

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2022 (Based on Japanese GAAP)

October 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
 General Manager of Finance & Accounting
 Inquiries: Department Kazunori Nishimoto TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: October 12, 2022
 Scheduled date to commence dividend payments: November 15, 2022
 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, 2022 (from March 1, 2022 to August 31, 2022)

(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, 2022	224,061	–	15,694	–	15,907	–	10,634	–
Six months ended August 31, 2021	331,844	1.7	15,970	(3.0)	16,214	(2.6)	10,719	0.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2022	148.77	–
Six months ended August 31, 2021	149.81	–

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending February 28, 2023, and each figure for the first six months of the fiscal year ending February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown. If the accounting standard and relevant ASBJ regulations had not been applied, operating revenue would have been ¥339,743 million (up 2.4% year on year).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2022	470,754	268,019	54.0
As of February 28, 2022	468,798	262,433	53.0

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending February 28, 2023, and each figure for the first six months of the fiscal year ending February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations.

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, 2022	–	43.00	–	43.00	86.00
Year ending February 28, 2023	–	43.00			
Year ending February 28, 2023 (Forecast)			–	43.00	86.00

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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	454,300	–	32,600	–	32,600	–	20,900	–	292.40

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending February 28, 2023, and each figure for the financial results forecasts for the fiscal year ending February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown. If the accounting standard and relevant ASBJ regulations had not been applied, the forecast for operating revenue would have been ¥697,100 million (up 3.0% year on year) for the full year.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2022
(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
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| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| 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, 2022	71,665,200 shares	As of February 28, 2022	71,665,200 shares
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Number of treasury shares at the end of the period

As of August 31, 2022	168,724 shares	As of February 28, 2022	187,562 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, 2022	71,485,587 shares	Six months ended August 31, 2021	71,551,778 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	11,621	9,671
Notes and accounts receivable - trade, and contract assets	–	46,236
Notes and accounts receivable - trade	42,794	–
Merchandise and finished goods	20,381	21,970
Work in process	95	127
Raw materials and supplies	681	586
Other	13,803	15,966
Allowance for doubtful accounts	(511)	(520)
Total current assets	<u>88,867</u>	<u>94,037</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	149,504	146,447
Land	166,542	166,494
Other, net	13,320	14,525
Total property, plant and equipment	<u>329,367</u>	<u>327,467</u>
Intangible assets		
Goodwill	1,908	1,642
Other	9,325	9,528
Total intangible assets	<u>11,234</u>	<u>11,170</u>
Investments and other assets		
Other	39,791	38,541
Allowance for doubtful accounts	(462)	(462)
Total investments and other assets	<u>39,329</u>	<u>38,079</u>
Total non-current assets	<u>379,931</u>	<u>376,717</u>
Total assets	<u>468,798</u>	<u>470,754</u>

(Millions of yen)

	As of February 28, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,697	28,189
Short-term borrowings	10,220	4,990
Current portion of long-term borrowings	19,800	20,275
Income taxes payable	6,135	5,430
Provision for bonuses	2,246	2,799
Provision for bonuses for directors (and other officers)	26	6
Contract liabilities	–	6,820
Provision for point card certificates	2,496	–
Provision for loss on recollection of gift certificates	201	–
Provision for loss on building demolition	357	61
Provision for loss on lease contracts	32	32
Other	22,619	31,873
Total current liabilities	93,835	100,478
Non-current liabilities		
Long-term borrowings	69,327	59,404
Provision for retirement benefits for directors (and other officers)	69	63
Provision for loss on interest repayment	204	219
Provision for loss on lease contracts	424	407
Retirement benefit liability	9,251	9,439
Asset retirement obligations	9,143	9,209
Other	24,109	23,512
Total non-current liabilities	112,529	102,256
Total liabilities	206,364	202,735
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,580	22,580
Retained earnings	206,121	212,203
Treasury shares	(800)	(719)
Total shareholders' equity	247,515	253,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,028	592
Remeasurements of defined benefit plans	145	160
Total accumulated other comprehensive income	1,173	752
Non-controlling interests	13,744	13,588
Total net assets	262,433	268,019
Total liabilities and net assets	468,798	470,754

