May 13, 2026

To Whom It May Concern

Company Name : HURXLEY CORPORATION
Representative : Tatsuya Aoki, Representative Director, Chairperson and President
(Code No. 7561; Tokyo Stock Exchange Standard Market)
Contact: Masaya Nakano, General Affairs Manager
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# Management Conscious of Cost of Capital and Stock Price (Update)

We analyzed and evaluated the current situation regarding our policy initiatives toward management conscious of cost of capital and stock price, formulated a policy for future initiatives to enhance corporate value, and announced this on June 3, 2024.

Based on the consolidated financial results for the fiscal year ended March 2026 (April 1, 2025 to March 31, 2026), we hereby provide an update on the self-assessment of the above initiatives, progress on medium-term management targets, and future initiatives.

For details, please refer to the attached document ""Initiatives Toward Management Conscious of Cost of Capital and Stock Price (Update).""

End of document

# Management Conscious of Cost of Capital and Stock Price (Update)

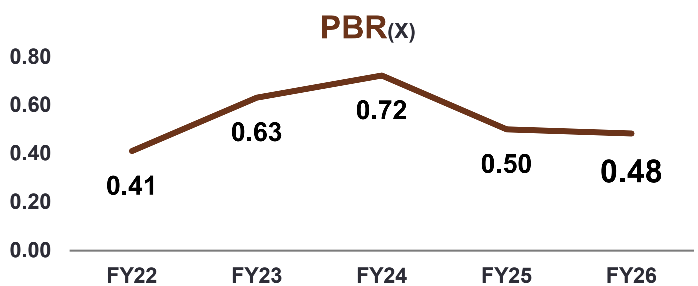
TSE Standard Market 7561

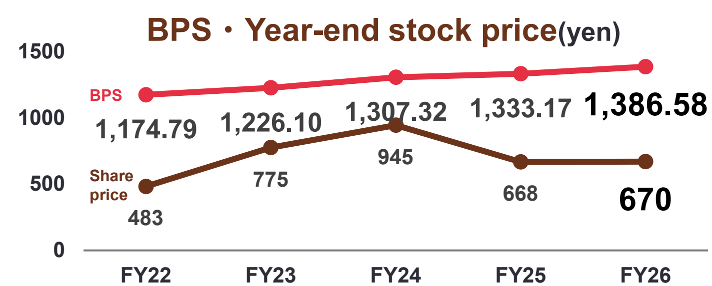
HURXLEY CORPORATION

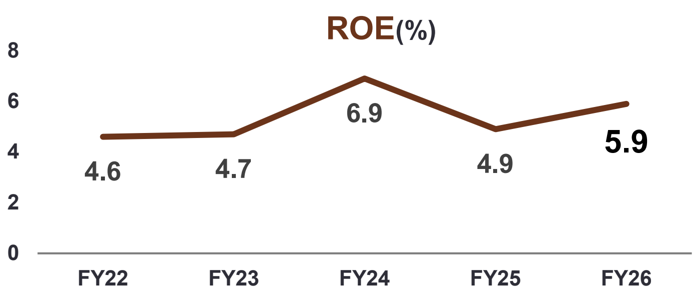
May 13, 2026

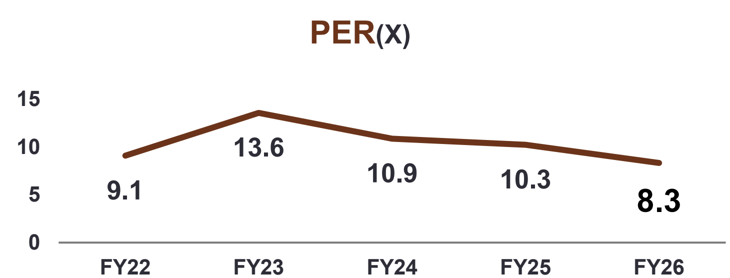
# Analysis of the current condition and evaluation - 1

- The Company's PBR (price-to-book ratio) over the past 5 years has been on a downward trend, from a high of 0.72x in FY24 (fiscal year ended March 2024) to 0.50x in FY25 (fiscal year ended March 2025) and 0.48x in FY26 (fiscal year ended March 2026).
- For the fiscal year ended March 2026, net sales, operating profit, and ordinary profit each reached record highs, showing a growth trajectory. However, due to investor concerns about earnings stability (downside risk) and the growth strategy not being fully understood and thus not gaining recognition, the PER (price-to-earnings ratio) over the past 5 years has been on a downward trend from a high of 13.6x in FY23 (fiscal year ended March 2023).
- ROE (return on equity) has been improving despite some fluctuations.
- BPS (book value per share) has been on an upward trend due to continued accumulation of net income, but the stock price has been affected by recent stock market instability, resulting in PBR remaining at low levels.
- The Company has not achieved a return on equity (ROE) exceeding the cost of shareholders' equity, and as a result, may not be receiving adequate recognition from investors.



