しまむらグループ Integrated Report

2026



しまむらグループ



Management Philosophy

The philosophy of the Company is to contribute to the enhancement of consumer life and lifestyle culture through its business.

The Company is also dedicated to maintaining high productivity and sound business performance by always implementing state-of-the-art commercial and retailing techniques.

By positioning a global perspective and respect for people as the foundation of its management, the Company will continue to conduct business operations with integrity, ensuring universal trust and credibility.



Contribute to the enhancement of consumer life and lifestyle culture through its business

Fashion can be said to represent the cultural standards of a country. The Shimamura Group offers products at affordable prices, which makes fashion easily accessible. Furthermore, we contribute to the enhancement of lifestyle culture by developing a nationwide network of stores for easy shopping. Additionally, we contribute to the stability and improvement of consumer life as a part of social infrastructure that ensures a stable supply of clothing, a daily necessity, to local customers.

Maintain high productivity and sound business performance

The Shimamura Group has created a highly productive system based on low-cost operations throughout the stages of store development, purchasing, logistics, and sales. We constantly review our entire business with an emphasis on standardization, simplification, and specialization. We also continue to improve productivity through systemization of these processes. Our goal is to continue generating a stream of stable and appropriate profits to fulfill our responsibilities to all stakeholders.

Position a global perspective and respect for people as the basis of our management

The foundational concept of management at the Shimamura Group is to respond fairly and equitably to a variety of stakeholders, including employees, customers, business partners, shareholders, and society, and to be accepted by the community as a "good company" anywhere in the world without contributing to discrimination based on race, gender, age, or otherwise.

Continue to conduct business operations with integrity, ensuring universal trust and credibility

The Shimamura Group will continue to engage in sincere corporate management to build long-term relationships with a variety of stakeholders, including employees, customers, business partners, shareholders, and society, based on universal trust and reliability.







Management Mission



The Shimamura Group will build a “good company” for its employees, customers, business partners, shareholders, and society.

Building a “Good Company”

For Our Employees

We strive to help employees achieve self-realization from performing their duties throughout their working lives. At the same time, we strive to develop working conditions and a workplace environment that enable employees to enjoy a stable everyday life and which can lead to a fulfilling social life.



For Our Customers

We will continue to improve the environment at our stores so that customers can enjoy a comfortable shopping experience and always find what they are looking for. We will provide trend-conscious, high-quality products at reasonable prices, making daily life fun and exciting.

For Our Business Partners

We aim for long-term growth together with our business partners, through fair dealings based on mutual trust and confidence. We will also build a sustainable supply chain that emphasizes environmental responsibility and respect for people.

For Our Shareholders

Our basic policy is to provide long-term, stable shareholder returns to ensure shareholders will continue to support us. In addition, we will disseminate information that affects investment decisions with fairness, accuracy, and continuity, to enhance communication with shareholders and investors.





For Our Society

As a part of regional clothing infrastructure, we have constructed a dominant store network of approximately 2,200 stores and a proprietary distribution network to support those stores. This enables us to ensure a stable supply of products throughout Japan. Furthermore, we have developed a business continuity system so that in the event of a disaster or emergency, we will be able to continue store operations as much as possible to support the daily lives of local communities.

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Editorial Policy

The Shimamura Group publishes the Shimamura Group Integrated Report to further enhance communication with investors and all other stakeholders, offering a clear overall picture of the Group that conveys our path to sustainable growth.

Detailed information that cannot be included in this report is available on our corporate website, so please refer to our information disclosure framework to access the information you need. We will remain dedicated to active disclosure in order to give stakeholders a better understanding of the Group.

Reporting Period and Scope

This report primarily covers FY 2/2026, the period from February 21, 2025, to February 20, 2026. However, it may also include information outside of this period when necessary. The scope of this report covers Shimamura Co., Ltd. and its consolidated subsidiaries, but some sections contain information that only applies to Shimamura Co., Ltd.

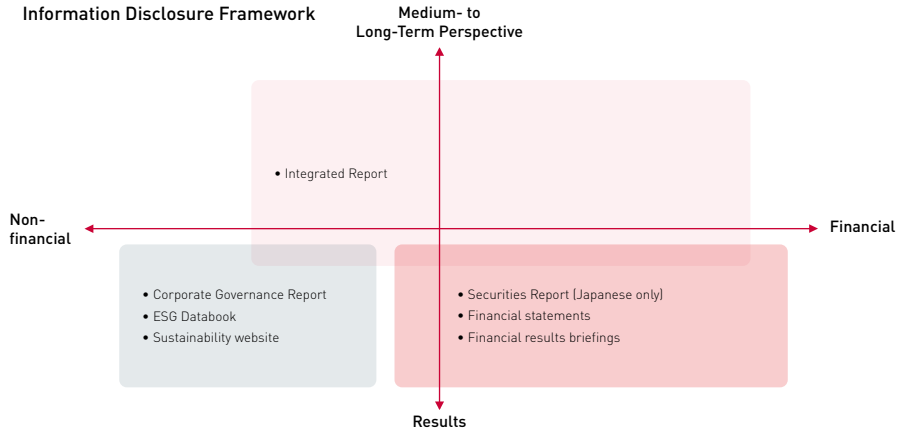
Referenced Guidelines

- International Integrated Reporting Framework (IFRS Foundation)
- Guidance for Integrated Corporate Disclosure and Company–Investor Dialogue for Collaborative Value Creation (METI, Japan)

Cautionary Statement Regarding Forward-Looking Statements

The future strategies and forecasts described in this integrated report include forecasts, plans, and judgments based on information available at the time of publication. These forecasts, plans, and judgments are subject to many potential risks, uncertainties, and assumptions, and actual results and business performance may differ significantly from the Group's forecasts due to fluctuations in these factors.

Information Disclosure Framework



Message from the Chairman

A clearer and stronger division of roles between the chairman and president will bring swiftness and agility as we accelerate growth for the Shimamura Group.

A Broader View of the Shimamura Group's Position

One year has passed since I assumed the position of chairman in February 2025 and began a new phase of leadership with the Group's dual leadership structure, under which President Takahashi and I serve as representatives. Being chairman has offered me a new perspective and, as a result, I have come to view the Company differently over the past year. As part of the division of roles between President Takahashi and myself, I focus more heavily on activities outside the Company. While President Takahashi leads the majority of inward-facing initiatives, including efforts to reconstruct our business portfolio, I am responsible for outward-facing relations; this division of roles enables us to move with greater speed and agility when managing the Company. The president naturally views the organization from the inside, whereas serving as chairman allows me to take a step back and adopt a broader perspective. From this, I gained an objective overview of how the Shimamura Group is viewed by our business partners, shareholders and investors, and society, as well as matters that were not readily apparent to me when I myself was president.

This broader view shines a much stronger light on the Group's strengths and issues relative to the competition. One of our strengths is the culture of bottom-up management that I championed during my tenure as president, which has since taken hold across the organization. I believe we are ahead of many of our peers in fostering a corporate culture where employees are encouraged to think freely, generate new ideas, and actively take on challenges. One concrete example is Shima-Challenge!, a program launched in FY 2/2026 to encourage proposals for new projects. Under this program, employees can put themselves forward and propose ideas for new businesses.

One notable initiative—and new challenge—to emerge from this program is a move into commercial facility development, where we have started operating entire commercial facilities in connection with our store expansion efforts. As a mature retail company, it is only natural that we evolve beyond the traditional role of simply selling products. This is our first step in that direction.

At the same time, I believe there is room for improvement in how the capital markets assess the Company. The issue here is that investors and shareholders have yet to fully appreciate the Company's underlying potential. One contributing factor, in my view, is that our IR activities still fall short of effectively communicating our strengths and growth potential. In January 2026, we acquired treasury shares for the first time in the Company's history, which was also the first step toward optimizing our capital policy. However, we do not intend to make any major changes to our shareholder return policy, which is centered on providing shareholders with stable dividends over the long term. Instead of pursuing rapid change, we are taking a steady, long-term approach to gradually raise our standing to match the level of leading companies today.



Message from the Chairman

Another issue for the Company was brought to light by the results of our employee engagement survey. In October 2025, we conducted our first employee engagement survey, the Good Company Survey, as part of our efforts to strengthen the long-term sustainability of the organization. The results showed a relatively high level of engagement among store employees, but also highlighted areas for improvement within the head office. Although significant progress has been made in creating better working environments at stores, the increasingly sophisticated nature of work at the head office has placed greater demands on employees, and there remains a need to raise productivity. Therefore, we intend to take the same steps we have taken at our stores, building systems that enable head office employees to deliver results efficiently while keeping appropriate working hours and continuing our work to be a "good company" for all employees. In doing so, we will provide the foundation for our next phase of growth.

External Co-Creation to Drive Our Store Opening Strategy in Japan and Overseas

As part of my duties toward outward-facing relations, I devoted particular attention in FY 2/2026 to expanding opportunities for new store openings and building strong partnerships with outside companies. In Japan, the potential for growth through the conventional freestanding store model has largely dried up. To address this, we are actively opening stores at tenant spaces in urban areas while engaging in joint-store openings with supermarkets and other partners. In October 2025, we opened the Shimamura Seiyu Omori Store, one of the largest Shimamura stores in Tokyo in terms of sales floor area. Through my direct discussions with the leaders of numerous companies, particularly supermarket operators, I have been struck by their strong desire to drive up customer traffic through joint-store openings. With this in mind, we will continue to expand our store network through a variety of formats, unbound by traditional approaches.

In addition, as we optimize our domestic store network, we continue to focus on store relocation and scrap-and-build initiatives. The store network we built under our dominant-area strategy has served us well, but population decline, demographic aging, and shifts in consumer behavior mean that locations that were optimal before are not necessarily the right locations for the future. For this reason, we will actively relocate and consolidate older stores across our entire store network in areas with diminishing potential, shifting them to nearby locations with higher potential traffic, if doing so may increase sales.

In December 2025, we began operations in Thailand for the first time, opening a new chapter in our overseas expansion efforts. In many Southeast Asian markets, influential local conglomerates control key infrastructure, making strong relationships of trust between corporate leaders essential to swift expansion. I have personally traveled to Thailand and built relationships through ongoing dialogue with local business leaders, laying groundwork that will help our teams move quickly and effectively, which included gaining access to promising locations for store openings. We fully intend to keep this momentum going forward.

Evolving Governance and Shaping the Next Medium-Term Management Plan

Under our internal structure, I continue to supervise the Audit Section and the Legal Section of the Company. Previously, these sections fell under the President's oversight, in addition to his other duties. However, when a single representative oversees all these functions, there is a risk that a bad decision may hinder internal checks and balances, increasing the potential for management to lose objectivity. I had long viewed this as a major governance issue, as it could weaken the Company's self-correcting mechanism and make it more difficult to identify and address problems from an objective standpoint. I believe that our dual leadership structure has now effectively addressed this concern.

We have also made important progress by establishing clear criteria for exiting businesses, reflecting recommendations from our outside directors. The experience of withdrawing from our business in China during my tenure as President reinforced the importance of having clear criteria for withdrawal and making disciplined decisions about which businesses to invest in for growth as well as which businesses should be exited when they fail to deliver the expected results. Going forward, we will apply these criteria and manage our businesses with great rigor, based on investment efficiency rather than sentiment. Moreover, we will continue to promote initiatives aimed at stronger governance, including reinforcing our governance structure, based on the deliberations of the Board of Directors.

In addition, in the summer of 2024 we introduced an annual Directors' Retreat in an effort to raise the quality of management. This retreat has gone on to become an established forum for in-depth discussions that address the Company's most fundamental challenges, separate from meetings that require prompt decision-making. In an increasingly uncertain environment, the best way to mitigate risk is not to rely on the judgment of any one individual, but to practice team-based management built on shared alignment and collective decision-making.

We are now in the final year of Medium-Term Management Plan 2027, The Next Challenge. It is essential that we establish a clear direction for nurturing the seeds sown over our previous and current plans so they can develop into multiple pillars of growth for the Company. Discussions on the next medium-term management plan are already underway.

The path to becoming a "good company" is one with no finish line. Whether ten years from now or thirty years from now, we will remain committed to being a "good company" that meets the standards of the times. In many ways, it's a pursuit embedded in our very DNA. We will continue undertaking challenges unique to the Shimamura Group so that we may be a company valued by all stakeholders, including employees, customers, business partners, shareholders, and society. I invite you to come along with us and see what we have in store as we embark on this evolution.



Makoto Suzuki

Representative Director, Chairman and Executive Officer



Message from the President

Guided by our unwavering philosophy, we will continue to take on new challenges, deliver excitement from Japan to the world, and strive to bring happiness to people everywhere.

The Issues Revealed by Record-High Performance

Looking back, FY 2/2026, my first year as President, seemed to pass in the blink of an eye. Despite a difficult business environment shaped by multiple overlapping risks, we delivered particularly strong results in terms of strengthening product appeal and strengthening sales power, two key elements of Medium-Term Management Plan 2027—The Next Challenge. As a result, we hit our targets for both net sales and operating profit and delivered record-high results for the fifth consecutive fiscal year. With respect to net sales, we were able to reach approx. 700.0 billion yen.

The Company faced a challenging market environment throughout the fiscal year. Although Japan's economy maintained a moderate recovery path, backed by ongoing wage increases and resilient employment conditions, repeated price hikes for essential goods weighed heavily on household finances and consumers continued to take a cautious approach to spending throughout the year. In addition, climate change showed itself as a prolonged period of record-breaking heat, shortening the spring and autumn. This effectively reduced the year to two seasons and created difficult conditions for our apparel business. In addition, logistics and manufacturing costs continued to rise due to geopolitical risks, including tensions in the Middle East and the resulting increases in crude oil prices. However, we have made it a point to review our entire supply chain, diversify procurement sources, and improve transportation efficiency, placing our highest priority on making internal efforts to reduce costs so we can maintain fair and reasonable prices for our customers. In this way, increasingly cost-conscious consumers present an opportunity for us to showcase our longstanding commitment to providing high-quality products at reasonable prices.

Against this backdrop, our core Shimamura Business performed in line with plans during the first half of FY 2/2026. However, the Avail Business and Birthday Business fell short of their targets, and net sales and gross profit for both businesses came in slightly under what we had hoped for. This was a sharp reminder of an issue I identified when I became president: strengthening businesses besides the Shimamura Business. To address this, I drew on my experience working in the Shimamura Business to quickly revise the merchandise and promotional strategies of the Avail and Birthday businesses. As a result, both rebounded in the second half and achieved their targets. In the Avail Business, we expanded our successful range of character products and used customer traffic data to extend sales promotions beyond weekends and into weekdays. We also enhanced

Message from the President

in-store presentation through improvements in visual merchandising (VMD). For the Birthday business, we launched new brands, expanded e-commerce, and refined our sales promotions to attract new customers. I believe these achievements reflect the speed of execution expected of me as president and are partly thanks to the chairman–president dual leadership structure, which enabled swift action.

Rebuilding Our Business Portfolio for Greater Speed and Agility

Beyond what I have already discussed, an important factor in rebuilding our business portfolio is our continued efforts to strengthen product appeal and sales power across each of our domestic businesses, including Shimamura, Avail, Birthday, Chambre, and Divalo. These will be critical to reducing our dependence on the Shimamura Business alone and reinforcing the Group's overall business foundation. During the past fiscal year, I personally visited over 100 stores with the executives responsible for each business as we worked to drive Groupwide transformation. Some issues only reveal themselves through firsthand observation of customers and sales floors. It is important to identify these issues and deal with them one by one.

To give an example, one standout issue in Birthday stores was that items that should always be available were often out of stock. Customers expect essential items such as underwear and baby food to be available whenever they visit our stores, and meeting that expectation is directly tied to earning and maintaining their trust. Stockouts are lost sales opportunities, so we are exploring ways to improve product availability. These include increasing delivery frequency based on detailed sales data analysis.

As Chairman Suzuki also noted, in the Shimamura Business we are moving forward with store openings in urban areas and accelerating our efforts to reach new customer segments outside our traditional customer base. As part of our efforts to strengthen product appeal, we are focused on developing private brand (PB) products that resonate with what customers are looking for. A prime example is one of the products in our Ikiiki Laboratory series, the Posture Support Bra, which was recognized in Nikkei MJ's Hit Products Ranking. This product successfully tapped into the growing health and wellness trend while meeting our customers' needs. On a personal note, I was quite pleased to see it selected for the ranking. We also received a positive response to products such as our durable Hebirote series, which retains its quality and shape even after repeated washing, and our expanded FIBER HEAT lineup developed in collaboration with Hokaron.

We have also leveraged the scale of our store network, particularly in the Shimamura and Avail businesses, to strengthen the promotion of exclusive character products and influencer collaboration products available only through the Shimamura Group. These products not only cater to a growing trend of fan-driven consumption but also serve as a key sales category independent of apparel that is heavily affected by weather conditions. In the Chambre Business, changes to store layouts delivered strong results, contributing to significant sales growth in FY 2/2026. We continue to refine our approach to the Divalo Business through trial and error and have identified its fundamental restructuring and revitalization as a major priority for FY 2/2026.

A Strong Focus on the Number of Customers

As we pursue growth initiatives, the most important management metric is the number of customers who shop at Group stores. More specifically, I believe that a rise in this figure is a critical indicator for sustainable sales growth. I believe that the substantial increase in customer numbers during FY 2/2026 played a significant role in helping us achieve our targets. Over the year, the number of customers grew steadily across businesses, rising 4.1% year on year for the Shimamura Business, 5.8% for the Avail Business, and 7.1% for the Birthday Business. In the Shimamura Business, a total of 175 million customers were recorded during the year, which works out to 123,000 customers per store. This represents a 12.4% increase in the number of customers per store compared with FY 2/2020, six years ago.

The continued growth in the number of customers despite Japan's declining birthrate and shrinking population indicates that we are not only attracting new customers but also encouraging existing customers to come back more frequently. What matters most is ensuring that customers feel a sense of excitement every time they visit our stores. That is why, in FY 2/2026 we focused on strengthening product appeal and sales power. I believe the impact of these efforts is starting to show in the numbers.

Each business segment also stepped up promotional campaigns designed to increase the number of customers. In the Shimamura Business, we increased the frequency of our Super Surprise Sale, which was very well received in FY 2/2025, from one event to two in an effort to attract new customers. The time-limited aspect of the sale originated from an employee suggestion and successfully encouraged customers to visit our stores multiple times in a single day. In the Avail Business, we launched our first-ever Avail Week, while the Birthday and Chambre businesses held 25th anniversary sales. Through these initiatives, each business increased its opportunities to connect with customers. Going forward, we will continue to maintain a strong focus on growing the number of customers that come to our stores and building an even larger community of Shimamura Group fans.



Message from the President



Creating New Value Through the Integration of Stores and E-Commerce

In addition to increasing the number of customers who come to our brick-and-mortar store, e-commerce is an increasingly important means of creating contact points. E-commerce sales reached ¥19.6 billion in FY 2/2026, reaching our medium-term management plan target of ¥18.0 billion one year ahead of schedule. One factor behind this growth was the integration of our business-specific online stores in October 2025. The launch of Shimamura Park as a unified online shopping platform has increased convenience by allowing customers to browse and purchase products from all our businesses in one place, helping to drive the use of e-commerce across the Group.

To build on this momentum, we will focus on using data to enhance the effectiveness of our sales promotions. In March 2026, we integrated the different store-specific apps across our businesses and introduced a points program that rewards customers for presenting the app at checkout, leading to a higher usage app rate at the point of purchase. As of June 2026, our membership base is up to 11.18 million. To centrally manage customer data, we are using a customer data platform (CDP) that combines purchase histories and membership information, enabling us to deliver more personalized sales promotions. By better addressing the needs of each customer, we aim to further enhance individual customer spending and retention rates. In addition, we are building an AI-powered demand forecasting system that will optimize inventory distribution across stores, which will maximize sales opportunities by avoiding stockouts. Given the strong importance of e-commerce to our future growth, we have appointed a dedicated executive officer to facilitate prompt development in this area.

In addition, we are actively accepting online orders for popular products that sold out immediately in our brick-and-mortar stores. The goal of this is to prevent products from being resold at inflated prices and to ensure that all customers who genuinely want the items can purchase them at the affordable prices they expect from Shimamura. Providing information about store-level inventory through our app is another initiative designed to enhance customer convenience while improving operational efficiency at our stores. Altogether, these initiatives will help us deliver a distinctive "Shimamura-esque" customer experience that integrates our brick-and-mortar stores and digital channels. At the same time, with this growth comes issues, one of which is developing the logistics infrastructure to handle it. These are challenges we fully intend to tackle going forward.

Pop-Up Stores in Thailand, a Springboard for Overseas Expansion

This twin engine of physical stores and e-commerce is driving steady growth for our domestic businesses. Yet, when we consider the medium and long term and factor in Japan's declining birthrate, its aging population, and its population decline, there will eventually come a point when growth slows down. To ensure further growth when that happens, we need to expand into overseas markets.

In my mind, of all the efforts made to this end, the most notable in FY 2/2026 was the opening of the SHIMA Park pop-up store in Bangkok, Thailand. Opening SHIMA Park in Siam Paragon, one of Thailand's premier shopping destinations and a place with more than 100 million annual visitors, felt akin to opening a store in a landmark commercial complex in Tokyo's Ginza district, which made it a deeply meaningful moment for me. Recognizing the trend for IP-driven content in Thailand, we focused on character-based projects and campaigns, which were met with an enthusiastic response. We also attracted a large number of young customers, and Avail's fashion offerings performed exceptionally well. The results were consistent with the customer needs we had identified through our cross-border e-commerce business and duty-free sales data in Japan, and I feel greatly encouraged by them. In terms of product development, we plan to keep building on the successful experience of our business in Taiwan, where we have already established operations, and deploy the project planning capabilities we have cultivated in Japan in ways that are tailored to local climate, culture, and consumer trends.

In addition to the pop-up store, we also launched a local e-commerce site. As we expand internationally, we will continue to pursue a strategy that combines digital and physical channels. With its robust economic growth and rising purchasing power among consumers, Southeast Asia is a particularly attractive market. We view our pop-up store initiative in Thailand as an important springboard toward broader expansion across the region. From FY 2/2027, we will establish a dedicated Overseas Business Merchandise Department and Overseas Business Operations Department and ramp up efforts to provide products tailored to local markets, building an efficient operating framework with the aim of opening permanent stores. The Corporate Planning Section, which reports directly to me as president, is also conducting research into which country we should expand into following Thailand and is deepening its research into potential local partners, store formats, and operating methods.

Cultivating global human resources is another important priority as we expand overseas. Therefore, we will work to enhance the capabilities of staff in those areas by utilizing methods that have been effective in Taiwan, such as introducing training programs from Japan.

Message from the President

Our On-the-Front-Lines Culture as a Driver of Growth

Looking within the Company, I believe our culture of being on the front lines will continue to be an important pillar for growth. In addition to our improvement proposal system, which garners over 10,000 employee proposals each year, we launched a new project proposal program called "Shima-Challenge!" in FY 2/2026. The employee response to the program, which includes the move into commercial facility development mentioned by Chairman Suzuki, has exceeded expectations and has generated a number of promising ideas. Several of the proposed projects are now being tested with a view toward future commercialization. Although this has been very rewarding for me as President, it also highlighted that, even within our well-established bottom-up culture, there is still an untapped well of valuable employee ideas awaiting discovery.

Our Company is characterized by strong connections across teams with free and open communication. A key driver of future growth is a culture in which every employee feels that their ideas are being heard by management and that they have a hand in the Company's future. As president, I remain committed to encouraging and supporting our employees.



A Strong Financial Foundation for Our Growth Strategy

Since assuming the role of President, I have come to engage in dialogue with many investors. I received a wide range of questions and feedback regarding capital policy and shareholder returns, which have provided much food for thought. A strong financial foundation is vital to the successful execution of our growth strategy. It is important that we continue to invest in areas such as new store openings, new Transfer Centers for stronger logistics, DX-related investments, and store renovations.

With regard to shareholder returns, our basic stance remains the same—increase dividends continuously by improving business performance each fiscal year and provide stable returns to shareholders. To show our commitment to achieving the ROE target of 9.0% or higher put forth in our medium-term management plan, we acquired treasury shares for the very first time in January 2026. This action was a means to demonstrate our determination to deliver on the capital policy targets we have set for ourselves.

In terms of internal cost management, in FY 2/2027 we aim to improve our SG&A expenses ratio to 26.0%, which is a 0.2 percentage point increase from the previous fiscal year. We are also working to improve operational efficiency through in-store DX initiatives such as the introduction of automated payment machines, cleaning robots, and digital signage, while also reassessing staffing levels at each store. Over the course of FY 2/2027, we will conduct a comprehensive review of operations, adding new measures while subtracting those that have had a limited impact. In doing so, we will make a core strength of the Group, our low-cost operations model, even stronger. Although we do intend to improve our gross profit margin by 0.1 percentage points, to 34.9%, that does not mean we are in a dogged rush to increase this margin overall, as doing so could compromise our core commitment to providing high-quality products at reasonable prices. We will continue to manage procurement costs steadily by reviewing production locations, entering into purchasing agreements at the fabric level, and other measures.

Sharing the Excitement of Shimamura with the World

Serving as president has reinforced my belief in the importance of Shimamura's underlying mission: to bring the enjoyment of fashion and peace of mind to more people through a selection that combines trend-consciousness, high quality, and low prices. This mission is our unwavering guiding principle, regardless of changes in the times or business environment. When I visit our stores, I am reminded that they are more than just "places that sell clothing." They are a part of customers' daily lives, supporting families and local communities.

Our long-term goal is to become a company with annual net sales exceeding 1 trillion yen. Although our net sales have grown to 700.0 billion yen, there are still many people in Japan who are unfamiliar with the Shimamura Group or who know of us but have never visited our stores. Going forward, we will continue to reach more customers in Japan by expanding our domestic store network while also accelerating our overseas expansion and establishing the Shimamura brand in markets across Asia and beyond. My dream is to share the excitement of Shimamura with customers around the world through our products and stores, contribute to enriching consumers' lives and culture, and bring happiness to people everywhere, including our employees. We will continue to make every effort to establish Shimamura as a trusted company that meets the expectations of every stakeholder, and I appreciate your continued support and understanding as we work to do so.

