

**Financial Results Briefing Material
for the Fiscal Year Ended March 31, 2023**
(April 01, 2022 - March 31, 2023)

May 1, 2023
NAFCO Corporation
(Securities Code: 2790)

Full-year Results for the Fiscal Year Ended March 31, 2023

(April 01, 2022 - March 31, 2023)

Statements of Income for the Fiscal Year Ended March 31, 2023

(Millions of yen)

	Fiscal Year Ended March 31, 2022	% of sales	Fiscal Year Ended March 31, 2023	% of sales	YoY Change
Net sales	206,549	100.0%	202,259	100.0%	97.9%
Gross profit	71,809	34.8%	69,575	34.4%	96.9%
Operating gross profit	72,138	34.9%	69,958	34.6%	97.0%
Selling, general and administrative expenses	60,136	29.1%	60,739	30.0%	101.0%
Operating profit	12,002	5.8%	9,219	4.6%	76.8%
Ordinary profit	12,572	6.1%	9,661	4.8%	76.8%
Profit	7,961	3.9%	5,639	2.8%	70.8%

Balance Sheets

(Millions of yen)

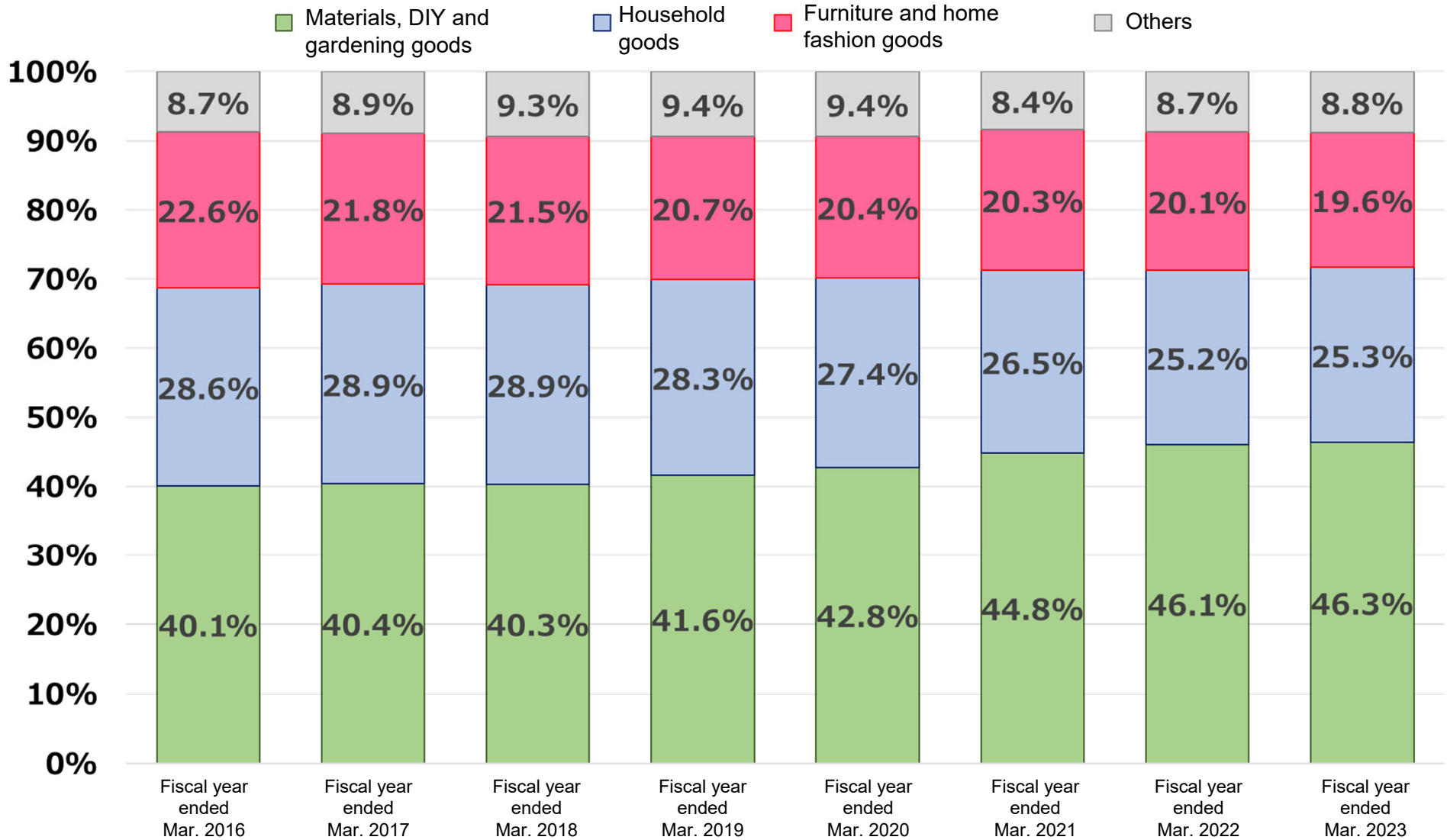
	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023	Change From the End of the Previous Fiscal Year
Net assets	233,075	238,408	+5,333
Current assets	100,744	105,748	+5,003
Of which, cash and deposits	34,111	36,123	+2,011
Non-current assets	132,331	132,660	+ 329
Of which, property, plant and equipment	118,557	119,010	+452
Liabilities	75,312	76,594	+ 1,282
Of which, interest-bearing liabilities (short-term borrowings, current portion of long-term borrowings, long-term borrowings)	20,293	19,033	(1,259)
Net assets	157,763	161,813	+4,050
Cash and deposit ratio (%)	14.6	15.2	
Ratio of interest-bearing liabilities (%)	8.7	8.0	
Equity ratio (%)	67.7	67.9	
Current ratio (%)	161.1	167.3	
Non-current ratio (%)	83.9	82.0	

Statements of Cash Flows

(Millions of yen)

	Free cash flow	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 March 31, 2018	5,103	12,696	(7,593)	(2,539)	24,226
Fiscal Year Ended March 31, 2019	3,508	7,115	(3,607)	(7,537)	20,196
Fiscal Year Ended March 31, 2020	6,470	11,885	(5,415)	(5,368)	21,297
Fiscal Year Ended March 31, 2021	21,286	24,781	(3,495)	(4,492)	38,091
Fiscal Year Ended March 31, 2022	(2,316)	1,180	(3,496)	(4,556)	31,218
Fiscal Year Ended March 31, 2023	6,229	9,656	(3,427)	(4,217)	33,230

