

Results for the First Half of the Fiscal Year Ending March 2023

November 11, 2022
SHiDAX CORPORATION
(TSE Code:4837)



Consolidated Financial Results for 1H FY3/23

Financial Highlights for the First Half

Continued to achieve significant profit growth

The results of the management reforms implemented to date were apparent. Net sales remained at previous level, but profits continued to significantly increase, despite the impact of the 7th wave of COVID-19, which was the largest epidemic ever, and the steep rise in raw material prices.

First year of medium-term management plan, first half in line with plan

Launched a 3-year medium-term management plan (Re-Growth 2025) starting in the fiscal year under review. Overall performance was favorable, and the first half of the fiscal year ended on schedule (profits slightly exceeded), although there were some upsides and downsides to the first-year plan (earnings forecast) depending on the business segments.

Orders for new contracts also got off to a smooth start

Although the first half of the fiscal year accounted for only a small percentage of the annual plan, the effect of cross-selling and strengthened sales development efforts resulted in a steady increase in new contract orders, with all three core businesses recording growth of more than 20% year-on-year

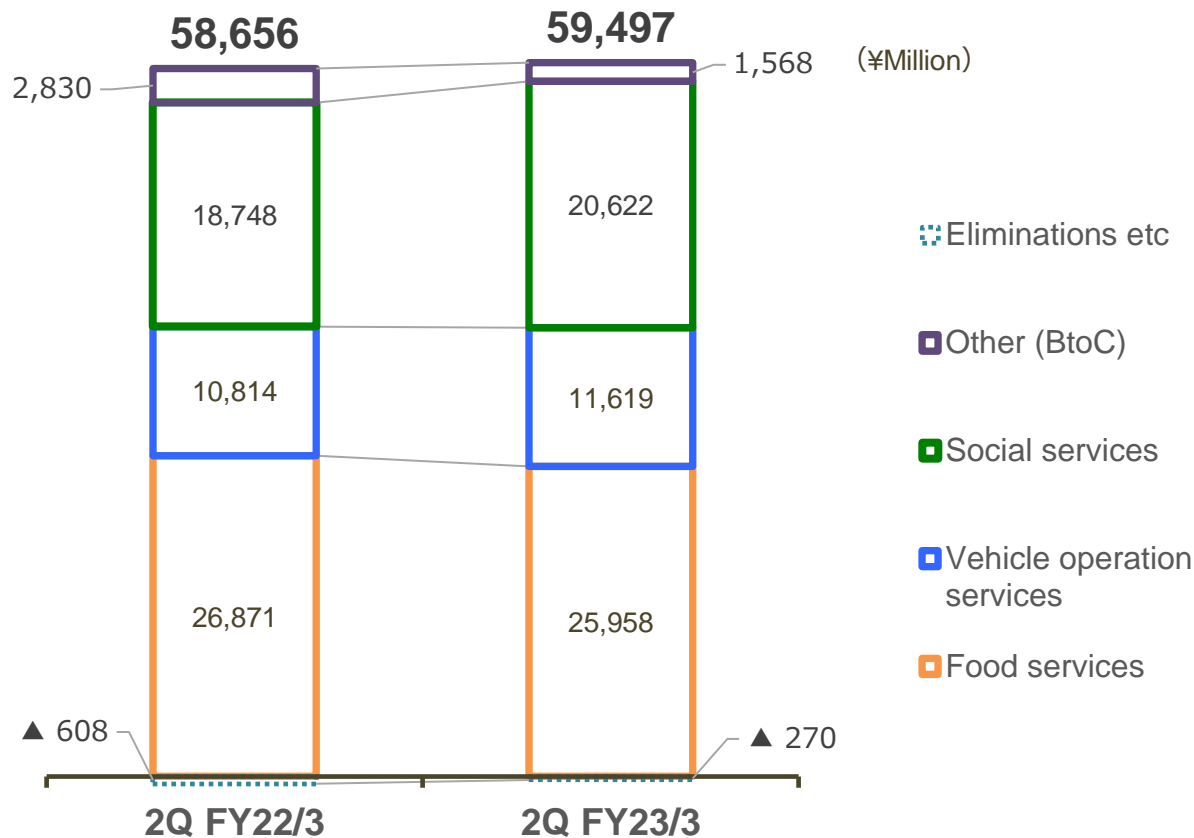
Overview of Consolidated Financial Results (April-September)

