

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)



May 2, 2023

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, CEO
 Contact: Bungo Yamagishi, Vice President and Director, CFO Tel.+81 258-66-6711
 Date of general shareholders' meeting (scheduled): June 22, 2023
 Dividend payable date (scheduled): June 23, 2023
 Annual securities report filing date (scheduled): June 23, 2023
 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, 2023 (From April 1, 2022 to March 31, 2023)

(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	%
FY2023	254,966	3.5	10,443	1.3	10,940	3.1	6,356	-10.2
FY2022	246,450	—	10,310	-14.9	10,615	-15.5	7,074	-14.6

(Note) Comprehensive income: (FY2023) 6,490million yen [-4.9%] (FY2022) 6,823million yen [-20.7%]

	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	%	%	%
FY2023	275.85	—	8.3	9.1	4.1
FY2022	307.02	—	9.9	9.2	4.2

(Reference) Equity method Investment profit / loss: (FY2023) — (FY2022) —

(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 fiscal year ending March 2022 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
FY2023	122,756	78,705	64.1	3,415.81
FY2022	116,855	74,059	63.4	3,214.13

(Reference) Net assets attributable to owners of parent : (FY2023) 78,705million yen (FY2022) 74,059million 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
FY2023	12,594	-9,290	-2,215	19,539
FY2022	9,429	-5,796	-2,205	18,450

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	%	%
FY2022	—	25.00	—	55.00	80.00	1,843	26.1	2.6
FY2023	—	25.00	—	55.00	80.00	1,843	29.0	2.4
FY2024 Forecast	—	30.00	—	55.00	85.00		32.6	

3. Forecast for the fiscal year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

	(% 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	Yen
2Q FY2024	126,500	0.6	4,300	-17.5	4,300	-21.0	3,000	-16.3	130.20	
FY2024	256,000	0.4	8,900	-14.8	9,000	-17.7	6,000	-5.6	260.40	

※ Notes

- (1) Material changes in subsidiaries during this period
(Changes in scope of consolidation resulting from change is 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 2023, "Implementation Guidance on Accounting Standard 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)
 - (FY2023) 23,388,039shares (FY2022) 23,388,039shares
 - ii Number of shares of treasury stock at the end of fiscal year
 - (FY2023) 346,519shares (FY2022) 346,283shares
 - iii Average number of shares
 - (FY2023) 23,041,653shares (FY2022) 23,041,820shares

(Reference) Non-consolidated financial results for the fiscal year ended March 31, 2023**(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	%
FY2023	2,914	-2.9	2,173	-2.3	2,169	-2.4	2,084	-2.5
FY2022	3,000	—	2,225	-11.3	2,223	-11.3	2,138	-11.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2023	90.46	—
FY2022	92.80	—

(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 fiscal year ending March 2022 compared to the previous year is not stated.

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2023	32,334	26,587	82.2	1,153.89
FY2022	32,213	26,347	81.8	1,143.45

(Reference) Shareholders' equity: (FY2023) 26,587million yen (FY2022) 26,347million 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, 2022)	Current year (As of Mar 31, 2023)
Assets		
Current assets		
Cash and deposits	18,452	19,541
Notes and accounts receivable - trade	4,154	5,032
Lease investment assets	634	540
Merchandise and finished goods	4,905	5,383
Work in process	23	34
Raw materials and supplies	359	384
Income tax refund receivable	458	356
Other	3,438	3,533
Allowance for doubtful accounts	-3	-3
Total current assets	32,423	34,804
Non-current assets		
Property, plant and equipment		
Buildings and structures	86,354	89,959
Accumulated depreciation	-47,098	-49,273
Buildings and structures, net	39,256	40,685
Machinery, equipment and vehicles	3,222	3,298
Accumulated depreciation	-2,595	-2,698
Machinery, equipment and vehicles, net	627	600
Land	21,244	20,864
Leased assets	5,321	4,413
Accumulated depreciation	-2,731	-2,585
Leased assets, net	2,590	1,827
Construction in progress	903	3,890
Other	14,084	14,638
Accumulated depreciation	-11,251	-11,883
Other, net	2,832	2,754
Total property, plant and equipment	67,453	70,624
Intangible assets		
Goodwill	2	2
Other	2,452	2,624
Total intangible assets	2,455	2,626
Investments and other assets		
Investment securities	2,964	3,201
Long-term loans receivable	9	5
Retirement benefit asset	145	169
Deferred tax assets	3,439	3,699
Lease and guarantee deposits	6,879	6,803
Other	1,130	842
Allowance for doubtful accounts	-45	-20
Total investments and other assets	14,523	14,701
Total non-current assets	84,432	87,952
Total assets	116,855	122,756

(Yen million)

	Previous year (As of Mar 31, 2022)	Current year (As of Mar 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	15,576	16,046
Contract liabilities	680	673
Lease obligations	375	301
Income taxes payable	1,254	2,237
Provision for bonuses for directors (and other officers)	346	274
Provision for bonuses	2,193	2,181
Other	7,839	7,546
Total current liabilities	28,266	29,262
Non-current liabilities		
Lease obligations	2,839	2,547
Asset retirement obligations	5,916	6,063
Long-term guarantee deposits	5,608	6,007
Provision for retirement benefits for directors (and other officers)	36	—
Retirement benefit liability	2	2
Other	127	167
Total non-current liabilities	14,530	14,788
Total liabilities	42,796	44,051
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	54,963	59,476
Treasury shares	-1,226	-1,226
Total shareholders' equity	72,647	77,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,137	1,332
Adjustments related to retirement benefits	274	214
Total accumulated other comprehensive income	1,412	1,546
Total net assets	74,059	78,705
Total liabilities and net assets	116,855	122,756

