July 4, 2025

To Whom It May Concern,

Company Name: HURXLEY CORPORATION

Representative: Representative Director and Chairperson - Tatsuya Aoki

(Code Number: 7561, Tokyo Stock Exchange Standard Market)

Contact Information: General Affairs Manager - Masaya Nakano

(TEL: 06(6376)8088)

Notice of Issuance of "FISCO Company Research and Analysis Report"

We are pleased to announce that a company research report by FISCO Ltd. (hereinafter referred to as FISCO) was issued on July 3, 2025. This report aims to provide investors and shareholders with a deeper understanding of our company's medium- to long-term growth potential and efforts to enhance corporate value. It offers a third-party perspective based on financial results and interviews.

We hope you will read it and use it as a reference for your investment decisions.

Please refer to the attached documents for the Company Research and Analysis Report.

For past reports, please refer to the following link.

https://web.fisco.jp/platform/companies/0756100/report

End.

COMPANY RESEARCH AND ANALYSIS REPORT

HURXLEY CORPORATION

7561

Tokyo Stock Exchange Standard Market

3-July-2025

FISCO Ltd. Analyst

Hideo Kakuta

FISCO

FISCO Ltd.

https://www.fisco.co.jp

Contents

Summary

Earnings showed a continued trend of recovery and expansion in FY3/25, despite decreases in sales and profits

HURXLEY CORPORATION <7561> (hereafter, also "the Company") is a growing company. Expansion is being driven by M&A in diverse fields related to food with a focus on three core businesses—Ready-made Meals Business*, Store Assets & Solutions Business, and Logistics and Food Processing Business. In the Ready-made Meals Business, HURXLEY operates a chain of directly managed and franchise Hokka Hokka Tei stores that sell freshly prepared takeout bento boxes (boxed meals) and deli foods. The business also offers party catering services. In the Store Assets & Solutions Business, TRN Corporation (now Tenpo Ryutsu Net, Inc.)* joined the Group in 2006 through an M&A deal, and is now driving consolidated earnings. The Logistics and Food Processing Business is growing rapidly, led by ASAHI L&C Corp. and Inaba Peanuts Co., Ltd. In December 2024, the Company consolidated HOSOYA Corporation, whose mainstay products are Zeitaku Shumai (premium shumai dumplings), Zeitaku Gyoza (premium gyoza), and Zeitaku Harumaki (premium spring roll).

* Tenpo Ryutsu Net (hereafter, "the TRN Group") is a group of five companies, including itself, and currently has four consolidated subsidiaries.

1. Overview of FY3/25 results

In FY3/25, sales and profits decreased due to the impacts of the absence of real estate sales of the previous fiscal year and high rice prices. Net sales decreased 3.4% year on year (YoY) to ¥45,175mn, operating profit declined 20.7% to ¥1,931mn, ordinary profit lowered 19.6% to ¥2,082mn, and profit attributable to owners of parent went down 24.8% to ¥1,204mn. However, the Company continued to show a trend of earnings recovery and expansion, with CAGR for the past three years (FY3/22 to FY3/25) of 12.5% for net sales and 20.8% for operating profit. Net sales benefited from sales increasing factors such as the boosting effect of consolidating HOSOYA Corporation in the Logistics and Food Processing Business, strong performance in the nut-based snack business and commissary business, and strong same-store sales of Hokka Hokka Tei in the Ready-made Meals Business. Operating profit decreased due to impacts including the absence of real estate sales of the previous fiscal year in the Store Assets & Solutions Business and high prices such as the price of rice in the Ready-made Meals Business.

2. FY3/26 results forecasts

For FY3/26, the Company forecasts higher sales and lower profits, with YoY growth in net sales of 16.7% to ¥52,700mn and declines in operating profit of 1.6% to ¥1,900mn, ordinary profit of 23.2% to ¥1,600mn, and profit attributable to owners of parent of 17.0% to ¥1,000mn. In FY3/26 again, growth is expected to be led by the Logistics and Food Processing Business. While the earnings of HOSOYA Corporation will contribute for the full year, factors such as goodwill amortization and the increasing cost of confectionery ingredients are also anticipated. In the Store Assets & Solutions Business, the Company will steadily target an increase in the number of tenant management contracts and an increase in recurring income. In addition, since the Company's forecast figures do not include net sales and profits from the sale of real estate (property sales), there is the possibility of exceeding the forecast if such sales are made. In the Ready-made Meals Business, the Company is expected to expand its earnings through sponsorship and store openings, etc., at Expo 2025 Osaka, Kansai, Japan.

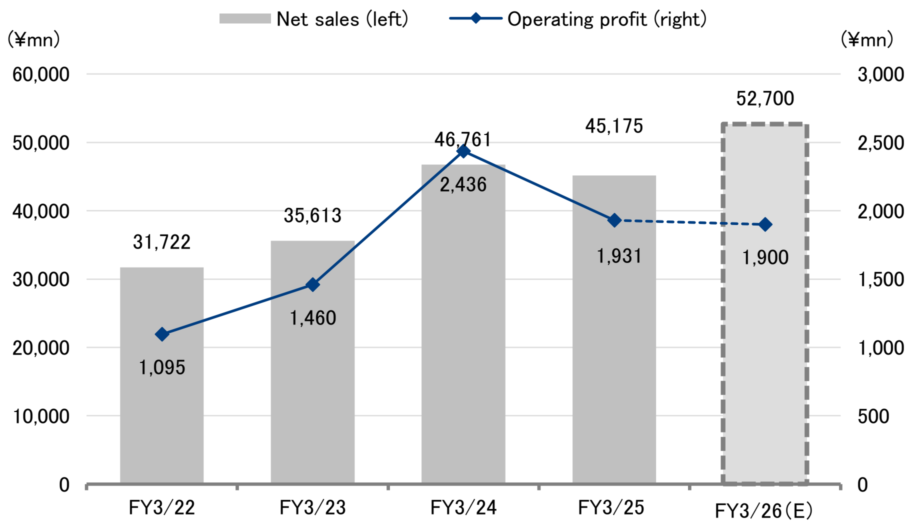
3. Growth strategy

The Company has been working toward medium-term management targets for the four fiscal years from FY3/25 to FY3/28. It aims to achieve sustainable growth by expanding its business domain through more aggressive growth investments, and by increasing corporate value through business growth and earnings expansion. It plans to make growth investments of roughly ¥17.8bn mainly in the Logistics and Food Processing Business, and also to engage in M&As in new domains, such as food production, frozen food production, confectionery production, and production and processing of agricultural, marine, and livestock products. Management targets for FY3/28 are ROE 8.3% (up 3.4 percentage point (pp) from FY3/25), full-year dividend ¥35.0, DOE 2.1%, net sales ¥72.0bn (up 559.4%), EBITDA ¥5.6bn (up 58.3%), and profit attributable to owners of parent ¥2.5bn (up 107.6%). The Company aims to increase shareholder returns as well as expand its business performance. In the first year, FY3/25, the Company finalized the conversion of HOSOYA Corporation into a consolidated subsidiary, making the Logistics and Food Processing Business the segment with the largest net sales in the Company. Looking ahead, further growth can be expected due to group synergies. For example, the Company is planning to sell a shumai bento at Hokka Hokka Tei. HOSOYA Corporation has manufacturing bases in East Japan, and the Company is therefore looking at strengthening its supply system to West Japan, offering significant growth potential from territorial expansion alone.

