



Explanatory Documentation about the Consolidated Financial Results for the Second Quarter of FY2017

1. Summary of Financial Results

1) Consolidated financial results

(Unit: millions of yen)

	FY2016		FY2017	
	2Q	Full Term	2Q	Full Term Forecast
Operating revenue	344,332	702,121	359,859	748,100
(YoY)	110.9%	105.0%	104.5%	106.5%
Operating income	17,256	35,670	17,102	39,000
(YoY)	116.9%	111.8%	99.1%	109.3%
Ordinary income	17,266	35,688	16,991	38,700
(YoY)	119.7%	114.7%	98.4%	108.4%
Profit attributable to owners of parent	3,062	17,015	11,360	26,500
(YoY)	33.1%	90.7%	371.0%	155.7%
Profit per share	¥42.74	¥237.45	¥158.53	¥369.80
Total assets	470,004	476,885	483,522	
Net assets	158,964	171,963	181,610	
Net assets per share	¥2,072.86	¥2,240.66	¥2,368.78	
Equity ratio	31.6%	33.7%	35.1%	
Total number of issued shares at the end of period (incl. treasury shares)	78,861,920	78,861,920	71,665,200	
Number of treasury shares at the end of period	7,203,726	7,201,306	4,882	
Average number of shares during the period (excl. treasury shares)	71,658,434	71,657,885	71,660,460	
Number of consolidated subsidiaries	15	15	16	
Number of equity-method affiliates	6	5	5	

2) Non-consolidated financial results

(Unit: millions of yen)

	FY2016		FY2017	
	2Q	Full Term	2Q	Full Term Forecast
Operating revenue	312,753	648,030	336,818	696,000
(YoY)	106.2%	106.4%	107.7%	107.4%
Operating income	14,637	30,222	13,996	31,900
(YoY)	116.0%	107.1%	95.6%	105.5%
Ordinary income	14,674	30,139	13,982	31,600
(YoY)	120.2%	110.2%	95.3%	104.8%
Profit	2,228	14,438	9,601	22,100
(YoY)	27.7%	81.1%	430.9%	153.1%
Dividends per share	¥33.00	¥66.00	¥35.00	¥70.00
Total assets	379,362	385,727	388,895	
Net assets	123,225	133,406	140,463	
Equity ratio	32.5%	34.6%	36.1%	

2. Consolidated Statements of Income

(Unit: millions of yen)

	FY2016 2Q (Mar-Aug)		FY2017 2Q (Mar-Aug)			FY2016 Full Term (Mar-Feb)	
	Amount	% of Sales	Amount	% of Sales	YoY	Amount	% of Sales
Operating revenue	344,332	—	359,859	—	104.5%	702,121	—
Net sales	328,569	100.0%	343,228	100.0%	104.5%	670,253	100.0%
Gross profit	72,442	22.0%	75,733	22.1%	104.5%	147,419	22.0%
Operating revenue	15,763	4.8%	16,630	4.8%	105.5%	31,867	4.8%
Operating gross profit	88,206	26.8%	92,363	26.9%	104.7%	179,287	26.7%
Selling, general and administrative expenses	70,949	21.6%	75,260	21.9%	106.1%	143,616	21.4%
Personnel expenses	30,777	9.4%	32,133	9.4%	104.4%	62,829	9.4%
Depreciation	7,280	2.2%	7,702	2.2%	105.8%	15,206	2.3%
Amortization of goodwill	500	0.2%	525	0.2%	105.0%	1,078	0.2%
Rental expenses	5,737	1.7%	5,803	1.7%	101.2%	11,562	1.7%
Utilities expenses	3,850	1.2%	4,318	1.3%	112.2%	7,262	1.1%
Other	22,802	6.9%	24,776	7.2%	108.7%	45,676	6.8%
Operating income	17,256	5.3%	17,102	5.0%	99.1%	35,670	5.3%
Non-operating income	942	0.3%	942	0.3%	100.0%	1,877	0.3%
Interest and dividend income	124	0.0%	128	0.0%	103.3%	226	0.0%
Non-operating expenses	932	0.3%	1,052	0.3%	112.9%	1,859	0.3%
Interest expenses	728	0.2%	576	0.2%	79.2%	1,316	0.2%
Ordinary income	17,266	5.3%	16,991	5.0%	98.4%	35,688	5.3%
Extraordinary income	520	0.2%	203	0.1%	39.1%	1,374	0.2%
Extraordinary losses	12,086	3.7%	322	0.1%	2.7%	10,744	1.6%
Profit before income taxes	5,700	1.7%	16,872	4.9%	296.0%	26,319	3.9%
Profit attributable to non-controlling interests	197	0.1%	138	0.0%	70.1%	380	0.1%
Profit attributable to owners of parent	3,062	0.9%	11,360	3.3%	371.0%	17,015	2.5%

