

# Financial Results for 3Q of FY2/22

Monday, December 27, 2021

LOGOS DAYS



# Consolidated Results: Income Statement

しまむらグループ

- Sales increased by 8.0% YoY. Record-high sales for Q3 alone and for the nine months period.
- SG&A ratio was 25.6% (-1.0ppt. YoY). Record-high net income for the nine months period.

(Million yen/%)

	FY2/22 Q3	Ratio to sales	FY2/21 Q3	YoY	FY2/20 Q3	Yo2Y
Net sales	436,817	100.0	404,453	108.0	394,318	110.8
Gross profit	149,870	34.3	137,961	108.6	130,275	115.0
SG&A	111,911	25.6	107,517	104.1	112,024	99.9
Operating income	38,785	8.9	31,161	124.5	18,947	204.7
Ordinary income	39,729	9.1	31,968	124.3	19,467	204.1
Net income attributable to owners of parent	26,926	6.2	21,551	124.9	12,643	213.0
Net income per share	732.70yen	—	586.44yen	—	344.01yen	—

# Sales by Business

しまむらグループ

- Domestic sales increased by 8.1% YoY owing to the strengthening of brand power, launch of products based on various themes, and the expansion of digital sales promotions.

\*Sales of the EC business are included in the Shimamura Business and Birthday Business. (Million yen/%)

	FY2/22 Q3	Compositi on ratio	FY2/21 Q3	YoY	FY2/20 Q3	Yo2Y
<b>Shimamura</b>	329,489	75.4	306,958	107.3	303,843	108.4
<b>Avail</b>	40,413	9.3	36,976	109.3	37,481	107.8
<b>Birthday</b>	53,058	12.1	47,473	111.8	41,086	129.1
<b>Chambre</b>	9,533	2.2	8,514	112.0	7,222	132.0
<b>Divalo</b>	492	0.1	514	95.8	567	86.8
<b>Shimamura (non- consolidated)</b>	432,988	99.1	400,436	108.1	390,200	111.0
<b>Si meng le (Taiwan)</b>	3,829	0.9	3,858	99.3	3,862	99.2
<b>Shi ma la (Shanghai)</b>	—	—	158	—	255	—
<b>Shimamura (consolidated)</b>	436,817	100.0	404,453	108.0	394,318	110.8

# Consolidated Results: SG&A Expenses

しまむらグループ

- Personnel expenses: Reduced to 12.4% to sales through the reduction of store work, etc.
- Advertising expenses: Reduced to 28.6% Yo2Y through digital sales advertising, etc.

\*In FY2/21, SG&A expenses temporarily decreased significantly due to shortened operating hours and self-restraint in sales promotion.

(Million yen/%)

	FY2/22 Full-year	Ratio to sales	FY2/21 Full-year	Ratio to sales	YoY	FY2/20 Full-year	Ratio to sales	Yo2Y
Salary	46,506	10.6	44,545	11.0	104.4	44,371	11.3	104.8
Total personnel expenses	54,322	12.4	52,330	12.9	103.8	52,498	13.3	103.5
Advertising expenses	8,712	2.0	7,876	1.9	110.6	12,200	3.1	71.4
Total selling expenses	13,766	3.2	12,575	3.1	109.5	16,375	4.2	84.1
Supplies expenses	1,005	0.2	888	0.2	113.1	739	0.2	135.9
Freight costs	1,701	0.4	1,799	0.4	94.6	1,318	0.3	129.1
Total operating expenses	6,256	1.4	5,953	1.5	105.1	5,921	1.5	105.7
Rents	24,612	5.6	24,921	6.2	98.8	25,372	6.4	97.0
Depreciation and amortization	4,434	1.0	4,074	1.0	108.9	4,118	1.0	107.7
Total equipment cost	34,104	7.8	33,502	8.3	101.8	34,268	8.7	99.5
Total general expenses	3,461	0.8	3,154	0.8	109.7	2,960	0.7	116.9
Total SG&A expenses	111,911	25.6	107,517	26.6	104.1	112,024	28.4	99.9

# Consolidated Results: Balance Sheets

- Assets: Cash and deposits increased. Merchandise inventory maintained at an appropriate level.
- Liabilities: Almost the same level as last year, increased by 1.3% compared to the end of the previous fiscal year.

(Million yen/%)

	End-Nov. 2021	Composition ratio	End-Nov. 2020	Composition ratio	YoY
Current assets	308,041	64.0	286,068	62.5	107.7
Noncurrent assets	173,074	36.0	171,566	37.5	100.9
Total assets	481,115	100.0	457,634	100.0	105.1
Current liabilities	69,188	14.4	68,709	15.0	100.7
Noncurrent liabilities	9,244	1.9	8,733	1.9	105.9
Total liabilities	78,433	16.3	77,443	16.9	101.3
Total shareholder's equity	399,098	83.0	376,008	82.2	106.1
Accumulated other comprehensive income	3,584	0.7	4,182	0.9	85.7
Total net assets	402,682	83.7	380,190	83.1	105.9
Total liabilities and net assets	481,115	100.0	457,634	100.0	105.1

- Same-store sales in Q3 exceeded both YoY and Yo2Y results.
- The number of customers and the number of items purchased exceed YoY due to strengthening product appeal and sales power.

