



Explanatory Documentation about the Consolidated Financial Results for FY2016

1. Summary of Financial Results

1) Consolidated financial results

(Unit: millions of yen)

	FY2015	FY2016	FY2017 Forecast
Operating revenue	668,784	702,121	748,100
(YoY)	115.4%	105.0%	106.5%
Operating income	31,912	35,670	39,000
(YoY)	105.2%	111.8%	109.3%
Ordinary income	31,102	35,688	38,700
(YoY)	104.5%	114.7%	108.4%
Profit attributable to owners of parent	18,766	17,015	26,500
(YoY)	108.1%	90.7%	155.7%
Profit per share	¥261.96	¥237.45	¥369.80
Profit/equity	13.3%	11.0%	
Ordinary income/total assets	6.9%	7.6%	
Operating income/net sales	5.0%	5.3%	
Total assets	468,026	476,885	
Net assets	157,851	171,963	
Net assets per share	¥2,060.44	¥2,240.66	
Equity ratio	31.5%	33.7%	
Total number of shares at the end of period (excl. treasury shares)	71,658,647	71,660,614	
Average number of shares during the period (excl. treasury shares)	71,640,370	71,657,885	
Number of consolidated subsidiaries	16	15	
Number of equity-method affiliates	7	5	

2) Non-consolidated financial results

(Unit: millions of yen)

	FY2015	FY2016	FY2017 Forecast
Operating revenue	609,032	648,030	696,000
(YoY)	109.3%	106.4%	107.4%
Operating income	28,212	30,222	31,900
(YoY)	108.9%	107.1%	105.5%
Ordinary income	27,355	30,139	31,600
(YoY)	109.2%	110.2%	104.8%
Profit	17,811	14,438	22,100
(YoY)	120.7%	81.1%	153.1%
Dividends per share	¥64.00	¥66.00	¥66.00
Total assets	371,093	385,727	
Net assets	123,302	133,406	
Equity ratio	33.2%	34.6%	

2. Consolidated Statements of Income

	FY2015		FY2016		
	Amount	% of Sales	Amount	% of Sales	YoY
Operating revenue	668,784	—	702,121	—	105.0%
Net sales	638,754	100.0%	670,253	100.0%	104.9%
Gross profit	137,408	21.5%	147,419	22.0%	107.3%
Operating revenue	30,029	4.7%	31,867	4.8%	106.1%
Operating gross profit	167,438	26.2%	179,287	26.7%	107.1%
Selling, general and administrative expenses	135,525	21.2%	143,616	21.4%	106.0%
Personnel expenses	58,085	9.1%	62,829	9.4%	108.2%
Depreciation	14,631	2.3%	15,206	2.3%	103.9%
Amortization of goodwill	454	0.1%	1,078	0.2%	237.3%
Rental expenses	10,980	1.7%	11,562	1.7%	105.3%
Utilities expenses	7,560	1.2%	7,262	1.1%	96.1%
Other	43,812	6.9%	45,676	6.8%	104.3%
Operating income	31,912	5.0%	35,670	5.3%	111.8%
Non-operating income	1,431	0.2%	1,877	0.3%	131.1%
Interest and dividend income	235	0.0%	226	0.0%	96.1%
Non-operating expenses	2,242	0.4%	1,859	0.3%	82.9%
Interest expenses	1,587	0.2%	1,316	0.2%	82.9%
Ordinary income	31,102	4.9%	35,688	5.3%	114.7%
Extraordinary income	1,446	0.2%	1,374	0.2%	95.1%
Extraordinary losses	2,164	0.3%	10,744	1.6%	496.4%
Profit before income taxes	30,384	4.8%	26,319	3.9%	86.6%
Total income taxes	12,004	1.9%	8,924	1.3%	74.3%
Profit (loss) attributable to non-controlling interests	-386	-0.1%	380	0.1%	—
Profit attributable to owners of parent	18,766	2.9%	17,015	2.5%	90.7%

