

Q3 sales hit a record high, with improved gross margins and tighter SG&A control driving over 20% growth across all profit lines

Earnings Results Summary

SHIMOJIMA Co., Ltd. (hereafter, the Company) announced its Q3 FY2026/3 results. Consolidated net sales increased 6.2% YoY to JPY 49,529 mn, marking a record high. Consolidated operating profit rose 22.1% YoY to JPY 3,116 mn, ordinary profit increased 23.2% YoY to JPY 3,402 mn, and profit attributable to owners of parent (hereafter, net profit) grew 22.0% YoY to JPY 2,288 mn. The main factors driving profit growth were (1) an increase in gross profit stemming from strong sales of the Company's original products and custom-made items, including environmentally friendly products with high gross margins, together with stable raw material prices, and (2) the impact of reduced administrative expenses.

FY2026/3 Full-Year Earnings Forecast

The Company maintained its full-year forecast for FY2026/3 announced on May 12, 2025, with net sales of JPY 63,500 mn (+4.6% YoY), operating profit of JPY 3,575 mn (+19.7% YoY), ordinary profit of JPY 3,800 mn (+15.0% YoY), and net profit of JPY 2,500 mn (+19.7% YoY). Although FY2026/3 is the final year of the current Medium-Term Management Plan, the forecast figures are the same as the FY2026/3 targets revised in November 2023, except for net sales. Regarding the net sales forecast falling below the target of JPY 65,000 mn, the Company stated that the plan had incorporated expected contributions from M&A, and that progress is in line with the plan when excluding those effects.

Share Price Insights

For FY2026/3, the full-term operating profit forecast is JPY 3,575 mn, but this level falls short of the JPY 3,800 mn forecast made just prior to the FY2025/3 full-year results announcement. In light of this, SIR views FY2026/3 as being in a recovery stage rather than a growth stage.

In SIR's view, growth in high-value-added environmentally friendly products and the EC site SHIMOJIMA Online Shop suggests that a step-up to a growth stage is beginning to take shape. In SIR's view, the share price reflects rising investor expectations for growth, having reached a new high earlier this year. From this perspective as well, attention will focus on what specific growth strategies will be presented in the next Medium-Term Management Plan starting in FY2027/3. Through the development of the Company's original products such as environmentally friendly products, SIR expects the Company to evolve from a specialized trading company for packaging materials into an SPA-type business.

SIR believes that as initiatives toward a growth stage become more clearly implemented, the Company's valuation will improve and be reflected in the share price.

JPY mn, %	Net Sales	YoY	Oper. Profit	YoY	Ord. Profit	YoY	Net profit	YoY	EPS (¥)	DPS (¥)
2022/3	48,063	2.0	44	(84.0)	380	(31.2)	86	--	3.75	22.00
2023/3	55,028	14.5	2,011	4,470.5	2,388	528.4	1,542	1693.0	66.23	22.00
2024/3	57,794	5.0	3,262	62.2	3,623	51.7	2,372	53.8	101.74	51.00
2025/3	60,680	5.0	2,986	(8.5)	3,303	(8.8)	2,088	(12.0)	89.42	54.00
2026/3 CE	63,500	4.6	3,575	19.7	3,800	15.0	2,500	19.7	107.02	54.00
2025/3 Q3	46,654	4.6	2,553	(18.6)	2,762	(19.3)	1,876	(17.4)	80.38	--
2026/3 Q3	49,529	6.2	3,116	22.1	3,402	23.2	2,288	22.0	97.90	--

Source: Compiled by SIR from the Company IR materials.

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

Q3 Follow-up



Focus Points:

Unique wholesale model for paper and plastic packaging materials, store supplies, etc., featuring multi-channel distribution through direct sales, directly managed and FC stores and online websites.

Key Indicators

Share price (3/3)	1,453
52WH (26/2/27)	1,500
52WL (25/4/7)	1,065
10YH (20/9/29)	1,545
10YL (22/4/13)	886
Shrs out. (mn shrs)	23.648
Mkt cap (JPY bn)	34.360
EV (JPY bn)	26.836
Equity ratio (act)	81.2%
26/3 P/E (CE)	13.6x
25/3 P/B (act)	0.94x
25/3 ROE (act)	6.0%
26/3 DY (CE)	3.7%

Share Price Chart (1 year)



Source: Trading view

Takao Oshita, Analyst

research@sessapartners.co.jp



This report was prepared by Sessa Partners on behalf of the subject company. Please refer to the legal disclaimer at the end for details.

