

Results for the Third Quarter of the Fiscal Year Ending March 2024

February 9, 2024

SHiDAX CORPORATION

(TSE Code:4837)

 JPX-NIKKEI Mid Small

A red decorative graphic consisting of a curved, ribbon-like shape on the left side of the slide, extending horizontally across the page.

Consolidated Financial Results for Q1-3 FYE 3/2024

Overview of Consolidated Financial Results (April-December)

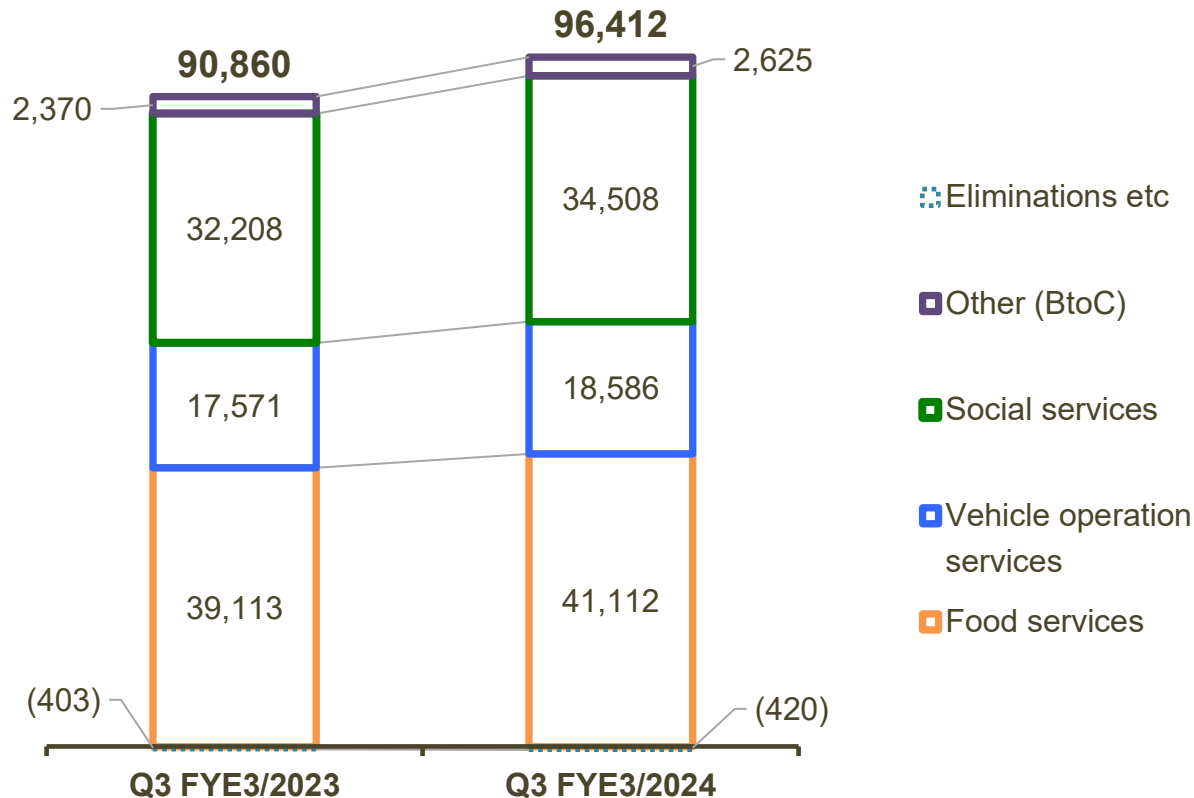
(¥Million)	Q3 FYE3/23	Q3 FYE 3/24	YoY	Difference	Factors behind the change
Net Sales	90,860	96,412	106.1%	+5,552	Social Services +2,299, Food Services +1,998 Vehicle Operation Services +1,015
Gross Profit	12,685	13,051	102.9%	+365	[Sales cost ratio] Previous term: 86.0% Current term: 86.5%
SGA	9,045	9,650	106.7%	+604	[SG&A ratio] Previous term: 10.0% Current term: 10.0%
Operating Profit	3,640	3,401	93.4%	(238)	[Operating profit margin] Previous term: 4.0% Current term: 3.5%
Non-operating income	203	215	105.8%	+11	Vehicle Operation Services +141, Others +75 Social Services (56), Food Services (328)
Non-operating expenses	389	109	28.2%	(279)	Previous term: Fee for syndicated loans 248
Ordinary Profit	3,454	3,506	101.5%	+52	Decrease in non-operating expenses
Extraordinary income	264	96	36.6%	(167)	
Extraordinary losses	76	72	94.7%	(4)	
Profit before income taxes	3,642	3,531	96.9%	(111)	
Taxes/ Others	869	1,483	170.7%	+614	[Income taxes-deferred] Previous period: 430 Current period: 1070
Profit attributable to owners of parent	2,773	2,047	73.8%	(725)	Increase in income taxes

