

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)



November 1, 2022

Company name: **Axial Retailing Inc.**
 Stock exchange listings: Tokyo Prime section
 Securities code: 8255
 URL: <https://www.axial-r.com/>
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 Quarterly statement filing date (scheduled): November 9, 2022
 Dividend payable date (scheduled): December 5, 2022
 Supplementary material for quarterly materials: Yes
 Briefing for quarterly results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated results for the second quarter of the fiscal year ending March 2023 (from April 1, 2022 to September 30, 2022)

(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	%
2Q FY2023	125,719	2.5	5,212	-8.9	5,444	-8.3	3,583	-9.6
2Q FY2022	122,638	—	5,721	-20.0	5,939	-20.5	3,966	-21.6

(Note) Comprehensive income: (2Q FY2023) 3,750million yen [-1.5%] (2Q FY2022) 3,808million yen [-28.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2Q FY2023	155.53	—
2Q FY2022	172.14	—

(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 second 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
2Q FY2023	119,581	76,542	64.0	3,321.91
FY 2022	116,855	74,059	63.4	3,214.13

(Reference) Net assets attributable to owners of parent : (2Q FY2023) 76,542million yen (FY2022) 74,059million yen

2. Quarterly Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022	—	25.00	—	55.00	80.00
FY2023	—	25.00	—	55.00	80.00
FY2023 Forecast	—	—	—	55.00	80.00

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

3. Forecast for the fiscal year ending March 31, 2023

(% 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
FY2023	247,500	0.4	9,800	-4.9	9,900	-6.7	6,100	-13.8	264.74

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

※ 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 2023, "Implementation Guidance on Accounting Standard 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)

(2Q FY2023)	23,388,039shares	(FY2022)	23,388,039shares
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 - ii Number of shares of treasury stock at the end of fiscal year

(2Q FY2023)	346,371shares	(FY2022)	346,283shares
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 - iii Average number of shares during the period (cumulative)

(2Q FY2023)	23,041,702shares	(2Q FY2022)	23,041,875shares
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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.

Consolidated Financial Statements
1 Consolidated Balance Sheet

(Yen million)

	Previous year (As of Mar 31, 2022)	Current Q2 period (As of Sep 30, 2022)
Assets		
Current assets		
Cash and deposits	18,452	19,170
Notes and accounts receivable - trade	4,154	4,351
Lease investment assets	634	586
Merchandise and finished goods	4,905	5,334
Work in process	23	60
Raw materials and supplies	359	360
Income tax refund receivable	458	173
Other	3,438	3,277
Allowance for doubtful accounts	-3	-3
Total current assets	32,423	33,309
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,256	38,811
Machinery, equipment and vehicles, net	627	587
Land	21,244	21,243
Leased assets, net	2,590	2,463
Construction in progress	903	3,532
Other, net	2,832	2,657
Total property, plant and equipment	67,453	69,296
Intangible assets		
Goodwill	2	2
Other	2,452	2,540
Total intangible assets	2,455	2,543
Investments and other assets		
Investment securities	2,964	3,235
Long-term loans receivable	9	8
Retirement benefit asset	145	160
Deferred tax assets	3,439	3,344
Lease and guarantee deposits	6,879	6,915
Other	1,130	787
Allowance for doubtful accounts	-45	-20
Total investments and other assets	14,523	14,432
Total non-current assets	84,432	86,272
Total assets	116,855	119,581

(Yen million)

	Previous year (As of Mar 31, 2022)	Current Q2 period (As of Sep 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	15,576	16,621
Contract liabilities	680	686
Lease obligations	375	336
Income taxes payable	1,254	1,911
Provision for bonuses for directors (and other officers)	346	149
Provision for bonuses	2,193	1,947
Other	7,839	6,892
Total current liabilities	28,266	28,546
Non-current liabilities		
Lease obligations	2,839	2,689
Asset retirement obligations	5,916	5,956
Long-term guarantee deposits	5,608	5,686
Provision for retirement benefits for directors (and other officers)	36	–
Retirement benefit liability	2	2
Other	127	157
Total non-current liabilities	14,530	14,493
Total liabilities	42,796	43,039
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	54,963	57,280
Treasury shares	-1,226	-1,226
Total shareholders' equity	72,647	74,963
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,137	1,333
Adjustments related to retirement benefits	274	246
Total accumulated other comprehensive income	1,412	1,579
Total net assets	74,059	76,542
Total liabilities and net assets	116,855	119,581

2 Consolidated Statements of Income and Comprehensive Income
Consolidated Income Statement

(Yen million)

