



## Explanatory Documentation about the Consolidated Financial Results for FY2015

### 1. Summary of Financial Results

#### 1) Consolidated financial results

(Unit: millions of yen)

|  | FY2014     | FY2015     | FY2016 Forecast |
|--|------------|------------|-----------------|
| Operating revenue  | 579,739    | 668,784    | 726,400         |
| (YoY)  | 104.1%     | 115.4%     | 108.6%          |
| Operating income   | 30,330     | 31,912     | 34,700          |
| (YoY)  | 104.2%     | 105.2%     | 108.7%          |
| Ordinary income  | 29,767     | 31,102     | 33,800          |
| (YoY)  | 104.6%     | 104.5%     | 108.7%          |
| Net income   | 17,360     | 18,766     | 21,100          |
| (YoY)  | 99.9%      | 108.1%     | 112.4%          |
| Net income per share   | ¥241.60    | ¥261.96    | ¥294.45         |
| Total assets   | 432,416    | 468,026    | /               |
| Net assets   | 145,709    | 157,851    |                 |
| Net assets per share   | ¥1,876.22  | ¥2,060.44  |                 |
| Equity ratio   | 31.2%      | 31.5%      |                 |
| Total number of shares at the end of period<br>(excl. treasury shares) | 71,856,356 | 71,658,647 | /               |
| Average number of shares during<br>the period (excl. treasury shares)  | 71,856,803 | 71,640,370 |                 |
| Number of consolidated subsidiaries                                    | 13         | 16         | /               |
| Number of equity-method affiliates                                     | 5          | 7          |                 |

#### 2) Non-consolidated financial results

(Unit: millions of yen)

|                     | FY2014  | FY2015  | FY2016 Forecast |
|---------------------|---------|---------|-----------------|
| Operating revenue   | 557,074 | 609,032 | 671,800         |
| (YoY)               | 104.0%  | 109.3%  | 110.3%          |
| Operating income    | 25,899  | 28,212  | 29,500          |
| (YoY)               | 104.5%  | 108.9%  | 104.6%          |
| Ordinary income     | 25,058  | 27,355  | 28,600          |
| (YoY)               | 104.7%  | 109.2%  | 104.6%          |
| Net income          | 14,761  | 17,811  | 18,400          |
| (YoY)               | 94.9%   | 120.7%  | 103.3%          |
| Dividends per share | ¥51.00  | ¥64.00  | ¥66.00          |
| Total assets        | 360,536 | 371,093 | /               |
| Net assets          | 110,950 | 123,302 |                 |
| Equity ratio        | 30.8%   | 33.2%   |                 |

## 2. Consolidated Statements of Income

(Unit: millions of yen)

