Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

Business year (FY2023)	From April 1, 2023 through March 31, 2024

Oisix ra daichi Inc.

1-11-2 Osaki, Shinagawa-ku, Tokyo

(E27260)

Annual Securities Report

1. This document has been prepared for printing or other output by adding a table of contents and page numbers to the digital version of the Annual Securities Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act submitted via the Electronic Disclosure for Investors Network (EDINET) system, as specified in Article 27-30-2 of that Act.
2. The Audit Report attached to the Annual Securities Report submitted as described above, as well as the Internal Controls Report and Confirmation Letter submitted with the above Annual Securities Report, are attached to the end of this document.

Contents

Cover sheet

Document filed:	Annual Securities Report
Pursuant to:	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Filed with:	Director-General, Kanto Local Finance Bureau
Filing date:	June 26, 2024
Business year:	FY2023 (from April 1, 2023 through March 31, 2024)
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Provided for public inspection at:	Tokyo Stock Exchange, Inc. 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo

Part 1. Company information

Section 1. Company overview

1. Trends in major KPIs, etc.

(1) Consolidated KPIs, etc.

Term		FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year-end		March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	(million yen)	71,040	100,061	113,476	115,176	148,408
Operating profit	(million yen)	1,825	7,037	4,153	2,810	4,438
Profit attributable to owners of parent	(million yen)	790	5,031	2,727	1,807	4,120
Comprehensive income	(million yen)	726	4,901	2,968	2,319	3,397
Net profit	(million yen)	14,195	19,991	23,872	26,140	37,420
Total assets	(million yen)	26,087	38,360	52,634	64,502	143,728
Net assets per share	(yen)	408.53	522.62	605.63	672.84	795.17
Earnings per share	(yen)	23.19	133.75	74.64	49.45	112.72
Diluted earnings per share	(yen)	23.03	133.52	74.60	–	–
Equity ratio	(%)	53.7	49.8	42.0	38.1	20.2
Return on equity	(%)	6.0	30.4	13.2	7.7	15.4
Price/earnings	(times)	63.9	21.7	40.4	46.5	11.6
Cash flows from operating activities	(million yen)	1,080	8,819	924	5,306	7,722
Cash flows from investing activities	(million yen)	(1,754)	(2,780)	(4,110)	(12,135)	(10,815)
Cash flows from financing activities	(million yen)	254	1,894	636	8,265	17,735
Cash and cash equivalents at end of period	(million yen)	7,654	15,552	13,033	14,720	29,440
Number of employees [Average number of temporary employees, not included above]	(persons)	860 [643]	915 [723]	986 [799]	1,032 [859]	11,456 [29,061]

Notes:

1. Net sales excludes consumption tax, etc.
2. Diluted earnings per share is not given for FY2022 and FY2023 because there were no dilutive shares.

(2) KPIs, etc. of the reporting company

Term		FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year-end		March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	(million yen)	68,018	90,349	101,541	102,821	104,580
Operating profit	(million yen)	2,975	7,397	4,036	4,230	5,802
Net income	(million yen)	1,164	4,563	2,544	2,605	5,737
Capital	(million yen)	1,691	3,993	3,994	3,995	3,995
Total shares issued and outstanding	(share)	34,324,116	37,998,908	38,014,892	38,028,092	38,028,092
Net profit	(million yen)	14,582	19,271	21,821	24,558	30,367
Total assets	(million yen)	24,987	35,350	48,623	61,722	80,739
Net assets per share	(yen)	424.90	527.56	597.12	671.75	830.67
Dividends per share [Interim dividends per share included above]	(yen)	– [–]	– [–]	– [–]	– [–]	– [–]
Earnings per share	(yen)	34.17	121.33	69.64	71.27	156.93
Diluted earnings per share	(yen)	33.93	121.12	69.60	—	—
Equity ratio	(%)	58.4	54.5	44.9	39.8	37.6
Return on equity	(%)	8.6	27.0	12.4	11.2	20.9
Price/earnings	(times)	43.3	24.0	43.3	32.2	8.3
Dividend payout ratio	(%)	–	–	–	–	–
Number of employees [Average number of temporary employees, not included above]	(persons)	717 [619]	724 [693]	785 [759]	787 [829]	794 [872]
Total shareholder return [For comparison: TOPIX index]	(%) (%)	88.2 [88.2]	173.6 [122.8]	179.6 [122.3]	136.9 [125.9]	77.6 [173.9]
Max. share price	(yen)	1,780	4,020	5,220	3,370	3,035
Min. share price	(yen)	951	1,388	2,224	1,411	1,093

Notes:
1. Net sales excludes consumption tax, etc.
2. Diluted earnings per share is not given for FY2022 and FY2023 because there were no dilutive shares.
3. Maximum and minimum share prices for FY2021 and later are taken from the First Section of the Tokyo Stock Exchange before April 4, 2022 and from the Tokyo Stock Exchange Prime Market thereafter.
   Effective April 9, 2020, listing of Company shares transferred from the Tokyo Stock Exchange Mothers Market to the First Section of the Tokyo Stock Exchange. Share prices before this date are from the Tokyo Stock Exchange Mothers Market.

2. History

Month/year	Event
June 2000	Oisix Inc. established
September 2000	Food Quality Audit Committee, an independent panel of academic experts and homemakers, established to audit food safety
October 2000	Food deliveries begin through Oisix e-commerce site
July 2001	Food delivery services through dairy products vendors and other partners begin
June 2002	Oisix Club subscription service launched in e-commerce business
December 2009	Entered international business segment with grand opening of Oisix Hong Kong
June 2010	Agreements on capital alliance and joint venture concluded with Recruit Corp. (now Recruit Holdings Corp.)
November 2010	First brick-and-mortar store opens inside Ebisu Mitsukoshi Department Store in Shibuya Ward, Tokyo
January 2011	Gochimaru Inc., a joint venture with Recruit Corp. (now Recruit Holdings Corp.), begins operating
November 2011	Wellness Co., Ltd., a company operating an online flower and food gift delivery shop, made a wholly owned subsidiary through stock acquisition
April 2012	Absorbed Wellness Co., Ltd.
March 2013	Listed on Tokyo Stock Exchange Mothers Market
August 2013	Capital and business alliance agreements concluded with Dean & Deluca Japan (now WELCOME Co., Ltd.)
October 2015	Oisix Hong Kong Co., Ltd. established as overseas subsidiary to handle certain cross-border e-commerce functions in Hong Kong
May 2016	Acquired Tokushimaru Inc., which provides franchise mobile supermarket systems serving seniors, made subsidiary
March 2017	Daichi wo Mamoru Kai Co., Ltd., a delivery service pioneer providing additive-free processed fruit, vegetable, meat, and seafood products, made subsidiary through stock swap
April 2017	Invested in Nihon Agri, Inc., which exports agricultural products from Japan
July 2017	Renamed Oisix.Daichi Inc.
September 2017	Oisix Shanghai Co., Ltd. established to pursue e-commerce sales of products procured in China in compliance with the Company’s safety standards
October 2017	Absorbed Daichi wo Mamoru Kai Co., Ltd.
February 2018	Radish Boya Co., Ltd., a company with a roughly 30-year history and a wealth of contracted producers that provide fruit, vegetables, meats, and seafood products and additive-free processed food products with a focus on uncompromising health and safety, made subsidiary
June 2018	Karabiner Inc., which provides system development and maintenance services, made subsidiary
June 2018	Launch of ISETAN DOOR, an e-commerce site for subscription deliveries operated by Isetan Mitsukoshi Holdings Ltd. with operational support from the Company
July 2018	Renamed Oisix ra daichi Inc.
August 2018	Crazy Kitchen Co., Ltd., which provides catering services to order, made subsidiary
October 2018	Absorbed Radish Boya Co., Ltd.
December 2018	Oisix Inc. established as overseas subsidiary in preparation for entering the US market
February 2019	WELCOME Co., Ltd., which operates Dean & Deluca, made an affiliate via capital increase underwritten through third-party allocation of shares
May 2019	Three Limes, Inc. (aka The Purple Carrot), which provides delivery of vegan meal kits in the US, made subsidiary
August 2019	Future Food Fund Inc. established to launch activities to build startup ecosystem in the food field
October 2019	Future Food Fund No. 1 investment limited partnership established to stimulate investment in food startups
April 2020	Listing of shares transferred to the First Section of the Tokyo Stock Exchange

Month/year	Event
March 2021	Toyosu Gyosho Sanchoku Ichiba (formerly Seven Work Co., Ltd.), which handles supply and wholesaling of seafood products in line with products available at the Toyosu Market and operates direct network with producers, made subsidiary
January 2022	Future Food Lab Co., Ltd. established to undertake food-related research and development
April 2022	Listing of shares transferred to the Tokyo Stock Exchange Prime Market
May 2022	Yutori No Kukan Corporation, a company founded by chef Harumi Kurihara to propose lifestyle solutions centered on recipes and sales of kitchen accessories, made an affiliate
October 2022	SHiDAX Corporation, whose businesses include food service at nursery schools, hospitals, and other facilities, made an affiliate
January 2023	Future Food Fund No. 2 investment limited partnership established to further stimulate investment in food startups
March 2023	AGRIGATE, operator of Shunpachi greengrocers and distinguished by strong ties to producers and markets for products centered on agricultural produce, made an affiliate via capital increase underwritten through third-party allocation of shares
November 2023	Capital alliance and sponsorship agreements concluded with Niigata Albirex Baseball Club, Oisix Niigata Albirex Baseball Club launched
January 2024	SHiDAX Corporation made subsidiary nonpi, Inc, which plans and operates kitchen-less employee dining halls, made subsidiary
March 2024	AGRIGATE made subsidiary

3. Business details

The Group (the Company and its affiliates) consists of 32 consolidated subsidiaries (Fruit Basket Co., Ltd., Tokushimaru Inc., Oisix Hong Kong Co., Ltd., Karabiner Inc., Crazy Kitchen Co., Ltd., Oisix Inc., Three Limes, Inc., YOKO Street, INC., Future Food Fund Inc., Future Food Fund No. 1 investment limited partnership, Future Food Fund No. 2 investment limited partnership, Toyosu Gyosho Sanchoku Ichiba, Future Food Lab Co., Ltd., nonpi, Inc, AGRIGATE, SHIDA Holdings Corporation [now SHiDAX Holdings Corporation], SHiDAX Corporation, and 14 other subsidiaries) as well as five affiliates (Nihon Agri, Inc., WELCOME Co., Ltd., Niigata Albirex Baseball Club Co., Ltd., and two others).

The Company has identified the following as its corporate philosophy and reason for existing: *to provide services that empower ever-growing numbers of people to enjoy better nutrition*. Its approach to business accounts for taste, convenience, and safety in the foods it delivers.

The Company and its consolidated subsidiaries and affiliates are grouped into the five reportable segments: the BtoC Subscription Business; BtoB Subscription Business; Social Services Business; Vehicle Operation Services Business; and Other Businesses. The Company has revised its reportable segments beginning with the consolidated fiscal year under review. For details, see “Section 5. Accounting: 1. Consolidated financial statements, etc.: Notes (Segment information, etc.).

(1) BtoC Subscription Business

The BtoC Subscription Business provides home delivery services for high-value-added food (fruits and vegetables, processed food products, and meal kits) with low environmental impact, based on the Group’s unique cultivation and production standards, in response to customer orders received via websites and catalogs. It also delivers daily commodities and miscellaneous products.

In Japan, the Group engages in direct sales of products consisting mainly of food products and ingredients through the Internet and catalogs under three brands: Oisix, Daichi wo Mamoru kai, and Radish Boya. Oisix targets mainly dual-income households with children. It delivers premium time-saving products and services. Daichi wo Mamoru kai focuses on developing new services and improving existing services to meet the needs of its primary targets of senior two-person households, based on the concept of ensuring proper daily nutrition. Radish Boya targets mainly households seeking to contribute to society through everyday activities, including cooking, and focuses on the development of products and services like Fuzoroi Radish (“irregular radishes”).

In overseas markets, we operate the Purple Carrot brand in the United States. Purple Carrot primarily targets consumers eager to achieve healthy lifestyles through plant-based diets. It provides plant-based time-saving products and services.

(2) BtoB Subscription Business

Conducting food ingredient wholesaling business for nursery schools, and cafeteria food services and related management at companies, public offices, and nursery schools, etc., and outsourced food providing/management services for hospitals and facilities for the elderly, etc.

(3) Social Services Business

The Social Services Business provides and manages public school lunch services, after-school childcare facilities/services, children’s centers, libraries, and Michino-Eki (roadside stations) as a subcontractor for local governments and other such entities. It also provides various other services outsourced by private companies.

(4) Vehicle Operation Services Business

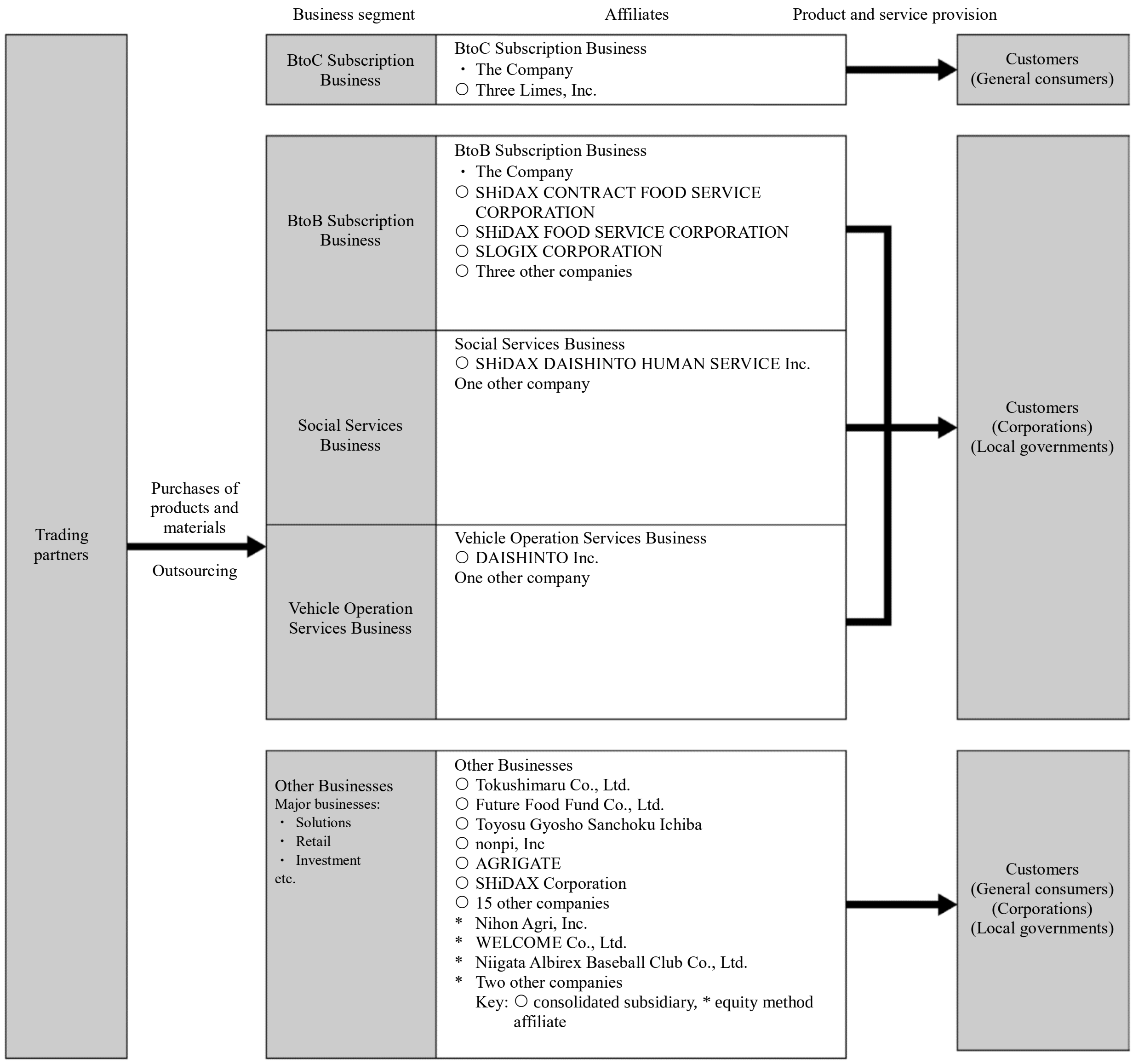
Operations concerning contracted vehicle operations/management services and maintenance/inspections outsourced by private companies and local governments

(5) Other Businesses

This segment includes the e-commerce support business for other companies, mobile supermarket services, and the Web systems development business.

The above businesses are diagrammed below.

Business diagram



4. Status of affiliates

Name	Address	Capital or investment stake (million yen)	Main lines of business	Voting rights held (%)	Relationship
(Consolidated subsidiaries) Fruit Basket Co., Ltd.	Kannami, Tagata-gun, Shizuoka Prefecture	20	Processing, product development, and sale of fruits, vegetables, and other agricultural produce	100	Business transactions
Tokushimaru Co., Ltd.	Tokushima, Tokushima Prefecture	10	Development of supermarket partners for the mobile supermarket business, provision of expertise to sales partners	90	Concurrent posting of officers Outsourcing
Oisix Hong Kong Co., Ltd. (Note 1)	Hong Kong	HKD57 million	Handles the Company's local businesses in Hong Kong under contract	100	Concurrent posting of officers Logistics outsourcing
Karabiner.Inc	Fukuoka, Fukuoka Prefecture	25	System development and maintenance	70	Concurrent posting of officers Outsourcing
Crazy Kitchen Co., Ltd.	Shinagawa-ku, Tokyo	5	Event production, catering services	100	Business transactions
Oisix Inc. (Note 1)	Delaware, USA	USD27 million	Investment	100	Concurrent posting of officers
Three Limes, Inc. (The Purple Carrot) (Notes 1, 2)	Massachusetts, USA	USD16 million	Vegan ingredients delivery in the U.S.	100 (100)	Concurrent posting of officers
Future Food Fund Co., Ltd.	Shinagawa-ku, Tokyo	15	Investment management	100	Concurrent posting of officers Outsourcing
YOKO Street, INC. (Note 2)	Delaware, USA	USD29 million	Delivery of Japanese food in the US	80 (80)	–
Future Food Fund No. 1 investment limited partnership (Notes 1, 2, 3, 4)	Shinagawa-ku, Tokyo	2,000	Investment	10 (1)	–
Toyosu Gyosho Sanchoku Ichiba	Ota-ku, Tokyo	40	Purchase and wholesaling of seafood products	51	Concurrent posting of officers Business transactions
Future Food Lab Co., Ltd.	Shinagawa-ku, Tokyo	5	Food-related R&D, manufacture, and sales	80	Concurrent posting of officers Outsourcing
Future Food Fund No. 2 investment limited partnership (Notes 1, 2, 3, 4)	Shinagawa-ku, Tokyo	716	Investment	16 (1)	–
nonpi, Inc	Chiyoda-ku, Tokyo	248	Restaurant management, operation of company cafeteria without kitchen	52	Business transactions
AGRIGATE	Shinagawa-ku, Tokyo	148	Production and sale of agricultural produce and foodstuffs	54	Business transactions
SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) (Note 1)	Chiyoda-ku, Tokyo (now Shinagawa-ku, Tokyo)	100	Currently holds shares of SHiDAX Corporation	66	Concurrent posting of officers
SHiDAX Corporation (Notes 1, 2)	Chofu, Tokyo	100	Management instructions for business subsidiaries and performance of their outsourced indirect operations	66 (66)	Concurrent posting of officers Business transactions
SHiDAX CONTRACT FOOD SERVICE CORPORATION (Note 2)	Chofu, Tokyo	100	Outsourced food provision/management services at company/school cafeterias, etc.	66 (66)	Concurrent posting of officers
SHiDAX FOOD SERVICE CORPORATION (Note 2)	Chofu, Tokyo	100	Outsourced food provision services for hospitals, facilities for the elderly, nursery schools, etc.	66 (66)	Concurrent posting of officers
SLOGIX CORPORATION (Note 2)	Chofu, Tokyo	90	Sale of food ingredients and consumables for use by the food service industry	66 (66)	Concurrent posting of officers Business transactions
SITEX CORPORATION (Note 2)	Chofu, Tokyo	10	Development of web applications	66 (66)	–
SHiDAX OFFICE PARTNER CORPORATION (Note 2)	Chofu, Tokyo	10	Internal company services outsourced by Group companies	66 (66)	–

Name	Address	Capital or investment stake (million yen)	Main lines of business	Voting rights held (%)	Relationship
SHiDAX SPORTS AND CULTURE CORPORATION (Note 2)	Chofu, Tokyo	10	Management of event rooms/halls	66 (66)	–
SHiDAX FOOD SERVICE HOKKAIDO CORPORATION (Note 2)	Sapporo, Hokkaido	10	Outsourced food services and related management operations for cafeterias at companies and schools, etc.	66 (66)	Concurrent posting of officers
Kokunai Food Service Corporation (Note 2)	Chofu, Tokyo	16	Outsourced food services and related management operations for cafeterias at companies and schools, etc.	66 (66)	Concurrent posting of officers
Shunsai Corporation (Note 2)	Chofu, Tokyo	1	Outsourced food services and related management operations for hospitals, facilities for the elderly, and nursery schools, etc.	66 (66)	Concurrent posting of officers
DAISHINTO Inc. (Notes 1, 2)	Chofu, Tokyo	100	Outsourced vehicle operations/management for private companies and local governments	66 (66)	–
SHiDAX DAISHINTO HUMAN SERVICE Inc. (Note 2)	Chofu, Tokyo	100	Outsourced facility operations/management for private companies and local governments, food services primarily for elementary/secondary schools	66 (66)	–
Four other companies					–
(Equity method affiliates) Nihon Agri, Inc.	Shinagawa-ku, Tokyo	646	Export of agricultural products from Japan	34	Concurrent posting of officers
WELCOME Co., Ltd.	Meguro-ku, Tokyo	50	Lifestyle businesses centered on retail and food service	25	Concurrent posting of officers
Niigata Albirex Baseball Club Co., Ltd.	Niigata, Niigata Prefecture	100	Professional baseball team operation	20	Concurrent posting of officers Business transactions
Two other companies					–

Notes:

1. Qualifies as a specified subsidiary.
2. Percentages of voting rights in parentheses are those held indirectly. These voting rights are included in the total percentages of voting rights held.
3. Percentage of voting rights, etc. held indicates share of investments in the investment limited partnership.
4. Future Food Fund Co., Ltd. does business as an unlimited partner.

5. Employees

(1) Consolidated companies

As of March 31, 2024

Segment	Employees (persons)
BtoC Subscription Business	749 (856)
BtoB Subscription Business	2,533 (6,848)
Social Services Business	4,006 (19,643)
Vehicle Operation Services Business	3,782 (1,500)
Other Businesses	386 (214)
Total	11,456 (29,061)

Notes:

1. Numbers of employees indicate numbers working within the Group (including those seconded to the Group from outside employers, but excluding those seconded from the Group to outside employers).
2. Numbers in parentheses under Employees are not included in the number of employees, indicating annual average numbers of irregular employees (including part-time and temporary employees but excluding dispatched and other employees).
3. The number of employees grew by 10,424 from the end of the previous consolidated fiscal year. Most of this growth is attributable to SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) and SHiDAX Corporation and its 14 subsidiaries becoming consolidated subsidiaries effective January 5, 2024.

(2) Reporting company

As of March 31, 2024

Employees (persons)	Average age (years)	Average years of service (years)	Average annual salary (thousand yen)
794 (872)	40.9	10.1	6,454

Segment	Employees (persons)
BtoC Subscription Business	667 (854)
BtoB Subscription Business	20 (5)
Other Businesses	107 (13)
Total	794 (872)

Notes:

1. Numbers of employees indicate numbers working within the Company (including those seconded to the Company from outside employers but excluding those seconded from the Company to outside employers).
2. Numbers in parentheses under Employees are not included in the number of employees, indicating annual average numbers of irregular employees (including part-time and temporary employees but excluding dispatched and other employees).
3. Average annual salary includes bonuses and wages other than base wages.

(3) Labor unions

The SHiDAX Labor Union, a member of UA ZENSEN, has been organized at the Company subsidiary SHiDAX Corporation and some of its subsidiaries. Labor-management relations are stable.

(4) Diversity

The Group respects the dignity, human rights, and individuality of all workers. Under the basic philosophy of respect for diversity while prohibiting unfair treatment on the basis of nationality, race, gender, sexuality, or other attributes, it has established the Diversity, Equity, and Inclusion Committee as part of management strategies intended to enhance compliance with and through adherence to this basic philosophy. As its businesses grow in scale, the Group employs workers who are nationals of 22 countries, centered on workers at shipping facilities (as of March 31, 2024). In addition to promoting the employment of people with disabilities, it sponsors parasports and encourages employee involvement in the management of parasports organizations. Its efforts to ensure the thorough permeation of this philosophy include an interested party mentoring program in activities to support people with disabilities; sexual minority training centered on HR personnel; and employee group activities undertaken by interested party allies.

Harnessing the respective and combined emergent strengths of the Company and SHiDAX Corporation, which joined the Group in January 2024, the Group will further enhance efforts to foster a culture of mutual affirmation and create environments in which a diverse range of human resources can thrive.

Women as a percentage of the filing company's employees, managers, and officers are presented below.

	Employees (*1)	Managers (*2)	Officers
Reporting company	49.6%	20.8%	38.5%

*1 Calculated based on permanent full-time employees

*2 Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). Figures for managers are calculated based on those in posts equivalent to department manager or above.

The Group will respond to current needs by developing environments in which human resources who grow and contribute to results can be evaluated fairly and are provided opportunities for further success. Given already 38.5% of officers are women, the Group is seeking to achieve a percentage of women at 30.0% of its managerial positions through further enhancements in efforts to provide equal opportunities to employees.

The percentage of men taking childcare leave and similar programs and male-female wage disparities at the reporting company are presented below.

	Percentage taking childcare leave (*3)	Male-female wage disparities (*4)		
		All workers	Permanent full-time employees	Other than permanent full-time employees
Reporting company	100.0%	63.0%	69.7%	82.5%

*3 Calculated as the total percentage taking childcare leave and other leave for childcare purposes under Article 71-4, Paragraph 2 of the Enforcement Regulations to the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (Ministry of Labour Directive No. 25 of 1991) under the provisions of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (Act No. 76 of 1991).

*4 Average annual wages for permanent short-time employees and part-time workers are calculated based on the number of those employees adjusted by the designated working hours of permanent full-time employees (eight hours/day).

Male workers at the Company have long taken childcare leave at rates above the national average. Nevertheless, targeting a 100% rate of childcare leave taken, the Company adopted a unique program in October 2022 under which employees can take up to five days' paid time off when a spouse gives birth. In the fiscal year ended March 2024, through measures such as careful explanations given to employees, all male employees at the Company eligible to take leave as their spouses planned to give birth took such leave. Our goal is to achieve a target of 100% in the fiscal year ending March 2025 also.

Disparities among permanent full-time employees among workers permanently employed by the reporting company are presented below.

Employees	Year ended March 2024	Supplemental information
Senior management Senior specialists	101.3%	Grades M7–5 and S7–5
Management Specialists	88.5%	Grades M4–1 and S4–1
Other employees	90.0%	Grades I3–1 and E5–1

* Calculations exclude eligible persons exceeding 150% of the median for each grade due to factors such as special conditions at the time of hiring (2.0% of total).

While the male-female wage disparity is significant—63% for all workers—this results from the numbers of other than permanent full-time employees at the Company’s shipping facilities and the relatively high rate of female workers among them, at just under 40%.

Comparisons of wage disparities at three levels based on the Company’s job grades shows disparities of 101.3% for senior management and senior specialists; 88.5% for management and specialists; and 90.0% for other employees. This represents an improvement in disparities of 4.0% for management and specialists and 2.6% for other employees. The Company is also creating opportunities for women whose improved skills have been recognized to take on the challenges of management positions. In doing so, to rectify disparities, we have revised the corresponding grade salary levels. The goal is to achieve a target of 100% at each level in the year ending March 2026 by focusing on wage disparities at each of these levels.

The percentage of employees with disabilities is presented below.

	Rate
Reporting company	2.8%

The statutory rate for acceptance of workers with disabilities is 2.8%. The figure for the Company exceeded 3% at the end of the fiscal year. The Company has been able to achieve the increased national standard of 2.7% scheduled to take effect in July 2026, three years ahead of schedule. Voluntary mentoring activities for interested parties implemented as part of the activities of the Diversity, Equity, and Inclusion Committee have been accepted positively and will continue.

Midcareer hires as a percentage of all hires are presented below. (Year ended March 2024 results)

	Employees *
Reporting company	64.6%

* While the Company hires new graduates, it has sought to strengthen in-house skills and diversity by securing sufficient numbers of highly skilled, diverse human resources to serve as immediate assets in engineering and other posts. Hiring of new graduates resumed in the year ended March 2024.

Presented below is data subject to disclosure on human capital at companies that became Company subsidiaries in the fourth quarter of the consolidated fiscal year. This data includes information from the third quarter of the consolidated fiscal year and earlier.

<table>
<tr><th rowspan="3">Name</th><th colspan="5">Current fiscal year</th></tr>
<tr><th rowspan="2">Women as a percentage of managers (%) (Note 1)</th><th rowspan="2">Percentage of male workers taking childcare leave (%) (Note 2)</th><th colspan="3">Male-female wage disparities (%) (Note 1)</th></tr>
<tr><th>All workers</th><th>Permanent full-time employees</th><th>Other than permanent full-time employees</th></tr>
<tr><td>SHiDAX CONTRACT FOOD SERVICE CORPORATION</td><td>10.0</td><td>60.0</td><td>66.2</td><td>78.4</td><td>64.1</td></tr>
<tr><td>SHiDAX FOOD SERVICE CORPORATION</td><td>23.1</td><td>20.0</td><td>41.3</td><td>73.9</td><td>43.9</td></tr>
<tr><td>DAISHINTO Inc.</td><td>–</td><td>18.2</td><td>66.2</td><td>87.3</td><td>57.1</td></tr>
<tr><td>SHiDAX DAISHINTO HUMAN SERVICE Inc.</td><td>14.3</td><td>20.0</td><td>74.5</td><td>72.1</td><td>84.1</td></tr>
</table>

Notes:

1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). Figures for managers are calculated based on those in posts equivalent to department manager or above.
2. Percentages taking childcare leave, etc. are calculated in accordance with Article 71-4, Paragraph 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labor Ordinance No. 25 of 1991), pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. Data on consolidated subsidiaries other than those shown above are omitted because their disclosure is not required under the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) or the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Section 2. Business conditions

1. Management policies, business environment, topics to address, etc.

Forward-looking statements found in the text represent the Group's judgments as of the end of the consolidated fiscal year under review.

(1) Management policies

Under its corporate philosophy—Farm for Today, Table for Tomorrow—the Group has identified a management vision of building and broadening the future of food by providing services that empower ever-growing numbers of people to enjoy better nutrition; by building systems to ensure that producers of better foods are rewarded and can take pride in their work; by realizing a sustainable society by continually refining methods to link consumers to producers; and by delivering solutions through its business activities to social issues related to food.

Based on this corporate vision, while increasing its social value, the Group will strive to grow its corporate and shareholder value through business growth and enhanced earning capabilities centered on the BtoC Subscription Business in addition to expansion of its business domains to achieve discontinuous growth.

(2) Business environment

The BtoC Subscription Business, the Group's primary business, specializes in high-value-added food and daily commodities with low environmental impact, based on the Group's unique cultivation and production standards.

The business environment of the Japanese food delivery market, to which the BtoC Subscription Business belongs, is changing dramatically from year to year. Examples include diversifying purchasing channels as numerous food delivery players emerge and rising logistics costs against the backdrop of a labor shortage of delivery personnel. At the same time, the food delivery market is expanding steadily due to various factors, including growing use of e-commerce by consumers and the effects of growth in demand for delivery services due to the COVID-19 pandemic and the subsequent firm establishment of such services. The market for safe, reliable high-value-added food products like those delivered by the Company is projected to continue to grow for various reasons, including growing awareness of climate change and the environment and the permeation of lifestyles with due regard for social issues.

Online supermarkets and food delivery by regional consumer cooperatives, as well as home delivery of frozen ready-to-eat meals and similar services, are closely related to the food delivery market in Japan. Of these businesses, the Group differentiates its products by specializing in delivery of high-value-added foods and daily commodities. It believes that consumers recognize these differences and choose services accordingly. In addition, while the market for food delivery through e-commerce is growing, it still accounts for a small share of the overall retail food products market. The Company believes that accelerating market growth will be a key to its business. For this reason, it regards its relationships with other industries as cooperative, not competitive.

Consumer trends point to rapidly diversifying lifestyles and values. Examples include the growing need for time-saving solutions, as two-career households continue to expand; rising health awareness; and growing interest in the social implications of consumption. The structure of society continues to undergo dramatic changes, including low birth rates, aging populations, and accelerating outsourcing of services from the public to the private sector. These factors are generating demand for products and services that can be provided rapidly and meet specific needs, which in turn requires the rapid identification of these needs and awareness of the various social issues facing individual customers.

The Group seeks to further enhance its new value proposals in various ways, including through unique products, services, and experiences available only through its services.

(3) Management strategies

In light of the business environment described above, while assigning top priority to efforts to grow its main BtoC Subscription Business and enhance its earning capabilities, the Group will focus on the BtoB Subscription Business, whose business scale has expanded significantly following the combination with SHiDAX CORPORATION. The Group will also seek to enhance business alliances to achieve discontinuous business growth and steadily and swiftly expand its business domains into food delivery overseas, retail and wholesale businesses, and other domains.

(Growing the BtoC Subscription Business)

With the market environment for its main BtoC Subscription Business changing dramatically from year to year, the Group regards establishing competitive advantages as a top priority and will rapidly implement sustained measures in areas like growing the customer base and increasing the added value of products.

To grow the BtoC Subscription Business, it aims for business growth by building a four-brand portfolio based on three domestic brands: Oisix, Daichi wo Mamoru kai, Radish Boya, and the US brand Purple Carrot. The Group will improve its services to meet individual customer needs and seek to expand subscribers and increase volumes purchased and purchase frequency. To do so, in addition to implementing business strategies tailored to the business phase of each brand, it will seek to share the market expertise accumulated through years of providing subscription services across the Group and strictly manage its KPIs.

To increase the added value of its products, in addition to offering a wide lineup of products based on its unique cultivation and production standards, the Group will develop new products to meet customer needs while enhancing its range of original products, such as Kit Oisix meal kits, that deliver recipes along with ingredients, including seasonings.

In product procurement, it will expand its lineup of high-value-added products by leveraging the procurement and product proposal capabilities of Group companies Agrigate Co. and Toyosu Gyosho Sanchoku Ichiba and investments in facilities like Kita-Sanriku Factory Inc., while focusing on efficient procurement based on direct purchases from producers and manufacturers across Japan.

In the area of product development, the Group is enhancing the development of products that will allow consumers to enjoy the flavors of restaurants and professional chefs at home. To this end, it is strengthening ties within the Group to increase added value by sharing expertise with the Group company WELCOME, which operates Dean & Deluca.

(Enhancing the earnings capabilities of the BtoC Subscription Business)

To enhance its earnings capabilities, the Company will cut product costs and logistics expenses, where considerable room for cost savings remains. In the area of product costs, it will pursue savings by bringing production and processing in-house, implementing efficiency improvements by boosting production volumes of Company-produced products, and promoting efforts to make effective use of ingredients that have traditionally been considered inedible.

In the area of logistics expenses, the Oisix brand will promote cost savings by making operations more efficient in various ways, including automating processes related to product collection and packaging at logistics facilities for both refrigerated and frozen foods at the ORD Atsugi Cold Storage Station, completed in January 2024, and at the ORD Ebina Station, which was relocated in January 2022. The Group also will strive to optimize logistics operations at each brand over the medium to long term.

(Expanding business domains)

The Group is building on the expertise accumulated in the BtoC Subscription Business in Japan to establish and grow food delivery subscription services in the United States and Hong Kong.

In the BtoB Subscription Business in Japan, in addition to expanding the existing ingredients wholesaling business for nursery school meals, it will leverage the business portfolio of SHiDAX Corporation, which became a consolidated subsidiary in January 2024, to supply ingredients to facilities other than nursery schools and enhance the development of high-value-added services.

It will also strive to identify solutions to social issues through the activities of the SHiDAX Corporation, including contracted services for local governments and vehicle operation services.

(4) Priority business topics

The Group recognizes the following as priority business topics:

(Enhancing value proposals for customer food needs)

The accelerating diversification of lifestyles and values, including the growing need for time-saving solutions for increasing two worker households, growing awareness of health issues, and growing interest in the social implications of consumption is generating demand for products and services that can be provided rapidly and meet specific needs. This, in turn, requires the rapid identification of these needs and stronger awareness of the various social issues facing individual customers.

The Group recognizes the need to enhance new value proposals related to food, including unique products and experiences available only through its services.

(Boosting efforts to establish a sustainable food future)

In light of various emerging social issues that affect food, including increasing global greenhouse gas emissions, lower crop productivity due to climate change, and growing volumes of food waste, the Group recognizes the need to strengthen efforts to find solutions and achieve a sustainable food future. Related efforts will involve food tech and other technologies.

The services offered by the BtoC Subscription Business propose original subscription boxes based on proprietary data analysis to match variable farm harvest conditions to product needs that differ from customer to customer. This helps reduce food waste both at the farm and on the table. The Group will strive to improve the accuracy of related data.

In the area of production, the Group invests in startups with proprietary agri-tech expertise through the subsidiary Future Food Fund and each investment limited partnership. It is striving to improve the management and production efficiency of Japanese agriculture, including the producers with which it trades. The Kit Oisix meal kits sold by the Company use nonstandard produce in their cut vegetables and are provided in kits that contain only the necessary amounts of ingredients to reduce food waste at home. These meal kits help reduce food waste both at the farm and on the table.

The Group will enhance efforts to move closer to a sustainable food future through further business model improvements and food technology.