1) Segment Information

	FY2016 2Q (Mar-Aug)		FY2017 2Q (Mar-Aug)			FY2016 Full Term (Mar-Feb)	
	Amount	% of Total	Amount	% of Total	YoY	Amount	% of Total
(Operating revenue)							
Retail operations	334,473	97.1%	350,155	97.3%	104.7%	682,691	97.2%
Retail-peripheral operations	46,281	13.4%	50,151	13.9%	108.4%	96,524	13.7%
Other	2,325	0.7%	2,508	0.7%	107.9%	4,936	0.7%
Adjustment	-38,747	-11.3%	-42,956	-11.9%	—	-82,031	-11.7%
Total	344,332	100.0%	359,859	100.0%	104.5%	702,121	100.0%
(Operating income)							
Retail operations	14,776	85.6%	14,473	84.6%	97.9%	31,272	87.7%
Retail-peripheral operations	2,063	12.0%	2,333	13.6%	113.1%	3,902	10.9%
Other	475	2.8%	509	3.0%	107.0%	976	2.7%
Adjustment	-58	-0.3%	-213	-1.2%	—	-480	-1.3%
Total	17,256	100.0%	17,102	100.0%	99.1%	35,670	100.0%

* 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 from the previous fiscal year. The segment information of the first six months for the previous fiscal year is prepared using the revised methods.

2) Financial Results of Major Subsidiaries

(Year-on-year in parentheses)

Company	Business / Segment		FY2016 2Q (Mar-Aug)	FY2017 2Q (Mar-Aug)	FY2016 Full Term (Mar-Feb)
Youme Card Co., Ltd.	Finance	Operating revenue	3,930	4,306 (109.6%)	8,037
	Retail-peripheral operations	Operating income	863	984 (114.1%)	1,691
Izumi Techno Co., Ltd.	Store management	Operating revenue	6,608	7,032 (106.4%)	13,524
	Retail-peripheral operations	Operating income	739	778 (105.3%)	1,355
Izumi Food Service Co., Ltd.	Food services	Operating revenue	2,930	2,963 (101.1%)	5,753
	Retail-peripheral operations	Operating income	189	212 (112.1%)	302
youme Mart Co., Ltd.	Retail	Operating revenue	13,273	13,874 (104.5%)	27,306
	Retail operations	Operating income	696	426 (61.2%)	1,234
Super Daiei Co., Ltd.	Retail	Operating revenue	9,196	8,612 (93.6%)	17,896
	Retail operations	Operating income	202	219 (108.3%)	464
Yours Co., Ltd.	Retail	Operating revenue	23,714	20,771 (87.6%)	44,962
	Retail operations	Operating income	-366	262	31

3) Change in consolidated operating income by quarter

(Unit: millions of yen)

	FY2015		FY2016		FY2017	
		YoY		YoY		YoY
1Q (Mar-May)	8,089	120.6%	7,778	96.2%	7,462	95.9%
2Q (Jun-Aug)	6,672	94.5%	9,478	142.1%	9,639	101.7%
First half total (Mar-Aug)	14,761	107.2%	17,256	116.9%	17,102	99.1%
3Q (Sep-Nov)	6,939	101.9%	6,693	96.5%	—	—
Three quarters total (Mar-Nov)	21,701	105.5%	23,950	110.4%	—	—
4Q (Dec-Feb)	10,211	104.7%	11,720	114.8%	—	—
Annual total (Mar-Feb)	31,912	105.2%	35,670	111.8%	Forecast 39,000	109.3%