Net Sales and Operating Profit: YoY Comparison

Net sales

Sales increased by ¥5,552 million due to continued sales growth in all 3 core businesses, supported by an increase in contract orders and normalization of economic activities.

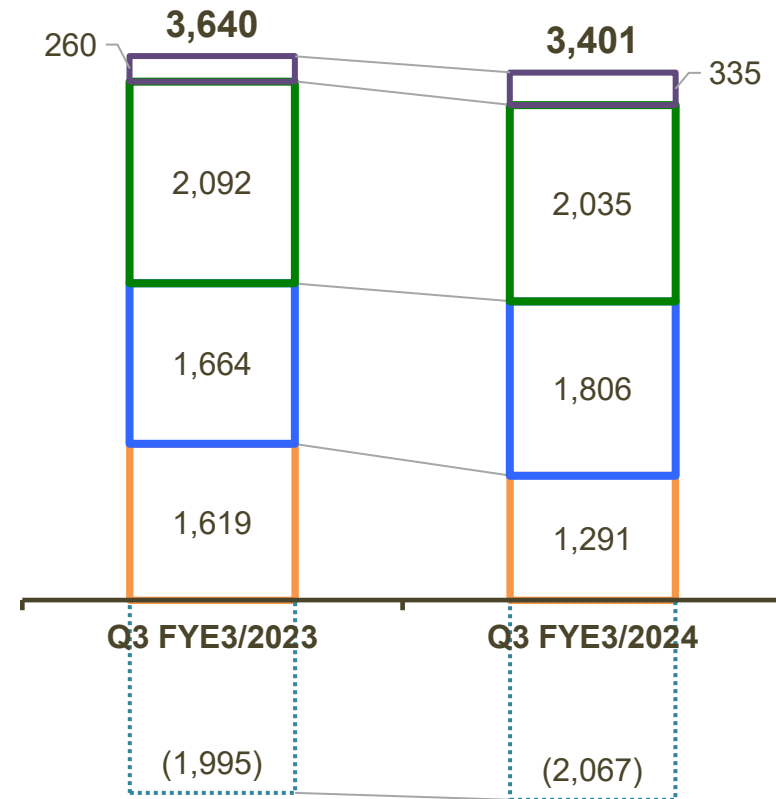
(¥Million)



Operating profit

Profit decreased by ¥238 million due to lower margin (-0.5pt) as sales cost ratio deterioration (+0.5pt) caused by soaring raw material prices could not be covered.

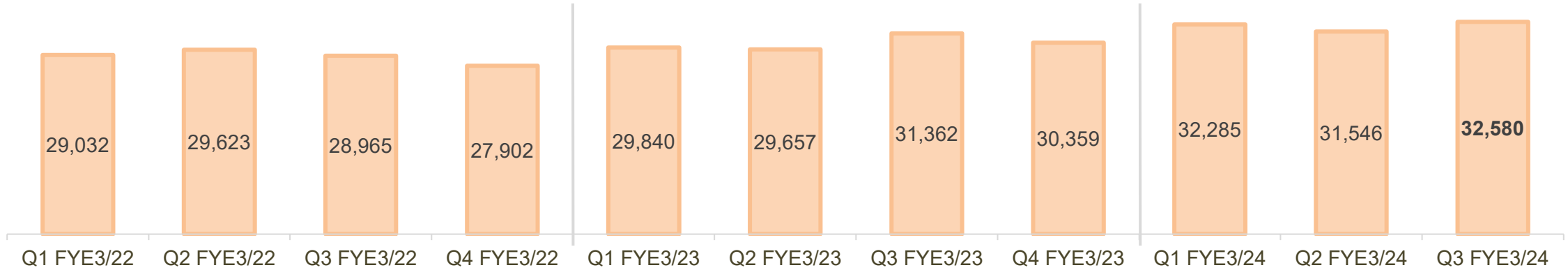
(¥Million)



