I am Tsujiguchi, Planning Section General Manager.
Thank you very much for taking time out of your busy schedule to attend today's financial results briefing.

I will begin by explaining the results for Q1 of the fiscal year ending February 2025.
President Suzuki will then present the progress of the key challenges and the earnings forecast.

Consolidated Results: Income Statement

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▽ Net sales: Up 4.7% YoY, reaching a record-high for Q1 alone.
▽ SG&A ratio: 25.3% (+0.2pt YoY). The main factor was a rise in labor costs due to wage hikes.
▽ Operating income margin was 14.5 billion yen (8.9%) Slight increase from the previous term.

(Million yen/%)

	FY2/25 Q1	Ratio to sales	YoY	FY2/24 Q1	Ratio to sales	YoY
Net sales	164,466	100.0	104.7	157,105	100.0	105.2
Gross profit	55,969	34.0	104.2	53,691	34.2	104.0
SG&A	41,730	25.3	105.7	39,497	25.1	105.7
Operating income	14,579	8.9	100.3	14,533	9.3	99.4
Ordinary income	15,161	9.2	102.8	14,741	9.4	98.5
Net income attributable to owners of parent	10,435	6.3	104.0	10,029	6.4	98.2
Net income per share	141.97yen	–	–	136.45yen	–	–

*We conducted a 2-for-1 stock split on February 21, 2024. "Net income per share" is calculated based on the assumption that the stock split was conducted at the beginning of FY2/24.

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First, I will explain the consolidated results for Q1 ended February 2024.
The respective numerical results are as shown.

First, in terms of external factors, consumer spending was negative for 13 consecutive months through March, and although it turned positive in April, the economy is still strongly budget-minded.
While the rate of wage growth among major companies increased significantly to 5.58%, the YoY rate of real wages also continued to be negative, as the consumer price index has been growing at or above 2.0% for 25 consecutive months.

Regarding weather, temperatures were below normal in many areas from early to mid-March due to cold air, rainfall and snowfall. In early April, temperatures remained below normal in many areas due to strong cold air, but from the middle of the month, there were many sunny days and summer days were observed in some areas. In early May, cloudy and rainy weather caused a temporary drop in temperature on some days, but during the Golden Week holidays, sunny skies spread across many areas, and temperatures rose to the point that summer days and midsummer days were observed.

In response to these external factors, we pushed ahead with efforts to strengthen our product appeal and sales power, and as a result, sales reached a record high for Q1.

Sales by Business

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▽ Evolution of brands, strengthening of collaboration projects with influencers and characters, and diversification of sales promotion methods, Domestic sales increased by 4.5% yoy due to the response to Individual store support.

▽ Reviewed product rollout schedules and promoted product development according to temperature.

▽ Sales of occasion items grew due to increased demand for outings.

(Million yen/%)

Business	FY2/25 Q1	Composition ratio	YoY	FY2/24 Q1	Composition ratio	YoY
Shimamura	119,843	72.9	104.6	114,601	73.0	105.4
Avail	16,390	10.0	105.2	15,577	9.9	107.1
Birthday	21,962	13.3	104.2	21,085	13.4	101.2
Chambre	4,128	2.5	101.0	4,088	2.6	108.0
Divalo	239	0.1	108.0	221	0.1	115.6
Shimamura (non-consolidated)	162,563	98.8	104.5	155,575	99.0	105.0
Si meng le (Taiwan)	1,902	1.2	124.3	1,530	1.0	128.4
Shimamura (consolidated)	164,466	100.0	104.7	157,105	100.0	105.2

Sales by business are as shown.

Efforts in the Shimamura, Avail, Birthday, and EC businesses are described on page eight and beyond. I will explain the results of the Chambre, Divalo, and Taiwan Si meng le businesses in this section.

