

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2020 (Based on Japanese GAAP)

July 14, 2020

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
 Senior Managing Director and Administration Division Manager
 Inquiries: Tatsuya Mikamoto TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: July 15, 2020
 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 three months ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(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, 2020	149,055	(19.0)	6,305	(4.4)	6,381	(3.1)	3,327	(21.5)
Three months ended May 31, 2019	184,057	3.4	6,592	(18.5)	6,582	(19.3)	4,236	(23.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2020	46.43	–
Three months ended May 31, 2019	59.12	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2020	489,250	228,283	44.1
As of February 29, 2020	490,106	226,264	43.7

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 29, 2020	–	40.00	–	40.00	80.00
Year ending February 28, 2021	–				
Year ending February 28, 2021 (Forecast)		40.00	–	40.00	80.00

(Note) Changes in the most recently announced dividend forecast: Yes

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

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

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, 2020	334,500	(9.5)	16,000	13.0	16,000	13.0	9,700	8.2	135.37
Full year	701,900	(5.7)	33,200	4.1	33,200	3.8	19,000	(4.8)	265.15

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

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

4. Notes

(1) Changes in significant subsidiaries during the three months ended May 31, 2020

(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, 2020	71,665,200 shares	As of February 29, 2020	71,665,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2020	7,366 shares	As of February 29, 2020	7,346 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, 2020	71,657,839 shares	Three months ended May 31, 2019	71,658,426 shares
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* Quarterly financial results are not subject to quarterly review by a certified public accountant or audit firm.

* Proper use of forecast of financial results, and other special matters

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Please refer to “1. Qualitative information regarding results for the first three months, (3) Explanation of forecast of consolidated financial results and other forward-looking statements” on page 5 of the attached materials (in Japanese only) for the suppositions that form the assumptions for forecast of financial results and cautions concerning the use thereof.

Quarterly consolidated financial statements
Quarterly consolidated balance sheets

	(Millions of yen)	
	As of February 29, 2020	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	8,982	13,844
Notes and accounts receivable - trade	46,392	42,348
Merchandise and finished goods	25,780	24,209
Work in process	13	28
Raw materials and supplies	535	491
Other	17,242	17,763
Allowance for doubtful accounts	(644)	(624)
Total current assets	98,302	98,060
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	161,672	159,405
Land	163,240	163,896
Other, net	12,534	12,139
Total property, plant and equipment	337,447	335,440
Intangible assets		
Goodwill	3,172	2,980
Other	8,307	8,305
Total intangible assets	11,479	11,285
Investments and other assets		
Other	43,435	45,021
Allowance for doubtful accounts	(558)	(557)
Total investments and other assets	42,877	44,463
Total non-current assets	391,804	391,189
Total assets	490,106	489,250
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,977	47,059
Short-term borrowings	2,000	13,700
Current portion of long-term borrowings	19,925	22,023
Income taxes payable	5,089	1,502
Provision for bonuses	2,206	3,783
Provision for bonuses for directors (and other officers)	27	7
Provision for point card certificates	2,695	2,285
Provision for loss on recollection of gift certificates	81	81
Other	31,958	28,691
Total current liabilities	113,962	119,135
Non-current liabilities		
Long-term borrowings	106,991	98,703
Provision for retirement benefits for directors (and other officers)	1,002	869
Provision for loss on interest repayment	114	93
Retirement benefit liability	8,514	8,590
Asset retirement obligations	8,099	8,167
Other	25,155	25,406
Total non-current liabilities	149,879	141,831
Total liabilities	263,841	260,967

(Millions of yen)

As of February 29, 2020

As of May 31, 2020

Net assets

Shareholders' equity

Share capital	19,613	19,613
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Capital surplus	22,267	22,267
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Retained earnings	171,751	172,212
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Treasury shares	(27)	(28)
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Total shareholders' equity	213,604	214,065
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Accumulated other comprehensive income

Valuation difference on available-for-sale securities	753	1,523
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Remeasurements of defined benefit plans	(12)	0
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Total accumulated other comprehensive income	741	1,523
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Non-controlling interests