(5) Objective KPIs for assessing progress toward management targets

The Group focuses on net sales, operating profits, EBITDA (operating profit + depreciation + amortization of goodwill), and the rate of growth in each as KPIs for assessing progress toward the goals of the management strategies above. It also monitors other KPIs, including the ratio of operating profit to net sales, as indicators of profitability, and numbers of subscribers in the BtoC Subscription Business, as an indicator of the growth of its customer base.

2. Sustainability concepts and initiatives

The Group’s thinking on sustainability and sustainability initiatives is outlined below. The forward-looking statements in the text are based on the Group’s judgments as of the end of the consolidated fiscal year under review.

The Group strives to realize a sustainable society and achieve growth by finding solutions to food challenges under its corporate philosophy: Farm for Today, Table for Tomorrow. The Group takes action through its various brands and businesses, including Oisix, Radish Boya, and Daichi wo Mamoru kai in the BtoC Subscription Business, and subsidiaries Tokushimaru and Purple Carrot. During the period under review, SHiDAX Corporation, which likewise engages in business to deliver solutions to society’s challenges, was added to the Group’s list of consolidated subsidiaries.

The business model of the Group’s mainstay BtoC Subscription Business is to bring about sustainable retail by building sustainable relationships across the entire supply chain through connecting producers directly to consumers. The sustainability of this system is achieved through subscription boxes, which operate through proprietary algorithms that match accumulated data on customer preferences with the growing conditions of crops, which depend on weather patterns. This allows customers to continue purchasing the products they enjoy and the Group to present a product lineup that reflects actual growing conditions on farms, making it possible for us to promote both efficient consumption of crops and customer satisfaction.

The Group is simultaneously aware of both its responsibility to solve social issues and its unique potential to actually contribute to realizing solutions. By growing its businesses, it will deliver an increasingly wide-ranging food lineup while helping society move closer to sustainability.

In doing so, given the Group’s current business environment and the addition of SHiDAX Corporation as a consolidated subsidiary, the Group has identified the following three domains as important sustainability topics to create social and economic value and realize a sustainable society.

1. Responding to environmental issues and climate change
2. Improving the internal environment and developing human resources to strengthen human capital
3. Community building

See the Company’s Sustainability website (https://en.oisixradaichi.co.jp/sustainability/) for more information on the Group’s sustainability concepts and individual initiatives.

(1) Governance and risk management related to overall sustainability

The Group is strengthening its sustainability promotion structure to strengthen corporate value from a sustainability perspective. Under this structure, President and Representative Director Kohey Takashima has ultimate responsibility for management decisions on sustainability topics, while the Board of Directors and the Management Committee have the responsibility of and authority for overseeing risks and opportunities related to overall sustainability.

The Risk Management Committee plays a central role in implementing risk management related to sustainability within the Group. As an organization under the direct oversight of the President, the Risk Management Committee consists of a chairperson, members representing individual sections, and a secretariat. This committee meets monthly to share risk case studies, discuss response to risks across multiple sections, and hear activity reports from individual members. The Risk Management Committee submits a quarterly report to the Corporate Officers Committee, which discusses individual risks and approves related matters.

The Group recognizes that its responses to sustainability issues are key management topics that involve not just risk reduction but potential revenue opportunities. It will address these issues actively and dynamically to raise corporate value over the medium to long term.

(2) Key sustainability topics

Through the governance and risk management process outlined above, the Group has identified the following three important sustainability topics. Other topics are described under “3. Business Risks.”

1. Responding to environmental issues and climate change
2. Improving the internal environment and developing human resources to strengthen human capital
3. Community building

1. Responding to environmental issues and climate change

(1) Basic policy and examples of initiatives

As described under the Climate Change Scenario Analysis Summary below, the Company aims for business growth by identifying solutions to society’s challenges, particularly those related to food, by analyzing climate change scenarios, ascertaining the impacts of climate change risk and opportunities, and incorporating the findings into business management.

(Climate change scenario analysis summary)

The Group performed a scenario analysis based on TCFD recommendations to identify risks and opportunities under different climate change scenarios.

We examined the impact of climate change as of 2030 in terms of risks and opportunities under two scenarios: a 1.5°C increase (1.5°C scenario) and a 4°C increase (4°C scenario) in temperature from pre-industrial levels in 2100. To this end, we first identified specific risks and opportunities with representatives from each department, selecting those that would have the greatest impact on the Group and our entire value chain. For each risk and opportunity selected, we performed assessments using qualitative and quantitative methods to ascertain the extent of the financial impact.

1. Responding to climate change: Disclosures based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

・Impact assessment based on scenario analysis (financial impact assessment)

Main assumed scenarios

Scenarios	Main referenced scenarios
1.5°C scenario	SSP1-1.9 scenario (IPCC, 2023) Net Zero Emissions by 2050 Scenario (IEA, 2022)
4°C scenario	SSP5-8.5 scenario (IPCC, 2023) Stated Policy Scenario (STEPS) (IEA, 2022)

a. Selected risks and impact as of 2030

Assumed financial impact (large: over 2 billion yen; medium: 100 million to 2 billion yen; small: under 100 million yen)

(Transition risk)

	Category	Time horizon	Area of financial impact	Potential business impact	Extent of impact	
					1.5°C	4°C
Policies and laws	Introduction of carbon taxes	Medium to long term	Costs	- Rising costs of agricultural, fisheries, livestock, consumables, and other raw materials and purchases - Energy costs for factories and logistics/delivery will increase. - Need to upgrade vehicle fleets and revise costs associated with Company emissions	Large	Small
	Tightening of plastic regulations	Medium to long term	Costs	- Stricter plastic regulations will necessitate the development and introduction of alternative packaging materials, which will increase costs.	Medium	Small
	More stringent GHG emissions regulations	Medium term	Costs/ assets	- Rising burden of conversion costs and other expenses related to upgrading vehicle and delivery fleets to EVs	Large	Small
	Introduction/ tightening of other environmental regulations	Short term	Costs/ assets	- Capital investments will rise due to the need to comply with stricter environmental regulations. The cost of complying with food safety standards and other regulations will increase as they are revised.	Medium	Small
Industries/markets	Changes in attitude to environment among consumers	Medium to long term	Revenue	- Insufficient disclosure of environmental initiatives and nonfinancial information will weaken consumer support and reduce revenue due to weakening brand strength and loss of customers.	Large	Small
	Changes in energy supply and demand	Medium term	Costs	- The cost of procuring energy from fossil fuels will increase, as will the cost of producing ingredients and other purchased goods. The cost of deliveries made using gasoline-powered vehicles (current vehicles) will also rise. - A rise in demand for renewable energy procurement will increase the cost of renewable energy and the operating costs of equipment switched to be compatible with renewable energy.	Small	Small
	Changes in reputation among investors	Medium to long term	Capital	- Insufficient disclosure of climate change initiatives and nonfinancial information will harm the corporate reputation among investors.	Small	Small
Technologies	Production innovations in agriculture and fisheries	Medium to long term	Costs/ assets	- Cost burdens will rise as the agriculture and fisheries industries introduce state-of-the-art equipment to transition to smart agriculture and other decarbonization models.	Large	Small

(Physical risk)

	Category	Time horizon	Area of financial impact	Potential business impact	Extent of impact	
					1.5°C	4°C
Acute	Increase in severity of extreme weather	Short to long term	Costs	- Torrential rains and typhoons will cause flood damage in production areas, disrupting logistics networks and making product procurement impossible. - Lower sales due to operational stoppages and rising repair costs for vehicle damage due to typhoons and other natural disasters - Stoppages in business activities due to flooding or other damage to business sites	Large	Large
Chronic	Impact on procurement and supply systems	Long term	Costs/ revenue	- Yield reductions attributable directly or indirectly to climate change will make it difficult to procure required quantities. - Adjusting for the supply/demand balance will become difficult, and increases in shortages and waste disposal will be come a concern. - High temperatures will reduce farming efficiency and harvest yields.	Small	Large
	Impact on quality	Long term	Costs/ revenue	- Ensuring the quality set by the Group will become difficult. - Ensuring quality, especially for frozen foods, when delivering to customers, will become difficult. - Rising risks of heatstroke, food poisoning, and other hazards; lower sales due to damage to reputation in such events	Small	Large
	Impact on cost structures	Long term	Costs	- The cost of purchasing ingredients and materials will grow. - Cost burdens will rise due to shortages of human resources, operable equipment, etc.	Small	Large
	Changes in overall food needs among consumers	Long term	Revenue	- The burden of adapting to climate change in the lives consumers will increase, and food expenditures themselves will decline.	Medium	Large

* The extent of the impact is stated to the extent that it can be calculated based on information available as of the end of the most recent fiscal year.

* Quantitative assessments assume that the scale of our business operations will continue to expand through 2030, as it did in FY2023.

b. Responses to risks based on scenario analysis and opportunities arising from the responses

Category	Responses	Opportunities
Introduction of carbon taxes	- Achievement of carbon neutrality	- Costs can be reduced by proactively conserving energy. - Carbon tax burdens will be reduced by achieving carbon neutrality.
Tightening of plastic regulations	- Further greening of product packaging	- Differentiation can be pursued by introducing new packaging materials made from plastic alternatives, ahead of others.
Introduction/tightening of other environmental regulations	- Strengthening of food safety standards - Curtailment of specified CFC emissions	- Our superiority can be emphasized following the introduction of stricter carbon footprint disclosure regulations, and financial benefits from subsidies introduced for other environmentally friendly measures can be obtained.
Changes in attitude to environment among consumers	- Promotion of sales of upcycled products - Further greening of product packaging	- Building and improving relationships with customers by accurately responding to their growing environmental orientation and needs will not just strengthen the brand and relationships with existing customers, but help attract new customers and enhance loyalty among existing customers.
Changes in energy supply and demand	- Power savings - Introduction of renewable energy for electricity at offices and all logistics sites	- Cost burdens can be reduced through green delivery, early deployment of energy-saving equipment, etc.
Production innovations in agriculture and fisheries	- Strengthening of sustainable retail	- The market for new foods can be stimulated by promoting the use and development of food tech, including the production of food ingredients with low environmental impact. - Differentiation can be pursued by establishing innovative production and stable supply systems encompassing frozen foods, processing, and edible technologies, ahead of others.
Innovations in logistics and delivery	- Delivery by energy-efficient vehicles and demonstration testing of EVs for delivery	- Automated driving, drone, and other technologies can be deployed to establish a logistics and delivery system less susceptible to the effects of climate change and more convenient for customers, ahead of others.

Category	Responses	Opportunities
Increase in severity of extreme weather	- Strengthening of sustainable retail - Expansion of high-quality supply - Improved profitability through low-cost operations and sharing of marketing know-how	- A diverse geographic portfolio of production areas will ensure a stable supply of products, even if localized harvests falter. - Rising demand for emergency communication services for students
Impact on procurement and supply systems		- Traceability data can be effectively applied to make fine adjustments with respect to supply and demand conditions and ensure a stable supply. - Assuming that harvesting possibilities will expand both in Japan and overseas, the establishment of cultivation and production methods that ensure stable production will be encouraged.
Impact on quality		- New appeal points can be established by increasing opportunities for using ingredients that do not meet previous retail distribution standards (i.e., B-grade products) and by persuading customers to appreciate the value of such ingredients.
Changes in overall food needs among consumers		- The need for foods that prevent heat stroke and can be stockpiled will rise. - The need for food delivery itself will rise due to the increasing difficulty of going out.

Specific initiatives for delivering solutions to society’s challenges in light of the risks described in the above scenario analysis and resulting opportunities, particularly those related to reducing food waste and plastics, include the following.

◆ Reducing food waste

1. Upstream: Efforts to reduce food waste at producers and manufacturers

Reductions in year ended March 2024	Economic value of reductions in year ended March 2024
506,654 kg	Approx. 414 million yen

* Food waste purchase price 818 yen/kg (reference: 2017 survey by the City of Kyoto [http://www.sukkiri-kyoto.com/data])

(i) Fuzoroi Radish (“irregular radishes”)

This initiative seeks to reduce food waste while supporting producers by selling a wide range of produce of nonstandard shapes and sizes that would be considered unacceptable under usual retail practices. The goal is to pass along the abundance of nature to future generations.

(ii) Upcycle by Oisix

This brand identifies solutions to food waste by developing and selling new upgraded products that add value to ingredients that have traditionally been discarded.

2. Midstream: Efforts to reduce food waste generated in the distribution process

(i) Supply-demand matching

The Group keeps food waste in the distribution process to a low level of about 0.2%, lower than the food retail industry benchmark, by applying proprietary algorithms to match accumulated data on customer preferences with the growing conditions of crops, which depend on the weather. It has also adopted AI in its demand forecasting system, to improve rates of short product supplies and inventory turnover by learning from information in areas such as customer behavior, buying data, recipes, and sales promotion data to enable ordering at optimal volumes.

(ii) Operational improvements (Food Rescue Center)

In addition to standard produce, the Group takes a flexible approach to processing non-standard ingredients, which it uses in meal kits and processed foods. The results make it possible to purchase produce proactively and to procure large volumes of ingredients when harvests are strong for use in processed products.

3. Downstream: Efforts to reduce household food waste

Kit Oisix meal kits

These kits reduce food waste to one-third previous levels by delivering only the ingredients needed for meal preparation.

◆ Reducing use of plastic in product materials

The Group has cut plastic use by about one-half (compared to the year ended March 2022) by modifying product packaging and wrapping methods.

1. Promoting a switch to recycled and eco-friendly materials

The cardboard boxes used by Oisix in customer deliveries are made of 100% recycled paper. In addition, use of biomass materials in Kit Oisix outer bagging helps reduce use of plastics derived from petroleum.

2. Reducing needless use of plastic

Oisix strives to reduce its use of plastic cushioning materials by introducing cardboard boxes whose heights are adjustable to fit the volume contained. Radish Boya is making steady progress on reducing use of plastic packaging through optimization efforts (i.e., using thinner and lighter packaging).

(2) Indicators and targets

In 2020, the Group established its Green Shift measures to contribute to decarbonization and address associated risks and opportunities. As part of this process, it targeted carbon neutrality throughout the entire supply chain by March 2026. However, the January 2024 addition of SHiDAX and its subsidiaries as Group consolidated subsidiaries has greatly expanded the Company's business domains and will lead to revised targets and initiatives.

In light of these circumstances, the Group plans to develop new Groupwide measures and to disclose them when appropriate.

◆ Trends in greenhouse gas emissions

Emissions: total CO_2 emissions [t-CO_2e]

Intensity: total CO_2 emissions intensity (per sales) [t-CO_2e/million yen]

Item	Year ended March 2022		Year ended March 2023		Year ended March 2024	
	Emissions	Emissions intensity	Emissions	Emissions intensity	Emissions	Emissions intensity
Scope 1 (*1)	2,468	–	1,224	–	1,131	–
Scope 2 (*2)	5,308	–	45	–	43	–
Total Company emissions (Scopes 1 and 2)	7,776	0.08	1,269	0.01	1,174	0.01
Scope 3 (*3)	287,705	–	281,278	–	302,831	–
Total supply chain emissions (Scopes 1, 2, and 3)	295,481	2.86	282,547	2.45	304,005	2.60

*1: Direct GHG emissions from the business itself (from burning fuel, industrial processes, etc.)

*2: Indirect emissions associated with use of electricity, heat, and steam supplied by other companies

*3: Indirect emissions other than those included in Scope 1 and Scope 2 (emissions from other companies related to the business's activities)

* Calculation methods: Emissions calculated based on the GHG Protocol

* Initial calculations applied the financial control standard for organizational boundaries in GHG calculations. The scope of calculation was identified as Oisix ra daichi and three subsidiaries (Three Limes, Inc., Fruit Basket, and Tokushimaru).

2. Improving the internal environment and developing human resources to strengthen human capital

<Basic policy on human resource strategies>

In addition to supporting employees in autonomous and ambitious efforts to identify solutions, the Group values internal discussion and strives to build open workplaces in which each and every employee can work with a sense of vitality.

In the area of solutions in particular, the Group focuses on internal training for logical thinking. Under this program, in addition to applying what they learn, trainees learn to teach the skills they have learned to others.

<Governance>

Since 2015, to link management strategies to human resource strategies, Director Hiroyuki Ozaki has served concurrently as the executive officer responsible for the HR section, overseeing activities from strategy formulation through execution. Important strategic matters are proposed or reported to the Board of Directors and reflect the opinions of Outside Directors where appropriate.

<Strategies>

Under the Farm for Today, Table for Tomorrow corporate philosophy, we strive to realize a sustainable society by identifying solutions to society's food-related challenges, which requires increasing our internal human resources while welcoming in from outside the organization others with high capabilities.

The Company promotes the following three strategies in line with its vision: Create a place (company) where people can learn, grow, and work with a sense of vitality.

1. Alongside efforts to pursue diversity and comfortable work from an employee perspective, fostering a culture of satisfying, rewarding work through the dissemination and internalization of the ORDism code of conduct
2. Training and securing the human resources needed to execute the medium-term business portfolio strategy
3. Developing active human resources to support autonomous employee career development and expand growth opportunities

1. Alongside efforts to pursue diversity and comfortable work from an employee perspective, fostering a culture of satisfying, rewarding work through the dissemination and internalization of the ORDism code of conduct

(Disseminating and generating support for the management philosophy)

We carry out a wide range of initiatives to help disseminate and generate understanding of the Farm for Today, Table for Tomorrow management philosophy. These include internal communications—for example, touching on the philosophy in video messages from the Representative to the whole Company—as well as opportunities to hear from producers and customers individually to impart a deeper sense of the meaning of our work and visits to production sites to experience agricultural work. These efforts help disseminate and build support for the management philosophy and the ORDism code of conduct.

Efforts to ensure the widespread dissemination of the ORDism code of conduct and to realize the management philosophy include awards presented to teams and individuals who have put the code into practice, as well as examples of the code embodied into practices using video messages in addition to comments on the awards from the Representative, to help communicate ORDism.

(Internal environment improvements)

Efforts in the area of workstyles include workstyle support for employees returning from maternity leave. Other improvements to achieve an environment in which employees can maintain and improve their performance, even for post-COVID hybrid workstyles, include the adoption of group addresses, the introduction of web conferencing booths, and an increase in numbers of spaces for concentrating on work. The Company will continue to make progress on developing comfortable working environments while considering specific employee circumstances and backgrounds through improvements made at the head office and other facilities and workspace reforms at the head office reflecting hiring activities.

2. Training and securing the human resources needed to execute the medium-term business portfolio strategy

(HR development)

In the area of HR development, the Company is developing effective training programs to generate individual and team results while incorporating on-the-job training for successor human resources to allow employees to apply what they learn in training.

Learning the lessons from issues that emerged during the relocation of a logistics facility in 2022, the Company holds annual activities, including lectures and workshops, in which all employees are required to participate. In the consolidated fiscal year under review, it held a lecture on “Thinking and Behavior That Are Prone to Failure,” in addition to workshops for reviewing one’s own duties and considering practical measures. These are opportunities for personal growth involving implementing countermeasures and taking on various challenges that will lead to business growth.

To train successor human resources in important sections, the state of successor candidates is assessed through growth support meetings between Directors and individual sections. Based on the findings, solutions are considered in terms of *will*, *skill*, and *must*; practical training plans are formulated, and measures to support growth both on and off the job are executed and managed appropriately. As off-the-job opportunities, management programs, logical thinking programs, and self-learning programs for job-specific skills are provided.

3. Developing active human resources to support autonomous employee career development and expand growth opportunities

(Support for autonomous career development)

The Company’s unique self-career examination program was designed under the guidance of Prof. Emeritus Hanada of Keio University, a Company Outside Director. It has been introduced in stages since January 2022. Starting in the year ended March 2024, it is provided by internal career consultants as a program in which employees of all ages can participate once every five years.

i. Numbers of career seminars held and participants (18 seminars with 114 participants in the year ended March 2024)

ii. Numbers of participants in career interviews (138 participants in the year ended March 2024)

Age-specific career seminars are held in a workshop format, followed by individual interviews. By raising awareness of career autonomy, this helps improve employee engagement and contributes to Companywide earnings by allowing employees to work on new business opportunities and new services, with a specific vision for advancing employee careers on an individual level.

(Engagement surveys)

The Company uses engagement surveys for fixed-point observations of its working conditions in order to develop highly enthusiastic human resources through the strictly systematic WILL training program. The Company’s approach seeks to achieve a state in which team organizational issues can be identified and resolved through quantitative, regular visualization of the states of individual and team engagement.

i. Engagement survey results (HRBrain, Inc., year ended March 2024; average score 67.5)

<Risk management>

Risks related to human capital are managed through the activities of the Risk Management Committee.

See “(1) Governance and risk management related to overall sustainability” regarding the activities of the Risk Management Committee.

<Other indicators>

See the Sustainability page on the Group website.

3. Community building

(1) Basic policy and examples of initiatives

1. Leisure-time creation

Product development

Oisix, the main brand in the BtoC Subscription Business, offers the Kit Oisix series of meal kits that combine the recipes and ingredients needed to prepare a main and side dish set in 20 minutes. Kit Oisix meal kits deliver value through time savings in addition to delicious, complete meals and free consumers from the hassles of shopping and the need to think of a menu, helping to free-up more time in their busy lives.

This service, which marked the 10th anniversary of its introduction in July 2023, is developing a wide-ranging product lineup in response to changing lifestyles, including increasing numbers of households in which both spouses work and less time is spent at home post-COVID.

2. Responding to the labor shortage

Commercial Meal Kits

To support the development of an environment in which childcare facilities can interact more directly with children while saving labor in light of the nationwide shortage of childcare workers, these meal kits for facility meal services use pre-processed ingredients, greatly reducing the time required to prepare handmade meals.

These handmade meal kits are a new type of meal for childcare facility food services developed by drawing on Oisix’s expertise. They make it possible to free-up even more time for dining assistance and nutritional education by reducing staff workloads.

Comprehensive administrative services under contract

To achieve less costly and more sophisticated suites of administrative services drawing on the expertise of the private sector, this solution aims at large-scale promotion of operational efficiency improvements under comprehensive contracts for multiple functions from local governments facing lower tax revenues and shortages of personnel to operate services due to low birth rates and aging and shrinking populations.

By streamlining staffing through operational analysis, centralization, and multitasking, with the Company outsourcing some services to external firms while managing them comprehensively, this solution supports the realization of always-available administrative services to support local communities facing limited resources.

3. Social infrastructure development

Tokushimaru

Due to the progressive ageing of the nation’s population, Japan is increasingly facing the social challenges of food deserts and limited access to shopping.

In response, Tokushimaru uses lightweight trucks to operate mobile supermarkets that pull up in front of consumers’ front doors for in-person shopping experiences that offer the joy of looking over, touching, feeling, and choosing from the merchandise. The number of mobile supermarkets operating in prefectures across Japan is currently about 1,200 vehicles. They are becoming an increasingly important presence as a part of the shopping infrastructure for each locale.

Tokushimaru also concludes patrol agreements with local governments (such as prefectures, municipalities, and wards) around the country to facilitate cooperation with social welfare councils, regional comprehensive support centers, care mangers, district welfare commissioners, and others in providing continuous patrol services while doing business. These help to support safety and peace of mind especially in rural communities where ageing of the population is quite advanced.

WeSupport Family

This food support project for impoverished households, centered on single-parent homes, is operated by the Company in cooperation with RCF and COCONET Inc. It provides food support to households in need by matching supporting businesses that donate foods with various organizations that aid impoverished households, delivering the food through their food pantries and other activities. As of March 2024, it delivered food monthly to approximately 25,000 households, centered on the greater Tokyo area, with the support of about 60 companies.

Community Buses

In response to the growing issue of areas underserved by public transport due to discontinued bus services and other factors, Community Buses use private sector expertise to support regional public transport as the legs of the community.

As a supporting pillar of community transport infrastructure, this program proposes and helps realize new, sustainable transport infrastructure even in the face of decreasing demand for public transport due to depopulation.

3. Business and other risks

Outlined below are some risks related to the business conditions, accounting conditions, and other matters described in the Annual Securities Report that may significantly impact investor decisions.

Forward-looking statements in the text are based on the Group's judgments as of the date of submitting the Report.

(1) Risks related to business strategy

Risks	Details and impacts on the Group	Responses
Business models, competitive environment	In the BtoC Subscription Business, amid growing environmental and health orientations among customers, the Group makes it easier to obtain high-value-added products such as organic and other specially cultivated produce and processed foods, with an approach that emphasizes safety, through highly convenient services based on e-commerce. It regards online supermarkets and food delivery by regional consumer cooperatives, as well as the delivery of frozen ready-to-eat meals and similar services, as businesses closely related to the e-commerce food market. This poses the risk that a tightening focus of related businesses on the sale of food products may lead to more intense competition in the food segment of the e-commerce market. The BtoB Subscription Business handles food services and management for corporate dining halls, public offices, schools, nursery schools, and other facilities, as well as inpatient food services at hospitals and food services at elderly care facilities under contract. Competition among major players is intensifying in the facility food service industry; price competition may lead to lower contract prices. The Vehicle Operation Services Business handles vehicle operation and management outsourced by private sector companies and local governments. The Social Services Business provides food services for kindergartens and elementary and middle schools under contract to local governments, manages and operates after-school care, libraries, children's centers, and other facilities, and provides various services outsourced by private sector companies. As progressively lower birth rates and aging of the population lead to lower tax revenues for local governments and growing pressure to cut costs at private sector firms, highly efficient organizational operations are becoming increasingly necessary. One risk is that the Group's businesses and business performance may be affected if it were unable to adapt appropriately to such an environment.	The Group expects continued growth in e-commerce food markets and markets for the high-value-added foods the Company offers, driven by continued environmental and health orientations in customers. In addition, it believes that the business environment will provide numerous opportunities as a result of factors such as increasing use of alliances in the facility food service business and accelerating outsourcing of services from the public to the private sector. The Company will strive to differentiate itself from the competition by proposing new value, such as unique products and experiences that can be enjoyed only from its services, as it quickly ascertains potential needs in response to the differing challenges facing individual customers and swiftly deploys products and services to meet them.

Risks	Details and impacts on the Group	Responses
Accidents	In the BtoC Subscription Business and the BtoB Subscription Business, the Group provides food ingredient and meal services. One risk is that issues such as a food-poisoning, contamination, or food-allergy incidents rooted in the Group's sanitation management or other responsibilities may lead to consequences such as temporary suspension of operations at production facilities or liability for compensation for damages. In the Vehicle Operation Services Business, the Group manages vehicle operation services under contract to clients. One risk is that a serious traffic accident or other incident may result in liability for compensation for damages. In the Social Services Business, the Group operates and manages public facilities under contract. One risk is that a serious accident or other incident in facility operations may result in liability for compensation for damages or an order from the local government or other agency with jurisdiction to suspend business operations. Another potential risk is that any such incidents may damage trust in and the reputation of the Group and impact the Group's businesses and business performance as a result.	To prevent any serious incidents, the Group strives to comply with laws and regulations on safety as well as the Group's own internal regulations, standards, manuals, and other rules. It also carries out regular internal auditing to ascertain the state of business operations.

(2) Risks related to climate change

Risks	Details and impacts on the Group	Responses
Large-scale storm and flood damage	Since the Group handles products from primary industries such as agriculture, fisheries, and livestock, there is a risk that its businesses and business performance may be impacted by issues such as shortages and lower quality due to storm or flood damage in producing regions, such as the effects of large-scale typhoons or torrential downpours. Another risk is that such large-scale storm or flood damage may affect product distribution or logistics, impeding shipments or deliveries and thereby affecting the Group's businesses and business performance.	By engaging in transactions with producers across Japan and by maintaining the capacity to procure key products from multiple producing regions in principle, the Group has adopted a structure under which it can supply products from other producing regions in the event that inclement weather in a specific region results in poor harvests or lower quality products in that region.
Reducing greenhouse gas emissions and food waste	Amid global efforts to restrict greenhouse gas emissions and reduce food waste, delays in the Group's response may damage trust in and the societal standing of the Group. Another risk is that the increasing frequency of extreme weather events associated with climate change may affect the supply of fruits, vegetables, and other products.	In 2020, the Group introduced its Green Shift strategy, whereby it promotes reductions in greenhouse gas emissions across the entire supply chain, including farms, processing plants, and logistics facilities, and in last-mile deliveries. The Group is also pursuing measures to reduce food waste, including making active use of nonstandard produce and boosting household food waste reduction efforts through its sales of meal kits.

(3) Supply chain risks

Risks	Details and impacts on the Group	Responses
Raw material quality	Group products may provide false or misleading information concerning quality or use of agricultural chemicals due to mislabeling by producers. In addition, a general consensus on the safety of radioactive contamination of foods has yet to be reached within society, and the Group may prove unable to immediately adapt to future laws or regulations concerning such matters. In such cases, the Group's businesses and business performance may be affected by damage to brand image, loss of trust, or other factors resulting from potential administrative guidance or sanctions issued or claims or demands for compensation from customers.	Reflecting considerations such as added value and target customers, each Group brand differs with regard to specific standards. Nevertheless, the Group has established its own standards on product handling across major brands. To the extent possible, Group produce is grown without use of pesticides or chemical fertilizers, while processed food products are made using as few additives as possible. It also carries out production site inspections and testing for residual agricultural chemicals for produce and has established its own testing systems for processed foods and other products, drawing on outside experts, independent agencies, and other partners. Other efforts to ensure reasonable and objective quality and safety levels include guiding supplier manufacturers concerning hygiene management.

Risks	Details and impacts on the Group	Responses
Concentration of logistics facilities	The Group operates its own logistics centers, where distribution processes such as product inspections, storage, sorting, and packing are centralized. Products are shipped to customers mainly from the following logistics facilities: those in the cities of Ebina and Atsugi, Kanagawa Prefecture, for e-commerce brands; the logistics center in Narashino, Chiba Prefecture for Daichi wo Mamoru kai; and four facilities nationwide for the Radish Boya brand. There are risks of loss of inventory, delayed shipments, service interruptions, or other occurrences that could impact the Group's businesses and business performance in cases such as the inability to use these logistics centers due to natural disasters, fires, or other incidents or resulting effects on employee attendance.	The Group plans to continue shipments to customers to the extent possible in the event of an emergency by adjusting delivery operations to use those of the six facilities nationwide that remain operable.
Transaction relations with Yamato Transport in logistics operations	In e-commerce brands, which account for more than 50% of the net sales of the Group's main segment, the BtoC Subscription Business, products are delivered to customers via Yamato Transport. The Group's businesses and business performance may be affected by factors such as significant in increase in shipping charges or reduction in business relationships with the Yamato Group in light of the recent situation in the logistics industry.	The Group strives to maintain positive relations with the Yamato Group through activities such as joint projects not just for last-mile delivery, but procurement logistics.
Governance throughout the supply chain	The Group pursues business in cooperation with numerous partners in processes ranging from procurement through logistics and last-mile delivery. The Group's businesses and business performance may be affected by governance violations such as increases in on-the-job accidents due to working environments, violations of human rights, or concealment of improprieties at any point along this supply chain.	Through close communication and cooperation with suppliers in its supply chain, the Group works to monitor security systems and identify risks and to avoid and mitigate such risks. It also strives to avoid risks through insurance and disclaimers or cancellation provisions in contracts.

(4) Information security risks

Risks	Details and impacts on the Group	Responses
System failure	The Group's food delivery business operations depend in large part on business management computer systems for operations ranging from website administration through the receipt and placement of orders, purchasing, inventory, shipping, and sales. The Group's businesses and business performance may be affected in the event of failures or other issues affecting Group computer systems due to factors such as greater than expected volumes of orders received or other sudden increase in access or infection by computer viruses, deliberate action of sabotage, or bugs in related applications.	In its business management systems, the Group employs backup systems and data and other redundancy measures, and implement and manage firewalls, virus checks, and other measures to avoid external attacks.

Risks	Details and impacts on the Group	Responses
Handling of personal information	In selling products through e-commerce and other means, the Group receives names, addresses, and other information from customers and retains large volumes of personal information. Accordingly, the Group qualifies as a business operator handling personal information under the Act on the Protection of Personal Information. The Group's businesses and business performance may be affected by the obligation to provide compensation for damages or by the damage to reputation resulting from an external leak of personal information concerning the Group's customers or other parties.	As part of its efforts related to personal information, the Group earned Information Security Management System (ISMS)* certification in 2018. It also encrypts data, employs strict access controls, and undergoes regular system diagnostics by an outside agency. Other efforts include establishment of information management rules and manuals, education and training for program developers, and thorough in-house training for all employees. * ISMS: A system for managing the security of information assets in the organization
Responding to technological innovation	The e-commerce and Internet industries in which the Group engages in business experience continuous technological innovations and the introduction of new services. The Group's businesses and business performance may be affected by delays in its response to technological innovations and other developments, unforeseen increases in investments or costs related to computer systems, and other technological matters.	The Group strives to proactively make advances by modifying its service models or introducing new features in businesses in connection with such technological innovations and other developments.

(5) Human resource risks

Risks	Details and impacts on the Group	Responses
Management human resources	President and Representative Director Kohey Takashima, who played a central role in the Group's founding and leads its business operations, plays an important role in Group business activities overall, including in management policies and strategies. The Group is highly dependent on him as an individual. The Group's businesses and business performance may be affected if the performance of his duties were impeded for any reason.	To build a management structure that is not overly dependent on Mr. Takashima, the Group is promoting efforts such as delegating authority to other Directors and employees.
Securing and developing human resources	As the Group's market grows and competition intensifies, the struggle to secure human resources will intensify, possibly leading to developments such as an outflow of human resources from the Group or impediments to securing human resources. In addition, rapid growth in volumes of business due to factors such as future sharp increases in orders received may lead to reduced efficiency as the result of personnel shortages in shipping, customer service, and other operations. The Group's businesses and business performance may be affected in such event.	Recognizing the need to secure and develop capable human resources as its businesses grow rapidly, the Group strives to train and secure human resources internally as well as hire human resources from outside the organization. In addition, operations such as shipping at logistics centers and customer service to handle customer inquiries and other customer needs involve labor intensive aspects. These lead to the need to assign large numbers of human resources efficiently at all times. Accordingly, the Group strives to ensure appropriate hiring and training of such human resources.

(6) Legal and other risks

Risks	Details and impacts on the Group	Responses
Major laws and regulations	The Group is required to comply with numerous laws and regulations, chiefly the Food Sanitation Act, the Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources, the Building Standards Act, the Fire Service Act, the Copyright Act, the Ordinance on Outdoor Advertisement, the Road Traffic Act, the Road Transportation Act, the Antimonopoly Act, the Act on Securing the Proper Operation of Worker Dispatching Businesses and Protecting Dispatched Workers, the Construction Business Act, and the City Planning Act. The Group's businesses and business performance may be affected by restrictions or the suspension of business activities if it is unable to comply with these laws or regulations.	To avoid such risks, the Group has established various rules and guidelines, including ethics rules, to maintain a compliance promotion structure and to educate and raise awareness among officers and employees. It also has established the Corporate Ethics Hotline as an internal whistleblowing program for compliance violations recognized by officers or employees and carries out investigations and corrective measures based on the details of reports received through the hotline, as necessary.

4. Management's analysis of financial standing, business results, and cash flows

(1) Overview of business results, etc.

Summarized below are the Group's financial standing, business results, and cash flows ("business results, etc." hereinafter) for the consolidated fiscal year under review.

(i) Financial standing and business results

Economic activity in Japan during the fiscal year under review moved steadily toward normalization. Clear signs emerged of recovery in consumer consumption, likely due to various policy initiatives and improving employment and income conditions. Nevertheless, fiscal tightening worldwide, geopolitical instability, and other factors leave market conditions difficult to predict.

In the food delivery sector to which our BtoC subscription business (our core business) belongs, the trend to reduce cooking times has emerged as a mainstay demand, due in part to lifestyle changes that emerged in response to COVID-19. Alongside economic normalization, consumer demands for food delivery services have diversified, and now include greater variety and easier preparation.

In this environment, as a food infrastructure company, Oisix ra daichi has worked to ensure stability in shipment capacity and throughout its product supply chains. In addition, with significant change in the role of and customs associated with food in households, we plan to quickly target latent consumer demand and propose products and services that satisfy consumers. To achieve our goal of strengthening the growth and profitability of the BtoC subscription business, a key aspect of our management strategy, we are implementing initiatives to evolve the customer experience and lower operational costs. We are drawing on expertise cultivated in our domestic (Japanese) food delivery business and promoting joint efforts with SHiDAX CORPORATION, a subsidiary since January 2024, to expand our domestic (Japanese) BtoB subscription business, including food ingredient deliveries to nursery schools and other similar facilities. We are also seeking to boost efforts to minimize food waste and greenhouse gas emissions as part of efforts to become a more sustainable retailer.

The Group's resulting financial standing and business results for the consolidated fiscal year under review are presented in brief below.

a. Financial standing

Total assets at the end of the consolidated fiscal year under review were up 79,226 million yen from the end of the previous consolidated fiscal year to 143,728 million yen. Total liabilities were up 67,945 million yen from the end of the previous consolidated fiscal year to 106,307 million yen. Net assets were up 11,280 million yen from the end of the previous consolidated fiscal year to 37,420 million yen.

b. Business results

Business results for the consolidated fiscal year under review showed net sales of 148,408 million yen (up 28.9% YoY), operating profit of 5,144 million yen (up 53.7% YoY), ordinary profit of 4,438 million yen (up 57.9% YoY), and profit attributable to owners of the parent of 4,120 million yen (up 128.0% YoY).

In conjunction with SHiDAX Corporation made a consolidated subsidiary in January 2024, the Company has reorganized its business segments. Segment information will thus be disclosed in Five segments of "BtoC Subscription Business," "BtoB Subscription Business," "Social Services Business," "Vehicle Operation Services Business" and "Other Businesses."

Presented below are business results by business segment:

The BtoC Subscription Business recorded net sales of 99,383 million yen (up 0.9% YoY) and segment profit of 8,765 million yen (up 27.2% YoY).

The BtoB Subscription Business recorded net sales of 14,976 million yen (vs. 1,293 million yen in the previous year) and segment profit of 323 million yen (vs. a loss of 6 million yen in the previous year).

