# Oisix | 3182 (TSE Prime)

**Company Report**

August 28, 2026

Strategy Advisors Co., Ltd.

Atsushi Ohmachi

# Q1 Results: Stock Price Rises on Growing Recognition of Growth Strategy and Upward Revision of Net Profit Forecast, Yet Valuation Remains Undemanding on a Forward PER

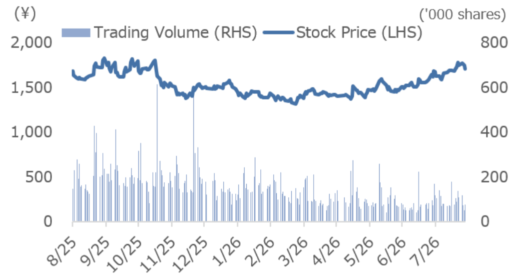
For the first quarter (Q1) of FY3/27, net sales decreased by 9% YoY, while operating profit increased by 24%. Excluding the Vehicle Operation Service business sold in October 2025, net sales increased by 3% YoY and operating profit rose by 81%, indicating a steady improvement in profit margins. While overall net sales are generally in line with expectations, EBITDA and operating profit appear to have grown at a pace slightly exceeding the plan, driven by improved profit margins in the B2B Subscription business and Social Service business.

For FY3/27, the profit attributable to owners of the parent was revised upward on August 3 from the initial forecast of ¥4,600 million (+1.6% YoY) to ¥5,210 million (+15.1% YoY). The reason the forecast for profit attributable to owners of the parent was the only figure revised upward is that the earnings forecast incorporated the expectation of a structural reduction in the corporate tax burden starting in the Q2, following the reorganization of the B2B Subscription business. In addition, based on its policy of targeting a dividend payout ratio of 20%, the company revised upward its dividend per share for FY3/27 from the initial forecast of ¥26.0 to ¥30.0 (+¥10.0 YoY).

The company's equity story consists of "organic growth driven by a fundamental improvement in profitability in the B2B Subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C Subscription business" and "a transformation into a leading company in the B2B Subscription business through inorganic growth driven by a roll-up M&A strategy". If both aspects of the equity story are realized, the current low projected PER could rise significantly.

Since May 2026, the company's growth strategy has gradually gained recognition among investors, and following the upward revision in August of the forecast for profit attributable to owners of parent for

## Stock Price and Trading Volume (Past 1 Year)




Source: Strategy Advisors.

## Key Indicators

| | |
|---|---|
| Stock Price (8/27/26) | 1,708 |
| 52-Week High (9/26/25) | 1,824 |
| 52-Week Low (3/23/26) | 1,316 |
| All-Time High (9/24/21) | 5,120 |
| All-Time Low (19/5/14) | 394 |
| Shares on Issue (mn) | 34.7 |
| Market Capitalization (¥bn) | 59.3 |
| EV (¥bn) | 78.5 |
| Equity ratio (3/26 Actual, %) | 25.3 |
| ROE (FY3/26 Actual, %) | 15.7 |
| PER (3/27 CoE, x) | 11.4 |
| PBR (3/26 Actual, x) | 2.2 |
| Dividend Yield (3/27 CoE, %) | 1.8 |

Source: Strategy Advisors.

FY3/27, the stock price has been trending steadily higher, with the current price range rising to between ¥1,600 and ¥1,800.

On the other hand, while the forward PER has risen slightly in response to the stock price increase since May, the upward revision to the forecast EPS has partially offset the impact of the price increase; as a result, it remains at a relatively undervalued level of around 11x.

**Japanese GAAP - Consolidated**

| Fiscal Year End | Sales (¥mn) | YoY Change (%) | EBITDA (¥mn) | YoY Change (%) | Operating Profit (¥mn) | YoY Change (%) | Net Profit (¥mn) | YoY Change (%) | EPS (¥) | DPS (¥) |
|---|---|---|---|---|---|---|---|---|---|---|
| 3/26 Q1 | 66,423 | 5.1 | 3,359 | 28.1 | 1,837 | 49.3 | 750 | 120.9 | 21.6 | - |
| **3/27 Q1** | **60,682** | **-8.6** | **3,374** | **0.5** | **2,271** | **23.6** | **1,289** | **71.7** | **37.1** | **-** |
| 3/24 | 148,408 | 28.9 | 8,241 | 47.3 | 5,125 | 53.2 | 4,108 | 127.3 | 112.4 | 0.0 |
| 3/25 | 256,009 | 72.5 | 12,800 | 55.3 | 6,864 | 33.9 | 3,638 | -11.4 | 103.1 | 0.0 |
| 3/26 | 251,419 | -1.8 | 12,914 | 0.9 | 7,339 | 6.9 | 4,527 | 24.4 | 130.3 | 20.0 |
| 3/27 CoE | 252,000 | 0.2 | 13,400 | 3.8 | 8,700 | 18.5 | 5,210 | 15.1 | 150.0 | 30.0 |

Note: Net profit refers to profit attributable to owners of the parent. Source: Company Data. Compiled by Strategy Advisors.

## Table of Contents


1. Q1 FY3/27 Results .... 3

   1) Financial Results Overview .... 3

   2) Performance by Segment .... 5

2. Earnings Outlook .... 9

   1) Company Plan for FY3/27 .... 9

   2) Medium- to Long-Term Targets and Future Focus Areas .... 12

3. Stock Price Trends and Valuation .... 16

4. Equity Story .... 22

# 1. Q1 FY3/27 Results

## 1) Financial Results Overview

**Excluding the Impact of the Business Divestiture, Q1 FY3/27 Saw a 3% Increase in Sales and an 81% Increase in Operating Profit**

Oisix ("the Company"; changed its name from Oisix ra daichi in July) announced its financial results for Q1 FY3/27 on August 13. Net sales decreased to ¥60,682 million (-8.6% YoY); EBITDA increased to ¥3,374 million (+0.5% YoY); operating profit increased to ¥2,271 million (+23.6% YoY); and net profit attributable to owners of the parent increased to ¥1,289 million (+71.7% YoY). Excluding the impact of the Vehicle Operation Service business, which was sold in October 2025, net sales increased by 2.7% YoY, EBITDA rose by 33.4%, and operating profit surged by 81.1%, indicating a steady improvement in OP Margin.

**Figure 1. Q1 FY3/27 Financial Results (¥mn)**

| FY | Q1 3/26 | Q1 3/27 (A) | YoY | Progress Rate (A)/(B) | 3/27 CoE (B) |
|---|---|---|---|---|---|
| Net sales | 66,423 | 60,682 | -8.6% | 24.1% | 252,000 |
| Gross Profit | 19,345 | 17,851 | -7.7% | — | |
| Gross Profit Margin | 29.1% | 29.4% | — | — | |
| Selling, general and administrative expenses | 17,507 | 15,579 | -11.0% | — | |
| SG&A Expenses Ratio | 26.4% | 25.7% | — | — | |
| Operating Profit | 1,837 | 2,271 | 23.6% | 26.1% | 8,700 |
| OP Margin | 2.8% | 3.7% | — | — | 3.5% |
| Ordinary Profit | 1,651 | 2,226 | 34.9% | — | |
| Extraordinary Profit/Losses | 59 | — | — | — | |
| Profit Before Income Taxes | 1,710 | 2,226 | 30.2% | — | |
| Corporate Taxes | 802 | 1,058 | 31.9% | — | |
| Profit | 907 | 1,168 | 28.8% | — | |
| Profit (Loss) Attributable to Non-controlling Interests | 156 | -120 | — | — | |
| Profit Attributable to Owners of Parent | 750 | 1,289 | 71.7% | 24.7% | 5,210 |
| EBITDA | 3,359 | 3,374 | 0.5% | 25.2% | 13,400 |
| EBITDA Margin | 5.1% | 5.6% | — | — | 5.3% |

Excl. Vehicle Operation Service

| | | | |
|---|---|---|---|
| Net sales | 59,090 | 60,682 | 2.7% |
| Operating Profit | 1,254 | 2,271 | 81.1% |
| OP Margin | 2.1% | 3.7% | — |
| EBITDA | 2,529 | 3,374 | 33.4% |
| EBITDA Margin | 4.3% | 5.6% | — |

Source: Company Data. Compiled by Strategy Advisors.

**EBITDA And Operating Profit Are on Track to Slightly Exceed Projections**

While net sales are generally viewed as being largely in line with expectations, EBITDA and operating profit appear to have progressed at a pace slightly ahead of plan, driven by improved OP margins in the B2B Subscription business and an increase in the number of Social Service facilities.

**B2B Subscription and Social Service Show Strong EBITDA Progress**

When calculated excluding Vehicle Operation Service business to facilitate a comparison on a continuing operations basis, Q1's share of the FY3/26 total was 25% for net sales and 22% for EBITDA. Meanwhile, Q1's share of the FY3/27 plan was 24% for net sales and 25% for EBITDA, indicating that the EBITDA progress rate is higher than in the same period last year. In particular, the B2B Subscription business progress rate stood at 23% compared to 10% in the same period last year, while the Social Service business progress rate was 52% compared to 40% in the same period last year, suggesting a strong start.

**The Projected EBITDA Progress Rate as of the Interim Period Is Expected to Be in the Low 40% Range Overall**

As of now, the company expects its interim progress toward its FY3/27 EBITDA target to be on par with the same period last year for B2C Subscription business (43% in the same period last year), over 50% for B2B Subscription business (40% in the same period last year), and in the low 40% range overall (40% in the same period last year). However, the overall progress rate for the same period last year (40%) excludes the vehicle and other businesses that were sold on October 1 of last year.

**Non-operating Income and Expenses Improved**

In Q1 non-operating income, equity in earnings from investments increased from ¥50 million in the same period of the previous year to ¥187 million. On the other hand, in non-operating expenses, while losses on investment fund management increased from ¥37 million in the same period of the previous year to ¥108 million, interest expenses decreased from ¥211 million to ¥131 million due to a reduction in borrowings. As a result, the non-operating loss narrowed from ¥186 million in the same period of the previous year to ¥45 million.

**Compared To the End of FY3/25, Financial Soundness Improved Rapidly**

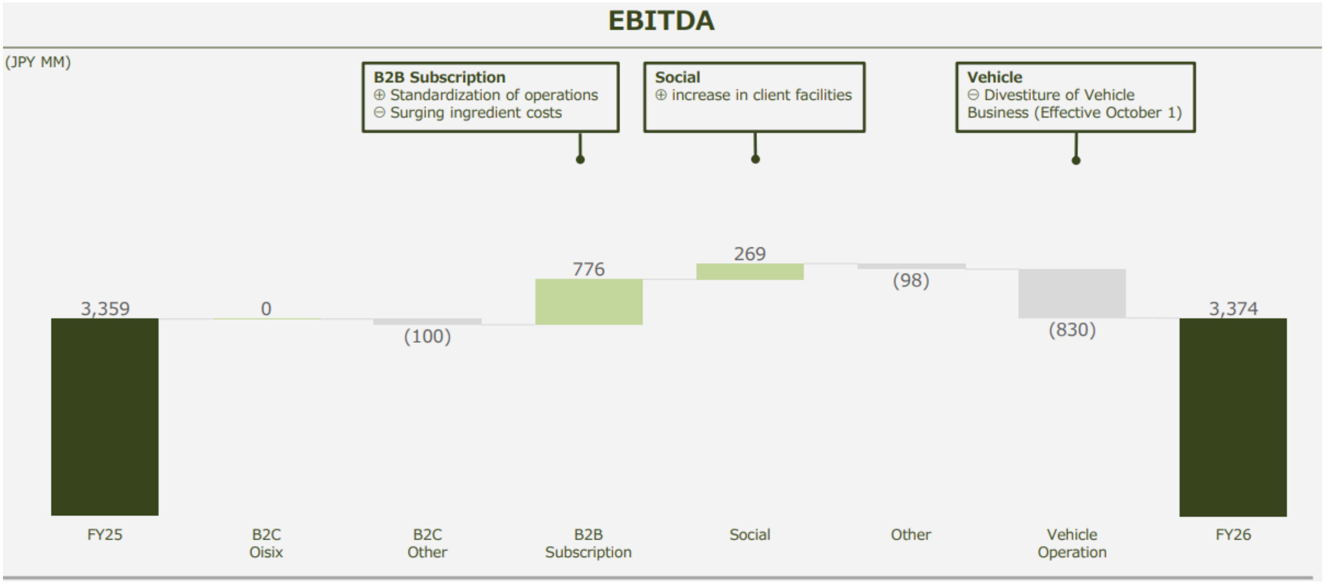
Total assets at the end of Q1 stood at ¥109,578 million, up 1% from the end of the previous fiscal year. Although tangible and intangible fixed assets decreased due to depreciation and amortization of goodwill, accounts receivable, cash and deposits, and other current assets increased. On the funding side, although borrowings decreased by 11% YoY, total liabilities at the end of Q1 increased by 1% YoY to ¥79,758 million due to increases in contract liabilities and deferred tax liabilities. The increase in contract liabilities was primarily driven by seasonal factors and an increase in contracts for after-school care. The increase in deferred tax liabilities was primarily due to the intra-group reorganization scheduled for September 1.

