

## Trading company specialized in packaging materials building a multi-channel distribution platform

EC division and environmentally friendly products are potential growth drivers

### ■ Company profile

SHIMOJIMA (hereafter, the Company) is a leading trading company specialized in providing comprehensive packaging materials, products and supplies, offering over 1,000,000 items, through its unique wholesale and retail omnichannel distribution structure. The Company's nationwide omnichannel distribution network includes 16 regional sales offices, a total 22 stores SHIMOJIMA and east side tokyo, and roughly 238 Package Plaza FC stores nationwide (Directly Managed stores 18, FC stores 220), the largest chain of packaging supplies specialty stores in Japan, in addition to the EC site 'SHIMOJIMA Online Shop,' as well as sales by Group companies. Through its omnichannel approach, the Company is not only expanding its customer base, but also providing product proposals and offerings tailored to customer needs in each region.

### ■ FY2026/3 Forecast: Fourth consecutive year of record-high net sales

The full-year forecast for FY2026/3 calls for 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 attributable to owners of the parent (hereafter, net profit) of JPY 2,500 mn (+19.7% YoY). Profit is expected to increase for the first time in two fiscal years, while net sales are expected to hit record highs for the fourth consecutive year.

### ■ Outline of next medium-term management plan (FY2027/3–FY2030/3)

In FY2026/3, the current medium-term management plan reaches its final year, and a new medium-term management plan will commence from April onward. At this stage, only policy directions such as increasing the sales mix of environmentally friendly products, enhancing the functionality of the SHIMOJIMA Online Shop, and expanding the utilization of AI have been indicated, while more concrete measures are expected to be disclosed going forward.

### ■ 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. Close attention will be paid to whether high-value-added environmentally friendly products and the EC site SHIMOJIMA Online Shop will emerge as key growth drivers for the Company. In addition, focus is turning to what kind of growth strategy will be presented in the next medium-term management plan starting in FY2027/3. 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.

FY	Net Sales (JPY mn)	YoY (%)	Oper.Profit (JPY mn)	YoY (%)	Ord.Profit (JPY mn)	YoY (%)	Net Profit (JPY mn)	YoY (%)	EPS (JPY)	DPS (JPY)
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	1,693.0	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 H1	29,265	4.0	1,065	(34.2)	1,178	(34.9)	821	(30.8)	35.20	27.00
2026/3 H1	30,707	4.9	1,357	27.5	1,560	32.3	1,051	28.0	45.00	27.00

Source: Compiled by SIR from IR results briefing material.

Note1: Figures may differ from the Company materials due to differences in SIR's financial data processing and the Company's TANSIN reporting standards.

## Full Report



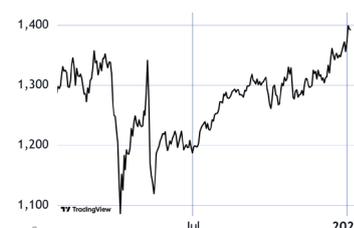
### Focus Points:

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 (1/8)	1,392
52WH (26/1/8)	1,410
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)	32.918
EV (JPY bn)	24.691
Equity ratio (act)	83.4%
26/3 P/E (CE)	13.0x
25/3 P/B (act)	0.91x
25/3 ROE (act)	6.0%
26/3 DY (CE)	3.9%

### Share Price Chart (1 year)



Source: Trading view

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## Table of Contents

Summary .....	1
Company Profile .....	3
Company History .....	4
Management Policy.....	5
Consolidated Subsidiaries .....	5
Business Model .....	7
SHIMOJIMA-Style Omnichannel .....	9
Earnings Trends .....	10
Financial Analysis .....	11
H1 FY2026/3 Earnings Trend .....	12
Full-Year Forecast for FY2026/3 .....	13
Upside Potential for Growth .....	14
Medium-term Management Plan .....	15
Concept for the Next Medium-term Management Plan .....	16
Management Conscious of Cost of Capital/ Share Price .....	17
Shareholder Returns .....	18
Industry Background (1)-(3) .....	20
Initiatives Toward Circular Economy.....	23
Share Price Insights .....	24
Appendix .....	28

**Company Profile**



The HEIKO mark is a registered trademark of SHIMOJIMA. Regarding the origin of the name of the Company’s original brand, the “HEI” in HEIKO is taken from the name of SHIMOJIMA’s founder, Heiji Shimojima, and the “KO” is the kanji for light, in the hope that the products made with sincerity will spread smoothly to every corner of the world. 【平光】

**An abbreviated list of main product categories includes:**

Original paper bags (over 1,400 items) including plain carry bags, wrapping paper, buffer tissue paper, boxes (600 items), plastic shopping bags and standardized plastic bags, clear OPP bags, wrapping products including ties, stickers and cards, drawstring gift bags, original satin ribbons, shipping packaging goods such as cases, envelopes and bags, adhesive tapes, food containers of all kinds, kitchen goods and tableware, sanitary cleaning supplies, in-store display materials, event supplies, ceremonial goods, and stationery and office supplies, etc.

**Company profile and business description**

Founded over a century ago in 1920 as a wholesaler of packaging materials, SHIMOJIMA is a leading trading company specialized in providing comprehensive packaging materials, products and supplies, offering over 1,000,000 items, through its unique wholesale and retail omnichannel distribution structure. The Company also offers a lineup of products under its original brand HEIKO. The Company’s business is broken down into three business divisions categorized by sales channel, and three product segments categorized by product type. The three business divisions are Marketing and Sales, Store Sales, and Online Sales. Their respective shares of sales in FY2025/3 were 70.4%, 18.8%, and 10.8%. The three product segments are Paper Products, Plastic Products and Packaging Materials, and In-Store Equipment and Supplies. Their respective shares of sales in FY2025/3 were 16.5%, 60.1%, and 23.4%.

**Nationwide sales offices and logistics network**

Among the three sales channels, the Marketing and Sales Division operates 16 sales offices nationwide and conducts regionally rooted sales activities by dividing Japan into seven regions and organizing dedicated sales teams for each. The Company also engages in wholesale sales to franchisees of Package Plaza. Package Plaza has a nationwide footprint from Hokkaido to Okinawa Prefecture, excluding Saga Prefecture. As of the end of 2025, it comprises 238 stores, including 18 directly managed stores and 220 FC stores. In addition, subsidiaries conduct direct sales businesses through their own independent sales channels.

The Store Sales Division operates stores under the SHIMOJIMA, east side tokyo, and Package Plaza (directly managed) names. By operating stores, the Company not only broadens its customer base but also gains the secondary benefit of directly capturing customer requests and feedback, which it leverages to enhance product assortments and develop new products.

The Online (EC) Sales Division operates its proprietary website, SHIMOJIMA Online Shop, and also runs SHIMOJIMA stores within third-party shopping malls such as Yahoo! and Rakuten.

To support this nationwide sales network, the Company has established four distribution centers, with two each in the Kanto and Kansai regions. In June 2028, a fifth distribution center is scheduled to be completed in Hyogo Prefecture, with a total investment of approximately JPY 15 bn. Together with the existing four facilities, the Company will advance the optimization of east and west logistics.

**Domestic Business Locations**

Sales offices	Tokyo, Sapporo, Morioka, Sendai, Niigata, Kanazawa, Saitama, Yokohama, Nagano, Shizuoka, Nagoya, Kyoto, Osaka, Hiroshima, Takamatsu, Fukuoka
Directly Managed stores	SHIMOJIMA: 21 stores、 east side tokyo: 1 store、 Package Plaza: 18 stores
FC stores	Package Plaza: 220 stores
Distribution centers	Tanuma Distribution Center(Sano City, Tochigi), Eastern Distribution Center (Saitama City), Osaka Nanko Logistics Warehouse (Osaka City), Higashi Osaka Distribution Center (Higashi-Osaka City) Completion scheduled for June 2028 (Kasai City, Hyogo)

Source: Compiled by SIR based on the Company’s website, Integrated report, and press releases.

## Corporate History

### History

In 1920, the Company was founded as a packaging materials wholesaler Shimojima Shoten. In 1943, the business was incorporated and launched as Shimojima Shoten Co., Ltd. The company name, SHIMOJIMA, was established in 1964 through the transfer of the trading division of Shimojima Nigu Kogyo Co., Ltd., which had changed its company name from Shimojima Shoten Co., Ltd. in 1943. Following a group reorganization in 1991, the group's core company was launched under the name Shimojima Shoji Co., Ltd., and was subsequently renamed SHIMOJIMA Co., Ltd. in 2002, which it retains to this day.

Date	Event / milestone
Jan-1920	Packaging material wholesaler Shimojima Shoten founded
Aug-1943	Shimojima Shoten Co., Ltd. established
Sep-1943	Company name changed to Shimojima Nigu Kogyo Co., Ltd.
Apr-1962	Shimojima Nigu Kogyo Co., Ltd. established Shimojima Real Estate Co., Ltd. for the purpose of managing real estate
Jul-1964	Shimojima Nigu Kogyo Co., Ltd. established SHIMOJIMA Co., Ltd. and transferred the trading division to SHIMOJIMA Co., Ltd.
Mar-1972	SHIMOJIMA Co., Ltd. established the Eastern Distribution Center in Urawa (now Saitama City), Saitama Prefecture.
Dec-1977	SHIMOJIMA Co., Ltd. established the Western Distribution Center in Higashi Osaka.
Mar-1979	Shimojima Real Estate Co., Ltd. changed its name to Shimojima Sangyo Co., Ltd.
Apr-1981	Shimojima Nigu Kogyo Co., Ltd. changed its name to Shimojima Shoji Co., Ltd.
Jul-1981	Shimojima Shoji Co., Ltd. changed its name to Shimojima Kogyo Co., Ltd. (the external sales department and head office management department of SHIMOJIMA Co., Ltd. were transferred to Shimojima Shoji Co., Ltd.)
Sep-1989	Shimojima Shoji Co., Ltd. established the Tanuma Warehouse in Tanumacho, Aso District, Tochigi Prefecture (now Sano City), and at the same time established Heiko Handling Co., Ltd. (formerly Shimojima Kakoshi Co., Ltd., now Shimojima Logistics Co., Ltd.) as a logistics subsidiary.
Apr-1991	Shimojima Sangyo Co., Ltd. changed its name to Shimojima Shoji Co., Ltd. and Shimojima Shoji Co., Ltd. changed its name to Shimojima Inc.
Nov-1994	Shimojima Shoji Co., Ltd. absorbs Shimojima Kogyo Co., Ltd. through merger
Dec-1995	Shares registered over the counter with the Japan Securities Dealers Association.
Feb-2001	Listed on the Second Section of the Tokyo Stock Exchange
Jul-2002	Company name changed to SHIMOJIMA Co., Ltd.
Sep-2004	Changed listing designation to the First Section of the Tokyo Stock Exchange
Apr-2010	LEAD SHOJI CO.,LTD. becomes a subsidiary through the acquisition of issued shares
Aug-2014	Osaka Nanko Logistics Center established to improve distribution efficiency in Western Japan
Sep-2017	Gaman Shoten Co., Ltd. becomes a subsidiary of S-PACK Co., Ltd. through the acquisition of issued shares
Oct-2019	Acquired all shares of Mitachi Package Co., Ltd., making it a wholly owned subsidiary
Dec-2019	Acquired all shares of Asahi Jushi Kogyo Co., Ltd., making it a wholly owned subsidiary
Nov-2021	Acquired all shares of Global Brand Co., Ltd., making it a wholly owned subsidiary
Apr-2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market due to the review of market classification by the Tokyo Stock Exchange
Aug-2023	Higashi Osaka Distribution Center begins operations
Jan-2025	Acquired all shares of Ohkura Sangyo Co., LTD., making it a wholly owned subsidiary
Mar-2025	Sold all shares of Globalbrand Co., LTD.

Source: Compiled by SIR from YUHO annual securities report.

## Management Policy



Mr. Yoshihiko Kasai, CEO

### Management Policy and Organizational Structure

The management structure comprises President and CEO Yoshihiko Kasai, seven other directors (three outside directors), and four auditors (three outside auditors). President Kasai joined the Company in 1981 and assumed the position of President and CEO in April 2021. He is the first internally promoted executive to assume the role of President and CEO.

The Company Group defines its corporate ethos as the “Three Intentions (三意)” spirit, which consists of three core values: sincerity, passion, and creativity. As its management philosophy, the Company upholds the following four principles:

1. Contribution to the creation of a comfortable society through packaging products and related businesses.
2. Continuous response to customer needs and expansion of markets through creativity and ingenuity
3. Ongoing efforts to rationalize management and actively promote sales to achieve corporate growth
4. Ensuring enjoyable and healthy lives for employees

The Company’s basic approach to corporate governance is to treat all shareholders equally in proportion to their shareholdings, create an environment in which shareholders can appropriately exercise their rights, and provide timely and appropriate disclosure to prevent information asymmetry among shareholders.

### Long-term vision and purpose

The Company’s long-term vision is to become a “packaging × services” total partner, defining its desired position ten years from now.

The Company defines its purpose, which serves as the foundation of its value creation story, as “wrapping dreams, connecting hearts.” Centered on this purpose, the Company aims to achieve its long-term vision through activities guided by its corporate action guidelines.

### Nine consolidated subsidiaries

The Company group consists of the parent company and nine consolidated subsidiaries (all domestic), as well as three non-consolidated subsidiaries (including two overseas entities) and one affiliate not accounted for under the equity method.

### Consolidated subsidiaries

Company name	Location	Capital	Main business activities	Voting
Asahi Jushi Kogyo Co., Ltd.	Taito-ku, Tokyo	JPY 70 mn	Manufacturing and sales of plastic products	100.0%
Mitachi Package Co., Ltd.	Himeji City, Hyogo	JPY 10 mn	Sales of packaging, packing/wrapping, and logistics materials, etc.	100.0%
Saikosha Ltd.	Arakawa-ku, Tokyo	JPY 3 mn	Printing	*36.4%
LEAD SHOJI CO.,LTD.	Ota-ku, Tokyo	JPY 10 mn	Sales of store supplies, etc. for the flower and gardening industry	100.0%
Gaman Shoten Co., Ltd.	Kushiro City, Hokkaido	JPY 10 mn	Sales of paper products, plastic products, etc.	100.0%
Ohkura Sangyo Co., Ltd.	Sapporo City, Hokkaido	JPY 10 mn	Sales of hygiene products for medical institutions and nursing care facilities	100.0%
Shimojima Logistics Co., Ltd.	Sano City, Tochigi	JPY 20 mn	Logistics	100.0%
S-PACK Co., Ltd.	Taito-ku, Tokyo	JPY 50 mn	Paper products, plastic products/packaging materials, store supplies	100.0%
Business Support Co., Ltd.	Taito-ku, Tokyo	JPY 100 mn	(effectively dormant)	100.0%

Source: Compiled by SIR based on the annual securities report and interviews with the Company.

