

# Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 7, 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  
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 Quarterly statement filing date (scheduled): November 14, 2023  
 Dividend payable date (scheduled): December 5, 2023  
 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 2024 (from April 1, 2023 to September 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	%
2Q FY2024	132,603	5.5	6,206	19.1	6,331	16.3	4,256	18.8
2Q FY2023	125,719	2.5	5,212	-8.9	5,444	-8.3	3,583	-9.6

(Note) Comprehensive income: (2Q FY2024) 4,338million yen [15.7%] (2Q FY2023) 3,750million yen [-1.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2Q FY2024	186.12	—
2Q FY2023	155.53	—

### (2) Quarterly consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2Q FY2024	127,271	80,277	63.1	3,546.87
FY 2023	122,756	78,705	64.1	3,415.81

(Reference) Net assets attributable to owners of parent : (2Q FY2024) 80,277million 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, 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
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
- 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)  
(2Q FY2024) 23,388,039shares (FY2023) 23,388,039shares
  - ii Number of shares of treasury stock at the end of fiscal year  
(2Q FY2024) 754,755shares (FY2023) 346,519shares
  - iii Average number of shares during the period (cumulative)  
(2Q FY2024) 22,866,997shares (2Q FY2023) 23,041,702shares

\* 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 Q2 period (As of Sep 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	19,541	19,984
Notes and accounts receivable - trade	5,032	5,278
Lease investment assets	540	495
Merchandise and finished goods	5,383	5,746
Work in process	34	27
Raw materials and supplies	384	398
Income tax refund receivable	356	144
Other	3,533	3,363
Allowance for doubtful accounts	-3	-8
Total current assets	34,804	35,429
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,685	41,887
Machinery, equipment and vehicles, net	600	627
Land	20,864	20,862
Leased assets, net	1,827	1,732
Construction in progress	3,890	6,026
Other, net	2,754	3,152
Total property, plant and equipment	70,624	74,289
Intangible assets		
Goodwill	2	2
Other	2,624	2,704
Total intangible assets	2,626	2,706
Investments and other assets		
Investment securities	3,201	3,336
Long-term loans receivable	5	3
Retirement benefit asset	169	139
Deferred tax assets	3,699	3,594
Lease and guarantee deposits	6,803	6,947
Other	842	846
Allowance for doubtful accounts	-20	-20
Total investments and other assets	14,701	14,845
Total non-current assets	87,952	91,841
Total assets	122,756	127,271

(Yen million)

	Previous year (As of Mar 31, 2023)	Current Q2 period (As of Sep 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	16,046	19,371
Contract liabilities	673	683
Lease obligations	301	283
Income taxes payable	2,237	2,175
Provision for bonuses for directors (and other officers)	274	168
Provision for bonuses	2,181	1,943
Other	7,546	7,551
Total current liabilities	29,262	32,177
Non-current liabilities		
Lease obligations	2,547	2,418
Asset retirement obligations	6,063	6,148
Long-term guarantee deposits	6,007	6,085
Retirement benefit liability	2	2
Other	167	161
Total non-current liabilities	14,788	14,816
Total liabilities	44,051	46,993
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	59,476	62,465
Treasury shares	-1,226	-2,726
Total shareholders' equity	77,159	78,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,332	1,443
Adjustments related to retirement benefits	214	185
Total accumulated other comprehensive income	1,546	1,629
Total net assets	78,705	80,277
<b>Total liabilities and net assets</b>	<b>122,756</b>	<b>127,271</b>

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

(Yen million)

