

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2023 (Based on Japanese GAAP)

April 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: Department Manabu Tanabe TEL +81-82-264-3211
 Scheduled date of ordinary general meeting of shareholders: May 24, 2023
 Scheduled date to file Securities Report: May 25, 2023
 Scheduled date to commence dividend payments: May 25, 2023
 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, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2023	460,140	–	33,644	–	34,396	–	23,188	–
Year ended February 28, 2022	676,800	(0.4)	34,717	(3.0)	34,696	(3.8)	23,204	0.7

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/operating revenue
	Yen	Yen	%	%	%
Year ended February 28, 2023	324.36	–	9.0	7.3	7.3
Year ended February 28, 2022	324.45	–	9.6	7.2	5.1

(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 ended February 28, 2023, and each figure for the fiscal year ended 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 ¥700,824 million (up 3.5% year on year).

(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, 2023	478,541	278,104	55.4	3,706.99
As of February 28, 2022	468,798	262,433	53.0	3,479.26

(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 ended February 28, 2023, and each figure for the fiscal year ended February 28, 2023 is the figure after applying the accounting standard and relevant ASBJ regulations.

(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, 2023	38,313	(10,045)	(29,557)	10,331
Year ended February 28, 2022	18,577	(14,246)	(18,016)	11,621

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, 2022	–	43.00	–	43.00	86.00	6,147	26.5	2.6
Year ended February 28, 2023	–	43.00	–	44.00	87.00	6,220	26.8	2.4
Year ending February 29, 2024 (Forecast)	–	44.00	–	44.00	88.00		32.9	

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 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:

Yes

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, 2023	∴	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 February 28, 2023	∴	168,894 shares	As of February 28, 2022	∴	187,562 shares
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Average number of shares during the period

Year ended February 28, 2023	∴	71,490,583 shares	Year ended February 28, 2022	∴	71,517,631 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	11,621	10,331
Notes and accounts receivable - trade, and contract assets	–	47,493
Notes and accounts receivable - trade	42,794	–
Merchandise and finished goods	20,381	23,741
Work in process	95	82
Raw materials and supplies	681	564
Other	13,803	18,376
Allowance for doubtful accounts	(511)	(522)
Total current assets	88,867	100,067
Non-current assets		
Property, plant and equipment		
Buildings and structures	408,013	408,757
Accumulated depreciation	(258,508)	(264,264)
Buildings and structures, net	149,504	144,492
Machinery, equipment and vehicles	11,873	12,179
Accumulated depreciation	(7,968)	(8,474)
Machinery, equipment and vehicles, net	3,904	3,705
Land	166,542	166,207
Leased assets	81	16
Accumulated depreciation	(64)	(3)
Leased assets, net	16	13
Construction in progress	2,002	6,444
Other	43,650	44,118
Accumulated depreciation	(36,254)	(36,771)
Other, net	7,396	7,346
Total property, plant and equipment	329,367	328,209
Intangible assets		
Goodwill	1,908	1,375
Other	9,325	10,455
Total intangible assets	11,234	11,831
Investments and other assets		
Investment securities	8,729	7,931
Long-term loans receivable	1,418	1,398
Deferred tax assets	9,750	10,690
Leasehold and guarantee deposits	15,846	15,488
Other	4,047	3,384
Allowance for doubtful accounts	(462)	(460)
Total investments and other assets	39,329	38,433
Total non-current assets	379,931	378,474
Total assets	468,798	478,541

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,697	26,076
Short-term borrowings	10,220	7,590
Current portion of long-term borrowings	19,800	18,430
Accounts payable - other	7,429	14,133
Income taxes payable	6,135	6,124
Provision for bonuses	2,246	2,251
Provision for bonuses for directors (and other officers)	26	79
Contract liabilities	–	6,970
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
Asset retirement obligations	194	–
Other	14,994	25,374
Total current liabilities	93,835	107,064
Non-current liabilities		
Long-term borrowings	69,327	50,517
Lease liabilities	14	13
Long-term leasehold and guarantee deposits received	22,170	21,843
Provision for retirement benefits for directors (and other officers)	69	68
Provision for loss on interest repayment	204	241
Provision for loss on lease contracts	424	391
Retirement benefit liability	9,251	8,841
Deferred tax liabilities	870	950
Asset retirement obligations	9,143	9,484
Other	1,053	1,019
Total non-current liabilities	112,529	93,372
Total liabilities	206,364	200,437
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,580	22,753
Retained earnings	206,121	221,682
Treasury shares	(800)	(720)
Total shareholders' equity	247,515	263,329
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,028	1,041
Remeasurements of defined benefit plans	145	664
Total accumulated other comprehensive income	1,173	1,706
Non-controlling interests	13,744	13,068
Total net assets	262,433	278,104
Total liabilities and net assets	468,798	478,541

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

(Millions of yen)

	Year ended February 28, 2022	Year ended February 28, 2023
Operating revenue	676,800	460,140
Net sales	643,280	406,857
Cost of sales	497,337	270,611
Gross profit	145,943	136,245
Operating revenue	33,519	53,282
Operating gross profit	179,463	189,528
Selling, general and administrative expenses		
Advertising and promotion expenses	9,647	8,814
Distribution expenses	8,005	8,850
Provision of allowance for doubtful accounts	159	208
Employees' salaries and bonuses	52,324	53,278
Provision for bonuses	2,136	2,117
Welfare expenses	10,320	10,645
Retirement benefit expenses	1,125	1,102
Rent expenses	11,248	11,307
Utilities expenses	7,986	14,979
Depreciation	15,267	15,147
Provision for retirement benefits for directors (and other officers)	153	8
Other	26,369	29,424
Total selling, general and administrative expenses	144,745	155,883
Operating profit	34,717	33,644
Non-operating income		
Interest and dividend income	224	226
Purchase discounts	193	199
Gain on adjustment of account payable	63	227
Share of profit of entities accounted for using equity method	–	5
Penalty income	97	–
Other	1,022	729
Total non-operating income	1,600	1,388
Non-operating expenses		
Interest expenses	555	429
Compensation expenses	101	–
Share of loss of entities accounted for using equity method	290	–
Other	674	207
Total non-operating expenses	1,621	636
Ordinary profit	34,696	34,396

