

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

Axial
RETAILING



August 1, 2023

Company name: **Axial Retailing Inc.**
 Stock exchange listings: Tokyo Prime section
 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
 Quarterly statement filing date (scheduled): August 9, 2023
 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 first quarter of the fiscal year ending March 2024 (from April 1, 2023 to June 30, 2023)

(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	%
1Q FY2024	63,785	4.8	2,823	17.0	2,888	11.8	1,949	12.4
1Q FY2023	60,872	1.3	2,413	-17.5	2,585	-13.3	1,734	-14.3

(Note) Comprehensive income: (1Q FY2024) 1,992million yen [1.1%] (1Q FY2023) 1,971million yen [6.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY2024	84.67	—
1Q FY2023	75.28	—

(2) Quarterly consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
1Q FY2024	123,398	79,059	64.1	3,446.52
FY 2023	122,756	78,705	64.1	3,415.81

(Reference) Net assets attributable to owners of parent : (1Q FY2024) 79,059million yen (FY2023) 78,705million yen

2. Quarterly Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	—	25.00	—	55.00	80.00
FY2024	—	—	—	—	—
FY2024 Forecast	—	30.00	—	55.00	85.00

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

3. Forecast for the fiscal year ending 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
2Q FY2024	130,000	3.4	5,400	3.6	5,500	1.0	3,700	3.2	161.91
FY2024	263,000	3.2	10,900	4.4	11,000	0.5	7,000	10.1	308.42

(Note) Revision of consolidated results forecast in this quarter: Yes

The above forecast figures were revised as of August 1, 2023.

※ 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
- i Changes in accounting policies due to revisions of accounting standard: None
 - ii Changes in accounting policies due to reasons other than the above: None
 - iii Changes in accounting estimates: None
 - iv Restatement of prior period financial statements: None
- (4) Number of issued shares (common stock)
- i Number of issued shares at the end of fiscal year (including treasury stock)

(1Q FY2024)	23,388,039shares	(FY2023)	23,388,039shares
-------------	------------------	----------	------------------
 - ii Number of shares of treasury stock at the end of fiscal year

(1Q FY2024)	449,119shares	(FY2023)	346,519shares
-------------	---------------	----------	---------------
 - iii Average number of shares during the period (cumulative)

(1Q FY2024)	23,030,844shares	(1Q FY2023)	23,041,729shares
-------------	------------------	-------------	------------------

* 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, 2023)	Current Q1 period (As of Jun 30, 2023)
Assets		
Current assets		
Cash and deposits	19,541	18,480
Notes and accounts receivable - trade	5,032	4,834
Lease investment assets	540	519
Merchandise and finished goods	5,383	5,708
Work in process	34	21
Raw materials and supplies	384	428
Income tax refund receivable	356	512
Other	3,533	2,962
Allowance for doubtful accounts	-3	-4
Total current assets	34,804	33,463
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,685	41,093
Machinery, equipment and vehicles, net	600	638
Land	20,864	20,868
Leased assets, net	1,827	1,779
Construction in progress	3,890	4,905
Other, net	2,754	3,031
Total property, plant and equipment	70,624	72,316
Intangible assets		
Goodwill	2	2
Other	2,624	2,641
Total intangible assets	2,626	2,643
Investments and other assets		
Investment securities	3,201	3,266
Long-term loans receivable	5	4
Retirement benefit asset	169	152
Deferred tax assets	3,699	3,756
Lease and guarantee deposits	6,803	6,970
Other	842	845
Allowance for doubtful accounts	-20	-20
Total investments and other assets	14,701	14,974
Total non-current assets	87,952	89,935
Total assets	122,756	123,398

(Yen million)

	Previous year (As of Mar 31, 2023)	Current Q1 period (As of Jun 30, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	16,046	16,886
Contract liabilities	673	652
Lease obligations	301	295
Income taxes payable	2,237	1,077
Provision for bonuses for directors (and other officers)	274	84
Provision for bonuses	2,181	2,704
Other	7,546	7,911
Total current liabilities	29,262	29,610
Non-current liabilities		
Lease obligations	2,547	2,480
Asset retirement obligations	6,063	6,091
Long-term guarantee deposits	6,007	5,989
Retirement benefit liability	2	2
Other	167	164
Total non-current liabilities	14,788	14,728
Total liabilities	44,051	44,339
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	59,476	60,159
Treasury shares	-1,226	-1,598
Total shareholders' equity	77,159	77,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,332	1,389
Adjustments related to retirement benefits	214	200
Total accumulated other comprehensive income	1,546	1,589
Total net assets	78,705	79,059
Total liabilities and net assets	122,756	123,398