Quarterly Trends: Net Sales and Operating Profit

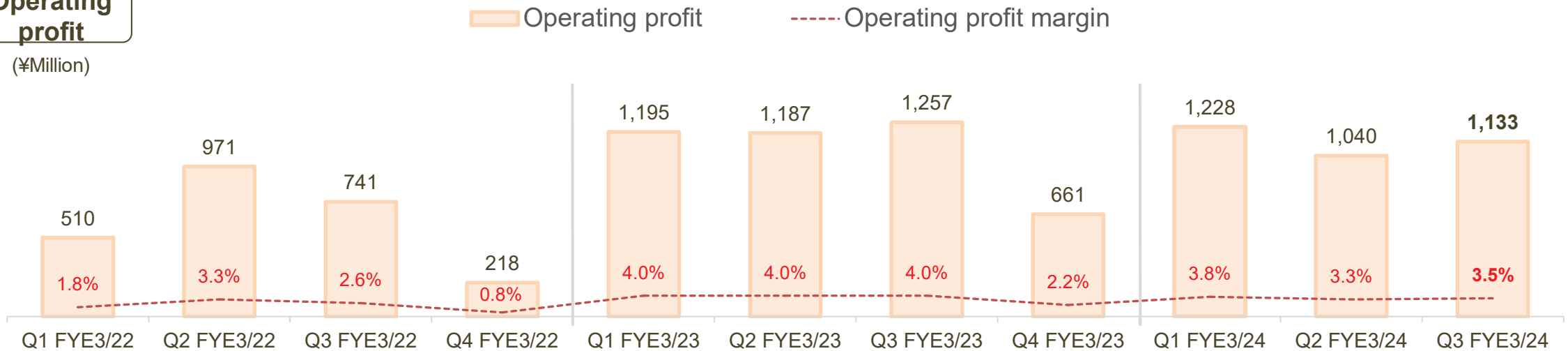
Net sales

(¥Million)



Operating profit

(¥Million)



B/S Summary

(¥Million)	As of March 31, 2023	As of December 31, 2023	Difference
Total assets	33,195	35,872	+2,677
Total liabilities	20,969	22,036	+1,066
Total net assets	12,225	13,835	+1,610
Interest-bearing debt	3,415	2,287	(1,127)
Net interest-bearing debt	(4,010)	(6,685)	(2,675)
D/E ratio (times)	0.28	0.17	(0.11)
Net D/E ratio (times)	(0.33)	(0.49)	(0.16)
Cash and cash equivalents	7,426	8,973	+1,547
Shareholders' equity ratio (%)	36.8%	38.6%	+1.8pt

A red decorative graphic consisting of a curved, ribbon-like shape on the left side of the page, extending horizontally across the page as a thin line.

Summary by Business Segment

Summary of Financial Results by Business Segment

Segment	(¥Million)	Q3 FYE3/2023	Q3 FYE3/2024	YoY	Difference
Food services	Net Sales	39,113	41,112	105.1%	+1,998
	Operating Profit	1,619	1,291	79.7%	(328)
Vehicle operation services	Net Sales	17,571	18,586	105.8%	+1,015
	Operating Profit	1,664	1,806	108.5%	+141
Social services	Net Sales	32,208	34,508	107.1%	+2,299
	Operating Profit	2,092	2,035	97.3%	(56)
Others	Net Sales	2,370	2,625	110.8%	+254
	Operating Profit	260	335	129.1%	+75
Eliminations, corporate-wide expenses, etc.	Net Sales	(403)	(420)	-	(16)
	Operating Profit	(1,995)	(2,067)	-	(71)
Total	Net Sales	90,860	96,412	106.1%	+5,552
	Operating Profit	3,640	3,401	93.4%	(238)