In the Chambre business, sales of cosmetics increased significantly due to increased demand for outings. Confectionery and food products, for which the product lineup was expanded, also performed well, and sales increased due to launches in response to demand for gifts such as Mother's Day.
For wear, we launched a new JB brand Clasiiki, a brand developed jointly with suppliers, and expanded our assortment of mode natural taste.
The Divalo business is working to establish a new business model based on a total coordination proposal of shoes plus outerwear plus fashion accessories. In terms of product appeal, sales of men's and women's sneakers and casual shoes increased due to increased demand for outings, and functional sneakers that can be worn while standing up became a hot seller.

Taiwan Si meng le business is expanding its product lineup differentiating itself from its competitors by expanding its own Japanese-planned brands, PB and JB, and Taiwan-planned PB. In addition, we promoted line robbing of new category products such as American casual, sports taste products, and Taiwanese local character products.
In strengthening sales power, we contracted with popular local influencers in Taiwan to advance the
sophistication of digital sales promotion using SNS.
As a result, sales and operating income of the Taiwan Si meng le business reached record highs for Q1.

Consolidated Results: SG&A Expenses

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▽ Personnel expenses: Increased by 8.0% YoY due to wage increase. Reduced the umber of understaffed stores, and stores with improved store operations have seen sales rise.
▽ Advertising expenses: Ratio to sales was 1.9%, controlled by the expansion and diversification of digital sales promotions.
▽ Supplies expenses: Remained flat at 0.6% year-on-year, despite the higher electricity rates.

(Million yen/%)

	FY2/25 Q1	Ratio to sales	YoY	FY2/24 Q1	Ratio to sales	YoY
Salary	18,167	11.0	107.4	16,907	10.8	108.7
Total personnel expenses	21,339	13.0	108.0	19,762	12.6	108.9
Advertising expenses	3,081	1.9	103.2	2,985	1.9	103.6
Total selling expenses	5,175	3.1	104.8	4,936	3.1	105.5
Supplies expenses/Display fixtures expenses	516	0.3	109.4	472	0.3	93.4
EDP expenses	596	0.4	124.6	478	0.3	120.5
Total operating expenses	2,327	1.4	114.7	2,028	1.3	104.6
Rents	8,195	5.0	100.8	8,133	5.2	99.5
Depreciation and amortization	1,469	0.9	101.4	1,448	0.9	99.7
Total equipment cost	11,616	7.1	100.6	11,549	7.3	101.0
Total general expenses	1,273	0.8	104.4	1,219	0.8	104.1
Total SG&A expenses	41,730	25.3	105.7	39,497	25.1	105.7

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This section provides a breakdown of consolidated SG&A expenses.

Personnel expenses increased 8% from the previous year due to wage increases of 5.3% for full-time employees and 4.1% for regular employees (part-timers) in April. This wage increase has reduced the number of understaffed stores, and stores with improved store operations have seen sales rise.

Advertising expenses were 1.9% of net sales, unchanged from the previous year. This was due to the expansion of digital sales promotions and the shift to in-house production of work.
On the other hand, total selling expenses increased 4.8% YoY due to an increase in sales commissions resulting from an increase in the cashless ratio.

Total operating expenses increased 14.7% over the previous year. This was mainly due to higher freight rates against the backdrop of the 2024 problem and higher EDP expenses, which were driven by the introduction of tablet inspection machines.

Total equipment cost increased 0.6% over the previous year. Utilities expenses decreased 1.5% from the previous fiscal year due to lower unit prices for fuel cost adjustment and other factors, despite the abolition of long-term discounts and price hikes by some electric power companies.

Total SG&A expenses increased 5.7% from the previous year but were generally in line with the plan.

Consolidated Results: Balance Sheets

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▽ Assets: Cash and deposits + Accounts receivable + Marketable securities up by 6.5% YoY.

▽ Liabilities: Accounts payable + Provision for bonuses increased by 3.9% YoY.

