

FY2/25

SHIMAMURA Co.,Ltd.

Year-end Financial
Results Briefing

April 1, 2025



I am Director and Executive Officer Tsujiguchi. Good morning, everyone.
Thank you very much for taking time out of your busy schedule to attend
today's financial results briefing.

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Here are the contents of today’s explanation.

I will begin with a summary of the year-end financial results for the fiscal year ended February 2025.

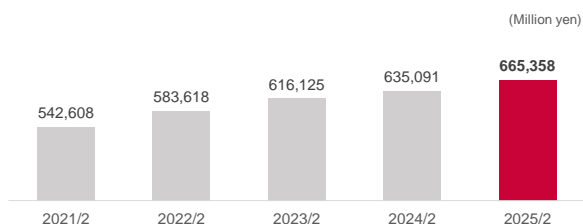
President Takahashi will then explain the initiatives of each business, the consolidated earnings forecast for the fiscal year ending February 2026, and the updated numerical targets and growth investments for the Medium-Term Management Plan 2027.

Finally, I will explain our approach to ESG issues.

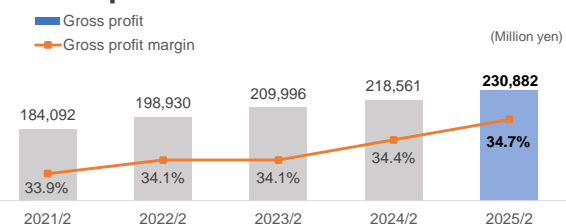
FY2/25 Summary (Consolidated)

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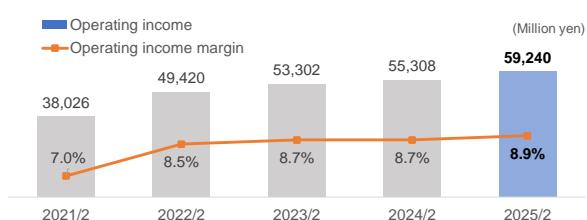
Net sales



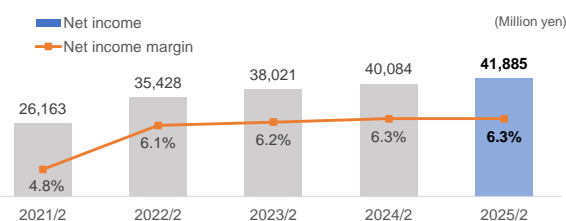
Gross profit



Operating income



Net income



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

Net sales were JPY665.3 billion, gross profit was JPY230.8 billion, and gross profit margin was 34.7%. Operating income was JPY59.2 billion, with an operating income margin of 8.9%. Net income was JPY41.8 billion, with a net income margin of 6.3%.

Consolidated Results: Income Statement

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- Net sales: 665.3 billion yen (+ 4.8pt YoY). Resulting in record-high sales and profit for the current fiscal year-to-date period.
- SG&A ratio: 26.0% (+0.1pt YoY). It was generally in line with the plan through effective cost control for the full year.

(Million yen/%)

	FY2/25	Ratio to sales	YoY	H1	YoY	H2	YoY
Net sales	665,358	100.0	104.8	330,595	104.3	334,762	105.2
Gross profit	230,882	34.7	105.6	114,106	104.5	116,776	106.8
SG&A	173,026	26.0	105.1	83,409	104.6	89,616	105.6
Operating income	59,240	8.9	107.1	31,404	104.1	27,835	110.7
Ordinary income	60,596	9.1	106.8	31,987	104.1	28,608	110.1
Net income attributable to owners of parent	41,885	6.3	104.5	22,100	105.5	19,784	103.4
Net income per share	569.83yen	—	—	300.67yen	—	—	—

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Next, I would like to explain the consolidated financial results for the fiscal year ended February 2025.

The actual results for each figure are shown here.

First, let us discuss external factors.

Although demand for outings increased due to longer-than-usual vacations, such as Golden Week and the year-end and New Year holidays, household budgets were squeezed by price hikes for daily necessities and food items. This was driven by the prolonged depreciation of the yen beyond expectations and poor weather conditions.

As a result, consumers remained thrifty, and the consumer environment remained challenging for apparel sales.

As for the weather, high temperatures continued throughout the summer and fall, with average temperatures reaching record highs, resulting in strong sales of summer products. However, sales of autumn and winter products started out extremely poor. Temperatures dropped nationwide from late November onward, and sales of winter products have been brisk since.

Against these severe external factors, we were able to push forward with strengthening our product appeal and sales power, and we curbed advertising and other expenses, resulting in record-high sales and profit for the current fiscal year-to-date period.

Consolidated Results: SG&A Expenses

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- Personnel expenses: Up 7.4% YoY due to wage increases. Sales rose at stores where personnel shortages had been resolved, mainly in urban areas.
- Advertising expenses: Decreased by 3.7% YoY due to a review of the number of flyers distributed and a shift to digital sales promotions.

(Million yen/%)

	FY2/25	Ratio to sales	YoY	FY2/24	Ratio to sales	YoY
Salary	75,665	11.4	107.1	70,650	11.1	105.6
Total personnel expenses	89,329	13.4	107.4	83,180	13.1	105.9
Advertising expenses	11,509	1.7	96.3	11,949	1.9	102.8
Total selling expenses	20,307	3.1	101.4	20,031	3.2	104.1
Supplies expenses/Display fixtures expenses	2,545	0.4	114.3	2,226	0.4	108.3
EDP expenses	2,253	0.3	93.5	2,409	0.4	110.6
Total operating expenses	10,137	1.5	107.0	9,477	1.5	110.2
Rents	33,016	5.0	100.8	32,745	5.2	100.2
Depreciation and amortization	6,105	0.9	103.2	5,918	0.9	100.5
Total equipment cost	48,264	7.3	101.9	47,343	7.4	100.9
Total general expenses	4,987	0.7	107.7	4,629	0.7	97.9
Total SG&A expenses	173,026	26.0	105.1	164,662	25.9	104.2

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Next, we will discuss the breakdown of consolidated SG&A expenses.

