



Explanatory Documentation about the Consolidated Financial Results for the Second Quarter of FY2014

1. Summary of Financial Results

1) Consolidated financial results

(Unit: millions of yen)

	FY2013		FY2014	
	2Q	Full Term	2Q	Full Term Forecast
Operating revenue (YoY)	272,528 104.7%	556,852 104.0%	283,405 104.0%	580,000 104.2%
Operating income (YoY)	14,635 112.3%	29,100 104.1%	13,770 94.1%	31,100 106.9%
Ordinary income (YoY)	14,243 113.4%	28,446 105.0%	13,690 96.1%	30,100 105.8%
Net income (for the term) (YoY)	9,171 117.4%	17,384 107.4%	8,515 92.8%	17,500 100.7%
Net income per share (for the term)	¥123.44	¥236.55	¥118.51	¥243.54
Total assets	400,287	397,071	419,039	/
Net assets	130,704	130,178	137,452	
Net assets per share	¥1,620.55	¥1,672.92	¥1,773.17	
Equity ratio	29.9%	30.3%	30.4%	
Total number of issued shares at the end of period (incl. treasury shares)	78,861,920	78,861,920	78,861,920	/
Number of treasury shares at the end of period	5,004,156	7,004,785	7,005,099	
Average number of shares during the period (excl. treasury shares)	74,299,814	73,490,095	71,856,998	
Number of consolidated subsidiaries	14	13	14	/
Number of equity-method affiliates	4	5	6	

2) Non-consolidated financial results

(Unit: millions of yen)

	FY2013		FY2014	
	2Q	Full Term	2Q	Full Term Forecast
Operating revenue (YoY)	261,418 104.6%	535,492 104.2%	273,628 104.7%	561,900 104.9%
Operating income (YoY)	12,437 117.0%	24,785 105.8%	11,278 90.7%	26,900 108.5%
Ordinary income (YoY)	11,941 118.3%	23,941 106.7%	10,790 90.4%	25,500 106.5%
Net income (for the term) (YoY)	8,191 141.2%	15,549 124.3%	6,441 78.6%	15,600 100.3%
Dividends per share	¥20.00	¥43.00	¥23.00	¥46.00
Total assets	341,147	337,700	354,748	/
Net assets	99,004	98,684	103,781	
Equity ratio	29.0%	29.2%	29.3%	

2. Consolidated Statements of Income

(Unit: millions of yen)

	FY2013 2Q (Mar-Aug)		FY204 2Q (Mar-Aug)			FY2013 Full Term (Mar-Feb)	
	Amount	% of Sales	Amount	% of Sales	YoY		YoY
Operating revenue	272,528	-	283,405	-	104.0%	556,852	-
Net sales	259,691	100.0%	270,138	100.0%	104.0%	530,871	100.0%
Gross profit	55,526	21.4%	57,745	21.4%	104.0%	112,193	21.1%
Operating revenue	12,836	4.9%	13,266	4.9%	103.3%	25,981	4.9%
Operating gross profit	68,363	26.3%	71,012	26.3%	103.9%	138,175	26.0%
Selling, general and administrative expenses	53,727	20.7%	57,242	21.2%	106.5%	109,074	20.5%
Personnel expenses	22,837	8.8%	24,056	8.9%	105.3%	46,333	8.7%
Depreciation	5,885	2.3%	6,101	2.3%	103.7%	12,403	2.3%
Rental expenses	4,621	1.8%	4,639	1.7%	100.4%	9,273	1.7%
Utilities expenses	3,256	1.3%	3,532	1.3%	108.5%	6,301	1.2%
Other	17,127	6.6%	18,911	7.0%	110.4%	34,762	6.5%
Operating income	14,635	5.6%	13,770	5.1%	94.1%	29,100	5.5%
Non-operating income	640	0.2%	928	0.3%	144.9%	1,428	0.3%
Interest and dividend income	117	0.0%	117	0.0%	100.3%	216	0.0%
Non-operating expenses	1,033	0.4%	1,009	0.4%	97.7%	2,082	0.4%
Interest expenses	849	0.3%	830	0.3%	97.8%	1,716	0.3%
Ordinary income	14,243	5.5%	13,690	5.1%	96.1%	28,446	5.4%
Extraordinary income	754	0.3%	22	0.0%	2.9%	2,213	0.4%
Extraordinary losses	340	0.1%	232	0.1%	68.3%	2,704	0.5%
Income before income taxes and minority interests	14,657	5.6%	13,479	5.0%	92.0%	27,955	5.3%
Total income taxes	5,287	2.0%	4,866	1.8%	92.0%	10,392	2.0%
Minority interests in income	197	0.1%	96	0.0%	49.1%	178	0.0%
Quarterly net income	9,171	3.5%	8,515	3.2%	92.8%	17,384	3.3%