(¥Million)	Q2 FY3/22	Q2 FY3/23	YoY	Difference	Factors behind the change
Net Sales	58,656	59,497	101.4%	+841	Social services +1,874, Vehicle operation services +804, Other -1,262 (Withdrawal from BtoC business)
Gross Profit	7,577	8,374	110.5%	+796	[Sale cost ratio] Previous term: 87.1% This term: 85.9%
SGA	6,095	5,991	98.3%	(103)	
Operating Profit	1,482	2,383	160.7%	+900	Social services +467, Other +271 (Withdrawal from BtoC business), Food services -251
Non-operating income	197	192	97.5%	(4)	
Non-operating expenses	152	437	287.5%	+285	Miscellaneous losses such as fee for syndicated loans +196
Ordinary Profit	1,528	2,138	139.9%	+610	
Extraordinary income	125	230	183.0%	+104	Gain on sales of noncurrent assets +59
Extraordinary losses	122	55	45.4%	(66)	
Profit before income taxes	1,531	2,313	151.0%	+781	
Taxes/ Others	232	408	175.4%	+175	Tax loss carry-forward
Profit attributable to owners of parent	1,299	1,905	146.7%	+606	

Net Sales and Operating Profit: YoY Comparison

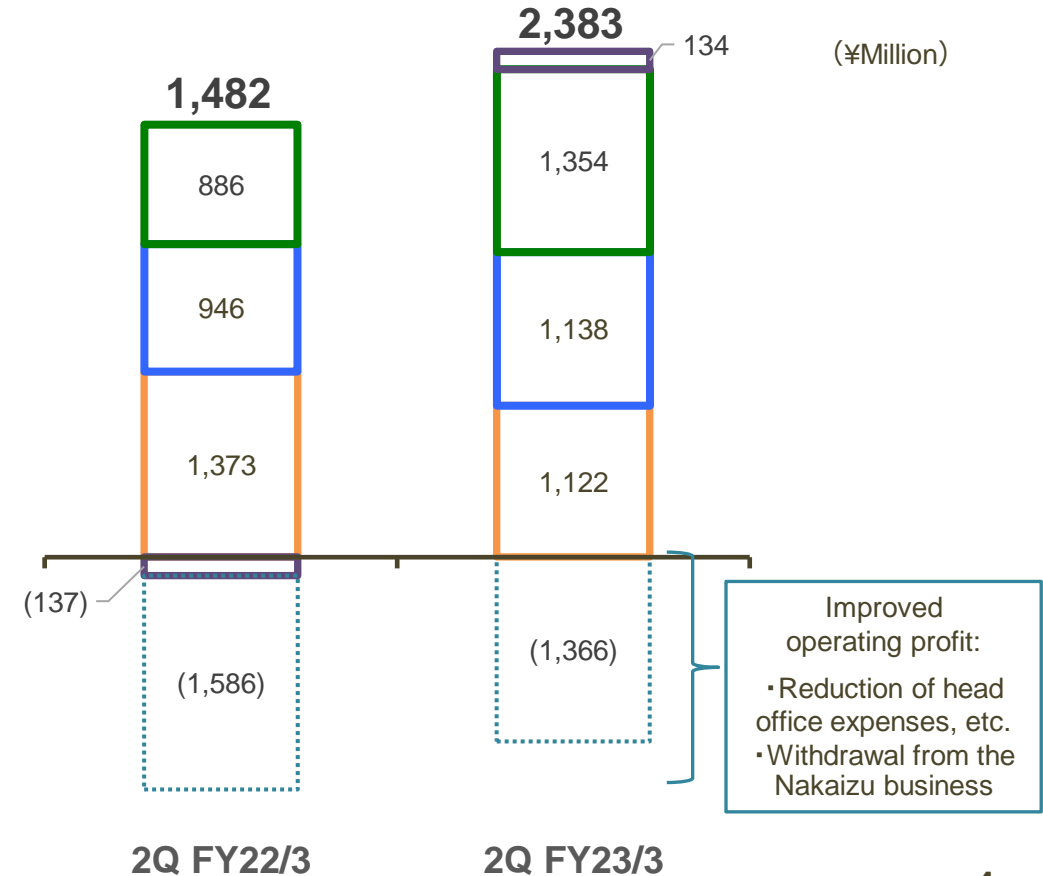
■ Net Sales

Net sales increased by ¥841 million, driven by Social services business continuing. The decrease in “Others” was due to the withdrawal from BtoC.



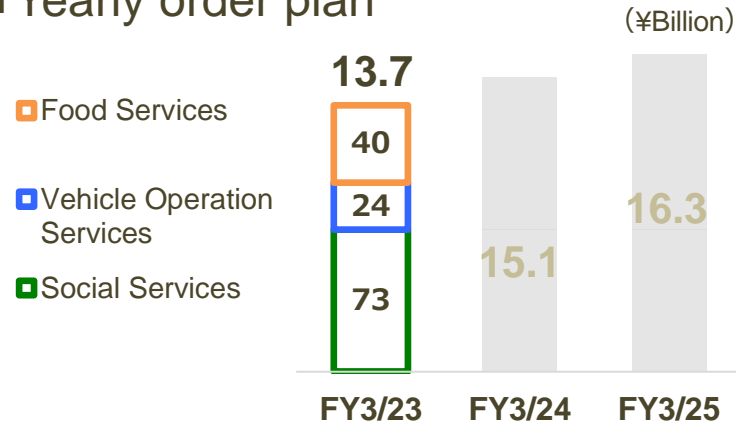
■ Operating Profit

Operating profit increased by ¥900 million. Food services affected by the 7th wave was covered by Vehicle operation services and by Social services. Operating margin increased from 2.5% to 4.0%



New Contract Order Status

Yearly order plan



※ Since most of the orders, such as bids from local governments, are received in the second half of the year, **the percentage of orders** received in the first half is small and **is heavily weighted toward the second half**.

