

Investors' Guide

May-2017

Shimamura Co., Ltd.

I . Shimamura Co., Ltd. (Consolidated)

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I. Shimamura Co., Ltd. (Consolidated)

1. Consolidated Financial Summary and Forecast

(1) Consolidated Profit and loss statement

(Units : Millions of yen、%)

Subject	May-2016			Feb-2017			May-2017			Feb-2018 Forecast		
	Amount	Comp	YOY	Amount	Comp	YOY	Amount	Comp	YOY	Amount	Comp	YOY
Net Sales	140,405	100.0	106.7	565,469	100.0	103.6	138,070	100.0	98.3	610,000	100.0	107.9
Shimamura	110,730	78.9	105.4	451,937	79.9	102.4	107,012	77.5	96.6	478,500	78.5	105.9
Avail	13,281	9.4	105.5	50,377	8.9	101.8	13,097	9.5	98.6	57,500	9.4	114.1
Birthday	12,328	8.8	127.9	46,882	8.3	121.6	13,989	10.1	113.5	54,500	9.0	116.2
Chambre	2,546	1.8	96.4	9,521	1.7	94.9	2,546	1.8	100.0	11,700	1.9	122.9
Divalo	254	0.2	97.9	611	0.1	62.3	131	0.1	51.7	800	0.1	130.9
CHINA TAIWAN	1,102	0.8	87.5	5,571	1.0	109.0	1,182	0.9	107.3	6,300	1.0	113.1
CHINA(Shanghai)	163	0.1	105.1	567	0.1	77.9	109	0.1	67.1	700	0.1	123.4
Cost of goods sold	94,249	67.1	104.5	377,852	66.8	101.1	91,406	66.2	97.0	404,348	66.3	107.0
Gross profit	46,155	32.9	111.3	187,616	33.2	108.9	46,663	33.8	101.1	205,652	33.7	109.6
Other operating income	249	0.2	105.6	1,041	0.2	108.0	247	0.2	99.2	1,004	0.2	96.4
Operating Gross Profit	46,405	33.1	111.2	188,658	33.4	108.9	46,910	34.0	101.1	206,656	33.9	109.5
SG & A expenses	34,358	24.5	104.1	139,863	24.8	105.0	36,398	26.4	105.9	149,956	24.6	107.2
Operating Profit	12,046	8.6	138.5	48,794	8.6	122.3	10,512	7.6	87.3	56,700	9.3	116.2
Non-operating income	319	0.2	84.1	1,299	0.3	115.2	198	0.2	62.0	980	0.2	75.4
Non-operating expenses	39	0.0	204.2	14	0.0	4.4	2	0.0	6.2	15	0.0	103.0
Ordinary Profit	12,326	8.8	136.1	50,079	8.9	123.0	10,708	7.8	86.9	57,665	9.5	115.1
Extraordinary profit	—	—	—	0	0.0	13.2	—	—	—	—	—	—
Extraordinary losses	232	0.2	77.8	868	0.2	55.4	121	0.1	52.2	1,015	0.2	116.9
Pretax profit	12,094	8.6	138.1	49,211	8.7	125.7	10,587	7.7	87.5	56,650	9.3	115.1
Tax	4,112	2.9	127.6	16,349	2.9	113.6	3,477	2.6	84.6	18,150	3.0	111.0
Net Profit	7,982	5.7	144.2	32,862	5.8	132.8	7,109	5.1	89.1	38,500	6.3	117.2

(2) Selling, General and Administrative Expenses

(Units : Millions of yen, %)

