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February 7, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: NAC CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 9788
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Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	44,390	11.7	2,268	53.7	2,274	47.1	1,068	29.5
December 31, 2023	39,735	(2.9)	1,475	(3.4)	1,546	0.4	824	(2.0)

Note: Comprehensive income For the nine months ended December 31, 2024: ¥1,057 million [37.9%]
For the nine months ended December 31, 2023: ¥766 million [(3.6)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	24.80	-
December 31, 2023	19.04	-

Note: The Company conducted a 2-for-1 stock split of its common stock on February 1, 2024. Basic earnings per share is calculated as if the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	40,751	22,906	56.2	531.43
March 31, 2024	37,615	22,715	60.4	527.92

Reference: Equity
As of December 31, 2024: ¥22,906 million
As of March 31, 2024: ¥22,715 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	5.00	-	16.00	21.00
Fiscal year ending March 31, 2025	-	5.00	-		
Fiscal year ending March 31, 2025 (Forecast)				17.00	22.00

Note: 1. Revisions to the forecast of cash dividends most recently announced: None
2. The Company conducted a 2-for-1 stock split of its common stock on February 1, 2024. The dividend for the fiscal year ended March 31, 2024 is stated in the amount that takes into account the impact of the share split.

3. Forecast of Consolidated Results for Fiscal Year Ending March 31,2025（April 1, 2024 to March 31, 2025）

（Percentages indicate the rate of change compared with the preceding year）

	Net Sales		Operating income		Ordinary Income		Profit Attributable to Owners of Parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	65,500	20.3	4,000	74.1	4,000	67.3	2,550	77.5	59.26

Note: Revision of projected consolidated results of operations most recently announced: None

*Notes

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 3 companies (CONVEBOX, INC, Shuwa Juken Co., Ltd., Shuwa Co., Ltd.)
Excluded: - companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	46,613,500 shares
As of March 31, 2024	46,613,500 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2024	3,510,019 shares
As of March 31, 2024	3,584,280 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	43,072,013 shares
Nine months ended December 31, 2023	43,319,460 shares

Note: The Company conducted a 2-for-1 stock split of its common stock on February 1, 2024. The average number of shares outstanding during the period is calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters
The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

4. Qualitative Information on Financial Results for the First Nine Months

【Operating Results】

During the nine months ended December 31, 2024 (from April 1, 2024 to December 30, 2024), the Japanese economy is expected to recover moderately due to improvement in the employment and income environment, although there were still some areas of stagnation. However, there are concerns that the Japanese economy may be affected by a downturn in overseas economies, such as the continuing high-interest rate levels in Europe and the U.S. and the continuing stagnation of the real estate market in China. In addition, it is necessary to pay sufficient attention to the effects of rising prices, future policy trends in the U.S., fluctuations in the financial and capital markets, etc.

In the retail and services business domain of the Group, although consumer sentiment has been stagnant due to the sharp rise in prices, it showed signs of recovery.

Under these circumstances, we are focusing on expanding our service network in order to maximize Lifetime Value (LTV) by making the most of the last mile in each business field. Specifically, we are pursuing synergies between businesses by cross-selling products and services across the Group to meet customer needs. In addition, we are actively promoting alliance strategies, including M&A.

As a result, the Company's consolidated financial results for the nine months ended December 31, 2024, were as follows: net sales of 44,390 million yen (up 11.7% year on year), operating income of 2,268 million yen (up 53.7% year on year), ordinary income of 2,274 million yen (up 47.1% year on year), and profit attributable to owners of parent of 1,068 million yen (up 29.5% year on year).

The operating results by business segment are as follows.

In addition to the operating income and loss of each segment, there are corporate expenses of 1,041 million yen that are not attributable to any segment.

〈CreCla Business〉

In the Water Dispenser market, the environment surrounding the market is becoming increasingly severe as lifestyles diversify.

Demand for water purifier servers that can be used only when needed at a fixed price is expanding, and the number of customers switching from home delivery water is increasing. In the CreCla Business, we have been steadily acquiring customers for "putio" compact water purifier servers, which were launched last year, by actively placing advertisements on the Internet and strengthening sales activities at events held at shopping malls.

