

Investors' Guide

November -2018

Shimamura Co., Ltd.

I . Shimamura Co., Ltd. (Consolidated)

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I. Shimamura Co., Ltd. (Consolidated)

1. Consolidated Financial Summary and Forecast

(1) Consolidated Profit and loss statement

(Units : Millions of yen、%)

Subject	Nov-2017			Feb-2018			Nov-2018			Feb-2019 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	426,912	100.0	99.6	565,102	100.0	99.9	409,936	100.0	96.0	570,000	100.0	100.9
Shimamura	337,246	79.0	98.3	446,141	78.9	98.7	318,592	77.7	94.5	445,000	78.1	99.7
Avail	38,321	9.0	100.1	50,782	9.0	100.8	37,722	9.2	98.4	51,740	9.1	101.9
Birthday	39,285	9.2	110.8	51,362	9.1	109.6	41,300	10.1	105.1	55,000	9.6	107.1
Chambre	7,138	1.7	101.6	9,688	1.7	101.8	7,234	1.8	101.4	10,000	1.8	103.2
Divalo	386	0.1	75.7	537	0.1	88.0	527	0.1	136.6	760	0.1	141.5
CHINA TAIWAN	4,147	0.9	110.3	5,987	1.1	107.5	4,156	1.0	100.2	6,500	1.1	108.6
CHINA(Shanghai)	385	0.1	101.6	601	0.1	106.0	411	0.1	106.8	1,000	0.2	166.4
Cost of goods sold	282,001	66.1	99.2	375,631	66.5	99.4	277,263	67.6	98.3	382,462	67.1	101.8
Gross profit	144,910	33.9	100.4	189,470	33.5	101.0	132,672	32.4	91.6	187,538	32.9	99.0
Other operating income	762	0.2	96.8	1,001	0.2	96.1	723	0.1	94.9	1,003	0.2	100.2
Operating Gross Profit	145,673	34.1	100.4	190,472	33.7	101.0	133,396	32.5	91.6	188,541	33.1	99.0
SG & A expenses	110,587	25.9	104.8	147,575	26.1	105.5	112,788	27.5	102.0	149,131	26.2	101.1
Operating Profit	35,085	8.2	88.7	42,896	7.6	87.9	20,607	5.0	58.7	39,410	6.9	91.9
Non-operating income	883	0.2	91.1	1,043	0.2	80.3	695	0.2	78.7	1,010	0.2	96.8
Non-operating expenses	6	0.0	48.8	20	0.0	140.9	41	0.0	—	20	0.0	97.5
Ordinary Profit	35,963	8.4	88.7	43,920	7.8	87.7	21,261	5.2	59.1	40,400	7.1	92.0
Extraordinary profit	—	—	—	—	—	—	0	0.0	—	—	—	—
Extraordinary losses	585	0.1	119.2	1,511	0.3	174.0	461	0.1	78.8	1,020	0.2	67.5
Pretax profit	35,377	8.3	88.4	42,408	7.5	86.2	20,800	5.1	58.8	39,380	6.9	92.9
Tax	11,402	2.7	83.8	12,691	2.2	77.6	7,057	1.7	61.9	12,037	2.1	94.8
Net Profit	23,974	5.6	90.7	29,717	5.3	90.4	13,743	3.4	57.3	27,343	4.8	92.0

(2) Selling, General and Administrative Expenses

(Units : Millions of yen, %)

