

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended February 29, 2020
(Based on Japanese GAAP)**

April 13, 2020

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
 Senior Managing Director and Administration Division Manager
 Inquiries: Tatsuya Mikamoto TEL +81-82-264-3211
 Scheduled date of ordinary general meeting of shareholders: May 27, 2020
 Scheduled date to file Securities Report: May 28, 2020
 Scheduled date to commence dividend payments: May 28, 2020
 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 29, 2020 (from March 1, 2019 to February 29, 2020)

(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 29, 2020	744,349	1.7	31,888	(9.6)	31,979	(8.9)	19,953	(15.1)
Year ended February 28, 2019	732,136	0.3	35,273	(8.3)	35,099	(8.1)	23,488	(12.8)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2020	278.45	–	9.6	6.6	4.5
Year ended February 28, 2019	327.79	–	12.3	7.3	5.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	490,106	226,264	43.7	2,991.24
As of February 28, 2019	484,876	211,546	41.2	2,789.58

(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 29, 2020	57,681	(16,693)	(40,142)	8,982
Year ended February 28, 2019	33,642	(19,101)	(14,793)	8,136

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, 2019	–	40.00	–	40.00	80.00	5,732	24.4	3.0
Year ended February 29, 2020	–	40.00	–	40.00	80.00	5,732	28.7	2.8
Year ending February 28, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

As it remains unclear as to whether infections of the novel coronavirus (COVID-19) will continue to spread or decrease, it is difficult to predict the impact of the government's declaration of a state of emergency and large-scale economic measures.

Given this situation, as there are many uncertainties at this time that could affect the financial results, the company has determined that it would be difficult to appropriately and reasonably calculate the forecast of the financial results. Accordingly, the forecast of the financial results is yet to be determined.

The forecast of the financial results will be announced promptly once it becomes possible to make a reasonable calculation.

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: No
- 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 29, 2020	71,665,200 shares	As of February 28, 2019	71,665,200 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of February 29, 2020	7,346 shares	As of February 28, 2019	6,700 shares
-------------------------	--------------	-------------------------	--------------

Average number of shares during the period

Year ended February 29, 2020	71,658,190 shares	Year ended February 28, 2019	71,658,940 shares
------------------------------	-------------------	------------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	8,136	8,982
Notes and accounts receivable - trade	39,784	46,392
Merchandise and finished goods	28,355	25,780
Work in process	22	13
Raw materials and supplies	558	535
Other	15,890	17,242
Allowance for doubtful accounts	(584)	(644)
Total current assets	92,164	98,302
Non-current assets		
Property, plant and equipment		
Buildings and structures	393,145	399,826
Accumulated depreciation	(230,168)	(238,153)
Buildings and structures, net	162,976	161,672
Machinery, equipment and vehicles	9,445	10,062
Accumulated depreciation	(6,304)	(6,683)
Machinery, equipment and vehicles, net	3,141	3,379
Land	162,745	163,240
Leased assets	382	117
Accumulated depreciation	(337)	(106)
Leased assets, net	45	10
Construction in progress	1,607	1,552
Other	42,161	42,148
Accumulated depreciation	(34,557)	(34,556)
Other, net	7,604	7,591
Total property, plant and equipment	338,121	337,447
Intangible assets		
Goodwill	3,958	3,172
Other	8,219	8,307
Total intangible assets	12,177	11,479
Investments and other assets		
Investment securities	10,396	11,039
Long-term loans receivable	1,584	1,563
Deferred tax assets	8,271	8,326
Leasehold and guarantee deposits	17,540	17,722
Other	5,180	4,783
Allowance for doubtful accounts	(559)	(558)
Total investments and other assets	42,413	42,877
Total non-current assets	392,711	391,804
Total assets	484,876	490,106

(Millions of yen)

