

Financial Results Briefing Material for the Nine Months Ended December 31, 2024

(April 01, 2024 – December 31, 2024)

February 03, 2025
NAFCO Corporation
(Securities Code: 2790)

Financial Results for the Nine Months Ended December 31, 2024

(April 01, 2024 - December 31, 2024)

Results for the Nine Months Ended December 31, 2024

(Millions of yen)

	Nine months ended December 31, 2023	% of total operating revenue	Nine months ended December 31, 2024	% of total operating revenue	YoY Change
Total Operating revenue	152,754	100.0%	143,827	100.0%	94.2%
Operating gross profit	51,494	33.7%	48,514	33.7%	94.2%
Operating profit	6,035	4.0%	2,263	1.6%	37.5%
Ordinary profit	6,104	4.0%	2,315	1.6%	37.9%
Profit	3,536	2.3%	1,128	0.8%	31.9%

* 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 Nine Months Ended December 31, 2024

(Millions of Yen)

	Nine months ended December 31, 2023	% of sales	Nine months ended December 31, 2024	% of sales	YoY Change
Net sales	152,105	100.0%	143,305	100.0%	94.2%
Gross profit	50,845	33.4%	47,991	33.5%	94.4%
Operating gross profit	51,494	33.9%	48,514	33.9%	94.2%
Selling, general and administrative expenses	45,459	29.9%	46,250	32.3%	101.7%
Operating profit	6,035	4.0%	2,263	1.6%	37.5%
Ordinary profit	6,104	4.0%	2,315	1.6%	37.9%
Profit	3,536	2.3%	1,128	0.8%	31.9%

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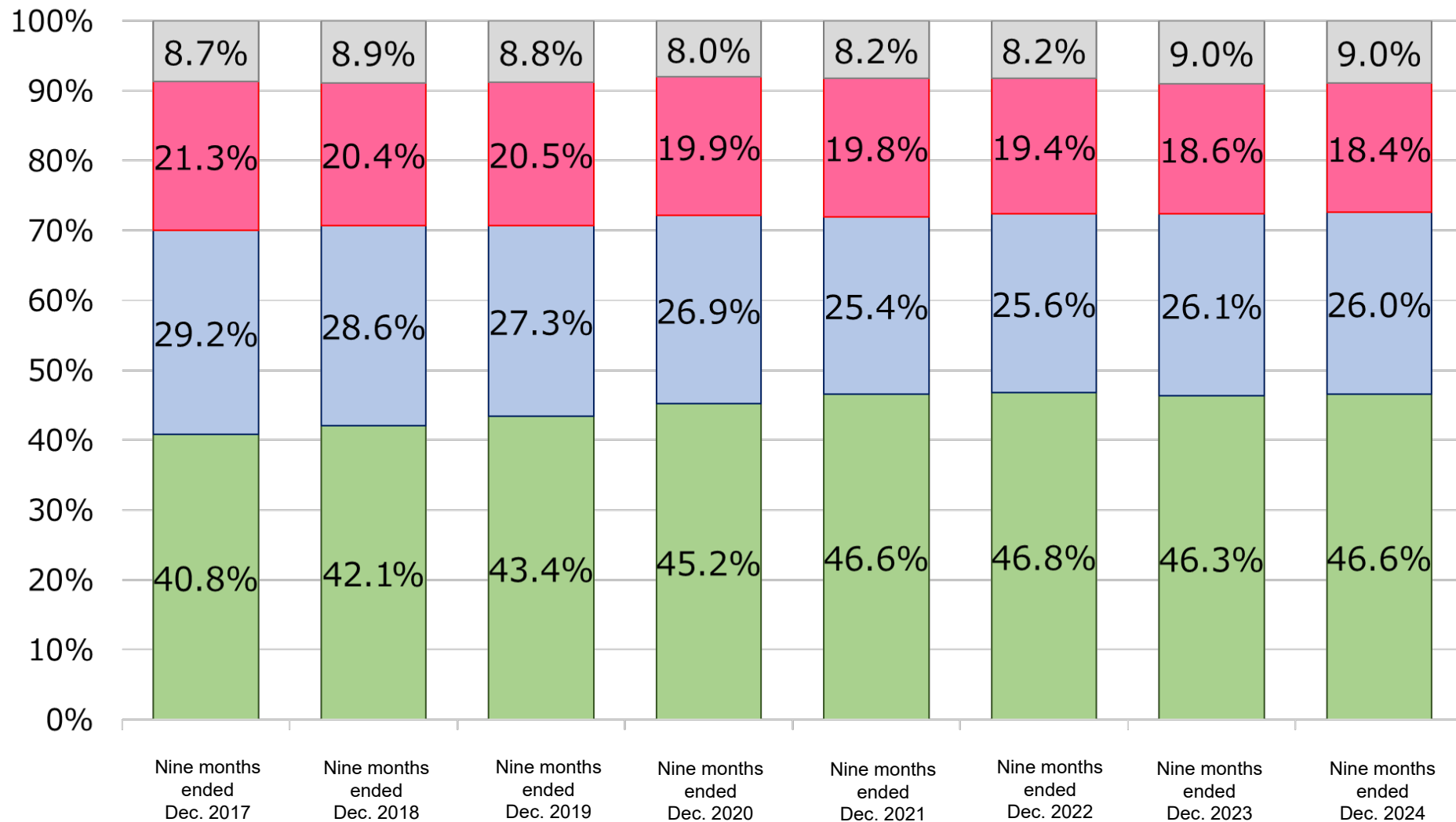
Balance Sheets