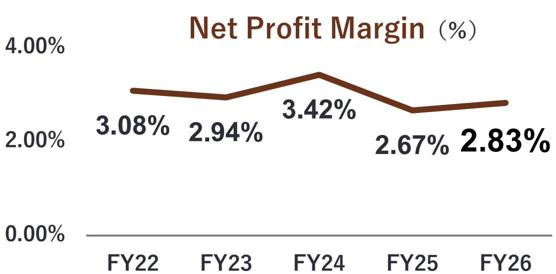



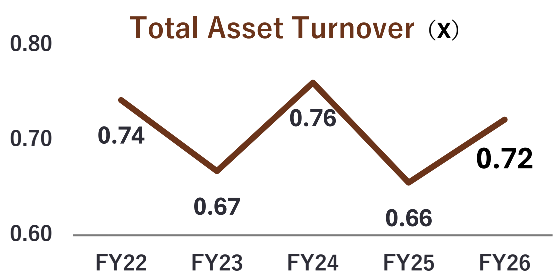



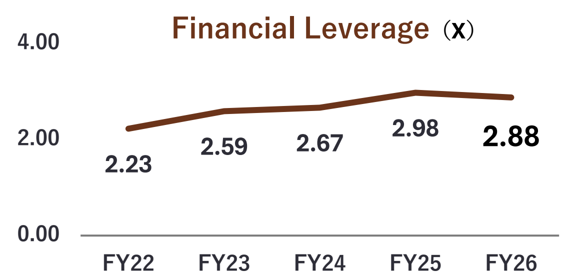



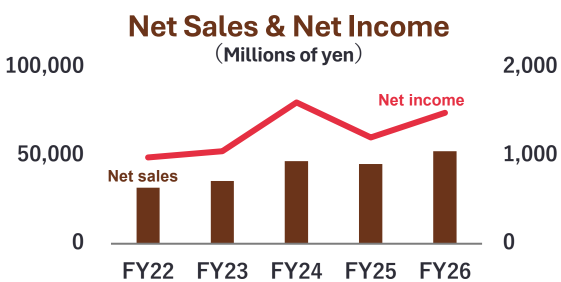
# Analysis of the current condition and evaluation - 2

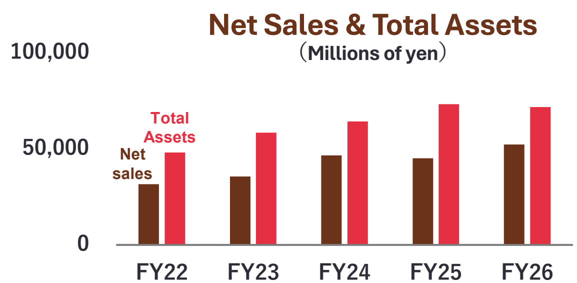
- The Company‘s cost of shareholders’ equity was estimated at around 8% at the time of the June 2024 announcement of “”Policies for Initiatives to Realize Management Conscious of Cost of Capital and Share Price“” and the ""Medium-Term Management Targets (final year: fiscal year ending March 2028).""
- Based on the above assumptions, we set an ROE target of 8.3% for the final year of the medium-term management targets (fiscal year ending March 2028). While ROE improved by 1 percentage point from 4.9% in FY25 (fiscal year ended March 2025) to 5.9% in FY26 (fiscal year ended March 2026), it still falls short of the assumed cost of capital.
- Breaking down ROE into ""net income margin,"" ""total asset turnover,"" and ""financial leverage"" reveals challenges in ""net income margin"" and ""total asset turnover.""
- Using M&A as a means to secure competitiveness for sustainable growth, we have taken on the challenge of expanding into new business areas and transforming our business portfolio, improving our ""earnability.""
- The burden of ""goodwill amortization"" is impacting ""net income,"" ""net income margin,"" and ""EPS (earnings per share).""
- Total asset turnover is being affected by the increase in intangible fixed assets (goodwill) and operating assets in line with business expansion, as well as asset reduction through real estate sales.