Subject	May-2016			Feb-2017			May-2017			Feb-2018 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Wages	13,090	9.3	104.8	54,064	9.6	106.1	13,906	10.1	106.2	57,926	9.5	107.1
Personal expenses	15,371	11.0	104.6	64,095	11.4	105.9	16,349	11.8	106.4	68,711	11.3	107.2
Advertising expenses	4,170	3.0	106.6	13,995	2.5	102.5	4,474	3.2	107.3	15,650	2.6	111.8
Selling expenses	5,502	3.9	109.3	19,316	3.4	104.8	5,836	4.2	106.1	21,361	3.5	110.6
Non-durable goods	328	0.2	69.2	1,587	0.3	88.8	303	0.2	92.4	1,513	0.2	95.3
Display total	715	0.5	184.9	3,129	0.6	171.9	894	0.6	125.1	3,465	0.6	110.7
Operating expenses	1,939	1.4	97.3	8,400	1.5	117.1	2,279	1.7	117.6	8,586	1.4	102.2
Rental expenses	7,473	5.3	104.4	30,380	5.4	104.3	7,749	5.6	103.7	32,249	5.3	106.1
Depreciation	1,438	1.0	102.8	5,907	1.0	101.0	1,399	1.0	97.2	6,040	1.0	102.2
Facilities cost	10,705	7.6	100.8	44,650	7.9	101.0	10,878	7.9	101.6	47,048	7.7	105.4
General expenses	839	0.6	125.0	3,400	0.6	115.7	1,053	0.8	125.5	4,248	0.7	124.9
SG & A expenses	34,358	24.5	104.1	139,863	24.8	105.0	36,398	26.4	105.9	149,956	24.6	107.2

(3) Consolidated quarterly Profit and loss statement

(Units : Millions of yen, %)

Subject	May-2017			Aug-2017			Nov-2017			Feb-2018		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	138,070	100.0	98.3									
Cost of goods sold	91,406	66.2	97.0									
Gross profit	46,663	33.8	101.1									
Other operating income	247	0.2	99.2									
Operating Gross Profit	46,910	34.0	101.1									
SG & A expenses	36,398	26.4	105.9									
Operating Profit	10,512	7.6	87.3									
Ordinary Profit	10,708	7.8	86.9									
Net Profit	7,109	5.1	89.1									

(4) Consolidated Balance Sheets

(Units : Millions of yen, %)

	May-2016			Feb-2017			May-2017		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Current assets	199,929	54.0	104.5	208,044	54.8	114.4	260,271	60.2	130.2
Noncurrent assets	170,392	46.0	106.6	171,642	45.2	101.4	171,857	39.8	100.9
Total assets	370,321	100.0	105.5	379,686	100.0	108.1	432,129	100.0	116.7
Current liabilities	56,415	15.2	102.4	43,577	11.5	103.2	93,464	21.7	165.7
Noncurrent liabilities	4,259	1.2	68.3	4,754	1.2	113.1	4,866	1.1	114.2
Total liabilities	60,675	16.4	98.9	48,331	12.7	104.1	98,330	22.8	162.1
Total shareholder's equity	306,657	82.8	107.0	327,910	86.4	108.5	330,160	76.4	107.7
Valuation difference	2,988	0.8	99.1	3,444	0.9	138.6	3,638	0.8	121.7
Total net assets	309,646	83.6	106.9	331,354	87.3	108.7	333,798	77.2	107.8
Total assets	370,321	100.0	105.5	379,686	100.0	108.1	432,129	100.0	116.7

(5) Consolidated Major Financial Indicators

	May-2013	May-2014	May-2015	May-2016	May-2017
Capital adequacy ratio	81.7%	81.6%	82.5%	83.6%	77.2%
ROE	2.4%	1.9%	1.9%	2.6%	2.1%
ROA	2.0%	1.6%	1.6%	2.2%	1.8%
Ordinary profit to total assets	3.4%	2.8%	2.7%	3.4%	2.6%
Total assets turnover ratio	0.40times	0.39times	0.39times	0.39times	0.34times
Interest-bearing debt ratio	1.9%	1.7%	1.1%	0.5%	0.0%
Gross profit ratio	32.7%	31.8%	31.5%	32.9%	33.8%
SG & A expenses ratio	24.9%	25.1%	25.1%	24.5%	26.4%
Operating profit ratio	8.0%	6.8%	6.6%	8.6%	7.6%
Ordinary profit ratio	8.4%	7.0%	6.9%	8.8%	7.8%
Net assets per share	6,846.17yen	7,370.72yen	7,880.83yen	8,424.42yen	9,082.08yen
EPS	164.62yen	142.65yen	150.59yen	217.17yen	193.44yen

