

Investors' Guide

May-2018

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-2017			Feb-2018			May-2018			Feb-2019 Forecast		
	Amount	Comp	YOY	Amount	Comp	YOY	Amount	Comp	YOY	Amount	Comp	YOY
Net Sales	138,070	100.0	98.3	565,102	100.0	99.9	137,618	100.0	99.7	587,500	100.0	104.0
Shimamura	107,012	77.5	96.6	446,141	78.9	98.7	105,259	76.5	98.4	458,330	78.0	102.7
Avail	13,097	9.5	98.6	50,782	9.0	100.8	12,935	9.4	98.8	55,000	9.4	108.3
Birthday	13,989	10.1	113.5	51,362	9.1	109.6	15,136	11.0	108.2	55,000	9.4	107.1
Chambre	2,546	1.8	100.0	9,688	1.7	101.8	2,621	1.9	102.9	10,760	1.8	111.1
Divalo	131	0.1	51.7	537	0.1	88.0	186	0.1	141.9	910	0.1	169.2
CHINA TAIWAN	1,182	0.9	107.3	5,987	1.1	107.5	1,331	1.0	112.6	6,500	1.1	108.6
CHINA(Shanghai)	109	0.1	67.1	601	0.1	106.0	147	0.1	135.0	1,000	0.2	166.4
Cost of goods sold	91,406	66.2	97.0	375,631	66.5	99.4	92,836	67.5	101.6	387,653	66.0	103.2
Gross profit	46,663	33.8	101.1	189,470	33.5	101.0	44,781	32.5	96.0	199,847	34.0	105.5
Other operating income	247	0.2	99.2	1,001	0.2	96.1	236	0.2	95.3	1,003	0.2	100.2
Operating Gross Profit	46,910	34.0	101.1	190,472	33.7	101.0	45,018	32.7	96.0	200,850	34.2	105.4
SG & A expenses	36,398	26.4	105.9	147,575	26.1	105.5	37,842	27.5	104.0	149,845	25.5	101.5
Operating Profit	10,512	7.6	87.3	42,896	7.6	87.9	7,175	5.2	68.3	51,005	8.7	118.9
Non-operating income	198	0.2	62.0	1,043	0.2	80.3	213	0.2	107.4	1,010	0.2	96.8
Non-operating expenses	2	0.0	6.2	20	0.0	140.9	2	0.0	108.3	15	0.0	73.1
Ordinary Profit	10,708	7.8	86.9	43,920	7.8	87.7	7,386	5.4	69.0	52,000	8.9	118.4
Extraordinary profit	—	—	—	—	—	—	—	—	—	—	—	—
Extraordinary losses	121	0.1	52.2	1,511	0.3	174.0	83	0.1	69.4	1,020	0.2	67.5
Pretax profit	10,587	7.7	87.5	42,408	7.5	86.2	7,302	5.3	69.0	50,980	8.7	120.2
Tax	3,477	2.6	84.6	12,691	2.2	77.6	2,519	1.8	72.5	15,980	2.7	125.9
Net Profit	7,109	5.1	89.1	29,717	5.3	90.4	4,782	3.5	67.3	35,000	6.0	117.8

(2) Selling, General and Administrative Expenses

(Units : Millions of yen, %)

Subject	May-2017			Feb-2018			May-2018			Feb-2019 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Wages	13,906	10.1	106.2	57,665	10.2	106.7	14,585	10.6	104.9	59,622	10.1	103.4
Personal expenses	16,349	11.8	106.4	68,419	12.1	106.7	17,202	12.5	105.2	70,785	12.0	103.5
Advertising expenses	4,474	3.2	107.3	15,760	2.8	112.6	4,665	3.4	104.3	15,642	2.7	99.2
Selling expenses	5,836	4.2	106.1	21,284	3.8	110.2	6,175	4.5	105.8	21,596	3.7	101.5
Non-durable goods	303	0.2	92.4	1,275	0.2	80.4	400	0.3	132.2	1,192	0.2	93.4
Display total	894	0.6	125.1	3,058	0.5	97.7	487	0.4	54.4	1,489	0.3	48.7
Operating expenses	2,279	1.7	117.6	8,597	1.5	102.3	2,135	1.5	93.7	6,324	1.1	73.6
Rental expenses	7,749	5.6	103.7	31,600	5.6	104.0	8,190	6.0	105.7	33,538	5.7	106.1
Depreciation	1,399	1.0	97.2	5,695	1.0	96.4	1,409	1.0	100.7	6,106	1.0	107.2
Facilities cost	10,878	7.9	101.6	45,239	8.0	101.3	11,288	8.2	103.8	46,683	7.9	103.2
General expenses	1,053	0.8	125.5	4,034	0.7	118.7	1,039	0.8	98.6	4,457	0.8	110.5
SG & A expenses	36,398	26.4	105.9	147,575	26.1	105.5	37,842	27.5	104.0	149,845	25.5	101.5

(3) Consolidated quarterly Profit and loss statement

(Units : Millions of yen, %)