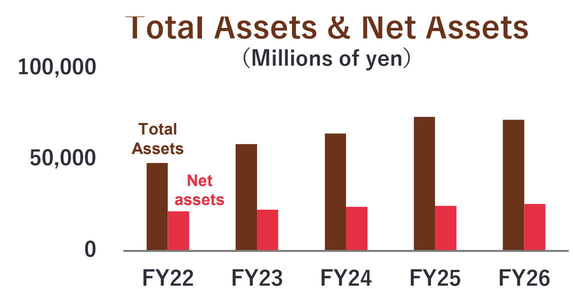


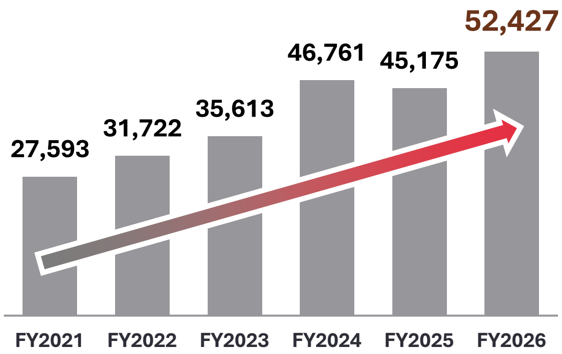



# Consolidated Results Trends (Unit: Millions of Yen)

HURXLEY

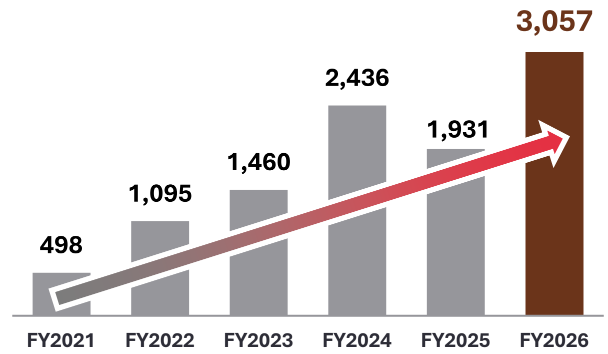
## Sales transition

CAGR 13.7%



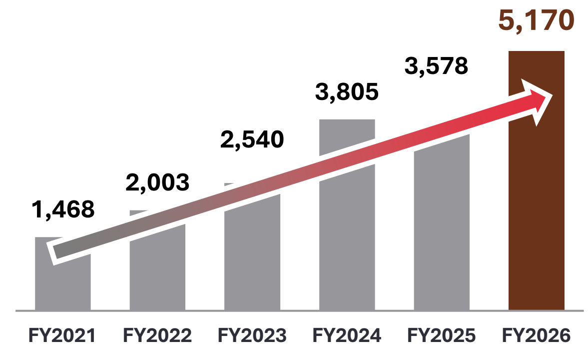

## Operating Profit Transition

CAGR 43.8%



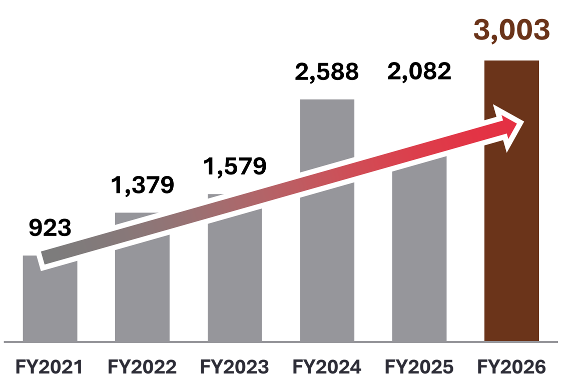

## trends of EBITDA

CAGR 28.7%



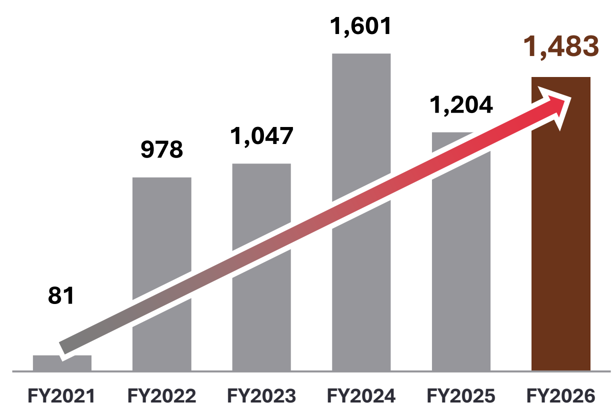

## Ordinary income

CAGR 26.6%



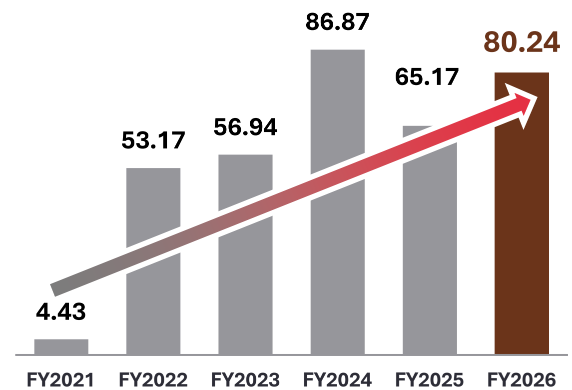

## current net Profit Transition

CAGR 78.9%




## Per share data current net profit Transition (Yen)

CAGR 78.9%



# Ideal State (Long-Term Vision)

## Ideal State (Long-Term Vision)

A corporate group that produces a series of activities related to food production, processing, logistics, and consumption (Food Integration Company)