Equity at the end of Q1 rose 3% from the end of the previous fiscal year to ¥28,220 million, driven by retained earnings. As a result, the equity ratio at the end of Q1 rose slightly from 25.3% at the end of the previous fiscal year to 25.8%. On the other hand, looking at the Net Debt/EBITDA ratio—a financial metric that measures the level of net debt (borrowings minus cash and deposits) relative to EBITDA—it declined from 1.11x at the end of FY3/25 to 0.04x at the end of Q1 FY3/27, indicating that financial soundness has improved rapidly.

## 2) Performance by Segment

Figure 2 illustrates the YoY changes in EBITDA by segment. Businesses that saw increases include B2B Subscription business (+¥776 million YoY) and Social Service business (+¥269 million YoY). On the other hand, segments that saw a decrease include Vehicle Operation Service business (-¥830 million YoY), which was sold in October 2025; "Other" within the B2C Subscription business (-¥100 million); and the combined total of Other Businesses and corporate expenses (-¥98 million). EBITDA for Oisix, which forms the core of the B2C Subscription business, remained flat YoY.

**Figure 2. Factors Contributing to Changes in EBITDA by Segment (¥mn)**




Note: "EBITDA (Other)" includes the impact of other businesses and corporate expenses.
Source: Company materials

## B2C Subscription Business

**B2C Subscription Business: Revenue -7%, EBITDA -4%**

By segment (including inter-segment sales), the B2C Subscription Business posted net sales of ¥21,999 million (-7% YoY) and EBITDA of ¥2,404 million (-4% YoY).In terms of breakdown, Oisix posted net sales of ¥14,072 million (-4% YoY) and EBITDA of ¥2,072 million (unchanged YoY), while "Others" (Daichi wo Mamoru Kai, Radish Boya, and Purple Carrot) posted net sales of ¥7,927 million (-12% YoY) and EBITDA of ¥331 million (-23% YoY).Regarding Oisix, the number of subscribers at the end of Q1 decreased by 2% compared to the end of the same period last year, and Q1 ARPU also fell by 2% YoY. On the other hand, the EBITDA margin improved from 14.1% in the same period of the previous year to 14.7%, driven by measures such as optimizing product allocation (narrowing down SKUs, or "minimum stock-keeping units") through a review of sales frequency and cost of goods sold, curbing loss-making orders, and reducing marketing expenses.

As for other factors, the decline in EBITDA was primarily driven by a drop in net sales resulting from the decrease in the number of subscribers.

**Aiming to Improve Customer "menpa"**

Among the products for which Oisix is strengthening its efforts are "Deli Oisix", the "Tasu-dake (time-saving prepared meals)" series, and the "Cho-Raku (Super Easy) Kit".

Launched in 2024, "Deli Oisix" is recognized in the marketing industry as a product that enhances "menpa" (mental efficiency) by freeing consumers from the "stress of choice" and the "psychology and emotions that leave no room for failure", thereby reducing the burden of decision-making. Regarding "Deli Oisix", which has sold over 3 million meals to date, the company expanded its production capacity by 1.4 times and, on July 16, began selling the "Deli Oisix 4-Day Plan", which has a longer shelf life than conventional products. The company plans to conduct a full-scale PR campaign during the current fiscal year to increase the number of subscribers and boost purchase frequency.

The "Tasu-dake" series, which began full-scale rollout in January 2026, is a strategic product designed to boost LTV (Lifetime Value) throughout the entire child-rearing period. Currently, the premium time-saving prepared meals in the "Tasu-dake" series—which have received high praise in customer focus groups and interviews—are contributing to an increase in average order value. Going forward, the company plans to promote these premium time-saving prepared meals to new subscribers and those who have suspended their subscriptions, with the goal of improving both average order value and purchase frequency.

"Cho-Raku (Super Easy) Kit 3 Steps", a new product in the Kit Oisix series first launched in 2013, was released on July 16. The development concept was to realize the "Three Eliminations" (eliminating the need for a knife, thinking, and preparation) to minimize cooking effort to the utmost extent, making it a product designed to improve "menpa" (mental efficiency). The company aims to increase purchase frequency by meeting the needs of its target audience: households with children aged 3 to lower elementary school grades .

Through product initiatives such as "Deli Oisix" and "Cho- Raku (Super Easy) Kit 3 Steps", as well as UI/UX improvements, the company aims to continue developing business strategies that enhance customers' "menpa" (mental efficiency).

## B2B Subscription Business

**B2B Subscription Business: Sales +6%, EBITDA +253%**

The B2B Subscription business posted net sales of ¥22,349 million (+6% YoY) and EBITDA of ¥1,083 million (+253% YoY).The main breakdown of net sales by segment was as follows: Life Care Food Services at ¥8,894 million (+5% YoY), Contract Food Services at ¥6,859 million (+5% YoY), and School Lunch Services at ¥4,965 million (+9% YoY). At the end of Q1, the YoY change in the number of contracted facilities by segment was +4% for Life Care Food Services (including the contribution from "Nanohana Kyushu", which was acquired in April), -1% for Contract Food Services, and +2% for School Lunch Services. Although some facilities terminated their contracts due to price adjustments, the company is successfully acquiring new customers in the school lunch and care facilities sectors. Furthermore, it is evident that the adjustment of contract unit prices across all segments is contributing to the increase in net sales.

### Continued Improvements Toward Realizing the Equity Story

Regarding the EBITDA margin, although costs rose due to soaring food and labor expenses, the margin improved significantly from 1.5% in the same period of the previous year to 4.8% as a result of standardizing operations and optimizing contract unit prices. It can be said that the company is continuing to make improvements aimed at realizing one of its equity stories: "organic growth driven by a fundamental improvement in profitability in the B2B Subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C Subscription business".

Furthermore, while prices for items such as rubber gloves used in food preparation have skyrocketed due to the blockade of the Strait of Hormuz and other factors, and pork prices have also risen significantly, the impact of these cost increases has been kept within the scope of the initial plan for the period through measures such as menu revisions and centralized procurement.

Standardization of operations refers to measures led by headquarters to standardize personnel recruitment, assignment, and division of roles, as well as food ingredient procurement — areas where there had previously been significant variations among facilities. As a result of these efforts, the ratio of labor expenses to net sales and the ratio of food ingredient costs to net sales improved significantly in FY3/26, and the effects of these measures have continued into FY3/27.

### Full-Scale Rollout of "Genki Gohan" Begins

The company began the full-scale rollout of "Genki Gohan", a line of fully prepared meals for care facilities, in April. After conducting samples tasting at approximately 1,500 facilities, the company received high ratings from 95% of the facilities during interviews regarding potential adoption. Strong demand has been confirmed, with 10% of the target facilities responding that they are "actively considering a switch starting next fiscal year" and 40% stating they are "considering a switch", leading to high expectations for future adoption.

Most care facility operators tend to switch catering providers in April, which marks the start of the new fiscal year. The company is working to further refine "Genki Gohan" and strengthen its sales structure in preparation for November and beyond, when interest in product switching reaches its peak.

### Gradually Expanding the Use of AI

To standardize operations, the company manages budget versus actual performance for both food and labor costs by tracking the difference between plans and actual results every 10 days. It also uses AI analysis to identify trends at individual locations and improve the accuracy of alerts. Furthermore, the AI-based staff scheduling system scheduled for implementation in the third quarter will enable the company to calculate appropriate workforce allocation based on meal count data and formulate optimal schedules for each facility. The company plans to gradually expand the use of AI across all operations, from sales activities to on-site operations, and is expected to see improved profitability going forward.

**The Contribution to Earnings From "Nanohana Kyushu", Which Was Acquired Through a Business Succession, Has Exceeded Expectations**

At "Nanohana Kyushu" (Headquarters: Fukuoka Prefecture; net sales of approximately ¥1 billion; approximately 30 facilities), which was acquired through a business succession, Q1 earnings exceeded expectations due to an increase in the number of users. Post-merger integration (PMI) also appears to be progressing smoothly. The company is strengthening its approach to M&A targets, focusing not only on large-scale operators but also on small and medium-sized businesses with net sales of around ¥5 billion. We also look forward to future developments regarding the company's other equity story: "A transformation into a leading company in the B2B Subscription business, driven by inorganic growth through a roll-up M&A strategy".

## Social Service Business

**Social Service Business: Sales +21%, EBITDA +44%**

The Social Service business reported net sales of ¥12,203 million (+21% YoY) and EBITDA of ¥875 million (+44% YoY). Breaking down net sales by segment, after-school care accounted for ¥8,776 million (+28% YoY), while "others" accounted for ¥3,426 million (+7% YoY). The EBITDA margin improved from 6.0% in the same period of the previous year to 7.2%, driven by higher revenue and greater efficiency in staffing.

**Synergy Effects with School Lunch Services**

At the end of Q1, the YoY change in the number of contracted facilities by segment was +16% for after-school care and -6% for others. Although some facilities in the other social service segment were terminated, synergies with School Lunch Services have become increasingly evident in after-school care operations; as a result, the net increase in the number of contracted after-school care facilities in Q1 expanded from 426 facilities in the same period of the previous year to 515 facilities. Furthermore, in the Social Service business, it is evident that rising unit prices per facility across all sectors are driving net sales growth.

## Other Businesses

**Others: Sales -8%, EBITDA -51%**

Net sales for Other Businesses were ¥4,605 million (-8% YoY), and EBITDA was ¥147 million (-51% YoY). Temporary factors in specific business segments are believed to be the primary cause of the decline in performance.

