

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2019 (Based on Japanese GAAP)

January 9, 2020

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: January 14, 2020
 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, 2019 (from March 1, 2019 to November 30, 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	%
Nine months ended November 30, 2019	549,758	2.5	21,173	(10.3)	21,177	(10.1)	13,691	(10.6)
Nine months ended November 30, 2018	536,341	(0.1)	23,611	(8.1)	23,553	(7.8)	15,316	(11.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2019	191.06	–
Nine months ended November 30, 2018	213.74	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2019	501,592	220,091	41.5
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 nine months ended November 30, 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 November 30, 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 November 30, 2019	7,210 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)

Nine months ended November 30, 2019	71,658,270 shares	Nine months ended November 30, 2018	71,659,067 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	8,136	8,733
Notes and accounts receivable - trade	39,784	50,035
Merchandise and finished goods	28,355	29,182
Work in process	22	74
Raw materials and supplies	558	530
Other	15,890	17,831
Allowance for doubtful accounts	(584)	(718)
Total current assets	92,164	105,668
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	162,976	164,562
Land	162,745	163,604
Other, net	12,398	12,684
Total property, plant and equipment	338,121	340,851
Intangible assets		
Goodwill	3,958	3,364
Other	8,219	8,311
Total intangible assets	12,177	11,675
Investments and other assets		
Other	42,972	43,953
Allowance for doubtful accounts	(559)	(557)
Total investments and other assets	42,413	43,396
Total non-current assets	392,711	395,923
Total assets	484,876	501,592
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,275	56,374
Short-term loans payable	25,746	15,200
Current portion of long-term loans payable	21,264	21,637
Income taxes payable	4,777	2,317
Provision for bonuses	2,132	4,273
Provision for directors' bonuses	10	31
Provision for point card certificates	2,558	3,099
Provision for loss on recollection of gift certificates	166	166
Other	25,551	34,938
Total current liabilities	113,482	138,040
Non-current liabilities		
Long-term loans payable	115,912	100,524
Provision for directors' retirement benefits	2,176	988
Provision for loss on interest repayment	102	49
Net defined benefit liability	8,050	8,460
Asset retirement obligations	7,914	8,101
Other	25,690	25,336
Total non-current liabilities	159,846	143,460
Total liabilities	273,329	281,500

(Millions of yen)

As of February 28, 2019

As of November 30, 2019

	As of February 28, 2019	As of November 30, 2019
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,247	22,267
Retained earnings	157,530	165,489
Treasury shares	(25)	(27)
Total shareholders' equity	199,367	207,343
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737	858
Remeasurements of defined benefit plans	(208)	(103)
Total accumulated other comprehensive income	529	755
Non-controlling interests	11,649	11,992
Total net assets	211,546	220,091
Total liabilities and net assets	484,876	501,592

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, 2018	Nine months ended November 30, 2019
Net sales	510,736	523,718
Cost of sales	398,620	409,203
Gross profit	112,116	114,514
Operating revenue	25,604	26,040
Operating gross profit	137,720	140,555
Selling, general and administrative expenses	114,109	119,381
Operating profit	23,611	21,173
Non-operating income		
Interest and dividend income	191	188
Purchase discounts	221	233
Share of profit of entities accounted for using equity method	30	12
Other	678	689
Total non-operating income	1,122	1,123
Non-operating expenses		
Interest expenses	695	623
Other	485	496
Total non-operating expenses	1,180	1,120
Ordinary profit	23,553	21,177
Extraordinary income		
Gain on sales of non-current assets	55	329
Subsidy income	112	310
Income from insurance	273	-
Other	3	19
Total extraordinary income	444	659
Extraordinary losses		
Loss on retirement of non-current assets	223	150
Impairment loss	77	117
Loss on closing of stores	-	323
Loss on changes in construction project	-	213
Loss on disaster	324	-
Contribution to relief	450	-
Other	37	194
Total extraordinary losses	1,111	999
Profit before income taxes	22,886	20,836
Income taxes - current	7,845	7,151
Income taxes - deferred	(540)	(368)
Total income taxes	7,305	6,783
Profit	15,580	14,053
Profit attributable to non-controlling interests	264	362
Profit attributable to owners of parent	15,316	13,691

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Profit	15,580	14,053
Other comprehensive income		
Valuation difference on available-for-sale securities	(583)	436
Remeasurements of defined benefit plans, net of tax	107	104
Total other comprehensive income	(476)	541
Comprehensive income	15,104	14,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,934	13,917
Comprehensive income attributable to non-controlling interests	170	678

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Cash flows from operating activities		
Profit before income taxes	22,886	20,836
Depreciation	11,742	11,954
Impairment loss	77	117
Loss on disaster	324	–
Loss on store closings	–	323
Loss on changes in construction project	–	213
Amortization of goodwill	664	593
Increase (decrease) in allowance for doubtful accounts	139	225
Interest and dividend income	(191)	(188)
Interest expenses	695	623
Share of loss (profit) of entities accounted for using equity method	(30)	(12)
Subsidy income	(112)	(310)
Income from insurance	(273)	–
Loss (gain) on sales of non-current assets	(55)	(308)
Loss on retirement of non-current assets	223	150
Decrease (increase) in notes and accounts receivable - trade	(6,966)	(10,213)
Decrease (increase) in inventories	(3,515)	(897)
Increase (decrease) in notes and accounts payable - trade	5,559	25,104
Other, net	7,787	5,803
Subtotal	38,953	54,016
Interest and dividend income received	162	155
Interest expenses paid	(738)	(660)
Proceeds from subsidy income	112	949
Proceeds from insurance income	273	–
Payments for loss on disaster	(150)	–
Income taxes (paid) refund	(13,867)	(9,438)
Net cash provided by (used in) operating activities	24,745	45,022
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,239)	(11,476)
Proceeds from sales of property, plant and equipment	322	860
Purchase of intangible assets	(1,276)	(1,028)
Purchase of investment securities	(896)	–
Proceeds from sales of investment securities	188	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(51)
Decrease (increase) in short-term loans receivable	(402)	(295)
Other, net	266	(745)
Net cash provided by (used in) investing activities	(16,037)	(12,736)

(Millions of yen)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,753	(10,846)
Proceeds from long-term loans payable	13,600	1,000
Repayments of long-term loans payable	(21,144)	(16,014)
Purchase of treasury shares	(5)	(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	(58)	(32)
Net cash provided by (used in) financing activities	(8,622)	(31,689)
Net increase (decrease) in cash and cash equivalents	84	596
Cash and cash equivalents at beginning of period	8,389	8,136
Cash and cash equivalents at end of period	8,474	8,733