

Investors' Guide

November -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	Nov-2016			Feb-2017			Nov-2017			Feb-2018 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	428,462	100.0	104.8	565,469	100.0	103.6	426,912	100.0	99.6	593,000	100.0	104.9
Shimamura	343,046	80.1	103.6	451,937	79.9	102.4	337,246	79.0	98.3	467,000	78.8	103.3
Avail	38,276	8.9	103.4	50,377	8.9	101.8	38,321	9.0	100.1	53,800	9.1	106.8
Birthday	35,461	8.3	125.1	46,882	8.3	121.6	39,285	9.2	110.8	54,200	9.1	115.6
Chambre	7,025	1.6	94.3	9,521	1.7	94.9	7,138	1.7	101.6	10,300	1.7	108.2
Divalo	510	0.1	67.1	611	0.1	62.3	386	0.1	75.7	700	0.1	114.6
CHINA TAIWAN	3,761	0.9	97.9	5,571	1.0	109.0	4,147	0.9	110.3	6,300	1.1	113.1
CHINA(Shanghai)	380	0.1	72.8	567	0.1	77.9	385	0.1	101.6	700	0.1	123.4
Cost of goods sold	284,185	66.3	102.2	377,852	66.8	101.1	282,001	66.1	99.2	392,848	66.2	104.0
Gross profit	144,277	33.7	110.2	187,616	33.2	108.9	144,910	33.9	100.4	200,152	33.8	106.7
Other operating income	787	0.2	107.5	1,041	0.2	108.0	762	0.2	96.8	1,004	0.1	96.4
Operating Gross Profit	145,064	33.9	110.2	188,658	33.4	108.9	145,673	34.1	100.4	201,156	33.9	106.6
SG & A expenses	105,495	24.7	104.7	139,863	24.8	105.0	110,587	25.9	104.8	149,956	25.3	107.2
Operating Profit	39,569	9.2	128.1	48,794	8.6	122.3	35,085	8.2	88.7	51,200	8.6	104.9
Non-operating income	969	0.3	108.6	1,299	0.3	115.2	883	0.2	91.1	980	0.2	75.4
Non-operating expenses	12	0.0	17.7	14	0.0	4.4	6	0.0	48.8	15	0.0	103.0
Ordinary Profit	40,527	9.5	127.8	50,079	8.9	123.0	35,963	8.4	88.7	52,165	8.8	104.2
Extraordinary profit	—	—	—	0	0.0	13.2	—	—	—	—	—	—
Extraordinary losses	491	0.2	66.9	868	0.2	55.4	585	0.1	119.2	1,015	0.2	116.9
Pretax profit	40,035	9.3	129.2	49,211	8.7	125.7	35,377	8.3	88.4	51,150	8.6	103.9
Tax	13,612	3.1	118.0	16,349	2.9	113.6	11,402	2.7	83.8	16,350	2.7	100.0
Net Profit	26,423	6.2	135.9	32,862	5.8	132.8	23,974	5.6	90.7	34,800	5.9	105.9

(2) Selling, General and Administrative Expenses

(Units : Millions of yen, %)