Note: Although SHIMOJIMA holds 50% or less of the voting rights in Saikosha Co., Ltd., it is treated as a consolidated subsidiary due to de facto control.

➤ **Ohkura Sangyo (subsidiary acquired as of January 17, 2025)**

On January 17, 2025, SHIMOJIMA acquired all shares of Ohkura Sangyo, making it a wholly owned subsidiary. The acquisition cost amounted to JPY 280 mn, and goodwill recognized totaled JPY 32 mn.

Ohkura Sangyo sells hygiene materials, including plastic bags, gloves, and paper towels, to hospitals, nursing care facilities, kindergartens, and other institutions, and holds a leading market share in Hokkaido. The Company expects synergies through the expansion of product offerings and customer industries.

➤ **Global Brand (disposition of all shares on March 28, 2025)**

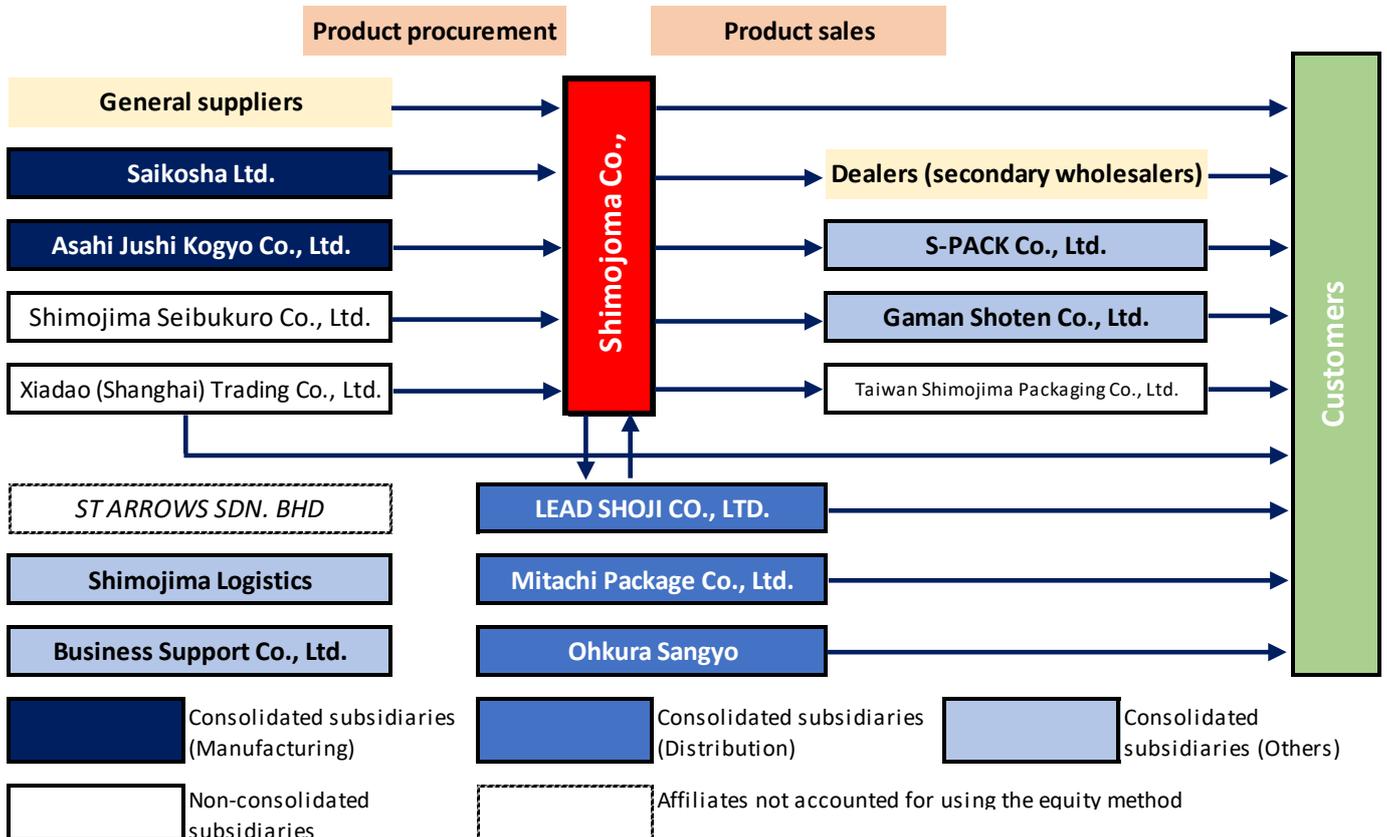
Global Brand was primarily engaged in the overseas logistics business and cross-border EC business. On November 12, 2021, SHIMOJIMA acquired all shares, making it a wholly owned subsidiary. However, on March 28, 2025, the Company sold all shares, and Global Brand was consequently excluded from consolidated financial results. In its FY2025/3 consolidated financial results, the Company recorded an impairment loss of JPY 315 mn on Global Brand’s buildings and structures, goodwill, and other assets in connection with this disposition.

➤ **Non-consolidated subsidiaries**

The following are the Company’s non-consolidated subsidiaries:

- Xiadao (Shanghai) Trading Co., Ltd. – Trading and sales operations
- Taiwan Shimojima Packaging Co., Ltd. – Marketing and sales, store sales
- Shimojima Seibukuro Co., Ltd. – Special subsidiary established to promote employment of persons with disabilities

SHIMOJIMA Group business flow diagram



Source: Compiled by SIR from YUHO annual securities report.

## Business Model

### Three sales channels

The Company has built a strong position within the industry as a trading company specializing in packaging materials. While it is primarily a B2B-focused distribution company, it serves a broad customer base ranging from large corporations to small businesses and individual consumers through its three sales channels: Marketing and Sales, Store Sales, and Online (EC) Sales.

Based on its three sales channels, known as the SHIMOJIMA-style omnichannel, the Company can formulate sales strategies that integrate market needs across channels. To promote this strategy, the Company has enabled nationwide sales activities through sales offices, store locations, and a logistics network that span all regions of Japan.

#### 1. Marketing and Sales Business

The Company conducts regional sales by dividing Japan into seven areas and organizing area-based sales teams, operating through 16 sales offices nationwide (seven-branch structure). Customers are classified into categories: dealers and users. Dealer sales involve wholesale distribution to secondary wholesalers and packaging supply retailers and serve as the starting point of the Group's sales activities. User sales involve the sale of materials to major retailers, manufacturers, and other customers for use in their own offices and stores.

In addition to these sales, the Company also conducts sales to Package Plaza FC stores nationwide. With the concept of a convenience store for packaging materials, Package Plaza is Japan's largest packaging supply sales chain, with 238 stores nationwide (including 220 franchise stores).

#### 2. Store Sales Business

The Company conducts sales through 21 directly managed SHIMOJIMA stores and 18 directly managed Package Plaza stores. These stores sell packaging materials, in-store equipment and supplies, office supplies, and stationery at wholesale prices to support the day-to-day operations of customer stores across a wide range of sectors, including retail, food and beverage service, general companies, service sectors, schools, neighborhood associations, as well as general consumers. In addition, the Company also conducts sales through east side tokyo, a specialty store with a new concept that offers flower vases, artificial flowers, various craft materials, and bridal supplies, and provides daily workshops for crafts and other activities.

At its directly managed stores, the Company engages not only in sales to walk-in customers but also in direct sales to companies located in the surrounding areas.

Package Plaza stores



SHIMOJIMA stores

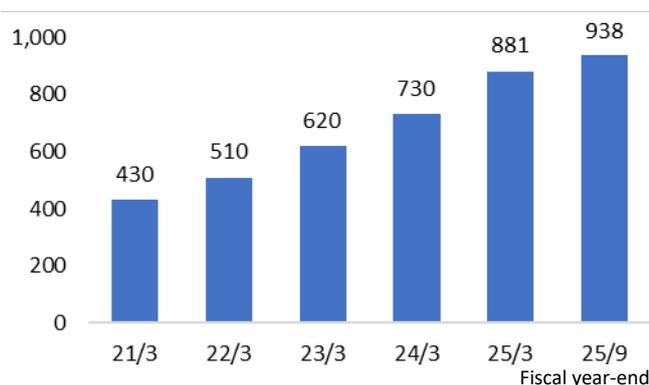


Source: SHIMOJIMA corporate website.

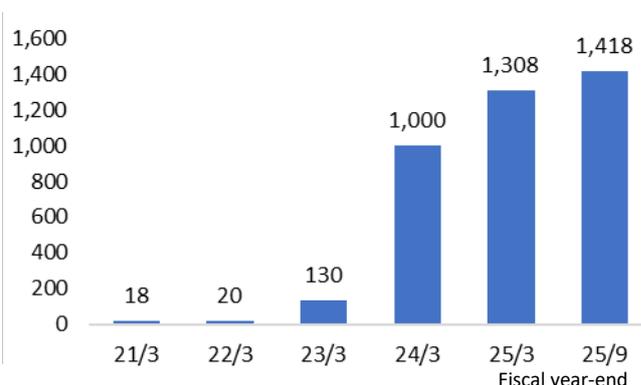
### 3. Online (EC) Sales Business

The Company operates its proprietary website, SHIMOJIMA Online Shop, and also runs SHIMOJIMA stores within third-party shopping malls such as Yahoo! Shopping and Rakuten. Regarding the EC site SHIMOJIMA Online Shop operated by the Company, the medium-term management plan sets out the “1 million × 1 million project,” which aims to increase the number of listed products to 1 million and registered members to 1 million. As of the end of September 2025, the number of listed products reached 1,418,000 SKUs, and the number of registered members stood at 938,000.

Number of registered members (thousands)



Number of listed products ('000 SKUs)



Source: Compiled by SIR based on the Integrated Report and Q2 FY2026/3 IR results briefing material.

### The three product segments

Taking product similarities into account, the Company classifies its offerings into three product segments: Paper Products, Plastic Products and Packaging Materials, and In-Store Equipment (these correspond to the reportable segments disclosed in the securities report). The main products for each segment are as follows:

- i. Paper Products Segment - Paper bags, wrapping paper, and paper containers, mainly original-brand products.
- ii. Plastic Products and Packaging Materials Segment - Chemical products such as plastic and PP bags, adhesive tapes, food packaging materials, strings and ribbons.
- iii. In-Store Equipment Segment - Office supplies, store supplies, daily necessities, food products, apparel-related materials such as hangers, and gardening-related materials.

See the table below for the sales breakdown by sales channel and by product segment.

### Sales breakdown by sales channel and product segment (FY2025/3)

Composition ratio (%)	Marketing and Sales	Store Sales	Online(EC) Sales	Total
Paper Products	11.7	2.9	2.0	16.5
Plastic Products and Packaging Materials	46.3	8.8	5.0	60.1
In-Store Equipment	12.5	7.2	3.8	23.4
Total	70.4	18.8	10.8	100.0

Source: Compiled by SIR from YUHO annual securities report.

**SHIMOJIMA-Style Omnichannel**

**SHIMOJIMA-style omnichannel strategy since 2018**

The SHIMOJIMA-style omnichannel strategy refers to accumulating customer purchasing data across each sales channel and effectively integrating that data to provide products and services that closely match customer needs. The Company is also able to offer greater value to customers through the proposal of highly convenient purchasing options.

To promote the SHIMOJIMA-style omnichannel strategy, the Company has implemented measures tailored to each sales channel. Within the Marketing and Sales Division, Japan is divided into seven regions, with an operating structure in place that centrally manages marketing and sales and store sales within each region. As a result, marketing and sales and store sales operate in an integrated manner to provide products and services suited to the specific characteristics of each region, enabling more locally focused activities. In addition, by layering the needs of EC users within the same regions, the Company has been able to develop a more advanced form of the SHIMOJIMA-style omnichannel.

Within the Store Sales Division, the Company has strengthened its product lineup centered on packaging materials and, by leveraging customer data built through the promotion of the omnichannel, has also proactively expanded businesses conducted outside stores.

Within the Online (EC) Sales Division, the Company encourages product listings from both existing and new suppliers. To increase membership, the Company undertakes SEO measures, enhances web advertising, and promotes the SHIMOJIMA app to customers who visit stores nationwide. In addition, the Company is improving the site to enhance functionality for small and medium-sized business operators, the core target segment of the SHIMOJIMA Online Shop.

**DX strategy supporting the SHIMOJIMA-style omnichannel strategy**

The Group is promoting two DX strategies, a business promotion-type and a productivity-improvement type, in order to establish sustainable competitive advantage by leveraging digital technology to improve business processes and transform business models (SHIMOJIMA obtained “DX Certified Business Operator” certification from the Ministry of Economy, Trade and Industry (METI) in May 2025). Among these, the business promotion-type focuses on enhancing customer experience (CX) and aims to optimize the provision of products, services, and information that contribute to customer success, thereby supporting customer acquisition and improving LTV. Specific initiatives under the business promotion-type are positioned as a “platform strategy for businesses involved in store operations,” based on the SHIMOJIMA-style omnichannel strategy, and the Group is strengthening the digitalization of customer touchpoints through the SHIMOJIMA app for customers, its directly managed EC site, SHIMOJIMA Online Shop, and the closed site for sales customers, i-Order.

i-Order connects customers and the Company via the internet and enables customers to independently handle not only order placement but also the confirmation of inventory and pricing information, as well as shipment status, without directly contacting the Company. Initially, its functionality was limited to BtoB, but in recent years it has been expanded to BtoBtoB, allowing customers’ downstream customers, including secondary wholesalers, to also use the platform. As a result, i-Order has been effective in expanding the customer base and strengthening customer retention.