(Millions of yen)

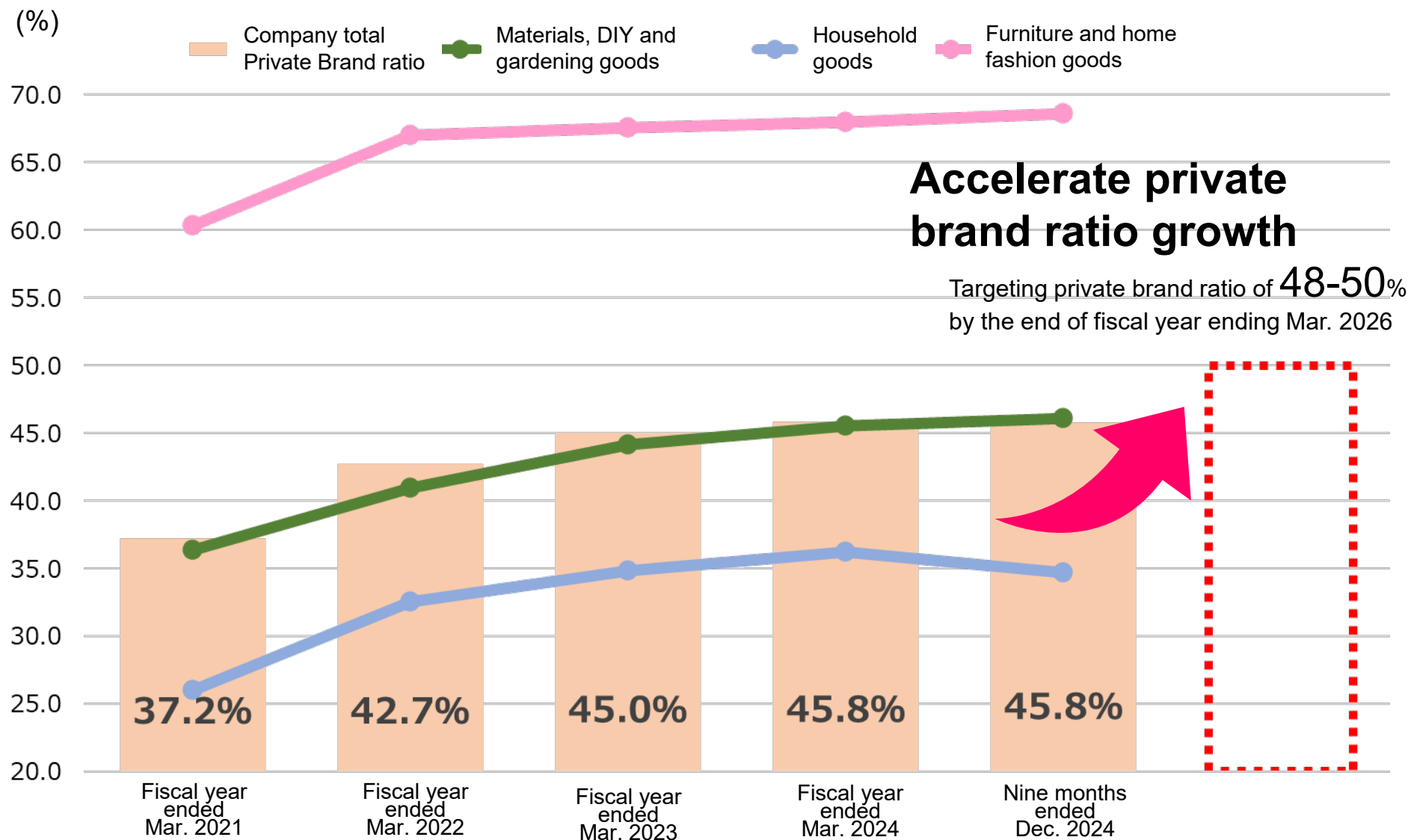
	Fiscal Year Ended March 31, 2024	Nine months ended December 31, 2024	Change From the End of the Previous Fiscal Year
Total assets	232,246	235,477	+3,231
Current assets	99,574	99,810	+236
Of which, cash and deposits	32,997	31,952	(1,044)
Non-current assets	132,672	135,666	+2,994
Of which, property, plant and equipment	119,210	122,155	+2,945
Liabilities	72,885	76,542	+3,657
Of which, interest-bearing liabilities (short-term borrowings, current portion of long-term borrowings, long-term borrowings)	18,828	18,575	(253)
Net assets	159,361	158,934	(426)
Cash and deposit ratio (%)	14.2	13.6	
Ratio of interest-bearing liabilities (%)	8.1	7.9	
Equity ratio (%)	68.6	67.5	
Current ratio (%)	170.4	163.7	
Non-current ratio (%)	83.3	85.4	