1) Segment Information

	FY2013 2Q (Mar-Aug)		FY2014 2Q (Mar-Aug)			FY2013 Full Term (Mar-Feb)	
	Amount	% of Total	Amount	% of Total	YoY	Amount	% of Total
(Operating revenue)							
Retail operations	272,090	99.8%	284,594	100.4%	104.6%	556,857	100.0%
Retail-peripheral operations	16,076	5.9%	15,086	5.3%	93.8%	32,246	5.8%
Other	2,343	0.9%	2,296	0.8%	98.0%	4,874	0.9%
Adjustment	-17,981	-6.6%	-18,571	-6.6%	-	-37,125	-6.7%
Total	272,528	100.0%	283,405	100.0%	104.0%	556,852	100.0%
(Operating income)							
Retail operations	12,504	85.4%	11,495	83.5%	91.9%	24,924	85.7%
Retail-peripheral operations	1,730	11.8%	2,097	15.2%	121.2%	3,577	12.3%
Other	303	2.1%	310	2.3%	102.2%	683	2.3%
Adjustment	96	0.7%	-133	-1.0%	-	-84	-0.3%
Total	14,635	100.0%	13,770	100.0%	94.1%	29,100	100.0%

2) Financial Results of Major Subsidiaries (Year-on-year in parentheses)

Company	Business / Segment		FY2013 2Q (Mar-Aug)	FY2014 2Q (Mar-Aug)	FY2013 Full Term (Mar-Feb)
Yume Card Co., Ltd.	Finance	Operating revenue	3,579	3,994 (111.6%)	7,407
	Retail-peripheral operations	Operating income	749	1,091 (145.6%)	1,465
Izumi Techno Co., Ltd.	Store management	Operating revenue	4,905	5,582 (113.8%)	10,771
	Retail-peripheral operations	Operating income	526	593 (112.6%)	1,271
Izumi Food Service Co., Ltd.	Food services	Operating revenue	2,976	2,938 (98.7%)	5,865
	Retail-peripheral operations	Operating income	184	229 (124.6%)	353
Yume Mart Co., Ltd.	Retail	Operating revenue	9,461	9,534 (100.8%)	18,980
	Retail operations	Operating income	-11	143 (—)	52

Yume Mart Co., Ltd. absorbed and merged with Seiko Co., Ltd. as of June 1, 2014. FY2013 2Q and full term results simply add in Seiko for comparison purposes.

3) Change in consolidated operating income by quarter

	FY2012		FY2013		FY2014	
		YoY		YoY		YoY
1Q (Mar-May)	6,349	107.9%	7,184	113.1%	6,709	93.4%
2Q (Jun-Aug)	6,688	112.5%	7,451	111.4%	7,060	94.8%
First half total (Mar-Aug)	13,037	110.2%	14,635	112.3%	13,770	94.1%
3Q (Sep-Nov)	6,087	122.0%	5,672	93.2%	-	-
Three quarters total (Mar-Nov)	19,124	113.7%	20,308	106.2%	-	-
4Q (Dec-Feb)	8,824	118.7%	8,792	99.6%	-	-
Annual total (Mar-Feb)	27,949	115.2%	29,100	104.1%	Forecast 31,100	106.9%

3. Consolidated Balance Sheets

(Unit: millions of yen)

