

# Results for the First Half of the Fiscal Year Ending March 2024

November 15, 2023

SHiDAX CORPORATION

(TSE Standard:4837)



JPX-NIKKEI Mid Small



# Consolidated Financial Results for 1H FYE3/2024

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## Financial Highlights for the First Half

### **Continued solid sales growth but lower profits due to rising costs**

Net sales continued to increase due to steady growth in demand in the three core businesses, including an increase in order contracts and further normalization of economic activity. However, operating profit decreased due to a decline in the profit margin, mainly due to remaining challenges in addressing cost increases caused by soaring raw material prices.

### **Fist Half in line with the full-year plan**

Although sales increased and profits decreased in the first half, the results remained in line with the full-year plan. We already factored a prospects for strong or weak recovery in demand, depending on business segment, from the COVID-19 pandemic due to the reclassification of COVID-19 as a Category 5 infectious disease under the law, and a possibility of passing on price increases as prices continue to rise. We will continue to devote ourselves to achieving our full-year plan by taking measures such as strengthening cost controls.

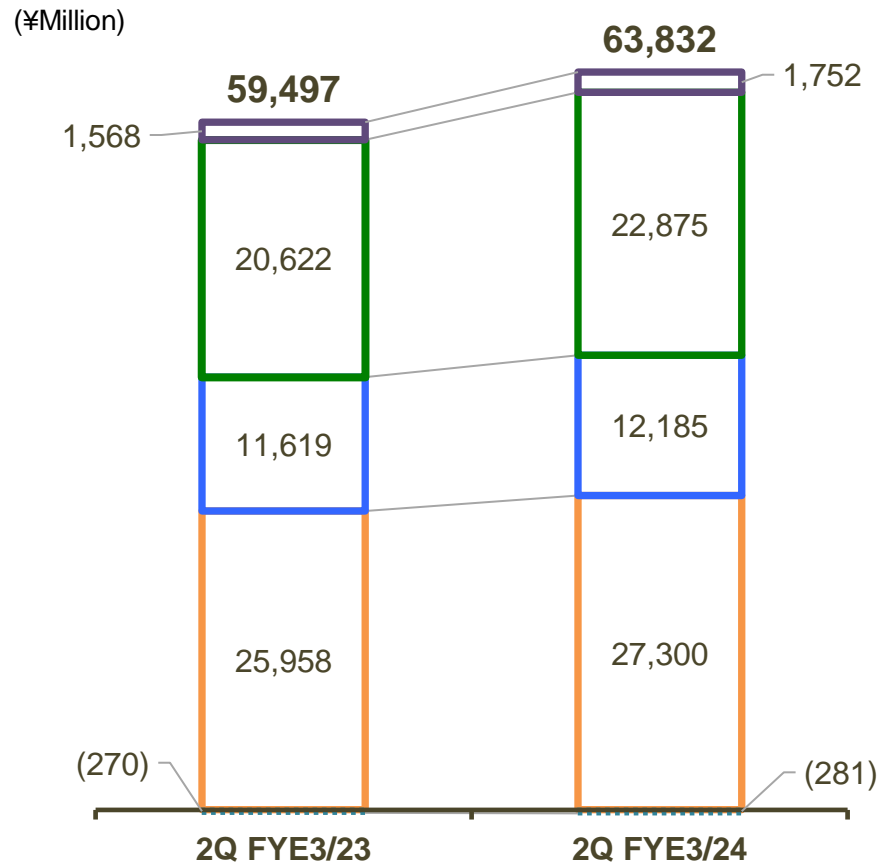
# Overview of Consolidated Financial Results (April-September)

