

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 11, 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
 Inquiries: Manabu Tanabe TEL +81-82-264-3211
 Department
 Scheduled date to file Quarterly Securities Report: July 12, 2023
 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, 2023 (from March 1, 2023 to May 31, 2023)

(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, 2023	114,314	3.8	8,150	3.6	8,324	4.8	5,529	4.4
Three months ended May 31, 2022	110,112	–	7,868	–	7,940	–	5,295	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2023	77.35	–
Three months ended May 31, 2022	74.09	–

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2021) and relevant ASBJ regulations from the beginning of the fiscal year ended February 28, 2023, and each figure for the first three months of the fiscal year ended February 28, 2023 and for the first three months of the fiscal year ending February 29, 2024 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change for the first three months of the fiscal year ended February 28, 2023 is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2023	485,251	280,786	55.1
As of February 28, 2023	478,541	278,104	55.4

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, 2023	–	43.00	–	44.00	87.00
Year ending February 29, 2024	–				
Year ending February 29, 2024 (Forecast)		44.00	–	44.00	88.00

3. Forecast of consolidated financial results for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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, 2023	230,300	2.8	14,200	(9.5)	14,200	(10.7)	8,900	(16.3)	124.48
Full year	476,600	3.6	31,000	(7.9)	31,000	(9.9)	19,100	(17.6)	267.15

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2023
(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, 2023	71,665,200 shares	As of February 28, 2023	71,665,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	169,347 shares	As of February 28, 2023	168,894 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, 2023	71,496,004 shares	Three months ended May 31, 2022	71,477,411 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

	(Millions of yen)	
	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	10,331	9,364
Notes and accounts receivable - trade, and contract assets	47,493	51,541
Merchandise and finished goods	23,741	25,920
Work in process	82	72
Raw materials and supplies	564	541
Other	18,376	14,864
Allowance for doubtful accounts	(522)	(505)
Total current assets	100,067	101,799
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	144,492	143,014
Land	166,207	166,342
Other, net	17,509	23,915
Total property, plant and equipment	328,209	333,271
Intangible assets		
Goodwill	1,375	1,242
Other	10,455	10,500
Total intangible assets	11,831	11,743
Investments and other assets		
Other	38,894	39,013
Allowance for doubtful accounts	(460)	(576)
Total investments and other assets	38,433	38,436
Total non-current assets	378,474	383,451
Total assets	478,541	485,251

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,076	28,632
Short-term borrowings	7,590	8,990
Current portion of long-term borrowings	18,430	17,496
Accounts payable - other	14,133	18,234
Income taxes payable	6,124	2,724
Provision for bonuses	2,251	3,913
Provision for bonuses for directors (and other officers)	79	6
Contract liabilities	6,970	7,405
Provision for loss on lease contracts	32	32
Other	25,374	27,664
Total current liabilities	107,064	115,100
Non-current liabilities		
Long-term borrowings	50,517	46,549
Long-term leasehold and guarantee deposits received	21,843	21,731
Provision for retirement benefits for directors (and other officers)	68	72
Provision for loss on interest repayment	241	250
Provision for loss on lease contracts	391	383
Retirement benefit liability	8,841	8,901
Asset retirement obligations	9,484	9,527
Other	1,983	1,947
Total non-current liabilities	93,372	89,364
Total liabilities	200,437	204,465
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,753	22,753
Retained earnings	221,682	224,066
Treasury shares	(720)	(721)
Total shareholders' equity	263,329	265,712
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,041	1,233
Remeasurements of defined benefit plans	664	632
Total accumulated other comprehensive income	1,706	1,866
Non-controlling interests	13,068	13,206
Total net assets	278,104	280,786
Total liabilities and net assets	478,541	485,251

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, 2022	Three months ended May 31, 2023
Operating revenue	110,112	114,314
Net sales	96,976	100,369
Cost of sales	64,653	66,639
Gross profit	32,322	33,729
Operating revenue	13,135	13,945
Operating gross profit	45,458	47,674
Selling, general and administrative expenses	37,589	39,524
Operating profit	7,868	8,150
Non-operating income		
Interest and dividend income	55	37
Purchase discounts	50	56
Share of profit of entities accounted for using equity method	—	14
Other	208	217
Total non-operating income	313	325
Non-operating expenses		
Interest expenses	119	88
Share of loss of entities accounted for using equity method	6	—
Other	115	62
Total non-operating expenses	241	151
Ordinary profit	7,940	8,324
Extraordinary income		
Gain on sale of non-current assets	32	95
Subsidy income	83	—
Subsidy income	13	156
Other	—	15
Total extraordinary income	128	266
Extraordinary losses		
Loss on retirement of non-current assets	84	46
Impairment losses	—	65
Loss on store closings	—	162
Other	1	—
Total extraordinary losses	86	274
Profit before income taxes	7,983	8,317
Income taxes - current	2,663	2,518
Income taxes - deferred	(59)	207
Total income taxes	2,604	2,725
Profit	5,378	5,592
Profit attributable to non-controlling interests	82	62
Profit attributable to owners of parent	5,295	5,529

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	5,378	5,592
Other comprehensive income		
Valuation difference on available-for-sale securities	(827)	303
Remeasurements of defined benefit plans, net of tax	7	(31)
Share of other comprehensive income of entities accounted for using equity method	(4)	(2)
Total other comprehensive income	(823)	269
Comprehensive income	4,554	5,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,790	5,690
Comprehensive income attributable to non-controlling interests	(235)	171

Quarterly consolidated statements of cash flows

	(Millions of yen)	
	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,983	8,317
Depreciation	3,799	3,867
Share-based payment expenses	22	12
Amortization of goodwill	133	133
Increase (decrease) in allowance for doubtful accounts	(1)	98
Interest and dividend income	(55)	(37)
Interest expenses	119	88
Share of loss (profit) of entities accounted for using equity method	6	(14)
Subsidy income	(13)	(156)
Subsidy income	(83)	—
Loss (gain) on sale of non-current assets	(31)	(95)
Loss on retirement of non-current assets	84	46
Impairment losses	—	65
Loss on store closings	—	162
Decrease (increase) in trade receivables and contract assets	(5,187)	(4,048)
Decrease (increase) in inventories	(1,967)	(2,146)
Increase (decrease) in trade payables	(1,017)	2,556
Increase (decrease) in deposits received	7,792	454
Other, net	3,309	5,721
Subtotal	14,893	15,026
Interest and dividends received	60	43
Interest paid	(140)	(101)
Subsidies received	13	156
Subsidies received	83	—
Income taxes refund (paid)	(5,685)	(5,658)
Net cash provided by (used in) operating activities	9,225	9,466
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,538)	(3,727)
Proceeds from sale of property, plant and equipment	421	444
Purchase of intangible assets	(252)	(461)
Other, net	59	(7)
Net cash provided by (used in) investing activities	(2,310)	(3,752)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	180	1,400
Proceeds from long-term borrowings	—	500
Repayments of long-term borrowings	(5,695)	(5,401)
Purchase of treasury shares	(0)	(0)
Dividends paid	(3,073)	(3,145)
Dividends paid to non-controlling interests	(32)	(32)
Other, net	(1)	(0)
Net cash provided by (used in) financing activities	(8,623)	(6,680)
Net increase (decrease) in cash and cash equivalents	(1,708)	(966)
Cash and cash equivalents at beginning of period	11,621	10,331
Cash and cash equivalents at end of period	9,912	9,364