Total personnel expenses increased by 7.4% over the previous year due to the April wage increase and a focus on recruiting and training.

Advertising expenses decreased by 3.7% YoY. This was due to the continued shift to digital sales promotion. On the other hand, total selling expenses increased by 1.4% YoY due to an increase in sales commissions resulting from the rising cashless ratio.

Total operating expenses increased by 7% YoY. This was mainly due to higher freight rates against the backdrop of the 2024 logistics problem and an increase in display equipment in connection with new store openings.

Total equipment costs increased by 1.9% YoY. In particular, utility bills increased by 9.1% YoY due to the abolition of long-term discounts on electricity bills, price increases by some electric power companies, and increases in renewable energy surcharges.

Consolidated Results: Balance Sheets

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- Assets: Cash and deposits, accounts receivable, and marketable securities increased 9.7% YoY.
- Liabilities: Income taxes payable increased by 15.1% YoY.

(Million yen/%)

	End-Feb 2025	Composition ratio	YoY	End-Feb 2024	Composition ratio
Current assets	370,429	65.3	107.4	344,887	64.6
Noncurrent assets	196,715	34.7	104.1	188,919	35.4
Total assets	567,144	100.0	106.2	533,807	100.0
Current liabilities	55,605	9.8	106.6	52,151	9.8
Noncurrent liabilities	10,562	1.9	103.1	10,247	1.9
Total liabilities	66,168	11.7	106.0	62,398	11.7
Total shareholder's equity	496,008	87.4	106.3	466,596	87.4
Accumulated other comprehensive income	4,968	0.9	103.2	4,811	0.9
Total net assets	500,976	88.3	106.3	471,408	88.3
Total liabilities and net assets	567,144	100.0	106.2	533,807	100.0

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Next, I will explain the breakdown of the consolidated balance sheet.

Total assets increased by 6.2% YoY. The main factor was a 23.9% increase in marketable securities compared to the end of the same period last year. This was due to expanded fund management through jointly managed designated money trusts and corporate bonds.

Total liabilities increased by 6% YoY. The main factor was a 15.1% increase in unpaid income taxes due to an increase in pretax profits.

Sales by Business

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- Domestic sales increased 4.7% yoy due to implemented measures such as evolving our private brands (PB) and brands developed jointly with suppliers (JB), strengthening of collaboration projects with influencers and characters, and elastic sales promotion plans.

(Million yen/%)

Business	FY2/25	Composition ratio	YoY	H1	YoY	H2	YoY
Shimamura	497,709	74.8	104.4	246,705	104.0	251,003	104.7
Avail	65,980	9.9	107.0	33,766	106.8	32,213	107.2
Birthday	76,507	11.5	105.2	38,079	104.8	38,428	105.7
Chambre	15,453	2.3	104.2	7,623	101.4	7,829	107.0
Divalo	897	0.2	108.9	478	109.3	418	108.4
Shimamura (non-consolidated)	656,547	98.7	104.7	326,654	104.3	329,893	105.1
Si meng le (Taiwan)	8,810	1.3	109.1	3,941	110.2	4,868	108.3
Shimamura (consolidated)	665,358	100.0	104.8	330,595	104.3	334,762	105.2

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This is a breakdown of the sales by business.

We implemented measures such as evolving our private brands (PB) and brands developed jointly with suppliers (JB), planning products that are not affected by temperature, and implementing flexible sales promotion plans.

Net sales increased by 4.7% YoY in domestic business and by 9.1% YoY in Taiwan's Si meng le business, with all businesses, both domestic and overseas, achieving YoY sales growth.

The initiatives of each business are described on page 10 and beyond.

Same-store sales, Number of customers, Spending per customer YoY

- Growth in same-store sales: Continued to strengthen product appeal and sales power, worked to meet regional and individual store needs.
- Strengthening of promotions for priority events, fairs, and collaboration projects, etc., led to growth in customer numbers.
- Unit price per item: Enhancing our high-price product lineup in both PB and JB categories, while striving to strike a balance between value and price.

(%)

Business	Period	Net sales		Number of customers	Number of items purchased	Spending per customer	Unit price per item
		Existing stores	All stores				
Shimamura	H1	103.9	104.0	102.7	98.7	101.3	102.6
	H2	104.6	104.7	103.1	98.0	101.7	103.8
	Full-year total	104.3	104.4	102.9	98.3	101.4	103.2
Avail	H1	106.9	106.8	108.6	99.2	98.3	99.1
	H2	106.3	107.2	109.2	98.3	98.1	99.8
	Full-year total	106.6	107.0	108.9	98.8	98.2	99.4
Birthday	H1	101.8	104.8	103.6	98.2	101.2	103.0
	H2	101.9	105.7	106.0	98.1	99.7	101.5
	Full-year total	101.9	105.2	104.8	98.1	100.4	102.3

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Next, I will explain the full-year results for existing store sales, total store customer numbers, and average customer spending for our three main businesses.

Existing store sales and customer numbers were up YoY in all three businesses. This was due to the strengthening of priority events, fairs, and collaborative projects.

In terms of average spending per customer, the Shimamura and Birthday businesses posted YoY increases. The Avail business slightly underperformed compared to the previous year due to the expansion of knickknacks with relatively low unit prices.

The Shimamura business saw a 3.2% YoY increase in the unit price per item. Sales of products that pursue a balance between value and price progressed favorably, as well as the expansion of high-priced products in the PB and JB categories.