	As of Feb. 28, 2014		As of Aug. 31, 2014		
	Amount	% of Total	Amount	% of Total	Change
Total assets	397,071	100.0%	419,039	100.0%	+ 21,968
Cash and deposits	6,800	1.7%	13,586	3.2%	+ 6,786
Notes and accounts receivable-trade	25,482	6.4%	29,031	6.9%	+ 3,548
Merchandise and finished goods	24,125	6.1%	22,051	5.3%	- 2,073
Property, plant and equipment	284,033	71.5%	293,773	70.1%	+ 9,739
Deposits and guarantees	16,965	4.3%	17,021	4.1%	+ 56
Investment securities	6,164	1.6%	7,524	1.8%	+ 1,360
Other	33,498	8.4%	36,049	8.6%	+ 2,550
Liabilities	266,892	67.2%	281,587	67.2%	+ 14,694
Notes and accounts payable-trade	23,191	5.8%	43,332	10.3%	+ 20,141
Interest-bearing liabilities	173,999	43.8%	157,800	37.7%	- 16,198
Other	69,701	17.6%	80,453	19.2%	+ 10,752
Net assets	130,178	32.8%	137,452	32.8%	+ 7,273
Treasury shares	-16,760	-4.2%	-16,761	-4.0%	+ 0
Other	136,971	34.5%	144,175	34.4%	+ 7,203
Minority interests	9,966	2.5%	10,038	2.4%	+ 71

* Change in the number of issued shares

		FY2013 (Mar-Feb)	FY2014 2Q
Total number of issued shares	at the beginning of the period	78,861,920	78,861,920
	at the end of period (A)	78,861,920	78,861,920
Treasury shares, etc.	at the beginning of the period	4,003,716	7,004,785
	at the end of period (B)	7,004,785	7,005,099
	(Acquired during the period)	3,001,070	314
	(Cancelled during the period)	0	0
A - B		71,857,135	71,856,821
(Average during the period)		73,490,095	71,856,998

4. Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2013 2Q (Mar-Aug)	FY2014 2Q (Mar-Aug)	FY2013 Full Term (Mar-Feb)
Cash flows from operating activities	+ 33,256	+ 38,359	+ 25,683
Income before income taxes and minority interests	+ 14,657	+ 13,479	+ 27,955
Non-cash loss/gain (depreciation, etc.)	+ 6,485	+ 6,247	+ 15,217
Increase/decrease in claims and obligations related to operating activities	+ 18,599	+ 22,873	- 4,313
Income taxes and interest income	- 7,029	- 5,811	- 13,050
Other	+ 544	+ 1,570	- 125
Cash flows from investing activities	- 9,651	- 11,506	- 19,948
Capital investment related	- 11,324	- 9,968	- 26,996
Other	+ 1,672	- 1,538	+ 7,047
Cash flows from financing activities	- 14,929	- 20,066	- 5,501
Interest bearing liabilities related	- 10,642	- 18,384	+ 6,583
Other	- 4,287	- 1,682	- 12,084
Increase/decrease in cash and cash equivalents	+ 8,675	+ 6,786	+ 233

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

(Unit: millions of yen)