**Figure 3. Financial Results by Segment (¥mn, New Basis)**

**Sales**

| FY | 3/26 Q1 | 3/27 Q1 | YoY |
|---|---|---|---|
| B2C Subscription | 23,679 | 21,999 | *-7%* |
| Oisix | 14,689 | 14,072 | *-4%* |
| Others | 8,990 | 7,927 | *-12%* |
| B2B Subscription | 21,010 | 22,349 | *6%* |
| Social Service | 10,074 | 12,203 | *21%* |
| Vehicle Operation Service (Deconsolidated in FY25 H2) | 7,332 | - | - |
| Other Businesses | 5,025 | 4,605 | *-8%* |
| Consolidation Adjustments | -700 | -474 | - |
| **Sales** | 66,423 | 60,682 | *-9%* |
| **Sales (Excl. Vehicle's)** | 59,090 | 60,682 | *3%* |

**Segment EBITDA**

| FY | 3/26 Q1 | 3/27 Q1 | YoY | Margin |
|---|---|---|---|---|
| B2C Subscription | 2,505 | 2,404 | *-4%* | *10.9%* |
| Oisix | 2,073 | 2,072 | *-0%* | *14.7%* |
| Others | 432 | 331 | *-23%* | *4.2%* |
| B2B Subscription | 306 | 1,083 | *253%* | *4.8%* |
| Social Service | 606 | 875 | *44%* | *7.2%* |
| Vehicle Operation Service (Deconsolidated in FY25 H2) | 830 | - | - | - |
| Other Businesses | 298 | 147 | *-51%* | *3.2%* |
| Corporate Expenses and Others | -2,710 | -2,238 | - | - |
| Corporate Expenses | -1,188 | -1,135 | - | - |
| Amortization of Goodwill Depreciation | -1,521 | -1,102 | - | - |
| **Operating Profit** | 1,837 | 2,271 | *24%* | *3.7%* |
| **Operating Profit (Excl. Vehicle's)** | 1,254 | 2,271 | *81%* | *3.7%* |
| EBITDA | 3,359 | 3,374 | *0%* | *5.6%* |

Source: Company Data. Compiled by Strategy Advisors.

## 2. Earnings Outlook

### 1) Company Plan for FY3/27

**Upward Revision of FY3/27 Forecast for Net Profit Attributable to Owners of Parent**

The company's plan for FY3/27 calls for net sales of ¥252,000 million (+ 0.2% YoY), EBITDA of ¥13,400 million (+3.8% YoY), and operating profit of ¥8,700 million (+18.5% YoY). The profit attributable to owners of the parent was revised upward on August 3 from the initial forecast of ¥4,600 million (+1.6% YoY) to ¥5,210 million (+15.1% YoY). The reason only the forecast for profit attributable to owners of the parent was raised is that the earnings forecast incorporated the expectation that the corporate tax burden will be structurally reduced starting in the second quarter due to the reorganization of the B2B Subscription business.

Although the corporate tax burden ratio for FY3/27 was revised to approximately 40%, the company has now announced a policy of gradually aiming to normalize this ratio to the general level in the 30% range over the medium to long term.

**Forecast Dividend for FY3/27 Also Revised Upward to ¥30.0**

In line with the upward revision of the profit attributable to owners of the parent, the projected EPS for FY3/27 was raised from ¥132.4 to ¥150.0, a record high. Furthermore, based on its policy of targeting a dividend payout ratio of 20%, the company has revised its dividend per share for FY3/27 upward from the initial forecast of ¥26.0 to ¥30.0 (¥10.0 increase from the previous fiscal year).

**Excluding the Vehicle Operation Service, the FY3/27 plan: Sales +6%, EBITDA +18%**

Furthermore, excluding the impact of the Vehicle Operation Service business sold in October 2025, net sales are projected to increase by 6.4% YoY, EBITDA by 17.7%, and operating profit by 37.9% (with the OP Margin improving by 0.8 ppt YoY), indicating a plan for a substantial increase in profits on a like-for-like basis.

The reason the operating profit growth rate is higher than the EBITDA growth rate is that a decrease in goodwill amortization and other items is expected due to the recognition of an impairment loss in the previous fiscal year. Furthermore, interest expense, which is recorded as a non-operating expense, is expected to decrease in line with the reduction in outstanding borrowings.

**Figure 4. Financial Forecast by Segment (¥mn, New Basis)**

**Sales**

| FY | 3/26 | 3/27 CoE | *YoY* |
|---|---|---|---|
| B2C Subscription | 94,286 | 95,300 | *1%* |
| Oisix | 60,114 | 63,500 | *6%* |
| Others | 34,172 | 31,800 | *-7%* |
| B2B Subscription | 83,385 | 91,800 | *10%* |
| Social Service | 40,378 | 46,500 | *15%* |
| Vehicle Operation Service (Deconsolidated in FY25 H2) | 14,584 | - | - |
| Other Businesses | 21,702 | 21,500 | *-1%* |
| Consolidation Adjustments | -2,918 | -3,100 | - |
| **Sales** | 251,419 | 252,000 | *0%* |
| **Sales (Excl. Vehicle's)** | 236,835 | 252,000 | *6%* |

**Segment EBITDA**

| FY | 3/26 | 3/27 CoE | *YoY* | *Margin* |
|---|---|---|---|---|
| B2C Subscription | 10,162 | 10,250 | *1%* | *10.8%* |
| Oisix | 7,541 | 8,000 | *6%* | *12.6%* |
| Others | 2,621 | 2,250 | *-14%* | *7.1%* |
| B2B Subscription | 3,090 | 4,700 | *52%* | *5.1%* |
| Social Service | 1,528 | 1,700 | *11%* | *3.7%* |
| Vehicle Operation Service (Deconsolidated in FY25 H2) | 1,527 | - | - | - |
| Other Businesses | 1,229 | 1,600 | *30%* | *7.4%* |
| Corporate Expenses and Others | -10,198 | -9,550 | - | - |
| Corporate Expenses | -4,623 | -4,850 | - | - |
| Amortization of Goodwill Depreciation | -5,574 | -4,700 | - | - |
| **Operating Profit** | 7,339 | 8,700 | *19%* | *3.5%* |
| **Operating Profit (Excl. Vehicle's)** | 6,309 | 8,700 | *38%* | *3.5%* |
| **EBITDA** | 12,914 | 13,400 | *4%* | *5.3%* |

Source: Company Data. Compiled by Strategy Advisors.

**Under The New Basis, B2C Subscription Business: Sales +1%, EBITDA +1%**

Under the new basis, which change the method for allocating corporate expenses to each segment, the segment-by-segment plan (including inter-segment sales) projects net sales of ¥95,300 million for the B2C Subscription Business (+1% YoY),EBITDA of ¥10,250 million (+1% YoY), and an EBITDA margin of 10.8% (unchanged from the previous period). In terms of the breakdown, Oisix is projected to have net sales of ¥63,500 million (+6% YoY), EBITDA of ¥8,000 million (+6% YoY), and an EBITDA margin of 12.6% (12.5% in the previous period). Meanwhile, the "Others" segment (Daichi wo Mamoru Kai, Radish Boya, and Purple Carrot) is projected to post net sales of ¥31,800 million (-7% YoY), EBITDA of ¥2,250 million (-14% YoY), and an EBITDA margin of 7.1% (compared to 7.7% in the previous period).

For Oisix, a slight improvement in profitability is expected, driven by increased LTV resulting from the acquisition of subscribers targeting families with children (as mentioned earlier), the continued rise in average order value in recent years, and operational improvements. Measures for operational improvements include: 1) revising the product lineup by scrutinizing unprofitable SKUs; 2) improving procurement costs by in-house management of the company's procurement network; 3) reducing discount promotion expenses and waste through inventory optimization; and 4) optimizing new customer acquisition costs based on LTV-driven investment decisions.

Meanwhile, in the others, a deliberate downsizing of Purple Carrot—which continues to underperform—is anticipated.

**Under the New Basis, B2B Subscription Business: Sales +10%, EBITDA +52%**

Under the new basis, the B2B Subscription business is projected to generate net sales of ¥91,800 million (+10% YoY), EBITDA of ¥4,700 million (+52% YoY), and an EBITDA margin of 5.1% (compared to 3.7% in the previous fiscal year). Factors contributing to the revenue growth include the contribution from "Nanohana Kyushu" (net sales of approximately ¥1 billion, approximately 30 facilities), which was acquired in April; the acquisition of approximately 120 new facilities (as of the end of April); and an increase in contract unit prices resulting from price optimization. While the company anticipates an increase in costs, primarily labor expenses and food costs, it plans to further improve the EBITDA margin by advancing the standardization of operations through the use of AI.

It should be noted that while prices for the 2026 rice crop have fallen significantly, this has not been factored into the company's plans; therefore, it warrants attention as a potential factor in curbing food costs heading into the H2 FY3/27.

**Under the New Basis, Social Service Business: Sales +15%, EBITDA +11%**

Under the new basis, the Social Service business is projected to generate net sales of ¥46,500 million (+15% YoY), EBITDA of ¥1,700 million (+11% YoY), and an EBITDA margin of 3.7% (compared to 3.8% in the previous period). The increase in net sales is driven by a rise in the number of contracted facilities, primarily for after-school care.

**Under the New Basis, Others: Sales -1%, EBITDA +30%**

Under the new basis, the plan for the Others segment calls for net sales of ¥21,500 million (-1% YoY), EBITDA of ¥1,600 million (+30% YoY), and an EBITDA margin of 7.4% (5.7% in the previous period).

Goodwill amortization and depreciation expenses (including amortization of customer-related intangible assets) are expected to decrease from ¥5,574 million in the previous fiscal year to ¥4,700 million, due to the recognition of an impairment loss in FY3/26. On the other hand, corporate expenses—which are general and administrative expenses not attributable to any reportable segment—are expected to increase from ¥4,623 million in the previous fiscal year to ¥4,850 million.

## 2) Medium- to Long-Term Targets and Future Focus Areas

**Aiming to Achieve Net Sales of ¥325.0 billion, EBITDA of ¥19.0 billion, and EPS of ¥175 in FY3/30**

In May 2026, the company revised its medium- to long-term targets for FY3/30, which had been set in May 2025. The numerical targets prior to the revision were: adjusted EPS (EPS × (net profit before taxes and other adjustments – extraordinary losses) ÷ net profit before taxes and other adjustments)—which the company considers its most important metric—of ¥175.0, combined net sales of ¥300 billion from its B2C Subscription and B2B Subscription businesses, and a combined adjusted segment profit margin of 9.0% for its B2C Subscription and B2B Subscription businesses.

Adjusted EPS, which is considered the most important metric, was reclassified as EPS, and the numerical target was maintained at ¥175.0. Regarding net sales, the calculation was changed from the combined total of the B2C Subscription and B2B Subscription businesses to company-wide net sales, and the numerical target was revised to ¥325.0 billion. The adjusted segment profit margin of 9.0%—based on the combined B2C Subscription and B2B Subscription businesses—was revised to company-wide EBITDA of ¥19.0 billion. Additionally, the key profit metric emphasized for management purposes was changed from adjusted segment profit (adjusted segment profit margin) to EBITDA (EBITDA margin) for both the segment and company-wide levels.

**The CAGR Targets, Excl. the Vehicle Operation Service business: Sales 7%, EBITDA 13%**

Consequently, the CAGR targets from FY3/25 through FY3/30 are 5% for net sales, 8% for EBITDA, and 11% for EPS. On a basis excluding the Vehicle Operation Service business, the projected CAGR is 7% for net sales and 13% for EBITDA.

**The CAGR Targets by Segment: B2B Subscriptions 13%, B2C Subscriptions 3%**

The breakdown of net sales targets by segment for FY3/30 is as follows: B2C Subscription net sales at ¥110 billion (CAGR of 3%), B2B Subscription net sales at ¥140 billion (CAGR of 13%), and Others (the total of Social Services, Other Businesses, and Consolidation Adjustments) at ¥75 billion (CAGR of 6%).

For the B2C Subscription business, low growth is expected, given that revenue for FY3/26 decreased by 3% YoY and revenue for FY3/27 is projected to increase by 1%. For the “others” segment, growth is primarily expected in the after-school care segment of the Social Service business.

**B2B Subscription Business Plan Focuses on Organic Growth**

The company appears to assume that of the 13% CAGR in net sales for the B2B Subscription Business, approximately 10% will come from organic growth—driven by factors such as an increase in the number of contracted facilities and higher average revenue per customer—while the remaining 3% will come from inorganic growth via roll-up M&A; thus, the plan does not heavily factor in M&A contributions.