|   | FY2014  |            | FY2015  |            |         |
|---|---------|------------|---------|------------|---------|
|   | Amount  | % of Sales | Amount  | % of Sales | YoY     |
| Operating revenue                                 | 579,739 | -          | 668,784 | -          | 115.4%  |
| Net sales   | 552,746 | 100.0%     | 638,754 | 100.0%     | 115.6%  |
| Gross profit                                      | 116,930 | 21.2%      | 137,408 | 21.5%      | 117.5%  |
| Operating revenue                                 | 26,992  | 4.9%       | 30,029  | 4.7%       | 111.3%  |
| Operating gross profit                            | 143,923 | 26.0%      | 167,438 | 26.2%      | 116.3%  |
| Selling, general and administrative expenses      | 113,592 | 20.6%      | 135,525 | 21.2%      | 119.3%  |
| Personnel expenses                                | 48,516  | 8.8%       | 58,085  | 9.1%       | 119.7%  |
| Depreciation                                      | 12,474  | 2.3%       | 14,631  | 2.3%       | 117.3%  |
| Rental expenses                                   | 9,337   | 1.7%       | 10,980  | 1.7%       | 117.6%  |
| Utilities expenses                                | 6,720   | 1.2%       | 7,560   | 1.2%       | 112.5%  |
| Other   | 36,544  | 6.6%       | 44,267  | 6.9%       | 121.1%  |
| Operating income                                  | 30,330  | 5.5%       | 31,912  | 5.0%       | 105.2%  |
| Non-operating income                              | 1,473   | 0.3%       | 1,431   | 0.2%       | 97.2%   |
| Interest and dividend income                      | 249     | 0.0%       | 235     | 0.0%       | 94.6%   |
| Non-operating expenses                            | 2,036   | 0.4%       | 2,242   | 0.4%       | 110.1%  |
| Interest expenses                                 | 1,614   | 0.3%       | 1,587   | 0.2%       | 98.4%   |
| Ordinary income                                   | 29,767  | 5.4%       | 31,102  | 4.9%       | 104.5%  |
| Extraordinary income                              | 37      | 0.0%       | 1,446   | 0.2%       | 3888.2% |
| Extraordinary losses                              | 1,292   | 0.2%       | 2,164   | 0.3%       | 167.4%  |
| Income before income taxes and minority interests | 28,511  | 5.2%       | 30,384  | 4.8%       | 106.6%  |
| Total income taxes                                | 10,943  | 2.0%       | 12,004  | 1.9%       | 109.7%  |
| Minority interests in income                      | 207     | 0.0%       | -386    | -0.1%      | -186.6% |
| Net income  | 17,360  | 3.1%       | 18,766  | 2.9%       | 108.1%  |

## 1) Segment Information

|                              | FY2014  |            | FY2015  |            |        |
|------------------------------|---------|------------|---------|------------|--------|
|                              | Amount  | % of Total | Amount  | % of Total | YoY    |
| <b>(Operating revenue)</b>   |         |            |         |            |        |
| Retail operations            | 557,928 | 96.2%      | 648,575 | 97.0%      | 116.2% |
| Retail-peripheral operations | 48,972  | 8.4%       | 72,205  | 10.8%      | 147.4% |
| Other                        | 4,865   | 0.8%       | 4,887   | 0.7%       | 100.5% |
| Adjustment                   | -32,027 | -5.5%      | -56,884 | -8.5%      | -      |
| Total                        | 579,739 | 100.0%     | 668,784 | 100.0%     | 115.4% |
| <b>(Operating income)</b>    |         |            |         |            |        |
| Retail operations            | 26,182  | 86.3%      | 27,686  | 86.8%      | 105.7% |
| Retail-peripheral operations | 3,581   | 11.8%      | 3,796   | 11.9%      | 106.0% |
| Other                        | 758     | 2.5%       | 739     | 2.3%       | 97.6%  |
| Adjustment                   | -191    | -0.6%      | -309    | -1.0%      | -      |
| Total                        | 30,330  | 100.0%     | 31,912  | 100.0%     | 105.2% |

\* Since reporting segments have been partially revised as of 1Q FY2015, year-on-year amounts and ratios for FY2014 have been recalculated based on the segment classifications used in FY2015.

## 2) Financial Results of Major Subsidiaries

| Company                      | Business / Segment           |                   | FY2014 | FY2015 | YoY    |
|------------------------------|------------------------------|-------------------|--------|--------|--------|
| Youme Card Co., Ltd.         | Finance                      | Operating revenue | 8,083  | 8,027  | 99.3%  |
|                              | Retail-peripheral operations | Operating income  | 1,872  | 1,783  | 95.3%  |
| Izumi Techno Co., Ltd.       | Store management             | Operating revenue | 11,992 | 12,118 | 101.1% |
|                              | Retail-peripheral operations | Operating income  | 959    | 1,305  | 136.1% |
| Izumi Food Service Co., Ltd. | Food services                | Operating revenue | 5,662  | 5,675  | 100.2% |
|                              | Retail-peripheral operations | Operating income  | 314    | 260    | 82.9%  |
| youme Mart Co., Ltd. *1      | Retail                       | Operating revenue | 22,385 | 26,053 | 116.4% |
|                              | Retail operations            | Operating income  | 322    | 702    | 218.0% |
| Super Daiei Co., Ltd. *2     | Retail                       | Operating revenue | -      | 24,686 | -      |
|                              | Retail operations            | Operating income  | -      | -336   | -      |
| Yours Co., Ltd. *2           | Retail                       | Operating revenue | -      | 24,306 | -      |
|                              | Retail operations            | Operating income  | -      | -535   | -      |

\*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 above.

