

Translation

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

October 12, 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: October 13, 2021
 Scheduled date to commence dividend payments: November 12, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (For institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for six months ended August 31, 2021 (from March 1, 2021 to August 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	%
Six months ended August 31, 2021	331,844	1.7	15,970	(3.0)	16,214	(2.6)	10,719	0.4
Six months ended August 31, 2020	326,353	(11.8)	16,457	16.2	16,641	17.5	10,680	19.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2021	149.81	–
Six months ended August 31, 2020	149.05	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2021	467,700	252,535	51.2
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	–	43.00			
Year ending February 28, 2022 (Forecast)			–	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
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 six months ended August 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 August 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 August 31, 2021	187,224 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)

Six months ended August 31, 2021	71,551,778 shares	Six months ended August 31, 2020	71,657,800 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	25,306	9,132
Notes and accounts receivable - trade	42,497	43,719
Merchandise and finished goods	21,661	20,855
Work in process	20	59
Raw materials and supplies	458	507
Other	17,717	13,612
Allowance for doubtful accounts	(550)	(523)
Total current assets	107,112	87,362
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,281	152,539
Land	163,136	163,192
Other, net	12,121	13,029
Total property, plant and equipment	330,539	328,760
Intangible assets		
Goodwill	2,441	2,174
Other	8,249	8,760
Total intangible assets	10,690	10,934
Investments and other assets		
Other	41,896	41,205
Allowance for doubtful accounts	(546)	(563)
Total investments and other assets	41,350	40,641
Total non-current assets	382,580	380,337
Total assets	489,692	467,700

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,367	33,339
Short-term borrowings	1,300	6,900
Current portion of long-term borrowings	19,756	17,474
Income taxes payable	7,983	5,257
Provision for bonuses	2,204	2,853
Provision for bonuses for directors (and other officers)	36	6
Provision for point card certificates	2,416	2,506
Provision for loss on recollection of gift certificates	115	115
Provision for loss on building demolition	117	432
Other	32,298	23,855
Total current liabilities	113,596	92,740
Non-current liabilities		
Long-term borrowings	88,335	79,804
Provision for retirement benefits for directors (and other officers)	915	88
Provision for loss on interest repayment	146	139
Provision for loss on building demolition	436	–
Retirement benefit liability	8,852	9,018
Asset retirement obligations	8,267	9,040
Other	23,731	24,332
Total non-current liabilities	130,684	122,424
Total liabilities	244,281	215,164
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,545	22,580
Retained earnings	189,072	196,709
Treasury shares	(30)	(799)
Total shareholders' equity	231,200	238,105
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,171	1,235
Remeasurements of defined benefit plans	123	134
Total accumulated other comprehensive income	1,294	1,369
Non-controlling interests	12,915	13,060
Total net assets	245,411	252,535
Total liabilities and net assets	489,692	467,700

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

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Net sales	309,408	315,182
Cost of sales	237,506	243,266
Gross profit	71,901	71,915
Operating revenue	16,944	16,661
Operating gross profit	88,846	88,577
Selling, general and administrative expenses	72,389	72,606
Operating profit	16,457	15,970
Non-operating income		
Interest and dividend income	134	118
Purchase discounts	85	96
Share of profit of entities accounted for using equity method	71	17
Other	808	605
Total non-operating income	1,101	837
Non-operating expenses		
Interest expenses	372	295
Other	543	298
Total non-operating expenses	916	593
Ordinary profit	16,641	16,214
Extraordinary income		
Gain on sales of non-current assets	0	44
Gain on sales of investment securities	2,001	0
Subsidy income	–	248
Other	–	11
Total extraordinary income	2,001	305
Extraordinary losses		
Loss on retirement of non-current assets	25	58
Impairment loss	1	233
Loss on store closings	–	85
Loss related to infectious disease	2,074	140
Other	144	19
Total extraordinary losses	2,245	537
Profit before income taxes	16,397	15,983
Income taxes - current	4,941	4,810
Income taxes - deferred	(61)	284
Total income taxes	4,879	5,095
Profit	11,518	10,887
Profit attributable to non-controlling interests	837	168
Profit attributable to owners of parent	10,680	10,719

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	11,518	10,887
Other comprehensive income		
Valuation difference on available-for-sale securities	1,457	115
Remeasurements of defined benefit plans, net of tax	24	12
Share of other comprehensive income of entities accounted for using equity method	2	(0)
Total other comprehensive income	1,484	127
Comprehensive income	13,003	11,015
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,620	10,794
Comprehensive income attributable to non-controlling interests	1,382	220

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	16,397	15,983
Depreciation	7,704	7,879
Share-based remuneration expenses	–	22
Amortization of goodwill	383	266
Increase (decrease) in allowance for doubtful accounts	(22)	(9)
Interest and dividend income	(134)	(118)
Interest expenses	372	295
Share of loss (profit) of entities accounted for using equity method	(71)	(17)
Subsidy income	–	(248)
Loss (gain) on sales of non-current assets	0	(44)
Loss on retirement of non-current assets	25	58
Loss (gain) on sales of investment securities	(2,001)	(0)
Impairment loss	1	233
Loss on store closings	–	85
Loss related to infectious disease	2,074	140
Decrease (increase) in trade receivables	1,860	(1,222)
Decrease (increase) in inventories	2,541	719
Increase (decrease) in trade payables	(14,725)	(14,027)
Other, net	(1,412)	(1,227)
Subtotal	12,994	8,765
Interest and dividends received	140	123
Interest paid	(422)	(340)
Proceeds from subsidy income	–	248
Payment of loss related to infectious disease	(1,888)	(140)
Income taxes (paid) refund	(4,714)	(7,347)
Other, net	(22)	11
Net cash provided by (used in) operating activities	6,085	1,320
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,733)	(7,501)
Proceeds from sales of property, plant and equipment	0	128
Purchase of intangible assets	(499)	(1,176)
Proceeds from sales of investment securities	2,536	8
Other, net	500	241
Net cash provided by (used in) investing activities	(5,196)	(8,298)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	12,600	5,600
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(9,247)	(11,513)
Purchase of treasury shares	(0)	(859)
Dividends paid	(2,866)	(3,081)
Dividends paid to non-controlling interests	(34)	(33)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(56)	(7)
Other, net	(3)	(2)
Net cash provided by (used in) financing activities	391	(9,197)
Net increase (decrease) in cash and cash equivalents	1,280	(16,174)
Cash and cash equivalents at beginning of period	8,982	25,306
Cash and cash equivalents at end of period	10,262	9,132