高橋　維一郎

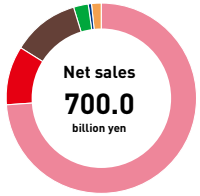
Iichiro Takahashi

Representative Director, President and Executive Officer

Shimamura by the Numbers (As of February 20, 2026)

Financial

Business Performance



Shimamura	74.2%
Avail	10.1%
Birthday	11.6%
Chambre	2.5%
Divalo	0.1%
Si Meng Le (Taiwan)	1.5%

Operating profit
61.4 billion yen

ROE
9.0%

P/B ratio
1.5

Apparel net sales

Japan **2nd**

Global **15th**

Note: According to internal research



Sustainability



Environment

Product disposal
Zero



Complete recycling ratio of hangers
80.9%



Volume of clothing collected
143.1t

Society

Traveling sales
282 events

Shopping tours
203 events

Ratio of women managers
20.2%

Employment of people with disabilities
5.36%

Note: As of June 1, 2025

Management Infrastructure



Number of stores

Domestic and overseas store
2,278

Shimamura	1,423	Birthday	343	Divalo	19
Avail	323	Chambre	125	Si Meng Le (Taiwan)	45

Number of Employees

(including part-time and temporary employees)

28,596

Total Customers Per Year (Japan)

Approx. **200 million**

Number of Shimamura Park Memberships

9.9 million

Number of improvement proposals

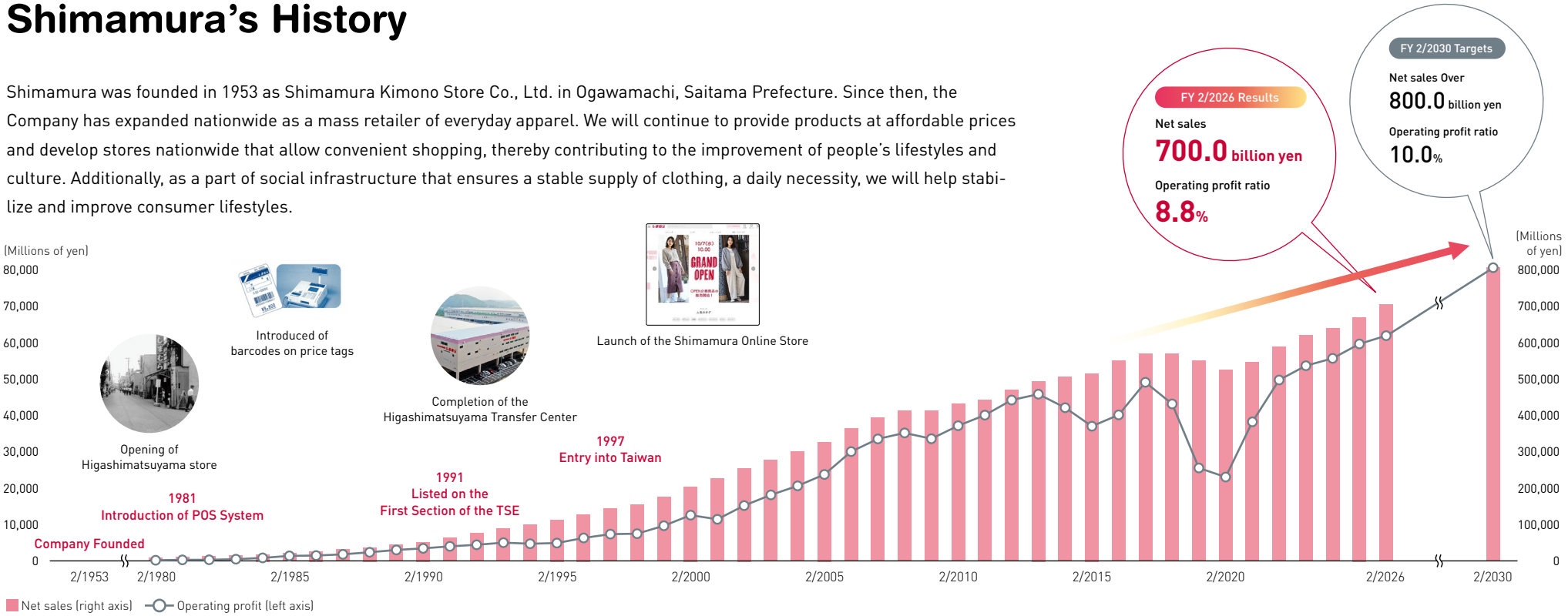
Over **10,000 annually**

Number of Suppliers

Approx. **600**

Shimamura's History

Shimamura was founded in 1953 as Shimamura Kimono Store Co., Ltd. in Ogawamachi, Saitama Prefecture. Since then, the Company has expanded nationwide as a mass retailer of everyday apparel. We will continue to provide products at affordable prices and develop stores nationwide that allow convenient shopping, thereby contributing to the improvement of people's lifestyles and culture. Additionally, as a part of social infrastructure that ensures a stable supply of clothing, a daily necessity, we will help stabilize and improve consumer lifestyles.



Founding and Early Phase

Establishing the basis for a chain of stores

1953 Founded Shimamura Kimono Store Co., Ltd. in Ogawamachi, Hiki District, Saitama Prefecture

1957 Introduced a self-service system toward becoming a mass clothing retailer

1961 Opened a store in Higashimatsuyama and moved center of operations to this location; shifted to centralized purchasing; separated purchasing and sales operations

1972 Changed name of Shimamura Kimono Store Co., Ltd. to Shimamura Co., Ltd.

1975 Began developing a comprehensive in-house computerization system based on product management; launched a dedicated delivery service using charter contracts to streamline logistics

Development Phase

Strengthening management infrastructure through countrywide expansion, new businesses, and systemization

1981 Converted product management system to a digital database; all stores were connected through an online system, enabling introduction of an individual item management using a point of sale (POS) system.

1987 Introduced barcode price tags and implemented a system where product management, from inspection to sales, is done via scanning.

1988 Listed on the Second Section of the Tokyo Stock Exchange

1991 Listed on the First Section of the Tokyo Stock Exchange

1997 Opened first Avail store; established a subsidiary, Si Meng Le Co., Ltd (Taiwan), in Taoyuan City, Taiwan.

2000 Opened first Birthday and Chambre stores

Expansion Phase

Expansion of the Group's store network and logistics infrastructure

2002 Introduced Web-EDI to improve accuracy of ordering and delivery; marked establishment of Shimamura stores in all 47 prefectures of Japan; opened first Divalo store

2003 Built the Sekigahara Transfer Center; Opened the Group's 1,000th store

2007 Built the Hadano Transfer Center

2011 Built the Kobe Transfer Center

2015 Built the Higashimatsuyama Transfer Center to optimize distribution and promote direct logistics; Opened the Group's 2,000th store

2016 Built the Natori Transfer Center

Transformation Phase

Advancing digitalization alongside new growth strategies

2020 Launched the Company-operated Shimamura Online Store

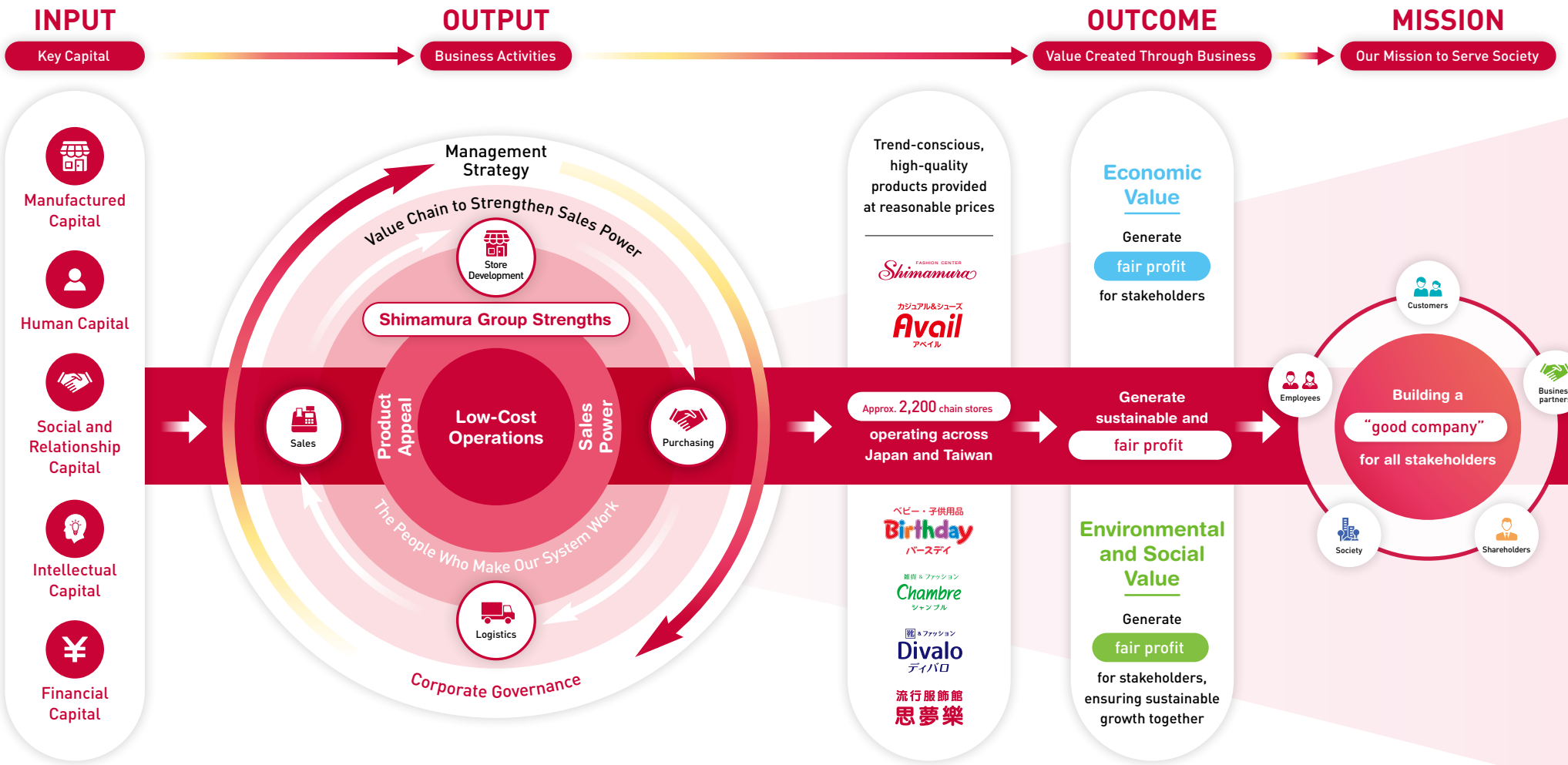
2021 Launched the Company-operated Birthday Online Store

2022 Launched the Company-operated Avail / Chambre Online Stores; transitioned to the Prime Market Segment of the Tokyo Stock Exchange; Launched app-based membership services for Shimamura, Avail, Birthday, and Chambre businesses

2025 Integrated the Group's online stores and added Divalo to form a single e-commerce platform, Shimamura Park; created the project proposal project "Shima Challenge!"

Value Creation Process

The Shimamura Group provides customers with trend-conscious, high-quality products at reasonable prices thanks to its strong product appeal and sales power, both of which are made even stronger by its unique, low-cost operations system built for running chain stores efficiently and at a high level. To increase our corporate value in a sustainable manner, we will generate "fair profits" that balance economic value with environmental and social value. Our goal in these efforts is to become a "good company" for all stakeholders.



PHILOSOPHY

Management Philosophy

Contribute to the enhancement of consumer life and lifestyle culture through our business.

- High productivity
- Sound business performance
- A global perspective
- Respect for people
- Universal trust and credibility
- Business operations with integrity
- Fairness and impartiality

Shimamura's Five Management Capitals (INPUT)

We have defined the following five forms of management capital as the foundation that supports our business. These management capitals are unique assets built up over the course of Shimamura's history, reaching back to its founding. We aim to enhance corporate value going forward by leveraging these capitals, which are generated through our day-to-day operations.

FY 2/2026

Management Capital	Description	Key Metrics
Manufactured Capital	**A nationwide network of dominant stores, supported by logistical and operational know-how** With a network of over 2,200 stores, we maintain efficient business operations through standardization combined with a proprietary logistics system.These represent assets unique to Shimamura, built up over many years through our strategy for store openings and ongoing on-site improvements. In recent years, we have worked to maintain and enhance the value of our manufactured capital by renovating existing stores and promoting deeper integration with e-commerce.	Number of stores: 2,278 across all 47 prefectures in Japan and Taiwan Sales floor area: 2,305,498 m^2 Number of Transfer Centers: 10 (domestic) Capital investment amount: 24.8 billion yen Number of renovated stores: 115
Human Capital	**An environment where diverse talent can thrive through self-directed growth** Guided by our belief that the growth of our employees drives the growth of the Company, we advance human capital management. Through structured learning programs, OJT, diversity initiatives, Health and Productivity Management, and work-life balance support, we foster a workplace that is both comfortable and rewarding for employees.	Number of employees: 28,596 (As of February 20, 2026; includes part-time employees) Ratio of female managers: 20.2% Rate of full-time employee turnover: 2.2% (excluding mandatory retirements) Average number of consecutive years of service: 16.5 (full-time employees only) Number of regular part-time employees promoted to full-time employees: 94 Ratio of employees with disabilities: 5.36% (as of June 01, 2026)
Social and Relationship Capital	**A business network built on long-term trust and as clothing infrastructure closely tied with local communities** We maintain fair and equitable relationships with suppliers and land/property owners as we operate stores rooted in local communities, fulfilling our role as clothing infrastructure that supports everyday life. We are also building ongoing relationships with our customers by growing our digital membership base.	Number of suppliers: Approx. 600 Number of Shimamura Park memberships: Approx 9.9 million Number of traveling sales: 282 Number of shopping tours: 203
Intellectual Capital	**Operational know-how and data utilization capabilities to support standardization** We utilize operational manuals that are continuously updated through our improvement proposal system, together with insights accumulated from customer purchase data analysis and knowledge from private brand (PB) and joint brand (JB; brands developed jointly with suppliers) development, to enhance product planning and merchandising.	Number of improvement proposals: Over 10,000 annually Shimamura PB sales ratio: 25.1% Shimamura JB sales ratio: 7.8%
Financial Capital	**Stable cash flow generation and a strong financial base** We utilize low-cost operations to ensure stable earning capacity and maintain a debt-free financial position. By allocating our accumulated financial capital to growth investments, we support the sustainable expansion of our business.	Net sales: 700.0 billion yen Operating profit: 61.4 billion yen Operating income ratio: 8.8% Total assets: 554.6 billion yen Cash flows from operating activities: 4.80 billion yen Equity ratio: 88.1%

Low-Cost Operations

We believe that technological innovation and diversity in the retail industry are the foundations for creating a rich society and culture. Therefore, we have created unique systems rooted in low-cost operations for each stage of our business activities, including store development, logistics, and sales.

The Shimamura Way—Low-Cost Operations

A fundamental part of operating chain stores with a high level of efficiency is embedding low-cost operations into every aspect of the Group's business activities. To this end, we make every effort to implement our 4S principle, in-house development, and manual-based knowledge to achieve low-cost operations as a structured and rational system, as opposed to simple cost-cutting.

4S

A major principle of chain store operations is 3S, which is an acronym for "Standardization," "Simplification," and "Specialization." 3S streamlines the operation of multiple stores and facilitates low-cost operations. The Shimamura Group has added "Systematization" to the 3S principle to create "4S." Systematization refers to structuring an organization based on rational thinking, and we continue to grow under the 4S principle.

In-House Development

Basing our operations on in-house development enables us to create systems best suited to our needs while also allowing us to make rapid improvements. We have accumulated unique know-how that can only be obtained through operating our own Transfer Centers by having our Store Development Department handle store development, and through other similar in-house efforts—all of which have led to greater operational efficiency. Moreover, for advertising and promotions, we photograph flyer items and online store products at an in-house studio at the Group's Head Office. Not only does this help reduce costs, it enhances operational efficiency and speed.

Manuals

The Shimamura Group positions manuals as the basis of all operations. We pursue standardization and rationalization by conducting operations based on manuals in all departments. We have standardized the methods of our most outstanding veteran employees as a manual so that even new employees can perform their work above a certain level of skill at a high speed. Thorough standardization and rational operation based on these manuals are the basis of low-cost operations.

Improvement Proposal System

Our improvement proposal system is an indispensable aspect of formulating manuals based on the idea that constant refinement of manuals is extremely important to achieve business optimization. In the Shimamura Group, more than 10,000 improvement proposals are submitted by all employees every year. We examine and test each proposal, incorporating the results into new manuals every month. This practice ensures that operations are constantly improved to match current conditions while supporting low-cost operations.

Strengths as a Result of Low-Cost Operations







Our Unique Systems

We consider low-cost operations to be a cornerstone of management and a crucial factor in delivering trend-conscious, high-quality products at low prices. Accordingly, we have built proprietary systems across the stages of store development, procurement, logistics, and sales to make low-cost operations a reality.

Our proprietary store development model → Low store-closure rate

Highly profitable store development made possible by in-house development Store Development

We utilize a dominant store strategy of concentrated store openings in specific areas. To implement this strategy efficiently and at low cost, we have established in-house manuals containing standards for store locations, size, and conditions. In addition, Group employees handle all aspects of development, from trade area surveys to contracts and permits.

We also have our own standardized building specifications and check all design and construction processes in-house. This helps ensure profitability and maintains our competitive advantage, while maintaining a low store closure rate.

Wide variety, small quantities, PBs, and JBs → Product strategies that create a unique, fun experience and a high repeat purchase rate

Differentiated by a wide variety in small quantities and a unique brand strategy Product Lineup

Shimamura utilizes a system in which bulk purchases are carried out by the head office. Since the Group operates multiple stores, it can take advantage of economies of scale, which translate to lower prices for customers. In addition, we maintain strong relationships with approximately 600 suppliers and make use of their know-how to enhance product development. Our product lineup is presented using a "wide variety in small quantities" approach, which gives shoppers the joy and excitement of a treasure hunt, and we set ourselves apart from the competition with our PBs and JBs.



Efficiency through standardization and simplification Store Operations

We achieve efficient operations and high productivity at our stores thanks to thorough, manual-based standardization and our block management system. The layout design of sales floors and management of product displays and presentation are handled by the head office, standardizing and simplifying the entire process. Inventory management for each store is also centralized via the head office, which makes it possible to move products between stores and implement planned price markdowns, leading to high profit margins and reducing the need to implement markdowns overall.

Standardization and simplification through manuals → Highly efficient and high-earning store operations

Saving on labor and costs Logistics System

The Group operates 10 in-house Transfer Centers across Japan that utilize high-speed processing machines to sort deliveries from approximately 600 suppliers. We reduce logistics costs by moving large quantities of products quickly and by taking advantage of in-house joint delivery. We have also been able to improve logistics efficiency, reduce labor, and save on shipping costs with direct logistics, which involves sending logistics processes performed in Japan overseas, where costs are lower, and having shipping containers delivered directly to Transfer Centers.

Logistics system with in-house joint delivery and direct logistics → highly efficient, low-cost supply system

Value Created by Shimamura (OUTCOME)

Starting from our mission to create a "good company" for employees, customers, business partners, shareholders, and society, the Group builds sustainable relationships with all stakeholders through its value creation process. In doing so, we strive to balance economic value with environmental and social value while generating appropriate profits.

Stakeholders	Economic Value	Environmental Value
Employees	• A salary level exceeding industry standards plus wage increases to provide stable support for daily life (wage increases, starting salaries, average annual income) • A stable employment environment plus opportunities for career development to support long-term employment (turnover rate, average number of consecutive years of service, ratio of female managers, ratio of employees with disabilities)	• Increased work motivation through strong job fulfillment and a sense of personal growth, alongside stable support for daily life
Customers	• A stable supply of essential clothing at reasonable prices (Shimamura's average unit price, Shimamura's PB sales ratio) • Easily accessible and highly convenient purchasing opportunities thanks to a nationwide store network (number of stores, number of prefectures with store openings, total customers per year)	• Improvements in everyday convenience and living through provision of essential clothing • Enrichment of everyday life by providing the sense of enjoyment, excitement and discovery of a treasure hunt through the shopping experience • Interaction and community-building among customers through initiatives such as Shima-pato (Shimamura Patrol) and fandom-based activities • Greater customer satisfaction and loyalty through ongoing customer connections via the Shimamura Park, exclusive services, and information offering
Business Partners	• Contribution to the sustainable business operations of business partners by creating demand and building long-term business relationships (number of suppliers, net sales, number of items handled) • Stabilization of production planning and realization of joint growth through the development of PB and JB products and by sharing supply and demand information (Shimamura PB sales ratio, Shimamura / Avail / Birthday JB sales ratio)	• Building a sustainable supply chain by raising sustainability awareness and strengthening quality management standards (CoC compliance structure, PB factory certification system, outright purchasing model, consolidated delivery to Transfer Centers, Shimamura Sustainability Award)
Shareholders	• Increase in corporate value over the medium to long term, driven by stable growth (net sales, operating profit, ROE, EPS) • Continued shareholder returns (dividend payout, dividend payout ratio)	• Trust relationships with capital markets through transparent disclosure and dialogues
Society	• Contribution to local job creation and economic vitality through countrywide store openings and business activities (number of employees, number of new store openings, number of Japanese prefectures with store openings) • Improvement in the quality of life for local communities through a stable supply of essential clothing and infrastructure for accessible purchasing (number of stores, total customers per year)	• Living support for local residents, maintained through functions provided as clothing infrastructure • Reduction of environmental impact through zero product disposal and the promotion of resource recycling • Provision of shopping opportunities and contribution toward solving local issues through the Shima Sapo shopping support service • Invigorating local communities through the Shimamura Women's Track and Field Team and participation in local events

Special Feature

Store Operations

Efficient Store Operations Through the Use of Manuals

At our stores, standardized, manual-based operations enable efficient store management with a small team of one store manager and six to ten part-time employees. From customer service and cashier duties to in-store displays, all store operations are fully transcribed in manual form, creating a system in which anyone can carry out tasks efficiently.

In addition, stores throughout Japan are organized into blocks of approximately four to six locations, with block managers providing guidance and oversight while also serving as store managers. This combination of thorough, manual-based standardization and block management ensures that stores are both efficient and productive.

Stores

Store Operations

Stores are staffed by a small team of one store manager and about six to ten part-time employees. In addition, all tasks required for store operations are fully standardized based on detailed manuals. Block managers oversee four to six stores while serving concurrently as the store manager of their own store.



Standardization for efficient operations and high productivity

Standardized Store Management

Store operations are centrally managed by departments based at the Head Office, which enables a high level of standardization and operational efficiency. From the Head Office, store layout and display fixture design are managed by the Shop Dressing Department. At the same time, the Merchandise Department, working as a central buyer, handles product procurement; serving as a central controller, it oversees display and inventory management at the stock keeping unit (the smallest inventory management unit defined by product attributes such as color, size, and design) level. Similarly, products and sales promotions are centrally managed and controlled by the Sales Planning Department. In addition to store-level management by store managers and weekly on-site checks by block managers, sales analyses from the Head Office inform inter-store product transfers and markdown decisions, maximizing sales and inventory and enabling sales down to the final item with a low rate of price reduction.

Head Office

Sales floor management | Inventory management

Shop Dressing Department

- Design of display fixtures and layouts for sales floors

Merchandise Department (buyer/controller)

- Planned introduction of products and adaptation to regional needs
- Management of sales floor displays following product delivery
- Inventory management for all stores, including control over inter-store product transfers and price reductions

Sales Planning Department

- Management of sales promotions on sales floors
- Controls to facilitate a sense of unity across sales floors for all stores

Thorough standardization across all stores through Head Office-led management

Message from the Person in Charge

As a block manager, I connect the Head Office with day-to-day store operations while also supporting the local community. I am always mindful of my role as a bridge between the Head Office and Shimamura stores, working closely with the teams on the ground to make sure policies and initiatives are fully understood and put into practice at the store level. With over 1,400 stores across the country, standardized operations and efficiency, made possible with our manuals, are essential. At the same time, each region has its own characteristics, customer base, and best-selling items, so we need to be flexible. For these reasons, I actively listen to ideas and feedback from store managers and staff and do my best to support each store so they can come up with their own adjustments. I also value communication with the teams who are actually working on-site, and I try to create an environment where employees feel comfortable reaching out for advice. My goal is to build a workplace where everyone can put their strengths on display and grow while feeling that their work is meaningful and rewarding.

I often receive kind remarks from customers thanks to activities that support local communities, with shopping support initiatives like Shima Sapo. These words are highly encouraging and part of what makes this work so rewarding. Before I was a Shimamura employee, I was a Shimamura customer, and even today I hold the same sense of excitement knowing that I can still find stylish products at reasonable prices at our stores. Going forward, I hope to continue cultivating stores that customers will choose again and again, that our employees can take real pride in.



Maiko Okutomi
Block Manager
Shimamura

Medium-Term Management Plan 2027 and Long-Term Management Plan 2030

Details regarding Long-Term Management Plan 2030 and Medium-Term Management Plan 2027
https://www.shimamura.gr.jp/en/ir/mid-term/

Medium-Term Management Plan 2024

"Reborn"
Revitalization and Evolution

Revitalize what cannot be changed; begin to evolve what should be changed

Thanks to our efforts to increase product appeal and sales power, we achieved the initial numerical targets for net sales, operating profit, and ROE laid out in Medium-Term Management Plan 2024 ahead of schedule. These results laid the foundation for growth toward the next plan.

Medium-Term Management Plan 2027

"The Next Challenge"
Pursuing Further Growth

Target

Net sales	729.1 billion yen
Operating profit	66.8 billion yen
Operating profit ratio	9.2%
ROE	9.0% or higher
Domestic store openings (3-year period)	150 stores

Basic Policy

To realize our long-term vision, we have formulated a new Medium-Term Management Plan spanning the three-year period from FY 2/2025 to FY 2/2027. We will harness the creativity and ingenuity of our employees to build upon the strengths of the Shimamura Group. We will expand the scale of our operations by driving up the performance of existing stores and making active efforts to open new stores. At the same time, we will conduct efficient operations to increase profitability.

Long-Term Management Plan 2030

Long-Term Vision "Bringing WAKUWAKU (excitement) to everyday life"

Target

Net sales over 800.0 billion yen Operating profit ratio 10.0%

Formulation of Our Long-Term Management Plan

The Shimamura Group's efforts to expand inside and outside Japan are rooted in being a "good company" for all stakeholders. Drawing upon this idea, we aim to serve as a part of social infrastructure by ensuring local customers have access to a steady supply of clothing—a daily necessity—helping stabilize and improve consumer lifestyles. We also strive to create value for stakeholders by tackling ESG issues, helping make a sustainable society a reality in the process. Based on these basic policies, we have formulated Long-Term Management Plan 2030.

Shimamura's Ideal State

We will bring fun to everyday life by offering WAKUWAKU (exciting) products and services to our customers in each region, expanding our shares in the business area by driving up performance in existing stores, and making active efforts to open new stores.

Realizing our Long-Term Vision

We have highlighted three measures to realize our long-term vision: growth strategies, reinforcement of the business base and foundations, and initiatives to solve ESG issues.

As for capital policy, we will continue growth investments toward stores, Transfer Centers, and human capital while providing long-term, stable shareholder returns and maintaining adequate internal reserves.

Medium-Term Management Plan 2024 → Medium-Term Management Plan 2027 → Next Medium-Term Plan

Medium-Term Management Plan 2027—Progress Toward Targets

Overview of FY 2/2026

FY 2/2026 was the second year of the Shimamura Group's medium-term management plan. To frame the year, we set a unified group theme, The Next Challenge Phase 2—Pushing Ourselves to Greater Heights, under which we promoted efforts to reinforce the Group's management infrastructure.

To strengthen product appeal and sales power, we worked to increase the functionality of core private brands (PBs), such as FIBER DRY, which served as key seasonal items and drove sales. Furthermore, we enhanced our ability to attract customers through the use of influencers and popular characters.

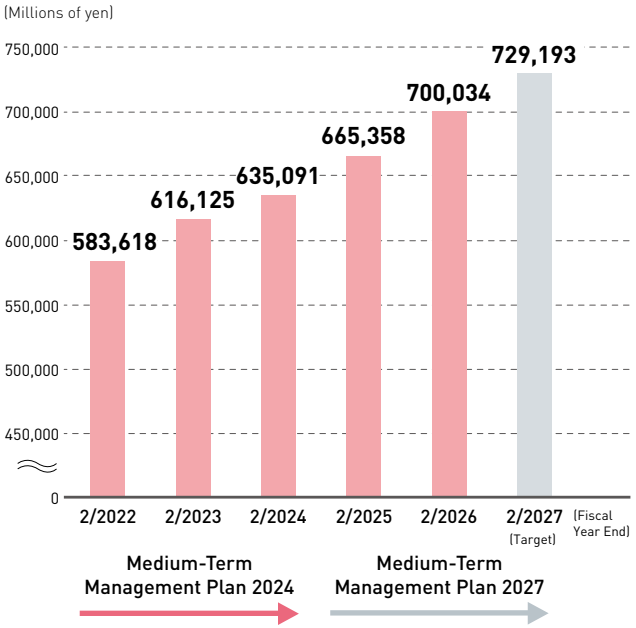
As part of our efforts to reinforce our business base and foundations, we expanded our rollout of automated payment machines, made use of cleaning robots, and promoted the digitalization of in-store signage and displays, enhancing the productivity of labor in the process.

