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September 12, 2025

To whom it may concern

Company name:	KOHSOKU CORPORATION
Name of representative:	Representative Director, President Yuki Terashi (Securities code: 7504; TSE Prime Market)
Person responsible for inquiries:	Director, Managing Executive Officer General manager, President's office Takashi Mitamura (Telephone: +81-22-259-1611)

### **(Update) Notice Concerning Initiatives to Enhance Corporate Value**

KOHSOKU CORPORATION (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, it has updated “Initiatives to Enhance Corporate Value” announced on January 16, 2025. For details, please refer to the attached document, “Initiatives to Enhance Corporate Value”

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# Initiatives to Enhance Corporate Value

Summary of “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

(Updated September 2025)

September 12, 2025

A packaging specialist trading company

Securities Code: 7504



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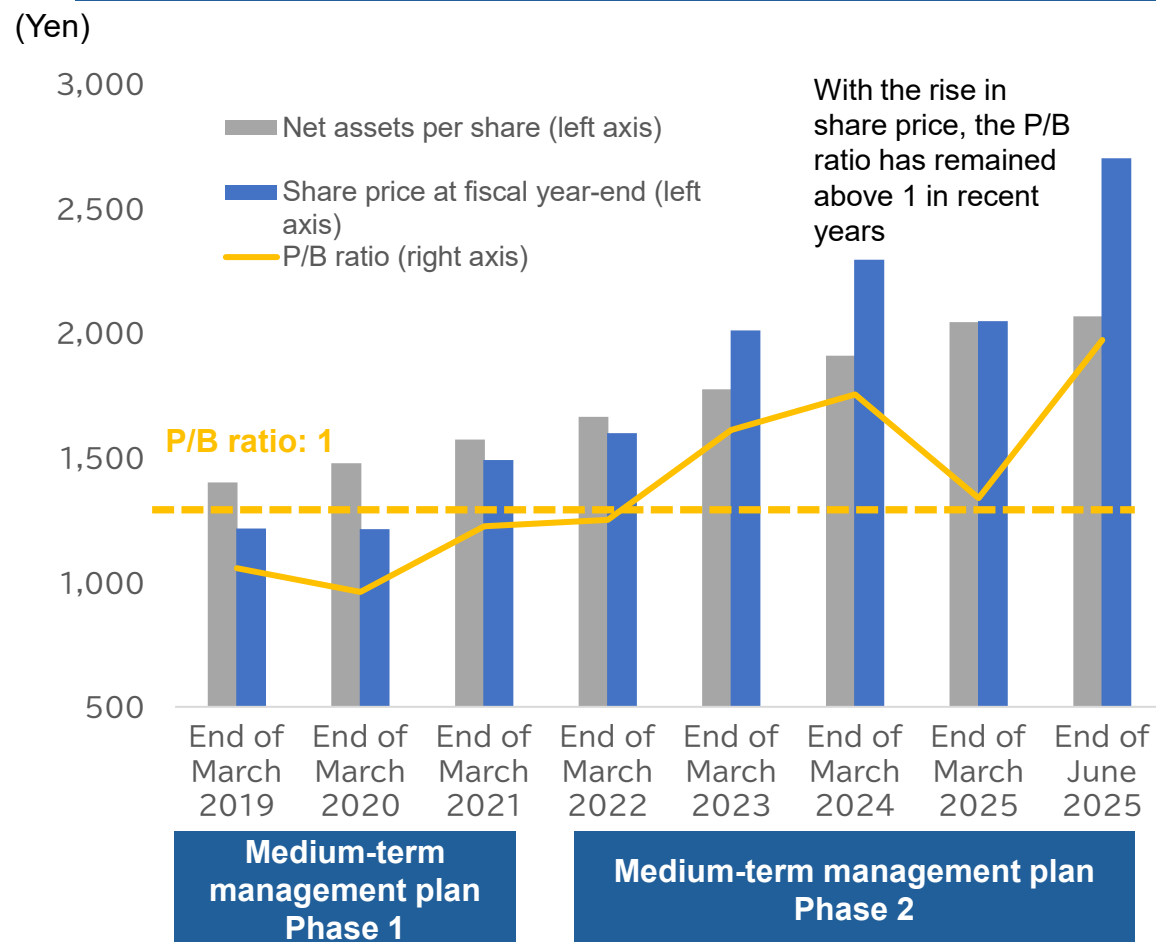


# Analysis of the Current Situation toward Enhancing Corporate Value

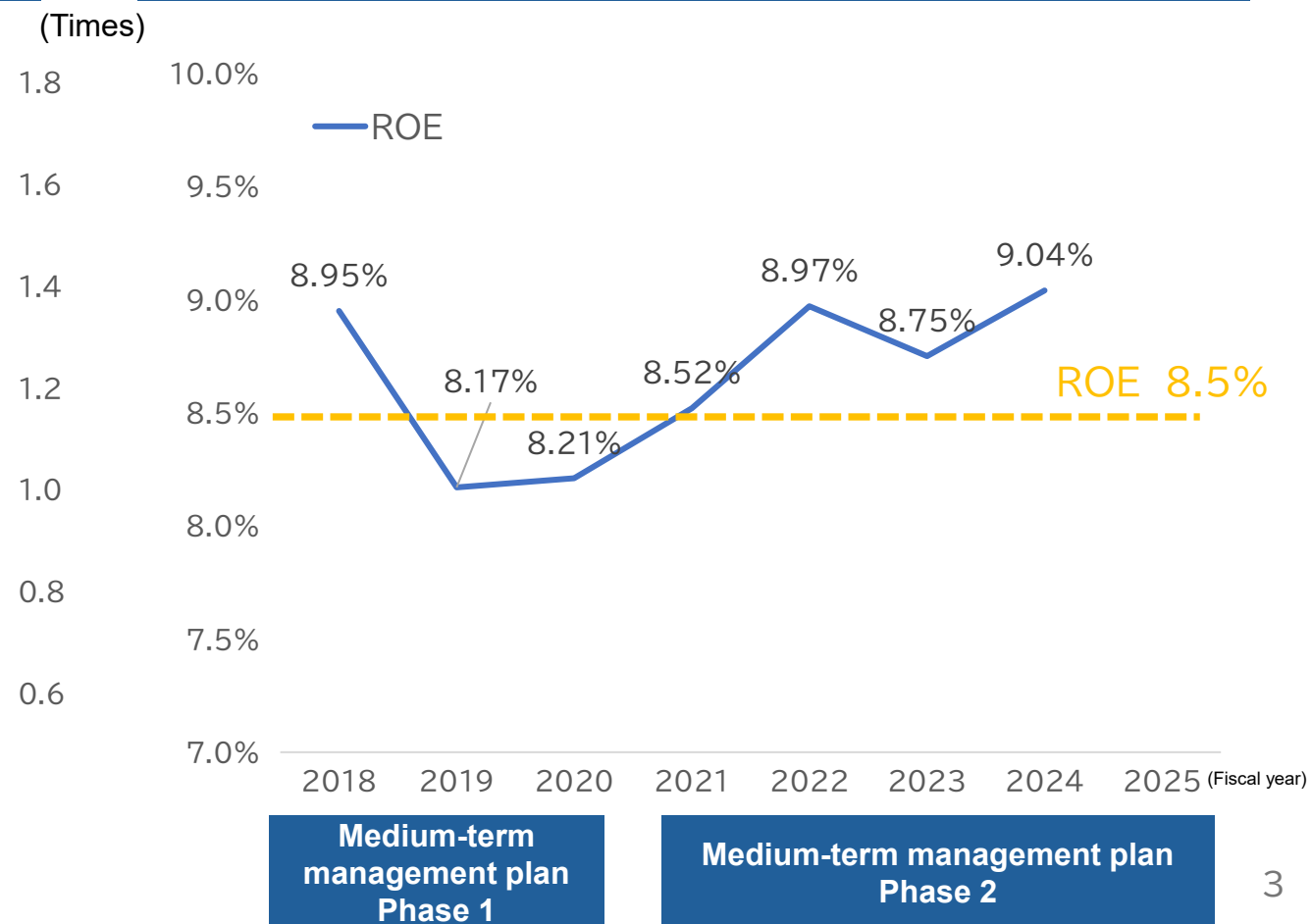


Although the P/B ratio temporarily declined following the secondary offering announced in February 2025, it has generally remained above 1 in recent years, supported by strengthened IR initiatives and increased dividends. ROE has remained at around 8.5% during the period of the current Medium-Term Management Plan. We recognize that there is room both for increase and for improvement.

