



Financial Results for Q1 of FY2/25

June 24, 2024

しまむらグループ

Consolidated Results: Income Statement

- ▽ Net sales: Up 4.7% YoY, reaching a record-high for Q1 alone.
- ▽ SG&A ratio: 25.3% (+0.2pt YoY). The main factor was a rise in labor costs due to wage hikes.
- ▽ Operating income margin was 14.5 billion yen (8.9%) Slight increase from the previous term.

(Million yen/%)

	FY2/25 Q1	Ratio to sales	YoY	FY2/24 Q1	Ratio to sales	YoY
Net sales	164,466	100.0	104.7	157,105	100.0	105.2
Gross profit	55,969	34.0	104.2	53,691	34.2	104.0
SG&A	41,730	25.3	105.7	39,497	25.1	105.7
Operating income	14,579	8.9	100.3	14,533	9.3	99.4
Ordinary income	15,161	9.2	102.8	14,741	9.4	98.5
Net income attributable to owners of parent	10,435	6.3	104.0	10,029	6.4	98.2
Net income per share	141.97yen	—	—	136.45yen	—	—

*We conducted a 2-for-1 stock split on February 21, 2024. "Net income per share" is calculated based on the assumption that the stock split was conducted at the beginning of FY2/24.

Sales by Business

- ▽ Evolution of brands, strengthening of collaboration projects with influencers and characters, and diversification of sales promotion methods, Domestic sales increased by 4.5% yoy due to the response to Individual store support.
- ▽ Reviewed product rollout schedules and promoted product development according to temperature.
- ▽ Sales of occasion items grew due to increased demand for outings.

(Million yen/%)						
Business	FY2/25 Q1	Composition ratio	YoY	FY2/24 Q1	Composition ratio	YoY
Shimamura	119,843	72.9	104.6	114,601	73.0	105.4
Avail	16,390	10.0	105.2	15,577	9.9	107.1
Birthday	21,962	13.3	104.2	21,085	13.4	101.2
Chambre	4,128	2.5	101.0	4,088	2.6	108.0
Divalo	239	0.1	108.0	221	0.1	115.6
Shimamura (non-consolidated)	162,563	98.8	104.5	155,575	99.0	105.0
Si meng le (Taiwan)	1,902	1.2	124.3	1,530	1.0	128.4
Shimamura (consolidated)	164,466	100.0	104.7	157,105	100.0	105.2

Consolidated Results: SG&A Expenses

- ▽ Personnel expenses: Increased by 8.0% YoY due to wage increase. Reduced the umber of understaffed stores, and stores with improved store operations have seen sales rise.
- ▽ Advertising expenses: Ratio to sales was 1.9%, controlled by the expansion and diversification of digital sales promotions.
- ▽ Supplies expenses: Remained flat at 0.6% year-on-year, despite the higher electricity rates.

(Million yen/%)

	FY2/25 Q1	Ratio to sales	YoY	FY2/24 Q1	Ratio to sales	YoY
Salary	18,167	11.0	107.4	16,907	10.8	108.7
Total personnel expenses	21,339	13.0	108.0	19,762	12.6	108.9
Advertising expenses	3,081	1.9	103.2	2,985	1.9	103.6
Total selling expenses	5,175	3.1	104.8	4,936	3.1	105.5
Supplies expenses/Display fixtures expenses	516	0.3	109.4	472	0.3	93.4
EDP expenses	596	0.4	124.6	478	0.3	120.5
Total operating expenses	2,327	1.4	114.7	2,028	1.3	104.6
Rents	8,195	5.0	100.8	8,133	5.2	99.5
Depreciation and amortization	1,469	0.9	101.4	1,448	0.9	99.7
Total equipment cost	11,616	7.1	100.6	11,549	7.3	101.0
Total general expenses	1,273	0.8	104.4	1,219	0.8	104.1
Total SG&A expenses	41,730	25.3	105.7	39,497	25.1	105.7

Consolidated Results: Balance Sheets

▽ Assets: Cash and deposits + Accounts receivable + Marketable securities up by 6.5% YoY.

▽ Liabilities: Accounts payable + Provision for bonuses increased by 3.9% YoY.

