

Results for 1Q of fiscal year ending Mar.31, 2022

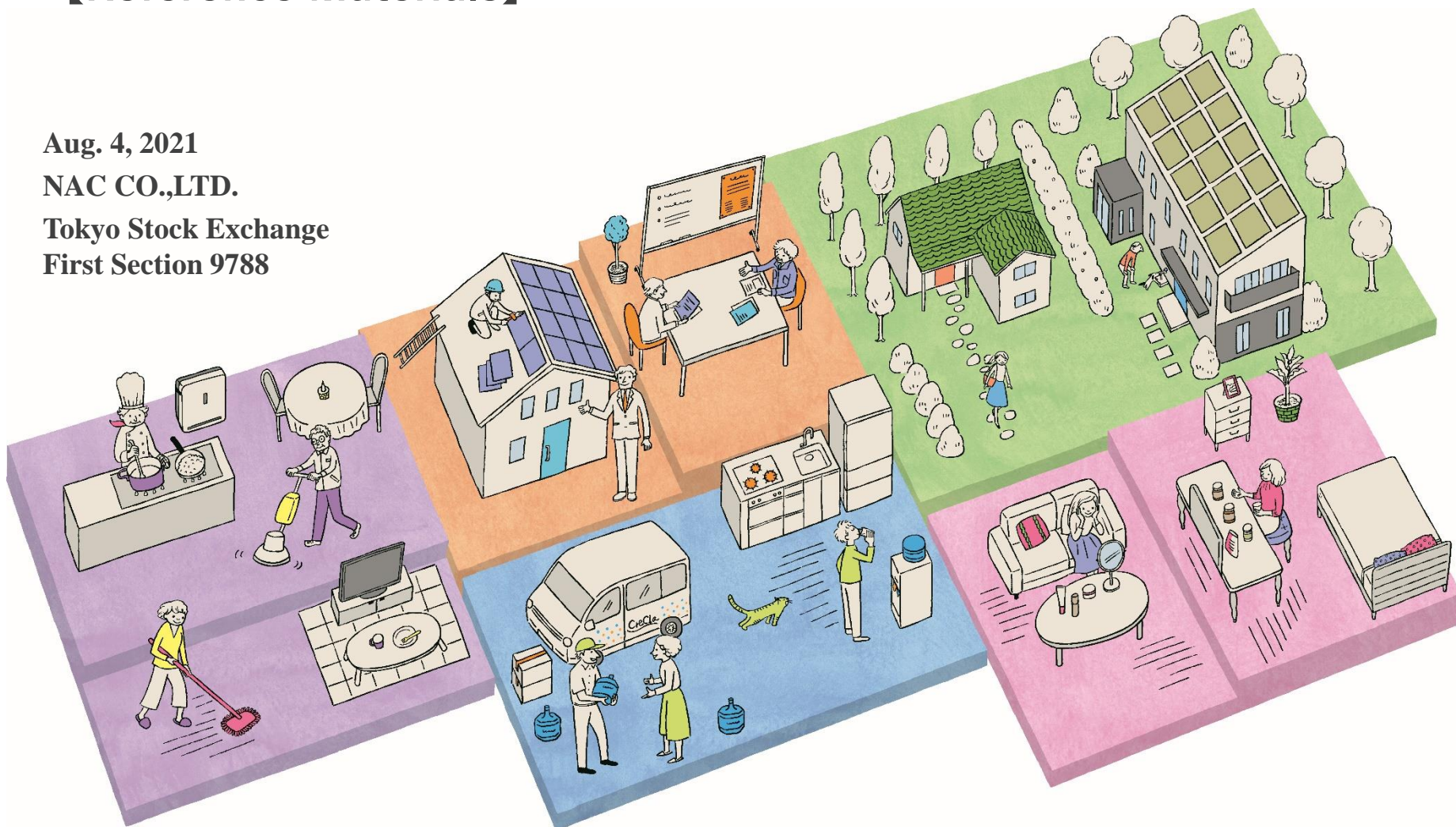
【Reference Materials】

Aug. 4, 2021

NAC CO.,LTD.

Tokyo Stock Exchange

First Section 9788



NOTE)

This material is prepared for reference in order to help readers better understand the financial results for the 1Q.

Translation

In the case of inconsistencies between the Japanese and English version, the Japanese version will control and supersede any ambiguities.

Topics

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All of the performance targets and other statements contained in this document are forecasts based on information currently available to the Group and are subject to uncertain factors such as the economic environment, competitive conditions, and the success or failure of new services.

Please be aware that actual results may differ materially from the forecasts described in this document.

1. 1st quarter performance

1-1 Financial Highlights (Year-on-Year Comparison)

» Sales: Decreased due to a reactionary decline in CreCla Business ZiACO.

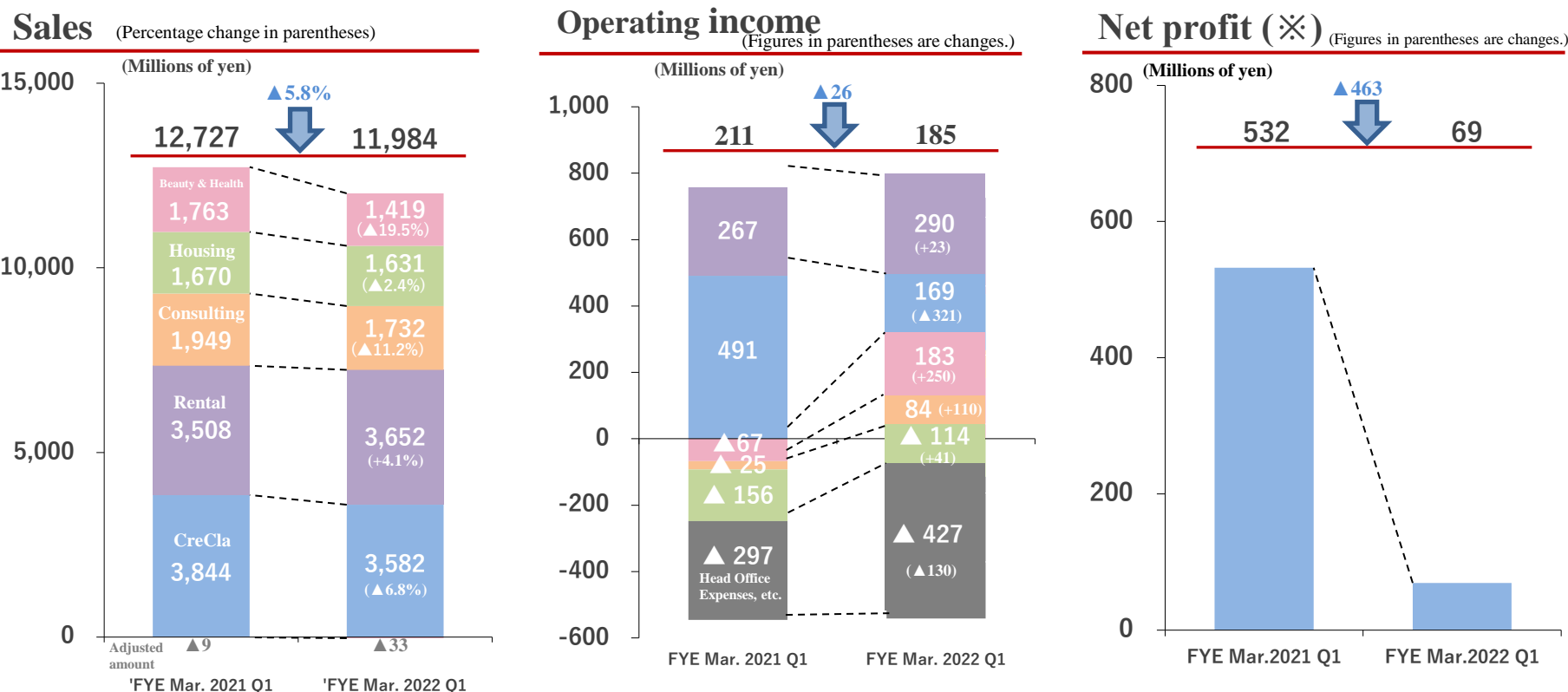
Sales increased in the rental business due to increased business in the care services division in Duskin business.

Sales declined in the beauty and health business due to a decline of customers and the impact of infectious diseases in JIMOS Co., Ltd.

» Operating income: Operating income decreased in CreCla Business due to upfront investment costs.

Return to profitability in Construction Consulting Business and the Beauty and Health Business

» Quarterly net income (*): Decreased due to a decrease in operating income and the occurrence of a gain on the sale of shares of Leo House Corporation in the previous fiscal year.



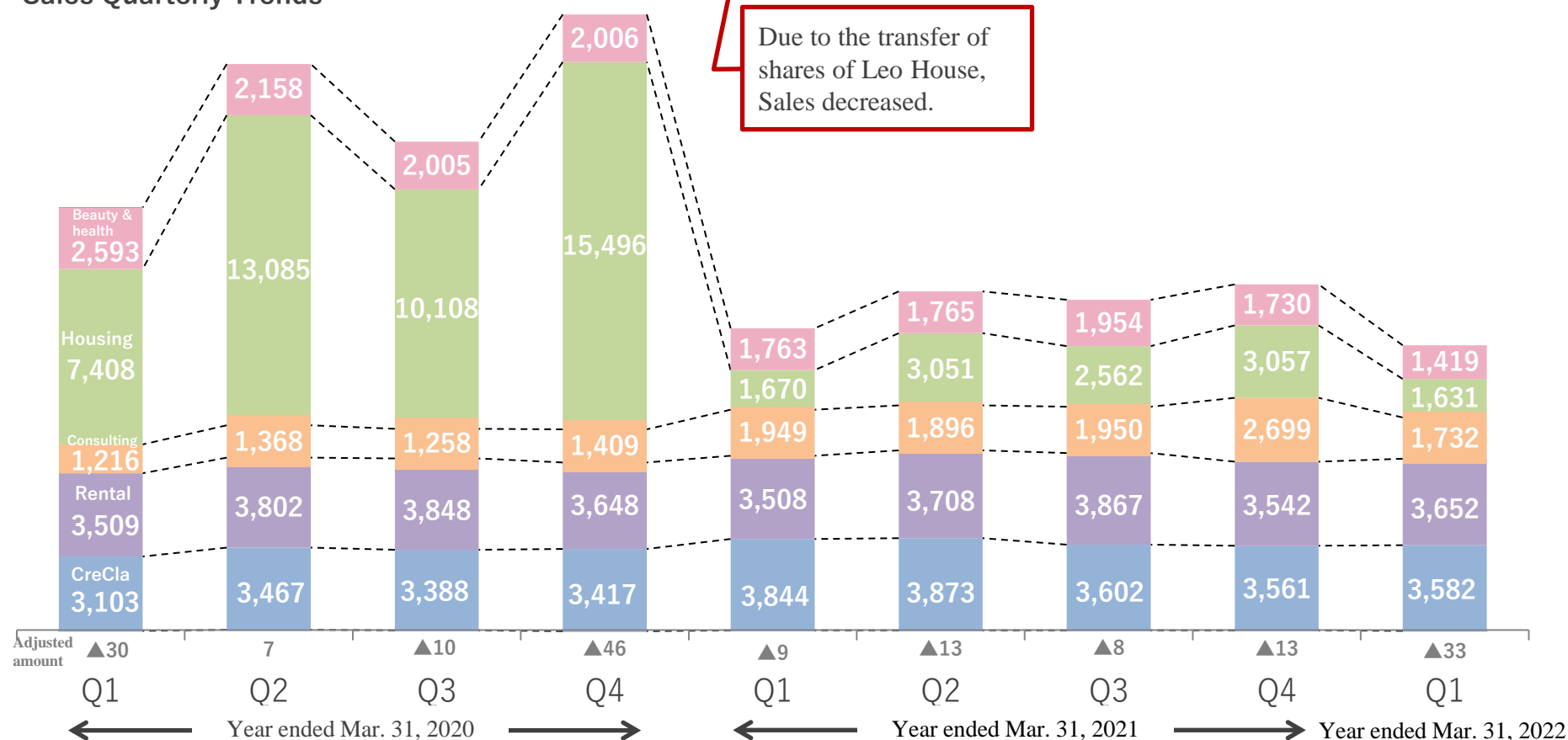
(※) Quarterly Net Income: Quarterly Net Income Attributable to Owners of the Parent, Adjustments: Intersegment Sales or Transfers

1-2 Quarterly trends of Sales and operating income

(Millions of yen)

Sales	17,800	23,890	20,600	25,932	12,727	14,281	13,927	14,578	11,984
Operating income	▲1,243	1,014	526	1,821	211	614	872	1,085	185

Sales Quarterly Trends



(※) Adjustments: Inter-segment Sales or transfers

1-3 Breakdown of Changes in Operating Income (Year on Year)

- » Gross profit: Decreased due to a decrease in sales in CreCla Business and the Beauty and Health Business.
- » Advertising and sales promotion expenses: Decreased due to reductions in the Beauty and Health Business.
- » Depreciation and amortization of goodwill: A portion of goodwill decreased due to the end of the amortization period.

