Investors' Guide

Novemver -2016

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-2015			Feb-2016			Nov-2016			Feb-2017 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	408,984	100.0	106.6	546,058	100.0	106.7	428,462	100.0	104.8	574,200	100.0	105.2
Shimamura	331,055	81.0	106.4	441,152	80.8	106.5	343,046	80.1	103.6	456,300	79.5	103.4
Avail	37,004	9.1	99.4	49,500	9.1	99.1	38,276	8.9	103.4	52,000	9.1	105.0
Birthday	28,351	6.9	120.9	38,552	7.1	123.5	35,461	8.3	125.1	46,100	8.0	119.6
Chambre	7,448	1.8	102.5	10,031	1.8	102.2	7,025	1.6	94.3	11,500	2.0	114.6
Divalo	760	0.2	112.2	980	0.2	111.0	510	0.1	67.1	600	0.1	61.2
CHINA TAIWAN	3,840	0.9	103.0	5,113	0.9	95.3	3,761	0.9	97.9	5,800	1.0	113.4
CHINA(Shanghai)	522	0.1	172.6	728	0.1	139.5	380	0.1	72.8	1,900	0.3	260.9
Cost of goods sold	278,067	68.0	107.0	373,854	68.5	107.0	284,185	66.3	102.2	387,851	67.5	103.7
Gross profit	130,916	32.0	105.6	172,204	31.5	106.0	144,277	33.7	110.2	186,348	32.5	108.2
Other operating income	732	0.2	103.8	964	0.2	103.1	787	0.2	107.5	993	0.1	103.0
Operating Gross Profit	131,649	32.2	105.6	173,168	31.7	106.0	145,064	33.9	110.2	187,341	32.6	108.2
SG & A expenses	100,753	24.6	106.3	133,254	24.4	105.3	105,495	24.7	104.7	141,141	24.6	105.9
Operating Profit	30,896	7.6	103.4	39,913	7.3	108.4	39,569	9.2	128.1	46,200	8.0	115.8
Non-operating income	893	0.2	55.5	1,127	0.2	61.6	969	0.3	108.6	990	0.2	87.8
Non-operating expenses	70	0.0	166.7	332	0.0	—	12	0.0	17.7	310	0.0	93.3
Ordinary Profit	31,718	7.8	100.8	40,709	7.5	105.5	40,527	9.5	127.8	46,880	8.2	115.2
Extraordinary profit	—	—	—	1	0.0	18.3	—	—	—	—	—	—
Extraordinary losses	733	0.2	206.0	1,568	0.3	—	491	0.2	66.9	1,020	0.2	65.0
Pretax profit	30,984	7.6	99.6	39,142	7.2	102.6	40,035	9.3	129.2	45,860	8.0	117.2
Tax	11,534	2.8	94.6	14,395	2.7	96.8	13,612	3.1	118.0	15,260	2.7	106.0
Net Profit	19,450	4.8	102.8	24,747	4.5	106.3	26,423	6.2	135.9	30,600	5.3	123.7

(2) Selling, General and Administrative Expenses (Units : Millions of yen、%)

Subject	Nov-2015			Feb-2016			Nov-2016			Feb-2017 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Wages	38, 164	9. 3	103. 7	50, 956	9. 3	103. 7	40, 392	9. 4	105. 8	53, 527	9. 3	105. 0
Personal expenses	45, 216	11. 1	103. 9	60, 503	11. 1	103. 9	47, 758	11. 2	105. 6	63, 217	11. 0	104. 5
Advertising expenses	10, 788	2. 6	103. 9	13, 649	2. 5	100. 4	11, 007	2. 6	102. 0	14, 422	2. 5	105. 7
Selling expenses	14, 329	3. 5	106. 3	18, 435	3. 4	103. 4	14, 982	3. 5	104. 6	19, 429	3. 4	105. 4
Non-durable goods	1, 391	0. 3	115. 3	1, 787	0. 3	114. 9	1, 334	0. 3	95. 9	1, 594	0. 3	89. 2
Display total	1, 606	0. 4	162. 2	1, 821	0. 3	156. 4	2, 564	0. 6	159. 6	4, 132	0. 7	226. 9
Operating expenses	5, 733	1. 4	128. 8	7, 171	1. 3	126. 5	6, 626	1. 6	115. 6	9, 075	1. 6	126. 6
Rental expenses	21, 729	5. 3	104. 9	29, 115	5. 3	104. 7	22, 637	5. 3	104. 2	30, 644	5. 3	105. 2
Depreciation	4, 331	1. 1	113. 9	5, 849	1. 1	110. 7	4, 394	1. 0	101. 5	5, 845	1. 0	99. 9
Facilities cost	33, 310	8. 1	106. 7	44, 205	8. 1	105. 0	33, 507	7. 8	100. 6	45, 950	8. 0	103. 9
General expenses	2, 163	0. 5	104. 0	2, 938	0. 5	108. 9	2, 620	0. 6	121. 1	3, 468	0. 6	118. 0
SG & A expenses	100, 753	24. 6	106. 3	133, 254	24. 4	105. 3	105, 495	24. 7	104. 7	141, 141	24. 6	105. 9

