



“PROGRESSIVE” FINANCIAL MEASURES FOR CORPORATE VALUE ENHANCEMENT

MARCH 2022

VALUATION MULTIPLE ANALYSIS



- P/E ratio : 21x (Source: Shikiho Mar 2023)

- ✓ P/E is a comprehensive indicator of EPS growth expectations and business risk ($\hat{=}$ cost of equity)
- ✓ Market considers (permanent) growth rate as only 1.6% assuming that current P/E is correct

$$\text{P/E}(\uparrow) = \frac{1}{\text{Cost of equity}(\downarrow*) - \text{PGR}(\uparrow*)}$$

21x
6.3%
1.6%

*Direction of arrow indicates the relation with P/E improvement

- Growth potential is not being appropriately evaluated.
- Investors seemingly recognizes more business risk in reaction to delivery center problem.

Share buyback is an effective measure to be appropriately evaluated

ESTIMATED EFFECT OF SHARE BUYBACK

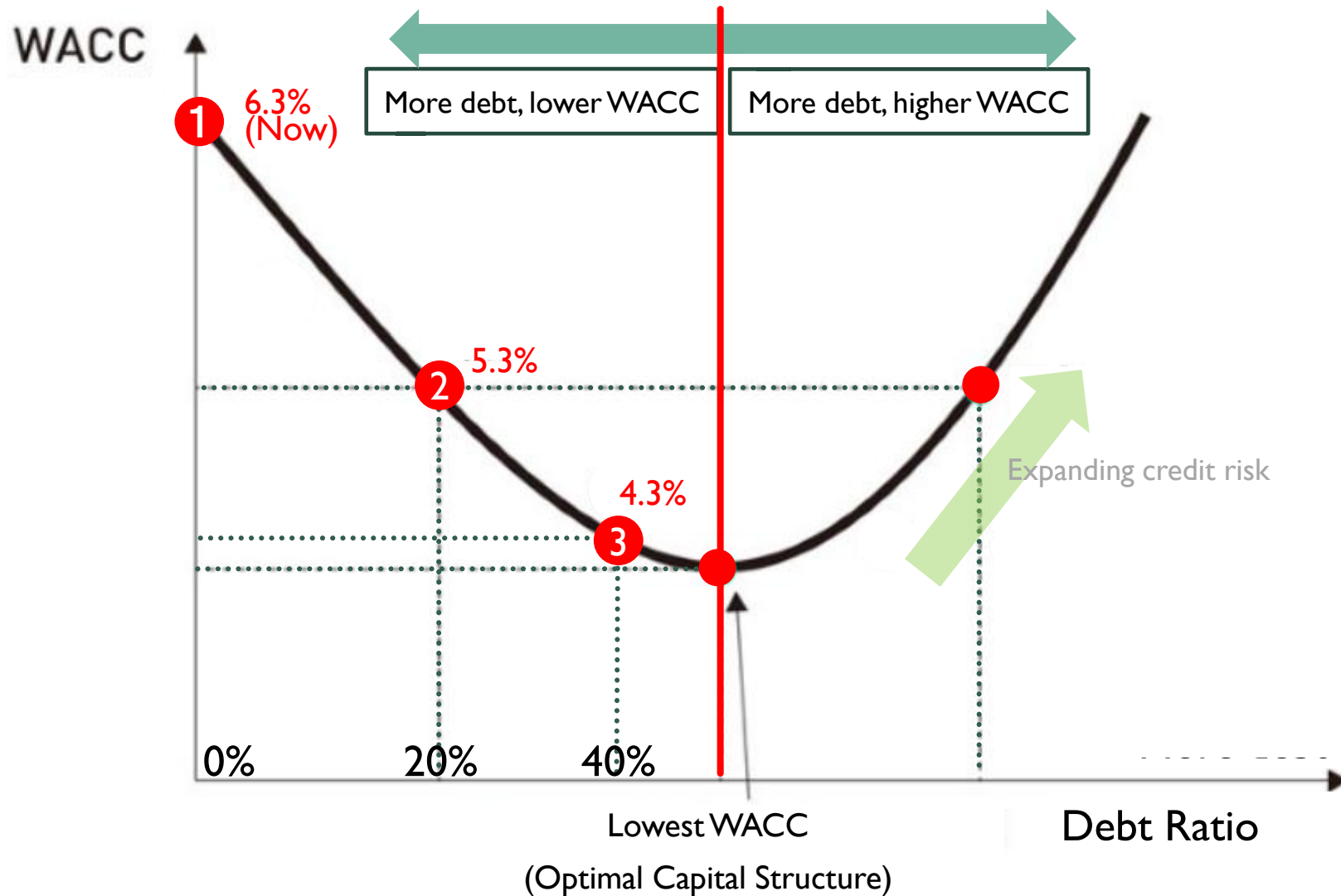


- Fill the information gap (growth potential/risk) between Oisix and investors
 - ✓ Communicates to the market higher business growth potential and FCF and corrects the market's misevaluation of growth potential and risk (i.e. signaling effect).