The number of customers in the Directly managed stores division increased compared with the same period of the previous fiscal year. In the "CreCla" water delivery service, the proposal of supplementary merchandise as a measure to prevent cancellations was successful, contributing to a decrease in the cancellation rate and an increase in sales. Sales of the "feel free" water purifier servers increased compared with the same period of the previous fiscal year. This was due to an increase in server rental fees as a result of an increase in the number of customers in line with expanding demand in the market. Sales of ZiACO, a hypochlorous acid aqueous solution, decreased compared with the same period of the previous fiscal year. Although the churn rate improved and the volume of use per customer increased, customers who used the product as a measure against infectious diseases continued to cancel their subscriptions. As a result, the increase in rental fees for water purifier servers compensated for the decrease in sales in ZiACO, and sales in the Directly managed stores division as a whole were at the same level (slightly increased) compared with the same period of the previous fiscal year.

In the Affiliated stores division, the number of customers for the "feel free" water purifier servers has been steadily increasing, as in the case of the Directly managed stores division. On the other hand, sales of the "CreCla" water delivery decreased compared with the same period of the previous fiscal year due to a decrease in the number of customers.

Operating income decreased compared with the same period of the previous fiscal year due to an increase in sales promotion expenses resulting from concentrated upfront investment in "putio" compact water purifier servers, which have been steadily acquiring customers.

As a result, the CreCla Business posted net sales of 11,663 million yen (up 0.8% year on year) and operating income of 1,267 million yen (down 6.7% year on year) for the nine months ended December 31, 2024.

〈Rental Business〉

In the rental business, we worked to strengthen our service structure by expanding our sales network through new store openings and increased headcount, strengthening outbound sales, and promoting the use of Digital Transformation (DX) by introducing a new sales management system, in order to provide products and services that respond to the decrease in the working population due to the declining birthrate and aging population and the increase in the number of older generation and dual-income households.

In the mainstay Duskin Business, the churn rate in the Dust control division declined and sales of supplementary merchandise were strong. In the Care Services division, the Duskin Co., Ltd., the franchise headquarters, revised the prices of the Service Master (professional cleaning services), and the Merry Maids (home cleaning and helper services) in April 2024. In addition, the number of orders increased due to the expansion of personnel and the strengthening of outbound sales. In the HealthRent division, the number of regular customers increased year on year due to new store openings and business transfers, and net sales steadily increased. As a result, overall sales of the Duskin Business increased compared with the same period of the previous fiscal year.

In the With-branded pest-control devices business, net sales were flat (slightly increased) year on year due to an increase in the number of customers and regular sales as a result of the sales campaign conducted through the first half of the fiscal year, as well as strong cross-selling of supplementary merchandise.

At Earnest Co., Ltd., which provides regular cleaning services to corporations, sales decreased due to the termination of the Ministry of Health, Labor and Welfare's border security measures, for which demand increased during the pandemic. On the other hand, regular revenue and the number of orders received were strong due to the strengthening of sales activities for bedmaking of accommodation facilities in line with the increase in inbound demand, but this was not enough to compensate for the decrease in sales of the border security measures, and sales decreased compared with the same period of the previous fiscal year.

CANS Co., Ltd., which became a subsidiary in the previous fiscal year and specializes in restoration work for rental properties, received an increase in orders in cooperation with the Corporate Sales Department of the Duskin Business, and net sales increased year on year.

In terms of profit and loss, operating income decreased compared with the same period of the previous fiscal year due to a decrease in sales at Earnest Co., Ltd., new store openings and an increase in the number of personnel in the Duskin Business, and an increase in selling, general and administrative expenses in line with the introduction of a sales management system in the Care Services division.

As a result, the Rental Business posted net sales of 13,691 million yen (up 3.1% year on year) and operating income of 1,232 million (down 4.9% year on year, including 9 million yen in amortization of goodwill of CANS Co., Ltd.,) for the nine months ended December 31, 2024.

〈Construction Consulting Business〉

In the local construction market, the number of housing starts is decreasing due to the declining birthrate and aging population. In addition, the outlook remains unclear due to a decline in end-user demand caused by rising construction costs due to soaring personnel and distribution costs, as well as the aging of company managers and a shortage of successors.

In the Consulting division, the financial condition of our target local building contractor continues to deteriorate due to the repayment of coronavirus-related loans and a decrease in the number of orders received. Under such circumstances, we proactively launched new products and strengthened sales promotion activities, and as a result, net sales increased compared with the same period of the previous fiscal year.

At NAC HAUS Partner Co., Ltd., in the Smart Energy business, which includes the installation and sales of the construction of materials related to energy saving, the number of orders for material construction contracts increased year on year, but the unit price for contracts decreased. As a result, net sales decreased year on year.