As a result of these initiatives, consolidated net sales for FY 2/2026 increased 5.2% year on year, to 700,034 million yen, while operating profit rose 3.8% to 61,483 million yen. Supported by steady performance across all businesses, the Group delivered higher revenue and profit.

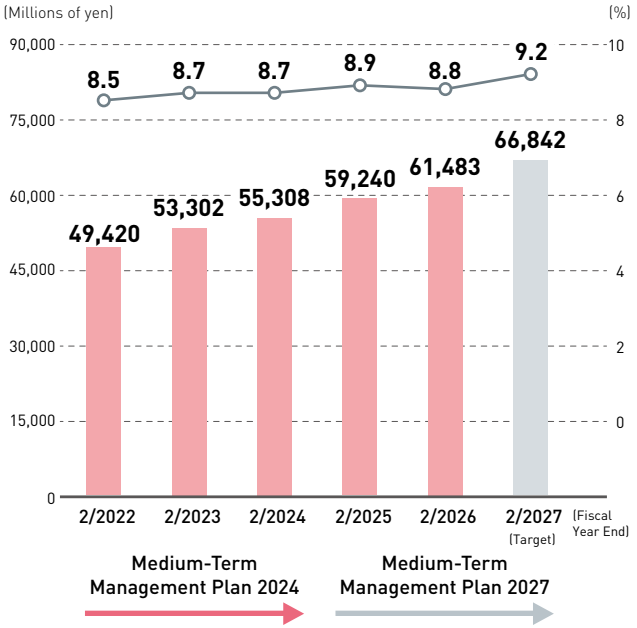
In FY 2/2027, the final year of Medium-Term Management Plan 2027, the Group will continue to elevate performance at existing stores and expand store openings, aiming to achieve consolidated net sales of 729.1 billion yen and an operating profit ratio of 9.2%.

Progress of Primary KPIs

Net Sales



Operating Profit / Operating Profit Ratio

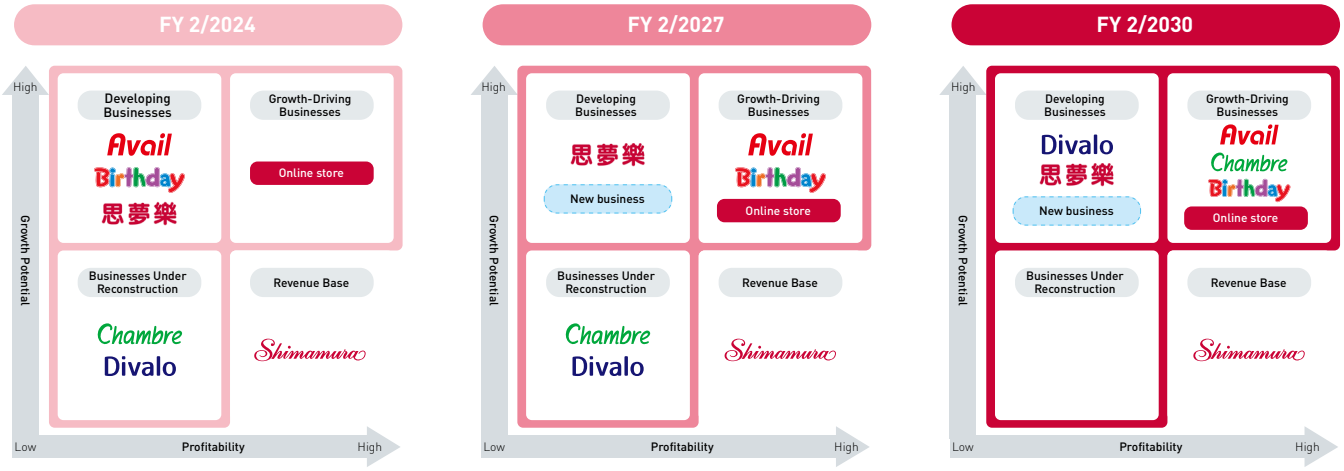


Primary KPIs	FY 2/2025 Results	FY 2/2026 Results	FY 2/2027 Target
ROE	8.6%	9.0%	9.0% or higher
New Store Openings*	41 stores	50 stores	60 stores

* Target for FY 2/2025 to FY 2/2027: 150 stores in total

Reconstructing Our Business Portfolio

Going forward, the Group will restructure its business portfolio to achieve high profitability and growth across all businesses. We intend to maintain the Shimamura Business as a base of revenue with high profitability. Avail and Birthday will make the transition to growth-driving businesses as we work to improve their profitability. Chambre is being positioned as a business under reconstruction, with the goal of achieving profitability, while Divalo, the other business under reconstruction, will build a foundation for growth. We will pursue continued sales growth for Si Meng Le and our online store while actively challenging ourselves by launching new businesses to serve as our next pillar of growth.



A New Project Proposal Program, Shima-Challenge!

Shima-Challenge! was launched as a new project proposal program in FY 2/2026 with the objective of generating future revenue streams and promoting a bottom-up organizational culture. By establishing a framework that leverages employees' creativity and ingenuity, we aim to foster a spirit of challenge among individuals and contribute to the development of new leaders.

In the first year of the program, 27 applications were submitted. After successfully passing the first phase of screening, seven teams, totaling 24 employees, presented their proposals to company officers. Each team presented with great enthusiasm and unique perspectives, then followed with lively discussions with directors during the Q&A sessions. Ultimately, proposals from three teams have taken their first steps as potential new business initiatives.

The Shima-Challenge! Process

Application ▶ First-stage screening ▶ Production of presentation materials ▶ Presentation to officers ▶ Second-stage screening ▶ Project launch



Special Feature

Store Opening Strategy

Initiatives Related to New Store Openings

In FY 2/2026, we opened 50 new stores in Japan. We ramped up store openings in urban areas, which is a key aspect of our growth strategy under Medium-Term Management Plan 2027. In addition, we promoted store openings, expected to draw in many customers, including locations adjacent to supermarkets as well as fashion malls that feature the Group's five businesses. (Shimamura, Avail, Birthday, Chambre, and Divalo).

Notable Store Openings in FY 2/2026

1 **Shimamura Ito-Yokado Misato Store**
→ First store opening in an Ito-Yokado shopping mall

2 **Shimamura Seiyu Omori Store**
→ Largest sales floor area in Tokyo at 2,016 square meters

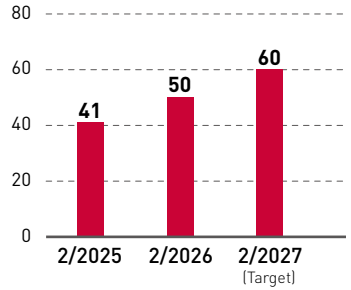
3 **Avail Omori Station Front Store**
→ New small-format store for urban areas

4 **Beppu Fashion Mall (comprising Shimamura, Avail, Birthday, Chambre, and Divalo stores)**
→ First fashion mall to incorporate the Group's five businesses

5 **Shimamura Tsushima Store and Shimamura Fukue Store**
→ Store openings in remote island areas

Number of New Store Openings in Japan During Medium-Term Management Plan 2027

KPI: 150 stores (3-years period)



Pop-Up Stores

In FY 2/2026, we actively opened pop-up stores to enhance brand awareness in urban areas. We opened these pop-ups in commercial facilities around major train stations, providing brand experiences through physical stores and encouraging customer traffic to our e-commerce platform. We also conducted in-store events featuring guest influencers as well as social media sales promotions, which expanded information reach and resulted in a steady rise in brand awareness in urban areas.

Notable Store Openings in FY 2/2026

1 Tokyo Station
2 Ikebukuro Sunshine City Alta (department store)
3 Kinshicho Marui
4 LaLaport Yokohama
5 Kitasenju Marui
6 Machida Modi



Pop-up store inside Tokyo Station

TOPICS

Shimamura Seiyu Omori Store—Our Largest Sales Floor in Tokyo

We relocated the Shimamura Omori Station Front Store, reopening it on the second floor of the Seiyu Omori shopping complex in October 2025.

Approximately three minutes away on foot from JR Omori Station, this station front location features a sales floor area of 2,016 square meters, making it the largest Shimamura in Tokyo. The opening sale was highly successful, drawing strong customer traffic each day, and sales during the promotion reached a record high for the Shimamura Business.

New Initiatives

- As a model store targeting urban areas, we are working to revise the store's layout and fixtures and enhance visual merchandising.





Enhanced VMD

- Taking advantage of the expansive sales floor, we have incorporated a Birthday pop-up store within this location.



Birthday pop-up store

- We have installed a dedicated in-store pickup counter for online orders—the first of its kind in Japan—to improve convenience and service and ensure customers can receive their products with greater ease and less friction.



Pick-up counter

Special Feature

Entrance into New Business Overseas

Expanding into Thailand

Based on cross-border e-commerce sales from FY 2/2024 onward and duty-free store sales from FY 2/2026 onward, Thailand recorded our highest number of customers among Southeast Asian markets. Through our research, we identified Thailand as an appealing, trend-sensitive market with strong interest in fashion and a large number of tourists, and concluded that expansion into Thailand would help enhance global brand recognition.

Opening Pop-Up Stores in Thailand

In December 2025, we opened a pop-up store, SHIMA Park, at Siam Paragon, a major shopping mall in Thailand. Designed as a concept store centered on our proprietary IP, Shimausa, the store features a curated selection of products from Shimamura, Avail, and Birthday.

The opening event attracted approximately 100 influencers, including Thailand's popular duo "Chompoo & Abigail," along with 60 domestic and international media outlets, amounting to a highly successful launch.





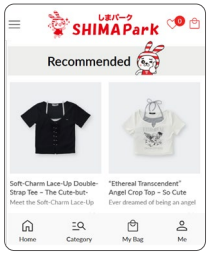


Pop-Up Store

Launch of a Thailand Online Store

In December 2025, we launched SHIMA Park, our dedicated e-commerce site for Thailand. To raise awareness of the site, we established a presence on local e-commerce platforms Shopee, Lazada, and TikTok Shop, each with its own distinct customer segment.

We will utilize SHIMA Park to conduct test marketing and optimize our product assortment, pricing, and promotional strategies based on customer responses and needs.



SHIMA Park Online Store

Message from the Executive in Charge



Tsuyoki Saito
Executive Officer
Supervising Overseas Business

"From Japan to Thailand"
Combining Japanese cultural sensibility with efficient management to build a new, Shimamura-style growth model

We are ramping up entry into the Thai market, positioning it as the next pillar of growth for our overseas business.
Since the full-scale launch of SHIMA Park in December 2025, we have accelerated efforts to validate market fit, starting with pop-up stores and our proprietary e-commerce site. The purpose of these validation efforts is to directly collect and analyze real data on local purchasing behavior, trends, and customer preferences, and adapt Shimamura's unique system, developed in Japan, to the local market environment. By further refining our data analysis capabilities, we will develop a store model optimal for future expansion and determine product lineups that align with the preferences of local customers. In the next phase, which we will transition to in FY 2/2027, we will apply the customer data, sales data, and diverse insights accumulated through these upfront investments. Specifically, we will optimize our supply chain and establish a system that enables us to deliver products in tune with local needs, in a timely manner. Through these initiatives, we strive to facilitate future store expansion in the local market and, just as we do in Japan, continue bringing excitement to everyday life. As a result, we will contribute to the sustainable growth of corporate value and to society itself.

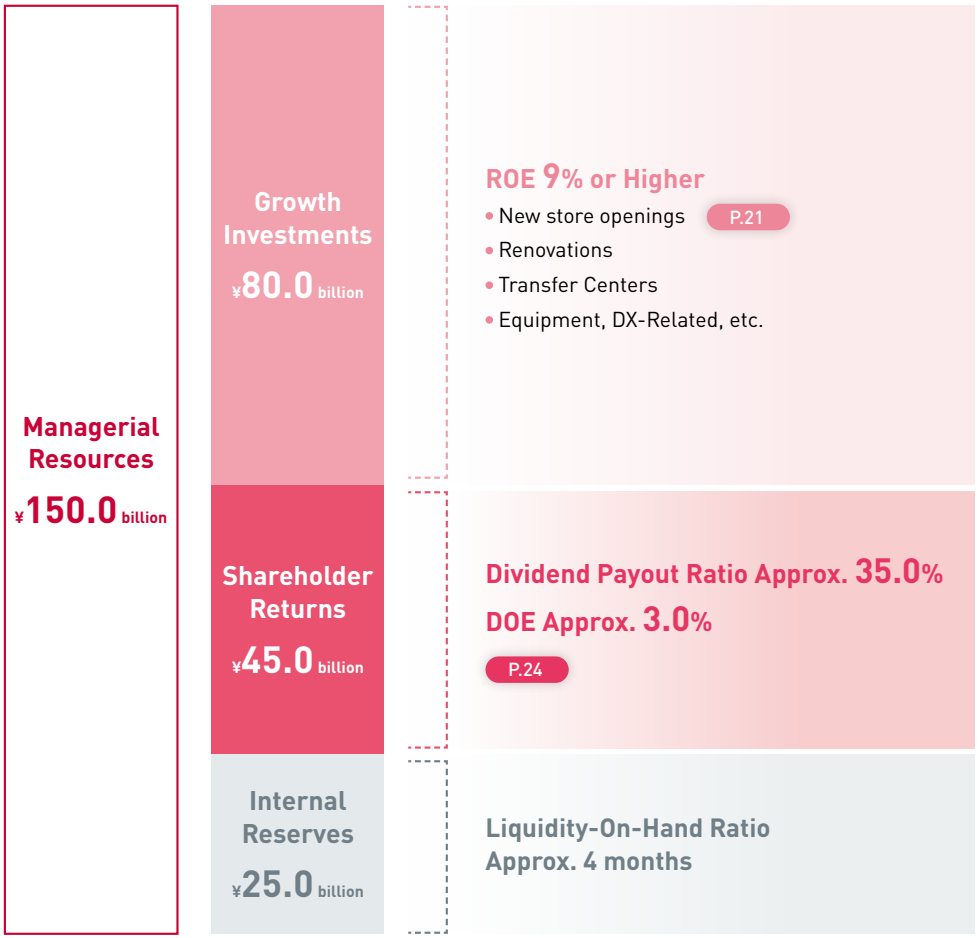
Capital Policy

Details regarding Medium-Term Management Plan 2027
https://www.shimamura.gr.jp/en/assets-c/uploads/en/Medium-TermManagementPlan2027_6_en.pdf

Basic Policy

We aim for appropriate allocation of managerial resources to increase corporate value and achieve sustainable growth. Notably, we intend to boost allocation toward growth investment, which will promote growth for the Shimamura Group while facilitating stable, long-term returns to all stakeholders.

Cash Allocation



Measures to Implement Management that is Conscious of Cost of Capital and Stock Price

ROE remains at around 9.0%, exceeding capital costs. However, issues are coming to light in the form of concerns that accumulated internal reserves may lead to a deterioration in capital profitability, along with the question of how to appropriately allocate management resources toward further increasing corporate value. In response, we will allocate roughly half of our management resources to growth investments aimed at expanding business scale and will allocate other management resources appropriately toward other purposes, such as raising our dividend payout ratio to roughly 35.0% to bolster shareholder returns. At the same time, we will also fine-tune our initiatives by maintaining our dialogue with investors.

Growth Investment Policy

- The Shimamura Group will expand investments in order to achieve continuous growth (allocation of 50% of managerial resources).
- We will work toward improving performance and contributing to all stakeholders by elevating the quality of stores, products, personnel, and DX, and boosting productivity through investments in the expansion of the business scale.

Key Investment Allocations

New Store Openings

Construction ¥27.0 billion: 150 stores (approx. ¥180 million per store)
Land ¥8.0 billion: 4 stores (approx. 3,300m^2 and ¥2.0 billion per store)

Renovations

¥10.0 billion: 250 stores (approx. ¥40.0 million per store)

Transfer Centers

New centers
29.0 billion yen: 3 locations
Tenri City (Nara Prefecture): construction, land, facility (core center)
Toyokawa City (Aichi Prefecture): construction, land, facility (core center)
Fukuyama City (Hiroshima Prefecture): construction, facility (regional center)

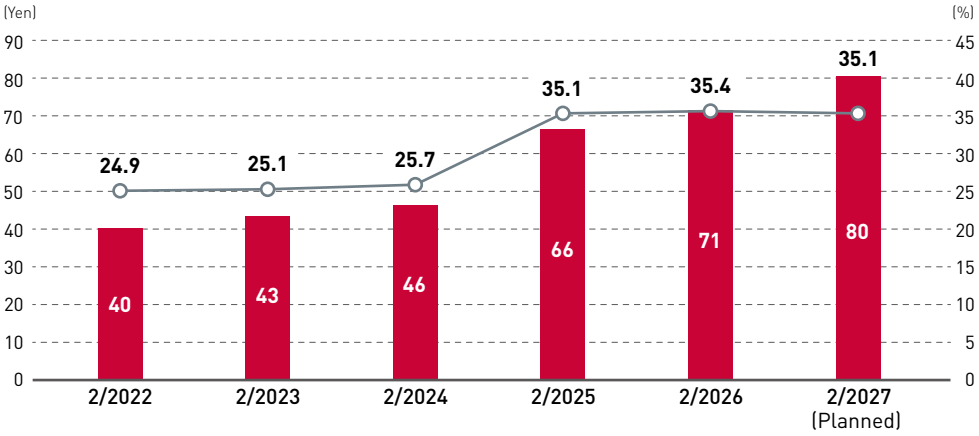
Equipment, DX-Related, etc.

6.0 billion yen: automated payment machines, cleaning robots, digital signage, digital POP, etc.

Capital Policy

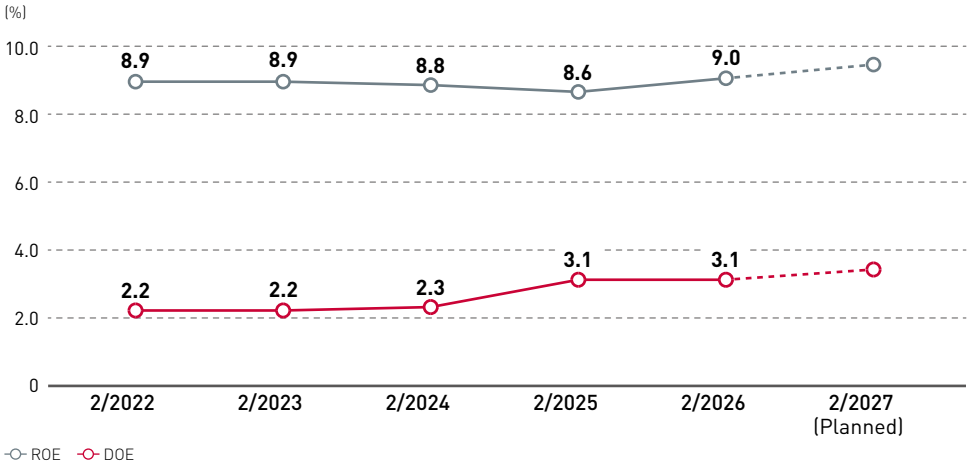
Shareholder Returns

Shareholder Returns



Note: On February 21, 2024, Shimamura Co., Ltd. conducted a 2-for-1 common stock split, and a 3-for-1 common stock split on February 21, 2026. Accordingly, dividends per share are calculated on the presumption that the relevant stock splits were conducted at the beginning of FY 2/2022.

ROE / DOE



Stock Splits

Goal

The Company has conducted stock splits with the aim of lowering the investment unit price, thereby creating a more accessible investment environment, improving share liquidity, and broadening its investor base.

Overview

The Company implemented a 3-for-1 stock split of its common stock for shareholders on record as of February 20, 2026.

Changes to the Shareholder Benefit Program (Expansion)

The Company has partially revised the scope of its shareholder benefit program and expanded the program accordingly. Shareholders who hold 100 shares or more after the stock split will remain eligible for the shareholder benefit program.

Acquisition of Treasury Shares

Goal

Under Medium-Term Management Plan 2027, the Company has set a target ROE of 9.0% or higher and, while taking into account the current share price level and requests from the Tokyo Stock Exchange, implemented this measure as part of shareholder return measures aimed at improving capital efficiency.

Overview

The Company executed a share repurchase at the closing price of 10,620 yen on January 26, 2026, using the Tokyo Stock Exchange's off-auction share repurchase system (ToSTNeT-3)

Acquisition Details

Total number of shares acquired: 4,300,000 shares
Total acquisition value: 45,666,000,000 yen (at 10,620 yen per share)



Shimamura Business

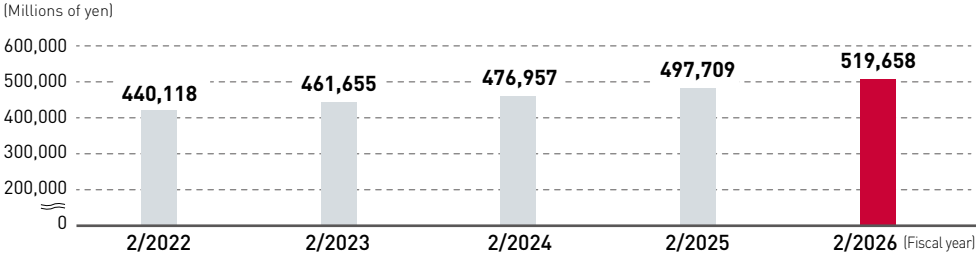
Description

Of the Group's businesses, the Shimamura Business ranks highest in long-standing brand recognition, profitability, and sustainable growth. Shimamura clothing stores carry a comprehensive selection of soft goods necessary for the whole family, ranging from the latest fashion trends to practical clothing, bedclothes, and interior goods.

Ratio of PBs	25.1%
Ratio of JBs	7.8%
Number of stores	1,423



Net Sales (Five-Year Period)



Strengths

The ability to draw in customers via a network of approx. 1400 stores / Efficient store operations through low-cost operations / Project development amid an extensive lineup of approx. 40,000 items, including PBs, JBs and collaborations / Store layouts and products tailored to local and store-specific characteristics / Products for a wide range of age groups

2025 TOPICS

Strengthen Product Appeal

Generated considerable buzz with the wellness-focused Posture Support Bra from the Ikiiki Labo series, which was selected for Nikkei MJ's Hit Products Ranking / Products reflecting changing social trends and customer needs were major drivers of sales



Strengthen Sales Power

First day of the Super Surprise Sale, now held twice a year, from FY 2/2026 attracted approximately 1.06 million customers in June and 1.16 million customers in November / Number of items purchased per transaction improved, due to the introduction of new store fixtures and initiatives to improve sales per square meter, based on best practices from top stores



Reinforcement of the Business Base and Foundation

Opened the Shimamura Seiyu Omori Store, our largest store in Tokyo in October 2025, with a sales floor area of 2,016m² / Improved operational efficiency and reduced time spent on routine tasks through the introduction of automated payment machines and cleaning robots

Shimamura Business

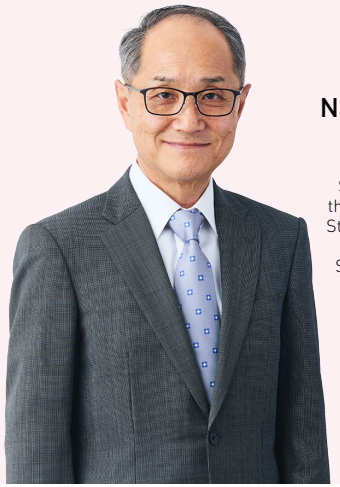
Message from the Executive in Charge

Delivering Excitement and Peace of Mind Through Continuous Challenge

The mission of the Shimamura Business is to be a close part of every customer's life and make daily life fun and exciting by offering a broad assortment of items, delivered with quality and affordability through Shimamura's "prices for peace of mind." We want our customers to feel glad there is a Shimamura store near their home, being impressed with the convenience at hand. We achieve this by constantly developing and providing exciting products and services. I believe that this is the social role of the Shimamura Business. However, for our next stage, we want to offer more than excitement—we intend to give customers peace of mind in their day-to-day lives. To make this aspiration a reality, every employee needs to understand customer needs; every employee needs to create new value; and every employee needs to tackle new challenges with initiative and purpose.

Takashi Nakahira
Director and Senior Executive Officer
Supervisor for the Shimamura Merchandise Department, Sales Planning Department, Advertising Department, and Market Research Department





Takeshi Nakamura
Executive Officer
Supervisor for the Shimamura Store Operation Department, Shop Dressing Department, and Store Support Department

Pursuing Sustainable Growth, Together with Local Communities

Whenever I visit cities across Japan, I am reminded that even major regional centers are facing real challenges, such as aging populations and the decline of shopping districts. I believe Shimamura has a social responsibility to remain part of the local infrastructure for many years to come and maintain its presence as a store that people can trust. Sales at our urban-area stores have stayed strong, with particularly robust growth in e-commerce order pickups and duty-free sales. Despite variation in customer numbers, store size, and layout, our stores deliver strong results through a combination of standardized, manual-based operations and employee creativity and ingenuity.
I can say with utter confidence that our exciting and extensive assortment, offered at Shimamura's "prices for peace of mind" and refreshed daily with new arrivals, gives customers a reason to enjoy themselves every time they visit. All our employees have a shared commitment to hospitality and a common vision, which raises the value of the shopping experience and empowers us to continue our quest to become a "good company."

Initiatives Under Medium-Term Management Plan 2027

Strengthening Product Appeal

We are developing products that combine superior functionality and comfort, centered on one of our private brands (PBs), the CLOSSHI series. Notable contributors to sales growth include our premium-priced CLOSSHI PREMIUM line and high-performance FIBER series, which have been well received for the addition of new features and collaborations with popular characters and brands. To address climate change, we are helping people prepare for longer, hotter summers by expanding THE SUPER COOL series of products, which feature excellent cooling functionality, and by adding similar functionality to our character products.

Strengthening Sales Power

We are also ramping up sales promotions that are less impacted by changes in the weather, including collaborations with influencers and products featuring popular characters alongside fairs focused on specific product categories. We are also leveraging data from Shimamura Park app members to deliver more personalized promotions and continuously enhance customer satisfaction. To elevate sales in existing stores, we have set up sales floors to match the characteristics of each region and each store while boosting customer service. As a result, sales per store have remained strong at over 360 million yen. In the final year of the plan, we will focus on increasing both customer numbers and the number of items purchased per transaction.

Reinforcement of the Business Base and Foundation

To ensure a stable supply of core products, we are strengthening our supply chain through initiatives including quick-response production supported by fabric contracts, AI-driven demand forecasting, twice-weekly deliveries of key items such as innerwear, and enhanced store inventory management. At our stores, we are improving operational efficiency through digitalization and employee-driven initiatives from the sales floor, while eliminating inefficiencies (overburden, unevenness, and waste) to further strengthen our low-cost operations model.

These measures will allow us to mount a flexible response to changes in the business environment, including climate change and diversifying consumer needs, and work toward achieving Medium-Term Management Plan 2027.



