

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)



May 6, 2022

Company name: **Axial Retailing Inc.**
 Stock exchange listings: Tokyo Prime
 Securities code: 8255
 URL: <https://www.axial-r.com/>
 Representative: Kazuhiko Hara, President and Representative Director
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 Date of general shareholders' meeting (scheduled): June 23, 2022
 Dividend payable date (scheduled): June 24, 2022
 Annual securities report filing date (scheduled): June 24, 2022
 Supplementary material for annual results: Yes
 Briefing for annual results: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (% 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	%
FY2022	246,450	—	10,310	-14.9	10,615	-15.5	7,074	-14.6
FY2021	256,351	6.4	12,114	28.0	12,569	29.5	8,282	32.7

(Note) Comprehensive income: (FY2022) 6,823million yen [-20.7%] (FY2021) 8,607million yen [45.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FY2022	307.02	—	9.9	9.2	4.2
FY2021	359.44	—	12.6	11.5	4.7

(Reference) Equity method Investment profit / loss: (FY2022) — (FY2021) —

(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 full year compared to the previous year is not stated.

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2022	116,855	74,059	63.4	3,214.13
FY2021	113,819	68,999	60.6	2,994.53

(Reference) Net assets attributable to owners of parent: (FY2022) 74,059million yen (FY2021) 68,999million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022	9,429	-5,796	-2,205	18,450
FY2021	14,450	-7,626	-2,174	17,023

2. Quarterly Dividends

	Dividend per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net asset ratio (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2021	—	25.00	—	55.00	80.00	1,843	22.3	2.7
FY2022	—	25.00	—	55.00	80.00	1,843	26.1	2.6
FY2023 Forecast	—	25.00	—	55.00	80.00		30.2	

3. Forecast for the fiscal year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

	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
2Q FY2023	123,000	0.3	4,900	-14.4	5,000	-15.8	3,300	-16.8	143.22
FY2023	247,500	0.4	9,800	-4.9	9,900	-6.7	6,100	-13.8	264.74

※ Notes

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidation resulting from change in subsidiaries): None
- (2) Changes in accounting policies and accounting estimates, retrospective restatement
- 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.
- (3) Number of issued shares (common stock)
- i Number of issued shares at the end of fiscal year (including treasury stock)
 - (FY2022) 23,388,039shares (FY2021) 23,388,039shares
 - ii Number of shares of treasury stock at the end of fiscal year
 - (FY2022) 346,283shares (FY2021) 346,080shares
 - iii Average number of shares
 - (FY2022) 23,041,820shares (FY2021) 23,042,030shares

(Reference) Non-consolidated financial results for the fiscal year ended March 31, 2022**(1) Non-consolidated operating results** (% change YoY)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	3,000	—	2,225	-11.3	2,223	-11.3	2,138	-11.7
FY2021	3,295	18.6	2,508	27.1	2,508	27.3	2,422	28.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022	92.80	—
FY2021	105.12	—

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2022	32,213	26,347	81.8	1,143.45
FY2021	31,661	26,053	82.3	1,130.68

(Reference) Shareholders' equity: (FY2022) 26,347million yen (FY2021) 26,053million yen

- * This 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 year (As of Mar 31, 2022)
Assets		
Current assets		
Cash and deposits	17,025	18,452
Notes and accounts receivable - trade	2,953	4,154
Lease investment assets	722	634
Merchandise and finished goods	4,971	4,905
Work in process	43	23
Raw materials and supplies	363	359
Income tax refund receivable	442	458
Other	3,459	3,438
Allowance for doubtful accounts	-3	-3
Total current assets	29,978	32,423
Non-current assets		
Property, plant and equipment		
Buildings and structures	83,100	86,354
Accumulated depreciation	-45,156	-47,098
Buildings and structures, net	37,943	39,256
Machinery, equipment and vehicles	3,193	3,222
Accumulated depreciation	-2,525	-2,595
Machinery, equipment and vehicles, net	668	627
Land	21,907	21,244
Leased assets	5,344	5,321
Accumulated depreciation	-2,789	-2,731
Leased assets, net	2,555	2,590
Construction in progress	450	903
Other	13,334	14,084
Accumulated depreciation	-10,524	-11,251
Other, net	2,809	2,832
Total property, plant and equipment	66,334	67,453
Intangible assets		
Goodwill	—	2
Other	2,343	2,452
Total intangible assets	2,343	2,455
Investments and other assets		
Investment securities	3,446	2,964
Long-term loans receivable	15	9
Retirement benefit asset	—	145
Deferred tax assets	3,506	3,439
Lease and guarantee deposits	7,091	6,879
Other	1,147	1,130
Allowance for doubtful accounts	-45	-45
Total investments and other assets	15,163	14,523
Total non-current assets	83,841	84,432
Total assets	113,819	116,855