As of February 28, 2019

As of February 29, 2020

Liabilities	As of February 28, 2019	As of February 29, 2020
Current liabilities		
Notes and accounts payable - trade	31,275	49,977
Short-term loans payable	25,746	2,000
Current portion of long-term loans payable	21,264	19,925
Accounts payable - other	10,415	15,653
Income taxes payable	4,777	5,089
Provision for bonuses	2,132	2,206
Provision for bonuses for directors (and other officers)	10	27
Provision for point card certificates	2,558	2,695
Provision for loss on recollection of gift certificates	166	81
Asset retirement obligations	130	13
Other	15,005	16,291
Total current liabilities	113,482	113,962
Non-current liabilities		
Long-term loans payable	115,912	106,991
Lease obligations	11	5
Long-term leasehold and guarantee deposits received	24,008	23,498
Provision for retirement benefits for directors (and other officers)	2,176	1,002
Provision for loss on interest repayment	102	114
Retirement benefit liability	8,050	8,514
Deferred tax liabilities	1,334	1,413
Asset retirement obligations	7,914	8,099
Other	336	237
Total non-current liabilities	159,846	149,879
Total liabilities	273,329	263,841
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,247	22,267
Retained earnings	157,530	171,751
Treasury shares	(25)	(27)
Total shareholders' equity	199,367	213,604
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737	753
Remeasurements of defined benefit plans	(208)	(12)
Total accumulated other comprehensive income	529	741
Non-controlling interests	11,649	11,918
Total net assets	211,546	226,264
Total liabilities and net assets	484,876	490,106

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

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
Net sales	697,679	709,455
Cost of sales	544,107	553,351
Gross profit	153,571	156,103
Operating revenue	34,457	34,893
Operating gross profit	188,028	190,997
Selling, general and administrative expenses		
Advertising and promotion expenses	14,864	16,430
Distribution expenses	8,073	8,215
Provision of allowance for doubtful accounts	183	230
Employees' salaries and bonuses	52,302	54,998
Provision for bonuses	1,902	2,011
Welfare expenses	9,903	10,456
Retirement benefit expenses	1,202	1,295
Rent expenses	11,556	11,855
Utilities expenses	8,639	8,471
Depreciation	15,357	15,672
Provision for retirement benefits for directors (and other officers)	515	61
Other	28,253	29,409
Total selling, general and administrative expenses	152,754	159,108
Operating profit	35,273	31,888
Non-operating income		
Interest and dividend income	258	250
Purchase discounts	299	291
Share of profit of entities accounted for using equity method	35	9
Penalty income	191	164
Other	734	768
Total non-operating income	1,518	1,484
Non-operating expenses		
Interest expenses	919	818
Compensation expenses	160	142
Other	613	433
Total non-operating expenses	1,692	1,393
Ordinary profit	35,099	31,979

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
Extraordinary income		
Gain on sales of non-current assets	55	329
Subsidy income	1,112	310
Income from insurance	309	–
Other	3	28
Total extraordinary income	1,480	669
Extraordinary losses		
Loss on sales of non-current assets	27	21
Loss on retirement of non-current assets	313	333
Impairment loss	654	1,146
Loss on valuation of investment securities	47	486
Loss on closing of stores	–	419
Loss on changes in construction project	–	213
Loss on disaster	360	–
Contribution to relief	450	–
Loss on valuation of investments in capital	1,029	–
Other	201	183
Total extraordinary losses	3,085	2,803
Profit before income taxes	33,495	29,845
Income taxes - current	10,418	9,685
Income taxes - deferred	(523)	(179)
Total income taxes	9,894	9,505
Profit	23,600	20,339
Profit attributable to non-controlling interests	111	385
Profit attributable to owners of parent	23,488	19,953

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended February 28, 2019	Year ended February 29, 2020
Profit	23,600	20,339
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,165)	233
Remeasurements of defined benefit plans, net of tax	210	195
Total other comprehensive income	(954)	429
Comprehensive income	22,645	20,769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,856	20,164
Comprehensive income attributable to non-controlling interests	(210)	604