Trends in Sales Composition by Product

■ Materials, DIY and gardening goods
 ■ Household goods
 ■ Furniture and home fashion goods
 ■ Others



Trends in Private Brand Ratio at the End of the Term



Gross Profit by Quarter

In 2H, sales were sluggish in October, mainly for seasonal products for winter

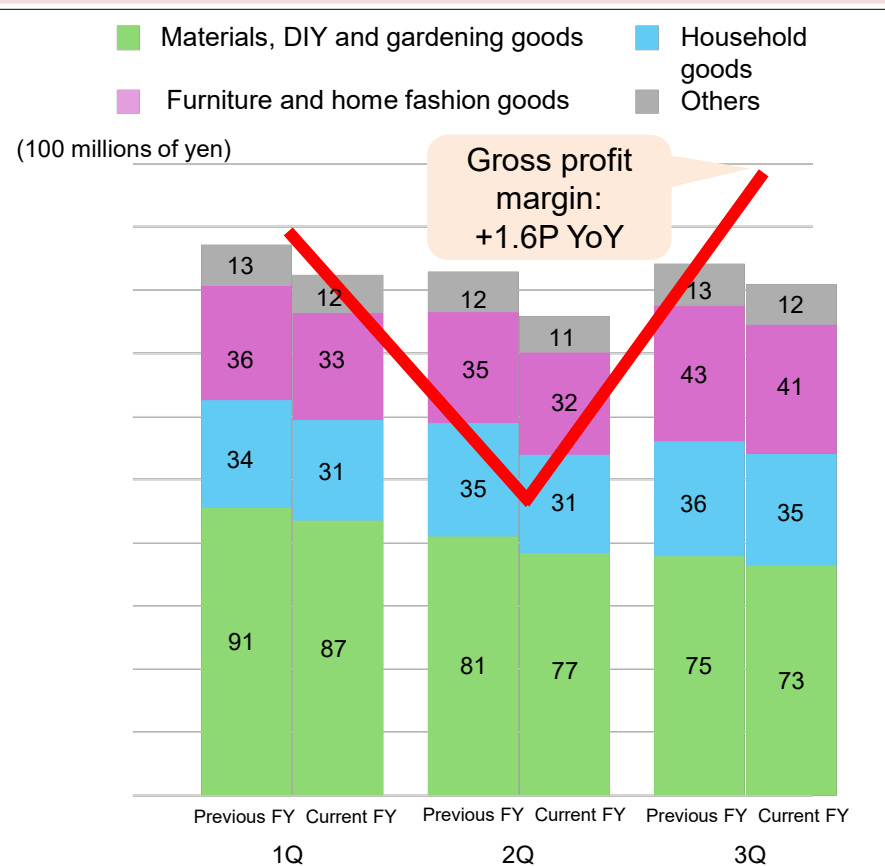
Gross profit margin has also gradually recovered since November

	1Q	2Q	3Q
Gross profit margin	34.1%	31.9%	34.5%

3Q (October-December)

Gross profit margin by segment

- Materials, DIY and gardening goods
36.3% (+1.1P YoY)
- Household goods
28.8% (+2.6P YoY)
- Furniture and home fashion goods
41.3% (+1.2P YoY)
- Others
27.7% (+1.2P YoY)



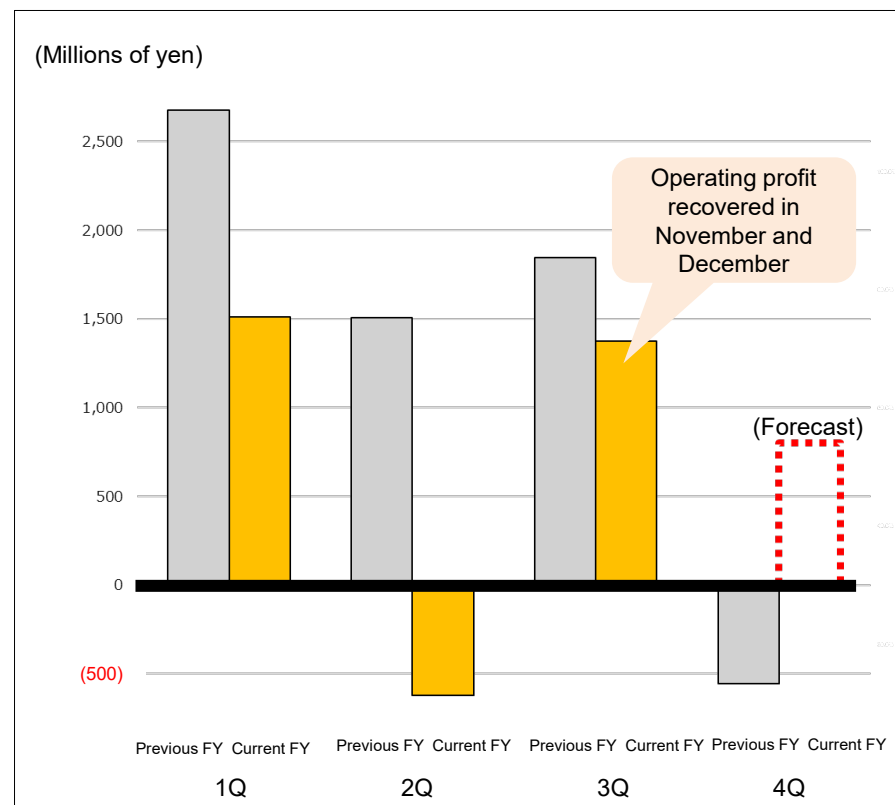
Trends in Operating Profit by Quarter

In 2H, focus was placed on recovery of gross profit and cost control measures for sales promotions, etc.