(¥Million)	Q2 FYE3/23	Q2 FYE3/24	YoY	Difference	Factors behind the change
<b>Net Sales</b>	59,497	<b>63,832</b>	107.3%	+4,334	Social Services +2,252, Food Services +1,342 Vehicle Operation Services +566
Gross Profit	8,374	<b>8,700</b>	103.9%	+326	[Sales cost ratio] Previous term: 85.9% Current term: 86.4%
SGA	5,991	<b>6,432</b>	107.4%	+441	[SGA ratio] Previous term: 10.1% Current term: 10.1%
<b>Operating Profit</b>	2,383	<b>2,268</b>	95.2%	(114)	[Operating profit margin] Previous term: 4.0% Current term: 3.6% Others +88, Vehicle Operation Services +54 Social Services (60), Food Services (193)
Non-operating income	192	<b>203</b>	105.4%	+10	
Non-operating expenses	437	<b>130</b>	29.8%	(306)	Previous term: Fee for syndicated loans 244
<b>Ordinary Profit</b>	2,138	<b>2,341</b>	109.5%	+202	Decrease in non-operating expenses
Extraordinary income	230	<b>14</b>	6.1%	(216)	
Extraordinary losses	55	<b>20</b>	36.1%	(35)	
Profit before income taxes	2,313	<b>2,335</b>	100.9%	+21	
Taxes/ Others	408	<b>998</b>	244.5%	+590	[Income taxes-deferred] Previous period: 113 Current period: 723
<b>Profit attributable to owners of parent</b>	1,905	<b>1,336</b>	70.1%	(568)	Increase in income taxes

# Net Sales and Operating Profit: YoY Comparison

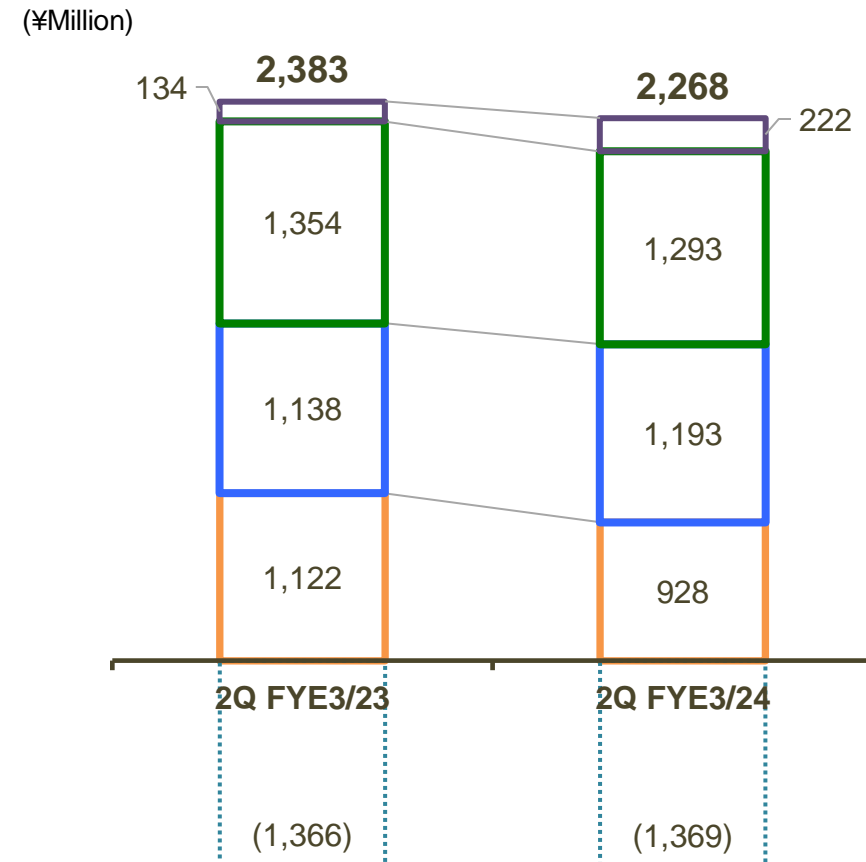
## Net sales

**Sales increased by ¥4,334 million** due to continued sales growth in all three core businesses, as a result of an increase in order contracts and a recovery in demand.