(Million yen/%)

	End-May 2024	Composition ratio	YoY	End-May 2023	Composition ratio
Current assets	361,772	65.3	105.2	343,873	66.3
Noncurrent assets	192,258	34.3	110.2	174,454	33.7
Total assets	554,030	100.0	106.9	518,327	100.0
Current liabilities	66,699	12.1	106.1	62,851	12.1
Noncurrent liabilities	10,161	1.8	100.6	10,103	2.0
Total liabilities	76,861	13.9	105.4	72,954	14.1
Total shareholder's equity	471,550	85.1	106.8	441,340	85.1
Accumulated other comprehensive income	5,619	1.0	139.3	4,032	0.8
Total net assets	477,169	86.1	107.1	445,373	85.9
Total liabilities and net assets	554,030	100.0	106.9	518,327	100.0

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The following is a breakdown of the consolidated balance sheet.

Total assets increased 6.9% from the end of the same period last year. The main factor was a 49.2% increase in investment securities compared to the end of the same period last year.

Total liabilities increased 5.4% from the end of the same period last year. The main factor was a 4.1% increase in accounts payable from the end of the same period last year.

Same-store Sales, Number of customers, Spending per customer YoY

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▽ Growth in same-store sales: Continued to strengthen product appeal and sales power, worked to meet regional and individual store needs.

▽ Increase in customer numbers: Strengthened our ability to disseminate information through the diversification of sales promotion media, launching fairs, priority events, and influencer projects.

▽ Rise in unit price per item: Expanded high-priced range items in PB and JB categories. Provide valuable products at reasonable prices.

(%)

Business	Period	Net sales		Number of customers	Number of items purchased	Spending per customer	Unit price per item
		Existing stores	All stores				
Shimamura	FY2/25 Q1	104.7	104.6	103.6	98.4	100.9	102.7
	FY2/24 Q1	105.6	105.4	100.2	97.2	105.1	108.1
Avail	FY2/25 Q1	105.8	105.2	106.1	99.6	99.2	99.6
	FY2/24 Q1	107.7	107.1	101.2	97.7	105.8	108.3
Birthday	FY2/25 Q1	101.5	104.2	103.7	96.8	100.4	103.7
	FY2/24 Q1	100.3	101.2	96.0	95.3	105.4	110.6

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Next, I will explain the Q1 results for existing store sales, the number of customers, and spending per customer across all stores.

Existing store sales and the number of customers were up from the previous year in all three businesses, while spending per customer was almost unchanged from the previous year.

The unit price per item in the Shimamura business increased 2.7% YoY. This was mainly due to the expansion of a high-priced PB CLOSSHI PREMIUM, as well as the increase in the price range of products under JB SEASON REASON by focusing on materials.

The unit price per item of the Avail business decreased 0.4% YoY. This was due to a large increase in sales of character knickknacks with relatively low unit prices.

Gross profit, Price reduction, Inventory YoY

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▽ In all businesses, gross profit increased from the previous year due to strong summer product sales.

▽ Shimamura implemented planned price reductions on winter inventory and backlogged inventory.

(%, pt)

Business	Period	Gross profit			Discount			Inventory
		Gross Profit YoY	Gross margin	YoY	Discount price YoY	Discount rate	YoY	Inventory YoY
Shimamura	FY2/25 Q1	103.7	33.0	−0.3	118.6	8.5	+1.0	101.7
	FY2/24 Q1	104.9	33.3	−0.2	117.7	7.5	+0.8	107.7
	FY2/24 total	104.8	33.7	+0.5	109.6	6.5	+0.4	103.9
Avail	FY2/25 Q1	106.4	37.8	+0.4	100.6	15.7	−0.7	105.2
	FY2/24 Q1	105.5	37.4	−0.6	108.9	16.4	+0.2	114.6
	FY2/24 total	103.6	38.8	+0.3	96.9	13.2	−0.9	105.6
Birthday	FY2/25 Q1	104.6	34.9	+0.1	95.7	4.4	−0.4	108.2
	FY2/24 Q1	96.2	34.8	−1.8	201.3	4.8	+2.4	115.7
	FY2/24 total	99.1	33.9	−0.5	115.2	4.9	+0.6	108.6

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Next, I will explain the results of the Shimamura business with respect to gross profit, price reductions, and inventory.

