

Oisix ra daichi

Oisix ra daichi Inc.

Financial Results Briefing for the Fiscal Year Ended March 2024

May 14, 2024

Event Summary

[Company Name]	Oisix ra daichi Inc.	
[Company ID]	3182-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2024	
[Fiscal Period]	FY2024 Q4	
[Date]	May 14, 2024	
[Number of Pages]	39	
[Time]	16:00 - 16:40 (Total: 40 minutes, Presentation:31 minutes, Q&A: 9 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	1	
	Kohei Takashima	Representative Director, CEO
[Analyst Names]*	Hideki Sumi	Tokai Tokyo Intelligence Laboratory

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Umemura: Now that we are at the appointed time, we will begin. Thank you very much for taking time out of your busy schedules today to join us for Oisix ra daichi Inc.'s financial results briefing for the fiscal year ended March 31, 2024.

I am Umemura from the Corporate Planning Department, and I will be facilitating today's session. Thank you.

Today's financial results briefing will be divided into two major parts. In the first half of the meeting, Takashima, Representative Director and CEO, will give a 30-minute presentation on the financial results and our future growth strategy.

We will then move on to a Q&A session with participants in the second half of the briefing.

Now, let us move on to the briefing. President Takashima, please go ahead.

Takashima: Hello, everyone. Thank you for your time today.

This will be the first time that SHiDAX and Oisix ra daichi explain our financial results together. I would like to take about 30 minutes of your time to give you a thorough explanation, especially regarding the new group's overall image. Thank you in advance.

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Table of Contents

1. FY2024.3 Financial Results

- 1-1. Total Performance Summary
- 1-2. Each Business Segment Summary

2. Strategy for Growth

- 2-1. Business Portfolio
- 2-2. Business Strategy of Food Subscription Business
- 2-3. Business Strategy for Social Business

3. FY2025.3 Business Forecasts

■ APPENDIX·DATA SHEET

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2

First, I would like to explain the structure of today's presentation in three parts: the results for the last fiscal year, the growth strategy for the total Group of the new Oisix ra daichi and SHiDAX, and finally, the planned figures for the current fiscal year.

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Executive Summary - FY2024.3 Financial Results

[Consolidated Performance]

- ✓ In Q4, we consolidated SHiDAX.
 - Sales: 148.4 billion yen (YoY +29%)
 - EBITDA: 8.25 billion yen (YoY +47%) – Operating Profit 5.14 billion yen (YoY +54%)
 - Net Profit: 4.12 billion yen (YoY +128%, including the extraordinary profit related to the consolidation of SHiDAX)
- ✓ We exceeded the revised plan by sales +1.40 billion yen (+1% vs. plan), EBITDA +1.05 billion yen (+15% vs. plan), and operating profit +940 million yen (+22% vs. plan), due to lower-than-expected expenses associated with the relocation of the ORD Atsugi refrigeration station.

[Formerly Oisix ra daich and Non-consolidated SHiDAX Performance]

- ✓ **Formerly Oisix ra daich FY2024.3 Financial Results** excluding the impacts of consolidation of SHiDAX
 - Sales: We gained the large number of transient users gained from the extraordinary PR campaign implemented from the end of FY2023.3. Number of Oisix subscribers declined YoY to approx. 370 thousand at the end of period due to curbing promotions. The pace of decline slowed from the previous quarter. ARPU declined YoY but improved to a certain degree due to initiatives including shipping cost revisions in H2 period.
 - OP: Profitability improved due to shipping cost revisions and COGS ratio improvement measures resulting in an increase of 1.9 billion yen (+58% YoY).
- ✓ **Non-consolidated SHiDAX FY2024.3 Q4 Financial Results**
 - Sales: 31.81 billion yen (+4% YoY), mainly due to steady increase in operated facilities and vehicles in food service, social service, and vehicle operation service businesses
 - OP: 720 million yen (+9% YoY), despite the impact of soaring raw material prices and rising labor costs, especially in the food service business.

[Impact on EBITDA/OP from new consolidation of SHiDAX]

- ✓ Although non-consolidated SHiDAX OP was consolidated at 720 million yen, goodwill amortization of (470) million yen and a one-time cost of (380) million yen related to the acquisition of SHiDAX shares will have a negative impact of 130 million yen on OP.
- ✓ EBITDA is +0.48 billion yen due to the deduction of goodwill amortization and depreciation.

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4

The first slide shows a report on our performance.

I know it's a bit wordy and a bit complicated. Let me explain.

In terms of the results for this fiscal year, sales were JPY148.4 billion, EBITDA was JPY8.25 billion, up 47% from the same period last year, and operating profit was JPY5.14 billion, up 54%. Net income was JPY4.12 billion, which is a bit much, but this is quite irregular. We had some transactions in the consolidation process with SHiDAX, and net income was recorded, which were temporary.

Then, in terms of comparison with the revised plan, one of the important issues in Q4 was to make the Atsugi freezing station relocation work. It was a very smooth relocation, smoother than expected, and as a result, we were able to land on an upward swing on sales of JPY1.4 billion, EBITDA of JPY1 billion, and operating income of about JPY940 million, all of which exceeded the plan.

To break it down a bit, first of all, in terms of the Oisix ra daichi Group, the large-scale promotion that we implemented from the end of last fiscal year, especially for the Oisix business, turned out to be a one-time event. We ran that promotion until H1 of the year and acquired users, but we ended up spending a lot of money on acquiring people who almost disappeared after about six months.

In H2 of the year, we stopped acquiring such members, so the speed of the decline has slowed down. However, as a result, the number of [inaudible] members has decreased from the beginning of the period, and total sales remained almost unchanged.

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As for profit, we revised shipping and other costs and implemented various measures to improve profitability, and we also recorded relocation and other costs. Together with that, the profit increased by more than 1.5 times compared to the same period of the previous year.

SHiDAX was consolidated in Q4. In terms of the performance of SHiDAX in Q4, sales increased by 4% compared to the same period of the previous year. In terms of profit breakdown, the food service business was considerably affected by the rise in raw material prices, but there was an increase in profit in other businesses, resulting in a total increase of 9%.

This is recorded in the current financial year by consolidating the 12 months of the former Oisix ra daichi and the three months of Q4 of SHiDAX. In terms of profit, in addition to goodwill, costs related to the share acquisition of JPY0.38 billion were incurred in Q4. For operating profit, there was a negative impact of minus JPY0.13 billion in this quarter; for EBITDA, a positive impact of JPY0.48 billion. This is the overview of the results for the last financial year.

FY2024.3 Financial Results Summary

Sales :Increase due to the consolidation of SHiDAX as a subsidiary (+2% YoY excluding the consolidation effect).

EBITDA :Increase of 47% YoY (+40% YoY excluding the effect of consolidation of SHiDAX) due to profitability improvement measures and the consolidation of SHiDAX as a subsidiary.

The revised full-year forecast was significantly exceeded mainly due to lower-than-expected expenses associated with the relocation of the ORD Atsugi Freezing Station.

Sales

148.40bn yen

(YoY +29%)

+1% of Revised forecast of 147.0 bn yen

EBITDA

8.25bn yen

(YoY +47%)

+15% of Revised forecast of 7.2 bn yen

Operating Profit

5.14bn yen

(YoY +54%)

+22% of Revised forecast of 4.2 bn yen

Profit attributable to owners of the parent

4.12bn yen

(YoY +128%)

+18% of Revised forecast of 3.5 bn yen

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5

The rest of the document will not be explained in detail, as it contains what I have just explained. EBITDA is also as explained to you.

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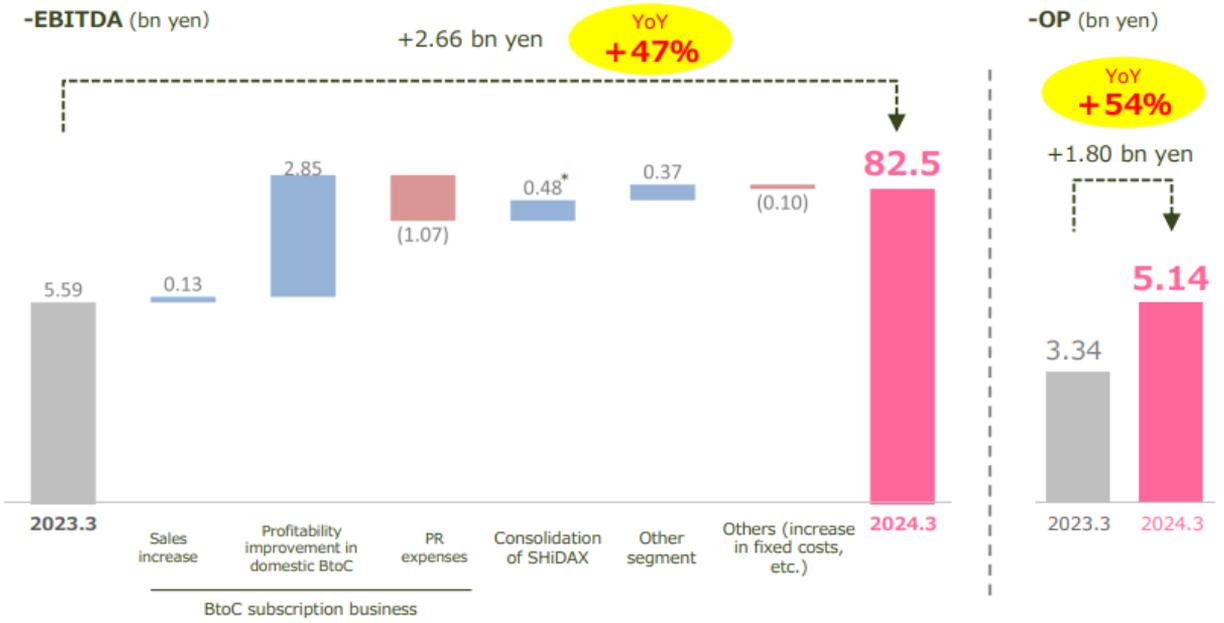
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YoY : EBITDA/Operating Profit

EBITDA and OP increased due to product price and shipping cost revisions, promotion of cost improvement initiatives, review of distribution operations, as well as the consolidation effect of SHiDAX.



