Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Based on Japanese GAAP)

February 4, 2025

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
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Scheduled date to commence dividend payments: None
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(% change YoY)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For the nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	211,148	4.0	9,287	-9.0	9,491	-8.7	6,387	-8.0
December 31, 2023	203,057	5.4	10,200	17.7	10,399	14.1	6,939	14.6

Note: Comprehensive income
For the nine months ended December 31, 2024: 6,394 million yen [-9.0%]
For the nine months ended December 31, 2023: 7,025 million yen [12.8%]

	Basic earnings per share	Diluted earnings per share
For the nine months ended	Yen	Yen
December 31, 2024	70.55	—
December 31, 2023	76.13	—

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 position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	139,334	87,452	62.8
March 31, 2024	131,390	83,298	63.4

Reference: Net assets attributable to owners of parent
As of December 31, 2024: 87,452 million yen
As of March 31, 2024: 83,298 million yen

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
Ended March 31, 2024	—	30.00	—	55.00	85.00
Ending March 31, 2025	—	11.00	—		
Ending March 31, 2025 (Forecast)				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. Consolidated financial 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
Fiscal year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Ending March 31, 2025	280,000	3.6	12,100	2.7	12,500	1.4	7,500	0.8	82.84

Note 1: Change from the latest released earnings forecasts: 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 semi-annual consolidated financial statements: None

3. Changes in accounting policies, accounting estimates and retrospective restatement
3.1. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
3.2. Changes in accounting policies due to other reasons: None
3.3. Changes in accounting estimates: None
3.4. Restatement: None
* 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)
4.1. Total number of issued shares at the end of the period (including treasury shares)
As of December 31, 2024: 93,552,156 shares, As of March 31, 2024: 93,552,156 shares
4.2. Number of treasury shares at the end of the period
As of December 31, 2024: 3,019,776 shares, As of March 31, 2024: 3,019,616 shares
4.3. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
Nine months ended December 31, 2024: 90,532,390 shares, Nine months ended December 31, 2023: 91,155,224 shares
* 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.

Cautions:

1. Review of attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)
2. 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.
3. 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)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	21,021	24,218
Notes and accounts receivable - trade	6,042	8,453
Lease investment assets	445	379
Merchandise and finished goods	5,352	6,829
Work in process	7	43
Raw materials and supplies	353	448
Income tax refund receivable	80	76
Other	3,962	3,614
Allowance for doubtful accounts	-9	-3
Total current assets	37,256	44,060
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,156	48,379
Machinery, equipment and vehicles, net	768	1,221
Land	20,870	20,870
Leased assets, net	1,516	1,408
Construction in progress	3,781	1,781
Other, net	3,132	3,459
Total property, plant and equipment	75,226	77,119
Intangible assets		
Goodwill	2	1
Other	3,006	3,198
Total intangible assets	3,009	3,200
Investments and other assets		
Investment securities	3,614	3,728
Long-term loans receivable	1	2
Retirement benefit asset	600	591
Deferred tax assets	4,039	3,275
Lease and guarantee deposits	6,809	6,534
Other	852	836
Allowance for doubtful accounts	-20	-15
Total investments and other assets	15,897	14,954
Total non-current assets	94,133	95,274
Total assets	131,390	139,334

(Yen million)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	18,895	24,751
Contract liabilities	667	728
Short-term borrowings	—	1,700
Lease obligations	266	267
Income taxes payable	2,368	597
Provision for bonuses for directors (and other officers)	324	249
Provision for bonuses	2,586	919
Other	8,236	8,434
Total current liabilities	33,344	37,650
Non-current liabilities		
Lease obligations	2,287	2,103
Asset retirement obligations	6,213	6,159
Long-term guarantee deposits	6,088	5,847
Retirement benefit liability	1	1
Other	156	120
Total non-current liabilities	14,746	14,231
Total liabilities	48,091	51,881
Net assets		
Shareholders' equity		
Share capital	3,159	3,159
Capital surplus	15,749	15,749
Retained earnings	64,973	69,119
Treasury shares	-2,727	-2,727
Total shareholders' equity	81,155	85,301
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,650	1,734
Adjustments related to retirement benefits	492	416
Total accumulated other comprehensive income	2,143	2,150
Total net assets	83,298	87,452
Total liabilities and net assets	131,390	139,334

