



March 27, 2025

To Our Stakeholders

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**Notice Regarding Receipt of Investigation Report on Inappropriate Accounting at
SLOGIX CORPORATION and the Scheduled Date of Announcement of Financial Results
for the 3rd Quarter of the Fiscal Year Ending March 2025**

As stated in the “Investigation of Improper Accounting at SLOGIX CORPORATION” dated December 26, 2024, with regard to the inappropriate accounting that occurred prior to the acquisition by the Company of SLOGIX CORPORATION (hereinafter referred to as “SLOGIX”), which is a subsidiary of the Company’s consolidated subsidiary, SHIDAX CORPORATION and was discovered in December 2024 (hereinafter referred to as the “Incident”), the “Investigation and Internal Control Enhancement Team” (hereinafter referred to as the “Investigation Team”) established by the Company on December 26, 2024, investigated and examined the details and causes of the inappropriate accounting at SLOGIX, the amount of impact on the settlement of accounts for past fiscal years, and measures to prevent recurrence. We inform you that we have received the investigation report as follows.

The Company wishes to express its profound apologies to its shareholders, investors, and other stakeholders for any inconvenience and concern the matters announced herein may cause.

Particulars

1. Regarding the investigation report by “Investigation and Internal Control Enhancement Team”

Please see the attached “Investigation Report (Summary Version)” for the results of the investigation by the Investigation Team. Please note that, from the perspective of protecting confidential and personal information, we have taken certain measures to prevent disclosure of personal names.

2. Future Actions

(1) Regarding annual securities reports and financial summary reports for past fiscal years

Based on the investigation report, the Company will determine the impact on the Company's

consolidated financial statements and will submit and disclose on Monday, March 31, 2025, the amendments to the annual securities report for the fiscal year ended March 2024 and the semi-annual report for the 1st half of the fiscal year ending March 2025, as well as the amendments to the financial summary reports for the fiscal year ended March 2024 and for the 1st quarter and 2nd quarter of the fiscal year ending March 2025.

In addition, there are no plans to make corrections to the annual securities reports and the financial summary reports for past fiscal years that have already been submitted by SHIDAX CORPORATION.

(2) Announcement of financial results for the 3rd quarter of the fiscal year ending March 2025

The date for the announcement of the financial results for the 3rd quarter of the fiscal year ending March 2025, which was announced in the “Notice Regarding the Scheduled Date of Announcement of Financial Results for the 3rd Quarter of the Fiscal Year Ending March 2025” dated March 21, 2025, is scheduled to be Monday, March 31, 2025.

3. Measures to Prevent Recurrence

We take the findings and proposals for recurrence prevention measures by the Investigation Team seriously, and will implement the following recurrence prevention measures at both SHIDAX CORPORATION and SLOGIX.

(1) Restructure monitoring in the financial reporting process

- Early detection of deficiencies through regular inventory checks by the business divisions and appropriate monitoring and analysis of increases and decreases by the administrative divisions
- Improvement and enhancement of the audit process, including analysis and review of risk assessment methods by the internal audit department

(2) Operational improvements in the inventory assets management process

- Awareness and education for employees about methods and reporting rules of inventory assets review
- Review of document rules to enable accurate and comprehensive inventory asset management

(3) Review the business management system

- Reorganization of the management and control system in cooperation with our manufacturing division, regarding the SDC Division of SLOGIX, which mainly operates central kitchens in the food service business of SHIDAX CORPORATION, in which the Incident occurred

The Company will work together to restore trust and improve corporate value, and we ask for your continued support.