(3) Consolidated quarterly Profit and loss statement (Units : Millions of yen、%)

Subject	May-2016			Aug-2016			Nov-2016			Feb-2017		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	140, 405	100. 0	106. 7	140, 679	100. 0	104. 9	147, 376	100. 0	102. 9			
Cost of goods sold	94, 249	67. 1	104. 5	93, 495	66. 5	101. 6	96, 439	65. 4	100. 6			
Gross profit	46, 155	32. 9	111. 3	47, 184	33. 5	112. 4	50, 937	34. 6	107. 4			
Other operatingincome	249	0. 2	105. 6	272	0. 2	108. 0	265	0. 1	108. 6			
OperatingGross Profit	46, 405	33. 1	111. 2	47, 456	33. 7	112. 3	51, 202	34. 7	107. 4			
SG & A expenses	34, 358	24. 5	104. 1	34, 361	24. 4	103. 7	36, 833	25. 0	105. 9			
Operating Profit	12, 046	8. 6	138. 5	13, 094	9. 3	143. 5	14, 369	9. 7	111. 3			
Ordinary Profit	12, 326	8. 8	136. 1	13, 353	9. 5	139. 2	14, 847	10. 1	113. 6			
Net Profit	7, 982	5. 7	144. 2	8, 714	6. 2	146. 9	9, 727	6. 6	121. 8			

(4) Consolidated Balance Sheets (Units : Millions of yen、%)

	Nov-2015			Feb-2016			Nov-2016		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Current assets	199,039	53.7	103.5	181,934	51.8	105.2	264,841	60.5	133.1
Noncurrent assets	171,629	46.3	108.5	169,349	48.2	106.7	172,780	39.5	100.7
Total assets	370,669	100.0	105.8	351,283	100.0	105.9	437,622	100.0	118.1
Current liabilities	65,278	17.6	106.7	42,236	12.0	112.4	108,902	24.9	166.8
Noncurrent liabilities	4,644	1.3	68.8	4,202	1.2	60.2	4,508	1.0	97.1
Total liabilities	69,923	18.9	102.9	46,439	13.2	104.2	113,410	25.9	162.2
Total shareholder's equity	297,068	80.1	106.1	302,358	86.1	106.3	321,478	73.5	108.2
Valuation difference	3,677	1.0	143.2	2,485	0.7	93.5	2,733	0.6	74.3
Total net assets	300,745	81.1	106.4	304,843	86.8	106.2	324,211	74.1	107.8
Total assets	370,669	100.0	105.8	351,283	100.0	105.9	437,622	100.0	118.1

(5) Consolidated Major Financial Indicators

	Nov-2012	Nov-2013	Nov-2014	Nov-2015	Nov-2016
Capital adequacy ratio	78.3%	80.3%	80.6%	81.1%	74.1%
ROE	9.0%	8.1%	6.9%	6.6%	8.4%
ROA	7.2%	6.6%	5.7%	5.5%	6.7%
Ordinary profit to total assets	12.5%	11.0%	9.5%	9.0%	10.3%
Total assets turnover ratio	1.25times	1.20times	1.16times	1.16times	1.09times
Interest-bearing debt ratio	2.5%	1.8%	1.7%	0.5%	—
Gross profit ratio	33.1%	32.8%	32.3%	32.0%	33.7%
SG & A expenses ratio	23.8%	24.2%	24.7%	24.6%	24.7%
Operating profit ratio	9.6%	8.8%	7.8%	7.6%	9.2%
Ordinary profit ratio	10.0%	9.1%	8.2%	7.8%	9.5%
Net assets per share	6,566.51yen	7,163.23yen	7,686.91yen	8,182.03yen	8,821.01yen
EPS	574.35yen	563.26yen	514.51yen	529.14yen	718.91yen

