

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2019
(Based on Japanese GAAP)**

April 9, 2019

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <https://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 of ordinary general meeting of shareholders: May 29, 2019
 Scheduled date to file Securities Report: May 30, 2019
 Scheduled date to commence dividend payments: May 30, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (For institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(1) Consolidated financial results

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	%
Year ended February 28, 2019	732,136	0.3	35,273	(8.3)	35,099	(8.1)	23,488	(12.8)
Year ended February 28, 2018	729,857	4.0	38,487	7.9	38,208	7.1	26,932	58.3

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2019	327.79	–	12.3	7.3	5.1
Year ended February 28, 2018	375.83	–	15.7	8.0	5.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	485,173	211,546	41.2	2,789.58
As of February 28, 2018	479,867	194,851	38.1	2,553.14

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2019	33,642	(19,101)	(14,793)	8,136
Year ended February 28, 2018	42,592	(29,067)	(15,477)	8,389

2. Cash dividends

	Annual dividends per share					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2018	–	35.00	–	40.00	75.00	5,374	20.0	3.1
Year ended February 28, 2019	–	40.00	–	40.00	80.00	5,732	24.4	3.0
Year ending February 29, 2020 (Forecast)	–	40.00	–	40.00	80.00		25.3	

3. Forecast of consolidated financial results for the fiscal year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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, 2019	373,900	4.3	16,800	0.1	16,600	(1.4)	10,800	0.1	150.71
Full year	761,300	4.0	37,400	6.0	37,000	5.4	22,700	(3.4)	316.78

4. Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2019	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 February 28, 2019	6,700 shares	As of February 28, 2018	5,676 shares
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Average number of shares during the period

Year ended February 28, 2019	71,658,940 shares	Year ended February 28, 2018	71,660,157 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	8,410	8,136
Notes and accounts receivable - trade	37,245	39,784
Merchandise and finished goods	28,047	28,355
Work in process	81	22
Raw materials and supplies	452	558
Deferred tax assets	2,569	2,569
Other	15,081	15,890
Allowance for doubtful accounts	(827)	(584)
Total current assets	91,062	94,734
Non-current assets		
Property, plant and equipment		
Buildings and structures	383,874	393,145
Accumulated depreciation	(220,584)	(230,168)
Buildings and structures, net	163,290	162,976
Machinery, equipment and vehicles	8,681	9,445
Accumulated depreciation	(5,878)	(6,304)
Machinery, equipment and vehicles, net	2,803	3,141
Land	159,178	162,745
Leased assets	445	382
Accumulated depreciation	(333)	(337)
Leased assets, net	111	45
Construction in progress	439	1,607
Other	42,160	42,161
Accumulated depreciation	(34,434)	(34,557)
Other, net	7,725	7,604
Total property, plant and equipment	333,548	338,121
Intangible assets		
Goodwill	5,263	3,958
Other	8,281	8,219
Total intangible assets	13,545	12,177
Investments and other assets		
Investment securities	11,390	10,396
Long-term loans receivable	1,625	1,584
Deferred tax assets	5,414	5,999
Leasehold and guarantee deposits	18,024	17,540
Other	5,799	5,180
Allowance for doubtful accounts	(543)	(559)
Total investments and other assets	41,711	40,140
Total non-current assets	388,805	390,439
Total assets	479,867	485,173

(Millions of yen)

