

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended August 31, 2019 (Based on Japanese GAAP)

October 8, 2019

Company name: IZUMI CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 8273 URL <https://www.izumi.co.jp/>  
 Representative: President 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 11, 2019  
 Scheduled date to commence dividend payments: November 14, 2019  
 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, 2019 (from March 1, 2019 to August 31, 2019)

#### (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, 2019	369,814	3.1	14,163	(15.6)	14,164	(15.9)	8,966	(16.9)
Six months ended August 31, 2018	358,626	(0.3)	16,788	(1.8)	16,833	(0.9)	10,786	(5.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2019	125.13	–
Six months ended August 31, 2018	150.52	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2019	502,156	217,732	41.0
As of February 28, 2019	484,876	211,546	41.2

### 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, 2019	–	40.00	–	40.00	80.00
Year ending February 29, 2020	–	40.00			
Year ending February 29, 2020 (Forecast)			–	40.00	80.00

3. Forecast of consolidated financial results for the fiscal year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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	756,100	3.3	33,900	(3.9)	33,800	(3.7)	20,500	(12.7)	286.08

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2019  
(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, 2019	71,665,200 shares	As of February 28, 2019	71,665,200 shares
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Number of treasury shares at the end of the period

As of August 31, 2019	6,976 shares	As of February 28, 2019	6,700 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, 2019	71,658,352 shares	Six months ended August 31, 2018	71,659,234 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of February 28, 2019	As of August 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	8,136	15,989
Notes and accounts receivable - trade	39,784	45,220
Merchandise and finished goods	28,355	28,496
Work in process	22	60
Raw materials and supplies	558	553
Other	15,890	16,582
Allowance for doubtful accounts	(584)	(573)
Total current assets	92,164	106,329
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	162,976	165,232
Land	162,745	163,041
Other, net	12,398	13,251
Total property, plant and equipment	338,121	341,525
Intangible assets		
Goodwill	3,958	3,555
Other	8,219	8,314
Total intangible assets	12,177	11,870
Investments and other assets		
Other	42,972	42,989
Allowance for doubtful accounts	(559)	(557)
Total investments and other assets	42,413	42,431
Total non-current assets	392,711	395,827
Total assets	484,876	502,156
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,275	58,037
Short-term loans payable	25,746	8,700
Current portion of long-term loans payable	21,264	20,145
Income taxes payable	4,777	4,850
Provision for bonuses	2,132	2,683
Provision for directors' bonuses	10	14
Provision for point card certificates	2,558	2,847
Provision for loss on recollection of gift certificates	166	166
Other	25,551	36,620
Total current liabilities	113,482	134,066
Non-current liabilities		
Long-term loans payable	115,912	107,670
Provision for directors' retirement benefits	2,176	973
Provision for loss on interest repayment	102	71
Net defined benefit liability	8,050	8,319
Asset retirement obligations	7,914	8,048
Other	25,690	25,273
Total non-current liabilities	159,846	150,357
Total liabilities	273,329	284,423

(Millions of yen)

As of February 28, 2019

As of August 31, 2019

	As of February 28, 2019	As of August 31, 2019
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,247	22,267
Retained earnings	157,530	163,631
Treasury shares	(25)	(26)
Total shareholders' equity	199,367	205,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737	665
Remeasurements of defined benefit plans	(208)	(138)
Total accumulated other comprehensive income	529	527
Non-controlling interests	11,649	11,719
Total net assets	211,546	217,732
Total liabilities and net assets	484,876	502,156

**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, 2018	Six months ended August 31, 2019
Net sales	341,652	352,432
Cost of sales	266,191	275,253
Gross profit	75,461	77,178
Operating revenue	16,973	17,381
Operating gross profit	92,434	94,560
Selling, general and administrative expenses	75,646	80,396
Operating profit	16,788	14,163
Non-operating income		
Interest and dividend income	140	136
Purchase discounts	140	158
Share of profit of entities accounted for using equity method	28	7
Other	506	429
Total non-operating income	815	731
Non-operating expenses		
Interest expenses	474	425
Other	297	306
Total non-operating expenses	771	731
Ordinary profit	16,833	14,164
Extraordinary income		
Gain on sales of non-current assets	55	253
Subsidy income	112	305
Other	6	–
Total extraordinary income	174	558
Extraordinary losses		
Loss on retirement of non-current assets	136	56
Impairment loss	42	117
Loss on valuation of investment securities	–	221
Loss on closing of stores	–	299
Loss on changes in construction project	–	213
Loss on disaster	293	–
Contribution to relief	450	–
Other	0	74
Total extraordinary losses	922	984
Profit before income taxes	16,085	13,738
Income taxes - current	5,342	4,379
Income taxes - deferred	(226)	128
Total income taxes	5,115	4,507
Profit	10,969	9,230
Profit attributable to non-controlling interests	183	263
Profit attributable to owners of parent	10,786	8,966

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Six months ended August 31, 2018	Six months ended August 31, 2019
Profit	10,969	9,230
Other comprehensive income		
Valuation difference on available-for-sale securities	(193)	68
Remeasurements of defined benefit plans, net of tax	71	69
Total other comprehensive income	(122)	138
Comprehensive income	10,847	9,369
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,655	8,964
Comprehensive income attributable to non-controlling interests	192	404

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Cash flows from operating activities		
Profit before income taxes	16,085	13,738
Depreciation	7,661	7,857
Impairment loss	42	117
Loss on disaster	293	–
Loss on store closings	–	299
Loss on changes in construction project	–	213
Amortization of goodwill	443	402
Increase (decrease) in allowance for doubtful accounts	105	52
Interest and dividend income	(140)	(136)
Interest expenses	474	425
Share of loss (profit) of entities accounted for using equity method	(28)	(7)
Subsidy income	(112)	(305)
Loss (gain) on valuation of investment securities	–	221
Loss (gain) on sales of non-current assets	(55)	(235)
Loss on retirement of non-current assets	136	56
Decrease (increase) in notes and accounts receivable - trade	(2,332)	(5,397)
Decrease (increase) in inventories	146	(220)
Increase (decrease) in notes and accounts payable - trade	2,862	26,767
Other, net	4,087	5,027
Subtotal	29,669	48,877
Interest and dividend income received	117	105
Interest expenses paid	(491)	(402)
Proceeds from subsidy income	112	944
Payments for loss on disaster	(121)	–
Income taxes (paid) refund	(7,834)	(4,353)
Net cash provided by (used in) operating activities	21,452	45,170
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,598)	(6,357)
Proceeds from sales of property, plant and equipment	317	578
Purchase of intangible assets	(946)	(723)
Purchase of investment securities	(719)	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(51)
Decrease (increase) in short-term loans receivable	(181)	(118)
Other, net	195	(986)
Net cash provided by (used in) investing activities	(12,932)	(7,658)

(Millions of yen)

	Six months ended August 31, 2018	Six months ended August 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,390	(17,346)
Proceeds from long-term loans payable	–	1,000
Repayments of long-term loans payable	(11,014)	(10,361)
Purchase of treasury shares	(5)	(1)
Cash 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)
Other, net	(41)	(23)
Net cash provided by (used in) financing activities	(8,571)	(29,660)
Net increase (decrease) in cash and cash equivalents	(51)	7,852
Cash and cash equivalents at beginning of period	8,389	8,136
Cash and cash equivalents at end of period	8,338	15,989