Promotional DX Strategy Image



Source: Compiled by SIR from the integration report.

## Earnings Trends

### Entering a new recovery and growth phase from the FY2022/3 trough

The long-term earnings trend since 2000 shows a phase of sales and profit growth through FY2004/3, followed by a phase of sales growth and broadly flat profit through FY2009/3, and a phase of stagnant net sales and declining profits from FY2010/3 to FY2022/3 (see table below). In particular, during FY2021/3 to FY2022/3, the COVID-19 pandemic caused a slowdown in economic activity and a decline in demand, while yen depreciation drove higher procurement and logistics costs. As a result, profitability deteriorated markedly, with operating profit falling to JPY 44 mn in FY2022/3.

In FY2023/3, as COVID-19-related activity restrictions were gradually eased, economic activity recovered steadily, resulting in a significant increase in sales and profits. In FY2024/3, following the reclassification of COVID-19 to Category 5 in May 2023 and the lifting of restrictions, economic activity returned to normal and demand related to events and promotions increased, leading again to a significant increase in both sales and profits. In FY2025/3, all three sales channels recorded higher sales, resulting in record-high net sales. However, continued yen depreciation and persistently high raw material prices pressured the gross profit margin, limiting growth in gross profit. In addition, higher SG&A expenses, including logistics and personnel costs, led to a decline in operating profit.

### Key drivers of sales recovery from FY2022/3 to FY2025/3

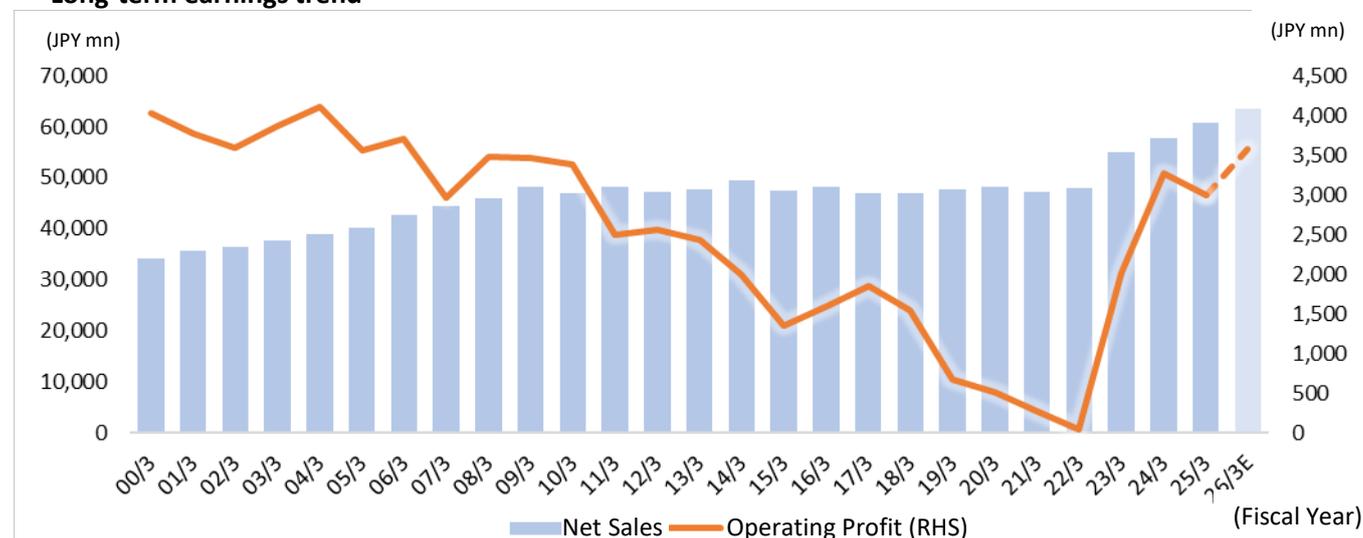
From FY2022/3 to FY2025/3, net sales increased from JPY 48,063 mn to JPY 60,680 mn (CAGR +8.1%). CAGR by sales channel shows that the Online (EC) Sales Division posted particularly strong growth of +31.1%. Based on a contribution analysis that allocates overall CAGR in proportion to the FY2022/3 sales mix, marketing and sales contributed the most to sales growth by sales channel, while plastic products and packaging materials contributed the most by product segment.

### CAGR and contribution by sales channel and product segment (FY2022 to FY2025)

	Marketing and Sales		Store Sales		Online(EC) Sales		Total	
Paper Products	2.6	(1.1)	1.7	(0.3)	12.9	(0.1)	3.4	(1.5)
Plastic Products and Packaging Materials	10.1	(3.5)	6.3	(0.8)	27.6	(0.2)	10.6	(4.5)
In-Store Equipment	3.8	(1.1)	(2.8)	(0.8)	55.9	(0.1)	5.5	(2.0)
<b>Total</b>	<b>7.6</b>	<b>(5.8)</b>	<b>1.8</b>	<b>(1.8)</b>	<b>31.1</b>	<b>(0.5)</b>	<b>8.1</b>	<b>(8.1)</b>

Note: Figures in parentheses indicate each item's contribution to the total net sales CAGR (the sum of the contributions in each cell equals the total net sales CAGR shown in the bottom-right). Source: Compiled by SIR from YUHO annual securities report

### Long-term earnings trend



Compiled by SIR from YUHO annual securities report and TANSHIN securities report.

## Financial Analysis

### Key features of P/L and B/S metrics

From FY2021/3 through FY2024/3, the operating profit margin showed an improving trend, but in FY2025/3 the pace of improvement slowed, as yen depreciation and persistently high raw material prices weighed on the gross profit margin. That said, the downward trend in SG&A expenses to net sales has continued.

The decline in SG&A expenses to net sales appears to reflect business efficiency improvements, including a region-focused sales strategy based on the SHIMOJIMA-style omnichannel and the development of logistics hubs in eastern and western Japan. In addition, the Company's proactive promotion of DX has also supported these efficiency gains.

From a productivity perspective, net sales per employee have shown a clear upward trend since FY2021/3. While part of this reflects the recovery from the COVID-19 pandemic, SIR believes that growth in sales through the SHIMOJIMA Online Shop also contributed. However, the contribution analysis on the previous page shows that marketing and sales made a substantial contribution, indicating that SIR believes the evolution of the SHIMOJIMA-style omnichannel contributed significantly to the recovery of earnings not only by expanding sales but also by improving business efficiency.

SIR believes that a key challenge is that ROE remained at 6.0% in FY2025/3. In "Measures to Achieve Management Conscious of Cost of Capital/Share Price," released on May 13, 2024, the Company set a target of 8.0%, indicating the need to present concrete initiatives to improve ROE. In FY2025/3, financial leverage remains low at 1.19x, and SIR believes this raises expectations for growth investments utilizing external funding (as mentioned in the next medium-term management plan concept). In addition, SIR notes that the lack of reference to Package Plaza (FC stores) is noteworthy, as increased sales to FC stores would directly contribute to ROE improvement.

### Key Financial Indicators

Items	2021/3	2022/3	2023/3	2024/3	2025/3
Gross Profit Margin (%)	32.0	31.1	31.9	33.2	32.0
SG&A Expenses to Net Sales Ratio (%)	31.4	31.1	28.2	27.5	27.1
Operating Profit Margin (%)	0.6	0.1	3.7	5.6	4.9
Operating Profit (JPY mn) (1)	275	44	2,011	3,262	2,986
Depreciation and Amortization (JPY mn) (2)	851	845	913	954	1,013
Amortization of Goodwill (JPY mn) (3)	91	78	124	124	119
EBITDA (JPY mn) (1)+(2)+(3)	1,217	967	3,048	4,340	4,118
EBITDA Margin (%)	2.6	2.0	5.5	7.5	6.8
Net Sales per Employee (JPY mn)	58.36	59.41	69.92	71.17	72.07
ROE (%), SIR Basis (Denominator: Average Equity excluding Non-controlling Interests)	(1.0)	0.3	4.8	7.0	6.0
ROE (%), Company Basis (Denominator: Average Shareholders' Equity)	(1.0)	0.3	4.8	7.1	6.0
ROA (%), SIR Basis (Numerator: Net Income)	(0.9)	0.2	4.0	5.7	4.9
ROA (%), Company Basis (Numerator: Ordinary Income)	1.4	1.0	6.1	8.7	7.7
ROIC (Invested Capital Basis) (%)	0.7	(0.4)	3.4	6.2	5.8
Shareholders' Equity Ratio (%)	84.0	83.6	81.5	79.9	83.9
Equity Ratio (%)	84.0	83.5	81.5	79.9	83.9
Total Asset Turnover (x)	1.2	1.3	1.4	1.4	1.4
Financial Leverage (x)	1.2	1.2	1.2	1.3	1.2
Interest-bearing Debt (JPY mn)	614	599	425	424	540
Net Debt / EBITDA (x)	0.50	0.62	0.14	0.10	0.13
Net Interest-bearing Debt (JPY mn)	(7,015)	(5,436)	(6,715)	(9,257)	(7,546)
Debt-to-Equity Ratio (D/E) (x)	0.02	0.02	0.01	0.01	0.02
Net Debt-to-Equity Ratio (Net D/E) (x)	(0.22)	(0.17)	(0.21)	(0.27)	(0.21)

Source: Compiled by SIR from Company's YUHO annual securities report and SPEEDA data

## H1 FY2026/3 Earnings Trend

### FY2026/3 Q2 posts record-high net sales, delivering double-digit profit growth

Net sales rose 4.9% YoY to JPY 30,707 mn, reaching a record high for Q2, supported by the Osaka Kansai EXPO effect and increased inbound demand. The gross profit margin improved, driven by strong sales of environmentally friendly products and stable raw material prices. In addition, operating profit rose 27.5% YoY to JPY 1,357 mn, as the SG&A expenses to net sales declined due to efficient SG&A management and cost control. Ordinary profit increased 32.3% YoY to JPY 1,560 mn, while net profit rose 28.0% YoY to JPY 1,051 mn.

#### Net Sales by Sales Channel

##### ● Marketing and Sales Business

Net sales totaled JPY 22,419 mn (+7.9% YoY). The Company focused on expanding sales of ready-made mainstay products and stepping up activities to win orders for custom-made items. Demand for environmentally friendly products also increased.

##### ● Store Sales Business

Net sales totaled JPY 5,630 mn (+3.7% YoY). A special demand boost from the Osaka Kansai EXPO, including large-volume purchases by overseas pavilions, and inbound demand for office supplies such as stationery contributed to performance. In addition, developing new opportunities outside of stores and in-depth engagement with existing customers proved effective in acquiring ready-made products and custom-made items.

##### ● Online (EC) Sales Business

Net sales declined to JPY 2,658 mn (-13.1% YoY). This decrease was attributable to the deconsolidation of Global Brand Co., Ltd., which operates the cross-border EC business. Excluding this factor, net sales increased 10% YoY. The SHIMOJIMA Online Shop has steadily expanded its business scale through an increase in newly listed products and strengthened web advertising. As of the end of September 2025, the number of registered members stood at 938,000, and the number of listed products totaled 1,418,000 SKUs.

#### Net Sales by Product Segment

##### ● Paper Products Segment

Net sales totaled JPY 4,840 mn (+4.2% YoY). Strong sales of custom-made items were sustained, and sales of new products also remained solid.

##### ● Plastic Products and Packaging Materials Segment

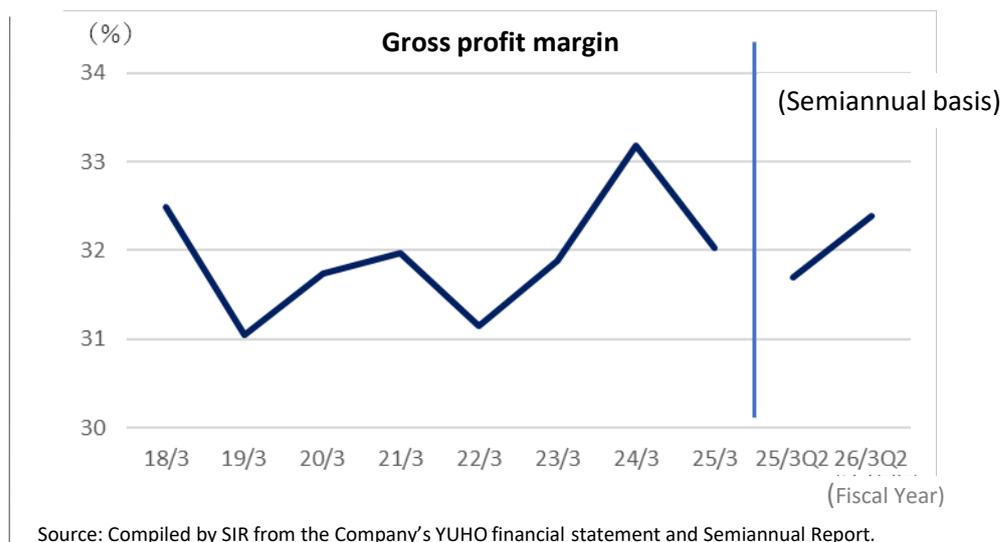
Net sales totaled JPY 19,086 mn (+6.8% YoY). Food packaging materials such as cups, wet towels, containers, and cutlery performed well. Sales channels for environmentally friendly products expanded, and orders for custom-made items also increased.

##### ● In-store Equipment and Supplies Segment

Net sales totaled JPY 6,780 mn (+0.3% YoY). While demand for office-related products declined due to rising costs and the deconsolidation of Global Brand Co., Ltd. had an impact, event-related demand such as the Osaka Kansai EXPO and inbound demand offset these factors.

#### Profit Growth Driven by Improved Gross Profit Margin

Gross profit margin improved, driven by strong sales of environmentally friendly products and the stabilization of raw material prices. In addition, operating profit rose 27.5% YoY to JPY 1,357 mn, reflecting a decline in SG&A expenses to net sales resulting from efficient management and SG&A cost control. Ordinary profit rose 32.3% YoY to JPY 1,560 mn, and net profit increased 28.0% YoY to JPY 1,051 mn.



