

Translation

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Summary of Consolidated Financial Results for the Year Ended February 29, 2024 (Based on Japanese GAAP)

June 27, 2024

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 Manabu Tanabe TEL +81-82-264-3211
 Date of ordinary general meeting of shareholders: May 29, 2024
 Scheduled date to file Securities Report: July 31, 2024
 Commencement date of dividend payments: May 30, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (For institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(1) Consolidated financial results

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	%
Year ended February 29, 2024	471,166	2.4	31,425	(6.6)	32,322	(6.0)	20,485	(11.7)
Year ended February 28, 2023	460,140	–	33,644	–	34,396	–	23,188	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/operating revenue
	Yen	Yen	%	%	%
Year ended February 29, 2024	286.47	–	7.5	6.7	6.7
Year ended February 28, 2023	324.36	–	9.0	7.3	7.3

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2021) and relevant ASBJ regulations from the beginning of the fiscal year ended February 28, 2023, and each figure for the fiscal year ended February 28, 2023 and the fiscal year ended February 29, 2024 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change for the fiscal year ended February 28, 2023 is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	489,509	294,233	57.3	3,922.84
As of February 28, 2023	478,541	278,104	55.4	3,706.99

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2024	31,563	(24,747)	(5,149)	11,997
Year ended February 28, 2023	38,313	(10,045)	(29,557)	10,331

2. Cash dividends

	Annual dividends per share					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2023	–	43.00	–	44.00	87.00	6,220	26.8	2.4
Year ended February 29, 2024	–	44.00	–	45.00	89.00	6,365	31.1	2.3
Year ending February 28, 2025 (Forecast)	–	45.00	–	45.00	90.00		–	

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

The forecast of consolidated financial results for the fiscal year ending February 28, 2025 is yet to be disclosed as there are presently numerous factors with the potential to affect the financial results that have not been finalized, making it difficult to provide an appropriate and reasonable calculation. The forecast of consolidated financial results for the fiscal year ending February 28, 2025 will be disclosed as soon as a reasonable calculation becomes possible.

4. Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2024	71,665,200 shares	As of February 28, 2023	71,665,200 shares
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Number of treasury shares at the end of the period

As of February 29, 2024	146,909 shares	As of February 28, 2023	168,894 shares
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Average number of shares during the period

Year ended February 29, 2024	71,511,503 shares	Year ended February 28, 2023	71,490,583 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	10,331	11,997
Notes and accounts receivable - trade, and contract assets	47,493	52,002
Merchandise and finished goods	23,741	25,496
Work in process	82	101
Raw materials and supplies	564	663
Other	18,376	14,422
Allowance for doubtful accounts	(522)	(531)
Total current assets	100,067	104,153
Non-current assets		
Property, plant and equipment		
Buildings and structures	408,757	427,017
Accumulated depreciation	(264,264)	(274,064)
Buildings and structures, net	144,492	152,953
Machinery, equipment and vehicles	12,179	12,982
Accumulated depreciation	(8,474)	(9,258)
Machinery, equipment and vehicles, net	3,705	3,724
Land	166,207	167,901
Leased assets	16	16
Accumulated depreciation	(3)	(3)
Leased assets, net	13	12
Construction in progress	6,444	1,933
Other	44,118	44,723
Accumulated depreciation	(36,771)	(36,803)
Other, net	7,346	7,920
Total property, plant and equipment	328,209	334,444
Intangible assets		
Goodwill	1,375	843
Other	10,455	10,096
Total intangible assets	11,831	10,939
Investments and other assets		
Investment securities	7,931	10,540
Long-term loans receivable	1,398	79
Deferred tax assets	10,690	11,775
Leasehold and guarantee deposits	15,488	15,056
Other	3,384	3,088
Allowance for doubtful accounts	(460)	(568)
Total investments and other assets	38,433	39,972
Total non-current assets	378,474	385,356
Total assets	478,541	489,509