(Yen million)

	Previous year (As of Mar 31, 2021)	Current year (As of Mar 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	15,596	15,576
Contract liabilities	–	680
Lease obligations	365	375
Income taxes payable	2,988	1,254
Provision for points redemption	110	–
Provision for bonuses for directors (and other officers)	386	346
Provision for bonuses	2,530	2,193
Other	8,190	7,839
Total current liabilities	30,168	28,266
Non-current liabilities		
Lease obligations	2,899	2,839
Asset retirement obligations	5,805	5,916
Long-term guarantee deposits	5,693	5,608
Provision for retirement benefits for directors (and other officers)	41	36
Retirement benefit liability	36	2
Other	175	127
Total non-current liabilities	14,651	14,530
Total liabilities	44,819	42,796
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	49,653	54,963
Treasury shares	-1,225	-1,226
Total shareholders' equity	67,337	72,647
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,455	1,137
Adjustments related to retirement benefits	207	274
Total accumulated other comprehensive income	1,662	1,412
Total net assets	68,999	74,059
Total liabilities and net assets	113,819	116,855

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

(Yen million)

	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Net sales	256,351	246,450
Cost of sales	182,398	174,046
Gross profit	73,952	72,403
Selling, general and administrative expenses		
Allowance for points redemption	110	–
Employees' salaries	9,203	9,463
Miscellaneous salaries and wages	16,915	17,499
Provision for bonuses for directors (and other officers)	386	346
Bonuses	1,696	1,753
Provision for bonuses	2,371	2,042
Provision for retirement benefits for directors (and other officers)	3	1
Retirement benefit expenses	707	669
Rent expenses on land and buildings	5,193	5,220
Depreciation	4,371	4,608
Amortization of goodwill	–	0
Provision of allowance for doubtful accounts	1	0
Other	20,878	20,486
Total selling, general and administrative expenses	61,838	62,093
Operating profit	12,114	10,310
Non-operating income		
Interest income	48	44
Dividend income	52	53
Insurance income	60	190
Compensation income	195	0
Subsidy income	111	28
Other	52	63
Total non-operating income	521	380
Non-operating expenses		
Interest expenses	55	50
Loss on cancellation of contracts	6	24
Other	4	0
Total non-operating expenses	66	75
Ordinary profit	12,569	10,615
Extraordinary income		
Gain on sale of non-current assets	0	8
Gain on sale of investment securities	4	10
Total extraordinary income	4	19
Extraordinary losses		
Loss on sale of non-current assets	0	159
Loss on retirement of non-current assets	41	29
Impairment losses	318	105
Loss on sale of investment securities	–	9
Loss on valuation of investment securities	–	7
Total extraordinary losses	361	311
Profit before income taxes	12,212	10,323
Income taxes - current	4,272	3,114
Income taxes - deferred	-342	134
Total income taxes	3,930	3,249
Net profit	8,282	7,074
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	8,282	7,074

Consolidated Comprehensive Income Statement

(Yen million)

	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Net profit	8,282	7,074
Other comprehensive income		
Valuation difference on available-for-sale securities	143	-317
Adjustments related to retirement benefits	182	66
Total other comprehensive income	325	-250
Comprehensive income	8,607	6,823
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,607	6,823
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous year (From Apr 1, 2020 To Mar 31, 2021)

(Yen million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,159	15,749	43,145	-1,224	60,830
Cumulative effects of changes in accounting policies					-
Restated balance	3,159	15,749	43,145	-1,224	60,830
Changes during period					
Cash dividends			-1,774		-1,774
Profit attributable to owners of parent			8,282		8,282
Purchase of treasury shares				-1	-1
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	6,508	-1	6,506
Balance at end of period	3,159	15,749	49,653	-1,225	67,337