Subject	Nov-2017			Feb-2018			Nov-2018			Feb-2019 Forecast		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Wages	43,135	10.1	106.8	57,665	10.2	106.7	44,546	10.9	103.3	59,622	10.5	103.4
Personal expenses	51,063	12.0	106.9	68,419	12.1	106.7	52,779	12.9	103.4	70,785	12.4	103.5
Advertising expenses	12,002	2.8	109.0	15,760	2.8	112.6	12,215	3.0	101.8	15,642	2.7	99.2
Selling expenses	16,163	3.8	107.9	21,284	3.8	110.2	16,395	4.0	101.4	21,596	3.8	101.5
Non-durable goods	999	0.2	74.9	1,275	0.2	80.4	917	0.2	91.9	1,192	0.2	93.4
Display total	2,601	0.6	101.4	3,058	0.5	97.7	1,108	0.3	42.6	1,484	0.3	48.5
Operating expenses	6,821	1.6	102.9	8,597	1.5	102.3	5,772	1.4	84.6	6,319	1.1	73.5
Rental expenses	23,452	5.5	103.6	31,600	5.6	104.0	24,881	6.1	106.1	33,407	5.9	105.7
Depreciation	4,259	1.0	96.9	5,695	1.0	96.4	4,305	1.1	101.1	5,807	1.0	102.0
Facilities cost	33,385	7.8	99.6	45,239	8.0	101.3	34,771	8.5	104.2	46,213	8.1	102.2
General expenses	3,154	0.7	120.4	4,034	0.7	118.7	3,069	0.7	97.3	4,218	0.8	104.5
SG & A expenses	110,587	25.9	104.8	147,575	26.1	105.5	112,788	27.5	102.0	149,131	26.2	101.1

(3) Consolidated quarterly Profit and loss statement

(Units : Millions of yen, %)

Subject	May-2018			Aug-2018			Nov-2018			Feb-2019		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Net Sales	137,618	100.0	99.7	137,997	100.0	94.5	134,319	100.0	94.1			
Cost of goods sold	92,836	67.5	101.6	93,623	67.8	97.0	90,802	67.6	96.5			
Gross profit	44,781	32.5	96.0	44,373	32.2	89.6	43,517	32.4	89.3			
Other operating income	236	0.2	95.3	259	0.2	96.4	228	0.2	92.9			
Operating Gross Profit	45,018	32.7	96.0	44,632	32.4	89.6	43,745	32.6	89.3			
SG & A expenses	37,842	27.5	104.0	37,491	27.2	102.8	37,454	27.9	99.2			
Operating Profit	7,175	5.2	68.3	7,141	5.2	53.6	6,290	4.7	56.1			
Ordinary Profit	7,386	5.4	69.0	7,353	5.3	53.8	6,521	4.9	56.3			
Net Profit	4,782	3.5	67.3	4,724	3.4	51.6	4,236	3.2	55.0			

(4) Consolidated Balance Sheets

(Units : Millions of yen, %)

	Nov-2017			Feb-2018			Nov-2018		
	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY	Amount	Comp ratio	YOY
Current assets	241,842	58.3	91.3	225,303	56.7	108.3	240,339	58.0	99.4
Noncurrent assets	172,741	41.7	100.0	172,231	43.3	100.3	173,917	42.0	100.7
Total assets	414,583	100.0	94.7	397,534	100.0	104.7	414,256	100.0	99.9
Current liabilities	61,947	14.9	56.9	39,240	9.9	90.0	51,545	12.4	83.2
Noncurrent liabilities	5,348	1.3	118.6	5,202	1.3	109.4	5,199	1.3	97.2
Total liabilities	67,296	16.2	59.3	44,443	11.2	92.0	56,745	13.7	84.3
Total shareholder's equity	342,746	82.7	106.6	348,420	87.6	106.3	353,143	85.2	103.0
Valuation difference	4,540	1.1	166.1	4,671	1.2	135.6	4,367	1.1	96.2
Total net assets	347,287	83.8	107.1	353,091	88.8	106.6	357,511	86.3	102.9
Total assets	414,583	100.0	94.7	397,534	100.0	104.7	414,256	100.0	99.9