Q3 FY2026/3 Earnings Trend

Net sales by sales channel (Net sales undisclosed)

- **Marketing and sales business (Sales to secondary wholesalers, major retailers and manufacturers, and FC stores *Package Plaza*, among others)**

Sales rose YoY due to the Company's focus on expanding sales of ready-made mainstay products and stepping up efforts to secure orders for custom-made items, along with growing demand for environmentally friendly products.

- **Store sales business (Sales through directly managed stores *SHIMOJIMA* and *east side Tokyo*)**

Sales rose as the Company focused on expanding sales of ready-made mainstay product and stepped up efforts to secure orders for custom-made items, while demand for environmentally friendly products also grew.

- **Online (EC) sales business (Sales through the *SHIMOJIMA Online Shop*)**

the Company maintained strong sales as it increased the number of products listed on SHIMOJIMA Online Shop. However, sales fell as revenue from Global Brand Co., Ltd., which was removed from the scope of consolidation this fiscal year, was no longer included.

Net sales by product segment

- **Paper products segment (Mainstay products: original-brand paper bags, wrapping paper, and paper containers)**

Sales increased 5.3% YoY to JPY 8,075 mn, supported by steady demand for food packaging bags and higher sales of original-brand paper bags.

- **Plastic products and pkg. materials segment (Mainstay products: chemical products such as plastic bags and PP bags, adhesive tapes, food packaging materials, and string/ribbon)**

sales rose 7.3% YoY to JPY 30,251 mn, driven by strong growth in sales of ready-made plastic bags, PP bags, and food packaging-related materials.

- **In-store equipment and supplies segment (Mainstay products: point of purchase (POP) supplies, office supplies, store supplies, daily necessities, food products, apparel-related materials such as hangers, and gardening-related materials)**

sales increased 3.7% YoY to JPY 11,203 mn, driven by solid sales of office supplies and sanitary products.

Earnings Trends by Product Segment

JPY mn, %	FY2023/3			FY2024/3			FY2025/3			Q3 FY2025/3			Q3 2026/3		
	JPY mn	YoY	Composit ion Ratio	JPY mn	YoY	Composit ion Ratio	JPY mn	YoY	Composit ion Ratio	JPY mn	YoY	Composit ion Ratio	JPY mn	YoY	Composit ion Ratio
Net Sales	55,028	14.5	100.0%	57,794	5.0	100.0%	60,680	5.0	100.0%	46,654	4.6	100.0%	49,529	6.2	100.0%
(by Sales Channel)															
Paper Products	9,998	10.7	18.2%	10,153	1.6	17.6%	9,997	(1.5)	16.5%	7,671	(1.8)	16.4%	8,075	5.3	16.3%
Plastic Products and Pkg. Materials	31,836	18.1	57.9%	34,166	7.3	59.1%	36,494	6.8	60.1%	28,182	6.9	60.4%	30,251	7.3	61.1%
In-Store Equipment and Supplies	13,193	9.2	24.0%	13,475	2.1	23.3%	14,188	5.3	23.4%	10,799	3.7	23.1%	11,203	3.7	22.6%
Others	-			-			-			-			-		
			OPM			OPM			OPM			OPM			OPM
Operating Profit (Segment Profit)	2,011	4,413.5	3.7%	3,262	62.2	5.6%	2,986	(8.5)	4.9%	2,553	(18.6)	5.5%	3,116	22.1	6.3%
Paper Products	1,141	87.0	11.4%	1,268	11.1	12.5%	1,116	(12.0)	11.2%	886	(15.5)	11.5%	915	3.3	11.3%
Plastic Products and Pkg. Materials	2,298	92.6	7.2%	3,201	39.3	9.4%	3,063	(4.3)	8.4%	2,469	(8.4)	8.8%	3,021	22.4	10.0%
In-Store Equipment and Supplies	434		3.3%	629	44.9	4.7%	530	(15.7)	3.7%	466	(24.4)	4.3%	517	10.9	4.6%
Others	3			26			71			68			69		
Adjustments	(1,867)			(1,863)			(1,795)			(1,337)			(1,407)		
Ordinary Profit	2,388	527.7	4.3%	3,623	51.7	6.3%	3,303	(8.8)	5.4%	2,762	(19.3)	5.9%	3,402	23.2	6.9%
Net Profit	1,542	1,666.1	2.8%	2,372	53.8	4.1%	2,088	(12.0)	3.4%	1,876	(17.4)	4.0%	2,288	22.0	4.6%

*The segment profit margin is calculated as profit divided by net sales for each segment. Note: Figures may differ from the Company materials due to differences in SIR's financial data processing and the Company's reporting standards.