The number of items purchased was lower than the previous year in all businesses. We believe that this was due to the fact that customers are still highly thrifty due to the high cost of living.

Gross profit, Price reduction, Inventory YoY

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- Gross profit: Gross profit increased YoY due to expansion of PB and utilization of ASEAN production.
- Inventory: Price reduction and inventory...Shimamura's price reduction rate decreased by 0.1%, while inventory turnover rate increased from the previous year. (%)

Business	Period	Gross profit			Discount			Inventory	
		Gross Profit YoY	Gross margin		Discount price YoY	Discount rate		Inventory turnover	
				YoY			YoY		YoY
Shimamura	H1	104.2	33.8	+0.1	111.4	6.8	+0.4	7.4	+0.2
	H2	106.9	34.3	+0.7	95.0	6.0	-0.6		
	Full-year total	105.6	34.1	+0.4	103.0	6.4	-0.1		
Avail	H1	107.7	38.8	+0.3	103.8	13.5	-0.3	4.8	+0.1
	H2	108.2	39.6	+0.4	104.6	12.3	-0.3		
	Full-year total	108.0	39.2	+0.4	104.2	12.9	-0.3		
Birthday	H1	103.3	33.6	-0.4	112.2	5.7	+0.4	4.4	±0.0
	H2	104.5	33.5	-0.4	110.7	4.8	+0.3		
	Full-year total	103.9	33.5	-0.4	111.5	5.2	+0.3		

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

Gross profit increased by 5.6% YoY, up 0.4 percentage points in percentage terms. This was due to securing value inputs through the expansion of PB and utilization of ASEAN production, etc.

Price reduction increased by 3% YoY, a decrease of 0.1 percentage points in percentage terms.

While Q1 was above the previous year's level due to the disposal of winter goods, Q2 and Q3 were below the previous year's level due to strong summer sales, and Q4 was below the previous year's level due to strong winter sales.

Inventory turnover increased by 0.2 turnover YoY to 7.4 turnover.

Shimamura Business ①

しまむらグループ

Strengthening product appeal

Evolution of "CLOSSHI" and "CLOSSHI PREMIUM"

■ PB sales YoY Up **13.6%** ■ PB ratio **24.3%**



Development of new product categories



I am Takahashi, the president. Thank you. I will now explain the initiatives of each business.

First, in the Shimamura business, we worked on the evolution of PB and JB as part of efforts to strengthen product appeal.

Combined sales of mainstay PB CLOSSHI and high-priced PB CLOSSHI PREMIUM rose by 13.6% YoY, and PB sales as a percentage of total sales rose by 2% to 24.3%.

For our core sales products, the FIBER DRY and FIBER HEAT series, we were able to smoothly adapt to the long summer and delayed winter by taking advantage of fabric contracts for short-term production.

In product development, we have made progress in developing products that respond to customers' concerns and complaints, such as Hebrote, a series that can be used for a long time, and Minmin Laboratory, a series that supports sleeping spaces.

Most recently, in response to customers' high propensity to save money, the company has developed Dokodemotto!, with the concept of "Wherever it works, from daily life to special occasions," which were strong sellers.

Shimamura Business ②

しまむらグループ

Strengthening product appeal

Developing joint brand (JB)

■ JB sales YoY

Up **12.1%**

■ JB ratio

8.4%



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JB expanded its lineup to include not only women's wear but also men's and children's wear, as well as practical goods, centering on its main brands SEASON REASON, HK WORKS LONDON, and LOGOS DAYS. As a result, JB sales increased by 12.1% YoY and accounted for 8.4% of total sales.

Among these, SEASON REASON's best-sellers were high-value-added products made from natural materials, such as 100% linen shirts and wool-blend knitwear, as well as products incorporating trendy elements such as lace and sheer materials.

Strengthening sales power

Strengthening promotions for items less affected by temperature fluctuations



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To strengthen our sales power, in addition to traditional priority events, we expanded fairs specializing in each category, such as fashion goods fairs and baby/kids' fairs, as projects that are less susceptible to temperature fluctuations.

By focusing on collaborative projects with influencers and characters and strengthening sales on social media and the online store, sales progressed smoothly both in physical stores and online.

Additionally, sales of new categories of cosmetic-related products and supporters supervised by osteopathic salons were strong, even amid the lingering summer heat and warm winter.

Strengthening sales power

Enhancement of major sales events: “Shimamura Super Surprise Sale” achieved record-high sales



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In key events, the Shimamura Super Surprise Sale, year-end sales, and New Year's sales were highly effective in attracting customers.

In particular, the Shimamura Super Surprise Sale, which began on November 20, attracted a record number of sales and customers on the first day of the flyer, thanks to exciting plans such as happy bags, time sales, and the distribution of novelties.

The sale also led to the acquisition of new and repeat customers. As a result, Shimamura's net sales increased by 4.4% YoY.

Avail Business ①

しまむらグループ

Strengthening product appeal and sales power

Improvement of proposal ability for trendy products and increase of brand awareness

■JB sales YoY

Up **6.6%**

■JB ratio

43.8%



Expansion of high-price product offerings



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This next section describes the Avail business.

In the Avail business, we worked to improve JB's trend proposal capabilities and develop higher-priced products.

In terms of improving JB's trend proposal capabilities, the trendy Korean taste was developed in CHIP CLIP for teens and SUREVE for young customers, both of which sold well.

In addition, our ongoing collaboration projects with influencers increased sales through enhanced SNS sales promotion, particularly on Instagram and TikTok.

In the development of higher-priced products, sales were strong, thanks to the development of products with high-quality materials, design, and functionality for customers in their 30s to 40s.

As a result, JB sales increased by 6.6% YoY and accounted for 43.8% of total sales.

Avail Business ②

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Strengthening product appeal and sales power

Expansion of line-robbing strategies



Strengthening of character-themed projects



Next, I will explain the line lobbying and the strengthening of character products.