**Shift business to higher value-added upstream**

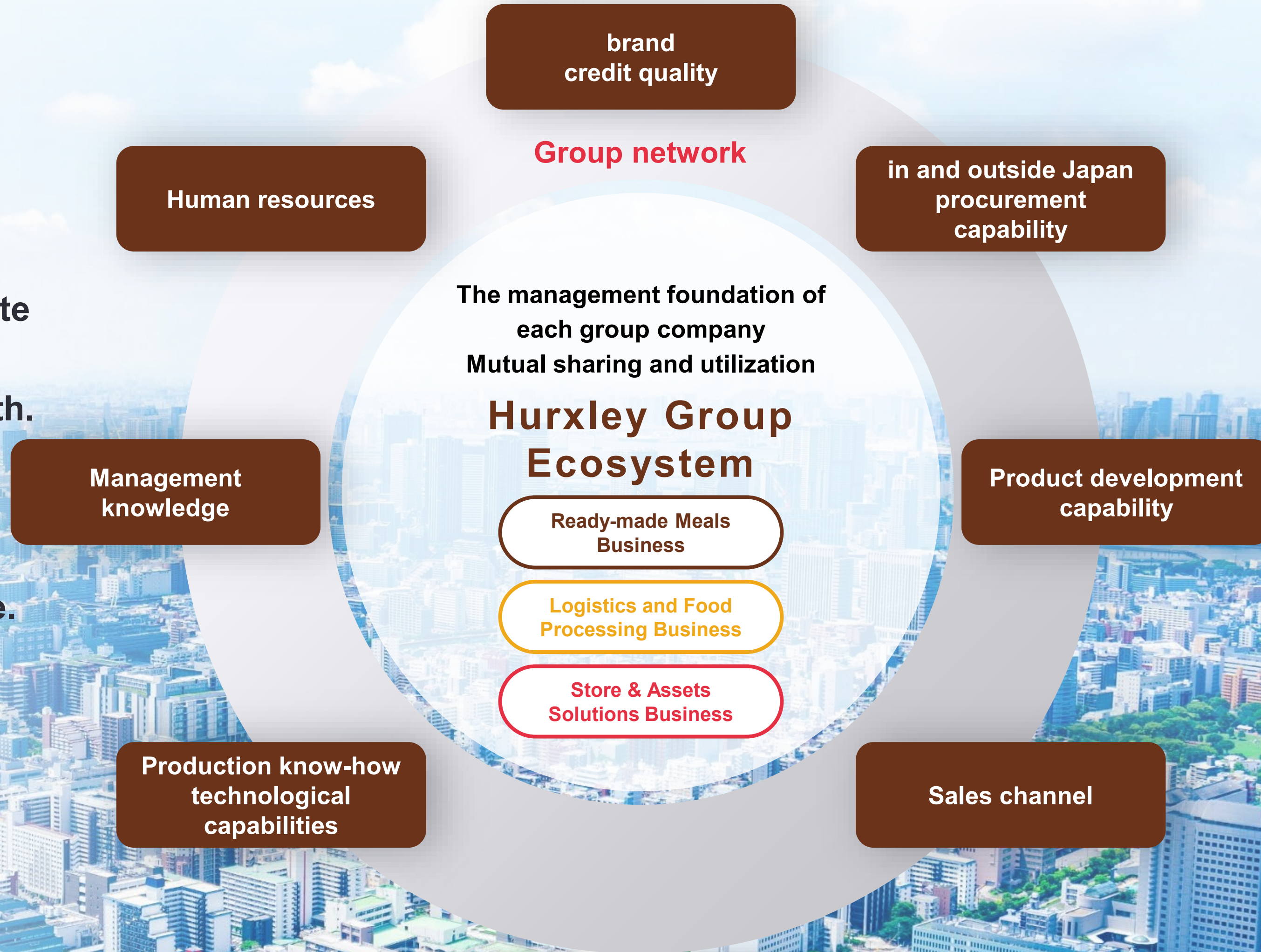
(Building an integrated food value chain from material procurement, processing/manufacturing to sales)

In the food sector, to mitigate risks and stabilize earnings through diversification of revenue sources, and to create new synergies and growth opportunities,we aim to achieve sustainable growth and maximize shareholder value through **conglomerate management—a multi-faceted business model** that encompasses multiple businesses across different industries and adapts our operations accordingly.