In the Housing Network business, sales decreased compared with the same period of the previous fiscal year due to a decrease in the number of housing completions in the third quarter of the fiscal year under review caused by sluggish orders received by member stores in the second quarter of the fiscal year under review for the ACE HOME brand, which operates housing franchises.

In terms of profit and loss, although the sales of the entire business decreased due to the decrease in sales of NAC HAUS Partner Co., Ltd., the efficiency of expenses by the integration of bases and the review of

sales promotion activities contributed to the increase in sales in the Consulting division, and the entire business recorded profit from the same period of the previous fiscal year when a loss was recorded.
As a result, the Construction Consulting Business posted net sales of 3,982 million yen (down 1.5% year-on-year) and operating income of 285 million yen (operating loss of 247 million yen of for the same period of the previous fiscal year, including 30 million yen of amortization of goodwill of NAC HAUS Partner Co., Ltd.) for the nine months ended December 31, 2024.

〈Housing Sales Business〉

In the housing industry, new housing starts continued to decline overall including the rental properties and ready-built houses for the eighth consecutive month, according to the December figures released by the Ministry of Land, Infrastructure and Transport, and conditions remained challenging. However, the number of new housing starts for owner-occupied houses, which is our business domain, increased for the third consecutive month.
At KDI CORPORATION, the number of properties sold increased due to the bulk sale of multi-building sites purchased in the first half of the fiscal year, that resulted in a significant increase in sales compared with the same period of the previous fiscal year.
J-wood Co., Ltd.'s sales increased compared with the same period of the previous fiscal year due to the sale of built-for-sale house.
In May 2024, we consolidated Shuwa Juken Co., Ltd., which engages in the construction of new detached houses in the Tohoku district, and recorded profit and loss from June 2024.
In terms of profit and loss, J-wood Co., Ltd. posted a decrease in selling, general and administrative expenses due to an increase in sales and improved operational efficiency by reviewing the organizational structure, and operating loss decreased. At KDI CORPORATION, operating income increased significantly year on year due to the increase in net sales. As a result, the Housing Sales Business as a whole recorded a profit compared to the same period of the previous fiscal year when a loss was recorded.
As a result, the Housing Sales Business posted net sales of 9,444 million yen (up 63.5% year-on-year) and operating income of 125 million yen (operating loss of 225 million yen for the same period of the previous fiscal year, including 26 million yen of amortization of goodwill of Shuwa Juken Co., Ltd.) for the nine months ended December 31, 2024.

〈Beauty and Health Business〉

The cosmetics industry continued to perform strongly, and inbound demand increased in line with the increase in the number of foreign visitors to Japan. At JIMOS Co., Ltd., sales of Coyori and TOFU NO MORITAYA decreased due to commoditization of natural cosmetics. On the other hand, sales of MACCHIA LABEL's skin care products utilizing the fine bubble were strong, and sales of SINN PURETÉ's hair care products and fragrances were also strong. As a result, overall sales of JIMOS Co., Ltd. were at the same level (slightly increased) compared to the same period of the previous fiscal year.
Sales at BELAIR Co., Ltd. decreased compared with the same period of the previous fiscal year due to an increase in membership withdrawals related to the aging of the members
UP SALE Co., Ltd. increased the variety of products it handles to address the supply shortage in hair care E-commerce sales and strengthened procurement, but this was not enough to cover the shortage and caused a decrease in sales. Furthermore, sales decreased compared with the same period of the previous fiscal year due to sluggish sales at the Company's own E-commerce malls.
At TOREMY Co., Ltd., sales decreased compared with the same period of the previous fiscal year due to a decrease in orders from major customers.
In addition, TOMOE Wine & Spirits Co., Ltd., which was made a subsidiary in the previous fiscal year and imports and sells mainly wines, is working to expand sales by leveraging Group synergies, such as selling to Group customers in addition to its existing wholesale business.
In terms of profit and loss, operating income in the Beauty and Health Business as a whole increased significantly year on year, due to the contribution of the increase in sales of JIMOS Co., Ltd.
As a result, the Beauty and Health Business posted net sales of 5,739 million yen (up 12.2% year on year) and operating income of 399 million yen (up 30.8% tear on year, including 112 million yen of amortization of goodwill of JIMOS Co., Ltd., TOREMY Co., Ltd., and TOMOE Wine & Spirits Co., Ltd.) for the nine months ended December 31, 2024.