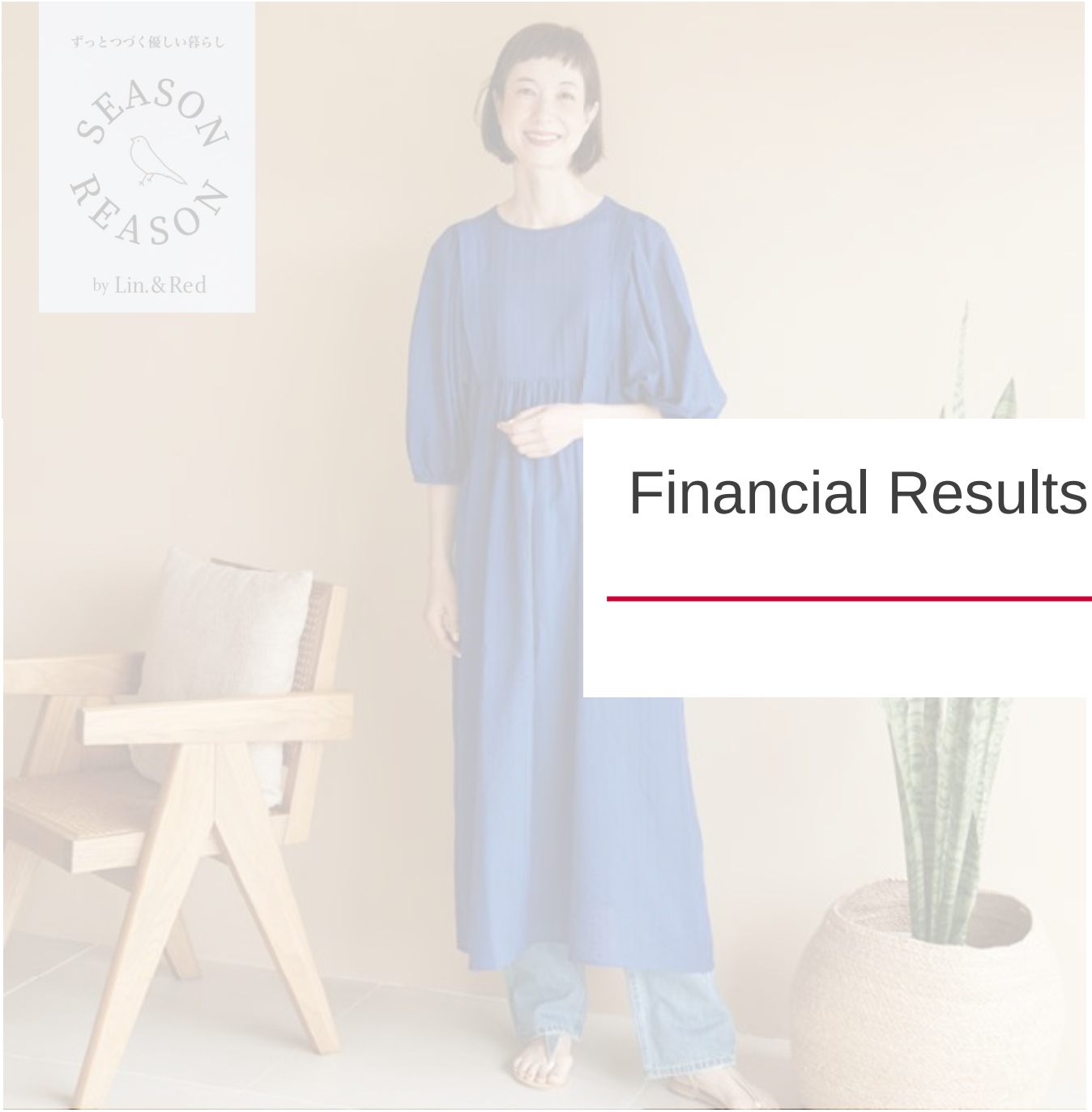


Financial Results for Q1 of FY2/24

June 26, 2023

しまむらグループ

1. Consolidated Results: Income Statement

▽Net sales increased by 5.2% YoY, reaching a record-high for Q1 alone.

▽SG&A to sales ratio was 25.1% (0.1 ppt YoY). The main factors were wage increases and higher utility costs.

▽Operating income margin was 14.5 billion yen（9.3％ rete）, amounted to almost the same level as in the previous year.