First half: Focused on strategic preparations such as building a sales structure

Second half: Started full-scale sales activities toward the "13.7 billion yen" yearly order plan. We will further strengthen sales development and cross-selling that leverage the Group's strengths, such as expertise in 500 types of outsourced operations, with the aim of achieving the order plan, which is the "cornerstone" of our medium-term management plan.

First half: each business received orders at a pace significantly higher than in the previous fiscal year.

Segment	Unit	YoY change	Situation in the first half
<u>Food Services</u>	Net sales	122%	<ul style="list-style-type: none"> • Strong start in Contract Division, but weakening slightly in Medical Division → Reorganization of Sales Division and thorough strengthening of sales development capabilities
<u>Vehicle Operations Services</u>	No. of vehicles	128%	<ul style="list-style-type: none"> • According to plan, including strong orders for additional vehicles during the period → Expansion of new sales through establishment of dedicated sales staff and web promotions, etc.
<u>Social Services</u>	Net Sales	137%	<ul style="list-style-type: none"> • Library operations increased significantly, and public school lunches also remained firm. → Roller sales with targets, creation of opportunities through continuing visits

Result of TOB by Oisix

- TOB was completed and Oisix became the largest shareholder of the Company (28.47% of voting rights)

Oisix started TOB (August 30, 2022)

- Notice Regarding Share Acquisition of SHiDAX CORPORATION (June 29)
- Commencement of Tender Offer for the Common Shares of SHiDAX CORPORATION (August 29)

We expressed opinions

- Opposite (September 5)
Fair consideration for collaboration in food service-related business has not been made, etc.
- Neutral (October 7)
Agreed to establish a special committee

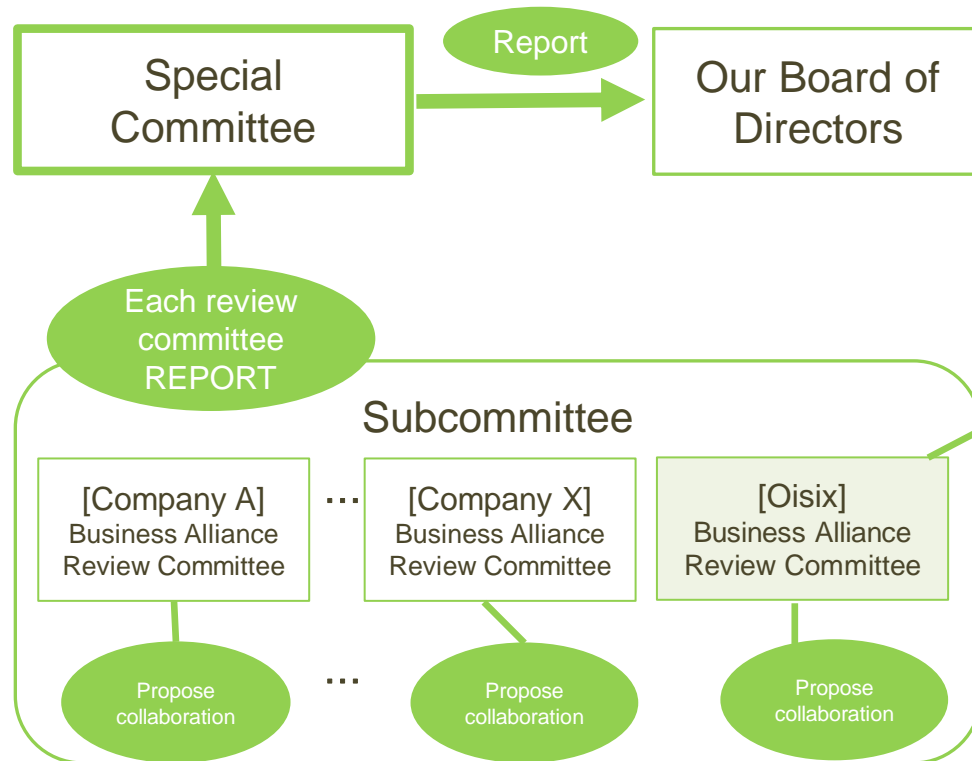
TOB completed (October 24)

- Tendered all shares held by Unison Capital
- Tendered by other shareholders
- Total 15,582,759 shares tendered

Toward Consideration of Collaboration in Food Service-Related Businesses

■ A "Special Committee" will soon be established as a framework for fair consideration of food-related business collaboration.