## Operating profit

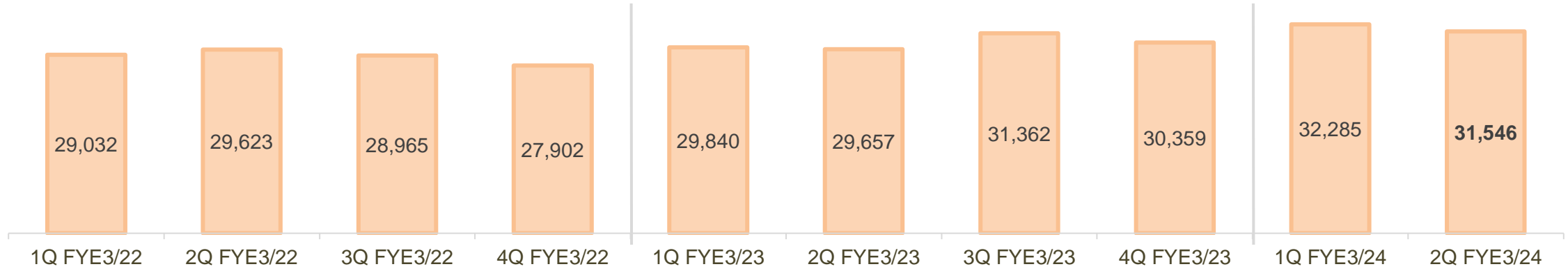
**Profit decreased by ¥114 million** due to lower profit margin (-0.4pt) as sales cost ratio increase (+0.5pt) caused by increased F/L costs was not fully offset due to difficulties in passing on price.



# Quarterly Trends: Net Sales and Operating Profit

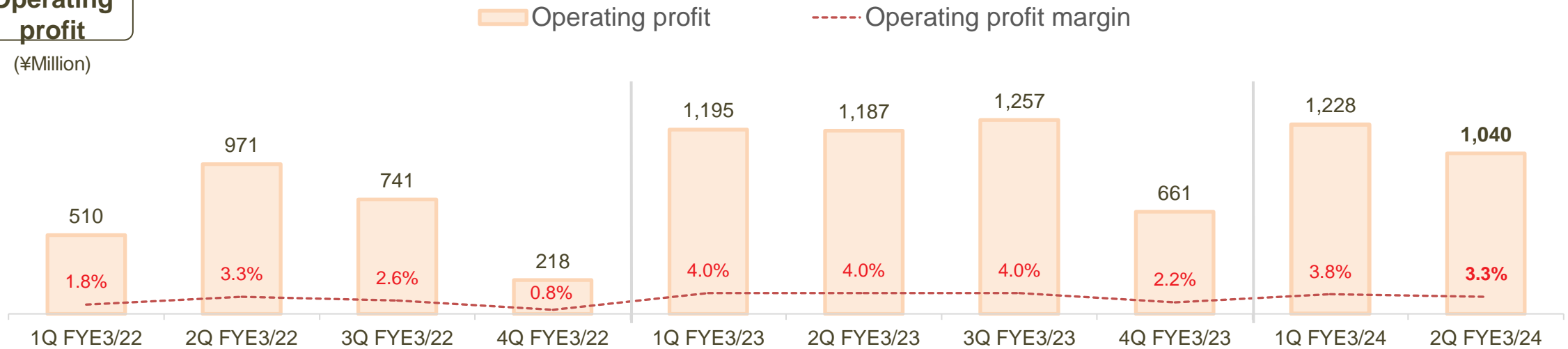
## Net sales

(¥Million)



## Operating profit

(¥Million)