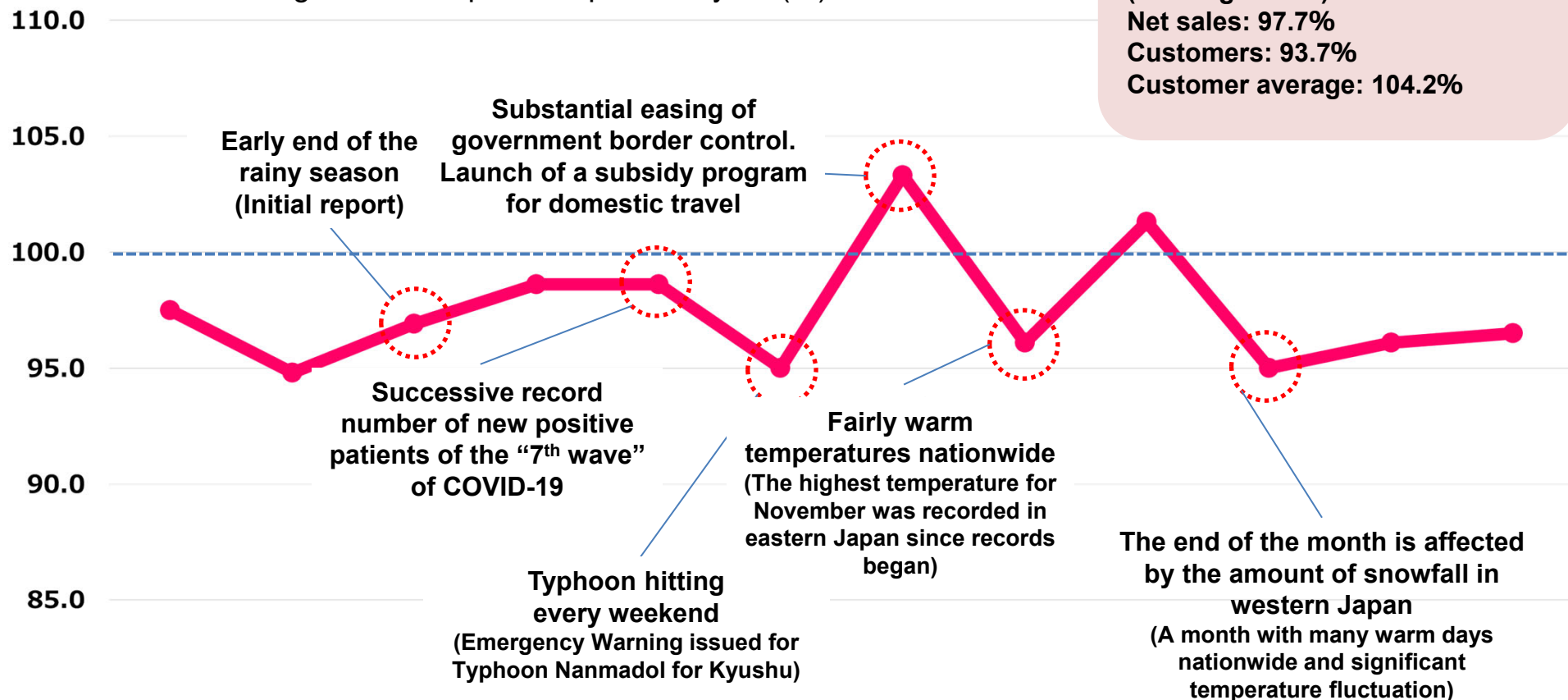
Trends in Sales Composition by Product



Trends in Existing Stores

Fiscal year ended March 31, 2023
 cumulative
 (existing stores)
Net sales: 97.7%
Customers: 93.7%
Customer average: 104.2%

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



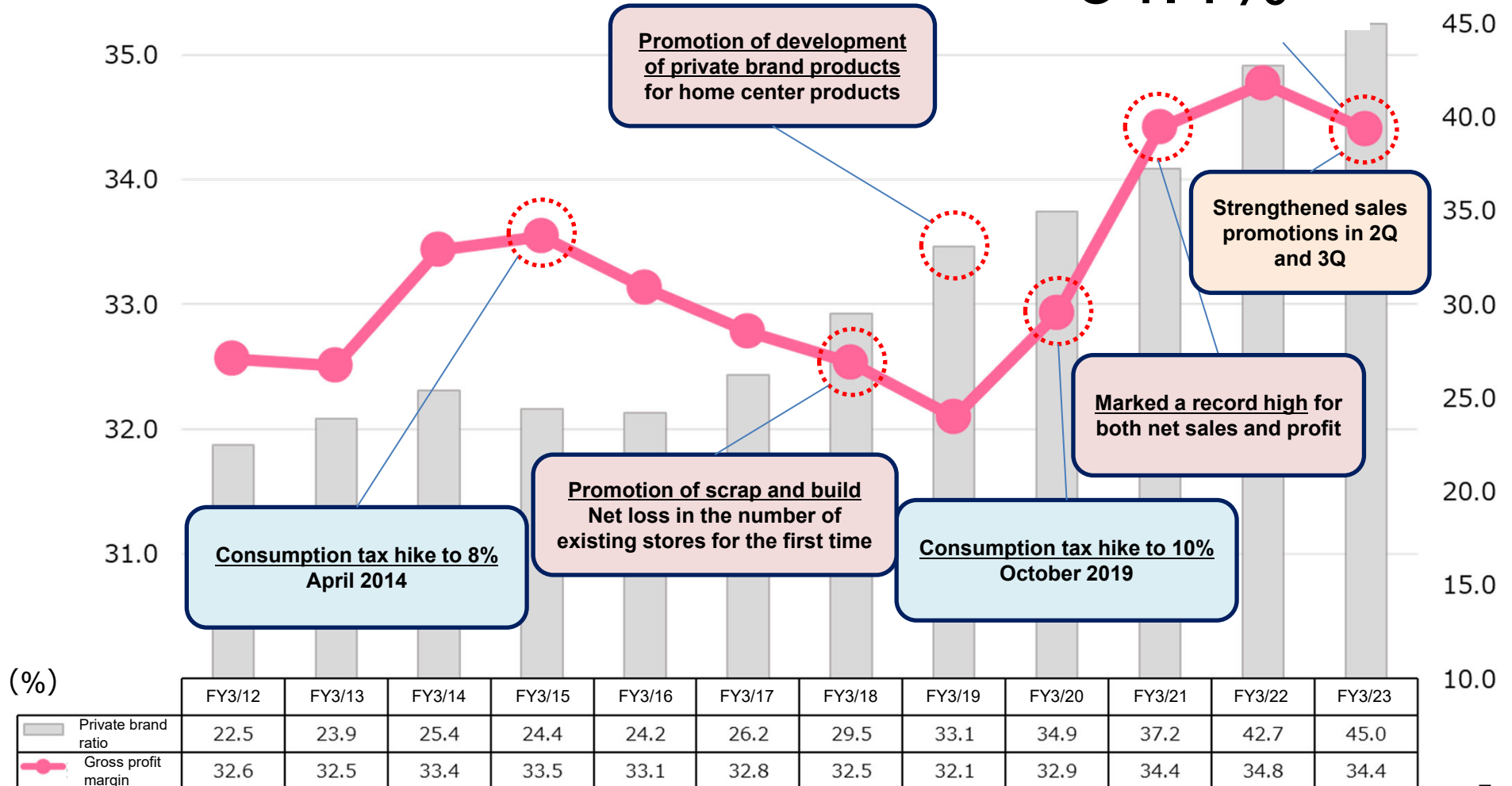
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Sales	97.5	94.8	96.9	98.6	98.6	95.0	103.3	96.1	101.3	95.0	96.1	96.5
Customers	92.5	92.4	91.0	93.7	94.7	90.3	98.6	92.8	95.9	92.7	94.3	93.1
Customer average	105.3	102.6	106.4	105.1	104.1	105.1	104.7	103.5	105.5	102.4	101.9	103.7