Key Points

- FY3/25 sales and profits decreased due to the impacts of the absence of real estate sales of the previous fiscal year and high rice prices
- FY3/26 is expected to see profit decrease despite double digit sales growth. Upside potential is contingent on real estate sales
- Aggressive investment centered on the Logistics and Food Processing Business, which grew into the largest segment

Results trend



Source: Prepared by FISCO from the Company's financial results

Company profile

Targeting growth driven by M&A in diverse fields related to food

1. Company profile

HURXLEY is a growing company. Expansion is being driven by M&A in diverse fields related to food with a focus on three core businesses—Ready-made Meals Business, Store Assets & Solutions Business, and Logistics and Food Processing Business. HURXLEY, which became the Company's current name in 1993, represents the Company's cherished 3H Spirit: HONESTY (honest dedication), HOT (hot bento boxes), HEART (heartfelt service), which are the Company's ("OUR") foundation as it pursues further possibilities ("X" = infinite possibilities) and learns from the symbiosis between nature and animals, like a meadow ("LEY"), to make life more efficient, harmonious, and prosperous. Representative Director and Chairperson Tatsuya Aoki, also the Company's founder, recognizes that HURXLEY's operating environment is changing. Responding to these changes, he is showing leadership by expanding the number of franchisees through a unique store chain operations system, diversifying and expanding the Company's business domains through M&A, and reinforcing the earnings base.

In 1976, the Company developed Japan's first takeout bento business format (Hokka Hokka Tei). As the business grew into a chain of stores, earnings expanded. The Company later moved into the Store Assets & Solutions Business to build a stronger business base. This business became part of the Group in 2006 through the acquisition of TRN Corporation (now Tenpo Ryutsu Net, Inc.). The Logistics and Food Processing Business is a fast-growing business segment with two core companies—ASAHI L&C, which is seeing strong external sales and demand for logistics services from major retailers, and Inaba Peanuts, a manufacturer and distributor of nut-based snacks that became a consolidated subsidiary in November 2022. In December 2024, the Company converted HOSOYA Corporation into a consolidated subsidiary.

The Company's shares were registered as over-the-counter securities in 1997 before being listed on the Second Section of the Tokyo Stock Exchange (TSE) and Osaka Securities Exchange (now Osaka Exchange [OSE]) in 2001. The shares were moved to the First Section of both markets in 2004. The TSE listing was moved to the TSE Prime Market as part of the market restructuring in April 2022. It then voluntarily transitioned to the Standard Market in October 2023. In June 2024, the Company announced its medium-term management targets, aiming for further growth through FY3/28, the final year of the targets.

History

Date	History
June 1976	Founded Hokka Hokka Tei business
July 1978	Opened first Hokka Hokka Tei franchise store
March 1980	Established Hokka Hokka Tei Osaka business division
November 1992	Established ASAHI Butsuryu Corp. (now consolidated subsidiary ASAHI L&C Corp.)
July 1993	Company name changed to HURXLEY CORPORATION
February 1997	Opened Kaizuka Rice Milling Plant (Kaizuka City, Osaka)
September 1997	Shares registered as over-the-counter securities with Japan Securities Dealers Association
February 2001	Listed on the Second Section of TSE and OSE
September 2004	Listings moved to the First Section of TSE and OSE
July 2005	Established Hanshin Commissary in Amagasaki City, Hyogo Prefecture
May 2008	Acquired majority stake in TRN Corporation, making it a consolidated subsidiary
February 2011	TRN Corporation becomes wholly owned subsidiary
March 2012	TRN Group reorganized through merger of four companies, surviving company renamed Tenpo Ryutsu Net, Inc.
June 2018	Started laundromat services
December 2019	Acquired all outstanding shares in Ajikoubou Suisen Corp. (now a consolidated subsidiary)
February 2021	Acquired all outstanding shares in First Mate Corp. (now a consolidated subsidiary)
March 2021	Acquired all outstanding shares in Annie, Inc. (now a consolidated subsidiary) through consolidated subsidiary Tenpo Ryustu Net, Inc.
October 2021	Moved to pure holding company structure
April 2022	Listing moved from TSE First Section to Prime Market due to TSE market restructuring
November 2022	Acquired all outstanding shares in Inaba Peanuts Co., Ltd. (now a consolidated subsidiary)
April 2023	Yagaishokuhin Co., Ltd., wholly owned subsidiary of Inaba Peanuts, becomes a subsidiary (now a consolidated subsidiary)
October 2023	Transitioned voluntarily from TSE Prime Market to Standard Market
December 2024	Acquired all outstanding shares of HOSOYA Corporation (now a consolidated subsidiary)
January 2025	Acquired all outstanding shares in Annie, Inc. through consolidated subsidiary Tenpo Ryutsu Net
April 2025	Concluded a business alliance with TKP <3479> Transferred 35% of the total number of outstanding shares of consolidated subsidiary Ajikoubou Suisen to TKP