\*2. Super Daiei Co., Ltd. became a wholly owned subsidiary in February 2015, and Yours Co., Ltd. became a wholly owned subsidiary in October 2015.

## 3. Consolidated Balance Sheets

(Unit: millions of yen)

|                                     | As of Feb. 28, 2015 |            | As of Feb. 29, 2016 |            |          |
|-------------------------------------|---------------------|------------|---------------------|------------|----------|
|                                     | Amount              | % of Total | Amount              | % of Total | Change   |
| Total assets                        | 432,416             | 100.0%     | 468,026             | 100.0%     | + 35,610 |
| Cash and deposits                   | 13,380              | 3.1%       | 13,844              | 3.0%       | + 464    |
| Notes and accounts receivable-trade | 28,540              | 6.6%       | 31,387              | 6.7%       | + 2,847  |
| Merchandise and finished goods      | 24,517              | 5.7%       | 26,597              | 5.7%       | + 2,079  |
| Property, plant and equipment       | 304,162             | 70.3%      | 325,308             | 69.5%      | + 21,146 |
| Deposits and guarantees             | 17,477              | 4.0%       | 19,672              | 4.2%       | + 2,195  |
| Investment securities               | 8,563               | 2.0%       | 6,800               | 1.5%       | - 1,762  |
| Other                               | 35,775              | 8.3%       | 44,416              | 9.5%       | + 8,641  |
| Liabilities                         | 286,706             | 66.3%      | 310,175             | 66.3%      | + 23,468 |
| Notes and accounts payable-trade    | 40,564              | 9.4%       | 33,479              | 7.2%       | - 7,085  |
| Interest-bearing liabilities        | 157,922             | 36.5%      | 193,018             | 41.2%      | + 35,096 |
| Other                               | 88,219              | 20.4%      | 83,677              | 17.9%      | - 4,542  |
| Net assets                          | 145,709             | 33.7%      | 157,851             | 33.7%      | + 12,142 |
| Treasury shares                     | -16,763             | -3.9%      | -18,483             | -3.9%      | - 1,720  |
| Other                               | 151,581             | 35.1%      | 166,131             | 35.5%      | + 14,549 |
| Minority interests                  | 10,890              | 2.5%       | 10,203              | 2.2%       | - 687    |

## \*Change in the number of issued shares

|                               |                                      | FY2014     | FY2015     |
|-------------------------------|--------------------------------------|------------|------------|
| 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       | 7,004,785  | 7,005,563  |
|                               | at the end of the period (B)         | 7,005,563  | 7,203,273  |
|                               | (Acquired during the period)         | 778        | 373,031    |
|                               | (Shares exchanged during the period) | 0          | 175,321    |
|                               | (Cancelled during the period)        | 0          | 0          |
| A—B                           |                                      | 71,856,356 | 71,658,647 |
| (Average during the period)   |                                      | 71,856,803 | 71,640,370 |

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

|   | FY2014   | FY2015   |
|---|----------|----------|
| Cash flows from operating activities  | + 52,246 | + 13,553 |
| Income before income taxes and minority interests                           | + 28,511 | + 30,384 |
| Non-cash loss/gain (depreciation, etc.)                                     | + 13,850 | + 16,802 |
| Increase/decrease in claims and obligations related to operating activities | + 18,530 | - 21,860 |
| Income taxes and interest income  | - 10,859 | - 12,952 |
| Other   | + 2,213  | + 1,180  |
| Cash flows from investing activities  | - 20,897 | - 26,071 |
| Capital investment related  | - 19,832 | - 28,285 |
| Other   | - 1,065  | + 2,213  |
| Cash flows from financing activities  | - 25,159 | + 12,956 |
| Interest bearing liabilities related  | - 21,722 | + 19,484 |
| Other   | - 3,436  | - 6,527  |
| Increase/decrease in cash and cash equivalents                              | + 6,189  | + 439    |