Avail Business

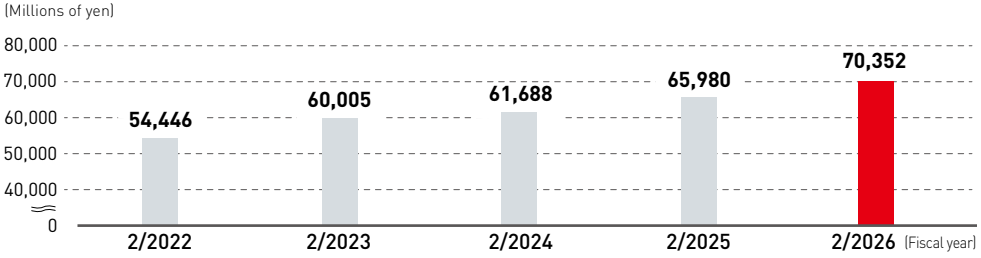
Description

The Avail Business features stores specializing in casual wear for younger people, offering total coordination of men's and women's clothing, shoes, and fashion accessories. In addition, Avail's lineup has expanded to include miscellaneous and interior goods. Based on the concept of "dressing in the hottest trends", Avail offers a wide range of fashion styles—from the latest trends to the tried and true basics, all at reasonable prices.

Ratio of JBs	42.0%
Number of stores	323



Net Sales (Five-Year Period)



Strengths

Strong product appeal and an excellent lineup of products tailored to trend-conscious young customers / Offerings in line with the latest trends while standing out from the competition / Total coordination across women's apparel, men's apparel, and miscellaneous goods / Strong project planning capabilities for character products

2025 TOPICS

Strengthen Product Appeal





Expanded assortment of trend-conscious products enhanced with functional features, while enhancing lineup for teenage customers / Expanded range of original character products, which are less impacted by weather fluctuations, alongside e-commerce promotions that utilized social media and influencers, helping achieve targets for sales and gross profit

Strengthen Sales Power

Implemented six major promotional events over the year to increase sales per store, strengthened products, sales promotions, and sales floor measures specific to each store, and implemented store renovations to improve sales floors / Encouraged greater understanding of visual merchandising (VMD) throughout the organization, enhancing the skills of store employees / Efforts to increase social media followers helped raise brand awareness

Reinforcement of the Business Base and Foundation

Boosted e-commerce sales by increasing the number of products available online and expanding made-to-order and online-exclusive offerings / New store openings in high-traffic urban locations, including Omori Station and Hachioji Octore shopping mall, attracted new customers and expanded our business foundation

Avail Business

Message from the Executive in Charge

Bringing Entertainment and Excitement to Everyday Life

The mission of the Avail Business is to transform shopping into a form of everyday entertainment. We maintain a close relationship with our customers and provide a wide range of fashion and miscellaneous goods that give them the joy and excitement of dressing in the hottest trends at reasonable prices. Through a wide variety of styles, a rich assortment of items, and original projects, we deliver the total outfit coordination options and memorable shopping experiences that define the Avail brand. We are also leveraging both brick-and-mortar stores and digital channels to redefine the specialty store experience, creating more opportunities for customers to enjoy the excitement and fun that Avail can offer. As our employees maintain their focus on customer needs and actively take on new challenges, we will keep track of the most popular characters and the latest trends, ensuring that we offer entertainment that goes beyond customer expectations. Avail will continue to evolve in step with the changing times and move forward as a trusted and accessible group of stores that customers can rely on.

Junji Ishibashi
Executive Officer in charge of Avail Business



Initiatives to Become a Growth-Driving Business

Under Medium-Term Management Plan 2027, the Avail Business is focused on improving profitability and shifting from a developing business to a growth-driving business. Our efforts to date have centered on strengthening product appeal. In particular, we have homed in on joint development brands (JBs) as a way to expand our collection of trend-conscious products, character products, and collaboration projects. We have also increased our size options in women's outerwear, appealing primarily to younger customers with the excitement of dressing in the hottest trends. In addition to broadening our lineup of character products, we are expanding into new categories such as automotive accessories and pet products to reach new customer segments. We have also stepped up our sales promotions through the use of digital channels and social media, building excitement that encourages store visits while expanding e-commerce sales. These initiatives help drive traffic between our stores and e-commerce platform, improve convenience, and expand our reach across a more diverse range of customers.

As we enter the final year of Medium-Term Management Plan 2027, we will need to take these initiatives to the next level. To expand the Avail fanbase, increase the number of customers, and strengthen weekday sales, we will revamp our monthly Avail Week campaign with new concepts that can generate buzz and drive customer traffic. We will also round out our sales promotions by using live commerce (e-commerce driven by livestreaming) and other initiatives to drive e-commerce sales, while also taking advantage of our online store to promote our products. In addition, we will take advantage of e-commerce order pickups to drive weekday sales. To strengthen product appeal further, we will expand our product lineups, capture the hottest trends, and enter new categories. At the same time, we will elevate both the attractiveness of our stores and the overall customer experience through stronger VMD.

To support further expansion in urban areas, we are developing a model for small-format urban stores while exploring the potential of opening stores outside our usual location choices. As the business environment changes and customer needs become more diverse, we will stay flexible in our approach and achieve sustainable growth by balancing higher sales with solid profits.

Initiatives Under Medium-Term Management Plan 2027

Strengthen Product Appeal

To strengthen product appeal as a specialty retailer, we are broadening our project planning initiatives, focused on the needs and preferences of our core customers. In addition, we are revamping Avail's signature basic items and enhancing our lineup of character products. With regard to the latter, we are developing new projects and working to discover original items that cannot be replicated by our competitors. In addition, we will expand into new categories well-suited to increasingly diverse lifestyles, broaden our product lines, and increase size options to meet a wider range of customer needs. These initiatives will solidify loyalty among our existing fanbase while also attracting new customer groups, helping us build a brand that can thrive among market shifts.

Strengthen Sales Power

To increase our contact points with customers, we have established a set of events with strong potential to go viral and the ability to generate hype, including the monthly Week, Avail FES, which is held six times a year, and the quarterly Fashion Collection.

In addition, we plan to maximize sales in both brick-and-mortar stores and e-commerce by leveraging market research and customer analytics to refine our sales promotions, and by strengthening our outreach through social media and digital channels. We intend to continue efforts to enhance the shopping experience, strengthen loyalty among existing customers, and gain new customers.

Reinforcement of the Business Base and Foundation

We are currently taking steps to carry out digital sales promotions, establish regular livestream-based promotions, and fully utilize the product pages on our e-commerce websites for marketing. We are also developing a new store layout built to capture the growing importance of character products, while building a small-format urban store model to support further store openings in city centers. Through these efforts, we are building the business foundation needed to respond to diverse customer needs and characteristics by region.

Through these initiatives, the Avail Business will respond swiftly to the diverse needs of local communities and consumers, as well as changes in the business environment, taking steady steps toward achieving the goals of Medium-Term Management Plan 2027.



Birthday Business

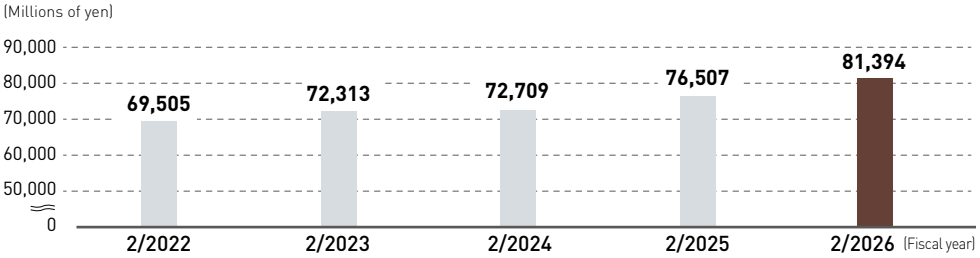
Description

The Birthday Business features stores specializing in items for babies and children, with a wide range of products for every situation from childbirth to childcare and elementary school. These products run the gamut from clothing to miscellaneous goods and large childcare items, as well as original products exclusive to Birthday. We thereby provide customers carefully selected products that are trend-conscious, high quality, and highly functional.

Ratio of JBs	21.6%
Number of stores	343



Net Sales (Five-Year Period)



Strengths

Expertise supported by an overwhelming lineup of approx. 70,000 items / Project planning for JB and PB brands / Strong engagement with the parenting and family community / Expertise in planning and proposing promotional events and campaigns / Sales backed by specialized product knowledge

2025 TOPICS

Strengthen Product Appeal

Focused on enhancing joint development brands (JBs) and private brands (PBs) / Generated buzz for JBs by expanding our range of collaboration products and by using e-commerce to build up potential new JBs / Developed PB products designed to address the concerns of children and parents, while expanding PB organic cotton offerings in response to growing consumer interest in sustainability





Strengthen Sales Power

Launched prebirthday_official, an Instagram account dedicated to expectant mothers / Conducted a sales floor contest in which store employees planned and proposed sales-floor displays based on designated themes and featuring items that will motivate customers to make a purchase / Sales contest strengthened sales power by improving the proposal capabilities of store employees

Reinforcement of the Business Base and Foundation

Increased brand awareness by opening 13 new stores over FY 2/2026 and by participating in pop-up stores and external events / Began introducing automated payment machines across stores to help improve operational efficiency and productivity

Birthday Business

Message from the Executive in Charge

Bringing Excitement and Growth to Everyday Family Life

The Birthday Business brings excitement to everyday family life and special occasions through daily fashion, while serving as an essential part of the social infrastructure that supports children's growth and parenting. Our goal is to be the retailer of choice for baby and children's goods across generations, offering enjoyable sales floors and interactive events for children, a convenient and value-oriented lineup for parents, and a clean, reassuring shopping environment that grandparents will want to visit with their grandchildren. In a time when almost anything can be purchased online, the unique experiences that can only be found at a physical store have become more important than ever. In this same vein, we will ramp up project planning for seasonal and trend-focused items, interactive store environments, and individual sales promotions, evolving Birthday stores into a theme park featuring baby and children's products, where children can learn, grow, and have fun through shopping and events.

Masao Isoyama

Executive Officer in charge of Birthday Business and Chambre Business



Initiatives to Become a Growth-Driving Business

Under Medium-Term Management Plan 2027, the Birthday Business is focused on improving profitability and shifting from a developing business to a growth-driving business. One of the defining characteristics of this business segment is that many customers make their first visit to a Birthday store during pregnancy and remain a customer until their children graduate from elementary school. In the face of a declining birthrate, sustained growth in the number of customers and expansion of our base of repeat customers are key indicators of success. We place a strong emphasis on making store visits more enjoyable by creating engaging reasons to visit, including interactive events, novelty item giveaways for children, and sales floor contests.

Under our product policy, we have expanded our assortment of Birthday-exclusive JB and PB products, focusing on trend-consciousness, high quality, and high functionality. JBs drive sales by offering trend-conscious product assortments for each style segment, enhancing product value through thoughtful product specifications and materials, and improving VMD at our stores. Our PB products are developed based on four customer-focused categories: time-saving convenience, value for money, sustainability, and child development. For child development in particular, we are expanding our lineup at higher price points in response to rising spending for each child. We are also expanding our sales channels in order to drive further sales. Initiatives to this end include efforts to increase corporate orders via Shima Sapo Chottokubin (a bulk purchasing and direct delivery service), increasing inbound sales, and the addition of made-to-order apparel for adults that allows them to order matching parent-child outfits through our e-commerce platform. In terms of sales promotions, the Birthday Business has the highest rate of app membership registrations in the Group. Accordingly, it has reduced the number of insert flyers by half as it transitions to digital sales promotions. We have also made meaningful progress in addressing a key challenge: reaching customers earlier in their parenting journey. To that end, the launch of the prebirthday_ official Instagram account for expectant mothers, partnerships with maternity clinics and local governments, and enhanced in-store engagement have delivered encouraging results. Going forward, we will strengthen our initiatives targeting our product appeal, sales power, and the in-store experience, fueling the sustainable growth of the Birthday Business while establishing it as a core business underpinning the growth of the Group.

Initiatives Under Medium-Term Management Plan 2027

Strengthen Product Appeal

We are taking steps to enhance JBs, PBs, and e-commerce. With regard to JBs, we will expand our futa futa DAILY LINE collection, which infuses basic items with trend-conscious design in an effort to drive up sales for everyday apparel and household essentials. In addition to outerwear, we will expand our lineup across a wide range of categories including fashion accessories, underwear, bedding, and tableware. As for PBs, we have launched HaguColle, a new series of products that center on supporting the various aspects of a child's growth and development, including learning, sleep, development of healthy feet, gait and posture, and nutrition, aiming to increase the value provided by these products and average price per item in kind. Taking advantage of our e-commerce platform, we have begun offering made-to-order clothing for adults in response to growing demand for matching parent-child outfits, which will lead to even further sales.

Strengthen Sales Power

To encourage store visits, we will boost our in-store events and novelty item giveaways. We will expand our set of family-friendly activities that parents can enjoy with their children, including candy grab events, prize draws, and tanzaku decorating (wish cards for the Japanese festival of Tanabata). In addition, we will take our in-Company sales floor contests to the next level by introducing customer voting through social media, turning it into a more interactive and customer-driven initiative. In terms of direct customer interaction, we will take full advantage of the expertise of our staff to provide more substantive face-to-face recommendations for key childcare products such as strollers and child safety seats, delivering a better shopping experience and supporting sales growth.

Reinforcement of the Business Base and Foundation

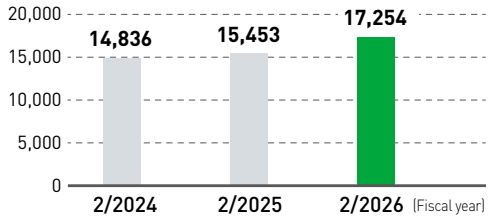
To increase awareness of the Birthday brand, we will continue opening new stores, operating pop-up stores, and participating in external events. For future store openings, we will make a careful assessment of locations based on birthrate trends and regional characteristics, and drive sales growth by aligning our promotional flyers with regional needs and optimizing our assortment of products for each market. To improve store operations, we will promote greater efficiency by using an expiry date management app to reduce waste-related losses and by utilizing digital signage to improve visibility of items and reduce workloads. These initiatives aim to strengthen product appeal and sales power while reinforcing our business base and foundation, which are all part of our goal to make Birthday the first choice of customers and facilitate sustainable growth.

Chambre Business

Description

The Chambre Business features stores that specialize in miscellaneous goods and women's fashion, based on the concept of "delivering comfort and happiness to daily life". It offers a wide range of products, including miscellaneous goods, interior goods, apparel, and fashion accessories, providing customers with various lifestyle options. In addition, Chambre stores offer numerous gift items for customers to give their loved ones.

Net Sales (Three-Year Period)





Number of stores

125



Strengths

Extensive lineup of miscellaneous goods coupled with strong options to reflect different lifestyles / Strong product appeal through apparel and fashion accessories featuring carefully selected materials / Ability to meet gift-giving needs / Well-coordinated offerings thanks to a consistent aesthetic / Welcoming shopping environments that promote comfort and well-being

2025 TOPICS

Strengthen Product Appeal

Worked to enhance products in terms of appealing to trends, generating buzz, and maintaining quality while offering a broader range of items / Expanded lineup of character products to attract new customers / Added to range of gift items and the sales floor space dedicated to them

Strengthen Sales Power

Improved customer convenience and enhanced the shopping experience by introducing new fixtures and renewing store layouts across all stores / Made sales floors more shopper-friendly through visual merchandising (VMD) techniques, making products easier to find / Held 25th anniversary sale, bringing in new customers

Reinforcement of the Business Base and Foundation

Worked to elevate sales in existing stores through store renovations / Opened stores in shopping malls to leverage Group synergies / Renewed the exterior design of new stores, improving brand image and drawing in new customers

Message from the Executive in Charge

Delivering Comfort and Happiness to Daily Life Through the Joy of Gift Giving

The mission of the Chambre Business is to deliver comfort and happiness to daily life by providing inspiring and fulfilling experiences as a provider of miscellaneous goods that offers a variety of lifestyle options. Through our lineup of gifts, fashion items, and lifestyle goods, we strive to deliver value through the joy of gift-giving and gift selection. We see growing demand for gifts as an important growth opportunity. To capture this demand, we are working to strengthen our product offerings, develop more original products, enhance our gift-wrapping services, and create a more seamless connection between our stores and e-commerce platform. When customers want to buy the perfect gift for their special someone, we hope to be the first store that comes to mind.

Masao Isoyama

Executive Officer in charge of Birthday Business and Chambre Business



Initiatives Under Medium-Term Management Plan 2027

Strengthen Product Appeal

To enhance the profitability of existing stores, we have upgraded our products by placing greater emphasis on materials and design, expanded into new categories such as car accessories and houseplants, and expanded our range of available clothing sizes. In the final year of the Group's medium-term management plan, we will continue to expand our range of products and add products related to wellness, anti-aging, and relaxation. In doing so, we aim to create sales floors that are rich with product appeal and bring a sense of excitement to our customers.

Strengthen Sales Power

We are attracting younger customers through enhanced social media marketing and TikTok content. At the same time, we are redesigning our sales floors with major layout changes for a shopping experience that puts the customer front and center. In the final year of the medium-term management plan, we will enhance service quality by strengthening our ability to offer customer proposals, raising the product knowledge of store employees, and delivering more personalized customer service. These efforts will help improve customer satisfaction and profitability.

Reinforcement of the Business Base and Foundation

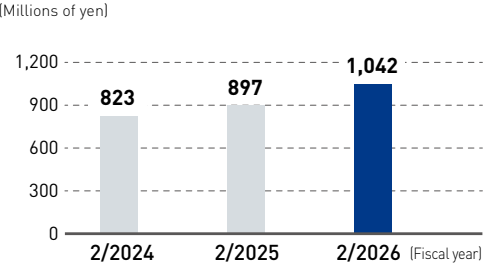
For the past two years, we have focused on driving up sales growth for existing stores through store renovations, as opposed to new store openings. Going forward, we will continue this tactic of renovating existing stores while also opening new stores and ramping up our dominant area strategy, further increasing brand awareness and improving logistics efficiency.

Divalo Business

Description

The Divalo Business operates stores specializing in fashion goods with the concept of "stores that propose a way to dress from head to toe." We carry a wide range of shoes for women, men, and children, as well as a selection of women's clothing and fashion accessories that can be mixed and matched to create a totally coordinated look.

Net Sales (Three-Year Period)







Number of stores

19

Strengths

Unique appeal as a footwear specialist with an extensive lineup and reasonable pricing / Product range focused on comfort and functionality / Strong options supported by sales floors that are easy to navigate and shop in / Versatlie product range that can address a wide range of generations, use cases, and settings / Strong enhancement of customer service skills that raise customer satisfaction

2025 TOPICS

Strengthen Product Appeal

Increased customer traffic by promoting the development of original products / Expanded lineup of original products through closer collaboration with suppliers in the women's category

Strengthen Sales Power

Enhanced product knowledge and customer service skills of store managers rooted in shoe fitter training programs / Rate of purchases as a result of direct customer–employee interaction was increased by extending training programs across all stores / Expanded sales channels through the launch of the online store

Reinforcement of the Business Base and Foundation

Online store launch enabled closer integration between store inventory and e-commerce operations / Increased sales by offering a wider selection of products and ramping up digital sales promotions

Message from the Executive in Charge

Bringing "the Right Shoes" to Everyday Life

The Divalo Business is transforming its business portfolio with a renewed focus on footwear. In FY 2/2026, we delivered steady results through the development of original products, improvements to customer service, and effective use of our new online store. Going forward, we will build on these initiatives by building up our sales promotions, further enhancing the value we provide to customers and growing our presence in the market. Drawing upon the Divalo philosophy of providing "just the right shoes for everyday life," we will continue to raise customer satisfaction and grow our base of repeat customers by providing comfortable, well-fitting footwear. As business conditions continue to evolve, we will reexamine established practices and challenge ourselves to keep pushing for further growth.

Kazuhide Yanagisawa
Executive Officer in charge of Divalo Business



Initiatives Under Medium-Term Management Plan 2027

Strengthen Product Appeal

We enhanced our lineup of original and key products while expanding our selection in new categories, such as wellness. In the final year of the medium-term management plan, we will focus on close coordination between sales floors and product offerings and eliminating stockouts due to unavailable sizes, with the goal of being a reliable and trusted shopping destination. In particular, we will enhance our offerings for a better balance of size and width to better meet customer needs and satisfy a broader range of customers.

Strengthen Sales Power

Our training curriculum improved the customer service skills of store employees. Going forward, we will focus on setting up sales floors that clearly showcase Divalo's strengths and on setting up stronger frameworks for customer contact and sales promotions that best communicate the value of our products, increasing sales as a result.

Reinforcement of the Business Base and Foundation

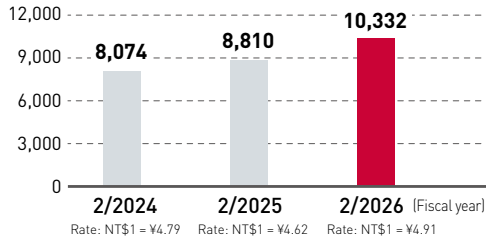
We are promoting e-commerce sales through the use of influencers, digital sales promotions, and our online store. Going forward, we will continue to highlight the value offered by deals on selected sizes of national-brand sneakers and maximize the benefits of integrating our online store, while working to maintain optimal inventory.

Si Meng Le Business

Description

The Si Meng Le Business, which operates comprehensive clothing stores in Taiwan, follows the same concept as the Shimamura Business in Japan. In addition to soft essentials for the whole family, from the latest fashion trends to practical clothing, bedclothes, and interior goods, Si Meng Le also sells original products.

Net Sales (Three-Year Period)





Number of stores

45



Strengths

Product procurement that leverages the scale of the Shimamura Group / Ability to adapt planned products from Japan to local markets / Swift response for restocking products via local production / Local marketing capabilities

2025 TOPICS

Strengthen Product Appeal

Ratio of Japan-developed products increased to 48.2% (up 20.8% year on year), ratio of locally developed PB products rose to 23.3% (up 7.9% year on year), and ratio of original products expanded to 71.4% (up 16.2% year on year) / Strengthened appeal to teenage customers by expanding distinctive product offerings, including Korean-inspired, jirai-kei (a fashion trend popular among young women mixing cute and dark imagery), and punk-inspired styles

Strengthen Sales Power

Raised brand awareness through marketing on social media, which increased to 189 million views (up 64.2% year on year), and annual contracts with influencers such as popular idol Mizuki Lin and Ano Fuufu, the top family influencer in Taiwan

Reinforcement of the Business Base and Foundation

Opened flagship Zhongshan North Road store in Taipei and raised brand awareness through social media, resulting in opening sales of NT$8.07 million, the highest level on record and well above the average of NT$2.26 million

Message from the Executive in Charge

Japanese Quality to Bring Excitement to Everyday Life

The mission of Si Meng Le (Shimamura Taiwan) is to support customers in their everyday lives through the unique value offered by trend-consciousness, high quality, and reasonable prices, combined with a distinctive Japanese flair. We will continue to bring the excitement of Japanese projects and quality to local customers, adapting our projects to local needs and maintaining a close relationship with customers. Customers are able to enjoy a more convenient shopping experience thanks to the integration of our stores and e-commerce platform. This includes access to a wider range of original products in new categories, updates to our membership programs, AI-enabled sales promotions, and new features, such as real-time inventory tracking and in-store pickup for online purchases. As markets and customer needs continue to evolve, we will remain flexible in our response and encourage every employee to actively take on new challenges as we strive to build an even more trusted brand.

Tsuyoki Saito
Executive Officer supervising Overseas Business
Chairman of Shimamura Co., Ltd. (Taiwan)



Initiatives Under Medium-Term Management Plan 2027

Strengthen Product Appeal

We will work to increase the ratio of Taiwan-exclusive Japanese products to ensure customers will think of our stores as places where trend-conscious, high-quality Japanese products can be purchased at reasonable prices. We will increase the value of our products by focusing on trend-conscious, made-in-Japan fashion and the high quality associated with Japanese products, while maintaining compelling price points that offer strong value relative to competitors.

Strengthen Sales Power

Over the course of FY 2/2026, we prioritized efforts to build brand awareness. In FY 2/2027, the final year of the medium-term management plan, we will raise brand awareness through collaborations with high-profile influencers. We will also open pop-up stores in Taipei department stores, which will raise brand awareness while bringing in new customers.

Reinforcement of the Business Base and Foundation

To strengthen our presence in major metropolitan areas in addition to regional core cities, we opened a flagship store in Taipei's Zhongshan District in December 2025. Going forward, we will continue to explore further store openings in central Taipei while expanding our flagship store network across core cities in different regions.

Special Feature

Integrating Our Online Stores

Shimamura Park



Integrating Online Stores and Apps

In October 2025, we took all the separate online stores operated by the Shimamura Group and integrated them, adding Divalo to the roster, and launched Shimamura Park. This all-in-one integration has created powerful Group synergies, roughly tripling traffic to each business.

In March 2026, we followed this up by integrating the respective apps of each Group business into a unified Shimamura Park app, adding a loyalty points program. Customers can now save and redeem points for discount coupons, significantly enhancing convenience while helping increase sales.

Utilizing Member Information

As of February 20, 2026, Shimamura Park had grown to 9.87 million members. We have also begun using membership information consolidated from our apps and online store through a centralized customer management system in order to deliver personalized product recommendations and other targeted sales promotions. By doing so, we aim to increase the average amount spent per customer and to encourage repeat purchases.

Net Sales for E-Commerce

E-commerce net sales reached ¥19.6 billion in FY 2/2026, an increase of 51.7% year on year. All businesses outperformed the previous fiscal year due to greater adoption of e-commerce.

Children's outerwear accounted for the highest share of sales among apparel categories, making it a standout feature of our online store.

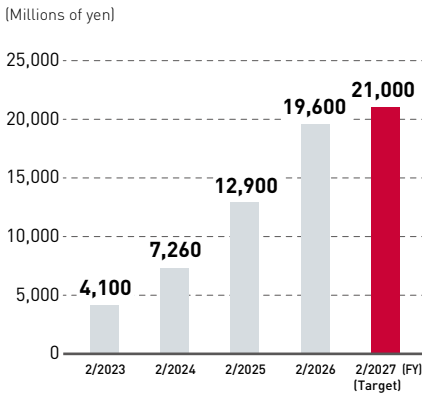
E-Commerce Net Sales by Business (Full-Year)

Shimamura: +42.5% YoY Avail: +35.1% YoY
Birthday: +112.0% Chambre: +158.1%
Note: Divalo added in October 2025

E-commerce Net Sales Composition by Product Category (Full Year)

Children's outerwear: 30.9% Women's outerwear: 27.1%
Miscellaneous goods: 23.7% Other: 18.7%

Net Sales (Five-Year Period)



Message from the Executive in Charge

A Stronger E-commerce Platform Plus New Added Value



Hajime Ueda
Executive Officer in charge of E-Commerce Business

In October 2025, we added the Divalo Business to our e-commerce platform, creating a one-stop shopping experience that gives customers access to products from across all Group businesses. In March 2026, we brought together the apps operated by each business and combined them into one, Shimamura Park, and added a points program. Bringing the Group's management resources together in this way has allowed us to enhance sales power and maximize operational efficiency. It has also led to greater awareness of each business and has made it possible for customers to select items from across the Group, place them in a unified cart, and purchase them as a single transaction. In terms of receiving the items, 89.6% of online purchases were picked up in store. Notably, a high percentage of these pickups, 42.2%, resulted in additional in-store purchases. These initiatives serve to further deepen our offline merges with our offline (OMO) strategy. Going forward, we will continue creating customer experiences unique to e-commerce while further enhancing the synergies between our online and brick-and-mortar stores.

