



Explanatory Documentation about the Consolidated Financial Results for the Year Ended February 28, 2019 (FY2018)

1. Summary of Financial Results

1) Consolidated Financial Results

(Unit: millions of yen)

| | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 | Year ending Feb. 29, 2020 (Forecast) |
|---|-----------------------------|-----------------------------|---|
| Operating revenue | 729,857 | 732,136 | 761,300 |
| (YoY) | 104.0% | 100.3% | 104.0% |
| Operating profit | 38,487 | 35,273 | 37,400 |
| (YoY) | 107.9% | 91.7% | 106.0% |
| Ordinary profit | 38,208 | 35,099 | 37,000 |
| (YoY) | 107.1% | 91.9% | 105.4% |
| Profit attributable to owners of parent | 26,932 | 23,488 | 22,700 |
| (YoY) | 158.3% | 87.2% | 96.6% |
| Earnings per share | ¥375.83 | ¥327.79 | ¥316.78 |
| Profit/equity | 15.7% | 12.3% | |
| Ordinary profit/total assets | 8.0% | 7.3% | |
| Operating profit/net sales | 5.5% | 5.1% | |
| Total assets | 479,867 | 485,173 | |
| Net assets | 194,851 | 211,546 | |
| Net assets per share | ¥2,553.14 | ¥2,789.58 | |
| Equity ratio | 38.1% | 41.2% | |
| Total number of issued shares at the end of period (excl. treasury shares) | 71,659,524 | 71,658,500 | |
| Average number of shares during the period (excl. treasury shares) | 71,660,157 | 71,658,940 | |
| Number of consolidated subsidiaries | 16 | 15 | |
| Number of equity-method affiliates | 4 | 3 | |

2) Non-consolidated Financial Results

(Unit: millions of yen)

| | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 | Year ending Feb. 29, 2020 (Forecast) |
|---------------------|-----------------------------|-----------------------------|---|
| Operating revenue | 683,850 | 686,991 | 717,900 |
| (YoY) | 105.5% | 100.5% | 104.5% |
| Operating profit | 32,017 | 29,141 | 31,000 |
| (YoY) | 105.9% | 91.0% | 106.4% |
| Ordinary profit | 31,918 | 29,177 | 30,800 |
| (YoY) | 105.9% | 91.4% | 105.6% |
| Profit | 23,370 | 20,466 | 19,400 |
| (YoY) | 161.9% | 87.6% | 94.8% |
| Dividends per share | ¥75.00 | ¥80.00 | ¥80.00 |
| Total assets | 392,065 | 414,350 | |
| Net assets | 151,834 | 166,105 | |
| Equity ratio | 38.7% | 40.1% | |

2. Consolidated Statements of Income

(Unit: millions of yen)

| | Year ended Feb. 28, 2018 | | Year ended Feb. 28, 2019 | | |
|--|--------------------------|------------|--------------------------|------------|--------|
| | Amount | % of Sales | Amount | % of Sales | YoY |
| Operating revenue | 729,857 | — | 732,136 | — | 100.3% |
| Net sales | 696,266 | 100.0% | 697,679 | 100.0% | 100.2% |
| Gross profit | 153,059 | 22.0% | 153,571 | 22.0% | 100.3% |
| Operating revenue | 33,591 | 4.8% | 34,457 | 4.9% | 102.6% |
| Operating gross profit | 186,651 | 26.8% | 188,028 | 27.0% | 100.7% |
| Selling, general and administrative expenses | 148,163 | 21.3% | 152,754 | 21.9% | 103.1% |
| Personnel expenses | 64,009 | 9.2% | 66,811 | 9.6% | 104.4% |
| Depreciation | 15,693 | 2.3% | 15,357 | 2.2% | 97.9% |
| Amortization of goodwill | 997 | 0.1% | 822 | 0.1% | 82.5% |
| Rental expenses | 11,585 | 1.7% | 11,556 | 1.7% | 99.7% |
| Utilities expenses | 8,072 | 1.2% | 8,639 | 1.2% | 107.0% |
| Advertising expenses | 14,494 | 2.1% | 14,864 | 2.1% | 102.6% |
| Other | 33,311 | 4.8% | 34,702 | 5.0% | 104.2% |
| Operating profit | 38,487 | 5.5% | 35,273 | 5.1% | 91.7% |
| Non-operating income | 1,562 | 0.2% | 1,518 | 0.2% | 97.2% |
| Interest and dividend income | 242 | 0.0% | 258 | 0.0% | 106.6% |
| Non-operating expenses | 1,841 | 0.3% | 1,692 | 0.2% | 91.9% |
| Interest expenses | 1,094 | 0.2% | 919 | 0.1% | 84.0% |
| Ordinary profit | 38,208 | 5.5% | 35,099 | 5.0% | 91.9% |
| Extraordinary income | 2,443 | 0.4% | 1,480 | 0.2% | 60.6% |
| Extraordinary losses | 1,448 | 0.2% | 3,085 | 0.4% | 213.0% |
| Profit before income taxes | 39,204 | 5.6% | 33,495 | 4.8% | 85.4% |
| Total income taxes | 11,902 | 1.7% | 9,894 | 1.4% | 83.1% |
| Profit attributable to non-controlling interests | 369 | 0.1% | 111 | 0.0% | 30.2% |
| Profit attributable to owners of parent | 26,932 | 3.9% | 23,488 | 3.4% | 87.2% |

