
I am Tsujiguchi, the head of the Planning Section. Thank you for taking time out of your busy schedule to join us today.

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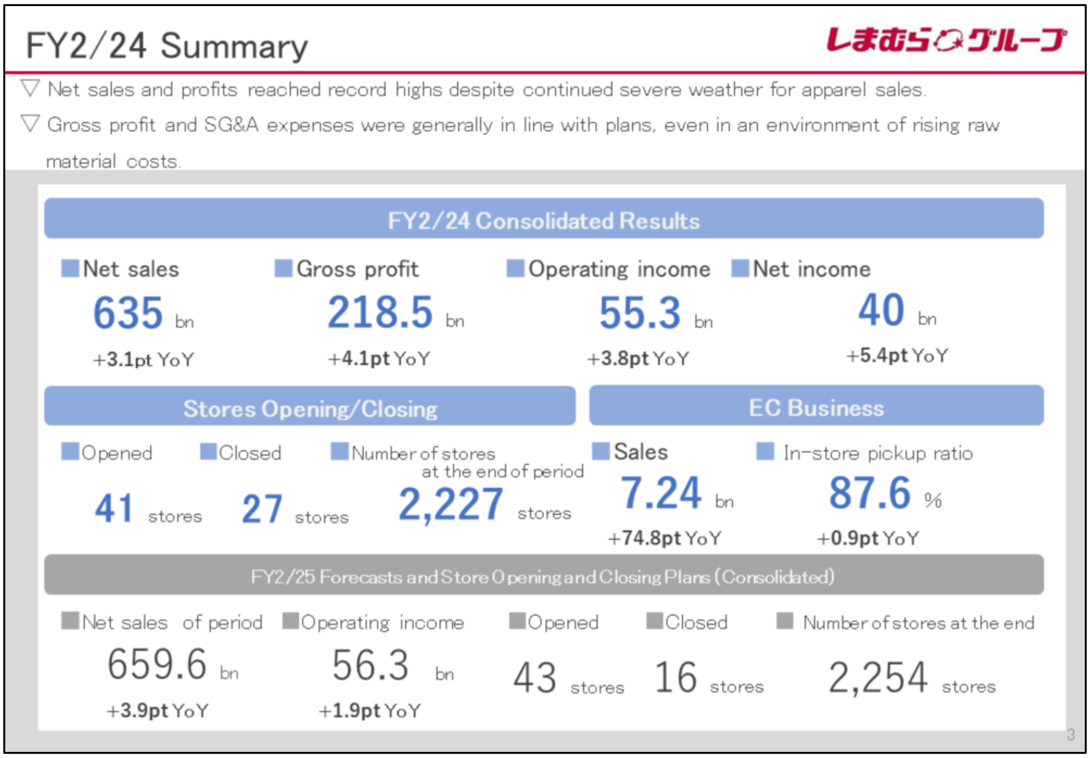
## Contents





Today, I will begin by explaining the results of our performance for the fiscal year ended February 29, 2024, our forecast and management policy for the fiscal year ending February 2025, and a review of our medium-term management plan.

Then, President Suzuki will give a presentation on the Medium-Term Management Plan 2027.




First, I will provide a summary of the financial results.

For the fiscal year ended February 2024, we were able to achieve record highs in sales and each of our profit categories.

Even with raw material price hikes, we were able to secure gross profit by reviewing product unit prices, etc. We were also able to properly control SG&A expenses, which led to an increase in operating income.

Regarding new store openings, 41 new stores were opened in line with the revised plan. For regional store openings, we carefully selected sites, increased relocation of existing stores, and store openings in fashion malls in multiple businesses. By doing so, we have promoted high-profitable new store openings.

EC sales significantly exceeded the annual sales plan of JPY5 billion to JPY7.2 billion. In addition, the ratio of receiving products at stores for EC orders is 87.6%, which contributes significantly to sending customers to stores.

For the fiscal year ending February 2025, we forecast consolidated net sales of JPY659.6 billion, and operating income of JPY56.3 billion. New store openings are 43, for a net increase of 27 stores.

## Consolidated Results: Income Statement

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▽ Net sales: 635 billion yen (up 3.1% YoY). Record high for the full year.
▽ SG&A ratio: 25.9 %(+ 0.3pt YoY ). It was generally in line with the plan through effective cost control for the full year.
▽ Operating income: 55.3 billion yen (up 3.8% YoY). All profits reached record highs for the full year.

(Million yen/%)

| | FY2/24 | Ratio to sales | YoY | H1 | YoY | H2 | YoY |
|---|---|---|---|---|---|---|---|
| Net sales | 635,091 | 100.0 | 103.1 | 316,838 | 105.1 | 318,252 | 101.1 |
| Gross profit | 218,561 | 34.4 | 104.1 | 109,225 | 105.3 | 109,336 | 102.9 |
| SG&A | 164,662 | 25.9 | 104.2 | 79,763 | 105.6 | 84,899 | 102.8 |
| Operating income | 55,308 | 8.7 | 103.8 | 30,173 | 104.3 | 25,134 | 103.1 |
| Ordinary income | 56,716 | 8.9 | 104.3 | 30,725 | 103.5 | 25,990 | 105.2 |
| Net income attributable to owners of parent | 40,084 | 6.3 | 105.4 | 20,954 | 101.6 | 19,130 | 109.9 |
| Net income per share | 545.35yen | – | – | 285.07yen | – | – | – |

＊Net income per share have been calculated on the presumption that the stock split was conducted at the beginning of the Fiscal year ending February 2023.

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Next, we would like to talk about the consolidated results for the fiscal year ended February 2024.　The respective results are shown in the slide.

First, as an external factor, moving COVID-19 to Class 5 in May has led to a noticeable increase in the flow of people in many places.　On the other hand, the rise in prices, which exceeded the rise in wages, had an impact on personal consumption.

Regarding weather, the first half of the year saw cyclical changes, with cool weather in the mornings and evenings until mid-May. From late May to mid-July, there were many rainy days. After the rainy season ended, temperatures rose sharply across the country, and there was a severe heat wave at the end of July.
The second half of the year experienced unseasonably high temperatures, persisting until mid-November, followed by lingering summer heat, and culminating in a record-warm winter from December to February.

Despite these severe external factors, we managed to bolster our product lineup and sales capabilities while also reducing advertising and other expenses. This effort led to record-high sales and profits for the current fiscal year-to-date period.

## Sales by Business

▽ Domestic sales increased by 2.9% YoY due to further enhancement of brand power, product lineup expansion, diversification of sales promotion methods, and enhancement of regional response.

▽ Sales of Si meng le (Taiwan) performed well, up 19.6% YoY, thanks to the expansion of PB and JB products and the use of digital sales promotions.

(Million yen/%)

| Business | FY2/24 | Composition ratio | YoY | H1 | YoY | H2 | YoY |
|---|---|---|---|---|---|---|---|
| Shimamura | 476,957 | 75.1 | 103.3 | 237,325 | 105.4 | 239,632 | 101.3 |
| Avail | 61,688 | 9.7 | 102.8 | 31,626 | 106.9 | 30,062 | 98.8 |
| Birthday | 72,709 | 11.5 | 100.5 | 36,350 | 101.1 | 36,359 | 100.0 |
| Chambre | 14,836 | 2.3 | 101.3 | 7,521 | 104.2 | 7,314 | 98.5 |
| Divalo | 823 | 0.1 | 109.6 | 437 | 115.5 | 386 | 103.5 |
| Shimamura (non-consolidated) | 627,016 | 98.7 | 102.9 | 313,261 | 105.0 | 313,755 | 100.9 |
| Si meng le (Taiwan) | 8,074 | 1.3 | 119.6 | 3,577 | 118.3 | 4,497 | 120.7 |
| Shimamura (consolidated) | 635,091 | 100.0 | 103.1 | 316,838 | 105.1 | 318,252 | 101.1 |

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Next, sales by business are as shown.

Net sales increased YoY in all domestic and overseas operations.

The initiatives of each project are explained on page 10 and beyond.

# Consolidated Results: SG&A Expenses

▽ Personnel expenses: Up 5.9% YoY due to wage increases in spring. Large effect on eliminating labor shortages and lowering the turnover rate.
▽ Advertising expenses: Despite aggressive sales promotions such as the 70th anniversary sale, sales promotion expenses were limited to 1.9% of sales.
▽ Supplies expenses: Utility costs rose 0.9% YoY, below expectations, due to lower usage.

(Million yen/%)

| | FY2/24 | Ratio to sales | YoY | FY2/23 | Ratio to sales | YoY |
|---|---|---|---|---|---|---|
| Salary | 70,650 | 11.1 | 105.6 | 66,904 | 10.9 | 105.4 |
| Total personnel expenses | 83,180 | 13.1 | 105.9 | 78,580 | 12.8 | 105.8 |
| Advertising expenses | 11,949 | 1.9 | 102.8 | 11,626 | 1.9 | 100.0 |
| Total selling expenses | 20,031 | 3.2 | 104.1 | 19,235 | 3.1 | 103.6 |
| Supplies expenses/Display fixtures expenses | 2,226 | 0.4 | 108.3 | 2,056 | 0.3 | 98.4 |
| EDP expenses | 2,409 | 0.4 | 110.6 | 2,178 | 0.4 | 140.4 |
| Total operating expenses | 9,477 | 1.5 | 110.2 | 8,603 | 1.3 | 105.4 |
| Rents | 32,745 | 5.2 | 100.2 | 32,678 | 5.3 | 99.6 |
| Depreciation and amortization | 5,918 | 0.9 | 100.5 | 5,891 | 1.0 | 99.7 |
| Total equipment cost | 47,343 | 7.4 | 100.9 | 46,939 | 7.6 | 103.8 |
| Total general expenses | 4,629 | 0.7 | 97.9 | 4,730 | 0.8 | 106.6 |
| Total SG&A expenses | 164,662 | 25.9 | 104.2 | 158,088 | 25.6 | 104.9 |

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The following is a breakdown of consolidated SG&A expenses.

Personnel expenses increased 5.9% from the previous year due to wage increases implemented in April, which are 6.5% for full-time employees and 5.2% for part-time employees. This wage increase has also led to the hiring of new part-time employees in areas where hiring is difficult. In particular, sales have improved in urban areas due to improved store operations as a result of staff being filled.

Advertising expenses were kept at 1.9% of sales, on par with the previous year, with the continued shift to digital sales promotions. On the other hand, total selling expenses increased 4.1% YoY due to an increase in sales commissions resulting from an increase in the cashless ratio.

Total operating expenses increased 10.2% over the previous year. The primary factor behind the increase was a 10.6% rise in EDP expenses compared to the previous year, attributed to the replacement of cash registers in stores. This replacement resulted in heightened travel and transportation expenses as domestic and international business trips returned to pre-pandemic levels.

Supplies expenses by 0.9% YoY. Rent expenses increased only 0.2% YoY due to the closure of unprofitable stores. Utility expenses decreased 5.4% YoY, mainly due to lower electricity consumption at stores compared to the previous year.

# Consolidated Results: Balance Sheets

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▽ Assets: Cash + Accounts receivable + investment securities up 3.6% YoY. Merchandise inventories increased by 5.3% YoY.

▽ Liabilities: Accounts payable-trade and asset-retirement obligations increased, and provision for bonuses decreased.

(Million yen/%)

| | End-Feb. 2024 | Composition ratio | YoY | End-Feb. 2023 | Composition ratio |
|---|---|---|---|---|---|
| Current assets | 344,887 | 64.6 | 103.8 | 332,416 | 66.1 |
| Noncurrent assets | 188,919 | 35.4 | 111.0 | 170,135 | 33.9 |
| Total assets | 533,807 | 100.0 | 106.2 | 502,552 | 100.0 |
| Current liabilities | 52,151 | 9.8 | 99.3 | 52,498 | 10.4 |
| Noncurrent liabilities | 10,247 | 1.9 | 102.4 | 10,005 | 2.0 |
| Total liabilities | 62,398 | 11.7 | 99.8 | 62,503 | 12.4 |
| Total shareholder's equity | 466,596 | 87.4 | 106.9 | 436,434 | 86.9 |
| Accumulated other comprehensive income | 4,811 | 0.9 | 133.1 | 3,614 | 0.7 |
| Total net assets | 471,408 | 88.3 | 107.1 | 440,048 | 87.6 |
| Total liabilities and net assets | 533,807 | 100.0 | 106.2 | 502,552 | 100.0 |

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The following is a breakdown of the consolidated balance sheet.

Total assets increased 6.2% from the end of the same period last year. The main factor was an 181.5% increase in investment securities compared to the end of the same period last year.

Total liabilities decreased by 0.2% from the end of the previous year. The main factor was a decrease in accrued bonuses, despite an increase in accounts payable and other liabilities.

## Sales, Number of customers, Spending per customer YoY

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▽ Growth in existing store sales (Shimamura) : Sales grew due to product lineups that are less susceptible to temperature and product planning.

▽ Customer numbers declined in all businesses: the number of customers slightly declined from the previous year due to a slowdown in autumn winter items caused by the unusually hot summer and warm winter.

▽ Unit price per item rose: The main factors behind this were the shift to a new price ranges and the expansion of high-price range PB and JB products.

(%)

| Business | Period | Net sales | | Number of customers | Number of items purchased | Spending per customer | Unit price per item |
|---|---|---|---|---|---|---|---|
| | | Existing stores | All stores | | | | |
| Shimamura | H1 | 105.7 | 105.4 | 100.1 | 97.2 | 105.3 | 108.5 |
| | H2 | 101.5 | 101.3 | 98.3 | 97.4 | 103.1 | 105.8 |
| | Full-year total | 103.6 | 103.3 | 99.2 | 97.4 | 104.2 | 107.1 |
| Avail | H1 | 107.5 | 106.9 | 101.2 | 97.7 | 105.6 | 108.3 |
| | H2 | 99.2 | 98.8 | 95.9 | 98.0 | 103.1 | 105.1 |
| | Full-year total | 103.3 | 102.8 | 98.6 | 98.0 | 104.3 | 106.5 |
| Birthday | H1 | 100.0 | 101.1 | 95.9 | 94.8 | 105.4 | 111.1 |
| | H2 | 97.3 | 100.0 | 97.5 | 97.1 | 102.5 | 105.5 |
| | Full-year total | 98.6 | 100.5 | 96.7 | 95.9 | 103.9 | 108.3 |

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Continuing further, I will explain the results of the Shimamura business regarding existing store sales, the number of customers, and the average spend per customer across all stores.

Despite challenging weather conditions for the apparel business, we focused on offering products less affected by temperature fluctuations. Additionally, the launch of our 70th anniversary project helped minimize the decrease in customer numbers while increasing sales per customer, resulting in higher comparable store sales compared to the same period last year.

The unit price per item rose 7.1% YoY due to the shift to new price ranges and the expansion of higherpriced products amid rising purchase costs.

## Gross profit, Price reduction, Inventory YoY

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▽ Gross profit: In Shimamura and Avail, the gross margin improved thanks to an improved markup rate due to the shift to a new price range and other factors.

▽ Price reduction: In each business, the price reduction rate was generally in line with the plan through appropriate inventory control and utilization of short-term production.

▽ Inventory: In each business, the increase in inventory is due to the increase in the unit price per item.