As for the line lobbying, we have expanded our wear range to include SS and S sizes, petite sizes for shorter people, and 5L and 6L sizes. In addition, we expanded its lineup of character products in fashion accessories and bedding products.

For the character project, we used social media promotion and the online store to sell products that could only be purchased at Avail, such as the Black Art Series for Black Friday and the anniversary series celebrating character birthdays.

As a result, Avail's sales increased by 7% YoY.

Birthday Business ①

しまむらグループ

Strengthening product appeal and sales power

Enhancement of product planning capabilities in JB

■JB sales YoY

Up **5.0%**

■JB ratio

24.5%

MY LITTLE WONDER



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Next, we will discuss the Birthday business.

In the Birthday business, we strengthened JB's planning capabilities and sought to expand new and targeted customers.

In strengthening JB's planning capabilities, we developed a new JB brand, MY LITTLE WONDER, to reinforce the casual taste that had been lacking.

In addition, as a project to highlight seasonal characteristics, JB's futafuta and Cottoli expanded the development of products featuring Setsubun and Momo-no-Sekku festivals.

As a result, JB sales increased 5% YoY and accounted for 24.5% of total sales.

Birthday Business ②

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Strengthening product appeal and sales power

Expansion of new and target customer segments

■Character-themed products

YoY: Up by **13.1** %



■Junior wear

YoY: Up by **8.8** %



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Next, I will explain our initiatives to expand the number of new and target customers.

As part of efforts to acquire new customers, we expanded collaboration projects between influencers and characters and strengthened social media promotions and online store sales. As a result, character sales increased by 13.1% YoY.

In terms of expanding target customers, we expanded our product lineup for upper elementary school students.

One of the best examples is the product collaboration with elementary school gal influencers.

When first introduced, the product was sold exclusively through the online store, but after a great response, we decided to sell the product in all Birthday stores.

As a result, sales of junior wear grew by 8.8% YoY, and it is expected to expand well into the future.

In addition, to support customers raising children, we implemented special features tailored to different lifestyles, such as a special feature on supporting nutritional education and a special feature on preparing to return home for the New Year holidays, to expand our share of the childbirth and child-rearing market.

As a result, Birthday sales increased by 5.2% YoY.

Chambre Business

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Strengthening product appeal and sales power

Develop its product lineup



Development of new layout stores



Next, I will explain the Chambre business.

In the Chambre business, we continued to develop its product lineup and new layout-type stores, which are 2024-style layout stores.

The product line was pioneered with the new JB's Clasiiki, as well as an expanded assortment of cosmetics and confectionery items. In particular, we expanded our lineup of Korean cosmetics and introduced Best Cosmetics 2024 and other products in our flyers, and the products listed on the flyers showed high digestibility.

In addition, we have been developing 2024-style layout stores to improve the level of VMD, or visual merchandising, and 32 stores are now in the new layout.

Sales at the relevant stores have been strong due to the expansion of the consideration event sales floor and a layout that allows customers to make a full tour of the store so that they can enjoy their shopping experience.

As a result, Chambre sales increased 4.2% YoY.

Divalo Business

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Strengthening product appeal and sales power

Establishment of sales floor design



Improvement of customer service skills



Lectures by shoe fitters

Role-playing of fitting scenarios

Next, I would like to explain the Divalo business.

In the Divalo business, we expanded our handling of sneakers that can be worn while standing, a hot topic in the market.

In the scene-specific sales floors, total coordination proposals centering on shoes were made, with formal and business-related products performing particularly well in the career scene sales floors.

In addition, lectures by shoe fitters to store managers and role-playing of fitting scenes improved product knowledge and customer service skills.

As a result, Divalo sales increased by 8.9% YoY.

Si meng le Business (Taiwan)

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Strengthening product appeal and sales power

Responding to local needs through expansion of original product offerings



Enhancing brand awareness and customer traffic



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Next is a description of the Si meng le business in Taiwan.

The Si meng le business, which operates in Taiwan, restructured its operations to become a general clothing specialty store, offering the right products at the right time and at the right price for customers in Taiwan.

In terms of strengthening product appeal, in addition to the PB and JB planned in Japan, we expanded Si meng le's original PB, which enabled us to develop products that were tailored to local needs, improving the unit price and gross profit margin.

We also promoted line robbing and expanded our product lineup to include outdoor and sports items that are popular in Japan. On the sales floor, we strengthened coordination suggestions and embodied images of scenes and how to wear the clothes, which led to increased purchasing desire and significantly increased sales.

In the area of strengthening sales power, SNS sales promotions using local influencers and the anniversary celebration sales at key events attracted a great deal of attention and attracted new customers.

As a result, sales at Si meng le increased by 13.1% YoY.

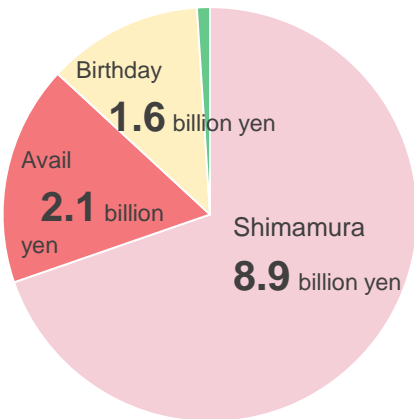
EC Business

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Expansion of EC sales strategies

■ Composition of annual sales ■ Sales YoY ■ EC ratio ■ In-store pickup ratio ■ Bulk purchase ratio
12.9 billion yen Up **79.0%** **2.0%** **83.7%** **41.7%**

EC sales by business



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Next, I will explain our initiatives in the e-commerce business.