- The "Special Committee" will be established as an independent consultative body for fair consideration of collaboration in food-related businesses and will broadly examine the possibility of collaboration with companies other than Oisix in a standardized process for similar projects.
- At the same time, the "Business Alliance Review Committee" with Oisix, which will be established as a subcommittee of the Special Committee, will proactively consider collaboration with Oisix without involving a capital transfer.



Oisix ra daichi **SHIDAX**

In addition to the establishment of the Special Committee, the "Business Alliance Review Committee" will discuss the following themes for collaboration with Oisix without capital transfer:

- Improvement of productivity and creation of high value-added in the field of food service
- Enhancement of added value in the area of sustainability
- Joint procurement and delivery of food materials
- Expansion into the BtoBtoC domain

Forecasts for Consolidated Earnings and Dividend

■ No change to consolidated earnings and dividend forecasts announced on May 16, 2022

The full-year forecast has been left unchanged in consideration of the uncertain business environment going forward, including concerns about the simultaneous spread of COVID-19 and influenza, in addition to the impact of the ongoing sharp rise in raw material prices and other factors.

(¥Million)	FY3/22 Results	FY3/23 1H Results	FY3/23 Forecast	YoY	Difference
Net Sales	115,525	59,497	120,000	103.9%	+ 4,474
Operating Profit	2,442	2,383	3,700	151.5%	+ 1,257
Ordinary Profit	2,292	2,138	3,200	139.6%	+ 907
Profit attributable to owners of parent*	4,089	1,905	2,200	53.8%	(1,889)
Dividend per share (yen)	5	—	10	200.0%	+ 5

*The forecast is for a decrease in income, but this is attributable to the recording of an extraordinary gain of ¥3.408 million from the sale of assets in the previous fiscal year.



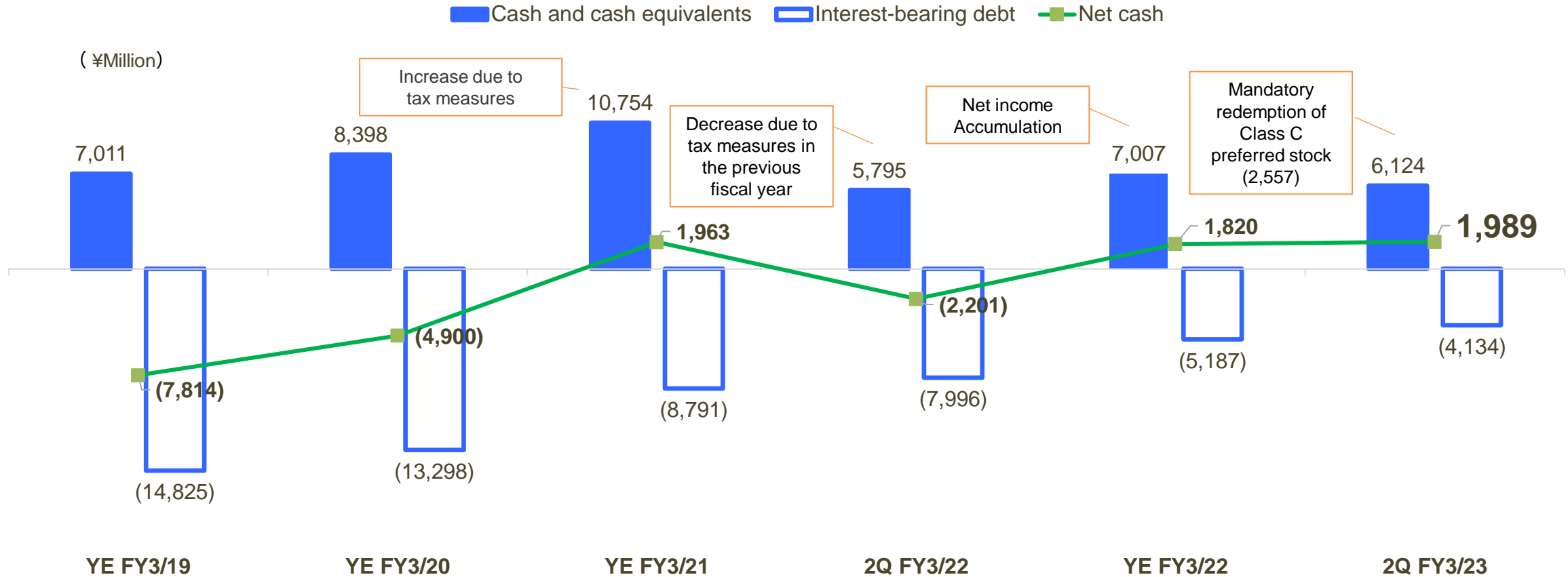
Financial Conditions

B/S Summary

(¥Million)	As of March 31, 2022	As of September 30, 2022	Difference
Total assets	33,159	30,909	(2,250)
Total liabilities	21,787	20,523	(1,263)
Total net assets	11,371	10,385	(986)
Interest-bearing debt	5,187	4,134	(1,053)
Net interest-bearing debt	(1,820)	(1,989)	(169)
D/E ratio (times)	0.46	0.40	(0.06)
Net D/E ratio (times)	(0.16)	(0.19)	(0.03)
Cash and cash equivalents	7,007	6,124	(883)
Shareholders' equity ratio (%)	34.3	33.6	(0.7)pt