	Previous Q2 period (From Apr 1, 2021 To Sep 30, 2021)	Current Q2 period (From Apr 1, 2022 To Sep 30, 2022)
Net sales	122,638	125,719
Cost of sales	86,725	88,980
Gross profit	35,913	36,739
Selling, general and administrative expenses		
Employees' salaries	4,755	4,961
Miscellaneous salaries and wages	8,688	8,923
Provision for bonuses for directors (and other officers)	198	149
Provision for bonuses	1,824	1,820
Provision for retirement benefits for directors (and other officers)	1	–
Retirement benefit expenses	393	351
Rent expenses on land and buildings	2,601	2,654
Depreciation	2,196	2,322
Amortization of goodwill	–	0
Provision of allowance for doubtful accounts	0	0
Other	9,531	10,344
Total selling, general and administrative expenses	30,192	31,526
Operating profit	5,721	5,212
Non-operating income		
Interest income	22	19
Dividend income	36	36
Insurance income	166	125
Other	27	75
Total non-operating income	252	256
Non-operating expenses		
Interest expenses	26	23
Loss on cancellation of contracts	8	–
Other	0	0
Total non-operating expenses	34	24
Ordinary profit	5,939	5,444
Extraordinary income		
Gain on sale of non-current assets	0	–
Gain on sale of investment securities	10	–
Total extraordinary income	11	–
Extraordinary losses		
Loss on retirement of non-current assets	4	7
Impairment losses	100	29
Loss on disaster	–	92
Loss on sale of investment securities	9	–
Loss on valuation of investment securities	7	1
Total extraordinary losses	121	130
Profit before income taxes	5,828	5,314
Income taxes - current	1,681	1,700
Income taxes - deferred	180	30
Total income taxes	1,862	1,730
Net profit	3,966	3,583
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	3,966	3,583

Consolidated Comprehensive Income Statement

(Yen million)

	Previous Q2 period (From Apr 1, 2021 To Sep 30, 2021)	Current Q2 period (From Apr 1, 2022 To Sep 30, 2022)
Net profit	3,966	3,583
Other comprehensive income		
Valuation difference on available-for-sale securities	-136	195
Adjustments related to retirement benefits	-21	-28
Total other comprehensive income	-158	167
Comprehensive income	3,808	3,750
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,808	3,750
Comprehensive income attributable to non-controlling interests	-	-

3 Consolidated Cash Flow Statement

(Yen million)

	Previous Q2 period (From Apr 1, 2021 To Sep 30, 2021)	Current Q2 period (From Apr 1, 2022 To Sep 30, 2022)
Cash flows from operating activities		
Profit before income taxes	5,828	5,314
Depreciation	2,356	2,477
Impairment losses	100	29
Amortization of goodwill	–	0
Increase (decrease) in allowance for doubtful accounts	–0	–25
Increase (decrease) in provision for bonuses for directors (and other officers)	–187	–197
Increase (decrease) in provision for bonuses	–579	–246
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	–36
Increase (decrease) in net defined benefit asset and liability	–42	–56
Interest and dividend income	–59	–55
Interest expenses	26	23
Loss (gain) on sale of non-current assets	–0	–
Loss on retirement of non-current assets	4	7
Loss (gain) on sale of investment securities	–1	–
Loss (gain) on valuation of investment securities	7	1
Decrease (increase) in trade receivables	–204	–196
Decrease (increase) in inventories	28	–466
Increase (decrease) in trade payables	370	1,045
Decrease (increase) in consumption taxes receivable / payable	–5	57
Decrease (increase) in lease investment assets	41	48
Other	–325	–339
Subtotal	7,358	7,386
Interest and dividends received	38	36
Interest paid	–21	–20
Income taxes paid	–2,494	–780
Net cash provided by (used in) operating activities	4,880	6,622
Cash flows from investing activities		
Net decrease (increase) in time deposits	–0	–0
Proceeds from sale of investment securities	18	–
Purchase of property, plant and equipment	–3,449	–4,509
Proceeds from sale of property, plant and equipment	0	–
Purchase of intangible assets	–122	–219
Expenditure on loans	–1	–2
Proceeds from collection of loans receivable	4	3
Proceeds from maturity of insurance funds	–	348
Other	–41	–68
Net cash provided by (used in) investing activities	–3,592	–4,448
Cash flows from financing activities		
Repayment of lease obligations	–183	–191
Purchase of treasury shares	–0	–0
Dividends paid	–1,264	–1,263
Net cash provided by (used in) financing activities	–1,448	–1,455
Net increase (decrease) in cash and cash equivalents	–160	718
Cash and cash equivalents at beginning of period	17,023	18,450
Cash and cash equivalents at end of period	16,862	19,168