

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2015
(Based on Japanese GAAP)**

April 7, 2015

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <http://www.izumi.co.jp/>
 Representative: President Yasuaki Yamanishi
 Executive Officer and General Manager of Finance & Accounting Department
 Inquiries: Masami Kawanishi TEL +81-82-264-3211
 Scheduled date of ordinary general meeting of shareholders: May 21, 2015
 Scheduled date to file Securities Report: May 22, 2015
 Scheduled date to commence dividend payments: May 22, 2015
 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, 2015 (from March 1, 2014 to February 28, 2015)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2015	579,739	4.1	30,330	4.2	29,767	4.6	17,360	(0.1)
Year ended February 28, 2014	556,852	4.0	29,100	4.1	28,446	5.0	17,384	7.4

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2015	241.60	–	13.6	7.2	5.5
Year ended February 28, 2014	236.55	–	14.8	7.3	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, 2015	432,416	145,709	31.2	1,876.22
As of February 28, 2014	397,071	130,178	30.3	1,672.92

(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, 2015	52,246	(20,897)	(25,159)	12,990
Year ended February 28, 2014	25,683	(19,948)	(5,501)	6,800

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, 2014	–	20.00	–	23.00	43.00	3,129	18.2	2.7
Year ended February 28, 2015	–	23.00	–	28.00	51.00	3,664	21.1	2.9
Year ending February 28, 2016 (Forecast)	–	28.00	–	28.00	56.00		22.2	

3. Forecast of consolidated financial results for the fiscal year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

Percentages indicate year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2015	309,500	9.2	14,600	6.0	14,300	4.5	8,100	(4.9)	112.72
Full year	648,200	11.8	33,300	9.8	32,100	7.8	18,100	4.3	251.89

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, 2015	78,861,920 shares	As of February 28, 2014	78,861,920 shares
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Number of treasury shares at the end of the period

As of February 28, 2015	7,005,563 shares	As of February 28, 2014	7,004,785 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Year ended February 28, 2015	71,856,803 shares	Year ended February 28, 2014	73,490,095 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
Assets		
Current assets		
Cash and deposits	6,800	13,380
Notes and accounts receivable - trade	25,482	28,540
Merchandise and finished goods	24,125	24,517
Work in process	84	85
Raw materials and supplies	319	383
Deferred tax assets	2,631	2,687
Other	12,086	13,726
Allowance for doubtful accounts	(635)	(627)
Total current assets	70,895	82,692
Non-current assets		
Property, plant and equipment		
Buildings and structures	296,867	315,239
Accumulated depreciation	(163,392)	(178,561)
Buildings and structures, net	133,474	136,677
Machinery, equipment and vehicles	6,055	6,623
Accumulated depreciation	(4,646)	(4,867)
Machinery, equipment and vehicles, net	1,409	1,755
Land	141,011	147,469
Leased assets	876	1,331
Accumulated depreciation	(363)	(638)
Leased assets, net	513	693
Construction in progress	1,477	10,617
Other	31,164	34,835
Accumulated depreciation	(25,017)	(27,886)
Other, net	6,147	6,949
Total property, plant and equipment	284,033	304,162
Intangible assets		
Goodwill	431	554
Other	6,987	7,430
Total intangible assets	7,418	7,985
Investments and other assets		
Investment securities	6,164	8,563
Long-term loans receivable	1,504	1,480
Deferred tax assets	5,468	5,285
Lease and guarantee deposits	16,965	17,477
Other	5,040	5,165
Allowance for doubtful accounts	(419)	(395)
Total investments and other assets	34,723	37,575
Total non-current assets	326,175	349,723
Total assets	397,071	432,416

(Millions of yen)

