

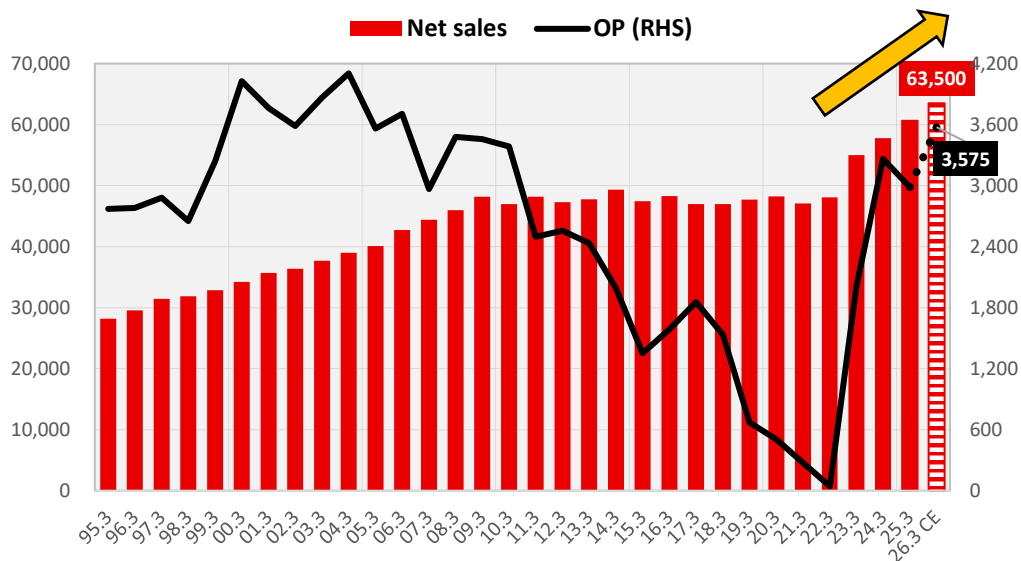
## FY26/3 is the final year of the 5-year MTP Focus on pioneering environmentally friendly products

### SUMMARY

● Since this is the final year of the current 5-year MTP, **focus growth initiatives for FY26/3 are shifting out with a view toward the next MTP.** Regarding cash allocation for investments and shareholder returns, in addition to FY26/3 capex plans for IT investment in various key systems, as well as renovation work on the Company's head office, management announced a new 3-year plan to construct a new mother distribution center in Hyogo Prefecture to cover Western Japan at a total estimated cost of JPY 15bn (internal funds plus bank loans, see P6 for details). At the same time, it added DOE > 3.0% in addition to targeting a consolidated payout ratio of ≥ 50% to its policy on shareholder returns. SHIMOJIMA Group earnings have clearly entered a new growth phase, and **SIR believes that under its unique omnichannel model, by focusing on the customer instead of the platform, SHIMOJIMA has a competitive advantage that can drive higher sales and better retention rates, as well as building an easily identifiable brand image.**

● Sales expansion initiatives for FY26/3 include continuing to grow its online shop business, as well as raising the sales ratio of value-added environmentally friendly items among its original products. Online (EC) business has grown rapidly, and the number of items handled (stock-keeping units, or SKUs) has grown from 30K in 2021 to 1.31mn as of March 31, 2025. The medium-term target is 3.0mn. SHIMOJIMA Online Shop registered members reached 881,000, approaching the near-term target of 1 million. One of the competitive strengths of SHIMOJIMA is its leadership in developing and promoting early adoption of environmentally friendly packaging materials, and in this report, we examine key initiatives starting in the TOPICS sections on PP7-8.

### SHIMOJIMA Group Earnings Have Entered a New Growth Phase (JPY mn)



Source: compiled by SIR from SPEEDA earnings database. Note: non-consolidated figures through FY08/3.

### Q4 Follow-up



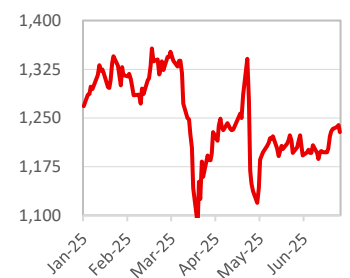
#### Focus Points:

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 (7/18)	1,227
YH (25/5/12)	1,375
YL (25/4/7)	1,065
10YH (20/9/29)	1,545
10YL (22/4/13)	886
Shrs out. (mn shrs)	23.648
Mkt cap (¥ bn)	29.039
EV (¥ bn)	24.417
Equity ratio (3/31)	83.9%
26.3 P/E (CE)	11.5x
26.3 EV/EBITDA (CE)	4.5x
25.3 ROE (act)	6.0%
25.3 P/B (act)	0.82x
26.3 DY (CE)	4.40%

#### 6M daily share price trend



**Chris Schreiber CFA**

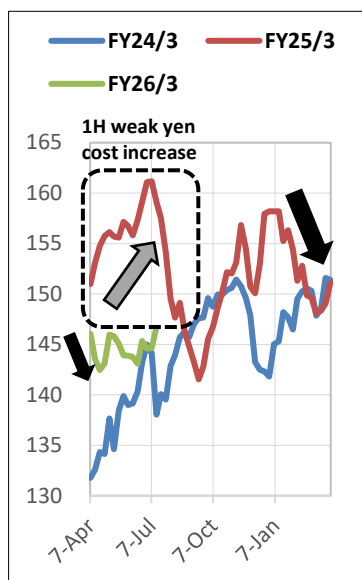
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Weekly trend of USD-JPY



## 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 as follows: 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 left-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.
- The acquisition of Sapporo-based Ohkura Sangyo was completed on January 17, 2025, with the transfer of shares, making it a subsidiary. Earnings consolidation commenced from April 1, 2025. Strengths of Ohkura Sangyo include: 1) main customers: hospitals, nursing care facilities, kindergartens, etc., 2) main products: plastic bags, gloves, paper towels, etc., and 3) it has the top market share in Hokkaido. The expected synergy effects with the SHIMOJIMA Group will enhance corporate value going forward.

