

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2014 (Based on Japanese GAAP)

July 3, 2014

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 to file Quarterly Securities Report: July 15, 2014
 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 three months ended May 31, 2014 (from March 1, 2014 to May 31, 2014)

(1) Consolidated financial results (cumulative)

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 | % |
| Three months ended May 31, 2014 | 140,481 | 4.4 | 6,709 | (6.6) | 6,784 | (3.1) | 4,097 | (1.4) |
| Three months ended May 31, 2013 | 134,506 | 5.0 | 7,184 | 13.1 | 7,000 | 14.3 | 4,157 | 11.8 |

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Three months ended May 31, 2014 | 57.03 | – |
| Three months ended May 31, 2013 | 55.71 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of May 31, 2014 | 406,022 | 132,651 | 30.2 |
| As of February 28, 2014 | 397,071 | 130,178 | 30.3 |

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, 2014 | – | 20.00 | – | 23.00 | 43.00 |
| Year ending February 28, 2015 | – | – | – | – | – |
| Year ending February 28, 2015 (Forecast) | – | 23.00 | – | 23.00 | 46.00 |

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

Percentages indicate year-on-year changes

| | Operating revenue | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------------------------------|-------------------|-----|------------------|-------|-----------------|-------|-----------------|--------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending August 31, 2014 | 281,400 | 3.3 | 13,600 | (7.1) | 13,200 | (7.3) | 8,100 | (11.7) | 112.72 |
| Full year | 580,000 | 4.2 | 31,100 | 6.9 | 30,100 | 5.8 | 17,500 | 0.7 | 243.54 |

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2014
(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 May 31, 2014 | 78,861,920 shares | As of February 28, 2014 | 78,861,920 shares |
|--------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------|------------------|-------------------------|------------------|
| As of May 31, 2014 | 7,004,893 shares | As of February 28, 2014 | 7,004,785 shares |
|--------------------|------------------|-------------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Three months ended May 31, 2014 | 71,857,100 shares | Three months ended May 31, 2013 | 74,631,304 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

| | As of February 28, 2014 | As of May 31, 2014 |
|---|-------------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,800 | 10,213 |
| Notes and accounts receivable - trade | 25,482 | 28,829 |
| Merchandise and finished goods | 24,125 | 24,252 |
| Work in process | 84 | 30 |
| Raw materials and supplies | 319 | 369 |
| Other | 14,718 | 14,934 |
| Allowance for doubtful accounts | (635) | (637) |
| Total current assets | 70,895 | 77,992 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 133,474 | 132,798 |
| Land | 141,011 | 141,082 |
| Other, net | 9,547 | 11,698 |
| Total property, plant and equipment | 284,033 | 285,579 |
| Intangible assets | 7,418 | 7,306 |
| Investments and other assets | | |
| Other | 35,142 | 35,561 |
| Allowance for doubtful accounts | (419) | (418) |
| Total investments and other assets | 34,723 | 35,143 |
| Total non-current assets | 326,175 | 328,029 |
| Total assets | 397,071 | 406,022 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 23,191 | 39,793 |
| Short-term loans payable | 46,726 | 31,898 |
| Current portion of long-term loans payable | 23,249 | 23,747 |
| Income taxes payable | 5,287 | 2,207 |
| Provision for bonuses | 1,451 | 2,595 |
| Provision for directors' bonuses | 47 | 10 |
| Provision for point card certificates | 1,817 | 1,923 |
| Provision for loss on recollection of gift certificates | 53 | 53 |
| Asset retirement obligations | 335 | 66 |
| Other | 21,653 | 26,233 |
| Total current liabilities | 123,813 | 128,530 |
| Non-current liabilities | | |
| Long-term loans payable | 103,471 | 105,261 |
| Provision for retirement benefits | 6,540 | 6,582 |
| Provision for directors' retirement benefits | 1,241 | 1,251 |
| Provision for loss on interest repayment | 329 | 306 |
| Asset retirement obligations | 6,501 | 6,530 |
| Other | 24,994 | 24,908 |
| Total non-current liabilities | 143,079 | 144,841 |
| Total liabilities | 266,892 | 273,371 |

(Millions of yen)

As of February 28, 2014

As of May 31, 2014

| | As of February 28, 2014 | As of May 31, 2014 |
|---|-------------------------|--------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 19,613 | 19,613 |
| Capital surplus | 22,282 | 22,282 |
| Retained earnings | 94,517 | 96,962 |
| Treasury shares | (16,760) | (16,760) |
| Total shareholders' equity | 119,652 | 122,097 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 822 | 910 |
| Foreign currency translation adjustment | (264) | (264) |
| Total accumulated other comprehensive income | 558 | 645 |
| Minority interests | 9,966 | 9,907 |
| Total net assets | 130,178 | 132,651 |
| Total liabilities and net assets | 397,071 | 406,022 |