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

(Yen million)

	Previous year (From Apr 1, 2021 To Mar 31, 2022)	Current year (From Apr 1, 2022 To Mar 31, 2023)
Net sales	246,450	254,966
Cost of sales	174,046	180,139
Gross profit	72,403	74,827
Selling, general and administrative expenses		
Employees' salaries	9,463	9,789
Miscellaneous salaries and wages	17,499	17,880
Provision for bonuses for directors (and other officers)	346	274
Bonuses	1,753	1,773
Provision for bonuses	2,042	2,035
Provision for retirement benefits for directors (and other officers)	1	—
Retirement benefit expenses	669	628
Rent expenses on land and buildings	5,220	5,335
Depreciation	4,608	4,794
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	0	0
Other	20,486	21,869
Total selling, general and administrative expenses	62,093	64,383
Operating profit	10,310	10,443
Non-operating income		
Interest income	44	37
Dividend income	53	54
Insurance income	190	307
Other	63	148
Total non-operating income	380	548
Non-operating expenses		
Interest expenses	50	48
Loss on cancellation of contracts	24	2
Other	0	0
Total non-operating expenses	75	52
Ordinary profit	10,615	10,940
Extraordinary income		
Gain on sale of non-current assets	8	11
Gain on sale of investment securities	10	36
Total extraordinary income	19	47
Extraordinary losses		
Loss on sale of non-current assets	159	—
Loss on retirement of non-current assets	29	11
Impairment losses	105	1,249
Loss on disaster	105	95
Loss on sale of investment securities	9	0
Loss on valuation of investment securities	7	1
Total extraordinary losses	311	1,358
Profit before income taxes	10,323	9,629
Income taxes – current	3,114	3,573
Income taxes – deferred	134	–300
Total income taxes	3,249	3,273
Net profit	7,074	6,356
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	7,074	6,356

Consolidated Comprehensive Income Statement

(Yen million)

	Previous year (From Apr 1, 2021 To Mar 31, 2022)	Current year (From Apr 1, 2022 To Mar 31, 2023)
Net profit	7,074	6,356
Other comprehensive income		
Valuation difference on available-for-sale securities	-317	194
Adjustments related to retirement benefits	66	-60
Total other comprehensive income	-250	134
Comprehensive income	6,823	6,490
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,823	6,490
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous 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

Current year (From Apr 1, 2022 To Mar 31, 2023)

(Yen million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,159	15,749	54,963	-1,226	72,647
Cumulative effects of changes in accounting policies					—
Restated balance	3,159	15,749	54,963	-1,226	72,647
Changes during period					
Cash dividends			-1,843		-1,843
Profit attributable to owners of parent			6,356		6,356
Purchase of treasury shares				△0	△0
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	4,512	△0	4,512
Balance at end of period	3,159	15,749	59,476	-1,226	77,159

	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	1,137	274	1,412	74,059
Cumulative effects of changes in accounting policies			—	—
Restated balance	1,137	274	1,412	74,059
Changes during period				
Dividends of surplus			—	-1,843
Profit attributable to owners of parent			—	6,356
Purchase of treasury shares			—	△0
Net changes in items other than shareholders' equity	194	-60	134	134
Total changes during period	194	-60	134	4,646
Balance at end of period	1,332	214	1,546	78,705

(4) Consolidated Cash Flow Statement

(Yen million)

	Previous year (From Apr 1, 2021 To Mar 31, 2022)	Current year (From Apr 1, 2022 To Mar 31, 2023)
Cash flows from operating activities		
Profit before income taxes	10,323	9,629
Depreciation	4,929	5,126
Impairment losses	105	1,249
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	△0	-24
Increase (decrease) in provision for bonuses for directors (and other officers)	-39	-71
Increase (decrease) in provision for bonuses	-336	-11
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-4	-36
Increase (decrease) in net defined benefit asset and liability	-82	-110
Interest and dividend income	-98	-92
Interest expenses	50	48
Loss (gain) on sale of non-current assets	151	-11
Loss on retirement of non-current assets	29	11
Loss (gain) on sale of investment securities	-1	-36
Loss (gain) on valuation of investment securities	7	1
Decrease (increase) in trade receivables	-1,201	-878
Decrease (increase) in inventories	90	-514
Increase (decrease) in trade payables	-20	469
Decrease (increase) in consumption taxes receivable / payable	-89	-99
Decrease (increase) in lease investment assets	88	93
Other	337	356
Subtotal	14,237	15,100
Interest and dividends received	57	55
Interest paid	-41	-40
Income taxes paid	-4,823	-2,521
Net cash provided by (used in) operating activities	9,429	12,594
Cash flows from investing activities		
Net decrease (increase) in time deposits	△0	△0
Purchase of investment securities	—	-1
Proceeds from sale of investment securities	26	59
Purchase of property, plant and equipment	-6,030	-9,217
Proceeds from sale of property, plant and equipment	559	126
Purchase of intangible assets	-385	-465
Expenditure on loans	-1	-2
Proceeds from collection of loans receivable	8	7
Proceeds from maturity of insurance funds	—	348
Payments for acquisition of businesses	-10	—
Net increase (decrease) in payment for lease and guarantee deposits	254	113
Other	-217	-259
Net cash provided by (used in) investing activities	-5,796	-9,290
Cash flows from financing activities		
Repayment of lease obligations	-365	-376
Purchase of treasury shares	△0	△0
Dividends paid	-1,839	-1,838
Net cash provided by (used in) financing activities	-2,205	-2,215
Net increase (decrease) in cash and cash equivalents	1,426	1,089
Cash and cash equivalents at beginning of period	17,023	18,450
Cash and cash equivalents at end of period	18,450	19,539