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Axial RETAILING

FINANCIAL INFORMATION

FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2024

Securities code: 8255 Finance and Accounting Department 0258-66-6712 ir@axial-r.com

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1. (1) Business Results for the First-Half

(Unit: Millions of yen)

	2023/9	2024/9	Change (%)	Change	
Net sales	132,603	**137,812**	**3.9**	5,209	Forecast: ¥138 billion; +1.5% at existing stores
Gross profit	38,810 (29.3%)	**40,138 (29.1%)**	**3.4**	1,328	Strengthen EDLP, Strategic Measures for Enhancing Competitiveness In-store merchandizing Loss/chance of loss management
SG&A expenses	32,603 (24.6%)	**34,323 (24.9%)**	**5.3**	1,719	Growth in personnel expenses due to upfront raises Initiatives undertaken by the Cost-Cutting Committee
Ordinary profit	6,331 (4.8%)	**5,938** (4.3%)	**-6.2**	-392	Forecast: ¥6 billion
Net profit for the first-half	4,256	**3,998**	**-6.1**	-257	Forecast: ¥4.1 billion
ROE/ROA	10.7%/10.1%	9.4%/9.0%	Full-year estimates		
Number of store openings	2	**0**	No new stores, Harashin: Kurosaki store, Niigata City (renovation) Narus: Kitajo store, Joetsu City (renovation)		
Number of store closings	1	**1**	Harashin: Tsuchihashi store, Joetsu City		

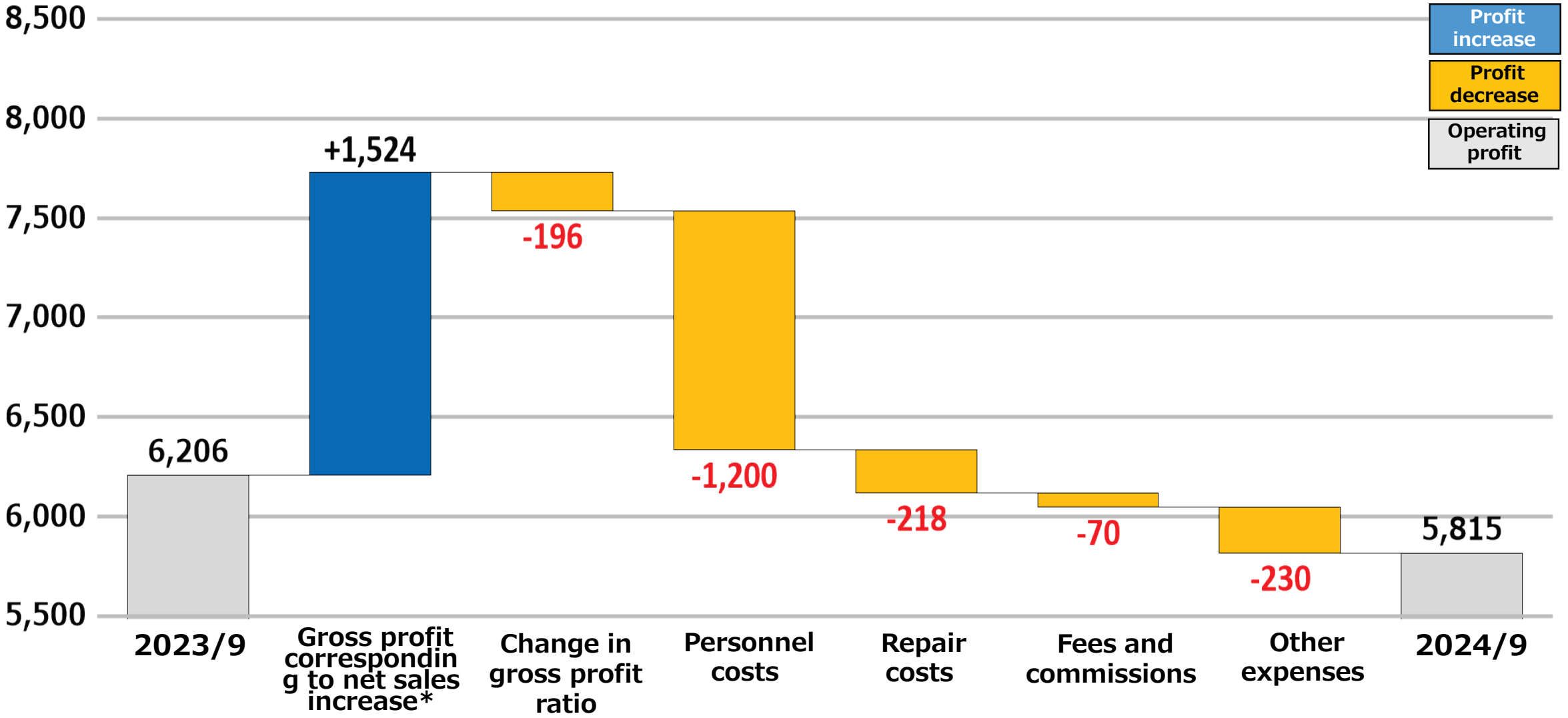
Share split: 1:4 (April 1, 2024)