# Financial Conditions

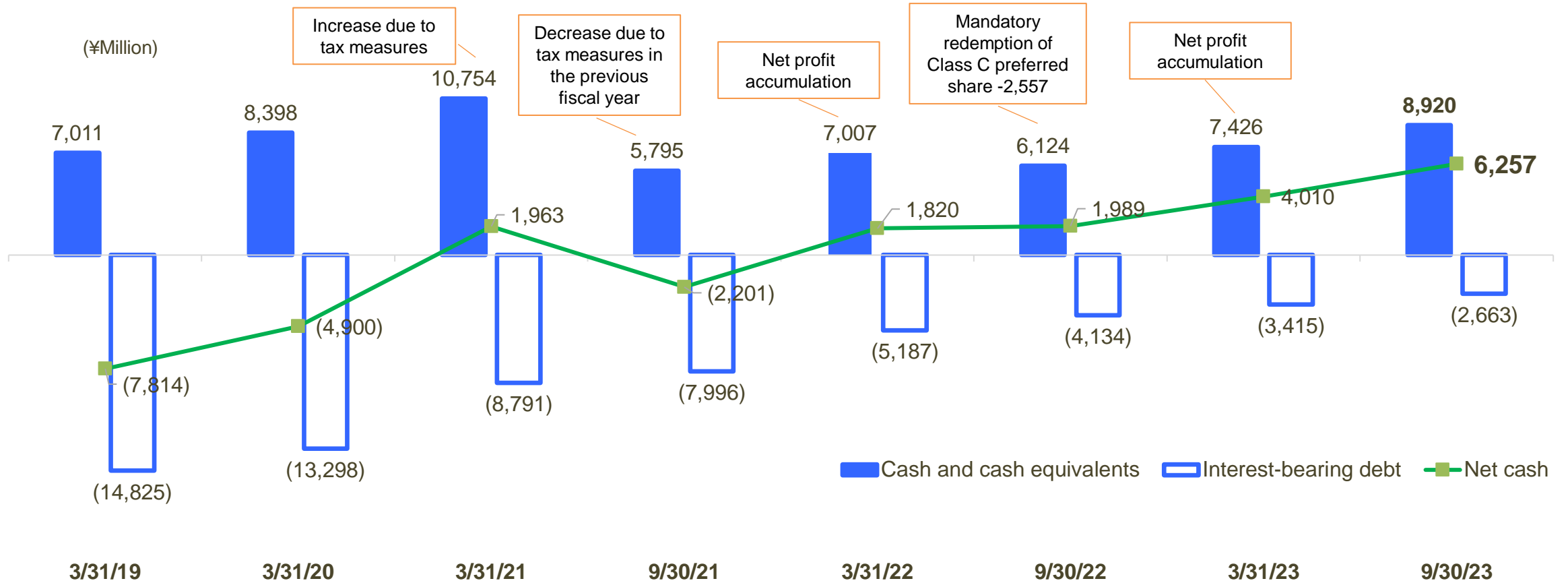
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## B/S Summary

(¥Million)	As of March 31, 2023	As of September 30, 2023	Difference
Total assets	33,195	35,322	+2,127
Total liabilities	20,969	22,150	+1,180
Net assets	12,225	13,172	+946
Interest-bearing debt	3,415	2,663	(751)
Net interest-bearing debt	(4,010)	(6,257)	(2,246)
D/E ratio (times)	0.28	0.21	(0.07)
Net D/E ratio (times)	(0.33)	(0.49)	(0.15)
Cash and cash equivalents	7,426	8,920	+1,494
Shareholders' equity ratio (%)	36.8%	37.3%	+0.5pt



# Cash Position



**Prioritize improving the quality of equity capital while maintaining a high net cash position**



## Summary by Business Segment

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## Summary of Financial Results by Business Segment

Segment	(¥Million)	Q2 FYE3/23	Q2 FYE3/24	YoY	Difference
<b>Food services</b>	Net Sales	25,958	27,300	105.2%	+1,342
	Operating Profit	1,122	928	82.7%	(193)
<b>Vehicle operation services</b>	Net Sales	11,619	12,185	104.9%	+566
	Operating Profit	1,138	1,193	104.8%	+54
<b>Social services</b>	Net Sales	20,622	22,875	110.9%	+2,252
	Operating Profit	1,354	1,293	95.5%	(60)
Others	Net Sales	1,568	1,752	111.7%	+184
	Operating Profit	134	222	166.0%	+88
Eliminations, corporate-wide expenses, etc.	Net Sales	(270)	(281)	-	(10)
	Operating Profit	(1,366)	(1,369)	-	(3)
Total	Net Sales	59,497	63,832	107.3%	+4,334
	Operating Profit	2,383	2,268	95.2%	(114)

## Food Services Business

■ **Net sales increased** steadily by **¥1,340 million** due to the recovery at existing locations, but **operating profit decreased** by **¥190 million** due to the impact of the sharp rise in raw material prices and the deterioration of sales cost ratio caused by the rise in labor costs.