(%)

Business	Period	Net sales		Number of customers	Number of items purchased	Spending per customer	Unit price per item
		Existing stores	All stores				
Shimamura	1H	111.9	111.8	110.6	99.4	101.1	101.7
	Q3	100.2	99.8	100.0	102.0	99.8	97.9
	Nine months period	107.5	107.3	106.7	100.3	100.6	100.2
Avail	1H	113.2	112.8	113.5	100.0	99.4	99.4
	Q3	104.2	103.2	104.1	103.3	99.2	96.0
	Nine months period	109.9	109.3	110.1	101.2	99.2	98.1
Birthday	1H	112.8	114.8	111.9	100.5	102.6	102.1
	Q3	103.8	106.8	106.0	102.8	100.7	97.9
	Nine months period	109.4	111.8	109.8	101.3	101.8	100.5



# Gross profit, Discount, Inventory YoY

しまむらグループ

- Gross profit margin for the nine months period improved by controlling price reduction and excess inventory through the short-term production, early introduction of seasonal products, and curbing of limited-time discounts.

(%)

Business	Period	Gross profit			Discount			Inventory
		Gross Profit YoY	Gross margin	YoY	Price reduction YoY	Price reduction rate	YoY	Inventory YoY
Shimamura	1H	114.5	33.6	+0.8	92.5	7.6	-1.5	97.9
	Q3	96.5	33.2	-1.2	103.4	7.8	+0.3	97.9
	Nine months	107.6	33.5	+0.1	96.1	7.6	-0.9	97.9
Avail	1H	114.5	37.5	+0.6	104.0	17.3	-1.4	93.0
	Q3	100.8	38.8	-0.9	102.7	15.3	-0.1	92.8
	Nine months	109.3	37.9	+0.0	103.5	16.6	-0.9	92.9
Birthday	1H	122.6	35.3	+2.2	72.6	4.5	-2.6	99.4
	Q3	104.9	35.5	-0.6	122.0	4.1	+0.5	116.0
	Nine months	115.5	35.4	+1.1	84.3	4.3	-1.4	105.0

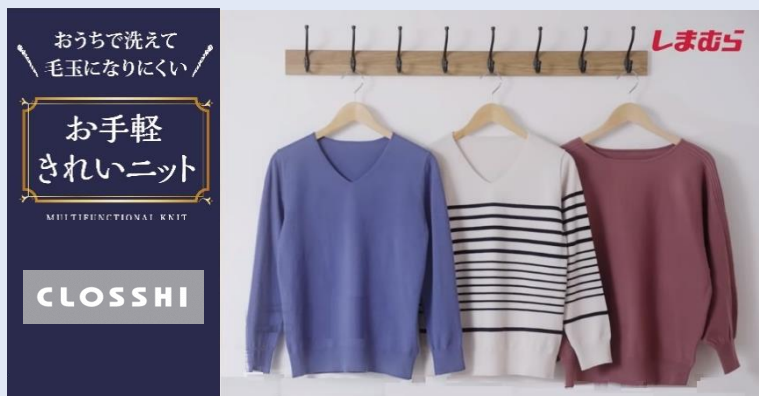
## Strengthening product appeal

(1) **Strengthen brand power**: ratio of original brand products was 29.5% (PB+JB+FIBER/Nine months period)

JB ratio expanded to 9.1%. Ratio of brands for women in their 30-50s was 51.6% (PB+JB)

(2) **Strengthen product planning capabilities**: Expand influencer project and character products  
Influencers suggest ways to wear our clothes through videos. Expand character product lineup.

### ▼Expansion of PB and JB products



### ▼Influencer project





# Strengthening sales power

- (1) **Expand digital advertising:** Expand social media followers and video advertising through new initiatives Number of social media followers: Approx. 29 million (as of the end of Q3). 13 video ads (9 ads in Q3/last year).
- (2) **Strengthen regional response:** Continue to respond to regional and urban areas, sluggish-sales stores, Okinawa and Hokkaido stores. Convert web ads to flyer ads for regional stores, and add special price flyers for sluggish- sales stores.