Trends in Gross Profit Margin at the End of the Term

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

Gross profit margin

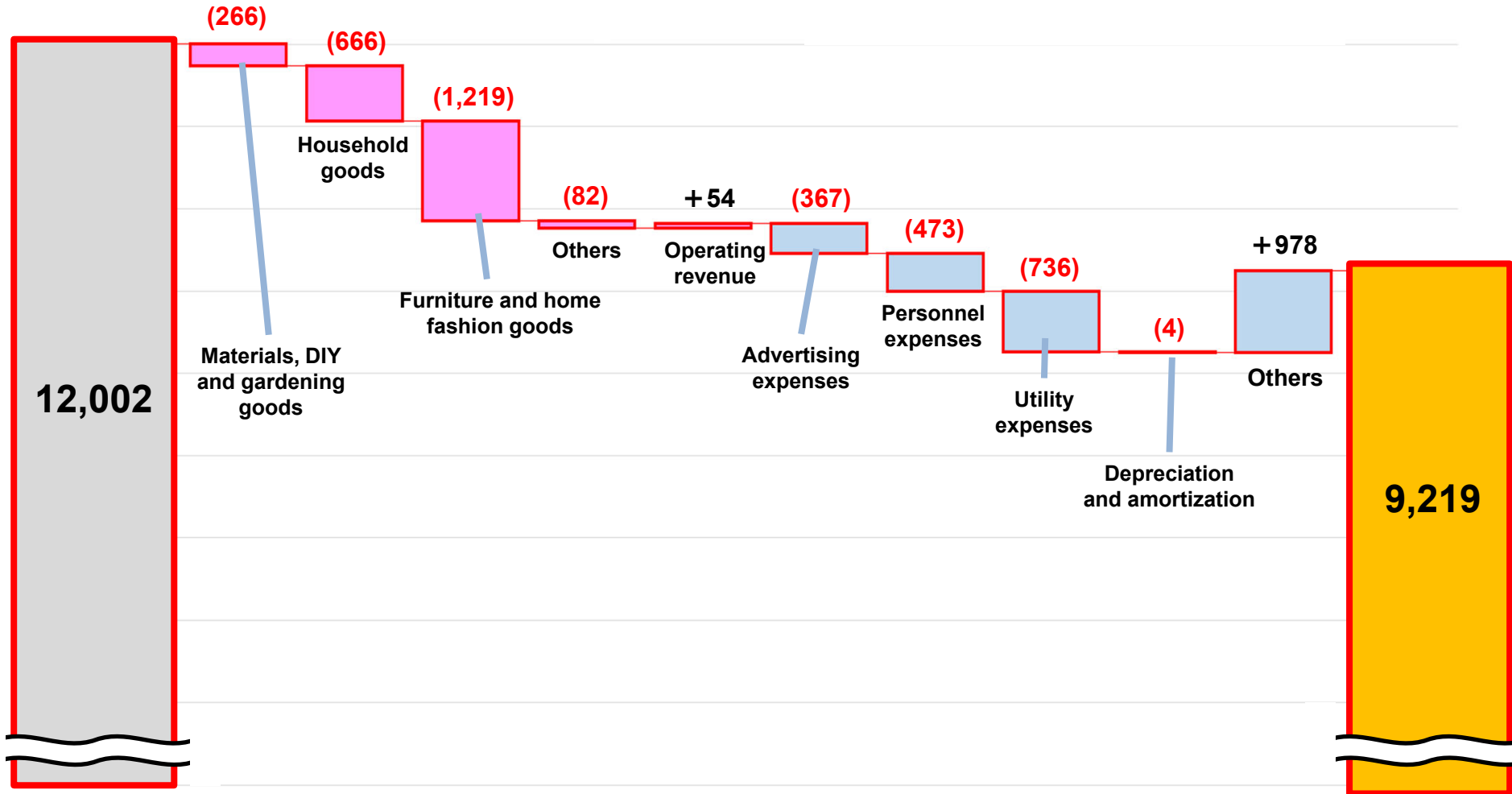
34.4%



Factors for a Change in Operating Profit

(Millions of yen)

■ Gross profit
 ■ Selling, general and administrative expenses



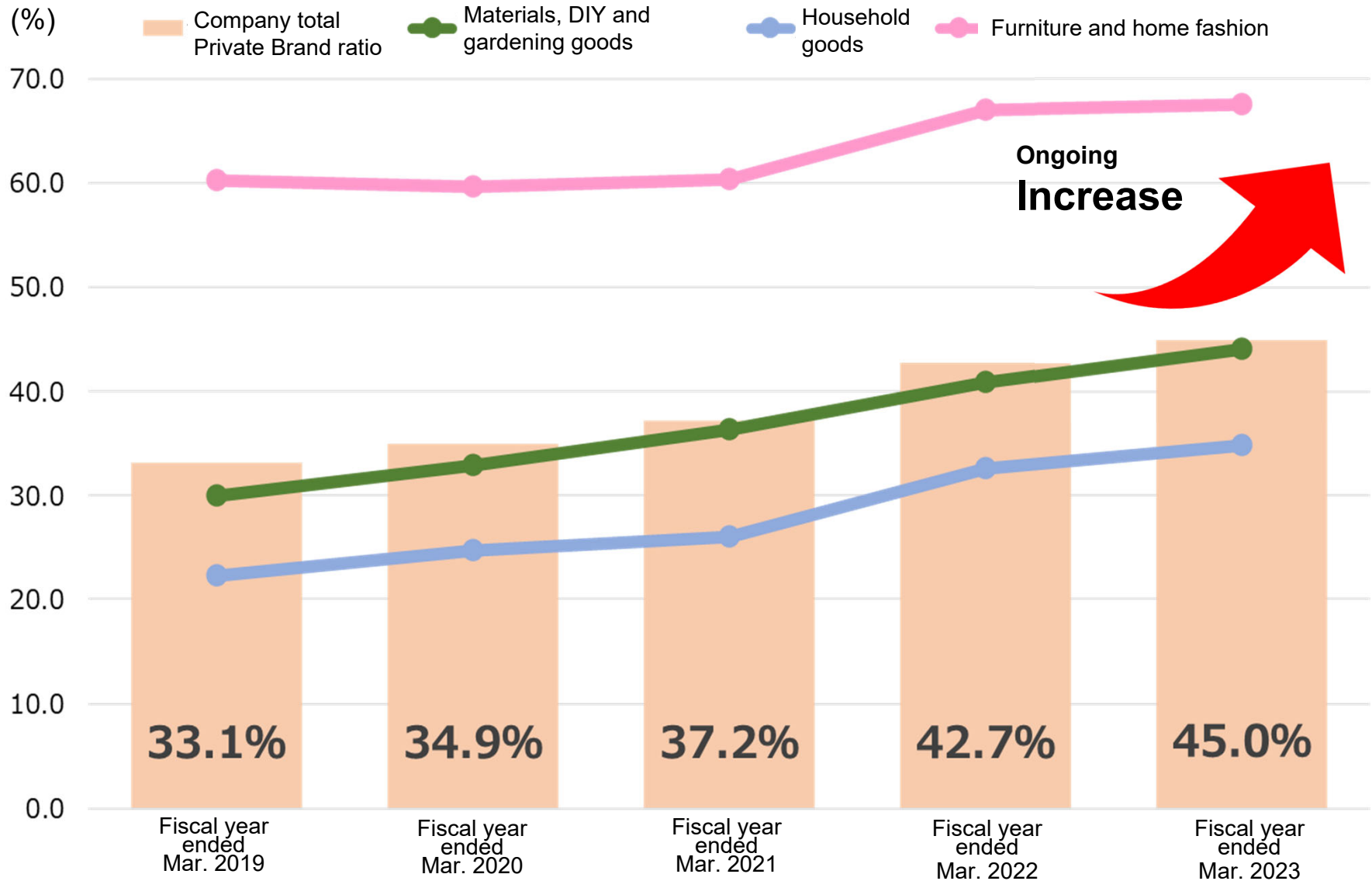
Fiscal year ended March 2022
Operating profit