Subject	Nov-2016			Feb-2017			Nov-2017			Feb-2018 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Wages	40,392	9.4	105.8	54,064	9.6	106.1	43,135	10.1	106.8	57,926	9.8	107.1
Personal expenses	47,758	11.2	105.6	64,095	11.4	105.9	51,063	12.0	106.9	68,711	11.6	107.2
Advertising expenses	11,007	2.6	102.0	13,995	2.5	102.5	12,002	2.8	109.0	15,650	2.6	111.8
Selling expenses	14,982	3.5	104.6	19,316	3.4	104.8	16,163	3.8	107.9	21,361	3.6	110.6
Non-durable goods	1,334	0.3	95.9	1,587	0.3	88.8	999	0.2	74.9	1,513	0.3	95.3
Display total	2,564	0.6	159.6	3,129	0.6	171.9	2,601	0.6	101.4	3,465	0.6	110.7
Operating expenses	6,626	1.6	115.6	8,400	1.5	117.1	6,821	1.6	102.9	8,586	1.5	102.2
Rental expenses	22,637	5.3	104.2	30,380	5.4	104.3	23,452	5.5	103.6	32,249	5.4	106.1
Depreciation	4,394	1.0	101.5	5,907	1.0	101.0	4,259	1.0	96.9	6,040	1.0	102.2
Facilities cost	33,507	7.8	100.6	44,650	7.9	101.0	33,385	7.8	99.6	47,048	7.9	105.4
General expenses	2,620	0.6	121.1	3,400	0.6	115.7	3,154	0.7	120.4	4,248	0.7	124.9
SG & A expenses	105,495	24.7	104.7	139,863	24.8	105.0	110,587	25.9	104.8	149,956	25.3	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	146,033	100.0	103.8	142,809	100.0	96.9			
Cost of goods sold	91,406	66.2	97.0	96,503	66.1	103.2	94,091	65.9	97.6			
Gross profit	46,663	33.8	101.1	49,530	33.9	105.0	48,717	34.1	95.6			
Other operating income	247	0.2	99.2	268	0.2	98.7	245	0.2	92.6			
Operating Gross Profit	46,910	34.0	101.1	49,798	34.1	104.9	48,963	34.3	95.6			
SG & A expenses	36,398	26.4	105.9	36,471	25.0	106.1	37,749	26.4	102.5			
Operating Profit	10,512	7.6	87.3	13,327	9.1	101.8	11,214	7.9	78.0			
Ordinary Profit	10,708	7.8	86.9	13,668	9.4	102.4	11,586	8.1	78.0			
Net Profit	7,109	5.1	89.1	9,155	6.3	105.1	7,709	5.4	79.3			

(4) Consolidated Balance Sheets

(Units : Millions of yen, %)

	Nov-2016			Feb-2017			Nov-2017		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Current assets	264,841	60.5	133.1	208,044	54.8	114.4	241,842	58.3	91.3
Noncurrent assets	172,780	39.5	100.7	171,642	45.2	101.4	172,741	41.7	100.0
Total assets	437,622	100.0	118.1	379,686	100.0	108.1	414,583	100.0	94.7
Current liabilities	108,902	24.9	166.8	43,577	11.5	103.2	61,947	14.9	56.9
Noncurrent liabilities	4,508	1.0	97.1	4,754	1.2	113.1	5,348	1.3	118.6
Total liabilities	113,410	25.9	162.2	48,331	12.7	104.1	67,296	16.2	59.3
Total shareholder's equity	321,478	73.5	108.2	327,910	86.4	108.5	342,746	82.7	106.6
Valuation difference	2,733	0.6	74.3	3,444	0.9	138.6	4,540	1.1	166.1
Total net assets	324,211	74.1	107.8	331,354	87.3	108.7	347,287	83.8	107.1
Total assets	437,622	100.0	118.1	379,686	100.0	108.1	414,583	100.0	94.7

(5) Consolidated Major Financial Indicators

	Nov-2013	Nov-2014	Nov-2015	Nov-2016	Nov-2017
Capital adequacy ratio	80.3%	80.6%	81.1%	74.1%	83.8%
ROE	8.1%	6.9%	6.6%	8.4%	7.1%
ROA	6.6%	5.7%	5.5%	6.7%	6.0%
Ordinary profit to total assets	11.0%	9.5%	9.0%	10.3%	9.1%
Total assets turnover ratio	1.20 回	1.16 回	1.16 回	1.09 回	1.07 回
Interest-bearing debt ratio	1.8%	1.7%	0.5%	—	—
Gross profit ratio	32.8%	32.3%	32.0%	33.7%	33.9%
SG & A expenses ratio	24.2%	24.7%	24.6%	24.7%	25.9%
Operating profit ratio	8.8%	7.8%	7.6%	9.2%	8.2%
Ordinary profit ratio	9.1%	8.2%	7.8%	9.5%	8.4%
Net assets per share	7,163.23 円	7,686.91 円	8,182.03 円	8,821.01 円	9,448.96 円
EPS	563.26 円	514.51 円	529.14 円	718.91 円	652.30 円