(Millions of yen)

		Year-on-year change
FYE Mar. 31 2021 Q1 Operating Income	211	—
Change in gross profit	▲ 232	▲ 3.6%
Increase (decrease) of SG&A expenses		
Personnel expenses	▲ 14	▲ 0.7%
Advertising and sales promotional expenses	+ 85	+ 11.5%
Land rent costs	▲ 7	▲ 2.1%
Depreciation and amortization of goodwill	+ 123	+37.6%
Commissions paid	▲ 7	▲ 2.3%
Other SG&A expenses	+ 26	+ 1.1%
FYE Mar. 31 2022 Q1 Operating Income	185	▲ 12.6%

1-4 Consolidated Balance Sheets (Assets)

» Current assets : Cash and deposits ▲ 2,023

Costs on uncompleted construction contracts + 352

Real estate for sale + 280

» Fixed assets : No notable items

(Millions of yen)					
	FYE Mar. 31, 2022 Q1	Percentage of total	FYE Mar. 31, 2021	Percentage of total	Comparison
Current assets	24,901	63.1%	26,204	64.2%	▲ 1,303
Property, plant and equipment	8,836	22.4%	8,841	21.6%	▲ 4
Intangible assets	1,650	4.2%	1,679	4.1%	▲ 28
Investments and other assets	4,066	10.3%	4,098	10.0%	▲ 32
Noncurrent assets	14,554	36.9%	14,619	35.8%	▲ 65
Deferred assets	9	0.0%	23	0.1%	▲ 13
Total assets	39,465	100.0%	40,847	100.0%	▲ 1,382

1-5 Consolidated Balance Sheets (Liabilities and Net Assets)

» Current liabilities : Accounts payable ▲ 401

Advances received on uncompleted construction contracts +368

» Non-current liabilities : Long-term loans payable ▲475

» Net assets: Retained earnings ▲802 (due to dividends paid, etc.)

(Millions of yen)					
	FYE Mar. 31, 2022 Q1	Percentage of total	FYE Mar. 31, 2021	Percentage of total	Comparison
Current liabilities	13,499	34.2%	13,619	33.3%	▲ 120
Noncurrent liabilities	5,391	13.7%	5,872	14.4%	▲ 481
Total liabilities	18,890	47.9%	19,492	47.7%	▲ 601
Shareholder's equity	21,158	53.6%	21,960	53.8%	▲ 802
Accumulated other comprehensive income	▲ 645	▲ 1.6%	▲ 662	▲ 1.6%	+ 16
Non-controlling interests	61	0.2%	57	0.1%	+ 3
Total net assets	20,574	52.1%	21,355	52.3%	▲ 781
Total liabilities and net assets	39,465	100.0%	40,847	100.0%	▲ 1,382

2. Business Segment Results

2-1. CreCla Business

2-1a CreCla Business : Sales and Operating Income trends

» Sales: D&A) Decreased due to a reactionary decrease of ZiACO (hypochlorous acid aqueous solution).

D) Sales of CreCla bottles maintained the same level as the same period of the previous fiscal year.

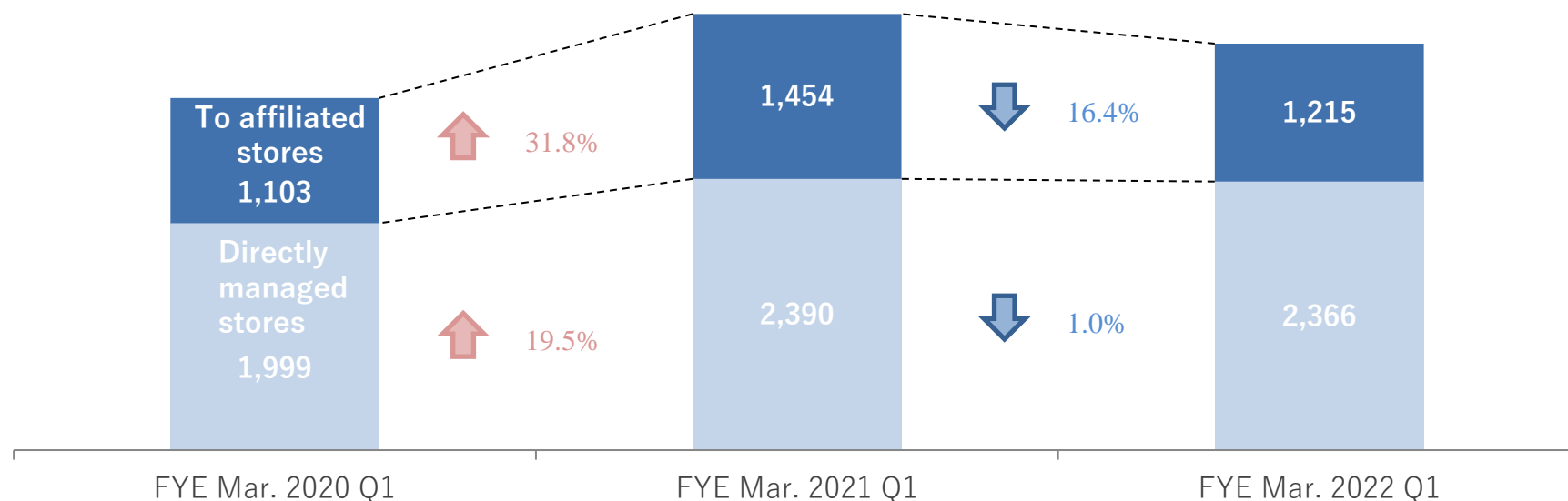
A) Water dispenser unit sales increased due to “CreCla Fit”.

» Operating income: D&A) Operating income decreased due to an increase in SG&A expenses. Because there were upfront investment and securing sales personnel in preparation for the increase in the number of customers for future.

NOTE) D : Directly managed stores A : To affiliated stores

Sales	3,103	3,844	3,582	(Millions of yen)
Operating income	17	491	169	

Sales Trends

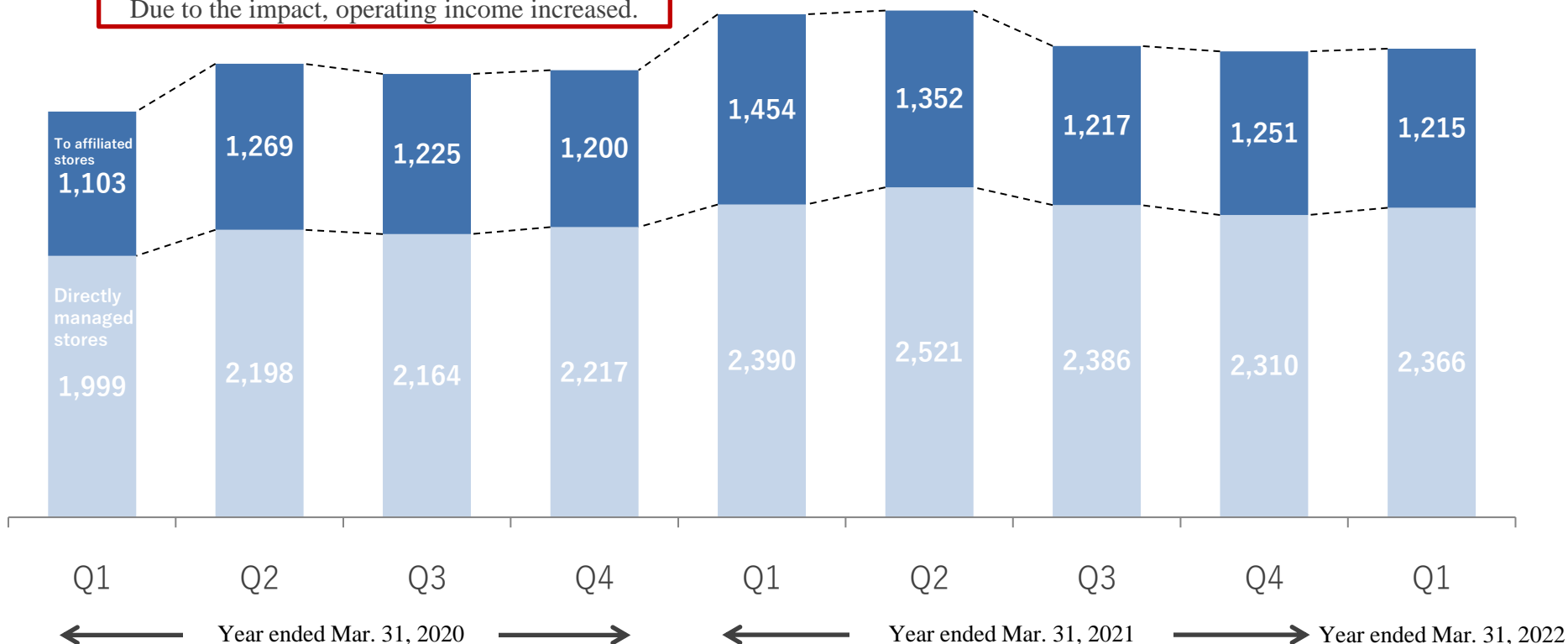


2-1b CreCla Business : Quarterly trends of Sales and Operating Income

(Millions of yen)									
Sales	3,103	3,467	3,388	3,417	3,844	3,873	3,602	3,561	3,582
Operating income	17	285	285	443	491	443	371	322	169

Sales Quarterly Trends

Because of the effects of infectious diseases, sales of ZiACO increased significantly. Due to the impact, operating income increased.



2-1c CreCla Business : Priority Measures for the 51st Fiscal Period and Beyond

Increase the number of customers by strengthening sales methods such as websites

⇒ Provision of new products and services

⇒ Character Collaboration and Events Held



Strengthen “ZiACO” branding and expand manufacturing capacity

⇒ Implementation of new investments with the aim of improving productivity



※2020年12月ニフティ（株）調べ
「宅配水に関する調査」



CreCla Fit



※2020年12月 Anetis運営事務局調べ



Multi-server
CreCla Shuwa



2-2. Rental business

2-2a Rental Business : Sales and Operating Income trends

» Sales:

D) Though sales declined in the dust-control products division due to the corona disaster, sales increased due to business growth in the Care Service Division.

W) Sales decreased due to the continuation of restaurant closures in major metropolitan areas.