Operating profit has also gradually recovered as gross profit margin increased

3Q (October-December)

- Net sales (YoY): 92.1%
- Gross profit margin: 34.5% (+1.6P YoY)
- Selling, general and administrative expenses: (YoY) 99.0%



Factors for a Change in Operating Profit

Operating gross profit decreased significantly in the six months ended September 30, 2024

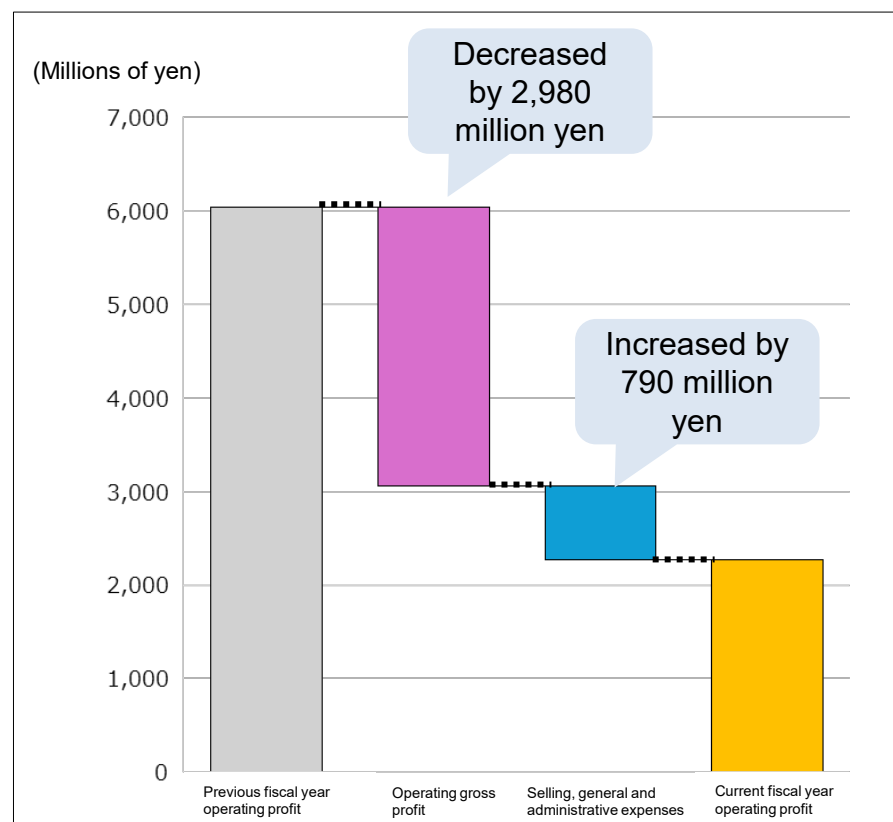
Selling, general and administrative expenses were flat

Operating gross profit

■ Materials, DIY and gardening:	95.4% YoY
■ Household:	92.6% YoY
■ Furniture and home fashion:	94.0% YoY
■ Others:	93.9 % YoY

Selling, general and administrative expenses

- Advertising expenses:
decreased by approx. 50 million yen
- Personnel expenses:
increased by approx. 210 million yen
- Utility expenses:
increased by approx. 370 million yen
- Depreciation and amortization:
increased by approx. 330 million yen



Container

Product made from 100% recycled polypropylene, a recycled material



Container N-20

- External dimensions (approx.): 535×370×305 mm
- Effective internal dimensions (approx.): 477×320×287 mm
- Material: recycled polypropylene
- Content volume (approx.): 46.6 liters
- Shape of bottom surface: solid (with drainage holes)
- Color: recycled black



Container 25B

- External dimensions (approx.): 520×363×158 mm
- Effective internal dimensions (approx.): 477×320×141 mm
- Content volume (approx.): 23.7 liters
- Material: recycled polypropylene
- Shape of bottom surface: solid (with drainage holes)
- Color: recycled black



Plastic Wrap, Easy to Cut and Stick Perfectly

Product with a focus on quality because it is used every day

Focus on ease of pulling and quality of wrap

Plastic Wrap, Easy to Cut and Stick Perfectly

Made of polyvinylidene
chloride (PVDC)

Characteristics of

polyvinylidene chloride

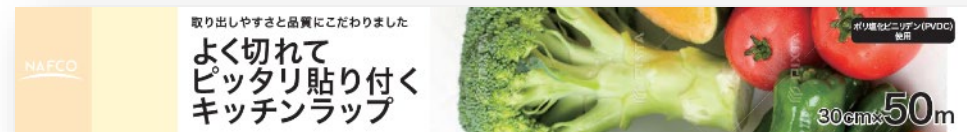
Microwave-safe (heat resistant up
to 140°C)