Gross profit increased 3.7% from the previous year, a decrease of 0.3 percentage points in percentage terms.
This was due to price reductions on winter inventory and backlogged inventory.

Inventory levels have remained largely unchanged from the previous year, maintaining proper inventory management.

I am Suzuki, the President. I will continue by explaining the results of our efforts on the key challenges.

In the Shimamura business, we worked on the evolution of PB and JB as part of efforts to strengthen product appeal.

In PB, we developed products to match changes in temperature. For Cotton from USA T-shirts in wear, we started with products with a function to reduce collar wrinkles and stains and added products with a cool touch function to match the rising temperatures.

In the underwear, bedding, and interior goods categories, sales of KIREI SENGEN, kokochi Lab, and Four Commitments series increased.
In addition, FIBER DRY Saratto Dry Slippers have been selling well, with cumulative sales of more than 1 million pairs sold in the current fiscal year.
In the high-priced PB, CLOSSHI PREMIUM, FIBER DRY Tube Tank Top, women's underwear, showed off its added value in terms of materials and functions compared to previous products, and achieved high digestibility.

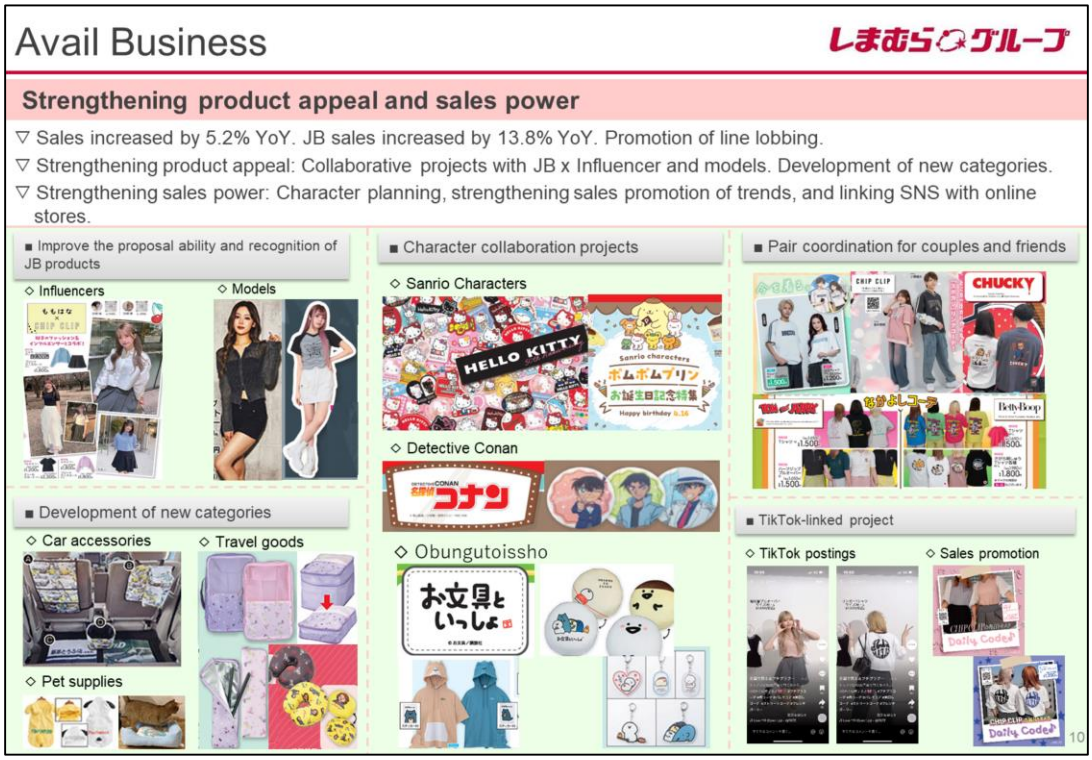
In JB, we strengthened product development focusing on materials and comfort. SEASON REASON launched themed items and, in response to the rising temperatures, rolled out items made from summer materials such as linen, which became hot sellers despite their high price range.