Source: Prepared by FISCO from the Company's Annual Securities Reports

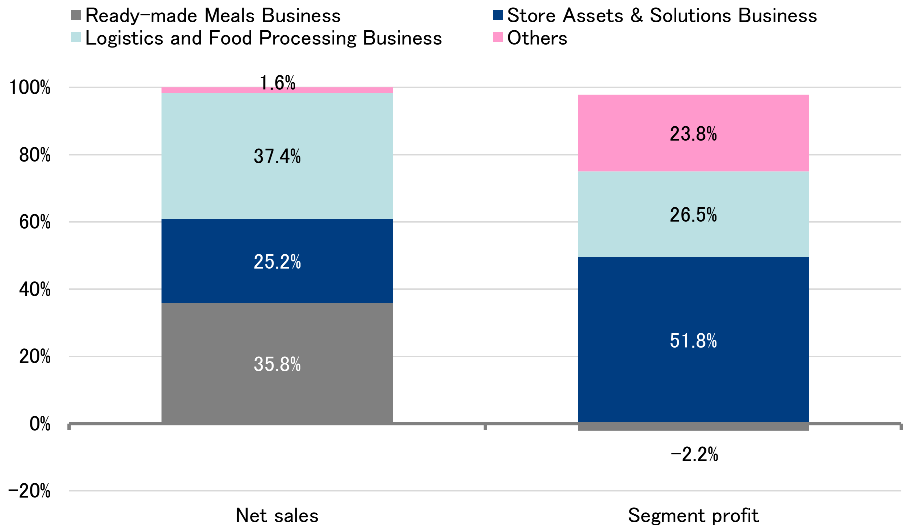
2. Business description

Among the Company's three businesses, in terms of FY3/25 net sales, the Logistics and Food Processing Business is the largest, while the largest in terms of segment profit is the Store Assets & Solutions Business. The Ready-made Meals Business operates Hokka Hokka Tei, which sells takeout bento boxes and deli foods, and a catering business for parties and other events. The Ready-made Meals Business is recovering from a downturn during the COVID-19 pandemic, and provided 35.8% of companywide net sales for FY3/25. However, the reason that it reported a segment loss was due to impacts such as high rice prices as its business model is centered on wholesale sales of ingredients to stores.

In the Store Assets & Solutions Business, the TRN Group operates a range of businesses: the store business, which provides store leasing and other solutions, mainly to restaurant operators; the store real estate business, which works to increase the value of commercial real estate through store leasing; the IT solutions business, which specializes in providing IT services to confectionery stores and bakeries; and the party and event equipment rental business. The business made a large contribution to consolidated earnings in FY3/25, accounting for 25.2% of total net sales and 51.8% of total operating profit.

The Logistics and Food Processing Business provides commissary services and food logistics services, including food product processing for major retailers and other stores. With Inaba Peanuts joining the Group in 2022 and HOSOYA Corporation joining in 2024, the Logistics and Food Processing Business has grown into the Company's third business pillar, accounting for 37.4% of total net sales and 26.5% of total operating profit. The above shares for net sales and operating profit that FISCO calculated include intra-segment sales and transfers on an unadjusted basis.

Breakdown of net sales and segment profit (FY3/25)



Note: Based on unadjusted segment profit
Source: Prepared by FISCO from the Company's financial results

Business overview

Operating three businesses—Ready-made Meals Business, Store Assets & Solutions Business, Logistics and Food Processing Business

1. Ready-made Meals Business

In the Ready-made Meals Business, the Group operates the Hokka Hokka Tei chain, which sells takeout bento boxes and deli foods, under the banner of "freshly made products even faster." It also provides catering services for different types of demand, including parties, events, and ceremonies. The Company has also established a rice milling plant and a quality control research center to provide consumers with safe and reliable food.

Hokka Hokka Tei has 817 stores nationwide, with franchise stores accounting for around 80% of the total (as of March 31, 2025). The remaining roughly 20% of stores are operated directly by the Company, which also handles headquarters functions. The Company's sales in the business are mainly generated by wholesale sales of food ingredients to Hokka Hokka Tei stores and by royalty income. It has built a unique store franchise system and provides store manager training at its training center, which covers basic operations, peak-hour operations, and store management skills. Hokka Hokka Tei stores typically have optimum store layouts of 20–25 tsubo (approximately 66–82 m^2), which reduces store opening expenses. The Company also offers an affiliated store rental system for directly managed stores. Under the system, operators rent the stores after joining the chain, allowing them to open their own stores with minimal capital outlay. This provides owners with a low-risk option to expand their businesses, as they can gain expertise in store operations and add more stores with minimal assets. For the company, this system serves as a mechanism to accelerate business expansion.

The business includes the Wash & Shine! chain of laundromats, which the Company is increasingly adding to roadside Hokka Hokka Tei stores. In addition, the Company has in recent years set up external sales teams to win more large orders. This is going well, with orders being received for events at various sites that have resumed since COVID-19 was reclassified as a Class 5 infectious disease.

The Company discloses monthly same-store sales (YoY) and number of stores as KPIs for the Ready-made Meals Business (deli foods and bento boxes). Same-store sales were firm since April 2024, exceeding year-earlier levels each month. While there is some variation from month to month, generally the trend is for an increase of approximately 1% to 4%. However, February 2025 saw the only YoY decrease for the month, down 1.7%. Meanwhile, store numbers continue to decrease gradually, falling from 837 stores as of April 2024 to 817 stores as of March 2025. However, the Company is promoting an efficient store opening strategy, opening 22 new stores in May 2025.

Hokka Hokka Tei KPI

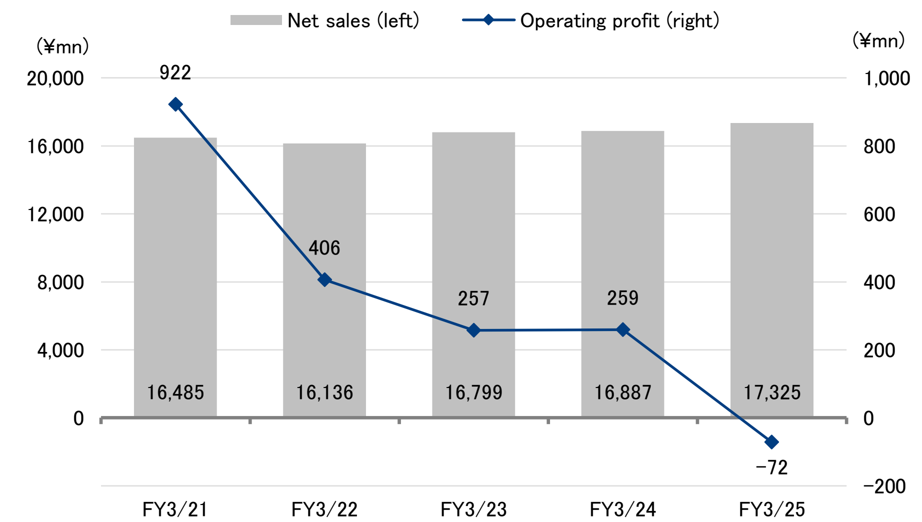
	KPI	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
FY3/25	Same-Store Net Sales (YoY)	102.2%	103.0%	104.3%	103.2%	101.9%	101.3%	101.8%	101.6%	101.1%	100.2%	98.3%	101.8%
	Number of stores	837	839	841	841	839	836	836	827	827	828	832	817
FY3/26	Same-Store Net Sales (YoY)	104.1%											
	Number of stores	810											

Source: Prepared by FISCO from the Company's press releases

Over the last five fiscal years, the Ready-made Meals Business (deli foods and bento boxes) has faced a challenging operating environment. During the COVID-19 pandemic, large orders for events dropped, competition intensified as supermarkets and restaurants strengthened their ready-made meal offerings, and demand for stay-at-home meals increased due to growth in telecommuting. Net sales were ¥16,485mn in FY3/21 and ¥16,136mn in FY3/22. Since FY3/23, the Company has actively worked to capture food delivery demand in response to the COVID-19 pandemic, and strengthened social media marketing, while demand for events and parties has recovered after COVID-19 was reclassified as a Class 5 infectious disease, supporting a gradual rebound, with net sales rising to ¥17,325mn in FY3/25.