1. (2) Y-o-Y comparison of monthly sales



1. (3) Factors changing operating profit

(Unit: Millions of yen)



* Gross profit corresponding to net sales increase = Sales increase × Gross profit ratio for the same period of the previous year

1. (4) Results overview by group

(Unit: Millions of yen)

	Harashin and Narus			FRESSAY		
	2024/9	Change (%)	Change	2024/9	Change (%)	Change
Net sales	**97,436**	**4.3**	**4,047**	**40,933**	**3.2**	**1,255**
Gross profit	27,760 (28.5%)	3.2	864	12,446 (30.4%)	4.0	476
SG&A expenses	23,277 (23.9%)	5.9	1,306	11,132 (27.2%)	3.1	333
Operating profit	4,483 (4.6%)	-9.0	-442	1,313 (3.2%)	12.2	143
Ordinary profit	**4,609 (4.7%)**	**-8.4**	**-421**	**1,321 (3.2%)**	**10.0**	**120**
Net profit for the first-half	3,130	-8.5	-290	894	12.0	96

1. (5) Business Results by Quarter

(Unit: Millions of yen)

	1Q (4-6)			2Q (7-9)		
	2024/4－6	Change (%)	Change	2024/7－9	Change (%)	Change
Net sales	**66,522**	**4.3**	**2,737**	**71,290**	**3.6**	**2,472**
Gross profit	19,319 (29.0%)	3.0	559	20,819 (29.2%)	3.8	769
SG&A expenses	16,663 (25.0%)	4.6	727	17,659 (24.8%)	5.9	991
Operating profit	2,655 (4.0%)	-6.0	-168	3,160 (4.4%)	-6.6	-222
Ordinary profit	**2,767 (4.2%)**	**-4.2**	**-121**	**3,170 (4.5%)**	**-7.9**	**-271**
Net profit for the first-half	1,873	-3.9	-76	2,124	-7.9	-181

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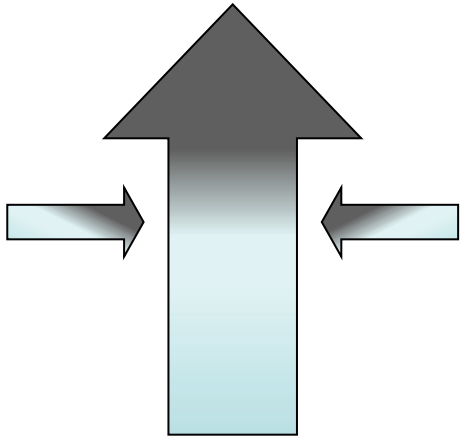
2. (1) Grand design

Deliver affluence, fun and convenience to customers by fully leveraging the merits of scale yielded by our chain store operations