2. Number of Stores by Region

Store Type Prefecture	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2017 End	Op en	clo se	Nov-17 End	2017 End	Op en	clo se	Nov-17 End	2017 End	Op en	clo se	Nov-17 End	2017 End	Op en	clo se	Nov-17 End	2017 End	Op en	clo se	Nov-17 End	2017 End	Op en	clo se	Nov-17 End
Hokkaido	65	2		67	20			20	15			15	10			10	1			1	111	2		113
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	3		218	65			65	42			42	28			28	1			1	351	3		354
Ibaraki	56			56	14			14	12		1	11	4			4	1			1	87		1	86
Tochigi	35			35	9			9	10			10	8			8					62			62
Gunma	38	1		39	11			11	7	1		8	5			5					61	2		63
Saitama	103			103	24			24	16			16	6			6	2			2	151			151
Chiba	74	1		75	17	1		18	19			19	3			3					113	2		115
Tokyo	60	2	1	61	5			5	8			8	2			2	1			1	76	2	1	77
Kanagawa	58	3		61	11			11	8	1		9	1			1	1			1	79	4		83
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	7	1	484	106	1		107	86	2	1	87	34			34	5			5	709	10	2	717
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	2		43	7			7	8	2		10	3			3					59	4		63
Aichi	60	3		63	7			7	4	2		6									71	5		76
Mie	22			22	7			7	2			2	1			1					32			32
Tokai Area	150	5		155	22			22	17	4		21	4			4	0			0	193	9		202

Store Type	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group				
	2017 End	Op en	Cl se	Nov-17 End	2017 End	Op en	Cl se	Nov-17 End	2017 End	Op en	Cl se	Nov-17 End	2017 End	Op en	Cl se	Nov-17 End	2017 End	Op en	Cl se	Nov-17 End	2017 End	Op en	Cl se	Nov-17 End	
Shiga	19	1	1	19	3			3	4		1	3	1			1					27	1	2	26	
Kyoto	17	1		18	3			3	2	1		3									22	2		24	
Oosaka	44	4	1	47	13	2		15	10	2		12	1			1	1			1	69	8	1	76	
Hyougo	41	1		42	10			10	6	1		7	2	1		3	1			1	60	3		63	
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	8	2	156	36	3		39	26	5	1	30	8	1		9	2			2	222	17	3	236	
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	2		5									27	2		29	
Chugoku Area	80			80	15			15	15	2		17	5			5	2			2	117	2		119	
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	1		16	2	1		3		1		1	77	3		80	
Saga	12			12					1			1									13			13	
Nagasaki	12	1		13	3			3	3			3	3			3					21	1		22	
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	1		11	3			3	4			4	1			1					18	1		19	
Kyusyu Okinawa Area	153	2		155	30			30	33	1		34	10	1		11	0	1		1	226	5		231	
Japan Total	1,365	25	3	1,387	301	4		305	240	14	2	252	96	2		98	11	1		12	2,013	46	5	2,054	
CHINA TAIWAN																						42	2		44
CHINA(Shanghai)																						11	0		11
T o t a l	1,365	25	3	1,387	301	4		305	240	14	2	252	96	2		98	11	1		12	2,066	48	5	2,109	

3. Store operation

(1) Store openings

		Feb-2016	Nov-2016	Feb-2017	Nov-2017	Feb-2018 Forecast
Shimamura	New store openings	26	17	21	25	26
	Closures	2	1	1	3	3
	Renovation	88	72	71	85	86
	Scrap & rebuild	6	5	6	2	3
	Year-end total	1,345	1,361	1,365	1,387	1,388
Avail	New store openings	13	3	5	4	15
	Closures	6	0	0	0	0
	Scrap & rebuild	0	2	2	1	1
	Year-end total	296	299	301	305	316
Birthday	New store openings	36	26	30	14	30
	Closures	0	0	0	2	2
	Scrap & rebuild	0	0	0	0	0
	Year-end total	210	236	240	252	268
Chambre	New store openings	9	3	5	2	5
	Closures	2	0	0	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	91	94	96	98	101
Divalo	New store openings	2	0	0	1	9
	Closures	0	9	9	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	20	11	11	12	20
CHINA TAIWAN Shimamura	New store openings	2	3	3	2	3
	Closures	0	0	0	0	0
	Scrap & rebuild	1	0	0	0	0
	Year-end total	39	42	42	44	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	52	64	48	90
	Closures	11	12	13	5	6
	Scrap & rebuild	7	7	8	3	4
	Year-end total	2,015	2,055	2,066	2,109	2,150

