Summary of Consolidated Financial Results for the Year Ended March 31,2024 (Based on Japanese GAAP)

May 7, 2024

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 20, 2024
Dividend payable date (scheduled): June 21, 2024
Annual securities report filing date (scheduled) June 21, 2024
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, 2024 (From April 1, 2023 to March 31, 2024)

(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	%
FY2024	270,224	6.0	11,779	12.8	12,332	12.7	7,442	17.1
FY2023	254,966	3.5	10,443	1.3	10,940	3.1	6,356	-10.2

(Note) Comprehensive income: (FY2024) 8,039million yen [23.9%] (FY2023) 6,490million yen [-4.9%]

	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	%	%	%
FY2024	81.79	—	9.2	9.7	4.4
FY2023	68.96	—	8.3	9.1	4.1

(Reference) Equity method Investment profit / loss: (FY2024) — (FY2023) —

(Note) On April 1, 2024, Axial Retailing Inc. (hereinafter referred to as the "Company") conducted a four-for-one stock split of its common stock. Therefore, "Basic earnings per share" and "Diluted earnings per share" are calculated as if the stock split had taken effect at the beginning of the previous fiscal year in accordance with the "Accounting Standard for Earnings Per Share" and other relevant standards.

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2024	131,390	83,298	63.4	920.10
FY2023	122,756	78,705	64.1	853.95

(Reference) Net assets attributable to owners of parent : (FY2024) 83,298million yen (FY2023) 78,705million yen

(Note) On April 1, 2024, the Company conducted a four-for-one stock split of its common stock. Therefore, "Net assets per share" is calculated as if the stock split had taken effect at the beginning of the previous fiscal year in accordance with the "Accounting Standard for Earnings Per Share" and other relevant standards.

(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
FY2024	17,099	-11864	-3,755	21,019
FY2023	12,594	-9,290	-2,215	19,539

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	%	%
FY2023	—	25.00	—	55.00	80.00	1,843	29.0	2.4
FY2024	—	30.00	—	55.00	85.00	1,923	26.0	2.4
FY2025 Forecast	—	11.00	—	14.00	25.00		30.2	

(Note) On April 1, 2024, the Company conducted a four-for-one stock split of its common stock. Therefore, the quarterly dividends for the fiscal years ended March 31, 2023 and 2024 show the actual dividend amount before the said stock split, and the dividend amount for the fiscal year ending March 31, 2025 shows the projected dividend amount based on the number of shares after the said stock split. The dividend amount for the fiscal year ending March 31, 2025 (forecast), based on the number of shares before the said stock split, is 44 yen at the end of the second quarter and 56 yen at the end of the fiscal year, for a total of 100 yen. This amount is expected to increase by approximately 20% or ¥ 15 compared to the current financial year.

3. Forecast for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% 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	138,000	4.1	5,900	-4.9	6,000	-5.2	4,100	-3.7	45.29
FY2024	280,000	3.6	12,100	2.7	12,500	1.4	7,500	0.8	82.84

(Note) On April 1, 2024, the Company conducted a four-for-one stock split of its common stock. Therefore, "Basic earnings per share" is calculated as if the stock split had taken effect at the beginning of the previous fiscal year in accordance with the "Accounting Standard for Earnings Per Share" and other relevant standards.

※ 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: 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

(3) Number of issued shares (common stock)
- i Number of issued shares at the end of fiscal year (including treasury stock)
  (FY2024) 93,552,156shares (FY2023) 93,552,156shares
- ii Number of shares of treasury stock at the end of fiscal year
  (FY2024) 3,019,616shares (FY2023) 1,386,076shares
- iii Average number of shares
  (FY2024) 91,000,455shares (FY2023) 92,166,610shares

(Note) On April 1, 2024, the Company conducted a four-for-on stock split of common shares. Therefore, "Number of issued shares at the end of fiscal year (including treasury stock)", "Number of shares of treasury stock at the end of fiscal year" and "Average number of shares" are calculated as if the stock split had taken effect at the beginning of the previous fiscal year in accordance with the "Accounting Standard for Earnings Per Share" and other relevant standards.

(Reference) Non-consolidated financial results for the fiscal year ended March 31, 2024

(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	%
FY2024	3,028	3.9	2,165	-0.4	2,291	5.6	2,190	5.1
FY2023	2,914	-2.9	2,173	-2.3	2,169	-2.4	2,084	-2.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024	24.07	—
FY2023	22.62	—

(Note) On April 1, 2024, the Company conducted a four-for-one stock split of its common stock. Therefore, "Basic earnings per share" and "Diluted earnings per share" are calculated as if the stock split had taken effect at the beginning of the previous fiscal year in accordance with the "Accounting Standard for Earnings Per Share" and other relevant standards.