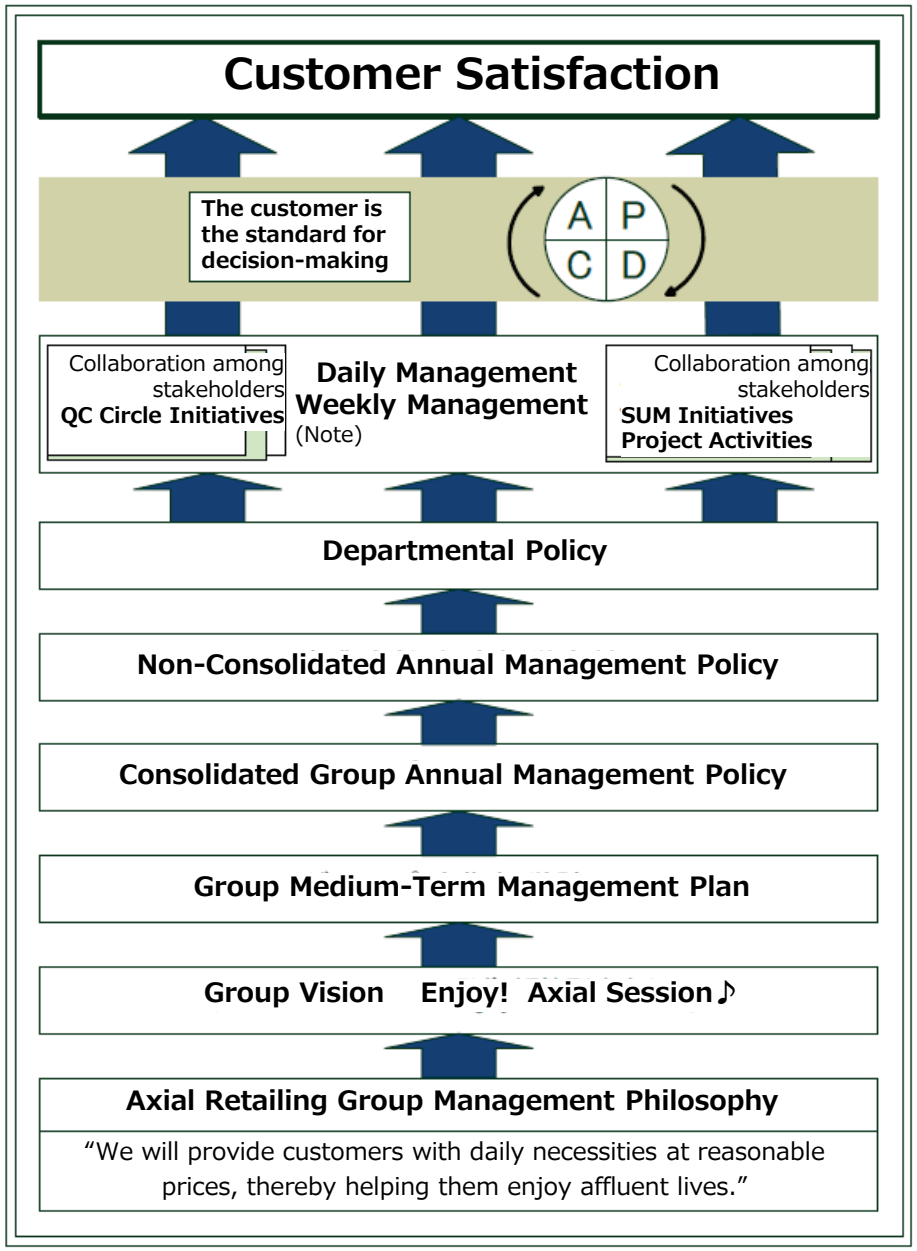
Scale



Functions

Human resources:
TQM as a foundation

2. (2) TQM and VISION, Medium-Term Management Plan





Medium-Term Management Plan (2025/3 – 2027/3)