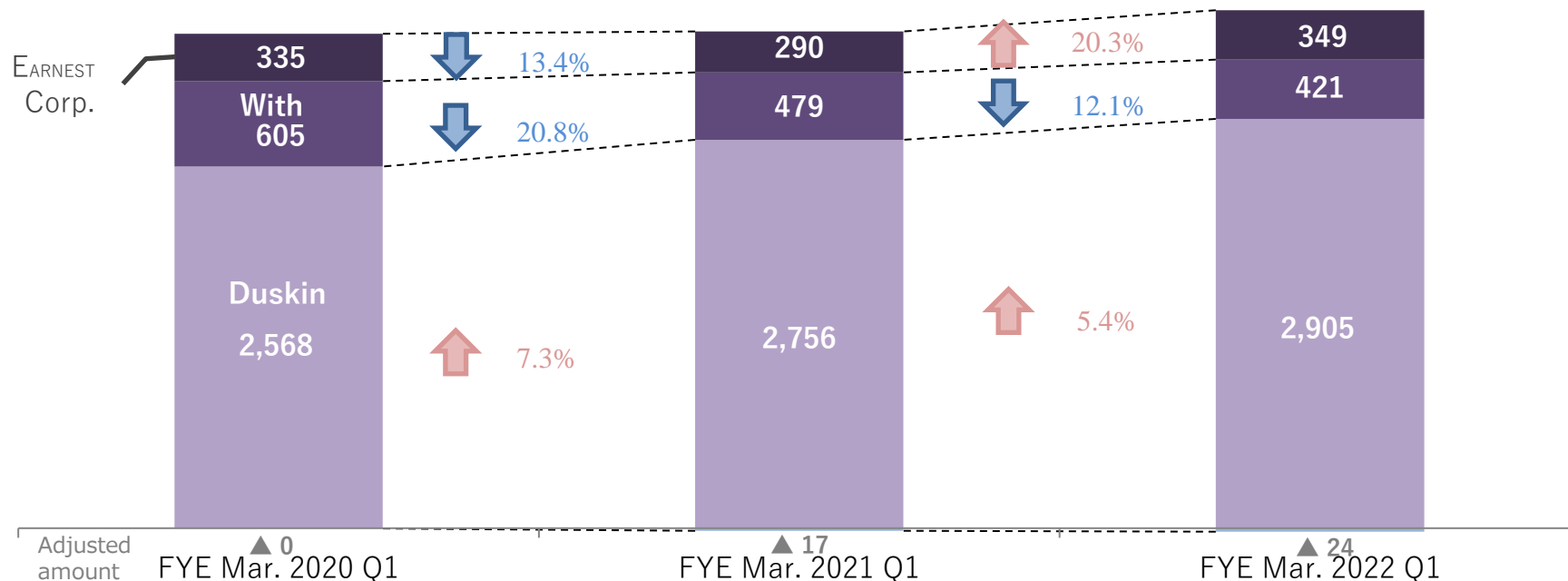
E) Sales increased due to the restoration of operation of commercial facilities and offices.

» Operating income: Operating income increased due to higher sales in the Care services division of Duskin business.

NOTE) D: Duskin business W: With-branded pest-control devices business E: EARNEST Co., Ltd.

Sales	3,509	3,508	3,652
Operating income	443	267	290

Sales Trends



(※) Adjusted amount: Sales mainly within the segment

2-2b Rental Business : Quarterly trends of Sales and Operating Income

Sales

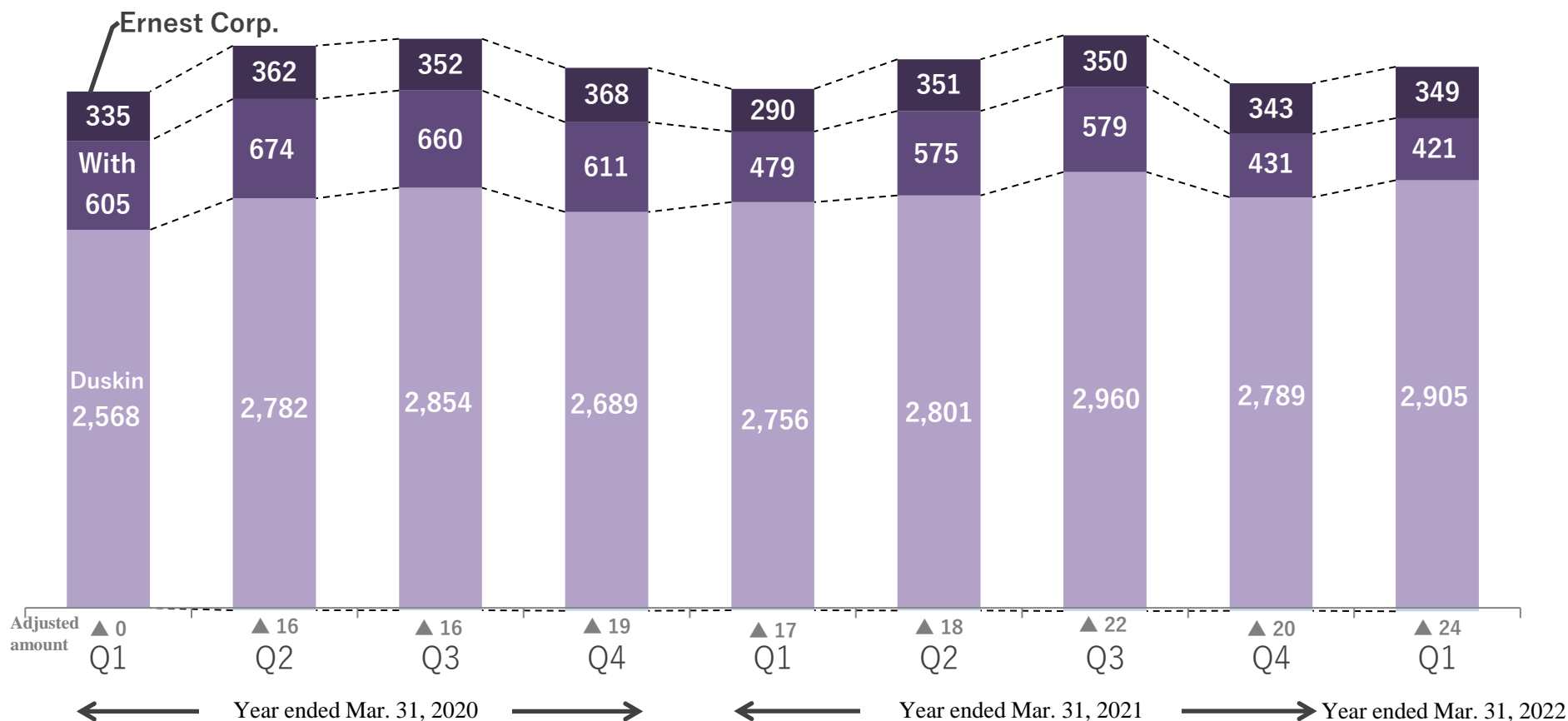
(Millions of yen)

3,509	3,802	3,848	3,648	3,508	3,708	3,867	3,542	3,652
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Operating income

443	502	531	368	267	328	447	291	290
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Sales Quarterly Trends



(※) Adjusted amount: Sales mainly within the segment

2-2c Rental Business : Priority Measures for the 51st Fiscal Period and Beyond

- ≫ Promote planning through capital and business alliance with Duskin Co., Ltd.
 - ⇒ Care services division: Add 21 businesses in addition to the 46 added businesses after the alliance.
 - ⇒ HealthRent division: In addition to opening 2 new stores after the alliance, open 2 new stores.
- ≫ Duskin business (Dust control products division): Promote M&A of Duskin member stores.
- ≫ With-branded pest-control devices business: Expand sales channels by cultivating new markets in the antibacterial and hygiene fields.

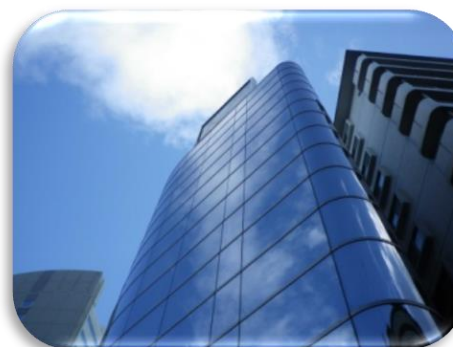


衛生環境を整える
DUSKIN

Health
Rent
ヘルスレント



with



 **EARNEST**
総合ビル管理 株式会社アーネスト

2-3. Construction Consulting Business

2-3a Construction Consulting Business : Sales and Operating Income trends

» Sales:

K) Sales of Know-how products increased due to price revisions by revamping product content,
though sales of department materials decreased.

Su) Sales decreased due to a decline in orders due to the cancellation of sales promotion events due to the impact of infectious diseases.

N) Decreased Sales due to lower spending per customer due to conversion from the housing industry to the housing market.

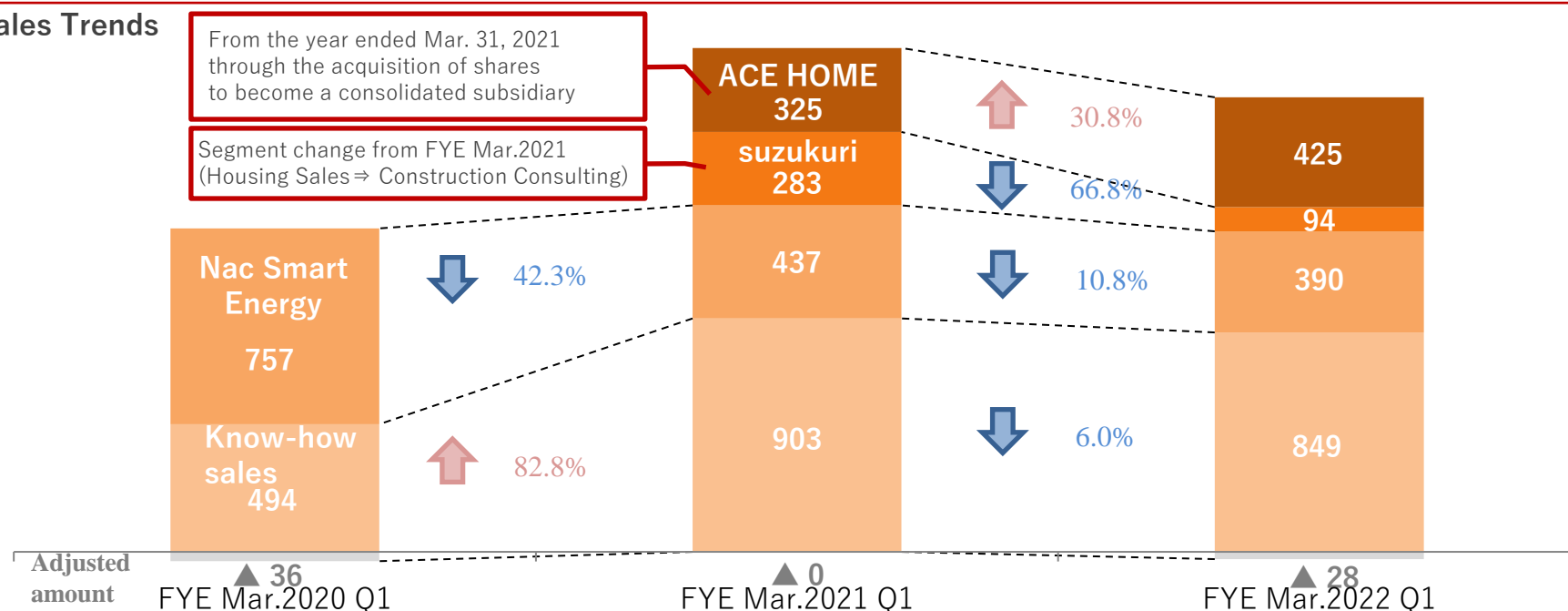
» Operating income: Operating income increased due to increased sales of know-how products.

(NOTE) K : Know-how: Sales division N: Nac Smart Energy Co., Ltd. su: suzukuri division A: ACE HOME Co., Ltd.

