

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 29, 2016
(Based on Japanese GAAP)**

April 12, 2016

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <http://www.izumi.co.jp/>
 Representative: President Yasuaki Yamanishi
 Executive Officer and General Manager of
 Inquiries: Finance & Accounting Department Masami Kawanishi TEL +81-82-264-3211
 Scheduled date of ordinary general meeting of shareholders: May 26, 2016
 Scheduled date to file Securities Report: May 27, 2016
 Scheduled date to commence dividend payments: May 27, 2016
 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, 2016 (from March 1, 2015 to February 29, 2016)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2016	668,784	15.4	31,912	5.2	31,102	4.5	18,766	8.1
Year ended February 28, 2015	579,739	4.1	30,330	4.2	29,767	4.6	17,360	(0.1)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2016	261.96	–	13.3	6.9	5.0
Year ended February 28, 2015	241.60	–	13.6	7.2	5.5

(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, 2016	468,026	157,851	31.5	2,060.44
As of February 28, 2015	432,416	145,709	31.2	1,876.22

(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, 2016	13,553	(26,071)	12,956	13,429
Year ended February 28, 2015	52,246	(20,897)	(25,159)	12,990

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, 2015	–	23.00	–	28.00	51.00	3,664	21.1	2.9
Year ended February 29, 2016	–	31.00	–	33.00	64.00	4,580	24.4	3.3
Year ending February 28, 2017 (Forecast)	–	33.00	–	33.00	66.00		22.4	

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		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, 2016	361,500	16.4	16,600	12.5	16,100	11.6	9,800	5.8	136.76
Full year	726,400	8.6	34,700	8.7	33,800	8.7	21,100	12.4	294.45

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 29, 2016	78,861,920 shares	As of February 28, 2015	78,861,920 shares
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Number of treasury shares at the end of the period

As of February 29, 2016	7,203,273 shares	As of February 28, 2015	7,005,563 shares
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Average number of shares during the period

Year ended February 29, 2016	71,640,370 shares	Year ended February 28, 2015	71,856,803 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	13,380	13,844
Notes and accounts receivable - trade	28,540	31,387
Merchandise and finished goods	24,517	26,597
Work in process	85	114
Raw materials and supplies	383	437
Deferred tax assets	2,687	2,561
Other	13,726	14,356
Allowance for doubtful accounts	(627)	(590)
Total current assets	82,692	88,708
Non-current assets		
Property, plant and equipment		
Buildings and structures	315,239	358,775
Accumulated depreciation	(178,561)	(203,231)
Buildings and structures, net	136,677	155,544
Machinery, equipment and vehicles	6,623	7,332
Accumulated depreciation	(4,867)	(5,228)
Machinery, equipment and vehicles, net	1,755	2,104
Land	147,469	156,890
Leased assets	1,331	902
Accumulated depreciation	(638)	(636)
Leased assets, net	693	265
Construction in progress	10,617	2,256
Other	34,835	41,188
Accumulated depreciation	(27,886)	(32,940)
Other, net	6,949	8,247
Total property, plant and equipment	304,162	325,308
Intangible assets		
Goodwill	554	7,236
Other	7,430	8,839
Total intangible assets	7,985	16,075
Investments and other assets		
Investment securities	8,563	6,800
Long-term loans receivable	1,480	1,483
Deferred tax assets	5,285	5,444
Lease and guarantee deposits	17,477	19,672
Other	5,165	4,944
Allowance for doubtful accounts	(395)	(411)
Total investments and other assets	37,575	37,934
Total non-current assets	349,723	379,318
Total assets	432,416	468,026

(Millions of yen)