	11,918	12,693
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Total net assets

	226,264	228,283
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Total liabilities and net assets

	490,106	489,250
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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, 2019	Three months ended May 31, 2020
Net sales	175,422	140,707
Cost of sales	137,814	107,277
Gross profit	37,608	33,429
Operating revenue	8,635	8,348
Operating gross profit	46,243	41,778
Selling, general and administrative expenses	39,650	35,473
Operating profit	6,592	6,305
Non-operating income		
Interest and dividend income	60	59
Purchase discounts	79	36
Share of profit of entities accounted for using equity method	3	39
Other	236	481
Total non-operating income	380	617
Non-operating expenses		
Interest expenses	215	190
Other	175	350
Total non-operating expenses	390	540
Ordinary profit	6,582	6,381
Extraordinary income		
Gain on sales of non-current assets	222	—
Gain on sales of investment securities	—	517
Subsidy income	238	—
Total extraordinary income	461	517
Extraordinary losses		
Loss on retirement of non-current assets	14	14
Impairment loss	117	—
Loss on store closings	253	—
Loss related to infectious disease	—	1,984
Other	61	0
Total extraordinary losses	447	1,999
Profit before income taxes	6,596	4,899
Income taxes - current	2,189	1,329
Income taxes - deferred	(24)	131
Total income taxes	2,165	1,461
Profit	4,431	3,437
Profit attributable to non-controlling interests	195	110
Profit attributable to owners of parent	4,236	3,327

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2019	Three months ended May 31, 2020
Profit	4,431	3,437
Other comprehensive income		
Valuation difference on available-for-sale securities	(674)	1,471
Remeasurements of defined benefit plans, net of tax	34	12
Share of other comprehensive income of entities accounted for using equity method	—	(2)
Total other comprehensive income	(639)	1,481
Comprehensive income	3,791	4,918
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,819	4,109
Comprehensive income attributable to non-controlling interests	(27)	809

Quarterly consolidated statements of cash flows

	(Millions of yen)	
	Three months ended May 31, 2019	Three months ended May 31, 2020
Cash flows from operating activities		
Profit before income taxes	6,596	4,899
Depreciation	3,837	3,810
Amortization of goodwill	205	191
Increase (decrease) in allowance for doubtful accounts	38	(20)
Interest and dividend income	(60)	(59)
Interest expenses	215	190
Share of loss (profit) of entities accounted for using equity method	(3)	(39)
Subsidy income	(238)	–
Loss (gain) on sales of non-current assets	(222)	0
Loss on retirement of non-current assets	14	14
Loss (gain) on sales of investment securities	–	(517)
Impairment loss	117	–
Loss on store closings	253	–
Loss related to infectious disease	–	1,984
Decrease (increase) in trade receivables	(5,154)	4,044
Decrease (increase) in inventories	(1,403)	1,427
Increase (decrease) in trade payables	6,432	(3,701)
Other, net	1,746	(1,371)
Subtotal	12,374	10,855
Interest and dividends received	34	64
Interest paid	(261)	(246)
Subsidies received	877	–
Payment of loss related to infectious disease	–	(202)
Income taxes (paid) refund	(4,362)	(4,612)
Net cash provided by (used in) operating activities	8,663	5,858
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,800)	(3,544)
Proceeds from sales of property, plant and equipment	540	0
Purchase of intangible assets	(449)	(319)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(51)	–
Other, net	(1,526)	261
Net cash provided by (used in) investing activities	(3,286)	(3,602)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,454	11,700
Proceeds from long-term borrowings	1,000	–
Repayments of long-term borrowings	(6,506)	(6,190)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,866)	(2,866)
Dividends paid to non-controlling interests	(33)	(34)
Other, net	(12)	(3)
Net cash provided by (used in) financing activities	(4,965)	2,606
Net increase (decrease) in cash and cash equivalents	410	4,862
Cash and cash equivalents at beginning of period	8,136	8,982
Cash and cash equivalents at end of period	8,547	13,844