Sales	1,216	1,949	1,732
Operating income	60	▲ 25	84

(Millions of yen)

Sales Trends

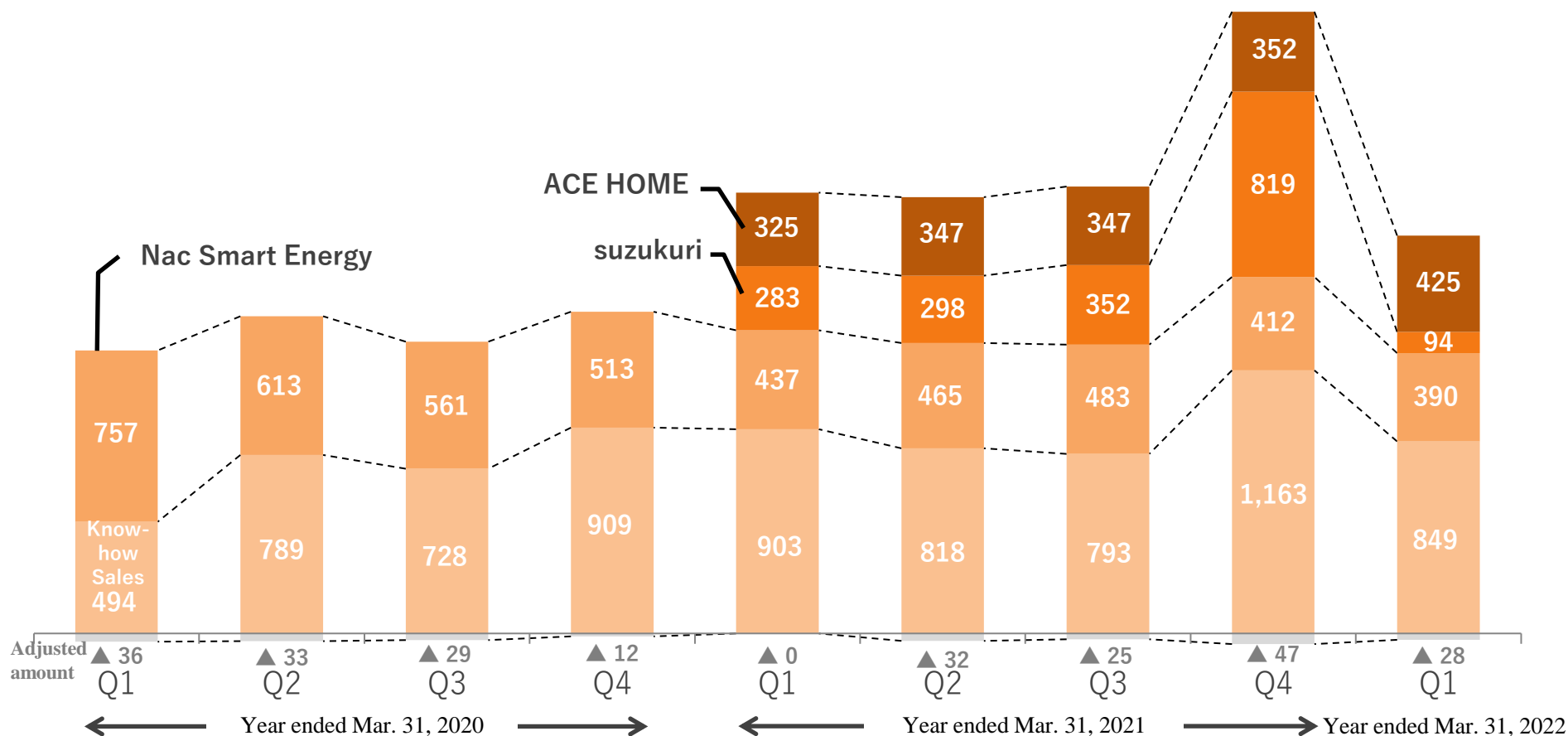


(※) Adjusted amount: Sales mainly within the segment

2-3b Construction Consulting Business : Quarterly trends of Sales and Operating Income

Sales									(Millions of yen)
1,216	1,368	1,258	1,409	1,949	1,896	1,950	2,699	1,732	
Operating income									
60	192	148	330	▲ 25	137	188	507	84	

Sales Quarterly Trends



(※) Adjusted amount: Sales mainly within the segment

2-3c Construction Consulting Business : Priority Measures for the 51st Fiscal Period and Beyond

- » Know-how sales division: With the aim of maximizing the value of local building contractors (which are our client), providing new non-face-to-face services through DX and VR solution.
- » Nac Smart Energy Co., Ltd.: Strengthen sales promotion activities in the housing market, where energy conservation measures of the national and local governments focus.
- » ACE HOME Co., Ltd.: Addition of housing products that create synergies between our businesses.



Know-how sales seminar



2-4. Housing Sales Business

2-4a Housing Sales Business : Sales and Operating Income trends

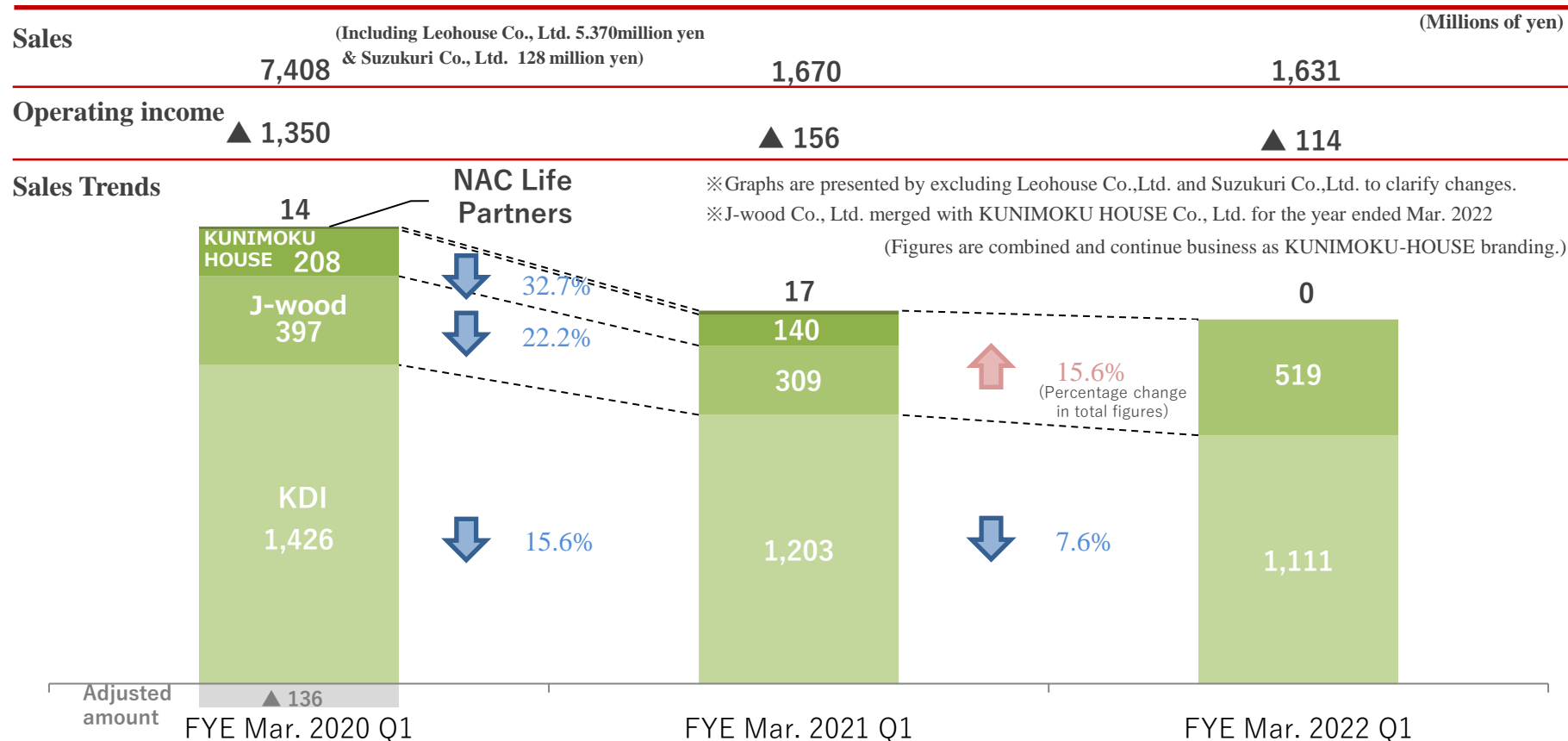
» Sales: Significant decline in sales due to transfer of shares of Leo House Co.,Ltd. in May. 2020 and segment changes of Suzukuri Co.,Ltd. (currently “suzukuri division”).

» Operating income:

J-wood) Operating income improved due to reductions in SG&A expenses,

due to the consolidation and relocation of stores implemented in the previous fiscal year.

KDI) Operating income increased due to an improvement in the gross profit margin and the effects of reductions in SG&A expenses



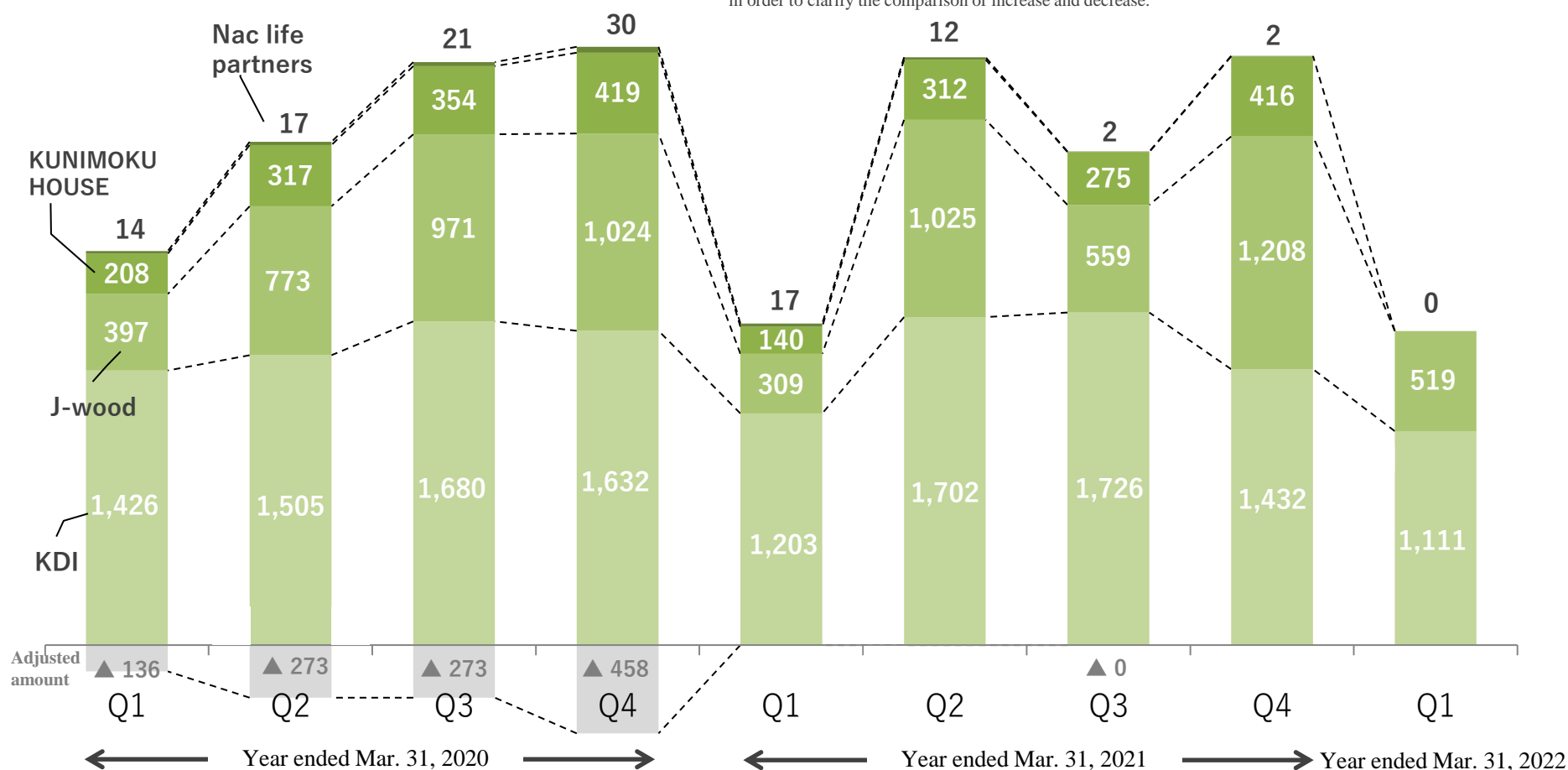
2-4b Housing Sales Business : Quarterly trends of Sales and Operating Income

※ Figures for sales and operating income in the table include Leohouse Co., Ltd. and suzukuri Div.

