



Explanatory Documentation about the Consolidated Financial Results for the Second Quarter of FY2018

1. Summary of Financial Results

1) Consolidated Financial Results

(Unit: millions of yen)

	FY2017		FY2018	
	2Q	Full Term	2Q	Full Term Forecast
Operating revenue	359,859	729,857	358,626	743,600
(YoY)	104.5%	104.0%	99.7%	101.9%
Operating profit	17,102	38,487	16,788	35,200
(YoY)	99.1%	107.9%	98.2%	91.5%
Ordinary profit	16,991	38,208	16,833	35,000
(YoY)	98.4%	107.1%	99.1%	91.6%
Profit attributable to owners of parent	11,360	26,932	10,786	22,400
(YoY)	371.0%	158.3%	94.9%	83.2%
Earnings per share	¥158.53	¥375.83	¥150.52	¥312.59
Total assets	483,522	479,867	487,162	
Net assets	181,610	194,851	202,793	
Net assets per share	¥2,368.78	¥2,553.14	¥2,661.79	
Equity ratio	35.1%	38.1%	39.2%	
Total number of issued shares at the end of period (incl. treasury shares)	71,665,200	71,665,200	71,665,200	
Number of treasury shares at the end of period	4,882	5,676	6,451	
Average number of shares during the period (excl. treasury shares)	71,660,460	71,660,157	71,659,234	
Number of consolidated subsidiaries	16	16	16	
Number of equity-method affiliates	5	4	4	

2) Non-consolidated Financial Results

(Unit: millions of yen)

	FY2017		FY2018	
	2Q	Full Term	2Q	Full Term Forecast
Operating revenue	336,818	683,850	335,954	696,500
(YoY)	107.7%	105.5%	99.7%	101.8%
Operating profit	13,996	32,017	13,739	28,400
(YoY)	95.6%	105.9%	98.2%	88.7%
Ordinary profit	13,982	31,918	13,873	28,300
(YoY)	95.3%	105.9%	99.2%	88.7%
Profit	9,601	23,370	9,129	18,600
(YoY)	430.9%	161.9%	95.1%	79.6%
Dividends per share	¥35.00	¥75.00	¥40.00	¥80.00
Total assets	388,895	392,065	404,336	
Net assets	140,463	151,834	157,958	
Equity ratio	36.1%	38.7%	39.1%	

2. Consolidated Statements of Income

(Unit: millions of yen)

	FY2017 2Q (Mar-Aug)		FY2018 2Q (Mar-Aug)			FY2017 Full Term (Mar-Feb)	
	Amount	% of Sales	Amount	% of Sales	YoY	Amount	% of Sales
Operating revenue	359,859	—	358,626	—	99.7%	729,857	—
Net sales	343,228	100.0%	341,652	100.0%	99.5%	696,266	100.0%
Gross profit	75,733	22.1%	75,461	22.1%	99.6%	153,059	22.0%
Operating revenue	16,630	4.8%	16,973	5.0%	102.1%	33,591	4.8%
Operating gross profit	92,363	26.9%	92,434	27.1%	100.1%	186,651	26.8%
Selling, general and administrative expenses	75,260	21.9%	75,646	22.1%	100.5%	148,163	21.3%
Personnel expenses	32,133	9.4%	33,421	9.8%	104.0%	64,009	9.2%
Depreciation	7,702	2.2%	7,419	2.2%	96.3%	15,693	2.3%
Amortization of goodwill	525	0.2%	443	0.1%	84.3%	997	0.1%
Rental expenses	5,803	1.7%	5,725	1.7%	98.7%	11,585	1.7%
Utilities expenses	4,318	1.3%	4,428	1.3%	102.6%	8,072	1.2%
Advertising expenses	7,187	2.1%	7,181	2.1%	99.9%	14,494	2.1%
Other	17,589	5.1%	17,027	5.0%	96.8%	33,311	4.8%
Operating profit	17,102	5.0%	16,788	4.9%	98.2%	38,487	5.5%
Non-operating income	942	0.3%	815	0.2%	86.6%	1,562	0.2%
Interest and dividend income	128	0.0%	140	0.0%	108.9%	242	0.0%
Non-operating expenses	1,052	0.3%	771	0.2%	73.2%	1,841	0.3%
Interest expenses	576	0.2%	474	0.1%	82.2%	1,094	0.2%
Ordinary profit	16,991	5.0%	16,833	4.9%	99.1%	38,208	5.5%
Extraordinary income	203	0.1%	174	0.1%	85.6%	2,443	0.4%
Extraordinary losses	322	0.1%	922	0.3%	285.9%	1,448	0.2%
Profit before income taxes	16,872	4.9%	16,085	4.7%	95.3%	39,204	5.6%
Profit attributable to non-controlling interests	138	0.0%	183	0.1%	132.6%	369	0.1%
Profit attributable to owners of parent	11,360	3.3%	10,786	3.2%	94.9%	26,932	3.9%

