

Financial Results Briefing Material for the Three Months Ended June 30, 2024

(April 01, 2024 - June 30, 2024)

August 19, 2024
NAFCO Corporation
(Securities Code: 2790)

Financial Results for the Three Months Ended June 30, 2024

(April 01, 2024 - June 30, 2024)

Results for the Three Months Ended June 30, 2024

(Millions of yen)

	Three months ended June 30, 2023	% of total operating revenue	Three months ended June 30, 2024	% of total operating revenue	YoY Change
Total Operating revenue	51,947	100.0%	48,691	100.0%	93.7%
Operating gross profit	17,648	34.0%	16,693	34.3%	94.6%
Operating profit	2,678	5.2%	1,511	3.1%	56.4%
Ordinary profit	2,688	5.2%	1,527	3.1%	56.8%
Profit	1,619	3.1%	963	2.0%	59.5%

*Total operating revenue was calculated by adding operating revenue to net sales.

- Income and expenses pertaining to real estate leasing are reclassified as operating revenue and selling, general and administrative expenses from the fiscal year ending March 31, 2025.
- Due to the change, figures for the previous fiscal year have been reclassified as well. This has no impact on ordinary profit or profit before income taxes.

Statements of Income for the Three Months Ended June 30, 2024

(Millions of yen)

	Three months ended June 30, 2023	% of sales	Three months ended June 30, 2024	% of sales	YoY Change
Net sales	51,732	100.0%	48,519	100.0%	93.8%
Gross profit	17,434	33.7%	16,521	34.1%	94.8%
Operating gross profit	17,648	34.1%	16,693	34.4%	94.6%
Selling, general and administrative expenses	14,969	28.9%	15,182	31.3%	101.4%
Operating profit	2,678	5.2%	1,511	3.1%	56.4%
Ordinary profit	2,688	5.2%	1,527	3.1%	56.8%
Profit	1,619	3.1%	963	2.0%	59.5%

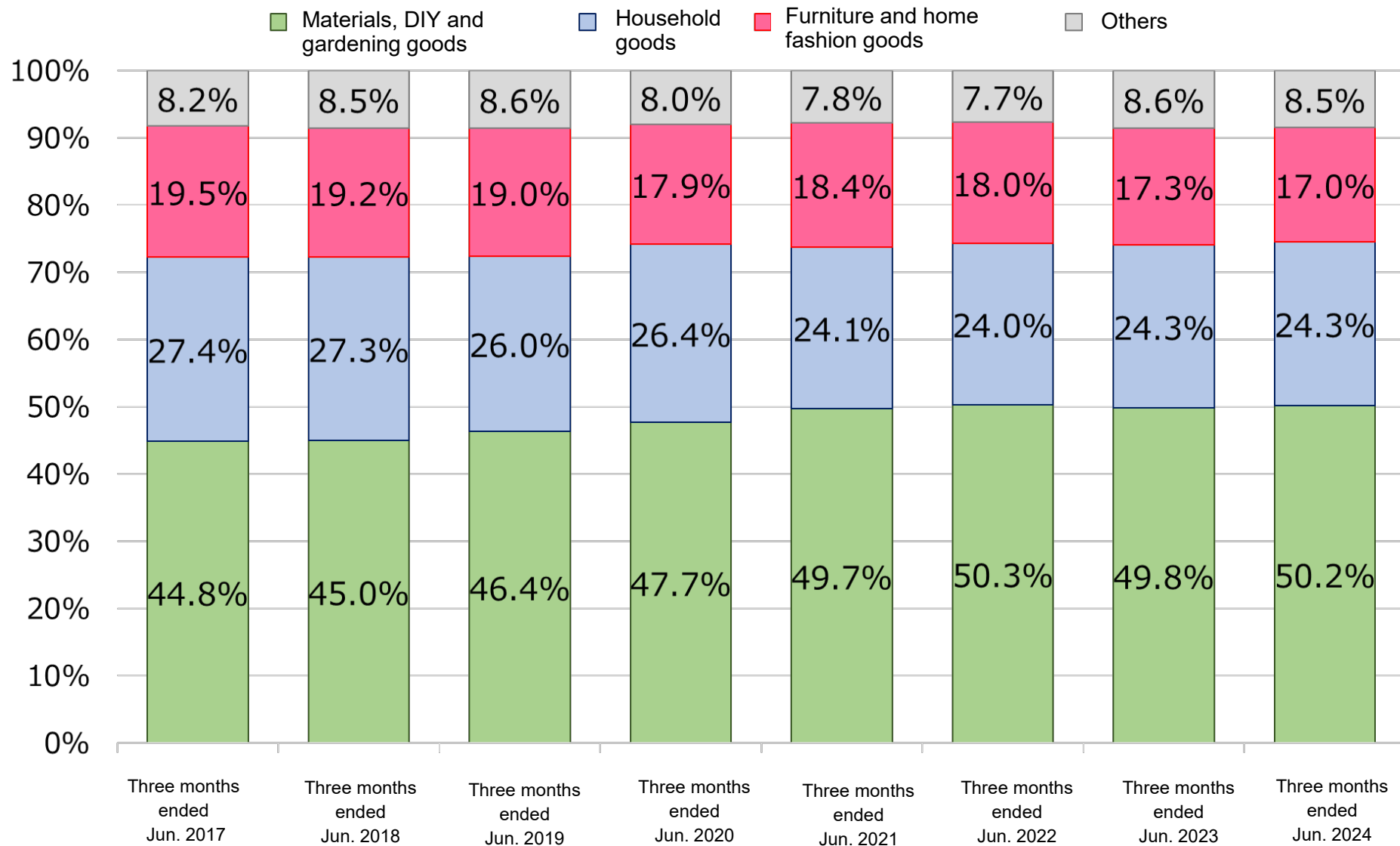
- Income and expenses pertaining to real estate leasing are reclassified as operating revenue and selling, general and administrative expenses from the fiscal year ending March 31, 2025.
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Balance Sheets

(Millions of yen)

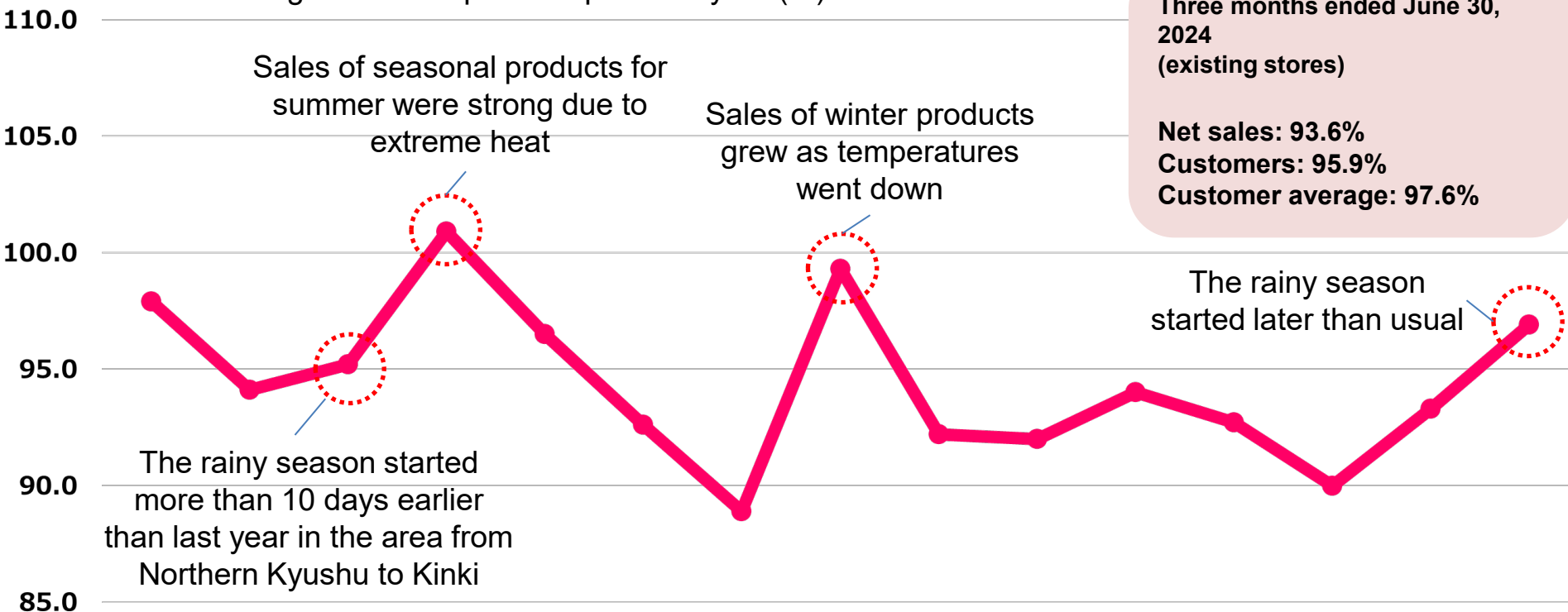
	Fiscal Year Ended March 31, 2024	Three months ended June 30, 2024	Change From the End of the Previous Fiscal Year
Total assets	232,246	238,163	+5,917
Current assets	99,574	102,380	+2,806
Of which, cash and deposits	32,997	35,103	+2,106
Non-current assets	132,672	135,783	+3,110
Of which, property, plant and equipment	119,210	122,168	+2,958
Liabilities	72,885	78,605	+5,720
Of which, interest-bearing liabilities (short-term borrowings, current portion of long-term borrowings, long-term borrowings)	18,828	18,905	+76
Net assets	159,361	159,558	+197
Cash and deposit ratio (%)	14.2	14.7	
Ratio of interest-bearing liabilities (%)	8.1	7.9	
Equity ratio (%)	68.6	67.0	
Current ratio (%)	170.4	160.6	
Non-current ratio (%)	83.3	85.1	

Trends in Sales Composition by Product



Trends in Existing Stores

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

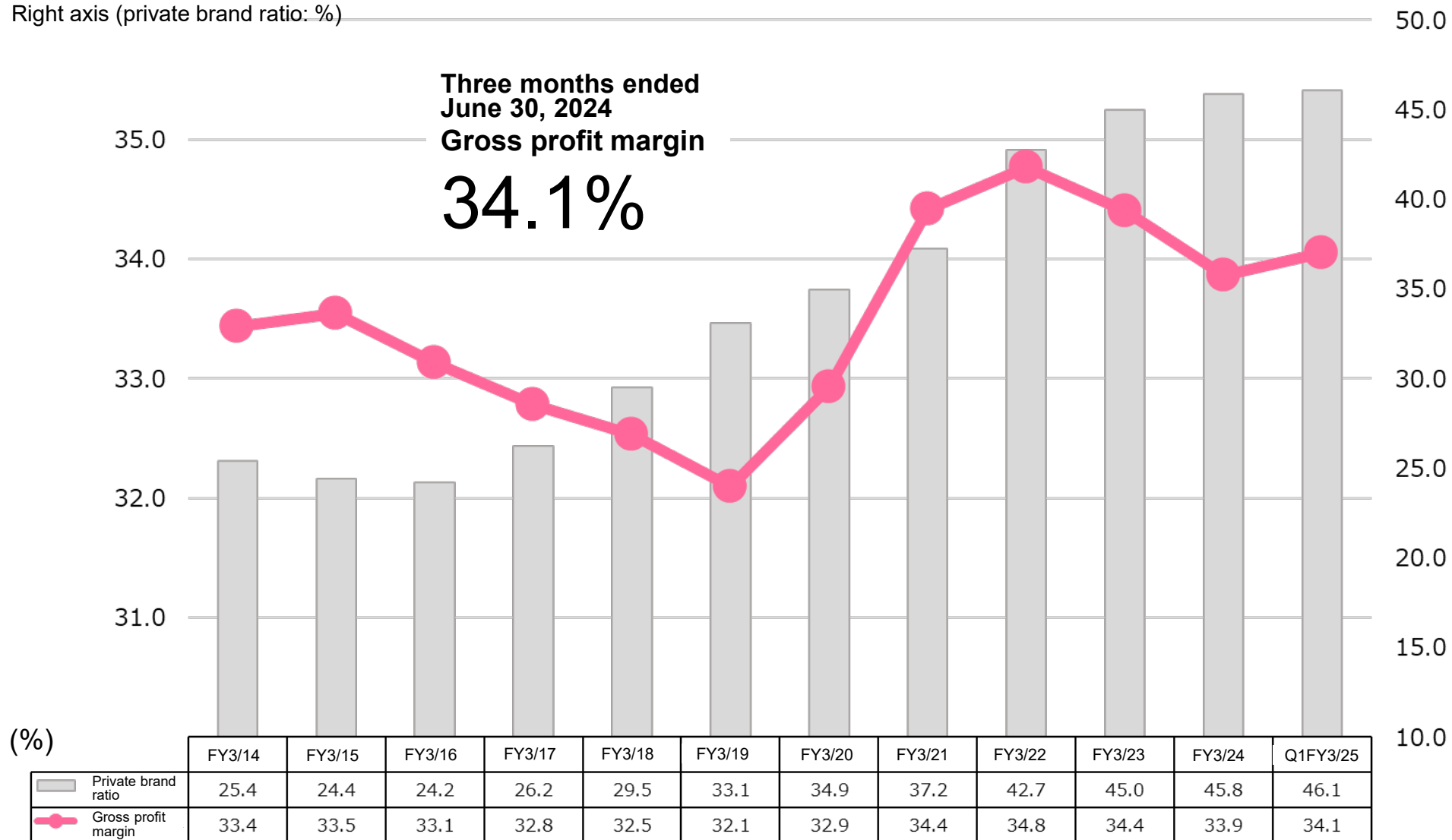


	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Sales	97.9	94.1	95.2	100.9	96.5	92.6	88.9	99.3	92.2	92.0	94.0	92.7	90.0	93.3	96.9
Customers	93.9	88.9	93.6	97.0	93.6	90.3	89.2	96.2	93.2	90.1	91.7	89.0	90.3	94.2	103.1
Customer average	104.3	105.8	101.7	103.9	103.1	102.5	99.6	103.2	98.9	102.0	102.5	104.1	99.7	99.0	93.9

Trends in Gross Profit Margin at the End of the Term

Left axis (gross profit margin: %)

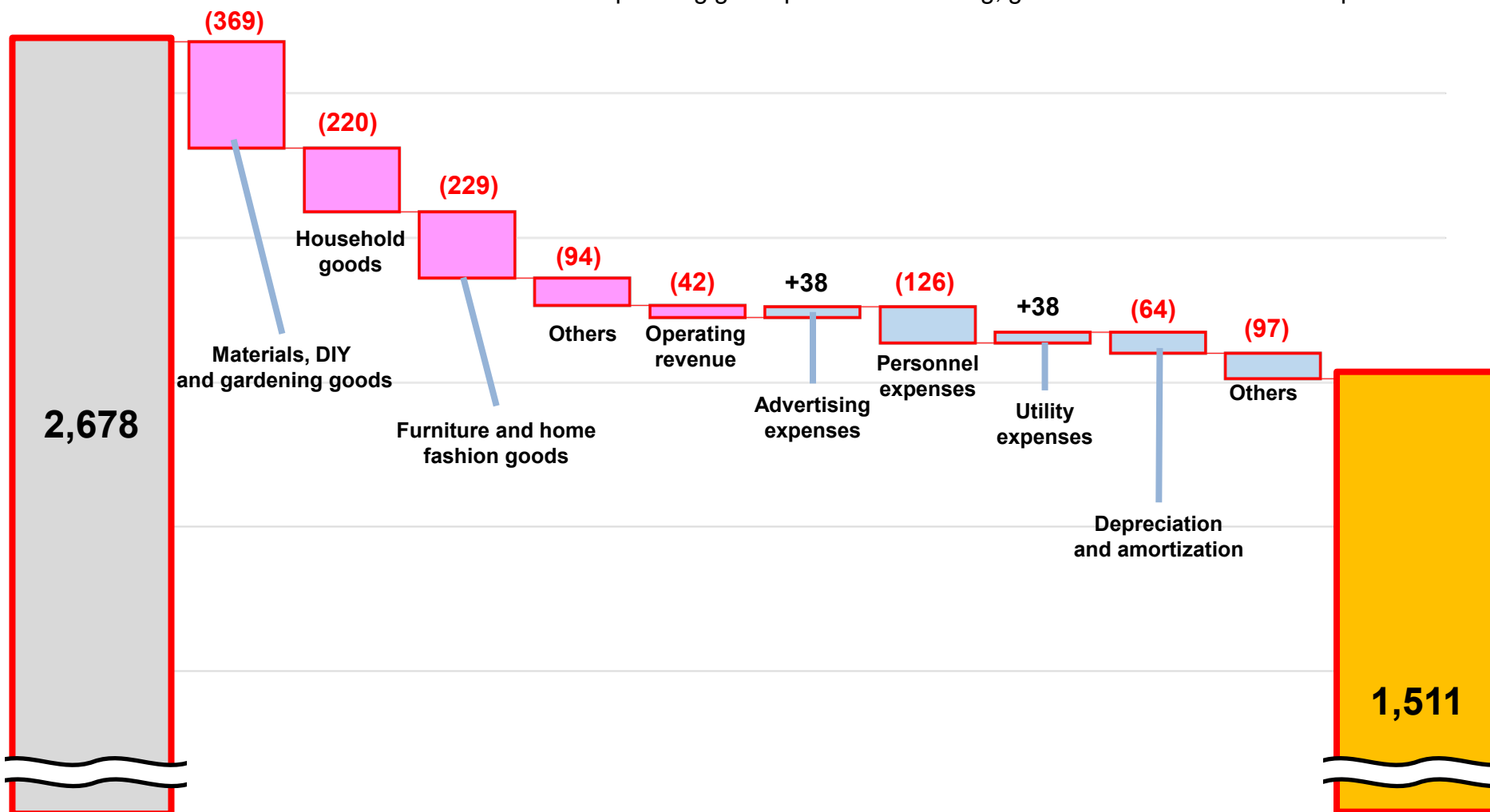
Right axis (private brand ratio: %)



Factors for a Change in Operating Profit

(Millions of yen)

■ Operating gross profit
 ■ Selling, general and administrative expenses



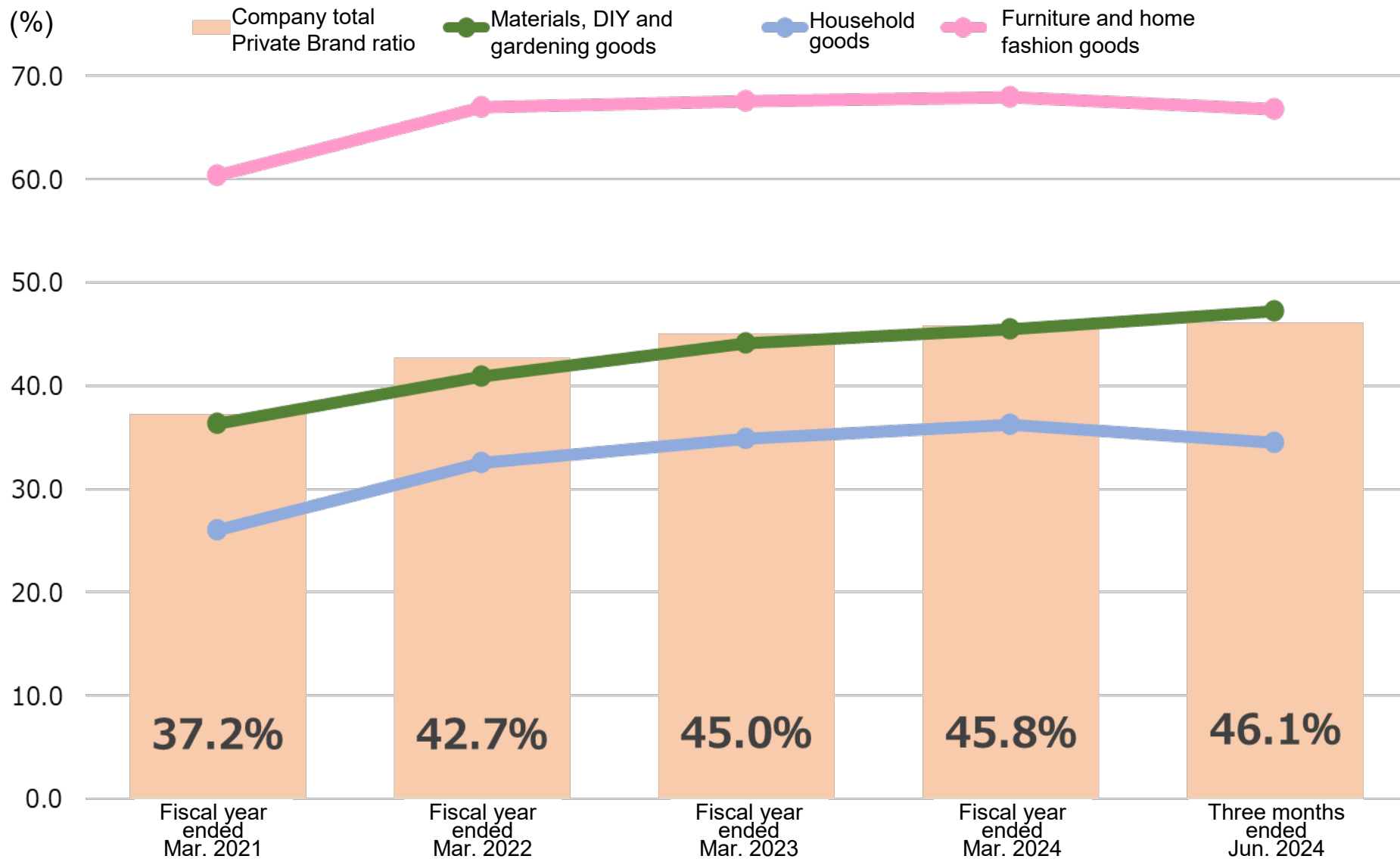
Three months ended June 30, 2023
Operating profit

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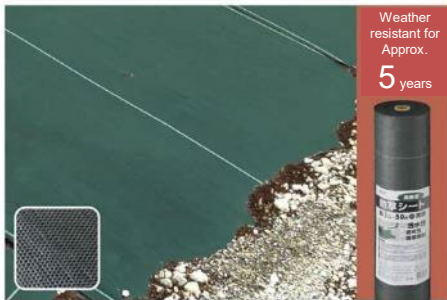
Three months ended June 30, 2024
Operating profit

<http://www.nafco.tv>

Trends in Private Brand Ratio at the End of the Term



Garden Weed Control Sheets

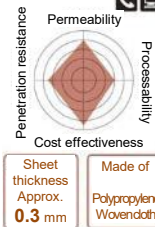


Weather resistant for Approx. **5** years

For a small space in the garden at home

Dark green, high-density weed control sheet

- High penetration resistance and permeability.
- Dark green that matches the landscape.
- Woven in high density to prevent weed growth.
- High density: 125 g/m² (±3%)

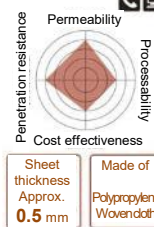


Weather resistant for Approx. **8** years

Weed control sheet for a better landscape

Artificial turf-like weed control sheet

- Natural-looking, artificial turf-like weed control sheet.



Weather resistant for Approx. **6-7** years

Weed control real artificial turf

- Block light 99.9%
 - Permeability is five times higher^{*1}, which makes the surface dry quickly.
 - Approx. 20% lighter^{*1}. Easier to carry and install.
- ^{*1} Compared with our conventional products

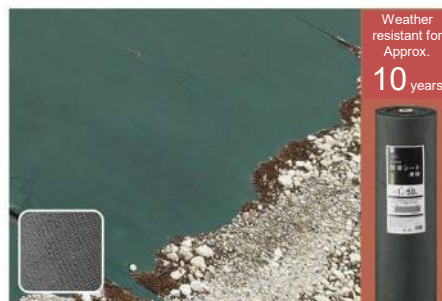
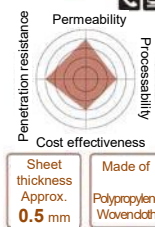


Weather resistant for Approx. **8** years

Weed control sheet for a better landscape

Woodgrain-like weed control sheet

- Woodgrain-like weed control sheet for the garden.



Weather resistant for Approx. **10** years

For a better landscape in a small space

Dark green, ultra high-density weed control sheet

- High penetration resistance and permeability.
- Dark green that matches the landscape.
- Woven in high density to prevent weed growth.
- High density: 220 g/m² (±3%)



Private Brand Products (Household goods)

Portable Air Conditioners

Portable air conditioner

- Equipped with a horizontal loop that automatically sends cold air extensively *Adjust manually for the vertical direction
- Cold air, dehumidification, and ventilation modes for comfort
- Comes with waste heat duct and window panel (for window size 72–144.5 cm)



Portable air conditioner

- Equipped with a horizontal loop that automatically sends cold air extensively *Adjust manually for the vertical direction
- Cold air, dehumidification, and ventilation modes for comfort
- 2.7kW powerful cold air



Spot cooler with flexible heat exhaust duct

- Drain saving design that discharges less wastewater
- Equipped with water full sensor to assure peace of mind



Mini spot cooler

- Equipped with water full sensor to assure peace of mind
- No installation work necessary



Series ready for immediate use without installation work



Cool Touch Bedding



[Cool point series]

Bedding that uses cool touch fabric, including mattress pads, duvets, and pillow cases.

All products are reversible. Enjoy both sides.

In addition to cool touch, the lineup has different cool levels featuring different amounts of cotton filling, antibacterial finish, deodorant finish, and moisture absorption and desorption properties.

Store Openings and Expansion/Renovation (New Stores)

Taka Store
(Home center)
Open April 2024



Arao Chuo Store
(Home center)
Open April 2024



	Store Name	Opening	Location	Store Style
New Stores	Taka	April	Hyogo	Home center (small store)
	Arao Chuo	April	Kumamoto	Home center (small store)
Expansion/Renovation	Hikarimachi	April	Hiroshima	Home center
	Matsunaga	April	Hiroshima	Home center
	Hino	April	Shiga	Home center
	Hatazaki	June	Fukuoka	Home center
	Iizuka Minami (Furniture)	June	Fukuoka	Furniture house (TWO-ONE STYLE)

Store Openings and Expansion/Renovation (Expansion/Renovation)

Hatazaki Store
(Home center)
Reopen after renovation
June 2024



Iizuka Minami Store
(Furniture house)
(Combination store)
Reopen after renovation
June 2024



Hino Store
(Home center)
Reopen after renovation
April 2024



Matsunaga Store
(Home center)
Reopen after renovation
April 2024



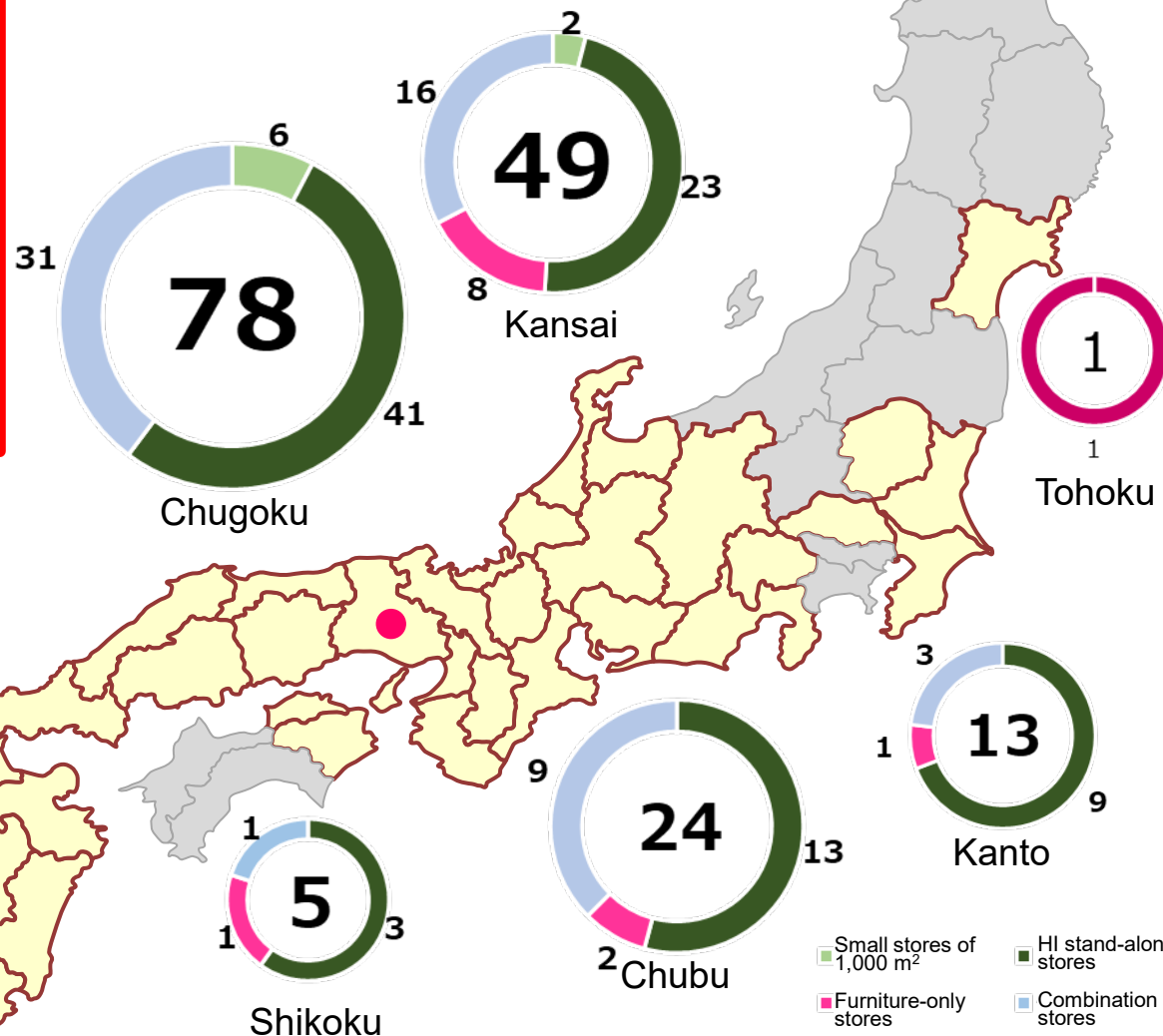
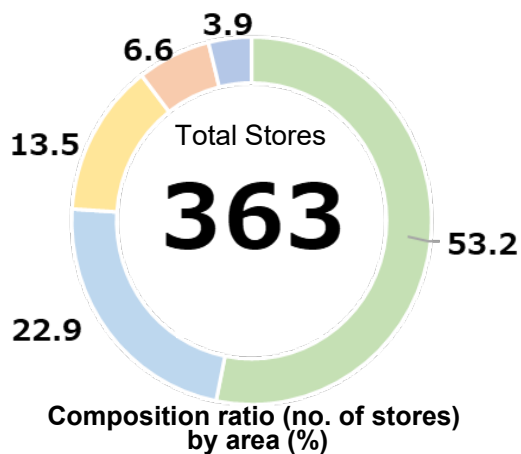
Hikarimachi Store
(Home center)
Reopen after renovation
April 2024



Number of Stores by Area

●: New stores in the fiscal year ending March 31, 2025

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



■ Small stores of 1,000 m²
■ HI stand-alone stores
■ Furniture-only stores
 ■ Combination stores

Roles in Disasters

Number of local authorities with which we have entered agreements

As of June 30, 2024 **336** local authorities

* Local authorities include police
(excluding those during the application process from the number)

Earthquake in the Hyuganada Sea

(Occurred around 4:53 p.m. on August 8, 2024)

[Minor damage to stores]

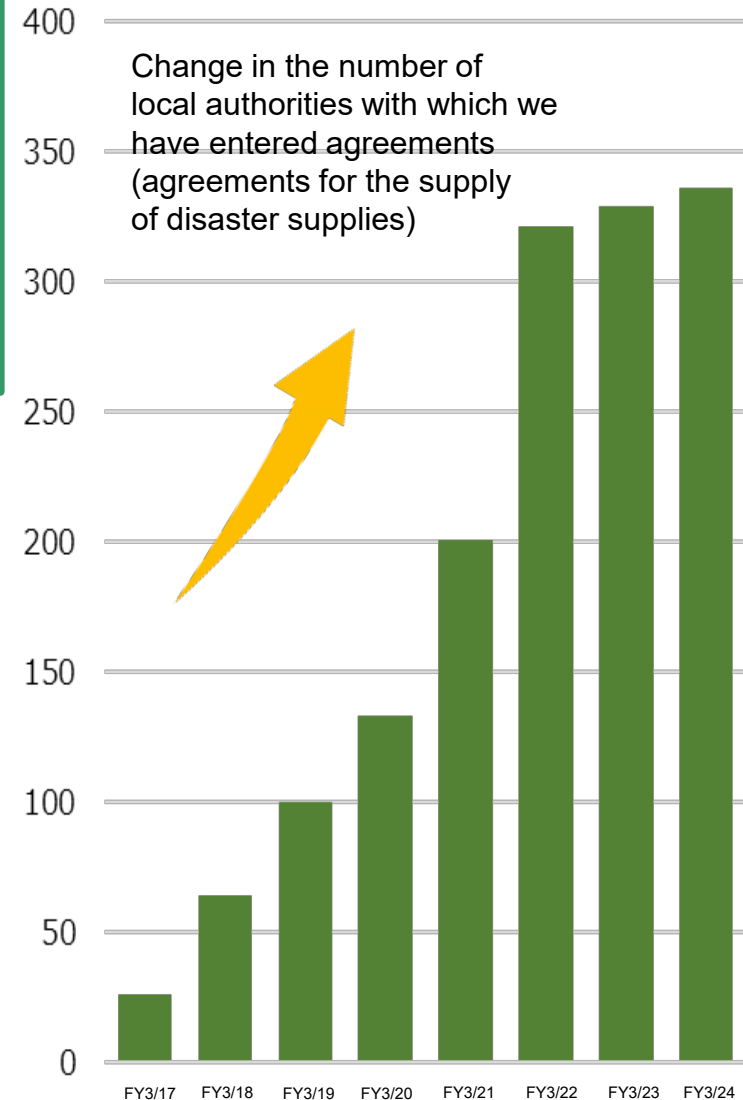
- Products fell, and some buildings were damaged or destroyed

[Cooperation with local communities]

- Some local authorities, etc. reached out to confirm what to do in contingencies

We will operate our business prioritizing the safety of customers and employees above all, while cooperating with local communities.

While demand for earthquake countermeasures may increase, the impact on business results is expected to be minor.



Forecast for the Fiscal Year Ending March 31, 2025

(April 01, 2024 – March 31, 2025)

Revision: [**Included**]

Forecast for the Fiscal Year Ending March 31, 2025

(Millions of yen)

	Full-year (Plan)	% of sales	YoY Change (%)	Fiscal year ended March 31, 2024 (Results)	% of sales
Net sales	190,784	100.0%	99.3%	192,116	100.0%
Operating profit	4,576	2.4%	83.4%	5,477	2.9%
Ordinary profit	4,629	2.4%	83.4%	5,552	2.9%
Profit	2,871	1.5%	92.4%	3,107	1.6%
Annual dividends	58 yen (forecast)			58 yen	

*As stated in the “Notice Regarding Revision to Projected Operating Results” announced on August 9, 2024, we have revised the financial results forecast announced on April 26, 2024.

appendix

- Income and expenses pertaining to real estate leasing are reclassified as operating revenue and selling, general and administrative expenses from the fiscal year ending March 31, 2025.
- Figures for the fiscal year ended March 31, 2024 and before have not been reclassified.

