

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2017
(Based on Japanese GAAP)**

April 11, 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 of ordinary general meeting of shareholders: May 24, 2017
 Scheduled date to file Securities Report: May 25, 2017
 Scheduled date to commence dividend payments: May 25, 2017
 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, 2017 (from March 1, 2016 to February 28, 2017)

(1) Consolidated financial results

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	%
Year ended February 28, 2017	702,121	5.0	35,670	11.8	35,688	14.7	17,015	(9.3)
Year ended February 29, 2016	668,784	15.4	31,912	5.2	31,102	4.5	18,766	8.1

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2017	237.45	–	11.0	7.6	5.3
Year ended February 29, 2016	261.96	–	13.3	6.9	5.0

(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, 2017	476,885	171,963	33.7	2,240.66
As of February 29, 2016	468,026	157,851	31.5	2,060.44

(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, 2017	33,104	(19,938)	(16,252)	10,342
Year ended February 29, 2016	13,553	(26,071)	12,956	13,429

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 29, 2016	–	31.00	–	33.00	64.00	4,580	24.4	3.3
Year ended February 28, 2017	–	33.00	–	33.00	66.00	4,729	27.8	3.1
Year ending February 28, 2018 (Forecast)	–	33.00	–	33.00	66.00		17.8	

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 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:

Yes

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, 2017	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 February 28, 2017	7,201,306 shares	As of February 29, 2016	7,203,273 shares
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Average number of shares during the period

Year ended February 28, 2017	71,657,885 shares	Year ended February 29, 2016	71,640,370 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	13,844	10,738
Notes and accounts receivable - trade	31,387	33,645
Merchandise and finished goods	26,597	27,658
Work in process	114	40
Raw materials and supplies	437	480
Deferred tax assets	2,561	2,505
Other	14,356	14,010
Allowance for doubtful accounts	(590)	(1,016)
Total current assets	88,708	88,064
Non-current assets		
Property, plant and equipment		
Buildings and structures	358,775	371,618
Accumulated depreciation	(203,231)	(214,684)
Buildings and structures, net	155,544	156,934
Machinery, equipment and vehicles	7,332	8,008
Accumulated depreciation	(5,228)	(5,419)
Machinery, equipment and vehicles, net	2,104	2,589
Land	156,890	157,628
Leased assets	902	548
Accumulated depreciation	(636)	(351)
Leased assets, net	265	197
Construction in progress	2,256	9,730
Other	41,188	41,991
Accumulated depreciation	(32,940)	(33,796)
Other, net	8,247	8,194
Total property, plant and equipment	325,308	335,274
Intangible assets		
Goodwill	7,236	6,235
Other	8,839	8,474
Total intangible assets	16,075	14,709
Investments and other assets		
Investment securities	6,800	7,924
Long-term loans receivable	1,483	1,651
Deferred tax assets	5,444	5,269
Lease and guarantee deposits	19,672	18,572
Other	4,944	5,992
Allowance for doubtful accounts	(411)	(573)
Total investments and other assets	37,934	38,836
Total non-current assets	379,318	388,821
Total assets	468,026	476,885

(Millions of yen)

As of February 29, 2016

As of February 28, 2017

Liabilities	As of February 29, 2016	As of February 28, 2017
Current liabilities		
Notes and accounts payable - trade	33,479	30,466
Short-term loans payable	50,704	27,291
Current portion of long-term loans payable	23,320	26,415
Accounts payable - other	15,789	20,206
Income taxes payable	7,144	7,115
Provision for bonuses	1,753	1,921
Provision for directors' bonuses	38	41
Provision for point card certificates	2,302	2,418
Provision for loss on recollection of gift certificates	111	113
Provision for loss on disaster	-	1,877
Provision for loss on business liquidation	433	-
Asset retirement obligations	21	6
Other	12,863	15,014
Total current liabilities	147,963	132,889
Non-current liabilities		
Long-term loans payable	118,616	128,210
Lease obligations	255	128
Long-term lease and guarantee deposited	24,044	23,827
Provision for directors' retirement benefits	1,435	1,644
Provision for loss on interest repayment	230	168
Net defined benefit liability	7,308	7,429
Deferred tax liabilities	2,272	2,509
Asset retirement obligations	7,445	7,565
Other	603	549
Total non-current liabilities	162,211	172,032
Total liabilities	310,175	304,922
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,577	22,493
Retained earnings	123,785	136,070
Treasury shares	(18,483)	(18,484)
Total shareholders' equity	147,493	159,693
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	793	1,415
Remeasurements of defined benefit plans	(638)	(541)
Total accumulated other comprehensive income	155	873
Non-controlling interests	10,203	11,396
Total net assets	157,851	171,963
Total liabilities and net assets	468,026	476,885