1) Segment Information

	FY2017 2Q (Mar-Aug)		FY2018 2Q (Mar-Aug)			FY2017 Full Term (Mar-Feb)	
	Amount	% of Total	Amount	% of Total	YoY	Amount	% of Total
(Operating revenue)							
Retail operations	350,155	97.3%	348,778	97.3%	99.6%	710,545	97.4%
Retail-peripheral operations	50,151	13.9%	48,525	13.5%	96.8%	98,839	13.5%
Other	2,508	0.7%	2,559	0.7%	102.0%	5,273	0.7%
Adjustment	-42,956	-11.9%	-41,237	-11.5%	—	-84,800	-11.6%
Total	359,859	100.0%	358,626	100.0%	99.7%	729,857	100.0%
(Operating profit)							
Retail operations	14,473	84.6%	14,221	84.7%	98.3%	33,397	86.8%
Retail-peripheral operations	2,333	13.6%	2,097	12.5%	89.9%	4,366	11.3%
Other	509	3.0%	548	3.3%	107.8%	1,052	2.7%
Adjustment	-213	-1.2%	-79	-0.5%	—	-329	-0.9%
Total	17,102	100.0%	16,788	100.0%	98.2%	38,487	100.0%

2) Financial Results of Major Subsidiaries

(Year-on-year in parentheses)

Company	Business / Segment		FY2017 2Q (Mar-Aug)	FY2018 2Q (Mar-Aug)	FY2017 Full Term (Mar-Feb)
YOU-ME CARD CO., LTD.	Finance	Operating revenue	4,306	4,503 (104.6%)	8,680
	Retail-peripheral operations	Operating profit	984	1,025 (104.1%)	1,903
IZUMI TECHNO Co., Ltd.	Store management	Operating revenue	7,032	6,165 (87.7%)	13,108
	Retail-peripheral operations	Operating profit	778	526 (67.7%)	1,429
IZUMI FOOD SERVICE CO., LTD.	Food services	Operating revenue	2,963	2,972 (100.3%)	5,763
	Retail-peripheral operations	Operating profit	212	213 (100.8%)	332
Yume Mart Co., Ltd.	Retail	Operating revenue	13,874	13,911 (100.3%)	27,970
	Retail operations	Operating profit	426	372 (87.5%)	985
Super Daiei Co., Ltd.	Retail	Operating revenue	8,612	8,134 (94.5%)	16,950
	Retail operations	Operating profit	219	189 (86.2%)	557
YOURS Co., Ltd.	Retail	Operating revenue	20,771	19,993 (96.3%)	41,081
	Retail operations	Operating profit	262	325 (124.2%)	658

3) Change in Consolidated Operating Profit by Quarter

(Unit: millions of yen)

	FY2016		FY2017		FY2018	
		YoY		YoY		YoY
1Q (Mar-May)	7,778	96.2%	7,462	95.9%	8,090	108.4%
2Q (Jun-Aug)	9,478	142.1%	9,639	101.7%	8,698	90.2%
First half total (Mar-Aug)	17,256	116.9%	17,102	99.1%	16,788	98.2%
3Q (Sep-Nov)	6,693	96.5%	8,587	128.3%	—	—
Three quarters total (Mar-Nov)	23,950	110.4%	25,689	107.3%	—	—
4Q (Dec-Feb)	11,720	114.8%	12,797	109.2%	—	—
Annual total (Mar-Feb)	35,670	111.8%	38,487	107.9%	Forecast 35,200	91.5%

3. Consolidated Balance Sheets

(Unit: millions of yen)