Our Vision for the Future

The E-commerce Business is rooted in our product appeal and our compelling range of items. Its mission is to create a seamless shopping environment that makes it easy for customers to purchase any of our items at their convenience. As for future goals, we aim to integrate store and e-commerce inventory management to make a wider range of products available for online purchase, while still delivering a frictionless purchasing experience that includes support for special orders and product reservations. We are also moving forward with initiatives such as the continued improvement of user interface and user experience (UI/UX) for ease of viewing and use, personalized support for customers through development of AI-powered customer support features, gift services, and other upgrades. To acquire new customers, we intend to expand into the B2B market in earnest, building on Shima Sapo Chottokubin, our bulk purchasing and direct delivery service launched in July 2025. We will position the planned Toyokawa and Tenri E-Commerce centers as the core of our logistics network for e-commerce, which, along with our other initiatives, will unlock further growth opportunities in e-commerce and solidify its role as a growth engine for the Group.

Priority Issues Related to Sustainability (Material Issues)

To realize a sustainable society, the Shimamura Group treats various issues related to the environment, society, and governance at each stage of the supply chain as management issues and takes action to resolve them.

Our management philosophy and mission align with the SDGs advocated by the United Nations, and we believe that our corporate activities and efforts to solve issues will aid in the achievement of these SDGs. We believe that nine of the 17 SDGs are particularly relevant to us and have established six priority issues related to sustainability that are connected to these nine goals.

	Priority Issues	Related SDGs	Long-Term Targets (FY 2/2030)	Medium-Term Targets (FY 2/2027)	FY 2/2026 Targets
Environment	Circular economy promotion P.39		Reduce plastic waste	Complete recycling ratio of hangers: 90.0%*1	● Complete recycling ratio of hangers: 80.0%
				Complete recycling ratio of plastics*2: 50.0%	● Complete recycling ratio of Shima Eco plastics: 30.0%
	Reduction of GHG emissions P.40~41		Continue with zero product disposal; evolve process	Continuation of zero product disposal*3	● Zero product disposal
			Reduction of GHG emissions	GHG emissions (Scope 1 and 2): 60% reduction (compared with FY 2/2014)	● Systematic replacement of LED lighting and air conditioners
	Sustainable procurement P.42~43		Develop and promote sale of sustainable products	Sustainable products (sales) ratio: 40.0%*4	● Sustainable product sales ratio: 35.0%
			Demonstrate respect for human rights in supply chains	Continuation and evolution of suppliers' Code of Conduct compliance structure	● Promotion of more thorough, higher-quality management related to compliance with CoC at PB factories (targeting human rights, the environment, and third-tier business partners)
Society	Activities by diverse human resources P.45		Promote diversity	Ratio of female managers: 23.0%*5	● Ratio of female managers: 21.0%
				Employment ratio of people with disabilities: 5.0%	● Employment ratio of people with disabilities: maintain ratio of 5.0% or higher
	Enhancement of the roles of clothing infrastructure P.46		Enhance the role of clothing infrastructure (mainly for vulnerable shoppers)	Sales target: 200 million yen*6	● Net sales: 100 million yen
				Implementation of traveling sales	● Target number of traveling sales: 180
				Acceptance of shopping tours	● Target number of shopping tours: 240
				Expansion of online store	● Expand product lineup for senior adults ● Conduct sales to facilities
Governance	Evolution of governance P.52~58		Promotion of debate over the growth strategies and capital policy Continuation and evolution of risk management Fostering of successors Ensuring the diversity and appropriate scale of the Board of Directors	Promotion of debate over the growth strategies and capital policy Continuation and evolution of risk management Fostering of successors Ensuring the diversity and appropriate scale of the Board of Directors	● Disclose Medium-Term Management Plan 2027 and improve feasibility ● Develop a successor cultivation plan ● Promote risk management

*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 currently operates with zero product disposal. We will continue this trend going forward
*4 PB products for the Shimamura Business, the Avail Business, the Birthday Business, and the Chambre Business *5 Ratio of female managers in the senior class and above *6 Combined net sales from traveling sales, shopping tours, and the online store for senior adults

Shimamura and Sustainability

Basic Policy

Based on our mission of building a "good company" for our employees, customers, business partners, shareholders, and society, the Shimamura Group is promoting a sustainable "ESG response by Shimamura" through our main businesses in order to realize a sustainable society.

Management Mission

The Shimamura Group will build a "good company" for employees, customers, business partners, society, and shareholders.



Accomplishing our Management Mission

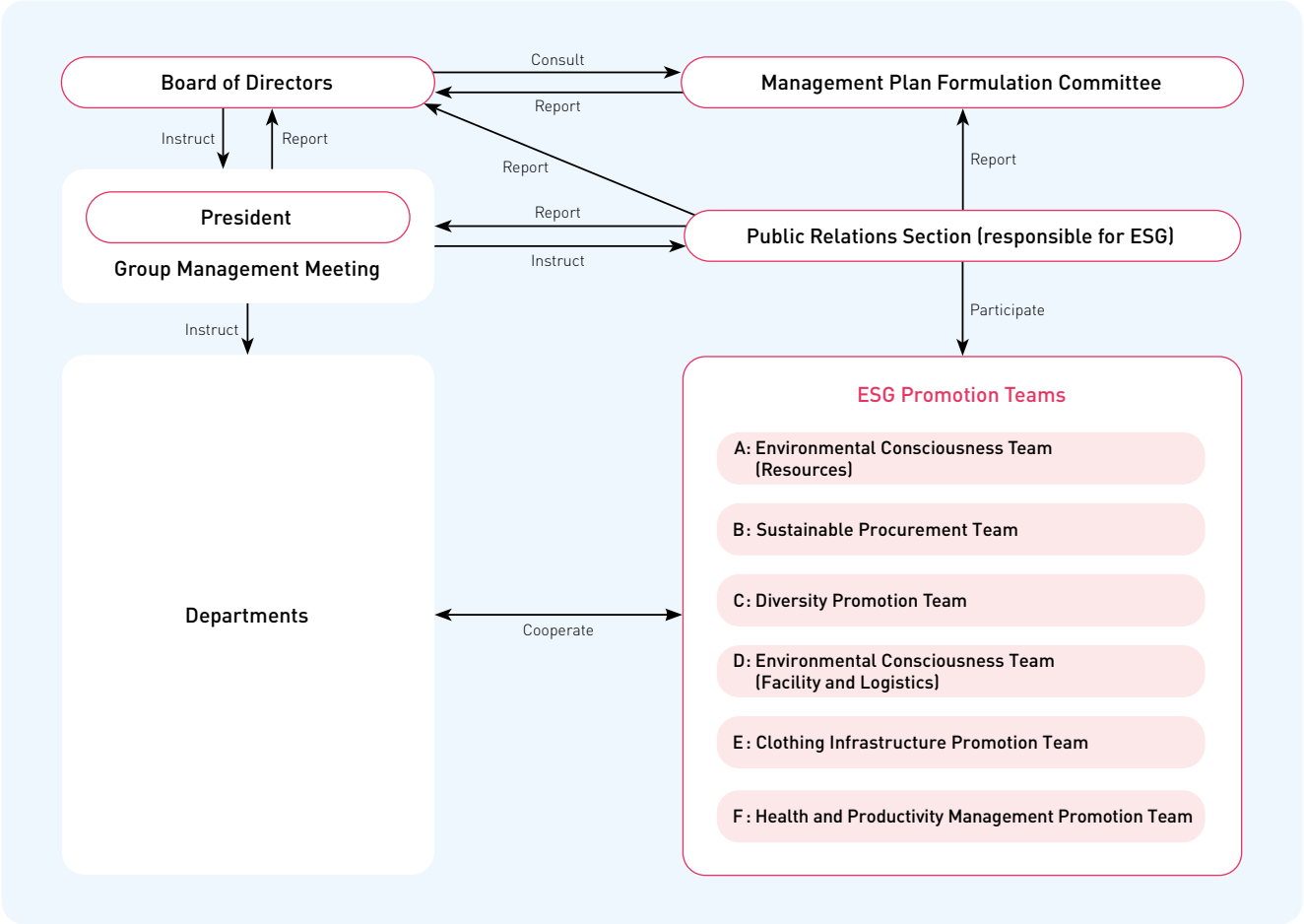
Accomplish our management plan through sustainable growth

Accomplishing our Management Plan

Put forth a sustainable "ESG response by Shimamura" through our main businesses

Sustainability Promotion System

The Shimamura Group engages in sustainable activities in order to tackle ESG issues in accordance with the basic stance laid out in our sustainability policy. First, the Management Plan Formulation Committee deliberates on defining themes for ESG issues, establishing a process for resolving those issues, and setting numerical targets. The Board of Directors then makes a decision based on these deliberations.



Sustainability promotion system initiatives
https://www.shimamura.gr.jp/en/sustainability/systems.html

Shimamura and Sustainability

Initiatives by the ESG Promotion Teams

In FY 2/2022, we established ESG promotion teams to ensure cross-sectional collaboration among the various departments of the Company. These teams meet once a month to work toward goals set by the Board of Directors. Each team, led by the executive officer in charge of ESG, reports on progress and highlights any problems that have arisen.

The ESG Promotion Teams' activities are managed by the Public Relations Section—the department responsible for ESG issues—and these activities are reported to the President monthly. In addition, reports are made to the Board of Directors or the Management Plan Formulation Committee at least twice a year.

FY 2/2026 Initiatives

Environmental Consciousness Team (Resources)

The Environmental Consciousness Team for resources is chaired by the executive officer in charge of the E-Commerce Business and comprises members from multiple related departments, including the Store Operations Department, General Administration Department, Logistics Department, and Merchandise Department. Drawing on the diverse expertise of team members, it works to plan, develop, and implement initiatives to reduce resource consumption while also promoting the recycling of delivery materials and equipment and consumables used in stores and at headquarters.



Shima-Eco transparent plastic bags

Message from the Executive in Charge

Complete Recycling for Hangers and Plastic Bags

The Environmental Resources Team for resources is doing its part to reduce plastic waste and promote a circular economy by reducing and recycling delivery materials alongside supplies and consumables used in stores. We have established a closed-loop recycling system that collects used hangers and plastic packaging from our stores and recycles them into new hangers and plastic packaging for reuse throughout our operations. This report includes a page detailing the year-on-year increase in our complete recycling ratio (page 39). We are also promoting the recycling of shopping bags through collection initiatives, with 8.57 million bags collected in FY 2/2026. Looking ahead, we will continue our efforts to achieve zero product disposal and further expand recycling of materials and resources. In particular, we will broaden the use of PP pellets produced through material collection and recycling for store fixtures and equipment, further advancing our circular economy initiatives. Through these initiatives, we seek to further reduce our environmental impact, realize a sustainable, recycling-oriented society, and enhance corporate value.

Hajime Ueda
Executive Officer

TOPICS

Establishment of a Health and Productivity Management Promotion Team

To be the "good company" described in the Shimamura Group's Management Mission, employees must not only find their work comfortable and rewarding but also maintain good mental and physical health. We believe that when a company makes a commitment to promoting employee health and creating an environment where employees can thrive at work, that vigor spreads to the entire organization and helps drive sustainable growth. Based on this belief, we established the Health and Productivity Management Promotion Team in FY 2/2026, bringing together members from relevant departments, including the Labor Support Department and the General Administration Department. We have also established a cross-functional promotional framework that supports mental and physical health, and we are working to resolve issues related to health and productivity management.

Measures to Improve Health Literacy

We have introduced a range of measures designed to improve employees' health literacy and encourage healthier lifestyle habits. In addition to launching employee sports clubs to encourage physical activity, we introduced healthy menu options in the employee cafeteria to support health through their daily diets. In addition, we hold health seminars in collaboration with specialized organizations and promote health awareness through our in-house newsletter, encouraging employees to take the initiative in managing their own health.



Employee sports club activities



Healthy menu options in the employee cafeteria

Special Feature

Shimamura's Distribution System for Zero Product Disposal

Suppliers

Purchasing and Contracts

Outright Purchasing

An efficient supply chain and a outright purchasing system

The Company's business model is rooted in central buying, under which business negotiations are carried out collectively by the buyer at the head office. Since we operate multiple stores, we are able to leverage economies of scale to place large orders, reducing purchasing costs and making it possible to provide products to customers at reasonable prices.

A key feature of this model is that, after receiving bulk deliveries from suppliers, we follow a outright purchasing policy in which we purchase all the items, with no returns. This is a unique approach, even within the retail industry, and has the benefit of reducing risks and costs incurred by the supplier while laying the foundation for mutually beneficial partnership.

Shimamura

Sales

The Duty to Sell Every Item

Purchasing and inventory management to achieve zero product disposal

Under our outright purchasing model, we are fully responsible for all the items we procure. To avoid unsold inventory, we rigorously uphold two core pillars: sensible purchasing by the buyer and meticulous inventory management by the controller. This foundation enables us to sell every product down to the very last item, making it possible to achieve zero product disposal.

Buyer

Avoiding excess inventory through sensible ordering

Preventing excess inventory begins with ordering in sensible quantities. The buyer, responsible for product purchasing, carefully determines purchase quantities based on analyses of past sales performance and forecasts for the upcoming season. Such pinpoint purchasing accuracy is achieved through long-standing relationships with suppliers built on mutual confidence and trust.

Controller

Meticulous inventory management and appropriate price control

The controller, responsible for inventory management, analyzes product trends at every store on a weekly basis, then carefully manages the amount of inventory for each store by transferring products between stores or reducing prices as required. In addition, the controller has set criteria for these markdowns which allow them to be carried out with proper timing. This prevents bargain sales, in which all products are heavily discounted after the end of the season.

Customers

TOPICS

A New Challenge: Recycling that Starts with Collection (Circular Economy)

As part of our efforts to reduce clothing disposal, we launched a clothing collection program at selected stores in June 2024 for apparel that customers no longer use post-purchase. In FY 2/2026, we expanded this initiative to 900 stores and introduced a system to promote clothing reuse alongside recycling in the form of a clothing collection program. Customers have responded positively to the programs, which also provide a new incentive for people to visit our stores. Going forward, we will continue to promote initiatives aiming to work with customers toward reducing clothing disposal.



Promotional poster for clothing collection

Note: Beginning July 21, 2026, customers can bring unwanted clothing to almost all Group stores for collection and recycling.

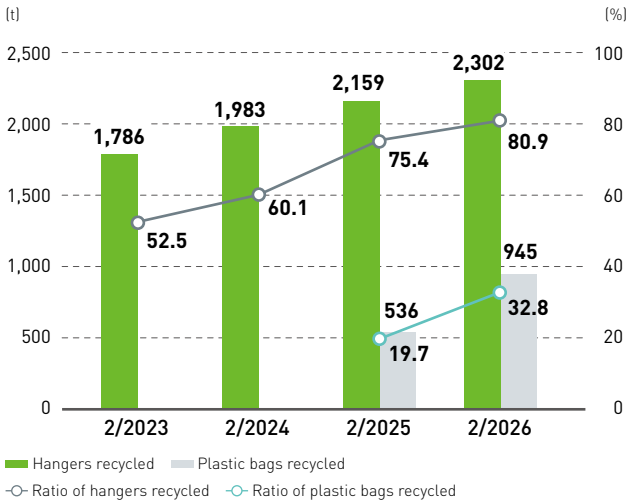
Priority Issue: The Environment—Promoting a Circular Economy

Resource Recycling Initiatives

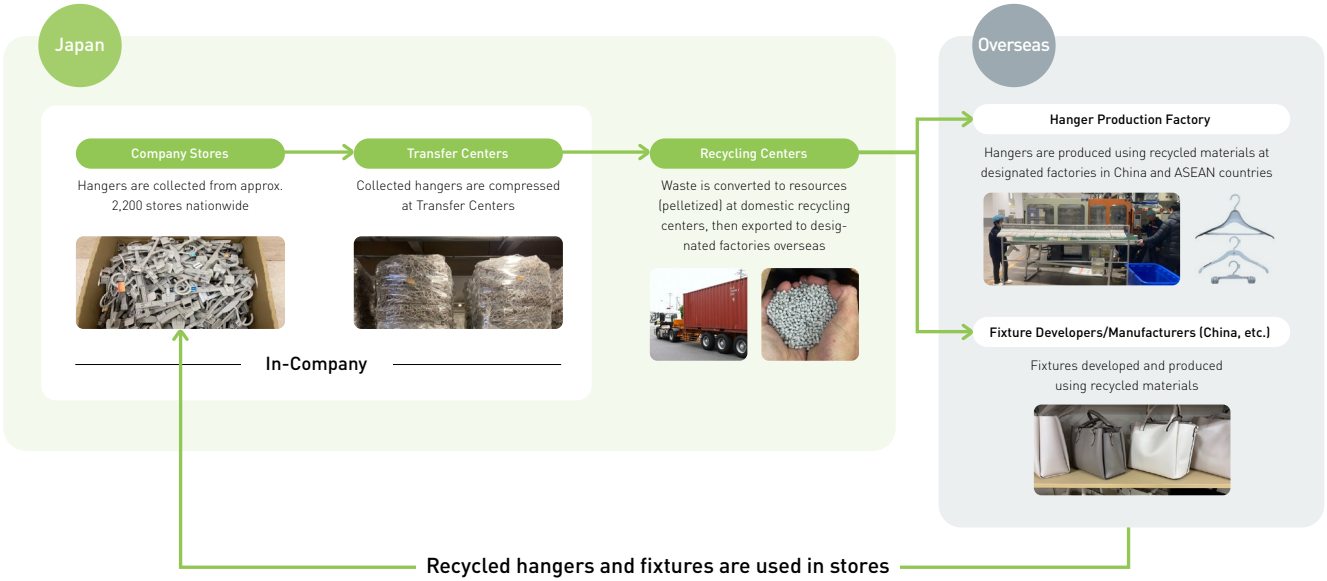
The Shimamura Group has been actively engaged in resource recycling since 2007. We use our proprietary logistics network to bring together recyclable resources generated through store operations—such as hangers, plastic bags, shopping bags, cardboard, and miscellaneous or used paper—and gather them at Transfer Centers. They are then transferred to recycling centers, where they are processed by recycling operators.

Furthermore, since 2019, we have been engaged in complete, closed-loop recycling. This is a process where we turn hangers and plastic bags generated in-house into raw materials at designated facilities in Japan and overseas, which we can then reuse at Group stores after molding. With this initiative, we are promoting a circular economy that does not generate plastic waste and is therefore mindful of the global environment.

Resource Recycling



Process for Complete Hanger Recycling



TOPICS

Initiatives to Improve Recycling Ratios

To realize a circular economy, the Group has set a 2027 medium-term target of increasing the complete recycling ratio of plastics to 90% for hangers and 50% for plastic packaging. We are pursuing a range of initiatives to achieve these goals.

First, hangers with designated colors used for in-store product displays are collected at the checkout counter. In recent years, we have expanded the types of recyclable hangers and, in order to improve recycling efficiency, have worked to promote resource recycling by introducing hangers with fewer non-slip urethane components.

For plastic packaging, transparent protective plastic used during product delivery is carefully sorted at stores, pelletized at domestic factories, and then remolded and reused as the Company's own materials. We are continuing to expand this resource recycling system further.

As a collaborative initiative with customers, we have introduced a shopping bag collection program under which app members receive one point for each used shopping bag returned to a store. Collected shopping bags are then recycled into small delivery bags used for deliveries to stores. These small delivery bags feature a unique and innovative design in the form of perforations that allow the paper label section to be separated, enabling approximately 65% of the bag's material to be recycled after use.

Through multifaceted initiatives along these lines, we aim to increase our recycling ratios even further.

Priority Issue: The Environment

—Reduction of GHG Emissions and Providing Disclosure in Line with the TCFD Recommendations

Governance

Role of the Board of Directors

ESG policies are determined by the Board of Directors following deliberations by the Management Plan Formulation Committee, an eight-member committee entirely composed of directors that acts as an advisory body to the Board of Directors. To us, ESG issues are management issues. This is why the Management Plan Formulation Committee, which is tasked with discussing management plans, also deliberates upon ESG issues.

At least twice a year, the Board of Directors receives reports on the efforts of each department and each ESG Promotion Team as well as any results. It then monitors and supervises progress. The Board of Directors also makes decisions on important matters such as ESG-related management strategies and management planning.

Role of the Group Management Committee

The policies determined by the Board of Directors are communicated to each department and are then incorporated into their respective policies. Moreover, the ESG Promotion Teams, in which executive officers participate, deliberate on policies that should be tackled across department lines and then proceed with their implementation in cooperation with each department. As a general rule, each ESG Promotion Team meets once a month, and the outcomes of these meetings are reported to the President by the Public Relations Section. The teams then receive instructions from the President as necessary.

Risk Management

The Public Relations Section, which is responsible for ESG, holds discussions with departments that may face business risks in the future and each ESG Promotion Team. Upon that, it works to understand the situation relating to risks and opportunities and reports its findings to the Management Plan Formulation Committee. The Management Plan Formulation Committee then deliberates upon any policies selected to respond to major risks, after which the Board of Directors determines them.

Strategy

Scenario Analysis

Climate change risks include "transition risks" caused by changes in policies and laws and regulations, and "physical risks," such as damage to assets due to an increase in natural disasters. We have conducted a scenario analysis by highlighting a scenario in which decarbonization efforts take hold (decarbonization scenario) and a scenario where climate change continues to progress (climate change progression scenario), identifying the impacts of major climate-related risks and opportunities on our business, and formulating response strategies.

Main Risks and Opportunities

We analyze the impact of climate change on business from the perspectives of transition risk and physical risk. Transition risks include higher energy prices and logistics costs resulting from the introduction of a carbon tax and stricter GHG emissions regulations. They also include higher product procurement costs resulting from the shift to environmentally-friendly materials, responding to laws and regulations. Another important transition risk is the potential fall in reputation among stakeholders that could be incurred due to a delayed response to environmental issues. Physical risks include acute risks, such as disruptions to store operations and logistics networks due to increasingly severe natural disasters such as typhoons, and higher repair costs. They also include chronic risks, such as the loss of sales opportunities for winter products stemming from the rise in average temperatures and higher procurement costs due to a decrease in agricultural yields. At the same time, climate change opens up a significant opportunity in the form of increased sales opportunities of sustainable products as consumers become more mindful of the environment. We carefully assess these risks and opportunities and incorporate them into our business strategy.

Please see our website for details about our scenario analysis
https://www.shimamura.gr.jp/en/sustainability/environment03.html

Response Strategy

We are pursuing a wide range of strategies to mitigate identified climate change risks and maximize opportunities. To address increases in procurement and logistics costs, we will diversify countries of production and our approximately 600 suppliers, while also improving the efficiency of our in-house logistics through modal shifts, the introduction of electric vehicles (EVs), and other measures. To address the increase in heating and lighting costs, we will reduce GHG emissions while controlling costs through the introduction of LED lighting, energy-saving air conditioning systems, and the development of sustainable stores. With regard to physical risks, such as disruptions to our store and logistics networks caused by natural disasters, we mitigate risk through our dominant-area strategy comprising approx. 2,200 stores countrywide, the implementation of practical business continuity plans (BCPs), and enhanced planning for store openings and disaster prevention measures based on hazard maps. Furthermore, to address the loss of sales opportunities resulting from rising average temperatures, we generate purchasing demand that does not rely on weather conditions through our strong project planning and proposal capabilities. From an opportunity perspective, in addition to the continued promotion of the circulation of resources and zero product disposal, we will take the development and sale of sustainable products to an even higher level.

Priority Issue: The Environment—Reduction of GHG Emissions and Probiding Disclosure in Line with the TCFD Recommendations

Metrics and Targets

We have established the following indicators to manage climate-related risks and opportunities. There are other indicators used to assess climate change that look at water, land, and other factors. However, we have little impact on water and soil pollution since we operate within the retail industry. Therefore, we have not included these other indicators.

GHG Emissions

(Unit: t-CO_2)

Fiscal year	2/2014	2/2024	2/2025	2/2026
Scope 1	2,899	744	764	728
Scope 2 Location-based	180,956	96,971	95,131	96,849
Scope 2 Market-based	163,883	99,737	98,848	103,248
Scope 3	—	2,656,942	2,712,562	2,903,676

Scope 1: Kerosene, gas, and other fuels for air conditioners, fuel for forklifts used at Transfer Centers, and gasoline consumption of Company-owned cars (gasoline consumption of Company-owned cars is not included before FY 2/2014)
Scope 2: (Location-based): Electricity for stores, Transfer Centers, and the Head Office x National average coefficient
Scope 2: (Market-based): Adjusted emission factor (periodic reports from specified business operators as stipulated in the Act on the Rational Use, etc. of Energy, excluding Scope 1)
Scope 3: Values determined using a simple calculation that uses the emissions intensity and expenditures cited from the Ministry of the Environment's emission intensity database and IDEAv2

Indicators and Targets for Assessing Climate Change Efforts

1	GHG emissions (Scope 1 and 2)*1	60% reduction by FY 2/2027 compared with FY 2/2014
2	Amount of excess inventory waste	Zero
3	Complete recycling ratio of designated color hangers*2	90% in FY 2/2027
4	Complete recycling ratio of designated plastics*3	50% in FY 2/2027
5	Ratio of sustainable products (net sales)*4	40% in FY 2/2027

*1 Scope 2 is location based
*2 Plastic hangers in the Company's designated colors that come with products (excluding hangers which are used repeatedly as fixtures)
*3 Transparent plastic for product protection used at the time of delivery (made of polypropylene)
*4 Sustainable products sales ratio among PBs

Initiatives to Reduce GHG Emissions

In-Company Initiatives

The Group treats climate change as a management issue and is working to reduce GHG emissions within the Group by mitigating risks identified through a scenario analysis conducted in line with the TCFD recommendations. To reduce direct and indirect emissions (Scope 1 and 2) associated with our business activities, we are promoting efforts to reduce electricity consumption at stores, Transfer Centers, the head office, and other Company facilities.

As part of our facilities-related initiatives, we are replacing conventional air conditioning systems with energy-saving equipment at stores across Japan in conjunction with store openings and renovations, having completed 155 installations in FY 2/2026. We are also upgrading older LED lighting to the latest LED systems, with 244 installations in FY 2/2026. As a result, the shift to LED lighting at our stores and Transfer Centers is now complete, with the exception of a limited number of stores.

In addition to upgrading equipment, we are researching sustainable stores that can simultaneously improve the environment at stores and Transfer Centers while reducing GHG emissions. In addition to introducing energy-saving equipment, we are reducing our environmental impact through structural improvements, including heat-reflective building coatings and enhanced insulation. Other environmental improvements include heat-reflective roof coatings at Transfer Centers, measures to address cold conditions in restrooms at stores in cold regions, and pilot tests involving the introduction of melamine tiles.

In addition, we carry out resource recycling for items such as hangers and plastic packaging generated within the Company, provide ESG training for employees, and implement resource- and energy-saving measures tailored to actual business operations. By leveraging low-cost operations to reduce day-to-day energy consumption, we continue our efforts toward achieving a 60% reduction in GHG emissions (Scope 1 and 2) compared with FY 2/2014.

Please click here for more information related to Scope 3 emissions.
https://www.shimamura.gr.jp/assets-c/uploads/esgdatabook202605.pdf

Initiatives in Logistics Operations

To reduce GHG emissions associated with our business activities (Scope 3), the Group is working to reduce environmental impact and improve efficiency in its logistics operations. Through our proprietary logistics network serving stores countrywide, we are reducing GHG emissions by reviewing delivery routes and modes of transportation.