1) Segment Information

	FY2015		FY2016		
	Amount	% of Total	Amount	% of Total	YoY
(Operating revenue)					
Retail operations	648,575	97.0%	682,691	97.2%	105.3%
Retail-peripheral operations	72,205	10.8%	96,524	13.7%	133.7%
Other	4,887	0.7%	4,936	0.7%	101.0%
Adjustment	-56,884	-8.5%	-82,031	-11.7%	—
Total	668,784	100.0%	702,121	100.0%	105.0%
(Operating income)					
Retail operations	27,649	86.6%	31,272	87.7%	113.1%
Retail-peripheral operations	3,798	11.9%	3,902	10.9%	102.7%
Other	739	2.3%	976	2.7%	132.0%
Adjustment	-274	-0.9%	-480	-1.3%	—
Total	31,912	100.0%	35,670	100.0%	111.8%

* In order to more accurately grasp the condition of operating results in each reportable segment, the measurement methods for the company as a whole and for each reportable segment have been reviewed. Year-on-year amounts and ratios for the previous fiscal year have been calculated using the revised methods.

2) Financial Results of Major Subsidiaries

Company	Business / Segment		FY2015	FY2016	YoY
Youme Card Co., Ltd.	Finance	Operating revenue	8,027	8,037	100.1%
	Retail-peripheral operations	Operating income	1,783	1,691	94.8%
Izumi Techno Co., Ltd.	Store management	Operating revenue	12,118	13,524	111.6%
	Retail-peripheral operations	Operating income	1,305	1,355	103.8%
Izumi Food Service Co., Ltd.	Food services	Operating revenue	5,675	5,753	101.4%
	Retail-peripheral operations	Operating income	260	302	116.4%
youme Mart Co., Ltd. *1	Retail	Operating revenue	26,053	27,306	104.8%
	Retail operations	Operating income	702	1,234	175.8%
Super Daiei Co., Ltd. *2	Retail	Operating revenue	24,686	17,896	72.5%
	Retail operations	Operating income	-336	464	—
Yours Co., Ltd. *2	Retail	Operating revenue	24,306	44,962	185.0%
	Retail operations	Operating income	-535	31	—

*1. Koei Co., Ltd., a consolidated subsidiary, was absorbed and merged with youme Mart Co., Ltd. on September 1, 2015, and accordingly, Koei's results were incorporated into the financial results for FY2015.

*2. The financial results for FY2015 of Super Daiei Co., Ltd. and Yours Co., Ltd. are for the irregular fiscal periods of 14 months and 5 months, respectively.

3. Consolidated Balance Sheets

(Unit: millions of yen)

	As of Feb. 29, 2016		As of Feb. 28, 2017		
	Amount	% of Total	Amount	% of Total	Change
Total assets	468,026	100.0%	476,885	100.0%	+ 8,859
Cash and deposits	13,844	3.0%	10,738	2.3%	- 3,105
Notes and accounts receivable - trade	31,387	6.7%	33,645	7.1%	+ 2,257
Merchandise and finished goods	26,597	5.7%	27,658	5.8%	+ 1,061
Property, plant and equipment	325,308	69.5%	335,274	70.3%	+ 9,966
Deposits and guarantees	19,672	4.2%	18,572	3.9%	- 1,099
Investment securities	6,800	1.5%	7,924	1.7%	+ 1,124
Other	44,416	9.5%	43,071	9.0%	- 1,345
Liabilities	310,175	66.3%	304,922	63.9%	- 5,252
Notes and accounts payable - trade	33,479	7.2%	30,466	6.4%	- 3,012
Interest-bearing liabilities	193,018	41.2%	182,146	38.2%	- 10,872
Other	83,677	17.9%	92,308	19.4%	+ 8,631
Net assets	157,851	33.7%	171,963	36.1%	+ 14,112
Treasury shares	-18,483	-3.9%	-18,484	-3.9%	- 1
Other	166,131	35.5%	179,051	37.5%	+ 12,920
Non-controlling interests	10,203	2.2%	11,396	2.4%	+ 1,193

*Change in the number of issued shares

		FY2015	FY2016
Total number of issued shares	at the beginning of the period	78,861,920	78,861,920
	at the end of the period (A)	78,861,920	78,861,920
Treasury shares, etc.	at the beginning of the period	7,005,563	7,203,273
	at the end of the period (B)	7,203,273	7,201,306
	(Acquired during the period)	373,031	883
	(Increase in cross-held shares during the period)	0	2,401
	(Shares exchanged during the period)	175,321	0
	(Disposal of cross-held shares during the period)	0	5,251
A-B		71,658,647	71,660,614
(Average during the period)		71,640,370	71,657,885