(%, pt)

| Business | Period | Gross profit | | | Discount | | | Inventory |
|---|---|---|---|---|---|---|---|---|
| | | Gross Profit YoY | Gross margin | | Discount price YoY | Discount rate | | Inventory YoY |
| | | | | YoY | | | YoY | |
| Shimamura | H1 | 106.1 | 33.7 | +0.2 | 113.3 | 6.4 | +0.5 | 104.4 |
| | H2 | 103.5 | 33.6 | +0.7 | 106.2 | 6.6 | +0.3 | 103.5 |
| | Full-year total | 104.8 | 33.7 | +0.5 | 109.6 | 6.5 | +0.4 | 103.9 |
| Avail | H1 | 106.3 | 38.5 | −0.2 | 104.8 | 13.8 | −0.3 | 109.4 |
| | H2 | 100.9 | 39.2 | +0.8 | 89.1 | 12.6 | −1.4 | 102.2 |
| | Full-year total | 103.6 | 38.8 | +0.3 | 96.9 | 13.2 | −0.9 | 105.6 |
| Birthday | H1 | 98.3 | 34.0 | −1.0 | 136.9 | 5.3 | +1.4 | 110.7 |
| | H2 | 100.1 | 33.8 | ±0.0 | 97.2 | 4.5 | −0.2 | 106.7 |
| | Full-year total | 99.1 | 33.9 | −0.5 | 115.2 | 4.9 | +0.6 | 108.6 |

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Next, we will explain the results of the Shimamura business in terms of gross profit, price reductions, and inventory.

Gross profit increased 4.8% from the previous year, up 0.5 percentage points in percentage terms. This was due to an improvement in the markup rate, mainly through the expansion of high-priced products and the expansion of procurement in the Trade Dept.

The price reduction increased by 9.6% YoY and by 0.4 percentage points in percentage terms. This was due to the improvement of inventory management and the Company’s policy of increasing inventory turnover and securing gross profit under appropriate price reductions.

Inventory volume for the period totaled 3.9% higher YoY. This is mainly due to an increase in the unit price per item.


Next, I will explain the results of our efforts on the key challenges.
In the Shimamura business, we worked on the evolution of our brands, PB, and co-developed brands with suppliers and JB as part of efforts to strengthen product competitiveness.

In PB, we expanded the high-priced CLOSSHI PREMIUM, and its sales increased 37.7% YoY. Among them, FIBER HEAT warm SUPER PREMIUM, which was developed for women's and men's underwear, appealed to customers for its greatly improved functionality compared to conventional products. It achieved high digestibility despite falling into a price range one grade higher.

JB products are developed with a focus on materials and comfort. For JB and SEASON REASON, featuring natural taste, 100% linen shirts and wool-blend knits were hot sellers.

As a result, PB sales accounted for 22.3% of total sales for the fiscal year ended February 2024, a 10.2% increase over the previous year. JB accounted for 8.5% of total sales, and net sales increased by 10.7% from the previous year. Sales were further boosted by expanding the product lineup to include cosmetics and beauty-related items, which were not previously available, as well as introducing petite sizes tailored for shorter customers.

To strengthen sales power, we stepped up sales promotions centered on the Company's 70th anniversary of founding. Exclusive collaboration projects with celebrities and influencers, along with the introduction of value-priced products, proved highly effective in attracting customers, even in challenging conditions marked by prolonged summer heat and mild winter weather. Additionally, we embarked on a new initiative to open pop-up stores in urban commercial facilities, aiming to attract new customers and enhance brand recognition.


Next, we will discuss the Avail and Birthday businesses.

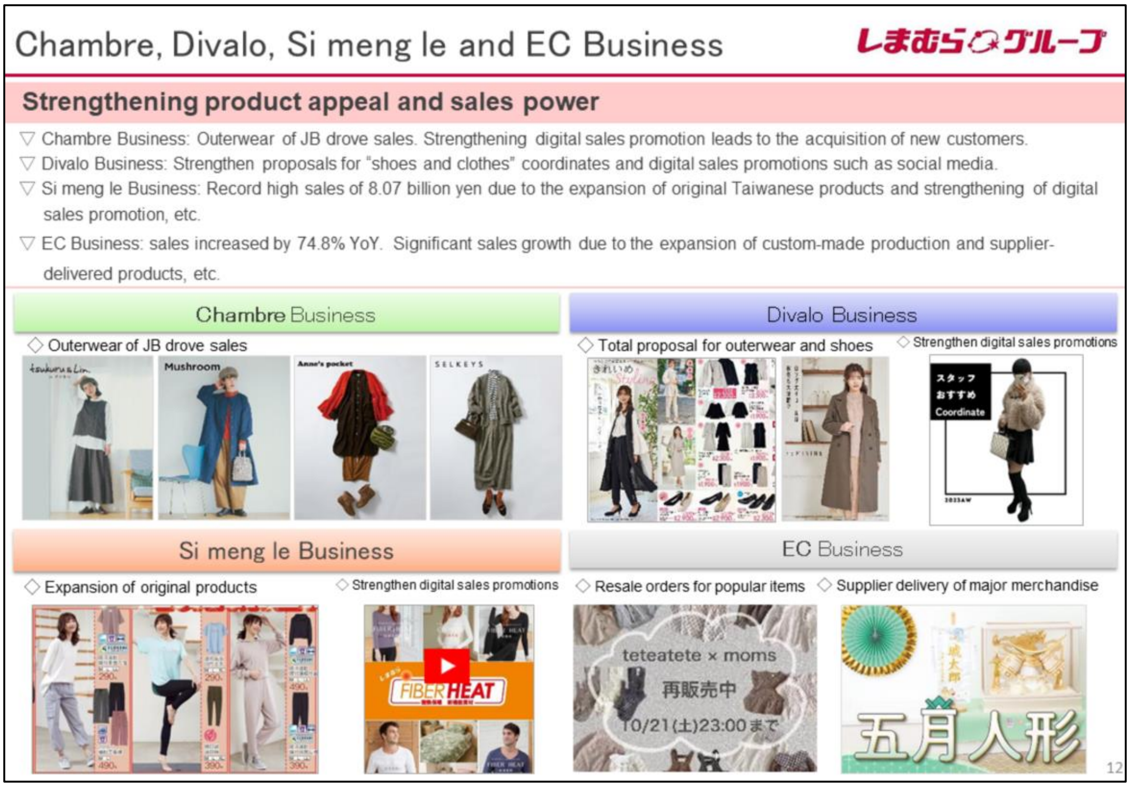
In the Avail business, we strengthened our ability to propose trends, centered on JB.
CHIP CLIP in JB has strengthened the Korean taste. In addition, SUREVE in JB has launched a collaborative project with Heisei
Brand. As a result, JB sales increased 17.0% from the previous year and accounted for 43.9% of total sales.

In character products, sales increased due to aggressive promotion of original products. In terms of individual store response, we strengthened sales promotions by developing store-exclusive brands and distributing flyers at targeted stores.

Next, in the Birthday business, we promoted seasonal motivational events for Christmas, New Year’s, Setsubun, Valentine’s Day, and other occasions. These have led to sales of outerwear. In addition, products featuring collaborations with JB, characters, and companies were hot sellers.

In sales promotion, we have strengthened digital sales promotion. By using a scheme where a digital catalog is distributed on the official website and orders for the listed products are placed through the online store, we observed strong sales for the relevant products.

In addition, the Avail and Birthday businesses jointly launched new projects, such as parent-child coordination, to strengthen cooperation between the businesses.




Next, I will explain our efforts in the Chambre, Divaro, Si meng le（Taiwan）, and EC businesses.

In the Chambre business, sales of outerwear and accessories, for which JB has strengthened its product lineup, increased.　The influencer project launched in JB's "tsukuru & Lin." was effective in terms of e-commerce sales.　In sales promotion, digital sales promotion was strengthened.　We opened a "TikTok" account and started measures to appeal to the younger generation.

In the Divalo business, the second new model store of "Shoes & Fashion" opened in the second half of the fiscal year.　In strengthening merchandise capabilities, we are promoting line lobbing and establishing stores that combine shoes with women's apparel and accessories.

In the Si meng le business, which operates in Taiwan, the company expanded Si meng le original PB in addition to Japan-planned PB and JB.　As a result, the combined brand ratio of PB and JB planned in Japan and Taiwan reached 60.4%, and sales increased 31.3% year-on-year.　In sales promotion, expansion of digital sales promotion using SNS and influencer planning led to the acquisition of new customers.

In the EC business, sales increased due to the expansion of made-to-order production through the resale of hot-selling products and line lobbing of products handled.　In addition, the use of what we call EC supplier delivery, a delivery method similar to that of regular products, helped to resolve the capacity shortage at the EC Center.

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Next, I will explain our business forecast and management policy for the fiscal year ending February 2025, and our plans for new store openings and closings.

## Consolidated Business Forecasts for FY2/25

▽ Net sales: Up 3.9% YoY, Operating income: up 1.9% YoY (plan)
▽ SG&A: Up 4.8% YoY. Personnel expenses increased by 6.2% YoY, and repair expenses due to renovations of existing stores are planned to rise.
▽ Dividend per share: 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 | – |

*The Company conducted a 2-for-1 stock split of shares of common stock on February 21, 2024. The Company has calculated "net income per share" as if the stock split had been conducted at the beginning of the fiscal year ended February 29, 2024. The "dividend per share" for the fiscal year ended February 29, 2024 is the actual dividend amount before the stock split.

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Each numerical forecast is as shown.

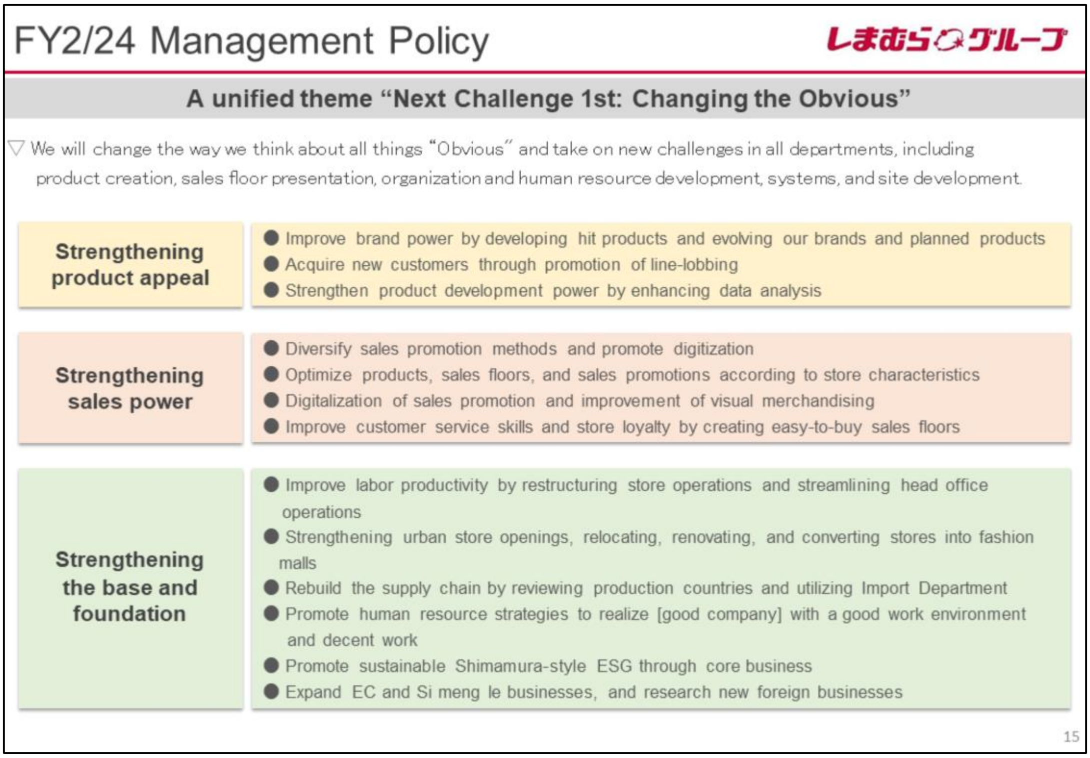
For the fiscal year ending February 2025, we forecast net sales of JPY659.6 billion, a 3.9% increase over the previous year. We will focus on promoting and strengthening product offerings and sales power in each business segment to boost existing store sales.

To secure gross profit, we will promote fabric and production line contracts, review production countries, and expand product procurement through our Trade Dept cope with rising purchase costs. We will also continue the transition to the new price range.

SG&A expenses are planned to increase by 4.8% from the previous year, and the SG&A to sales ratio is 26.2%. We will continue to control SG&A expenses by digitizing advertising. On the other hand, we plan to increase personnel expenses by 6.2% over the previous fiscal year and will raise wages by 5.3% for full-time employees and 4.1% for part-time employees in April. In addition, we expect an increase in expenses for supplies, display fixtures, and repairs due to the remodeling of existing stores.

As a result of the above actions, operating income is projected to be JPY56.3 billion, up 1.9% from the previous year, with an operating margin of 8.5%.

The dividend per share is expected to be JPY190 on a post-stock split basis, as we have reviewed the dividend policy. We will talk about the dividend policy later.




Next, I will explain our management policy for the fiscal year ending February 2025.

The unifying theme is Next Challenge 1st: Changing the Obvious. During the three years of the previous medium-term management plan, we laid a solid foundation. This year, all departments will take on new challenges.

In strengthening product appeal, we will focus on developing hit products and enhancing brand power through the evolution of our brand and planned products. We will also work to acquire new customers through line lobbing and strengthen our product development capabilities through sophisticated data analysis.

To strengthen sales power, we will promote diversification of sales promotion methods and digitalization. In terms of individual store response, we will work on optimizing products, sales areas, and sales promotions according to store characteristics. In stores, we will work to increase store loyalty by digitizing sales promotions and improving VMD, improving customer service skills, and creating easy-to-buy sales areas.

I will talk about strengthening the foundation and infrastructure later in the Medium-Term Management Plan 2027.

## FY2/25 Stores Opening/Closing and Renovation Plan しまむらグループ

▽ Group total: open 43 new stores, close 16 stores. (net increase of 27 stores)
Improve store profitability by expanding relocation and fashion mall format store openings.
Plan to open stores in central Tokyo and strengthen surveys of store opening locations in the Chukyo area.
▽ Renovation plan: 40 stores. Improve loyalty at existing stores. Promote environmental consideration by replacing it with the latest equipment.

| Business | End-FY2/24 Number of stores | Planned opening stores | Planned closing stores | End-FY2/25 Number of stores (Plan) | Number of renovation plan |
|---|---|---|---|---|---|
| Shimamura | 1,415 | 14 | 9 | 1,420 | 34 |
| Avail | 312 | 5 | 3 | 314 | 5 |
| Birthday | 324 | 16 | 3 | 337 | 1 |
| **Chambre** | 118 | 5 | 0 | 123 | 0 |
| Divalo | 16 | 0 | 0 | 16 | 0 |
| Shimamura (non-consolidated) | 2,185 | 40 | 15 | 2,210 | 40 |
| **Si meng le** (Taiwan) | 42 | 3 | 1 | 44 | 0 |
| Shimamura (consolidated) | 2,227 | 43 | 16 | 2,254 | 40 |

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Next, I would like to explain the opening/closing and renovation plan.

We plan to open 43 new stores and close 16 stores, for a net increase of 27 stores. As a result, the number of stores at the end of the fiscal year ending February 2025, is expected to be 2,254.

We will promote the relocation and scrap-and-build of existing stores for Shimamura and Avail. In addition, we will increase the profitability of our stores by opening more stores in a fashion mall format that combines multiple businesses within the group.

We plan to renovate 40 existing stores during the year, mainly in the Shimamura business.