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,076	24,140
Short-term borrowings	7,590	26,700
Current portion of long-term borrowings	18,430	15,573
Accounts payable - other	14,133	13,109
Income taxes payable	6,124	5,540
Provision for bonuses	2,251	2,325
Provision for bonuses for directors (and other officers)	79	57
Contract liabilities	6,970	7,190
Provision for loss on building demolition	–	213
Provision for loss on lease contracts	32	32
Provision for system failure response costs	–	1,001
Other	25,374	20,188
Total current liabilities	107,064	116,074
Non-current liabilities		
Long-term borrowings	50,517	35,444
Lease liabilities	13	12
Long-term leasehold and guarantee deposits received	21,843	21,850
Provision for retirement benefits for directors (and other officers)	68	81
Provision for loss on interest repayment	241	255
Provision for loss on building demolition	–	209
Provision for loss on lease contracts	391	358
Retirement benefit liability	8,841	9,267
Deferred tax liabilities	950	1,209
Asset retirement obligations	9,484	9,641
Other	1,019	871
Total non-current liabilities	93,372	79,202
Total liabilities	200,437	195,276
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,753	22,753
Retained earnings	221,682	235,852
Treasury shares	(720)	(625)
Total shareholders' equity	263,329	277,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,041	2,380
Remeasurements of defined benefit plans	664	579
Total accumulated other comprehensive income	1,706	2,960
Non-controlling interests	13,068	13,678
Total net assets	278,104	294,233
Total liabilities and net assets	478,541	489,509

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Operating revenue	460,140	471,166
Net sales	406,857	415,633
Cost of sales	270,611	275,802
Gross profit	136,245	139,831
Operating revenue	53,282	55,532
Operating gross profit	189,528	195,363
Selling, general and administrative expenses		
Advertising and promotion expenses	8,814	9,479
Distribution expenses	8,850	9,117
Provision of allowance for doubtful accounts	208	218
Employees' salaries and bonuses	53,278	55,109
Provision for bonuses	2,117	2,209
Welfare expenses	10,645	11,646
Retirement benefit expenses	1,102	958
Rent expenses	11,307	11,208
Utilities expenses	14,979	14,970
Depreciation	15,147	15,823
Other	29,432	33,198
Total selling, general and administrative expenses	155,883	163,938
Operating profit	33,644	31,425
Non-operating income		
Interest and dividend income	226	214
Purchase discounts	199	221
Gain on adjustment of accounts payable	227	68
Share of profit of entities accounted for using equity method	5	52
Contribution income	70	147
Other	659	647
Total non-operating income	1,388	1,352
Non-operating expenses		
Interest expenses	429	310
Other	207	144
Total non-operating expenses	636	455
Ordinary profit	34,396	32,322

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Extraordinary income		
Gain on sale of non-current assets	579	1,157
Gain on sale of investment securities	90	15
Subsidy income	121	–
Subsidy income	13	247
Other	26	–
Total extraordinary income	831	1,420
Extraordinary losses		
Loss on sale of non-current assets	251	882
Loss on retirement of non-current assets	195	228
Impairment losses	330	1,408
Loss on store closings	186	261
System failure response costs	–	1,039
Provision for loss on building demolition	–	422
Other	0	9
Total extraordinary losses	962	4,254
Profit before income taxes	34,265	29,488
Income taxes - current	11,154	10,426
Income taxes - deferred	(310)	(1,568)
Total income taxes	10,843	8,857
Profit	23,421	20,630
Profit attributable to non-controlling interests	232	144
Profit attributable to owners of parent	23,188	20,485

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Profit	23,421	20,630
Other comprehensive income		
Valuation difference on available-for-sale securities	(127)	1,831
Remeasurements of defined benefit plans, net of tax	521	(84)
Share of other comprehensive income of entities accounted for using equity method	(3)	5
Total other comprehensive income	390	1,752
Comprehensive income	23,811	22,382
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,720	21,739
Comprehensive income attributable to non-controlling interests	90	642

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,613	22,580	206,121	(800)	247,515
Cumulative effects of changes in accounting policies			(1,449)		(1,449)
Restated balance	19,613	22,580	204,671	(800)	246,065
Changes during period					
Dividends of surplus			(6,147)		(6,147)
Profit attributable to owners of parent			23,188		23,188
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(29)		82	53
Transfer to retained earnings from other capital surplus		29	(29)		–
Purchase of shares of consolidated subsidiaries		172			172
Net changes in items other than shareholders' equity					
Total changes during period	–	172	17,011	80	17,264
Balance at end of period	19,613	22,753	221,682	(720)	263,329