## P/B ratio trend



## ROE trend





# Efforts to Improve Profitability and Capital Efficiency

# Efforts to Improve Profitability and Capital Efficiency



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As stated in the Medium-Term Management Plan, we are engaging with stakeholders to improve our performance and corporate value over the medium to long term. We will continue to work toward improving capital efficiency while enhancing earnings power through business expansion.

## Boosting earnings power

**Expanding business scale and increasing net sales to strengthen profitability and cash generation capabilities**

**Balancing and strengthening growth investments and shareholder returns through enhanced profitability**

**Increase in earnings per share (EPS) as a result of strengthened profitability**

**\*Please refer to page 6 and below for details.**

## Improving capital efficiency

**Improving net profit margin**

**Improving total asset turnover**

**Maintaining appropriate financial leverage**

**\*Please refer to page 9 and below for details.**

# Profitability Improvement Potential Through Business Expansion

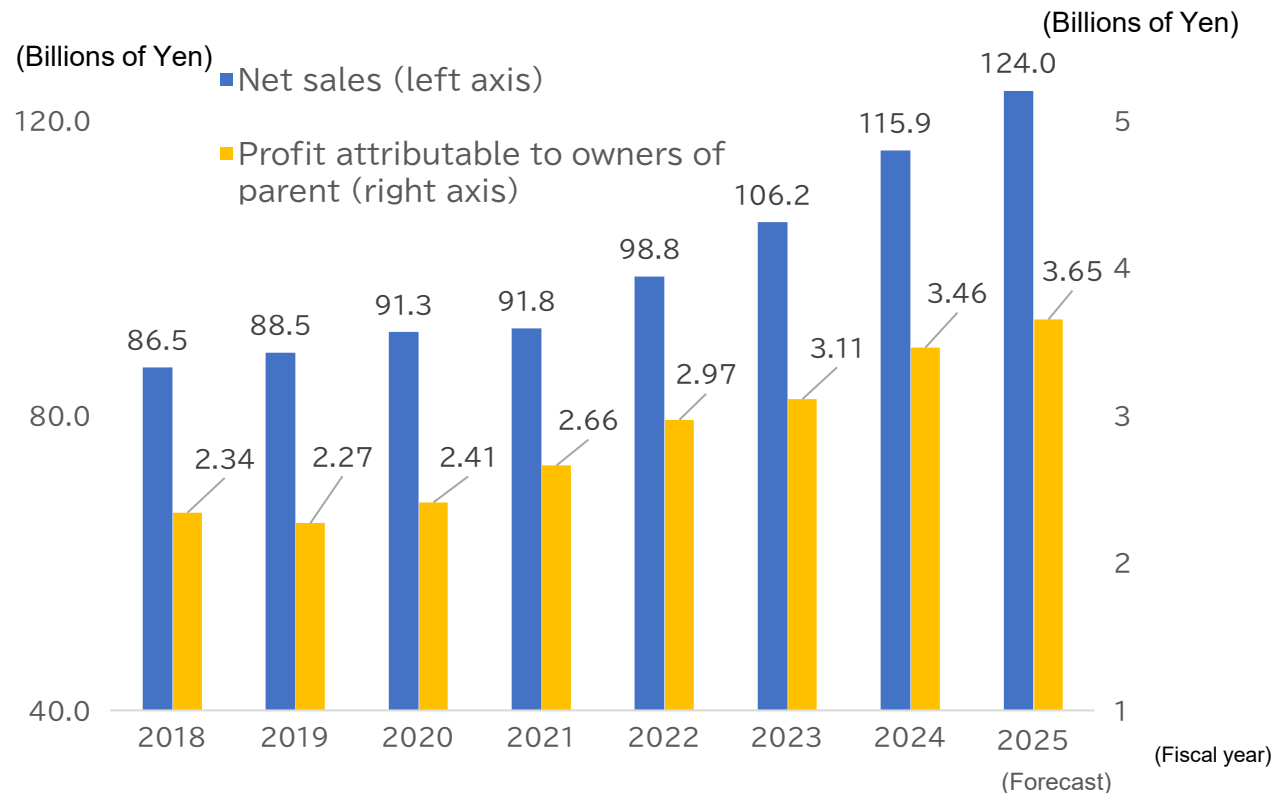


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The progress of business expansion and strengthening of profitability since FY03/19, when the Medium-Term Management Plan was formulated, is as follows.

Going forward, we will continue to invest the cash we generate to expand existing locations and business areas, thereby driving growth in net sales and profit attributable to owners of parent and, as a result, continuing to increase earnings per share (EPS).

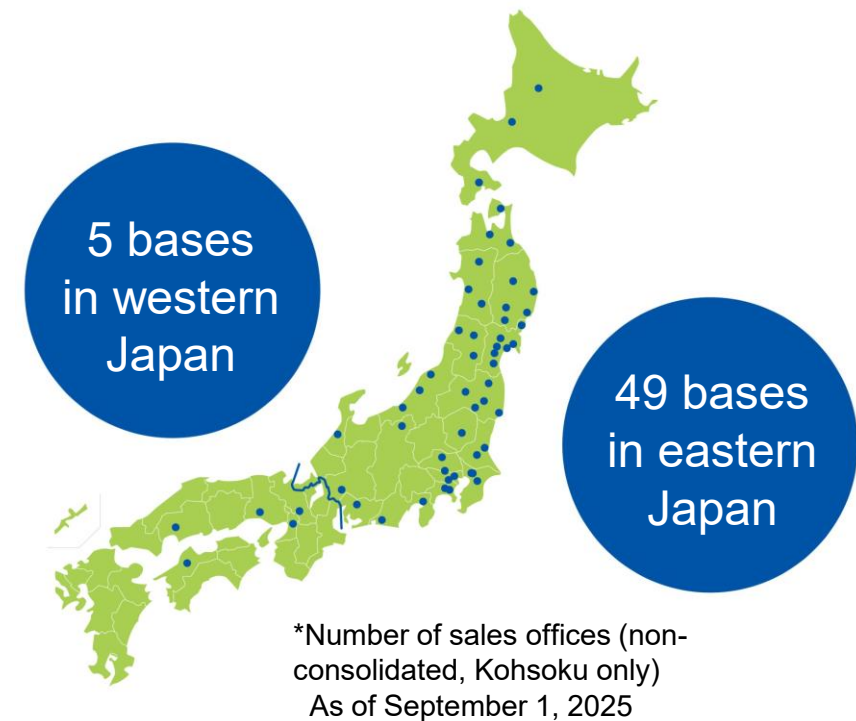
## Trends in net sales and profit attributable to owners of parent