(5) Consolidated Major Financial Indicators

	Nov-2014	Nov-2015	Nov-2016	Nov-2017	Nov-2018
Capital adequacy ratio	80.6%	81.1%	74.1%	83.8%	86.3%
ROE	6.9%	6.6%	8.4%	7.1%	3.9%
ROA	5.7%	5.5%	6.7%	6.0%	3.4%
Ordinary profit to total assets	9.5%	9.0%	10.3%	9.1%	5.2%
Total assets turnover ratio	1.16 回	1.16 回	1.09 回	1.07 回	1.01 回
Interest-bearing debt ratio	1.7%	0.5%	—	—	—
Gross profit ratio	32.3%	32.0%	33.7%	33.9%	32.4%
SG & A expenses ratio	24.7%	24.6%	24.7%	25.9%	27.5%
Operating profit ratio	7.8%	7.6%	9.2%	8.2%	5.0%
Ordinary profit ratio	8.2%	7.8%	9.5%	8.4%	5.2%
Net assets per share	7,686.91 円	8,182.03 円	8,821.01 円	9,448.96 円	9,727.57 円
EPS	514.51 円	529.14 円	718.91 円	652.30 円	373.93 円

2. Number of Stores by Region

Store Type Prefecture	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2018 End	Op en	Clo se	Nov-18 End	2018 End	Op en	Clo se	Nov-18 End	2018 End	Op en	Clo se	Nov-18 End	2018 End	Op en	Clo se	Nov-18 End	2018 End	Op en	Clo se	Nov-18 End	2018 End	Op en	Clo se	Nov-18 End
Hokkaido	67	1		68	20			20	15	1		16	10		1	9	1			1	113	2	1	114
Aomori	23			23	6			6	2			2	4			4					35			35
Iwate	20			20	7			7	3	1		4	1			1					31	1		32
Miyagi	35			35	10			10	8			8	3			3					56			56
Akita	17			17	7			7	4			4	2			2					30			30
Yamagata	16			16	6			6	5			5	3			3					30			30
Fukushima	40			40	9			9	5			5	5			5					59			59
Hokkaido Tohoku Area	218	1	0	219	65	0	0	65	42	2	0	44	28	0	1	27	1	0	0	1	354	3	1	356
Ibaraki	56			56	14			14	11			11	4			4	1			1	86			86
Tochigi	35	1		36	9	1		10	10			10	8			8					62	2		64
Gunma	39			39	11			11	8			8	5			5					63			63
Saitama	103	1		104	24		2	22	16	1		17	6			6	2			2	151	2	2	151
Chiba	76	1		77	18			18	19			19	3			3					116	1		117
Tokyo	62	2		64	5			5	9	1		10	2			2	1			1	79	3		82
Kanagawa	63	1		64	11			11	10	1		11	1			1	2			2	87	2		89
Yamanashi	14			14	5			5	2			2	1			1					22			22
Nagano	41			41	11			11	5			5	4			4	1			1	62			62
Kanto Koshin Area	489	6	0	495	108	1	2	107	90	3	0	93	34	0	0	34	7	0	0	7	728	10	2	736
Niigata	36			36	10			10	6			6	2			2					54			54
Toyama	22			22	3	1		4	2	2		4									27	3		30
Ishikawa	18			18	2			2	3			3									23			23
Fukui	12			12	2			2	2			2	2			2					18			18
Hokuriku Area	88	0	0	88	17	1	0	18	13	2	0	15	4	0	0	4	0	0	0	0	122	3	0	125
Gifu	27	1		28	1	1		2	3			3									31	2		33
Shizuoka	43			43	8	1		9	11	2		13	3			3					65	3		68
Aichi	65	1		66	8			8	7			7					1			1	81	1		82
Mie	22			22	7			7	2	1		3									31	1		32
Tokai Area	157	2	0	159	24	2	0	26	23	3	0	26	3	0	0	3	1	0	0	1	208	7	0	215