Annual Policy / Plan

2. (3) Medium-Term Management Plan （2024 – 2026）

Scale	• Net sales ¥300 billion, with an ordinary profit ratio of 4.5% • Open 10 new stores, bringing the total number of stores from 131 to 137 at the end of 2026/3
Functions	• Relocate headquarters • Plan to redevelop the Group’s foundations (manufacturing, distribution and IT Establish Nagano Area Center, plan to improve the manufacturing and distribution base in Maebashi ） • Promote vertical MD • Promote the development of PB, original products • Promote the ESLP strategy and labor saving (reduce burdens associated with cash register operations)
Human resources	• Restructure our in-house job qualification system (tests to certify specialist qualifications) • Redevelop in-house educational programs • Develop a worker-friendly environment

2. (4) Numerical Plan Established under the Medium-Term Management Plan

(Unit: Millions of yen)

	2024/3 results	2025/3	2026/3	2027/3	Notes
Net sales	270,224	280,000	289,000	**300,000**	
Ordinary profit ratio	4.6%	4.5%	4.5%	**4.5%**	
Labor distribution rate	49.2%	49.5%	50.0%	50.0%	
Number of stores	131	131	134	**137**	
Openings/ Closing	4/2	2/2	4/1	4/1	
Investment	11,967	12,500	11,300	12,000	
ROA	9.7%			**10.0%**	Ordinary profit/ Total assets
ROE	9.2%			**10.0%**	
Notes	• Established Rory Delica Plant • Expanded Nakanoshima Chilled Center	• Relocate headquarters	• Establish Nagano Area Center • Reorganize Rory Confectionary Plant, etc.		Launch the construction of a manufacturing base in Maebashi

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3. (1) Annual policy

Shrinking and aging population

Intensifying competition transcending sector boundaries

Coming era of inflation—Challenges to be addressed even after securing customer understanding on sales price hikes

Operation “Central Focus on Deliciousness”

“Taste great!” That’s what we would like to hear from customers!

Let’s upgrade the quality of everything we do, starting with the products we offer!

3（2）Systematic Product Management





















3. (3) Launching Operation “Central Focus on Deliciousness”

Gourmet Tour – Self-improvement support system

Gourmet Food Report

some information has been omitted and restaurant names are not disclosed.

Pizza Lunch at Trattoria in Ginza

The region of the store visited: **Chuo-ku, Tokyo**

Harashin Minami Bandai Store [Bakery Division]
Haruki Ishikawa



Reason behind choice

I saw a review stating that the prices were reasonable despite being in Ginza and the pizza was the real deal. The restaurant, specializing in Neapolitan pizza and seafood, has an interior design inspired by southern Italian regions like Napoli and Sicily, creating a cozy yet authentic atmosphere.

Factors for Evaluating Deliciousness

Pizza Set Lunch Margherita



[service]
It is evident that the staff are focused on the customer, always maintaining good rapport and communicating with smiles on their faces.

A Famous Mont Blanc Shop in Obuse from a Trip to Nagano

The region of the store visited: **Kamitakai-gun , Nagano Prefecture**

Harashin Koide Higashi Store [FES Division]
Chiharu Enomoto



Reason behind choice

Obuse is famous for chestnuts. I went to a café managed by a shop that serves Mont Blanc. The name “Suzuka” is said to be derived from Hokusai Katsushika’s “Phoenix Glaring in All Directions” ceiling painting at Ganshoin Temple.

Factors for Evaluating Deliciousness

Mont Blanc Suzuka Set



[Restaurant interior]
The building coupled with a lush inner garden makes you believe you were sent back in time.

