

[English translation of a letter sent by Hibiki Path Advisors to Oisix ra daichi Inc.]

To:

The Board of Directors of Oisix ra daichi Inc.  
Representative Director, CEO Kohey Takashima  
Gate City Osaki East Tower 5F  
1-11-2 Osaki, Shinagawa-ku, Tokyo 141-0032  
Oisix ra daichi Inc.

My name is Yuya Shimizu, representative Director of Hibiki Path Advisors. We have essential control in 1.6% voting rights in Oisix ra daichi Inc. ("Oisix"), inclusive of our advisory accounts. We mainly manage funds for foreign and domestic corporate pension funds from a medium/long-term perspective. Our goal is to maximize corporate and shareholder value "together" with our portfolio companies through dialogue and engagement. I would like to thank Director Mr. Matsumoto, Head of IR Department Mr. Umemura, and Ms. Sato for their hard work explaining Oisix's business philosophy and medium-to-long-term business strategy.

I am writing to you for Oisix to consider two proposals related to the recent press release about "Notice of problem occurred during the relocation of the new Oisix distribution center" on January 24. Although these two proposals come from different angles, they both will ultimately lead to management of cost of capital. I understand it is a difficult time for you fire-fighting the situation but please allow my letter as it is also an important point of view to consider.

The first point is about future information disclosure including information related to the recent incident. As per my last e-mail to Mr. Umemura and Ms. Sato the other day, the root cause of the issue and its remedies did not seem to be clearly outlined in the latest press release. While we applaud the speediness of the disclosure itself, the fundamental causes behind the issue (whether it was the system or the logistics design itself), paths of information flow to and from the management team, and how it was handled are still in ambiguity. Because of this, there seems to be a continuation of risk-averse selling of Oisix's stock. Obviously, the priority is to handle and to solve the situation as soon as possible but after it settles down, we urge Oisix to provide detailed information on the root cause of the problem and your recovery strategy in a press release or briefing session as soon as actionable.

Looking at the market, we can infer that many short-term investors are currently dominating the buying and selling of Oisix's stock. About 7 million shares, which is estimated to be most of the tradable shares have already been traded since the start of the year. It likely indicates that the shareholder composition is shifting from short-term to long-term investors. Therefore, now is the time for you to turn this crisis into an opportunity, and I would like Oisix to reiterate the company's ability to recover from the situation and your unwavering growth strategy that will catch the eyes

of long-term investors who appreciates business quality. We are sure you are aware that sufficient disclosure removes uncertainty and anxiety, reduces risk premiums, and lowers the cost of capital. Aside from an outstanding business model and management philosophy, our reason for investing in Oisix is its excellent IR dialogue. Mr. Matsumoto, Mr. Umemura, and Ms. Sato are sincere in their responses and explanations during IR interviews, the disclosure materials are well organized, and ESG/sustainability-related disclosure is admirable. Therefore, if you continue to strengthen those good points of Oisix and disclose your future plans with conviction, we believe that shareholder confidence will increase, and cost of capital will decrease.

The second point relates to corporate actions, particularly share buyback. Ever since Oisix was listed, the market including ourselves has not been aware of Oisix's intrinsic value for a long period of time, about 7-8 years. Given the several M&As Oisix conducted to reach this stage, it is our belief that management team is sophisticated and sensitive to corporate value. We understand the frustration stemming from the recent problem at the distribution center which caused investors to panic and the stock price to fall back to square one. Incidentally, we also recognize that the stock price has become much lower than Oisix's intrinsic corporate value, so we have bought more shares and will look to buy more shares in the future. We hope you will take this as our vote of confidence in Oisix.

Therefore, I would like to express my opinion regarding your capital policy and ask you to consider a share buyback. In Japanese media, there is a consensus to think that share buybacks are done when growth is no longer expected, but this is only a superficial view. Inherently, it should be conducted when the stock price is "undervalued", and the company has a high "ROIC in investing in its own shares." Buying back your own shares is the same as "merging and acquiring" your own company, and unlike acquiring another company, you have the advantage of information. You understand Oisix's strengths and intrinsic corporate value better than anyone else. A share buyback conducted by such a rational management team will send a strong message as an expression of the management team's "resolve", which should lead to a reduction in the cost of capital. This is the reason why Apple Inc. in the U.S. has continued its massive share buyback program since 2012 despite its continuous growth.

We are aware that Oisix aims to maintain approximately 8 billion yen in cash, equivalent to 12 months of fixed costs; and that 4-billion-yen capex is planned for facility in Atsugi City in 2023. However, with Oisix's business performance and strong net cash financial position, it would be easy to take out debt which is a lower cost. I feel this is a great opportunity for you to borrow, even in staged approach, and buy back your own shares, thereby reducing your shareholders' equity and your essential cost of capital. I understand there is a certain mental aversion for growing companies to buy back its own shares, but since Oisix, in my belief, has open-minded management, I have made this suggestion for you to consider. I think it would be better to do it boldly and continuously as Apple does, rather than on a small scale of only a few percent, if you

wish to clearly express your message to the market. If the stock price rises and the “ROIC in investing in its own shares” declines, you can simply stop the buyback.

Finally, I would like to introduce a book about a case study of an American company called General Dynamics. This company sold off its non-core businesses, used the cash to buy back its own shares, then conducted equity financing and M&As when the stock price recovered to a reasonable level (There is a Japanese translation of the book, but as I was not so pleased on the original translation, I have done it myself). In 2018, before I invested in Oisix, I sent this to all our portfolio companies with messages of encouragement. I have enclosed a copy of it as well, and I hope you will enjoy it with the rest of your colleagues. I expect that you will be able to overcome this crisis, turn it into an opportunity, and make a leap to a higher stage.

Best Regards,  
Yuya Shimizu

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