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2024	31,824	25,331	79.6	279.80
FY2023	32,334	26,587	82.2	288.47

(Reference) Shareholders' equity: (FY2024) 25,331million yen (FY2022) 26,587million yen

(Note) On April 1, 2024, the Company conducted a four-for-one stock split of its common stock. Therefore, "Net assets per share" is calculated as if the stock split had taken effect at the beginning of the previous fiscal year in accordance with the "Accounting Standard for Earnings Per Share" and other relevant standards.

* 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, 2023)	Current year (As of Mar 31, 2024)
Assets		
Current assets		
Cash and deposits	19,541	21,021
Notes and accounts receivable - trade	5,032	6,042
Lease investment assets	540	445
Merchandise and finished goods	5,383	5,352
Work in process	34	7
Raw materials and supplies	384	353
Income tax refund receivable	356	80
Other	3,533	3,962
Allowance for doubtful accounts	-3	-9
Total current assets	34,804	37,256
Non-current assets		
Property, plant and equipment		
Buildings and structures	89,959	97,034
Accumulated depreciation	-49,273	-51,877
Buildings and structures, net	40,685	45,156
Machinery, equipment and vehicles	3,298	3,499
Accumulated depreciation	-2,698	-2,730
Machinery, equipment and vehicles, net	600	768
Land	20,864	20,870
Leased assets	4,413	3,906
Accumulated depreciation	-2,585	-2,390
Leased assets, net	1,827	1,516
Construction in progress	3,890	3,781
Other	14,638	15,544
Accumulated depreciation	-11,883	-12,411
Other, net	2,754	3,132
Total property, plant and equipment	70,624	75,226
Intangible assets		
Goodwill	2	2
Other	2,624	3,006
Total intangible assets	2,626	3,009
Investments and other assets		
Investment securities	3,201	3,614
Long-term loans receivable	5	1
Retirement benefit asset	169	600
Deferred tax assets	3,699	4,039
Lease and guarantee deposits	6,803	6,809
Other	842	852
Allowance for doubtful accounts	-20	-20
Total investments and other assets	14,701	15,897
Total non-current assets	87,952	94,133
Total assets	122,756	131,390

(Yen million)

	Previous year (As of Mar 31, 2023)	Current year (As of Mar 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	16,046	18,895
Contract liabilities	673	667
Lease obligations	301	266
Income taxes payable	2,237	2,368
Provision for bonuses for directors (and other officers)	274	324
Provision for bonuses	2,181	2,586
Other	7,546	8,236
Total current liabilities	29,262	33,344
Non-current liabilities		
Lease obligations	2,547	2,287
Asset retirement obligations	6,063	6,213
Long-term guarantee deposits	6,007	6,088
Retirement benefit liability	2	1
Other	167	156
Total non-current liabilities	14,788	14,746
Total liabilities	44,051	48,091
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	59,476	64,973
Treasury shares	-1,226	-2,727
Total shareholders' equity	77,159	81,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,332	1,650
Adjustments related to retirement benefits	214	492
Total accumulated other comprehensive income	1,546	2,143
Total net assets	78,705	83,298
Total liabilities and net assets	122,756	131,390

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Yen million)

	Previous year (From Apr 1, 2022 To Mar 31, 2023)	Current year (From Apr 1, 2023 To Mar 31, 2024)
Net sales	254,966	270,224
Cost of sales	180,139	191,085
Gross profit	74,827	79,138
Selling, general and administrative expenses		
Employees' salaries	9,789	9,843
Miscellaneous salaries and wages	17,880	18,793
Provision for bonuses for directors (and other officers)	274	324
Bonuses	1,773	1,757
Provision for bonuses	2,035	2,403
Retirement benefit expenses	628	615
Rent expenses on land and buildings	5,335	5,521
Depreciation	4,794	5,002
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	0	6
Other	21,869	23,090
Total selling, general and administrative expenses	64,383	67,358
Operating profit	10,443	11,779
Non-operating income		
Interest income	37	37
Dividend income	54	63
Insurance income	307	101
Subsidy income	49	326
Other	98	86
Total non-operating income	548	616
Non-operating expenses		
Interest expenses	48	49
Commission for purchase of treasury shares	—	10
Other	3	4
Total non-operating expenses	52	64
Ordinary profit	10,940	12,332
Extraordinary income		
Gain on sale of non-current assets	11	4
Gain on sale of investment securities	36	2
Total extraordinary income	47	6
Extraordinary losses		
Loss on sale of non-current assets	—	4
Loss on retirement of non-current assets	11	24
Impairment losses	1,249	1,495
Loss on disaster	95	—
Loss on sale of investment securities	0	0
Loss on valuation of investment securities	1	—
Total extraordinary losses	1,358	1,523
Profit before income taxes	9,629	10,815
Income taxes - current	3,573	3,948
Income taxes - deferred	-300	-576
Total income taxes	3,273	3,372
Net profit	6,356	7,442
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	6,356	7,442