# Target State (HURXLEY Group Ecosystem)

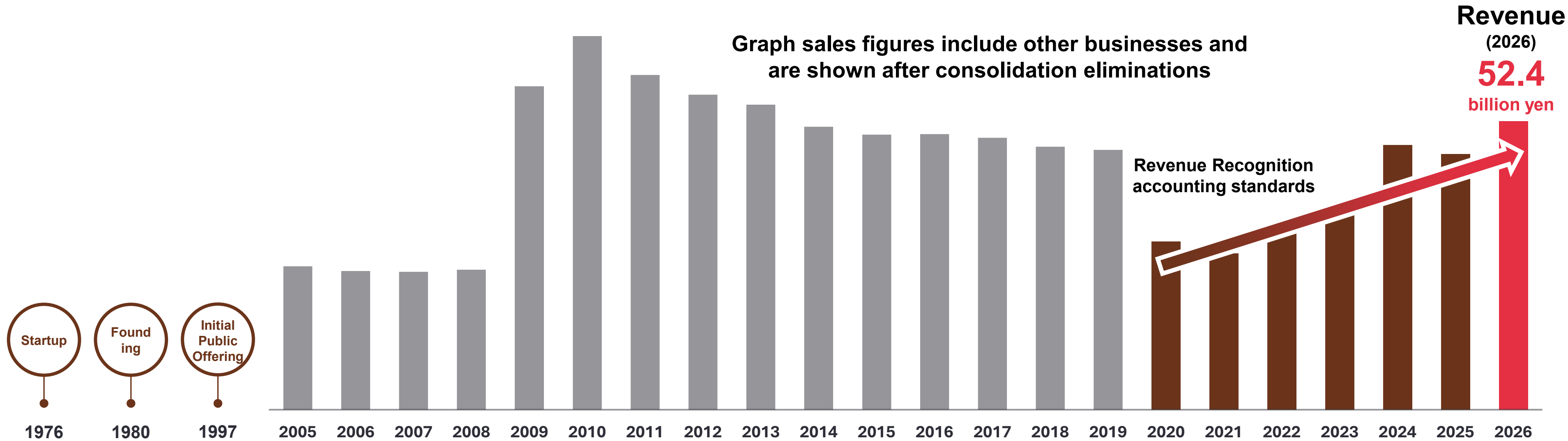
Rather than a roll-up strategy,
the Company has pursued
**business diversification,**
**diversification,**
**and business combinations**
through a so-called conglomerate strategy to achieve overall management stability and growth.
We will continue to pursue multiple business possibilities and strive for further enhancement of corporate value.

**Maximizing the strengths of** diverse businesses to drive innovation
and create significant value as a whole



# Progress Toward Value Creation

Graph sales figures include other businesses and are shown after consolidation eliminations




## Ready-made Meals Business

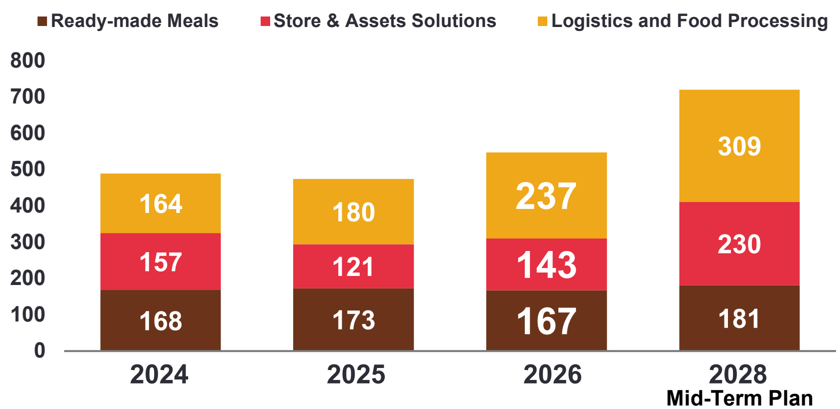
## Store & Assets Solutions Business

Currently Tenpo Ryutsu Net, Inc. made a wholly owned subsidiary (2011)
Hokka Hokka Tei Souhombu Corp. made a wholly owned subsidiary (2015)

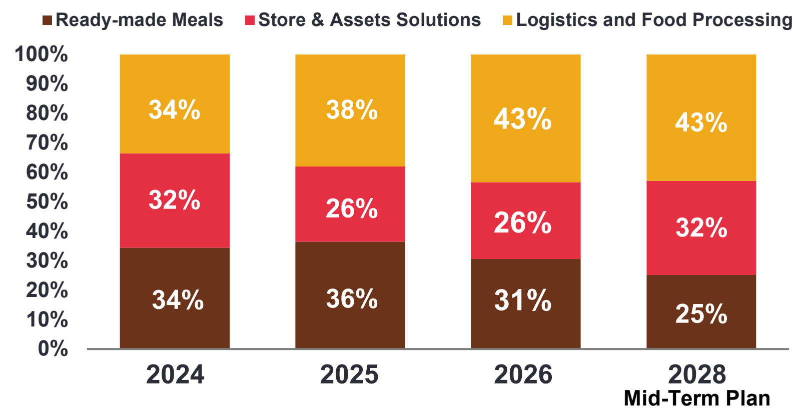
## Logistics and Food Processing Business

