

**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2017 (Based on Japanese GAAP)

January 11, 2018

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 12, 2018  
 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, 2017 (from March 1, 2017 to November 30, 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	%
Nine months ended November 30, 2017	536,768	4.6	25,689	7.3	25,549	6.1	17,347	137.7
Nine months ended November 30, 2016	513,269	10.3	23,950	10.4	24,082	13.6	7,299	(45.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2017	242.08	–
Nine months ended November 30, 2016	101.87	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2017	488,747	185,588	35.5
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	–	35.00	–		
Year ending February 28, 2018 (Forecast)				35.00	70.00

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
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 nine months ended November 30, 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 November 30, 2017	71,665,200 shares	As of February 28, 2017	78,861,920 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of November 30, 2017	5,340 shares	As of February 28, 2017	7,201,306 shares
-------------------------	--------------	-------------------------	------------------

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

Nine months ended November 30, 2017	71,660,331 shares	Nine months ended November 30, 2016	71,658,095 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of February 28, 2017	As of November 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	10,738	8,811
Notes and accounts receivable - trade	33,645	40,137
Merchandise and finished goods	27,658	30,193
Work in process	40	115
Raw materials and supplies	480	397
Other	16,516	17,118
Allowance for doubtful accounts	(1,016)	(851)
Total current assets	88,064	95,922
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	156,934	165,410
Land	157,628	159,373
Other, net	20,711	11,462
Total property, plant and equipment	335,274	336,246
Intangible assets		
Goodwill	6,235	5,484
Other	8,474	8,191
Total intangible assets	14,709	13,676
Investments and other assets		
Other	39,410	43,446
Allowance for doubtful accounts	(573)	(544)
Total investments and other assets	38,836	42,901
Total non-current assets	388,821	392,825
Total assets	476,885	488,747
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	30,466	38,519
Short-term loans payable	27,291	34,321
Current portion of long-term loans payable	26,415	27,787
Income taxes payable	7,115	4,777
Provision for bonuses	1,921	3,857
Provision for directors' bonuses	41	31
Provision for point card certificates	2,418	2,809
Provision for loss on recollection of gift certificates	113	113
Provision for loss on disaster	1,877	—
Other	35,228	25,714
Total current liabilities	132,889	137,931
Non-current liabilities		
Long-term loans payable	128,210	120,762
Provision for directors' retirement benefits	1,644	1,700
Provision for loss on interest repayment	168	103
Net defined benefit liability	7,429	7,717
Asset retirement obligations	7,565	7,638
Other	27,015	27,305
Total non-current liabilities	172,032	165,227
Total liabilities	304,922	303,158

(Millions of yen)

As of February 28, 2017

As of November 30, 2017

	As of February 28, 2017	As of November 30, 2017
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,493	22,247
Retained earnings	136,070	130,367
Treasury shares	(18,484)	(16)
Total shareholders' equity	159,693	172,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,415	1,744
Remeasurements of defined benefit plans	(541)	(445)
Total accumulated other comprehensive income	873	1,299
Non-controlling interests	11,396	12,076
Total net assets	171,963	185,588
Total liabilities and net assets	476,885	488,747

**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, 2016	Nine months ended November 30, 2017
Net sales	489,652	511,781
Cost of sales	382,423	399,645
Gross profit	107,228	112,136
Operating revenue	23,617	24,986
Operating gross profit	130,845	137,122
Selling, general and administrative expenses	106,895	111,433
Operating income	23,950	25,689
Non-operating income		
Interest income	111	112
Purchase discounts	241	229
Share of profit of entities accounted for using equity method	3	61
Other	1,107	837
Total non-operating income	1,464	1,240
Non-operating expenses		
Interest expenses	1,039	841
Other	292	538
Total non-operating expenses	1,332	1,380
Ordinary income	24,082	25,549
Extraordinary income		
Gain on sales of non-current assets	349	500
Gain on sales of investment securities	56	216
Gain on bargain purchase	279	–
Subsidy income	6	156
Other	130	29
Total extraordinary income	823	903
Extraordinary losses		
Loss on sales of non-current assets	64	48
Loss on retirement of non-current assets	370	293
Impairment loss	126	8
Loss on disaster	11,495	116
Other	355	99
Total extraordinary losses	12,412	566
Profit before income taxes	12,493	25,885
Income taxes - current	4,685	8,688
Income taxes - deferred	209	(443)
Total income taxes	4,895	8,244
Profit	7,597	17,640
Profit attributable to non-controlling interests	297	293
Profit attributable to owners of parent	7,299	17,347

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Nine months ended November 30, 2016	Nine months ended November 30, 2017
Profit	7,597	17,640
Other comprehensive income		
Valuation difference on available-for-sale securities	738	798
Remeasurements of defined benefit plans, net of tax	78	96
Total other comprehensive income	817	894
Comprehensive income	8,415	18,535
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,851	17,773
Comprehensive income attributable to non-controlling interests	563	762

Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2016	Nine months ended November 30, 2017
Cash flows from operating activities		
Profit before income taxes	12,493	25,885
Depreciation	11,580	12,032
Impairment loss	126	8
Loss on disaster	11,495	116
Amortization of goodwill	750	775
Gain on bargain purchase	(279)	–
Increase (decrease) in allowance for doubtful accounts	89	(46)
Interest and dividend income	(165)	(178)
Interest expenses	1,039	841
Share of (profit) loss of entities accounted for using equity method	(3)	(61)
Subsidy income	(6)	(156)
Loss (gain) on sales of investment securities	(36)	(190)
Loss (gain) on sales of non-current assets	(284)	(451)
Loss on retirement of non-current assets	370	293
Decrease (increase) in notes and accounts receivable - trade	(4,632)	(6,490)
Decrease (increase) in inventories	(3,620)	(2,487)
Increase (decrease) in notes and accounts payable - trade	2,922	8,019
Other, net	5,005	2,927
Subtotal	36,845	40,837
Interest and dividend income received	168	151
Interest expenses paid	(1,080)	(875)
Proceeds from subsidy income	6	156
Payments for loss on disaster	(5,340)	(1,993)
Income taxes (paid) refund	(8,956)	(11,511)
Net cash provided by (used in) operating activities	21,642	26,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,474)	(21,912)
Proceeds from sales of property, plant and equipment	1,572	1,406
Purchase of intangible assets	(738)	(722)
Purchase of investment securities	(291)	(3,533)
Proceeds from sales of investment securities	237	842
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	154	26
Decrease (increase) in short-term loans receivable	(246)	(398)
Other, net	840	412
Net cash provided by (used in) investing activities	(14,945)	(23,879)

(Millions of yen)

	Nine months ended November 30, 2016	Nine months ended November 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(14,813)	7,030
Proceeds from long-term loans payable	28,800	12,600
Repayments of long-term loans payable	(19,502)	(18,980)
Purchase of treasury shares	(2)	(4)
Cash dividends paid	(4,729)	(4,872)
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)	(95)
Other, net	(122)	(97)
Net cash provided by (used in) financing activities	(10,445)	(4,448)
Net increase (decrease) in cash and cash equivalents	(3,748)	(1,561)
Cash and cash equivalents at beginning of period	13,429	10,342
Cash and cash equivalents at end of period	9,681	8,780