Subject	May-2018			Aug-2018			Nov-2018			Feb-2019		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	137,618	100.0	99.7									
Cost of goods sold	92,836	67.5	101.6									
Gross profit	44,781	32.5	96.0									
Other operating income	236	0.2	95.3									
Operating Gross Profit	45,018	32.7	96.0									
SG & A expenses	37,842	27.5	104.0									
Operating Profit	7,175	5.2	68.3									
Ordinary Profit	7,386	5.4	69.0									
Net Profit	4,782	3.5	67.3									

(4) Consolidated Balance Sheets

(Units : Millions of yen, %)

	May-2017			Feb-2018			May-2018		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Current assets	260,271	60.2	130.2	225,303	56.7	108.3	284,883	62.3	109.5
Noncurrent assets	171,857	39.8	100.9	172,231	43.3	100.3	172,682	37.7	100.5
Total assets	432,129	100.0	116.7	397,534	100.0	104.7	457,565	100.0	105.9
Current liabilities	93,464	21.7	165.7	39,240	9.9	90.0	99,115	21.7	106.0
Noncurrent liabilities	4,866	1.1	114.2	5,202	1.3	109.4	5,198	1.1	106.8
Total liabilities	98,330	22.8	162.1	44,443	11.2	92.0	104,314	22.8	106.1
Total shareholder's equity	330,160	76.4	107.7	348,420	87.6	106.3	348,603	76.2	105.6
Valuation difference	3,638	0.8	121.7	4,671	1.2	135.6	4,647	1.0	127.8
Total net assets	333,798	77.2	107.8	353,091	88.8	106.6	353,251	77.2	105.8
Total assets	432,129	100.0	116.7	397,534	100.0	104.7	457,565	100.0	105.9

(5) Consolidated Major Financial Indicators

	May-2014	May-2015	May-2016	May-2017	May-2018
Capital adequacy ratio	81.6%	82.5%	83.6%	77.2%	77.2%
ROE	1.9%	1.9%	2.6%	2.1%	1.4%
ROA	1.6%	1.6%	2.2%	1.8%	1.1%
Ordinary profit to total assets	2.8%	2.7%	3.4%	2.6%	1.7%
Total assets turnover ratio	0.39times	0.39times	0.39times	0.34times	0.32times
Interest-bearing debt ratio	1.7%	1.1%	0.5%	0.0%	0.0%
Gross profit ratio	31.8%	31.5%	32.9%	33.8%	32.5%
SG & A expenses ratio	25.1%	25.1%	24.5%	26.4%	27.5%
Operating profit ratio	6.8%	6.6%	8.6%	7.6%	5.2%
Ordinary profit ratio	7.0%	6.9%	8.8%	7.8%	5.4%
Net assets per share	7,370.72yen	7,880.83yen	8,424.42yen	9,082.08yen	9,611.42yen
EPS	142.65yen	150.59yen	217.17yen	193.44yen	130.12yen

2. Number of Stores by Region

Store Type Prefecture	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End
Hokkaido	67			67	20			20	15			15	10			10	1			1	113			113
Aomori	23			23	6			6	2			2	4			4					35			35
Iwate	20			20	7			7	3			3	1			1					31			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	218	0	0	218	65	0	0	65	42	0	0	42	28	0	0	28	1	0	0	1	354	0	0	354
Ibaraki	56			56	14			14	11			11	4			4	1			1	86			86
Tochigi	35			35	9			9	10			10	8			8					62			62
Gunma	39			39	11			11	8			8	5			5					63			63
Saitama	103	1		104	24		1	23	16			16	6			6	2			2	151	1	1	151
Chiba	76	1		77	18			18	19			19	3			3					116	1		117
Tokyo	62	1		63	5			5	9	1		10	2			2	1			1	79	2		81
Kanagawa	63	1		64	11			11	10	1		11	1			1	2			2	87	2		89
Yamanashi	14			14	5			5	2			2	1			1					22			22
Nagano	41			41	11			11	5			5	4			4	1			1	62			62
Kanto Koshin Area	489	4	0	493	108	0	1	107	90	2	0	92	34	0	0	34	7	0	0	7	728	6	1	733
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	0	0	88	17	0	0	17	13	0	0	13	4	0	0	4	0	0	0	0	122	0	0	122
Gifu	27			27	1			1	3			3									31			31
Shizuoka	43			43	8	1		9	11	1		12	3			3					65	2		67
Aichi	65			65	8			8	7			7					1			1	81			81
Mie	22			22	7			7	2	1		3									31	1		32
Tokai Area	157	0	0	157	24	1	0	25	23	2	0	25	3	0	0	3	1	0	0	1	208	3	0	211