The Social Services Business recorded net sales of 11,383 million yen (-% YoY) and segment profit of 338 million yen (-% YoY).

The Vehicle Operation Services Business recorded net sales of 6,229 million yen (-% YoY) and segment profit of 304 million yen (-% YoY).

Other Businesses recorded net sales of 18,027 million yen (up 8.2% YoY) and segment profit of 1,217 million yen (up 48.8% YoY).

(ii) Cash flows

In the consolidated fiscal year under review, cash flows from operating activities were 7,722 million yen; cash flows used in investing activities were 10,815 million yen; and cash flows from financing activities were 17,735 million yen. As a result of these and other factors, cash and cash equivalents (“funds” hereinafter) increased by 14,720 million yen to a year-end balance of 29,440 million yen.

(iii) Production, orders received, and sales

a. Production

While the Group engages in production activities, disclosure thereof is omitted due to their negligible materiality compared to the Group’s businesses as a whole.

b. Orders received

Disclosure of orders received is omitted because the period from purchase through sale of products is extremely short in the Group’s main businesses.

c. Sales performance

Shown below is the sales performance by business segment for the consolidated fiscal year under review.

Segment	Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)	YoY (%)
BtoC Subscription (million yen)	99,383	+0.9
BtoB Subscription (million yen)	14,976	+1,057.5
Social Services (million yen)	11,383	–
Vehicle Operation Services (million yen)	6,229	–
Other (million yen)	18,027	+8.2
Adjustments (million yen)	(1,592)	+28.6
Total (million yen)	148,408	+28.9

Notes:

1. Transactions between business segments are not eliminated by offsetting. Rather, they are indicated above as adjustment amounts.
2. The amounts above exclude consumption tax, etc.
3. The “Other” segment above includes the businesses of e-commerce support for other firms, mobile supermarkets, and Web system development.
4. A major change was recorded in sales results during the consolidated fiscal year under review, due mainly to the addition of SHIDA Holdings Corporation (now SHiDAX Holdings Corporation), SHiDAX Corporation, and their 14 subsidiaries as consolidated subsidiaries.

(2) Details of analysis and consideration of the state of business results, etc. from the management perspective

Shown below are details of recognition, analysis, and consideration of the state of the Group’s business results, etc. from the management perspective.

(i) Details of analysis and consideration of financial standing and the state of business results

Based on the management strategies described above, the Group sought (i) to grow the BtoC Subscription Business and enhance earning capabilities, and (ii) to expand its business domains for discontinuous growth.

Business growth in the BtoC Subscription Business centers on the three major domestic brands. The Group executed strategies in line with the business phase of each brand while making progress on providing products and services in line with evolving customer needs after a considerably long period of COVID-19 restrictions. To enhance earnings capabilities, the Group implemented multiple measures, including efforts to cut product costs such as by bringing processes in house and improving Kit Oisix manufacturing efficiency, and measures to cut costs in logistics through consolidation and efficiency improvements in e-commerce logistics centers.

To expand business domains for discontinuous growth, the Group added SHiDAX Corporation as a subsidiary in January 2024. It also added to and revised its business segments. The new business segments are the BtoB Subscription Business, the Social Services Business, and the Vehicle Operation Services Business.

In the BtoB Subscription Business, which provides food services for nursery schools, in addition to Suku-suku Oisix, for which service provision began in 2015, the Group has grown its business domains through cooperation with SHiDAX Corporation, which provides food services for hospitals and elderly care facilities, in addition to nursery schools.

The Group will continue to identify and respond swiftly to potential needs in response to the dramatically changing home dining environment and to enhance its proposals of new food value, including unique products and dining experiences available only through its services.

a. Financial standing and business results

1) Financial standing

(Assets)

At the end of the consolidated fiscal year under review, total assets stood at 143,728 million yen, up 79,226 million yen from 64,502 million yen at the end of the previous consolidated fiscal year.

Current assets stood at 61,728 million yen, up 31,048 million yen from 30,680 million yen at the end of the previous consolidated fiscal year. These changes were due mainly to increases of 14,874 million yen in cash and deposits, 15,252 million yen in accounts receivable – trade, 636 million yen in merchandise and finished goods, and 995 million yen in raw materials and supplies, a decrease of 1,593 million yen in accounts receivable – other, and an increase of 827 million yen in other current assets.

Non-current assets stood at 82,000 million yen, up 48,178 million yen from 33,821 million yen at the end of the previous consolidated fiscal year. This was due to increases of 10,001 million yen and 39,921 million yen, respectively, in property, plant and equipment and intangible assets and a decrease of 1,744 million yen in investments and other assets. The main causes of the increase in intangible assets were increases of 25,655 million yen in customer-related assets and 13,603 million yen in goodwill associated with the acquisition of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation).

(Total liabilities)

Total liabilities in the end of the consolidated fiscal year under review stood at 106,307 million yen, up 67,945 million yen from 38,361 million yen at the end of the previous consolidated fiscal year.

Current liabilities stood at 62,875 million yen, up 36,643 million yen from 26,231 million yen at the end of the previous consolidated fiscal year. This was due mainly to increases of 4,850 million yen in accounts payable – trade, 10,024 million yen in accounts payable – other, 2,393 million yen in income taxes payable, 4,984 million yen in short-term borrowings, 2,139 million yen in the current portion of long-term borrowings, 108 million yen in contract liabilities, 1,552 million yen in provision for bonuses, and 2,136 million yen in other current liabilities.

Non-current liabilities stood at 43,432 million yen, up 31,302 million yen from 12,130 million yen at the end of the previous consolidated fiscal year. This was due mainly to an increase of 14,573 million yen in long-term borrowings, a decrease of 7,305 million yen in (non-current) lease liabilities, and increases of 8,889 million yen in deferred tax liabilities and 146 million yen in other non-current liabilities.

(Total net assets)

Total net assets at the end of the consolidated fiscal year under review stood at 37,420 million yen, up 11,280 million yen from 26,140 million yen at the end of the previous consolidated fiscal year. This was due mainly to increases of 256 million yen in the foreign currency translation adjustment account and 6,770 million yen in non-controlling interests, along with the recording of 4,120 million yen in profit attributable to owners of the parent.

2) Business results

(Net sales)

Net sales for the consolidated fiscal year under review were up 28.9% from the previous consolidated fiscal year to 148,408 million yen, due to factors including the effects of adding SHiDAX Corporation and its subsidiaries and other companies as consolidated subsidiaries in the fourth quarter.

(Cost of sales)

Cost of sales for the consolidated fiscal year under review was up 44.9% from the previous consolidated fiscal year to 86,542 million yen, due to factors including increased purchases of merchandise accompanying growth in sales.

(Selling, general and administrative expenses)

Selling, general and administrative expenses for the consolidated fiscal year under review were up 8.9% from the previous consolidated fiscal year to 56,721 million yen, due to factors including salaries and allowances and the recording of provision for bonuses.

(Profit attributable to owners of parent)

Profit attributable to owners of the parent for the consolidated fiscal year under review was up 128.0% from the previous consolidated fiscal year to 4,120 million yen, due to factors including the recording of gain on step acquisitions, Directors' retirement benefits, and impairment loss resulting from the series of transactions associated with making SHiDAX Corporation a consolidated subsidiary.

b. Business results by business segment

The BtoC Subscription Business responds to customer orders received via e-commerce channels and catalogs. It provides food delivery services for high-value-added food (fruits and vegetables, processed food items, and meal kits) that generate low environmental loads, produced according to our unique cultivation/production standards. It also provides daily commodities and miscellaneous products.

Oisix, our primary brand, emphasizes a focus on dual-income, child-raising households. It seeks to provide products and services that achieve premium time savings. Daichi wo Mamoru kai focuses on the senior two-person household consumer segment. We are developing and refining new services in accordance with the needs of these customer segments, based on the easy, healthy dietary lifestyle concept. Our Radish Boya food delivery business offers products primarily to households seeking to contribute to society through a certain approach to daily activities like meal preparation. We are developing products and services like Fuzoroi Radish (Irregular Radish) and promoting development of services that will offer new value. Purple Carrot specializes in plant-based meal kits with a special focus on consumers eager to achieve healthy lifestyles through food. It provides products and services that can realize plant-based time saving.

Oisix, Daichi wo Mamoru kai, and Radish Boya are currently deployed in Japan. Purple Carrot is deployed in the US.

As customer lifestyles diversify in the post-Covid environment, each brand promotes various measures for diversifying approaches and service provision methods, etc. to different customers, focusing on finding business growth opportunities. The total net sales marked a year on year increase, due partly to growth in numbers of Oisix subscribers at the start of the fiscal year, despite lower income for Daichi wo Mamoru kai Radish Boya, and Purple Carrot.

Segment income grew from the preceding fiscal year due to efforts to cut fixed costs at each business and higher net sales for Oisix.

As a result of the above factors, net sales totaled 99,383 million yen (up 0.9% YoY) and segment profit was 8,765 million yen (up 27.2% YoY).

The BtoB Subscription Business undertakes cafeteria food services and related management at companies, public offices, and nursery schools, as well as outsourced food providing/management services for hospitals and facilities for the elderly. It also provides food ingredients to the food service industry.

Net sales have grown from the figures achieved in the previous year by SHiDAX Corporation. Key factors included recovery in numbers of meals served at existing outlets for offices, plants, and facilities for the elderly, all of which suffered significant declines under Covid, and steady growth in operating outlets. Meal kits focusing on nursery schools have experienced sales growth due to enhancements, driven by steady growth in numbers of customer nursery schools.

Segment income before the amortization of the intangible fixed assets and goodwill associated with the acquisition of SHiDAX Corporation as a subsidiary declined from the previous year due to results generated by SHiDAX Corporation, as cost rates deteriorate due to increasing raw material/labor costs.
As a result, net sales were 14,976 million yen (vs. 1,293 million yen in the previous year), while segment profit was 323 million yen (vs. a loss of 6 million yen in the previous year).

The Social Services Business manages and operates public school lunch services, after-school childcare clubs, children's centers, libraries, Michino-Eki (roadside stations), and other services outsourced by local governments and private companies. Net sales grew from the previous year due to results generated by SHiDAX Corporation based on diligent proposal activities seeking to capture outsourcing needs generated by the shift from public services to the private sector. In turn, this trend is driven by manpower shortages amid declining birthrates and the increasingly aging population, as well as overall cost increases. For after-school childcare services in particular, the number of contracts has steadily increased as a result of providing services catering to increasingly diversifying childcare needs as well as growth in the number of operating outlets for other needs.
Segment income before the amortization of the intangible fixed assets and goodwill associated with the acquisition of SHiDAX Corporation as a subsidiary increased from the previous year due to results generated by SHiDAX Corporation, despite labor cost increases.
Net sales totaled 11,383 million yen (–% YoY) and segment profit was 338 million yen (–% YoY).

The Vehicle Operation Services Business engages in vehicle management operations outsourced by private companies and local governments.
Net sales increased from the previous year due to results generated by SHiDAX Corporation. Contributing factors included continuing growth in orders for corporate executive vehicles, enhanced by web promotion efforts, and enhanced proposal activities to capture expanding local transportation needs, including the need for more school buses following the elimination and consolidation of local schools.
Segment income before the amortization of the intangible fixed assets and goodwill associated with the acquisition of SHiDAX Corporation as a subsidiary increased from the previous year due to increased revenue generated by SHiDAX Corporation. This was despite higher fuel unit prices.
As a result, net sales totaled 6,229 million yen (–% YoY), while segment profit was 304 million yen (–% YoY).

Other Businesses include e-commerce support business for other companies, the Tokushimaru (supermarket on wheels) business, and the web-based systems development business.
Subscribers in our Solutions Business, including e-commerce support for other companies (ISETAN DOOR, etc.) increased as food delivery services took firmer root. As a result, both net sales and segment income increased overall.
As a result, net sales were up sharply (by 8.2% YoY) to 18,027 million yen. Segment profit also increased to 1,217 million yen (up 48.8% YoY).

(ii) Details of analysis and consideration of cash flows and information on sources of capital and liquidity of funds

a. Cash flows

The balance of cash and cash equivalents at the end of the consolidated fiscal year under review was up 14,720 million yen from the previous consolidated fiscal year to 29,440 million yen.
Shown below is the status of each type of cash flow for the consolidated fiscal year under review, and main contributing factors.

(Cash flow from operating activities)

Funds from operating activities totaled 7,722 million yen (up 45.5% YoY). This was due mainly to profit before income taxes of 6,416 million yen, depreciation of 2,614 million yen, amortization of goodwill of 495 million yen, a decrease in accounts payable – other of 1,079 million yen, a decrease in accounts receivable – other of 1,626 million yen, recording of gain on step acquisitions of 3,447 million yen, and income taxes paid of 1,358 million yen.

(Cash flow used in investing activities)

Funds used in investing activities totaled 10,815 million yen (down 10.9% YoY). This was due mainly to expenditures of 7,217 million yen in purchase of shares of subsidiaries resulting in change in scope of consolidation, 1,623 million yen in purchase of property, plant and equipment, 1,159 million yen in purchase of intangible assets, and 997 million yen in purchase of investment securities.

(Cash flow from financing activities)

Funds from financing activities totaled 17,735 million yen (up 114.6% YoY). This was due mainly to 16,201 million yen in proceeds from long-term borrowings, 4,984 million yen in proceeds from the net increase (decrease) in short-term borrowings, expenditures of 2,276 million yen on repayments of long-term borrowings, and expenditures of 832 million yen on repayments of finance lease liabilities.

b. Sources of capital and liquidity of funds

1) Financial policies

At this time, the Group raises working capital from funds on hand (internal reserves from profit, etc.) and short-term borrowings under current account overdraft agreements. Based on capital investment plans, it considers raising funds for investment through long-term borrowings should funds on hand prove insufficient. Should the need for sustained capital investments or large-scale projects emerge, it also considers raising funds through other means, including capital increases through public offerings, to enhance its long-term financial foundations.

2) Demand for funds

The primary demand for working capital in the Group’s business activities emerges from operating expenses such as purchase of merchandise, packing and shipping costs for delivering products to customers, and marketing expenses for securing new customers. Major sources of demand for funds for capital investment include investments in new and expanded equipment at logistics centers and at other facilities and investments in software development for purposes such as sales management systems.

(iii) Significant accounting estimates and assumptions underlying such estimates

The Group’s consolidated financial statements are prepared based on the accounting principles generally accepted in Japan. Their preparation requires estimates that may affect management’s selection and application of accounting policies, as well as reported figures on assets, liabilities, revenues, and expenses. Management makes reasonable estimates with consideration for matters such as past results. However, actual results may differ from these estimates due to their inherent uncertainty.

The important accounting policies of the Company and its consolidated subsidiaries are described under “Part 5. Accounting: 1. Consolidated financial statements, etc.: (1) Notes to the consolidated financial statements (Important matters serving as bases for the preparation of the consolidated financial statements).” Significant accounting estimates and assumptions underlying such estimates are described under “Part 5. Accounting: 1. Consolidated financial statements, etc.: (1) Notes to the consolidated financial statements (Significant accounting estimates).”

5. Important business contracts, etc.

(1) Conclusion of takeover bid agreement, transaction agreement, and agreement among shareholders with regard to stock in SHiDAX Corporation

In its meeting held November 10, 2023, the Company Board of Directors resolved to conclude an agreement on the acceptance, for all shares of common stock issued by the Company's equity-method affiliate SHiDAX Corporation ("SHiDAX stock" hereinafter) held by the Company, of a takeover bid implemented as part of a management buyout by SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) ("SHIDA Holdings" hereinafter). The agreement was concluded on the same date.

In addition, in the same meeting, the Board of Directors resolved to conclude (i) a transaction agreement with SHIDA Holdings, Tsutomu Shida, and Kinichi Shida on this takeover bid and the series of subsequent transactions, with the goal of taking SHiDAX private; and (ii) an agreement among shareholders with Kinichi Shida, Tsutomu Shida, Shojiro Shida, Tomiji Shida, Miyuki Shida, Yuma Shida, Arisa Nagaki, Emiri Shida, and SDI Corporation. These agreements were concluded on the same date.

Agreement summary

Agreement title	Date concluded	Parties to agreement	Main details of agreement
Takeover bid agreement	November 10, 2023	The Company SHIDA Holdings	Agreement on the prompt acceptance of the takeover bid for all shares of SHiDAX stock held by the Company in the event that a takeover bid is launched
Transaction agreement	November 10, 2023	The Company SHIDA Holdings Tsutomu Shida and Kinichi Shida	Agreement on the series of transactions involving acceptance of shares of common stock issued by SHIDA Holdings through a capital increase through third-party allocation of shares in the event that the takeover bid is implemented, completed, and settled, to take SHiDAX private
Agreement among shareholders	November 10, 2023	The Company Kinichi Shida, Tsutomu Shida, Shojiro Shida, Tomiji Shida, Miyuki Shida, Yuma Shida, Arisa Nagaki, Emiri Shida, and SDI Corporation ("founders" hereinafter)	Agreement intended to contribute to increasing the corporate value of the SHiDAX Group over the medium to long term by establishing agreement on governance and operations structures and the handling of shares of SHIDA Holdings after the capital increase through third-party allocation of shares by that company; by establishing agreement on governance and operations structures and the handling of shares of SHiDAX after taking it private; and through cooperation between the founders and the Company in SHiDAX Group business operations.

(2) Conclusion of agreement on acceptance of all shares from third-party allocation

On January 4, 2024, the Company concluded with SHIDA Holdings Corporation an agreement concerning the acceptance of all shares of common stock in SHIDA Holdings issued by the latter company through a third-party allocation of shares. The Company acquired the shares on January 5, 2024.

SHIDA Holdings was renamed SHiDAX Holdings Corporation effective April 1, 2024.

Agreement title	Date concluded	Parties to agreement	Main details of agreement
Agreement on acceptance of all shares	January 4, 2024	The Company SHIDA Holdings	An agreement on the acceptance of all shares of common stock in SHIDA Holdings issued by the company through a capital increase through third-party allocation of shares (1) Class and number of shares acquired 6,364,331 shares of common stock (2) Pay-in amount for shares acquired 2,230 yen per share of common stock (3) Total pay-in amount 14,192,458,130 yen in cash (4) Increases in capital and capital reserves Capital: 7,096,229,065 yen Capital reserves: 7,096,229,065 yen

(3) Commitment line agreements and term loan agreements with financial institutions

The Group has concluded (i) current account overdraft agreements with its primary financial institutions to enable efficient fundraising.

It has also concluded agreements on (ii) commitment lines of credit and (iii) syndicated loans regarding the debts of SHIDA Holdings.

Shown below are the unexecuted balances of loans under these agreements as of the end of the consolidated fiscal year under review.

	Consolidated fiscal year under review
(i) Current account overdraft agreements	
Total amount of current account overdraft agreements	29,045 million yen
Current account overdraft executed balance	15,045 million yen
(ii) Commitment lines of credit (Note)	
Total amount of commitment lines of credit	4,500 million yen
Executed balance of commitment line of credit	–
(iii) Syndicated loans (Note)	
Total amount of syndicated loans	24,322 million yen
Executed balance of syndicated loans	16,201 million yen
Unexecuted balance of loans	26,621 million yen

Note: The agreements on commitment lines of credit and syndicated loans are subject to certain financial restrictive clauses.

6. Research and development activities

Not applicable

Section 3. Equipment and facilities

1. Overview of capital investments, etc.

During this consolidated fiscal year, the Company made total capital investments of 12,081 million yen (including leased assets), mainly for the construction of the ORD Atsugi Cold Storage Station for the BtoC subscription business. It also made improvements in its sales administration system and acquired passenger buses for its vehicle operation services.

No material disposal, sale, etc. of equipment or facilities took place during this consolidated fiscal year.

2. Major facilities

The Group's major facilities are listed below.

(1) Reporting company

As of March 31, 2024

Name (location)	Business segment	Facility details	Book value							Employees (persons)
			Building(s) (million yen)	Machinery and equipment (million yen)	Tools, furniture, and fixtures (million yen)	Other property, plant and equipment (million yen)	Software (million yen)	Other intangible assets (million yen)	Total (million yen)	
Head office (Shinagawa-ku, Tokyo)	BtoC Subscription	General business facility	198	–	58	0	1,163	320	1,741	624 (132)
ORD Ebina Station (Ebina, Kanagawa Prefecture)	BtoC Subscription	Logistics facility	512	1,553	294	10,903	196	–	13,460	36 (483)
ORD Atsugi Cold Storage Station (Atsugi, Kanagawa Prefecture)	BtoC Subscription	Logistics facility	347	3	216	8,494	58		9,120	3 (–)

Notes:

1. The amounts above exclude consumption tax, etc.
2. Numbers of employees indicated in parentheses indicate temporary employees, who do not count toward the total numbers of employees.
3. Other intangible assets include trademarks and software in process.
4. No major facilities are under suspension of operations at present.

(2) Domestic subsidiaries

Not applicable

(3) Overseas subsidiaries

Not applicable

3. Plans for new construction, disposal, etc. of equipment and facilities

(1) New construction, etc. of important equipment and facilities

The new ORD Atsugi Cold Storage Station, described under “Part 3. Equipment and facilities: 3. Plans for new construction, disposal, etc. of equipment and facilities” in the Annual Securities Report for the previous consolidated fiscal year, began operating during the consolidated fiscal year under review.

Plans for new construction, etc. of important equipment and facilities as of the end of the consolidated fiscal year under review are shown below.

Name (location)	Business segment	Facility details	Planned investment amount		Fundraising method	Plans for start and completion of construction		Capacity increase after completion
			Total (million yen)	Already paid (million yen)		Start	Completion	
Head office (Shinagawa-ku, Tokyo)	BtoC Subscription	Software development, etc.	1,160	–	Equity capital	April 2024	March 2025	Responding to increased sales
Cold storage warehouse (Atsugi, Kanagawa Prefecture)	BtoC Subscription	Machinery and equipment	2,354	1,412	Equity capital	April 2024	October 2024	3.3-fold vs. FY2019

(2) Disposal, etc. of important equipment and facilities

Not applicable

Section 4. Status of the reporting company

1. Status of stock, etc.

(1) Total shares of stock, etc.

(i) Total shares of stock

Class	Total authorized shares
Common stock	71,411,200
Total	71,411,200

(ii) Shares issued and outstanding

Class	Shares issued and outstanding as of the end of previous business year (March 31, 2024)	Shares issued and outstanding as of date of Report submission (June 26, 2024)	Name of listed financial instruments exchange or registered financial instruments industry association	Details
Common stock	38,028,092	38,028,092	Tokyo Stock Exchange Prime Market	Standard shares of stock in the Company with no restrictions on rights, with minimum trading unit of 100 shares
Total	38,028,092	38,028,092	–	–

(2) Status of share subscription rights, etc.

(i) Detailed information on stock option systems

Not applicable

(ii) Detailed information on rights plans

Not applicable

(iii) Status of other share subscription rights, etc.

Not applicable

(3) Exercise status, etc. of bonds with share subscription rights, etc. with clauses on revision of strike price

Not applicable

(4) Trends in total shares issued and outstanding, capital, etc.

Date	Change in total shares issued and outstanding	Balance of total shares issued and outstanding	Change in capital (million yen)	Balance of capital (million yen)	Change in capital reserves (million yen)	Balance of capital reserves (million yen)
April 1, 2019 – March 31, 2020 (Note 1)	142,960	33,738,116	7	1,291	7	5,171
July 16, 2019 (Note 2)	366,300	34,104,416	250	1,541	249	5,421
July 17, 2019 (Note 3)	219,700	34,324,116	150	1,691	149	5,571
April 1, 2020 – March 31, 2021 (Note 4)	134,192	34,458,308	6	1,698	6	5,578
April 8, 2020 (Note 5)	3,013,600	37,471,908	1,953	3,651	1,953	7,531
May 1, 2020 (Note 6)	527,000	37,998,908	341	3,993	341	7,873
April 1, 2021 – March 31, 2022 (Note 7)	15,984	38,014,892	1	3,994	1	7,874
April 1, 2022 – March 31, 2023 (Note 8)	13,200	38,028,092	1	3,995	1	7,876

Notes:

1. Exercise of share subscription rights
   The number of shares increased by 142,960 due to the exercise of share subscription rights by resolutions passed at the regular General Meetings of Shareholders held June 28, 2005, June 23, 2011, and June 21, 2012.
2. Third-party allocation at par value
   Issue price 1,365 yen
   Amount added to capital 683 yen
   Allotted to Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-chain and Expansion Japan (366,300 shares)
3. Third-party allocation at par value
   Issue value 1,365 yen
   Amount added to capital 683 yen
   Allotted to YAMATO HOLDINGS CO., LTD. (219,700 shares)
4. Exercise of share subscription rights
   The number of shares increased by 134,192 due to the exercise of share subscription rights by resolutions passed at the regular General Meetings of Shareholders held June 28, 2005, June 23, 2011, and June 21, 2012.
5. General offerings at par value (issue of new shares through public offering)
   Issue price 1,379 yen
   Issue value 1,296.55 yen
   Amount added to capital 648.275 yen
   Total pay-in amount 3,907 million yen
6. Third-party allocation at par value (capital increase through third-party allocation of shares related to sale through overallotment)
   Issue value 1,296.55 yen
   Amount added to capital 648.275 yen
   Allotted to SMBC Nikko Securities Inc.
7. Exercise of share subscription rights
   The number of shares increased by 15,984 due to the exercise of share subscription rights by resolutions passed at the regular General Meetings of Shareholders held June 23, 2011 and June 21, 2012.
8. Exercise of share subscription rights
   The total number of shares issued and outstanding increased by 13,200, capital increased by 1 million yen, and capital reserves increased by 1 million yen due to the exercise of share subscription rights by a resolution passed at the regular General Meeting of Shareholders held June 21, 2012.

(5) Composition of ownership

As of March 31, 2024

Category	Shareholdings (minimum trading unit: 100 shares)								Shares in less than the minimum trading unit
	National and local govern-ments	Financial institutions	Financial instruments brokers	Other corpora-tions	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Shareholders	–	17	20	109	170	46	21,815	22,177	–
Shares held (minimum trading units)	–	44,377	6,985	47,167	95,306	321	185,575	379,731	54,992
Percentage of shares held	–	11.69	1.84	12.42	25.10	0.08	48.87	100.00	–

Note: Treasury stock of 1,470,130 shares is included under 14,701 minimum trading units under “Individuals and others” and 30 shares under “Shares in less than the minimum trading unit.”

(6) Major shareholders

As of March 31, 2024

Name	Address	Shares held	Percentage held of shares issued and outstanding (not including treasury shares)
Kohey Takashima	Shinagawa-ku, Tokyo	4,847,200	13.26
The Master Trust Bank of Japan, Ltd.	Akasaka Intercity AIR, 8-1 Akasaka 1-chome, Minato-ku, Tokyo	2,882,500	7.88
Recruit Co., Ltd.	Gran Tokyo South Tower, 9-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,648,000	7.24
The Bank of New York 133612 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	Boulevard Anspach 1, 1000 Brussels, Belgium (Shinagawa Intercity A, 15-1 Konan 2-chome, Minato-ku, Tokyo)	2,506,700	6.86
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-chome, Chuo-ku, Tokyo	1,239,400	3.39
Kazuyoshi Fujita	Suginami-ku, Tokyo	1,032,516	2.82
NTT DOCOMO, INC.	11-1 Nagatacho 2-chome, Chiyoda-ku, Tokyo	1,000,000	2.74
The Bank of New York Mellon 140040 (standing proxy: Mizuho Bank, Ltd., Settlement Sales Division)	240 Greenwich St., New York, NY 10286 (Shinagawa Intercity A, 15-1 Konan 2-chome, Minato-ku, Tokyo)	988,400	2.70
The Bank of New York 133652 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	Boulevard Anspach 1, 1000 Brussels, Belgium (Shinagawa Intercity A, 15-1 Konan 2-chome, Minato-ku, Tokyo)	827,500	2.26
Yusuke Tsutsumi	Setagaya-ku, Tokyo	720,000	1.97
Total	–	18,692,216	51.13

Note: All shares of stock held by the Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are related to their trust businesses.

(7) Voting rights

(i) Shares issued and outstanding

As of March 31, 2024

Category	Shares	Voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with voting rights (treasury shares, etc.)	Common stock 1,470,100	–	–
Shares with voting rights (other)	Common stock 36,503,000	365,030	–
Shares in less than the minimum trading unit	Common stock 54,992	–	–
Total shares issued and outstanding	38,028,092	–	–
Total shareholder voting rights	–	365,030	–

(ii) Treasury stock, etc.

As of March 31, 2024

Owner name	Owner address	Shares held in own name	Shares held in others' names	Total number of shares held	Shareholding ratio (%)
Oisix ra daichi Inc.	1-11-2 Osaki, Shinagawa-ku, Tokyo	1,470,100	–	1,470,100	3.87
Total	–	1,470,100	–	1,470,100	3.87

2. Status of treasury stock acquisition, etc.

Stock class, etc.: Acquisition of common stock under Article 155, Paragraphs 3 and 7 of the Companies Act

(1) Status of acquisition by resolution(s) passed at the general meeting of shareholders

Not applicable

(2) Status of acquisition by resolution(s) passed at the Board of Directors

Category	Shares	Total price (million yen)
Status following resolution passed at the Board of Directors (May 14, 2024) (Acquisition period: May 15 – October 31, 2024)	1,825,000	3,000
Treasury stock acquired before this business year	–	–
Treasury stock acquired during this business year	–	–
Total number and amount of shares remaining to be acquired under the resolution	–	–
Percentage unexercised as of the end of the business year	–	–
Treasury stock acquired during the period	300,700	363
Percentage unexercised as of the date on which the Report was submitted	83.5	87.9

Note: Treasury stock acquired during the period excludes shares acquired from June 1, 2024 through the date on which the Report was submitted.

(3) Details not based on resolutions of the general meeting of shareholders or resolutions of the Board of Directors

Category	Shares	Total price (yen)
Treasury stock acquired during this business year	136	247,328
Treasury stock acquired during the period	–	–

Note: Treasury stock acquired during the period excludes shares in less than the minimum trading unit acquired from June 1, 2024 through the date on which the Report was submitted.

(4) Status of disposal and holding of treasury stock acquired

Category	Current business year		Current period	
	Shares	Total disposal price (yen)	Shares	Total disposal price (yen)
Treasury stock acquired offered by underwriters	–	–	–	–
Treasury stock acquired disposed of through retirement	–	–	–	–
Treasury stock acquired subjected to merger, stock swaps, granting of shares, or stock splits	–	–	–	–
Other	–	–	–	–
Total treasury shares held	1,470,130	–	1,770,830	–

Note: Treasury stock acquired during the period excludes shares in less than the minimum trading unit acquired from June 1, 2024 through the date on which the Report was submitted.

3. Dividend policy

Since its founding, the Company has retained all earnings available for distribution as internal reserves to enhance its financial foundations and to prepare for future business growth. However, returning earnings to shareholders remains a key management priority, and the Company will consider paying dividends to shareholders in consideration of business results and financial standing and matters such as the scale of its businesses and earnings stability.

In general, when distributing retained earnings, the Company plans to pay dividends only once annually, at year's end. However, it has adopted a system of interim dividends under Article 454, Paragraph 5 of the Companies Act. The Articles of Incorporation identify the Board of Directors as the decision-making body for both year-end and interim dividends.

The Company plans to draw on its internal reserves to fund enhancements of its financial foundations and future business growth in response to anticipated changes in business conditions.

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(i) Basic thinking on corporate governance

The Company regards corporate governance as a function of management controls. Recognizing the fact that this function is essential to continually raising corporate value, it strives to strengthen and enhance its corporate governance system.

The Company considers timely and accurate disclosure and the transparency and fairness of decision-making as cornerstones to its accountability to investment markets as a whole, including shareholders.

The essence of compliance, one of the pillars of corporate governance, is to meet the expectations of society, a key assumption underlying its business philosophy and the Company's capacity to deliver solutions to society's challenges through its businesses, above and beyond the mere conformance with laws and regulations. It recognizes a comprehensive compliance system to be an important management topic for earning and retaining the trust of shareholders, investors, business partners, and other stakeholders.

(ii) Overview of the corporate governance system and reasons for its adoption

A. Overview of the corporate governance system

As a company with an audit and supervisory board, the Company has established the General Meeting of Shareholders, the Board of Directors, and the Board of Auditors as bodies under the Companies Act and the Management Committee and the Nomination and Compensation Committee as voluntary bodies.

a. Board of Directors

The Company Board of Directors consists of nine Directors, including five External Directors. In addition to regular monthly meetings, the Board meets at other times as necessary to deliberate and to make decisions on important matters and mutually oversee the performance of their duties. The Corporate Auditors attend each meeting of the Board of Directors and audit the state of execution of the duties of the Board of Directors.

Chairperson:	Director Hiroyuki Ozaki (under the Articles of Incorporation and a Board of Directors resolution)
Directors:	Kohey Takashima, Yusuke Tsutsumi, Kohei Matsumoto
External Directors:	Mitsuyo Hanada, Hitoshi Tanaka, Junko Watabe, Wakako Sakurai, Misato Kowaki
External Corporate Auditors:	Chika Otobe, Yukihiro Moroe, Takashi Kokubo, Kengo Wada

Proposals to the Board of Directors are submitted in accordance with laws, regulations, the Articles of Incorporation, and internal rules governing approval authority.

In addition to delegating authority to improve the efficacy of deliberations by the Board of Directors, efforts seek to ensure effective decision-making by submitting to the Board of Directors even matters not subject to Board resolutions for discussions in advance as necessary.

Status of main activities of the business year

	Status of attendance and participation in discussions
Director Mitsuyo Hanada	Attended all 14 meetings of the Board of Directors held during the business year. Participated in discussions as appropriate in Board of Directors meetings, drawing on his specialized knowledge and wealth of experience as an expert in human resources and education.
Director Hitoshi Tanaka	Attended all 14 meetings of the Board of Directors held during the business year. Participated in discussions as appropriate in Board of Directors meetings, drawing on his wide-ranging knowledge and experience as a manager with many years of experience.
Director Junko Watabe	Attended all 14 meetings of the Board of Directors held during the business year. Participated in discussions as appropriate in Board of Directors meetings, drawing on her wide-ranging knowledge and experience concerning the e-commerce business and management of joint ventures and other business entities.

	Status of attendance and participation in discussions
Director Wakako Sakurai	Attended all 14 meetings of the Board of Directors held during the business year. Participated in discussions as appropriate in Board of Directors meetings, drawing on her wide-ranging knowledge and experience concerning the food content business.
Director Misato Kowaki	Attended all 14 meetings of the Board of Directors held during the business year. Participated in discussions as appropriate in Board of Directors meetings, drawing on her wide-ranging knowledge and experience concerning marketing and branding and on consumer and customer perspectives.
Corporate Auditor Chika Otobe	Attended all 14 meetings of the Board of Directors and all 17 meetings of the Board of Auditors held during the business year. Participated in discussions as appropriate in Board of Directors and Board of Auditors meetings, drawing on her wide-ranging knowledge and experience concerning administrative and auditing sections in various types of companies.
Corporate Auditor Yukihiro Moroe	Attended all 14 meetings of the Board of Directors and all 17 meetings of the Board of Auditors held during the business year. Participated in discussions as appropriate in Board of Directors and Board of Auditors meetings, drawing on his wide-ranging knowledge and experience, chiefly concerning corporate management and investment markets.
Corporate Auditor Takashi Kokubo	Attended all 14 meetings of the Board of Directors and all 17 meetings of the Board of Auditors held during the business year. Participated in discussions as appropriate in Board of Directors and Board of Auditors meetings, drawing on his wide-ranging knowledge and experience as attorney at law and in positions such as Director with other companies.
Corporate Auditor Kumi Kobayashi	Attended all 14 meetings of the Board of Directors and 16 of the 17 meetings of the Board of Auditors held during the business year. Participated in discussions as appropriate in Board of Directors and Board of Auditors meetings, drawing on her wide-ranging knowledge and experience from serving as certified public accountant and as Director and in other positions with various other companies.

Note: In addition to the above meetings, six resolutions were passed in writing.

The qualities and skills (e.g., specializations, experience, discernment) of individual Directors are shown in the following Skills Matrix.

See “(3) Auditing” below concerning Corporate Auditors.

