

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended May 31, 2019 (Based on Japanese GAAP)

July 9, 2019

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <https://www.izumi.co.jp/>
 Representative: President Yasuaki Yamanishi
 Senior Managing Director and Administration Division Manager
 Inquiries: Tatsuya Mikamoto TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: July 12, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for three months ended May 31, 2019 (from March 1, 2019 to May 31, 2019)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2019	184,057	3.4	6,592	(18.5)	6,582	(19.3)	4,236	(23.1)
Three months ended May 31, 2018	178,005	(0.4)	8,090	8.4	8,152	11.9	5,510	15.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2019	59.12	–
Three months ended May 31, 2018	76.89	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2019	491,793	212,182	40.8
As of February 28, 2019	484,876	211,546	41.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2019	–	40.00	–	40.00	80.00
Year ending February 29, 2020	–				
Year ending February 29, 2020 (Forecast)		40.00	–	40.00	80.00

3. Forecast of consolidated financial results for the fiscal year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2019	373,900	4.3	16,800	0.1	16,600	(1.4)	10,800	0.1	150.71
Full year	761,300	4.0	37,400	6.0	37,000	5.4	22,700	(3.4)	316.78

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of May 31, 2019	71,665,200 shares	As of February 28, 2019	71,665,200 shares
--------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of May 31, 2019	6,868 shares	As of February 28, 2019	6,700 shares
--------------------	--------------	-------------------------	--------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2019	71,658,426 shares	Three months ended May 31, 2018	71,659,414 shares
---------------------------------	-------------------	---------------------------------	-------------------

Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2019	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	8,136	8,547
Notes and accounts receivable - trade	39,784	44,976
Merchandise and finished goods	28,355	29,625
Work in process	22	62
Raw materials and supplies	558	605
Other	15,890	14,861
Allowance for doubtful accounts	(584)	(584)
Total current assets	92,164	98,095
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	162,976	162,734
Land	162,745	162,958
Other, net	12,398	13,698
Total property, plant and equipment	338,121	339,392
Intangible assets		
Goodwill	3,958	3,752
Other	8,219	8,341
Total intangible assets	12,177	12,094
Investments and other assets		
Other	42,972	42,769
Allowance for doubtful accounts	(559)	(558)
Total investments and other assets	42,413	42,211
Total non-current assets	392,711	393,697
Total assets	484,876	491,793
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,275	37,702
Short-term loans payable	25,746	29,500
Current portion of long-term loans payable	21,264	20,948
Income taxes payable	4,777	2,413
Provision for bonuses	2,132	3,764
Provision for directors' bonuses	10	22
Provision for point card certificates	2,558	2,870
Provision for loss on recollection of gift certificates	166	166
Other	25,551	29,332
Total current liabilities	113,482	126,720
Non-current liabilities		
Long-term loans payable	115,912	110,722
Provision for directors' retirement benefits	2,176	986
Provision for loss on interest repayment	102	85
Net defined benefit liability	8,050	8,173
Asset retirement obligations	7,914	7,991
Other	25,690	24,930
Total non-current liabilities	159,846	152,889
Total liabilities	273,329	279,610

(Millions of yen)

As of February 28, 2019

As of May 31, 2019

	As of February 28, 2019	As of May 31, 2019
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,247	22,247
Retained earnings	157,530	158,901
Treasury shares	(25)	(26)
Total shareholders' equity	199,367	200,736
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737	285
Remeasurements of defined benefit plans	(208)	(173)
Total accumulated other comprehensive income	529	112
Non-controlling interests	11,649	11,333
Total net assets	211,546	212,182
Total liabilities and net assets	484,876	491,793

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Millions of yen)

	Three months ended May 31, 2018	Three months ended May 31, 2019
Net sales	169,613	175,422
Cost of sales	133,018	137,814
Gross profit	36,594	37,608
Operating revenue	8,391	8,635
Operating gross profit	44,986	46,243
Selling, general and administrative expenses	36,896	39,650
Operating profit	8,090	6,592
Non-operating income		
Interest and dividend income	60	60
Purchase discounts	76	79
Share of profit of entities accounted for using equity method	30	3
Other	242	236
Total non-operating income	410	380
Non-operating expenses		
Interest expenses	242	215
Other	105	175
Total non-operating expenses	347	390
Ordinary profit	8,152	6,582
Extraordinary income		
Gain on sales of non-current assets	49	222
Subsidy income	–	238
Other	3	–
Total extraordinary income	53	461
Extraordinary losses		
Loss on retirement of non-current assets	18	14
Impairment loss	1	117
Loss on closing of stores	–	253
Other	0	61
Total extraordinary losses	19	447
Profit before income taxes	8,186	6,596
Income taxes - current	2,886	2,189
Income taxes - deferred	(320)	(24)
Total income taxes	2,566	2,165
Profit	5,619	4,431
Profit attributable to non-controlling interests	109	195
Profit attributable to owners of parent	5,510	4,236

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2018	Three months ended May 31, 2019
Profit	5,619	4,431
Other comprehensive income		
Valuation difference on available-for-sale securities	280	(674)
Remeasurements of defined benefit plans, net of tax	35	34
Total other comprehensive income	316	(639)
Comprehensive income	5,936	3,791
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,643	3,819
Comprehensive income attributable to non-controlling interests	292	(27)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2018	Three months ended May 31, 2019
Cash flows from operating activities		
Profit before income taxes	8,186	6,596
Depreciation	3,777	3,837
Impairment loss	1	117
Loss on store closings	–	253
Amortization of goodwill	221	205
Increase (decrease) in allowance for doubtful accounts	68	38
Interest and dividend income	(60)	(60)
Interest expenses	242	215
Share of loss (profit) of entities accounted for using equity method	(30)	(3)
Subsidy income	–	(238)
Loss (gain) on sales of non-current assets	(49)	(222)
Loss on retirement of non-current assets	18	14
Decrease (increase) in notes and accounts receivable - trade	(2,702)	(5,154)
Decrease (increase) in inventories	(1,202)	(1,403)
Increase (decrease) in notes and accounts payable - trade	830	6,432
Other, net	4,244	1,746
Subtotal	13,544	12,374
Interest and dividend income received	41	34
Interest expenses paid	(273)	(261)
Proceeds from subsidy income	–	877
Income taxes (paid) refund	(7,851)	(4,362)
Net cash provided by (used in) operating activities	5,461	8,663
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,429)	(1,800)
Proceeds from sales of property, plant and equipment	285	540
Purchase of intangible assets	(682)	(449)
Purchase of investment securities	(59)	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(51)
Decrease (increase) in short-term loans receivable	(278)	(232)
Other, net	109	(1,293)
Net cash provided by (used in) investing activities	(4,053)	(3,286)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	8,642	3,454
Proceeds from long-term loans payable	–	1,000
Repayments of long-term loans payable	(7,021)	(6,506)
Purchase of treasury shares	(2)	(0)
Cash dividends paid	(2,866)	(2,866)
Dividends paid to non-controlling interests	(34)	(33)
Other, net	(22)	(12)
Net cash provided by (used in) financing activities	(1,304)	(4,965)
Net increase (decrease) in cash and cash equivalents	102	410
Cash and cash equivalents at beginning of period	8,389	8,136
Cash and cash equivalents at end of period	8,492	8,547