Inaba Peanuts Co., Ltd. made a subsidiary (2022)
HOSOYA Corporation made a subsidiary (2024)
J-Leaf Inc. made a subsidiary (2026)

## Sales Composition by Segment (in billions of yen)




## Changes in Sales Composition Ratio by Segment (%)



# M&A Execution (Track Record)

HURXLEY

**2006** Hokka Hokka Tei Souhombu Corp.
**2011** Tenpo Ryutsu Net, Inc.
**2019** Ajikoubou Suisen
**2021** First Mate Corp.

| 2006 | 2011 | 2019 | 2021 |
|---|---|---|---|
| Hokka Hokka Tei Souhombu Corp. | Tenpo Ryutsu Net, Inc. | Ajikoubou Suisen | First Mate Corp. |
| ほっかほっか亭 | TRN Group | CATERING SUISEN | FIRST MATE |
| Takeout food<br>Made a wholly owned subsidiary in 2015 | Store leasing, etc. | catering | Tableware rental/<br>Party goods rental |
| Ready-made Meals Business | Store & Assets Solutions Business | Ready-made Meals Business | Store & Assets Solutions Business |

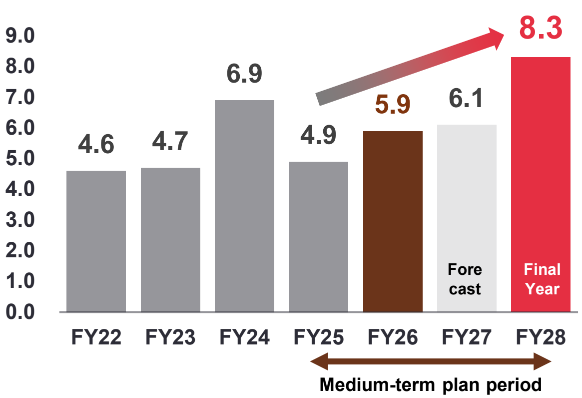
| 2021 | 2022 | 2022 | 2024 | 2026 |
|---|---|---|---|---|
| Annie Inc. | Inaba Peanuts Co., Ltd. | Yagaishokuhin (Yagai Foods) | HOSOYA Corporation | J-Leaf Inc. |
| annie | inaba | ヤガイ | HOSOYA | Jリーフ |
| For confectionery and bakery POS system | Bean snacks/Nuts | Dried sweet potato dry fruits | Chinese prepared foods | Artificial light plant factory Vegetable production and sales |
| Store & Assets Solutions Business | Logistics and Food Processing Description of Business | Logistics and Food Processing Description of Business | Logistics and Food Processing Description of Business | Logistics and Food Processing Description of Business |

# Medium-Term Management Targets and Basic Policy

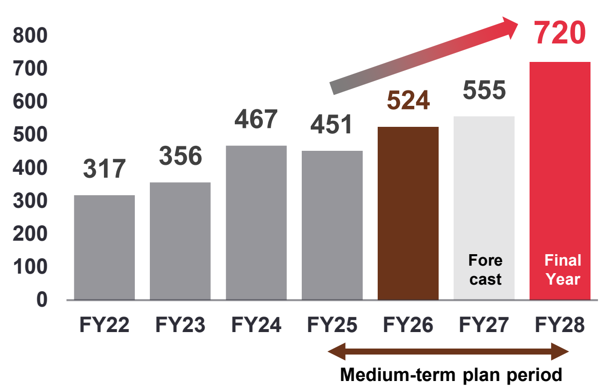
HURXLEY

Under our basic policy of "enhancing corporate value and aiming for sustainable growth through business expansion and increased earnings by broadening our business portfolio through growth investments," we have established the following management targets for the fiscal year ending March 31, 2028 (FY28), the final year of our Medium-term Management Plan. With a theme of expanding profits by strengthening our business foundation (securing a firm foothold), we will invest proactively, primarily in the "Logistics and Food Processing" business. Our targets for FY28 are: ROE of 8.3%, Net Sales of 72.0 billion yen, EBITDA of 5.6 billion yen, Net Income of 2.5 billion yen, and Earnings Per Share (EPS) of 134.5 yen. We are committed to enhancing our earning power and improving profitability to ensure the achievement of these goals.