1) Statement of Income

	FY2013 2Q (Mar-Aug)		FY2014 2Q (Mar-Aug)			FY2013 Full Term (Mar-Feb)	
	Amount	% of Sales	Amount	% of Sales	YoY	Amount	% of Sales
Operating revenue	261,418	-	273,628	-	104.7%	535,492	-
Net sales	248,799	100.0%	260,481	100.0%	104.7%	509,897	100.0%
Gross profit	49,527	19.9%	51,020	19.6%	103.0%	100,482	19.7%
Operating revenue	12,619	5.1%	13,147	5.0%	104.2%	25,594	5.0%
Real estate lease revenue	3,242	1.3%	3,369	1.3%	103.9%	6,556	1.3%
Distribution center revenue	3,635	1.5%	3,885	1.5%	106.9%	7,455	1.5%
Store lease joint management expense revenue	4,047	1.6%	4,067	1.6%	100.5%	8,111	1.6%
Other	1,695	0.7%	1,824	0.7%	107.6%	3,470	0.7%
Operating gross profit	62,146	25.0%	64,167	24.6%	103.3%	126,076	24.7%
Selling, general and administrative expenses	49,708	20.0%	52,889	20.3%	106.4%	101,291	19.9%
Personnel expenses	18,146	7.3%	19,370	7.4%	106.7%	36,703	7.2%
Depreciation	5,493	2.2%	5,681	2.2%	103.4%	11,495	2.3%
Rental expenses	4,739	1.9%	4,890	1.9%	103.2%	9,613	1.9%
Store management expenses	4,484	1.8%	4,468	1.7%	99.6%	9,076	1.8%
Utilities expenses	2,821	1.1%	3,135	1.2%	111.1%	5,453	1.1%
Advertising expenses	3,806	1.5%	4,336	1.7%	113.9%	7,814	1.5%
Other	10,216	4.1%	11,005	4.2%	107.7%	21,135	4.1%
Operating income	12,437	5.0%	11,278	4.3%	90.7%	24,785	4.9%
Non-operating income	535	0.2%	504	0.2%	94.2%	1,197	0.2%
Interest and dividend income	129	0.1%	137	0.1%	106.3%	228	0.0%
Non-operating expenses	1,031	0.4%	992	0.4%	96.2%	2,041	0.4%
Interest expenses	864	0.3%	844	0.3%	97.7%	1,745	0.3%
Ordinary income	11,941	4.8%	10,790	4.1%	90.4%	23,941	4.7%
Extraordinary income	810	0.3%	2	0.0%	0.3%	2,294	0.5%
Extraordinary losses	207	0.1%	196	0.1%	94.7%	1,919	0.4%
Income before income taxes and minority interests	12,543	5.0%	10,595	4.1%	84.5%	24,316	4.8%
Quarterly net income	8,191	3.3%	6,441	2.5%	78.6%	15,549	3.0%

2) Sales Information

	FY2013 2Q (Mar-Aug)		FY2014 2Q (Mar-Aug)			FY2013 Full Term (Mar-Feb)	
	Amount	% of Total	Amount	% of Total	YoY	Amount	% of Total
(By Product)							
Clothing	34,618	13.9%	34,319	13.2%	99.1%	68,710	13.5%
Household goods	20,843	8.4%	21,319	8.2%	102.3%	42,532	8.3%
Foods	82,906	33.3%	91,071	35.0%	109.8%	170,871	33.5%
Directly managed stores total	138,368	55.6%	146,710	56.3%	106.0%	282,114	55.3%
Tenants	92,711	37.3%	96,219	36.9%	103.8%	189,871	37.2%
Excel division	9,164	3.7%	8,566	3.3%	93.5%	20,334	4.0%
Product supply, etc.	8,555	3.4%	8,985	3.4%	105.0%	17,578	3.4%
Total	248,799	100.0%	260,481	100.0%	104.7%	509,897	100.0%
(By Region)							
Chugoku	112,750	45.3%	118,496	45.5%	105.1%	230,613	45.2%
Kyushu	104,495	42.0%	109,538	42.1%	104.8%	213,818	41.9%
Other	31,553	12.7%	32,446	12.5%	102.8%	65,465	12.8%
Total	248,799	100.0%	260,481	100.0%	104.7%	509,897	100.0%

3) YoY Sales at Existing Stores
(Excludes Excel division)

	FY2013 2Q (Mar-Aug)	FY2014 2Q (Mar-Aug)	FY2013 Full Term (Mar-Feb)
Clothing	101.7%	99.0%	100.0%
Household goods	102.3%	101.0%	101.6%
Foods	103.6%	102.5%	103.7%
Directly managed stores total	102.9%	101.4%	102.4%
Tenants	104.3%	102.7%	103.0%
Total	103.5%	101.9%	102.7%
Chugoku	102.7%	101.8%	102.7%
Kyushu	103.3%	101.6%	102.0%
Number of customers	101.3%	97.4%	100.5%
Average spent per customer	101.6%	104.1%	101.9%
Average spent per item	100.3%	103.6%	100.8%
Number of purchases	101.3%	100.5%	101.2%

