

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 28, 2018
(Based on Japanese GAAP)**

April 11, 2018

Company name: IZUMI CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8273 URL <http://www.izumi.co.jp/>
 Representative: President Yasuaki Yamanishi
 Inquiries: Senior Managing Director and Administration Division Manager Tatsuya Mikamoto TEL +81-82-264-3211
 Scheduled date of ordinary general meeting of shareholders: May 25, 2018
 Scheduled date to file Securities Report: May 28, 2018
 Scheduled date to commence dividend payments: May 28, 2018
 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, 2018 (from March 1, 2017 to February 28, 2018)

(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, 2018 | 729,857 | 4.0 | 38,487 | 7.9 | 38,208 | 7.1 | 26,932 | 58.3 |
| Year ended February 28, 2017 | 702,121 | 5.0 | 35,670 | 11.8 | 35,688 | 14.7 | 17,015 | (9.3) |

| | Earnings per share | Diluted earnings per share | Profit/equity | Ordinary profit/total assets | Operating profit/net sales |
|------------------------------|--------------------|----------------------------|---------------|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended February 28, 2018 | 375.83 | – | 15.7 | 8.0 | 5.5 |
| Year ended February 28, 2017 | 237.45 | – | 11.0 | 7.6 | 5.3 |

(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, 2018 | 479,867 | 194,851 | 38.1 | 2,553.14 |
| As of February 28, 2017 | 476,885 | 171,963 | 33.7 | 2,240.66 |

(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, 2018 | 42,592 | (29,067) | (15,477) | 8,389 |
| Year ended February 28, 2017 | 33,104 | (19,938) | (16,252) | 10,342 |

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, 2017 | – | 33.00 | – | 33.00 | 66.00 | 4,729 | 27.8 | 3.1 |
| Year ended February 28, 2018 | – | 35.00 | – | 40.00 | 75.00 | 5,374 | 20.0 | 3.1 |
| 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 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, 2018 | 71,665,200 shares | As of February 28, 2017 | 78,861,920 shares |
|-------------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|-------------------------|--------------|-------------------------|------------------|
| As of February 28, 2018 | 5,676 shares | As of February 28, 2017 | 7,201,306 shares |
|-------------------------|--------------|-------------------------|------------------|

Average number of shares during the period

| | | | |
|------------------------------|-------------------|------------------------------|-------------------|
| Year ended February 28, 2018 | 71,660,157 shares | Year ended February 28, 2017 | 71,657,885 shares |
|------------------------------|-------------------|------------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of February 28, 2017 | As of February 28, 2018 |
|--|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,738 | 8,410 |
| Notes and accounts receivable - trade | 33,645 | 37,245 |
| Merchandise and finished goods | 27,658 | 28,047 |
| Work in process | 40 | 81 |
| Raw materials and supplies | 480 | 452 |
| Deferred tax assets | 2,505 | 2,569 |
| Other | 14,010 | 15,081 |
| Allowance for doubtful accounts | (1,016) | (827) |
| Total current assets | 88,064 | 91,062 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 371,618 | 383,874 |
| Accumulated depreciation | (214,684) | (220,584) |
| Buildings and structures, net | 156,934 | 163,290 |
| Machinery, equipment and vehicles | 8,008 | 8,681 |
| Accumulated depreciation | (5,419) | (5,878) |
| Machinery, equipment and vehicles, net | 2,589 | 2,803 |
| Land | 157,628 | 159,178 |
| Leased assets | 548 | 445 |
| Accumulated depreciation | (351) | (333) |
| Leased assets, net | 197 | 111 |
| Construction in progress | 9,730 | 439 |
| Other | 41,991 | 42,160 |
| Accumulated depreciation | (33,796) | (34,434) |
| Other, net | 8,194 | 7,725 |
| Total property, plant and equipment | 335,274 | 333,548 |
| Intangible assets | | |
| Goodwill | 6,235 | 5,263 |
| Other | 8,474 | 8,281 |
| Total intangible assets | 14,709 | 13,545 |
| Investments and other assets | | |
| Investment securities | 7,924 | 11,390 |
| Long-term loans receivable | 1,651 | 1,625 |
| Deferred tax assets | 5,269 | 5,414 |
| Lease and guarantee deposits | 18,572 | 18,024 |
| Other | 5,992 | 5,799 |
| Allowance for doubtful accounts | (573) | (543) |
| Total investments and other assets | 38,836 | 41,711 |
| Total non-current assets | 388,821 | 388,805 |
| Total assets | 476,885 | 479,867 |