As of February 28, 2014

As of February 28, 2015

Liabilities	As of February 28, 2014	As of February 28, 2015
Current liabilities		
Notes and accounts payable - trade	23,191	40,564
Short-term loans payable	46,726	20,387
Current portion of long-term loans payable	23,249	25,888
Accounts payable - other	12,389	22,080
Income taxes payable	5,287	6,987
Provision for bonuses	1,451	1,491
Provision for directors' bonuses	47	37
Provision for point card certificates	1,817	2,017
Provision for loss on recollection of gift certificates	53	81
Asset retirement obligations	335	-
Other	9,264	14,560
Total current liabilities	123,813	134,096
Non-current liabilities		
Long-term loans payable	103,471	110,876
Lease obligations	503	615
Long-term lease and guarantee deposited	22,966	23,119
Provision for retirement benefits	6,540	-
Provision for directors' retirement benefits	1,241	1,405
Provision for loss on interest repayment	329	273
Net defined benefit liability	-	8,193
Deferred tax liabilities	1,074	1,082
Asset retirement obligations	6,501	6,723
Other	449	321
Total non-current liabilities	143,079	152,610
Total liabilities	266,892	286,706
Net assets		
Shareholders' equity		
Capital stock	19,613	19,613
Capital surplus	22,282	22,282
Retained earnings	94,517	108,283
Treasury shares	(16,760)	(16,763)
Total shareholders' equity	119,652	133,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	822	1,785
Foreign currency translation adjustment	(264)	-
Remeasurements of defined benefit plans	-	(383)
Total accumulated other comprehensive income	558	1,402
Minority interests	9,966	10,890
Total net assets	130,178	145,709
Total liabilities and net assets	397,071	432,416

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

	(Millions of yen)	
	Year ended February 28, 2014	Year ended February 28, 2015
Net sales	530,871	552,746
Cost of sales	418,677	435,815
Gross profit	112,193	116,930
Operating revenue	25,981	26,992
Operating gross profit	138,175	143,923
Selling, general and administrative expenses		
Advertising and promotion expenses	8,707	9,919
Distribution expenses	6,063	6,550
Provision of allowance for doubtful accounts	165	161
Employees' salaries and bonuses	37,135	38,830
Provision for bonuses	1,414	1,451
Welfare expenses	6,477	6,740
Retirement benefit expenses	669	827
Rent expenses	9,273	9,337
Utilities expenses	6,301	6,720
Depreciation	12,403	12,474
Provision for loss on interest repayment	36	40
Other	20,426	20,538
Total selling, general and administrative expenses	109,074	113,592
Operating income	29,100	30,330
Non-operating income		
Interest income	145	147
Dividend income	71	102
Purchase discounts	361	307
Gain on adjustment of account payable	97	92
Share of profit of entities accounted for using equity method	41	244
Penalty income	107	87
Other	603	491
Total non-operating income	1,428	1,473
Non-operating expenses		
Interest expenses	1,716	1,614
Other	365	421
Total non-operating expenses	2,082	2,036
Ordinary income	28,446	29,767

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
Extraordinary income		
Gain on bad debts recovered	584	-
Gain on sales of non-current assets	1,528	5
Gain on bargain purchase	-	31
Other	101	0
Total extraordinary income	2,213	37
Extraordinary losses		
Loss on sales of non-current assets	10	71
Loss on retirement of non-current assets	432	323
Impairment loss	2,054	464
Loss on sales of shares of subsidiaries	-	315
Loss on step acquisitions	-	94
Other	207	23
Total extraordinary losses	2,704	1,292
Income before income taxes and minority interests	27,955	28,511
Income taxes - current	10,367	11,181
Income taxes - deferred	25	(238)
Total income taxes	10,392	10,943
Income before minority interests	17,562	17,568
Minority interests in income	178	207
Net income	17,384	17,360

Consolidated statements of comprehensive income

	(Millions of yen)	
	Year ended February 28, 2014	Year ended February 28, 2015
Income before minority interests	17,562	17,568
Other comprehensive income		
Valuation difference on available-for-sale securities	288	1,164
Foreign currency translation adjustment	6	0
Total other comprehensive income	295	1,165
Comprehensive income	17,858	18,733
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,629	18,325
Comprehensive income attributable to minority interests	228	408