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

## 1) Statement of Income

(Unit: millions of yen)

|   | FY2014  |            | FY2015  |            |          |
|---|---------|------------|---------|------------|----------|
|   | Amount  | % of Sales | Amount  | % of Sales | YoY      |
| Operating revenue                                 | 557,074 | -          | 609,032 | -          | 109.3%   |
| Net sales   | 530,507 | 100.0%     | 580,576 | 100.0%     | 109.4%   |
| Gross profit                                      | 104,288 | 19.7%      | 110,959 | 19.1%      | 106.4%   |
| Operating revenue                                 | 26,566  | 5.0%       | 28,455  | 4.9%       | 107.1%   |
| Real estate lease revenue                         | 6,842   | 1.3%       | 7,424   | 1.3%       | 108.5%   |
| Distribution center revenue                       | 7,811   | 1.5%       | 8,177   | 1.4%       | 104.7%   |
| Store lease joint management expense revenue      | 8,182   | 1.5%       | 8,785   | 1.5%       | 107.4%   |
| Other   | 3,730   | 0.7%       | 4,067   | 0.7%       | 109.0%   |
| Operating gross profit                            | 130,855 | 24.7%      | 139,414 | 24.0%      | 106.5%   |
| Selling, general and administrative expenses      | 104,955 | 19.8%      | 111,201 | 19.2%      | 106.0%   |
| Personnel expenses                                | 38,744  | 7.3%       | 40,902  | 7.0%       | 105.6%   |
| Depreciation                                      | 11,522  | 2.2%       | 12,532  | 2.2%       | 108.8%   |
| Rental expenses                                   | 9,757   | 1.8%       | 9,512   | 1.6%       | 97.5%    |
| Store management expenses                         | 8,606   | 1.6%       | 9,321   | 1.6%       | 108.3%   |
| Utilities expenses                                | 5,882   | 1.1%       | 5,678   | 1.0%       | 96.5%    |
| Advertising expenses                              | 8,784   | 1.7%       | 10,014  | 1.7%       | 114.0%   |
| Other   | 21,658  | 4.1%       | 23,239  | 4.0%       | 107.3%   |
| Operating income                                  | 25,899  | 4.9%       | 28,212  | 4.9%       | 108.9%   |
| Non-operating income                              | 1,114   | 0.2%       | 1,167   | 0.2%       | 104.7%   |
| Interest and dividend income                      | 266     | 0.1%       | 238     | 0.0%       | 89.4%    |
| Non-operating expenses                            | 1,955   | 0.4%       | 2,024   | 0.3%       | 103.5%   |
| Interest expenses                                 | 1,628   | 0.3%       | 1,491   | 0.3%       | 91.6%    |
| Ordinary income                                   | 25,058  | 4.7%       | 27,355  | 4.7%       | 109.2%   |
| Extraordinary income                              | 2       | 0.0%       | 1,175   | 0.2%       | 41914.0% |
| Extraordinary losses                              | 743     | 0.1%       | 565     | 0.1%       | 76.1%    |
| Income before income taxes and minority interests | 24,318  | 4.6%       | 27,964  | 4.8%       | 115.0%   |
| Net income  | 14,761  | 2.8%       | 17,811  | 3.1%       | 120.7%   |

