

Summary of Consolidated Financial Results

Three Months Ended June 30, 2022

(Based on Japanese GAAP)



August 2, 2022

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
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 Quarterly statement filing date (scheduled): August 10, 2022
 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 2023 (from April 1, 2022 to June 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	%
1Q FY2023	60,872	1.3	2,413	-17.5	2,585	-13.3	1,734	-14.3
1Q FY2022	60,107	—	2,926	-27.5	2,981	-27.3	2,023	-27.7

(Note) Comprehensive income: (1Q FY2023) 1,971million yen [6.8%] (1Q FY2022) 1,846million yen [-37.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY2023	75.28	—
1Q FY2022	87.82	—

(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 first 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
1Q FY2023	117,539	74,763	63.6	3,244.70
FY 2022	116,855	74,059	63.4	3,214.13

(Reference) Net assets attributable to owners of parent : (1Q FY2023) 74,763million 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	—	—	—	—	—
FY2023 Forecast	—	25.00	—	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
1Q 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

(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 in 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)
 - (1Q FY2023) 23,388,039shares (FY2022) 23,388,039shares
- ii Number of shares of treasury stock at the end of fiscal year
 - (1Q FY2023) 346,333shares (FY2022) 346,283shares
- iii Average number of shares during the period (cumulative)
 - (1Q FY2023) 23,041,729shares (1Q FY2022) 23,041,896shares

* 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 Q1 period (As of Jun 30, 2022)
Assets		
Current assets		
Cash and deposits	18,452	18,205
Notes and accounts receivable - trade	4,154	3,986
Lease investment assets	634	610
Merchandise and finished goods	4,905	5,375
Work in process	23	29
Raw materials and supplies	359	359
Income tax refund receivable	458	563
Other	3,438	2,952
Allowance for doubtful accounts	-3	-2
Total current assets	32,423	32,079
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,256	39,521
Machinery, equipment and vehicles, net	627	613
Land	21,244	21,243
Leased assets, net	2,590	2,525
Construction in progress	903	1,329
Other, net	2,832	2,837
Total property, plant and equipment	67,453	68,071
Intangible assets		
Goodwill	2	2
Other	2,452	2,471
Total intangible assets	2,455	2,474
Investments and other assets		
Investment securities	2,964	3,319
Long-term loans receivable	9	8
Retirement benefit asset	145	153
Deferred tax assets	3,439	3,466
Lease and guarantee deposits	6,879	6,904
Other	1,130	1,081
Allowance for doubtful accounts	-45	-20
Total investments and other assets	14,523	14,913
Total non-current assets	84,432	85,459
Total assets	116,855	117,539

(Yen million)

	Previous year (As of Mar 31, 2022)	Current Q1 period (As of Jun 30, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	15,576	16,256
Contract liabilities	680	661
Lease obligations	375	355
Income taxes payable	1,254	1,040
Provision for bonuses for directors (and other officers)	346	74
Provision for bonuses	2,193	2,679
Other	7,839	7,315
Total current liabilities	28,266	28,383
Non-current liabilities		
Lease obligations	2,839	2,764
Asset retirement obligations	5,916	5,910
Long-term guarantee deposits	5,608	5,555
Provision for retirement benefits for directors (and other officers)	36	–
Retirement benefit liability	2	2
Other	127	160
Total non-current liabilities	14,530	14,392
Total liabilities	42,796	42,775
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	54,963	55,431
Treasury shares	-1,226	-1,226
Total shareholders' equity	72,647	73,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,137	1,389
Adjustments related to retirement benefits	274	260
Total accumulated other comprehensive income	1,412	1,649
Total net assets	74,059	74,763
Total liabilities and net assets	116,855	117,539

