



I am Oota, the Head of the Planning Section.

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 , 2024. After that, President Suzuki will review the progress of key challenges and the earnings forecast.

1. Consolidated Results: Income Statement

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- ▽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	—	—

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

First, in terms of external factors, the wearing of masks for infection control became an individual decision in mid-March, and in early May, the classification of COVID-19 was downgraded to common infectious disease. With infection control measures now a voluntary decision, social life returned to normal, and Golden Week domestic travel recovered to the level before the COVID-19 pandemic.

On the other hand, rising prices for energy-related products, food, lodging, and food services led to a high 3.4% YoY increase in the consumer price index in April, raising concerns that households are becoming thriftier, against a backdrop of inflationary caution.

As for the weather, temperatures rose nationwide from early March, with summer days recorded in western Japan in mid-March. In late March and early April, sunny and rainy days alternated, while mid- to late-April brought cooler temperatures across the country. In early to mid-May, weekday temperatures rose, and hotsummer days were recorded west of the Kanto region, but weekend weather was cloudy and rainy. During Q1, the weather was difficult to deal with for spring and summer sales due to cool morning and evening temperatures and cyclical changes in the weather.

Against 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. In addition, due to an increase in selling, general, and administrative expenses caused by significant wage hikes and higher utility costs, operating income amounted to almost the same level as in the previous year.

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 yen/%)

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

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This section describes sales by business segment. The respective numerical results are as shown.

SHIMAMURA, Avail, Birthday, and Si Meng Le in Taiwan will be explained later on the results page of each business initiative. In this section, we discuss the results of the Chambre, and Divalo and EC projects.

In the Chambre business, sales of wear and fashion accessories increased, centered on "JB", a brand developed jointly with suppliers, due to going out demand. In character products, sundries and bedding performed well. In addition, the "Gift Marche", where customers can choose their own products and decorative materials, performed well, with food and confectionery being particularly strong sellers. On the other hand, the reaction to the stay-at-home demand that continued through last year resulted in slower movement in houseware, such as interior, kitchen, and bath products.

The Divalo business expanded its lineup of men's and women's casual shoes and sneakers to meet the for going out demand and increased sales. In women's products for young customers, thick-soled sneakers and sports sandals were hot sellers. In wear and fashion accessories, where the company has been expanding its offerings since last year, bags and hats performed well as a result of the development of new suppliers and the strengthening of trend products.

Sales in the EC business exceeded the plan and are progressing well. In addition, the number of digital members of the official application launched last fall reached approximately 3.9 million as of May 20. The number of visitors is steadily increasing toward the target of 5.5 million by the end of this fiscal year, and we will continue to make use of this data in the current fiscal year.

3. Consolidated Results: SG&A Expenses **しまむらグループ**

- ▽ 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

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

Personnel expenses increased 8.9% from the previous year to 12.6% of sales due to wage increases of 6.5% for full-time employees and 5.2% for part-time employees in April. As a result of this wage increase, the number of applicants for part-time positions since April has increased by approximately 30% compared to the number of applicants before the wage increase, and the number of stores that are understaffed has decreased.

Advertising expenses were kept low at 1.9% of sales as a percentage of sales as a result of expanding and diversifying digital sales promotions and increasing the percentage of web flyers to over 50% of flyer advertising.

Operating expenses increased 4.6% over the previous year. EDP expenses increased 20.5% from the previous year due to the promotion of DX.

Equipment costs increased 1.0% over the previous year. Rental expenses decreased 0.5% from the previous year mainly due to rent negotiations for unprofitable stores. On the other hand, utilities expenses increased 10.5% from the previous year due to higher electricity rates. However, government subsidies and reduced electricity use allowed us to keep it lower than planned.

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

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This section provides a breakdown of the consolidated balance sheet.

Current assets increased 9.3% YoY. The main factor was an 8.4% increase in the combined value of cash, accounts receivable, and marketable securities compared to the end of the same period last year.

Total liabilities increased 3.3% YoY. The main factors were an increase in salaries and other accrued expenses for advertising, utilities, etc.