In addition, we increased the number of employees in the Store Development Department and the Store Construction Department during the period under review. We will work to increase store loyalty by expanding the number of store openings, strengthening store openings in urban areas, and promoting renovations.

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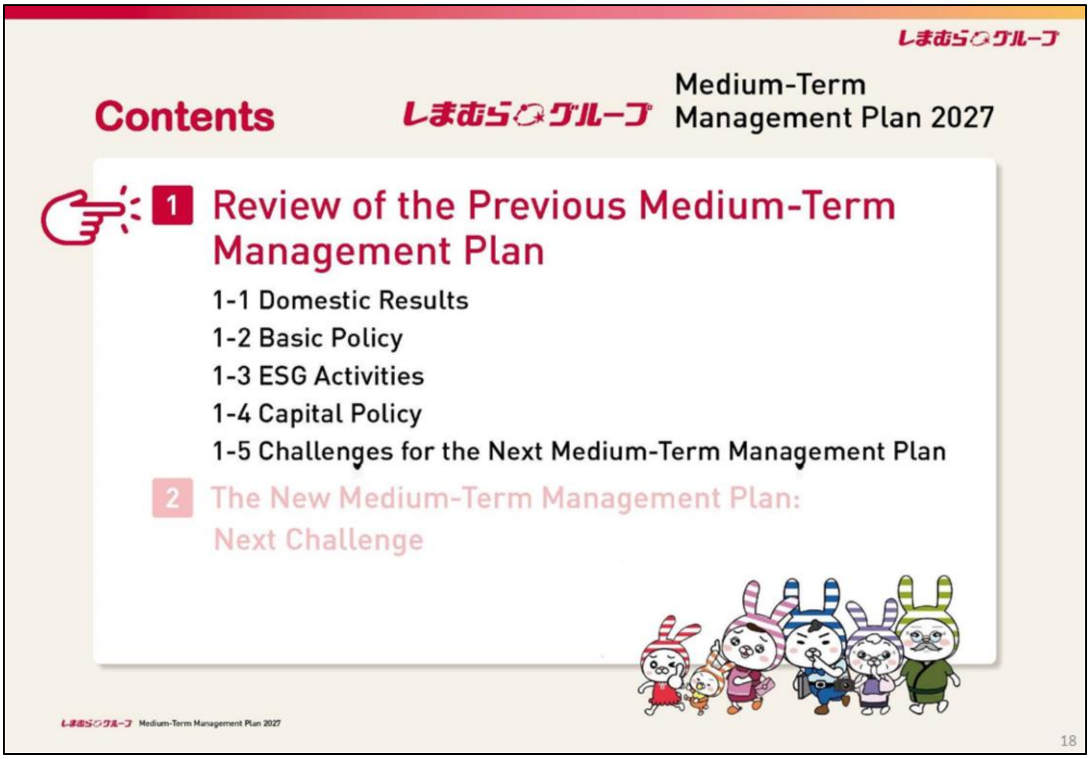
Next, I will explain our medium-term management plan.




The flow of the explanation is as shown.

First, I will explain a review of the previous medium-term management plan, which ended in February 2024.

Next, I will explain the new Medium-Term Management Plan 2027.

## 1-1 Review of the Previous Medium-Term Management Plan

# Domestic Results

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### Assessment of KPIs

| | FY 2/2021 Results | FY 2/2024 Targets | FY 2/2024 Results | Assessment |
|---|---|---|---|---|
| Net sales | 536.6 billion yen | 595.0 billion yen<br>Revised upward to 628.0 billion yen | 627.0 billion yen | ○ |
| Operating profit | 38.1 billion yen | 49.3 billion yen<br>Revised upward to 54.5 billion yen | 54.9 billion yen | ○ |
| Operating profit ratio | 7.1% | 8.3%<br>Revised upward to 8.7% | 8.8% | ○ |
| Number of store openings | 3-year period 110 stores | 3-year period 100 stores | 3-year period 89 stores | × |
| ROE | 7.0% | 7.0% over<br>Revised upward to 8.0% or higher | 9.1% | ○ |

しまむらグループ Medium-Term Management Plan 2027

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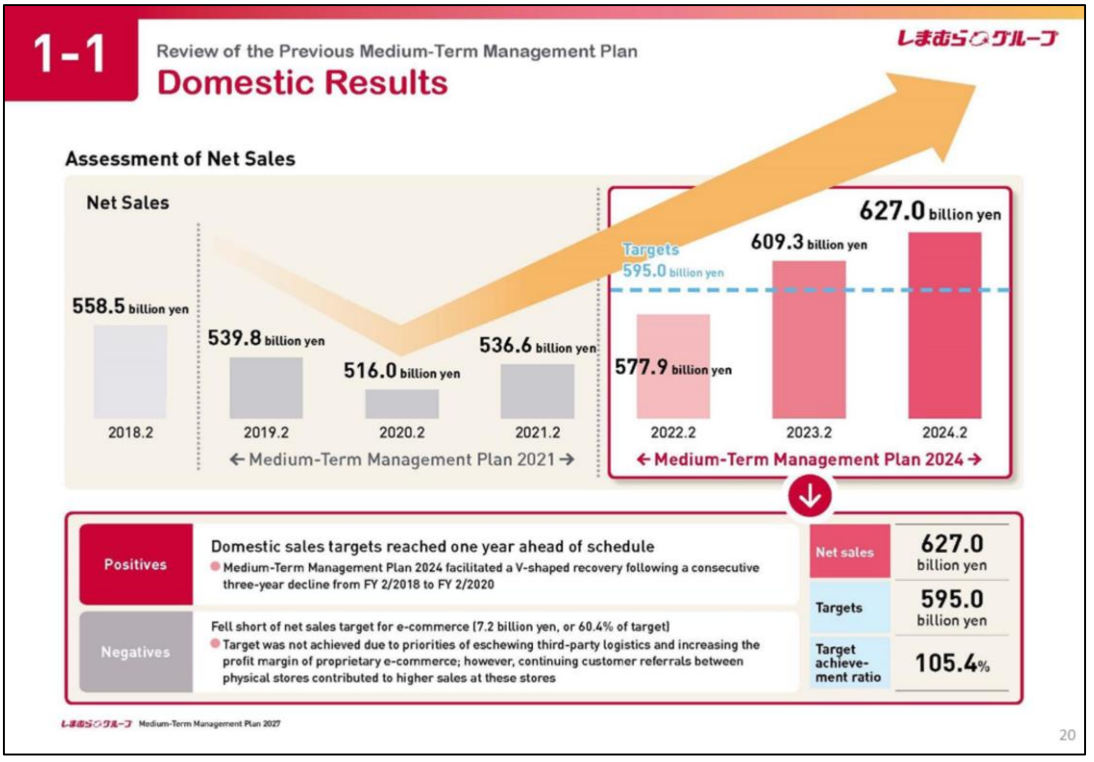
The main performance evaluation of the previous medium-term management plan is shown in the slide.

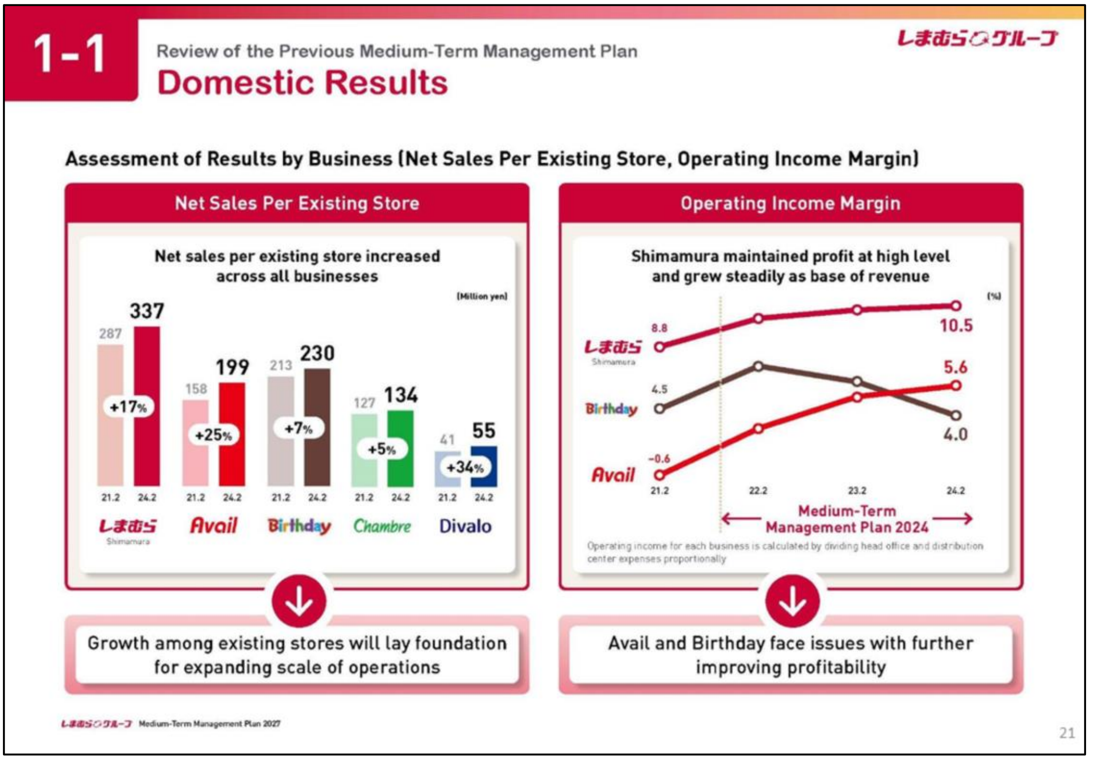
Although the number of new store openings did not meet the initial plan, other items significantly exceeded it for the fiscal year ended February 2024.

Regarding store openings, there was a shortfall of 11 stores compared to the plan. This was due to the impact
of COVID-19 as well as the careful selection of store opening locations to develop profitable stores.




The sales trend is as shown in the table. It bottomed out in the fiscal year ended February 2020 and we recovered from there. We were able to achieve our initial sales plan one year ahead of schedule.

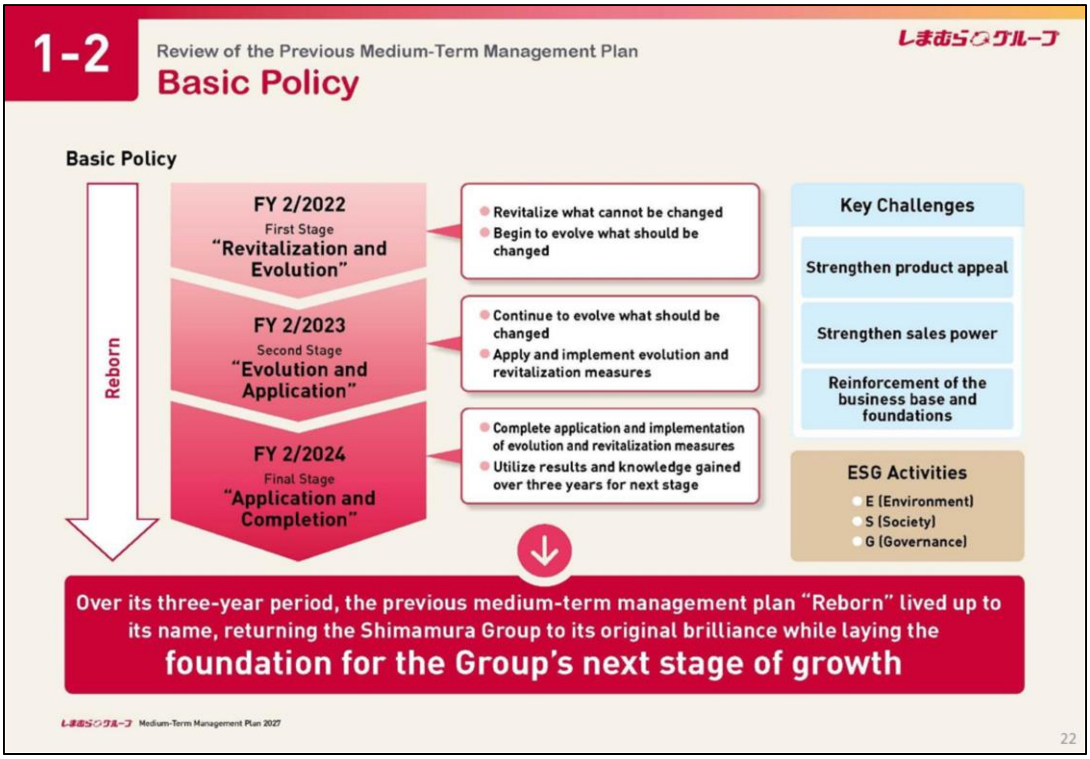
On the other hand, sales in the EC business did not reach the plan. This is because priority was given to enhancing the profit margin as a business, achieved through the operation of the EC center by the Company itself, to accumulate EC expertise within the Company.




Next is a project-specific evaluation.

In all businesses, sales per store rose, providing a foundation for growth to expand store openings.

In terms of operating profit margin, the Shimamura business maintained a high-profit level and was able to establish itself as a profit-based business. On the other hand, further improvement in profitability became a challenge for the Avail and Birthday businesses.




Next, I would like to talk about the basic policy.
The policies and implementation items for each year are shown below.

Over its three-year period, the previous medium-term management plan "Reborn" lived up to its name ,returning the Shimamura Group to its original brilliance while laying the foundation for the Group's next stage of growth.

1-2 Review of the Previous Medium-Term Management Plan

## Basic Policy

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### Efforts to Address Key Challenges

| Policy | Initiatives | Results | Assessment |
|---|---|---|---|
| Strengthen Product Appeal | Strengthen the product brand appeal | Increased product brand appeal by enhancing development of private brand and joint development brand (PB/JB) products, and planned products (collaborations with influencers and products featuring popular characters) | ○ |
| | Strengthen supply chain | Established a production system that can hedge against risks such as those related to short-term production, fabric contracts, and line contracts by strengthening cooperation with business partners | |
| | Strengthen individual store response according to store and regional characteristics | Improved products, sales promotions, and sales floors by region and store, leading to increased sales at existing stores | |
| Strengthen Sales Power | Diversify sales promotion methods | Made segment-specific sales promotions and was effective in increasing sales, thanks to minimizing the use of insert flyers and expanding digital advertising | ○ |
| | Improve sales floor layouts | Completed the transition to new layouts at all Shimamura, Avail, and Birthday stores, and improvements are underway to make sales floors more accommodating to shoppers | |
| Reinforcement of the Business Base and Foundations | Expand and strengthen e-commerce | Achieved a high profit margin, although the e-commerce ratio target of 2% was not achieved due to a policy of eschewing third-party logistics and increasing the profit margin of proprietary e-commerce | △ |
| | Promote DX | Improved the efficiency of store work through use of tablets, but utilization of purchasing data analysis driven by customer management systems will not be considered until the next medium-term management plan | |
| | Relaunch Divalo business, operator of specialty shoe stores | Grew sales at existing stores after establishing a store format featuring shoes, women's clothing, and fashion accessories; opened two new stores, but profitability is an issue | |
| | Optimize expenses | Significantly reduced SG&A expenses ratio through digitalization of advertising while actively increasing wages | |

しまむらグループ Medium-Term Management Plan 2027 23

Next, I would like to Efforts key challenges.

First, with respect to strenghthen product appeal, we improved brand power by strengthening our planning capabilities for PB, JB, influencers/characters, and other products. In strengthening the supply chain, we were able to establish a production system that can hedge risks through short-term production and fabric and line contracts. As for individual store responses, improvements were made through the trinity of products, sales areas, and sales promotions.

