Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 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
Contact: Bungo Yamagishi, Vice President and Director, CFO Tel.+81 258-66-6711
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 2025 (from April 1, 2024 to June 30, 2024)

(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 FY2025	66,522	4.3	2,655	-6.0	2,767	-4.2	1,873	-3.9
1Q FY2024	63,785	4.8	2,823	17.0	2,888	11.8	1,949	12.4

(Note) Comprehensive income: (1Q FY2025) 1,915million yen [-3.9%] (1Q FY2024) 1,992million yen [1.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
1Q FY2025	20.69	—
1Q FY2024	21.17	—

(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) Quarterly consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
1Q FY2025	131,960	83,969	63.6
FY 2024	131,390	83,298	63.4

(Reference) Net assets attributable to owners of parent : (1Q FY2025) 83,969million yen (FY2024) 83,298million yen

2. Quarterly Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2024	—	30.00	—	55.00	85.00
FY2025	—				
FY2025 Forecast		11.00	—	14.00	25.00

(Note 1) Revision of cash dividend forecast for this period: None

(Note 2) 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, 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 actual dividend and the projected dividend amount based on the number of shares after the said stock split.

3. Forecast for the fiscal year ending 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 FY2025	138,000	4.1	5,900	-4.9	6,000	-5.2	4,100	-3.7	45.29
FY2025	280,000	3.6	12,100	2.7	12,500	1.4	7,500	0.8	82.84

(Note 1) Revision of consolidated results forecast in this quarter: None

(Note 2) 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) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and retrospective restatement

i Changes in accounting policies due to revisions of accounting standard: Yes

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

(Note) From the beginning of the fiscal year ending March 2025, Revised "Accounting Standard for Current Income Taxes", etc. 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 FY2025) 93,552,156shares (FY2024) 93,552,156shares

ii Number of shares of treasury stock at the end of fiscal year

(1Q FY2025) 3,019,776shares (FY2024) 3,019,616shares

iii Average number of shares during the period (cumulative)

(1Q FY2025) 90,532,410shares (1Q FY2024) 92,123,377shares

(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.

* Review of attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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, 2024)	Current Q1 period (As of Jun 30, 2024)
Assets		
Current assets		
Cash and deposits	21,021	20,624
Notes and accounts receivable - trade	6,042	5,856
Lease investment assets	445	423
Merchandise and finished goods	5,352	5,579
Work in process	7	12
Raw materials and supplies	353	334
Income tax refund receivable	80	88
Other	3,962	3,391
Allowance for doubtful accounts	-9	-4
Total current assets	37,256	36,308
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,156	44,326
Machinery, equipment and vehicles, net	768	1,097
Land	20,870	20,870
Leased assets, net	1,516	1,488
Construction in progress	3,781	5,918
Other, net	3,132	3,037
Total property, plant and equipment	75,226	76,737
Intangible assets		
Goodwill	2	2
Other	3,006	3,102
Total intangible assets	3,009	3,104
Investments and other assets		
Investment securities	3,614	3,712
Long-term loans receivable	1	3
Retirement benefit asset	600	597
Deferred tax assets	4,039	3,947
Lease and guarantee deposits	6,809	6,703
Other	852	866
Allowance for doubtful accounts	-20	-20
Total investments and other assets	15,897	15,809
Total non-current assets	94,133	95,652
Total assets	131,390	131,960

(Yen million)

	Previous year (As of Mar 31, 2024)	Current Q1 period (As of Jun 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	18,895	19,091
Contract liabilities	667	661
Lease obligations	266	264
Income taxes payable	2,368	920
Provision for bonuses for directors (and other officers)	324	83
Provision for bonuses	2,586	2,757
Other	8,236	9,646
Total current liabilities	33,344	33,425
Non-current liabilities		
Lease obligations	2,287	2,234
Asset retirement obligations	6,213	6,212
Long-term guarantee deposits	6,088	5,991
Retirement benefit liability	1	1
Other	156	125
Total non-current liabilities	14,746	14,564
Total liabilities	48,091	47,990
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	64,973	65,601
Treasury shares	-2,727	-2,727
Total shareholders' equity	81,155	81,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,650	1,718
Adjustments related to retirement benefits	492	466
Total accumulated other comprehensive income	2,143	2,185
Total net assets	83,298	83,969
Total liabilities and net assets	131,390	131,960

