

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 13, 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
 Executive Officer and General Manager of
 Inquiries: Finance & Accounting Department Kiminari Taira TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: July 14, 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 three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(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, 2021	164,954	10.7	7,832	24.2	8,050	26.1	5,081	52.7
Three months ended May 31, 2020	149,055	(19.0)	6,305	(4.4)	6,381	(3.1)	3,327	(21.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2021	70.97	–
Three months ended May 31, 2020	46.43	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2021	469,731	246,427	49.7
As of February 28, 2021	489,692	245,411	47.5

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, 2021	–	40.00	–	43.00	83.00
Year ending February 28, 2022	–				
Year ending February 28, 2022 (Forecast)		43.00	–	43.00	86.00

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

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, 2021	354,300	8.6	17,500	6.3	17,700	6.4	11,900	11.4	166.07
Full year	721,400	6.1	36,700	2.6	36,800	2.0	23,500	1.9	327.95

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2021
(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, 2021	71,665,200 shares	As of February 28, 2021	71,665,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	208,190 shares	As of February 28, 2021	8,106 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2021	71,607,042 shares	Three months ended May 31, 2020	71,657,839 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	25,306	7,452
Notes and accounts receivable - trade	42,497	44,090
Merchandise and finished goods	21,661	22,229
Work in process	20	43
Raw materials and supplies	458	452
Other	17,717	14,349
Allowance for doubtful accounts	(550)	(550)
Total current assets	107,112	88,067
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,281	154,336
Land	163,136	163,276
Other, net	12,121	12,356
Total property, plant and equipment	330,539	329,968
Intangible assets		
Goodwill	2,441	2,307
Other	8,249	8,509
Total intangible assets	10,690	10,817
Investments and other assets		
Other	41,896	41,422
Allowance for doubtful accounts	(546)	(545)
Total investments and other assets	41,350	40,877
Total non-current assets	382,580	381,663
Total assets	489,692	469,731

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,367	31,425
Short-term borrowings	1,300	14,800
Current portion of long-term borrowings	19,756	17,151
Income taxes payable	7,983	2,576
Provision for bonuses	2,204	3,959
Provision for bonuses for directors (and other officers)	36	7
Provision for point card certificates	2,416	2,451
Provision for loss on recollection of gift certificates	115	115
Provision for loss on building demolition	117	110
Other	32,298	24,162
Total current liabilities	113,596	96,761
Non-current liabilities		
Long-term borrowings	88,335	83,347
Provision for retirement benefits for directors (and other officers)	915	85
Provision for loss on interest repayment	146	142
Provision for loss on building demolition	436	436
Retirement benefit liability	8,852	8,892
Asset retirement obligations	8,267	9,199
Other	23,731	24,439
Total non-current liabilities	130,684	126,542
Total liabilities	244,281	223,303
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,545	22,580
Retained earnings	189,072	191,072
Treasury shares	(30)	(889)
Total shareholders' equity	231,200	232,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,171	1,045
Remeasurements of defined benefit plans	123	128
Total accumulated other comprehensive income	1,294	1,174
Non-controlling interests	12,915	12,874
Total net assets	245,411	246,427
Total liabilities and net assets	489,692	469,731

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, 2020	Three months ended May 31, 2021
Net sales	140,707	156,624
Cost of sales	107,277	121,360
Gross profit	33,429	35,264
Operating revenue	8,348	8,330
Operating gross profit	41,778	43,594
Selling, general and administrative expenses	35,473	35,761
Operating profit	6,305	7,832
Non-operating income		
Interest and dividend income	59	55
Purchase discounts	36	52
Share of profit of entities accounted for using equity method	39	23
Other	481	368
Total non-operating income	617	499
Non-operating expenses		
Interest expenses	190	150
Other	350	131
Total non-operating expenses	540	282
Ordinary profit	6,381	8,050
Extraordinary income		
Gain on sales of non-current assets	–	0
Gain on sales of investment securities	517	0
Subsidy income	–	11
Total extraordinary income	517	11
Extraordinary losses		
Loss on retirement of non-current assets	14	35
Impairment loss	–	233
Loss on store closings	–	79
Loss related to infectious disease	1,984	81
Other	0	13
Total extraordinary losses	1,999	442
Profit before income taxes	4,899	7,619
Income taxes - current	1,329	2,365
Income taxes - deferred	131	64
Total income taxes	1,461	2,429
Profit	3,437	5,189
Profit attributable to non-controlling interests	110	108
Profit attributable to owners of parent	3,327	5,081

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit	3,437	5,189
Other comprehensive income		
Valuation difference on available-for-sale securities	1,471	(198)
Remeasurements of defined benefit plans, net of tax	12	6
Share of other comprehensive income of entities accounted for using equity method	(2)	(1)
Total other comprehensive income	1,481	(193)
Comprehensive income	4,918	4,996
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,109	4,961
Comprehensive income attributable to non-controlling interests	809	34

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Cash flows from operating activities		
Profit before income taxes	4,899	7,619
Depreciation	3,810	3,888
Amortization of goodwill	191	133
Increase (decrease) in allowance for doubtful accounts	(20)	(0)
Interest and dividend income	(59)	(55)
Interest expenses	190	150
Share of loss (profit) of entities accounted for using equity method	(39)	(23)
Subsidy income	–	(11)
Loss (gain) on sales of non-current assets	0	(0)
Loss on retirement of non-current assets	14	35
Loss (gain) on sales of investment securities	(517)	(0)
Impairment loss	–	233
Loss on store closings	–	79
Loss related to infectious disease	1,984	81
Decrease (increase) in trade receivables	4,044	(1,593)
Decrease (increase) in inventories	1,427	(583)
Increase (decrease) in trade payables	(3,701)	(15,941)
Other, net	(1,371)	(933)
Subtotal	10,855	(6,921)
Interest and dividends received	64	61
Interest paid	(246)	(212)
Subsidies received	–	11
Payment of loss related to infectious disease	(202)	–
Income taxes (paid) refund	(4,612)	(7,383)
Net cash provided by (used in) operating activities	5,858	(14,445)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,544)	(4,685)
Proceeds from sales of property, plant and equipment	0	0
Purchase of intangible assets	(319)	(592)
Proceeds from sales of investment securities	–	8
Other, net	261	(64)
Net cash provided by (used in) investing activities	(3,602)	(5,333)

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,700	13,500
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(6,190)	(8,293)
Purchase of treasury shares	(0)	(858)
Dividends paid	(2,866)	(3,081)
Dividends paid to non-controlling interests	(34)	(32)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(7)
Other, net	(3)	(1)
Net cash provided by (used in) financing activities	2,606	1,925
Net increase (decrease) in cash and cash equivalents	4,862	(17,853)
Cash and cash equivalents at beginning of period	8,982	25,306
Cash and cash equivalents at end of period	13,844	7,452