<Officer skills matrix>

Notable skills are indicated by ●

◎: Chairperson ○: Observer

Properties								Specialization, experience, knowledge						
Name	Externality	Independent officer	Nomination and Remuneration Committee	Age	Gender	Duties, properties, qualifications, etc.	Term of office	Corporate management	Business operation	Sales, marketing, product planning	ESG, sustaina-bility	Governance, compliance	Financial accounting, investment, markets	Organiza-tion, HR
Kohey Takashima			○	50	Male	Founder, representative, President	24	●	●	●	●			
Yusuke Tsutsumi				46	Male	Founding team member, general business supervision	24		●	●	●			
Hiroyuki Ozaki				71	Male	Retail business operation, general management supervision	15				●	●		●
Kohei Matsumoto				40	Male	Specifics, management planning supervision	6		●			●	●	
Mitsuyo Hanada	●	●	◎	75	Male	University professor (organization, human resources)	17				●	●		●
Hitoshi Tanaka	●	●	○	61	Male	Management of a publicly traded company	9	●	●	●	●			
Junko Watabe	●	●		47	Female	Information management/ digital business management	5		●	●	●	●		
Wakako Sakurai	●	●		51	Female	Marketing business management	6	●	●	●				
Misato Kowaki	●	●		40	Female	Independent marketing business	3		●	●	●			

Addendum to the Officers' Skills Matrix

Kohey Takashima	Since the Company was founded in 1997, he has been in charge of management of the Company and the Group as Representative Director of the Company. He offers deep and extensive insights and perspectives on the management of the Company and the Group.
Yusuke Tsutsumi	As one of the founding members of the Company when it was established in 1997, he has been in charge of operation and management of the Company and the Group. He offers deep and extensive insights and perspectives on the management of the Company and the Group.
Hiroyuki Ozaki	Since joining the Company, he has drawn on his experience in operations and management within the retail business and has supported Company growth in administrative sections. He offers deep and extensive insights and perspectives on the management of the Company and the Group.
Kohei Matsumoto	Since joining the Company, he has held positions in corporate planning divisions. He offers deep and extensive insights and perspectives on the management of the Company and the Group.
Mitsuyo Hanada	He offers extensive insight on overall corporate management, with a focus on personnel and organization from an academic perspective as a university professor. He has also served as a Company Director since before its shares were listed on the Mothers exchange and is highly knowledgeable concerning the Company's growth process. The Company anticipates that he will provide beneficial advice and opinions on the management of the Company, both adding to and counterbalancing the perspectives offered by other External Directors. The Company has submitted notification of his status as an independent officer under the independence criteria of the Tokyo Stock Exchange.
Hitoshi Tanaka	The Company anticipates that he will supervise the management of the Company and provide advice and opinions based on his wealth of experience and wide-ranging insights as corporate manager. The Company has submitted notification of his status as an independent officer under the independence criteria of the Tokyo Stock Exchange.
Junko Watabe	She offers extensive insight on management regarding customer management with digital technology accumulated through her career at the Recruit Group. The Company anticipates that she will provide wide-ranging advice and opinions on the management of the Company. The Company has submitted notification of her status as an independent officer under the independence criteria of the Tokyo Stock Exchange.
Wakako Sakurai	She has many years of experience with ABC Cooking Studio Co., Ltd., and offers a wealth of insights regarding the content business built with NTT DOCOMO, INC. The Company anticipates that she will provide valuable advice and opinions on the management of the Company. The Company has submitted notification of her status as an independent officer under the independence criteria of the Tokyo Stock Exchange.
Misato Kowaki	She has experience in various activities including planning, consulting, and publishing books related to lifestyles, including food, clothing, and housing. This experience is useful from the perspective of the Company, which is pursuing the creation of new business value in areas related to food. The Company anticipates that she will provide advice and opinions based on her experience and insights on consumer perspectives. The Company has submitted notification of her status as an independent officer under the independence criteria of the Tokyo Stock Exchange.

b. Management Committee

The Company Management Committee, consisting of Directors (excluding External Directors), Standing Corporate Auditors, Executive Officers, and other persons responsible for individual sections, meets weekly as the second highest decision-making body after the Board of Directors. Its duties include monitoring everyday business execution and accelerating decision-making.

Chairperson:	President and Representative Director Kohey Takashima
Directors:	Yusuke Tsutsumi, Hiroyuki Ozaki, Kohei Matsumoto
External Corporate Auditor:	Chika Otobe

Executive Officers: Hiroto Yamashita, Hideto Ikeyama, Misaki Kan, Ayumu Shingu, Satoshi Ohki, Shingo Rikimaru, Satoko Fuji, Shinichi Hamasaki, Sonoko Toukairin, Atsushi Komatsu, Ryo Kishimoto, Shigeru Kumano, Yoshihiko Tomita

c. Corporate Auditors and Board of Auditors

The Company's Corporate Auditors consist of one Standing Corporate Auditor and three Non-Standing Corporate Auditors. All Corporate Auditors are External Corporate Auditors. The Board of Auditors consists of these Corporate Auditors.

Each Corporate Auditor strives to increase the efficacy of corporate governance by participating and expressing opinions at meetings of the Board of Directors and at other important meetings. In principle, the Board of Auditors meets on the same dates as regular meetings of the Board of Directors.

External Corporate Auditors: Chika Otobe (one Standing Corporate Auditor)
Yukihiro Moroe, Takashi Kokubo, Kengo Wada (three Non-Standing Corporate Auditors)

d. Establishment of a nomination and compensation committee

In its meeting held May 26, 2022, the Company Board of Directors resolved to establish a Nomination and Compensation Committee as an advisory body to the Board. The Committee began operating in June of the same year. The Committee was formed by reorganizing the previous Officer Remuneration Advisory Meeting. In addition to soliciting the views and advice of outside officers, the Committee's three-person membership has a majority of independent External Directors to ensure objectivity and transparency in procedures related to decisions on matters such as the nomination and remuneration of Directors and, by extension, to improve the oversight functions of the Board and enhance corporate governance functions.

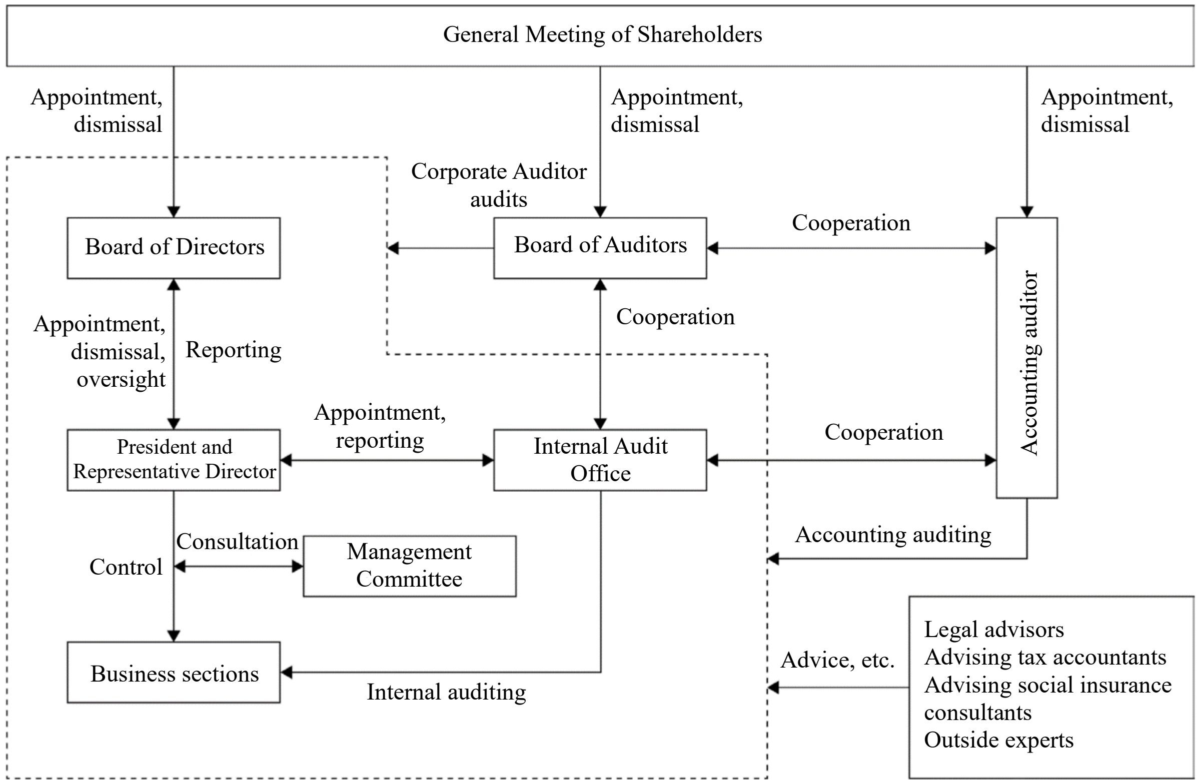
Company Independent External Director Mitsuyo Hanada chairs the Nomination and Compensation Committee. Its other members are Company External Director Hitoshi Tanaka and Company Representative Director Kohey Takashima. Each member attended all three meetings of the Committee held over the course of this business year.

The Nomination and Compensation Committee discusses matters such as the design of systems for the remuneration of individual Directors, the state of business execution, Company business performance, and the appropriate states of management systems and other matters given the Company's business plans and targets. It reports to the Board of Directors as requested concerning Director remuneration and nomination.

B. Reasons for using this system

The Company has adopted the structure of a company with a Board of Auditors. This structure enables effective decision-making by the Board of Directors and effective oversight of the performance of the duties of the Directors, through concentration of authority and responsibility for business execution in the Board of Directors, as the highest decision-making body, while Corporate Auditors and the Board of Auditors, independent of the Board of Directors, perform the functions of auditing the Board of Directors to ensure a system of sufficient checks and balances.

Shown below is a diagram of the Company's corporate governance structure as of the date on which this Report was submitted.



(iii) Other matters related to internal controls

A. Status of the internal controls system

In its meeting held October 30, 2006, the Company Board of Directors approved the Basic Policy on the Development of the Internal Controls System, intended to establish and maintain a system to ensure that the performance of the duties of the Directors complies with laws, regulations, and the provisions of the Articles of Incorporation and other systems and the propriety of operations as a joint-stock company. This Basic Policy has been revised as appropriate since then.

It was revised at the meeting of the Board of Directors held March 21, 2024. Detailed information on the current system is provided below.

(i) System to ensure that the performance of the duties of the Directors complies with laws, regulations, and the provisions of the Articles of Incorporation

Directors must ensure that, as individuals embodying the Company's corporate philosophy, Directors themselves and employees of the Company or Company subsidiaries act at all times in full compliance with laws, regulations, the provisions of the Articles of Incorporation, and in-house rules and with socially accepted norms.

The Board of Directors must ensure that the Board itself as a management body and Directors and employees of the Company or Company subsidiaries establish an effective internal controls system and strive to establish Companywide compliance systems.

In addition to attending meetings of the Board of Directors in accordance with the provisions of the Companies Act, Corporate Auditors may also attend and express opinions at other important meetings held by Directors.

(ii) Systems related to the retention and management of information concerning the execution of the duties of the Directors

Important information whose disclosure is required by laws and regulations shall be disclosed promptly.

Applications for approval, minutes, and other documents concerning the process of decision-making in connection with the performance of the duties of the Directors shall be retained in an appropriate state based on document management rules.

Such documents shall be made available for viewing by Directors and Corporate Auditors at all times.

(iii) Rules and other systems related to the management of the risk of loss

Management of the risk of loss shall be specified in various in-house rules and manuals from a risk management perspective.

A Risk Management Committee shall be established as a specialized section to handle risk management. In cooperation with related sections, it shall ascertain business and management risks at the Company and at Company subsidiaries and analyze and evaluate risks and summarize countermeasures, reporting regularly to the Board of Directors and the Board of Auditors.

Communication structures and action manuals shall be maintained to enable effective action by all officers and employees in the event of unforeseen circumstances.

(iv) Systems for ensuring the efficiency of the execution of the duties of the Directors

The Board of Directors meets monthly to make decisions on important matters as provided for by laws, regulations, the Articles of Incorporation, and the Board of Directors rules and to report on the state of business execution.

To enable rapid decision-making on Company business execution, Standing Directors and other nominated members meet to discuss matters and make decisions on business execution policies and other important matters at the Management Committee, in accordance with Management Committee rules.

(v) Systems for ensuring that the execution of the duties of the employees comply with laws, regulations, and the provisions of the Articles of Incorporation

In addition to establishing a corporate philosophy and clarifying the basic philosophy underlying corporate activities, the Company establishes employee action standards to serve as the basis for everyday employee activities.

Employees of the Company and its subsidiaries who become aware of any violations of laws, regulations, Company rules (including related standards), or social norms are required to report them promptly to superiors or through the whistleblowing hotline.

The Internal Audit Office carries out periodic internal audits of matters such as the state of compliance and the propriety of business procedures and other details in the Company’s businesses and its subsidiaries, based on internal audit rules. It reports the results of such audits to the President.

(vi) Systems for ensuring the propriety of the operations of the Group of companies consisting of the Company and its parent companies and subsidiaries

The Company has established affiliate management rules to establish a system whereby Company subsidiaries can perform their duties efficiently. Based on these rules, matters related to the performance of the duties of the Directors and other officers of Company subsidiaries are reported to the Company in a timely and appropriate manner.

In addition, the Company dispatches Directors or Corporate Auditors to important Company subsidiaries to oversee and audit the performance of the duties of subsidiary Directors and other officers as necessary. The Company also solicits and duly considered reports from these dispatched officers on matters related to subsidiary business execution.

The General Manager of the Company’s Administration Division guides Company subsidiaries on the maintenance of appropriate internal controls systems.

The Internal Audit Office undertakes internal audits of Company subsidiaries and strives to ensure the efficacy and validity of internal controls related to overall business execution by Company subsidiaries.

(vii) Matters related to employees assigned to assist in the duties of Corporate Auditors at the request of Corporate Auditors

If Corporate Auditors request the assignment of employees to assist in their duties, the Board of Directors shall consult with the Corporate Auditors and appoint employees to assist the Corporate Auditors from the Internal Audit Office and other sections as judged necessary.

(viii) Matters related to the independence from Directors of employees assisting in the duties of Corporate Auditors and measures to ensure the efficacy of instructions to such employees

Employees appointed to assist in the duties of Corporate Auditors act under the command and instruction of Corporate Auditors. For the time that they provide such assistance, they are entirely free of constraints that may be imposed by orders or instructions from Directors or other parties other than Corporate Auditors. To ensure their independence from any parties (including Directors) other than Corporate Auditors, all decisions concerning transfers, personnel evaluations, rewards or penalties, or other matters involving employees providing assistance in the duties of Corporate Auditors must be made in consultation with the Corporate Auditors.

(ix) Systems for reporting by Directors and employees to Corporate Auditors and other systems related to reporting to Corporate Auditors

When a Director or employee of the Company or a Company subsidiary has identified a matter deemed important in the process of business execution, he or she must promptly report the details of the matter to the Corporate Auditors. Any Director or employee of the Company or a Company subsidiary from whom a Corporate Auditor demands a report is obligated to provide such report. A Director or employee of the Company or a Company subsidiary making such a report cannot be dismissed or otherwise treated punitively or at a disadvantage for having made such report.

A contact point ("whistleblowing hotline" hereinafter) has been established to field consultations, communication, and reports from Directors and employees of the Company and Company subsidiaries, thereby quickly bringing to light any violations and allowing rapid and appropriate response.

The whistleblowing hotline office reports to the Corporate Auditors on the status of reports to the hotline and the status of the response thereto.

The Company and Company subsidiaries must take steps to ensure that all officers and employees are aware of the whistleblowing rules and refrain from dismissing or otherwise treating whistleblowers at a disadvantage in any way.

(x) Matters concerning other systems for ensuring effective audits by Corporate Auditors, procedures for prepayment or reimbursement of costs incurred in undertaking the duties of Corporate Auditors, and policies on handling of costs or debts incurred therein

Corporate Auditors shall not be constrained by other parties in the performance of their duties. They shall be authorized to form their own and independent opinions regarding the propriety of actions taken by Company and subsidiary Directors in their duties and their compliance with laws, regulations, and the Articles of Incorporation.

To ensure this independence and authority, the Corporate Auditor Auditing Standards shall clearly indicate the scope of authority granted to Corporate Auditors, including the authority to enlist the full support of the Internal Audit Office, accounting auditor(s), and other parties as the Corporate Auditors deem necessary for the efficacy of auditing.

As necessary for the performance of their duties, Corporate Auditors may, at Company expense, resort to the services of legal and accounting experts. The Company or Company subsidiary shall promptly pay invoices for necessary expenses incurred by the Corporate Auditors in their duties, unless the expenses are clearly not essential to such duties.

(xi) Systems for ensuring the propriety of financial reporting

The Company and its consolidated subsidiaries and equity method affiliates shall comply with in-house rules, accounting standards, and applicable laws and regulations and maintain internal systems to ensure the reliability of financial reporting and respond appropriately to the internal controls reporting system established by the Financial Instruments and Exchange Act. Likewise, the Company and its consolidated subsidiaries and equity method affiliates shall take steps to ensure all officers and employees fully grasp these internal systems and promote their awareness of compliance; and periodically assess the efficacy thereof.

(xii) Basic outlook on eliminating the influence of and interactions with antisocial forces and the status of related measures

The Company's Declaration on Eliminating the Influence of Antisocial Forces calls for the exclusion of any and all relations with antisocial forces, including measures to assess new counterparties before engaging in transactions, to prevent interactions with antisocial forces or parties associated with antisocial forces.

It has also formulated a Manual for Responding to Antisocial Forces to prepare the Company and its subsidiaries to respond to any contact by antisocial forces. Under this system, the Corporate Planning Division is assigned a central role in these responses and appropriate measures are taken through prompt consultation, as necessary, with legal advisors, law enforcement agencies, and the National Center for Removal of Criminal Organizations.

B. Status of maintenance of risk management systems

The Risk Management Committee plays a central role in maintaining the Company's risk management and compliance systems.

The Committee's membership consists of executive officers and other officers. Standing Corporate Auditors shall participate in all Committee meetings. The Committee's responsibilities include strengthening and promoting awareness of compliance among officers and employees, fielding reports on matters such as violations of laws and regulations, and investigating the facts of such matters. Its activities are mainly based on subcommittees in charge of specific themes. The Committee also holds monthly meetings to allow reporting and discussion on various matters, including whistleblowing reports, if any; countermeasures in the event of contact with antisocial forces; the state of compliance with labor laws and regulations and compliance-related matters generally; matters related to risk management; matters related to timely disclosure; and the status of internal controls.

In addition, in accordance with the principles of the Whistleblower Protection Act, the Company has established a whistleblowing system ("corporate ethics hotline" hereinafter) to ensure thorough compliance. Company employees can use this system to report on actual or potential legal or regulatory violations, as stipulated in the Whistleblower Protection Act, and other serious compliance violations or other whistleblowing targets to outside attorneys or the corporate ethics hotline staff. In addition to taking appropriate measures to protect whistleblowers, information received and other matters are reported via the ethics hotline staff to the Risk Management Committee and requisite corrective measures taken.

In addition, ethics rules have been established, with which all Company officers and employees are required to comply. Efforts are made to promote and raise awareness of these rules. Efforts to ensure compliance in specific projects include measures to assess compliance with laws and regulations that bear directly on Company business, including the Act on the Protection of Personal Information, the Act against Unjustifiable Premiums and Misleading Representations, and the Act on Specified Commercial Transactions, as well as measures to promote, through training and other means, knowledge and understanding of laws and regulations.

C. Status of systems to ensure the propriety of subsidiary business operations

The General Manager of the Management Planning Division guides subsidiaries, affiliates, and other units within the Group on maintaining appropriate internal controls systems.

The Internal Audit Office ensures that Company subsidiaries, affiliates, and other units within the Group conduct internal audits and maintain effective and valid internal controls for their operations as a whole.

D. Specified number of Directors

The Company's Articles of Incorporation specify that the Company shall have up to 11 Directors.

E. Requirements of resolutions on the appointment of Directors

The Company's Articles of Incorporation require that a resolution on appointment of a Director be approved by a majority of the voting rights present at a meeting attended by shareholders representing at least one-third of shareholder voting rights. They also state that cumulative voting may not be used for a resolution on appointment of a Director.

F. Requirements of special resolutions of the General Meetings of Shareholders

To facilitate the efficient undertaking of proceedings at the General Meetings of Shareholders, the Company's Articles of Incorporation stipulate that a special resolution as described in Article 309, Paragraph 2 of the Companies Act must be approved by at least two-thirds of the voting rights present at a meeting attended by shareholders representing at least one-third of shareholder voting rights that can be exercised on the resolution. This is intended to ease quorum requirements for special resolutions, thereby streamlining the handling of proceedings at the General Meetings of Shareholders.

G. Authority of the Board of Directors to make decisions on resolutions of General Meetings of Shareholders

a. Decision-making body concerning dividends of surplus, etc.

The Company's Articles of Incorporation specify that decisions regarding dividends of surplus and other matters described in the subparagraphs to Article 459, Paragraph 1 of the Companies Act are to be made by the resolution of the Board of Directors, not at General Meetings of Shareholders, except as otherwise provided for by laws or regulations. This is intended to allow the dynamic return of profits to shareholders.

b. Matters related to the interim dividends system

The Company's Articles of Incorporation specify that interim dividends may be paid with a basis date of September 30 each year by the resolution of the Board of Directors under Article 454, Paragraph 5 of the Companies Act. This is intended to allow the dynamic return of profits to shareholders.

c. Acquisition of treasury stock

To enable the dynamic execution of management policies, including financial policies, in response to changing economic conditions, the Company's Articles of Incorporation specify that treasury stock may be acquired by resolution of the Board of Directors under the provisions of Article 165, Paragraph 2 of the Companies Act.

H. Summary of details of agreements limiting liability

Under the provisions of Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company concludes with Directors (excluding Executive Directors and similar parties) and Corporate Auditors agreements that limit their liability to provide compensation for damages under Article 423, Paragraph 1 of the Companies Act to no more than the total amount under the subparagraphs to Article 425, Paragraph 1 of the Companies Act, conditional on the performance of their duties in good faith and the absence of any gross negligence.

I. Summary of officer liability insurance policies

To secure capable human resources and to avoid discouraging decisive action, the Company has concluded officer liability insurance policies as summarized below. It plans to renew these policies in October 2024.

a. Effective premium rate paid by the insured

The Company pays all insurance premiums, including premiums for special riders. The insured effectively pay no premiums.

b. Summary of insured incidents subject to compensation

These policies, including special riders, cover damages arising from liabilities incurred by insured officers in connection with the performance of their duties or from demands arising from such liabilities. They exclude certain cases, such as cases involving intentional regulatory violations.

(2) Officers

(i) List of officers

Male: eight officers; female: five officers (38% of officers accounted for by women)

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
President and Representative Director	Kohey Takashima	August 15, 1973	April 1998	Joined McKinsey & Company Inc. Japan	*3	4,847,200
			June 2000	Representative Director, CEO of the Company (current position)		
			June 2011	Representative Director of Eastern Japan Food Association (current position)		
			October 2015	Director of Oisix Hong Kong Co., Ltd. (current position)		
			July 2016	Chairman and Representative Director of Tokushimaru Inc. (current position)		
			July 2018	Chairman of JAPAN WHEELCHAIR RUGBY FEDERATION (currently Japan Wheelchair Rugby Federation) (current position)		
			December 2018	Director of Oisix Inc. (current position)		
			May 2019	Director of Three Limes, Inc. (current position)		
			October 2019	Director of WELCOME Co., Ltd. (current position)		
			March 2020	External Director of CARTA HOLDINGS, INC.		
			April 2021	Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current position)		
			June 2021	Outside Director of Benesse Holdings, Inc.		
			November 2022	Joint Representative Director, Data for Social Transformation (current position)		
			January 2023	External Director, SHiDAX CORPORATION (current position)		
			January 2024	Representative Director and Chairman of Niigata Albirex Baseball Club Co., Ltd. (current position)		
				Representative Director of SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) (current position)		
			March 2024	Representative Director and Vice President of SHiDAX Corporation (current position)		

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
Director Executive Officer Responsible for BtoB Business Responsible for Retail Media Business Division	Yusuke Tsutsumi	March 22, 1978	June 1997	Joined Kohey Ltd. (currently the Company)	*3	720,000
			October 1999	Director of the Company		
			June 2006	Director; Manager of EC Business Department		
			July 2008	Director and Executive Officer; General Manager of Business Division		
			April 2012	Director and Executive Officer; General Manager of EC Business Division		
			April 2017	Director and Executive Officer; General Manager of Alliance/Solution Division		
			October 2017	Director and Executive Officer; General Manager of Solution Business Division (current position)		
			July 2018	Director of karabiner.inc (current position)		
			April 2023	Director and Executive Officer Supervising BtoB Business (current position) Responsible for Solution Business Division, etc.		
			March 2024	Director, SHiDAX Corporation (current position)		
			April 2024	Representative Director and Vice President of SHiDAX CONTRACT FOOD SERVICE CORPORATION (current position) Representative Director and Vice President of SHiDAX FOOD SERVICE CORPORATION (current position) Representative Director and Vice President of SLOGIX CORPORATION (current position)		
			May 2024	General Manager of the Solution Business Division of the Company Responsible for the Retail Media Business Division (current position)		

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
Director Executive Officer Responsible for HR Division	Hiroyuki Ozaki	October 14, 1952	April 1975 June 1996 April 2003 September 2006 October 2006 March 2007 July 2008 November 2008 June 2009 July 2015 July 2015 October 2015 April 2016 January 2024 March 2024 April 2024	Joined the Daiei, Inc. General Manager of Product Planning Division General Manager of Human Resources Division Executive Officer Director; In charge of East Japan GMS Business Director; In charge of Sales Joined the Company as Advisor General Manager of General Planning Division Director and Executive Officer; General Manager of General Planning Division Director and Executive Officer; General Manager of Human Resources Planning Division, General Manager of Administration Division Corporate Auditor of Gochimaru Inc. Auditor of Oisix Hong Kong Co., Ltd. Director and Executive Officer; General Manager of Human Resources Planning Division (currently HR Division), the Company Director of SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) (current position) Director of SHiDAX Corporation (current position) Executive Officer of the Company; Responsible for the HR Division (current position)	*3	86,000
Director Executive Officer General Manager, Management Planning Division	Kohei Matsumoto	January 24, 1984	April 2008 July 2014 October 2015 February 2018 June 2018 August 2019 March 2021 January 2022 January 2024	Joined Oisix Inc. (currently the Company) Executive Officer; Manager of Corporate Planning Office, General Planning Division, the Company Executive Officer; General Manager of Corporate Planning Division Corporate Auditor of Radish Boya Co., Ltd. (currently the Company) Director and Executive Officer; General Manager of Corporate Planning Division (current position) CEO of Future Food Fund Inc. (current position) Director of Toyoichi Co., Ltd. (current position) Director of Future Food Lab Co., Ltd. (current position) Director, SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) (current position)	*3	7,400

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
Director	Mitsuyo Hanada	August 8, 1948	August 1974	Researcher of Laboratory for Organizational Research and Education, University of Southern California	*3	4,800
			September 1977	Lecturer of Faculty of Sociology, California State University, Los Angeles		
			April 1986	Professor of SANNO University		
			March 1990	Professor of Faculty of Policy Management, Keio University		
			June 2007	External Director of the Company (current position)		
			June 2011	Director of Mitani Sangyo Co., Ltd. (current position)		
			April 2014	Professor Emeritus of Keio University (current position)		
			April 2014	Representative Director of SFC Forum (current position)		
			April 2014	Representative Director of Corporate University Platform Co., Ltd.		
			May 2017	Representative Director of Career Advisor Council (current position)		
Director	Hitoshi Tanaka	January 25, 1963	April 1981	Joined Maebashi Shinkin Bank (currently Shinonome Shinkin Bank)	*3	20,000
			April 1987	Established Jin Products		
			July 1988	Established JIN Ltd. (currently JINS HOLDINGS Inc.) Founder & CEO (current position)		
			June 2011	Representative Director of Brand New Day Inc. (currently Feel Good Inc.)		
			June 2015	External Director of the Company (current position)		
			May 2018	Representative Director of JINS Japan Co., Ltd. (currently JINS Inc.)		
			December 2018	Representative Director of Think Lab. Inc. (current position)		
			March 2019	External Director of BALMUDA Inc.		
			June 2021	Outside Director of Japan Communications Inc. (current position)		
			October 2022	Outside Director, Mebuku Ground Inc. (current position)		
			December 2023	Director of JINS Inc. (current position)		

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
Director	Junko Watabe	June 27, 1977	April 2000	Joined Dai Nippon Printing Co., Ltd.	*3	–
			May 2002	Joined Impression Co., Ltd.		
			October 2004	Joined Recruit Co., Ltd.		
			April 2014	Executive Officer of Recruit Lifestyle Co., Ltd.		
			April 2019	Director of Cross-divisional CRM Promotion Office, Recruit Holdings Co., Ltd.		
			June 2019	External Director of the Company (current position)		
			April 2020	Manager of ID Point Product Service Development Department, Recruit Co., Ltd. (current position) Manager of Cross-divisional CRM Department (current position)		
			August 2020	Manager of Quality Coordination Office (currently Quality Management Office) (current position)		
			October 2020	External Director of Loyalty Marketing, Inc. (current position)		
Director	Wakako Sakurai	May 1, 1973	January 2002	Joined Jenne Co., Ltd. (currently ABC Cooking Studio Co., Ltd.)	*3	–
			October 2012	General Manager of Studio Strategy Division		
			April 2013	Executive Vice President		
			July 2013	President and Representative Director		
			December 2014	Outside Director of DEF ANNIVERSARY Co., Ltd.		
			July 2015	President and Representative Director of ABC Cooking Studio KOREA Co., Ltd.		
			January 2017	Manager in charge of Alliance, Partner Business Planning Department, NTT DOCOMO, INC.		
			June 2018	External Director of the Company (current position)		
			December 2018	External Director of Toreta, Inc.		
			February 2019	External Director of AI CROSS Inc.		
			February 2020	Director of AI CROSS Inc.		
			January 2021	President and Representative Director of Plus W, Inc. (current position)		
			April 2021	Representative Director, You Meey K.K. (current position)		
			June 2022	Executive Director/Manager in charge of Alliance, Partner Business Planning Department, NTT DOCOMO, INC.		
			July 2022	Executive Director/Manager of Customer Success Department II, Smart Life Business Company, NTT DOCOMO, INC.		
			May 2023	External Director, NTT DOCOMO Studio & Live Inc. (current position)		
			May 2023	Representative Director and President, Plus W America Inc. (current position)		
			June 2023	Consulting Director for the Council for Sports Ecosystem Promotion (current position)		
			July 2023	Executive Director/General Manager of Entertainment Platform Department, Smart Life Business Company, NTT DOCOMO, INC. (current position)		

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
Director	Misato Kowaki	October 23, 1983	April 2006 April 2009 June 2011 September 2015 September 2016 May 2020 August 2020 October 2020 June 2021	Involved in launching a new apparel brand "Joias" and concurrently served as press designer Engaged in numerous main projects as fashion editor for the women's fashion magazine "CanCam" Established own brand of wedding dress "heureux de Misato Kowaki." Since then, worked as a stylist for popular artists, celebrities and actresses, and became in charge of publishing books and photo books about them, in addition to working as editor of "CanCam" Developed "Monotone Storage" in Seven & i Group Launched a project of Sanrio for women "TOKYO OTONA KITTY" and appointed as Advisor Received the Best Mother Award in Economic Category Appointed as Advisor, Female Empowerment Advisor of Sabae City Established "MOTHERS Lab," a web media operated by active mothers proposing a new era of lifestyle, and appointed as Chief Editor (to present) External Director of the Company (current position)	*3	–
Corporate Auditor (Standing)	Chika Otobe	September 4, 1965	April 1990 August 1999 November 2005 June 2006 July 2012 June 2021	Joined the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.). Joined DeNA (currently DeNA Co., Ltd.); responsible for administration Responsible for internal audits at the President's Office of the company Corporate auditor of the company Sole proprietor of a business entity supporting startups Outside Auditor of the Company (current position)	*4	–
Corporate Auditor (Non-Standing)	Yukihiro Moroe	July 18, 1955	March 1979 November 1985 July 1988 November 1998 August 2008 June 2009 June 2011 March 2014 September 2018 November 2021	Joined Jusco (now AEON CO). Joined Nomura Securities Co., Ltd. Joined Goldman Sachs Japan Co., Ltd. Managing Director of the company Representative Director of YUME CAPITAL Co., Ltd. (current position) Representative Director of Itohan Japan Co., Ltd. (current position) Outside Corporate Auditor of the Company (current position) External Director of IMM FOOD SERVICE INC. (current position) External Director of SUMIDA CORPORATION External Director of JOYFUL HONDA CO., LTD. External Director of Rentio Inc. (current position)	*4	4,800

Title	Name	Date of birth	Past experience, positions and responsibility in the Company (Significant concurrent positions)		Term of office	Number of shares of the Company held
Corporate Auditor (Non-Standing)	Takashi Kokubo	January 18, 1974	October 2000 March 2014 January 2017 January 2017 March 2017 June 2019 June 2020 June 2023	Registered as attorney-at-law Joined Nishimura & Partners (currently Nishimura & Asahi) Established Kokubo Law Office Audit and Supervisory Committee member of AOI TYO Holdings Inc. (now KANAMEL Inc.) External Director of AZoom Co. Ltd. (current position) Representative Director of Kokubo Law Office (current position) External Director of Nice Corporation (current position) Outside Corporate Auditor of the Company (current position) Outside Corporate Auditor of TalentX Inc. (current position)	*4	–
Corporate Auditor (Non-Standing)	Kengo Wada	October 28, 1977	October 2000 February 2006 February 2015 June 2017 July 2017 February 2018 August 2023 June 2024	Joined Asahi & Co. (now KPMG AZSA LLC) Joined GCA Corporation (now Houlihan Lokey, Inc.) Representative Director of AIPartners, Inc. (current position) Outside Corporate Auditor of ZIGExN Co., Ltd. (current position) Outside Corporate Auditor of Alue Co., Ltd. (current position) Outside Corporate Auditor of Cloud Ace, Inc. (current position) Outside Corporate Auditor of Gunosy Inc. (current position) Outside Corporate Auditor of the Company (current position)	*4	–
Total						5,690,200

Notes:

1. Mr. Mitsuyo Hanada, Mr. Hitoshi Tanaka, Ms. Junko Watabe, Ms. Wakako Sakurai, and Ms. Misato Kowaki are External Directors.
2. Ms. Chika Otobe, Mr. Yukihiro Moroe, Mr. Takashi Kokubo, and Mr. Kengo Wada are Outside Corporate Auditors.
3. From appointment on June 25, 2024 until the conclusion of the Regular General Meeting of Shareholders for the final business year ending within one year thereafter
4. From appointment on June 25, 2024 until the conclusion of the Regular General Meeting of Shareholders for the final business year ending within four years thereafter
5. To further empower the Board of Directors, the Company has adopted an executive officer system intended to improve management efficiency by clearly separating the decision-making and business execution oversight functions of the Board of Directors and the business execution functions of individual business divisions.

Title	Roles
Executive Officers	• Serving as business executive officers, responsible for performance KPIs in business domains for which they are responsible or in charge, problem-solving through overall management operations, taking the lead on implementation KPIs • Responsible for reviewing matters submitted to the Management Committee and reviewing and proposing important management topics
Managing Officers	• Responsible for mission KPIs in their sections to which they can contribute through their own specializations • Responsible for drawing on their knowledge and networks in their areas of responsibility in support of problem-solving • Responsible for reviewing and proposing matters within the Management Committee and at Executive Officer Meetings based on the agendas being considered

- The Company has 16 Executive Officers: Yusuke Tsutsumi, Hiroyuki Ozaki, Kohei Matsumoto (all three of whom serve concurrently as Directors), Hiroto Yamashita, Hideto Ikeyama, Misaki Kan, Ayumu Shingu, Satoshi Ohki, Shingo Rikimaru, Satoko Fuji, Shinichi Hamasaki, Sonoko Toukairin, Atsushi Komatsu, Ryo Kishimoto, Shigeru Kumano, and Yoshihiko Tomita.

(ii) External Directors

The Company has five External Directors and four External Corporate Auditors.

External Director Mitsuyo Hanada engages in oversight and advising based on his extensive insights on corporate management as a whole, mainly from the human resource perspective, including HR development, as a professor emeritus of Keio University.

External Director Junko Watabe engages in oversight and advising based on her extensive insights on customer management gained from her career with Recruit Co., Ltd., a major Company shareholder.

External Director Hitoshi Tanaka has served in a lengthy career as Representative Director and President of JINS Inc. and engages in oversight and advising based on his wealth of experience and extensive insights as a manager.

External Director Wakako Sakurai has extensive experience with ABC Cooking Studio Co., Ltd. and offers a wealth of insights into the food-related content business with NTT DOCOMO, INC., a major Company shareholder. She provides wide-ranging advice and perspectives on Company management.

External Director Misato Kowaki has experience in various domains, including freelance planning, consulting, and publishing books relating to lifestyles, including food, clothing, and housing. Based on a consumer perspective, she provides the Company, which is pursuing the creation of new value in fields related to food, with useful advice based on these experiences and insights.

External Corporate Auditor Chika Otobe strives to enhance the Company’s audit systems based on her wide range of insights on external management support for various companies, in addition to experience gained as Corporate Auditor and in the administrative and internal audit sections of a company traded on the first section of the stock exchange.

External Corporate Auditor Yukihiro Moroe strives to enhance the Company’s audit systems based on his specialized knowledge and experience as a securities analyst.

External Corporate Auditor Takashi Kokubo strives to enhance the Company’s audit systems based on his specialized knowledge and experience as an attorney at law.

External Corporate Auditor Kengo Wada strives to enhance the Company’s audit systems based on his specialized knowledge and experience as a certified public accountant.

External Director Mitsuyo Hanada and External Corporate Auditor Yukihiro Moroe each own 4,800 shares of Company stock, while External Director Hitoshi Tanaka owns 20,000 shares of Company stock. No other human, capital, or transactional relationships or other special interests exist between the Company and its External Directors and External Corporate Auditors.

While the Company has not established clear standards or policies on independence in the selection of External Directors and External Corporate Auditors, the Company refers to the independence criteria established by the Tokyo Stock Exchange. On that basis, the Company has determined that each External Director and External Corporate Auditor is capable of exercising the appropriate oversight or audit activities based on his or her insights and specialized knowledge.

(iii) Cooperation between oversight or auditing by the External Directors or External Corporate Auditors and internal audit sections, Corporate Auditors, and accounting auditor and their relationship to internal controls sections

Each of the five External Directors strives to improve the efficiency and efficacy of procedures based on the exchange of opinions with management planning sections, HR planning sections, and administrative sections.

In addition, see “(3) Auditing” below concerning cooperation among internal auditing by the four External Corporate Auditors, Corporate Auditor, and accounting auditor and their relationship to internal controls sections.

(3) Auditing

(i) Corporate Auditor auditing

a. Organization and personnel

The Board of Auditors was established in June 2007 to enhance the Company’s audit functions. In June 2022, the number of Corporate Auditors was increased by one. The Board of Auditors now consists of four Corporate Auditors (one Standing Corporate Auditor and three Non-Standing Corporate Auditors). All Corporate Auditors meet the requirements for Independent External Corporate Auditors.

The following Skills Matrix presents the qualities and skills (e.g., specializations, experience, discernment) of individual Corporate Auditors. The Corporate Auditors carry out practical and effective audits of the performance of the duties of the Directors based on their varied and diverse insights and perspectives.