Segment profit has been on a generally declining trend, from ¥922mn in FY3/21, to ¥406mn in FY3/22, ¥257mn in FY3/23, ¥259mn in FY3/24, and a segment loss of ¥72mn in FY3/25. The results reflect the impact of the COVID-19 pandemic, as well as high prices for energy and ingredients from FY3/22 onward. In FY3/25, the price of ingredients such as rice grew sharply, resulting in a segment loss.

Earnings in the Ready-made Meals Business



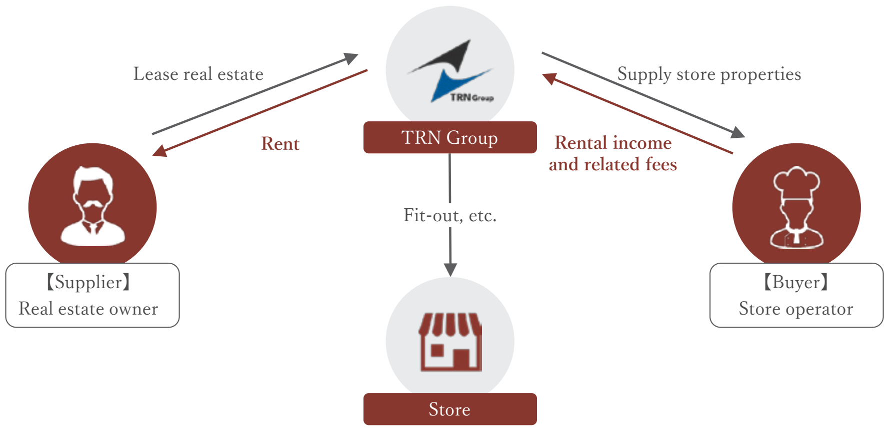
Source: Prepared by FISCO from the Company's financial results and materials

2. Store Assets & Solutions Business

The Store Assets & Solutions Business encompasses five TRN Group companies, including Tenpo Ryutsu Net. These companies operate a range of businesses: the store business provides solutions for store operators, including store leasing, store fit-out, and personnel placement services; the store real estate business acquires, develops, leases and, manages commercial real estate; the store real estate business invests in commercial buildings; the IT management solutions business develops and sells point-of-sale (POS) cash register systems that help improve the operation and management of confectionery and bakery stores; and the party and event equipment rental business.

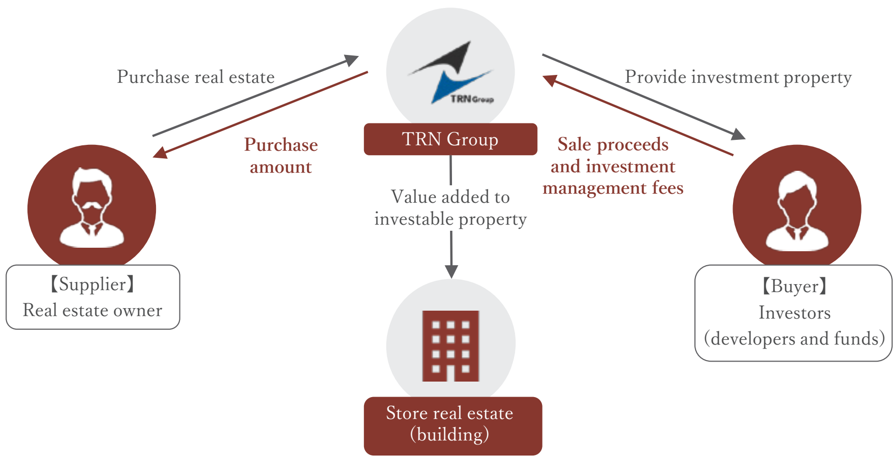
The main business is store leasing and management by Tenpo Ryutsu Net, which leases stores for restaurants and other businesses from real estate owners and subleases them to business operators. Since the business was launched in 2000, the TRN Group has supported the opening of more than 4,000 stores, with many secured in prime locations near train stations. This store lease scheme is designed to reduce initial costs and risks for the operator by covering the purchase price of fixtures, deposit and fit-out costs. As of April 2025, the Company had 1,019 stores under tenant management or store lease contracts. These stores generate recurring income, which is growing on a monthly basis. The Company also leases its own properties and properties it has been contracted to manage. One of its objectives is to sell its own properties after lease terms expire, however in FY3/25 there were no sales as the real estate market deteriorated. In this way, the Company's strength lies in its ability to provide a full range of support to store operators and other customers.

Shop support scheme (store leasing)



Source: Company materials

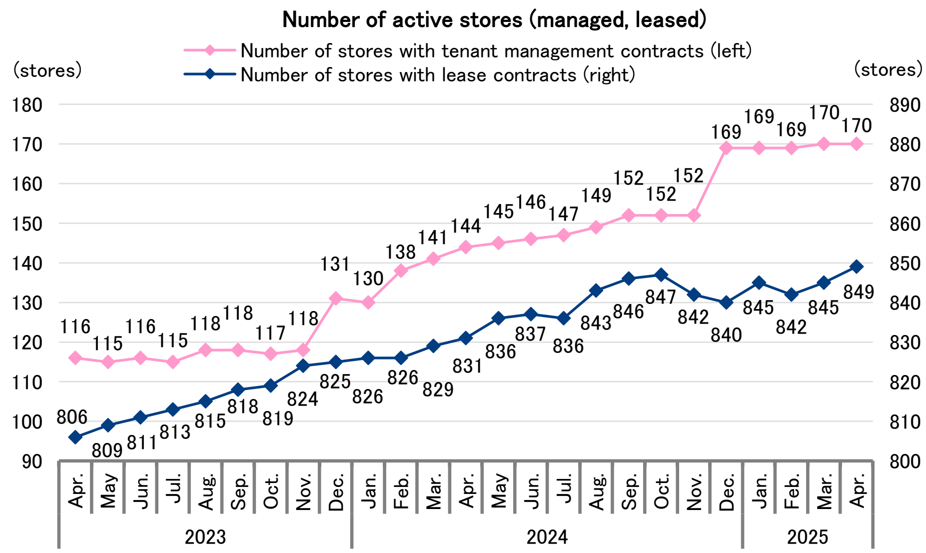
Real estate fund business scheme



Source: Company materials

Tenpo Ryutsu Net provides services for the food service sector which is struggling with labor shortages. These include mid-career and experienced personnel hiring support, foreign personnel hiring support, and human resource training services. In foreign personnel hiring support, the Company provides placement services mainly of personnel from Southeast Asia, based on a company's recruitment request. A range of support includes hiring interviews for jobseekers, visa acquisition, and Japanese language training. In Vietnam and Indonesia, the Company has concluded partnership agreements with government agencies, local governments, and universities, and is working to identify and train human resources to work in Japan. Tenpo Ryutsu Net is focusing on its human resources service and taking steps to strengthen it with the establishment of its new subsidiary company, TRN Global Career, Inc., through a spin-off conducted in October 2024.