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*Impact of new consolidation of SHiDAX on OP: (130) million yen. See P.10 for details.

6

In terms of the former Oisix ra daichi, we have accumulated about JPY3 billion in various profit improvements since last year. On the other hand, as I mentioned earlier, we have spent some promotion costs by H1 of the year. In total, sales increased by about JPY2 billion in Oisix ra daichi, and together with the impact of SHiDAX, overall EBITDA increased by 47% over the previous year.

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FY2024.3 Segment Results

(billion yen)						Consolidated Period
	Sales		Segment Profit		Profit Margin	
	FY2024.3	YoY	FY2024.3	YoY		
BtoC subscription business*	99.38	+1%	9.04	+23%	9.1%	} Full Year (Apr.-Mar.)
(Oisix)	62.37	+5%	5.93	+40%	9.5%	
(Daichi wo Mamorukai)	11.32	(8)%	1.52	+5%	13.5%	
(Radish Boya)	16.59	(2)%	1.77	+5%	10.7%	
(Purple Carrot*) - Jan. - Dec.	9.08 USD: 64M	(7)%	(0.19) USD: (1)M	-	(2.2)%	
BtoB subscription business*	14.97	+1,058%	0.38	-	2.2%	- - Q4 (Jan.-Mar.) Full year for Suku suku Oisix
Social service business*	11.38	-	0.39	-	3.5%	
Vehicle operation service business*	6.22	-	0.40	-	6.5%	} Full Year (Apr.-Mar.)
Other business	18.02	+8%	1.21	+49%	6.8%	
Corporate adjustments and expenses	(1.59)	-	(3.17)	-	-	
Sales/EBITDA	148.40	+29%	8.25	+47%	5.5%	
Amortization of goodwill	-	-	(0.49)	-	-	
Depreciation	-	-	(2.61)	-	-	
Operating Profit	-	-	5.14	+54%	3.5%	

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* Segment profit other than Other business differs from the segment figures in the financial results of Tanshin because the effects of amortization of goodwill is deducted.

7

Performance by segment. From this report, we use a new segmentation. I will explain the overall business portfolio later, and the new segments are as follows: the B2C food business, the B2B food business, and the social services and vehicle operation services.

The B2B subscription business, which was originally part of the service by Oisix for nursery schools, has now been added to the meal service business, which is the main business of SHiDAX. The social service and vehicle operation service businesses are completely new businesses. These are businesses newly added by SHiDAX.

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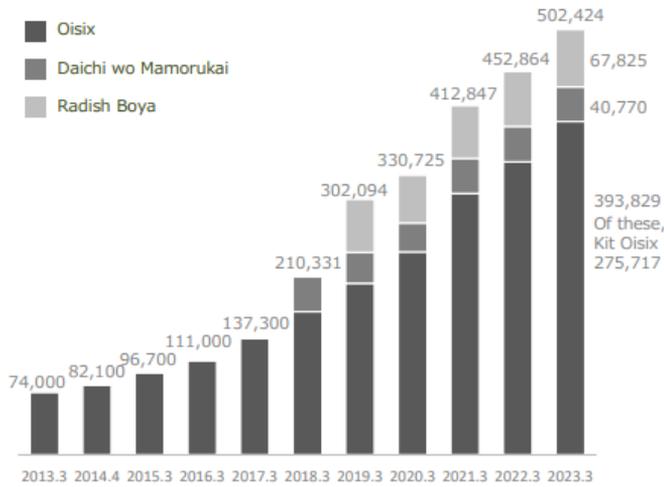
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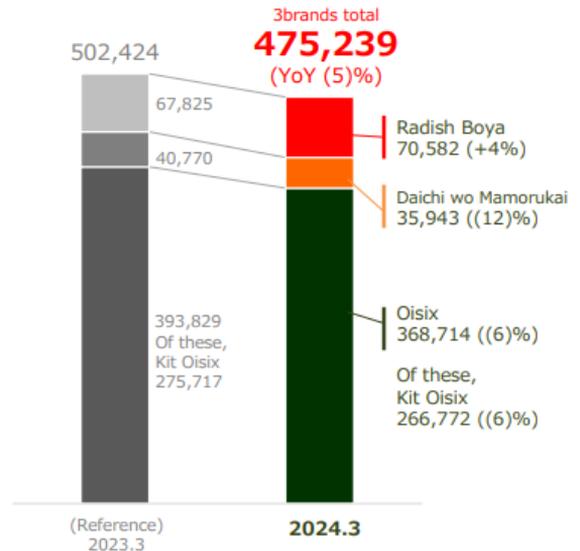
Domestic B2C Subscription Subscriber Numbers

- Oisix** : Decreased YoY, as most of the subscribers increased due to extraordinary PR conducted from the end of FY2023.3 were transient users and we reviewed and curbed its promotions to attract new subscribers.
- Daichi wo Mamorukai** : Positioned as a period for new service development and curbed PR to attract subscribers.
- Radish Boya** : Continued quarterly net increase in subscribers, mainly among the target group (those with high interest in supporting producers)

- Subscriber Trend



- FY2024.3 YoY



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See datasheet by brand on P.43 for details.

8

In terms of subscriber numbers, as I mentioned earlier, the number of Oisix subscribers has decreased since last year. We found that the 390,000 subscribers last year included a large number of temporary users. However, we continued to promote to these temporary customers. After such customers ran their course, the number of subscribers settled down to just under 370,000.

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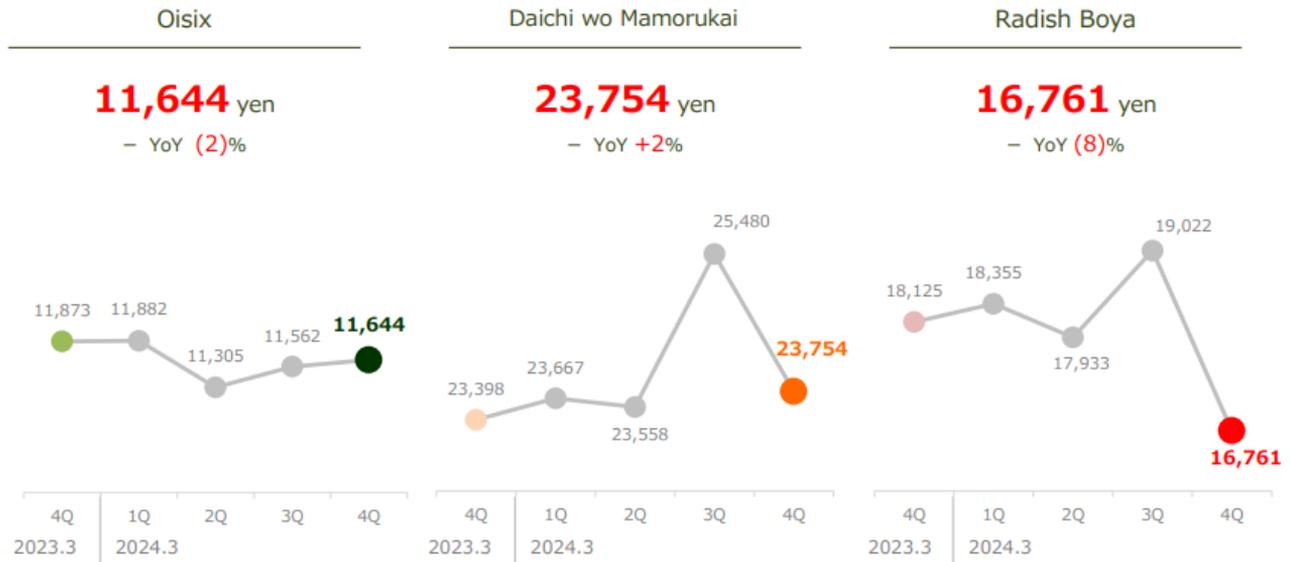
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Domestic B2C Subscription ARPU

- Oisix** : Purchase frequency declined YoY, although price per purchase increased in 3Q and 4Q from the previous quarter due to a review of service prices and a revision of shipping charges.
- Daichi wo Mamorukai** : Increased both per purchase price and frequency of purchases by existing subscribers.
- Radish Boya** : Both purchase price per purchase and purchase frequency of subscribers decreased, partly due to an increase in newly acquired users.



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9

In terms of ARPU, it was this time last year that COVID-19 was reclassified as Category 5. Until then, ARPU had been under the influence of the COVID-19 pandemic for about three years, but that settled down. Compared to before COVID-19 in 2019, the numbers were growing, but the growth has calmed down.