PB Comparison

Specialist Certification Exam

Omurice Certification



3. (4) New Headquarters – Launching Operation "Central Focus on Deliciousness"



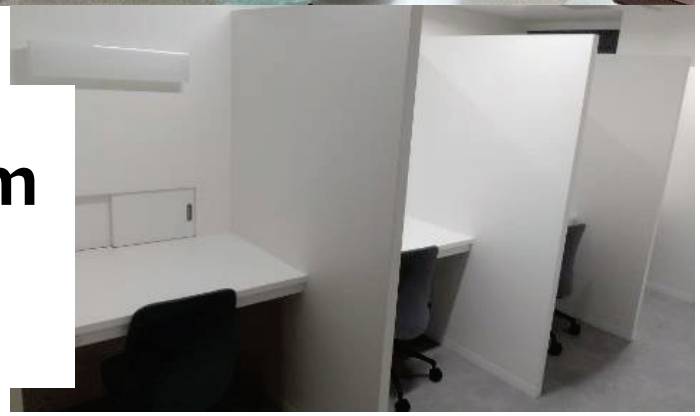
3. (5) New Headquarters – Launching Operation “Central Focus on Deliciousness



1. New Axial head office
2. Rory Processing Center (Product concentration and processing center)
3. Harashin Narus Chilled Center (low-temperature product distribution center)
4. Harashin Narus Distribution Center (room-temperature product storage center)

3. (6) Launching Operation “Central Focus on Deliciousness”





Sensory Evaluation Room

Establishing a new sensory evaluator system



Photoshoot Room

3. (7) Distribution and Manufacturing Base

Established Rory Delica Plant (Rice cooking capacity expanded 1.6 times)



Expansion of Nakonoshima Chilled Center (Can now service 10 additional stores)



3. (8) Private Brand

Over 520 Axial Brand items

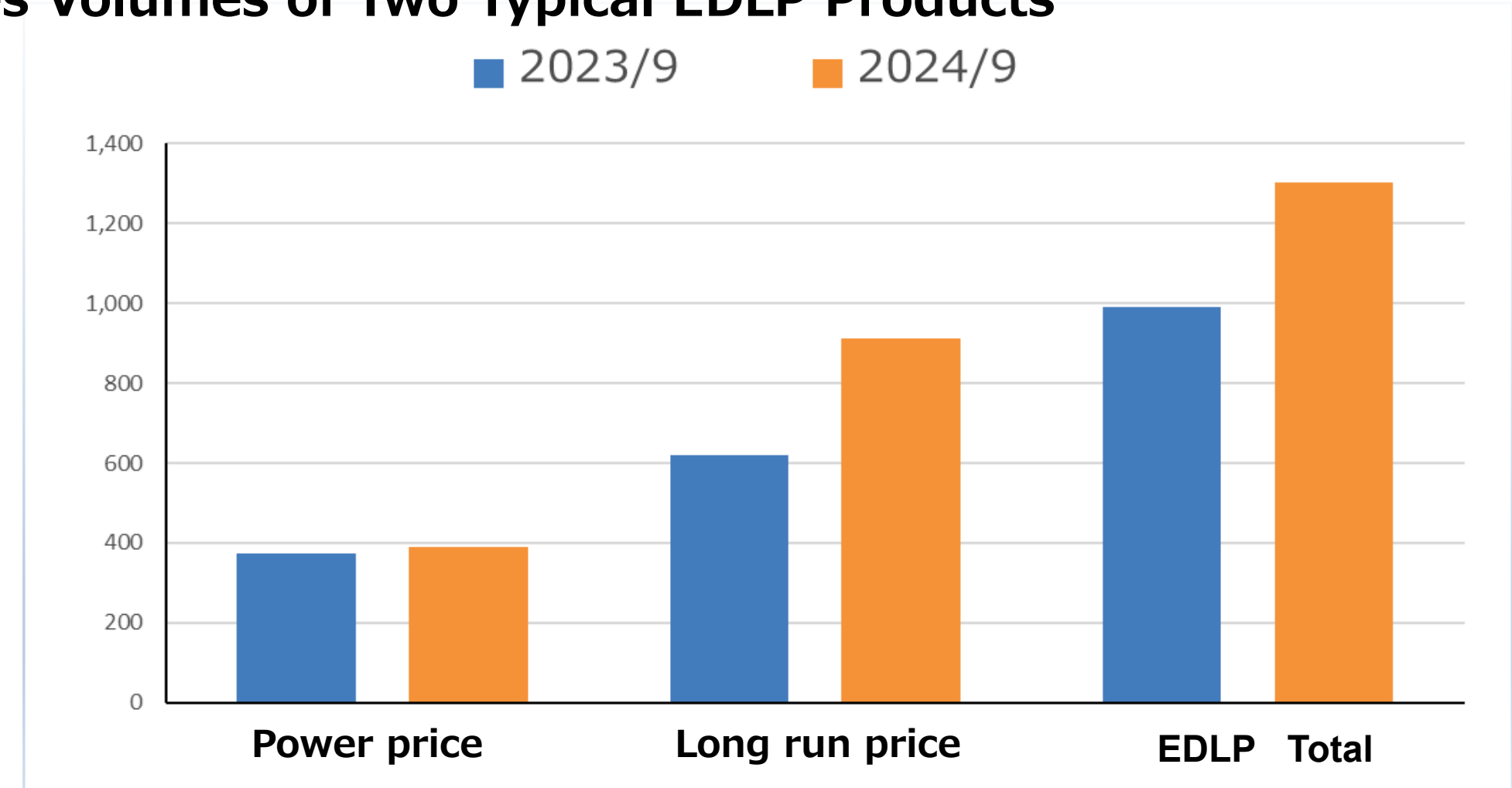
axial
いいくらし、いいあした。
good life
good tomorrow