	As of Feb. 28, 2018		As of Aug. 31, 2018		
	Amount	% of Total	Amount	% of Total	Change
Total assets	479,867	100.0%	487,162	100.0%	+ 7,295
Cash and deposits	8,410	1.8%	8,338	1.7%	- 72
Notes and accounts receivable - trade	37,245	7.8%	39,577	8.1%	+ 2,332
Merchandise and finished goods	28,047	5.8%	27,789	5.7%	- 258
Property, plant and equipment	333,548	69.5%	338,625	69.5%	+ 5,077
Lease and guarantee deposits	18,024	3.8%	17,719	3.6%	- 305
Investment securities	11,390	2.4%	11,828	2.4%	+ 438
Other	43,199	9.0%	43,283	8.9%	+ 83
Liabilities	285,015	59.4%	284,369	58.4%	- 645
Notes and accounts payable - trade	34,649	7.2%	37,511	7.7%	+ 2,862
Interest-bearing liabilities	171,995	35.8%	166,328	34.1%	- 5,666
Other	78,370	16.3%	80,529	16.5%	+ 2,158
Net assets	194,851	40.6%	202,793	41.6%	+ 7,941
Treasury shares	-18	0.0%	-23	0.0%	- 5
Non-controlling interests	11,894	2.5%	12,052	2.5%	+ 157

*Change in the number of issued shares

		FY2017 (Mar-Feb)	FY2018 2Q
Total number of issued shares	at the beginning of the period	78,861,920	71,665,200
	at the end of the period (A)	71,665,200	71,665,200
Treasury shares, etc.	at the beginning of the period	7,201,306	5,676
	at the end of the period (B)	5,676	6,451
	(Acquired during the period)	1,090	775
	(Cancelled during the period)	7,196,720	0
	A—B	71,659,524	71,658,749
(Average during the period)	71,660,157	71,659,234	

4. Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2017 2Q (Mar-Aug)	FY2018 2Q (Mar-Aug)	FY2017 Full Term (Mar-Feb)
Cash flows from operating activities	+ 18,969	+ 21,452	+ 42,592
Profit before income taxes	+ 16,872	+ 16,085	+ 39,204
Non-cash loss/gain (depreciation, etc.)	+ 8,528	+ 8,423	+ 18,256
Increase/decrease in claims and obligations related to operating activities	+ 1,710	+ 3,116	- 1,332
Income taxes and interest income	- 7,599	- 8,208	- 12,448
Other	- 542	+ 2,034	- 1,088
Cash flows from investing activities	- 19,041	- 12,932	- 29,067
Capital investment related	- 16,872	- 12,544	- 28,004
Other	- 2,168	- 387	- 1,063
Cash flows from financing activities	- 1,466	- 8,571	- 15,477
Interest-bearing liabilities related	+ 1,028	- 5,665	- 10,470
Other	- 2,494	- 2,905	- 5,007
Increase/decrease in cash and cash equivalents	- 1,537	- 51	- 1,952

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

1) Statement of Income

(Unit: millions of yen)

	FY2017 2Q (Mar-Aug)		FY2018 2Q (Mar-Aug)			FY2017 Full Term (Mar-Feb)	
	Amount	% of Sales	Amount	% of Sales	YoY	Amount	% of Sales
Operating revenue	336,818	—	335,954	—	99.7%	683,850	—
Net sales	321,331	100.0%	320,394	100.0%	99.7%	652,669	100.0%
Gross profit	59,447	18.5%	59,917	18.7%	100.8%	121,014	18.5%
Operating revenue	15,487	4.8%	15,560	4.9%	100.5%	31,181	4.8%
Real estate lease revenue	3,976	1.2%	4,011	1.3%	100.9%	7,994	1.2%
Distribution center revenue	4,558	1.4%	4,664	1.5%	102.3%	9,231	1.4%
Store lease joint management expense revenue	4,627	1.4%	4,530	1.4%	97.9%	9,217	1.4%
Other	2,324	0.7%	2,353	0.7%	101.2%	4,737	0.7%
Operating gross profit	74,934	23.3%	75,477	23.6%	100.7%	152,195	23.3%
Selling, general and administrative expenses	60,937	19.0%	61,738	19.3%	101.3%	120,178	18.4%
Personnel expenses	22,165	6.9%	23,505	7.3%	106.0%	44,431	6.8%
Depreciation	6,495	2.0%	6,321	2.0%	97.3%	13,277	2.0%
Rental expenses	4,796	1.5%	4,764	1.5%	99.3%	9,569	1.5%
Store management expenses	5,120	1.6%	4,713	1.5%	92.1%	9,658	1.5%
Utilities expenses	3,224	1.0%	3,363	1.0%	104.3%	6,021	0.9%
Advertising expenses	6,145	1.9%	6,132	1.9%	99.8%	12,353	1.9%
Other	12,990	4.0%	12,937	4.0%	99.6%	24,866	3.8%
Operating profit	13,996	4.4%	13,739	4.3%	98.2%	32,017	4.9%
Non-operating income	855	0.3%	778	0.2%	91.0%	1,424	0.2%
Interest and dividend income	251	0.1%	265	0.1%	105.5%	351	0.1%
Non-operating expenses	870	0.3%	645	0.2%	74.2%	1,523	0.2%
Interest expenses	550	0.2%	460	0.1%	83.6%	1,045	0.2%
Ordinary profit	13,982	4.4%	13,873	4.3%	99.2%	31,918	4.9%
Extraordinary income	141	0.0%	151	0.0%	106.7%	2,126	0.3%
Extraordinary losses	142	0.0%	783	0.2%	548.9%	685	0.1%
Profit before income taxes	13,982	4.4%	13,241	4.1%	94.7%	33,359	5.1%
Profit	9,601	3.0%	9,129	2.8%	95.1%	23,370	3.6%