However, looking at the breakdown, at Oisix, spend per order has increased, and while ARPU has remained almost the same, revenue is higher than before.

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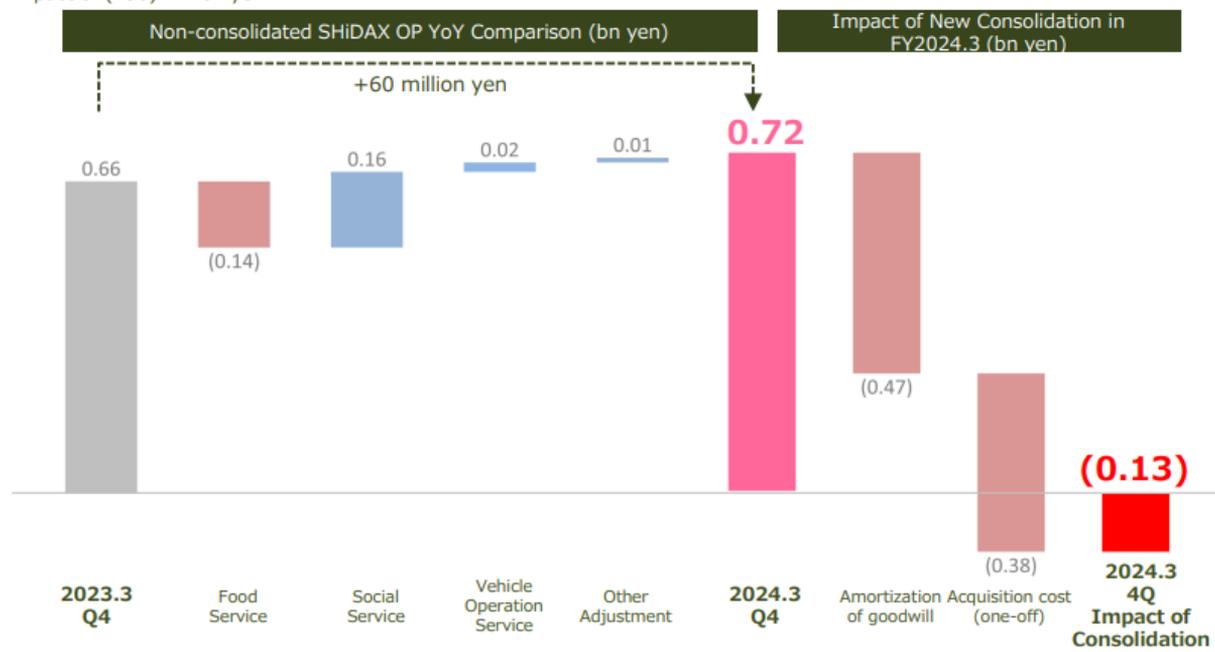
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Non-consolidated SHiDAX Q4 Results and Impact of New Consolidation on OP

Although OP of BtoB subscription business (food service business) declined by 140 million yen YoY due to the impact of soaring raw material prices and other factors, social service and vehicle operation service successfully captured changes in the after-COVID-19 business environment, and Q4 OP of SHiDAX on a non-consolidated basis increased by 60 million yen YoY.

Excluding goodwill amortization and acquisition costs, the impact of the new consolidation of SHiDAX on OP was a negative impact of (130) million yen.



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The effect on operating profit from the consolidation of SHiDAX is as I mentioned earlier.

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SHiDAX KPIs

FY2023.3		Beginning	April	May	June	July	August	September	H1	October	November	December	January	February	March	End
Food Service No. of contract store	Increase		13	1	3	4	2	4	27	2	0	1	4	6	5	45
	Decrease		8	2	1	5	7	1	24	2	3	0	3	6	31	69
	Total	1,056	1,061	1,060	1,062	1,061	1,056	1,059	1,059	1,059	1,056	1,057	1,058	1,058	1,032	1,032
Food Service No. of medical store	Increase		31	1	0	1	2	2	37	6	2	4	2	3	3	57
	Decrease		0	2	1	0	0	1	4	2	8	1	1	7	19	42
	Total	738	769	768	767	768	770	771	771	775	769	772	773	769	753	753
Vehicle Operation Service No. of operated vehicle	Increase		309	17	23	17	23	13	402	19	19	18	23	17	6	504
	Decrease		237	9	8	8	8	2	272	18	20	9	8	7	8	342
	Total	3,623	3,695	3,703	3,718	3,727	3,742	3,753	3,753	3,754	3,753	3,762	3,777	3,787	3,785	3,785
Social Service No. of staff managed	Increase		939	351	333	983	743	337	3,686	136	149	433	63	254	1,907	6,628
	Decrease		222	275	234	262	336	338	1,667	196	190	317	186	174	1,669	4,399
	Total	17,664	18,381	18,457	18,556	19,277	19,684	19,683	19,683	19,623	19,582	19,698	19,575	19,655	19,893	19,893

FY2024.3		Beginning	April	May	June	July	August	September	H1	October	November	December	January	February	March	End
Food Service No. of contract store	Increase		22	3	3	1	3	4	36	2	2	1	2	6	4	53
	Decrease		2	3	2	6	2	3	18	0	8	1	2	7	19	55
	Total	1,032	1,052	1,052	1,053	1,048	1,049	1,050	1,050	1,052	1,046	1,046	1,046	1,045	1,030	1,030
Food Service No. of medical store	Increase		25	2	3	1	4	5	40	2	3	5	1	3	4	58
	Decrease		1	3	1	3	3	4	15	2	2	2	0	3	21	45
	Total	753	777	776	778	776	777	778	778	778	779	782	783	783	766	766
Vehicle Operation Service No. of operated vehicle	Increase		283	22	21	30	24	25	405	43	17	19	18	7	4	513
	Decrease		202	15	4	21	12	7	261	23	24	9	25	8	8	358
	Total	3,785	3,866	3,873	3,890	3,899	3,911	3,929	3,929	3,949	3,942	3,952	3,945	3,944	3,940	3,940
Social Service No. of staff managed	Increase		1,210	514	1,433	1,208	1,261	747	6,373	291	313	325	200	266	377	8,145
	Decrease		309	233	247	278	357	364	1,788	1,240	398	501	1,123	218	287	5,555
	Total	19,893	20,794	21,075	22,261	23,191	24,095	24,478	24,478	23,529	23,444	23,268	22,345	22,393	22,483	22,483

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This is another report on SHiDAX's businesses that we disclosed before, for reference purposes.

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Sustainability Activities

- Reduction of CO₂ Emissions and Food Loss

CO₂ emission: Maintain low level of CO₂ emissions (Scope 1 and 2) emitted by the company. We will consider future activities, including those of SHiDAX.

Food loss: Steadily increased reductions through efforts such as promoting the use of harvested products and previously unutilized food ingredients in Kit Oisix.

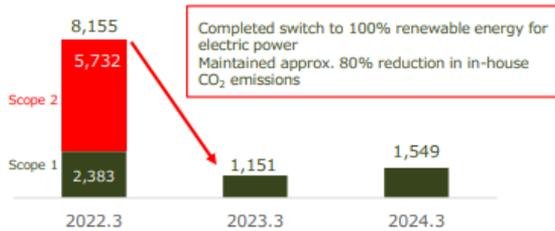
Reduction of CO₂ emissions

✓ The company's CO₂ emissions (Scope 1 and 2) are lower than those of a typical retailer because it has no stores and we have **completed the switch to 100% renewable energy** in FY2023.3.
(Oisix ra daichi Only)

✓ Considering activities to reduce emissions under a new structure that includes SHiDAX

- Scope 1,2 CO₂ Emission Trend

Unit: t-CO₂e (Oisix ra daichi only)



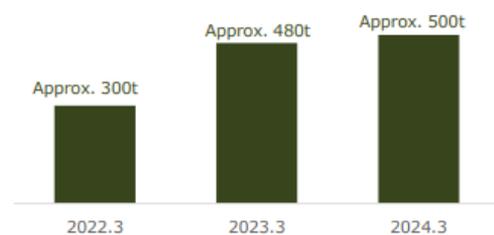
Reduction of Food Loss

✓ Food loss in ORD's distribution is as low as about 0.2%, and we focus on activities to reduce food loss at the place of origin and processing, and at home.

✓ **Steady increase in food loss reduction** since FY2022.3, when initiatives to reduce food loss began in earnest

✓ "Upcycle by Oisix" strengthens development of Kit Oisix products and collaborative products with other companies, **selling 54 new products per year**.

- Amount of Food Loss Reduction



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12

Then I will report on sustainability.

For Oisix ra daichi, the switchover to 100% renewable energy has been completed for all electricity needs. From now on, we will work to reduce emissions under a new structure that includes SHiDAX.

In terms of food loss, we have always had a very low level of food loss. We continue to work on reducing food loss in the fields or households, and in the last year, we have reduced our food loss by about 500 tons.

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Sustainability Activities

- Support for the Noto Region Earthquake

The company entered the disaster area on January 1, 2024, and continued to provide hospital meals in the affected area in cooperation with new group companies, including SHiDAX. Tokushimaru, which has been active in the affected areas since immediately after the earthquake, has also provided ongoing support, such as operating outside of evacuation shelters.