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available for sale securities	Adjustments related to retirement benefits	Total accumulated other comprehensive income	
Balance at beginning of period	1,311	25	1,337	62,167
Cumulative effects of changes in accounting policies			-	-
Restated balance	1,311	25	1,337	62,167
Changes during period				
Dividends of surplus			-	-1,774
Profit attributable to owners of parent			-	8,282
Purchase of treasury shares			-	-1
Net changes in items other than shareholders' equity	143	182	325	325
Total changes during period	143	182	325	6,832
Balance at end of period	1,455	207	1,662	68,999

Current year (From Apr 1, 2021 To Mar 31, 2022)

(Yen million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,159	15,749	49,653	-1,225	67,337
Cumulative effects of changes in accounting policies			79		79
Restated balance	3,159	15,749	49,732	-1,225	67,416
Changes during period					
Cash dividends			-1,843		-1,843
Profit attributable to owners of parent			7,074		7,074
Purchase of treasury shares				-0	-0
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	5,230	-0	5,230
Balance at end of period	3,159	15,749	54,963	-1,226	72,647

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available for sale securities	Adjustments related to retirement benefits	Total accumulated other comprehensive income	
Balance at beginning of period	1,455	207	1,662	68,999
Cumulative effects of changes in accounting policies			-	79
Restated balance	1,455	207	1,662	69,079
Changes during period				
Dividends of surplus			-	-1,843
Profit attributable to owners of parent			-	7,074
Purchase of treasury shares			-	-0
Net changes in items other than shareholders' equity	-317	66	-250	-250
Total changes during period	-317	66	-250	4,979
Balance at end of period	1,137	274	1,412	74,059

(4) Consolidated Cash Flow Statement

(Yen million)

	Previous year (From Apr 1, 2020 To Mar 31, 2021)	Current year (From Apr 1, 2021 To Mar 31, 2022)
Cash flows from operating activities		
Profit before income taxes	12,212	10,323
Depreciation	4,694	4,929
Impairment losses	318	105
Amortization of goodwill	–	0
Increase (decrease) in allowance for doubtful accounts	-8	-0
Increase (decrease) in provision for points redemption	9	–
Increase (decrease) in provision for bonuses for directors (and other officers)	11	-39
Increase (decrease) in provision for bonuses	649	-336
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-8	-4
Increase (decrease) in liability for retirement benefit liability	-27	-82
Interest and dividend income	-101	-98
Interest expenses	55	50
Loss (gain) on sale of non-current assets	0	151
Loss on retirement of non-current assets	41	29
Loss (gain) on sale of investment securities	-4	-1
Loss (gain) on valuation of investment securities	–	7
Decrease (increase) in trade receivables	-125	-1,201
Decrease (increase) in inventories	-304	90
Increase (decrease) in trade payables	-319	-20
Decrease (increase) in consumption taxes receivable / payable	177	-89
Decrease (increase) in lease investment assets	101	88
Other	382	337
Subtotal	17,756	14,237
Interest and dividends received	56	57
Interest paid	-45	-41
Income taxes paid	-3,317	-4,823
Net cash provided by (used in) operating activities	14,450	9,429
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	-7,269	-6,030
Proceeds from sale of property, plant and equipment	1	559
Purchase of intangible assets	-377	-385
Expenditure on loans	-12	-1
Proceeds from collection of loans receivable	11	8
Payments for acquisition of businesses	–	-10
Net increase (decrease) in payment for lease and guarantee deposits	188	254
Other	-185	-217
Net cash provided by (used in) investing activities	-7,626	-5,796
Cash flows from financing activities		
Repayment of long-term borrowings	-42	–
Repayment of lease obligations	-361	-365
Purchase of treasury shares	-1	-0
Dividends paid	-1,770	-1,839
Net cash provided by (used in) financing activities	-2,174	-2,205
Net increase (decrease) in cash and cash equivalents	4,648	1,426
Cash and cash equivalents at beginning of period	12,374	17,023
Cash and cash equivalents at end of period	17,023	18,450