Store Type Prefecture	Shimamura				Avail				Birthday				Chambre				Divalo				Shimamura Group			
	2018 End	Op en	Cl se	Nov-18 End	2018 End	Op en	Cl se	Nov-18 End	2018 End	Op en	Cl se	Nov-18 End	2018 End	Op en	Cl se	Nov-18 End	2018 End	Op en	Cl se	Nov-18 End	2018 End	Op en	Cl se	Nov-18 End
Shiga	19			19	3	1		4	3			3	1			1		1		1	26	2		28
Kyoto	20			20	4			4	4			4				1			1		29			29
Oosaka	52	4		56	17	1		18	15	2		17	1			1	1		1		86	7		93
Hyougo	42	6		48	10	1		11	7	2		9	3			3	1	1	1		63	10	1	72
Nara	16	1		17	6			6	3	1		4	3			3					28	2		30
Wakayama	14			14	2			2	2			2	1			1					19			19
Kinki Area	163	11	0	174	42	3	0	45	34	5	0	39	9	0	0	9	3	2	1	4	251	21	1	271
Tottori	7			7	2			2	2			2	2			2					13			13
Shimane	9			9	2			2	3			3	2			2	1			1	17			17
Okayama	22			22	4			4	4			4									30			30
Hiroshima	22			22	3			3	3			3	1			1	1	1		2	30	1		31
Yamaguchi	20			20	4			4	5			5									29			29
Chugoku Area	80	0	0	80	15	0	0	15	17	0	0	17	5	0	0	5	2	1	0	3	119	1	0	120
Tokushima	9			9	2			2	1			1									12			12
Kagawa	13			13	2			2	2			2	1			1					18			18
Ehime	17			17	4			4	4			4	2			2	1			1	28			28
Kochi	12			12	2			2	1			1									15			15
Shikoku Area	51	0	0	51	10	0	0	10	8	0	0	8	3	0	0	3	1	0	0	1	73	0	0	73
Fukuoka	47			47	14			14	16			16	3			3	1			1	81			81
Saga	12			12	1			1	1			1									14			14
Nagasaki	13	1		14	3			3	3	1		4	3			3					22	2		24
Kumamoto	21			21	2			2	3			3	1			1					27			27
Ooita	16			16	3			3	3			3	2			2					24			24
Miyazaki	17			17	2			2	2			2									21			21
Kagoshima	18	1		19	4			4	2	1		3	2			2					26	2		28
Okinawa	11			11	3	1		4	4	1		5	1			1					19	2		21
Kyusyu Okinawa Area	155	2	0	157	32	1	0	33	34	3	0	37	12	0	0	12	1	0	0	1	234	6	0	240
Japan Total	1,401	22	0	1,423	313	8	2	319	261	18	0	279	98	0	1	97	16	3	1	18	2,089	51	4	2,136
CHINA TAIWAN																					45	3	1	47
CHINA(Shanghai)																					11	0	1	10
T o t a l	1,401	22	0	1,423	313	8	2	319	261	18	0	279	98	0	1	97	16	3	1	18	2,145	54	6	2,193

3. Store operation

(1) Store openings

		Feb-2017	Nov-2017	Feb-2018	Nov-2018	Feb-2019 Forecast
Shimamura	New store openings	21	25	40	22	28
	Closures	1	3	4	0	0
	Renovation	71	85	110	72	73
	Scrap & rebuild	6	2	3	2	2
	Year-end total	1,365	1,387	1,401	1,423	1,429
Avail	New store openings	5	4	12	8	11
	Closures	0	0	0	2	3
	Scrap & rebuild	2	1	1	0	0
	Year-end total	301	305	313	319	321
Birthday	New store openings	30	14	23	18	23
	Closures	0	2	2	0	0
	Scrap & rebuild	0	0	0	0	0
	Year-end total	240	252	261	279	284
Chambre	New store openings	5	2	3	0	0
	Closures	0	0	1	1	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	96	98	98	97	97
Divalo	New store openings	0	1	5	3	3
	Closures	9	0	0	1	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	11	12	16	18	18
CHINA TAIWAN Shimamura	New store openings	3	2	3	3	4
	Closures	0	0	0	1	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	42	44	45	47	48
CHINA(Shanghai) Shimamura	New store openings	0	0	1	0	1
	Closures	3	0	1	1	1
	Scrap & rebuild	0	0	0	0	0
	Year-end total	11	11	11	10	11
Shimamura Group	New store openings	64	48	87	54	70
	Closures	13	5	8	6	7
	Scrap & rebuild	8	3	4	2	2
	Year-end total	2,066	2,109	2,145	2,193	2,208