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

	(Millions of yen)	
	Year ended February 29, 2016	Year ended February 28, 2017
Net sales	638,754	670,253
Cost of sales	501,346	522,833
Gross profit	137,408	147,419
Operating revenue	30,029	31,867
Operating gross profit	167,438	179,287
Selling, general and administrative expenses		
Advertising and promotion expenses	12,207	12,641
Distribution expenses	6,995	7,387
Provision of allowance for doubtful accounts	106	154
Employees' salaries and bonuses	46,675	50,204
Provision for bonuses	1,509	1,596
Welfare expenses	7,877	8,998
Retirement benefit expenses	1,019	897
Rent expenses	10,980	11,562
Utilities expenses	7,560	7,262
Depreciation	14,631	15,206
Other	25,962	27,704
Total selling, general and administrative expenses	135,525	143,616
Operating income	31,912	35,670
Non-operating income		
Interest income	157	148
Dividend income	78	77
Purchase discounts	325	329
Gain on adjustment of account payable	100	133
Share of profit of entities accounted for using equity method	28	12
Penalty income	85	141
Other	656	1,034
Total non-operating income	1,431	1,877
Non-operating expenses		
Interest expenses	1,587	1,316
Compensation expenses	365	240
Other	288	302
Total non-operating expenses	2,242	1,859
Ordinary income	31,102	35,688

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
Extraordinary income		
Gain on sales of non-current assets	17	383
Gain on sales of investment securities	1,009	60
Gain on bargain purchase	18	279
Subsidy income	369	574
Other	31	77
Total extraordinary income	1,446	1,374
Extraordinary losses		
Loss on sales of non-current assets	45	72
Loss on retirement of non-current assets	336	482
Impairment loss	865	500
Loss on disaster	-	9,367
Loss on liquidation of business	-	62
Provision for loss on business liquidation	433	-
Other	483	258
Total extraordinary losses	2,164	10,744
Profit before income taxes	30,384	26,319
Income taxes - current	11,935	9,059
Income taxes - deferred	68	(135)
Total income taxes	12,004	8,924
Profit	18,379	17,395
Profit (loss) attributable to non-controlling interests	(386)	380
Profit attributable to owners of parent	18,766	17,015

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended February 29, 2016	Year ended February 28, 2017
Profit	18,379	17,395
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,026)	940
Remeasurements of defined benefit plans, net of tax	(242)	96
Total other comprehensive income	(1,269)	1,036
Comprehensive income	17,110	18,431
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,519	17,733
Comprehensive income attributable to non-controlling interests	(409)	698

Consolidated statements of changes in net assets

Fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,282	108,283	(16,763)	133,416
Cumulative effects of changes in accounting policies			963		963
Restated balance	19,613	22,282	109,246	(16,763)	134,379
Changes of items during period					
Dividends of surplus			(4,228)		(4,228)
Profit attributable to owners of parent			18,766		18,766
Purchase of treasury shares				(2,169)	(2,169)
Disposal of treasury shares		295		449	745
Net changes of items other than shareholders' equity					
Total changes of items during period	-	295	14,538	(1,720)	13,113
Balance at end of current period	19,613	22,577	123,785	(18,483)	147,493