Store Type Prefecture	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End	2017 End	Op en	Clo se	May-18 End
Shiga	19			19	3			3	3			3	1			1					26			26
Kyoto	20			20	4			4	4			4				1			1		29			29
Oosaka	52	2		54	17	1		18	15	2		17	1			1	1		1		86	5		91
Hyougo	42	1		43	10			10	7	1		8	3			3	1	1	1		63	3	1	65
Nara	16			16	6			6	3			3	3			3					28			28
Wakayama	14			14	2			2	2			2	1			1					19			19
Kinki Area	163	3	0	166	42	1	0	43	34	3	0	37	9	0	0	9	3	1	1	3	251	8	1	258
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	5			5									29			29
Chugoku Area	80	0	0	80	15	0	0	15	17	0	0	17	5	0	0	5	2	0	0	2	119	0	0	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	0	0	51	10	0	0	10	8	0	0	8	3	0	0	3	1	0	0	1	73	0	0	73
Fukuoka	47			47	14			14	16			16	3			3	1		1		81			81
Saga	12			12	1			1	1			1									14			14
Nagasaki	13	1		14	3			3	3	1		4	3			3					22	2		24
Kumamoto	21			21	2			2	3			3	1			1					27			27
Ooita	16			16	3			3	3			3	2			2					24			24
Miyazaki	17			17	2			2	2			2									21			21
Kagoshima	18			18	4			4	2			2	2			2					26			26
Okinawa	11			11	3	1		4	4	1		5	1			1					19	2		21
Kyusyu Okinawa Area	155	1	0	156	32	1	0	33	34	2	0	36	12	0	0	12	1	0	0	1	234	4	0	238
Japan Total	1,401	8	0	1,409	313	3	1	315	261	9	0	270	98	0	0	98	16	1	1	16	2,089	21	2	2,108
CHINA TAIWAN																					45	1	0	46
CHINA(Shanghai)																					11	0	0	11
T o t a l	1,401	8	0	1,409	313	3	1	315	261	9	0	270	98	0	0	98	16	1	1	16	2,145	22	2	2,165

3. Store operation

(1) Store openings

		Feb-2017	May-2017	Feb-2018	May-2018	Feb-2019 Forecast
Shimamura	New store openings	21	6	40	8	41
	Closures	1	0	4	0	0
	Renovation	71	26	110	31	94
	Scrap & rebuild	6	2	3	1	2
	Year-end total	1,365	1,371	1,401	1,409	1,442
Avail	New store openings	5	1	12	3	25
	Closures	0	0	0	1	4
	Scrap & rebuild	2	0	1	0	0
	Year-end total	301	302	313	315	334
Birthday	New store openings	30	4	23	9	25
	Closures	0	0	2	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	240	244	261	270	286
Chambre	New store openings	5	0	3	0	2
	Closures	0	0	1	0	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	96	96	98	98	99
Divalo	New store openings	0	0	5	1	8
	Closures	9	0	0	1	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	11	11	16	16	23
CHINA TAIWAN Shimamura	New store openings	3	1	3	1	2
	Closures	0	0	0	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	42	43	45	46	47
CHINA(Shanghai) Shimamura	New store openings	0	0	1	0	0
	Closures	3	0	1	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	11	11	11	11	11
Shimamura Group	New store openings	64	12	87	22	103
	Closures	13	0	8	2	6
	Scrap & rebuild	8	2	4	1	2
	Year-end total	2,066	2,078	2,145	2,165	2,242

(2) Retail Floor Space

(Units : m²)

Store Type	Feb-2017	May-2017	Feb-2018	May-2018	Feb-2019 Forecast
Shimamura	1,422,010	1,428,135	1,461,905	1,470,695	1,503,000
Avail	297,993	299,073	309,563	311,823	331,000
Birthday	222,192	225,877	241,670	249,760	265,000
Chambre	92,259	92,259	93,193	93,193	94,000
Divalo	4,163	4,163	6,562	6,378	10,000
CHINA TAIWAN Shimamura	40,212	41,160	42,813	43,793	45,000
CHINA (Shanghai) Shimamura	10,142	10,142	9,981	9,981	10,000
Shimamura Group	2,088,971	2,100,809	2,165,687	2,185,623	2,258,000

4. Number of Employees

(Units : person, %)

		May-2017		Feb-2018		May-2018		Feb-2019 Forecast	
		Person	YOY	Person	YOY	Person	YOY	Person	YOY
Shimamura Non-consolidated	Full-time	2,635	104.8	2,623	105.5	2,707	102.7	2,720	103.7
	Part-time	12,265	102.8	12,617	102.5	12,613	102.8	13,180	104.5
	Total	14,900	103.1	15,240	103.0	15,320	102.8	15,900	104.3
Subsidiary	Full-time	130	113.0	548	—	492	—	570	104.0
	Part-time	411	107.0	59	14.9	59	14.4	60	100.9
	Total	541	108.4	607	115.3	551	101.8	630	103.7
Shimamura Group Total	Full-time	2,765	105.2	3,171	121.3	3,199	115.7	3,290	103.8
	Part-time	12,676	102.9	12,677	99.8	12,672	100.0	13,240	104.4
	Total	15,441	103.3	15,848	103.4	15,871	102.8	16,530	104.3