2 Consolidated Statements of Income and Comprehensive Income
Consolidated Income Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2021 To Jun 30, 2021)	Current Q1 period (From Apr 1, 2022 To Jun 30, 2022)
Net sales	60,107	60,872
Cost of sales	42,440	43,060
Gross profit	17,666	17,811
Selling, general and administrative expenses		
Employees' salaries	2,369	2,488
Miscellaneous salaries and wages	4,264	4,373
Provision for bonuses for directors (and other officers)	99	74
Provision for bonuses	925	928
Provision for retirement benefits for directors (and other officers)	0	–
Retirement benefit expenses	238	200
Rent expenses on land and buildings	1,297	1,326
Depreciation	1,077	1,124
Amortization of goodwill	–	0
Provision of allowance for doubtful accounts	0	–
Other	4,467	4,881
Total selling, general and administrative expenses	14,739	15,398
Operating profit	2,926	2,413
Non-operating income		
Interest income	11	9
Dividend income	36	36
Insurance income	14	102
Other	13	34
Total non-operating income	76	183
Non-operating expenses		
Interest expenses	13	11
Loss on cancellation of contracts	8	–
Other	0	0
Total non-operating expenses	21	12
Ordinary profit	2,981	2,585
Extraordinary income		
Gain on sale of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on retirement of non-current assets	1	3
Impairment losses	0	26
Loss on valuation of investment securities	7	1
Total extraordinary losses	9	31
Profit before income taxes	2,971	2,553
Income taxes - current	870	944
Income taxes - deferred	77	-125
Total income taxes	947	819
Net profit	2,023	1,734
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,023	1,734

Consolidated Comprehensive Income Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2021 To Jun 30, 2021)	Current Q1 period (From Apr 1, 2022 To Jun 30, 2022)
Net profit	2,023	1,734
Other comprehensive income		
Valuation difference on available-for-sale securities	-166	251
Adjustments related to retirement benefits	-10	-14
Total other comprehensive income	-177	237
Comprehensive income	1,846	1,971
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,846	1,971
Comprehensive income attributable to non-controlling interests	-	-

3 Consolidated Cash Flow Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2021 To Jun 30, 2021)	Current Q1 period (From Apr 1, 2022 To Jun 30, 2022)
Cash flows from operating activities		
Profit before income taxes	2,971	2,553
Depreciation	1,160	1,200
Impairment losses	0	26
Amortization of goodwill	–	0
Increase (decrease) in allowance for doubtful accounts	-0	-25
Increase (decrease) in provision for bonuses for directors (and other officers)	-287	-271
Increase (decrease) in provision for bonuses	128	485
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	-36
Increase (decrease) in net defined benefit asset and liability	-21	-28
Interest and dividend income	-47	-45
Interest expenses	13	11
Loss (gain) on sale of non-current assets	-0	–
Loss on retirement of non-current assets	1	3
Loss (gain) on valuation of investment securities	7	1
Decrease (increase) in trade receivables	100	168
Decrease (increase) in inventories	-112	-475
Increase (decrease) in trade payables	222	680
Decrease (increase) in consumption taxes receivable / payable	275	202
Decrease (increase) in lease investment assets	17	23
Other	417	138
Subtotal	4,848	4,612
Interest and dividends received	37	36
Interest paid	-10	-9
Income taxes paid	-2,937	-1,160
Net cash provided by (used in) operating activities	1,937	3,477
Cash flows from investing activities		
Net decrease (increase) in time deposits	-0	-0
Purchase of property, plant and equipment	-1,562	-2,303
Proceeds from sale of property, plant and equipment	0	–
Purchase of intangible assets	-61	-83
Expenditure on loans	-1	-0
Proceeds from collection of loans receivable	1	1
Other	32	-11
Net cash provided by (used in) investing activities	-1,590	-2,397
Cash flows from financing activities		
Repayment of lease obligations	-92	-96
Purchase of treasury shares	-0	-0
Dividends paid	-1,232	-1,230
Net cash provided by (used in) financing activities	-1,325	-1,327
Net increase (decrease) in cash and cash equivalents	-978	-246
Cash and cash equivalents at beginning of period	17,023	18,450
Cash and cash equivalents at end of period	16,045	18,203