(¥Million)	2Q FYE3/23	2Q FYE3/24	YoY	Difference
<b>Net sales</b>	<b>25,958</b>	<b>27,300</b>	<b>105.2%</b>	<b>+1,342</b>
(Contract FS)	10,213	10,945	107.2%	+731
(Medical FS)	15,437	15,934	103.2%	+497
(Other)	307	420	136.6%	+112
<b>Operating profit</b>	<b>1,122</b>	<b>928</b>	<b>82.7%</b>	<b>(193)</b>
Operating profit margin (%)	4.3%	3.4%	-	(0.9)pt

### Major Positive/ Negative Factors

- (+) Existing locations (Contract Division) recovered following the reclassification of COVID-19 as a Category 5 infectious disease.
- (+) Increase of client locations
- (-) Rising raw material prices (continue negotiations to pass through cost increases)
- (-) Slowing recovery in the Medical Division
- (-) Increase in labor costs



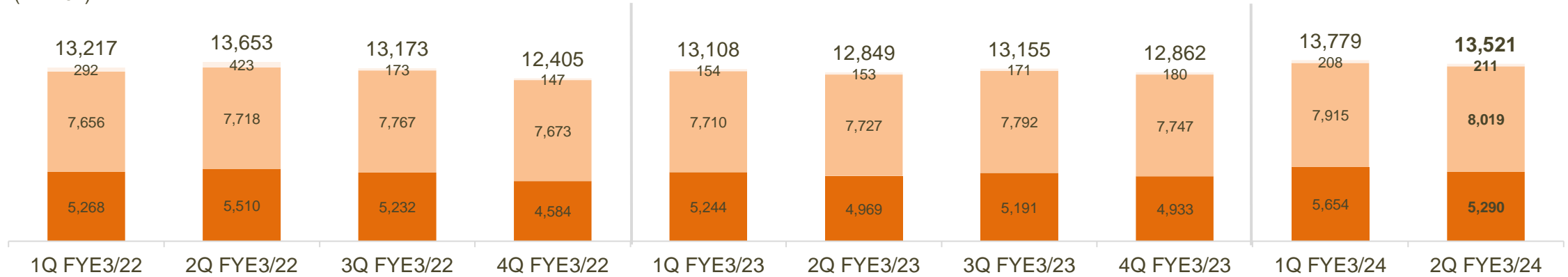
Continue to promote price increase negotiations and strengthen measures to improve food and labor costs through cost control, such as switching to price-stable ingredients and limiting material costs by changing menus.

# Quarterly Trends: Food Service Business

## Net sales

(¥Million)

■ Contract FS ■ Medical FS ■ Other

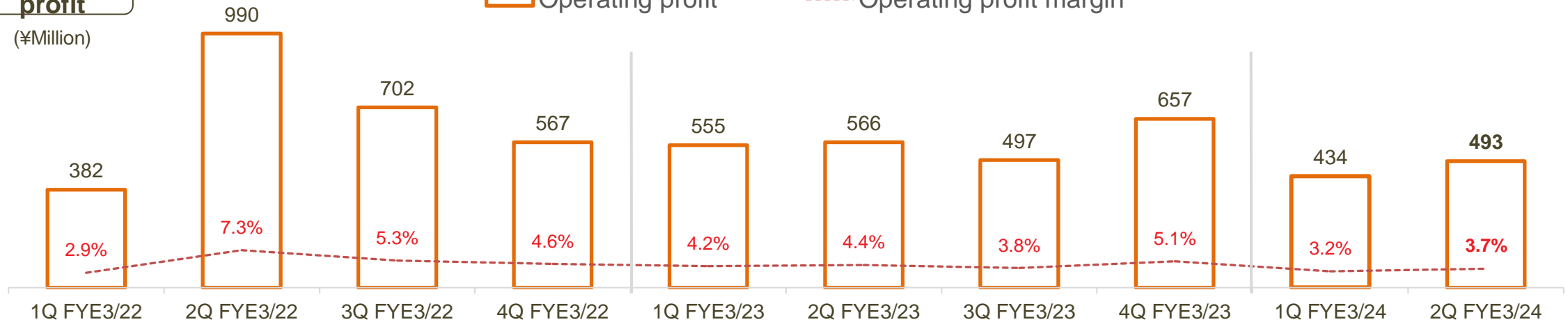


## Operating profit

(¥Million)

▭ Operating profit

----- Operating profit margin



## Vehicle Operation Services Business

■ Continued to **achieve increases in sales and profits**. In addition to the increase in the number of vehicles from the beginning of the fiscal year, the recovery in demand for overtime operations due to the normalization of economic activities contributed to sales increase, absorbing the impact of operating fewer extra buses and of soaring fuel unit prices.