1) Segment Information

| | Year ended Feb. 28, 2018 | | Year ended Feb. 28, 2019 | | |
|------------------------------|--------------------------|------------|--------------------------|------------|--------|
| | Amount | % of Total | Amount | % of Total | YoY |
| (Operating revenue) | | | | | |
| Retail operations | 710,545 | 97.4% | 712,410 | 97.3% | 100.3% |
| Retail-peripheral operations | 98,839 | 13.5% | 96,924 | 13.2% | 98.1% |
| Other | 5,273 | 0.7% | 5,332 | 0.7% | 101.1% |
| Adjustment | -84,800 | -11.6% | -82,530 | -11.3% | — |
| Total | 729,857 | 100.0% | 732,136 | 100.0% | 100.3% |
| (Operating profit) | | | | | |
| Retail operations | 33,397 | 86.8% | 30,224 | 85.7% | 90.5% |
| Retail-peripheral operations | 4,366 | 11.3% | 4,183 | 11.9% | 95.8% |
| Other | 1,052 | 2.7% | 1,086 | 3.1% | 103.3% |
| Adjustment | -329 | -0.9% | -220 | -0.6% | — |
| Total | 38,487 | 100.0% | 35,273 | 100.0% | 91.7% |

2) Financial Results of Major Subsidiaries

| Company | Business / Segment | | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 | YoY |
|------------------------------|------------------------------|-------------------|--------------------------|--------------------------|--------|
| YOU-ME CARD CO., LTD. | Finance | Operating revenue | 8,680 | 9,132 | 105.2% |
| | Retail-peripheral operations | Operating profit | 1,903 | 1,790 | 94.1% |
| IZUMI TECHNO Co., Ltd. | Store management | Operating revenue | 13,108 | 13,180 | 100.6% |
| | Retail-peripheral operations | Operating profit | 1,429 | 1,488 | 104.1% |
| IZUMI FOOD SERVICE CO., LTD. | Food services | Operating revenue | 5,763 | 5,779 | 100.3% |
| | Retail-peripheral operations | Operating profit | 332 | 286 | 86.2% |
| Yume Mart Co., Ltd.* | Retail | Operating revenue | 27,970 | 27,674 | 98.9% |
| | Retail operations | Operating profit | 985 | 763 | 77.5% |
| Super Daiei Co., Ltd.* | Retail | Operating revenue | 16,950 | 15,912 | 93.9% |
| | Retail operations | Operating profit | 557 | 328 | 58.9% |
| YOURS Co., Ltd. | Retail | Operating revenue | 41,081 | 39,486 | 96.1% |
| | Retail operations | Operating profit | 658 | 649 | 98.7% |

*As of March 1, 2019, Yume Mart Co., Ltd. changed its name to Yume Mart Kumamoto Co., Ltd. and Super Daiei Co., Ltd. to Yume Mart Kitakyushu Co., Ltd. respectively.

3. Consolidated Balance Sheets

(Unit: millions of yen)

