

## 2H FY25/3 OP recovery continuing in Q1 FY26/3 Osaka Kansai EXPO 2025 is boosting inbound demand

### RESULTS SUMMARY

- SHIMOJIMA reported Q1 FY26/3 results after the close on 8/8. Headline numbers are: net sales +4.9% YoY, OP +18.3% and profit attributable to owners of parent +42.3%, continuing the profit recovery from the 2H of last term. The negative impact from the yen's sharp -13.4% depreciation in Q1 FY25/3 (see right-hand chart) on the cost of imported raw materials, etc. reversed to the yen appreciating +7.5% in Q1 FY26/3, and together with price hikes implemented from the 2H, GPM rose from 32.0% → 32.5%. Since SG&A expenses continued to be successfully controlled (ratio to sales flat), OPM rose from 3.8% → 4.3%. Ordinary profit rose +35.6% YoY as the foreign exchange loss of JPY 57mn last term disappeared. As can be seen from the table below, progress ratios of all levels of Q1 profit came in nicely ahead of their respective Q1 5-year averages. It should be noted that Q1 has the lowest seasonal contribution to earnings.
- By sales channel, Marketing and Sales focused on expanding sales of core existing products, as well as securing orders for custom-made products amid continued signs of a gradual recovery in the Japanese economy, additionally achieving increased net sales on growing demand for high value-added environmentally friendly products. Store Sales saw sales growth driven by event-related demand and inbound tourism demand. In particular, stores in the Kansai region experienced increased demand related to the Osaka Kansai EXPO 2025. Efforts to develop business outside of stores were successful in winning orders for custom-made products. Online (EC) Sales saw net sales decrease slightly due to the exclusion of Globalbrand Inc. (Aichi, Nagoya) from the scope of consolidation. However, the underlying trend remains favorable against the backdrop of SHIMOJIMA MALL SKU's reaching 1.3 million listed items, and strengthened internet advertising aimed at directing new customers to the site.

### SHIMOJIMA Q1 FY26/3 Consolidated Financial Results Summary

JPY mn, % [J-GAAP]	Q1 FY25/3 act	Q1 FY26/3 act	5Y AVG* Q1 progress ratios	Q1 FY26/3 act	FY25/3 act	FY26/3 init CE
Net sales	14,464	15,167	24.1%	23.9%	60,680	63,500
YoY	2.0	4.9			5.0	4.6
Gross profit	4,630	4,934	23.7%	—	19,436	—
YoY	(0.5)	6.6			1.4	
GPM	32.0%	32.5%			32.0%	
SG&A expenses	4,074	4,276	24.8%	—	16,449	—
YoY	6.1	5.0			3.4	
ratio to sales	28.2%	28.2%			27.1%	
Operating profit	556	658	14.4%	18.4%	2,986	3,575
YoY	(31.4)	18.3			(8.5)	19.7
OPM	3.8%	4.3%			4.9%	5.6%
Ordinary Profit	571	774	15.1%	20.4%	3,303	3,800
YoY	(36.6)	35.6			(8.8)	15.0
Profit attributable to owners of parent	366	521	16.6%	20.8%	2,088	2,500
YoY	(38.3)	42.3			(12.0)	19.7

Source: compiled by SIR from Q1 Financial Results Summary (TANSHIN financial statements).

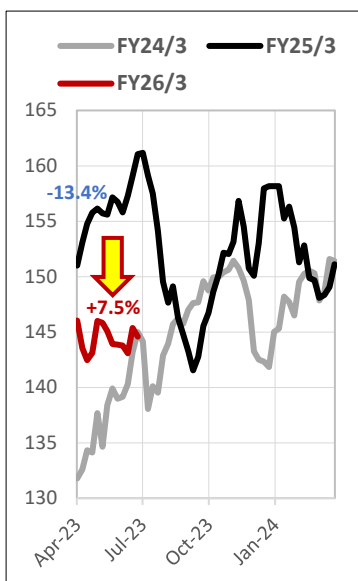
\*5-year average progress ratios are calculated by SIR from SPEEDA historical earnings database.

Note: figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

### Q1 Flash



### Weekly trend of USD-JPY



Source: compiled by SIR from SPEEDA database.

### Chris Schreiber CFA

Company Specialist

[research@sessapartners.co.jp](mailto:research@sessapartners.co.jp)



This report was prepared by Sessa Partners on behalf of Shimajima Co., Ltd. Please refer to the legal disclaimer at the end for details.

## LEGAL DISCLAIMER

This report is intended to provide information about the subject company, and it is not intended to solicit or recommend investment. Although the data and information contained in this report have been determined to be reliable, we do not guarantee their authenticity or accuracy.

This report has been prepared by Sessa Partners on behalf of the concerned company for which it has received compensation. Officers and employees of Sessa Partners may be engaged in transactions such as trading in securities issued by the company, or they may have the possibility of doing so in the future. For this reason, the forecasts and information contained in this report may lack objectivity. Sessa Partners assumes no liability for any commercial loss based on use of this report. The copyright of this report belongs to Sessa Partners. Modification, manipulation, distribution or transmission of this report constitutes copyright infringement and is strictly prohibited.



**Sessa Partners Inc.**

---

#5a i-o Azabu, 2-8-14  
Azabujyuban, Minato-ku, Tokyo  
[info@sessapartners.co.jp](mailto:info@sessapartners.co.jp)