

Non-Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 27, 2023

Company name: NAFCO Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 2790

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

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Scheduled date of filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 1, 2023

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly 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 Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Operating Results (cumulative)

(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	%
Six months ended								
September 30, 2023	101,033	(3.4)	4,033	(39.1)	4,209	(38.4)	2,487	(40.8)
September 30, 2022	104,629	(3.1)	6,622	(6.5)	6,831	(6.5)	4,203	(7.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	87.07	-
September 30, 2022	147.18	-

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	239,190	163,553	68.4	5,726.14
As of March 31, 2023	238,408	161,813	67.9	5,665.24

(Reference) Equity: As of September 30, 2023: ¥163,553 million

As of March 31, 2023: ¥161,813 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 28.00	Yen -	Yen 28.00	Yen 56.00
Fiscal year ending March 31, 2024	-	29.00			
Fiscal year ending March 31, 2024 (Forecast)			-	29.00	58.00

(Note) Revision from the most recently announced dividend forecast: None

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
Full year	200,000	(1.1)	7,000	(24.1)	7,425	(23.2)	4,120	(26.9)	144.24

(Note) Revision from the most recently announced projected operating results: None

* Notes:

(1) Accounting policies adopted specifically for the preparation of quarterly financial statements: Yes

(Note) For details please refer to “2. Quarterly Financial Statements and Primary Notes (4) Notes on Quarterly Financial Statements (Accounting policies adopted specifically for the preparation of quarterly financial statements)” on page 9 of the attached document.

(2) 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

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

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

September 30, 2023: 29,784,400 shares

March 31, 2023: 29,784,400 shares

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

September 30, 2023: 1,221,850 shares

March 31, 2023: 1,221,812 shares

3) Average number of shares during the term:

Six months ended September 30, 2023: 28,562,556 shares

Six months ended September 30, 2022: 28,562,588 shares

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

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

(Cautionary note on forward-looking statement)

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. Qualitative Information on Quarterly Financial Results (3) Explanation of Forecast of Performance Results and Other Forward-Looking Information” on page 3 of the attached document.

2. Financial Statements and Primary Notes

(1) Balance Sheets

(Millions of yen)

	End of Previous Fiscal year (March 31, 2023)	End of Second Quarter of Current Fiscal Year (September 30, 2023)
Assets		
Current assets		
Cash and deposits	36,123	40,133
Accounts receivable - trade	4,446	4,007
Merchandise	63,553	60,717
Other	1,629	1,685
Allowance for doubtful accounts	(4)	(3)
Total current assets	105,748	106,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	65,814	65,145
Land	48,952	49,221
Construction in progress	128	174
Other, net	4,115	4,539
Total property, plant and equipment	119,010	119,080
Intangible assets	3,312	3,215
Investments and other assets	10,337	10,353
Total non-current assets	132,660	132,649
Total assets	238,408	239,190
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,147	25,837
Short-term borrowings	18,925	18,750
Current portion of long-term borrowings	99	58
Income taxes payable	1,670	1,729
Accounts payable - other	4,236	4,662
Notes payable - facilities	3,183	2,803
Provision for bonuses	1,042	1,084
Provision for bonuses for directors (and other officers)	31	—
Asset retirement obligations	—	3
Contract liabilities	3,264	3,044
Other	3,588	3,854
Total current liabilities	63,190	61,829
Non-current liabilities		
Long-term borrowings	8	—
Provision for retirement benefits	3,020	3,028
Provision for retirement benefits for directors (and other officers)	686	724
Asset retirement obligations	6,454	6,477
Other	3,234	3,576
Total non-current liabilities	13,404	13,807
Total liabilities	76,594	75,637

(Millions of yen)

	End of Previous Fiscal year (March 31, 2023)	End of Second Quarter of Current Fiscal Year (September 30, 2023)
Net assets		
Shareholders' equity		
Share capital	3,538	3,538
Capital surplus	4,223	4,223
Retained earnings	156,308	157,995
Treasury shares	(2,351)	(2,351)
Total shareholders' equity	161,718	163,406
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	94	146
Total valuation and translation adjustments	94	146
Total net assets	161,813	163,553
Total liabilities and net assets	238,408	239,190

(2) Statements of Income
Statements of Income

(Millions of yen)

	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Net sales	104,629	101,033
Cost of sales	68,116	67,011
Gross profit	36,512	34,021
Operating revenue	189	177
Operating gross profit	36,701	34,199
Selling, general and administrative expenses	30,078	30,165
Operating profit	6,622	4,033
Non-operating income		
Interest income	0	0
Dividend income	9	9
Commission income	57	53
Rental income from buildings	261	260
Insurance claim income	31	28
Other	65	62
Total non-operating income	425	414
Non-operating expenses		
Interest expenses	53	61
Rental costs on real estate	108	108
Loss on disaster	43	52
Other	10	17
Total non-operating expenses	216	239
Ordinary profit	6,831	4,209
Extraordinary losses		
Loss on retirement of non-current assets	53	143
Impairment losses	53	117
System failure countermeasure costs	51	—
Total extraordinary losses	159	261
Profit before income taxes	6,672	3,947
Income taxes	2,468	1,460
Profit	4,203	2,487

(3) Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	6,672	3,947
Depreciation	2,728	2,768
Impairment losses	53	117
Amortization of intangible assets	121	121
Amortization of long-term prepaid expenses	27	25
Loss on retirement of property, plant and equipment	53	143
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for retirement benefits	(16)	8
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12	37
Increase (decrease) in provision for bonuses for directors (and other officers)	(28)	(31)
Increase (decrease) in provision for bonuses	36	41
Interest and dividend income	(9)	(10)
Interest expenses	53	61
Decrease (increase) in trade receivables	(78)	(26)
Decrease (increase) in inventories	(1,991)	2,833
Increase (decrease) in trade payables	15	(1,309)
Increase (decrease) in accrued consumption taxes	966	675
Decrease (increase) in other assets	(54)	(57)
Increase (decrease) in other liabilities	300	428
Other, net	13	(24)
Subtotal	8,877	9,749
Interest and dividends received	9	10
Interest paid	(53)	(56)
Income taxes paid	(296)	(1,408)
Net cash provided by (used in) operating activities	8,538	8,293

	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six Months Ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,477)	(2,429)
Purchase of intangible assets	(19)	(22)
Payments for retirement of non-current assets	(50)	(36)
Payments for asset retirement obligations	—	(30)
Payments of leasehold and guarantee deposits	(24)	(25)
Proceeds from refund of leasehold and guarantee deposits	17	22
Decrease (increase) in investments and other assets	(81)	(53)
Net cash provided by (used in) investing activities	(1,636)	(2,575)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(330)	(175)
Repayments of long-term borrowings	(349)	(49)
Repayments of lease liabilities	(661)	(737)
Purchase of treasury shares	—	(0)
Dividends paid	(799)	(799)
Net cash provided by (used in) financing activities	(2,141)	(1,761)
Net increase (decrease) in cash and cash equivalents	4,760	3,956
Cash and cash equivalents at beginning of period	31,218	33,230
Cash and cash equivalents at end of period	35,978	37,186