



Explanatory Documentation about the Consolidated Financial Results for FY2017

1. Summary of Financial Results

1) Consolidated financial results

(Unit: millions of yen)

	FY2016	FY2017	FY2018 Forecast
Operating revenue	702,121	729,857	749,400
(YoY)	105.0%	104.0%	102.7%
Operating profit	35,670	38,487	37,100
(YoY)	111.8%	107.9%	96.4%
Ordinary profit	35,688	38,208	36,700
(YoY)	114.7%	107.1%	96.1%
Profit attributable to owners of parent	17,015	26,932	24,300
(YoY)	90.7%	158.3%	90.2%
Earnings per share	¥237.45	¥375.83	¥339.10
Profit/equity	11.0%	15.7%	
Ordinary profit/total assets	7.6%	8.0%	
Operating profit/net sales	5.3%	5.5%	
Total assets	476,885	479,867	
Net assets	171,963	194,851	
Net assets per share	¥2,240.66	¥2,553.14	
Equity ratio	33.7%	38.1%	
Total number of issued shares at the end of period (excl. treasury shares)	71,660,614	71,659,524	
Average number of shares during the period (excl. treasury shares)	71,657,885	71,660,157	
Number of consolidated subsidiaries	15	16	
Number of equity-method affiliates	5	4	

2) Non-consolidated financial results

(Unit: millions of yen)

	FY2016	FY2017	FY2018 Forecast
Operating revenue	648,030	683,850	700,100
(YoY)	106.4%	105.5%	102.4%
Operating profit	30,222	32,017	29,600
(YoY)	107.1%	105.9%	92.5%
Ordinary profit	30,139	31,918	29,400
(YoY)	110.2%	105.9%	92.1%
Profit	14,438	23,370	19,800
(YoY)	81.1%	161.9%	84.7%
Dividends per share	¥66.00	¥75.00	¥80.00
Total assets	385,727	392,065	
Net assets	133,406	151,834	
Equity ratio	34.6%	38.7%	

2. Consolidated Statements of Income

(Unit: millions of yen)

	FY2016		FY2017		
	Amount	% of Sales	Amount	% of Sales	YoY
Operating revenue	702,121	—	729,857	—	104.0%
Net sales	670,253	100.0%	696,266	100.0%	103.9%
Gross profit	147,419	22.0%	153,059	22.0%	103.8%
Operating revenue	31,867	4.8%	33,591	4.8%	105.4%
Operating gross profit	179,287	26.7%	186,651	26.8%	104.1%
Selling, general and administrative expenses	143,616	21.4%	148,163	21.3%	103.2%
Personnel expenses	62,829	9.4%	64,009	9.2%	101.9%
Depreciation	15,206	2.3%	15,693	2.3%	103.2%
Amortization of goodwill	1,078	0.2%	997	0.1%	92.5%
Rental expenses	11,562	1.7%	11,585	1.7%	100.2%
Utilities expenses	7,262	1.1%	8,072	1.2%	111.2%
Advertising expenses	12,641	1.9%	14,494	2.1%	114.7%
Other	33,035	4.9%	33,311	4.8%	100.8%
Operating profit	35,670	5.3%	38,487	5.5%	107.9%
Non-operating income	1,877	0.3%	1,562	0.2%	83.2%
Interest and dividend income	226	0.0%	242	0.0%	107.0%
Non-operating expenses	1,859	0.3%	1,841	0.3%	99.0%
Interest expenses	1,316	0.2%	1,094	0.2%	83.1%
Ordinary profit	35,688	5.3%	38,208	5.5%	107.1%
Extraordinary income	1,374	0.2%	2,443	0.4%	177.7%
Extraordinary losses	10,744	1.6%	1,448	0.2%	13.5%
Profit before income taxes	26,319	3.9%	39,204	5.6%	149.0%
Total income taxes	8,924	1.3%	11,902	1.7%	133.4%
Profit attributable to non-controlling interests	380	0.1%	369	0.1%	97.3%
Profit attributable to owners of parent	17,015	2.5%	26,932	3.9%	158.3%

