

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2017 (Based on Japanese GAAP)

July 12, 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: July 14, 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 three months ended May 31, 2017 (from March 1, 2017 to May 31, 2017)

(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, 2017	178,741	4.1	7,462	(4.1)	7,285	(5.7)	4,763	19.7
Three months ended May 31, 2016	171,672	13.2	7,778	(3.8)	7,722	(3.0)	3,978	(10.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2017	66.48	–
Three months ended May 31, 2016	55.52	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2017	485,502	174,701	33.6
As of February 28, 2017	476,885	171,963	33.7

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, 2017	–	33.00	–	33.00	66.00
Year ending February 28, 2018	–	–	–	–	–
Year ending February 28, 2018 (Forecast)	–	33.00	–	33.00	66.00

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

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, 2017	368,300	7.0	18,200	5.5	17,900	3.7	11,900	288.6	166.06
Full year	748,100	6.5	39,000	9.3	38,700	8.4	26,500	55.7	369.80

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2017
(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, 2017	71,665,200 shares	As of February 28, 2017	78,861,920 shares
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Number of treasury shares at the end of the period

As of May 31, 2017	4,669 shares	As of February 28, 2017	7,201,306 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, 2017	71,660,561 shares	Three months ended May 31, 2016	71,658,571 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2017	As of May 31, 2017
Assets		
Current assets		
Cash and deposits	10,738	8,484
Notes and accounts receivable - trade	33,645	37,474
Merchandise and finished goods	27,658	28,619
Work in process	40	116
Raw materials and supplies	480	498
Other	16,516	16,833
Allowance for doubtful accounts	(1,016)	(1,006)
Total current assets	88,064	91,020
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	156,934	169,360
Land	157,628	157,706
Other, net	20,711	12,107
Total property, plant and equipment	335,274	339,174
Intangible assets		
Goodwill	6,235	5,985
Other	8,474	8,451
Total intangible assets	14,709	14,436
Investments and other assets		
Other	39,410	41,444
Allowance for doubtful accounts	(573)	(573)
Total investments and other assets	38,836	40,871
Total non-current assets	388,821	394,482
Total assets	476,885	485,502

(Millions of yen)

As of February 28, 2017

As of May 31, 2017

Liabilities	As of February 28, 2017	As of May 31, 2017
Current liabilities		
Notes and accounts payable - trade	30,466	36,475
Short-term loans payable	27,291	38,731
Current portion of long-term loans payable	26,415	26,138
Income taxes payable	7,115	2,588
Provision for bonuses	1,921	3,465
Provision for directors' bonuses	41	25
Provision for point card certificates	2,418	2,700
Provision for loss on recollection of gift certificates	113	113
Provision for loss on disaster	1,877	25
Other	35,228	33,111
Total current liabilities	132,889	143,374
Non-current liabilities		
Long-term loans payable	128,210	122,978
Provision for directors' retirement benefits	1,644	1,662
Provision for loss on interest repayment	168	146
Net defined benefit liability	7,429	7,471
Asset retirement obligations	7,565	7,535
Other	27,015	27,632
Total non-current liabilities	172,032	167,426
Total liabilities	304,922	310,800
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,493	22,195
Retained earnings	136,070	120,291
Treasury shares	(18,484)	(11)
Total shareholders' equity	159,693	162,088
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,415	1,390
Remeasurements of defined benefit plans	(541)	(509)
Total accumulated other comprehensive income	873	880
Non-controlling interests	11,396	11,732
Total net assets	171,963	174,701
Total liabilities and net assets	476,885	485,502

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, 2016	Three months ended May 31, 2017
Net sales	163,851	170,549
Cost of sales	128,571	133,749
Gross profit	35,280	36,800
Operating revenue	7,821	8,191
Operating gross profit	43,101	44,992
Selling, general and administrative expenses	35,322	37,530
Operating income	7,778	7,462
Non-operating income		
Interest income	37	37
Purchase discounts	81	79
Share of profit of entities accounted for using equity method	10	30
Other	334	267
Total non-operating income	464	414
Non-operating expenses		
Interest expenses	387	292
Other	133	300
Total non-operating expenses	520	592
Ordinary income	7,722	7,285
Extraordinary income		
Gain on sales of non-current assets	182	1
Gain on sales of investment securities	32	22
Other	30	8
Total extraordinary income	245	32
Extraordinary losses		
Loss on sales of non-current assets	36	0
Loss on retirement of non-current assets	180	74
Impairment loss	119	–
Loss on disaster	853	52
Other	43	35
Total extraordinary losses	1,233	162
Profit before income taxes	6,734	7,154
Income taxes - current	2,183	2,362
Income taxes - deferred	440	(66)
Total income taxes	2,623	2,295
Profit	4,110	4,858
Profit attributable to non-controlling interests	132	94
Profit attributable to owners of parent	3,978	4,763

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2016	Three months ended May 31, 2017
Profit	4,110	4,858
Other comprehensive income		
Valuation difference on available-for-sale securities	407	244
Remeasurements of defined benefit plans, net of tax	18	32
Total other comprehensive income	425	276
Comprehensive income	4,536	5,134
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,198	4,770
Comprehensive income attributable to non-controlling interests	338	364

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2016	Three months ended May 31, 2017
Cash flows from operating activities		
Profit before income taxes	6,734	7,154
Depreciation	3,711	3,887
Impairment loss	119	–
Loss on disaster	853	52
Amortization of goodwill	250	275
Increase (decrease) in allowance for doubtful accounts	18	11
Interest and dividend income	(51)	(54)
Interest expenses	387	292
Share of (profit) loss of entities accounted for using equity method	(10)	(30)
Loss (gain) on sales of investment securities	(29)	(9)
Loss (gain) on sales of non-current assets	(145)	(1)
Loss on retirement of non-current assets	180	74
Decrease (increase) in notes and accounts receivable - trade	(2,040)	(3,828)
Decrease (increase) in inventories	(141)	(1,015)
Increase (decrease) in notes and accounts payable - trade	2,094	5,975
Other, net	3,025	1,497
Subtotal	14,954	14,284
Interest and dividend income received	59	34
Interest expenses paid	(391)	(305)
Payments for loss on disaster	(558)	(1,904)
Income taxes (paid) refund	(7,010)	(7,118)
Net cash provided by (used in) operating activities	7,054	4,990
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,825)	(8,518)
Proceeds from sales of property, plant and equipment	988	252
Purchase of intangible assets	(297)	(313)
Purchase of investment securities	(10)	(1,932)
Proceeds from sales of investment securities	53	255
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	26
Decrease (increase) in short-term loans receivable	(137)	(243)
Other, net	589	463
Net cash provided by (used in) investing activities	(6,638)	(10,010)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(11,803)	11,440
Proceeds from long-term loans payable	18,300	1,000
Repayments of long-term loans payable	(5,395)	(6,813)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,364)	(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)	(93)
Other, net	(67)	(29)
Net cash provided by (used in) financing activities	(1,388)	3,110
Net increase (decrease) in cash and cash equivalents	(972)	(1,909)
Cash and cash equivalents at beginning of period	13,429	10,342
Cash and cash equivalents at end of period	12,457	8,433