

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]

May 9, 2025

Company name: NAFCO Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2790

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

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2025

Scheduled date of filing annual securities report: June 27, 2025

Scheduled date of commencing dividend payments: June 27, 2025

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, 2025 (April 1, 2024 to March 31, 2025)

(1) Operating Results (Percentages refer to changes from the corresponding period of the preceding fiscal year.)

| | Total operating revenue | | Operating profit | | Ordinary profit | | Profit | |
|-------------------|-------------------------|-------|------------------|--------|-----------------|--------|-----------------|--------|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2025 | 181,850 | (5.8) | 1,266 | (76.9) | 1,329 | (76.0) | 183 | (94.1) |
| March 31, 2024 | 192,974 | - | 5,477 | - | 5,552 | - | 3,107 | - |

| | 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, 2025 | 6.95 | - | 0.1 | 0.6 | 0.7 |
| March 31, 2024 | 110.32 | - | 1.9 | 2.4 | 2.7 |

(Note)As the Company made changes in presentation from the three months ended June 30, 2024, the figures for the fiscal year ended March 31, 2024 are presented after applying the changes in the presentation. Due to the changes in presentation, percentages of changes from the corresponding period of the preceding fiscal year are not presented for the fiscal year ended March 31, 2024. In addition, in conjunction with the changes in presentation, net sales of the financial and operating results have been changed to total operating revenue, starting in the fiscal year ended March 31, 2025. Total operating revenue is the sum of net sales of ¥181,133 million and operating revenue of ¥717 million. This change has also been applied to the fiscal year ended March 31, 2024.

(2) Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2025 | 225,195 | 153,956 | 68.4 | 6,262.80 |
| As of March 31, 2024 | 232,246 | 159,361 | 68.6 | 5,951.52 |

(Reference) Equity: As of March 31, 2025: ¥153,956 million

As of March 31, 2024: ¥159,361 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, 2025 | (709) | (5,945) | (7,840) | 15,607 |
| March 31, 2024 | 9,167 | (4,935) | (7,357) | 30,104 |

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, 2024 | - | 29.00 | - | 29.00 | 58.00 | 1,604 | 52.6 | 1.0 |
| March 31, 2025 | - | 29.00 | - | 29.00 | 58.00 | 1,489 | 834.5 | 0.9 |
| Fiscal year ending March 31, 2026 (Forecast) | - | 29.00 | - | 29.00 | 58.00 | | 113.3 | |

3. Projected Operating Results for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

| | Total operating revenue | | Operating profit | | Ordinary profit | | Profit | | Earnings per share |
|-------------------------|-------------------------|-------|------------------|-------|-----------------|-------|-----------------|-------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half (Cumulative) | 89,779 | (7.1) | 1,979 | 122.9 | 2,010 | 122.2 | 1,104 | 218.9 | 44.92 |
| Full year | 173,080 | (4.8) | 2,700 | 113.2 | 2,763 | 107.8 | 1,260 | 585.3 | 51.25 |

* 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, 2025: 29,784,400 shares

March 31, 2024: 29,784,400 shares

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

March 31, 2025: 5,201,723 shares

March 31, 2024: 3,007,890 shares

- 3) Average number of shares during the term:

Fiscal year ended March 31, 2025: 26,438,899 shares

Fiscal year ended March 31, 2024: 28,169,768 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, etc. (4) Future Outlook” on page 4 of the attached document.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Millions of yen)