Cancellation of Class B and Class C Preferred Stock

Cash Position



Refinancing, more stable cash position



Summary by Business Segment

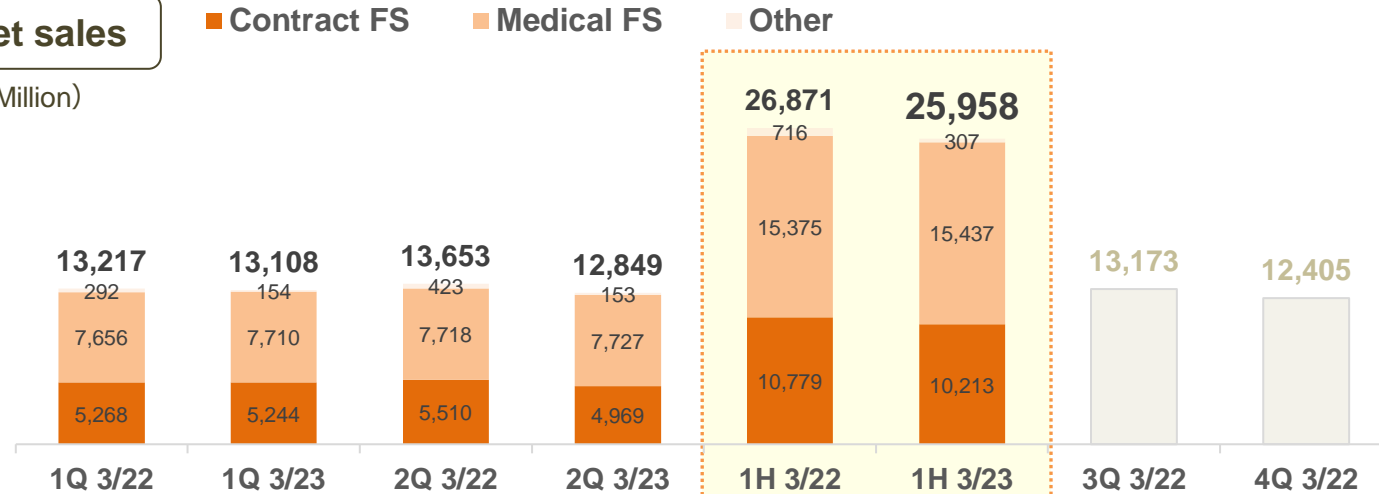
Summary of Financial Results by Business Segment

Segment	(¥Million)	Q2 FY3/22	Q2 FY3/23	YoY	Difference
Food services	Net Sales	26,871	25,958	96.6%	(913)
	Operating Profit	1,373	1,122	81.7%	(251)
Vehicle operation services	Net Sales	10,814	11,619	107.4%	+804
	Operating Profit	946	1,138	120.3%	+191
Social services	Net Sales	18,748	20,622	110.0%	+1,874
	Operating Profit	886	1,354	152.8%	+467
Other	Net Sales	2,830	1,568	55.4%	(1,262)
	Operating Profit	(137)	134	—	+271
Eliminations, corporate-wide expenses, etc.	Net Sales	(608)	(270)	—	+337
	Operating Profit	1,586)	(1,366)	—	+220
Total	Net Sales	58,656	59,497	101.4%	+841
	Operating Profit	1,482	2,383	160.7%	+900