Support activities immediately after the earthquake

- ✓ Maintaining the provision of hospital meals, distributing relief supplies free of charge, and using in-house logistics to deliver supplies to areas where shipments have been suspended.
- ✓ Group companies work together in a flexible manner



▲ Provide meal in evacuation shelter

Ongoing Support

- ✓ Mobile supermarket Tokushimaru continues to provide support for disaster victims in areas other than evacuation shelters, distributing free sweets and organizing events for people to enjoy cherry blossom viewing.



▲ Moved to non-shelter area to provide support

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13

The other topic is about our response to the Noto earthquake. This earthquake happened right after the consolidation of SHiDAX and Oisix ra daichi.

SHiDAX had been providing hospital meals in a place called Nanao, but due to a power outage, the hospitals were not able to provide meals to in-patients. At that time, Radish Boya was able to deliver hospital meals in Nanao continuously by utilizing its trucks and other equipment.

Tokushimaru is also working as a mobile supermarket to deliver a variety of supplies to those people, many of whom have taken refuge outside of the evacuation centers.

This is our report on the results for FY2024.

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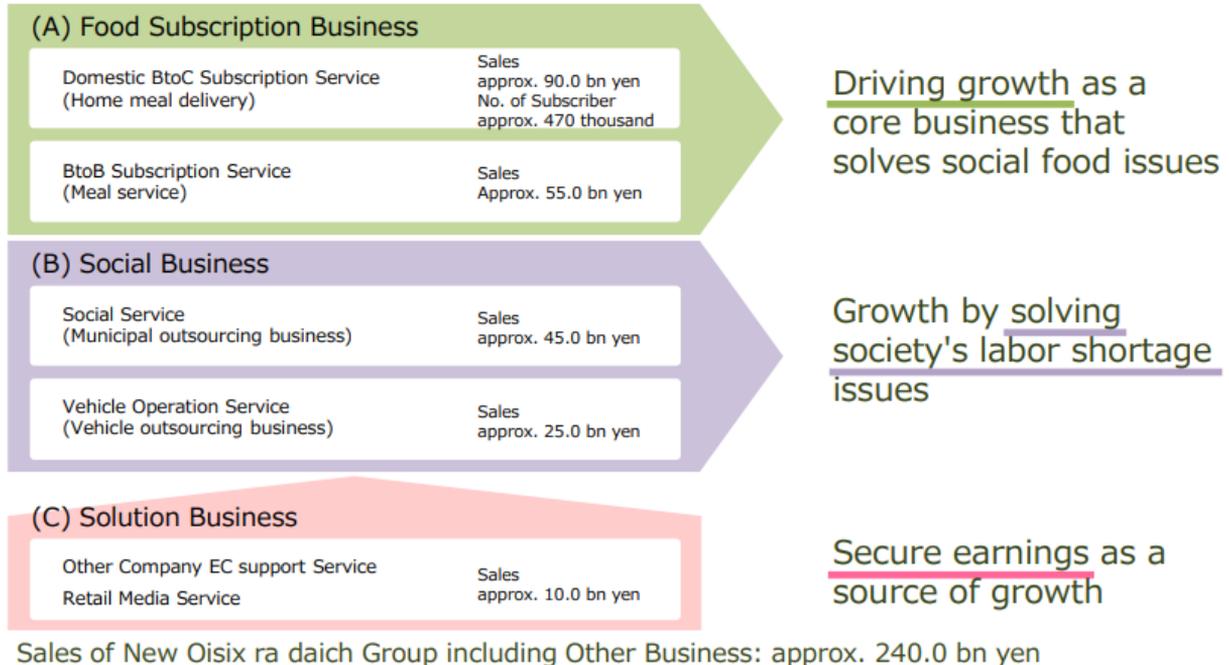
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Business Portfolio of the New Oisix ra daichi Group



Current Business Portfolio



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FY2024.3 Full year sales (SHiDAX also converted to full year results)

15

Next, I will talk about the growth strategy of the new Group. We have many businesses, so this is a summary of them.

We have three major business areas.

The first is our largest mainstay business, the food subscription business, with B2C home delivery amounting to approximately JPY90 billion, and B2B food service amounting to approximately JPY55 billion, making up the largest part of the business, about 70% of the total

The next is the social business, consisting of two businesses that SHiDAX mainly operated in. The social services business, which outsources to local authorities, and the vehicle operation services business, which receives vehicle outsourcing, are the two businesses that together account for a total of JPY70 billion.

The solutions business is the source of growth that supports the earnings of these two businesses. We support the doctors of other companies and also conduct media business using our own e-commerce system.

Including other businesses, we are an entity with a total value of approximately JPY240 billion.

I will look at each one in detail.

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(A) Food Subscription Business

① BtoC, ② BtoB Growth Model

(A) Food Subscription Business

We aim for **total sales of 300 billion yen in FY2030.3** through organic growth of 80 billion yen and discontinuous growth of 75 billion yen from 145 billion yen in sales in FY2024.3.

① Domestic BtoC Subscription Service



② BtoB Subscription Service



(B) Social Business

(C) Solution Business

① Domestic BtoC Subscription Service

■ Organic Growth

✓ Among the main target of dual-earner households with children, existing members account for about 5%*3 and there is ample room for expansion.

■ Discontinuous Growth

✓ We are seeing a customer base that is looking for shorter meal kits, and we will broaden our target by further evolving our shortening time products.

② BtoB Subscription Service

■ Organic Growth

✓ Continued gradual increase in the market for outsourced school lunch services against a backdrop of labor shortages, etc.

■ Discontinuous Growth

✓ Establish and respond to a small-group operation model through the use of commercial meal kits, leveraging strengths cultivated in the domestic BtoC subscription service.

✓ Aiming for growth through M&A as the industry merges.

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*1: FY2020.3 - FY2024.3 *2: FY2021.3 - FY2024.3
*3: Estimated 7 million two-parent households

16

The first is the food subscription business, which is our main business. Two businesses have a combined turnover of just under JPY150 billion at present.

In the domestic B2C sector, even Oisix is still facing the challenge of very low awareness, as noted on the right. About half of the people are somehow aware of Oisix, but not many know more about it. There is still a lot of room for people to get to know more about it. Since the target households with children still account for around 5% of the total, we believe that we can make a solid increase in this area.

In terms of CAGR, the growth rate has been about 10% each year since before the earthquake, so even with organic growth, we expect to be able to achieve about JPY70 billion in the future.

In addition, we will target JPY200 billion for B2C, including new services, M&A, and so on.

In the B2B area, the market itself has been expanding gradually, and the number of food service companies outsourcing their food service operations has been gradually increasing. This is due to the labor shortage.

The CAGR has still been about 2% here so far, though I still think it could be JPY10 billion here as well. Furthermore, I believe that there will be a reorganization of the industry in the future, with more new services, or large-scale M&As. With that in mind, we will target JPY100 billion.

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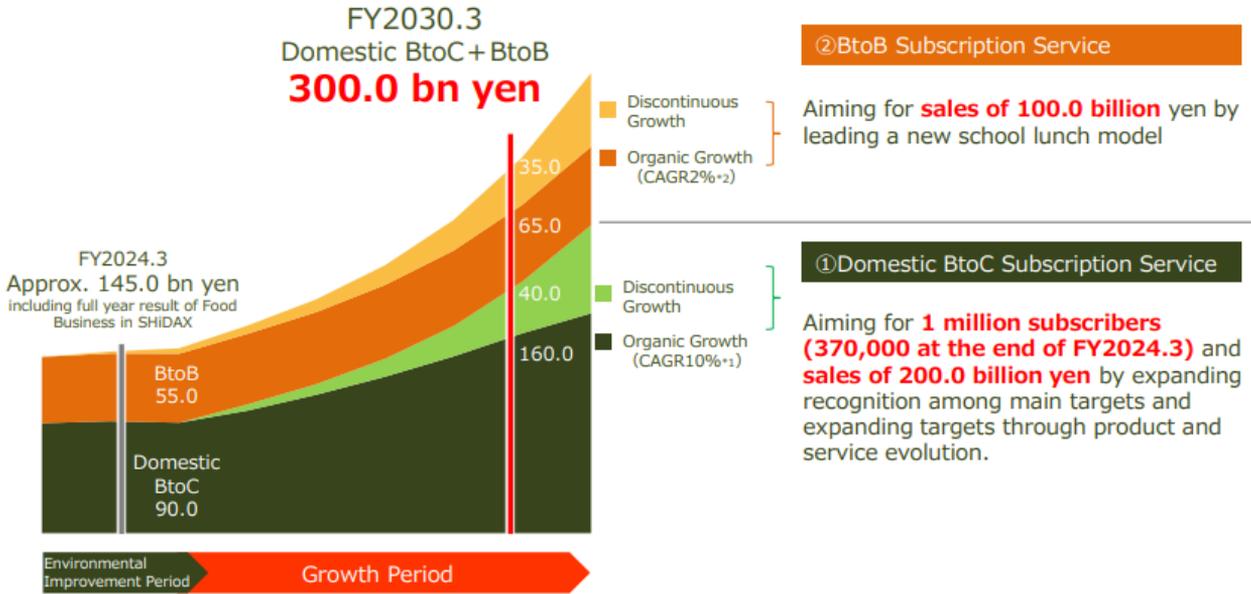
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(A) Food Subscription Business
①BtoC, ②BtoB Growth Model

In FY2025.3, we will first create an environment that generates synergies with SHiDAX and refine acquisition methods and products for the re-growth of Oisix.
 From FY2026.3 onward, the two businesses of domestic BtoC and BtoB subscription services will drive renewed growth, **aiming for total sales of 300.0 billion yen in FY2030.3.**



Oisix ra daichi

*1: FY2020.3 - FY2024.3 *2: FY2021.3 - FY2024.3

17

So, we are considering a target of JPY300 billion for the existing food B2C and B2B businesses. Towards this end, in 2024 we will generate synergies in the B2B and B2C businesses. We will manage the B2B business properly, which is a new for us. I believe that learning [inaudible] is very important, and in the future, I hope to double this level of target.