3. Consolidated Balance Sheets

(Unit: millions of yen)

	As of Feb. 28, 2017		As of Aug. 31, 2017		
	Amount	% of Total	Amount	% of Total	Change
Total assets	476,885	100.0%	483,522	100.0%	+ 6,636
Cash and deposits	10,738	2.3%	8,846	1.8%	- 1,892
Notes and accounts receivable - trade	33,645	7.1%	36,645	7.6%	+ 2,999
Merchandise and finished goods	27,658	5.8%	27,249	5.6%	- 409
Property, plant and equipment	335,274	70.3%	338,167	69.9%	+ 2,892
Deposits and guarantees	18,572	3.9%	18,364	3.8%	- 208
Investment securities	7,924	1.7%	11,402	2.4%	+ 3,477
Other	43,071	9.0%	42,846	8.9%	- 224
Liabilities	304,922	63.9%	301,911	62.4%	- 3,011
Notes and accounts payable - trade	30,466	6.4%	36,138	7.5%	+ 5,671
Interest-bearing liabilities	182,146	38.2%	183,477	37.9%	+ 1,331
Other	92,308	19.4%	82,294	17.0%	- 10,013
Net assets	171,963	36.1%	181,610	37.6%	+ 9,647
Treasury shares	-18,484	-3.9%	-13	0.0%	+ 18,471
Non-controlling interests	11,396	2.4%	11,863	2.5%	+ 466

*Change in the number of issued shares

		FY2016 (Mar-Feb)	FY2017 2Q
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	4,882
	(Acquired during the period)	883	296
	(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	71,660,318
(Average during the period)		71,657,885	71,660,460

4. Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2016	FY2017	FY2016
	2Q (Mar-Aug)	2Q (Mar-Aug)	Full Term (Mar-Feb)
Cash flows from operating activities	+ 18,349	+ 18,969	+ 33,104
Profit before income taxes	+ 5,700	+ 16,872	+ 26,319
Non-cash loss/gain (depreciation, etc.)	+ 8,479	+ 8,528	+ 17,676
Increase/decrease in claims and obligations related to operating activities	+ 1,690	+ 1,710	- 4,313
Income taxes and interest income	- 7,680	- 7,599	- 10,105
Other	+ 10,158	- 542	+ 3,528
Cash flows from investing activities	- 10,214	- 19,041	- 19,938
Capital investment related	- 12,593	- 16,872	- 22,900
Other	+ 2,378	- 2,168	+ 2,961
Cash flows from financing activities	- 9,705	- 1,466	- 16,252
Interest bearing liabilities related	- 7,263	+ 1,028	- 11,488
Other	- 2,441	- 2,494	- 4,763
Increase/decrease in cash and cash equivalents	- 1,570	- 1,537	- 3,086

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

1) Statement of Income

(Unit: millions of yen)