Food Services Business

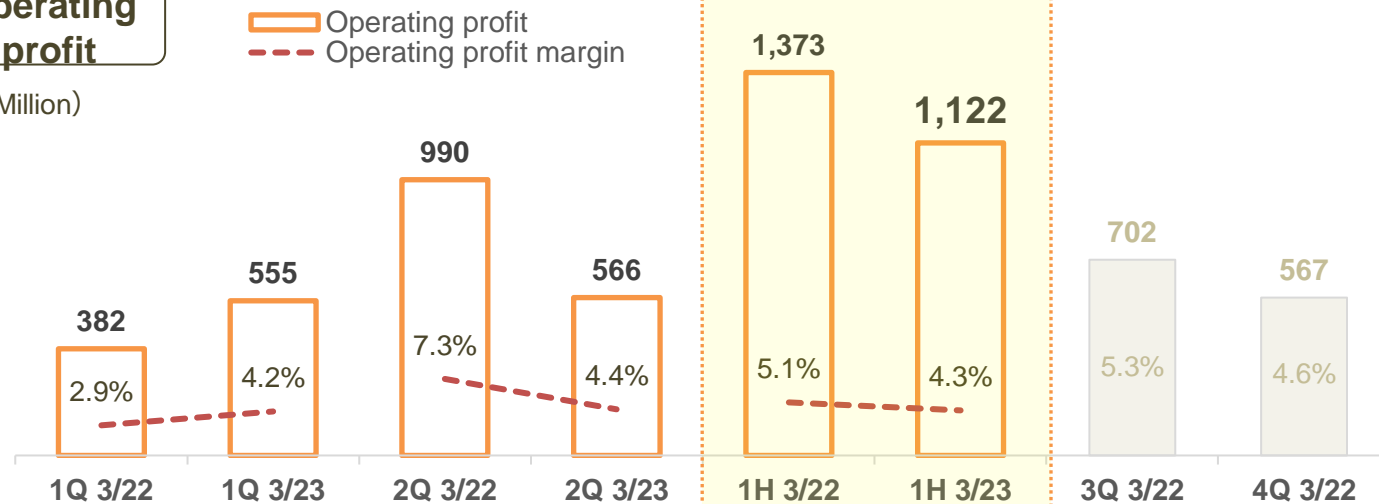
Net sales

(¥Million)



Operating profit

(¥Million)



Net sales: **Decrease of ¥913 million** (96.6% YoY)

Operating profit: **Decreased by ¥251 million** (81.7% YoY)

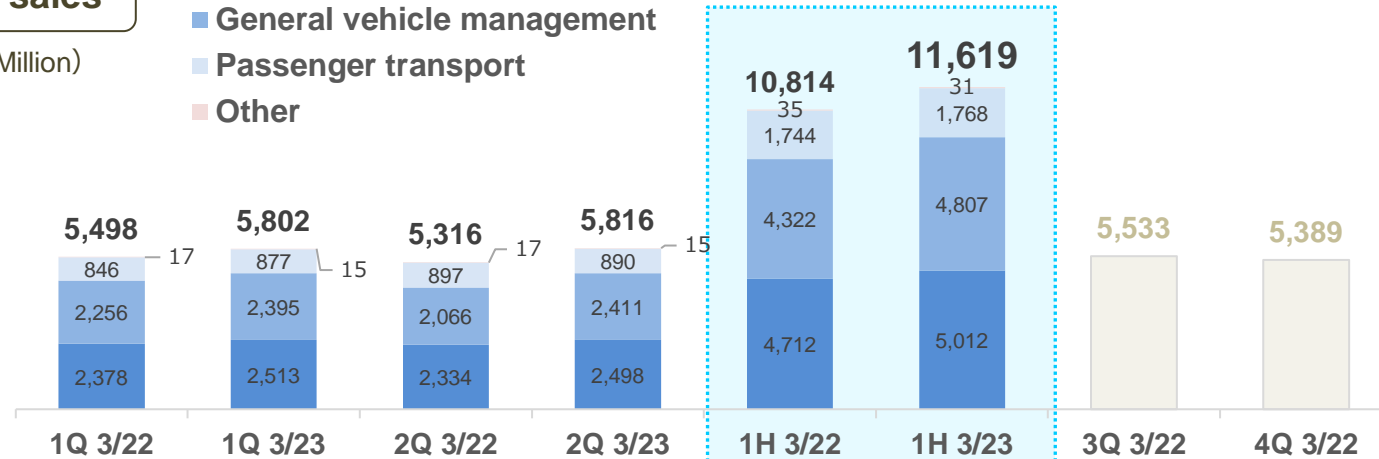
- (+) Increase of 36 client locations
- (+) Successful cost control by acquiring management know-how under the COVID-19 pandemic
- (+) Effect of withdrawal from unprofitable locations
- (-) Impact of the 7th wave (decrease in sales due to decrease in hospital beds and deterioration in labor costs related to facility operations)
- (-) Soaring raw material prices
- (-) Drop in demand for spot events in 2Q of the previous fiscal year

Vehicle Operation Services Business

Net sales

(¥Million)