（Million yen、％）

	FY2/24 Q1	Ratio to sales	YoY	FY2/23 Q1	Ratio to sales	YoY
Net sales	157,105	100.0	105.2	149,319	100.0	104.8
Gross profit	53,691	34.2	104.0	51,649	34.6	105.8
SG&A	39,497	25.1	105.7	37,371	25.0	103.6
Operating income	14,533	9.3	99.4	14,615	9.8	112.3
Ordinary income	14,741	9.4	98.5	14,959	10.0	112.5
Net income attributable to owners of parent	10,029	6.4	98.2	10,212	6.8	115.1
Net income per share	272.90yen	–	–	277.87yen	–	–

2. Sales by Business

▽Domestic sales increased by 5.0% YoY due to the further enhancement of brands, development of new influencer and character products, diversification of sales promotion methods, and individual store response.

▽Interiors, kitchen and bath products, and hygiene products declined due to the reactionary fall from the stay-at-home demand.

＊ E-commerce sales are included in each business （Million yan/%）

Business	FY2/24 Q1	Composition ratio	YoY	FY2/23 Q1	Composition ratio	YoY
Shimamura	114,601	73.0	105.4	108,773	72.9	103.1
Avail	15,577	9.9	107.1	14,540	9.7	110.0
Birthday	21,085	13.4	101.2	20,834	14.0	108.7
Chambre	4,088	2.6	108.0	3,786	2.5	114.8
Divalo	221	0.1	115.6	191	0.1	106.5
Shimamura (non-consolidated)	155,575	99.0	105.0	148,127	99.2	104.8
Si meng le (Taiwan)	1,530	1.0	128.4	1,191	0.8	99.9
Shimamura (consolidated)	157,105	100.0	105.2	149,319	100.0	104.8

3. Consolidated Results: SG&A Expenses

▽ Personnel expenses: Increased by 8.9% YoY on a wage increase. It helped to solve the store's employee shortage.
▽ Advertising expenses: Ratio to sales was 1.9%, controlled by the expansion and diversification of digital sales promotions.
▽ Equipment cost: 1.0% YoY increase due to rising electricity charges. Controlled below plan.

（Million yen、%）

	FY2/24 Q1	Ratio to sales	YoY	FY2/23 Q1	Ratio to sales	YoY
Salary	16,907	10.8	108.7	15,550	10.4	104.6
Total personnel expenses	19,762	12.6	108.9	18,148	12.2	104.5
Advertising expenses	2,985	1.9	103.6	2,880	1.9	95.6
Total selling expenses	4,936	3.1	105.5	4,677	3.1	101.8
Supplies and display equipment	472	0.3	93.4	505	0.3	106.2
EDP expenses	478	0.3	120.5	397	0.3	112.4
Total operating expenses	2,028	1.3	104.6	1,939	1.2	103.3
Rents	8,133	5.2	99.5	8,170	5.5	99.3
Depreciation and amortization	1,448	0.9	99.7	1,453	1.0	98.3
Total equipment cost	11,549	7.3	101.0	11,434	7.7	103.2
Total general expenses	1,219	0.8	104.1	1,171	0.8	102.1
Total SG&A expenses	39,497	25.1	105.7	37,371	25.0	103.6

4. Consolidated Results: Balance Sheets

▽ Assets : Cash and deposits, accounts receivable, and valuable securities increased by 8.4% YoY.

▽ Liabilities : Mainly accrued expenses and accounts payable increased.

（Million yen、％）

	End-May 2023	Composition ratio	YoY	End-May 2022	Composition ratio
Current assets	343,873	66.3	109.3	314,540	64.6
Noncurrent assets	174,454	33.7	101.2	172,418	35.4
Total assets	518,327	100.0	106.4	486,959	100.0
Current liabilities	62,851	12.1	102.8	61,113	12.5
Noncurrent liabilities	10,103	2.0	106.3	9,506	2.0
Total liabilities	72,954	14.1	103.3	70,619	14.5
Total shareholder’s equity	441,340	85.1	106.8	413,048	84.7
Accumulated other comprehensive income	4,032	0.8	122.6	3,290	0.8
Total net assets	445,373	85.9	107.0	416,339	85.5
Total liabilities and net assets	518,327	100.0	106.4	486,959	100.0

5. Existing store sales, Number of customers, Spending per customer (YoY)

▽Growth in existing store sales: Strengthen product and sales capabilities. Continue individual response to each region and store.

