

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2021 (Based on Japanese GAAP)

January 11, 2022

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: January 12, 2022
 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, 2021 (from March 1, 2021 to November 30, 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	%
Nine months ended November 30, 2021	496,093	(0.1)	23,868	(4.7)	23,743	(6.3)	16,371	1.2
Nine months ended November 30, 2020	496,663	(9.7)	25,045	18.3	25,329	19.6	16,185	18.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2021	228.88	–
Nine months ended November 30, 2020	225.87	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2021	477,206	255,492	50.7
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	–	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	679,100	(0.1)	34,800	(2.7)	34,600	(4.1)	22,300	(3.3)	311.81

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 2021	187,300 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)

Nine months ended November 30, 2021	71,529,614 shares	Nine months ended November 30, 2020	71,657,724 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	25,306	9,390
Notes and accounts receivable - trade	42,497	48,268
Merchandise and finished goods	21,661	23,269
Work in process	20	69
Raw materials and supplies	458	508
Other	17,717	13,524
Allowance for doubtful accounts	(550)	(537)
Total current assets	107,112	94,493
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,281	151,523
Land	163,136	166,490
Other, net	12,121	13,574
Total property, plant and equipment	330,539	331,587
Intangible assets		
Goodwill	2,441	2,041
Other	8,249	8,965
Total intangible assets	10,690	11,007
Investments and other assets		
Other	41,896	40,681
Allowance for doubtful accounts	(546)	(563)
Total investments and other assets	41,350	40,117
Total non-current assets	382,580	382,712
Total assets	489,692	477,206

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,367	37,539
Short-term borrowings	1,300	13,250
Current portion of long-term borrowings	19,756	17,979
Income taxes payable	7,983	2,747
Provision for bonuses	2,204	4,330
Provision for bonuses for directors (and other officers)	36	11
Provision for point card certificates	2,416	2,796
Provision for loss on recollection of gift certificates	115	115
Provision for loss on building demolition	117	428
Other	32,298	25,143
Total current liabilities	113,596	104,344
Non-current liabilities		
Long-term borrowings	88,335	74,510
Provision for retirement benefits for directors (and other officers)	915	90
Provision for loss on interest repayment	146	131
Provision for loss on building demolition	436	–
Retirement benefit liability	8,852	9,174
Asset retirement obligations	8,267	9,109
Other	23,731	24,354
Total non-current liabilities	130,684	117,370
Total liabilities	244,281	221,714
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,545	22,580
Retained earnings	189,072	199,289
Treasury shares	(30)	(799)
Total shareholders' equity	231,200	240,684
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,171	933
Remeasurements of defined benefit plans	123	140
Total accumulated other comprehensive income	1,294	1,074
Non-controlling interests	12,915	13,733
Total net assets	245,411	255,492
Total liabilities and net assets	489,692	477,206

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, 2020	Nine months ended November 30, 2021
Net sales	471,234	471,161
Cost of sales	363,321	364,416
Gross profit	107,913	106,745
Operating revenue	25,428	24,931
Operating gross profit	133,341	131,676
Selling, general and administrative expenses	108,295	107,808
Operating profit	25,045	23,868
Non-operating income		
Interest and dividend income	186	168
Purchase discounts	136	144
Share of profit of entities accounted for using equity method	99	–
Other	1,113	865
Total non-operating income	1,536	1,178
Non-operating expenses		
Interest expenses	540	428
Share of loss of entities accounted for using equity method	–	315
Other	712	560
Total non-operating expenses	1,253	1,304
Ordinary profit	25,329	23,743
Extraordinary income		
Gain on sales of non-current assets	36	189
Gain on sales of investment securities	3,102	0
Gain on bargain purchase	–	195
Gain on step acquisitions	–	355
Subsidy income	–	263
Other	–	11
Total extraordinary income	3,139	1,015
Extraordinary losses		
Loss on retirement of non-current assets	103	123
Impairment loss	223	247
Loss on store closings	–	85
Loss related to infectious disease	2,074	140
Provision for loss on building demolition	556	–
Other	328	20
Total extraordinary losses	3,287	618
Profit before income taxes	25,181	24,140
Income taxes - current	8,316	7,847
Income taxes - deferred	(735)	(320)
Total income taxes	7,581	7,527
Profit	17,600	16,613
Profit attributable to non-controlling interests	1,415	241
Profit attributable to owners of parent	16,185	16,371

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Profit	17,600	16,613
Other comprehensive income		
Valuation difference on available-for-sale securities	646	(385)
Remeasurements of defined benefit plans, net of tax	36	18
Share of other comprehensive income of entities accounted for using equity method	3	(3)
Total other comprehensive income	686	(370)
Comprehensive income	18,286	16,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,832	16,151
Comprehensive income attributable to non-controlling interests	1,454	90

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Cash flows from operating activities		
Profit before income taxes	25,181	24,140
Depreciation	11,696	11,940
Share-based remuneration expenses	–	45
Amortization of goodwill	581	399
Gain on bargain purchase	–	(195)
Loss (gain) on step acquisitions	–	(355)
Increase (decrease) in allowance for doubtful accounts	(77)	3
Interest and dividend income	(186)	(168)
Interest expenses	540	428
Share of loss (profit) of entities accounted for using equity method	(99)	315
Subsidy income	–	(263)
Loss (gain) on sales of non-current assets	(36)	(189)
Loss on retirement of non-current assets	103	123
Loss (gain) on sales of investment securities	(3,102)	(0)
Impairment loss	223	247
Loss on store closings	–	85
Loss related to infectious disease	2,074	140
Decrease (increase) in trade receivables	(871)	(5,770)
Decrease (increase) in inventories	713	(1,706)
Increase (decrease) in trade payables	(13,596)	(9,827)
Other, net	2,700	885
Subtotal	<u>25,844</u>	<u>20,277</u>
Interest and dividends received	191	174
Interest paid	(625)	(499)
Proceeds from subsidy income	–	263
Payment of loss related to infectious disease	(1,888)	(140)
Income taxes (paid) refund	(8,944)	(12,713)
Other, net	(26)	101
Net cash provided by (used in) operating activities	<u>14,550</u>	<u>7,462</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,779)	(12,004)
Proceeds from sales of property, plant and equipment	1,780	1,293
Purchase of intangible assets	(860)	(1,687)
Proceeds from sales of investment securities	4,616	8
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	264
Other, net	651	368
Net cash provided by (used in) investing activities	<u>(4,592)</u>	<u>(11,757)</u>

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	12,500	11,318
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(16,388)	(16,581)
Purchase of treasury shares	(1)	(859)
Dividends paid	(5,732)	(6,154)
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	(4)	(3)
Net cash provided by (used in) financing activities	(9,716)	(11,622)
Net increase (decrease) in cash and cash equivalents	241	(15,916)
Cash and cash equivalents at beginning of period	8,982	25,306
Cash and cash equivalents at end of period	9,223	9,390