| | End of Previous Fiscal year (March 31, 2024) | End of Current Fiscal year (March 31, 2025) |
|--|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 32,997 | 18,500 |
| Accounts receivable - trade | 4,513 | 4,536 |
| Merchandise | 60,562 | 64,282 |
| Supplies | 10 | 9 |
| Advance payments to suppliers | 23 | - |
| Prepaid expenses | 965 | 1,003 |
| Accounts receivable - other | 78 | 59 |
| Other | 425 | 1,839 |
| Allowance for doubtful accounts | (3) | (3) |
| Total current assets | 99,574 | 90,228 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 133,710 | 138,141 |
| Accumulated depreciation | (73,173) | (76,245) |
| Buildings, net | 60,537 | 61,895 |
| Structures | 23,611 | 23,939 |
| Accumulated depreciation | (20,122) | (20,556) |
| Structures, net | 3,488 | 3,383 |
| Vehicles | 4 | 4 |
| Accumulated depreciation | (4) | (4) |
| Vehicles, net | 0 | 0 |
| Tools, furniture and fixtures | 10,725 | 10,825 |
| Accumulated depreciation | (10,190) | (10,372) |
| Tools, furniture and fixtures, net | 534 | 453 |
| Land | 49,171 | 49,321 |
| Leased assets | 18,467 | 20,744 |
| Accumulated depreciation | (14,001) | (15,434) |
| Leased assets, net | 4,465 | 5,310 |
| Construction in progress | 1,013 | 629 |
| Total property, plant and equipment | 119,210 | 120,994 |
| Intangible assets | | |
| Leasehold interests in land | 2,607 | 2,709 |
| Software | 111 | 146 |
| Telephone subscription right | 47 | 47 |
| Leased assets | 385 | 301 |
| Other | 59 | 446 |
| Total intangible assets | 3,210 | 3,651 |
| Investments and other assets | | |
| Investment securities | 380 | 405 |
| Shares of subsidiaries and associates | 21 | 21 |
| Investments in capital | 0 | 0 |
| Distressed receivables | 1 | 0 |
| Long-term prepaid expenses | 223 | 213 |
| Deferred tax assets | 3,439 | 3,583 |
| Leasehold and guarantee deposits | 6,181 | 6,095 |
| Construction assistance fund receivables | 5 | 2 |
| Other | 8 | 8 |
| Allowance for doubtful accounts | (10) | (9) |
| Total investments and other assets | 10,251 | 10,321 |

(Millions of yen)

| | End of Previous Fiscal year (March 31, 2024) | End of Current Fiscal year (March 31, 2025) |
|--|---|--|
| Total non-current assets | 132,672 | 134,966 |
| Total assets | 232,246 | 225,195 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 13,177 | 11,267 |
| Accounts payable - trade | 11,270 | 11,337 |
| Short-term borrowings | 18,820 | 18,355 |
| Current portion of long-term borrowings | 8 | - |
| Lease liabilities | 1,472 | 1,749 |
| Accounts payable - other | 4,322 | 3,839 |
| Income taxes payable | 362 | 307 |
| Accrued consumption taxes | 840 | 347 |
| Contract liabilities | 3,069 | 2,978 |
| Advance deposits received | 943 | 955 |
| Deposits received | 310 | 302 |
| Unearned revenue | 55 | 65 |
| Provision for bonuses | 955 | 936 |
| Provision for bonuses for directors (and other officers) | 31 | 20 |
| Notes payable - facilities | 2,462 | 2,842 |
| Advances received | 94 | 100 |
| Asset retirement obligations | 3 | 52 |
| Other | 245 | 246 |
| Total current liabilities | 58,445 | 55,703 |
| Non-current liabilities | | |
| Lease liabilities | 3,769 | 4,705 |
| Provision for retirement benefits | 3,014 | 2,972 |
| Provision for retirement benefits for directors (and other officers) | 744 | 774 |
| Asset retirement obligations | 6,538 | 6,701 |
| Other | 372 | 381 |
| Total non-current liabilities | 14,439 | 15,535 |
| Total liabilities | 72,885 | 71,239 |

(Millions of yen)

| | End of Previous Fiscal year (March 31, 2024) | End of Current Fiscal Year (March 31, 2025) |
|---|---|--|
| 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 | 615 | 649 |
| Reserve for special account for tax purpose reduction entry of non-current assets | 47 | - |
| General reserve | 145,000 | 146,500 |
| Retained earnings brought forward | 12,087 | 9,232 |
| Total retained earnings | 157,788 | 156,419 |
| Treasury shares | (6,351) | (10,401) |
| Total shareholders' equity | 159,198 | 153,779 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 162 | 177 |
| Total valuation and translation adjustments | 162 | 177 |
| Total net assets | 159,361 | 153,956 |
| Total liabilities and net assets | 232,246 | 225,195 |