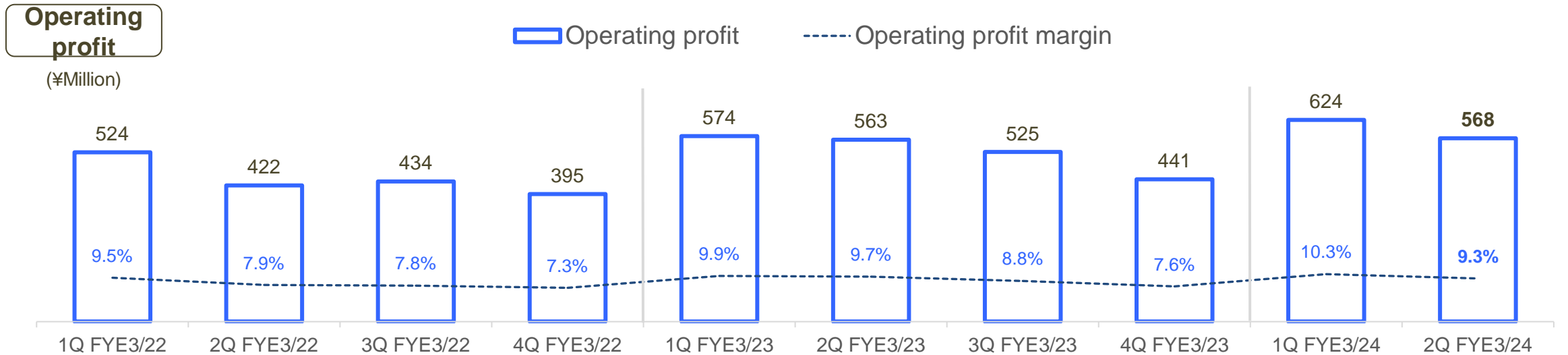
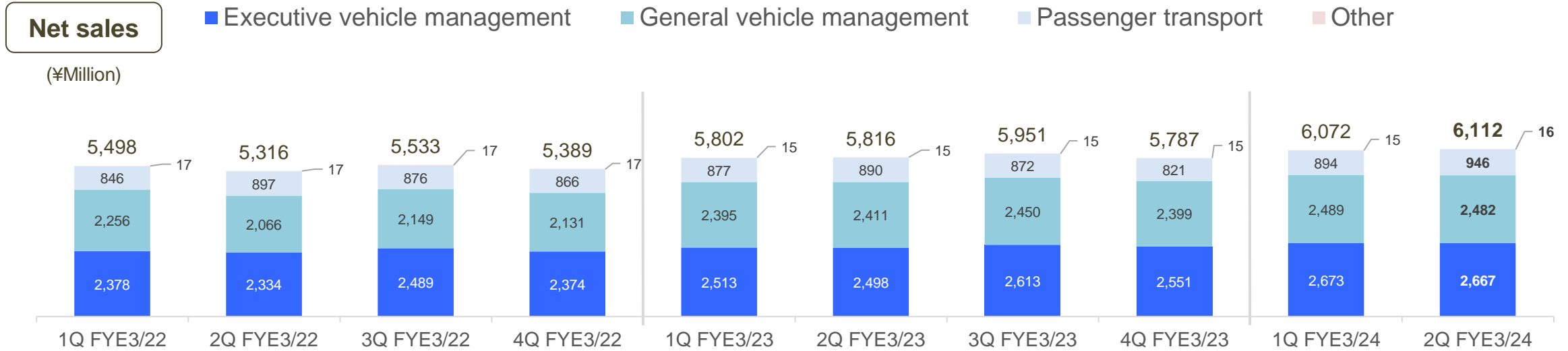
(¥Million)	2Q FYE3/23	2Q FYE3/24	YoY	Difference
<b>Net sales</b>	<b>11,619</b>	<b>12,185</b>	<b>104.9%</b>	<b>+566</b>
(Executive vehicle management)	5,012	5,340	106.6%	+328
(General vehicle management)	4,807	4,971	103.4%	+164
(Passenger transport)	1,768	1,840	104.1%	+72
(Other)	31	32	102.5%	+0
<b>Operating profit</b>	<b>1,138</b>	<b>1,193</b>	<b>104.8%</b>	<b>+54</b>
Operating profit margin (%)	9.8%	9.8%	-	+0pt