5. Existing store sales, Number of customers, Spending per customer (YoY) **しまむらグループ**

▽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

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This section describes existing store sales and the number of customers and customer spending for all stores.

Comparable store sales increased YoY in all three businesses. The number of customers also increased in the SHIMAMURA and Avail businesses as the unit price per item rose significantly.

Next, we will discuss the results of the SHIMAMURA business. The number of customers increased 0.2% YoY. To meet the going out demand during spring break and Golden Week, we strengthened the selection of going out wear, shoes, and accessories through PB, JB, and influencer projects to motivate customers to visit the store.

In addition, the Group's 70th anniversary launch and participation in major events, such as "Tokyo Girls Collection" in March and "KCON JAPAN 2023" for Korean fashion, also helped the Group attract new customers, especially young customers.

The price per item increased by 8.1% YoY. In the expansion of high-priced products, in addition to the expansion of PB's "CLOSSHI PREMIUM", JB also developed products with a higher price range by focusing on materials and details. The transition to the new price range also continued from last year. As a result of these actions, the markup rate in Q1 was slightly higher than in the same period of the previous year.

6. Gross profit, Price Reduction, Inventory YoY

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- ▽ 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		Price reduction YoY	Price reduction rate		Inventory YoY
				YoY			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

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This section describes Q1 results of the SHIMAMURA business with respect to gross profit, price reductions, and inventory.

Gross profit increased by 4.9% YoY, while gross profit margin decreased by 0.2 percentage points. Both gross profit and gross profit margin exceeded the plan.

The price-to-sales ratio was slightly higher than the previous year mainly due to the shift to a new price range. On the other hand, price reductions and the price reduction ratio were higher than in the previous year due to the systematic monthly disposal of backlogged inventory at reduced prices in order to maintain freshness on the sales floor.

Inventory volume was higher than the previous year, but this was mainly due to an increase in the unit price per item, while inventory volume was lower than the previous year.

The ratio of short-term production to total wear production was 16.2%, down 7.6 percentage points from the same period last year. This is due to increased long-term production to take advantage of off-peak periods at factories and increased weight of planned PB and JB production in order to improve the markup rate.

7. Shimamura Business ①

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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.

<p>Expansion of the private brand "CLOSSHI PREMIUM"</p> <p>"Easy care and clean knitwear"</p>  <p>"Super Cool arm cover"</p> 	<p>Influencer projects</p> <p>From experimentation to the expansion to all shops</p>  <p>Information dissemination by "Shimasuta"</p> 
<p>JB's high-priced appeal</p> <p>Strengthen performance by expanding the size of promotion materials</p>  	<p>Product planning by influencer</p>  

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Hello, this is Suzuki, the President of SHIMAMURA. Thank you very much for taking time out of your busy schedule to attend our financial results briefing today. In the following segment, I will review the results of our efforts on the key challenges.

In strengthening the product appeal of the SHIMAMURA business, we took various measures to evolve PB and JB. In PB, we expanded our high price range, and sales of "CLOSSHI PREMIUM" increased 40.4% YoY. In wear, women's easy care and clean knitwear was a hot seller, and in practical products, sales of "FIBER DRY" functional underwear for women and men and "SUPER COOL arm covers" for women increased. In both cases, customers recognized the appropriateness of the price for the value of the products, which were enhanced with functionalities such as cool contact sensation and UV protection.

In JB, line-robing was successful, expanding popular women's brands into wear and practical goods for men and children. In addition, as part of the expansion of the higher price range, women's shirts and dresses made of 100% linen, for which prices were raised in JB's "SEASON REASON", were hot sellers. As a result of the above, the brand's share of Q1 sales, PB and JB combined, was 30.8%, and its sales increased 9.8% from the same period last year.

In other influencer projects, we actively promoted the introduction of new influencers. Among them, a scheme to experiment with new influencer products in 490 trend-oriented stores and online stores and to expand the best-selling products among them to all stores has led to another increase in sales in the current fiscal year. In addition, a new collaboration project involving influencers in PB and JB product pricing was launched, which also became a hot seller.

