

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)



February 6, 2024

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
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 Quarterly statement filing date (scheduled): February 9, 2024
 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 2024 (from April 1, 2023 to December 31, 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	%
3Q FY2024	203,057	5.4	10,200	17.7	10,399	14.1	6,939	14.6
3Q FY2023	192,567	3.7	8,668	-1.3	9,112	0.9	6,053	0.6

(Note) Comprehensive income: (3Q FY2024) 7,025million yen [12.8%] (3Q FY2023) 6,230million yen [7.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY2024	304.51	—
3Q FY2023	262.74	—

(2) Quarterly consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q FY2024	131,574	82,284	62.5	3,635.58
FY 2023	122,756	78,705	64.1	3,415.81

(Reference) Net assets attributable to owners of parent : (3Q FY2024) 82,284million 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	—	30.00	—	—	—
FY2024 Forecast	—	—	—	55.00	85.00

(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
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: 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: None
 - 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
- (4) Number of issued shares (common stock)
- i Number of issued shares at the end of fiscal year (including treasury stock)
(3Q FY2024) 23,388,039shares (FY2023) 23,388,039shares
 - ii Number of shares of treasury stock at the end of fiscal year
(3Q FY2024) 754,815shares (FY2023) 346,519shares
 - iii Average number of shares during the period (cumulative)
(3Q FY2024) 22,788,806shares (3Q FY2023) 23,041,680shares

* 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 Q3 period (As of Dec 31, 2023)
Assets		
Current assets		
Cash and deposits	19,541	19,472
Notes and accounts receivable - trade	5,032	7,137
Lease investment assets	540	470
Merchandise and finished goods	5,383	6,412
Work in process	34	28
Raw materials and supplies	384	424
Income tax refund receivable	356	130
Other	3,533	3,848
Allowance for doubtful accounts	-3	-9
Total current assets	34,804	37,915
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,685	44,355
Machinery, equipment and vehicles, net	600	674
Land	20,864	20,866
Leased assets, net	1,827	1,685
Construction in progress	3,890	5,383
Other, net	2,754	3,335
Total property, plant and equipment	70,624	76,300
Intangible assets		
Goodwill	2	2
Other	2,624	3,005
Total intangible assets	2,626	3,007
Investments and other assets		
Investment securities	3,201	3,356
Long-term loans receivable	5	1
Retirement benefit asset	169	133
Deferred tax assets	3,699	3,155
Lease and guarantee deposits	6,803	6,877
Other	842	845
Allowance for doubtful accounts	-20	-20
Total investments and other assets	14,701	14,351
Total non-current assets	87,952	93,658
Total assets	122,756	131,574

(Yen million)

	Previous year (As of Mar 31, 2023)	Current Q3 period (As of Dec 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	16,046	23,157
Contract liabilities	673	712
Lease obligations	301	274
Income taxes payable	2,237	1,165
Provision for bonuses for directors (and other officers)	274	252
Provision for bonuses	2,181	875
Other	7,546	7,951
Total current liabilities	29,262	34,390
Non-current liabilities		
Lease obligations	2,547	2,352
Asset retirement obligations	6,063	6,273
Long-term guarantee deposits	6,007	6,111
Retirement benefit liability	2	2
Other	167	159
Total non-current liabilities	14,788	14,899
Total liabilities	44,051	49,289
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	59,476	64,469
Treasury shares	-1,226	-2,726
Total shareholders' equity	77,159	80,652
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,332	1,457
Adjustments related to retirement benefits	214	175
Total accumulated other comprehensive income	1,546	1,632
Total net assets	78,705	82,284
Total liabilities and net assets	122,756	131,574

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

(Yen million)