As of February 28, 2015

As of February 29, 2016

Liabilities	As of February 28, 2015	As of February 29, 2016
Current liabilities		
Notes and accounts payable - trade	40,564	33,479
Short-term loans payable	20,387	50,704
Current portion of long-term loans payable	25,888	23,320
Accounts payable - other	22,080	15,789
Income taxes payable	6,987	7,144
Provision for bonuses	1,491	1,753
Provision for directors' bonuses	37	38
Provision for point card certificates	2,017	2,302
Provision for loss on recollection of gift certificates	81	111
Provision for loss on business liquidation	-	433
Asset retirement obligations	-	21
Other	14,560	12,863
Total current liabilities	134,096	147,963
Non-current liabilities		
Long-term loans payable	110,876	118,616
Lease obligations	615	255
Long-term lease and guarantee deposited	23,119	24,044
Provision for directors' retirement benefits	1,405	1,435
Provision for loss on interest repayment	273	230
Net defined benefit liability	8,193	7,308
Deferred tax liabilities	1,082	2,272
Asset retirement obligations	6,723	7,445
Other	321	603
Total non-current liabilities	152,610	162,211
Total liabilities	286,706	310,175
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,577
Retained earnings	108,283	123,785
Treasury shares	(16,763)	(18,483)
Total shareholders' equity	133,416	147,493
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,785	793
Remeasurements of defined benefit plans	(383)	(638)
Total accumulated other comprehensive income	1,402	155
Minority interests	10,890	10,203
Total net assets	145,709	157,851
Total liabilities and net assets	432,416	468,026

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

	(Millions of yen)	
	Year ended February 28, 2015	Year ended February 29, 2016
Net sales	552,746	638,754
Cost of sales	435,815	501,346
Gross profit	116,930	137,408
Operating revenue	26,992	30,029
Operating gross profit	143,923	167,438
Selling, general and administrative expenses		
Advertising and promotion expenses	9,919	12,207
Distribution expenses	6,550	6,995
Provision of allowance for doubtful accounts	161	106
Employees' salaries and bonuses	38,830	46,675
Provision for bonuses	1,451	1,509
Welfare expenses	6,740	7,877
Retirement benefit expenses	827	1,019
Rent expenses	9,337	10,980
Utilities expenses	6,720	7,560
Depreciation	12,474	14,631
Other	20,579	25,962
Total selling, general and administrative expenses	113,592	135,525
Operating income	30,330	31,912
Non-operating income		
Interest income	147	157
Dividend income	102	78
Purchase discounts	307	325
Gain on adjustment of account payable	92	100
Share of profit of entities accounted for using equity method	244	28
Penalty income	87	85
Other	491	656
Total non-operating income	1,473	1,431
Non-operating expenses		
Interest expenses	1,614	1,587
Compensation expenses	113	365
Other	308	288
Total non-operating expenses	2,036	2,242
Ordinary income	29,767	31,102

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
Extraordinary income		
Gain on sales of non-current assets	5	17
Gain on sales of investment securities	0	1,009
Gain on bargain purchase	31	18
Subsidy income	–	369
Other	–	31
Total extraordinary income	37	1,446
Extraordinary losses		
Loss on sales of non-current assets	71	45
Loss on retirement of non-current assets	323	336
Impairment loss	464	865
Loss on sales of shares of subsidiaries	315	–
Loss on step acquisitions	94	–
Provision for loss on business liquidation	–	433
Other	23	483
Total extraordinary losses	1,292	2,164
Income before income taxes and minority interests	28,511	30,384
Income taxes - current	11,181	11,935
Income taxes - deferred	(238)	68
Total income taxes	10,943	12,004
Income before minority interests	17,568	18,379
Minority interests in income (loss)	207	(386)
Net income	17,360	18,766

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended February 28, 2015	Year ended February 29, 2016
Income before minority interests	17,568	18,379
Other comprehensive income		
Valuation difference on available-for-sale securities	1,164	(1,026)
Foreign currency translation adjustment	0	–
Remeasurements of defined benefit plans, net of tax	–	(242)
Total other comprehensive income	1,165	(1,269)
Comprehensive income	18,733	17,110
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,325	17,519
Comprehensive income attributable to minority interests	408	(409)

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,282	94,517	(16,760)	119,652
Changes of items during period					
Dividends of surplus			(3,305)		(3,305)
Change of scope of consolidation			(289)		(289)
Net income			17,360		17,360
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	13,766	(2)	13,763
Balance at end of current period	19,613	22,282	108,283	(16,763)	133,416