Next, I would like to discuss the strengthening of sales power. In diversifying sales promotion methods, we expanded digital sales promotions and implemented segment-specific sales promotions. In the area of sales floor layout improvement, the transition to a new layout was completed at all stores in the Shimamura, Avail, and Birthday businesses.

The next step is to reinforcement of the business base and foundations. While progress was achieved in each of these areas, the EC and Divalo businesses still present challenges for the future.

## 1-3

Review of the Previous Medium-Term Management Plan

# ESG Activities

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### Assessment of ESG Activities

| | Priority issues | Indicator | FY 2/2024 Targets | FY 2/2024 Results | Assessment |
|---|---|---|---|---|---|
| E | Circular economy promotion | Complete recycling ratio of hangers*1 | 60.0% | 60.1% | ○ |
| E | Reduction of GHG emissions | Zero product disposal*2 | Zero product disposal | Zero product disposal | ○ |
| E | Sustainable procurement | Purchase ratio of sustainable products*3 | 20.0% | 35.3% | ○ |
| E | Sustainable procurement | Usage ratio of sustainable auxiliary materials*4 | 100% | 100% | ○ |
| S | Activities by diverse human resources | Ratio of female managers*5 | 20.0% | 17.6% | × |
| S | Activities by diverse human resources | Employment ratio of people with disabilities | 5.0% | 4.7% | × |
| G | Governance tightening | Number of non-implemented principles of the Corporate Governance Code | Zero non-implemented principles | Zero non-implemented principles | ○ |

*1 Plastic hangers in the Company's designated colors that come with products *2 Shimamura has currently achieved zero product disposal. We will continue these initiatives in the future.
*3 Shimamura business private brand (PB) CLOSSHI *4 Shimamura business PB CLOSSHI and PBs of other businesses *5 Ratio of female managers in the senior class and above

しまむらグループ Medium-Term Management Plan 2027

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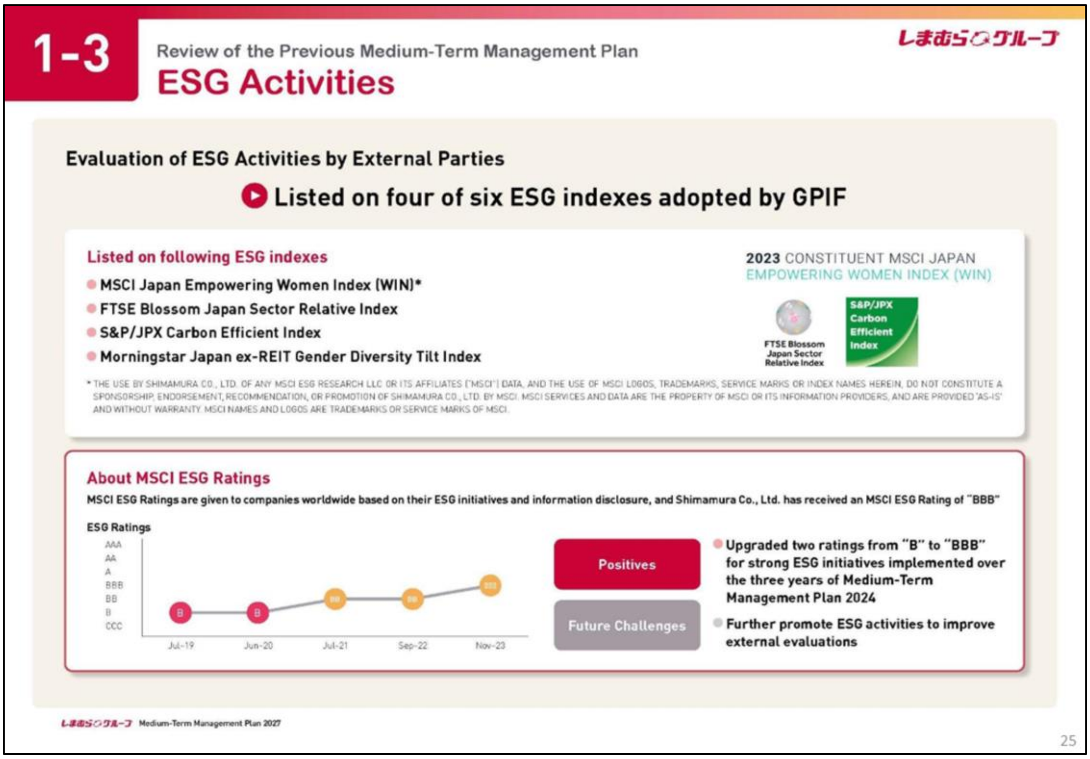
Finally, I will explain our ESG activities.　First, an evaluation of our ESG activities.

We achieved our targets for all of our environmental and governance initiatives.

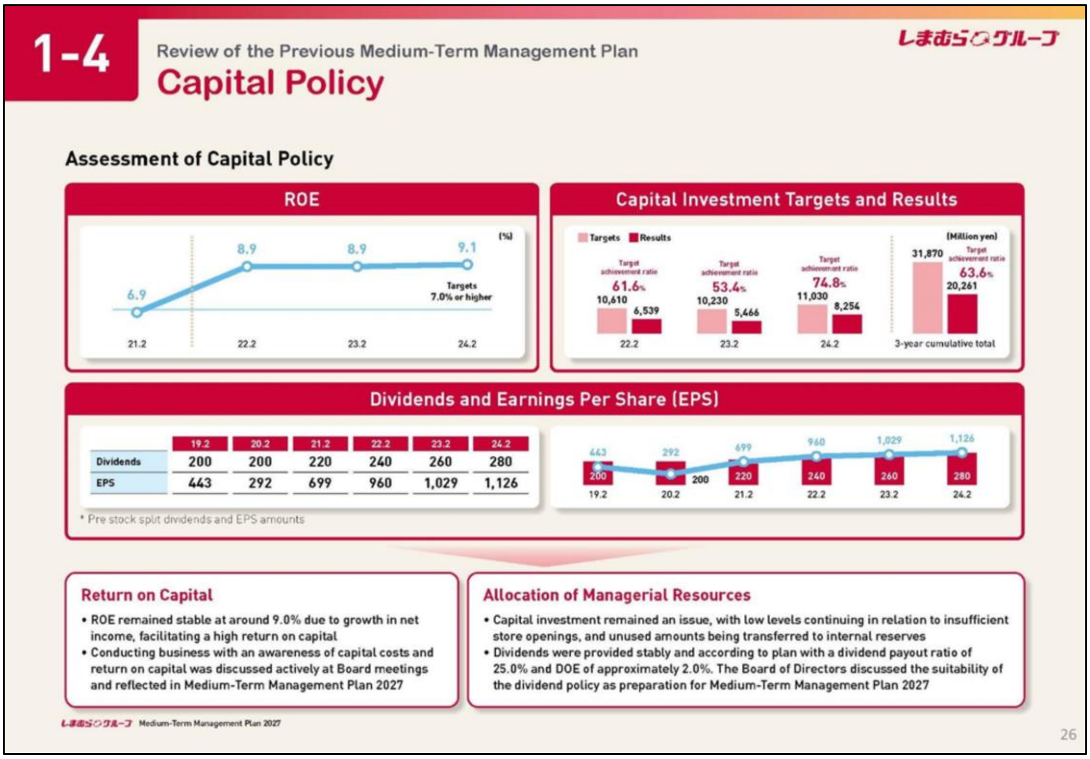
On the other hand, with regard to “social” initiatives, the “ratio of female managers” and “employment rate of people with disabilities” fell short of the plan.　We will continue our efforts to achieve these goals under the new medium-term management plan.




Next, I would like to evaluation of ESG activities external parties.

Our ESG activities during the three years of the previous mid-term management plan have been well received, particularly in the area of governance.

External parties evaluation, the company was selected for inclusion in four of the six ESG indices used by the GPIF. In the MSCI ESG Rating, a global rating system, the Company was upgraded from "B" to "BBB".　We will continue to further promote ESG activities to improve our relative rating.




See page 26. Next, I would like to discuss the evaluation of capital policies.

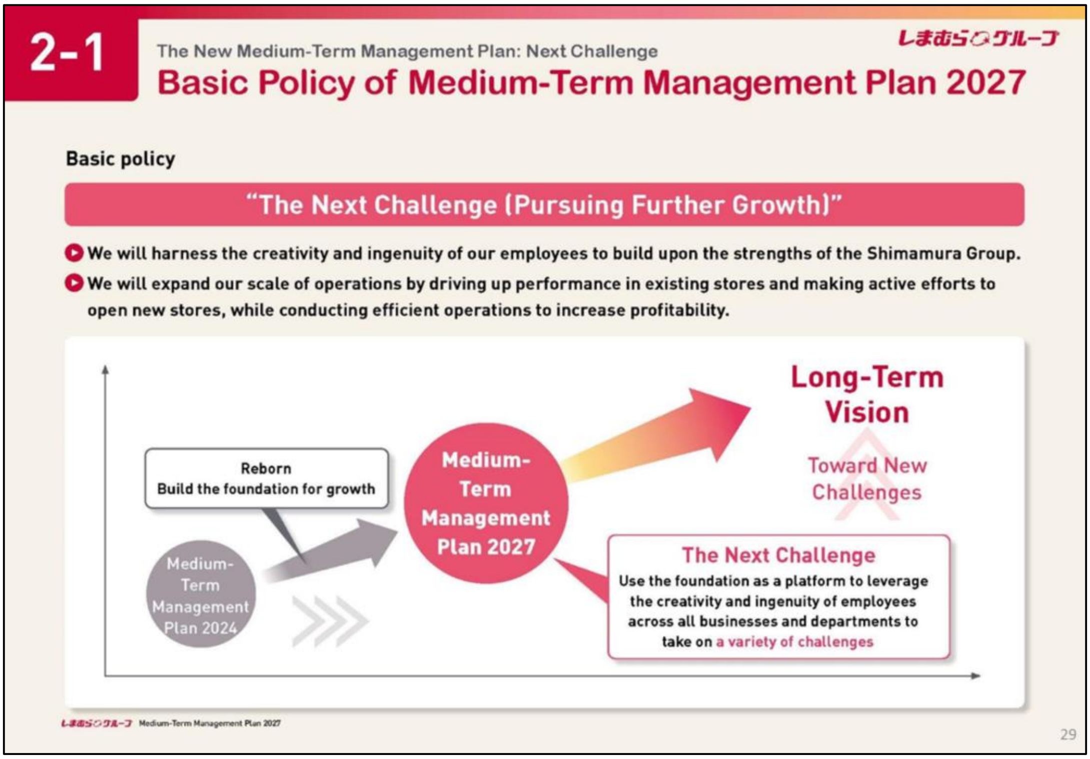
ROE has remained around 9% due to growth in net income, achieving a high return on capital.

Capital expenditures fell short of the plan, mainly due to a shortfall in actual results compared to the initially planned number of store openings.

Dividends were paid as planned, achieving stable dividends. We continually assess the appropriateness of our dividend policy and distribute dividends accordingly.


In light of the above, the main tasks for the new medium-term management plan are as shown. That's all from me.


I am Suzuki, the President.
Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing.
I will explain the new Medium-Term Management Plan 2027.
The flow of the explanation is as shown.




First, let me explain the basic policy.

The unifying theme of the new medium-term management plan is The Next Challenge: Pursuing Further Growth.

We will continue to enhance the resilience of the Shimamura Group by undertaking various challenges with the creativity of all employees.
We will also expand our business scale by fostering growth in existing store performance and pursuing aggressive store openings while enhancing profitability through efficient operations.

2-2 The New Medium-Term Management Plan: Next Challenge

# Numerical Targets

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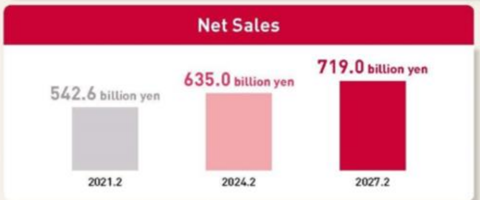
**Numerical Targets (Consolidated)**

| | Medium-Term Management Plan 2024 | | Medium-Term Management Plan 2027 |
|---|---|---|---|
| | FY 2/2021 | FY 2/2024 | FY 2/2027 (Targets) |
| Net sales | 542.6 billion yen | 635.0 billion yen | 719.0 billion yen |
| Operating profit | 38.0 billion yen | 55.3 billion yen | 66.0 billion yen |
| Operating profit ratio | 7.0% | 8.7% | 9.2% |
| ROE | 7.0% | 8.8% | Approx. 8.0% |
| Domestic store openings (3-year period) | 110 stores | 89 stores | 150 stores |