Meanwhile, the company has set a target to allocate 70–80% of its core operating cash flow (operating cash flow minus capital expenditures) from FY3/26 through FY3/30 to M&A focused on the B2B Subscription business. Given the high level of core operating cash flow, ￥7.4billion for FY3/26 , if M&A in the B2B Subscription business is realized in line with this target, net sales for that business in FY3/30 could exceed the plan.

**B2B Subscription Business Drives EBITDA Growth**

Figure 5 is a graph illustrating the projected changes in EBITDA by segment, comparing FY3/25 to FY3/30. Although profits from the Vehicle Operation Service business—which was divested—will be lost, a significant increase in EBITDA for the B2B Subscription business is expected due to an increase in net sales and improved profitability. Note that the “Others” EBITDA figure used in this graph represents the sum of the Social Service business, other businesses, and adjustments for corporate-wide expenses.

**EBITDA for the B2C Subscription Business is Expected to Increase Slightly**

The modest increase in EBITDA for the B2C Subscription Business is due to several factors: a 9% decrease in EBITDA for FY3/26 compared to the base period (FY3/25); the expectation that various synergies with the B2B Subscription Business will materialize primarily within the B2B Subscription Business; and the fact that a significant expansion in the number of subscribers is not anticipated. However, if synergies with the B2B Subscription business also materialize in the B2C Subscription business, or if measures to attract families with children prove successful and the churn rate falls below expectations, it is possible that the B2C Subscription business’s EBITDA could exceed the plan.

**Consumption Tax Cut on Food Products Is a Tailwind**

Furthermore, on August 5, the Takaichi Cabinet approved a basic policy to reduce the consumption tax rate on food to 1% from April 2027 through March 2029.

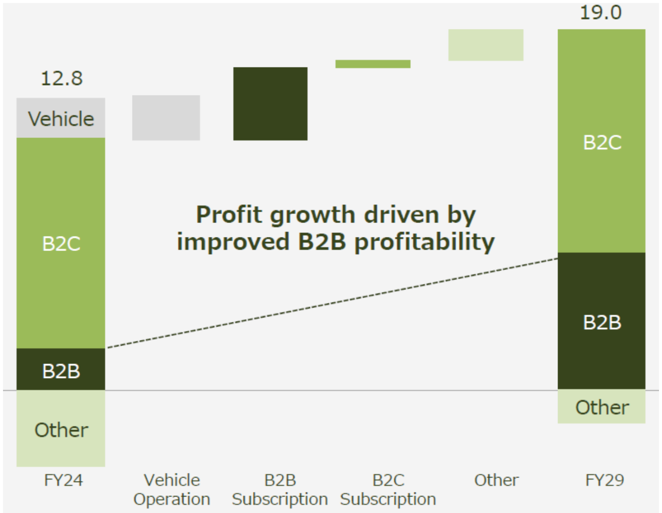
Since the B2C Subscription business handles products in a specific price range—centered on high-value-added, safe, and reliable agricultural products and meal kits—the company recognizes that the consumption tax cut on food will be a significant tailwind. As this could lead not only to the acquisition of new subscribers but also to an increase in purchase frequency and average transaction value among existing subscribers, as well as an improvement in LTV, it will be necessary to closely monitor the situation starting next April.

**EBITDA Margin in the B2B Subscription Business Expected to Improve Due to Multiple Factors**

As factors contributing to future improvements in the EBITDA margin for the B2B Subscription business, the company cites the standardization of facility operations for FY3/27, and—from FY3/28 through FY3/30—the expansion of the “taipa” (time efficient) food service model, optimization of procurement and logistics, and optimization of the organizational structure, in addition to the standardization of facility operations.

On the other hand, rising costs—such as labor expenses and food expenses—are cited as factors contributing to a continued deterioration in the EBITDA margin. Furthermore, growth investments in human resources and physical assets are cited as factors contributing to the deterioration of the EBITDA margin from FY3/28 through FY3/30. While the increase in labor expenses—included in the overall cost increase—is primarily due to rises in the minimum wage, the investment in human resources—included in growth investments—is intended to proactively improve employee compensation and benefits. Regarding investments in physical assets, the company appears to anticipate an increase in costs other than depreciation expenses related to capital expenditures, as it plans to intensify its efforts in this area going forward.

**Figure 5. EBITDA Movement by Segment (¥bn)**




Note: "Others" represents the sum of the Social Service Business, Other Businesses, and adjustments.
Source: Company materials

### Development of Fully Prepared Meals to Expand the "Taipa" Model

The company expects the expanded adoption of the "taipa" (time efficient) food service model to be the primary driver of EBITDA margin improvement starting in FY3/28. The "taipa" food service model is the company's proprietary initiative that pursues time efficiency across product development, procurement, manufacturing, processing, logistics, and food preparation and service. By leveraging its overwhelming meal kit development capabilities from its B2C Subscription business and big data, the company aims to simultaneously achieve labor savings and high value-added services that competitors cannot replicate.

On the product front, the company is focusing on developing fully prepared meals that are both delicious and visually appealing. A prime example is "Genki Gohan", a strategic product for which test sales to care facilities began in November 2025. Since full-scale sales are scheduled to begin in April 2026, the number of facilities currently adopting the product is still relatively small. However, if "Genki Gohan" helps the company expand into care facilities—where the annual number of meals served per resident is higher than in School Lunch Services or corporate cafeterias—it is expected to lead to an increase in net sales and improved profit margins through a reduction in labor expenses. Therefore, we look forward to seeing how this develops.

### "Genki Gohan" Energizes Both Seniors and the Industry

"Genki Gohan" is a product worthy of attention not only because it contributes to the company's improved profitability but also because it addresses challenges facing care facilities and the food service industry. 1) In care facilities, meals were served in the same portions as those for general adults, leading to chronic food waste and resulting in problems such as malnutrition and weight loss among residents; 2) in the food service industry, rising labor expenses and chronic labor shortages were persistent issues; and 3) the continued surge in food costs was a major challenge. In response, as the adoption of "Genki Gohan" progresses, the following benefits are expected: 1) the realization of small-portion, nutrient-rich meals and "meals that make you want to eat" through proprietary technology; 2) a sustainable operational model centered on experienced part-time staff, enabled by standardized operations; and 3) cost optimization through the utilization of manufacturing infrastructure shared with the B2C Subscription business. From this perspective, "Genki Gohan" can be described as a product that not only energizes the elderly but also revitalizes the industry.

**Through Collaboration with the B2C Subscription Division, The Company Aims to Improve Its EBITDA Margin by Optimizing Procurement and Logistics, as Well as Streamlining Its Organizational Structure**

Optimization of procurement and logistics, along with optimization of the organizational structure, are cited as key factors for improving the EBITDA margin starting in FY3/28. Many of these factors are based on the business foundation and know-how cultivated by the B2C Subscription division, which cannot be easily replicated by competitors specializing solely in food services.

Optimizing procurement and logistics involves integrating the manufacturing division with the B2C Subscription business (reducing costs by improving production line utilization rates, pursuing product quality, and optimizing operations) and strengthening collaboration within the logistics division (increasing delivery volume by improving delivery routes and loading efficiency, and transitioning to an industry-standard delivery platform). These initiatives aim to improve the EBITDA margin by reducing the ratio of raw material costs to net sales and the ratio of SG&A expenses to net sales. On the other hand, organizational optimization is a measure aimed at improving the EBITDA margin by reducing the ratio of labor expenses to net sales through the consolidation of group-wide shared functions via the integration of corporate departments.

Strengthening collaboration between these two divisions could also have a positive impact on the profitability of the B2C Subscription business. However, since the company does not anticipate an improvement in the EBITDA margin of the B2C Subscription business as part of its medium- to long-term targets, if the results of enhanced collaboration materialize in the B2B Subscription business, the EBITDA of the B2C Subscription business could exceed its target.

**Group-Wide Organizational Restructuring to Be Implemented from March to September 2026**

To strengthen the organizational structure needed to implement the above measures, the company integrated the manufacturing, systems, and corporate divisions within both the B2B Subscription and B2C Subscription businesses in March 2026. As a result, the streamlining of the head office division was the first tangible outcome. Regarding the integration of the systems division, the company plans to focus on improving productivity through digital transformation (DX), as well as integrating core systems and establishing operational processes.

In July 2026, the company completed the merger of two major subsidiaries in the B2B Subscription business, and further streamlining of the headquarters functions and strengthening of sales capabilities are expected going forward. Additionally, an absorption merger with ORD Food Service Holdings—an intermediate holding company and a wholly-owned subsidiary of the company—is scheduled for September of this year. By merging with ORD Food Service Holdings, which holds the major subsidiaries of the B2B Subscription business, the company plans to generate two types of synergies: enhanced governance and cost optimization, as well as a strengthened financial foundation and tax optimization—with the aim of increasing corporate value across the entire group.

**The Company Is Off to a Solid Start Toward Achieving an EBITDA Margin of 5.8% for FY3/30**

Furthermore, the company expects its company-wide EBITDA margin to improve from 5.0% on FY3/25 (4.6% excluding the Vehicle Operation Service business) to 5.8% in FY3/30. This is because the company plans for the impact of a significant improvement in the profit margin of the B2B Subscription business to outweigh the negative impact on the sales mix resulting from the rising net sales share of the B2B Subscription business, which has a relatively lower profit margin.

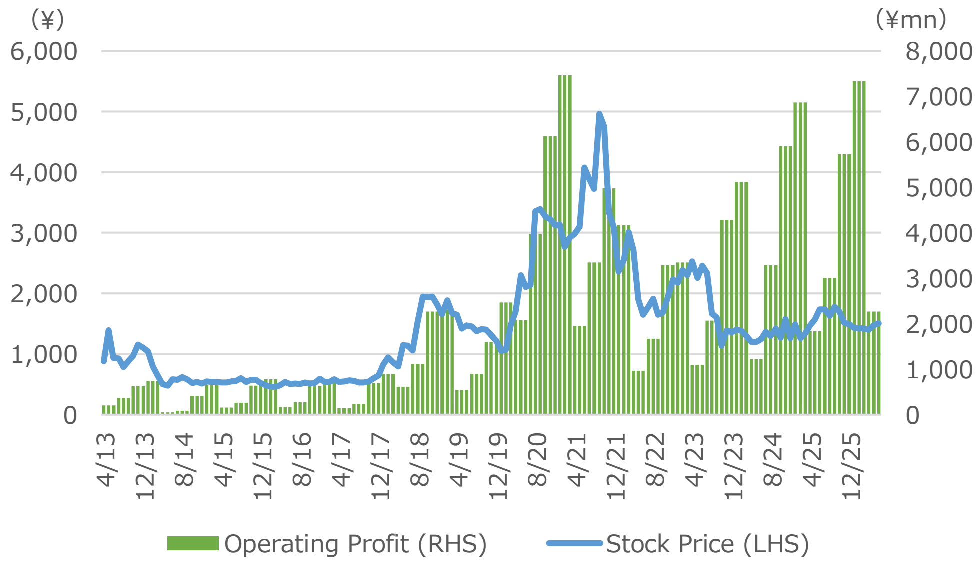
In fact, in FY3/26, the company succeeded in improving the company-wide EBITDA margin by 0.2ppt YoY (excluding the Vehicle Operation Service business) by improving the EBITDA margin of the B2B Subscription Business by 2.3ppt YoY. Furthermore, in the first quarter of FY3/27, the EBITDA margin of the B2B Subscription Business improved by 3.4ppt YoY. Strategy Advisors places the highest priority on improving the EBITDA margin of the B2B Subscription business to realize the company's equity story, and in this regard, we assess that the company has made a solid start toward achieving its medium- to long-term targets.