#### 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
<b>Net sales</b>	<b>13,190</b>	<b>14,026</b>	<b>57,794</b>	<b>61,800</b>	<b>60,680</b>	<b>63,500</b>
<b>YoY</b>	<b>1.0</b>	<b>6.3</b>	<b>5.0</b>	<b>6.9</b>	<b>5.0</b>	<b>4.6</b>
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%	—
<b>Operating profit</b>	<b>127</b>	<b>433</b>	<b>3,262</b>	<b>3,800</b>	<b>2,986</b>	<b>3,575</b>
<b>YoY</b>	<b>(27.4)</b>	<b>240.9</b>	<b>62.2</b>	<b>16.5</b>	<b>(8.5)</b>	<b>19.7</b>
<b>OPM (%)</b>	<b>1.0%</b>	<b>3.1%</b>	<b>5.6%</b>	<b>6.1%</b>	<b>4.9%</b>	—
Ordinary profit	203	541	3,623	4,000	3,303	3,800
Profit ATOP	101	212	2,372	2,500	2,088	2,500
<b>YoY</b>	<b>34.7</b>	<b>109.9</b>	<b>53.8</b>	<b>5.4</b>	<b>(12.0)</b>	<b>19.7</b>
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 TANSHIN Financial Results Summaries.

**Comments by Channel****Marketing and Sales**

- Expanded sales of mainstay ready-made products and invigorated activities to win orders for custom-made items
- Demand for environmentally friendly products expanded

**Store Sales**

- Event and inbound demand increased
- Retail and restaurant sales sluggish due to higher procurement costs
- Developed new opportunities outside of stores

**Online (EC) Sales**

- Increased the number of newly listed products on SHIMOJIMA Online Shop

**Comments by Segment****Plastic Products and Packaging Materials**

- Strong sales of main products (garbage bags, plastic bags)
- Strong sales of food packaging materials such as cups, paper containers, and cutlery

**In-Store Equipment and Supplies**

- Increase in stationery and office supplies due to recovery in inbound demand
- Steady performance of event-related products

**Paper Products**

- Demand for ready-made products decreased due to the impact of introduced charges for paper bags
- Sales of custom-made products remained strong

Source: compiled by SIR from IR results briefing materials.

**2H FY25/3 net sales showed clear improvement sequentially from 1H**

- Price hikes for roughly 80% of products were implemented from last September, a portion from October, addressing the sharp depreciation of the yen on procurement costs, and the middle table below shows clear improvement sequentially from the 1H → 2H (highlighted in light blue).

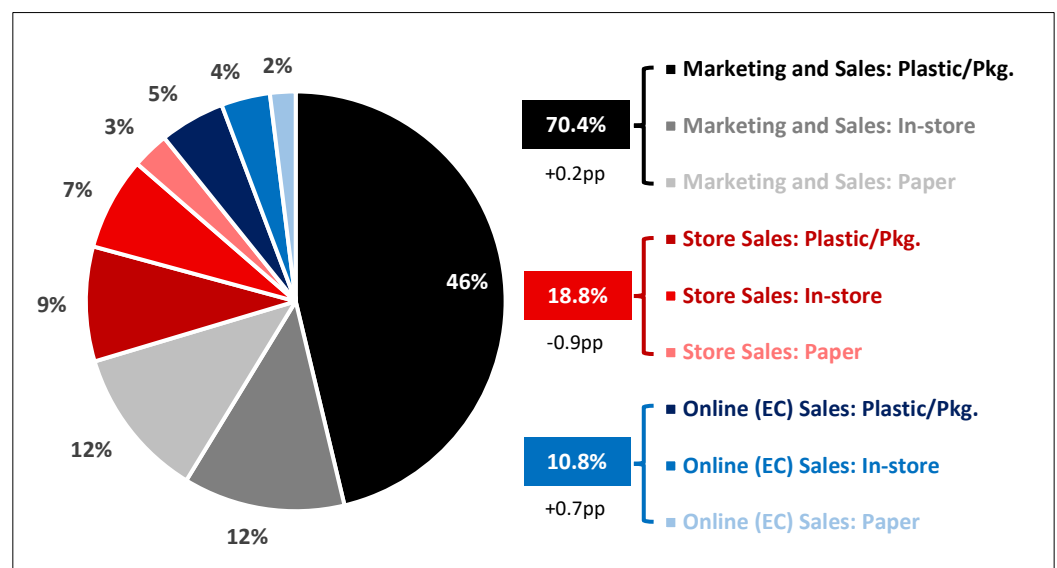
**FY25/3 Sales Channel and Product Segment Matrix**

JPY mn % YoY	Paper Products	Plastic Products and Packaging Materials	In-Store Equipment and Supplies	Total net sales to external customers
Marketing and Sales	7,070	28,071	7,561	42,703
YoY	(0.9)	6.8	5.7	5.2
Store Sales	1,730	5,363	4,341	11,435
YoY	(4.3)	3.7	(0.9)	0.6
Online (EC) Sales	1,196	3,059	2,285	6,541
YoY	(1.2)	13.3	17.8	11.8
Total net sales	9,997	36,494	14,188	60,680
YoY	(1.5)	6.8	5.3	5.0

Source: compiled by SIR from YUHO Annual Securities Reports. Note: reportable segments are Product Segments.

