

Translation

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Summary of Consolidated Financial Results for the Year Ended February 29, 2024 (Based on Japanese GAAP)

June 27, 2024

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
 Executive Officer and General Manager of
 Inquiries: Finance & Accounting Department Manabu Tanabe TEL +81-82-264-3211
 Date of ordinary general meeting of shareholders: May 29, 2024
 Scheduled date to file Securities Report: July 31, 2024
 Commencement date of dividend payments: May 30, 2024
 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, 2024 (from March 1, 2023 to February 29, 2024)

(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, 2024 | 471,166 | 2.4 | 31,425 | (6.6) | 32,322 | (6.0) | 20,485 | (11.7) |
| Year ended February 28, 2023 | 460,140 | – | 33,644 | – | 34,396 | – | 23,188 | – |

| | Earnings per share | Diluted earnings per share | Profit/equity | Ordinary profit/total assets | Operating profit/operating revenue |
|------------------------------|--------------------|----------------------------|---------------|------------------------------|------------------------------------|
| | Yen | Yen | % | % | % |
| Year ended February 29, 2024 | 286.47 | – | 7.5 | 6.7 | 6.7 |
| Year ended February 28, 2023 | 324.36 | – | 9.0 | 7.3 | 7.3 |

(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 fiscal year ended February 28, 2023 and the fiscal year ended February 29, 2024 is the figure after applying the accounting standard and relevant ASBJ regulations. The percentage of year-on-year change for the fiscal year ended February 28, 2023 is not shown.

(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, 2024 | 489,509 | 294,233 | 57.3 | 3,922.84 |
| As of February 28, 2023 | 478,541 | 278,104 | 55.4 | 3,706.99 |

(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, 2024 | 31,563 | (24,747) | (5,149) | 11,997 |
| Year ended February 28, 2023 | 38,313 | (10,045) | (29,557) | 10,331 |

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, 2023 | – | 43.00 | – | 44.00 | 87.00 | 6,220 | 26.8 | 2.4 |
| Year ended February 29, 2024 | – | 44.00 | – | 45.00 | 89.00 | 6,365 | 31.1 | 2.3 |
| Year ending February 28, 2025 (Forecast) | – | 45.00 | – | 45.00 | 90.00 | | – | |

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

The forecast of consolidated financial results for the fiscal year ending February 28, 2025 is yet to be disclosed as there are presently numerous factors with the potential to affect the financial results that have not been finalized, making it difficult to provide an appropriate and reasonable calculation. The forecast of consolidated financial results for the fiscal year ending February 28, 2025 will be disclosed as soon as a reasonable calculation becomes possible.

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, 2024 | 71,665,200 shares | As of February 28, 2023 | 71,665,200 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|----------------|-------------------------|----------------|
| As of February 29, 2024 | 146,909 shares | As of February 28, 2023 | 168,894 shares |
|-------------------------|----------------|-------------------------|----------------|

Average number of shares during the period

| | | | |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended February 29, 2024 | 71,511,503 shares | Year ended February 28, 2023 | 71,490,583 shares |
|------------------------------|-------------------|------------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of February 28, 2023 | As of February 29, 2024 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,331 | 11,997 |
| Notes and accounts receivable - trade, and contract assets | 47,493 | 52,002 |
| Merchandise and finished goods | 23,741 | 25,496 |
| Work in process | 82 | 101 |
| Raw materials and supplies | 564 | 663 |
| Other | 18,376 | 14,422 |
| Allowance for doubtful accounts | (522) | (531) |
| Total current assets | 100,067 | 104,153 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 408,757 | 427,017 |
| Accumulated depreciation | (264,264) | (274,064) |
| Buildings and structures, net | 144,492 | 152,953 |
| Machinery, equipment and vehicles | 12,179 | 12,982 |
| Accumulated depreciation | (8,474) | (9,258) |
| Machinery, equipment and vehicles, net | 3,705 | 3,724 |
| Land | 166,207 | 167,901 |
| Leased assets | 16 | 16 |
| Accumulated depreciation | (3) | (3) |
| Leased assets, net | 13 | 12 |
| Construction in progress | 6,444 | 1,933 |
| Other | 44,118 | 44,723 |
| Accumulated depreciation | (36,771) | (36,803) |
| Other, net | 7,346 | 7,920 |
| Total property, plant and equipment | 328,209 | 334,444 |
| Intangible assets | | |
| Goodwill | 1,375 | 843 |
| Other | 10,455 | 10,096 |
| Total intangible assets | 11,831 | 10,939 |
| Investments and other assets | | |
| Investment securities | 7,931 | 10,540 |
| Long-term loans receivable | 1,398 | 79 |
| Deferred tax assets | 10,690 | 11,775 |
| Leasehold and guarantee deposits | 15,488 | 15,056 |
| Other | 3,384 | 3,088 |
| Allowance for doubtful accounts | (460) | (568) |
| Total investments and other assets | 38,433 | 39,972 |
| Total non-current assets | 378,474 | 385,356 |
| Total assets | 478,541 | 489,509 |

