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Financial Results for 1Q of FY2/22

Monday, June 28, 2021

Consolidated Results: Income Statement

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- Sales increased by 33.2% YoY. SG&A ratio was 25.3% (-6.7ppt. YoY)
- Operating income was 13 billion yen (9.1%), reaching record-high profit for 1Q alone.

(Million yen/%)

	FY2/22 1Q	Ratio to sales	FY2/21 1Q	YoY	FY2/20 1Q	YoY
Net sales	142,539	100.0	106,987	133.2	133,648	106.7
Gross profit	48,829	34.3	32,712	149.3	43,094	113.3
SG&A	36,065	25.3	34,192	105.5	37,727	95.6
Operating income	13,019	9.1	-1,281	–	5,592	232.8
Ordinary income	13,299	9.3	-1,092	–	5,767	230.6
Net income attributable to owners of parent	8,875	6.2	-1,221	–	3,793	234.0
Net income per share	241.51yen	–	-33.22 yen	–	103.21yen	–

Sales by Business

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- Domestic sales increased by 33.5% YoY owing to the strengthening of brand power, the advertisement of products based on various themes, and the expansion of digital sales promotions.

(Million yen/%)

	FY2/22 1Q	Ratio to sales	FY2/21 1Q	YoY	FY2/20 1Q	YoY
Shimamura	105,484	74.0	78,728	134.0	101,295	104.1
Avail	13,221	9.3	9,548	138.5	13,010	101.6
Birthday	19,162	13.5	14,988	127.8	15,301	125.2
Chambre	3,299	2.3	2,501	131.9	2,639	125.0
Divalo	180	0.1	128	140.3	200	89.7
Shimamura (non-consolidated)	141,347	99.2	105,894	133.5	132,447	106.7
Si meng le (Taiwan)	1,192	0.8	1,062	112.3	1,107	107.6
Shi ma la(Shanghai)	–	–	30	–	93	–
Shimamura (consolidated)	142,539	100.0	106,987	133.2	133,648	106.7

Consolidated Results: SG&A Expenses

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- Personnel expenses: Reduced to 12.2% of sales through streamlining of store operations, etc.
- Advertising expenses: Reduced to 2.1% of sales through digital sales promotions, etc.

*In 1Q of FY2/21, SG&A expenses temporarily declined significantly due to shortening of operating hours and voluntary restraints on sales promotions.

(Million yen/%)

	FY2/22 1Q	Ratio to sales	FY2/21 1Q	Ratio to sales	YoY	FY2/20 1Q	Ratio to sales	YoY
Salary	14,860	10.4	14,198	13.3	104.7	14,555	10.9	102.1
Total personnel expenses	17,360	12.2	16,885	15.8	102.8	17,134	12.8	101.3
Advertising expenses	3,014	2.1	2,321	2.2	129.9	5,051	3.8	59.7
Total selling expenses	4,596	3.2	3,612	3.4	127.2	6,488	4.8	70.8
Supplies expenses	312	0.2	258	0.2	120.6	207	0.2	150.3
Freight costs	432	0.3	495	0.5	87.3	311	0.2	138.8
Total operating expenses	1,877	1.3	1,769	1.7	106.1	1,722	1.3	109.0
Rents	8,226	5.8	8,230	7.7	100.0	8,447	6.3	97.4
Depreciation and amortization	1,478	1.0	1,336	1.2	110.6	1,361	1.0	108.5
Total equipment cost	11,083	7.8	11,020	10.3	100.6	11,368	8.5	97.5
Total general expenses	1,147	0.8	905	0.8	126.7	1,013	0.8	113.2
Total SG&A expenses	36,065	25.3	34,192	32.0	105.5	37,727	28.2	95.6

Consolidated Results: Balance Sheets

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- Assets: Merchandise inventory maintained at an appropriate level. Cash and deposits increased.
- Liabilities: Accounts payable and accrued income taxes increased due to sales growth.