Next, I will explain how we are strengthening the sales power of the Shimamura business.

In advertising, we worked to raise awareness of PB and JB, and conducted limited collaboration projects with celebrities, influencers, and characters. The collaboration project between the PB CLOSSHI series and influencers was particularly effective as a new sales promotion method.

In terms of flyers, the Baby and Kids Fair and the Grand Opening Festival were very effective in attracting customers. In particular, the Baby and Kids Fair was successful in linking with the EC, resulting in a significant increase in sales even under difficult conditions for sales of summer items due to low temperatures.

We also expanded digital sales promotion. For web commercial videos, a system was put in place to review the timing of distribution according to sales conditions and weather, and we strengthened flexible sales promotions. To give an example, we prepared SNS posts of UV-protection products in advance and distributed them at the timing when the UV forecast values exceeded the standard values, which led to sales.



Next, I will explain the Avail business.

In strengthening product appeal, we worked to enhance our ability to propose trends and raise awareness of our products, with JB as the core, and to develop new categories.

For JB CHIP CLIP, we strengthened the launch of trendy items through collaboration projects with influencers.
For JB SUREVE, we collaborated with magazine models to increase brand awareness.
As a result, JB sales increased 13.8% over the previous year and accounted for 47.6% of total sales.

In the household items category, new categories such as car accessories, travel goods, and pet goods were developed, leading to the acquisition of new customers.

In strengthening sales power, we increased sales through birthday plans for Sanrio characters and launches in conjunction with the airing of movies and animations.

The men's and women's departments jointly launched a couples project and a project to coordinate pairs with friends, which also performed well.

In addition, the distribution of novelties featuring popular characters and the implementation of SNS campaigns resulted in a significant increase in sales.
In the use of SNS, a TikTok-linked project was implemented. Products introduced on TikTok were sold through urban stores and EC to strengthen the appeal to younger consumers.

Next, I will explain the Birthday business.

In strengthening product appeal, we expanded influencer projects and original products.

As a new influencer project, we launched CHERIER, a new brand by three popular influencers. The relevant products achieved high digestibility due to the holding of an exhibition in Harajuku and the implementation of an Instagram live the day before the flyer was posted.

Regarding the expansion of original products, we collaborated with mamari, which has the number one market share in childcare and childbirth apps, to conduct product planning and information dissemination, leading to increased sales and recognition.

In addition, the new JB, MY LITTLE WONDER, was launched to strengthen the trend setting in the casual taste.
At Mamacolle, which develops products in collaboration with customers, sales increased due to the expansion of products that meet customer needs.

In strengthening sales power, the method of posting new products on Instagram and selling them simultaneously in stores and on EC was effective. The timely transmission and sale of trend products and seasonal products attracted customers, and the relevant products achieved high digestibility.