Annual sales in the EC business increased 79% YoY to JPY12.9 billion. Sales in each business segment were JPY8.9 billion, up 67% YoY for Shimamura; JPY2.1 billion, up 148% YoY for Avail; and JPY1.6 billion, up 81% YoY for Birthday.

The online store's unique sales techniques, such as expanding product lineups through online store-only projects, creating efficient sales through made-to-order sales of popular products, and conducting EC fairs during weather-sensitive periods, have progressed, resulting in a significant increase in the number of customers.

The percentage of online store products received in stores has remained high since its opening at 83.7%, and stores in Tokyo have seen further mutual customer referrals between physical stores and online stores.

Consolidated Business Forecasts for FY2/26

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- Net sales (plan): Up 4.1% YoY, Operating income (plan): Up 2.4% YoY
- SG&A (plan): Up 4.6% YoY. Personnel expenses increased 6.0% yoy, and repair expenses are also planned to increase due to existing store renovations.
- Dividend per share (plan): Annual dividend is expected to be 205 yen.

(Million yen/%)

	FY2/26 Forecast	YoY	Ratio to sales	FY2/25 Result	Ratio to sales
Net sales	692,640	104.1	100.0	665,358	100.0
Gross profit	240,188	104.0	34.7	230,882	34.7
SG&A	181,036	104.6	26.1	173,026	26.0
Operating income	60,690	102.4	8.8	59,240	8.9
Ordinary income	61,990	102.3	8.9	60,596	9.1
Net income attributable to owners of parent	42,858	102.3	6.2	41,885	6.3
Net income per share	583.07yen	—	—	569.83yen	—
Dividend per share	205yen	—	—	200yen	—

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Next, I will explain our full-year forecasts for the fiscal year ending February 2026.

For the fiscal year ending February 2026, the Company plans net sales of JPY692.6 billion, a 4.1% increase YoY. We will work to strengthen product appeal and sales power in each business and increase sales at existing stores.

As for securing gross profit, to cope with rising purchase costs, we will increase the markup rate by expanding high-priced products, promoting fabric contracts and production line contracts, reviewing production countries, and expanding product procurement through our Import Department.

SG&A expenses are planned to increase 4.6% YoY, with an SG&A to sales ratio of 26.1%. We will continue to control SG&A expenses through the digitalization of advertising.

On the other hand, the Company plans to increase personnel expenses by 6% YoY and plans to raise wages by 4.1% in April for both full-time employees and regular employees working part-time. In addition, we expect an increase in expenses for display fixtures and repairs, etc., due to the remodeling of existing stores.

As a result of the above actions, operating income is projected at JPY60.6 billion, up 2.4% YoY, with an operating income margin of 8.8%.

The annual dividend per share is expected to be JPY205.

FY2/26 Management Policy

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● A Unified Theme "Next Challenge 2nd: Reach Greater Limits And Reach Even Greater Heights"

Last year, we took a scalpel to each of these areas that had previously been taken for granted. This year, we will continue to push the limits upward through various challenges.

Strengthening product appeal

- Enhance brand power through development of hit products, evolution of our private brands, and refinement of planned merchandise
- Expand target customer segments through improved line-robbing strategies
- Uncover new product opportunities and optimize product assortments with sophisticated data analysis

Strengthening sales power

- Diversify promotional methods and enhance digitalization.
- Refine product offerings, sales floors, and promotions based on store and regional characteristics
- Digitalize in-store improvisation and improve visual merchandising (VMD)
- Enhance customer service skills and create easier-to-navigate sales corners to boost store loyalty

Strengthening the base and foundation

- Rebuild store operations through digitalization
- Strengthen urban store openings, expand relocations, renovations, and conversions to fashion malls
- Reconstruct a risk-hedged, competitive, and sustainable supply chain
- Promote human resource strategies to realize [good company] with a good work environment and decent work
- Promote sustainable Shimamura-style ESG through core business
- Unify e-commerce platforms to improve user convenience and expand Di (digital integration) business
- Explore new business opportunities and overseas expansion

23

Next, I would like to explain our management policy for the fiscal year ending February 2026.

The unifying theme is "Next Challenge 2nd: Reach greater limits and reach even greater heights.

" Last year, we took a scalpel to each of these areas that had previously been taken for granted. This year, we will continue to push the limits upward through various challenges.

In terms of strengthening product appeal, we will work to further improve our brand power by developing hit products and evolving our PBs.

In addition, we will work to develop new products and improve the product mix through advanced data analysis.

In strengthening sales power, we will further diversify sales promotion methods and brush up on digitalization.

In stores, we will work to digitize improvisation and improve VMD.

In strengthening the foundation and infrastructure, we will restructure store operations through digitalization, strengthen urban store openings, expand relocations, renovations, and conversions to fashion malls, and unify our e-commerce sites.

FY2/26 Stores Opening/Closing and Renovation Plan

しまむらグループ

- Group total: open 52 new stores, close 19 stores. (net increase of 33 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: 101 stores. Store loyalty will be improved, and environmental consideration will be promoted by replacing with the latest equipment.

Business	End-FY2/25 Number of stores	Planned opening stores	Planned closing stores	End-FY2/26 Number of stores (Plan)	Number of renovation plan
Shimamura	1,416	16	8	1,424	76
Avail	316	12	3	325	15
Birthday	336	12	6	342	6
Chambre	123	5	1	127	3
Divalo	16	5	0	21	0
Shimamura (non-consolidated)	2,207	50	18	2,239	100
Si meng le (Taiwan)	44	2	1	45	1
Shimamura (consolidated)	2,251	52	19	2,284	101

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Next, I will explain our plans for store exits and renovations.

We plan to open 52 new stores and close 19 stores, for a net increase of 33 stores.

As a result, the number of stores at the end of the fiscal year ending February 2026 is expected to be 2,284.

The Shimamura business is proceeding with the relocation and scrap-and-build of existing stores in conjunction with store openings.