(2) Statements of Income

Statements of Income

(Millions of yen)

| | Previous Fiscal Year (From April 1, 2023 to March 31, 2024) | Current Fiscal Year (From April 1, 2024 to March 31, 2025) |
|--|---|--|
| Net sales | 192,116 | 181,133 |
| Cost of sales | | |
| Beginning merchandise inventory | 63,553 | 60,562 |
| Cost of purchased goods | 124,071 | 123,461 |
| Total | 187,624 | 184,023 |
| Ending merchandise inventory | 60,562 | 64,282 |
| Total cost of sales | 127,062 | 119,740 |
| Gross profit | 65,053 | 61,392 |
| Operating revenue | 858 | 717 |
| Operating gross profit | 65,911 | 62,110 |
| Selling, general and administrative expenses | 60,434 | 60,843 |
| Operating profit | 5,477 | 1,266 |
| Non-operating income | | |
| Interest income | 0 | 1 |
| Dividend income | 14 | 16 |
| Administrative service fee income | 36 | 38 |
| Commission income | 99 | 78 |
| Insurance claim income | 77 | 63 |
| Other | 103 | 146 |
| Total non-operating income | 330 | 345 |
| Non-operating expenses | | |
| Interest expenses | 125 | 206 |
| Loss on disaster | 90 | 48 |
| Other | 40 | 27 |
| Total non-operating expenses | 256 | 282 |
| Ordinary profit | 5,552 | 1,329 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 180 | 36 |
| Insurance claim income | - | 176 |
| Total extraordinary income | 180 | 213 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 273 | 104 |
| Impairment losses | 535 | 568 |
| Loss on disaster | - | 342 |
| Total extraordinary losses | 808 | 1,014 |
| Profit before income taxes | 4,924 | 528 |
| Income taxes - current | 1,781 | 498 |
| Income taxes - deferred | 35 | (153) |
| Total income taxes | 1,816 | 344 |
| Profit | 3,107 | 183 |

(3) Statements of Changes in Net Assets

Previous Fiscal Year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|---|---|-----------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | Retained earnings | | | | | |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | | Total retained earnings |
| | | | | | Reserve for tax purpose reduction entry of non-current assets | Reserve for special account 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 | 605 | — | 142,000 | 13,665 | 156,308 |
| Changes during period | | | | | | | | | |
| Provision of reserve for tax purpose reduction entry of non-current assets | | | | | 15 | | | (15) | — |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | (4) | | | 4 | — |
| Provision of reserve for special account for tax purpose reduction entry of non-current assets | | | | | | 47 | | (47) | — |
| Reversal of reserve for special account for tax purpose reduction entry of non-current assets | | | | | | | | | |
| Provision of general reserve | | | | | | | 3,000 | (3,000) | — |
| Dividends of surplus | | | | | | | | (1,628) | (1,628) |
| Profit | | | | | | | | 3,107 | 3,107 |
| Purchase of treasury shares | | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | — | — | — | — | 10 | 47 | 3,000 | (1,577) | 1,479 |
| Balance at end of period | 3,538 | 4,223 | 4,223 | 37 | 615 | 47 | 145,000 | 12,087 | 157,788 |

| | 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) | 161,718 | 94 | 94 | 161,813 |
| Changes during period | | | | | |
| Provision of reserve for tax purpose reduction entry of non-current assets | | — | | | — |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | — | | | — |
| Provision of reserve for special account for tax purpose reduction entry of non-current assets | | — | | | — |
| Reversal of reserve for special account for tax purpose reduction entry of non-current assets | | | | | — |
| Provision of general reserve | | — | | | — |
| Dividends of surplus | | (1,628) | | | (1,628) |
| Profit | | 3,107 | | | 3,107 |
| Purchase of treasury shares | (4,000) | (4,000) | | | (4,000) |
| Net changes in items other than shareholders' equity | | | 67 | 67 | 67 |
| Total changes during period | (4,000) | (2,520) | 67 | 67 | (2,452) |
| Balance at end of period | (6,351) | 159,198 | 162 | 162 | 159,361 |

Current Fiscal Year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|---|---|-----------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | Retained earnings | | | | | |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | | Total retained earnings |
| | | | | | Reserve for tax purpose reduction entry of non-current assets | Reserve for special account 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 | 47 | 145,000 | 12,087 | 157,788 |
| Changes during period | | | | | | | | | |
| Provision of reserve for tax purpose reduction entry of non-current assets | | | | | 47 | | | (47) | — |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | (13) | | | 13 | — |
| Provision of reserve for special account for tax purpose reduction entry of non-current assets | | | | | | | | | |
| Reversal of reserve for special account for tax purpose reduction entry of non-current assets | | | | | | (47) | | 47 | — |
| Provision of general reserve | | | | | | | 1,500 | (1,500) | — |
| Dividends of surplus | | | | | | | | (1,553) | (1,553) |
| Profit | | | | | | | | 183 | 183 |
| Purchase of treasury shares | | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | — | — | — | — | 34 | (47) | 1,500 | (2,855) | (1,369) |
| Balance at end of period | 3,538 | 4,223 | 4,223 | 37 | 649 | — | 146,500 | 9,232 | 156,419 |