Officer skills matrix

Notable skills are indicated by ●

Properties								Specialization, experience, knowledge						
Name	Externality	Independent officer	Nomination and Remuneration Committee	Age	Gender	Duties, properties, qualifications, etc.	Term of office	Corporate management	Business operation	Sales, marketing, product planning	ESG, sustaina-bility	Governance, compliance	Financial accounting, investment, markets	Organiza-tion, HR
Chika Otobe	●	●		58	Female	Management consulting	3				●	●		●
Yukihiro Moroe	●	●	(*)	68	Male	Investment business management	15	●			●		●	
Takashi Kokubo	●	●		50	Male	Attorney	4				●	●	●	
Kengo Wada	●	●		46	Male	Certified public accountant	0		●			●	●	

* The Nomination and Compensation Committee consists of three Directors: Mitsuyo Hanada, Hitoshi Tanaka, and Kohey Takashima. No Corporate Auditors are members. The Board of Auditors audits recommendations by the Committee and Directors’ decisions based on these recommendations.

Addendum to the Officers’ Skills Matrix

Chika Otobe	As a founding member of a tech startup, she established its administrative and internal audit functions and guided its growth and IPO, eventually gaining appointment as Corporate Auditor. Subsequently, drawing on the experience gained thereby, she provided support services for corporate management, with a focus on startups. She offers a wealth of understanding of both the auditor and auditee sides in companies of varying types and scales. She provides practical and effective audit services.
Yukihiro Moroe	He offers a wealth of knowledge of finance and accounting from the perspectives of corporate management, external analysts, and markets in the retail and distribution sectors, the investment business, and capital markets. Based on this background, he serves as outside officer with multiple firms. He is ideally positioned to provide practical and effective audit services from an objective perspective while understanding the vicissitudes and actual conditions of the Company since before its listing on the Tokyo Stock Exchange.
Takashi Kokubo	He offers extensive experience in corporate law as an attorney-at-law who launched his own law office after serving with a major law office. He also offers a wealth of knowledge concerning finance and accounting, from his experience in management of an investment firm and serving as an External Director with multiple companies. He is ideally equipped to provide practical and effective audit services based on these insights and experience.
Kengo Wada	As a certified public accountant, he accumulated abundant experience and insights concerning accounting. In addition to this advanced specialized knowledge, he has been involved in diverse business scenarios involving mergers and acquisitions, investment, and financing operations. He is ideally equipped to provide practical and effective audit services based on his wealth of knowledge concerning finance and accounting.

b. Activities of the Board of Auditors

In accordance with audit plans and audit policies* determined by the Board of Auditors, each Corporate Auditor carries out business audits and accounting audits by attending meetings of the Board of Directors and other important meetings, exchanging opinions with Directors, performing on-site audits of important business sites, reviewing important approval documents and other materials, and cooperating with the accounting auditor and the Internal Audit Office.

Important meetings attended by Corporate Auditors include Executive Officer Meetings and the Risk Management Committee. In addition to attending regular weekly meetings of each of these bodies, they attend monthly general meetings of the Risk Management Committee to check on the implementation and operational status of risk management systems.

On-site audits of business sites involve attending stock-taking and participating in on-site inspection at important logistics and manufacturing facilities.

Corporate Auditors also interview individual sections based on annual plans, to ascertain the state of operations overall.

In cooperating with internal audit sections, they hold regular weekly meetings to check on the maintenance of internal controls and the state of their operation.

* Audit policy

The basic policy consists of items (1) – (6) below.

1. Basic policy By auditing the performance of the duties of the Directors in line with the Corporate Auditor Auditing Standards, Company Corporate Auditors help establish a sound corporate governance system worthy of the trust of society, and thereby realize the corporate philosophy and create corporate value over the medium to long term to achieve sustained growth. (1) Ensuring the soundness of the Company through preventive audits (2) Audits focusing on management decision-making processes (3) Audits of the maintenance and operational status of internal controls systems (4) Formulation and declaration of the opinions of the Board of Auditors (5) Handling audits of the Group from the perspective of consolidated management (6) Enhancing audit systems through joint efforts with the accounting auditor and internal accounting sections

c. Management of the Board of Auditors

In addition to regular meetings (each lasting about one hour), held monthly in principle, the Board of Auditors holds extraordinary meetings as necessary. It discusses and makes decisions on matters related to audits, based on the rules of the Board of Auditors. Corporate Auditors also attend meetings of the Board of Directors and review matters such as the state of the performance of duties of the Directors and resolutions of the Board of Directors.

Attendance by individual Corporate Auditors in meetings of the Board of Auditors and the Board of Directors during the business year under review is shown below.

Name	Board of Auditors meetings held/attended (extraordinary meetings)	(Ref.) Board of Directors meetings held/attended	Content of statements, etc.
Chika Otobe	17/17 (5/5)	14/14	Made statements as appropriate based on extensive knowledge and experience concerning administrative and audit sections at various companies.
Yukihiro Moroe	17/17 (5/5)	14/14	Made statements as appropriate based on extensive knowledge and experience centered mainly on corporate management and investment markets.
Takashi Kokubo	17/17 (5/5)	14/14	Made statements as appropriate based on extensive knowledge and experience in posts, including work as an attorney at law and as outside Director with other companies.
Kumi Kobayashi	17/16 (5/4)	14/14	Made statements as appropriate based on extensive knowledge and experience in posts, including work as a certified public accountant and as outside Director with other companies.

Note: In addition to the above meetings, the Board of Directors passed six resolutions in writing.

d. Activities of the Board of Auditors

Shown below are key matters resolved by, consulted on, and reported to the Board of Auditors.

(Regular Board of Auditors meetings)

Resolutions (7 matters)	Audit policy, audit plans, and division of responsibilities, Board of Auditors audit reports, consent to proposed appointment of Corporate Auditors, reappointment of the accounting auditor, consent to audit remuneration for the accounting auditor, etc.
Consultation and reporting (33 matters)	Exchange of opinions on proposed resolutions of the Board of Directors; consulting on the accounting auditor's proposed audit policy and audit plans, the Board of Auditors' proposed audit reports, confirmation of proposed General Meeting of Shareholders resolutions, and key audit matters (KAMs); status of risk management; quarterly reports on internal audits; status of Group management execution and internal controls at subsidiaries, etc.

In addition to the above, opinions were exchanged on two matters not on the agenda, concerning Company capital policies and stock price measures.

(Extraordinary Board of Auditors meetings)

Five extraordinary Board of Auditors meetings were held during the business year, of the following two types:

1) Checking on the details of quarterly accounting audits (four times)
   Held to field descriptions from the accounting auditor of the details of accounting audits and to check on and discuss matters as necessary.
2) Other extraordinary meetings (one time)
   Held to demand explanations from Directors and to check related details in the event of new investments or other material matters, in addition to the specific agenda of the Board of Auditors.

(ii) Status of internal audits

Conducted based on the internal audit rules, the Company's internal audits are intended to investigate and assess the actual facts of the Company's business operations and financial management, based on generally accepted auditing principles, and to offer opinions and advice on measures to individual sections, thereby contributing to streamlined management and improved business efficiency.

The Company's Internal Audit Office oversees internal audits. Its four-person staff has the right to be granted assistance by appropriate internal personnel as necessary in line with internal audit rules.

The details, results, and other matters concerning internal auditing activities are reported to the Board of Directors. Cooperation between internal auditors and Corporate Auditors or the accounting auditor proceeds as follows:

Internal auditors regularly exchange information with Corporate Auditors concerning matters such as the status of the internal audit. They also report quarterly to the Board of Auditors on the status of the audit.

Exchange of information and opinions with the accounting auditor occurs through various activities, including attendance and exchange of information at quarterly meetings held by the accounting auditor to report the specifics of accounting audit activities (at extraordinary Board of Auditors meetings) and the exchange of opinions at other times as needed regarding audit concerns, future topics, etc.

(iii) Status of accounting audits

a. Name of accounting auditor
Deloitte Touche Tohmatsu LLC

b. Period of continuous auditing
17 years

c. CPAs involved in audit
Koichi Yano, Engagement Partner
Takeshi Sase, Engagement Partner
Kenji Oyama, Engagement Partner

d. Assisting staff in audit operations
17 CPAs, 29 other staff members

e. Policy on and reasons for selecting the audit firm
The Company's policy on the selection of accounting auditors calls for a comprehensive judgment based on consideration of matters such as the professional networks and company scale capable of efficiently auditing the Company's wide range of business lines, status of review systems, the suitability and efficacy of the audit plans, practical audit guidelines, reasonable and appropriate audit costs, and auditing track record. Deloitte Touche Tohmatsu LLC meets all these conditions.

f. Assessment of the audit firm by the Corporate Auditors and the Board of Auditors
The Company Board of Auditors has assessed Deloitte Touche Tohmatsu LLC and found that its accounting auditing is conducted properly.
Reappointment of the accounting auditor is subject to a resolution of the Board of Auditors, which includes overall evaluation based on the Implementation Guidelines for Corporate Auditors and Others Regarding Formulation of Evaluation and Selection Standards for Accounting Auditors, published by the Japan Audit & Supervisory Board Members Association.

(iv) Audit remuneration details, etc.

a. Remuneration of CPA auditors and other such parties

Category	Previous consolidated fiscal year		This consolidated fiscal year	
	Remuneration based on audit certification operations (million yen)	Remuneration based on non-audit operations (million yen)	Remuneration based on audit certification operations (million yen)	Remuneration based on non-audit operations (million yen)
Reporting Company	81	–	83	–
Consolidated subsidiaries	3	–	6	–
Total	84	–	89	–

b. Remuneration of organizations belonging to the same network as the CPA auditors (excluding remuneration under a above)

Category	Previous consolidated fiscal year		This consolidated fiscal year	
	Remuneration based on audit certification operations (million yen)	Remuneration based on audit certification operations (million yen)	Remuneration based on audit certification operations (million yen)	Remuneration based on non-audit operations (million yen)
Reporting Company	–	8	–	–
Consolidated subsidiaries	–	–	–	–
Total	–	8	–	–

Details of non-audit operations for the Company in the previous consolidated fiscal year and this consolidated fiscal year consist of advising related to IT environmental evaluations of a prospective acquisition.

c. Details of remuneration based on other important audit certification operations

(Previous consolidated fiscal year)

Not applicable

(This consolidated fiscal year)

The Company's consolidated subsidiary SHiDAX Corporation paid remuneration to KPMG AZSA LLC based on audit certification operations.

d. Policy on decisions on audit remuneration

The Company's policy on decisions concerning audit remuneration for CPA auditors and other such parties calls for a consideration of matters such as the audit plans, audit details, and number of days required for the audit as proposed by Deloitte Touche Tohmatsu LLC; consultations between the Company and the audit firm; and the consent of the Board of Auditors.

e. Reasons for the Board of Auditors' consent to remuneration, etc. of the accounting auditor

The Company's Board of Auditors has granted consent pursuant to Article 399, Paragraph 1 of the Companies Act to the remuneration, etc. of the accounting auditor proposed by the Board of Directors because it has judged the specifics of the audit plan proposed by Deloitte Touche Tohmatsu LLC, its performance of accounting audit duties, its remuneration estimates, and other matters to be appropriate in light of the specifics and scale of the Company's businesses.

(4) Officer remuneration, etc.

(i) Policy on decisions related to details of individual Directors' remuneration, etc.

This policy was determined by the Board of Directors at its February 25, 2021 meeting and revised as necessary following the establishment of the Nomination and Compensation Committee by the Board on May 26, 2022.

<u>Policy on decisions related to details of individual Directors' remuneration, etc.</u>

1. Basic policy
   The basic policy on remuneration for Company Directors calls for consideration of factors such as the responsibilities and performance of each Director, with the goal of incentivizing actions that increase corporate value.
   Specifically, only fixed remuneration is paid, determined based on position, duties, results in each period, and levels at other companies.
2. Policy on decisions concerning base remuneration for individual Directors (monetary remuneration) (Including policy on decisions concerning the timing or conditions of providing remuneration, etc.)
   Decisions concerning base remuneration for Company Directors are based on consideration of various factors, including position, duties, and the results for each period, within the scope of the total amount determined at the General Meeting of Shareholders, as fixed monthly pay.
3. Matters related to details of remuneration, etc. for individual Directors
   Decisions concerning the details of remuneration amounts for individual Directors shall be made by the President and Representative Director based on a Board of Directors resolution. This authorization sets amounts of base remuneration.
   To exercise this authority of the President and Representative Director appropriately, Representative Director shall make decisions based on deliberations at the Nomination and Compensation Committee.

(ii) Matters related to the delegation of decisions concerning details of remuneration, etc. for individual Directors

Representative Director Kohey Takashima makes decisions concerning the specific details of remuneration amounts for individual Directors of the Company based on a Board of Directors resolution delegating such authority.

The scope of this authority involves the preparation of preliminary figures and determining remuneration based on deliberations at the Nomination and Compensation Committee.

This authority is delegated to Representative Director Kohey Takashima because he, as founder, can be expected to ascertain and understand the Company's businesses, human resources, and organization as a whole and to make objective decisions in light of his other duties including serving as an outside director of other companies and as a director of various associations.

(iii) Reasons why the Board of Directors has determined that the details of remuneration, etc. for individual Directors conform to the decision policy

Since a majority of the three-person membership of the Nomination and Compensation Committee (Outside Director Mitsuyo Hanada who is highly knowledgeable concerning human-resources organizations, serving as chairperson, Outside Director Hitoshi Tanaka who possesses a wealth of experience and wide-ranging insights as a manager, and Representative Director Kohey Takashima) consists of two independent External Directors, the content of its deliberations is considered to be objectively valid and reliable. Decisions concerning remuneration, etc. are considered to conform to the above decision policy because they are made based on the deliberations at the Nomination and Compensation Committee.

(iv) Total amounts of remuneration, etc. by officer category, total amounts by remuneration type, etc., and numbers of eligible officers

Officer category	Total amount of remuneration, etc. (million yen)	Total amount by remuneration type, etc. (million yen)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	
Directors (excluding External Directors)	147	147	–	–	4
Corporate Auditors (excluding External Corporate Auditors)	–	–	–	–	–
External officers	51	51	–	–	9

* The General Meeting of Shareholders passed a resolution on Company officer remuneration and related matters on June 21, 2012. This resolution specifies the maximum (annual) remuneration of 300 million yen for Directors and 60 million yen for Corporate Auditors.

(v) Total amounts, etc. of remuneration, etc. for persons for whom such amounts are equal to or greater than 100 million yen

Omitted because no persons earn total amounts of remuneration, etc. equal to or greater than 100 million yen.

(vi) Important employee salaries of officers serving concurrently as employees

No material matters to report

(5) Shareholdings

(i) Standards and outlook on categories of investment shares

The Company groups investment shares into the categories of investment shares held purely for investment purposes and investment shares held for other than purely investment purposes by assigning investments intended to receive gains from fluctuations in share prices or dividends on shares into the former category and others into the latter category.

(ii) Investment shares held for other than purely investment purposes

a. Policy on shareholdings, methods of verifying the reasonability of shareholdings, and details of verification by the Board of Directors or others of whether or not to hold individual issues

The Company holds shares of stock in other companies as it judges necessary as part of its management strategies on business alliances and other matters and to develop positive relations with trading partners and facilitate smooth business operations.

The Company Board of Directors regularly verifies the meaning and reasonableness of the purposes of holding individual issues and the benefits gained from such holdings. As necessary, it considers measures such as the sale of shares that do not contribute to corporate value over the medium to long term.

b. Number of issues and total amount recorded on the balance sheet

	Number of issues	Total amount recorded on balance sheet (million yen)
Unlisted shares	16	297
Shares other than unlisted shares	1	542

(Issues for which the number of shares increased during the business year)

	Number of issues	Total acquisition price of increase in number of shares (million yen)	Reason for increase in number of shares
Unlisted shares	1	230	Acquisition of shares intended to strengthen transaction relations in seafood products
Shares other than unlisted shares	–	–	–

(Issues for which the number of shares decreased during the business year)

	Number of issues	Total sale price for shares sold (million yen)
Unlisted shares	1	6
Shares other than unlisted shares	–	–

c. Number of shares by issue, total amount recorded on the balance sheet, etc. for specified investment shares and imputed shareholdings

Specified investment shares

Issue	Current business year	Previous business year	Purpose of holding, summary of business alliance, etc., quantitative effects of holding, and reason for increase in shares	Does the issuer hold shares in the Company?
	Shares	Shares		
	Total amount recorded on balance sheet (million yen)	Total amount recorded on balance sheet (million yen)		
AP HOLDINGS CO., LTD.	562,100	562,100	The Company has concluded with the issuer an agreement concerning a business alliance intended for purposes such as enhancing purchasing functions for sustainable unused fish and other marine resources. The issuer and the Company jointly manage Toyosu Gyosho Sanchoku Ichiba, which purchases seafoods directly from producers.	N
	542	417		

Note: Quantifying the effects of holding is difficult. The rationale for holding the shares is assessed by the method described under (ii) a above.

(iii) Investment shares held purely for investment purposes

Not applicable

Section 5. Accounting

1. Methods of preparing consolidated and nonconsolidated financial statements

(1) The Company's consolidated financial statements are prepared based on the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) The Company's nonconsolidated financial statements are prepared based on the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; "Ordinance on Financial Statements, etc." hereinafter).

As a special company submitting financial statements, the Company prepares its financial statements in accordance with the provisions of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit verification

The Company has undergone audit verification by Deloitte Touche Tohmatsu LLC pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of its consolidated financial statements for the consolidated fiscal year from April 1, 2023 through March 31, 2024 and its nonconsolidated financial statements for the business year from April 1, 2023 through March 31, 2024.

3. Special measures to ensure the propriety of consolidated financial statements, etc.

The Company takes specific measures to ensure the propriety of the consolidated financial statements. Specifically, to maintain a structure capable of adequately ascertaining the details of accounting standards and other matters and preparing appropriate consolidated financial statements, it maintains membership in the Financial Accounting Standards Foundation (FASF) and strives to collect information through means such as participating in seminars held by the FASF.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	*2 14,775	*2 29,649
Notes receivable–trade	–	*3 57
Accounts receivable–trade	9,626	24,879
Merchandise and finished goods	1,802	2,438
Work in process	77	125
Raw materials and supplies	599	1,595
Accounts receivable–other	3,147	1,553
Other	886	1,713
Allowance for doubtful accounts	(234)	(285)
Total current assets	30,680	61,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,027	3,667
Accumulated depreciation	(858)	(1,825)
Buildings and structures, net	1,168	1,842
Machinery, equipment and vehicles	2,857	5,023
Accumulated depreciation	(737)	(2,548)
Machinery, equipment and vehicles, net	2,120	2,475
Leased assets	13,296	22,030
Accumulated depreciation	(1,655)	(2,576)
Leased assets, net	11,641	19,453
Construction in progress	943	1,585
Other	932	2,289
Accumulated depreciation	(407)	(1,246)
Other, net	524	1,043
Total property, plant and equipment	16,399	26,400
Intangible assets		
Customer-related assets	–	25,655
Goodwill	1,190	14,794
Other	2,419	3,081
Total intangible assets	3,609	43,531
Investments and other assets		
Investment securities	*1 11,450	*1 3,339
Leasehold and guarantee deposits	*2 1,432	*2 2,595
Deferred tax assets	788	5,132
Other	139	*1 1,073
Allowance for doubtful accounts	–	(74)
Total investments and other assets	13,812	12,067
Total non-current assets	33,821	82,000
Total assets	64,502	143,728

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable–trade	*2 6,309	*2 11,159
Short-term borrowings	*4 10,060	*4 15,045
Current portion of long-term borrowings	27	2,166
Lease liabilities	705	1,270
Accounts payable–other	5,914	15,938
Accrued expenses	1,074	8,924
Income taxes payable	831	3,224
Contract liabilities	397	505
Provision for bonuses	–	1,552
Provision for point card certificates	80	87
Asset retirement obligations	–	32
Other	831	2,968
Total current liabilities	26,231	62,875
Non-current liabilities		
Long-term borrowings	*4 74	*2,4 14,648
Lease liabilities	11,293	18,598
Asset retirement obligations	554	942
Deferred tax liabilities	21	8,911
Other	185	331
Total non-current liabilities	12,130	43,432
Total liabilities	38,361	106,307
Net assets		
Shareholders' equity		
Share capital	3,995	3,995
Capital surplus	8,016	8,021
Retained earnings	16,255	20,376
Treasury shares	(4,503)	(4,504)
Total shareholders' equity	23,764	27,890
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	155	245
Foreign currency translation adjustment	677	934
Total accumulated other comprehensive income	832	1,179
Share acquisition rights	–	38
Non-controlling interests	1,542	8,312
Total net assets	26,140	37,420
Total liabilities and net assets	64,502	143,728

(ii) Consolidated Statement of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Net sales	*1 115,176	*1 148,408
Cost of sales	59,740	86,542
Gross profit	55,436	61,865
Selling, general and administrative expenses	*2 52,089	*2 56,721
Operating profit	3,346	5,144
Non-operating income		
Interest income	0	1
Dividend income	0	4
Compensation income	16	19
Subsidy income	–	70
Gain on investments in investment partnerships	–	84
Other	67	74
Total non-operating income	84	255
Non-operating expenses		
Interest expenses	125	236
Commission for syndicated loans	–	537
Foreign exchange losses	8	65
Share of loss of entities accounted for using equity method	113	24
Loss on investments in investment partnerships	356	–
Other	17	95
Total non-operating expenses	620	960
Ordinary profit	2,810	4,438
Extraordinary income		
Gain on sale of investment securities	–	6
Gain on step acquisitions	–	3,447
Total extraordinary income	–	3,453
Extraordinary losses		
Retirement benefits for directors (and other officers)	–	1,002
Impairment losses	*3 14	*3 420
Loss on valuation of investment securities	143	53
Total extraordinary losses	158	1,475
Profit before income taxes	2,652	6,416
Income taxes–current	1,335	3,259
Income taxes–deferred	(137)	(425)
Total income taxes	1,198	2,834
Profit	1,454	3,582
Profit (loss) attributable to non-controlling interests	(353)	(538)
Profit attributable to owners of parent	1,807	4,120

Consolidated Statement of Comprehensive Income

(Million yen)

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Profit	1,454	3,582
Other comprehensive income		
Valuation difference on available-for-sale securities	340	(107)
Foreign currency translation adjustment	514	(94)
Share of other comprehensive income of entities accounted for using equity method	9	16
Total other comprehensive income	* 865	* (185)
Comprehensive income	2,319	3,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,462	4,106
Comprehensive income attributable to non-controlling interests	(143)	(709)

(iii) Consolidated Statement of Changes in Shareholders' Equity

Fiscal Year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,994	8,015	14,448	(4,503)	21,954
Changes during period					
Issuance of new shares	1	1			2
Profit attributable to owners of parent			1,807		1,807
Purchase of treasury shares				(0)	(0)
Capital increase of consolidated subsidiaries					–
Net changes in items other than shareholders' equity					
Total changes during period	1	1	1,807	(0)	1,809
Balance at end of period	3,995	8,016	16,255	(4,503)	23,764

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	16	160	177	–	1,739	23,872
Changes during period						
Issuance of new shares						2
Profit attributable to owners of parent						1,807
Purchase of treasury shares						(0)
Capital increase of consolidated subsidiaries						–
Net changes in items other than shareholders' equity	138	516	654	–	(196)	458
Total changes during period	138	516	654	–	(196)	2,267
Balance at end of period	155	677	832	–	1,542	26,140

Fiscal Year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,995	8,016	16,255	(4,503)	23,764
Changes during period					
Issuance of new shares					–
Profit attributable to owners of parent			4,120		4,120
Purchase of treasury shares				(0)	(0)
Change of shares of consolidated subsidiaries		4			4
Net changes in items other than shareholders' equity					
Total changes during period	–	4	4,120	(0)	4,125
Balance at end of period	3,995	8,021	20,376	(4,504)	27,890

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	155	677	832	–	1,542	26,140
Changes during period						
Issuance of new shares						–
Profit attributable to owners of parent						4,120
Purchase of treasury shares						(0)
Change of shares of consolidated subsidiaries						4
Net changes in items other than shareholders' equity	89	256	346	38	6,770	7,154
Total changes during period	89	256	346	38	6,770	11,280
Balance at end of period	245	934	1,179	38	8,312	37,420

(iv) Consolidated Statement of Cash Flow

(Million yen)

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,652	6,416
Depreciation	1,985	2,614
Amortization of goodwill	263	495
Impairment losses	14	420
Loss (gain) on valuation of investment securities	143	53
Increase (decrease) in allowance for doubtful accounts	2	35
Increase (decrease) in provision for bonuses	–	778
Interest and dividend income	(0)	(6)
Interest expenses	125	236
Commission for syndicated loans	–	537
Share of loss (profit) of entities accounted for using equity method	113	24
Loss (gain) on investments in investment partnerships	356	(84)
Decrease (increase) in trade receivables	(660)	363
Decrease (increase) in accounts receivable–other	(220)	1,626
Decrease (increase) in consumption taxes refund receivable	367	–
Decrease (increase) in inventories	144	33
Increase (decrease) in trade payables	55	(648)
Loss (gain) on sale of investment securities	–	(6)
Subsidy income	–	(70)
Gain on step acquisitions	–	(3,447)
Increase (decrease) in accounts payable–other	217	(1,079)
Increase (decrease) in contract liabilities	146	(673)
Increase (decrease) in accrued expenses	(12)	858
Other, net	489	626
Subtotal	6,184	9,106
Interest and dividends received	1	162
Interest paid	(125)	(237)
Payments into deposit money	800	–
Proceeds from repayment of deposit money	(800)	–
Income taxes paid	(752)	(1,358)
Subsidies received	–	71
Proceeds from compensation for damage	–	19
Expenses related to research financial statements paid	–	(41)
Net cash provided by (used in) operating activities	5,306	7,722
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,228)	(1,623)
Purchase of intangible assets	(848)	(1,159)
Purchase of investment securities	(10,222)	(997)
Proceeds from sale of investment securities	100	369
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 (7,217)
Payments of leasehold and guarantee deposits	(422)	(173)
Proceeds from refund of leasehold and guarantee deposits	503	4
Other, net	(17)	(18)
Net cash provided by (used in) investing activities	(12,135)	(10,815)

(Million yen)

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,050	4,984
Proceeds from long-term borrowings	–	16,201
Repayments of long-term borrowings	(39)	(2,276)
Proceeds from issuance of shares	2	–
Proceeds from share issuance to non-controlling shareholders	37	562
Refund from non-controlling interest	(92)	(362)
Purchase of treasury shares	(0)	(0)
Repayments of lease liabilities	(692)	(832)
Commission for syndicate loan	–	(540)
Other, net	–	(0)
Net cash provided by (used in) financing activities	8,265	17,735
Effect of exchange rate change on cash and cash equivalents	250	77
Net increase (decrease) in cash and cash equivalents	1,686	14,720
Cash and cash equivalents at beginning of period	13,033	14,720
Cash and cash equivalents at end of period	*1 14,720	*1 29,440

Notes

(Important matters serving as bases for the preparation of the consolidated financial statements)

1. Notes on scope of consolidation

(1) Number and names of consolidated subsidiaries

Number of consolidated subsidiaries: 32 companies

Names of important consolidated subsidiaries

Tokushimaru Inc.
Oisix Hong Kong Co., Ltd.
Fruit Basket Co., Ltd.
Karabiner Inc.
Crazy Kitchen Co., Ltd.
Oisix Inc.
Three Limes, Inc. (aka, The Purple Carrot)
Future Food Fund Co., Ltd.
Future Food Fund No. 1 investment limited partnership
Future Food Fund No. 2 investment limited partnership
Toyosu Gyosho Sanchoku Ichiba
Future Food Lab Co., Ltd.
YOKO Street, INC.
nonpi, Inc
AGRIGATE
SHIDA Holdings Corporation (now SHiDAX Holdings Corporation)
SHiDAX Corporation
SHiDAX CONTRACT FOOD SERVICE CORPORATION
SHiDAX FOOD SERVICE CORPORATION
SLOGIX CORPORATION
SITEX CORPORATION
SHiDAX OFFICE PARTNER CORPORATION
SHiDAX SPORTS AND CULTURE CORPORATION
SHiDAX FOOD SERVICE HOKKAIDO CORPORATION
Kokunai Food Service Corporation
Shunsai Corporation
DAISHINTO Inc.
SHiDAX DAISHINTO HUMAN SERVICE Inc.
Four other companies

The 18 companies of SHIDA Holdings Corporation and its 14 subsidiaries, YOKO Street, INC., and nonpi, Inc are included in the scope of consolidation from the consolidated fiscal year under review because their shares were acquired during the year.

While AGRIGATE and SHiDAX Corporation had been included in the scope of consolidation as equity method affiliates, they qualify as consolidated subsidiaries from the consolidated fiscal year under review due to the acquisition of additional shares.

(2) Names of nonconsolidated subsidiaries

Number of important nonconsolidated subsidiaries: 5 companies

Names of important nonconsolidated subsidiaries

Tamano School Meal Service Co., Ltd.
Kunitachi Izumi School Meal Service Co., Ltd.
Nomura School Meal Service Co., Ltd.
Machida Middle School Meal Service Co., Ltd.
Uruma Ishikawa School Meal Service Co., Ltd.

(Reasons for exclusion from scope of consolidation)

The nonconsolidated subsidiaries are excluded from the scope of consolidation due to the small scale of their operations and because each of their financial figures, such as total net assets, net sales, net income, and retained earnings (amount equivalent to equity) has no material effect on the consolidated financial statements.

2. Notes on application of the equity method

(1) Number and names of equity method affiliates

Number of equity method affiliates: 5 companies

Names of important equity method affiliates

Nihon Agri, Inc.
WELCOME Co., Ltd.
Niigata Albirex Baseball Club Co., Ltd.
Two other companies

Niigata Albirex Baseball Club Co., Ltd. has been included in the scope of application of the equity method beginning with the consolidated fiscal year under review, since its shares were newly acquired.

(2) Names of important companies, etc. among nonconsolidated subsidiaries and affiliates to which the equity method is not applied

Names of important companies

Tamano School Meal Service Co., Ltd.
Kunitachi Izumi School Meal Service Co., Ltd.
Nomura School Meal Service Co., Ltd.
Machida Middle School Meal Service Co., Ltd.
Uruma Ishikawa School Meal Service Co., Ltd.
Funs AP Corp.
SHiDAX Hospitality Management Corporation
Chofu FM Co., Ltd.
e-Kaigo Network Cooperative Association
Ootakanomori PFI Co., Ltd.
Horigane School Meal Service Co., Ltd.
SHIDAX STAR FESTIVAL CORPORATION

(Reason for not applying the equity method)

Companies, etc. to which the equity method is not applied are excluded from application of the equity method due to lack of materiality because the scale of their operations is small and their net profit/loss after offsetting transactions with consolidated companies (amount equivalent to equity) and retained earnings (amount equivalent to equity) have negligible overall effects on the consolidated financial statements.

(3) Particular notes concerning procedures for application of the equity method

For companies among those to which the equity method applies whose fiscal years end on dates other than the end of the consolidated fiscal year, nonconsolidated financial statements based on provisional settlement of accounts as of the end of the consolidated fiscal year are used in preparation of the consolidated financial statements.

3. Notes concerning the business years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal years for Oisix Shanghai Co., Ltd., Oisix Inc., Three Limes, Inc., YOKO Street, INC., and Future Food Fund No. 2 investment limited partnership end on December 31. The fiscal year for nonpi, Inc ended on February 29 and that of AGRIGATE on November 30.

In preparing the consolidated financial statements, for Oisix Shanghai Co., Ltd., Oisix Inc., Three Limes, Inc., YOKO Street, INC., and nonpi, Inc, we used the nonconsolidated financial statements as of the date of the settlement of accounts and made the necessary adjustments in the consolidation of accounts for any material transactions arising between that date and the end date of the consolidated fiscal year. For Future Food Fund No. 2 investment limited partnership, the nonconsolidated financial statements based on provisional settlement of accounts as of the end date of the consolidated fiscal year were used. For AGRIGATE, the nonconsolidated financial statements based on provisional settlement of accounts as of February 29 were used; necessary adjustments were made in consolidation of accounts for any material transactions arising between that date and the end date of the consolidated fiscal year.

For other consolidated subsidiaries, the end date of the business year coincides with the end date of the consolidated fiscal year.

4. Notes on accounting policies

(1) Valuation standards and methods for important assets

(i) Securities

Available-for-sale securities

Those other than stocks, etc. with no fair market value

The fair value method is employed. (The entire amount of any difference in valuation is recorded in net assets. Cost of sales is calculated by the moving average method.)

Stocks, etc. with no fair market value

The moving average cost method is employed.

(ii) Inventories

The Company primarily employs the moving average cost method (with amounts on the balance sheet calculated by decreasing book value in accordance with reductions in profitability), the FIFO cost method (with amounts on the balance sheet calculated by decreasing book value in accordance with reductions in profitability), and the gross average cost method (with amounts on the balance sheet calculated by decreasing book value in accordance with reductions in profitability).

(2) Depreciation method for important depreciable assets

(i) Property, plant, and equipment (excluding leased assets)

The straight line method is employed.

The main useful lives are shown below:

Buildings and structures: 2–29 years

Machinery, equipment, and vehicles: 1–12 years

(ii) Intangible assets (excluding leased assets)

The straight line method is employed.

Software used by the Company is depreciated based on useful life within the Company (up to five years). Customer-related assets are depreciated based on the periods affected by the assets (5–27 years).

(iii) Leased assets

Leased assets related to finance lease transactions involving transfer of ownership:

Depreciated by the same method applied to property, plant, and equipment owned by the Company.

Leased assets related to finance lease transactions other than those involving transfer of ownership:

Depreciated by the straight line method using the lease period as the useful life and a residual value of zero.

(3) Accounting for significant allowances and provisions

(i) Allowance for doubtful accounts

To be prepared for possible losses on doubtful claims, the Company and its consolidated subsidiaries provide for this allowance based on the actual rate of losses from bad debts for general receivables and anticipated amounts unrecoverable based on a case-by-case assessment of recoverability for specific claims, such as those with the potential for default and claims in reorganization.

(ii) Provision for loyalty points

To provide for the use of points awarded to customers as Action Points based on the loyalty point program intended as a sales promotion measure, the anticipated future usage amount as of the end of the current fiscal is recorded.

(iii) Provision for bonuses

Certain consolidated subsidiaries record the estimated amount of bonuses paid, to be prepared for payment of bonuses to employees.

(4) Accounting standards for significant revenues and expenses

The Group recognizes revenues in the amounts expected in exchange for the promised goods or services as of the time their control transfers to the customer.

The details of main performance obligations and the normal timing of recognition of revenues in main businesses are as described under “(Revenue recognition).”

(5) Standards for conversion of significant foreign-currency claims and obligations to yen

Foreign-currency claims and obligations are converted to yen at spot market exchange rates as of the date of the consolidated settlement of accounts, with any gains or losses on conversion recorded as profit or loss. Assets and liabilities of overseas subsidiaries are converted to yen at spot market exchange rates as of the date of the consolidated settlement of accounts. Revenues and expenses are converted to yen at the average market exchange rate during the period. Any gains or losses on conversion are recorded as foreign currency translation adjustment(s) under net assets.

(6) Amortization method and period for goodwill

Goodwill is amortized by the straight line method over a period of 4–20 years.

(7) Scope of funds included on the consolidated statement of cash flows

Funds included on the consolidated statement of cash flows consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that can readily be converted to cash and are subject to insignificant risk of fluctuations in value.

(8) Other important matters related to preparation of the consolidated financial statements

Method of processing deferred assets

Share issuance costs

The entire amount of share issuance costs is recorded as expenses at the time of payment.

(Significant accounting estimates)

Shown below are the accounts that involved particularly significant accounting estimates on the consolidated financial statements.

1. Amortization of goodwill on Three Limes, Inc.

(1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review

(Million yen)

	Previous consolidated fiscal year	This consolidated fiscal year
Goodwill	1,190	615

An amortization loss of 372 million yen was recognized on the above goodwill in this consolidated fiscal year.

(2) Details of significant accounting estimates on the account recognized

(i) Calculating the amount to be recorded on the consolidated financial statements for the consolidated fiscal year under review

The American subsidiary Three Limes, Inc. applies US GAAP. It employs an impairment test for assets that show signs of impairment. Impairment testing is conducted per reporting unit. If the impairment test shows that the fair value of a reported unit is less than its book value, the book value is reduced to the fair value and an impairment loss is recorded in the amount of this reduction.

During the consolidated fiscal year under review, various factors, including the state of achievement of results compared to the business plans on which value was calculated during acquisition were judged to show signs of impairment. Thus, an impairment loss was recognized and recorded based on the fair value under the most recent business plans.

(ii) Major assumptions underlying calculations of amounts to be recorded to consolidated financial statements for the consolidated fiscal year under review

Fair value of goodwill is measured based on future discounted cash flow calculated based on business plans and the discount rate. The major assumptions are indicated below.

Major assumption	Details
Projected inflation for the US	Various costs, including those of raw materials, labor, and fuel, are expected to rise.
Expanding the product lineup and increasing the numbers of products handled	The product sales mix is expected to improve, while the numbers of units sold per order are projected to increase.
Increase in sales of businesses other than home grocery delivery	Sales of businesses other than home grocery delivery are projected to show increasing numbers of contracts, mainly in the BtoB business, through sales of frozen foods to the retail business and promotional contracting through including samples of other companies' products.
Control of purchase prices	Price controls are expected to be achieved through weekly bidding, setting quarterly fixed prices for raw materials involving major price fluctuations, and the normalization of purchase lots using processing vendors capable of accommodating small lot purchases.
Reductions in waste costs	Waste costs are projected to decrease through more efficient use of raw materials
Reductions in logistics costs (center expenses and delivery costs)	The consolidation of logistics centers is expected to result in purchasing and inventory adjustments and reductions in procurement, delivery, and other work costs and in facilities maintenance costs.
Discount rate	In consideration of the stage of Three Limes, Inc. on the business life cycle, the rate was chosen based on the American Institute of CPAs (AICPA) accounting and valuation guide for startups.