Food Services Business

■ Net sales continued to increase steadily by ¥1,990 million due to the recovery at existing locations mainly in the Contract Division, but operating profit decreased by ¥320 million due to the deterioration of sales cost ratio caused by soaring raw material prices and rising labor costs.

(¥Million)	Q3 FYE3/23	Q3 FYE3/24	YoY	Difference
Net sales	39,113	41,112	105.1%	+1,998
(Contract FS)	15,404	16,467	106.9%	+1,062
(Medical FS)	23,229	23,997	103.3%	+767
(Other)	479	647	135.1%	+168
Operating profit	1,619	1,291	79.7%	(328)
Operating profit margin (%)	4.1%	3.1%	-	(1.0)pt

Major Positive/ Negative Factors

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



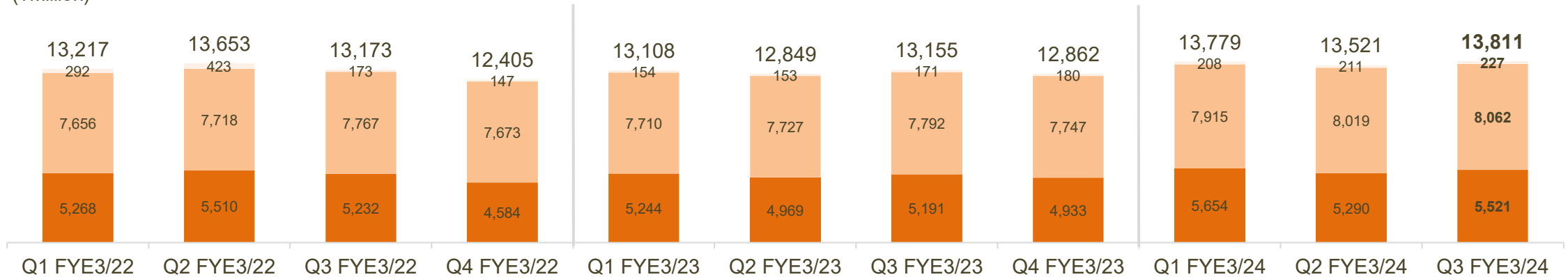
Continue price increase negotiations and strengthen measures to improve food and labor costs through cost control, such as switching to price-stable ingredients and limiting material costs by changing menus.

Quarterly Trends: Food Service Business

Net sales

(¥Million)

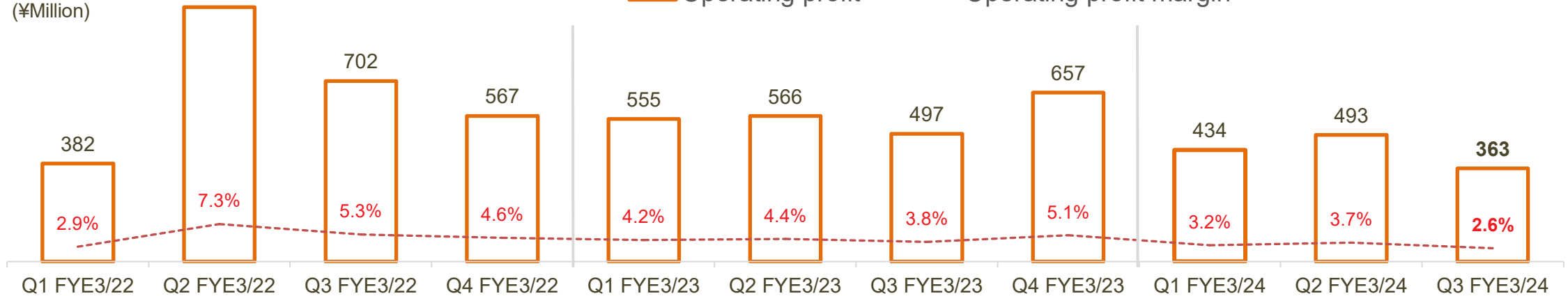
■ Contract FS ■ Medical FS ■ Other



Operating profit

(¥Million)