	FY2016 2Q (Mar-Aug)		FY2017 2Q (Mar-Aug)			FY2016 Full Term (Mar-Feb)	
	Amount	% of Sales	Amount	% of Sales	YoY	Amount	% of Sales
Operating revenue	312,753	—	336,818	—	107.7%	648,030	—
Net sales	298,387	100.0%	321,331	100.0%	107.7%	618,663	100.0%
Gross profit	56,220	18.8%	59,447	18.5%	105.7%	115,518	18.7%
Operating revenue	14,366	4.8%	15,487	4.8%	107.8%	29,367	4.7%
Real estate lease revenue	3,685	1.2%	3,976	1.2%	107.9%	7,498	1.2%
Distribution center revenue	4,283	1.4%	4,558	1.4%	106.4%	8,816	1.4%
Store lease joint management expense revenue	4,326	1.5%	4,627	1.4%	107.0%	8,789	1.4%
Other	2,070	0.7%	2,324	0.7%	112.3%	4,262	0.7%
Operating gross profit	70,586	23.7%	74,934	23.3%	106.2%	144,885	23.4%
Selling, general and administrative expenses	55,949	18.8%	60,937	19.0%	108.9%	114,662	18.5%
Personnel expenses	20,985	7.0%	22,165	6.9%	105.6%	43,038	7.0%
Depreciation	6,084	2.0%	6,495	2.0%	106.8%	12,718	2.1%
Rental expenses	4,634	1.6%	4,796	1.5%	103.5%	9,357	1.5%
Store management expenses	4,780	1.6%	5,120	1.6%	107.1%	9,596	1.6%
Utilities expenses	2,734	0.9%	3,224	1.0%	117.9%	5,242	0.8%
Advertising expenses	5,156	1.7%	6,145	1.9%	119.2%	10,671	1.7%
Other	11,574	3.9%	12,990	4.0%	112.2%	24,037	3.9%
Operating income	14,637	4.9%	13,996	4.4%	95.6%	30,222	4.9%
Non-operating income	880	0.3%	855	0.3%	97.2%	1,560	0.3%
Interest and dividend income	251	0.1%	251	0.1%	100.0%	349	0.1%
Non-operating expenses	843	0.3%	870	0.3%	103.1%	1,643	0.3%
Interest expenses	659	0.2%	550	0.2%	83.5%	1,246	0.2%
Ordinary income	14,674	4.9%	13,982	4.4%	95.3%	30,139	4.9%
Extraordinary income	43	0.0%	141	0.0%	325.5%	629	0.1%
Extraordinary losses	10,854	3.6%	142	0.0%	1.3%	9,221	1.5%
Profit before income taxes	3,863	1.3%	13,982	4.4%	361.9%	21,547	3.5%
Profit	2,228	0.7%	9,601	3.0%	430.9%	14,438	2.3%

2) Sales Information

	FY2016 2Q (Mar-Aug)		FY2017 2Q (Mar-Aug)			FY2016 Full Term (Mar-Feb)	
	Amount	% of Total	Amount	% of Total	YoY	Amount	% of Total
(By Product)							
Clothing	34,527	11.6%	36,238	11.3%	105.0%	69,006	11.2%
Household goods	21,934	7.4%	22,914	7.1%	104.5%	44,785	7.2%
Foods	100,548	33.7%	105,332	32.8%	104.8%	206,532	33.4%
Directly managed stores total	157,010	52.6%	164,485	51.2%	104.8%	320,324	51.8%
Tenants	107,047	35.9%	116,568	36.3%	108.9%	221,257	35.8%
X-SELL Division	7,003	2.3%	6,875	2.1%	98.2%	15,931	2.6%
Product supply, etc.	27,325	9.2%	33,401	10.4%	122.2%	61,150	9.9%
Total	298,387	100.0%	321,331	100.0%	107.7%	618,663	100.0%
(By Region)							
Chugoku	151,623	50.8%	162,144	50.5%	106.9%	309,792	50.1%
Kyushu	113,351	38.0%	127,054	39.5%	112.1%	242,142	39.1%
Other	33,411	11.2%	32,132	10.0%	96.2%	66,728	10.8%
Total	298,387	100.0%	321,331	100.0%	107.7%	618,663	100.0%

Non-Consolidated

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

	FY2016 2Q (Mar-Aug)	FY2017 2Q (Mar-Aug)	FY2016 Full Term (Mar-Feb)
Clothing	101.0%	99.2%	100.5%
Household goods	101.8%	100.5%	101.2%
Foods	102.8%	98.6%	102.6%
Directly managed stores total	102.3%	99.0%	101.9%
Tenants	101.6%	98.0%	100.9%
Total	102.0%	98.6%	101.5%
Chugoku	99.8%	98.7%	99.8%
Kyushu	105.3%	98.3%	104.3%
Number of customers	100.8%	99.0%	100.6%
Average spent per customer	101.4%	99.9%	101.3%
Average spent per item	101.8%	100.5%	101.5%
Number of purchases	99.6%	99.4%	99.8%