(Million yen/%)

	End-May 2021	Composition ratio	End-May 2020	Composition ratio	YoY
Current assets	279,978	61.5	239,250	58.3	117.0
Noncurrent assets	175,151	38.5	171,008	41.7	102.4
Total assets	455,130	100.0	410,259	100.0	110.9
Current liabilities	57,340	12.6	40,379	9.8	142.0
Noncurrent liabilities	8,868	1.9	8,451	2.1	104.9
Total liabilities	66,209	14.5	48,831	11.9	135.6
Total shareholder's equity	385,074	84.6	356,966	87.0	107.9
Accumulated other comprehensive income	3,846	0.9	4,461	1.1	86.2
Total net assets	388,920	85.5	361,427	88.1	107.6
Total liabilities and net assets	455,130	100.0	410,259	100.0	110.9

Number of Customers, Number of Items Purchased , Unit Price (YoY)

- Same-store sales (compared to FY2019, due to abnormal values last year)
  Shimamura: 103.7%, Avail: 103.0%, Birthday: 117.9%
- Number of customers: Attracting customers by advertising products based on various themes on a weekly basis.
- Spending per customer: Decline in stay-at-home demand
  → Accurate response to increase in demand for products used for outings.

(%)

Business	Period	Net sales		Number of customers	Number of items purchased	Spending per customer	Unit price per item
		Existing stores	All stores				
Shimamura	FY2/22 1Q	133.9	134.0	127.9	100.0	104.8	104.8
	FY2/21 1Q	77.8	77.7	77.2	105.6	100.7	95.3
Avail	FY2/22 1Q	138.6	138.5	135.7	100.0	102.1	102.1
	FY2/21 1Q	73.7	73.4	72.4	106.7	101.4	95.0
Birthday	FY2/22 1Q	125.5	127.8	123.5	98.3	103.5	105.3
	FY2/21 1Q	94.7	98.0	89.7	105.9	109.2	103.1

Gross profit, Discount, Inventory YoY

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- Gross profit significantly improved through control of price reductions and inventories such as short-term production, early introduction of summer products, and curbing of limited-time discounts.

(%)

Business	Period	Gross profit			Discount			Inventory
		Gross Profit YoY	Gross margin	YoY	Discount price YoY	Discount rate	YoY	Inventory YoY
Shimamura	FY2/22 1Q	140.9	33.3	+3.6	81.4	8.7	−5.6	95.7
	FY2/21 1Q	73.2	29.7	−1.9	85.0	14.3	+1.2	101.4
	FY2/21 total	107.0	33.1	+1.2	80.8	8.4	−2.3	95.0
Avail	FY2/22 1Q	158.9	36.0	+4.6	95.9	20.6	−9.2	92.1
	FY2/21 1Q	63.2	31.4	−5.0	107.7	29.8	+9.5	91.5
	FY2/21 total	104.2	38.0	+1.9	82.5	17.0	−3.4	91.1
Birthday	FY2/22 1Q	142.9	36.8	+3.9	45.1	2.8	−5.1	91.7
	FY2/21 1Q	101.4	32.9	+1.1	74.3	7.9	−2.5	94.4
	FY2/21 total	122.8	34.1	+1.9	79.5	5.6	−2.6	87.5

Strengthening product appeal

-Expansion of existing brands and development of new brands

①PB "CLOSSHI": Expansion of existing product items and product lineups

In the wear category, increase the volume of items handled. In the practical-use items category, expand the "4 Commitments"

②PB "CLOSSHI PREMIUM": Expand product line-up for new products

In the bedding items category, mattresses and lags with enhanced functionality performed strong.

Strengthening product appeal

-Expansion of existing brands and development of new brands

①<u>Expansion of existing JBs: JB's ratio to Q1 net sales increased to 10%</u>

In the women's wear (for 30-40s) category, the ratio of PB+JB expanded to about 50%, and sales were strong.