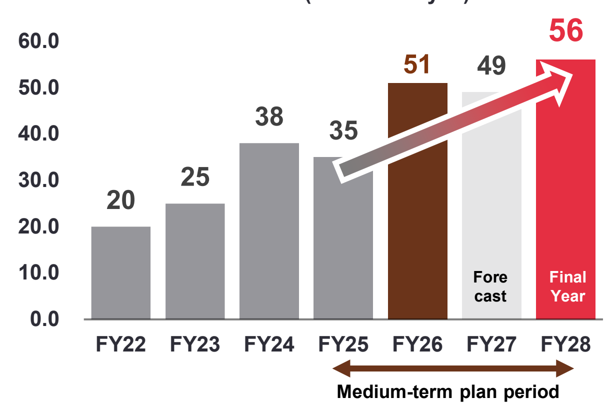
ROE(%)



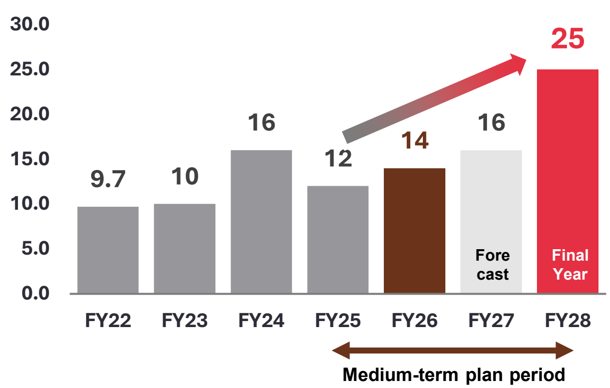

Consolidated Net Sales(100 million yen)



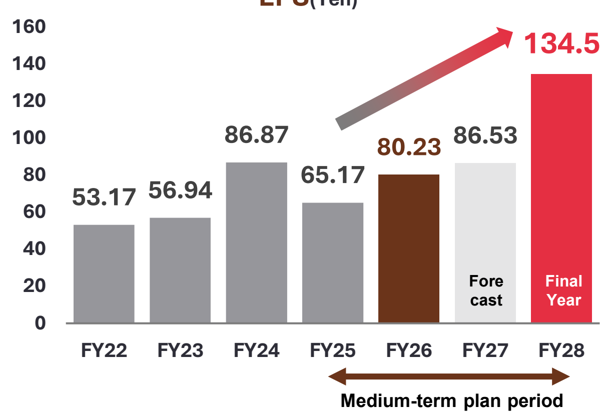

EBITDA (100 million yen)




Net Income (100 million yen)




EPS(Yen)



# Medium-Term Management Targets (By Segment)

( ): Proportion to total net sales

## Expanding the sales composition ratio of Logistics and Food Processing Business through growth investment

◆ **Ready-made Meals Business:Stable and improved profitability: Growth through intra-group synergies, business alliances, etc.**

FY3/24 results: **16.9** billion yen (34%) → FY3/26 results: **16.7** billion yen (30.6%) → FY3/28 plan: **18.1** billion yen (25%)

- Cultivating new customer segments (Generation Z) through new menu development
- Active implementation of digital promotions
- Direct delivery from production areas, direct transactions, etc.

◆ **Store Assets & Solutions Business:Maintain and expand revenue base: Growth through utilization of internal resources, business alliances, etc.**

FY3/24: **15.8** billion yen (32%) → FY3/26 results: **14.3** billion yen (26.1%) → FY3/28 plan: **23** billion yen (32%)

- Expansion of stock income
- Proposal of multifaceted solutions for store operations
- Employment support for specified skilled foreign workers in response to labor shortage issues in the service industry, staffing business, etc.

◆ **Logistics and Food Processing Business:Priority growth and strategic development (future growth driver): Stable growth of existing businesses, growth through M&A, etc.**

FY3/24: **16.5** billion yen (33%) → FY3/26 results: **23.7** billion yen (43.3%) → FY3/28 plan: **30.9** billion yen (42%)

- Further expansion of strong-selling standard products (sales destinations, order volume)
- Sales expansion of OEM contract manufacturing and commissary business
- Mutual utilization of sales channels among group companies, diversification of manufacturing and logistics bases
- Continuous hit product development, etc.

# Medium-Term Management Targets (Financial Strategy)

## Return to Shareholders

Earnings per Share (EPS)
earnings per share (EPS),
regarding cash dividends,
**we aim to increase dividends without falling below the previous year**

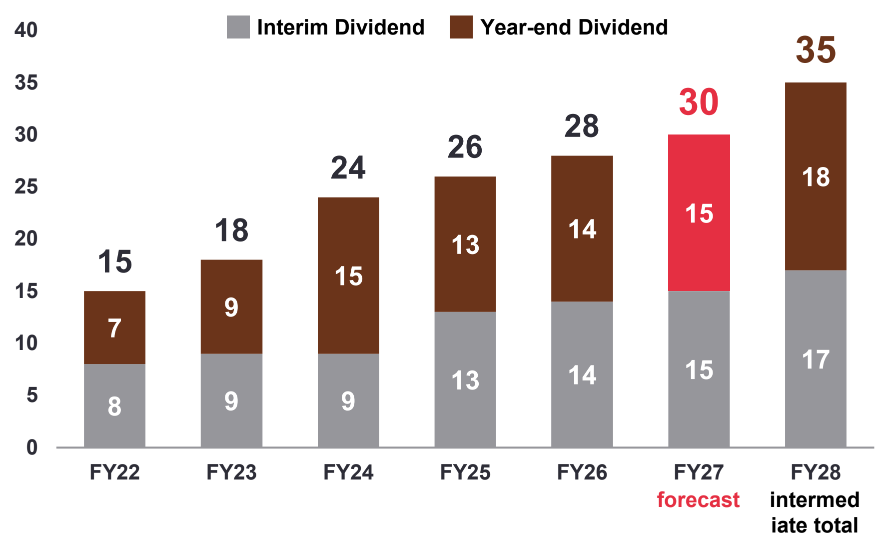
## Acquisition of treasury stock

Considering capital levels, equity market conditions, and the effects on ROE and EPS growth, consider comprehensively
**we will implement flexibly as policy**

