

2H OP recovery from price hikes/SG&A control Change to dividend policy introducing DOE ratio over 3%

RESULTS SUMMARY

- SHIMOJIMA reported Q4 FY25/3 results after the close on 5/12. Headline numbers for FY25/3 were: net sales JPY 60,680mn, +5.0% YoY, OP JPY 2,986mn, -8.5% (OPM 5.6% → 4.9%) and profit attributable to owners of parent JPY 2,088mn, -12.0%, posting slight shortfalls to initial company estimates. However, the strong recovery from the 2H is noteworthy. The quarterly trend of YoY growth in sales was Q1 +2.0%, Q2 +6.1%, Q3 +5.6% and Q4 +6.3%, respectively. The quarterly trend of OPM was Q1 3.8%, Q2 3.4%, Q3 8.6% and Q4 3.1%, respectively, reflecting both the impact of price hikes on improving GPM from Q3 onward by starting to offset the 1H negative impact from the yen's sharp depreciation (see right-hand chart) and management successfully controlling SG&A expenses.
- FY26/3 marks the 5th and final year of the current medium-term management plan announced in 2021 during COVID-19. Positive growth drivers continue to be 1) robust inbound demand, 2) ongoing growth in online shopping, 3) rapid growth in home delivery of restaurant meals and groceries and 4) strong demand for high-value added, customized environmentally friendly packaging solutions, where the SHIMOJIMA Group has a competitive strength in development capabilities. Initial Company estimates for FY26/3 are shown in the table below. Note that the yen has strengthened substantially since the beginning of the year, in part due to the unwinding of the yen carry trade in reaction to uncertainties arising related to US tariff policy, and energy prices have weakened due to increased OPEC production while fears of a global slowdown strengthen, alleviating cost pressures to some extent.
- Along with financial results, to raise the level and stability of dividends, SHIMOJIMA announced a change in its dividend policy with the introduction of a new indicator: Dividend on Equity (DOE) ratio. Regarding dividends of surplus, the Company will determine the amount of dividends to be paid to shareholders by targeting either a consolidated dividend payout ratio of at least 50% or a DOE ratio over 3%.

SHIMOJIMA Q4 FY25/3 Consolidated Financial Results Summary

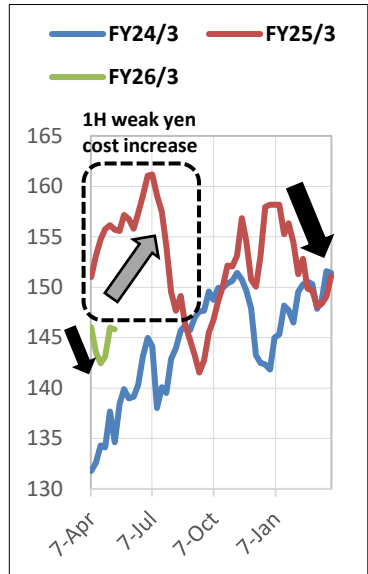
JPY mn, % [J-GAAP]	Q4 FY24/3 Jan-Mar	Q4 FY25/3 Jan-Mar	FY24/3 act	FY25/3 init CE	FY25/3 act	FY26/3 init CE
Net sales	13,190	14,026	57,794	61,800	60,680	63,500
YoY	1.0	6.3	5.0	6.9	5.0	4.6
Gross profit	4,279	4,470	19,173	—	19,436	—
GPM (%)	32.4%	31.9%	33.2%	—	32.0%	—
SG&A expenses	4,151	4,036	15,910	—	16,449	—
ratio to sales (%)	31.5%	28.8%	27.5%	—	27.1%	—
Operating profit	127	433	3,262	3,800	2,986	3,575
YoY	(27.4)	240.9	62.2	16.5	(8.5)	19.7
OPM (%)	1.0%	3.1%	5.6%	6.1%	4.9%	—
Ordinary profit	203	541	3,623	4,000	3,303	3,800
Profit ATOP	101	212	2,372	2,500	2,088	2,500
YoY	34.7	109.9	53.8	5.4	(12.0)	19.7
EPS (JPY)	—	—	101.74	107.19	89.42	107.02
DPS (JPY)	—	—	51.00	54.00	54.00	54.00
BPS (JPY)	—	—	1,486.68	—	1,502.89	—

Source: compiled by SIR from TANSIN Financial Results Summaries.

Q4 Flash



Weekly trend of USD-JPY



Chris Schreiber CFA
Company Specialist
research@sessapartners.co.jp



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Sessa Partners Inc.

#5a i-o Azabu, 2-8-14
Azabujyuban, Minato-ku, Tokyo
info@sessapartners.co.jp