For the Store Assets & Solutions Business, the Company discloses the number of stores with tenant management contracts and the number of stores with lease contracts on a monthly basis as KPIs. Both KPIs are accumulative, recurring income indicators. Since April 2023, the number of stores with tenant management contracts steadily increased by 54 and the number of stores with lease contracts increased by 43 (as of April 2025). The number of active stores as of April 2025 (number of stores with tenant management contracts + number of stores with lease contracts) surpassed 1,000 at 1,019.

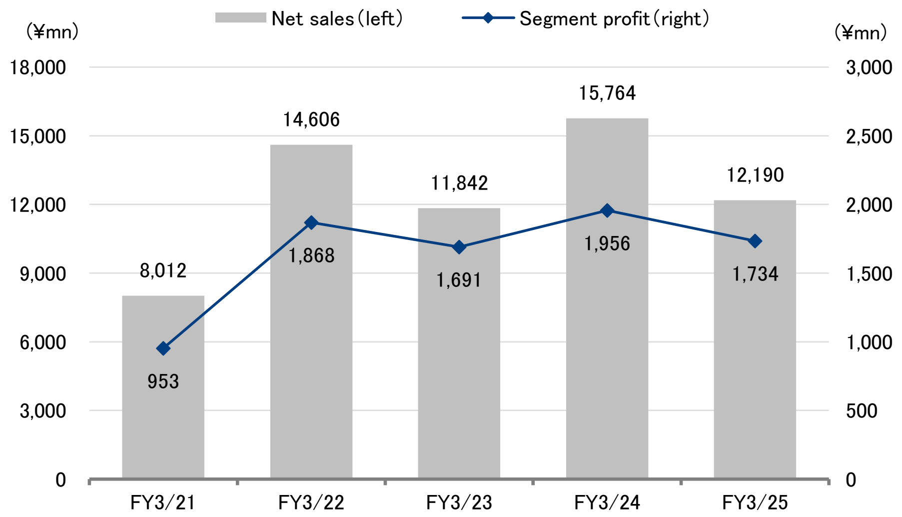


Source: Prepared by FISCO from the Company's press releases

For recent trends in the Store Assets & Solutions Business, we use the recent four-year period from FY3/22 to FY3/25, as the Accounting Standard for Revenue Recognition was applied from the start of FY3/22 and the segment was reclassified from FY3/23 (previously classified as the Store Consignment Business and the Store Management Business until FY3/22).

For FY3/22–FY3/25, net sales were ¥14,606mn, ¥11,842mn, ¥15,764mn, and ¥12,190mn, respectively, and segment profit was ¥1,868mn, ¥1,691mn, ¥1,956mn, and ¥1,734mn. The declines in net sales and profits in FY3/23 and FY3/25 largely reflected decreases in the number of properties sold. Despite some fluctuations due to market conditions and other factors, real estate sales and profits have generally been rising. Also, efforts by the Company to diversify operations are starting to steadily bear fruit in areas such as HR recruitment solutions amid the labor shortage in the food service sector and system development and sales of POS cash registers. In addition, demand for large parties by luxury brands has been gradually recovering after the COVID-19 pandemic.

Earnings in the Store Assets & Solutions Business



Source: Prepared by FISCO from the Company's financial results and materials

3. Logistics and Food Processing Business

In the Logistics and Food Processing Business, ASAHI L&C processes food products for Hokka Hokka Tei stores, handles the commissary business which manufactures OEM products for major retailers and logistics operations for products and food ingredients. Also, Inaba Peanuts manufactures and sells peanuts, dried fruits, and other nut-based snacks on a wholesale basis. HOSOYA Corporation manufactures and sells chilled shumai and other Chinese deli items. The commissary business manufactures chicken products such as fried chicken on an OEM basis for supermarket and convenience store chains. It also handles spot orders for a large number of customers and the business consistently operates at full capacity. In addition, sales proposals tailored to regional markets and seasonal trends contribute to sales growth.

The Company has Hanshin Commissary plant and Kaizuka rice milling center. In 2017, the Company gained FSSC 22000 certification, an international standard for food safety management systems, helping it win the trust of customers, including major businesses. The logistics business is engaged in regional distribution through 11 logistics centers (including the Kagoshima center in the south and the Hokkaido center in the north), which were established to deliver products to Hokka Hokka Tei stores nationwide.