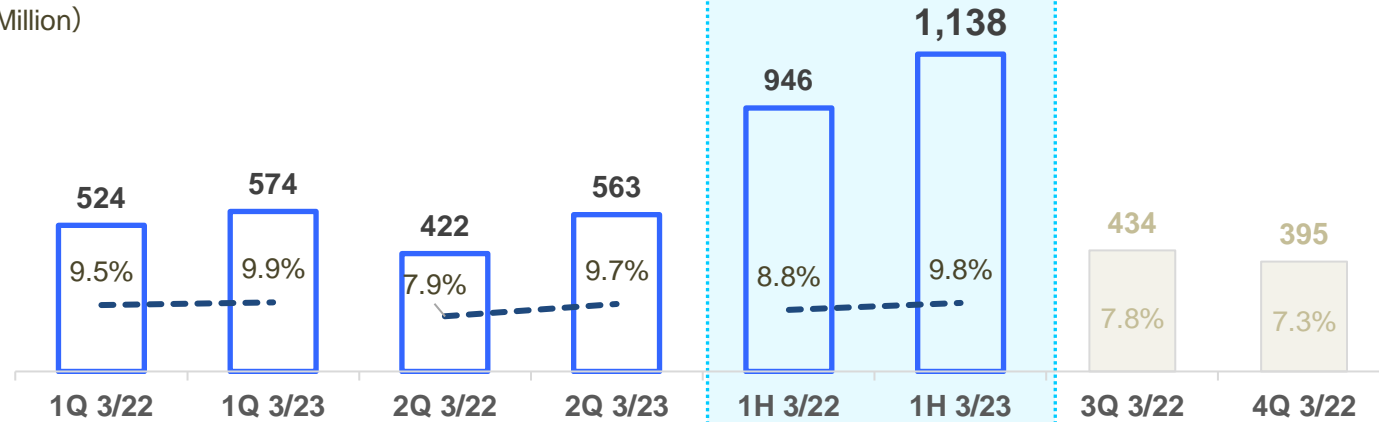
- Executive vehicle management
- General vehicle management
- Passenger transport
- Other



Operating profit

(¥Million)

- ▭ Operating profit
- - - Operating profit margin



Net sales: **Increased by ¥804 million** (107.4% YoY)

Operating profit: **Increase of ¥191 million** (120.3% YoY)

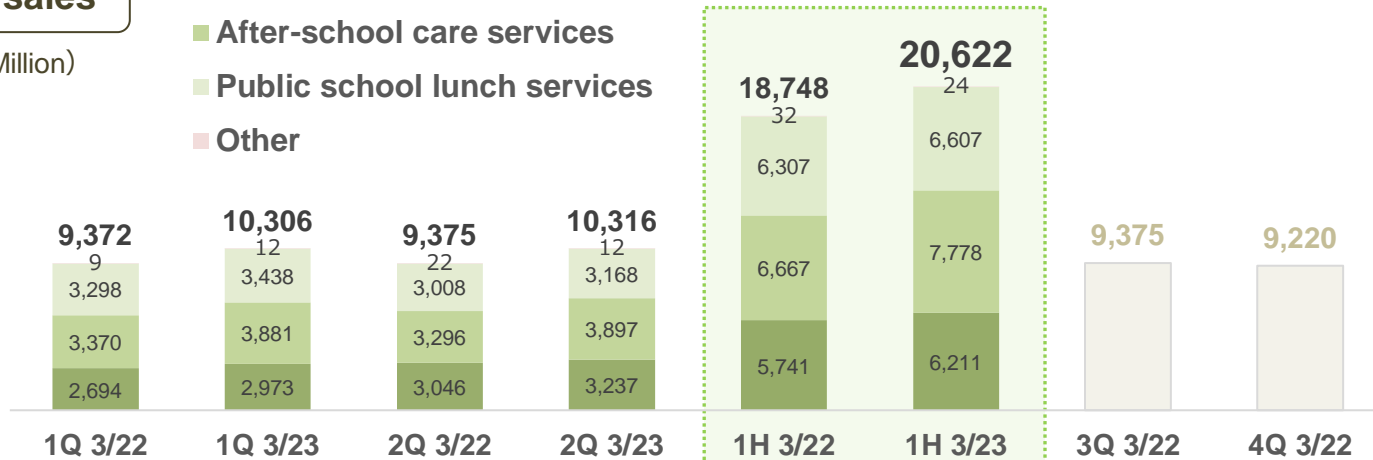
- (+) Increase in the number of new vehicles contracted from the beginning of the period
- (+) Recovery in overtime and holiday operations of executive transportation vehicles
- (+) Improving profitability through recovery in other sales (overtime, holiday operations)
- (-) Sluggish demand for chartered buses
- (-) Impact of soaring fuel prices

Social Services Business

Net sales

(¥Million)