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,028	145	1,173	13,744	262,433
Cumulative effects of changes in accounting policies					(1,449)
Restated balance	1,028	145	1,173	13,744	260,983
Changes during period					
Dividends of surplus					(6,147)
Profit attributable to owners of parent					23,188
Purchase of treasury shares					(2)
Disposal of treasury shares					53
Transfer to retained earnings from other capital surplus					–
Purchase of shares of consolidated subsidiaries					172
Net changes in items other than shareholders' equity	13	518	532	(675)	(143)
Total changes during period	13	518	532	(675)	17,120
Balance at end of period	1,041	664	1,706	13,068	278,104

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,613	22,753	221,682	(720)	263,329
Changes during period					
Dividends of surplus			(6,292)		(6,292)
Profit attributable to owners of parent			20,485		20,485
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		(22)		97	74
Transfer to retained earnings from other capital surplus		22	(22)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	14,170	94	14,265
Balance at end of period	19,613	22,753	235,852	(625)	277,594

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,041	664	1,706	13,068	278,104
Changes during period					
Dividends of surplus					(6,292)
Profit attributable to owners of parent					20,485
Purchase of treasury shares					(3)
Disposal of treasury shares					74
Transfer to retained earnings from other capital surplus					–
Net changes in items other than shareholders' equity	1,338	(84)	1,253	609	1,863
Total changes during period	1,338	(84)	1,253	609	16,129
Balance at end of period	2,380	579	2,960	13,678	294,233

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	34,265	29,488
Depreciation	15,997	16,641
Share-based payment expenses	62	68
Amortization of goodwill	532	532
Increase (decrease) in allowance for doubtful accounts	9	116
Interest and dividend income	(226)	(214)
Interest expenses	429	310
Share of loss (profit) of entities accounted for using equity method	(5)	(52)
Subsidy income	(13)	(247)
Subsidy income	(121)	–
Loss (gain) on sale of non-current assets	(328)	(274)
Loss on retirement of non-current assets	195	228
Loss (gain) on sale of investment securities	(90)	(15)
Impairment losses	330	1,408
Loss on store closings	186	261
System failure response costs	–	1,039
Increase (decrease) in provision for loss on building demolition	(284)	422
Increase (decrease) in provision for loss on lease contracts	(32)	(32)
Decrease (increase) in trade receivables and contract assets	(4,575)	(4,509)
Decrease (increase) in inventories	(3,230)	(1,872)
Increase (decrease) in trade payables	(3,620)	(1,935)
Increase (decrease) in deposits received	12,131	(4,645)
Increase (decrease) in retirement benefit liability	384	484
Other, net	(2,517)	5,273
Subtotal	49,476	42,476
Interest and dividends received	232	221
Interest paid	(463)	(334)
Subsidies received	103	247
Subsidies received	121	–
System failure response costs paid	–	(38)
Income taxes refund (paid)	(11,156)	(11,009)
Net cash provided by (used in) operating activities	38,313	31,563
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,845)	(27,010)
Proceeds from sale of property, plant and equipment	1,713	2,469
Purchase of intangible assets	(2,302)	(1,430)
Purchase of investment securities	–	(3)
Proceeds from sale of investment securities	204	21
Other, net	184	1,206
Net cash provided by (used in) investing activities	(10,045)	(24,747)

(Millions of yen)

	Year ended February 28, 2023	Year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,630)	19,110
Proceeds from long-term borrowings	–	500
Repayments of long-term borrowings	(20,180)	(18,430)
Purchase of treasury shares	(1)	(2)
Dividends paid	(6,147)	(6,292)
Dividends paid to non-controlling interests	(32)	(32)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(560)	–
Other, net	(3)	(0)
Net cash provided by (used in) financing activities	(29,557)	(5,149)
Net increase (decrease) in cash and cash equivalents	(1,289)	1,666
Cash and cash equivalents at beginning of period	11,621	10,331
Cash and cash equivalents at end of period	10,331	11,997