### Major Positive/ Negative Factors

- (+) Increase of 144 vehicles from the end of the previous fiscal year
- (+) Profit contribution through recovery in other sales (overtime and holiday operations)
- (-) Decrease in the number of extra buses, which were operated during the COVID-19 pandemic
- (-) Impact of soaring fuel unit price

- Strengthen sales activities through web promotions and cross-selling, aiming to acquire orders for additional vehicles.
- Implementing recruitment measures to secure human resources

# Quarterly Trends: Vehicle Operation Services Business



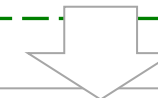
## Social Services Business

■ Continued strong performance with **double-digit growth in net sales** largely due to expanded growth in after-school childcare services, and an increase in the number of libraries and other facilities operated under contract. **Operating profit** declined, but the **imbalances in the first and second half of the fiscal year** are expected to be resolved to a certain extent.

(¥Million)	2Q FYE3/23	2Q FYE3/24	YoY	Difference
<b>Net sales</b>	<b>20,622</b>	<b>22,875</b>	<b>110.9%</b>	<b>+2,252</b>
(Social services)	6,211	6,496	104.6%	+284
(After-school childcare services)	7,778	9,312	119.7%	+1,533
(Public school lunch services)	6,607	7,044	106.6%	+436
(Other)	24	22	90.9%	(2)
<b>Operating profit</b>	<b>1,354</b>	<b>1,293</b>	<b>95.5%</b>	<b>(60)</b>
Operating profit margin (%)	6.6%	5.7%	-	(0.9)pt

### Major Positive/ Negative Factors

- (+) Increase in the number of libraries and other facilities contracted
- (+) Increase of 258 after-school childcare classes (YoY)
- (-) Weather-related factors (such as extreme heat and bad weather) in tourist and leisure
- (-) Revision of minimum wages, impact of inflation



- Continue to focus on sales to local governments, including dealing with bidding projects
- Further improve facility convenience and operational efficiency

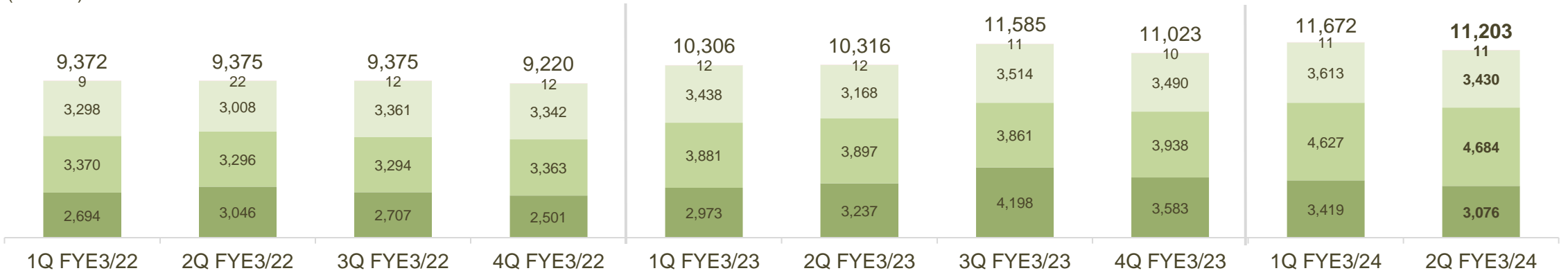


# Quarterly Trends: Social Services Business

## Net sales

(¥Million)