## 3. Stock Price Trends and Valuation

**The Stock Price Has Risen Since 2018, When the Company Entered a Phase of Profit Growth**

The company's long-term stock price trend has generally tracked its profit forecasts and actual results. From the time of its IPO through 2017, the stock price remained at a low level—generally below ¥1,000 (adjusted for stock splits)—as operating profit fluctuated between ¥700 million and ¥900 million. In May 2018, when the company announced its earnings forecast for FY3/19—which projected significant increases in both revenue and profit due to the acquisition of Radish Boya and other factors—the stock price broke through the ¥1,000 mark (adjusted for stock splits). Following an upward revision to the earnings forecast, the stock reached a high of ¥2,497 in December 2018.

**Figure 6. Oisix's Stock Price and Operating Profit**




Note: Figures for FY3/14–FY3/16 are non-consolidated.
Source: Company Data. Compiled by Strategy Advisors.

**Driven By a Sharp Surge in Profits During the COVID-19 Pandemic, the Stock Price Surpassed ¥5,000 in 2021**

In May 2019, the company announced earnings forecasts for FY3/20 that projected a decline in profits, causing the stock price to turn downward; by February 2020, it had fallen below ¥1,000. When the COVID-19 pandemic began in Japan, interest in food delivery services surged, leading to a reversal in the stock price in March 2020. In May, when the earnings forecast for FY3/21—projecting a significant increase in profit—was announced, the stock price surpassed ¥2,000. Following a substantial upward revision to the earnings forecast due to the surge in demand for online grocery shopping during the COVID-19 pandemic, the stock price temporarily exceeded ¥4,000 in October. However, the stock price subsequently entered a consolidation phase around the ¥3,000 level.

The financial results for FY3/21, announced in May 2021, showed a significant increase in operating profit to ¥7.4 billion—3x the previous year's figure. However, the stock price remained relatively stable because the outlook for FY3/22 projected a substantial decline in earnings, as the company anticipated that some of the demand that had surged during the COVID-19 pandemic would subside. Subsequently, as buying interest grew among investors who recognized the company's long-term growth potential, the stock price temporarily surpassed ¥5,000 in September 2021.

**From the Fall of 2021 Onward, the Stock Price Range Narrowed in Response to Deteriorating Earnings**

However, triggered in part by the profit decline reported in the H1 FY3/22 results, released in November 2021, the stock price began to fall and subsequently settled into a range of ¥2,000 to ¥3,500. In May 2022, when the company announced earnings forecasts indicating only a modest profit increase for FY3/23, the stock price fell, dropping to a range of ¥1,500 to ¥2,500.

### From the Summer of 2023 Onward, the Stock Price Range Narrowed Further Due to a Decline in the PER

In May 2023, earnings forecasts for FY3/24 were released, projecting a significant increase in profits, but this had little impact on the stock price. When the Q1 FY3/24 results were released in August, the stock price entered a downward trend as the expected PER fell due to the low profit growth rate. When the stock price fell below ¥1,500 in October 2023, it subsequently settled into a range of ¥1,000 to ¥1,500.

### Although the Earnings Recovery Continued, the Upward Shift in the Stock Price Range Was Limited

In the FY3/24 results announced in May 2024, operating profit recovered to ¥5.1 billion, a 54% increase from the previous fiscal year, aided by factors such as the acquisition of SHiDAX as a subsidiary. The company also projected that operating profit for FY3/25 would increase to ¥7.0 billion. In response to the earnings recovery, the stock price gradually rose, temporarily surpassing ¥1,700 in November. However, the stock subsequently faced resistance at higher levels, and the trading range shifted to roughly ¥1,200–¥1,600.

### From December 2025 to May 2026, the Stock Price Fluctuated Between 1,300 and ¥1,600

In May 2025, when the company announced that its operating profit forecast for FY3/26 would reach a record high of ¥8 billion, the stock price began a gradual upward trend, rising to nearly ¥2,000 by August. However, the stock price subsequently underwent a slight correction, and from December 2025 through May 2026, it continued to trade within a range of roughly ¥1,300 to ¥1,600.

### The Current Stock Price Range Has Shifted Upward to ¥1,600–¥1,800

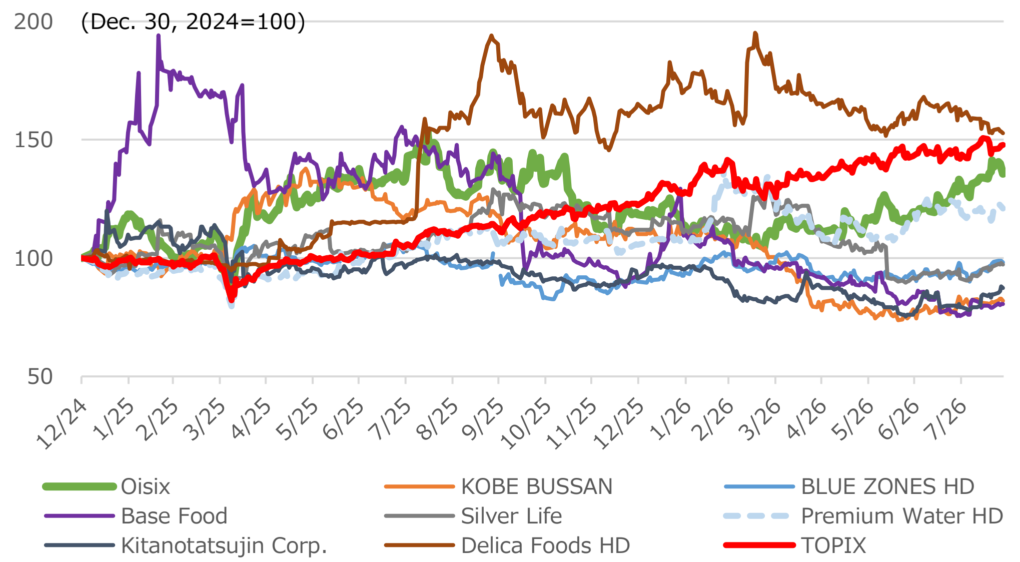
In the FY3/26 earnings report released in May 2026, the company revised its medium- to long-term targets for FY3/30 and clarified its growth strategy; however, the stock price did not react significantly immediately following the earnings announcement. However, as the company's growth strategy gradually gained recognition among investors and the profit attributable to owners of parent for FY3/27 was revised upward in August, the stock price began a gradual upward trend, and the current price range has shifted upward to between ¥1,600 and ¥1,800.

Figure 7 shows a comparison of the company's stock price with that of peer companies and the TOPIX since the end of December 2024. Driven by a strong earnings outlook, the company's stock price outperformed both the TOPIX and peer companies through the fall of 2025. However, following the announcement in November of a decline in operating profit for the H1 FY3/26 results, the company's stock price began to fall. As a result, from November 2025 through April 2026, the company's stock underperformed the TOPIX.

### Signs of a Shift in Investor Sentiment

However, looking at the period since May 2026, when the stock began to rebound, the company's stock has significantly outperformed not only the TOPIX but also the stock prices of all comparable companies. Therefore, recent stock price movements can be interpreted not merely as a sector rotation but as a sign of a shift in investor sentiment toward the company.

**Figure 7. Stock Price Trends of Oisix and Similar Companies**




Note: For Blue Zone Holdings, Yaoko's stock price was used through the end of September 2025

Source: Company Data. Compiled by Strategy Advisors.

### The Forward PER Remained at a High Level

The company's forward PER was highly valued for some time after its IPO, but from 2015 to 2017, as valuations stabilized, it generally ranged between 20 and 40x. In May 2018, when a strong earnings outlook for FY3/19 was announced, the PER began to rise sharply. Subsequently, as strong quarterly results were confirmed, expectations for an upward revision of the earnings forecast grew, and the estimated PER rose to approximately 70x. When a significant upward revision to the earnings forecast was announced in October 2018, the estimated PER fell to around 40x.

The forward PER had remained in the 30–50x range since 2019, but starting in the spring of 2020, expectations for growing demand for online grocery shopping amid the COVID-19 pandemic surged, causing the ratio to rise to nearly 100x by September 2020. Following an upward revision to the earnings forecast, the forward PER temporarily fell to around 30x; however, as expectations for the company's long-term growth potential rose in 2021, it climbed to approximately 60x by September.

### Long-Term Growth Expectations Waned, and the Forward PER Fell Sharply

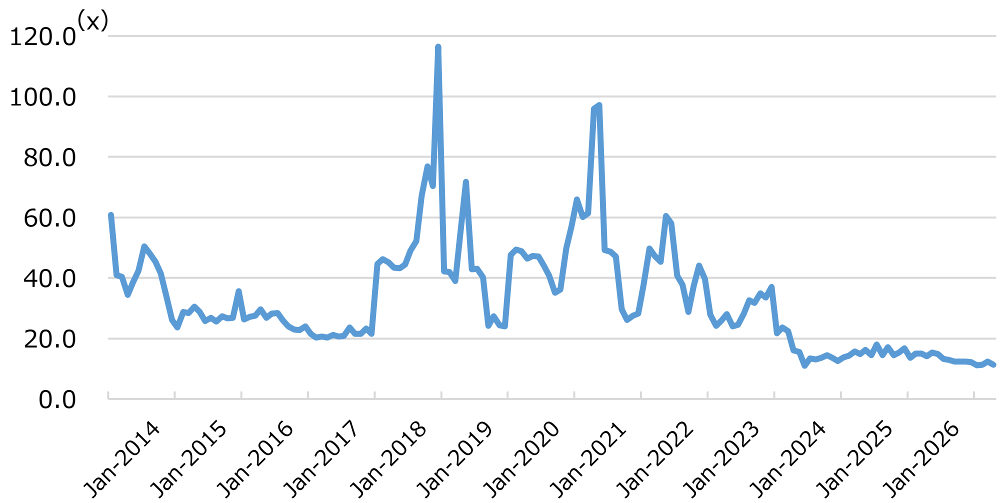
Subsequently, concerns arose that the company might miss its earnings forecasts, and long-term growth expectations waned, causing the stock price to plummet and the forward PER to fall to around 30x. In fact, when the earnings forecast for FY3/22 was revised downward in February 2022, the forward PER temporarily rose to the 40x range. Thereafter, as the market increasingly sought to assess the company's earnings recovery, the forward PER resumed a downward trend, fluctuating within a range of 20x to 40x through the end of 2023. In May 2024, robust earnings forecasts for FY3/25 were announced, but the market reaction was muted, and the forward PER fell to 11x. Following a rise in the stock price through the fall of 2025, the forward PER climbed to 14x; however, due to a subsequent decline in the stock price, it fell back to 11x in April 2026.

**The Projected PER Remains Undervalued**

Since then, while the forward PER has risen slightly due to the stock price increase starting in May, the impact of upward revisions to the forward EPS partially offset the effect of the stock price rise; as a result, it currently remains at around 11x, still at a relatively undervalued level.

**Trends in the Forecast PER**

**Figure 8. Oisix's Forecast PER Trend**



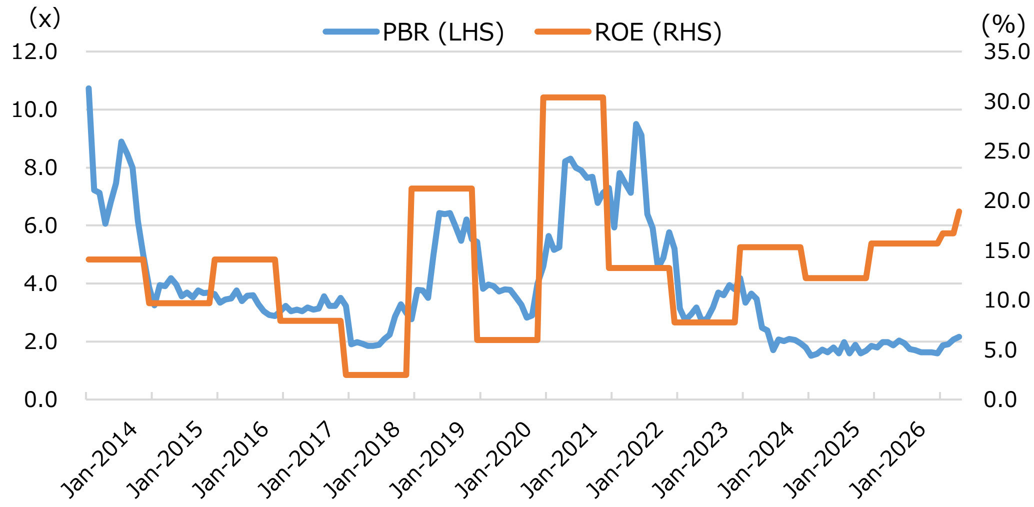

Note: Figures for FY3/14–FY3/16 are non-consolidated.
Source: Company Data. Compiled by Strategy Advisors.