For logistics inside Japan, we operate our own Transfer Centers and use an in-house joint delivery system that combines shipments from multiple suppliers onto Company-arranged trucks for delivery to each store. This enables us to optimize truck delivery routes and improve load utilization rates, while appropriately managing the number of vehicle trips. We also started introducing EV trucks on selected delivery routes in 2022, adding two more trucks in FY 2/2026.

We are transitioning to alternative transportation methods for long-distance shipments. For transportation between certain Transfer Centers, we have adopted a modal shift, shifting from truck-based transport to rail containers and ferries. In FY 2/2026, we opened three new rail container routes. In addition, we employ direct logistics, whereby containers transported from overseas to Japan are shipped directly to our Transfer Centers, bypassing suppliers' logistics centers. This shortens transport distances, helping reduce both GHG emissions and logistics costs.

These logistics initiatives are implemented in cooperation with suppliers. We will continue pursuing efficiency across each stage of the process, from procurement through delivery, and promote efforts to lessen the environmental impact of our logistics activities.

Please visit our website for more information regarding efforts to reduce GHG emissions.
https://www.shimamura.gr.jp/en/sustainability/environment03.html

Priority Issue: Environment—Sustainable Procurement

Development and Sale of Sustainable Products

We develop and sell environmentally-friendly, sustainable products in order to reduce our environmental impact from product procurement. These products are actively made with materials for which chemical substances are appropriately managed (e.g., organic cotton) and materials that save resources (e.g., recycled textiles).

Sustainable products deliver safety and security to our customers by making the source of raw materials and production processes traceable (ensuring traceability). In the future, we will expand the scope of environmentally-friendly product development to include not only clothing such as functional innerwear but also everyday items such as bedding and household goods.

Ratio of sustainable products (net sales)

FY 2/2025 **27.5**% FY 2/2026 **34.5**%

Note: PB products for the Shimamura Business, the Avail Business, the Birthday Business, and the Chambre Business.

Please see our website for more information regarding standards for materials.
https://www.shimamura.gr.jp/en/sustainability/environment02.html

About Shima Eco

The Shima Eco logo is the Shimamura Group's proprietary mark, representing its environmental initiatives. Its design incorporates motifs of the earth and of circulation, expressing our desire to protect the environment and create a sustainable society. The logo is displayed on labels and other materials used for sustainable products that meet our standards, helping customers recognize our environmental efforts in an easy-to-understand manner.

Please visit our website for more detailed information regarding Shima Eco. (Japanese only)
https://www.shimamura.gr.jp/sustainability/goodcompany.html

Examples of Sustainable Products

The following are examples of our sustainable products, which incorporate environmentally-friendly manufacturing methods and materials such as organic cotton.



FIBER DRY (ladies' innerwear)

Shimamura's "Ladies' CLOSSHI FIBER DRY Saratto Cool Packaged Innerwear" is manufactured using a production method designed to reduce energy consumption and chemical usage.



FIBER HEAT (ladies' innerwear)

Shimamura's "Ladies' CLOSSHI FIBER HEAT Warm Cotton Packaged Innerwear" uses organic cotton to help mitigate soil and water pollution.



Kokochi Labo (towel)

We use human-and environmentally-friendly cotton grown on certified farms that have not used chemical fertilizers or synthetic agrochemicals for at least three years. These products are OEKO-TEX® STANDARD 100 certified as proof they do not contain harmful chemical substances.

Future Initiatives

We have set a target for the ratio of sustainable products (net sales) of 40.0% of PBs, to be achieved by FY 2/2027. To achieve this goal, we will continue developing sustainable materials and expanding our product lineup across all businesses. In addition to products themselves, we are steadily replacing plastic used in price tags and other auxiliary materials as well as delivery materials with environmentally-friendly materials such as paper and recycled plastics. Going forward, we will continue working across the supply chain to reduce environmental impact and conserve resources.

TOPICS

Flyers For Sustainable Products Across All Businesses

We are undertaking a cross-business initiative to develop flyers in an effort to increase awareness and encourage sales of these items. In FY 2/2026 we conducted this initiative twice, with the Shimamura, Avail, Birthday, and Chambre businesses making a united effort to promote appealing and environmentally conscious products.With every business across the Group working to convey a clear message about these products, we will continue offering customers sustainable options that fit naturally into their daily lives.



Priority Issue: Environment
—Sustainable Procurement

For more information regarding our Code of Conduct compliance structure, please visit the following URL
https://www.shimamura.gr.jp/en/sustainability/social04.html

To view our Supplier Code of Conduct, please visit the following URL
https://www.shimamura.gr.jp/en/sustainability/pdf/supplier_coc_en.pdf

Supply Chain Management

We rely on our supply chain to produce the products that we sell. Furthermore, we recognize respect for human rights and consideration for the environment throughout our supply chain as important ESG issues. In 2019, we established the Shimamura Supplier Code of Conduct (CoC), explained it to all suppliers, and made it mandatory to conduct business only after receiving a declaration of compliance with the Shimamura Supplier CoC. Since we do not own factories, we must work with our business partners to build a sustainable supply chain that thrives on fair transactions based on mutual trust.

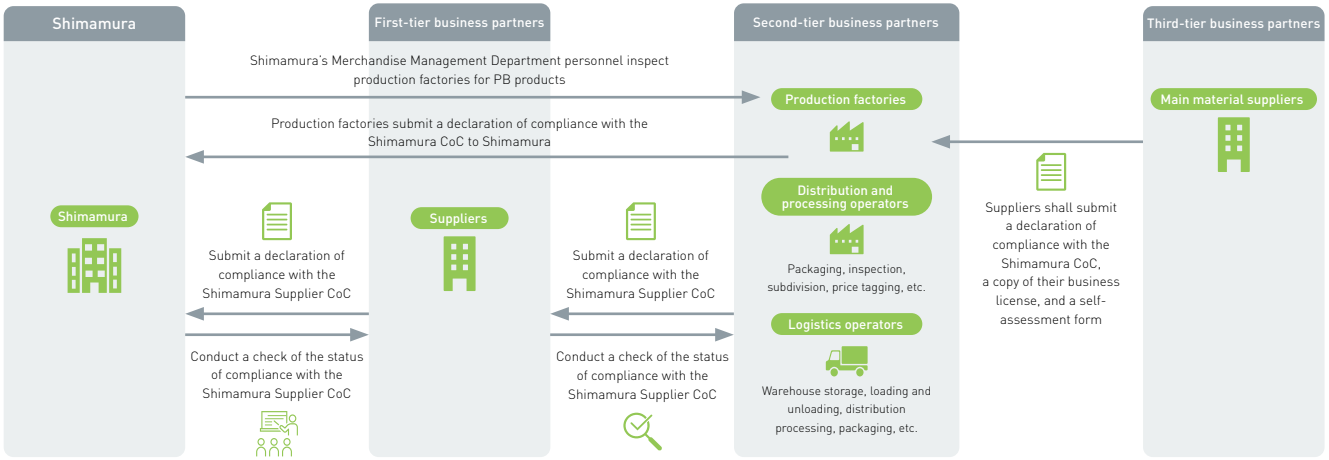
Factory Certification System for PBs

The Shimamura Group develops PB products with a strong focus on materials, functionality, and quality, while outsourcing their production to overseas manufacturing partners. To maintain quality and promote sustainable procurement, we have introduced a Factory Certification System for PBs, under which our employees inspect and assess factories before production begins. Currently, approximately 350 certified factories are tasked with producing PB products.Members of the Merchandise Management Department responsible for quality control visit factories to assess compliance with the CoC, covering not only production control but also working conditions and respect for human rights. Where necessary, factories are required to submit corrective action reports following the inspection, facilitating continuous improvement.

CoC Compliance Structure in the Supply Chain

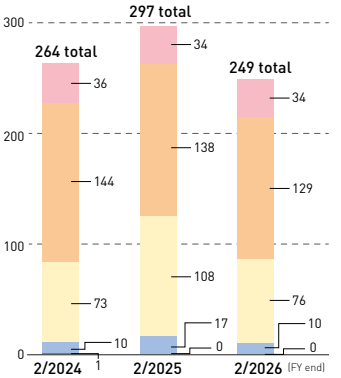
We communicate the contents of the CoC to all first-tier business partners (direct suppliers) through explanatory briefings and other means. Each first-tier business partner explains the CoC to production factories and other second-tier business partners, verifies compliance, and collects a declaration of compliance from these second-tier business partners. We only conduct business with first-tier business partners after receiving their declaration of compliance, which must be submitted every year. Beginning in FY 2/2026, we introduced unannounced compliance checks conducted by the Company, further strengthening compliance across the supply chain.

PB Product Factories



PB Factory Inspection Results

(New Certifications + Certification Continuation)



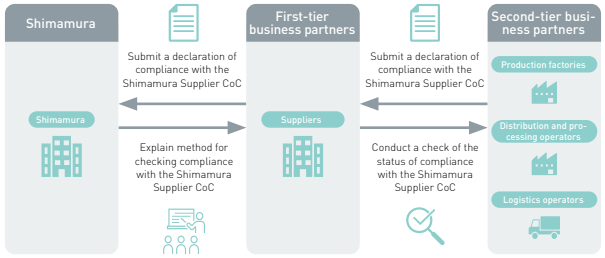
Assessment		Description
Pass	S	An excellent factory that has established an organized control structure
	A	A factory with overall proper control despite some concerns
	B	A standard factory which performs basic controls despite concerns
Need re-inspection	C	A factory that can improve with guidance despite an insufficient control structure
Fail	D	A factory that has an insufficient control structure and is considered difficult to improve even with guidance

TOPICS

Structure for Non-PB Product Factories

To improve compliance with the CoC throughout the supply chain in general, we are also strengthening oversight of the production of products besides PB products. Beginning in FY 2/2026, we established a common set of criteria for first-tier business partners to use when assessing second-tier business partners, including production factories. Furthermore, by introducing unannounced checks conducted by the Company, we are improving oversight of second- and third-tier business partners beyond producers of PB products and raising the overall standard of human rights and environmental practices across the supply chain.

Non-PB Product Factories

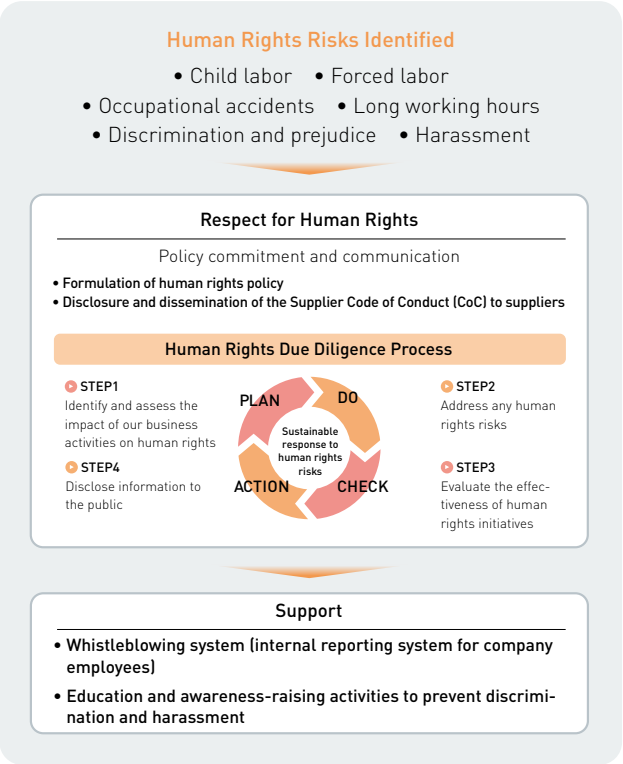


Human Rights Initiatives

Please see our website for more information regarding our human rights policy
https://www.shimamura.gr.jp/en/sustainability/social04.html

Human Rights Due Diligence

The Shimamura Group shall engage in human rights due diligence, ensuring that Group Companies understand the risks of human rights violations in their business activities, formulate preventative and mitigation measures, and develop the mechanisms for implementing these measures. The chief operator for human rights due diligence is the president of the Company. We shall not infringe upon human rights in any of our business activities. In addition, in the event our business activities have an adverse effect on human rights, we shall take the appropriate action to correct the situation. Moreover, in cooperation with our employees and our business partners, we shall strive to respect human rights and to build a responsible supply chain.



Human Rights Risk Response

Respect for human rights in the supply chain

The Shimamura Group and suppliers work together to ensure respect for human rights throughout the supply chain, based on the Shimamura Supplier Code of Conduct (CoC).

Respect for human rights in PB factories

Employees from the Merchandise Management Department in charge of quality control visit factories that produce PB products in order to inspect production control and to ensure that the CoC is properly adhered to in terms of the factory work environment and human rights.

Preventing Discrimination and Harassment

The Shimamura Group stipulates in the Work Regulations that the prevention of discrimination and harassment is a matter that all employees must strictly adhere to in their duties. In addition, we have stipulated in the Recruitment Regulations that we shall not discriminate according to nationality, age, gender, or other characteristics during recruitment.

- **Method of informing employees**

We work to prevent discrimination and harassment by providing anti-harassment training for managers at the store manager level and above on a regular basis.

Whistleblowing system

To strengthen compliance and enhance the Group's ability to identify and address issues internally, we have established a whistleblowing (internal reporting) system. This system serves as a mechanism for appropriately handling consultations and reports concerning organizational or individual violations of laws and regulations, as well as violations of the Group's Work Regulations, while enabling the early detection and correction of misconduct within the Company, as stipulated in the Regulations to Protect Whistleblowers. The system covers all employees, including full-time employees, part-time, temporary, and contracted employees.

Under this system, the executive officer responsible for the Labor Support Department oversees the operation of the system, while the Legal Section, as the party responsible for the point of contact for consultation and reporting, handles the resolution of cases. In addition to internal contact points within the Legal Section and the Labor Support Department, we have established an independent external reporting channel staffed by a lawyer, which gives employees an avenue to raise concerns and make reports with peace of mind and without psychological barriers. All reports received and the outcomes of the actions taken are reported, through the executive officer responsible for the Labor Support Department, to the Group Management Meeting or the Board of Directors, according to the nature of the case.

Cases requiring disciplinary action are referred to the Awards and Disciplinary Action Committee, and a framework has been established to ensure strict and appropriate handling of such matters.

In operating the system, we place the highest priority on protecting whistleblowers and other relevant parties and rigorously enforce those protections. Dismissal or any other adverse treatment resulting from making a report or seeking consultation is strictly prohibited, and appropriate measures are taken to ensure that the workplace environments of whistleblowers and those who make consultations are not negatively affected. To enhance the effectiveness of the system and foster an open corporate culture, we conduct activities to raise awareness of our whistleblowing system on a regular basis, which include providing information in manuals accessible to all employees, explaining the system during new employee orientations, and posting reporting forms and related notices. Going forward, we will continue to conduct our business with sincerity and transparency to live up to the trust of our stakeholders.

Priority Issue: Society—Success for a Variety of Human Resources

Promoting Diversity

The Group promotes a work environment where a diverse group of people can leverage their unique strengths and fully demonstrate their abilities, regardless of age, gender, disability, or employment status. Our goal is to create new value and drive sustainable corporate growth by using work as a means to support the self-realization of each employee.

Women's Participation in the Workplace

Ratio of female managers

19.3% → **20.2%**

FY 2/2025 **FY 2/2026**

Over 80% of Shimamura Group employees are M-employees (regular part-time employees). A distinctive feature of the Company is its unique internal advancement system, which enables talented and motivated M-employees to advance their careers within the Company. Approximately 70% of current store managers were promoted through this store manager promotion system. After becoming store managers, these employees have opportunities to pursue more senior positions, including Block Manager roles.

To further increase the representation of women in management positions, we provide a Store Manager Candidate Training Program for M-Employees and a Block Manager Candidate Training Program for employees who have advanced from M-Employee to Store Manager. Through these training programs, we help participants develop the knowledge and management skills needed for advancement to more senior positions, while encouraging greater ambition for career growth and cultivating the next generation of female managers.

In addition, beginning in FY 2/2026, we have ramped up awareness-building efforts by launching online career design roundtable discussions and other initiatives, fostering a workplace where employees can take ownership of their careers and thrive in their roles, regardless of their gender or employment status.

Employment of People with Disabilities

Employment ratio of people with disabilities

5.03% → **5.36%**

As of June 1, 2024 **As of June 1, 2025**

We are committed to helping build a society that values diversity by fostering workplaces where people with disabilities can fully demonstrate their abilities. As of June 1, 2025, 973 employees with disabilities are working at the Shimamura Group. The ratio of employment for people with disabilities is 5.36%, maintaining a ratio that exceeds the legally mandated employment rate of 2.7%.

In addition, to provide close day-to-day support, we encourage block managers to obtain certification as Licensed Professional Life Counselors for People with Disabilities, with 451 certified as of February 2026. We will continue working closely with local support organizations and other partners to foster an environment where everyone can find fulfillment in their work and thrive in their role.

Certification by Saitama Prefecture as an Outstanding Employer of Persons with Disabilities

We are committed to the continued employment of people with disabilities and to creating a workplace environment where they can make the most of their individual abilities. These ongoing efforts have been recognized externally and we have been certified by Saitama Prefecture as an Outstanding Employer of Persons with Disabilities every year since 2014.

Work–Life Balance

We strive to achieve a work–life balance that enables employees to lead fulfilling professional and personal lives while creating a virtuous cycle in which one improves the other. We provide flexible work and leave programs that help employees balance work with childcare and caregiving responsibilities, while striving to maintain a workplace where all employees can be physically and mentally healthy and perform at their best without compromising their peace of mind.

TOPICS

Turning Employee Feedback into New Workstyle Support Initiatives

The Shimamura Group is committed to promoting work–life balance, ensuring that employees can continue to thrive across their careers as they move through the different stages of their lives. As part of these efforts, in FY 2/2026, we conducted in-Company opinion exchange sessions to create a more supportive work environment for employees raising children.

Through these discussions, we were able to gather direct feedback on the practical challenges of balancing childcare and work, alongside candid suggestions for improving the workplace. In addition, we translated this type of employee feedback into tangible action by introducing new support systems that provide greater flexibility for balancing work with personal and family responsibilities. Specifically, these discussions served as a catalyst for reduced working-hour schedules and flextime at the head office.



In-Company opinion exchange session

We will continue to value dialogue with employees and use their feedback to enhance the workplace environment, with the goal of being a company where everyone can thrive and fully demonstrate their abilities.

Priority Issue: Society—Enhancement of Roles of Clothing Infrastructure

Shima Sapo Initiatives

We provide the Shima Sapo shopping support service as part of our commitment to serving as a local clothing infrastructure in local communities. This service is designed for people with limited access to clothing stores or those living in facilities where going out is difficult, allowing them to select products for themselves and enjoy an authentic shopping experience. Beginning in FY 2/2025, we expanded the service to Fashion Center Shimamura stores across Japan (excluding certain locations) and continue working to support local communities and enhance convenience for customers.

Traveling sales

Traveling sales are a service in which Shimamura store staff travel directly to local government facilities and nursing care facilities and set up temporary shopping areas where customers can select and purchase products. This gives people who have difficulties going out, such as people in nursing care facilities, the opportunity to enjoy selecting products by seeing and handling them in person. To give them the best experience possible, we bring a wide range of products carefully chosen to meet customer needs and provide the comfortable and reassuring experience that only comes with face-to-face interaction.



FY 2/2026

282 events

Net sales:
92 million yen

Shopping Tours

Our shopping tours enable residents of nursing care facilities and facilities for people with disabilities to visit Shimamura stores and enjoy shopping first-hand. We open the store one hour before regular business hours for exclusive use by these participants, giving customers the special opportunity to browse the aisles, shop at their own pace, and find products of their choice without having to worry about other shoppers.



FY 2/2026

203 events

Net sales:
21 million yen

Offering Products for Seniors Through the Online Store

Recognizing that in-person support may not always be available, we began online sales of products for seniors in 2023, giving customers a convenient option that lets them shop whenever they wish, regardless of where they live or their physical condition. We have broadened our product lineup to meet a diverse range of customer needs. This lineup includes functional apparel that is designed to be easy to put on or take off, as well as nursing care undergarments and practical products for care facility staff.





TOPICS

Launch of Shima Sapo Chottokubin, a New Online Store Initiative

To further reinforce our role as local clothing infrastructure, we launched Shima Sapo Chottokubin, a new online shopping platform specializing in bulk purchases. This service has been introduced as a new offering that complements both our existing in-person initiatives, such as traveling sales, shopping tours, and our conventional online store for individual purchasing, allowing us to more carefully address the wide-ranging needs of care facilities and other institutional customers. The key feature of this service is that customers can easily place bulk orders for practical products essential to facility operations and daily life, such as caregiving uniforms, caregiving undergarments, towels, and aprons, all at Shimamura's signature "prices for peace of mind." The products ordered are delivered directly to facilities or homes, greatly reducing the burden of purchasing and transporting. In addition, we have established a process for taking specific product requests from customers and continue to enhance our assortment based on direct feedback from the field. We are also working to raise awareness of the service through in-store flyer distribution and sales promotions. Going forward, we will continue to use this service and others to provide a convenient and comfortable shopping experience for a broad range of customers.

しまサポ
しまむらグループ
直トク便

Shima Sapo Chottokubin—Shimamura's official online store for bulk purchases (Japanese only)
https://business.shop-shimamura.com/

Management of Human Capital

The Next Medium-Term Management Plan for 2030 and Human Capital Disclosure

Guided by our core philosophy of being a "good company" for all stakeholders, the Shimamura Group has contributed to enhancing the stability and quality of everyday life as a part of community infrastructure. We are currently developing a new Medium-Term Management Plan targeting 2030, aimed at achieving further sustainable growth and enhancing corporate value, and will disclose further details in due course.

A major strategic pillar of this plan is the promotion of human capital management. As we prepare for our next stage of growth amid an increasingly uncertain business environment, we have been reminded of how critical it is to unlock the full value of our employees, our most important source of strength.

Accordingly, our upcoming plan will also outline the direction, targets, and KPIs of a new human resources strategy that is more closely tied to our business strategy. We believe that the growth of each employee drives the growth of the Company. Therefore, we will continue to provide stakeholders with ongoing disclosure regarding our approach to human capital and the progress of our initiatives.

Current Overview



We view investment in human capital not as a cost, but as an investment in the foundation that supports sustainable growth. Our Management Mission for employees is to enable each of them to achieve self-realization through work, lead a stable daily life, and lead fulfilling lives as members of society over the course of their lifetime.

Our stance is simple, yet important: the growth of our employees drives the growth of the Company. We firmly believe that providing an environment where talented employees can thrive and advance their careers at every stage, regardless of employment status, gender, age, or disability, ultimately enhances productivity and adds value.

In addition, women account for approximately 94.5% of Group employees; therefore, enabling employees to keep building their careers across different life stages, is a crucial matter that lies at the very core of our business. Our efforts to foster a culture in which women can succeed in management roles, to support employees in balancing work with childcare and caregiving responsibilities, and to create an environment where employees with disabilities can fully demonstrate their abilities reflect our belief that diversity is a competitive advantage.

We believe that employees with healthy minds and bodies are employees who thrive at work. This underlying principle is essential for true corporate growth. Guided by our Management Mission to build a "good company," we will continue to invest earnestly in human capital to create a workplace where employees can enjoy both a comfortable and rewarding work environment.

Management of Human Capital

Our Human Resources Strategy: Comfortable and Rewarding Work Conditions

Human Resource Development to Support Corporate Growth and Employee Self-Realization

The Shimamura Group has defined the capabilities necessary for employees to achieve results—knowledge, skills, thinking, and competencies—under its Shimamura Capability-Building Model. By combining practical skill development through on-the-job training with structured learning opportunities via off-the-job training, we support employees' autonomous growth and development. More specifically, we have developed a learning and development framework to support the employees as they develop their capabilities. This framework is built around four pillars: education by rank, education by department, common training, and self-development support. Education by rank helps full-time employees develop the knowledge and skills required at each stage of their careers, while education by department provides in-depth education in the specialized expertise needed to perform their duties. Common training includes anti-harassment training, information security training, and ESG education, while self-development support encourages proactive learning through correspondence education and qualification support.

Improving Health Awareness

The establishment of the Health and Productivity Management Promotion Team in FY 2/2026 has helped create a system through which the Company can take a more active role in promoting better physical and mental health for its employees. In addition to improving participation rates in health checkups, we have established an environment that encourages healthy behavior both inside and outside the workplace, including the launch of in-house sports clubs that promote regular physical activity and the introduction of healthy menu options in the employee cafeteria at the head office. We will continue to foster a workplace where every employee can remain physically and mentally healthy and thrive at work.

Implementation of the Good Company Survey

In FY 2/2026, we introduced the Good Company Survey, Shimamura's employee engagement survey. Shimamura's goal is to achieve an ideal state in which each employee understands and embraces our Management Mission of building a "good company" and is motivated to take the initiative in their work and perform their duties with a strong sense of purpose and a feeling of fulfillment. We will analyze the results of this survey on a regular basis to improve employee health and working conditions based on the reality on the ground. Our goal is to create a feedback-driven, two-way engagement cycle that continuously strengthens employee engagement.

Employee Net Promoter Score (eNPS)

Would you recommend Shimamura to your friends and family?

Wholesale/ retail industry average	Shimamura (full-time employees)
−64.9	−45.3

Note: Based on the results of the Good Company Survey conducted in FY 2/2026
The larger the value (or the smaller the negative variance), the higher the level of employee engagement

Message from the Executive in Charge

The Next Stage of Sustainable Growth, Driven by a Comfortable, Rewarding Workplace and Employee Health

For the Shimamura Group to achieve sustainable growth in the future, it is essential to create an environment that enables every employee, our driving force, to perform at their highest level. To establish a comfortable work environment, a core element of our human resources strategy, we are enhancing support programs and updating workplace systems, which include expanding our childcare and nursing care support systems, and raising the retirement age to 65, so that employees can continue to build their careers across the different stages of their lives. At the same time, we want work to be rewarding. On this front, we are making a dedicated effort to appoint women to management positions while also striving to develop self-directed and growth-oriented talent through structured training programs rooted in our Shimamura Capability-Building Model. Underpinning all these efforts is employee health. In FY2/2026, we officially launched full-scale health and productivity management. By improving health literacy, encouraging healthier lifestyles, and supporting mental health, we are promoting the creation of a "good company" where employees can thrive at work.

Accordingly, the management of human capital remains a vital pillar as we develop our next medium-term management plan, which targets 2030. We will continue promoting a comfortable and fulfilling workplace and good employee health, building a resilient organization where corporate growth and employee well-being reinforce one another in a virtuous cycle.

Makoto Oota
Director and Executive Officer
Supervisor of the Human Resources Development Department, Labor Support Department, and Track & Field Athletics Department



Outside Director Roundtable

Shimamura's Challenge-Seeking Approach to Enhancing Corporate Value

The Strengths and Value that Make Shimamura a "Good Company"

We asked three outside directors of the Company to look back at FY 2/2026, the second year of Medium-Term Management Plan 2027 "The Next Challenge" and give their thoughts on Shimamura's unique approach to taking on challenges and its governance.



Chiaki Hirota
Outside Director

Yutaka Suzuki
Outside Director

Teiichi Murokubo
Outside Director

The Gap Between External Perceptions and the True Inner Workings of a Company (Welcoming a New Outside Director)

Hirota I was appointed as an outside director in May 2026. However, I had already spent several years following the Shimamura Group as a securities analyst for the retail sector, from 2002 to about 2013. Even then, I viewed Shimamura as having a solid business foundation, stable cash generation, and a highly disciplined management approach. However, there were times when the stock market viewed that disciplined approach as overly conservative.