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Fiscal year ended March 2023
Operating profit

<http://www.nafco.tv>

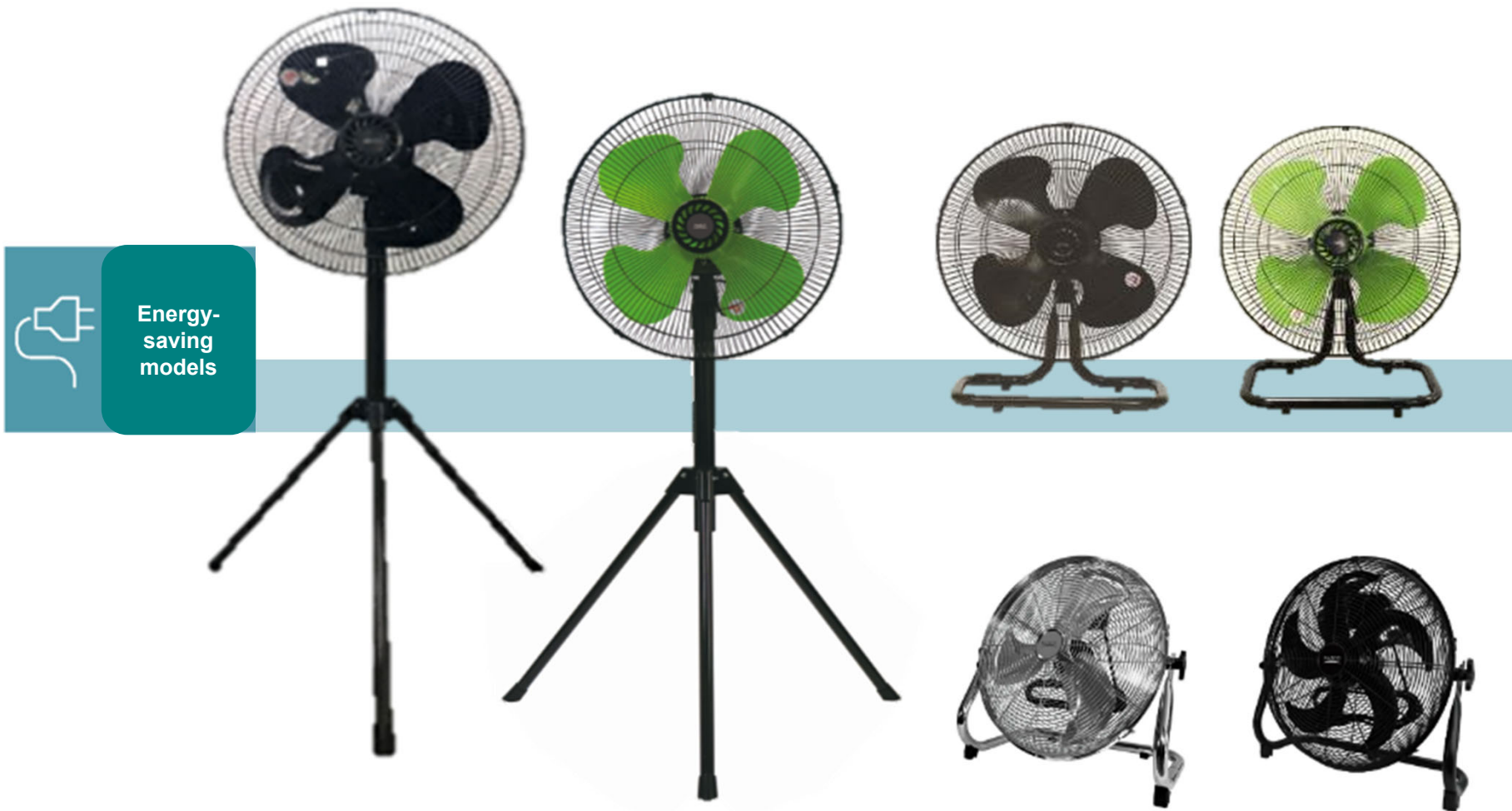
Trends in Private Brand Ratio at the End of the Term



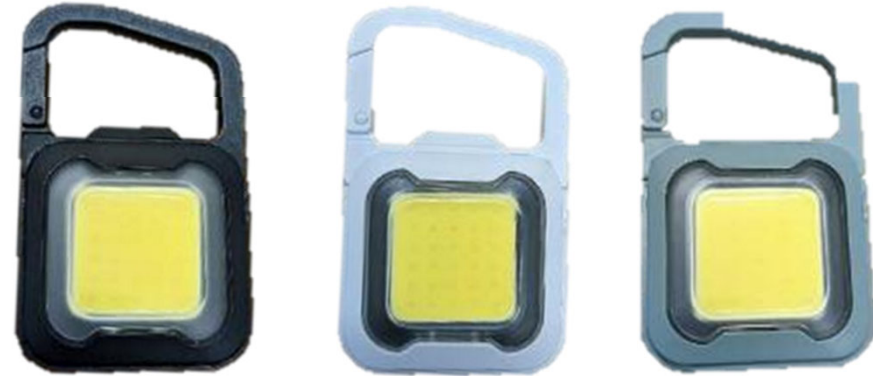
Ladies Gardening Wear



Energy-saving Industrial Fans



Work Gear



■ New color options for the hugely popular carabiner light, which now comes with waterproof specifications, making it even tougher.



■ 2-way work dolly. Function and design suitable for both work and recreational activities.

100% Food-Based Natural Herbicide



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Gentle lemon scent 2.5L



Gentle apple scent 2.5L



Vinegar herbicide shower 2.5 L
The power of everyday vinegar.
Specified control material containing food ingredients.



Vinegar herbicide shower 5 L
Large version of a popular product.

Watering Supplies



High water-volume nozzle series

- Approx. 1.5 times more water than conventional nozzles (NAFCO comparison)
- The nozzle has five different spray patterns to choose from
- The nozzle shape allows it to be hooked on the edge of a container, etc.