**Sales recovered nicely from the 2H (⇒ price adj.)**

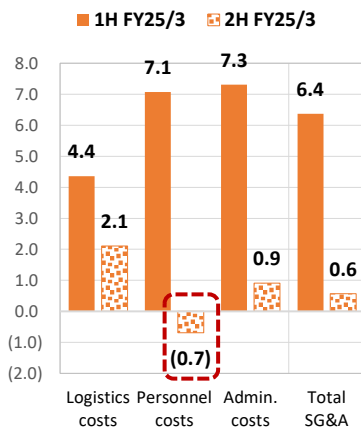
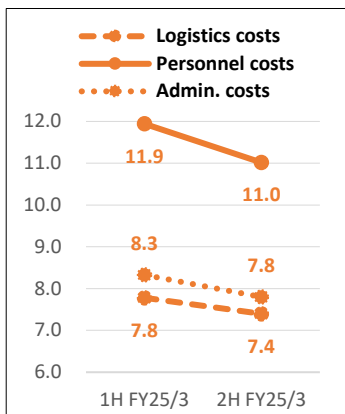
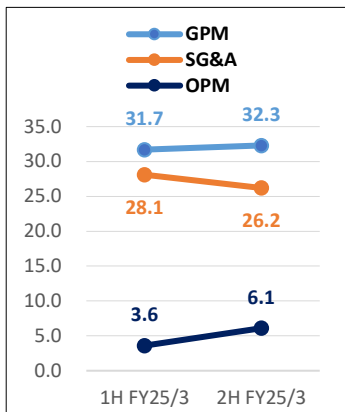
YoY sales trend by individual channel/segment % YoY	FY25/3 1H act	FY25/3 2H act	FY25/3 FY act
Marketing and Sales: Plastic/pkg. materials	6.0	7.5	6.8
Marketing and Sales: In-store equip/supplies	6.4	5.1	5.7
Marketing and Sales: Paper	(2.0)	0.1	(0.9)
Store Sales: Plastic/pkg. materials	1.9	5.5	3.7
Store Sales: In-store equip/supplies	(2.2)	0.3	(0.9)
Store Sales: Paper	(5.9)	(2.9)	(4.3)
Online (EC) Sales: Plastic/pkg. materials	13.9	12.7	13.3
Online (EC) Sales: In-store equip/supplies	6.8	28.5	17.8
Online (EC) Sales: Paper	0.4	(2.5)	(1.2)
Total net sales: Marketing and Sales	4.7	5.7	5.2
Total net sales: Store Sales	(0.8)	2.0	0.6
Total net sales: Online (EC) Sales	8.8	14.6	11.8
<b>TOTAL CONSOLIDATED NET SALES</b>	<b>4.0</b>	<b>5.9</b>	<b>5.0</b>

**FY25/3 Net sales breakdown by individual channel/segment (9)**

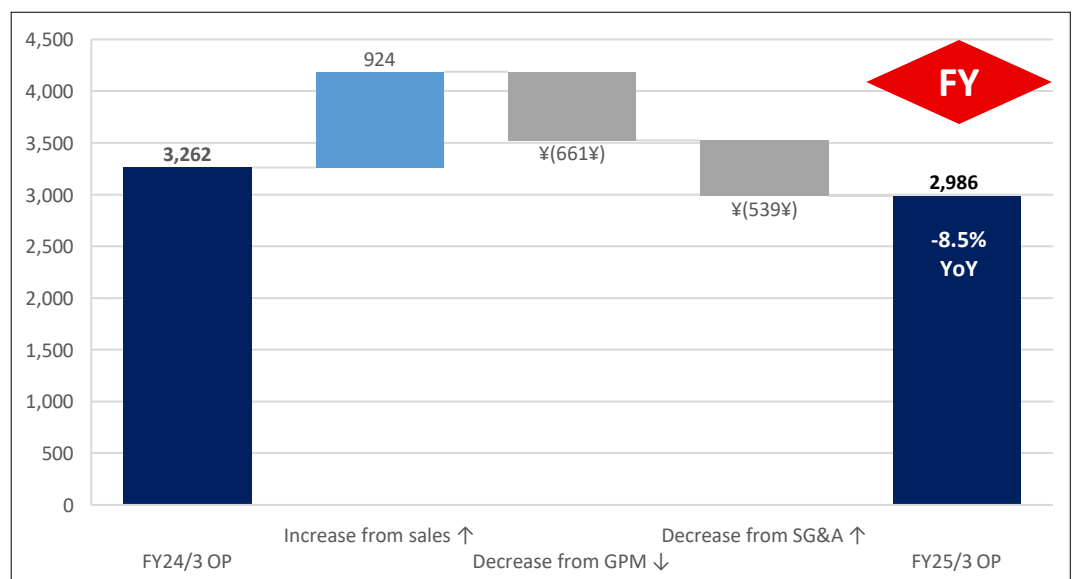
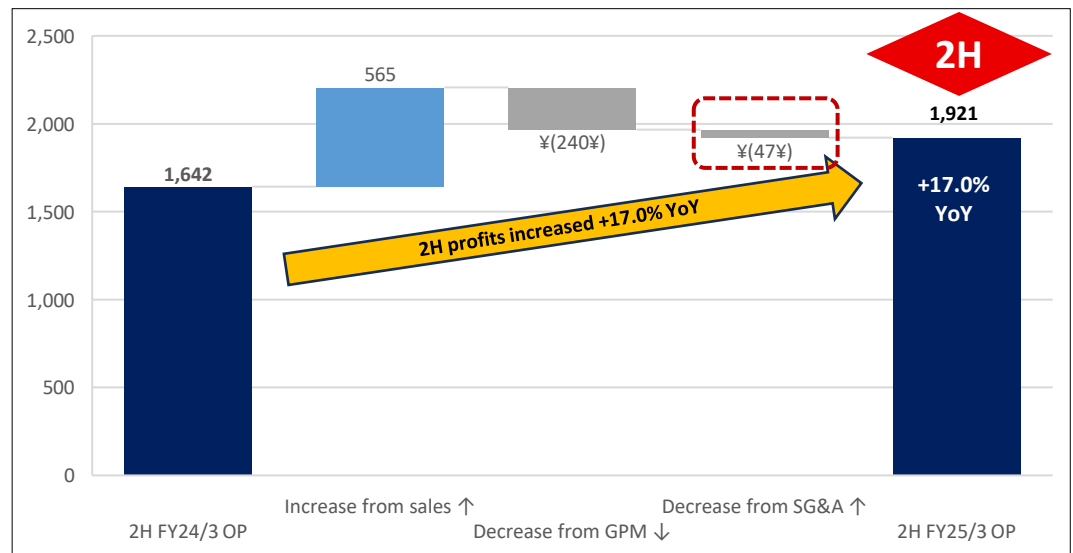
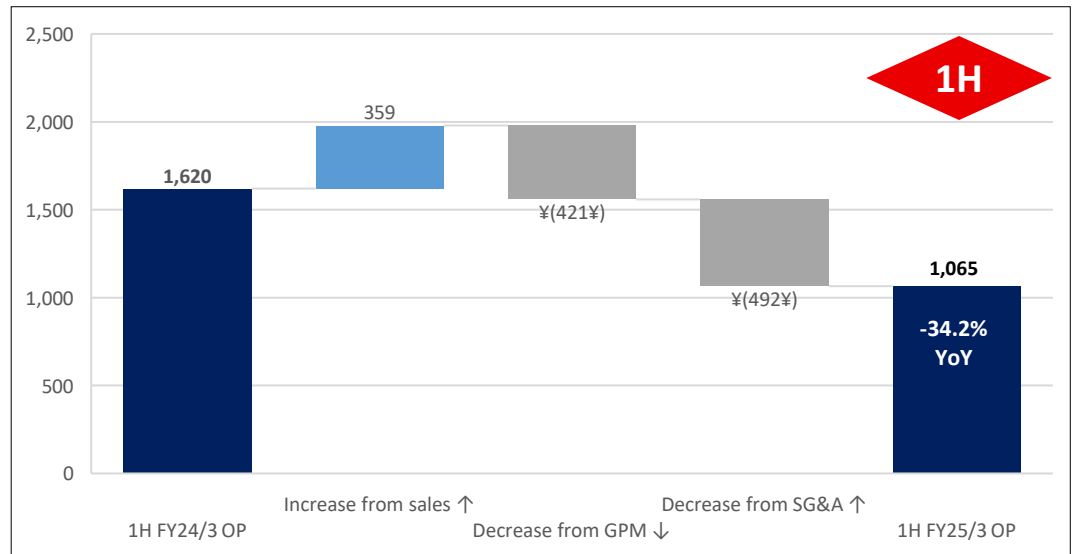
Source: compiled by SIR from YUHO Annual Securities Reports.