1) Segment Information

	FY2016		FY2017		
	Amount	% of Total	Amount	% of Total	YoY
(Operating revenue)					
Retail operations	682,691	97.2%	710,545	97.4%	104.1%
Retail-peripheral operations	96,524	13.7%	98,839	13.5%	102.4%
Other	4,936	0.7%	5,273	0.7%	106.8%
Adjustment	-82,031	-11.7%	-84,800	-11.6%	—
Total	702,121	100.0%	729,857	100.0%	104.0%
(Operating profit)					
Retail operations	31,272	87.7%	33,397	86.8%	106.8%
Retail-peripheral operations	3,902	10.9%	4,366	11.3%	111.9%
Other	976	2.7%	1,052	2.7%	107.8%
Adjustment	-480	-1.3%	-329	-0.9%	—
Total	35,670	100.0%	38,487	100.0%	107.9%

2) Financial Results of Major Subsidiaries

Company	Business / Segment		FY2016	FY2017	YoY
Youme Card Co., Ltd.	Finance	Operating revenue	8,037	8,680	108.0%
	Retail-peripheral operations	Operating profit	1,691	1,903	112.5%
Izumi Techno Co., Ltd.	Store management	Operating revenue	13,524	13,108	96.9%
	Retail-peripheral operations	Operating profit	1,355	1,429	105.5%
Izumi Food Service Co., Ltd.	Food services	Operating revenue	5,753	5,763	100.2%
	Retail-peripheral operations	Operating profit	302	332	109.7%
youme Mart Co., Ltd.	Retail	Operating revenue	27,306	27,970	102.4%
	Retail operations	Operating profit	1,234	985	79.8%
Super Daiei Co., Ltd.	Retail	Operating revenue	17,896	16,950	94.7%
	Retail operations	Operating profit	464	557	119.9%
Yours Co., Ltd.	Retail	Operating revenue	44,962	41,081	91.4%
	Retail operations	Operating profit	31	658	2072.1%

3. Consolidated Balance Sheets

(Unit: millions of yen)

	As of Feb. 28, 2017		As of Feb. 28, 2018		
	Amount	% of Total	Amount	% of Total	Change
Total assets	476,885	100.0%	479,867	100.0%	+ 2,981
Cash and deposits	10,738	2.3%	8,410	1.8%	- 2,327
Notes and accounts receivable - trade	33,645	7.1%	37,245	7.8%	+ 3,599
Merchandise and finished goods	27,658	5.8%	28,047	5.8%	+ 389
Property, plant and equipment	335,274	70.3%	333,548	69.5%	- 1,726
Lease and guarantee deposits	18,572	3.9%	18,024	3.8%	- 547
Investment securities	7,924	1.7%	11,390	2.4%	+ 3,465
Other	43,071	9.0%	43,199	9.0%	+ 128
Liabilities	304,922	63.9%	285,015	59.4%	- 19,907
Notes and accounts payable - trade	30,466	6.4%	34,649	7.2%	+ 4,182
Interest-bearing liabilities	182,146	38.2%	171,995	35.8%	- 10,151
Other	92,308	19.4%	78,370	16.3%	- 13,938
Net assets	171,963	36.1%	194,851	40.6%	+ 22,888
Treasury shares	-18,484	-3.9%	-18	0.0%	+ 18,466
Other	179,051	37.5%	182,975	38.1%	+ 3,923
Non-controlling interests	11,396	2.4%	11,894	2.5%	+ 498

*Change in the number of issued shares		<u>FY2016</u>	<u>FY2017</u>
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	71,665,200
Treasury shares, etc.	at the beginning of the period	7,203,273	7,201,306
	at the end of the period (B)	7,201,306	5,676
	(Acquired during the period)	883	1,090
	(Increase in cross-held shares during the period)	2,401	0
	(Cancelled during the period)	0	7,196,720
	(Disposal of cross-held shares during the period)	5,251	0
A—B		71,660,614	71,659,524
(Average during the period)		71,657,885	71,660,157

4. Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2016	FY2017
Cash flows from operating activities	+ 33,104	+ 42,592
Profit before income taxes	+ 26,319	+ 39,204
Non-cash loss/gain (depreciation, etc.)	+ 17,676	+ 18,256
Increase/decrease in claims and obligations related to operating activities	- 4,313	- 1,332
Income taxes and interest income	- 10,105	- 12,448
Other	+ 3,528	- 1,088
Cash flows from investing activities	- 19,938	- 29,067
Capital investment related	- 22,900	- 28,004
Other	+ 2,961	- 1,063
Cash flows from financing activities	- 16,252	- 15,477
Interest-bearing liabilities related	- 11,488	- 10,470
Other	- 4,763	- 5,007
Increase/decrease in cash and cash equivalents	- 3,086	- 1,952

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

1) Statement of Income

(Unit: millions of yen)

	FY2016		FY2017		
	Amount	% of Sales	Amount	% of Sales	YoY
Operating revenue	648,030	—	683,850	—	105.5%
Net sales	618,663	100.0%	652,669	100.0%	105.5%
Gross profit	115,518	18.7%	121,014	18.5%	104.8%
Operating revenue	29,367	4.7%	31,181	4.8%	106.2%
Real estate lease revenue	7,498	1.2%	7,994	1.2%	106.6%
Distribution center revenue	8,816	1.4%	9,231	1.4%	104.7%
Store lease joint management expense revenue	8,789	1.4%	9,217	1.4%	104.9%
Other	4,262	0.7%	4,737	0.7%	111.2%
Operating gross profit	144,885	23.4%	152,195	23.3%	105.0%
Selling, general and administrative expenses	114,662	18.5%	120,178	18.4%	104.8%
Personnel expenses	43,038	7.0%	44,431	6.8%	103.2%
Depreciation	12,718	2.1%	13,277	2.0%	104.4%
Rental expenses	9,357	1.5%	9,569	1.5%	102.3%
Store management expenses	9,596	1.6%	9,658	1.5%	100.6%
Utilities expenses	5,242	0.8%	6,021	0.9%	114.9%
Advertising expenses	10,671	1.7%	12,353	1.9%	115.8%
Other	24,037	3.9%	24,866	3.8%	103.4%
Operating profit	30,222	4.9%	32,017	4.9%	105.9%
Non-operating income	1,560	0.3%	1,424	0.2%	91.3%
Interest and dividend income	349	0.1%	351	0.1%	100.5%
Non-operating expenses	1,643	0.3%	1,523	0.2%	92.7%
Interest expenses	1,246	0.2%	1,045	0.2%	83.8%
Ordinary profit	30,139	4.9%	31,918	4.9%	105.9%
Extraordinary income	629	0.1%	2,126	0.3%	337.6%
Extraordinary losses	9,221	1.5%	685	0.1%	7.4%
Profit before income taxes	21,547	3.5%	33,359	5.1%	154.8%
Profit	14,438	2.3%	23,370	3.6%	161.9%

2) Sales Information

	FY2016		FY2017		
	Amount	% of Total	Amount	% of Total	YoY
(By Product)					
Clothing	69,006	11.2%	71,476	11.0%	103.6%
Household goods	44,785	7.2%	46,498	7.1%	103.8%
Foods	206,532	33.4%	215,503	33.0%	104.3%
Directly managed stores total	320,324	51.8%	333,478	51.1%	104.1%
Tenants	221,257	35.8%	237,210	36.3%	107.2%
X-SELL Division	15,931	2.6%	15,774	2.4%	99.0%
Product supply, etc.	61,150	9.9%	66,205	10.1%	108.3%
Total	618,663	100.0%	652,669	100.0%	105.5%
(By Region)					
Chugoku	249,621	40.3%	262,239	40.2%	105.1%
Kyushu	242,142	39.1%	259,614	39.8%	107.2%
Other	126,900	20.5%	130,815	20.0%	103.1%
Total	618,663	100.0%	652,669	100.0%	105.5%

* From FY2017, sales of product supply in the By Region section is included in "Other" instead of "Chugoku."
The amounts and ratios for FY2016 have been reclassified using the revised method.