**PBR Remains at a Low Level Compared to the Past**

Excluding the period immediately following the IPO, the company's PBR generally moved in tandem with ROE through 2021. In 2022, while the PBR remained at a high level due to rising growth expectations, a significant deterioration in earnings caused ROE to plummet, resulting in a divergence between the two metrics. On the other hand, from 2024 onward, although ROE has risen to 10–15% in line with the recovery in earnings, the PBR has remained at a low level compared to periods in the past when the company maintained a similar level of ROE, as expectations for long-term growth potential have not risen.

**Trends in ROE and PBR**

**Figure 9. Oisix's ROE and PBR Trends**




Note: Figures for FY3/14–FY3/16 are non-consolidated.
The ROE for FY3/27 is a forecast calculated using projected earnings and the average equity as of the end of FY3/26 and FY3/25.
Source: Company Data. Compiled by Strategy Advisors.

**Compared to Peer Companies, the Forecasted PER Is Low**

In a valuation comparison with peer companies, the company's projected PER ranks third lowest among the seven companies (excluding Base Food, for which the company has not disclosed its projected EPS), and at 11x in absolute terms, it is not highly valued. On the other hand, its ROE ranks fourth out of eight companies, and its PBR—which ranks fifth highest—can be considered a fair valuation.

**Realization of the Equity Story Is Expected to Drive an Increase in the Forward PER**

As outlined in the equity story discussed below, if the company succeeds in significantly improving profit margins in its B2B Subscription business, or if it substantially expands its profit scale through M&A to become an industry leader—even if only one of these scenarios materializes—the currently low forward PER is expected to rise; however, if both scenarios are realized, the ratio could rise significantly.

**Figure 10. Profitability and Financial Condition Comparison with Similar Companies**

| Company Name | Code | FY | ROE (Actual) (%) | ROIC (Invested Capital) (Actual) (%) | ROIC (Operating Assets) (Actual) (%) | EBITDA (Actual) (¥mn) | EBITDA Margin (Actual) (%) | OP Margin (CoE) (%) | Equity Ratio (Actual) (%) | Net D/E Ratio (Actual) (x) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Oisix** | **3182** | **3/26** | **15.7** | **5.5** | **5.9** | **12,914** | **5.1** | **3.5** | **25.3** | **0.8** |
| KOBE BUSSAN | 3038 | 10/25 | 21.7 | 13.9 | 31.1 | 46,429 | 8.4 | 7.6 | 62.0 | -0.6 |
| BLUE ZONES HD | 417A | 3/26 | 12.4 | 9.7 | 11.5 | 52,727 | 6.5 | 4.1 | 46.6 | 0.2 |
| Base Food | 2936 | 2/26 | 21.9 | 11.0 | 50.4 | 283 | 1.9 | 0.4 | 33.8 | -0.9 |
| Silver Life | 9262 | 7/25 | 10.5 | 6.5 | 7.4 | 1,782 | 11.9 | 6.7 | 66.7 | 0.0 |
| Premium Water HD | 2588 | 3/26 | 29.6 | 8.9 | 26.3 | 25,551 | 31.8 | 16.4 | 23.7 | 1.3 |
| Kitanotatsujin Corp. | 2930 | 2/26 | 8.7 | 8.3 | 29.0 | 1,129 | 10.1 | 6.6 | 84.8 | -0.7 |
| Delica Foods HD | 3392 | 3/26 | 15.6 | 7.2 | 7.8 | 3,377 | 5.4 | 3.6 | 35.4 | 0.5 |

Source: Company Data. Compiled by Strategy Advisors.

**Figure 11. Valuation Comparison with Similar Companies**

| Company Name | Code | FY | Stock Price (Aug. 27) | Market Cap. (¥bn) | EV (Actual) (¥bn) | EV/EBITDA (Actual) (x) | PER (CoE) (x) | PBR (Actual) (x) | Dividend Yield (CoE) (%) |
|---|---|---|---|---|---|---|---|---|---|
| **Oisix** | **3182** | **3/26** | **1,708** | **59.3** | **78.5** | **6.1** | **11.4** | **2.2** | **1.8** |
| KOBE BUSSAN | 3038 | 10/25 | 2,818 | 625.0 | 514.6 | 10.7 | 21.1 | 4.0 | 1.1 |
| BLUE ZONES HD | 417A | 3/26 | 1,856 | 377.8 | 422.6 | 7.7 | 15.8 | 1.9 | 1.7 |
| Base Food | 2936 | 2/26 | 273 | 14.6 | 13.4 | 73.8 | na | 10.8 | 0.0 |
| Silver Life | 9262 | 7/25 | 690 | 7.5 | 7.3 | 3.8 | 9.3 | 1.1 | 2.6 |
| Premium Water HD | 2588 | 3/26 | 3,765 | 81.0 | 123.6 | 4.8 | 12.8 | 3.6 | 3.2 |
| Kitanotatsujin Corp. | 2930 | 2/26 | 131 | 18.3 | 14.0 | 17.8 | 24.9 | 2.3 | 2.7 |
| Delica Foods HD | 3392 | 3/26 | 793 | 12.9 | 19.1 | 6.4 | 7.4 | 1.2 | 3.4 |

Source: Company Data. Compiled by Strategy Advisors.

## 4. Equity Story

**Two Equity Stories**

We identify two equity stories for the company. Specifically, they are: (1) "Organic growth driven by a fundamental improvement in profitability in the B2B subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C subscription business", and (2) "A transformation into a leading company in the B2B subscription business, driven by inorganic growth through a roll-up M&A strategy". In the B2B Subscription business, if the company succeeds in achieving the significant improvement in profit margins targeted as a medium- to long-term goal, or if it becomes an industry leader through M&A that substantially expands its profit scale—even if only one of these occurs—the currently low projected PER is expected to rise; however, if both are realized, it is likely to rise significantly.

Of these two scenarios, the company places particular emphasis on the extent of improvement in the EBITDA margin of the B2B Subscription business, which serves as the benchmark for evaluating Scenario ①. It is important to note that even if M&A is carried out while the improvement in the EBITDA margin is not progressing as anticipated, it may not lead to a rise in the stock price.

**Organic Growth Driven by a Fundamental Improvement in the Profitability of the B2B Subscription Business, Leveraging the Business Foundation and Know-How Cultivated Over a Quarter-Century in the B2C Subscription Business**

When considering the first equity story — " Organic growth driven by a fundamental improvement in profitability in the B2B Subscription business, leveraging the business foundation and know-how cultivated over a quarter century in the B2C Subscription business"—the post-merger integration (PMI) of Daichi wo Mamoru Kai and Radish Boya in the late 2010s serves as a useful reference.

**Following the Acquisition, Daichi Wo Mamoru Kai's Segment Profit Margin Consistently Exceeded Oisix's Figures**

In FY3/17, immediately prior to the acquisition, Daichi wo Mamoru Kai's performance was sluggish, with net sales of ¥13,284 million and ordinary profit of ¥109 million (ordinary profit margin of 0.8%). After becoming a subsidiary in March 2017, Daichi wo Mamoru Kai worked to overhaul its earnings structure by curbing promotional expenses and closing brick-and-mortar stores. As a result, during the six months leading up to the merger (April through September 2017), the company's net sales reached ¥6,127 million and its ordinary profit reached ¥247 million (ordinary profit margin of 4.0%), marking a sharp recovery in profitability.

Subsequently, Daichi wo Mamoru Kai continued to focus on cost reduction by bringing manufacturing functions previously outsourced in-house, streamlining marketing, and standardizing logistics and customer support functions. Looking at the segment profit margin for the B2C Subscription business (referred to as the home delivery business through FY3/23), Daichi wo Mamoru Kai's figures have consistently exceeded Oisix's since FY3/18.

**Following the Acquisition, Radish Boya's segment Profit Margin Has Also Consistently Exceeded That of Oisix**

On the other hand, Radish Boya faced an even more challenging situation in FY18/2, the fiscal year immediately preceding its acquisition—with net sales of ¥18,931 million and an ordinary loss of ¥593 million. After it became a subsidiary in March 2018, the company curbed promotional expenses by eliminating inefficient sales channels and launched a dedicated Radish Boya page on the Oisix website. As a result, during the seven months leading up to the absorption-type merger (March through September 2018), the company's performance rebounded sharply, with net sales of ¥10,321 million and an ordinary profit of ¥616 million (ordinary profit margin of 6.0%).

Subsequently, the company continued to focus on initiatives such as revising delivery fees and increasing ARPU through upselling of subscription products. Looking at the segment profit margin for the B2C Subscription business (referred to as the home delivery business through FY3/23), Radish Boya's figures have generally exceeded Oisix's since FY3/19.

In the B2C Subscription business, the company's ability to turn around the performance of the two companies it acquired in the short term is believed to be due to its excellent operational capabilities and the fact that the M&A transactions enabled it to achieve the scale necessary to realize economies of scale. Furthermore, a merit-based culture is deeply ingrained within the company, and the active promotion of former employees from Daichi wo Mamoru Kai and Radish Boya to managerial positions in the head office's administrative departments is also seen as an underlying factor in the successful integration.

### EBITDA Margin Declined in Q4 FY3/25 for the B2B Subscription Business

On the other hand, in the B2B Subscription business—which began in earnest following the acquisition of SHiDAX—the company was unable to immediately achieve results in improving profit margins due to rising food costs, particularly for rice. The EBITDA margin (under the previous accounting standards) for this business in Q4 FY3/24, when SHiDAX became a consolidated subsidiary, was 4.6%, but it declined to 3.1% in Q4 of FY3/25.

### Potential for an Increase in the Forecast PER Due to a Fundamental Improvement in the B2B Subscription Business's Profit Margin

However, in FY3/26, following the full acquisition of the SHiDAX Group's B2B Subscription company, the company began full-scale efforts to optimize contract unit prices and standardize store operations. As a result, the B2B Subscription business's EBITDA margin (under the previous standard) for FY3/26 rose to 4.9% from 3.3% in the previous fiscal year.

The company has set a policy to further significantly increase the EBITDA margin of its B2B Subscription business for FY3/30 through initiatives such as standardizing store operations, evolving products and services, and promoting "taipa" (time efficient)food service —a program aimed at reducing labor requirements on-site through the introduction of fully prepared meals and commercial meal kits. If the company leverages the corporate DNA cultivated in its B2C Subscription business—specifically, its "commitment to uniqueness, established through the continuous pursuit of redefining the "The New Norm" in food"—and fully utilizes the business foundation and know-how of the B2C Subscription business, this is expected to provide momentum for improving profit margins in the B2B Subscription business.

If the company succeeds in achieving the significant improvement in profit margins it aims for in its B2B Subscription business as a medium- to long-term goal, the currently low projected PER is likely to rise due to enhanced growth potential and a more stable earnings structure.

