

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

January 10, 2023

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
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 Department
 Scheduled date to file Quarterly Securities Report: January 11, 2023
 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 nine months ended November 30, 2022 (from March 1, 2022 to November 30, 2022)

(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	%
Nine months ended November 30, 2022	333,922	–	22,198	–	22,496	–	15,264	–
Nine months ended November 30, 2021	496,093	(0.1)	23,868	(4.7)	23,743	(6.3)	16,371	1.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2022	213.52	–
Nine months ended November 30, 2021	228.88	–

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending February 28, 2023, and each figure for the first nine months of the fiscal year ending February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown. If the accounting standard and relevant ASBJ regulations had not been applied, operating revenue would have been ¥508,494 million (up 2.5% year on year).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2022	479,829	269,524	53.5
As of February 28, 2022	468,798	262,433	53.0

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending February 28, 2023, and each figure for the first nine months of the fiscal year ending February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations.

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 28, 2022	–	43.00	–	43.00	86.00
Year ending February 28, 2023	–	43.00	–		
Year ending February 28, 2023 (Forecast)				43.00	86.00

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
Full year	454,300	—	32,600	—	32,600	—	20,900	—	292.40

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ending February 28, 2023, and each figure for the financial results forecasts for the fiscal year ending February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change is not shown. If the accounting standard and relevant ASBJ regulations had not been applied, the forecast for operating revenue would have been ¥697,100 million (up 3.0% year on year) for the full year.

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2022
(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: Yes
- 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 November 30, 2022	71,665,200 shares	As of February 28, 2022	71,665,200 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	168,765 shares	As of February 28, 2022	187,562 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2022	71,488,844 shares	Nine months ended November 30, 2021	71,529,614 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	11,621	8,117
Notes and accounts receivable - trade, and contract assets	—	50,255
Notes and accounts receivable - trade	42,794	—
Merchandise and finished goods	20,381	25,443
Work in process	95	106
Raw materials and supplies	681	582
Other	13,803	17,024
Allowance for doubtful accounts	(511)	(543)
Total current assets	88,867	100,986
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	149,504	146,714
Land	166,542	167,071
Other, net	13,320	14,635
Total property, plant and equipment	329,367	328,421
Intangible assets		
Goodwill	1,908	1,509
Other	9,325	9,524
Total intangible assets	11,234	11,033
Investments and other assets		
Other	39,791	39,849
Allowance for doubtful accounts	(462)	(462)
Total investments and other assets	39,329	39,387
Total non-current assets	379,931	378,842
Total assets	468,798	479,829

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,697	28,873
Short-term borrowings	10,220	12,790
Current portion of long-term borrowings	19,800	19,979
Income taxes payable	6,135	2,225
Provision for bonuses	2,246	4,305
Provision for bonuses for directors (and other officers)	26	12
Contract liabilities	—	6,878
Provision for point card certificates	2,496	—
Provision for loss on recollection of gift certificates	201	—
Provision for loss on building demolition	357	—
Provision for loss on lease contracts	32	32
Other	22,619	37,948
Total current liabilities	93,835	113,045
Non-current liabilities		
Long-term borrowings	69,327	54,011
Provision for retirement benefits for directors (and other officers)	69	66
Provision for loss on interest repayment	204	232
Provision for loss on lease contracts	424	399
Retirement benefit liability	9,251	9,566
Asset retirement obligations	9,143	9,152
Other	24,109	23,830
Total non-current liabilities	112,529	97,259
Total liabilities	206,364	210,305
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,580	22,753
Retained earnings	206,121	213,758
Treasury shares	(800)	(719)
Total shareholders' equity	247,515	255,405
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,028	907
Remeasurements of defined benefit plans	145	167
Total accumulated other comprehensive income	1,173	1,074
Non-controlling interests	13,744	13,043
Total net assets	262,433	269,524
Total liabilities and net assets	468,798	479,829

