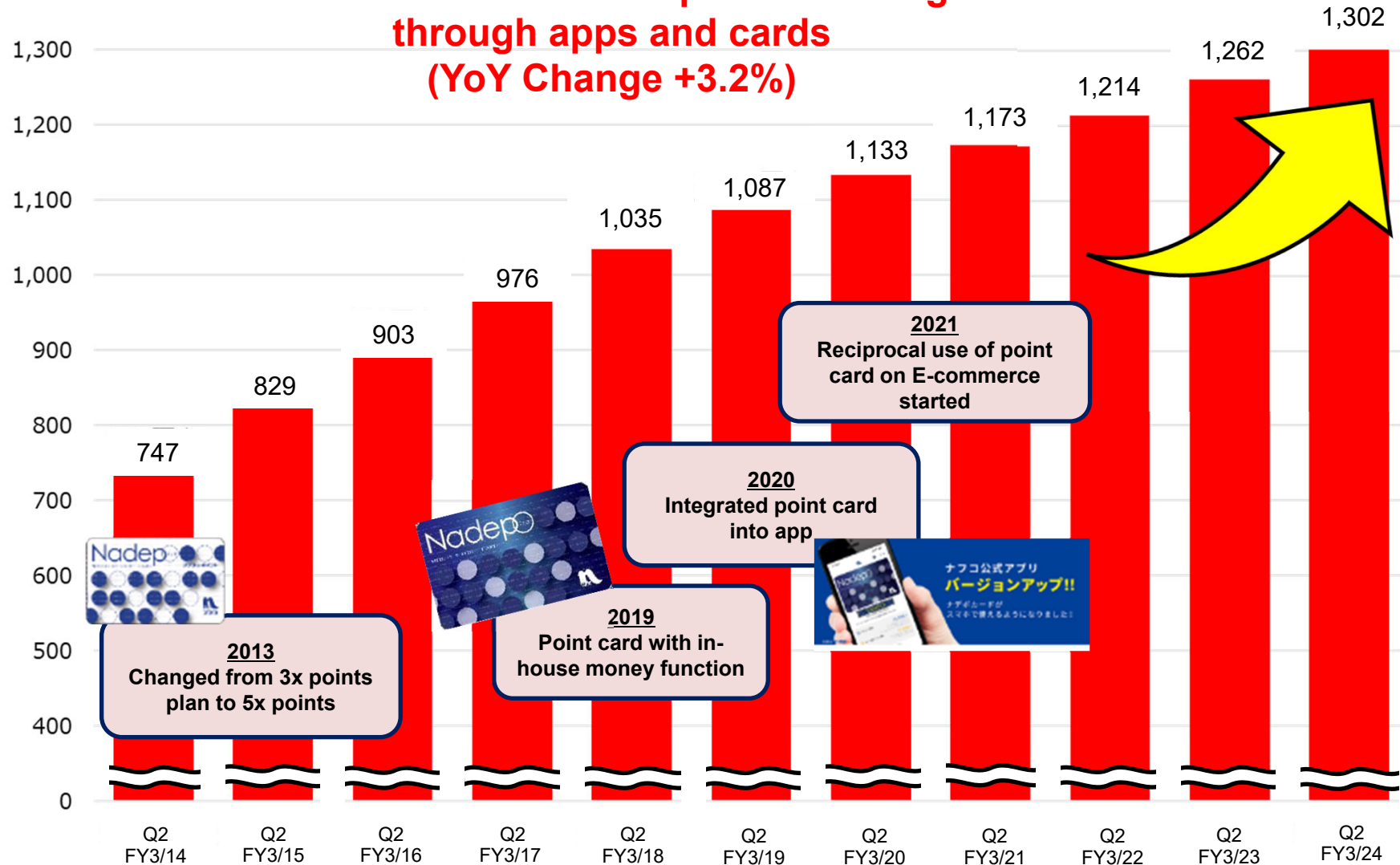
■ **Products**
Carpentry tools, small metal building components, paints, plastering supplies, gardening goods, plumbing supplies, exterior materials, lumber, shelves, room accessories, work supplies, plants, electrical materials

Store type	Composition Ratio (no. of Stores)	Priority store opening pattern	
		Store area	Number of people in served business area
Combination store	39.4%	13,000 m ² or more	200,000
Home center	50.3%	7,000 m ² , 10,000 m ² or more	100,000
Furniture only store	4.4%	7,000 m ²	300,000

Number of Point Card Members

(Ten thousand people)

Point card membership is increasing through apps and cards (YoY Change +3.2%)



Forecast for the Fiscal Year Ending March 31, 2024

(April 01, 2023 – March 31, 2024)

[Revision from information disclosed in April 2023: **Included**]