Investigation Report (Summary Version)

Section 1. Survey Overview

1. Background to the establishment of Investigation and Internal Control Enhancement Team

Oisix ra daichi, Inc. (hereinafter referred to as “the Company”) discovered in December 2024 that inventory assets had been overstated (hereinafter referred to as the “Inappropriate Actions”) in the SDC Division¹ of SLOGIX CORPORATION. (hereinafter referred to as “SLOGIX”), which is a subsidiary of the Company’s consolidated subsidiary, SHIDAX CORPORATION. (hereinafter referred to as “SHIDAX” and, together with its subsidiaries, the “SHIDAX Group”). In order to prevent recurrence, we established a team to investigate the cause and enhance internal controls (hereinafter referred to as the “Team”) consisting of the following members, and investigated the inappropriate conduct, and also conducted an investigation into cases similar to the inappropriate conduct (hereinafter collectively referred to as the “Investigation”).

Takashi Kiuchi (Miura&Partner, Attorney-at-law, Certified Public Accountant)

Kohei Matsumoto (Director)

Chika Otobe (Outside full-time Corporate Auditor, Independent Officer)

Yukihiro Moroe (Outside Corporate Auditor, Independent Officer)

Takashi Kokubo (Outside Corporate Auditor, Independent Officer, Attorney-at-law)

Kengo Wada (Outside Corporate Auditor, Independent Officer, Certified Public Accountant)

Hideki Kutsuma (Head of Internal Audit Department)

2. Method of this survey

The Team conducted a thorough examination of relevant documents and accounting data, interviewed a total of 55 people involved, checked inventory assets, and conducted digital forensic investigations of 7 executives.

Section 2. Overview of Inappropriate Conduct at SLOGIX

As a result of the Investigation, it was discovered that the person in charge of the SDC Division (hereinafter referred to as “A”) had been overstating inventory assets by entering false figures into the accounting system used by the SHIDAX Group since at latest around 2014, by replacing the figures in the “inventory list” (which

¹ This is a division of the SHIDAX Group that mainly operates central kitchens.

contains the results of the monthly physical inventory conducted by the SDC Division and the number of inventories reported by external warehouses) with false figures. The amount of overstatement at the end of each fiscal year from 2014, as identified in the results of this survey, is as shown in the table below, and the amount of overstatement as of the end of September 2024 was approx. JPY 475.7 million.

(Unit: JPY million)

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Overstatement	64	89	120	152	193	237	290	341	400	450

Through a detailed examination of related materials, digital forensic investigations, and interviews with the people involved, it was confirmed that the Inappropriate Actions were carried out by A alone, and that no one other than A was involved. In addition, the only irregularity committed by A was the overstatement of inventory assets, and no other irregularities² were found, including fictitious sales, fictitious purchases, or embezzlement, for the purpose of private gain.

Section 3. Analysis of the Causes of This Inappropriate Act

The Inappropriate Actions began with A, who was concerned about the transfer or closure of the business due to continued losses, with the aim of achieving the budget by overstating inventory assets, and continued for about 10 years. The reason why this fraud was able to continue for such a long time without being discovered is that, while the so-called first, second and third lines of the SDC Division were not functioning sufficiently, effective internal controls were not established, and there was no human resources rotation for a long time. The following items were of specific relevance.

- Insufficient supervision and checks by the business execution department
(SDC Division, SLOGIX Management Team) <first line>
- Although a meeting was held once a month to ascertain and manage the performance of the SDC Division, the balance sheet items were not checked, and the irregular values of inventory assets were not noticed, allowing this inappropriate conduct to continue for a long time.
- Inadequate management and monitoring by the administrative department
(SHIDAX Accounting Department) <second line>

² 98% of the SDC Division's sales are to the SHIDAX Group, so if there were to be any irregularities in sales, it would be necessary for other SHIDAX Group companies to be involved. However, no such signs were found through the Investigation, which included digital forensic investigations. In addition, as A's involvement in ordering and purchasing processes in the SDC Division was limited, it would have been difficult for A to commit fraud in collusion with suppliers, and no such acts were found in the Investigation.