▭ Operating profit - - - - Operating profit margin



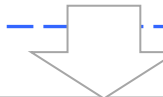
Vehicle Operation Services Business

■ 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)	Q3 FYE3/23	Q3 FYE3/24	YoY	Difference
Net sales	17,571	18,586	105.8%	+1,015
(Executive vehicle management)	7,625	8,082	106.0%	+456
(General vehicle management)	7,257	7,515	103.6%	+257
(Passenger transport)	2,641	2,941	111.4%	+300
(Other)	47	47	101.2%	+0
Operating profit	1,664	1,806	108.5%	+141
Operating profit margin (%)	9.5%	9.7%	-	+0.2pt

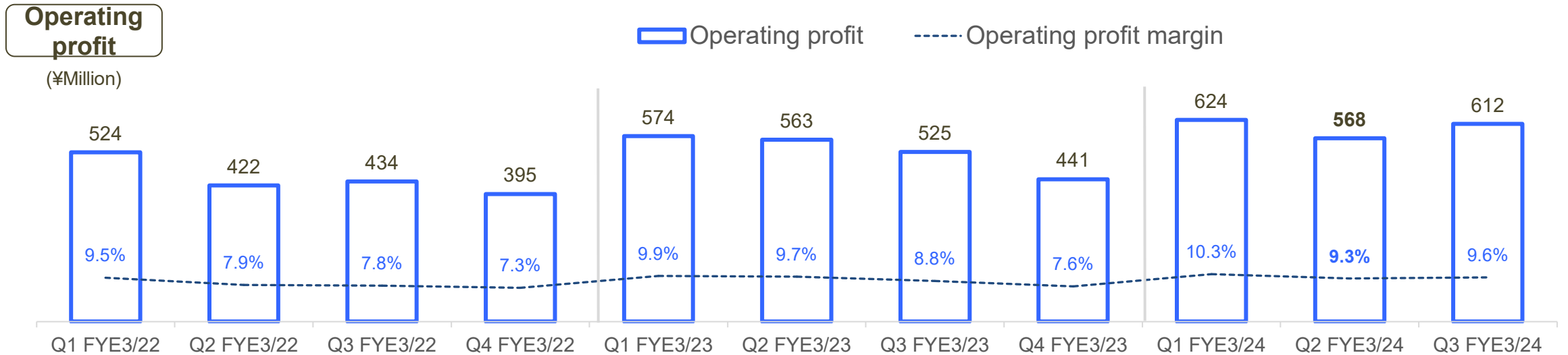
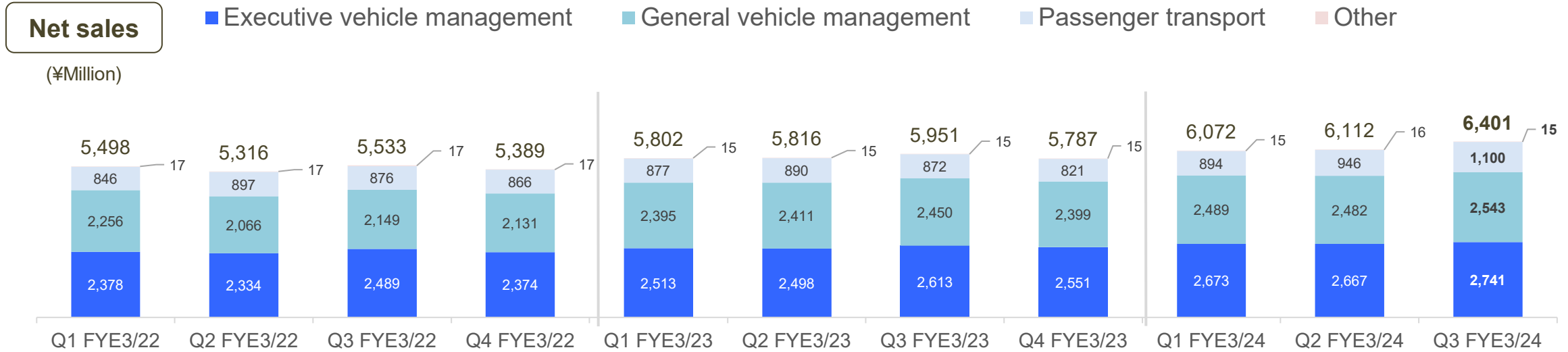
Major Positive/ Negative Factors