Original brand products
that provide better quality at better prices



3. (9) Promoting EDLP Products

Sales Volumes of Two Typical EDLP Products







3. (10) Ethical MD

Integration of business activities and response to social issues

Hana-well



We launched “Hana-well,” an ethical product brand, with the aim of integrating our business activities and efforts aimed at addressing social issues. We will contribute to the resolution of social issues from the following five aspects.

Earth

We will deliver Earth-friendly products with low environmental footprints.

Healthy

We will propose products that are friendly to physical health and can contribute to the betterment of emotional health.

Local

We will disseminate the attractiveness of the nature’s blessings and local cultures that have been nurtured in regional communities even as we help ensure the succession of these assets to future generations.

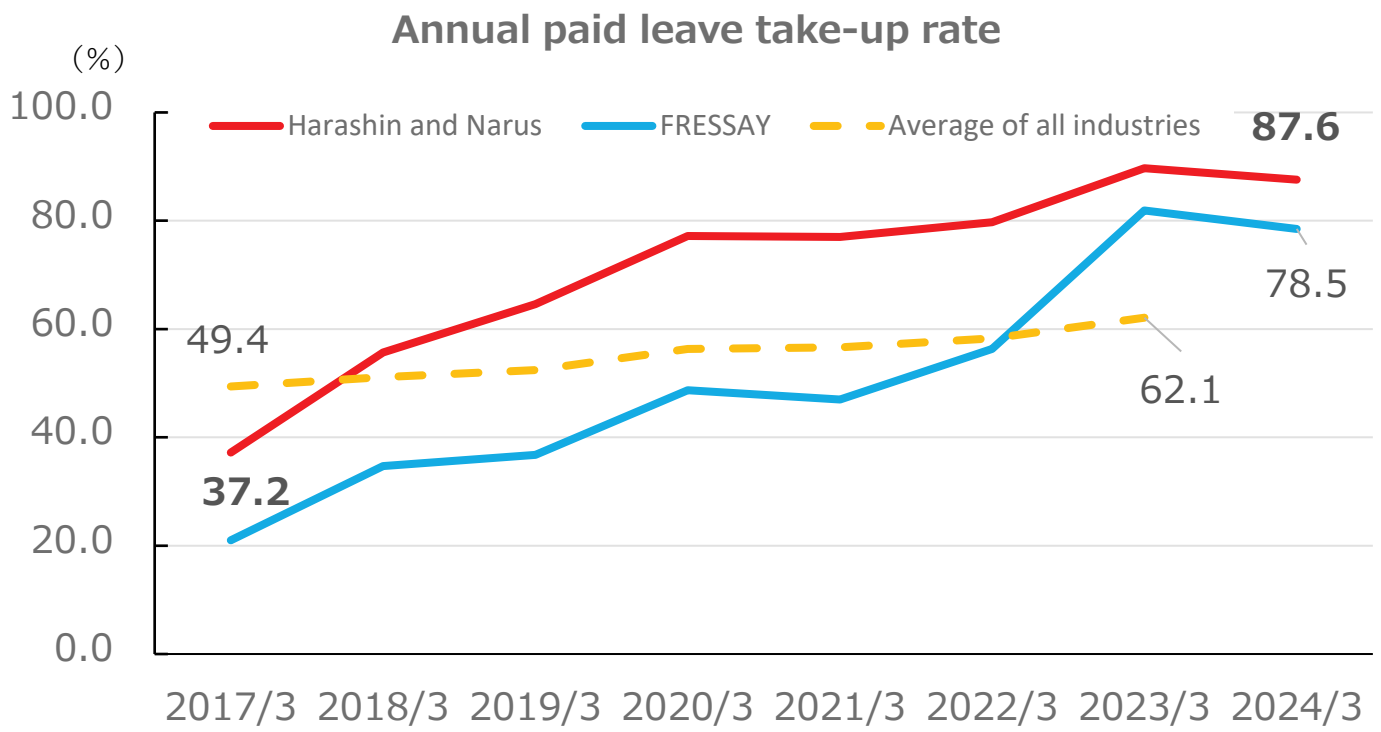
Diversity

We will support the creation of an inclusive society that enables everyone to remain true to his/her authentic self and is free of discrimination.

Future

We will empower initiatives aimed at taking on the challenge of realizing future-oriented technological innovation.

3. (11) Develop a worker-friendly environment



Paternity leave usage rate 71.4% (2024/3)

Against an average of 46.2%, based on a survey conducted by the Ministry of Health, Labour and Welfare (FY2023 average from 1,472 companies with at least 1,000 employees)