- Although we had been analyzing changes in financial line items once every quarter, only a comparison of two terms was carried out. No long-term trend analysis was conducted, which delayed our notice of the irregular values of inventory assets. In addition, even after noticing the irregular values, the accounting department was not familiar with the details of the SDC Division's business, so they considered A's false explanations for the reasons behind the changes were reasonable. Therefore they did not discover the Inappropriate Actions.
- Inadequacy of the checking function by the checking department (the internal audit department of SHIDAX) <Third Line>
As with the accounting department, the SDC division's inventory assets were not subject to a long-term trend analysis of financial line items, and the internal audit was based on a false risk assessment indicating that the inventory assets were not at high risk. The internal audit department simply concluded that there were no problems, and the Inappropriate Actions were not discovered as a result of the internal audit.
- Inadequacies in internal controls in the SDC Division
Although SLOGIX's inventory assets as a corporation were subject to evaluation of internal controls based on the internal control reporting system, the inventory assets of the SDC Division were not included in the scope of evaluation despite their high monetary importance. Even if it had been included, it is thought that the internal controls would not have led to the discovery of the Inappropriate Actions, as they would have only involved a formal evaluation procedure.
- A's work was becoming a black box because there was no human resources rotation.
Since joining the company, A had not had any changes to his actual job role, and his work had become a black box as he has not been transferred to a different position for a long period of time. These factors, in combination with the above-mentioned deficiencies in supervisory and checking functions and internal control deficiencies, allowed the Inappropriate Actions to remain undiscovered for a long period of time.

Section 4. Proposal of Measures to Prevent Recurrence

As stated in Section 3 above, the Inappropriate Actions remained undiscovered for such a long period of time because neither the first, second, nor third lines of the SHIDAX Group were functioning properly. Clearly, SHIDAX Group's management team bears significant management responsibility for neglecting to establish effective governance and internal controls. The main recurrence prevention measures proposed by the Team are as follows.

- Restructure SLOGIX’s governance system
(strengthening of the first line)
- Strengthen monitoring functions by the accounting department of the SHIDAX
(strengthening of the second line)
- Strengthen the checking function by the internal audit department of the SHIDAX
(strengthening of the third line)
- Strengthen cooperation between departments
(strengthening information sharing between monitoring and checking departments)
- Establish and enact effective internal controls in the SDC Division
- Raise awareness of accounting compliance among executives
- Review the organizational structure with support from the Company

Section 5. Investigation of Similar Cases

1. Conducting a questionnaire survey in the food business

During the course of the Investigation, it was found that some of the stores in the food business of the SHIDAX Group had been reporting inventory assets inappropriately (hereinafter referred to as “Inappropriate Inventory Reporting”). was found, a questionnaire survey was conducted of 1,692 managers and other responsible personnel at each store in the food business to check whether there had been any cases of overstating inventory assets similar to the Inappropriate Actions. As a result, 66 people reported that there had been Inappropriate Inventory Reporting in the past or at present.

2. Causes of Inappropriate Inventory reporting

As a result of the Investigation, at least 8 cases of Inappropriate Inventory Reporting in excess of JPY 1 million were discovered in the food business of the SHIDAX Group, and 7 of these cases were found to have similarities in terms of the pattern of behavior and reasons for the Inappropriate Actions, in that false figures were reported as the balance of inventory assets. The main reasons for this are as follows³.

- Neglect of correct procedures for inventory
- A lack of awareness of the need to report “correct figures” that match reality

³ The survey did not find any evidence that A committed the fraud in collusion with the managers of the food business.

3. Impact of Inappropriate Inventory Reporting and measures to prevent recurrence

The survey, including the questionnaire survey and subsequent interviews, found 8 cases of inappropriate inventory reports exceeding JPY 1 million, with the largest amount being approx. JPY 3 million. Even when adding up the amounts of inventory assets for all stores where Inappropriate Inventory Reporting was found, the amounts were determined as being insignificant in terms of the overall financial statement items, including the consolidated inventory assets of the Company.

For Inappropriate Inventory Reporting, the Team also proposes the same recurrence prevention measures as in Section 4 above.