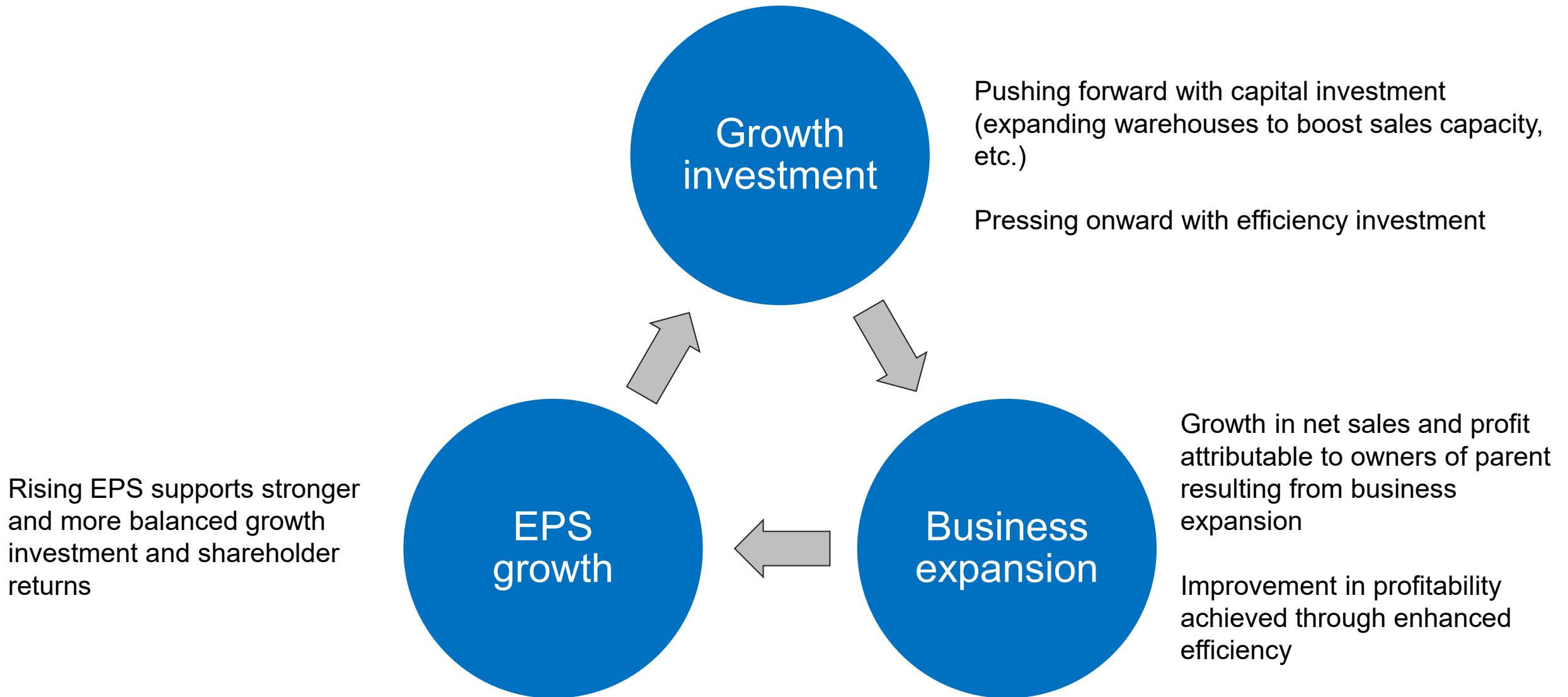
\*Results from FY03/22 onward reflect the application of the Accounting Standard for Revenue Recognition and related standards.

The FY2025 figure is a projection.

## Business expansion potential



Opened two locations in western Japan in 2024  
Going forward, we will continue to expand existing locations and business areas.





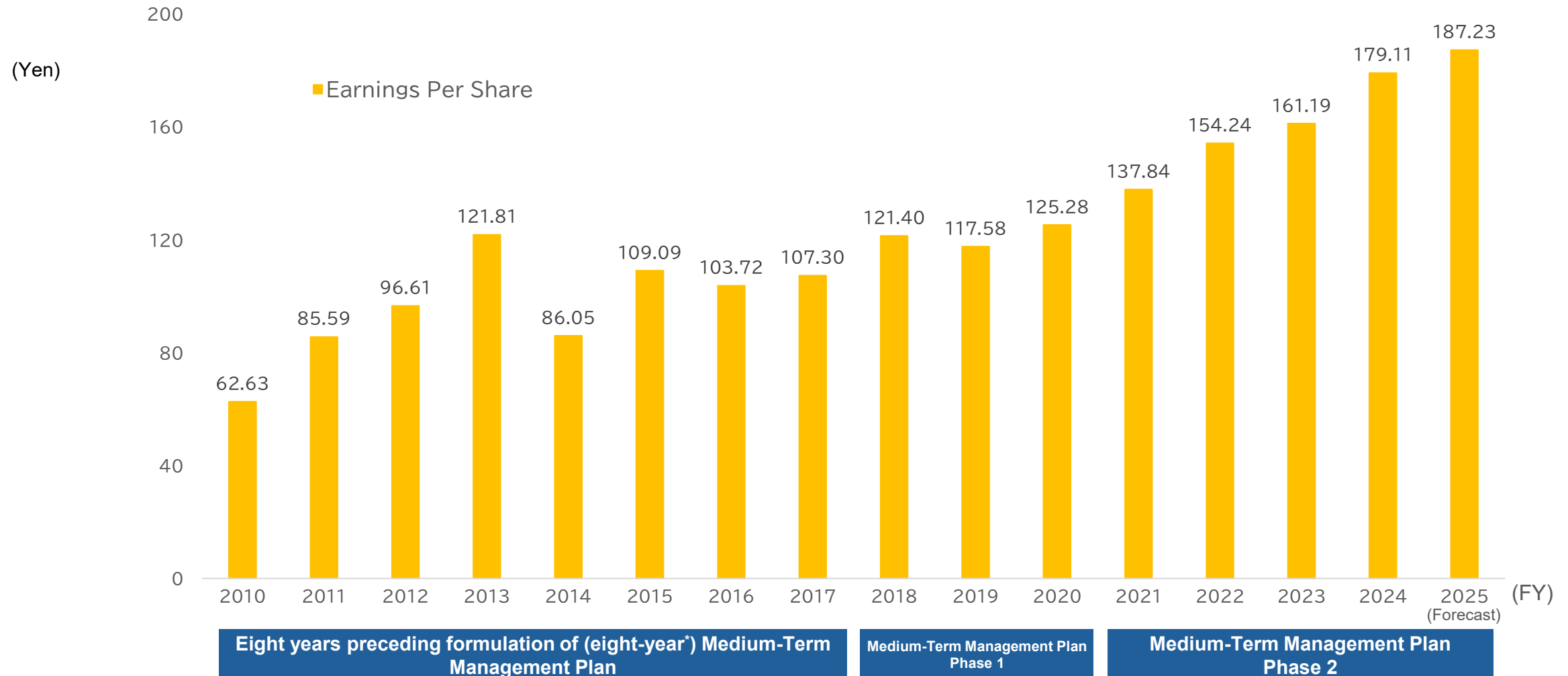
# Earnings per Share



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As indicated by the table below, KOHSOKU has been generating growth in earnings per share.

EPS, which also serves as a source of shareholder returns, has risen as shown below, and we will continue working to increase it going forward while balancing growth investments and shareholder returns (marking the 21st consecutive year of dividend increases in FY03/25).

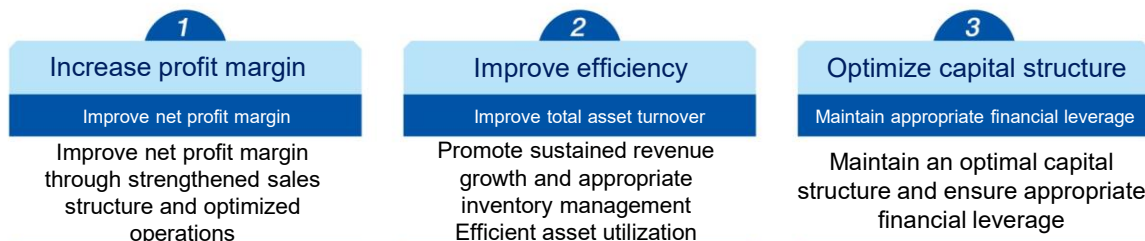


Note: The FY2025 earnings per share figure is a projection.

## Promoting initiatives to improve ROE under the Medium-Term Management Plan



We are undertaking the initiatives on the left to improve our performance and corporate value over the medium to long term. Through these efforts, we are working to improve capital efficiency in parallel with enhancing profitability.