2) Sales Information

	FY2017 2Q (Mar-Aug)		FY2018 2Q (Mar-Aug)			FY2017 Full Term (Mar-Feb)	
	Amount	% of Total	Amount	% of Total	YoY	Amount	% of Total
(By Product)							
Clothing	36,238	11.3%	35,039	10.9%	96.7%	71,476	11.0%
Household goods	22,914	7.1%	22,916	7.2%	100.0%	46,498	7.1%
Foods	105,332	32.8%	107,260	33.5%	101.8%	215,503	33.0%
Directly managed stores total	164,485	51.2%	165,216	51.6%	100.4%	333,478	51.1%
Tenants	116,568	36.3%	116,357	36.3%	99.8%	237,210	36.3%
X-SELL Division	6,875	2.1%	6,692	2.1%	97.3%	15,774	2.4%
Product supply, etc.	33,401	10.4%	32,128	10.0%	96.2%	66,205	10.1%
Total	321,331	100.0%	320,394	100.0%	99.7%	652,669	100.0%
(By Region)							
Chugoku	129,480	40.3%	128,884	40.2%	99.5%	262,239	40.2%
Kyushu	127,054	39.5%	127,399	39.8%	100.3%	259,614	39.8%
Other	64,796	20.2%	64,110	20.0%	98.9%	130,815	20.0%
Total	321,331	100.0%	320,394	100.0%	99.7%	652,669	100.0%

* From FY2017 Full Term, sales of product supply in the By Region section is included in "Other" instead of "Chugoku."
Accordingly, the amounts and ratios for FY2017 2Q have been reclassified using the standard for the current period.

Non-Consolidated

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

	FY2017 2Q (Mar-Aug)	FY2018 2Q (Mar-Aug)	FY2017 Full Term (Mar-Feb)
Clothing	99.2%	96.5%	99.4%
Household goods	100.5%	99.8%	100.7%
Foods	98.6%	100.9%	99.5%
Directly managed stores total	99.0%	99.8%	99.6%
Tenants	98.0%	98.9%	98.7%
Total	98.6%	99.4%	99.2%
Chugoku	98.7%	99.0%	99.3%
Kyushu	98.3%	99.5%	99.2%
Number of customers	99.0%	98.6%	99.3%
Average spent per customer	99.9%	101.2%	100.3%
Average spent per item	100.5%	99.4%	100.3%
Number of purchases	99.4%	101.8%	100.1%

4) Gross Profit Ratio

	FY2017 2Q (Mar-Aug)	FY2018 2Q (Mar-Aug)	FY2017 Full Term (Mar-Feb)
Clothing	38.2%	38.6%	38.0%
Household goods	31.9%	32.1%	32.2%
Foods	25.5%	25.9%	25.8%
Directly managed stores total	29.2%	29.4%	29.3%
Tenants	8.1%	8.1%	8.0%
X-SELL Division	26.3%	25.7%	26.4%
Product supply, etc.	0.5%	0.5%	0.5%
Total	18.5%	18.7%	18.5%
(Loss rate)			
Clothing	9.0%	9.4%	9.8%
Household goods	2.5%	3.0%	3.0%
Foods	3.1%	3.1%	3.1%
Directly managed stores total	4.3%	4.4%	4.5%
(Inventory turnover in days)			
Clothing	70.4	73.2	70.9
Household goods	82.6	84.2	82.4
Foods	10.5	10.6	10.4
Directly managed stores total	33.4	33.8	33.1