(iii) Impact on consolidated financial statements for the subsequent consolidated fiscal year

Since the assumptions made for these estimates involve uncertainties related to the economic and business conditions under which Three Limes, Inc. operates and the business conditions of Three Limes, Inc., there is a possibility that impairment loss may be recognized in the subsequent consolidated fiscal year if revisions are required.

2. Evaluation of goodwill and customer-related assets associated with SHiDAX Corporation

(1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review

(Million yen)

	Previous consolidated fiscal year	This consolidated fiscal year
Goodwill	–	12,815
Customer-related assets	–	25,655

No impairment losses occurred in the consolidated fiscal year under review in connection with the goodwill and customer-related assets above.

(2) Details of significant accounting estimates on the accounts recognized

(i) Calculating the amounts to be recorded on the consolidated financial statements for the consolidated fiscal year under review

The cost of acquisition is allocated based on the current value of those assets received and accepted liabilities that may be identified as of the imputed date of acquisition, and the difference between the cost of acquisition and allocated amounts of the cost of acquisition is recorded as goodwill. The valuation model for customer-related assets is the excess-earnings method of the income approach.

(ii) Major assumptions underlying calculations of amounts recorded to consolidated financial statements for the consolidated fiscal year under review

Customer-related assets are calculated based on business plans and other considerations. Any differences in amounts are recorded as goodwill. Major assumptions employed in these calculations are the rate of growth in sales, the rate of decline in the customer base, and the discount rate.

Major assumption	Details
Rate of growth in sales	Projected with consideration mainly for the rate of growth in sales based on actual performance over the past five years.
Rate of decline in the customer base	Projected based on the actual rate of decline in the customer base by business over the past five years. Useful lives of customer-related assets are determined based on the rate of decline in the customer base. The amortization period of goodwill is determined based on a consideration for consistency with these useful lives.
Discount rate	Determined based on WACC and risk premium

(iii) Impact on consolidated financial statements for the subsequent consolidated fiscal year

The valuation of goodwill and customer-related assets and the useful lives or amortization period of these may significantly impact the consolidated financial statements for the subsequent consolidated fiscal year due to the economic and business conditions under which SHiDAX Corporation operates.

3. Recoverability of deferred tax assets

(1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review

(Million yen)

	Previous consolidated fiscal year	This consolidated fiscal year
Deferred tax assets	788	5,132

(2) Details of significant accounting estimates on the account recognized

(i) Calculating the amount to be recorded on the consolidated financial statements for the consolidated fiscal year under review

Deferred tax assets are recognized within the scope of future temporary differences in deductions and tax deficits carried over that appear likely to reduce future tax burdens.

Since certain consolidated subsidiaries use the group tax-sharing system, the recoverability of deferred tax assets is determined based on estimated future amounts of taxable income deduced from past taxable income and the applicable periods of estimation of future taxable income of this group of consolidated subsidiaries.

(ii) Major assumptions underlying calculations of amounts recorded to consolidated financial statements for the consolidated fiscal year under review

Estimates of taxable income are based on future income plans, the major assumptions underlying which are inflation and rising wages.

Major assumption	Details
Inflation	Estimates of costs increases, primarily for materials like food materials and consumables, are based on rates of change in purchase prices from the start of the period to the time of formulating plans for the most recent month (January 2024) for food materials, by category, and on procurement prices as of the time of formulating plans for consumables, by each item. These are incorporated into estimates of cost increases for the same fiscal year.
Rising wages	Minimum wages are projected to rise, and wages are expected to increase in accordance with increased hiring under staffing plans formulated in line with business strategies.

(iii) Impact on consolidated financial statements for the subsequent consolidated fiscal year

While judgments are based on assumptions considered reasonable based on current conditions and information available, there is a possibility that they may be affected by changes in assumptions such as inflation and rising wages or changes in future economic conditions.

The amount of deferred tax assets on the consolidated financial statements for the subsequent consolidated fiscal year may be impacted significantly in the event of a difference between the actual timing and amounts of future taxable income and their estimates.

(Changes in presentation)

(Consolidated Balance Sheet)

Accrued expenses, which were included in other current liabilities in the previous consolidated fiscal year, are presented as a separate line item beginning in this consolidated fiscal year due to an increase in their monetary significance. The consolidated balance sheet for the previous consolidated fiscal year has been reclassified to reflect this change in presentation.

As a result, the 1,906 million yen presented in other current liabilities on the consolidated balance sheet for the previous consolidated fiscal year has been reclassified as 1,074 million yen in accrued expenses and 831 million yen in other current liabilities.

Provision for retirement benefits for directors (and other officers), which was presented as a separate line item in the previous consolidated fiscal year, is included in other noncurrent liabilities beginning in this consolidated fiscal year due to a decrease in its monetary significance.

As a result, the 9 million yen in provisions for retirement benefits for directors (and other officers) and 176 million yen of other noncurrent liabilities under noncurrent liabilities on the consolidated balance sheet for the previous consolidated fiscal year have been reclassified as 185 million yen in other noncurrent liabilities.

(Consolidated Income Statement)

Material recycling revenues, revocation gains of gift cards, recoveries of written off receivables, and subsidy income presented as separate line items under non-operating income in the previous consolidated fiscal year are included in other non-operating income beginning in this consolidated fiscal year due to decreases in their monetary significance. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, the 6 million yen in material recycling revenues, 1 million yen in revocation gains of gift cards, 9 million yen in recoveries of written off receivables, 12 million yen in subsidy income, and 36 million yen in other non-operating income under non-operating income in the previous consolidated fiscal year have been reclassified as 67 million yen in other non-operating income.

(Consolidated Statement of Cash Flows)

Foreign exchange losses (gains), which had been presented separately under cash flows from operating activities in the previous consolidated fiscal year, has been included in other cash flows beginning in the consolidated fiscal year under review. This change is due to a decrease in its monetary significance. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, the 0 million yen in foreign exchange losses (gains) that had been presented under cash flows from operating activities on the Consolidated Statement of Cash Flows for the previous consolidated fiscal year has been reclassified as 0 million yen under other.

(Consolidated Balance Sheet)

*1 The following accounts concern nonconsolidated subsidiaries and affiliates

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Investment securities (stock)	9,739 million yen	757 million yen
Other	–	0

*2 Collateral assets and collateralized obligations

Assets pledged as collateral are shown below.

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Ordinary deposits	– million yen	107 million yen
Time deposits	10	25
Guarantee money	36	36
Total	46	168

Note: In addition to the above, shares of stock in affiliates eliminated from the consolidated financial statements (43,832 million yen in the consolidated fiscal year under review) also are pledges as collateral.

Collateralized obligations are shown below.

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Accounts payable–trade	29 million yen	25 million yen
Long-term borrowings	–	16,201
Total	29	16,226

*3 Notes maturing on the ending date of the period are accounted for through settlement as of the date of clearance.

Since the ending date of the previous consolidated fiscal year was a holiday for financial institutions, the following notes maturing on the ending date of the period are included in the ending balance.

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Notes receivable–trade	– million yen	9 million yen

*4 Commitment line agreements

The Group has concluded current account overdraft agreements with its major financial institutions to allow efficient fundraising. It has also concluded agreements on commitment lines of credit and syndicated loans for the debts of SHIDA Holdings Corporation (now SHiDAX Holdings Corporation). Unexecuted balances of loans under these agreements as of the end of the consolidated fiscal year under review are shown below.

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Total amount of current account overdraft agreements	16,060 million yen	29,045 million yen
Current account overdraft executed balance	10,060 million yen	15,045 million yen
Total amount of commitment lines of credit (Note)	–	4,500 million yen
Executed balance of commitment line of credit	–	–
Total amount of syndicated loans (Note)	–	24,322 million yen
Executed balance of syndicated loans	–	16,201 million yen
Unexecuted balance of loans	6,000 million yen	26,621 million yen

Note: The agreements on commitment lines of credit and syndicated loans are subject to certain financial restrictive clauses.

(Consolidated Income Statement)

*1 Revenue generated by contracts with customers and other revenues are not presented as separate line items under net sales. See "Notes (Segment information, etc.)" for a breakdown of revenue generated by contracts with customers. Net sales under that note include amounts such as revenues based on the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan [ASBJ] Statement No. 13), in addition to revenues arising from contracts with customers.

*2 Shown below are the key items included in selling, general, and administrative expenses and their amounts.

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Packing and shipping expenses	14,317 million yen	14,111 million yen
Salaries and allowances	6,023	7,636
Sales promotion expenses	9,145	9,003
Outsourcing expenses	5,652	5,666
Expenses associated with retirement benefits	43	103
Provision for bonuses	–	325
Provision for allowance for doubtful accounts	151	244
Provision for loyalty points	(20)	78

*3 Impairment loss

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Business type	Location	Use	Type	Amount (million yen)
Other	Shinagawa-ku, Tokyo	Assets for business use in the overseas food delivery business (Hong Kong)	Software	14

Group assets are classified based on the assumption that business units are the smallest units that generate cash flows.

Thus, the Group has reduced to the recoverable value the book value of assets for business use in the overseas food delivery business (Hong Kong) for which the recoverable value is less than the book value and recorded the resulting reduction under extraordinary losses as an impairment loss (14 million yen). Recoverable value is measured by usage value. Since the valuation of future cash flow is negative, the recoverable value is estimated to be zero.

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)

Business type	Location	Use	Type	Amount (million yen)
BtoC Subscription Business	US	–	Goodwill	372
BtoB Subscription Business	Hokkaido	Stores	Other	1
	Kanto	Stores	Buildings and structures	0
	Kanto	Stores	Other	0
	Kyushu	Stores	Other	1
Social Services Business	Hokkaido	Stores, etc.	Other	0
	Kanto	Stores, etc.	Buildings and structures	0
	Kanto	Stores, etc.	Other	4
	Chubu	Stores, etc.	Other	0
	Kinki	Stores, etc.	Other	0
	Chugoku	Stores, etc.	Other	0
	Kyushu	Stores, etc.	Other	0

Business type	Location	Use	Type	Amount (million yen)
Vehicle Operation Services Business	Chubu	Stores, etc.	Machinery, equipment, and vehicles	4
	Chubu	Stores, etc.	Other	0
	Kinki	Stores, etc.	Other	0
	Kyushu	Stores, etc.	Machinery, equipment, and vehicles	5
	Kyushu	Stores, etc.	Other	1
Other Businesses	Chubu	Real estate for leasing	Buildings and structures	8
	Chubu	Real estate for leasing	Other	6
	Chubu	Real estate for leasing	Other	0
	Kanto	Assets for business use in overseas businesses (Hong Kong)	Other	12
Total				420

Group assets are classified based on the assumption that business units are the smallest units that generate cash flows.
Thus, the Group has reduced to the recoverable value the book value of assets for which the recoverable value is less than the book value and recorded the resulting reduction under extraordinary losses as an impairment loss (420 million yen). Recoverable value is measured by usage value. Since the valuation of future cash flow is negative, the recoverable value is estimated to be zero.

(Consolidated Statement of Comprehensive Income)

* Reclassification adjustment amounts and tax effect amounts related to other comprehensive income

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Amount arising during period	241 million yen	(479) million yen
Reclassification adjustment amount	155	412
Before tax effect adjustments	397	(66)
Tax effect amount	(56)	(40)
Valuation difference on available-for-sale securities	340	(107)
Foreign currency translation adjustment(s):		
Amount arising during period	514	(94)
Share of other comprehensive income of entities accounted for by the equity method:		
Amount arising during period	24	16
Reclassification adjustment amount	(14)	–
Share of other comprehensive income of entities accounted for by the equity method	9	16
Total other comprehensive income	865	(185)

(Consolidated Statement of Changes in Shareholders' Equity, etc.)

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

1. Classes and total numbers of shares issued and outstanding, and classes and numbers of shares of treasury stock

	Starting number of shares for the consolidated fiscal year	Increase in number of shares during the consolidated fiscal year	Decrease in number of shares during the consolidated fiscal year	Ending number of shares for the consolidated fiscal year
Shares issued and outstanding				
Common stock (Note 1)	38,014,892	13,200	–	38,028,092
Total	38,014,892	13,200	–	38,028,092
Treasury stock				
Common stock (Note 2)	1,469,831	163	–	1,469,994
Total	1,469,831	163	–	1,469,994

Notes:

1. The increase of 13,200 shares in numbers of shares issued and outstanding was due to issue of new shares through exercise of stock warrants.
2. The increase of 163 shares in numbers of shares of common stock held as treasury stock is due to purchase of shares in less than the minimum trading unit.

2. Stock warrants and treasury stock warrants

Not applicable

3. Dividends

Not applicable

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)

1. Classes and total numbers of shares issued and outstanding, and classes and numbers of shares of treasury stock

	Starting number of shares for the consolidated fiscal year	Increase in number of shares during the consolidated fiscal year	Decrease in number of shares during the consolidated fiscal year	Ending number of shares for the consolidated fiscal year
Shares issued and outstanding				
Common stock	38,028,092	–	–	38,028,092
Total	38,028,092	–	–	38,028,092
Treasury stock				
Common stock (Note 1)	1,469,994	136	–	1,470,130
Total	1,469,994	136	–	1,470,130

Note 1: The increase of 136 shares in numbers of shares of common stock held as treasury stock is due to purchase of shares in less than the minimum trading unit.

2. Stock warrants and treasury stock warrants

Category	Breakdown of stock warrants	Category of stock subject to stock warrants	Number of shares subject to stock warrants				Ending balance for the consolidated fiscal year (million yen)
			Start of consolidated fiscal year	Increase in consolidated fiscal year	Decrease in consolidated fiscal year	End of consolidated fiscal year	
Consolidated subsidiaries	Stock warrants as stock options	–	–	–	–	–	38
Total		–	–	–	–	–	38

3. Dividends

Not applicable

(Consolidated Statement of Cash Flow)

*1 Ending balances of cash and cash equivalents and relationship to amounts of accounts on the consolidated balance sheet

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Cash and deposits	14,775 million yen	29,649 million yen
Time deposits with deposit terms of more than three months	(54)	(208)
Cash and cash equivalents	14,720	29,440

*2 Main breakdown of assets and liabilities of companies made new consolidated subsidiaries through acquisition of stock

The relationship among component items of assets and liabilities at the start of the consolidated fiscal year under review and the acquisition price of SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) ("SHIDA Holdings" hereinafter) and (net) expenditures on its acquisition associated with the addition to consolidation of SHIDA Holdings, SHiDAX Corporation, and their affiliates is shown below.

Current assets	42,151	million yen
Non-current assets	7,680	
Goodwill	13,611	
Customer-related assets	25,951	
Current liabilities	(58,464)	
Non-current liabilities	(9,465)	
Non-controlling interests	(7,270)	
Price of acquisition of SHIDA Holdings	14,192	million yen
Price of acquisition of SHiDAX Corporation stock by SHIDA Holdings	24,057	
Accounts payable – other associated with acquisition of SHiDAX Corporation stock by SHIDA Holdings	(8,138)	
Cash and cash equivalents	(23,166)	
Net: Expenditures for acquisition	6,944	million yen

*3 Details of significant non-funds transactions

(1) Amounts of assets and liabilities related to finance lease transactions are shown below.

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Amounts of assets and liabilities related to newly recorded finance lease transactions were 43 million yen each.

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)

Amounts of assets and liabilities related to newly recorded finance lease transactions were 8,626 million yen each.

(2) Amounts recorded of significant asset retirement obligations are shown below.

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Amount recorded of significant asset retirement obligations	–	95 million yen

(Lease transactions)

1. Finance lease transactions

Finance lease transactions involving transfer of ownership:

(i) Details of leased assets

Refrigerators and freezers (machinery and equipment) used at logistics centers

(ii) Depreciation methods for leased assets

As described under “Important matters serving as bases for the preparation of the consolidated financial statements: 4. Notes on accounting policies: (2) Depreciation methods for important depreciable assets.”

Finance lease transactions other than those involving transfer of ownership

(i) Details of leased assets

Mainly the buildings of the ORD Ebina Station, the buildings of the ORD Atsugi Cold Storage Station, servers used for data preparation (tools, furniture, and fixtures), and vehicles

(ii) Depreciation methods for leased assets

As described under “Important matters serving as bases for the preparation of the consolidated financial statements: 4. Notes to accounting policies: (2) Depreciation methods for important depreciable assets.”

2. Operating lease transactions

Unaccrued lease charges related to operating lease transactions that cannot be cancelled

(Million yen)

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
One year or less	814	1,370
More than one year	3,374	4,579
Total	4,189	5,950

(Financial instruments)

1. Status of financial instruments

(1) Policy on use of financial instruments

The Group operates funds solely from short-term deposits, making use of internal funds for its business activities as a rule. However, where preferable or necessary, it may raise funds from the capital markets or by borrowing from financial institutions.

(2) Details and risks of financial instruments

The operating receivables of notes receivable–trade, accounts receivable–trade, and accounts receivable–other are exposed to customer credit risks.

Investment securities consist mainly of shares of stock in companies with which the Group has business relationships and bonds for surplus fund management. They are exposed to business risks associated with the companies invested in and the risk of fluctuating market prices.

Most of the operating payables of accounts payable–trade and accounts payable–other are payable within one year and are exposed to liquidity risk.

Borrowings and lease obligations are used to raise working capital or funds related to capital investments and are exposed to liquidity risk.

(3) Risk management systems for financial instruments

(i) Managing credit risk (risks associated with matters such as contractual nonperformance by counterparties)

The Company strives to minimize risks by managing payment deadlines and balances of individual counterparties in accordance with its credit standards. These standards are based on credit management rules and credit management detailed rules. Consolidated subsidiaries manage risks similarly, in accordance with the Company's credit management rules.

(ii) Managing market risk (risks of fluctuations in exchange rates, interest rates, etc.)

The Group revises holdings on an ongoing basis by periodically ascertaining matters such as the financial standing of the issuers (transaction counterparty companies) for stocks and periodically ascertaining the current market values of bonds. It has adopted the policy of refraining from use of derivatives.

(iii) Managing liquidity risks (risk of inability to make payments by deadlines) related to fundraising

In addition to checking on the states of debits and credits in accordance with claims and obligations, the Group manages liquidity risks by maintaining liquidity on hand and in other ways.

(4) Supplemental explanation of matters related to current market values, etc. of financial instruments

In addition to market valuations, the current market values assigned to financial instruments include figures calculated on a reasonable basis when no market prices are available. Since calculations of such figures must necessarily account for variability, the figures may vary depending on the assumptions made and other factors.

2. Matters related to current market values, etc. of financial instruments

Amounts recorded to the consolidated balance sheet, current market values, and differences therein are shown below.

Notes are omitted concerning cash and deposits, accounts receivable–trade, notes receivable–trade, accounts receivable–other, accounts payable–trade, accounts payable–other, and short-term borrowings because their current market values approximate their book values in light of their nature as cash or claims or obligations settled over the short term.

Previous consolidated fiscal year (as of March 31, 2023)

	Amount recorded to the consolidated balance sheet (million yen)	Current market value (million yen)	Difference (million yen)
(1) Investment securities			
Available-for-sale securities	488	488	–
Shares of subsidiaries and associates	8,763	10,892	2,128
Total assets	9,252	11,381	2,128
(2) Long-term loans payable	101	101	(0)
(3) Lease obligations	11,998	11,427	(570)
Total liabilities	12,100	11,528	(571)

Notes:
1. Balances of (2) long-term loans payable and (3) lease obligations include current portions.
2. The following securities are not included under (1) investment securities because they lack market prices.

Category	Previous consolidated fiscal year (million yen)
Unlisted shares	1,222
Shares of subsidiaries and associates	975

Current consolidated fiscal year (as of March 31, 2024)

	Amount recorded to the consolidated balance sheet (million yen)	Current market value (million yen)	Difference (million yen)
(1) Investment securities			
Available-for-sale securities	935	935	–
Total assets	935	935	–
(2) Long-term loans payable	16,814	16,691	(123)
(3) Lease obligations	19,869	19,000	(868)
Total liabilities	36,683	35,691	(992)

Notes:
1. Balances of (2) long-term loans payable and (3) lease obligations include current portions.
2. The following securities are not included under (1) investment securities because they lack market prices.

Category	Previous consolidated fiscal year (million yen)
Unlisted shares	1,646
Shares of subsidiaries and associates	757

- Planned amounts of redemption after the end date of the fiscal year of monetary claims and of securities with redemption dates

  Previous consolidated fiscal year (as of March 31, 2023)

	One year or less (million yen)	More than one but no more than five years (million yen)	More than five but no more than 10 years (million yen)	More than 10 years (million yen)
Cash and deposits	14,775	–	–	–
Notes receivable	–	–	–	–
Accounts receivable–trade	9,626	–	–	–
Accounts receivable–other	3,147	–	–	–
Total	27,549	–	–	–

  Current consolidated fiscal year (as of March 31, 2024)

	One year or less (million yen)	More than one but no more than five years (million yen)	More than five but no more than 10 years (million yen)	More than 10 years (million yen)
Cash and deposits	29,649	–	–	–
Notes receivable	57	–	–	–
Accounts receivable–trade	24,879	–	–	–
Accounts receivable–other	1,553	–	–	–
Total	56,140	–	–	–

- Planned repayments after the end date of the fiscal year of long-term loans payable and lease obligations

  Previous consolidated fiscal year (as of March 31, 2023)

	One year or less (million yen)	More than one but no more than two years (million yen)	More than two but no more than three years (million yen)	More than three but no more than four years (million yen)	More than four but no more than five years (million yen)	More than five years (million yen)
Long-term loans payable	27	19	18	16	8	11
Lease obligations	705	704	706	710	707	8,464
Total	732	724	724	727	716	8,475

  Current consolidated fiscal year (as of March 31, 2024)

	One year or less (million yen)	More than one but no more than two years (million yen)	More than two but no more than three years (million yen)	More than three but no more than four years (million yen)	More than four but no more than five years (million yen)	More than five years (million yen)
Long-term loans payable	2,166	1,771	1,770	1,762	1,757	7,586
Lease obligations	1,270	1,245	1,256	1,262	1,272	13,561
Total	3,436	3,017	3,026	3,024	3,030	21,147

3. Notes on matters such as a breakdown of financial instruments by current market value level

The current market values of financial instruments are assigned to one of the following three levels based on the observability and materiality of the inputs used to calculate current market value:

Level 1: Current market value calculated from the observable inputs of market prices on active markets for assets or liabilities subject to current market value calculations

Level 2: Current market value calculated from observable inputs other than Level 1 inputs

Level 3: Current market value calculated from unobservable inputs

Where multiple inputs material to current market value calculations are used, the current market value is assigned to the level having the lowest priority for current market value calculations among the levels to which the individual inputs belong.

(1) Financial assets and financial liabilities recorded to the balance sheet at current market values

Previous consolidated fiscal year (as of March 31, 2023)

Category	Current market value (million yen)			
	Level 1	Level 2	Level 3	Total
(1) Investment securities Available-for-sale securities				
Stocks	417	–	–	417
Other	–	–	71	71
Total	417	–	71	488

Current consolidated fiscal year (as of March 31, 2024)

Category	Current market value (million yen)			
	Level 1	Level 2	Level 3	Total
(1) Investment securities Available-for-sale securities				
Stocks	691	–	–	691
Other	–	–	244	244
Total	691	–	244	935

(2) Financial assets and financial liabilities not recorded in the balance sheet at their current market value

Previous consolidated fiscal year (as of March 31, 2023)

Category	Current market value (million yen)			
	Level 1	Level 2	Level 3	Total
(1) Shares of subsidiaries and associates	10,892	–	–	10,892
Total assets	10,892	–	–	10,892
(2) Long-term loans payable	–	101	–	101
(3) Lease obligations	–	11,427	–	11,427
Total liabilities	–	11,528	–	11,528

Current consolidated fiscal year (as of March 31, 2024)

Category	Current market value (million yen)			
	Level 1	Level 2	Level 3	Total
(1) Shares of subsidiaries and associates	–	–	–	–
Total assets	–	–	–	–
(2) Long-term loans payable	–	16,691	–	16,691
(3) Lease obligations	–	19,000	–	19,000
Total liabilities	–	35,691	–	35,691

Note: Description of evaluation methods and related inputs used to calculate current market value

Investment securities

Stocks consist of listed shares and are evaluated by their market price. Their current market values are assigned to Level 1 because they are traded in active markets.

“Other” consists of stock warrants on unlisted shares. Those whose monetary amounts are immaterial are valued at their book value, as are those whose current market value can be considered to approximate their book value because the corresponding investments were made close to the end of the consolidated fiscal year. These are assigned to Level 3.

Long-term loans payable, lease obligations

Current market values for these are calculated through the discounted present value method, using rates reflecting the expected amounts of interest and principle payable adjusted by the remaining period of such obligations and their credit risk. These are assigned to Level 2. Their balances include their current portions.

(Securities)

1. Available-for-sale securities

Previous consolidated fiscal year (as of March 31, 2023)

	Type	Amount on the consolidated balance sheet (million yen)	Acquisition price (million yen)	Difference (million yen)
Those for which the amount on the consolidated balance sheet exceeds the acquisition price	(1) Stocks	417	240	177
	(2) Bonds			
	(i) Treasuries, municipals, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	417	240	177
Those for which the amount on the consolidated balance sheet does not exceed the acquisition price	(1) Stocks	–	–	–
	(2) Bonds			
	(i) Treasuries, municipals, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		417	240	177

Current consolidated fiscal year (as of March 31, 2024)

	Type	Amount on the consolidated balance sheet (million yen)	Acquisition price (million yen)	Difference (million yen)
Those for which the amount on the consolidated balance sheet exceeds the acquisition price	(1) Stocks	691	285	405
	(2) Bonds			
	(i) Treasuries, municipals, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	691	285	405
Those for which the amount on the consolidated balance sheet does not exceed the acquisition price	(1) Stocks	–	–	–
	(2) Bonds			
	(i) Treasuries, municipals, etc.	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		691	285	405

2. Available-for-sale securities sold

Previous consolidated fiscal year (as of March 31, 2023)

Category	Sale price (million yen)	Total gains on sale (million yen)	Total loss on sale (million yen)
Stocks	100	89	–

Current consolidated fiscal year (as of March 31, 2024)

Category	Sale price (million yen)	Total gains on sale (million yen)	Total loss on sale (million yen)
Stocks	369	332	–

3. Securities impaired

In the previous consolidated fiscal year (as of March 31, 2023), the Company carried out impairment processing for 143 million yen of investment securities (143 million yen of available-for-sale securities).

In the current consolidated fiscal year (as of March 31, 2024), the Company carried out impairment processing for 365 million yen of investment securities (325 million yen of available-for-sale securities, 40 million yen of stock warrants).

Impairment processing is conducted for other stocks, etc., with no market prices in the event that their real value declines significantly due to the deteriorating financial standing of their issuers.

(Retirement benefits)

1. Summary of retirement benefits system employed

The Company and certain consolidated subsidiaries employ a defined contribution pension plan.

2. Defined contribution plan

The contributions required for the defined contribution plan of the Company and its consolidated subsidiaries were 71 million yen in the previous consolidated fiscal year (April 1, 2022 – March 31, 2023) and 157 million yen in the consolidated fiscal year under review (April 1, 2023 – March 31, 2024).

(Stock options, etc.)

1. Reporting company

Not applicable

2. Consolidated subsidiaries

Disclosure of the stock options issued by certain consolidated subsidiaries is omitted due to their negligible impact/consequence.

(Tax effect accounting)

1. Breakdown of main factors leading to deferred tax assets and deferred tax liabilities

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Deferred tax assets		
Provision for bonuses	– million yen	536 million yen
Provision for loyalty points	24	26
Contract liabilities	96	65
Allowance for doubtful accounts	72	131
Income taxes payable	65	155
Impairment loss	57	603
Excess depreciation	16	65
Filing adjustments for lease transactions	105	117
Asset retirement obligations	169	319
Losses carried forward for tax purposes (Note 2)	782	8,178
Other	186	1,117
Subtotal of deferred tax assets	1,577	11,317
Valuation allowance on losses carried forward for tax purposes (Note 2)	(224)	(4,334)
Valuation allowance on total of future temporary differences in deductions, etc.	(260)	(1,434)
Subtotal of valuation allowances (Note 1)	(485)	(5,769)
Total deferred tax assets	1,091	5,548
Deferred tax liabilities		
Intangible assets	(115)	(8,963)
Retirement costs on asset retirement obligations	(95)	(174)
Other	(114)	(189)
Total deferred tax liabilities	(324)	(9,326)
Net deferred tax assets	766	(3,778)

Note 1: Valuation allowances grew by 5,283 million yen, mainly due to the addition to consolidation of SHiDAX Corporation and its consolidated group of companies in the consolidated fiscal year under review.

Note 2: Losses carried forward for tax purposes and deferred tax assets thereon by carryover period

Previous consolidated fiscal year (as of March 31, 2023)

(Million yen)

	One year or less	More than one but no more than two years	More than two but no more than three years	More than three but no more than four years	More than four but no more than five years	More than five years	Total
Losses carried forward for tax purposes (*1)	18	25	26	31	45	634	782
Valuation allowance	(18)	(24)	(26)	(31)	(45)	(78)	(224)
Deferred tax assets	–	1	0	–	–	556	557

*1 Amounts of losses carried forward for tax purposes are multiplied by the statutory effective tax rate.

*2 Deferred tax assets of 557 million yen were recorded on 782 million yen in losses carried forward for tax purposes (amount multiplied by the statutory effective tax rate). These deferred tax assets were recognized primarily as part of the balance of losses carried forward for tax purposes of Three Limes, Inc., a consolidated subsidiary. No valuation allowance is recognized for the portion of these losses carried forward for tax purposes judged to be recoverable given the projected future taxable income of Three Limes, Inc.

Current consolidated fiscal year (as of March 31, 2024)

(Million yen)

	One year or less	More than one but no more than two years	More than two but no more than three years	More than three but no more than four years	More than four but no more than five years	More than five years	Total
Losses carried forward for tax purposes (*1)	90	47	133	137	4,001	3,768	8,178
Valuation allowance	(90)	(47)	(133)	(137)	(1,923)	(2,001)	(4,334)
Deferred tax assets	–	–	–	–	2,077	1,767	3,844

*1 Amounts of losses carried forward for tax purposes are multiplied by the statutory effective tax rate.

*2 Deferred tax assets of 3,844 million yen were recorded on 8,178 million yen in losses carried forward for tax purposes (amount multiplied by the statutory effective tax rate). These deferred tax assets were recognized primarily as part of the balance of losses carried forward for tax purposes of the consolidated subsidiaries SHiDAX Corporation and its consolidated group and Three Limes, Inc. No valuation allowance is recognized for the portion of these losses carried forward for tax purposes judged to be recoverable given the projected future taxable income of SHiDAX Corporation and its consolidated group and Three Limes, Inc.

2. Breakdown of main account items resulting in significant differences, if any, between the statutory effective tax rate and income tax rate borne after the application of tax effect accounting

	Previous consolidated fiscal year (as of March 31, 2023)	Current consolidated fiscal year (as of March 31, 2024)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Items not included in losses permanently, such as entertainment expenses	0.3	0.3
Per capita apportionment of residents' tax	0.8	1.3
Special deduction for increased income	(0.1)	(1.5)
Amortization of goodwill	3.0	2.5
Change in amount of valuation allowance	2.4	7.5
Loss on equity method investment	1.3	0.1
Difference in tax rates of overseas subsidiaries	1.6	0.7
Distributions from partnerships	4.3	0.2
Other	0.8	2.4
Income tax rate borne after application of tax effect accounting	45.2	44.2

3. Accounting for national and local income taxes or related tax-effect accounting

Certain consolidated subsidiaries apply the group tax-sharing system. Accounting for national and local income taxes or related tax-effect accounting and disclosure are conducted in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Accounting Standards Board of Japan [ASBJ] Practical Solution No. 42, August 12, 2021).

(Business combinations, etc.)

(Making SHiDAX Corporation a consolidated subsidiary by underwriting a capital increase through the third-party allocation of shares by SHIDA Holdings Corporation [now SHiDAX Holdings Corporation])

In its meeting held November 10, 2023, the Company Board of Directors resolved to conclude an agreement ("acceptance agreement" hereinafter) on the acceptance, for all shares of common stock ("SHiDAX stock" hereinafter) issued by the Company's equity-method affiliate SHiDAX Corporation (now SHiDAX Holdings Corporation) ("SHiDAX" hereinafter) held by the Company, of a takeover bid implemented as part of a management buyout* by SHIDA Holdings Corporation ("SHIDA Holdings" hereinafter). The acceptance agreement was concluded on the same date; the takeover bid was finalized and entered into effect on December 25, 2023.

In addition, upon the completion of the settlement for this takeover bid, effective January 5, 2024, SHiDAX was made a subsidiary of SHIDA Holdings through the acceptance and acquisition of shares of common stock in SHiDAX issued through a capital increase through a third-party allocation of shares by SHIDA Holdings ("third-party allocation of shares" hereinafter) and the completion of the settlement of the takeover bid, as part of this takeover bid and the series of subsequent transactions based on the transaction contract (see "Part 2. Business conditions: 3. Important business contracts, etc." for a contract summary), for the purpose of taking SHiDAX private.

* Management buyout (MBO): This refers in general to a transaction in which the management of the company to be acquired acquires company shares by providing all or some of the acquisition funds themselves, based on the premise that the acquired company will remain in business.

(1) Overview of the business combination

(i) Name and lines of business of the company acquired

Name of acquired company: SHIDA Holdings Corporation (now SHiDAX Holdings Corporation)

Lines of business: Acquisition and holding of stock in SHiDAX Corporation

(ii) Main reasons for implementing the business combination

Since making SHiDAX an equity-method affiliate in October 2022, the Company has sought to deepen the business alliance, centered in particular on the food domain. The companies currently work together in various ways, including the business operated by SHiDAX for supplying commercial meal kits to nursery schools.

At the same time, as independent listed companies, the Company and SHiDAX were subject to restrictions in various operational aspects, including decision-making and pooling management resources. This led to the recognition of issues affecting the responsiveness of decision-making and business deployment amid conditions in which the business environment undergoes dramatic change from year to year, including increasingly diverse channels for food purchases and delivery, rising logistics costs, and the labor shortage associated with the aging population and low birth rates.

Both the Company and SHiDAX contribute solutions to society's challenges based on a forward-looking orientation. Repeated consideration of the optimal business structure for maximizing the corporate value of the two companies led to the idea of the business combination and to the various associated transactions. These measures are intended to facilitate dynamic decision-making and implementation of the measures chosen by both companies and to maximize corporate value over the medium to long term.

(iii) Date of business combination

January 5, 2024 (imputed date of acquisition: January 1, 2024)

(iv) Legal form of business combination

Acquisition of stock for cash

(v) Name(s) after business combination

No change

(vi) Percentage of voting rights acquired

66.0%

(vii) Key factors underlying decision to acquire company

Acquisition of stock by the Company by cash payment

(2) Reporting period of acquisition included in the consolidated financial statements

January 1 through March 31, 2024

(3) Cost of acquisition and breakdown by type of consideration paid

Consideration of acquisition	Cash	14,192 million yen
Cost of acquisition		14,192 million yen

(4) Details and amount of main acquisition-related expenses

Advisory remuneration, fees, etc. 213 million yen

(5) Amount, cause, amortization method, and amortization period of resulting goodwill

(i) Amount of resulting goodwill

13,065 million yen

(ii) Cause

Future excess earnings power expected from future business deployment

(iii) Amortization method and amortization period

Equal-installment method over 17 and 20 years

(6) Amounts of assets received and liabilities accepted on the date of the business combination, and key details thereof

Current assets	42,151 million yen
Non-current assets	47,163 million yen
Total assets	89,314 million yen
Current liabilities	58,464 million yen
Non-current liabilities	9,465 million yen
Total liabilities	67,930 million yen

(7) Amounts allocated to intangible assets other than goodwill and breakdown and weighted-average amortization period by main type thereof

Breakdown by main type	Amount	Weighted-average amortization period
Customer-related assets	25,951 million yen	23 years

(8) Estimates of the effects of the business combination on the consolidated statement of income for the consolidated fiscal year under review if the combination had been finalized on the start date of the consolidated fiscal year, and calculation method thereof

Net sales	96,407 million yen
Operating profit	1,424 million yen
Ordinary profit	1,355 million yen
Net income before taxes and other adjustments	1,379 million yen
Net income attributable to owners of parent	258 million yen
Earnings per share	7.06 yen

(Summary of procedures for obtaining estimates)

Estimates of effects employ the differences between net calculated sales and profits/losses based on the assumption that the business combination had been finalized on the start date of the consolidated fiscal year and net sales and profits/losses on the consolidated statement of income of the acquired company. They also include amortization calculated assuming that goodwill and customer-related assets recognized at the time of the business combination had arisen on the start date of the consolidated fiscal year.

These notes have not been subjected to audit certification.

(Asset retirement obligations)

Asset retirement obligations recorded on the consolidated balance sheet

A. Summary of such asset retirement obligations

Obligation to restore property to its original conditions under real estate lease agreements concluded for the head offices, logistics centers, and other facilities of the Company and its consolidated subsidiaries

B. Method for calculating such asset retirement obligations

Asset retirement obligations are calculated by assuming the period of use to be two to 32 years from the date of acquisition and applying a discount rate of –0.15% to 1.991%.

C. Changes in total amounts of such asset retirement obligations

	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Starting balance	561 million yen	554 million yen
Increase associated with acquisition of property, plant, and equipment	–	95
Increase (decrease) due to change in estimates *	–	(11)
Adjustments over time	3	4
Decrease due to performance of asset retirement obligations	(11)	–
Other increases (decreases)	–	332
Ending balance	554	975

* Increase (decrease) due to change in estimates results from more precise estimation reflecting newly obtained information.

(Revenue recognition)

1. Analysis of revenue from contracts with customers

Information on analysis of revenue from contracts with customers is presented under "Part 5. Accounting: 1. Consolidated financial statements: Notes to the consolidated financial statements: (Segment information, etc.)."