Sales	(Millions of yen)							
	7,408	13,085	10,108	15,496	1,670	3,051	2,562	3,057
Operating income	▲ 1,350	262	▲ 351	894	▲ 156	72	▲ 4	162
								▲ 114

Sales Quarterly Trends

※ Graphs are presented by excluding Leohouse Co., Ltd. and suzukuri division
in order to clarify the comparison of increase and decrease.



(※) Adjusted amount: Sales mainly within the segment

2-4c Housing Sales Business : Priority Measures for the 51st Fiscal Period and Beyond

≫ J-wood :

- Concentration of management resources and streamlining of management at 2 companies, including KUNIMOKU HOUSE Co., Ltd., which was absorbed.
- Develop businesses that leverage the strengths of both businesses.

≫ KDI: Expansion of sales areas aimed at increasing sales and strengthening profitability.

(Expansion outside Tokyo 23 wards)

KDI-HOME

Kindness, Development, Integrity



株式
会社

ジェイウッド



KUNIMOKU HOUSE



2-5. Beauty and Health business

2-5a Beauty and Health Business : Sales and Operating Income trends

» Sales:

JIMOS) Sales decreased due to decrease in customers due to unauthorized access to e-commerce websites in Jul. 2019,
and sluggish sales of makeup products due to the impact of infectious diseases.

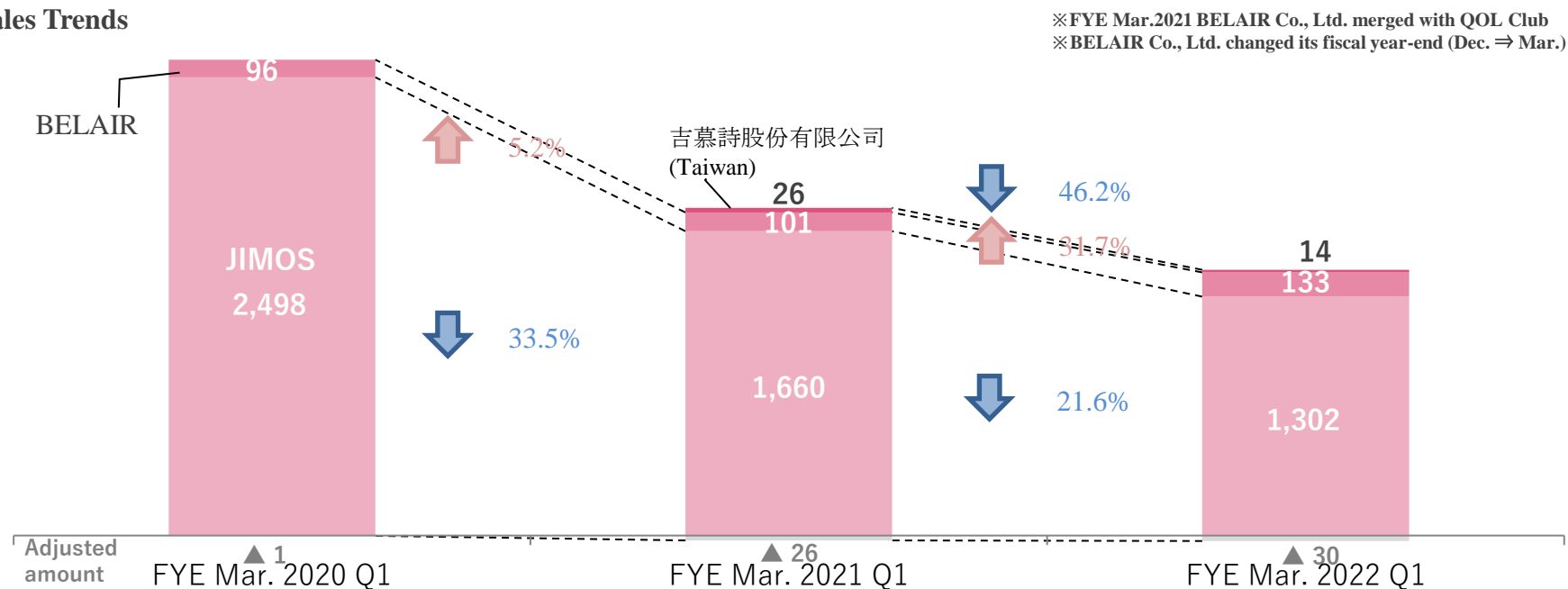
BELAIR) Sales increased due to expanded sales of beauty and healthcare goods.

» Operating income: Returned to profitability due to reductions in SG&A expenses, etc.

(mainly advertising expenses and outsourcing expenses.)

Sales	(Millions of yen)		
	2,593	1,763	1,419
Operating income	▲ 136	▲ 67	183

Sales Trends



(※) Adjusted amount: Sales mainly within the segment

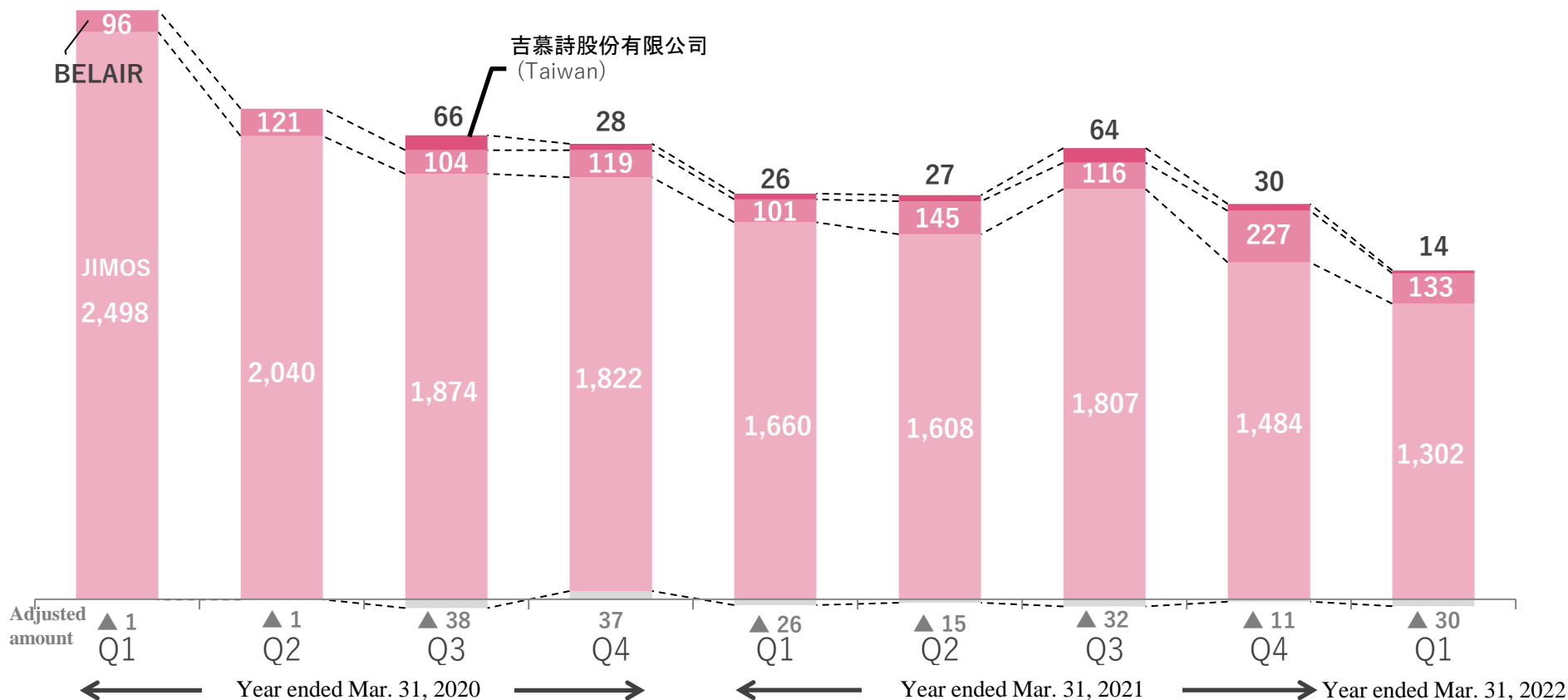
2-5b Beauty and Health Business : Quarterly trends of Sales and Operating Income

Sales									(Millions of yen)
2,593	2,158	2,005	2,006	1,763	1,765	1,954	1,730	1,419	
Operating income									
▲ 136	42	174	45	▲ 67	▲ 80	157	112	183	

Sales Quarterly Trends

※ FYE Mar. 2021 Q4 was 6 months due to the change of closing month from Dec. to Mar. of BELAIR Co., Ltd.

※ FYE Mar.2021: BELAIR Co., Ltd. merged with QOL Club



(※) Adjusted amount: Sales mainly within the segment

2-5c Beauty and Health Business : Priority Measures for the 51st Fiscal Period and Beyond

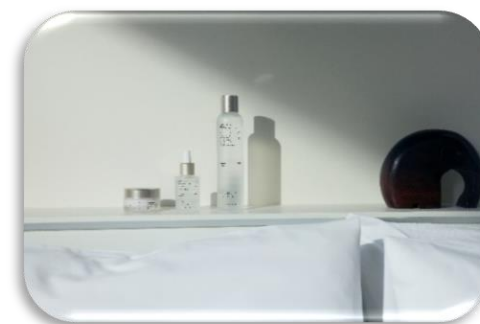
- ≫ JIMOS : Acquire new customers by strengthening functions of basic cosmetics, etc,
and penetration and sales expansion of the new brand “SINN PURETÉ”.
- ≫ BELAIR : Diversification of sales channels aimed at expanding sales.
Associated product development for the general market.
- ≫ TREMY : Proposals tailored to customer needs and new product offerings