Now that my position as outside director has given me an inside look at the Company, I feel like the divide between how I viewed it then versus how I view it now is quite positive. Although the Company's targets, including those under its medium-term management plan, appear conservative on the surface, looking under this surface has revealed a strong spirit throughout the organization of embracing challenges that will achieve these goals. In my view, the potential for growth arising from these efforts is greater than the market currently gives the Company credit for.

At the same time, there is also an issue that this potential has not been communicated to many investors. Going forward, I believe one of my key responsibilities will be to leverage my experience and insight as an analyst to help communicate the Company's strengths and management's vision for growth to the market in a clear and compelling manner.

Suzuki I very much look forward to the knowledge Ms. Hirota will bring to the table from her career as an analyst. This policy of disciplined management has enabled the Company to increase shareholder equity and build up its cash reserves steadily over time. I believe that having cash available for use when needed is a sign of strong management. On the other hand, times have changed. As investors place greater emphasis on capital efficiency, it is increasingly important for companies to use these reserves effectively. Going forward, I look forward to discussing with Ms. Hirota how best to invest capital, shape our growth strategy, and distribute capital among stakeholders, with the larger goal of continuing to create sustainable value for the Group.

On the topic of goals, many of the goals within the Company are challenging ones that have been proposed by employees through a bottom-up process. These goals stem from the experience employees gained during the three years of Medium-Term Management Plan 2024, titled "Reborn," when employees were tasked with taking greater ownership of their work. Under Medium-Term Management Plan 2027, which is titled "The Next Challenge," employees identified things the Company needed to do, and the initiatives they themselves could take on, and those ideas were incorporated into our goals. I believe the Company was able to achieve its targets in FY 2/2026, the second year of the plan, because employees had a personal attachment to the

Outside Director Roundtable

goals they helped create. This bottom-up culture, in which employees identify and take ownership of what needs to be done, will support the Company's sustainable growth not only under the next medium-term management plan but well beyond it. I expect that Ms. Hirota's experience in the capital markets will enrich our discussions and help make the Company even stronger.

Murokubo I will add that, beyond her background as an analyst, Ms. Hirota has hands-on management experience as a business owner, giving her a broad and multifaceted perspective on corporate management. I take great comfort in knowing that someone with the skills needed to support the Company's future growth has joined the Board. As outside directors, we are expected to fulfill a wide range of responsibilities, including providing advice based on our knowledge, overseeing management, and ensuring that the voice of stakeholders is reflected in company decision-making. Ms. Hirota, your background as an analyst gives you valuable insight into the minds of shareholders and investors. For this reason, I believe you will play an important role from both an external and an internal perspective.

It has been four years since I was appointed as an outside director. As Ms. Hirota and Mr. Suzuki mentioned earlier, Shimamura has a deeply rooted culture of setting bold annual goals based on its medium- and long-term management plans. The results speak for themselves. The Company has delivered tangible results through extensive discussion, creativity, and persistent execution across departments. Since those achievements came from the bottom up, I feel a strong sense of momentum, confidence, and unity throughout the organization.



Employees can speak candidly to their supervisors, and supervisors sincerely listen to proposals and opinions. With this corporate culture now the norm, the Group is armed with a driving force for sustainable growth and enhanced corporate value. I have also had more opportunities to speak with the Company's executive officers through meetings of the Board of Directors and the Management Plan Formulation Committee. In addition to meeting regularly with outside members of the Audit & Supervisory Board, we have created opportunities to engage directly with department heads and office managers, fostering active communication throughout the organization. With these conditions in place, we will remain mindful of the role entrusted to us and carry out our responsibilities to the fullest.

Reviewing Capital Allocation for the Next Stage of Growth

Suzuki As I mentioned earlier, Shimamura's capital allocation is grounded in sustainable management. After all, without a business, a company cannot grow. And, of course, a business cannot sustain itself without people to run it. Both are absolutely essential. Aiming for this result, I believe growth investment extends beyond investments in the business itself, such as store development, product development, and logistics streamlining, to investments in people, namely employee education and personnel expenses.

From a capital efficiency perspective, including investments, one of the most significant developments in FY 2/2026 was the decision to implement both a stock split and to acquire treasury shares. With respect to the stock split, the Company conducted a two-for-one stock split in February 2024, followed by a three-for-one stock split in February 2026. These stock splits will increase the number of shareholders by making the share price more affordable. If more shareholders take a deeper interest in the Company, we will gain a broader range of feedback, which we can incorporate into management decisions. It is my hope that the Company's actions set this type of virtuous cycle into motion. When customers who support Shimamura also become shareholders, their connection to the business becomes even stronger. I believe it is important to foster this type of synergy.

Murokubo Under the capital policy of Medium-Term Management Plan 2027, the Company set a target for ROE of 9.0% or higher. In late January 2026, it followed this by acquiring treasury shares after extensive deliberation. This purchase was implemented as part of Shimamura's shareholder return strategy to improve capital efficiency, in line with its Management Mission of building a "good company" for all stakeholders.

In the future, I believe the Company should maintain its strong financial position. However, it should also allocate managerial resources toward growth investments that support increased scale and create value for all stakeholders.

Recently, the discussions around growth investments have become increasingly more lively. For example, the entry into the Thailand and Bangkok markets through a dedicated e-commerce site and pop-up stores and the expansion into urban centers were subject to thorough deliberation by the Board of Directors and the Management Plan Formulation Committee before being approved. On top of expanding growth investments and enhancing shareholder returns, I believe we should have more discussions on how best to deploy internal reserves, with specific attention given to M&As, strategic alliances, new business ventures, or international expansion.



Hirota Although it took place before I joined the Board, I could sense management's commitment to growth, demonstrated by its decision to raise the FY 2/2027 targets under Medium-Term Management Plan 2027. When a company can hit its targets consistently, year after year, it builds credibility with the market. This is one of Shimamura's strengths. I think the Company should maintain this measured approach, but it will also need to paint a clearer picture of what the future of Shimamura looks like beyond reaching these targets.

Outside Director Roundtable

Though enhanced shareholder returns are an important means of improving capital efficiency, the fundamental driver of maximizing corporate value over the medium to long term is the sustainable growth of profit supported by continued growth of net sales. From that perspective, I believe capital allocation should center on growth investments. I should specify that this is not the same as investing indiscriminately. The Board of Directors will need to carefully determine whether any potential investment offers sufficient returns and is strategically meaningful before taking action. Of course, if capital continues to build after securing resources sufficient for future growth and a sound financial standing, it is important to continue constructive discussions on optimizing the Company's capital structure, which includes shareholder returns.

Shimamura has established itself as an essential part of social infrastructure. However, there is still ample room to expand its share of the apparel market. As competing formats such as general merchandise stores pull back on apparel, the Company needs to seize the market share opportunities that come out of this shift. In addition, new avenues for growth are emerging, including urban expansion and other new initiatives not bound by Shimamura's traditional formats. I think it is important to bring these sorts of promising growth opportunities, including the potential new businesses mentioned by Mr. Murokubo, into clearer focus and actively discuss them.

A "Good Company" Begins with Individual Aspiration

Murokubo In terms of governance, the Company has strengthened its frameworks for the Board of Directors, Board committees, compliance, internal controls, and risk management, while also enhancing its disclosure practices. Furthermore, as part of its efforts to further strengthen governance, the Company conducts an annual survey to evaluate the effectiveness of the Board of Directors. This has proven to be a highly effective tool, as it allows both directors and members of the Audit & Supervisory Board to share candid feedback that might not otherwise be fully expressed due to the time constraints of Board discussions. The results are reported back to the Board, enabling focused discussions on the key issues identified in a process I personally find highly effective. Going forward, I will continue to engage in substantive discussions on key issues such as growth investments, business portfolio transformation, and human resources strategy.

Effective governance is not just a matter of formal systems and structures; it also depends on regular assessments of the effectiveness of the Board and its committees and ongoing internal training. To prevent governance frameworks from becoming a mere formality, I believe continuous review following a PDCA cycle is key. That said, an even more important factor in good governance and being a "good company" is a culture of open communication throughout the organization, in which people can speak openly and candidly, and where accurate information is reported promptly.

Suzuki The word "governance" conjures up ideas of systems and regulations, but I think the true essence of governance is in how seriously a company embraces the desire to create a "good company."

For this to be true, each individual needs to think for themselves about what a "good company" means to them and hold aspirations for the kind of person they want to become and what they want to achieve within this "good company." I believe that these individual aspirations, brought together, are the precursor to any effective framework. The Company's manuals are a good example. These were not simply imposed from the top down. They were built over time through the ideas and efforts of frontline employees working to improve the way they do their jobs. By being implemented across all stores and embraced by every employee, these manual-based practices help maintain a high level of service, improve operational efficiency, and leave customers feeling satisfied. Because of this positive impact, employees continue to put forward ideas for improvement, which in turn drive the ongoing evolution of systems and processes. In my mind, what makes Shimamura's governance stand out is this drive to improve the Company, which starts from within each person and spreads across the entire organization. People will put in the effort when they know it will be recognized fairly. I believe that a company that abides by this principle is a truly "good company."



Hirota I think Mr. Suzuki has it completely right. The real measure of governance is not the sophistication of its systems and frameworks, but how effectively it improves decision-making by management and the extent to which it raises corporate value. Viewed from that perspective, I believe management is genuinely committed to building a "good company" for all stakeholders and that the Company's governance is functioning effectively in actual practice.

One thing that particularly struck me after I was appointed and after reading the Company's regulations was how clearly the performance evaluation criteria for all executive officers were defined. Ensuring fairness and transparency in evaluations is a challenge for many Japanese companies, but at Shimamura this is simply a given. I was particularly impressed that the executive officers perform their duties with a healthy sense of accountability. In my view, this is one of the Company's core strengths, and one that was not visible to me when I observed purely from the outside.

I believe this clear set of evaluation criteria, coupled with conscientious practices, serve as a crucial foundation for turning individual aspiration and the bottom-up drive to improve and take on challenges into greater corporate value. As an outside director, my goals are to ensure that the Company's systems and frameworks do more than exist on paper and ensure that they encourage frank dialogue, contributing to better decision-making among management. I hope that I can help Shimamura in its efforts to make a "good company" even better and make sure that its governance is effective, not only in theory but in practice as well.

Corporate Governance

Basic Policy

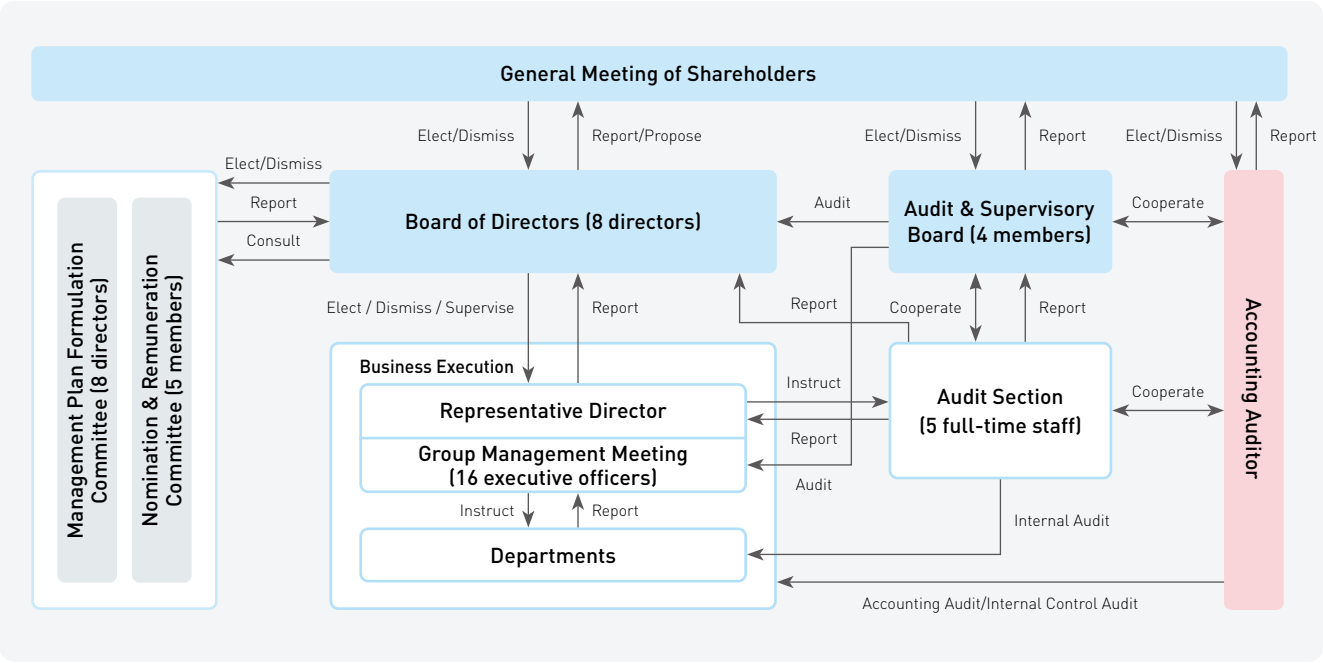
The Shimamura Group believes that the basis of its business lies in dealing fairly and equitably with a variety of stakeholders, including employees, customers, business partners, shareholders, and society.

We recognize that further strengthening the confidence and trust of stakeholders is necessary for business continuity and growth. Furthermore, we recognize the importance of enhancing corporate governance to achieve this.

We must also further increase management efficiency and profitability by developing and expanding the unique business model we have built in the retail industry. To do this, we believe that directors with highly specialized business and operational knowledge should decide on the financial and business policies of the Shimamura Group, heighten corporate value, and contribute to the common interests of all stakeholders. This must be done while remaining in compliance with laws, regulations, and the Articles of Incorporation.

Corporate Governance Structure (As of May 15, 2026)

The Company has adopted a Company with an Audit & Supervisory Board structure, with a corporate governance system that centers on a Board of Directors and the Audit & Supervisory Board as well as voluntary committees and the Group Management Meeting, which serve as advisory bodies for the Board of Directors.



Enhancing Corporate Governance

In FY 2/2026, we adopted a dual leadership structure consisting of the representative director, chairman and executive officer, and the representative director, president and executive officer. This structure enabled a flexible response to changes in the business environment and accelerated the speed at which management could address issues.

(FY end)

2/2019
- Introduction of the evaluation of the effectiveness of the Board of Directors

2/2021
- President Suzuki's appointment as president, declaration to strengthen governance
- Establishment of subcommittees of the Board of Directors (currently, committees)

2/2022
- Disclosure of Medium-Term Management Plan 2024
- Establishment of the Management Plan Formulation Committee and the Nomination & Remuneration Committee
- Introduction of restricted stock compensation for executive officers
- Disclosure of results of and responses to the evaluation of the effectiveness of the Board of Directors
- Disclosure of the Director Skill Matrix

2/2023
- Directors' term of office changed from two years to one
- Ratio of outside directors in the Board of Directors increased to one-third

2/2024
- Full compliance with the principles of Japan's Corporate Governance Code
- Disclosure of Long-Term Management Plan 2030
- Establishment of a risk management system

2/2025
- Disclosure of Medium-Term Management Plan 2027

2/2026
- Iichiro Takahashi appointed as president

Membership

Board of Directors

In principle, the Board of Directors meets at least once a month to facilitate accurate and prompt decision-making as well as transparency in management. In addition to matters stipulated by law and the Articles of Incorporation, the Board of Directors deliberates important matters stipulated by Company regulations.

- Number of meetings in FY 2/2026: 17

Audit & Supervisory Board

The Audit & Supervisory Board comprises four members, one of whom is a standing member and two of whom are outside members. Each Audit & Supervisory Board member follows the audit policy and division of duties established by the Audit & Supervisory Board. They are also able to sufficiently monitor directors' execution of duties by attending meetings of the Board of Directors and other important meetings, as well as by viewing the various reports provided by the Board of Directors.

- Number of meetings in FY 2/2026: 18

Nomination & Remuneration Committee

The Company has voluntarily established the Nomination & Remuneration Committee as an advisory body to the Board of Directors. In principle, the committee meets at least four times a year to increase the fairness, transparency, and objectivity of procedures related to officer nomination and remuneration. The deliberations of each meeting are reported to the Board of Directors.

- Number of meetings in FY 2/2026: 5

Management Plan Formulation Committee

The Company has voluntarily established the Management Plan Formulation Committee as an advisory body to the Board of Directors. The committee meets at least four times a year, in principle, to stimulate discussions related to the formulation of medium-term management plans and annual management plans, and to increase the appropriateness, transparency, and objectivity of such procedures.

- Number of meetings in FY 2/2026: 6

Group Management Meeting

The Company has established the Group Management Meeting, which is attended by executive officers, in order to improve management efficiency and operational speed.

- Number of meetings in FY 2/2026: 48

Please see our website for more information regarding each meeting body
https://www.shimamura.gr.jp/en/ir/governance/

Provision of Information to Outside Directors

To enhance the effectiveness of the Board of Directors, the Company shares materials with outside directors, which include information from Board of Directors meetings and other important meetings, including those held by the Group Management Meeting.

Starting in FY 2/2026, opportunities have been created for outside directors to engage in dialogue with executive officers and heads of departments and offices. During these dialogues, outside directors deepen their understanding of the Group's business by hearing about business execution, including information about IP-related business and strategies for products, firsthand from the people in charge of them. In addition, the participants exchanged views on the fundamentals of organizational management, including the development of organizational culture and communication with their teams.

These efforts enhance directors' supervisory capabilities, facilitate swift and appropriate decision-making, and contribute to the further improvement of corporate governance.



The Board of Directors' Response to Issues Highlighted by Shareholders and Investors

Shimamura's basic policy for investor relations is to provide fair, accurate, continuous, and appropriate information, such as information on business performance and management policies, that will contribute to the investment decisions of all stakeholders, including shareholders, investors, analysts, and other members of the capital market. Opinions and requests received from shareholders and investors are reported to the Board of Directors as feedback and are used as a reference for company management.

Investor and Shareholder Opinions

Concerns were shared regarding the feasibility of raising the ROE target from approximately 8.0% to 9.0% or higher as part of Medium-Term Management Plan 2027. Views were also expressed that internal reserves used to fund growth strategies should be allocated more extensively to shareholder returns, including dividends and the acquisition of treasury shares.

Deliberations by the Board of Directors and the Management Plan Formulation Committee

The Company's fundamental approach is to raise ROE by improving sales and profit margins through its business operations. Investor feedback was reported to the Board of Directors, after which discussions were held regarding the goal of achieving ROE of at least 9.0% by the end of FY 2/2027. These deliberations included discussion of measures for shareholder returns aimed at enhancing capital efficiency.

Disclosure

At the Board of Directors meeting held January 26, 2026, the Company resolved to acquire treasury shares and approved the specific method for their acquisition. Following this decision, the Company acquired 4.3 million shares of common stock using the Tokyo Stock Exchange's off-auction share repurchase system (ToSTNeT-3).

Please see our website for details regarding IR.
https://www.shimamura.gr.jp/en/ir/mid-term/

Please see our website for information on our IR policy (Japanese only).
https://www.shimamura.gr.jp/ir/policy/

Details of Meeting Deliberations

The Company has adopted a Company with an Audit & Supervisory Board structure, with a corporate governance system that centers on a Board of Directors and the Audit & Supervisory Board as well as voluntary committees and the Group Management Meeting, which serve as advisory bodies for the Board of Directors.

The basic policy for Medium-Term Management Plan 2027 is titled "The Next Challenge (Pursuing Further Growth)." As detailed in this policy, the Shimamura Group will harness the creativity and ingenuity of its employees to build upon the strengths of the Shimamura Group. Moreover, it will expand its scale of operations by driving up performance in existing stores and making active efforts to open new stores, while conducting efficient operations to increase profitability.

Under this basic policy, growth strategies were positioned as a key agenda item and, over the course of FY 2/2026, the Board of Directors and its advisory body, the Management Plan Formulation Committee, continuously deliberated over matters related to these growth strategies, including strategies for store openings, overseas expansion, and the Group's business portfolio.

With respect to the business portfolio, the Board deliberated on the direction of future strategies for the Chambre and Divalo businesses, which are positioned as businesses under reconstruction based on their current performance, and the results of initiatives to date. Consequently, it was determined that the Divalo Business would follow a new concept and move to accelerate its business restructuring initiatives from FY 2/2027.

Regarding store openings, the Board shared information on rental conditions in urban areas and deliberated on more flexible evaluation criteria with fewer constraints than existing criteria, alongside discussions of optimizing store floor space and other measures.

As for new overseas businesses, the Board reviewed research reports on potential countries of interest and deliberated on the current feasibility and strategic direction of overseas expansion.

Continued deliberation by the Board of Directors in the manner described here is a means for the Company to consistently execute and assess its growth strategies and, by doing so, increase corporate value.

Please see our website for more details regarding meeting deliberations.
https://www.shimamura.gr.jp/en/ir/governance/

Please see our website for information regarding Medium-Term Management Plan 2027.
https://www.shimamura.gr.jp/en/ir/mid-term/

Evaluation of the Effectiveness of the Board of Directors

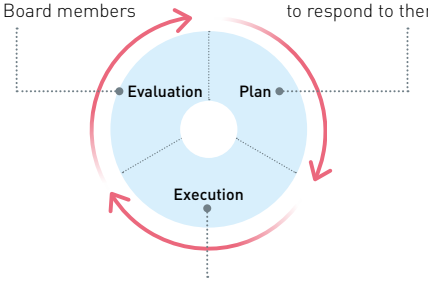
The Group conducts an annual questionnaire-based survey of Directors and Audit & Supervisory Board members once per year in order to evaluate the effectiveness of the Board of Directors. This survey covers topics including the composition of the Board of Directors, operation and agenda, systems for supporting the Board of Directors, and the roles and operating status of voluntary committees.

Furthermore, starting from the March 2026 evaluation onward, the Public Relations Section, which serves as the Secretariat of the Board of Directors, has conducted interviews to facilitate deeper analysis of survey results and to formulate more effective response measures that properly incorporate individual views. The Secretariat reports the results of the evaluation to the Board of Directors. Then, after deliberating on issues and countermeasures, any necessary improvements are made to increase the effectiveness of the Board of Directors.

Evaluation Process

Directors and Audit & Supervisory Board members evaluate the Board via questionnaire
The Public Relations Section interviews directors and Audit & Supervisory Board members

The Public Relations Section compiles the results and reports them to the Board of Directors, which will then deliberate on issues and how to respond to them



Carry out plan following deliberations

Issues and Responses for Improving Effectiveness

	FY 2/2025	FY 2/2026
Issues	• There is a need for continued discussions regarding growth strategies • There is a need for continued discussions regarding human capital	• There is a need to discuss the review of capital policies. • There needs to be continued discussion regarding how to realize growth strategies (new businesses, M&As, overseas expansion). • There is a need for continued discussion of businesses under reconstruction. • There is a need to review the remuneration system for directors and executive officers.
Response	• Discussed expansion via new businesses and M&As, as well as overseas strategies • Held discussions focused on reconstructing the Company's business portfolio • Reviewed progress of Medium-Term Human Resource Strategy 2027 and discussed issues	• Discussions were held on matters related to capital policy, including the Company's approach to internal reserves and ROE. • Discussions were held on growth strategies, which included sharing the results of overseas expansion research and proposals for new businesses. • Discussions were held on short-term initiatives and medium- to long-term policies for the Chambre and Divalo businesses, which are classified as businesses under reconstruction. • Discussions were made on the appropriateness of officer remuneration and on revisions to incentive remuneration for executive officers.
Assessment	• There is a need to discuss the review of capital policies • There is a need for continued discussions regarding realizing growth strategies (new businesses, M&As, overseas expansion) • There is a need for continued discussion of businesses under reconstruction • There is a need to review the remuneration system for directors and executive officers.	• Throughout FY 2/2026, discussions went forward on the issues identified through the evaluation process, representing a positive outcome. • There needs to be continued discussion regarding capital policy and the cost of capital. • There needs to be continued discussion regarding how to realize growth strategies (new businesses, M&As, overseas expansion) • There needs to be continued discussion regarding business from a portfolio-wide perspective.

Officer Remuneration

Basic Policy

1. Remuneration shall emphasize the link between business performance and medium- to long-term corporate value, and that value shall be communicated to shareholders.
2. The level of remuneration should be appropriate for the roles and responsibilities of officers.
3. We will ensure fairness, transparency, and objectivity through deliberation by the Nomination & Remuneration Committee, the majority of which is composed of outside directors.

Director Remuneration

For directors, only the basic remuneration is paid, within the maximum amount of 400 million yen per year, set by a resolution passed at the 62nd Annual General Meeting of Shareholders held May 14, 2015. The president drafts an appropriate standard and a final decision is made by the Board of Directors after deliberation by the Nomination & Remuneration Committee. The total amount of remuneration for directors does not include the employee salary of directors who also serve concurrently as executive officers.

Remuneration for directors is paid according to each director's position and the status of concurrent duties held as an executive officer, and is calculated based on a prescribed remuneration table that takes into account employee salary increase rates and other factors.

Remuneration for Audit & Supervisory Board Members

Audit & Supervisory Board members receive basic remuneration only, within the maximum amount of 94 million yen per year, set by a resolution passed at the 55th Annual General Meeting of Shareholders held May 16, 2008. A final decision is made based on deliberation by members of the Audit & Supervisory Board.

TOPICS

Discussions Regarding Officer Remuneration

In the evaluation of the effectiveness of the Board of Directors conducted in March 2025, multiple views were expressed calling for an increase in the proportion of incentive remuneration. In response, the Nomination & Remuneration Committee and the Board of Directors discussed revising the remuneration framework for directors and executive officers. The deliberations covered the overall level of remuneration, the proportion of performance-linked bonuses (short-term incentives), the proportion of restricted stock compensation, and the appropriateness of remuneration when assessed against an officer's duties and prevailing market standards.

As a result of these discussions, we decided to increase the ratio of performance-linked bonuses tied to the results of executive officers, rather than increasing overall remuneration levels. Since inside directors also serve as executive officers, this revision has a direct impact on the remuneration of these directors as well. Beginning in FY 2/2027, we have transitioned to a system that further emphasizes the performance-based component of executive officer remuneration.

Total Amount of Remuneration by Officer Classification, Total Amount by Type of Remuneration, and Number of Eligible Officers (FY 2/2026)

Classification	Total remuneration amount (millions of yen)	Total remuneration amount by type (millions of yen)				Number of applicable officers
		Basic remuneration	Bonus	Non-monetary remumeration	Retirement benefits	
Directors (excluding outside directors) (remuneration as directors)	110	110	—	—	—	6
Employee remuneration for directors who serve concurrently as employees of the Company	245	87	29	19	109	5
Total director remuneration (excluding outside directors) (director remuneration + employee remuneration)	356	198	29	19	109	6
Audit & Supervisory Board members (excluding outside members)	28	28	—	—	—	2
Outside officers	51	51	—	—	—	5

Note: Includes a director who retired in May 2025 and a director who retired in May 2026.

Remuneration Structure for Executive Officers

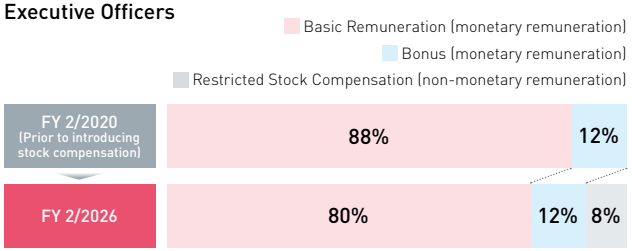
Remuneration for executive officers consists of basic remuneration, bonuses, and restricted stock compensation.

