

**Translation**

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## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2016 (Based on Japanese GAAP)

July 11, 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 to file Quarterly Securities Report: July 14, 2016  
 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, 2016 (from March 1, 2016 to May 31, 2016)

#### (1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2016	171,672	13.2	7,778	(3.8)	7,722	(3.0)	3,978	(10.5)
Three months ended May 31, 2015	151,590	7.9	8,089	20.6	7,964	17.4	4,443	8.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2016	55.52	–
Three months ended May 31, 2015	61.84	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2016	470,896	159,966	31.7
As of February 29, 2016	468,026	157,851	31.5

### 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 29, 2016	–	31.00	–	33.00	64.00
Year ending February 28, 2017	–				
Year ending February 28, 2017 (Forecast)		33.00	–	33.00	66.00

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 three months ended May 31, 2016  
(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: Yes
- 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, 2016	78,861,920 shares	As of February 29, 2016	78,861,920 shares
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Number of treasury shares at the end of the period

As of May 31, 2016	7,203,405 shares	As of February 29, 2016	7,203,273 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2016	71,658,571 shares	Three months ended May 31, 2015	71,856,197 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	13,844	12,862
Notes and accounts receivable - trade	31,387	33,427
Merchandise and finished goods	26,597	26,765
Work in process	114	87
Raw materials and supplies	437	438
Other	16,917	15,362
Allowance for doubtful accounts	(590)	(578)
Total current assets	88,708	88,364
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,544	154,939
Land	156,890	157,835
Other, net	12,873	16,207
Total property, plant and equipment	325,308	328,981
Intangible assets		
Goodwill	7,236	6,986
Other	8,839	8,814
Total intangible assets	16,075	15,801
Investments and other assets		
Other	38,346	38,161
Allowance for doubtful accounts	(411)	(411)
Total investments and other assets	37,934	37,749
Total non-current assets	379,318	382,532
Total assets	468,026	470,896
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	33,479	35,573
Short-term loans payable	50,704	38,901
Current portion of long-term loans payable	23,320	24,971
Income taxes payable	7,144	2,338
Provision for bonuses	1,753	3,072
Provision for directors' bonuses	38	18
Provision for point card certificates	2,302	2,548
Provision for loss on recollection of gift certificates	111	111
Provision for loss on business liquidation	433	351
Other	28,675	29,752
Total current liabilities	147,963	137,639
Non-current liabilities		
Long-term loans payable	118,616	129,870
Provision for directors' retirement benefits	1,435	1,390
Provision for loss on interest repayment	230	203
Net defined benefit liability	7,308	7,197
Asset retirement obligations	7,445	7,497
Other	27,175	27,132
Total non-current liabilities	162,211	173,291
Total liabilities	310,175	310,930

(Millions of yen)

As of February 29, 2016

As of May 31, 2016

	As of February 29, 2016	As of May 31, 2016
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,577	22,588
Retained earnings	123,785	125,398
Treasury shares	(18,483)	(18,483)
Total shareholders' equity	147,493	149,117
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	994
Remeasurements of defined benefit plans	(638)	(619)
Total accumulated other comprehensive income	155	374
Non-controlling interests	10,203	10,474
Total net assets	157,851	159,966
Total liabilities and net assets	468,026	470,896

**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, 2015	Three months ended May 31, 2016
Net sales	144,753	163,851
Cost of sales	113,891	128,571
Gross profit	30,862	35,280
Operating revenue	6,836	7,821
Operating gross profit	37,698	43,101
Selling, general and administrative expenses	29,609	35,322
Operating income	8,089	7,778
Non-operating income		
Interest income	37	37
Purchase discounts	72	81
Share of profit of entities accounted for using equity method	18	10
Other	223	334
Total non-operating income	351	464
Non-operating expenses		
Interest expenses	385	387
Other	91	133
Total non-operating expenses	476	520
Ordinary income	7,964	7,722
Extraordinary income		
Gain on sales of non-current assets	2	182
Gain on sales of investment securities	–	32
Other	20	30
Total extraordinary income	22	245
Extraordinary losses		
Loss on sales of non-current assets	17	36
Loss on retirement of non-current assets	80	180
Impairment loss	83	119
Loss on disaster	–	853
Other	36	43
Total extraordinary losses	218	1,233
Profit before income taxes	7,769	6,734
Income taxes - current	2,609	2,183
Income taxes - deferred	754	440
Total income taxes	3,363	2,623
Profit	4,405	4,110
Profit (loss) attributable to non-controlling interests	(38)	132
Profit attributable to owners of parent	4,443	3,978

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Three months ended May 31, 2015	Three months ended May 31, 2016
Profit	4,405	4,110
Other comprehensive income		
Valuation difference on available-for-sale securities	383	407
Remeasurements of defined benefit plans, net of tax	14	18
Total other comprehensive income	397	425
Comprehensive income	4,803	4,536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,819	4,198
Comprehensive income attributable to non-controlling interests	(16)	338

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Cash flows from operating activities		
Profit before income taxes	7,769	6,734
Depreciation	3,209	3,711
Impairment loss	83	119
Amortization of goodwill	42	250
Increase (decrease) in allowance for doubtful accounts	54	18
Interest and dividend income	(46)	(51)
Interest expenses	385	387
Share of (profit) loss of entities accounted for using equity method	(18)	(10)
Loss (gain) on sales of investment securities	16	(29)
Loss (gain) on sales of non-current assets	14	(145)
Loss on retirement of non-current assets	80	180
Decrease (increase) in notes and accounts receivable - trade	(3,164)	(2,040)
Decrease (increase) in inventories	(108)	(141)
Increase (decrease) in notes and accounts payable - trade	5,474	2,094
Other, net	(2,153)	3,321
Subtotal	11,639	14,396
Interest and dividend income received	53	59
Interest expenses paid	(338)	(391)
Income taxes (paid) refund	(6,847)	(7,010)
Net cash provided by (used in) operating activities	4,507	7,054
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,005)	(7,825)
Proceeds from sales of property, plant and equipment	90	988
Purchase of intangible assets	(272)	(297)
Purchase of investment securities	(487)	(10)
Proceeds from sales of investment securities	144	53
Decrease (increase) in short-term loans receivable	(210)	(137)
Other, net	212	589
Net cash provided by (used in) investing activities	(6,529)	(6,638)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,063	(11,803)
Proceeds from long-term loans payable	6,402	18,300
Repayments of long-term loans payable	(4,920)	(5,395)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(2,012)	(2,364)
Dividends paid to non-controlling interests	(28)	(28)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(27)
Other, net	(37)	(67)
Net cash provided by (used in) financing activities	1,466	(1,388)
Net increase (decrease) in cash and cash equivalents	(555)	(972)
Cash and cash equivalents at beginning of period	12,990	13,429
Cash and cash equivalents at end of period	12,434	12,457