	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	1,785	(383)	1,402	10,890	145,709
Cumulative effects of changes in accounting policies					963
Restated balance	1,785	(383)	1,402	10,890	146,672
Changes of items during period					
Dividends of surplus					(4,228)
Profit attributable to owners of parent					18,766
Purchase of treasury shares					(2,169)
Disposal of treasury shares					745
Net changes of items other than shareholders' equity	(992)	(254)	(1,246)	(687)	(1,934)
Total changes of items during period	(992)	(254)	(1,246)	(687)	11,179
Balance at end of current period	793	(638)	155	10,203	157,851

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,577	123,785	(18,483)	147,493
Changes of items during period					
Dividends of surplus			(4,729)		(4,729)
Change of scope of consolidation				(23)	(23)
Profit attributable to owners of parent			17,015		17,015
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(1)		26	25
Purchase of shares of consolidated subsidiaries		(82)			(82)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(83)	12,285	(1)	12,200
Balance at end of current period	19,613	22,493	136,070	(18,484)	159,693

	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	793	(638)	155	10,203	157,851
Changes of items during period					
Dividends of surplus					(4,729)
Change of scope of consolidation					(23)
Profit attributable to owners of parent					17,015
Purchase of treasury shares					(4)
Disposal of treasury shares					25
Purchase of shares of consolidated subsidiaries					(82)
Net changes of items other than shareholders' equity	621	96	718	1,193	1,911
Total changes of items during period	621	96	718	1,193	14,112
Balance at end of current period	1,415	(541)	873	11,396	171,963

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
Cash flows from operating activities		
Profit before income taxes	30,384	26,319
Depreciation	15,044	15,691
Impairment loss	865	500
Loss on disaster	–	9,367
Amortization of goodwill	454	1,078
Gain on bargain purchase	(18)	(279)
Increase (decrease) in allowance for doubtful accounts	0	103
Interest and dividend income	(235)	(226)
Interest expenses	1,587	1,316
Share of (profit) loss of entities accounted for using equity method	(28)	(12)
Subsidy income	(369)	(574)
Loss (gain) on sales of investment securities	(992)	(37)
Loss (gain) on sales of non-current assets	28	(311)
Loss on retirement of non-current assets	336	482
Decrease (increase) in notes and accounts receivable - trade	(2,663)	(2,240)
Decrease (increase) in inventories	(745)	(1,322)
Increase (decrease) in notes and accounts payable - trade	(12,995)	(3,155)
Increase (decrease) in net defined benefit liability	147	95
Other, net	(4,296)	2,651
Subtotal	26,506	49,447
Interest and dividend income received	237	234
Interest expenses paid	(1,817)	(1,368)
Proceeds from subsidy income	369	574
Payments for loss on disaster	–	(6,810)
Income taxes (paid) refund	(11,741)	(8,972)
Net cash provided by (used in) operating activities	13,553	33,104
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,914)	(21,945)
Proceeds from sales of property, plant and equipment	182	1,734
Purchase of intangible assets	(2,143)	(954)
Purchase of investment securities	(952)	(551)
Proceeds from sales of investment securities	2,427	397
Purchase of shares of subsidiaries	(27)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,173	454
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,103)	–
Decrease (increase) in short-term loans receivable	(180)	(85)
Other, net	467	1,012
Net cash provided by (used in) investing activities	(26,071)	(19,938)

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	28,236	(23,413)
Proceeds from long-term loans payable	31,252	38,412
Repayments of long-term loans payable	(39,797)	(26,339)
Purchase of treasury shares	(2,169)	(4)
Proceeds from sales of shares of parent held by subsidiaries	–	45
Cash dividends paid	(4,228)	(4,729)
Dividends paid to non-controlling interests	(28)	(29)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(46)
Other, net	(307)	(147)
Net cash provided by (used in) financing activities	12,956	(16,252)
Net increase (decrease) in cash and cash equivalents	439	(3,086)
Cash and cash equivalents at beginning of period	12,990	13,429
Cash and cash equivalents at end of period	13,429	10,342