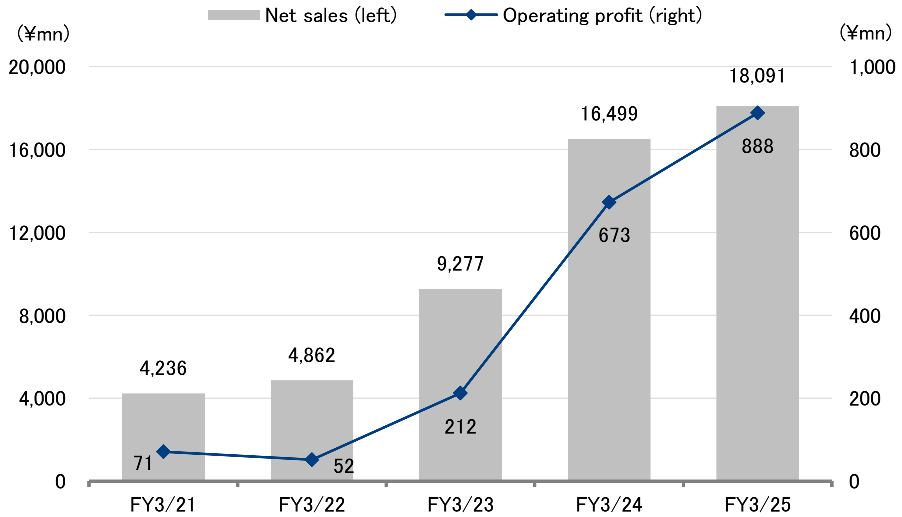
Inaba Peanuts, which joined the Group in November 2022, is a snack and confectionary manufacturer with over 100 years of history (founded in 1918). Inaba Peanuts was the first in the industry to introduce nitrogen gas-filled packaging and high-precision automatic sorting machines. Throughout its history it has pursued delicious products by focusing on the quality of food ingredients. The product range includes Jane's Krazy Mixed-Up Salt Buttered Peanuts, Jane's Krazy Mixed-Up Salted Nuts, Seven Kinds of Mixed Nuts for Nut Lovers, and Seven Kinds of Mixed Nuts & Fruits for Nut Lovers, which it sells to major supermarkets, drugstores, and convenience store. It also manufactures private brand (PB) products on a contract basis. In April 2023, Yagaishokuhin Co., Ltd., a wholly owned subsidiary of Inaba Peanuts, became a consolidated subsidiary of HURXLEY. Yagaishokuhin developed Hoshiimo (dried sweet potato), which is made from Beni Haruka (red sweet potato) produced in its home market of Ibaraki Prefecture. Hoshiimo is a popular product that continues to generate stable sales. It is also included on the list of hometown tax return gifts for Chikusei City, Ibaraki Prefecture. HOSOYA Corporation joined the Group in December 2024, a long-established food manufacturer founded in 1907 that develops and manufactures chilled and frozen foods centered on Zeitaku Shumai (premium shumai dumplings), Zeitaku Gyoza (premium gyoza), and Zeitaku Harumaki (premium spring roll), selling products under its own brand and PB mainly to supermarkets throughout Japan. Among these, Zeitaku Shumai is HOSOYA Corporation's mainstay product, with the leading share of the Japanese chilled shumai market.

Inaba Peanuts, Yagaishokuhin and HOSOYA Corporation products and interior view of Hanshin Commissary

Source: The Company materials

Looking at trends in the Logistics and Food Processing Business for the last five fiscal years, FY3/21 net sales were ¥4,236mn and segment profit was ¥71mn, and FY3/22 net sales were ¥4,862mn with segment profit of ¥52mn. From FY3/23, growth accelerated, with net sales of ¥9,277mn and segment profit of ¥212mn, FY3/24 net sales of ¥16,499mn and segment profit of ¥673mn, and FY3/25 net sales of ¥18,091mn and segment profit of ¥888mn. This reflected high plant capacity utilization in the commissary business on strong OEM manufacturing orders from supermarkets and convenience stores, the consolidation of Inaba Peanuts, and steady growth in orders and the number of stores that stock popular standard products. Another factor was the contribution from the consolidation of HOSOYA Corporation in 4Q FY3/25.

Earnings in the Logistics and Food Processing Business



Source: Prepared by FISCO from the Company's financial results

Results trend

FY3/25 sales and profits decreased due to the impacts of the absence of real estate sales and high rice prices

1. Overview of FY3/25 results

In FY3/25, sales and profits decreased. Net sales decreased 3.4% YoY to ¥45,175mn, operating profit declined 20.7% to ¥1,931mn, ordinary profit lowered 19.6% to ¥2,082mn, and profit attributable to owners of parent went down 24.8% to ¥1,204mn. Although sales and profits did not reach the new record set in FY3/24, the Company continued to show a trend of earnings recovery and expansion, with CAGR for the past three years (FY3/22 to FY3/25) of 12.5% for net sales and 20.8% for operating profit.

Net sales increased. In the Logistics and Food Processing Business, this reflected the contribution of HOSOYA Corporation following its conversion to a consolidated subsidiary in December 2024 as well as strong performance in the nut-based snack business and commissary business. In the Ready-made Meals Business, the result increased due to a positive trend in same-store sales of Hokka Hokka Tei. On the other hand, in the Store Assets & Solutions Business, segment sales decreased by ¥3,574mn from the previous fiscal year, when property sales were brisk, as the real estate market appeared to be affected by factors including a sense of wariness over rising market interest rates following the increase in the policy interest rate, making conditions for property sales less favorable. Moreover, from FY3/25, the processing of sales commissions in the Logistics and Food Processing Business was changed to a system of reducing the sales amount, resulting in a ¥1,135mn decrease effect on net sales. As a result, in the Ready-made Meals Business segment sales increase 2.6% YoY to ¥17,325mn, while the Store Assets & Solutions Business, segment sales decreased by 22.7% to ¥12,190mn, and in the Logistics and Food Processing Business, segment sales rose 9.6% to 18,091mn.

Operating profit decreased, mainly reflecting a decrease in gross profit by 5.0% YoY to ¥14,491mn, despite reducing SG&A expenses by 2.0% to ¥12,559mn. Looking at segment profit, in the Ready-made Meals Business the Company reported a segment loss of ¥72mn (¥259mn profit in the previous fiscal year), as cost increases centered on high rice prices created downward pressure on profits. In the Store Assets & Solutions Business, profit decreased by 11.3% YoY to ¥1,734mn, reflecting the absence of real estate sales of the previous fiscal year. The Ready-made Meals Business returned to profitability in FY3/25 2H, with a standalone profit of ¥47mn, and is now making progress on responding to the changing environment. In the Logistics and Food Processing Business, segment profit increased 31.9% YoY to ¥888mn, due to the effect of higher sales and reduction of production costs.

In FY3/25, the Company made strategic investments in the Logistics and Food Processing Business, which became the Company's largest segment by sales, and its earning capabilities also appear to have increased steadily.

FY3/25 Consolidated Income Statement

(¥mn)

	FY3/24		FY3/25			
	Results	vs. net sales	Results	vs. net sales	Change	YoY
Net sales	46,761	100.0%	45,175	100.0%	-1,586	-3.4%
Cost of sales	31,510	67.4%	30,683	67.9%	-827	-2.6%
Gross profit	15,251	32.6%	14,491	32.1%	-760	-5.0%
SG&A expenses	12,814	27.4%	12,559	27.8%	-255	-2.0%
Operating profit	2,436	5.2%	1,931	4.3%	-505	-20.7%
Ordinary profit	2,588	5.5%	2,082	4.6%	-506	-19.6%
Profit attributable to owners of parent	1,601	3.4%	1,204	2.7%	-397	-24.8%

Source: Prepared by FISCO from the Company's financial results

Maintained a health financial condition, even after large-scale M&A

2. Financial condition and management indicators

Looking at the Company's financial condition at the end of FY3/25, net assets were ¥73,427mn, up ¥9,029mn from the end of the previous fiscal year. Of these, current assets were ¥29,557mn, up ¥1,889mn. Looking at the main factors, although cash and deposits decreased ¥2,273mn, merchandise and supplies increased ¥3,153mn and notes and accounts receivable-trade, and contract assets increased ¥759mn. Non-current assets increased ¥7,141mn to ¥43,870mn. This is mainly because goodwill increased ¥5,980mn due to the acquisition of all of the shares of HOSOYA Corporation and its conversion into a wholly-owned subsidiary.