| | 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 | (6,351) | 159,198 | 162 | 162 | 159,361 |
| Changes during period | | | | | |
| Provision of reserve for tax purpose reduction entry of non-current assets | | — | | | — |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | — | | | — |
| Provision of reserve for special account for tax purpose reduction entry of non-current assets | | | | | — |
| Reversal of reserve for special account for tax purpose reduction entry of non-current assets | | — | | | — |
| Provision of general reserve | | — | | | — |
| Dividends of surplus | | (1,553) | | | (1,553) |
| Profit | | 183 | | | 183 |
| Purchase of treasury shares | (4,049) | (4,049) | | | (4,049) |
| Net changes in items other than shareholders' equity | | | 14 | 14 | 14 |
| Total changes during period | (4,049) | (5,419) | 14 | 14 | (5,404) |
| Balance at end of period | (10,401) | 153,779 | 177 | 177 | 153,956 |

(4) Statements of Cash Flows

(Millions of yen)

| | Previous Fiscal Year (From April 1, 2023 to March 31, 2024) | Current Fiscal Year (From April 1, 2024 to March 31, 2025) |
|--|---|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,924 | 528 |
| Depreciation | 5,653 | 6,069 |
| Impairment losses | 535 | 568 |
| Amortization of intangible assets | 244 | 241 |
| Amortization of long-term prepaid expenses | 49 | 57 |
| Loss on retirement of property, plant and equipment | 273 | 104 |
| Loss (gain) on sale of property, plant and equipment | (180) | (36) |
| Increase (decrease) in allowance for doubtful accounts | (1) | 0 |
| Increase (decrease) in provision for retirement benefits | (5) | (42) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 58 | 29 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | - | (10) |
| Increase (decrease) in provision for bonuses | (87) | (19) |
| Interest and dividend income | (14) | (17) |
| Insurance claim income | - | (176) |
| Interest expenses | 125 | 206 |
| Loss on disaster | - | 342 |
| Decrease (increase) in trade receivables | (398) | (95) |
| Decrease (increase) in inventories | 2,982 | (3,817) |
| Increase (decrease) in trade payables | (2,699) | (1,842) |
| Increase (decrease) in accrued consumption taxes | 645 | (1,202) |
| Decrease (increase) in other assets | 129 | 22 |
| Increase (decrease) in other liabilities | 111 | (427) |
| Other, net | (24) | 17 |
| Subtotal | 12,320 | 497 |
| Interest and dividends received | 14 | 17 |
| Proceeds from insurance income | - | 176 |
| Interest paid | (120) | (193) |
| Payments associated with disaster loss | - | (223) |
| Income taxes paid | (3,046) | (983) |
| Net cash provided by (used in) operating activities | 9,167 | (709) |

| | (Millions of yen) | |
|--|---|--|
| | Previous Fiscal Year (From April 1, 2023 to March 31, 2024) | Current Fiscal Year (From April 1, 2024 to March 31, 2025) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4,962) | (5,538) |
| Proceeds from sale of property, plant and equipment | 272 | 36 |
| Purchase of intangible assets | (62) | (254) |
| Payments for retirement of non-current assets | (206) | (96) |
| Payments for asset retirement obligations | (30) | (111) |
| Payments of leasehold and guarantee deposits | (97) | (88) |
| Proceeds from refund of leasehold and guarantee deposits | 157 | 173 |
| Decrease (increase) in investments and other assets | (6) | (67) |
| Net cash provided by (used in) investing activities | (4,935) | (5,945) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (105) | (465) |
| Repayments of long-term borrowings | (99) | (8) |
| Repayments of lease liabilities | (1,524) | (1,764) |
| Purchase of treasury shares | (4,000) | (4,049) |
| Dividends paid | (1,627) | (1,552) |
| Net cash provided by (used in) financing activities | (7,357) | (7,840) |
| Net increase (decrease) in cash and cash equivalents | (3,125) | (14,496) |
| Cash and cash equivalents at beginning of period | 33,230 | 30,104 |
| Cash and cash equivalents at end of period | 30,104 | 15,607 |