

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2014 (Based on Japanese GAAP)

January 6, 2015

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: January 14, 2015
 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, 2014 (from March 1, 2014 to November 30, 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	%
Nine months ended November 30, 2014	423,117	4.5	20,579	1.3	20,320	2.9	12,397	4.1
Nine months ended November 30, 2013	404,788	4.3	20,308	6.2	19,739	7.3	11,907	7.4

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended November 30, 2014	172.53	–
Nine months ended November 30, 2013	160.81	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2014	432,645	140,168	30.0
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	–	23.00	–	–	–
Year ending February 28, 2015 (Forecast)	–	–	–	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
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 nine months ended November 30, 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 November 30, 2014	78,861,920 shares	As of February 28, 2014	78,861,920 shares
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Number of treasury shares at the end of the period

As of November 30, 2014	7,005,263 shares	As of February 28, 2014	7,004,785 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, 2014	71,856,901 shares	Nine months ended November 30, 2013	74,044,120 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
Assets		
Current assets		
Cash and deposits	6,800	14,204
Notes and accounts receivable - trade	25,482	32,631
Merchandise and finished goods	24,125	25,174
Work in process	84	107
Raw materials and supplies	319	331
Other	14,718	17,503
Allowance for doubtful accounts	(635)	(611)
Total current assets	70,895	89,341
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,474	133,031
Land	141,011	146,063
Other, net	9,547	19,688
Total property, plant and equipment	284,033	298,783
Intangible assets	7,418	7,866
Investments and other assets		
Other	35,142	37,049
Allowance for doubtful accounts	(419)	(396)
Total investments and other assets	34,723	36,653
Total non-current assets	326,175	343,303
Total assets	397,071	432,645
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,191	45,206
Short-term loans payable	46,726	32,658
Current portion of long-term loans payable	23,249	24,910
Income taxes payable	5,287	3,395
Provision for bonuses	1,451	2,958
Provision for directors' bonuses	47	15
Provision for point card certificates	1,817	2,180
Provision for loss on recollection of gift certificates	53	55
Asset retirement obligations	335	–
Other	21,653	36,367
Total current liabilities	123,813	147,747
Non-current liabilities		
Long-term loans payable	103,471	104,737
Provision for retirement benefits	6,540	6,800
Provision for directors' retirement benefits	1,241	1,279
Provision for loss on interest repayment	329	245
Asset retirement obligations	6,501	6,695
Other	24,994	24,970
Total non-current liabilities	143,079	144,729
Total liabilities	266,892	292,476

(Millions of yen)

As of February 28, 2014

As of November 30, 2014

	As of February 28, 2014	As of November 30, 2014
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,282
Retained earnings	94,517	103,320
Treasury shares	(16,760)	(16,761)
Total shareholders' equity	119,652	128,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	1,513
Foreign currency translation adjustment	(264)	–
Total accumulated other comprehensive income	558	1,513
Minority interests	9,966	10,200
Total net assets	130,178	140,168
Total liabilities and net assets	397,071	432,645

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, 2013	Nine months ended November 30, 2014
Net sales	385,524	403,086
Cost of sales	303,511	317,509
Gross profit	82,013	85,576
Operating revenue	19,263	20,031
Operating gross profit	101,277	105,608
Selling, general and administrative expenses	80,968	85,028
Operating income	20,308	20,579
Non-operating income		
Interest income	108	110
Purchase discounts	268	235
Share of profit of entities accounted for using equity method	23	299
Other	583	561
Total non-operating income	983	1,206
Non-operating expenses		
Interest expenses	1,288	1,230
Other	263	235
Total non-operating expenses	1,552	1,465
Ordinary income	19,739	20,320
Extraordinary income		
Gain on sales of non-current assets	693	3
Gain on bargain purchase	-	19
Other	100	-
Total extraordinary income	794	22
Extraordinary losses		
Loss on sales of non-current assets	9	70
Impairment loss	1,535	2
Loss on retirement of non-current assets	377	227
Other	199	29
Total extraordinary losses	2,121	330
Income before income taxes and minority interests	18,412	20,012
Income taxes - current	7,634	7,649
Income taxes - deferred	(1,257)	(212)
Total income taxes	6,376	7,437
Income before minority interests	12,035	12,575
Minority interests in income	128	177
Net income	11,907	12,397

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Nine months ended November 30, 2013	Nine months ended November 30, 2014
Income before minority interests	12,035	12,575
Other comprehensive income		
Valuation difference on available-for-sale securities	378	798
Foreign currency translation adjustment	9	0
Share of other comprehensive income of entities accounted for using equity method	-	5
Total other comprehensive income	388	804
Comprehensive income	12,423	13,379
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,270	13,089
Comprehensive income attributable to minority interests	152	289

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	18,412	20,012
Depreciation	9,375	9,576
Impairment loss	1,535	2
Amortization of goodwill	86	109
Gain on bargain purchase	–	(19)
Increase (decrease) in allowance for doubtful accounts	(24)	(46)
Interest and dividend income	(164)	(169)
Interest expenses	1,288	1,230
Share of (profit) loss of entities accounted for using equity method	(23)	(299)
Loss (gain) on sales of non-current assets	(684)	67
Loss on retirement of non-current assets	377	227
Decrease (increase) in notes and accounts receivable - trade	(6,509)	(7,148)
Decrease (increase) in inventories	(5,379)	(932)
Increase (decrease) in notes and accounts payable - trade	21,207	21,793
Other, net	4,812	7,008
Subtotal	44,308	51,411
Interest and dividend income received	164	173
Interest expenses paid	(1,070)	(1,104)
Income taxes (paid) refund	(11,566)	(9,525)
Net cash provided by (used in) operating activities	31,835	40,954
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,229)	(14,213)
Proceeds from sales of property, plant and equipment	1,540	108
Purchase of intangible assets	(1,143)	(707)
Purchase of investment securities	(326)	(452)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(623)
Decrease (increase) in short-term loans receivable	(256)	(460)
Other, net	468	(430)
Net cash provided by (used in) investing activities	(20,948)	(16,780)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9,894)	(15,168)
Proceeds from long-term loans payable	25,100	19,400
Repayments of long-term loans payable	(14,743)	(17,538)
Purchase of treasury shares	(6,591)	(1)
Cash dividends paid	(2,974)	(3,305)
Cash dividends paid to minority shareholders	(20)	(29)
Other, net	(124)	(128)
Net cash provided by (used in) financing activities	(9,248)	(16,771)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	1,638	7,403
Cash and cash equivalents at beginning of period	6,862	6,800
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(304)	–
Cash and cash equivalents at end of period	8,196	14,204