Total liabilities stood at ¥48,765mn, up ¥8,521mn from the end of the previous fiscal year. Of these, current liabilities were ¥16,886mn, up ¥1,280mn. This is mainly because short-term borrowings increased ¥2,268mn. Non-current liabilities increased ¥7,242mn to ¥31,878mn, mainly reflecting an increase in long-term borrowings of ¥6,977mn. Interest-bearing debt increased ¥8,612mn to ¥35,304mn. Total net assets increased ¥507mn to ¥24,662mn. This mainly reflects the recording of profit attributable to owners of parent.

In management indicators, the liquidity ratio of 175.0%, although this was at the time of impact of a major M&A, while the equity ratio stood at 33.6%, giving no cause for concerns regarding safety. The Company's financial foundation is sound, and it has the capacity and drive to pursue its M&A strategy.

Consolidated balance sheets and management indicators

(¥mn)

	End of FY3/24	End of FY3/25	Change
Current assets	27,668	29,557	1,889
Cash and deposits	14,611	12,338	-2,273
Notes and accounts receivable-trade, and contract assets	3,068	3,827	759
Merchandise and supplies	7,574	10,727	3,153
Non-current assets	36,729	43,870	7,141
Goodwill	490	6,470	5,980
Total assets	64,398	73,427	9,029
Current liabilities	15,606	16,886	1,280
Short-term borrowings	1,965	4,233	2,268
Non-current liabilities	24,636	31,878	7,242
Long-term borrowings	19,507	26,484	6,977
Total liabilities	40,243	48,765	8,521
Total net assets	24,155	24,662	507
Total liabilities and net assets	64,398	73,427	9,029
<Stability>			
Current ratio (current assets / current liabilities)	177.3%	175.0%	-
Equity ratio (shareholders' equity / total assets)	37.5%	33.6%	-
<Efficiency / profitability>			
ROE (Return on Equity)	6.9%	4.9%	-
ROA (Return on Assets)	4.2%	2.8%	-

Source: Prepared by FISCO from the Company's financial results

Outlook

FY3/26 is expected to see profit decrease despite double digit sales growth. Upside potential is contingent on real estate sales

For FY3/26, the Company forecasts higher sales and lower profits, with net sales of ¥52,700mn, up 16.7% YoY, operating profit of ¥1,900mn, down 1.6%, ordinary profit of ¥1,600mn, down 23.2%, and profit attributable to owners of parent of ¥1,000mn, down 17.0%.

In FY3/26 again, growth is expected to be led by the Logistics and Food Processing Business. While the earnings of HOSOYA Corporation will contribute for the full year, factors such as goodwill amortization and the increasing cost of confectionery ingredients are also anticipated. In the Store Assets & Solutions Business, the Company will steadily target an increase in the number of tenant management contracts and an increase in recurring income. In addition, since the Company's forecast figures do not include net sales and profits from the sale of real estate (property sales), there is the possibility of exceeding the forecast if such sales are made. In the Ready-made Meals Business, the Company is expected to expand its earnings through sponsorship and store openings, etc., at Expo 2025 Osaka, Kansai, Japan.

FY3/26 results forecasts

(¥mn)

	FY3/25 Results	FY3/26		
		Forecast	Change	YoY
Net sales	45,175	52,700	7,525	16.7%
Operating profit	1,931	1,900	-31	-1.6%
Ordinary profit	2,082	1,600	-482	-23.2%
Profit attributable to owners of parent	1,204	1,000	-204	-17.0%

Source: Prepared by FISCO from the Company's financial results

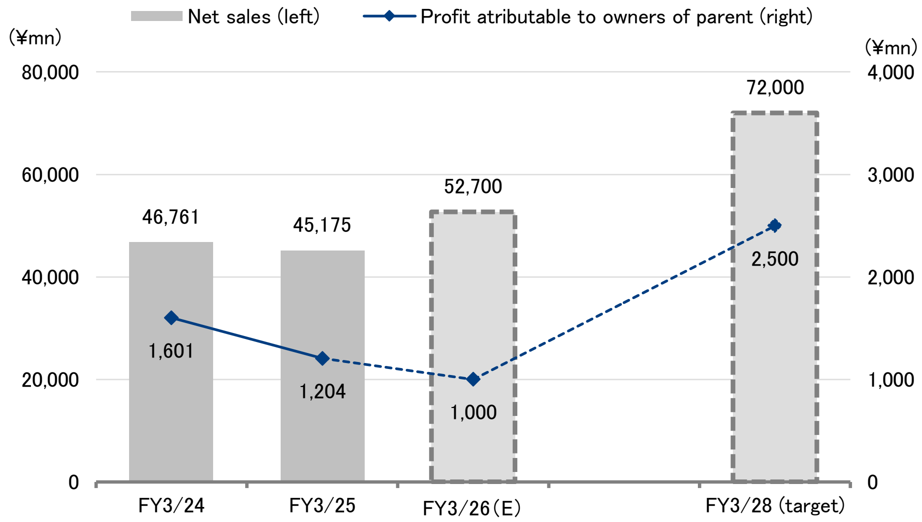
Growth strategy

Aggressive investment centered on the Logistics and Food Processing Business, which grew into the largest segment

1. Overview of medium-term management targets

The Company is working toward medium-term management targets for the four fiscal years from FY3/25 to FY3/28. It aims to achieve sustainable growth by expanding its business domain through more aggressive growth investments, and by increasing corporate value through business growth and earnings expansion. It plans to invest roughly ¥17.8bn (¥12.0bn in M&A and ¥5.8bn in capital investment) in growth areas, mainly in Logistics and Food Processing Business, and to engage in M&As in new domains such as production, frozen food production, confectionery production, and production and processing of agricultural, marine, and livestock products. Management targets for FY3/28 are ROE 8.3% (up 1.4pp from FY3/24), full-year dividend ¥35.0, DOE 2.1%, net sales ¥72.0bn (up 54.1%), EBITDA ¥5.6bn (up 47.4%), and profit attributable to owners of parent ¥2.5bn (up 56.3%). The Company aims to increase shareholder returns as well as expand its business performance. In the first fiscal year, FY3/25, it has completed the conversion of HOSOYA Corporation into a consolidated subsidiary, making the Logistics and Food Processing Business into the Company's largest segment by sales.