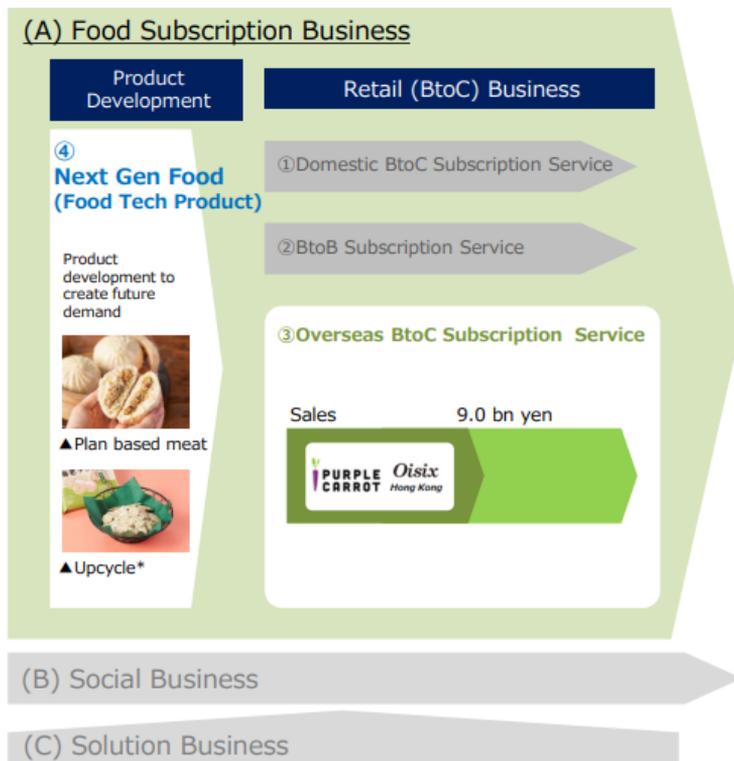
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(A) Food Subscription Business Future Development Model (③,④)



③ Overseas BtoC Subscription Service

✓ Aiming to expand globally with Purple Carrot, a plant-based meal delivery company in the U.S.

✓ Purple Carrot has established a fulfillment and marketing structure and moved into the subscriber acquisition phase starting in FY2025.3



④ Next Generation Food (Food Tech Product)

✓ Develop and sell products that create future demand, such as private brand's plant-based meat "P-Meat"



Oisix ra daichi

* Products that add value to previously discarded items and upgrade them.

18

Furthermore, in this food subscription business, there are two things to expand in the future.

One is the overseas B2C. Currently, we have a business area of about JPY9 billion with Purple Carrot in the US, etc. and its performance is getting better and better. In the future, we hope to expand our B2C business overseas as the next growth source for this JPY300 billion target.

Furthermore, as for "food tech products," we believe that we can develop new products by having this kind of distribution, including domestic B2C and B2B, and overseas B2C. We are still preparing to sell plant-based meat and upcycled products in Japan and the US, and we hope to expand this business beyond JPY300 billion.

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(B) Social Business

(A) Food Subscription Business

- ④ Next Gen Food (Food Tech Product)
- ① Domestic BtoC Subscription Service
- ② BtoB Subscription Service
- ③ Overseas BtoC Subscription Service

(B) Social Business

① Social Service (Municipal outsourcing business)

Sales 45.0 bn yen



More than 2,600 facilities under management

② Vehicle Operation Service (Vehicle outsourcing business)

Sales 25.0 bn yen



More than 3,900 vehicles under management

(C) Solution Business

(B) Social Business

① Social Service (Municipal outsourcing business)

■ Business Overview

✓ Businesses for municipalities that operate and manage tourist facilities, school meals, etc., in addition to childcare for schoolchildren, where we are the No. 1 player.

■ Future Prospects

✓ The outsourcing market is steadily growing due to rising costs and labor shortages in government services caused by the declining birthrate and aging population.



▲ Care of Schoolchildren



▲ Library Management

② Vehicle Operation Service (Vehicle outsourcing business)

■ Business Overview

✓ Provides vehicle fleet management services, such as operation of route buses and community/demand/school buses, in addition to executive vehicles, which are in the dominant No. 1 position.

■ Future Prospects

✓ Demand for school buses/community buses is on the rise as drivers age and bus routes are withdrawn or consolidated

✓ Consider accepting local version of ridesharing (demand buses)



▲ Executive Vehicles



▲ School Bus

Oisix ra daichi

19

This is followed by our second business area, the social business.

The first is a social business that is entrusted by the local government for us to operate. For example, we operate about 2,000 after-school daycare facilities, and we are by far the No. 1 player in the operation of these facilities.

We also operate school lunch services. This is in the No. 2 group. We believe that the shortage of labor will be a serious problem for local governments in the future, and we will have a large role to play in this area.

Also, regarding vehicle outsourcing, we are currently doing about JPY25 billion. This is another example of the use of executive vehicles or local transportation infrastructure, such as running community buses in areas where local bus routes have been lost. We believe that the future of regional transportation infrastructure, including regional versions of ridesharing, is a major issue, and that our business has the potential to grow as well.

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(C) Solution Business

(A) Food Subscription Business

- ④Next Gen Food (Food Tech Product)
- ①Domestic BtoC Subscription Service
- ②BtoB Subscription Service
- ③Overseas BtoC Subscription Service

(B) Social Business

(C) Solution Business

Sales 10.0 bn yen

①Other Company EC support Service



DEAN & DELUCA

▲ EC site management, shipping

②Retail Media Service



▲ Operation of flyers bundled with products

(C) Solution Business

①Other Company EC support Service

■ Business Overview

✓ Support other companies' businesses by utilizing our facilities and know-how (logistics warehouse, marketing, procurement capabilities, etc.)

■ Future Prospects

✓ Differences in accessibility and product assortment for shopping by region, uncovering the need for an e-commerce online department store shopping experience outside of urban areas.

②Retail Media Service

■ Business Overview

✓ Operate advertising space on BtoC order sites and product bundling to provide useful information to customers.

■ Future Prospects

✓ Increased need for efficient approach methods (customer databases, channels for reliable reach, etc.) to meet diversifying consumer needs.

Oisix ra daichi

20

The last business area is the solutions business.

For example, we are supporting the EC operations of other companies, such as Dean & Deluca and ISETAN DOOR, and we are working to ensure that their EC operations are profitable.

These are three business areas.

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Growth Strategy Leveraging Synergies Between BtoC and BtoB

Food Subscription Business

Social Business

Solution Business

In the BtoC subscription domain, Oisix has expanded its business by shifting the perception of "shortening time" from "shortening time = easy but cut corners" to "premium shortening time" experience, which is not only shortening time but also premium. In the BtoB subscription domain as well, Oisix will realize both a response to labor shortages and an increase in added value by developing the value of "premium shortening time" in the BtoB subscription domain as well.



Diverse families can easily achieve fun and healthy eating habits.



BtoB Subscription Service (Meal Service)

Define and provide "good school lunches" that are chosen by facilities and end users



Expand business in both BtoC and BtoB by introducing "premium shortened hours" to BtoB subscription service (meal service) and revolutionizing the industry.

Oisix ra daichi

22

I will then explain the growth strategies for each of the most important individual business areas, but I will mainly focus on the food business area.

First of all, the concept of Oisix's growth in the B2C market is the "time-saving" premium. The conventional concept of time-saving is more like cutting corners, but what we have done at Oisix is to offer valuable time, or rather, time-saving can provide richer value. We have grown our business by doing so.

When we look at the food service business, it is very similar. After all, food service provides meals, but beyond that, there are different objectives. If it is a nursery school, food helps build the child's body. Or, in the case of hospital food service, to restore the health of patients. With these objectives in mind, it is very important and required to provide such value in addition to simply providing meals.

Regarding shortening the time of delivery, in the case of households, people are getting busier and busier, but in this field of food service, it is becoming increasingly difficult to recruit more and more people. In both cases, we believe that we can provide more value with fewer people and in less time by utilizing our strengths, such as meal kits and delis. We are thinking of transferring the B2C value with the "time-saving" premium to the B2B market.