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,247	139,951	(18)	181,795
Changes of items during period					
Dividends of surplus			(5,732)		(5,732)
Profit attributable to owners of parent			23,488		23,488
Purchase of treasury shares				(6)	(6)
Change of scope of consolidation			0		0
Change of scope of equity method			(177)		(177)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	17,579	(6)	17,572
Balance at end of current period	19,613	22,247	157,530	(25)	199,367

	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 current period	1,580	(418)	1,161	11,894	194,851
Changes of items during period					
Dividends of surplus					(5,732)
Profit attributable to owners of parent					23,488
Purchase of treasury shares					(6)
Change of scope of consolidation					0
Change of scope of equity method					(177)
Net changes of items other than shareholders' equity	(842)	210	(632)	(245)	(877)
Total changes of items during period	(842)	210	(632)	(245)	16,695
Balance at end of current period	737	(208)	529	11,649	211,546

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,247	157,530	(25)	199,367
Changes of items during period					
Dividends of surplus			(5,732)		(5,732)
Profit attributable to owners of parent			19,953		19,953
Purchase of treasury shares				(2)	(2)
Purchase of shares of consolidated subsidiaries		19			19
Net changes of items other than shareholders' equity					
Total changes of items during period	–	19	14,220	(2)	14,237
Balance at end of current period	19,613	22,267	171,751	(27)	213,604

	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 current period	737	(208)	529	11,649	211,546
Changes of items during period					
Dividends of surplus					(5,732)
Profit attributable to owners of parent					19,953
Purchase of treasury shares					(2)
Purchase of shares of consolidated subsidiaries					19
Net changes of items other than shareholders' equity	15	195	211	269	480
Total changes of items during period	15	195	211	269	14,717
Balance at end of current period	753	(12)	741	11,918	226,264

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
Cash flows from operating activities		
Profit before income taxes	33,495	29,845
Depreciation	15,862	16,164
Amortization of goodwill	822	785
Increase (decrease) in allowance for doubtful accounts	153	176
Interest and dividend income	(258)	(250)
Interest expenses	919	818
Share of loss (profit) of entities accounted for using equity method	(35)	(9)
Subsidy income	(1,112)	(310)
Income from insurance	(309)	-
Loss (gain) on sales of non-current assets	(28)	(308)
Loss on retirement of non-current assets	313	333
Loss (gain) on sales of investment securities	17	(9)
Loss (gain) on valuation of investment securities	47	486
Impairment loss	654	1,146
Loss on store closings	-	419
Loss on changes in construction project	-	213
Loss on disaster	360	-
Loss on valuation of investments in capital	1,029	-
Decrease (increase) in notes and accounts receivable - trade	(2,539)	(6,570)
Decrease (increase) in inventories	(519)	2,560
Increase (decrease) in notes and accounts payable - trade	(3,373)	18,708
Increase (decrease) in retirement benefit liability	370	544
Other, net	2,125	1,938
Subtotal	47,995	66,683
Interest and dividend income received	235	218
Interest expenses paid	(935)	(812)
Proceeds from subsidy income	112	1,040
Proceeds from insurance income	309	-
Payments for loss on disaster	(186)	-
Income taxes (paid) refund	(13,887)	(9,448)
Net cash provided by (used in) operating activities	33,642	57,681
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,378)	(15,266)
Proceeds from sales of property, plant and equipment	323	864
Purchase of intangible assets	(1,498)	(1,330)
Purchase of investment securities	(918)	(476)
Proceeds from sales of investment securities	204	39
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(51)
Other, net	165	(472)
Net cash provided by (used in) investing activities	(19,101)	(16,693)

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,076	(24,046)
Proceeds from long-term loans payable	19,500	11,000
Repayments of long-term loans payable	(29,521)	(21,259)
Purchase of treasury shares	(6)	(2)
Cash dividends paid	(5,732)	(5,732)
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	(74)	(40)
Net cash provided by (used in) financing activities	(14,793)	(40,142)
Net increase (decrease) in cash and cash equivalents	(252)	845
Cash and cash equivalents at beginning of period	8,389	8,136
Cash and cash equivalents at end of period	8,136	8,982