- (+) Increase of 167 vehicles from the end of the previous fiscal year
- (+) Profit contribution through recovery in other sales (overtime and holiday operations)
- (+) New sales offices/routes for expressway bases
- (-) Decrease in the number of extra buses, which were operated during the COVID-19 pandemic
- (-) Impact of soaring fuel unit price



- Strengthen B2B/B2G sales activities through web promotions and cross-selling, focusing on acquiring orders for additional vehicles.
- Implementing recruitment measures to secure human resources

Quarterly Trends: Vehicle Operation Services Business



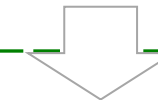
Social Services Business

■ Strong performance with sales increase of ¥2,290 million 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)	Q3 FYE3/23	Q3 FYE3/24	YoY	Difference
Net sales	10,306	11,672	113.3%	+1,366
(Social services)	2,973	3,419	115.0%	+446
(After-school childcare services)	3,881	4,627	119.2%	+746
(Public school lunch services)	3,438	3,613	105.1%	+174
(Other)	12	11	90.6%	(1)
Operating profit	718	802	111.7%	+84
Operating profit margin (%)	7.0%	6.9%	-	(0.1)pt

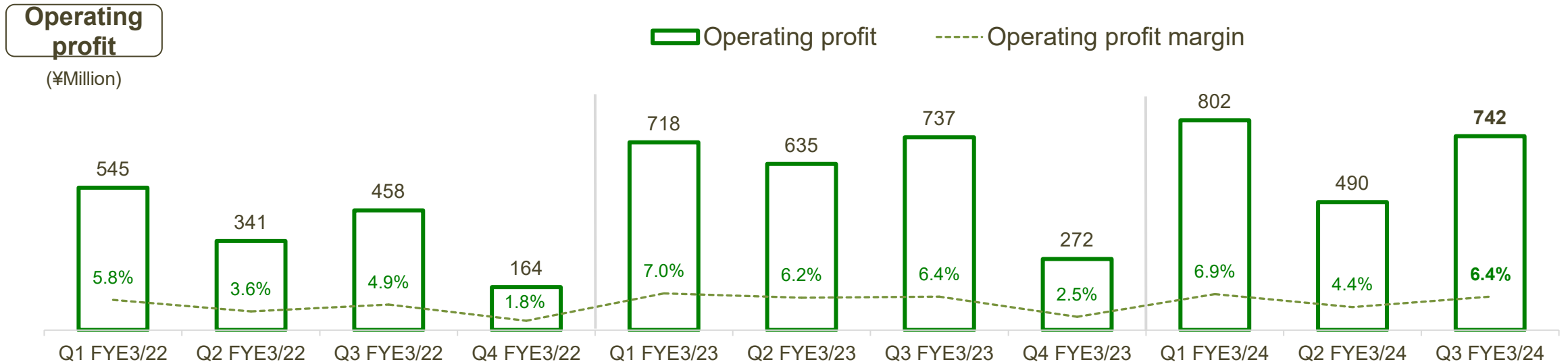
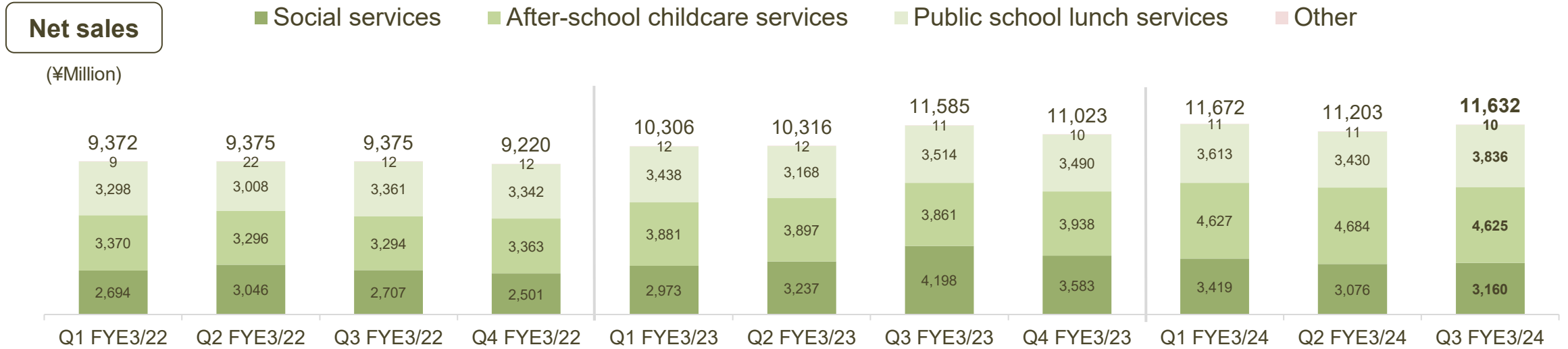
Major Positive/ Negative Factors