2 Consolidated Statements of Income and Comprehensive Income
Consolidated Income Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2022 To Jun 30, 2022)	Current Q1 period (From Apr 1, 2023 To Jun 30, 2023)
Net sales	60,872	63,785
Cost of sales	43,060	45,025
Gross profit	17,811	18,760
Selling, general and administrative expenses		
Employees' salaries	2,488	2,484
Miscellaneous salaries and wages	4,373	4,517
Provision for bonuses for directors (and other officers)	74	84
Provision for bonuses	928	901
Retirement benefit expenses	200	189
Rent expenses on land and buildings	1,326	1,371
Depreciation	1,124	1,135
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	—	1
Other	4,881	5,250
Total selling, general and administrative expenses	15,398	15,936
Operating profit	2,413	2,823
Non-operating income		
Interest income	9	8
Dividend income	36	43
Insurance income	102	6
Other	34	21
Total non-operating income	183	79
Non-operating expenses		
Interest expenses	11	11
Other	0	2
Total non-operating expenses	12	14
Ordinary profit	2,585	2,888
Extraordinary income		
Gain on sale of non-current assets	—	4
Total extraordinary income	—	4
Extraordinary losses		
Loss on retirement of non-current assets	3	14
Impairment losses	26	6
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	1	—
Total extraordinary losses	31	20
Profit before income taxes	2,553	2,872
Income taxes – current	944	981
Income taxes – deferred	-125	-58
Total income taxes	819	922
Net profit	1,734	1,949
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,734	1,949

Consolidated Comprehensive Income Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2022 To Jun 30, 2022)	Current Q1 period (From Apr 1, 2023 To Jun 30, 2023)
Net profit	1,734	1,949
Other comprehensive income		
Valuation difference on available-for-sale securities	251	57
Adjustments related to retirement benefits	-14	-14
Total other comprehensive income	237	42
Comprehensive income	1,971	1,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,971	1,992
Comprehensive income attributable to non-controlling interests	—	—

3 Consolidated Cash Flow Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2022 To Jun 30, 2022)	Current Q1 period (From Apr 1, 2023 To Jun 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,553	2,872
Depreciation	1,200	1,220
Impairment losses	26	6
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	-25	1
Increase (decrease) in provision for bonuses for directors (and other officers)	-271	-190
Increase (decrease) in provision for bonuses	485	522
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-36	—
Increase (decrease) in net defined benefit asset and liability	-28	-3
Interest and dividend income	-45	-51
Interest expenses	11	11
Loss (gain) on sale of non-current assets	—	-4
Loss on retirement of non-current assets	3	14
Loss (gain) on sale of investment securities	—	0
Loss (gain) on valuation of investment securities	1	—
Decrease (increase) in trade receivables	168	198
Decrease (increase) in inventories	-475	-355
Increase (decrease) in trade payables	680	840
Decrease (increase) in consumption taxes receivable / payable	202	279
Decrease (increase) in lease investment assets	23	21
Other	138	367
Subtotal	4,612	5,751
Interest and dividends received	36	43
Interest paid	-9	-9
Income taxes paid	-1,160	-2,164
Net cash provided by (used in) operating activities	3,477	3,621
Cash flows from investing activities		
Net decrease (increase) in time deposits	-0	-0
Proceeds from sale of investment securities	—	0
Purchase of property, plant and equipment	-2,303	-2,700
Proceeds from sale of property, plant and equipment	—	0
Purchase of intangible assets	-83	-86
Expenditure on loans	-0	-0
Proceeds from collection of loans receivable	1	1
Net increase (decrease) in payment for lease and guarantee deposits	-15	-158
Other	4	-71
Net cash provided by (used in) investing activities	-2,397	-3,015
Cash flows from financing activities		
Repayment of lease obligations	-96	-76
Purchase of treasury shares	-0	-374
Dividends paid	-1,230	-1,215
Net cash provided by (used in) financing activities	-1,327	-1,666
Net increase (decrease) in cash and cash equivalents	-246	-1,061
Cash and cash equivalents at beginning of period	18,450	19,539
Cash and cash equivalents at end of period	18,203	18,478