Medium-term management targets and results forecast



Source: Prepared by FISCO from the Company's financial results and press release, "Formulation of medium-term management targets (FY3/28 final-year targets)"

2. Consolidation of HOSOYA Corporation

In December 2024, the Company acquired 100% of the shares of HOSOYA Corporation, making it a subsidiary. HOSOYA Corporation is a long-established food manufacturer founded in 1907 that develops and manufactures chilled and frozen foods centered on Zeitaku Shumai (premium shumai dumplings), Zeitaku Gyoza (premium gyoza), and Zeitaku Harumaki (premium spring roll), selling products under its own brand and PB mainly to supermarkets throughout Japan. Among these, Zeitaku Shumai and Zeitaku Gyoza are HOSOYA Corporation's mainstay products.

HOSOYA Corporation's FY9/24 financial results were net sales of ¥7,337mn and operating profit of ¥463mn, which were consolidated into the Company in 4Q FY3/25, increasing the net sales of the Logistics and Food Processing Business by approximately ¥1.8bn.

The Company is proceeding with a plan to leverage its group synergies by selling a shumai bento at Hokka Hokka Tei, and has already conducted test sales at some stores. According to the Company, the product was well received. HOSOYA Corporation has manufacturing bases in East Japan, and the Company is therefore looking at strengthening its supply system to West Japan, offering significant growth potential from territorial expansion alone.

3. Business alliance with TKP

In April 2025, the Company entered a business alliance agreement with TKP Corporation <3479> (hereafter, "TKP"), which provides general spatial services with added value by using idle real estate to revive spaces. As part of this business alliance, the Company has decided to transfer a portion (35% ownership of the total number of outstanding shares) of the outstanding shares of its subsidiary, Ajikoubou Suisen Corp., which provides food delivery, catering, and bento delivery services.

By making effective use of both companies management resources and expertise to increase business efficiency and so forth, the Company aims to develop the catering business of Ajikoubou Suisen. Furthermore, the Company is also examining selling the group's products to TKP customers with the aim of increasing both companies' corporate value.

4. Initiatives at Expo 2025 Osaka, Kansai

The Company has cooperated with and exhibited at the "Future Food and Culture Zone" of the Osaka Healthcare Pavilion at the Expo 2025 Osaka, Kansai, which is being held from April 2025. According to the Company, the bento of the future, "One Hand Bento," created by the originator of the nori bento, Hokka Hokka Tei, has drawn attention and even been covered by the media, as visitors have enjoyed the convenience of being able to eat it while walking.

One Hand Bento

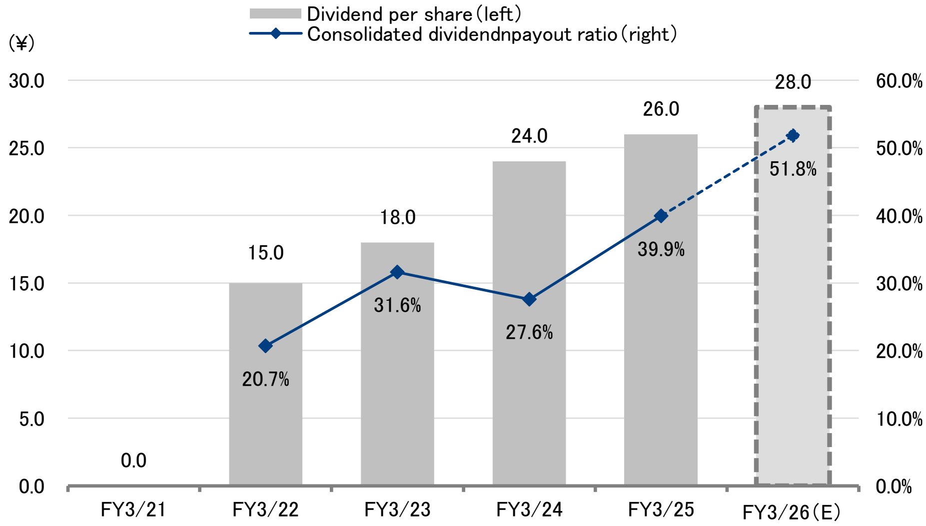
Source: The Company's press release

Shareholder return policy

Basic policy of ensuring that dividends remain above the level of the previous year. FY3/25 dividend of ¥26.0

Its basic policy is to maintain stable dividends while also allocating profits to growth investments. The Company also clarified its commitment to returning profits to shareholders, stating that it "aims to ensure dividends remain above the level in the previous year by increasing dividends," in line with growth in net profit per share. Under the medium-term management targets, it is aiming for a full-year dividend of ¥35.0 per share in FY3/28, suggesting dividends could increase at a pace of roughly ¥2.0–3.0 per year. It also plans to buy back shares in a flexible manner, comprehensively taking into account capital levels and equity market conditions, as well as growth in ROE and net profit per share. The annual dividend for FY3/25 increased by ¥2.0 YoY to ¥26.0, for dividend payout ratio of 39.9%. In FY3/26, the Company expects to increase the dividend by ¥2.0 to ¥28.0, for a dividend payout ratio of 51.8%.

Dividend per share and consolidated dividend payout ratio



Note: The Company conducted a 2-for-1 stock split of common shares on October 1, 2021; amounts prior to FY3/22 have been retroactively restated to reflect the stock split.
Source: Prepared by FISCO from the Company's financial results and IR news

Sustainability management

Aims to support safe and secure lifestyles, protect the global environment

To realize its management philosophy —Wishing for the health and happiness of all people, creating a more prosperous tomorrow —the Company aims to build infrastructure that supports safe and secure lifestyles and to protect the global environment through sustainable business practices. The Company has identified five priority issues (materiality) and established related goals.

1) Create a prosperous, safe, and secure tomorrow: More enjoyable cities of the future
   Three specific goals: Prepare for natural disasters, prepare for outbreaks of infectious disease, and adapt to technological innovation and regulatory reform.
2) Corporate management that motivates people: A company employees can be proud of with other stakeholders
   Three specific goals: Support the development of human resources, ensure human rights-oriented management, and enhance work-life balance and diversity.
3) Environmentally friendly corporate management [E]: Measures to create a sustainable society and future
   Two specific goals: Implement measures to address global warming, and create a circular economy and society.
4) Society-friendly corporate management [S]: Work with stakeholders and local communities to create a prosperous tomorrow
   Two specific goals: Create a prosperous tomorrow with stakeholders, and build a shared prosperous future with local communities.
5) Disciplined, self-improving corporate management [G]: A sound and stable management base that adapts to the operating environment
   Three specific goals: Implement corporate governance, reinforce risk management and BCP, and implement safety and quality initiatives.

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■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp