

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]

April 28, 2023

Company name: NAFCO Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 2790

URL: <http://www.nafco.tv>

Representative: Takumi Ishida, President and CEO

Contact: Kazuomi Kobayashi, General Manager, Accounting Division

Phone: +81-93-521-7030

Scheduled date of Annual General Meeting of Shareholders: June 22, 2023

Scheduled date of filing annual securities report: June 23, 2023

Scheduled date of commencing dividend payments: June 23, 2023

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Operating Results (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	%
Fiscal year ended								
March 31, 2023	202,259	(2.1)	9,219	(23.2)	9,661	(23.2)	5,639	(29.2)
March 31, 2022	206,549	-	12,002	-	12,572	-	7,961	-

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	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	197.42	-	3.5	4.1	4.6
March 31, 2022	278.75	-	5.1	5.4	5.8

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	238,408	161,813	67.9	5,665.24
As of March 31, 2022	233,075	157,763	67.7	5,523.42

(Reference) Equity: As of March 31, 2023: ¥161,813 million

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

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	9,656	(3,427)	(4,217)	33,230
March 31, 2022	1,180	(3,496)	(4,556)	31,218

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Net asset payout ratio
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	28.00	-	28.00	56.00	1,599	20.1	1.0
March 31, 2023	-	28.00	-	28.00	56.00	1,599	28.4	1.0
Fiscal year ending March 31, 2024 (Forecast)	-	29.00	-	29.00	58.00		28.7	

3. Projected Operating Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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
First half (Cumulative)	103,669	(0.9)	6,214	(7.5)	6,403	(6.3)	3,938	(6.3)	137.88
Full year	201,000	(0.6)	9,450	2.5	9,890	2.4	5,770	2.3	202.03

* Notes:

(1) 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

(2) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the term (including treasury shares):

March 31, 2023: 29,784,400 shares

March 31, 2022: 29,784,400 shares

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

March 31, 2023: 1,221,812 shares

March 31, 2022: 1,221,812 shares

3) Average number of shares during the term:

Fiscal year ended March 31, 2023: 28,562,588 shares

Fiscal year ended March 31, 2022: 28,562,588 shares

* These financial results are outside the scope of audit by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

- 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. Overview of Operating Results, etc. (1) Overview of Operating Results for the Current Fiscal Year” on page 2 of the attached document.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Millions of yen)

	End of Previous Fiscal year (March 31, 2022)	End of Current Fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	34,111	36,123
Accounts receivable - trade	3,901	4,446
Merchandise	60,845	63,553
Supplies	15	6
Prepaid expenses	972	989
Accounts receivable - other	208	90
Other	693	543
Allowance for doubtful accounts	(4)	(4)
Total current assets	100,744	105,748
Non-current assets		
Property, plant and equipment		
Buildings	129,568	132,376
Accumulated depreciation	(67,679)	(70,347)
Buildings, net	61,889	62,028
Structures	23,231	23,393
Accumulated depreciation	(19,267)	(19,608)
Structures, net	3,964	3,785
Vehicles	4	4
Accumulated depreciation	(4)	(4)
Vehicles, net	0	0
Tools, furniture and fixtures	10,517	10,659
Accumulated depreciation	(9,818)	(10,027)
Tools, furniture and fixtures, net	698	631
Land	48,515	48,952
Leased assets	15,150	16,309
Accumulated depreciation	(11,831)	(12,825)
Leased assets, net	3,318	3,484
Construction in progress	171	128
Total property, plant and equipment	118,557	119,010
Intangible assets		
Leasehold interests in land	2,585	2,588
Software	160	126
Telephone subscription right	47	47
Leased assets	501	481
Other	78	68
Total intangible assets	3,372	3,312
Investments and other assets		
Investment securities	267	283
Shares of subsidiaries and associates	21	21
Investments in capital	0	0
Distressed receivables	1	1
Long-term prepaid expenses	290	278
Deferred tax assets	3,585	3,504
Leasehold and guarantee deposits	6,226	6,241
Construction assistance fund receivables	11	8
Other	8	8
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	10,401	10,337

(Millions of yen)

	End of Previous Fiscal year (March 31, 2022)	End of Current Fiscal year (March 31, 2023)
Total non-current assets	132,331	132,660
Total assets	233,075	238,408
Liabilities		
Current liabilities		
Notes payable - trade	14,881	14,132
Accounts payable - trade	14,156	13,015
Short-term borrowings	19,585	18,925
Current portion of long-term borrowings	599	99
Lease liabilities	1,209	1,326
Accounts payable - other	3,567	4,236
Income taxes payable	517	1,670
Accrued consumption taxes	-	446
Contract liabilities	3,209	3,264
Advance deposits received	1,268	1,074
Deposits received	301	332
Unearned revenue	57	55
Provision for bonuses	1,043	1,042
Provision for bonuses for directors (and other officers)	28	31
Notes payable - facilities	1,758	3,183
Other	358	354
Total current liabilities	62,545	63,190
Non-current liabilities		
Long-term borrowings	108	8
Lease liabilities	2,740	2,858
Provision for retirement benefits	3,063	3,020
Provision for retirement benefits for directors (and other officers)	384	686
Asset retirement obligations	6,074	6,454
Other	396	375
Total non-current liabilities	12,767	13,404
Total liabilities	75,312	76,594

(Millions of yen)

	End of Previous Fiscal year (March 31, 2022)	End of Current Fiscal Year (March 31, 2023)
Net assets		
Shareholders' equity		
Share capital	3,538	3,538
Capital surplus		
Legal capital surplus	4,223	4,223
Total capital surplus	4,223	4,223
Retained earnings		
Legal retained earnings	37	37
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	610	605
General reserve	137,000	142,000
Retained earnings brought forward	14,621	13,665
Total retained earnings	152,268	156,308
Treasury shares	(2,351)	(2,351)
Total shareholders' equity	157,679	161,718
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	83	94
Total valuation and translation adjustments	83	94
Total net assets	157,763	161,813
Total liabilities and net assets	233,075	238,408

(2) Statements of Income

Statements of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales	206,549	202,259
Cost of sales		
Beginning merchandise inventory	56,871	60,845
Cost of purchased goods	138,713	135,391
Total	195,585	196,237
Ending merchandise inventory	60,845	63,553
Total cost of sales	134,739	132,684
Gross profit	71,809	69,575
Operating revenue	328	383
Operating gross profit	72,138	69,958
Selling, general and administrative expenses	60,136	60,739
Operating profit	12,002	9,219
Non-operating income		
Interest income	0	0
Dividend income	11	13
Rental income	531	527
Administrative service fee income	45	39
Commission income	114	106
Insurance claim income	92	188
Other	230	135
Total non-operating income	1,027	1,010
Non-operating expenses		
Interest expenses	112	107
Rental costs	211	218
Loss on disaster	97	120
Business partner compensation costs	-	98
Other	35	23
Total non-operating expenses	456	567
Ordinary profit	12,572	9,661
Extraordinary income		
Gain on sale of non-current assets	31	21
Total extraordinary income	31	21
Extraordinary losses		
Loss on retirement of non-current assets	62	260
Impairment losses	212	368
System failure countermeasure costs	-	51
Other	2	-
Total extraordinary losses	277	679
Profit before income taxes	12,326	9,003
Income taxes - current	3,730	3,288
Income taxes - deferred	633	76
Total income taxes	4,364	3,364
Profit	7,961	5,639

(3) Statements of Changes in Net Assets

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			
		Legal capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,538	4,223	4,223	37	615	127,000	19,661	147,313
Cumulative effects of changes in accounting policies							(1,435)	(1,435)
Restated balance	3,538	4,223	4,223	37	615	127,000	18,225	145,878
Changes during period								
Provision of reserve for tax purpose reduction entry of non-current assets					(4)		4	—
Provision of general reserve						10,000	(10,000)	—
Dividends of surplus							(1,570)	(1,570)
Profit							7,961	7,961
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	(4)	10,000	(3,604)	6,390
Balance at end of period	3,538	4,223	4,223	37	610	137,000	14,621	152,268

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,351)	152,724	97	97	152,821
Cumulative effects of changes in accounting policies		(1,435)			(1,435)
Restated balance	(2,351)	151,288	97	97	151,386
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,570)			(1,570)
Profit		7,961			7,961
Net changes in items other than shareholders' equity			(13)	(13)	(13)
Total changes during period	—	6,390	(13)	(13)	6,376
Balance at end of period	(2,351)	157,679	83	83	157,763

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			
		Legal capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,538	4,223	4,223	37	610	137,000	14,621	152,268
Changes during period								
Provision of reserve for tax purpose reduction entry of non-current assets					(4)		4	—
Provision of general reserve						5,000	(5,000)	—
Dividends of surplus							(1,599)	(1,599)
Profit							5,639	5,639
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	(4)	5,000	(955)	4,039
Balance at end of period	3,538	4,223	4,223	37	605	142,000	13,665	156,308

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,351)	157,679	83	83	157,763
Changes during period					
Provision of reserve for tax purpose reduction entry of non-current assets		—			—
Provision of general reserve		—			—
Dividends of surplus		(1,599)			(1,599)
Profit		5,639			5,639
Net changes in items other than shareholders' equity			11	11	11
Total changes during period	—	4,039	11	11	4,050
Balance at end of period	(2,351)	161,718	94	94	161,813

(4) Statements of Cash Flows

(Millions of yen)

	Previous Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	12,326	9,003
Depreciation	5,657	5,629
Impairment losses	212	368
Amortization of intangible assets	214	245
Amortization of long-term prepaid expenses	55	54
Loss on retirement of property, plant and equipment	62	260
Loss (gain) on sale of property, plant and equipment	(31)	(21)
Other extraordinary loss (income)	2	-
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for retirement benefits	(30)	(42)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	16	302
Increase (decrease) in provision for bonuses for directors (and other officers)	0	2
Increase (decrease) in provision for bonuses	11	(0)
Interest and dividend income	(11)	(13)
Interest expenses	112	107
Decrease (increase) in trade receivables	(698)	(681)
Decrease (increase) in inventories	(4,064)	(2,715)
Increase (decrease) in trade payables	(950)	(1,890)
Increase (decrease) in accrued consumption taxes	(2,014)	760
Decrease (increase) in other assets	(75)	107
Increase (decrease) in other liabilities	(656)	415
Other, net	12	27
Subtotal	10,152	11,919
Interest and dividends received	11	13
Interest paid	(112)	(107)
Income taxes paid	(8,870)	(2,169)
Net cash provided by (used in) operating activities	1,180	9,656

(Millions of yen)

	Previous Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,408)	(3,157)
Proceeds from sale of property, plant and equipment	48	57
Purchase of intangible assets	(150)	(28)
Payments for retirement of non-current assets	(56)	(240)
Payments for asset retirement obligations	(57)	-
Payments of leasehold and guarantee deposits	(50)	(112)
Proceeds from refund of leasehold and guarantee deposits	177	96
Decrease (increase) in investments and other assets	2	(42)
Net cash provided by (used in) investing activities	(3,496)	(3,427)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(660)	(660)
Repayments of long-term borrowings	(1,084)	(599)
Repayments of lease liabilities	(1,241)	(1,358)
Dividends paid	(1,570)	(1,599)
Net cash provided by (used in) financing activities	(4,556)	(4,217)
Net increase (decrease) in cash and cash equivalents	(6,872)	2,011
Cash and cash equivalents at beginning of period	38,091	31,218
Cash and cash equivalents at end of period	31,218	33,230