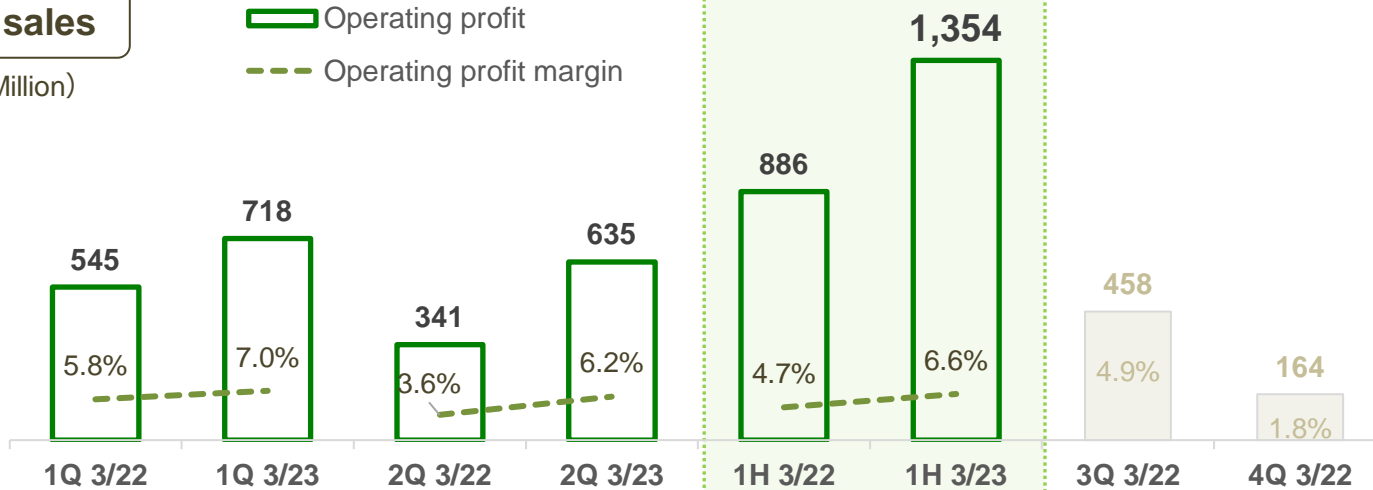
- Social services
- After-school care services
- Public school lunch services
- Other



Net sales

(¥Million)

- ▭ Operating profit
- - - Operating profit margin



Net sales: **Increased by ¥1,874 million** (110.0% YoY)

Operating Profit: **¥467 million increase** (152.8% YoY)

(+) Increase in the number of libraries and other facilities contracted

(+) Increase of 194 after-school care centers

(+) New orders for COVID-19-related operations

(+) Recovery in tourism and leisure demand

(+) Increase in profit due to increase in the number of contracted facilities

(-) Revision of minimum wages, impact of inflation

Reference Data

FY3/2022		Beginning	April	May	June	July	August	September	1H	October	November	December	January	February	March	End
No. of locations Contract FS	+		12	2	3	2	0	2	21	2	2	3	4	0	0	32
	-		2	3	5	6	4	7	27	2	5	5	3	12	26	80
	Total	1,104	1,114	1,113	1,111	1,107	1,103	1,098	1,098	1,098	1,095	1,093	1,094	1,082	1,056	1,056
No. of locations Medical FS	+		33	2	0	7	0	1	43	3	2	0	3	2	4	57
	-		0	0	2	1	1	2	6	0	2	1	4	5	21	39
	Total	720	753	755	753	759	758	757	757	760	760	759	758	755	738	738
No. of vehicles Vehicle operation services	+		158	19	13	21	11	24	246	13	17	12	0	3	7	298
	-		136	39	9	16	15	11	226	13	5	7	7	7	0	265
	Total	3,590	3,612	3,592	3,596	3,601	3,597	3,610	3,610	3,610	3,622	3,627	3,620	3,616	3,623	3,623
No. of staff Social services	+		895	665	740	399	494	458	3,651	148	153	50	393	174	1,327	5,896
	-		248	209	225	203	274	385	1,544	270	254	186	303	183	1,223	3,963
	Total	15,731	16,378	16,834	17,349	17,545	17,765	17,838	17,838	17,716	17,615	17,479	17,569	17,560	17,664	17,664

FY3/2023		Beginning	April	May	June	July	August	September	1H	October	November	December	January	February	March	End
No. of locations Contract FS	+		13	1	3	4	2	4	27							27
	-		8	2	1	5	7	1	24							24
	Total	1,056	1,061	1,060	1,062	1,061	1,056	1,059	1,059	1,059	1,059	1,059	1,059	1,059	1,059	1,059
No. of locations Medical FS	+		31	1	0	1	2	2	37							37
	-		0	2	1	0	0	1	4							4
	Total	738	769	768	767	768	770	771	771	771	771	771	771	771	771	771
No. of vehicles Vehicle operation services	+		309	17	23	17	23	13	402							402
	-		237	9	8	8	8	2	272							272
	Total	3,623	3,695	3,703	3,718	3,727	3,742	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753	3,753
No. of staff Social services	+		939	351	333	983	743	337	3,686							3,686
	-		222	275	234	262	336	338	1,667							1,667
	Total	17,664	18,381	18,457	18,556	19,277	19,684	19,683	19,683	19,683	19,683	19,683	19,683	19,683	19,683	19,683

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