# Balance Sheet Trend

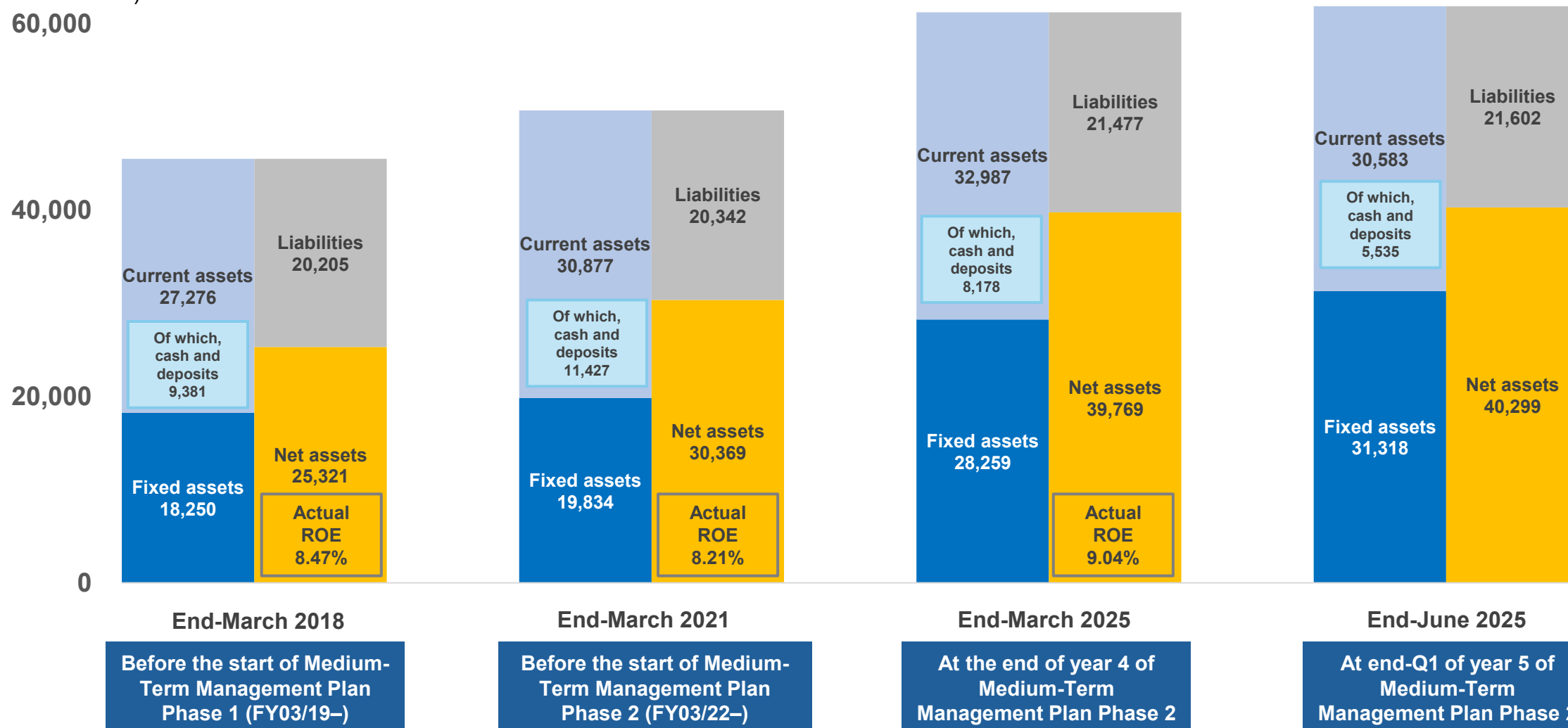


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The charts below show the changes in our balance sheet before and after the start of the current Medium-Term Management Plan. While net assets have increased through the accumulation of profits, we have allocated the cash generated to growth investments, thereby achieving profit growth while maintaining and improving ROE.

(Millions of Yen)

60,000



# Balance Sheet Management

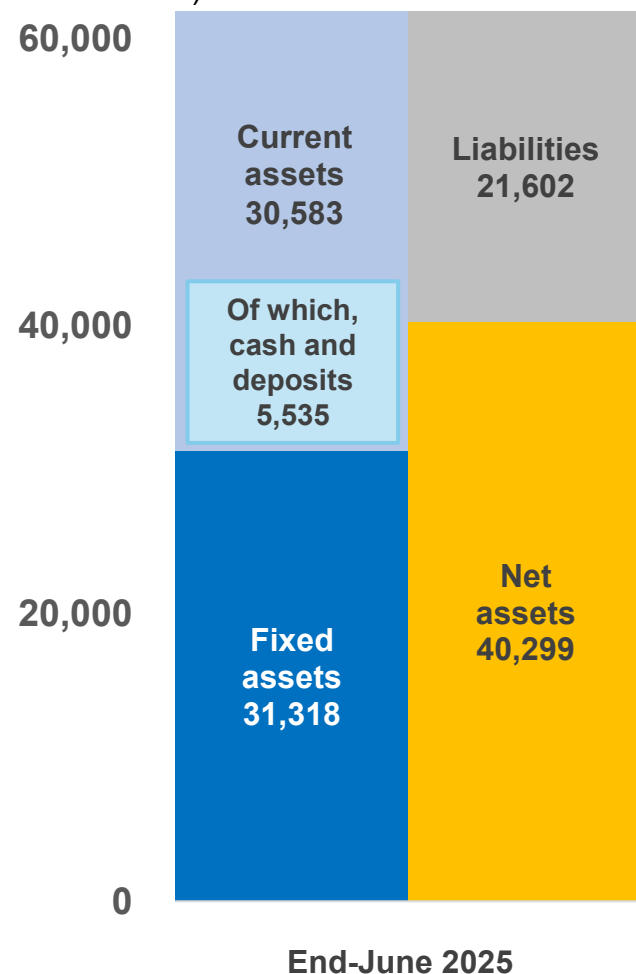


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The overview of the balance sheet as of end-June 2025, together with recent major initiatives, is as follows.

We will continue to allocate the cash we generate to growth investments and, when necessary, utilize interest-bearing debt to further improve capital efficiency, including ROE and ROA, expand our business scale, and increase EPS.

(Millions of Yen)



## Major initiatives

### Current assets

- Reduction of standby funds required for business through groupwide cash optimization
- Maintain appropriate inventory

### Fixed assets

- Sale of idle real estate
- Gradually converting securities managed as part of standby funds into cash and utilizing them as business capital

### Liabilities

- As a result of changes in payment terms, business liabilities are expected to decrease
- Utilize interest-bearing debt as necessary, taking into account the level of cash on hand and other relevant factors

### Net assets

- Promoting growth investments and generating profits, thereby continuing to aim to maintain and improve ROE regardless of the increase in net assets

# Cash Allocation (FY03/19–FY03/25 cumulative)



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The cash allocation for the seven years from FY03/19, when the current Medium-Term Management Plan began, to FY03/25 is as follows. We will continue to promote business expansion and efficiency by making timely and flexible capital investments and M&A. We will also continue to invest in appropriate projects and utilize interest-bearing debt as necessary.

## Cumulative total for FY03/19–FY03/25

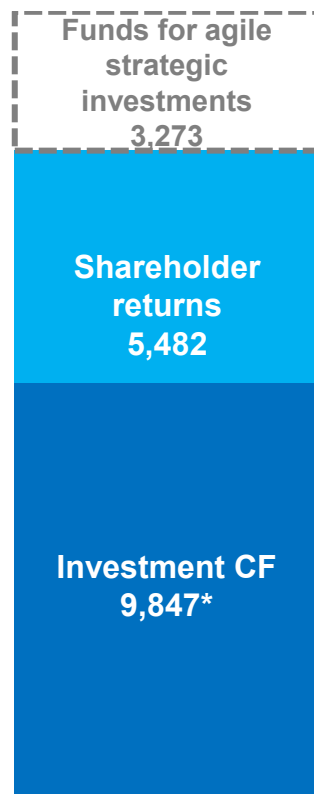
## Investment overview and future utilization policy

(Millions of Yen)

### Cash inflows



### Cash outflows



### Major investments over the past 7 years

- Total acquisition of tangible fixed assets: ¥8.727 billion  
Capital investment mainly for the relocation and expansion of sales offices (Kumagaya, Sapporo, Sanriku, Nagano, Fukushima, etc.)  
Main effect of sales office expansion:
  - Increased sales capacity through expansion of total warehouse floor space
  - Improved efficiency and environment through in-house warehousing
- Total acquisition of intangible fixed assets: ¥1.120 billion  
System replacement centered on sales management system  
Main benefits of sales management system operation:
  - Replacing legacy systems and improving efficiency
  - Taking advantage of the scalability of the new system and gradually adding necessary functions to further enhance efficiency

### Utilization policy from FY03/26 onward

We will continue to allocate the cash generated to capital investment, shareholder returns, and M&A.

### Reference: Major capital investment plans for FY03/26 and beyond

FY03/26 total: ¥3.201 billion

For the acquisition of a sales location in Western Japan (completed in June 2025)

Please refer to page 13 for details.