## ▼ Video advertising, official YouTube

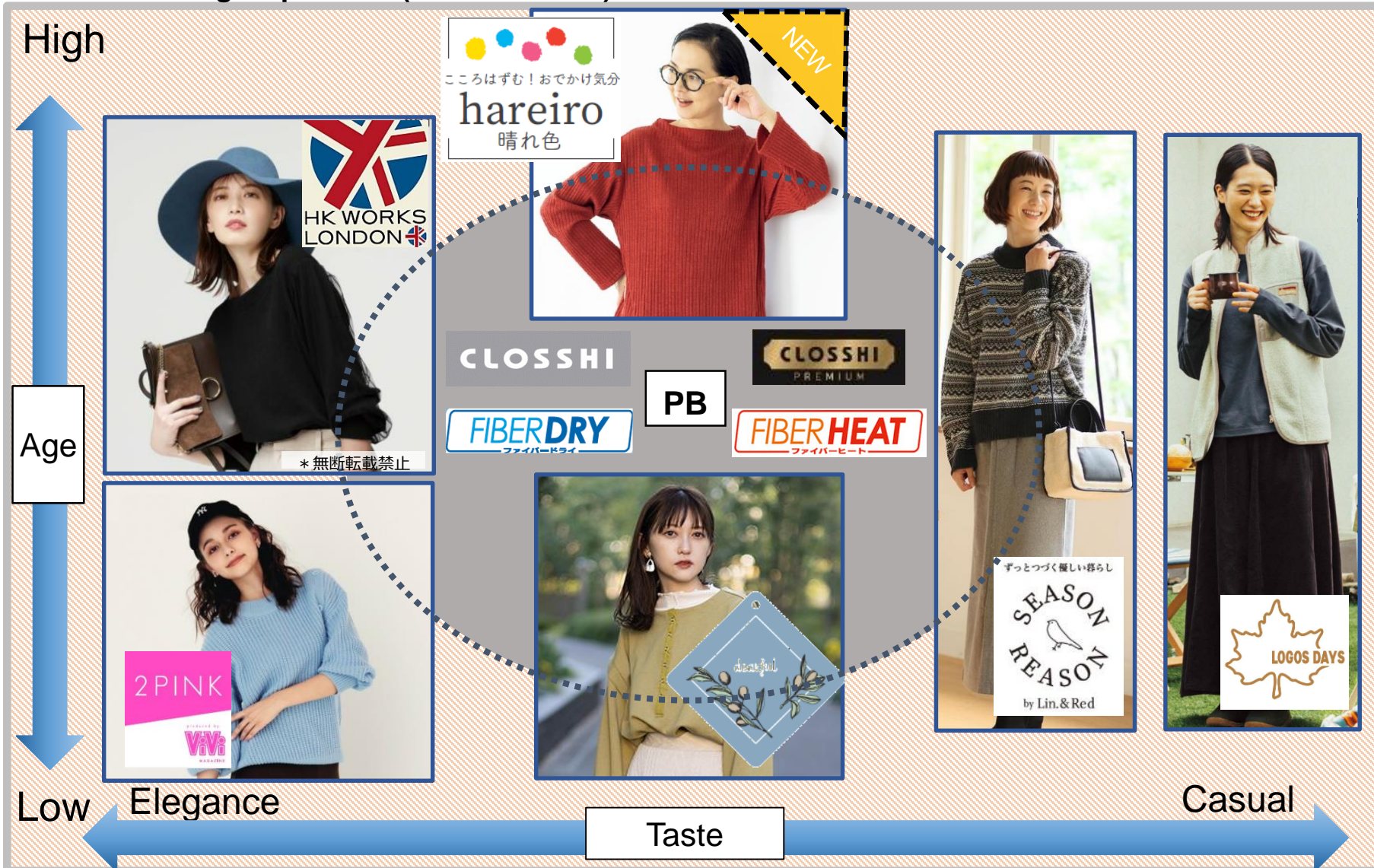


## ▼ Shima Style (Shimamura Project)



## Strengthening product appeal

- Positioning map of JB's (women's wear)





## Strengthening sales power

- Creating a sales corners for PB “CLOSSHI” (women's tops)





## Strengthening sales power

- Creating a sales corners for PB “CLOSSHI” (women's pants)





## Strengthening sales power

- Creating a sales corners for JB “SEASON REASON”





## Strengthening sales power

- Creating a sales corners for the JB “LOGOS DAYS”





## Strengthening sales power

- Influencer project: Creating a sales corners for “The Correct Coordination”



## Strengthening product appeal and sales power

(1) Strengthen the three JB brands: “CHIP CLIP”, “SUREVE”, and “Rag Out”.