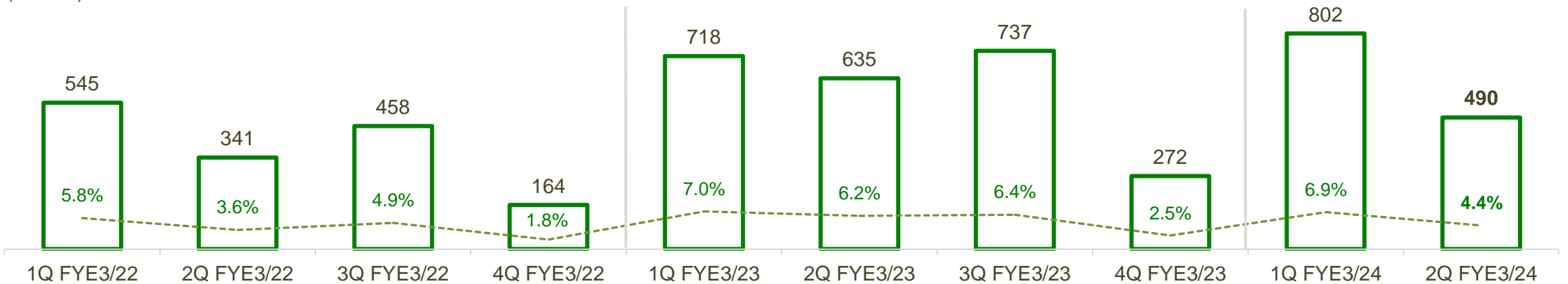
■ Social services ■ After-school childcare services ■ Public school lunch services ■ Other



## Operating profit

(¥Million)

▭ Operating profit - - - - - Operating profit margin



# Reference Data

FYE3/2023		Beginning	April	May	June	July	August	September	1H	October	November	December	January	February	March	Year-End
No. of locations Contract FS	+		13	1	3	4	2	4	27	2	0	1	4	6	5	45
	-		8	2	1	5	7	1	24	2	3	0	3	6	31	69
	Total	1,056	1,061	1,060	1,062	1,061	1,056	1,059	1,059	1,059	1,056	1,057	1,058	1,058	1,032	1,032
No. of locations Medical FS	+		31	1	0	1	2	2	37	6	2	4	2	3	3	57
	-		0	2	1	0	0	1	4	2	8	1	1	7	19	42
	Total	738	769	768	767	768	770	771	771	775	769	772	773	769	753	753
No. of vehicles Vehicle operation services	+		309	17	23	17	23	13	402	19	19	18	23	17	6	504
	-		237	9	8	8	8	2	272	18	20	9	8	7	8	342
	Total	3,623	3,695	3,703	3,718	3,727	3,742	3,753	3,753	3,754	3,753	3,762	3,777	3,787	3,785	3,785
No. of staff Social services	+		939	351	333	983	743	337	3,686	136	149	433	63	254	1,907	6,628
	-		222	275	234	262	336	338	1,667	196	190	317	186	174	1,669	4,399
	Total	17,664	18,381	18,457	18,556	19,277	19,684	19,683	19,683	19,623	19,582	19,698	19,575	19,655	19,893	19,893

FYE3/2024		Beginning	April	May	June	July	August	September	1H	October	November	December	January	February	March	Year-End
No. of locations Contract FS	+		22	3	3	1	3	4	36							36
	-		2	3	2	6	2	3	18							18
	Total	1,032	1,052	1,052	1,053	1,048	1,049	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
No. of locations Medical FS	+		25	2	3	1	4	5	40							40
	-		1	3	1	3	3	3	14							14
	Total	753	777	776	778	776	777	779	779	779	779	779	779	779	779	779
No. of vehicles Vehicle operation services	+		283	22	21	30	24	25	405							405
	-		202	15	4	21	12	7	261							261
	Total	3,785	3,866	3,873	3,890	3,899	3,911	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929
No. of staff Social services	+		1,210	514	1,433	1,208	1,261	747	6,373							6,373
	-		309	233	247	278	357	364	1,788							1,788
	Total	19,893	20,794	21,075	22,261	23,191	24,095	24,478	24,478	24,478	24,478	24,478	24,478	24,478	24,478	24,478

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