(Millions of yen)

| | As of February 28, 2023 | As of February 29, 2024 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 26,076 | 24,140 |
| Short-term borrowings | 7,590 | 26,700 |
| Current portion of long-term borrowings | 18,430 | 15,573 |
| Accounts payable - other | 14,133 | 13,109 |
| Income taxes payable | 6,124 | 5,540 |
| Provision for bonuses | 2,251 | 2,325 |
| Provision for bonuses for directors (and other officers) | 79 | 57 |
| Contract liabilities | 6,970 | 7,190 |
| Provision for loss on building demolition | – | 213 |
| Provision for loss on lease contracts | 32 | 32 |
| Provision for system failure response costs | – | 1,001 |
| Other | 25,374 | 20,188 |
| Total current liabilities | 107,064 | 116,074 |
| Non-current liabilities | | |
| Long-term borrowings | 50,517 | 35,444 |
| Lease liabilities | 13 | 12 |
| Long-term leasehold and guarantee deposits received | 21,843 | 21,850 |
| Provision for retirement benefits for directors (and other officers) | 68 | 81 |
| Provision for loss on interest repayment | 241 | 255 |
| Provision for loss on building demolition | – | 209 |
| Provision for loss on lease contracts | 391 | 358 |
| Retirement benefit liability | 8,841 | 9,267 |
| Deferred tax liabilities | 950 | 1,209 |
| Asset retirement obligations | 9,484 | 9,641 |
| Other | 1,019 | 871 |
| Total non-current liabilities | 93,372 | 79,202 |
| Total liabilities | 200,437 | 195,276 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 19,613 | 19,613 |
| Capital surplus | 22,753 | 22,753 |
| Retained earnings | 221,682 | 235,852 |
| Treasury shares | (720) | (625) |
| Total shareholders' equity | 263,329 | 277,594 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,041 | 2,380 |
| Remeasurements of defined benefit plans | 664 | 579 |
| Total accumulated other comprehensive income | 1,706 | 2,960 |
| Non-controlling interests | 13,068 | 13,678 |
| Total net assets | 278,104 | 294,233 |
| Total liabilities and net assets | 478,541 | 489,509 |

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

(Millions of yen)

| | Year ended February 28, 2023 | Year ended February 29, 2024 |
|---|---------------------------------|---------------------------------|
| Operating revenue | 460,140 | 471,166 |
| Net sales | 406,857 | 415,633 |
| Cost of sales | 270,611 | 275,802 |
| Gross profit | 136,245 | 139,831 |
| Operating revenue | 53,282 | 55,532 |
| Operating gross profit | 189,528 | 195,363 |
| Selling, general and administrative expenses | | |
| Advertising and promotion expenses | 8,814 | 9,479 |
| Distribution expenses | 8,850 | 9,117 |
| Provision of allowance for doubtful accounts | 208 | 218 |
| Employees' salaries and bonuses | 53,278 | 55,109 |
| Provision for bonuses | 2,117 | 2,209 |
| Welfare expenses | 10,645 | 11,646 |
| Retirement benefit expenses | 1,102 | 958 |
| Rent expenses | 11,307 | 11,208 |
| Utilities expenses | 14,979 | 14,970 |
| Depreciation | 15,147 | 15,823 |
| Other | 29,432 | 33,198 |
| Total selling, general and administrative expenses | 155,883 | 163,938 |
| Operating profit | 33,644 | 31,425 |
| Non-operating income | | |
| Interest and dividend income | 226 | 214 |
| Purchase discounts | 199 | 221 |
| Gain on adjustment of accounts payable | 227 | 68 |
| Share of profit of entities accounted for using equity method | 5 | 52 |
| Contribution income | 70 | 147 |
| Other | 659 | 647 |
| Total non-operating income | 1,388 | 1,352 |
| Non-operating expenses | | |
| Interest expenses | 429 | 310 |
| Other | 207 | 144 |
| Total non-operating expenses | 636 | 455 |
| Ordinary profit | 34,396 | 32,322 |

(Millions of yen)

| | Year ended February 28, 2023 | Year ended February 29, 2024 |
|--|---------------------------------|---------------------------------|
| Extraordinary income | | |
| Gain on sale of non-current assets | 579 | 1,157 |
| Gain on sale of investment securities | 90 | 15 |
| Subsidy income | 121 | – |
| Subsidy income | 13 | 247 |
| Other | 26 | – |
| Total extraordinary income | 831 | 1,420 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 251 | 882 |
| Loss on retirement of non-current assets | 195 | 228 |
| Impairment losses | 330 | 1,408 |
| Loss on store closings | 186 | 261 |
| System failure response costs | – | 1,039 |
| Provision for loss on building demolition | – | 422 |
| Other | 0 | 9 |
| Total extraordinary losses | 962 | 4,254 |
| Profit before income taxes | 34,265 | 29,488 |
| Income taxes - current | 11,154 | 10,426 |
| Income taxes - deferred | (310) | (1,568) |
| Total income taxes | 10,843 | 8,857 |
| Profit | 23,421 | 20,630 |
| Profit attributable to non-controlling interests | 232 | 144 |
| Profit attributable to owners of parent | 23,188 | 20,485 |