(Millions of yen)

As of February 28, 2017

As of February 28, 2018

| Liabilities | As of February 28, 2017 | As of February 28, 2018 |
|---|-------------------------|-------------------------|
| Current liabilities | | |
| Notes and accounts payable - trade | 30,466 | 34,649 |
| Short-term loans payable | 27,291 | 24,670 |
| Current portion of long-term loans payable | 26,415 | 28,616 |
| Accounts payable - other | 20,206 | 7,801 |
| Income taxes payable | 7,115 | 8,577 |
| Provision for bonuses | 1,921 | 2,028 |
| Provision for directors' bonuses | 41 | 16 |
| Provision for point card certificates | 2,418 | 2,436 |
| Provision for loss on recollection of gift certificates | 113 | 145 |
| Provision for loss on disaster | 1,877 | – |
| Asset retirement obligations | 6 | – |
| Other | 15,014 | 13,278 |
| Total current liabilities | 132,889 | 122,220 |
| Non-current liabilities | | |
| Long-term loans payable | 128,210 | 118,581 |
| Lease obligations | 128 | 52 |
| Long-term lease and guarantee deposited | 23,827 | 23,813 |
| Provision for directors' retirement benefits | 1,644 | 1,719 |
| Provision for loss on interest repayment | 168 | 85 |
| Net defined benefit liability | 7,429 | 7,777 |
| Deferred tax liabilities | 2,509 | 2,592 |
| Asset retirement obligations | 7,565 | 7,784 |
| Other | 549 | 386 |
| Total non-current liabilities | 172,032 | 162,794 |
| Total liabilities | 304,922 | 285,015 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 19,613 | 19,613 |
| Capital surplus | 22,493 | 22,247 |
| Retained earnings | 136,070 | 139,951 |
| Treasury shares | (18,484) | (18) |
| Total shareholders' equity | 159,693 | 181,795 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,415 | 1,580 |
| Remeasurements of defined benefit plans | (541) | (418) |
| Total accumulated other comprehensive income | 873 | 1,161 |
| Non-controlling interests | 11,396 | 11,894 |
| Total net assets | 171,963 | 194,851 |
| Total liabilities and net assets | 476,885 | 479,867 |

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

| | (Millions of yen) | |
|---|---------------------------------|---------------------------------|
| | Year ended February 28, 2017 | Year ended February 28, 2018 |
| Net sales | 670,253 | 696,266 |
| Cost of sales | 522,833 | 543,206 |
| Gross profit | 147,419 | 153,059 |
| Operating revenue | 31,867 | 33,591 |
| Operating gross profit | 179,287 | 186,651 |
| Selling, general and administrative expenses | | |
| Advertising and promotion expenses | 12,641 | 14,494 |
| Distribution expenses | 7,387 | 7,494 |
| Provision of allowance for doubtful accounts | 154 | 142 |
| Employees' salaries and bonuses | 50,204 | 50,917 |
| Provision for bonuses | 1,596 | 1,728 |
| Welfare expenses | 8,998 | 9,141 |
| Retirement benefit expenses | 897 | 1,159 |
| Rent expenses | 11,562 | 11,585 |
| Utilities expenses | 7,262 | 8,072 |
| Depreciation | 15,206 | 15,693 |
| Other | 27,704 | 27,733 |
| Total selling, general and administrative expenses | 143,616 | 148,163 |
| Operating profit | 35,670 | 38,487 |
| Non-operating income | | |
| Interest income | 148 | 149 |
| Dividend income | 77 | 92 |
| Purchase discounts | 329 | 299 |
| Gain on adjustment of account payable | 133 | 130 |
| Share of profit of entities accounted for using equity method | 12 | 48 |
| Penalty income | 141 | 163 |
| Other | 1,034 | 677 |
| Total non-operating income | 1,877 | 1,562 |
| Non-operating expenses | | |
| Interest expenses | 1,316 | 1,094 |
| Compensation expenses | 240 | 159 |
| Other | 302 | 586 |
| Total non-operating expenses | 1,859 | 1,841 |
| Ordinary profit | 35,688 | 38,208 |