- (+) Increase in the number of libraries and other facilities contracted
 - (+) Increase of 265 after-school childcare classes (YoY)
 - (-) Weather-related factors (such as extreme heat and bad weather) in tourist and leisure
 - (-) Absence of special demand during the pandemic in the Social Services Division in the previous fiscal year
- *Progress in the 3 core businesses is roughly in line with the full-year



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

Quarterly Trends: Social Services Business



Reference Data

FYE 3/2023		Beginning	April	May	June	July	August	September	1st Half	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

FYE 3/2024		Beginning	April	May	June	July	August	September	1st Half	October	November	December	January	February	March	Year-End
No. of locations Contract FS	+		22	3	3	1	3	4	36	2	2	1				41
	-		2	3	2	6	2	3	18	0	8	1				27
	Total	1,032	1,052	1,052	1,053	1,048	1,049	1,050	1,050	1,052	1,046	1,046	1,046	1,046	1,046	1,046
No. of locations Medical FS	+		25	2	3	1	4	5	40	2	3	5				50
	-		1	3	1	3	3	3	14	2	2	2				20
	Total	753	777	776	778	776	777	779	779	779	780	783	783	783	783	783
No. of vehicles Vehicle operation services	+		283	22	21	30	24	25	405	43	17	19				484
	-		202	15	4	21	12	7	261	23	24	9				317
	Total	3,785	3,866	3,873	3,890	3,899	3,911	3,929	3,929	3,949	3,942	3,952	3,952	3,952	3,952	3,952
No. of staff Social services	+		1,210	514	1,433	1,208	1,261	747	6,373	291	313	325				7,302
	-		309	233	247	278	357	364	1,788	1,240	398	501				3,927
	Total	19,893	20,794	21,075	22,261	23,191	24,095	24,478	24,478	23,529	23,444	23,268	23,268	23,268	23,268	23,268

Disclaimer

- Opinions, forecasts and other statements contained in this material are based on our judgment at the time of preparation of the material, and the accuracy of such information cannot be guaranteed.
- The information contained herein is intended to provide the financial and management information of the SHiDAX Group and is not intended to purchase, sell or advise on the investment of any shares issued by us. You should make investment decisions based on your own responsibility and judgment.
- Although forward-looking statements and performance forecasts concerning the SHiDAX Group are contained in this document, they are not guarantees of future performance and involve risks and uncertainties. Please be aware that future results may differ due to changes in the business environment and other factors.
- We assume no liability for any losses or damages as a result of the matters described herein or the use of this material. The information may be discontinued or changed without notice.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

SHIDAX 
For Future Generations