FY03/27 total: ¥2.450 billion

For land acquisition for the Morioka sales office and construction of company-owned property  
(Amount already paid: ¥0.469 billion)

\*Excluding temporary investment of cash on hand as securities

## Exterior



## Overview of Western Japan Sales Location (in Osaka)

### 1. Reason for acquisition

To strengthen shipping and inventory-holding capacity in response to business expansion in Western Japan

### 2. Summary of acquired assets

(1) Location: Nagaotanimachi, Hirakata, Osaka

(2) Acquisition date: June 2025

(3) Capital investment: ¥3.201 billion (land and buildings)

(4) Total floor area: approx. 11,000 sqm

(5) Planned operational start date: FY03/27

\*Currently leased by the Company to another company

### 3. Future outlook

The Company factored this acquisition's anticipated impact on consolidated FY03/26 financial results into the earnings forecast disclosed on May 9, 2025. It projects full-scale operations at this logistics location will begin in FY03/27.



# Efforts to Reduce the Cost of Equity

# Efforts to Reduce the Cost of Equity



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In addition to improving profitability and capital efficiency, we are working to lower our cost of equity and to widen the spread between capital efficiency and the cost of equity (equity spread). Specific major initiatives are as follows.

## Broadening of investor base

Through investor relations and public relations activities, we strive to increase awareness of our shares and broaden our investor base, including by attracting more individual investors, thereby working to reduce stock price volatility.

## Enhancement of information disclosure

We strive to eliminate information asymmetries with our investors by disclosing non-financial information, including investments in digital and intellectual property and human capital.

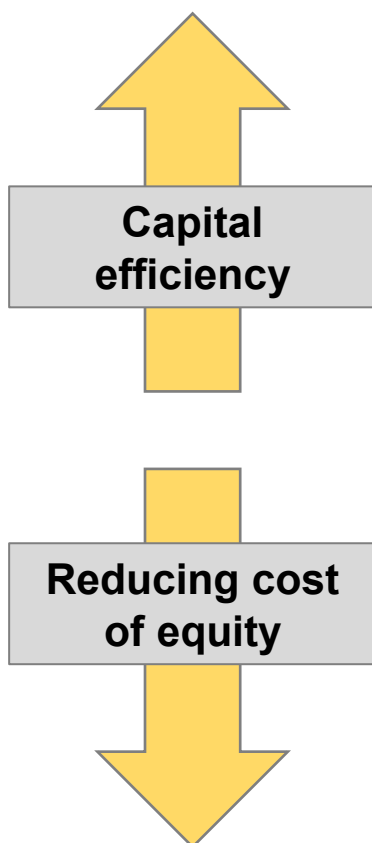
## Reducing earnings volatility

Our business model tends to exhibit low earnings volatility and stable results. We will also continue striving to stabilize earnings across the entire Group.

- ▶ Investing in digital and intellectual property
- ▶ Investing in human capital
- ▶ Characteristics of the packaging materials wholesale business model, which is characterized by low earnings volatility

For more information on each of the above topics, please refer to the investor information page below.

URL: <https://www.kohsoku.com/investment/>



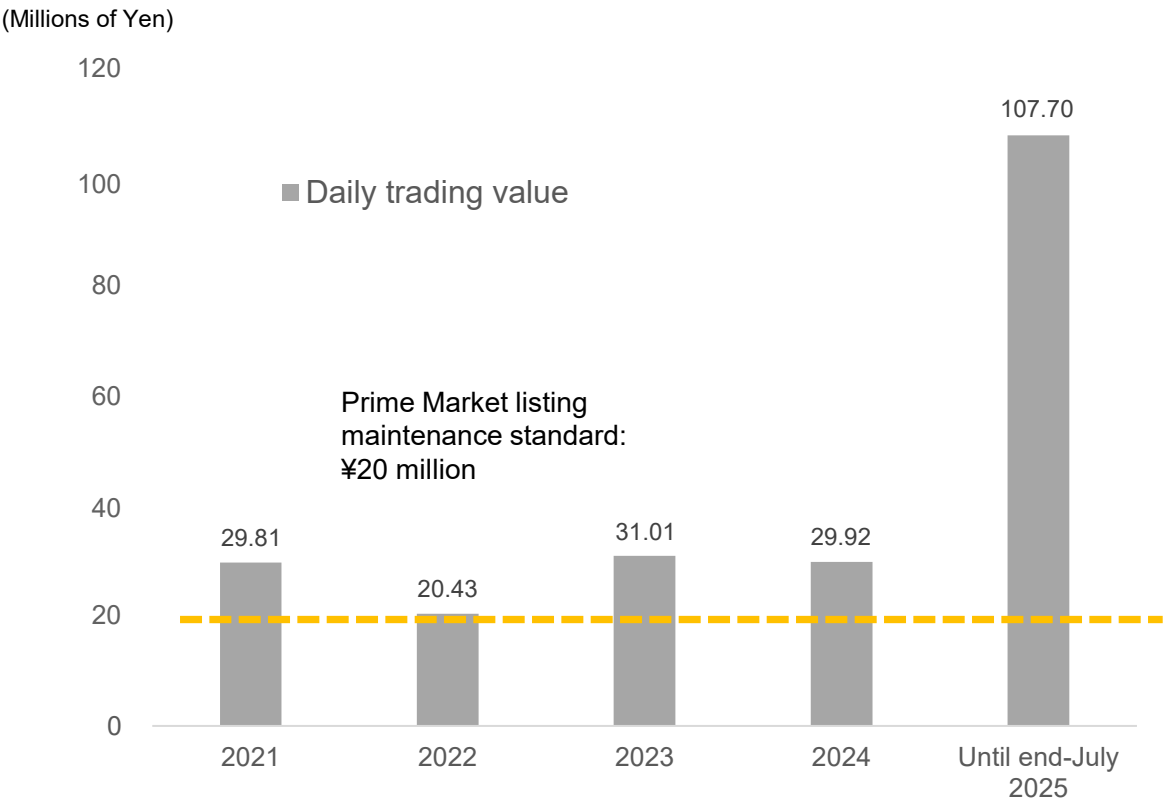


# Efforts to Improve Liquidity



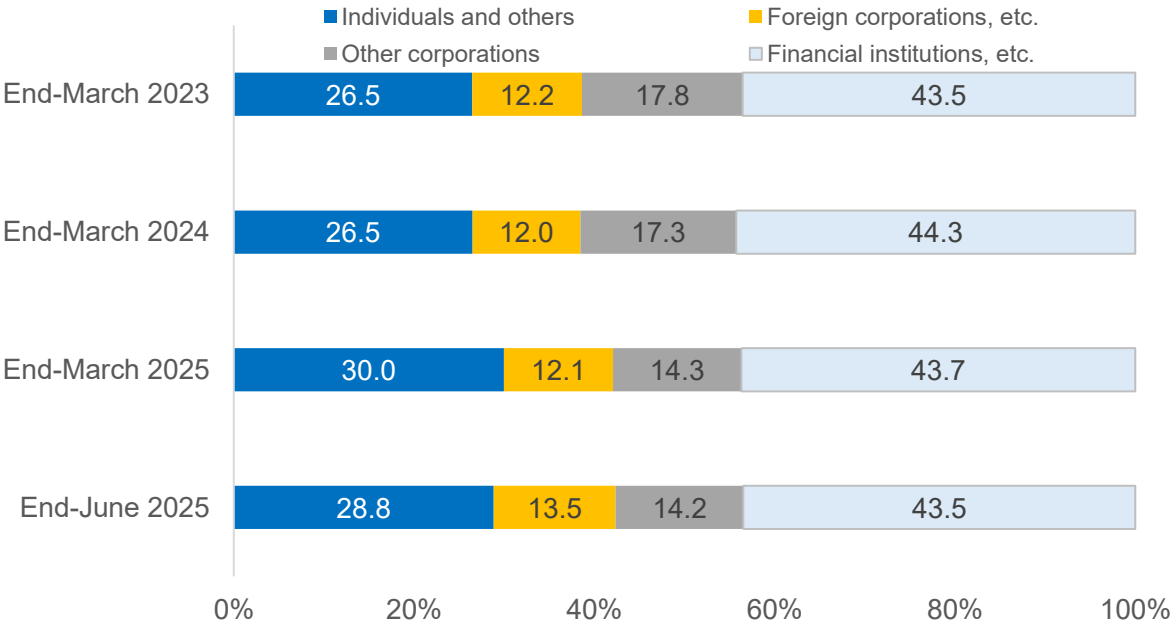
As one of the indicators of liquidity, which is important in the cost of equity, the trading value of the Company’s shares has trended as follows. Previously, while trading value exceeded the ¥20 million level required under the Prime Market listing maintenance criteria, it continued to remain at a relatively low level. Following the secondary offering of shares announced in February 2025, shares held by our business partners (representing approximately 3.7% of the total number of shares outstanding) became available for trading, contributing to an increase in trading value. In addition, the increase in trading value has reduced market impact (a decline in selling prices or an increase in buying prices caused by one’s own trades), and we believe this has enabled a broader range of investors to trade compared with the past. On the other hand, as there is still room for further increases in trading value and improvements in liquidity, we will continue our investor relations activities to maintain and enhance liquidity, and ultimately work to reduce the cost of equity.