7. Shimamura Business ②

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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	Project for the commemorate the 70th anniversary	
Web commercial flexibly according to sales. Web commercial "Cool pants for bare skin"	. Participated at "Tokyo Girls Collection" in March 2023. Influencer project	
 Web commercial "Kirei Declaration"	 Sachiko Kobayashi x JB "hareiro"	

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Next, I will review how we are strengthening the sales power of the SHIMAMURA business.

First, in advertising, we advanced and diversified digital sales promotion.

In flyer promotion, the number of web flyers exceeded the number of insert flyers, and digitization further progressed. In addition, web commercials sent to SNS and video sites flexibly changed the timing and frequency of distribution in response to changes in temperature and product sales trends, thereby enhancing the cost effectiveness of the commercials. As a result, the number of SNS members reached approximately 33 million, a 17% increase over the same period last year. By medium, Twitter, Instagram, and YouTube saw significant growth in membership.

Next, I would like to discuss the launch to commemorate the 70th anniversary of the Company's founding.

A special 70th anniversary website was launched on the official website to actively disseminate information on flyers, campaigns, and events.

In terms of event participation, we collaborated with singer Sachiko Kobayashi for the "Tokyo Girls Collection" held in March, and the SHIMAMURA theme song that was sung at the event was a big hit. In addition, the Mother's Day flyer in May featured Sachiko Kobayashi as a model wearing "hareiro" from women's JB, and sales were strong.

The flyer launched a variety of campaigns and special events during the 70th anniversary celebration in May. The campaign attracted customers by giving away novelties and holding a stamp rally. In special projects, flyer products, such as a collaboration project between JB and influencers and JB and Sanrio characters, sold well.

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.



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Next, I will review our efforts in the Avail business.

In the area of product appeal, we strengthened our ability to propose trends, particularly in JB, and expanded our lineup of character products.

Since the end of last year, JB has established a four-brand system to cater to various ages and tastes. New projects included a collaboration project between JB and character contents, and JB with Korean taste, which sold well. As a result, JB's sales increased 24.7% YoY, and its share of JB's total sales expanded to 44.2%.

In addition, sales of trend products, especially for teens, were strong due to increased demand for outings. Among them, products incorporating 2000s fashion, called "Y2K", and collaboration projects with popular 1990s brands or Heisei brands, such as "CECIL McBEE" and "LOVE BOAT", were particularly strong.

In character products, in addition to the popular "Chiikawa" and "Sanrio characters", we aggressively planned collaborations with niche characters, which other companies do not often carry, to differentiate our products from those of other companies. As a result, sales of character merchandise increased 41.9% YoY, expanding its share of sales to 17.2%.

Next, in strengthening our sales power, we launched a new flyer program, "Couple Coordinates" and "Pair-Katsu", in which couples and friends wear matching clothes, and the sales were strong. In addition, sales were strong at our 96 targeted urban area stores as we expanded our lineup of trend products, particularly JB.

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



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Next, I will review our efforts in the Birthday business.

In terms of product appeal, we expanded JB for newborns and upper elementary school children, whose product lineup had been lacking, in order to strengthen the JB brand power. "Cottoli", a JB for newborns, set up a gift corner on the sales floor to promote the fact that it is an ideal gift item.

"rabyraby", a JB for upper elementary school students increased sales by strengthening the lineup of fashion accessories and kids' cosmetics in addition to clothing as line-robbing attempts. As a result, the JB ratio was 27.7%, and sales increased 9% YoY.

In addition, we expanded our lineup of products for occasions in line with the recovery in going out demand. Among them, sales of swim-related goods increased significantly, and sales of school supplies and lunch items were also strong. In addition, by utilizing EC, we were able to double the number of sales of other large products, such as dolls and May dolls, which are difficult to sell in stores due to space limitations on the sales floor, compared to the same period last year.

In strengthening our sales force, we utilized digital sales promotion. Among other things, the company utilizes SNS sales promotions, strengthening information dissemination via Instagram and Twitter, which boast the largest number of followers in the baby and children's clothing industry, while also newly starting to distribute flyers via LINE flyers. In trend products for upper elementary school students, sales of flyer products were strong thanks to the distribution of product information via the official SNS accounts of junior models.