- Improve corporate value by bringing capital structure closer to its optimal (refer to page4).
 - ✓ Enterprise value is calculated by discounting future FCF with WACC.
 - ✓ Oisix is in a net cash position and WACC is calculated as 100% equity financing
⇒ As shown in ① on the next page, WACC is the highest and most inefficient at present.
 - ✓ Even only capital structure optimization through borrowing + buybacks (closer to ③) will enhance corporate value and ROIC spread will also improve.

- Finance future M&As with shares repurchased at a discount.
 - ✓ Conduct M&A or equity financing at favorable price when the company's valuation gets higher.
 - ✓ Gain a higher reputation as management who properly understand stock price valuation and effectively take advantage of the dynamism of capital market.

OPTIMAL CAPITAL STRUCTURE



*WACC is calculated by Hibiki (refer to next page)

*Source : <https://ontrack.co.jp/finance/wacc%E5%86%8D%E3%81%B3/>

(FYI) WACC CHANGE ANALYSIS



	① Now	② 20% Debt Ratio	③ 40% Debt Ratio
Risk-free rate	1.0%	1.0%	1.0%
Beta	0.88	0.88	0.88
Risk Premium	6.0%	6.0%	6.0%
Cost of Equity	6.3%	6.3%	6.3%
Cost of Debt	2.0%	2.0%	2.0%
Market Cap. (million JPY)	109,141	109,141	109,141
Net Debt (million JPY)	-12,039	27,285	72,761
Equity Ratio	100.0%	80%	60%
Tax Rate	30.0%	30.0%	30.0%
WACC	6.3%	5.3%	4.3%