Keep freshness longer with low
oxygen and moisture transmittance

Low odor transmittance
Easy to cut and stick well



Mini size: 22 cm x 50 m



Regular size: 30 cm x 50 m

[Features]

- V-shaped cutter for easy cutting of plastic wrap
- Blades that make it easy to pick up plastic wrap
- Low oxygen transmittance that prevents oxidation of food
- Low water vapor transmittance that protects food from drying out

[Specifications]

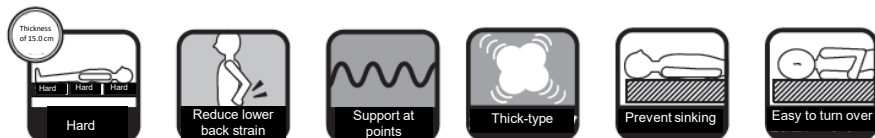
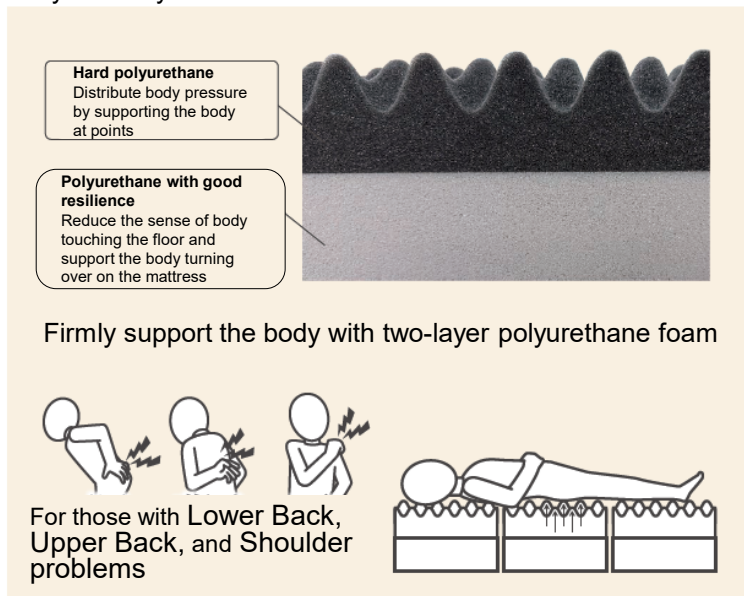
- Heat resistance temperature (approx.): 140°C
- Cold resistance temperature (approx.): -60°C
- Material: polyvinylidene chloride (PVDC)



Mattress That Supports the Body at Points

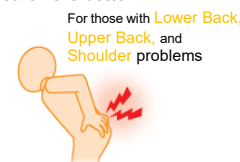
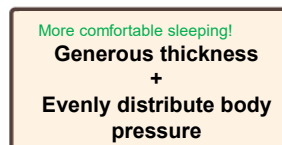
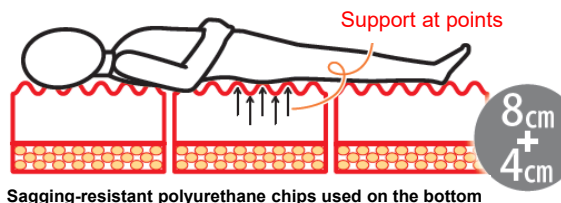
[Mattress that supports the body at points-Premium]

- Mattress with a thickness of 15 cm in the “Mattress that supports the body at points” series
- Polyurethane chip polyurethane foam with good resilience to reduce the sense of body touching the floor
- Hard polyurethane foam to support the body at points to evenly distribute body pressure
- Specifications to prevent the body from sinking and allow the body to easily turn over on the mattress



[Thick mattress that supports the body at points]

- Mattress with a thickness of 12 cm in the “Mattress that supports the body at points” series that can be used directly on tatami mats or the floor
- Hard polyurethane foam + polyurethane chip polyurethane foam to reduce the sense of body touching the floor, and help keep a healthy sleeping posture
- Support the body at points to evenly distribute body pressure
- Optimal when stored, foldable in three
- Made in Japan



Private Brand Products (Security Goods)

Security Goods

[Sensor light]

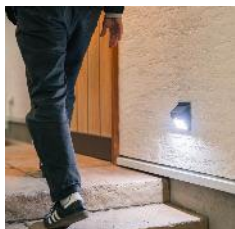
Light comes on upon sensing the motion of people, animals or other objects
Mainly for use on front porches, parking lots, and gardens

<Powered by solar power>

Solar-powered wall light



- No power supply or battery replacement required
- Lightweight, compact size, and cordless
- Easy to install
- Suitable for use in multiple locations



<Powered by power supply>

3-light panel sensor light with remote control



- Mode selectable with remote control
- Repel mode with buzzer and flashing installed
- Night light function also selectable
- Switchable between natural white and warm light
- Can also be used as a floodlight during work
- Free arm specifications



[Gravel for security]

When stepped on, friction of the gravel produces a sound
Mainly for use in gardens



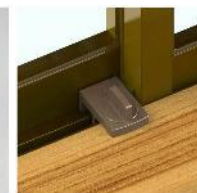
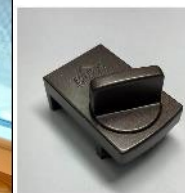
- Recycled glass is used
- One bag can be used for approx. 1 m²