(2) Retail Floor Space

(Units : m²)

Store Type	Feb-2016	Nov-2016	Feb-2017	Nov-2017	Feb-2018 Forecast
Shimamura	1,399,306	1,418,228	1,422,010	1,445,606	1,450,000
Avail	293,602	296,069	297,993	302,027	312,000
Birthday	195,120	218,382	222,192	233,119	248,000
Chambre	87,278	90,376	92,259	93,415	97,000
Divalo	6,497	4,163	4,163	4,614	9,000
CHINA TAIWAN Shimamura	37,759	40,384	40,212	41,871	43,000
CHINA (Shanghai) Shimamura	12,473	11,025	10,142	10,142	11,000
Shimamura Group	2,032,035	2,078,627	2,088,971	2,130,794	2,170,000

4. Number of Employees

(Units : person, %)

		Nov-2016		Feb-2017		Nov-2017		Feb-2018 Forecast	
		Person	YOY	Person	YOY	Person	YOY	Person	YOY
Shimamura Non-consolidated	Full-time	2,517	102.5	2,487	102.3	2,647	105.2	2,590	104.1
	Part-time	12,242	104.3	12,307	104.3	12,569	102.7	12,800	104.0
	Total	14,759	104.0	14,794	104.0	15,216	103.1	15,390	104.0
Subsidiary	Full-time	128	115.3	128	107.6	514	—	510	—
	Part-time	393	115.2	399	111.5	57	14.5	60	15.0
	Total	521	115.3	527	110.5	571	109.6	570	108.2
Shimamura Group Total	Full-time	2,645	103.1	2,615	102.6	3,161	119.5	3,100	118.5
	Part-time	12,635	104.7	12,706	104.5	12,626	99.9	12,860	101.2
	Total	15,280	104.4	15,321	104.2	15,787	103.3	15,960	104.2

5. Capital Expenditures

(1) Shimamura Co., Ltd.(Non-consolidated)

(Until : Millions of yen, %)

	Nov-2016	YOY	Feb-2017	YOY	Nov-2017	YOY	Feb-2018 Forecast	YOY
Buildings	6,225	95.0	6,368	86.2	4,293	69.0	6,760	106.2
Structures	713	88.2	982	108.5	532	74.6	800	81.4
Machine	—	—	245	281.8	—	—	10	4.1
Equipment	252	87.4	285	71.2	223	88.5	380	133.1
Land	1,223	12.8	1,223	11.5	532	43.5	2,000	163.5
Construction in progress	114	—	53	—	463	—	1,200	—
Tangible fixed assets	8,530	49.6	9,158	47.2	6,045	70.9	11,150	121.7
Deposits for rent	1,485	102.5	1,842	105.0	1,643	110.6	2,000	108.6
Lease deposits	14	96.2	27	124.1	109	—	20	73.5
Total capital expenditures	10,030	53.7	11,027	52.0	7,798	77.7	13,170	119.4
Depreciation	4,246	101.1	5,724	100.8	4,114	96.9	5,840	102.0

(2) Subsidiary

(Units : Millions of yen, %)

	Nov-2016	YOY	Feb-2017	YOY	Nov-2017	YOY	Feb-2018 Forecast	YOY
Total capital expenditures	412	114.1	444	98.1	289	70.3	500	112.4
Depreciation	147	114.8	183	109.1	145	98.7	200	109.2

(3) Shimamura Co., Ltd.(consolidated)

(Units : Millions of yen, %)

	Nov-2016	YOY	Feb-2017	YOY	Nov-2017	YOY	Feb-2018 Forecast	YOY
Total capital expenditures	10,442	54.9	11,472	53.0	8,088	77.5	13,670	119.2
Depreciation	4,394	101.5	5,907	101.0	4,259	96.9	6,040	102.2