*Calculated by Hibiki

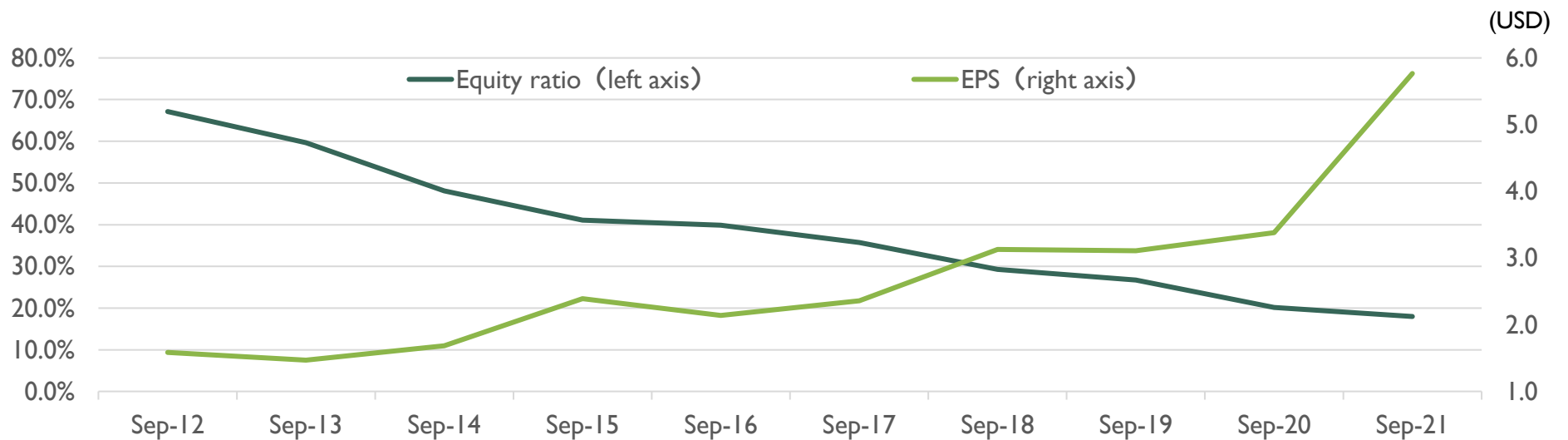
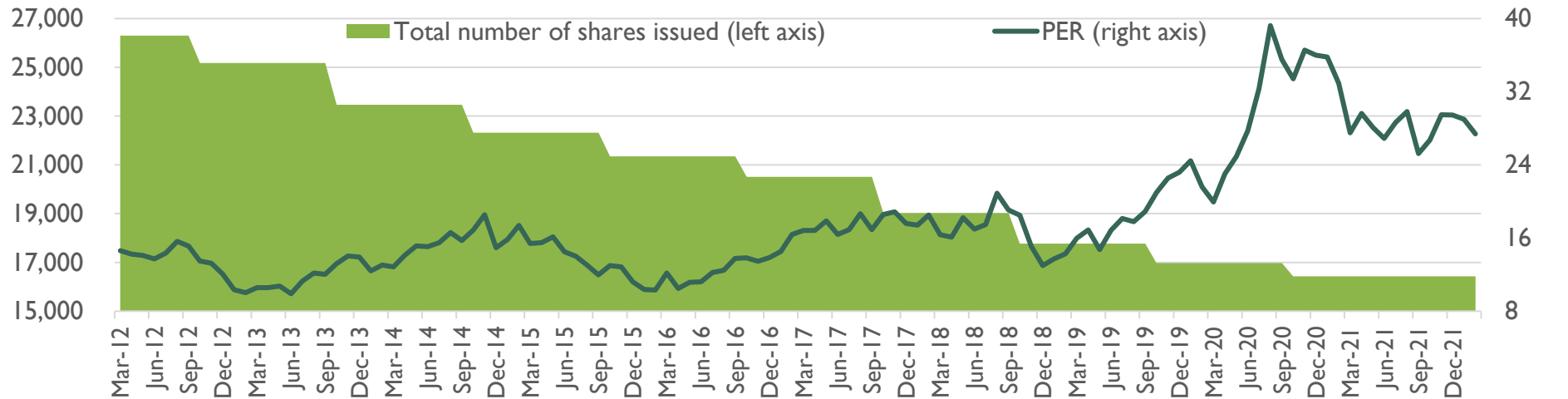
*Cost of equity is calculated with CAPM (2-year weekly beta, as of 9 Mar 2022)

*Source : Bloomberg

APPLE'S BUYBACK IMPROVES VALUATION



(million shares)



EYE-OPENING TABLE FOR APPLE'S SHAREHOLDERS



Apple Return of Capital and Net Cash Position

\$ in Billions

Fiscal Periods	Buyback			Dividends and Equivalents	Net Share Settlement	Capital Returned	Net Cash		
	Open Market	Accelerated Share Repurchase	Total				Cash ¹	Debt ²	Net Cash
FY'12 - FY'17	\$98.0	\$68.0	\$166.0	\$60.7	\$7.2	\$233.9	\$269	\$116	\$153
FY'18	\$68.1	\$5.0	\$73.1	\$13.7	\$2.5	\$89.3	\$237	\$114	\$123
FY'19	\$55.1	\$12.0	\$67.1	\$14.1	\$2.8	\$84.0	\$206	\$108	\$98
Q1'20	\$10.0	\$10.0	\$20.0	\$3.5	\$1.4	\$24.9	\$207	\$108	\$99
Q2'20	\$18.5		\$18.5	\$3.4	\$0.2	\$22.1	\$193	\$110	\$83
Q3'20	\$10.0	\$6.0	\$16.0	\$3.7	\$1.7	\$21.3	\$194	\$113	\$81
Q4'20	\$18.0		\$18.0	\$3.5	\$0.4	\$21.9	\$192	\$112	\$79
Q1'21	\$24.0		\$24.0	\$3.6	\$2.9	\$30.5	\$196	\$112	\$84
Q2'21	\$19.0		\$19.0	\$3.4	\$0.3	\$22.7	\$204	\$122	\$83
Total Return through Q2'21	\$320.7	\$101.0	\$421.7	\$109.6	\$19.4	\$550.7			

basic guideline since 2018: Net Cash Neutral

Source: Q2'21 Return of Capital Timeline (q4cdn.com)

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Hibiki Path Advisors Pte. Ltd.

Tel: +65 6931 3914

Email: info@hibiki-path-advisors.com

Website: www.hibiki-path-advisors.com

Address: 39 Temple Street, #02-01 Singapore (058584)

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