### A Transformation into a Leading Company in the B2B Subscription Business, Driven by Inorganic Growth Through a Roll-up M&A Strategy

Regarding the second equity story—"A transformation into a leading company in the B2B subscription business, driven by inorganic growth through a roll-up M&A strategy"—the industry environment and the company's financial condition are expected to be key factors.

### Major Companies in the Food Service Industry Have Successively Withdrawn from the Stock Market

In the food service industry, many major companies were publicly listed from the 1990s through the 2000s. However, against the backdrop of a challenging industry environment, a series of tender offers (TOBs) by parent companies and competitors led to a wave of delistings. Examples include aim Services (delisted in 2003), MEFOS (delisted in 2005), Green House (delisted in 2006), LEOC (delisted in 2009), and NISSIN HEALTHCARE FOOD SERVICE (delisted in 2010).

As a result, recent financial information for major players in the industry has largely not been disclosed. It is said that the OP Margin for many companies is 2% or less, and even among the few major companies that do disclose such information, the OP Margin (on a non-consolidated basis) was between 3% and 4%. However, it appears that a very small number of companies have managed to achieve OP Margins exceeding 5% by establishing highly efficient operations through measures such as the introduction of central kitchens.

### Launching a Roll-Up M&A Strategy

In the food service industry, where even major players have low market share, it is not unlikely that a leading company could emerge depending on future M&A activity. The company has adopted a “roll-up” M&A strategy—a method of rapidly expanding business scale and enhancing competitiveness through the successive acquisition and integration of competitors—as the growth strategy for its B2B Subscription business. As the first step in this strategy, the company’s group took over “Nanohana Kyushu’s” food service contracting business for care facilities and hospitals through an absorption-type spin-off in April 2026.

### Sound Financial Position

Financial health is a key factor in advancing the M&A strategy. The company’s net D/E ratio (calculated by dividing net interest-bearing debt by equity) stood at 0.30x at the end of FY3/23, but deteriorated to 1.08x at the end of FY3/25 due to the acquisition of SHiDAX and other factors. Subsequently, following the sale of the Vehicle Operation Service business and other factors, the net D/E ratio improved to 0.77x as of the end of FY3/26. Note that while the net interest-bearing debt used in the company’s financial results presentation materials excludes lease liabilities, we are using net interest-bearing debt that includes lease liabilities in this analysis for the purpose of comparison with peer companies.

Furthermore, the net interest-bearing debt-to-EBITDA ratio—calculated by dividing net interest-bearing debt by EBITDA—is a key financial metric for companies seeking to expand their business through M&A. As of the end of FY3/26, the company’s net interest-bearing debt-to-EBITDA ratio stood at 1.63x, below the generally accepted healthy threshold of 3x, indicating that its current financial position is sound.

The challenging business environment in the B2B Subscription industry also presents an investment opportunity for listed companies with sound financial health, such as this one; therefore, we will be looking to see if the company can continue to steadily execute M&A transactions.

**Expectations for a Rise in the PER**

It is conceivable that if the B2B Subscription business achieves high growth through M&A and the net sales share of this relatively low-margin segment increases, the overall profit margin could decline, putting downward pressure on the company's projected PER. The company has dispelled these concerns by setting a target in its aforementioned medium- to long-term goals for the EBITDA margin in FY3/30 to rise significantly from the 3.7% (new basis) recorded in FY3/26. The company believes it can raise its overall profit margin by significantly improving the profitability of its relatively low-margin B2B Subscription business, even as the net sales share of that segment increases.

In the food service industry, there are currently no other listed companies whose core business is food services, leaving the sector without a clear market leader. However, we believe that if the company improves its overall profit margin while significantly expanding the profit scale of its B2B Subscription business through M&A to become the industry leader, its forward PER could rise based on its growth potential.

**Figure 12. Consolidated Income Statement (¥mn)**

| FY | 3/20 | 3/21 | 3/22 | 3/23 | 3/24 | 3/25 | 3/26 | 3/27 CoE |
|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **71,040** | **100,061** | **113,476** | **115,176** | **148,408** | **256,009** | **251,419** | **252,000** |
| Cost Of Sales | 37,222 | 49,439 | 58,921 | 59,740 | 86,555 | 180,798 | 177,505 | |
| Gross Profit | 33,817 | 50,622 | 54,555 | 55,436 | 61,852 | 75,210 | 73,913 | |
| Gross Profit Margin | 47.6% | 50.6% | 48.1% | 48.1% | 41.7% | 29.4% | 29.4% | |
| SG&A Expenses | 31,350 | 43,156 | 50,383 | 52,089 | 56,726 | 68,345 | 66,574 | |
| **Operating Profit** | **2,467** | **7,465** | **4,171** | **3,346** | **5,125** | **6,864** | **7,339** | **8,700** |
| Operating Profit Margin | 3.5% | 7.5% | 3.7% | 2.9% | 3.5% | 2.7% | 2.9% | 3.5% |
| Amortization of Goodwill Depreciation | 1,100 | 1,435 | 2,042 | 2,248 | 3,115 | 5,935 | 5,574 | 4,700 |
| **EBITDA** | **3,595** | **8,902** | **6,216** | **5,595** | **8,241** | **12,800** | **12,914** | **13,400** |
| Non-Operating Income | 63 | 92 | 134 | 84 | 255 | 930 | 512 | |
| Non-Operating Expenses | 705 | 520 | 152 | 620 | 960 | 1,233 | 1,011 | |
| **Ordinary Profit** | **1,825** | **7,037** | **4,153** | **2,810** | **4,420** | **6,561** | **6,840** | |
| Ordinary Profit Margin | 2.6% | 7.0% | 3.7% | 2.4% | 3.0% | 2.6% | 2.7% | |
| Extraordinary Income | - | - | 223 | - | 3,453 | 439 | 2,351 | |
| Extraordinary Expenses | 77 | 46 | 18 | 158 | 1,475 | 441 | 1,756 | |
| Profit Before Income Taxes | 1,747 | 6,991 | 4,358 | 2,652 | 6,398 | 6,559 | 7,435 | |
| Cooperate Taxes | 965 | 2,018 | 1,700 | 1,198 | 2,834 | 3,095 | 2,830 | |
| (Corporate Tax Rate) | 55.2% | 28.9% | 39.0% | 45.2% | 44.3% | 47.2% | 38.1% | |
| Profit | 782 | 4,973 | 2,657 | 1,454 | 3,564 | 3,464 | 4,604 | |
| Profit (Loss) Attributable to Non-controlling Interests | -7 | -57 | -69 | -353 | -544 | -173 | 77 | |
| **Profit Attributable to Owners of Parent** | **790** | **5,031** | **2,727** | **1,807** | **4,108** | **3,638** | **4,527** | **5,210** |
| Net Profit Margin | 1.1% | 5.0% | 2.4% | 1.6% | 2.8% | 1.4% | 1.8% | 2.1% |
| **EPS (¥)** | **23.19** | **133.75** | **74.64** | **49.45** | **112.38** | **103.13** | **130.34** | **150.00** |

Source: Company Data. Compiled by Strategy Advisors.

**Figure13 . Consolidated Segment Financial Results (New Basis, ¥mn)**

| FY | 3/24 | 3/25 | 3/26 | 3/27 CoE |
|---|---|---|---|---|
| **Segment Sales** | | | | |
| B2C Subscription | 99,383 | 97,152 | 94,286 | 95,300 |
| Oisix | 62,377 | 59,662 | 60,114 | 63,500 |
| Others (Daichi+Radish+Purple Carrot) | 37,005 | 37,489 | 34,172 | 31,800 |
| Daichi wo Mamoru Kai | 11,327 | 10,753 | 10,179 | - |
| Radish Boya | 16,596 | 16,642 | 16,676 | - |
| Purple Carrot | 9,082 | 10,093 | 7,317 | - |
| B2B Subscription | 14,976 | 76,576 | 83,385 | 91,800 |
| Social Service | 11,383 | 36,559 | 40,378 | 46,500 |
| Vehicle Operation Service | 6,229 | 27,174 | 14,584 | - |
| Other Business | 18,027 | 21,138 | 21,702 | 21,500 |
| Consolidation Adjustments | -1,592 | -2,592 | -2,918 | -3,100 |
| **Consolidated Sales** | **148,408** | **256,009** | **251,419** | **252,000** |
| **Segment EBITDA & Operating Profit** | | | | |
| B2C Subscription | 10,782 | 11,421 | 10,162 | 10,250 |
| Oisix | 7,671 | 8,625 | 7,541 | 8,000 |
| Others (Daichi+Radish+Purple Carrot) | 3,111 | 2,796 | 2,621 | 2,250 |
| B2B Subscription | 397 | 1,045 | 3,090 | 4,700 |
| Social Service | 36 | 1,129 | 1,528 | 1,700 |
| Vehicle Operation Service | 367 | 2,237 | 1,527 | - |
| Other Business | 1,198 | 1,559 | 1,229 | 1,600 |
| Corporate Expenses and Others | -7,656 | -10,529 | -10,198 | -9,550 |
| Corporate Expenses | - | - | -4,623 | -4,850 |
| Amortization of Goodwill, Depreciation | - | - | -5,574 | -4,700 |
| **Operating Profit** | **5,125** | **6,864** | **7,339** | **8,700** |
| **EBITDA** | **8,241** | **12,800** | **12,914** | **13,400** |
| **YoY** | | | | |
| Segment Sales | | | | |
| B2C Subscription | 0.9% | -2.2% | -3.0% | 1.1% |
| Oisix | 5.0% | -4.4% | 0.8% | 5.6% |
| Others (Daichi+Radish+Purple Carrot) | -5.2% | 1.3% | -8.8% | -6.9% |
| Daichi wo Mamoru Kai | -8.2% | -5.1% | -5.3% | - |
| Radish Boya | -2.0% | 0.3% | 0.2% | - |
| Purple Carrot | -7.0% | 11.1% | -27.5% | - |
| B2B Subscription | - | - | 8.9% | 10.1% |
| Social Service | - | - | 10.4% | 15.2% |
| Vehicle Operation Service | - | - | -46.3% | - |
| **Total** | **28.9%** | **72.5%** | **-1.8%** | **0.2%** |

Source: Company Data. Compiled by Strategy Advisors.