Cleaning bubble nozzle

- Two spray patterns — water only and water/detergent mix (dispersion)
- Suitable for use with neutral detergent only
- Pour detergent into the bottle, then use the nozzle to spray out together with water



High water-volume hose reel



Portable Highback Chair



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キャンプ



アウトドア



収納グッズ



ファッション



キッチン



チエア



自転車



PORTABLE HIGHBACK CHAIR

ポータブルハイバックチェア



コンパクトに
畳んで
収納！



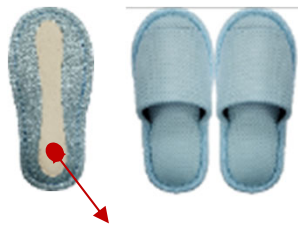
- The high backrest makes you feel like you're relaxing in a hammock
- Uses mesh on either side of the seat for better breathability
- Weighs approx. 2.2 kg and can be folded compactly

Private Brand Products (Household goods)

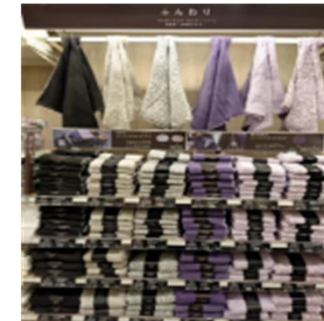
Slippers and Towels



Silent mesh slippers



Uses same-color mesh on the sole for a silencing and anti-slip function



Dining Table Sets



Dining Table Set NS Light LD Series

- Six types of tables, four types of couches, eight types of benches, and two types of stools in different sizes and colors.



Dining Table Set NS Light Round Table

- Lavishly uses natural wood. Available in two colors.
- Wooden portion of chairs coated with urethane resin.



New Spring Life



Morbi Series
Cabinet, lowboard table, table
(Rug: Aditi)



Open interior complemented by natural light
West Coast interior is defined by vivid colors on a pure white backdrop to create a refreshing look evoking images of the sun and sea.



<https://www.21style.co.jp/>



NS Grace Series
Desk, side rack, side wagon
(Vintage chair: NS Romano)
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Black & white interior creating a refined and unified look
Befitting the district of New York it takes its name from, Brooklyn style is characterized by a vintage vibe fused with modern items to produce a seamless style comprised of dark tones.





Outline of ESG initiatives

The main items are listed.

【Solar power generation】

Field	Items	Outline
E	Reduction of carbon dioxide emissions	<ul style="list-style-type: none"> Changing the lighting at stores to LED (completed 100%) Installation of solar panels on the roof of stores
	Environmentally friendly products	<ul style="list-style-type: none"> Development and sales of herbicides from natural ingredients Development and sales of rechargeable electric string trimmer
	Recycling after use	<ul style="list-style-type: none"> Collecting PET bottles Collecting used ink cartridges
S	Role in Disasters	<ul style="list-style-type: none"> Number of local authorities (including police) with which we have entered agreements for the supply of disaster supplies: 329 (as of March 31, 2023) Product supplies through immediate store restoration in the disaster area
G	Corporate Governance	<ul style="list-style-type: none"> Disclosing skill matrix Participation in the "Electronic Voting Platform"



【New Store】Kurobe Store (Toyama Prefecture)



Enzan Store

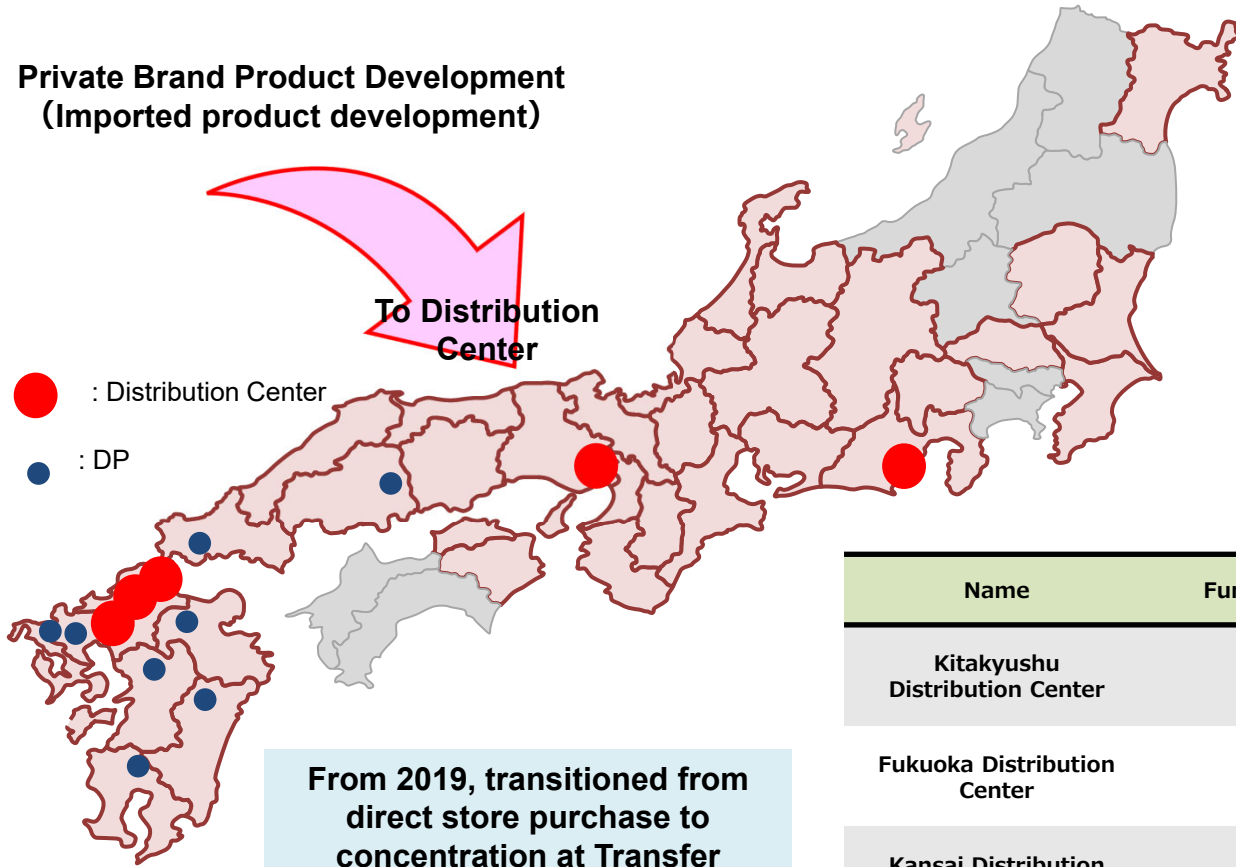


Chino Store



Product Appeal and Low-Cost Operations

Private Brand Product Development
(Imported product development)



From commencing storage of furniture in distribution centers (2007) to commencing storage of home center merchandise in distribution centers (Full-scale operation from 2021)

Acceleration of Private Brand Development

From 2019, transitioned from direct store purchase to concentration at Transfer Centers