## 2) Sales Information

|                               | FY2014  |            | FY2015  |            |        |
|-------------------------------|---------|------------|---------|------------|--------|
|                               | Amount  | % of Total | Amount  | % of Total | YoY    |
| (By Product)                  |         |            |         |            |        |
| Clothing                      | 67,861  | 12.8%      | 69,330  | 11.9%      | 102.2% |
| Household goods               | 42,976  | 8.1%       | 44,542  | 7.7%       | 103.6% |
| Foods                         | 185,984 | 35.1%      | 198,363 | 34.2%      | 106.7% |
| Directly managed stores total | 296,823 | 56.0%      | 312,236 | 53.8%      | 105.2% |
| Tenants                       | 196,153 | 37.0%      | 215,334 | 37.1%      | 109.8% |
| Excel division                | 18,112  | 3.4%       | 16,937  | 2.9%       | 93.5%  |
| Product supply, etc.          | 19,418  | 3.7%       | 36,068  | 6.2%       | 185.7% |
| Total                         | 530,507 | 100.0%     | 580,576 | 100.0%     | 109.4% |
| (By Region)                   |         |            |         |            |        |
| Chugoku                       | 239,180 | 45.1%      | 276,325 | 47.6%      | 115.5% |
| Kyushu                        | 224,521 | 42.3%      | 237,319 | 40.9%      | 105.7% |
| Other                         | 66,805  | 12.6%      | 66,931  | 11.5%      | 100.2% |
| Total                         | 530,507 | 100.0%     | 580,576 | 100.0%     | 109.4% |

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

|                               | FY2014 | FY2015 |
|-------------------------------|--------|--------|
| Clothing                      | 98.5%  | 99.8%  |
| Household goods               | 99.7%  | 100.9% |
| Foods                         | 103.0% | 103.0% |
| Directly managed stores total | 101.4% | 102.0% |
| Tenants                       | 102.4% | 100.6% |
| Total                         | 101.8% | 101.4% |
| Chugoku                       | 101.7% | 101.7% |
| Kyushu                        | 101.6% | 101.1% |
| Number of customers           | 97.8%  | 99.4%  |
| Average spent per customer    | 103.7% | 102.7% |
| Average spent per item        | 103.2% | 103.0% |
| Number of purchases           | 100.5% | 99.7%  |

4) Gross Profit Ratio

|                               | FY2014 | FY2015 |
|-------------------------------|--------|--------|
| Clothing                      | 36.3%  | 36.8%  |
| Household goods               | 31.7%  | 31.8%  |
| Foods                         | 24.8%  | 25.1%  |
| Directly managed stores total | 28.4%  | 28.7%  |
| Tenants                       | 7.8%   | 7.9%   |
| Excel division                | 25.2%  | 25.4%  |
| Product supply, etc.          | -0.4%  | 0.5%   |
| Total                         | 19.7%  | 19.1%  |
| (Loss rate)                   |        |        |
| Clothing                      | 9.5%   | 9.7%   |
| Household goods               | 2.9%   | 3.2%   |
| Foods                         | 2.8%   | 2.9%   |
| Directly managed stores total | 4.4%   | 4.4%   |
| (Inventory turnover in days)  |        |        |
| Clothing                      | 63.2   | 66.6   |
| Household goods               | 79.6   | 80.6   |
| Foods                         | 9.5    | 9.6    |
| Directly managed stores total | 31.7   | 32.2   |

5) Average Number of  
Employees during the Period

|  | FY2014              | FY2015              |
|--|---------------------|---------------------|
| Full employees   | 2,399               | 2,392               |
| Semi-full employees (8-hour equivalent)                  | 4,832               | 5,031               |
| Part-time employees (8-hour equivalent)                  | 4,664               | 4,798               |
| Total  | 11,895              | 12,221              |
| (% of Total)   |                     |                     |
| Full employees   | 20.2%               | 19.6%               |
| Semi-full employees (8-hour equivalent)                  | 40.6%               | 41.1%               |
| Part-time employees (8-hour equivalent)                  | 39.2%               | 39.3%               |
| Total  | 100.0%              | 100.0%              |
| (Indicators: Directly managed stores and Excel division) |                     |                     |
| Net sales per employee                                   | 26,476 thousand yen | 26,936 thousand yen |
| Gross profit per employee                                | 7,480 thousand yen  | 7,676 thousand yen  |
| Personnel expenses per employee                          | 3,257 thousand yen  | 3,347 thousand yen  |
| Personnel expenses/sales ratio                           | 12.3%               | 12.4%               |
| Personnel expenses/gross profit ratio                    | 43.5%               | 43.6%               |