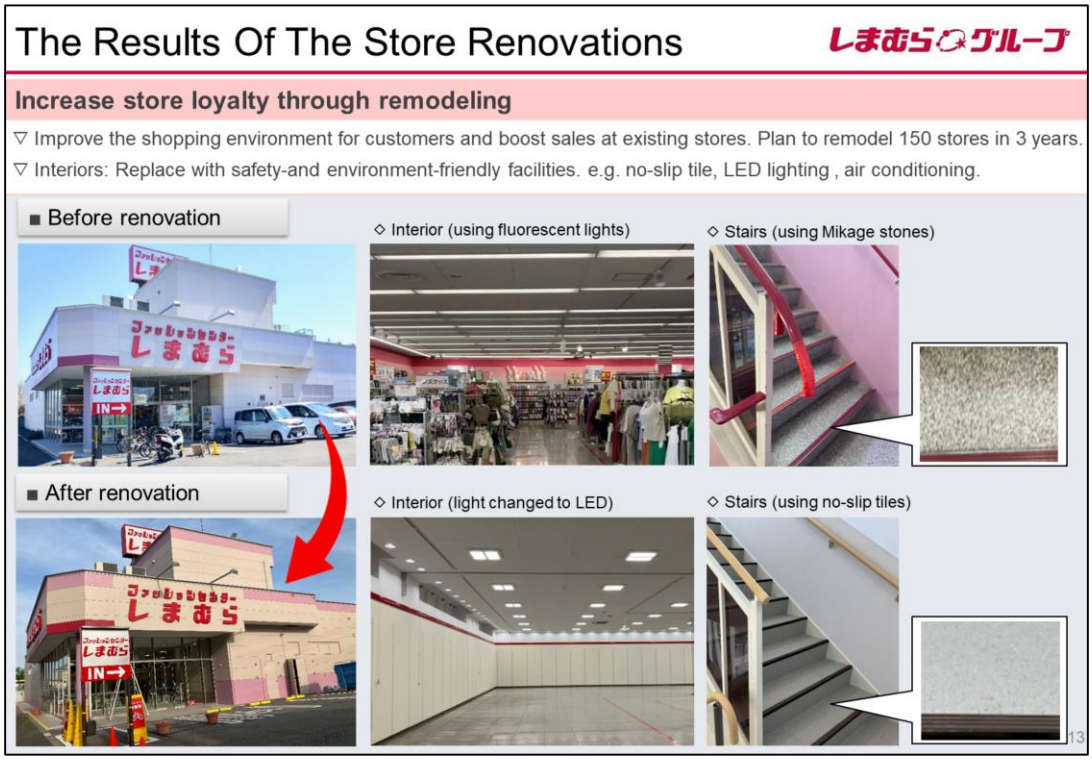
Next, I will explain the EC business.

Sales for Q1 totaled JPY2.8 billion, approximately double the previous year's level.
Sales grew significantly due to an expansion of products handled, an increase in made-to-order sales through the resale of hot-selling items, and the expansion of EC supplier deliveries, in which EC products are delivered directly to stores without going through EC centers.
In addition, approximately 90% of customers pick up their products at stores, and more than 40% of them purchase other products when they pick up their products at stores, indicating that the mutual transfer of customers between EC and stores is highly effective.

In the Shimamura and Avail businesses, sales were boosted by expanded resales of collaboration projects with influencers, character products, and hot-selling products through orders.

In the Birthday business, we expanded the handling of large items that are difficult to assort in stores. Sales of Hina dolls and Boy's May Festival dolls were particularly strong this quarter.
In addition, sales of swim-related products and seasonal products such as yukata and jinbei increased through the use of digital catalogs.

In cross-border EC, orders from Hong Kong, Taiwan, the US, and Southeast Asia account for about 85% of sales, and products designed in collaboration with characters and influencers are performing well.



Next, I will explain the results of the renovations.

In Q1, six stores were renovated.

The image on the slide shows the Shimamura Shimotsuruma store in Yamato City, Kanagawa Prefecture, which underwent renovations.
We improved the shopping environment for customers by repainting exterior walls, changing to LED lighting, changing ceiling heights, and renovating restrooms and other areas.
Safety was also improved by replacing the flooring near the storefront entrance and on the stairs with no-slip tiles.

The number of renovations for this fiscal year is planned to be 54 stores, which is larger than originally planned.

Consolidated Business Forecasts for FY2/25

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▽ Net sales (plan): Up 3.9% YoY, Operating income (plan): up 1.9% YoY
▽ SG&A (plan): Up 4.8% YoY. Personnel expenses are expected to increase by 6.2% YoY, and repair expenses due to renovations of existing stores are planned to rise.
▽ Dividend per share (plan): Annual dividend is expected to be 190 yen.

(Million yen/%)

	FY2/25 Forecast	YoY	Ratio to sales	FY2/24 Result	Ratio to sales
Net sales	659,622	103.9	100.0	635,091	100.0
Gross profit	227,448	104.1	34.5	218,561	34.4
SG&A	172,624	104.8	26.2	164,662	25.9
Operating income	56,362	101.9	8.5	55,308	8.7
Ordinary income	57,694	101.7	8.7	56,716	8.9
Net income attributable to owners of parent	40,194	100.3	6.1	40,084	6.3
Net income per share	546.83yen	–	–	545.35yen	–
Dividend per share	190yen	–	–	280yen	–

*We conducted a 2-for-1 stock split on February 21, 2024. "Net income per share" is calculated based on the assumption that the stock split was conducted at the beginning of FY2/24. "Dividend per share" for FY2/24 is the actual amount before the stock split.