(Million yen/%)

	End-May 2024	Composition ratio	YoY	End-May 2023	Composition ratio
Current assets	361,772	65.3	105.2	343,873	66.3
Noncurrent assets	192,258	34.3	110.2	174,454	33.7
Total assets	554,030	100.0	106.9	518,327	100.0
Current liabilities	66,699	12.1	106.1	62,851	12.1
Noncurrent liabilities	10,161	1.8	100.6	10,103	2.0
Total liabilities	76,861	13.9	105.4	72,954	14.1
Total shareholder's equity	471,550	85.1	106.8	441,340	85.1
Accumulated other comprehensive income	5,619	1.0	139.3	4,032	0.8
Total net assets	477,169	86.1	107.1	445,373	85.9
Total liabilities and net assets	554,030	100.0	106.9	518,327	100.0

- ▽ Growth in same-store sales: Continued to strengthen product appeal and sales power, worked to meet regional and individual store needs.
- ▽ Increase in customer numbers: Strengthened our ability to disseminate information through the diversification of sales promotion media, launching fairs, priority events, and influencer projects.
- ▽ Rise in unit price per item: Expanded high-priced range items in PB and JB categories. Provide valuable products at reasonable prices.

(%)

Business	Period	Net sales		Number of customers	Number of items purchased	Spending per customer	Unit price per item
		Existing stores	All stores				
Shimamura	FY2/25 Q1	104.7	104.6	103.6	98.4	100.9	102.7
	FY2/24 Q1	105.6	105.4	100.2	97.2	105.1	108.1
Avail	FY2/25 Q1	105.8	105.2	106.1	99.6	99.2	99.6
	FY2/24 Q1	107.7	107.1	101.2	97.7	105.8	108.3
Birthday	FY2/25 Q1	101.5	104.2	103.7	96.8	100.4	103.7
	FY2/24 Q1	100.3	101.2	96.0	95.3	105.4	110.6

Gross profit, Price reduction, Inventory YoY

▽ In all businesses, gross profit increased from the previous year due to strong summer product sales.

▽ Shimamura implemented planned price reductions on winter inventory and backlogged inventory.

(%, pt)

Business	Period	Gross profit			Discount			Inventory
		Gross Profit YoY	Gross margin		Discount price YoY	Discount rate		Inventory YoY
				YoY			YoY	
Shimamura	FY2/25 Q1	103.7	33.0	− 0.3	118.6	8.5	+ 1.0	101.7
	FY2/24 Q1	104.9	33.3	− 0.2	117.7	7.5	+ 0.8	107.7
	FY2/24 total	104.8	33.7	+ 0.5	109.6	6.5	+ 0.4	103.9
Avail	FY2/25 Q1	106.4	37.8	+ 0.4	100.6	15.7	− 0.7	105.2
	FY2/24 Q1	105.5	37.4	− 0.6	108.9	16.4	+ 0.2	114.6
	FY2/24 total	103.6	38.8	+ 0.3	96.9	13.2	− 0.9	105.6
Birthday	FY2/25 Q1	104.6	34.9	+ 0.1	95.7	4.4	− 0.4	108.2
	FY2/24 Q1	96.2	34.8	− 1.8	201.3	4.8	+ 2.4	115.7
	FY2/24 total	99.1	33.9	− 0.5	115.2	4.9	+ 0.6	108.6

▽ Evolution of brands: PB ratio was 23.2%, and sales increased by 16.8% YoY.

- Review of PB product rollout schedules: Implementing product development in line with changes in temperature.
- High-priced PB “CLOSSHI PREMIUM” sales increased by 25.0% YoY. Successful establishment of the high-priced range products.
- JB ratio was 9.0%. Secured stable sales with high unit price products.

■ Development of JB (SEASON REASON)

- ◇ Cumulative sales of FIBER DRY slippers exceeded 1 million pairs this fiscal year



- ◇ “CLOSSHI PREMIUM” Value-added materials and functions



- ◇ Launch specializing in bottoms



- ◇ Product focusing on materials and comfort.



Shimamura Business ②

Strengthening product appeal and sales power

- ▽ Diversification of sales promotion: Collaboration with influencers and TV programs, and use of celebrities to raise awareness.
- ▽ Holding fairs and key events: Collaboration with JB and priority events will attract more customers.
- ▽ Digital sales promotion: Implemented flexible sales promotions in accordance with temperatures, and intensified sales of PB.