5) Average Number of Employees during the Period

	FY2017 2Q (Mar-Aug)	FY2018 2Q (Mar-Aug)	FY2017 Full Term (Mar-Feb)
Full employees	2,603	2,699	2,581
Semi-full employees (8-hour equivalent)	6,059	6,004	6,082
Part-time employees (8-hour equivalent)	4,171	4,091	4,297
Total	12,833	12,794	12,960
(% of Total)			
Full employees	20.3%	21.1%	19.9%
Semi-full employees (8-hour equivalent)	47.2%	46.9%	46.9%
Part-time employees (8-hour equivalent)	32.5%	32.0%	33.2%
Total	100.0%	100.0%	100.0%
(Indicators: Directly managed stores and X-SELL Division)			
Net sales per employee	13,354 thousand yen	13,437 thousand yen	26,949 thousand yen
Gross profit per employee	3,886 thousand yen	3,935 thousand yen	7,854 thousand yen
Personnel expenses per employee	1,727 thousand yen	1,837 thousand yen	3,428 thousand yen
Personnel expenses/sales ratio	12.9%	13.7%	12.7%
Personnel expenses/gross profit ratio	44.5%	46.7%	43.6%

6) Stores and Capital Investment

	As of Aug. 31, 2017	As of Aug. 31, 2018	Non-Consolidated As of Feb. 28, 2018
New stores	2	3	5
(X-SELL stand-alone type stores)	0	1	2
Stores closed	0	0	0
Number of stores at the end of the period	107	113	110
(X-SELL stand-alone type stores)	9	12	11
Sales floor area at the end of period	1,106,571 m ²	1,116,920 m ²	1,101,402 m ²
Capital investment (construction basis)	8,854 million yen	11,722 million yen	12,991 million yen
Capital investment (payment basis)	14,879 million yen	10,900 million yen	25,129 million yen

*New Stores Opened during the First Half of FY2018

Month Opened	Store Name	Location	Store Area
2018/08	youme Town Kudamatsu	Kudamatsu, Yamaguchi Pref.	Approx. 20,500 m ²
2018/08	youme Town Himeji	Himeji, Hyogo Pref.	Approx. 28,200 m ²

*New Stores Scheduled to Open during the Second Half of FY2018

Opening	Store Name	Location	Store Area
2018/09	youme Mart Jono	Kitakyushu, Fukuoka Pref.	Approx. 2,020 m ²
2018/Fall	youme Mart Kita (tent.)	Takamatsu, Kagawa Pref.	Approx. 1,880 m ²
2018/Fall	youme Mart Kume (tent.)	Okayama, Okayama Pref.	Approx. 1,895 m ²

*New Stores Scheduled to Open during FY2019

Opening	Store Name	Location	Store Area
2019/Spring	youme Mart Minamionoda (tent.)	Sanyo Onoda, Yamaguchi Pref.	Approx. 1,880 m ²
2019/Spring	youme Mart Hita (tent.)	Hita, Oita Pref.	Approx. 2,350 m ²

7) Store Information
as of August 31, 2018
(Excluding X-SELL
stand-alone type stores)

	Stores	Sales Share
(By Store Area)		
20,000 m ² or more	18	54.9%
Up to 20,000 m ²	24	24.4%
Up to 10,000 m ²	30	13.7%
Less than 3,000 m ²	29	7.1%
Total	101	100.0%
(By Store Age)		
10 years or less	32	26.8%
20 years or less	20	46.3%
30 years or less	35	21.3%
More than 30 years	14	5.7%
Total	101	100.0%

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

	As of Aug. 31, 2017	As of Aug. 31, 2018	As of Feb. 28, 2018
(Number of shareholders)			
Financial instruments traders	23	24	26
Foreign investors	252	274	264
Financial institutions	49	42	46
Other domestic companies	298	290	290
Individuals, etc.	3,245	3,172	2,944
Total	3,867	3,802	3,570
(Percentage held)			
Financial instruments traders	0.9%	1.0%	0.8%
Foreign investors	14.5%	13.7%	14.9%
Financial institutions	25.0%	26.0%	25.2%
Other domestic companies	43.1%	43.0%	43.0%
Individuals and treasury shares	16.4%	16.3%	16.1%
Total	100.0%	100.0%	100.0%