As of February 28, 2018

As of February 28, 2019

Liabilities	As of February 28, 2018	As of February 28, 2019
Current liabilities		
Notes and accounts payable - trade	34,649	31,275
Short-term loans payable	24,670	25,746
Current portion of long-term loans payable	28,616	21,264
Accounts payable - other	7,801	10,415
Income taxes payable	8,577	4,777
Provision for bonuses	2,028	2,132
Provision for directors' bonuses	16	10
Provision for point card certificates	2,436	2,558
Provision for loss on recollection of gift certificates	145	166
Asset retirement obligations	-	130
Other	13,278	15,005
Total current liabilities	122,220	113,482
Non-current liabilities		
Long-term loans payable	118,581	115,912
Lease obligations	52	11
Long-term leasehold and guarantee deposits received	23,813	24,008
Provision for directors' retirement benefits	1,719	2,176
Provision for loss on interest repayment	85	102
Net defined benefit liability	7,777	8,050
Deferred tax liabilities	2,592	1,631
Asset retirement obligations	7,784	7,914
Other	386	336
Total non-current liabilities	162,794	160,144
Total liabilities	285,015	273,626
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,247	22,247
Retained earnings	139,951	157,530
Treasury shares	(18)	(25)
Total shareholders' equity	181,795	199,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,580	737
Remeasurements of defined benefit plans	(418)	(208)
Total accumulated other comprehensive income	1,161	529
Non-controlling interests	11,894	11,649
Total net assets	194,851	211,546
Total liabilities and net assets	479,867	485,173

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Millions of yen)	
	Year ended February 28, 2018	Year ended February 28, 2019
Net sales	696,266	697,679
Cost of sales	543,206	544,107
Gross profit	153,059	153,571
Operating revenue	33,591	34,457
Operating gross profit	186,651	188,028
Selling, general and administrative expenses		
Advertising and promotion expenses	14,494	14,864
Distribution expenses	7,494	8,073
Provision of allowance for doubtful accounts	142	183
Employees' salaries and bonuses	50,917	52,302
Provision for bonuses	1,728	1,902
Welfare expenses	9,141	9,903
Retirement benefit expenses	1,159	1,202
Rent expenses	11,585	11,556
Utilities expenses	8,072	8,639
Depreciation	15,693	15,357
Other	27,733	28,769
Total selling, general and administrative expenses	148,163	152,754
Operating profit	38,487	35,273
Non-operating income		
Interest and dividend income	242	258
Purchase discounts	299	299
Gain on adjustment of account payable	130	108
Share of profit of entities accounted for using equity method	48	35
Penalty income	163	191
Other	677	626
Total non-operating income	1,562	1,518
Non-operating expenses		
Interest expenses	1,094	919
Compensation expenses	159	160
Other	586	613
Total non-operating expenses	1,841	1,692
Ordinary profit	38,208	35,099

(Millions of yen)

	Year ended February 28, 2018	Year ended February 28, 2019
Extraordinary income		
Gain on sales of non-current assets	501	55
Gain on sales of investment securities	252	0
Subsidy income	1,656	1,112
Income from insurance	5	309
Other	26	3
Total extraordinary income	2,443	1,480
Extraordinary losses		
Loss on sales of non-current assets	49	27
Loss on retirement of non-current assets	464	313
Impairment loss	597	654
Loss on disaster	197	360
Contribution to relief	–	450
Loss on valuation of investments in capital	–	1,029
Other	139	248
Total extraordinary losses	1,448	3,085
Profit before income taxes	39,204	33,495
Income taxes - current	12,248	10,418
Income taxes - deferred	(345)	(523)
Total income taxes	11,902	9,894
Profit	27,301	23,600
Profit attributable to non-controlling interests	369	111
Profit attributable to owners of parent	26,932	23,488

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended February 28, 2018	Year ended February 28, 2019
Profit	27,301	23,600
Other comprehensive income		
Valuation difference on available-for-sale securities	376	(1,165)
Remeasurements of defined benefit plans, net of tax	123	210
Total other comprehensive income	499	(954)
Comprehensive income	27,801	22,645
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,220	22,856
Comprehensive income attributable to non-controlling interests	581	(210)

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,493	136,070	(18,484)	159,693
Changes of items during period					
Dividends of surplus			(4,872)		(4,872)
Profit attributable to owners of parent			26,932		26,932
Purchase of treasury shares				(6)	(6)
Retirement of treasury shares		(295)	(18,178)	18,473	-
Purchase of shares of consolidated subsidiaries		49			49
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(245)	3,881	18,466	22,101
Balance at end of current period	19,613	22,247	139,951	(18)	181,795