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	200,000	100.0%	98.9%	202,259	100.0%	206,549	100.0%
Operating profit	7,000	3.5%	75.9%	9,219	4.6%	12,002	5.8%
Ordinary profit	7,425	3.7%	76.8%	9,760	4.8%	12,572	6.1%
Profit	4,120	2.1%	73.1%	5,639	2.8%	7,961	3.9%
Annual dividends	58 yen (forecast)			56 yen		56 yen	

The full-year forecast has been revised based on the results of the six months ended September 30, 2023. (Announced on October 24, 2023)

Shareholder Benefit Program

Expansion from September 2023 was disclosed in the news release
“Expansion of Shareholder Benefit Program” on August 18, 2023

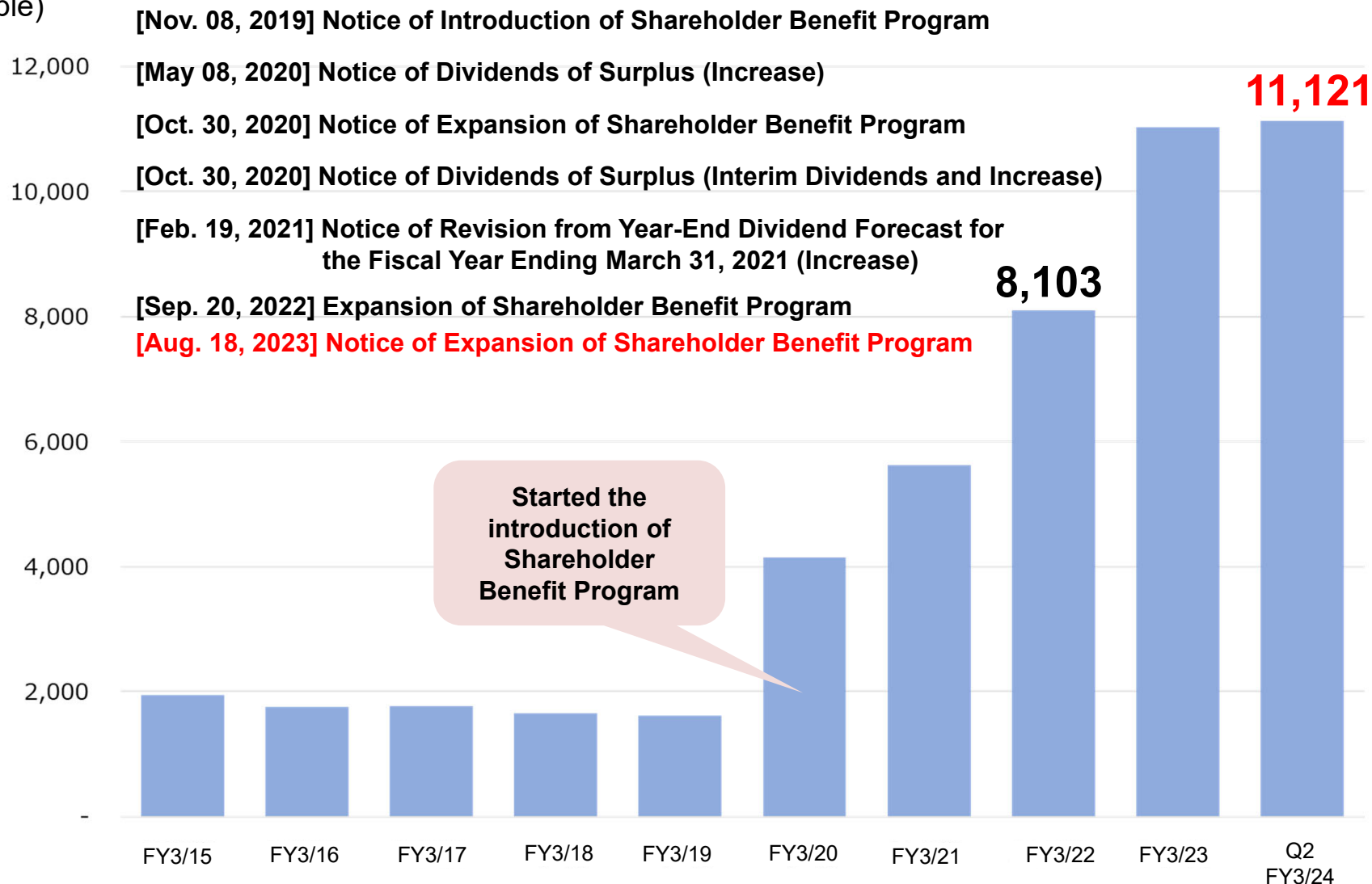
Number of shares held	End of September (Interim) <u>[Either A or B]</u>	End of March (Year-end) [Either A or B]
100 or more but less than 500 shares	A. UC Gift Voucher worth ¥500 <u>B. NAFCO Shopping Voucher worth ¥1,000</u>	A. UC Gift Voucher worth ¥1,000 B. NAFCO Shopping Voucher worth ¥2,000
500 or more but less than 1,000 shares	A. UC Gift Voucher worth ¥1,500 <u>B. NAFCO Shopping Voucher worth ¥3,000</u>	A. UC Gift Voucher worth ¥3,000 B. NAFCO Shopping Voucher worth ¥6,000
1,000 or more shares	A. UC Gift Voucher worth ¥2,500 <u>B. NAFCO Shopping Voucher worth ¥5,000</u>	A. UC Gift Voucher worth ¥5,000 B. NAFCO Shopping Voucher worth ¥10,000