10. Si meng le Business (Taiwan)

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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



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Next, I will review our efforts in the Si meng le business in Taiwan.

Last year, Si meng le increased the number of employees seconded from Japan and is strengthening its product appeal and sales power to improve sales using the successful examples of its domestic business in Japan as a guide. As a result of these efforts, we returned to operating profitability in Q1, and I will explain specific initiatives.

In strengthening product competitiveness, we expanded PB and JB to differentiate our products from those of other companies.

PB and JB are developed for wear and utilitarian products, respectively, and JB has introduced JB for the SHIMAMURA business as well as the Avail and Birthday businesses. Currently, JB is particularly popular for baby and children's clothing, using the same fixtures as in Japan, not only for products but also for display fixtures. In addition, we have started to work on the high price range in Taiwan project PB, as we have done in Japan.

As a result, ratio of PB and JB brands in the Japanese and Taiwan project expanded to approximately 50%.

Next, in strengthening sales power, we stepped up sales promotions using social networking services.

Since newspaper inserts are not a mechanism in Taiwan, we expanded flyer advertising and product introductions using social networking services, such as Facebook. In addition, the use of influencers, using a famous Taiwanese influencer as a flyer model, led to the acquisition of new customers, and sales for the corresponding week increased significantly by approximately 160% compared to the same week of the previous year.

In addition, the number of customers increased as a result of new flyer advertising projects, such as the Japan Festival featuring children's jinbeis and a special feature on measures against the rainy season, which had not been seen in the past.

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.



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Next, we will discuss the current status of store development.

We plan to increase the number of new stores starting this fiscal year, and in Q1, we opened nine new stores compared to five last year.

The first image on the left is the Hita Fashion Mall, which opened this April in Hita City, Oita Prefecture. The previous SHIMAMURA Hita store was relocated because a long period of time had passed since its opening and the local business environment had changed significantly. In addition, the store was opened in a fashion mall format in combination with a Chambre store. As for the sales situation, Q1 sales at the SHIMAMURA Hita store increased 31% YoY. Chambre Hita is also a top-selling store among all Chambre stores.

The next image on the right shows the SEIYU Fussa store, which opened this April in Fussa City, Tokyo. The store will open with two stores, SHIMAMURA and Birthday, with SHIMAMURA being a large store with a sales floor area of 1,300 square meters. Located in a shopping center adjacent to JR Fussa Station, this location is expected to attract a high number of customers. In terms of sales, the SHIMAMURA Seiyu Fussa store is also a top-selling store among all SHIMAMURA stores.

As described above, the Group will increase the weight of relocating existing stores and opening new stores in a fashion mall format that combines multiple businesses within the Group in order to expand store openings in the future.

We will also push forward with the development of profitable stores by strengthening store openings in urban areas and expanding the number of stores with a sales floor space of 1,300 square meters in the SHIMAMURA business.

12. Consolidated Business Forecasts for FY2/24

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- ▽ 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	—

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Each numerical forecast is as shown.

Net sales for the fiscal year ending February 2024 are JPY635 billion, up 3.1% from the previous year. Operating income was JPY54.5 billion, up 2.4% YoY. There is no change in the plan for an operating margin of 8.6%.

To secure gross profit from Q2 onward, we will move to a new price range and continue cost reductions in cooperation with suppliers as a response to rising purchase costs.

Therefore, we are promoting fabric contracts and production line contracts and are also reviewing the ratio of countries of production. The ratio of third countries, including ASEAN, to total production in Q1 was 19.5%, up 2.5 percentage points YoY. In addition, product procurement by the in-house import department has been expanding, with the import department ratio for Q1 at 10.8% in the SHIMAMURA business, up 1 percentage point from the same period last year.

As for SG&A expenses, we have factored in higher labor and utility costs into our plan, and we will control expenses to keep them within the planned range from Q2 onward.

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)



Finally, we will inform you of the disclosure information.

The schedule for disclosing financial results on the corporate website is as shown here.

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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.

This concludes our explanation of the financial results for the first quarter of the fiscal year ending February 2024 and our full-year forecast of SHIMAMURA. Thank you very much for your attention.