* Exchange rate 1NT$ = ¥4.79 from FY 2/2024

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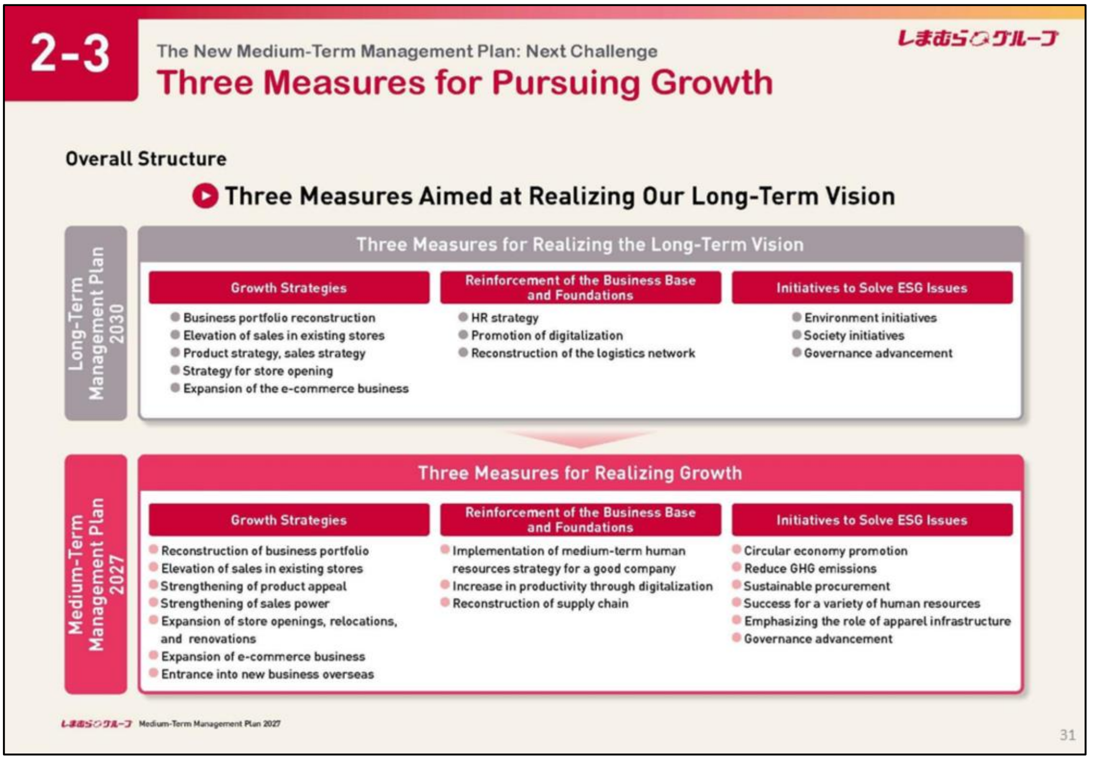
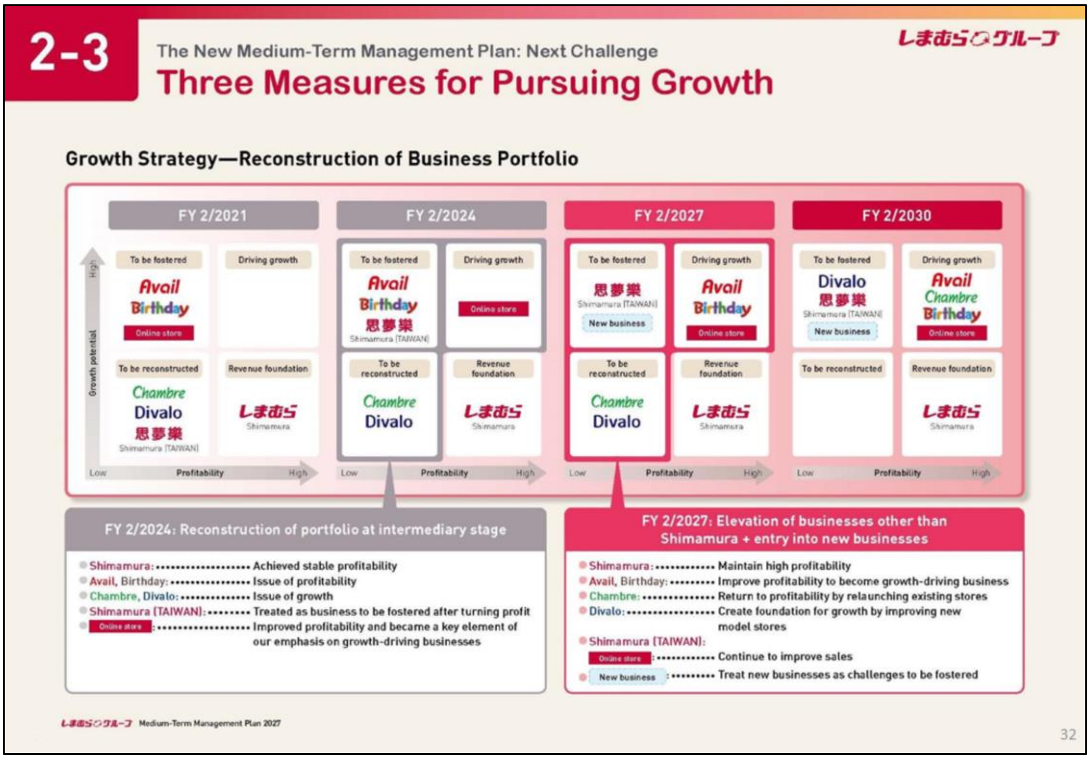
Here are the main numerical plans.

The Company at sales of JPY719 billion, an operating income of JPY66 billion, an operating margin of 9.2%, an ROE of about 8.0%, and plans to open 150 new stores in Japan over the next three years.




Next, I would like to discuss the overall structure of the Medium-Term Management Plan 2027.

We will embody the three policies to realize the :Long-Term Management Plan 2030: Growth Strategy, and Reinforcement of the Business Base and Foundations, and Intiaives to Solve ESG Issues.




Next, I would like to discuss the growth strategy.

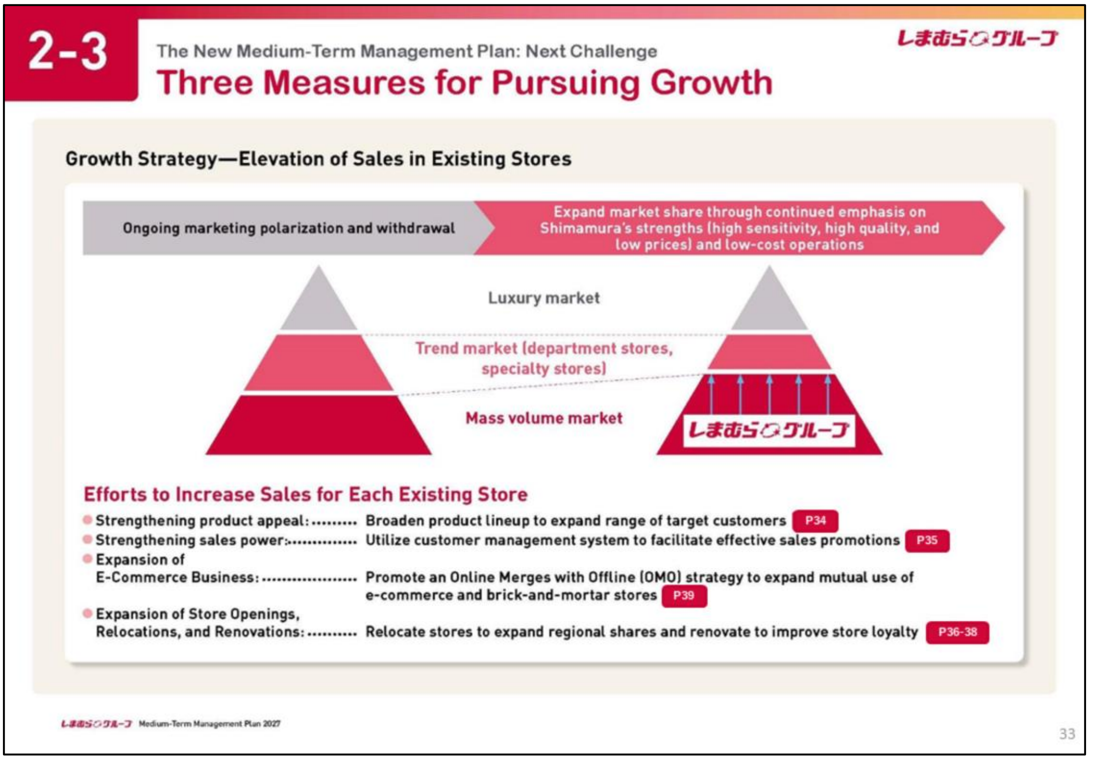
First, let me explain the restructuring of the business portfolio. Please see the four frames for the fiscal year ending February 2027.

The revenue-based business in the bottom right, the Shimamura business, will continue to maintain high profitability.

The growth-driving business in the upper right corner will transition from the nurturing phase by improving the profitability of Avail and Birthday. Additionally, the online store will continue to aim to improve sales.

Chambre, under the restructuring business in the lower left corner, aims to achieve stable profitability, while Divalo aims to restructure its business.

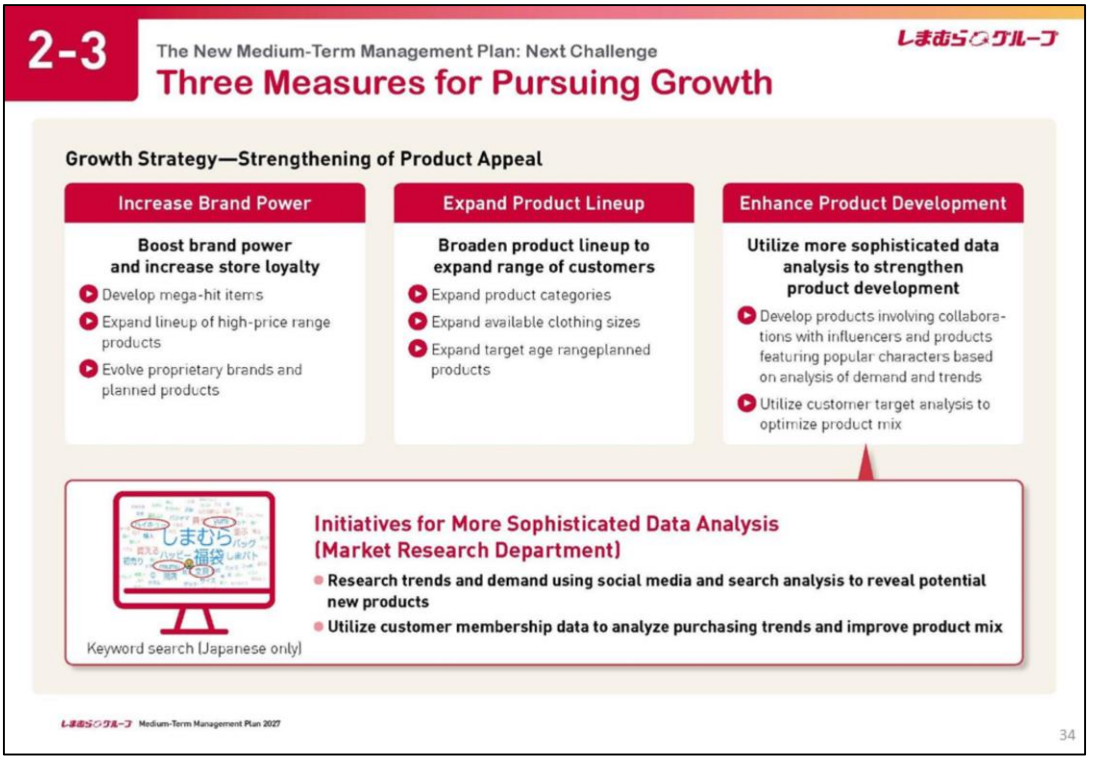
As for the cultivation business in the upper left corner, Taiwan Shimamura will continue to expand sales. We will also take on the challenge of launching new businesses.




Next, I would like to discuss the growth of existing store sales and the expansion of business scale through aggressive store openings.

Firstly, within the increasingly polarized domestic apparel market, we perceive the mass volume market, where we are positioned, as expanding.

In that growing mass volume market, we will increase our share of the domestic market by further increasing sales per existing store and strengthening new store openings.

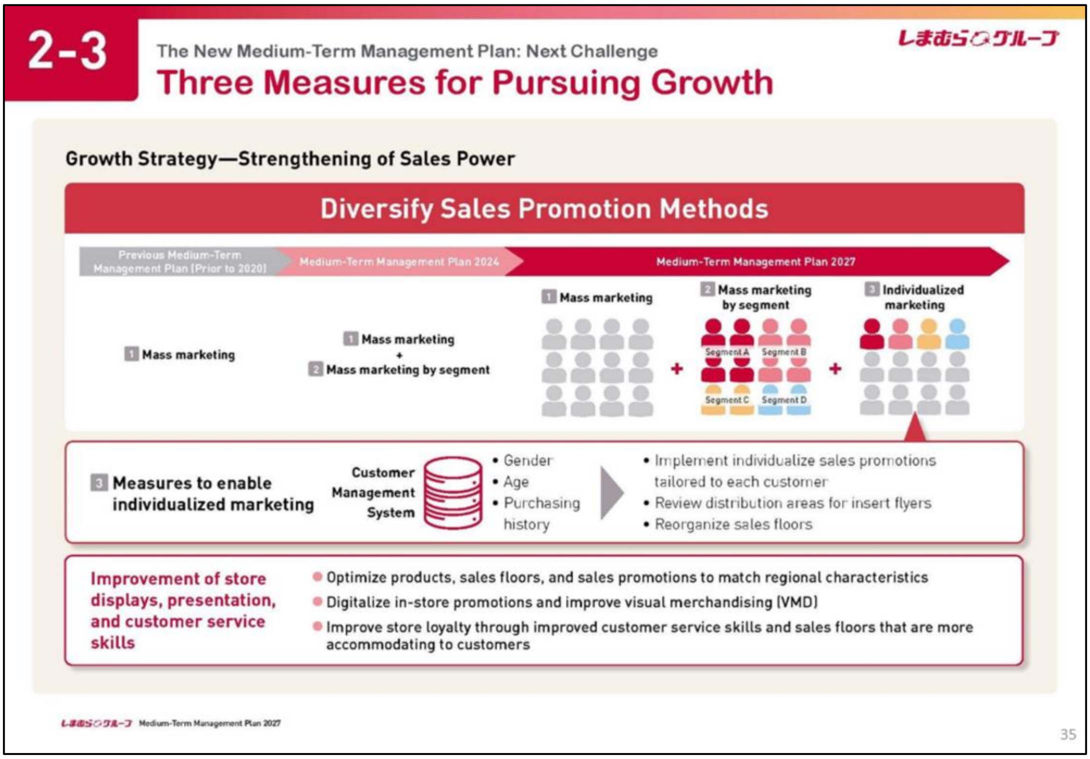



Next, I would like to talk about strengthening of product appeal.

In terms of Increase Bland Power, we will develop mega-hit items, expand high-priced products, and evolve our brand and planned products to increase store loyalty.

In our efforts to Expand Product Lineup, we will focus on expanding product categories, sizes, and target age groups to widen our customer base.

In the area of Enhance product development, we will enhance the analysis of customer purchase data to develop character and influencer products, etc.




Next, I would like to discuss the strengthening of sales power.

Utilize customer management systems to promote individualized marketing based on gender, age, purchase history, etc. This will allow for customerspecific sales promotions, a review of flyer distribution areas, and sales floor configuration.

In addition, we will strengthen our sales power by optimizing products, sales floor, and sales promotions according to regional characteristics, digitizing sales promotions, and improving customer service techniques.

2-3

The New Medium-Term Management Plan: Next Challenge

## Three Measures for Pursuing Growth

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**Growth Strategy—Expansion of Store Openings, Relocations, and Renovations**

**Plans for Domestic Store Openings and Renovations**

| | Medium-Term Management Plan 2024 (Result) | Medium-Term Management Plan 2027 (Targets) |
|---|---|---|
| Number of store openings (3-year period) | 89 stores | 150 stores |
| Number of stores renovated (3-year period) | 19 stores | 150 stores |

**Key measures**

- Ramp up store openings in urban areas — PICKUP 1
- Open pop-up stores to increase awareness — PICKUP 2
- Renovate to improve store loyalty — PICKUP 3
- Relocate stores to optimize dominant strategy (concentrated store openings in specific areas) — PICKUP 4
- Utilize fashion malls (FM) to increase profitability
- Expand stores to facilitate broader product lineups
- Increase number of employees working in development and store construction to facilitate more store openings and renovations

しまむらグループ Medium-Term Management Plan 2027 36

Next, we will discuss new store openings, existing store relocations, and renovations.

The plans for store openings and renovations are as shown.

