



FY2024 FAQ

Oisix ra daichi Inc.
May 15, 2025

- | | |
|---|--|
| Q Shareholder Return Policy | Q Synergies between BtoC and BtoB |
| Q M&A | Q Social Services Business and Vehicle Operation Services Business |
| Q Mid-Term Targets (EPS) | Q BtoC Subscription (food delivery market) |
| Q Mid-Term Targets (KPIs) | Q BtoB Subscription (food service market) |
| Q Mid-Term Targets (capital allocation) | Q Macro Environment (soaring food/labor costs/shipping costs) |
| Q (BtoC) Number of Subscribers/ARPU | Q Macro Environment (monetary policy) |
| Q (BtoC) Subscriber Acquisition Cost/Churn Rate | Ref Oisix Subscription Course |

Q

What is your shareholder return policy?

A

Based on the capital allocation policy announced in May 2025, we have decided to pay dividends for the first time.

We have actively invested in business expansion, including large-scale facility investments like the Ebina Station (Refrigeration) and the Atsugi Frozen Station, and executed multiple M&A transactions, such as the acquisition of SHIDAX.

Now that large-scale capital investments are mostly complete and stable cash flow is expected to continue, we have decided to return profits to shareholders.

Given the growth of our stable revenue base, we plan to deliver shareholder returns with a target dividend payout ratio of 15% (total return ratio of 15-30%), along with capital gains from stock price appreciation.

Q

What is your M&A policy?

A

We plan to actively pursue M&A opportunities with businesses that can deliver synergies by leveraging our expertise.

In the BtoC subscription, we have been grouping companies that share similar corporate philosophies and business models, such as 'Daichi wo Mamoru-Kai,' 'Radish Boya,' and 'Purple Carrot (U.S.).' We will continue to explore opportunities with companies that can expand our lineup of attractive products, such as Toyoichi and Agrigate.

In the BtoB subscription, the performance of food service providers has deteriorated, and some have gone bankrupt due to soaring food and labor costs and a shortage of human resources. This has accelerated industry consolidation, with the entry of companies from other industries.

(continued on the following page)

Q

What is your M&A policy?

A

Taking advantage of this market environment, we aim to establish a 'time-efficient food service model,' by leveraging our expertise in meal kit manufacturing cultivated through our BtoC subscription business, and to accelerate its expansion into food service companies.

We believe that the 'time-efficient food service model' will solve the long-standing issues of the food service market, and we plan to pursue M&A to lead industry restructuring.

Beyond major financial risks like goodwill and financial leverage, we will establish appropriate management systems for operational risks. These include risks related to diversification of management resources, organizational bloat, and legal and compliance. We will also execute PMI (post-merger integration).

Q

What is your mid-term EPS target?

A

After comprehensively considering the impact of factors such as corporate expenses and depreciation and goodwill amortization, as well as businesses outside our BtoC and BtoB subscription segments, our normalized EPS target for 2030 is JPY 175. This is 1.7 times higher than FY24, representing a CAGR of 11%.

Over the next five years, we will expand our BtoC and BtoB subscriptions and promote the development and expansion of the 'time-efficient food service model.' This will improve profitability by reducing labor costs and delivering high value-added services in our BtoB subscription. As a result, segment profits for BtoC and BtoB subscriptions are expected to double, with a CAGR of 15% by FY29.

(continued on the following page)

Q

What is your mid-term EPS target?

A

Given that normalized EPS increased by approximately JPY 79, from JPY 24.2 in FY19 to JPY 103.1 in FY24, we believe it is possible to achieve an increase of approximately JPY 72, from JPY 103.1 to JPY 175.0, over the next five years (FY24 to FY29).

Q

Why did you set mid-term targets using normalized EPS instead of EPS?

A

Our group's net income fluctuates due to non-recurring gains and losses, including non-operating and extraordinary income. These are easily affected by changes in the performance of consolidated subsidiaries and equity method affiliates in which we hold less than a 100% stake.

Net income attributable to non-controlling interests includes the SHIDAX Group, Future Food Fund (investment business), and other subsidiaries' income that is not attributable to the company.

(continued on the following page)

Q

Why did you set mid-term targets using normalized EPS instead of EPS?

A

The effective tax rate, after accounting for tax effects, is expected to be approximately 45%. This considers the statutory effective tax rate (30.6%) and the impact of factors such as goodwill amortization and valuation allowances (including accumulated losses carried forward).

We have set our mid-term EPS target using normalized EPS, excluding extraordinary gains and losses.