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 101 existing stores during the year, mainly in the Shimamura business.

In the current fiscal year, we made organizational changes and separated the departments in charge of new store opening development and existing store renewal operations.

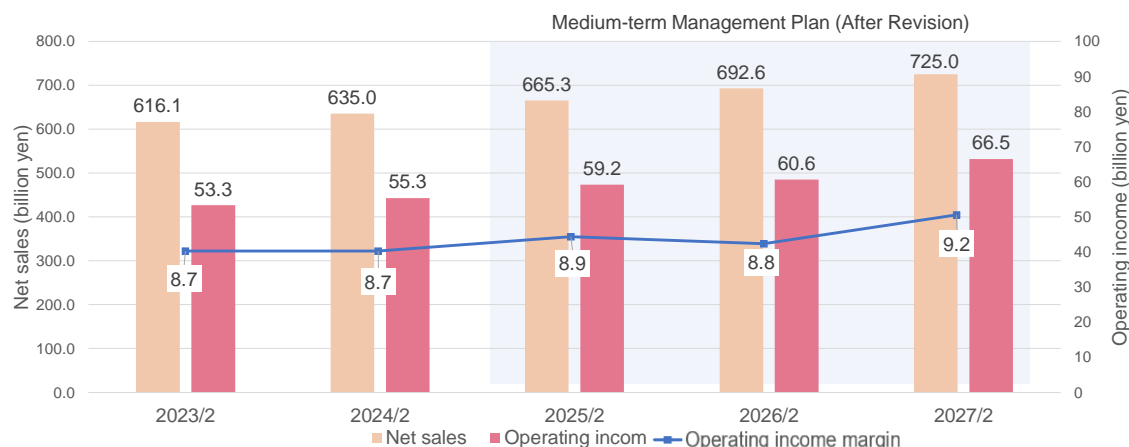
This will allow us to expand the number of store openings, strengthen store openings in urban areas, and speed up renovations.

Medium-term Management Plan 2027: Revisions to Numerical Targets

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Medium-term Management Plan: Numerical Target

Consolidated Net Sales		Consolidated Operating Income		ROE	
Initial Plan	Revised Plan	Initial Plan	Revised Plan	Initial Plan	Revised Plan
719.0 billion yen	725.0 billion yen (+6 billion yen)	66.0 billion yen	66.5 billion yen (+0.5 billion yen)	Around 8.0 %	9.0 % or higher



25

Now, I would like to explain the progress of the Medium-Term Management Plan 2027.

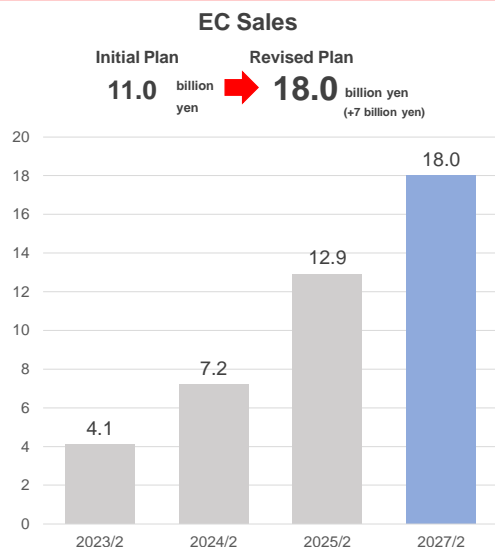
Net sales and gross profit margin for the fiscal year ending February 2025, the first year of the medium-term management plan, exceeded the original plan. Although personnel expenses increased in SG&A, operating profit exceeded the plan as a result of controlling advertising expenses.

Based on the above, we are revising our sales target for the final year of the Medium-Term Management Plan 2027 to JPY725 billion, an increase of JPY6 billion from the original plan. Operating income is expected to reach JPY66.5 billion, up JPY500 million, while ROE is projected to exceed 9%, up from approximately 8%.

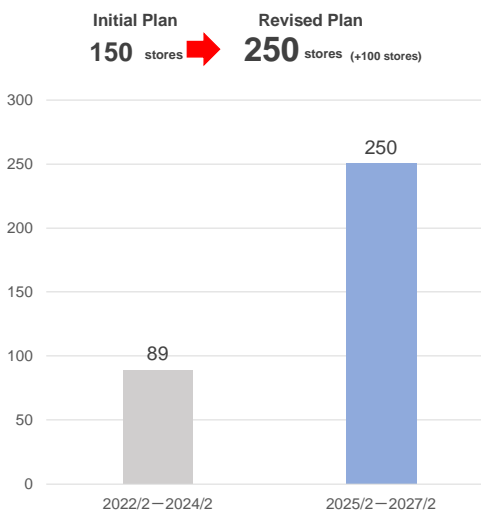
Medium-term Management Plan 2027: Revisions to Numerical Targets

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Medium-term Management Plan: Numerical Target



Number of Renovated Stores (3-year total)



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Next, due to the strong performance of the EC business, we revised our EC sales forecast to JPY18 billion, an increase of JPY7 billion from the original plan. From FY2025, we will work to improve the convenience of our EC services by converting our online store into a mall, and to expand our sales channels by launching a new BtoB site.

In addition, the number of existing stores to be renovated has been revised upward by 100 stores from the initial plan to 250 stores. By expanding the number of applicable stores for remodeling, we aim to raise the level of existing store sales by improving store loyalty.