### Earnings trends by sales channel and product segment (Operating profit)

JPY mn, %	FY2023/3			FY2024/3			FY2025/3			H1 FY2025/3			H1 2026/3		
	JPY mn	YoY	Compositi on Ratio	JPY mn	YoY	Compositi on Ratio	JPY mn	YoY	Compositi on Ratio	JPY mn	YoY	Composition Ratio	JPY mn	YoY	Compositi on Ratio
<b>Net Sales</b>	55,028	14.5	100.0%	57,794	5.0	100.0%	60,680	5.0	100.0%	29,265	4.0	100.0%	30,707	4.9	100.0%
<b>(By Sales Channel)</b>															
Marketing and Sales	38,708	12.8	70.3%	40,580	4.8	70.2%	42,703	5.2	70.4%	20,777	4.7	71.0%	22,419	7.9	73.0%
Store Sales	11,315	4.4	20.6%	11,362	0.4	19.7%	11,435	0.6	18.8%	5,432	(0.8)	18.6%	5,630	3.7	18.3%
Online (EC) Sales	5,005	72.2	9.1%	5,852	16.9	10.1%	6,542	11.8	10.8%	3,056	8.8	10.4%	2,658	(13.1)	8.7%
<b>(By Product Segment)</b>															
Paper Products	9,998	10.7	18.2%	10,153	1.6	17.6%	9,997	(1.5)	16.5%	4,644	(2.4)	15.9%	4,840	4.2	15.8%
Plastic Products and Pkg. Materials	31,836	18.1	57.9%	34,166	7.3	59.1%	36,494	6.8	60.1%	17,863	6.0	61.0%	19,086	6.8	62.2%
In-Store Equipment and Supplies	13,193	9.2	24.0%	13,475	2.1	23.3%	14,188	5.3	23.4%	6,757	3.7	23.1%	6,780	0.3	22.1%
Others	-			-			-			-			-		
	Profit Margin*			Profit Margin*			Profit Margin*			Profit Margin*			Profit Margin*		
<b>Operating Profit (Segment Profit)</b>	2,011	4,413.5	3.7%	3,262	62.2	5.6%	2,986	(8.5)	4.9%	1,065	(34.2)	3.6%	1,357	27.4	4.4%
Paper Products	1,141	87.0	11.4%	1,268	11.1	12.5%	1,116	(12.0)	11.2%	455	(21.6)	9.8%	462	1.5	9.5%
Plastic Products and Pkg. Materials	2,298	92.6	7.2%	3,201	39.3	9.4%	3,063	(4.3)	8.4%	1,365	(14.5)	7.6%	1,671	22.4	8.8%
In-Store Equipment and Supplies	434		3.3%	629	44.9	4.7%	530	(15.7)	3.7%	153	(46.5)	2.3%	186	21.6	2.7%
Others	3			26			71			10			3		
Adjustments	(1,867)			(1,863)			(1,795)			(919)			(966)		
<b>Ordinary Profit</b>	2,388	527.7	4.3%	3,623	51.7	6.3%	3,303	(8.8)	5.4%	1,178	(34.9)	4.0%	1,560	32.4	5.1%
<b>Net Profit</b>	1,542	1,666.1	2.8%	2,372	53.8	4.1%	2,088	(12.0)	3.4%	821	(30.8)	2.8%	1,051	28.0	3.4%

\*The segment profit margin is calculated as profit divided by net sales for each segment.

Source: Compiled by SIR from the Company's annual securities report and Semiannual Report.

### Full-Year Forecast for FY2026/3

#### Net sales expected to reach record highs for the fourth consecutive year in FY2026/3

The Company maintained its full-year forecast for FY2026/3 at 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) (see the table on page 1), in line with the initial forecast announced on May 12, 2025. Net sales are expected to reach record highs for the fourth consecutive year.

The Company cited the following reasons for maintaining its full-term forecast: (1) the need to assess Q3 performance, as the packaging industry typically enters its peak season toward year-end, and (2) consideration of unstable global conditions and foreign exchange markets.

**Upside Potential for Growth**

**Three key initiatives**

Environmental initiatives such as the spread of simplified packaging, the introduction of fees for plastic shopping bags (with the use of personal reusable bags assumed), and waste reduction clearly represent negative factors for the Company’s business. Against this backdrop, the Company is advancing initiatives aimed at growth (see table below).

**Future challenges and upside potential**

Issue	Action	Measures
Customer acquisition by industry	Strengthening approaches to industries that lead market trends	<ul style="list-style-type: none"> <li>Focus on expanding sales in target industries by centrally managing industry characteristics, trends, and customer data, and delivering optimized services tailored to each industry</li> <li>*Target industries set from FY2026/3: flowers, food-related, agriculture, confectionery and bakery, nursing care, online (EC) sales, industrial, fisheries, and hotels</li> </ul>
Further expansion of online (EC) sales	Building a site that further enhanced customer convenience	<ul style="list-style-type: none"> <li>Create an environment in which all required supplies can be procured on a single site by continuing to expand the number of listed products (one-stop shopping)</li> </ul>
Development and sales expansion of environmentally friendly products	Becoming a company synonymous with SHIMOJIMA and environmentally friendly products	<ul style="list-style-type: none"> <li>The Company has developed and sold environmentally friendly products using non-petroleum-based materials and recycled materials, and demand for these products continues to rise</li> <li>Advance R&amp;D into new materials and refine recycling-based manufacturing technologies to expand the development and sales of a wide range of environmentally friendly products</li> <li>Increase the sales ratio of the Company’s original products to 20% by 2030 (actual: 16.5% in FY2024/3 and 18.2% in FY2025/3)</li> </ul>

Source: Compiled by SIR from the Company’s integrated report .

**Paper food trays**



**PFAS-free oil-resistant bags**



Source: Q2 FY2026/3 IR results briefing material.

**Winner of the FY2025 Good Design Award**

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), as announced on October 15, 2025.

**● 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.

## Medium-term Management Plan

### Current medium-term management plan enters its final year in FY2026/3, progressing as planned

The current medium-term management plan covers the five-year period from FY2022/3 to FY2026/3. Targets for FY2026/3, the final year, are net sales of JPY 65,000 mn and operating profit of JPY 3,575 mn. By contrast, the Company's current forecast for FY2026/3 stands at net sales of JPY 63,500 mn and operating profit of JPY 3,575 mn. The Company's view is that the forecast falls below the plan because the plan assumed M&A effects, and that excluding these effects, progress remains in line with plan.

### Target and Progress for Current Medium-term Management Plan

JPY mn	2021/3	2026/3(target)			2025/3	2026/3
	act.	Initial CE	Revised in Aug. 2023	Revised in Nov. 2023	act	CE
<b>Net Sales</b>	47,100	65,000	→	→	60,680	63,500
<b>(By Sales Channel)</b>						
Marketing and Sales	34,117	48,100	→	→	42,703	--
Store Sales	11,011	11,895	→	→	11,435	--
Online(EC) Sales	1,971	5,005	→	→	6,542	--
<b>(By Product Segment)</b>						
Paper Products	8,306	12,000	→	→	9,997	--
Plastic Products and Packaging Materials	25,545	37,000	→	→	36,494	--
In-Store Equipment	13,248	16,000	→	→	14,188	--
<b>Operating Profit</b>	275	1,950	2,600	3,575	2,986	3,575
<b>Operating Profit Margin</b>	0.6%	3.0%	4.0%	5.5%	4.9%	5.6%
<b>ROA</b>	1.4%	5.0%	6.3%	8.5%	7.8%	8.9%

Source: Compiled by SIR from Medium-term management plan and Q2 FY2026/3 IR results briefing material.

### Achievements in initiatives to drive business expansion

The Company's track record of initiatives to date under the business expansion strategy formulated in the current medium-term management plan is as follows. In particular, the SHIMOJIMA Online Shop has achieved 1.4187 million SKUs as of end-September 2025, exceeding its target of 1 million SKUs, while the number of registered members has reached 0.938 million as of the same date, placing the Company just short of achieving its target.

In contrast, progress under the capex plan has remained behind schedule. Against the planned total investment of JPY 7,000 mn over the five-year period through FY2026/3, cumulative investment amounted to JPY 5,420 mn as of Q2 FY2026/3, representing progress of 77.4%. The primary factor behind this delay is the postponement of contract execution for a logistics facility planned in Kasai City, Hyogo Prefecture, which is scheduled for completion in June 2028. In FY2026/3, the Company had planned investment of approximately JPY 5,000 mn for the full year, including construction of this facility. This investment is now likely to be pushed back to FY2027/3 owing to the delay in contract execution.

### Business expansion targets and achievements

Target	Archievements
Promotion of DX strategy	i. Enhancing customer experience (CX) by leveraging CRM data ii. Productivity improvements through DX investment (i-Order upgrades and implementation of s-Order)
Expansion of the SHIMOJIMA-style omnichannel strategy	i. "1 million × 1 million project" (targets of 1 million SKUs and 1 million registered members on the SHIMOJIMA Online Shop), resulting in 1.418 million SKUs and 0.938 million registered members
Balancing digital initiatives and face-to-face sales and customer service	i. Online workshops during the COVID-19 pandemic (500 sessions per year) ii. Increase in inquiries after the COVID-19 pandemic driven by workshop outcomes
Industry-specific sales activities	i. Initiation of a business portfolio strategy ii. Addition of hotel and fisheries as new target industries (from FY2026/3, nine target industries have been identified)

Source: Compiled by SIR based on the integrated report and Q2 FY2026/3 IR results briefing material.

**Concept for the Next Medium-term Management Plan**

**Concept for the next medium-term management plan (FY2027/3–FY2030/3)**

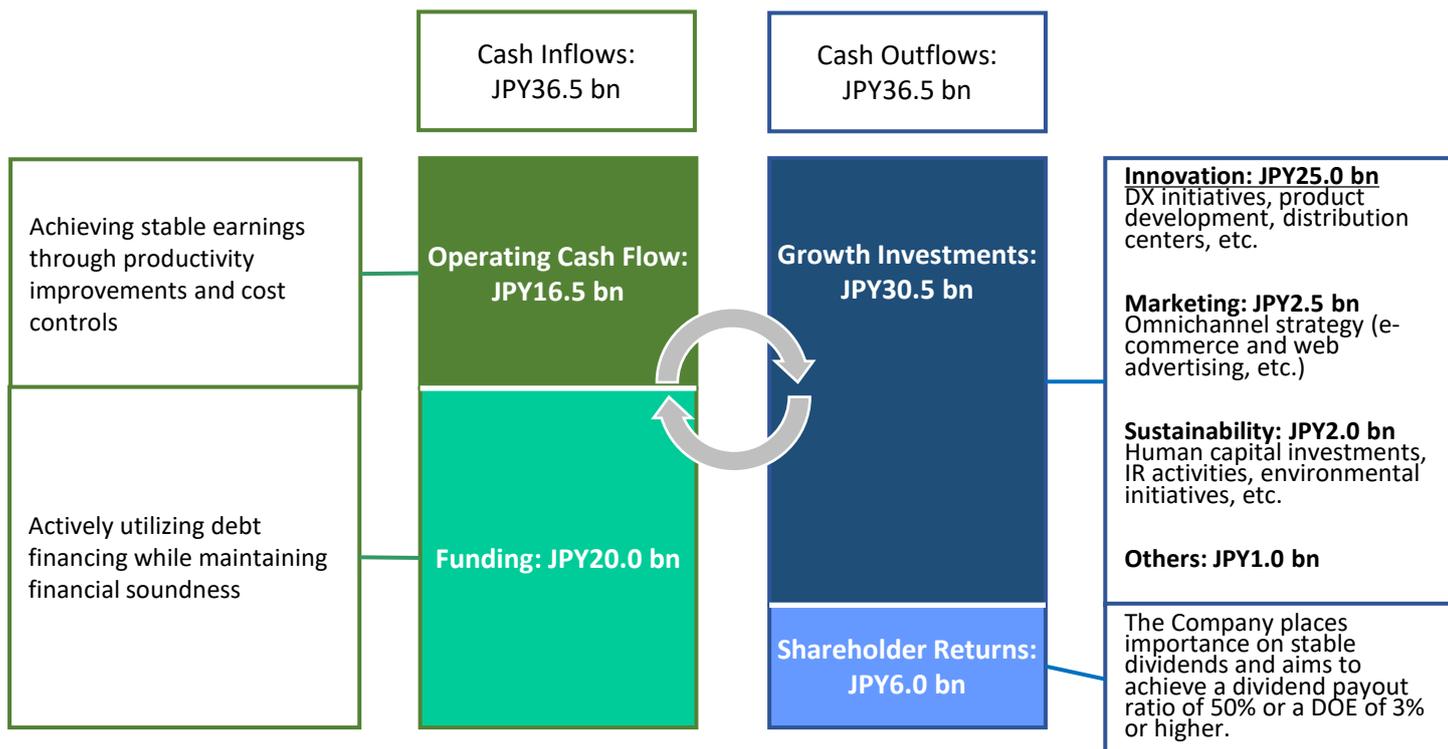
Regarding the next medium-term management plan starting in FY2027/3, the Company has disclosed its overall concept. While no specific numerical targets have been presented for net sales, profits, or other metrics in FY2030/3, the final year of the plan, the Company has outlined its cash allocation for the plan period, including growth investment levels and shareholder returns. In addition, the strategies disclosed at this stage include increasing the sales mix of environmentally friendly products, enhancing the functionality of the SHIMOJIMA Online Shop, and expanding the utilization of AI.

**JPY 30.5 bn growth investment**

From FY2027/3 to FY2030/3, the Company plans JPY 30.5 bn in growth investment over the four fiscal years. Of this, JPY 25.0 bn is allocated to innovation investment, including DX initiatives, product development, and distribution centers, JPY 2.5 bn to the omnichannel strategy, and JPY 2.0 bn to sustainability investment. Under its shareholder return policy, the Company plans total dividends of JPY 6.0 bn. Including these items, total cash outflows over the plan period are JPY 36.5 bn.

As funding sources for the total cash outflows outlined above, the Company assumes operating cash flow of JPY 16.5 bn and external funding of JPY 20.0 bn.

**Cash allocation under the next mid-term management plan**



Source: Compiled by SIR from Q2 FY2026/3 IR results briefing material.