Q

What are the KPIs for your mid-term goals?

A

Progress in our two main businesses is critical to achieving our mid-term goals.

The targets for BtoC and BtoB sales and EBITDA margin are based on organic growth and discontinuous growth, including M&A. If the targeted M&A in the BtoB businesses does not materialize, sales may fall short of the target. However, the EBITDA margin is expected to exceed the target due to the increased proportion of high-margin BtoC businesses.

In addition, the number of Oisix subscribers is expected to increase gradually in FY25. From FY 2026 onward, we will focus on maximizing the number of continuing subscribers and accelerate growth toward its target of 600,000 subscribers by FY29. Also, for BtoB businesses, targets have been set considering both the increase in the number of contracted facilities and price optimization.

Q

What is your capital allocation policy?

A

Over the next five years, we plan to allocate capital based on core operating cash flow, with 70-85% for M&A and 15-30% for shareholder returns. If core operating cash flow exceeds projections or we do not pursue M&A, we will comprehensively consider our cash on hand and capital structure to determine loan repayments and shareholder returns.

Our financial leverage targets are a 20-25% equity ratio and a maximum 2.0x net debt-to-EBITDA ratio. Based on our core operating cash flow, we do not currently anticipate any significant additional borrowings.

In addition, to achieve BtoC and BtoB sales of JPY 300 billion (target for FY2029), we expect to generate JPY 75 billion in sales over five years through discontinuous growth, including M&A. This capital allocation ratio assumes that all of these sales will be achieved through M&A.

Q

What is your outlook for the number of subscribers and ARPU for the three major brands in Japan?

A

In FY25, the number of subscribers and ARPU for the three major brands, including Oisix, are expected to increase gradually.

To maximize cost effectiveness, we will carefully analyze acquisition costs and LTV (customer lifetime value) to identify the best acquisition channels and improve the conversion rate of trial sets to regular subscriptions. In particular, we aim to increase the number of Oisix subscribers to 600,000 by FY29 and continue to acquire regular subscribers.

Regarding ARPU, we aim to continuously increase unit prices by strengthening existing products, developing new products and courses, and capturing demand on special occasions.

Q

What is the trend in the subscriber acquisition cost?

A

While the subscriber acquisition cost has steadily decreased from the peak during the extraordinary PR campaign in Q4 FY2022, it has not yet reached our internal target. We will continue to focus on cost-effective measures to acquire new subscribers, optimizing our marketing spend and channel mix.

Acquiring new subscribers using trial sets, which have the greatest impact on subscriber acquisition cost, begins with them purchasing a trial set before becoming a regular subscriber. The next stage is the process of conversion to regular subscribers, which leads to acquiring new subscribers.

(continued on the following page)

Q

What is the trend in the subscriber acquisition cost?

A

For the trial set purchase stage, we reviewed acquisition channels and increased our use of short-form video advertising. For the subscription conversion stage, we improved the trial set product lineup and revised the conversion form UI. As a result, acquisition costs have improved. We will continue to focus on maximizing subscriber numbers.

Q

What is the trend in the churn rate?

A

The churn rate has returned to pre-COVID-19 levels and is highest immediately after subscription, with many subscribers canceling due to a lack of understanding of the services and products. Therefore, we have implemented measures to strengthen CRM in the early stages of subscription, such as distributing service information booklets, to prevent the churn rate from increasing as the number of subscribers grows.

Going forward, we will continue to acquire new subscribers with an focus on cost-effectiveness while also increasing subscriber retention.

Q

What are the potential synergies between BtoC and BtoB subscriptions?

A

We believe that BtoC and BtoB subscriptions are similar businesses in that they both 'procure ingredients stably and on a large scale,' 'process and distribute them through a centralized processing and distribution center,' and 'offer different menus to the same customers every day.'

Based on these similarities, we believe we can reduce FL costs (food costs + labor costs) and increase added value in the meal service industry. We aim to do this by establishing and expanding a 'time-efficient food service model' centered on three measures: developing meal kits that offer both premium quality and time savings; creating a network for centralized procurement of high-quality ingredients; and refining food distribution DX through e-commerce. This model is based on the know-how we have cultivated through our BtoC subscription.

(continued on the following page)

Q

What are the potential synergies between BtoC and BtoB subscriptions?

A

In meal kit development, we have achieved both time savings and premium value in nursery school food service by reducing preparation time and promoting food education. We will continue to expand this service to other stores and other meal service areas.

In the 'centralized procurement network', we will leverage the strengths of the subscription model, particularly its highly accurate demand forecasting. By expanding its procurement network to food service, we believe this will lead to large-scale, low-cost, and stable procurement across the entire group.

(continued on the following page)

Q

What are the potential synergies between BtoC and BtoB subscriptions?

A

In 'food distribution DX,' we will enable labor savings and reduce food loss in the workplace by applying our system design expertise in UI/UX from the customer's perspective, cultivated through BtoC subscription, to the food service business.

By quickly establishing and expanding the 'time-efficient food service model,' we aim to increase the added value of our B2B subscription and improve mid-term profitability.

Q

What is the business overview of social services business?

A

Social services are broadly divided into three segments: after-school care, school food service, and social service.

“After-school care” involves the operation and management of after-school care centers, ‘school food services’ involves the preparation of meals for elementary and junior high schools, and ‘social services’ involves the operation of municipal facilities such as tourist facilities and libraries.

(continued on the following page)

Q

What is the business overview of social services business?

A

The market for after-school childcare, which accounts for approximately half of sales, is expanding annually due to increased outsourcing to private companies, supported by government policies aimed at reducing the number of children on waiting lists. We have secured the top share in this market and will continue to pursue growth by leveraging increased outsourcing, ensuring a stable workforce, and differentiating our services.

In addition, school food service, which accounts for approximately 30% of sales, is highly compatible with BtoB subscription services, and we plan to promote this business in conjunction with BtoB subscription services.

Q

What is the business overview of the vehicle operation service business?

A

The vehicle operation service business is divided into three segments: executive vehicle management, general vehicle management, and passenger transportation.

'Executive vehicle management' manages the operation of vehicles used by executives of companies and local governments, 'General vehicle management' manages the operation of school buses and community buses nationwide, and 'Passenger transportation' manages the operation of express buses and other passenger transportation services.

(continued on the following page)

Q

What is the business overview of the vehicle operation service business?

A

'Executive vehicle management,' which accounts for approximately 40% of sales, is expected to experience gradual growth in the external outsourcing market due to the aging of drivers employed by the company. We have secured the top share in this market and will continue to aim for stable business growth by strengthening new contracts with small and medium-sized enterprises and government agencies in addition to large companies and implementing measures to secure drivers.

Q

What is your outlook on the food delivery market, and what is your strategy to differentiate your services from those of other companies?

A

The domestic food delivery market is worth approximately JPY 3 trillion and is expected to continue growing at an annual rate of approximately 3%, indicating steady expansion. While our market share is only a few percent, we believe we can continue to grow in the domestic market, based on the experience of other global companies.

In addition, the ratio of e-commerce in the overall food market is only about 4%, so it is still a niche market, and the market as a whole, including other companies' services, is expected to become more active.

(continued on the following page)

Q

What is your outlook on the food delivery market, and what is your strategy to differentiate your services from those of other companies?

A

We provide specialized subscription services. We have established high barriers to entry in this field through our direct network of contract manufacturers who produce high value-added products and our service development skills based on customer insights. As a result, we have established ourselves as the No. 1 company in this field based on total sales.

Going forward, we aim to achieve both an increase in the number of service users and an improvement in profit margins.

Q

What is your outlook on the food service market, and what is your strategy to differentiate your services from those of other companies?

A

The domestic food service market is extremely large, worth approximately JPY 5 trillion, and is stable, mainly in facilities for the elderly and company cafeterias. Food service providers are experiencing deteriorating performance and even bankruptcy due to concerns about declining meal quality from recent labor shortages and pressure on profits from increased ingredient and labor costs.

By applying the know-how we have cultivated in our BtoC subscription to our food service business, we aim to establish and introduce a 'time-efficient food service model' that achieves both labor savings and high added value.

(continued on the following page)

Q

What is your outlook on the food service market, and what is your strategy to differentiate your services from those of other companies?

A

We will also actively pursue M&A opportunities with the aim of becoming a top player in the food service industry.

Meal kits for food service, which utilize the know-how gained from meal kits sold through BtoC subscription, can reduce on-site cooking time by up to 50% while improving meal consumption rates. Going forward, we plan to accelerate the development of this model by creating models tailored to the characteristics of each facility, such as facilities for the elderly and company cafeterias.

Q

What is your view on the the soaring prices of ingredients such as vegetables and rice?

A

We prided ourselves on our ability to procure products through a direct network of contract producers, enabling us to enter into contracts in advance and purchase directly.

Therefore, B2C subscription services like Oisix are able to mitigate the impact of rising raw material prices compared to traditional distribution channels that rely on wholesalers. Additionally, we offer organic and low-pesticide vegetables and additive-free processed foods, which are generally higher-priced than standard products. As a result, the price gap with general retailers is expected to narrow in relative terms in an inflationary environment.

(continued on the following page)

Q

What is your view on the the soaring prices of ingredients such as vegetables and rice?

A

Additionally, we purchase non-standard and unused fresh produce and use it as raw ingredients for processed products, primarily meal kits. Going forward, we plan to implement measures to achieve both price normalization and reduced product costs.

The BtoB subscription involves many traditional distribution channels through wholesalers and is a business model easily affected by market prices. Recently, we have responded to soaring market prices by optimizing our prices. However, in the future, our profit margins may be affected by a time lag between food price increases and price optimization.

Some facilities in the Kanto area have already begun joint procurement of fruits and vegetables for food service, but in the future, we plan to expand our direct network of contract producers, developed through BtoC subscription businesses like Oisix, to BtoB subscription. This will expand food procurement, making it less susceptible to market conditions.

Q

What is your view on the soaring labor costs caused by the tight labor market?

A

In recent years, with a tight labor market and increases in the minimum wage as a backdrop, labor costs have steadily risen across the industry, including at our company. We expect labor shortages to continue to worsen and upward pressure on wages due to legal regulations to persist in the future.

We expect labor costs to increase, particularly in the BtoB subscription, as we expand our business. In FY24, the SHIDAX Group implemented its first salary increase in approximately 20 years, but the outlook remains uncertain.

(continued on the following page)

Q

What is your view on the soaring labor costs caused by the tight labor market?

A

Given these circumstances, we believe the labor shortage that has long plagued the food service market will worsen in the future. We see this situation as an opportunity to provide high value while reducing labor costs, and we plan to develop and introduce a 'time-efficient food service model.'

Through this model, we aim to help solve the labor shortage and improve operational efficiency across the food service industry.

Q What is your view on the soaring delivery costs caused by rising fuel costs and labor shortages?

A BtoC subscription logistics can be broadly divided into 'delivery from producers to our logistics center' and 'last-mile delivery from our logistics center to customers.'

Of these, last-mile delivery from our distribution centers to customers, which has a significant impact, is primarily outsourced to YAMATO TRANSPORT. Therefore, given the current situation in the logistics industry, requests for delivery fee increases could affect our business performance.

On the other hand, we have continued to build a good business relationship with YAMATO TRANSPORT through initiatives such as optimizing cargo sorting and delivery operations at our distribution centers. At present, we expect that the impact on our business results will be minimal.

Q

What is your view on the impact of macroeconomic factors such as rising interest rates and exchange rate fluctuations?

A

In addition to the current unstable international situation, fluctuations in the monetary policies and economic indicators of major countries mean that the outlook for interest rates and exchange rates remains uncertain.

Based on the current outstanding loan balance (up to JPY 33.3 billion) and interest rates (up to 1.9%), we expect that the direct impact of financial and tariff policies in Japan and the U.S. on interest rates will be limited. Additionally, regarding the impact of exchange rate fluctuations on us, based on the revenue and profit of our Purple Carrot business in the U.S., we currently anticipate that the impact will be minimal.

We will continue to monitor the impact of the financial environment on our business and take appropriate measures as necessary.

Reference: Oisix Subscription Course

Oisix ra daichi

Kit Oisix Course



Prep meal kit (several days)

Seasonal Fresh Produce Course



Selected seasonal ingredients
from across Japan

Chanto Oisix Course



3 or 5 days of
ingredients with recipes

Deli Oisix Course



Ready-to-heat deli dishes

Health Care Course



Calorie- and sodium-
conscious meal kits and
products

Baby&Kids Course



Seasonal produce ideal for
babies and children under 3

Plant-Based Course



Plant-based meal kits and
products

This document contains forward-looking statements about the Company such as forecasts, outlooks, targets, and plans. These statements are based on forecasts made at the time of the preparation of this document using information currently available to the Company. In addition, certain assumptions are used for such statements. These statements or assumptions are subjective and may prove inaccurate in the future or may not be realized, due to a variety of inherent risks and uncertainties. The forward-looking information contained in this document is current as of the date of this document, and the Company is under no obligation and has no policy of regularly updating this information.

Contact:
Investor Relations Department, Oisix ra daichi Inc.
E-mail: ir@oisixradaichi.co.jp