2 Consolidated Statements of Income and Comprehensive Income

Consolidated Income Statement

(Yen million)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Net sales	203,057	211,148
Cost of sales	143,470	149,800
Gross profit	59,586	61,347
Selling, general and administrative expenses		
Employees' salaries	7,452	7,697
Miscellaneous salaries and wages	14,026	15,229
Provision for bonuses for directors (and other officers)	252	249
Provision for bonuses	1,757	1,854
Bonuses	817	855
Retirement benefit expenses	493	436
Rent expenses on land and buildings	4,132	4,170
Depreciation	3,599	3,933
Amortization of goodwill	0	0
Provision of allowance for doubtful accounts	5	0
Other	16,848	17,632
Total selling, general and administrative expenses	49,385	52,060
Operating profit	10,200	9,287
Non-operating income		
Interest income	29	21
Dividend income	63	73
Insurance income	68	108
Other	85	50
Total non-operating income	247	255
Non-operating expenses		
Interest expenses	36	37
Commission for purchase of treasury shares	10	—
Other	1	12
Total non-operating expenses	49	50
Ordinary profit	10,399	9,491
Extraordinary income		
Gain on sale of non-current assets	4	—
Gain on sale of investment securities	—	2
Total extraordinary income	4	2
Extraordinary losses		
Loss on sale of non-current assets	4	—
Loss on retirement of non-current assets	22	8
Impairment losses	84	7
Loss on sale of investment securities	0	—
Loss on valuation of investment securities	—	0
Total extraordinary losses	111	16
Profit before income taxes	10,292	9,478
Income taxes - current	2,821	2,330
Income taxes - deferred	531	760
Total income taxes	3,352	3,090
Net profit	6,939	6,387
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	6,939	6,387

Consolidated Comprehensive Income Statement

(Yen million)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Net profit	6,939	6,387
Other comprehensive income		
Valuation difference on available-for-sale securities	125	83
Adjustments related to retirement benefits	-38	-76
Total other comprehensive income	86	7
Comprehensive income	7,025	6,394
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,025	6,394
Comprehensive income attributable to non-controlling interests	—	—

3 Consolidated Cash Flow Statement

(Yen million)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	10,292	9,478
Depreciation	3,856	4,278
Impairment losses	84	7
Amortization of goodwill	0	0
Increase (decrease) in allowance for doubtful accounts	5	-10
Increase (decrease) in provision for bonuses for directors (and other officers)	-22	-74
Increase (decrease) in provision for bonuses	-1,305	-1,666
Incease (decrease) in net defined benefit asset and liability	-20	-100
Interest and dividend income	-93	-95
Interest expenses	36	37
Loss (gain) on sale of non-current assets	-0	—
Loss on retirement of non-current assets	22	8
Loss (gain) on sale of investment securities	0	-2
Loss (gain) on valuation of investment securities	—	0
Decrease (increase) in trade receivables	-2,104	-2,411
Decrease (increase) in inventories	-1,063	-1,607
Increase (decrease) in trade payables	7,111	5,856
Decrease (increase) in consumption taxes receivable / payable	91	170
Decrease (increase) in lease investment assets	70	48
Other	652	402
Subtotal	17,613	14,319
Interest and dividends received	63	75
Interest paid	-29	-30
Income taxes paid	-3,548	-3,960
Net cash provided by (used in) operating activities	14,099	10,404
Cash flows from investing activities		
Net decrease (increase) in time deposits	-0	2
Proceeds from sale of investment securities	0	3
Purchase of property, plant and equipment	-9,756	-6,242
Proceeds from sale of property, plant and equipment	3	—
Purchase of intangible assets	-591	-401
Expenditure on loans	-0	-3
Proceeds from collection of loans receivable	5	4
Purchase of shares of subsidiaries	-0	—
Proceeds from maturity of insurance funds	29	—
Net increase (decrease) in payment for lease and guarantee deposits	-45	295
Other	-143	-127
Net cash provided by (used in) investing activities	-10,499	-6,470
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	1,700
Repayment of lease obligations	-228	-202
Purchase of treasury shares	-1,510	-0
Dividends paid	-1,930	-2,231
Net cash provided by (used in) financing activities	-3,669	-734
Net increase (decrease) in cash and cash equivalents	-69	3,199
Cash and cash equivalents at beginning of period	19,539	21,019
Cash and cash equivalents at end of period	19,470	24,218