| | As of Feb. 28, 2018 | | As of Feb. 28, 2019 | | |
|---------------------------------------|---------------------|------------|---------------------|------------|----------|
| | Amount | % of Total | Amount | % of Total | Change |
| Total assets | 479,867 | 100.0% | 485,173 | 100.0% | + 5,306 |
| Cash and deposits | 8,410 | 1.8% | 8,136 | 1.7% | - 274 |
| Notes and accounts receivable - trade | 37,245 | 7.8% | 39,784 | 8.2% | + 2,539 |
| Merchandise and finished goods | 28,047 | 5.8% | 28,355 | 5.8% | + 307 |
| Property, plant and equipment | 333,548 | 69.5% | 338,121 | 69.7% | + 4,572 |
| Leasehold and guarantee deposits | 18,024 | 3.8% | 17,540 | 3.6% | - 484 |
| Investment securities | 11,390 | 2.4% | 10,396 | 2.1% | - 993 |
| Other | 43,199 | 9.0% | 42,838 | 8.8% | - 361 |
| Liabilities | 285,015 | 59.4% | 273,626 | 56.4% | - 11,388 |
| Notes and accounts payable - trade | 34,649 | 7.2% | 31,275 | 6.4% | - 3,373 |
| Interest-bearing liabilities | 171,995 | 35.8% | 162,974 | 33.6% | - 9,020 |
| Other | 78,370 | 16.3% | 79,376 | 16.4% | + 1,005 |
| Net assets | 194,851 | 40.6% | 211,546 | 43.6% | + 16,695 |
| Treasury shares | -18 | 0.0% | -26 | 0.0% | - 6 |
| Other | 182,975 | 38.1% | 199,922 | 41.2% | + 16,947 |
| Non-controlling interests | 11,894 | 2.5% | 11,649 | 2.4% | - 245 |

*Change in the number of issued shares

| | | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 |
|-------------------------------|--------------------------------|-----------------------------|-----------------------------|
| 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 | 6,700 |
| | (Acquired during the period) | 1,090 | 1,024 |
| | (Cancelled during the period) | 7,196,720 | 0 |
| A - B | | 71,659,524 | 71,658,500 |
| (Average during the period) | | 71,660,157 | 71,658,940 |

4. Consolidated Statements of Cash Flows

(Unit: millions of yen)

| | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 |
|---|-----------------------------|-----------------------------|
| Cash flows from operating activities | + 42,592 | + 33,642 |
| Profit before income taxes | + 39,204 | + 33,495 |
| Non-cash loss/gain (depreciation, etc.) | + 18,256 | + 18,976 |
| Increase/decrease in claims and obligations related to operating activities | - 1,332 | - 5,321 |
| Income taxes and interest income | - 12,448 | - 14,588 |
| Other | - 1,088 | + 1,080 |
| Cash flows from investing activities | - 29,067 | - 19,101 |
| Capital investment related | - 28,004 | - 18,877 |
| Other | - 1,063 | - 224 |
| Cash flows from financing activities | - 15,477 | - 14,793 |
| Interest-bearing liabilities related | - 10,470 | - 9,019 |
| Other | - 5,007 | - 5,773 |
| Increase/decrease in cash and cash equivalents | - 1,952 | - 252 |

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

1) Statement of Income

(Unit: millions of yen)

| | Year ended Feb. 28, 2018 | | Year ended Feb. 28, 2019 | | |
|--|--------------------------|------------|--------------------------|------------|--------|
| | Amount | % of Sales | Amount | % of Sales | YoY |
| Operating revenue | 683,850 | — | 686,991 | — | 100.5% |
| Net sales | 652,669 | 100.0% | 655,328 | 100.0% | 100.4% |
| Gross profit | 121,014 | 18.5% | 122,806 | 18.7% | 101.5% |
| Operating revenue | 31,181 | 4.8% | 31,663 | 4.8% | 101.5% |
| Real estate lease revenue | 7,994 | 1.2% | 8,218 | 1.3% | 102.8% |
| Distribution center revenue | 9,231 | 1.4% | 9,503 | 1.5% | 103.0% |
| Store lease joint management expense revenue | 9,217 | 1.4% | 9,081 | 1.4% | 98.5% |
| Other | 4,737 | 0.7% | 4,859 | 0.7% | 102.6% |
| Operating gross profit | 152,195 | 23.3% | 154,469 | 23.6% | 101.5% |
| Selling, general and administrative expenses | 120,178 | 18.4% | 125,328 | 19.1% | 104.3% |
| Personnel expenses | 44,431 | 6.8% | 47,078 | 7.2% | 106.0% |
| Depreciation | 13,277 | 2.0% | 13,113 | 2.0% | 98.8% |
| Rental expenses | 9,569 | 1.5% | 9,637 | 1.5% | 100.7% |
| Store management expenses | 9,658 | 1.5% | 9,776 | 1.5% | 101.2% |
| Utilities expenses | 6,021 | 0.9% | 6,565 | 1.0% | 109.0% |
| Advertising expenses | 12,353 | 1.9% | 12,705 | 1.9% | 102.8% |
| Other | 24,866 | 3.8% | 26,451 | 4.0% | 106.4% |
| Operating profit | 32,017 | 4.9% | 29,141 | 4.4% | 91.0% |
| Non-operating income | 1,424 | 0.2% | 1,395 | 0.2% | 98.0% |
| Interest and dividend income | 351 | 0.1% | 378 | 0.1% | 107.8% |
| Non-operating expenses | 1,523 | 0.2% | 1,358 | 0.2% | 89.2% |
| Interest expenses | 1,045 | 0.2% | 898 | 0.1% | 85.9% |
| Ordinary profit | 31,918 | 4.9% | 29,177 | 4.5% | 91.4% |
| Extraordinary income | 2,126 | 0.3% | 1,371 | 0.2% | 64.5% |
| Extraordinary losses | 685 | 0.1% | 1,744 | 0.3% | 254.6% |
| Profit before income taxes | 33,359 | 5.1% | 28,804 | 4.4% | 86.3% |
| Profit | 23,370 | 3.6% | 20,466 | 3.1% | 87.6% |