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Each numerical forecast is as shown.

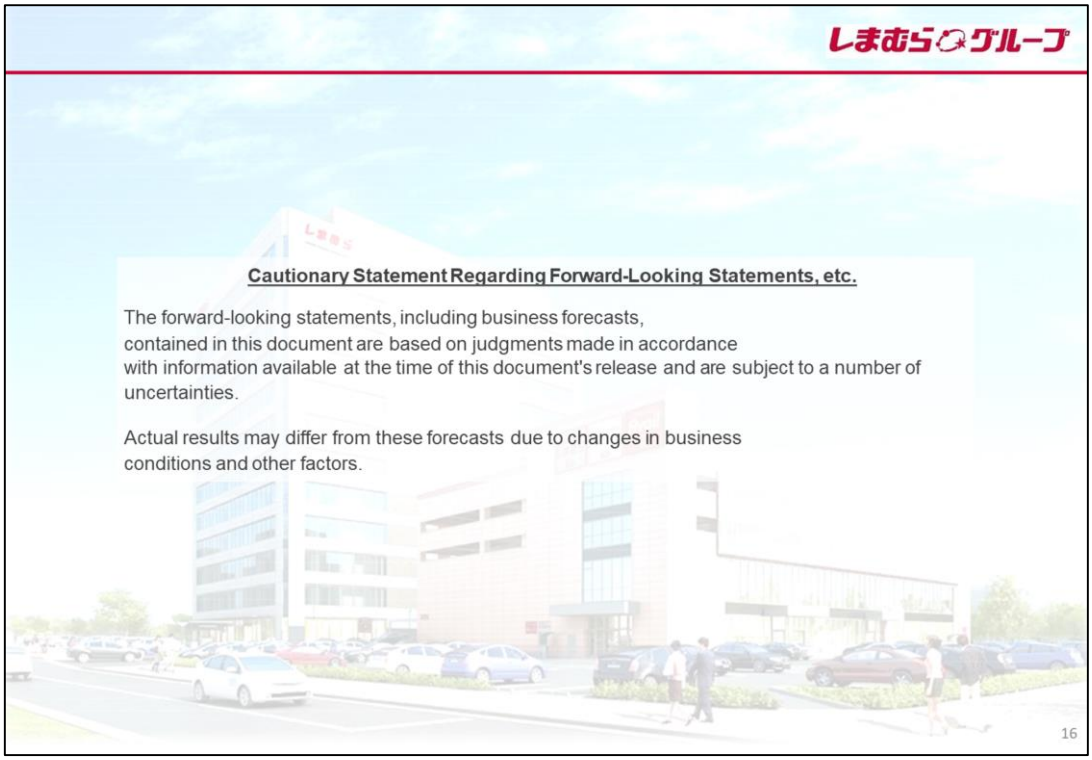
There is no change in our plans for the fiscal year ending February 2025, which call for net sales of JPY659.6 billion, up 3.9% from the previous year, operating income of JPY56.3 billion, up 1.9% from the previous year, and an operating margin of 8.5%.

In the current fiscal year, we will continue to open, reposition, and renovate stores in Q2 and beyond in order to achieve the 150 store openings and 150 store renovations set forth in the medium-term management plan 2027 over the next three years.

Finally, we will inform you of the disclosure information.

The schedule for disclosing financial results on the corporate website is as shown here.
We also plan to release our first integrated report in late August of this year.

Our corporate website also discloses various materials other than financial results in English, such as information on our business model and ESG, etc.



This concludes the explanation of SHIMAMURA's business results for Q1 of the fiscal year ending February 2025, as well as the progress of key challenges and the business forecast.

Thank you for your attention.