Basic remuneration is monetary remuneration paid in a fixed monthly amount that is revised once a year, taking into consideration business performance for the previous fiscal year, individual evaluations, position, and employee salary.

The bonus is a monetary, performance-linked form of remuneration paid in the form of a bonus paid once a year, taking into consideration the business performance for the previous fiscal year, position, business performance of the department the executive officer is in charge of, the results of annual policies, and other factors.

Restricted stock compensation is a form of non-monetary remuneration that is allotted once a year according to position, on the condition that the officer performs services as an executive officer during the fiscal year that includes the stock allotment date. When issuing or disposing of shares under this system, the Company and the executive officer will enter into a restricted stock allocation agreement, which stipulates, among other things, that the transfer restrictions will be lifted when the executive officer retires, and that the Company will acquire free of charge any shares for which the transfer restrictions are not lifted due to non-fulfillment of the conditions for continued employment, etc.

Remuneration Structure for Directors Concurrently Serving as Executive Officers



Guidelines for Holding Company Shares

The Company has established guidelines governing the holding of Company shares, applicable to directors, Audit & Supervisory Board members, and executive officers, and has set restrictions on the acquisition and sale of such shares.

Director Skill Matrix

Classification	Name	Corporate Management	Merchandise and Marketing	DX and IT	Finance and Accounting	Legal Compliance Risk Management	Organization and Human Resources	ESG
Inside	Makoto Suzuki	○		○	○	○	○	○
	Iichiro Takahashi	○	○	○			○	○
	Takashi Nakahira	○	○	○				○
	Yoshiteru Tsujiguchi	○	○			○		○
	Makoto Oota	○			○		○	○
Outside	Yutaka Suzuki	○	○			○	○	○
	Teiichi Murokubo	○			○	○	○	○
	Chiaki Hirota	○	○		○	○	○	○

Reasons for Skill Selection

We select skills we expect our group of directors to possess, taking into account our Management Philosophy and long-term management plan.

Topic	Reasons for selection
Corporate Management	To fulfill our responsibility as part of social infrastructure that provides daily necessities, to build a "good company" for all stakeholders, to carry out our management plan, and to achieve sustainable improvements to performance
Merchandise and Marketing	To bring excitement to the everyday lives of customers and achieve high profitability as a result
DX and IT	To move forward with digitalization, which will increase operational efficiency, enable the use of data, and expand e-commerce
Finance and Accounting	To make appropriate growth investments toward the sustainable improvement of performance while still maintaining a solid financial base, and to ensure accurate financial reporting
Legal Compliance Risk Management	To continue engaging in sincere corporate management and to foresee and address risks with appropriate measures, achieving sustainable growth as a result
Organization and Human Resources	To build an organization that facilitates the achievement of long-term business plans and to build a "good company" with comfortable and rewarding work conditions
ESG	To tackle ESG issues in an effort to create value for stakeholders and help make a sustainable society a reality as a result.

Please see our website for information on the criteria for nominating officers.
https://www.shimamura.gr.jp/en/ir/governance/

Succession Plan for Company President

Goal

Amid efforts to achieve sustainable growth and improve corporate value over the medium- to long-term, we have formulated a succession plan for the company president, a central figure in management, to ensure the transition of the position can be carried out with optimal timing to an ideal successor. We have also made preparations to respond appropriately should there be any sudden changes in the business environment or other unforeseen circumstances.

Execution and Supervision

Succession plans are drafted by the president and chairman, drawing upon Shimamura's Management Philosophy and management strategies. To increase the objectivity and transparency of the procedures, the president and chairman report the plan to the Nomination & Remuneration Committee, which discusses it from a medium- to long-term perspective, after which it is presented to the Board of Directors for approval. Once approved, the Board of Directors will supervise implementation of the plan.

Successor Development Policy

The Company provides inside directors with any necessary information related to training based on the succession plan and utilizes strategically determined reassignments to build up a candidate's executive capabilities across a broad range of tasks. Conversely, inside directors are expected to make a concerted effort to acquire the knowledge appropriate for a manager, the ability to tackle issues with flexible, prompt, and apt decisions that incorporate a diverse set of values and a broad perspective, and the ability to effectively utilize the capabilities of members within the organization.

Evaluation

The Nomination & Remuneration Committee maintains a thorough understanding of candidates based on their performance of duties as executive officers and their words and actions as directors at meetings of the Board of Directors and the Management Plan Formulation Committee, and holds discussions to evaluate both the internal directors and the succession plan itself. The outcomes of these discussions are reported to the Board of Directors in a timely manner.

Cross-Shareholdings

In order to achieve sustainable growth, the Company holds cross-shareholdings at the discretion of the Board of Directors when there is a business-related need to do so, be it for creating corporate alliances, building and maintaining business relationships with important business partners, or other business purposes.

The Board of Directors conducts an annual review of its cross-shareholdings, verifying the purpose for each holding and its economic rationale. In addition to a holding's purpose, this review looks into its trading status, its more recent performance, and its future trading outlook. The Board of Directors considers selling the shares if there is no longer a purpose for holding them. As of the end of FY 2/2026, the Company holds cross-shareholdings for four listed companies amounting to 1,333 million yen.

With respect to the exercise of voting rights associated with cross-shareholdings, the executive officer supervising the General Administration Department reviews each proposal to determine whether it contributes to enhancing the corporate value of the issuing company and, by extension, the Company, and prepares a response that is reported to the Board of Directors. Furthermore, if a company holding the Company's shares indicates its intention to sell its holdings, we do not seek to impede the sale.

Compliance

Basic Concept

The Shimamura Group continues to engage in sincere corporate management to build long-term, universal relationships of trust and confidence with various stakeholders, including employees, customers, business partners, shareholders, and society itself. The employees of the Shimamura Group comply with laws, regulations, internal rules, and other regulations and then take responsible actions in accordance with social norms and in line with this philosophy.

Whistleblowing System

The Group has established the Regulations to Protect Whistleblowers as a framework for the appropriate handling of reports from all employees* and other relevant parties concerning violations of laws, regulations, or internal work rules. The internal reporting contact point is staffed by the Legal Section, the Labor Support Department, and an outside lawyer. Both the executive officer in charge of the Labor Support Department and the Legal Section handle cases appropriately in accordance with the Regulations to Protect Whistleblowers to ensure that whistleblowers do not suffer any retaliation.

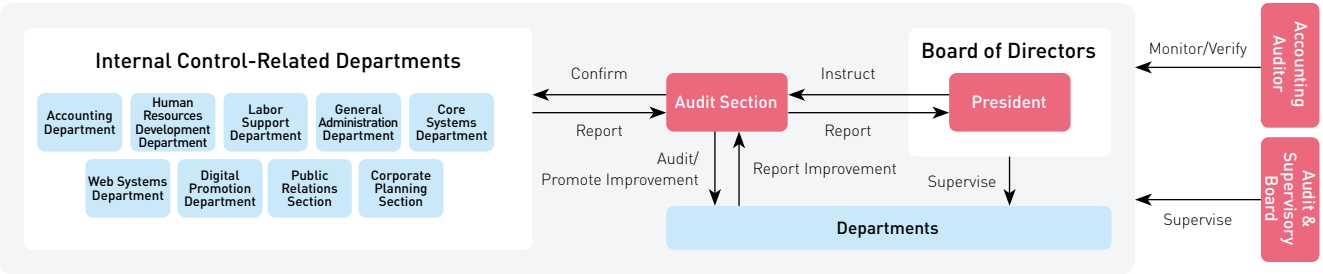
* Full-time employees, part-time employees, temporary employees, contract employees, directors, Audit & Supervisory Board members, executive officers, and employees who have left the Company within one year.

Internal Control System

Basic Concept

Shimamura has established its Internal Control Regulations as stipulated by the Companies Act and Financial Instruments and Exchange Act. These regulations ensure that the Company establishes an internal control system with an organizational structure that can be continuously improved. At the same time, this system enables Shimamura to serve its stakeholders as a sincere and reputable company.

Internal Control System



Internal Audits

Internal Auditing System

We have established the Audit Section (five full-time members), an independent internal audit department under the direct control of the representative director, chairman, and executive officer. It conducts regular on-site audits and evaluations of all stores, Transfer Centers, and head office departments (targeting department heads and senior-ranking members) at least once a year with regard to compliance with internal rules, overall business activities, and the validity of procedures.

Reporting

The head of the Audit Section makes weekly reports detailing audit results to the representative director, chairman, and executive officer and full-time Audit & Supervisory Board members, constituting a dual reporting system with two channels. Moreover, the head of the Audit Section delivers a semi-annual report of results to the Board of Directors twice a year and an annual report to the Audit & Supervisory Board once a year.

Improving Operations

As part of internal audits, operational audits investigate whether the work of each department is being properly managed in accordance with the manuals, and comprehensively verify that the organization is functioning properly, assessing whether operations are rational and economical. The members of the Audit Department, who are responsible for these audits, work diligently—not only to uncover fraudulent errors but also to propose solutions to resolve any issues that are found.

Audits by Audit & Supervisory Board Members

Audit & Supervisory Board members attend meetings of the Board of Directors, the Group Management Meeting, and other important meetings to gain an understanding of the process for making important decisions and the status of business execution, thereby leading to more effective audits. In addition, the Audit & Supervisory Board members audit business execution conducted by directors and executive officers, and verify their findings at Audit & Supervisory Board meetings.

Please see our website for details.
https://www.shimamura.gr.jp/en/sustainability/governance.html

Risk Management

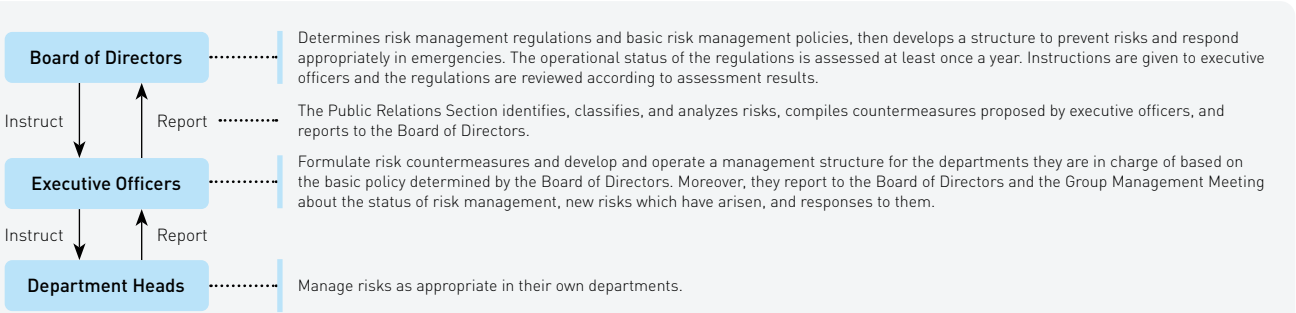
Basic Concept

The Shimamura Group defines risk as the factors that impede the achievement of targets. We broadly divide risks into the following three categories.

- External environment risks, such as climate change and changes in social conditions
- Business activity risks relating to product procurement and logistics
- Management infrastructure risks relating to human capital and information management.

Risk management refers to identifying risks which may become barriers to management in advance, classifying those risks according to the degree of impact they may have on business activities, prioritizing them according to the risk level, and then planning and implementing measures to prevent them. The aim of this process is to avoid risks or to minimize losses from any that may occur. Accordingly, the Shimamura Group considers risk management an important management issue and works to prevent and reduce risks in order to increase corporate value through sustainable business activities and protect human life and property.

Risk Management—Structure and Division of Duties



Identification and Classification of Risks

We analyze the internal and external environment surrounding the Shimamura Group to identify what types of risks exist now and what types will exist in the future. To develop specific measures, we divide any risks identified into large, medium, and small categories. The three main risks in the large category are listed below.

External Environment Risks

External environment risks include risks that affect not only the Company but society as a whole, such as climate change, disasters and infectious disease, geopolitical risks, market fluctuations, and information security.

Business Activity Risks

Business activity risks include risks that directly impact the Company's business performance and the ability to conduct business activities, such as store openings, product procurement, logistics, and sales.

Management Infrastructure Risks

Management infrastructure risks include risks that impact the Company's business strategies, human capital, ESG, information management and internal controls, and other foundational aspects.

Risk Analysis

To prioritize initiatives, risks are assessed using three-tier evaluations for both possibility of occurrence and impact on the management plan. A risk matrix is then created, with risks classified into levels S, A, B, C, and D, with S having the highest possibility of occurrence and the most significant impact.

Identifying Opportunities

In FY 2/2026, executive officers identified business opportunities in addition to risks, and the Public Relations Section compiled this information and reported it to the Board of Directors.

Information Security

The Shimamura Group recognizes that the protection and management of information assets are an important aspect of risk management. Therefore, we have enacted the Information Security Regulations and Personal Information Protection Regulations and are working to strengthen information security.

Under these regulations, the Information Security Committee, which is composed of members from the Core Systems Department, Web Systems Department, Digital Promotion Department, General Administration Department, Public Relations Section, Audit Section, and Legal Section, confirms the status of information security compliance, investigates and corrects problems, and provides education and information in order to minimize the impact from risks. The Information Security Committee is chaired by the executive officer in charge of the Core Systems Department.

Administrative Measures

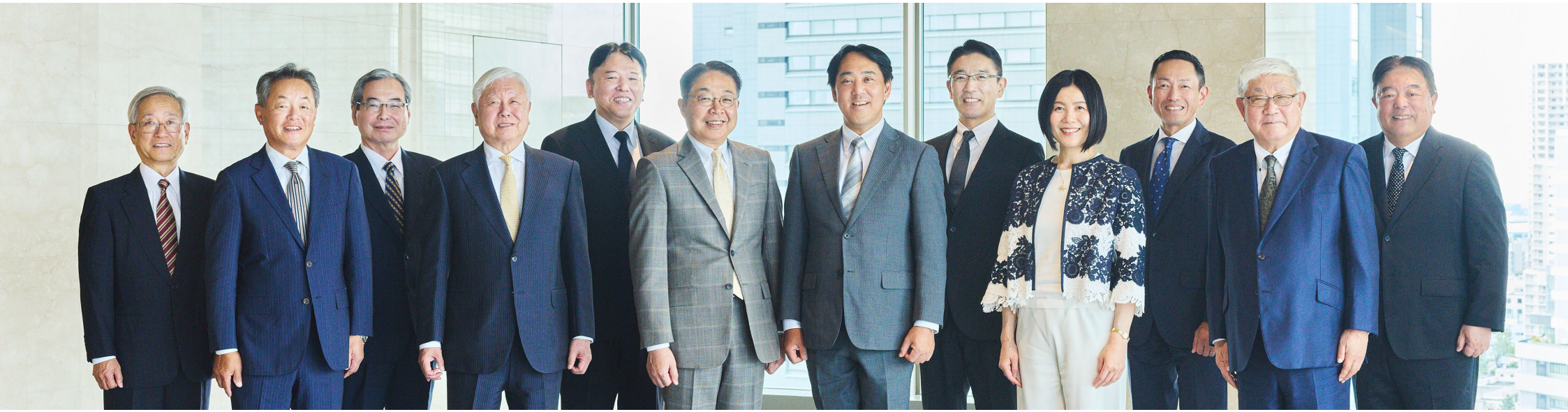
As the department in charge of information security, the Group's Core Systems Department regularly develops plans for educating employees on the subject of information security as well as a system for implementing these plans, which are executed after approval by the executive officer in charge of the Human Resources Development Department and the executive officer in charge of the Core Systems Department.

Technical Measures

To prevent unauthorized access from outside the Company, we have set up network connection controls, route controls, and other safeguards. Additionally, we have installed integrated security products with virus detection capabilities on Group terminals.

Please see the Group's website to view Shimamura's Security Policy/Privacy Policy (Japanese only).
https://www.shimamura.gr.jp/policy/

Directors, Audit & Supervisory Board Members, and Executive Officers (As of August 2026)



Directors

1 Representative Director
Makoto Suzuki

2 Representative Director
Iichiro Takahashi

3 Director
Takashi Nakahira

4 Director
Yoshiteru Tsujiguchi

5 Director
Makoto Oota

6 Outside Director
Yutaka Suzuki

7 Outside Director
Teiichi Murokubo

8 Outside Director
Chiaki Hirota

Executive Officers

Chairman and Executive Officer
Makoto Suzuki*
In charge of the Audit Section and Legal Section

President and Executive Officer
Iichiro Takahashi*
In charge of the Public Relations Section and Corporate Planning Section

Senior Executive Officer
Takashi Nakahira*
Supervising Shimamura Merchandise Department, Sales Planning Department, Advertising Department, and Market Research Department

Senior Executive Officer
Shintaro Seki
Supervising General Administration Department and Accounting Department

Executive Officer
Yoshiteru Tsujiguchi*
Supervising Public Relations Section, Corporate Planning Section

Executive Officer
Makoto Oota*
Supervising Human Resources Development Department, Labor Support Department, and Track & Field Athletics Department

Executive Officer
Takeshi Nakamura
Supervising Shimamura Store Operation Department, Shop Dressing Department, and Store Support Department

Executive Officer
Tsuyoki Saito
Supervising Overseas Business, Chairman of Shimamura (Taiwan)

Executive Officer
Hajime Ueda
In charge of E-Commerce Business

Executive Officer
Tatsuaki Hoshino
Supervising Store Development Department, Development Management Department and Construction Department

Executive Officer
Masao Isoyama
In charge of Birthday Business and Chambre Business

Executive Officer
Masaru Takabayashi
Supervising Logistics Department, Import Department, and Merchandise Management Department

Executive Officer
Junji Ishibashi
In charge of Avail Business

Executive Officer
Kazuhide Yanagisawa
In charge of Divalo Business

Executive Officer
Yuuki Endo
Supervising Core Systems Department, Web Systems Department, and Digital Promotion Department

* Serving concurrently as director

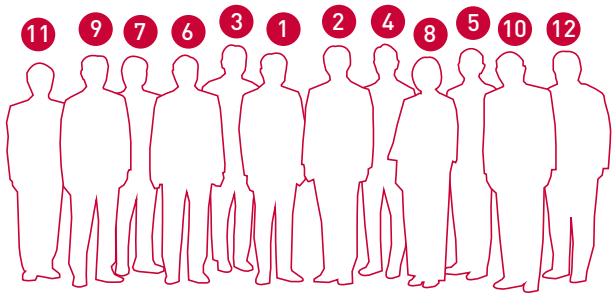
Audit & Supervisory Board Members

9 Standing Audit & Supervisory Board Member
Masaaki Sato

10 Audit & Supervisory Board Member
Hiroyuki Shimamura

11 Outside Audit & Supervisory Board Member
Shigehisa Horinokita

12 Outside Audit & Supervisory Board Member
Teiichi Takatsuki



11-Year Summary of Financial and Non-Financial Data

(Millions of yen)

	FY 2/2016	FY 2/2017	FY 2/2018	FY 2/2019	FY 2/2020	FY 2/2021	FY 2/2022	FY 2/2023	FY 2/2024	FY 2/2025	FY 2/2026
[Business Position]											
Net sales	546,058	565,469	565,102	545,996	521,982	542,608	583,618	616,125	635,091	665,358	700,034
Operating profit	39,913	48,794	42,896	25,451	22,985	38,026	49,420	53,302	55,308	59,240	61,483
Selling, general and administrative expenses	133,254	139,863	147,575	149,274	147,602	147,018	150,663	158,088	164,662	173,026	183,771
Ordinary profit	40,709	50,079	43,920	26,245	23,855	39,404	50,567	54,383	56,716	60,596	63,672
Profit attributable to owners of parent	24,747	32,862	29,717	15,996	13,125	26,163	35,428	38,021	40,084	41,885	44,460
Capital investment amount*1	21,643	11,472	10,677	12,137	4,474	16,311	6,606	5,610	9,713	13,035	24,826
Depreciation	5,849	5,907	5,695	5,719	5,367	5,471	5,911	5,891	5,918	6,105	6,996
Cash flows from operating activities	23,720	47,229	29,795	15,428	22,803	46,234	37,213	41,552	41,162	52,800	48,052
Cash flows from investing activities	33,504	890	▲ 68,607	▲ 15,801	13,658	▲ 111,324	143,137	2,325	▲ 87,198	4,649	▲ 66,334
Cash flows from financing activities	▲ 9,118	▲ 9,311	▲ 9,100	▲ 9,128	▲ 6,631	▲ 7,362	▲ 8,460	▲ 9,198	▲ 9,944	▲ 12,509	▲ 60,754
Cash and cash equivalents at end of period	71,943	110,726	62,849	53,260	83,088	10,486	182,427	217,157	161,235	206,200	127,185
[Financial Position]											
Total assets	351,283	379,686	397,534	397,425	407,981	451,798	474,811	502,552	533,807	567,144	554,667
Net assets	304,843	331,354	353,091	359,076	365,901	384,388	410,995	440,048	471,408	500,976	488,545
[Major Financial Indicators]											
Gross profit ratio (%)	31.5	33.2	33.5	31.8	32.5	33.9	34.1	34.1	34.4	34.7	34.8
SG&A expenses ratio (%)	24.4	24.8	26.1	27.3	28.3	27.1	25.8	25.6	25.9	26.0	26.2
Operating profit ratio (%)	7.3	8.6	7.6	4.7	4.4	7.0	8.5	8.7	8.7	8.9	8.8
ROE (%)	8.4	10.3	8.7	4.5	3.6	7.0	8.9	8.9	8.8	8.6	9.0
Equity ratio (%)	86.8	87.3	88.8	90.4	89.7	85.1	86.6	87.6	88.3	88.3	88.1
ROA (%)	7.2	9.0	7.6	4.0	3.3	6.1	7.6	7.8	7.7	7.6	7.9
[Per Share Information*2]											
Earnings per share (EPS)	112.20	149.01	134.76	72.53	59.52	118.65	160.67	172.42	181.78	189.94	202.36
Book value per share	1,382.27	1,502.57	1,601.16	1,628.37	1,659.39	1,743.28	1,863.93	1,995.66	2,137.87	2,271.88	2,353.09
Dividends per share	195	230	240	200	200	220	240	260	140	200	215
Dividend payout ratio (%)	29.0	25.7	29.7	46.0	56.0	30.9	24.9	25.1	25.7	35.1	35.4
[Other]											
Number of stores at end of period (stores)	2,015	2,066	2,145	2,205	2,214	2,199	2,204	2,213	2,227	2,251	2,278
Total sales floor area (m²)	2,032,035	2,088,971	2,165,687	2,222,514	2,230,232	2,219,764	2,225,121	2,233,275	2,248,917	2,275,250	2,305,498
Number of employees	2,549	2,615	3,171	3,174	3,162	3,110	3,086	3,098	3,157	3,253	3,393
Number of temporary employees	12,159	12,706	12,677	12,803	12,308	11,888	12,005	11,942	12,248	12,551	13,062

*1 Figures have been updated from FY 2/2024 to reflect the introduction of additional software.
*2 On February 21, 2024, Shimamura Co., Ltd. conducted a 2-for-1 common stock split, and a 3-for-1 common stock split on February 21, 2026. Book value per share (BPS) and earnings per share (EPS) have been calculated on the presumption that the stock splits were conducted at the beginning of the fiscal year ended February 2016.

Shareholder and Investor Information

Stock Listing

Prime Market Segment of the Tokyo Stock Exchange
(securities code: 8227)

Overview of Shares

(As of February 21, 2026)

Total Number of Shares Authorized: 720,000,000

Total Number of Outstanding Shares: 221,479,794

Total Number of Shareholders: 17,544

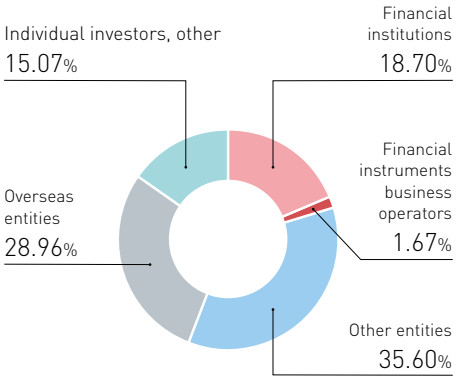
Fiscal Year:
February 21 to February 20 of the following year

Annual General Meeting of Shareholders:
Held by May 20 of each calendar year

Shareholder Register Administrator:
Sumitomo Mitsui Trust Bank, Limited

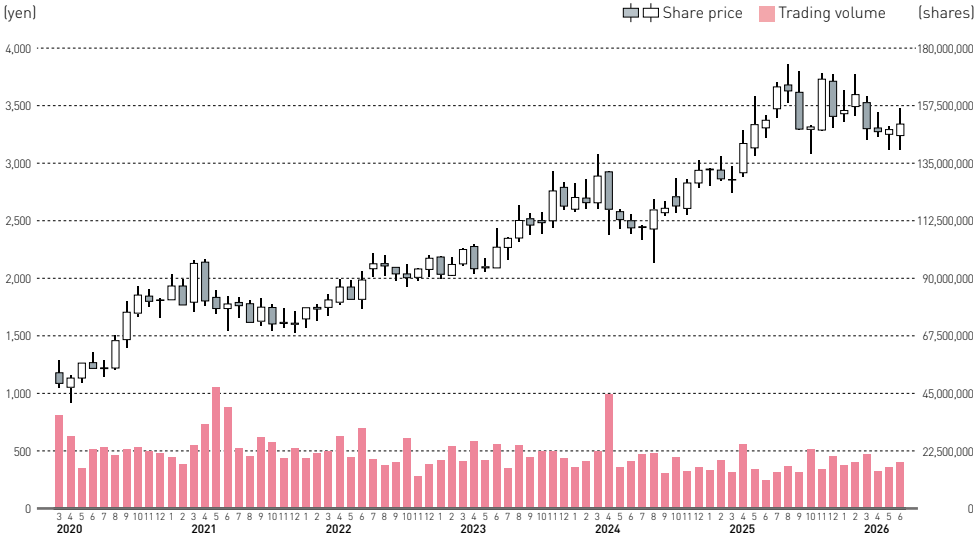
Shareholders by Investment Type

(As of February 20, 2026)



Shareholding ratios and the ratio of shareholders by investment type are calculated after deducting treasury stock.

Share Price and Trading Volume



Note: Share price and trading volume figures have been adjusted to reflect the assumption that the stock split was effective at the beginning of FY 2/2021.

Major Shareholders (Ten Largest Shareholders) (As of February 20, 2026)

Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
SHIMAMURAKIKAKU Co., Ltd.	11,523	16.65
SHIMAMURAKOUSAN Co., Ltd.	6,740	9.74
The Master Trust Bank of Japan, Ltd. (client account)	6,566	9.49
CREATIVELIFE Co., Ltd	4,740	6.85
Custody Bank of Japan, Ltd. (client account)	4,511	6.52
JP MORGAN CHASE BANK 380055 (Standing Agent: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	2,061	2.98
Hidejiro Fujiwara	1,362	1.97
JP MORGAN SECURITIES PLC (JPMorgan Securities Japan Co., Ltd.)	1,245	1.80
STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1,201	1.74
Hiroyuki Shimamura	1,002	1.45

Company Information **(As of February 20, 2026)**

Company name: Shimamura Co., Ltd.

Head office: 1-602-1 Kitabukuro-cho, Omiya-ku, Saitama City, Saitama Prefecture

Establishment: 1953

Capital: 17,086 million yen

Number of employees: 28,596 (consolidated)

Subsidiaries: Shimamura Co., Ltd. (Taiwan)

Listed on the following indexes

JPX-NIKKEI 400

FTSE JPX Blossom Japan Sector Relative Index

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)