

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP)

April 12, 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 of ordinary general meeting of shareholders: May 25, 2022
 Scheduled date to file Securities Report: May 26, 2022
 Scheduled date to commence dividend payments: May 26, 2022
 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 28, 2022 (from March 1, 2021 to February 28, 2022)

(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 28, 2022	676,800	(0.4)	34,717	(3.0)	34,696	(3.8)	23,204	0.7
Year ended February 28, 2021	679,778	(8.7)	35,781	12.2	36,078	12.8	23,053	15.5

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2022	324.45	—	9.6	7.2	5.4
Year ended February 28, 2021	321.72	—	10.3	7.4	5.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	468,798	262,433	53.0	3,479.26
As of February 28, 2021	489,692	245,411	47.5	3,244.56

(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 28, 2022	18,577	(14,246)	(18,016)	11,621
Year ended February 28, 2021	48,320	(6,633)	(25,361)	25,306

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, 2021	—	40.00	—	43.00	83.00	5,947	25.8	2.7
Year ended February 28, 2022	—	43.00	—	43.00	86.00	6,147	26.5	2.6
Year ending February 28, 2023 (Forecast)	—	43.00	—	43.00	86.00		29.4	

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
Six months ending August 31, 2022	223,800	—	15,100	—	15,100	—	9,900	—	138.50
Full year	454,300	—	32,600	—	32,600	—	20,900	—	292.40

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 28, 2022	71,665,200 shares	As of February 28, 2021	71,665,200 shares
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Number of treasury shares at the end of the period

As of February 28, 2022	187,562 shares	As of February 28, 2021	8,106 shares
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Average number of shares during the period

Year ended February 28, 2022	71,517,631 shares	Year ended February 28, 2021	71,657,606 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	25,306	11,621
Notes and accounts receivable - trade	42,497	42,794
Merchandise and finished goods	21,661	20,381
Work in process	20	95
Raw materials and supplies	458	681
Other	17,717	13,803
Allowance for doubtful accounts	(550)	(511)
Total current assets	107,112	88,867
Non-current assets		
Property, plant and equipment		
Buildings and structures	400,335	408,013
Accumulated depreciation	(245,053)	(258,508)
Buildings and structures, net	155,281	149,504
Machinery, equipment and vehicles	11,242	11,873
Accumulated depreciation	(7,185)	(7,968)
Machinery, equipment and vehicles, net	4,057	3,904
Land	163,136	166,542
Leased assets	84	81
Accumulated depreciation	(64)	(64)
Leased assets, net	20	16
Construction in progress	497	2,002
Other	42,840	43,650
Accumulated depreciation	(35,294)	(36,254)
Other, net	7,545	7,396
Total property, plant and equipment	330,539	329,367
Intangible assets		
Goodwill	2,441	1,908
Other	8,249	9,325
Total intangible assets	10,690	11,234
Investments and other assets		
Investment securities	9,876	8,729
Long-term loans receivable	1,542	1,418
Deferred tax assets	9,244	9,750
Leasehold and guarantee deposits	16,909	15,846
Other	4,322	4,047
Allowance for doubtful accounts	(546)	(462)
Total investments and other assets	41,350	39,329
Total non-current assets	382,580	379,931
Total assets	489,692	468,798

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,367	29,697
Short-term borrowings	1,300	10,220
Current portion of long-term borrowings	19,756	19,800
Accounts payable - other	14,076	7,429
Income taxes payable	7,983	6,135
Provision for bonuses	2,204	2,246
Provision for bonuses for directors (and other officers)	36	26
Provision for point card certificates	2,416	2,496
Provision for loss on recollection of gift certificates	115	201
Provision for loss on building demolition	117	357
Provision for loss on lease contracts	—	32
Asset retirement obligations	39	194
Other	18,183	14,994
Total current liabilities	113,596	93,835
Non-current liabilities		
Long-term borrowings	88,335	69,327
Lease obligations	17	14
Long-term leasehold and guarantee deposits received	22,552	22,170
Provision for retirement benefits for directors (and other officers)	915	69
Provision for loss on interest repayment	146	204
Provision for loss on building demolition	436	—
Provision for loss on lease contracts	—	424
Retirement benefit liability	8,852	9,251
Deferred tax liabilities	980	870
Asset retirement obligations	8,267	9,143
Other	180	1,053
Total non-current liabilities	130,684	112,529
Total liabilities	244,281	206,364
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,545	22,580
Retained earnings	189,072	206,121
Treasury shares	(30)	(800)
Total shareholders' equity	231,200	247,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,171	1,028
Remeasurements of defined benefit plans	123	145
Total accumulated other comprehensive income	1,294	1,173
Non-controlling interests	12,915	13,744
Total net assets	245,411	262,433
Total liabilities and net assets	489,692	468,798