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	822	(264)	–	558	9,966	130,178
Changes of items during period						
Dividends of surplus						(3,305)
Change of scope of consolidation						(289)
Net income						17,360
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	963	264	(383)	843	923	1,767
Total changes of items during period	963	264	(383)	843	923	15,530
Balance at end of current period	1,785	–	(383)	1,402	10,890	145,709

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,282	108,283	(16,763)	133,416
Cumulative effects of changes in accounting policies			963		963
Restated balance	19,613	22,282	109,246	(16,763)	134,379
Changes of items during period					
Dividends of surplus			(4,228)		(4,228)
Net income			18,766		18,766
Purchase of treasury shares				(2,169)	(2,169)
Disposal of treasury shares		295		449	745
Net changes of items other than shareholders' equity					
Total changes of items during period	-	295	14,538	(1,720)	13,113
Balance at end of current period	19,613	22,577	123,785	(18,483)	147,493

	Accumulated other comprehensive income			Minority 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	1,785	(383)	1,402	10,890	145,709
Cumulative effects of changes in accounting policies					963
Restated balance	1,785	(383)	1,402	10,890	146,672
Changes of items during period					
Dividends of surplus					(4,228)
Net income					18,766
Purchase of treasury shares					(2,169)
Disposal of treasury shares					745
Net changes of items other than shareholders' equity	(992)	(254)	(1,246)	(687)	(1,934)
Total changes of items during period	(992)	(254)	(1,246)	(687)	11,179
Balance at end of current period	793	(638)	155	10,203	157,851

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	28,511	30,384
Depreciation	12,902	15,044
Impairment loss	464	865
Amortization of goodwill	151	454
Gain on bargain purchase	(31)	(18)
Increase (decrease) in allowance for doubtful accounts	(30)	0
Interest and dividend income	(249)	(235)
Interest expenses	1,614	1,587
Share of (profit) loss of entities accounted for using equity method	(244)	(28)
Subsidy income	–	(369)
Loss (gain) on sales of investment securities	327	(992)
Loss (gain) on sales of non-current assets	66	28
Loss on retirement of non-current assets	323	336
Decrease (increase) in notes and accounts receivable - trade	(3,024)	(2,663)
Decrease (increase) in inventories	503	(745)
Increase (decrease) in notes and accounts payable - trade	14,703	(12,995)
Increase (decrease) in provision for retirement benefits	(7,311)	–
Increase (decrease) in net defined benefit liability	7,599	147
Other, net	6,832	(4,296)
Subtotal	63,106	26,506
Interest and dividend income received	252	237
Interest expenses paid	(1,560)	(1,817)
Income taxes (paid) refund	(9,551)	(11,741)
Proceeds from subsidy income	–	369
Net cash provided by (used in) operating activities	52,246	13,553
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,699)	(25,914)
Proceeds from sales of property, plant and equipment	110	182
Purchase of intangible assets	(943)	(2,143)
Purchase of investment securities	(803)	(952)
Proceeds from sales of investment securities	59	2,427
Purchase of shares of subsidiaries	–	(27)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,173
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(246)	(1,103)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(36)	–
Decrease (increase) in short-term loans receivable	(249)	(180)
Other, net	(89)	467
Net cash provided by (used in) investing activities	(20,897)	(26,071)

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(29,438)	28,236
Proceeds from long-term loans payable	32,075	31,252
Repayments of long-term loans payable	(24,322)	(39,797)
Purchase of treasury shares	(2)	(2,169)
Cash dividends paid	(3,305)	(4,228)
Cash dividends paid to minority shareholders	(28)	(28)
Other, net	(137)	(307)
Net cash provided by (used in) financing activities	(25,159)	12,956
Effect of exchange rate change on cash and cash equivalents	0	-
Net increase (decrease) in cash and cash equivalents	6,189	439
Cash and cash equivalents at beginning of period	6,800	12,990
Cash and cash equivalents at end of period	12,990	13,429