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, 2021	Six months ended August 31, 2022
Operating revenue	331,844	224,061
Net sales	315,182	197,984
Cost of sales	243,266	131,854
Gross profit	71,915	66,130
Operating revenue	16,661	26,076
Operating gross profit	88,577	92,207
Selling, general and administrative expenses	72,606	76,512
Operating profit	15,970	15,694
Non-operating income		
Interest and dividend income	118	121
Purchase discounts	96	97
Share of profit of entities accounted for using equity method	17	–
Other	605	431
Total non-operating income	837	649
Non-operating expenses		
Interest expenses	295	232
Share of loss of entities accounted for using equity method	–	23
Other	298	180
Total non-operating expenses	593	436
Ordinary profit	16,214	15,907
Extraordinary income		
Gain on sale of non-current assets	44	107
Gain on sale of investment securities	0	90
Subsidy income	248	83
Other	11	13
Total extraordinary income	305	293
Extraordinary losses		
Loss on retirement of non-current assets	58	93
Impairment losses	233	28
Loss on store closings	85	113
Loss related to infectious disease	140	–
Other	19	1
Total extraordinary losses	537	237
Profit before income taxes	15,983	15,964
Income taxes - current	4,810	5,078
Income taxes - deferred	284	80
Total income taxes	5,095	5,159
Profit	10,887	10,805
Profit attributable to non-controlling interests	168	170
Profit attributable to owners of parent	10,719	10,634

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit	10,887	10,805
Other comprehensive income		
Valuation difference on available-for-sale securities	115	(724)
Remeasurements of defined benefit plans, net of tax	12	15
Share of other comprehensive income of entities accounted for using equity method	(0)	(5)
Total other comprehensive income	127	(714)
Comprehensive income	11,015	10,090
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,794	10,213
Comprehensive income attributable to non-controlling interests	220	(122)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	15,983	15,964
Depreciation	7,879	7,703
Share-based payment expenses	22	35
Amortization of goodwill	266	266
Increase (decrease) in allowance for doubtful accounts	(9)	9
Interest and dividend income	(118)	(121)
Interest expenses	295	232
Share of loss (profit) of entities accounted for using equity method	(17)	23
Subsidy income	(248)	(83)
Loss (gain) on sale of non-current assets	(44)	(105)
Loss on retirement of non-current assets	58	93
Loss (gain) on sale of investment securities	(0)	(90)
Impairment losses	233	28
Loss on store closings	85	113
Loss related to infectious disease	140	–
Decrease (increase) in trade receivables and contract assets	–	(3,318)
Decrease (increase) in trade receivables	(1,222)	–
Decrease (increase) in inventories	719	(1,525)
Increase (decrease) in trade payables	(14,027)	(1,507)
Increase (decrease) in deposits received	(151)	8,284
Other, net	(1,076)	427
Subtotal	8,765	26,430
Interest and dividends received	123	126
Interest paid	(340)	(245)
Subsidies received	248	83
Payment of loss related to infectious disease	(140)	–
Income taxes refund (paid)	(7,347)	(5,781)
Other, net	11	13
Net cash provided by (used in) operating activities	1,320	20,625
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,501)	(4,938)
Proceeds from sale of property, plant and equipment	128	572
Purchase of intangible assets	(1,176)	(846)
Proceeds from sale of investment securities	8	203
Other, net	241	221
Net cash provided by (used in) investing activities	(8,298)	(4,788)

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,600	(5,230)
Proceeds from long-term borrowings	700	–
Repayments of long-term borrowings	(11,513)	(9,447)
Purchase of treasury shares	(859)	(1)
Dividends paid	(3,081)	(3,073)
Dividends paid to non-controlling interests	(33)	(32)
Other, net	(9)	(2)
Net cash provided by (used in) financing activities	(9,197)	(17,787)
Net increase (decrease) in cash and cash equivalents	(16,174)	(1,950)
Cash and cash equivalents at beginning of period	25,306	11,621
Cash and cash equivalents at end of period	9,132	9,671