

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2020 (Based on Japanese GAAP)

January 7, 2021

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <https://www.izumi.co.jp/>
 Representative: President and Representative Director Yasuaki Yamanishi
 Senior Managing Director and Administration Division Manager
 Inquiries: Tatsuya Mikamoto TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: January 13, 2021
 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 nine months ended November 30, 2020 (from March 1, 2020 to November 30, 2020)

(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	%
Nine months ended November 30, 2020	496,663	(9.7)	25,045	18.3	25,329	19.6	16,185	18.2
Nine months ended November 30, 2019	549,758	2.5	21,173	(10.3)	21,177	(10.1)	13,691	(10.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2020	225.87	–
Nine months ended November 30, 2019	191.06	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2020	483,851	238,727	46.7
As of February 29, 2020	490,106	226,264	43.7

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 29, 2020	–	40.00	–	40.00	80.00
Year ending February 28, 2021	–	40.00	–		
Year ending February 28, 2021 (Forecast)				40.00	80.00

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

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
Full year	701,900	(5.7)	33,200	4.1	33,200	3.8	19,000	(4.8)	265.15

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2020
(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 November 30, 2020	71,665,200 shares	As of February 29, 2020	71,665,200 shares
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Number of treasury shares at the end of the period

As of November 30, 2020	7,731 shares	As of February 29, 2020	7,346 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2020	71,657,724 shares	Nine months ended November 30, 2019	71,658,270 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
Assets		
Current assets		
Cash and deposits	8,982	9,223
Notes and accounts receivable - trade	46,392	47,264
Merchandise and finished goods	25,780	24,807
Work in process	13	56
Raw materials and supplies	535	480
Other	17,242	15,813
Allowance for doubtful accounts	(644)	(568)
Total current assets	98,302	97,078
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	161,672	157,477
Land	163,240	163,847
Other, net	12,534	12,776
Total property, plant and equipment	337,447	334,100
Intangible assets		
Goodwill	3,172	2,596
Other	8,307	8,238
Total intangible assets	11,479	10,835
Investments and other assets		
Other	43,435	42,394
Allowance for doubtful accounts	(558)	(556)
Total investments and other assets	42,877	41,837
Total non-current assets	391,804	386,773
Total assets	490,106	483,851

(Millions of yen)

As of February 29, 2020

As of November 30, 2020

Liabilities	As of February 29, 2020	As of November 30, 2020
Current liabilities		
Notes and accounts payable - trade	49,977	36,380
Short-term borrowings	2,000	14,500
Current portion of long-term borrowings	19,925	20,118
Income taxes payable	5,089	4,194
Provision for bonuses	2,206	4,243
Provision for bonuses for directors (and other officers)	27	24
Provision for point card certificates	2,695	2,773
Provision for loss on recollection of gift certificates	81	81
Provision for loss on building demolition	–	120
Other	31,958	29,508
Total current liabilities	113,962	111,947
Non-current liabilities		
Long-term borrowings	106,991	90,410
Provision for retirement benefits for directors (and other officers)	1,002	900
Provision for loss on interest repayment	114	64
Provision for loss on building demolition	–	436
Retirement benefit liability	8,514	8,962
Asset retirement obligations	8,099	8,238
Other	25,155	24,164
Total non-current liabilities	149,879	133,176
Total liabilities	263,841	245,124
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,267	22,545
Retained earnings	171,751	182,204
Treasury shares	(27)	(29)
Total shareholders' equity	213,604	224,334
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	753	1,363
Remeasurements of defined benefit plans	(12)	25
Total accumulated other comprehensive income	741	1,388
Non-controlling interests	11,918	13,004
Total net assets	226,264	238,727
Total liabilities and net assets	490,106	483,851