***The red text indicates the latest expansion.**

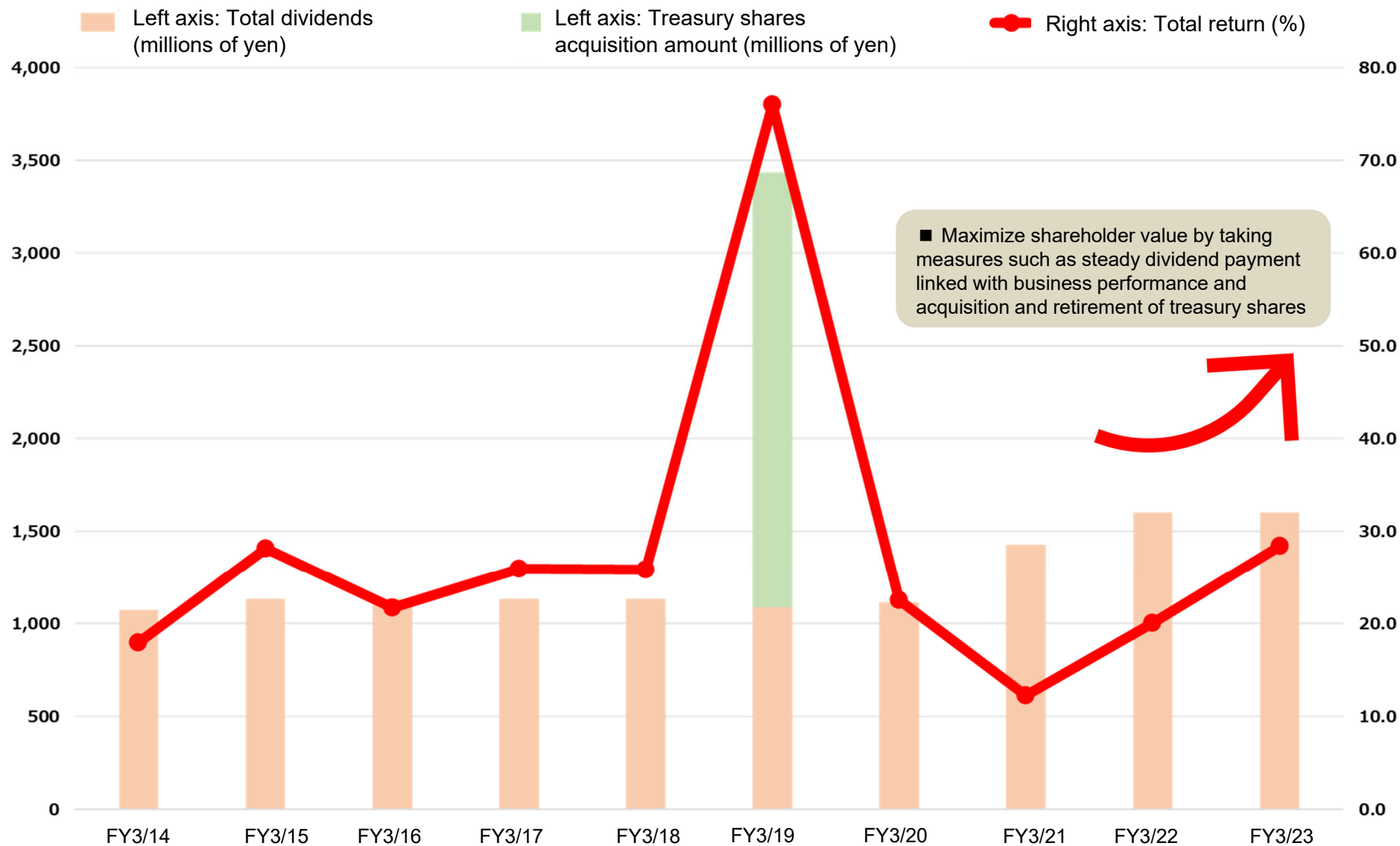


Trends in the Number of Shareholders

(People)