## Trend in the trading value of the Company’s shares



From April to end-July 2025, after the impact of the secondary offering announced in February 2025 had settled, daily trading value averaged ¥96.61 million.

## Breakdown of shareholdings by shareholder category



\*Financial institutions, etc. = financial institutions + financial instruments business operators  
The above graph shows the number of shares of one unit or more, organized by category, in the same manner as the “Status of Shares, etc.” section of the Annual Securities Report. Individuals and others include treasury shares.

As a result of the share offering announced in February 2025, individual shareholder holdings increased as of end-March 2025. Following the May 2025 announcement of the commemorative dividend for the 60th anniversary and the commemorative shareholder benefit, the stock price rose, leading to a decrease in individual shareholders and an increase in holdings by foreign corporations and other entities. The objectives of the share offering—to achieve a more diverse shareholder composition and improve liquidity compared to the past—have been realized to a certain extent.



# Compensation System and Human Resources Strategy for Enhancing Corporate Value over the Medium to Long Term

# Stock-Based Incentive System Overview



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To encourage sustainable corporate value growth and further promote value-sharing with shareholders, KOHSOKU has established a role-specific stock-based incentive system. Moving forward, the Company will remain committed to ensuring collective, value-building efforts across all personnel levels, including directors, senior leadership, management, and frontline employees.

Eligible personnel	Plan	Period	Objectives
Directors	Restricted stock-based compensation	(Long-term) <ul style="list-style-type: none"> <li>Corporate officers</li> <li>Until resignation</li> </ul>	<ul style="list-style-type: none"> <li>Achieving strategic business targets</li> <li>Enhancing medium- to long-term corporate value</li> </ul>
Senior leadership and management	Restricted stock-based compensation	(Long-term) <ul style="list-style-type: none"> <li>Employees</li> <li>Until retirement</li> </ul>	<ul style="list-style-type: none"> <li>Achieving strategic business targets</li> <li>Enhancing medium- to long-term corporate value</li> </ul>
Employees	Restricted stock-based incentives for members of the Employee Stock Ownership Plan (ESOP)	(Medium-term) <ul style="list-style-type: none"> <li>Five years</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging employee engagement with corporate management</li> <li>Talent investment and benefit enhancement</li> </ul>



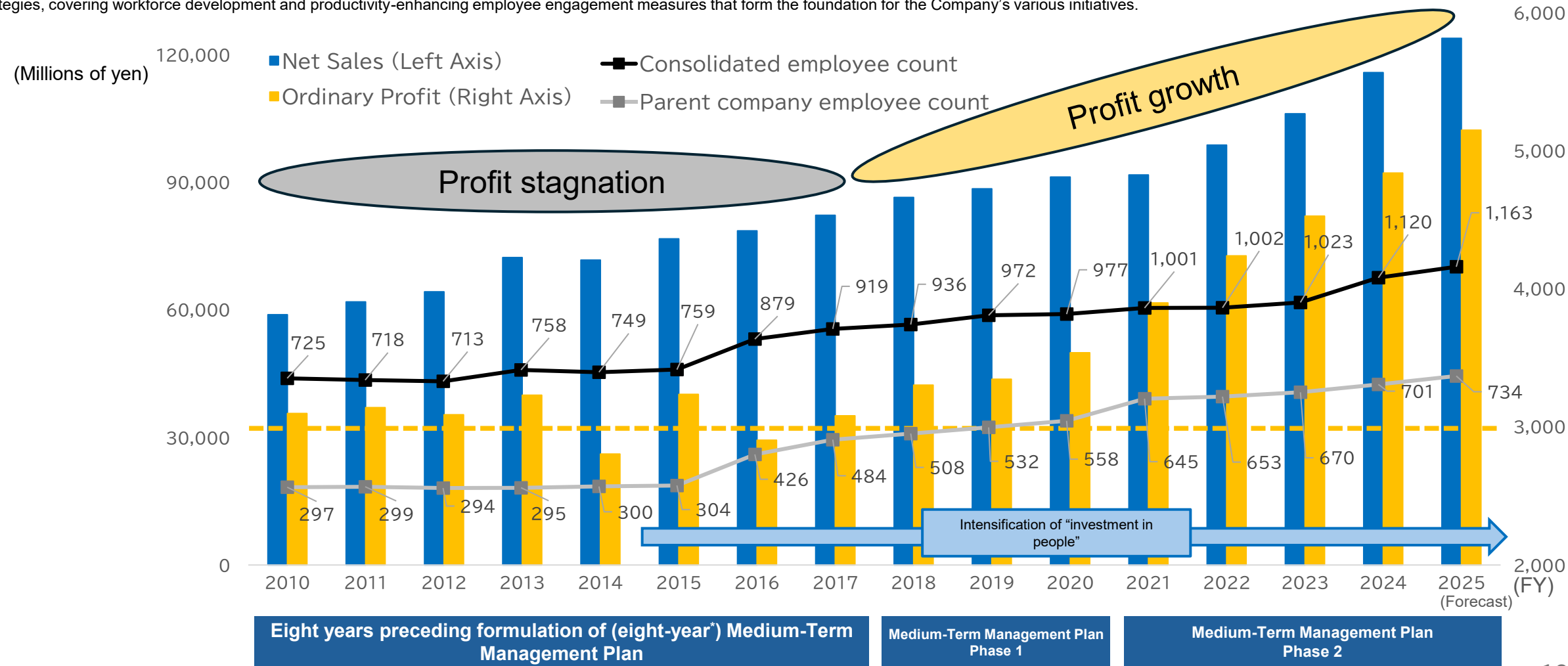
Ratio of ESOP members: 70%  
(as of June 2025)

# Financial Results and Employee Count



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Prior to the disclosure of its Medium-Term Management Plan in 2018, KOHSOKU's business expansion outpaced its ability to secure and develop talent, and as a result, the Company was unable to achieve profit growth in proportion to sales. Consequently, ordinary profit remained around JPY3.0 billion from 2010 through 2017. With policy shifts implemented in FY2015, KOHSOKU further intensified its “investment in people,” thereby improving recruitment, training, and retention. These achievements facilitated the establishment of a structure that generates profit more consistently and contributed to actual profit growth since 2018. Moving forward, the Company will continue to invest in human capital and enhance its workforce. At the same time, it will work to improve productivity and control overall SG&A expenses. Through these efforts, KOHSOKU aims to establish a stronger internal system capable of facilitating profit accumulation commensurate with sales expansion. The following slide includes an overview of KOHSOKU's ongoing efforts targeting closer alignment between its management and HR strategies, covering workforce development and productivity-enhancing employee engagement measures that form the foundation for the Company's various initiatives.



Notes: Figures for FY2021 onward reflect the Company's adoption of the Accounting Standard for Revenue Recognition; figures for FY2025 are projections. Number of employees in fiscal 2025 is as of the end of June 2025.  
Employee counts are based on the definition used in the Company's Annual Securities Report.  
In FY2014, net sales declined due to a FY2013 surge in demand caused by a then-upcoming April 2014 consumption tax hike—this year-on-year downturn was the only such decrease the Company has reported since its founding.