2. Number of Stores by Region

Store Type Prefecture	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End
Hokkaido	65			65	20			20	15			15	10			10	1			1	111			111
Aomori	23			23	6			6	2			2	4			4					35			35
Iwate	19	1		20	7			7	3			3	1			1					30	1		31
Miyagi	35			35	10			10	8			8	3			3					56			56
Akita	17			17	7			7	4			4	2			2					30			30
Yamagata	16			16	6			6	5			5	3			3					30			30
Fukushima	40			40	9			9	5			5	5			5					59			59
Hokkaido Tohoku Area	215	1		216	65			65	42			42	28			28	1			1	351	1		352
Ibaraki	56			56	14			14	12			12	4			4	1			1	87			87
Tochigi	35			35	9			9	10			10	8			8					62			62
Gunma	38			38	11			11	7			7	5			5					61			61
Saitama	103			103	24			24	16			16	6			6	2			2	151			151
Chiba	74			74	17			17	19			19	3			3					113			113
Tokyo	60			60	5			5	8			8	2			2	1			1	76			76
Kanagawa	58	1		59	11			11	8			8	1			1	1			1	79	1		80
Yamanashi	14			14	5			5	2			2	1			1					22			22
Nagano	40			40	10			10	4			4	4			4					58			58
Kanto Koshin Area	478	1		479	106			106	86			86	34			34	5			5	709	1		710
Niigata	36			36	10			10	6			6	2			2					54			54
Toyama	22			22	3			3	2			2									27			27
Ishikawa	18			18	2			2	3			3									23			23
Fukui	12			12	2			2	2			2	2			2					18			18
Hokuriku Area	88			88	17			17	13			13	4			4	0			0	122			122
Gifu	27			27	1			1	3			3									31			31
Shizuoka	41			41	7			7	8			8	3			3					59			59
Aichi	60	2		62	7			7	4	1		5									71	3		74
Mie	22			22	7			7	2			2	1			1					32			32
Tokai Area	150	2		152	22			22	17	1		18	4			4	0			0	193	3		196

Store Type	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End	2017 End	Op en	Clo se	May-17 End
Shiga	19			19	3			3	4			4	1			1					27			27
Kyoto	17			17	3			3	2			2									22			22
Oosaka	44	1		45	13			13	10	1		11	1			1	1			1	69	2		71
Hyougo	41			41	10			10	6			6	2			2	1			1	60			60
Nara	15	1		16	6			6	3			3	3			3					27	1		28
Wakayama	14			14	1	1		2	1	1		2	1			1					17	2		19
Kinki Area	150	2		152	36	1		37	26	2		28	8			8	2			2	222	5		227
Tottori	7			7	2			2	2			2	2			2					13			13
Shimane	9			9	2			2	3			3	2			2	1			1	17			17
Okayama	22			22	4			4	4			4									30			30
Hiroshima	22			22	3			3	3			3	1			1	1			1	30			30
Yamaguchi	20			20	4			4	3	1		4									27	1		28
Chugoku Area	80			80	15			15	15	1		16	5			5	2			2	117	1		118
Tokushima	9			9	2			2	1			1									12			12
Kagawa	13			13	2			2	2			2	1			1					18			18
Ehime	17			17	4			4	4			4	2			2	1			1	28			28
Kochi	12			12	2			2	1			1									15			15
Shikoku Area	51			51	10			10	8			8	3			3	1			1	73			73
Fukuoka	47			47	13			13	15			15	2			2					77			77
Saga	12			12					1			1									13			13
Nagasaki	12			12	3			3	3			3	3			3					21			21
Kumamoto	21			21	2			2	3			3	1			1					27			27
Ooita	16			16	3			3	3			3	1			1					23			23
Miyazaki	17			17	2			2	2			2									21			21
Kagoshima	18			18	4			4	2			2	2			2					26			26
Okinawa	10			10	3			3	4			4	1			1					18			18
Kyusyu Okinawa Area	153			153	30			30	33			33	10			10	0			0	226			226
Japan Total	1,365	6		1,371	301	1		302	240	4		244	96			96	11			11	2,013	11		2,024
CHINA TAIWAN																					42	1		43
CHINA(Shanghai)																					11			11
T o t a l	1,365	6		1,371	301	1		302	240	4		244	96			96	11			11	2,066	12		2,078