Trends in Total Return Ratio



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)	Six months ended September 30, 2021			Six months ended September 30, 2022			Six months ended September 30, 2023		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY change	% of sales
Net sales	107,975	85.1%	100.0%	104,629	96.9%	100.0%	101,033	96.6%	100.0%
Gross profit	37,529	85.2%	34.8%	36,512	97.3%	34.9%	34,021	93.2%	33.7%
Operating gross profit	37,689	-	34.9%	36,701	97.4%	35.1%	34,199	93.2%	33.9%
Selling, general and administrative expenses	30,603	100.8%	28.3%	30,078	98.3%	28.7%	30,165	100.3%	29.9%
Operating profit	7,086	51.7%	6.6%	6,622	93.5%	6.3%	4,033	60.9%	4.0%
Ordinary profit	7,304	52.5%	6.8%	6,831	93.5%	6.5%	4,209	61.6%	4.2%
Profit	4,531	53.5%	4.2%	4,203	92.8%	4.0%	2,487	59.2%	2.5%
Existing Stores (YoY Change)	Six months ended September 30, 2021			Six months ended September 30, 2022			Six months ended September 30, 2023		
Net sales	87.0%			96.7%			96.5%		
Customers	84.9%			92.4%			93.0%		
Customer average	102.4%			104.5%			103.7%		

Segments

Net sales (Millions of yen)	Six months ended September 30, 2021			Six months ended September 30, 2022			Six months ended September 30, 2023		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of Sales
Materials, DIY and gardening goods	52,362	88.0%	48.5%	51,217	97.8%	49.0%	48,878	95.4%	48.4%
Household goods	27,055	79.9%	25.1%	26,255	97.0%	25.1%	25,879	98.6%	25.6%
Furniture and home fashion goods	20,049	85.3%	18.6%	18,942	94.5%	18.1%	17,556	92.7%	17.4%
Others	8,507	84.9%	7.9%	8,213	96.5%	7.8%	8,718	106.2%	8.6%
Total	107,975	85.1%	100.0%	104,629	96.9%	100.0%	101,033	96.6%	100.0%
Gross profit (Millions of yen)	Six months ended September 30, 2021			Six months ended September 30, 2022			Six months ended September 30, 2023		
	Results	YoY Change	% of Sales	Results	YoY Change	% of Sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	18,766	86.9%	35.8%	18,654	99.4%	36.4%	17,295	92.7%	35.4%
Household goods	7,841	79.4%	29.0%	7,547	96.2%	28.7%	7,002	92.8%	27.1%
Furniture and home fashion goods	8,276	87.5%	41.3%	7,751	93.7%	40.9%	7,139	92.1%	40.7%
Others	2,644	84.8%	31.1%	2,558	96.7%	31.1%	2,584	101.0%	29.6%
Total	37,529	85.2%	34.8%	36,512	97.3%	34.9%	34,021	93.2%	33.7%

Number of Stores by Area and Business Type

Number of Stores at the End of the Term	Six months ended September 30, 2021			Six months ended September 30, 2022			Six months ended September 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	107	3
Chugoku and Shikoku	33	52	1	33	51	1	33	50	1
Kansai	16	21	7	16	22	8	16	23	8
Chubu	9	13	1	9	14	2	9	13	2
Kanto and Tohoku	3	9	2	3	9	2	3	9	2
Total	143	201	14	143	202	16	142	202	16
	358			361			360		

Balance Sheets

Items (Millions of yen)	Fiscal Year Ended March 31, 2022			Fiscal Year Ended March 31, 2023			Six months ended September 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	239,190	100.3%	+781
Current assets	100,744	98.4%	(1,675)	105,748	105.0%	+5,003	106,540	100.7%	+792
Of which, cash and deposits	34,111	83.2%	(6,872)	36,123	105.9%	+2,011	40,133	111.1%	+4,010
Non-current assets	132,331	98.9%	(1,413)	132,660	100.2%	+329	132,649	100.0%	(10)
Of which, property, plant and equipment	118,557	98.8%	(1,384)	119,010	100.4%	+452	119,080	100.1%	+69
Liabilities	75,312	90.4%	(8,029)	76,594	101.7%	+1,282	75,637	98.7%	(957)
Interest-bearing liabilities	20,293	92.1%	(1,744)	19,033	93.8%	(1,259)	18,808	99.1%	(224)
Net assets	157,763	103.2%	4,941	161,813	102.6%	4,050	163,553	101.1%	+1,739
	Fiscal Year Ended March 31, 2022			Fiscal Year Ended March 31, 2023			Six months ended September 30, 2023		
Cash and deposit ratio (%)	14.6%			15.2%			15.8%		
Ratio of interest- bearing liabilities (%)	8.7%			8.0%			7.9%		
Equity ratio (%)	67.7%			67.9%			68.4%		

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

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.

<http://www.nafco.tv>
(Securities Code : 2790)