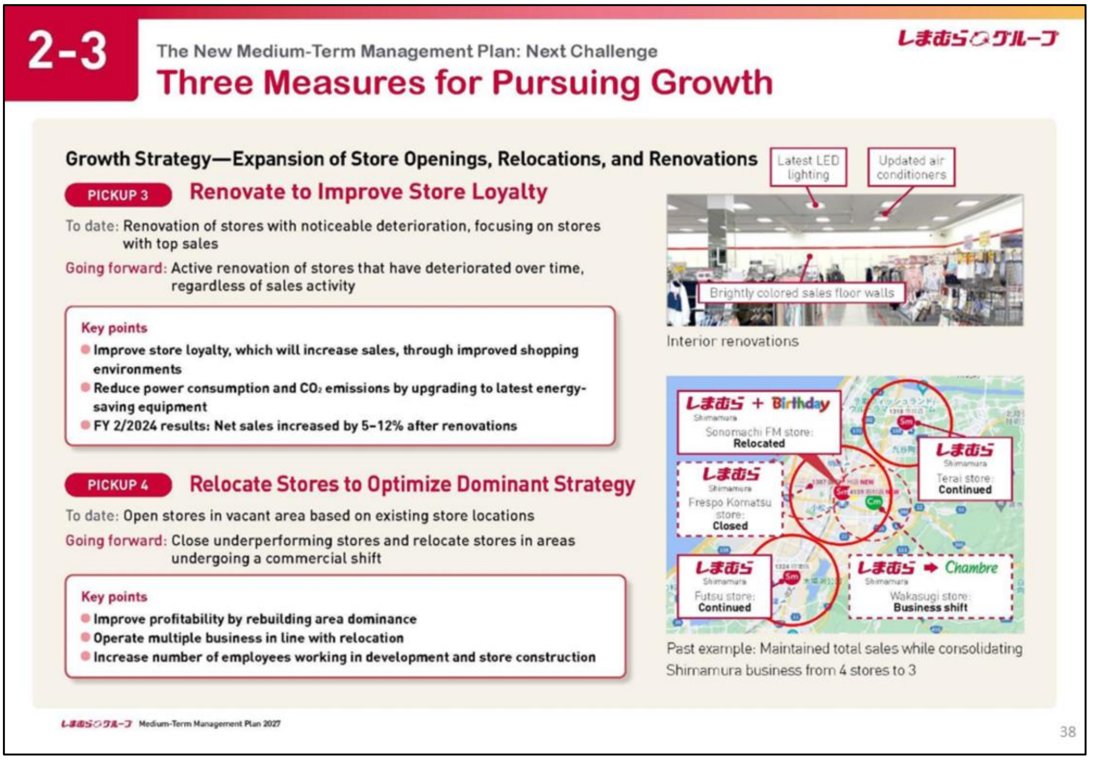
We plan to open 150 stores over the next three years. We also plan to renovate 150 stores over the next three years.

The main measures are described in the following pages.


Next is about ramp up store openings in urban areas.

In addition to the dominant suburban-centered strategy thus far, Shimamura will reinforce store openings in densely populated urban areas where there are currently no Shimamura stores. In response, we increased the number of employees in the store development department and the construction department.

Moreover, we plan to open pop-up stores in urban areas, minimizing the risk associated with their launch. With a focus on establishing physical stores in urban areas, our objective is to enhance brand recognition for Shimamura, cultivate a fanbase, and drive traffic to our e-commerce platform.



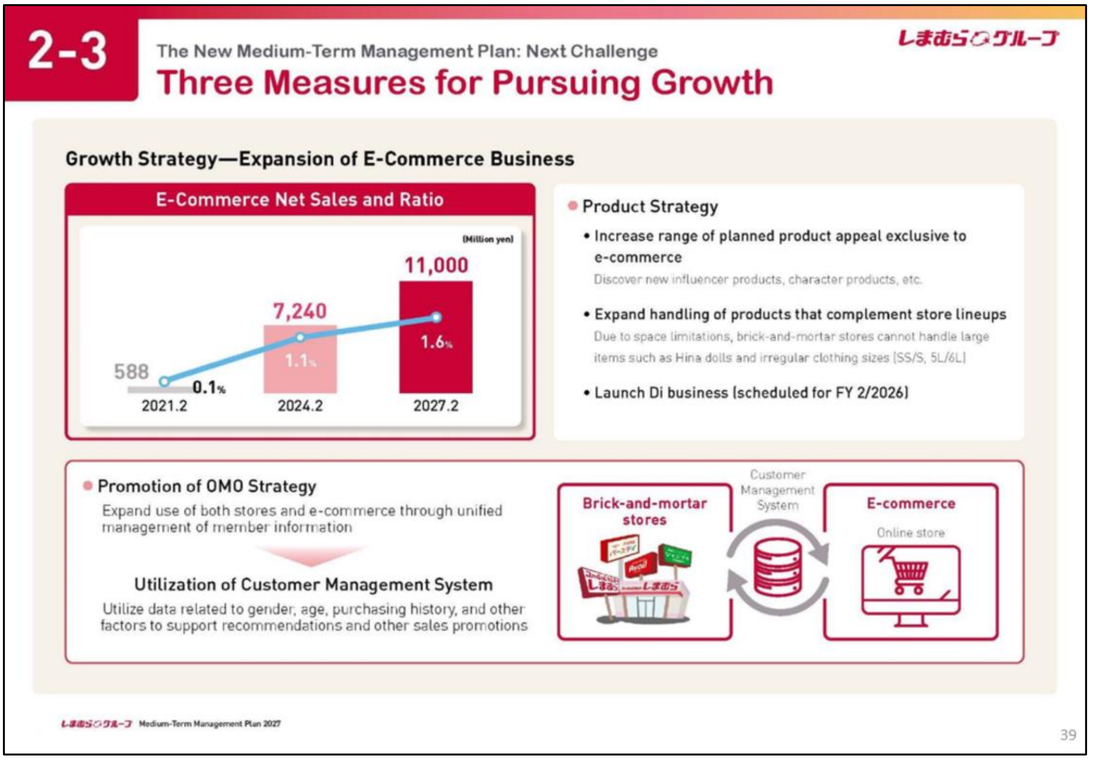

Next, we will discuss renovate to improve store loyalty.

Over the next three years, we plan to renovate 150 stores to boost existing store sales and to enhance store loyalty through improvements in the shopping environment for customers.

Up until now, the remodeling had been carried out mainly at the top-selling stores. Moving forward, our strategy involves ongoing store renovations, prioritizing those with the highest return on investment, regardless of their sales volume. We will promote environmentally friendly remodeling by replacing store facilities with the latest equipment.

Next, we will discuss how relocate stores to optimize dominant strategy. The lower right image is of the Shimamura/Birthday Sonomachi FM store in Komatsu City, Ishikawa Prefecture, which opened in September 2023. An existing store was relocated and opened in a fashion mall format combined with nonShimamura business stores. Shimamura stores have decreased from four to three, but they have maintained total sales.

As in this case, we will continue to promote relocations and implement other measures in response to shifts in the commercial environment.
By restructuring our dominant strategy and diversifying our businesses, we aim to expand our share of the local market.

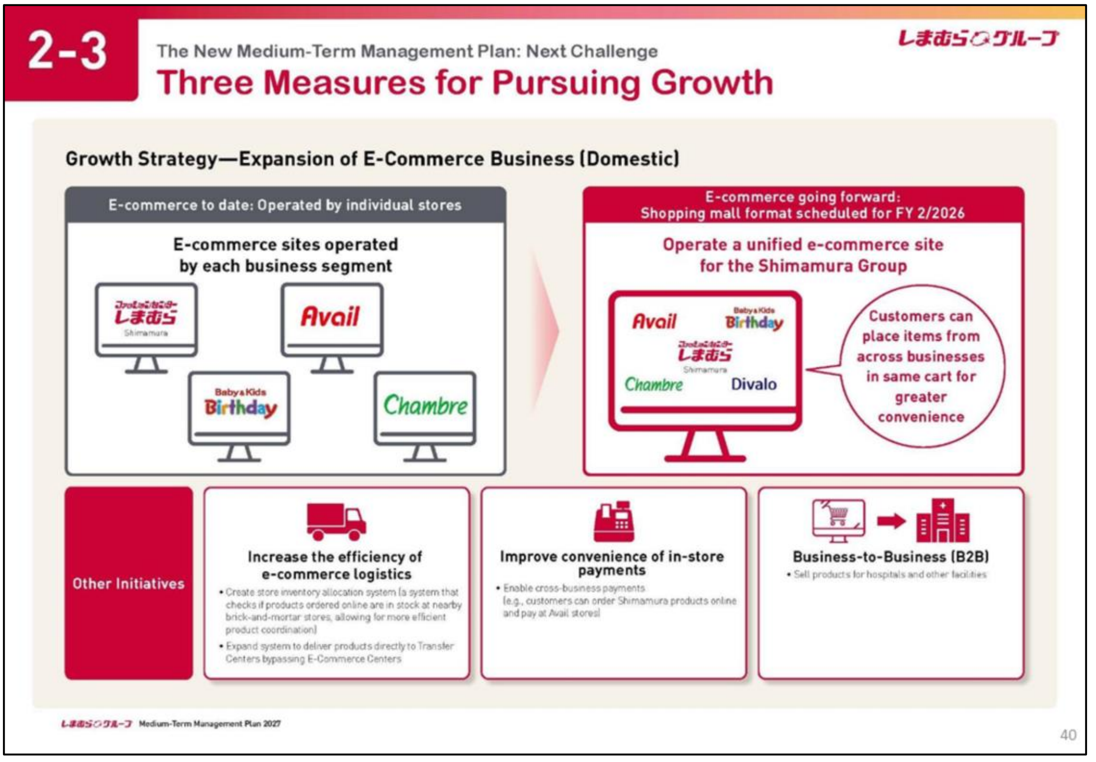



Next, I would like to discuss the expansion of our domestic EC business.

We aim for an EC sales of JPY11 billion and an EC ratio of 1.6% at the end of February 2027.

In our product strategy, we aim to meet our numerical targets by increasing the variety of EC-only products and items that are hard to find in stores.

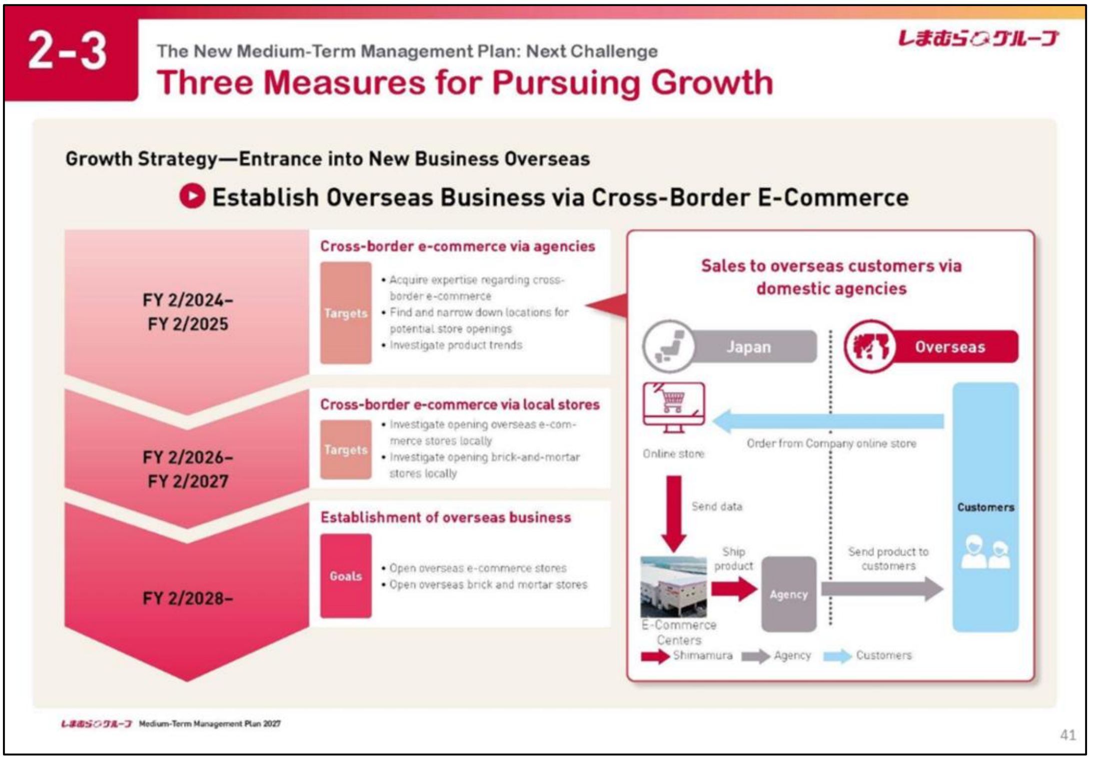
In addition, the Company will advance an OMO strategy by broadening the mutual utilization of physical stores and e-commerce platforms and using customer management system data for sales promotions.




Next, I would like to discuss specific measures to expand the domestic EC business.

Currently, each business operates its own EC site, but we will unify and operate EC sites under the Shimamura Group.

Other initiatives involve expanding EC supplier deliveries, enhancing the convenience of in-store payments, and developing B2B sales channels.

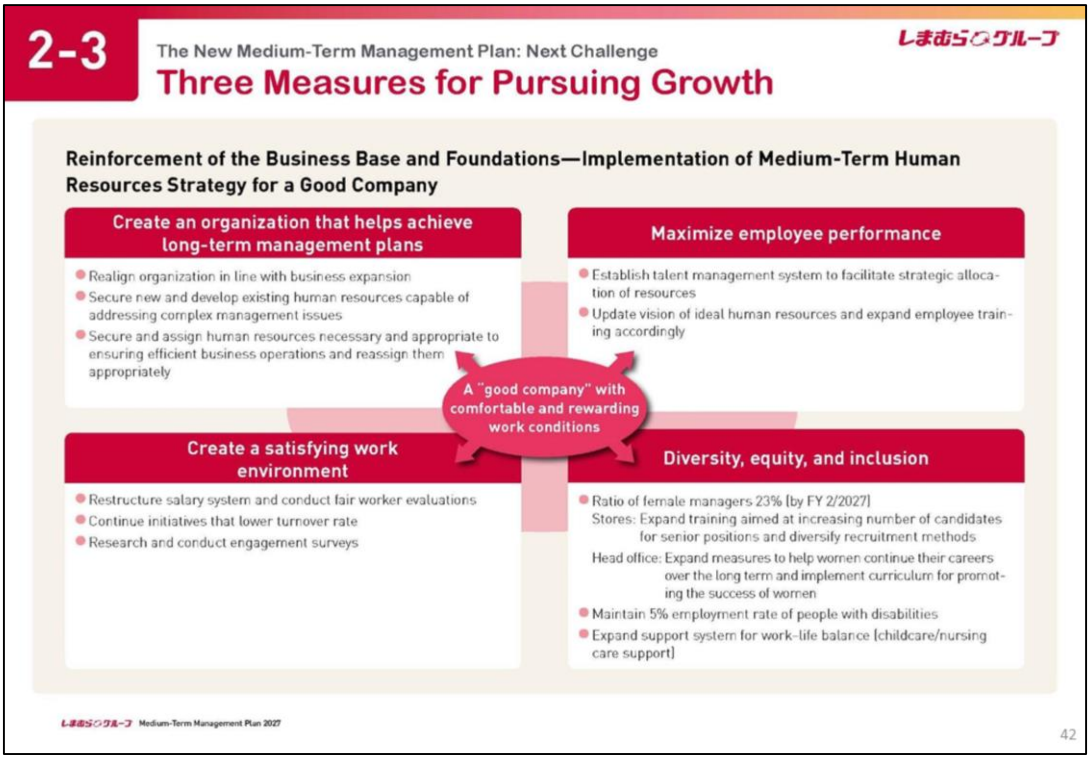



Next is the challenge of new overseas business.

The flow of establishing a new overseas business is as shown.

First, we will establish a cross-border EC operation through an agency to explore potential locations for opening new stores and acquire expertise in cross-border EC in the fiscal year ending February 2025.