2 Consolidated Statements of Income and Comprehensive Income

Consolidated Income Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2023 To Jun 30, 2023)	Current Q1 period (From Apr 1, 2024 To Jun 30, 2024)
Net sales	63,785	66,522
Cost of sales	45,025	47,202
Gross profit	18,760	19,319
Selling, general and administrative expenses		
Employees' salaries	2,484	2,544
Miscellaneous salaries and wages	4,517	4,944
Provision for bonuses for directors (and other officers)	84	83
Provision for bonuses	901	964
Retirement benefit expenses	189	175
Rent expenses on land and buildings	1,371	1,388
Depreciation	1,135	1,240
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	1	—
Other	5,250	5,322
Total selling, general and administrative expenses	15,936	16,663
Operating profit	2,823	2,655
Non-operating income		
Interest income	8	7
Dividend income	43	45
Insurance income	6	59
Other	21	13
Total non-operating income	79	124
Non-operating expenses		
Interest expenses	11	11
Other	2	1
Total non-operating expenses	14	13
Ordinary profit	2,888	2,767
Extraordinary income		
Gain on sale of non-current assets	4	—
Total extraordinary income	4	—
Extraordinary losses		
Loss on retirement of non-current assets	14	7
Impairment losses	6	5
Loss on sale of investment securities	0	—
Total extraordinary losses	20	12
Profit before income taxes	2,872	2,754
Income taxes - current	981	807
Income taxes - deferred	-58	73
Total income taxes	922	881
Net profit	1,949	1,873
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	1,949	1,873

Consolidated Comprehensive Income Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2023 To Jun 30, 2023)	Current Q1 period (From Apr 1, 2024 To Jun 30, 2024)
Net profit	1,949	1,873
Other comprehensive income		
Valuation difference on available-for-sale securities	57	68
Adjustments related to retirement benefits	-14	-25
Total other comprehensive income	42	42
Comprehensive income	1,992	1,915
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,992	1,915
Comprehensive income attributable to non-controlling interests	—	—

3 Consolidated Cash Flow Statement

(Yen million)

	Previous Q1 period (From Apr 1, 2023 To Jun 30, 2023)	Current Q1 period (From Apr 1, 2024 To Jun 30, 2024)
Cash flows from operating activities		
Profit before income taxes	2,872	2,754
Depreciation	1,220	1,350
Impairment losses	6	5
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	1	-4
Increase (decrease) in provision for bonuses for directors (and other officers)	-190	-240
Increase (decrease) in provision for bonuses	522	170
Incease (decrease) in net defined benefit asset and liability	-3	-33
Interest and dividend income	-51	-52
Interest expenses	11	11
Loss (gain) on sale of non-current assets	-4	—
Loss on retirement of non-current assets	14	7
Loss (gain) on sale of investment securities	0	—
Decrease (increase) in trade receivables	198	185
Decrease (increase) in inventories	-355	-213
Increase (decrease) in trade payables	840	196
Decrease (increase) in consumption taxes receivable / payable	279	455
Decrease (increase) in lease investment assets	21	2
Other	367	3
Subtotal	5,751	4,599
Interest and dividends received	43	45
Interest paid	-9	-9
Income taxes paid	-2,164	-2,124
Net cash provided by (used in) operating activities	3,621	2,510
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	-2,700	-1,598
Proceeds from sale of property, plant and equipment	0	—
Purchase of intangible assets	-86	-124
Expenditure on loans	-0	-3
Proceeds from collection of loans receivable	1	1
Net increase (decrease) in payment for lease and guarantee deposits	-158	113
Other	-71	-13
Net cash provided by (used in) investing activities	-3,015	-1,625
Cash flows from financing activities		
Repayment of lease obligations	-76	-70
Purchase of treasury shares	-374	-0
Dividends paid	-1,215	-1,211
Net cash provided by (used in) financing activities	-1,666	-1,282
Net increase (decrease) in cash and cash equivalents	-1,061	-396
Cash and cash equivalents at beginning of period	19,539	21,019
Cash and cash equivalents at end of period	18,478	20,622