

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)



February 1, 2022

Company name: **Axial Retailing Inc.**
 Stock exchange listings: Tokyo 1st section
 Securities code: 8255
 URL: <https://www.axial-r.com/>
 Representative: Kazuhiko Hara, President and Representative Director
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 Quarterly statement filing date (scheduled): February 9, 2022
 Dividend payable date (scheduled): None
 Supplementary material for quarterly materials: None
 Briefing for quarterly results: None

(Amounts less than one million yen are rounded down)

1. Consolidated results for the third quarter of the fiscal year ending March 2022 (from April 1, 2021 to December 31, 2021)

(1) Quarterly consolidated operating results (cumulative)

(% change YoY)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FY2022	185,627	—	8,781	-18.6	9,030	-19.1	6,019	-19.7
3Q FY2021	194,458	7.6	10,792	47.5	11,169	48.5	7,491	51.6

(Note) Comprehensive income: (3Q FY2022) 5,778million yen [-23.7%] (3Q FY2021) 7,568million yen [57.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY2022	261.24	—
3Q FY2021	325.14	—

(Note) From the beginning of the fiscal year ending March 2022, the "Accounting Standard for Revenue Recognition" has been applied. Since the accounting methods used for comparison are different, the rate of increase / decrease in sales for the third quarter of the fiscal year ending March 2022 compared to the same quarter of the previous year is not stated.

(2) Quarterly consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q FY2022	118,616	73,013	61.6	3,168.74
FY 2021	113,819	68,999	60.6	2,994.53

(Reference) Net assets attributable to owners of parent : (3Q FY2022) 73,013million yen (FY2021) 68,999million yen

2. Quarterly Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2021	—	25.00	—	55.00	80.00
FY2022	—	25.00	—	55.00	80.00
FY2022 Forecast	—	—	—	55.00	80.00

(Note) Revision of cash dividend forecast for this period: None

3. Forecast for the fiscal year ending March 31, 2022

(% change YoY)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2022	238,000	—	9,900	-18.3	10,000	-20.4	6,300	-23.9	273.41

(Note) Revision of consolidated results forecast in this quarter: None

From the beginning of the fiscal year ending March 2022, the "Accounting Standard for Revenue Recognition" has been applied. Since the accounting methods used for comparison are different, the rate of increase / decrease in sales for the full year compared to the previous year is not stated.

※ Notes

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidation resulting from change is subsidiaries): None
- (2) Application of accounting methods used specifically for preparing the consolidated quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates and retrospective restatement (see below iv)
- i Changes in accounting policies due to revisions of accounting standard: Yes
 - ii Changes in accounting policies due to reasons other than the above (i) None
 - iii Changes in accounting estimates: None
 - iv Restatement of prior period financial statements None
- (Note) From the beginning of the fiscal year ending March 2022, "Accounting Standards for Revenue Recognition" and "Accounting Standards for Fair Value Measurement" have been applied.
- (4) Number of issued shares (common stock)
- i Number of issued shares at the end of fiscal year (including treasury stock)

(3Q FY2022)	23,388,039shares	(FY2021)	23,388,039shares
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 - ii Number of shares of treasury stock at the end of fiscal year

(3Q FY2022)	346,283shares	(FY2021)	346,080shares
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 - iii Average number of shares during the period (cumulative)

(3Q FY2022)	23,041,841shares	(3Q FY2021)	23,042,050shares
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* This quarterly earnings release is not subject to audit procedures to be performed by certified public accountants or an audit firm.

* Explanation relating to the appropriate use of earnings forecasts, and other noteworthy items
Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available and certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements.

* This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

3 Consolidated Financial Statements
 (1) Consolidated Balance Sheet

(Yen million)

	Previous year (As of Mar 31, 2021)	Current Q3 period (As of Dec 31, 2021)
Assets		
Current assets		
Cash and deposits	17,025	19,142
Notes and accounts receivable - trade	2,953	4,763
Lease investment assets	722	657
Merchandise and finished goods	4,971	5,699
Work in process	43	29
Raw materials and supplies	363	416
Income tax refund receivable	442	541
Other	3,459	3,606
Allowance for doubtful accounts	-3	-3
Total current assets	29,978	34,854
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,943	39,336
Machinery, equipment and vehicles, net	668	647
Land	21,907	21,805
Leased assets, net	2,555	2,371
Construction in progress	450	326
Other, net	2,809	2,861
Total property, plant and equipment	66,334	67,349
Intangible assets		
Goodwill	-	2
Other	2,343	2,360
Total intangible assets	2,343	2,363
Investments and other assets		
Investment securities	3,446	3,119
Long-term loans receivable	15	10
Deferred tax assets	3,506	2,843
Lease and guarantee deposits	7,091	6,975
Other	1,147	1,144
Allowance for doubtful accounts	-45	-45
Total investments and other assets	15,163	14,049
Total non-current assets	83,841	83,762
Total assets	113,819	118,616

(Yen million)