# Efforts Targeting Closer Alignment Between Management and HR Strategies



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Since formulating its Medium-Term Management Plan in FY2018, KOHSOKU has been advancing initiatives with a particular focus on workforce enhancement and ensuring organization-wide strategic awareness. By investing in human capital and enhancing its workforce, the Company has improved productivity and operational efficiency, establishing a structure enabling profit accumulation commensurate with sales expansion. Moving forward, the Company will continue investing in its personnel including the continued granting of stock-based incentives while striving to further enhance productivity and employee engagement. Through these efforts, KOHSOKU will remain committed to executing its business strategy and driving long-term corporate value. Notably, the Company has observed growth in earnings per share (EPS)—an important source for shareholder returns—as it proceeds with its human capital investment. Please refer to page 8 for details regarding changes in EPS.

## Optimizing benefits to enhance workforce

(Millions of yen)

### Average Annual Salary



## Employee engagement improvement measures

KOHSOKU's top management participates in town hall-style meetings held at each branch office. Through these meetings, top leaders communicate directly with employees, sharing details regarding the Company's Medium-Term Management Plan and recent initiatives, thereby facilitating strategic awareness among both management and frontline employees.

Through the Company's annual training sessions, top management and members of the Board of Directors deliver direct explanations of various initiatives, thereby ensuring widespread understanding of corporate policy.

Additionally, the Company distributes video messages from its top leadership to employees at appropriate times, thereby reinforcing awareness regarding both business performance and strategic direction.

## Reward system enhancement

KOHSOKU grants stock-based compensation to directors, executive officers, and managerial staff through a system under which share transfer restrictions are lifted upon resignation or retirement, thereby incentivizing continuous efforts targeting share price growth.

The Company also provides stock-based compensation to employees through its Employee Stock Ownership Plan (ESOP).

In addition to standard bonuses, the Company grants performance-linked bonuses to all employees through a tiered system under which the degree of linkage with business performance increases with positional seniority.

All these initiatives aim to facilitate awareness and deliver incentives geared toward improving both financial performance and share price.

Note: Average annual salaries are based on the definition used in the Company's Annual Securities Report.



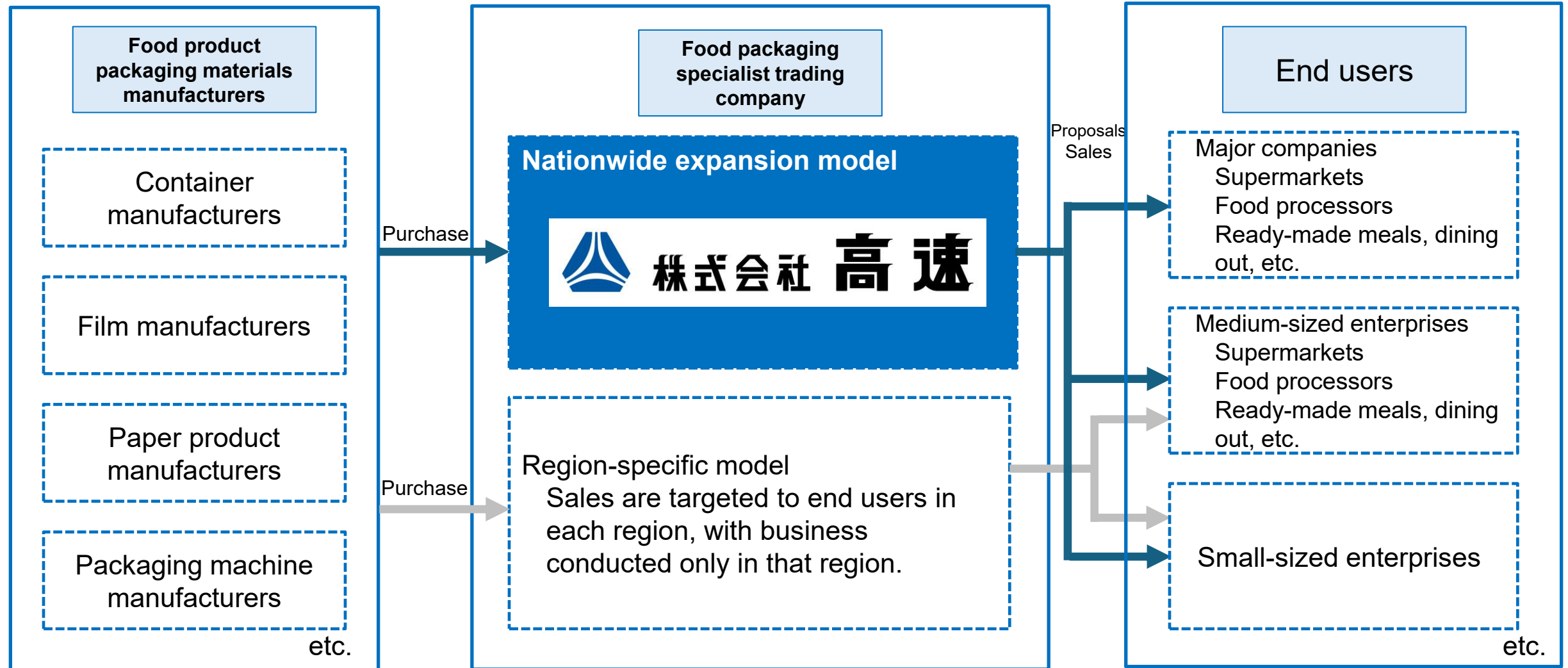
# Reference: Company Profile

# Business Model



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We are a trading company specializing in food packaging that connects supermarket and food factory customers with manufacturers and helps support food distribution.

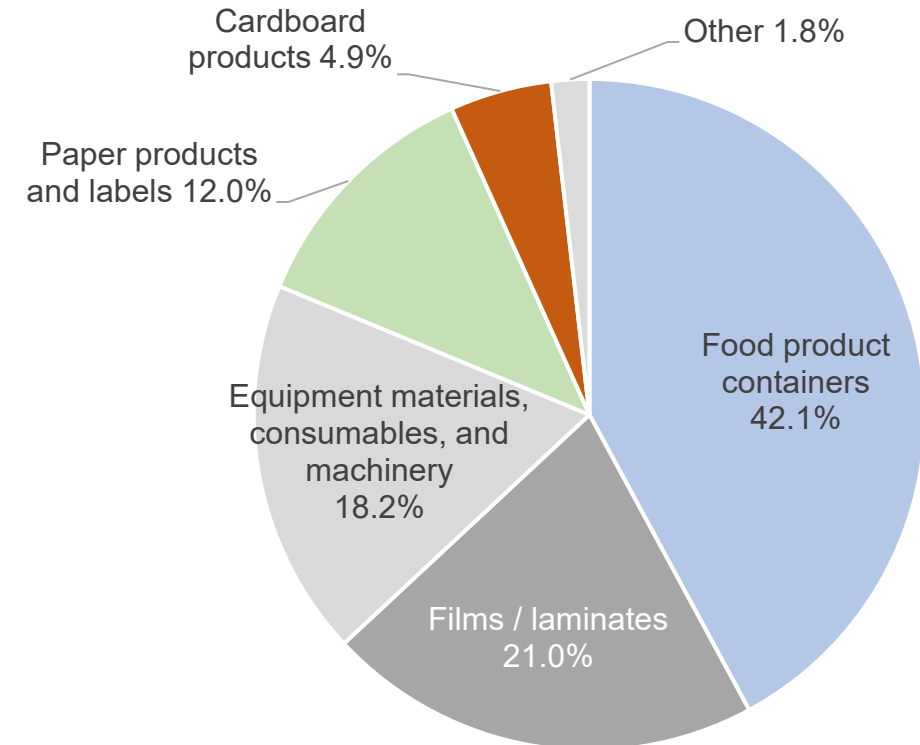




## Products handled



## Sales performance by product group (FY03/25)



We offer a wide variety of food product packaging materials and consumables, including food trays. We specialize in providing comprehensive solutions centered on food containers, including various food product packaging materials and related machinery. Our diverse product lineup also contributes to reducing earnings volatility.

