

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2016 (Based on Japanese GAAP)

January 10, 2017

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <http://www.izumi.co.jp/>
 Representative: President Yasuaki Yamanishi
 Senior Managing Director and Administration Division Manager
 Inquiries: Tatsuya Mikamoto TEL +81-82-264-3211
 Scheduled date to file Quarterly Securities Report: January 13, 2017
 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, 2016 (from March 1, 2016 to November 30, 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	%
Nine months ended November 30, 2016	513,269	10.3	23,950	10.4	24,082	13.6	7,299	(45.9)
Nine months ended November 30, 2015	465,234	10.0	21,701	5.5	21,204	4.3	13,487	8.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2016	101.87	–
Nine months ended November 30, 2015	188.19	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2016	481,199	161,995	31.3
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	–	33.00	–		
Year ending February 28, 2017 (Forecast)				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
Full year	710,800	6.3	34,700	8.7	33,800	8.7	13,500	(28.1)	188.39

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 2016	7,206,273 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)

Nine months ended November 30, 2016	71,658,095 shares	Nine months ended November 30, 2015	71,669,933 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 29, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	13,844	10,085
Notes and accounts receivable - trade	31,387	36,024
Merchandise and finished goods	26,597	29,771
Work in process	114	265
Raw materials and supplies	437	441
Other	16,917	16,306
Allowance for doubtful accounts	(590)	(608)
Total current assets	88,708	92,286
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155,544	159,009
Land	156,890	157,526
Other, net	12,873	18,558
Total property, plant and equipment	325,308	335,094
Intangible assets		
Goodwill	7,236	6,485
Other	8,839	8,647
Total intangible assets	16,075	15,132
Investments and other assets		
Other	38,346	39,089
Allowance for doubtful accounts	(411)	(404)
Total investments and other assets	37,934	38,685
Total non-current assets	379,318	388,913
Total assets	468,026	481,199

(Millions of yen)

As of February 29, 2016

As of November 30, 2016

Liabilities

Current liabilities

Notes and accounts payable - trade	33,479	36,545
Short-term loans payable	50,704	35,891
Current portion of long-term loans payable	23,320	25,252
Income taxes payable	7,144	2,901
Provision for bonuses	1,753	3,580
Provision for directors' bonuses	38	24
Provision for point card certificates	2,302	2,676
Provision for loss on recollection of gift certificates	111	111
Provision for loss on disaster	—	5,519
Provision for loss on business liquidation	433	104
Other	28,675	36,945
Total current liabilities	147,963	149,552

Non-current liabilities

Long-term loans payable	118,616	125,982
Provision for directors' retirement benefits	1,435	1,561
Provision for loss on interest repayment	230	150
Net defined benefit liability	7,308	7,312
Asset retirement obligations	7,445	7,511
Other	27,175	27,132
Total non-current liabilities	162,211	169,650

Total liabilities

310,175 319,203

Net assets

Shareholders' equity

Capital stock	19,613	19,613
Capital surplus	22,577	22,588
Retained earnings	123,785	126,354
Treasury shares	(18,483)	(18,509)
Total shareholders' equity	147,493	150,047

Accumulated other comprehensive income

Valuation difference on available-for-sale securities	793	1,266
Remeasurements of defined benefit plans	(638)	(559)
Total accumulated other comprehensive income	155	707

Non-controlling interests

10,203 11,240

Total net assets

157,851 161,995

Total liabilities and net assets

468,026 481,199

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, 2015	Nine months ended November 30, 2016
Net sales	443,874	489,652
Cost of sales	349,367	382,423
Gross profit	94,507	107,228
Operating revenue	21,359	23,617
Operating gross profit	115,867	130,845
Selling, general and administrative expenses	94,166	106,895
Operating income	21,701	23,950
Non-operating income		
Interest income	111	111
Purchase discounts	247	241
Share of profit of entities accounted for using equity method	25	3
Other	620	1,107
Total non-operating income	1,004	1,464
Non-operating expenses		
Interest expenses	1,148	1,039
Other	353	292
Total non-operating expenses	1,501	1,332
Ordinary income	21,204	24,082
Extraordinary income		
Gain on sales of non-current assets	13	349
Gain on sales of investment securities	931	56
Gain on bargain purchase	18	279
Subsidy income	369	6
Other	—	130
Total extraordinary income	1,333	823
Extraordinary losses		
Loss on sales of non-current assets	17	64
Loss on retirement of non-current assets	183	370
Impairment loss	99	126
Loss on disaster	—	11,495
Other	92	355
Total extraordinary losses	394	12,412
Profit before income taxes	22,143	12,493
Income taxes - current	8,385	4,685
Income taxes - deferred	413	209
Total income taxes	8,798	4,895
Profit	13,345	7,597
Profit (loss) attributable to non-controlling interests	(142)	297
Profit attributable to owners of parent	13,487	7,299

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Nine months ended November 30, 2015	Nine months ended November 30, 2016
Profit	13,345	7,597
Other comprehensive income		
Valuation difference on available-for-sale securities	(250)	738
Remeasurements of defined benefit plans, net of tax	55	78
Total other comprehensive income	(194)	817
Comprehensive income	13,151	8,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,256	7,851
Comprehensive income attributable to non-controlling interests	(105)	563

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2015	Nine months ended November 30, 2016
Cash flows from operating activities		
Profit before income taxes	22,143	12,493
Depreciation	10,651	11,580
Impairment loss	99	126
Loss on disaster	—	11,495
Amortization of goodwill	127	750
Gain on bargain purchase	(18)	(279)
Increase (decrease) in allowance for doubtful accounts	133	89
Interest and dividend income	(168)	(165)
Interest expenses	1,148	1,039
Share of (profit) loss of entities accounted for using equity method	(25)	(3)
Subsidy income	(369)	(6)
Loss (gain) on sales of investment securities	(914)	(36)
Loss (gain) on sales of non-current assets	3	(284)
Loss on retirement of non-current assets	183	370
Decrease (increase) in notes and accounts receivable - trade	(5,141)	(4,632)
Decrease (increase) in inventories	(2,491)	(3,620)
Increase (decrease) in notes and accounts payable - trade	(7,491)	2,922
Other, net	(2,945)	5,005
Subtotal	14,926	36,845
Interest and dividend income received	165	168
Interest expenses paid	(1,166)	(1,080)
Proceeds from subsidy income	369	6
Payments for loss on disaster	—	(5,340)
Income taxes (paid) refund	(11,713)	(8,956)
Net cash provided by (used in) operating activities	2,580	21,642
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,615)	(16,474)
Proceeds from sales of property, plant and equipment	164	1,572
Purchase of intangible assets	(1,384)	(738)
Purchase of investment securities	(907)	(291)
Proceeds from sales of investment securities	2,289	237
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,173	154
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,103)	—
Decrease (increase) in short-term loans receivable	(363)	(246)
Other, net	250	840
Net cash provided by (used in) investing activities	(19,497)	(14,945)

(Millions of yen)

	Nine months ended November 30, 2015	Nine months ended November 30, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	15,633	(14,813)
Proceeds from long-term loans payable	29,450	28,800
Repayments of long-term loans payable	(19,337)	(19,502)
Purchase of treasury shares	(2,168)	(2)
Cash dividends paid	(4,228)	(4,729)
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	—	(46)
Other, net	(231)	(122)
Net cash provided by (used in) financing activities	19,089	(10,445)
Net increase (decrease) in cash and cash equivalents	2,173	(3,748)
Cash and cash equivalents at beginning of period	12,990	13,429
Cash and cash equivalents at end of period	15,163	9,681