	Previous year (As of Mar 31, 2021)	Current Q3 period (As of Dec 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	15,596	20,888
Contract liabilities	–	710
Lease obligations	365	366
Income taxes payable	2,988	261
Provision for points redemption	110	–
Provision for bonuses for directors (and other officers)	386	297
Provision for bonuses	2,530	862
Other	8,190	7,719
Total current liabilities	30,168	31,106
Non-current liabilities		
Lease obligations	2,899	2,626
Asset retirement obligations	5,805	5,945
Long-term guarantee deposits	5,693	5,694
Provision for retirement benefits for directors (and other officers)	41	43
Retirement benefit liability	36	19
Other	175	167
Total non-current liabilities	14,651	14,497
Total liabilities	44,819	45,603
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	49,653	53,908
Treasury shares	-1,225	-1,226
Total shareholders' equity	67,337	71,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,455	1,245
Adjustments related to retirement benefits	207	175
Total accumulated other comprehensive income	1,662	1,421
Total net assets	68,999	73,013
Total liabilities and net assets	113,819	118,616

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Income Statement

(Yen million)

	Previous Q3 period (From Apr 1, 2020 To Dec 31, 2020)	Current Q3 period (From Apr 1, 2021 To Dec 31, 2021)
Net sales	194,458	185,627
Cost of sales	138,306	131,175
Gross profit	56,151	54,451
Selling, general and administrative expenses		
Allowance for points redemption	122	–
Employees' salaries	6,925	7,144
Miscellaneous salaries and wages	12,681	13,134
Provision for bonuses for directors (and other officers)	349	297
Bonuses	1,696	1,753
Provision for bonuses	783	804
Provision for retirement benefits for directors (and other officers)	2	2
Retirement benefit expenses	573	547
Rent expenses on land and buildings	3,905	3,907
Depreciation	3,217	3,360
Amortization of goodwill	–	0
Provision of allowance for doubtful accounts	0	1
Other	15,100	14,715
Total selling, general and administrative expenses	45,358	45,669
Operating profit	10,792	8,781
Non-operating income		
Interest income	36	34
Dividend income	52	53
Insurance income	33	173
Compensation income	195	0
Other	102	50
Total non-operating income	420	311
Non-operating expenses		
Interest expenses	42	38
Loss on cancellation of contracts	–	24
Other	1	0
Total non-operating expenses	43	63
Ordinary profit	11,169	9,030
Extraordinary income		
Gain on sale of non-current assets	0	5
Gain on sale of investment securities	4	10
Total extraordinary income	4	16
Extraordinary losses		
Loss on sale of non-current assets	0	9
Loss on retirement of non-current assets	21	20
Impairment losses	90	101
Loss on sale of investment securities	–	9
Loss on valuation of investment securities	–	7
Total extraordinary losses	113	147
Profit before income taxes	11,060	8,899
Income taxes - current	3,204	2,153
Income taxes - deferred	364	726
Total income taxes	3,568	2,880
Net profit	7,491	6,019
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	7,491	6,019

Consolidated Comprehensive Income Statement

(Yen million)

	Previous Q3 period (From Apr 1, 2020 To Dec 31, 2020)	Current Q3 period (From Apr 1, 2021 To Dec 31, 2021)
Net profit	7,491	6,019
Other comprehensive income		
Valuation difference on available-for-sale securities	80	-209
Adjustments related to retirement benefits	-3	-32
Total other comprehensive income	76	-241
Comprehensive income	7,568	5,778
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,568	5,778
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Cash Flow Statement

(Yen million)

	Previous Q3 period (From Apr 1, 2020 To Dec 31, 2020)	Current Q3 period (From Apr 1, 2021 To Dec 31, 2021)
Cash flows from operating activities		
Profit before income taxes	11,060	8,899
Depreciation	3,449	3,600
Impairment losses	90	101
Amortization of goodwill	-	0
Increase (decrease) in allowance for doubtful accounts	-2	-0
Increase (decrease) in provision for points redemption	21	-
Increase (decrease) in provision for bonuses for directors (and other officers)	-24	-88
Increase (decrease) in provision for bonuses	-1,044	-1,667
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-7	2
Increase (decrease) in liability for retirement benefit liability	-21	-62
Interest and dividend income	-89	-87
Interest expenses	42	38
Loss (gain) on sale of non-current assets	0	4
Loss on retirement of non-current assets	21	20
Loss (gain) on sale of investment securities	-4	-1
Loss (gain) on valuation of investment securities	-	7
Decrease (increase) in trade receivables	-747	-1,809
Decrease (increase) in inventories	-1,274	-766
Increase (decrease) in trade payables	4,826	5,291
Decrease (increase) in consumption taxes receivable / payable	241	-98
Decrease (increase) in lease investment assets	77	64
Other	716	521
Subtotal	17,332	13,968
Interest and dividends received	54	56
Interest paid	-35	-31
Income taxes paid	-3,297	-4,823
Net cash provided by (used in) operating activities	14,055	9,168
Cash flows from investing activities		
Net decrease (increase) in time deposits	-0	-0
Proceeds from sale of investment securities	18	26
Purchase of property, plant and equipment	-4,585	-4,841
Proceeds from sale of property, plant and equipment	0	76
Purchase of intangible assets	-282	-226
Expenditure on loans	-10	-1
Proceeds from collection of loans receivable	9	6
Payments for acquisition of businesses	-	-10
Other	48	31
Net cash provided by (used in) investing activities	-4,802	-4,938
Cash flows from financing activities		
Repayment of long-term borrowings	-34	-
Repayment of lease obligations	-271	-274
Purchase of treasury shares	-0	-0
Dividends paid	-1,765	-1,836
Net cash provided by (used in) financing activities	-2,071	-2,112
Net increase (decrease) in cash and cash equivalents	7,180	2,117
Cash and cash equivalents at beginning of period	12,374	17,023
Cash and cash equivalents at end of period	19,555	19,140