**Sharp recovery in 2H OP**

As can be seen from the graphs below, not only did 2H GPM improve reflecting price adjustments, but 2H SG&A also improved, as the effect of 1Q base-up increases eased.

**YoY Trend of SG&A by Half****Trend of Margins by Half**

Source: compiled by SIR from IR results briefing materials.

**1H, 2H and FY OP Change Factor Analysis (JPY mn)**

Source: compiled by SIR from Company IR results briefing materials.

## SHIMOJIMA head office



### Key targets for FY26/3 Capex Plan

#### [IT investment]

- SHIMOJIMA-style omnichannel
- Backbone system
- Accounting system
- Various infrastructure

#### [Logistics investment]

- New mother distribution center in Western Japan (3-year project JPY 15.0bn, see next page for details)

#### [Store openings, repairs]

- New store openings
- Existing store renovation
- Head office renovation

### New dividend policy

To raise the level and stability of dividends, SHIMOJIMA announced a change in its dividend policy with the introduction of Dividend on Equity (DOE) ratio. Going forward, the Company will determine the amount of dividends of surplus to be paid to shareholders by targeting either a consolidated dividend **payout ratio of at least 50% or a DOE ratio over 3%.**

### Outlook for FY26/3: cash allocation for investments and shareholder returns

Leaving aside net sales, FY25/3 OP already exceeded the initial target by over JPY 1.0bn, OPM by 1.9pp to the 5% level, ROA by 2.8pp to nearly 9%, and the payout ratio doubled the initial target from 30% → 60%. Since this is the final year of the current 5-year MTP, **focus growth initiatives for FY26/3 are shifting out toward the next MTP.** FY26/3 capex plans are shown in the table below. In addition to IT investment in various key systems, as well as renovation work on the Company's head office, management announced a new 3-year plan to construct a new mother distribution center in Hyogo Prefecture (details on the next page). At the same time, it added DOE > 3.0% in addition to targeting a consolidated payout ratio of ≥ 50%.

### FY26/3 Final Year of the 5-Year MTP: Progress

JPY mn %	MTP FY26/3		Actual results				Year 5	FY25/3 progress	
	Nov-21	rev CE	FY22/3 act	FY23/3 act	FY24/3 act	FY25/3 act	FY26/3 init CE	Nov-21	rev CE
Net Sales	65,000	—	48,063	55,028	57,794	60,680	63,500	(4,320)	—
Operating profit	1,950	3,575	44	2,011	3,262	2,986	3,575	1,036	(589)
OPM	3.0%	5.5%	0.09%	3.65%	5.64%	4.92%	5.63%	+1.92pp	-0.58pp
ROA	5.0%	8.5%	1.0%	6.1%	8.7%	7.8%	8.9%	+2.8pp	-0.7pp
Dividend payout	30.0%	50.0%	594.6%	33.2%	50.1%	60.4%	50.5%	+30.4pp	+10.4pp

Source: compiled by SIR from IR results briefing materials.

### MTP Capex Plan of JPY 7.0bn: Progress

JPY bn %	FY22/3 act	FY23/3 act	FY24/3 act	FY25/3 act	FY26/3 plan
Capex	0.92	1.71	1.18	0.99	5.00
Cumulative	0.92	2.63	3.81	4.80	9.80
Progress ratio	13.1%	37.6%	54.4%	68.6%	140.0%

Source: compiled by SIR from IR results briefing materials.

### Significantly enhanced shareholder return policy

yen per share %	FY22/3 act	FY23/3 act	FY24/3 act	FY25/3 act	FY26/3 init CE
Interim dividend	11.00	11.00	11.00	27.00	27.00
Year-end dividend	11.00	11.00	40.00	27.00	27.00
Annual dividend	22.00	22.00	51.00	54.00	54.00
Payout ratio	586.7%	33.2%	50.1%	60.4%	50.5%
DOE	1.6%	1.6%	3.5%	3.6%	—

Source: compiled by SIR from TANSIN Financial Results Summaries.