2. Number of Stores by Region

Store Type	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
Prefecture	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End
Hokkaido	63	1		64	20			20	13	2		15	10			10	1			1	107	3		110
Aomori	23			23	6			6	2			2	4			4					35			35
Iwate	19			19	7			7	2	1		3	1			1					29	1		30
Miyagi	34			34	10			10	8			8	3			3					55			55
Akita	17			17	7			7	3	1		4	1	1		2					28	2		30
Yamagata	16			16	6			6	4	1		5	2			2					28	1		29
Fukushima	40			40	9			9	5			5	5			5					59			59
Hokkaido Tohoku Area	212	1	0	213	65	0	0	65	37	5	0	42	26	1	0	27	1	0	0	1	341	7	0	348
Ibaraki	54	2		56	14			14	11	1		12	4			4	1			1	84	3		87
Tochigi	35			35	9			9	10			10	7	1		8					61	1		62
Gunma	38			38	11			11	6	1		7	4	1		5					59	2		61
Saitama	101	2		103	24			24	15	1		16	6			6	2			2	148	3		151
Chiba	73	1		74	17			17	18			18	3			3	2		2		113	1	2	112
Tokyo	58	2		60	5			5	7	1		8	2			2	3		2	1	75	3	2	76
Kanagawa	56	1		57	10	1		11	6	2		8	1			1	3		2	1	76	4	2	78
Yamanashi	14			14	5			5	2			2	1			1					22			22
Nagano	40			40	9			9	3			3	3			3					55			55
Kanto Koshin Area	469	8	0	477	104	1	0	105	78	6	0	84	31	2	0	33	11	0	6	5	693	17	6	704
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	41			41	6	1		7	5	2		7	3			3					55	3		58
Aichi	60			60	7			7	4			4									71			71
Mie	21	1		22	7			7	1	1		2	1			1					30	2		32
Tokai Area	149	1	0	150	21	1	0	22	13	3	0	16	4	0	0	4	0	0	0	0	187	5	0	192

Store Type	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
Prefecture	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End	2016 End	Open	Close	Nov-16 End
Shiga	19			19	3			3	3	1		4	1			1					26	1		27
Kyoto	16	1		17	3			3	1	1		2									20	2		22
Oosaka	42	2		44	13			13	7	3		10	1			1	2		1	1	65	5	1	69
Hyougo	40	1		41	10			10	4	2		6	2			2	1			1	57	3		60
Nara	15			15	6			6	3			3	3			3					27			27
Wakayama	14			14	1			1	1			1	1			1					17			17
Kinki Area	146	4	0	150	36	0	0	36	19	7	0	26	8	0	0	8	3	0	1	2	212	11	1	222
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	23		1	22	3			3	3			3	1			1	1			1	31		1	30
Yamaguchi	20			20	4			4	2	1		3					1		1		27	1	1	27
Chugoku Area	81	0	1	80	15	0	0	15	14	1	0	15	5	0	0	5	3	0	1	2	118	1	2	117
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	3	1		4	2			2	1			1	27	1		28
Kochi	12			12	1			1													13			13
Shikoku Area	51	0	0	51	9	0	0	9	6	1	0	7	3	0	0	3	1	0	0	1	70	1	0	71
Fukuoka	44	3		47	12	1		13	13	2		15	2			2	1		1		72	6	1	77
Saga	12			12					1			1									13			13
Nagasaki	11			11	3			3	3			3	3			3					20			20
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	1	1		2									20	1		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	149	3	0	152	29	1	0	30	30	3	0	33	10	0	0	10	1	0	1	0	219	7	1	225
Japan Total	1,345	17	1	1,361	296	3	0	299	210	26	0	236	91	3	0	94	20	0	9	11	1,962	49	10	2,001
CHINA TAIWAN																					39	3	0	42
CHAINA(Shanghai)																					14	0	2	12
Total	1,345	17	1	1,361	296	3	0	299	210	26	0	236	91	3	0	94	20	0	9	11	2,015	52	12	2,055

3. Store operation

(1) Store openings

		Feb-2015	Nov-2015	Feb-2016	Nov-2016	Feb-2017 Forecast
Shimamura	New store openings	24	19	26	17	20
	Closures	2	2	2	1	1
	Renovation	99	88	88	72	70
	Scrap & rebuild	3	6	6	5	8
	Year-end total	1,321	1,338	1,345	1,361	1,364
Avail	New store openings	12	7	13	3	15
	Closures	2	6	6	0	1
	Scrap & rebuild	0	0	0	2	2
	Year-end total	289	290	296	299	310
Birthday	New store openings	25	28	36	26	30
	Closures	1	0	0	0	2
	Scrap & rebuild	0	0	0	0	0
	Year-end total	174	202	210	236	238
Chambre	New store openings	8	8	9	3	5
	Closures	0	2	2	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	84	90	91	94	96
Divalo	New store openings	2	2	2	0	0
	Closures	0	0	0	9	9
	Scrap & rebuild	0	0	0	0	0
	Year-end total	18	20	20	11	11
CHINA TAIWAN Shimamura	New store openings	1	2	2	3	2
	Closures	0	0	0	0	0
	Scrap & rebuild	1	0	1	0	0
	Year-end total	37	39	39	42	41
CHINA(Shanghai) Shimamura	New store openings	4	5	7	0	8
	Closures	0	1	1	2	2
	Scrap & rebuild	0	0	0	0	0
	Year-end total	8	12	14	12	20
Shimamura Group	New store openings	76	71	95	52	80
	Closures	5	11	11	12	15
	Scrap & rebuild	4	6	7	7	10
	Year-end total	1,931	1,991	2,015	2,055	2,080