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

	(Millions of yen)	
	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Operating revenue	496,093	333,922
Net sales	471,161	294,625
Cost of sales	364,416	196,575
Gross profit	106,745	98,049
Operating revenue	24,931	39,296
Operating gross profit	131,676	137,346
Selling, general and administrative expenses	107,808	115,148
Operating profit	23,868	22,198
Non-operating income		
Interest and dividend income	168	169
Purchase discounts	144	153
Other	865	565
Total non-operating income	1,178	888
Non-operating expenses		
Interest expenses	428	334
Share of loss of entities accounted for using equity method	315	18
Other	560	236
Total non-operating expenses	1,304	589
Ordinary profit	23,743	22,496
Extraordinary income		
Gain on sale of non-current assets	189	255
Gain on sale of investment securities	0	90
Gain on bargain purchase	195	—
Gain on step acquisitions	355	—
Subsidy income	263	83
Other	11	39
Total extraordinary income	1,015	469
Extraordinary losses		
Loss on retirement of non-current assets	123	155
Impairment losses	247	28
Loss on store closings	85	148
Loss related to infectious disease	140	—
Other	20	1
Total extraordinary losses	618	334
Profit before income taxes	24,140	22,631
Income taxes - current	7,847	7,529
Income taxes - deferred	(320)	(357)
Total income taxes	7,527	7,171
Profit	16,613	15,459
Profit attributable to non-controlling interests	241	195
Profit attributable to owners of parent	16,371	15,264

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	16,613	15,459
Other comprehensive income		
Valuation difference on available-for-sale securities	(385)	(247)
Remeasurements of defined benefit plans, net of tax	18	23
Share of other comprehensive income of entities accounted for using equity method	(3)	(4)
Total other comprehensive income	(370)	(229)
Comprehensive income	16,242	15,230
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,151	15,165
Comprehensive income attributable to non-controlling interests	90	65

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	24,140	22,631
Depreciation	11,940	11,738
Share-based payment expenses	45	48
Amortization of goodwill	399	399
Gain on bargain purchase	(195)	—
Loss (gain) on step acquisitions	(355)	—
Increase (decrease) in allowance for doubtful accounts	3	32
Interest and dividend income	(168)	(169)
Interest expenses	428	334
Share of loss (profit) of entities accounted for using equity method	315	18
Subsidy income	(263)	(83)
Loss (gain) on sale of non-current assets	(189)	(254)
Loss on retirement of non-current assets	123	155
Loss (gain) on sale of investment securities	(0)	(90)
Impairment losses	247	28
Loss on store closings	85	148
Loss related to infectious disease	140	—
Decrease (increase) in trade receivables and contract assets	—	(7,337)
Decrease (increase) in trade receivables	(5,770)	—
Decrease (increase) in inventories	(1,706)	(4,973)
Increase (decrease) in trade payables	(9,827)	(823)
Increase (decrease) in deposits received	(56)	11,411
Other, net	942	1,539
Subtotal	20,277	34,755
Interest and dividends received	174	174
Interest paid	(499)	(366)
Subsidies received	263	83
Payment of loss related to infectious disease	(140)	—
Income taxes refund (paid)	(12,713)	(11,150)
Other, net	101	13
Net cash provided by (used in) operating activities	7,462	23,509
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,004)	(7,800)
Proceeds from sale of property, plant and equipment	1,293	942
Purchase of intangible assets	(1,687)	(1,177)
Proceeds from sale of investment securities	8	204
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	264	—
Other, net	368	130
Net cash provided by (used in) investing activities	(11,757)	(7,699)

	(Millions of yen)	
	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,318	2,570
Proceeds from long-term borrowings	700	—
Repayments of long-term borrowings	(16,581)	(15,137)
Purchase of treasury shares	(859)	(1)
Dividends paid	(6,154)	(6,147)
Dividends paid to non-controlling interests	(33)	(32)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(7)	(560)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	(11,622)	(19,313)
Net increase (decrease) in cash and cash equivalents	(15,916)	(3,503)
Cash and cash equivalents at beginning of period	25,306	11,621
Cash and cash equivalents at end of period	9,390	8,117