

Translation

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

October 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 Manabu Tanabe TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: October 11, 2023
 Scheduled date to commence dividend payments: November 17, 2023
 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, 2023 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	233,320	4.1	15,518	(1.1)	15,812	(0.6)	10,460	(1.6)
Six months ended August 31, 2022	224,061	–	15,694	–	15,907	–	10,634	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	146.29	–
Six months ended August 31, 2022	148.77	–

(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 six months of the fiscal year ended February 28, 2023 and for the first six 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 six 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 August 31, 2023	486,812	286,093	56.0
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	–	44.00			
Year ending February 29, 2024 (Forecast)			–	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
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 six months ended August 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 August 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 August 31, 2023	146,769 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)

Six months ended August 31, 2023	71,505,654 shares	Six months ended August 31, 2022	71,485,587 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	10,331	8,724
Notes and accounts receivable - trade, and contract assets	47,493	52,013
Merchandise and finished goods	23,741	25,662
Work in process	82	174
Raw materials and supplies	564	605
Other	18,376	13,706
Allowance for doubtful accounts	(522)	(506)
Total current assets	100,067	100,379
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	144,492	156,620
Land	166,207	166,924
Other, net	17,509	13,070
Total property, plant and equipment	328,209	336,614
Intangible assets		
Goodwill	1,375	1,109
Other	10,455	10,451
Total intangible assets	11,831	11,560
Investments and other assets		
Other	38,894	38,834
Allowance for doubtful accounts	(460)	(576)
Total investments and other assets	38,433	38,257
Total non-current assets	378,474	386,433
Total assets	478,541	486,812

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,076	29,829
Short-term borrowings	7,590	4,500
Current portion of long-term borrowings	18,430	15,669
Accounts payable - other	14,133	23,228
Income taxes payable	6,124	5,340
Provision for bonuses	2,251	2,832
Provision for bonuses for directors (and other officers)	79	5
Contract liabilities	6,970	7,675
Provision for loss on lease contracts	32	32
Other	25,374	23,843
Total current liabilities	107,064	112,958
Non-current liabilities		
Long-term borrowings	50,517	44,143
Long-term leasehold and guarantee deposits received	21,843	22,086
Provision for retirement benefits for directors (and other officers)	68	75
Provision for loss on interest repayment	241	257
Provision for loss on lease contracts	391	375
Provision for loss on building demolition	–	209
Retirement benefit liability	8,841	9,035
Asset retirement obligations	9,484	9,572
Other	1,983	2,005
Total non-current liabilities	93,372	87,760
Total liabilities	200,437	200,719
Net assets		
Shareholders' equity		
Share capital	19,613	19,613
Capital surplus	22,753	22,753
Retained earnings	221,682	228,974
Treasury shares	(720)	(625)
Total shareholders' equity	263,329	270,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,041	1,524
Remeasurements of defined benefit plans	664	601
Total accumulated other comprehensive income	1,706	2,126
Non-controlling interests	13,068	13,249
Total net assets	278,104	286,093
Total liabilities and net assets	478,541	486,812

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, 2022	Six months ended August 31, 2023
Operating revenue	224,061	233,320
Net sales	197,984	205,627
Cost of sales	131,854	136,213
Gross profit	66,130	69,414
Operating revenue	26,076	27,693
Operating gross profit	92,207	97,107
Selling, general and administrative expenses	76,512	81,589
Operating profit	15,694	15,518
Non-operating income		
Interest and dividend income	121	119
Purchase discounts	97	112
Share of profit of entities accounted for using equity method	–	54
Other	431	323
Total non-operating income	649	610
Non-operating expenses		
Interest expenses	232	170
Share of loss of entities accounted for using equity method	23	–
Other	180	145
Total non-operating expenses	436	316
Ordinary profit	15,907	15,812
Extraordinary income		
Gain on sale of non-current assets	107	332
Gain on sale of investment securities	90	15
Subsidy income	13	156
Subsidy income	83	–
Total extraordinary income	293	503
Extraordinary losses		
Loss on retirement of non-current assets	93	57
Impairment losses	28	179
Loss on store closings	113	197
Provision for loss on building demolition	–	209
Other	1	–
Total extraordinary losses	237	644
Profit before income taxes	15,964	15,671
Income taxes - current	5,078	4,893
Income taxes - deferred	80	196
Total income taxes	5,159	5,089
Profit	10,805	10,581
Profit attributable to non-controlling interests	170	121
Profit attributable to owners of parent	10,634	10,460

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	10,805	10,581
Other comprehensive income		
Valuation difference on available-for-sale securities	(724)	574
Remeasurements of defined benefit plans, net of tax	15	(62)
Share of other comprehensive income of entities accounted for using equity method	(5)	0
Total other comprehensive income	(714)	513
Comprehensive income	10,090	11,095
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,213	10,880
Comprehensive income attributable to non-controlling interests	(122)	214

Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	15,964	15,671
Depreciation	7,703	7,996
Share-based payment expenses	35	31
Amortization of goodwill	266	266
Increase (decrease) in allowance for doubtful accounts	9	99
Interest and dividend income	(121)	(119)
Interest expenses	232	170
Share of loss (profit) of entities accounted for using equity method	23	(54)
Subsidy income	(13)	(156)
Subsidy income	(83)	–
Loss (gain) on sale of non-current assets	(105)	(332)
Loss on retirement of non-current assets	93	57
Loss (gain) on sale of investment securities	(90)	(15)
Impairment losses	28	179
Loss on store closings	113	197
Increase (decrease) in provision for loss on building demolition	(296)	209
Decrease (increase) in trade receivables and contract assets	(3,318)	(4,519)
Decrease (increase) in inventories	(1,525)	(2,053)
Increase (decrease) in trade payables	(1,507)	3,753
Increase (decrease) in deposits received	8,284	(1,018)
Other, net	736	6,154
Subtotal	26,430	26,518
Interest and dividends received	126	125
Interest paid	(245)	(182)
Subsidies received	13	156
Subsidies received	83	–
Income taxes refund (paid)	(5,781)	(5,647)
Net cash provided by (used in) operating activities	20,625	20,970
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,938)	(7,213)
Proceeds from sale of property, plant and equipment	572	790
Purchase of intangible assets	(846)	(809)
Proceeds from sale of investment securities	203	21
Other, net	221	39
Net cash provided by (used in) investing activities	(4,788)	(7,171)

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,230)	(3,090)
Proceeds from long-term borrowings	–	500
Repayments of long-term borrowings	(9,447)	(9,634)
Purchase of treasury shares	(1)	(1)
Dividends paid	(3,073)	(3,145)
Dividends paid to non-controlling interests	(32)	(32)
Other, net	(2)	(0)
Net cash provided by (used in) financing activities	(17,787)	(15,405)
Net increase (decrease) in cash and cash equivalents	(1,950)	(1,606)
Cash and cash equivalents at beginning of period	11,621	10,331
Cash and cash equivalents at end of period	9,671	8,724