	Previous Q2 period (From Apr 1, 2022 To Sep 30, 2022)	Current Q2 period (From Apr 1, 2023 To Sep 30, 2023)
Net sales	125,719	132,603
Cost of sales	88,980	93,793
Gross profit	36,739	38,810
Selling, general and administrative expenses		
Employees' salaries	4,961	4,980
Miscellaneous salaries and wages	8,923	9,241
Provision for bonuses for directors (and other officers)	149	168
Provision for bonuses	1,820	1,815
Retirement benefit expenses	351	342
Rent expenses on land and buildings	2,654	2,744
Depreciation	2,322	2,319
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	0	5
Other	10,344	10,986
Total selling, general and administrative expenses	31,526	32,603
Operating profit	5,212	6,206
Non-operating income		
Interest income	19	16
Dividend income	36	43
Insurance income	125	37
Other	75	61
Total non-operating income	256	159
Non-operating expenses		
Interest expenses	23	24
Commission for purchase of treasury shares	—	10
Other	0	0
Total non-operating expenses	24	35
Ordinary profit	5,444	6,331
Extraordinary income		
Gain on sale of non-current assets	—	4
Total extraordinary income	—	4
Extraordinary losses		
Loss on retirement of non-current assets	7	16
Impairment losses	29	15
Loss on disaster	92	—
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	1	—
Total extraordinary losses	130	32
Profit before income taxes	5,314	6,302
Income taxes – current	1,700	1,951
Income taxes – deferred	30	94
Total income taxes	1,730	2,046
Net profit	3,583	4,256
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	3,583	4,256

## Consolidated Statement of Comprehensive Income

(Yen million)

	Previous Q2 period (From Apr 1, 2022 To Sep 30, 2022)	Current Q2 period (From Apr 1, 2023 To Sep 30, 2023)
Net profit	3,583	4,256
Other comprehensive income		
Valuation difference on available-for-sale securities	195	111
Adjustments related to retirement benefits	-28	-28
Total other comprehensive income	167	82
Comprehensive income	3,750	4,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,750	4,338
Comprehensive income attributable to non-controlling interests	—	—

### 3 Consolidated Statement of Cash Flows

(Yen million)

	Previous Q2 period (From Apr 1, 2022 To Sep 30, 2022)	Current Q2 period (From Apr 1, 2023 To Sep 30, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,314	6,302
Depreciation	2,477	2,487
Impairment losses	29	15
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	-25	5
Increase (decrease) in provision for bonuses for directors (and other officers)	-197	-106
Increase (decrease) in provision for bonuses	-246	-238
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-36	—
Increase (decrease) in net defined benefit asset and liability	-56	-10
Interest and dividend income	-55	-60
Interest expenses	23	24
Loss (gain) on sale of non-current assets	—	-4
Loss on retirement of non-current assets	7	16
Loss (gain) on sale of investment securities	—	0
Loss (gain) on valuation of investment securities	1	—
Decrease (increase) in trade receivables	-196	-245
Decrease (increase) in inventories	-466	-369
Increase (decrease) in trade payables	1,045	3,325
Decrease (increase) in consumption taxes receivable / payable	57	225
Decrease (increase) in lease investment assets	48	45
Other	-339	354
Subtotal	7,386	11,768
Interest and dividends received	36	43
Interest paid	-20	-19
Income taxes paid	-780	-1,801
Net cash provided by (used in) operating activities	6,622	9,991
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	-0	-0
Proceeds from sale of investment securities	—	0
Purchase of property, plant and equipment	-4,509	-6,208
Proceeds from sale of property, plant and equipment	—	2
Purchase of intangible assets	-219	-218
Expenditure on loans	-2	-0
Proceeds from collection of loans receivable	3	3
Purchase of shares of subsidiaries	—	-0
Proceeds from maturity of insurance funds	348	29
Net increase (decrease) in payment for lease and guarantee deposits	-17	-127
Other	-51	-98
Net cash provided by (used in) investing activities	-4,448	-6,619
<b>Cash flows from financing activities</b>		
Repayment of lease obligations	-191	-153
Purchase of treasury shares	-0	-1,510
Dividends paid	-1,263	-1,264
Net cash provided by (used in) financing activities	-1,455	-2,928
Net increase (decrease) in cash and cash equivalents	718	442
Cash and cash equivalents at beginning of period	18,450	19,539
Cash and cash equivalents at end of period	19,168	19,982