4. Consolidated Statements of Cash Flows (Unit: millions of yen)

	FY2015	FY2016
Cash flows from operating activities	+ 13,553	+ 33,104
Profit before income taxes	+ 30,384	+ 26,319
Non-cash loss/gain (depreciation, etc.)	+ 16,802	+ 17,676
Increase/decrease in claims and obligations related to operating activities	- 21,860	- 4,313
Income taxes and interest income	- 12,952	- 10,105
Other	+ 1,180	+ 3,528
Cash flows from investing activities	- 26,071	- 19,938
Capital investment related	- 28,285	- 22,900
Other	+ 2,213	+ 2,961
Cash flows from financing activities	+ 12,956	- 16,252
Interest bearing liabilities related	+ 19,484	- 11,488
Other	- 6,527	- 4,763
Increase/decrease in cash and cash equivalents	+ 439	- 3,086

5. Izumi Co., Ltd.: Income Statement and Other Financial Information

1) Statements of Income

(Unit: millions of yen)

	FY2015		FY2016		
	Amount	% of Sales	Amount	% of Sales	YoY
Operating revenue	609,032	—	648,030	—	106.4%
Net sales	580,576	100.0%	618,663	100.0%	106.6%
Gross profit	110,959	19.1%	115,518	18.7%	104.1%
Operating revenue	28,455	4.9%	29,367	4.7%	103.2%
Real estate lease revenue	7,424	1.3%	7,498	1.2%	101.0%
Distribution center revenue	8,177	1.4%	8,816	1.4%	107.8%
Store lease joint management expense revenue	8,785	1.5%	8,789	1.4%	100.0%
Other	4,067	0.7%	4,262	0.7%	104.8%
Operating gross profit	139,414	24.0%	144,885	23.4%	103.9%
Selling, general and administrative expenses	111,201	19.2%	114,662	18.5%	103.1%
Personnel expenses	40,902	7.0%	43,038	7.0%	105.2%
Depreciation	12,532	2.2%	12,718	2.1%	101.5%
Rental expenses	9,512	1.6%	9,357	1.5%	98.4%
Store management expenses	9,321	1.6%	9,596	1.6%	103.0%
Utilities expenses	5,678	1.0%	5,242	0.8%	92.3%
Advertising expenses	10,014	1.7%	10,671	1.7%	106.6%
Other	23,239	4.0%	24,037	3.9%	103.4%
Operating income	28,212	4.9%	30,222	4.9%	107.1%
Non-operating income	1,167	0.2%	1,560	0.3%	133.7%
Interest and dividend income	238	0.0%	349	0.1%	146.4%
Non-operating expenses	2,024	0.3%	1,643	0.3%	81.2%
Interest expenses	1,491	0.3%	1,246	0.2%	83.6%
Ordinary income	27,355	4.7%	30,139	4.9%	110.2%
Extraordinary income	1,175	0.2%	629	0.1%	53.6%
Extraordinary losses	565	0.1%	9,221	1.5%	1630.4%
Profit before income taxes	27,964	4.8%	21,547	3.5%	77.1%
Profit	17,811	3.1%	14,438	2.3%	81.1%

2) Sales Information

	FY2015		FY2016		
	Amount	% of Total	Amount	% of Total	YoY
(By Product)					
Clothing	69,330	11.9%	69,006	11.2%	99.5%
Household goods	44,542	7.7%	44,785	7.2%	100.5%
Foods	198,363	34.2%	206,532	33.4%	104.1%
Directly managed stores total	312,236	53.8%	320,324	51.8%	102.6%
Tenants	215,334	37.1%	221,257	35.8%	102.8%
X-SELL Division	16,937	2.9%	15,931	2.6%	94.1%
Product supply, etc.	36,068	6.2%	61,150	9.9%	169.5%
Total	580,576	100.0%	618,663	100.0%	106.6%
(By Region)					
Chugoku	276,325	47.6%	309,792	50.1%	112.1%
Kyushu	237,319	40.9%	242,142	39.1%	102.0%
Other	66,931	11.5%	66,728	10.8%	99.7%
Total	580,576	100.0%	618,663	100.0%	106.6%

3) YoY Sales at Existing Stores
(Excluding X-SELL Division)

