

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2024 (Based on Japanese GAAP)

August 28, 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
 General Manager of Finance & Accounting
 Inquiries: Department Takashi Mukai TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: August 30, 2024
 Scheduled date to commence dividend payments: –
 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 three months ended May 31, 2024 (from March 1, 2024 to May 31, 2024)

(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, 2024	108,784	(4.8)	5,811	(28.7)	6,063	(27.2)	3,933	(28.9)
Three months ended May 31, 2023	114,314	3.8	8,150	3.6	8,324	4.8	5,529	4.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2024	55.00		–	
Three months ended May 31, 2023	77.35		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	496,872	294,560	56.6
As of February 29, 2024	489,509	294,233	57.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2024	–	44.00	–	45.00	89.00
Year ending February 28, 2025	–				
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)

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, 2024	238,300	2.1	11,700	(24.6)	11,900	(24.7)	7,300	(30.2)	102.07
Full year	527,300	11.9	26,500	(15.7)	26,300	(18.6)	14,400	(29.7)	201.35

(Note) Changes in the most recently announced forecast of financial results: Yes

For details, please refer to the “Notice Regarding Forecast of Financial Results” (in Japanese only) announced today.

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2024
(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, 2024	71,665,200 shares	As of February 29, 2024	71,665,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2024	146,966 shares	As of February 29, 2024	146,909 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, 2024	71,518,266 shares	Three months ended May 31, 2023	71,496,004 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	11,997	10,180
Notes and accounts receivable - trade, and contract assets	52,002	55,839
Merchandise and finished goods	25,496	28,883
Work in process	101	110
Raw materials and supplies	663	679
Other	14,422	14,602
Allowance for doubtful accounts	(531)	(545)
Total current assets	104,153	109,750
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	152,953	154,293
Land	167,901	168,514
Other, net	13,589	12,849
Total property, plant and equipment	334,444	335,657
Intangible assets		
Goodwill	843	1,498
Other	10,096	9,900
Total intangible assets	10,939	11,399
Investments and other assets		
Other	40,540	40,633
Allowance for doubtful accounts	(568)	(568)
Total investments and other assets	39,972	40,064
Total non-current assets	385,356	387,121
Total assets	489,509	496,872

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,140	30,282
Short-term borrowings	26,700	25,900
Current portion of long-term borrowings	15,573	13,941
Accounts payable - other	13,109	11,064
Income taxes payable	5,540	7,524
Provision for bonuses	2,325	4,017
Provision for bonuses for directors (and other officers)	57	63
Contract liabilities	7,190	7,370
Provision for loss on building demolition	213	330
Provision for loss on lease contracts	32	32
Provision for system failure response costs	1,001	778
Other	20,188	24,716
Total current liabilities	116,074	126,023
Non-current liabilities		
Long-term borrowings	35,444	32,608
Long-term leasehold and guarantee deposits received	21,850	21,898
Provision for retirement benefits for directors (and other officers)	81	46
Provision for loss on interest repayment	255	261
Provision for loss on lease contracts	358	350
Provision for loss on building demolition	209	209
Retirement benefit liability	9,267	9,414
Asset retirement obligations	9,641	9,765
Other	2,093	1,731
Total non-current liabilities	79,202	76,287
Total liabilities	195,276	202,311
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,753	22,753
Retained earnings	235,852	236,568
Treasury shares	(625)	(625)
Total shareholders' equity	277,594	278,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,380	2,374
Remeasurements of defined benefit plans	579	546
Total accumulated other comprehensive income	2,960	2,920
Non-controlling interests	13,678	13,329
Total net assets	294,233	294,560
Total liabilities and net assets	489,509	496,872

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, 2023	Three months ended May 31, 2024
Operating revenue	114,314	108,784
Net sales	100,369	94,812
Cost of sales	66,639	64,046
Gross profit	33,729	30,765
Operating revenue	13,945	13,972
Operating gross profit	47,674	44,738
Selling, general and administrative expenses	39,524	38,926
Operating profit	8,150	5,811
Non-operating income		
Interest and dividend income	37	24
Purchase discounts	56	56
Share of profit of entities accounted for using equity method	14	11
Other	217	271
Total non-operating income	325	364
Non-operating expenses		
Interest expenses	88	64
Other	62	47
Total non-operating expenses	151	111
Ordinary profit	8,324	6,063
Extraordinary income		
Gain on sale of non-current assets	95	–
Subsidy income	156	–
Other	15	–
Total extraordinary income	266	–
Extraordinary losses		
Loss on retirement of non-current assets	46	15
Impairment losses	65	128
Loss on store closings	162	0
Provision for loss on building demolition	–	117
Other	–	0
Total extraordinary losses	274	263
Profit before income taxes	8,317	5,800
Income taxes - current	2,518	2,476
Income taxes - deferred	207	(626)
Total income taxes	2,725	1,850
Profit	5,592	3,949
Profit attributable to non-controlling interests	62	15
Profit attributable to owners of parent	5,529	3,933

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2023	Three months ended May 31, 2024
Profit	5,592	3,949
Other comprehensive income		
Valuation difference on available-for-sale securities	303	(339)
Remeasurements of defined benefit plans, net of tax	(31)	(33)
Share of other comprehensive income of entities accounted for using equity method	(2)	1
Total other comprehensive income	269	(370)
Comprehensive income	5,861	3,578
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,690	3,894
Comprehensive income attributable to non-controlling interests	171	(315)

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Cash flows from operating activities		
Profit before income taxes	8,317	5,800
Depreciation	3,867	4,166
Share-based payment expenses	12	18
Amortization of goodwill	133	133
Increase (decrease) in allowance for doubtful accounts	98	10
Interest and dividend income	(37)	(24)
Interest expenses	88	64
Share of loss (profit) of entities accounted for using equity method	(14)	(11)
Subsidy income	(156)	–
Loss (gain) on sale of non-current assets	(95)	–
Loss on retirement of non-current assets	46	15
Impairment losses	65	128
Loss on store closings	162	0
Increase (decrease) in provision for loss on building demolition	–	117
Decrease (increase) in trade receivables and contract assets	(4,048)	(3,779)
Decrease (increase) in inventories	(2,146)	(3,321)
Increase (decrease) in trade payables	2,556	5,790
Increase (decrease) in deposits received	454	2,602
Other, net	5,721	3,684
Subtotal	15,026	15,396
Interest and dividends received	43	30
Interest paid	(101)	(77)
Subsidies received	156	–
System failure response costs paid	–	(222)
Income taxes refund (paid)	(5,658)	(685)
Net cash provided by (used in) operating activities	9,466	14,441
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,727)	(5,956)
Proceeds from sale of property, plant and equipment	444	13
Purchase of intangible assets	(461)	(279)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,564)
Other, net	(7)	47
Net cash provided by (used in) investing activities	(3,752)	(7,740)

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,400	(800)
Proceeds from long-term borrowings	500	–
Repayments of long-term borrowings	(5,401)	(4,467)
Purchase of treasury shares	(0)	(0)
Dividends paid	(3,145)	(3,218)
Dividends paid to non-controlling interests	(32)	(32)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(6,680)	(8,518)
Net increase (decrease) in cash and cash equivalents	(966)	(1,817)
Cash and cash equivalents at beginning of period	10,331	11,997
Cash and cash equivalents at end of period	9,364	10,180