**Management Conscious of Cost of Capital/ Share Price**

**Measures to Achieve Management Conscious of Cost of Capital/ Share Price**

In a disclosure dated May 13, 2024, titled “Measures to Achieve Management Conscious of Cost of Capital and Share Price,” management provided an analysis of the current situation based on conditions as of FY2024/3 and announced as follows. In addition to the recovery in business performance, the following factors were cited as additional drivers of the recovery of the share price: enhanced shareholder return policy, the strengthening of IR activities, and improved human capital management, including an increase in starting salaries for new graduates and reforms to the personnel system, which are increasingly being understood by the stock market.

To further enhance corporate value over the medium to long term and to realize management conscious of cost of capital and share price, the Company will promote the following initiatives.

**Cost of Capital and ROE**

The Company assumes its cost of capital is 6.5%, and it will strive to achieve ROE consistently above the cost of equity capital and to expand the equity spread (difference between ROE and the cost of equity capital), targeting 8.0% in the current MTP through FY2026/3. It is also targeting a P/E ratio above 12.5x and P/B ratio above 1.0x.

**Shareholders’ Equity Ratio**

The Company has maintained an equity ratio of approximately 80% of the last 20 years, and intends to maintain a solid financial position, while allocating profits between investments to achieve future growth as well as enhancing shareholder returns. One of the factors behind the Company’s high equity ratio is its long history spanning more than a century, together with its conservative financial management policy.

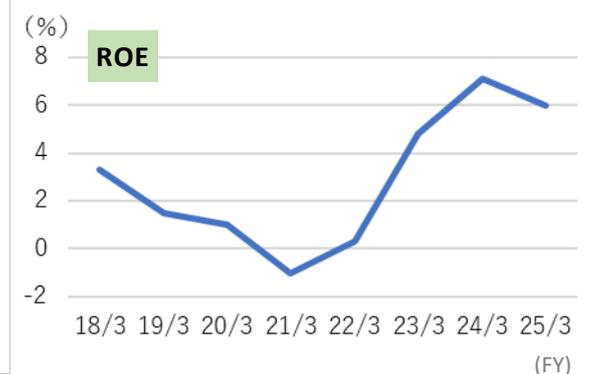
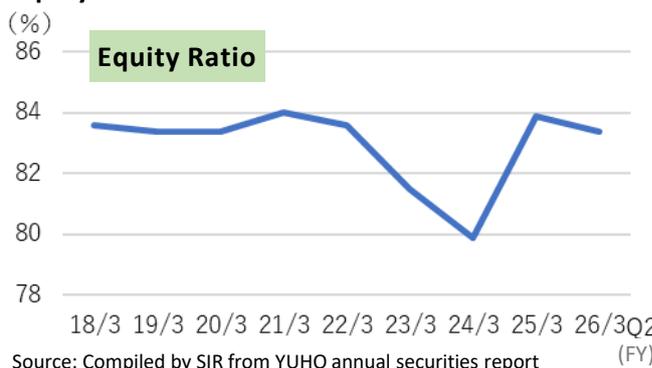
**Initiatives Toward Improving ROE**

Increasing the sales ratio of high margin original products, with a particular focus on the development and wider adoption of environmentally friendly products. At the same time, the Company will review its portfolio by considering withdrawals from low-margin businesses and locations, while simultaneously raising productivity through the development of appropriate sales channels.

The Company intends to pursue growth and M&A investments more actively than in the past. Specifically, in addition to growth investments such as DX investment, logistics investment, and human capital investment, the Company is considering expanding the scope of M&A to cover areas from upstream to downstream of the commercial flow. With respect to external funding for these investments, while the Company has historically relied primarily on internal funds, it is now considering financing options that include external borrowings going forward.

SIR believes that steadily increasing leverage/reducing the high equity ratio is one clear path toward raising ROE over the medium-term.

**Equity Ratio and ROE**



## Shareholder Returns

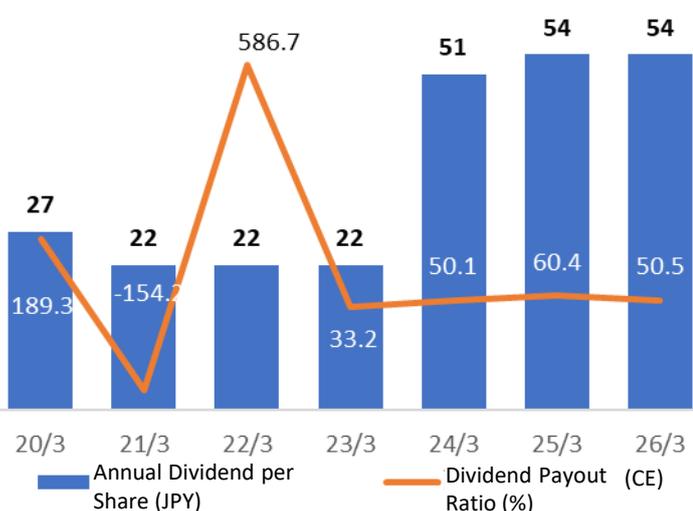
### Implementation of DOE as a metric for the dividend policy

On May 13, 2024, the Company raised its dividend payout ratio target from 30% to 50%. On May 12, 2025, it revised the policy again to “a dividend payout ratio of 50% or a DOE of 3% or higher.” The aim of this change is to provide stable dividends regardless of earnings performance and to clearly articulate a long-term, sustainable approach to shareholder returns.

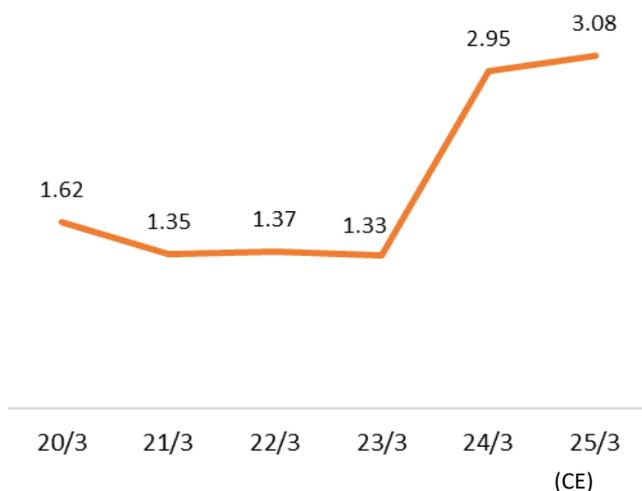
### Annual dividend per share for FY2026/3 planned at JPY 54

For FY2026/3, the annual dividend per share is planned at JPY 54, comprising JPY 27 at the interim period-end and JPY 27 at the fiscal year-end. Based on this dividend level, the payout ratio for the fiscal year is expected to be 50.5%.

#### Annual Dividend per Share and Dividend Payout Ratio



#### DOE (Dividend on Equity)



Source: Compiled by SIR from YUHO annual securities report, Integrated Report and Q2 FY2026/3 IR results briefing material.

### Valuation over the Past Five Years

	Share Price (JPY)		EPS (JPY)	Annual Dividend per Share (JPY)	P/B (x)	P/E (x)		Dividend Payout Ratio (%)	Dividend Yield (%)		ROE (%)
	High	Low				High	Low		High	Low	
2020/3	1,329	932	14.3	27.0	0.9	93.2	65.4	189.3	2.0	2.9	1.0
2021/3	1,545	969	(14.3)	22.0	0.9	(108.3)	(67.9)	(154.2)	1.4	2.3	(1.0)
2022/3	1,379	940	3.8	22.0	0.70	367.7	250.7	586.7	1.6	2.3	0.3
2023/3	1,149	886	66.2	22.0	0.70	17.3	13.4	33.2	1.9	2.5	4.8
2024/3	1,484	972	101.7	51.0	0.92	14.6	9.6	50.1	3.4	5.2	7.0
2025/3	1,395	1,080	89.4	54.0	0.83	15.6	12.1	60.4	3.9	5.0	6.0
2026/3 (CE)	1,375	1,065	107.0	54.0	0.92	12.8	10.0	50.5	3.9	5.1	-

\*FY2026 figures are based on the share price as of December 30, 2025.

Source: Compiled by SIR from YUHO annual securities report, Q2 FY2026/3 IR results briefing material and SPEDA data

**Major Shareholders (as of September 30, 2025)**

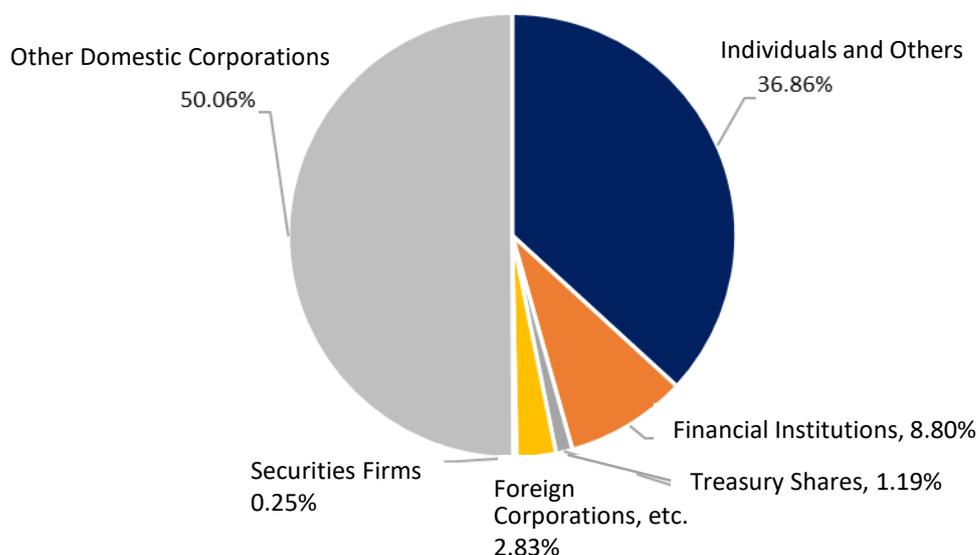
Name or Designation	Shares Owned (000)	Ownership Ratio
Kenyu, Ltd. (100% owned by Kenji Shimojima)	4,175	17.84 %
KNJ Ltd. (Shimojima Family)	2,207	9.43 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,753	7.49 %
Waki Ltd. (98.8% owned by Wako Shimojima)	888	3.79 %
SHIMOJIMA Employee Stock Ownership Association	634	2.71 %
Kohmei Shimojima	624	2.66 %
Nippon Life Insurance Company	560	2.39 %
Wako Shimojima	539	2.30 %
SHIMOJIMA Business Partner Association	528	2.25 %
K&M Ltd.	492	2.10 %
R&T Ltd.	492	2.10 %
<b>Total</b>	<b>12,898</b>	<b>55.13 %</b>

Note: Shareholding ratios are calculated based on the total number of shares outstanding, excluding treasury shares.  
Source: Compiled by SIR from the Company's semiannual report

**Breakdown of Shares Issued (as of September 30, 2025)**

Category	Number of Shares (000)	Ratio
Total Number of Shares Issued (1)	23,647	100.00 %
Treasury Shares, etc.	266	1.12 %
└ Shares Held by SHIMOJIMA (2)	251	1.06 %
└ Shares Held by Subsidiaries	14	0.06 %
Total Shares Issued (Excluding Treasury Shares) (1)-(2)	23,396	98.94 %
Total Number of Shares with Voting Rights	23,348	98.74 %
Shares Less Than One Trading Unit	32	0.14 %

Source: Compiled by SIR from the Company's semiannual report

**Shareholding Ratio by Owner Type (as of March 31, 2025)**


Source: Compiled by SIR from YUHO annual securities report.

**Industry Background(1)**

**Packaging and container market rising in value but declining in volume**

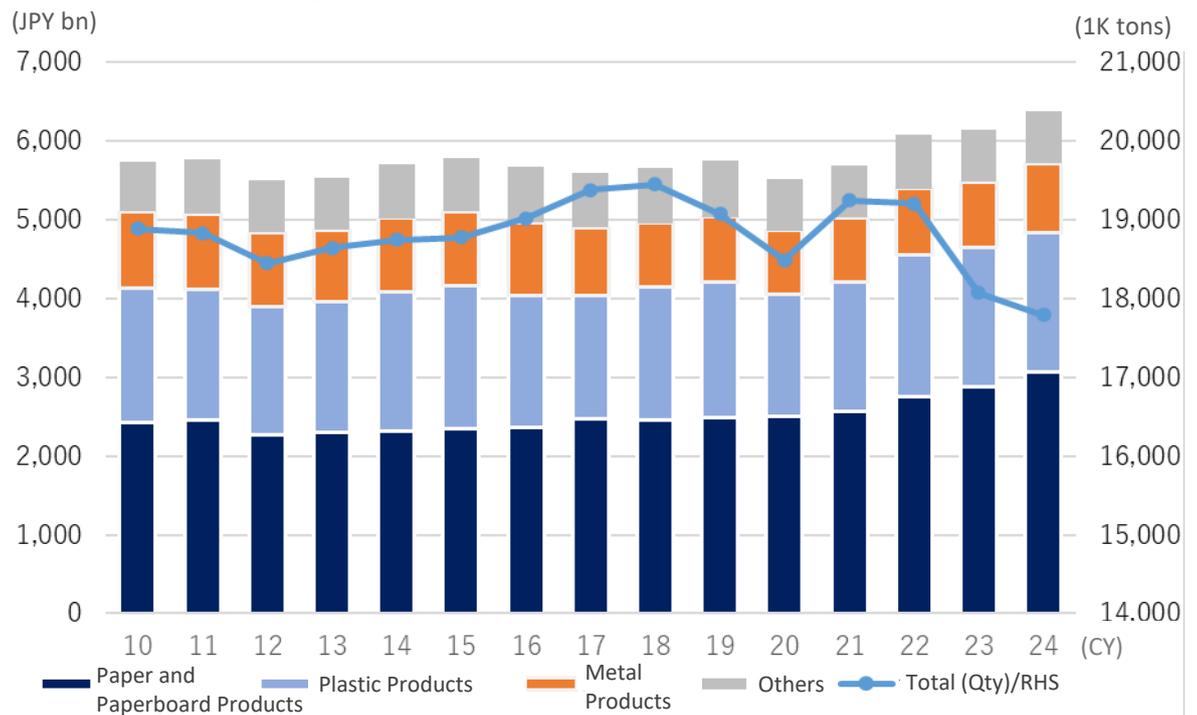
According to shipment statistics for the packaging industry published by the Japan Packaging Institute, the shipment value of packaging and containers in 2024 amounted to JPY 6,382.3 bn. The five-year CAGR from 2019, the year immediately prior to the COVID-19 pandemic, showed an increase of 2.1%. However, on a volume basis, the CAGR over the same period was -1.4%, reflecting the significant impact of rising environmental awareness, including the shift toward simplified packaging, greater use of personal shopping bags by consumers, and waste reduction efforts.