Consolidated Statement of Comprehensive Income

(Yen million)

	Previous year (From Apr 1, 2022 To Mar 31, 2023)	Current year (From Apr 1, 2023 To Mar 31, 2024)
Net profit	6,356	7,442
Other comprehensive income		
Valuation difference on available-for-sale securities	194	318
Adjustments related to retirement benefits	-60	278
Total other comprehensive income	134	596
Comprehensive income	6,490	8,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,490	8,039
Comprehensive income attributable to non-controlling interests	—	—

（３）Consolidated Statement of Changes in Shareholders' Equity

Previous 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
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
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

Current year (From Apr 1, 2023 To Mar 31, 2024)

(Yen million)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,159	15,749	59,476	-1,226	77,159
Changes during period					
Cash dividends			-1,946		-1,946
Profit attributable to owners of parent			7,442		7,442
Purchase of treasury shares				-1,500	-1,500
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	5,496	-1,500	3,996
Balance at end of period	3,159	15,749	64,973	-2,727	81,155

	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	1,332	214	1,546	78,705
Changes during period				
Dividends of surplus			—	-1,946
Profit attributable to owners of parent			—	7,442
Purchase of treasury shares			—	-1,500
Net changes in items other than shareholders' equity	318	278	596	596
Total changes during period	318	278	596	4,593
Balance at end of period	1,650	492	2,143	83,298

（４）Consolidated Statement of Cash Flows

(Yen million)

	Previous year (From Apr 1, 2022 To Mar 31, 2023)	Current year (From Apr 1, 2023 To Mar 31, 2024)
Cash flows from operating activities		
Profit before income taxes	9,629	10,815
Depreciation	5,126	5,355
Impairment losses	1,249	1,495
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)	-71	49
Increase (decrease) in provision for bonuses	-11	404
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-36	—
Incease (decrease) in net defined benefit asset and liability	-110	-32
Interest and dividend income	-92	-101
Interest expenses	48	49
Loss (gain) on sale of non-current assets	-11	-0
Loss on retirement of non-current assets	11	24
Loss (gain) on sale of investment securities	-36	-2
Loss (gain) on valuation of investment securities	1	—
Decrease (increase) in trade receivables	-878	-1,009
Decrease (increase) in inventories	-514	88
Increase (decrease) in trade payables	469	2,849
Decrease (increase) in consumption taxes receivable / payable	-99	-130
Decrease (increase) in lease investment assets	93	95
Other	356	667
Subtotal	15,100	20,623
Interest and dividends received	55	64
Interest paid	-40	-39
Income taxes paid	-2,521	-3,548
Net cash provided by (used in) operating activities	12,594	17,099
Cash flows from investing activities		
Net decrease (increase) in time deposits	-0	-0
Purchase of investment securities	-1	—
Proceeds from sale of investment securities	59	22
Purchase of property, plant and equipment	-9,217	-10,955
Proceeds from sale of property, plant and equipment	126	3
Purchase of intangible assets	-465	-743
Expenditure on loans	-2	-1
Proceeds from collection of loans receivable	7	6
Purchase of shares of subsidiaries	—	-0
Proceeds from maturity of insurance funds	348	29
Net increase (decrease) in payment for lease and guarantee deposits	113	30
Other	-259	-255
Net cash provided by (used in) investing activities	-9,290	-11,864
Cash flows from financing activities		
Repayment of lease obligations	-376	-302
Purchase of treasury shares	-0	-1,510
Dividends paid	-1,838	-1,942
Net cash provided by (used in) financing activities	-2,215	-3,755
Net increase (decrease) in cash and cash equivalents	1,089	1,479
Cash and cash equivalents at beginning of period	18,450	19,539
Cash and cash equivalents at end of period	19,539	21,019