Source: Compiled by SIR from the Company's annual securities report and earnings summary.

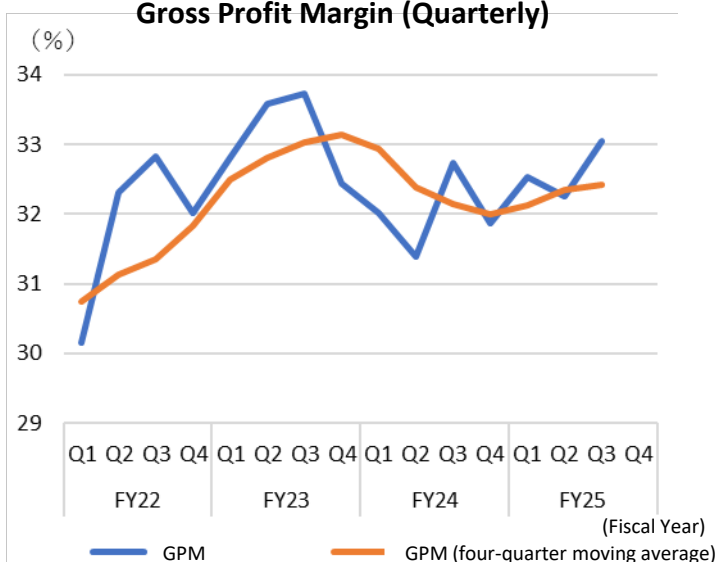
Margin improvement drives operating, ordinary, and net profit growth of over 20%

Strong sales of the Company’s original products, including environmentally friendly products, and custom-made items, along with stable raw material prices, increased gross profit 8.0% YoY and lifted the gross profit margin to 32.6% (vs. 32.1% a year earlier).

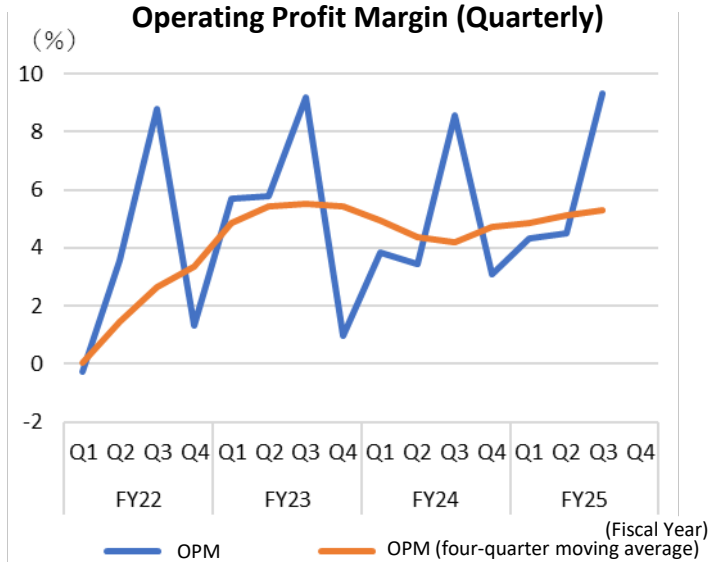
On the cost side, the Company restrained other administrative expenses despite higher logistics costs and base pay-driven increases in personnel expenses.

Consolidated net sales rose to a record JPY 49,529 mn (+6.2% YoY). Consolidated operating profit increased to JPY 3,116 mn (+22.1% YoY), ordinary profit to JPY 3,402 mn (+23.2% YoY), and net profit to JPY 2,288 mn (+22.0% YoY), with all profits rising more than 20%.

Gross Profit Margin (Quarterly)



Operating Profit Margin (Quarterly)



Source: Compiled by SIR from the Company’s earnings summary.