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Millions of yen)

| | Three months ended May 31, 2013 | Three months ended May 31, 2014 |
|---|------------------------------------|------------------------------------|
| Net sales | 128,141 | 133,928 |
| Cost of sales | 101,150 | 106,084 |
| Gross profit | 26,991 | 27,843 |
| Operating revenue | 6,364 | 6,553 |
| Operating gross profit | 33,355 | 34,396 |
| Selling, general and administrative expenses | 26,171 | 27,687 |
| Operating income | 7,184 | 6,709 |
| Non-operating income | | |
| Interest income | 35 | 36 |
| Purchase discounts | 104 | 80 |
| Share of profit of entities accounted for using equity method | 0 | 287 |
| Other | 202 | 201 |
| Total non-operating income | 343 | 605 |
| Non-operating expenses | | |
| Interest expenses | 426 | 420 |
| Other | 99 | 109 |
| Total non-operating expenses | 526 | 530 |
| Ordinary income | 7,000 | 6,784 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 1 |
| Gain on bargain purchase | – | 19 |
| Total extraordinary income | 0 | 21 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | – | 41 |
| Loss on retirement of non-current assets | 116 | 50 |
| Other | 7 | 9 |
| Total extraordinary losses | 123 | 101 |
| Income before income taxes and minority interests | 6,877 | 6,704 |
| Income taxes - current | 2,159 | 2,155 |
| Income taxes - deferred | 454 | 411 |
| Total income taxes | 2,614 | 2,566 |
| Income before minority interests | 4,263 | 4,138 |
| Minority interests in income | 105 | 40 |
| Net income | 4,157 | 4,097 |

Quarterly consolidated statements of comprehensive income

(Millions of yen)

| | Three months ended May 31, 2013 | Three months ended May 31, 2014 |
|--|------------------------------------|------------------------------------|
| Income before minority interests | 4,263 | 4,138 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 169 | 46 |
| Foreign currency translation adjustment | 8 | (0) |
| Share of other comprehensive income of entities accounted for using equity method | — | (2) |
| Total other comprehensive income | 178 | 43 |
| Comprehensive income | 4,442 | 4,181 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 4,308 | 4,185 |
| Comprehensive income attributable to minority interests | 133 | (3) |

Quarterly consolidated statements of cash flows

(Millions of yen)

| | Three months ended May 31, 2013 | Three months ended May 31, 2014 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 6,877 | 6,704 |
| Depreciation | 3,023 | 3,122 |
| Amortization of goodwill | 28 | 28 |
| Gain on bargain purchase | - | (19) |
| Increase (decrease) in allowance for doubtful accounts | (12) | 1 |
| Interest and dividend income | (57) | (53) |
| Interest expenses | 426 | 420 |
| Share of (profit) loss of entities accounted for using equity method | (0) | (287) |
| Loss (gain) on sales of non-current assets | (0) | 39 |
| Loss on retirement of non-current assets | 116 | 50 |
| Decrease (increase) in notes and accounts receivable - trade | (2,678) | (3,346) |
| Decrease (increase) in inventories | (1,786) | (122) |
| Increase (decrease) in notes and accounts payable - trade | 3,414 | 16,601 |
| Other, net | 1,162 | 5,370 |
| Subtotal | 10,515 | 28,510 |
| Interest and dividend income received | 57 | 59 |
| Interest expenses paid | (361) | (270) |
| Income taxes (paid) refund | (6,602) | (5,164) |
| Net cash provided by (used in) operating activities | 3,608 | 23,135 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (5,080) | (4,657) |
| Proceeds from sales of property, plant and equipment | 0 | 39 |
| Purchase of intangible assets | (252) | (162) |
| Purchase of investment securities | (109) | (300) |
| Decrease (increase) in short-term loans receivable | (67) | (219) |
| Other, net | 196 | (191) |
| Net cash provided by (used in) investing activities | (5,312) | (5,490) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 10,550 | (14,828) |
| Proceeds from long-term loans payable | - | 6,700 |
| Repayments of long-term loans payable | (4,356) | (4,412) |
| Purchase of treasury shares | (2,542) | (0) |
| Cash dividends paid | (1,497) | (1,652) |
| Cash dividends paid to minority shareholders | (20) | (28) |
| Other, net | (8) | (8) |
| Net cash provided by (used in) financing activities | 2,125 | (14,230) |
| Effect of exchange rate change on cash and cash equivalents | 0 | (0) |
| Net increase (decrease) in cash and cash equivalents | 422 | 3,413 |
| Cash and cash equivalents at beginning of period | 6,862 | 6,800 |
| Cash and cash equivalents at end of period | 7,284 | 10,213 |