We assist in the repayment of student loans!

Employees can receive subsidies of up to ¥600,000.

Click here for details

Time spent changing clothing is included in working hours



The new headquarters includes a multipurpose leisure area

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4. (1) Business Results Forecast for the Current Fiscal Year

(Unit: Millions of yen)

	Consolidated	Change	Approximate targets by group			
			Harashin and Narus	Change	FRESSAY	Change
Net sales	**280,000**	**3.6%**	198,000	3.9%	82,000	1.5%
Operating profit	12,100	2.7%	9,700	3.4%	2,400	1.3%
Ordinary profit	**12,500**	**1.4%**	9,800	2.7%	2,500	1.2%
Net profit	7,500	0.8%	6,600	1.4%	800	1.9%
Store openings (renovations)	**2 (3)**	-2 (+1)	2 (2)	— (+1)	0 (1)	-2(—)
Dividends per share(Pre-share split basis)(Yen)	25 (100)	+3.75 (+15)	Capital expenditures: ¥12.5 billion; depreciation and amortization: ¥5.5 billion			

Assumptions for net sales forecasts	1st-half results	2nd-half results	Full-year results
All stores	4.0%	1.9%	2.9%
Existing stores	1.5%	2.2%	1.8%

Forecasts for number of customers and average spending per visit	Number of customers	Average spending per visit
All stores	**2.4%**	**1.2%**
Breakdown of average spending	**Number of items sold per customer**	**Average value of items sold**
	-2.4%	**3.0%**

4. (2) Store Openings Plan for the Second-Half of the Year Ending 2025/3



2024/11 Harashin Kureha store

Harashin Kurosaki store (renovated)

Planned opening: Harashin Agano store

Narus Kitajo store (renovated)