2. Basic information for understanding revenue from contracts with customers

Details of key services

BtoC Subscription Business	Delivery of foods and other merchandise
BtoB Subscription Business	Contracted operations for employee dining halls at offices, factories, and other facilities and student dining halls at schools and other institutions Contracted operations for student and employee dormitory dining halls Contracted operations for restaurants and employee clubs Contracted operations for retail stores Contracted operations for food services for hospital and clinic patients, hospital employee dining halls, and restaurants for guests Wholesaling of food ingredients to nursery schools and contracted operations for food services for nursery schools, kindergartens, special senior residences, senior long-term care facilities, premium senior residences, facilities for people with disabilities, etc.
Social Services Business	Managing and operating public facilities Operating after-school care businesses and centers Managing and operating dormitories and lodges Administration and management Contracted school meal services Managing and operating local tourism facilities
Vehicle Operation Services Business	Providing and managing chauffeurs for company vehicles for officers, etc. Providing and managing chauffeurs for private vehicles owned by customers Providing and managing drivers for community buses, route buses, etc. Transporting services by charter buses, etc.

Details of the primary obligations in significant businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the normal timing of fulfillment of such performance obligations (normal timing of revenue recognition) are shown below.

The primary business of the core BtoC Subscription Business segment is the sale of food and related products. Revenue from the sale of such products is recognized at the point in time at which the products are delivered to customers because the customers are regarded to have assumed control of the products and related obligations deemed fulfilled at that time.

In addition, by applying the alternative treatment specified in Paragraph 98 of the Implementation Guidance on the Accounting Standard for Revenue Recognition, revenue is recognized in domestic sales of products, primarily in the food delivery business, at the time of shipment, assuming ordinary shipping times to the customer.

In the BtoB Subscription Business, Social Services Business, and Vehicle Operation Services Business segments, the Company and its consolidated subsidiaries provide services under contracts concluded with the service recipients that stipulate matters such as the nature of the services provided and the rights and obligations of the parties involved. Services are provided continually over the period of the contracts. Since performance obligations for such services are fulfilled by providing services to the customers based on these contracts, the obligations are fulfilled over a defined period. In addition, customers pay to the Company and its consolidated subsidiaries usage fees based on monthly rates and service fees. Revenue is recorded monthly over the contractual period in which the obligations are fulfilled.

The business of wholesaling food ingredients to nursery schools in the BtoB Subscription Business is a product sales business. The businesses of operating employee dining halls, student and faculty dining halls, restaurants, and retail stores under contract in the BtoB Subscription Business and operating and managing public facilities and local tourism facilities in the Social Services Business also sell products. Revenue from these product sales is recognized at the point in time at which the promised goods are delivered to customers because the related obligations are deemed fulfilled at that time. In the BtoC Subscription Business, payments for product sale transactions are generally received within 60 days of the fulfillment of the performance of the obligations; in the BtoB Subscription Business, Social Services Business, and Vehicle Operation Services Business, the cost of service provision is billed to the customer on the month following the month in which the performance obligation was fulfilled, and the normal payment deadline is within 30 days. As such, these transactions include no material financial elements.

3. Relationship between fulfillment of obligations under contracts with customers and cash flows arising from such contracts, and amounts and timing of revenue from contracts with customers in existence at the end of the consolidated fiscal year under review expected to be recognized in the following consolidated fiscal year or later

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

(i) Balance of contractual obligations, etc.

The starting and ending balances of claims and contractual obligations recorded based on contracts between the Company and its consolidated subsidiaries and customers in the previous consolidated fiscal year are shown below.

	Consolidated fiscal year under review
Claims from contracts with customers (starting balance)	8,964 million yen
Claims from contracts with customers (ending balance)	9,626 million yen
Contractual obligations (starting balance)	250 million yen
Contractual obligations (ending balance)	397 million yen

Contractual obligations consist mainly of ending balances of loyalty points awarded on product purchases by subscribers based on the Company's loyalty point program intended as a sales promotion measure, allocated to transaction values based on independent sale prices calculated with consideration for matters such as expected future expiration. Figures are transferred from contractual obligations in association with revenue recognition.

Revenue recognized in the previous consolidated fiscal year and included in the balance of contractual obligations as of the start of the period was 250 million yen. The increase in contractual obligations was due to the granting of loyalty points.

(ii) Transaction prices allocated to residual obligations

Description of transaction prices allocated to residual obligations is omitted for practical purposes since the Company and its consolidated subsidiaries have no significant transactions for which the initially expected contractual period is longer than one year.

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

(i) Balance of contractual obligations, etc.

The starting and ending balances of claims and contractual obligations recorded based on contracts between the Company and its consolidated subsidiaries and customers in the consolidated fiscal year are shown below.

	Consolidated fiscal year under review
Claims from contracts with customers (starting balance)	9,626 million yen
Claims from contracts with customers (ending balance)	24,936 million yen
Contractual obligations (starting balance)	397 million yen
Contractual obligations (ending balance)	505 million yen

Contractual obligations consist mainly of ending balances of loyalty points awarded upon product purchases by subscribers based on the Company's loyalty point program intended as a sales promotion measure, allocated to transaction values based on independent sale prices calculated with consideration for matters such as expected future expiration and of advances received from customers in connection with Social Services. Figures are transferred from contractual obligations in association with revenue recognition. Revenue recognized in the period and included in the balance of contractual obligations as of the start of the period was 397 million yen. The increase in contractual obligations was due mainly to the granting of loyalty points and to an increase in advances received from customers in connection with Social Services.

(ii) Transaction prices allocated to residual obligations

Description of transaction prices allocated to residual obligations is omitted for practical purposes since the Company and its consolidated subsidiaries have no significant transactions for which the initially expected contractual period is longer than one year.

(Segment information, etc.)

Segment information

1. Summary of business segments

The Group's reportable segments represent structural units of the Group for which separate financial information is available. They are subject to periodic consideration by the Board of Directors to determine the allocation of management resources and to evaluate business performance. The Group's reportable segments are the BtoC Subscription Business, the BtoB Subscription Business, the Social Services Business, and the Vehicle Operation Services Business. Products and services belonging to each reportable segment are shown below.

Reportable segment	Main products and services
BtoC Subscription Business	Delivery of foods and other merchandise
BtoB Subscription Business	Contracted operations for employee dining halls at offices, factories, and other facilities and student dining halls at schools and other institutions Contracted operations for student and employee dormitory dining halls Contracted operations for restaurants and employee clubs Contracted operations for retail stores Contracted operations for food services for hospital and clinic patients, hospital employee dining halls, and restaurants for guests Wholesaling of food ingredients to nursery schools and contracted operations for food services for nursery schools, kindergartens, special senior residences, senior long-term care facilities, premium senior residences, facilities for people with disabilities, etc.
Social Services Business	Managing and operating public facilities Operating after-school care businesses and centers Managing and operating dormitories and lodges Administration and management Contracted school meal services Managing and operating local tourism facilities
Vehicle Operation Services Business	Providing and managing chauffeurs for company vehicles for officers, etc. Providing and managing chauffeurs for private vehicles owned by customers Providing and managing drivers for community buses, route buses, etc. Transporting services by charter buses, etc.

2. Changes in reportable segments, etc.

From the fiscal year ended March 31, 2024, the calculation method of segment profit and reportable segments have been changed due to the reclassification of the business portfolio and the accompanying review of performance evaluation and analysis indicators by the Board of Directors following the consolidation of SHIDA Holdings Corporation (currently SHiDAX Holdings Corporation) as a consolidated subsidiary.

The reportable segments have been changed from "Home Delivery Business (Oisix)," "Home Delivery Business (Daichi wo Mamorukai)," "Home Delivery Business (Radish Boya)," and "Home Delivery Business (Purple Carrot)" to "BtoC Subscription," "BtoB Subscription," "Social Services" and "Vehicle Operation Services."

BtoC Subscription includes the existing "Home Delivery Business (Oisix)," "Home Delivery Business (Daichi wo Mamorukai)," "Home Delivery Business (Radish Boya)," and "Home Delivery Business (Purple Carrot)." BtoB Subscription includes the "Suku-suku Oisix" business, which wholesales food ingredients to nursery schools, and the "Food Service Business" of the consolidated subsidiary SHiDAX. "Social Services" and "Vehicle Operation Services," which were businesses of the SHiDAX, were added as reportable segments, respectively.

The calculation method of segment profit has been changed to allocate salaries, allowances, and legal welfare expenses ("fixed personnel expenses") and some business operation-related expenses to each business segment, which were previously included in corporate expenses.

Segment information for the previous consolidated fiscal year is prepared based on the modified segmentation method. It is shown under the previous consolidated fiscal year in "3. Information on the amounts of net sales, profit or loss, assets, liabilities, and other accounts by reportable segment."

3. Methods for calculating amounts of net sales, profit or loss, assets, liabilities, and other accounts by reportable segment

Accounting methods for reportable business segments comply with the accounting policies employed in preparation of the consolidated financial statements.

Internal sales of transfers between segments are based on market values.

4. Information on the amounts of net sales, profit or loss by reportable segment

Fiscal year ended March 31, 2023

(Million yen)

	Reportable Segment					Other businesses	Adjustments	Amount on Consolidated Statements of Income
	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Total			
Net Sales								
Oisix	59,413	–	–	–	59,413	–	–	59,413
Daichi wo Mamorukai	12,345	–	–	–	12,345	–	–	12,345
Radish Boya	16,939	–	–	–	16,939	–	–	16,939
Purple Carrot	9,759	–	–	–	9,759	–	–	9,759
Medical Food	–	–	–	–	–	–	–	–
Contract Food	–	–	–	–	–	–	–	–
Suku-suku Oisix	–	1,293	–	–	1,293	–	–	1,293
After-school care service	–	–	–	–	–	–	–	–
Public school lunch service	–	–	–	–	–	–	–	–
Social service	–	–	–	–	–	–	–	–
Executive vehicle management	–	–	–	–	–	–	–	–
General vehicle management	–	–	–	–	–	–	–	–
Passenger transport	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	15,424	–	15,414
Revenue from Contracts with Customers	98,458	1,293	–	–	99,752	15,424	–	115,176
Other	–	–	–	–	–	–	–	–
Net sales to external customers	98,458	1,293	–	–	99,752	15,414	–	115,176
Intersegmental net sales and transfers	–	–	–	–	–	1,237	(1,237)	–
Total	98,458	1,293	–	–	99,752	16,661	(1,237)	115,176
Segment profit (loss)	6,892	(6)	–	–	6,886	818	(4,358)	3,346
Segment assets	45,806	344	–	–	46,150	16,822	1,528	64,502
Other Items								
Depreciation	1,588	2	–	–	1,590	81	313	1,985
Amortization of goodwill	263	–	–	–	263	–	–	263
Share of profit (loss) of entities accounted for using equity method	–	–	–	–	–	(113)	–	(113)
Investments in equity method affiliates	–	–	–	–	–	9,426	–	9,426
Increase in property, plant and equipment and intangible assets	1,902	3	–	–	1,905	151	162	2,219

Notes:

1. The “Other businesses” segment is a business segment not included in the reported segments and includes other companies’ EC support business, mobile supermarket business, and web system development business and others.
2. The main components of segment profit in “Adjustments” are fixed personnel expenses and corporate expenses, which are general and administrative expenses that do not belong to any business segment. “Segment assets” consist mainly of corporate assets that do not belong to any reportable segment. “Depreciation” represents the depreciation of corporate assets that do not belong to any reportable segment, and “Increase in property, plant and equipment and intangible assets” represents the increase in corporate assets that do not belong to any reportable segment.
3. Adjustments were made to reconcile segment profit (loss) to operating profit presented in the consolidated financial statements.

Fiscal year ended March 31, 2024

(Million yen)

	Reportable Segment					Other businesses	Adjustments	Amount on Consolidated Statements of Income
	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Total			
Net Sales								
Oisix	62,377	–	–	–	62,377	–	–	62,377
Daichi wo Mamorukai	11,327	–	–	–	11,327	–	–	11,327
Radish Boya	16,596	–	–	–	16,596	–	–	16,596
Purple Carrot	9,082	–	–	–	9,082	–	–	9,082
Medical Food	–	8,076	–	–	8,076	–	–	8,076
Contract Food	–	5,065	–	–	5,065	–	–	5,065
Suku-suku Oisix	–	1,633	–	–	1,633	–	–	1,633
After-school care service	–	–	4,702	–	4,702	–	–	4,702
Public school lunch service	–	–	3,816	–	3,816	–	–	3,816
Social service	–	–	2,852	–	2,852	–	–	2,852
Executive vehicle management	–	–	–	2,645	2,645	–	–	2,645
General vehicle management	–	–	–	2,463	2,463	–	–	2,463
Passenger transport	–	–	–	1,105	1,105	–	–	1,105
Other	–	194	–	–	194	16,413	–	16,608
Revenue from Contracts with Customers	99,383	14,970	11,372	6,213	131,940	16,413	–	148,354
Other	–	–	–	–	–	54	–	54
Net sales to external customers	99,383	14,970	11,372	6,213	131,940	16,467	–	148,408
Intersegmental net sales and transfers	–	6	10	15	32	1,559	(1,592)	–
Total	99,383	14,976	11,383	6,229	131,972	18,027	(1,592)	148,408
Segment profit (loss)	8,765	323	338	304	9,731	1,217	(5,804)	5,144
Segment assets	58,164	30,234	18,320	29,522	136,241	13,243	(5,756)	143,728
Other Items								
Depreciation	1,879	158	51	120	2,209	89	314	2,613
Amortization of goodwill	281	58	57	98	495	–	–	495
Share of profit (loss) of entities accounted for using equity method	–	–	–	–	–	(24)	–	(24)
Investments in equity method affiliates	–	–	–	–	–	22	–	22
Increase in property, plant and equipment and intangible assets	11,170	18,571	5,508	15,799	51,049	279	94	51,423

Notes:

1. The “Other businesses” segment is a business segment not included in the reported segments and includes other companies’ EC support business, mobile supermarket business, and web system development business and others.
2. The main components of segment profit in “Adjustments” are corporate expenses such as general and administrative expenses that do not belong to any reportable segment. The adjustment of −5,756 million yen to segment assets consists of −17,660 million yen in offsetting of claims among segments and 11,904 million yen in corporate assets that do not belong to any reportable segment. “Depreciation” represents the depreciation of corporate assets that do not belong to any reportable segment, and “Increase in property, plant and equipment and intangible assets” represents the increase in corporate assets that do not belong to any reportable segment.
3. Adjustments were made to reconcile segment profit to operating profit or loss presented in Consolidated Statements of Income.
4. “Other” in net sales is sales based on “Accounting Standard for Lease Transactions (ASBJ Statement No. 13)”.

Related information

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

1. Information on individual products and services

(Million yen)

	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Other	Total
Net sales to external customers	98,468	1,293	–	–	15,414	115,176

2. Regional information

(1) Net sales

(Million yen)

Japan	USA	Other	Total
104,584	9,769	832	115,176

Note: Net sales are categorized by country or region based on customer location.

(2) Property, plant, and equipment

Omitted here since the value of property, plant, and equipment located in Japan accounts for more than 90% of the value of property, plant, and equipment on the consolidated balance sheet

3. Information on major customers

Omitted here since no counterparties in sales to external customers account for 10% or more of net sales on the consolidated statement of income

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

1. Information on individual products and services

(Million yen)

	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Other	Total
Net sales to external customers	99,383	14,970	11,372	6,213	16,467	148,408

2. Regional information

(1) Net sales

Omitted here since net sales to external customers in Japan account for more than 90% of net sales on the Consolidated Statement of Income

(2) Property, plant, and equipment

Omitted here since the value of property, plant, and equipment located in Japan accounts for more than 90% of the value of property, plant, and equipment on the consolidated balance sheet

3. Information on major customers

Omitted here since no counterparties in sales to external customers account for 10% or more of net sales on the consolidated statement of income

Information on impairment losses on non-current assets by reportable segment

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

(Million yen)

	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Total	Other	Companywide/ eliminations	Amount recorded on consolidated financial statements
Impairment loss	–	–	–	–	–	14	–	14

Note: The amount under Other is related to the overseas food delivery business (Hong Kong).

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

(Million yen)

	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Total	Other	Companywide/ eliminations	Amount recorded on consolidated financial statements
Impairment loss	372	2	7	10	392	27	(0)	420

Note: The amount under Other is related to the overseas food delivery business (Hong Kong).

Information on impairment amounts and unimpaired balances of goodwill by reportable segment

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

(Million yen)

	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Total	Other	Companywide/ eliminations	Amount recorded on consolidated financial statements
Impairment amount in period	263	–	–	–	263	–	–	263
Ending balance	1,190	–	–	–	1,190	–	–	1,190

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

(Million yen)

	BtoC Subscription	BtoB Subscription	Social Services	Vehicle Operation Services	Total	Other	Companywide/ eliminations	Amount recorded on consolidated financial statements
Impairment amount in period	281	58	57	98	495	–	–	495
Ending balance	615	5,221	3,850	4,958	14,645	148	–	14,794

Information on gain on bargain purchase by reportable segment

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

Not applicable

(Information on related parties)

1. Transactions with related parties

(1) Transactions between the Company submitting the consolidated financial statements and related parties

(A) Nonconsolidated subsidiaries and affiliates, etc. of the Company submitting the consolidated financial statements

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

Not applicable

(B) Officers and major shareholders (individuals only), etc. of the Company submitting the consolidated financial statements

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

Not applicable

(2) Transactions between consolidated subsidiaries of the Company submitting the consolidated financial statements and related parties

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

<table>
<tr><th>Type</th><th>Personal or corporate name</th><th>Location</th><th>Capital or investment (million yen)</th><th>Line of business or occupation</th><th>Percentage of voting rights owned by or in the related party (%)</th><th>Relationship to the related party</th><th>Transaction details</th><th>Transaction amount (million yen)</th><th>Account</th><th>Ending balance (million yen)</th></tr>
<tr><td rowspan="6">Companies in which officers and/or their close relatives own a majority of voting rights (including subsidiaries of such companies)</td><td rowspan="3">SDI Corporation</td><td rowspan="3">Chuo-ku, Tokyo</td><td rowspan="3">5</td><td rowspan="3">Securities investment and real estate leasing businesses</td><td rowspan="3">–</td><td rowspan="3">Provision of construction cooperation funds
Concurrent service of officers</td><td rowspan="2">Provision of construction cooperation funds</td><td rowspan="2">173</td><td>Short-term loans receivable</td><td>33</td></tr>
<tr><td>Long-term loans receivable</td><td>138</td></tr>
<tr><td>Receipt of interest on construction cooperation funds (*1)</td><td>0</td><td>–</td><td>0</td></tr>
<tr><td>SHIDA Corporation</td><td>Chiyoda-ku, Tokyo</td><td>10</td><td>Securities investment business</td><td>–</td><td>Office leasing, etc.
Concurrent service of officers</td><td>Advance payment of salaries of seconded personnel (*2)</td><td>17</td><td>Advances paid</td><td>0</td></tr>
<tr><td rowspan="2">SHIDAX Nakaizu Winery Hills Inc.</td><td rowspan="2">Chofu, Tokyo</td><td rowspan="2">10</td><td rowspan="2">Managing and operating hotels, restaurants, and bars</td><td rowspan="2">–</td><td rowspan="2">Business contracting
Leasing of business facilities, etc.
Concurrent service of officers</td><td>Receipt of rent (*3)</td><td>16</td><td>Accounts receivable–trade</td><td>0</td></tr>
<tr><td>Advance payment of salaries of seconded personnel (*2)</td><td>163</td><td>Advances paid</td><td>0</td></tr>
</table>

Notes:

1. Kinichi Shida, Representative Director of SDI Corporation, serves concurrently as Representative Director of SHiDAX Corporation, a Company subsidiary.
2. Representative Director Kinichi Shida of Company subsidiary SHiDAX Corporation and his close relatives directly own 100% of voting rights in SDI Corporation.

3. Kinichi Shida, a Director of SHIDA Corporation, serves concurrently as Representative Director of SHiDAX Corporation, a Company subsidiary.
4. Representative Director Kinichi Shida of Company subsidiary SHiDAX Corporation and his close relatives directly own a majority of voting rights in SHIDA Corporation.
5. Kinichi Shida, Representative Director of SHIDAX Nakaizu Winery Hills Inc., serves concurrently as Representative Director of SHiDAX Corporation, a Company subsidiary.
6. SHIDAX Nakaizu Winery Hills Inc. is a subsidiary of SHIDA Corporation, in which Representative Director Kinichi Shida of Company subsidiary SHiDAX Corporation and his close relatives own a majority of voting rights.
7. Transaction conditions, policies for deciding on transaction conditions, etc.
   (*1) Interest on construction cooperation funds is determined based on the interest rate on borrowings by the Company subsidiary SHiDAX Corporation.
   (*2) Advance payment of salaries of seconded personnel is made in the amount equal to actual costs.
   (*3) Rent is determined based on valuation reports by real estate appraisers.

2. Notes on the parent company and significant affiliates

(1) Parent company information

Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 – March 31, 2024)

Not applicable

(2) Summary financial information on significant affiliates

There were no significant affiliates in the consolidated fiscal year under review.

SHiDAX Corporation, a significant affiliate in the previous consolidated fiscal year, is included in the scope of consolidation as a consolidated subsidiary due to the acquisition of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation).

(Million yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Total current assets	24,283	–
Total non-current assets	8,911	–
Total current liabilities	18,639	–
Total non-current liabilities	2,330	–
Total net assets	12,225	–
Net sales	30,359	–
Net income before taxes	458	–
Net income	1,043	–

(Per-share information)

	Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)	Current consolidated fiscal year (April 1, 2023 – March 31, 2024)
Net assets per share	672.84 yen	795.17 yen
Earnings per share	49.45 yen	112.72 yen
Diluted earnings per share	– yen	– yen

Notes:

1. Diluted earnings per share is omitted because no potential shares had dilutive effects.
2. Shown below are the bases for calculating earnings per share and diluted earnings per share.

	Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)	Current consolidated fiscal year (April 1, 2023 – March 31, 2024)
Earnings per share		
Profit attributable to owners of parent (million yen)	1,807	4,120
Amount not attributable to common stockholders (million yen)	–	–
Profit attributable to owners of parent attributable to common stock (million yen)	1,807	4,120
Average number of shares of common stock during the period	36,555,918	36,558,053
Diluted eearnings per share		
Adjustments to profit attributable to owners of parent (million yen)	–	–
Increase in shares of common stock	–	–
(Stock options included above [shares])	(–)	(–)
Summary of potential shares not included in calculation of diluted earnings per share because they had no dilutive effects	–	Stock options issued by subsidiaries are not included in calculation of diluted earnings per share because they had no dilutive effects.

(Important subsequent events)

(Acquisition of treasury stock)

In its meeting held May 14, 2024, the Company Board of Directors resolved to acquire treasury stock pursuant to Article 156 of the Companies Act, applicable *mutatis mutandis* under Article 165, Paragraph 3 of that Act.

(1) Reasons for acquisition of treasury stock

As its businesses are in a growth phase at present, the Company has adopted a policy of continuing to prioritize use of cash flows from its businesses for investment in growth.*

At the same time, in light of the recent state of opportunities for investment in growth and share-price levels, the Company believes that dynamic returns to shareholders will also contribute to maximizing corporate value. The Company has decided to acquire these shares of treasury stock based on this recognition. The Company expects to dispose of the shares of treasury stock acquired by various means, including use in future strategic mergers and acquisitions in exchange for shares of Company common stock.

The Company plans to raise all funds needed for this acquisition of treasury stock from funds on hand.

* Main areas of investment in growth

(i) BtoC Subscription Business: New service development, investment in PR, IT investment, enhancement of logistics system and equipment functions, etc.

(ii) BtoB Subscription Business: Mergers and acquisitions toward business expansion, enhancement of logistics, manufacturing, and other functions, etc.

(2) Acquisition details

(i)	Class of shares to be acquired	Common stock
(ii)	Number of shares to be acquired	1,825,000 shares (max.)
(iii)	Total value of shares to be acquired	3,000 million yen (max.)
(iv)	Period of acquisition of treasury stock	From May 15 through October 31, 2024
(v)	Acquisition method	Market purchases on the Tokyo Stock Exchange

(v) Additional details to the consolidated financial statements

Details of bonds

Not applicable

Details of borrowings, etc.

Category	Starting balance (million yen)	Ending balance (million yen)	Average interest rate (%)	Repayment period
Short-term borrowings	10,060	15,045	0.38	–
Current portion of long-term borrowings	27	2,166	1.77	–
Current portion of lease liabilities	705	1,270	1.11	–
Long-term borrowings (excluding current portion)	74	14,648	1.89	2025–2033
Lease liabilities (excluding current portion)	11,293	18,598	1.14	2025–2039
Other interest-bearing debt	–	–	–	–
Total	22,161	51,728	–	–

Notes:

1. Average interest rate indicates the weighted average interest rate on the ending balance of borrowings.
2. Shown below are long-term borrowings and lease liabilities (excluding current portions) planned for repayment within five years from the ending date of the consolidated fiscal year.

	More than one but no more than two years (million yen)	More than two but no more than three years (million yen)	More than three but no more than four years (million yen)	More than four but no more than five years (million yen)
Long-term borrowings	1,771	1,770	1,762	1,757
Lease liabilities	1,245	1,256	1,262	1,272

Details of asset retirement obligations

Details of asset retirement obligations are omitted here because matters that would be covered in such detail are described as matters subject to notes under Article 15-23 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other

Quarterly information on the consolidated fiscal year under review

(Cumulative periods)		First quarter	Second quarter	Third quarter	Consolidated fiscal year under review
Net sales	(million yen)	29,268	57,438	89,656	148,408
Net income before taxes and other adjustments	(million yen)	1,196	2,338	4,776	6,416
Net income attributable to owners of parent	(million yen)	817	1,401	3,015	4,120
Earnings per share	(yen)	22.36	38.33	82.47	112.72

(Fiscal period)		First quarter	Second quarter	Third quarter	Fourth quarter
Earnings (loss) per share	(yen)	22.36	15.97	44.14	30.25

2. Nonconsolidated Financial Statements, etc.

(1) Nonconsolidated Financial Statements

(i) Balance Sheet

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	*1 12,673	*1 18,918
Accounts receivable–trade	*2 9,307	*2 8,967
Merchandise and finished goods	1,648	1,473
Work in process	51	100
Raw materials and supplies	210	461
Accounts receivable–other	*2 3,224	*2 1,520
Advances received	7	17
Prepaid expenses	426	481
Income taxes receivable	5	0
Other	152	185
Allowance for doubtful accounts	(233)	(261)
Total current assets	27,473	31,865
Non-current assets		
Property, plant and equipment		
Buildings	1,095	1,404
Structures	25	34
Machinery and equipment	2,062	1,944
Vehicles	12	8
Tools, furniture and fixtures	485	646
Leased assets	11,611	19,373
Construction in progress	943	1,560
Total property, plant and equipment	16,236	24,972
Intangible assets		
Trademarks	2	1
Software	1,477	1,475
Software in progress	255	319
Total intangible assets	1,735	1,795
Investments and other assets		
Investment securities	651	1,011
Shares of subsidiaries and associates	13,641	18,872
Deferred tax assets	310	338
Leasehold and guarantee deposits	*1 1,391	*1 1,620
Other	*2 284	*2 321
Allowance for doubtful accounts	*2 (1)	*2 (58)
Total investments and other assets	16,277	22,106
Total non-current assets	34,249	48,874
Total assets	61,722	80,739

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable–trade	*1 5,866	*1 5,529
Short-term borrowings	*3 10,000	*3 15,000
Lease liabilities	690	1,222
Accounts payable–other	*2 5,871	*2 4,852
Accrued expenses	933	932
Income taxes payable	822	2,571
Accrued consumption taxes	429	362
Contract liabilities	357	247
Deposits received	85	180
Provision for point card certificates	80	87
Other	34	36
Total current liabilities	25,170	31,023
Non-current liabilities		
Lease liabilities	11,267	18,536
Long-term borrowings	124	112
Asset retirement obligations	549	648
Other	*2 51	*2 51
Total non-current liabilities	11,993	19,348
Total liabilities	37,164	50,372
Net assets		
Shareholders' equity		
Share capital	3,995	3,995
Capital surplus		
Capital reserves	7,876	7,876
Other capital surplus	133	133
Total capital surplus	8,009	8,009
Retained earnings		
Other retained earnings		
Retained earnings brought forward	16,903	22,640
Total retained earnings	16,903	22,640
Treasury shares	(4,503)	(4,504)
Total shareholders' equity	24,404	30,141
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	153	225
Total valuation and translation adjustments	153	225
Total net assets	24,558	30,367
Total liabilities and net assets	61,722	80,739

(ii) Statement of Income

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	*1 102,821	*1 104,580
Cost of sales	*1 53,938	*1 53,240
Gross profit	48,883	51,339
Selling, general and administrative expenses	*1,*2 44,591	*1,*2 45,329
Operating profit	4,291	6,010
Non-operating income		
Interest income	1	1
Dividend income	4	0
Gain on investments in partnership	–	9
Compensation income	16	19
Other	94	35
Total non-operating income	116	65
Non-operating expenses		
Interest expenses	124	162
Loss on investments in investment partnerships	40	–
Foreign exchange losses	6	8
Differences on consumption taxes	–	43
Provision of allowance for doubtful accounts	–	58
Other	5	1
Total non-operating expenses	176	274
Ordinary profit	4,230	5,802
Extraordinary income		
Gain on sale of investment securities	–	6
Gain on sales of shares of subsidiaries and associates	–	4,094
Total extraordinary income	–	4,101
Extraordinary losses		
Impairment losses	14	12
Loss on valuation of shares of subsidiaries and associates	172	1,136
Loss on valuation of investment securities	143	49
Total extraordinary losses	330	1,198
Profit before income taxes	3,900	8,705
Income taxes–current	1,320	3,037
Income taxes–deferred	(25)	(68)
Total income taxes	1,295	2,968
Profit	2,605	5,737

(iii) Statement of Changes in Shareholders' Equity

Fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserves	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	3,994	7,874	133	8,008	14,297	14,297	(4,503)	21,797
Changes during period								
Issuance of new shares	1	1		1				2
Net income					2,605	2,605		2,605
Purchase of treasury shares							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	1	1	–	1	2,605	2,605	(0)	2,607
Balance at end of period	3,995	7,876	133	8,009	16,903	16,903	(4,503)	24,404

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	24	24	21,821
Changes during period			
Issuance of new shares			2
Net income			2,605
Purchase of treasury shares			(0)
Net changes in items other than shareholders' equity	128	128	128
Total changes during period	128	128	2,736
Balance at end of period	153	153	24,558

Fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserves	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	3,995	7,876	133	8,009	16,903	16,903	(4,503)	24,404
Changes during period								
Issuance of new shares								–
Net income					5,737	5,737		5,737
Purchase of treasury shares							(0)	(0)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	5,737	5,737	(0)	5,736
Balance at end of period	3,995	7,876	133	8,009	22,640	22,640	(4,504)	30,141

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	153	153	24,558
Changes during period			
Issuance of new shares			–
Net income			5,743
Purchase of treasury shares			(0)
Net changes in items other than shareholders' equity	72	72	72
Total changes during period	72	72	5,809
Balance at end of period	225	225	30,367

Notes

(Important accounting policies)

1. Asset valuation standards and methods

(1) Securities

Shares of subsidiaries and associates

The moving average cost method is employed.

Available-for-sale securities

Those other than stocks, etc. with no fair market value

The fair value method is employed. (The entire amount of any difference in valuation is recorded to net assets. Cost of sales is calculated by the moving average method.)

Stocks, etc. with no fair market value

The moving average cost method is employed.

For investments in limited-liability investment partnerships and similar partnerships, the amount equivalent to equity is included in the total amount based on the latest financial statements available according to the financial reporting date stipulated in the partnership agreement.

(2) Inventories

The Company employs the moving average cost method (with amounts on the balance sheet calculated by decreasing book value in accordance with reductions in profitability), the FIFO cost method (with amounts on the balance sheet calculated by decreasing book value in accordance with reductions in profitability), and the gross average cost method (with amounts on the balance sheet calculated by decreasing book value in accordance with reductions in profitability).

2. Depreciation methods for non-current assets

(1) Property, plant, and equipment (excluding leased assets)

The straight line method is employed.

The main useful lives are shown below:

Buildings:	2–21 years
Structures:	8–18 years
Machinery and equipment:	2–12 years
Vehicles:	1–4 years
Tools, furniture and fixtures:	1–15 years

(2) Intangible assets (excluding leased assets)

The straight line method is employed. Software used by the Company is depreciated based on the useful life within the Company (five years).

(3) Leased assets

Leased assets related to finance lease transactions involving transfer of ownership:

Depreciated by the same method applied to property, plant, and equipment owned by the Company

Leased assets related to finance lease transactions other than those involving transfer of ownership:

Depreciated by the straight line method with the lease period as the useful life and a residual value of zero

3. Accounting standards for allowances and provisions

(1) Allowance for doubtful accounts

To be prepared for possible losses on doubtful claims, the Company provides for this allowance based on the actual rate of losses from bad debts for general receivables and anticipated amounts unrecoverable based on a case-by-case assessment of recoverability for specific claims, such as those with the potential for default and claims in reorganization.

(2) Provision for loyalty points

To provide for the use of points awarded to customers as Action Points based on the loyalty point program intended as a sales promotion measure, the anticipated future usage amount as of the end of the current fiscal year is recorded.

4. Accounting standards for significant revenues and expenses

Details of the primary obligations in significant businesses related to revenue from contracts with customers of the Company and the normal timing of fulfillment of such performance obligations (normal timing of revenue recognition) are shown below.

The Company’s primary business is the sale of food and related products. Revenue from the sale of such products is recognized at the point in time at which the products are delivered to customers because the customers are regarded to have assumed control of the products and related obligations deemed fulfilled at that time.

In addition, by applying the alternative treatment specified in Paragraph 98 of the Implementation Guidance on the Accounting Standard for Revenue Recognition, revenue is recognized in domestic sales of products, primarily in the food delivery business, at the time of shipment, assuming ordinary shipping times to the customer.

Since the price on transactions generally is received within 60 days from the fulfillment of the obligations, they include no material financial elements.

5. Other important matters serving as bases for the preparation of financial statements

Method of processing deferred assets

Share issuance costs

The entire amount of share issuance costs is recorded as expenses at the time of payment.

(Significant accounting estimates)

Accounts that involve especially significant accounting estimates on the financial statements are shown below.

1. Evaluation of shares of stock in Oisix Inc.

(1) Amount recorded on financial statements for the fiscal year under review

(Million yen)

	Previous fiscal year	Current fiscal year
Shares of subsidiaries and associates	3,010	3,010

No loss was incurred on valuation of shares of subsidiaries and associates for these shares during the fiscal year under review.

(2) Method for calculating the amount recorded on the financial statements for the fiscal year under review

Shares of stock in subsidiaries and consolidated affiliates are appraised by the moving average cost method. Shares of stock in Oisix Inc. were acquired at relatively high price compared to net assets per share derived from financial statements, reflecting the company's excess earnings power and other factors. In such cases, the effective value may well decline markedly due to a decline in excess earning power and other factors over subsequent periods. Even if the issuer's financial standing does not deteriorate in such cases, impairment is recorded if there is little prospect of improvement in excess earning power based on the expectation that such conditions are likely to persist.

Oisix Inc. operates the consolidated Group's investment business in the United States. It is the parent company of Three Limes, Inc. and YOKO Street, INC., also consolidated subsidiaries. Accordingly, in calculating the effective value of shares of stock in Oisix Inc., valuations of shares in Three Limes, Inc. and YOKO Street, INC. are taken into consideration. The excess earning power of Three Limes, Inc. is taken into consideration in such valuations.

(3) Major assumptions in calculating the amount recorded to the financial statements for the fiscal year under review

See "Part 5. Accounting: 1. Consolidated financial statements: (1) Notes to the consolidated financial statements: (Significant accounting estimates)" for the major assumptions underlying calculations of effective value.

(4) Impact on financial statements for the next fiscal year

A loss on the valuation of shares of subsidiaries and associates may be incurred in the next fiscal year if a change in the economic or business conditions of Oisix Inc. compels a revision of the assumptions employed in these estimates.

2. Evaluation of shares of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation)

(1) Amount recorded on financial statements for the fiscal year under review

Shares of subsidiaries and associates on the balance sheet includes 14,192 million yen as the book value of shares of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation), a consolidated subsidiary of the Company. No loss was incurred on the valuation of shares of subsidiaries and associates for these shares during the fiscal year under review.

(2) Method for calculating the amount recorded on the financial statements for the fiscal year under review

Shares of stock in subsidiaries and consolidated affiliates are appraised by the moving average cost method. Shares of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) were acquired at relatively high cost compared to net assets per share derived from financial statements reflecting the company's excess earning power and other factors. In such cases, the effective value may well decline markedly due to a decline in excess earning power and other factors over subsequent periods. Even if the issuer's financial standing does not deteriorate in such cases, impairment is recorded if there is little prospect of improvement in excess earning power based on the expectation that such conditions are likely to persist.

In making decisions on impairment of shares of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation), estimates based on future business plans and other matters are made in evaluation, since the effective value of the shares includes excess earning power.

SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) is the parent company of SHiDAX Corporation, also a consolidated subsidiary, and its consolidated subsidiaries. Accordingly, in calculating the effective value of shares of stock in SHIDA Holdings Corporation (now SHiDAX Holdings Corporation), valuation of shares in SHiDAX Corporation is taken into consideration as well. The excess earning power of SHiDAX Corporation and its consolidated subsidiaries is taken into consideration in such valuations.

(3) Major assumptions in calculating the amount recorded to the financial statements for the fiscal year under review

See "Part 5. Accounting: 1. Consolidated financial statements: (1) Notes to the consolidated financial statements: (Significant accounting estimates)" for the major assumptions underlying calculations of effective value.

(4) Impact on financial statements for the next fiscal year

There is a possibility that loss on valuation of shares of subsidiaries and associates may be incurred in the next fiscal year if a change in the economic or business conditions of the consolidated group of SHIDA Holdings Corporation (now SHiDAX Holdings Corporation) compels a revision of the assumptions employed in these estimates.