## Cash Flow Allocation

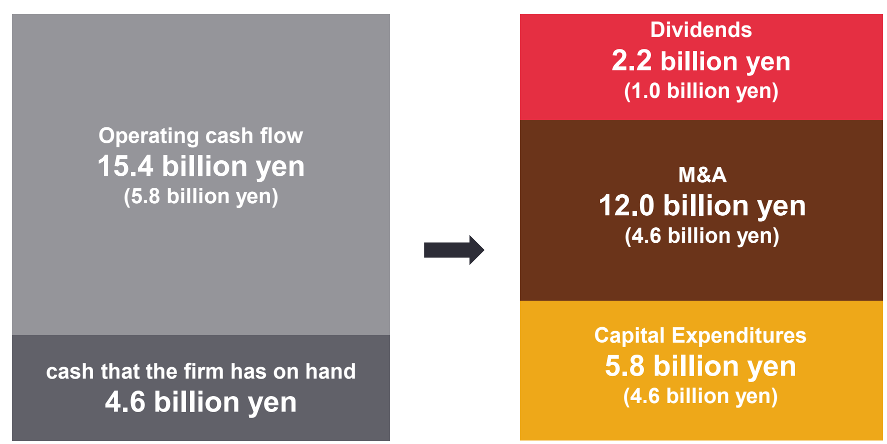
Mid-term management targets **4**-year (FY3/25 to FY3/28), with operating cash flow of **15.4** billion yen and cash on hand, allocating **2.2** billion yen to shareholder returns, **17.8** billion yen to growth investment (M&A **12** billion yen, capital investment, etc. **5.8** billion yen) approximately

### Shareholder Returns: Dividend History (Yen)




### Cash Flow Allocation

Cumulative Plan for 2025-2028 (Cumulative Results for 2025-2026)




* Figures in parentheses represent actual values sourced from the Consolidated Statement of Cash Flows.

# Initiatives for improving PBR going forward

- We aim to achieve an ROE that exceeds our cost of capital (estimated at approximately 8% as of 2024) by balancing "operational efficiency" with "accelerated growth to strengthen competitiveness." Using the medium-term management target of 8.3% as a milestone, we will strive to reach a next-level ROE of 9% to 10% or higher.
  Estimated values: ROE 9% (5.9%) = Net profit margin 3% (2.88%) × Total asset turnover 1x (0.72x) × Financial leverage 3x (2.88x)
  *Figures in parentheses are for FY2026
- Further improve operating profit margins of existing businesses to enhance profitability.
- Further improve total asset turnover through asset-light strategies (such as real estate sales).
- Maximize the use of financial leverage, but excessive leverage raises concerns about increased funding costs due to rising interest rates and financial soundness, so we will set shareholders' equity levels that allow for risk tolerance while making growth investments, and improve the balance between securing growth investment funds and capital efficiency (optimal capital structure).
- Enhance the ability to sustainably accumulate EPS (earnings per share).
- Reduce the gap between plans and actual results through improved plan accuracy and specific measures to achieve plans, thereby increasing investor confidence (improving predictability).
- Acquiring stock market evaluation through improved PER
  Expand opportunities for providing information, promote understanding of our growth potential among investors, and foster expectations for growth

**Key Activities**

- Updating IR information on the website and improving freshness through regular reviews
- Continuous posting of earnings briefing transcripts on web media logmi
- Distribution of FISCO analyst Company Research Reports
- Publication of chairman interview articles in Japan Securities Journal and Kabunushi Techo
- Establishment of official IR social media account (note)
- Disclosure of English-language materials including earnings release
- Communication with institutional investors (conducting individual company briefings and maintaining continuous contact)

# Cautionary Note: Forward-Looking Statements

- The forward-looking statements in this document, including earnings forecasts, are based on assumptions, plans, and projections as of the date of this document's release.
- Actual results may differ due to various factors. Due to the above factors, this document does not constitute a commitment by the Company to achieve the forward-looking statements described herein.
- While we have taken every precaution regarding the information provided in this document, we do not guarantee the accuracy, certainty, or fairness of such information, and the Company assumes no responsibility for any errors or inaccuracies in the information or data published herein.

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