

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
 Inquiries: Department Kazunori Nishimoto TEL +81-82-264-3211
 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 |
|-------------------------|-------------------|-------------------------|-------------------|

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 |
|-------------------------|----------------|-------------------------|----------------|

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 |
|-------------------------------------|-------------------|-------------------------------------|-------------------|

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 | <u>20,277</u> | <u>34,755</u> |
| 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 | <u>7,462</u> | <u>23,509</u> |
| 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 | <u>(11,757)</u> | <u>(7,699)</u> |

(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 |