Growth investment

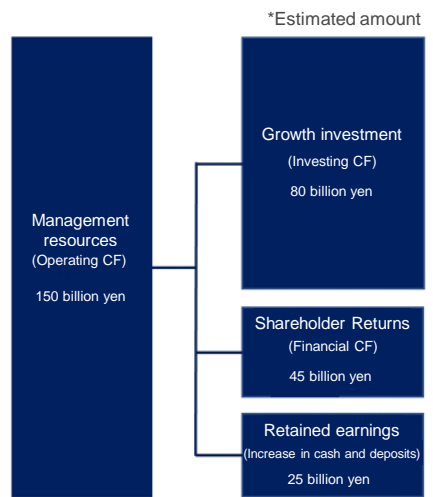
Growth investment policy

- We will expand growth investment to achieve sustainable growth.
- Based on investment to expand business scale, we will improve our business performance by improving the quality of stores, products, human resources, and DX and raising productivity, thereby contributing to our entire stakeholders.
- Approximately 50% of management resources will be allocated to growth investment as investments for sustainable growth.

Definition of management resources

- Management resources represent cash provided by operating activities (operating CF).
- Over the three years of the Medium-term Management Plan 2027, we expect management resources to total approximately 150 billion yen, and we will allocate more than half of that, 80 billion yen, to growth investment.

Allocation of management resources (FY2024-FY2026 cumulative)



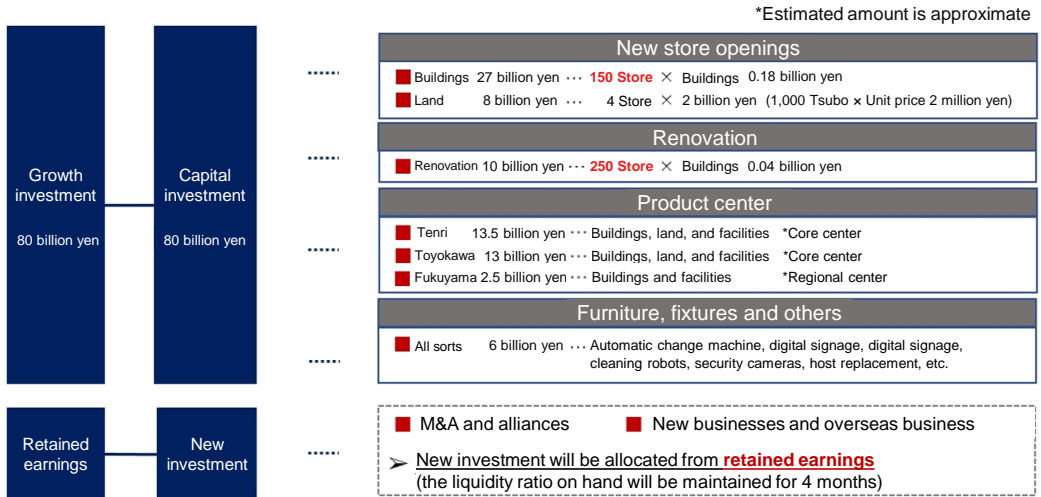
Next, I would like to reiterate the details of the growth investments outlined in the Medium-Term Management Plan 2027, which we shared during the Q3 financial results briefing.

First, growth investment is based on investments to expand the scale of the business, and in this medium-term management plan, we intend to allocate about 50% of management resources to investment for sustainable growth.

Management resources, in this context, refer to funds generated by cash flow from operating activities. Over the three years of the Medium-Term Management Plan 2027, we expect to generate about JPY150 billion in operating cash flow, of which JPY80 billion is planned to be allocated for growth investment. The remaining JPY70 billion will be allocated to shareholder returns and retained earnings.

Growth investment

Allocation of growth investment (FY2024-FY2026)



Next, I will explain the details of growth investments.

The growth investments are based on investments in existing businesses. The specific breakdown is as follows: JPY35 billion for new store openings, JPY10 billion for renovations, JPY29 billion for transfer centers, and JPY6 billion for furniture, fixtures, and others.

We plan to open 150 new stores, renovate 250 stores, and open three transfer centers.

In addition, from FY2025, we will begin full-scale efforts to improve labor productivity in our stores. Specifically, we will expand the introduction of automatic change machines, digital signage, digital POPs, and cleaning robots to increase operational efficiency and, consequently, improve business performance.

On the other hand, as for new investments such as M&A, alliances, new businesses, and overseas business, the scale and timing of investments are under investigation at this time. We plan to use retained earnings for these investments.

Medium-term Management Plan 2027: Growth Investment ③ **しまむらグループ**

Examples Of DX

Digital Signage/POP



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Next, I will introduce digital signage, digital POPs, automatic change machines, and cleaning robots as examples of DX that fall under the category of furniture, fixtures, and other growth investments.

The image on the slide shows digital signage and digital POPs. Digitizing in-store promotional materials will improve customer appeal and reduce the workload of store employees. In addition, by producing broadcast content in-house, timely sales promotions that respond to weather and temperature conditions will be possible.

Medium-term Management Plan 2027: Growth Investment ④ **しまむらグループ**

Examples Of DX

Automatic change machine



Cleaning robots



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The automatic change machine has the effect of reducing the time required to transfer money by approximately 145 minutes per day, improving accuracy and reducing the psychological burden on employees.

Cleaning robots can reduce employee workload and provide uniform cleaning.

These are just a few examples, but we will continue to push forward with DX to improve store productivity and increase sales.

Initiatives on ESG Issues ①

しまむらグループ

Environmental Initiatives Implemented in FY2024

Expansion of hanger recycling

■ Annual collection volume

2,863 t

■ Recycling rate

75.4%



Recyclable hanger

- The number of recycling centers has increased, and recycling has been implemented at all stores.
- From FY2025, recyclable hanger types will be further introduced.
⇒ Recycling rates are expected to improve further.

Apparel collection

■ Number of participating stores

200 stores

■ Annual collection volume

73.2 t



- Started apparel collection at some stores.
- Collection carried out at 200 stores, resulting in an annual total of 73.2 tons collected.
⇒ In the future, we will expand the number of stores with the aim of implementing the program at all stores.