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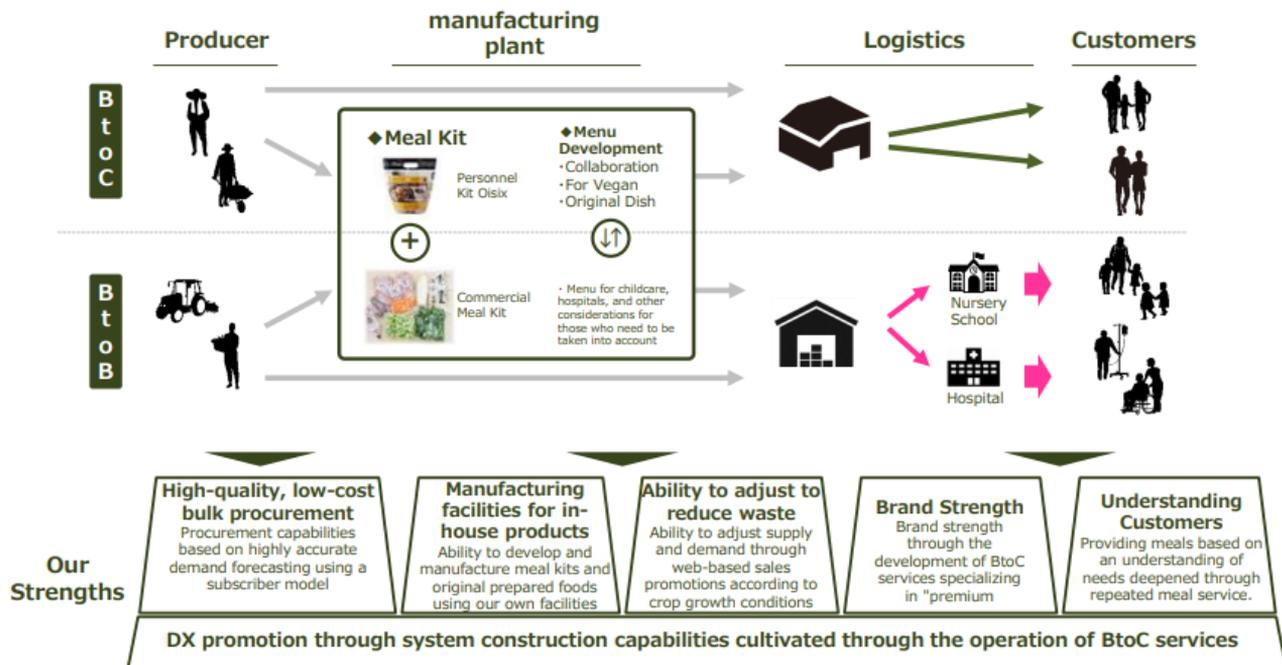
Strengths that Create Synergy Between BtoC and BtoB

Food Subscription Business

Social Business

Solution Business

Both home delivery and meal service are subscription models that provide different menus to the same customers through stable procurement. We will leverage the strengths we have honed in the BtoC subscription domain to achieve "premium shortening time" in the two areas.



Oisix ra daichi

23

The reason why this is possible is because of the unique characteristics of the subscription business.

First, it is very easy to forecast demand, making it easy to procure goods in bulk. As a result, they can easily increase their procurement capacity and lower their costs.

Or, since we have our own manufacturing facilities for meal kits, etc., we can use them as they are, both B2C and B2B, thereby increasing both utilization rates and lowering costs.

Or, it is possible to make good use of brands such as Oisix. And also, as Oisix was originally started on the internet, processes can be DX'd.

Therefore, we will leverage these strengths to realize premium "time-saving" in the two business areas I mentioned earlier.

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Examples of Synergy Creation to Date

Food Subscription Business

Social Business

Solution Business

New contracts through synergy are in progress at each BtoB subscription (meal service) facility.

Aiming for business growth by providing services chosen by end-users based on "premium shortening time" know-how cultivated in the BtoC subscription business.

Nursery School

- ✓ The introduction of Oisix's commercial meal kits has enabled the company to expand its business to facilities it had been unable to approach before, and 19 facilities have been confirmed to have adopted the kits.



Care of Schoolchildren

- ✓ Second spring break test of providing lunch boxes during long vacations at 13 facilities nationwide



Elderly Facilities

- ✓ Adopted by Benesse's fee-based nursing home, resident to be confirmed fastest in the series.



Staff Canteen

- ✓ Collaboration menu using meal kits was highly supported by customers.



Outdoor event facilities (ballpark)

- ✓ Oisix Niigata Albirex BC to serve menus supervised by a certified sports nutritionist from SHiDAX at its ballpark in kitchen cars.



Oisix ra daichi

24

There are already some synergies emerging between SHiDAX and Oisix. For example, we have already introduced the business to 19 nursery schools, where we could not get them as customers before, by developing the business with meal kits.

Or, in the case of elderly care facilities, when we started a project with Benesse to provide an Oisix salad bar at a new facility called Granda Kunitachi, in no time at all the facility had enough prospective residents who wanted to move in.

We are already seeing signs of synergies, such as an increase in the operation rate of food service when we offered something like the Dean & DeLuca collaboration in the employee cafeteria.

Furthermore, in addition to school lunches, as for the after-school daycare facilities, the customers, or rather their parents, inevitably have to prepare lunches during the summer and winter holidays. We have started experimenting with food services for those facilities.

Also, at the Oisix Niigata Albirex baseball team, we have a SHiDAX kitchen car, which has been very well received. I believe that we are already starting to see the synergistic effects between SHiDAX and Oisix.

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**Providing school lunches
using Oisix ingredients**

✓ Plans to establish a situation in which food ingredients can be introduced to elderly facilities, staff canteens, nursery schools, etc., mainly in the Kanto area during FY2025.3, without raising the price of food ingredients.



**Full-scale rollout of lunch
boxes in care of schoolchildren
during long vacations begins**

✓ Full-scale development will begin during the summer vacations of 2024. We plan to offer more than 100,000 meals at approximately 500 facilities.



Oisix ra daichi

25

I have a number of business ideas in response to that, but one thing I'm going to start right away is a food service facility business. One thing we are planning is to start using Oisix foodstuffs without raising the cost at meal facilities for the elderly, company cafeterias, and nursery schools, especially in the Kanto area, during the current fiscal year.

Secondly, we would like to start providing 100,000 lunches for after-school daycare facilities starting this summer holiday.

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Regarding Oisix, our mainstay business, we view FY2025.3 as a phase to test hypotheses based on the knowledge we have gained in response to the after-COVID-19, and we will solidify the foundation of activities as a period to prepare for renewed growth.

1 Product evolution "Premium x ultra-shortening time"

2 Establish efficient new subscriber acquisition methods

**3 Launch of the first course for specific needs
"Healthcare Oisix" created with cancer patients**

Oisix ra daichi

26

Including such synergies, what's the role of B2C and B2B? As for B2C, I think the three things mentioned above are the main things.

We are going to make the time-saving premium even more premium and ultra-short, and then we are going to improve the promotions that didn't work last year, and then, as we newly announced today, we are going to offer specific course services. These are the three things.

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Against the backdrop of the growing need for shorter cooking times in the home, Oisix has developed a wide range of "premium x "ultra-shortening time" products that are a further evolution of the premium shortening time products that Oisix has offered in the past.

■ Launch of "Deli Oisix"

Launch of "Deli Oisix," a super-time saving service that is ready just by taking it out of the refrigerator and heating it up.

- ✓ Aim to achieve a cumulative total of 10 million meals sold by the end of FY2027.3
- ✓ Users' spending per purchase in the first week of launch is 1.5 times the average of all subscribers.

🍴 | Oisix



■ Evolution and Super Shortening Time of Meal Kits

- ✓ Expansion of local menus and collaboration menus with celebrities and TV programs
- ✓ Development of menus that can be completed without the use of cooking utensils.



■ Development of ultra-short-time products such as boxed lunches

- ✓ A plate of three microwave-cooked side dishes for a meal by yourself or as a snack.



Oisix ra daichi

27

First, we used to offer meal kits, but we have seen an increase in the number of customers who do not have enough time for meal kits, so we have started Deli Oisix.

As a first initial response, we're seeing a lot of enthusiasm from our customers. We will start offering meals that are ready-made and just eaten at home. In addition, we will develop a premium ultra-short time concept by making time-saving lunch boxes and meal kits as well.

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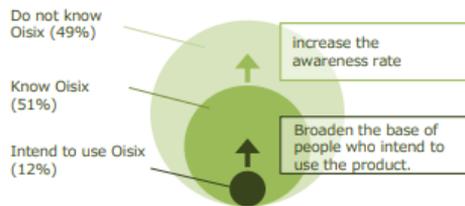
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② New Subscribers Acquisition

Develop efficient subscriber acquisition and communication methods in H1 and **begin full-fledged subscriber acquisition again in H2 and beyond.**

- ✓ Development of promotion-efficient acquisition methods
 - Leverage media such as TikTok and affiliates that we have not been focusing on.
 - Review of communication with customers after purchasing trial sets.
- ✓ Increased recognition rate and quality
 - Awareness of Oisix is 51%, including light users, and we will increase the awareness rate.
 - The number of people who are aware of Oisix and intend to use it is low at 12%, but the evolution to "premium x "ultra-shortening time" will increase the number of people who intend to use Oisix.

■ Awareness of Oisix and intention to use Oisix



③ Start Courses for Specific Applications

NEW

New course on dietary support for cancer patients.
Plans to launch other courses for specific needs as this course progresses.

- ✓ First of a series of courses for specific needs, "Health Care Course" for cancer patients, launched today (May 14).
 - Developed with more than 30 medical professionals and 15 patient support groups
 - At the same time, we plan to establish the "Institute of Eating Habits to Support Cancer Treatment" to conduct clinical research and disseminate evidence on dietary habits and treatment.
- ✓ Japan's first dietary support service for cancer patients

がん患者さんをつつた
ヘルスケア Oisix

医師
 監修



Oisix ra daichi

In terms of promotion, we will take advantage of the mistakes we made last year to effectively promote our products, as they are still not well known.