2) Sales Information

| | Year ended Feb. 28, 2018 | | Year ended Feb. 28, 2019 | | |
|-------------------------------|--------------------------|------------|--------------------------|------------|--------|
| | Amount | % of Total | Amount | % of Total | YoY |
| (By Product) | | | | | |
| Clothing | 71,476 | 11.0% | 70,175 | 10.7% | 98.2% |
| Household goods | 46,498 | 7.1% | 46,956 | 7.2% | 101.0% |
| Foods | 215,503 | 33.0% | 220,819 | 33.7% | 102.5% |
| Directly managed stores total | 333,478 | 51.1% | 337,950 | 51.6% | 101.3% |
| Tenants | 237,210 | 36.3% | 238,689 | 36.4% | 100.6% |
| X-SELL Division | 15,774 | 2.4% | 15,328 | 2.3% | 97.2% |
| Product supply, etc. | 66,205 | 10.1% | 63,358 | 9.7% | 95.7% |
| Total | 652,669 | 100.0% | 655,328 | 100.0% | 100.4% |
| (By Region) | | | | | |
| Chugoku | 262,239 | 40.2% | 263,976 | 40.3% | 100.7% |
| Kyushu | 259,614 | 39.8% | 258,960 | 39.5% | 99.7% |
| Other | 130,815 | 20.0% | 132,391 | 20.2% | 101.2% |
| Total | 652,669 | 100.0% | 655,328 | 100.0% | 100.4% |

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

| | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 |
|-------------------------------|--------------------------|--------------------------|
| Clothing | 99.4% | 97.2% |
| Household goods | 100.7% | 100.2% |
| Foods | 99.5% | 100.4% |
| Directly managed stores total | 99.6% | 99.7% |
| Tenants | 98.7% | 98.9% |
| Total | 99.2% | 99.4% |
| Chugoku | 99.3% | 99.3% |
| Kyushu | 99.2% | 99.1% |
| Number of customers | 99.3% | 98.8% |
| Average spent per customer | 100.3% | 101.0% |
| Average spent per item | 100.3% | 99.8% |
| Number of purchases | 100.1% | 101.1% |

4) Gross Profit Ratio

| | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 |
|-------------------------------|--------------------------|--------------------------|
| Clothing | 38.0% | 38.3% |
| Household goods | 32.2% | 32.3% |
| Foods | 25.8% | 26.0% |
| Directly managed stores total | 29.3% | 29.5% |
| Tenants | 8.0% | 8.0% |
| X-SELL Division | 26.4% | 26.0% |
| Product supply, etc. | 0.5% | 0.4% |
| Total | 18.5% | 18.7% |
| (Loss rate) | | |
| Clothing | 9.8% | 10.5% |
| Household goods | 3.0% | 3.2% |
| Foods | 3.1% | 3.1% |
| Directly managed stores total | 4.5% | 4.7% |
| (Inventory turnover in days) | | |
| Clothing | 70.9 | 72.3 |
| Household goods | 82.4 | 83.9 |
| Foods | 10.4 | 10.7 |
| Directly managed stores total | 33.1 | 33.3 |

5) Average Number of Employees during the Period

| | Year ended Feb. 28, 2018 | Year ended Feb. 28, 2019 |
|---|--------------------------|--------------------------|
| Full employees | 2,581 | 2,712 |
| Semi-full employees (8-hour equivalent) | 6,082 | 6,147 |
| Part-time employees (8-hour equivalent) | 4,297 | 4,309 |
| Total | 12,960 | 13,168 |
| (% of Total) | | |
| Full employees | 19.9% | 20.6% |
| Semi-full employees (8-hour equivalent) | 46.9% | 46.7% |
| Part-time employees (8-hour equivalent) | 33.2% | 32.7% |
| Total | 100.0% | 100.0% |
| (Indicators: Directly managed stores and X-SELL Division) | | |
| Net sales per employee | 26,949 thousand yen | 26,828 thousand yen |
| Gross profit per employee | 7,854 thousand yen | 7,862 thousand yen |
| Personnel expenses per employee | 3,428 thousand yen | 3,575 thousand yen |
| Personnel expenses/sales ratio | 12.7% | 13.3% |
| Personnel expenses/gross profit ratio | 43.6% | 45.5% |