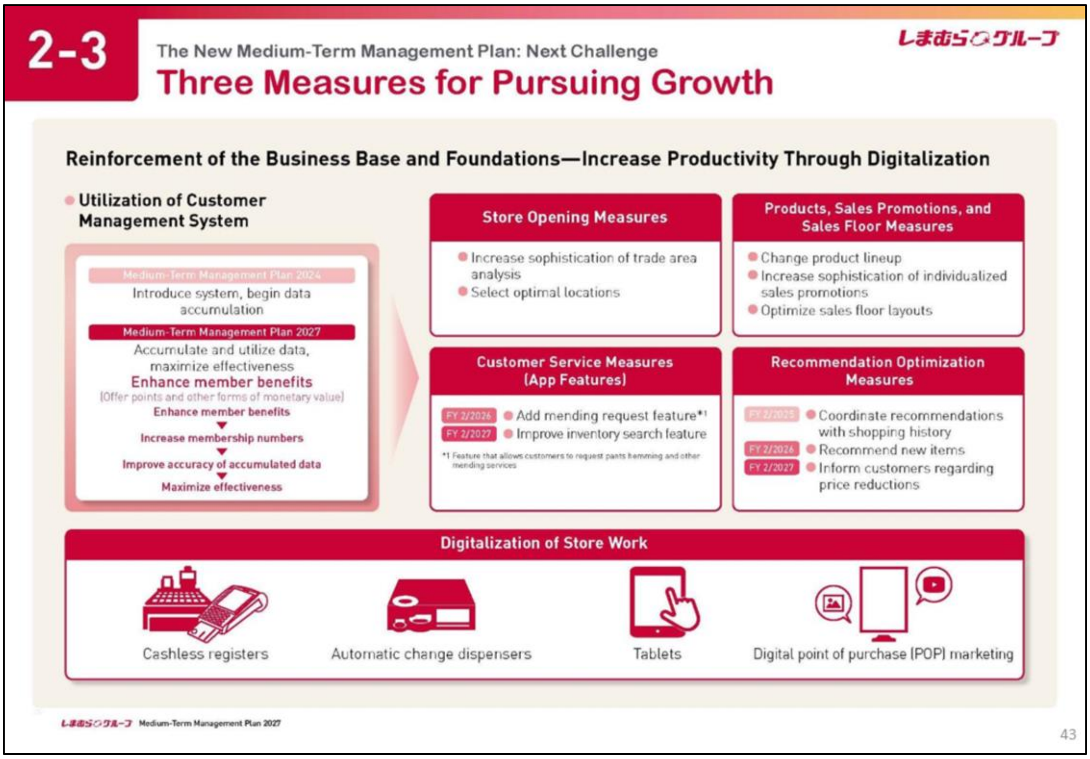
After that, we would like to set up an EC site on a local site and challenge ourselves to open our stores in overseas locations.




Next, I will explain “Reinforcement of the Business Base and Foundations”. First, I will discuss the “Medium-Term Human Resources Strategy”.

Our management mission to our employees is to strive to improve working conditions and the workplace environment so that each employee can achieve self-fulfillment through work over the course of his or her long life, as well as stabilize their daily lives and lead a fulfilling social life.

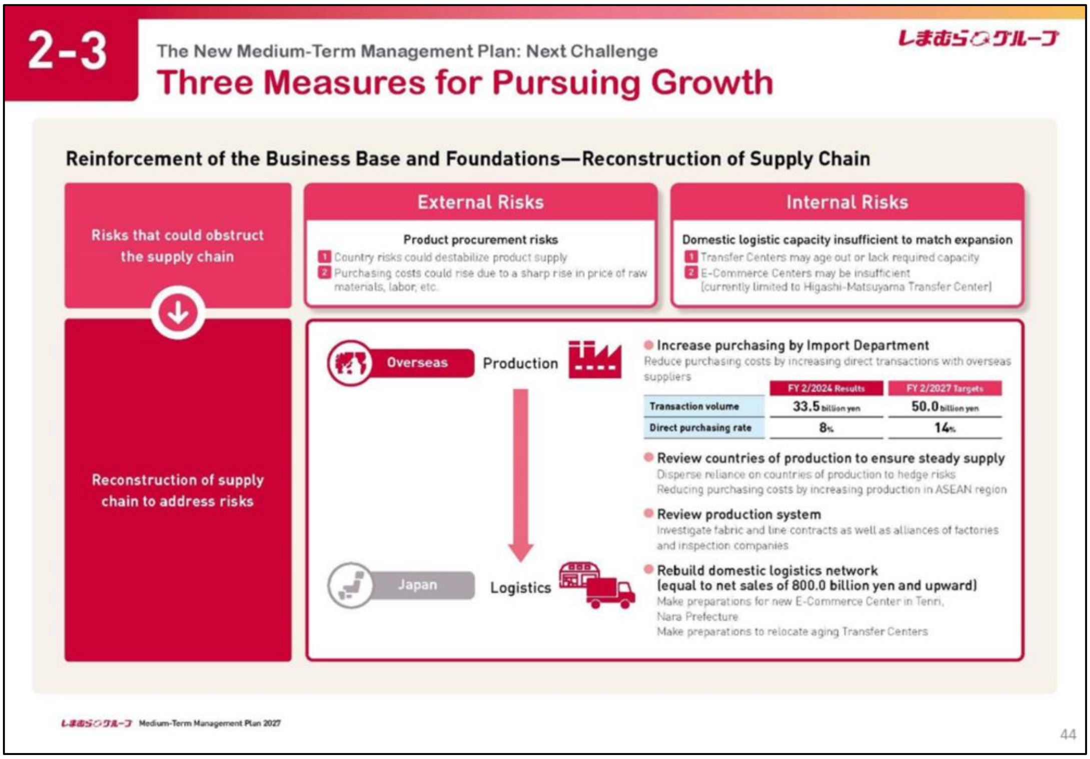
Our mid-term human resources strategy is based on these four key issues, and we aim to be a "good company" that is easy to work for and rewarding to work for.




Next, I would like to talk about increase productivity through digitalization.

We will utilize a customer management system to improve the accuracy of store openings through trade area analysis, optimize products, sales promotions, and sales floors, and utilize the app to implement customer service measures and recommendation measures.

We will also promote digitalization in store operations. We aim to improve the efficiency of store operations by implementing cashless cash registers and automatic change machines, utilizing tablet terminals, and incorporating digital advertising.




Next is the supply chain restructure.

We will restructure the current supply chain in response to the risk of product procurement resulting from changes in the external environment and the inadequate capacity in domestic logistics due to the scale expansion.

As part of specific initiatives in product procurement, we aim to reduce procurement costs by expanding purchases through our Trade Dept and increasing production in ASEAN countries. In addition, we will hedge risks by diversifying production countries and reviewing our production system.

In response to logistics, we will rebuild our domestic logistics network by establishing new transfer centers and relocating existing transfer centers.


Next, I will explain "initiatives to solve ESG issues.

The Shimamura Group's management mission is to create a "good company" for all stakeholders. In order to achieve our management mission, we will promote sustainable "Shimamura-style ESG activities" through our core business in order to achieve our management plan.

2-3

The New Medium-Term Management Plan: Next Challenge

## Three Measures for Pursuing Growth

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### Initiatives to Solve ESG Issues

| | Priority issues | Initiative Items and Targets | Applicable SDGs |
|---|---|---|---|
| E | Circular economy promotion | Complete recycling ratio of hangers 75.0%*1 | 11, 12, 13, 14, 15 |
| | | Complete recycling ratio of plastics 50.0%*2 | |
| | Reduction of GHG emissions | Continuation of zero product waste*3 | 11, 12, 13, 14, 15 |
| | | GHG emissions (Scope 1 and 2) 60% reduction (compared with 2013) | |
| | Sustainable procurement | Purchase ratio of sustainable products 40.0%*4 | 11, 12, 13, 14, 15 |
| | | Continuation and evolution of suppliers' CoC compliance structure | |
| S | Activities by diverse human resources | Ratio of female managers 23.0%*5 | 5, 8, 16, 17 |
| | | Employment ratio of people with disabilities 5.0% | |
| | Enhancement of roles of the clothing infrastructure | Sales target 130 million yen*6 | 11, 17 |
| | | Implementation of traveling sale and acceptance of shopping tours | |
| | | Expansion of online store | |
| G | Evolution of governance | Promotion of debate over the growth strategies and capital policy | 16, 17 |
| | | Continuation and evolution of risk management | |
| | | Fostering of successors | |
| | | Ensuring diversity and appropriate scale of the Board of Directors | |

*1 Plastic hangers in the Company's designated colors that come with products *2 Transparent plastic for product protection used at the time of delivery (made of polypropylene)
*3 Shimamura has currently achieved zero product disposal. We will continue these initiatives in the future. *4 Private brand (PB) products across all businesses
*5 Ratio of female managers in the senior class and above *6 Total sales from traveling sale, shopping tours and online store for the elderly in the Clothing

しまむらグループ Medium-Term Management Plan 2027

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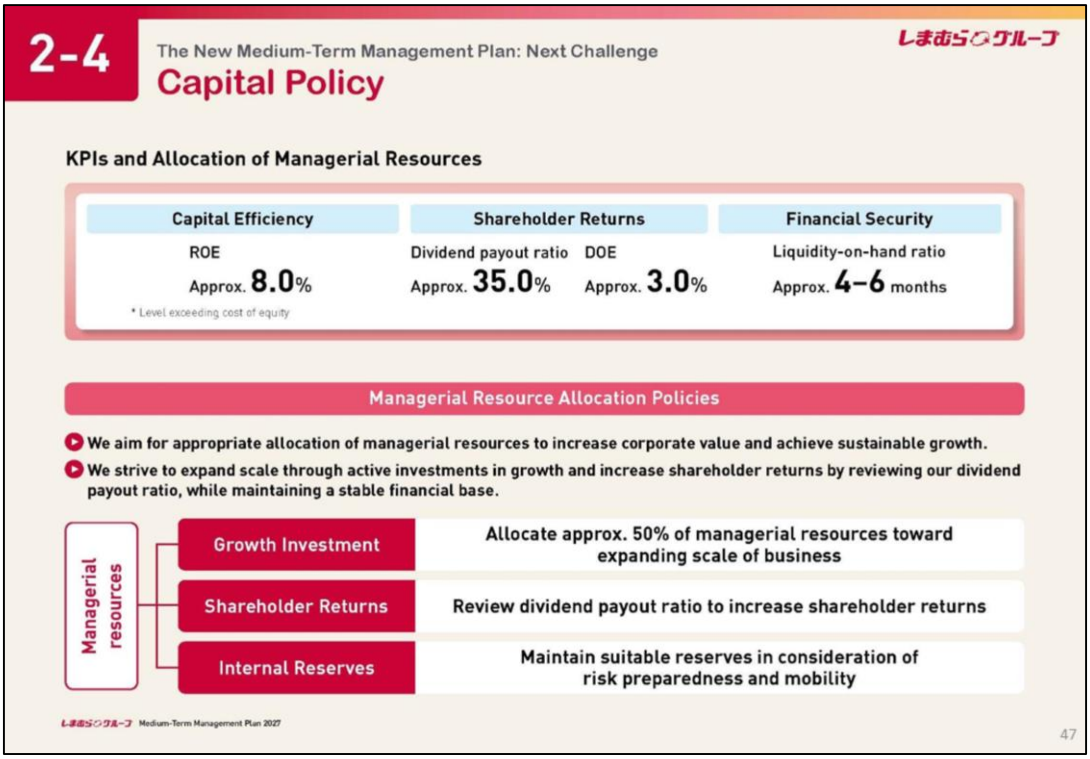
Next, I would like to discuss KPIs for "initiatives to solve ESG issues.

For environmental initiatives, we set numerical targets for recycling store resources, reducing GHG emissions, and purchasing sustainable products.

For social initiatives, in addition to the ratio of female managers and the employment rate of people with disabilities, we also set sales plans for strengthening the role of garment infrastructure, such as on-site sales and shopping tours.

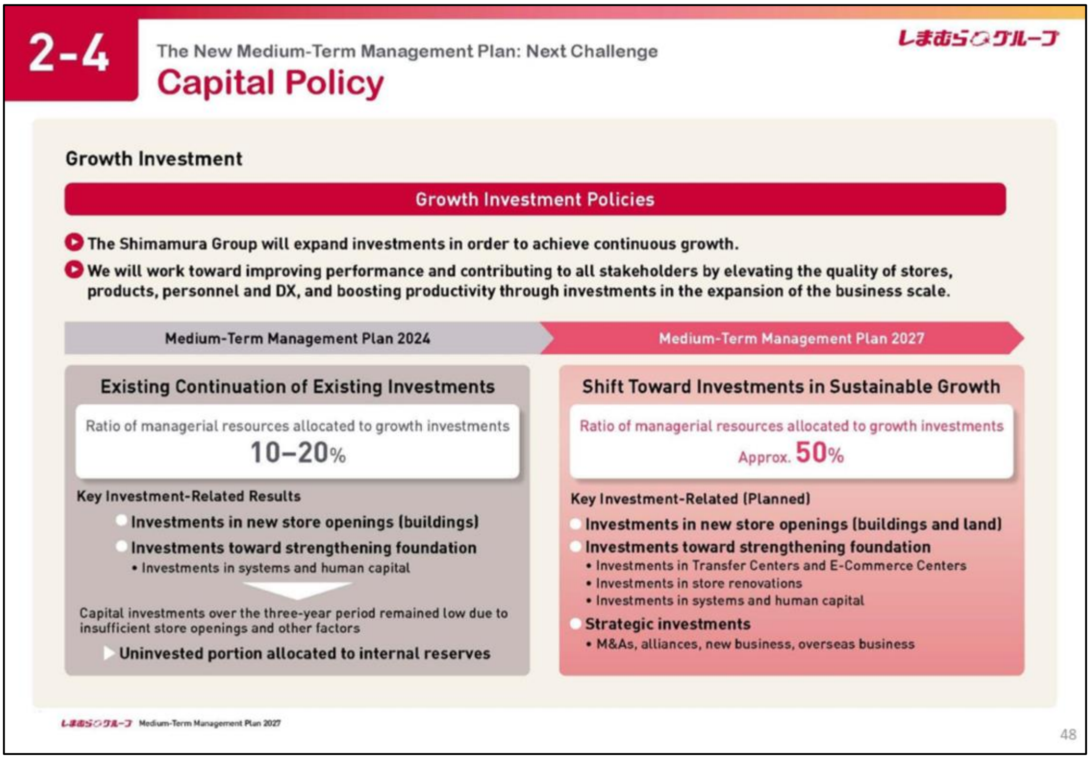
Each numerical target is shown below.




I will explain our capital policy. First, let's talk about KPIs.

ROE will be maintained at around 8.0%, above the cost of shareholders' equity. The dividend payout ratio will be about 35.%, and DOE will be about 3.0%. The liquidity ratio on hand is planned to be four to six months.