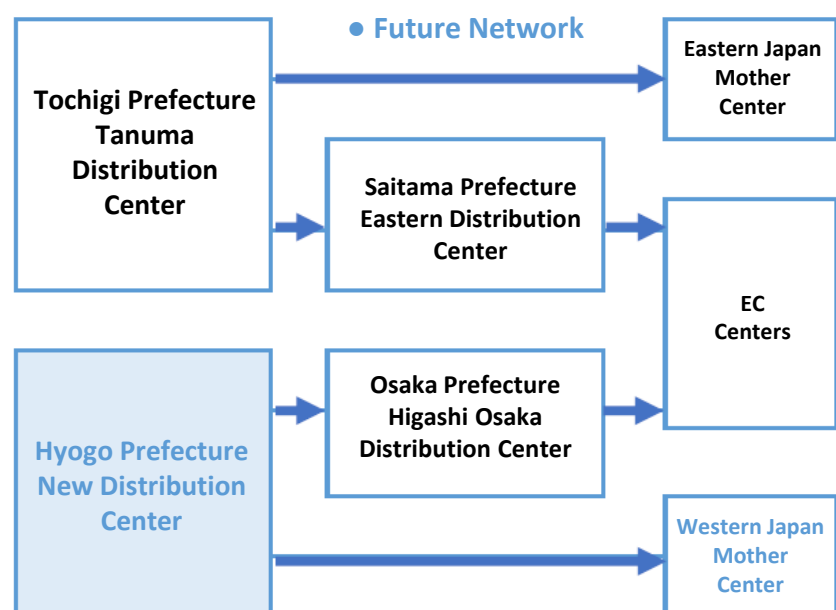
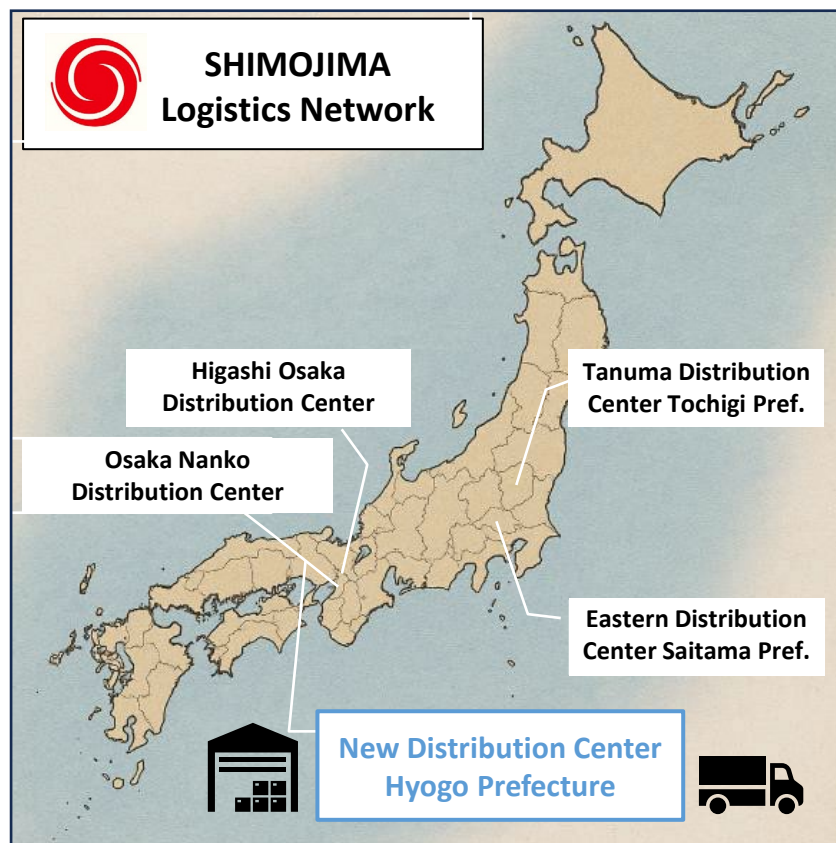
## TOPICS 1

## Reasons for the investment

- To increase cargo shipping and receiving capacity and inventory storage capacity in line with business expansion
- To accommodate an increase in mixed shipments
- To optimize East-West logistics for nationwide distribution in conjunction with existing distribution centers
- Higashi Osaka has insufficient room for further capacity expansion to support business growth

## 3Y Plan to construct a new mother distribution center in Western Japan

- SHIMOJIMA announced a three-year plan to build a new mother distribution center in Western Japan (target site in Hyogo Prefecture has not been finalized), with estimated total investment of JPY 15.0 billion (including land, buildings, machinery and equipment, etc.), targeting completion in March 2028. The Company plans to finance this project with internal funds and bank borrowings.



Source: excerpts from IR results briefing materials and presentation for individual investors meeting.

## TOPICS 2

- **Paper Food Trays**

A full lineup of products suitable for supermarket deli counters and food service industry take-out

- **PFAS-free oil-resistant paper (french fries bags, etc.)**

Industry leader to commercialize oil resistant packaging materials that do not contain organic fluorine compounds

- **Water-based coating (eco-burger bags, etc.)**

Industry leader to commercialize first packaging material with a new coating technology that replaces PE laminate

- **Recycled raw materials (plastic bags)** Rolled out plastic bags made of recycled materials that reduce CO<sub>2</sub> emissions