macchia
MACCHIA LABEL
マキアレイベル



 coyori



SINN PURETÉ
natural & organics



 TOREMY



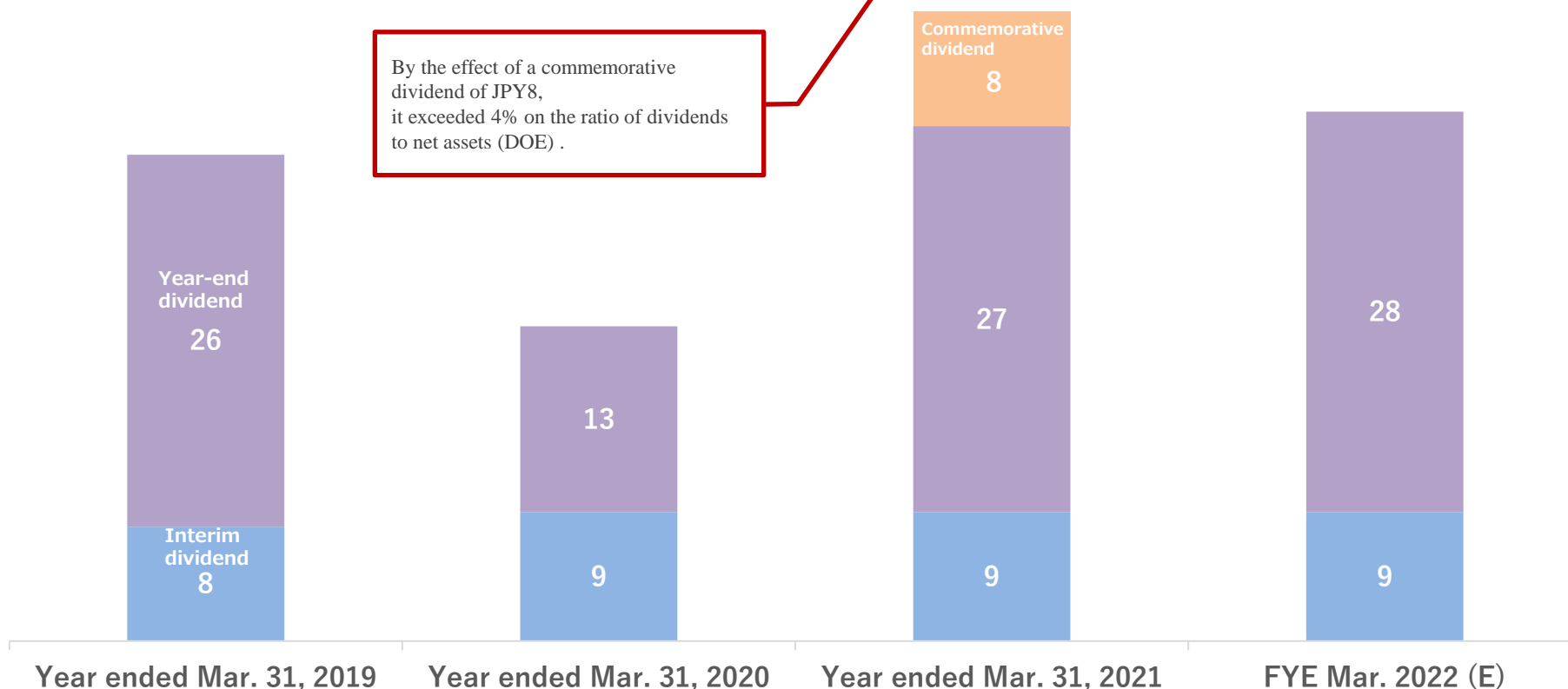
ベルエア

3. Dividends

3-1 Dividend Policy, Dividend Results, and Dividend Forecast

Dividend policy: Dividend on equity (DOE) ratio of 4% and dividend payout ratio within 100%

Annual dividend				
34	22	44	37	
Ratio of dividends to net assets (DOE)				
3.9%	2.5%	4.8%	—	
Dividend payout ratio				
84.3%	95.9%	53.6%	51.8%	

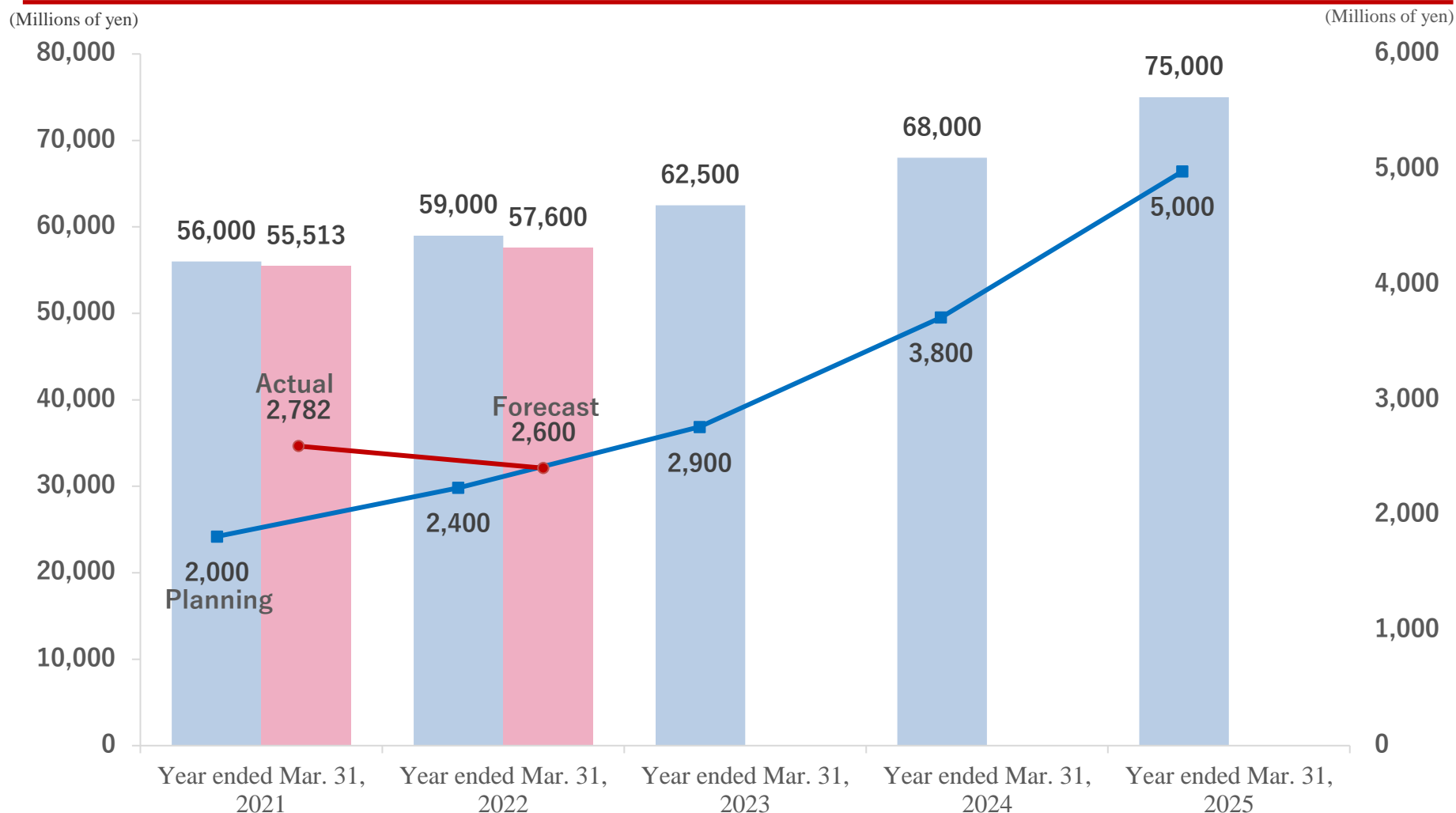


4. Mid-Term Management Plan

4-1 Progress under Medium-Term Business Plan

In FYE Mar.2022, although both sales and profits are expected to decline year on year due to aggressive investment in CreCla and Rental Businesses for the future,

forecast lower sales and higher profits compared to the medium-term plan.



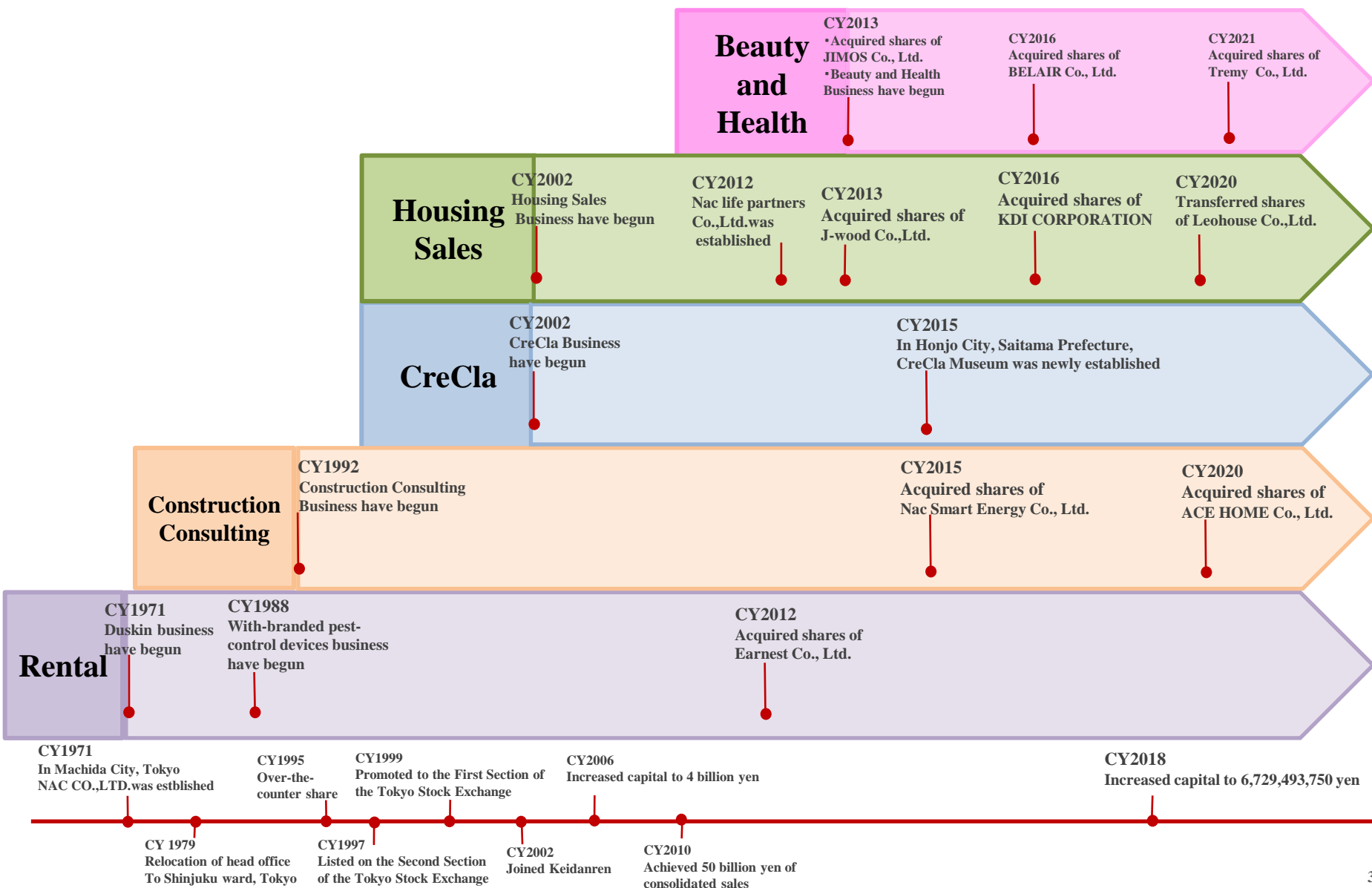
5. Corporate Profile

5-1 Corporate Profile

(As of the end of Mar. 2021)

Company name	NAC CO.,LTD. (NAC CO., LTD.)								
Address	Shinjuku Center Building 42F, 1-25-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo								
Incorporation	May. 20, 1971								
Representative	Yoshimura Kan, President								
Consolidated subsidiaries	<table> <tr> <td>Rental</td><td>Earnest Co., Ltd. (building maintenance business)</td></tr> <tr> <td>Consulting</td><td>Nac Smart Energy Co., Ltd. (Sales and construction of energy-saving products) ACE HOME Co., Ltd. (Residential franchise business)</td></tr> <tr> <td>Housing</td><td>J-wood Corporation (Residential Business) KDI CORPORATION (Residential Business) Nac life partners Co., Ltd. (Finance and Benefits)</td></tr> <tr> <td>Beauty and health</td><td>JIMOS Co., Ltd. (Beauty and Health Business) BELAIR Co., Ltd. (Beauty and Health Business) 吉慕詩股份有限公司 (Taiwan) (Beauty and Health Business) TOREMY Co., Ltd. (contract manufacturing)* Made a subsidiary in Jul. 2021</td></tr> </table>	Rental	Earnest Co., Ltd. (building maintenance business)	Consulting	Nac Smart Energy Co., Ltd. (Sales and construction of energy-saving products) ACE HOME Co., Ltd. (Residential franchise business)	Housing	J-wood Corporation (Residential Business) KDI CORPORATION (Residential Business) Nac life partners Co., Ltd. (Finance and Benefits)	Beauty and health	JIMOS Co., Ltd. (Beauty and Health Business) BELAIR Co., Ltd. (Beauty and Health Business) 吉慕詩股份有限公司 (Taiwan) (Beauty and Health Business) TOREMY Co., Ltd. (contract manufacturing)* Made a subsidiary in Jul. 2021
Rental	Earnest Co., Ltd. (building maintenance business)								
Consulting	Nac Smart Energy Co., Ltd. (Sales and construction of energy-saving products) ACE HOME Co., Ltd. (Residential franchise business)								
Housing	J-wood Corporation (Residential Business) KDI CORPORATION (Residential Business) Nac life partners Co., Ltd. (Finance and Benefits)								
Beauty and health	JIMOS Co., Ltd. (Beauty and Health Business) BELAIR Co., Ltd. (Beauty and Health Business) 吉慕詩股份有限公司 (Taiwan) (Beauty and Health Business) TOREMY Co., Ltd. (contract manufacturing)* Made a subsidiary in Jul. 2021								
Number of Employees (Full-time employees)	Consolidated 1,583 (excluding part-time employees)								
Paid-in Capital	6,729,493,750 Yen								
Number of shares outstanding	24,306,750 (1 unit: 100 shares)								
Number of Shareholders	16,737 (Total number of shareholders excluding treasury stock)								