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

	FY2016	FY2017
Clothing	100.5%	99.4%
Household goods	101.2%	100.7%
Foods	102.6%	99.5%
Directly managed stores total	101.9%	99.6%
Tenants	100.9%	98.7%
Total	101.5%	99.2%
Chugoku	99.8%	99.3%
Kyushu	104.3%	99.2%
Number of customers	100.6%	99.3%
Average spent per customer	101.3%	100.3%
Average spent per item	101.5%	100.3%
Number of purchases	99.8%	100.1%

4) Gross Profit Ratio

	FY2016	FY2017
Clothing	37.7%	38.0%
Household goods	32.1%	32.2%
Foods	25.7%	25.8%
Directly managed stores total	29.2%	29.3%
Tenants	7.9%	8.0%
X-SELL Division	26.3%	26.4%
Product supply, etc.	0.5%	0.5%
Total	18.7%	18.5%
(Loss rate)		
Clothing	9.1%	9.8%
Household goods	3.0%	3.0%
Foods	2.5%	3.1%
Directly managed stores total	4.0%	4.5%
(Inventory turnover in days)		
Clothing	68.4	70.9
Household goods	82.9	82.4
Foods	9.9	10.4
Directly managed stores total	32.5	33.1

5) Average Number of
Employees during the Period

	FY2016	FY2017
Full employees	2,450	2,581
Semi-full employees (8-hour equivalent)	5,542	6,082
Part-time employees (8-hour equivalent)	4,516	4,297
Total	12,508	12,960
(% of Total)		
Full employees	19.6%	19.9%
Semi-full employees (8-hour equivalent)	44.3%	46.9%
Part-time employees (8-hour equivalent)	36.1%	33.2%
Total	100.0%	100.0%
(Indicators: Directly managed stores and X-SELL Division)		
Net sales per employee	26,884 thousand yen	26,949 thousand yen
Gross profit per employee	7,814 thousand yen	7,854 thousand yen
Personnel expenses per employee	3,441 thousand yen	3,428 thousand yen
Personnel expenses/sales ratio	12.8%	12.7%
Personnel expenses/gross profit ratio	44.0%	43.6%

6) Stores and Capital Investment

	As of Feb. 28, 2017	As of Feb. 28, 2018
New stores	2	5
(X-SELL stand-alone type stores)	0	2
Stores closed	0	0
Stores at the end of period	105	110
(X-SELL stand-alone type stores)	9	11
Sales floor area at the end of period	1,076,558 m ²	1,101,402 m ²
Capital investment (construction basis)	24,190 million yen	12,991 million yen
Capital investment (payment basis)	19,267 million yen	25,129 million yen

7) Store Information as of February 28, 2018 (Excluding X-SELL stand-alone type stores)

	Stores	Sales Share
(By Store Area)		
20,000 m ² or more	18	55.1%
Up to 20,000 m ²	23	24.4%
Up to 10,000 m ²	31	13.8%
Less than 3,000 m ²	27	6.7%
Total	99	100.0%
(By Store Age)		
10 years or less	32	32.4%
20 years or less	23	46.0%
30 years or less	30	15.9%
More than 30 years	14	5.8%
Total	99	100.0%

8) New Stores

(Opened During FY2017)

Month Opened	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
2018/02	youme Mart Fukutsu	Fukutsu, Fukuoka Pref.	Approx. 1,950 m ²

(Planned for FY2018)

Opening	Store Name	Location	Store Area
2018/Fall	youme Town Kudamatsu (tent.)	Kudamatsu, Yamaguchi Pref.	Approx. 20,500 m ²
2018/Fall	youme Town Himeji (tent.)	Himeji, Hyogo Pref.	Approx. 28,200 m ²
2018/Fall	youme Mart Jono (tent.)	Kitakyushu, Fukuoka Pref.	Approx. 2,020 m ²

9) Shareholder Information (Excluding shares less than one unit)

	As of Feb. 28, 2017	As of Feb. 28, 2018
(Number of shareholders)		
Financial instruments traders	24	26
Foreign investors	249	264
Financial institutions	45	46
Other domestic companies	293	290
Individuals, etc.	3,297	2,944
Total	3,908	3,570
(Percentage held)		
Financial instruments traders	0.8%	0.8%
Foreign investors	12.9%	14.9%
Financial institutions	23.0%	25.2%
Other domestic companies	39.3%	43.0%
Individuals and treasury shares	24.1%	16.1%
Total	100.0%	100.0%