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

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
Net sales	645,672	643,280
Cost of sales	498,204	497,337
Gross profit	147,467	145,943
Operating revenue	34,105	33,519
Operating gross profit	181,573	179,463
Selling, general and administrative expenses		
Advertising and promotion expenses	9,643	9,647
Distribution expenses	8,152	8,005
Provision of allowance for doubtful accounts	184	159
Employees' salaries and bonuses	53,319	52,324
Provision for bonuses	2,119	2,136
Welfare expenses	10,522	10,320
Retirement benefit expenses	1,213	1,125
Rent expenses	11,526	11,248
Utilities expenses	7,482	7,986
Depreciation	15,243	15,267
Provision for retirement benefits for directors (and other officers)	(57)	153
Other	26,441	26,369
Total selling, general and administrative expenses	145,791	144,745
Operating profit	35,781	34,717
Non-operating income		
Interest and dividend income	243	224
Purchase discounts	183	193
Share of profit of entities accounted for using equity method	84	—
Penalty income	149	97
Other	1,232	1,085
Total non-operating income	1,893	1,600
Non-operating expenses		
Interest expenses	700	555
Compensation expenses	115	101
Share of loss of entities accounted for using equity method	—	290
Other	781	674
Total non-operating expenses	1,597	1,621
Ordinary profit	36,078	34,696

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
Extraordinary income		
Gain on sale of non-current assets	57	191
Gain on sale of investment securities	3,115	18
Gain on bargain purchase	—	195
Gain on step acquisitions	—	355
Subsidy income	—	267
Income from insurance	412	—
Other	25	11
Total extraordinary income	3,610	1,039
Extraordinary losses		
Loss on sale of non-current assets	1	—
Loss on retirement of non-current assets	121	147
Impairment losses	1,641	601
Loss related to infectious disease	2,074	140
Loss on disaster	222	—
Provision for loss on building demolition	556	—
Provision of reserve for loss on lease contracts	—	456
Other	218	108
Total extraordinary losses	4,835	1,456
Profit before income taxes	34,852	34,280
Income taxes - current	11,788	10,987
Income taxes - deferred	(1,482)	(229)
Total income taxes	10,306	10,758
Profit	24,546	23,521
Profit attributable to non-controlling interests	1,493	317
Profit attributable to owners of parent	23,053	23,204

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended February 28, 2021	Year ended February 28, 2022
Profit	24,546	23,521
Other comprehensive income		
Valuation difference on available-for-sale securities	287	(360)
Remeasurements of defined benefit plans, net of tax	126	26
Share of other comprehensive income of entities accounted for using equity method	12	(2)
Total other comprehensive income	425	(336)
Comprehensive income	24,972	23,184
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,607	23,082
Comprehensive income attributable to non-controlling interests	1,365	101

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,613	22,267	171,751	(27)	213,604
Changes during period					
Dividends of surplus			(5,732)		(5,732)
Profit attributable to owners of parent			23,053		23,053
Purchase of treasury shares				(2)	(2)
Purchase of shares of consolidated subsidiaries		278			278
Net changes in items other than shareholders' equity					
Total changes during period	—	278	17,320	(2)	17,596
Balance at end of period	19,613	22,545	189,072	(30)	231,200