5-2 History of NAC Group

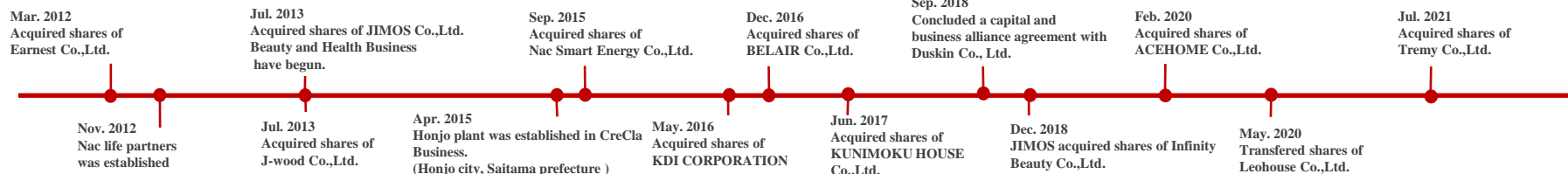
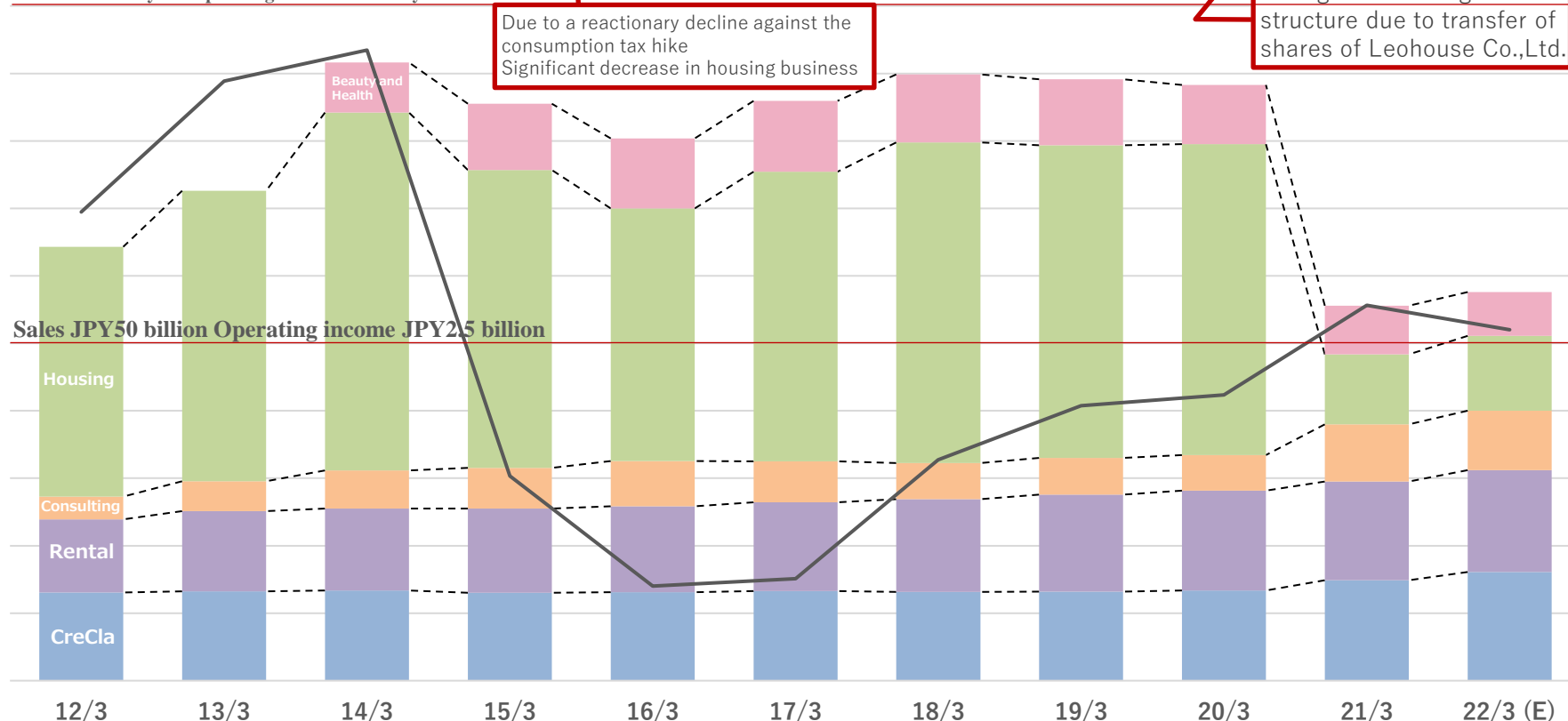


5-3 NAC Business Results (Previous 10th Fiscal Period + Forecast)

Sales	64,307	72,621	91,630	85,443	80,302	85,901	89,818	89,111	88,222	55,513	57,600
Operating income	3,474	4,444	4,672	1,516	701	756	1,637	2,037	2,118	2,782	2,600

Sales Trends (Bar Chart) and Operating Income Trends (Line Chart)

Sales 100 billion yen / Operating income 5 billion yen line



5-4 Business Introduction : CreCla Business

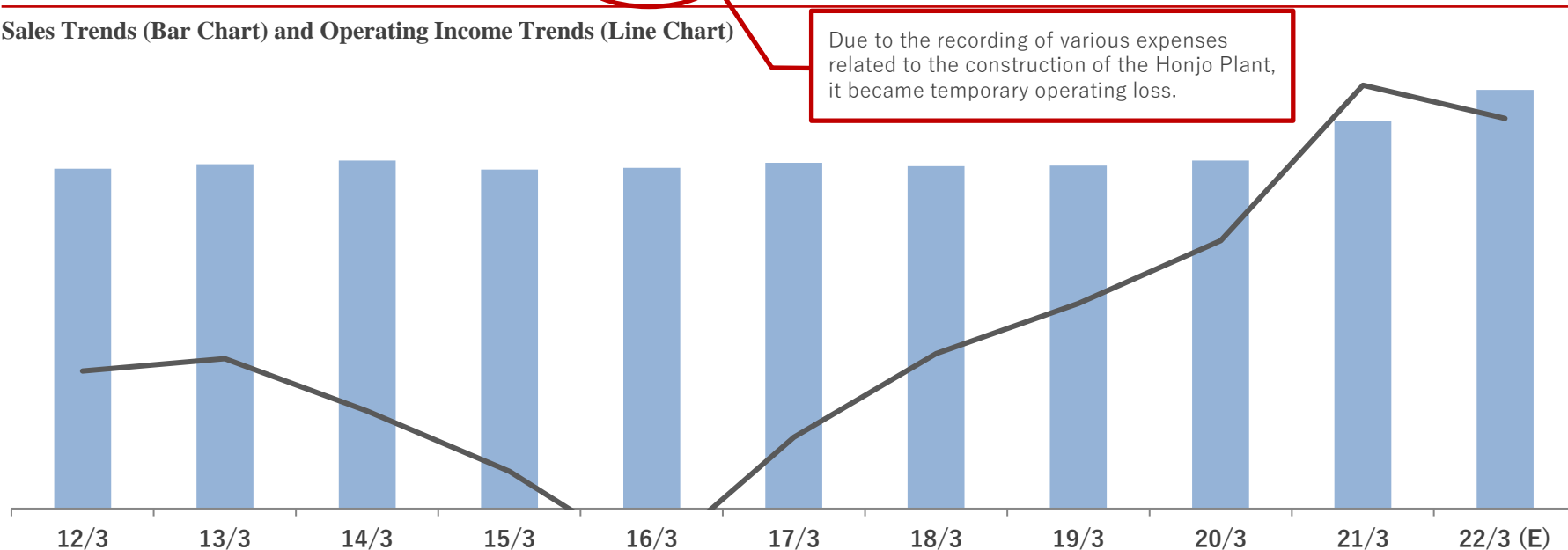
Major Composition: NAC CreCla business

- Production and sales of CreCla (bottled water delivery with water dispenser) and ZiACO (hypochlorous acid aqueous solution)
- Operates headquarters of CreCla Chain (There are approx. 500 affiliated stores.)
- **No. 1** in customer satisfaction **for 10 consecutive years** (Dec. 2020 survey by NIFTY Corporation on water delivery)
- Acquired **the industry's first**※ HACCP certification and eco-mark, and established **the industry's first**※ specialized R&D center
- In Apr. 2015, a manufacturing plant and CreCla Museum were established in Honjo City, Saitama Prefecture

※ The industry is water dispenser industry in Japan.

(Millions of yen)											
Sales	13,059	13,235	13,376	13,033	13,095	13,293	13,158	13,179	13,375	14,881	16,100
Operating income	529	576	375	143	▲201	274	596	788	1,030	1,627	1,500

Sales Trends (Bar Chart) and Operating Income Trends (Line Chart)



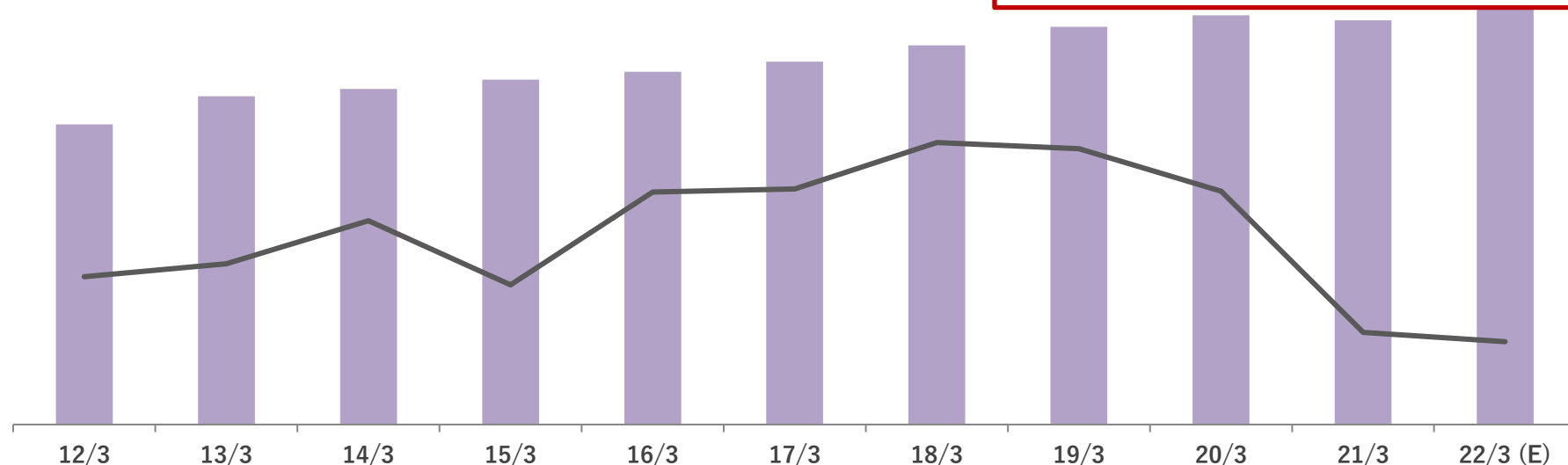
5-5 Business introduction : Rental business

Major Composition: NAC Rental business, Earnest Co., Ltd.