▼ In addition to women's and men's wear, the store also offers shoes and bags

▼ Q3 JB ratio: 30.8%, particularly strong for men's trendy wear

(2) Special sales corner: Weekly sales of popular character products at a special sales corner near the entrance

▼ Total development of JB for women and men



▼ Special sales corner near the entrance





# Strengthening sales power

- Creating a sales corners for JB “SUREVE”





## Strengthening sales power

- Creating a sales corners for character products



## Strengthening product appeal and sales power

- (1) **Develop existing JBs:** Ratio of JB products for the nine months period was 28.5% (up 4.3ppt. YoY) Strong performance of futafuta x characters, expand of development sizes and items
- (2) **Advance sale of seasonal products:** Increase in sales by producing additional autumn/winter products in a short period of time
- (3) **Expansion of social media promotion:** Number of followers of Instagram: 560,000 (largest in Japan)

### ▼ Development of existing JBs: "futafuta × Characters"



### ▼ Toy catalogue



### ▼ Expansion of social media promotion





## - Creating a sales corners for JB “futafuta”





## Expansion and strengthening the online store

- (1) Expansion of product lineup and services: Expansion of EC-limited products and booking sales  
EC-limited influencer project and EC-limited character products were hot sellers
- (2) Started EC for Birthday business in September: You can pick up items at other brand stores
- (3) The number of EC members is 950,000 (as of the end of Q3): Membership data will be used for sales promotion, store openings, etc.

### ▼EC-limited products



Influencer



Character



EC 1st anniversary-limited products

### ▼Birthday Online Store

しまむら Avail ベビー・子供服 シンデレラ で

受け取り可能!

※オンラインストアで  
事前決済した  
ご注文に限ります

RECOMMENDED  
あなたにおすすめ

fufufuta

絵本から着想したような  
丸型で柔らかい  
生地・ナチュラムスタイルブランド  
【fufufuta】

miffy

在庫なし

レッスンバッグ  
1,390円+税

CDIvey

よちよちリュック  
1,390円+税

21

# Consolidated Business Forecasts for FY2/22

しまむらグループ

- Net sales are expected to increase by 5.1% YoY and operating income is expected to increase by 20.1% YoY.
- Annual dividend per share is expected to be 220 yen.

(The full-year forecast remains unchanged from the Q2 results announcement.)

(Million yen/%)

	FY2/22 Forecast	Ratio to sales	FY2/21 Result	Ratio to sales	YoY
Net sales	570,520	100.0	542,608	100.0	105.1
Gross profit	193,539	33.9	184,092	33.9	105.1
SG&A	148,884	26.1	147,018	27.1	101.3
Operating income	45,684	8.0	38,026	7.0	120.1
Ordinary income	46,647	8.2	39,404	7.3	118.4
Net income attributable to owners of parent	31,239	5.5	26,163	4.8	119.4
Net income per share	850.04yen	—	711.93yen	—	—
Dividend per share	220yen	—	220yen	—	—

## Impact on product procurement due to electricity shortages in China and other factors

(1) Q3: In some division, about 10% of products are delayed in delivery by about one week.

(2) Future responses

- ▼ Avoiding risks by diversifying production sites, such as producing the same product in two different countries.
- ▼ Expand fabric contracts and sewing line contracts under test operation to stabilize delivery time.

## Impact of soaring raw material costs on purchasing costs

(1) Q3: In some products, the price purchase rate declined due to an increase in purchasing costs.

(2) Future responses

- ▼ Reduce purchasing costs by producing trendy products in a short term, and by placing early orders for standard products using off-peak periods and expanding the order quantity.
- ▼ Large items such as bedding were delivered by compressed form, and some products were shifted to Japanese production

⇒ However, an increase in procurement costs is an unavoidable problem.

We will review our supply chain and price ranges looking ahead to the next fiscal year.

## Information Disclosure on Corporate Website

### (1) Schedule for disclosing financial results

- ▼ Financial Results Briefing Materials (with comments): Monday, December 27
- ▼ Summary of Q&A Sessions on Financial Results: Tuesday, December 28
- ▼ Summary of Financial Results (English version): Tuesday, December 28
- ▼ Financial Results Briefing Materials (English version): Wednesday, December 29

Corporate website



### (2) Update of Corporate Governance Report: Monday, December 27

### (3) Major Corporate Information on the Corporate Website (Full Update in April 2021)

- ▼ Business Model ▼ Medium-Term Management Plan
- ▼ Corporate Governance Structure ▼ ESG Activities
- ▼ English-version page (Business Model, etc. and Individual Information in English)

## External Evaluation (Results for FY2021)

### (1) Disclosure Evaluation (Retailing)\*Japan Securities Analysts Association

11th (22 target companies) \*FY2020: 19th (23 target companies)

### (2) ESG Rating \*MSCI

Rated "BB" \*FY2020: Rated "B"

## **(Cautionary Statement Regarding Forward-Looking Statements, etc.)**

The forward-looking statements, including business forecasts, contained in this document are based on judgments made in accordance with information available at the time of this document's release and are subject to a number of uncertainties.

Actual results may differ from these forecasts due to changes in business conditions and other factors.