	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	753	(12)	741	11,918	226,264
Changes during period					
Dividends of surplus					(5,732)
Profit attributable to owners of parent					23,053
Purchase of treasury shares					(2)
Purchase of shares of consolidated subsidiaries					278
Net changes in items other than shareholders' equity	418	135	553	996	1,550
Total changes during period	418	135	553	996	19,146
Balance at end of period	1,171	123	1,294	12,915	245,411

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,613	22,545	189,072	(30)	231,200
Changes during period					
Dividends of surplus			(6,154)		(6,154)
Profit attributable to owners of parent			23,204		23,204
Purchase of treasury shares				(860)	(860)
Disposal of treasury shares		(0)		90	90
Transfer to retained earnings from other capital surplus		0	(0)		—
Purchase of shares of consolidated subsidiaries		35			35
Net changes in items other than shareholders' equity					
Total changes during period	—	35	17,048	(769)	16,314
Balance at end of period	19,613	22,580	206,121	(800)	247,515

	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	1,171	123	1,294	12,915	245,411
Changes during period					
Dividends of surplus					(6,154)
Profit attributable to owners of parent					23,204
Purchase of treasury shares					(860)
Disposal of treasury shares					90
Transfer to retained earnings from other capital surplus					—
Purchase of shares of consolidated subsidiaries					35
Net changes in items other than shareholders' equity	(143)	22	(121)	828	707
Total changes during period	(143)	22	(121)	828	17,021
Balance at end of period	1,028	145	1,173	13,744	262,433

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
Cash flows from operating activities		
Profit before income taxes	34,852	34,280
Depreciation	15,872	16,138
Share-based payment expenses	—	67
Amortization of goodwill	737	532
Gain on bargain purchase	—	(195)
Loss (gain) on step acquisitions	—	(355)
Increase (decrease) in allowance for doubtful accounts	(106)	(22)
Interest and dividend income	(243)	(224)
Interest expenses	700	555
Share of loss (profit) of entities accounted for using equity method	(84)	290
Income from insurance	(412)	—
Subsidy income	—	(267)
Loss (gain) on sale of non-current assets	(55)	(191)
Loss on retirement of non-current assets	121	147
Loss (gain) on sale of investment securities	(3,115)	(18)
Impairment losses	1,641	601
Loss related to infectious disease	2,074	140
Loss on disaster	222	—
Increase (decrease) in provision for loss on building demolition	554	(55)
Increase (decrease) in provision for loss on lease contracts	—	456
Decrease (increase) in trade receivables	3,895	(297)
Decrease (increase) in inventories	3,917	983
Increase (decrease) in trade payables	(2,610)	(17,669)
Increase (decrease) in retirement benefit liability	449	401
Other, net	917	(3,871)
Subtotal	59,328	31,427
Interest and dividends received	248	236
Interest paid	(742)	(619)
Proceeds from insurance income	412	—
Subsidies received	—	267
Payment of loss related to infectious disease	(1,888)	(140)
Payments associated with disaster loss	(104)	—
Income taxes refund (paid)	(9,049)	(12,694)
Other, net	115	101
Net cash provided by (used in) operating activities	48,320	18,577
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,632)	(13,998)
Proceeds from sale of property, plant and equipment	1,835	1,305
Purchase of intangible assets	(1,289)	(2,337)
Proceeds from sale of investment securities	4,697	38
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	264
Other, net	754	480
Net cash provided by (used in) investing activities	(6,633)	(14,246)

	(Millions of yen)	
	Year ended February 28, 2021	Year ended February 28, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(705)	8,288
Proceeds from long-term borrowings	1,100	700
Repayments of long-term borrowings	(19,925)	(19,943)
Purchase of treasury shares	(2)	(860)
Dividends paid	(5,732)	(6,154)
Dividends paid to non-controlling interests	(34)	(33)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(56)	(7)
Other, net	(5)	(4)
Net cash provided by (used in) financing activities	(25,361)	(18,016)
Net increase (decrease) in cash and cash equivalents	16,324	(13,685)
Cash and cash equivalents at beginning of period	8,982	25,306
Cash and cash equivalents at end of period	25,306	11,621