- Rental and sales of dust control products and pest control equipment, and regular cleaning operations, etc.
- **No.1 sales** of all Duskin franchise dealers (There are approx. 1900 companies)
- “With” branded, **Japan’s first** pest control device for restaurants approved by the Ministry of Health, Labour and Welfare
- Mar. 2012 Made Earnest Co., Ltd. a subsidiary (building maintenance business)
- Aug. 2018 Concluded a capital and business alliance agreement with Duskin Co., Ltd.

	(Millions of yen)										
Sales	10,865	11,884	12,147	12,486	12,765	13,135	13,727	14,394	14,808	14,626	15,100
Operating income	1,535	1,582	1,738	1,505	1,841	1,853	2,021	1,998	1,844	1,333	1,300

Sales Trends (Bar Chart) and Operating Income Trends (Line Chart)



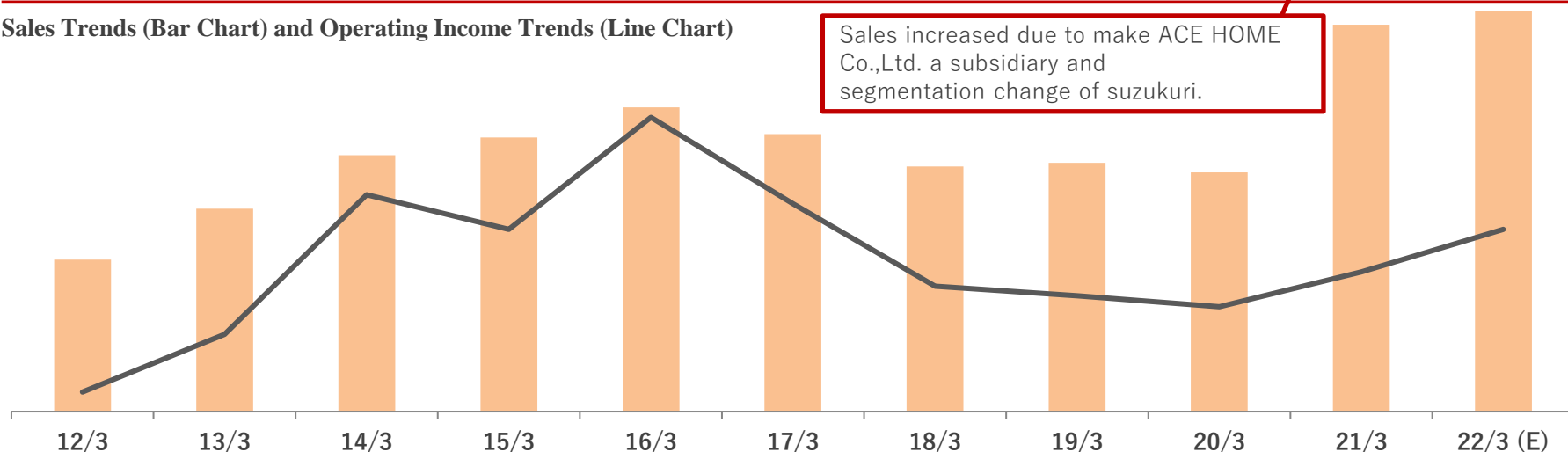
5-6 Business Introduction : Construction Consulting Business

Major Compositions: NAC Construction Consulting business, Nac Smart Energy Co., Ltd.,
ACE HOME Co., Ltd.

- Sales and installation of construction know-how system products and construction materials to local building contractor, and housing franchise business
- There are **approx. 7,000 companies** of NAC member building contractor.
- Sep. 2015 Made Nac Smart Energy Co., Ltd. a subsidiary (Sales and installation of energy-saving products)
- Apr. 2017 Made Suzukuri Co., Ltd. a subsidiary (Developed housing business in partnership with other industries)
(Continued as suzukuri Div. after the change from the Housing Sales Business in Apr. 2020)
- Feb. 2020 Made ACE HOME Co., Ltd. a subsidiary (Housing franchise business)

Sales	3,336	4,455	5,628	6,014	6,676	6,089	5,383	5,459	5,251	8,495	8,800
(Millions of yen)											
Operating income	543	670	976	900	1,146	956	775	754	730	807	900

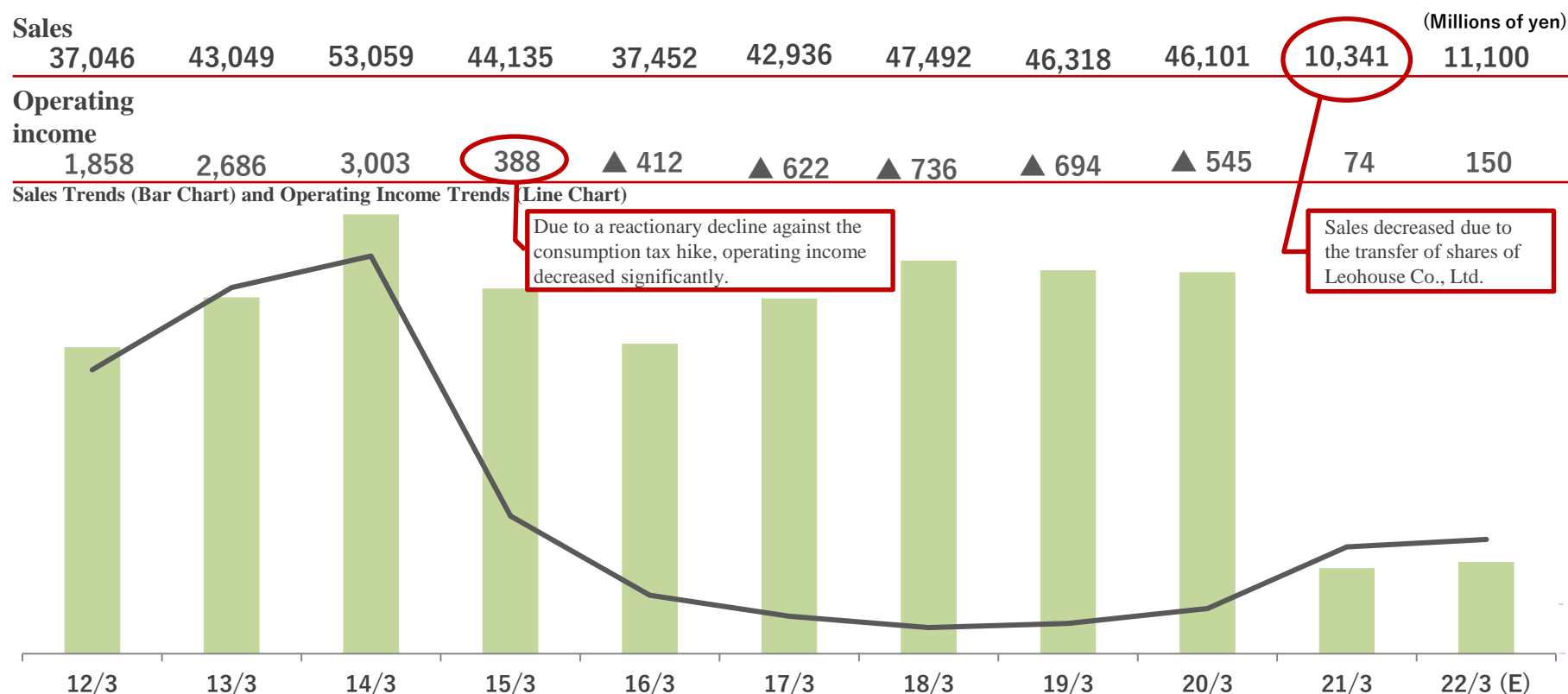
Sales Trends (Bar Chart) and Operating Income Trends (Line Chart)



5-7 Business introduction : Housing Sales Business

Major components: KDI CORPORATION, J-wood Co., Ltd., Nac life partners Co., Ltd.

- Construction contract of custom-built houses, sales of built-for-sale houses, and related finance and insurance operations
 - Jul. 2013 Made J-wood Co., Ltd. a subsidiary (custom-built houses made of natural materials)
 - May. 2016 Made KDI CORPORATION a subsidiary (for sale and custom-built houses in the Tokyo metropolitan area)
 - Jun. 2017 Made KUNIMOKU HOUSE Co., Ltd. a subsidiary. (Developed housing business in Hokkaido)
- (Apr. 2021 Absorption-type Merger with J-wood Co., Ltd.)



5-8 Business introduction : Beauty and Health business

Major components: JIMOS Co., Ltd, BELAIR Co., Ltd., Tremy Co., Ltd.

□ Mail-order sales of cosmetics, healthy foods, beauty materials, etc.

■ Jul. 2013 It have begun of the Beauty and Health Business through the consolidation of JIMOS Co., Ltd.

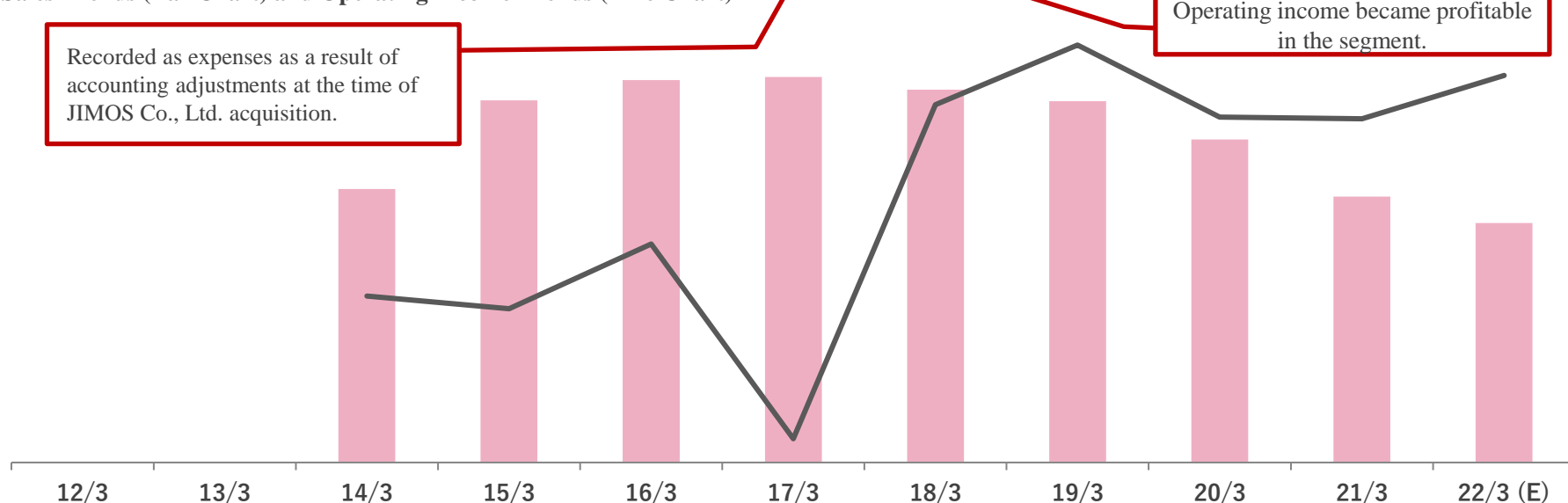
Core business is basic cosmetics, mainly for women in their 40s and 60s

■ Dec. 2016 Made BELAIR Co., Ltd. a subsidiary (sales of supplements)

■ Jul. 2021 Made Tremy Co., Ltd. a subsidiary (contract manufacturing of cosmetics)

Sales	(Millions of yen)								
	7,422	9,825	10,378	10,463	10,115	9,801	8,764	7,213	6,500
Operating income	▲ 199	▲ 222	▲ 105	▲ 457	147	255	125	122	200

Sales Trends (Bar Chart) and Operating Income Trends (Line Chart)



Best Communication
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