

Translation

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

October 13, 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: October 14, 2020
 Scheduled date to commence dividend payments: November 12, 2020
 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, 2020 (from March 1, 2020 to August 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	%
Six months ended August 31, 2020	326,353	(11.8)	16,457	16.2	16,641	17.5	10,680	19.1
Six months ended August 31, 2019	369,814	3.1	14,163	(15.6)	14,164	(15.9)	8,966	(16.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2020	149.05	—
Six months ended August 31, 2019	125.13	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2020	481,470	236,310	46.4
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	—	40.00			
Year ending February 28, 2021 (Forecast)			—	40.00	80.00

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	701,900	(5.7)	33,200	4.1	33,200	3.8	19,000	(4.8)	265.15

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 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 August 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 August 31, 2020	7,497 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)

Six months ended August 31, 2020	71,657,800 shares	Six months ended August 31, 2019	71,658,352 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 29, 2020	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	8,982	10,262
Notes and accounts receivable - trade	46,392	44,532
Merchandise and finished goods	25,780	23,004
Work in process	13	21
Raw materials and supplies	535	490
Other	17,242	15,030
Allowance for doubtful accounts	(644)	(623)
Total current assets	98,302	92,718
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	161,672	158,665
Land	163,240	164,039
Other, net	12,534	11,896
Total property, plant and equipment	337,447	334,601
Intangible assets		
Goodwill	3,172	2,788
Other	8,307	8,180
Total intangible assets	11,479	10,969
Investments and other assets		
Other	43,435	43,738
Allowance for doubtful accounts	(558)	(556)
Total investments and other assets	42,877	43,181
Total non-current assets	391,804	388,752
Total assets	490,106	481,470
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,977	35,252
Short-term borrowings	2,000	14,600
Current portion of long-term borrowings	19,925	22,191
Income taxes payable	5,089	5,291
Provision for bonuses	2,206	2,776
Provision for bonuses for directors (and other officers)	27	11
Provision for point card certificates	2,695	2,538
Provision for loss on recollection of gift certificates	81	81
Other	31,958	24,034
Total current liabilities	113,962	106,777
Non-current liabilities		
Long-term borrowings	106,991	95,478
Provision for retirement benefits for directors (and other officers)	1,002	887
Provision for loss on interest repayment	114	83
Retirement benefit liability	8,514	8,775
Asset retirement obligations	8,099	8,196
Other	25,155	24,959
Total non-current liabilities	149,879	138,382
Total liabilities	263,841	245,159

(Millions of yen)

As of February 29, 2020

As of August 31, 2020

Net assets

Shareholders' equity

Share capital	19,613	19,613
Capital surplus	22,267	22,545
Retained earnings	171,751	179,566
Treasury shares	(27)	(28)
Total shareholders' equity	213,604	221,696

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	753	1,668
Remeasurements of defined benefit plans	(12)	12
Total accumulated other comprehensive income	741	1,681

Non-controlling interests

	11,918	12,932
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Total net assets

	226,264	236,310
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Total liabilities and net assets

	490,106	481,470
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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, 2019	Six months ended August 31, 2020
Net sales	352,432	309,408
Cost of sales	275,253	237,506
Gross profit	77,178	71,901
Operating revenue	17,381	16,944
Operating gross profit	94,560	88,846
Selling, general and administrative expenses	80,396	72,389
Operating profit	14,163	16,457
Non-operating income		
Interest and dividend income	136	134
Purchase discounts	158	85
Share of profit of entities accounted for using equity method	7	71
Other	429	808
Total non-operating income	731	1,101
Non-operating expenses		
Interest expenses	425	372
Other	306	543
Total non-operating expenses	731	916
Ordinary profit	14,164	16,641
Extraordinary income		
Gain on sales of non-current assets	253	0
Gain on sales of investment securities	—	2,001
Subsidy income	305	—
Total extraordinary income	558	2,001
Extraordinary losses		
Loss on retirement of non-current assets	56	25
Impairment loss	117	1
Loss on valuation of investment securities	221	—
Loss on store closings	299	—
Loss on changes in construction project	213	—
Loss related to infectious disease	—	2,074
Loss on disaster	—	144
Other	74	0
Total extraordinary losses	984	2,245
Profit before income taxes	13,738	16,397
Income taxes - current	4,379	4,941
Income taxes - deferred	128	(61)
Total income taxes	4,507	4,879
Profit	9,230	11,518
Profit attributable to non-controlling interests	263	837
Profit attributable to owners of parent	8,966	10,680

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended August 31, 2019	Six months ended August 31, 2020
Profit	9,230	11,518
Other comprehensive income		
Valuation difference on available-for-sale securities	68	1,457
Remeasurements of defined benefit plans, net of tax	69	24
Share of other comprehensive income of entities accounted for using equity method	—	2
Total other comprehensive income	138	1,484
Comprehensive income	9,369	13,003
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,964	11,620
Comprehensive income attributable to non-controlling interests	404	1,382

Quarterly consolidated statements of cash flows

	(Millions of yen)	
	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	13,738	16,397
Depreciation	7,857	7,704
Amortization of goodwill	402	383
Increase (decrease) in allowance for doubtful accounts	52	(22)
Interest and dividend income	(136)	(134)
Interest expenses	425	372
Share of loss (profit) of entities accounted for using equity method	(7)	(71)
Subsidy income	(305)	–
Loss (gain) on sales of non-current assets	(235)	0
Loss on retirement of non-current assets	56	25
Loss (gain) on sales of investment securities	–	(2,001)
Loss (gain) on valuation of investment securities	221	–
Impairment loss	117	1
Loss on store closings	299	–
Loss on changes in construction project	213	–
Loss related to infectious disease	–	2,074
Loss on disaster	–	144
Decrease (increase) in trade receivables	(5,397)	1,860
Decrease (increase) in inventories	(220)	2,541
Increase (decrease) in trade payables	26,767	(14,725)
Other, net	5,027	(1,557)
Subtotal	48,877	12,994
Interest and dividends received	105	140
Interest paid	(402)	(422)
Subsidies received	944	–
Payment of loss related to infectious disease	–	(1,888)
Payments associated with disaster loss	–	(22)
Income taxes (paid) refund	(4,353)	(4,714)
Net cash provided by (used in) operating activities	45,170	6,085
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,357)	(7,733)
Proceeds from sales of property, plant and equipment	578	0
Purchase of intangible assets	(723)	(499)
Proceeds from sales of investment securities	–	2,536
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(51)	–
Other, net	(1,104)	500
Net cash provided by (used in) investing activities	(7,658)	(5,196)

	(Millions of yen)	
	Six months ended August 31, 2019	Six months ended August 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17,346)	12,600
Proceeds from long-term borrowings	1,000	—
Repayments of long-term borrowings	(10,361)	(9,247)
Purchase of treasury shares	(1)	(0)
Dividends paid	(2,866)	(2,866)
Dividends paid to non-controlling interests	(34)	(34)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(27)	(56)
Other, net	(23)	(3)
Net cash provided by (used in) financing activities	(29,660)	391
Net increase (decrease) in cash and cash equivalents	7,852	1,280
Cash and cash equivalents at beginning of period	8,136	8,982
Cash and cash equivalents at end of period	15,989	10,262