Consolidated statements of comprehensive income

(Millions of yen)

| | Year ended February 28, 2023 | Year ended February 29, 2024 |
|--|---------------------------------|---------------------------------|
| Profit | 23,421 | 20,630 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (127) | 1,831 |
| Remeasurements of defined benefit plans, net of tax | 521 | (84) |
| Share of other comprehensive income of entities accounted for using equity method | (3) | 5 |
| Total other comprehensive income | 390 | 1,752 |
| Comprehensive income | 23,811 | 22,382 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 23,720 | 21,739 |
| Comprehensive income attributable to non-controlling interests | 90 | 642 |

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2023

(Millions of yen)

| | 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 |

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 19,613 | 22,753 | 221,682 | (720) | 263,329 |
| Changes during period | | | | | |
| Dividends of surplus | | | (6,292) | | (6,292) |
| Profit attributable to owners of parent | | | 20,485 | | 20,485 |
| Purchase of treasury shares | | | | (3) | (3) |
| Disposal of treasury shares | | (22) | | 97 | 74 |
| Transfer to retained earnings from other capital surplus | | 22 | (22) | | – |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 14,170 | 94 | 14,265 |
| Balance at end of period | 19,613 | 22,753 | 235,852 | (625) | 277,594 |

| | 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 | 1,041 | 664 | 1,706 | 13,068 | 278,104 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (6,292) |
| Profit attributable to owners of parent | | | | | 20,485 |
| Purchase of treasury shares | | | | | (3) |
| Disposal of treasury shares | | | | | 74 |
| Transfer to retained earnings from other capital surplus | | | | | – |
| Net changes in items other than shareholders' equity | 1,338 | (84) | 1,253 | 609 | 1,863 |
| Total changes during period | 1,338 | (84) | 1,253 | 609 | 16,129 |
| Balance at end of period | 2,380 | 579 | 2,960 | 13,678 | 294,233 |

Consolidated statements of cash flows

(Millions of yen)

| | Year ended February 28, 2023 | Year ended February 29, 2024 |
|--|---------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 34,265 | 29,488 |
| Depreciation | 15,997 | 16,641 |
| Share-based payment expenses | 62 | 68 |
| Amortization of goodwill | 532 | 532 |
| Increase (decrease) in allowance for doubtful accounts | 9 | 116 |
| Interest and dividend income | (226) | (214) |
| Interest expenses | 429 | 310 |
| Share of loss (profit) of entities accounted for using equity method | (5) | (52) |
| Subsidy income | (13) | (247) |
| Subsidy income | (121) | – |
| Loss (gain) on sale of non-current assets | (328) | (274) |
| Loss on retirement of non-current assets | 195 | 228 |
| Loss (gain) on sale of investment securities | (90) | (15) |
| Impairment losses | 330 | 1,408 |
| Loss on store closings | 186 | 261 |
| System failure response costs | – | 1,039 |
| Increase (decrease) in provision for loss on building demolition | (284) | 422 |
| Increase (decrease) in provision for loss on lease contracts | (32) | (32) |
| Decrease (increase) in trade receivables and contract assets | (4,575) | (4,509) |
| Decrease (increase) in inventories | (3,230) | (1,872) |
| Increase (decrease) in trade payables | (3,620) | (1,935) |
| Increase (decrease) in deposits received | 12,131 | (4,645) |
| Increase (decrease) in retirement benefit liability | 384 | 484 |
| Other, net | (2,517) | 5,273 |
| Subtotal | 49,476 | 42,476 |
| Interest and dividends received | 232 | 221 |
| Interest paid | (463) | (334) |
| Subsidies received | 103 | 247 |
| Subsidies received | 121 | – |
| System failure response costs paid | – | (38) |
| Income taxes refund (paid) | (11,156) | (11,009) |
| Net cash provided by (used in) operating activities | 38,313 | 31,563 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (9,845) | (27,010) |
| Proceeds from sale of property, plant and equipment | 1,713 | 2,469 |
| Purchase of intangible assets | (2,302) | (1,430) |
| Purchase of investment securities | – | (3) |
| Proceeds from sale of investment securities | 204 | 21 |
| Other, net | 184 | 1,206 |
| Net cash provided by (used in) investing activities | (10,045) | (24,747) |

(Millions of yen)

| | Year ended February 28, 2023 | Year ended February 29, 2024 |
|--|---------------------------------|---------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (2,630) | 19,110 |
| Proceeds from long-term borrowings | – | 500 |
| Repayments of long-term borrowings | (20,180) | (18,430) |
| Purchase of treasury shares | (1) | (2) |
| Dividends paid | (6,147) | (6,292) |
| Dividends paid to non-controlling interests | (32) | (32) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (560) | – |
| Other, net | (3) | (0) |
| Net cash provided by (used in) financing activities | (29,557) | (5,149) |
| Net increase (decrease) in cash and cash equivalents | (1,289) | 1,666 |
| Cash and cash equivalents at beginning of period | 11,621 | 10,331 |
| Cash and cash equivalents at end of period | 10,331 | 11,997 |