Statements of Income

Items (Millions of yen)	Three months ended June 30, 2022			Three months ended June 30, 2023			Three months ended June 30, 2024		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY change	% of sales
Net sales	53,961	96.0%	100.0%	51,732	95.9%	100.0%	48,519	93.8%	100.0%
Gross profit	18,934	96.8%	35.1%	17,434	92.1%	33.7%	16,521	94.8%	34.1%
Operating gross profit	19,020	96.8%	35.2%	17,517	92.1%	33.9%	16,693	95.3%	34.4%
Selling, general and administrative expenses	14,725	96.9%	27.3%	14,915	101.3%	28.8%	15,182	101.8%	31.3%
Operating profit	4,295	96.4%	8.0%	2,602	60.6%	5.0%	1,511	58.1%	3.1%
Ordinary profit	4,394	96.8%	8.1%	2,688	61.2%	5.2%	1,527	56.8%	3.1%
Profit	2,766	98.2%	5.1%	1,619	58.5%	3.1%	963	59.5%	2.0%
Existing Stores (YoY Change)	Three months ended June 30, 2022			Three months ended June 30, 2023			Three months ended June 30, 2024		
Net sales	95.8%			95.8%			96.9%		
Customers	92.0%			92.0%			103.1%		
Customer average	104.1%			104.1%			93.9%		

Segments

Net sales (Millions of yen)	Three months ended June 30, 2022			Three months ended June 30, 2023			Three months ended June 30, 2024		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of Sales
Materials, DIY and gardening goods	27,136	97.0%	50.3%	25,769	95.0%	49.8%	24,372	94.6%	50.2%
Household goods	12,924	95.3%	24.0%	12,588	97.4%	24.3%	11,802	93.8%	24.3%
Furniture and home fashion goods	9,708	93.7%	18.0%	8,968	92.4%	17.3%	8,248	92.0%	17.0%
Others	4,191	96.4%	7.7%	4,405	105.1%	8.6%	4,095	93.0%	8.4%
Total	53,961	96.0%	100.0%	51,732	95.9%	100.0%	48,519	93.8%	100.0%
Gross profit (Millions of yen)	Three months ended June 30, 2022			Three months ended June 30, 2023			Three months ended June 30, 2024		
	Results	YoY Change	% of Sales	Results	YoY Change	% of Sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	9,838	98.8%	36.3%	9,101	92.5%	35.3%	8,731	95.9%	35.8%
Household goods	3,692	94.1%	28.6%	3,407	92.3%	27.1%	3,187	93.5%	27.0%
Furniture and home fashion goods	4,118	94.7%	42.4%	3,625	88.0%	40.4%	3,396	93.7%	41.2%
Others	1,286	96.5%	30.7%	1,299	101.1%	29.5%	1,205	92.8%	29.4%
Total	18,934	96.8%	35.1%	17,434	91.6%	33.7%	16,521	94.8%	34.1%

Number of Stores by Area and Business Type

Number of Stores at the End of the Term	Three months ended June 30, 2022			Three months ended June 30, 2023			Three months ended June 30, 2024		
	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	81	106	3	81	109	3
Chugoku and Shikoku	33	52	1	33	51	1	31	51	1
Kansai	16	22	7	16	23	8	16	25	8
Chubu	9	13	2	9	13	2	9	13	2
Kanto and Tohoku	3	9	2	3	9	2	3	9	2
Total	143	202	15	142	202	16	140	207	16
	360			360			363		

Balance Sheets

Items (Millions of yen)	Fiscal Year Ended March 31, 2023			Fiscal Year Ended March 31, 2024			Three months ended June 30, 2024		
	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	238,408	102.3%	+5,333	232,246	97.4%	(6,162)	238,163	102.5%	+5,917
Current assets	105,748	105.0%	+5,003	99,574	94.2%	(6,173)	102,380	102.8%	+2,806
Of which, cash and deposits	36,123	105.9%	+2,011	32,997	91.3%	(3,125)	35,103	106.4%	+2,106
Non-current assets	132,660	100.2%	+329	132,660	100.0%	+ 11	135,783	102.3%	+3,110
Of which, property, plant and equipment	119,010	100.4%	+452	119,210	100.2%	+ 199	122,168	102.5%	+2,958
Liabilities	76,594	101.7%	+1,282	72,885	95.2%	(3,709)	78,605	107.8%	+5,720
Interest-bearing liabilities	19,033	93.8%	(1,259)	18,828	98.9%	(204)	18,905	100.4%	+76
Net assets	161,813	102.6%	4,050	159,361	98.5%	(2,452)	159,558	100.1%	+197
	Fiscal Year Ended March 31, 2023			Fiscal Year Ended March 31, 2024			Three months ended June 30, 2024		
Cash and deposit ratio (%)	15.2%			14.2%			14.7%		
Ratio of interest- bearing liabilities (%)	8.0%			8.1%			7.9%		
Equity ratio (%)	67.9%			68.6%			67.0%		

Stock (Full-year)

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023	Fiscal Year Ended March 31, 2024
Number of Issued Shares	29,784,400	29,784,400	29,784,400
Number of Treasury Shares	1,221,800	1,221,850	3,007,890
Net Assets per Share (yen)	5,523	5,665	5,951
Dividend per Share (yen)	56	56	58
Earnings per Share (yen)	279	197	110
Payout Ratio	20.1	28.4	52.6

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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.

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