Reduced inspection work, etc. at stores

Name	Function	Location	Established
Kitakyushu Distribution Center	DC	Fukuoka	Feb. 2007
Fukuoka Distribution Center	TC	Fukuoka	Oct. 2019
Kansai Distribution Center	DC/TC	Hyogo	Apr. 2021
Wakamiya Distribution Center	DC/TC	Fukuoka	Apr. 2021
Chubu Distribution Center	TC	Shizuoka	May 2023 Scheduled for operation

Store Openings and Expansion/Renovation

Ube Store (HC)

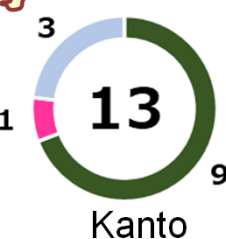
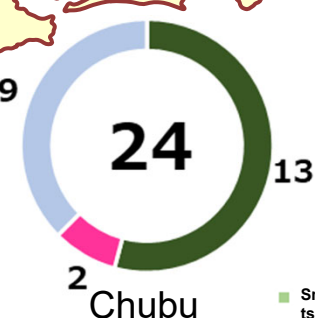
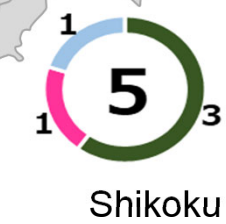
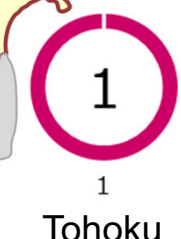
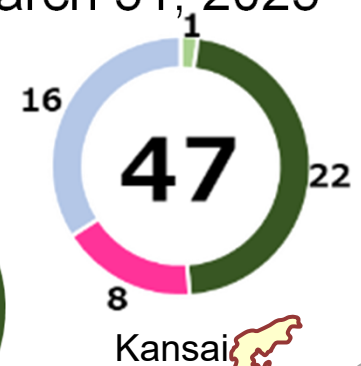
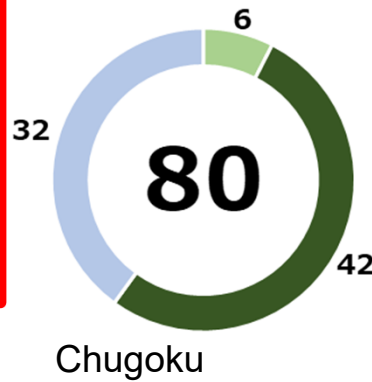
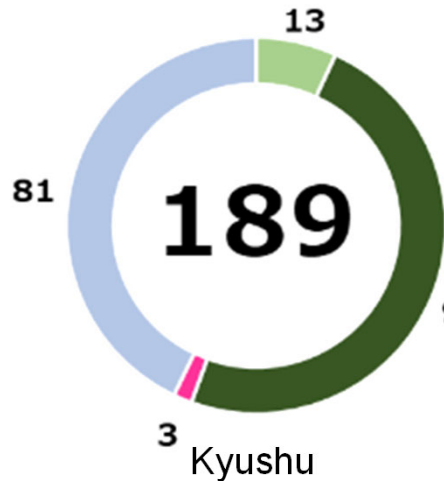


	Store Name	Opening	Location	Store style
New Stores	TWO-ONE STYLE Matsuzakaya Shizuoka	April	Shizuoka	Furniture and home fashion store
	Kurobe	September	Toyama	Home center
	TWO-ONE STYLE Takarazuka Itami	September	Hyogo	Furniture and home fashion store
	TWO-ONE STYLE Kyoto Katsura-minami	November	Kyoto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

Number of Stores by Area



●: New stores in fiscal year ended March 31, 2023



■ Small stores of 300 tsubo
■ Furniture-only stores
■ HI stand-alone 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	39.6%	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	13,000 square meters or more	200,000
Home center	50.4%	<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	4.5%			<input type="radio"/>		7,000 square meters	300,000

Shareholder Benefit Program

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

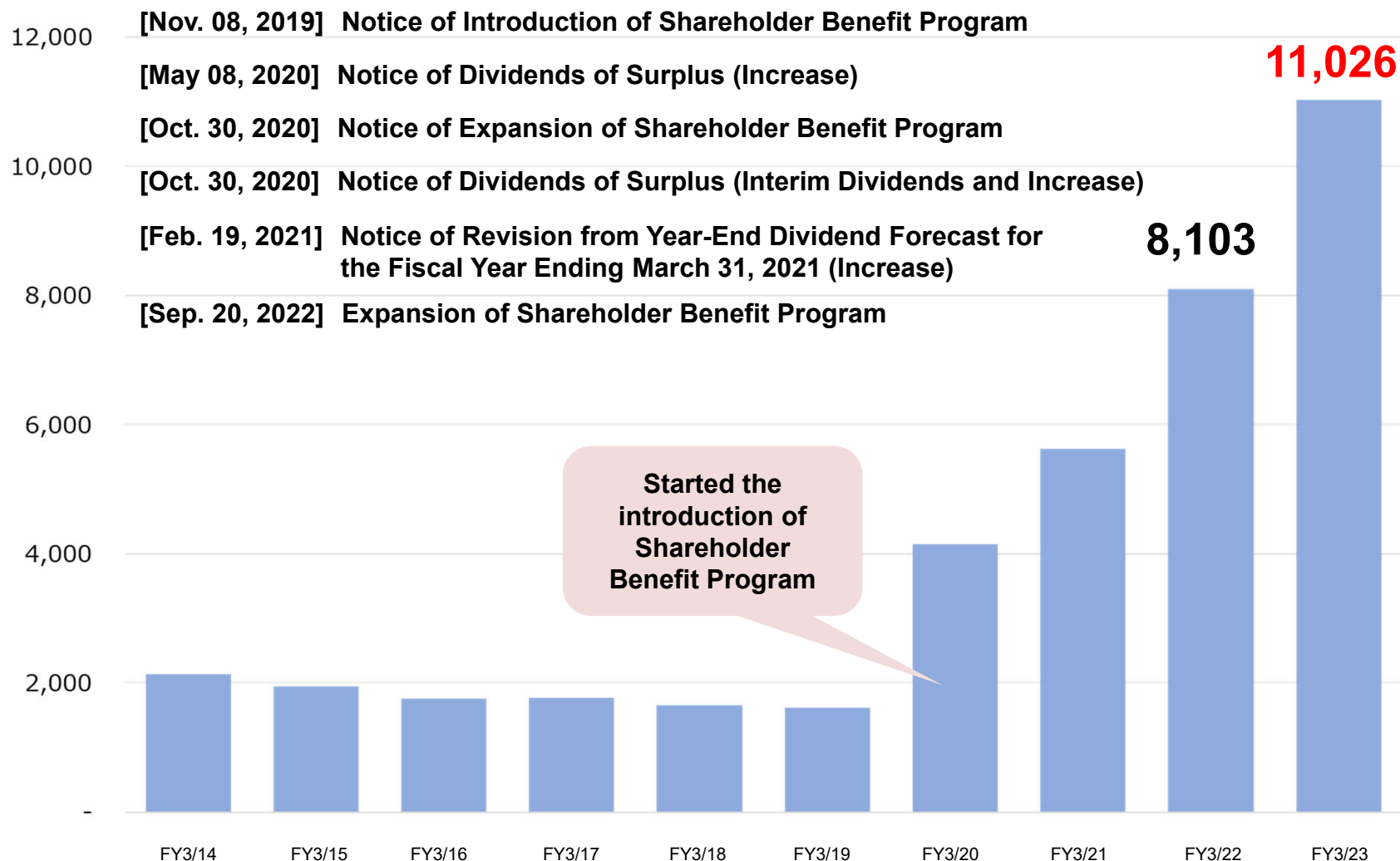
Number of Shares Held	End of September (Interim) 【Not changed this time】	End of March (Year-end) 【Either A or B】
100 or more but less than 500 shares	UC Gift Voucher worth ¥500	A. UC Gift Voucher worth ¥1,000 B. <u>NAFCO Shopping Voucher</u> worth ¥2,000
500 or more but less than 1,000 shares	UC Gift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