### Exhibit at the Supermarket Trade Show 2025 (Feb. 12-14 at Makuhari Messe)

- In a press release dated January 27, 2025, SHIMOJIMA summarized its packaging materials with reduced environmental impact under four themes that it would showcase at the Supermarket Trade Show 2025 (description details on the left, graphic at the bottom titled “Strengthening eco-friendly packaging in the food section!”) in the Group’s aim to contribute to realizing a sustainable society. Various registration applications have been filed for its sustainable paper food trays, and product features include: single-sheet formed rim roll paper, increased strength, complete protection against seepage, and secure lid closure.
- For **PFAS-free oil-resistant paper**, its products use no waxes, no poly-laminates and no organo-fluorine compounds, friendly to the environment and healthy for the body. Per- and polyfluoroalkyl substances (PFAS) came into use with the invention of Teflon in 1938 to make fluoropolymer coatings and products that resist heat, oil, stains, grease, and water. Many PFAS such as PFOS and PFOA pose health and environmental risks because they are persistent organic pollutants with long half-lives, believed to have carcinogenic properties leading to cancer. They move through soils and bio-accumulate in fish and wildlife, which are then eaten by humans, and major foodservice chains are halting their use.
- **Water-based (or aqueous) coating** is a new environmentally-friendly coating technology that replaces polyethylene (PE) laminate. Water-based coated paper is eco-friendly packaging made from paper materials with a water-based coating agent applied to the surface, enhancing the water resistance while reducing the need for traditional plastic coatings. The water-based coating is absorbed into the paper fibers, rather than sitting on top as an additional layer, largely decomposing along with the paper fibers.
- For **recycled raw materials (plastic bags)**, in promoting the use of recycled materials, SHIMOJIMA has introduced polyethylene bags made from recycled plastic pellets. The Company estimates a 25% reduction in CO<sub>2</sub> emissions from products made with recycled raw materials, based on its comparison from procurement to manufacturing

### Water-based coating (eco-burger bags, etc.)



## TOPICS ③

SHIMOJIMA  
MALL

## As of 2025.3.31

- SHIMOJIMA Online Shop items handled: 1.31mn stock-keeping units—SKUs
- SHIMOJIMA Online Shop registered members: 881,000

Green  
SHIMOJIMA

## Sales expansion initiatives: online shop, environmentally friendly items

- Looking forward into FY26/3, SHIMOJIMA outlined strategies for sales expansion. Online (EC) business has grown rapidly, and the number of items handled has grown from 30K in 2021 to 1.31mn as of 2025.3.31. The medium-term target is 3.0mn. The Company acknowledges that while the main customer base until now has been retailers and restaurants, Japan's demographics will require developing new customers.
- A priority focus has been on developing environmentally friendly products that use **recycled materials**, and the next target industries will be tourism and fisheries. Specifically, **in the tourism industry, SHIMOJIMA plans to propose amenities and laundry bags made from recycled materials to lodging facilities. In the fisheries industry, SHIMOJIMA is developing products made from fishing nets and oyster shells, focusing on the upcycling of waste materials.**
- The movement to reduce the use of plastic is attracting increasing attention and importance from the perspective of environmental protection. In accordance with the 'Law for the Promotion of Plastic Resource Recycling' that came into force in June 2021, following the introduction of charges for plastic shopping bags, disposable cutlery (spoons, forks, knives) such as those used in convenience store cutlery sets, as well as plastic products such as straws and stirrers, will be subject to restrictions on their use, and businesses will be required to take action and implement measures. Not only take-out food from restaurants, supermarkets and food trucks, but also internet shopping, home delivery and delivery services, which are seeing an increase in demand, will be subject to these restrictions, so this will have a significant impact on businesses involved in food and beverages. **Wooden, paper and biomass plastic cutlery are alternatives to plastic cutlery, so they are exempt from the reduction in use. SHIMOJIMA's plastic-free cutlery has one of the industry's largest lineups.**
- **PFAS-free oil-resistant paper** is a fluorine-free oil-resistant paper that does not use organic fluorine compounds (PFAS). It has virtually the same oil resistance as paper made with fluorine-based oil-resistant materials and is suitable for packaging foods containing oil. **SHIMOJIMA is a pioneer in this area with a growing lineup of products, and it is stepping up sales efforts.**

## Development of value-added environmentally friendly products

JPY bn %	FY23/3 act	FY24/3 act	FY25/3 act
Sales ratio of environmentally friendly products among original products	15.4%	16.5%	18.2%
Number of items (SKUs)	1,897	1,961	2,205

Source: compiled by SIR from IR results briefing materials.





### Performance and Valuations: SESSA Smart Charts

- ✓ The current P/E of 11.5x is trading 61% below its historical average, reflecting the sharp recovery in profitability. While the P/B is trading around its historical average, management is making efforts to address a P/B below 1x.
- ✓ EV/EBITDA 55% below its historical average further reflects the marked improvement in profitability in the last two terms, and the DY of 4.40% trading 74% above its historical average, together with historically low P/E and EV/EBITDA, present an attractive investment case on compelling valuations in our view.



