

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2018 (Based on Japanese GAAP)

July 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: July 13, 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 three months ended May 31, 2018 (from March 1, 2018 to May 31, 2018)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2018	178,005	(0.4)	8,090	8.4	8,152	11.9	5,510	15.7
Three months ended May 31, 2017	178,741	4.1	7,462	(4.1)	7,285	(5.7)	4,763	19.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2018	76.89	–
Three months ended May 31, 2017	66.48	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2018	483,798	197,885	38.4
As of February 28, 2018	479,867	194,851	38.1

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, 2018	–	35.00	–	40.00	75.00
Year ending February 28, 2019	–				
Year ending February 28, 2019 (Forecast)		40.00	–	40.00	80.00

3. Forecast of consolidated financial results for the fiscal year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		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, 2018	365,300	1.5	18,600	8.8	18,300	7.7	12,200	7.4	170.25
Full year	749,400	2.7	37,100	(3.6)	36,700	(3.9)	24,300	(9.8)	339.10

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2018
(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, 2018	71,665,200 shares	As of February 28, 2018	71,665,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2018	5,977 shares	As of February 28, 2018	5,676 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, 2018	71,659,414 shares	Three months ended May 31, 2017	71,660,561 shares
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Quarterly consolidated financial statements
Quarterly consolidated balance sheets

(Millions of yen)

	As of February 28, 2018	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	8,410	8,508
Notes and accounts receivable - trade	37,245	39,947
Merchandise and finished goods	28,047	29,245
Work in process	81	77
Raw materials and supplies	452	463
Other	17,651	16,789
Allowance for doubtful accounts	(827)	(568)
Total current assets	91,062	94,462
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	163,290	161,338
Land	159,178	160,305
Other, net	11,079	11,890
Total property, plant and equipment	333,548	333,535
Intangible assets		
Goodwill	5,263	5,041
Other	8,281	8,450
Total intangible assets	13,545	13,491
Investments and other assets		
Other	42,254	42,889
Allowance for doubtful accounts	(543)	(580)
Total investments and other assets	41,711	42,309
Total non-current assets	388,805	389,336
Total assets	479,867	483,798
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,649	35,479
Short-term loans payable	24,670	33,312
Current portion of long-term loans payable	28,616	28,620
Income taxes payable	8,577	3,094
Provision for bonuses	2,028	3,614
Provision for directors' bonuses	16	26
Provision for point card certificates	2,436	2,750
Provision for loss on recollection of gift certificates	145	145
Other	21,080	22,559
Total current liabilities	122,220	129,605
Non-current liabilities		
Long-term loans payable	118,581	111,555
Provision for directors' retirement benefits	1,719	2,151
Provision for loss on interest repayment	85	63
Net defined benefit liability	7,777	7,891
Asset retirement obligations	7,784	7,855
Other	26,845	26,790
Total non-current liabilities	162,794	156,308
Total liabilities	285,015	285,913

(Millions of yen)

As of February 28, 2018

As of May 31, 2018

	As of February 28, 2018	As of May 31, 2018
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,247	22,247
Retained earnings	139,951	142,595
Treasury shares	(18)	(20)
Total shareholders' equity	181,795	184,436
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,580	1,678
Remeasurements of defined benefit plans	(418)	(383)
Total accumulated other comprehensive income	1,161	1,295
Non-controlling interests	11,894	12,153
Total net assets	194,851	197,885
Total liabilities and net assets	479,867	483,798

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, 2017	Three months ended May 31, 2018
Net sales	170,549	169,613
Cost of sales	133,749	133,018
Gross profit	36,800	36,594
Operating revenue	8,191	8,391
Operating gross profit	44,992	44,986
Selling, general and administrative expenses	37,530	36,896
Operating profit	7,462	8,090
Non-operating income		
Interest income	37	37
Purchase discounts	79	76
Share of profit of entities accounted for using equity method	30	30
Other	267	266
Total non-operating income	414	410
Non-operating expenses		
Interest expenses	292	242
Other	300	105
Total non-operating expenses	592	347
Ordinary profit	7,285	8,152
Extraordinary income		
Gain on sales of non-current assets	1	49
Gain on sales of investment securities	22	–
Other	8	3
Total extraordinary income	32	53
Extraordinary losses		
Loss on sales of non-current assets	0	–
Loss on retirement of non-current assets	74	18
Impairment loss	–	1
Loss on disaster	52	–
Other	35	0
Total extraordinary losses	162	19
Profit before income taxes	7,154	8,186
Income taxes - current	2,362	2,886
Income taxes - deferred	(66)	(320)
Total income taxes	2,295	2,566
Profit	4,858	5,619
Profit attributable to non-controlling interests	94	109
Profit attributable to owners of parent	4,763	5,510

Quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2017	Three months ended May 31, 2018
Profit	4,858	5,619
Other comprehensive income		
Valuation difference on available-for-sale securities	244	280
Remeasurements of defined benefit plans, net of tax	32	35
Total other comprehensive income	276	316
Comprehensive income	5,134	5,936
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,770	5,643
Comprehensive income attributable to non-controlling interests	364	292

Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2017	Three months ended May 31, 2018
Cash flows from operating activities		
Profit before income taxes	7,154	8,186
Depreciation	3,887	3,777
Impairment loss	–	1
Loss on disaster	52	–
Amortization of goodwill	275	221
Increase (decrease) in allowance for doubtful accounts	11	68
Interest and dividend income	(54)	(60)
Interest expenses	292	242
Share of (profit) loss of entities accounted for using equity method	(30)	(30)
Loss (gain) on sales of investment securities	(9)	–
Loss (gain) on sales of non-current assets	(1)	(49)
Loss on retirement of non-current assets	74	18
Decrease (increase) in notes and accounts receivable - trade	(3,828)	(2,702)
Decrease (increase) in inventories	(1,015)	(1,202)
Increase (decrease) in notes and accounts payable - trade	5,975	830
Other, net	1,497	4,244
Subtotal	14,284	13,544
Interest and dividend income received	34	41
Interest expenses paid	(305)	(273)
Payments for loss on disaster	(1,904)	–
Income taxes (paid) refund	(7,118)	(7,851)
Net cash provided by (used in) operating activities	4,990	5,461
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,518)	(3,429)
Proceeds from sales of property, plant and equipment	252	285
Purchase of intangible assets	(313)	(682)
Purchase of investment securities	(1,932)	(59)
Proceeds from sales of investment securities	255	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	26	–
Decrease (increase) in short-term loans receivable	(243)	(278)
Other, net	463	109
Net cash provided by (used in) investing activities	(10,010)	(4,053)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,440	8,642
Proceeds from long-term loans payable	1,000	–
Repayments of long-term loans payable	(6,813)	(7,021)
Purchase of treasury shares	(0)	(2)
Cash dividends paid	(2,364)	(2,866)
Dividends paid to non-controlling interests	(28)	(34)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(93)	–
Other, net	(29)	(22)
Net cash provided by (used in) financing activities	3,110	(1,304)
Net increase (decrease) in cash and cash equivalents	(1,909)	102
Cash and cash equivalents at beginning of period	10,342	8,389
Cash and cash equivalents at end of period	8,433	8,492