(Millions of yen)

| | Year ended February 28, 2017 | Year ended February 28, 2018 |
|--|---------------------------------|---------------------------------|
| Extraordinary income | | |
| Gain on sales of non-current assets | 383 | 501 |
| Gain on sales of investment securities | 60 | 252 |
| Gain on bargain purchase | 279 | – |
| Subsidy income | 574 | 1,656 |
| Other | 77 | 32 |
| Total extraordinary income | 1,374 | 2,443 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 72 | 49 |
| Loss on retirement of non-current assets | 482 | 464 |
| Impairment loss | 500 | 597 |
| Loss on disaster | 9,367 | 197 |
| Loss on liquidation of business | 62 | – |
| Other | 258 | 139 |
| Total extraordinary losses | 10,744 | 1,448 |
| Profit before income taxes | 26,319 | 39,204 |
| Income taxes - current | 9,059 | 12,248 |
| Income taxes - deferred | (135) | (345) |
| Total income taxes | 8,924 | 11,902 |
| Profit | 17,395 | 27,301 |
| Profit attributable to non-controlling interests | 380 | 369 |
| Profit attributable to owners of parent | 17,015 | 26,932 |

Consolidated statements of comprehensive income

| | (Millions of yen) | |
|--|---------------------------------|---------------------------------|
| | Year ended February 28, 2017 | Year ended February 28, 2018 |
| Profit | 17,395 | 27,301 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 940 | 376 |
| Remeasurements of defined benefit plans, net of tax | 96 | 123 |
| Total other comprehensive income | 1,036 | 499 |
| Comprehensive income | 18,431 | 27,801 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 17,733 | 27,220 |
| Comprehensive income attributable to non-controlling interests | 698 | 581 |

Consolidated statements of changes in net assets

Fiscal year ended February 28, 2017

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 19,613 | 22,577 | 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 |

| | 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 |

Consolidated statements of cash flows

(Millions of yen)

| | Year ended February 28, 2017 | Year ended February 28, 2018 |
|--|---------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 26,319 | 39,204 |
| Depreciation | 15,691 | 16,171 |
| Impairment loss | 500 | 597 |
| Loss on disaster | 9,367 | 197 |
| Amortization of goodwill | 1,078 | 997 |
| Gain on bargain purchase | (279) | - |
| Increase (decrease) in allowance for doubtful accounts | 103 | (50) |
| Interest and dividend income | (226) | (242) |
| Interest expenses | 1,316 | 1,094 |
| Share of (profit) loss of entities accounted for using equity method | (12) | (48) |
| Subsidy income | (574) | (1,656) |
| Loss (gain) on sales of investment securities | (37) | (226) |
| Loss (gain) on sales of non-current assets | (311) | (452) |
| Loss on retirement of non-current assets | 482 | 464 |
| Decrease (increase) in notes and accounts receivable - trade | (2,240) | (3,598) |
| Decrease (increase) in inventories | (1,322) | (363) |
| Increase (decrease) in notes and accounts payable - trade | (3,155) | 4,149 |
| Increase (decrease) in net defined benefit liability | 95 | 339 |
| Other, net | 2,651 | (1,118) |
| Subtotal | 49,447 | 55,458 |
| Interest and dividend income received | 234 | 220 |
| Interest expenses paid | (1,368) | (1,121) |
| Proceeds from subsidy income | 574 | 1,656 |
| Payments for loss on disaster | (6,810) | (2,074) |
| Income taxes (paid) refund | (8,972) | (11,547) |
| Net cash provided by (used in) operating activities | 33,104 | 42,592 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (21,945) | (27,053) |
| Proceeds from sales of property, plant and equipment | 1,734 | 1,412 |
| Purchase of intangible assets | (954) | (950) |
| Purchase of investment securities | (551) | (3,618) |
| Proceeds from sales of investment securities | 397 | 939 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 454 | 26 |
| Decrease (increase) in short-term loans receivable | (85) | (260) |
| Other, net | 1,012 | 437 |
| Net cash provided by (used in) investing activities | (19,938) | (29,067) |

(Millions of yen)

| | Year ended February 28, 2017 | Year ended February 28, 2018 |
|--|---------------------------------|---------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (23,413) | (2,621) |
| Proceeds from long-term loans payable | 38,412 | 19,050 |
| Repayments of long-term loans payable | (26,339) | (26,782) |
| Purchase of treasury shares | (4) | (6) |
| Proceeds from sales of shares of parent held by subsidiaries | 45 | - |
| Cash dividends paid | (4,729) | (4,872) |
| Dividends paid to non-controlling interests | (29) | (28) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (46) | (95) |
| Other, net | (147) | (120) |
| Net cash provided by (used in) financing activities | (16,252) | (15,477) |
| Net increase (decrease) in cash and cash equivalents | (3,086) | (1,952) |
| Cash and cash equivalents at beginning of period | 13,429 | 10,342 |
| Cash and cash equivalents at end of period | 10,342 | 8,389 |