4) Gross Profit Ratio

	FY2016 2Q (Mar-Aug)	FY2017 2Q (Mar-Aug)	FY2016 Full Term (Mar-Feb)
Clothing	37.9%	38.2%	37.7%
Household goods	31.8%	31.9%	32.1%
Foods	25.5%	25.5%	25.7%
Directly managed stores total	29.1%	29.2%	29.2%
Tenants	8.0%	8.1%	7.9%
X-SELL Division	25.8%	26.3%	26.3%
Product supply, etc.	0.5%	0.5%	0.5%
Total	18.8%	18.5%	18.7%
(Loss rate)			
Clothing	8.6%	9.0%	9.1%
Household goods	2.7%	2.5%	3.0%
Foods	2.5%	3.1%	2.5%
Directly managed stores total	3.8%	4.3%	4.0%
(Inventory turnover in days)			
Clothing	66.9	70.4	68.4
Household goods	83.2	82.6	82.9
Foods	9.8	10.5	9.9
Directly managed stores total	32.4	33.4	32.5

5) Average Number of
Employees during the Period

	FY2016 2Q (Mar-Aug)	FY2017 2Q (Mar-Aug)	FY2016 Full Term (Mar-Feb)
Full employees	2,459	2,603	2,450
Semi-full employees (8-hour equivalent)	5,238	6,059	5,542
Part-time employees (8-hour equivalent)	4,570	4,171	4,516
Total	12,267	12,833	12,508
(% of Total)			
Full employees	20.0%	20.3%	19.6%
Semi-full employees (8-hour equivalent)	42.7%	47.2%	44.3%
Part-time employees (8-hour equivalent)	37.3%	32.5%	36.1%
Total	100.0%	100.0%	100.0%
(Indicators: Directly managed stores and X-SELL Division)			
Net sales per employee	13,370 thousand yen	13,354 thousand yen	26,884 thousand yen
Gross profit per employee	3,873 thousand yen	3,886 thousand yen	7,814 thousand yen
Personnel expenses per employee	1,711 thousand yen	1,727 thousand yen	3,441 thousand yen
Personnel expenses/sales ratio	12.8%	12.9%	12.8%
Personnel expenses/gross profit ratio	44.2%	44.5%	44.0%

6) Stores and
Capital Investment

	As of Aug. 31, 2016	As of Aug. 31, 2017	Non-Consolidated As of Feb. 28, 2017
New stores	0	2	2
(X-SELL stand-alone type stores)	0	0	0
Stores closed	0	0	0
Stores at the end of period	103	107	105
(X-SELL stand-alone type stores)	9	9	9
Sales floor area at the end of period	1,005,359 m ²	1,106,571 m ²	1,076,558 m ²
Capital investment (construction basis)	12,227 million yen	8,854 million yen	24,190 million yen
Capital investment (payment basis)	9,964 million yen	14,879 million yen	19,267 million yen

*New Stores Opened during the First Half of FY2017

Month Open	Store Name	Location	Store Area
2017/4	LECT	Nishi-ku, Hiroshima	Approx. 39,000 m ²
2017/5	youme Town Gotsu	Gotsu, Shimane Pref.	Approx. 10,100 m ²

*New Stores Scheduled to Open During the Second Half of FY2017

Month Open	Store Name	Location	Store Area
2018/Winter	youme Mart Fukutsu (tent.)	Fukutsu, Fukuoka Pref.	Approx. 1,950 m ²

7) Store Information as of
August 31, 2017
(Excluding X-SELL
stand-alone type stores)

	Stores	Sales Share
(By Store Area)		
20,000 m ² or more	18	54.7%
Up to 20,000 m ²	23	24.5%
Up to 10,000 m ²	31	14.0%
Less than 3,000 m ²	26	6.8%
Total	98	100.0%
(By Store Age)		
10 years or less	31	32.2%
20 years or less	23	45.8%
30 years or less	30	16.1%
More than 30 years	14	5.8%
Total	98	100.0%

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

	As of Aug. 31, 2016	As of Aug. 31, 2017	As of Feb. 28, 2017
(Number of shareholders)			
Financial instruments traders	20	23	24
Foreign investors	243	252	249
Financial institutions	45	49	45
Other domestic companies	304	298	293
Individuals, etc.	3,431	3,245	3,297
Total	4,043	3,867	3,893
(Percentage held)			
Financial instruments traders	0.3%	0.9%	0.8%
Foreign investors	12.8%	14.5%	12.9%
Financial institutions	23.2%	25.0%	23.0%
Other domestic companies	39.3%	43.1%	39.3%
Individuals and treasury shares	24.4%	16.4%	24.1%
Total	100.0%	100.0%	100.0%