(2) Retail Floor Space

(Units : m²)

Store Type	Feb-2017	Nov-2017	Feb-2018	Nov-2018	Feb-2019 Forecast
Shimamura	1,422,010	1,445,606	1,461,905	1,485,428	1,491,000
Avail	297,993	302,027	309,563	315,408	318,000
Birthday	222,192	233,119	241,670	258,070	263,000
Chambre	92,259	93,415	93,193	92,185	92,000
Divalo	4,163	4,614	6,562	7,358	7,000
CHINA TAIWAN Shimamura	40,212	41,871	42,813	44,834	46,000
CHINA (Shanghai) Shimamura	10,142	10,142	9,981	7,681	10,000
Shimamura Group	2,088,971	2,130,794	2,165,687	2,210,964	2,227,000

4. Number of Employees

(Units : person, %)

		Nov-2017		Feb-2018		Nov-2018		Feb-2019 Forecast	
		Person	YOY	Person	YOY	Person	YOY	Person	YOY
Shimamura Non-consolidated	Full-time	2,647	105.2	2,623	105.5	2,701	102.0	2,720	103.7
	Part-time	12,569	102.7	12,617	102.5	12,795	101.8	13,180	104.5
	Total	15,216	103.1	15,240	103.0	15,496	101.8	15,900	104.3
Subsidiary	Full-time	514	—	548	—	508	98.8	570	104.0
	Part-time	57	14.5	59	14.9	60	105.3	60	100.9
	Total	571	109.6	607	115.3	568	99.5	630	103.7
Shimamura Group Total	Full-time	3,161	119.5	3,171	121.3	3,209	101.5	3,290	103.8
	Part-time	12,626	99.9	12,677	99.8	12,855	101.8	13,240	104.4
	Total	15,787	103.3	15,848	103.4	16,064	101.8	16,530	104.3

5. Capital Expenditures

(1) Shimamura Co., Ltd.(Non-consolidated)

(Until : Millions of yen, %)

	Nov-2017	YOY	Feb-2018	YOY	Nov-2018	YOY	Feb-2019 Forecast	YOY
Buildings	4,293	69.0	6,152	96.6	4,902	114.2	7,600	123.5
Structures	532	74.6	721	73.5	638	119.8	1,000	138.5
Machine	—	—	—	—	3	—	10	—
Equipment	223	88.5	479	167.9	280	125.1	410	85.5
Land	532	43.5	532	43.5	7	1.4	6,000	—
Construction in progress	463	—	89	165.9	1,768	—	4,000	—
Tangible fixed assets	6,045	70.9	7,975	87.1	7,600	125.7	19,020	238.5
Deposits for rent	1,643	110.6	2,178	118.2	4,632	281.9	2,700	124.0
Lease deposits	109	—	111	—	9	9.1	100	89.5
Total capital expenditures	7,798	77.7	10,265	93.1	12,243	157.0	21,820	212.6
Depreciation	4,114	96.9	5,529	96.6	4,170	101.4	5,640	102.0

(2) Subsidiary

(Units : Millions of yen, %)

	Nov-2017	YOY	Feb-2018	YOY	Nov-2018	YOY	Feb-2019 Forecast	YOY
Total capital expenditures	289	70.3	411	92.5	252	87.0	500	121.5
Depreciation	145	98.7	166	90.7	135	92.8	167	100.5

(3) Shimamura Co., Ltd.(consolidated)

(Units : Millions of yen, %)

	Nov-2017	YOY	Feb-2018	YOY	Nov-2018	YOY	Feb-2019 Forecast	YOY
Total capital expenditures	8,088	77.5	10,677	93.1	12,495	154.5	22,320	209.0
Depreciation	4,259	96.9	5,695	96.4	4,305	101.1	5,807	102.0