6) Stores and Capital Investment

| | As of Feb. 28, 2018 | As of Feb. 28, 2019 |
|---|--------------------------|--------------------------|
| New stores | 5 | 6 |
| (X-SELL stand-alone type stores) | 2 | 1 |
| Stores closed | 0 | 4 |
| Number of stores at the end of the period | 110 | 112 |
| (X-SELL stand-alone type stores) | 11 | 10 |
| Sales floor area at the end of period | 1,101,402 m ² | 1,135,551 m ² |
| Capital investment (construction basis) | 12,991 million yen | 18,907 million yen |
| Capital investment (payment basis) | 25,129 million yen | 16,186 million yen |

7) Store Information as of February 28, 2019

(Excluding X-SELL stand-alone type stores)

| | Stores | Sales Share |
|--------------------------------|--------|-------------|
| (By Store Area) | | |
| 20,000 m ² or more | 17 | 53.3% |
| Up to 20,000 m ² | 26 | 26.5% |
| Up to 10,000 m ² | 30 | 13.5% |
| Less than 3,000 m ² | 29 | 6.8% |
| Total | 102 | 100.0% |
| (By Store Age) | | |
| 10 years or less | 35 | 27.6% |
| 20 years or less | 20 | 46.0% |
| 30 years or less | 34 | 20.8% |
| More than 30 years | 13 | 5.6% |
| Total | 102 | 100.0% |

8) New Stores

(Results of the year ended February 28, 2019)

| Month Opened | Store Name | Location | Store Area |
|--------------|------------------------|-----------------------------|-------------------------------|
| 2018/08 | youme Town Kudamatsu*1 | Kudamatsu, Yamaguchi Pref. | Approx. 20,500 m ² |
| 2018/08 | youme Town Himeji*1 | Himeji, Hyogo Pref. | Approx. 28,200 m ² |
| 2018/09 | youme Mart Jono | Kokuraminami-ku, Kitakyushu | Approx. 2,020 m ² |
| 2018/11 | youme Mart Kume | Kita-ku, Okayama | Approx. 1,895 m ² |
| 2018/11 | youme Mart Kita | Takamatsu, Kagawa Pref. | Approx. 1,880 m ² |

(Planned for the year ending February 29, 2020)

| Opening | Store Name | Location | Store Area |
|-------------|--------------------------------|------------------------------|-------------------------------|
| 2019/03 | youme Town Fukuyama (tent.)*2 | Fukuyama, Hiroshima Pref. | Approx. 20,000 m ² |
| 2019/04 | youme Mart Hita | Hita, Oita Pref. | Approx. 2,350 m ² |
| 2019/04 | youme Mart Mitajiri | Hofu, Yamaguchi Pref. | Approx. 1,540 m ² |
| 2019/Spring | youme Mart Minamionoda (tent.) | Sanyo-Onoda, Yamaguchi Pref. | Approx. 1,880 m ² |
| 2019/Summer | youme Mart Aoyama (tent.) | Yahatanishi-ku, Kitakyushu | Approx. 2,040 m ² |

*1 youme Town Kudamatsu had a grand opening in October and youme Town Himeji in December respectively after taking over the properties in August, 2018.

*2 Scheduled to open the whole store in the summer of 2019 through the renovation after taking over the property in March, 2019.

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

| | As of Feb. 28, 2018 | As of Feb. 28, 2019 |
|---------------------------------|---------------------|---------------------|
| (Number of shareholders) | | |
| Financial instruments traders | 26 | 26 |
| Foreign investors | 264 | 269 |
| Financial institutions | 46 | 45 |
| Other domestic companies | 290 | 286 |
| Individuals, etc. | 2,944 | 3,635 |
| Total | 3,570 | 4,261 |
| (Percentage held) | | |
| Financial instruments traders | 0.8% | 1.6% |
| Foreign investors | 14.9% | 14.1% |
| Financial institutions | 25.2% | 25.0% |
| Other domestic companies | 43.0% | 43.0% |
| Individuals and treasury shares | 16.1% | 16.3% |
| Total | 100.0% | 100.0% |