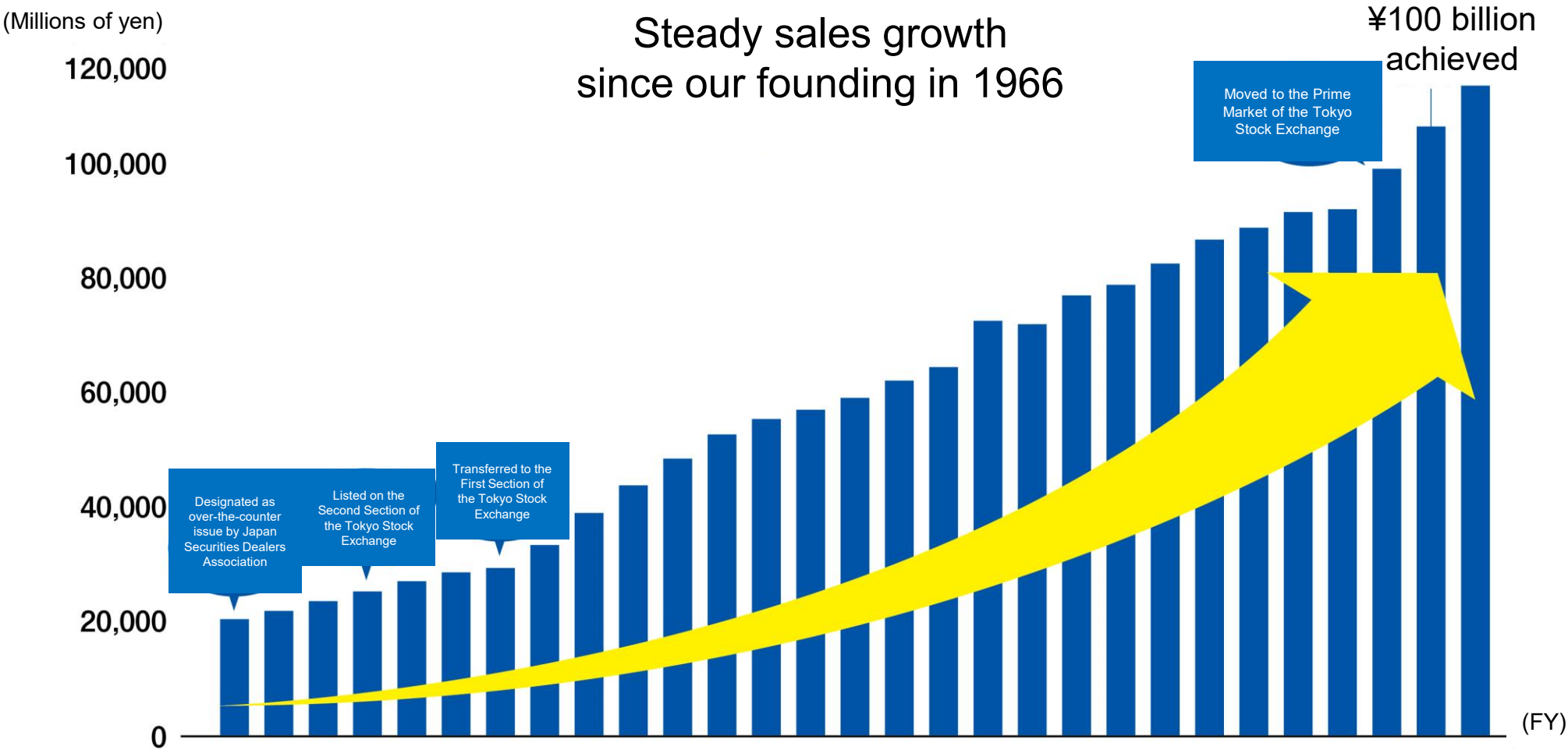




# Reference: Trajectory of Corporate Value Enhancement



In response to ongoing demand for food packaging, we have continued and expanded business with existing customers while steadily adding new ones. As a result, since our establishment we have achieved sales growth every year for over 50 years, with the exception of FY03/15(\*).



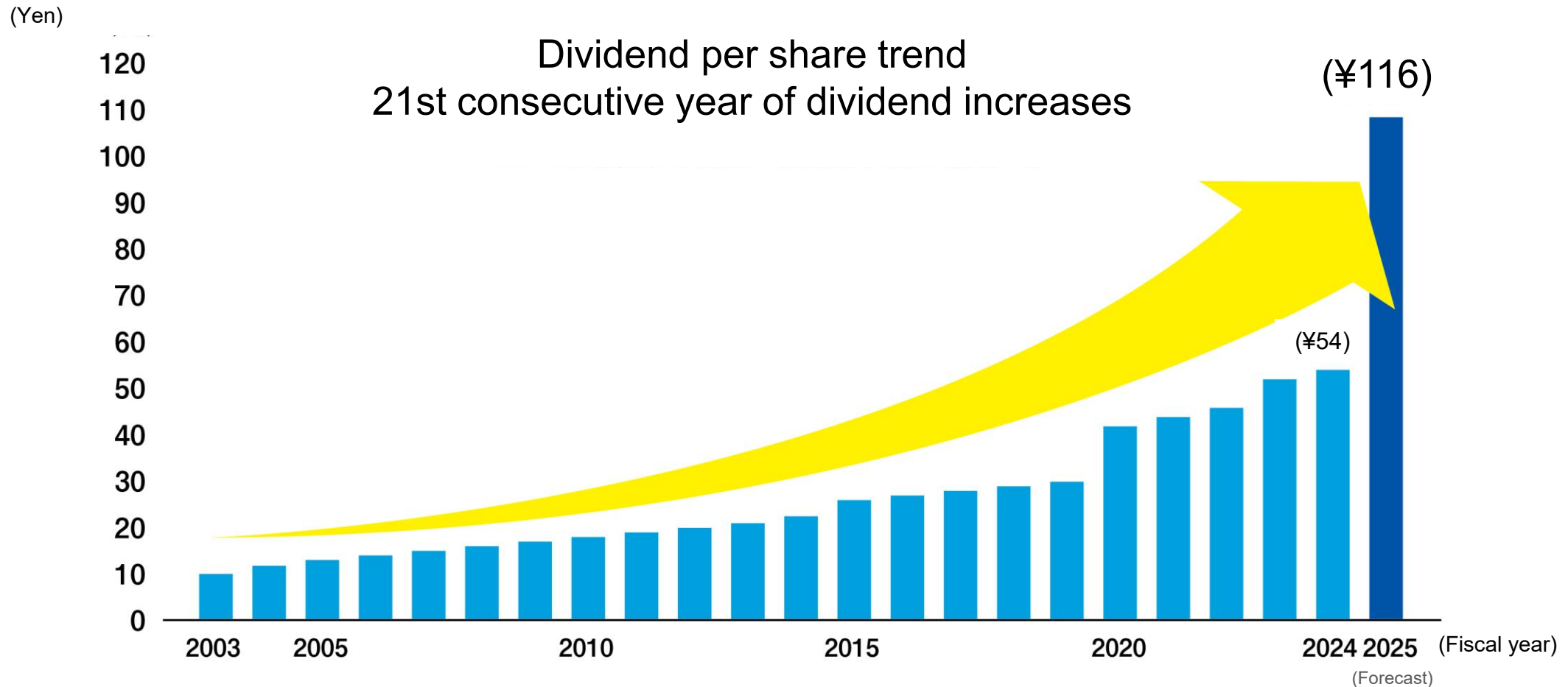
Note: In FY2014, net sales declined due to a FY2013 surge in demand caused by a then-upcoming April 2014 consumption tax hike—this year-on-year downturn was the only such decrease the Company has reported since its founding.

# Shareholder Returns



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For FY03/26, we plan to pay an ordinary dividend of ¥56 per share, up ¥2 from the annual dividend of ¥54 in FY03/25, and a commemorative dividend of ¥60 for our 60th anniversary, for a total annual dividend of ¥116 per share.



\*Adjusted for the impact of the stock split.

# Stock Price Trend (Stock price at fiscal year-end since OTC registration)



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The Company's steady business expansion and consistent shareholder returns, underpinned by consecutive dividend increases, have been well received, resulting in the following upward trend in its share price.



- This document has been carefully prepared to ensure accuracy; however, its completeness is not guaranteed.
- Forward-looking statements contained in this document are based on information and assumptions available at the time of its creation. Actual results may differ from the forecasts due to various factors, and the projected figures may be changed without prior notice.
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\*Numerical figures in this document are rounded down to the nearest display unit, and percentages are rounded to the nearest unit.



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Investor relations website:

<https://www.kohsoku.com/investment/>