### Analyst's view

### 10-Year Monthly Share Price, 6M/12M/24M MA, Volume and Valuations Trend



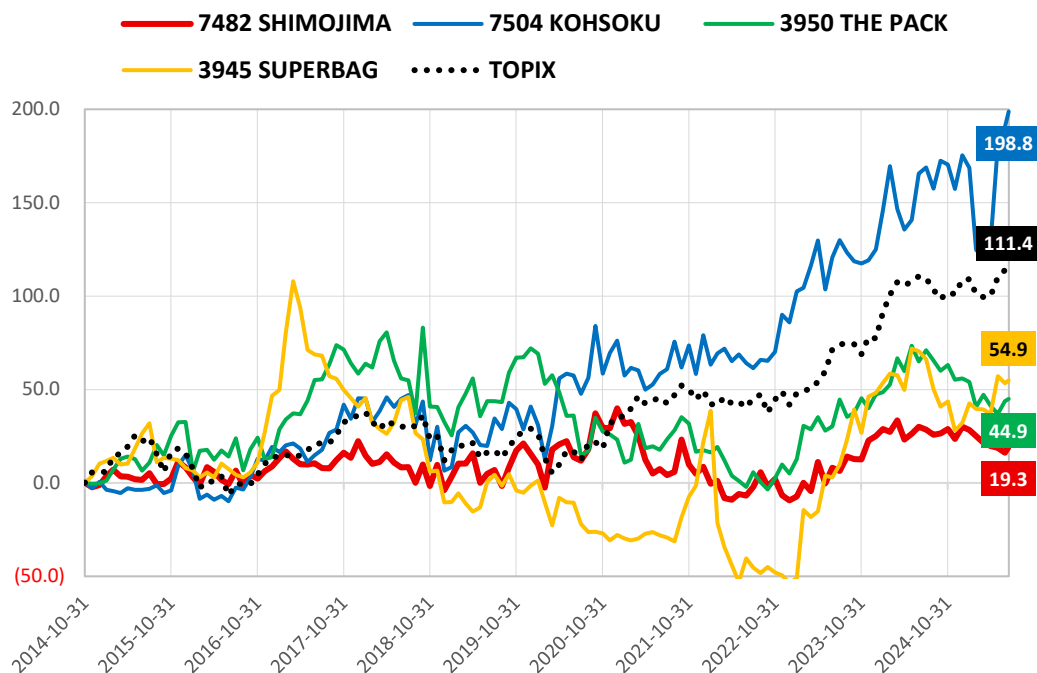
Source: compiled by SIR from SPEEDA historical earnings and price data. Valuations calculated based on LTM and CE.  
 \*Note: the P/E data for FY21/3 and FY22/3 have been omitted for visual clarity, removing the outliers from the net loss recorded in FY21/3 and negligible profit attributable to owners of parent recorded in FY22/3.



## Analyst's view

- ✓ The table compares selected peers on eight key metrics:
  - Scale (net sales)
  - Growth (YoY)
  - Profitability (OPM)
  - Productivity (per person)
  - Efficiency (ROE, ROIC)
  - Leverage (equity ratio)
  - Valuations (P/E, P/B, EV/EBITDA)
  - Shareholder return (payout ratio)
- ✓ In SIR's view, there is a disconnect between SHIMOJIMA's sharp recovery in profitability upon entering a new growth phase (see graph shown on P1), significantly enhanced shareholder return policy (highest payout ratio among peers), and the lagging share price.
- ✓ Also, there is a clear path to higher ROE/ROIC from leveraging up the B/S going forward (from the current high 83% level), which is under ongoing review by management.

## 10-Year Monthly Relative Share Price Performance Versus Selected Peers



Source: compiled by SIR from SPEEDA share price database, closing prices as of October 25, 2024.

## Key Financial Indicators and Valuations for Selected Peers

Units:	7504-P KOHSOKU	3950-P THE PACK	7482-P SHIMOJIMA	3945-S SUPERBAG
JPY million	FY25/3 (act)	FY24/12 (act)	FY25/3 (act)	FY25/3 (act)
persons, %, times	FY26/3 (CE)	FY25/12 (CE)	FY26/3 (CE)	FY26/3 (CE)
Head office	Sendai	Osaka	Tokyo	Tokyo
Consolidated headcount*	1,120	1,196	842	389
Parent headcount	701	882	634	340
Net sales (act)	115,915	101,461	60,680	27,579
YoY	9.1	3.8	5.0	2.8
Net sales (CE)	124,000	105,000	63,500	29,300
YoY	7.0	3.5	4.6	6.2
Sales per employee (act)*	103.5	84.8	72.1	70.9
OP (act)	4,532	8,009	2,986	901
YoY	7.2	3.4	(8.5)	(12.8)
OP (CE)	4,850	8,300	3,575	1,110
YoY	7.0	3.6	19.7	23.1
OPM % (act)	3.9%	7.9%	6.0%	3.3%
OPM % (CE)	3.9%	7.9%	5.8%	3.8%
Equity ratio (act)	65.0%	72.1%	83.9%	32.3%
ROE (act)	9.0%	8.7%	6.0%	22.1%
ROIC (act)	8.1%	7.1%	5.8%	10.7%
Div payout ratio (act)	30.1%	35.4%	60.4%	15.9%
Div payout ratio (est)	62.0%	35.3%	50.5%	18.1%
DOE (act)	2.7%	3.1%	3.6%	3.5%
Market cap	58,333	66,207	29,039	4,257
Share price (¥)	2,779	1,109	1,228	2,525
P/E ratio (CE)	14.8	9.6	11.5	4.2
EV/EBITDA (CE)	7.9	4.0	4.5	2.9
P/B ratio (LTM act)	1.36	0.85	0.82	0.79
DY (CE)	4.17%	3.73%	4.40%	4.36%

Source: compiled by SIR from TANSBIN financial results summaries and YUHO annual securities reports.

Note: price data from SPEEDA share price database, closing prices as of July 16, 2025.

## SHIMOJIMA Group earnings clearly in a new growth phase

- The 10-year trend shown in the table below demonstrates the changing nature of the Group's sales growth and profitability, having entered a new growth phase post-COVID. During the first 5 years from FY14/3 – FY19/3, net sales declined 3 out of the 5 years for 5Y CAGR -0.7%, and OP also declined 3 out of the 5 years for 5Y CAGR of -19.6%. During the next 5 years from FY19/3 – FY24/3, net sales only declined during FY21/3 (COVID outbreak), for **5Y CAGR of 3.9%**, and **OP 5Y CAGR of 37.2%**. 5Y CAGR for total cash divs in the first 5 years was 0.1%, vs. **18.4%** subsequently.

