

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended August 31, 2017 (Based on Japanese GAAP)

October 10, 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 Tatsuya Mikamoto TEL +81-82-264-3211  
 Inquiries: Administration Division Manager  
 Scheduled date to file Quarterly Securities Report: October 13, 2017  
 Scheduled date to commence dividend payments: November 13, 2017  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (For institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for six months ended August 31, 2017 (from March 1, 2017 to August 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	%
Six months ended August 31, 2017	359,859	4.5	17,102	(0.9)	16,991	(1.6)	11,360	271.0
Six months ended August 31, 2016	344,332	10.9	17,256	16.9	17,266	19.7	3,062	(66.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2017	158.53	–
Six months ended August 31, 2016	42.74	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2017	483,522	181,610	35.1
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 six months ended August 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 August 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 August 31, 2017	4,882 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)

Six months ended August 31, 2017	71,660,460 shares	Six months ended August 31, 2016	71,658,434 shares
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**Quarterly consolidated financial statements**  
**Quarterly consolidated balance sheets**

(Millions of yen)

	As of February 28, 2017	As of August 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	10,738	8,846
Notes and accounts receivable - trade	33,645	36,645
Merchandise and finished goods	27,658	27,249
Work in process	40	90
Raw materials and supplies	480	466
Other	16,516	16,592
Allowance for doubtful accounts	(1,016)	(848)
Total current assets	88,064	89,042
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	156,934	167,852
Land	157,628	158,618
Other, net	20,711	11,696
Total property, plant and equipment	335,274	338,167
Intangible assets		
Goodwill	6,235	5,735
Other	8,474	8,329
Total intangible assets	14,709	14,064
Investments and other assets		
Other	39,410	42,792
Allowance for doubtful accounts	(573)	(545)
Total investments and other assets	38,836	42,246
Total non-current assets	388,821	394,479
Total assets	476,885	483,522

(Millions of yen)

As of February 28, 2017

As of August 31, 2017

	As of February 28, 2017	As of August 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	30,466	36,138
Short-term loans payable	27,291	38,951
Current portion of long-term loans payable	26,415	23,977
Income taxes payable	7,115	5,908
Provision for bonuses	1,921	2,526
Provision for directors' bonuses	41	17
Provision for point card certificates	2,418	2,609
Provision for loss on recollection of gift certificates	113	113
Provision for loss on disaster	1,877	–
Other	35,228	26,806
<b>Total current liabilities</b>	<b>132,889</b>	<b>137,048</b>
<b>Non-current liabilities</b>		
Long-term loans payable	128,210	120,373
Provision for directors' retirement benefits	1,644	1,681
Provision for loss on interest repayment	168	121
Net defined benefit liability	7,429	7,598
Asset retirement obligations	7,565	7,566
Other	27,015	27,521
<b>Total non-current liabilities</b>	<b>172,032</b>	<b>164,863</b>
<b>Total liabilities</b>	<b>304,922</b>	<b>301,911</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,613	19,613
Capital surplus	22,493	22,247
Retained earnings	136,070	126,888
Treasury shares	(18,484)	(13)
<b>Total shareholders' equity</b>	<b>159,693</b>	<b>168,736</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,415	1,488
Remeasurements of defined benefit plans	(541)	(477)
<b>Total accumulated other comprehensive income</b>	<b>873</b>	<b>1,011</b>
<b>Non-controlling interests</b>	<b>11,396</b>	<b>11,863</b>
<b>Total net assets</b>	<b>171,963</b>	<b>181,610</b>
<b>Total liabilities and net assets</b>	<b>476,885</b>	<b>483,522</b>

**Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**  
**Quarterly consolidated statements of income**

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Net sales	328,569	343,228
Cost of sales	256,126	267,495
Gross profit	72,442	75,733
Operating revenue	15,763	16,630
Operating gross profit	88,206	92,363
Selling, general and administrative expenses	70,949	75,260
Operating income	17,256	17,102
Non-operating income		
Interest income	75	74
Purchase discounts	152	154
Share of profit of entities accounted for using equity method	22	37
Other	691	675
Total non-operating income	942	942
Non-operating expenses		
Interest expenses	728	576
Other	203	476
Total non-operating expenses	932	1,052
Ordinary income	17,266	16,991
Extraordinary income		
Gain on sales of non-current assets	346	1
Gain on sales of investment securities	56	43
Subsidy income	–	137
Other	117	20
Total extraordinary income	520	203
Extraordinary losses		
Loss on sales of non-current assets	59	31
Loss on retirement of non-current assets	259	110
Impairment loss	122	–
Loss on disaster	11,364	115
Other	280	65
Total extraordinary losses	12,086	322
Profit before income taxes	5,700	16,872
Income taxes - current	1,840	5,415
Income taxes - deferred	600	(41)
Total income taxes	2,441	5,373
Profit	3,259	11,498
Profit attributable to non-controlling interests	197	138
Profit attributable to owners of parent	3,062	11,360

**Quarterly consolidated statements of comprehensive income**

	(Millions of yen)	
	Six months ended August 31, 2016	Six months ended August 31, 2017
Profit	3,259	11,498
Other comprehensive income		
Valuation difference on available-for-sale securities	246	484
Remeasurements of defined benefit plans, net of tax	48	64
Total other comprehensive income	294	549
Comprehensive income	3,554	12,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,244	11,498
Comprehensive income attributable to non-controlling interests	310	549

**Quarterly consolidated statements of cash flows**

(Millions of yen)

	Six months ended August 31, 2016	Six months ended August 31, 2017
Cash flows from operating activities		
Profit before income taxes	5,700	16,872
Depreciation	7,523	7,938
Impairment loss	122	–
Loss on disaster	11,364	115
Amortization of goodwill	500	525
Increase (decrease) in allowance for doubtful accounts	40	(70)
Interest and dividend income	(124)	(128)
Interest expenses	728	576
Share of (profit) loss of entities accounted for using equity method	(22)	(37)
Subsidy income	–	(137)
Loss (gain) on sales of investment securities	(47)	(17)
Loss (gain) on sales of non-current assets	(286)	29
Loss on retirement of non-current assets	259	110
Decrease (increase) in notes and accounts receivable - trade	(1,345)	(2,998)
Decrease (increase) in inventories	611	412
Increase (decrease) in notes and accounts payable - trade	698	5,638
Other, net	1,592	(272)
Subtotal	27,315	28,557
Interest and dividend income received	128	103
Interest expenses paid	(745)	(593)
Proceeds from subsidy income	–	4
Payments for loss on disaster	(1,285)	(1,992)
Income taxes (paid) refund	(7,063)	(7,109)
Net cash provided by (used in) operating activities	18,349	18,969
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,913)	(16,367)
Proceeds from sales of property, plant and equipment	1,563	266
Purchase of intangible assets	(479)	(504)
Purchase of investment securities	(291)	(3,248)
Proceeds from sales of investment securities	192	502
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	26
Decrease (increase) in short-term loans receivable	(27)	(157)
Other, net	741	442
Net cash provided by (used in) investing activities	(10,214)	(19,041)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(13,463)	11,660
Proceeds from long-term loans payable	18,800	2,000
Repayments of long-term loans payable	(12,503)	(12,579)
Purchase of treasury shares	(1)	(1)
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	(46)	(95)
Other, net	(96)	(55)
Net cash provided by (used in) financing activities	(9,705)	(1,466)
Net increase (decrease) in cash and cash equivalents	(1,570)	(1,537)
Cash and cash equivalents at beginning of period	13,429	10,342
Cash and cash equivalents at end of period	11,859	8,804