**Figure 14. Consolidated Balance Sheet (¥mn)**

| FY | 3/20 | 3/21 | 3/22 | 3/23 | 3/24 | 3/25 | 3/26 |
|---|---|---|---|---|---|---|---|
| **Current Assets** | **18,250** | **29,301** | **28,514** | **30,680** | **61,278** | **53,246** | **53,235** |
| Cash and Deposits | 7,676 | 15,580 | 13,071 | 14,775 | 29,649 | 19,155 | 21,263 |
| Accounts Receivable | 6,824 | 8,485 | 8,964 | 9,626 | 24,879 | 25,938 | 23,678 |
| Inventories | 1,610 | 2,237 | 2,565 | 2,478 | 3,708 | 4,752 | 4,851 |
| Allowance for doubtful accounts | -231 | -205 | -232 | -234 | -285 | -246 | -262 |
| Others | 2,371 | 3,204 | 4,146 | 4,035 | 3,327 | 3,647 | 3,705 |
| **Fixed Assets** | **7,837** | **9,059** | **24,119** | **33,821** | **82,431** | **81,317** | **54,902** |
| Tangible Fixed Assets | 1,432 | 2,234 | 16,482 | 16,399 | 26,400 | 27,066 | 23,437 |
| Intangible Fixed Assets | 4,234 | 3,763 | 3,533 | 3,609 | 43,963 | 42,127 | 22,977 |
| Investments and Other Assets | 2,170 | 3,062 | 4,103 | 13,812 | 12,067 | 12,123 | 8,487 |
| Investment Securities | 833 | 1,217 | 1,796 | 11,450 | 3,339 | 3,841 | 3,680 |
| Deferred Tax Assets | 438 | 813 | 656 | 788 | 5,132 | 4,151 | 2,381 |
| Others | 899 | 1,032 | 1,651 | 1,574 | 3,596 | 4,131 | 2,426 |
| **Total Assets** | **26,087** | **38,360** | **52,634** | **64,502** | **143,709** | **134,564** | **108,137** |
| **Current Liabilities** | **11,043** | **17,540** | **15,914** | **26,231** | **62,875** | **45,933** | **47,913** |
| Accounts Payable | 4,975 | 6,173 | 6,188 | 6,309 | 11,159 | 11,671 | 10,345 |
| Accounts Payable - other | 4,277 | 6,178 | 5,855 | 6,988 | 24,862 | 15,480 | 13,930 |
| Interest-Bearing Debt | 9 | 1,049 | 1,049 | 10,087 | 17,211 | 11,979 | 15,818 |
| Unpaid Corporate Taxes | 651 | 2,292 | 226 | 831 | 3,224 | 797 | 2,277 |
| Contract Liabilities | - | - | 250 | 397 | 505 | 499 | 533 |
| Others | 1,131 | 1,848 | 2,346 | 1,619 | 5,914 | 5,507 | 5,010 |
| **Non-Current Liabilities** | **848** | **828** | **12,847** | **12,130** | **43,432** | **49,143** | **31,154** |
| Interest-Bearing Debt | 43 | 245 | 101 | 74 | 14,648 | 21,401 | 9,058 |
| Deferred Tax Liabilities | 138 | 13 | 29 | 21 | 8,911 | 8,682 | 4,608 |
| Others | 667 | 570 | 12,717 | 12,035 | 19,873 | 19,060 | 17,487 |
| **Total Liabilities** | **11,891** | **18,369** | **28,762** | **38,361** | **106,307** | **95,076** | **79,067** |
| **Total Net Assets** | **14,195** | **19,991** | **23,872** | **26,140** | **37,401** | **39,487** | **29,069** |
| Shareholders' Equity | 14,081 | 19,223 | 21,954 | 23,764 | 27,878 | 28,978 | 26,110 |
| Share capital | 1,691 | 3,993 | 3,994 | 3,995 | 3,995 | 3,995 | 3,995 |
| Capital surplus | 5,705 | 8,014 | 8,015 | 8,016 | 8,021 | 8,053 | 6,456 |
| Retained Earnings | 6,687 | 11,718 | 14,448 | 16,255 | 20,364 | 23,736 | 20,217 |
| Treasury Shares | -2 | -4,502 | -4,503 | -4,503 | -4,504 | -6,807 | -4,559 |
| Accumulated Other Comprehensive Income | -60 | -133 | 177 | 832 | 1,179 | 1,403 | 1,212 |
| Stock Acquisition Rights | - | - | - | - | 38 | 75 | 37 |
| Non-Controlling Interests | 174 | 900 | 1,739 | 1,542 | 8,306 | 9,030 | 1,709 |
| **Total Liabilities and Net Assets** | **26,087** | **38,360** | **52,634** | **64,502** | **143,709** | **134,564** | **108,137** |
| **Equity Capital** | **14,020** | **19,090** | **22,132** | **24,597** | **29,057** | **30,381** | **27,323** |
| **EPS** | **408.53** | **522.62** | **605.63** | **672.84** | **794.83** | **874.72** | **786.67** |

Note: Interest-bearing debt is calculated excluding lease liabilities.

Source: Company Data. Compiled by Strategy Advisors.

**Figure 15. Cash Flows Statement (¥mn)**

| FY | 3/20 | 3/21 | 3/22 | 3/23 | 3/24 | 3/25 | 3/26 |
|---|---|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | | | |
| Profit Before Taxes | 1,747 | 6,991 | 4,358 | 2,652 | 6,398 | 6,559 | 7,435 |
| Depreciation and Amortization of Goodwill | 1,100 | 1,435 | 2,042 | 2,248 | 3,115 | 5,935 | 5,574 |
| Increase/Decrease in Trade Receivables | -1,268 | -1,611 | -461 | -660 | 363 | -1,027 | -1,413 |
| Increase/Decrease in Notes and Accounts Payable-Trade | 500 | 1,189 | -38 | 55 | -648 | 413 | -1,221 |
| Increase/Decrease in Inventories | -157 | -565 | -299 | 144 | 45 | -857 | -115 |
| Impairment Losses | 23 | 20 | 9 | 14 | 420 | 221 | 1,707 |
| Income Taxes Paid | -323 | -940 | -3,501 | -752 | -1,358 | -4,574 | -1,965 |
| Others | -542 | 2,300 | -1,186 | 1,605 | -613 | -3,174 | -718 |
| **Total** | **1,080** | **8,819** | **924** | **5,306** | **7,722** | **3,496** | **9,284** |
| **Cash Flows from Investing Activities** | | | | | | | |
| Purchase of Property, Plant and Equipment | -559 | -1,026 | -2,199 | -1,228 | -1,623 | -2,552 | -1,104 |
| Purchase of Intangible Assets | -699 | -845 | -673 | -848 | -1,159 | -852 | -771 |
| Purchase of Investment Securities | -93 | -835 | -648 | -10,222 | -997 | -635 | -296 |
| Proceeds from Sales and Redemption of Investment Securities | 0 | 10 | - | 100 | 369 | - | - |
| Purchase of Shares of Subsidiaries and Associates | -119 | -9 | - | - | - | -45 | 0 |
| Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation | -362 | 64 | - | - | -7,217 | -8,261 | 0 |
| Others | 78 | -139 | -590 | 63 | -188 | -106 | 4,208 |
| **Total** | **-1,754** | **-2,780** | **-4,110** | **-12,135** | **-10,815** | **-12,451** | **2,037** |
| **Cash Flows from Financing Activities** | | | | | | | |
| Increase/Decrease in Short-term Borrowings | 0 | 1,000 | 10 | 9,050 | 4,984 | -4,988 | 4,360 |
| Increase/Decrease in Long-term Borrowings | -682 | 87 | -61 | -39 | 13,925 | 6,097 | -9,856 |
| Proceeds from the Issuance of Shares | 812 | 4,586 | 2 | 2 | - | - | - |
| Purchase of Treasury Shares | 0 | -4,500 | 0 | 0 | 0 | -2,311 | -730 |
| Dividends Paid | - | - | - | - | - | - | -277 |
| Others | 124 | 721 | 685 | -748 | -1,174 | -349 | -2,683 |
| **Total** | **254** | **1,894** | **636** | **8,265** | **17,735** | **-1,551** | **-9,186** |
| Exchange Differences on Cash and Cash Equivalents | -19 | -35 | 30 | 250 | 77 | 21 | 0 |
| Net Increase/Decrease in Cash and Cash Equivalents | -438 | 7,898 | -2,519 | 1,686 | 14,720 | -10,485 | 2,136 |
| Cash and Cash Equivalents at Beginning of Period | 8,093 | 7,654 | 15,552 | 13,033 | 14,720 | 29,440 | 18,955 |
| Cash and Cash Equivalents at End of Period | 7,654 | 15,552 | 13,033 | 14,720 | 29,440 | 18,955 | 21,091 |
| **Free Cash Flow** | **-674** | **6,039** | **-3,186** | **-6,829** | **-3,093** | **-8,955** | **11,321** |

Source: Company Data. Compiled by Strategy Advisors.

**Figure 16. Key Indicators**

| FY | 3/20 | 3/21 | 3/22 | 3/23 | 3/24 | 3/25 | 3/26 |
|---|---|---|---|---|---|---|---|
| EPS (¥) | 23.19 | 133.75 | 74.64 | 49.45 | 112.38 | 103.13 | 130.34 |
| BPS (¥) | 408.5 | 522.6 | 605.6 | 672.8 | 794.8 | 874.7 | 786.7 |
| DPS (¥) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.0 |
| Dividend Payout Ratio | - | - | - | - | - | - | 15.3% |
| # of Shares Outstanding at Year-End ('000) | 34,324.1 | 37,998.9 | 38,014.9 | 38,028.1 | 38,028.1 | 38,028.1 | 36,940.0 |
| # of Treasury Shares ('000) | 3.8 | 1,469.7 | 1,469.8 | 1,470.0 | 1,470.1 | 3,295.2 | 2,207.2 |
| # of Shares Outstanding excl. Treasury Shares ('000) | 34,320.3 | 36,529.3 | 36,545.1 | 36,558.1 | 36,558.0 | 34,732.9 | 34,732.8 |
| Average # of Shares Outstanding ('000) | 34,075.6 | 37,615.3 | 36,542.7 | 36,555.9 | 36,558.1 | 35,276.1 | 34,732.9 |
| Equity Ratio | 53.7% | 49.8% | 42.0% | 38.1% | 20.2% | 22.6% | 25.3% |
| Interest-Bearing Debt (¥Mn) | 52 | 1,294 | 1,150 | 10,161 | 31,859 | 33,380 | 24,876 |
| Interest-Bearing Debt (Net, ¥Mn) | -7,624 | -14,286 | -11,921 | -4,614 | 2,210 | 14,225 | 3,613 |
| D/E Ratio | 0.00 | 0.07 | 0.05 | 0.41 | 1.09 | 1.10 | 0.91 |
| Net D/E Ratio | -0.54 | -0.75 | -0.54 | -0.19 | 0.08 | 0.47 | 0.13 |
| OP Margin | 3.5% | 7.5% | 3.7% | 2.9% | 3.5% | 2.7% | 2.9% |
| EBITDA (¥mn) | 3,595 | 8,902 | 6,216 | 5,595 | 8,241 | 12,800 | 12,914 |
| EBITDA Margin | 5.1% | 8.9% | 5.5% | 4.9% | 5.6% | 5.0% | 5.1% |
| ROE | 6.0% | 30.4% | 13.2% | 7.7% | 15.3% | 12.2% | 15.7% |
| ROIC (Invested Capital) | 11.1% | 30.6% | 8.4% | 5.0% | 3.3% | 4.2% | 5.5% |
| # of Employees | 860 | 915 | 986 | 1,032 | 11,456 | 11,818 | 8,196 |

Note: Interest-bearing debt is calculated excluding lease liabilities.
Source: Company Data. Compiled by Strategy Advisors.

## Disclaimer

This report is published by Strategy Advisors Co., Ltd. (hereinafter referred to as the "Publisher") and was prepared primarily by external partner companies and analysts.

The purpose of this report is to introduce and explain the target companies using a different approach than usual. In principle, the issuer does not review or approve the contents of the report (however, the issuer will point out to the author only if there are obvious errors or inappropriate expressions).

The Publisher may have received compensation, directly or indirectly, from the Target Company for planning, proposing and providing the infrastructure for issuing this report.

The external partners and analysts who write this report may receive compensation directly or indirectly from the subject company for activities other than preparing this report. In addition, the external partners and analysts who write this report may have or may in the future have transactions in the securities of the subject company.

This report has been prepared solely for the purpose of providing information to serve as a reference for investment decisions and is not intended as a solicitation for securities or other transactions. Investors should make final decisions regarding securities and other transactions at their own discretion and responsibility.

In preparing this report, the authors received information through interviews with the target companies, etc. However, the hypotheses and opinions expressed in this report are not those of the target companies but are the result of the authors' analysis and evaluation.

This report is based on information that the author believes to be reliable, but does not guarantee its accuracy, completeness or timeliness. The views and forecasts contained in this report are the judgment of the author at the time of publication of this report and are subject to change without notice.

Neither the Publisher nor the authors shall be liable for any direct, indirect, incidental or special damages which an investor may suffer as a result of placing reliance on the information or analysis contained in this report.



Strategy Advisors

Address: Central Building 703, 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061