I will explain new meal services for specific needs. Our subscription business is based on a function of the number of subscribers and the annual sales per subscriber, and the annual sales per subscriber is around JPY200,000.

That would mean JPY10 billion with 50,000 subscribers. There are services like Kit Oisix and meal kits that can get about 300,000 subscribers on their own, while there are also services for specific needs that can get between 30,000 and 50,000 subscribers. As a first step, we would like to launch a service that supports cancer patients' diet, which has taken several years to prepare.

I think JPY10 billion with 50,000 subscribers is a target figure. We hope to develop services to help cancer patients adjust their diets while undergoing standard treatment.

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In the BtoB subscription service (meal service), to address the "labor shortage" and "rising raw material costs," which are issues facing the industry as a whole, we will improve profitability through labor savings and price revisions, and on top of that, build a weapon that enables discontinuous growth by leveraging Oisix's product procurement and development know-how.

- 1 Eliminate labor shortages by saving manpower and improving compensation**
- 2 Eliminate loss-making & low-profit stores through appropriate price revisions**
- 3 Create a weapon for discontinuous growth through the use of Oisix food ingredients**

Oisix ra daichi

29

In B2B, there are three issues.

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① Eliminate labor shortages by saving manpower and improving compensation

- ✓ Build labor-saving operations through meal kits and fully pre-prepared food production
- ✓ Improved employee compensation, including base salary increases for the first time in approximately 20 years



② Eliminate loss-making & low-profit stores through appropriate price revisions

- ✓ Price review due to price hikes, etc., in response to soaring raw material prices.
- ✓ Review of low profit & loss terms or withdrawal



③ Create a weapon for discontinuous growth through the use of Oisix food ingredients

- ✓ Introduction of menus using Oisix standard vegetables
- ✓ Menu development using Oisix's popular celebrity and restaurant collaboration menus and the know-how of group companies



Oisix ra daichi

30

One is the labor shortage, which is becoming more and more apparent. We will continue to improve the treatment of workers, which we have not been able to do up to now, and to adjust the number of workers in order to cope with the labor shortage.

Next, price revisions. It is not an easy business to operate, but it is not sustainable to operate at a loss, so we will offer our products and services at an appropriate price.

Third, as I have already mentioned some examples earlier, we will be doing collaboration for continuous growth.

Through these three measures, we will establish a structure that will allow us to grow while continuing to generate profits [inaudible] during this fiscal year.

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**Social Service
(Municipal outsourcing business)**

- ✓ **The industry's overwhelming No. 1 provider of care of schoolchildren achieves 20% growth in sales**
 - The private outsourcing market is expanding due in part to the government's policy aimed at strengthening measures for care of schoolchildren.
 - No. 1 track record in public and private childcare services for children (more than 2,000 units) and expansion of the number of contracts by offering new value-added services, such as lunch
- ✓ **School meal service business, the No. 2 group in the industry, is expected to grow 10% in sales.**
 - Outsourcing rate of school meal preparation continues to rise
- ✓ **Expansion of comprehensive outsourcing services for municipalities utilizing a broad service lineup, including management of facilities such as libraries and roadside stations**
 - Municipalities' needs for improving operational efficiency are growing even higher
 - Realization of streamlining across business domains, unique to our company with experience in a wide range of outsourced operations



**Vehicle Operation Service
(Vehicle outsourcing business)**

- ✓ **Expansion of the industry's No. 1 executive vehicle fleet management service**
 - Outsourcing rate is on the rise, but labor shortage is an issue.
 - Securing drivers by improving compensation, and continuing to acquire new drivers based on the overwhelming No. 1 number of vehicles managed and track record in the industry
- ✓ **Expansion of community bus/demand bus operation contract to serve as a local transportation system**
 - Increased demand for demand/school buses due to the elimination or withdrawal of bus routes in rural and the progress of plans to consolidate elementary and junior high schools
- ✓ **Consideration of local version of ridesharing business**
 - Based on the industry's No. 1 track record in vehicle fleet management, promote the study of providing solutions for mobile refugees, who are facing challenges especially in rural areas.



Oisix ra daichi

In the growth strategy, lastly, I will explain the social business.

First, with regard to the municipal outsourcing business, we are currently No. 1 with regard to the after-school daycare facilities, and we have already received a fairly large contract, and we plan to achieve a growth of about 20% by ensuring that we are well-staffed and able to meet the needs.

School meals are also being outsourced at a slightly higher rate, so we have to make sure that we are well staffed there as well to achieve growth.

In addition, we hope to expand comprehensive contracts with municipalities, as we have a wide range of contracts, such as with libraries and roadside stations.

In vehicle outsourcing services, we are No. 1 for executive vehicles, etc., and the outsourcing rate is increasing due to the labor shortage, so we will be a firm recipient of these services.

In addition, when it comes to the regional areas, there are issues such as more serious labor shortages and the withdrawal of bus routes. We would like to become a recipient of these issues to achieve growth.

It took a little longer, but the above is a description of each business area and their respective growth strategies.

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FY2025.3 Business Forecasts

Sales	255.0 bn yen – YoY +72%	EBITDA	11.0 bn yen – YoY +34%
Operating Profit	7.0 bn yen – YoY +36%	Profit attributable to owners of the parent	3.2 bn yen – YoY (23)%

Expenses expected to be incurred on an ongoing basis	EBITDA→OP Amortization of goodwill: 1.8 bn yen Depreciation: 2.2 bn yen	OP→Profit attributable to owners of the parent Interest expenses: 0.3 bn yen ※ 34% of net income of SHiDAX is net income attributable to noncontrolling interests
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Oisix ra daichi

34

This is the target set for this period, which has already started in FY2025.

The forecast is for sales of JPY255 billion, EBITDA of JPY11 billion, and operating profit of JPY7 billion. As for net income, there were a few special items about this quarter, as I mentioned earlier. Other than that, we will manage the business well, generating the effects of the consolidation.

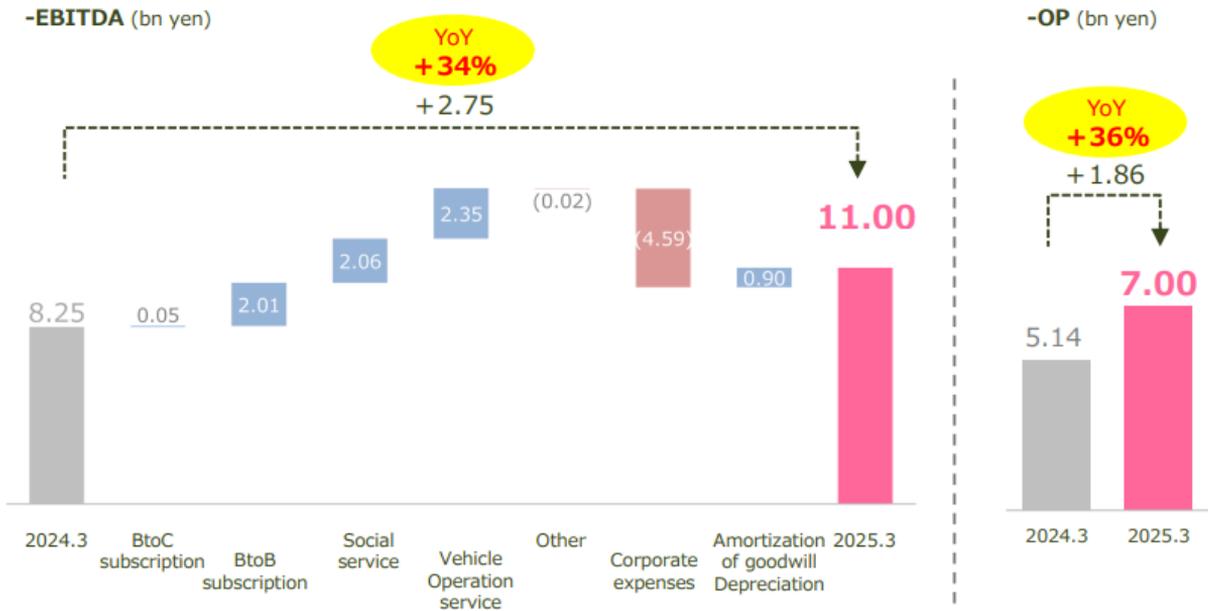
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YoY : EBITDA/Operating Profit

EBITDA and OP increased, partly due to three quarters of additional profits from each of the newly consolidated businesses (BtoB subscription service, Social service, and Vehicle operation service), despite an increase in fixed costs due to the contribution of the consolidation impact of SHiDAX.



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This shows the consolidation effects and an explanation of them.

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FY2025.3 Segment Results Forecast

(billion yen)

	Sales		Segment Profit		Profit Margin
	FY2025.3	YoY	FY2025.3	YoY	
BtoC subscription business	100.00	+1%	9.10	+1%	9.1%
(Oisix)	61.00	(2)%	6.00	+1%	9.8%
(Daichi wo Mamorukai)	11.00	(3)%	1.45	(5)%	13.2%
(Radish Boya)	17.00	+2%	1.80	+1%	10.6%
(Purple Carrot*) - Jan. - Dec.	11.00 USD: 73M	+21%	(0.15) USD: △1M	-	(1.4)%
BtoB subscription business*	66.60	+345%	2.40	+530%	3.6%
Social service business*	51.30	+351%	2.45	+519%	4.8%
Vehicle operation service business*	25.90	+312%	2.75	+583%	10.6%
Other business*	11.20	(38)%	1.20	(1)%	10.2%
Corporate adjustments and expenses		-	△69.0	-	-
Sales/EBITDA	255.00	+72%	11.00	+34%	4.3%
Amortization of goodwill	-	-	(1.80)	-	-
Depreciation	-	-	(2.20)	-	-
Operating Profit	-	-	7.00	+36%	2.7%

Oisix ra daichi

* Segment profit other than Other business differs from the segment figures in the financial results of Tanshin because the effects of amortization of goodwill is deducted.