	FY2015	FY2016
Clothing	99.8%	100.5%
Household goods	100.9%	101.2%
Foods	103.0%	102.6%
Directly managed stores total	102.0%	101.9%
Tenants	100.6%	100.9%
Total	101.4%	101.5%
Chugoku	101.7%	99.8%
Kyushu	101.1%	104.3%
Number of customers	99.4%	100.6%
Average spent per customer	102.7%	101.3%
Average spent per item	103.0%	101.5%
Number of purchases	99.7%	99.8%

4) Gross Profit Ratio

	FY2015	FY2016
Clothing	36.8%	37.7%
Household goods	31.8%	32.1%
Foods	25.1%	25.7%
Directly managed stores total	28.7%	29.2%
Tenants	7.9%	7.9%
X-SELL Division	25.4%	26.3%
Product supply, etc.	0.5%	0.5%
Total	19.1%	18.7%
(Loss rate)		
Clothing	9.7%	9.1%
Household goods	3.2%	3.0%
Foods	2.9%	2.5%
Directly managed stores total	4.4%	4.0%
(Inventory turnover in days)		
Clothing	66.6	68.4
Household goods	80.6	82.9
Foods	9.6	9.9
Directly managed stores total	32.2	32.5

5) Average Number of
Employees during the Period

	FY2015	FY2016
Full employees	2,392	2,450
Semi-full employees (8-hour equivalent)	5,031	5,542
Part-time employees (8-hour equivalent)	4,798	4,516
Total	12,221	12,508
(% of Total)		
Full employees	19.6%	19.6%
Semi-full employees (8-hour equivalent)	41.1%	44.3%
Part-time employees (8-hour equivalent)	39.3%	36.1%
Total	100.0%	100.0%
(Indicators: Directly managed stores and X-SELL Division)		
Net sales per employee	26,936 thousand yen	26,884 thousand yen
Gross profit per employee	7,676 thousand yen	7,814 thousand yen
Personnel expenses per employee	3,347 thousand yen	3,441 thousand yen
Personnel expenses/sales ratio	12.4%	12.8%
Personnel expenses/gross profit ratio	43.6%	44.0%

6) Stores and Capital

Investment

	As of Feb. 29, 2016	As of Feb. 28, 2017
New stores	4	2
Stores closed	4	0
Stores at the end of period	103	105
Sales floor area at the end of period	1,046,130 m ²	1,076,558 m ²
Capital investment (construction basis)	21,817 million yen	24,190 million yen
Capital investment (payment basis)	26,508 million yen	19,267 million yen

7) Store Information as of February 28, 2017
(Excluding X-SELL stand-alone type stores)

	Stores	Sales Share
(By Store Area)		
20,000 m ² or more	17	53.7%
Up to 20,000 m ²	23	25.2%
Up to 10,000 m ²	30	14.1%
Less than 3,000 m ²	26	7.0%
Total	96	100.0%
(By Store Age)		
10 years or less	30	36.0%
20 years or less	30	45.2%
30 years or less	24	12.9%
More than 30 years	12	5.9%
Total	96	100.0%

8) New Stores

(Opened During FY2016)

Month Opened	Store Name	Location	Store Area
2016/09	youme Town Tokuyama	Shunan, Yamaguchi Pref.	Approx. 14,600 m ²
2016/12	youme Town Minami-Yukuhashi	Yukuhashi, Fukuoka Pref.	Approx. 12,600 m ²

(Planned for FY2017)

Month Opening	Store Name	Location	Store Area
2017/04	LECT	Nishi-ku, Hiroshima	Approx. 39,000 m ²
2017/05	youme Town Gotsu	Gotsu, Shimane Pref.	Approx. 10,100 m ²

9) Shareholder Information

(Excluding shares less than one unit)

	As of Feb. 29, 2016	As of Feb. 28, 2017
(Number of shareholders)		
Financial instruments traders	24	24
Foreign investors	245	249
Financial institutions	44	45
Other domestic companies	307	293
Individuals, etc.	3,273	3,297
Total	3,893	3,908
(Percentage held)		
Financial instruments traders	0.6%	0.8%
Foreign investors	13.7%	12.9%
Financial institutions	22.0%	23.0%
Other domestic companies	39.4%	39.3%
Individuals and treasury shares	24.3%	24.1%
Total	100.0%	100.0%