Measures to increase recognition of PB and JB through collaboration projects

◇ PB × influencers



◇ TV program collaboration



◇ Appointment of celebrities



◇ JB x characters



◇ Social media promotion



Attract customers through various fairs and priority events

◇ Baby item fairs



◇ Foundation Festival



◇ Appreciation Festival



Sales promotions tailored to changes in temperature

◇ Web CM



◇ Implementation of flexible sales promotion through SNS



Avail Business

Strengthening product appeal and sales power

- ▽ Sales increased by 5.2% YoY. JB sales increased by 13.8% YoY. Promotion of line lobbying.
- ▽ Strengthening product appeal: Collaborative projects with JB x Influencer and models. Development of new categories.
- ▽ Strengthening sales power: Character planning, strengthening sales promotion of trends, and linking SNS with online stores.

■ Improve the proposal ability and recognition of JB products

◇ Influencers



◇ Models



■ Development of new categories

◇ Car accessories



◇ Travel goods



◇ Pet supplies



■ Character collaboration projects

◇ Sanrio Characters



◇ Detective Conan



◇ Obungutoissho

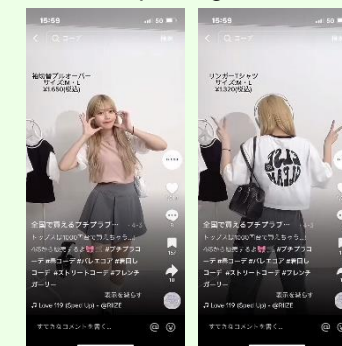


■ Pair coordination for couples and friends



■ TikTok-linked project

◇ TikTok postings



◇ Sales promotion



Strengthening product appeal and sales power

- ▽ Sales increased by 4.2% YoY. JB sales increased by 4.4% YoY. EC sales were strong due to strengthened digital sales promotion.
- ▽ Strengthening product appeal: Influencer products, expansion of original products, and launch of new JB's.
- ▽ Strengthening sales power: Held trade shows and established social media promotions. Strengthened sales promotions for trendy and occasion items.

Influencer projects

◇ New brand collaborated with 3 influencers (CHERIER)



◇ Trade show (Harajuku)



Expansion of original products

◇ Mamari-certified products



◇ Development of new JB ◇ Expansion of Mama-colle



Establishment of social media sales promotion

◇ Trendy items



◇ Motivation Products (Children's Day)



Expand EC business and improve convenience

- ▽ Sales were 2.8 billion yen (EC ratio: 1.8%): Sales up 98% YoY. Percentage of in-store pickup: 89.2%.
- ▽ Strengthening sales power: Implemented EC fairs and expanded products handled. Implemented pre-ordering and built-to-ordering of collaboration products with influencers and characters and hot-selling items.
- ▽ Improved convenience and established product lineups by linking digital catalogs and EC stores.

EC fairs

◇ Babies and kids

◇ Trendy items

◇ Expansion of products handled

Pre-order

◇ Influencer collaboration

◇ Occasion products

◇ Improving the effectiveness and operation of digital catalogs

Built-to-order

◇ Influencer collaboration

◇ Character

The Results Of The Store Renovations

Increase store loyalty through remodeling

- ▽ Improve the shopping environment for customers and boost sales at existing stores. Plan to remodel 150 stores in 3 years.
- ▽ Interiors: Replace with safety-and environment-friendly facilities. e.g. no-slip tile, LED lighting , air conditioning.

■ Before renovation



◇ Interior (using fluorescent lights)



◇ Stairs (using Mikage stones)



■ After renovation



◇ Interior (light changed to LED)



◇ Stairs (using no-slip tiles)



Consolidated Business Forecasts for FY2/25

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

*We conducted a 2-for-1 stock split on February 21, 2024. "Net income per share" is calculated based on the assumption that the stock split was conducted at the beginning of FY2/24. "Dividend per share" for FY2/24 is the actual amount before the stock split.

Financial Results Materials (Disclosed on the corporate website)

- ▽ Financial Results Briefing Materials (with comments): June 24 (Monday)
- ▽ Summary of Financial Results (English): June 25 (Tuesday)
- ▽ Financial Results (Summary of Question and Answer Session): June 26 (Wednesday)
- ▽ Financial Results Briefing (English): June 27 (Thursday)

Update Information on Corporate Website

- ▽ Integrated Report (new information, Japanese): Late-August *First-time
- ▽ Integrated Report (new information, English): Late-September



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.