(Millions of yen)

	Year ended February 28, 2022	Year ended February 28, 2023
Extraordinary income		
Gain on sale of non-current assets	191	579
Gain on sale of investment securities	18	90
Gain on bargain purchase	195	–
Gain on step acquisitions	355	–
Subsidy income	267	121
Other	11	39
Total extraordinary income	1,039	831
Extraordinary losses		
Loss on sale of non-current assets	–	251
Loss on retirement of non-current assets	147	195
Impairment losses	601	330
Loss on store closings	88	186
Loss related to infectious disease	140	–
Provision of reserve for loss on lease contracts	456	–
Other	19	0
Total extraordinary losses	1,456	962
Profit before income taxes	34,280	34,265
Income taxes - current	10,987	11,154
Income taxes - deferred	(229)	(310)
Total income taxes	10,758	10,843
Profit	23,521	23,421
Profit attributable to non-controlling interests	317	232
Profit attributable to owners of parent	23,204	23,188

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended February 28, 2022	Year ended February 28, 2023
Profit	23,521	23,421
Other comprehensive income		
Valuation difference on available-for-sale securities	(360)	(127)
Remeasurements of defined benefit plans, net of tax	26	521
Share of other comprehensive income of entities accounted for using equity method	(2)	(3)
Total other comprehensive income	(336)	390
Comprehensive income	23,184	23,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,082	23,720
Comprehensive income attributable to non-controlling interests	101	90

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2022

(Millions of yen)

	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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	19,613	22,580	206,121	(800)	247,515
Cumulative effects of changes in accounting policies			(1,449)		(1,449)
Restated balance	19,613	22,580	204,671	(800)	246,065
Changes during period					
Dividends of surplus			(6,147)		(6,147)
Profit attributable to owners of parent			23,188		23,188
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(29)		82	53
Transfer to retained earnings from other capital surplus		29	(29)		–
Purchase of shares of consolidated subsidiaries		172			172
Net changes in items other than shareholders' equity					
Total changes during period	–	172	17,011	80	17,264
Balance at end of period	19,613	22,753	221,682	(720)	263,329

	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	1,028	145	1,173	13,744	262,433
Cumulative effects of changes in accounting policies					(1,449)
Restated balance	1,028	145	1,173	13,744	260,983
Changes during period					
Dividends of surplus					(6,147)
Profit attributable to owners of parent					23,188
Purchase of treasury shares					(2)
Disposal of treasury shares					53
Transfer to retained earnings from other capital surplus					–
Purchase of shares of consolidated subsidiaries					172
Net changes in items other than shareholders' equity	13	518	532	(675)	(143)
Total changes during period	13	518	532	(675)	17,120
Balance at end of period	1,041	664	1,706	13,068	278,104

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2022	Year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	34,280	34,265
Depreciation	16,138	15,997
Share-based payment expenses	67	62
Amortization of goodwill	532	532
Gain on bargain purchase	(195)	–
Loss (gain) on step acquisitions	(355)	–
Increase (decrease) in allowance for doubtful accounts	(22)	9
Interest and dividend income	(224)	(226)
Interest expenses	555	429
Share of loss (profit) of entities accounted for using equity method	290	(5)
Subsidy income	(267)	(121)
Loss (gain) on sale of non-current assets	(191)	(328)
Loss on retirement of non-current assets	147	195
Loss (gain) on sale of investment securities	(18)	(90)
Impairment losses	601	330
Loss on store closings	88	186
Loss related to infectious disease	140	–
Increase (decrease) in provision for loss on building demolition	(55)	(284)
Increase (decrease) in provision for loss on lease contracts	456	(32)
Decrease (increase) in trade receivables and contract assets	–	(4,575)
Decrease (increase) in trade receivables	(297)	–
Decrease (increase) in inventories	983	(3,230)
Increase (decrease) in trade payables	(17,669)	(3,620)
Increase (decrease) in deposits received	(551)	12,131
Increase (decrease) in retirement benefit liability	401	384
Other, net	(3,409)	(2,530)
Subtotal	31,427	49,476
Interest and dividends received	236	232
Interest paid	(619)	(463)
Subsidies received	267	121
Payment of loss related to infectious disease	(140)	–
Income taxes refund (paid)	(12,694)	(11,156)
Other, net	101	103
Net cash provided by (used in) operating activities	18,577	38,313
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,998)	(9,845)
Proceeds from sale of property, plant and equipment	1,305	1,713
Purchase of intangible assets	(2,337)	(2,302)
Proceeds from sale of investment securities	38	204
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	264	–
Other, net	480	184
Net cash provided by (used in) investing activities	(14,246)	(10,045)

(Millions of yen)

	Year ended February 28, 2022	Year ended February 28, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,288	(2,630)
Proceeds from long-term borrowings	700	–
Repayments of long-term borrowings	(19,943)	(20,180)
Purchase of treasury shares	(860)	(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	(4)	(3)
Net cash provided by (used in) financing activities	(18,016)	(29,557)
Net increase (decrease) in cash and cash equivalents	(13,685)	(1,289)
Cash and cash equivalents at beginning of period	25,306	11,621
Cash and cash equivalents at end of period	11,621	10,331