Current benefit from the program

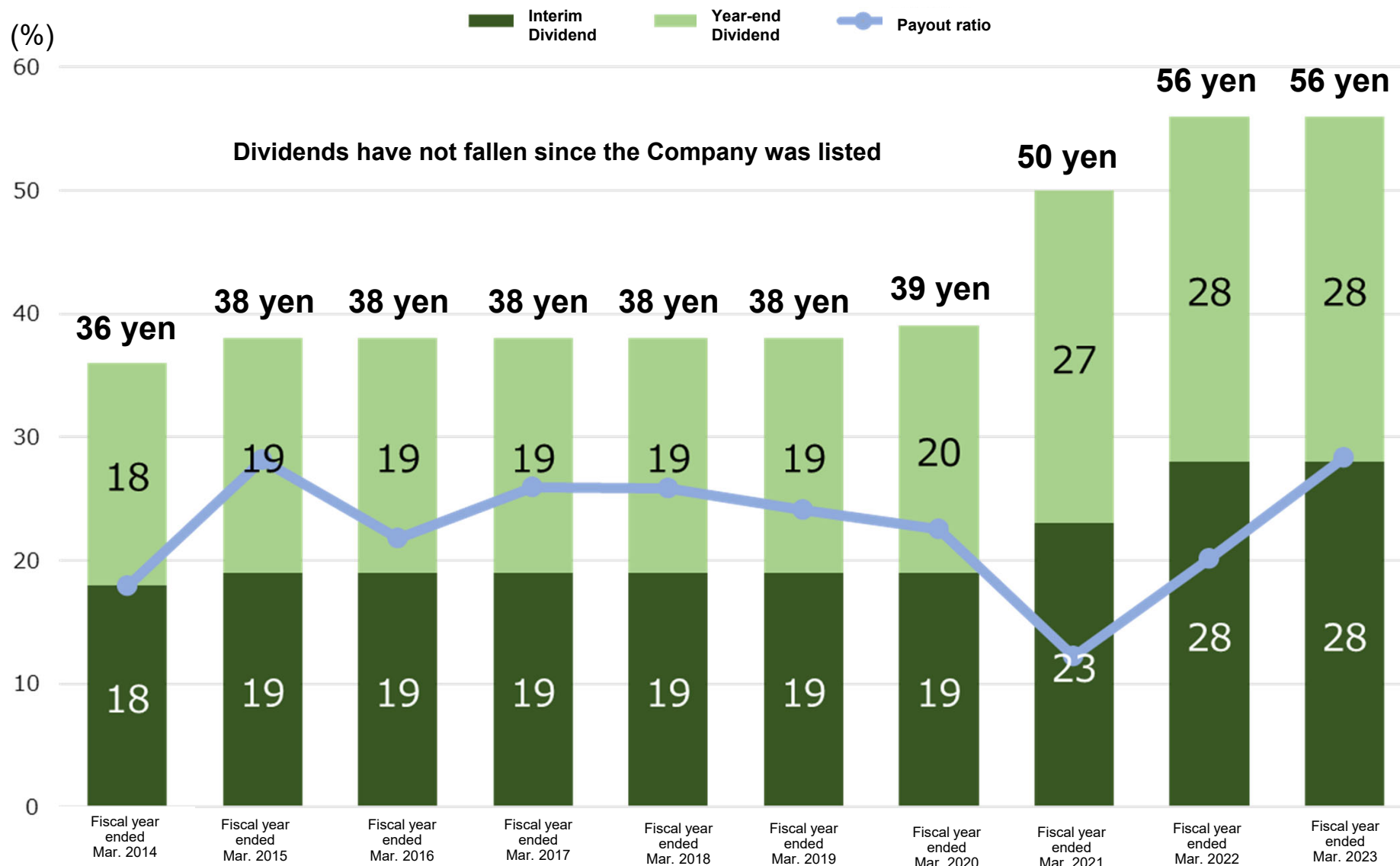
Number of Shares Held	End of September (Interim)	End of March (Year-end)
100 or more but less than 500 shares	UC Gift Voucher worth ¥500	UC Gift Voucher worth ¥1,000
500 or more but less than 1,000 shares	UC Gift Voucher worth ¥1,500	UC Gift Voucher worth ¥3,000
1,000 or more shares	UC Gift Voucher worth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

Trends in the Number of Shareholders

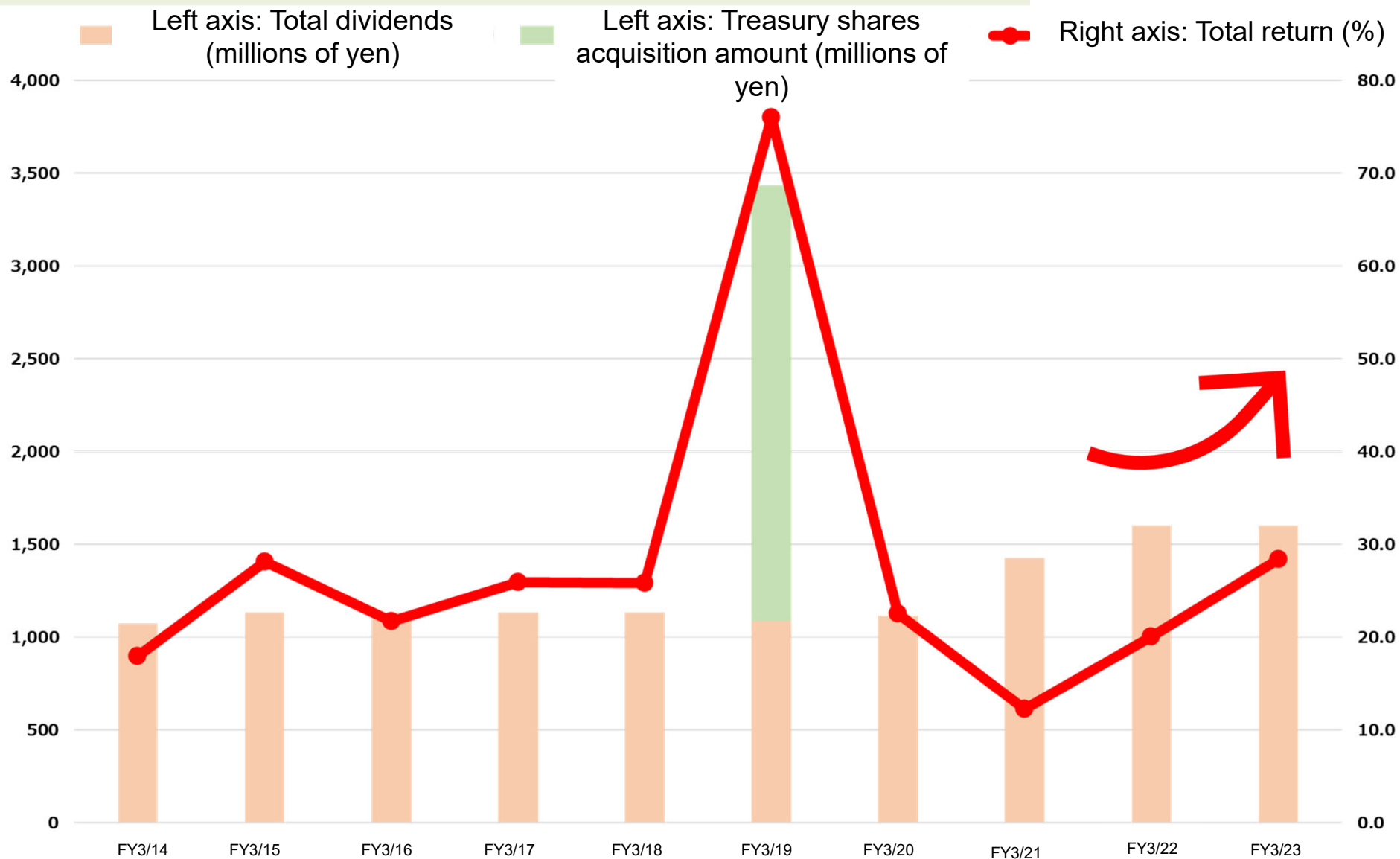
(People)