(Changes in presentation)

(Income Statement)

Material recycling revenues, revocation gains of gift cards, recoveries of written off receivables, subsidy income, and outsourcing service income presented as separate line items under non-operating income in the previous fiscal year are included under other non-operating income beginning in this fiscal year, due to decreases in their monetary significance. The financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the 6 million yen in material recycling revenues, 1 million yen in revocation gains of gift cards, 9 million yen in recoveries of written off receivables, 3 million yen in subsidy income, 26 million yen in outsourcing service income, and 46 million yen in other non-operating income under non-operating income on the consolidated income statement for the previous fiscal year have been reclassified as 94 million yen in other non-operating income.

(Balance Sheet)

*1 Collateral assets and collateralized obligations

Assets pledged as collateral are shown below.

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Time deposits	10 million yen	10 million yen
Guarantee money	36	36
Total	46	46

Collateralized obligations are shown below.

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Accounts payable–trade	29 million yen	25 million yen
Total	29	25

*2 Monetary claims and obligations on affiliates

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Short-term monetary claims	302 million yen	374 million yen
Short-term monetary obligations	152	180
Long-term monetary claims	259	298
Long-term monetary obligations	50	50

*3 The Company has concluded agreements on current account overdraft and commitment lines of credit with its four main banks in order to raise working capital efficiently.

Unexecuted balances of current account overdraft and commitment lines of credit under these agreements as of the end of the fiscal year under review are shown below.

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Total amount of agreements on current account overdraft and commitment lines of credit	16,000 million yen	29,000 million yen
Executed balance of loans	10,000 million yen	15,000 million yen
Difference	6,000 million yen	14,000 million yen

(Income Statement)

*1 Balances of transactions with affiliates

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balances of operating transactions		
Net sales	1,860 million yen	2,123 million yen
Net purchases of goods	1,069	1,411
Selling, general and administrative expenses	390	528
Balances of transactions other than operating transactions	38	4

*2 Expenses in the category of selling expenses accounted for 56% of selling, general and administrative expenses in the previous fiscal year and 57% in the current fiscal year. Expenses in the category of general and administrative expenses accounted for 44% of selling, general and administrative expenses in the previous fiscal year and 43% in the current fiscal year.

Significant line items under selling, general and administrative expenses, and their amounts are shown below.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Sales promotion expenses	7,864 million yen	7,919 million yen
Packing and shipping expenses	12,783	12,705
Salaries and allowances	4,695	4,735
Outsourcing expenses	5,798	5,720
Provision for allowance for doubtful accounts	152	235
Provision for loyalty points	(20)	78
Depreciation expenses	1,575	1,761

(Securities)

Previous fiscal year (as of March 31, 2023)

Category	Amount recorded on balance sheet (million yen)	Current market value (million yen)	Difference (million yen)
Shares in subsidiaries	–	–	–
Shares in affiliates	8,527	10,892	2,365
Total	8,527	10,892	2,365

Note: Amount recorded on balance sheet of shares of stock, etc. with no market prices, not included above

Category	This fiscal year (million yen)
Shares in subsidiaries	3,760
Shares in affiliates	1,353
Total	5,114

Current fiscal year (as of March 31, 2024)

Category	Amount recorded on balance sheet (million yen)	Current market value (million yen)	Difference (million yen)
Shares in subsidiaries	–	–	–
Shares in affiliates	–	–	–
Total	–	–	–

Note: Amount recorded on balance sheet of shares of stock, etc. with no market prices, not included above

Category	This fiscal year (million yen)
Shares in subsidiaries	18,395
Shares in affiliates	477
Total	18,872

(Tax effect accounting)

1. Breakdown of main causes of occurrence of deferred tax assets and deferred tax liabilities

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Deferred tax assets		
Provision for loyalty points	24 million yen	26 million yen
Allowance for doubtful accounts	72	97
Contract liabilities	96	65
Income taxes payable	65	149
Impairment loss	50	39
Excess depreciation	14	38
Asset retirement obligations	168	198
Filing adjustments for lease transactions	105	117
Shares of subsidiaries and associates	570	918
Investment securities	80	86
Other	35	36
Subtotal of deferred tax assets	1,283	1,775
Valuation allowances	(820)	(1,222)
Total deferred tax assets	462	553
Deferred tax liabilities		
Retirement costs on asset retirement obligations	(94)	(115)
Valuation loss on available-for-sale securities	(57)	(99)
Total deferred tax liabilities	(152)	(215)
Net deferred tax assets	310	338

2. Breakdown of major account items generating differences between statutory effective tax rate and income tax rate applicable after application of tax effect accounting

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Statutory effective tax rate	30.6%	30.6%
Items not included in losses permanently, such as entertainment expenses	0.2	0.1
Per capita apportionment of residents' tax	0.5	0.2
Special deduction for increased income	–	(1.1)
Change in amount of valuation allowance	2.0	4.6
Other	(0.2)	(0.4)
Income tax rate applicable after application of tax effect accounting	33.2	34.1

(Revenue recognition)

Omitted here because the contents remain unchanged from that under "Part 5. Accounting: 1. Consolidated financial statements: (1) Notes to the consolidated financial statements: (Revenue recognition)."

(Important subsequent events)

(Acquisition of treasury stock)

In its meeting held May 14, 2024, the Company Board of Directors resolved to acquire treasury stock pursuant to Article 156 of the Companies Act, applicable *mutatis mutandis* under Article 165, Paragraph 3 of that Act.

(1) Reasons for acquisition of treasury stock

As its businesses are in a growth phase at present, the Company has adopted a policy of continuing to prioritize use of cash flows from its businesses for investment in growth.*

At the same time, in light of the recent state of opportunities for investment in growth and share-price levels, the Company believes that dynamic returns to shareholders will also contribute to maximizing corporate value. The Company has decided to acquire these shares of treasury stock based on this recognition. The Company expects to dispose of the shares of treasury stock acquired by various means, including use in future strategic mergers and acquisitions in exchange for shares of Company common stock.

The Company plans to raise all funds needed for this acquisition of treasury stock from funds on hand.

* Main areas of investment in growth

(i) BtoC Subscription Business: New service development, investment in PR, IT investment, enhancement of logistics system and equipment functions, etc.

(ii) BtoB Subscription Business: Mergers and acquisitions toward business expansion, enhancement of logistics, manufacturing, and other functions, etc.

(2) Acquisition details

(i)	Class of shares to be acquired	Common stock
(ii)	Number of shares to be acquired	1,825,000 shares (max.)
(iii)	Total value of shares to be acquired	3,000 million yen (max.)
(iv)	Period of acquisition of treasury stock	From May 15 through October 31, 2024
(v)	Acquisition method	Market purchases on the Tokyo Stock Exchange

(iv) Additional details for financial statements

Details of property, plant and equipment, etc.

Category	Type of asset	Starting balance (million yen)	Increase during period (million yen)	Decrease during period (million yen)	Ending balance (million yen)	Cumulative depreciation (million yen)	Depreciation during period (million yen)	Ending book value after deduction (million yen)
Property, plant and equipment	Buildings	1,863	408	104	2,168	763	99	1,404
	Structures	32	12	–	44	9	2	34
	Machinery and equipment	2,737	196	154	2,778	834	233	1,944
	Vehicles	16	–	–	16	7	4	8
	Tools, furniture and fixtures	806	255	33	1,027	381	93	646
	Leased assets	13,259	8,626	9	21,876	2,502	860	19,373
	Construction in progress	943	1,077	460	1,560	–	–	1,560
	Total	19,657	10,576	762	29,471	4,499	1,294	24,972
Intangible assets	Trademarks	6	–	–	6	5	0	1
	Software	4,550	557	13 (12)	5,093	3,618	546	1,475
	Software in progress	255	691	628	319	–	–	319
	Total	4,812	1,248	641 (12)	5,420	3,624	546	1,795

Notes:

1. Figures in parentheses under decrease during period are impairment amounts recorded during the period included in the figures above.
2. Major items included in increase during period are shown below.

Buildings:	ORD Atsugi Cold Storage Station	351 million yen
Machinery and equipment:	ORD Ebina Station	119 million yen
Tools, furniture and fixtures:	ORD Atsugi Cold Storage Station	223 million yen
Software:	System and other upgrades	199 million yen
Software:	Sales administration system	112 million yen
Software:	ORD Atsugi Cold Storage Station	64 million yen

3. Starting and ending balances are based on acquisition prices.

Details of allowances

Category	Starting balance (million yen)	Increase during period (million yen)	Decrease during period (intended use) (million yen)	Decrease during period (other) (million yen)	Ending balance (million yen)
Allowance for doubtful accounts (current)	233	261	205	28	261
Provision for loyalty points	80	87	71	8	87
Allowance for doubtful accounts (fixed)	1	58	–	1	58

Notes: Decrease during period (other) in allowance for doubtful accounts and provision for loyalty points are due to reversing entries.

(2) Details of main assets and liabilities

Omitted here because the Company prepares consolidated financial statements

(3) Other matters

Not applicable

Section 6. Overview of stock administration of the reporting company

Business year	April 1 through March 31
Regular General Meeting of Shareholders	Held within three months after the end of each business year
Basis date	March 31
Basis dates for dividends of surplus	September 30, March 31
Minimum trading unit of shares	100 shares
Purchase of shares in less than the minimum trading unit	
Agency	Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Brokerage office	–
Purchase fee	None
Method for publication of public notices	Company public notices are published electronically. However, in the event of an incident that makes it impossible to publish notices electronically or under other unavoidable circumstances, public notices are published in the *Nihon Keizai Shimbun* newspaper. URL for public notices: http://www.oisixradaichi.co.jp
Special benefits for shareholders	Not applicable

Notes: Company shareholders cannot exercise rights other than the following on shares held in less than the minimum trading unit:

(1) Rights enumerated in the subparagraphs to Article 189, Paragraph 2 of the Companies Act

(2) Right to present demands under the provisions of Article 166, Paragraph 1 of the Companies Act

(3) Rights to allocations of shares and stock warrants offered in accordance with the number of shares held

Section 7. Reference information on the reporting Company

1. Parent company or similar party for the reporting Company

The Company has no parent company or similar party as defied by the provisions of Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

The Company submitted the following documents during the period from the start date of the business year through the date on which the Annual Securities Report was submitted.

(1) Annual Securities Report, attached documents, and confirmation letter

Submitted to the Director-General of the Kanto Local Finance Office on June 28, 2023 for the 26th business year (April 1, 2022 – March 31, 2023)

(2) Internal controls report and attached documents

Submitted to the Director-General of the Kanto Local Finance Office on June 28, 2023

(3) Quarterly reports and confirmation letters

First quarter of the 27th business year (April 1 – June 30, 2023):	Submitted to the Director-General of the Kanto Local Finance Office on August 14, 2023
Second quarter of the 27th busine year (July 1 – September 30, 2023):	Submitted to the Director-General of the Kanto Local Finance Office on November 13, 2023
Third quarter of the 27th busine year (October 1 – December 31, 2023):	Submitted to the Director-General of the Kanto Local Finance Office on February 14, 2024

(4) Irregular reports

Irregular reports under the provisions of Article 19, Paragraph 2, Subparagraph 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (results of exercise of voting rights in general meetings of shareholders)

Submitted to the Director-General of the Kanto Local Finance Office on June 30, 2023

Irregular reports under the provisions of Article 19, Paragraph 2, Subparagraph 3 (changes in specified subsidiaries) and Subparagraph 8-2 (decisions on acquisition of subsidiaries) of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Office on November 10, 2023

Irregular reports under the provisions of Article 19, Paragraph 2, Subparagraphs 12 and 19 of the Cabinet Office Order on Disclosure of Corporate Affairs (matters having material impacts on financial standing, business results, and cash flows)

Submitted to the Director-General of the Kanto Local Finance Office on December 26, 2023

Irregular reports under the provisions of Article 19, Paragraph 2, Subparagraph 19 of the Cabinet Office Order on Disclosure of Corporate Affairs (matters having material impacts on financial standing, business results, and cash flows)

Submitted to the Director-General of the Kanto Local Finance Office on May 15, 2024

(5) Correction report on irregular report

Correction report (correction report on the irregular report under (4) above)

Submitted to the Director-General of the Kanto Local Finance Office on February 13, 2024

(6) Report on status of purchase of treasury stock certificates

Submitted to the Director-General of the Kanto Local Finance Office on June 12, 2024

Part 2. Information on the reporting Company's guarantor, etc.

Not applicable

Independent auditor’s audit report and internal controls audit report

June 26, 2024

To the Board of Directors of Oisix ra daichi Inc.

Deloitte Touche Tohmatsu LLC

Tokyo Office

Engagement Partner	Koichi Yano, CPA
Engagement Partner	Takeshi Sase, CPA
Engagement Partner	Kenji Oyama, CPA

<Audit of consolidated financial statements>

Auditor’s opinion

We have audited the consolidated financial statements of Oisix ra daichi Inc. for the consolidated fiscal year from April 1, 2023 through March 31, 2024, for the purposes of auditing and verification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. We have audited the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Changes to Shareholders’ Equity, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, mportant matters serving as bases for the preparation of the consolidated financial statements, and other notes to and attendant details of the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above fairly present all material aspects regarding financial status as of March 31, 2024 and the business performance and cash flow in the fiscal year ending on that date of Oisix ra daichi Inc. and its consolidated subsidiaries, in full compliance with generally accepted principles of corporate accounting in Japan.

Evidence for the auditor’s opinion

We conducted our audit in accordance with generally accepted principles of auditing in Japan. Our responsibilities under these principles of auditing are described under “The responsibilities of the auditor in auditing the consolidated financial statements.” In accordance with the rules governing professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and fulfill all other ethical responsibilities of an auditor. We believe we have obtained and established sufficient and appropriate grounds to serve as the basis for the statement of our opinion regarding the audit.

Important matters considered in the audit

Important matters considered in the audit are matters judged particularly important by the auditors, as professionals, in auditing the consolidated financial statements for this consolidated fiscal year. Important matters considered in the audit involve the process of auditing the consolidated financial statements as a whole and the formation of the auditor's opinion. They are not meant to express our opinions on the specifics concerning relevant matters.

<table>
<tr><td colspan="2">Necessity of impairment of goodwill</td></tr>
<tr><th>Details of important matters considered in the audit
and reasons for decision</th><th>Handling in our audit</th></tr>
<tr><td>As noted under "Notes: (Significant accounting estimates)," Oisix ra daichi Inc. ("Company" hereinafter) recorded on the Consolidated Balance Sheet for the consolidated fiscal year under review goodwill of 615 million yen on Three Limes, Inc., recognized when the consolidated subsidiary Oisix Inc. acquired Three Limes, Inc.
Since Oisix Inc. prepares its financial statements in accordance with US GAAP, under the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (Accounting Standards Board of Japan [ASBJ] PITF No. 18), the Company uses in its consolidation procedures the financial information prepared by Oisix Inc., revising the accounting treatment of goodwill, etc. Under US GAAP, if impairment testing indicates fair value less than book value, the book value is reduced to fair value, up to the amount of goodwill, while the decrease in book value is recognized as an impairment loss on goodwill.

Despite continued efforts to strengthen the business structure of the BtoC Subscription Business in the US (vegan food ingredients delivery business) operated by Three Limes, Inc., results deteriorated in the consolidated fiscal year under review. The Company undertook impairment testing for goodwill in the consolidated fiscal year under review in light of the signs of impairment recognized due to factors including failure to achieve the results of business plans for the business that served as bases for calculating value in the acquisition of this business. The impairment test was conducted by calculating fair value using the discounted cash flow method and comparing this fair value with the book value. Since the results showed that fair value based on the most recent business plans was less than book value, the Company recognized an impairment loss on goodwill of 372 million yen in the consolidated fiscal year under review.
As noted under "Notes: (Significant accounting estimates)," estimates of future cash flow based on future business plans used in calculation of fair value include significant assumptions such as projected inflation in the US, expansion of the product lineup and increasing the number of products offered, increased sales in businesses other than the food ingredients delivery business, controlling purchase prices, reduced waste costs, and reduced logistics costs (logistics center and delivery costs). These involve material uncertainties. In addition, in consideration of the stage of Three Limes, Inc. on the business life cycle, the discount rate used in calculating fair value was chosen based on the American Institute of CPAs (AICPA) accounting and valuation guide for startups. Management's decisions on these assumptions have materially impacted the calculation of fair value.

We have identified the need for impairment of goodwill as an important matter to be considered in the audit because valuation of goodwill related to Three Limes, Inc. is of particular importance to auditing of the consolidated financial statements for the consolidated fiscal year under review for the reasons above.</td><td>We have implemented the following audit procedures regarding the need for impairment of goodwill on Three Limes, Inc.

• We evaluated the states of maintenance and operation of internal controls related to impairment testing on goodwill.

• We confirmed the consistency of future cash flows based on future plans with the budget for the following fiscal year and future business plans, both approved by management, and also evaluated the accuracy of estimates in management's future plans by comparing budgets and actual figures in previous fiscal years regarding business plans.

• We evaluated the reasonableness of business plans through the following procedures to assess the propriety of material assumptions.

(1) Consistency between management's forecasts of inflation in the US and external data
(2) Questioning management on the following measures, comparison with past results, and perusal of related internal materials
● Expansion of the product lineup and increasing the number of products offered
● Increase in sales in businesses other than the food ingredients delivery business
● Control of purchase prices
● Reductions in waste costs
● Reductions in logistics costs (logistics center and delivery costs)

• We considered consistency of the input data used by management in calculating future discount rates with available external information.</td></tr>
</table>

<table>
<tr><th colspan="2">Recoverability of deferred tax assets related to the tax-sharing group applying the group tax-sharing system</th></tr>
<tr><th>Details of important matters considered in the audit and reasons for decision</th><th>Handling in our audit</th></tr>
<tr><td>Deferred tax assets of 5,132 million yen are recorded on the Consolidated Balance Sheet for the consolidated fiscal year under review. As described under “Notes: (Tax effect accounting),” the amount of deferred tax assets prior to offsetting against deferred tax liabilities was 5,548 million yen, and −5,769 million yen in valuation allowances was deducted from the total amount of 11,317 million yen in deferred tax assets related to future temporary differences in deductions and losses carried forward for tax purposes.
Of these figures, the recorded amount of deferred tax assets related to losses carried forward for tax purposes after deduction of valuation allowances was 3,844 million yen, which was recognized mainly at the consolidated subsidiary SHiDAX Corporation and its subsidiaries.
SHiDAX Corporation applies the group tax-sharing system, and the Company judges the recoverability of SHiDAX Corporation’s deferred tax assets based on factors such as future taxable income and results of scheduling of temporary differences, reflecting the corporate classification of SHiDAX Corporation and its domestic consolidated subsidiaries (“tax-sharing group” hereinafter) as a whole, assuming application of the group tax-sharing system.
The tax-sharing group’s amounts of future taxable income are estimated based on profit plans prepared by management. As described under “Notes: (Significant accounting estimates),” these profit plans include material assumptions reflecting management’s judgment of matters such as inflation and wage increases and involve uncertainties.
We have identified the propriety of judgments concerning the recoverability of deferred tax assets related to the tax-sharing group, of which SHiDAX Corporation is the tax-sharing parent corporation, as an important matter to be considered in the audit because it is of particular importance in auditing of the consolidated financial statements for the consolidated fiscal year under review for the reasons above.</td>
<td>We have implemented mainly the following procedures in considering the recoverability of deferred tax assets related to the group tax-sharing system. These include audit procedures implemented by auditors of the subject constituent units under our instruction.
• We assessed the state of internal controls related to determining recoverability of deferred tax assets and assessed the efficacy of their operation. In this assessment, we focused in particular on the process of estimating future taxable income.
• We implemented the following procedures to assess the reasonability of estimates of future taxable income.
(1) We considered the validity of the estimation period for future taxable income used in determining the recoverability of deferred tax assets, taking into account matters such as trends in past taxable income amounts and business conditions of the tax-sharing group.
(2) We considered the tax-sharing group’s achievement of past taxable income plans and causes of differences between actual and planned figures and investigated whether the impacts of the causes of such differences were reflected properly in estimates of future taxable income amounts.
(3) In order to assess the propriety of the following important assumptions on future profit plans on which estimates of taxable income are based, we assessed the reasonability of profit plans by questioning management, comparing past results, checking for consistency with external data, and perusing related internal materials to assess the reasonability of profit plans:
● Inflation
● Wage increases
• To verify that the group tax-sharing system was applied appropriate, we employed internal experts (tax specialists) to investigate the propriety thereof.</td></tr>
</table>

Other published information, etc.

Other published information, etc. refers to information included in the Annual Securities Report other than the consolidated and nonconsolidated financial statements and the audit reports thereon. Management’s responsibility is to prepare and disclose other published information. The Corporate Auditor’s and audit firm’s responsibility is to monitor the performance of the duties of directors in maintenance and operation of the reporting process for other published information.

Other published information is not included in the subject of our audit opinion on the consolidated financial statements, and we do not state an opinion on other published information.

Our responsibility in auditing the consolidated financial statements is to review the other published information and, in the process of that review, to watch for any material discrepancies between the other published information and the consolidated financial statements or information we have obtained in the process of our audit and for any signs of material errors in the other published information aside from such material discrepancies.

We are expected to report any material errors we have identified in the other published information through the processes we have implemented.

We have found nothing worthy of reporting regarding the other published information.

The responsibilities of management, the Corporate Auditors, and the Board of Auditors regarding the consolidated financial statements

Management is responsible for the suitable preparation of consolidated financial statements that comply with and meet generally accepted corporate accounting standards and principles of corporate accounting in Japan. This includes the development and operation of internal controls deemed necessary by management for the purpose of preparation of consolidated financial statements that present information accurately and are free of material misrepresentations due to malfeasance or error.

In preparing the consolidated financial statements, management is responsible for assessing the propriety of preparing consolidated financial statements based on the going-concern assumption and disclosing, as necessary, matters related to the going-concern assumption in accordance with generally accepted principles of corporate accounting in Japan.

The Corporate Auditors and the Board of Auditors are responsible for monitoring the performance of the duties of the directors in maintenance and operation of the financial reporting process.

The responsibilities of the auditor in auditing the consolidated financial statements

Our responsibilities are to secure, based on our audit, reasonable assurance concerning whether the consolidated financial statements as a whole are free of material misrepresentations due to malfeasance or error and to state, in the audit report, an independent opinion on the consolidated financial statements. Misstatements may arise due to malfeasance or error. A statement is deemed to constitute a material misstatement if it can reasonably be expected to impact decision-making by users of the consolidated financial statements, either individually or in sum.

Through the audit process in accordance with generally accepted principles of auditing in Japan, we implemented the following procedures based on our judgment as specialists and a professional spirit of skeptical inquiry:

- Identification and assessment of the risks of material misrepresentations due to malfeasance or error; drafting and implementation of audit procedures suited to the risks of material misrepresentation; making judgments on selection and application of audit procedures; and, securing sufficient and appropriate audit evidence to serve as the basis for statement of our opinion.
- While the purpose of an audit is not to offer an opinion on the efficacy of internal controls, in assessing risks, we do consider internal controls related to the audit in order to formulate audit procedures appropriate to the circumstances.
- We assess the propriety of the accounting policies adopted by management and their methods of application as well as the reasonability of accounting estimates made by management and the appropriateness of related notes.
- We reach a conclusion on whether the management’s preparation of consolidated financial statements based on the going-concern assumption is appropriate and whether, based on the audit evidence obtained, any material uncertainties can be identified with regard to phenomena or circumstances that may warrant material doubts regarding the going-concern assumption. If any material uncertainties are recognized regarding the going-concern assumption, attention must be drawn to the notes to the consolidated financial statements in the audit report. If the notes to the consolidated financial statements concerning material uncertainties are inappropriate, a qualified opinion must be expressed that mentions certain exceptions to the consolidated financial statements. The

auditor's conclusions are based on the audit evidence obtained through the date of the audit report, and there is a possibility that future events or conditions could make it impossible for the Company to continue as a going concern.

- We assess whether the presentation and notes in the consolidated financial statements conform to the generally accepted principles of corporate accounting in Japan; the presentation, structures, and content of the consolidated financial statements, including related notes; and whether the consolidated financial statements accurately present the transactions and accounting facts on which they are based.
- We obtain sufficient and appropriate audit evidence concerning the financial information of the Company and its consolidated subsidiaries to serve as the basis for the statement of our opinion regarding the consolidated financial statements. We are responsible for instructions, oversight, and implementation related to auditing of the consolidated financial statements. We are responsible for expressing an independent audit opinion.

We report to the Corporate Auditors and the Board of Auditors on the scope and timing of the planned audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing; and other matters required under auditing standards.

We report to the Corporate Auditors and the Board of Auditors on the fact that we maintain independence in accordance with the rules governing professional ethics in Japan and on any safeguards taken to eliminate or mitigate to tolerable levels any impediments and other matters that reasonably may be considered to impact the independence of auditors.

We identify as important matters to be considered in the audit matters judged to be especially important in audits of the consolidated financial statements for this consolidated fiscal year from among those items we have discussed with the Corporate Auditors and the Board of Auditors and describe these in the audit report. However, such items are not described in cases such as when their disclosure is prohibited under laws, regulations, etc. or the extremely rare cases in which we have determined that they should not be reported because the disadvantages of reporting them in the audit report would reasonably be considered to exceed any public benefit from their disclosure.

<Audit of internal controls>

Auditor's opinion

We have audited the Internal Controls Report of Oisix ra daichi Inc. as of March 31, 2024, for the purposes of auditing and verification pursuant to the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, the above Internal Controls Report indicating that the internal controls of Oisix ra daichi Inc. are valid with regard to financial reporting as of March 31, 2024 conforms to the standards on assessment of internal controls related to financial reporting generally accepted in Japan and accurately presents the results of assessment of internal controls related to financial reporting on all material points.

Evidence for the auditor's opinion

We conducted our audit of internal controls in accordance with generally accepted principles of auditing of internal controls related to financial reporting in Japan. Our responsibilities under these principles of auditing of internal controls related to financial reporting are described under "The responsibilities of the auditor in audits of internal controls." In accordance with the rules governing professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and fulfill all other ethical responsibilities of an auditor. We believe we have obtained sufficient and appropriate grounds to serve as the basis for the statement of our opinion regarding the audit.

The responsibilities of management, the Corporate Auditors, and the Board of Auditors regarding the Internal Controls Report

Management is responsible for the development and operation of internal controls on financial reporting and for preparing and disclosing the Internal Control Report in compliance with the standards on assessment of internal controls related to financial reporting generally accepted in Japan.

The Corporate Auditors and the Board of Auditors are responsible for monitoring and verifying the states of maintenance and operation of internal controls related to financial reporting.

It might not be possible to completely prevent or detect misrepresentation in financial reports through internal controls on financial reporting.

The responsibilities of the auditor in audits of internal controls

Our responsibilities are to secure, based on our audit, reasonable assurance concerning whether the Internal Controls Report is free of material misrepresentation and to state, in the internal controls audit report, an independent opinion on the Internal Controls Report.

Through the audit process in accordance with generally accepted principles of auditing of internal controls related to financial reporting in Japan, we implemented the following procedures based on our judgment as specialists and a professional spirit of skeptical inquiry:

- Audit procedures to obtain the audit evidence regarding the results of assessment of internal controls related to financial reporting in the Internal Controls Report; the auditor has the option of choosing to apply and implement audit procedures for internal controls based on its assessment of the importance of their impact on the reliability of financial reporting;
- Consideration of the overall presentation of the Internal Controls Report, including the scope of assessment of internal controls related to financial reporting, assessment procedures, and management's description of the results of assessment;
- Securing sufficient and appropriate audit evidence regarding the results of assessment of internal controls related to financial reporting in the Internal Controls Report. We are responsible for instructions, oversight, and implementation related to auditing of the Internal Controls Report. We are responsible for expressing an independent audit opinion.

We report to the Corporate Auditors and the Board of Auditors on the scope and timing of the planned internal-controls audit; any material discoveries of the audit; material deficiencies to be disclosed in internal controls systems identified in the process of auditing and results of correction measures for them; and other matters required under internal-controls auditing standards.

We report to the Corporate Auditors and the Board of Auditors on the fact that we maintain independence in accordance with the rules governing professional ethics in Japan and on any safeguards taken to eliminate or mitigate any impediments and other matters that may reasonably be considered to impact the independence of auditors.

<Remuneration information>

Amounts of remuneration paid to us and members of our network for audit certification of the Company and its subsidiaries and non-audit operations are described under "Status of corporate governance, etc.: (3) Auditing" included under "Status of the reporting company."

Conflicts of interest

No conflicts of interest between the Company and its consolidated subsidiaries and our firm or the Engagement Partners warrant disclosure under the provisions of the Certified Public Accountants Act.

Notes:

1. The originals of the reports above are retained separately by the Company (the company submitting the Annual Securities Report).
2. XBRL data are not included in the subjects of auditing.

Independent auditor’s audit report

June 26, 2024

To the Board of Directors of Oisix ra daichi Inc.

Deloitte Touche Tohmatsu LLC

Tokyo Office

Engagement Partner	Koichi Yano, CPA
Engagement Partner	Takeshi Sase, CPA
Engagement Partner	Kenji Oyama, CPA

<Audit of financial statements>

Auditor’s opinion

We have audited the financial statements of Oisix ra daichi Inc. for the fiscal year from April 1, 2023 through March 31, 2024, for the purposes of auditing and verification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. We have audited the Balance Sheet, Income Statement, Statement of Changes to Shareholders’ Equity, important accounting policies, and other notes to and attendant details of the financial statements.

In our opinion, the financial statements referred to above fairly present all material aspects regarding financial status as of March 31, 2024 and the business performance and cash flow in the fiscal year ending on that date of Oisix ra daichi Inc., in full compliance with generally accepted principles of corporate accounting in Japan.

Evidence for the auditor’s opinion

We conducted our audit in accordance with generally accepted principles of auditing in Japan. Our responsibilities under these principles of auditing are described under “The responsibilities of the auditor in auditing the financial statements.” In accordance with the rules governing professional ethics in Japan, we are independent from the Company and fulfill all other ethical responsibilities of an auditor. We believe we have obtained and established sufficient and appropriate grounds to serve as the basis for the statement of our opinion regarding the audit.

Important matters considered in the audit

Important matters considered in the audit are matters judged particularly important by the auditors, as professionals, in auditing the financial statements for this fiscal year. Important matters considered in the audit involve the process of auditing the financial statements as a whole and the formation of the auditor's opinion. They are not meant to express our opinions on the specifics concerning relevant matters.

Necessity of recording valuation loss on shares of subsidiaries and associates	
Details of important matters considered in the audit and reasons for decision	Handling in our audit
The balance sheet of Oisix ra daichi Inc. ("Company" hereinafter) for this fiscal year records 18,872 million yen in shares of subsidiaries and associates. This amount accounts for 23.3% of total assets. As noted under "Notes: (Significant accounting estimates)," this includes a book value of 3,010 million yen on shares in the consolidated subsidiary Oisix Inc., accounting for 15.9% of all shares of subsidiaries and associates. The Company disclosed under those notes the assumptions it used in considering the need to record a valuation loss based on the effective value of shares in Oisix Inc., since they have no market prices. Oisix Inc. operates the consolidated Group's investment business in the United States. It is the parent company of Three Limes, Inc., also a consolidated subsidiary. In evaluating its investment in Oisix Inc., the Company takes into consideration evaluation of the investment in Three Limes, Inc. as well. Despite continued efforts to strengthen the business structure of the BtoC Subscription Business in the US (vegan food ingredients delivery business) operated by Three Limes, Inc., results deteriorated in the consolidated fiscal year under review. Prospects for the next period and later are unclear, and forecasting the impact on this business in the future involves uncertainty. Under such conditions, in evaluating the investment in Three Limes, Inc. the Company adjusted excess earning power by calculation of the effective value. As noted under "Notes: (Significant accounting estimates)," the effective value used in determining the need to record a valuation loss on an investment is based on estimates of future cash flow based on the business plans of the management of Three Limes, Inc. However, these include significant assumptions such as projected inflation in the US, expansion of the product lineup and increasing the number of products offered, increased sales in businesses other than the food ingredients delivery business, controlling purchase prices, reduced waste costs, and reduced logistics costs (logistics center and delivery costs). These involve material uncertainties. Accordingly, management's judgments have materially impacted estimates of future cash flow based on future plans. We have identified the need to record a valuation loss on shares of subsidiaries and associates as an important matter to be considered in the audit for the reasons above.	We have implemented the following audit procedures in considering the need to record a valuation loss on shares of subsidiaries and associates. • We perused the accounting policies on valuation of securities to grasp the Company's effective value calculation process. • We confirmed the consistency of future cash flows based on future plans with the budget for the following fiscal year and future business plans, both approved by management, and also evaluated the accuracy of estimates in management's future plans by comparing budgets and actual figures in previous fiscal years regarding business plans. • We evaluated the reasonableness of business plans through the following procedures to assess the propriety of material assumptions. (1) Consistency between management's forecasts of inflation in the US and external data (2) Questioning management on the following measures, comparison with past results, and perusal of related internal materials ● Expansion of the product lineup and increasing the number of products offered ● Increase in sales in businesses other than the food ingredients delivery business ● Control of purchase prices ● Reductions in waste costs ● Reductions in logistics costs (logistics center and delivery costs)

Other published information, etc.

Other published information, etc. refers to information included in the Annual Securities Report other than the consolidated and nonconsolidated financial statements and the audit reports thereon. Management's responsibility is to prepare and disclose other published information. The Corporate Auditor's and audit firm's responsibility is to monitor the performance of the duties of directors in maintenance and operation of the reporting process for other published information.

Other published information is not included in the subject of our audit opinion on the consolidated financial statements, and we do not state an opinion on other published information.

Our responsibility in auditing the financial statements is to review the other published information and, in the process of that review, to watch for any material discrepancies between the other published information and the financial statements or information we have obtained in the process of our audit and for any signs of material errors in the other published information aside from such material discrepancies.
We are expected to report any material errors we have identified in the other published information through the processes we have implemented.
We have found nothing worthy of reporting regarding the other published information.

The responsibilities of management, the Corporate Auditors, and the Board of Auditors regarding financial statements
Management is responsible for the suitable preparation of financial statements that comply with and meet generally accepted corporate accounting standards and principles of corporate accounting in Japan. This includes the development and operation of internal controls deemed necessary by management for the purpose of preparation of financial statements that present information accurately and are free of material misrepresentations due to malfeasance or error.
In preparing the financial statements, management is responsible for assessing the propriety of preparing financial statements based on the going-concern assumption and disclosing, as necessary, matters related to the going-concern assumption in accordance with generally accepted principles of corporate accounting in Japan.
The Corporate Auditors and the Board of Auditors are responsible for monitoring the performance of the duties of the directors in maintenance and operation of the financial reporting process.

The responsibilities of the auditor in auditing the financial statements
Our responsibilities are to secure, based on our audit, reasonable assurance concerning whether the financial statements as a whole are free of material misrepresentations due to malfeasance or error and to state, in the audit report, an independent opinion on the financial statements. Misstatements may arise due to malfeasance or error. A statement is deemed to constitute a material misstatement if it can reasonably be expected to impact decision-making by users of the financial statements, either individually or in sum.
Through the audit process in accordance with generally accepted principles of auditing in Japan, we implemented the following procedures based on our judgment as specialists and a professional spirit of skeptical inquiry:

- Identification and assessment of the risks of material misrepresentations due to malfeasance or error; drafting and implementation of audit procedures suited to the risks of material misrepresentation; making judgments on selection and application of audit procedures; and, securing sufficient and appropriate audit evidence to serve as the basis for statement of our opinion.
- While the purpose of an audit is not to offer an opinion on the efficacy of internal controls, in assessing risks, we do consider internal controls related to the audit, in order to formulate audit procedures appropriate to the circumstances.
- We assess the propriety of the accounting policies adopted by management and their methods of application as well as the reasonability of accounting estimates made by management and the appropriateness of related notes.
- We reach a conclusion on whether the management's preparation of financial statements based on the going-concern assumption is appropriate and whether, based on the audit evidence obtained, any material uncertainties can be identified with regard to phenomena or circumstances that may warrant material doubts regarding the going-concern assumption. If any material uncertainties are recognized regarding the going-concern assumption, attention must be drawn to the notes to the financial statements in the audit report. If the notes to the financial statements concerning material uncertainties are inappropriate, a qualified opinion must be expressed that mentions certain exceptions to the financial statements. The auditor's conclusions are based on the audit evidence obtained through the date of the audit report, and there is a possibility that future events or conditions could make it impossible for the Company to continue as a going concern.
- We assess whether the presentation and notes in the financial statements conform to the generally accepted principles of corporate accounting in Japan; the presentation, structures, and content of the financial statements, including related notes; and whether the financial statements accurately present the transactions and accounting facts on which they are based.

We report to the Corporate Auditors and the Board of Auditors on the scope and timing of the planned audit; any material discoveries of the audit, including material deficiencies in internal controls systems identified in the process of auditing; and other matters required under auditing standards.

We report to the Corporate Auditors and the Board of Auditors on the fact that we maintain independence in accordance with the rules governing professional ethics in Japan and on any safeguards taken to eliminate or mitigate any impediments and other matters that may reasonably be considered to impact the independence of auditors.
We identify as important matters to be considered in the audit matters judged to be especially important in audits of the financial statements for this fiscal year from among those items we have discussed with the Corporate Auditors and the Board of Auditors and describe these in the audit report. However, such items are not described in cases such as when their disclosure is prohibited under laws, regulations, etc. or the extremely rare cases in which we have determined that they should not be reported because the disadvantages of reporting them in the audit report would reasonably be considered to exceed any public benefit from their disclosure.

<Remuneration information>
Remuneration information is described in the audit report to the consolidated financial statements.

Conflicts of interest
No conflicts of interest between the Company and our firm or the Engagement Partners warrant disclosure under the provisions of the Certified Public Accountants Act.

Notes:
1. The originals of the reports above are retained separately by the Company (the company submitting the Annual Securities Report).
2. XBRL data are not included in the subjects of auditing.

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