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

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Net sales	523,718	471,234
Cost of sales	409,203	363,321
Gross profit	114,514	107,913
Operating revenue	26,040	25,428
Operating gross profit	140,555	133,341
Selling, general and administrative expenses	119,381	108,295
Operating profit	21,173	25,045
Non-operating income		
Interest and dividend income	188	186
Purchase discounts	233	136
Share of profit of entities accounted for using equity method	12	99
Other	689	1,113
Total non-operating income	1,123	1,536
Non-operating expenses		
Interest expenses	623	540
Other	496	712
Total non-operating expenses	1,120	1,253
Ordinary profit	21,177	25,329
Extraordinary income		
Gain on sales of non-current assets	329	36
Gain on sales of investment securities	–	3,102
Subsidy income	310	–
Other	19	–
Total extraordinary income	659	3,139
Extraordinary losses		
Loss on retirement of non-current assets	150	103
Impairment loss	117	223
Loss on store closings	323	–
Loss on changes in construction project	213	–
Loss related to infectious disease	–	2,074
Loss on disaster	–	149
Provision for loss on building demolition	–	556
Other	194	179
Total extraordinary losses	999	3,287
Profit before income taxes	20,836	25,181
Income taxes - current	7,151	8,316
Income taxes - deferred	(368)	(735)
Total income taxes	6,783	7,581
Profit	14,053	17,600
Profit attributable to non-controlling interests	362	1,415
Profit attributable to owners of parent	13,691	16,185

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Profit	14,053	17,600
Other comprehensive income		
Valuation difference on available-for-sale securities	436	646
Remeasurements of defined benefit plans, net of tax	104	36
Share of other comprehensive income of entities accounted for using equity method	—	3
Total other comprehensive income	541	686
Comprehensive income	14,595	18,286
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,917	16,832
Comprehensive income attributable to non-controlling interests	678	1,454

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Cash flows from operating activities		
Profit before income taxes	20,836	25,181
Depreciation	11,954	11,696
Amortization of goodwill	593	581
Increase (decrease) in allowance for doubtful accounts	225	(77)
Interest and dividend income	(188)	(186)
Interest expenses	623	540
Share of loss (profit) of entities accounted for using equity method	(12)	(99)
Subsidy income	(310)	–
Loss (gain) on sales of non-current assets	(308)	(36)
Loss on retirement of non-current assets	150	103
Loss (gain) on sales of investment securities	–	(3,102)
Impairment loss	117	223
Loss on store closings	323	–
Loss on changes in construction project	213	–
Loss related to infectious disease	–	2,074
Loss on disaster	–	149
Increase (decrease) in provision for loss on building demolition	–	556
Decrease (increase) in trade receivables	(10,213)	(871)
Decrease (increase) in inventories	(897)	713
Increase (decrease) in trade payables	25,104	(13,596)
Other, net	5,803	1,995
Subtotal	54,016	25,844
Interest and dividends received	155	191
Interest paid	(660)	(625)
Subsidies received	949	–
Payment of loss related to infectious disease	–	(1,888)
Payments associated with disaster loss	–	(26)
Income taxes (paid) refund	(9,438)	(8,944)
Net cash provided by (used in) operating activities	45,022	14,550
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,476)	(10,779)
Proceeds from sales of property, plant and equipment	860	1,780
Purchase of intangible assets	(1,028)	(860)
Proceeds from sales of investment securities	–	4,616
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(51)	–
Other, net	(1,040)	651
Net cash provided by (used in) investing activities	(12,736)	(4,592)

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,846)	12,500
Proceeds from long-term borrowings	1,000	–
Repayments of long-term borrowings	(16,014)	(16,388)
Purchase of treasury shares	(2)	(1)
Dividends paid	(5,732)	(5,732)
Dividends paid to non-controlling interests	(34)	(34)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(27)	(56)
Other, net	(32)	(4)
Net cash provided by (used in) financing activities	(31,689)	(9,716)
Net increase (decrease) in cash and cash equivalents	596	241
Cash and cash equivalents at beginning of period	8,136	8,982
Cash and cash equivalents at end of period	8,733	9,223