[Auxiliary locks for sliding windows] Locks to assist with window locks



- Easy to install, without tools
- Large finger grip for easy tightening



Store Openings and Expansion/Renovation

Kasuga Store

(Home center)

Reopen with a renewal
November 2024



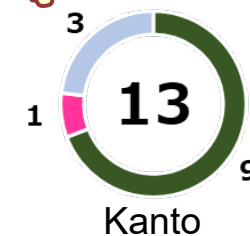
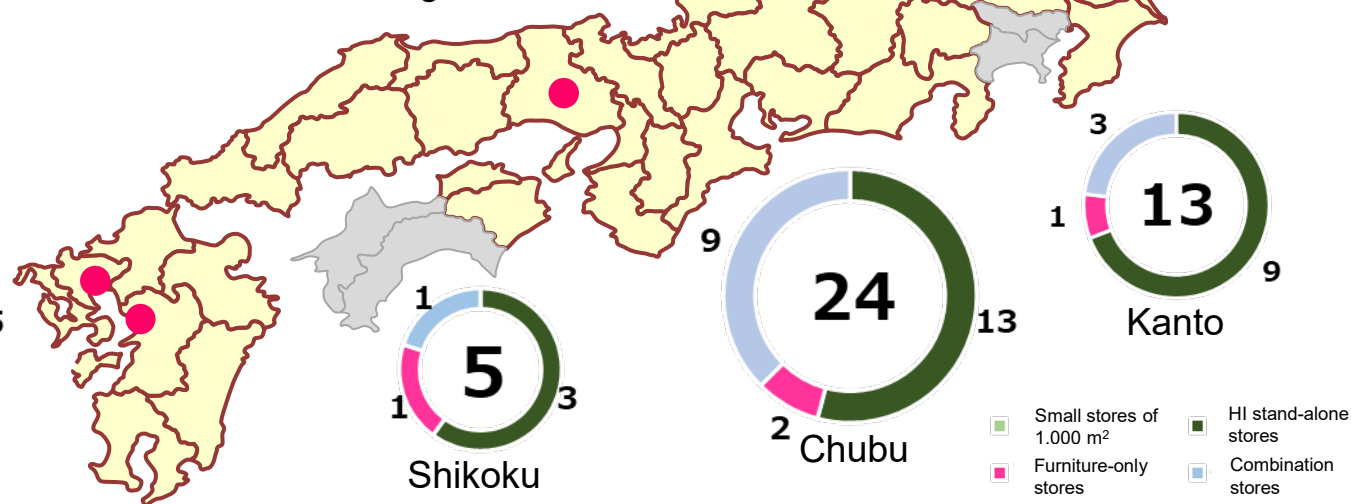
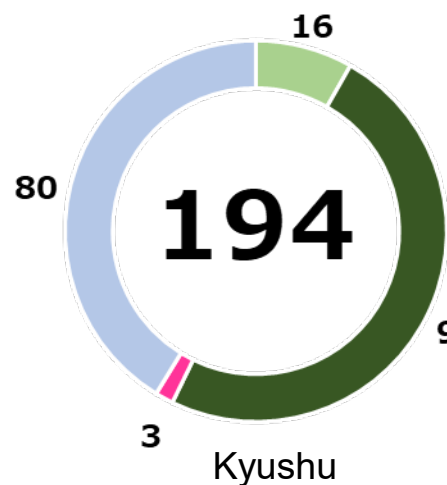
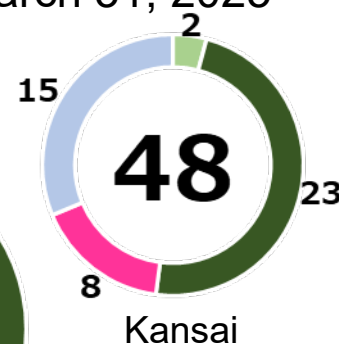
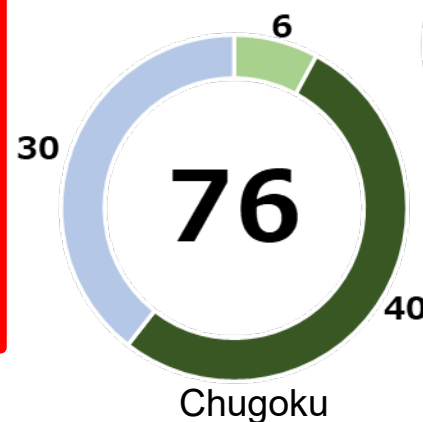
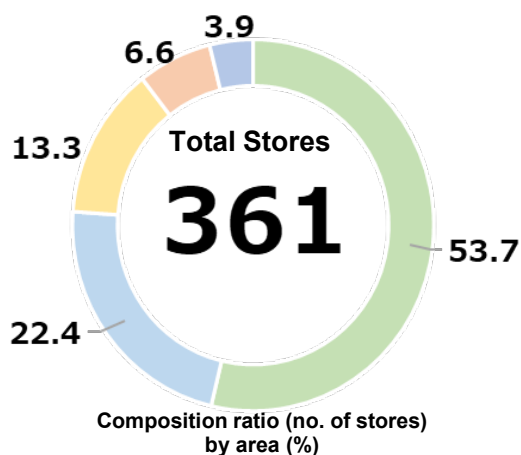
	Store Name	Opening	Location	Store Style
New Stores	Taka	April	Hyogo	Home center (small store)
	Arao Chuo	April	Kumamoto	Home center (small store)
	Shiroishi	July	Saga	Home center
Expansion/Renovation	Hikarimachi	April	Hiroshima	Home center
	Matsunaga	April	Hiroshima	Home center
	Hino	April	Shiga	Home center
	Hatazaki	June	Fukuoka	Home center
	Iizuka Minami	July	Fukuoka	Combination store
	Minami Kakogawa	July	Hyogo	Combination store
	Kasuga	November	Fukuoka	Home center