The divergence between value-based and volume-based trends implies an increase in unit prices. This reflects the fact that rising manufacturing costs have become more readily reflected in selling prices, as well as the growing market acceptance of higher value-added products, including environmentally friendly products.

**Trend toward reducing plastic use**

Shipment value trends of packaging and containers by material indicate that the share of paper and paperboard products rose from 43.3% in 2019 to 48.1%, while plastic products declined from 29.8% to 27.6%, underscoring a clear shift away from plastic use.

**Market Size of the Packaging and Container Industry**



Source: Compiled by SIR from Japan Packaging Institute, "Packaging Industry Shipment Statistics"

**Shipment value composition by material**



Source: Compiled by SIR based on Japan Packaging Institute, Packaging Industry Shipment Statistics

**Industry Background(2)**

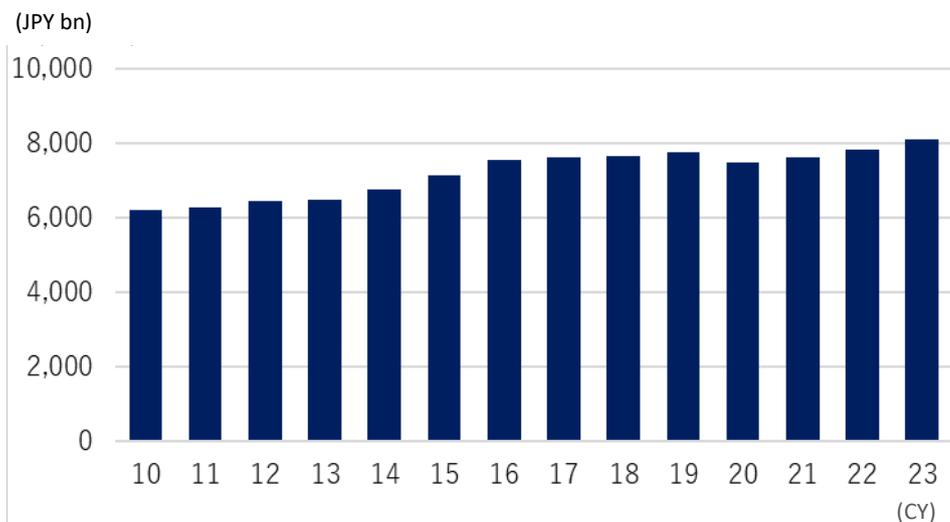
**Demand for ready-to-eat meals continues to expand**

Amid sluggish growth in overall domestic food expenditure due to population decline and the progression of an aging society, demand continues to expand for prepared foods such as boxed lunches and delicatessen items (so-called ready-to-eat meals). The background to this rising demand includes increased frequent use in everyday diets driven by consumers’ desire to save time and simplify meal preparation. From the perspective of suppliers such as supermarkets, ready-to-eat meals enable differentiation from competitors and other retail formats, including food-focused drugstores, and offer higher gross profit margins compared with general food products such as groceries and daily food items.

According to “Market size estimates for the foodservice industry” published by the Japan Foodservice Association, net sales of the prepared food retail sector amounted to JPY 8,099 bn in 2023, exceeding JPY 7,759.4 bn in 2019, prior to the COVID-19 pandemic. This sector includes businesses retailing pre-prepared foods such as delicatessen items, boxed meals, fried foods, rice balls, and ekiben (boxed meals sold at train stations). In addition, based on data compiled by the National Supermarket Association of Japan, delicatessen sales at supermarkets nationwide in 2024 (based on a sample survey of member companies) totaled JPY 1,410.8 bn, up 27.7% from JPY 1,104.5 bn in 2019, before the pandemic.

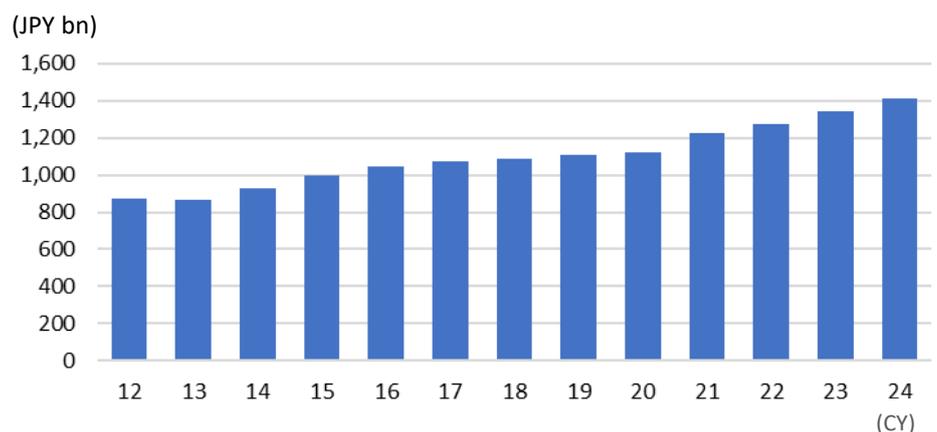
In light of these conditions, demand for food-related packaging materials, particularly for delicatessen items and takeout foods, is expected to continue to rise.

**Market size of the cooked food retail industry (Net sales)**



Source: Compiled by SIR from Japan Foodservice Association, *Estimated Market Size of the Foodservice Industry*

**Prepared food sales at supermarkets**



Source: Compiled by SIR from National Supermarket Association of Japan, *Supermarket White Paper*

**Industry Background(3)**

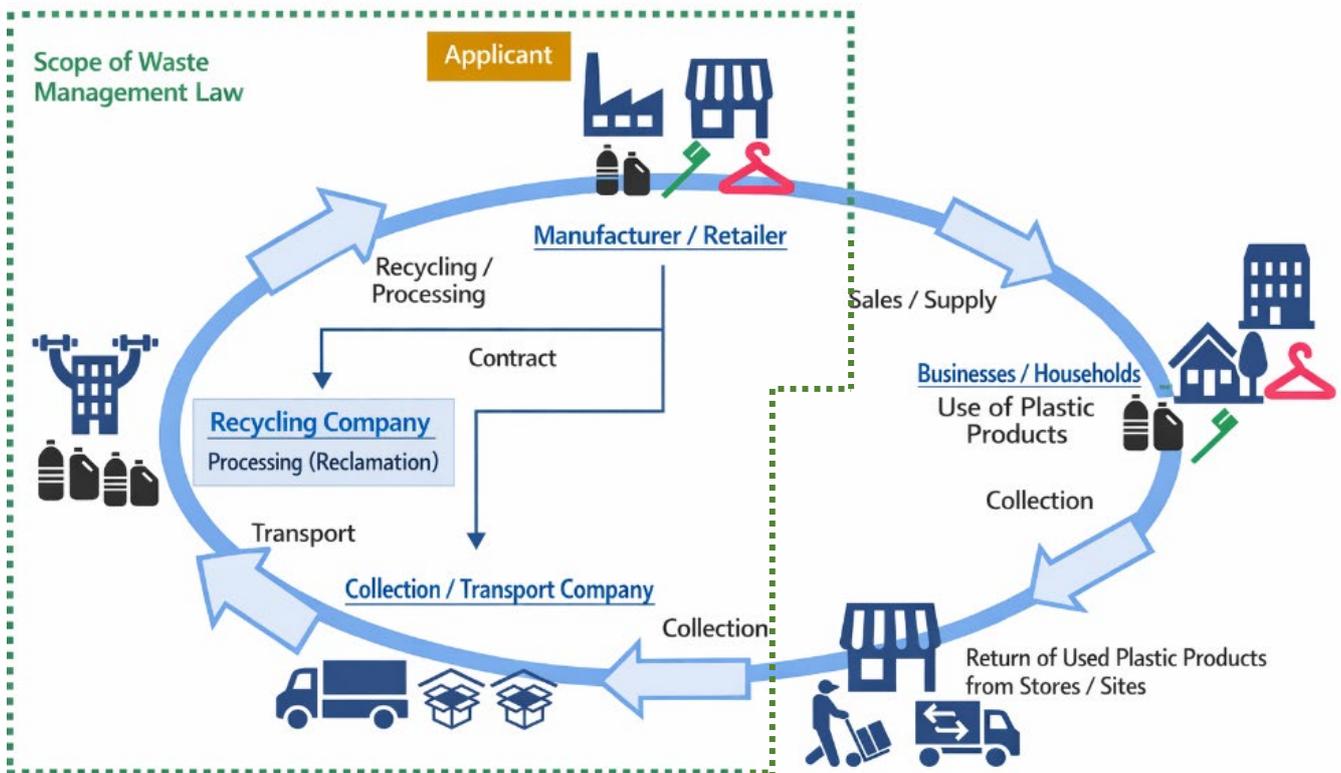
**Act on Promotion of Resource Circulation for Plastics (Apr-2022)**

One of the policies formulated by the Abe Administration in 2018 was introducing fees for single-use disposable bags at retail stores before the Tokyo Olympics, which were implemented from July 1, 2020. While the use of plastic bags halved from 200kt in 2019 to 100kt in 2021, that still only accounted for 1.2% of the 8.24mt of plastic waste produced in 2021. Then the Act on Promotion of Resource Circulation for Plastics went into effect April 1, 2022. This involves all stakeholders, including municipalities, businesses and consumers, to promote “3R + Renewable” in each stage of the plastic products lifecycle, from product design to waste disposal.

Based on the Act, the government published “Guidelines for the Design of Plastic-containing Products” to encourage designers and manufacturers of plastic-containing products to produce environmentally friendly designs. The guideline encourages using recycled plastic and bio-based plastic. Also, the government has introduced a certification scheme to recognize excellent product designs, and preferentially procures such certified products and requires consumers and businesses to use them. Retailers and service providers are required to promote reduction of single-use disposable plastic. Manufacturers and distributors are required to voluntarily collect and recycle plastic products and containers and packaging that they manufacture and sell.

The aim is to create closed-loop recycling where a product or material can be used and then turned into a new product or converted back to raw material indefinitely (without losing its properties).

**Scheme for voluntary collection and recycling**



Source: Compiled by SIR from Ministry of the Environment -Office for Plastic Resource Circulation Packaging and Containers Recycling Office, Ministry of the Environment

## Initiatives Toward Circular Economy

### Building a circular economy model with major companies and municipalities

To promote the circular economy, the Company is advancing the development of environmentally friendly products, as well as the recycling of packaging materials and used PET bottles, through collaboration with major companies and municipalities. These initiatives support a circular economy\*<sup>1</sup> model and a further step toward closed-loop recycling.\*<sup>2</sup>

\*<sup>1</sup> Circular economy: An economic model that differs from the traditional single-use approach, aiming to maximize resource utilization and minimize waste as much as possible.

\*<sup>2</sup> Closed-loop recycling: A recycling approach in which materials discarded after internal use are reused as raw materials and circulated back into the Company's own products for the same use.

### Key environmental initiatives

Release date	Summary
2021/12/20	Developed recycled waste bags (Nishinomiya City-designated business waste bags) partly made from recycled plastic cups collected at Hanshin Koshien Stadium
2022/4/4	Began using the above recycled waste bags at Hanshin Koshien Stadium and at group railway stations and commercial facilities within Nishinomiya City
2022/6/9	Began using delivery bags and cardboard boxes produced through closed-loop recycling of used cardboard as shipping materials for in-house e-commerce operations (in collaboration with the Marubeni Group and others)
2022/12/5	Developed the marine-biodegradable plastic shopping bag ENERFISH (jointly developed with the Mitsubishi Chemical Group and others)
2023/12/19	Started horizontal recycling of used stretch film ⇒ Subsidiary Asahi Jushi Kogyo began jointly recycling used stretch film into new stretch film with Inabata & Co., Ltd. and Daisei Ecology
2024/1/10	Developed and launched shopping bags and waste bags using recycled plastic material Repla® ⇒ Jointly developed and launched low-energy and low-cost shopping bags and waste bags using Repla® in collaboration with esa Inc., which operates an environmental business centered on plastic recycling, and packaging industry giant Sagashiki Co., Ltd.
2024/3/11	Began providing paper bags produced through closed-loop recycling of used cardboard ⇒ The Company, together with Marubeni Forest LinX Co.,Ltd. and World Co., Ltd., began offering a circular economy model for the World Group's fashion brand SHOO · LA · RUE operated by Arcus International, under which used cardboard is collected and recycled into new materials
2024/11/29	Began providing corrugated cardboard packaging produced through closed-loop recycling of used cardboard ⇒ The Company, together with Marubeni Forest Linx and Kawajun, began offering a circular economy model for the lifestyle shop KEYUCA operated by Kawajun Co., Ltd., under which used cardboard is collected and recycled into new materials
2025/10/15	The Company's in-house developed paper food tray and PFAS-free oil-resistant paper bag won the FY2025 Good Design Award, receiving high marks for designs that balance environmental impact with ease of use
2025/11/18	Developed recycled waste bags partly made from recycled materials derived from plastic bottles collected along the coast of Hatsukaichi City in Hiroshima Prefecture and on Miyajima Island ⇒ Together with Teijin Frontier Co., Ltd., the Company recycled used plastic bottles collected through coastal cleanups in Hatsukaichi City and on Miyajima Island and used part of the recycled material to develop recycled waste bags
2025/12/3	Began providing corrugated cardboard packaging and paper bags produced through closed-loop recycling of used cardboard ⇒ The Company, together with Marubeni Forest LinX, began providing paper products under a circular economy model to Bandai Logipal, the logistics subsidiary of Bandai Namco.