## SHIMOJIMA Consolidated Financial Highlights and Key Indicators – new growth phase

JPY mn, % [J-GAAP]	FY15/3 act	FY16/3 act	FY17/3 act	FY18/3 act	FY19/3 act	FY20/3 act	FY21/3 act	FY22/3 act	FY23/3 act	FY24/3 act	1ST 5Y CAGR	2ND 5Y CAGR	FY25/3 act	FY26/3 init CE
Net sales	47,431	48,278	46,996	46,965	47,696	48,254	47,100	48,063	55,028	57,794			60,680	63,500
YoY	(3.9)	1.8	(2.7)	(0.1)	1.6	1.2	(2.4)	2.0	14.5	5.0	(0.7)	3.9	5.0	4.6
<i>by Sales Channel</i>														
● Marketing and Sales	34,307	35,242	33,959	34,423	35,475	35,991	34,117	34,322	38,708	40,580			42,703	
YoY	(1.5)	2.7	(3.6)	1.4	3.1	1.5	(5.2)	0.6	12.8	4.8	0.4	2.7	5.2	
● Store Sales	13,124	13,036	13,037	12,587	12,245	11,968	11,163	10,834	11,315	11,362			11,435	
YoY	(9.7)	(0.7)	0.0	(3.5)	(2.7)	(2.3)	(6.7)	(2.9)	4.4	0.4	(3.4)	(1.5)	0.6	
● Online (EC) Sales	—	—	—	—	—	—	1,971	2,906	5,005	5,851			6,541	
YoY							—	47.4	72.2	16.9	—	—	11.8	
<i>by Product Segment</i>														
● Plastic Products and Pkg. Materials	25,160	25,775	25,076	25,385	25,941	26,408	25,545	26,948	31,836	34,166			36,494	
YoY	(2.1)	2.4	(2.7)	1.2	2.2	1.8	(3.3)	5.5	18.1	7.3	0.2	5.7	6.8	
● In-Store Equipment and Supplies	12,959	12,898	12,438	12,141	12,449	12,494	13,248	12,084	13,193	13,475			14,188	
YoY	(6.7)	(0.5)	(3.6)	(2.4)	2.5	0.4	6.0	(8.8)	9.2	2.1	(2.2)	1.6	5.3	
● Paper Products	9,311	9,603	9,481	9,438	9,306	9,351	8,306	9,030	9,998	10,153			9,997	
YoY	(4.6)	3.1	(1.3)	(0.5)	(1.4)	0.5	(11.2)	8.7	10.7	1.6	(0.9)	1.8	(1.5)	
Gross profit	14,586	15,056	15,259	15,260	14,807	15,313	15,061	14,971	17,543	19,173	(0.6)	5.3	19,436	
GPM %	30.8%	31.2%	32.5%	32.5%	31.0%	31.7%	32.0%	31.1%	31.9%	33.2%			32.0%	
SG&A expenses	13,233	13,468	13,402	13,725	14,137	14,807	14,786	14,927	15,531	15,910	1.2	2.4	16,449	
% net sales	27.9%	27.9%	28.5%	29.2%	29.6%	30.7%	31.4%	31.1%	28.2%	27.5%			27.1%	
Depreciation and amortization	977	931	837	751	708	770	942	923	1,037	1,078			1,131	
EBITDA (OP + depreciation & amort.)	2,330	2,518	2,693	2,285	1,378	1,275	1,217	967	3,048	4,340	(14.5)	25.8	4,117	
Operating profit	1,353	1,587	1,856	1,534	670	505	275	44	2,011	3,262			2,986	3,575
YoY	(32.0)	17.3	17.0	(17.3)	(56.3)	(24.6)	(45.5)	(84.0)	45.7x	62.2	(19.6)	37.2	(8.5)	19.7
OPM %	2.9%	3.3%	3.9%	3.3%	1.4%	1.0%	0.6%	0.1%	3.7%	5.6%			4.9%	5.6%
Ordinary Profit	1,653	1,690	2,059	1,785	872	732	552	380	2,388	3,623	(16.3)	33.0	3,303	3,800
Total income taxes	666	679	658	615	333	339	26	167	898	1,154			938	2,500
Profit ATOP	813	1,051	1,197	1,094	513	331	(331)	86	1,542	2,372	(16.6)	35.8	2,088	
<i>JPY mn, % [J-GAAP]</i>														
Total assets	38,042	38,461	39,370	39,971	39,595	39,365	38,293	37,756	40,023	43,407	0.8	1.9	41,843	
Total shareholders' equity	31,395	31,691	32,691	33,420	33,039	32,812	32,173	31,565	32,616	34,690	1.3	1.0	35,109	
Shareholders' equity ratio	82.5%	82.4%	83.0%	83.6%	83.4%	83.4%	84.0%	83.6%	81.5%	79.9%			83.9%	
Total cash dividends	523	515	515	516	511	627	511	511	512	1,190	0.1	18.4	1,261	
DOE (Divs paid / avg. total SE)	1.7%	1.6%	1.6%	1.6%	1.5%	1.9%	1.6%	1.6%	1.6%	3.5%			3.6%	
Net profit	813	1,051	1,197	1,094	513	331	(331)	86	1,542	2,372	(16.6)	35.8	2,088	
Payout ratio	64.3%	49.0%	43.0%	47.2%	99.6%	189.4%	NM	594.2%	33.2%	50.2%			60.4%	50.5%
ROE (Profit ATOP / avg. total SE)	2.6%	3.3%	3.7%	3.3%	1.5%	1.0%	-1.0%	0.3%	4.8%	7.0%			6.0%	
NOPAT (OP - income taxes)	687	908	1,198	919	337	166	249	(123)	1,113	2,108	(20.3)	44.3	2,048	
Invested capital (IBD + net assets)	32,155	32,470	33,410	34,151	33,673	33,609	32,839	32,221	33,104	35,180	1.2	0.9	35,718	
● Interest-bearing debt	738	731	649	646	531	681	614	599	425	424	(6.4)	(4.4)	540	
● Net assets	31,417	31,739	32,761	33,505	33,142	32,928	32,225	31,622	32,679	34,756	1.3	1.0	35,178	
ROIC (NOPAT / avg. invested capital)	2.1%	2.8%	3.6%	2.7%	1.0%	0.5%	0.7%	-0.4%	3.4%	6.2%			5.8%	

Source: compiled by SIR from TANSIN Financial Results Summaries, YUHO Annual Securities Reports, and IR results briefing materials.

Note: profit ATOP = profit attributable to owners of parent.

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