Number of Stores by Area

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

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



Roles in Disasters

Number of local authorities with which we have entered agreements

As of December 31, 2024 **342** local authorities

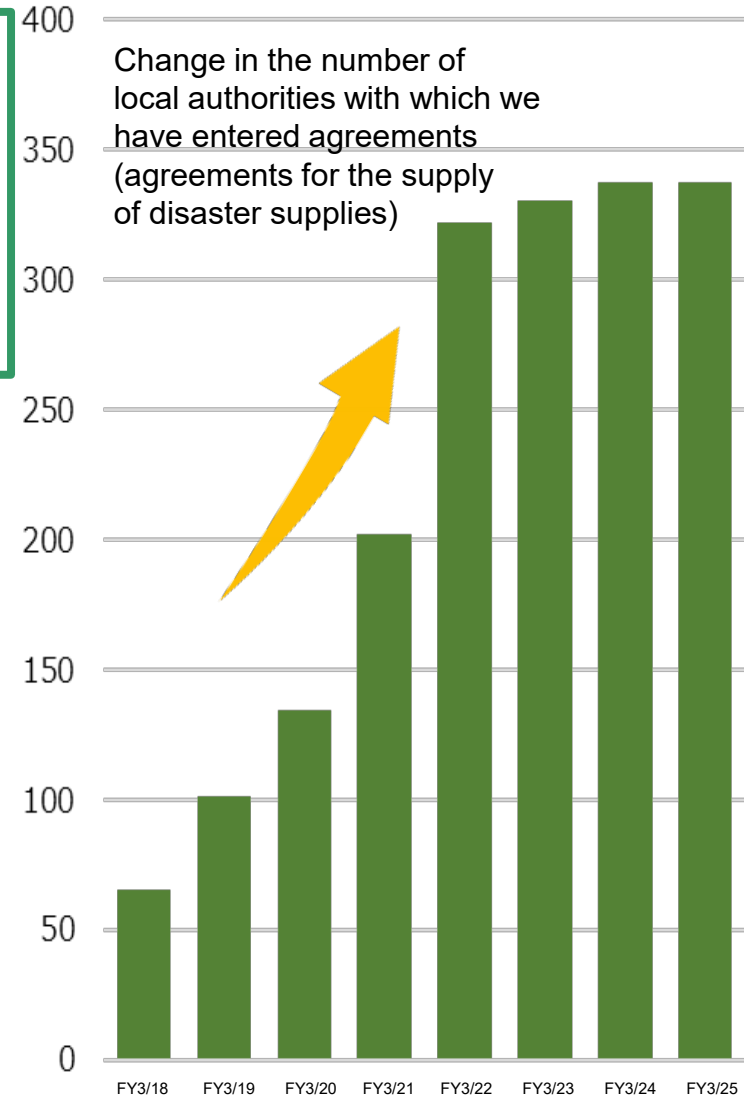
* Local authorities include police
(excluding those during the application process from the number)

[Recent Agreement Case] -Comprehensive Collaboration Agreement with Saga Prefecture-

We concluded a comprehensive collaboration agreement with Saga Prefecture on October 16, 2024.

We aim to work toward regional revitalization and service improvement through collaboration with Saga Prefecture in various fields.

In addition to “the supply of goods in times of disaster,” we have agreed to promote six items, including sales promotion collaboration for local products and child-rearing support.



Roles in Disasters

Earthquake-resistant functions



TV board J Arena



Equipped with a fall-prevention screw to secure TV without damaging furniture



TV board Calma

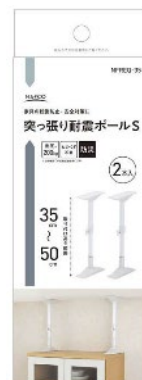


Anti-seismic latch used as a door lock function that reacts to shaking

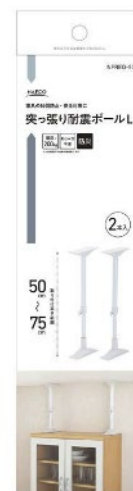
Earthquake-resistant products



Withstand shaking equivalent to seismic intensity of 7
Fixing with high adhesion **N anti-seismic mat**



N anti-seismic tension rod S
NFREQ-35



N anti-seismic tension rod L
NFREQ-50



Forecast for the Fiscal Year Ending March 31, 2025

(April 01, 2024 - March 31, 2025)