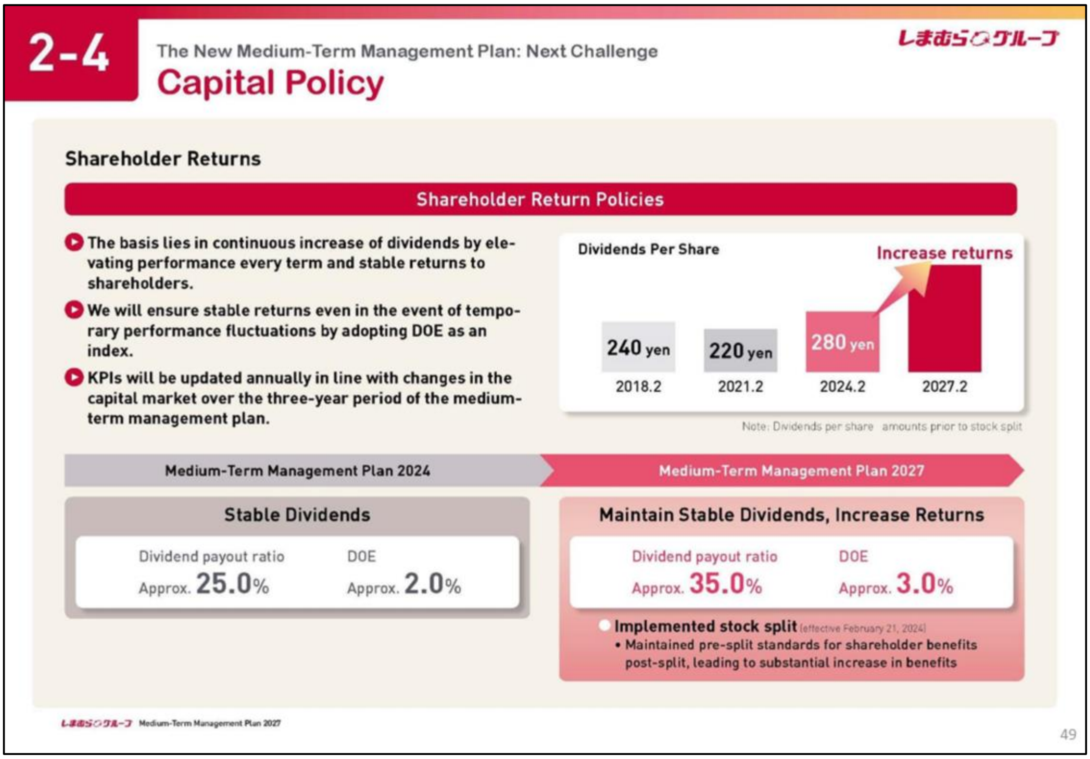
Next is the policy for allocating management resources.
We aim to achieve appropriate allocation of management resources to enhance corporate value and sustainable growth. While securing a stable financial base, we will also actively invest in growth to expand the scale of our operations and enhance shareholder returns by revising the dividend payout ratio.




Next, I would like to discuss investments for growth.

Investments for growth are based on investments to expand the scale of our business and to improve the quality of our stores, products, human resources, and DX. Also, they will increase productivity to improve our business performance and contribute to all of our stakeholders.

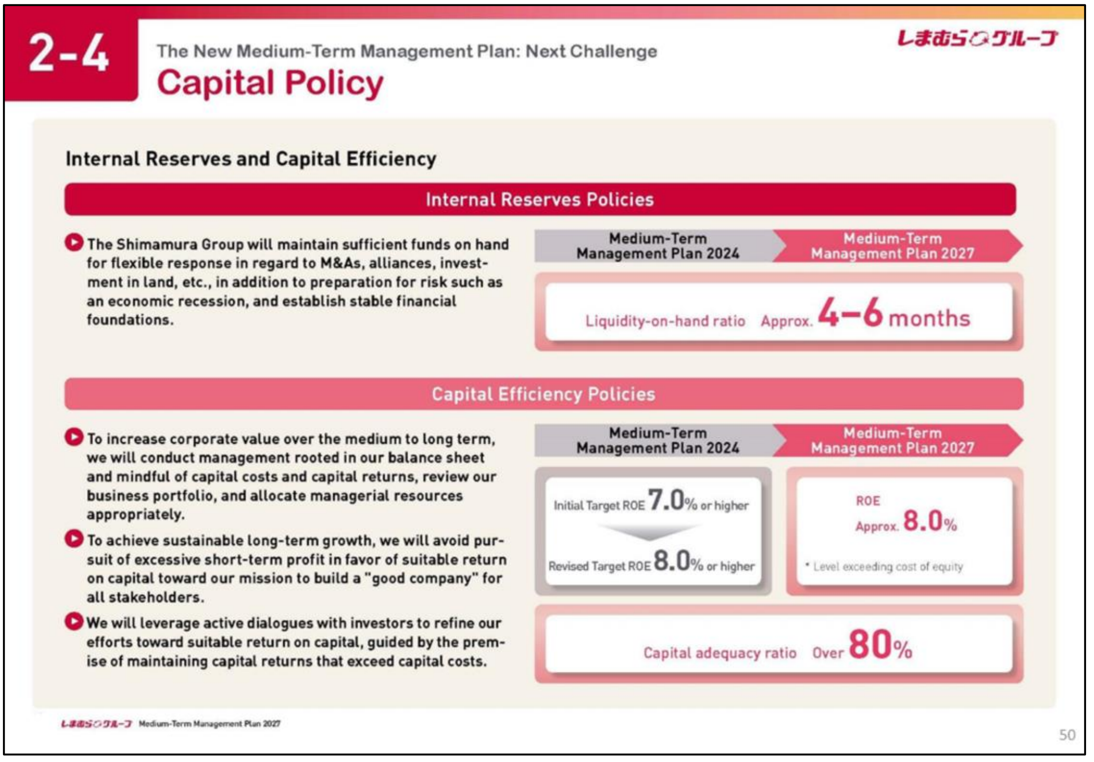
In the previous medium-term management plan, investment was an extension of existing investments at around 10% to 20% of management resources. In the Medium-Term Management Plan 2027, we will implement around 50% of management resources and make investments for sustainable growth.




Next, I would like to discuss shareholder returns.

Our basic policy for shareholder returns is to provide stable returns to shareholders by continuously increasing dividends through improved performance in each fiscal year. By incorporating the DOE index, we will ensure stable returns even in the face of temporary fluctuations in performance.

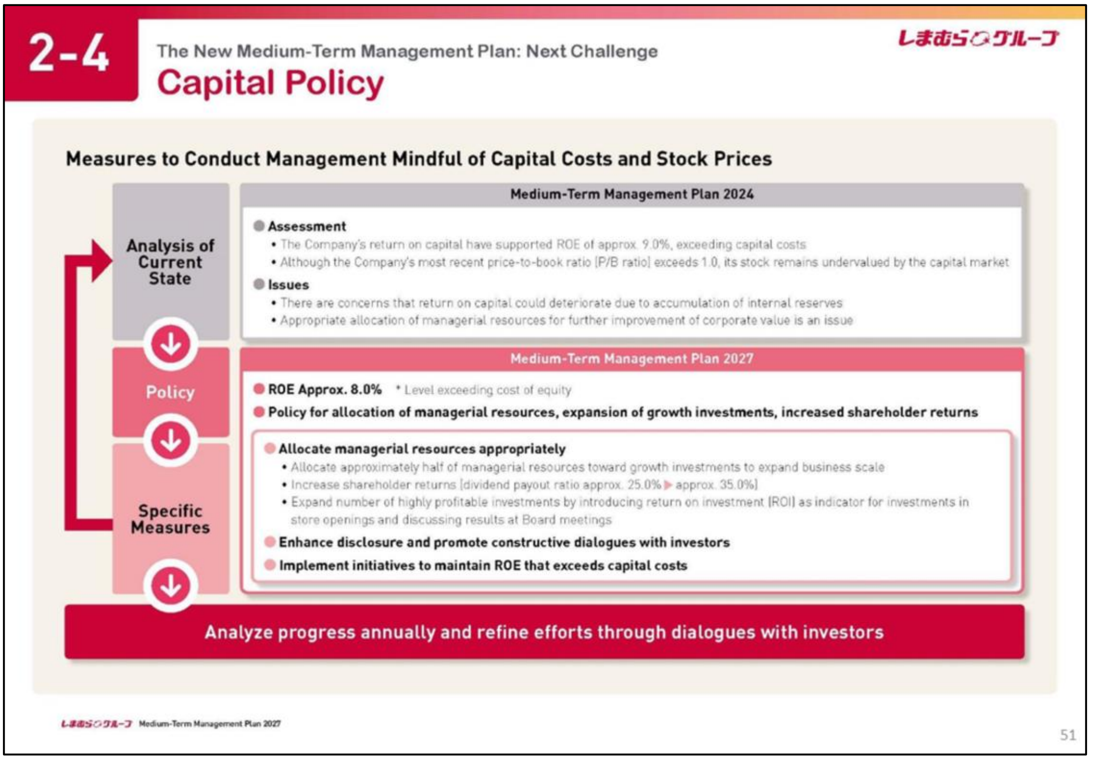
KPIs will be periodically reviewed throughout the three-year medium-term management plan, adjusting them as necessary to reflect changes in the Company’s financial status and capital markets.




Next, I would like to discuss retained earnings and capital efficiency.

Retained earnings will be used to establish a stable financial base by maintaining sufficient cash reserves to enable aggressive growth investments, in addition to preparing for risks such as economic downturns.

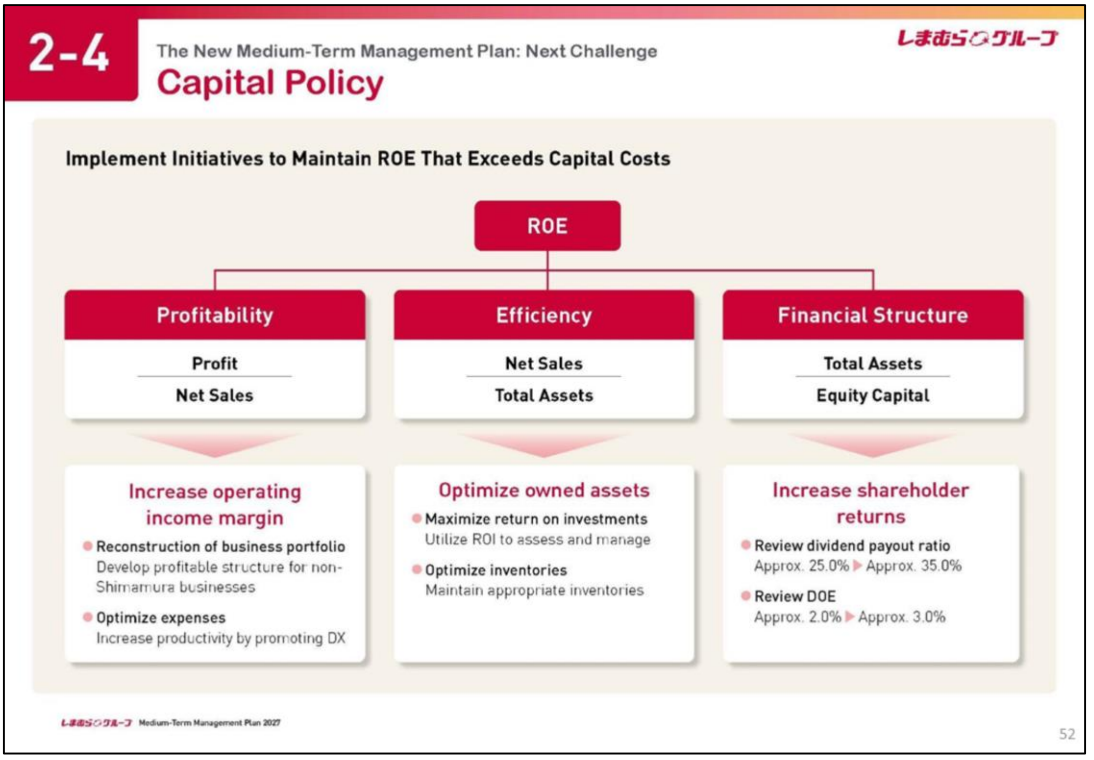
Capital efficiency will be managed with consideration of the cost of capital and return on capital based on the balance sheet, aiming for sustainable growth and enhanced corporate value. We will also assess our business portfolio and ensure appropriate allocation of management resources based on the premise of maintaining a return on capital exceeding the cost of capital.




Next, I would like to discuss measures to achieve management that is conscious of the cost of capital and stock price.

Our return on capital has remained around 9.0% ROE, surpassing our cost of capital. However, we are concerned that our accumulated retained earnings may lead to a deterioration in our return on capital.

Under the Medium-Term Management Plan 2027, we will implement appropriate allocation of management resources by investing about 50% of management resources in growth and setting the dividend payout ratio at about 35.0%, while brushing up our efforts through dialogue with investors.




Finally, I would like to talk about our efforts to maintain ROE above the cost of capital.

In terms of profitability, we will restructure our business portfolio and streamline expenses to enhance our operating margin. Regarding efficiency, we will optimize our asset holdings by maximizing return on investment and refining inventory management. In terms of financial strength, we will review the dividend payout ratio and DOE to enhance shareholder returns.

Through these measures, we will maintain an ROE that exceeds the cost of capital.

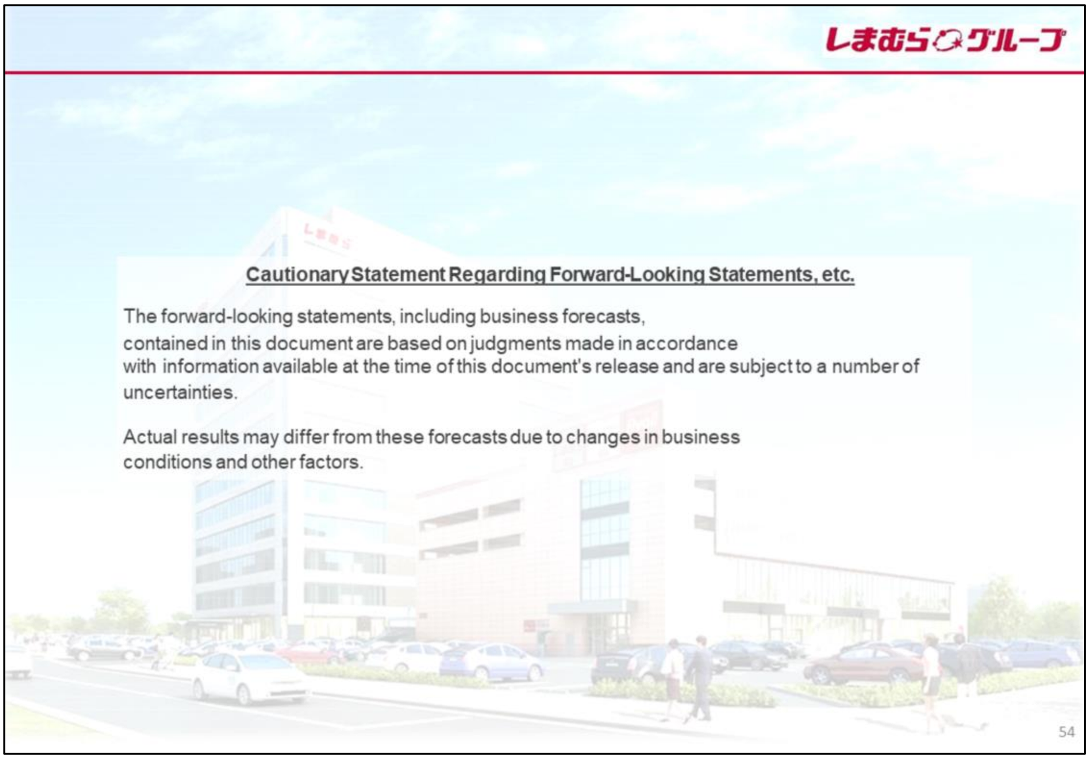
This is my explanation of the Medium-Term Management Plan 2027.


Here is our disclosed information.

The schedule for disclosing financial results on the corporate website is as shown. The Medium-Term Management Plan 2027 is disclosed on our corporate website.

We also plan to release our first Integrated Report in late August.

Our corporate website also provides various materials in English, including information on our business model and ESG, except for result presentation materials. We encourage foreign investors to visit the website for further details.




This concludes the explanation of the financial results for the fiscal year ended February 2024, of SHIMAMURA Co., Ltd., as well as the Medium-erm Management Plan 2027.

Thank you for your attention.