Source: Compiled by SIR from the Company press release

## Share Price Insights

### Peer Companies for Valuation Analysis

In considering valuation, the Company selected three peer companies—SUPERBAG, THE PACK, and KOHSOKU—as comparables. The profiles of each are described below.

#### **SUPERBAG (3945 TSE Standard Market)**

SUPERBAG is a major packaging manufacturer of paper bags, plastic bags, and other packaging materials. The company handles everything from planning and design to manufacturing, sales, and delivery of original packaging tailored to customer needs. The paper products business manufactures and sells paper packaging materials such as square bottom bags, delivery bags, carry bags, and paper containers. The plastic products business mainly handles polyethylene bags, such as plastic shopping bags, and polyethylene delivery bags, which have been affected by declining demand due to the introduction of fees for plastic bags and the replacement of plastic packaging materials with paper. In the Others segment, the company operates the Super Bag Vendor System (S-V-S), which accepts bulk orders for and delivers the company's products as well as other supplies and consumables used in stores and backrooms.

- Major customers : Seven & i Holdings Co., Ltd., etc.
- FY2025/3 Sales Breakdown(%): Paper Products 55.3, Plastic Products 20.6, Others 24.1

#### ➤ **THE PACK (3950 TSE Prime Market)**

THE PACK is a comprehensive packaging manufacturer that focuses on the manufacture, purchase, and sale of processed paper products such as carry bags, paper containers, and corrugated cardboard products, and it has the top market share in paper bags. It also handles film products such as plastic bags and tailor-made bags. The company additionally sells its products in the United States, Canada, and China. The processed paper products business, which accounts for about 70% of total sales, manufactures, purchases, and sells paper bags as well as food packaging, gift souvenirs, paper packaging for e-commerce, and corrugated boxes. The plastic products business manufactures and sells plastic bags, tailor-made bags, and outer packaging for disposable diapers, while other business handles gift items such as sewn products. The company provides integrated services from planning, design and development, production, and delivery of packaging to approximately 14,000 customers, ranging from apparel to food and beverage, department stores and mass merchandisers, as well as companies, corporations, and schools.

- FY2024/12 Sales Breakdown(%): Processed Paper Products 72.1, Plastic Products 13.3, Others 14.6

#### ➤ **KOHSOKU (7504 TSE Prime Market)**

KOHSOKU is a trading company specializing in light food packaging materials such as trays and bento lunchbox containers for food supermarkets, convenience stores, and food processors. It is also engaged in sales promotion tools and packaging-related machinery. The head office is located in Sendai. Products include food containers such as trays and bento lunchbox containers; films and laminates such as plastic wrap and plastic bags; paper products and labels such as wrapping paper, paper bags, stickers, and labels; packaging machines, food processing machines, and machinery, equipment, and supplies such as containers, sanitary supplies, and disposable wooden chopsticks; and corrugated cardboard products. As a trading company specializing in light packaging materials for food products, the company boasts superior product procurement capabilities, and the group's manufacturing companies develop products and actively propose optimal packaging for users.

- Major customers : Mitsubishi Corp. Packaging, KASUMI etc.
- FY2025/3 Sales Breakdown(%): Food Containers 42.1, Films and Laminates 21.0, Paper Products and Labels 12.0, Machinery, Equipment, Materials and Consumables 18.2, Corrugated Cardboard Products 4.9, Others 1.8

**KOHSOKU is the closest peer in terms of its wholesale business model**

### Valuation comparison

As of December 30, 2025, the Company's forward P/E ratio based on its earnings forecast stood at 12.7x. This level exceeds SUPERBAG at 4.9x and THE PACK at 11.9x, but remains below KOHSOKU at 15.9x. A similar trend is observed for the P/B ratio. In particular, the valuation gap in both P/E and P/B relative to KOHSOKU stands out.

In a valuation comparison relative to KOHSOKU, the area where the Company trails is ROE. A comparison of the three components of ROE shows that while the Company records a higher net profit margin, KOHSOKU outperforms in total asset turnover ratio and financial leverage. From the perspective of addressing this gap, SIR expects the Company to strengthen sales capabilities at physical stores and the SHIMOJIMA Online Shop, while also stepping up growth investment through the use of external funding.

SIR believes that the stable growth of earnings explains why KOHSOKU is valued at higher P/E and P/B levels than its peers. From FY2018/3 through FY2025/3, KOHSOKU recorded eight consecutive years of operating profit growth, and profit growth is also forecast for FY2026/3. Earnings growth remained intact even through the COVID-19 pandemic, and earnings stability exceeds that of industry peers. SIR believes this has lowered the cost of equity and an expanded equity spread, which is reflected in the current share price.

### Valuation comparison with industry peers

	Company Code Listed Market	SHIMOJIMA 7482 TSE Prime	SUPERBAG 3945 TSE Standard	THE PACK 3950 TSE Prime	KOHSOKU 7504 TSE Prime				
As of December 30, 2025									
Share Price	JPY	1,356	2,766	1,291	2,976				
(YoY)	%	1.3	28.4	8.2	16.3				
Forecast P/E	x	12.7	4.6	11.9	15.9				
Actual P/B	x	0.89	0.84	0.96	1.40				
Forecast Dividend Yield	%	4.0	4.0	3.2	3.9				
Market Capitalization	JPY mn	32,066	4,664	77,073	62,469				
Market Capitalization (Adjusted for Treasury Shares)	JPY mn	31,718	4,108	72,726	58,193				
Enterprise Value	JPY mn	23,849	4,170	48,877	51,976				
	FY	2025/3	2026/3 CE	2025/3	2026/3 CE	2024/12	2025/12 CE	2025/3	2026/3 CE
Total Net Sales	JPY mn	60,680	63,500	27,579	29,300	101,461	103,000	115,915	124,000
YoY	%	5.0	4.6	2.8	6.2	3.8	1.5	9.1	7.0
Operating Profit	JPY mn	2,986	3,575	901	1,110	8,009	7,300	4,532	4,850
YoY	%	(8.5)	19.7	(12.9)	23.2	3.4	(8.9)	7.2	7.0
Operating Profit Margin	%	4.9	5.6	3.3	3.8	7.9	7.1	3.9	3.9
Profit Attributable to Owners of Parent	JPY mn	2,088	2,500	976	900	6,316	6,100	3,466	3,650
EBITDA*	JPY mn	4,118	4,636	1,169	1,384	10,425	10,113	5,510	5,869
EBITDA Margin	%	6.8	7.3	4.2	4.7	10.3	9.8	4.8	4.7
Enterprise Value / EBITDA	times	5.3	5.1	3.1	3.0	4.2	4.9	5.8	8.8
ROE	%	6.0		22.0		8.7		9.0	
Net Profit Margin	%	3.4		3.5		6.2		3.0	
Total Asset Turnover	x	1.4		1.8		1.0		1.9	
Financial Leverage	times	1.2		3.1		1.4		1.5	
ROIC (Invested Capital Basis)	%	5.8		10.7		7.1		8.1	
Annual Dividend per Share	JPY	54.0	54.0	105.0	110.0	118.0	41.3	54.0	116.0
Dividend Payout Ratio	%	60.3		15.9		35.2		30.2	
DOE (Dividend on Equity)	%	3.1		3.7		3.1		2.7	

\*EBITDA forecasts are calculated by adding depreciation and amortization for the most recent four quarters (including amortization of positive goodwill) to the Company's forecast operating profit. Source: Compiled by SIR from SPEEDA data and YUHO annual securities reports of each company

**Share price trends**

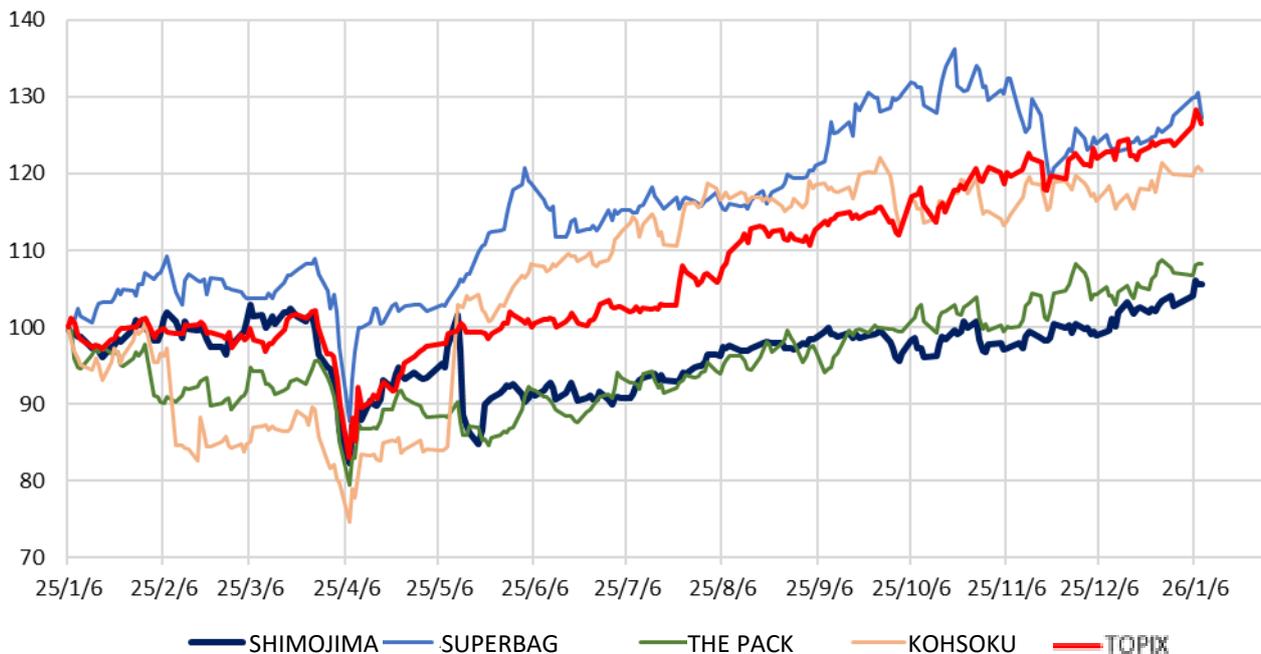
An analysis of share price trends since the beginning of 2025 indicates that, in SIR’s view, the Company’s share price has shown a weaker upward trend compared with peers and the TOPIX (see chart below). This reflects the impact of a sharp decline in the share price through May 19, driven by (1) the FY2025/3 full-year earnings results announced on May 12 coming in below prior expectations for 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-year operating profit forecast is JPY 3,575 mn, but this level falls short of the JPY 3,800 mn forecast immediately prior to the FY2025/3 full-year results announcement. In light of this, SIR views FY2026/3 as a recovery stage rather than a growth stage.

SIR believes that amid concerns over a waning event-related boost from the Osaka Kansai EXPO, a slowdown in inbound demand, and the impact of the recent weak yen, demonstrating profit growth will be a key focus. In particular, close attention will be paid to whether high value-added environmentally friendly products and the EC site SHIMOJIMA Online Shop will emerge as key growth drivers for the Company. In addition, attention is focused on what kind of growth strategy will be presented in the next medium-term management plan starting in FY2027/3.

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

**Share Price Index Trends of SHIMOJIMA and Peer Companies (Jan. 6, 2025= 100)**



Source: Compiled by SIR from SPEEDA data

*Advancement of the SHIMOJIMA-style omnichannel*

**Three earnings catalysts**

SIR expects further advancement of the SHIMOJIMA-style omnichannel, the Company’s most distinctive business feature. The Company serves a broad customer base, ranging from large enterprises to small and medium-sized businesses and individual customers, and its omnichannel approach enables sales methods tailored to customer attributes, directly contributing to greater business efficiency. The Marketing and Sales Division, which accounts for approximately 70% of net sales, is expected to achieve further growth through the synergies among its three sales channels. This division comprises direct sales to customers, in-store sales at directly managed stores (including businesses conducted outside stores), and sales to Package Plaza franchise stores. The Company is also strengthening its approach to designated target industries. SIR believes there remains scope to better demonstrate growth potential through quantitative explanations of these industries and related initiatives.

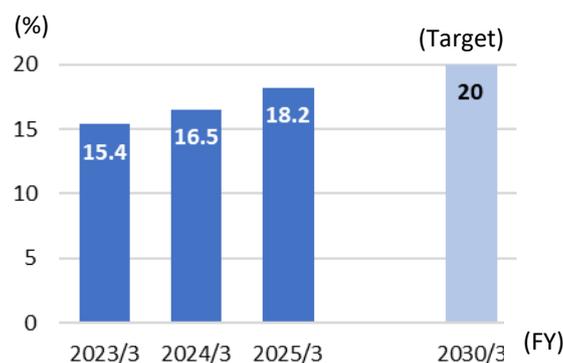
*Expansion of the EC business*

SIR expects the Company’s proprietary EC platform, SHIMOJIMA Online Shop, to remain a growth driver, with sales in Q2 FY2026/3 projected to increase by approximately 10% YoY. By further enhancing its expertise as a trading company specializing in packaging materials, the platform has significant potential to attract support from a wide range of customers. SIR believes that realizing this potential will require expanding the number of items handled, thereby further improving convenience as a one-stop shopping destination. The SHIMOJIMA Online Shop has steadily increased both registered members and listed items (see page 8), and SIR believes it has the potential to serve as a key growth driver for the Company.

*Growth of environmentally friendly products*

SIR identifies environmentally friendly products as a key area of growth potential for the Company. The Company aims to position SHIMOJIMA as synonymous with environmentally friendly products. Demand continues to rise for environmentally friendly products made from non-petroleum-based materials and recycled materials. In the past, food manufacturers and retailers such as supermarkets had been cautious about adopting these products due to higher costs. In recent years, however, changes in the social environment have led to broader adoption, as such products allow companies to appeal to consumers by linking environmental friendliness with support for environmental conservation. From the supplier perspective, high value-added environmentally friendly products contribute to higher profit margins. Against this backdrop, the Company’s unbleached paper food trays and PFAS-free grease-resistant bags received the 2025 Good Design Award. SIR believes these developments heighten expectations that this field will become one of the Company’s growth drivers.