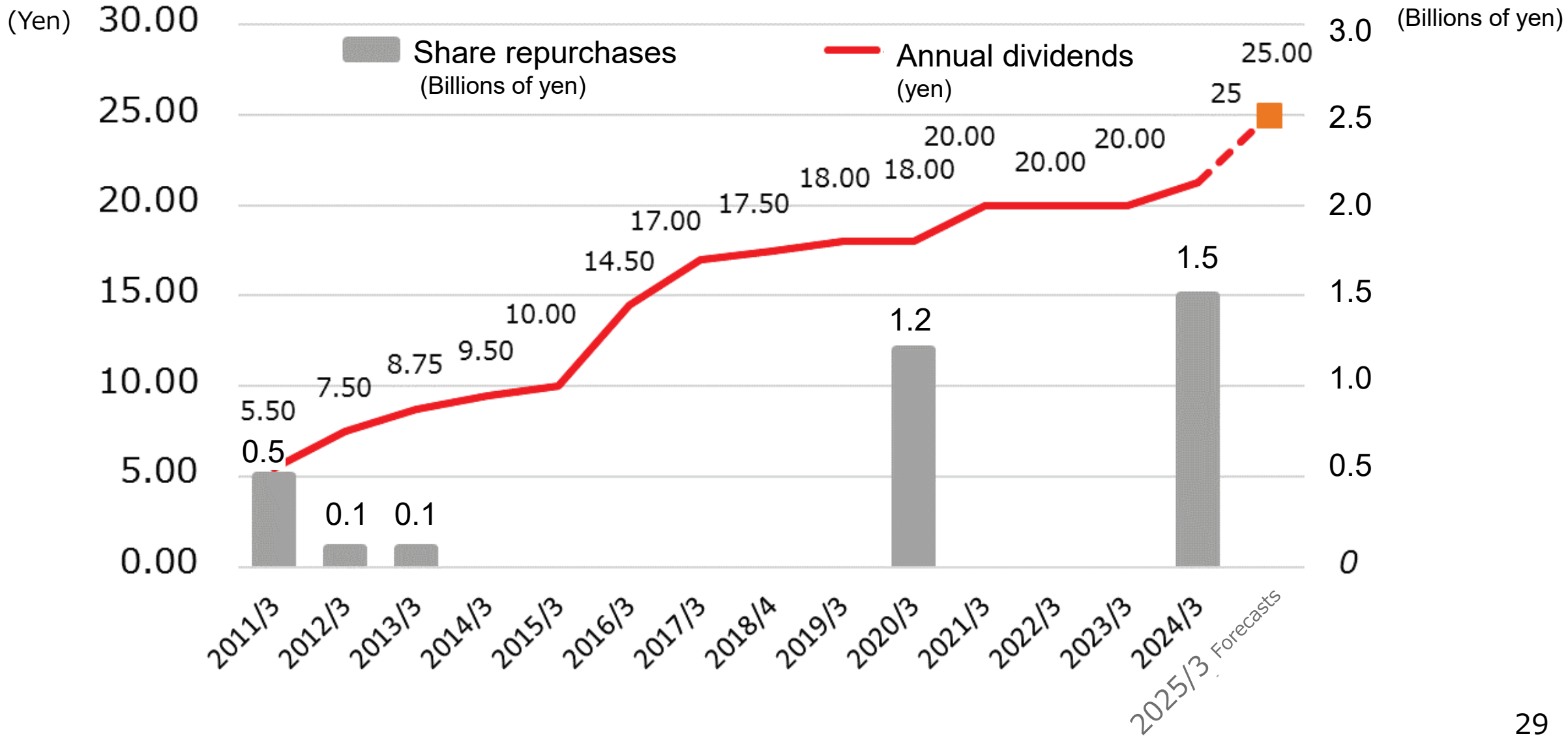
Harashin Muikamachi (under reconstruction)

2022/5 Azumino store

2021/3 Ashikagaminami store

4. (3) Shareholder returns

Dividends per share (post-share split basis) and share repurchases from the market



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Thank you for listening.