(2) Retail Floor Space (Units : ㎡)

Store Type	Feb-2015	Nov-2015	Feb-2016	Nov-2016	Feb-2017 Forecast
Shimamura	1, 375, 537	1, 392, 144	1, 399, 306	1, 418, 228	1, 420, 000
Avail	286, 981	288, 649	293, 602	296, 069	307, 000
Birthday	162, 343	187, 924	195, 120	218, 382	222, 000
Chambre	81, 381	86, 398	87, 278	90, 376	92, 000
Divalo	5, 658	6, 497	6, 497	4, 163	4, 000
CHINA TAIWAN Shimamura	36, 224	37, 759	37, 759	40, 384	40, 000
CHINA (Shanghai) Shimamura	6, 881	10, 442	12, 473	11, 025	15, 000
Shimamura Group	1, 955, 005	2, 009, 813	2, 032, 035	2, 078, 627	2, 100, 000

4. Number of Employees

(Units : person、%)

		Nov-2015		Feb-2016		Nov-2016		Feb-2017 Forecast	
		Person	YOY	Person	YOY	Person	YOY	Person	YOY
Shimamura Non-consolidated	Full-time	2, 455	102. 7	2, 430	102. 5	2, 517	102. 5	2, 480	102. 1
	Part-time	11, 732	102. 1	11, 801	102. 4	12, 242	104. 3	12, 190	103. 3
	Total	14, 187	102. 2	14, 231	102. 4	14, 759	104. 0	14, 670	103. 1
Subsidiary	Full-time	111	108. 8	117	112. 5	128	115. 3	130	111. 1
	Part-time	341	111. 4	358	114. 0	393	115. 2	410	114. 5
	Total	452	110. 8	475	113. 6	521	115. 3	540	113. 7
Shimamura Group Total	Full-time	2, 566	103. 0	2, 547	102. 9	2, 645	103. 1	2, 610	102. 5
	Part-time	12, 073	102. 3	12, 159	102. 7	12, 635	104. 7	12, 600	103. 6
	Total	14, 639	102. 4	14, 706	102. 8	15, 280	104. 4	15, 210	103. 4

5. Capital Expenditures

(1) Shimamura Co,. Ltd.(Non-consolidated) (Until : Millions of yen, %)

	Nov-2015	YOY	Feb-2016	YOY	Nov-2016	YOY	Feb-2017 Forecast	YOY
Buildings	6,551	90.0	7,387	81.0	6,225	95.0	7,460	101.0
Structures	809	96.6	905	91.0	713	88.2	965	106.5
Machine	85	101.2	87	4.0	—	—	200	229.8
Equipment	289	172.7	400	192.1	252	87.4	287	71.6
Land	9,525	—	10,635	—	1,223	12.8	1,500	14.1
Construction in progress	△51	—	△2	0.2	114	—	1,200	—
Tangible fixed assets	17,210	185.5	19,413	164.6	8,530	49.6	11,612	59.8
Deposits for rent	1,448	73.2	1,754	74.6	1,485	102.5	1,600	91.2
Lease deposits	15	38.4	21	41.7	14	96.2	20	91.2
Total capital expenditures	18,674	165.3	21,189	149.2	10,030	53.7	13,232	62.4
Depreciation	4,202	113.9	5,681	110.6	4,246	101.1	5,701	100.3

(2) Subsidiary (Units : Millions of yen, %)

	Nov-2015	YOY	Feb-2016	YOY	Nov-2016	YOY	Feb-2017 Forecast	YOY
Total capital expenditures	361	137.4	453	131.7	412	114.1	500	110.2
Depreciation	128	113.9	167	113.1	147	114.8	144	86.3

(3) Shimamura Co,. Ltd.(consolidated) (Units : Millions of yen, %)

	Nov-2015	YOY	Feb-2016	YOY	Nov-2016	YOY	Feb-2017 Forecast	YOY
Total capital expenditures	19,035	164.7	21,643	148.8	10,442	54.9	13,732	63.4
Depreciation	4,331	113.9	5,849	110.7	4,394	101.5	5,845	99.9