**Sales ratio of environmentally friendly products in the Company’s original products (Actual vs. Target)**



Source: Compiled by SIR from the Company’s integrated report

## Appendix Consolidated Statements of Income

(JPY : mn)

	FY 2016/3	2017/3	2018/3	2019/3	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3 (CE)
<b>Total Revenue</b>	<b>48,278</b>	<b>46,996</b>	<b>46,965</b>	<b>47,696</b>	<b>48,254</b>	<b>47,100</b>	<b>48,063</b>	<b>55,028</b>	<b>57,794</b>	<b>60,680</b>	<b>63,500</b>
Total Cost of Sales	33,222	31,737	31,705	32,889	32,941	32,039	33,092	37,485	38,621	41,244	
Cost of Sales	33,222	31,737	31,704	32,889	32,941	32,038	33,091	37,485	38,621	41,243	
Gross Profit	15,056	15,259	15,260	14,807	15,313	15,061	14,971	17,543	19,173	19,436	
<i>Gross Margin</i>	31.2	32.5	32.5	31.0	31.7	32.0	31.1	31.9	33.2	32.0	
Selling, General and Administrative Expenses	13,468	13,402	13,725	14,137	14,807	14,786	14,927	15,531	15,910	16,449	
<b>Operating Profit</b>	<b>1,587</b>	<b>1,856</b>	<b>1,534</b>	<b>670</b>	<b>505</b>	<b>275</b>	<b>44</b>	<b>2,011</b>	<b>3,262</b>	<b>2,986</b>	<b>3,575</b>
<i>Operating Profit Margin</i>	3.3	3.9	3.3	1.4	1.0	0.6	0.1	3.7	5.6	4.9	5.6
Non-Operating Income	284	249	305	259	276	343	415	496	400	406	
Interest and Dividends Income	16	5	5	8	10	10	7	77	7	14	
Non-Operating Expenses	181	46	54	56	49	66	79	118	39	89	
Interest Expenses			0	0	0	0	0	0	0	0	
Income from Equity Method - Non-Operating											
<b>Ordinary Profit</b>	<b>1,690</b>	<b>2,059</b>	<b>1,785</b>	<b>872</b>	<b>732</b>	<b>552</b>	<b>380</b>	<b>2,388</b>	<b>3,623</b>	<b>3,303</b>	<b>3,800</b>
<i>Ordinary Profit Margin</i>	3.5	4.4	3.8	1.8	1.5	1.2	0.8	4.3	6.3	5.4	6.0
Extraordinary Gains/Losses	67	(181)	(62)	(8)	(48)	(921)	(121)	58	(92)	(275)	
Extraordinary Gain	67	57	16	47	22	193	7	171	1	70	
Extraordinary Loss		238	78	55	70	1,114	128	113	93	345	
Pretax Profit	1,757	1,878	1,723	864	683	(369)	259	2,446	3,531	3,028	
<i>Pretax Profit Margin</i>	3.6	4.0	3.7	1.8	1.4	(0.8)	0.5	4.4	6.1	5.0	
Income Taxes	679	658	615	333	339	26	167	898	1,154	937	
Income Taxes - Current	630	738	633	353	354	255	153	847	1,165	920	
Income Taxes - Deferred	49	(80)	(18)	(20)	(15)	(229)	14	51	(11)	17	
Net Profit Attribute to parent company shareholders	1,051	1,197	1,094	513	331	(331)	86	1,542	2,372	2,088	2,500
Net Profit	1,077	1,220	1,108	531	344	(395)	91	1,548	2,376	2,090	
Net Profit Attribute to non-controlling shareholders	26	22	14	18	13	(64)	5	5	3	2	
<i>Net Profit Margin (Attribute to parent company shareholders)</i>	2.2	2.5	2.3	1.1	0.7	(0.7)	0.2	2.8	4.1	3.4	3.9

Source: Compiled by SIR from SPEEDA data, the Company YUHO annual securities report.

## Balance Sheet

(JPY : mn)

	FY 2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
<b>Total Assets</b>	<b>38,461</b>	<b>39,370</b>	<b>39,971</b>	<b>39,595</b>	<b>39,365</b>	<b>38,293</b>	<b>37,756</b>	<b>40,023</b>	<b>43,407</b>	<b>41,843</b>
<b>Current Assets</b>	<b>20,766</b>	<b>22,105</b>	<b>22,662</b>	<b>21,898</b>	<b>19,953</b>	<b>20,105</b>	<b>19,154</b>	<b>21,460</b>	<b>24,312</b>	<b>23,232</b>
Cash Cash Equivalents And Short-term Investments	8,864	10,423	10,765	9,619	7,332	7,629	6,035	7,140	9,681	8,086
Cash & Cash Equivalents	8,864	10,423	10,765	9,619	7,332	7,629	6,035	7,140	9,681	8,086
Accounts Receivables	5,645	5,747	5,439	5,435	5,936	5,872	6,292	6,988	7,134	7,133
Notes Receivable							488	465	337	175
Inventories	5,555	5,394	5,364	5,604	5,713	5,397	5,513	5,870	5,762	6,242
Finished Goods and Merchandise	5,006	4,868	4,805	4,994	5,123	4,908	5,019	5,274	5,197	5,737
Deferred Tax Assets - Current	273	179	191							
Allowance for Doubtful Accounts - Assets	(10)	(7)	(9)	(6)	(13)	(14)	(12)	(15)	(15)	(13)
<b>Non-Current Assets</b>	<b>17,695</b>	<b>17,265</b>	<b>17,308</b>	<b>17,696</b>	<b>19,411</b>	<b>18,188</b>	<b>18,601</b>	<b>18,562</b>	<b>19,095</b>	<b>18,611</b>
Property, Plant & Equipment (PPE)	14,336	13,799	13,406	13,578	14,309	12,603	12,578	13,539	14,142	14,171
Lands	7,361	7,361	7,361	7,549	7,881	7,762	7,762	7,761	7,760	7,760
Construction In Progress								1,217	47	
Intangible Assets	631	530	673	792	1,582	1,370	1,831	1,619	1,324	879
Investments and Other Assets	2,726	2,934	3,229	3,325	3,519	4,214	4,191	3,403	3,627	3,559
Investment Securities (inc. Subsidiaries and Affiliates)	304	404	687	457	379	741	558	557	647	515
Investment Securities	304	404	687	457	379	741	558	557	647	515
Long-Term Loans	167	180	245	264	262	344	337	294	302	293
Deferred Tax Assets - Non-Current	253	287	224	497	580	657	730	677	600	591
Allowance for Doubtful Accounts - Fixed	(137)	(147)	(144)	(142)	(130)	(95)	(87)	(93)	(60)	(33)
<b>Total Liabilities</b>	<b>6,721</b>	<b>6,609</b>	<b>6,465</b>	<b>6,452</b>	<b>6,437</b>	<b>6,067</b>	<b>6,134</b>	<b>7,343</b>	<b>8,651</b>	<b>6,665</b>
<b>Current Liabilities</b>	<b>4,556</b>	<b>4,536</b>	<b>4,359</b>	<b>4,363</b>	<b>5,053</b>	<b>4,795</b>	<b>4,876</b>	<b>6,075</b>	<b>7,485</b>	<b>5,430</b>
Trade Payables	2,169	2,278	2,148	2,167	2,765	2,699	2,915	3,010	4,355	2,942
Short-Term Debt	143	145	165	131	185	131	132	122	131	176
Short-Term Borrowings	0	0	33	28	47	0	0	0	0	0
Current Portion of Long-term Debt	143	145	132	103	138	131	132	122	131	176
Current Portion of Long-Term Borrowings	143	145	132	103	138	131	132	122	131	176
-Current Redemption Bonds										
Advances Received							46	61	42	57
Asset Retirement Obligations - Current										
<b>Non-Current Liabilities</b>	<b>2,165</b>	<b>2,073</b>	<b>2,105</b>	<b>2,089</b>	<b>1,383</b>	<b>1,272</b>	<b>1,257</b>	<b>1,268</b>	<b>1,165</b>	<b>1,235</b>
Long-Term Debt	588	504	481	400	496	483	467	303	293	364
Long-Term Borrowings	588	504	481	400	496	483	467	303	293	364
Bonds										
Deferred Tax Liabilities - Non-Current	5	3	2							
Provision for Retirement Benefits	988	995	1,045	1,118	302	232	315	352	288	300
Asset Retirement Obligations - Non-Current	33	33	37	37	39	39	38	132	116	124
<b>Total Net Assets</b>	<b>31,739</b>	<b>32,761</b>	<b>33,505</b>	<b>33,142</b>	<b>32,928</b>	<b>32,225</b>	<b>31,622</b>	<b>32,679</b>	<b>34,756</b>	<b>35,178</b>
<b>Total Shareholders' Equity</b>	<b>31,691</b>	<b>32,691</b>	<b>33,420</b>	<b>33,039</b>	<b>32,812</b>	<b>32,173</b>	<b>31,565</b>	<b>32,616</b>	<b>34,690</b>	<b>35,109</b>
Shareholders' Equity	37,968	38,649	39,227	38,987	38,807	37,850	37,413	38,474	40,368	40,931
Capital Stock	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405
Capital Surplus	1,304	1,304	1,304	1,304	1,304	1,304	1,304	1,299	1,273	1,280
Retained Earnings	36,137	36,818	37,397	37,394	37,215	36,255	35,802	36,834	38,039	38,564
Treasury Stock	(879)	(879)	(879)	(1,117)	(1,117)	(1,114)	(1,098)	(1,063)	(349)	(318)
Accumulated Other Comprehensive Income	(6,276)	(5,959)	(5,807)	(5,947)	(5,995)	(5,677)	(5,847)	(5,858)	(5,679)	(5,822)
Valuation Difference On Available-for-sale Securities	134	206	401	254	199	437	310	320	378	274
Foreign Currency Translation Adjustments										
Non-controlling interest	48	70	85	103	116	52	57	63	66	69

Source: Compiled by SIR from SPEEDA data, the Company YUHO annual securities report.

## Statements of Cash Flows

(JPY : mn)

	FY 2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
<b>Cash Flows from Operating Activities</b>	<b>2,576</b>	<b>2,677</b>	<b>1,437</b>	<b>656</b>	<b>822</b>	<b>1,103</b>	<b>430</b>	<b>2,328</b>	<b>4,698</b>	<b>923</b>
Depreciation and Amortization - CF	931	837	751	708	770	942	923	1,037	1,078	1,132
Depreciation - CF	931	837	751	708	759	851	845	913	954	1,013
Gain/Loss on Valuation of Securities and Investment Securities	1								92	
Gain/Loss on Sale of Securities and Investment Securities		0		(1)		(21)	0	4		
Gain/Loss on Sale of Investment Securities		0		(1)		(21)	0	4		
Gain/Loss on Sale of PPE	0	0	3	1	3	21	1	0	1	2
Interest and Dividends Received - Operating CF	16	6	6	9	10	10	7	18	8	15
Interest Paid - Operating CF										
<b>Cash Flows from Investing Activities</b>	<b>(972)</b>	<b>(609)</b>	<b>(463)</b>	<b>(908)</b>	<b>(2,463)</b>	<b>(407)</b>	<b>(1,376)</b>	<b>(378)</b>	<b>(1,479)</b>	<b>(864)</b>
Payments for Purchases of Securities and Investment Securities	(2)	(1)	(1)	(2)	(1)	(50)			(100)	(16)
Payments for Purchases of Investment Securities	(2)	(1)	(1)	(2)	(1)	(50)			(100)	(16)
Proceeds from Sales of Securities and Investment Securities		4		21		48	0	11		
Proceeds from Sales of Investment Securities		4		21		48	0	11		
Payments for Purchases of Stocks of Subsidiaries and Affiliates										
Purchases/Sales of PPE	(699)	(235)	(275)	(513)	(670)	(312)	(569)	(1,478)	(1,132)	(639)
Payments for Purchases of PPE	(941)	(235)	(305)	(513)	(670)	(329)	(469)	(1,434)	(1,132)	(639)
Proceeds from Sales of PPE	242		30			17	(100)	(44)		
Purchases/Sales of Intangible Assets	(149)	(150)	(117)	(337)	(536)	(302)	(557)	(205)	(222)	(285)
Payments for Purchases of Intangible Assets	(149)	(150)	(117)	(337)	(536)	(302)	(557)	(205)	(222)	(285)
<b>Cash Flows from Financial Activities</b>	<b>(916)</b>	<b>(661)</b>	<b>(654)</b>	<b>(893)</b>	<b>(647)</b>	<b>(404)</b>	<b>(647)</b>	<b>(686)</b>	<b>(678)</b>	<b>(1,685)</b>
Proceeds from Short-Term Borrowings	15		206	438	477	384		25	30	80
Repayments of Short-Term Borrowings	(15)		(173)	(443)	(497)	(431)		(25)	(30)	(80)
Increase in Long-Term Debt			12			420			40	
Proceeds from Long-Term Borrowings			12			420			40	
<b>社債の発行</b>										
Repayments of Long-Term Debt			(2)	(2)	(2)	(7)	(2)	(46)	(77)	(9)
Repayments of Long-Term Borrowings			(2)	(2)	(2)	(7)	(2)	(46)	(77)	(9)
<b>社債の償還</b>										
Proceeds from Issuance of Stock										
Redemption/Retirement of Stock	0	0	0	(238)	0	0	0	0	0	0
Cash Dividends Paid	(523)	(515)	(515)	(516)	(511)	(627)	(511)	(511)	(512)	(1,549)
Foreign exchange adjustment	(37)	2	0	0	0	0	0	0	0	0
Changes in Cash	649	1,409	319	(1,145)	(2,287)	291	(1,593)	1,263	2,539	(1,626)
Cash & Cash Equivalent - Beginning	8,204	8,854	10,263	10,583	9,437	7,150	7,441	5,848	7,111	9,651
Cash & Cash Equivalent - Ending	8,854	10,263	10,583	9,437	7,150	7,441	5,848	7,111	9,651	8,024
<b>Free Cash Flow (FCF)</b>	<b>1,604</b>	<b>2,068</b>	<b>974</b>	<b>(252)</b>	<b>(1,641)</b>	<b>696</b>	<b>(946)</b>	<b>1,950</b>	<b>3,219</b>	<b>59</b>

Source: Compiled by SIR from SPEEDA data, the Company YUHO annual securities report.

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