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I am Director and Executive Officer Tsujiguchi. Next, I will discuss our approach to ESG issues.

To begin, let us introduce our ESG environmental initiatives.

The first is to promote the complete recycling of hangers.

In FY2024, we developed a new recycling plant, making it possible to recycle at all stores in Japan except for those on remote islands, bringing the recycling ratio to 75.4%.

In FY2025, we expect to increase the number of recyclable hanger types and further improve the recycling ratio.

The second initiative is apparel collection.

Apparel collection began in FY2024. After being implemented at some stores last June, the program was expanded to 200 stores in November, and 73.2 tons of apparel were collected in these two sessions.

Many customers came to the store for the purpose of apparel collection, leading to an increase in the number of customers.

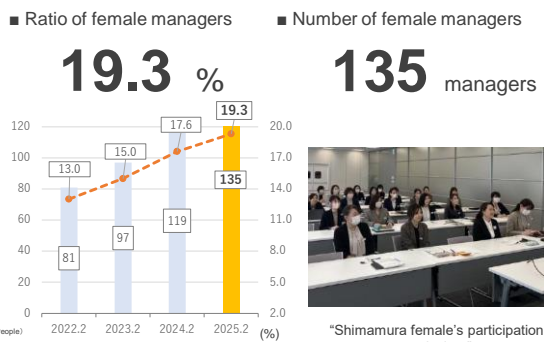
In the future, we will expand the number of stores and increase the amount collected with the aim of implementing the program at all stores.

Initiatives on ESG Issues ②

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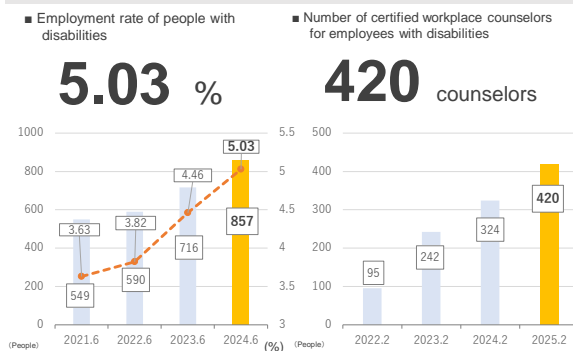
Social Initiatives Implemented in FY2024

Increase in female managers



- Implemented a training curriculum for the development of female executive candidates.
 - B.mgr candidate training curriculum is continuously implemented.
- ⇒ We will provide training for supervisors and senior managers to increase the number of female managers.

Increase in employment of people with disabilities



- best practices and increase employment rates beyond the Shimamura business.
 - There are now more than 400 employees certified as vocational life counselors for people with disabilities.
- ⇒ Started creating an environment in which people with disabilities can work comfortably.

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Next, I would like to explain our ESG social initiatives.

The percentage of female managers has steadily increased to 19.3%, with the percentage of female store block managers in particular rising to 24.7%.

As part of this initiative, we will implement the Shimamura Female's Participation Curriculum and store block manager candidate training curriculum to develop female managers, provide training for supervisors and senior managers, and increase the number of female managers.

The employment rate of people with disabilities is 5.03%. We shared best practices from stores that were making good progress in hiring with other stores to promote employment.

In addition, we continue to encourage block managers to obtain certification as vocational life counselors for people with disabilities, and the number of those who have obtained this certification has exceeded 400.

Going forward, we will maintain an employment rate of 5% and create an environment in which people with disabilities can work comfortably.

Initiatives on ESG Issues ③

しまむらグループ

Social Initiatives Implemented in FY2024

Expansion of On-Site Sales

■ Number of events held **127** times
■ Net sales **40** million yen



Mobile sales (special nursing homes)

Expansion of Shopping Tours

■ Number of events held **152** times
■ Net sales **15** million yen



Shopping tours (facilities for people with disabilities)

- Shopping support service is collectively called "Shima Sapo" and started operation at Shimamura business stores.
- The number of cases of shopping support services increased significantly, and the annual plan was achieved. The service was well received by users.
⇒ In addition to systemization and development of dedicated fixtures, collaboration with local governments will be strengthened to expand the service in the future.

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Finally, I will explain the shopping support service, Shima Sapo.

The Shima Sapo service supports people who have difficulty going shopping, such as those living in depopulated areas and residents of long-term care facilities and facilities for people with disabilities, and has been expanded to all Shimamura business stores.

Shima Sapo offers two types of services: on-site sales, in which we visit communities and facilities, and shopping tours, in which customers visit a store and shop for an hour before the store opens.

The number of both services implemented increased significantly and were very well received by those who used them. We have already received requests from a number of facilities to implement the program this year.

In the future, we will work to systematize and improve efficiency to expand our services.

Financial Results Materials (Disclosed on the corporate website)

▽ Summary of Financial Results (English):	March 31 (Monday)
▽ Financial Results Briefing Materials (with comments):	April 1 (Tuesday)
▽ Financial Results (Summary of Question and Answer Session):	April 2 (Wednesday)
▽ Financial Results Briefing (English):	April 3 (Thursday)

Update Information on Corporate Website

▽ ESG-related (update information, Japanese and English):	March 31 (Monday)
▽ Medium-term Management Plan (update information, Japanese and English):	March 31 (Monday)
▽ Corporate Governance-related:	Late-May

Lastly, this is our information disclosure schedule.
The schedule for disclosing financial results on the corporate website is as shown.

Shimamura Women's Athletic Team



Yuka Ando

**Selected to represent Japan in the
marathon at the 2025 World
Athletics Championships**



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.

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This concludes the explanation of Shimamura Corporation's business results for the fiscal year ended February 2025, its consolidated business forecast for the fiscal year ending February 2026, and its updated Medium-Term Management Plan 2027 numerical targets and growth investments.

Thank you for your attention.