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,415	(541)	873	11,396	171,963
Changes of items during period					
Dividends of surplus					(4,872)
Profit attributable to owners of parent					26,932
Purchase of treasury shares					(6)
Retirement of treasury shares					-
Purchase of shares of consolidated subsidiaries					49
Net changes of items other than shareholders' equity	165	123	288	498	786
Total changes of items during period	165	123	288	498	22,888
Balance at end of current period	1,580	(418)	1,161	11,894	194,851

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,247	139,951	(18)	181,795
Changes of items during period					
Dividends of surplus			(5,732)		(5,732)
Profit attributable to owners of parent			23,488		23,488
Purchase of treasury shares				(6)	(6)
Change of scope of consolidation			0		0
Change of scope of equity method			(177)		(177)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	17,579	(6)	17,572
Balance at end of current period	19,613	22,247	157,530	(25)	199,367

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,580	(418)	1,161	11,894	194,851
Changes of items during period					
Dividends of surplus					(5,732)
Profit attributable to owners of parent					23,488
Purchase of treasury shares					(6)
Change of scope of consolidation					0
Change of scope of equity method					(177)
Net changes of items other than shareholders' equity	(842)	210	(632)	(245)	(877)
Total changes of items during period	(842)	210	(632)	(245)	16,695
Balance at end of current period	737	(208)	529	11,649	211,546

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2018	Year ended February 28, 2019
Cash flows from operating activities		
Profit before income taxes	39,204	33,495
Depreciation	16,171	15,862
Impairment loss	597	654
Loss on disaster	197	360
Amortization of goodwill	997	822
Increase (decrease) in allowance for doubtful accounts	(50)	153
Interest and dividend income	(242)	(258)
Interest expenses	1,094	919
Share of loss (profit) of entities accounted for using equity method	(48)	(35)
Subsidy income	(1,656)	(1,112)
Income from insurance	(5)	(309)
Loss on valuation of investments in capital	-	1,029
Loss (gain) on sales of investment securities	(226)	17
Loss (gain) on valuation of investment securities	-	47
Loss (gain) on sales of non-current assets	(452)	(28)
Loss on retirement of non-current assets	464	313
Decrease (increase) in notes and accounts receivable - trade	(3,598)	(2,539)
Decrease (increase) in inventories	(363)	(519)
Increase (decrease) in notes and accounts payable - trade	4,149	(3,373)
Increase (decrease) in net defined benefit liability	339	370
Other, net	(1,118)	2,125
Subtotal	55,453	47,995
Interest and dividend income received	220	235
Interest expenses paid	(1,121)	(935)
Proceeds from subsidy income	1,656	112
Proceeds from insurance income	5	309
Payments for loss on disaster	(2,074)	(186)
Income taxes (paid) refund	(11,547)	(13,887)
Net cash provided by (used in) operating activities	42,592	33,642
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,053)	(17,378)
Proceeds from sales of property, plant and equipment	1,412	323
Purchase of intangible assets	(950)	(1,498)
Purchase of investment securities	(3,618)	(918)
Proceeds from sales of investment securities	939	204
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	26	-
Decrease (increase) in short-term loans receivable	(260)	(189)
Other, net	437	354
Net cash provided by (used in) investing activities	(29,067)	(19,101)

(Millions of yen)

	Year ended February 28, 2018	Year ended February 28, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,621)	1,076
Proceeds from long-term loans payable	19,050	19,500
Repayments of long-term loans payable	(26,782)	(29,521)
Purchase of treasury shares	(6)	(6)
Cash dividends paid	(4,872)	(5,732)
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	(95)	-
Other, net	(120)	(74)
Net cash provided by (used in) financing activities	(15,477)	(14,793)
Net increase (decrease) in cash and cash equivalents	(1,952)	(252)
Cash and cash equivalents at beginning of period	10,342	8,389
Cash and cash equivalents at end of period	8,389	8,136