Revision:[None]

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	189,454	100.0%	98.6%	192,116	100.0%
Operating profit	3,062	1.6%	55.9%	5,477	2.9%
Ordinary profit	3,106	1.6%	55.9%	5,552	2.9%
Profit	1,700	0.9%	54.7%	3,107	1.6%

■ Earnings per share: 63.48 yen

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)	Nine months ended December 31, 2022			Nine months ended December 31, 2023			Nine months ended December 31, 2024		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Net sales	159,297	98.3%	100.0%	152,105	95.5%	100.0%	143,305	99.6%	100.0%
Gross profit	54,953	97.3%	34.5%	50,845	92.5%	33.4%	47,991	94.4%	33.4%
Operating gross profit	55,243	97.4%	34.7%	51,102	92.5%	33.6%	48,514	94.2%	33.9%
Selling, general and administrative expenses	45,767	100.8%	28.7%	45,298	99.0%	29.8%	46,250	101.7%	29.9%
Operating profit	9,475	83.8%	5.9%	5,804	61.3%	3.8%	2,263	37.5%	4.0%
Ordinary profit	9,866	84.8%	6.2%	6,104	61.9%	4.0%	2,315	37.9%	4.0%
Profit	6,046	83.5%	3.8%	3,536	58.5%	2.3%	1,128	31.9%	2.3%

Existing Stores (YoY Change)	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	98.2%	95.6%	94.2%
Customers	93.9%	93.1%	96.2%
Customer average	104.6%	102.6%	97.9%

Segments

Net sales (Millions of yen)	Nine months ended December 31, 2022			Nine months ended December 31, 2023			Nine months ended December 31, 2024		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	74,566	98.8%	46.8%	70,411	94.4%	46.3%	66,773	94.8%	46.6%
Household goods	40,741	99.1%	25.6%	39,708	97.5%	26.1%	37,255	93.8%	26.0%
Furniture and home fashion goods	30,848	96.1%	19.4%	28,286	91.7%	18.6%	26,435	93.5%	18.4%
Others	13,140	99.0%	8.2%	13,698	104.2%	9.0%	12,840	93.7%	9.0%
Total	159,297	98.3%	100.0%	152,105	95.5%	100.0%	143,305	94.2%	100.0%
Gross profit (Millions of yen)	Nine months ended December 31, 2022			Nine months ended December 31, 2023			Nine months ended December 31, 2024		
	Results	YoY Change	% of sales	Results	YoY Change	% of sales	Results	YoY Change	% of sales
Materials, DIY and gardening goods	26,953	99.5%	36.1%	24,880	92.3%	35.3%	23,742	95.4%	35.6%
Household goods	11,575	96.1%	28.4%	10,622	91.8%	26.8%	9,835	92.6%	26.4%
Furniture and home fashion goods	12,478	94.0%	40.4%	11,441	91.7%	40.4%	10,749	94.0%	40.7%
Others	3,944	97.5%	30.0%	3,901	98.9%	28.5%	3,663	93.9%	28.5%
Total	54,953	97.3%	34.5%	50,845	92.5%	33.4%	47,991	94.4%	33.5%

Number of Stores by Area and Business Type

Number of Stores at the End of the Term	Nine months ended December 31, 2022			Nine months ended December 31, 2023			Nine months ended December 31, 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	107	3	80	111	3
Chugoku and Shikoku	33	51	1	32	50	1	31	49	1
Kansai	16	23	9	16	24	8	15	25	8
Chubu	9	14	2	9	13	2	9	13	2
Kanto and Tohoku	3	9	2	3	9	2	3	9	2
Total	143	203	17	141	203	16	138	207	16
	363			360			361		

Balance Sheets

Items (Millions of yen)	Fiscal Year Ended March 31, 2023			Fiscal Year Ended March 31, 2024			Nine months ended December 31, 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)	235,477	101.4%	+3,231
Current assets	105,748	105.0%	+5,003	99,574	94.2%	(6,173)	99,810	100.2%	+236
Of which, cash and deposits	36,123	105.9%	+2,011	32,997	91.3%	(3,125)	31,952	96.8%	(1,044)
Non-current assets	132,660	100.2%	+329	132,660	100.0%	+ 11	135,666	102.3%	+2,994
Of which, property, plant and equipment	119,010	100.4%	+452	119,210	100.2%	+ 199	122,155	102.5%	+2,945
Liabilities	76,594	101.7%	+1,282	72,885	95.2%	(3,709)	76,542	105.0%	+3,657
Of which, interest- bearing liabilities	19,033	93.8%	(1,259)	18,828	98.9%	(204)	18,575	98.7%	(253)
Net assets	161,813	102.6%	+4,050	159,361	98.5%	(2,452)	158,934	99.7%	(426)
	Fiscal Year Ended March 31, 2023			Fiscal Year Ended March 31, 2024			Nine months ended December 31, 2024		
Cash and deposit ratio (%)	15.2%			14.2%			13.6%		
Ratio of interest- bearing liabilities (%)	8.0%			8.1%			7.9%		
Equity Ratio (%)	67.9%			68.6%			67.5%		

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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(Securities Code: 2790)