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2014

(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	80,942	(7,770)	115,067
Cumulative effects of changes in accounting policies			(835)		(835)
Restated balance	19,613	22,282	80,107	(7,770)	114,232
Changes of items during period					
Dividends of surplus			(2,974)		(2,974)
Change of scope of consolidation			—		—
Net income			17,384		17,384
Purchase of treasury shares				(8,989)	(8,989)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	14,409	(8,989)	5,420
Balance at end of current period	19,613	22,282	94,517	(16,760)	119,652

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	583	(270)	—	312	10,759	126,139
Cumulative effects of changes in accounting policies						(835)
Restated balance	583	(270)	—	312	10,759	125,304
Changes of items during period						
Dividends of surplus						(2,974)
Change of scope of consolidation						—
Net income						17,384
Purchase of treasury shares						(8,989)
Net changes of items other than shareholders' equity	239	6	—	245	(792)	(546)
Total changes of items during period	239	6	—	245	(792)	4,873
Balance at end of current period	822	(264)	—	558	9,966	130,178

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,613	22,282	94,517	(16,760)	119,652
Changes of items during period					
Dividends of surplus			(3,305)		(3,305)
Change of scope of consolidation			(289)		(289)
Net income			17,360		17,360
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	13,766	(2)	13,763
Balance at end of current period	19,613	22,282	108,283	(16,763)	133,416

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	822	(264)	—	558	9,966	130,178
Changes of items during period						
Dividends of surplus						(3,305)
Change of scope of consolidation						(289)
Net income						17,360
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	963	264	(383)	843	923	1,767
Total changes of items during period	963	264	(383)	843	923	15,530
Balance at end of current period	1,785	—	(383)	1,402	10,890	145,709

Consolidated statements of cash flows

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	27,955	28,511
Depreciation	12,827	12,902
Impairment loss	2,054	464
Gain on bargain purchase	-	(31)
Increase (decrease) in allowance for doubtful accounts	(28)	(30)
Interest and dividend income	(216)	(249)
Interest expenses	1,716	1,614
Share of (profit) loss of entities accounted for using equity method	(41)	(244)
Loss (gain) on sales of non-current assets	(1,518)	66
Loss on retirement of non-current assets	432	323
Decrease (increase) in notes and accounts receivable - trade	(3,397)	(3,024)
Decrease (increase) in inventories	(2,842)	503
Increase (decrease) in notes and accounts payable - trade	1,849	14,703
Increase (decrease) in provision for retirement benefits	182	(7,311)
Increase (decrease) in net defined benefit liability	-	7,599
Other, net	(239)	7,311
Subtotal	38,734	63,106
Interest and dividend income received	216	252
Interest expenses paid	(1,693)	(1,560)
Income taxes (paid) refund	(11,574)	(9,551)
Net cash provided by (used in) operating activities	25,683	52,246
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,381)	(18,699)
Proceeds from sales of property, plant and equipment	6,287	110
Purchase of intangible assets	(1,449)	(943)
Purchase of investment securities	(331)	(803)
Proceeds from sales of investment securities	314	59
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(246)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(36)
Decrease (increase) in short-term loans receivable	(73)	(249)
Other, net	686	(89)
Net cash provided by (used in) investing activities	(19,948)	(20,897)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,101	(29,438)
Proceeds from long-term loans payable	25,100	32,075
Repayments of long-term loans payable	(23,584)	(24,322)
Purchase of treasury shares	(8,989)	(2)
Cash dividends paid	(2,974)	(3,305)
Cash dividends paid to minority shareholders	(20)	(28)
Other, net	(133)	(137)
Net cash provided by (used in) financing activities	(5,501)	(25,159)
Effect of exchange rate change on cash and cash equivalents	8	0
Net increase (decrease) in cash and cash equivalents	242	6,189
Cash and cash equivalents at beginning of period	6,862	6,800
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(304)	-
Cash and cash equivalents at end of period	6,800	12,990