3. Store operation

(1) Store openings

		Feb-2016	May-2016	Feb-2017	May-2017	Feb-2018 Forecast
Shimamura	New store openings	26	3	21	6	26
	Closures	2	1	1	0	3
	Renovation	88	26	71	26	86
	Scrap & rebuild	6	2	6	2	3
	Year-end total	1,345	1,347	1,365	1,371	1,388
Avail	New store openings	13	2	5	1	15
	Closures	6	0	0	0	0
	Scrap & rebuild	0	1	2	0	1
	Year-end total	296	298	301	302	316
Birthday	New store openings	36	8	30	4	30
	Closures	0	0	0	0	2
	Scrap & rebuild	0	0	0	0	0
	Year-end total	210	218	240	244	268
Chambre	New store openings	9	0	5	0	5
	Closures	2	0	0	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	91	91	96	96	101
Divalo	New store openings	2	0	0	0	9
	Closures	0	9	9	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	20	11	11	11	20
CHINA TAIWAN Shimamura	New store openings	2	0	3	1	3
	Closures	0	0	0	0	0
	Scrap & rebuild	1	0	0	0	0
	Year-end total	39	39	42	43	45
CHINA(Shanghai) Shimamura	New store openings	7	0	0	0	2
	Closures	1	2	3	0	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	14	12	11	11	12
Shimamura Group	New store openings	95	13	64	12	90
	Closures	11	12	13	0	6
	Scrap & rebuild	7	3	8	2	4
	Year-end total	2,015	2,016	2,066	2,078	2,150

(2) Retail Floor Space

(Units : m²)

Store Type	Feb-2016	May-2016	Feb-2017	May-2017	Feb-2018 Forecast
Shimamura	1,399,306	1,402,676	1,422,010	1,428,135	1,450,000
Avail	293,602	295,331	297,993	299,073	312,000
Birthday	195,120	201,899	222,192	225,877	248,000
Chambre	87,278	87,278	92,259	92,259	97,000
Divalo	6,497	4,163	4,163	4,163	9,000
CHINA TAIWAN Shimamura	37,759	37,759	40,212	41,160	43,000
CHINA (Shanghai) Shimamura	10,442	8,994	10,142	10,142	11,000
Shimamura Group	2,030,004	2,038,100	2,088,971	2,100,809	2,170,000

4. Number of Employees

(Units : person, %)

		May-2016		Feb-2017		May-2017		Feb-2018 Forecast	
		Person	YOY	Person	YOY	Person	YOY	Person	YOY
Shimamura Non-consolidated	Full-time	2,514	102.1	2,487	102.3	2,635	104.8	2,590	104.1
	Part-time	11,935	104.0	12,307	104.3	12,265	102.8	12,800	104.0
	Total	14,449	103.6	14,794	104.0	14,900	103.1	15,390	104.0
Subsidiary	Full-time	115	116.2	128	107.6	130	113.0	130	101.6
	Part-time	384	125.9	399	111.5	411	107.0	430	107.8
	Total	499	123.5	527	110.5	541	108.4	560	106.3
Shimamura Group Total	Full-time	2,629	102.6	2,615	102.6	2,765	105.2	2,720	104.0
	Part-time	12,319	104.5	12,706	104.5	12,676	102.9	13,230	104.1
	Total	14,948	104.2	15,321	104.2	15,441	103.3	15,950	104.1