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Sessa Investment Research

Significant Profit Increase in Q1 Due to Temporary Demand Expansion from Users amid Middle East Instability

Q1 Flash

Summary

SHIMOJIMA Co., Ltd. (hereafter, the Company) announced FY2027/3 Q1 results after market close on August 7. Consolidated net sales increased 21.6% YoY to JPY 18,446 mn. Consolidated operating profit rose 149.2% YoY to JPY 1,640 mn, ordinary profit increased 121.9% YoY to JPY 1,718 mn, and quarterly profit attributable to owners of parent (hereafter, net profit) grew 119.8% YoY to JPY 1,146 mn. Middle East instability drove increased market demand for plastic products, and the Company achieved significant sales growth by continuing to supply products to the greatest extent possible to meet this demand. On the profit front, the gross profit margin rose due to strong sales of the Companys original products, including environmentally friendly products, and profits surged significantly as the Company passed on higher costs under a policy of prioritizing product supply amid a weaker yen and soaring raw material prices.

The Company's FY2027/3 earnings forecast remains unchanged from the initial forecast announced in May.

■Overview by sales division

The Marketing and sales division focused on expanding sales of ready-made mainstay products and stepping up activities to win orders for custom-made items. Sales increased significantly due to expanded demand, primarily for plastic products.

The Store sales division focused on acquiring new customers and deepening existing relationships using CRM. In response to unstable product supply conditions, the Company leveraged its supply capabilities, and efforts such as proposing alternative products proved successful, resulting in significant sales growth.

The Online (EC) sales division maintained solid sales on the SHIMOJIMA Online Shop, and membership also increased. However, raw material shortages and supplier disruptions led to the discontinuation of some products and delays in launching new products.

(JPY mn, %, JPY)	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Net profit	YoY	EPS	DPS
FY2024/3	57,794	*5.0*	3,262	*62.2*	3,623	*51.7*	2,372	*53.8*	101.74	51.00
FY2025/3	60,680	*5.0*	2,986	*(8.5)*	3,303	*(8.8)*	2,088	*(12.0)*	89.42	54.00
FY2026/3	64,829	*6.8*	3,456	*15.7*	3,869	*17.1*	2,738	*31.1*	117.12	59.00
FY2027/3 (CE)	**66,000**	*1.8*	**3,700**	*7.0*	**4,000**	*3.4*	**2,600**	*(5.1)*	**111.16**	**59.00**
FY2026/3 Q1	15,167	*4.9*	658	*18.3*	774	*35.4*	521	*42.2*	22.32	--
FY2027/3 Q1	18,446	*21.6*	1,640	*149.2*	1,718	*121.9*	1,146	*119.8*	49.02	--

Source: Compiled by SIR from the Company's earnings presentation 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.

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■ **Overview by product segment**

In the Paper products segment, consolidated net sales were JPY 2,714 mn (+11.4% YoY), supported by particularly solid demand for food bags.

The Plastic products and Packaging materials segment performed well overall, including ready-made plastic products such as polyethylene bags, shopping bags, and OPP bags. Consolidated net sales were JPY 11,728 mn (+26.0% YoY).

In the In-store equipment and Supplies segment, consolidated net sales were JPY 4,002 mn (+17.1% YoY), driven by expanded demand for essential items in the medical and sanitary fields, such as nitrile gloves.

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