36

The breakdown by segment is shown above.

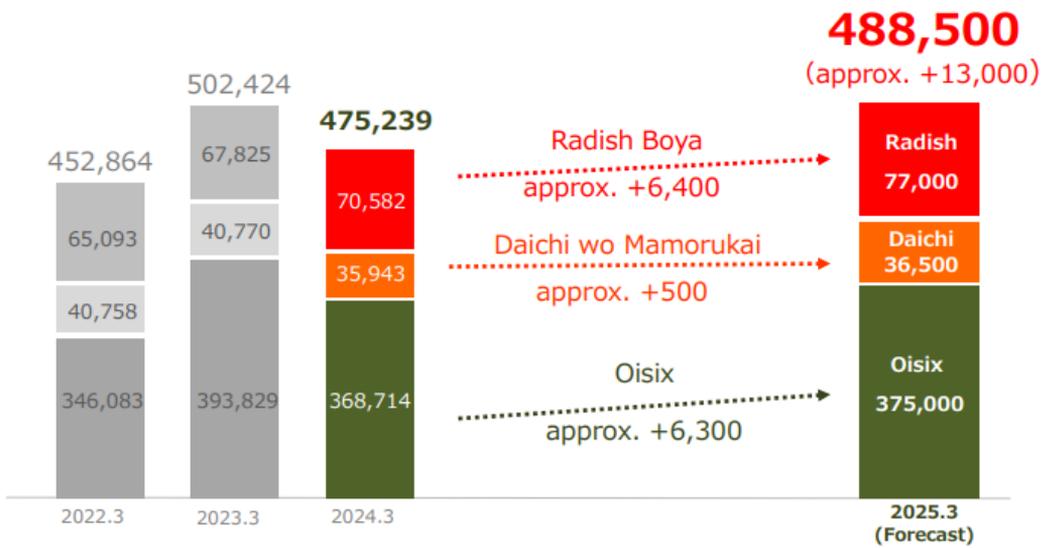
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Domestic B2C Subscription Subscriber Numbers Forecast



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37

In terms of the number of B2C subscribers for each of our brands, we are not planning to spend a lot of money on promotions, but based on last year's experience, FY2025 will become a year of gradual growth for all of our brands.

Acquisition of Treasury Stock - Approach to Cash Allocation

<Approach to Cash Allocation>

1. Of the 11-13 billion yen per year cash generation over the next few years, the basic policy is to allocate 3.5-4.5 billion yen of surplus cash, excluding taxes, repayment of loans and other ordinary expenses, to investment for growth (*).
2. In FY2024.3, we made major growth investments (making SHiDAX a consolidated subsidiary and investing in ORD Atsugi Freezing Station), but in FY2025.3, we will focus on soft investments such as "re-growth of BtoC subscription service (product development and marketing)" and "synergy creation with SHiDAX (business integration, premium shortening time of BtoB subscription service, etc.)".
3. In light of the above situation, we raise the efficiency of shareholders' equity by repurchasing our own shares this time, and also expect to use the shares acquired and held for future M&A, etc.

* Main growth investment areas

- 1 BtoC subscription service: development of new services, advertisement investments, system investments, logistics systems and facility enhancements, etc.
- 2 BtoB subscription business: M&A for business expansion, strengthening of logistics and manufacturing functions, etc.

The equity ratio is expected to recover to around 25% within a few years as future profits increase.

(Equity ratio at the end of FY2024.3: 20.2%)

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38

Finally, I will explain our cash allocation and share buybacks.

As I mentioned, our EBITDA for the year is approximately JPY11 billion. Of that amount, after taking into account taxes and borrowings, about JPY3 billion to JPY4 billion would be available for investment in growth.

In terms of profits from our growth investments, we first built two large manufacturing facilities of our own, one in Ebina and the other in Atsugi. The investment in refrigeration and freezing facilities was around JPY4 billion to JPY5 billion in scale, respectively. Two of these facilities were built in the past two to three years, and once this Atsugi facility is fully operational in Q1, our large-scale capital investment will be completed.

We have also made a large investment in the consolidation with SHiDAX. In terms of where we will allocate the investment for future growth, we will make sure to generate synergies with SHiDAX.

Then, in the B2C area, we will promote and expand our B2C business and develop new services, such as products with a premium ultra-time-saving concept that I mentioned earlier. We believe that this area would be an area for growth investment.

Also, considering future M&A, we decided that it would be a good idea to acquire treasury stocks, taking into account the current stock price situation.

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Acquisition of Treasury Stock - Reason and details of the repurchase

<Reasons for acquisition of treasury shares>

Based on the concept of cash allocation, we aim to improve capital efficiency and enhance shareholder returns.

<Details of the acquisition>

- | | |
|--|--|
| (1) Class of shares to be acquired: | Common stock |
| (2) Total number of shares to be acquired: | Up to 1,825,000 shares
(Equal to 5.0% of total issued shares excluding treasury shares) |
| (1) Total amount of shares to be acquired: | Up to 3,000 million yen |
| (2) Acquisition method: | Market purchase on the Tokyo Stock Exchange |
| (3) Acquisition period: | May 15, 2024 ~ October 31, 2024 |

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39

We are considering a 5% repurchase of our own shares up to a maximum of JPY3 billion.

That concludes my explanation. Thank you very much for your attention.

Umemura: Thank you very much, President Takashima.

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Question & Answer

Umemura [M]: We will now move on to the question-and-answer session.

When asking a question, please state your company name and your name at the beginning of your question, and limit each person to two questions.

Please note that we may not be able to answer all of your questions if you ask more questions than we can answer.

We will now move on to accepting oral questions first. Now, Mr. Sumi, I will unmute you, and thank you for your comments.

Sumi [Q]: Thank you. I am Sumi from Tokai Tokyo. I would also like to ask two questions. First, regarding your explanation of B2B, I believe you mentioned on your slide that M&A is also an option. Could you first tell us about the current B2B, President Takashima's view of the industry environment and M&A, as well as your thoughts on the future outlook? That is my first question.

The second point is the idea of synergies. Although you have given us a very good top-line forecast, looking at the plan for this fiscal year, I think that the consolidated effect of SHiDAX is still significant. In terms of the synergies and the timing of profit generation, when do you think will these synergies start to materialize? Please tell us about this area. I would like to ask these two questions.

Takashima [A]: Thank you very much, Mr. Sumi. First of all, the B2B outlook is different depending on the type of business, such as company cafeterias, hospital meals, meals for the elderly, nursery schools, and so on.

Perhaps the company cafeteria itself will decrease a little in some areas. I think the market is neutral, with in-house operations decreasing and outsourcing to other companies increasing.

On the other hand, I believe that the market for food service itself will continue to rise, especially for elderly care facilities. Now, the market itself is growing, albeit with a difference. Due to the shortage of labor, there are some cases where food service providers are also unable to arrange for manpower.

Last year, it made headlines when a company called Hoyu suddenly became unable to continue its food service operations, and I think something similar is happening all over the place. There are business opportunities out there, but there are not that many vendors who are willing to raise their hand, and this is happening all over the place. There are particularly tough business areas, such as in hospital catering.

In that sense, I think it is very important to create an environment where a small number of people can work together on the site. We are in a situation where there are a number of projects that are not open to competition, so the first step is to respond to this manpower saving.

To achieve this, it is also necessary to improve the treatment of workers and reduce the turnover rate from the current level. I also think it is important to develop meal kits, delis, and fully prepared meals that allow a small team to achieve a high level of customer satisfaction.

Therefore, I believe that in the B2B business, there will probably be some companies that will no longer be able to provide such services on their own. So, it is highly likely that there will be a reorganization of the industry, not just of our company. In this context, we hope to realize our goal of being on the side of restructuring by firmly creating the premium value of labor saving, as mentioned earlier.

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In terms of synergies, there are some that appear in the short term and others that take a little longer in the medium to long term. In the short term, we will improve the treatment first, and will be doing things that we haven't done before, things that we haven't done very well, so that will increase our costs in the short term.

On the other hand, for those areas that have continued to operate at a loss, we will negotiate resolutely, and if withdrawal is unavoidable, we will do so, which will lead to a recovery in earnings. We expect this area to break even in 2024.

Other than that, I think we will be able to create a situation from next year onwards where meal kits and the like will contribute to our performance, not only improving our earnings, but also enabling us to increase projects. We need to deepen our understanding in this area and provide more concrete figures. This is the way we see it now. That is all.

Sumi [M]: I understand very well. Thank you. That is all.

Umemura [M]: Thank you, Mr. Sumi. If you have any questions, please press the raise-your-hand button.

Any other questions? Then, since there are no questions by text, I have now received all of your questions. This concludes today's briefing.

Thank you very much for taking time out of your busy schedules to join us today. Thank you very much.

Takashima [M]: Thank you.

[END]

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