②<u>Expansion of collaboration with influencers: Deployed 4 influencers who are popular among women in their 30-40s in Q1</u>

Sales were favorable. Continue to roll out in Q2, linking to new JBs.

▼Collaboration with influencers who are popular among women in their 30-40s

▼ Opened an official Instagram account "Shima-style" for teens

Strengthening sales power

-Establish digital sales promotion and strengthen regional response

①Establish digital sales promotion: Proactively create 17 video ads in Q1 (3 ads last year).
②Optimize flyer sales promotions: Make the ratio of newspaper inserts and online ads to 50-50
③Strengthen regional response: Continue to respond to regional stores, stores with sluggish sales, and stores in the Okinawa region

①Linkage between flyers and video ads

② Flyers available only in Okinawa

(Mar. 10)

Avail Business

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Strengthening product appeal and sales power

-Establishment and total development of the brand

①Launch of 3 JB brands: "CHIP CLIP", "SUREVE", "Rag Out"

▼Tops and bottoms are displayed together in women's items floor. Achieved strong sales by linking sales floor and promotions.

▼Plan to also develop shoes and bags. JB for men's items is also scheduled to be launched in Q2.

②Launched interior category: Strong sales of character items such as cushions

Birthday Business

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Strengthening product appeal and sales power

-Expansion of JB, reviewing seasonal development, and regional responses

①Expansion of existing JBs: Sales increased in "tete a tete" and "futafuta" through expansion of product lineup

Developed hot-selling items such as Disney collaboration and bear pattern items.

②Review of seasonal items: curbing of discounts due to bringing forward summer items, and increase in sales through short-term production.

③Regional responses: Implemented appropriate regional responses for school events under the COVID-19 crisis

Expansion of product lineup and services, expansion into each business

①Expansion of product lineup and services: Increase of EC-limited items and launch of 3 new services

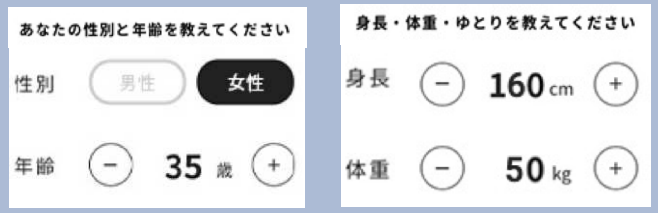
▼Collaboration with influencers, character items, and large-sized wear are hot-sellers

▼Number of membership customers through online fitting room, AI-tag customer service, and reservation sales system

②Expand into each business: Birthday Business to start EC sales in 2H (planned for September)

▼Online fitting room

01 Answer a simple questionnaire



02 You can see a simulated image of wearing the recommended sized item.

▼AI Tag Customer Service

Recommendation tags

Plain Dress
Frill Dress
Overall Plain
Rayon Dress Short sleeve
Flower pattern Dress
Overall Pocket

We recommend products with tags displayed on the screen to capture the potential needs of our customers.

You can also experience Shimamura's unique "treasure hunt" shopping online.

▼ Reservation Sales System

Consolidated Business Forecasts for FY2/22

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- Net sales are expected to increase by 2.3% YoY, and operating income is also expected to increase by 1.6% YoY.
- Dividend per share is planned to be 220 yen.

(No change from the financial results announcement in April 5)

(Million yen/%)

	FY2/22 Forecast	Ratio to sales	FY2/21 Result	Ratio to sales	YoY
Net sales	554,837	100.0	542,608	100.0	102.3
Gross profit	186,980	33.7	184,092	33.9	101.6
SG&A	149,297	26.9	147,018	27.1	101.5
Operating income	38,646	7.0	38,026	7.0	101.6
Ordinary income	39,594	7.1	39,404	7.3	100.5
Extraordinary loss	1,087	0.2	1,408	0.3	77.2
Net income attributable to owners of parent	26,277	4.7	26,163	4.8	100.4
Net income per share	715.03 yen	–	711.93 yen	–	–
Dividend per share	220 yen	–	220 yen	–	–

(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.