## 6) Stores and Capital Investment

|   | As of Feb. 28, 2015    | As of Feb. 29, 2016      |
|---|------------------------|--------------------------|
| New stores                              | 3                      | 4                        |
| Stores closed                           | 2                      | 4                        |
| Stores at the end of period             | 103                    | 103                      |
| Sales floor area at the end of period   | 999,088 m <sup>2</sup> | 1,046,130 m <sup>2</sup> |
| Capital investment (construction basis) | 23,909 million yen     | 21,817 million yen       |
| Capital investment (payment basis)      | 16,113 million yen     | 26,508 million yen       |

7) Store Information as of February 29, 2016  
(Excluding Excel stand-alone type stores)

|                                | Stores | Sales Share |
|--------------------------------|--------|-------------|
| (By Store Area)                |        |             |
| 20,000 m <sup>2</sup> or more  | 17     | 53.9%       |
| Up to 20,000 m <sup>2</sup>    | 21     | 23.7%       |
| Up to 10,000 m <sup>2</sup>    | 31     | 16.2%       |
| Less than 3,000 m <sup>2</sup> | 25     | 6.2%        |
| Total                          | 94     | 100.0%      |
| (By Store Age)                 |        |             |
| 10 years or less               | 29     | 35.6%       |
| 20 years or less               | 31     | 46.0%       |
| 30 years or less               | 23     | 13.1%       |
| More than 30 years             | 11     | 5.3%        |
| Total                          | 94     | 100.0%      |

## 8) New Stores

(Opened During FY2015)

| Month Opened | Store Name             | Location                     | Store Area                    |
|--------------|------------------------|------------------------------|-------------------------------|
| 2015/06      | youme Town Hatsukaichi | Hatsukaichi, Hiroshima Pref. | Approx. 46,000 m <sup>2</sup> |
| 2015/08      | youme Mart Saga        | Saga, Saga Pref.             | Approx. 2,700 m <sup>2</sup>  |
| 2015/11      | youme Mart Suwano      | Kurume, Fukuoka Pref.        | Approx. 2,200 m <sup>2</sup>  |
| 2015/11      | youme Mall Chikugo     | Chikugo, Fukuoka Pref.       | Approx. 5,600 m <sup>2</sup>  |

(Planned for FY2016)

| Month Opening | Store Name                  | Location                | Store Area                    |
|---------------|-----------------------------|-------------------------|-------------------------------|
| 2016/Fall     | youme Town Tokuyama (tent.) | Shunan, Yamaguchi Pref. | Approx. 14,600 m <sup>2</sup> |

(Planned for FY2017)

| Month Opening | Store Name | Location            | Store Area                    |
|---------------|------------|---------------------|-------------------------------|
| 2017/Spring   | LECT       | Nishi-ku, Hiroshima | Approx. 39,000 m <sup>2</sup> |

\* West Hiroshima SC project was named "LECT."

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

|                                 | As of Feb. 28, 2015 | As of Feb. 29, 2016 |
|---------------------------------|---------------------|---------------------|
| (Number of shareholders)        |                     |                     |
| Financial instruments traders   | 26                  | 24                  |
| Foreign investors               | 202                 | 245                 |
| Financial institutions          | 37                  | 44                  |
| Other domestic companies        | 242                 | 307                 |
| Individuals, etc.               | 2,795               | 3,273               |
| Total                           | 3,302               | 3,893               |
| (Percentage held)               |                     |                     |
| Financial instruments traders   | 0.6%                | 0.6%                |
| Foreign investors               | 12.4%               | 13.7%               |
| Financial institutions          | 22.9%               | 22.0%               |
| Other domestic companies        | 40.1%               | 39.4%               |
| Individuals and treasury shares | 24.0%               | 24.3%               |
| Total                           | 100.0%              | 100.0%              |