▽Increase in number of customers: Strengthen response to outings demand and Strengthen response to outings demand and launch of new events.

▽ Increase in unit price per item: Shifted to a new price range, expanded high price range products in PB and JB.

(%)

Business	Period	Net sales		Number of customers	Number of items purchased	Spending per customer	Unit price per item
		Existing stores	All stores				
Shimamura	FY2/24 Q1	105.6	105.4	100.2	97.2	105.1	108.1
	FY2/23 Q1	103.7	103.1	101.2	101.3	101.9	100.6
Avail	FY2/24 Q1	107.7	107.1	101.2	97.7	105.8	108.3
	FY2/23 Q1	110.9	110.0	106.6	102.3	103.2	100.8
Birthday	FY2/24 Q1	100.3	101.2	96.0	95.3	105.4	110.6
	FY2/23 Q1	105.2	108.7	103.9	105.1	104.7	99.6

6. Gross profit, Price Reduction, Inventory YoY

▽ Shimamura and Avail gross profit increased from the previous year. Also with the aim of maintaining the freshness of the sales floor, we systematically implemented a price decrease that exceeded the previous year.

▽ Birthday disposed of backlogged stock, which has slowed down in reaction to the stay-at-home demand.

（%、pt）

Business	Period	Gross profit			Price reduction			Inventory
		Gross Profit YoY	Gross margin	YoY	Price reduction YoY	Price reduction rate	YoY	Inventory YoY
Shimamura	FY2/24 Q1	104.9	33.3	−0.2	117.7	7.5	+0.8	107.7
	FY2/23 Q1	103.5	33.5	+0.2	79.5	6.7	−2.0	101.1
	FY2/23 total	104.7	33.2	±0.0	87.9	6.1	−1.2	105.7
Avail	FY2/24 Q1	105.5	37.4	−0.6	108.9	16.4	+0.2	114.6
	FY2/23 Q1	116.0	38.0	+2.0	86.1	16.2	−4.4	98.6
	FY2/23 total	110.8	38.5	+0.2	99.5	14.1	−1.5	104.8
Birthday	FY2/24 Q1	96.2	34.8	−1.8	201.3	4.8	+2.4	115.7
	FY2/23 Q1	108.1	36.6	−0.2	94.1	2.4	−0.4	112.4
	FY2/23 total	103.6	34.4	−0.2	87.0	4.3	−0.8	112.6

7． Shimamura Business ①

Strengthening product appeal

▽ Further enhancement PB and JB:：expanded high price range products, strengthening line-robbing. The brand's share of Q1 sales was 30.8%, and sales increased by 9.8% YoY.（PB+JB）

High-priced brand “CLOSSHI PREMIUM”： Sales increased by 40.4% YoY .

▽ Expansion of influencer projects. Launched collaboration between PB, JB and Influencer.

Expansion of the private brand "CLOSSHI PREMIUM"

“Easy care and clean knitwear”

“Super Cool arm cover”

JB's high-priced appeal

Strengthen performance by expanding the size of promotion materials

Influencer projects

From experimentation to the expansion to all shops

Information dissemination by “Shimasuta”

Product planning by influencer

7． Shimamura Business ②

Strengthening sales power

▽ Evolve and diversification of digital sales promotion: Social media followers: Approx. 33 million.(117％ YoY)
Number of flyers: 14 web flyers ＞11 insert flyers. Web promotion respond flexibly according to sales.

▽ Project for the commemorate the 70th anniversary: Launch of a special website and various campaigns have greatly contributed to attracting customers. Participated at "Tokyo Girls Collection" in March 2023. Collaboration projects were topic.

Use digital sales promotions

Web commercial flexibly according to sales.

Web commercial “Cool pants for bare skin”

Web commercial “Kirei Declaration”

Project for the commemorate the 70th anniversary

. Participated at "Tokyo Girls Collection“ in March 2023.

Sachiko Kobayashi x JB "hareiro"

Influencer project

8. Avail Business

Strengthening product appeal and sales power

▽ Strengthening of trend proposals: JB ratio was 44.2%. (Sales were 124.7% YoY)
3 trends of "Y2K," "Heisei Brand," and "Korean projects" are well-received owing to the going out demand.