FY2026/3 Full-Year Forecast Maintained

FY2026/3 full-year forecast maintained

The Company maintained its full-year forecast for FY2026/3 announced on May 12, 2025, with net sales of JPY 63,500 mn (+4.6% YoY), operating profit of JPY 3,575 mn (+19.7% YoY), ordinary profit of JPY 3,800 mn (+15.0% YoY), and net profit of JPY 2,500 mn (+19.7% YoY).

Although FY2026/3 is the final year of the current Medium-Term Management Plan, the forecast figures are the same as the FY2026/3 targets revised in November 2023, except for net sales. Regarding the net sales forecast falling below the target of JPY 65,000 mn, the Company stated that the plan had incorporated expected contributions from M&A, and that progress is in line with the plan when excluding those effects.

SIR believes this indicates that the Company’s business expansion is progressing in line with plan. Accordingly, attention will focus on what specific growth strategies will be presented in the new Medium-Term Management Plan from FY2027/3 onward (an outline has been disclosed; see the SIR [full report](#) released in January 2026 for details).

Topics

Paper food trays



PFAS-free oil-resistant bags



Showroom



1. Winner of the FY2025 Good Design Award (Announced on October 15, 2025)

Specializing in packaging supplies, the Company actively promotes SDGs initiatives and focuses on the development and wider adoption of environmentally friendly products. Against this backdrop, the Company's environmentally friendly products, paper food trays and PFAS-free oil-resistant bags, won the FY2025 Good Design Award (organized by the Japan Institute of Design Promotion).

● Paper food trays (unbleached paper food trays)

Environmentally friendly products that replace plastic containers used in food supermarkets with paper containers. Made using unbleached kraft paper, they emphasize a natural look that clearly conveys eco-friendliness while creating a premium appearance that enhances the presentation of food. The evaluation also considered the quality of the fit and the distinctive texture characteristic of unbleached materials.

● PFAS-free oil-resistant bags

The Company independently developed PFAS-free oil-resistant bags, demonstrating leadership in the industry. These products are friendly to both people and the environment and were recognized for their swift response to market needs.

2. Opening of the store-integrated SHIMOJIMA showroom (October 23, 2025)

The Company opened its first showroom dedicated to custom-made items on the 7th floor of the Asakusabashi Head Office. Custom-made items are one of the Company's strengths, and the showroom provides proposals incorporating its know-how and past examples, while also introducing the Company's more than 100-year history and culture to further strengthen brand recognition. The showroom is divided into two areas, an open space that does not require reservations and a closed space that is fully reservation-based. Specialized staff are assigned to both spaces as needed, enabling the Company to respond quickly and accurately to customer requests.

● Open space

In addition to ready-made products such as paper bags and food packaging materials that are sold at the Company's directly managed stores and Package Plaza locations, the space displays samples such as items printed with customer logos that are actually used by companies and stores. It is designed as an open space where anyone can stop by. By regularly updating the displayed items, the Company aims to create a "living showroom" that continually offers change and discovery. The space also offers take-home samples of food packaging materials and environmentally friendly products.

● Closed space

The space includes a highly confidential meeting room for handling consultations related to a wide range of examples of custom-made items. Customers can also consult with designers, allowing the Company to present proposals while providing concrete images for customers considering custom-made items.

3. Decision to acquire land for construction of a new logistics center (December 22, 2025)

The Company currently operates two logistics centers each in the Kanto and Kansai regions. As its business expands, the Company plans to build a new logistics center in Kasai City, Hyogo Prefecture in addition to these four facilities, aiming to optimize logistics operations in eastern and western Japan. The total investment is expected to be approximately JPY 15,000 mn, including land, buildings, and machinery and equipment.

The Company plans to acquire the land for the new logistics center in mid-June of this year, with completion scheduled for June 2028.

Share Price Insights

Share Price Trends

An analysis of share price trends since the beginning of 2025 indicates that, in SIR’s view, the Company’s share price has shown a weaker upward trend compared with peers (SUPERBAG/ KOHSOKU), and the TOPIX (see chart below). This reflects the impact of a sharp decline in the share price through May 19, driven by (1) the FY2025/3 full-year earnings results announced on May 12 coming in below prior expectations of profit growth, and (2) concerns over an easing of supply-demand conditions for the Company’s shares following a May 13 press release on off-floor distributions.