	Previous Q3 period (From Apr 1, 2022 To Dec 31, 2022)	Current Q3 period (From Apr 1, 2023 To Dec 31, 2023)
Net sales	192,567	203,057
Cost of sales	136,164	143,470
Gross profit	56,403	59,586
Selling, general and administrative expenses		
Employees' salaries	7,419	7,452
Miscellaneous salaries and wages	13,462	14,026
Provision for bonuses for directors (and other officers)	223	252
Bonuses	1,773	1,757
Provision for bonuses	814	817
Retirement benefit expenses	500	493
Rent expenses on land and buildings	3,985	4,132
Depreciation	3,533	3,599
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	0	5
Other	16,020	16,848
Total selling, general and administrative expenses	47,734	49,385
Operating profit	8,668	10,200
Non-operating income		
Interest income	28	29
Dividend income	54	63
Insurance income	295	68
Other	104	85
Total non-operating income	482	247
Non-operating expenses		
Interest expenses	36	36
Commission for purchase of treasury shares	—	10
Other	2	1
Total non-operating expenses	38	49
Ordinary profit	9,112	10,399
Extraordinary income		
Gain on sale of non-current assets	1	4
Gain on sale of investment securities	0	—
Total extraordinary income	1	4
Extraordinary losses		
Loss on sale of non-current assets	—	4
Loss on retirement of non-current assets	7	22
Impairment losses	31	84
Loss on disaster	89	—
Loss on sale of investment securities	0	0
Loss on valuation of investment securities	1	—
Total extraordinary losses	130	111
Profit before income taxes	8,983	10,292
Income taxes – current	2,374	2,821
Income taxes – deferred	555	531
Total income taxes	2,930	3,352
Net profit	6,053	6,939
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	6,053	6,939

Consolidated Statement of Comprehensive Income

(Yen million)

	Previous Q3 period (From Apr 1, 2022 To Dec 31, 2022)	Current Q3 period (From Apr 1, 2023 To Dec 31, 2023)
Net profit	6,053	6,939
Other comprehensive income		
Valuation difference on available-for-sale securities	218	125
Adjustments related to retirement benefits	-42	-38
Total other comprehensive income	176	86
Comprehensive income	6,230	7,025
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,230	7,025
Comprehensive income attributable to non-controlling interests	—	—

3 Consolidated Statement of Cash Flows

(Yen million)

	Previous Q3 period (From Apr 1, 2022 To Dec 31, 2022)	Current Q3 period (From Apr 1, 2023 To Dec 31, 2023)
Cash flows from operating activities		
Profit before income taxes	8,983	10,292
Depreciation	3,775	3,856
Impairment losses	31	84
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	-24	5
Increase (decrease) in provision for bonuses for directors (and other officers)	-122	-22
Increase (decrease) in provision for bonuses	-1,322	-1,305
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-36	—
Increase (decrease) in net defined benefit asset and liability	-83	-20
Interest and dividend income	-82	-93
Interest expenses	36	36
Loss (gain) on sale of non-current assets	-1	△0
Loss on retirement of non-current assets	7	22
Loss (gain) on sale of investment securities	-0	0
Loss (gain) on valuation of investment securities	1	—
Decrease (increase) in trade receivables	-2,261	-2,104
Decrease (increase) in inventories	-1,230	-1,063
Increase (decrease) in trade payables	6,720	7,111
Decrease (increase) in consumption taxes receivable / payable	-233	91
Decrease (increase) in lease investment assets	72	70
Other	762	652
Subtotal	14,993	17,613
Interest and dividends received	54	63
Interest paid	-30	-29
Income taxes paid	-2,519	-3,548
Net cash provided by (used in) operating activities	12,498	14,099
Cash flows from investing activities		
Net decrease (increase) in time deposits	-0	-0
Proceeds from sale of investment securities	0	0
Purchase of property, plant and equipment	-7,859	-9,756
Proceeds from sale of property, plant and equipment	3	3
Purchase of intangible assets	-395	-591
Expenditure on loans	-2	△0
Proceeds from collection of loans receivable	5	5
Purchase of shares of subsidiaries	—	-0
Proceeds from maturity of insurance funds	348	29
Net increase (decrease) in payment for lease and guarantee deposits	47	-45
Other	-241	-143
Net cash provided by (used in) investing activities	-8,094	-10,499
Cash flows from financing activities		
Repayment of lease obligations	-287	-228
Purchase of treasury shares	-0	-1,510
Dividends paid	-1,834	-1,930
Net cash provided by (used in) financing activities	-2,123	-3,669
Net increase (decrease) in cash and cash equivalents	2,280	-69
Cash and cash equivalents at beginning of period	18,450	19,539
Cash and cash equivalents at end of period	20,731	19,470