▽Ratio of characters: 17.2% (Sales were 141.9% YoY). Large effect on attracting customers.

▽ In sales promotions, the number of products posted in the leaflets under the new plan, such as ” Couple coordinates” and ”Pair-Katsu”, was high.

Strengthen proposal capabilities through JB

New JB ”Denifits”

JB × Korean fashion

Rise of "Y2K" fashion

Heisei brand projects

“LOVE BOAT” ”CECIL McBEE”

“me Jane”

Character projects

Video of Sanrio Collaboration

Couple Code projects

9. Birthday Business

Strengthening product appeal and sales power

▽Strengthening the JB brand: JB ratio 27.7% (Sales were 109.0% YoY)
Strengthen response to demand for gifts and line robbing for fashion accessories and cosmetics.

▽Occasional products response : Swimming goods and lunch goods performed well. Sales of large products expanded in EC.

▽Use of digital sales promotion: Started LINE advertisement. Trend products are disseminated in social medias.

Strengthen JB product appeal

"Cottoli" gift sales floor

Expand lineup of "rabyraby"

Occasional products response

Sales of "Hina Doll" by EC

Strong sales of swim goods

Use of social medias

Introduction of products through Instagram live

Influencer collaboration

10. Si meng le Business（Taiwan）

Strengthening product appeal and sales power

▽Strengthening product appeal : Brand ratio approximately 50%. (Sales were approximately. 150% YoY) Expansion of Japanese PB and JB and Taiwan project PB. Expansion of characters and sports products.

▽Strengthening sales power： Social media promotions and utilizing local influencers in flyers. New projects such as an office worker coordination special, a Japanese festival and a rainy season products were launched.

Expansion of original products

Avail's JB "SUREVE"

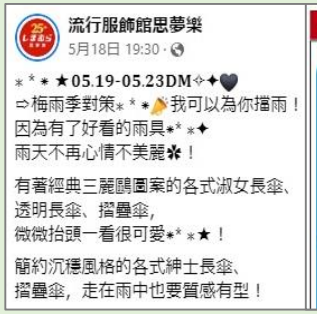
Birthday's JB "futafuta"

Initiatives for high-price zone "S.Basic PREMIUM"

Expansion of sports products assortment and enhancement of display and staging

Use of social media

Publication of Facebook flyers



11. Store Opening Policy

Promote the development of highly profitable stores

▽Promote relocation of existing stores and fashion mall format in multiple businesses.
Old business environment ⇒ Relocate the store to a new business environment where more people gather. Increase the ability to attract customers by opening stores in a mall format that combines multiple businesses.

▽Gradually expanding store openings in urban areas (populated areas and station-front locations) where sales are expected.

Hita Fashion Mall （Oita prefecture）
Shimamura (relocation) + Chamble (new store)

SEIYU Fussa Store （Tokyo Metropolitan area）
Opening of store in Fussa Station-Front SC
(Shimamura + Birthday)

12. Consolidated Business Forecasts for FY2/24

▽ Net sales to up by 3.1% YoY and operating income to up by 2.4% YoY.

▽ Dividend per share is expected to be 270 yen for the full year (an increase of 10 yen).

▽Steady progress in various measures to secure gross profit. SG&A expenses are also within the cruise speed.

* There is no change from the announcement of financial results on April 3 (Million yen/%)

	FY2/24 Forecast	YoY	Ratio to sales	FY2/23 Result	Ratio to sales
Net sales	635,088	103.1	100.0	616,125	100.0
Gross profit	217,900	103.8	34.3	209,996	34.1
SG&A	164,776	104.2	25.9	158,088	25.6
Operating income	54,571	102.4	8.6	53,302	8.7
Ordinary income	55,522	102.1	8.7	54,383	8.8
Net income attributable to owners of parent	39,522	103.9	6.2	38,021	6.2
Net income per share	1,075.41yen	–	–	1,034.57yen	–
Dividend per share	270yen	–	–	260yen	–

13. Information Disclosure

Financial Results Materials (Disclosed on the corporate website)

- ▽ Financial Results Briefing Materials (with comments): June 26 (Monday)
- ▽ Financial Results (English version): June 27 (Tuesday)
- ▽ Financial Results Briefing (Summary of Question and Answer Session): June 28 (Wednesday)
- ▽ Financial Results Briefing (English version): June 29 (Thursday)

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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.