Trends in Dividend



Trends in Total Return Ratio



Forecast for the Fiscal Year Ending March 31, 2024

(April 01, 2023 - March 31, 2024)

Store Openings and Renovation Plans for the Fiscal Year Ending March 31, 2024

Ube Store (Furniture)
Open April 2023



	Store name	Location
New stores	A	Fukuoka
	B	Saga
Expansion/ Renovation	Ube (furniture)	Yamaguchi
	8 more stores	

The information shown here is current as of the disclosure of financial results (April 28, 2023)

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 March31, 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)	Fiscal year ended March 31, 2021			Fiscal year ended March 31, 2022			Fiscal year ended March 31, 2023		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Net Sales	234,578	107.7%	100.0%	206,549	88.1%	100.0%	202,259	97.9%	100.0%
Gross profit	80,726	112.6%	34.4%	72,138	89.4%	34.9%	69,575	96.9%	34.4%
Operating gross profit	-	-	-	71,809	-	34.8%	69,958	97.0%	34.6%
Selling, general and administrative expenses	62,504	98.6%	26.6%	60,136	96.2%	29.1%	60,739	101.0%	30.0%
Operating profit	18,221	219.0%	7.8%	12,002	65.9%	5.8%	9,219	77.0%	4.6%
Ordinary profit	18,918	211.0%	8.1%	12,572	66.5%	6.1%	9,760	77.6%	4.8%
Profit	11,688	236.6%	5.0%	7,961	68.1%	3.9%	5,639	70.8%	2.8%
Existing Stores (YoY Change)	Fiscal year ended March 31, 2021			Fiscal year ended March 31, 2022			Fiscal year ended March 31, 2023		
Net Sales	108.2%			90.8%			97.7%		
Customers	103.5%			88.0%			93.7%		
Customer average	104.5%			103.2%			104.2%		

Segments

Net Sales (Millions of yen)	Fiscal year ended March 31, 2021			Fiscal year ended March 31, 2022			Fiscal year ended March 31, 2023		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	105,140	112.8%	44.8%	95,123	90.5%	46.1%	93,742	98.5%	46.3%
Household goods	62,170	104.0%	26.5%	52,003	83.6%	25.2%	51,228	98.5%	25.3%
Furniture and home fashion goods	47,507	106.7%	20.3%	41,485	87.3%	20.1%	39,567	95.4%	19.6%
Others	19,760	97.6%	8.4%	17,936	90.8%	8.7%	17,720	98.8%	8.8%
Total	234,578	107.7%	100.0%	206,549	88.1%	100.0%	202,259	97.9%	100.0%
Gross profit (Millions of yen)	Fiscal year ended March 31, 2021			Fiscal year ended March 31, 2022			Fiscal year ended March 31, 2023		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	37,901	116.6%	36.0%	34,198	90.2%	36.0%	33,932	99.2%	36.2%
Household goods	18,162	111.6%	29.2%	15,283	84.1%	29.4%	14,617	95.6%	28.5%
Furniture and home fashion goods	18,695	109.3%	39.4%	16,997	90.9%	41.0%	15,777	92.8%	39.9%
Others	5,968	102.4%	30.2%	5,331	89.3%	29.7%	5,248	98.5%	29.6%
Total	80,726	112.6%	34.4%	71,809	89.0%	34.8%	69,575	96.9%	34.4%

Number of Stores by Area and Business Type

Number of Stores at the End of the Term	Fiscal year ended March 31, 2021			Fiscal year ended March 31, 2022			Fiscal year ended March 31, 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	105	3
Chugoku and Shikoku	33	52	1	33	52	1	33	51	1
Kansai	17	21	5	16	22	7	16	23	8
Chubu	9	13	1	9	13	1	9	13	2
Kanto and Tohoku	3	9	2	3	9	2	3	9	2
Total	144	201	12	143	202	14	142	201	16
	357			359			359		

Balance Sheets

Items (Millions of yen)	Fiscal Year Ended March 31, 2021			Fiscal Year Ended March 31, 2022			Fiscal Year Ended March 31, 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	236,164	106.8%	15,126	233,075	98.7%	(3,088)	238,408	102.3%	+5,333
Current assets	102,419	119.5%	16,681	100,744	98.4%	(1,675)	105,748	105.0%	+5,003
Of which, cash and deposits	40,984	169.4%	16,793	34,111	83.2%	(6,872)	36,123	105.9%	+2,011
Non-current assets	133,744	98.9%	(1,554)	132,331	98.9%	(1,413)	132,660	100.2%	+329
Of which, property, plant and equipment	119,942	98.9%	(1,359)	118,557	98.8%	(1,384)	119,010	100.4%	+452
Liabilities	83,342	105.9%	4,629	75,312	90.4%	(8,029)	76,594	101.7%	+1,282
Interest-bearing liabilities	22,038	91.1%	(2,156)	20,293	92.1%	(1,744)	19,033	93.8%	(1,259)
Net assets	152,821	107.4%	10,497	157,763	103.2%	4,941	161,813	102.6%	4,050
	Fiscal Year Ended March 31, 2021			Fiscal Year Ended March 31, 2022			Fiscal Year Ended March 31, 2023		
Cash and deposit ratio (%)	17.4%			14.6%			15.2%		
Ratio of interest-bearing liabilities (%)	9.3%			8.7%			8.0%		
Equity ratio (%)	64.7%			67.7%			67.9%		

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.

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