4) Gross Profit Ratio

	FY2013 2Q (Mar-Aug)	FY2014 2Q (Mar-Aug)	FY2013 Full Term (Mar-Feb)
Clothing	37.5%	36.6%	36.1%
Household goods	31.3%	31.5%	31.6%
Foods	24.4%	24.2%	24.5%
Directly managed stores total	28.7%	28.2%	28.4%
Tenants	8.0%	8.0%	7.9%
Excel division	26.3%	25.2%	25.9%
Product supply, etc.	0.2%	-1.3%	0.4%
Total	19.9%	19.6%	19.7%
(Loss rate)			
Clothing	9.0%	9.1%	10.9%
Household goods	2.9%	2.8%	3.0%
Foods	2.1%	2.8%	2.6%
Directly managed stores total	3.9%	4.3%	4.6%
(Inventory turnover in days)			
Clothing	62.2	62.0	63.4
Household goods	77.8	79.1	77.3
Foods	8.6	9.5	9.1
Directly managed stores total	32.3	31.8	32.5

5) Average Number of
Employees during the Period

	FY2013 2Q (Mar-Aug)	FY2014 2Q (Mar-Aug)	FY2013 Full Term (Mar-Feb)
Full employees	2,400	2,421	2,383
Semi-full employees (8-hour equivalent)	4,541	4,789	4,631
Part-time employees (8-hour equivalent)	4,108	4,550	4,322
Total	11,049	11,760	11,336
(% of Total)			
Full employees	21.7%	20.6%	21.0%
Semi-full employees (8-hour equivalent)	41.1%	40.7%	40.9%
Part-time employees (8-hour equivalent)	37.2%	38.7%	38.1%
Total	100.0%	100.0%	100.0%
(Indicators: Directly managed stores and Excel division)			
Net sales per employee	13,352 thousand yen	13,204 thousand yen	26,681 thousand yen
Gross profit per employee	3,809 thousand yen	3,697 thousand yen	7,539 thousand yen
Personnel expenses per employee	1,642 thousand yen	1,647 thousand yen	3,238 thousand yen
Personnel expenses/sales ratio	12.3%	12.5%	12.1%
Personnel expenses/gross profit ratio	43.1%	44.6%	42.9%

6) Stores and
Capital Investment

	Non-Consolidated		
	As of Aug. 31, 2013	As of Aug. 31, 2014	As of Feb. 28, 2014
New stores	2	3	11
(Excel stores)	0	0	3
Stores closed	1	1	1
Stores at the end of period	93	104	102
(Excel stores)	11	13	14
Sales floor area at the end of period	974,298 m ²	1,005,093 m ²	990,130 m ²
Capital investment (construction basis)	11,654 million yen	12,834 million yen	28,325 million yen
Capital investment (payment basis)	10,412 million yen	7,525 million yen	24,728 million yen

*New Stores Opened during the First Half of FY2014

Month Opened	Store Name	Location	Store Area
2014/3	You Me Mart Matubase	Uki, Kumamoto Pref.	Approx. 4,900 m ²
2014/6	You Me Town Ohe	Chuo-ku, Kumamoto	Approx. 7,100 m ²
2014/7	You Me Mall Yanagawa	Yanagawa, Fukuoka Pref.	Approx. 12,000 m ²

7) Store Information
as of August 31, 2014
(Excluding Excel stand-alone type stores)

	Stores	Sales Share
(By Store Area)		
20,000m ² or more	17	52.6%
Up to 20,000m ²	22	27.2%
Up to 10,000m ²	25	12.8%
Less than 3,000m ²	27	7.4%
Total	91	100.0%
(By Store Age)		
10 years or less	27	38.8%
20 years or less	35	45.2%
30 years or less	18	10.7%
More than 30 years	11	5.3%
Total	91	100.0%

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

	Non-Consolidated		
	As of Aug. 31, 2013	As of Aug. 31, 2014	As of Feb. 28, 2014
(Number of shareholders)			
Financial instruments traders	22	25	22
Foreign investors	182	191	198
Financial institutions	42	37	38
Other domestic companies	268	248	260
Individuals, etc.	3,590	3,055	3,177
Total	4,104	3,556	3,695
(Percentage held)			
Financial instruments traders	0.3%	0.3%	0.3%
Foreign investors	13.1%	13.0%	14.4%
Financial institutions	21.8%	22.1%	20.1%
Other domestic companies	41.8%	40.2%	40.6%
Individuals and treasury shares	23.0%	24.4%	24.6%
Total	100.0%	100.0%	100.0%