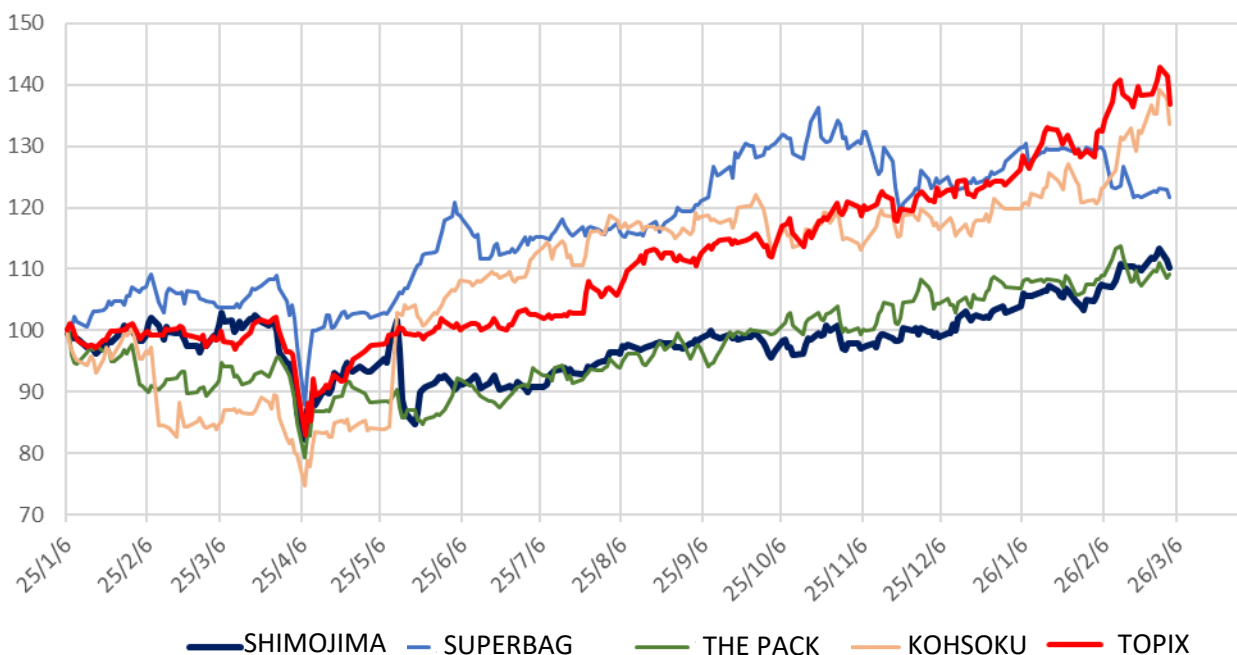
For FY2026/3, the full-term operating profit forecast is JPY 3,575 mn, but this level falls short of the JPY 3,800 mn forecast made just prior to the FY2025/3 full-year results announcement. In light of this, SIR views FY2026/3 as being in a recovery stage rather than a growth stage.

In SIR’s view, growth in high-value-added environmentally friendly products and the EC site SHIMOJIMA Online Shop suggests that a step-up to a growth stage is beginning to take shape. Regarding SHIMOJIMA Online Shop, under the current Medium-Term Management Plan (FY2022/3–FY2026/3) the Company set the “1 million × 1 million project,” which targets increasing the number of listed products to 1 million and registered members to 1 million. In FY2025/3, the Company achieved 1 million SKUs, and registered members are expected to exceed 1 million during the current fiscal year, indicating steady growth in online (EC) sales.

In SIR’s view, the share price reflects rising investor expectations for growth, having reached a new high earlier this year. From that perspective as well, attention will focus on what specific growth strategies will be presented in the next Medium-Term Management Plan starting in FY2027/3. Through the development of the Company’s original products such as environmentally friendly products, SIR expects the Company to evolve from a specialized trading company for packaging materials into a vertically integrated business model.

SIR believes that as initiatives toward a growth stage become more clearly implemented, the Company’s valuation will improve and be reflected in the share price.

Share Price Index of Shimojima and Peer Companies (CP as of Jan. 6, 2025 = 100)



Source: Compiled by SIR from SPEEDA data

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